BOARD OF DIRECTORS' MEETING

Financial statements for six months ended 31 December 2020 approved

Milan, 9 February 2021

6M results

Strong commercial recovery confirmed by all business segments, impact of second lockdown smoothed

Net profit three times higher than 2H 2019-20, at €411m; ROTE[1] 10%, CET1 16.2%[2]. Estimated divident payout ratio @70% of net profit confirmed[3]

Revenues of €1,301m (up 10% HoH[4]) reflect record net fee income of €383m (up 27% HoH, up 17% YoY[4]) and flat net interest income of €720m despite slowdown in Consumer Banking new business

Cost of risk halved at 50 bps, with asset quality at best-ever levels
NPLs decreasing in relative terms, to 3.3% of total loans (gross; 1.3% net), coverage ratios increasing, for performing as well as non-performing loans

All divisions posted strong revenues and high profitability
WM: revenues up 6% HoH to €302m, on higher TFAs and margins – ROAC[1] 21%
CIB: revenues up 50% HoH to €364m, client business buoyant – ROAC 19%
Consumer Banking: revenues down 4% HoH to €515m, due to temporary slowdown in new business post-first lockdown; ROAC 28%

Important ESG target achieved
Carbon neutrality, green bond, CheBanca! social projects, Governance enhancements

2Q results

Net profit €211m (up 5% QoQ)
Revenues up 8% QoQ[4] to €675m, reflecting 2% QoQ increase in NII and fees
Revenues at all-time high in CIB (€182m), WM acclerating (revenues up 7% to €156m), Consumer Banking resilient (revenues down 2%, to €256m)

Cost of risk down to 39 bps (vs 61 bps in 1Q 2020-21): operating indicators back to pre-Covid levels, substantial writebacks to UTP corporate positions (€84m) offset by rigorous prudential provisioning (approx. €50m)

SREP CET1 requirement (7.94%) and MREL requirement (21.85%) confirmed for 2021, among the lowest levels in Europe, with comfortable operating buffers

The Mediobanca Group posted a strong commercial recovery in the six months in all business segments, with the impact of the second lockdown being smoothed, and the

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1 ROTE/ROAC based on net profit adjusted (see note 5)

2 CET1 Phase-in. CET1 FL @14.5% (without Danish Compromise ~152 bps and with IFRS 9 fully phased ~13 bps).

3 Subject to removal of ECB restriction, currently in force until 30 September 2021.

4 HoH: 6M ended 31/12/20 vs 6M ended 30/6/20. YoY: 6M ended 31/12/20 vs 6M ended 31/12/19. QoQ: 3M ended 31/12/20 vs 3M ended 30/9/20.

Group's already excellent risk profile being strengthened further, mostly on prudential grounds.

Results beat expectations, reflecting:

- **Robust trend in core revenues, which at €1,301m were flat YoY but up 10% HoH, and up 8% QoQ at €675m).** This growth was even more pronounced (up 4% YoY and up 11% HoH) net of the equity-accounted companies, which posted a 40% YoY reduction in income (to €111m) as a result of non-recurring items:

    - **Strong increase in fee income** (up 17% YoY, to €383m), **driven by CIB** (up 41% YoY, to €172m), reflecting recoveries in advisory business, ECM and the debt area, and a solid performance in WM (up 1% YoY, to €160m, with the recurring fee component up 7%); 2Q also reflects further improvement QoQ, at €194m (€189m), due to the **acceleration posted by WM** (up 12% QoQ, to €85m), whereas CIB maintained the high levels reported in 1Q (€84m);

    - **Net interest income stable and above expectations,** at €720m: the lower lending levels in Consumer Banking (down 1% QoQ and down 7% YoY, to €12.8bn) were offset by funding and treasury management optimization, higher corporate volumes and non-recurring items (€8m); new loans in Consumer Banking, which fell sharply during the first lockdown, returned to levels (€1.5bn in both 1Q and 2Q) that were virtually able to offset the loan stock expiring;

    - **Net trading income totalled €87m** (down 5% YoY), with the recovery in 2Q 2020-21 due to the positive market trend (€51m, up 42% QoQ).

- **Enhanced risk coverage, with asset quality levels at the highest levels seen in the last decade**: in CIB, the UTP **Burgo** exposure returned to performing status, with **€110m being released back to P&L** for the six months, **€84m** of which for 2Q 2020-21, balanced by **prudential provisioning of approx. €50m**; in Consumer Banking, the moratoria granted have been closed without any major issues, and the risk indicators have now returned to their pre-Covid levels; in leasing and mortgage lending, provisioning has been increased in respect of the **moratoria still outstanding (the total amount of the loans covered by moratoria has now fallen to 2.4% of the Group's total loan book). In relative terms, the Group's NPLs declined from 4.1% to 3.3% of total loans during the six months (gross; from 1.9% to 1.3% net), with the coverage ratio increasing from 55% to 63%. Coverage of performing loans also increased, from 1.25% to 1.31%;**

- **Overall, the provisions set aside by the Group since the start of the pandemic have now reached €187m, equivalent to approx. 80 bps of the loan book, without affecting the Group's profitability;**

- **Cost of risk more than halved during the six months, to 50 bps** (from 114 bps), falling to **39 bps in 2Q 2020-21** (from 61 bps), due to the non-recurring trends described above, with the risk indicators returning to pre-Covid levels;

- **Net profit for the six months totalled €411m, €211m of which in 2Q 2020-21**;

- **ROTE[5] 10%, both 6M and in 2Q 2020-21;**
- **CET1 (phase-in) 16.2%, stable at the high levels reported at end-June and end-September 2020, with the dividend payout ratio confirmed at 70% of net profit,** subject to removal of the ECB restrictions on dividends (currently in force until September 2021);[6]
- **Regulatory requirements confirmed at last year's levels – among the lowest in Europe – and comfortably covered by the Group's capital buffer**
  - **SREP CET1 requirement: 7.94%** (unchanged), **vs CET1 of 16.2%**
  - **MREL requirement: 21.85%** (21.6% last year) vs MREL liabilities of 37% at end-Sept. 2020[7]

At the divisional level, CIB delivered significant progress, with revenues at the highest levels seen in recent years, against consolidation in both Consumer Banking and Principal Investing; and ongoing improvement in WM in terms of positioning, revenues and profitability.

- **CIB**: **ROAC[8] 19%, net profit rose to €170m** (up 4x HoH and **up 18% YoY**), **with revenues at all-time high levels (€364m), split equally between 1Q and 2Q.** Mediobanca has strengthened its leadership position in its core segments and markets in the six months, participating in the most important M&A deals in Italy and France in particular. In 2Q **the recovery in ECM has continued**, coupled with **material growth in revenues from DCM and lending**. Priority has been given to counterparties rated as investment grade (80% of new lending business) and to certain niche areas (ESG bond issues). The **high loan book quality is confirmed, with NPLs just 0.5% of total loans**, on writebacks and LLPs totalling approx. €50m, helped by the provision reversals and prudential adjustments already mentioned.
- **WM: ROAC[8] 21%, net profit increasing to €47m** (up 46% HoH **and down 3% YoY)**, with **revenues at €302m** (up 6% HoH and up 1% YoY), and significant growth in net fee income in 2Q (up 12% QoQ, to €85m). **TFAs rose to €67bn, on the back of high asset gathering capabilities** in the Affluent and Private segments in particular (**NNM totalling €2.3bn in 6M, €1.3bn of which in 2Q**), reflecting the ongoing strengthening in terms of brand, offering and distribution (with 30 bankers added during the three months), and leveraging on the opportunities offered by the business model. The organic growth will also be supported by a new initiative in the alternative segment: in February, Mediobanca Group company **Cairn Capital reached an agreement to acquire Bybrook, a London-based specialist distressed credit manager, with AUM of approx. €2bn. The combination will create a leading**

5 ROTE based on net profit adjusted calculated as GOP net of LLPs, minorities and taxes, with normalized tax rate (33% for Affluent, CIB, Consumer and HF; 25% for PB and AM; 2% for PI). Covid-related impact excluded for FY20 and 4Q20

6 The proposed dividend for the current year will be formulated in good time to be submitted to the approval of shareholders at the Annual General Meeting to be held at end-October 2021.

