MEDIOBANCA

MEDIOBANCA
BOARD OF DIRECTORS' MEETING

Results for FY 2021-22 approved

Milan, 29 July 2022

MEDIOBANCA

GROWTH, QUALITY AND STAKEHOLDER REMUNERATION: NET PROFIT €907m (UP 12%), EPS €1.05 (UP 15%), DPS €0.75 (UP 14%), NNM €9bn (UP 2.5x), CUSTOMER LOANS €52bn (UP 7%)

The effectiveness of Mediobanca's business model, its distinctive positioning and diversified activities, have enabled the Group to deliver record 12M results despite the adverse macro scenario and market turmoil, while at the same time maintaining quality, solidity and development initiatives

Growth: record full-year results (12M)

Robust commercial performance:

NNM nearly 2.5x higher at €9bn,[1] TFAs up 12%[1] to €80bn, Loans up 7%[1] to €52bn

Record top line/GOP: revenues up 8%[1] to €2,851m, GOP up 14%[1] to €1.3bn

NII up 5%[1] to approx. €1,480m, fee income up 14%[1] to approx. €850m

Net profit up 12%[1] to €907m

EPS up 15%[1] to €1.05

Quality

Efficiency preserved (cost/income ratio 46%) despite ongoing investments in distribution, innovation and talent (costs up 6%[1])

Cost of risk stable at 48 bps, gross NPLs down to 2.5% of total loans (from 3.2%), coverage ratio up to 71% (from 65%), overlays unchanged at approx. €300m

ROTE 10% (up 1pp[1]) with CET1 phase-in 15.7% (14.5% fully-loaded)

Stakeholder remuneration

Proposed dividend per share: €0.75, up 14%[1], equal to a cash payout of 70% (total payout near 100%)

A total of 16.5m shares deriving from the buyback completed at end-June 2022 will be cancelled

ESG: commitment and ambitions expanded with NZBA and TCFD[2]

Solid 4Q results beat expectations

Consumer Finance total new loans €2.0bn (up 9% YoY), NNM €2.1bn, TFAs stable QoQ (a €80bn), strong CIB performance (advisory and lending)

Revenues over €700m (up 2% QoQ), with fees and NII stable at high levels (€205m and €373m respectively)

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1 YoY chg.: 12M to end-June 2022 vs 12M to end-June 2021.

2 NZBA/TCFD: recommendations of the Net Zero Banking Alliance and the Task Force on Climate-related Financial Disclosures.

Net profit in 4Q €191m, with CoR at 37 bps,
despite provisions for financial assets linked to market volatility

The Mediobanca Group continued on its growth path in the twelve months, with strong business and profitability performances posted in 4Q as well despite the worsening market instability. **This has been made possible by the effectiveness of its business model, distinctive positioning, and diversified activities.** These features together have enabled the **Mediobanca Group to significantly outperform the Italian and European banking sector** despite the difficulties linked first to the pandemic and now to the Russia/Ukraine conflict.

In the past six years, the CAGR 2016-22 for Mediobanca has been 6% for revenues (zero for the average of Italian and European banks)**, 8% for GOP** (2% for the Italian/European banks), **and 7% for credit assets** (vs 2% for the Italian/European banks), and the **ROTE is today 10%** (vs an average of 7-8% for the Italian/European banks respectively)**. Higher growth, coupled with asset quality and strong capitalization, have also translated to superior returns for shareholders: the total cumulative shareholders' return in the past six years has been 98% for Mediobanca,** compared with 25% for the Italian banks and 19% for the European banks.

The Mediobanca Group delivered record results for FY 2021-22:

- **Strong commercial performance: TFAs now exceed €80bn** (stable at March 2022 levels, up 12% YoY), driven by Net New Money (**NNM of €9.0bn in 12M, 2.5x higher than at end-June 2021, and of €2.1bn in 4Q FY 2021-22**), reflecting the high productivity levels for the whole network and enhanced commercial offering, and confirming the validity of the strongly integrated Private Investment Bank model, with deposit inflows of some €2.8bn in Mediobanca Private Banking due to liquidity events. **Customer loans rose to €51.7bn** (up 7% YoY and up 1% QoQ), on growth by all divisions, with Consumer Finance in particular continuing to progress (new loans of €7.7bn, up 19% YoY, €2.0bn of which in 4Q FY 2021-22). **CIB business,** despite the market volatility, **delivered robust growth in advisory services, domestic and international, and in lending, with no exposure to Russian/Ukrainian counterparties. Capital Markets slowed marginally during 4Q due to the market instability.**

- **Record revenues** (€2,851m, up 8% YoY), **with NII up 5% and fees up 14%. The 4Q top-line performance was again healthy, higher than in 3Q FY 2021-22** (revenues of €704m, up 2% QoQ):

    - **Net interest income came in at €1,479m (up 5% YoY),** due to the recovery in Consumer Finance (up 6% YoY, to €934m) on the back of an improvement in volumes, quantity and mix, plus good cost of funding management at Group level; the 4Q performance was flat QoQ (NII €373m), with the higher Consumer Finance volumes being temporarily offset by the stickiness of the lending rates compared to funding in a scenario where market rates have risen suddenly;

    - **Net fee and commission income totalled €850m (up 14% YoY),** on strong growth in Wealth Management (up 26% YoY, to €422m, driven by a 28% YoY increase in management fees), plus a high contribution from CIB (up 9% YoY, to €346m) driven by advisory and lending business; fee income in 4Q of €205m was once again at the high, approx. €200m level delivered in recent quarters, and does not include non-recurring items (such as performance fees and upfront fees from the Mediobanca-BlackRock private markets initiative which were booked at 6M);

- **Net trading income totalled €162m** (down 18% YoY), due to the market volatility in 4Q and the lower gains realized on disposals of banking book securities.

- **Cost/income ratio: 46%**, including the ongoing investments in distribution, innovation and talent.
- **Excellent asset quality levels,** both in CIB, where writebacks were credited following repayments, and Consumer Finance, which continues to reflect record low default rates on high coverage ratios. **The cost of risk stood at 48 bps (37 bps in 4Q). The overlays amount to €294m. NPLs decreased further in 4Q** (gross NPLs represent 2.5% of the total loan book and net NPLs 0.7%), **as did loans classified as Stage 2** (gross: 6.4% of total loans; net: 5.9%). **There was also improvement in the coverage ratios** (71% for NPLs and 1.3% for performing loans; the latter rises to 3.75% in Consumer Finance).
- **Net profit totalled €907m** (up 12% YoY), with **ROTE adj. at 10%** (30/6/21: 9%). In 4Q a net profit of €191m was reported, flat QoQ, reflecting the seasonal nature of certain cost items and the negative valuations of the seed capital investments owned by the Group in line with market trends (down €31m), while there were basically no payments to the banking system funds (compared with the €51m payments in 3Q FY 2021-22).
- **Growth in the per share ratios,** due to the higher profits, plus the cancellation of 22.6 million treasury shares at end-December 2021: **12M EPS €1.05 (up 15% YoY), TBVPS €10.6** (down 3% YoY, due to the valuation reserve swing). **The share buyback launched at end-December 2021 for 3% of the Bank's share capital was completed in June 2022; accordingly, a total of 16,500,000 shares will be cancelled by end-September 2022** (net of those used to cover the performance share schemes).
- **Capital base remains high: CET1 phase-in ratio 15.7%** (up 40 bps QoQ due to payment of the Assicurazioni Generali dividend, but down 60 bps in 12M due chiefly to the effects of the buyback scheme), **with approx. 10 bps reflecting the impact of the market volatility for the full year. The ratio reflects a cash dividend payout of 70% of the reported net profit**. **Fully-loaded, the CET1 ratio stands at 14.5%**[3] (31/3/22: 14.0%; 30/6/21: 15.1%).

All the divisions delivered material growth despite the current macro uncertainty, on the back of solid market positions:

- **Wealth Management: growth, specialization, affirmation of integrated Private Investment Bank model**

  In 12M: improving profitability (ROAC[4] 28%, up 7pp YoY), **net profit** (up 34% to €134m), **and revenues** (up 16% to €727m), with **the cost/income ratio down 4pp (to 71%). TFAs exceed €80bn** (up 12% YoY), **flat in 4Q despite the market effect. NNM**

3 The fully-loaded ratio is calculated without the Danish Compromise, i.e. with the Assicurazioni Generali investment deducted in full (minus 110 bps), and with the IFRS 9 FTA effect applied in full (minus 10 bps).

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

more than doubled in 12M to €9bn, with a strong 4Q contribution of €2.1bn, two-thirds of which in AUM/AUA. The Premier segment was boosted by the high asset gathering capability, productivity levels which are among the highest on the market, and ongoing development of distribution (with 20 professionals added in the three months, and 77 in the twelve months, for a total of 1,160). **Private Banking and Asset Management** have developed a more synergistic offering from a Group perspective, with a niche position in the illiquid segment. In all areas work continues on **enhancing the product offering and the digital upgrade** (in particular the new CheBanca! investments app). **Marco Carreri was appointed Chairman at CheBanca!** in May 2022.

