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Testo del comunicato

Vedi allegato.

MEDIOBANCA
BOARD OF DIRECTORS' MEETING

Milan, 9 May 2019

MEDIOBANCA

Financial statements for 9M FY 2018-19 approved (as at 31/3/19)

Results for 9M confirm Mediobanca growth path in terms of revenues (up 5%), GOP (up 7%) and ROTE (10%)

Strong growth in TFAs, to €68bn (up 8 % YoY and up 5% QoQ), with net new money (NNM) in 9M of €5.1bn – €1.7bn of which in 3Q – and solid growth in loans (up 8% YoY and up 1% QoQ to €43bn)

Recent partnership with Messier Maris et Associés enhances Mediobanca's distinctive features within the European financial panorama: ability to generate value and growth while maintaining a low risk profile and robust capital levels

Results for the nine months include:

- **Growth in funding volumes** (up 8% YoY and up 2% QoQ, to €52bn), **with average cost of funding** at 80 bps, stable vs end-Dec. 2018 and **down 10 bps since end-June 2018**

- **Growth in revenues** (**up 5%** YoY, to **€1,884m**) with:
  - **Net interest income up 3%** YoY, to €1,047m, due to solid performances in both assets and margins, consumer credit in particular
  - **Net trading income up 21%** YoY, to €151m, driven by growth in client-driven capital market solutions activities
  - **Fee income stable** at €462m, with increasing contribution from WM and CIB advisory offsetting the lack of ECM deals in a European market unreceptive in the first three quarters
  - **Profits generated by equity investments up 10%** YoY, to €225m

- **3Q saw a reduction in revenues** (down 5% QoQ, to €607m) **in a scenario impacted by contrasting factors:** markets bounced back, but caution by central banks, low levels of corporate activity, and persistent risk aversion by households

- **GOP increased** to €870m, **up 7%** YoY, as a result of the **low cost of risk of 51 bps** (NPLs/total loans decreasing: gross 4.2%, net 1.8%; Texas ratio down to 12%)

- **Net profit €626m, ROTE 10%**

- **Capital, funding and liquidity ratios confirmed at high and sustainable levels:**

  - **CET1: 14.3%**[1] up approx. 40 bps since end-December 2018, in part due to benefit deriving from validation of AIRB models for CheBanca! mortgage loans, with application of Danish compromise confirmed[2]

  - **LCR:** 186%;[3] **NSFR:**[4] 107%

- **Good news from regulation**:
  - **SREP: CET1 confirmed at 8.25%** for 2019

  - **Extension to Danish Compromise for Assicurazioni Generali stake until 2024** (thus avoiding 120 bps deduction from CET1 due to take effect from 2019)[5]

  - **MREL target requirement set at 21.4%**[6] **of RWA, comfortably met by MREL eligible liabilities (40% of RWAs as at end-Dec. 2018)**

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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 period ended 31 March 2019, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The first quarter of the calendar year 2019 showed conflicting signals. While **financial markets bounced back** significantly, in part making up the strong losses incurred towards year-end 2018, **central banks were displaying prudence** in changing their accommodative monetary policy initiatives due to **uncertainties over global growth**. The FED, for instance, has delayed increasing interest rates, while the ECB has announced a new T-LTRO programme. The three months under review also saw **reduced corporate activity due to the high macro uncertainties, with the capital market unreceptive.** The Mediobanca Group's performance for the third quarter reflects this scenario in part: on the one hand, **the balance-sheet**

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[1] Management calculation which differs from the one used in the Common Reporting (COREP), as it includes the profit for the period (not subject to permission pursuant to Article 26 of the CRR) which impacts as to approx. 25 bps on CET1 and the Danish Compromise which impacts as to approx. 120 bps. The COREP CET1 as at 31/3/19 was 12.8% and does not include the approx. 20 bps impact due to IFRS 9.

[2] "Danish Compromise" refers to the possibility for Mediobanca to weight its shareholding in insurer Assicurazioni Generali rather than deduct it from capital, under Article 471 of the CRR and in compliance with the concentration limits in force. Application of the Danish Compromise has been extended until end-2024 as part of the new CRR II.

[3] 12M average calculated at end-March 2019.

[4] Point-in-time reading as at 31 March 2019.

[5] The revised version of the Capital Requirement Regulation (CRR II) was approved by the European Parliament at the Plenary Session held on 16 April 2019 but will only come into force once it has been published in the Official Journal following approval by Ecofin (scheduled for mid-May 2019).

[6] Target calculated based on liabilities as at 31 December 2017, in force since 1 January 2019, without subordination obligations.

aggregates delivered a positive performance (loans up 0.9% across all the main divisions; funding up 2.5%, with retail and private banking deposits in particular; TFAs up €3.4bn, split equally between NNM and the market effect); **while, on the other, the earnings performance for 3Q was lower than the previous two quarters. This slowdown, however, did not affect the Group's growth path**, with a 4.6% increase in revenues reported for the nine months as a whole and GOP (net of loan loss provisions) up 7%.

Net profit for the nine months totalled €626m, and for the three months €175.5m; the reduction versus the 9M performance last year (€681.9m) is due solely the lack of gains on AFS equity stake disposals (which in the nine months to end-March 2018 generated €95.9m) already reflected in the half-yearly results.

Revenues grew by 4.6%, from €1,800.1m to €1,883.8m, with all the main items posting increases as follows:

- **Net interest income rose by 3.2%** from €1,014.2m to €1,047m, with the positive performances reported in 1H continuing despite the difficult market conditions, for Consumer Banking (up 3.7%), Corporate and Investment Banking (up 2.4%), and Wealth Management (up 2.4%) on the back of higher volumes and the flat cost of funding;

- **Net treasury income rose by 21%,** from €124.4m to €150.5m, due to a healthy contribution from operations with Capital Market Solutions clients (up from €57.6m to €103.3m, €40m of which in 3Q) and the treasury portfolio (with gains on disposals totalling €35.1m, as against €7.5m) offsetting the negative value adjustments to the proprietary trading book to reflect prices at the period-end (the net balance for the nine months closed down €10m), most of which was made up in the first days of April;

- **Net fee and commission income rose slightly, by 1.1%,** from €456.6m to €461.5m; the increase from Wealth Management (fees up 13.2%, from €185.4m to €209.9m) was due chiefly to consolidation of RAM (€28.5m for the nine months, compared with €4.3m at the same stage last year), achieved despite the increase in fees payable due to the strong expansion of the FAs network (see "Wealth Management"), offsetting the reduction in fees earned by Corporate and Investment Banking (down from €191.1m to €174.8m) which reflects the contraction in capital markets activity, in part offset by an excellent performance in M&A business (up 68.2%, from €39.9m to €67.1m);

- **The contribution from the equity-accounted companies** rose by 9.7%, to €224.8m, reflecting a 3Q contribution from Assicurazioni Generali of €58.8m.

Operating costs rose by 4.9%, from €813.3m to €852.8m, with a cost/income ratio of 45.3%; labour costs increased by 4.6%, particularly in Wealth Management (up 12.9%) with RAM now fully consolidated and as a result of enhancing the Private Banking and Affluent commercial structures (with 38 more staff on the books than this time last year); administrative expenses rose by 5.1%, reflecting the increase in IT spending (including the benefits of outsourcing) and intensive project-based activity with the new treasury application, the introduction of IFRS 9 and MIFID II, plus Brexit.

Loan loss provisions were down 7%, from €173.5m to €161.4m, the reduction being common to all segments; there were writebacks in 3Q as a result of collections in respect of unlikely-to-pay positions in Wholesale Banking (€16.4m) and the disposal of bad debts originated by the French mortgage lending operations inherited by CheBanca! (€1.6m). This allowed the Group to improve its cost of risk further from 52 bps to 51 bps (183 bps in Consumer Banking and 15 bps in CheBanca! retail mortgage lending).