7 MREL according to the SRB Hybrid approach

8 ROAC: adj. net profit (cf. footnote 5)/average allocated capital; allocated capital = 9% RWAs (for PI division: 9% RWAs + capital deducted from CET1).

European alternative credit manager, with roughly €7bn in AUM, and significant opportunities for growth.

- **Consumer Banking: ROAC[8] 28%, net profit (€138m), down 18% YoY on lower revenues** (down 3% YoY, to €515m) **due to the weak volumes recorded during the first lockdown. Actions implemented to enhance remote operations, coupled with the lighter restrictions during the second lockdown, enabled new loans to remain flat vs 1Q levels** (approx. €1.5bn)**. The trend in asset quality continues to be particularly impressive** (cost of risk 222 bps for 6M and 196 bps in 2Q: 90% of the moratoria have been paid off without any issues, and the risk indicators have returned to their pre-Covid levels.

- **PI: ROAC[8] 14%, net profit €128m**, reflecting a reduction due to non-recurring items following the sale of certain assets by Assicurazioni Generali.

- **HF: marked improvement in net result, increase in funding, with the cost of funding stable at 80 bps despite the negative interest rates, and liquidity management optimization.** The growth in funding (from €54.9bn to €55.9bn) was driven by deposits (from €23.8bn to €24.6bn), use of the TLTRO (from €5.7 to €6.2bn, of which €5.5bn TLTRO3), and selective bond issuance activity which generated high interest from investors. The division posted **an improvement at the net interest income level and a reduction in central costs;** with the deleveraging process in leasing continuing. **Indicators at comfortable levels: NSFR 107% and LCR 155%, CBC €10.6bn.**

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With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the individual and consolidated financial statements for the six months ended 31 December 2020, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Mediobanca Group reported a net profit of €410.6m for the six months, three times the amount posted in 2H 2019-20 (€132.8m), the performance only being marginally impacted by the second wave of the Covid-19 pandemic.

The Group's operations were helped by the **ongoing investments in distribution capacity, specialized offering and technology,** which enabled customer-driven activity to be maintained at high levels during the second lockdown in particular, with investment banking activity at the highest levels seen in recent years, and new loans to households recovering in the mortgage lending segment, and better than expected (albeit still lower than during the pre-Covid era), in consumer credit.

The first six months of the 2020-21 financial year saw not only **robust performances by all the Group's divisions, but also the already strong asset quality indicators strengthening even further**, on the back of a **rigorous provisioning policy implemented without compromising the Group's profitability** thanks to certain one-off writebacks.

ROTE was stable at 10%, and the cost/income ratio at 45%.

The Group's total revenues for the six months amounted to €1,300.8m (31/12/19: €1,325.2m), **reflecting a material improvement on the previous six months** (2H 2019-20: €1,187.8m), with an increasing contribution in 2Q (€674.8m, vs. €626m in 1Q). The reduction year-on-year was entirely attributable to the lower contribution from Assicurazioni Generali, in turn due to non-recurring items. The main income sources performed as follows in the six months:

- **Net interest income was virtually unchanged,** at €720.4m (€721.5m), reflecting the anticipated reduction in net interest income from Consumer Banking (down 5.4%, from €474m to €448.4m), almost entirely offset by the higher contributions from CIB (up 9.1%, from €136.1m to €148.5m) and Holding Functions (where net interest expense reduced from €30.7m to €22.5m), helped by a good performance in terms of volumes plus the increased recourse to the T-LTRO, which contributed approx. €16m; the cost of funding remained stable at 80 bps vs Eur 3M, despite the further reduction in interest rates; **whereas the QoQ increase in net interest income in 2Q** (from €357m to €363m) **is attributable to non-recurring factors.**

- **Impressive growth in fee income**, up 16.5%, from €328.5m to €382.8m, due to an outstanding performance in CIB, which posted its best result in the past five years, recording fees of €172.2m, plus an improved contribution from Consumer Banking (up from €57.7m to €66.7m), helped by lower commercial fees credited back to partners; fees in Wealth Management were stable at €160m (€158m), reflecting a higher proportion of recurring fees (which rose from €165m to €177.2m), offsetting the reduction in performance fees (from €12.3m to €4.5m); the 2Q performance in particular (fees of €194m in 3M) reflect a growing contribution from Wealth Management (up from €76m to €85m) with CIB remaining at high levels (€84m).

- **Net treasury income** totalled €86.7m, basically in line with last year (€91.5m), but virtually double the performance recorded in 2H 2019-20. The reduced contribution from client activity (down from €58.2m to €32m) already in evidence during the previous six-month period was offset by the growing contribution from the proprietary portfolio, up from €27.3m to €32.8m (€21.2m of which attributable to the Holding Functions division's activities), and from Principal Investing, where income collected from funds and dividends increased threefold (up from €5.3m to €16.5m).

Administrative costs were largely unchanged, at €591.1m: the reduced mobility and increase in working from home enabled some substantial savings (less overtime, major reduction in travel and entertainment expenses) which offset the increase due to IT investments and credit recovery expenses in Consumer Banking, plus the strong commercial development activity and the increase in variable compensation payable in investment banking.

Loan loss provisions returned to last year's levels, at €117.7m (€109.5m), **with an increase in coverage levels.** In line with the ECB recommendations, prudential provisioning policies have been adopted, including overlays and reclassifications to Stage 2 for counterparties that have requested moratoria or waivers of covenants. The additional provisions were more than offset by the writebacks to UTP corporate positions returning to performing status (in particular Burgo after the refinancing), plus the improvement in all the risk indicators in retail operations, with Consumer Banking in particular reflecting default and recovery percentages at their lowest ever levels. **The Group's cost of risk stands at 50 bps (31/12/19: 48 bps), while for Consumer Banking in particular the cost of risk is 222 bps (190 bps).**

The bottom-line result also reflects €33.4m in one-off provisions taken in Consumer Banking (€15m), plus the Group's contribution to the Deposit Guarantee Scheme, which was higher than last year, at €17.9m (€11.4m).

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Turning to the balance-sheet data, total assets increased from €78.9bn to €83.3bn **on higher loans to customers (up 5.6%) plus an increase in other financial assets (trading and banking book securities); the main asset and liability headings reflect the following performances:**

- **Customer loans rose from €46.7bn to €48.1bn,** on higher contributions from Corporate and Investment Banking (up 4.7%, from €18.6bn to €19.5bn), and Wealth Management (up 6.4%, from €13.2bn to €14bn, €10.7bn of which in mortgage loans), against a slight reduction in Consumer Banking, to €12.8bn (€13bn);

- **Positive results from moratoria:** as at 31 December 2020, moratoria outstanding involved loans in a total amount of €1.2bn (or 2.4% of the total loan book), much lower than the amount granted since the start of the pandemic (€2.7bn, to over 148,000 clients), **with more than 80% of the moratoria having been paid off and the borrowers having resumed regular repayments**. The remainder is concentrated in mortgage lending and leasing operations, with the majority of the beneficiaries in Consumer Banking having resumed regular repayments (the total involved having been cut from €1.3bn to just under €130m):

    - Moratoria granted for mortgages totalled €661.7m, following repayments totalling €194.3m (approx. one-quarter). Of the concessions outstanding, some 76% should resume repayments by the end of the financial year, approx. 15% in the second half of 2021, and the remainder subsequently;

    - Moratoria granted in leasing amounted to €724.4m, following new concessions totalling approx. €60m and expiries of some €137.9m (approx. 20%); around 85% of the remainder were granted under the terms of the "Cura Italia" decree, for which the expiry date has been extended until 30 June 2021, unless they choose not to;[9]

    - In Consumer Banking, over 90% of the moratoria granted have now reached expiry. The outstanding stock, involving €126.9m, primarily involves normal requests for payment deferrals and have such have been predominantly classified as Stage 2;

- **Asset quality remains excellent and in fact continues to improve: gross NPLs down from €1,954.2m to €1,653m, or just 3.3% of the total loan book,** representing a material reduction compared to end-June 2020 (4.1%) and near to the lowest levels ever recorded by the Group. This marked improvement reflects the Group's highest non-performing exposure (Burgo) returning to performing status, which takes corporate NPLs to just 1.2% of total loans, against an extremely low default flow in Consumer Banking, near pre-Covid levels. The reduction in net NPLs is even more pronounced, down from €874.2m to €609.4m, and from 1.3% of total loans to 1.9%), due to an increase in the coverage ratio (from 55.3% to 63.1%) with a view to addressing the possible future effects of the pandemic. Net bad debts continue to reflect extremely low levels, at €83m (€78.4m, or just 0.17% of the total loan book), with the coverage ratio once again increasing (82.5% against 81.6%). Non-performing loans do not include the NPLs acquired by MBCredit Solutions as part of its

9 As at 4 February 2020, some 360 clients for loans amounting to €70m had expressed their intention to resume payments at the end of the month.

business, which increased in the six months from €358.6m to €380.2m, following new investments totalling approx. €43m (with a nominal amount of €380.7m).

