MEDIOBANCA

Quarterly review of operations

(31 March 2011)

MEDIOBANCA

LIMITED COMPANY

SHARE CAPITAL € 430,564,606

HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

Registered as a Bank. Parent Company of the Mediobanca Banking Group

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REVIEW OF GROUP OPERATIONS

The Group's results for the nine months show a net profit of €418.9m. This represents an increase on the €354.4m recorded at the same stage last year, reflecting a strong rise in net interest income (which offset the absence of gains on disposals of AFS equities), and a sharp reduction in provisions for loan losses and securities (which decreased from €392.3m to €320.9m, and from €105.5m to €20m respectively) due to improving credit risk profiles and the upturn in stock market prices. Total income declined from €1,599.9m to €1,566.2m, with the main items performing as follows:

— net interest income continued the trend seen during the first six months, climbing 20.9%, from €661.3m to €799.8m, driven by the recovery in retail and private banking (up 29.3%, from €374.3m to €484m), which was more pronounced than that seen in corporate and investment banking (up 3.5%, from €313.9m to €325m);

— net trading income declined from €383m to €197.5m due to reduced AFS disposals, while dealing profits were boosted by a good third-quarter performance (up €70m), and are near last year's levels at €178m (31/3/10: €184.3m);

— net fee and commission income remained virtually stable at €405.3m, compared with €414.3m last year, despite the ongoing weak scenario;

— profits earned by equity-accounted companies increased from €141.3m to €163.6m, following good performances by the principal investing companies, with RCS MediaGroup returning to profit and Assicurazioni Generali holding up well.

Operating costs continued to grow, up 4.3%, from €588m to €613.1m, attributable chiefly to higher labour costs, which were up 6.4%.

Loan loss provisions fell by 18.2%, from €392.3m to €320.9m, in line with the previous quarters. Of the total amount for this item, €247.9m (€270.6m) involved households, €53.2m (€96.2m) corporate banking, and €19.7m (€25.6m) leasing.

Provisions for financial assets also declined sharply to €20m, €12.1m of which in respect of AFS equities. During the third quarter the increase in the equities valuation reserve consolidated, up €38.6m, €20.9m of which in respect of shares subject to impairment in previous years.

Turning to the individual areas of the Group's activities, corporate and investment banking showed a net profit of €238.4m (€258.9m), representing an increase of 40% if gains on disposals of AFS equities are excluded (€8.9m for the nine months, compared with €97.6m last year). Retail and private banking returned to profit, earning €49.7m as opposed to the €27.5m loss posted twelve months previously, on higher revenues (up 15.2%, from €626.7m to €721.7m) and improving loan loss provisions (down 8.4%, from €270.6m to €247.9m). The contribution from principal investing also increased, by 26.7%, from €121.4m to €153.8m.

On the balance-sheet side, there was little change in the main items during the third quarter: loans and advances to customers edged up from €35.1bn to €35.2bn, and fixed financial assets from €2bn to €2.1bn, while treasury funds were virtually unchanged at €11.1bn, as was funding, at €52.8bn, €10.2bn (€10bn) of which from the CheBanca! retail channel.

* * *

Significant events during the third quarter include the warrants issued in September 2009 at an exercise price of €9 per share expiring on 18 March 2011. Warrants corresponding to the issue of 70,764 new shares were exercised, leading to an increase in the Bank's share capital of €35,382.

CONSOLIDATED FINANCIAL STATEMENTS*

The consolidated profit and loss account and balance sheet have been restated, including by business area, in the customary way to provide the most accurate reflection of the Group's operations. The results are also presented in the format recommended by the Bank of Italy as an annex, along with further details on how the various items have been restated.

RESTATED PROFIT AND LOSS ACCOUNT

	9 mths to 31/3/10	6 mths to 31/12/10	9 mths to 31/3/11	Y.oY. Chg.
	€m	€m	€m	%
Net interest income	661.3	531.5	799.8	+20.9
Net trading income	383.0	126.4	197.5	–48.4
Net fee and commission income	414.3	265.9	405.3	–2.2
Equity-accounted companies	141.3	110.2	163.6	+15.8
TOTAL INCOME	**1,599.9**	**1,034.0**	**1,566.2**	**–2.1**
Labour costs	(299.0)	(211.4)	(318.2)	+6.4
Administrative expenses	(289.0)	(195.8)	(294.9)	+2.1
OPERATING COSTS	**(588.0)**	**(407.2)**	**(613.1)**	**+4.3**
Loan loss provisions	(392.3)	(219.4)	(320.9)	–18.2
Provisions for financial assets	(105.5)	(19.9)	(20.0)	n.m.
Other profits (losses)	5.5	0.1	0.1	n.m.
PROFIT BEFORE TAX	**519.6**	**387.6**	**612.3**	**+17.8**
Income tax for the period	(162.9)	(122.2)	(189.6)	+16.4
Minority interest	(2.3)	(2.5)	(3.8)	+65.2
NET PROFIT	**354.4**	**262.9**	**418.9**	**+18.2**

* For a description of the methods by which data has been restated, see also the section entitled "Significant accounting policies".

RESTATED BALANCE SHEET

	30/6/10	31/12/10	31/3/11
	€m	€m	€m
Assets			
Treasury funds	14,976.0	11,139.5	11,074.3
AFS securities	6,825.7	7,552.4	7,615.4
of which: fixed-income	*5,248.6*	*5,902.2*	*5,945.2*
equities	*1,538.8*	*1,634.5*	*1,656.0*
Fixed financial assets (HTM & LR)	1,455.4	1,984.4	2,089.3
Loans and advances to customers	33,701.5	35,102.0	35,248.8
Equity investments	3,348.0	3,445.8	3,363.5
Tangible and intangible assets	762.6	756.2	754.1
Other assets	1,188.3	1,125.0	1,175.3
of which: tax assets	*924.5*	*830.3*	*806.1*
Total assets	62,257.5	61,105.3	61,320.7
Liabilities and net equity			
Funding	53,852.3	52,905.7	52,815.1
of which: debt securities in issue	*35,193.3*	*34,584.9*	*34,509.8*
retail deposits	*9,561.1*	*9,950.8*	*10,246.0*
Other liabilities	1,387.2	1,061.1	1,210.3
of which: tax liabilities	*633.1*	*476.2*	*572.0*
Provisions	183.6	183.3	182.8
Net equity	6,433.6	6,692.3	6,693.6
of which: share capital	*430.5*	*430.6*	*430.6*
reserves	*5,899.8*	*6,152.7*	*6,149.0*
minority interest	*103.3*	*109.0*	*114.0*
Profit for the period	400.8	262.9	418.9
Total liabilities and net equity	62,257.5	61,105.3	61,320.7
Tier 1 capital	*5,924.2*	*6,109.4*	*6,141.4*
Regulatory capital	*6,927.9*	*7,851.5*	*7,862.3*
Tier 1 capital/risk-weighted assets	*11.09%*	*11.10%*	*11.26%*
Regulatory capital/risk-weighted assets	*12.97%*	*14.26%*	*14.41%*
No. of shares in issue (m)	*861.1*	*861.1*	*861.1*

PROFIT-AND-LOSS/BALANCE-SHEET DATA BY DIVISION

31 March 2011	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
	€m	€m	€m	€m
Profit-and-loss data				
Net interest income	325.0	(5.6)	484.0	799.8
Net trading income	167.7	—	51.7	197.5
Net fee and commission income	249.9	—	186.0	405.3
Equity-accounted companies	(3.6)	166.3	—	163.6
TOTAL INCOME	**739.0**	**160.7**	**721.7**	**1,566.2**
Labour costs	(182.4)	(4.1)	(142.3)	(318.2)
Administrative expenses	(75.3)	(1.9)	(238.1)	(294.9)
OPERATING COSTS	**(257.7)**	**(6.0)**	**(380.4)**	**(613.1)**
Loan loss provisions	(72.9)	—	(247.9)	(320.9)
Provisions for other financial assets	(15.0)	(4.5)	(0.4)	(20.0)
Other gains (losses)	—	—	—	0.1
PROFIT BEFORE TAX	**393.4**	**150.2**	**93.0**	**612.3**
Income tax for the period	(151.2)	3.6	(43.3)	(189.6)
Minority interest	(3.8)	—	—	(3.8)
NET PROFIT	**238.4**	**153.8**	**49.7**	**418.9**
Cost/income ratio(%)	34.9	3.7	52.7	39.1
Balance-sheet data				
Treasury funds	10,915.1	—	4,454.6	11,074.3
AFS securities	6,312.9	132.6	2,125.7	7,615.4
Fixed financial assets (HTM & LR)	3,781.5	—	2,568.5	2,089.3
Equity investments	385.1	2,920.2	—	3,363.5
Loans and advances to customers	26,683.2	—	13,185.5	35,248.8
of which: to Group companies	*4,610.5*	—	—	—
Funding	40,287.2	3,293.5	10,958.0	54,551.4
Risk-weighted assets	(44,981.1)	(259.8)	(21,695.4)	(52,815.1)
No. of staff	938	—	2,567 *	3,377

* Includes 128 staff employed by Banca Esperia pro-forma, not included in the Group total.

