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Testo del comunicato

Vedi allegato.

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Mediobanca
Board of Directors' meeting

Milan, 26 October 2017

MEDIOBANCA

Quarterly financial statements for three months ended 30/9/17 approved

Good start to FY 2017/18
Outstanding quarterly results by revenues, GOP and net profit

Revenues up 13%, to €598m,
NII up 6%, fee income up 30%
GOP[1] up 27%, to €288m
Net profit up 11%, to €301m

All divisions show more intense levels of activity with growing revenues and profits
WM reorganization results already visible

Wealth Management: strong acceleration in reshaping process
Key managerial staff hired, Barclays' integration into CheBanca! complete,
MB Private Banking operative as from December

Consumer credit: record quarter, with net profit up 35% to €80m

CIB: sound and growing contribution (net profit up 12%, to €75m)

Principal Investing: NAV growing (up 26%, to €3.6bn), equity stake disposals ongoing
(sales of approx. €250m in 3M yielding €90m in gains)

Excellent asset quality confirmed

Cost of risk at historic low levels (57 bps), Texas ratio 13%
NPLs/bad loans declining, both as stock and as percentage of total loan book
Coverage ratios improving (for NPLs 55%, bad loans 71%, and performing loans 1.1%)

Capital solidity confirmed[2]

CET1 ratio 13.3%, still fully calculated with standard method
120 bps higher than at end-September 2016, stable vs end-June 2017
Total capital 16.7%
Leverage ratio 9.6%

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[1] GOP net of loan loss provisions
[2] Internal calculation of capital ratios which differs from that stated in Common Reporting (COREP), as it includes the result for the period (not subject to authorization pursuant to Article 26 of the CRR), which accounts for approx. 40 bps of CET1. "Fully-phased" means with full application of the CRR rules – in particular the right to include the entire AFS reserve in the calculation of CET1 – and the Assicurazioni Generali investment being weighted at 370%.

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- **The Mediobanca Group delivered an 11% increase in net profit in the three months ended 30 September 2017, from €271m to €301m, and a 27% increase in gross operating profit, from €227m to €288m, driven by strong top-line performances by all the business lines and the ongoing reduction in the cost of risk. The main income items performed as follows:**

  - **Revenues were up 13% to €598m,** with all items posting growth. **Net interest income rose by 6%** (to €332m), on the back of good performances in Consumer Banking (up 6%) and Specialty Finance (up 36%), plus the growth in size at Wealth Management (up 28%); **net fee and commission income was up 30%**, to €138m, as a result of the higher contribution from **Wealth Management** (up 49%, to €56m) and **growth in CIB** (up 13%, to €53m); net trading income also rose 22%, to €39m;

  - **Loan loss provisions fell by 40%**, from €91m to €55m, and the **cost of risk halved to 57 bps** (101 bps); asset quality performance was positive in all divisions, in particular WB, which continues to benefit from writebacks (€22m), while Consumer Banking showed a residual increase in the cost of risk compared to the last quarter (at 213 bps, versus 201 bps); **gross NPLs were down 4% Y.o.Y. and net NPLs down 5%, while the coverage ratios were higher** (55% for NPLs and 71% for bad loans); the **Texas ratio**[3] stood at 13%;

  - **Gross operating profit, net of the cost of risk, was up 27%,** from €227m to €288m**;**

  - **Net profit rose by 11%, to €301m,** reflecting:

    – **€89m in net gains** on the disposal of remaining shares in Atlantia still held (1.35%);

    – **€7m in non-recurring charges** in connection with the recapitalization of the Cesena, Rimini and San Miniato *casse di risparmio* ahead of their disposal;

  - **The capital ratios**[4] as at 30 September 2017 confirm the high values reported at end-June 2017, and are some 120 bps higher than one year previously. Pending introduction of the AIRB models for the corporate segment, the ratios are **still calculated entirely with the standard method**:

    - **CET1: 13.3% phased-in, 13.5% fully phased;**

    - **Total capital: 16.7% phased-in, 17.0% fully phased**

- **In the three months all divisions have shown more intense levels of activity and the WM development process has seen sharp acceleration**

  - **Wealth Management: ready for growth, ROAC up from 9% to 11%**

    - **Affluent/CheBanca!**: the Barclays' integration process is now complete, with 32 branch closures and the planned reduction in headcount (117 in the last quarter and more than 200 in the last twelve months). The three months under review have seen the foundations laid for future growth, with the recruitment of the head of the FAs network and the addition of 43 new advisors (for a total of around 110 so far);

    - **MB Private Banking**: the merger of Banca Esperia into Mediobanca S.p.A. should be complete by end-December 2017 and with it the launch of the new Mediobanca Private Banking brand, providing an integrated private banking-

[3] Texas ratio: net NPLs/Common Equity Capital (CET1).

[4] Internal calculation which differs from that stated in Common Reporting (COREP), as it includes the result for the period (not subject to authorization pursuant to Article 26 of the CRR), which accounts for approx. 40 bps of CET1. "Fully-phased" means with full application of the CRR rules – in particular the right to include the entire AFS reserve in the calculation of CET1 – and the Assicurazioni Generali investment being weighted at 370%.

investment banking profit offering; so far the central and treasury functions have been integrated into the parent company;

- **Asset management:** relaunch of the product factory has begun with the addition of the new CEO of Duemme SGR.

- **Consumer/Compass: record quarter with net profit up 35% to €80m, ROAC up from 23% to 30%;** new business revitalized (up 9%) by enhancement of direct channels with margins resilient and asset quality strong. Opportunities are expected from the new ECB guidance on NPLs (potentially lower pressure on margins, and increased opportunities for distribution agreements).
- **CIB: net profit €75m (up 12% Y.o.Y.), ROAC up from 11% to 14%:** healthy growth in fee-based activities from a higher number of deals in the mid-ticket space, with asset quality improving further. Opportunities are expected to arise from the new ECB guidance on NPLs (for advisory, capital market and credit management services) and the introduction of advanced internal ratings-based models for the corporate segment. The positive momentum in Specialty Finance also continues.
- **Principal Investing: high profits, NAV increasing, disposals ongoing**; net profit for the three months totalled €171m, on a higher contribution from Assicurazioni Generali of €89m (up 17% Y.o.Y.) plus gains on disposals. The market value of the equity investments was 26% higher than the same time last year, at €3.6bn, chiefly due to the 45% Y.o.Y. increase in the market value of the Assicurazioni Generali stake (now worth €3.2bn at current prices).