- **Banking book securities grew from €6.8bn to €7.3bn,** due to an increase in the government securities component (from €4.7bn to €5.2bn), and offsetting the reduction in net treasury assets (from €6.1bn to €5.7bn) reflecting the reduction in deposits held with the ECB (which decreased from €3.1bn to €1.8bn);

- **Funding increased from €54.9bn to €55.9bn, on increased recourse to the T-LTRO programme** (from €5.7bn to €6.2bn, €5.5bn of which in relation to T-LTRO III) **allied to growth in the Wealth Management division's share of direct funding (up from €23.8bn to €24.6bn)** which now accounts for 44% of the Group's total. Debt securities were virtually unchanged at €18.7bn, after new issues totalling €1.4bn which proved to be particularly attractive to the market, and helped contribute to the stability of the cost of funding (which was unchanged at 80 bps).

- **TFAs in Wealth Management increased from €63.6bn to €66.6bn,** with €1.6bn in Net New Money (NNM) and a positive market effect of €1.4bn (thus making up all of the loss incurred to end-March 2020). Deposits rose from €23.8bn to €24.6bn, whereas **AUA/AUM totalled €42bn**. **Growth in AUM/AUA in 6M (up €2.2bn) derives from the Affluent segment (up €1.4bn) and from Private Banking (up €1.2bn),** while Asset Management (down €400m) reflects outflows of €1,045m due to institutional clients exiting their investments, partly offset by the launch of new products (adding €411m). TFAs at CheBanca! totalled €29.9bn, 8% higher than at end-June 2020, 47% of which AUA/AUM; whereas in Private Banking TFAs totalled €27.7bn (+5% and 69% respectively); while Asset Management manages a total of €19.5bn, €10.5bn of which internally within the Mediobanca Group (4% higher than at the same time last year).

- **The capital ratios were stable at high levels for the six months, factoring in a payout ratio of 70%:**

  - **CET1 phase-in: unchanged at 16.17%,** following retained earnings of €125m (adding 25 bps) plus certain regulatory benefits (adding 22 bps), 6 bps of which reflects the new prudential treatment for software, and 16 bps application of the duration method for interest rate risk in order to calculate the market requirement, which together offset the increase in RWAs (up €950m, **equal to a reduction of 30 bps) attributable to higher lending volumes (up 3.1%)**.

  - **CET1 fully loaded[10]: unchanged at 14.51%**

  - **Total capital ratio: up slightly, from 18.82% to 18.98%** (17.69% fully loaded), as a result of the new subordinated bond issue (€250m).

  - **The Group has confirmed its dividend guidance with a payout ratio of 70%,** subject to removal of the ECB recommendation in force until 30 September 2021: the dividend proposal for the current financial year will therefore be formulated in good time to be submitted to the approval of shareholders at the Annual General Meeting to be held at end-October 2021.

10 Ratio calculated without Danish Compromise, i.e. with the Assicurazioni Generali investment deducted in full (minus 152bps), and with the IFRS9 FTA effect applied in full (minus 13bps),

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The Mediobanca Group has also achieved some important non-financial results in the six months in the ESG area.

Environment: three of the objectives set in the 2019-23 Strategic Plan have been met in the six months under review. In September 2020, the inaugural issue of a €0.5bn **green bond** was successfully completed. In the area of **ESG issues, the Mediobanca DCM team has acquired a leadership position in Italy.** Group company RAM has launched its first **carbon-neutral, "Stable Climate Global Equities Fund", while the Mediobanca Group as a whole has now become carbon neutral** as a result of offsetting its remaining greenhouse gas emissions through acquiring credits generated from environmental protection projects implemented in developing countries in accordance with UN standards under the Kyoto protocol.

Social: the Group's commitment to social issues continues, with CheBanca! launching a project in conjunction with Fondazione Progetto Arca onlus, which will support families in need throughout 2021 by delivering food and other necessary goods to them at regular intervals. The Group's initiatives to develop remote and smart working (which is one of the objectives included in the Group General Manager's scorecard) are also continuing, with the objective of developing soft skills, increasing staff engagement and adapting the IT platforms accordingly.

Governance: at the 2020 AGM, the institutional investors' vote ensured strong support for the list submitted by the outgoing BoD (two-thirds of the votes cast at the meeting were in favour). The vote indicates significant appreciation for the Mediobanca Group's strategy, performance and management. The new BoD, which will be in office until 2023, has been enhanced with the addition of two suitably qualified members who increase the competences represented on the Board, its independence (60% of the BoD now qualifies as independent) and diversity (40% of the Directors are now women).

Divisional results

1. Wealth Management[11] growing: 6M net profit up 46% HoH, on a growing contribution from recurring revenues. ROAC @ 21%. NNM in Affluent & Private segment substantial (€2.3bn di NNM), coupled with acquisition of Bybrook by Cairn Capital in alternative asset management

The Wealth Management division continues on the growth path mapped out for it in the Strategic Plan, despite the difficult conditions brought on by the pandemic, taking **opportunities generated by the specialized business model**. Assets under management reached **€67bn**, helped by ongoing strengthening in the Affluent division (CheBanca!), and the distinctive product and service offering in the Private Banking segment operating strongly in synergy with CIB. Organic growth will be supported by a new initiative in the alternative asset management segment: in early February, Mediobanca Group company **Cairn Capital reached an agreement to acquire Bybrook.**

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

The main enhancement measures undertaken are as follows:

- **CheBanca! has increased its commercial network by approx. 30 persons, with relationship managers in the Affluent segment increasing from 454 to 467, and FAs up from 414 to 429,** focusing on professionals with a large client portfolio, consistent with the bank's new distinctive positioning. The new advertising campaign recently launched ("Raise your vision", "Alza la tua visione") promotes an advisory model that combines technological innovation with competence, sustainable vision and the solidity of the Mediobanca Group. The product offering has been expanded through the signing of three new distribution agreements with leading asset managers and with placement of the Group factory products (which now account for 22% of the assets managed);

- **MBPB** has recruited **two new senior bankers of international calibre,** and is continuing with its customer portfolio diversification programme, in favour of **opportunities for investing in the real economy (private markets, club deals, real estate)** over a medium-long time horizon, reaching €1.2bn in AUM in illiquid products (€0.4bn of which in the last 6M);

- **CMB continues with its strategic repositioning focused on the UHNWI client segment** which has involved turnover in the front office staff members (twelve in the last six months) and an increasingly specialized product offering;

- **Cairn Capital has entered into a partnership agreement with Bybrook**, a specialist distressed credit asset manager based in London (which manages approx. €2bn AUM), with the objective of creating a **leading European alternative credit manager** with approx. €7bn in AUM and a broader, distinctive product offering.

Net new money for the three months in the Affluent and Private segment totalled €2.3bn (€1.3bn in 1Q), 65% of which in AUM, while in asset management there were net outflows of €0.6bn in less profitable institutional AUM, the majority of which in 1Q:

- **Affluent: NNM €1.6bn,** double last year and split equally between the two quarters; the proprietary network's contribution was slightly higher than that of the FAs, at 60% (vs 40%). In 2Q there was also an improvement in the mix, with the AUM/AUA share rising to 70% (compared with 40% in 1Q), leading **CheBanca! to be ranked second among Italian asset gatherers in terms of per capita net new money collected in terms of AUM/AUA.** During the six months under review, the placement of two Target Maturity Mediobanca SGR funds (Mediobanca Diversified Credit Portfolio 2024 and Mediobanca Diversified Credit Portfolio 2026) was completed;

- **Private Banking: NNM €653m,** mostly attributable to AUM/AUA with inflows of deposits virtually nil. The six months under review saw the placement of a distressed debt fund, raising over $120m (the third product placed from the Mediobanca Private Markets Funds programme), and two club deals in real estate which raised approx. €300m for investment in trophy assets in Milan (one of which in 2Q);

- **Asset Management:** new products worth €411m were placed, chiefly relating to the new Cairn CLO XII in an amount of € 330m, while there were outflows from institutional clients totalling €1bn, in relation to low-margin mandates, mostly attributable to Mediobanca SGR in line with the strategic decision to focus on private clients. In the quarter RAM launched its Multi-Strategy Diversified Alpha fund, which combines the company's excellent capabilities in AI with the liquidity typical of a UCITS fund.

