



MEDIOBANCA

**MEDIOBANCA
BOARD OF DIRECTORS' MEETING**

**Financial statements for three months ended
30/9/21 approved**

Milan, 27 October 2021



**Outstanding start to FY 2021-22
with healthy, sustainable growth across all divisions**

**Quarterly revenues up 13%¹ to €706m
with net interest income growing (€358m, up 4% QoQ, stable YoY)
and record fees of €203m (up 17% QoQ, up 7% YoY)**

**Strong growth in WM, with TFAs over €75bn (up 5% QoQ, up 17% YoY)
Robust client activity in CIB
Consumer Banking bouncing back quickly**

**Cost of risk declining further to 51 bps,
on strong growth in assets, with overlays set aside during the
pandemic still fully intact**

Net profit up 31%¹ to €262m

ROTE 11%, with CET1 of 16.1%²

MB Group ESG profile and commitment continuing to improve

The Mediobanca Group has delivered an outstanding commercial performance and record results in the first three months of FY 2021-22, despite the seasonal effects related to the summer months, on the back of the increasing effectiveness of its business model as a specialized bank. The results, which are ahead of expectations, reflect:

- ◆ **Higher business volumes: TFAs are now over €75bn** (up 17% YoY and up 5% QoQ³), driven by organic growth (NNM of €1.8bn in the Premier/Private segment) and the consolidation of Bybrook (which contributed €2.1bn). **Customer loans rose to €49bn** (up 4% YoY and 1% QoQ), with strong growth by all divisions;
- ◆ **Material growth in revenues** (€706m, up 13% YoY, up 6% QoQ), **with net interest income growing again and record fees:**
 - ◆ Net interest income totalled €358m (up 4% QoQ, stable YoY), following the rebound in Consumer Banking (up 6% QoQ, stable YoY at €226m) as a result of the improvement in new loans, in terms both of volumes (€1.8bn in 1Q FY 2021-

¹ YoY change: 3M ended 30/9/21 vs 3M ended 30/9/20.

² CET1 phase-in, internal calculation that differs from the one used in the COREP Common Reporting exercise due to the inclusion of the profit generated during the period (not subject to authorization under Article 26 of the CRR) and based on the assumption of a dividend payout of 70%. The impact of retained earnings on CET1 ratio is 20 bps.

³ QoQ change: 3M ended 30/9/21 vs 3M ended 30/6/21.



22 vs €1.5bn in 1Q FY 2020-21) and mix (47% personal loans in 1Q FY 2021-22 vs 40% in 1Q FY 2020-21 in Consumer Banking);

- ◆ Fees broke through the €200m threshold for the first time (up 7% YoY and up 17% QoQ €203m), on strong growth in WM (up 8% QoQ and up 27% YoY, to €96m), with a solid contribution from CIB (up 23% QoQ – and down 4% YoY – to €85m), despite the lack of jumbo deals recorded last year;
- ◆ Trading revenues €50m (up 10% QoQ and up 40% YoY).
- ◆ **Excellent asset quality** in both CIB, with writebacks as a result of repayments and improved ratings, and Consumer Banking, which continues to reflect default rates at their lowest-ever levels, with substantial coverage; moratoria outstanding have reduced to just 1% of the Group's total loans. **The cost of risk reduced further, to 51 bps** (versus 61 bps in 1Q FY 2020-21, and 56 bps in 4Q FY 2020-21), **with overlays intact at approx. €300m; NPLs also decreased further** (to 3.1% of total loans gross, and 1.1% net), **as did loans classified as Stage 2** (to 7.2% of total loans gross, and 6.7% net). **Coverage ratios are improving** (67% for NPLs and 1.4% for performing loans (the latter rising further to 3.7% in Consumer Banking));
- ◆ **Strong growth in net profit to €262m** (up 31% YoY and up 29% QoQ);
- ◆ **Increasing profitability: adjusted ROTE⁴ 11%** (vs 10% at end-September 2020);
- ◆ **High capitalization levels consolidated: CET1 ratio² 16.1% (down 20 bps QoQ), including a dividend payout of 70% of reported net profit**, and -10 bps reflecting the closing of the Bybrook acquisition.

Significant progress made by all divisions: WM boosted by increased scale, Consumer Banking has bounced back quickly to pre-Covid activity levels, CIB contribution remains high, and PI contributing significantly once again.

- ◆ **WM: ROAC⁵ 27%, net profit rising to €32m** (up 24% QoQ and **up 48% YoY**), with **revenues totalling €172m** (up 5% QoQ and up 18% YoY) and net fees of €96m (up 8% QoQ and up 27% YoY). **Revenue generating capability confirmed as high**, in the Premier and Private segment in particular (NNM of €1.8bn in 3M), not least due to **ongoing strengthening of the product offering** (TFAs rising to €75bn, **including the Bybrook acquisition** which has contributed €2.1bn of AUM), **and the distribution network** (with 20 professionals added in 3M, making a total of 1,103 bankers, FAs and relationship managers).
- ◆ **Consumer Banking: ROAC⁵ 34%, with net profit climbing to €90m (up 43% QoQ and up 26% YoY)**, driven by the recovery in new loans (**back to near pre-Covid levels, with an improved mix compared to previous quarters**) and the **especially positive performance in terms of asset quality** (cost of risk 160 bps, vs 183 bps in the previous quarter): risk indicators are at all-time lows, the moratoria have virtually all been

4 ROTE calculated using net profit adjusted for writedowns/impairment to equity investments and securities and other non-recurring income or expenses.

5 ROAC: calculated using adjusted net profit (cf. footnote 4)/average capital allocated; allocated capital = 9% RWAs (for the PI division: 9% RWAs + capital deducted from CET1).



paid off, NPLs now represent just 1.6% of total loans net, while the coverage ratio has risen to 78% for the NPLs and to 3.7% for performing loans.

- ◆ **CIB: ROAC⁵ 15%, net profit €69m** (up 29% QoQ and down 19% YoY), **revenues €185m, even stronger** than high results delivered in 1Q FY 2020-21 (€183m), with robust commission income and trading rebound. In the three months **all client businesses made material contributions to revenues, in particular Advisory and Lending/DCM**. The year-on-year reduction in net profit was due to the lower writebacks compared to last year, which was boosted by the writeback for the Burgo exposure in particular. **The quality of the loan book remains high.**
- ◆ **PI: ROAC⁵ 15%, net profit €97m** (down 12% QoQ and up 87% YoY), with no significant non-recurring items.
- ◆ **HF: treasury management generated an increase in funding and liquidity levels, while central Group cost control continued, as has deleveraging in leasing.** The cost of funding (60 bps⁶) is stable QoQ, and down approx. 5 bps on the average figure for FY 2020-21, thanks to an improved mix with a growing deposits component (which continue to grow cheaper), and increased recourse to the T-LTRO (a further €1bn was used in 3M, for a total of €8.5bn). **NSFR 116%; LCR 152%.**

MB Group ESG profile and commitment continuing to improve. Mediobanca has been included in the first MIB ESG Index launched by Euronext and Borsa Italiana for Italian blue chip companies that demonstrate ESG best practices. MSCI has also upgraded Mediobanca's ESG rating from BB to A, in part due to the Bank's recent adherence to the Principles for Responsible Banking (PRB). The Group continues with its commitment to Environmental (E) and Social (S) issues; as for Governance (G), ESG objectives have been included in senior management's STI scorecards under the new remuneration policies.

With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the individual and consolidated financial statements for the three months ended 30 September 2021, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Group's impressive growth has continued in the first three months of the new financial year, helped by its increasingly effective business model specializing in higher value added services in the most dynamic segments coupled with strong risk governance.

Net profit for the three months totalled €261.9m, up strongly on last year (up 30.9%) and last quarter (up 28.6%), **with all divisions contributing positively to the top line**: Consumer Banking returned to growth, in terms of both volumes and profitability, with levels back near to full capacity. Wealth Management again showed that its growth path is healthy and sustainable, driven by organic growth and acquisitions; while Corporate and Investment Banking (CIB)

⁶ Cost of funding vs EUR 3M, reclassified to reflect the introduction of the duration model for WM funding.



outperformed last year's results in terms of revenues despite the unfavourable comparison base (last year's top line was boosted by one-off items). The contribution of Assicurazioni Generali confirmed the previous quarter's impressive results, and was double the result posted last year. **Loan book quality indicators remain near their best-ever levels** (gross NPLs 3.1% of total loans, stage 2 net 6.7%, and moratoria outstanding just under 1%), while loan loss provisions and cost of risk (CoR) (51 bps) both declined, with overlays intact (at above €300m). **ROTE climbed to 11%, on a solid capital base (CET1 ratio 16.1%, phase-in).**

The first quarter of the new financial year has seen **robust commercial activity** in all segments, in Consumer Banking especially, which posted new loans of €1.8bn, in direct personal loans in particular, which is the highest value added segment. The other areas also saw the previous quarters' good performance continue, in particular retail mortgages (€0.4bn) and large corporate loans (€2.6bn). The positive trend in TFAs in Wealth Management also continued, rising to €75.2bn in the three months, on Net New Money of €1.8bn in the Premier/Private segment, as well as inclusion of the assets managed by Bybrook in the scope of consolidation (AUM of €2.1bn).