The results for the nine months were impacted by payments to the resolution funds totalling €38m (€36.7m), €26.8m of which involved one ordinary payment to the Single Resolution Fund (€26.3m).

Net profit for the third quarter stood at €175.5m, compared with €205.1m in 2Q, following a **decline in revenues**, from €639m to €607m, due to reductions in net interest income (down 3%, from €357m to €346m, but up 1.3% YoY) attributable to seasonal factors, and in net fee and commission income (down 5.8%, from €158m to €149m) mainly in Wholesale Banking (down 19%), which reflects the absence of ECM deals. **The following trends were confirmed:**

- **Growth in main balance-sheet aggregates:** NNM in 3Q totalled €1.7bn, driving a 5% increase in TFAs for the quarter; loans to customers were up 1%, while funding volumes grew by 2%;

- **Operating costs under control** (stable at €291m, with the cost/income ratio at 48%), as was the **cost of risk** (48 bps in 3Q);

- **Organic capital generation capability**: CET1 14.3%, up 40 bps in 3Q.

On the balance-sheet side, total financial assets[7] grew in the three months, from €76.5bn to €78.4bn, confirming the Group's capital solidity and asset quality. The main items in particular performed as follows:

- **Loans and advances to customers climbed in the quarter from €42.9bn to €43.3bn (up 8% on an annual basis)**, with all segments contributing positively apart from Specialty Finance, which reflected the seasonal downturn in ordinary factoring business; in particular, Wholesale Banking reported loans outstanding of €15bn, Consumer Banking of €13bn, and CheBanca! mortgage loans of €8.6bn; **gross NPLs declined in absolute terms for the three months, from €1,920m to €1,880m, and in relative terms as well (from 4.3% to 4.2% of the total loan book), with a slightly higher coverage ratio of 58% (57%); net NPLs decreased from €825.6m to €791.9m, and represent 1.8% (1.9%) of the total loan book**, with bad debts contributing €114.8m (0.27%). The item does not include the NPL portfolios acquired by MBCredit Solutions, which total €355.8m (€345.1m) concentrated in the retail unsecured segment (approx. 80% of the total);

- **Funding rose in the quarter from €50.8bn to €52bn (up 8% on an annual basis)**, due to higher deposits at CheBanca! (up from €14.4bn to €15.2bn) and in Private Banking (up from €6.8bn to €7.4bn) with debt security funding stable at €19.2bn, and new issues for the quarter totalling €916m which offset redemptions of €939m; **the funding plan for the current financial year is already complete, and pre-funding for maturities falling due in FY 2019-20 which commenced in the course of April;**

- **Total financial assets in Wealth Management, or TFAs, rose in the three months from €64.6bn to €68bn, an increase of €3.4bn, due to Net New Money (NNM) and the market effect** (which offset almost two-thirds of the reduction as at end-December 2018). AUM

[7] Starting from this financial year, 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 taken up the option 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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and AUA increased from €37bn to €39.1bn, on NNM of €0.3bn plus a market effect of €1.9bn; while direct funding rose from €21bn to €22.2bn (bringing the 9M increase to €3.3bn), confirming clients' preference for liquidity. Assets held under custody were unchanged at €6.7bn. CheBanca! Affluent & Premier TFAs totalled €24.9bn, €15.2bn of which in deposits (NNM for the three months totalled €1.3bn); Mediobanca Private Banking and the product factories reported TFAs of €21.4bn, €3.8bn of which in deposits (€1bn in NNM), Compagnie Monégasque de Banque was stable with TFAs of €10.4bn, €3.2bn of which in deposits; while RAM and Cairn reported assets under management of €3.5bn and €3.9bn respectively;

- **Banking book securities** (i.e. bonds accounted for as Hold to collect and Hold to collect and sell) rose from €7.7bn to €8.1bn, due to the modest increase in the Hold to collect and sell position in Italian government securities which is now worth €3.1bn (31/12/18: €2.7bn), with the average duration declining from 2.5 to 2.2 years;

- **Net treasury assets rose from €4.9bn to €5.4bn**, due chiefly to **the increase in holdings in liquidity (up from €0.9bn to €1.4bn)**; the gross book value (representing trading assets and treasury loans) increased from €19.5bn to €20.4bn, due to the increased operations in equities which were perfectly matched by derivatives entered into with clients;

- **The Group's Common Equity Tier 1 ratio rose from 13.87% to 14.25% in the quarter, due to the introduction of the internal PD and LGD models to calculate the capital requirement for CheBanca! mortgage lending** (which resulted in a benefit of some 40 bps) and includes the profit for the period, net of the estimated payout, which was offset by the increase in RWAs in line with the balance-sheet aggregates. The ratio reflects the phase-in option for IFRS 9 (accounting for approx. 1 bps, compared with an overall impact of some 20 bps), plus the application of Article 471 of the CRR (i.e. the right to weight the investment in Assicurazioni Generali rather than deduct it), in view of the fact that the European Parliament has recently extended the effectiveness of the transitional arrangements until 31 December 2024. Fully loaded and without Danish Compromise (i.e. with the Assicurazioni Generali investment deducted in full), the ratio, including the full IFRS 9 effect, would be 12.89% (31/12/18: 12.52%). The total capital ratio increased from 17.41% to 17.78% (16.73% fully loaded).

- **The liquidity and funding ratios remain high: LCR (Liquidity Coverage Ratio) 186% (12M average), NSFR (Net Stable Funding ratio) 107%**

The main regulatory developments of recent months are summarized below, which have confirmed the solidity of Mediobanca's profile:

- Mediobanca has received the results of the supervisory review and evaluation process from the supervisory authority (the "SREP 2018 Decision"). **The authority has asked Mediobanca to maintain, as from March 2019, a CET 1 ratio of 8.25% on a consolidated basis (Total SREP Capital Requirement – TSCR – 11.75%), which includes the Pillar 2 ("P2R") requirement of 1.25%, unchanged from last year**, confirming the Group's asset quality and the adequacy of its risk management. The decision reflects the results of the Group's stress test, which confirmed our solidity even in negative scenarios (the impact on CET1 fully loaded is 182 bps, one of the lowest levels among EU banks);

- **Extension of "Danish Compromise" for the Assicurazioni Generali stake, to 31 December 2024:** at a plenary session held on 16 April 2019, the European Parliament approved[8] revision of the Capital Requirement Regulation ("CRR II"), in which Article 471 has been amended to extend the transitional period **to 31 December 2024** (rather than 31 December 2018 as previously), and providing for the possibility for holdings in insurance companies not to be deducted where the level of monitoring of the risk entailed by the investment is considered to be adequate. As a result of these changes, **Mediobanca may continue to not fully deduct its investment in Assicurazioni Generali, opting to weight it at 370% instead;**[9]

- **MREL: during 3Q the Bank of Italy,** at the proposal of the Single Resolution Board ("SRB") pursuant to the BRRD, **informed the Group that its MREL target requirement was 15.48% of its total liabilities and own funds ("TLOF"), equal to 21.43% of RWAs.** This requirement is binding **as from 1 January 2019 and does not entail subordination requirements.** As at 31 December 2018, MREL eligible liabilities were in excess of €19bn (i.e. **40.3% of RWAs) and accordingly are comfortably above the minimum levels set.**

Divisional results

1. <u>Wealth Management:</u> €68bn in TFAs, €5.1bn in NNM in 9M, €1.7bn of which in 3Q. Revenues up 7%, ROAC 18%

Franchise expansion continues, with the recruitment of affluent relationship managers (who now number 431) and those in private banking refocused on providing an integrated service with CIB. The CheBanca! FAs network has doubled in size in the past year to 319 (with 31 added in 3Q alone).

NNM for the nine months totalled €5.1bn, well diversified by product and channel, with **TFAs up 8% to €68bn**, €24.9bn of which attributable to CheBanca! and €43.1bn to Private Banking and the asset management companies.