Total Financial Assets managed on behalf of clients (TFAs) are now worth €66.6bn, much higher than at end-June 2020 (€63.6bn), 45% of which (€29.9bn) is attributable to the Affluent segment,

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42% (€27.7bn) to Private Banking, and the remainder (€9bn) to asset management; the growth in the six months was assisted by the positive market effect quantifiable at €1.4bn. The more profitable AUM/AUA came in at €42bn (30/6/20: €39.8bn). Asset Management division products placed within the Group totalled €10.5bn.

A net profit of €46.9m was earned in the six months under review, substantially higher than in the preceding six months (up 46%), albeit slightly lower than last year (€48.2m) due to the higher loan loss provisions reflecting the impact of Covid-19. **The ROAC for the division stood at 21%**.

Revenues totalled €302.1m (up 6% HoH and up 1% YoY), with the **recurring fees component increasing** (management fees up 7.4% YoY, from €165m to €177.2m), offsetting the expected reduction in performance fees (which more than halved, from €12.3m to €4.5m). The six months also reflect a significant **improvement in the recurrent margin**, from 0.81% last year to 0.87% in the six months under review. The main income items performed as follows:

- **Net interest income was basically flat at €137m:** growth in the Affluent segment (up 3%, from €108.6m to €111.9m), reflecting the higher business volumes in mortgage lending and asset gathering, was offset by the reduction by CMB Monaco (from €23.4m to €20m), which reflects the higher exposure in dollars and the reduction in interest rates despite the higher contribution from lending activity;

- **Fee income totalled €160m (€158m), with growth in the recurring component (up from €165m to €177.2m) offsetting the reduction in performance fees (down €7.8m)**: the reduction in the Affluent segment (up 21%, from €50m to €60.5m) reflects the increase in TFAs; while the lower growth in Private Banking (1.3%, from €63.9m to €64.7m) is due to the lower performance fees (down 63.4%) and asset management fees (down 23.2%, from €40.1m to €30.8m), as well as the effect of outflows by institutional clients from RAM and Mediobanca SGR.

Operating costs were virtually unchanged at €223.9m, due to higher costs at CheBanca! (up 4.3%, from €123.1m to €128.4m) as a result of commercial investments, against a reduction in asset management (from €32.9m to €27.8m) regarding labour costs in particular; operating costs in Private Banking were basically flat, at €63.4m.

Loan loss provisions rose from €7.7m to €11.8m, and refer entirely to CheBanca! mortgage lending activity, which, in addition to the higher volumes, reflects a more prudent approach to the outstanding moratoria; indeed, the cost of risk for mortgages was 21 bps (16 bps last year).

Customer loans in Wealth Management total €14bn (30/6/20: €13.2bn), with the mortgage loan component increasing from €10.2bn to €10.7bn, on new loans of €1,084m in the six months; in Private Banking customer loans rose from €2.9bn to €3.3bn following a healthy contribution from CMB Monaco (where customer loans rose from €1.8bn to €2.1bn).

Gross non-performing remain at low levels, accounting for €216.1m (or 1.5% of total loans), and mostly involve CheBanca! mortgage loans (€199.9m, or 1.8% of total loans); while on a net basis non-performing loans represent less than 1% of total mortgages (€110.7m, €48.9m of which are bad loans), with the coverage ratio rising from 45.9% to 48.8% (59.4% to 60.5% for bad loans).

Moratoria outstanding on Italian mortgage loans amount to €467,4m (approx. 4.3% of the stock of loans outstanding), following new applications during the period (€78m) and repayments (€194m) the majority of which (82%) have resumed regular repayments; 50% of the exposure has been prudentially classified as Stage 2, allowing the level of provisioning for the performing portfolio to increase to 0.38% (31/12/19: 0.36%).

2. **Consumer Banking: net profit recovering to €138m, ROAC@ 28%. New loans continue to recover, due to enhancement of the distribution structure, which is increasingly multichannel and integrated between physical/online, limiting the impact of the second lockdown (in any case less severe than the first). Cost of risk returned to pre-Covid levels (222 bps for the six months and below 200 bps in 2Q), despite the further increase in the coverage ratios. Moratoria successfully completed.**

In a recovering but still difficult market scenario and far off pre-Covid levels of activity, Compass delivered a commercial and earnings performance that exceeded expectations. Once the reduction in volumes due to the first lockdown had been overcome, efficient management of the distribution network and strong risk management allowed ROAC to remain at 28% (vs 30% last year).

The Italian consumer credit market as a whole posted a sharp reduction for the 2020 calendar year. After the first six months, in which new business declined by 29.6%, the figures for the full twelve months show a 21% reduction compared to 2019, following a recovery in the second half-year which featured a less severe lockdown than the first one had been. The segment worst affected by the pandemic was personal loans (down 33.6%), followed by instalment/option credit cards (down 13.6%); while the reductions in special purpose loans and salary-backed finance were less pronounced, down 12% and 8.7% respectively.

During the six months under review, new loans recorded by Compass were significantly higher than in 2H 2019-20, at €2,953 (compared with €2,496m, but still lower than the record level reported in 1H 2019-20, when new loans totalled €3,885m), which helped customer loans stabilize at approx. €13bn. New loans in 2Q (€1,474m) matched those in 1Q despite the second lockdown. The recovery has been driven by special purpose loans (up 51% on 2H 2019-20), automotive finance (up 37%) and personal loans (up 9%, due to reduced operations by the third-party networks and a conservative approach to disbursement). At end-2020 Compass's market share was 10.6% (vs 9.7% at end-June), helped by the **decisive contribution from the direct distribution network, which saw significant development in the six months in terms of the integrated multichannel mode** and **enhancing remote operations both for new business and credit recovery activities**. In particular:

- Six new POS (making a total number of branches of 178) and six new agencies (47 in total) have been opened, and the weight of the online channel has also increased, now accounting for approx. 25% of the personal loans granted by the direct network (vs 15% one year ago);

- The company's presence in special purpose loans has been strengthened, this being the main channel by which new clients are obtained, strengthening the commercial partnerships with operators in the large-scale distribution sector in particular;

- New products have also been launched: "Pagolight", a proprietary solution for granting interest-free extensions in real time at POS, and "closed-loop" cards issued on an exclusive basis for use at specific commercial partners.

The Consumer Banking division reported a net profit for the six months of €137.6m, 6% higher than for 2H 2019-20, due to more resilient than expected net interest income and a reduction in the cost of risk to 222 bps(from 294 bps,) deriving from the successful conclusion of the moratoria granted and the substantial reduction in default rates. The reduction compared to last year (when a net profit of €167.2m) was recorded) chiefly reflects the lower lending volumes, which impacted on both revenues and adjustments which, despite normalizing, are still slightly higher than one year ago. ROAC for the division stood at 28%, slightly lower than last year (30%). The main income items performed as follows:

- **Revenues** declined by 3.1%, from €531.7m to €515.1m, due in particular to the reduction in net interest income (down 5.4% from €474m to €448.4m), reflecting the lower average volumes plus pressure on margins influenced among other things by a less profitable mix. Conversely, net fee and other income rose by 15.6% (from €57.7m to €66.7m), due to the reduction in commissions credited back to commercial partners which helped offset the decrease in insurance revenues (from €32.4m to €26.4m) linked to lower volumes;

- **Operating costs** totalled €150.6m, slightly higher than last year (€149.6m), due to higher spending on IT investments (up €3.4m) and higher credit recovery charges (up €3.8m), only in part offset by savings on other cost items;

- **Loan loss provisions** rose by 12.1%, from €128m to €143.5m, but much lower than in 2H 2019-20 (€196.7m), with the cost of risk normalizing at 222 bps (vs 196 bps in 1Q 2020-21). The generalized improvement in the risk and recovery indicators has enabled the portfolio coverage ratios to be increased prudentially.