1) Divisions comprise:
- *CIB (Corporate and Investment Banking)*: comprises corporate and investment banking, including leasing, plus the Group's trading investments. The companies which form part of this division are Mediobanca, Mediobanca International, MB Securities USA, Consortium, Prominvestment, SelmaBipiemme Leasing, Palladio Leasing and Teleleasing;
- *Principal Investing*: comprises the Group's shareholdings in Assicurazioni Generali, RCS MediaGroup and Telco, plus stakes acquired as part of merchant banking activity and investments in private equity funds;
- *Retail and Private Banking*: businesses targeting retail customers via consumer credit products, mortgages, deposit accounts, private banking and fiduciary activities. The companies which make up this division are: Compass, CheBanca!, Cofactor, Futuro, Compass RE and Creditech (consumer credit); and Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 50% of Banca Esperia pro-forma (private banking).

2) Sum of divisional data differs from Group total due to:
- Banca Esperia being consolidated pro-rata (50%) rather than equity-accounted;
- adjustments/differences arising on consolidation between business areas (€1.6m and €23m as at 31 March 2010 and 31 March 2011 respectively).

31 March 2010	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
	€m	€m	€m	€m
Profit-and-loss data				
Net interest income	313.9	(7.4)	374.3	661.3
Net trading income	295.0	—	68.3	383.0
Net fee and commission income	260.9	—	184.2	414.3
Equity-accounted companies	—	141.1	(0.1)	141.3
TOTAL INCOME	**869.8**	**133.7**	**626.7**	**1,599.9**
Labour costs	(164.8)	(4.1)	(139.6)	(299.0)
Administrative expenses	(69.5)	(2.0)	(240.5)	(289.0)
OPERATING COSTS	**(234.3)**	**(6.1)**	**(380.1)**	**(588.0)**
Loan loss provisions	(121.8)	—	(270.6)	(392.3)
Provisions for other financial assets	(96.5)	(7.5)	(1.2)	(105.5)
Other gains (losses)	—	—	5.5	5.5
PROFIT BEFORE TAX	**417.2**	**120.1**	**(19.7)**	**519.6**
Income tax for the period	(156.0)	1.3	(7.8)	(162.9)
Minority interest	(2.3)	—	—	(2.3)
NET PROFIT	**258.9**	**121.4**	**(27.5)**	**354.4**
Cost/income ratio(%)	26.9	4.6	60.7	36.8
Balance-sheet data				
Treasury funds	17,692.5	—	3,793.1	15,853.3
AFS securities	5,507.9	118.2	2,722.9	7,359.5
Fixed financial assets (HTM & LR)	1,461.9	—	2,489.2	1,462.7
Equity investments	397.7	2,794.7	1.4	3,251.7
Loans and advances to customers	24,434.9	—	12,267.9	33,267.0
of which: to Group companies	*3,429.0*	—	—	—
Funding	(46,197.6)	(259.8)	(20,576.6)	(54,597.2)
Risk-weighted assets	865	—	2,457 *	3,211

* Includes 102 staff employed by the Esperia group pro-forma not included in the Group total.

BALANCE SHEET

The main balance-sheet items, of which Mediobanca contributes just over one-half, performed as follows during the third quarter (comparative data as at 31 December 2010):

Funding — this item was largely unchanged, down from €52,905.7m to €52,815.1m, reflecting the trends seen in the first six months, with reductions in debt securities (from €34,331m to €33,740.8m) and bank debt (from €8,370m to €8,059.4m) partially offset by an increase in the CheBanca! retail share (from €9,950.8m to €10,246m).

Loans and advances to customers — these too were virtually stable at €35,248,8m (up 0.4% in the three months, from €35,102m), with the increases in consumer credit (up 2%) and mortgage lending (up 3.4%) offsetting the reductions in leasing (down 1.7%) and corporate business (down 0.4%).

	31/12/10	31/3/11	Change
	€m	€m	%
Corporate and investment banking	22,221.3	22,072.7	–0.7
– of which:	*4,479.7*	*4,401.4*	*–1.7*
Retail and private banking	12,880.7	13,176.1	+2.3
– of which: consumer credit	*8,475.7*	*8,642.5*	*+2.0*
mortgage loans	*3,698.8*	*3,825.6*	*+3.4*
private banking	*706.2*	*708.0*	*+0.3*
TOTAL LOANS AND ADVANCES TO CUSTOMERS	35,102.0	35,248.8	+0.4

Equity investments — these declined from €3,445.8m to €3,363.5m, representing the balance between a €135.6m reduction in the valuation reserves (chiefly attributable to Assicurazioni Generali), and net profit of €53.4m for the period (€52.1m of which from Assicurazioni Generali, €4.9m from Pirelli & C. and €2.4m from Burgo, minus the losses reported by Telco and Gemina for the three months). Based on share prices at 31 March 2011, the portfolio showed a net surplus of €717.7m, double the €358.9m reported at 31 December 2010 due to the recovery in stock market prices.

	Percentage shareholding*	Book value	Market value as at 31/3/11	Gain (loss)
		€m	€m	€m
LISTED EQUITY INVESTMENTS				
Assicurazioni Generali	13.24	2,324.2	3,149.1	824.9
RCS MediaGroup, *ordinary*	14.36	194.2	136.6	(57.6)
Pirelli & C. S.p.A.	4.49	109.1	135.9	26.8
Gemina	12.53	196.9	120.5	(76.4)
		2,824.4	3,542.1	717.7
OTHER EQUITY INVESTMENTS				
Telco	11.62	375.1		
Banca Esperia	50.00	58.1		
Burgo Group	22.13	79.1		
Athena Private Equity class A	24.27	25.7		
Fidia	25.00	1.1		
Other minor investments		—		
		539.1		
		3,363.5		

* Percentage of entire share capital.

Fixed financial assets — this portfolio brings together the Group's holdings in securities held to maturity, worth €1,414.4m (€1,253.3m) and unlisted debt securities (recognized at cost) worth €674.9m (€731.1m). New investments totalling €238.3m were made during the third quarter, all of which in securities held to maturity, against redemptions (including early redemptions) amounting to €128.1m which reflect losses of €2.7m. At the reporting date the implicit loss on the portfolio was stable at €24.7m.

AFS securities — this is made up of debt securities worth €5,945.2m (€5,902.2m), equities totalling €1,656m (€1,634,5m) and stock units in funds held by Compagnie Monégasque de Banque worth €14.2m (€15.7m). The debt securities component increased by €42.9m, following net investments of €53.7m, downward adjustments to reflect amortized cost totalling €28m, and upward adjustments to reflect fair value amounting to over €17.3m. Movements on the equity side consist of divestments totalling €17.8m and upward adjustments to reflect fair value at the reporting date which amounted to €38.8m, reflecting the positive stock market performance.

	Percentage shareholding*	Book value at 31/3/11	Adjustments to fair value	Impairment recognized in P&L	Total AFS reserve
Sintonia S.A	6.50	336.3	—	—	—
Cashes UCI		253.9	(9.0)	—	(26.2)
Unicredit CASHES.	6.00	97.3	—	—	(12.8)
Santé S.A.	9.92	82.4	—	(0.7)	—
Italmobiliare	9.5 – 5.47	59.7	12.7	—	25.1
Other listed shares......		504.1	59.4	(2.6)	12.2
Other unlisted shares ...		322.3	8.1	(8.8)	60.9
TOTAL SHARES..........		1,656.0	71.2	(12.1)	59.2

* First figure refers to percentage of shares held in respective category; second figure refers to percentage of total share capital held.

Despite improving over the three months, the valuation reserve for the full portfolio remained in negative territory, at minus €77.3m (31/12/10: minus €132.8m), representing the balance between the positive equity component (which increased from €20.7m to €59.2m) and the negative debt security reserves (which went from minus €154.5m to minus €137.8m, due to the recovery in Italian government bond prices); the reserve for other assets remained basically unchanged at €1.3m.

Treasury funds — the Group's liquidity situation remains comfortable at €11,074.3m (€11,139.5m), and includes €500.6m (€534.9m) in cash and cash equivalents, €5,432.3m (€5,772.9m) in fixed-income securities, €1,942.9m (€2,268.3m) in equities, €3,667.9m (€2,995.5m) in net applications of funds such as repos, interbank deposits, etc., and €469.4m (€432.1m) in downward adjustments to derivatives contracts.

Tangible and intangible assets — these declined from €756.2m to €754.1m, following depreciation charges of €10.2m for the three months; this heading includes €365.9m in goodwill, and brands worth €6.3m.

Provisions — this item consists of the provision for liabilities and charges amounting to €156.9m (€156.5m), virtually unchanged for the quarter, and the staff severance indemnity provision totalling €25.9m (€26.8m), which fell due to withdrawals during the period.

Net equity — net equity fell from €6,583.3m to €6,572.1m: the €121.8m increase in the Group's valuation reserves was more than offset by the negative contribution from consolidating investee companies using the equity method (€134.2m), chiefly Assicurazioni Generali. The AFS securities portfolio valuation reserve was still in negative territory, at €36.8m (€86.1m), while the cash flow hedge turned positive at €29.2m (compared with minus €44m), and the share of the equity-accounted companies' reserves too was positive, at €26.8m (€161m).

PROFIT AND LOSS ACCOUNT

Net interest income — this item rose from €661.3m to €799.8m, reflecting the positive trend in retail finance, which was up 29.3% due to the contribution of CheBanca! (up €63.4m), where the cost of funding has gradually reduced. Consumer credit and corporate finance also performed well, with increases of €43.5m and €13m respectively.

Net trading income — this item brings together €178m (31/3/10: €184.3m) in net trading income, gains on disposals of AFS securities worth €14.6m (€188.3m, €91m of which in respect of Fiat) and dividends totalling €7.6m (€10.4m). Trading activity continued its positive trend, with profits of €72.6m posted in the three months; the fixed-income side contributed €95.7m for the nine months, while the equity component added €82.3m.