Wealth Management posted a net profit of €56m, up 9.2% following a 6.5% increase in revenues to €409.5m and 5.4% growth in operating costs, to €322.4m. CheBanca! delivered a net profit of €23.9m (€22.2m), while the contribution from Private Banking activities (including RAM) increased from €29.1m to €32.1m.

1.1. Affluent & Premier: TFAs totalling €25bn, NNM €2.3bn. Acceleration in funding capability, and also in acquiring new clients (more than 70k clients added in 9M, 27k of which in 3Q, mainly online)

CheBanca! continues to **strengthen its franchise and product offering:**

- **The client base continues to increase**, now 853k (30/6/18: 807k), mainly due to the digital channel (which accounted for more than 41% of the new customers);

- **The proprietary network has been further strengthened** with the addition in 3Q of 13 new relationship managers (who now number 431) and 31 new FAs (who now total 319) and five new offices opened (for a total of 64).

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[8] The amended Capital Requirement Regulation (CRR II) will be published in the Official Journal of the European Union in due course once final approval has been received from Ecofin (scheduled for mid-May 2019).
[9] Without prejudice to compliance with the concentration limit.

- The **Mediobanca High Yield Credit Portfolio 2025** fund was placed in 3Q, for a total of approx. **€100m**.

High business levels which accelerated further in 3Q:

- **Total financial assets ("TFAs")** reached €24.9bn, up 10.3% on end-June 2018, with increases in all segments: AUM up 14.8%, to €7.2bn, AUA up 19%, to €2.5bn, and deposits up 7%, to €15.2bn;

- **Net new money ("NNM") of €2.3bn was gathered in 9M (€0.6bn in 1Q, €0.4bn in 2Q and €1.3bn in 3Q)**, and is made up primarily of AUM (€0.9bn) and AUA (€0.4bn). Growth in direct funding (€1bn since end-June 2018) is attributable to both the highest loyalty retention transactional component, i.e. current accounts, which total €8.2bn (compared with €7.5bn at end-June 2018, an increase of 9.3%), and deposit accounts which rose to €6.9bn (up 4.5% from the €6.6bn reported at end-June 2018).

- Growth in volumes derives from balanced contribution from the main distribution channels:

  - **59% proprietary network**: €1.3bn in NNM. TFAs managed by the proprietary channel totalled €22.2bn, split between €8.1bn in AUM/AUA and €14.1bn in deposits;

  - **41% FAs**: €1bn in NNM. TFAs managed by the FAs channel reached €2.7bn, split between €1.7bn in AUM/AUA and €1bn in deposits;

- **Mortgage loans increased from €8.4bn to €8.6bn**, on new loans of €1.2bn for the nine months (up 9.1% on last year). Asset quality remained at good levels: gross NPLs declined from €314.8m to €309m, accounting for 3.5% (3.7%) of total loans; net NPLs rose from €129.8m to €131.1m and account for 1.5% of net total loans, with a coverage ratio of 57.6% (58.8%). Net bad debts totalled €68.8m (0.8% of net total loans), with the coverage ratio declining from 69.3% to 69%;

- Starting from 31 March 2019, CheBanca! has been authorized to adopt its own internal risk management systems **(AIRB models)** to manage the capital requisites for credit risk on the mortgage segment. The impact calculated based on data as at 31 March 2019 translated to a reduction of €1.5bn in RWAs.

CheBanca! delivered a 7.7% increase in net profit for the nine months of €23.9m, on revenues of €220.3m (up 1.9%), with operating costs virtually flat (up just 0.5%) and loan loss provisions decreasing from €12.1m to €9.1m.

Net interest income declined slightly, from €158.7m to €157.4m, reflecting the deposit account promotion (the cost of funding increased from 0.37% to 0.41%). **The 9.5% increase in net fee and commission income, from €56.9m to €62.3m, reflects the growing contribution from asset management and was delivered despite the lack of risk appetite among clients and despite the growing fees payable in respect of the significant strengthening of the FAs network.** The rise in labour costs (from €75.1m to €79.2m) is linked to enhancement of the distribution structure, and was almost entirely offset by administrative expenses which reduced from €98.7m to €95.5m despite the technology projects and franchise development in progress. The 24.8% reduction in loan loss provisioning was helped by the sale of the French bad debts (generating a net writeback of €1.6m) and by the risk parameters being adjusted to the new internal models (the cost of risk declined to 15 bps, compared with 17 bps at end-December and 21 bps at end-March 2018).

1.2. HNWI & Private & AM: TFAs €43bn, NNM €2.8bn

In a scenario of ongoing low client risk appetite, **the Private Banking division generated NNM of approx. €2.8bn, concentrated primarily in deposits (€2.4bn).**

TFAs rose during the nine months, from €41.3bn to €43.1bn, €7.1bn of which **in deposits** (up 47.9% in 9M, including €500m in 3Q), **€29.3bn in AUM/AUA** up 1.6% in 9M, up 4.4% in 3M), and assets under custody stable at €6.7bn. In 3Q there was NNM of €450m, representing the surplus between **€950m generated by private banking** (chiefly Mediobanca Private Banking) and €500m in outflows in alternative asset management; the market effect of the last three months (up by €1.3bn) halved the reduction reported at end-December 2018.

The Private Banking division earned a net profit of €32.1m in the nine months, higher than last year (€29.1m), with RAM (the results for which were consolidated for all nine months as opposed to just one last year) contributing revenues of €28.5m (€4.3m) and costs of €16.3m (€2.1m).

Revenues were up 12.5%, from €168.2m to €189.2m, reflecting the 14.9% increase in fees (from €128.5m to €147.6m) due to the consolidation of RAM (adding €24.3m), despite the reduction in performance fees (from €9.4m to €2.1m). The increase in net interest income (from €31m to €36.8m, with CMB the main contributor) offset the reduction in net trading income.

Operating costs were up 11.8% (from €132.1m to €147.7m), reflecting the RAM operations (adding €14.2m, €10.3m of which in labour costs) and IT investments in the HNWI segment.

By individual business unit, CMB reported a net profit of €22.2m, on revenues of €72m (€70.6m), costs of €44.8m (€45.2m), and tax of €5.3m (€4.7m); TFAs totalled approx. €10.4bn, €3.2bn of which in deposits and NNM of €226m in the nine months. Mediobanca Private Banking and the product factories delivered a net profit of €7.6m, with revenues down from €64.8m to €64.4m, due to lower performance fees of €1.1m (€4.2m) and costs of €54.6m (€53m); TFAs totalled €21.4bn, €3.8bn of which in deposits, with NNM for the nine months of €2.7bn (€1bn in 3Q). RAM contributed a net profit of €6.9m (net of minority interests totalling €2.1m), on revenues of €28.5m and costs of €16.3m; AUM amounted to €3.5bn (down from €3.8bn at end-December 2018, following net outflows of some €500m in 3Q in part offset by the market upturn). Cairn Capital posted revenues of €12.5m (€13.8m), costs of €15m (€14.5m), and TFAs of €3.9bn (NNM for the 9M of approx. €400m, chiefly related to CLOs). Spafid reported revenues of €11.9m and costs of €12.4m, reflecting the transfer of Spafid Connect (corporate services) to the Holding Functions division.

2 Consumer credit. Growth continues: revenues up 4%, to €770m (more than 40% of Group total), net profit up 7% to €256m, ROAC 31%

The growth strategy based on value of production and enhancing the distribution channels continues to prove effective. In the nine months Compass has:

- **Strengthened its footprint, with the opening of one new branch office and 14 agencies for a total of 196 direct POS**, granting just under **€1.5bn in personal loans (up 12% YoY);**
- **Seen continuing growth in special purpose loans and salary-backed finance**, with total new loans of €5.4bn (up 4.6%);
- **Further improved its cost of risk, which has reduced from 201 bps to 183 bps,** and for several quarters has been at record low levels.