- **Consumer Finance: record results, solid growth, low correlation with GDP**

  In 12M: profitability improving (ROAC[4] 33%, up 6pp YoY), net profit (up 32%) to record level of €370m, cost/income ratio 30%. New loans have resumed growth (€7bn in 12M, €2.0bn in 4Q) and an improvement in the product mix (approx. 47% personal loans), driven by **enhancement of the direct distribution** (24 new branches in 12M, 7 of which in 4Q; the total network, including Compass Quinto, now has approx. 300 POS) and **the digital channel ("digital" personal loans now account for 27% of the total direct channel, "Pagolight" Buy Now Pay Later scheme launched with approx. €70m granted in the form of deferred payments). Asset quality excellent** (cost of risk 142 bps in 12M, 138 bps in 4Q): risk indicators near their lowest ever levels, moratoria now at an end, NPLs represent just 1.3% d of total loans on a net basis, coverage ratio up to 79% of NPLs and 3.75% for performing loans.

- **CIB: market position strengthened, record revenues, well diversified, and best-ever asset quality**

  In 12M: ROAC[4] 14%, net profit €225m (down 21% YoY), **revenues €708m, reflecting further growth** from last year's already high result (€698m), **driven by a strong and diversified contribution from fees (€346m, up 9% YoY), borne out in 4Q as well (€80m) despite the market instability, both domestic and internationally.** The year-on-year reduction in net profit is due chiefly to non-recurring items, in particular the lower writebacks on loans (which last year were boosted by the reversal of the provisions for the Burgo exposure), plus proactive management of certain NPL portfolios owned by MBCredit Solutions (€30m in prudential adjustments with a view to reduction, booked in 2Q and 4Q FY 2021-22). **The division's efficiency has been confirmed (cost/income ratio 47%), as has the high quality of the loan book, with no material exposures to Russia/Ukraine**. **The upgrade of the digital offering** has included launch of the innovative agoraPlatform solution for automated issuance and lifecycle management of investment certificates, a project which received recognition from the MF Banking Awards. In the last two months **Giuseppe Baldelli has been appointed Co-Head of CIB** and **António Horta-Osório Senior Advisor,** both whom have very impressive international track records.

- **Insurance & PI: high, growing contribution, anti-cyclical profile**

  In 12M: ROAC[4] 16%, **net profit €320m** (up 4% YoY), with no substantial non-recurring items of the kind that impacted on last year's result. Exposure to the insurance industry makes a material contribution to the Mediobanca Group's revenues in terms of their **diversification, stability and decoupling** from the macro scenario.

- **Holding Functions: good funding capability confirmed, at competitive costs, enabling the funding stock to increase to €61bn (up 9% YoY) and the liquidity position to increase to over €7.5bn**, as a buffer with which to absorb the current uncertainty. **The positive trend in deposits (up 14% to €29bn, equal to 47% of total funding) has continued, as has the careful cost of funding management (down from 65 bps to 54 bps), through diversified issues at competitive costs (approx. €4bn in medium-term issues placed since the war started, including €0.5bn in ABS with Compass loans as the underlying in April, and €0.5bn in covered bonds in June)**. **NSFR 116%, LCR 159%.**

The Mediobanca Group's ESG profile continues to improve. After becoming a signatory to the **PRB (Principle for Responsible Banking)** and the **Net-Zero Banking Alliance (NZBA)**, the Group has also adhered to the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)** set up to ensure greater transparency in climate-related disclosures. Several projects in the social area have also been approved, including a campaign to raise funds for the humanitarian emergency in Ukraine, and launch of the "**toDEI**" project for developing an organizational approach which is based on understanding, respecting and valuing all kinds of difference, starting with gender. In the governance area, **in accordance with best international practice, the Board of Directors has appointed Angela Gamba** (independent Director, appointed from the Assogestioni minority list) as **Lead Independent Director**.

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With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the individual and consolidated financial statements for the twelve months ended 30 June 2022, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

In the new scenario of macroeconomic uncertainty and high volatility on financial markets, **the Mediobanca Group has maintained a strong growth trajectory, comfortably confirming the high commercial and profitability levels recorded during the first six months in the second half as well.**

Net profit rose to €907m (up 12.3% YoY), which translates to a **ROTE of 10%** and **EPS of €1.05** (up 15% YoY), on **growth in revenues to record levels** (up 8%, from €2,628.4m to €2,850.8m), **credit quality at best-ever levels** (gross NPL ratio 2.5%, overlays unchanged at approx. €300m), and **high capital ratios** (CET1 ratio 15.7%; fully-loaded, 14.5%[3]).

The commercial performance was strong for the whole twelve months: new loans in Consumer Finance totalled €7.7bn, with growth accelerating in 2H (from €3.7bn to €3.9bn, €2bn of which in 4Q); Large Corporate activity, with €8.1bn in new loans, despite slowing partially in the last six months (from €4.8bn to €3.3bn), posted an increase in fees (from €29m to €33m) following the closing of certain acquisition finance transactions; NNM in Wealth Management reached a record level of €9bn (compared with €4.6bn the previous year), more than two-thirds of which AUM/AUA, in 2H as well, thus managing to absorb much of the negative market effect (which accounted for €3.8bn in 2H, €2.2 in 4Q), with just a marginal impact on management fees.

This strong performance in commercial activities drove a **significant increase in revenues which rose by 8.5% (from €2,628.4m to €2,850.8m)**, with only a limited reduction in the last six months

(2H FY 2021-22: revenues €1,391.4m; 1H €1,459.4m) primarily as a result of proprietary trading. The main income items performed as follows:

- **Net interest income totalled €1,479.2m, up 4.5% on last year** (30/6/21: €1,415m), maintaining a similar trend to the results seen in the previous three quarters (€375.1m in 1Q, €372.5m in 2Q, and €373.2m in 3Q). Consumer Finance confirmed its position as the main contributor to this item's growth, posting an increase in NII of 6.3% (from €878.8m to €934.3m), with lending back to pre-Covid levels as well as, compared to last year, the benefit of the Lexitor ruling being overturned (adding approx. €17m); NII in Wealth Management improved by 4.8% (from €281.1m to €294.6m), due to the lower cost of deposits and higher lending volumes; NII in Corporate & Investment Banking decreased by 2% (from €286.9m to €281.1m), due to the absence of last year's non-recurring items, coupled with the further reduction in lending spreads, plus the deleveraging from the NPL acquisition business, following the decision to extend the calendar provisioning rules to this asset class as well. The Holding Functions divisions posted net interest expense of €50.6m, higher than last year (€47.4m) due to the high liquidity levels and the impact of the T-LTRO on earnings being smoothed;

- **Net fee and commission income climbed 14.2%, from €744.7m to €850.5m**, with an impressive €407.3m contribution in 2H (€205.4m in 4Q); the excellent performances posted by Wealth Management (fees up 25.5%, from €335.9m to €421.6m, 49.6% of the Group total) and Corporate and Investment Banking (fees up 8.8%, from €318.1m to €346.1m, 40.7%) reflect, for the former, growth in the management fee component (up 28%, from €252m to €322m) and in upfront fees from placements (up 44%, from €40m to €57m), most of which in relation to the numerous private markets initiatives (BlackRock in particular), and, for the latter, higher fees earned from advisory services (up from €127.5m to €158.9m, €64m of which from Messier et Associés and €25m from the Mid Corporate segment) and from lending (up from €50.5m to €61.2m);

- **Net treasury income totalled €161.8m**, just over half of which (€83.2m) from client business, €43.8 from proprietary trading, and €20.1m from Principal Investing activity. The 17.9% reduction compared to last year (from €197m to €161.8m) reflects the deterioration in income from proprietary trading, which posted revenues of €43.8m (€94.9m), due to the market instability and the lower gains on disposals of banking book securities (from €47.9m to €23.2m). Conversely, the market volatility helped the Market Division's activity, which delivered an increase in revenues (from €60.7m to €83.2m) attributable in particular to the equity component's performance during the first six months;

- **Insurance profits from Assicurazioni Generali increased by 30.4% to €356.6m**, following a good performance by the company.

Operating costs totalled €1,312.1m, up 6% on last year (€1,238.1m), as a result of commercial expansion and the growing impact of technology and operations; the acceleration seen in the last 6M (costs up from €633.4m to €678.7m) reflects the customary seasonal nature of project activities, which this year have been substantial (rising from €43m to €53m). Over two-thirds of the increase in labour costs (which were up 5.7%, from €635.3m to €671.5m) comes from Wealth Management, reflecting the consolidation of Bybrook (which added €5m); while labour costs in CIB grew by 4.5%, in part due to retention initiatives in the investment banking segment, which usually entail a variable, performance-related remuneration component; the trend was less pronounced in Consumer Finance (up just 1.6%) and the Holding Functions division (up 1.6%). Administrative expenses rose by 6.3%, from €602.8m to €640.6m, some 40% of which regard Wealth Management (which saw growth of 8.9%, from €230.5m to €251m) and one-quarter Corporate and Investment Banking (administrative expenses up 13.5%, from €141.3m to €160.4m) as the division continues with its business and regulatory project activities; in Consumer Finance, meanwhile, operating costs were basically flat (down 0.5%), as the increase in investments for the new commercial ventures (Buy Now Pay Later) was offset by the reduction in credit recovery expenses.

