

CheBanca! Board of Directors' Meeting Financial statements for 2Q 2020-21 approved

**Record 6M results by assets (€30bn, up 8%),
revenues (€173m, up 9%; of which €60m in fees, up 21%),
and net profit (€23m, up 20%)**

Strengthening ongoing of new brand identity “Alza la visione” (“Raise your vision”), product offering for affluent and premier clients, and distribution network

**TFAs increase to €29.9bn (up 7.6% in 6M; up 4.2% in 2Q),
with NNM €1.6bn in 6M (€0.8bn in both quarters),
twice as high as last year**

**AUM/AUA up to €13.9bn (up 11.3% in 6M; up 7.5% in 2Q)
Customer loans total €10.7bn (up 4.5% in 6M; up 3% in 2Q),
with new loans in residential mortgage lending totalling €1.1bn (€0.7bn in 2Q, vs €0.4bn in 1Q)**

**Distribution network resumes growth following the slowdown due to Covid-19: 896
professionals and 200 POS**

**Affluent relationship managers now total 467 (13 added in 6M), responsible for €0.5bn of AUM/AUA in 6M
Financial advisors now total 429 (15 added in 6M), responsible for €0.4bn of AUM/AUA in 6M**

**Revenues, GOP and net profit improving materially
Strong increase in revenues vs 1H FY 2019-20, up 8.9% to €173.3m,
Driven by material growth in fee income (up 21% to €60.5m), the majority of which recurring
Costs up 4.3% to €128.4m, due to expansion in operations and distribution
Asset quality remains excellent, including in relation to management of moratoria
Strong increase in GOP (up 17.8% to €33.7m) and net profit (up 19.5% to €22.7m)**

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The CheBanca! investment programme has continued in the first half of the new financial year, in line with the priorities of the Mediobanca Group 2019-23 Strategic Plan, with a gradual repositioning of the brand, and the product offering being geared towards the affluent/premier client bracket. The advertising campaign “Alza la tua visione” (“Raise your vision”) has continued, with the objective of establishing CheBanca! as long-term partner in advisory services and financial planning. Work on repositioning the branch office network has carried in line with this.

Since the start of October 2020, as the medical emergency worsened again, operations at the branches and the FAs’ offices have once again been managed by appointment only, and the use of remote collaboration instruments has been increased still further, to guarantee continuous and ongoing coverage of relations with customers.

OPERATIONS AND PRODUCT PORTFOLIO DEVELOPMENT

- **The new advertising campaign “Alza la tua visione” (“Raise your vision”) has continued very effectively**, the objective being to establish CheBanca! as long-term partner in advisory services and financial planning, combining competence, innovation, sustainability and the Mediobanca Group’s solidity. Investments in the distribution network continued, in order to align the branch offices with the new concept that combines elegance, confidentiality and a focus on the environment.
- **Enhancement of distribution structure**: overall the distribution network now consists of 467 affluent and premier relationship managers (vs 454 at end-June 2020) and 429 FAs (vs 414 at end-June 2020), working at 200 branches and POS (vs 192 at end-June 2020).
- **Placement of new Target Maturity Fund launched**: Mediobanca Diversified Credit Portfolio 2024 placed by Mediobanca SGR.
- **Open architecture offering strengthened**, with three new distribution agreements in in the six months.

GROWTH IN BUSINESS VOLUMES

TFAs UP 7.6% TO €29.9bn, CUSTOMER LOANS UP 4.5% TO €10.7bn

- **Total Financial Assets (“TFAs”)** reached **€29.9bn**, up **7.6%** on end-June 2020, with a **11.3% increase in AUM/AUA**, to **€13.9bn**.
- **Net New Money (“NNM”)** in 3M totalled **€0.8bn** (vs €0.5bn in 2Q 2019-20 and €0.8bn in 1Q 2020-21), reflecting substantial growth in AUM/AUA (up €0.5bn) and direct funding, with the latter in its transactional component reaching €1bn.

Growth in AUM/AUA reflects a balanced contribution from the leading distribution channels in the six months, with the network’s productivity levels among the highest in the affluent segment:

- **60% Relationship Managers**: €0.3bn in NNM in the AUM/AUA component. TFAs managed by the proprietary channel totalled €24.1bn, split between €10.1bn in AUM/AUA and €14.0bn in deposits.
- **40% Financial Advisors**: €0.2bn in NNM in the AUM/AUA component. TFAs managed by the FAs channel totalled €5.8bn, split between €3.8bn in AUM/AUA and €2bn in deposits.
- **Per capita productivity levels remain among the highest in the sector**: €0.61m per manager/advisor in the six months, vs a sector average of €0.53m.