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With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the Group's individual and consolidated financial statements for the three months ended 30 September 2017, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

In the three months ended 30 September 2017, the Mediobanca Group delivered an 11% increase in net profit, from €270.7m to €300.9m, and a 27% increase in gross operating profit (from €226.9m to €288.1m), driven by a strong top-line performance by all business lines and an ongoing reduction in the cost of risk.

Group revenues rose by 12.9% to €598.4m, with the main income items performing as follows:

- Net interest income rose again, by 5.6% (from €314.2m to €331.7m), driven by Consumer (up from €202.9m to €214.1m) and CheBanca! (up from €41.4m to €53.6m), which more than offset the reduction in Wholesale Banking (from €65.2m to €54.1m) and the negative, albeit improving, contribution from treasury operations of minus €27.3m (minus €31m);

- Net treasury income grew from €31.8m to €38.7m, on a higher contribution from Wholesale Banking and capital market solutions activity in particular;

- Net fee and commission income totalled €138.3m, reflecting a sharp improvement on the €106m posted last year, due to the healthier trend in Wholesale Banking and higher business volumes in Wealth Management (in both segments, i.e. Affluent/CheBanca! and High Net Worth Individual/Banca Esperia);

- The contribution from the Assicurazioni Generali stake and the other equity investments also improved, from €78.1m to €89.7m.

At the same time, the 20.3% rise in operating costs, to €255.7m, reflect the increased scope of consolidation and the related strengthening activities (integration of new acquisitions, new IT platforms, and new distribution channels).

Loan loss provisions fell by 39.7%, to €54.6m, reflecting the further improvement in the loan book's risk profile, in Consumer Banking in particular (where provisioning declined from €84.6m to €62.9m) and Wholesale Banking (where a net amount of €21.8m was written back, largely deriving from repayments). The cost of risk fell to 57 bps, representing a further improvement on last year (30/9/16: 101 bps) and the last quarter (30/6/17: 73 bps).

Net gains on the securities portfolio declined from €112m to €89.4m, and basically consist of the €89m gain realized on disposal of the remaining Atlantia shares still held.

Earnings for the three months also reflect a one-off charge referred to above, in an amount of €5.1m in connection with the voluntary scheme for recapitalization of the Rimini, Cesena and San Miniato *casse di risparmio* ahead of their sale to Crédit Agricole Italia. At the same time the Cassa di Risparmio di Cesena investment held as available for sale was written off, resulting in a €2.1m charge being taken through the profit and loss account.

Turning to the **balance-sheet data**, total assets were up slightly on the figure reported at end-June 2017, from €70.4bn to €70.8bn, and show a slight recovery by lending on the back of the liquidity and cost of funding optimization efforts:

- **Loans and advances to customers** rose by 1.4%, chiefly due to the recovery in Wholesale Banking (up 3.3%, from €12.8bn to €13.3bn), and the healthy performance by Consumer Banking (up 1.2%, from €11.8bn to €11.9bn). Mortgages and loans to private clients were basically flat. New loans posted strong growth in the three months under review, in part offset by the persistent trend in early repayments: Wholesale Banking reported new loans of €1,959.8m (up 32% on last year), Consumer Banking of €1,630m (up 9.1%), Specialty Finance of €976m (up 23.5%), and mortgage lending of €310.1m (up 33.4%). Asset quality continues to be excellent and indeed has improved further: net NPLs fell from €940.5m to €928.4m, and declined also in relative terms, from 2.5% of the total loan book to 2.4%, with the coverage ratio virtually unchanged at 54.7% (versus 54.6%). Net bad loans stood at €156.8m, and account for 0.40% (0.41%) of the total loan book. The item does not include the NPL portfolios acquired by MBCredit Solutions, for which the stock remained largely stable at €135.2m.

- **Funding** decreased from €49.1bn to €48.5bn, chiefly due to repayment of the first T-LTRO (€1.5bn). Wealth Management deposits were stable at €17.8bn, with the slight fall in CheBanca! deposits from €13.4bn to €13.2bn offset by the increase in those in private banking (up from €4.5bn to €4.6bn). Conversely, debt securities rose from €19.3bn to €20.2bn, as a result of a €750m benchmark issue and other placements totalling approx. €0.7bn, against redemptions and net buybacks totalling €0.6bn. During the three months under review the Group's cost of funding fell by approx. 10 bps, to 90 bps (in terms of spread vs Eur3M), due to lower charges on debts securities and CheBanca! deposits;

- **Banking book bonds** declined from €8.4bn to €8bn, due to the reduction in holdings in Italian sovereign debt (from €3.3bn to €3bn). **Net treasury assets** too reduced from €7.3bn to €6.8bn, due to lower deposits with the ECB (down from €1.3bn to €1bn);

- **TFAs** in **Wealth Management**, including retail funding, declined from €59.9bn to €57.2bn, due to certain low-margin AUC mandates granted to Cairn Capital being wound up;

AUM/AUA rose slightly, from €30bn to €30.3bn, and are split between private banking (up from €22.9bn to €23.1bn) and the CheBanca! affluent & premier segment (from €7.1bn to €7.2bn).

- **The Group's capital ratios**[5] at 30 September 2017 continue to reflect the high levels reported at end-June, some 120 bps higher than one year previously, reflecting the slight increase in RWAs recorded during the three months (from €52.7bn to €52.8bn):
  - Phase-in: Common equity tier 1 ratio 13.30%, total capital ratio 16.74%;
  - Fully-phased: Common equity tier 1 ratio 13.47%, total capital ratio al 16.97%.