Loan loss provisions were down 2.5% (from €248.8m to €242.6m), **with the cost of risk remaining at an all-time low level of 48 bps** (lower than the 52 bps reported at end-June 2019), despite including one-off items amounting to €40m in respect of the MBCredit Solutions NPLs portfolio and leasing operations, and despite maintaining the majority of the overlays stock (€293.7m) in the light of the uncertain macroeconomic environment. The Corporate and Investment Banking division recorded net adjustments of €21.8m (compared with €40.1m in net writebacks last year), representing the balance between the writebacks in Wholesale Banking (which reduced naturally, from €78.2m to €49.2m) and the increase in provisioning for Specialty Finance (from €38.1m to €71m, because of the one-off items referred to above). Conversely, the provisioning decreased for Consumer Finance (from €257.6m to €190.1m; CoR down from 198 bps to 142 bps) and for Wealth Management (from €18.6m to €14m, CoR down from 13bps to 9bps), both of which benefited from positive recovery performance and risk indicators even in the changed macro scenario, with overlays of €215.4m and €14.6m respectively.

Net profit for 12M (€907m) also reflects the following:

- **Net provisions for financial assets of €37.4m** (30/6/21: writebacks of €48.4m), due to the falling markets in 2H, for holdings in seed capital funds recognized at fair value in particular;

- **Other income and losses totalling €90.1m**: this heading mainly includes payments to the resolution funds (Single Resolution Fund and Deposit Guarantee Schemes) totalling €76.6m, and the provisions set aside in 1H (for a total amount of €12.3m) for certain derivatives contracts exiting the scope of trading operations in view of their being gradually run down;

- **Income tax for the year fell,** from €292.3m to €250.3m, due to a €37m positive impact (booked in 1H) linked mainly to the realignment of the tax and accounting value of goodwill recorded on the accounts of Compass Banca (up €48.6m).

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Total assets increased during the twelve months, from €82.6bn to €90.6bn, with the various items reflecting the following trends:

- **Loans and advances to customers grew by 6.8% (from €48.4bn to €51.7bn),** with all segments contributing positively: Consumer Finance (from €12.9bn to €13.8bn, near its highest-ever levels); Corporate and Investment Banking (from €19.3bn to €21.1bn, €18bn of which Large Corporate); Wealth Management (from €14.4bn to €15.3bn, €11.4bn in retail mortgage lending);

- **The Group's loan book has no material direct exposures versus the Russian Federation, Ukraine or Belarus,** and the few indirect exposures it has are largely towards counterparties of good credit standing. At the same time, and insofar as is possible based on the expectations of the markets and the clients themselves, careful monitoring has been carried out of the effects of inflation on corporate counterparties, which has revealed that the sectors potentially more impacted by the widespread increases in prices (such as food, automotive and manufacturing) currently represent only a moderate percentage of the total loan book, and in this case too involve counterparties for the most part with good credit ratings;

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- **Gross NPLs[5] decreased from €1,597.1m to €1,327.3m** (down €269.8m), declining also **in relative terms, to 2.5% of total loans,** again at an all-time low and comfortably below pre-Covid levels. The reduction is chiefly due to Corporate and Investment Banking, as a result of certain UTP positions exiting non-performing status, and to Consumer Finance, which throughout the twelve months has shown exceptionally low default rates (some 30% below pre-Covid levels) despite the stricter forbearance and UTP classification rules. The prudent provisioning policy has continued (the coverage ratio has risen from 64.9% to 71%), and is reflected in the sharp reduction in net NPLs from €560.2m to €384.4m, comfortably below the level of 1% of total loan (down from 1.2% to 0.7%). The level of bad debts is now also entirely residual (€53.5m on a net basis, representing just 0.1% of loans, with a coverage ratio of 87.2%). This item does not include the NPLs acquired by the Group and managed by MBCredit Solutions, which decreased from €383.7m to €350.6m.

- **Positions classified as Stage 2 also decreased** to €3,029.8m, and represent 5.9% of total loans on a net basis; the reduction compared to last year (€3,396.1m at end-June 2021) chiefly involves the leasing business (Stage 2 items down from €337.7m to €123.7m, representing 7.9% of the stock) due to the positive conclusion of the moratoria process; Stage 2 items also decreased in CIB (down 2.8%, from €631m to €591.2m) and Wealth Management (down 5.5%, from €960.1m to €838.2m), and increased only slightly in Consumer Finance (from €1,467.3m to €1,476.7m, although in fact declining in relative terms, from 11.2% to 10.6%). As at 30 June 2022, the moratoria had virtually come to an end: a total of €22.4m are still outstanding, €19.6m of which in connection with mortgages and €2.7m with leases, the moratoria in Consumer Banking all having been paid off in full.

- **The coverage ratio for the Group's total performing loans** is 1.33% (30/6/21: 1.36%); in Consumer Finance the coverage ratio increased from 3.62% to 3.75%, recording its highest-ever level (30/6/20: 3.17%; 30/6/19: 3.02%).

- **Banking book securities increased from €7.2bn to €8.6bn;** the increase was shared equally between the government debt component (approx. €780m, €420m of which in Italian securities) and securitizations (€675m) guaranteed by the Italian state (GACS).

- **Net treasury assets increased from €6.4bn to €7.2bn,** due to the pre-funding initiatives launched since the outbreak of the Russia/Ukraine conflict, **and include ECB deposits of over €7bn**;

- **Funding grew from €56.2bn to €61.2bn, and reflects increases in all forms of funding:** Wealth Management deposits (which increased from €25.2bn to €28.2bn) represent 47% of total funding, mostly in the Private Banking segment (up €3bn in 12M); the T-LTRO facility has increased from €7.4bn to €8.4bn following the drawdown made in September 2021; the debt security component totals €18.5bn, with €3bn in new issues, confirming the Group's ability to raise funds even in the difficult market conditions seen in the last six months. The main deals in the past half-year have been one Quarzo ABS issue (securitization of Compass Banca receivables) for a total amount of €528m (average duration 2.5 years, interest rate EUR 3M + 70 bps) and one €500m covered bond (duration 5 years, fixed rate 2.375%).

In 12M **NNM totalled €9bn**, with a balanced contribution between the two half-years (€4.4bn and €4.7bn, €2.1bn of which in 4Q); the contribution from AUM/AUA was significant at €5.5bn, €3.1bn of which in Private Banking, €2.2bn in Premier banking, and €0.2bn in Asset Management, plus €3.5bn in deposits, mostly from the domestic Italian Private Banking market (€2.3bn), which was boosted by some important liquidity events in relation to investment deals. The flow of NNM, allied to the consolidation of Bybrook (adding €2.2bn), drove an increase in TFAs to €80.2bn

5 The Finrep gross NPL ratio (calculated without the NPLs acquired) stands at 2.0% (30/6/21: 2.8%).

(30/6/21: €71.5bn), thus absorbing the net market effect (which accounted for €2.3bn). AUM/AUA totalled €51.5bn, up 11.3% on last year (€46.3bn); the Premier segment posted €16.5bn (up 5.4%); Private Banking €23bn (up 6.4%), and Asset Management €12bn (up 30% including Bybrook). Deposits increased from €25.2bn to €28.8bn, reflecting growth of 36.4% in Private Banking (to €11.3bn).

The capital ratios remained at high levels, despite the reduction in the FVOCI reserve (which accounted for 11 bps). The phase-in CET1 ratio stood at 15.7%; post-dividend proposed (payout ratio 70%) and the buyback scheme completed in June 2022 with the acquisition of 25.9 million shares for an outlay of €241.4m (with an impact on the ratios of around 60 bps). Retained earnings for the twelve months (which added approx. 60 bps) financed the organic growth (which accounted for approx. 60 bps, because of the increase in RWAs, from €47.2bn to €50.4bn). The Bybrook acquisition completed during the year had an impact of 13 bps on the capital ratios.

Fully loaded, without application of the Danish Compromise, i.e. with the Assicurazioni Generali investment deducted in full (minus 108 bps) and the IFRS 9 FTA effect applied in full (minus 10bps), **the CET1 ratio was 14.5%** (30/6/21: 15.08%). **The total capital ratio reduced in the twelve months, from 18.91% to 17.62%** (16.69% fully loaded), due to the amortization of subordinated liabilities.

