



MEDIOBANCA

## MEDIOBANCA

LIMITED COMPANY  
SHARE CAPITAL FULLY PAID UP: € 430,752,106  
REGISTERED OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY  
REGISTERED IN THE MILAN COMPANIES' REGISTER  
TAX IDENTIFICATION CODE AND VAT NUMBER: 00714490158  
REGISTERED AS A BANK AND A BANKING GROUP UNDER REGISTRATION NO. 10631.O.  
PARENT COMPANY OF THE MEDIOBANCA S.P.A. BANKING GROUP

### **Registration document for the twelve months ended 30 June 2014**

Drawn up in accordance with Consob resolution no. 11971 issued on 14 May 1999 and  
EC commission regulations no. (CE) 809/2004 approved on 29 April 2004  
enacting the methods of application for Directive 2003/71 CE

*Issuer*

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.**

*Registration Document filed with Consob on 17 October 2014 following approval as notified by memo no. 82076/14 issued on 16 October 2014.*

*The Registration Document is valid for twelve months from the date of approval and is available both on the Bank's website at [www.mediobanca.it](http://www.mediobanca.it) and the head office of Mediobanca itself at Piazzetta Enrico Cuccia 1, 20121 Milan, Italy.*

*In order to have full disclosure on the Bank and its offerings and/or prices for financial instruments, the Registration Document should be read in conjunction with the Prospectus or Base Prospectus (including the Definitive Terms and Conditions, the Executive Summary for each individual offering and/or listing, and any Supplements and Additional Notices, and the documentation incorporated via reference as amended.*

*The investor is also invited to read carefully the section entitled "Risk factors" contained within the Registration Document and the individual Information Reports and Summaries approved from time to time, for a review of the Risk factors that must be taken into consideration with reference to the Issuer and the relevant types of financial instrument.*

*Publication of the Registration Document does not entail any judgement by Consob on the advisability of the investments proposed and the merits of the data and information relating thereto.*



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## Disclaimer

In order to make evaluate the investment properly, investors are invited to assess the specific risk factors affecting the Issuer and its group, the sector of activity in which it operates and the financial instruments offered. For a detailed description of the risk factors affecting the Issuer, see Section III (“Risk factors”) of this Registration Document.

Investors’ attention is drawn in particular to the risks associated with the deterioration in credit quality and to risks related to the Comprehensive Assessment (Section III, 3.2.3 of this Registration Document).

Mediobanca is one of the thirteen banks which as from 4 November 2014 will be subject to sole supervision by the ECB and which for this reason are currently subject to Comprehensive Assessment (including the Asset Quality Review), a process which the ECB is carrying out in conjunction with the relevant national authorities.

In general terms it is not possible to rule out the possibility that based on the results of the Comprehensive Assessment and the Asset Quality Review as well as the stress tests, carried out by the ECB in conjunction with the EBA and the Bank of Italy, parties subject to these processes may be required to implement capital increases.

The results of the processes should be made known and published, as for the banking system as a whole, on 26 October 2014; as things stand no capital increase is being planned by the Issuer.



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# **1 Information regarding the persons responsible for this Registration Document**

## **1.1. Persons responsible**

Mediobanca - Banca di Credito Finanziario S.p.A. (“Mediobanca”, the “Issuer” or the “Company”), with its registered office in Piazzetta Enrico Cuccia 1, Milan, is responsible for the information provided in this Registration Document.

## **1.2. Declaration of responsibility**

Mediobanca - Banca di Credito Finanziario S.p.A. hereby states that, having applied all reasonable diligence relevant for such purposes, the information contained in the Registration Document is, as far as Mediobanca is aware, in accordance with the facts and does not present any omissions such as would affect its meaning.



## **2 Auditors of the financial statements**

### **2.1. External and supervisory auditors**

PricewaterhouseCoopers S.p.A., with registered offices in Via Monte Rosa 91, Milan, Italy, audited the consolidated financial statements of Mediobanca as at 30 June 2014 (see section 11.3.1 below), and also the statutory and consolidated financial statements of Mediobanca as at 30 June 2013 (see section 11.3.1 below). The statutory financial statements of Mediobanca as at 30 June 2014 will be approved by the company's shareholders at the Annual General Meeting scheduled to be held on 28 October 2014.

At the annual general meeting held on 27 October 2012, the Statutory Audit Committee PricewaterhouseCoopers S.p.A. were appointed to audit the statutory and consolidated full-year and interim financial statements, to perform other activities provided for under Article 155 of Italian Legislative Decree 58/98, and to sign off the "Unico" and "770" tax declarations for the years until the financial year ending 30 June 2021.

### **2.2. Information regarding resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements**

As at the date hereof, there is no information regarding any resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements.



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### 3 Risk factors

#### Credit spread value

The value of the credit spread (defined as the difference between the return on a plain vanilla bond issued by Mediobanca and the mid swap rate) is equal to 77 bps (see section 3.3.2). Investors are therefore invited to take this indicator into consideration as a further indication of the Issuer's riskiness. It should be noted that higher credit spread levels are generally associated with perceived higher risk by the market.

\* \* \*

#### 3.1. Risks attributable to the Issuer and the Mediobanca Group

##### 3.1.1. Market risk

The issuer's earnings and business have been and may in the future be affected by a number of global factors including: political, economic and market conditions; the availability and cost of capital; the level and volatility of share and bond market prices; the prices of raw materials and interest rates; currency exchange rates and other market indexes; changes and developments in technology; the availability and cost of credit; inflation; and the perception and level of confidence held by investors in financial markets.

Mediobanca's exposure to price risk on the trading book is measured on a daily basis by calculating two main indicators: sensitivity (the so-called "Greeks") to minor changes in risk factors (such as interest rates, share prices, exchange rates, credit spreads, inflation and volatility); and value-at-risk, calculated on the basis of expected volatilities and the correlations between the risk factors concerned, updated daily, assuming a disposal period of a single trading day and a confidence level of 99%. Such indicators are subject to operating limits at the overall level and also at the level of macro-areas and individual business, to prevent excessive risks from being taken and ensure operations are in line with the Bank's risk appetite.

In addition to these metrics, *ad hoc* indicators are compiled to capture tail risks not measured by VaR, and stress tests carried out on the main risk factors, to show the impact which significant movements in the main market variables (such as share prices and interest or exchange rates) might have, calibrated on the basis of the most pronounced historical oscillations.

The issuer's results are also impacted by the financial and economic situation, and are subject to fluctuation due to a range of factors beyond the issuer's control and which the issuer is unable to foresee. These include the extreme volatility which equity and credit markets experienced in the recent past, both in Italy and elsewhere, sharp changes in the performance of equities and bonds, and the lack of liquidity of domestic and international markets. Fluctuations may themselves be impacted by the reduced levels of market activity worldwide, the effects of which may be reflected in the size, number and timing of mandates awarded in the investment banking sector, in brokering activity and intermediation fees.

The Issuer is therefore exposed by its very nature to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks. As at 30 June 2014, the Bank's exposure to government securities was equal to 28.7% of its total assets, with Italian government securities accounting for 24.9% and German bonds 2.2%.



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### 3.1.2. Market competition risk

The issuer faces intense competition, in particular on the Italian market, from other businesses operating in the financial services sector. This is a fiercely competitive sector on the domestic market, where the issuer's business is most highly concentrated. The issuer is also in competition with commercial banks, investment banks and other companies, both Italian and non-Italian, which provide financial services in Italy and this could impact on the Issuer's competitiveness.

The Registration Document does not contain any statements formulated by the Issuer regarding its competitive position.

### 3.1.3. Issuer liquidity risk

The Issuer's liquidity may be affected if the extreme volatility experienced by domestic and international markets in recent months is to continue in the future.

Liquidity risk is defined as the risk of the Bank not being able to meet its own certain and predictable payment commitments when they become payable, either because of the inability to raise funds on the market (funding liquidity risk), or because of being unable to cash in its financial assets without incurring capital losses (market liquidity risk).

The Group is able to meet its cash outflows from inflows of cash, assets which may be cashed in quickly, and its own ability to obtain credit, but in general terms a deterioration in the general macro-economic situation, the market scenario and/or the Issuer's credit standing could impact negatively on its liquidity profile.

### 3.1.4. Credit risk

The Issuer is exposed to the risks traditionally associated with credit activity. Accordingly, breach by its customers of contracts entered into and their own obligations, or the possible failure to provide information or the provisions of incorrect information by them regarding their respective financial and credit situation, could impact negatively on the earnings, capital and/or financial situation of the Issuer. For further details on capital ratios and credit risk indicators, please see section 3.3 "Select financial information" of the Registration Document.

More generally, counterparties may fail to meet their respective obligations versus the Issuer due to bankruptcy, lack of liquidity, operating malfunctions or for other reasons. The bankruptcy of a major market participant, or fears that it might not meet its commitments, can cause huge liquidity problems, losses, or breaches by other institutions which in turn could impact negatively on the Issuer. The Issuer is also subject to the risk that in some circumstances, some of its receivables from third parties, including sovereign states, may not be collectable. Moreover, a reduction in the credit standing of third parties in which the Issuer holds securities or bonds could lead to losses and/or impact negatively on the Issuer's capability to restrict again or use differently such securities and bonds for purposes of liquidity. A significant reduction in the credit standing of the Issuer's counterparties could therefore have a negative impact on the Issuer's own results. While in many cases the Issuer can require further guarantees from counterparties in financial difficulty, disputes may arise regarding the amount of the guarantee which the Issuer is entitled to receive and the value of the asset forming the guarantee. Breach levels, reductions in credit standing and disputes over the value of guarantees increase significantly during periods of market tension and illiquidity. The Mediobanca Group has adopted every procedure to manage its risk positions with a view to ensuring that the value of the credits is not impaired, by constantly monitoring the exposures and in particular through a rigorous process of managing credits which show irregular performances, using all recovery instruments available in the retail area in particular.

