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Testo del comunicato

Vedi allegato.

MEDIOBANCA

MEDIOBANCA BOARD OF DIRECTORS' MEETING

Milan, 25 October 2018

MEDIOBANCA

Quarterly financial statements for three months ended 30/9/18 approved

Positive start to FY19 despite uncertainty and market volatility

Revenues up 7% to €638m, GOP up 7% to €308m

Mediobanca continues on its growth roadmap, with:

focus on high-margin, specialized growing, businesses,
whose growth is driven by long standing trends,

one of the lowest risk profiles in Europe, and

low sensitivity to the domestic Italian spread widening

Results for the three months include:

- **Growth in lending** (up 9% Y.o.Y. and up 3% Q.o.Q., to €42bn) and **assets under management** ("TFAs", up 14 % Y.o.Y. and up 2**% Q.o.Q. to €65bn),** with **net new money** of **€1.9bn for the three months**
- **Growth in funding** (up 2% Q.o.Q., to €50bn), driven by a healthy performance in deposits (up €1.7bn) and refinancing of debt securities. **Average cost of funding under control** (down 5 bps in the quarter to 85 bps)
- **Ongoing distribution enhancement** in Wealth Management (18 CheBanca! FAs added during the quarter, for a total of 244) and Consumer Banking (15 new branches opened in the last twelve months, nine of which "light" branches)
- **Growth in revenues** (up 7% Y.o.Y., up 3% Q.o.Q. to €638m), driven **by all segments and income sources:** net interest income up 4% Y.o.Y., on solid growth in consumer credit; fee income up 12% Y.o.Y., driven by Wealth Management; growth also recorded in income from equity accounted companies (up 9% Y.o.Y.) and trading income (up 5% Y.o.Y.)
- **Growth in GOP** (after LLPs) to €308m, up 7% Y.o.Y. and 26% Q.o.Q.
- **Net profit €245m** (down 18% Y.o.Y., due to absence of capital gains)
- **Asset quality remains excellent** (NPLs/total loans: gross 4.5%, net 2%), **cost of risk stable at low levels** (56 bps)
- **Capital[2], funding and liquidity ratios all high and unaffected by spread developments:**
  - **CET1 phase-in: 14.2%** (up 90 bps Y.o.Y., stable Q.o.Q.)
  - **CET1 fully-loaded: 13%** (down 10 bps Q.o.Q., due to IFRS 9 application)
  - **Total capital:** 17.9% phase-in, 17% fully-loaded
  - **LCR: 161%, NSFR: 108%**

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 2018, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The first three months of the new financial year have seen sharp volatility on financial markets, which have begun to reflect the increasing uncertainty regarding global growth and the gradual reduction in quantitative easing by central banks. This deterioration in sentiment has been accompanied by a negative market perception of Italy's credit standing, which has culminated in the recent downgrade of Italian sovereign debt by one of the leading rating agencies.

Despite all this, during the three months under review the Mediobanca Group **delivered further improvement in terms of its performance in revenues, which rose 6.6%, from €598.4m to €637.7m, with all items growing**. The low cost of risk (which declined from 57 bps to 56 bps) drove a **6.7% increase in GOP, from €288.1m to €307.5m**. Net profit totalled €245.4m, down 18.4% on last year due solely to the absence of capital gains on stake disposals (which in 1Q 2017-18 had contributed €89.4m to the bottom-line figure).

The various **revenue items** performed as follows:

- **Net interest income continued to grow**, up 3.7%, from €331.7m to €344.1m, helped by the contribution of Consumer Banking (up 4.3%, from €214.1m to €223.2m), which absorbed the reduction in Wholesale Banking (from €54.1m to €48.2m), impacted by corporate loans offering lower returns against an improved risk profile;

- **Fee income rose by** 12.1%, from €138.3m to €155.1m, more than three-quarters of which is attributable to Wealth Management, which, despite the market uncertainty and the virtually non-existent performance fees, was boosted by the consolidation of RAM (adding €10.5m), growth by the CheBanca! Affluent segment (up 19.8%), and a resilient performance in the HNWI segment. Fee income reported by the CIB division also increased, on an improved performance in Corporate Finance fees which added €23.6m (€18.7m);

- **Net trading and treasury income improved**, from €38.7m to €40.8m, with the CIB proprietary portfolio in particular benefiting from the higher market volatility in the absence of significant management positions;

- The contribution from the equity-accounted companies, i.e. Assicurazioni Generali plus other minor investments, amounted to €97.7m (30/9/17: €89.7m).

Operating costs rose from €255.7m to €271.4m, €6m of which in connection with RAM and the remainder due to the organic growth by the other divisions, in particular Consumer Banking, Specialty Finance and Wealth Management; the cost/income ratio came in at 42.6%, representing an improvement year-on-year (42.7%) and quarter-on-quarter (46.1%), in part due to the reduction in costs incurred by the Holding Functions.

Loan loss provisions remained stable at low levels: the increase from €54.6m to €58.8m reflects lower net corporate writebacks of €11m (€22m), while the good performance in Consumer Banking continued, with lower adjustments against an improved cost of risk (the former declining from €62.9m to €56.9m, the latter from 213 bps to 181 bps).

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Gains on equity holdings decreased from €89.4m to €3.7m, due to the absence of capital gains on AFS equities, offset to only a negligible degree by gains on holdings in private equity funds and seed capital, which under IFRS 9 must now be recognized at fair value through profit and loss.