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Proposed dividend and share buyback

The Board of Directors has decided to submit a proposed gross dividend of €0.75 per share to the approval of shareholders at the Annual General Meeting to be held on 28 October 2022. The dividend will be payable as from 23 November 2022, with record date 22 November 2022, and the shares going ex-rights on 21 November 2022.

The proposed DPS of €0.75 is 14% higher than the one distributed last year and confirms the payout ratio at 70%.

With reference to the share buyback schemes implemented:

- **On 1 December 2021, a total of 22,581,461 treasury shares** owned by the Bank as a result of the share buyback scheme approved by shareholders at the Annual General Meeting held in 2018 **were cancelled** (with no reduction in share capital).

- **On 14 June 2022, the share buyback programme authorized by shareholders at the Annual General Meeting held on 28 October 2021** and the European Central Bank on 11 November 2021 **was completed**. **Mediobanca acquired a total of 25,871,097 shares, or 2.99%** of the company's share capital, for a total outlay of **€241.4m.**

- **A total of 16,500,000 treasury shares** held by the Bank following the share buyback programme approved by shareholders at the 2021 AGM **will be cancelled before end-September 2022**.

Accordingly, the share capital currently consists of 864,698,552 shares, which will reduce to 848,198,552 by end-September 2022.

Divisional results

1. **Wealth Management[6]: results reflect high growth rates and quality revenues. TFAs now exceed €80bn (up 12% YoY, flat QoQ), driven by an outstanding commercial performance (NNM €9bn in 12M, €2.1bn in 4Q). Net profit up 34% to €134m, ROAC[7] 28% (up 7pp). Marco Carreri appointed as CheBanca! Chairman**

Net profit for the twelve months totalled €134.2m (up 33.9%), on revenues of €726.5m (up 15.8%) driven by some outstanding commercial results (**NNM in 12M of €9bn, €2.1bn of which in 4Q**) plus a strong contribution from fee income (up 25.5%), which now accounts for 58% of the division's top line and for 47% of fees at Group level; ROAC rose from 21% to 28%, with the cost/income ratio declining to 71.1% (from 75.2%).

The Wealth Management platform continued on its path to growth by leveraging on the following developments:

- **Expanding distribution network, positioned on the domestic market as a "Private Investment Bank" for HNWI and Corporate clients**: 1,160 bankers, with numbers growing all the time (77 added in 12M, 20 of whom in 4Q); the CheBanca! network now consists of 1,023 professionals (split equally between 507 Premier Relationship Managers and 516 FAs, as the company continues to position itself towards the higher end customer brackets; while the 137 bankers working in Private Banking are increasingly distinguished by their capabilities in investment banking/Private Markets, working in synergy with the CIB division;

- **Digital enhancement**: release of the new CheBanca! app with trading functionalities, and improvement in the onboarding and advisory tools in Private Banking

- **Quality offering**: Private Markets initiatives by Mediobanca Private Banking and CMB, Cairn and RAM offerings relaunched, new liquid strategies/funds launched in MB SGR for all the Group's networks.

In May 2022, **the Board of Directors of CheBanca! appointed Marco Carreri as the bank's new Chairman.** Marco Carreri has more than 35 years' experience in the financial markets industry, including twenty in senior management positions in leading asset management companies.

With regard to the product offering, Mediobanca Private Banking has launched several new portfolio management products consistent with the current economic environment (Tactical Equity Europe, Inflation), whereas in Private Markets, the first fund with a specific focus on venture capital has been closed in partnership with Russell Investments (total commitment of $120m), as has an exclusive initiative with Goldman Sachs (total commitment of $20m). Investments in real estate assets have involved the acquisition of a luxury building in Milan for a total value of approx. €240m. The Mediobanca BlackRock Co-Investment ended the year having completed the first two of its investment initiatives for a total of €180m (the third initiative is in progress), while in the area of investments in club deals with high potential Italian SMEs as the target, a further €120m has been invested.

The Private Investment Bank model has contributed approx. €2.8bn of the total NNM, €1.6bn of which in relation to liquidity events for deals performed in co-operations between Mediobanca

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

7 ROAC adjusted for writedowns/impairments to equity investments and securities and other non-recurring income or expenses.

Private Banking and CIB, and €1.2bn in money motion events intercepted on the market. Of these, some €500m have been converted into AUM/AUA.

CMB Monaco has complemented its traditional offering in liquid markets with new private markets products, in order to offer its clients higher-yield solutions. In this connection it has embarked on a co-operation with a European investment company, and is working increasingly closely with Mediobanca Private Banking.

Mediobanca SGR too has launched new funds: Mediobanca Global Thematic Multimanager 100 ESG (an SFDR Article 8 Fund) for €80m, Mediobanca MFS-Prudent Capital, which by end-June 2022 had raised over €170m, and Target Maturity Diversified Credit Portfolio 2027 and 2028 (with totals of €80 and €85m subscribed for respectively); the company has also received its first fund management mandate from Compagnie Monégasque de Gestion.

Cairn Capital has issued two new CLOs (XV and XIV), and there have also been inflows to the European Loan fund. The new market scenario has helped Bybrook's distressed funds, with new opportunities in the special situations area, and fresh interest from investors in Europe and the United States.

RAM funds have delivered quality performances in a difficult panorama: the three long/short funds have shown some resilience in the last six months, on the back of a very positive performance in 2021, while the company also received five-star Morningstar ratings for its Emerging Markets Equities and Multi-Asset funds, and HFM Europe voted the Emerging Markets Equities fund as "Machine Learning Fund of the Year" for 2021.

Overall, Net New Money **(NNM) for 12M was €9bn,** virtually 3x the figure reported at end-June 2021, consisting of **€5.5bn in indirect funding and €3.5bn in deposits.** By client segment, the breakdown is: €6bn in NNM in Private Banking, €2.8bn in the Premier segment, and €0.2bn in institutional Asset Management (new issues of the CLO XIV and XV funds more than offsetting the CLO V redemption and the final tranche of institutional outflows as expected for MB SGR);

Total Financial Assets (TFAs) totalled €80.2bn (up 12%), boosted by NNM as described above, but also by the acquisition of the Bybrook assets (€2bn), wiped out by the market effect (which accounted for €2.3bn) generated mostly in 4Q. The Premier segment contributed TFAs of €33.9bn (up 4.2% on last year, Private Banking of €34.3bn (up 14.8%), and Asset Management of €25.5bn (up 25.6%). AUM/AUA increased from €46.3bn to €51.5bn (up 11.3%). The Asset Management division's products placed within the Group climbed to €13.5bn (compared with €11.3bn last year).

Revenues posted by the division rose by 15.8% (from €627.3m to €726.5m), on a growing share contributed by fees (up 25.5% from €335.9m to €421.6m) due to the higher AUM/AUM volumes and the improvement in profitability (ROA increased from 87 bps to 93 bps). The main income items performed as follows:

- **Net interest income increased by 4.8%** (from €281.1m to €294.6m), with a positive contribution from the Premier segment (up 3.1%, from €229.3m to €236.4m), driven by higher volumes of mortgages and deposits, and Private Banking (up 12.4%, from €51.8m to €58.2m), which, however, was more exposed to the rise in interest rates; the cost of funding in the Premier segment fell by approx. 10 bps;

- **Fees grew by 25.5%** (from €335.9m to €421.6m), with a significant contribution made by all components: management fees rose by 27.6% (from €252.1m to €321.7m), and upfront fees by 46.2% (from €41.8m to €61.1m, due to placements in Private Markets in particular, primarily BlackRock, booked in 1H) with performance fees contributing €9.8m, all generated during the first six months of the year. Fees earned by the Premier segment were up 22.3% (from

€126.6m to €154.8m), by Private Banking up 18.9% (from €141.6m to €168.4m), and by Asset Management up from €59.5m to €89.5m (50.4%), due in particular to the contribution of Bybrook (€20m) and a good performance by Mediobanca Asset Management SGR, up approx. €7m on last year.

Operating costs rose from €471.5m to €516.7m (up 9.6%), due to the 10.2% increase in labour costs (from €241m to €265.7m) which reflects the strengthening of the commercial structure (including the Bybrook acquisition), plus the natural increase in the variable remuneration component because of the good results delivered; the higher administrative expenses (up 8.9%, from €230.5m to €251m) chiefly regard to strong project activity (the advisory project, plus the new CheBanca! app), enhancement of the IT infrastructure, and the higher transaction volumes.

Loan loss provisions reduced from €18.6m to €14m, and reflect the good performance in mortgage lending in view of the results of the moratoria and the low level of defaults; nonetheless, it has been decided to increase the overlays to €11.3m on a prudential basis.

Customer loans for the division totalled €15.3bn (compared with €14.4bn last year): residential mortgages increased from €11.1bn to €11.4bn, on new loans of €2.2bn (in line with last year, without being affected by the emergency); the Private Banking share increased from €3.3bn to €3.9bn, with growing contributions from CMB Monaco (from €2.1bn to €2.5bn, up 15.9%) and Mediobanca Private Banking (from €1.1bn to €1.4bn, up 9%).

