

CheBanca! Board of Directors' Meeting Financial statements for 1Q 2021-22 approved

**Growth in NNM, TFAs and revenues,
on the back of strong commercial activity,
with productivity levels at the best in the market**

**Ongoing investments in distribution network;
continuing enhancement of brand identity and offering to clients**

**TFAs up 17% YoY to €33bn, driven by growth in high-quality assets:
AUM/AUA up 26% to €16bn, deposits up 9% to €17bn**

**NNM in 1Q FY 2021-22: €0.9bn (up 6% YoY)
concentrated in AUM component (€0.6bn, up 101% YoY)**

**Customer loans totalling €11bn (up 7% YoY)
With new loans in residential mortgages flat in 3M at €0.4bn**

**Revenues €95m (up 15% YoY, up 2% QoQ), with all income components growing:
Net interest income €61m (up 9% YoY, up 2% QoQ)
Fee income €35m (up 27% YoY, up 1% QoQ)**

**Reduction in cost/income ratio (72.6%, vs 76.4% in 1Q 2020-21),
despite ongoing investments in distribution and enhanced operations (costs up 9%
to €69m), confirming efficiency of operating structure and effectiveness of
business model**

Net profit €15m (up 62% YoY, up 21% QoQ)

Network enhancement resuming after Covid-related slowdown:

971 professionals and 204 POS

***Premier relationship managers total 495 (9 added in 1Q; 23 more than last year), responsible for NNM in
AUM/AUA of €0.3bn in 1Q***

***Financial advisors total 476 (11 added in 1Q, 54 more than last year), responsible for NNM in AUM/AUA of €0.4bn
106 CheBanca! branches and 98 FAs offices (7 more than last year)***

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OPERATIONS AND PRODUCT PORTFOLIO DEVELOPMENT

- **Product offering enhancement:** the **investment product** offering has continued to be strengthened during the three months: MB SGR conferred its first sub-advisory mandate to MFS; and there was further expansion of the Mediobanca SGR **portfolio management** product for CheBanca! Premier with the introduction of two new products, “Medium Volatility” and “High Volatility”. These supplement the existing offering, their distinctive feature being that the client defines the asset allocation, selecting the funds in which to invest (with the support of their Financial Advisor, and up to the limits set by the mandate for each product).
- **Ongoing strengthening of client relationships:** the high customer satisfaction levels recorded by CheBanca! continue to improve, as shown by the most recent customer satisfaction index readings by SWG (customer satisfaction index 82 out of 100, net promoter score 45).
- **Distribution structure enhancement:** development of the branch office network throughout Italy continues, as does the recruitment of new professionals. Overall the distribution network now consists of 495 Premier relationship managers (9 added in 3M) and 476 FAs (11 added in 3M), working at 204 branches and POS.
- **Commitment to social issues** in support of the play therapy activities offered by **Dynamo Camp Onlus**: the project launched during the quarter has allowed a whole year’s therapy – aquatic play and climbing activities – to be donated to over 1,800 children and their families, and has been financed from the “1% Deposit Account”, under the terms of which CheBanca! donates a sum of 1x1,000 of tied amounts deposited these accounts during the promotion period.

GROWTH IN BUSINESS VOLUMES

TFAs UP 16.6% YoY TO €33.4bn, CUSTOMER LOANS UP 6.9% YoY to €11.1bn

- **Total Financial Assets (“TFAs”)** totalled **€33.4bn, up 16.6% YoY**, with a 25.7% YoY increase in **AUM/AUA** to reach €16.3bn. The market effect was positive despite the turmoil in September (€25.9m), confirming the balanced asset allocation.
- **Net New Money (“NNM”) in 3M totalled €0.9bn** (1Q FY 2020-21: €0.8bn, 4Q FY 2020-21: €0.9bn), mostly consisting of AUM/AUA (€0.6bn). The positive trend recorded in previous quarters was borne out in 1Q FY 2021-22 as well:
 - **AUM: €0.6bn** (1Q FY 2020-21: €0.3bn; 4Q FY 2020-21: €0.6bn);
 - **Direct funding: €0.2bn** (1Q FY 2020-21: €0.5bn; 4Q FY 2020-21: €0.2bn), **with a reduction in the more expensive components**. Of the various items, the highest loyalty-retaining transactional component continues to grow, reaching €11.7bn (up €1.7bn YoY; or 17%).

Both distribution channels made strong and balanced **contributions to the growth in managed assets:**

- **Premier relationship managers: €0.3bn in NNM in the AUM/AUA component.** TFAs managed by the proprietary channel totalled €26.2bn, €11.3bn of which in AUM/AUA;
 - **Financial Advisors: €0.4bn in NNM in the AUM/AUA component.** TFAs managed by the Financial Advisors channel totalled €7.2bn, €5.0bn of which in AUM/AUA.
- **Per capita productivity levels among the best in the market:** AUM per RM/FA €0.63m in 3M.