Divisional results

The 2016-19 three-year plan has introduced a segmentation of the Group's businesses into five divisions:

- **Corporate & Investment Banking** (CIB): this division brings together all services provided to corporate clients in the following areas: **Wholesale Banking** (lending, advisory, capital markets activity and proprietary trading); and **Specialty Finance** (factoring and credit management, including NPL portfolios);
- **Consumer Banking** (CB): this division provides retail clients with the full range of consumer credit products, ranging from personal and special-purpose loans to salary-backed finance (Compass and Futuro);
- **Wealth Management** (WM): this division brings together all activities addressed to **private clients and high net worth individuals** (Compagnie Monégasque de Banque, Banca Esperia and Spafid) and asset management services provided to **affluent & premier** customers (CheBanca!); the division also includes Cairn Capital (**alternative AM**);
- **Principal Investing** (PI): this division brings together the Group's portfolio of equity investments and holdings, including the stake in Assicurazioni Generali;
- **Holding Functions** (HF): this division houses the Group's Treasury and ALM activities; it also includes all costs relating to the Group's central functions, and the leasing operations which are presently undergoing strategic refocusing action.

1. Corporate & Investment banking: sound and growing contribution to Group profit (up 12%, to €75m), ROAC up from 11% to 14%

CIB reported a net profit for the three months up from €66.6m to €74.5m, helped by growth in Wholesale Banking (which reported a net profit of €67.4m, as against €60m last year), and Specialty Finance (€7.1m, compared with €6.6m).

[5] Internal calculation which differs from that stated in Common Reporting (COREP), as it includes the result for the period (not subject to authorization pursuant to Article 26 of the CRR), which accounts for approx. 40 bps of CET1. "Fully-phased" means with full application of the CRR rules – in particular the right to include the entire AFS reserve in the calculation of CET1 – and the Assicurazioni Generali investment being weighted at 370%.

1.1. Wholesale Banking: net profit up 12% to €67m

The Wholesale Banking division reported net profit up 12.3% for the three months, from €60m to €67.4m, driven by intensive fee-based activities on deals in the mid-ticket space and the ongoing healthy trend in asset quality.

Revenues were down slightly, by 1.6%, from €129.3m to €127.2m, due to the reduction in net interest income (which fell from €65.2m to €54.1m), still impacted by the pressure on margins and early repayments which in part wiped out the increase in new loans, while the other income items delivered good performances:

- Net trading income was up 17%, from €26.4m to €30.9m, driven by healthy contributions from both segments: income from equity trading totalled €12.6m (€12m); and from fixed-Income trading €18.3m (€14.4m);

- Net fees and commissions grew from € 37.7m to €42.2m, on good performances in advisory services and debt capital market activities.

Operating costs rose slightly, from €47.1m to €48.6m, attributable to the variable labour costs component. Financial assets (loans and receivables/banking book securities) show net writebacks of €22.3m, €18.2m of which in respect of NPLs and €3.6m for performing assets, and €0.5m in provisions for securities.

Loans and advances to customers climbed by 3.3%, from €12.8bn to €13.3bn, following new loans of €2bn and redemptions totalling €1.6bn, €0.7bn of which were early redemptions. NPLs declined from €372.5m to €367.4m after some accounts were repaid, and involves only unlikely-to-pay positions, i.e. loans to companies which are still able to generate cash flows; these items account for 2.8% of the loan book and have a coverage ratio of 46.9%.

1.2. Specialty Finance: positive momentum continuing

Specialty Finance delivered an 8% increase in net profits for the three months, to €7.1m, split between factoring (€3m) and credit and NPL portfolio management (€4.1m).

Revenues increased by 26.1%, from €20.3m to €25.6m, on 35.5% growth in net interest income, from €10.7m to €14.5m; fee income also increased, by 15.6% (from €9.6m to €11.1m), and includes €5.7m in income from higher collections on NPLs managed (€3.8m).

Operating costs climbed 14.5%, from €7.6m to €8.7m, reflecting credit recovery costs in particular (administrative expenses were up 25.6%) due to the higher business volumes.

Loan loss provisions rose from €4m to €6.3m, split between factoring (€4m) and NPL management (€2.3m).

Loans and advances to customers were stable at €1,597.3m (€1,641m), split between factoring (which declined from €1,506.3m to €1,462.1m) and NPL management (which rose from €134.8m to €135.2m). Net NPLs totalled €149.2m, and include €14m in factoring accounts, plus the NPLs acquired as part of ordinary business.

2. Consumer credit: record quarter, with net profit up 35% to €80m, and ROAC up from 23% to 30%. Potential new business opportunities arising from introduction of new ECB rules on non-performing loan coverage

Compass delivered another excellent quarter, with robust growth in new loans supported by the distribution channels being strengthened, resilient margins, and the cost of risk reducing.

Asset quality has remained consistently at the highest international standards, due to the policy of regularly sales of NPLs, while the provisioning policy is already aligned with the criteria recently introduced for European banks by the ECB.

Indeed, the new measures could create new business opportunities for Compass (more selective credit offering, reduced pressure on margins, increased opportunities for distribution agreements).

Compass reported a net profit of €80.1m for the three months, versus €59.2m last year, on higher revenues (up 4.5%, from €235.6m to €246.2m) and lower loan loss provisions (down 25.7%). The growth trend in net interest income continued (up 5.5%, from €202.9m to €214.1m), on higher volumes (up 7.4% on last year) with margins resilient and fee income basically unchanged (down just 1.8%). Operating costs rose by 1.9%, from €63.3m to €64.5m, due to the labour cost component which rose 5.2%, reflecting the growth in size of the business. Loan loss provisions were down 25.7%, from €84.6m to €62.9m, reflecting a cost of risk of 213 bps, lower than the previous financial year (243 bps), but residually higher than that for the fourth quarter (201 bps). The coverage ratios for non-performing items were basically unchanged, at 72%.

