



MEDIOBANCA

MEDIOBANCA

LIMITED COMPANY

SHARE CAPITAL FULLY PAID UP: €433,686,380.50

REGISTERED OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

REGISTERED IN THE MILAN COMPANIES' REGISTER

TAX IDENTIFICATION CODE AND VAT NUMBER: 00714490158

REGISTERED AS A BANK AND A BANKING GROUP UNDER REGISTRATION NO. 10631.O.

PARENT COMPANY OF THE MEDIOBANCA S.P.A. BANKING GROUP

Registration document for the twelve months ended 30 June 2015

Drawn up in accordance with Consob resolution no. 11971 issued on 14 May 1999 and

EC commission regulations no. (CE) 809/2004 approved on 29 April 2004

enacting the methods of application for Directive 2003/71 CE

Issuer

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

Registration Document filed with Consob on 16 October 2015 following approval as notified by memo no. 80611/15 issued on 16 October 2015.

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

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

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

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



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1 Information regarding the persons responsible for this Registration Document

1.1. Persons responsible

Mediobanca - Banca di Credito Finanziario S.p.A. (“Mediobanca”, the “Issuer” or the “Company”), with its registered office in Piazzetta Enrico Cuccia 1, Milan, in the persons of its representatives-at-law Massimo Bertolini (Head of Company Financial Reporting) and Stefano Vincenzi (Legal Counsel), is responsible for the information provided in this Registration Document.

1.2. Declaration of responsibility

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



2 Auditors of the financial statements

2.1. External and supervisory auditors

PricewaterhouseCoopers S.p.A., with registered offices in Via Monte Rosa 91, Milan, Italy, audited the consolidated financial statements of Mediobanca as at 30 June 2015 (see section 11.3.1 below), and also the statutory and consolidated financial statements of Mediobanca as at 30 June 2014 (see section 11.3.1 below). The statutory financial statements of Mediobanca as at 30 June 2015 will be approved by the company's shareholders at the Annual General Meeting scheduled to be held on 28 October 2015. Any differences between the draft statutory accounts and the financial statements to be approved by shareholders in annual general meeting will be disclosed specifically to the market, if appropriate in the form of a supplement to this Registration document.

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

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

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



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3 Risk factors

3.1. Risks attributable to the Issuer and the Mediobanca Group

3.1.1. Market risk

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

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

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

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

3.1.2. Risk linked to sovereign exposures

A further market risk is the possibility of reductions in the credit standing of third parties in which the Issuer holds investments in the form of equities or bonds issued by such parties. Such reductions in credit standing could lead to losses and/or adversely impact on the Issuer's ability to commit such shares or bonds or to use them differently for liquidity purposes. The Issuer is exposed by its very nature to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks. As at 30 June 2015, the Bank's exposure to government securities was equal to 30.3% of its total assets, with Italian government securities accounting for 24.2% and German bonds 3.5%. For further information, please see the table shown in section 3.3., "Select financial information".

3.1.3. Market competition risk

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



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

3.1.4. Issuer liquidity risk

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

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

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

As for the liquidity indicators, as at 30 June 2015, the loan-to-deposit ratio was 100%. Since 30 June 2014, the new supervisory reporting in respect of short-term and medium-/long-term liquidity has also been operative, in the form of the liquidity coverage ratio (LCR) for the former and the net stable funding ratio (NSFR) for the latter, with no problems emerging; as at 30 June 2015 both these indicators instituted under the Basel III regulations were above the limit set (LCR and NSFR >100%).

3.1.5. Credit risk

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

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

The following table shows the Issuer's credit risk indicators on a consolidated basis for the financial years ended 30 June 2014 and 30 June 2015, compared with the average system data as at 31 December 2013 and 31 December 2014 published by the Bank of Italy (the Issuer's financial year ends on 30 June so comparison as at this date is not possible).

Credit risk indicators*



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Indicators	30/6/14 (%)	Avg. system data as at 31/12/13 (%)**	30/6/15 (%)	Avg. system data as at 31/12/14 (%)**
Gross bad debts/gross loans	1.6%	6.9%	1.4%	8.3%
Net bad debts/net loans	0.7%	4.2%***	0.6%	4.7%***
Gross irregular items/gross loans	5.4%	13.7%	5.5%	15.8%
Net irregular items/net loans	2.9%	10.1%***	2.7%	10.9%***
Coverage ratio for bad debts	67.1%	55.0%	65.6%	56.9%
Coverage ratio for irregular items	50.4%	37.3%	53.2%	40.8%
Net bad debts/net equity	3.4%	-	3.2%	-
Cost of risk****	2.30%	-	1.68%	-

* Data taken from information shown in part E of the notes to the accounts and refer to the entire prudential consolidation area.

** Data taken for reports of financial stability published on 1 April 2015, table 3.1, p. 21, and 1 May 2014, table 3.1, p. 26 and refer to figures for large banks.

***. Data taken from annex to Bank of Italy annual reports for 2013 and 2014 and refer to figures for the total system.

**** Cost of risk obtained from the ratio between total net loan loss provisions for the period and average net customer loans.

3.1.6. Operational risk

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

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

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

3.1.7. Judicial and arbitration proceedings in course

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

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

The provision for risks and charges amply covers any charges that may be payable as a result of the claims made against Mediobanca and the Group companies.



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

3.2.1. System risks linked to the economic/financial crisis and to uncertainties in the macroeconomic scenario

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

The Issuer's performance is also influenced by the general economic situation, both national and for the Eurozone as a whole, and by the trend on financial markets, in particular by the solidity and growth prospects of the geographical areas in which the Issuer operates. The macroeconomic scenario currently reflects considerable areas of uncertainty, in relation to: (a) the trends in the real economy with reference to the prospects of recovery and growth in the national economy and/or resilience of growth in the economies of those countries, such as the United States and China, which have delivered growth, even substantial, in recent years; (b) future developments in the monetary policy of the ECB for the Eurozone area, and the Fed for the US dollar area, and the policies implemented by various countries to devalue their own currencies for competitive reasons; (c) the sustainability of the sovereign debt of certain countries, and the tensions noted more or less frequently on financial markets. In this connection, attention should be drawn in particular to: (i) the recent developments in the Greek sovereign debt crisis, which raised considerable uncertainties (as yet not entirely dispelled) over the prospects of Greece remaining part of the Eurozone, not to mention, in an extreme scenario, the risk of contagion between the sovereign debt markets of the various countries, and indeed the very resilience of the European monetary system based on the single currency; (ii) the recent turbulence on the main Asian financial markets, in particular China. There is therefore the risk that the future development of these scenarios could impact adversely on the Issuer's capital, earnings and financial situation.

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

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

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

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

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

The sharp and prolonged crisis on financial markets has led to more rigorous regulations being adopted by international authorities. As from 1 January 2014, part of the supervisory regulations have been amended based on the guidelines emerging from the Basel III agreements, with a view chiefly to



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strengthening the minimum capital requirements, controlling the degree of financial leverage, and introducing policies and quantitative rules to mitigate liquidity risk among banking institutions.

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

Completion of the ECB's Comprehensive Assessment exercise confirmed the adequacy of the Group's capital, even in stressed scenarios, and the 2014 Supervisory Review and Evaluation Process (SREP) 2014 set the minimum CET1 level at 9% and the minimum Total Capital ratio level at 11% (phase-in regulations in both cases).

The ECB has begun a review of its assessment of the most significant European banks (a definition which includes the Issuer) for the 2015 SREP; as at the date hereof, the ECB has not notified any further prudential measures or flagged up any critical issues regarding the strategies, processes and mechanisms implemented by the Issuer to manage its capital and liquidity or hedge its risks, nor has any official communication been received from the ECB notifying an increase in the minimum prudential requisites.