Net NPLs decreased from €324.2m to €295.8m (lower also than the €303.5m reported at end-September 2020), and now account for 2.3% (2.5%) of total loans, against a slight increase in gross NPLs, which rose from €1,015.7m to €1,038.8m (increasing in relative terms from 7.18% to 7.45% of total loans) and **an increase in the coverage ratio (from 68.1% to 71.5%).** Net bad loans totalled €10.9m (€14.6m), and represent 0.1% of the total loan book (stable), with a coverage ratio of 96.3% (94.6%); disposals of €77.8m were made in the six months, compared with €120m last year.

Moratoria worth a total of €1.3bn were granted (€1bn in concessions granted under the Assofin arrangements, and the remainder under initiatives introduced by the Group on a voluntary basis); as at 31 December 2020, moratoria involving a total amount of €127m were still outstanding, and are now managed in accordance with ordinary criteria (80% have been classified as Stage 2).

The coverage ratio for the performing loan book has increased from 3.17% to 3.35%.

3. <u>Corporate & Investment Banking</u>: record half-year in terms of revenues (€364m) and net profit (€170m), ROAC 19%. Strong rebound in fee income, helped by solid relations with customers and healthy market performance. Loan book asset quality at best-ever levels: NPLs/total loans ratio halved to 0.5%, with the Burgo writebacks used to further increase the coverage ratios

The six months under review saw a strong recovery in Corporate and Investment Banking activity, with an upturn in revenues and profits recording the highest levels posted in the last five years. ROAC increased to 19% (30/6/20: 11%; 31/12/19: 16%), and the cost/income ratio fell to 41% (vs 43% last year).

With reference to the CIB division's main markets (Italy, Spain/Portugal and France), the M&A market shows deal values which doubled in the six months and were more than 40% higher than in 2H 2019-20; ECM too showed the same performance (up 110% and 30% respectively). Conversely, the debt market slowed: DCM was down between 20% and 40%, as were EMEA syndicated loans (down between 23% and 8% respectively).

In this scenario Mediobanca, benefiting from its strong relations with clients, **has seen very healthy investment banking activity levels, taking part in all the main deals,** including **two of the largest mergers on the EU market** (Intesa-UBI, which has launched the most recent round on consolidation on the European banking market, and FCA/PSA, which has resulted in the creation of the leading automotive manufacturer in the European Union), and **one of the largest IPOs in Europe** (GVS), demonstrating a sound capacity in selecting targets with excellent equity stories in the Italian mid corporate panorama, *inter alia* in collaboration with Mediobanca Private Banking. The positive trend in **DCM** has also been maintained, **which reported its best-ever quarter**, helped also by certain niche operations (e.g. ESG bond issuance). **Lending** activity was boosted by the closure of certain extraordinary financing transactions and by the growth in volumes, **with priority being given to investment-grade counterparties (which accounted for 80% of new business)**, to preserve the already excellent asset quality.

The CIB division posted revenues of €364.3m (up 9.9% YoY and up 50% vs 2H 2019-20), to reach its highest ever levels, due to the performance of Wholesale Banking (up 12.7%, from €271.7m to €306.1m), **with 2Q confirming the outstanding results already posted in the first quarter**. The main income items performed as follows:

- **Net interest income rose from €136.1m to €148.5m**; growth of 9.1% was driven by large corporate loans (up 8%, from €78.4m to €85.1m, as an effect *inter alia* of €8m in extraordinary items linked to the Burgo loan renegotiation). The lower levels of activity in NPLs and instalment factoring impacted on the performance in Specialty Finance, where NII was down 13%, from €41m to €35.9m);

- **Fee income soared from €121.9m to €172.2m**, an increase of 41.3% which reflects higher contributions from Equity Capital Markets, of €28m (€4m) and Lending, of €27.9m (€19.7m); the contributions from the other areas also increased, albeit not as sharply: fees from Advisory business rose from €64.6m to €67.7m), from Debt Capital Market activities from €10.5m to €11.7m, and Specialty Finance from €18.6m to €22.4m;

- **Net treasury income decreased from €73.5m to €43.5m,** due to the reduced CMS client activity levels.

Operating costs reflect a residual increase (from €143.7m to €147.6m), which is closely related to the bonus pool being aligned pro rata to revenues (labour costs: up 6.1%); while administrative expenses were basically flat, at €67.4m, despite a higher contribution from central projects, which was offset by material savings on travel and entertainment expenses.

During the six months **net writebacks of €43.6m were credited,** reflecting further improvement on the €30m credited last year. Much of this was due to the **Burgo writeback** (€110m, €84m of which in 2Q), some **€49m of which was used to further increase the provisioning for the corporate loan book, where the coverage ratio for the performing items** increased to 0.72% (30/6/20: 0.59%). Writedowns in Specialty Finance increased from €9.5m to €17.8m, reflecting the higher volumes in factoring, the effect of the extra collections, and some prudential adjustments to take account of potential Covid-related effects, in particular with reference to NPL activities.

Loans and advances to customers increased from €18.6bn to €19.5bn, with the contribution from Specialty Finance increasing from €2.1bn to €2.7bn due to the higher ordinary factoring levels (turnover up 7.6%, to €4.4bn), normally concentrated near the year-end, and the Large Corporate segment increasing its contribution from €16.5bn to €16.8bn.

Asset quality improved even further: gross non-performing loans halved, from €541.6m to €231.3m, the lowest level recorded in the last decade (1.2% of the gross loan stock, 0.5% net) following the Burgo debt refinancing (this being the largest UTP position, entailing a gross exposure of €317.7m), with minimal reclassifications to Stage 3; net NPLs were just under €105m, with a coverage ratio of 55%. NPLs acquired rose from €358.6m to €380.2m, with the flow of new investments limited at €42.7m.

The Covid-related impact on the CIB loan book remains low: the number of applications for waivers rose by around twenty in the six months, in all cases regarding revisions to financial covenants, with an only a limited number of requests for payment deferrals (since the start of the pandemic, the amount of payments deferred has not exceeded €15m). The majority of the applications are temporary in nature, and the companies concerned have no structural liquidity issues; therefore, after careful analysis, none of the applications granted in the six months was deemed to constitute forbearance measures. It should be noted that in the course of 2Q, Mediobanca S.p.A. approved six deals with SACE backing under the so-called "Liquidity" decree, entailing an aggregate risk of just under €200m (€150m of which disbursed).

In the light of the ECB recommendations and a rigorous staging process, Mediobanca has decided to increase the provisions covering its entire loan book, making changes to the IFRS 9 provisioning models (the PD calibrations in particular have been revised, and certain factors introduced to mitigate the macroeconomic scenario last year have been removed), and subjectively increasing the expected credit loss for all borrowers operating in the sectors worst-hit by Covid-19 or which applied for waivers in the course of 2020. The overall effect of these changes has been to increase the provisioning levels (by approx. €49m for the Large Corporate loan book), and is reflected in the increase in the rate of provisioning for the performing portfolio, which in the twelve months has doubled from 0.35% to 0.72% (30/6/20: 0.59%).

4. <u>Principal Investing</u>: **reduced contribution to Group earnings** (€128m) as a result of non-recurring items booked to 1Q, with the 2Q contribution returning to normal levels. **ROAC 14%**

The division posted a net profit of €128.4m for the six months, lower than last year (€186.9m) as a result of a reduced contribution from the equity method which added €110.9m (€183.7m) already booked to 1Q and **mostly attributable to extraordinary items for Assicurazioni Generali**; **the 2Q contribution** (€67.5m) **was already back to normal levels.** There was an improved contribution from holdings in funds (seed capital, private equity and real estate), for which distributions in the six months rose to €13.4m, plus income from redemptions totalling €1.3m and positive valuations at the reporting date totalling €17.9m.

The book value of the Assicurazioni Generali investment increased from €3,163.4m to €3,659.2m, on profits for the period totalling €112.5m (31/12/19: €183.3m), and an increase of €722.8m in the valuation reserve following the upturn on markets.