Net fee and commission income — the slight reduction in this item, from €414.3m to €405.3m, reflects a reduced contribution from corporate and investment banking (down from €260.9m to €249.9m), while consumer credit performed well, up from €124.1m to €126.7m, as did Compagnie Monégasque de Banque, reporting fees of €26.2m (€28.8m).

Operating costs — these were up 4.3%, from €588m to €613.1m, and consist of:

— labour costs amounting to €318.2m (€299m); these include €5.7m (€8.1m) in emoluments paid to directors, and €6.9m (€4m) in notional expenses due to stock option schemes;

— sundry costs and expenses amounting to €294.9m (€289m), including €31m (€29.5m) in depreciation and amortization, and administrative expenses totalling €263.8m (€258.3m), made up as follows:

	9 mths to 31/3/10	9 mths to 31/3/11
	€m	€m
Legal, tax and other professional services	26.8	34.6
Bad debt recovery	22.2	20.4
Marketing and communication	50.8	58.6
Rent and property maintenance charges	37.1	27.9
EDP	23.2	23.1
Financial information subscriptions	15.2	17.3
Banking services, collection and payment charges	15.2	15.2
Operating expenses	40.5	38.7
Other labour costs	12.9	15.3
Others	7.4	6.3
Direct and indirect taxes (net of withholding tax)	7.0	6.4
TOTAL	258.3	263.8

Loan loss provisions — the performance by this item for the three months bears out the downward trend in progress for eighteen months now, for both the Group's main areas of activity, consumer finance services (from €270.6m to €247.9m) and corporate lending (from €121.8m to €72.9m).

Provisions for other financial assets — the amount for this item, €20m, is in line with the figure reported at end-December 2010, and includes €7.4m in respect of bonds, €2.7m in adjustments to equities subject to impairment charges in previous years to reflect fair value, and €9.9m to cover long-term losses in the value of holdings in unlisted equities and private equity and venture capital fund stock units.

BALANCE-SHEET/PROFIT-AND-LOSS DATA BY DIVISION

A review of the Group's performance in its main areas of operation is provided below, in the usual format.

Corporate and investment banking (wholesale banking and leasing)

	9 mths to 31/3/10	6 mths to 31/12/10	9 mths to 31/3/11	Y.oY. Chg.
	€m	€m	€m	%
Profit-and-loss data				
Net interest income	313.9	223.6	325.0	+3.5
Net trading income	295.0	97.2	167.7	–43.2
Net fee and commission income	260.9	163.7	249.9	–4.2
Equity-accounted companies	—	(7.2)	(3.6)	n.m.
TOTAL INCOME	**869.8**	**477.3**	**739.0**	**–15.0**
Labour costs	(164.8)	(121.4)	(182.4)	+10.7
Administrative expenses	(69.5)	(49.6)	(75.3)	+8.3
OPERATING COSTS	**(234.3)**	**(171.0)**	**(257.7)**	**+10.0**
Loan loss provisions	(121.8)	(49.5)	(72.9)	–40.1
Provisions for financial assets	(96.5)	(15.0)	(15.0)	–84.5
Other profits (losses)	—	0.1	—	n.m.
PROFIT BEFORE TAX	**417.2**	**241.9**	**393.4**	**–5.7**
Income tax for the period	(156.0)	(94.7)	(151.2)	–3.1
Minority interest	(2.3)	(2.5)	(3.8)	n.m.
NET PROFIT	**258.9**	**144.7**	**238.4**	**–7.9**
Cost/income ratio (%)	26.9	35.8	34.9	

	30/6/10	31/12/10	31/3/11	Y.oY. Chg.
	€m	€m	€m	%
Balance-sheet data				
Treasury funds	16,362.2	12,790.9	10,915.1	–14.7
AFS securities	5,122.4	6,242.5	6,312.9	+1.1
Fixed assets (HTM & LR)	1,454.5	1,983.6	3,781.5	n.m.
Equity investments	397.8	377.4	385.1	+2.0
Loans and advances to customers	24,629.5	26,515.1	26,683.2	+0.6
of which to Group companies	*3,485.2*	*4,293.8*	*4,610.5*	+7.4
Funding	(44,921.7)	(44,963.7)	(44,981.1)	n.m.

Corporate and Investment Banking 31 March 2011	Wholesale	Leasing	Total
	€m	€m	€m
Net interest income	270.8	54.2	325.0
Net trading income	166.9	0.8	167.7
Net fee and commission income	246.7	3.2	249.9
Equity-accounted companies	(3.6)	—	(3.6)
TOTAL INCOME	**680.8**	**58.2**	**739.0**
Labour costs	(168.4)	(14.0)	(182.4)
Administrative expenses	(66.7)	(8.6)	(75.3)
OPERATING COSTS	**(235.1)**	**(22.6)**	**(257.7)**
Loan loss provisions	(53.2)	(19.7)	(72.9)
Provisions for financial assets	(15.0)	—	(15.0)
PROFIT BEFORE TAX	**377.5**	**15.9**	**393.4**
Income tax for the period	(144.2)	(7.0)	(151.2)
Minority interest	—	(3.8)	(3.8)
NET PROFIT	**233.3**	**5.1**	**238.4**
Cost/income ratio (%)	34.5	38.8	34.9
Other assets	21,341.8	52.8	21,394.6
Loans and advances to customers	22,281.8	4,401.4	26,683.2
of which to Group companies	*4,610.5*	—	*4,610.5*
New loans	n.m.	831.7	—
No. of staff	731	207	938

Corporate and Investment Banking 31 March 2010	Wholesale	Leasing	Total
	€m	€m	€m
Net interest income	257.8	56.1	313.9
Net trading income	295.2	(0.2)	295.0
Net fee and commission income	258.3	2.6	260.9
Equity-accounted companies	—	—	—
TOTAL INCOME	**811.3**	**58.5**	**869.8**
Labour costs	(151.1)	(13.7)	(164.8)
Administrative expenses	(60.7)	(8.8)	(69.5)
OPERATING COSTS	**(211.8)**	**(22.5)**	**(234.3)**
Loan loss provisions	(96.2)	(25.6)	(121.8)
Provisions for financial assets	(96.5)	—	(96.5)
PROFIT BEFORE TAX	**406.8**	**10.4**	**417.2**
Income tax for the period	(150.1)	(5.9)	(156.0)
Minority interest	—	(2.3)	(2.3)
NET PROFIT	**256.7**	**2.2**	**258.9**
Cost/income ratio (%)	26.1	38.5	26.9
Other assets	24,999.0	61.0	25,060.0
Loans and advances to customers	19,815.1	4,619.8	24,434.9
of which to Group companies	*3,429.0*	—	*3,429.0*
New loans	—	835.7	—
No. of staff	655	210	865

This division reported a net profit for the nine months of €238.4m, following a particularly positive third quarter performance (net profit of €93.7m, as against €50.5m last year), due to increases in net trading income (up €70.5m) and net interest income (up from €313.9m to €325m), with net fee and commission income holding up well at €249.9m (compared with €260.9m). Operating costs rose from €234.3m to €257.7m, chiefly due to the 10.7% increase in labour costs (from €164.8 to €182.4m).

Loan loss provisions of €72.9m show a sharp reduction from last year's €121.8m, due entirely to corporate business (€53.2m, versus €96.2m last year). Provisions for other financial assets of €15m were unchanged from the figure reported at 31 December 2010.

However, net profit was below the €258.9m reported at the same stage last year, when the performance was boosted by one-off gains from disposals of AFS shares totalling €97.6m (compared with €8.9m this year).

On the balance-sheet side, there was growth in fixed financial assets, from €1,983.6m to €3,781.5m, due to subscriptions to a securitization by Compass, with treasury funds reducing accordingly, from €12,790.9m to €10,915.1m; the other items were virtually stable.

Principal investing

	9 mths to 31/3/10	6 mths to 31/12/10	9 mths to 31/3/11	Y.oY. Chg.
	€m	€m	€m	(%)
Profit-and-loss data				
Net interest income	(7.4)	(3.9)	(5.6)	+24.3
Net trading income	—	—	—	n.m.
Net fee and commission income	—	—	—	n.m.
Equity-accounted companies	141.1	116.7	166.3	+17.9
TOTAL INCOME	**133.7**	**112.8**	**160.7**	**+20.2**
Labour costs	(4.1)	(2.8)	(4.1)	n.m.
Administrative expenses	(2.0)	(1.2)	(1.9)	–5.0
OPERATING COSTS	**(6.1)**	**(4.0)**	**(6.0)**	**–1.6**
Provisions for financial assets	(7.5)	(4.5)	(4.5)	–40.0
PROFIT BEFORE TAX	**120.1**	**104.3**	**150.2**	**+25.1**
Income tax for the period	1.3	1.0	3.6	n.m.
NET PROFIT	**121.4**	**105.3**	**153.8**	**+26.7**

	30/6/10	31/12/10	31/3/11
	€m	€m	€m
AFS securities	114.8	133.9	132.6
Equity investments	2,892.2	3,010.3	2,920.2

This division reported a net profit of €153.8m, an improvement on the €121.4m posted last year, helped by RCS MediaGroup returning to profit and Assicurazioni Generali's performance holding up well.