Furthermore, under the Basel III agreements banks are required to monitor their leverage ratios, i.e. the ratio between their tier 1 capital and overall exposure, pursuant to Article 429 of EU regulation 575/13. This indicator has been subject to disclosure by banks since 2015; however, as at the date hereof, the minimum threshold and start-date for monitoring this indicator have still not been finalized. The Mediobanca Group's leverage ratio as at 30 June 2015, was 12% (with CET1 fully phased) and 10.9% (phase-in regime).

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

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

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

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

Further information and details on these indicators is provided in section 3.3, "Select financial information".

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

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



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

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

The Directive is in the process of being enacted at national level, but for the provisions relating to the bail-in tool, individual member states are allowed to defer application until 1 January 2016 at the latest. The provisions of the Directive may also be applied to financial instruments already in issue, i.e. even if they are issued before the aforementioned deadlines.

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

Furthermore, it should be noted that with the introduction of Directive 2014/49/EU (on deposit guarantee systems) on 16 April 2014, the BRRD referred to above (Directive 2014/59/EU) and the institution of the Single Resolution Mechanism (EU regulation no. 806/14 issued on 15 July 2014), credit institutions are obliged to establish specific provisions to protect deposits and to contribute to the Bank Resolution Fund. The amount of the provision for the Bank Resolution Fund (Directive 2014/59/EU - BRRD) for the financial year under review was €13.5m, while the amount for 2015 will be notified in the course of November. Conversely, no provision was made for the deposit guarantee system (Directive 2014/49/EU), as the amount will be set aside in the first half of the Issuer's 2015/16 financial year.



3.3. Select financial information

Some consolidated earnings and financial indicators as at 30 June 2015 (taken from the consolidated financial statements of Mediobanca as at 30 June 2015 approved by the Board of Directors on 22 September 2015) are set forth below, along with comparative data for the year ended 30 June 2014. The statutory accounts will be approved by the shareholders of Mediobanca at the annual general meeting to be held on 28 October 2015; Any differences between the draft statutory accounts and the financial statements to be approved by shareholders in annual general meeting will be disclosed specifically to the market, if appropriate in the form of a supplement to this Registration document.

Table 1

Regulatory capital and solvency margins

Indicators and own funds (regulations in force since 1/1/14)	30 June 2014 (€m or %)	30 June 2015 (€m or %)	Minimum levels set by regulations**
Common equity tier 1 (CET1)	6,506.7	7,137.5	
Additional tier 1 (AT1)	-	-	
Tier 2 (T2)	1,576.2	1,745.1	
Own funds	8,082.9	8,882.6	
Risk-weighted assets (RWAs*)	58,744.1	59,577.1	
Common equity tier 1/RWAs (CET1 ratio)	11.08%	11.98%	7%
Tier 1/RWAs (T1 ratio)	11.08%	11.98%	8.5%
Total capital ratio	13.76%	14.91%	10.5%
Risk-weighted assets/total assets	83.4%	84.3	
Leverage ratio*** (temporary)	-	10.9	

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

** Limits include the capital conservation buffer (2.5%) for the minimum levels set by the regulations.

*** The leverage ratio is the Group's regulatory and tier 1 capital expressed as a percentage of its total exposure (i.e. the sum of its assets and off-balance-sheet exposures). This indicator was introduced by the Basel Committee to keep down debt and contain excessive use of financial leverage in the banking sector.

The capital ratios as from 30 June 2015 have been calculated in accordance with the new supervisory regulations consisting of a directive ("Capital Requirements Directive IV - CRD IV") and a regulation ("Capital Requirements Regulation - CRR") issued by the European Parliament in July 2013 and incorporated into the Italian regulatory framework under Bank of Italy circular no. 285.¹ The Common Equity Tier 1 ratio stood at 11.98% and the Tier 1 ratio at 14.91%, compared with a minimum requirement of 7% for the CET1 ratio, 8.5% for the Tier 1 ratio and 10.5% for the Total Capital Ratio.

The fully-phased ratios as at 30 June 2015 (i.e. with full application of the CRR/CRD IV rules, in particular the possibility of including the entire AFS reserve within CET1), compared to the phased-in capital ratios as at the same date (and shown in table 1) rise to 13.19% (for the CET1 and T1 ratios) and to 15.62% (for the Total Capital ratio). Please refer to the Issuer's consolidated financial statements for further details (p. 270; see www.mediobanca.it).

1) The new, EU-wide regime (enacted also in Italy) governing capital requirements for the banking system known as CRD IV (the Capital Requirements Directive), consisting in particular of:

- Directive 2013/36/EU issued by the European Parliament and Council on 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;
- Regulation EU 575/2013 issued by the European Parliament and Council on 26 June 2013 on prudential requirements for credit institutions and investment firms.



Mediobanca confirms the solidity of its financial structure, with capital ratios that have been consistently and significantly higher than those required by the regulatory guidelines, as shown by the Internal Capital Adequacy Assessment Process (ICAAP) and confirmed by the Supervisory Review and Evaluation Process (SREP) performed annually by the supervisory authorities. In particular, completion of the ECB's Comprehensive Assessment exercise confirmed the adequacy of the Group's capital, even in stressed scenarios, and the 2014 Supervisory Review and Evaluation Process (SREP) 2014 set the minimum CET1 level at 9% and the minimum Total Capital ratio level at 11% (phase-in regulations in both cases).

The ECB has begun a review of its assessment of the most significant European banks (a definition which includes the Issuer) for the 2015 SREP; as at the date hereof, the ECB has not notified any further prudential measures or flagged up any critical issues regarding the strategies, processes and mechanisms implemented by the Issuer to manage its capital and liquidity or hedge its risks, nor has any official communication been received from the ECB notifying an increase in the minimum prudential requisites.

Credit risk indicators

	30/6/14 (%)	System data as at 30/6/13 (%)	30/6/14(5%)	System data as at 30/6/14 (%)
Gross bad debts/gross loans	1.6%	6.9%	1.4%	8.3%
Net bad debts/net loans	0.7%	4.2%***	0.6%	4.7%***
Gross irregular items/gross loans	5.4%	13.7%	5.5%	15.8%
Net irregular items/net loans	2.9%	10.1%	2.7%	10.9%***
Bad debts coverage ratio	67.1%	55.0%	65.6%	56.9%
Irregular items coverage ratio	50.4%	37.3%	53.2%	40.8%
Net bad debts/net equity	3.4%	-	3.2%	-
Cost of risk²	2.30%	-	1.68%	-

* Data taken from information shown in part E of the notes to the accounts and refer to the entire prudential consolidation area.

** Data taken for reports of financial stability published on 1 April 2015, table 3.1, p. 21, and 1 May 2014, table 3.1, p. 26 and refer to figures for large banks.

***. Data taken from annex to Bank of Italy annual reports for 2013 and 2014 and refer to figures for the total system.

**** Cost of risk obtained from the ratio between total net loan loss provisions for the period and average net customer loans.

The cost of risk declined during the year under review, from 155 bps to 53 bps for the corporate segment (reflecting writebacks worth €22m), from 461 bps to 369 bps for consumer business (not including the €40m in one-off collective adjustments in respect of performing loans charged in the first six months), from 64 bps to 45 bps for retail banking, and from 102 bps to 53 bps for leasing. The coverage ratio for NPLs also improved at the consolidated level (up from 50% to 53%), while the coverage ratio for performing consumer loans increased to 1.3%.