With reference to the consolidated financial data for the Issuer as at 30 June 2014, there was a deterioration in the credit risk indicators compared to last year, with a deterioration in the Issuer's credit profile as a result. This was chiefly attributable to the effects of the prolonged downturn, which at the banking system level reflected negatively on the quality of credit disbursed.





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### 3.1.5. Operational risk

Operational risk is the risk of incurring losses due to errors, breaches, interruptions, damage caused by internal processes, staff or systems or caused by external events.

The Issuer is exposed to many kinds of operational risk, including the risk of fraud on the part of staff or externals, the risk of unauthorized transactions being executed by employees, and the risk of errors in the operating systems, including those due to flaws or malfunctions in the computer or telecommunications systems. The systems and methods adopted to manage operational risk have been designed to ensure that such risks linked to the above activities are kept adequately under control. Any obstruction or flaw in such systems could impact negatively on the Issuer's financial system or operating results.

The Mediobanca Group has implemented a series of measures aimed at mitigating such risks; in particular, in the course of formalizing company processes the most significant risk sources and the respective measures to control them have been identified; a disaster recovery procedure has been implemented; access to IT systems is constantly monitored; and insurance policies have been executed to cover staff, the most valuable assets and to cover cash management.

### 3.1.6. Judicial and arbitration proceedings in course

As at the date hereof, Mediobanca and its Group companies are not, or have not been, involved in proceedings initiated by the public authorities, legal disputes, arbitrations or administrative procedures involving claims for damages or cash payments which could have or which have, in the recent past, had significant consequences for the Group's financial position or profitability, nor are there, so far as Mediobanca is aware, any disputes, arbitrations or administrative procedures either imminent or already announced.

A description of the main tax and legal disputes still outstanding is provided in section 11.6 "Legal and arbitration proceedings" purely for information purposes.

The Group's financial statements as at 30 June 2014 show a "Provision for risks and charges" of € 150m, intended to cover, among other things, risks not necessarily linked to the failure to repay loans or accounts payable which could result in future charges.

## 3.2. Risks attributable to the sector in which the Issuer and the Mediobanca Group operate

### 3.2.1. System risks linked to the economic/financial crisis

It should be noted that the earnings capacity and stability of the financial system in which the Issuer operates may be impacted by the general economic situation and the trends on financial markets, and, in particular, by the solidity and growth prospects of the economies of the country or countries in which the Issuer operates, including its/their credit standing, as well as the solidity and growth prospects of the Eurozone as a whole.

Such factors, particularly during periods of economic and financial crisis, could lead the Issuer to incur losses, increases in the cost of financing, reductions in the value of assets held, with a potentially negative impact on the Bank's liquidity and the solidity of its capital.

Continuation of the adverse economic conditions, or a slower recovery in Italy, or the countries in which the Issuer principally operates, than the other Eurozone countries, could impact negatively on the operating results or financial conditions of Mediobanca.



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### 3.2.2. Risk linked to changes in banking sector regulation and amendments to regulations governing bank crisis resolution

The Issuer is subject to extensive European and national regulation, and in particular to supervision by the Bank of Italy and Consob. The regulations applicable to banks, to which the Issuer is subject, governs the sectors in which banks may operate, in order to safeguard their stability and solidity, limiting the exposure to risk. In particular, the Issuer and the banking companies which form part of the Issuer's group are bound to comply with the capital adequacy requirements instituted by the EU regulations and by Italian law.

Furthermore, as the issuer of financial instruments which are distributed among the general public and/or listed, the Issuer is required to comply with additional provisions issued by Consob. In addition to these supranational and national regulations and to primary or regulatory norms in the financial and banking area, the Issuer is subject to specific regulations on subjects such as, *inter alia*, anti-money-laundering, usury and protection of customer (consumer) rights.

The sharp and prolonged crisis on financial markets has led to more rigorous regulations being adopted by international authorities. As from 1 January 2014, part of the supervisory regulations have been amended based on the guidelines emerging from the Basel III agreements, with a view chiefly to strengthening the minimum capital requirements, controlling the degree of financial leverage, and introducing policies and quantitative rules to mitigate liquidity risk among banking institutions.

In particular, as far as regards raising capital requirements, the Basel III agreements provide for a phase-in regime in which the minimum capital levels will increase gradually; when fully implemented, i.e. from 2019, these levels will require banks to have a Common Equity Tier 1 ratio equal to at least 7% of their risk-weighted assets, a Tier 1 Capital ratio of at least 8.5%, and a Total Capital ratio of at least 10.5% of RWAs (these minimum levels include the so-called capital conservation buffer).

As far as regards liquidity, the Basel III regulations provide, among other things, for the introduction of a short-term indicator (the "Liquidity Coverage Ratio", or "LCR"), the purpose of which is to establish and maintain a liquidity buffer to allow the Bank to survive for a period of thirty days in the event of grave stress, and a structural liquidity indicator (the "Net Stable Funding Ratio", or "NSFR") with a time horizon of over twelve months, to ensure that asset/liability maturity structure is sustainable.

With reference to these indicators, it should be noted that:

- ◆ for the LCR indicator, a minimum level of 60% has been set from 1 January 2015, with this minimum increasing gradually to reach 100% as from 1 January 2018 in accordance with EU regulation no. 575/2013 (the "CRR");
- ◆ for the NSFR indicator, although the Basel Committee's proposal involved a minimum level of 100% to be met starting from 1 January 2018, at present no provision has been made in the CRR for a regulatory limit on structural liquidity.

Even though the new prudential requirements are to be phased in gradually under the new regulatory framework, the impact on the Issuer's operating performance could be significant.

New features in the regulatory panorama include Directive 2014/59/EU issued by the European Parliament and Council, and published on 12 June 2014 in the European Union's *Official Journal*, to provide a framework for the recovery and resolution of banks and investment companies (the "Bank Recovery and Resolution Directive" or the "BRRD", or the "Directive"), as part of the attempt to define a Single Resolution Mechanism and a Single Resolution Fund.

The new features introduced by the BRRD include the introduction of instruments and powers which the national authorities responsible for banking crisis resolution (the "Authorities") can adopt to



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resolve a situation of crisis or failure for a bank. This is to guarantee continuity of the entity's essential functions, thus minimizing the impact of the failure on the economy and the financial system, and keeping the cost for tax-payers down to a minimum as well, while ensuring that the shareholders are the first to incur losses and that creditors bear them after the shareholders, with the proviso that no creditor should incur losses in excess of those which they would have incurred if the bank had been placed in liquidation under normal insolvency proceedings. In particular, the directive provides for a transition from a crisis resolution system which is based on public resources (a bail-out system) to one in which losses are transferred to shareholders, to holders of subordinated debt securities, to holders of non-subordinated and unguaranteed debt securities, and finally to depositors for the share in excess of the guaranteed share, i.e. in excess of € 100,000.00 ("bail-in"). Hence, in the event of the bail-in tool being applied, investors may have the value of their investments written down, even to a nominal value of zero, or bonds converted to equity, even without formal declaration of insolvency on the part of the Issuer.

Furthermore, where they have grounds to do so, the authorities may request use of the Single Resolution Fund provided for under EU regulation no. 806/2014 issued by the European Parliament and Council, to be financed with grants paid in by banks at the national level.

The Directive must be enacted at the national level by 31 December 2014, and will come into force starting from 1 January 2015, with the exception of the provisions relating to the bail-in tool, for which individual member states are allowed to defer application until 1 January 2016 at the latest. The provisions of the Directive may also be applied to financial instruments already in issue, i.e. even if they are issued before the aforementioned deadlines.

Although the Issuer has undertaken to comply with this complex system of rules and regulations, failure to do so, or possible changes in the regulations themselves and/or in the methods of interpreting and/or applying them by the relevant authorities, could entail significant adverse effects to the operating results and the earnings, capital and financial situation of the Issuer.

### **3.2.3. Risks linked to Comprehensive Assessment (including Asset Quality Review)**

On 16 May 2013, the EBA instructed the European regulators to carry out an assessment of the quality of the leading European banks' assets, with the aim of verifying the classifications and valuations made by the banks of their assets, in order to address concerns of asset quality due to the macro-economic conditions in Europe.

Furthermore, on 23 October 2013, the ECB announced that together with the national banking regulatory authorities, it would be carrying out a Comprehensive Assessment exercise pursuant to the Single Supervision Mechanism regulations (EU regulation n. 1024/2013 issued by the European Council on 15 October 2013) which came into force on 3 November 2013. The exercise, which began in November 2013 with the data collection phase, will last around twelve months and involves the thirteen largest Italian banks, including Mediobanca.

The Comprehensive Assessment has three main objectives: (i) transparency (to improve the quality of information available on banks' situations), (ii) correction (to identify and undertake any corrective action that might be necessary), and (iii) increasing confidence (to ensure all parties affected by banking activity that the banks themselves have sound and reliable fundamentals).

The assessment consists of three aspects in particular: (i) a supervisory risk assessment, to evaluate, in quantitative and qualitative, terms, the fundamental risk factors to which the Group is exposed, including with reference to liquidity profile, financial leverage and lending; (ii) an asset quality review, to improve transparency over banks' exposures via an analysis of their assets, including the adequacy of the asset valuations and guarantees and the provisions set aside to cover them; (iii) a stress test, to test the resilience of banks' balance sheets in adverse scenarios (tested over the 2014-16 time horizon). The Asset Quality Review's objectives include: (i) assessing the adequacy of the provisions to cover credit exposures set aside by banks; (ii) establishing that the guarantees for credit exposures are adequate; and (iii) analysing the valuations of complex instruments and high-risk assets in banks' financial statements.



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Based on the results of the Asset Quality Review and in addition to it, the EBA, working closely with the ECB, will carry out a stress test to assess the resilience of European banks in the event of a major deterioration or shock in the economic conditions, and their solvency in the event of possible stress situations due to specific restrictive conditions. On 31 January 2014 the EBA published the key aspects of the stress tests, and announced that the definitive methodology to be used in the testing would be published in the month of April 2014.