Turning to the balance-sheet data, the Group's total assets[1] rose during the quarter, from €72.3bn to €74.8bn, on higher customer loans (corporate in particular), and growth in funding due to the strong inflows in customer deposits (retail and private). The main balance-sheet items performed as follows:

- **Loans and advances to customers rose by 2.8%, from €41.1bn to €42.3bn,** chiefly due to the performance in Wholesale Banking (up 7.5%, from €14bn to €15bn), which, with new loans flat at approx. €2bn, was boosted by lower early repayments of €0.4bn (€0.6bn). Consumer Banking loans also grew, from €12.5bn to €12.6bn, as did CheBanca! mortgage loans (from €8.1bn to €8.2bn), while the other segments were virtually unchanged: Specialty Finance at €2.1bn (with turnover in factoring business of €1.4bn and new NPL purchases of approx. €40m), Private Banking at €2.3bn, and Leasing at €2.1bn. **NPLs decreased from €842.1m to €827.9m, with provisioning at 58.2%** (56.7%) boosted in part by the higher provisions set aside in an IFRS9 FTA scenario (€39m), which were concentrated on non-performing accounts in CheBanca! mortgage lending and in leasing. The gross NPLs/total loans ratio improved from 4.6% to 4.5%, and the net ratio from 2.1% to 2%; while net bad debts totalled €112.7m, with a coverage ratio of 79.4%;

- **Funding rose by 1.8%, from €48.9bn to €49.6bn, due to inflows through Wealth Management** which added €1.7bn, split between CheBanca! retail deposits (up 3%, from €14.2bn to €14.5bn) and private banking (up 27%, from €4.9bn to €6.3bn, in part the result of one particularly substantial item). Interbank funding grew from €5bn to €5.4bn, in part offsetting the reduction in debt securities (from €19.2bn to €18.6bn) and other funding sources (from €1.2bn to €0.6bn); new issues in an amount of approx. €750m were made during the quarter (including a covered bond with CheBanca! mortgage receivables as the underlying instrument);

- **Banking book securities** (i.e. bonds accounted for as Hold to collect and Hold to collect and sell) rose from €7.7bn to €7.9bn, due chiefly to restatements made in an IFRS 9 FTA scenario; the OCI valuation reserve fell during the three months, from €64.4m to €44.5m;

- **Net treasury assets**, net of the restatements referred to above, remained basically **unchanged**, at €4.6bn;

- **Total financial assets in Wealth Management**, or **TFAs**, **rose in the three months from €63.9bn to €65.3bn, on net new money (NNM) of €1.9bn**, concentrated mainly in the form of deposits due to the uncertain macro scenario. In detail, the TFAs held by Mediobanca Private Banking and its product companies totalled €20.5bn (with NNM of €1.3bn), those held by CheBanca! €23.2bn (NNM €0.6bn), and those held by Compagnie Monégasque de Banque stable at €10.1bn, as were those held by the alternative product factories (i.e. RAM and Cairn) at €7.5bn;

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[1] As from this quarter, the Mediobanca Group is adopting IFRS 9 to represent its financial instruments. The transition to the new standard has resulted in an approx. €81m reduction in net equity, chiefly due to the introduction of the new impairment model; at the regulatory capital level, the impact will be spread over the course of the next five years. The Group has availed itself of the right not to restate the comparative data for the first year of IFRS 9 adoption on a like-for-like basis. Accordingly, the figures for FY 2017-18, stated in accordance with IAS 39, are not fully comparable. For further details and full disclosure on the effects of first-time adoption of IFRS 9, which replaces IAS 39, please refer to the document entitled "Summary of IFRS 9 accounting standard adoption" published on the Group's website at www.mediobanca.com

- **The Group's capital ratios at end-September 2018[2] remained at roughly the same levels posted in June of this year**, with the slight, approx. 5 bps reduction reflecting the introduction of IFRS 9 (approx. 1bps) and the lower HTC&S valuation reserves, **only 2 bps of which is related to Italian government securities; while the reduction in the Assicurazioni Generali equity consolidation reserves was entirely offset by the investment being deducted**. The common equity tier 1 ratio therefore stood at 14.18% (30/6/18: 14.24%) and the total capital ratio at 17.93% (18.11%). Fully-loaded, the ratios stand at 13% (CET1 ratio) and 17.04% (total capital ratio)

- **The liquidity and funding indicators remain high, with the liquidity coverage ratio (LCR) at 161%, and the net stable funding ratio (NSFR) at 108%**

Divisional results

1. <u>Wealth Management:</u> €65.3bn in TFAs, €1.9bn in NNM, and €135m in revenues

In the three months under review, the Wealth Management division posted a net profit of €17m, higher than the €15.5m net profit reported last year, on revenues of €135.5m and costs of €106.4m. The first quarter results were boosted by the consolidation of RAM, which added fees of €10.5m against costs of €6m. The net profit earned by the Affluent/CheBanca! segment totalled €6.3m (€6m); whereas Mediobanca Private Banking (including the product factories and Spafid) posted €10.7m (€9.5m). TFAs at 30 September 2018 totalled €65.3bn (30/6/18: €63.9m), on net new money of €1.9bn.

1.1. Affluent & Premier: TFAs totalling €23bn (up 14%Y.o.Y., up 3% Q.o.Q.), ten thousand new clients acquired in the quarter, profitability improving

CheBanca! reported a gross operating profit for the three months up 11% to €9.9m, on 3% growth in revenues due in particular to an almost 20% increase in fee income (from €16.2m to €19.4m). Costs were up 3%, reflecting the growth in the distribution structure, while loan loss provisions were virtually unchanged at 4m. Net profit came in at €6.3m, slightly higher than the €6m reported last year.

