MEDIOBANCA

MEDIOBANCA
BOARD OF DIRECTORS' MEETING

Financial statements as at 31/3/21 approved

Milan, 11 May 2021

MEDIOBANCA

9M results

Robust commercial activity in all business segments

Revenues growth (up 3% YoY[1] to €1,964m), driven by record fees (€571m, up 17% YoY) and resilient NII (down 1% to €1,071m)

Fees up to around one-third of revenues, driven by CIB and WM

Cost of risk 51 bps, best ever credit asset quality levels
Moratoria reducing, NPLs down in relative terms;
coverage ratios for performing and non-performing loans increasing in all divisions and at Group level (up 10 pp to 65%)

Cost/income ratio 46%, reflecting ongoing enhancement in distribution

Net profit up 9% to €604m

ROTE[2] 9%

CET1 16.3%[3] (up 20bps vs June 2020)
including cash payout at 70% of net profit[4]

3Q results

Acceleration in all businesses
3Q retail new loans total €2.2bn, €0.6bn of which in mortgages and €1.6bn in consumer credit (now approx. 85% of pre-Covid level)

TFAs up 5% to €69bn, with NNM[5] at €1.4bn
Robust activity in CIB supporting top line and deal pipeline construction

Revenues stable at high levels (€663m, down 2% QoQ but up 14% YoY)

Cost of risk 53 bps (39 bps in 2Q FY 2020-21, 85 bps in 3Q FY 2019-20), with strict staging criteria, no one-offs and no reversal of overlays set aside prudentially at end-Dec. 2020

Net profit €193m, twice as high as last year (down 8% QoQ due to one-offs)

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1 YoY chg.: 9M to end-March 2021 vs 9M to end-March 2020; QoQ chg.: 3M to end-March 2021 vs 3M to end-Dec. 2020.

2 ROTE/ROAC calculated using adjusted net profit (cf. footnote 6).

3 CET1 phase-in, CET1 FL @14.6% (without Danish Compromise, equal to 152 bps and with IFRS 9 fully-phased equal to approx. 13 bps). Internal calculation which differs from the figure reported as part of the Common Reporting (COREP) exercise due to the inclusion of the profit generated during the period (not subject to authorization under Article 26 of the CRR) and the estimate of a 70% dividend payout, subject to removal of the ECB ban in force until 30 September 2021. Retained earnings contribute 15 bps to the CET1 ratio.

4 Subject to removal of the ECB ban currently in force until 30 September 2021.

5 NNM in 3Q: €1.4bn in Affluent/Private segment, €1.1bn at Group level.

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The first nine months of FY 2020-21 have seen robust commercial performances in all business segments, driven by investments in people, technology and distribution which have enabled the Bank to come through the effects of lockdown in outstanding fashion and even speed up its growth path. Revenues, profit and financial solidity have all increased appreciably, with the growth borne out in 3Q as well.

The results reflect:

- **Robust commercial activity**, with **€3.6bn in net new money** (NNM) generated in the Affluent/Private divisions (€1.4 bn of which in 3Q), **€4.6bn of new loans in consumer credit** (€1.6bn of which in 3Q, now back to 85% of pre-Covid levels), and **€1.7bn in new residential mortgages** (€0.6bn of which in 3Q). **CIB activity remains at high levels**;

- **Growing revenues, which for the nine months total €1,964m, up 3% YoY, and in 3Q total €663m, up 14% YoY.** Growth at the top-line level is even more pronounced without the equity-accounted companies' contribution (revenues down 32% YoY to €169m) which was impacted negatively by non-recurring items:

  - **Strong growth in fees (€571m, up 17% YoY), driven by CIB** (€249m, up 43% YoY), with an increasing contribution from M&A, Capital Markets and Lending, **and a solid performance in WM** (€247m, up 5% YoY); 3Q fees of €188m match the high levels reported in the previous two quarters (2Q: €194m; 1Q: €189m);

  - **Resilient net interest income (down 1% YoY, to €1,071m)**, despite lower average lending volumes and the diversified product mix in Consumer Banking, due to effective cost of funding management plus higher lending volumes in WM; the reduction in 3Q (to €351m) in part reflects the lack of positive one-offs (€5m in 2Q);

  - **Strong improvement in net trading income (€152m, up 71% YoY)**, accelerating further still in 3Q FY 2020-21 (€65m) due to the positive stock market trend.

- **Low cost of risk, at 51 bps for 9M** (61 bps) **and 53 bps for 3Q,** the latter without writebacks and with no reversals of the overlays set aside on prudential grounds at end-December 2020 (€50m). **The decline in the cost of risk goes alongside the reduction in moratoria** (which now represent just 1.7% of the Group's total loan book, 60% of which classified as Stage 2 or Stage 3) **and the decrease in NPLs as a percentage of total loans** (down from 4.1% to 3.4% gross, and from 1.9% to 1.2% net); **conversely, the coverage ratios increased significantly, both for performing loans** (from 1.25% to 1.34%) and **non-performing loans, at Group level** (up 10 pp to 65%) **and at all divisions** (CIB up 13 pp to 55%, Consumer Banking up 6 pp to 74%, WM up 3 pp to 49%, leasing up 5 pp to 41%).

- **Net profit up 9% to €604m (€193m of which in 3Q)**;

- **ROTE[6] 9% (both 9M and 3M).**

- **CET1[7] (phase-in) 16.3%, 10 bps higher than at end-December and up 240 bps YoY, including a dividend payout of 70% of reported net profit,** proposal subject to removal of the ECB ban currently in force until September 2021.[8]

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6 ROTE calculated using adjusted net profit (GOP net of loan loss provisions, minority interest and taxes, with taxation normalized at 33%, 25% for PB and AM, 2% for PI); Covid-related impacts also excluded for FY 2020 and 4Q 2020.

7 Cf. footnote 3.

8 The dividend proposal for the current year will be made within a timeframe consistent with submission for approval by shareholders at the Annual General Meeting scheduled to be held at end-October 2021.

At the divisional level, CIB posted significant growth, with top and bottom line both near the highest levels seen in recent years, which offset the performances in Consumer Banking and Principal Investing, both of which reflect consolidation; while Wealth Management continues to improve in terms of positioning, revenues and profitability.

- **CIB**: **ROAC[8] 17%, net profit €232m** (**up 49% YoY**), with **revenues near their all-time highs (€537m), split equally across all three quarters.** During the period under review, Mediobanca has strengthened its leadership position in its core segments and markets, participating in important M&A and Capital Market deals in Italy and France in particular. In 3Q fees from mid-corporate business climbed to approx. one-third of advisory fee income. All revenue streams reflect increases, fee income in particular (up 43%, to €249m). The cost/income ratio declined to 42%, while the lower net profit for 3Q (€61m, vs €86m in 2Q) reflects the lack of positive one-off items.

- **WM: ROAC[9] 22%, net profit €74m (up 11% YoY)**, on **revenues of €464m (up 5% YoY). TFAs rose to €69bn, driven by strong gathering capability,** in the Affluent and Private segment especially (€3.6bn in NNM in 9M and €1.4bn in 3Q), which reflects the ongoing enhancement of brand, offering and distribution (30 more bankers recruited to CheBanca! in 3Q, selective additions and expansion of the private markets offering in Private Banking), and leverages on the opportunities offered by the Group's unique business model.

- **Consumer Banking: ROAC[8] 28%, net profit €216m, down 13% YoY on lower revenues** (€764m; down 5% YoY) **due to lower average volumes and the diversified product mix which affects margins. Investments to facilitate remote operations allowed new business to return to 85% of pre-Covid levels despite the restrictions** (approx. €1.6bn, higher than the €1.5bn reported in both 1Q and 2Q)**. The performance in terms of asset quality was again particularly impressive** (cost of risk 206 bps for 9M and 174 bps for 3M), with all risk indicators returning to near all-time low levels.