Retail and private banking

	9 mths to 31/3/10	6 mths to 31/12/10	9 mths to 31/3/11	Y.oY. Chg.
	€m	€m	€m	(%)
Profit-and-loss data				
Net interest income	374.3	315.0	484.0	+29.3
Net trading income	68.3	49.0	51.7	–24.3
Net fee and commission income	184.2	122.2	186.0	+1.0
Equity-accounted companies	(0.1)	—	—	n.m.
TOTAL INCOME	**626.7**	**486.2**	**721.7**	**+15.2**
Labour costs	(139.6)	(95.1)	(142.3)	+1.9
Administrative expenses	(240.5)	(154.1)	(238.1)	–1.0
OPERATING COSTS	**(380.1)**	**(249.2)**	**(380.4)**	**+0.1**
Loan loss provisions	(270.6)	(169.9)	(247.9)	–8.4
Provisions for financial assets	(1.2)	(0.4)	(0.4)	n.m.
Other profits (losses)	5.5	—	—	n.m.
PROFIT BEFORE TAX	**(19.7)**	**66.7**	**93.0**	**n.m.**
Income tax for the period	(7.8)	(28.7)	(43.3)	n.m.
NET PROFIT	**(27.5)**	**38.0**	**49.7**	**n.m.**
Cost/Income (%)	60.7	51.3	52.7	

	30/6/10	31/12/10	31/3/10
	€m	€m	€m
Balance-sheet data			
Treasury funds	4,086.8	4,212.6	4,454.6
AFS securities	2,571.8	2,065.6	2,125.7
Fixed assets (HTM & LR)	2,507.4	2,555.5	2,568.5
Equity investments	1.4	—	—
Loans and advances to customers	12,563.9	12,894.7	13,185.5
Funding	(20,999.9)	(21,183.2)	(21,695.4)

This division's results for the nine months show a net profit of €49.7m, compared with a net loss of €27.5m last year, due to total income rising by 15.2%, from €626.7m to €721.7m, with costs stable at €380.4m (€380.1m) and loan loss provisions falling by 8.4%, from €270.6m to €247.9m. Total income was boosted by net interest income which climbed 29.3%, from €374.3m to €484m, offsetting the reduction in trading profits posted by CheBanca! (from €58m to €43.2m). The reduction in loan loss provisions reflects an improvement in consumer credit, where provisioning was down 9.9% (from €253.7m to €228.5m), against a deterioration in mortgage lending risk, where provisions increased from €15.9m to €19m.

Turning to the individual segments, consumer credit showed a 10% increase in total income, from €471m to €517.6m, due to growth in net interest income (from €347.2m to €390.7m) and net fee and commission income (from €124.1m to €126.7m). Costs were up slightly, from €180m to €183m, due to labour costs, but the reduction in loan loss provisions referred to earlier drove strong growth at the bottom-line level, from €9.8m to €58.1m, with almost €20m added for the quarter. Loans and advances to customer grew by 2% in the three months, from €8,475.8m to €8,642.4m.

CheBanca! reported a loss of €28m for the nine months, a strong improvement on the same time last year when a net loss of €60.8m was recorded. This growth was driven by revenues, which rose from €71.2m to €120.6m, driven by net interest income (up from €8.8m to €72.2m) and accompanied by a slight reduction in operating costs (down from €136.6m to €135.9m). Loan loss provisioning increased, from €15.9m to €19m, despite the quarterly contribution reducing (€4m, compared with €7.2m and €7.8m respectively in the preceding quarters). At end-March retail deposits had reached €10,245.9m, up €295.1m for the quarter, while loans and advances had grown from €3,698.8m to €3,825.7m.

Private banking showed a profit of €19.6m, less than the €23.5m reported last year (which included one-off gains of €5.5m). Revenues for the nine months decreased, from €84.5m to €83.5m, with an improvement in the third quarter (up €2.4m) due to a recovery in fee income by Banca Esperia in particular, which increased from €21.7m to €23.2m. Growth in net interest income continued, up 15.3%, from €18.3m to €21.1m, as did the reduction in costs, down 3.1%, from €63.5m to €61.5m. Assets under management on a discretionary/non-discretionary basis were unchanged for the three months at €12.1bn, €5.7bn of which attributable to CMB and €6.4bn to Banca Esperia.

A breakdown of this division's results by business segment is provided below:

Retail and Private Banking 31 March 2011	Consumer credit	Retail banking	Private banking	Total
	€m	€m	€m	€m
Net interest income	390.7	72.2	21.1	484.0
Net trading income	0.2	43.2	8.3	51.7
Net fee and commission income	126.7	5.2	54.1	186.0
Equity-accounted companies	—	—	—	—
TOTAL INCOME	**517.6**	**120.6**	**83.5**	**721.7**
Labour costs	(61.0)	(41.0)	(40.3)	(142.3)
Administrative expenses	(122.–)	(94.9)	(21.2)	(238.1)
OPERATING COSTS	**(183.0)**	**(135.9)**	**(61.5)**	**(380.4)**
Loan loss provisions	(228.5)	(19.0)	(0.4)	(247.9)
Provisions for financial assets	—	—	(0.4)	(0.4)
Other profits (losses)	—	—	—	—
PROFIT BEFORE TAX	**106.1**	**(34.3)**	**21.2**	**93.0**
Income tax for the period	(48.0)	6.3	(1.6)	(43.3)
NET PROFIT	**58.1**	**(28.0)**	**19.6**	**49.7**
Cost/income ratio (%)	35.4	n.m.	73.7	52.7
Equity investments	—	—	—	—
Other financial assets	477.2	7,199.6	1,472.0	9,148.8
Loans and advances to customers	8,642.4	3,825.7	717.4	13,185.5
New loans	3,443.8	627.6	—	4,071.4
No. of branches	146	43	—	189
No. of staff	1,320	901	346	2,567

Retail and Private Banking 31 March 2010	Consumer credit	Retail banking	Private banking	Total
	€m	€m	€m	€m
Net interest income	347.2	8.8	18.3	374.3
Net trading income	—	58.0	10.3	68.3
Net fee and commission income	124.1	4.4	55.7	184.2
Equity-accounted companies	(0.3)	—	0.2	(0.1)
TOTAL INCOME	**471.0**	**71.2**	**84.5**	**626.7**
Labour costs	(58.3)	(42.7)	(38.6)	(139.6)
Administrative expenses	(121.7)	(93.9)	(24.9)	(240.5)
OPERATING COSTS	**(180.0)**	**(136.6)**	**(63.5)**	**(380.1)**
Loan loss provisions	(253.7)	(15.9)	(1.0)	(270.6)
Provisions for financial assets	—	—	(1.2)	(1.2)
Other profits (losses)	—	—	5.5	5.5
PROFIT BEFORE TAX	**37.3**	**(81.3)**	**24.3**	**(19.7)**
Income tax for the period	(27.5)	20.5	(0.8)	(7.8)
NET PROFIT	**9.8**	**(60.8)**	**23.5**	**(27.5)**
Cost/income ratio (%)	38.2	n.m.	75.1	60.7
Equity investments	1.4	—	—	1.4
Other financial assets	431.9	6,979.6	1,593.7	9,005.2
Loans and advances to customers	8,141.4	3,461.7	664.8	12,267.9
New loans	2,948.3	599.3	—	3,547.6
No. of branches	146	68	—	214
No. of staff	1,275	850	332	2,457

Private Banking 31 March 2011	CMB	Banca Esperia 50%	Other	Total PB
	€m	€m	€m	€m
Net interest income	19.2	1.7	0.2	21.1
Net trading income	8.2	(0.1)	0.2	8.3
Net fee and commission income	26.2	23.2	4.7	54.1
Equity-accounted companies	—	—	—	—
TOTAL INCOME	**53.6**	**24.8**	**5.1**	**83.5**
Labour costs	(21.5)	(16.1)	(2.7)	(40.3)
Administrative expenses	(13.7)	(6.8)	(0.7)	(21.2)
OPERATING COSTS	**(35.2)**	**(22.9)**	**(3.4)**	**(61.5)**
Loan loss provisions	(0.4)	—	—	(0.4)
Provisions for financial assets	(0.4)	—	—	(0.4)
Other profits (losses)	—	—	—	—
PROFIT BEFORE TAX	**17.6**	**1.9**	**1.7**	**21.2**
Income tax for the period	—	(1.1)	(0.5)	(1.6)
NET PROFIT	**17.6**	**0.8**	**1.2**	**19.6**
Assets under management	5,754.0	6,358.0	—	12,112.0
Securities held on a trustee basis	N/A	N/A	1,479.7	1,479.7

Private Banking 31 March 2010	CMB	Banca Esperia 50%	Other	Total PB
	€m	€m	€m	€m
Net interest income	16.9	1.3	0.1	18.3
Net trading income	9.5	0.5	0.3	10.3
Net fee and commission income	28.8	21.7	5.2	55.7
Equity-accounted companies	0.2	—	—	0.2
TOTAL INCOME	**55.4**	**23.5**	**5.6**	**84.5**
Labour costs	(20.5)	(15.1)	(3.0)	(38.6)
Administrative expenses	(16.0)	(8.0)	(0.9)	(24.9)
OPERATING COSTS	**(36.5)**	**(23.1)**	**(3.9)**	**(63.5)**
Loan loss provisions	(1.0)	—	—	(1.0)
Provisions for financial assets	(1.2)	—	—	(1.2)
Other profits (losses)	5.5	—	—	5.5
PROFIT BEFORE TAX	**22.2**	**0.4**	**1.7**	**24.3**
Income tax for the period	—	(0.1)	(0.7)	(0.8)
NET PROFIT	**22.2**	**0.3**	**1.0**	**23.5**
Assets under management	5,437.0	5,982.0	—	11,419.0
Securities held on a trustee basis	N/A	N/A	1,571.6	1,571.6

Review of Group company performances

Mediobanca

In the nine months ended 31 March 2011, Mediobanca earned a net profit of €207.5m, up slightly on the €205.1m reported at the same stage last year, due to the reduction in provisions for loan losses and financial assets (from €94.3m to €53.5m and from €121.4m to €19.5m respectively), which offset the 15.8% decrease in revenues, from €780.7m to €657.4m, impacted by the virtually entire lack of gains on disposals of AFS securities (€5m, compared with €129.5m last year). Net interest income climbed 9%, from €220.8m to €240.7m, while net trading income recovered to reach €163m (€173.7m) and net fee and commission income held up well at €234.3m (€246.2m).