Franchise and product portfolio enhancement has continued:

- **The client base continues to increase**, now standing at 818,000 (vs 807,000 at end-June), with the digital channel now accounting for more than 40% of new customers;

- **The financial advisors' network now has 244 FAs** (compared with 226 at end-June 2018 and 112 at end-September 2017), based in 51 offices (compared with 46 as at end-June 2018 and 26 at end-September 2017); the objective is still to reach 320 FAs by end-June 2019;

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2 Internal calculation which differs from the one stated as part of the Common Reporting (COREP) as it includes the profit for the period (does not require the permission referred to in Article 26 of the CRR), which accounts for approx. 30 bps of CET1. "Fully loaded", for the purposes hereof, is defined as full application of the CRR rules without weighting the Assicurazioni Generali investment at 370% (impact of approx. 100 bps) and full application of the IFRS 9 effect (approx. 20 bps). The ratios do not reflect the impact of the BFI acquisition or the share buyback authorized by the ECB after the quarter had closed but pending the approval of shareholders in general meeting (the negative impact on the fully-loaded ratios is approx. 32 bps for the BFI acquisition and 38 bps for the buyback).

- The **"open-guided" products platform** has begun to sell new Mediobanca SGR products, and a **new insurance wrapper** has been developed in conjunction with Aviva, to be sold by the advisors.

Asset levels remain high, despite the volatility on financial markets:

- **NNM for the quarter totalled €0.6bn** (vs net outflows of €0.1bn in 1Q FY 2017-18 and NNM of €1.5bn in 4Q FY 2017-18), **with a balanced contribution between products** (50% AUM/AUA, 50% deposits) and **channels** (50% proprietary, 50% FAs network);

- As at end-September 2018, **TFAs totalled €23.2bn**, up 14% Y.o.Y. and up 2.5% on end-June 2018; AUM/AUA totalled €8.7bn (up €237.8m since the balance-sheet date), whereas direct funding rose by €330.1m to reach €14.5bn;

- **Loans and advances rose from €8.1bn to €8.2bn, with new loans up 21.7%**. Asset quality remained good, with a slight increase in gross NPLs (from €332.1m to €335m) but stable in relative terms at 4% of total loans. Net NPLs fell from €155.1m to €137.8m (or 1.7% of total loans), in part due to adjustments made in an IFRS FTA scenario (increased provisioning of €19m), with the coverage ratio rising to 58.9% (53.3%).

1.2. HNWI & Private & AM: TFAs climb to €42bn (up 14% Y.o.Y., up 3%Q.o.Q.), profitability improving

The Private Banking division posted **a net profit of €10.7m for the three months, higher than last year** (€9.5m) due to the consolidation of RAM adding €2.6m, which offset the lower performance fees reported by MBPB and Cairn. CMB contributed €7.3m (€6.2m), and Mediobanca Private Banking €2.3m (€3.9m).

In a scenario of considerable market uncertainty impacting strongly on clients' investments, **the division posted an increase in TFAs of over €900m, driven by a substantial inflow of deposits to Mediobanca Private Banking.**

TFAs at end-September totalled €42.2bn (30/6/17: €41.3bn), which break down as follows:

- Mediobanca Private Banking €20.5bn, CMB €10.1bn, RAM €4.1bn, and Cairn Capital €3.4bn; AUM held on a fiduciary basis by Spafid totalled €4.1bn;

- AUM/AUA totalling €29bn, customer deposits of €5.9bn, and €7.3bn.

AUM/AUA at the reporting date totalled €29bn (30/6/18: €28.9bn), split as follows: CMB €7.1bn (€7bn), Mediobanca Private Banking and the product factories €14.6bn (€14.5bn), and Cairn €3.2bn (€3.3bn). AUC fell from €7.6bn to €7.3bn, after several custody mandates issued to Spafid were closed.

Deposits climbed from €4.8bn to €5.9bn, split as follows: CMB, €2.8bn (stable); Mediobanca Private Banking, €3bn (€2bn).

2 Consumer credit. Growth continues: revenues up 5%, to €257m, net profit up 12%, €90m

Compass reported a net profit of €89.7m for the three months, up 12% on last year, confirming its position as the leading contributor to the Group's results.

Revenues rose by 4.5%, from €246.2m to €257.2m, driven by the performance in net interest income (up 4.3%, from €214.1m to €223.2m) which continues to reflect the positive trend in loans (which outperformed expectations); fee income was also up 5.9%, from €32.1m to €34m).

The 5.4% rise in operating costs, from €64.5m to €68m, ensured the cost/income ratio remained unchanged at 26% despite strengthening the headcount (with 30 new staff) and the distribution network (six new branches and nine new agencies).

Loan loss provisions were down 9.5%, from €62.9m to €56.9m, reflecting further improvement in the cost of risk to 181 bps.

Loans and advances to customers increased from €12,517.8m to €12,571.2m, reflecting the higher provisioning required under IFRS 9 (approx. €50m, chiefly in respect of performing exposures – Stage 2), with new loans for the quarter totalling €1,672m (higher than the €1,630m reported last year), reflecting growth in the direct channel for personal loans (up from €413m to €469m). Net NPLs declined from €186m to €185.1m, with a coverage ratio of 74.5% (73.4%).

3 Corporate & Investment Banking: good results, despite lower writebacks

Corporate & Investment Banking delivered a net profit of €67.8m, lower than the figure recorded one year ago (€74.5m) due solely to the lower writebacks credited in respect of loans to corporates. The net contribution from Specialty Finance for the three months rose from €7.1m to €10.3m, on higher volumes (compared to end-September 2017 the stock of loans increased from €1.6bn to €2.1bn); while the contribution from Wholesale Banking fell from €67.4bn to €57.5m, due to the lower writebacks on loans totalling €10.6m (€21.8m).