- **PI: ROAC[8] 12%**, **net profit €199m**, the reduction being due to non-recurring items relating to asset disposals by Assicurazioni Generali, offset only in part by writebacks in seed capital.

- **Holding Functions: improvement at net result level, and higher funding in deposits and T-LTROs in particular, in a scenario characterized by high liquidity.** In 3Q deposits increased from €24.6bn to €25.2bn, driven by CheBanca!, while use of the T-LTRO increased from €6.2bn to €7.0bn. The division reported **improvement in net interest expense and lower central costs;** the 3Q results also reflect payments made to the SRF (€43m). **Indicators at comfortable levels: NSFR 109% and LCR 153%, CBC €11.2bn.**

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9 ROAC: calculated as adjusted net profit (cf. footnote 5)/average allocated capital; allocated capital = 9% of RWAs (for the PI division: 9% of RWAs + capital deducted from CET1).

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With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the Group's individual and consolidated financial statements for the period ended 31 March 2021, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Mediobanca Group continues on its path to growth, reporting substantial increases in revenues, profits and financial solidity for the first nine months of FY 2020-21, a performance borne out in the third as well as the first two quarters.

The 9M results reflect total income of just under €2bn (up 3%), the cost/income ratio stable at 46%, and net profit of €603.9m, with the ROTE above 9%, helped by a 3Q performance – with revenues of €662.8m and net profit of €193.3m – **among the best posted in recent years.**

The last three months have seen continued **robust commercial activity, with healthy new business in retail mortgage lending (€604m), acceleration in Net New Money (€1.1bn, with the Affluent/Private segment generating €1.4bn), and strong Corporate and Investment Banking activity, with fee income approx. 10% higher than the quarterly average in recent years. Conversely, new business in Consumer Banking continues to be impacted by the restrictions resulting from lockdown (€1,640m, approx. 85% of pre-Covid levels).**

These results were helped by the accommodative monetary policy scenario, plus the reduced volatility levels and buoyant performances of stock market indexes generally which showed widespread increases (MSCI World: 4.5%; S&P: +5.8%; Eurostoxx 600: 7.7%; and FTSE MIB: +10.9%), and also fundamentally stable indexes for the highest-risk credit assets (European ITRAXX CDS around 250 bps). The BTP-*Bund* spread fell to below 110 bps.

Total income was up 3%, from €1,907.1m to €1,963.6m, despite the reduced contribution from Assicurazioni Generali, which reduced from €248.8m to €170.2m having returned to more normal levels in the last two quarters (2Q €67.5m; 3Q €57.7m). The main income items performed as follows:

- **Net interest income resilient:** NII decreased by 1%, from €1,081.7m to €1,071.4m, reflecting the reduced contribution from Consumer Banking (down 6.6%, from €711.3m to €664.4m, €216m of which in 3Q) only in part offset by the positive performances in CIB (up 8%, from €202.6m to €218.8m) and Holding Functions (where net interest expense reduced from €40.8m to €34.4m). The 3Q performance in Consumer Banking shows the effects of the lower average volumes plus the new business mix, with a growing contribution from special purpose loans, which has caused a slight reduction in profitability; in 9M the cost of funding (calculated as the difference versus Euribor) has remained basically unchanged, at 80 bps, despite the further reduction in market rates (approx. 20 bps);

- **Fee income continues to grow:** up 17.2%, from €487.3m to €571.2m, now accounting for almost one-third of total income, and remaining near the very healthy level seen in 2Q (€188.4m); the contribution from Corporate and Investment Banking was 43.2% higher than last year (up from €174.2m to €249.4m, €77.2 of which generated in 3Q), whereas that of Wealth Management was 5.3% higher (up from €234.5m to €246.9m, €86.9m of which in 3Q);

- **Trading income came back strongly:** net treasury income rose from €88.6m to €151.6m, returning to March 2019 levels. In 3Q the contribution from the proprietary portfolio increased (€44.7m), split equally between trading and banking books, which increased the contribution for 9M to €82.8m (approx. 55% of the total), with gains of €43m (€19m of which in 3Q) that do not affect the OCI valuation reserve (€75.7m, €41.1m of which Italian government securities); dividends and other income in Principal Investing more than doubled (from €8.1m to €20.4m); whereas client activity, down from €76m to €47.4m, continues to be penalized by market conditions, adding €15.4m for the quarter.

Operating costs total €905.6m, slightly higher than last year (up 1.6%, from €890.9m), due to the increase in labour costs (up 3.2%, from €453.8m to €468.3m), in turn attributable to the estimated variable remuneration component in the Corporate and Investment Banking area (which is linked to the performance in revenues), to the enhancement of the distribution network in Wealth Management (60 new staff have been recruited in 9M – bankers, financial advisors, and relationship managers in the premier segment – roughly half of whom in the first months of 2021). Conversely, administrative expenses remained stable, at €437.3m (€151.2m in 3Q), partly due to savings enabled by the reduced mobility, which offset the expense of the commercial initiatives in Wealth Management (rebranding operations for CMB Monaco and CheBanca!), IT investments and the higher credit recovery costs (in Consumer Banking in particular).

The good asset quality is reflected in the **cost of risk, which remains at low levels (51 bps),** below last year (61 bps) and in line with the 6M performance despite **the absence of writebacks, the decision not to reverse the overlays and prudential staging in a scenario where risk indicators are improving (default rates and collections from positions for which moratoria have been granted).** Loan loss provisions totalled €181.4m (31/3/20: €209.5m), while coverage levels increased (NPLs 64.8%; performing loans 1.34%). In Consumer Banking in particular, the sharp reductions in positions entering default status enabled the coverage ratios to reach all-time high levels (NPLs: 74.4%; performing loans: 3.43%) despite the lower loan loss provisions (€55.4m).

Other losses reported by the Holding Functions division totalled €75.7m, compared with €56.3m, with a loss of €42.3m reported for 3M attributable to provision of the **ordinary payment to the Single Resolution Fund (€42.5m)**, which this year too reflects a substantial, 14.2% increase due to the higher amount of protected deposits within the banking system.

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Total assets were basically flat in the three months, increasing from €83.3bn to €83.8bn; the 17.2% increase in treasury assets offset the temporary reduction in loans to customers (down 0.9%) and trimming of securities held in the banking book; the main asset items reflect the following performances:

- **Customer loans declined slightly,** from €48.1bn to €47.7bn, due to a reduction in CIB (down 3.3%, from €19.5bn to €18.9bn) which was only in part offset by growth in Wealth Management (up 1.7%, from €14bn to €14.3bn, €10.9bn of which in mortgages), against a Consumer Banking loan book that was virtually stable at €12.8bn. New business for the 9M in Wholesale Banking totalled €4.1bn (€1bn in 3Q, virtually half the amount reported in 2Q, in part due to seasonal factors, coupled with higher earlier redemptions), and the turnover rate in factoring rose by 8.2%, from €6bn to €6.5bn (QoQ €2.1bn vs €2.6bn), while mortgage loans were down 6.5% (from €1.8bn to €1.7bn, €604m of which in 3Q) and Consumer Banking loans down 17.4% (€5.6bn to €4.6bn, €1.6bn in 3Q, with more special purpose loans than personal loans);

- **Positive results from moratoria**: as at 31 March 2021, moratoria still outstanding involved loans worth a total amount of **approx. €860m** (or 1.7% of total loans), far lower than the amount granted at the start of the pandemic (€2.7bn granted to over 155,000 clients) and also the amount at end-December 2020 (€1.2bn). The remainder is concentrated in mortgage lending and leasing, the moratoria granted in Consumer Banking now more or less completely finished (down from €1.3bn to just under €130m, 91% of which classified as Stage 2-3):

    - Moratoria granted in respect of mortgages have increased since the start of the year, from €601m to €657.9m, as the Group has continued to provide support to its clients, but in 3Q they were down by approx. €4m; moratoria still outstanding involve a total amount of €252.1m, following repayments of €405.8m (more than 60%);under the regulations still in force, 35% of the concessions should resume payments by end-June, and a further approx. 40% by year-end 2021. Approx. 85% of the moratoria have been classified as Stage 2-3 (versus 53% at end-December 2020), after approx. €60m was added to the higher stages to reflect enhanced monitoring plus repayments totalling approx. €108m;