The 10.8% increase in operating costs, from €218.9m to €241.9m, was mainly due to labour costs, which were up €17.4m.

Loan loss provisions stood at €53.5m (€94.3m), with €16.5m (€25.7m) set aside for the quarter, while provisions for financial assets were virtually unchanged since end-December 2010 at €19.5m.

With regard to the main balance-sheet items, fixed financial assets increased during the three months, from €1,983.6m to €3,781.5m, following subscription to a new securitization by Compass, with treasury funds reducing accordingly, from €13,068.7m to €11,302.3m; the other main items were stable.

* * *

RESTATED PROFIT AND LOSS ACCOUNT

	9 mths to 31/3/10	6 mths to 31/12/10	9 mths to 31/3/11	Y.oY. Chg.
	€m	€m	€m	%
Net interest income	220.8	169.1	240.7	+9.0
Net trading income	313.7	101.0	172.9	–44.9
Net fee and commission income	246.2	153.0	234.3	–4.8
Equity-accounted companies	—	9.5	9.5	n.m
TOTAL INCOME	**780.7**	**432.6**	**657.4**	**–15.8**
Labour costs	(156.4)	(115.7)	(173.8)	+11.1
Administrative expenses	(62.5)	(45.3)	(68.1)	+9.0
OPERATING COSTS	**(218.9)**	**(161.0)**	**(241.9)**	**+10.5**
Loan loss provisions	(94.3)	(37.0)	(53.5)	–43.3
Provisions for financial assets	(121.4)	(19.5)	(19.5)	n.m.
Other profits (losses)	—	—	—	n.m.
PROFIT BEFORE TAX	**346.1**	**215.1**	**342.5**	**–1.0**
Income tax for the period	(141.0)	(85.0)	(135.0)	–4.3
Minority interest	**205.1**	**130.1**	**207.5**	**+1.2**
NET PROFIT	**410.2**	**260.2**	**415.0**	**+18.2**

RESTATED BALANCE SHEET

	30/6/10	31/12/10	31/3/11
	€m	€m	€m
Assets			
Treasury funds	16,241.4	13,068.7	11,302.3
AFS securities	5,237.1	6,376.5	6,445.5
Fixed financial assets (HTM & LR)	1,454.5	1,983.6	3,781.5
Loans and advances to customers	20,194.7	21,926.0	21,906.2
Equity investments	2,828.3	2,828.4	2,828.5
Tangible and intangible assets	130.6	129.2	129.2
Other assets	519.6	366.5	412.3
Total assets	46,606.2	46,678.9	46,805.5
Liabilities and net equity			
Funding	40,737.6	41,078.2	40,978.5
Other liabilities	788.3	568.3	675.1
Provisions	160.7	160.5	160.3
Net equity	4,675.5	4,741.8	4,784.1
Profit for the period	244.1	130.1	207.5
Total liabilities and net equity	46,606.2	46,678.9	46,805.5

* * *

A review of the other Group companies' performance is provided below:

— *Compass S.p.A.*, Milan *(consumer credit; 100%-owned by Mediobanca)*: this company's accounts for the nine months ended 31 March 2011 show a pre-tax profit of €47.4m (31/3/10: €1.7m), a strong recovery driven by the upturn in revenues (from €438m to €480.3m), costs stable (up from €163.7m to €165.9m), and reduced loan loss provisions (down from €250m to €224.8m). Loans and advances to customers were up slightly compared to end-December 2010, at €8,246.8m (€8,111.6m), with new loans worth €3,310.1m (€2,760.8m) disbursed in the nine months.

— *Futuro S.p.A.*, Milan *(salary-backed finance; 100%-owned by Compass)*: Futuro recorded a net profit of €3.9m (€3.3m) for the nine months, after loan loss provisions of €1.1m (€0.5m) and tax of €2.2m (€2.1m). Accounts outstanding at the reporting date had risen since end-December 2010, from €633.8m to €650.8m.

— *CheBanca! S.p.A.*, Milan *(retail banking; 100%-owned by Compass)*: CheBanca! reported a net loss of €28,1m (€61.7m) for the nine months, after loan loss provisions of €19m (€15.9m) and advance tax of €6.3m (€20.5m). Revenues increased from €70.5m to €120.5m, boosted by the lower cost of funding and despite the reduction in net trading income; costs were stable at €136m (€136.9m). As at 31 March 2011 loans and advances to customers had risen from €3,699.1m to €3,825.6m, and retail deposits from €10bn to €10.2bn.

— *SelmaBipiemme Leasing S.p.A.*, Milan *(leasing; 60%-owned by Compass)*: in the first nine months of the year, this company returned to profit, earning €1.2m as compared with the €900,000 loss reported last year, after dividends of €2.7m and loan loss provisions totalling €13.1m (€20.2m); amounts on lease to clients at the reporting date were down on the figure reported at 31 December 2010, from €2,432.5m to €2,305.2m.

— *Palladio Leasing S.p.A.*, Vicenza *(leasing; 95%-owned by SelmaBipiemme, 5% held by Palladio Leasing in the form of treasury shares)*: this company showed a net profit of €4.7m (€2.8m) in the nine months, after adjustments to receivables totalling €5.1m (€4.1m) and tax of €2.9m (€2m); amounts on lease to clients at the reporting date were stable versus the figure reported at 31 December 2010, at €1,633.9m.

— *Teleleasing S.p.A.*, Milan *(leasing; 80%-owned by SelmaBipiemme)*: this company earned a net profit of €4.8m (€5.2m) for the nine months, after value adjustments of €1.4m (€1.3m) and tax of €2.7m (€2.9m). Amounts on lease to customers had fallen from €498m at 31 December 2010 to €462.4m at the reporting date.

— *Compagnie Monégasque de Banque*, Monaco *(100%-owned by Mediobanca)*: CMB posted a profit of €6.5m (€5.5m), on management fees of €9.1m (€8.1m) and assets under management on a discretionary/non-discretionary basis worth €5.8bn (31/12/10: €5.7bn).

— *Mediobanca International (Luxembourg) S.A.*, Luxembourg *(99%-owned by Mediobanca; 1%-owned by Compass)*: this company earned a net profit of €27.9m (€21.3m) in the nine months, on net interest income of €23.6m (€18.3m) and net fee and commission income linked to lending activity totalling €12.8m (€11m). In the third quarter loans and advances to customers increased by 8%, from €3,756.6m to €4,052m.

* * *

Outlook

Estimates for the end of the financial year suggest that revenues should be basically flat versus last year (save for the uncertainties linked to results from trading activity), on increasing net interest income with fees holding up well. The improvement in the cost of risk in all segments should continue, as should the upward trend in operating costs.

Milan, 11 May 2011

THE BOARD OF DIRECTORS

ACCOUNTING POLICIES

Section 1

Statement of conformity with IAS/IFRS

The Mediobanca Group's consolidated financial statements for the period ended 31 March 2011, as required by Italian Legislative Decree 38/05, have been drawn up in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), which were adopted by the European Commission in accordance with the procedure laid down in Article 6 of regulation CE 1606/02 issued by the European Council and Commission on 19 July 2002. Adoption of the new accounting standards with respect to financial reporting by banks was governed by Bank of Italy circular no. 262 issued on 22 December 2005 (as amended on 18 November 2009). These financial statements have been prepared in compliance with Consob resolution no. 11971/99 governing regulations for issuers.

Section 2

Area and methods of consolidation

Subsidiaries are consolidated on the line-by-line basis, whereas investments in associates and jointly-controlled operations are consolidated and accounted for using the equity method.

When a subsidiary is fully consolidated, the carrying amount of the parent's investment and its share of the subsidiary's equity are eliminated against the addition of that company's assets and liabilities, income and expenses to the parent company's totals. Any surplus arising following allocation of asset and liability items to the subsidiary is recorded as goodwill. Intra-group balances, transactions, income and expenses are eliminated upon consolidation.

For equity-accounted companies, any differences in the carrying amount of the investment and investee company's net equity are reflected in the book value of the investment, the fairness of which is tested at the reporting date or when evidence emerges of possible impairment. The profit made or loss incurred by the investee company is recorded pro-rata in the profit and loss account under a specific heading.