Loans and advances to customers rose in the three months from €11,750.3m to €11,892.9m, on new loans of €1,630m (up 9.1% versus last year). NPLs were broadly stable at €193.6m, in the absence of sales which take place on a six-monthly basis.

3. Wealth Management: construction of operating platform accelerating; ROAC up from 9% to 11%

Construction of the Wealth Management platform picked up speed during the three months:

- **Affluent/CheBanca!:** the **rationalization process is now complete**, with 32 branch closures and the planned reduction in headcount (117 in the last quarter and more than 200 in the last twelve months). The **foundations have also been laid for further growth in the future** with the recruitment of the head of the FAs network and the addition of 43 new advisors (rising to a total of approx. 110);

- **MB Private Banking: the merger of Banca Esperia into Mediobanca S.p.A. should be complete by end-December 2017**, with the business to be renamed Mediobanca Private Banking; client coverage will become fully operative, with an integrated private banking-investment banking product offering; so far the central and treasury functions have been integrated into the parent company and the fiduciary activities spun off to Spafid;

- **Asset Management**: **relaunch of the product factory has begun** with the addition of the new CEO of Duemme SGR.

The quarterly results posted by the Wealth Management division – which do not yet reflect its full potential – show a net profit of €15.5m, higher than last year (€11.2m); expansion of the scope of consolidation (Barclays' business unit, Banca Esperia and the Spafid acquisitions) translated to higher revenues of €122.4m (€91.1m) and operating costs (€96.7m, up from €72.7m). CheBanca! contributed a net profit of €6m (€3.1m), whereas private banking (including Spafid and Cairn) delivered a net profit of €9.5m (€8.1m).

Total Financial Assets (TFAs[6]) amounted to €57.2bn; while AUM/AUA totalled €30.3bn (€30bn) split between private banking (€23.1bn, compared with €22.9bn), and the CheBanca! affluent & premier segment (€7.2bn, as against €7.1bn).

3.1. Affluent & Premier (CheBanca!): integration and rationalization phase now complete with the first cost synergies emerging; focus now on growth

The increase in net profit for this segment from €3.1m to €6m reflects the enhanced scope of operations (last year the Barclays business unit had only been consolidated for one month).

Revenues climbed 29.2%, from €54.1m to €69.9m, and were also up 4% restating the former Barclays' business unit data pro forma. Net interest income rose by 29.5%, or 5% like-for-like, due to the generalized reduction in the cost of funding, while the 27.6% increase in fee income (1% like-for-like) reflects the seasonal summer effect.

At the same time operating costs rose by 25.3%, from €45.1m to €56.5m; on a like-for-like basis there was a visible, 3% reduction in costs due to the headcount being trimmed following the restructuring of the former Barclays network.

AUM were virtually stable at €20.3bn (€20.4bn), impacted by the difficult summer months when the network restructuring was in progress (completed during the three months under review). The slight reduction in direct funding, from €13.4bn to €13.2bn, was in part offset by the growth in indirect funding (from €7.1bn to €7.2bn). Loans and advances outstanding (i.e. mortgages) rose from €7.5bn to €7.6bn, on new loans for the period which were up 33% (to €310.1m).

3.2. Private banking: net profit and AUM up ahead of launch of MB Private Banking

The increase in the net profit earned by this division, from €8.1bn to €9.5m, was helped by the full consolidation of Banca Esperia (previously accounted for at 50%) and the minor acquisitions by Spafid beginning to produce results. At the operating level GOP was up 31%, from €9.4bn to €12.3m.

The 41.9% increase in revenues, from €37m to €52.5m, reflected the following performances: net interest income was up 19.5% (from €8.7m to €10.4m); net treasury income declined to €2.4m (€3.6m); while net fees and commissions grew strongly, by 60.7% (from €24.7m to €39.7m), across all segments. At the same time operating costs also rose by 45.7% (from €27.6m to €40.2m).

Compagnie Monégasque de Banque contributed a net profit of €6.2m, after revenues of €22m, costs of €14.4m, and tax of €1.5m. Banca Esperia delivered a net profit totalling €4m, on revenues of €21.8m and €16.4m in operating costs. Spafid, which performs fiduciary business and corporate services, added revenues of €5m and a net profit of €0.3m. Cairn Capital's contribution consisted of revenues totalling €3.8m and costs of €4.3m.

Assets under management/administration in the three months rose from €22.9bn to €23.1bn, split between CMB with €6.8bn (€6.7bn), Banca Esperia with €14bn (€13.7bn), and Cairn Capital with €2.4bn (€2.5bn). Securities under custody fell from €12.1bn to €9.1bn, after certain Cairn legacy positions were wound up (€0.5bn, versus €3.9bn) albeit in part offset by the increase by Spafid (from €4.4bn to €5.1bn).

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[6] TFA= TFA= Total Financial Assets: deposits + AUM/AUA + assets under custody.

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4. Principal Investing: NAV growing, ROAC up from 17% to 21%; equity stake disposals ongoing

This division, which brings together all the Group's equity investments, saw further significant reduction in AFS securities (from €659.5m to €390.6m), following the disposal of the 1.35% stake in Atlantia still held, for a consideration of €275,6m (yielding gains of €89m).

The market value of the equity investments rose by 26% Y.o.Y. to €3.6bn (flat quarter-on-quarter), despite the disposals, chiefly due to the increase in the market value of the Assicurazioni Generali investment (up 45% Y.o.Y. to €3.2 bn).

The book value of the equity investments declined by 8%, to €3.5bn, while that of the 13% stake in Assicurazioni Generali rose from €3bn to €3.1bn, on net profit for the period of €89.1m (versus €76.7m last year), and immaterial changes to equity (for a total of minus €6.1m).

The net profit earned by this division remained at high levels, at €170.5m compared with €177.8m last year, and includes the higher contribution of Assicurazioni Generali plus the gains on disposals totalling €89.3m (€110.4m).