3.1. Wholesale Banking: solid fee income trend, excellent asset quality

Wholesale Banking delivered a net profit of €57.5m for the three months, lower than the €67.4m reported last year due to the lower writebacks referred to above, totalling €10.6m rather than €21.8m twelve months previously. Revenues for the first quarter were stable at €126.7m, and costs up slightly (from €48.6m to €51.2m) as a result of the reorganization measures launched at the end of the last financial year. Of the income components, fee and trading income performed solidly, offsetting the anticipated reduction in net interest income. Indeed, NII was down 10.9%, from €54.1m to €48.2m, due to lower returns on loans, stabilizing somewhat in the fourth quarter. The high market volatility drove improvement in net trading income, up 9.1%, from €30.9m to €33.7m, with a healthy performance in proprietary trading particularly (€12.5m). The 6.2% increase in fee income, from €42.2m to €44.8m, was driven in particular by Corporate Finance (fees up 26% to €23.6m, some 20% of which from the midcorporate segment) and Debt Capital Markets (where fees doubled to reach €6.7m). Mediobanca confirmed its position of leadership in Italy in the M&A segment.[3]

Loans to customers increased from €14bn to €15bn, on new loans of €2bn and repayments of €1bn, €0.4bn of which early (lower than last year).

Net NPLs rose from €341.7m to €352.8m, following the partial release of provisions in respect of unlikely-to-pay positions due to a favourable trend which, if it continues, may lead to reclassifications in the coming quarters; at the same time, the coverage ratio fell from 47.3% to 45.6%. Gross NPLs fell from €648m to €642.7m, and account for 2.3% (2.4%) of total loans.

3.2. Specialty Finance: strong growth in assets and results

Specialty Finance delivered a net profit of €10.3m for the three months, split equally between MBCredit Solutions (€5m) and MBFacta (€5.3m), up sharply – by 45.1% - on last year's result. Growth in revenues of 26.2%, from €25.6m to €32.3m, reflects the increase in business volumes (up over 30% on last year), and was split between net interest income (up 40%, from €14.5m to €20.3m), and other income which was up 8.1%, from €11.1m to €12m, €5.9m of which due to higher collections on the NPL (vs €5.7m last year).

At the same time, operating costs rose by 24.1%, from €8.7m to €10.8m, reflecting in particular the increase in collection costs incurred in managing the NPL portfolios. Conversely, loan loss provisions remained basically stable at €6.4m, €2.8m of which in respect of the most recent NPL acquisitions.

During the three months under review, customer loans were virtually unchanged at €2,117.1m, reflecting seasonality in factoring business which nonetheless managed to post strong growth in new loans which totalled €1,446.4m (compared with €976m last year). The MBCredit Solutions portfolio was worth €310m (30/6/18: €288.3m), after new purchases of some €40m for the quarter.

4 Principal Investing: high net profit of €99m, despite absence of capital gains

Principal investing reported a reduction in net profit for the three months, from €170.5m to €98.5m, due to the absence of capital gains which last year added €89.3m. The contribution from the equity-accounted companies improved from €89.7m to €97.7m, in particular due to the strong increase in profits reported by Assicurazioni Generali. It should be noted in this connection under the new IFRS 9, gains on disposals of equities held in the banking book (formerly classified as Available for Sale) are no longer taken through profit and loss, whereas interests in private equity funds and seed capital are recognized at fair value through profit and loss at regular intervals.

The book value of the Assicurazioni Generali investment at the reporting date was €3.1bn, lower than the €3.2bn reported at 30 June 2018, due to lower valuation reserves (down €205m) partly offset by profits for the period; other investments declined from €258.7m to €126.6m, after disposals of €134.5m, the gains on which (€1.2m) were taken directly through other comprehensive income; whereas investments recognized at fair value increased from €488.1m to €466.5m.

[3] Mediobanca ranks first in the league tables for M&A deals completed since the start of 2018 and first by deals announced since 2017 (source: Thomson Reuters).

5 Holding Functions: loss reduced to €27m, funding sources broadened with cost under control

The €27m loss posted by the Holding Functions division (compared with the €38.5m loss posted last year) reflects the gradual improvements noted in the course of the past twelve months. Net interest expense was cut from €15.7m to €15.3m, despite the quarter being weaker due to certain funding transactions being brought forward in an unfavourable market scenario; while operating costs of €38.4m (€41.3m) were helped by lower non-recurring expenses. There were also no-one off payments to resolutions in the three months, unlike last year when €5.1m in such payments was made.

The various segments performed as follows:

- Group Treasury and ALM delivered a net loss of €18.4m, slightly better than the €20.1m loss reported last year, due to the improvement in net interest expense (which was cut from €27.3m to €25.3m), helped by the positive contribution from treasury income of €3.6m (€1.4m); Group funding increased to €49.6bn, with the average cost of funding down to 85 bps, 5 bps better than last year, due to the gradual expiry of high-cost bond issues and expansion of the deposit base;

- Leasing delivered a net profit of €1.4m, substantially unchanged since last year (€1.6m); the reduced business volumes impacted on revenues, which fell from €12.1m to €10.9m, mostly offset by the reduction in operating costs (from €6m to €5.2m) and loan loss provisions (from €2.4m to €2.2m). Leases outstanding declined from €2,116.7m to €2,055.6m, with new business rising from €85m to €126m; net NPLs decreased from €140.2m to €125.7m, with the coverage ratio up from 32.2% to 39.7%, in part as a result of the adjustments made in an IFRS 9 FTA scenario.