  - Moratoria granted in respect of leases as at 31 March 2021 totalled €713.7m; the moratoria still outstanding amount to €474.1m, down €112.5m from the €586.6m reported in 2Q. Under the regulations currently in force, virtually all of the concessions should resume payments during the month of July, while the share classified as Stage 2-3 rose during the three months, from 31% to 38% of the total;

- **NPLs totalled €1,652.5m, and account for 3.4% of total loans** (31/12/20: 3.3%), near the lowest levels ever and at comparable levels to European banks. The prudent provisioning policy adopted in 3Q is reflected in the **reduction in net NPLs (from €609.4m to €580.9m) which now represent 1.2% of total loans with a coverage ratio of 64.8%** (63.1%). Net bad debts remain at low levels, totalling €78.6m (€83m, or 0.2% of total loans, with the coverage ratio increasing (from 82.5%to 84.9%);

- **Stage 2 positions increased** from €3,164.2m to €3,300.1m (6.9% of total loans), due in particular **to prudential treatment of loans for which moratoria have been granted** (approx. €90m in mortgages and €14m in leases were reclassified as Stage 2 during the three months). Overall, the coverage ratio for the Group's performing loans rose by 3 bps to 1.34% (Consumer Banking: up 8 bps to 3.43%);

- **Net treasury assets increased from €5.7bn to €7.8bn, on to higher liquid assets held with the ECB of €3.3bn (€1.8bn),** partly offset by the reduction in other forms of liquid asset (from €2.1bn to €1.8bn); the net balance of trading instruments stood at €1.2bn, and includes net equities totalling €2.3bn primarily to cover liabilities in respect of certificates issued (€1.8bn); the share of government securities and other bonds remains low at €865.4m;

- **Banking book securities declined from €7.3bn to €6.8bn, following sales and redemptions during the quarter (approx. €1bn), only half of the proceeds of which were reinvested;** the share made up of Italian government securities totalled €3.6bn (€3.7bn) with a duration of 3.3 years, and has an OCI reserve of €75.7m to add to the unrealized gains on the securities held as fixed assets (€98m);

- **Funding increased from €55.9bn to €56.6bn,** and reflects increases in the T-LTRO funding component (as expected; from €6.2bn to €7bn, reaching the target for the third programme), direct funding in Wealth Management (up from €24.6bn to €25.2bn, €16.7bn of which in retail deposits), and debt securities (from €18.7bn to €19bn) after new issues worth €1.2bn;

- **TFAs in Wealth Management increased from €66.6bn to €69.3bn,** on Net New Money (NNM) of €1.1bn (€1.4bn by the Affluent and Private networks), plus a market effect worth €1.6bn. Deposits increased from €24.6bn to €25.2bn, while AUA/AUM increased from €42bn to €44.1bn (up 5.1% in 3Q), reflecting growth of 11% since the start of the financial year (Affluent/Premier up €2.1bn to €14.6bn, Private up €2.7bn to €20.5bn);

- **Capital ratios show further improvement:**

  - **CET 1 ratio phase-in[10] 16.25% (31/12/20: 16.17%):** retained earnings (which added 12 bps) and lower RWA (25 bps) were outweighed by the higher deductions (27 bps, 15

10 Cf. footnote 3.

bps of which for Assicurazioni Generali and 6 bps for M&A[11]). In particular, the reduction in banking RWAs (€0.8bn) regards the Large Corporate portfolio (approx. 4%) not just as a result of the trend in the loan stock but also because of the improved quality of the loan book;

- **CET1 ratio fully loaded[12] 14.60%, (31/12/20: 14.51%);**

- **Total capital ratio 18.97% (17.67% fully loaded),** stable despite reflecting the share of amortization for the Tier 2 instruments;

- **The Mediobanca Group has confirmed its guidance of a 70% payout**, subject to removal of the ECB Recommendation in force until 30 September 2021: the dividend proposal for the current year will be made within a timeframe consistent with submission for approval by shareholders at the Annual General Meeting scheduled to be held at end-October 2021.

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In recent months the Group has received significant recognition from rating agencies, credit and ESG.

- In March **rating agency S&P Global Ratings – following a bank-specific review – upgraded the Outlook for Mediobanca from Negative to Stable**. The "BBB" rating remains unchanged, as it is aligned to the rating for Italian sovereign debt. At the current rating level, despite the ongoing macro uncertainties and although the trend in economic risk for the Italian banking system remains negative, S&P believes that Mediobanca's more diversified business model, prudent risk management and solid capitalization should provide sufficient buffers to cushion the Bank's creditworthiness against the residual impacts of the pandemic-induced crisis.

- In May **Mediobanca was included in the S&P Europe 350 ESG index**. The Bank's inclusion was the result of a reshuffle of the index promoted by S&P Dow Jones, which each years selects the best issuers on the basis of sustainability criteria weighted in order to reflect the companies' respective market capitalization levels.

- In May **Mediobanca was included in the "2021 Sustainability Leaders"** research by *Il Sole 24 Ore - Statista*: a selection of 150 corporates, out of 1,200 Italian companies analysed, which stand out for their attention to sustainability issues in the sectors in which they operate.

Divisional results

1. Wealth Management.[13] Increases in revenues (up 5%, to €464m), net profit (up 11%, to €74m), and TFAs (up 15% YoY, to €69bn, of which AUM/AUA up 17% YoY to €44bn) – ROAC 22%

Wealth Management delivered an increase in profits over 9M of 11.3%, to €74m (31/3/20: €66.5m), allowing the division to maintain high profitability **(ROAC 22%); in 3M the growth was 8.4% (from €25m to €27.1m), driven by a good performance in terms of revenues** (up 4.6% YoY

11 First effect of the Bybrook acquisition, with an additional negative impact on CET1 of approx. 10 bps, after the closing.

12 The fully-loaded ratio is calculated without the Danish Compromise, i.e. with the Assicurazioni Generali investment deducted in full (minus 152bps), and with the IFRS 9 FTA effect applied in full (minus 13bps).

13 Includes the Affluent & Premier segment (CheBanca!), Private Banking (MBPB, CMB Monaco), Asset Management (MB SGR and MB Management Company, Cairn Capital, RAM AI), and the activities of Spafid.

and up 3.5% QoQ), which in turn was closely related to the increase in high quality assets **(AUM/AUA up from €42bn to €44.1bn in 3Q)** and took the **cost/income ratio to 74%** (from 76.2% last year).

The distribution structure was enhanced in the nine months, with the addition of 60 professionals, half of whom have joined since January 2021. **CheBanca!** has increased its workforce in the three months, recruiting 12 new Premier relationship managers (who at end-March 2021 numbered 479) and 18 FAs (447) working at 201 POS currently being restyled as part of the plans to reposition the bank versus Premier clients. New recruits were also added in **Private Banking**: six new bankers were taken on at CMB Monaco as part of the staff turnover plan, and three at Mediobanca Private Banking; overall, the total of private bankers has now risen to 134, 85 of whom work on the domestic Italian market.

Product offering expansion continues:

- The product offering for Wealth Management has been enhanced with a new Asia (excluding Japan) thematic product to complete the portfolio management products focused on specific sectors/themes; the Mediobanca SGR "Mediobanca Diversified Credit Portfolio 2026 Target Maturity" Fund; and the third luxury real estate initiative in the private markets area.

- 3Q also saw the first exit from investments made by The Equity Club with the sale on the market of Philogen, a company operating in the biotech sector, which delivered a positive performance on the investment for clients.