These strong commercial performances are reflected in the growth in revenues (up 12.8% on last year, from €626m to €706.4m, and up 6.3% in 3M); the various income items performed as follows:

- ◆ **Net interest income was up 4.3% QoQ**, near last year's levels (€358.4m), driven by Consumer Banking (€226.2m, up 5.5% in 3M; stable YoY), helped by the recovery in terms of both volumes and profitability. The result was boosted by the amendment made to Article 125-sexies of the Italian Banking Act (adding approx. €3m for the quarter), which requires that upfront costs must only be refunded in cases where loans are repaid early for contracts executed after 25 July 2021.⁷ The slight reduction in NII from Corporate and Investment Banking (down 5%, from €71.8m to €68.2m) is entirely attributable to the one-off gain booked last year (approx. €3m, in connection with the Burgo refinancing), and was more than offset by the growth reported in Wealth Management (up 8.5%, from €67.9m to €73.7m, up 2.2% in 3M); while net interest expense incurred by the Holding Functions was largely unchanged at €13.6m;
- ◆ **Net fee income recorded impressive growth, up 7.2% YoY and up 16.8% QoQ, breaking through the €200m threshold for the first time** (€202.7m, increasing to almost 30% of total income); Wealth Management in particular saw a 27% increase in fee income year-on-year (from €75.5m to €95.9m; up 7.8% QoQ), with the contribution from upfront fees almost doubling (from €9m to €16.2m), roughly half of which in relation to part of the Blackrock Co-investment initiative being booked; the reduction in fees earned from Corporate and Investment Banking was minor (down from €87.8m to €84.6m), as the absence of last year's big tickets was offset by the higher number of advisory deals, including in the Mid Cap segment, and strong Lending and DCM activity;
- ◆ **Net treasury income for the three months totalled €50m**, representing a strong, 39.7% increase on last year due to the recovery in client activities (up 22%, from €18.8m to €22.9m,

⁷ Compass Banca had been instructed by the Court of Milan, which had upheld the complaint made by a consumers' association, to extend the effect of the so-called Lexitor ruling (i.e. repayment of upfront as well as recurring costs) to all repayments made by clients prior to the date on which the Bank of Italy sent its letter to the market informing participants of the Lexitor ruling (5 December 2019), and ordered to inform clients of their rights. Subsequently, in July 2021, an amendment was made to Article 125-sexies of the Italian Banking Act, which, unlike the Bank of Italy's communication of December 2019, allowed Compass Banca to limit the refund of upfront costs refundable in cases of early repayment to contracts executed subsequent to 25 July 2021. This change to the regulations impacted positively on the results for the three months, adding some €3m in income from early repayments as in the past. Compass has decided to retain the provision set aside last year on prudential grounds in order to cover the related contingent liability, which at 30 September 2021 amounted to approximately €12m.



in the equity segment in particular) and the growing contribution from the proprietary portfolio, of €18.6m (30/9/20: €11m), split between the trading book, adding €8.7m (€4.1m), and management of the banking book, which added €9.9m (including gains on securities of €8.7m);

- ◆ **The contribution from Assicurazioni Generali** (€95.1m) returned to more normal levels (vs €103.2m in 4Q FY 2020-21), and is more than twice the figure recorded this time last year (€45m), when the result was penalized by non-recurring items.

Operating costs rose by 5.1%, from €288m to €302.6m: the growth in labour costs was more contained, at just 2.9% (from €152m to €156.4m), and chiefly regards the strengthening in Wealth Management (38 new professionals recruited in 12M, 18 of whom as a result of the Bybrook business being acquired, which added labour costs of less than €1m in the first month of its consolidation); the increase in administrative expenses was more pronounced, at 7.5% (up from €136m to €146.2m), reflecting a return to normality in marketing and communication activity, in Consumer Banking in particular, an acceleration in project initiatives, and higher IT costs, albeit down 9% on last year's 4Q.

Net loan loss provisions were low, at €62.4m (CoR: 51 bps), and down sharply on both last year (€71.8m, 61 bps) and last quarter (€67.4m, 56 bps). The lower writebacks on single names in CIB (the first provisions set aside for the Burgo position was released back to earnings at end-September 2020, in an amount of €26m), plus the prudent policy implemented in order to increase the provisioning levels (NPLs covered as to 67.2%; performing loans covered as to 1.37%), were offset by the all-time low levels recorded by the risk indicators, including the performance in terms of moratoria (approx. €122m of positions in leasing resumed regular repayments in the period under review). In particular, loan loss provisions in Consumer Banking reduced from €80.6m to €52.1m (CoR down from 248 bps to 160 bps, vs €58.7m and CoR of 183 bps in 4Q last year), with entries to default status remaining minimal and helping drive further improvement in the coverage levels (NPLs: 78.4%; performing loans: 3.7%).

Net provisions for financial assets (€4.8m) are attributable to the investments in seed capital and private equity funds compulsorily recognized at fair value (down 63.5%, from €15.2m to €5.6m) and to other net adjustments for €0.7m (€1.1m of which in respect of securities held in the banking book).

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Turning to the balance-sheet data, total assets increased in 3M, **from €82.6bn to €85.6bn, with both lending and funding increasing**; the main items reflected the following performances for the quarter:

- ◆ **Customer loans continued to grow**, up 1% (from €48.4bn to €48.9bn), on positive contributions from Corporate and Investment Banking (€19.5bn, versus €19.3bn), Consumer Banking (€13.1bn, versus €12.9bn), and Private Banking clients (€3.4bn, compared with €3.3bn, due to the increase in CMB Monaco operations); whereas CheBanca! mortgage loans were unchanged (at €11.1bn), and a slight decrease was reported in leasing (from €1.8bn to €1.7bn);



- ◆ **Gross NPLs⁸ decreased by 1.5%, from €1,597.1m to €1,573.6m, and now represent just 3.1% of total loans (30/6/21: 3.2%), near their lowest-ever level.** The reduction was chiefly due to Consumer Banking, helped by the widespread improvement in the risk profile and despite the lack of sales during the three months. The reduction in net NPLs was more marked still, down 8%, from €560.2m to €515.7m, and **now account for just 1.1% of total loans (1.2%)**, due to the increased coverage (from 64.9% to **67.2%**) linked to the prudent provisioning policy adopted. Net bad debts also declined, from €72m to €67.4m, and account for 0.1% (0.2%) of total loans, with a coverage ratio rising to 87.2% (versus 85.9% at end-June 2021);
- ◆ **Moratoria outstanding amount to approx. €468.4m (0.9% of total loans, gross), and now represent approx. 20% of the total amount granted during the pandemic (€2.5bn).** The remaining stock is concentrated in leasing (approx. 60%) and mortgage lending (approx. 35%), whereas the share in Consumer Banking is entirely residual (€28m).⁹ Of the moratoria outstanding, 99% have been classified as Stage 2 and 3 and are covered adequately;
- ◆ **Funding increased from €56.2bn to €57.8bn**, on higher deposits in Private Banking (up from €8.3bn to €9bn), which, along with the CheBanca! deposits (which now stand at €17.2bn, up from €16.9bn), represent 45% of total funding. Recourse to the T-LTRO facilities also increased (from €7.5bn to €8.5bn), in order to take further advantage of the favourable conditions. Overall the cost of funding was around 60 bps,¹⁰ stable for the three months but almost 5 bps lower than the average figure for FY 2020-21;
- ◆ **Banking book securities totalled €7.3bn**, €3.5bn of which in Italian government securities (aligned with the figure reported at 30 June 2021), with a duration of approx. 3 years; the OCI reserve increased to €78m (€73m), €45.5m of which in Italian government securities, following gains of €6m; unrealized gains on the fixed assets totalled €96m;
- ◆ **Net treasury assets rose from €6.4bn to €7.6bn**, and include €3.2bn in deposits held with the ECB, which were up €1.3bn in the three months due to the increased take-up of the T-LTRO facilities (from €7.5bn to €8.5bn);
- ◆ **TFAs grew in the three months, from €71.5bn to €75.2bn**, due to the consolidation of the assets managed by Bybrook (€2.1bn) and to NNM of €1.8bn in the Premier/Private segment; the market effect was positive, adding approx. €200m, and in part offset the last tranche

8 This item does not include NPLs acquired by MBCredit Solutions, which increased from €383.7m to €442.8m in 3M (net; gross data, €443.2m, vs €384.1m), due to the large-scale resumption in activity (loans worth a nominal amount of €2,714.3m, with an outlay of €82.6m).