Indeed, on 29 April 2014 the EBA published the methodologies and macro-economic scenarios to be used to carry out the 2014 European stress tests involving the 128 banks which will be regulated directly by the ECB starting from November 2014. The starting data will be the figures for the 2013 financial year, whereas the time horizon under consideration will be the 2014-16 three-year period.

The Asset Quality Review will eventually lead to a recalculation of Common Equity Tier 1 which cannot be below 8% in the base scenario and 5.5% in the adverse scenario.

In general terms, the possibility cannot be ruled out that the results of the Comprehensive Assessment and the outcome of the Asset Quality Review and stress tests carried out by the ECB in conjunction with the EBA and the Bank of Italy may require the parties subject to such testing to implement capital strengthening measures.

Mediobanca is one of the thirteen Italian banks which will be subject to single supervision by the ECB. The results of the tests should be disclosed and published, as for all the banking system, on 26 October 2014; at present no capital strengthening exercise is planned by the Issuer.



### 3.3. Select financial information

#### 3.3.1. Information for previous years

The consolidated balance sheet and profit and loss account as at 30 June 2014 are shown below, along with comparative data for the year ended 30 June 2013, plus a series of key consolidated financial indicators

Table 1

#### Regulatory capital and solvency margins

New definitions (CRR/CRD IV)	Basel 2.5 definitions (in force until 31/12/13)	30/6/13 (€ m) or %	30/6/14 (€ m) or %
Common Equity Tier 1 - CET1	Tier 1 capital	6,153.2	6,506.7
Additional Tier 1 - AT1			–
Tier 2 - T2	Tier 2 capital	2,002.2	1,576.2
Own funds	Regulatory capital	8,155.4	8,082.9
RWAs*	Risk-weighted assets (RWA*)	52,372.1	58,744.1
Common Equity Tier 1 ratio - CET1 ratio	Core Tier 1 capital ratio	11.75%	11.08%
Tier 1 ratio - T1 ratio	Tier 1 capital/RWAs (Tier 1 capital ratio)	11.75%	11.08%
Total capital ratio	Regulatory capital/RWAs (Total capital ratio)	15.57%	13.76%
Attività di rischio ponderate/Totale attivo	RWAs/total assets	71.9%	83.4%

\* Risk-weighted assets (RWAs) have been calculated using the standardized methodology for credit and market risks and the base methodology for operational risks.

The capital ratios as at 30 June 2014, calculated in accordance with the new supervisory regulations (CRR/CRD IV) show the Common Equity Tier 1 ratio and the Tier 1 Ratio at 11.08%, compared with a minimum requirement of 7% and 8.5% respectively, and the Total Capital Ratio at 13.76% against a regulatory minimum level of 10.5%. These ratios take account of both the phase-in provisions and the 370% (as opposed to deduction) of the Assicurazioni Generali investment.

The fully-phased ratios (i.e. with full application of the CRR/CRD IV rules, in particular the possibility of including the entire AFS reserve within CET1) rise to 12.50% for the CET1 and T1 ratios and to 14.70% for the total capital ratio.



Table 2

The following table contains the credit risk indicators for the Issuer, compared with: (i) the same indicators recorded at the same date in the Bank of Italy bulletin for November 2013, and (ii) with the banking system data as at 31 December 2013 taken from the Bank of Italy bulletin released in May 2014 (the Issuer's financial year ends on 30 June; it has not been possible to make a comparison with the system data as at 30 June 2014 given that it was still unavailable at the time when this document was written).

## Credit risk indicators

	30/6/13 (%)	System data as at 30/6/13 (%)	30/6/14(%)	System data as at 30/6/14 (%)
Gross NPLs/gross loans	1.6%	7.8%	1.3%	8.7%
Net NPLs/net loans	0.6%	3.8%	0.7%	4.3%
Gross irregular items/gross loans	3.6%	14.4%	5.4%	15.9%
Net irregular items/impieghi netti	2.1%	n.d.	2.9%	N/A
NPLS coverage ratio	66.5%	55.2%	67.1%	56.9%
Irregular items coverage ratio	44.9%	19.9%	50.4%	41.8%
Net NPLs/net equity	3.8%	18.5%	3.4%	20.6%
Large risks <sup>1</sup> /total loansi	27.2%	N/A	22.0%	N/A
Cost of risk <sup>2</sup>	1.45%		2.30%	

1) Weighted value

2) The cost of risk is obtained from the ratio between total loan loss provisions for the period and average net loans and advances to customers

The ongoing difficulties being encountered by corporates and households drove a 17% increase in bad loans, in part due to the new classifications required under the ECB's Asset Quality Review process. The coverage ratio has therefore been increased on prudential grounds, from 45% as at 30 June 2013 to 50%. This heading also includes writeoffs and losses on disposals of corporate positions totalling € 52.3m.

Loan loss provisions rose from € 506.5m to € 736m, an increase of 45.3%. These involve corporate and private banking as to € 231m (up 90.1%), retail and consumer banking as to € 473.2m (up 31.4%), and leasing as to € 32.8m (up 29.6%).

At the reporting date there were eight significant exposures to groups of customers (including market risk and equity investments), i.e. above 10% of regulatory capital (unchanged versus 30 June 2013), involving a lower nominal amount of € 11.5bn (€ 12bn) and a weighted amount of € 8.9bn (€ 10.9bn).



Table 3

## Impaired loans: composition

	30/6/13 €m	30/6/14 €m
NPLs	262.74	270.96
Sub-standard	298.84	692.21
Restructured	236.80	67.32
Overdue impaired	191.83	128.69
<b>Total impaired</b>	<b>990.21</b>	<b>1,159.18</b>

Table 4

## Main consolidated balance sheet items

	30/6/13 €m	30/6/14 €m	Variazione 2013/2012 %
<b>Assets</b>			
Due from banks	8,199.70	9,323.80	13.7%
Due from customers	11,489.80	8,418.50	-26.7%
Financial assets*	27,090.60	23,493.90	-13.3%
<b>Total assets</b>	<b>72,841.30</b>	<b>70,464.00</b>	<b>-3.3%</b>
<b>Liabilities</b>			
Debt securities in issue	25,856.40	22,617.70	-12.5%
Financial liabilities**	12,702.60	11,595.30	-8.7%
Direct funding (from customers)***	11,874.21	11,481.57	-3.3%
Net interbank position****	7,511.20	6,172.00	-17.8%
Net equity	7,124.30	7,477.90	5.0%
of which: share capital	430.60	430.70	0.0%

\* Includes financial assets held for trading, AFS securities, financial assets held to maturity and hedge derivatives.

\*\* Includes amounts due to banks and hedge derivatives.

\*\*\* Includes amounts due to customers, debt securities in issue and financial liabilities recognized at fair value.

\*\*\*\* Net balance between amounts due to banks and amounts due from banks.





Table 5

## Main consolidated profit and loss account items

	30/6/13 €m	30/6/14 €m	Variazione 2014/2013 %
Net interest income	1,066.3	1,060.9	-0.5%
Net fee and commission income	308.0	334.8	8.7%
Total income	1,557.7	1,819.4	16.8%
Net profit from financial and insurance operations	853.0	983.1	15.3%
Operating costs	-676.4	-726.9	7.5%
<b>Profit before tax</b>	<b>-22.8</b>	<b>501.0</b>	<b>n.m.</b>
<b>Net profit</b>	<b>-176.2</b>	<b>464.8</b>	<b>n.m.</b>

In the twelve months under review, the Mediobanca Group earned a net profit of € 464.8m, compared with the € 176.2m loss reported last year. This result reflects an 11.7% increase in revenues, from € 1,628.4m to € 1,819.4m, as well as a positive contribution from the securities portfolio of € 211.9m (representing the balance between gains on disposals and writedowns) which last year showed a € 387.5m loss. The main income items performed as follows:

- ◆ net interest income rose by 5.7%, from € 1,028m to € 1,086.9m, as a result of growth in consumer finance (up 13.4%) on the one hand and a slowdown in wholesale business (down 5.8%) on the other. The former was boosted by higher volumes on resilient margins, while the latter was impacted by the declining stock of corporate loans and the reduced profitability of other interest-bearing assets;
- ◆ net fee and commission income rose 3.5%, from € 409.7m to € 423.9m, due to a positive contribution from capital market activity in the fourth quarter in particular;
- ◆ treasury activity, which fell from € 200.2m to € 45.1m, was penalized by the low lending rate levels against a higher cost of funding, and the low volatility levels on markets;
- ◆ the contribution from the equity-accounted companies totalled € 263.5m, after a good performance was posted by Assicurazioni Generali which contributed € 261m (compared with € 16.8m).

Disposals on equity investments totalling € 664.1m generated gains of € 242.5m (30/6/13: € 16.7m), € 67.2m of which in connection with the Telco transaction (in which a nominal € 90m of the shareholders' loan was exchanged for Telefonica shares later sold on the market), € 70.9m from the market sale of Gemina/Atlantia shares, and € 42.8m in respect of the holding in UniCredit CASHES.

Provisions for other financial assets totalled € 30.6m (€ 404.2m), chiefly involving the Burgo Group investment, which was written down in full on prudential grounds (€ 18.6m), and other impairment charges taken in respect of AFS equities (€ 8.7m) and HTM securities (€ 3.3m).

The sharp reduction in taxation, which fell from € 157.6m to € 39.6m despite the significant improvement in pre-tax profit, is due to the substantial proportion of taxable income (gains) which is subject to exemption under the PEX regime.

Turning now to the individual areas of activity, as from the current financial year and in accordance with the new three-year plan, the Group's business segmentation has been revised to comprise three banking divisions: Corporate and Private Banking (CIB), Retail and Consumer Banking (RCB) and Principal Investing (PI, which brings together all the Group's equity investments, investments in associates, and those held as available for sale), plus a Corporate Centre, which combines the other companies (including the leasing firms) and certain centralized Group services costs.