Compass earned a net profit of €256.1m in the nine months, 6.8% higher than last year, on revenues of €769.9m (up 3.5%), costs of €216.4m (up 3.4%; cost/income ratio 28.1%) and loan loss provisions of €174.5m (down 3.8%).

By individual revenue source, net interest income was up 3.7%, from €650.7m to €674.5m, on higher volumes which offset the slight reduction in gross margins; net fees and commissions rose by 2.5% (from €93.1m to €95.4m), in line with the commercial growth and despite the increase in *rappel* commissions payable to distributors (up 28%).

Operating costs rose by 3.4% (from €209.3m to €216.4m), chiefly due to administrative expenses (up 3.9%, from €137.4m to €142.8m), reflecting the distribution network and IT systems development.

Loan loss provisions for the nine months reflect a further year-on-year decrease, from €181.3m to €174.5m. The cost of risk, which remains at the very low levels seen in recent quarters, closed at 183 bps (compared with 180 bps at end-December 2018), reflecting a slight improvement due to the absence of gains on disposals of bad debts (concentrated towards the year-end).

Loans and advances to customers increased from €12.8bn to €13bn in the three months, with new loans for the nine months up from €5.2bn to €5.4bn; around 60% of the stock is made up of personal loans, while salary-backed finance accounts for slightly more than €2bn (15%). Gross NPLs increased from €694.8m to €716.8m, and account for 5.2% of total loans (5.1%); net NPLs totalled €188.6m (1.5% of total loans), with a coverage ratio of 73.7% (73.3%). Net bad loans, with no sales during the quarter, totalled €13.6m, representing 0.1% of the total loan book with a coverage ratio of 94%. The coverage ratio for performing items was unchanged at 3.5%.

3 Corporate & Investment Banking: 9M revenues basically flat at €478m (€481m), ROAC 15%. Significant strengthening of the franchise in France through partnership with Messier Maris & Associés

In Corporate & Investment Banking, Mediobanca once again confirmed its leadership position in Italy with increasing penetration in the Mid Corporate segment helped by interaction with MB Private Banking. The 9M results were boosted by robust advisory activity (up 68%) and client-driven capital market solutions business (up 70%), which offset the slowdown in the European capital markets. Selective development of lending operations also **drove excellent results in terms of the trend in cost of risk and capital absorption.**

The Mediobanca CIB franchise has been strengthened significantly in France with the acquisition of Messier Maris et Associés ("MMA").

On 11 April 2019 Mediobanca announced a long-term strategy partnership through which **it acquired a 66% stake in MMA**.

Established in 2010 by Jean-Marie Messier and Erik Maris, Messier Maris & Associés has now become one of the top three French corporate finance franchises with a very large, international and recurrent customer base. MMA mainly focuses on M&A activities for mid-cap to large corporates and a wide range of financial sponsors. These are coupled with debt advisory and financing activities, as well as a counter-cyclical debt restructuring activity. The company is headquartered in Paris with offices in New York, and employs 40 people. MMA's founding partners, Jean-Marie Messier and Erik Maris, will remain in the company, fully engaged with Mediobanca in further development of MMA, and more broadly, in Mediobanca's CIB activity.

Signing this partnership agreement and acquiring a majority stake in MMA represents an attractive opportunity for Mediobanca because:

- **Mediobanca will reinforce its footprint in France**, which is considered a core market for its CIB division, therefore benefiting from increased scale, product reach and distribution access;

- **Mediobanca will advance on its path to strengthen its capital-light activities** and become a leading pan-European player in the investment banking industry with an immediate and significant improvement in brand recognition leading to an increased capability to attract and effectively retain talented employees;

- **Both Mediobanca and MM are based on the same core values** of excellence, absolute discretion, creativity and ability to develop very close personal long-term relationships with clients.

The transaction, fully paid for in Mediobanca shares:

- **Allows the Mediobanca CIB division to increase the amount of its fees generated from capital-light investment banking products by approx. 30%;**

- **Enables Mediobanca to increase Group fees by 8%** (based on €622m net commission income reported as at end-June 2018);

- **Does not have a material impact on Mediobanca's capital**. The transaction has been paid for using part of the treasury shares acquired from the ongoing buyback programme (which may continue up to 3% of the Bank's share capital);

- **Is slightly EPS-accretive** (based on the Mediobanca Group full-year €864m net profit at end-June 2018).

3.1. Wholesale Banking: revenues down 5% YoY, asset quality excellent

Wholesale Banking earned a net profit of €178.4m in the nine months, down 7.1% on the €192m posted last year, on revenues of €376.1m (down 5.3%), costs totalling €161.8m (up 4.7%), and net writebacks to financial assets amounting to €47.8m.

Revenues were down 5.3%, from €397m to €376.1m, chiefly due to the reduced contribution from capital market activities (which were down 45%, to €34.7m); the main income items performed as follows:

- **Net interest income decreased by 6.4%** (from €152m to €142.2m), due to lower returns on assets, which, with cost of funding unchanged, was impacted by the reduction in margins, in part as a result of lending to borrowers of higher standing having been prioritized;

- **Net treasury income rose by 8.5**%, from €90.5m to €98.2m, due to growth in client-driven CMS activity which generated €103.3m (compared with €60m last year) which offset the losses made on the proprietary trading book (downward adjustment of €10m, compared with gains of €30m at the same stage last year) reflecting the market movement at end-March 2019, the majority of which was recovered in the following days;

- **Net fee and commission income declined by 12.2%,** from €154.5m to €135.7m, due to the slowdown in capital markets activities which generated €19m (31/3/18: €56.3m), despite a positive performance in M&A fees (up from €39.9m to €67.1m, €19.2m of which in 3Q).

Operating costs rose from €154.6m to €161.8m, due to intense project-based activity (MiFID II, AIRB models, IFRS 9 introduction and Brexit) and to updates to IT procedures (€3m).

Net writebacks to financial assets (loans and banking book securities) increased by some €16.4m during the three months, due to collections in respect of certain unlikely-to-pay positions.

Loans and advances to customers increased from €14.8bn to €15bn, on new loans of €4.5bn for the nine months, €1bn of which in 3Q; the reduction compared to last year (€5.3bn) was offset by lower redemptions of €3.6bn (€4.3bn), most of which were early (€2.4bn, versus €1.5bn last year). Gross NPLs, due to the collections referred to above, declined from €631.2m to €584.7m, and account for 3.8% (4.2%) of the total loan book; net NPLs totalled €332.2m (2.2% of total loans); with the coverage ratio up slightly, from 42.8% to 43.2%. No reclassifications were recorded in the three months.

3.2. Specialty Finance: strong growth in assets and results continues

Specialty Finance continues its growth path in factoring, where MBFacta is now the seventh-ranked Italian operator, and in NPL acquisitions, where MBCredit Solutions is now an established player on the market. Overall Specialty Finance generated more than 20% of the CIB division's revenues as at end-March 2019.

Specialty Finance reported **a 27.4% increase in net profit** for the nine months, up from €23.7m to €30.2m, split equally between MBCredit Solutions (up from €12.6m to €15m) and MBFacta (up from €11.1m to €15.2m).

The 20.8% increase in revenues, from €84.3m to €101.8m, reflects growth in net interest income (up 30.5%, from €47.9m to €62.5m), and net fee and commission income (up 6.8%, from €36.6m to €39.1m). MBFacta contributed €40.2m (up 31.4%), €36m of which in net interest income (up 30.4%); while MBCreditSolutions contributed €61.6m (up 14.6%) split between NII (€26.5m) and fees (€35.1m, €21.8m of which due to higher collections on the NPL portfolio).

At the same time, operating costs were also up 14.8%, from €31.1m to €35.7m, chiefly due to the higher recovery costs in connection with NPL portfolio management, of €10.8m (€8m).