Table 3

Large risks

	30/6/14	30/6/15
Large risks /total loans	21.90%	21.10%
No. of large risks*	8	6
Book value**	11.321	12.698
Weighted value	8.912	8.879
Large risks indicator based on book value	140.06%	142.90%
Large risks indicator based on weighted value	110.26%	99.95%

* Groups with exposures of more than 10% of regulatory capital (excluding the Republic of Italy).

** Exposure net of writedowns.

Table 4

Impaired loans: composition

	30/6/14 Net values	30/6/14 Gross values	30/6/15 Net values	30/6/15 Gross values
	€m	€m	€m	€m
NPLs	270.96	651.74	259.38	613.67
Sub-standard	692.21	1,276.24	661.9	1,317.07
Restructured	67.32	120.84	139.16	267.32
Overdue impaired	128.69	204.02	95.05	187.22
Total impaired	1,159.18	2,252.84	1,155.49	2,385.28

New definitions of bad loans have been adopted in accordance with the provisions of Bank of Italy circular 272/08, seventh update (three different sub-categories: non-performing, likely default and past due), along with provision for exposures subject to tolerance measures, known as “forborne”, which may be applied to all assets, performing or non-performing. The new definitions will be applied starting from the next annual financial statements for the year ending 30 June 2016.



Table 5

Main consolidated balance sheet items

	30/6/14	30/6/15	Y.o.Y.
	€m	€m	chg.
Assets			
Due from banks	5,287.8	6,078.3	14.9%
Due from customers	36,623.5	37,122.5	1.4%
Financial assets*	23,493.9	21,990.6	-6.4%
Total assets	70,464.0	70,710.6	0.4%
Liabilities			
Debt securities in issue	23,330.0	20,154.5	-13.6%
Financial liabilities**	21,090.4	23,194.1	10.0%
Direct funding (from customers)***	16,475.4	16,873.4	2.4%
Total liabilities	62,521.3	61,843.5	-1.1%
Net equity	7,942.7	8,867.1	11.6%
of which: share capital	430.7	433.6	0.7%
Net interbank position****	6,172.0	8,225.7	33.3%

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

** Includes amounts due to banks, trading liabilities and hedge derivatives.

*** Includes amounts due to customers and financial liabilities recognized at fair value.

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

Table 5bis

Main balance sheet items (Mediobanca S.p.A.)

	30/6/14	30/6/15	Y.o.Y.
	€m	€m	chg.
Assets			
Net treasury funds	9,323.80	4,920.30	-47.2%
AFS securities	8,418.50	8,063.10	-4.2%
Fixed financial assets (HTM & LR)	2,046.30	1,793.90	-12.3%
Loans and advances to customers	30,552.10	32,889.60	7.7%
Equity investments	2,871.40	3,411.40	18.8%
Total assets	55,420.90	53,209.10	-4.0%
Liabilities			
Funding	45,834.00	42,711.30	-6.8%
of which: debt securities in issue	22,617.70	19,671.10	-13.0%
Net equity	7,477.9	8,277.3	10.7%
of which: share capital	430.7	433.6	0.7%
Total liabilities	55,420.90	53,209.10	-4.0%

On the balance-sheet side, assets declined from €55.4bn to €53.2bn, reflecting 7.7% growth in loans and advances to customers (from €30.6bn to €32.9bn), against reductions in net treasury assets (down from €9.3bn to €4.9bn) and AFS securities (from €8.4bn to €8.1bn). Debt securities and retail deposits also



decreased, from €22.6bn to €19.7bn and from €11.5bn to €9.6bn respectively. Assets under management in private banking grew from €15bn to €16.6bn, and AuM held by CheBanca! in particular rose to €2.9bn.

Table 6

Main consolidated profit and loss account items

	30/6/14 €m	30/6/15 €m	Y.o.Y. chg. %
Net interest income	1,060.9	1,142.5	7.7%
Net fee and commission income	334.8	366.3	9.4%
Total income	1,819.4	2,045.4	12.4%
Net profit from financial and insurance operations	983.1	1,312.8	33.5%
Operating costs	-726.9	-779.7	7.3%
Profit before tax	501.0	757.1	n.m.
Net profit	464.8	589.8	n.m.

The Mediobanca Group earned a net profit of €589.8m in the twelve months under review, up 26.9% on last year (30/6/14: €464.8m), driven by a healthy performance in banking activities, which posted a net profit of €249.2m (€18.7m), offsetting the lower contribution from principal investing (down from €449.3m to €335.4m). The result reflects revenues up 12.4%, from €1,819.4m to €2,045.4m, with the main income items performing as follows:

- ◆ net interest income was up 5.1%, from €1,086.9m to €1,142.5m, on a 10.4% increase in consumer credit, from €628.8m to €694.1m, helped by a reduction in the cost of funding versus stable returns on assets; the reduction in net interest income generated from wholesale banking, down 6.5%, from €232.7m to €217.5m, reflects the weak trend reported in the first six months (€104.4m) and the recovery in the second (€113.1m);
- ◆ net treasury income rose to €207.1m (30/6/14: €45.1m), on good performances in fixed-income trading and forex positions;
- ◆ net fee and commission income rose by 11.3%, from €423.9m to €471.8m, reflecting the widespread improvement in all segments: wholesale banking in particular was up 15%, boosted by the upturn in capital market activity, while retail fees were up 21.6%, on growth in sales of asset management products with AuM now near to €2bn;
- ◆ the contribution from the equity-accounted companies fell from €263.5m to €224m, due to a reduced contribution from Assicurazioni Generali.

Operating costs were up 7.1%, (from €791.4m to €847.2m), which reflects the enhancements made to both operations and control units, and the higher staff variable remuneration component due to the increase in profits.

Equity portfolio management yielded gains of €125.6m (€242.5m), deriving chiefly from the divestment of holdings in Telco/Telecom Italia (€84.5m), Pirelli (€23.6m) and Santé SA (€7.6m). Writedowns declined from €30.6m to €21m, and largely consist of the adjustments made for the first six months. At the end of the second year of the 2014/16 three-year strategic plan, disposals had been completed in respect of stakes worth a total of €1.1bn.

The heading “other items” includes €13.5m in respect of the contribution to the resolution fund provided for in the Bank Recovery and Resolution Directive, the amount of which will be notified in November 2015.



The increase in taxation, from €39.6m to €164.2m, reflects the increase in profits from banking activity taxed at ordinary rates.

Turning now to the individual areas of activity:

Corporate and private banking (CIB) delivered a net profit of €192.9m, up sharply on last year (€17.2m), reflecting 29.4% growth in revenues driven by healthy performances in net treasury income (which posted €181.9m, compared with €23.2m last year), and net fee and commission income totalling €342.9m (€303.5m), which offset the 8% decline in net interest income; loan loss provisions fell from €231m to €74.9m. Wholesale banking returned to profit, reporting a bottom line of €157m for the twelve months (compared with a €33.5m loss last year), whereas private banking posted a €35.9m net profit, down on the €50.7m reported last year due to lower returns on the securities portfolio.

Retail and consumer banking (RCB) showed a net profit of €80.4m (€23.3m), helped by 7.9% growth in revenues and lower loan loss provisions (down from €473.2m to €443.4m). Consumer credit operations delivered a net profit of €94m (€48.4m), on 9.3% growth in revenues, from €769.8m to €841.3m, driven by net interest income (up 10.4%), with costs slightly higher (up 3.8%) and loan loss provisions declining from €445.3m to €423m, despite the higher volumes and the additional €40m collective provisions taken in respect of the performing portfolio. CheBanca! saw its operating losses halve from €25.1m to €13.6m, on a 21.6% increase in fee income, from €22.7m to €27.6m, due to growth in the asset management business, costs flat at €160.6m (€159m) and lower loan loss provisions of €20.4m (€27.9m).