9 Details on moratoria (gross figures):

Leasing: moratoria granted in connection with leases amount to just under €670m, and more than 85% of them come under the provisions of the "Cura Italia" decree; of these, €271.8m are still outstanding as at 30 September 2021 (14.9% of total loans), while 98% will expire in December 2021. Of the moratoria that have already expired, 92% of clients have resumed making regular repayments, 1% has asked for a further extension, while the other 7% is past due. The share classified as Stage 2 has fallen to €248.4 (€287m), while non-performing items are negligible (at €23.4m);

Mortgage lending: moratoria granted in connection with mortgages amount to €643.3m, of which €165.3m are still outstanding (1.5% of total loans), following repayments involving approx. 75% (€478m). Of the moratoria that have already expired, 82.4% of clients have resumed making regular repayments, 15.6% has asked for a further extension, while the other 2% is past due. The share classified as Stage 2 has reduced to €146.3m (€168.7m), and makes up approx. 90% of the total, in addition to those already classified as non-performing (11%, or €18.8m);

Consumer Banking: the moratoria programme in Consumer Banking came to an end on 31 March 2021; a total of €28.4m (just under 3% of the total) are still outstanding, compared with a total granted of €1.3bn; around 90% of the existing stock has been classified as stage 2;

Corporate Finance: Corporate Finance is not affected by moratoria (apart from approx. €3m attributable to factoring), but around thirty applications for waivers have been received, mainly linked to the revision of covenants. Nonetheless, some positions have been reclassified as Stage 2 on prudential grounds (for a total of €345.7m, 2.1% of the total performing loan book). As at 30 September 2021, Mediobanca S.p.A. still has outstanding a total of seven SACE-backed deals under the so-called "Liquidity" decree, involving an aggregate exposure of €203m, unchanged versus 30 June 2021.

10 Cost of funding vs Eur 3M, restated to reflect the introduction of the duration model for WM funding.



of the expected outflows from institutional mandates (approx. €400m). AUA/AUM climbed by 6.2% (from €46.3bn to €49.1bn), and represent roughly two-thirds of TFAs, while deposits now reach €26.1bn (30/6/21: €25.2bn).

◆ **Capital ratios¹¹ remain at high levels:**

- ◆ **The CET1 ratio phase-in stands at 16.1%** (30/6/21: 16.3%), reflecting the 10bps impact of closing the Bybrook acquisition and 20 bps for the higher deductions relating to the Assicurazioni Generali investment (all of which were offset by the dividend collected in October).
- ◆ **The CET1 ratio fully loaded**, i.e. without Danish Compromise, with the Assicurazioni Generali investment deducted in full (accounting for 110bps) and with full application of the IFRS 9 FTA effect (accounting for -10bps), **was 15.0%**, slightly lower than at the balance-sheet date (15.1%).
- ◆ **The total capital ratio declined from 18.9% to 18.6%** (17.7% fully loaded), as an effect of the amortization of Tier 2 liabilities.
- ◆ **At the AGM called for 28 October 2021, shareholders will be asked to approve a new buyback scheme involving up to 3% of the company's share capital, subject to cancellation of up to 22.6 million shares already held by the Bank, and subject to authorization by the ECB.**

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Divisional results

1. **Wealth Management¹² growing strongly and increasing in scale: net profit up 48% to €32m, ROAC¹³ @ 27%. Good performance in asset gathering: €1.8bn in NNM in the Premier & Private segment, TFAs over €75bn**

The Wealth Management division reported a net profit of €32.4m in the three months, up sharply on last year (€21.9m), and reflecting improvement quarter-on-quarter as well (up 24%), confirming that the division continues to grow along the lines indicated in the Strategic Plan. The result was delivered on the back of the strong increase in assets (**TFAs: up 17%, to €75.2bn; AUM/AUA: up 23% to €49.1bn, €2.1bn of which deriving from the consolidation of Bybrook**), which is reflected in the **increase in revenues (up 18.2%)**, in particular **fee income (up 27%)**, which **drove down the cost/income ratio (from 75% to 71%)** and **increased ROAC to 27%** (vs 21% at end-June 2021, vs 20% at end-September 2020).

The division continues on its growth path, which involves, on the one hand, **ongoing reinforcement of the commercial network (which now consists of more than 1,100 people)**, and **on the other, continued strengthening of the brand and the product offering.**

¹¹ CET1 phase-in, internal calculation that differs from the one used in the COREP Common Reporting exercise due to the inclusion of the profit generated during the period (not subject to authorization under Article 26 of the CRR) and based on the assumption of a dividend payout of 70%. The impact of retained earnings on CET1 ratio is 20 bps.

¹² Includes the Premier segment (CheBanca!), Private Banking (MBPB, CMB), Asset Management (MB SGR and MB Management Company, Caim Capital, RAM AI), and the activities of Spafid.

¹³ ROAC adjusted for writedowns/impairment to equity investments and securities, and other non-recurring income/expenses.



In the course of the three months, the CheBanca! distribution network has exceeded 970 people, with the recruitment of nine new Premier relationship managers and 11 FAs, working alongside the 132 Private Bankers employed by Mediobanca and CMB. The growth has been concentrated on professional profiles with high portfolios and focused on the Premier client bracket, consistent with the strategic repositioning of CheBanca!

In the three months under review, Private Banking has enriched its offering in terms of portfolio management products dedicated to specific sectors, areas and themes, with the new Tactical Equity Europe product, geared towards leveraging opportunities on the European equity market from a medium-/long-term perspective, and will shortly launch the investment process of the Mediobanca BlackRock Co-Investments programme, for which a €1.4bn commitment has been raised. The "Private and Investment Bank" model has led to two M&A deals being concluded, which, as well as the contribution they make in terms of fees, have also contributed to the NNM inflows for the three months (€40m); the strong cash flows related to M&A deals on the market have also positioned MBPB well to intercept significant money motion events in terms of assets (approx. €200m).

Mediobanca SGR has continued with its activities serving the Group's Premier and Private clients with a view to renewing the range of products on offer; for instance, during the three months the Mediobanca MFS-Prudent Capital was launched, which by end-September 2021 had raised over €30m; in portfolio management, the CheBanca! network bespoke products were also launched. A new fund called Mediobanca Global Thematic Multi-Manager 100 ESG was also set up for the CheBanca! network, which will be available for distribution next quarter.

NNM for the WM division in 3M totalled €1.4bn, almost €1bn of which in Private Banking and €866m in the Premier segment, against expected outflows of €446m in institutional assets at Mediobanca SGR. Of these, approx. €900m regard deposit inflows (€686m attributable to MBPB), in part in relation to M&A deals on the domestic market; the AUM/AUA component amounts to €974m (€623m attributable to the Premier segment, €315m to Private Banking and €36m to Alternative Asset Management), in addition to the outflows recorded by MB SGR mentioned previously, due to the final tranche in the optimization of unprofitable assets.

Total Financial Assets (TFAs) totalled €75.2bn, including €2.1bn in new assets due to completion of the Bybrook acquisition and the merger of its businesses as from 1 September 2021, and approx. €200m in market effect. The Premier segment's contribution totalled €33.4bn (€16.3bn of which in AUM/AUA), Private Banking's €31.1bn (€22.1bn), and Asset Management's €22.4bn (€11.6bn of which placed within the Group). **The CheBanca! network's productivity levels (per capita NNM) ranked it as one of the best performers in its reference market.**

The positive results are reflected in the **division's revenues and profitability, which show material improvement YoY and QoQ. Revenues totalled €172.3m, 18% higher than last year (€145.8m) and 5% higher in the last quarter.** The main income items performed as follows:

- ◆ **Net interest income rose by 8.5%** (from €67.9m to €73.7m), due to growth in the Premier segment (up 9%, from €55.5m to €60.5m) linked to the higher volumes in mortgages and deposits and to the reduction in the cost of funding which substantially offset the pressure on asset margins;
- ◆ **Ongoing growth in fee income** which totalled €95.9m (up 27% on last year and up 7.8% in 3M), with management fees now accounting for 68% of fees receivable, slightly higher than at end-June 2021, alongside an excellent performance in upfront fees (from €9m to €16.2m), which include the first part of the Mediobanca BlackRock Co-Investments placement. All segments contributed to these outstanding results: Premier (fees up 26.8%, to €34.5m), in addition to the growth in assets (AUM/AUA up 26%), is starting to benefit from their increased marginality; Private Banking confirmed its position as the main contributor



(fees up from €32m to €41.6m), with a substantial share accounted for by upfront fees (approx. 30% of the total); while fees earned by Asset Management increased from €14.5m to €17.8m, due chiefly to the consolidation of Bybrook which contributed a total of €2.7m.