Loan loss provisions rose from €17.9m to €21.8m, once again due to the higher volumes: those for factoring rose from €9.2m to €12.3m, whereas provisioning in respect of the NPLs portfolio rose from €8.7m to €9.5m, following an increase in collections on the most recently acquired portfolios.

Loans and advances to customers fell by 10.3%, from €2,590.8m to €2,324.1m, due to seasonal factors affecting ordinary factoring; while the portfolio of NPLs acquired increased to €355.8m (from €345.1m). Non-recourse acquisitions for the nine months involve a nominal amount of €1.4bn, at a cost of €92m (3Q nominal amount €104m for an outlay of €16.9m).

4 Principal Investing: revenues up 7% (to €231m) and profits high (€219m) despite lack of capital gains; ROAC 15%

Results for the first nine months reflect an increase in revenues from €216.8m to €230.9m, basically attributable to Assicurazioni Generali (up from €204.5m to €223.9m), which last year was impacted by the loss taken on the sale of its Dutch insurance business. Net profit declined from €295.1m to €218.8m, due to the absence of gains on disposal of banking book equities (which last year totalled €94m) plus net writedowns to provisions totalling €6.5m.

The book value of the Assicurazioni Generali investment rose from €3,017m to €3,060m during the three months, due to profits of €58.8m and downward value adjustments of €15.6m.

As for banking book equities, investments in funds increased from €502.7m to €512.6m, on new investments totalling €5m, redemptions amounting to €0.6m, and upward adjustments to reflect fair value of €4.4m; while investments in equities increased from €127.4m to €134.7m, substantially due to valuations as at end-March 2019.

5 Holding functions: funding plan completed with costs under control, pre-funding for FY 2019-20 maturities already underway

The loss for the nine months posted by the Holding Functions division **fell from €120.8m to €116.3m**, due to the reduction in treasury net loss (from €52m to €39m), with the other items basically stable: leasing operations were unchanged and central costs flat (making up less than 10% of the Group total), while contributions to the resolution funds were also broadly unchanged at €38m (€36.7m), after an ordinary provision was made to the single resolution fund in an amount of €26.8m.

Holding Functions delivered a positive performance at the top-line level, posting revenues of €6.7m (compared with minus €11.8m last year), due to gains realized on disposals of banking book securities totalling €35.1m (€7.5m) which offset the increase in net interest expense (from €30.7m to €36.7m). Costs rose slightly, from €124.4m to €127.3m, due to project activities (new treasury management platform, plus work required due to changes in regulations).

The various segments performed as follows:

- Group Treasury and ALM delivered a net loss of €39m, a strong improvement on the €52m loss posted last year, on higher treasury profits of €35.1m (€7.5m) and despite the net interest expense (which increased from €64.2m to €66.3m), reflecting the Group's choice to strengthen its liquidity position in an uncertain market scenario; **the cost of funding (which decreased from 90 bps to 80 bps) remained stable at the levels seen in 1H due to use of diversified forms of funding (retail and secured), helped by Mediobanca's solidity in periods of high market volatility and to repayment of certain particularly expensive bond issues**; during the nine months there was bond issuance of €2.6bn (including a €600m securitization of consumer credit receivables, a €750m covered bond and an €850m bond) covering redemptions and buybacks of basically the same amount. There was also an increase in the use of the banking channel, featuring transactions with maturities of over 24 months, in some cases guaranteed by receivables from lending. **In April, with the funding plan for the current financial year now complete, pre-funding for the next financial year was commenced**;

- Leasing delivered a net profit of €3.5m (unchanged), on revenues of €31.5m (€35.4m), operating costs of €18.3m (€19.2m), and loan loss provisions of €5.5m (€5.7m). Leases outstanding declined from €2,043.7m to €1,997m, despite new business increasing in the nine months, from €304m to €329m. Meanwhile, gross NPLs declined, from €208.1m to €197.8m, and represent 9.5% (9.7%) of total leases; net NPLs fell from €126.9m to €120.1m, with the coverage ratio basically stable at 39.3% (39%).

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On 8 November 2018, the share buyback programme was launched, as authorized by shareholders at the annual general meeting held on 27 October 2018 and by the European Central Bank pursuant to Articles 77-78 of Regulation (EU) 575/2013 (the "CRR") on 23 October 2018. The buyback, which is in the process of being completed, involves a maximum of 3% of the share capital (or some 26.6 million shares), for use in connection with possible acquisitions or to implement share-based compensation schemes, current or future. As at 31 March 2019 (i.e. prior to the MMA acquisition), Mediobanca owned a total of 22.1 million treasury shares (or 2.5% of its share capital), following purchases of 15.2 million and uses of 1.8 million shares in connection with the performance share schemes in force.

It should also be noted that subsequent to 31 March 2019, a portion of these shares were used to pay for the interest acquired in MMA. The buyback programme is still in progress and may continue up to 3% of the share capital (the authorization has 18 months' validity until April 2020, and could involve up to an additional 1.7% of the share capital).

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MEDIOBANCA

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	1,014.2	1,047.0	3.2%
Net treasury income	124.4	150.5	21.0%
Net fee and commission income	456.6	461.5	1.1%
Equity-accounted companies	204.9	224.8	9.7%
Total income	**1,800.1**	**1,883.8**	**4.6%**
Labour costs	(408.9)	(427.6)	4.6%
Administrative expenses	(404.4)	(425.2)	5.1%
Operating costs	**(813.3)**	**(852.8)**	**4.9%**
Gains (losses) on disposal of equity holdings	95.9	(4.6)	n.m.
Loan loss provisions	(173.5)	(161.4)	-7.0%
Provisions for other financial assets	0.0	(1.4)	n.m.
Other income (losses)	(38.7)	(37.2)	-3.9%
Profit before tax	**870.5**	**826.4**	**-5.1%**
Income tax for the period	(186.1)	(195.9)	5.3%
Minority interest	(2.5)	(4.5)	80.0%
Net profit	**681.9**	**626.0**	**-8.2%**

2. Quarterly profit and loss accounts

Mediobanca Group	FY 17/18				FY 17/18		
(€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	II Q 31/12/18	III Q 31/03/19
Net interest income	331.7	340.4	342.1	345.2	344.1	356.5	346.4
Net treasury income	38.7	46.7	39.0	33.0	40.8	56.8	52.9
Net commission income	138.3	152.9	165.4	165.6	155.1	157.8	148.6
Equity-accounted companies	89.7	31.5	83.7	75.4	97.7	67.8	59.3
Total income	**598.4**	**571.5**	**630.2**	**619.2**	**637.7**	**638.9**	**607.2**
Labour costs	(129.9)	(141.1)	(137.9)	(148.9)	(137.9)	(144.3)	(145.4)
Administrative expenses	(125.8)	(136.8)	(141.8)	(152.7)	(133.5)	(145.9)	(145.8)
Operating costs	**(255.7)**	**(277.9)**	**(279.7)**	**(301.6)**	**(271.4)**	**(290.2)**	**(291.2)**
Gains (losses) on disposal of equity holdings	89.4	5.0	1.5	2.4	3.7	(13.5)	5.2
Loan loss provisions	(54.6)	(58.6)	(60.3)	(73.7)	(58.8)	(50.7)	(51.9)
Provisions for other fin. assets	(1.3)	0.9	0.4	(1.3)	0.4	(1.5)	(0.3)
Other income (losses)	(5.1)	(5.3)	(28.3)	(19.7)	0.0	(11.1)	(26.1)
Profit before tax	**371.1**	**235.6**	**263.8**	**225.3**	**311.6**	**271.9**	**242.9**
Income tax for the period	(69.1)	(59.5)	(57.5)	(42.0)	(64.4)	(65.2)	(66.3)
Minority interest	(1.1)	(0.7)	(0.7)	(1.3)	(1.8)	(1.6)	(1.1)
Net profit	**300.9**	**175.4**	**205.6**	**182.0**	**245.4**	**205.1**	**175.5**