1. *Subsidiaries and jointly-controlled companies (consolidated pro-rata)*

		Registered office	Type of relation-ship[1]	Shareholding		% voting rights[2]
				Investee company	% interest	
A.	COMPANIES INCLUDED IN AREA OF CONSOLIDATION					
A.1	*Line-by-line*					
1.	MEDIOBANCA - Banca di Credito Finanziario S.p.A.	Milan	1	—	—	—
2.	PROMINVESTMENT S.p.A. - in liquidation	Rome	1	A.1.1	100.00	100.00
3.	PRUDENTIA FIDUCIARIA S.p.A	Milan	1	A.1.1	100.00	100.00
4.	SETECI - Società Consortile per l'Elaborazione, Trasmissione dati, *Engineering* e Consulenza Informatica S.c.p.A.	Milan	1	A.1.1	100.00	100.00
5.	SPAFID S.p.A.	Milan	1	A.1.1	100.00	100.00
6.	COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A.M.	Monte Carlo	1	A.1.1	100.00	100.00
7.	C.M.I. COMPAGNIE MONEGASQUE IMMOBILIERE SCI	Monte Carlo	1	A.1.6	99.94	99.94
				A.1.7	0.06	0.06
8.	C.M.G. COMPAGNIE MONEGASQUE DE GESTION S.A.M.	Monte Carlo	1	A.1.6	99.95	99.95
9.	SMEF SOCIETE MONEGASQUE DES ETUDES FINANCIERE S.A.M.	Monte Carlo	1	A.1.6	99.96	99.96
10.	CMB ASSET MANAGEMENT S.A.M.	Monte Carlo	1	A.1.6	99.50	99.50
11.	MONOECI SOCIETE CIVILE IMMOBILIERE	Monte Carlo	1	A.1.6	99.00	99.00
				A.1.8	1.00	1.00
12.	MOULINS 700 S.A.M.	Monte Carlo	1	A.1.7	99.90	99.90
13.	CMB BANQUE PRIVÈE (Suisse) S.A.	Lugano	1	A.1.6	100.00	100.00
14.	MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	1	A.1.1	99.00	99.00
			1	A.1.15	1.00	1.00
15.	COMPASS S.p.A.	Milan	1	A.1.1	100.00	100.00
16.	CHEBANCA! S.p.A.	Milan	1	A.1.15	100.00	100.00
17.	COFACTOR S.p.A.	Milan	1	A.1.15	100.00	100.00
18.	SELMABIPIEMME LEASING S.p.A.	Milan	1	A.1.15	60.00	60.00
19.	PALLADIO LEASING S.p.A.	Vicenza	1	A.1.18	95.00	100.00
				A.1.19	5.00	
20.	TELELEASING S.p.A.	Milan	1	A.1.18	80.00	80.00
21.	SADE FINANZIARIA - INTERSOMER S.r.l.	Milan	1	A.1.1	100.00	100.00
22.	RICERCHE E STUDI S.p.A.	Milan	1	A.1.1	100.00	100.00
23.	CREDITECH S.p.A.	Milan	1	A.1.15	100.00	100.00
24.	MEDIOBANCA SECURITIES USA LLC	New York	1	A.1.1	100.00	100.00
25.	CONSORTIUM S.r.l.	Milan	1	A.1.1	100.00	100.00
26.	QUARZO S.r.l.	Milan	1	A.1.15	90.00	90.00
27.	QUARZO LEASE S.r.l.	Milan	1	A.1.18	90.00	90.00
28.	FUTURO S.P.A.	Milan	1	A.1.15	100.00	100.00
29.	JUMP S.r.l.	Milan	4	A.1.15	—	—
30.	MB COVERED BOND S.r.l.	Milan	1	A.1.16	90.00	90.00
31.	COMPASS RE S.A. (Luxembourg)	Luxembourg	1	A.1.15	100.00	100.00

Legend

[1] Type of relationship:
1 = majority of voting rights in ordinary AGMs.
2 = dominant influence in ordinary AGMs.
3 = agreements with other shareholders.
4 = other forms of control.
5 = unity of direction as defined in Article 26, paragraph 1 of Italian Legislative Decree 87/92.
6 = unity of direction as defined in Article 26, paragraph 2 of Italian Legislative Decree 87/92.
7 = joint control.

[2] Effective and potential voting rights in ordinary AGMs.

Section 3

Significant accounting policies

Financial assets held for trading

This category comprises debt securities, equities, and the positive value of derivatives held for trading including those embedded in complex instruments such as structured bonds (recorded separately).

At the settlement date for securities and subscription date for derivatives, such assets are recognized at fair value not including any transaction expenses or income directly attributable to the asset concerned, which are taken through the profit and loss account.

After initial recognition they continue to be measured at fair value, which for listed instruments is calculated on the basis of market prices ruling at the reporting date (Level 1 assets). If no market prices are available, other valuation models are used (Level 2 assets) based on market-derived data, e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions, or alternatively valuations based on internal estimates (Level 3 assets). Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost (these too qualify as Level 3 assets). If the assets suffer impairment, they are written down to their current value.

Gains and losses upon disposal and/or redemption and the positive and negative effects of changes in fair value over time are reflected in the profit and loss account under the heading *Net trading income*.

AFS securities

This category includes all financial assets apart from derivatives not booked under the headings *Financial assets held for trading*, *Financial assets held to maturity* or *Loans and receivables*.

AFS assets are initially recognized at fair value, which includes transaction costs and income directly attributable to them. Thereafter they continue to be measured at fair value. Changes are recognized in a separate net equity reserve, which is then eliminated against the corresponding item in the profit and loss account as and when an asset is disposed of or impairment is recognized. Fair value is measured on the same principles as described for trading instruments. Equities for which it is not possible to reliably determine fair value are stated at cost. For debt securities included in this category the value of amortized cost is also recognized against the corresponding item in the profit and loss account.

Assets are subjected to impairment tests at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. For shares, in particular, the criteria used to determine impairment are a reduction in fair value of over one half or for longer than eighteen months, compared to the initial recognition value. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to the profit and loss account for debt securities to and net equity for shares.

Financial assets held to maturity

These comprise debt securities with fixed or otherwise determinable payments and fixed maturities which the Group's management has the positive intention and ability to hold to maturity.

Such assets are initially recognized at fair value, which is calculated as at the settlement date and includes any transaction costs or income directly attributable to them. Following their initial recognition they are measured at amortized cost using the effective interest method. Differences between the initial recognition value and the amount receivable at maturity are booked to the profit and loss account pro-rata.

Assets are tested for impairment at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. If the reasons which brought about the loss of value subsequently cease to apply, the impairment is written back to the profit and loss account up to the value of amortized cost.

Loans and receivables

These comprise loans to customers and banks which provide for fixed or otherwise determinable payments that are not quoted in an active market and which cannot therefore be classified as available for sale. Repos and receivables due in respect of finance leasing transactions are also included, as are illiquid and/or unlisted fixed assets.

Loans and receivables are booked on disbursement at a value equal to the amount drawn plus (less) any income (expenses) directly attributable to individual transactions and determinable from the outset despite being payable at a later date. The item does not, however, include costs subject to separate repayment by the borrower, or which may otherwise be accounted for as ordinary internal administrative costs. Repos and reverse repos are booked as funding or lending transactions for the spot amount received or paid. Non-performing loans acquired are booked at amortized cost on the basis of an internal rate of return calculated using estimates of expected recoverable amounts.

Loans and receivables are stated at amortized cost, i.e. initial values adjusted upwards or downwards to reflect: repayments of principal, amounts written down/back, and the difference between amounts drawn at disbursement and repayable at maturity amortized on the basis of the effective interest rate. The latter is defined as the rate of interest which renders the discounted value of future cash flows deriving from the loan or receivable by way of principal and interest equal to the initial recognition value of the loan or receivable.

Individual items are tested at annual and interim reporting dates to show whether or not there is evidence of impairment. Items reflecting such evidence are then subjected to analytical testing, and, if appropriate, adjusted to reflect the difference between their carrying amount at the time of the impairment test (amortized cost), and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Future cash flows are estimated to take account of anticipated collection times, the presumed value of receivables upon disposal of any collateral, and costs likely to be incurred in order to recover the exposure. Cash flows from loans expected to be recovered in the short term are not discounted.

The original effective interest rate for each loan remains unchanged in subsequent years, even if new terms are negotiated leading to a reduction to below market rates, including non-interest-bearing loans. The relevant value adjustment is taken through the profit and loss account.

If the reasons which brought about the loss of value cease to apply, the original value of the loan is recovered in the profit and loss account in subsequent accounting periods up to the value of amortized cost.

Accounts for which there is objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subject to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the impairment date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to the profit and loss account, as the case may be. At each annual and interim reporting date, any writedowns or writebacks are remeasured on a differentiated basis with respect to the entire portfolio of loans deemed to be performing at that date.

Leasing

IAS 17 defines finance leases as transactions whereby risks and benefits involved in owning the asset concerned are transferred to the lessee, and stipulates the criteria for identifying whether or not a lease is a finance or operating lease. All leases entered into by the Group qualify as finance leases under the terms of IAS 17. Accordingly, a receivable is booked at an amount equal to the net outlay involved in the finance lease transaction, plus any costs directly incurred in respect of negotiating and/or performing the contract.

Hedges

There are two types of hedge:

- fair value hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in their fair value;
- cash flow hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in future cash flows attributable to specific risks relating to the items concerned.

For the process to be effective, the item must be hedged with a counterparty from outside the Group.

Hedge derivatives are recognized at fair value as follows:

- changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset, where a difference between the two emerges as a result of the partial ineffectiveness of the hedge;
- the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in net equity, while the gain or loss deriving from the ineffective portion is recognized through the profit and loss account only as and when, with reference to the hedged item, the change in cash flow to be offset crystallizes.

Hedge accounting is permitted for derivatives where the hedging relationship is formally designated and documented and provided that the hedge is effective at its inception and is expected to be so for its entire life.