5. Holding functions: loss stable at €38m despite ongoing optimization process, due to high liquidity in a negative interest rate scenario; leasing operations return to profit.

The division reported a loss of €38.5m, compared with a €37.6m loss last year, reflecting net interest expense of €15.7m, still better than the €18.9m booked last year following the funding and liquidity optimization measures taken (including repayment of the €1.5bn of the TLTRO 1 facility, issuance of bonds at costs lower than those falling due, and reduction of treasury assets). Operating vests increased from €32.9m to €41.3m, due to the expanded scope of the centralized costs in part due to internal Group reorganizations. One-off charges were more or less unchanged at €5.1m (€4.8m), consisting of contributions to the voluntary resolution funds for the recapitalization of the Rimini, Cesena and San Miniato *casse di risparmio* ahead of their sale. Loan loss provisions improved to €3.6m (€9.2m).

The various segments performed as follows:

- Group Treasury and ALM delivered a net loss of €20.1m, better than the €25.8m loss posted last year, due to lower net interest expense (down from €31m to €27.3m) on account of the lower cost of funding, and lower operating costs (down from €6.3m to €5.8m);
- Leasing reported a net profit of €1.6m, compared with €1.3m last year, despite revenues declining slightly, from €12.6m to €12.1m, and costs rising from €5.3m to €6m. Leases outstanding at the reporting date declined from €2,273.5m to €2,218.4m, with new finance also falling, from €102m to €85m; net non-performing accounts fell from €169m to €159.5m, with the coverage ratio up from 33.8% to 34.7%.

Milan, 26 October 2017

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1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	314.2	331.7	5.6%
Net treasury income	31.8	38.7	21.7%
Net fee and commission income	106.0	138.3	30.5%
Equity-accounted companies	78.1	89.7	14.9%
Total income	**530.1**	**598.4**	**12.9%**
Labour costs	(107.3)	(129.9)	21.1%
Administrative expenses	(105.3)	(125.8)	19.5%
Operating costs	**(212.6)**	**(255.7)**	**20.3%**
Gains (losses) on AFS, HTM & LR	112.0	89.4	-20.2%
Loan loss provisions	(90.6)	(54.6)	-39.7%
Provisions for other financial assets	(5.9)	(1.3)	-78.0%
Other income (losses)	(4.8)	(5.1)	6.3%
Profit before tax	**328.2**	**371.1**	**13.1%**
Income tax for the period	(56.7)	(69.1)	21.9%
Minority interest	(0.8)	(1.1)	37.5%
Net profit	**270.7**	**300.9**	**11.2%**

2. Quarterly profit and loss accounts

Mediobanca Group	FY 16/17				FY 17/18
(€m)	I Q 30/09/2016	II Q 31/12/2016	III Q 31/03/2017	IV Q 30/06/2017	I Q 30/09/2017
Net interest income	314.2	321.4	319.5	332.7	331.7
Net treasury income	31.8	32.0	41.6	15.9	38.7
Net fee and commission income	106.0	130.8	165.1	120.7	138.3
Equity-accounted companies	78.1	58.1	58.2	69.5	89.7
Total income	**530.1**	**542.3**	**584.4**	**538.8**	**598.4**
Labour costs	(107.3)	(123.8)	(132.5)	(152.4)	(129.9)
Administrative expenses	(105.3)	(127.1)	(126.9)	(148.4)	(125.8)
Operating costs	**(212.6)**	**(250.9)**	**(259.4)**	**(300.8)**	**(255.7)**
Gains (losses) on disposal of AFS shares	112.0	9.7	19.8	27.1	89.4
Loan loss provisions	(90.6)	(93.1)	(64.4)	(68.6)	(54.6)
Provisions for other financial assets	(5.9)	(2.0)	1.8	(1.8)	(1.3)
Other income (losses)	(4.8)	(21.4)	(29.7)	(46.0)	(5.1)
Profit before tax	**328.2**	**184.6**	**252.5**	**148.7**	**371.1**
Income tax for the period	(56.7)	(36.2)	(56.0)	(22.8)	(69.1)
Minority interest	(0.8)	(0.9)	(0.8)	10.4	(1.1)
Net profit	**270.7**	**147.5**	**195.7**	**136.3**	**300.9**

MEDIOBANCA

3. Restated balance sheet

Mediobanca Group (€m)	30/09/2016	30/06/2017	30/09/2017
Assets			
Financial assets held for trading	9,937.2	7,833.9	8,304.5
Treasury financial assets	10,238.3	9,435.1	9,459.9
AFS equities	693.5	786.1	506.9
Banking book securities	9,076.5	8,357.7	8,005.1
Customer loans	36,768.3	38,190.9	38,716.0
Corporate	*13,669.2*	*12,840.0*	*13,262.3*
Specialty Finance	*1,011.9*	*1,641.0*	*1,597.3*
Consumer credit	*11,068.8*	*11,750.3*	*11,892.9*
Mortgages	*7,508.5*	*7,513.2*	*7,568.0*
Private banking	*1,058.3*	*2,172.9*	*2,177.4*
Leasing	*2,451.5*	*2,273.5*	*2,218.1*
Equity investments	3,294.0	3,036.5	3,120.2
Tangible and intangible assets	754.0	857.8	856.0
Other assets	2,549.4	1,947.5	1,848.2
Total assets	**73,311.2**	**70,445.5**	**70,816.8**
Liabilities			
Funding	50,173.7	49,120.6	48,519.7
MB bonds	*20,807.6*	*19,301.5*	*20,168.0*
Retail deposits	*13,779.9*	*13,353.3*	*13,173.5*
Private Banking deposits	*3,014.4*	*4,482.0*	*4,594.6*
ECB	*5,512.0*	*5,854.1*	*4,349.3*
Banks and other	*7,059.8*	*6,129.7*	*6,234.3*
Treasury financial liabilities	4,418.9	4,037.2	4,248.6
Financial liabilities held for trading	7,496.2	5,920.6	6,710.0
Other liabilities	2,118.1	1,919.9	1,998.4
Provisions	183.1	255.6	241.6
Net equity	8,921.2	9,191.6	9,098.5
Minority interest	*90.2*	*82.7*	*84.0*
Profit for the period	*270.7*	*750.2*	*300.9*
Total liabilities	**73,311.2**	**70,445.5**	**70,816.8**
CET 1 capital	6,561.2	7,017.3	7,029.7
Total capital	8,515.4	8,879.0	8,845.8
RWA	54,247.3	52,708.2	52,839.7