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3. Restated balance sheet

Mediobanca Group (€m)	31/03/2018	30/06/2018	31/12/2018	31/03/2019
Assets				
Financial assets held for trading	8,491.7	8,204.9	9,315.4	9,728.8
Treasury financial assets	9,955.9	8,358.2	10,220.8	10,674.5
Banking book securities	7,840.9	7,744.7	7,697.5	8,058.1
Customer loans	40,203.0	41,127.9	42,936.2	43,309.5
Corporate	*13,769.8*	*13,996.9*	*14,809.8*	*14,996.7*
Specialty Finance	*1,904.2*	*2,137.3*	*2,590.8*	*2,324.1*
Consumer credit	*12,307.2*	*12,517.8*	*12,766.2*	*12,974.4*
Mortgages	*7,883.7*	*8,107.1*	*8,381.5*	*8,624.5*
Private banking	*2,191.3*	*2,252.1*	*2,344.2*	*2,392.8*
Leasing	*2,146.8*	*2,116.7*	*2,043.7*	*1,997.0*
Equity investments	3,817.7	3,983.1	3,737.1	3,797.0
Tangible and intangible assets	1,032.4	1,027.7	1,024.8	1,023.0
Other assets	1,581.6	1,854.0	1,599.3	1,760.4
Total assets	**72,923.2**	**72,300.5**	**76,531.1**	**78,351.3**
Liabilities				
Funding	48,330.1	48,893.2	50,752.4	52,006.3
MB bonds	*19,732.5*	*19,179.4*	*19,240.0*	*19,232.1*
Retail deposits	*13,307.0*	*14,163.0*	*14,414.3*	*15,157.2*
Private Banking deposits	*4,774.3*	*4,933.7*	*6,785.9*	*7,414.7*
ECB	*4,339.5*	*4,336.5*	*4,328.8*	*4,325.0*
Banks and other	*6,176.8*	*6,280.6*	*5,983.4*	*5,877.3*
Treasury financial liabilities	6,286.0	5,290.4	6,541.3	6,582.1
Financial liabilities held for trading	6,715.4	6,462.4	8,087.7	8,415.6
Other liabilities	1,761.5	1,709.3	1,643.0	1,718.6
Provisions	216.2	213.0	212.6	215.2
Net equity	9,614.0	9,732.2	9,294.1	9,413.5
Minority interest	*86.5*	*87.9*	*89.2*	*89.3*
Profit for the period	*681.9*	*863.9*	*450.5*	*626.0*
Total liabilities	**72,923.2**	**72,300.5**	**76,531.1**	**78,351.3**
CET 1 capital	6,561.9	6,746.6	6,586.6	6,622.9
Total capital	8,161.2	8,575.3	8,268.8	8,265.4
RWA	47,290.4	47,362.7	47,487.6	46,476.2

4. Consolidated shareholders' equity

Net equity (€m)	31/03/2018	30/06/2018	31/12/2018	31/03/2019
Share capital	443.1	443.3	443.5	443.6
Other reserves	7,566.4	7,572.8	7,892.7	7,857.3
Valuation reserves	836.1	764.3	418.2	397.3
- of which: Other Comprehensive Income	*188.1*	*121.5*	*84.3*	*95.2*
cash flow hedge	*(11.4)*	*(15.7)*	*(15.4)*	*(26.5)*
equity investments	*663.4*	*663.7*	*352.4*	*331.4*
Minority interest	86.5	87.9	89.2	89.3
Profit for the period	681.9	863.9	450.5	626.0
Total Group net equity	**9,614.0**	**9,732.2**	**9,294.1**	**9,413.5**

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5. Ratios (%) and per share data (€)

Mediobanca Group	31/03/2018	30/06/2018	31/12/2018	31/03/2019
Total assets / Net equity	7.6	7.4	8.2	8.3
Loans / Funding	0.83	0.84	0.85	0.83
CET1 ratio1	13.9	14.2	13.9	14.3
Total capital1	17.3	18.1	17.4	17.8
S&P Rating	BBB	BBB	BBB	BBB
Fitch Rating	BBB	BBB	BBB	BBB
Moody's Rating	Baa1	Baa1	Baa1	Baa1
Cost / Income	45.2	46.1	44.0	45.3
Bad Loans (sofferenze)/Loans ratio (%)	0.4	0.4	0.3	0.3
EPS	0.76	0.97	0.51	0.71
BVPS	10.6	10.4	10.4	10.5
DPS		0.47		
No. shares (m)	886.1	886.6	887.0	887.2

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

9m – March 19 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	194.2	674.5	204.7	(5.3)	(36.7)	1,047.0
Net treasury income	5.4	—	98.4	11.4	35.3	150.5
Net fee and commission income	209.9	95.4	174.8	—	8.1	461.5
Equity-accounted companies	—	—	—	224.8	—	224.8
Total income	**409.5**	**769.9**	**477.9**	**230.9**	**6.7**	**1,883.8**
Labour costs	(164.7)	(73.6)	(100.9)	(2.9)	(85.5)	(427.6)
Administrative expenses	(157.7)	(142.8)	(96.6)	(0.8)	(41.8)	(425.2)
Operating costs	**(322.4)**	**(216.4)**	**(197.5)**	**(3.7)**	**(127.3)**	**(852.8)**
Gains (losses) on disposal of equity holdings	0.2	—	0.9	(6.5)	0.8	(4.6)
Loan loss provisions	(6.8)	(174.5)	25.0	—	(5.1)	(161.4)
Provisions for other financial assets	—	—	1.3	—	(2.7)	(1.4)
Other income (losses)	0.9	—	—	—	(38.0)	(37.2)
Profit before tax	**81.4**	**379.0**	**307.6**	**220.7**	**(165.6)**	**826.4**
Income tax for the period	(23.2)	(122.9)	(99.0)	(1.9)	51.6	(195.9)
Minority interest	(2.2)	—	—	—	(2.3)	(4.5)
Net profit	**56.0**	**256.1**	**208.6**	**218.8**	**(116.3)**	**626.0**
Loans and advances to Customers	11,017.3	12,974.4	17,320.8	—	1,997.0	43,309.5
RWAs	4,307.8	12,247.6	19,982.7	6,085.0	3,853.1	46,476.2
No. of staff	1,901	1,422	567	10	809	4,709

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

9m – March 18 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	189.7	650.7	199.9	(5.3)	(30.7)	1,014.2
Net treasury income	9.3	—	90.3	17.2	7.5	124.4
Net fee and commission income	185.4	93.1	191.1	—	11.4	456.6
Equity-accounted companies	—	—	—	204.9	—	204.9
Total income	**384.4**	**743.8**	**481.3**	**216.8**	**(11.8)**	**1,800.1**
Labour costs	(145.9)	(71.9)	(101.2)	(2.8)	(87.2)	(408.9)
Administrative expenses	(160.0)	(137.4)	(84.5)	(0.7)	(37.2)	(404.4)
Operating costs	**(305.9)**	**(209.3)**	**(185.7)**	**(3.5)**	**(124.4)**	**(813.3)**
Gains (losses) on disposal of equity holdings	1.9	—	—	94.0	—	95.9
Loan loss provisions	(12.5)	(181.3)	26.2	—	(5.7)	(173.5)
Provisions for other financial assets	—	—	0.9	(0.8)	(0.1)	0.0
Other income (losses)	—	—	—	—	(38.7)	(38.7)
Profit before tax	**67.9**	**353.2**	**322.7**	**306.5**	**(180.7)**	**870.5**
Income tax for the period	(16.4)	(113.4)	(107.0)	(11.4)	62.2	(186.1)
Minority interest	(0.2)	0.0	—	—	(2.3)	(2.5)
Net profit	**51.3**	**239.8**	**215.7**	**295.1**	**(120.8)**	**681.9**
Loans and advances to Customers	10,075.0	12,307.2	15,674.0	—	2,146.8	40,203.0
RWAs	5,759.2	11,769.4	20,031.4	5,877.0	3,853.4	47,290.4
No. of staff	1,880	1,422	588	12	787	4,689