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Loans to households **rose** in the six months, from €10.2bn to €10.7bn, on new mortgage loans of €1.1bn, significantly higher in the second quarter (€0.7bn in 2Q vs €0.4bn in 1Q). **Asset quality remains at excellent levels.** Gross NPLs increased in the same period, from €194.9m to €199.9m, representing 1.85% of total loans (slightly lower than 1.88% at end-June 2020). Net NPLs decreased from €110.3m to €107m, and represent 1% of total net loans with a coverage ratio of 46.5% (higher than 43.4% at the start of the year). Net bad debts increased, from €46.3m to €48.9m, and account for 0.46% of total net loans. The coverage ratio decreased from 56.2% to 55.1%.

With regard to moratoria, **activities intended to support clients continued** during the six months, granting moratoria (the total amount of which increased from €601m to €662m) and guaranteed credit lines under the Liquidity Decree (in a total amount of €17m). During the six-month period moratoria involving some €228.4m expired, over 80% of which resumed regular repayments, hence the stock reduced to €467.4m, 90% of which granted under Consap measures, and 60% for employees who have been laid off. Of these, more than 50% have been **prudentially** classified as stage 2, in view of the ongoing pandemic situation and in the light of the ECB guidelines in this area.

PROFITABILITY IMPROVING ACROSS ALL TIME HORIZONS

The profit and loss account reflects a healthy performance compared to 1H 2019-20:

- **Revenues were up 8.9%** (from €159.1m to €173.3m) **due to net interest income**, which was up 3.0% (from €108.6m to €111.9m) but **in particular to fee income which continues to grow materially** (up 21%, from €50.0m to €60.5m), especially the managed component which increased from €33.5m to €39.7m.
- **Operating costs rose by 4.3%** (up €5.3m; from €123.1m to €128.4m), due both to labour costs which rose by €2.9m (from €57.1m to €60m), due to the expansion of the distribution structure, increase in operations and development of the franchise, and administrative expenses, which were up slightly, by 3.6% (or €2.4m; from €66.0m to €68.4m).
- **Loan loss provisions rose by €3.8m (from €7.4m to €11.2m)**, due to reclassifications on prudential grounds in connection with loans still under moratoria arrangements. Despite the cost of risk being higher than in 1H 2019-20 (from 14 bps to 22 bps), it remains at low levels.
- **GOP came in at €34.5m, up 18.6%** on the €29.1m reported in 1Q 2019-20.
- **Net profit climbed by 19.5% to reach €22.7m** (from €19m), reflecting the trends described above.

The main profit-and-loss items performed as follows **compared to 1Q 2020-21**:

- **Revenues were up 8.8%, or €7.3m (from €83.0m to €90.3m).** Of the revenue items, net interest income rose by 1.6%, or €0.9m (from €55.5m to €56.4m) and fee income by 22.4%, or €6.1m (from €27.2m to €33.3m), the latter again driven by the managed component, which increased from €18.2m to €21.5m.
- **Operating costs were up 2.5%, or €1.6m (from €63.4m to €65m)**, chiefly due to seasonal factors affecting operations and expansion activities.
- **Loan loss provisions decreased by €0.8m, or 13.3% (from €6.0m to €5.2m).**
- **Gross and net profit both increased**, respectively by €6.7m (from €13.9m to €20.6m; up 48.2%) and €4.3m (from €9.2m to €13.5m; up 46.7%).

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CHEBANCA!'S COMMITMENT

CheBanca!'s commitment to support the community in these difficult times has continued during the six months. Following a first project in April 2020 with the "Hope" non-profit organization to acquire medical machinery and equipment to help the hospitals of Lombardy, a project has been launched with the *Progetto Arca onlus* foundation, which will continue throughout 2021, in support of a thousand families in difficulty by regularly delivering food parcels and necessity goods to them.