CIB earned a profit of € 17.2m, down sharply on the € 204.7m earned last year; the profit delivered by private banking operations rose from € 41.1m to € 50.7m; RCB recorded a net profit of € 23.3m, down from the € 44.5m reported last year, PI earned a profit of € 449.3m, compared with a € 407.1m loss last year, due to the higher contribution from the investee companies (which added € 258.6m, compared with a € 9.9m loss) plus gains of € 240.2m (€ 16.7m); The Corporate Centre reported a € 21.8m loss (€ 19.6m), with revenues of € 52.9m (€ 55.4m) mostly from leasing operations, and costs totalling € 56.4m (€ 57m), € 25.6m (€ 23.6m) of which was attributable to Mediobanca S.p.A.

Total assets declined from € 59.7bn to € 55.4bn, on lower loans and advances to customers (down from € 33.5bn to € 30.6bn) in the corporate segment in particular (which was down € 3bn), with a reduction in AFS securities also (from € 11.5bn to € 8.4bn) on a slight increase in net treasury assets (from € 8.2bn to € 9.3bn). Funding, by contrast, decreased from € 51.3bn to € 45.8bn, in particular the debt security component (down from € 25.9bn to € 22.6bn) and the ECB loans (from € 7.5bn to € 5.5bn). Assets under management in private banking increased from € 13.8bn to € 15bn.

Table 6

Liquidity indicators

	30/6/13 (%)	30/6/14 (%)
Loan to deposit ratio <sup>1</sup>	65%	67%

*1 Ratio between amounts due to customers and the sum of custode deposits and bonds issued.*

Since 30 June 2014 the new supervisory reporting requirements have been active with reference to the indicators of short-term liquidity (Liquidity Coverage Ratio - LCR) and medium-/long-term (Stable Funding - SF) indicator, with no particular criticalities noted. As at 30 June 2014 both the supervisory indicators required under Basel III were above the set limit (LCR and NSFR >100%). With reference to these indicators, it should be noted that:

- ◆ for the LCR indicator, a minimum level of 60% has been set from 1 January 2015, with this minimum increasing gradually to reach 100% as from 1 January 2018 in accordance with EU regulation no. 575/2013 (the “CRR”);
- ◆ for the NSFR indicator, although the Basel Committee’s proposal involved a minimum level of 100% to be met starting from 1 January 2018, at present no provision has been made in the CRR for a regulatory limit on structural liquidity.

Liquidity risk is defined as the risk of the Bank not being able to meet its own certain and predictable payment commitments when they become payable, either because of the inability to raise funds on the market (funding liquidity risk), or because of being unable to cash in its financial assets without incurring capital losses (market liquidity risk).

The Group is able to meet its cash outflows from inflows of cash, assets which may be cashed in quickly, and its own ability to obtain credit, but in general terms a deterioration in the general macro-economic situation, the market scenario and/or the Issuer’s credit standing could impact negatively on its liquidity profile. In the course of the financial year, the Group’s substantial portfolio of debt securities enabled it to keep the level of net outflows well below the counterbalancing capacity in both the scenarios contemplated under the operating regulations (normal course of business and stressed conditions), thus ensuring that the supervisory limits/thresholds are complied with.

In managing short-term liquidity, the Group has adopted metrics to preserve its stability over a time horizon of three months, while at the same time retaining suitable liquidity reserves in the form of eligible and marketable securities. Accordingly, in view of the Group’s liquidity profile due to having a portfolio consisting largely of government securities, and taking into account the valuation criteria based on degree of liquidation, hereof, the Mediobanca Group believes that neither funding liquidity risk nor market liquidity risk are appreciable. However, despite the fact that the



perception of risk associated with the banking system remains high, even though funding liquidity risk has in fact been mitigated by public intervention, any unfavourable changes in the financing policies established by the ECB or changes to the requisites for access to such financing could impact negatively on the Group's ordinary operations. As at 30 June 2014 the outstanding amount of the financing granted by the European Central Bank via the Long Term Refinancing Operations (LTRO) totalled € 5.5bn, € 2bn of which expiring in January 2015 and € 3.5bn in February 2015. The amount of untied assets available as at 30 June 2014, eligible for refinancing transactions with the ECB is equal to € 12.8bn.

ECB loans	January 2015 € m	February 2015 € m
Long Term Refinancing Operation	2,000	3,500

The Issuer is exposed to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks. The Issuer's exposure to debt securities issued by central governments is shown below, as illustrated in Table A.1.2.a in part E of the consolidated financial statements as at 30 June 2014 (p. 169). The Bank's exposure to government securities was equal to 28.7% of its total assets, with Italian government securities accounting for 24.9% and German bonds 2.2%.

Table 7

Exposure to central government/government entity debt securities

Portfolios/quality	Rating	Trading book <sup>1</sup>		Banking book <sup>2</sup>		
		Nominal value	Book value	Nominal value	Book value	Fair value
Italy	BBB	411,528	463,949	5,122,799	5,379,149	5,412,293
Germany	AAA	509,240	516,897	5,500	5,882	5,882
Spain	BBB	200,000	200,679	100,000	103,144	103,144
United States	AA+	-	-	43,930	43,956	43,956
Other		31,164	9,773	33,418	26,442	38,885
<b>Total as at 30/6/14</b>		<b>1,151,932</b>	<b>1,191,298</b>	<b>5,305,647</b>	<b>5,558,573</b>	<b>5,604,160</b>

1) Values already reflect fair value.

2) Banking book comprises AFS securities and financial assets held to maturity.

Market risks are measured on a daily basis by calculating two main indicators: sensitivity (the so-called "Greeks") to minor changes in risk factors (such as interest rates, share prices, exchange rates, credit spreads, inflation and volatility); and value-at-risk, calculated on the basis of expected volatilities and the correlations between the risk factors concerned, updated daily, assuming a disposal period of a single trading day and a confidence level of 99%. Such indicators are subject to operating limits at the overall level and also at the level of macro-areas and individual business, to prevent excessive risks from being taken and ensure operations are in line with the Bank's risk appetite.

In addition to these metrics, *ad hoc* indicators are compiled to capture tail risks not measured by VaR, and stress tests carried out on the main risk factors, to show the impact which significant movements in the main market variables (such as share prices and interest or exchange rates) might have, calibrated on the basis of the most pronounced historical oscillations.

The overall value-at-risk, including AFS as well as trading positions, recorded an average reading for the twelve months of € 28.6m, just over half the € 53.5m reported last year. The highest contributor was the equità component with € 17.5m, as a result of the transfer of some major shareholdings to the AFS segment ahead of their disposal. Another important contributor was the



interest rate component (€ 15m, including the risk deriving from credit spread movements), due to the presence of a securities portfolio worth over € 5.5bn. The contribution from exchange rates, inflation and volatility were lower, as these risk factors are in any case monitored in detail. If the analysis is restricted to only the trading book, the average VaR falls to below € 8m, approx. 50% of which comes from interest rates, with the equity component is limited at € 1.6m.

With reference to exposure to interest rates, the net interest income earned by Mediobanca on the trading book shows a positive sensitivity to a 100 bps rise in interest rates of € 12.8m; the presence of an implicit floor deriving from the low level of short-term interest rates generates a gain, however limited, of € 1.3m, in the opposite scenario of a 100 bps reduction. If the analysis is extended to include the banking book at Group level, the situation appears more balanced: an increase in interest rates generates a € 1.3m loss, with Mediobanca's positive sensitivity offset by a negative exposure among the Group companies. In the event of a reduction in interest rates the impact would be minimal, too, i.e. a € 1.2m gain once again produced by the mismatch between Mediobanca (negative) and the Group companies (positive).

### 3.3.2. Credit spread

An indication of the value of the credit spread is shown below, based on the trading price of a bond issued by Mediobanca as follows:

- ◆ Mediobanca 2.25% fixed-rate bond with maturity on 18 March 2019
  - ◆ ISIN code: XS1046272420
  - ◆ Amount: € 750m
  - ◆ Date on which spread recorded: 23 September 2014.
  - ◆ Bid price: 104.53
  - ◆ Return at maturity: 1.203%
  - ◆ Spread over mid swap interest rate: 77 bps
  - ◆ Trading venue: Luxembourg, MOT, Eurotlx
  - ◆ Motivation: liquid benchmark bond traded on regulated markets and OTC
  - ◆ Calculation methodology: difference between the return on a plain vanilla, own issue bond and the mid swap interest rate.



## 4 Information on the Issuer

### 4.1. History and development of the issuer

#### 4.1.1. Name

Mediobanca - Banca di Credito Finanziario S.p.A.

#### 4.1.2. Details of registration in Companies' Register and place of registration

Mediobanca is registered in the Milan Companies' Register under Registration no. 00714490158.

#### 4.1.3. Issuer's date of incorporation and duration

Mediobanca was set up on 10 April 1946 by virtue of a notarial deed drawn up by Notary public Arturo Lovato, file no. 3041/52378. The duration of Mediobanca is until 30 June 2050.

#### 4.1.4. Issuer's registered office and legal status, legislation under which it operates, country of incorporation, address and telephone number of registered office

Mediobanca is a company limited by shares under Italian law, incorporated in Italy with its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. no.: (0039) 02-88291.

Mediobanca operates under Italian law, and the court of Milan has jurisdiction over any disputes arising.

#### 4.1.5. Recent facts for evaluating the Issuer's solvency

Since the balance-sheet date there have been no negative changes either to the financial position or prospects of either Mediobanca or the Group headed up by it.

Neither Mediobanca nor any company in the Group have carried out transactions that have materially affected or that might be reasonably expected to materially affect, the Issuer's ability to meet its obligations towards third parties.