7. Wealth Management

Wealth Management (€m)	9 mths	9 mths	Chg. (%)
	31/03/2018	31/03/2019	
Net interest income	189.7	194.2	2.4%
Net treasury income	9.3	5.4	-41.9%
Net fee and commission income	185.4	209.9	13.2%
Equity-accounted companies	—	—	n.m.
Total income	**384.4**	**409.5**	**6.5%**
Labour costs	(145.9)	(164.7)	12.9%
Administrative expenses	(160.0)	(157.7)	-1.4%
Operating costs	**(305.9)**	**(322.4)**	**5.4%**
Gains (losses) on disposal of equity holdings	1.9	0.2	-89.5%
Loan loss provisions	(12.5)	(6.8)	-45.6%
Provisions for other financial assets	—	—	n.m.
Other income (losses)	—	0.9	n.m.
Profit before tax	**67.9**	**81.4**	**19.9%**
Income tax for the period	(16.4)	(23.2)	41.5%
Minority interest	(0.2)	(2.2)	n.m.
Net profit	**51.3**	**56.0**	**9.2%**
Loans and advances to customers	10,075.0	11,017.3	9.4%
New loans	1,124.1	1,234.2	9.8%
Total Financial Assets (TFA)	62,877.4	68,028.7	8.2%
- AUM/AUA	36,484.0	39,097.8	7.2%
- Asset under custody	8,323.0	6,681.0	-19.7%
- Deposits	18,070.4	22,249.9	23.1%
No. of staff	1,880	1,901	1.1%
RWAs	5,759.2	4,307.8	-25.2%
Cost/income ratio (%)	79.6%	78.7%	
Bad loans (sofferenze)/loans ratio (%)	1.0	0.7	

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7.1 CheBanca!- Affluent/Premier

CheBanca! - Affluent/Premier (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	158.7	157.4	-0.8%
Net treasury income	0.6	0.6	n.m.
Net fee and commission income	56.9	62.3	9.5%
Equity-accounted companies	—	—	n.m.
Total income	**216.2**	**220.3**	**1.9%**
Labour costs	(75.1)	(79.2)	5.5%
Administrative expenses	(98.7)	(95.5)	-3.2%
Operating costs	**(173.8)**	**(174.7)**	**0.5%**
Gains (losses) on disposal of equity holdings	—	(0.1)	n.m.
Loan loss provisions	(12.1)	(9.1)	-24.8%
Provisions for other financial assets	—	—	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**30.3**	**36.4**	**20.1%**
Income tax for the period	(8.1)	(12.5)	54.3%
Minority interest	—	—	n.m.
Net profit	**22.2**	**23.9**	**7.7%**
Loans and advances to customers	7,883.7	8,624.5	9.4%
New loans	1,124.1	1,234.2	9.8%
Total Financial Assets (TFA)	21,242.5	24,926.3	17.3%
- AUM/AUA	7,935.5	9,769.3	23.1%
-Asset under custody	0.0	0.0	n.m.
- Deposits	13,307.0	15,157.0	13.9%
No. of branches	109	110	0.9%
No. of staff	1,318	1,339	1.6%
RWAs	3,771.7	2,431.1	-35.5%
Cost/income ratio (%)	80.4%	79.3%	
Bad loans (*sofferenze*)/loans ratio (%)	1.2	0.8	

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7.2 Private Banking

Private Banking (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	31.0	36.8	18.7%
Net treasury income	8.7	4.8	-44.8%
Net fee and commission income	128.5	147.6	14.9%
Equity-accounted companies	—	—	n.m.
Total income	**168.2**	**189.2**	**12.5%**
Labour costs	(70.8)	(85.5)	20.8%
Administrative expenses	(61.3)	(62.2)	1.5%
Operating costs	**(132.1)**	**(147.7)**	**11.8%**
Gains (losses) on disposal of equity holdings	1.9	0.3	-84.2%
Loan loss provisions	(0.4)	2.3	n.m.
Provisions for other financial assets	—	—	n.m.
Other income (losses)	—	0.9	n.m.
Profit before tax	**37.6**	**45.0**	**19.7%**
Income tax for the period	(8.3)	(10.7)	28.9%
Minority interest	(0.2)	(2.2)	n.m.
Net profit	**29.1**	**32.1**	**10.3%**
Loans and advances to customers	2,191.3	2,392.8	9.2%
Total Financial Assets (TFA)	41,634.9	43,102.4	3.5%
-AUM/AUA	28,548.5	29,328.5	2.7%
-Asset under custody	8,323.0	6,681.0	-19.7%
-Deposits	4,763.4	7,092.9	48.9%
No. of staff	562	562	0.0%
RWA	1,987.6	1,876.7	-5.6%
Cost/income ratio (%)	78.5%	78.1%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.2	

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8. Consumer Banking

Consumer Banking (€m)	9 mths	9 mths	Chg. (%)
	31/03/2018	31/03/2019	
Net interest income	650.7	674.5	3.7%
Net treasury income	—	—	n.m.
Net fee and commission income	93.1	95.4	2.5%
Equity-accounted companies	—	—	n.m.
Total income	**743.8**	**769.9**	**3.5%**
Labour costs	(71.9)	(73.6)	2.4%
Administrative expenses	(137.4)	(142.8)	3.9%
Operating costs	**(209.3)**	**(216.4)**	**3.4%**
Gains (losses) on disposal of equity holdings	—	—	n.m.
Loan loss provisions	(181.3)	(174.5)	-3.8%
Provisions for other financial assets	—	—	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**353.2**	**379.0**	**7.3%**
Income tax for the period	(113.4)	(122.9)	8.4%
Minority interest	—	—	n.m.
Net profit	**239.8**	**256.1**	**6.8%**
Loans and advances to customers	12,307.2	12,974.4	5.4%
New loans	5,158.6	5,396.0	4.6%
No. of branches	168	172	2.4%
No. of staff	1,422	1,422	0.0%
RWAs	11,769.4	12,247.6	4.1%
Cost/income ratio (%)	28.1%	28.1%	
Bad loans (*sofferenze*)/loans ratio (%)	0.1	0.1	

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9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	199.9	204.7	2.4%
Net treasury income	90.3	98.4	9.0%
Net fee and commission income	191.1	174.8	-8.5%
Equity-accounted companies	—	—	n.m.
Total income	**481.3**	**477.9**	**-0.7%**
Labour costs	(101.2)	(100.9)	-0.3%
Administrative expenses	(84.5)	(96.6)	14.3%
Operating costs	**(185.7)**	**(197.5)**	**6.4%**
Gains (losses) on disposal of equity holdings	—	0.9	n.m.
Loan loss provisions	26.2	25.0	-4.6%
Provisions for other financial assets	0.9	1.3	44.4%
Other income (losses)	—	—	n.m.
Profit before tax	**322.7**	**307.6**	**-4.7%**
Income tax for the period	(107.0)	(99.0)	-7.5%
Minority interest	—	—	n.m.
Net profit	**215.7**	**208.6**	**-3.3%**
Loans and advances to customers	15,674.0	17,320.8	10.5%
No. of staff	588	567	-3.6%
RWAs	20,031.4	19,982.7	-0.2%
Cost/income ratio (%)	38.6%	41.3%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