Principal investing delivered a net profit of €335.4m (€449.3m), on lower gains on disposals of €123.4m (€240.2m) and a reduced contribution from Assicurazioni Generali (down from €261.1m to €224m).

The Corporate Centre (including leasing) showed a €24.1m loss (€21.8m), after costs incurred in respect of Mediobanca S.p.A. totalling €37.5m (€25.6m), which includes the €13.5m contribution to the banking resolution fund referred to above. Leasing operations reflect net profit of €3.3m (compared with a €6.1m loss last year), on revenues totalling €55.2m (€46.2m) and loan loss provisions totalling €15.3m (€32.8m).

Table 7

Liquidity indicators

	30/6/14 (%)	30/6/15 (%)
Loan to deposit ratio ¹	92%	100%

¹ Ratio between amounts due to customers and the sum of direct funding and debt securities in issue.

Since 30 June 2014 the new supervisory reporting requirements have been active with reference to the indicators of short-term liquidity (Liquidity Coverage Ratio - LCR) and medium-/long-term (Stable Funding - SF) indicator, with no particular criticalities noted. As at 30 June 2015 both the supervisory indicators required under Basel III were above the set limit (LCR and NSFR >100%).² With reference to these indicators, it should be noted that:

- ◆ for the LCR indicator, a minimum level of 60% has been set from 1 October 2015, with this minimum increasing gradually to reach 100% as from 1 January 2018 in accordance with EU regulation no. 575/2013 (the “CRR”);

² Liquidity coverage ratio (LCR) for short-term liquidity: it is calculated as the ratio between: (i) the value of the stock of high-quality liquid assets (HQLAs) and (ii) the total net cash outflows calculated using the scenario parameters set by the regulations in force.
NSFR (Net stable funding ratio), for medium-/long-term liquidity: it establishes a minimum “acceptable” amount of funding for more than one year relative to the needs originated by the liquidity characteristics and outstanding duration of the assets and off-balance-sheet exposures.



- ◆ for the NSFR indicator, although the Basel Committee's proposal involved a minimum level of 100% to be met starting from 1 January 2018, at present no provision has been made in the CRR for a regulatory limit on structural liquidity.

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

In managing short-term liquidity, the Group has adopted metrics to preserve its stability over a time horizon of three months, while at the same time retaining suitable liquidity reserves in the form of eligible and marketable securities. Accordingly, in view of the Group's liquidity profile due to having a portfolio consisting largely of government securities, and taking into account the valuation criteria based on degree of liquidation, hereof, the Mediobanca Group believes that neither funding liquidity risk nor market liquidity risk are appreciable. However, despite the fact that the perception of risk associated with the banking system remains high, even though funding liquidity risk has in fact been mitigated by public intervention, any unfavourable changes in the financing policies established by the ECB or changes to the requisites for access to such financing could impact negatively on the Group's ordinary operations. As at 30 June 2015 the outstanding amount of the financing granted by the European Central Bank via the Targeted Long Term Refinancing Operations (TLTRO) totalled €5.478bn, €4.5bn of which expiring in September 2016 and €978m in September 2018. The amount of untied assets available as at 30 June 2015, eligible for refinancing transactions with the ECB is equal to €6.3bn.

ECB loans	September 2016 €m	September 2018 €m
Targeted Long Term Refinancing Operation	4,500	978

The Issuer is exposed to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks. The Issuer's exposure to debt securities issued by central governments is shown below, as illustrated in the tables found in part E of the consolidated financial statements as at 30 June 2015 (p. 176). In particular, last year the Bank's exposure to government securities was equal to 30.3% of its total assets, with Italian government securities accounting for 24.2% and German bonds 3.5%.



Table 8

Exposure to central government/government entity debt securities

Portfolios/quality	Rating	Trading book ¹		Banking book ²		
		Nominal value	Book value	Nominal value	Book value	Fair value
Italy	BBB	219,993	259,788	4,874,173	5,054,016	5,078,890
Germany	AAA	519,230	554,189	205,500	209,508	209,508
Spain	BBB	-	-	368,275	362,859	362,859
United States	AA+	894	874	53,624	53,660	53,660
Other		137,660	144,718	28,674	18,924	32,703
Total as at 30/6/15		877,777	959,569	5,530,246	5,698,967	5,737,620

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

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

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

The value at risk declined from a high of approx. €35m (midway through October) to a low of €17m at end-May, before rising again to reach €31m at the reporting date. The average VaR figure for the year was therefore €23.1m, lower than the €28.6m recorded the previous year.

The main driver in the reduction in the average VaR reading was the equity component, for which the average reading declined from €17m to €10.5m, on the back of the asset sale process launched the previous year. The average interest rate reading remained stable at €15m, on the positive trend in government bond spread volatility, despite the occasionally high point-in-time readings due to the Greek crisis. Conversely, the average exchange rate reading rose from €2.5m to €4.2m, due to the high volatility levels which affected foreign currency market (due to the Euro crisis, the Swiss franc performance, etc.), along with the increase in the long US dollar position taken out as a macro hedge against potential crisis situations in the Eurozone.



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With reference to the sensitivity of net interest income, the trading book (Mediobanca only) as at 30 June 2015 showed a gain of €7.3m in the event of a 100 bps rise in interest rates, which reduces to approx. €0.6m in the opposite scenario (100 bps reduction).



4 Information on the Issuer

4.1. History and development of the issuer

4.1.1. Name

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

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

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

4.1.3. Issuer's date of incorporation and duration

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

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

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

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

4.1.5. Recent facts for evaluating the Issuer's solvency

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

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



5 Overview of activities

5.1. Principal activities

5.1.1. Mediobanca Group activities

The Mediobanca Group's operations are segmented into three banking divisions and one Corporate centre, as follows:

- ◆ Corporate & Private Banking (CPB), which combines both wholesale and private banking activities (Compagnie Monégasque de Banque and Banca Esperia);
- ◆ Principal Investing (PI), which brings together equity investments (IAS 28) and AFS securities;
- ◆ Retail & Consumer banking (RCB), which includes consumer credit (Compass) and retail banking activities (CheBanca!)
- ◆ Corporate centre (CC), which brings together the other Group companies (including leasing) and certain centralized Group costs.

Furthermore, on 3 August 2015, an agreement was entered into to acquire Cairn Capital Group Ltd, a London-based asset management and advisory firm specializing in credit products. At closing, which is expected to take place by year-end 2015 or early 2016, the Group will acquire 51% of the company's share capital, with put and call options (as from year 3) over the other 49%. This acquisition launches the Group's plans to develop an alternative asset management business (MAAM) as provided in the 2014-16 business plan.

Mediobanca has a market capitalization of approx. €8bn.

Consolidated financial information as at 30/6/15

Profit and loss account (€m)	CPB	PI	RCB	CC	Total
Net interest income	251.2	-	833.2	54.9	1,142.5
Total income	776.0	253.5	1,008.0	63.6	2,045.5
Profit before tax	316.3	345.1	116.4	-22.1	757.1
Net profit	192.9	335.4	80.4	-24.1	589.8

Wholesale banking

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

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

Corporate finance

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

Corporate finance involves the following activities:



- ◆ defining strategic objectives for companies and identifying extraordinary financing transactions in order to help meet them;
- ◆ extraordinary financing transactions: mergers and acquisitions, joint ventures and partnerships, disposals and spinoffs;
- ◆ liability restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out financial rebalancing scenarios; negotiating with key creditors;
- ◆ corporate restructuring: LBOs, MBOs, spinoffs and tax-/inheritance-related issues;
- ◆ company valuations, on a standalone basis and for purposes of setting exchange ratios;
- ◆ relations with authorities: assistance in handling relations with market and regulatory authorities, principally Consob and Borsa Italiana.