Milan, 29 January 2021

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1. RESTATED PROFIT AND LOSS ACCOUNT (€M)

CheBanca!	1H 2019-20	1H 2020-21	Chg.	Chg.
	31/12/19	31/12/20	YoY%	YoY
Net interest income	108.6	111.9	3.0%	3.3
Net treasury income	0.5	0.9	80.0%	0.4
Net fee, commission and other income	50.0	60.5	21.0%	10.5
Total income	159.1	173.3	8.9%	14.2
Labour costs	-57.1	-60.0	5.1%	2.9
Administrative expenses	-66.0	-68.4	3.6%	2.4
Operating costs	-123.1	-128.4	4.3%	5.3
Loan loss provisions/writebacks	-7.4	-11.2	51.4%	3.8
GOP	28.6	33.7	17.8%	5.1
Other items	0.5	0.8	n.m.	0.3
Profit before tax ¹	29.1	34.5	18.6%	5.4
Income tax	-10.1	-11.8	16.8%	1.7
Net profit	19.0	22.7	19.5%	3.7

(1) Profit before tax as at 31.12.2020 doesn't include €17,4m DGS contribution and €2,5m loan loss provisions vs Mediobanca S.p.A, included in individual financial statements

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

CheBanca!	3M	3M	3M	3M	3M
	31/12/19	31/3/20	30/6/20	30/9/20	31/12/20
Net interest income	54.0	51.6	53.9	55.5	56.4
Net treasury income	0.3	0.4	0.5	0.3	0.6
Net fee, commission and other income	27.7	25.8	26.1	27.2	33.3
Total income	82.0	77.8	80.5	83.0	90.3
Labour costs	-28.9	-28.5	-30.1	-30.4	-29.6
Administrative expenses	-33.8	-33.9	-34.2	-33.0	-35.4
Operating costs	-62.7	-62.4	-64.3	-63.4	-65.0
Loan loss provisions	-3.2	-4.0	-8.0	-6.0	-5.2
GOP	16.1	11.4	8.2	13.6	20.1
Other items	0.0	-1.5	0.9	0.3	0.5
Profit before tax	16.1	9.9	9.1	13.9	20.6
Income tax	-5.6	-3.3	-2.8	-4.7	-7.1
Net profit	10.5	6.6	6.3	9.2	13.5

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

CheBanca!	31/12/19	31/3/20	30/6/20	30/9/20	31/12/20
AUM	9,349	8,795	9,622	10,029	10,818
AUA	2,656	2,422	2,882	2,916	3,102
Deposits	14,460	15,052	15,277	15,746	15,983
Total TFAs	26,465	26,269	27,781	28,691	29,903

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

CheBanca!	31/12/19	31/3/20	30/6/20	30/9/20	31/12/20
AUM	2,571	2,429	2,873	3,066	3,427
AUA	287	278	340	349	374
Deposits	1,429	1,803	1,861	1,964	2,025
Total TFAs	4,287	4,511	5,074	5,379	5,826

5. NET NEW MONEY (NNM, €M)

CheBanca!	3M 31/12/19	3M 31/3/20	3M 30/6/20	3M 30/9/20	3M 31/12/20
AUM	807	170	366	302	515
AUA	15	91	317	47	28
Deposits	-316	592	225	469	238
Total net new money (NNM)	506	853	909	818	782

6. NET NEW MONEY – FAs NETWORK (€M)

CheBanca!	3M 31/12/19	3M 31/3/20	3M 30/6/20	3M 30/9/20	3M 31/12/20
AUM	446	191	219	141	224
AUA	16	37	45	13	4
Deposits	75	374	58	103	61
Total net new money (NNM)	536	602	322	257	289

7. OTHER ASSET INFORMATION (€M)

CheBanca!	31/12/19 6M	31/3/20 9M	30/6/20 12M	30/9/20 3M	31/12/20 6M
Mortgages (cumulative new loans)	1,313	1,791	2,173	416	1,070
Loans to customers (stock)	9,814	10,069	10,235	10,382	10,698

8. INDICATORS/RATIOS

CheBanca!	31/12/19	31/3/20	30/6/20	30/9/20	31/12/20
Customers loans/customer deposits	68%	67%	67%	66%	67%
NPLs/total loans	1.0%	1.0%	1.1%	1.1%	1.0%
Net bad debts/total loans	0.4%	0.4%	0.5%	0.5%	0.5%
Cost/income ratio	77.4%	78.3%	78.7%	76.4%	74.1%

9. STRUCTURAL DATA

CheBanca!	31/12/19	31/3/20	30/6/20	30/9/20	31/12/20
No. of staff	1,392	1,415	1,430	1,438	1,436
o/w affluent-premier relationship managers	453	454	454	472	467
No. of FAs	395	409	414	422	429
No. of branch offices	107	107	107	108	107
No. of FAs POS	83	83	85	91	93

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 this document conforms to the documents, account ledgers and book entries of the company.

Head of Company Financial Reporting

Stefano Radice