GOP (€45m risk-adjusted) and net profit (€32m) were both up over 40%, reflecting the ongoing investments in distribution and technology, and also the positive trend in asset quality:

- ◆ **Operating costs rose** by 12.7%, from €109.1m to €123m, due to the increase in the component attributable to development of the CheBanca! network plus the increasing investments in IT. The increase in labour costs was lower, but still reflected the new recruits (concentrated in the Premier) segment and the consolidation of Bybrook (approx. €1m).
- ◆ **Loan loss provisions**, virtually all of which are attributable to the CheBanca! mortgage loans, were lower than twelve months ago, down from €5.9m to €4.2m (**CoR down from 18 bps to 12bps**) albeit slightly higher than in 4Q last year, due to the prudential increase in the coverage ratios for bad debts.

Customer loans totalled €14.5bn (€14.4bn), with the mortgage lending component totalling €11.1bn, on new loans of €359m (13.5% lower than the €415m posted at the same time last year); the share attributable to Private Banking amounted to €3.4bn (€3.3bn), because of the good contribution from CMB Monaco (where new loans rose from €2.1bn to €2.2bn).

Gross NPLs remained low at just 1.5% of total loans (€222.1m, compared with €226.1m), and mainly regard CheBanca! mortgage loans (€205.8m, 1.8% of the total); **net NPLs account for around 1% of the mortgages** (€106.2m, €40.1m of which bad loans), with a coverage ratio of 48.4% (68.2% of bad loans).

2. Consumer credit: net profit in 3M €90m, one of the best results ever, ROAC@ 34%. Recovery continuing in new loans, now virtually in line with pre-Covid levels (€1.8bn, vs €1.9bn at end-September 2019), reflected in an increase in the loan stock (up 1% in 1Q FY21-22). The excellent trend in default rates and credit recovery has enabled a reduction in the cost of risk to 160 bps (183 bps in 4Q last year), and, at the same time, an increase in the coverage ratios.

During the three months Compass virtually recovered its pre-Covid commercial volume levels, thanks to ongoing investment to enhance the distribution network. With two new openings the **number of POS now totals 233**, 54 of which are agencies, **plus 49 Compass Quinto POS** (specializing in the sale of salary-backed finance products). **Strengthening of the digital channels has also continued**, which in 1Q were responsible for managing **26% of the personal loan volumes generated by the direct channel** (with more than 80% of the applications processed in one day). **Compass Link**, set up in May 2021, launched its activity as agent in financial activities during the month of July, **recruiting its first nine collaborators focused on the indirect sales network.**

In the nine months ended on 30 September 2021, the Italian consumer credit market recorded growth of 17.5% versus the same period in 2020, a comparison base which clearly still bears the effects of the first lockdown in March 2020. **Shifting the comparison base back to 2019, the market still shows a lag of some 10%**, albeit not attributable to all products: personal loans were 27% higher than in 2020 (but still around 18% down on 2019), automotive finance up 24%, special purpose loans up 18%, salary-backed finance up 15% (but down 3.5% on 2019), and credit cards up 10% (down 9% on 2019).



Compass outperformed the market in this period, with its extensive franchise and established capabilities in risk assessment and pricing, recording growth in new loans of 34% driven by personal loans (up 50%), automotive finance (up 35%), special purpose loans (up 33%), and salary-backed finance (up 4%), while credit cards remained stable. Compared to 2019 Compass is still lagging (by 7%), attributable primarily to salary-backed finance (down 33%), credit cards (down 21%), and personal loans (down 15%). **Compass's market share in 2021 stands at 10%.**

Customer loans grew for the second consecutive quarter, reaching €13.1bn (30/6/21: €12.9bn, the same as at end-September 2020), on new loans for the three months now **fully back to pre-Covid levels (€1,805m, versus €1,857m in 2019).**

Net profit for the quarter totalled €90.3m (26% higher than last year), one of the best quarterly performances ever. **The positive trend in customer loans ensured that net interest income rose quarter-on-quarter** (from €237.9m to €257m, in line with last year), while the excellent performance in terms of risk translated to a **substantial reduction in the cost of risk, to 160 bps (from 248 bps).** The virtuous trend in cost management (with the cost/income ratio decreasing from 28.1% to 27.8%) enabled the **division to record one of its best-ever performances in terms of ROAC (34%).** The highlights were as follows:

- ◆ **Revenues rose by 8% quarter-on-quarter**, from €237.9m to €257m, but **were down 1% year-on-year** (from €259.6m to €257m), exclusively due to the trend in fee income, given that net interest income was in line with last year's performance at €226.2m (€225.7m), helped by the positive momentum in volumes, margins and also by the lower refunds of upfront fees for early repayments.¹⁴ Fees were up 31% QoQ but down year-on-year, from €33.9m to €30.8m, due to the higher fees credited back to third party networks, in line with the higher volumes lent;
- ◆ **Operating costs totalled €71.5m**, down 1.9% on last year (€72.9m), due to the reduction in credit recovery costs offset by the resumption in commercial activity and by the natural increase in labour costs (up 6.8%, from €23.5m to €25.1m);
- ◆ **Loan loss provisions were down 35.4%, from €80.6m to €52.1m, one of the lowest quarterly figures ever recorded, at a cost of risk of 160 bps (vs 248 bps at end-September 2020 and 183 bps in 4Q FY 2020-21)**, despite the increasing coverage ratios (for NPLs 78.4%; and for performing loans 3.70%) and higher overlays (which rose to €211m, following an increase of €14.2m in 1Q FY2021-22).

Gross NPLs decreased both in absolute terms (from €971.5m to €957m) **and relative terms** (from 6.86% of total loans to 6.67%), helped by the low default rates and the good inflows from credit recovery activities which allowed many positions to return to performing status. **The increase in the coverage ratio** (from 75.8% to 78.4%) **further reduced the net exposure to NPLs** (from €235.4m to €206.4m, and from 1.8% of total loans to 1.6%). Net bad loans remained below €10m (representing just 0.1% of total loans), and reflect a coverage ratio of 97.6% (97.3%).

The increase in positions classified as Stage 2 (from €1,467.3m to €1,509.3m; equal to 11.3% of the total loan book) is entirely residual and is linked not only to the increase in the loan stock but also to certain non-performing positions returning to performing status. As part of the prudential policy adopted to increase the provisioning levels, **the coverage ratio for the performing loan book was increased further, from 3.6% to 3.7%.**

¹⁴ Amendment to Article 125-sexies of the Italian Banking Act, which – unlike the Bank of Italy's previous communication of December 2019 – requires the upfront costs to be refunded in cases of early repayment only for contracts executed subsequent to 25 July 2021. Cf. footnote 7.



3. Corporate & Investment Banking: net profit for the quarter €69m (ROAC 15%), with a strong contribution from fee income and no non-recurring items. Loan book quality remains at best-ever levels

A net profit of €68.5m was earned in the three months, substantially in line with the average figure recorded last year (€71m), but below the 1Q FY 2020-21 result (€84.6m) which was boosted by the non-recurring income of €29m in relation to Burgo. The healthy pipeline of Investment Banking deals in the three months made up for the lack of big tickets compared to last year, with ROAC once again at high levels (15%). Two Mid-Cap deals originated in conjunction with the Private Banking team were also closed during the three months. Wholesale Banking contributed €61.8m of the profits for the quarter and Specialty Finance €6.7m, with factoring contributing €5.6m.

The M&A market scenario continues to look positive, but reflects differing performances in the various geographies: the most recent quarterly data¹⁵ show growth at global level of 7%, with the contribution from the US market (which accounts for roughly two-thirds of global M&A) up just 5%, against record volumes in Europe (up 44%), concentrated mostly in France (up 66%), with Italy strongly resisting this trend (down 59%).

In this scenario, the Mediobanca Group has achieved excellent results in advisory business, repeating last year's earnings results despite the absence of jumbo deals, i.e. by executing a much higher number of transactions. Some of the most significant include the acquisition of Borsa Italiana by Euronext, the takeover bid for Cerved launched by ION and completed successfully at the start of September, the merger between Nexi and Nets, the acquisition in France of Uperio and Bruneau by Towerbrook, and in the Mid Corporate space, the industrial combination between Inglass and Oerlikon and the disposal of a stake in Siderforgerossi to KPS.

The pipeline for the coming quarters looks to be robust, not least because of the number of deals already announced and scheduled to close in the coming months. Some of the most significant include the commercial partnership between Nexi and Alpha Bank, the sale of Erg Hydro to Enel, the disposal of Crédit Agricole Serbia to Raiffeisen, the merger between Veolia and Suez in France, plus a host of Mid Corp transactions, both to support companies in restructuring their debts and to encourage financial sponsors to take stakes in the shareholding structure of the companies concerned.

In Capital Markets activity, Mediobanca acted as Joint Global Co-Ordinator and Joint Bookrunner in the capital increase implemented by Autogrill. And last but not least, in all the markets it covers (Italy, France, Spain/Portugal and the United Kingdom), Mediobanca has had a significant role in a number of bond issues (Enel, Nexi, FCA, Generali and EDP).