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

The Holding Functions posted a lower net loss than last year, down from €76.5m to €73.1m, following a positive contribution from treasury management to total income, generating a positive result at the top-line level €5.4m (compared with a €11.4m loss last year), and slightly lower costs of €77.5m (€80m), nonetheless offset by higher writedowns totalling €14m (€3.9m), in particular due to adapting the IFRS 9 model for securities (€6.4m). Improved treasury management reduced net interest expense from €49.6m to €40.8m, as did net trading income (from €12.1m to €21.2m). The reduction in costs chiefly reflects the lower central costs, which account for approx. 8% of the Group's total spending.

The main segments performed as follows:

- **Treasury:** treasury management was boosted by the increased **use of less expensive funding sources, through growth in deposits, recourse to the new TLTRO** programme (the balance of which increased from €5.7bn to €6.2bn, almost 90% of which tranche III), and **selective bond issuance** which has allowed the liquidity ratios to be stabilized at prudent levels (**LCR 155% and NSFR 106.9%**) driven a further reduction in net interest expense (from €49.6m to €40.8m). **The cost of funding was virtually unchanged at 80 bps,** despite the further approx. 20 bps reduction in market interest rates;

- **Leasing:** leasing operations posted a net profit of €1.7m, in line with last year (€1.9m), on revenues of €20.1m (virtually unchanged), and costs of €10.2m, the reduction in which (down 7.3%) was offset by a slight increase in loan loss provisions, to €6.2m (€5.9m), reflecting a cost of risk equal to 69 bps, and includes a material increase in the provisioning for the performing component (from 0.68% to 0.89%) in respect of the leases for which moratoria have been granted, and so absorbing much of the writebacks for the non-performing items. Leases outstanding decreased from €1,819.9m to €1,799.6m, approx. one-third of which were covered by moratoria (€587m, mainly under the "Cura Italia" decree), and roughly 30% classified as Stage 2. There was an improvement in the non-performing items: gross NPLs totalled €166.7m (185m) and account for 8.9% of the total loan book; while net NPLs were down 5.5%, taking into account the higher coverage ratio of 40.7% (35.8%).

Mediobanca S.p.A. results

Mediobanca S.p.A. delivered a **net profit of €116.6m** in the six months, representing a marked improvement on the €70.4m posted last year, on higher fees and helped by material writebacks to customer loans.

Revenues were up 20.4%, from €260.1m to €313.2m, with the main income items performing as follows:

- Net interest income rose from €46.7m to €66.2m, an increase of 41.8%, on sound volume levels plus the increased recourse to the T-LTRO;

- Net fee and commission income grew by 37.6%, from €120.8m to €166.2m, with the contribution from investment banking at its highest ever levels, with fees generated from Private Banking virtually stable;

- Net treasury income was down 12.4%, from €89.7m to €78.6m, reflected the reduced client activity levels which were only in part made up by the recovering proprietary trading portfolio.

Operating costs remained basically flat, increasing from €199.6m to €200.4m due to the higher labour cost component (up from €112.9m to €119.3m) offset by the reduction in administrative expenses (from €86.7m to €81.1m) due to reduced mobility.

The performance at the level of **GOP** (up 66.5%, from €111.5m to €185.6m) is linked to the higher writebacks on the loan book (up from €48.7m to €62.8m), reflecting the substantial reversal (in an amount of €110m) related to the Burgo refinancing, almost half of which was offset by increased provisioning, especially in respect of the part of the performing loan book which involves sectors most affected by Covid-19.

Turning to the balance-sheet, total assets were up 10.3%, from €64.8bn to €71.5bn, on higher customer loans (up from €30.5bn to €34.4bn) and higher investments in financial assets (up from €9.2bn to €11.8bn, covered respectively by the increase in funding (up from €46.3bn to €50.4bn) and other trading liabilities (up from €8.4bn to €10.1bn).

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Outlook

The next six months should deliver a healthy operating performance, although not as impressive as in 1H which was boosted by a particularly positive deal flow in investment banking and substantial writebacks, even though some of the latter was offset by the extraordinary increase in provisioning for performing assets.

Volumes in Consumer Banking are expected to be stable in the next six months, translating to a slight reduction in net interest income which will also be impacted by the absence of non-recurring items in CIB during this period. Fee income generated by Wealth Management is expected to grow, and net trading income to stabilize, in line with the first two quarters without factoring in a recovery in client activity.

Operating costs should increase slightly, due to the expected growth in commercial and project-related activities, following the slowdown due the restrictions instituted.

The cost of risk, net of the one-off items in this half-year (approx. €50m) should continue to be stable, bearing in mind that all Consumer Banking indicators are back to pre-Covid levels.

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MEDIOBANCA

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MEDIOBANCA

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	6 mths 31/12/19	6 mths 31/12/20	Chg. %
Net interest income	721.5	720.4	-0.2%
Net treasury income	91.5	86.7	-5.2%
Net fee and commission income	328.5	382.8	16.5%
Equity-accounted companies	183.7	110.9	-39.6%
Total income	**1,325.2**	**1,300.8**	**-1.8%**
Labour costs	(303.5)	(305.0)	0.5%
Administrative expenses	(287.6)	(286.1)	-0.5%
Operating costs	**(591.1)**	**(591.1)**	**0.0%**
Loan loss provisions	(109.5)	(117.7)	7.5%
Provisions for other financial assets	8.7	13.1	50.6%
Other income (losses)	(15.8)	(33.4)	n.m.
Profit before tax	**617.5**	**571.7**	**-7.4%**
Income tax for the period	(146.1)	(158.9)	8.8%
Minority interest	(3.8)	(2.2)	-42.1%
Net profit	**467.6**	**410.6**	**-12.2%**

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
Net interest income	359.1	362.4	360.2	360.5	357.1	363.3
Net treasury income	34.7	56.8	(2.9)	47.7	35.8	50.9
)Net commission income	154.9	173.6	158.8	142.9	189.1	193.7
Equity-accounted companies	135.5	48.2	65.8	54.8	44.0	66.9
Total income	**684.2**	**641.0**	**581.9**	**605.9**	**626.0**	**674.8**
Labour costs	(144.5)	(159.0)	(150.3)	(145.5)	(152.0)	(153.0)
Administrative expenses	(138.1)	(149.5)	(149.5)	(152.5)	(136.0)	(150.1)
Operating costs	**(282.6)**	**(308.5)**	**(299.8)**	**(298.0)**	**(288.0)**	**(303.1)**
Loan loss provisions	(65.1)	(44.4)	(100.0)	(165.4)	(71.8)	(45.9)
Provisions for other fin. assets	3.9	4.8	(41.0)	11.8	13.4	(0.3)
Other income (losses)	0.2	(16.0)	(40.5)	(77.1)	—	(33.4)
Profit before tax	**340.6**	**276.9**	**100.6**	**77.2**	**279.6**	**292.1**
Income tax for the period	(67.8)	(78.3)	(16.4)	(28.6)	(78.8)	(80.1)
Minority interest	(2.2)	(1.6)	0.4	(0.4)	(0.7)	(1.5)
Net profit	**270.6**	**197.0**	**84.6**	**48.2**	**200.1**	**210.5**

3. Restated balance sheet

Mediobanca Group (€m)	31/12/19	30/06/20	31/12/20
Assets			
Financial assets held for trading	12,526.8	8,818.6	11,559.7
Treasury financial assets	9,089.3	9,257.0	8,676.8
Banking book securities	6,774.9	6,824.5	7,282.5
Customer loans	46,250.4	46,685.1	48,127.8
Corporate	*15,302.2*	*16,521.7*	*16,782.8*
Specialty Finance	*2,739.2*	*2,122.5*	*2,739.6*
Consumer credit	*13,698.4*	*13,037.4*	*12,776.8*
Mortgages	*9,814.2*	*10,235.0*	*10,697.6*
Private banking	*2,813.3*	*2,948.6*	*3,331.4*
Leasing	*1,883.1*	*1,819.9*	*1,799.6*
Equity investments	4,608.4	4,009.7	4,505.1
Tangible and intangible assets	1,405.8	1,311.8	1,307.7
Other assets	1,803.5	2,043.0	1,875.5
Total assets	**82,459.1**	**78,949.7**	**83,335.1**
Liabilities			
Funding	52,093.5	54,917.0	55,943.6
MB bonds	*19,361.7*	*18,751.0*	*18,706.2*
Retail deposits	*14,459.6*	*15,276.7*	*15,983.2*
Private Banking deposits	*7,445.6*	*8,530.7*	*8,642.2*
ECB	*4,311.4*	*5,660.8*	*6,165.1*
Banks and other	*6,515.2*	*6,697.8*	*6,446.9*
Treasury financial liabilities	7,429.2	3,988.0	4,910.9
Financial liabilities held for trading	10,331.1	7,956.9	9,649.9
Other liabilities	2,097.2	2,190.3	2,086.9
Provisions	166.0	157.4	174.4
Net equity	10,342.1	9,740.1	10,569.4
Minority interest	*91.7*	*91.5*	*92.7*
Profit for the period	*467.6*	*600.4*	*410.6*
Total liabilities	**82,459.1**	**78,949.7**	**83,335.1**
CET 1 capital	6,660.5	7,745.0	7,872.3
Total capital	8,072.8	9,041.1	9,240.8
RWA	47,089.2	48,030.5	48,693.9