#### 4.1.6. Bank of Italy inspections

From 20 April 2013 to 11 October 2013, the Bank of Italy carried out an inspection involving the governance structures and financial risks of the Issuer, which concluded with a series of recommendations for improving the governance structure and certain risk management processes. In February 2014, the Issuer's Board of Directors approved corrective measures to be implemented in accordance with a programme to be notified to the Bank of Italy. The Statutory Audit Committee is working closely with the Risk Management unit to monitor the initiatives being implemented by the Issuer on an ongoing basis.



## 5 Overview of activities

### 5.1. Principal activities

The Group's activities are segmented into three banking divisions and a corporate centre: Corporate & Private Banking (CPB), which includes wholesale banking and private banking activities (Compagnie Monégasque de Banque and Banca Esperia); Principal Investing (PI), which brings together all equity investments in associate companies (IAS28) and AFS investments; Retail & Consumer Banking (RCB), which consists of consumer credit (Compass) and retail banking (CheBanca!) activities; and the Corporate Centre (CC), which brings together the other Group companies (including the leasing firms) plus some of the costs of the Group's central services.

#### 5.1.1. Mediobanca Group activities

Mediobanca is a banking group with operations in Corporate & Private banking (CPB), which combines both wholesale and private banking activities, Principal Investing (PI), which brings together long-term equity investments with those made as part of merchant banking and private equity activities, Retail & Consumer banking (RCB), which includes consumer credit and retail banking activities, as well as a Corporate Centre (CC), which brings together the other Group companies (including the leasing firms) plus some of the costs of the Group's central services. Mediobanca has a market capitalization of approx. € 6.1bn.

Consolidated financial information as at 30/6/14

€ m	CPB	PI	RCB	CC	Totale
Profit and loss account					
Net interest income	273.0	-	769.9	46.6	1,086.9
Total income	599.7	288.3	934.0	52.9	1,819.4
Profit (loss) before tax	28.1	492.7	19.7	-34.2	501.0
Net profit (loss)	17.2	449.3	23.3	-21.8	464.8

### Wholesale banking

Mediobanca seeks to provide its corporate clients with advisory services and financial services they to help them grow and develop.

The wholesale banking division comprises three different units: Corporate finance, Lending and structured finance, Capital markets.

### **Corporate finance**

Mediobanca is the leader in Italy and has an increasingly significant role in financial advisory services at the European level through its branches in London, Paris, Frankfurt, Madrid and Istanbul. A client-based approach is adopted, backed by indepth knowledge of the financial issues and a consolidated track record in executing deals. The operating unit is organized into different industry teams covering individual industries in order to provide greater focus.

Corporate finance involves the following activities:

- ◆ defining strategic objectives for companies and identifying extraordinary financing transactions in order to help meet them;
- ◆ extraordinary financing transactions: mergers and acquisitions, joint ventures and partnerships, disposals and spinoffs;



- ◆ liability restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out financial rebalancing scenarios; negotiating with key creditors;
- ◆ corporate restructuring: LBOs, MBOs, spinoffs and tax-/inheritance-related issues;
- ◆ company valuations, on a standalone basis and for purposes of setting exchange ratios;
- ◆ relations with authorities: assistance in handling relations with market and regulatory authorities, principally Consob and Borsa Italiana.

## Lending & structured finance

The Financing teams serve Mediobanca's Italian and international customers, through the branch offices located in Paris, Frankfurt, London, Madrid and Istanbul, to offer:

- ◆ advice in evaluating possible capital structures and financing solutions available from among a vast series of debt products, including considering possible implications in terms of rating;
- ◆ structuring and executing lending transactions;
- ◆ access to the international syndicated loans market;
- ◆ facility and security agent services for corporate and structured lending transactions.

The principal Lending & structured finance area products are:

- ◆ **corporate lending** (bilateral loans, club deals and syndicated loans): corporate loans aimed at supporting customers' financial requirements generated by investments or related to their companies' growth; the financial solutions offered are aimed primarily at medium-/large-sized firms operating on domestic and international markets, in industrial and service-based sectors.
- ◆ **leveraged finance** (acquisition finance, loans for LBO/MBOs): financial support to corporate counterparties and institutional investors as part of leveraged transactions to acquire stakes in listed and unlisted companies; a wide range of lending transactions are developed, arranged, structured, underwritten and executed based on complex structures, and because of their size these are often syndicated on the international market.
- ◆ **structured finance** (project finance, infrastructure finance, real estate finance): on the back of its solid track record in various sectors, customers are provided with advisory services covering the entire process of structuring deals to support investment and infrastructure or industrial projects, including offering strategies, selection of the most effective debt instruments, hedging strategies, financial modelling and structuring contracts.
- ◆ **export finance** (export credit, trade finance, untied loans, pre-export finance and Islamic finance): financial support provided to exporters of merchandise and services destined for counterparties located in emerging markets, including with the support of government organizations guaranteeing insurance coverage and/or subsidized interest rates (SIMEST, SACE or other European export credit agencies); such loans, which are often syndicated, are structured in conjunction with the provision of advisory services regarding negotiations with commercial counterparties and financial and/or supranational institutions.

## Capital markets

Mediobanca operates on both the primary and secondary markets, trading equities and fixed-income securities, foreign exchange products and credit risk, interest rate and exchange rate derivatives.





In the **equity** market (primary and secondary), activity is divided into the following areas:

- ◆ **equity capital markets:** is the Italian leader and has a role of increasing importance internationally in structuring, co-ordinating and executing equity capital markets transactions, such as IPOs, rights issues, secondary offerings and ABOs, and bonds convertible into equity solutions (equity derivatives to manage investments and treasury shares): this unit structures and implements extraordinary financing transactions involving equity investments and treasury shares; using a dedicated trading platform, the team offers customers innovative, high value-added solutions, and also handles any legal, accounting, tax and regulatory issues;
- ◆ **equity finance** (securities lending, equity repos, collateralized financing): the unit offers tailored securities lending solutions, which range from simple loans to hedge short-/medium-term positions, to equity repos, to upgrades and collateralized financing;
- ◆ **equity derivatives institutional marketing:** a range of equity-linked investments are offered to banks, insurances, asset managers and family offices, from synthetic replications of simple underlying assets to sophisticated protection mechanisms and solutions for increasing the return on portfolios, funded or unfunded;
- ◆ **MB Securities:** this is Mediobanca's equity brokerage division, offering global access to equity markets and research on the Italian market (over 100 companies are covered), plus a pan-European focus on the financials sector (banks and insurances); a dedicated team also offers corporate broking services.

As for the **debt** market, the activity is divided into the following areas of operation:

- ◆ **debt capital market:** this team originates, structures, executes and places corporate and financial bond issues, covered bonds and securitizations to meet its customers' financing needs.
- ◆ **CRAL solutions:** this area structures solutions based on interest rates, credit and alternative products; it targets corporate clients, banks and institutional investors who need to restructure their investment portfolios, increase asset liquidity and diversify their sources of funding. Advisory services and structuring *ad hoc* solutions for alternative investments targets institutional investors.
- ◆ **proprietary funding:** this team is responsible for structuring, issuing and placing debt products, the revenues from which finance the Bank's own activities. Fund raising, supported by the Bank's high credit rating, takes place primarily through the issuance of securities, both plain vanilla and structured. Securities are placed with retail investors through public offers (executed using the CheBanca! owned network, and via networks of individual banks - including that of BancoPosta - either on an exclusive basis or via groups of banks in syndicates), and direct sales are made over the screen-based bond market (MOT) operated by Borsa Italiana. Demand from institutional investors is met via public offers of securities on the Euromarket and private placements of products customized to meet the subscribers' specific needs.

## Private banking

The range of services offered to clients by the Mediobanca Group includes private banking, via Banca Esperia and Compagnie Monégasque de Banque.

- ◆ **Banca Esperia** was set up in July 2000 as a joint venture between the Mediobanca and Mediolanum groups with the aim of becoming the Italian private bank of choice for high net worth clients, offering them portfolio management, advisory and financing services. Independence, operational autonomy, focus on private banking activities, and excellence and quality of service, are the hallmarks of a bank which has approx. € 15bn in assets under



management at its branches in Bergamo, Bologna, Brescia, Florence, Genoa, Milan, Padua, Parma, Rome and Turin.

- ◆ **Compagnie Monégasque de Banque ("CMB")** is 100%-owned by Mediobanca. CMB is market leader in the Principality of Monaco, with total deposits of approx. € 7bn. Its geographical position, indepth knowledge of markets and absolute independence make it a player of primary importance, able to provide exclusive services to its clientèle, ranging from loans to asset management.

## Principal investing

Mediobanca takes minority stakes in leading Italian and international companies, most of which are listed, and which are generally leaders in their respective spheres of activity, with a view to contributing, including through representation on investee companies' governing bodies, to value creation over a medium- and long-term time horizon. Mediobanca offers its investee companies, on an arm's length basis, the entire range of Group services (lending, corporate finance, capital markets, etc.). In view of the size of the investments and the role played by Mediobanca in the governance of the companies concerned, the shareholdings in Generali, RCS MediaGroup and Telco are assigned to the Principal investing division.

Company	Sector	% of share capital	Book value as at 30/6/14 € m
Assicurazioni Generali	Insurance	13.24%	2,767
RCS Mediagroup	Publishing - media	6.2%	40
Telco	Telephony	7.34%	135





## Consumer credit - Compass

Mediobanca has operated in the consumer credit sector since the 1960s through its subsidiary Compass.

Compass today is one of the leading consumer credit operators on the Italian market, with a market share of over 11.8%.

Compass offers a wide range of products (personal loans, special purpose loans for acquisition of consumer durable goods, credit cards and salary-backed finance), using a highly diversified distribution network consisting of some 158 own branches, distributing agreements with banking partners and retailers, and BancoPosta.

As at the balance-sheet date it had approx. € 9.9bn in loans outstanding, plus a total of 1,479 staff on the books.