9.1 Wholesale Banking

Wholesale banking (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	152.0	142.2	-6.4%
Net treasury income	90.5	98.2	8.5%
Net fee and commission income	154.5	135.7	-12.2%
Equity-accounted companies	—	—	n.m.
Total income	**397.0**	**376.1**	**-5.3%**
Labour costs	(88.9)	(88.4)	-0.6%
Administrative expenses	(65.7)	(73.4)	11.7%
Operating costs	**(154.6)**	**(161.8)**	**4.7%**
Gains (losses) on disposal of equity holdings	—	0.9	n.m.
Loan loss provisions	44.1	46.8	6.1%
Provisions for other financial assets	0.9	1.0	11.1%
Other income (losses)	—	—	n.m.
Profit before tax	**287.4**	**263.0**	**-8.5%**
Income tax for the period	(95.4)	(84.6)	-11.3%
Minority interest	—	—	n.m.
Net profit	**192.0**	**178.4**	**-7.1%**
Loans and advances to customers	13,769.8	14,996.7	8.9%
No. of staff	353	325	-7.9%
RWAs	18,068.1	17,474.4	-3.3%
Cost/income ratio (%)	38.9%	43.0%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

9.2 Specialty Finance

Specialty Finance (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	47.9	62.5	30.5%
Net treasury income	(0.2)	0.2	n.m.
Net fee and commission income	36.6	39.1	6.8%
Equity-accounted companies	—	—	n.m.
Total income	**84.3**	**101.8**	**20.8%**
Labour costs	(12.3)	(12.5)	1.6%
Administrative expenses	(18.8)	(23.2)	23.4%
Operating costs	**(31.1)**	**(35.7)**	**14.8%**
Gains (losses) on disposal of equity holdings	—	—	n.m.
Loan loss provisions	(17.9)	(21.8)	21.8%
Provisions for other financial assets	—	0.3	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**35.3**	**44.6**	**26.3%**
Income tax for the period	(11.6)	(14.4)	24.1%
Minority interest	—	—	n.m.
Net profit	**23.7**	**30.2**	**27.4%**
Loans and advances to customers	1,904.2	2,324.1	22.1%
Of which factoring	*1,631.7*	*1,968.0*	20.6%
Of which credit management	*272.5*	*356.1*	30.7%
No. of staff	235	242	3.0%
RWAs	1,963.3	2,508.3	27.8%
Cost/income ratio (%)	36.9%	35.1%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

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10. Principal Investing

PI (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	(5.3)	(5.3)	n.m.
Net treasury income	17.2	11.4	-33.7%
Net fee and commission income	—	—	n.m.
Equity-accounted companies	204.9	224.8	9.7%
Total income	**216.8**	**230.9**	**6.5%**
Labour costs	(2.8)	(2.9)	3.6%
Administrative expenses	(0.7)	(0.8)	14.3%
Operating costs	**(3.5)**	**(3.7)**	**5.7%**
Gains (losses) on disposal of equity holdings	94.0	(6.5)	n.m.
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	(0.8)	—	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**306.5**	**220.7**	**-28.0%**
Income tax for the period	(11.4)	(1.9)	-83.3%
Minority interest	—	—	n.m.
Net profit	**295.1**	**218.8**	**-25.9%**
Equity investments	3,298.5	3,100.2	-6.0%
Other investments	472.2	647.3	37.1%
RWA	5,877.0	6,085.0	3.5%

11. Holding Functions

Holding Functions (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	(30.7)	(36.7)	n.m.
Net treasury income	7.5	35.3	n.m.
Net fee and commission income	11.4	8.1	-28.9%
Equity-accounted companies	—	—	n.m.
Total income	**(11.8)**	**6.7**	**n.m.**
Labour costs	(87.2)	(85.5)	-1.9%
Administrative expenses	(37.2)	(41.8)	12.4%
Operating costs	**(124.4)**	**(127.3)**	**2.3%**
Gains (losses) on disposal of equity holdings	—	0.8	n.m.
Loan loss provisions	(5.7)	(5.1)	-10.5%
Provisions for other financial assets	(0.1)	(2.7)	n.m.
Other income (losses)	(38.7)	(38.0)	-1.8%
Profit before tax	**(180.7)**	**(165.6)**	**8.4%**
Income tax for the period	62.2	51.6	-17.0%
Minority interest	(2.3)	(2.3)	n.m.
Net profit	**(120.8)**	**(116.3)**	**3.7%**
Loans and advances to customers	2,146.8	1,997.0	-7.0%
Banking book securities	6,488.6	6,873.0	5.9%
RWA	3,853.4	3,853.1	0.0%
No. of staff	787	809	2.8%

12. Statement of comprehensive income

		9 mths 31/03/2018*	9 mths 31/03/2019
10.	**Gain (loss) for the period**	**684.4**	**629.3**
	Other income items net of tax without passing through profit and loss	**2.1**	**19.1**
20.	Equity instruments designated at fair value through other comprehensive income	-	12.7
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	-	-
40.	Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
50.	Property. plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	(0.8)	(1.9)
80.	Non-current assets and disposal groups classified as held for sale	-	-
90.	Portion of valuation reserves from investments valued at equity method	2.9	8.3
	Other income items net of tax passing through profit and loss	**(36.8)**	**(364.6)**
100.	Foreign investment hedges	-	-
110.	Exchange rate differences	(1.1)	4.2
120.	Cash flow hedges	33.5	(13.8)
130.	Hedging instruments (non-designated items)	-	-
140.	Financial assets (different from equity instruments) at fair value through other comprehensive Income [(1)]	(131.2)[(1)]	(14.4)
150.	Non-current assets and disposal groups classified as held for sale	-	-
160.	Part of valuation reserves from investments valued at equity method	61.9	(340.6)
170.	**Total other income items net of tax**	**(34.8)**	**(345.5)**
180.	**Comprehensive income (Item 10+170)**	**649.6**	**283.8**
190.	Minority interest in consolidated comprehensive income	3.1	3.4
200.	**Consolidated comprehensive income attributable to Mediobanca S.p.A.**	**646.5**	**280.4**

* 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.

(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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Parent company's reclassified P&L and A&L

Mediobanca S.p.A. (€m)	9 mths 31/03/2018	9 mths 31/03/2019	Chg. (%)
Net interest income	70.4	67.7	-3.8%
Net treasury income	116.4	144.0	23.7%
Net fee and commission income	204.7	182.2	-11.0%
Dividends on investments	5.2	0.0	n.m.
Total income	**396.7**	**393.9**	**-0.7%**
Labour costs	(174.3)	(179.7)	3.1%
Administrative expenses	(126.9)	(134.5)	6.0%
Operating costs	**(301.2)**	**(314.2)**	**4.3%**
Gains (losses) on disposal of equity holdings	94.0	(6.4)	n.m.
Loan loss provisions	44.1	45.5	3.2%
Provisions for other financial assets	2.3	(1.0)	n.m.
Impairment on investments	—	(2.5)	n.m.
Other profits (losses)	(22.5)	(21.2)	-5.8%
Profit before tax	**213.4**	**94.1**	**-55.9%**
Income tax for the period	(40.7)	(35.9)	-11.8%
Net profit	**172.7**	**58.2**	**-66.3%**

Mediobanca S.p.A. (€m)	31/03/2018	31/12/2018	31/03/2019
Assets			
Financial assets held for trading	8,470.5	9,354.3	9,844.8
Treasury financial assets	10,400.3	11,199.1	12,268.2
Banking book securities	12,014.7	11,808.8	12,122.3
Customer loans	25,861.0	27,124.1	27,566.7
Equity Holdings	3,084.0	3,741.1	3,761.3
Tangible and intangible assets	157.6	151.1	149.0
Other assets	523.7	565.3	697.8
Total assets	**60,511.8**	**63,943.8**	**66,410.1**
Liabilities			
Funding	39,975.6	42,109.7	43,967.4
Treasury financial liabilities	7,646.7	8,027.0	8,277.2
Financial liabilities held for trading	6,776.7	8,141.7	8,341.3
Other liabilities	833.6	717.7	897.1
Provisions	106.9	128.6	128.0
Net equity	4,999.6	4,768.5	4,740.9
Profit for the period	172.7	50.6	58.2
Total liabilities	**60,511.8**	**63,943.8**	**66,410.1**

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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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