Gross NPLs decreased from €226.2m to €222.2m (equal to 1.4% of total loans), and mainly regard CheBanca! mortgage loans (€195.5m, equal to 1.7% of the loan stock); net NPLs represent 0.9% of total loans (€98.6m, €33.4m are bad loans), with the coverage ratio increasing from 46.6% to 49.6% (66.5% for the bad loans). Mortgages classified as Stage 2 decreased from €835.1 to €781.5m (just under 6.9% of the total). Moratoria granted in respect of mortgage loans are now virtually at an end, involving an amount of just €19.6m (compared with €210.6m last year).

2. **<u>Consumer Finance</u>: net profit for 12M €370m (up 33%) and ROAC[8] 33%. This result represents Compass's highest-ever net profit, achieved on the back of growth in total loans and net interest income, driven by strong commercial activity which has generated the highest level of new loans ever seen by the bank. Credit asset quality further strengthened by a cost of risk at record low levels. Operations launched in the BNPL business segment with the Pagolight proprietary solution (5,000 new clients per month).**

Compass delivered its highest ever net profit for the twelve months, of €370m (up 32%), reflected also at the level of profitability which is best in class (ROAC@ 33%). Growth in new loans (€7.7bn, compared with €6.5bn last year) and excellent asset quality enabled a record result at the GOP level of €553m (the highest 12M result ever recorded), easily surpassing the pre-Covid earnings and capital metrics. The excellent performance in terms of default rates and credit recovery drove a reduction in the cost of risk to 142 bps (versus 198 bps last year), and also, at the same time, enabled an increase in the coverage ratios.

The good performance in personal loans has been driven by expansion of the distribution network, with 15 new local branches opened during the twelve months, for a total of 246 (65 of which are agencies that have lower relative costs).

8 ROAC adjusted for writedowns/impairments to equity investments and securities and other non-recurring income or expenses.

During the twelve months Compass further reinforced its multi-channel distribution platform, strengthening its geographical footprint with the opening of 15 new POS for a total of 246, 65 of which are run by agents, plus the 57 Compass Quinto POS (specializing in the sale of salary-backed finance products). To further extend geographical coverage, in July 2021 Compass Link commenced operations as an agent in financial activities, focused on offering off-site products. At end-June 2022 the company employed 90 agents. **Priority continues to be given to strengthening the digital channels** which have been responsible for **27% of the volumes of personal loans generated by the direct channel,** with more than 80% of applications for finance processed in one day.

Digital innovation activity has continued during the twelve months, both in terms of strengthening the existing digital channels (personal loans channelled via the internet totalled approx. €650m) **and of developing the BNPL business** (Buy Now Pay Later) in the form of proprietary solution Pagolight, which granted almost €70m in loans in 12M, generating revenues of approx. €5m. The Compass BNPL product offering is distinctive in allowing deferred repayments for a period of up to 12 months, expanding the range of products offered to include client interest rate solutions, and in its closer adherence to the sector regulations in a fast-changing environment.

Compass is also in the process of finalizing the acquisition of some distinctive players in the "Buy Now Pay Later" ("BNPL") segment which stand out for their technology capabilities and commercial agreements. These acquisitions will enable Compass to expand both client base and geographical diversification, and to improve technology and commercial standards still further:

- by combining Compass's risk management capabilities with the selected fintech partners' flexibility in terms of technology innovation, Compass is looking to increase the weight of BNPL as a driver for acquiring new clients with a view to exploiting cross-selling opportunities; by its very nature, the BNPL business model leads to effective diversification in terms of the profiles of the new clients acquired.

The Italian consumer credit market recorded an increase of 16% in the first six months of 2022, driven by personal loans (up 28%), special purpose loans (up 10%) and salary-backed finance (up 10%), while automotive products recorded a 10% decrease. Compass's market share remains 10%: 13% in personal loans, around 20% in special purpose loans and automotive, and 7% in salary-backed finance.

In the financial year under review Compass, with its extensive franchise and established capabilities in risk assessment and pricing, **generated new loans of €7.7bn (up 18.5%). Such growth was driven by personal loans (up 24%), with an increasing contribution from the direct channel (up 33%, from €1.8bn to €2.4bn), followed by special purpose loans (up 18%)** and automotive (up 5%), which reflected the slowdown due to the supply chain crisis (that has affected both the new and second-hand markets). Salary-backed finance has recovered well (up 56%), on the back of the strong commercial efforts made in the last year, and the value of transactions in credit cards (up 9%).

Compass delivered a net profit in the twelve months of €370.4m (up 33% on last year)**. The positive momentum in terms of commercial activity enabled the company to post customer loans of €13.8bn, the highest ever amount** (30/6/21: €12.9bn), **ensuring growth in net interest income** (from €878.8m to €934.3m). The virtuous performance in terms of costs (with the cost/income ratio declining from 31% to 30%), helped by lower credit recovery expenses which more than offset the limited increase in operating costs and investments, and the cost of risk at its lowest ever level (138 bps in 4Q, which translates to a **12M cost of risk of 142 bps**, versus 198 bps last year)**,** enabled **ROAC** to remain **at high levels (33%)**. The main income items performed as follows:

- **Revenues for the twelve months increased from €1,001.8m to €1,058.2m (up 5.6%),** driven by the positive trend in net interest income, which increased from €878.8m to €934.3m (up 6.3%), and resilient fee income (which edged up from €123m to €123.5m), helped by the lower *rappel* commissions credited back to the third-party networks, and the first contributions from the Pagolight solution, against the expected reduction in the insurance products sale component;

- **Operating costs totalled €314.8m, flat versus last year** (€314.2m), helped by the limited structural increase in labour costs (which were up 1.6% from €104.2m to €105.9m, due among other things to the commercial network expansion) and administrative expenses being kept under control (in fact down 0.5%, from €210m to €208.9m), as the lower credit recovery costs more than offsetting the investments in technology, the new products (Pagolight) and the higher business volumes;

- **Loan loss provisions were down 26.2%, from €257.6 to €190.1m, recording one of the lowest 12M levels ever seen, with the cost of risk at 142 bps (198 bps last year**), on the back of a quarterly trend stably below 150 bps for three quarters running. The coverage ratios were higher (for NPLs up from 75.8% to 78.8%; for performing loans up from 3.62% to 3.75%), and the overlays too were increased slightly (to €215.4m).

Gross NPLs reduced both in absolute terms (to €858m, from €971m at end-June 2021) and **in relative terms** (from 6.9% of total loans to 5.7%), helped by the low default rates, healthy credit recovery flows, and the regular NPL stock disposals, with two completed in the months of November 2021 and May 2022 (for a total of €134m). **The rise in the coverage ratio** (from 75.8% to 78.8%) **further reduced the net exposure** (from €235m to €182m), which in relative terms decreased from 1.8% of total loans to 1.3%. Net bad debts remained under €10m (or 0.1% of the total loan book), and a stable coverage ratio of 97.2%.

3. <u>Corporate & Investment Banking</u>: positioning further strengthened in part through senior hires, record revenues of over €700m, best-ever asset quality. Net profit €225m, ROAC[9] 14%. Healthy deal pipeline, in Advisory and Lending business especially, which will further benefit from two recent recruitments: Giuseppe Baldelli, who will work alongside Francisco Bachiller as Co-Head of Global CIB and becomes Italy Country Head; and António Horta-Osório, appointed Senior Advisor.

The 12M results reflect an outstanding commercial performance, delivering revenues of over €700m (up 1.3%, from €698.2m to €707.6m) driven by a strong performance in fee income (up 8.8%, from €318.1m to €346.1m), which was at an all-time high level not least due to the material contribution from the French Corporate Finance activities (up 27%, from €50m to €63m) as well as business with Mid Corporate clients (up 31%, from €19.3m to €25.3m), plus robust performances in acquisition finance (up 22%, from €20m to €24m) and markets (up 33%, from €111m to €148m). Conversely, there was a reduction in trading revenues (down 13.7%, from €93.2m to €80.4m), which, after an outstanding first half-year (€63.3m) were adversely impacted by the market trends in 2H, proprietary trading especially. The cost/income ratio stood at 47.1%, absorbing the impact of the growth in operating costs (up 8.6%). Loan loss provisions for the twelve months (€21.8m) are reflected in a net profit of €225.2m, lower than last year's (€284.5m), which was helped by writebacks to loans totalling €40.1m. Wholesale Banking contributed €222m to the bottom line, and factoring €21.9m, while MBCredit Solutions and the NPL management business recorded a net loss of €18.7m, after one-off provisions of €30m for deleveraging. The adjusted

9 ROAC adjusted for writedowns/impairments to equity investments and securities and other non-recurring income or expenses.

ROAC posted by the division was 12.5% (versus 16% last year), which rises to 14% excluding the one-off adjustments to MBCredit Solutions' NPL activities.