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Loans to households (residential mortgages) were flat versus 30 June 2021, at €11.1bn, on new loans of €0.4bn in 3M (in line with 1Q FY 2020-21). Gross NPLs were lower than at end-June 2021, down from €210.5m to €205.8m), and account for 1.83% of total loans, also lower than three months previously (1.88%). Net NPLs decreased from €112.5m to €106.2m, and represent 0.96% of net loans, with a coverage ratio of 48.4%, higher than the 46.6% reported at the start of last year. Net bad debts account for 0.36% of net loans and decreased from €43.2m to €40.1m, due partly to the increase in the coverage ratio, from 60.3% to 62.6%.

As far as regards the impact of mortgage repayment suspensions due to the Covid-19 pandemic, of the €643.3m total amount granted, €165.3m is outstanding (1.5% of total loans); virtually all these positions (99.9%) have been prudentially reclassified as stage 2 or stage 3 in view of the ongoing pandemic and having regard to the ECB guidance in this area. Of the moratoria that have expired, 82.4% have resumed regular repayments, 2.0% have recorded instances of non-payment, while the other 15.6% have been granted further extensions to their expiries.

PROFITABILITY IMPROVING

REVENUES UP 14.9% TO €95.4m, NET PROFIT UP 62%, TO €14.9m

The profit and loss account reflects a healthy performance compared to 1Q last year (YoY):

- Revenues were up 14.9% (or €12.4m; from €83.0m to €95.4m), with all components contributing; in particular fee income grew by 26.8% (or €7.3m; from €27.2m to €34.5m), especially recurring fees (up 37.5%) and management fees (up 34.8%). Net interest income, too, rose by 9.0% (or €5.0m; from €55.5m to €60.5m);
- Operating costs rose by 9.1% (or €5.8m; from €63.4m to €69.2m), chiefly due to labour costs which increased by €1.5m (up 4.9%; from €30.4m to €31.9m), linked to enhancement of the distribution structure, the increase in operations, and development of the franchise, plus also administrative expenses, up €4.3m (up 13.0%; from €33m to €37.3m), driven by the expansion of activities, and investments in projects and the distribution structure;
- The cost/income ratio improved significantly, from 76.4% to 72.6%;
- Loan loss provisions decreased by €1.8m (from €6m to €4.2m), reflecting the fact that the difficulties encountered in credit recovery activities during the lockdown period last year are largely over, plus the good performance in terms of moratoria, in a scenario which nonetheless requires prudence and caution in valuations. The cost of risk in mortgage lending decreased from 0.25% to 0.14%;
- GOP grew to €22.1m (30/9/20: €13.9m; an increase of 59.0%);
- Net profit climbed to €14.9m (€9.2m; up 62%).

The main profit-and-loss items performed as follows compared to 4Q FY 2020-21 (QoQ):

- Revenues were up 1.6% (or €1.5m; from €93.9m to €95.4m). Of the revenue items, net interest income grew by 1.7% (or €1.0m; from €59.5m to €60.5m), and fee income increased by 1.5% (or €0.5m; from €34m to €34.5m). The contribution from management fees remains substantial;
- Operating costs were down 4.9% (or €3.6m; from €72.8m to €69.2m), chiefly due to seasonal factors affecting operations and expansion;

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- **Loan loss provisions increased by €1m** (or 31.3%; from €3.2m to €4.2m), generated primarily by the increase in the coverage ratios for NPLs, bad loans in particular;
- **GOP rose by €3.9m** (or 21.4%; from €18.2m to €22.1m);
- **Net profit increased by €2.6m** (or 21.1%; from €12.3m to €14.9m).

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1. RESTATED PROFIT AND LOSS ACCOUNT (€)

CheBanca!	1Q	1Q	Chg.	Chg.
	FY 2020-21	FY 2021-22	YoY%	YoY
	30/9/20	30/9/21		
Net interest income	55.5	60.5	9.0%	5.0
Net treasury income	0.3	0.4	33.3%	0.1
Net fee, commission and other income	27.2	34.5	26.8%	7.3
Total income	83.0	95.4	14.9%	12.4
Labour costs	-30.4	-31.9	4.9%	1.5
Administrative expenses	-33.0	-37.3	13.0%	4.3
Operating costs	-63.4	-69.2	9.1%	5.8
Loan loss provisions/writebacks	-6.0	-4.2	-30.0%	-1.8
GOP	13.6	22.0	61.8%	8.4
Other items	0.3	0.1	n.m.	-0.2
Profit before tax (1)	13.9	22.1	59.0%	8.2
Income tax	-4.7	-7.2	53.2%	2.5
Net profit	9.2	14.9	62.0%	5.7

(1) Profit before tax does not include €0.1m in loan loss provisions vs Mediobanca S.p.A. included in the separate financial statements.