Net New Money reported by the division totalled €1.1bn (€1.4bn by Affluent/Private), taking the total for 9M to €2.7bn **(€3.6bn by Affluent/Private)**, of which €1.3bn in deposits (€584m in 3Q) and €1.4bn in indirect funding (€517m). In particular, the Affluent segment contributed €761m in deposits in 3M, while there were conversions in the Private segment with outflows totalling €177m; conversely, Net New Money in the form of AUM/AUA was generated as to €454m by the Affluent segment and as to €352m by Private Banking, in part offset by the reduction in Asset Management (€289m).

Total Financial Assets (TFAs) totalled €69.3bn, including a market effect for the quarter of €1.6bn (€3bn since the start of the financial year); of this, €31.4bn is attributable to the Affluent segment (€14.6bn of AUM/AUA), €28.8bn to Private Banking (€20.5bn of AUM/AUA), and €19.7bn of Asset Management (€10.7bn of which placed internally to the Group).

The division posted revenues of €463.9m, up 4.6% on last year (from €443.6m), and up 3.5% in 3M (from €156.3m to €161.8m). The main income sources performed as follows:

- Net interest income for the nine months was up 2.6% (from €203.7m to €209m), with the contribution for 3Q €72m (up 4.2%). NII earned by the Affluent segment grew by 2.7% in the first three months of 2021 (from €56.4m to €57.9m), on higher business volumes (mortgages and deposits); and CMB Monaco (the main contributor in the Private Banking segment) showed a recovery in NII which increased from €10.1m to €11.5m;

- Fee income rose to €246.9m (31/3/21: €234.5m), on substantial growth in the Affluent segment (where fees rose by 22.2%, to €92.6m), driven in particular by management and banking fees (up 26%, to €106.2m); there was growth, too, in Private Banking (up 8%, to €103m), with the recurring share up 9%; the positive 3Q trend was also reflected in the performance of commissions, which rose 2.8%, to €86.9m, €32.1m of which in the Affluent segment (down 3.6%) and €38.3m in Private Banking (up 17.1%), with the contribution from Asset Management decreasing, from €16.3m to €14.4m, due exclusively to the reduction in performance fees (which were down €1.9m).

Operating costs rose from €338m to €343.2m, an increase of 1.5%, the share contributed in 3Q amounting to €119.3m (up 3.9%). In particular, operating costs in the Affluent and Private segment increased due to commercial investments (recruitments and marketing campaigns), but reduced in Asset Management due to the effects of the rationalization programme in progress.

Loan loss provisions rose from €11.8m to €16.3m, and are entirely attributable to CheBanca! mortgage loans, which, as well as the higher business volumes, also reflect the prudential approach adopted to treatment of the moratoria still outstanding. Writedowns of €4.5m were charged for 3Q, lower than in 1H FY 2020-21, due exclusively to the absence of signs of impairment on the loan book, and with no reduction in the provisioning rates introduced at end-December 2020.

Customer loans reported by the division total €14.3bn (31/12/20: €14bn), with the mortgage loan component increasing from €10.7bn to €10.9bn, on new loans of €0.6bn; the increase in Private Banking (from €3.3bn to €3.4bn) was primarily attributable to CMB Monaco (€2.1bn).

Gross NPLs remained stable at €217.1m (or 1.5% of total loans), and primarily regard CheBanca! mortgage loans (€199.9m, or 1.8% of total loans); while net NPLs account for less than 1% of the total loan book (€110.5m, €46.5m of which are bad loans), with the coverage ratio increasing slightly, from 48.8% to 49.1% (61.8% for the bad loans, vs 59.4%).

2. Consumer Banking: gradual but ongoing improvement in new loans (€1.6bn in 3Q), asset quality and cost of risk at best ever levels (9M 206 bps, 3Q 174 bps, with coverage ratio 74.4% for NPLs and 3.43% for performing loans). High ROAC (28%, vs 30% one year ago)

In a recovering market scenario which remains challenging and still far from pre-Covid levels, Compass has delivered a solid commercial performance and profitability which remains high.

Growth at the top line has been affected by lower annual average lending volumes (which at €12.7bn, were lower than the €13.7bn posted one year previously), but the impact of the various lockdowns has been gradually smoothed by the enhancement of the distribution structure, which is now increasingly extensive and shows greater integration between physical and digital channels, and by the upgrading of the processes. New loans in 3Q, which amounted to €1.6bn, have now returned to 85% of their pre-Covid levels. Despite the slowdown in net profit, which, at €215.7m, was down 13% YoY, the division continues to be highly profitable (ROAC 28%) due to effective cost of risk management which is visible across all time horizons (9M 206 bps, 3Q 174 bps), while the coverage ratios are near their highest ever levels (NPLs: 74.4%; performing loans: 3.43%).

The downward trend in the Italian consumer market continued in the early months of 2021, declining by 18%, with the reduction being most pronounced in personal loans (down 29%), ahead of special purpose loans (down 16%) and automotive finance (down 11%). In this scenario **Compass has defended its market share, which remains at 10%,** with good results in special purpose and direct personal loans.

Enhancement of the distribution structure has continued: four new POS (branches and agencies) have been opened during the three months, and ten in 9M, making a total of 229, 50 of which are agencies. The healthy trend in the internet channel has continued, with the share of personal volumes generated via the direct channel stabilizing at just under 25% (with 80% of the applications processed in one day).

New loans for the nine months totalled €4.6bn, down 17.4% on last year (€5.6bn), but up QoQ (up 11.3%, **from €1.5bn to €1.6bn**).

A net profit for the nine months of €215.7m was delivered, 13% lower than last year but reflecting a ROAC that remains at very high levels (28%). The reduction in volumes (down 3%), allied to changes in the product mix in terms of new business, with a higher percentage of special purpose as opposed to personal loans, impacted on revenues and were only in part offset by the **significant improvement in default rates and credit recovery performances, which drove the cost of risk to well below pre-Covid levels (9M: 206 bps; 3Q: 174 bps) but without affecting the coverage ratios which continued to rise during the third quarter.**

Revenues for the nine months were down 5.1% year-on-year (from €805m to €763.9m), and down 2.6% QoQ (from €255.5m to €248.8m), impacted by the downward trend in net interest income (which declined by 6.6%, from €711.3m to €664.4m) attributable equally to the lower business volumes and the reduced profitability (NII for 3M totalled €216m, down 3% QoQ), only in part offset by the good performance from fees (up 6.2%, from €93.7m to €99.5m, €32.8m of which in 3Q) which was boosted, despite the reduction in income from insurance operations (down from €48m to €37.8m), by the lower commissions to be credited back to the third party networks.

Operating costs came in at €230.7m, up 1.9% year-on-year due to higher credit recovery charges of €48.2m (€42.6m) and IT investments (up €3m) outweighed by the savings in marketing and communication. Costs for 3Q were €80.1m, a slight increase QoQ (up 3.1%).

Loan loss provisions were down 2.5% on last year (from €204.1m to €198.9m), although the latter figure reflects the high recorded following the first lockdown in March 2020 (€76.1m).

The risk indicators for businesses and households remain at their end-2020 levels, and in Consumer Banking, the data on accounts entering default status and applications for postponements are better than pre-Covid. Nonetheless, on prudential grounds the Group continues to maintain the same level of provisioning and to apply strict staging criteria, without reversing the overlays set aside at end-December 2020 to earnings.

The point-in-time figure for customer loans at the period-end is stable at €12.8bn, although average volumes continue to decline. By individual segment, personal loans total €6.7bn, while the stock in salary-backed finance decreased from €1.9bn to €1.8bn; but the downward trend is reversed in automotive finance, which was up 4% in part due to the vehicle scrappage programmes.

Gross NPLs declined from €1,038.8m to €1,031.6m, due to the low numbers of entries to default status, the high recovery rates, and resumption of the revolving disposals. Gross NPLs now represent 7.38% of total loans (7.45%), with the coverage ratio increasing to 74.4% (71.5%) driving net NPLs down from €295.8m to €263.8m, the lowest figure since the new definition of default was adopted (in September 2019). Net NPLs fell to below €10m, with the coverage ratio increasing from 96.3% to 97.2%. The coverage ratio for the performing loan book rose to a high of 3.43% (3.35% at 31 December 2020; 3.17% at 30 June 2020; 3.02% at 30 June 2019).