Milan, 25 October 2018

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1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	331.7	344.1	3.7%
Net treasury income	38.7	40.8	5.4%
Net fee and commission income	138.3	155.1	12.1%
Equity-accounted companies	89.7	97.7	8.9%
Total income	**598.4**	**637.7**	**6.6%**
Labour costs	(129.9)	(137.9)	6.2%
Administrative expenses	(125.8)	(133.5)	6.1%
Operating costs	**(255.7)**	**(271.4)**	**6.1%**
Gains (losses) on disposal of equity holdings	89.4	3.7	n.m.
Loan loss provisions	(54.6)	(58.8)	7.7%
Provisions for other financial assets	(1.3)	0.4	n.m.
Other income (losses)	(5.1)	0.0	n.m.
Profit before tax	**371.1**	**311.6**	**-16.0%**
Income tax for the period	(69.1)	(64.4)	-6.8%
Minority interest	(1.1)	(1.8)	63.6%
Net profit	**300.9**	**245.4**	**-18.4%**

2. Quarterly profit and loss accounts

Mediobanca Group	FY 17/18				FY 18/19
(€m)	I Q 30/09/17	II Q 31/12/17	III Q 31/03/18	IV Q 30/06/18	I Q 30/09/18
Net interest income	331.7	340.4	342.1	345.2	344.1
Net treasury income	38.7	46.7	39.0	33.0	40.8
Net commission income	138.3	152.9	165.4	165.6	155.1
Equity-accounted companies	89.7	31.5	83.7	75.4	97.7
Total income	**598.4**	**571.5**	**630.2**	**619.2**	**637.7**
Labour costs	(129.9)	(141.1)	(137.9)	(148.9)	(137.9)
Administrative expenses	(125.8)	(136.8)	(141.8)	(152.7)	(133.5)
Operating costs	**(255.7)**	**(277.9)**	**(279.7)**	**(301.6)**	**(271.4)**
Gains (losses) on disposal of equity holdings	89.4	5.0	1.5	2.4	3.7
Loan loss provisions	(54.6)	(58.6)	(60.3)	(73.7)	(58.8)
Provisions for other fin. assets	(1.3)	0.9	0.4	(1.3)	0.4
Other income (losses)	(5.1)	(5.3)	(28.3)	(19.7)	0.0
Profit before tax	**371.1**	**235.6**	**263.8**	**225.3**	**311.6**
Income tax for the period	(69.1)	(59.5)	(57.5)	(42.0)	(64.4)
Minority interest	(1.1)	(0.7)	(0.7)	(1.3)	(1.8)
Net profit	**300.9**	**175.4**	**205.6**	**182.0**	**245.4**

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3. Restated balance sheet

Mediobanca Group (€m)	30/09/2017	30/06/2018	30/09/2018
Assets			
Financial assets held for trading	8,304.5	8,204.9	8,403.8
Treasury financial assets	9,459.9	8,358.2	9,579.3
Banking book securities	8,005.1	7,744.7	7,944.6
Customer loans	38,716.0	41,127.9	42,268.8
Corporate	*13,262.3*	*13,996.9*	*15,047.2*
Specialty Finance	*1,597.3*	*2,137.3*	*2,117.1*
Consumer credit	*11,892.9*	*12,517.8*	*12,571.2*
Mortgages	*7,568.0*	*8,107.1*	*8,184.3*
Private banking	*2,177.4*	*2,252.1*	*2,293.4*
Leasing	*2,218.1*	*2,116.7*	*2,055.6*
Equity holdings	3,627.1	3,983.1	3,748.0
Tangible and intangible assets	856.0	1,027.7	1,027.5
Other assets	1,848.2	1,854.0	1,817.9
Total assets	**70,816.8**	**72,300.5**	**74,789.9**
Liabilities			
Funding	48,519.7	48,893.2	49,632.0
MB bonds	*20,168.0*	*19,179.4*	*18,556.6*
Retail deposits	*13,173.5*	*14,163.0*	*14,493.1*
Private Banking deposits	*4,594.6*	*4,933.7*	*6,260.2*
ECB	*4,349.3*	*4,336.5*	*4,331.0*
Banks and other	*6,234.3*	*6,280.6*	*5,991.1*
Treasury financial liabilities	4,248.6	5,290.4	6,562.4
Financial liabilities held for trading	6,710.0	6,462.4	6,865.8
Other liabilities	1,998.4	1,709.3	2,226.3
Provisions	241.6	213.0	232.1
Net equity	9,098.5	9,732.2	9,271.3
Minority interest	*84.0*	*87.9*	*84.5*
Profit for the period	*300.9*	*863.9*	*245.4*
Total liabilities	**70,816.8**	**72,300.5**	**74,789.9**
CET 1 capital	7,029.7	6,746.6	6,723.9
Total capital	8,845.8	8,575.3	8,499.2
RWA	52,839.7	47,362.7	47,402.1

4. Consolidated shareholders' equity

(€ m)	30/09/2017	30/06/2018	30/09/2018
Share capital	440.6	443.3	443.5
Other reserves	7,472.5	7,572.8	7,951.6
Valuation reserves	800.5	764.3	546.3
- of which: Other Comprehensive Income	*216.2*	*121.5*	*84.1*
cash flow hedge	*(11.6)*	*(15.7)*	*(14.5)*
equity investments	*598.8*	*663.7*	*474.4*
Minority interest	84.0	87.9	84.5
Profit for the period	300.9	863.9	245.4
Total Group net equity	**9,098.5**	**9,732.2**	**9,271.3**

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5. Ratios (%) and per share data (€)

Mediobanca Group	30/06/2018	30/06/2018	30/09/2018
Total assets / Net equity	7.8	7.4	8.1
Loans / Funding	0.8	0.84	0.85
CET1 ratio1	13.3	14.2	14.2
Total capital1	16.7	18.1	17.9
S&P Rating	BBB-	BBB	BBB
Fitch Rating	BBB	BBB	BBB
Moody's Rating	n.a.	Baa1	Baa1
Cost / Income	42.7	46.1	42.6
Bad Loans (sofferenze)/Loans ratio (%)	0.4	0.4	0.3
EPS	0.34	0.97	0.28
BVPS	10.2	10.4	10.4
DPS		0.47	
No. shares (m)	881.2	886.6	887.0