4. Consolidated shareholders' equity

Net equity (€m)	30/09/2016	30/06/2017	30/09/2017
Share capital	435.5	440.6	440.6
Other reserves	7,038.6	7,046.7	7,472.5
Valuation reserves	1,086.2	871.4	800.5
- of which: AFS securities	324.3	319.4	216.2
cash flow hedge	(21.5)	(44.3)	(11.6)
equity investments	786.6	598.6	598.8
Minority interest	90.2	82.7	84.0
Profit for the period	270.7	750.2	300.9
Total Group net equity	**8,921.2**	**9,191.6**	**9,098.5**

Ratios (%) and per share data (€)

Mediobanca Group	30/09/2016	30/06/2017	30/09/2017
Total assets / Net equity	8.2	7.7	7.8
Loans / Funding	0.7	0.8	0.8
CET1 ratio1	12.1	13.3	13.3
Total capital1	15.7	16.9	16.7
S&P Rating	BBB-	BBB-	BBB-
Fitch Rating	BBB+	BBB	BBB
Cost / Income	40.1	46.6	42.7
Bad Loans (sofferenze)/Loans ratio (%)	0.5	0.4	0.4
EPS	0.31	0.85	0.34
BVPS	10.2	10.0	10.2
DPS		0.37	
No. shares (m)	871.0	881.2	881.2

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

3m – Sept. 17 (€m)	CIB	Consumer	WM	PI	Holding Functions	Group
Net interest income	68.6	214.1	64.0	(1.8)	(15.7)	331.7
Net treasury income	30.9	0.0	2.5	3.2	1.8	38.7
Net fee and commission income	53.3	32.1	55.9	0.0	5.8	138.3
Equity-accounted companies	0.0	0.0	0.0	89.7	0.0	89.7
Total income	**152.8**	**246.2**	**122.4**	**91.1**	**(8.1)**	**598.4**
Labour costs	(32.0)	(22.2)	(46.8)	(0.9)	(28.2)	(129.9)
Administrative expenses	(25.3)	(42.3)	(49.9)	(0.2)	(13.1)	(125.8)
Operating costs	**(57.3)**	**(64.5)**	**(96.7)**	**(1.1)**	**(41.3)**	**(255.7)**
Gains (losses) on disposal of AFS shares	0.0	0.0	0.2	89.3	0.0	89.4
Loan loss provisions	15.4	(62.9)	(4.8)	0.0	(2.4)	(54.6)
Provisions for other financial assets	0.6	0.0	0.1	(0.4)	(1.2)	(1.3)
Other income (losses)	0.0	0.0	0.0	0.0	(5.1)	(5.1)
Profit before tax	**111.5**	**118.8**	**21.2**	**178.9**	**(58.1)**	**371.1**
Income tax for the period	(37.0)	(38.7)	(5.7)	(8.4)	20.7	(69.1)
Minority interest	0.0	0.0	0.0	0.0	(1.1)	(1.1)
Net profit	**74.5**	**80.1**	**15.5**	**170.5**	**(38.5)**	**300.9**
Loans and advances to Customers	14,859.6	11,892.9	9,745.4	0.0	2,218.4	38,716.0
RWAs	23,573.5	11,786.7	5,929.6	7,293.5	4,256.3	52,839.7
No. of staff	574	1,408	1,822	12	875	4,691

MEDIOBANCA

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

3m – Sept. 16 (€m)	CIB	Consumer	WM	PI	Holding Functions	Group
Net interest income	75.9	202.9	50.1	0.0	(18.9)	314.2
Net treasury income	26.4	0.0	3.6	1.3	2.3	31.8
Net fee and commission income	47.3	32.7	37.4	0.0	5.0	106.0
Equity-accounted companies	0.0	0.0	0.0	76.7	0.0	78.1
Total income	**149.6**	**235.6**	**91.1**	**78.0**	**(11.6)**	**530.1**
Labour costs	(30.5)	(21.1)	(35.8)	(1.2)	(23.5)	(107.3)
Administrative expenses	(24.2)	(42.2)	(36.9)	(0.4)	(9.4)	(105.3)
Operating costs	**(54.7)**	**(63.3)**	**(72.7)**	**(1.6)**	**(32.9)**	**(212.6)**
Gains (losses) on disposal of AFS shares	0.0	0.0	1.6	110.4	0.0	112.0
Loan loss provisions	2.0	(84.6)	(4.5)	0.0	(3.3)	(90.6)
Provisions for other financial assets	0.0	0.0	(0.2)	0.0	(5.9)	(5.9)
Other income (losses)	0.0	0.0	0.0	0.0	(4.8)	(4.8)
Profit before tax	**96.9**	**87.7**	**15.3**	**186.8**	**(58.5)**	**328.2**
Income tax for the period	(30.3)	(28.5)	(4.1)	(9.0)	21.7	(56.7)
Minority interest	0.0	0.0	0.0	0.0	(0.8)	(0.8)
Net profit	**66.6**	**59.2**	**11.2**	**177.8**	**(37.6)**	**270.7**
Loans and advances to Customers	14,681.1	11,068.8	9,044.7	0.0	2,451.5	36,768.3
RWAs	25,521.4	11,283.3	5,437.8	6,912.4	5,092.7	54,247.3
No. of staff	568	1,403	1,973*	11	763	4,578

* Including 140 staff of Banca Esperia, not included in Group total.