4. Consolidated shareholders' equity

Net equity (€m)	31/12/19	30/06/20	31/12/20
Share capital	443.6	443.6	443.6
Other reserves	8,293.6	8,229.9	8,839.3
Valuation reserves	1,045.6	374.7	783.2
- of which: Other Comprehensive Income	*103.7*	*71.5*	*113.1*
cash flow hedge	*(20.2)*	*(30.6)*	*(30.6)*
equity investments	*964.8*	*341.7*	*712.9*
Minority interest	91.7	91.5	92.7
Profit for the period	467.6	600.4	410.6
Total Group net equity	**10,342.1**	**9,740.1**	**10,569.4**

MEDIOBANCA

5. Ratios (%) and per share data (€)

MB Group	Financial year 19/20		Financial year 20/21
	31/12/19	30/06/20	31/12/20
Ratios (%)			
Total assets / Net equity	8.0	8.1	7.9
Loans / Funding	0.89	0.85	0.86
RWA density (%)	57.1%	60.8%	58.4%
CET1 ratio (%)	14.1%	16.1%	16.2%
Total capital (%)	17.1%	18.8%	19.0%
S&P Rating	BBB	BBB	BBB
Fitch Rating	BBB	BBB-	BBB-
Moody's Rating	Baa1	Baa1	Baa1
Cost / Income	44.6	47.3	45.4
Bad Loans (*sofferenze*)/Loans ratio (%)	0.2	0.2	0.2
EPS	0.53	0.68	0.46
EPS adj.	0.52	1.00	0.51
BVPS	11.3	10.9	11.5
TBVPS	10.3	10,0	10.6
ROTE adj. (%)	10.3	10.1	9.8
No. shares (m)	887.2	887.2	887.2

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

6m – December 20 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	137.0	448.4	148.5	(3.5)	(22.5)	720.4
Net treasury income	5.1	—	43.6	16.5	21.2	86.7
Net fee and commission income	160.0	66.7	172.2	—	6.7	382.8
Equity-accounted companies	—	—	—	110.9	—	110.9
Total income	**302.1**	**515.1**	**364.3**	**123.9**	**5.4**	**1,300.8**
Labour costs	(115.9)	(48.0)	(80.2)	(1.6)	(59.3)	(305.0)
Administrative expenses	(108.0)	(102.6)	(67.4)	(0.5)	(18.2)	(286.1)
Operating costs	**(223.9)**	**(150.6)**	**(147.6)**	**(2.1)**	**(77.5)**	**(591.1)**
Loan loss provisions	(11.8)	(143.5)	43.6	—	(6.0)	(117.7)
Provisions for other financial assets	1.5	(0.4)	1.0	19.2	(8.0)	13.1
Other income (losses)	—	(15.0)	(0.5)	—	(17.9)	(33.4)
Profit before tax	**67.9**	**205.6**	**260.8**	**141.0**	**(104.0)**	**571.7**
Income tax for the period	(21.0)	(68.0)	(89.4)	(12.6)	32.0	(158.9)
Minority interest	—	—	(1.1)	—	(1.1)	(2.2)
Net profit	**46.9**	**137.6**	**170.3**	**128.4**	**(73.1)**	**410.6**
Loans and advances to Customers	14,029.0	12,776.8	19,522.4	—	1,799.6	48,127.8
RWAs	5,038.0	11,541.5	20,689.9	8,259.0	3,165.5	48,693.9
No. of staff	2,023	1,454	616	11	799	4,903

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

6m – December 19 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	138.1	474.0	136.1	(3.5)	(30.7)	721.5
Net treasury income	2.8	—	73.5	5.3	12.1	91.5
Net fee and commission income	158.0	57.7	121.9	—	7.2	328.5
Equity-accounted companies	—	—	—	183.7	—	183.7
Total income	**298.9**	**531.7**	**331.5**	**185.5**	**(11.4)**	**1,325.2**
Labour costs	(118.4)	(50.0)	(75.6)	(1.7)	(57.7)	(303.5)
Administrative expenses	(106.3)	(99.6)	(68.1)	(0.5)	(22.3)	(287.6)
Operating costs	**(224.7)**	**(149.6)**	**(143.7)**	**(2.2)**	**(80.0)**	**(591.1)**
Loan loss provisions	(7.7)	(128.0)	30.0	—	(3.8)	(109.5)
Provisions for other financial assets	0.6	—	(0.3)	8.3	(0.1)	8.7
Other income (losses)	1.8	(4.7)	—	—	(11.8)	(15.8)
Profit before tax	**68.9**	**249.4**	**217.5**	**191.6**	**(107.1)**	**617.5**
Income tax for the period	(20.0)	(82.2)	(71.5)	(4.7)	31.9	(146.1)
Minority interest	(0.7)	—	(1.9)	—	(1.3)	(3.8)
Net profit	**48.2**	**167.2**	**144.1**	**186.9**	**(76.5)**	**467.6**
Loans and advances to Customers	12,627.5	13,698.4	18,041.4	—	1,883.1	46,250.4
RWAs	4,692.2	12,936.9	20,332.7	5,746.3	3,381.1	47,089.2
No. of staff	1,963	1,432	633	11	807	4,846

7. Wealth Management

Wealth Management (€m)	6 mths	6 mths	Chg.%
	31/12/19	31/12/20	
Net interest income	138.1	137.0	-0.8%
Net trading income	2.8	5.1	82.1%
Net fee and commission income	158.0	160.0	1.3%
Equity-accounted companies	—	—	n.m.
Total income	**298.9**	**302.1**	**1.1%**
Labour costs	(118.4)	(115.9)	-2.1%
Administrative expenses	(106.3)	(108.0)	1.6%
Operating costs	**(224.7)**	**(223.9)**	**-0.4%**
Loan loss provisions	(7.7)	(11.8)	53.2%
Provisions for other financial assets	0.6	1.5	n.m.
Other income (losses)	1.8	0.0	n.m.
Profit before tax	**68.9**	**67.9**	**-1.5%**
Income tax for the period	(20.0)	(21.0)	5.0%
Minority interest	(0.7)	0.0	n.m.
Net profit	**48.2**	**46.9**	**-2.7%**
Loans and advances to customers	12,627.5	14,029.0	11.1%
New loans (mortgages)	1,312.7	1,070.2	-18.5%
TFA (Stock)	63.7	66.6	4.6%
-AUM/AUA	41.8	42.0	0.5%
-Deposits	21.9	24.6	12.3%
AUC	6.1	5.6	-8.2%
TFA (Net New Money)	1.3	1.6	23.1%
-AUM/AUA	1.9	0.9	-52.6%
-Deposits	(0.6)	0.7	n.m.
No. of staff	1,963	2,023	3.1%
RWAs	4,692.2	5,038.0	7.4%
Cost / income ratio (%)	75.2%	74.1%	
Bad Loans (sofferenze)/Loans ratio (%)	0.3	0.3	
ROAC	23%	21%	