Revenues increased by 1%, from €182.5m to €184.6m, on a material contribution from all client activities, in particular Advisory and Lending/DCM, even though last year saw a record performance from Advisory fees. The main income items performed as follows:

- ◆ **Net interest income decreased from €71.8m to €68.2m, exclusively because of the non-recurring gain booked last year** (€3m in relation to Burgo), **and was aligned with the performance in 4Q FY 2020-21**: in Wholesale Banking the higher client volumes (lending and CMS activities) offset the lower contribution from securities trading, adding €49.7m to the

¹⁵ Source: Refinitiv – Global Mergers & Acquisitions – announced deals.



division's NII; conversely, the contribution from Specialty Finance grew slightly (from €17.5m to €18.5m);

- ◆ **Net fee and commission income totalled €84.6m, pretty much matching** the record levels seen last year (€87.8m), **and well diversified between the various products** (Lending: €17m; Advisory: €38.9m, €5m of which Mid Cap; Capital Markets: €13m; Specialty Finance: €15.7m);
- ◆ **Net treasury income rose from €22.9m to €31.8m (up 38.9%);** the trend in client trading continues to be positive (up 26%, from €18.8m to €22.7m), returning, in the equity component at least, to decent levels; while the proprietary trading portfolio doubled its profits, from €4.1m to €8.8m.

The increase in costs (up 3.1%, from €73.4m to €75.7m) reflects basic stability in Wholesale Banking (at €61.4m), with only a moderate reduction in labour costs which offset the higher expenses related to IT systems and projects, and the 17.2% increase in Specialty Finance (from €12.2m to €14.3m) due to the higher credit recovery expenses in connection with NPLs.

The performance in terms of the cost of risk remains positive, with the corporate loan book reflecting writebacks of €6.7m (compared with €24.1m last year), attributable entirely to ordinary activity (repayments, reductions in exposures and reratings), unlike last year which included part of the Burgo reversal, and €10.6m in writedowns in Specialty Finance (€6.2m), the majority of which is attributable to the NPL portfolios acquired. The coverage ratio for CIB business is largely unchanged (55% for NPLs and 0.61% for performing loans).

Customer loans grew during the three months, from €19.3bn to €19.5bn, with the Large Corporate segment rising from €16.6bn to €16.9bn, on new loans of €2.6bn, most of which was eroded by the repayments (€2.3bn, €600m of which early repayments); while customer loans in Specialty Finance totalled €2.6bn, lower than at end-June 2021 (€2.7bn), but up sharply compared to 1Q FY 2020-21 (€2.1bn) due to the higher turnover in factoring (up 32% to €2.3bn); while MBCS has resumed its purchases of NPL portfolios (which rose from €384m to €443m).

Asset quality remains at high levels: gross NPLs (which declined from €225m to €224m) remain at the lowest levels seen for a decade (1.2%); while net NPLs stood at €100.9m (€103.8m), with a coverage ratio of 55% (53.9%); the balance does not include the NPLs acquired by MBCS, as per the customary practice.

The net balance of positions classified as Stage 2 decreased from €631m to €525.6m, and make up less than 3% of total loans, due to the lower percentage of Large Corporate positions (down from €548.4m to €459.5m) following several repayments. The performing loan coverage ratio was 0.61%, with overlays amounting to €84m, concentrated primarily in the large corporate segment.

4. Principal Investing: high contribution to Group earnings (€97m), ROAC¹⁶@15%

Principal Investing delivered a net profit of €96.7m, up 87.4% on last year due to the higher contribution from the equity method of accounting (which added €95.3m, as opposed to €44m) given that last year reflected certain one-off items for Assicurazioni Generali (including the impact of the settlement of the dispute regarding BSI). The holdings in funds contributed

¹⁶ ROAC adjusted for writedowns/impairments to equity investments and securities, and other non-recurring income (expenses).



positively, adding €3.3m (€13.3m), the reduction being due to the 2020 figure having benefited from the recovery in valuations of the main investments in seed capital following the pandemic.

Since 30 June 2021, the book value of the Assicurazioni Generali investment has increased from €3,663.1m to €3,747.6m, on profits of €95.1m and reductions in the valuation reserves totalling €10.5m.

As for the holdings in other securities, the equity component showed a slight decrease (from €219m to €214.7m), reflecting downward adjustments totalling €4.3m taken directly through net equity. Holdings in funds rose, from €525.2m to €538.8m, following net purchases of €9.4m and positive value adjustments totalling €4m.

During the three months under review, Mediobanca executed a securities lending transaction with a leading market counterparty in respect of a total of 70 million Assicurazioni Generali shares, equal to 4.4% of the company's share capital. The deal, which has a duration of around eight months, or at least until the Annual General Meeting of Assicurazioni Generali called to reappoint the company's Board of Directors, gives rise to an increase in the voting rights held by Mediobanca without increasing the risk exposure and the capital invested in the company.

5. Holding functions: comfortable funding position, optimized composition and costs; deleveraging in leasing business still ongoing

The net loss posted by the Holding Functions division decreased by 13.6% (from €30.2m to €26.1m), due to lower operating costs which were down 3.3% (from €36.7m to €35.5m), helped also by the rationalization of certain support activities and lower provisions for financial assets of €2m (€4.5m), meaning total income was negative only by €1m (as opposed to €2.7m last year), reflecting the higher net treasury income, with net interest expense virtually unchanged.

The main segments reflected the following performances:

- ◆ **Treasury – funding increased (from €56.2bn to €57.8bn), in all its main components, with the cost of funding continuing to reduce:** the debt security component rose to €18.8bn, mainly due to the second issue of senior non-preferred bonds (€500m); WM deposits grew to €26.3bn (€25.2bn), and represent approx. 45% of the total funding; recourse to the T-LTRO facilities also increased by approx. €1bn (to €8.5bn), taking up almost the maximum capacity (€8.8bn). **The cost of funding declined by some 5 bps (to around 60 bps)** compared to last year's average, despite remaining stable quarter-on-quarter, helped by the gradual reduction in the remuneration on WM deposits and the increased recourse to the T-LTRO. As a result, despite the lower contribution from banking book securities and the high liquidity levels, treasury management succeeded in keeping net interest expense more or less flat (at €22.6m) both QoQ and YoY. The liquidity ratios remain stable and comfortably above the set requirements (LCR 152.4%; NSFR 115.7%). The valuation reserve remains in positive territory at €78.1m, despite the disposals of banking book securities, which yielded gains of €8.8m (slightly lower than last year).
- ◆ **Leasing** – leasing operations delivered a net profit of €1.4m (€0.8m), on revenues of €10.6m (8.2% higher than last year), a cost/income ratio declining to 46.2%, and loan loss provisions of €2.2m (€3.2m). Leases outstanding in the three months reduced from €1,774.1m to €1,738.8m, on new loans of €84.4m (€76m last year); all the risk indicators show improvement (gross NPLs down from €174.5m to €171.3m; net NPLs down from €104.7m to €99.1m; loans classified as Stage 2 down from €337.7m to €324.5m).



MB Group ESG profile and commitment continuing to improve

Mediobanca has been included in the first MIB ESG index launched by Euronext and Borsa Italiana, for Italian blue chip companies that demonstrate ESG best practices. MSCI has also upgraded Mediobanca's ESG rating from BB to A, in part due to the Bank's recent adherence to the Principles for Responsible Banking (PRB).

- ◆ **E (Environment)** – the Group continues to support its clients in their passage towards the energy transition, with a stock of almost €2.1bn in ESG/green products and services, made up as follows: 86% corporate, 9% mortgages, 5% consumer credit. The DCM area's strong positioning in ESG issues has also received further confirmation, with a total of 15 deals executed since January 2021, worth over €1.1bn; and the increasing presence of ESG funds in Premier clients' portfolios (39% of which are now made up of SFDR Article 8 and 9 funds).
- ◆ **S (Social)** – the Group continues to play an active role in the communities in which it operates, through initiatives with social and also environmental impact, including:
 - ◆ The Mediobanca Group Sport Camp was run for the fifth year at the "Cesare Beccaria" institute for young offenders in Milan, to give the young inmates who take part a week of sport and help instil in them the values of healthy competition, respect for the rules and fair play;
 - ◆ A new rugby pitch was inaugurated in the Baggio district of Milan, the last area to be involved in the TOGETHER/INSIEME project, an initiative that has been running for several years now to promote sport for children and young people in the most vulnerable areas of society and at risk of social exclusion as a result, in certain peripheral areas of Milan;
 - ◆ A total of 2,000 trees have been planted in certain areas of Milan and Monza as part of projects developed in conjunction with Reteclima and Fondazione Mission Bambini.

Mediobanca Group staff have taken part in large numbers in all these activities.