6. Corporate & Investment Banking

Corporate & Investment Banking (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	75.9	68.6	-9.6%
Net treasury income	26.4	30.9	17.0%
Net fee and commission income	47.3	53.3	12.7%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**149.6**	**152.8**	**2.1%**
Labour costs	(30.5)	(32.0)	4.9%
Administrative expenses	(24.2)	(25.3)	4.5%
Operating costs	**(54.7)**	**(57.3)**	**4.8%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	2.0	15.5	n.m.
Provisions for other financial assets	0.0	0.5	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**96.9**	**111.5**	**15.1%**
Income tax for the period	(30.3)	(37.0)	22.1%
Minority interest	0.0	0.0	n.m.
Net profit	**66.6**	**74.5**	**11.9%**
Loans and advances to customers	14,681.1	14,859.6	1.2%
No. of staff	568	574	1.1%
RWAs	25,521.4	23,573.5	-7.6%
Cost/income ratio (%)	36.6%	37.5%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

MEDIOBANCA

6.1 Wholesale Banking

Wholesale banking (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	65.2	54.1	-17.0%
Net treasury income	26.4	30.9	17.0%
Net fee and commission income	37.7	42.2	11.9%
Equity-accounted companies	0.0	0.0	n.a.
Total income	**129.3**	**127.2**	**-1.6%**
Labour costs	(26.8)	(28.2)	5.2%
Administrative expenses	(20.3)	(20.4)	0.5%
Operating costs	**(47.1)**	**(48.6)**	**3.2%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	6.0	21.8	n.m.
Provisions for other financial assets	0.0	0.5	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**88.2**	**100.9**	**14.4%**
Income tax for the period	(28.2)	(33.5)	18.8%
Minority interest	0.0	0.0	n.m.
Net profit	**60.0**	**67.4**	**12.3%**
Loans and advances to customers	13,669.2	13,262.3	-3.0%
No. of staff	361	344	-4.7%
RWAs	24,441.9	21,928.3	-10.3%
Cost/income ratio (%)	36.4%	38.2%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

6.2 Specialty Finance

Specialty Finance (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	10.7	14.5	35.5%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	9.6	11.1	15.6%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**20.3**	**25.6**	**26.1%**
Labour costs	(3.7)	(3.8)	2.7%
Administrative expenses	(3.9)	(4.9)	25.6%
Operating costs	**(7.6)**	**(8.7)**	**14.5%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(4.0)	(6.3)	57.5%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**8.7**	**10.6**	**21.8%**
Income tax for the period	(2.1)	(3.5)	66.7%
Minority interest	0.0	0.0	n.m.
Net profit	**6.6**	**7.1**	**7.6%**
Loans and advances to customers	1,011.9	1,597.3	57.9%
di cui factoring	*942.0*	*1,462.1*	*55.2%*
di cui credit management	*69.9*	*135.2*	*93.4%*
No. of staff	207	230	11.1%
RWAs	1,079.6	1,645.2	52.4%
Cost/income ratio (%)	37.4%	34%	
Bad loans (*sofferenze*)/loans ratio (%)	0.4	0.0	

7. Consumer Banking

Consumer Banking (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	202.9	214.1	5.5%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	32.7	32.1	-1.8%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**235.6**	**246.2**	**4.5%**
Labour costs	(21.1)	(22.2)	5.2%
Administrative expenses	(42.2)	(42.3)	0.2%
Operating costs	**(63.3)**	**(64.5)**	**1.9%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(84.6)	(62.9)	-25.7%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**87.7**	**118.8**	**35.5%**
Income tax for the period	(28.5)	(38.7)	35.8%
Minority interest	0.0	0.0	n.m.
Net profit	**59.2**	**80.1**	**35.3%**
Loans and advances to customers	11,068.8	11,892.9	7.4%
New loans	1,494.0	1,630.0	9.1%
No. of branches	164	169	3.0%
No. of staff	1,403	1,408	0.4%
RWAs	11,283.3	11,786.7	4.5%
Cost/income ratio (%)	26.9%	26.2%	
Bad loans (*sofferenze*)/loans ratio (%)	0.1	0.1	

MEDIOBANCA

8. Wealth Management

Wealth Management (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	50.1	64.0	27.7%
Net treasury income	3.6	2.5	-30.6%
Net fee and commission income	37.4	55.9	49.5%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**91.1**	**122.4**	**34.4%**
Labour costs	(35.8)	(46.8)	30.7%
Administrative expenses	(36.9)	(49.9)	35.2%
Operating costs	**(72.7)**	**(96.7)**	**33.0%**
Gains (losses) on AFS equity	1.6	0.2	-87.5%
Loan loss provisions	(4.5)	(4.8)	6.7%
Provisions for other financial assets	(0.2)	0.1	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**15.3**	**21.2**	**38.6%**
Income tax for the period	(4.1)	(5.7)	39.0%
Minority interest	0.0	0.0	n.m.
Net profit	**11.2**	**15.5**	**38.4%**
Loans and advances to customers	9,044.7	9,745.4	7.7%
New loans	232.5	310.1	33.4%
Total Financial Assets (TFA)	49,526.1	57,177.1	15.4%
- AUM/AUA	20,691.8	30,298.9	46.4%
- Asset under custody	11,591.2	9,103.4	-21.5%
- Deposits	17,243.1	17,774.8	3.1%
No. of staff	1,973	1,822	-7.7%
RWAs	5,437.8	5,929.6	9.0%
Cost/income ratio (%)	79.8%	79.0%	
Bad loans (sofferenze)/loans ratio (%)	1.2	1.1	