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

3m – September 18 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	64.2	223.2	68.5	(1.8)	(15.3)	344.1
Net treasury income	1.8	0.0	33.7	2.6	3.9	40.8
Net fee and commission income	69.5	34.0	56.8	0.0	4.1	155.1
Equity-accounted companies	0.0	0.0	0.0	97.7	0.0	97.7
Total income	**135.5**	**257.2**	**159.0**	**98.5**	**(7.3)**	**637.7**
Labour costs	(53.8)	(22.8)	(33.1)	(1.0)	(27.0)	(137.9)
Administrative expenses	(52.6)	(45.2)	(28.9)	(0.2)	(11.4)	(133.5)
Operating costs	**(106.4)**	**(68.0)**	**(62.0)**	**(1.2)**	**(38.4)**	**(271.4)**
Gains (losses) on disposal of equity holdings	(0.1)	0.0	0.0	3.7	0.0	3.7
Loan loss provisions	(4.0)	(56.9)	4.2	0.0	(2.2)	(58.8)
Provisions for other financial assets	0.0	0.0	0.0	0.0	0.3	0.4
Other income (losses)	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	**25.0**	**132.3**	**101.2**	**101.0**	**(47.6)**	**311.6**
Income tax for the period	(7.1)	(42.6)	(33.4)	(2.5)	21.6	(64.4)
Minority interest	(0.9)	0.0	0.0	0.0	(1.0)	(1.8)
Net profit	**17.0**	**89.7**	**67.8**	**98.5**	**(27.0)**	**245.4**
Loans and advances to Customers	10,477.7	12,571.2	17,164.3	0.0	2,055.6	42,268.8
RWAs	5,786.4	11,812.9	19,713.2	6,108.4	3,981.2	47,402.1
No. of staff	1,893	1,438	572	12	793	4,708

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

3m – September 17 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	64.0	214.1	68.6	(1.8)	(15.7)	331.7
Net treasury income	2.5	0.0	30.9	3.2	1.8	38.7
Net fee and commission income	55.9	32.1	53.3	0.0	5.8	138.3
Equity-accounted companies	0.0	0.0	0.0	89.7	0.0	89.7
Total income	**122.4**	**246.2**	**152.8**	**91.1**	**(8.1)**	**598.4**
Labour costs	(46.8)	(22.2)	(32.0)	(0.9)	(28.2)	(129.9)
Administrative expenses	(49.9)	(42.3)	(25.3)	(0.2)	(13.1)	(125.8)
Operating costs	**(96.7)**	**(64.5)**	**(57.3)**	**(1.1)**	**(41.3)**	**(255.7)**
Gains (losses) on disposal of equity holdings	0.2	0.0	0.0	89.3	0.0	89.4
Loan loss provisions	(4.8)	(62.9)	15.5	0.0	(2.4)	(54.6)
Provisions for other financial assets	0.1	0.0	0.5	(0.4)	(1.2)	(1.3)
Other income (losses)	0.0	0.0	0.0	0.0	(5.1)	(5.1)
Profit before tax	**21.2**	**118.8**	**111.5**	**178.9**	**(58.1)**	**371.1**
Income tax for the period	(5.7)	(38.7)	(37.0)	(8.4)	20.7	(69.1)
Minority interest	0.0	0.0	0.0	0.0	(1.1)	(1.1)
Net profit	**15.5**	**80.1**	**74.5**	**170.5**	**(38.5)**	**300.9**
Loans and advances to Customers	9,745.4	11,892.9	14,859.6	0.0	2,218.4	38,716.0
RWAs	5,929.6	11,786.7	23,573.5	7,293.5	4,256.3	52,839.7
No. of staff	1,822	1,408	574	12	875	4,691

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7. Wealth Management

Wealth Management (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	64.0	64.2	0.3%
Net treasury income	2.5	1.8	-28.0%
Net fee and commission income	55.9	69.5	24.3%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**122.4**	**135.5**	**10.7%**
Labour costs	(46.8)	(53.8)	15.0%
Administrative expenses	(49.9)	(52.6)	5.4%
Operating costs	**(96.7)**	**(106.4)**	**10.0%**
Gains (losses) on disposal of equity holdings	0.2	(0.1)	n.m.
Loan loss provisions	(4.8)	(4.0)	-16.7%
Provisions for other financial assets	0.1	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**21.2**	**25.0**	**17.9%**
Income tax for the period	(5.7)	(7.1)	24.6%
Minority interest	0.0	(0.9)	n.m.
Net profit	**15.5**	**17.0**	**9.7%**
Loans and advances to customers	9,745.4	10,477.7	7.5%
New loans	310.1	377.4	21.7%
Total Financial Assets (TFA)	57,175.6	65,326.6	14.3%
- AUM/AUA	30,298.8	37,648.6	24.3%
- Asset under custody	9,102.0	7,333.1	-19.4%
- Deposits	17,774.8	20,344.9	14.5%
No. of staff	1,822	1,893	3.9%
RWAs	5,929.6	5,786.4	-2.4%
Cost/income ratio (%)	79.0%	78.5%	
Bad loans (sofferenze)/loans ratio (%)	1.1	0.7	