- ◆ **G (Governance)** – quantitative ESG objectives have been included in the STI scorecards for senior management under the new Remuneration Policy, with the objective of supporting the development of ESG/green products.

The Group's sustainability performance is outlined in detail in the Consolidated Non-Financial Statement for FY 2020-21, which includes for the first time: a self-assessment in connection with the recommendations made by the Task Force on Climate-related Financial Disclosure (TCFD), the inclusion of some of the standards developed by Sustainability Accounting Standards Board (SASB), calculation of the economic value generated and distributed to stakeholders, and the Group's approach to tax issues.

Outlook

The results for 1Q have been satisfactory, anticipating the expected recovery by several months and in line with the rate at which the world's leading economies have been exiting the



pandemic situation quicker than expected, helped by the massive monetary and fiscal policy measures that look likely to remain in place for some time.

For 2Q, improvements are expected in credit volumes, AUM and the pipeline in Advisory and Capital Markets business; however, growth will remain conditional upon the performance of financial markets, in particular for equities, which has been more volatile since the end of the summer period.

This scenario should enable growth in net interest income, and generate a flow of fees in line with the performance recorded in 1Q, driven by growth in Wealth Management in particular. Investments will continue in innovation and in enhancement of the distribution structure, as will spending on projects and the resumption of commercial activities.

The cost of risk should remain at low levels, given the solid industrial trends reflected by all divisions, the substantial overlays set aside, and the additional writebacks expected in the CIB division.



1. Restated consolidated profit and loss accounts

| Mediobanca Group (€m) | 3 mths | 3 mths | Chg. % |
|---------------------------------------|----------------|----------------|--------------|
| | 30/09/2020 | 30/09/2021 | |
| Net interest income | 357.1 | 358.4 | 0.4% |
| Net treasury income | 35.8 | 50.0 | 39.7% |
| Net fee and commission income | 189.1 | 202.7 | 7.2% |
| Equity-accounted companies | 44.0 | 95.3 | n.m. |
| Total income | 626.0 | 706.4 | 12.8% |
| Labour costs | (152.0) | (156.4) | 2.9% |
| Administrative expenses | (136.0) | (146.2) | 7.5% |
| Operating costs | (288.0) | (302.6) | 5.1% |
| Loan loss provisions | (71.8) | (62.4) | -13.1% |
| Provisions for other financial assets | 13.4 | 4.8 | -64.2% |
| Other income (losses) | — | 0.5 | n.m. |
| Profit before tax | 279.6 | 346.7 | 24.0% |
| Income tax for the period | (78.8) | (81.6) | 3.6% |
| Minority interest | (0.7) | (3.2) | n.m. |
| Net profit | 200.1 | 261.9 | 30.9% |

2. Quarterly profit and loss accounts

| Mediobanca Group (€m) | FY 20/21 | | | | FY 21/22 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| | I Q | II Q | III Q | IV Q | I Q |
| | 30/09/20 | 31/12/20 | 31/03/21 | 30/06/21 | 30/09/21 |
| Net interest income | 357.1 | 363.3 | 351.0 | 343.6 | 358.4 |
| Net treasury income | 35.8 | 50.9 | 64.9 | 45.4 | 50.0 |
| Net commission income | 189.1 | 193.7 | 188.4 | 173.5 | 202.7 |
| Equity-accounted companies | 44.0 | 66.9 | 58.5 | 102.3 | 95.3 |
| Total income | 626.0 | 674.8 | 662.8 | 664.8 | 706.4 |
| Labour costs | (152.0) | (153.0) | (163.3) | (167.0) | (156.4) |
| Administrative expenses | (136.0) | (150.1) | (151.2) | (165.5) | (146.2) |
| Operating costs | (288.0) | (303.1) | (314.5) | (332.5) | (302.6) |
| Loan loss provisions | (71.8) | (45.9) | (63.7) | (67.4) | (62.4) |
| Provisions for other fin. assets | 13.4 | (0.3) | 19.0 | 16.3 | 4.8 |
| Other income (losses) | — | (33.4) | (42.3) | (9.9) | 0.5 |
| Profit before tax | 279.6 | 292.1 | 261.4 | 271.2 | 346.7 |
| Income tax for the period | (78.8) | (80.1) | (67.0) | (66.4) | (81.6) |
| Minority interest | (0.7) | (1.5) | (1.1) | (1.1) | (3.2) |
| Net profit | 200.1 | 210.5 | 193.3 | 203.7 | 261.9 |



3. Restated balance sheet

| Mediobanca Group (€m) | 30/09/20 | 30/06/21 | 30/09/21 |
|--|-----------------|-----------------|-----------------|
| Assets | | | |
| Financial assets held for trading | 9,612.0 | 11,273.7 | 12,217.1 |
| Treasury financial assets | 10,375.3 | 8,072.1 | 9,350.8 |
| Banking book securities | 7,462.6 | 7,150.4 | 7,308.9 |
| Customer loans | 46,803.0 | 48,413.8 | 48,889.3 |
| <i>Corporate</i> | 16,471.1 | 16,579.6 | 16,866.0 |
| <i>Specialty Finance</i> | 2,086.9 | 2,712.7 | 2,647.6 |
| <i>Consumer credit</i> | 12,916.7 | 12,942.9 | 13,099.1 |
| <i>Mortgages</i> | 10,381.9 | 11,062.8 | 11,095.9 |
| <i>Private banking</i> | 3,140.2 | 3,341.7 | 3,441.9 |
| <i>Leasing</i> | 1,806.2 | 1,774.1 | 1,738.8 |
| Equity investments | 4,301.6 | 4,579.0 | 4,679.5 |
| Tangible and intangible assets | 1,306.4 | 1,254.3 | 1,317.9 |
| Other assets | 1,997.0 | 1,855.4 | 1,791.4 |
| Total assets | 81,857.9 | 82,598.7 | 85,554.9 |
| Liabilities | | | |
| Funding | 56,653.0 | 56,156.2 | 57,821.2 |
| <i>MB bonds</i> | 19,283.3 | 18,410.9 | 18,795.0 |
| <i>Retail deposits</i> | 15,745.7 | 16,919.7 | 17,162.9 |
| <i>Private Banking deposits</i> | 8,442.7 | 8,290.4 | 8,957.9 |
| <i>ECB</i> | 6,464.7 | 7,445.4 | 8,460.1 |
| <i>Banks and other</i> | 6,716.6 | 5,089.8 | 4,445.3 |
| Treasury financial liabilities | 4,219.1 | 2,890.8 | 3,734.5 |
| Financial liabilities held for trading | 8,352.8 | 10,063.6 | 10,232.5 |
| Other liabilities | 2,269.7 | 2,215.9 | 2,792.4 |
| Provisions | 153.7 | 171.1 | 169.1 |
| Net equity | 10,209.6 | 11,101.1 | 10,805.2 |
| <i>Minority interest</i> | 92.0 | 88.3 | 98.8 |
| <i>Profit for the period</i> | 200.1 | 807.6 | 261.9 |
| Total liabilities | 81,857.9 | 82,598.7 | 85,554.9 |
| CET 1 capital | 7,713.0 | 7,689.4 | 7,615.1 |
| Total capital | 8,925.6 | 8,919.2 | 8,782.7 |
| RWA | 47,591.8 | 47,159.3 | 47,243.4 |

4. Consolidated shareholders' equity

| Net equity (€m) | 30/09/20 | 30/06/21 | 30/09/21 |
|--|-----------------|-----------------|-----------------|
| Share capital | 443.6 | 443.6 | 443.6 |
| Other reserves | 8,831.3 | 8,830.4 | 9,072.7 |
| Valuation reserves | 642.6 | 931.2 | 928.2 |
| - of which: Other Comprehensive Income | 88.7 | 175.8 | 175.1 |
| cash flow hedge | (33.1) | (16.0) | (7.5) |
| equity investments | 598.3 | 780.4 | 769.3 |
| Minority interest | 92.0 | 88.3 | 98.8 |
| Profit for the period | 200.1 | 807.6 | 261.9 |
| Total Group net equity | 10,209.6 | 11,101.1 | 10,805.2 |



5. Ratios (%) and per share data (€)

| MB Group | Financial year 20/21 | | Financial year 21/22 |
|---|----------------------|----------|----------------------|
| | 30/09/20 | 30/06/21 | 30/09/21 |
| Ratios (%) | | | |
| Total assets / Net equity | 8.0 | 7.4 | 7.9 |
| Loans / Funding | 0.83 | 0.86 | 0.85 |
| RWA density (%) | 58.2% | 57.1% | 55.2% |
| CET1 ratio (%) | 16.2% | 16.3% | 16.1% |
| Total capital (%) | 18.8% | 18.9% | 18.6% |
| S&P Rating | BBB | BBB | BBB |
| Fitch Rating | BBB- | BBB- | BBB- |
| Moody's Rating | Baa1 | Baa1 | Baa1 |
| Cost / Income | 46.0 | 47.1 | 42.8 |
| Net bad Loans (<i>sifferenze</i>)/Loans ratio (%) | 0.2 | 0.2 | 0.1 |
| EPS | 0.23 | 0.91 | 0.30 |
| EPS adj. | 0.24 | 0.96 | 0.29 |
| BVPS | 11.3 | 11.8 | 11.9 |
| TBVPS | 10.3 | 10.9 | 10.9 |
| ROTE adj. (%) | 9.4 | 9.2 | 11.5 |
| DPS | | 0.66 | |
| No. shares outstanding (m) | 887.2 | 887.3 | 887.3 |