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8. Consumer Banking

Consumer Banking (€m)	6 mths 31/12/19	6 mths 31/12/20	Chg.%
Net interest income	474.0	448.4	-5.4%
Net trading income	—	—	n.m.
Net fee and commission income	57.7	66.7	15.6%
Equity-accounted companies	—	—	n.m.
Total income	**531.7**	**515.1**	**-3.1%**
Labour costs	(50.0)	(48.0)	-4.0%
Administrative expenses	(99.6)	(102.6)	3.0%
Operating costs	**(149.6)**	**(150.6)**	**0.7%**
Loan loss provisions	(128.0)	(143.5)	12.1%
Provisions for other financial assets	—	(0.4)	n.m.
Other income (losses)	(4.7)	(15.0)	n.m.
Profit before tax	**249.4**	**205.6**	**-17.6%**
Income tax for the period	(82.2)	(68.0)	-17.3%
Minority interest	—	—	n.m.
Net profit	**167.2**	**137.6**	**-17.7%**
Loans and advances to customers	13,698.4	12,776.8	-6.7%
New loans	3,885.3	2,952.6	-24.0%
No. of branches	172	178	3.5%
No. of agencies	34	47	38.2%
No. of staff	1,432	1,454	1.5%
RWAs	12,936.9	11,541.5	-10.8%
Cost / income ratio (%)	28.1%	29.2%	
Bad Loans (sofferenze)/Loans ratio (%)	0.1	0.1	
ROAC	30%	28%	

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9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	6 mths	6 mths	Chg.%
	31/12/19	31/12/20	
Net interest income	136.1	148.5	9.1%
Net treasury income	73.5	43.6	-40.7%
Net fee and commission income	121.9	172.2	41.3%
Equity-accounted companies	—	—	n.m.
Total income	**331.5**	**364.3**	**9.9%**
Labour costs	(75.6)	(80.2)	6.1%
Administrative expenses	(68.1)	(67.4)	-1.0%
Operating costs	**(143.7)**	**(147.6)**	**2.7%**
Loan loss provisions	30.0	43.6	45.3%
Provisions for other financial assets	(0.3)	1.0	-433.3%
Other income (losses)	—	(0.5)	n.m.
Profit before tax	**217.5**	**260.8**	**19.9%**
Income tax for the period	(71.5)	(89.4)	25.0%
Minority interest	(1.9)	(1.1)	-42.1%
Net profit	**144.1**	**170.3**	**18.2%**
Loans and advances to customers	18,041.4	19,522.4	8.2%
of which purchased NPL (MBCreditSolutions)	351.3	380.5	8.3%
No. of staff	633	616	-2.7%
RWAs	20,332.7	20,689.9	1.8%
Cost / income ratio (%)	43.3%	40.5%	
Bad Loans (sofferenze)/Loans ratio (%)	0.0	0.0	
ROAC	16%	19%	

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10. Principal Investing

PI (€m)	6 mths 31/12/19	6 mths 31/12/20	Chg. %
Net interest income	(3.5)	(3.5)	n.m.
Net treasury income	5.3	16.5	n.m.
Net fee and commission income	—	—	n.m.
Equity-accounted companies	183.7	110.9	-39.6%
Total income	**185.5**	**123.9**	**-33.2%**
Labour costs	(1.7)	(1.6)	-5.9%
Administrative expenses	(0.5)	(0.5)	0.0%
Operating costs	**(2.2)**	**(2.1)**	**-4.5%**
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	8.3	19.2	n.m.
Other income (losses)	0.0	—	n.m.
Profit before tax	**191.6**	**141.0**	**-26.4%**
Income tax for the period	(4.7)	(12.6)	n.m.
Minority interest	0.0	—	n.m.
Net profit	**186.9**	**128.4**	**-31.3%**
Equity investments	3,830.8	3,698.9	-3.4%
Other investments	645.6	674.5	4.5%
RWAs	5,746.3	8,259.0	43.7%
ROAC	13%	14%	

11. Holding Functions

Holding Functions (€m)	6 mths 31/12/19	6 mths 31/12/20	Chg. %
Net interest income	(30.7)	(22.5)	-26.7%
Net treasury income	12.1	21.2	75.2%
Net fee and commission income	7.2	6.7	-6.9%
Equity-accounted companies	—	—	n.m.
Total income	**(11.4)**	**5.4**	**n.m.**
Labour costs	(57.7)	(59.3)	2.8%
Administrative expenses	(22.3)	(18.2)	-18.4%
Operating costs	**(80.0)**	**(77.5)**	**-3.1%**
Loan loss provisions	(3.8)	(6.0)	57.9%
Provisions for other financial assets	(0.1)	(8.0)	n.m.
Other income (losses)	(11.8)	(17.9)	51.7%
Profit before tax	**(107.1)**	**(104.0)**	**-2.9%**
Income tax for the period	31.9	32.0	0.3%
Minority interest	(1.3)	(1.1)	-15.4%
Net profit	**(76.5)**	**(73.1)**	**-4.4%**
Loans and advances to customers	1,883.1	1,799.6	-4.4%
Banking book securities	5,631.2	6,173.1	9.6%
RWAs	3,381.1	3,165.5	-6.4%
No. of staff	807	799	-1.0%

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

Mediobanca S.p.A. (€m)	6 mths 31/12/19	6 mths 31/12/20	Chg.%
Net interest income	46.7	66.2	41.8%
Net treasury income	89.7	78.6	-12.4%
Net fee and commission income	120.8	166.2	37.6%
Dividends on investments	2.9	2.2	-24.1%
Total income	**260.1**	**313.2**	**20.4%**
Labour costs	(112.9)	(119.3)	5.7%
Administrative expenses	(86.7)	(81.1)	-6.5%
Operating costs	**(199.6)**	**(200.4)**	**0.4%**
Loan loss provisions	48.7	62.8	29.0%
Provisions for other financial assets	7.2	10.4	n.m.
Impairment on investments	(4.6)	0.0	n.m.
Other income (losses)	(0.3)	(0.4)	33.3%
Profit before tax	**111.5**	**185.6**	**66.5%**
Income tax for the period	(41.1)	(69.0)	n.m.
Net profit	**70.4**	**116.6**	**65.6%**

Mediobanca S.p.A. (€m)	31/12/2019	30/06/2020	31/12/2020
Assets			
Financial assets held for trading	12,763.2	9,214.7	11,766.5
Treasury financial assets	11,011.1	10,306.8	10,470.9
Banking book securities	10,320.3	9,592.2	9,440.2
Customer loans	28,542.2	30,507.4	34,441.5
Equity Investments	4,102.1	4,089.0	4,378.3
Tangible and intangible assets	174.0	168.4	164.2
Other assets	725.9	959.4	845.0
Total assets	**67,638.8**	**64,837.9**	**71,506.6**
Liabilities and net equity			
Funding	42,471.7	46,273.9	50,367.8
Treasury financial liabilities	8,910.7	4,614.1	5,326.8
Financial liabilities held for trading	10,563.5	8,351.7	10,058.9
Other liabilities	767.7	762.7	735.7
Provisions	103.6	121.6	140.0
Net equity	4,751.2	4,674.5	4,760.8
Profit of the period	70.4	39.4	116.6
Total liabilities and net equity	**67,638.8**	**64,837.9**	**71,506.6**

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13. Statement of comprehensive income

		6 mths	6 mths
		31/12/19	31/12/20
10.	**Gain (loss) for the period**	**469.2**	**411.6**
	Other income items net of tax without passing through profit and loss	**(15.7)**	**(37.4)**
20.	Equity instruments designated at fair value through other comprehensive income	14.0	(1.2)
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	—	(4.9)
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	(1.1)	(0.5)
80.	Non-current assets and disposal groups classified as held for sale	—	—
90.	Portion of valuation reserves from investments valued at equity method	(28.6)	(30.8)
	Other income items net of tax passing through profit and loss	**464.9**	**445.3**
100.	Foreign investment hedges	—	0.9
110.	Exchange rate differences	4.7	(0.6)
120.	Cash flow hedges	21.4	0.2
130.	Hedging instruments (non-designated items)	—	—
140.	Financial assets (different from equity instruments) at fair value through other comprehensive Income [1]	5.9	42.8
150.	Non-current assets and disposal groups classified as held for sale	—	—
160.	Part of valuation reserves from investments valued at equity method	432.9	402.0
170.	**Total other income items net of tax**	**449.2**	**407.8**
180.	**Comprehensive income (Item 10+170)**	**918.3**	**819.5**
190.	Minority interest in consolidated comprehensive income	1.8	1.4
200.	**Consolidated comprehensive income attributable to Mediobanca S.p.A.**	**916.5**	**818.1**

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