3. Corporate & Investment Banking: record performance in terms of revenues (€537m) and net profit (€232m); ROAC 17%. Robust trend in fee income continued in 3Q, helped by strong customer relations and buoyant market conditions. Loan book quality continues to reflect best ever levels; no reversals of overlays in 3Q

CIB recorded a net profit of €231.5m in the nine months, maintaining the high levels recorded at the half-year stage, and reflecting a ROAC of 17%. The positive momentum of CIB is confirmed also in 3Q, with a net profit of €61.2m, below the level recorded at end-2020 (€85.7m) which, however, included various non-recurring items (in particular the Burgo loan writeback).

Against a backdrop of strong growth in the M&A market in the last quarter, **Mediobanca has maintained its leadership position in the domestic market, developed a significant footprint in France (which now generates some 40% of the Group's revenues from advisory business), and strengthened its position in the mid cap segment** (which now accounts for between 20% and 30% of the revenues) where it has become the leading domestic operator as a Private Investment Bank addressing mainly companies that are family-owned and run, with a total of eight mandates performed during the nine months.

Hubert Preschez has been recently appointed as new partner of Messier et Associés.

Among the most important M&A deals to take place in the third quarter, Mediobanca has acted as advisor in the delisting of ASTM, and was involved in ION's acquisition of Cerved; the Bank also assisted Banca Farmafactoring in the acquisition of Depobank.

In Capital Markets, Mediobanca acted as Global Co-ordinator in the IPO of Philogen (a company operating in the biotechnologies sector). In all the markets it covers (Italy, France, Spain/Portugal, and the United Kingdom), the Bank has taken leading roles in numerous bond issues (e.g. Enel, Banco BPM, Snam, Italgas, 2i Rete Gas, Société Générale and the EDP green hybrid bond).

The revenues generated by the CIB division in the nine months climbed to €537m (up 23.2%, from €435.7m), **with the contribution for 3Q** €172.7m lower than the record performance delivered in 2Q (€181.8m) but still **near the highest levels seen in the past five years.**

The main income items performed as follows in the nine months:

- **Net interest income rose** from €202.6m to €218.8m, slowing QoQ (from €76.7m to €70.3m) due to the absence of one-time items in the loan book; the reduction in NII generated in Specialty Finance (down 12.9%, from €61.4m to €53.5m, €17.6m of which in 3Q), due to the lower volumes in NPL management and instalment factoring activities, was in part offset by a higher contribution from the Market Division component;

- **Fee income grew by 43.2%** (from €174.2m to €249.4m, € 77.2m of which in 3Q), **with all products reporting an increase**. The performance in Corporate Finance was particularly impressive, where fees rose from €83.7m to €102.5m (€34.8m of which in 3Q), in the Mid Corporate segment in particular (€17.4m, €11.5 of which in 3Q) and in France (Messier et Associés: €38.8m, €14.8 of which in 3Q), as were those of Equity Capital Markets (fees up from €4.9m to €32.3m, €4.1m of which in 3Q), Lending (up from €27m to €37.9m, €10m in 3Q) and Specialty Finance (up from €28.4m to €34m, €11.6m of which in 3Q);

- **Net treasury income increased** from €58.9m to €68.8m (up 16.8%), with €25.2m added in 3Q; the reduction in client activity (from €76m to €47m, €15m of which in 3Q) was comfortably offset by an excellent performance by the proprietary portfolio (€21m), compared with a €17m loss posted at end-March 2020), three-quarters of which was attributable to fixed-income trading.

The increase in operating costs (up 6.3%, from €212.8m to €226.3m) is closely related to the rise in labour costs (up 10.8%, from €111.5m to €123.5m), reflecting the progressive alignment of the variable remuneration component in Investment Banking to the revenues accrued. Meanwhile, administrative expenses were basically flat, at €102.8m; much of the spending on project activities was offset by the material savings on travel and entertainment expenses.

Net writebacks were credited for 3Q again (€42.4m), with the quarterly adjustments much lower than last year at €1.2m (€17.3m); in particular, the Corporate loan book shows writebacks of €66.2m, representing a further increase of €4.8m, after repayments plus an improvement in the portfolio's rating profile, with the coverage ratio for performing items basically unchanged from end-December 2020. Loan loss provisions for Specialty Finance increased from €15.6m to

€23.8m, €6m of which in 3Q reflecting certain prudential adjustments taken in respect of NPL activities.

Loans and advances to customers decreased from €19.5bn to €18.9bn, due to the seasonality in factoring (customer loans in Specialty Finance decreased from €2.7bn to €2.5bn) and also the reduction in new loans to Large Corporates (€1bn), approximately one-third the amount reported in the previous quarter, and approx. €500m below repayments (€1.5bn); as a result of certain prepayments, the loan stock in Lending and Structured Finance reduced from €16.8bn to €16.3bn.

Asset quality remains at high levels: gross NPLs (which increased from €231.3m to €232.3m) remain at the lowest levels seen in the past ten years (1.2% of total loans); while net NPLs remained at €104.9m, with the coverage ratio stable at 54.9%. NPLs acquired by MBCS were also basically unchanged at €382.1m (€380.2m), following new investments of approx. €12.6m (with a nominal value of €76.9m). All the overlays set aside prudentially at year-end 2020 were confirmed at end-March 2021.

4. <u>Principal Investing</u>: reduced contribution to Group earnings (€199m) as a result of non-recurring items booked to 1H, with the 3Q contribution returning to normal levels. **ROAC al 12%**

The Principal Investing division posted a net profit of €198.7m for the nine months, much lower than last year (€225.3m) as a result of a reduced contribution from the equity method which added €170.2m (€248.8m) already visible in the results as at end-December 2020 and mostly attributable to extraordinary charges taken by Assicurazioni Generali in the first half of the last financial year.[14] In 3Q the division posted a net profit of €70.3m. There was also a positive contribution from holdings in funds (seed capital, private equity and real estate) totalling €31.3m (€13.4m of which in 3Q).

The book value of the Assicurazioni Generali investment increased during the three months, from €3,659.2m to €3,875.8m, on net profits for the quarter of €57.7m and increases in the valuation reserves totalling €158.9m in relation to the market recovery.

As for securities held as part of the banking book, the positions were largely stable: against a reduction in funds (from €526.5m to €509.4m), following net disposals of €35.8m and positive value adjustments (of €18.6m), there was an increase in the equities component (from €148m to €164.5m), virtually of which was attributable to the stock market prices at end-March 2021 (adding €12.4m, taken directly to net equity reserves), plus new investments totalling around €4m.

5. <u>Holding functions</u>: comfortable direct funding, optimized composition and costs. Deleveraging in leasing business ongoing

The Holding Functions posted a lower net loss than last year, down from €140.5m to €117.6m, on a positive result at the top-line level reflecting revenues of €27.4m (compared with a €12.8m loss last year) due to treasury management, which contributed €43.6m on the back of gains on the proprietary portfolio (€53,4m, up €34.3m) and improvement in net interest income (up €7.4m). the substantial reduction in costs (from €124.6m to €117m) is related to the trend in central costs, which declined from 9% to 8% of the Group's total spending), most of which was

14 Last year included the €352m gain on disposal of Generali Leben, while this year reflects one-off charges of €183m taken in respect of the settlement reached with BTG Pactual regarding the BSI disposal.

offset by the higher writedowns to banking book securities (approx. €8m, concentrated in the first six months) and the higher contributions to the resolution funds, which rose from €49.7m to €60.4m (€42.5m of which was the ordinary payment to the SRF which was 14.2% higher this year).