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

| 3m – September 21 (€m) | WM | Consumer | CIB | PI | Holding Functions | Group |
|---------------------------------------|----------------|---------------|---------------|--------------|-------------------|----------------|
| Net interest income | 73.7 | 226.2 | 68.2 | (1.8) | (13.6) | 358.4 |
| Net treasury income | 2.7 | — | 31.8 | 4.2 | 9.9 | 50.0 |
| Net fee and commission income | 95.9 | 30.8 | 84.6 | — | 2.5 | 202.7 |
| Equity-accounted companies | — | — | — | 95.3 | — | 95.3 |
| Total income | 172.3 | 257.0 | 184.6 | 97.7 | (1.2) | 706.4 |
| Labour costs | (62.6) | (25.1) | (39.2) | (0.7) | (28.5) | (156.4) |
| Administrative expenses | (60.4) | (46.4) | (36.5) | (0.3) | (7.0) | (146.2) |
| Operating costs | (123.0) | (71.5) | (75.7) | (1.0) | (35.5) | (302.6) |
| Loan loss provisions | (4.2) | (52.1) | (3.9) | — | (2.2) | (62.4) |
| Provisions for other financial assets | 0.9 | — | 0.4 | 3.3 | 0.2 | 4.8 |
| Other income (losses) | — | — | (0.3) | — | 0.8 | 0.5 |
| Profit before tax | 46.0 | 133.4 | 105.1 | 100.0 | (37.9) | 346.7 |
| Income tax for the period | (13.5) | (43.1) | (34.4) | (3.3) | 12.7 | (81.6) |
| Minority interest | (0.1) | — | (2.2) | — | (0.9) | (3.2) |
| Net profit | 32.4 | 90.3 | 68.5 | 96.7 | (26.1) | 261.9 |
| Loans and advances to Customers | 14,537.8 | 13,099.1 | 19,513.6 | — | 1,738.8 | 48,889.3 |
| RWAs | 5,159.9 | 11,783.7 | 20,250.7 | 7,054.9 | 2,994.2 | 47,243.4 |
| No. of staff | 2,072 | 1,447 | 622 | 10 | 787 | 4,938 |



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

| 3m – September 20 (€m) | WM | Consumer | CIB | PI | Holding Functions | Group |
|---------------------------------------|----------------|---------------|---------------|--------------|-------------------|----------------|
| Net interest income | 67.9 | 225.7 | 71.8 | (1.8) | (13.1) | 357.1 |
| Net treasury income | 2.4 | — | 22.9 | 3.6 | 7.0 | 35.8 |
| Net fee and commission income | 75.5 | 33.9 | 87.8 | — | 3.4 | 189.1 |
| Equity-accounted companies | — | — | — | 44.0 | — | 44.0 |
| Total income | 145.8 | 259.6 | 182.5 | 45.8 | (2.7) | 626.0 |
| Labour costs | (57.5) | (23.5) | (42.3) | (0.8) | (27.9) | (152.0) |
| Administrative expenses | (51.6) | (49.4) | (31.1) | (0.2) | (8.8) | (136.0) |
| Operating costs | (109.1) | (72.9) | (73.4) | (1.0) | (36.7) | (288.0) |
| Loan loss provisions | (5.9) | (80.6) | 17.9 | — | (3.2) | (71.8) |
| Provisions for other financial assets | 0.4 | (0.2) | 1.0 | 13.3 | (1.3) | 13.4 |
| Other income (losses) | — | — | — | — | 0.0 | 0.0 |
| Profit before tax | 31.2 | 105.9 | 128.0 | 58.1 | (43.9) | 279.6 |
| Income tax for the period | (9.3) | (34.0) | (43.3) | (6.5) | 14.2 | (78.8) |
| Minority interest | — | — | (0.1) | — | (0.5) | (0.7) |
| Net profit | 21.9 | 71.9 | 84.6 | 51.6 | (30.2) | 200.1 |
| Loans and advances to Customers | 13,522.1 | 12,916.7 | 18,558.0 | 0.0 | 1,806.2 | 46,803.0 |
| RWAs | 4,882.4 | 11,649.8 | 19,964.7 | 7,889.6 | 3,205.3 | 47,591.8 |
| No. of staff | 2,034.0 | 1,445.0 | 623.0 | 11.0 | 805.0 | 4,918.0 |



7. Wealth Management

| Wealth Management (€m) | 3 mths | 3 mths | Chg.% |
|--|----------------|----------------|--------------|
| | 30/09/2020 | 30/09/2021 | |
| Net interest income | 67.9 | 73.7 | 8.5% |
| Net trading income | 2.4 | 2.7 | 12.5% |
| Net fee and commission income | 75.5 | 95.9 | 27.0% |
| Equity-accounted companies | — | — | n.m. |
| Total income | 145.8 | 172.3 | 18.2% |
| Labour costs | (57.5) | (62.6) | 8.9% |
| Administrative expenses | (51.6) | (60.4) | 17.1% |
| Operating costs | (109.1) | (123.0) | 12.7% |
| Loan loss provisions | (5.9) | (4.2) | -28.8% |
| Provisions for other financial assets | 0.4 | 0.9 | n.m. |
| Other income (losses) | — | — | n.m. |
| Profit before tax | 31.2 | 46.0 | 47.4% |
| Income tax for the period | (9.3) | (13.5) | 45.2% |
| Minority interest | — | (0.1) | n.m. |
| Net profit | 21.9 | 32.4 | 47.9% |
| Loans and advances to customers | 13,522.1 | 14,537.8 | 7.5% |
| New loans (mortgages) | 415.6 | 359.4 | -13.5% |
| <u>TFA (Stock, € bn)</u> | 64.2 | 75.2 | 17.2% |
| -AUM/AUA | 40.0 | 49.1 | 22.8% |
| -Deposits | 24.2 | 26.1 | 7.9% |
| AUC (€ bn) | 5.0 | 6.0 | 20.2% |
| TFA (Net New Money, € bn) | 0.4 | 1.4 | n.m. |
| -AUM/AUA | 0.1 | 0.5 | n.m. |
| -Deposits | 0.3 | 0.9 | n.m. |
| No. of staff | 2,034 | 2,072 | 1.9% |
| RWAs | 4,882.4 | 5,159.9 | 5.7% |
| Cost / income ratio (%) | 74.8% | 71.4% | |
| Net bad Loans (sofferenze)/Loans ratio (%) | 0.4 | 0.3 | |
| ROAC | 20% | 27% | |



8. Consumer Banking

| Consumer Banking (€m) | 3 mths | 3 mths | Chg.% |
|--|---------------|---------------|--------------|
| | 30/09/2020 | 30/09/2021 | |
| Net interest income | 225.7 | 226.2 | 0.2% |
| Net trading income | — | — | n.m. |
| Net fee and commission income | 33.9 | 30.8 | -9.1% |
| Equity-accounted companies | — | — | n.m. |
| Total income | 259.6 | 257.0 | -1.0% |
| Labour costs | (23.5) | (25.1) | 6.8% |
| Administrative expenses | (49.4) | (46.4) | -6.1% |
| Operating costs | (72.9) | (71.5) | -1.9% |
| Loan loss provisions | (80.6) | (52.1) | -35.4% |
| Provisions for other financial assets | (0.2) | — | n.m. |
| Other income (losses) | — | — | n.m. |
| Profit before tax | 105.9 | 133.4 | 26.0% |
| Income tax for the period | (34.0) | (43.1) | 26.8% |
| Minority interest | — | — | n.m. |
| Net profit | 71.9 | 90.3 | 25.6% |
| Loans and advances to customers | 12,916.7 | 13,099.1 | 1.4% |
| New loans | 1,478.9 | 1,805.2 | 22.1% |
| No. of branches | 177 | 179 | 1.1% |
| No. of agencies | 44 | 54 | 22.7% |
| No. of staff | 1,445 | 1,447 | 0.1% |
| RWAs | 11,649.8 | 11,783.7 | 1.1% |
| Cost / income ratio (%) | 28.1% | 27.8% | |
| Net bad Loans (sofferenze)/Loans ratio (%) | 0.1 | 0.1 | |
| ROAC | 27% | 34% | |