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of a hedge is assessed both prospectively and retrospectively at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under financial assets held for trading.

Equity investments

This heading consists of investments in:

- associates, which are equity-accounted. These are defined as companies in which at least 20% of the voting rights are held, and those in which the size of the investment is sufficient to ensure an influence in the governance of the investee company;
- jointly-controlled companies, also equity-accounted;
- other investments of negligible value, which are recognized at cost.

Where there is objective evidence that the value of an investment may be impaired, estimates are made of its current value using market prices if possible, and of the present value of estimated cash flows generated by the investment, including its terminal value. Where the value thus calculated is lower than the asset’s carrying amount, the difference is taken through the profit and loss account.

Property, plant and equipment

This heading comprises land, core and investment properties, plant, furniture, fittings, equipment and assets used under the terms of finance leases, despite the fact that such assets remain the legal property of the lessor rather than the lessee.

Assets held for investment purposes refer to investments in real estate, if any (whether owned or acquired under leases), which are not core to the Group's main activities and/or are chiefly leased out to third parties.

These are stated at historical cost, which in addition to the purchase price, includes any ancillary charges directly resulting from their acquisition and/or usage. Extraordinary maintenance charges are reflected by increasing the asset's value, while ordinary maintenance charges are recorded in the profit and loss account.

Fixed assets are depreciated over the length of their useful life on a straight-line basis, with the exception of land, which is not depreciated on the grounds that it has unlimited useful life. Properties built on land owned by the Group are recorded separately, on the basis of valuations prepared by independent experts.

At annual and interim reporting dates, where there is objective evidence that the value of an asset may be impaired, its carrying amount is compared to its current value, which is defined as the higher of its fair value net of any sales costs and its related value of use, and adjustments, if any, are recognized through the profit and loss account. If the reasons which gave rise to the loss in value cease to apply, the adjustment is written back to the profit and loss account with the proviso that the amount credited may not exceed the value which the asset would have had net of depreciation, which is calculated assuming no impairment took place.

Intangible assets

These chiefly comprise goodwill and long-term computer software applications.

Goodwill may be recognized where this is representative of the investee company's ability to generate future income. At annual and interim reporting dates assets are tested for impairment, which is calculated as the difference between the initial recognition value of the goodwill and its realizable value, the latter being equal to the higher of the fair value of the cash-generating unit concerned net of any sales costs and its assumed value of use. Any adjustments are taken through the profit and loss account.

Other intangible assets are recognized at cost, adjusted to reflect ancillary charges only where it is likely that future earnings will derive from the asset and the cost of the asset itself may be reliably determined. Otherwise the cost of the asset is booked to the profit and loss account in the year in which the expense was incurred.

The cost of intangible assets is amortized on the straight-line basis over the useful life of the asset concerned. If useful life is not determinable the cost of the asset is not amortized, but the value at which it is initially recognized is tested for impairment on a regular basis.

At annual and interim reporting dates, where there is evidence of impairment the realizable value of the asset is estimated, and the impairment is recognized in the profit and loss account as the difference between the carrying amount and the recoverable value of the asset concerned.

Derecognition of assets

Financial assets are derecognized as and when the Group is no longer entitled to receive cash flows deriving from them, or when they are sold and the related risks and benefits are transferred accordingly. Tangible and intangible assets are derecognized upon disposal, or when an asset is permanently retired from use and no further earnings are expected to derive from it.

Assets or groups of assets which are sold continue to be recognized if the risks and benefits associated with them (in the relevant technical form) continue to be attributable to the Group. A corresponding amount is then entered as a liability to offset any amounts received (as "other amounts due" or "amounts due under repo transactions").

The main forms of activity currently carried out by the Group which do not require underlying assets to be derecognized are the securitization of receivables, repo trading and securities lending.

Conversely, items received as part of deposit bank activity, the return on which is collected in the form of a commission, are not recorded, as the related risks and benefits continue to accrue entirely to the end-investor.

Payables, debt securities in issue and subordinated liabilities

These include the items *Due to banks*, *Due to customers* and *Debt securities in issue* less any shares bought back. Amounts payable by the lessee under the terms of finance leasing transactions are also included.

Initial recognition takes place when funds raised are collected or debt securities are issued, and occurs at fair value, which is equal to the amount collected net of transaction costs incurred directly or indirectly in connection with the liability concerned. Thereafter liabilities are stated at amortized cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structured bonds are stripped out from the underlying contract and recognized at fair value. Subsequent changes in fair value are recognized through the profit and loss account.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the liabilities' carrying value and the amount paid to repurchase them is recorded through the profit and loss account.

The sale of treasury shares over the market following a buyback is treated as a new issue. The new sale price is recorded as a liability without passing through the profit and loss account.

Trading liabilities

This item includes the negative value of trading derivatives and any derivatives embedded in complex instruments. Liabilities in respect of technical shortfalls deriving from securities trading activity are also included. All trading liabilities are recognized at fair value.

Staff severance indemnity provision

This is stated to reflect the actuarial value of the provision as calculated in line with regulations used for defined benefit schemes. Future obligations are estimated on the basis of historical statistical analysis (e.g. staff turnover, retirements, etc.) and demographic trends. These are then discounted to obtain their present value on the basis of market interest rates. The values thus obtain are booked under labour costs as the net amount of contributions paid, prior years' contributions not yet capitalized, interest accrued, and actuarial gains and losses.

All actuarial profits and/or losses are included under labour costs.

Units accruing as from 1 January 2007 paid into complementary pension schemes or the Italian national insurance system are recorded on the basis of contributions accrued during the period.

Provisions for liabilities and charges

These regard risks linked with the Group's operations but not necessarily associated with failure to repay loans, and which could lead to expenses in the future. If the time effect is material, provisions are discounted using current market rates. Provisions are recognized in the profit and loss account.

Provisions are reviewed on a regular basis, and where the charges that gave rise to them are deemed unlikely to crystallize, the amounts involved are written back to the profit and loss account in part or in full.

Withdrawals are only made from provisions to cover the expenses for which the provision was originally made.

Foreign currency transactions

Transactions in foreign currencies are recorded by applying the exchange rates as at the date of the transaction to the amount in the foreign currency concerned.

Assets and liabilities denominated in currencies other than the Euro are translated into Euros using exchange rates ruling at the dates of the transactions. Differences on cash items due to translation are recorded through the profit and loss account, whereas those on non-cash items are recorded according to the valuation criteria used in respect of the category they belong to (i.e. at cost, through the profit and loss account or on an equity basis).

Tax assets and liabilities

Income taxes are recorded in the profit and loss account, with the exception of tax payable on items debited or credited directly to net equity. Provisions for income tax are calculated on the basis of current, advance and deferred obligations. Advance and deferred tax are calculated on the basis of temporary differences – without time limits – between the carrying amount of an asset or liability and its tax base.

Advance tax assets are recognized in the balance sheet based on the likelihood of their being recovered.

Deferred tax liabilities are recognized in the balance sheet, with the exception of tax-suspended reserves, if the size of the reserves available already subjected to taxation is such that it may be reasonably assumed that no transactions will be carried out on the Group's own initiative that might lead to their being taxed.

Deferred tax arising upon business combinations is recognized when this is likely to result in a charge for one of the companies concerned.

Tax assets and liabilities are adjusted as and when changes occur in the regulatory framework or in applicable tax rates, *inter alia* to cover charges that might arise in connection with inspections by or disputes with the tax revenue authorities.

Stock options

The stock option scheme operated on behalf of Group staff members and Directors is treated as a component of labour costs. The fair value of the options is measured and recognized in net equity at the grant date using an option pricing method adjusted to reflect historical series for previous financial years. The value thus determined is taken to the profit and loss account pro-rata to the vesting period for the individual awards.

Treasury shares

These are deducted from net equity, and any gains/losses realized on disposal are recognized in net equity.

Dividends and commissions

These are recognized as and when they are realized, provided there is reasonable likelihood that future benefits will accrue.

Fees included in amortized cost for purposes of calculating the effective interest rate are not included, but are recorded under net interest income.

Related parties (IAS 24)

In accordance with IAS 24, related parties are defined as:

a) individuals or entities which directly or indirectly:

   1. are subject to joint control by Mediobanca;

2. hold an interest in Mediobanca which allows them to exert a significant influence over Mediobanca: significant influence is presumed to exist in cases where an individual or entity holds an interest of more than 5% in the share capital of Mediobanca, along with the entitlement to appoint at least one member of the Board of Directors

b) associate companies;

c) management with strategic responsibilities, that is, individuals with powers and responsibilities, directly or indirectly, for the planning, direction and control of the parent company's activities, including the members of the Board of Directors and Statutory Audit Committee;

d) subsidiaries, jointly-controlled companies and companies subject to significant influence by one of the individuals referred to in letter c) above, or in which they themselves hold, directly or indirectly, a significant share of the voting rights or are shareholders and hold strategic roles (Chairman or Chief Executive Officer);

e) close family members of the individuals referred to in letter c) above, that is, individuals who may be expected to influence them or be influenced by them in their relations with Mediobanca (this category includes partners, children, partners' children, dependents and partners' dependents) as well as any entities controlled, jointly controlled or subject to significant influence by such individuals, or in which such individuals hold, directly or directly, a significant share of the voting rights;

f) pension funds for employees of the parent company or any other entity related to it.