The main segments performed as follows:

- Treasury operations drew benefit from the increased use of the T-LTRO facilities (the balance of which increased from €6.2bn to €7bn), completing the conversion from programme II to programme III, and reaching the target drawdown (80% of the total eligible) which stabilizes the liquidity ratios at prudent levels (LCR 153%, and NSFR 109.3%), and the cost of funding (in terms of spread vs Euribor) despite the reduction in market rates (approx. 20 bps). Net interest expense improved, from €68.8m to €61.4m, with the T-LTRO offsetting the reduced contribution from banking book securities (down from €53m to €38m); by contrast, the profits generated from portfolio management were much improved, almost doubling from €21.2m to €42m, without affecting the valuation reserve, which remains comfortably in positive territory at over €75m (30/6/20: €13.1m);

- Leasing operations posted a net profit of €2.3m, three times the amount recorded last year which included €3.9m in non-recurring charges, on revenues of €29.3m (virtually unchanged), with the cost/income ratio declining from 56.9% to 51.5% and loan loss provisions of €8.8m (€6.3m) reflecting the prudent approach taken to leases for which moratoria have been granted. Leases outstanding fell from €1,799.6m to €1,785.4m, roughly one-third of which are affected by moratoria (€474.1m, granted mainly under the "Cura Italia" decree law). In 3Q gross NPLs grew from €166.7m to €171.4m, and represent 9.2% of total leases (8.9%); net NPLs amount to €101.7m, and account for 5.7% (5.5%) of the total, with a coverage ratio of 40.6% (40.7%).

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Outlook

FY 2020-21 is expected to show a widespread recovery versus last year, as the difficulties caused by the Covid-19 pandemic are overcome. The acceleration in the vaccination campaign, allied to the monetary and fiscal policy initiatives put in place, have laid the foundations for a positive performance in the coming quarters.

The Group's revenues will continue to be driven by a positive flow in terms of fees from the Investment Banking and Wealth Management divisions that will offset the slowdown in net interest income due to the lower personal loans in Consumer Banking, which have shown signs of recovery in recent weeks. The final months of the financial year will also reflect the customary seasonal factors in terms of operating costs, meaning an increase compared to 3Q.

The cost of risk should remain at low levels: all risk indicators in Consumer Banking remain at pre-Covid levels and the new macro-economic scenario, to which the IFRS 9 parameters will be adjusted at the close of the financial year, is expected to be better than the previous one.

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MEDIOBANCA

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	9 mths 31/03/20	9 mths 31/03/21	Chg. %
Net interest income	1,081.7	1,071.4	-1.0%
Net treasury income	88.6	151.6	71.1%
Net fee and commission income	487.3	571.2	17.2%
Equity-accounted companies	249.5	169.4	-32.1%
Total income	**1,907.1**	**1,963.6**	**3.0%**
Labour costs	(453.8)	(468.3)	3.2%
Administrative expenses	(437.1)	(437.3)	n.m.
Operating costs	**(890.9)**	**(905.6)**	**1.6%**
Loan loss provisions	(209.5)	(181.4)	-13.4%
Provisions for other financial assets	(32.3)	32.1	n.m.
Other income (losses)	(56.3)	(75.7)	34.4%
Profit before tax	**718.1**	**833.1**	**16.0%**
Income tax for the period	(162.5)	(225.9)	39.0%
Minority interest	(3.4)	(3.3)	-2.9%
Net profit	**552.2**	**603.9**	**9.4%**

2. Quarterly profit and loss accounts

Mediobanca Group	FY 19/20				FY 20/21		
(€m)	I Q 30/09/19	II Q 31/12/19	III Q 31/03/20	IV Q 30/06/20	I Q 30/09/20	II Q 31/12/20	III Q 31/03/21
Net interest income	359.1	362.4	360.2	360.5	357.1	363.3	351.0
Net treasury income	34.7	56.8	(2.9)	47.7	35.8	50.9	64.9
Net commission income	154.9	173.6	158.8	142.9	189.1	193.7	188.4
Equity-accounted companies	135.5	48.2	65.8	54.8	44.0	66.9	58.5
Total income	**684.2**	**641.0**	**581.9**	**605.9**	**626.0**	**674.8**	**662.8**
Labour costs	(144.5)	(159.0)	(150.3)	(145.5)	(152.0)	(153.0)	(163.3)
Administrative expenses	(138.1)	(149.5)	(149.5)	(152.5)	(136.0)	(150.1)	(151.2)
Operating costs	**(282.6)**	**(308.5)**	**(299.8)**	**(298.0)**	**(288.0)**	**(303.1)**	**(314.5)**
Loan loss provisions	(65.1)	(44.4)	(100.0)	(165.4)	(71.8)	(45.9)	(63.7)
Provisions for other fin. assets	3.9	4.8	(41.0)	11.8	13.4	(0.3)	19.0
Other income (losses)	0.2	(16.0)	(40.5)	(77.1)	—	(33.4)	(42.3)
Profit before tax	**340.6**	**276.9**	**100.6**	**77.2**	**279.6**	**292.1**	**261.4**
Income tax for the period	(67.8)	(78.3)	(16.4)	(28.6)	(78.8)	(80.1)	(67.0)
Minority interest	(2.2)	(1.6)	0.4	(0.4)	(0.7)	(1.5)	(1.1)
Net profit	**270.6**	**197.0**	**84.6**	**48.2**	**200.1**	**210.5**	**193.3**

MEDIOBANCA

3. Restated balance sheet

Mediobanca Group (€m)	30/06/20	31/12/20	31/03/21
Assets			
Financial assets held for trading	8,818.6	11,559.7	11,417.7
Treasury financial assets	9,257.0	8,676.8	10,166.4
Banking book securities	6,824.5	7,282.5	6,755.3
Customer loans	46,685.1	48,127.8	47,685.0
Corporate	*16,521.7*	*16,782.8*	*16,328.5*
Specialty Finance	*2,122.5*	*2,739.6*	*2,542.1*
Consumer credit	*13,037.4*	*12,776.8*	*12,760.7*
Mortgages	*10,235.0*	*10,697.6*	*10,896.8*
Private banking	*2,948.6*	*3,331.4*	*3,371.5*
Leasing	*1,819.9*	*1,799.6*	*1,785.4*
Equity investments	4,009.7	4,505.1	4,721.0
Tangible and intangible assets	1,311.8	1,307.7	1,344.0
Other assets	2,043.0	1,875.5	1,676.0
Total assets	**78,949.7**	**83,335.1**	**83,765.4**
Liabilities			
Funding	54,917.0	55,943.6	56,604.0
MB bonds	*18,751.0*	*18,706.2*	*19,012.8*
Retail deposits	*15,276.7*	*15,983.2*	*16,744.4*
Private Banking deposits	*8,530.7*	*8,642.2*	*8,461.2*
ECB	*5,660.8*	*6,165.1*	*6,963.1*
Banks and other	*6,697.8*	*6,446.9*	*5,422.5*
Treasury financial liabilities	3,988.0	4,910.9	3,624.6
Financial liabilities held for trading	7,956.9	9,649.9	10,177.6
Other liabilities	2,190.3	2,086.9	2,247.0
Provisions	157.4	174.4	172.6
Net equity	9,740.1	10,569.4	10,939.6
Minority interest	*91.5*	*92.7*	*88.0*
Profit for the period	*600.4*	*410.6*	*603.9*
Total liabilities	**78,949.7**	**83,335.1**	**83,765.4**
CET 1 capital	7,745.0	7,872.3	7,749.6
Total capital	9,041.1	9,240.8	9,047.3
RWA	48,030.5	48,693.9	47,681.0

4. Consolidated shareholders' equity

Net equity (€m)	30/06/20	31/12/20	31/03/21
Share capital	443.6	443.6	443.6
Other reserves	8,229.9	8,839.3	8,843.2
Valuation reserves	374.7	783.2	960.9
- of which: Other Comprehensive Income	*71.5*	*113.1*	*124.0*
cash flow hedge	*(30.6)*	*(30.6)*	*(23.6)*
equity investments	*341.7*	*712.9*	*870.9*
Minority interest	91.5	92.7	88.0
Profit for the period	600.4	410.6	603.9
Total Group net equity	**9,740.1**	**10,569.4**	**10,939.6**