7.1 CheBanca!- Affluent/Premier

CheBanca! - Affluent/Premier (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	53.6	52.5	-2.1%
Net treasury income	0.1	0.1	n.m.
Net fee and commission income	16.2	19.4	19.8%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**69.9**	**72.0**	**3.0%**
Labour costs	(25.2)	(26.2)	4.0%
Administrative expenses	(31.3)	(31.9)	1.9%
Operating costs	**(56.5)**	**(58.1)**	**2.8%**
Gains (losses) on disposal of equity holdings	0.0	(0.1)	n.m.
Loan loss provisions	(4.5)	(4.0)	-11.1%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**8.9**	**9.8**	**10.1%**
Income tax for the period	(2.9)	(3.5)	-20.7%
Minority interest	0.0	0.0	n.m.
Net profit	**6.0**	**6.3**	**5.0%**
Loans and advances to customers	7,568.0	8,184.3	8.1%
New loans	310.1	377.4	21.7%
Total Financial Assets (TFA)	20,338.5	23,166.0	13.9%
- AUM/AUA	7,165.0	8,672.9	21.0%
-Asset under custody	0.0	0.0	n.m.
- Deposits	13,173.5	14,493.1	10.0%
No. of branches	111	111	0.0%
No. of staff	1,295	1,326	2.4%
RWAs	3,535.4	3,756.2	6.2%
Cost/income ratio (%)	80.8%	80.7%	
Bad loans (*sofferenze*)/loans ratio (%)	1.4	0.9	

7.2 Private Banking

Private Banking (€m)	3 mths	3 mths	Chg. (%)
	30/09/2017	30/09/2018	
Net interest income	10.4	11.7	12.5%
Net treasury income	2.4	1.7	-29.2%
Net fee and commission income	39.7	50.1	26.2%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**52.5**	**63.5**	**21.0%**
Labour costs	(21.6)	(27.6)	27.8%
Administrative expenses	(18.6)	(20.7)	11.3%
Operating costs	**(40.2)**	**(48.3)**	**20.1%**
Gains (losses) on disposal of equity holdings	0.2	0.0	n.m.
Loan loss provisions	(0.3)	0.0	n.m.
Provisions for other financial assets	0.1	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**12.3**	**15.2**	**23.6%**
Income tax for the period	(2.8)	(3.6)	28.6%
Minority interest	0.0	(0.9)	n.m.
Net profit	**9.5**	**10.7**	**12.6%**
Loans and advances to customers	2,177.4	2,293.4	5.3%
Total Financial Assets (TFA)	36,837.1	42,160.6	14.4%
-AUM/AUA	23,133.8	28,975.7	25.3%
- Asset under custody	9,102.0	7,333.1	-19.4%
-Deposits	4,601.3	5,851.8	27.2%
No. of staff	527	567	7.6%
RWA	2,394.2	2,030.2	-15.2%
Cost/income ratio (%)	76.6%	76.1%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.1	

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8. Consumer Banking

Consumer Banking (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	214.1	223.2	4.3%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	32.1	34.0	5.9%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**246.2**	**257.2**	**4.5%**
Labour costs	(22.2)	(22.8)	2.7%
Administrative expenses	(42.3)	(45.2)	6.9%
Operating costs	**(64.5)**	**(68.0)**	**5.4%**
Gains (losses) on disposal of equity holdings	0.0	0.0	n.m.
Loan loss provisions	(62.9)	(56.9)	-9.5%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**118.8**	**132.3**	**11.4%**
Income tax for the period	(38.7)	(42.6)	10.1%
Minority interest	0.0	0.0	n.m.
Net profit	**80.1**	**89.7**	**12.0%**
Loans and advances to customers	11,892.9	12,571.2	5.7%
New loans	1,630.0	1,672.0	2.6%
No. of branches	166	172	3.6%
No. of staff	1,408	1,438	2.1%
RWAs	11,786.7	11,812.9	0.2%
Cost/income ratio (%)	26.2%	26.4%	
Bad loans (*sofferenze*)/loans ratio (%)	0.1	0.1	

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9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	68.6	68.5	-0.1%
Net treasury income	30.9	33.7	9.1%
Net fee and commission income	53.3	56.8	6.6%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**152.8**	**159.0**	**4.1%**
Labour costs	(32.0)	(33.1)	3.4%
Administrative expenses	(25.3)	(28.9)	14.2%
Operating costs	**(57.3)**	**(62.0)**	**8.2%**
Gains (losses) on disposal of equity holdings	0.0	0.0	n.m.
Loan loss provisions	15.5	4.2	-72.9%
Provisions for other financial assets	0.5	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**111.5**	**101.2**	**-9.2%**
Income tax for the period	(37.0)	(33.4)	-9.7%
Minority interest	0.0	0.0	n.m.
Net profit	**74.5**	**67.8**	**-9.0%**
Loans and advances to customers	14,859.6	17,164.3	15.5%
No. of staff	574	572	-0.3%
RWAs	23,573.5	19,713.2	-16.4%
Cost/income ratio (%)	37.5%	39.0%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

9.1 Wholesale Banking

Wholesale banking (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	54.1	48.2	-10.9%
Net treasury income	30.9	33.7	9.1%
Net fee and commission income	42.2	44.8	n.m.
Equity-accounted companies	0.0	0.0	n.m.
Total income	**127.2**	**126.7**	**-0.4%**
Labour costs	(28.2)	(29.3)	3.9%
Administrative expenses	(20.4)	(21.9)	7.4%
Operating costs	**(48.6)**	**(51.2)**	**5.3%**
Gains (losses) on disposal of equity holdings	0.0	0.0	n.m.
Loan loss provisions	21.8	10.6	-51.4%
Provisions for other financial assets	0.5	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**100.9**	**86.1**	**-14.7%**
Income tax for the period	(33.5)	(28.6)	-14.6%
Minority interest	0.0	0.0	n.m.
Net profit	**67.4**	**57.5**	**-14.7%**
Loans and advances to customers	13,262.3	15,047.2	13.5%
No. of staff	344	333	-3.2%
RWAs	21,928.3	17,575.2	-19.9%
Cost/income ratio (%)	38.2%	40.4%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