## **Retail Banking - CheBanca!**

Mediobanca commende retail banking operations in 2008 via Group company CheBanca!, which has now achieved a distinctive position on the market, with:

- ◆ high brand recognition;
- ◆ effective, innovative multi-channel distribution (internet, 57 own branches, direct banking);
- ◆ simple, transparent products;
- ◆ substantial customer base (over 520,000 customers);
- ◆ strong commercial results: € 13bn in deposits, € 4.4bn in mortgages disbursed, and over 730,000 products sold.

The company employs a total of 886 staff.

## **Leasing**

Mediobanca owns a direct 60% stake in the SelmaBipiemme Leasing group, with the other 40% held by the Banca Popolare di Milano. The group operates in financial leasing, carried out directly through SelmaBipiemme Leasing and Palladio Leasing (100%-owned subsidiaries), the latter of which operates exclusively in north-eastern Italy.

The SelmaBipiemme Leasing group is among the top-ten ranking operators in this sector, with a market share of over 4%.

The group has a series of commercial agreements with banking networks, such as those of Banca Popolare di Milano and Banca Popolare di Vicenza (with a combined approx. 1,000 branches).

In the twelve months to 30 June 2014 the group disbursed approx. € 380m in leases.

As at 30 June 2014, the net value of finance disbursed by the group amounted to some € 3bn, with a headcount numbering 145 staff employed at the head office and 8 branch offices.



## **5.1.2. Brief description of the Issuer's principal activities, with an indication of the main categories of products sold and/or services provided**

As stated in Article 3 of the Company's Articles of Association, the Company's purpose is to raise funds and provide credit in any of the forms permitted, especially medium- and long-term credit to corporates.

Within the limits laid down by current regulations, Mediobanca may execute all banking, financial and intermediation-related operations and services, and carry out any transaction deemed to be instrumental to or otherwise connected with the achievement of Mediobanca's purpose.

Save as described in the foregoing section 5.1.1, there are no significant new products and/or services that have been introduced and no development of new products and services has been disclosed.

## **5.1.3. Principal markets**

As stated in the foregoing section 5.1, the Group's areas of operation are currently segmented into three banking divisions and a corporate centre:

- 1) Corporate & Private Banking (CPB), which brings together private banking (including CMB's Monaco-based business) and wholesale banking activities: the latter have undergone considerable geographical expansion in their scope with a view to diversifying the Bank's customer base and to meeting our customers' needs more effectively; the Paris branch was opened in 2004, followed by the Frankfurt and Madrid branches in 2007, the London branch in 2008, and Istanbul in 2013. As at end-June 2014, international activities accounted for just under 50% of the wholesale banking division's revenues.
- 2) Principal Investing (PI), which brings together 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;
- 3) Retail & Consumer Banking (RCB), consisting of consumer credit activities and CheBanca! (retail banking) ; retail activities are performed entirely on the domestic market;
- 4) Corporate Centre (CC), which comprises the other Group companies, including the leasing firms whose operations are carried out entirely on the domestic market.

## **5.1.4. Basis of any statement made by the Issuer in the Registration Document regarding its competitive position**

The Registration Document contains no statement by the Issuer regarding its competitive position.



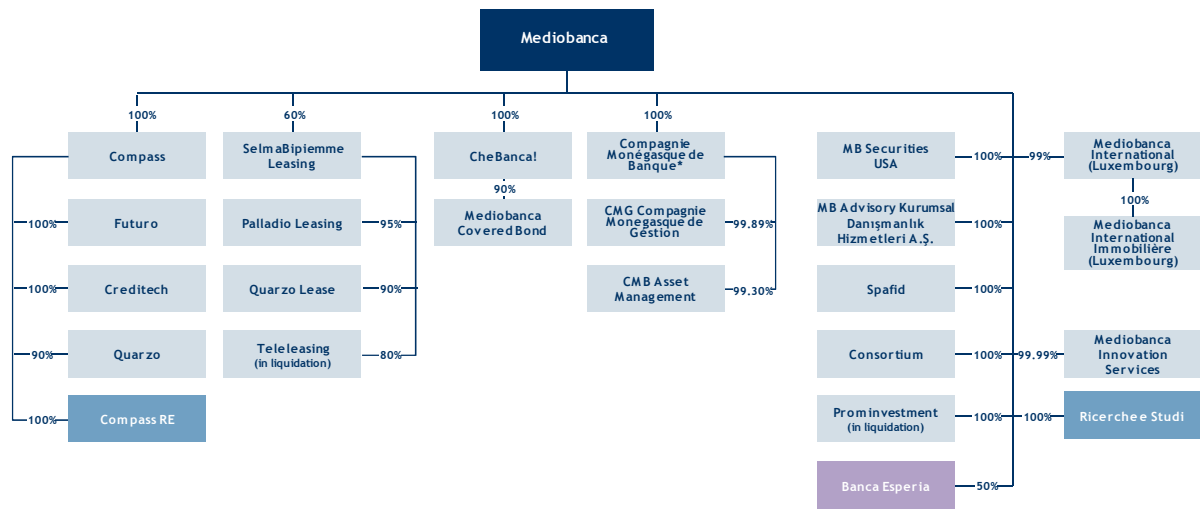
## 6 Organizational structure

### 6.1. Description of organizational structure of group headed up by the Issuer

#### Mediobanca Banking Group

The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy.

The following diagram illustrates the structure of the Mediobanca Group as at the date hereof.



- Member of Mediobanca Banking Group
- Not member of Mediobanca Banking Group
- Banca Esperia joint venture with Mediolanum

\* Compagnie Monégasque de Banque also controls: S.M.E.F. Soc. Monégasque des Etudes Financieres (99.96%) which forms part of the Mediobanca Banking Group



## 6.2. Subsidiaries and main investee companies

Mediobanca is parent company of the Mediobanca Banking Group. No individual or entity controls Mediobanca within the meaning of Article 93 of the Italian Consolidated Finance Act.

A list of the main Group companies included in the area of consolidation for the financial statements is shown below:

Group companies			
COMPASS S.p.A.	Italy	100%	(dir)
CHEBANCA! S.p.A.	Italy	100%	(dir)
SELMABIPIEMME LEASING S.p.A.	Italy	60%	(indir)
PALLADIO LEASING S.p.A.	Italy	100% <sup>1</sup>	(indir)
TELELEASING S.p.A. (in liquidation)	Italy	80%	(indir)
Compagnie Monegasque de Banque S.A.M.	Principality of Monaco	100%	(dir)
MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	99%	(dir)
SPAFID S.p.A.	Italy	100%	(dir)
MEDIOBANCA SECURITIES USA LLC	Stati Uniti	100%	(dir)
COFACTOR S.p.A.	Italy	100%	(indir)
CREDITECH S.p.A.	Italy	100%	(indir)
RICERCHE E STUDI S.p.A.	Italy	100%	(dir)
Mediobanca Innovation Services S.c.p.A	Italy	99.995%	(dir)
FUTURO S.p.A.	Italy	100%	(indir)
PROMINVESTMENT S.p.A. in liquidation	Italy	100%	(dir)
CONSORTIUM S.r.l.	Italy	100%	(dir)
QUARZO S.r.l.	Italy	90%	(indir)
MB COVERED BOND S.r.l.	Italy	90%	(indir)
QUARZO LEASE S.r.l.	Italy	90%	(indir)
C.M.B. ASSET MANAGEMENT S.A.M.	Principality of Monaco	99.50%	(indir)
C.M.G. COMP. MONEG. D.G. S.A.M.	Principality of Monaco	99.89%	(indir)
S.M.E.F. SOC. MONEG. DE ET.FIN. S.A.M.	Principality of Monaco	99.96%	(indir)
JUMP S.r.l.	Italy	—	—
COMPASS RE S.A.	Luxembourg	100%	(indir)
MB ADVISORY KURUMSAL DANISMANLIK HIZMETLERI A.S.	Turkey	100%	(dir)
MEDIOBANCA SICAV	Luxembourg	100%	(dir)
MEDIOBANCA INTERNATIONAL IMMOBILIERE S.à r.l.	Luxembourg	100%	(indir)

In view of the size of the investment and the role played by the Bank in the companies' governance, as at 30 June 2014 the values reflected by the investments in Assicurazioni Generali, RCS MediaGroup and Telco were as follows:

<sup>1</sup> Of which 5% Palladio Leasing treasury shares.



Company	Sector	% of share capital	Book value as at 30/6/14 € m
Assicurazioni Generali	Insurance	13.24%	2,767
RCS MediaGroup	Publishing/ media	6.2%	40
Telco	Telephony	7.34%	135



## **7 Forecasts or estimates of profits**

### **7.1. Information on recent trends**

No substantial adverse changes have taken place in Mediobanca's or the Group's prospects since 30 June 2014.

### **7.2. Information on trends, uncertainties, requests, commitments or known facts which could reasonably be expected to have material repercussions on the Issuer's prospects for at least the current financial year**

Mediobanca is not aware of any information on trends, uncertainties, requests, commitments or facts known which could reasonably have significant repercussions on Mediobanca's prospects for the current financial year.



MEDIOBANCA

## 8 Profit estimates or projections

No forecast or estimates of profits are contained in the Registration Document.



## 9 Bodies responsible for governance, management and supervision

### 9.1. Information on governing bodies

The Board of Directors appointed on 28 October 2011 for the 2012, 2013 and 2014 financial years, as amended on 27 October 2012 and 28 October 2013 as at 30 June 2014 consisted of twenty members, thirteen of whom qualify as independent under Article 148, paragraph 3 of Italian Legislative Decree 58/98, ten of which thirteen also qualify as independent under the Code of Conduct in respect of listed companies.