The validity of Mediobanca's CIB business model has been borne out in the current scenario of macroeconomic uncertainty, geopolitical risk and market volatility, standing out for the following reasons:

- **No direct exposure to Russia/Ukraine**, even considering positions in derivatives or trading activities, indirect exposure also negligible.
- **Corporate loan book diversified broadly:** lack of exposures to SMEs, highly-rated counterparties, exposure to sectors insensitive to macroeconomic risk factors (energy prices and raw materials, restrictions on storage).
- **Broad diversification of investment banking offering,** by product and geographies, adaptable to the various phases of the economic cycle, including the deflationary phases (debt restructuring, debt and equity issues, and financing solutions).

In 1H 2022, the global **M&A** market recorded a 21% contraction compared to 1H 2021.[10] The most significant downturn was on the North American market, which shrank by 26%, whereas Europe showed signs of resilience (down 8%), with the French and Spanish markets decreasing by 10% and 26% respectively. Italy appears to be bucking this trend, reporting growth of 106%, but this performance does not reflect a generalized increase in Italian M&A activity, but rather is due to a single transaction: the takeover bid launched by Schema Alfa for Atlantia (the deal is worth $52bn, the largest deal in Europe and the fourth largest worldwide in the first six months).

In addition to the reduction in volumes in 1H 2022, there was also a contraction in the market multiples, with the global EV/Ebitda ratio dipping by 10% after recording a ten-year high in the last quarter. By sector, whereas the US market is dominated by High Technology (29% of volumes), followed by Real Estate (9%), Energy (9%) and Healthcare (6%), Europe reflects a more balanced division between Industrial (20%), Real Estate (12%), High Technology (11%) and FIG (11%).

In FY 2021-22, the **Mediobanca Advisory division took part in some of the most strategic deals completed on the Italian market.** In general the performances exceeded expectations for all industries. Some of the main deals worth noting include: the merger between Nexi and SIA (two of the leading Italian players in the payment systems market); the disposal of 50% of Open Fiber to a consortium consisting of CDP Equity and Macquarie; the voluntary public tender offer launched by Blackstone for Reale Compagnia Italiana; the disposal of certain EssilorLuxottica group assets; the reorganization of Novamont's ownership structure; and Snam's acquisition of a new regasification unit. Various deals have also been completed in the mid-corporate/sponsor solutions segment, including the sale of Zanzar to 21 Invest, the sale of Viabizzuno to Clessidra, the sale of Bios Line and Bernardinello to Palladio, the sale of Arcaplanet to Cinven, HIG's investment in some of the Acqua & Sapone consortium companies, and Gilde's public tender offer for TAS shares.

In the **Debt Advisory** sector, the Bank has completed deals in France, Italy, and for the first time also in Spain. In France, Mediobanca acted financial advisor in the agreements between Veolia and Suez, assisted the CMA CGM group in its acquisition of Gefco and certain assets owned by US company Ingram, and provided advisory services in the deal which led to Totalenergie taking a 50% stake in US energy operator Clearway. In Spain, Mediobanca assisted Atrys in its acquisition of a healthcare company, Aegon in the disposal of its 50% stake in in Liberbank Vida y Pensiones,

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

and assisted HIG in its acquisition of EYSA, an innovative Spanish company operating in sustainable mobility.

The future pipeline continues to look healthy, with various deals already announced, some of the most important including the Texas Pacific Group's investment in Doc Generici, the commercial partnership between Nexi and Alpha Bank (Greece), the acquisition of French group La Médicale by Assicurazioni Generali, the acquisition of Althea by a consortium consisting of F2i and DWS, plus the strategic agreements between Nexi and Intesa Sanpaolo to manage the merchant acquiring business.

In **Equity Capital Markets**, against a backdrop of unhelpful conditions on the European market (which lost 77%),[11] Mediobanca acted as Joint Global Co-Ordinator and Joint Bookrunner and Euronext Growth Advisor in the Technoprobe IPO, the largest initial offering ever seen on the Euronext Growth Market. The outbreak of the Russia/Ukraine conflict and the ensuring market instability have led to a marked slowdown in the number of equity and debt offerings. Several previously announced IPOs in which the Bank had a role as Global Co-Ordinator or Bookrunner have been postponed. The only exception to this is De Nora, which was floated on the market from end-June 2022. In all the main geographical markets covered by Mediobanca (Italy, France, Spain/Portugal and the United Kingdom), the Bank has played major roles in numerous bond issues (including by Enel, Snam, Société Générale, Terna, UGI International, and Unicredit). **Multiple deals have also been completed in Italy and Spain/Portugal in the Green Social and Sustainability Bond segment**. The Bank has also completed a series of deals in the **Markets** segment: Particularly noteworthy in this regard were the roles in several strategic equity deals, with high levels of activity in certificates business, helped by the retail and private banking networks; while in the fixed-income segment, Mediobanca played a role in some of the leading securitizations implemented during the year.

Revenues for the twelve months totalled €707.6m, up 1.3% on last year (€698m), with a solid contribution also in 4Q (€160m); the main income items performed as follows:

- **Net interest income totalled €281.1m,** down 2% on last year (€286.9m), reflecting the performance in lending (down 6%, from €151m to €143m), which, in addition to the absence of certain extraordinary items from last year in connection with the Burgo reclassification, also reflects the pressure on spreads which outweighed the higher volumes. Conversely, NII from Markets activity increased, in the client solutions component in particular; and NII from Speciality Finance also grew by 1.7% (from €71.2m to €72.4m), driven by factoring (up 7%, from €40.8m to €43.9m);

- **Net fee and commission income was 8.8%** (from €318m to €346m, €160m of which in 2H, with a 4Q contribution of €80m), on a good performance in Wholesale Banking (up 2.6%, from €270m to €276.9m) reflecting the growth in M&A advisory (up 24.6%, from €127.5m to €158.9m) and a balanced contribution from the various industries (infrastructure and telecommunications added approx. 30%, Financial Institutions around one-quarter, and the Mid Corporate segment around 20%) and geographies (France with Messier & Associés contributing €63m; Spain €7m, approx. 7% of the total Corporate Finance fees generated). Lending fees were up 21.2%, from €50.5m to €61.2m, helped by some substantial acquisition finance deals, and offset the decrease in Capital Markets, ECM in particular (down from €41m to €23.5m). Fees earned in Specialty Finance, which were up 43.7% (from €48.1m to €69.2m) reflect a good performance in terms of NPL collections (from €23m to €45m), with third-party activity largely stable;

11 Source: Dealogic – Dealogic Quarterly Rankings – Equity Capital Markets.

- **Net treasury income** totalled €80.4m, consisting substantially of the Markets division's contribution (€83.2m), which reflects a major recovery in client business (up 37%, from €60.7m to €83.2m) concentrated in the equity segment, which, in 1H in particular saw a surge in arbitrage and structured product trading; the return of interest rate volatility has also had the effect of relaunching the fixed-income business, which had been hard hit in recent quarters. The reduction compared to last year (down 13.7%, from €93.2m) is attributable to the performance of financial markets in the final months of the financial year, impacting on the proprietary trading desk's investments in particular, equity and fixed income, the contribution from which decreased accordingly from €37.4m to minus €4.1m.

Operating costs rose by 8.6%, from €306.7m to €333.2m, as a result of the increase in labour costs (up 4.5% from €165.4m to €172.8m), which in Wholesale Banking reflect the highly competitive market plus the performance-linked variable remuneration component, project activities (up 41%), and the resumption of commercial activities (with travel and communication/marketing expenses virtually doubling); while Specialty Finance posted a 14.4% increase in operating costs (from €56.8m to €65m), due in particular to the higher credit recovery expenses (from €20m to €24m), and the higher number of projects launched by MBFacta (costs up €1.5m).

Loan loss provisions amount to €21.8m on a net basis, representing the difference between writebacks to the corporate loan book (which too, however, were lower than last year, down from €78.2m to €49.2m) and the increase in provisioning in Specialty Finance, which rose from €38.1m to €71m, €63.5m of which involved MBCS, consisting of sterilization of the extra collections (€44m), as well as one-off provisions totalling €30m. The net writebacks credited in respect of the Wholesale Banking corporate loan book reflect one material UTP returning to performing status, and the reversal of overlays (down from €75.9m to €44.4m) mostly as a result of repayments.

Customer loans increased from €19.2bn to €21.1bn, with the contribution from Wholesale Banking rising from €16.6bn to €18bn and that of Specialty Finance from €2.7bn to €3.1bn. The Lending and Structured Finance portfolio increased from €14.3bn to €15.6bn, on new loans of €8.1bn which offset redemptions of €7.1bn (€1.8bn of which were early redemptions). The factoring loan stock rose by 18.4%, from €2.3bn to €2.8bn, on turnover of €10.7bn (up 17.3%); while MBCredit Solutions' NPLs stock decreased from €383.7m to €350.6m.