CONSOLIDATED BALANCE SHEET (IAS/IFRS-compliant)*

Assets	IAS-compliant 31/3/11	IAS-compliant 31/12/10	IAS-compliant 31/03/10
	€m	€m	€m
10. Cash and cash equivalents	31.6	35.6	28.9
20. Financial assets held for trading	15,098.6	15,941.0	16,972.2
30. Financial assets recognized at fair value	—	—	—
40. AFS securities	7,615.4	7,552.4	7,359.5
50. Financial assets held to maturity	1,414.4	1,253.3	726.1
60. Due from banks	5,209.2	3,750.3	4,752.3
of which:			
other trading items	*4,376.3*	*2,941.9*	*4,032.7*
securities	—	—	—
other items	*49.2*	*15.6*	*2.5*
70. Due from customers	41,056.4	40,270.1	39,755.5
of which:			
other trading items	*5,692.7*	*5,006.6*	*6,364.3*
securities	*674.8*	*731.1*	*736.6*
other items	*133.3*	*114.7*	*45.7*
80. Hedging derivatives	1,345.1	1,758.9	1,931.3
of which:			
funding hedge derivatives	*1,338.9*	*1,758.5*	*1,930.1*
lending hedge derivatives	*0.2*	—	*0.4*
90. Value adjustments to financial assets subject to general hedging	—	—	—
100. Equity investments	3,363.5	3,445.8	3,251.7
110. Total reinsurers' share of technical reserves	—	—	—
120. Property, plant and equipment	317.4	318.1	319.1
130. Intangible assets	436.7	438.1	443.9
of which:			
goodwill	*365.9*	*365.9*	*365.9*
140. Tax assets	806.1	830.3	720.0
a) current	*225.3*	*224.0*	*173.2*
b) advance	*580.7*	*606.3*	*546.8*
150. Other non-current and Group assets being sold	—	—	—
160. Other assets	210.2	171.9	169.1
of which:			
other trading items	*29.6*	*7.9*	*11.5*
TOTAL ASSETS	76,904.6	75,765.8	76,429.6

* **Figures in €m**

The balance sheet provided on p. 8 reflects the following restatements:

- *Treasury funds* comprise asset headings 10 and 20 and liability heading 40, plus the "other trading items" shown under asset headings 60, 70 and 160 and liability headings 10 and 20, which chiefly consist of repos, interbank accounts and margins on derivatives;
- *Funding* comprises the balances shown under liability headings 10, 20 and 30 (excluding amounts restated as trading items in respect of repos and interbank accounts), plus the relevant amounts in respect of hedging derivatives;
- *Loans and advances to customers* comprise asset headings 60 and 70 (excluding amounts restated as *Treasury funds*), the relevant amounts of asset heading 80 and liability heading 60 in respect of hedging derivatives, plus the relevant share of liability heading 100.

	Liabilities and net equity	IAS-compliant 31/3/11	IAS-compliant 31/12/10	IAS-compliant 31/03/10
		€m	€m	€m
10.	Due to banks	9,252.9	7,991.6	9,459.0
	of which:			
	other trading items	*3,868.9*	*2,467.6*	*4,062.3*
	other liabilities	*26.2*	*0.4*	*0.4*
20.	Due to customers	15,049.4	14,800.2	14,494.7
	of which:	—		
	other trading items	*2,092.1*	*1,993.3*	*2,214.8*
	other liabilities	*9.8*	*9.9*	*10.1*
30.	Debt securities	35,202.8	35,870.1	38,207.8
40.	Trading liabilities	8,192.8	8,332.0	5,287.9
50.	Liabilities recognized at fair value	—	—	—
60.	Hedging derivatives	738.8	607.0	831.6
	of which:			
	funding hedge derivatives	*645.9*	*473.4*	*653.6*
	lending hedge derivatives	*47.2*	*69.6*	*50.9*
70.	Value adjustments to financial liabilities subject to general hedging	—	—	—
80.	Tax liabilities	572.0	476.2	594.4
	a) current	*246.5*	*162.7*	*274.4*
	b) deferred	*325.5*	*313.5*	*320.0*
90.	Liabilities in respect of Group assets being sold	—	—	—
100.	Other liabilities	568.3	518.0	554.2
	of which:			
	other trading items	*43.5*	*38.8*	—
	loan loss provisions	*0.6*	*0.6*	*8.4*
110.	Staff severance indemnity provision	25.9	26.8	26.8
120.	Provisions	156.9	156.5	156.8
	a) post-employment and similar benefits	—	—	—
	b) other provisions	*156.9*	*156.5*	*156.8*
130.	Technical reserves	39.7	32.2	—
140.	Valuation reserves	32.7	47.5	78.9
150.	Shares with right of withdrawal	—	—	—
160.	Equity instruments	—	—	—
170.	Reserves	4,202.6	4,199.1	3,941.8
180.	Share premium reserve	2,120.1	2,119.9	2,119.9
190.	Share capital	430.6	430.6	430.6
200.	Treasury shares	(213.8)	(213.8)	(213.8)
210.	Net equity attributable to minorities	114.0	109.0	104.6
220.	Profit (loss) for the year	418.9	262.9	354.4
	TOTAL LIABILITIES AND NET EQUITY	**76,904.6**	**75,765.8**	**76,429.6**

CONSOLIDATED PROFIT AND LOSS ACCOUNT (IAS/IFRS-compliant)*

	Profit and loss account	9 mths to 31/3/11 €m	6 mths to 31/12/10 €m	9 mths to 31/3/10 €m
10.	Interest and similar income	2,053.1	1,374.3	2,094.6
20.	Interest expense and similar charges	(1,200.0)	(806.3)	(1,319.2)
30.	**Net interest income**	**853.1**	**568.0**	**775.4**
40.	Fee and commission income	378.0	248.3	396.7
50.	Fee and commission expense	(36.3)	(22.4)	(38.7)
60.	**Net fee and commission income**	**341.7**	**225.9**	**358.0**
70.	Dividends and similar income	48.8	43.4	11.5
80.	Net trading income	46.4	16.8	71.9
90.	Net hedging income (expense)	(2.1)	(2.9)	(15.5)
100.	Gain (loss) on disposal of:	51.1	32.6	201.1
	a) loans and receivables	*0.7*	*0.2*	—
	b) AFS securities	*14.6*	*15.2*	*188.3*
	c) financial assets held to maturity	*(3.3)*	*(0.2)*	—
	d) other financial liabilities	*39.1*	*17.4*	*12.8*
120.	**Total income**	**1,339.0**	**883.8**	**1,402.4**
130.	Adjustments for impairment to:	(340.9)	(239.2)	(497.8)
	a) loans and receivables	*(301.2)*	*(210.4)*	*(345.1)*
	b) AFS securities	*(12.6)*	*(12.4)*	*(105.5)*
	c) financial assets held to maturity	*(6.9)*	*(7.3)*	*0.8*
	d) other financial liabilities	*(20.1)*	*(9.1)*	*(48.0)*
140.	**Net income from financial operations**	**998.1**	**644.6**	**904.6**
150.	Net premium income	6.9	3.4	—
160.	Income less expense from insurance operations	(2.9)	(1.3)	—
170.	**Net income from financial and insurance operations**	**1,002.1**	**646.7**	**904.6**
180.	Administrative expenses:	(620.8)	(412.3)	(590.1)
	a) personnel costs	*(318.2)*	*(216.4)*	*(292.6)*
	b) other administrative expenses	*(302.6)*	*(195.9)*	*(297.5)*
190.	Net transfers to provisions for liabilities and charges	(0.1)	(0.1)	4.3
200.	Net adjustments to property, plant and equipment	(13.0)	(8.9)	(12.7)
210.	Net adjustments to intangible assets	(18.0)	(11.9)	(16.8)
	of which: goodwill	—	—	—
220.	Other operating income (expenses)	98.5	63.9	89.0
230.	**Operating costs**	**(553.4)**	**(369.3)**	**(526.3)**
240.	Profit (loss) from equity-accounted companies	163.6	110.2	141.3
270.	Gain (loss) on disposal of investments	—	—	—
280.	**Profit (loss) before tax on ordinary activities**	**612.3**	**387.6**	**519.6**
290.	Income tax on ordinary activities for the year	(189.6)	(122.2)	(162.9)
300.	**Profit (loss) after tax on ordinary activities**	**422.7**	**265.4**	**356.7**
310.	Net gain (loss) on non-current assets being sold	—	—	—
320.	**Profit (loss) for the year**	**422.7**	**265.4**	**356.7**
330.	Profit (loss) for the year attributable to minorities	(3.8)	(2.5)	(2.3)
340.	**Net profit (loss) for the year attributable to Mediobanca**	**418.9**	**262.9**	**354.4**

*** Figures in €m**

The profit and loss account reported on p. 7 reflects the following restatements:

— *Net interest income* includes the totals reported under Heading 90 and margins on swaps reported under Heading 80 amounting to minus €50.9m, minus €33.2m and minus €11.3.2m, net of interest expense on securities lending transactions amounting to €0.2m, €0.4m and €0.5m accounted for as *Net trading income*;

— Amounts reported under Heading 220 have been treated as *Net fee and commission income*, save for redemptions/amounts recovered totalling €39.4m, €26.4m and €33.9m respectively which net operating costs;

— In addition to the items already stated, *Net trading income* also includes dividends from trading and the gains (losses) on financial liabilities reported under Heading 100.

Declaration by Head of Company Financial Reporting

As required by Article 154-*bis*, para. 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the accounting information contained in this quarterly review of operations conforms to the documents, account ledgers and book entries kept by the company.

Head of
Company Financial Reporting

Massimo Bertolini