9. Corporate & Investment Banking

| Corporate & Investment Banking (€m) | 3 mths | 3 mths | Chg.% |
|---|---------------|---------------|---------------|
| | 30/09/2020 | 30/09/2021 | |
| Net interest income | 71.8 | 68.2 | -5.0% |
| Net treasury income | 22.9 | 31.8 | 38.9% |
| Net fee and commission income | 87.8 | 84.6 | -3.6% |
| Equity-accounted companies | — | — | n.m. |
| Total income | 182.5 | 184.6 | 1.2% |
| Labour costs | (42.3) | (39.2) | -7.3% |
| Administrative expenses | (31.1) | (36.5) | 17.4% |
| Operating costs | (73.4) | (75.7) | 3.1% |
| Loan loss provisions | 17.9 | (3.9) | n.m. |
| Provisions for other financial assets | 1.0 | 0.4 | -60.0% |
| Other income (losses) | — | (0.3) | n.m. |
| Profit before tax | 128.0 | 105.1 | -17.9% |
| Income tax for the period | (43.3) | (34.4) | -20.6% |
| Minority interest | (0.1) | (2.2) | n.m. |
| Net profit | 84.6 | 68.5 | -19.0% |
| Loans and advances to customers | 18,558.0 | 19,513.6 | 5.1% |
| <i>of which purchased NPL (MBCreditSolutions)</i> | 376.5 | 443.2 | 17.7% |
| No. of staff | 623 | 622 | -0.2% |
| RWAs | 19,964.7 | 20,250.7 | 1.4% |
| Cost / income ratio (%) | 40.2% | 41.0% | |
| Net bad Loans (sofferenze)/Loans ratio (%) | 0.0 | 0.0 | |
| ROAC | 19% | 15% | |



10. Principal Investing

| PI (€m) | 3 mths | 3 mths | Chg. % |
|---------------------------------------|--------------|--------------|--------------|
| | 30/09/2020 | 30/09/2021 | |
| Net interest income | (1.8) | (1.8) | n.m. |
| Net treasury income | 3.6 | 4.2 | 16.7% |
| Net fee and commission income | — | — | n.m. |
| Equity-accounted companies | 44.0 | 95.3 | n.m. |
| Total income | 45.8 | 97.7 | n.m. |
| Labour costs | (0.8) | (0.7) | -12.5% |
| Administrative expenses | (0.2) | (0.3) | 50.0% |
| Operating costs | (1.0) | (1.0) | n.m. |
| Loan loss provisions | — | — | n.m. |
| Provisions for other financial assets | 13.3 | 3.3 | n.m. |
| Other income (losses) | — | — | n.m. |
| Profit before tax | 58.1 | 100.0 | 72.1% |
| Income tax for the period | (6.5) | (3.3) | -49.2% |
| Minority interest | — | — | n.m. |
| Net profit | 51.6 | 96.7 | 87.4% |
| Equity investments | 3,508.2 | 3,787.5 | 8.0% |
| Other investments | 660.9 | 753.6 | 14.0% |
| RWAs | 7,889.6 | 7,054.9 | -10.6% |
| ROAC | 13% | 15% | |

11. Holding Functions

| Holding Functions (€m) | 3 mths | 3 mths | Chg. % |
|---------------------------------------|---------------|---------------|---------------|
| | 30/09/2020 | 30/09/2021 | |
| Net interest income | (13.1) | (13.6) | 3.8% |
| Net treasury income | 7.0 | 9.9 | 41.4% |
| Net fee and commission income | 3.4 | 2.5 | -26.5% |
| Equity-accounted companies | — | — | n.m. |
| Total income | (2.7) | (1.2) | -55.6% |
| Labour costs | (27.9) | (28.5) | 2.2% |
| Administrative expenses | (8.8) | (7.0) | -20.5% |
| Operating costs | (36.7) | (35.5) | -3.3% |
| Loan loss provisions | (3.2) | (2.2) | -31.3% |
| Provisions for other financial assets | (1.3) | 0.2 | n.m. |
| Other income (losses) | — | 0.8 | n.m. |
| Profit before tax | (43.9) | (37.9) | -13.7% |
| Income tax for the period | 14.2 | 12.7 | -10.6% |
| Minority interest | (0.5) | (0.9) | 80.0% |
| Net profit | (30.2) | (26.1) | -13.6% |
| Loans and advances to customers | 1,806.2 | 1,738.8 | -3.7% |
| Banking book securities | 6,336.9 | 6,154.7 | -2.9% |
| RWAs | 3,205.3 | 2,994.2 | -6.6% |
| No. of staff | 805 | 787 | -2.2% |



12. Statement of comprehensive income

| | 3 mths | 12 mths |
|--|--------------|----------------|
| | 30/09/21 | 30/06/21 |
| 10. Gain (loss) for the period | 263.0 | 809.2 |
| Other income items net of tax without passing through profit and loss | 4.7 | 47.4 |
| 20. Equity instruments designated at fair value through other comprehensive income | (4.1) | 64.1 |
| 30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes) | (0.2) | (5.7) |
| 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 | 0.1 | 2.0 |
| 80. Non-current assets and disposal groups classified as held for sale | — | — |
| 90. Portion of valuation reserves from investments valued at equity method | 8.9 | (13.0) |
| Other income items net of tax passing through profit and loss | (8.3) | 508.9 |
| 100. Foreign investment hedges | (1.4) | 1.4 |
| 110. Exchange rate differences | 1.1 | 0.5 |
| 120. Cash flow hedges | 8.7 | 15.2 |
| 130. Hedging instruments (non-designated items) | — | — |
| 140. Financial assets (different from equity instruments) at fair value through other comprehensive Income | 3.4 | 40.1 |
| 150. Non-current assets and disposal groups classified as held for sale | — | — |
| 160. Part of valuation reserves from investments valued at equity method | (20.1) | 451.8 |
| 170. Total other income items net of tax | (3.6) | 556.2 |
| 180. Comprehensive income (Item 10+170) | 259.4 | 1,365.4 |
| 190. Minority interest in consolidated comprehensive income | 1.2 | 2.3 |
| 200. Consolidated comprehensive inc. attributable to Mediobanca S.p.A. | 258.2 | 1,363.1 |



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

| Mediobanca S.p.A. (€m) | 3 mths | 3 mths | Chg.% |
|---------------------------------------|---------------|----------------|---------------|
| | 30/09/20 | 30/09/21 | |
| Net interest income | 30.4 | 23.5 | -22,7% |
| Net treasury income | 33.1 | 44.4 | 34,1% |
| Net fee and commission income | 91.8 | 87.5 | -4,7% |
| Dividends on investments | — | — | n.m. |
| Total income | 155.3 | 155.4 | 0,1% |
| Labour costs | (61.8) | (61.6) | -0,3% |
| Administrative expenses | (37.6) | (42.6) | 13,3% |
| Operating costs | (99.4) | (104.2) | 4,8% |
| Loan loss provisions | 27.1 | 5.2 | -80,8% |
| Provisions for other financial assets | 13.0 | 4.2 | -67,7% |
| Impairment on investments | — | (0.8) | n.m. |
| Other income (losses) | — | 0.6 | n.m. |
| Profit before tax | 96.0 | 60.4 | -37,1% |
| Income tax for the period | (34.5) | (21.0) | -39,1% |
| Net profit | 61.5 | 39.4 | -35,9% |

| Mediobanca S.p.A. (€m) | 30/09/20 | 30/06/21 | 30/09/21 |
|---|-----------------|-----------------|-----------------|
| Assets | | | |
| Financial assets held for trading | 9,859.8 | 11,336.8 | 12,278.5 |
| Treasury financial assets | 11,433.0 | 10,122.1 | 11,617.0 |
| Banking book securities | 9,933.2 | 8,716.0 | 8,821.2 |
| Customer loans | 33,076.3 | 37,103.6 | 37,802.5 |
| Equity Investments | 4,351.0 | 4,475.1 | 4,495.3 |
| Tangible and intangible assets | 165.3 | 167.1 | 167.0 |
| Other assets | 976.6 | 782.8 | 696.3 |
| Total assets | 69,795.2 | 72,703.5 | 75,877.8 |
| Liabilities and net equity | | | |
| Funding | 50,353.8 | 52,045.0 | 53,837.5 |
| Treasury financial liabilities | 4,946.2 | 3,826.5 | 4,958.2 |
| Financial liabilities held for trading | 8,764.7 | 10,342.4 | 10,500.6 |
| Other liabilities | 819.1 | 937.6 | 1,559.2 |
| Provisions | 123.9 | 136.5 | 134.6 |
| Net equity | 4,726.0 | 4,837.1 | 4,848.3 |
| Profit of the period | 61.5 | 578.4 | 39.4 |
| Total liabilities and net equity | 69,795.2 | 72,703.5 | 75,877.8 |

As required by Article 154-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