5. Ratios (%) and per share data (€)

MB Group	Financial year 19/20	Financial year 20/21	
	30/06/20	31/12/20	31/03/21
Ratios (%)			
Total assets / Net equity	8.1	7.9	7.7
Loans / Funding	0.85	0.86	0.84
RWA density (%)	60.8%	58.4%	56.9%
CET1 ratio (%)	16.1%	16.2%	16.3%
Total capital (%)	18.8%	19.0%	19.0%
S&P Rating	BBB	BBB	BBB
Fitch Rating	BBB-	BBB-	BBB-
Moody's Rating	Baa1	Baa1	Baa1
Cost / Income	47.3	45.4	46.1
Net bad Loans (*sofferenze*)/Loans ratio (%)	0.2	0.2	0.2
EPS	0.68	0.46	0.68
EPS adj.	1.00	0.51	0.73
BVPS	10.9	11.5	11.8
TBVPS	10.0	10.6	10.8
ROTE adj. (%)	10.1	9.8	9.4
No. shares outstanding (m)	887.2	887.2	887.3

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

9m – March 21 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	209.0	664.4	218.8	(5.3)	(34.4)	1,071.4
Net treasury income	8.0	—	68.8	20.4	53.4	151.6
Net fee and commission income	246.9	99.5	249.4	—	8.4	571.2
Equity-accounted companies	—	—	—	169.4	—	169.4
Total income	**463.9**	**763.9**	**537.0**	**184.5**	**27.4**	**1,963.6**
Labour costs	(177.2)	(74.9)	(123.5)	(2.4)	(90.3)	(468.3)
Administrative expenses	(166.0)	(155.8)	(102.8)	(0.8)	(26.7)	(437.3)
Operating costs	**(343.2)**	**(230.7)**	**(226.3)**	**(3.2)**	**(117.0)**	**(905.6)**
Loan loss provisions	(16.3)	(198.9)	42.4	—	(8.6)	(181.4)
Provisions for other financial assets	2.2	(0.3)	0.8	36.8	(7.4)	32.1
Other income (losses)	0.4	(15.2)	(0.5)	—	(60.4)	(75.7)
Profit before tax	**107.0**	**318.8**	**353.4**	**218.1**	**(166.0)**	**833.1**
Income tax for the period	(33.0)	(103.1)	(120.1)	(19.4)	49.9	(225.9)
Minority interest	—	—	(1.8)	—	(1.5)	(3.3)
Net profit	**74.0**	**215.7**	**231.5**	**198.7**	**(117.6)**	**603.9**
Loans and advances to Customers	14,268.3	12,760.7	18,870.6	—	1,785.4	47,685.0
RWAs	5,015.6	11,542.4	19,967.8	8,075.5	3,079.7	47,681.0
No. of staff	2,037	1,443	627	11	796	4,914

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

9m – March 20 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	203.7	711.3	202.6	(5.3)	(40.8)	1,081.7
Net treasury income	5.4	—	58.9	8.1	19.0	88.6
Net fee and commission income	234.5	93.7	174.2	—	9.0	487.3
Equity-accounted companies	—	—	—	249.5	—	249.5
Total income	**443.6**	**805.0**	**435.7**	**252.3**	**(12.8)**	**1,907.1**
Labour costs	(177.2)	(75.7)	(111.5)	(2.6)	(86.9)	(453.8)
Administrative expenses	(160.8)	(150.8)	(101.3)	(0.7)	(37.7)	(437.1)
Operating costs	**(338.0)**	**(226.5)**	**(212.8)**	**(3.3)**	**(124.6)**	**(890.9)**
Loan loss provisions	(11.8)	(204.1)	12.7	—	(6.3)	(209.5)
Provisions for other financial assets	(0.9)	—	—	(31.7)	0.4	(32.3)
Other income (losses)	1.8	(4.7)	—	—	(52.5)	(56.3)
Profit before tax	**94.7**	**369.7**	**235.6**	**217.3**	**(195.8)**	**718.1**
Income tax for the period	(27.5)	(121.8)	(78.4)	8.0	55.9	(162.5)
Minority interest	(0.7)	—	(2.0)	—	(0.6)	(3.4)
Net profit	**66.5**	**247.9**	**155.2**	**225.3**	**(140.5)**	**552.2**
Loans and advances to Customers	13,008.0	13,657.3	18,941.6	0.0	1,835.4	47,442.3
RWAs	4,713.6	12,880.6	20,765.8	5,694.5	3,237.7	47,292.3
No. of staff	2,000	1,440	633	11	815	4,899

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7. Wealth Management

Wealth Management (€m)	9 mths	9 mths	Chg.%
	31/03/2020	31/03/2021	
Net interest income	203.7	209.0	2.6%
Net trading income	5.4	8.0	48.1%
Net fee and commission income	234.5	246.9	5.3%
Equity-accounted companies	—	—	n.m.
Total income	**443.6**	**463.9**	**4.6%**
Labour costs	(177.2)	(177.2)	n.m.
Administrative expenses	(160.8)	(166.0)	3.2%
Operating costs	**(338.0)**	**(343.2)**	**1.5%**
Loan loss provisions	(11.8)	(16.3)	38.1%
Provisions for other financial assets	(0.9)	2.2	n.m.
Other income (losses)	1.8	0.4	-77.8%
Profit before tax	**94.7**	**107.0**	**13.0%**
Income tax for the period	(27.5)	(33.0)	20.0%
Minority interest	(0.7)	—	n.m.
Net profit	**66.5**	**74.0**	**11.3%**
Loans and advances to customers	13,008.0	14,268.3	9.7%
New loans (mortgages)	1,791.0	1,674.2	-6.5%
TFA (Stock)	60.2	69.3	15.1%
-AUM/AUA	37.8	44.1	16.7%
-Deposits	22.4	25.2	12.5%
AUC	4.9	5.8	18.4%
TFA (Net New Money)	1.9	2.7	42.1%
-AUM/AUA	1.9	1.4	-26.3%
-Deposits	0.0	1.3	n.m.
No. of staff	2,000	2,037	1.9%
RWAs	4,713.6	5,015.6	6.4%
Cost / income ratio (%)	76.2%	74.0%	
Net bad Loans (sofferenze)/Loans ratio (%)	0.3	0.3	
ROAC	21%	22%	

8. Consumer Banking

Consumer Banking (€m)	9 mths 31/03/2020	9 mths 31/03/2021	Chg.%
Net interest income	711.3	664.4	-6.6%
Net trading income	—	—	n.m.
Net fee and commission income	93.7	99.5	6.2%
Equity-accounted companies	—	—	n.m.
Total income	**805.0**	**763.9**	**-5.1%**
Labour costs	(75.7)	(74.9)	-1.1%
Administrative expenses	(150.8)	(155.8)	3.3%
Operating costs	**(226.5)**	**(230.7)**	**1.9%**
Loan loss provisions	(204.1)	(198.9)	-2.5%
Provisions for other financial assets	—	(0.3)	n.m.
Other income (losses)	(4.7)	(15.2)	n.m.
Profit before tax	**369.7**	**318.8**	**-13.8%**
Income tax for the period	(121.8)	(103.1)	-15.4%
Minority interest	—	—	n.m.
Net profit	**247.9**	**215.7**	**-13.0%**
Loans and advances to customers	13,657.3	12,760.7	-6.6%
New loans	5,557.5	4,593.0	-17.4%
No. of branches	172	179	4.1%
No. of agencies	40	50	25.0%
No. of staff	1,440	1,443	0.2%
RWAs	12,880.6	11,542.4	-10.4%
Cost / income ratio (%)	28.1%	30.2%	
Net bad Loans (sofferenze)/Loans ratio (%)	0.1	0.1	
ROAC	29%	28%	