#### Board of Directors

Composition, Board of Directors (in office until the date of the Annual General Meeting, scheduled to be held on 28 October 2014)

Name	Post held	Place and date of birth	Term of office expires	Posts held in other companies
Renato Pagliaro *	Chairman ***	Milan, 20/2/57	30/6/14	-
Dieter Rampl	Deputy Chairman	Munich, 5/9/47	30/6/14	Member of Supervisory Board, FC Bayern Munchen Chairman, Management Board Hypo-Kulturstiftung
Marco Tronchetti Provera	Deputy Chairman	Milan, 18/1/48	30/6/14	Chairman and CEO, Pirelli & C. Chairman, Pirelli Tyre Director, Eurostazioni
Alberto Nagel*	CEO ***	Milan, 7/6/65	30/6/14	-
Francesco Saverio Vinci *	General Manager ***	Milan, 10/11/62	30/6/14	Director, Banca Esperia Director, Perseo
Tarak Ben Ammar	Director	Tunis, 12/6/49	30/6/14	Chairman, Eagle Pictures Director, Telecom Italia Chairman and CEO Quinta Communications Chairman, Prima TV CEO, Carthago Film Chief Executive Officer (CEO), Andromeda Tunisie S.A. Director, Telecom Italia
Gilberto Benetton	Director	Treviso, 19/6/41	30/6/14	Chairman, Edizione Chairman, Autogrill Director, Sintonia Director, Atlantia
Roberto Bertazzoni	Director	Guastalla, 10/12/42	30/6/14	Chairman and Managing Director, Smeg Chairman and CEO, Erfin - Eridano Finanziaria Chairman and CEO, Cofiber





Name	Post held	Place and date of birth	Term of office expires	Posts held in other companies
Angelo Casò *	Director	Milan, 11/8/40	30/6/14	Chairman of Statutory Audit Committee, Benetton Group Chairman, Fineldo Director, Tre Laghi Chairman of Statutory Audit Committee, Edizione Chairman of Statutory Audit Committee, Bracco Chairman of Statutory Audit Committee, Bracco Imaging Chairman of Statutory Audit Committee, Bic Italia Chairman of Statutory Audit Committee, Falck Standing Auditor, Italmobiliare Standing Auditor, Padis Investimenti Standing Auditor, Pasidis Investimenti Standing Auditor, Sidis Investimenti
Maurizio Cereda *	Director***	Milan, 7/1/64	30/6/14	Director, Enervit
Massimo Di Carlo *	Director ***	Rovereto, 25/6/63	30/6/14	-
Alessandro Decio	Director	Milan, 10/1/66	30/6/14	Member of Supervisory Board, Bank Pekao Member of Supervisory Board, Unicredit Bank Austria Member of Supervisory Board, Zao Unicredit Bank
Bruno Ermolli	Director	Varese, 6/3/39	30/6/14	Chairman, Promos Chairman, Sinergetica Director, Arnoldo Mondadori Editore Director, Mediaset Director, Pasticceria Bindi Director, S.I.P.A.
Anne Marie Idrac	Director	Saint Briec, 27/7/51	30/6/14	Director, Total Director, Bouygues Director, Compagnie de Saint Gobain Member of Supervisory Board, Vallourec
Carlo Pesenti	Director	Milan, 30/3/63	30/6/14	General Manager and Managing Director, Italmobiliare Director and General Manager, Italcementi Deputy Chairman, Ciments Français Director, Finter Bank Zurich
Vanessa Labérenne *	Director	Paris 8/1/78	30/6/14	-
Alberto Pecci	Director	Pistoia	30/6/14	Chairman, E. Pecci & C.



Name	Post held	Place and date of birth	Term of office expires	Posts held in other companies
		18/9/43		Chairman, Pecci Filati Chairman and Managing Director, Pontoglio Director, El.En. Chairman, Tosco-Fin
Giorgio Guazzaloca	Director	Bazzano (BO) 6/12/44	30/6/14	-
Eric Strutz *	Director	Mainz, 13/12/64	30/6/14	Member of Board, Partners Group Holding
Elisabetta Magistretti	Director	Busto Arsizio, 21/7/47	30/6/14	Director, Luxottica Group Director, Pirelli & C.

\* Member of Executive Committee.

\*\*\* Member of Mediobanca senior management

All Board members are in possession of the requisites to hold such office by law, in terms of fitness, professional qualifications and independence (in the latter case applicable only to the independent directors).

The address for all members of the Board of Directors for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

### Statutory Audit Committee

Composition of Statutory Audit Committee (in office until the date of the Annual General Meeting, scheduled to be held on 28 October 2014)

Post	Name	Place and date of birth	Term expires	Posts held in other Italian listed/regulated companies
Chairman	Natale Freddi	Rho, 6/6/52	30/6/14	-
Standing Auditor	Gabriele Villa	Milan, 18/6/64	30/6/14	Standing Auditor, Salini-Impregilo
Standing Auditor	Maurizia Angelo Comneno	Rome, 18/6/48	30/6/14	-
Alternate auditor	Guido Croci	Milan, 4/3/59	30/6/14	-
Alternate auditor	Mario Busso	Turin, 1/3/51	30/6/14	-

All Statutory Audit Committee members are in possession of the requisites to hold such office by law, in terms of fitness, professional qualifications and independence; and are all registered as auditors.

The address for all members of the Statutory Audit Committee for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

### General manager and senior management

Renato Pagliaro Chairman, Alberto Nagel Chief Executive Officer, Francesco Saverio Vinci General Manager, Maurizio Cereda and Massimo Di Carlo, Executive Directors of Mediobanca and Massimo Bertolini, Head of Company Financial Reporting.



## **9.2. Conflicts of interest among bodies responsible for governance, management and supervision**

At an annual general meeting held on 28 October 2011, the shareholders of Mediobanca authorized the directors with posts in banking enterprises to take office, as required by Article 2390 of the Italian Civil Code. Meanwhile, a ban was instituted pursuant Article 36 of Italian Decree Law 201/11, as converted into Italian Law 214/11, on representatives of banks, insurers and financial companies from holding positions in companies which operate in the same sectors. Each year the Board of Directors assesses the positions of the individual directors, which may have changed as a result of changes in the activities or size of the other companies in which they hold posts. To this end, each director, including in order to avoid potential conflicts of interest from arising, informs the Board of any changes in the positions assumed by them in the course of their term of office.

Mediobanca also adopts the procedure recommended under Article 136 of the Italian Consolidated Banking Act for approval of transactions involving individuals who perform duties of management and control in other companies where these are Directors or Statutory Auditors.

Transactions with “related parties” are described in part H of the financial statements for the twelve months ended 30 June 2014.



## 10 Main shareholders

### 10.1. Information on ownership structure

Individuals or entities who based on the shareholders' register and available information as at 30 June 2014, own directly or indirectly financial instruments representing share capital with voting rights in excess of 2% of the company's share capital, directly or indirectly, are listed below:

	Shareholder	% of share capital
1	Unicredit S.p.A.	8.76
2	Bolloré group	6.46
3	Groupama group	4.93
4	Mediolanum group	3.50
5	Fondazione Ca.Ris.Bo	2.95
6	Benetton group	2.16
7	Fininvest group	2.06

Mediobanca shareholders representing, as at 30 June 2014, 30.05% of the Bank's shares have entered into a shareholders' agreement in respect of Mediobanca's share capital expiring on 31 December 2015.

The Agreement, which is filed with the Milan companies' register, is a block shareholders' agreement aimed at preserving a stable shareholder base combined with representative governing bodies to ensure consistent management objectives. In order to achieve these objectives, these shareholders, divided into three groups, concur in seeing the traditional system of corporate governance which leverages on the management and provides greater clarity in the roles of the various governing bodies within the company, as fundamental to safeguarding the characteristics, function and traditional independence of Mediobanca and to ensuring that consistent management objectives are pursued.

An excerpt from the Agreement may be found on the Issuer's website at [www.mediobanca.it](http://www.mediobanca.it).

### 10.2. Description of any agreements known to the Issuer which may subsequently give rise to a change in the control of the Issuer

As at the date hereof, Mediobanca is not aware of any agreements aimed at bringing about future changes regarding the ownership structure of Mediobanca.



## 11 Information on the Issuer's assets and liabilities, earnings and losses

### 11.1. Financial information for previous years

At a Board meeting held on 17 September 2014, the Directors of Mediobanca approved the Group's consolidated financial statements as at 30 June 2014. The statutory financial statements for the year will be adopted by shareholders at a general meeting to be held on 28 October 2014. See in particular section 3.3, "Select financial information". Any discrepancies between the statutory financial statements and those which are approved by the shareholders in general meeting shall be disclosed specifically to the market, if appropriate through the publication of a specific supplement to this Registration Document.

### 11.2. Financial statements

The financial statements as at and for the years ended 30 June 2013 and 30 June 2014 and the annexes thereto including the reports by the external auditors, and Mediobanca's interim accounts and reports are available to the public at the company's registered office and published on its website at [www.mediobanca.it](http://www.mediobanca.it). The consolidated financial statements as at and for the years ended 30 June 2013 and 30 June 2014 are deemed to be incorporated by reference into this Registration Document as permitted under Article 11 of Directive 2003/71/CE (the "Prospectus Directive") and Article 7, paragraph 4 of Consob's Regulations for Issuers.

A breakdown of the information deemed to be incorporated by reference into this Registration Document is provided in the following table:

	Balance sheet	Profit and loss account	Cash flow statement	Notes to the accounts	External auditors' report
Consolidated financial statements for year ended 30/6/13	pp. 80-81	p. 82	pp. 86-87	pp. 88-242	pp. 64-65
Consolidated financial statements for year ended 30/6/14	pp. 66-67	p. 68	pp. 72-73	pp. 76-243	p. 61



## **11.3. Auditing of annual financial information for previous years**

### **11.3.1. Statement confirming that financial information for previous financial years has been audited**

At an annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers S.p.A. to audit the Bank's statutory and consolidated full-year and interim financial statements, to perform other activities provided for under Article 155 of Italian Legislative Decree 58/98, and to sign off the "Unico" and "770" tax declarations, up to and including the financial year ending 30 June 2021.