Lending & structured finance

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

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

The principal Lending & structured finance area products are:

- ◆ **corporate lending** (bilateral loans, club deals and syndicated loans): corporate loans aimed at supporting customers' financial requirements generated by investments or related to their companies' growth; the financial solutions offered are aimed primarily at medium-/large-sized firms operating on domestic and international markets, in industrial and service-based sectors.
- ◆ **structured finance** (acquisition finance, loans for LBO/MBOs, project finance, infrastructure finance, real estate finance): financial support to corporate counterparties and institutional investors as part of leveraged transactions to acquire stakes in listed and unlisted companies; a wide range of lending transactions are developed, arranged, structured, underwritten and executed based on complex structures, and because of their size these are often syndicated on the international market. On the back of its solid track record in various sectors, customers are provided with advisory services covering the entire process of structuring deals to support investment and infrastructure or industrial projects, including offering strategies, selection of the most effective debt instruments, hedging strategies, financial modelling and structuring contracts.
- ◆ **factoring** (with and without recourse, maturity, and supply credit): sale and discount of trade receivables to help refinance companies' working capital. As well as the financial benefits, factoring can also provide insurance (guarantee against insolvency or delays in payments) and facilitate operations (credit management, accounting, collection and recovery).

Capital markets

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



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

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

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

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

Private banking

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

- ◆ **Banca Esperia** was set up in July 2001 as a joint venture between the Mediobanca and Mediolanum groups with the aim of becoming the Italian private bank of choice for high net worth clients, offering them portfolio management, advisory and financing services. Independence, operational autonomy, focus on private banking activities, and excellence and quality of service, are the hallmarks of a bank which has approx. €18bn in assets under management at its branches in Bergamo, Bologna, Brescia, Cesena, Florence, Genoa, Milan, Padua, Parma, Rome, Turin and Treviso.



- ◆ **Compagnie Monégasque de Banque ("CMB")** is 100%-owned by Mediobanca. CMB is market leader in the Principality of Monaco, with total deposits of approx. €8bn. Its geographical position, in-depth knowledge of markets and absolute independence make it a player of primary importance, able to provide exclusive services to its clientèle, ranging from loans to asset management.

Principal investing

Mediobanca has an equity portfolio of investments made over time, consisting of minority stakes in leading Italian and international companies, most of which are listed, and which are generally leaders in their respective spheres of activity, with a view to contributing, including through representation on investee companies' governing bodies, to value creation over a medium- and long-term time horizon. In FY 2014/15, too, and in accordance with the guidelines of the 2014/16 strategic plan, which provided for a significant reduction in the Mediobanca Group's exposure to equities, the Bank has continued its asset disposal programme, selling approx. €290m worth of equity investments, generating gains of some €120m. In view of the size of the investments and the role played by Mediobanca in the governance of the companies concerned, the shareholdings in Generali, RCS MediaGroup, Atlantia and Pirelli&C are assigned to the Principal investing division.

Company	Sector	% of share capital	Book value as at 30/6/15 €m
Assicurazioni Generali	Insurance	13.24%	3,312
RCS Mediagroup	Publishing - media	6.2%	37
Atlantia	Infrastructure	2.71%	496
Pirelli&C.	Automotive components	3.02%	217

Consumer credit - Compass

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

Compass today is one of the leading consumer credit operators on the Italian market, with a market share of 11.6%.

Compass offers a wide range of products (personal loans, special purpose loans for acquisition of consumer durable goods, credit cards and salary-backed finance), using a highly diversified distribution network consisting of some 164 own branches, distributing agreements with banking partners and retailers, and BancoPosta.

As at the balance-sheet date it had approx. €10.9bn in loans outstanding, plus a total of 1,540 staff on the books.

Retail Banking - CheBanca!

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

- ◆ high brand recognition;
- ◆ effective, innovative multi-channel distribution (internet, 57 own branches, direct banking);
- ◆ simple, transparent products;
- ◆ substantial customer base (over 530,000 customers);



- ◆ strong commercial results: €9.6bn in deposits, €1.5bn in assets under management, €4.6bn in mortgages disbursed, and over 790,000 products sold.

The company employs a total of 941 staff.

Leasing

Mediobanca owns a direct 60% stake in the SelmaBipiemme Leasing group, with the other 40% held by the Banca Popolare di Milano. The group operates in financial leasing, carried out directly through SelmaBipiemme Leasing and Palladio Leasing (already 100%-owned and merged on 11 September 2015 into Selma Bipiemme, with effect in legal terms as from 1 October 2015 and in accounting terms as from 1 July 2015), the latter of which operates exclusively in north-eastern Italy.

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

In the twelve months to 30 June 2015 the group disbursed approx. €480m in leases.

As at 30 June 2015, the net value of finance disbursed by the group amounted to some €2.8bn, with a headcount numbering 144 staff employed at the head office and 8 branch offices.

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

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

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

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

5.1.3. Principal markets

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

- 1) Corporate & Private Banking (CPB), which brings together private banking (including CMB's Monaco-based business) and wholesale banking activities: the latter have undergone considerable geographical expansion in their scope with a view to diversifying the Bank's customer base and to meeting our customers' needs more effectively; the Paris branch was opened in 2004, followed by the Frankfurt and Madrid branches in 2007, the London branch in 2008, and Istanbul in 2013. As at end-June 2014, international activities accounted for just under 50% of the wholesale banking division's revenues.
- 2) Principal Investing (PI), which brings together the Group's shareholdings in Assicurazioni Generali, RCS MediaGroup, Atlantia and Pirelli&C, plus stakes acquired as part of merchant banking activity and investments in private equity funds;
- 3) Retail & Consumer Banking (RCB), consisting of consumer credit activities and CheBanca! (retail banking) ; retail activities are performed entirely on the domestic market;



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- 4) Corporate Centre (CC), which comprises the other Group companies, including the leasing firms whose operations are carried out entirely on the domestic market.