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9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	9 mths	9 mths	Chg.%
	31/03/2020	31/03/2021	
Net interest income	202.6	218.8	8.0%
Net treasury income	58.9	68.8	16.8%
Net fee and commission income	174.2	249.4	43.2%
Equity-accounted companies	—	—	n.m.
Total income	**435.7**	**537.0**	**23.2%**
Labour costs	(111.5)	(123.5)	10.8%
Administrative expenses	(101.3)	(102.8)	1.5%
Operating costs	**(212.8)**	**(226.3)**	**6.3%**
Loan loss provisions	12.7	42.4	n.m.
Provisions for other financial assets	—	0.8	n.m.
Other income (losses)	—	(0.5)	n.m.
Profit before tax	**235.6**	**353.4**	**50.0%**
Income tax for the period	(78.4)	(120.1)	53.2%
Minority interest	(2.0)	(1.8)	-10.0%
Net profit	**155.2**	**231.5**	**49.2%**
Loans and advances to customers	18,941.6	18,870.6	-0.4%
of which purchased NPL (MBCreditSolutions)	352.8	382.3	8.4%
No. of staff	633	627	-0.9%
RWAs	20,765.8	19,967.8	-3.8%
Cost / income ratio (%)	48.8%	42.1%	
Net bad Loans (sofferenze)/Loans ratio (%)	0.0	0.0	
ROAC	11%	17%	

10. Principal Investing

PI (€m)	9 mths 31/03/2020	9 mths 31/03/2021	Chg. %
Net interest income	(5.3)	(5.3)	n.m.
Net treasury income	8.1	20.4	n.m.
Net fee and commission income	—	—	n.m.
Equity-accounted companies	249.5	169.4	-32.1%
Total income	**252.3**	**184.5**	**-26.9%**
Labour costs	(2.6)	(2.4)	-7.7%
Administrative expenses	(0.7)	(0.8)	14.3%
Operating costs	**(3.3)**	**(3.2)**	**-3.0%**
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	(31.7)	36.8	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**217.3**	**218.1**	**0.4%**
Income tax for the period	8.0	(19.4)	n.m.
Minority interest	—	—	n.m.
Net profit	**225.3**	**198.7**	**-11.8%**
Equity investments	3,707.8	3,916.4	5.6%
Other investments	616.4	673.9	9.3%
RWAs	5,694.5	8,075.5	41.8%
ROAC	14%	12%	

11. Holding Functions

Holding Functions (€m)	9 mths 31/03/2020	9 mths 31/03/2021	Chg. %
Net interest income	(40.8)	(34.4)	-15.7%
Net treasury income	19.0	53.4	n.m.
Net fee and commission income	9.0	8.4	-6.7%
Equity-accounted companies	—	—	n.m.
Total income	**(12.8)**	**27.4**	**n.m.**
Labour costs	(86.9)	(90.3)	3.9%
Administrative expenses	(37.7)	(26.7)	-29.2%
Operating costs	**(124.6)**	**(117.0)**	**-6.1%**
Loan loss provisions	(6.3)	(8.6)	36.5%
Provisions for other financial assets	0.4	(7.4)	n.m.
Other income (losses)	(52.5)	(60.4)	15.0%
Profit before tax	**(195.8)**	**(166.0)**	**-15.2%**
Income tax for the period	55.9	49.9	-10.7%
Minority interest	(0.6)	(1.5)	n.m.
Net profit	**(140.5)**	**(117.6)**	**-16.3%**
Loans and advances to customers	1,835.4	1,785.4	-2.7%
Banking book securities	6,041.9	5,760.3	-4.7%
RWAs	3,237.7	3,079.7	-4.9%
No. of staff	815	796	-2.3%

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12. Statement of comprehensive income

		9 mths	6 mths	9 mths
		31/03/2020	31/12/2020	31/03/2021
10.	**Gain (loss) for the period**	**553.0**	**411.6**	**605.4**
	Other income items net of tax without passing through profit and loss	**(26.8)**	**(37.4)**	**(38.8)**
20.	Equity instruments designated at fair value through other comprehensive income	(8.0)	(1.2)	10.5
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	—	(4.9)	(5.5)
40.	Hedge accounting of equity instruments designated at fair value through other comprehensive income	—	—	—
50.	Property. plant and equipment	—	—	—
60.	Intangible assets	—	—	—
70.	Defined-benefit plans	0.6	(0.5)	0.1
80.	Non-current assets and disposal groups classified as held for sale	—	—	—
90.	Portion of valuation reserves from investments valued at equity method	(19.4)	(30.8)	(43.9)
	Other income items net of tax passing through profit and loss	**220.5**	**445.3**	**624.6**
100.	Foreign investment hedges	—	0.9	2.0
110.	Exchange rate differences	7.6	(0.6)	0.2
120.	Cash flow hedges	16.0	0.2	7.4
130.	Hedging instruments (non-designated items)	—	—	—
140.	Financial assets (different from equity instruments) at fair value through other comprehensive Income	(50.4)	42.8	41.9
150.	Non-current assets and disposal groups classified as held for sale	—	—	—
160.	Part of valuation reserves from investments valued at equity method	247.3	402.0	573.1
170.	**Total other income items net of tax**	**193.7**	**407.8**	**585.8**
180.	**Comprehensive income (Item 10+170)**	**746.7**	**819.5**	**1,191.2**
190.	Minority interest in consolidated comprehensive income	1.3	1.4	2.0
200.	**Consolidated comprehensive inc. attributable to Mediobanca S.p.A.**	**745.4**	**818.1**	**1,189.2**

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13. Parent company restated financial statements (P&L, balance sheet)

Mediobanca S.p.A. (€m)	9 mths 31/03/2020	9 mths 31/03/2021	Chg.%
Net interest income	72.5	95.0	31.0%
Net treasury income	83.5	140.2	67.9%
Net fee and commission income	176.0	238.5	35.5%
Dividends on investments	2.9	2.2	-24.1%
Total income	**334.9**	**475.9**	**42.1%**
Labour costs	(170.1)	(183.8)	8.1%
Administrative expenses	(133.3)	(123.0)	-7.7%
Operating costs	**(303.4)**	**(306.8)**	**1.1%**
Loan loss provisions	43.2	68.0	57.4%
Provisions for other financial assets	(32.0)	28.6	n.m.
Impairment on investments	(4.6)	(0.1)	n.m.
Other income (losses)	(30.3)	(34.5)	13.9%
Profit before tax	**7.8**	**231.1**	**n.m.**
Income tax for the period	(10.6)	(87.0)	n.m.
Net profit	**(2.8)**	**144.1**	**n.m.**

Mediobanca S.p.A. (€m)	30/06/2020	31/12/2020	31/03/2021
Assets			
Financial assets held for trading	9,214.7	11,766.5	11,525.2
Treasury financial assets	10,306.8	10,470.9	11,786.9
Banking book securities	9,592.2	9,440.2	8,731.7
Customer loans	30,507.4	34,441.5	35,431.0
Equity Investments	4,089.0	4,378.3	4,411.8
Tangible and intangible assets	168.4	164.2	168.1
Other assets	959.4	845.0	702.3
Total assets	**64,837.9**	**71,506.6**	**72,757.0**
Liabilities and net equity			
Funding	46,273.9	50,367.8	51,727.4
Treasury financial liabilities	4,614.1	5,326.8	4,611.0
Financial liabilities held for trading	8,351.7	10,058.9	10,503.2
Other liabilities	762.7	735.7	860.7
Provisions	121.6	140.0	136.4
Net equity	4,674.5	4,760.8	4,774.2
Profit of the period	39.4	116.6	144.1
Total liabilities and net equity	**64,837.9**	**71,506.6**	**72,757.0**

As required by Article154-*bis*, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the stated accounting information contained in the report conforms to the documents, account ledgers and book entries of the company.

Head of company financial reporting

Emanuele Flappini