9.2 Specialty Finance

Specialty Finance (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	14.5	20.3	40.0%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	11.1	12.0	8.1%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**25.6**	**32.3**	**26.2%**
Labour costs	(3.8)	(3.8)	0.0%
Administrative expenses	(4.9)	(7.0)	42.9%
Operating costs	**(8.7)**	**(10.8)**	**24.1%**
Gains (losses) on disposal of equity holdings	0.0	0.0	n.m.
Loan loss provisions	(6.3)	(6.4)	1.6%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**10.6**	**15.1**	**42.5%**
Income tax for the period	(3.5)	(4.8)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**7.1**	**10.3**	**45.1%**
Loans and advances to customers	1,597.3	2,117.1	32.5%
Of which factoring	*1,462.1*	*1,795.8*	22.8%
Of which credit management	*135.2*	*321.3*	n.m.
No. of staff	230	239	3.9%
RWAs	1,645.2	2,138.0	30.0%
Cost/income ratio (%)	34.0%	33.4%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

10. Principal Investing

PI (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	(1.8)	(1.8)	0.0%
Net treasury income	3.2	2.6	-18.8%
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	89.7	97.7	8.9%
Total income	**91.1**	**98.5**	**8.1%**
Labour costs	(0.9)	(1.0)	11.1%
Administrative expenses	(0.2)	(0.2)	0.0%
Operating costs	**(1.1)**	**(1.2)**	**9.1%**
Gains (losses) on disposal of equity holdings	89.3	3.7	n.m.
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	(0.4)	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**178.9**	**101.0**	**-43.5%**
Income tax for the period	(8.4)	(2.5)	-70.2%
Minority interest	0.0	0.0	n.m.
Net profit	**170.5**	**98.5**	**-42.2%**
Equity investments	3,120.1	3,103.4	-0.5%
Other investments	390.6	593.1	51.8%
RWA	7,293.5	6,108.4	-16.2%

11. Holding Functions

Holding Functions (€m)	3 mths 30/09/2017	3 mths 30/09/2018	Chg. (%)
Net interest income	(15.7)	(15.3)	-2.5%
Net treasury income	1.8	3.9	n.m.
Net fee and commission income	5.8	4.1	-29.3%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**(8.1)**	**(7.3)**	**-9.9%**
Labour costs	(28.2)	(27.0)	-4.3%
Administrative expenses	(13.1)	(11.4)	-13.0%
Operating costs	**(41.3)**	**(38.4)**	**-7.0%**
Gains (losses) on disposal of equity holdings	0.0	0.0	n.m.
Loan loss provisions	(2.4)	(2.2)	-8.3%
Provisions for other financial assets	(1.2)	0.3	n.m.
Other income (losses)	(5.1)	0.0	n.m.
Profit before tax	**(58.1)**	**(47.6)**	**-18.1%**
Income tax for the period	20.7	21.6	4.3%
Minority interest	(1.1)	(1.0)	-9.1%
Net profit	**(38.5)**	**(27.0)**	**-29.9%**
Loans and advances to customers	2,218.4	2,055.6	-7.3%
Banking book securities	6,758.4	6,727.3	-0.5%
RWA	4,256.3	3,981.2	-6.5%
No. of staff	875	793	-9.4%

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12. Statement of comprehensive income

		3 mths 30/09/2017	3 mths 30/09/2018
10,	**Gain (loss) for the period**	**302.0**	**246.7**
	Other income items net of tax without passing through profit and loss	**11.2**	**4.9**
20,	Equity instruments designated at fair value through other comprehensive income	n.a.	1.2
30,	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	n.a.	0.0
40,	Hedge accounting of equity instruments designated at fair value through other comprehensive income	n.a.	0.0
50,	Property, plant and equipment	0.0	0.0
60,	Intangible assets	0.0	0.0
70,	Defined-benefit plans	(0.2)	0.3
80,	Non-current assets and disposal groups classified as held for sale	0.0	0.0
90,	Portion of valuation reserves from investments valued at equity method	11.4	3.4
	Other income items net of tax passing through profit and loss	**(81.9)**	**(210.1)**
100,	Foreign investment hedges	0.0	0.0
110,	Exchange rate differences	(0.4)	2.0
120,	Cash flow hedges	32.9	(1.8)
130,	Hedging instruments (non-designated items)	n.a.	0.0
140,	Financial assets (different from equity instruments) at fair value through other comprehensive Income [1]	(103.2)	(17.6)
150,	Non-current assets and disposal groups classified as held for sale	0.0	0.0
160,	Part of valuation reserves from investments valued at equity method	(11.2)	(192.7)
170,	**Total other income items net of tax**	**(70.7)**	**(205.2)**
180,	**Comprehensive income (Item 10+170)**	**231.3**	**41.5**
190,	Minority interest in consolidated comprehensive income	1.3	1.6
200,	**Consolidated comprehensive income attributable to Mediobanca S.p.A.**	**230.0**	**39.9**

[1] This item reports the change in item 100 "Available-for-sale financial assets" in accordance with Bank of Italy Circular no. 262/2005 (fourth amendment).

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As from this quarter, the Mediobanca Group is adopting IFRS 9 to represent its financial instruments. The transition to the new standard has resulted in an approx. €81m reduction in net equity, chiefly due to the introduction of the new impairment model; at the regulatory capital level, the impact will be spread over the course of the next five years. The Group has availed itself of the right not to restate the comparative data for the first year of IFRS 9 adoption on a like-for-like basis. Accordingly, the figures for FY 2017-18, stated in accordance with IAS 39, are not fully comparable. For further details and full disclosure on the effects of first-time adoption of IFRS 9, which replaces IAS 39, please refer to the document entitled "Summary of IFRS 9 accounting standard adoption" published on the Group's website at www.mediobanca.com

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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

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