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

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



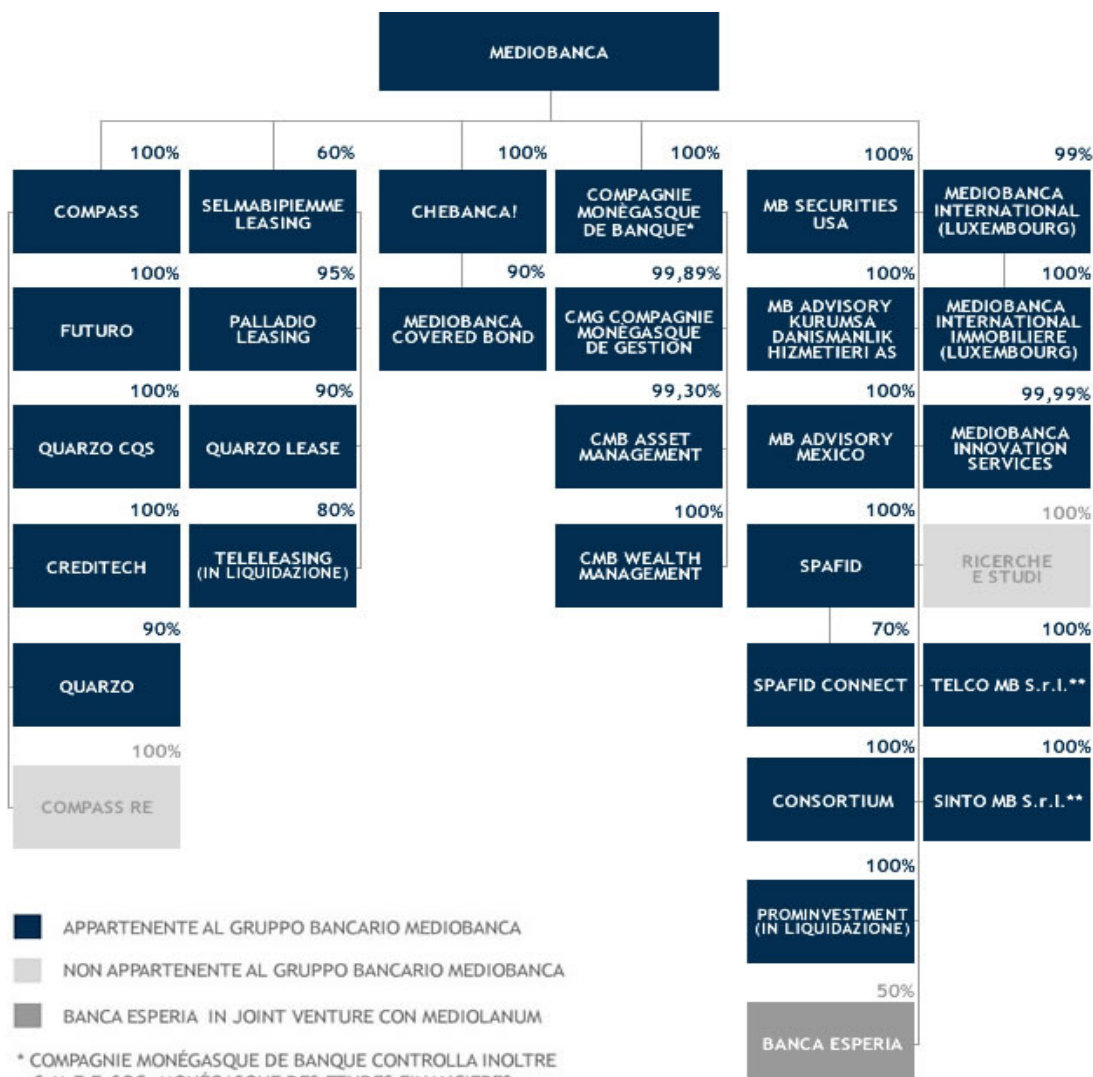
6 Organizational structure

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

Mediobanca Banking Group

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

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



- APPARTENENTE AL GRUPPO BANCARIO MEDIOBANCA
- NON APPARTENENTE AL GRUPPO BANCARIO MEDIOBANCA
- BANCA ESPERIA IN JOINT VENTURE CON MEDIOLANUM

* COMPAGNIE MONÉGASQUE DE BANQUE CONTROLLA INOLTRE S.M.E.F. SOC. MONÉGASQUE DES ETUDES FINANCIERES (99,96%) APPARTENENTE AL GRUPPO MEDIOBANCA.

** IL CONSIGLIO DI AMMINISTRAZIONE DI MEDIOBANCA DEL 4 AGOSTO 2015 HA APPROVATO IL PROGETTO DI FUSIONE PER INCORPORAZIONE IN MEDIOBANCA DELLA CONTROLLATA.



6.2. Subsidiaries and main investee companies

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

A list of the main Group companies included in the area of consolidation for the financial statements as at 30 June 2015 is shown below:

Group companies			
COMPASS S.p.A.	Italy	100%	(dir)
CHEBANCA! S.p.A.	Italy	100%	(dir)
SELMABIPIEMME LEASING S.p.A.	Italy	60%	(indir)
PALLADIO LEASING S.p.A.	Italy	100% ³	(indir)
TELELEASING S.p.A. (in liquidation)	Italy	80%	(indir)
Compagnie Monégasque de Banque S.A.M.	Principality of Monaco	100%	(dir)
MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	100% ⁴	(dir)
SPAFID S.p.A.	Italy	100%	(dir)
MEDIOBANCA SECURITIES USA LLC	United States	100%	(dir)
SPAFID CONNECT S.p.A.	Italy	70%	(indir)
COFACTOR S.p.A.	Italy	100%	(indir)
CREDITECH S.p.A.	Italy	100%	(indir)
RICERCHE E STUDI S.p.A.	Italy	100%	(dir)
Mediobanca Innovation Services S.c.p.A	Italy	99.995%	(dir)
FUTURO S.p.A.	Italy	100%	(indir)
PROMINVESTMENT S.p.A. in liquidation	Italy	100%	(dir)
CONSORTIUM S.r.l.	Italy	100%	(dir)
QUARZO S.r.l.	Italy	90%	(indir)
QUARZO CQS S.r.l.	Italy	90%	(indir)
MB COVERED BOND S.r.l.	Italy	90%	(indir)
QUARZO LEASE S.r.l.	Italy	90%	(indir)
C.M.B. ASSET MANAGEMENT S.A.M.	Principality of Monaco	99.30%	(indir)
C.M.G. COMP. MONEG. D.G. S.A.M.	Principality of Monaco	99.89%	(indir)
S.M.E.F. SOC. MONEG. DE ET.FIN. S.A.M.	Principality of Monaco	99.96%	(indir)
CMB WEALT MANAGEMENT	Principality of Monaco	100%	(indir)
COMPASS RE S.A.	Luxembourg	100%	(indir)
MB ADVISORY KURUMSAL DANISMANLIK HIZMETLERI A.S.	Turkey	100%	(dir)
MB ADVISORY MEXICO	Mexico	100%	(dir)
MEDIOBANCA INTERNATIONAL IMMOBILIERE S.à r.l.	Luxembourg	100%	(indir)
Telco MB S.r.l.	Italy	100%	(dir)
Sinto MB S.r.l.	Italy	100%	(dir)

3) Of which 5% Palladio Leasing treasury shares.

4) Of which 1% Compass shares.



In view of the size of the investment and the role played by the Bank in the companies' governance, as at 30 June 2015 the values reflected by the investment in Assicurazioni Generali were as follows:

Company	Sector	% of share capital	Book value as at 30/6/15 €m
Assicurazioni Generali	Insurance	13.24%	3,312

Mediobanca has also entered into a strategic partnership to acquire a controlling share in Cairn Capital Group Ltd, a London-based asset management and advisory firm specializing in credit products. The deal is subject to the usual conditions precedent, including clearance from the relevant authorities, and is expected to be finalized by year-end 2015.



7 Forecasts or estimates of profits

7.1. Information on recent trends

No substantial adverse changes have taken place in Mediobanca's or the Group's prospects since 30 June 2015.

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

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



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8 Profit estimates or projections

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



9 Bodies responsible for governance, management and supervision

9.1. Information on governing bodies

The Board of Directors appointed on 28 October 2015 for the 2015, 2016 and 2017 financial years, as at 30 June 2015 consisted of eighteen members, ten of whom qualify as independent under Article 148, paragraph 3 of Italian Legislative Decree 58/98, eight of which ten also qualify as independent under the Code of Conduct in respect of listed companies. Its composition also reflects the legal requirements in terms of gender balance.