MEDIOBANCA

8.1 CheBanca!- Affluent/Premier

CheBanca! - Affluent/Premier (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	41.4	53.6	29.5%
Net treasury income	0.0	0.1	n.m.
Net fee and commission income	12.7	16.2	27.6%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**54.1**	**69.9**	**29.2%**
Labour costs	(19.7)	(25.2)	27.9%
Administrative expenses	(25.4)	(31.3)	23.2%
Operating costs	**(45.1)**	**(56.5)**	**25.3%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(4.4)	(4.5)	2.3%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**4.6**	**8.9**	**n.a.**
Income tax for the period	(1.5)	(2.9)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**3.1**	**6.0**	**n.m.**
Loans and advances to customers	7,508.5	7,568.0	0.8%
New loans	232.5	310.1	33.4%
Total Financial Assets (TFA)	20,666.0	20,338.5	-1.6%
- AUM/AUA	6,886.0	7,165.0	4.1%
-Asset under custody	0.0	0.0	n.m.
- Deposits	13,780.0	13,173.5	-4.4%
No. of branches	143	111	
No. of staff	1,530	1,295	-15.4%
RWAs	3,452.9	3,535.4	2.4%
Cost/income ratio (%)	83.4%	80.8%	
Bad loans (*sofferenze*)/loans ratio (%)	1.4	1.4	

MEDIOBANCA

8.2 Private Banking

Private Banking (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	8.7	10.4	19.5%
Net treasury income	3.6	2.4	-33.3%
Net fee and commission income	24.7	39.7	60.7%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**37.0**	**52.5**	**41.9%**
Labour costs	(16.1)	(21.6)	34.2%
Administrative expenses	(11.5)	(18.6)	61.7%
Operating costs	**(27.6)**	**(40.2)**	**45.7%**
Gains (losses) on AFS equity	1.6	0.2	-87.5%
Loan loss provisions	(0.1)	(0.3)	n.m.
Provisions for other financial assets	(0.2)	0.1	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**10.7**	**12.3**	**15.0%**
Income tax for the period	(2.6)	(2.8)	7.7%
Minority interest	0.0	0.0	n.m.
Net profit	**8.1**	**9.5**	**17.3%**
Loans and advances to customers	1,536.2	2,177.4	41.7%
Total Financial Assets (TFA)	28,860.1	36,838.6	27.6%
-AUM/AUA	13,805.8	23,133.9	67.6%
- Asset under custody	11,591.2	9,103.4	-21.5%
-Deposits	3,463.1	4,601.3	32.9%
No. of staff	443	527	19.0%
RWA	1,984.9	2,394.2	20.6%
Cost/income ratio (%)	74.6%	76.6%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

* Banca Esperia 50% consolidated as at end-September 2016, 100% as at end-September 2017.

9. Principal Investing

PI (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	0.0	(1.8)	n.m.
Net treasury income	1.3	3.2	n.m.
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	76.7	89.7	16.9%
Total income	**78.0**	**91.1**	**16.8%**
Labour costs	(1.2)	(0.9)	-25.0%
Administrative expenses	(0.4)	(0.2)	-50.0%
Operating costs	**(1.6)**	**(1.1)**	**-31.3%**
Gains (losses) on AFS equity	110.4	89.3	-19.1%
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	0.0	(0.4)	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**186.8**	**178.9**	**-4.2%**
Income tax for the period	(9.0)	(8.4)	-6.7%
Minority interest	0.0	0.0	n.m.
Net profit	**177.8**	**170.5**	**-4.1%**
AFS securities	635.7	390.6	-38.6%
Equity investments	3,196.1	3,120.1	-2.4%
RWA	6,912.4	7,293.5	5.5%

MEDIOBANCA

10. Holding Functions

Holding Functions (€m)	3 mths 30/09/2016	3 mths 30/09/2017	Chg. (%)
Net interest income	(18.9)	(15.7)	-16.9%
Net treasury income	2.3	1.8	-21.7%
Net fee and commission income	5.0	5.8	16.0%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**(11.6)**	**(8.1)**	**-30.2%**
Labour costs	(23.5)	(28.2)	20.0%
Administrative expenses	(9.4)	(13.1)	39.4%
Operating costs	**(32.9)**	**(41.3)**	**25.5%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(3.3)	(2.4)	-27.3%
Provisions for other financial assets	(5.9)	(1.2)	-79.7%
Other income (losses)	(4.8)	(5.1)	6.3%
Profit before tax	**(58.5)**	**(58.1)**	**-0.7%**
Income tax for the period	21.7	20.7	-4.6%
Minority interest	(0.8)	(1.1)	37.5%
Net profit	**(37.6)**	**(38.5)**	**2.4%**
Loans and advances to customers	2,451.5	2,218.4	-9.5%
Banking book securities	8,368.1	6,758.4	-19.2%
RWA	5,092.7	4,256.3	-16.4%
No. of staff	763	875	14.7%

11. Statement of comprehensive income

		3 mths 30/09/2016	3 mths 30/09/2017
10,	**Gain (loss) for the period**	**271.5**	**302.0**
	Other income items net of tax without passing through profit and loss	**(31.1)**	**11.2**
20,	Property, plant and equipment	0.0	0.0
30,	Intangible assets	0.0	0.0
40,	Defined benefit schemes	(1.2)	(0.2)
50,	Non-current assets being sold	0.0	0.0
60,	Share of valuation reserves for equity-accounted companies	(29.9)	11.4
	Other income items net of tax passing through profit and loss	**(27.6)**	**(81.9)**
70,	Foreign investment hedges	0.0	0.0
80,	Exchange rate differences	(1.3)	(0.4)
90,	Cash flow hedges	(5.0)	32.9
100,	AFS securities	(58.6)	(103.2)
110,	Non-current assets being sold	0.0	0.0
120,	Share of valuation reserves attributable to equity-accounted companies	37.3	(11.2)
130,	**Total other income items net of tax**	**(58.7)**	**(70.7)**
140,	**Comprehensive income (Heading 10 + Heading 130)**	**212.8**	**231.3**
150,	Minority interest in consolidated comprehensive income	1.0	1.3
160,	**Consolidated comprehensive income attributable to Mediobanca S.p.A.**	**211.8**	**230.0**

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

Head of Company Financial Reporting

Emanuele Flappini

Fine Comunicato n.0187-164	Numero di Pagine: 23