Asset quality remains at its best-ever levels: gross NPLs were cut by more than one-half (from €225m to €109m), giving a gross NPL ratio of 0.5%, after two UTP exposures were reclassified, one of which in 4Q; net NPLs meanwhile fell to €24.8m, with a coverage ratio of 77.2% (€103.8m and 53.9% respectively last year).[12] Positions classified as Stage 2 decreased from €631m to €591.2m (2.8% of total loans) following repayments to certain large corporate loans. The coverage ratio for performing loans (Stage 1 and Stage 2) is 0.5% (0.7%), with overlays amounting to €57.6m (€87.7m), mostly concentrated in the Large Corporate segment (€44.4m, versus €75.9m), the reduction in which reflects the good performance by the loan book. This heading does not include the NPLs acquired by MBCredit Solutions (€360.3m).

During the year under review, after the calendar provisioning rules were extended to include NPL portfolios acquired, **the Group has decided to separate the activities of MBCredit Solutions**, choosing instead to leverage third-party NPL management, and commencing a gradual and orderly disposal process of the NPL portfolios acquired, which will be transferred to Revalea, a new company shortly to be set up by Compass once the relevant authorizations are received.

12 Including the NPLs acquired, gross NPLs rise to €469.3m (2.2% of total loans) and net NPLs to €375.4m.

4. Insurance & PI: high and growing contribution to Group revenues (€320m), ROAC[13]@16%

The Insurance-Principal Investing division delivered a net profit of €319.7m, up 3.6% on last year (€308.6m), due to the **high and growing contribution of Assicurazioni Generali** (up 30.4%, from €273.4m to €356.6m), much of which was offset by the reduction in trading income and value adjustments to investments in funds (which were negative as to €32.4m for the twelve months, compared to positive adjustments of €51.8m last year), due to the especially adverse performance of financial markets in 2H, which impacted on the valuations of the seed capital invested in the RAM and Cairn funds.

The book value of the Assicurazioni Generali investment (12.8% of the company's share capital) decreased from €3,663.1m to €3,069.4m, on profits of €356.6m, due to payment of the dividend (€310.1m, €93.1m of which was the second tranche of the 2019 dividend) and the pro rata reduction in the valuation reserve (which was €640.2m lower than the balance at 31 March 2022).

The other banking book securities were virtually unchanged, at €741.2m.

5. Holding Functions: comfortable funding and liquidity position, cost of funding decreasing – downsizing in leasing continues

The net loss incurred by the Holding Functions division decreased from €166m to €143m, reflecting a positive tax one-off of €34.9m (booked at end-December 2021) which offset roughly half of the payments to resolution funds (€76.7m, €51.1 of which to the Single Resolution Fund). Total income reduced from €21.9m to €2.9m, exclusively due to the lower gains realized on disposals of banking book securities (down from €47.9m to €23.2m), whereas hedging operations improved their contribution from €13.6m to €18.4m, offsetting the increase in net interest expense (from €47.4m to €50.6m) attributable to the reduction in leasing activities (down from €35.9m to €34m) and to prudent treasury management with a substantial liquidity position.

Operating costs were down 0.9%, as a result of the central cost component falling to 7.8% of the Group's total costs and the lower leasing expenses (down 8%).

The main segments performed as follows:

- **Treasury** – the cost of funding optimization process continues, which now stands at 54bps (65bps last year) due to the growth in Wealth Management TFAs that now account for 47% of the Group's total funding, and enable the liquidity ratios to remain stable at prudent levels (LCR: 158.7%; NSFR: 115.5%), anticipating some of the expiries falling due in the autumn months. Net interest expense grew slightly, from €83.3m to €84.6m, despite the healthy contribution from banking book securities (from €48m to €77m), which was offset by the substantial liquidity position and the impact of the T-LTRO on earnings being smoothed; while trading profits decreased from €57.5m to €48m, because of the reduced sales in the banking book segment;

- **Leasing**: a net profit of €2.7m was earned from leasing operations in the twelve months, in line with last year (€2.5m) despite the extraordinary provisions of €10m (taken at end-December 2021 to accelerate the NPL deleveraging strategy), having been offset in full by the positive resolution of certain tax disputes (which added €5m) and a good performance

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

in terms of the ordinary cost of risk (ordinary provisions were virtually halved, down from €12.7m to €6.7m), following the successful conclusion of the moratoria process and certain repayments. The reduction in leases (down approx. 10%) impacted on net interest income (which decreased by 5%) but was offset by the rise in fee income. Gross NPLs reduced from €174.5m to €137.9m, and represent 8.3% of the loan book (9.4%); while net NPLs total €64.4m, account for 4.1% of total loans, and reflect a coverage ratio of 53.3%.

Mediobanca S.p.A.

Mediobanca S.p.A. delivered a €513.1m net profit in the twelve months, down on last year (€578.4m) despite good performances in terms of both revenues (up 5.2%) and costs (cost/income ratio 42%) which were fully absorbed by the lower writebacks of €48.3m compared to last year (€75.4m), writedowns to holdings in investment funds of €34m (against €53m in positive adjustments last year), and higher extraordinary expenses (which rose from €29.4m to €56m).

Revenues increased from €1,019.9m to €1,073.4m, on dividends of €488m, €310.2m from Assicurazioni Generali, while the other income items reflected contrasting performances:

- Net interest income decreased by 5.5 %, from €121m to €114.4m, due to the absence of positive non-recurring items linked to last year's Burgo reclassification;
- Net treasury income was down 25.2%, from €179.4m to €154.2m, despite a good result being posted by client business (up from €58.4m to €76.4m), which was offset by the reduced contribution from the proprietary portfolio (from €92.6m to €37.6m);
- Net fee and commission rose by 4.5%, from €303.1m to €316.8m, with positive contributions from M&A Advisory (which rose from €77.6m to €95.3m, €25.3m of which from the Mid Corporate segment), Lending (fees up from €45.8m to €54.5m) and Private Banking (fees up from €81.4m to €101.5m);

Operating costs rose by 6.9%, from €421.8m to €450.9m; the 5.7% growth in labour costs reflects the need to retain talent, plus the performance-related variable remuneration component. Meanwhile, the 8.7% increase in administrative expenses reflects higher project/IT costs and the resumption of commercial activities.

The decrease in loan loss provisions (from €75.4m to €48.3m) is attributable to the lower amount of one-off provisions compared to last year, as the effect of UTP positions returning to performing status was much more limited than a year ago (€35m, compared with €110m), with the rest of the loan book performing extremely well.

Turning to the main balance-sheet items, total assets grew from €72.7bn to €79.7bn, due to the increase in treasury assets (up 38.7%), the increase in uses as part of the banking book (up 15.6%), plus the 7.7% growth in customer loans, largely matched by the increase in customer deposits (up 6.5%).

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MB Group ESG profile and commitment continues to improve

The Mediobanca Group takes environmental, social and governance (ESG) issues very seriously, and in the last twelve months has stepped up its initiatives in the sustainability area which remains one of the pillars of its growth model.

The Group's growing commitment is intended to improve transparency, promote sustainable investments, and at the same time meet the regulatory objectives to manage the risks deriving from climate change, the consumption of scarce resources, environmental degradation, and social inequality.

With reference to the **environment**, the Group has stepped up its commitment to tackling climate change by becoming a signatory to the **Net-Zero Banking Alliance (NZBA)** and adhering to the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, resulting in the preparation of the Group's first **TCFD Report**, to contain the first quantification of the portfolio's Scope 3 emissions, plus the first interim targets to be met in order to reach zero emissions by 2050.

The Group's offering in terms of products and services meeting ESG criteria has also expanded, and as at end-June 2022 reflects the following situations:

- Lending activity reflects an **ESG stock of some €3.1bn**, 84% of which is attributable to CIB, 11% to WM, and 5% to Consumer Finance;
- DCM has once again been one of the leading players in the ESG area, closing 21 deals in 12 months for a **total amount issued of €16.2bn**;
- The share of ESG funds (SFDR Articles 8 and 9 funds) in Premier clients' portfolios has increased to **61%**.

As well as promoting the transition to a more sustainable economy, Mediobanca has also confirmed its commitment to **social issues**, with the launch of some major projects including:

- A one-off donation of €1.5m to the work of ***Opera San Francesco per i Poveri***, to help build a day respite centre as part of a new facility to help the neediest members of society located in greater Milan;
- Launch of the **"toDEI" project** to promote Diversity, Equity and Inclusion, issues which are fundamental, among other things, to the Bank's ability to increase competitiveness and attract talent. To make this commitment more concrete, quantitative DEI objectives will be disclosed to become an integral part of the next long-term strategic plan.

In the **governance** area, in accordance with best international practice, **the Board of Directors has appointed Angela Gamba** (independent Director, appointed from the Assogestioni minority list) as **Lead Independent Director**.