Board of Directors

Composition, Board of Directors

Name	Post held	Place and date of birth	Term of office expires	Posts held in other companies
Renato Pagliaro *	Chairman ***	Milan, 20/2/57	28/10/17	-
Maurizia Angelo Comneno *	Deputy Chair	Rome, 18/6/48	28/10/17	-
Marco Tronchetti Provera	Deputy Chair	Milan, 18/1/48	28/10/17	Chairman and Chief Executive Officer, Pirelli & C. Chairman and Chief Executive Officer, Pirelli Tyre Chairman, Gruppo Partecipazioni Industriali Chairman, Coinv Director, Eurostazioni
Alberto Nagel*	Chief Executive Officer ***	Milan, 7/6/65	28/10/17	-
Francesco Saverio Vinci *	General Manager ***	Milan, 10/11/62	28/10/17	Director, Banca Esperia
Tarak Ben Ammar	Director	Tunis, 12/6/49	28/10/17	Chairman, Eagle Pictures Chairman and Chief Executive Officer, Prima TV Chief Executive Officer (CEO), Quinta Communications Chief Executive Officer, Carthago Film Services Chief Executive Officer, (CEO) Andromeda Tunisie Director, Telecom Italia Member of Supervisory Committee, Vivendi
Gilberto Benetton	Director	Treviso, 19/6/41	28/10/17	Chairman, Edizione Chairman, Autogrill Director, Atlantia



Name	Post held	Place and date of birth	Term of office expires	Posts held in other companies
Mauro Bini	Director	Milan, 20/10/57	28/10/17	-
Marie Bolloré	Director	Neully sur Seine, 8/5/88	28/10/17	Director, Bolloré Director, Financière de l'Odet Director, Bolloré Participations Director, Financière V Director, Omnium Bolloré Director, Société Industrielle et Financière de l'Artois Member of Supervisory Committee, Sofibol
Maurizio Carfagna	Director	Milan, 13/11/47	28/10/17	Chief Executive Officer, H-Invest Director, Banca Esperia Director, Class Editori Director, Compagnia Immobiliare Azionaria Director, Duemme SGR Director, Futura Invest
Angelo Casò *	Director	Milan, 11/8/40	28/10/17	Chairman, Fineldo Director, Tre Laghi Chairman Of Statutory Audit Committee, Edizione Chairman Of Statutory Audit Committee, Bracco Chairman Of Statutory Audit Committee, Bracco Imaging Chairman Of Statutory Audit Committee, Bic Italia Chairman Of Statutory Audit Committee, Falck Statutory Auditor, Italmobiliare Statutory Auditor, Padis Investimenti Statutory Auditor, Sidis Investimenti
Maurizio Costa	Director	Pavia, 29/10/48	28/10/17	Chairman, RCS Mediagroup Director, Amplifon
Alessandro Decio	Director	Milan, 10/1/66	28/10/17	Member of Supervisory Committee, Bank Pekao Member of Supervisory Committee, Unicredit Bank Austria Member of Supervisory Committee, Zao Unicredit Bank
Vanessa Labérenne *	Director	Paris 08/1/78	28/10/17	-
Alberto Pecci	Director	Pistoia 18/9/43	28/10/17	Chairman, E. Pecci & C. Chairman, Pecci Filati Chairman, Tosco-Fin Director, EL.En.
Elisabetta	Director	Busto Arsizio,	28/10/17	Director, Luxottica Group



Name	Post held	Place and date of birth	Term of office expires	Posts held in other companies
Magistretti		21/7/47		Director Pirelli & C. Director Smeg
Gian Luca Sichel *	Director	Piacenza, 19/6/68	28/10/17	-
Alexandra Young *	Director**	Barnstaple, 14/2/68	28/10/17	-

* Member of Executive Committee.

*** Member of Mediobanca senior management

All Board members are in possession of the requisites to hold such office set by the regulations in force at the time.

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

Statutory Audit Committee

Composition of Statutory Audit Committee

Post	Name	Place and date of birth	Term expires	Posts held in other Italian listed/regulated companies
Chairman	Natale Freddi	Rho, 6/6/52	28/10/17	-
Standing Auditor	Gabriele Villa	Milan, 18/6/64	28/10/17	Standing Auditor, Salini-Impregilo
Standing Auditor	Laura Gualtieri	Reggio Emilia, 18/10/68	28/10/17	Director, Parmalat
Alternate auditor	Alessandro Trotter	Vimercate, 9/6/40	28/10/17	-
Alternate auditor	Barbara Negri	Alessandria, 13/6/73	28/10/17	-

All Statutory Audit Committee members are in possession of the requisites to hold such office set by the regulations in force at the time, and are all registered as auditors in the list instituted by the Italian Ministry for the Economy and Finances.

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

General manager and senior management

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

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

A ban was instituted pursuant Article 36 of Italian Decree Law 201/11, as converted into Italian Law 214/11, on representatives of banks, insurers and financial companies from holding positions in companies which operate in the same sectors. Each year the Board of Directors assesses the positions of the individual directors, which may have changed as a result of changes in the activities or size of the other companies in which they hold posts. To this end, each director, including in order to avoid



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potential conflicts of interest from arising, informs the Board of any changes in the positions assumed by them in the course of their term of office.

Mediobanca also adopts the procedure recommended under Article 136 of the Italian Consolidated Banking Act for approval of transactions involving individuals who perform duties of management and control in other companies controlled by such parties.

Transactions with “related parties” are described in part H of the financial statements for the twelve months ended 30 June 2015.



10 Main shareholders

10.1. Information on ownership structure

Individuals or entities who based on the shareholders' register and available information as at 30 June 2015, own directly or indirectly financial instruments representing share capital with voting rights in excess of 2% of the company's share capital, directly or indirectly, are listed below:

	Shareholder	% of share capital
1	Unicredit group	8.60
2	Bolloré group	7.94
3	Mediolanum group	3.45
4	Fondazione Ca.Ris.Bo	2.82
5	Benetton group	2.15
6	Fininvest group	2.04

Mediobanca shareholders representing, as at 30 June 2015, 31.83% of the Bank's shares have entered into a shareholders' agreement in respect of Mediobanca's share capital expiring on 31 December 2015.

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

An excerpt from the Agreement may be found on the Issuer's website at www.mediobanca.it.

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

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



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

11.1. Financial information for previous years

At a Board meeting held on 22 September 2015, the Directors of Mediobanca approved the Group's consolidated financial statements as at 30 June 2015 (the results themselves were approved on 4 August 2015). The statutory financial statements for the year will be adopted by shareholders at a general meeting to be held on 28 October 2014. See in particular section 3.3, "Select financial information". Any discrepancies between the statutory financial statements and those which are approved by the shareholders in general meeting shall be disclosed specifically to the market, if appropriate through the publication of a specific supplement to this Registration Document.

11.2. Financial statements

The financial statements as at and for the years ended 30 June 2014 and 30 June 2015 and the annexes thereto including the reports by the external auditors, and Mediobanca's interim accounts and reports are available to the public at the company's registered office and published on its website at www.mediobanca.it. The consolidated financial statements as at and for the years ended 30 June 2014 and 30 June 2015 are deemed to be incorporated by reference into this Registration Document as permitted under Article 11 of Directive 2003/71/CE (the "Prospectus Directive") and Article 7, paragraph 4 of Consob's Regulations for Issuers.

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

	Balance sheet	Profit and loss account	Cash flow statement	Notes to the accounts	External auditors' report
Consolidated financial statements for year ended 30/6/14	pp. 66-67	p. 68	pp. 72-73	pp. 76-243	p. 61
Consolidated financial statements for year ended 30/6/15	pp. 66-67	p. 68	pp. 72-73	pp. 76-259	p. 61

11.3. Auditing of annual financial information for previous years

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

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

Notice is hereby given that:

- ◆ PricewaterhouseCoopers S.p.A., with registered office in Milan, the audit firm appointed to audit the statutory and consolidated full-year financial statements of Mediobanca for the financial year ended 30 June 2015, duly issued, with reference to the consolidated financial statements for the year ended 30 June 2015, the relevant report without qualifications;
- ◆ PricewaterhouseCoopers S.p.A., for the statutory and consolidated financial statements of Mediobanca as at 30 June 2014 and the interim financial statements, duly issued the relevant reports without qualifications.