2. QUARTERLY RESTATED PROFIT AND LOSS ACCOUNTS (€M)

CheBanca!	3M	3M	3M	3M	3M
	30/9/20	31/12/20	31/3/21	30/6/21	30/9/21
Net interest income	55.5	56.4	57.9	59.5	60.5
Net treasury income	0.3	0.6	0.8	0.4	0.4
Net fee, commission and other income	27.2	33.3	32.1	34.0	34.5
Total income	83.0	90.3	90.8	93.9	95.4
Labour costs	-30.4	-29.6	-30.3	-31.8	-31.9
Administrative expenses	-33.0	-35.4	-36.3	-41.0	-37.3
Operating costs	-63.4	-65.0	-66.6	-72.8	-69.2
Loan loss provisions/writebacks	-6.0	-5.2	-4.2	-3.2	-4.2
GOP	13.6	20.1	20.0	17.9	22.0
Other items	0.3	0.5	0.3	0.3	0.1
Profit before tax	13.9	20.6	20.3	18.2	22.1
Income tax	-4.7	-7.1	-6.6	-5.9	-7.2
Net profit	9.2	13.5	13.7	12.3	14.9

3. CUSTOMER TOTAL FINANCIAL ASSETS (TFAs, €M)

CheBanca!	30/9/20	31/12/20	31/3/21	30/6/21	30/9/21
AUM	10,029	10,818	11,402	12,208	12,818
AUA	2,916	3,102	3,234	3,421	3,461
Deposits	15,746	15,983	16,744	16,920	17,163
Total TFAs	28,691	29,903	31,380	32,549	33,442

4. CUSTOMER TFAs – PROPRIETARY NETWORK (TFAs, €M)

CheBanca!	30/9/20	31/12/20	31/3/21	30/6/21	30/9/21
AUM	6,963	7,391	7,683	8,040	8,303
AUA	2,567	2,728	2,835	3,002	3,019
Deposits	13,782	13,959	14,640	14,742	14,924
Total TFAs	23,312	24,078	25,158	25,784	26,246

5. CUSTOMER TFAs – FAs NETWORK (TFAs, €M)

CheBanca!	30/9/20	31/12/20	31/3/21	30/6/21	30/9/21
AUM	3,066	3,427	3,719	4,168	4,515
AUA	349	374	399	419	442
Deposits	1,964	2,025	2,104	2,178	2,239
Total TFAs	5,379	5,826	6,222	6,765	7,196

6. NET NEW MONEY (NNM, €M)

CheBanca!	3M 30/9/20	3M 31/12/20	3M 31/3/21	3M 30/6/21	3M 30/9/21
AUM	302	515	442	561	609
AUA	47	28	12	153	15
Deposits	469	238	761	176	243
Total Net New Money (NNM)	818	782	1.215	889	866

7. NET NEW MONEY – PROPRIETARY NETWORK (NNM, €M)

CheBanca!	3M 30/9/20	3M 31/12/20	3M 31/3/21	3M 30/6/21	3M 30/9/21
AUM	161	291	206	235	265
AUA	34	24	5	139	-6
Deposits	367	177	682	102	182
Total Net New Money (NNM)	561	493	892	476	441

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CheBanca!	3M 30/9/20	3M 31/12/20	3M 31/3/21	3M 30/6/21	3M 30/9/21
AUM	141	224	236	325	344
AUA	13	4	7	13	20
Deposits	103	61	79	74	62
Total Net New Money (NNM)	257	289	323	413	426

9. OTHER ASSET INFORMATION (€M)

CheBanca!	30/9/20 3M	31/12/20 6M	31/3/21 9M	30/6/21 12M	30/9/21 3M
Mortgages (cumulative new loans)	416	1,070	1,674	2,220	359
Loans to customers (stock)	10,382	10,698	10,897	11,063	11,096

10. INDICATORS/RATIOS

CheBanca!	30/9/20	31/12/20	31/3/21	30/06/21	30/09/21
Customers loans/customer deposits	66%	67%	65%	65%	65%
NPLs/total loans	1.1%	1.0%	0.97%	1.02%	0.96%
Net bad debts/total loans	0.5%	0.5%	0.4%	0.4%	0.4%
Cost/income ratio	76.4%	74.1%	73.8%	74.8%	72.6%

11. STRUCTURAL DATA

CheBanca!	30/9/20	31/12/20	31/3/21	30/06/21	30/09/21
No. of staff	1,438	1,436	1,453	1,461	1,461
o/w affluent-premier relationship managers	472	467	479	486	495
No. of FAs	422	429	447	465	476
No. of branch offices	108	107	107	107	106
No. of FAs POS	91	93	94	98	98