Notice is hereby given that:

- ◆ PricewaterhouseCoopers S.p.A., with registered office in Milan, the audit firm appointed to audit the statutory and consolidated full-year financial statements of Mediobanca for the financial year ended 30 June 2014, duly issued, with reference to the consolidated financial statements for the year ended 30 June 2014, the relevant report without qualifications;
- ◆ PricewaterhouseCoopers S.p.A., for the statutory and consolidated financial statements of Mediobanca as at 30 June 2013 and Reconta Ernest & Young S.p.A., with registered office in Milan, the audit firm appointed to audit the statutory and consolidated full-year and interim financial statements of Mediobanca for the previous years, duly issued the relevant reports without qualifications.

### **11.3.2. Any other information contained in the Registration Document that has been reviewed by the auditors**

With the exception of the statutory and consolidated financial information, no information reported in this Registration Document has been subject to review by the external auditors.

### **11.3.3. Financial information contained in the Registration Document not taken from the Issuer's audited financial statements**

The financial information contained in this Registration Document has been taken from the Issuer's financial statements which have been subject to review by the external auditors.

## **11.4. Date of most recent financial information**

The most recent financial information in respect of the Issuer consists of the consolidated financial statements for the period ended 30 June 2014.

## **11.5. Interim and other financial information**

Subsequent to the balance-sheet date of 30 June 2014, the quarterly report of the Mediobanca Group for the three months ended 30 September 2014 will be submitted to the Board of Directors for approval on 28 October 2014. The interim and quarterly reports of Mediobanca and the Mediobanca Banking Group, along with the auditors' reports where these have been prepared, may be consulted on the Issuer's website at [www.mediobanca.it](http://www.mediobanca.it). This website is updated quarterly with the relevant financial information as approved from time to time.

See section 3.2 "Select financial information" in particular.



## 11.6. Legal and arbitration proceedings

As at the date hereof, none of Mediobanca and its consolidated subsidiaries is or has been involved in any governmental, legal, arbitration or administrative proceedings relating to claims or amounts of money which may have, or have had in the recent past, a material impact on the Group's financial position or profitability, and as far as Mediobanca is aware, no such litigation, arbitration or administrative proceedings has either been announced or is pending. A description of the main tax disputes and litigation pending is provided below, purely for information purposes:

### Tax disputes

As at 30 June 2014 the Mediobanca Group had a total of 29 cases pending, in respect of higher tax worth a notified amount of € 72.6m, plus interest and fines.

All the cases involve disputes with the Italian tax revenue authority and regard:

- ◆ sixteen claims in respect of allegedly non-existent leasing transactions, involving higher tax worth a notified amount of € 35.7m (€ 31.8m by way of VAT and € 3.8m IRES/IRAP); € 24.2m of this amount involves leases on yachts, while the remainder involves real estate and brands;
- ◆ one claim regarding the deductibility of the losses arising on the non-recourse disposal of receivables by Compass in the 2007/08 financial year, involving higher tax worth a notified amount of € 30.5m. The same claim in respect of the 2006/07 financial year, originally involving a notified amount of € 24.5m, ended with the ruling in Compass's favour which then became definitive;
- ◆ four claims in respect of the application of withholding and registration tax upon the disbursement of loans to Italian companies by Mediobanca, involving higher tax worth a notified amount of € 4.2m;
- ◆ eight claims in respect of other items, involving higher tax worth a notified amount of € 2.1m.

The companies concerned have appealed against all the above rulings in the conviction that their actions were correct (cf. the ruling in the Compass dispute going in its favour). For this reason no amounts have been set aside to the provision for risks and charges, including in view of how the legal process is progressing, and the indemnity clauses contained in the agreements with the customers regarding the withholding and registration taxes.

Against all cases of tax litigation outstanding as at 30 June 2014, a provision of € 2.5m has been booked to the accounts, as an asset, in respect of SelmaBipiemme, representing the total amount paid by way of provisional collection.

### Litigation pending

The most significant case involves the claims against Mediobanca relating to the Bank's alleged failure, jointly with other parties, to launch a full takeover bid for La Fondiaria in 2002. Sixteen claims have so far been made, twelve of which are still pending, with four having been settled during the year under review (three of which out of court, with the fourth having become statute-barred). The aggregate amount involved in the twelve claims still pending against the parties is approx. € 108.3m, plus interest and expenses; Mediobanca's share in this would be approx. € 37m (plus interest and expenses). The present status of the trials in respect of these claims is as follows:

- ◆ the court of cassation has ruled against Mediobanca on three claims, which have now reverted to the Milan court of appeals for the rulings to be prosecuted;



- ◆ five claims, in which the court of appeals has ruled in favour of Mediobanca, are pending at the court of cassation;
- ◆ one claim, in which the ruling went against Mediobanca, is pending before the court of appeals in Milan;
- ◆ three claims have recently been lodged with the court of Milan;

The other main claims that have been made against Mediobanca are as follows:

- ◆ one claim pending with the court of Milan for damages totalling € 134.4m in connection with the Burani group bankruptcies for Mediobanca's alleged role as advisor on the takeover bid concerned. Mediobanca has appeared in court and has pleaded not guilty, on the grounds that its activity as advisor consisted exclusively of preparing one analysis (defined as "Discussion material") on behalf of Burani Designer Holding NV, regarding the principal impact of the takeover bid in financial terms;
- ◆ one claim filed with the court of Siena for damages in an amount of € 286m by the Fondazione Monte dei Paschi di Siena, for an alleged non-contractual liability, jointly with the other lender banks, in connection with the execution of a loan granted in June 2011;
- ◆ requests for reimbursement of damages (with no claims actually filed) following the loss of value of shares in Fondiaria-SAI, Milano Assicurazioni, Unipol and Premafin after the rescue operations and reorganizations in which the companies were involved in 2011-12.

There is no other significant litigation pending within the Group.

A "provision for risks and liabilities" has been made in the balance sheet as at 30 June 2014 in an amount of € 150m to cover, *inter alia*, risks not necessarily linked to the failure to meet obligations or repay loans which could lead to charges in the future.

## 11.7. Significant changes in the Issuer's financial position

There have been no significant changes to financial or commercial position of Mediobanca or the other companies forming part of the Group since the most recent financial information available was disclosed in the consolidated financial statements as at 30 June 2014.





## 12 Material agreements

Neither Mediobanca nor any of the companies controlled by Mediobanca has entered into or participates in agreements outside of their normal course of business which could result an obligation or entitlement for Group members that would impact significantly on the Issuer's ability to meet its obligations versus holders of financial instruments issued or to be issued.



## 13 Information from third parties, expert opinions and expressions of interest

Standard & Poor’s assigned Mediobanca a “BBB/A-2” rating (most recent confirmation 17 June 2014) - see website [www.mediobanca.it](http://www.mediobanca.it) for further details.

Rating agency	Short-term debt	Long-term debt	Outlook
S&P’s	A-2	BBB	Negative

The Issuer confirms that the above information has been faithfully reproduced, and that as far as the Issuer is aware and is able to ascertain on the basis of information published by Standard & Poor’s, no facts have been omitted that might render the reproduced information imprecise or otherwise misleading.

### Standard & Poor’s rating scale:

(Source: Standard & Poor’s)

Long term Obligations with an original maturity of more than one year	Short term Obligations with an original maturity of less than one year
Investment grade	Investment grade
<p>AAA</p> <p>The obligor’s capacity to meet its financial commitment on the obligation is extremely strong.</p>	<p>A-1</p> <p>The obligor’s capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitment on these obligations is extremely strong.</p>
<p>AA</p> <p>The obligor’s capacity to meet its financial commitment on the obligation is very strong. An obligation rated ‘AA’ differs from the highest-rated obligations only to a small degree.</p>	<p>A-2</p> <p>The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor’s capacity to meet its financial commitment on the obligation is satisfactory.</p>
<p>A</p> <p>The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor’s capacity to meet its financial commitment on the obligation is still strong.</p>	<p>A-3</p> <p>The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p>
<p>BBB</p> <p>The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p>	



Long term Obligations with an original maturity of more than one year	Short term Obligations with an original maturity of less than one year
<b>Speculative grade</b>	<b>Speculative grade</b>
<p><b>BB</b></p> <p>The obligation is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.</p>	<p><b>B</b></p> <p>The obligation is regarded as having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.</p>
<p><b>B</b></p> <p>The obligation is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.</p>	<p><b>B -1</b></p> <p>The obligation is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p><b>CCC</b></p> <p>The obligation is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.</p>	<p><b>B -2</b></p> <p>The obligation is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p><b>CC</b></p> <p>The obligation is currently highly vulnerable to nonpayment.</p>	<p><b>B -3</b></p> <p>The obligation is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p><b>C</b></p> <p>A 'C' rating is assigned to obligations that are currently highly vulnerable to nonpayment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default.</p>	<p><b>C</b></p> <p>The obligation is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.</p>
<p><b>D</b></p> <p>The obligation is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard &amp; Poor's believes that such payments will be made during such grace period.</p>	<p><b>D</b></p> <p>The obligation is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard &amp; Poor's believes that such payments will be made during such grace period.</p>

*NB: ratings from "AA" to "CCC" inclusive can be modified by adding the "+" or "-" minus sign to specify the position.*



## 14 Documents available to the public

The following documents are available for consultation at Mediobanca's registered offices in Piazzetta Enrico Cuccia 1, Milan: the Issuer's Articles of Association; copies of the annual accounts and report (consolidated and statutory) as at and for the years ended 30 June 2013 and 2014; and a copy of this Registration Document.

Beginning with the 2001/2002 financial year, the annual, interim and quarterly accounts and reports of Mediobanca and the Mediobanca Group have been made available on the Issuer's website at [www.mediobanca.it](http://www.mediobanca.it). This website will be updated on a quarterly basis with the relevant financial information as approved from time to time

All information and press releases relating to the Issuer's corporate affairs are also available on the same website.