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

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

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

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

11.4. Date of most recent financial information

The most recent financial information in respect of the Issuer consists of the consolidated financial statements for the period ended 30 June 2015.

11.5. Interim and other financial information

Subsequent to the balance-sheet date of 30 June 2015, the quarterly report of the Mediobanca Group for the three months ended 30 September 2015 will be submitted to the Board of Directors for approval on 27 October 2015. The interim and quarterly reports of Mediobanca and the Mediobanca Banking Group, along with the auditors' reports where these have been prepared, may be consulted on the Issuer's website at www.mediobanca.it. This website is updated quarterly with the relevant financial information as approved from time to time.

See section 3.2 "Select financial information" in particular.

11.6. Legal and arbitration proceedings

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

Tax disputes

As at 30 June 2015 the Mediobanca Group had litigation pending, in respect of higher tax worth a notified amount of €37.2m, plus interest and fines, all involving disputes with the Italian tax revenue authority and regarding:

- ◆ fourteen claims in respect of allegedly non-existent leasing transactions, involving higher tax worth a notified amount of €35.6m (€31.8m by way of VAT and €3.8m IRES/IRAP); €24.1m of the higher tax involves leases on yachts, while the remainder involves real estate and brands;⁵
- ◆ other minor claims, involving higher tax worth a notified amount of €1.7m;
- ◆ eight claims in respect of other items, involving higher tax worth a notified amount of €2.1m.

5) These include the claim for the 2005 and 2006 tax periods in respect of certain allegedly non-existent transactions involving brands and real estate leases (involving higher amounts of VAT, IRES and IRAP tax totalling €11.1m), which the Italian tax revenue authorities has appealed to the supreme court despite losing at both levels so far. Mediobanca only learnt of this appeal at a late stage, hence the claim was stated as having been dismissed in the financial statements for the six months ended 31 December 2014.



In the year under review, the Milan tax office waived its €30.5m claims made in connection with losses on Compass receivables in the 2007/08 financial year (€30.5m) in respect of withholding tax on loans from Mediobanca (€3.8m), thereby ending the dispute.

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

Litigation pending

The most significant litigation pending against Mediobanca is as follows:

- ◆ the proceedings initiated against Mediobanca relating to the Bank's alleged failure, jointly with other parties, to launch a full takeover bid for La Fondiaria in 2002. A total of sixteen cases were brought, six of which are still pending, another six settled out of court during the year under review, and four settled the previous year (three out of court and the other statute-barred). The total amount of the six claims still pending is some €68m (plus interest and expenses); Mediobanca's share in this would be approx. €23m (plus interest and expenses). The present status of the trials in respect of these claims is as follows:
- ◆ five claims, in which the court of appeals has ruled in favour of Mediobanca, are pending at the court of cassation;
- ◆ one claim, in which the ruling went against Mediobanca, is pending before the court of appeals in Milan;
- ◆ the case pending with the court of Milan for damages totalling €134.4m in connection with the Burani group bankruptcies for Mediobanca's alleged role as advisor on the takeover bid concerned. Mediobanca, cited by Centrobanca, has appeared in court and has pleaded not guilty, on the grounds that its activity as advisor consisted exclusively of preparing one analysis (defined as "Discussion material") on behalf of Burani Designer Holding NV, regarding the principal impact of the takeover bid in financial terms;
- ◆ one claim filed with the court of Siena for damages in an amount of €286m by the Fondazione Monte dei Paschi di Siena, for an alleged non-contractual liability, jointly with the other thirteen lender banks, in connection with the execution of a loan granted to Fondazione Monte dei Paschi di Siena in June 2011.

There is no other significant litigation pending at present.

The provision for risks and charges amply covers any charges that may be payable as a result of the claims made against Mediobanca and the Group companies.

11.7. Significant changes in the Issuer's financial position

There have been no significant changes to financial or commercial position of Mediobanca or the other companies forming part of the Group since the most recent financial information available was disclosed in the consolidated financial statements as at 30 June 2015.



12 Material agreements

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



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

Standard & Poor’s assigned Mediobanca a “BBB-/A-3” rating (most recent confirmation 25 February 2015) and Fitch Ratings assigned Mediobanca a “BBB+/F2” rating (most recent confirmation 16 April 2015) - see website www.mediobanca.it for further details.

Rating agency	Short-term debt	Long-term debt	Outlook	Date of most recent verdict
S&P’s	A-3	BBB-	Stable	25 February 2015
Fitch Ratings	F2	BBB+	Stable	16 April 2015

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

Standard & Poor’s rating scale:

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



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

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



Fitch Ratings' rating scale:

Long-term Debt securities with duration of over one year Investment-grade	Short-term Debt securities with duration of up to one year Investment-grade
AAA Exceptionally strong capacity to meet obligations.	F1+ Highest quality, strongest intrinsic capacity for timely payment of financial commitments.
AA+ High quality, very low risk but vulnerability to risk over the long term is higher than for the AAA category.	F1 High quality, strong intrinsic capacity for timely payment of financial commitments.
AA/AA- Strong capacity to meet obligations. Minimal differences from the higher grade.	F2 Good quality, good intrinsic capacity for timely payment of financial commitments.
A+/A/A- Good capacity to meet financial obligations, but more vulnerable to changes in circumstances and economic conditions than bonds with a higher rating.	
BBB+/BBB/BBB- Adequate capacity to meet financial obligations, although adverse economic conditions or changes in circumstances may lead to a reduced capacity to meet financial obligations.	



Long-term Debt securities with duration of over one year	Short-term Debt securities with duration of up to one year
Speculative grade	Speculative grade
BB+/BB/BB- Less vulnerable in the near term than issuers with lower ratings, although uncertain economic, financial or administrative conditions could interfere with the capacity to meet obligations entered into.	F3 Fair quality, adequate intrinsic capacity for timely payment of financial commitments, although unforeseen circumstances could affect the borrower's repayment capabilities.
B+/B/B- More vulnerable than issuers rated 'BB', but still able to meet financial commitments. Unforeseen economic and/or financial conditions will likely reduce the issuer's will to meet its commitments. CCC+/CCC/CCC-	B Speculative in nature, and the obligor has minimal capacity for timely payment of financial commitments. Vulnerable to near-term adverse changes in financial and economic conditions.
CCC+ / CCC / CCC- Currently vulnerable, and capacity to meet obligations entered into is reliant upon a sustained favourable business and economic environment and favourable market conditions.	C Default is a real possibility, repayment of bonds issued is closely dependent upon favourable financial and economic conditions.
CC Currently highly vulnerable, and capacity to meet obligations entered into is reliant upon favourable economic and financial conditions.	D The issuer is in default.
C Extremely vulnerable, possibly bankrupt or in default on payments which are, however, still being made.	
D Default/insolvency on all or most obligations entered into.	
NR Unrated.	



14 Documents available to the public

The following documents are available for consultation at Mediobanca's registered offices in Piazzetta Enrico Cuccia 1, Milan: the Issuer's Articles of Association; copies of the annual accounts and report (consolidated and statutory) as at and for the years ended 30 June 2014 and 2015; and a copy of this Registration Document.

Beginning with the 2001/2002 financial year, the annual, interim and quarterly accounts and reports of Mediobanca and the Mediobanca Group, plus the reports issued by the appointed external auditors, have been made available on the Issuer's website at www.mediobanca.it. This website will be updated on a quarterly basis with the relevant financial information as approved from time to time

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