As for the qualitative and quantitative **ESG targets** contained in the **2019-23 Strategic Plan**, the progress made in achieving them is consistent with the time horizon of the plan itself, with some of the targets having already been achieved or revised upwards (e.g. number of training hours, share of ESG products in Wealth Management, diversity, green loans, etc.) and only three targets slightly behind schedule (percentage hybrid vehicles forming part of the company car fleet, which has been affected by delays in the delivery of vehicles, the reduction of direct emissions and investments in SMEs).

At end-September 2022 the Group's first **TCFD Report** will be published, along with the fifth **Consolidated Statement of Non-Financial Information**, containing cross-references and links to the **EU Taxonomy**, plus a preliminary self-assessment with regard to the **Principles for Responsible Banking**.

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MEDIOBANCA

Outlook

The macroeconomic scenario, defined in conjunction with the budget, factors in central bank measures to dampen the inflationary pressure and a stabilization of the Russia/Ukraine conflict, resulting in a rise in interest rates and a moderate widening of the BTP/*Bund* spread. Growth in Italian GDP is expected to slow in 2023.

In this scenario, the Group expects to see another year of growth in terms of profitable assets, revenues and profits and so meet the objectives set for 2023 by the 2019-23 Strategic Plan, namely revenues of approx. €3bn (2019-23 CAGR: +4%), EPS of €1.10 (CAGR +4%), ROTE up to 11%, and total shareholder remuneration of €1.9bn in cash dividends.

The increase in lending will be due to growth by all divisions; assets under management are also expected to increase on the back of the ongoing investments in network expansion and technology innovation. Revenues in FY 2022-23 should be boosted by higher fees on growing volumes of AUM plus a CIB deal pipeline which looks healthy for the first six months; while net interest income should continue to grow at the same rates seen in recent years, helped in part by asset repricing.

The resources and technology investment plans will continue, and these, coupled with the effects of inflation, are likely to take the cost/income ratio to 47%; while the cost of risk is expected to remain stable, on the back of a solid industrial performance helped by the cushion of the substantial overlays.

Any further deterioration in the macroeconomic scenario would impact on the growth of profitable assets and hence of revenues. Even if this were so, the impact would be mitigated by the highly resilient business model featuring two segments, Consumer Finance and Insurance, that are more decoupled from the trend in GDP, Wealth Management having structural room for further growth, and Corporate and Investment Banking which, despite being a cyclical business, has excellent asset quality and a unique market position. All metrics in terms of efficiency (cost/income ratio), asset quality, capitalization and shareholder remuneration (payout ratio) are therefore expected to remain solid and at high levels.

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1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	12 mths 30/06/2021	12 mths 30/06/2022	Chg. %
Net interest income	1,415.0	1,479.2	4.5%
Net treasury income	197.0	161.8	-17.9%
Net fee and commission income	744.7	850.5	14.2%
Equity-accounted companies	271.7	359.3	32.2%
Total income	**2,628.4**	**2,850.8**	**8.5%**
Labour costs	(635.3)	(671.5)	5.7%
Administrative expenses	(602.8)	(640.6)	6.3%
Operating costs	**(1,238.1)**	**(1,312.1)**	**6.0%**
Loan loss provisions	(248.8)	(242.6)	-2.5%
Provisions for other financial assets	48.4	(37.4)	n.m.
Other income (losses)	(85.6)	(90.1)	5.3%
Profit before tax	**1,104.3**	**1,168.6**	**5.8%**
Income tax for the period	(292.3)	(250.3)	-14.4%
Minority interest	(4.4)	(11.3)	n.m.
Net profit	**807.6**	**907.0**	**12.3%**

2. Quarterly profit and loss accounts

Mediobanca Group	FY 20/21				FY 21/22			
(€m)	I Q 30/09/20	II Q 31/12/20	III Q 31/03/21	IV Q 30/06/21	I Q 30/09/21	II Q 31/12/21	III Q 31/03/21	IV Q 30/06/22
Net interest income	357.1	363.3	351.0	343.6	358.4	375.1	372.5	373.2
Net treasury income	35.8	50.9	64.9	45.4	50.0	47.0	35.4	29.4
Net commission income	189.1	193.7	188.4	173.5	202.7	240.5	201.9	205.4
Equity-accounted companies	44.0	66.9	58.5	102.3	95.3	90.4	77.9	95.7
Total income	**626.0**	**674.8**	**662.8**	**664.8**	**706.4**	**753.0**	**687.7**	**703.7**
Labour costs	(152.0)	(153.0)	(163.3)	(167.0)	(156.4)	(172.2)	(165.9)	(177.0)
Administrative expenses	(136.0)	(150.1)	(151.2)	(165.5)	(146.2)	(158.6)	(158.4)	(177.4)
Operating costs	**(288.0)**	**(303.1)**	**(314.5)**	**(332.5)**	**(302.6)**	**(330.8)**	**(324.3)**	**(354.4)**
Loan loss provisions	(71.8)	(45.9)	(63.7)	(67.4)	(62.4)	(74.9)	(57.6)	(47.7)
Provisions for other fin. assets	13.4	(0.3)	19.0	16.3	4.8	(3.6)	(7.8)	(30.8)
Other income (losses)	—	(33.4)	(42.3)	(9.9)	0.5	(35.0)	(52.5)	(3.1)
Profit before tax	**279.6**	**292.1**	**261.4**	**271.2**	**346.7**	**308.7**	**245.5**	**267.7**
Income tax for the period	(78.8)	(80.1)	(67.0)	(66.4)	(81.6)	(38.8)	(56.0)	(73.9)
Minority interest	(0.7)	(1.5)	(1.1)	(1.1)	(3.2)	(6.0)	0.6	(2.7)
Net profit	**200.1**	**210.5**	**193.3**	**203.7**	**261.9**	**263.9**	**190.1**	**191.1**

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3. Restated balance sheet

Mediobanca Group (€m)	30/06/21	30/06/2022
Assets		
Financial assets held for trading	11,273.7	9,530.9
Treasury financial assets	8,072.1	12,800.8
Banking book securities	7,150.4	8,577.3
Customer loans	48,413.8	51,701.4
Corporate	*16,579.6*	*17,975.8*
Specialty Finance	*2,712.7*	*3,109.2*
Consumer credit	*12,942.9*	*13,750.1*
Mortgages	*11,062.8*	*11,368.2*
Private banking	*3,341.7*	*3,929.7*
Leasing	*1,774.1*	*1,568.4*
Equity investments	4,579.0	4,046.2
Tangible and intangible assets	1,254.3	1,350.2
Other assets	1,855.4	2,561.6
Total assets	**82,598.7**	**90,568.4**
Liabilities		
Funding	56,156.2	61,169.4
MB bonds	*18,410.9*	*18,536.9*
Retail deposits	*16,919.7*	*17,449.8*
Private Banking deposits	*8,290.4*	*11,347.5*
ECB	*7,445.4*	*8,442.2*
Banks and other	*5,089.8*	*5,393.0*
Treasury financial liabilities	2,890.8	5,905.8
Financial liabilities held for trading	10,063.6	9,206.7
Other liabilities	2,215.9	3,377.9
Provisions	171.1	159.7
Net equity	11,101.1	10,748.9
Minority interest	*88.3*	*101.6*
Profit for the period	*807.6*	*907.0*
Total liabilities	**82,598.7**	**90,568.4**
CET 1 capital	7,689.4	7,894.3
Total capital	8,919.2	8,874.4
RWA	47,159.3	50,378.0

4. Consolidated shareholders' equity

Net equity (€m)	30/06/21	30/06/2022
Share capital	443.6	443.6
Other reserves	8,830.4	8,863.1
Valuation reserves	931.2	433.6
- of which: Other Comprehensive Income	*175.8*	*123.0*
cash flow hedge	*(16.0)*	*176.5*
equity investments	*780.4*	*133.5*
Minority interest	88.3	101.6
Profit for the period	807.6	907.0
Total Group net equity	**11,101.1**	**10,748.9**

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5. Ratios (%) and per share data (€)/

MB Group	Financial year 20/21	Financial year 21/22
	30/06/21	30/06/2022
Ratios (%)		
Total assets / Net equity	7.4	8.0
Loans / Funding	0.86	0.85
RWA density (%)	57.1%	58.2%
CET1 ratio (%)	16.3%	15.7%
Total capital (%)	18.9%	17.6%
S&P Rating	BBB	BBB
Fitch Rating	BBB	BBB
Moody's Rating	Baa1	Baa1
Cost / Income	47.1	46.0
Gross NPLs/Loans ratio (%)	3.2	2.5
Net NPLs/Loans ratio (%)	1.2	0.7
EPS	0.91	1.05
EPS adj.	0.96	1.12
BVPS	11.8	11.6
TBVPS	10.9	10.6
ROTE adj. (%)	9.2	10.3
DPS	0.66	0,75
No. shares (m)	887.3	864.7

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

12m – June 22 (€m)	WM	Consumer	CIB	Insurance & PI	Holding Functions	Group
Net interest income	294.6	934.3	281.1	(7.1)	(50.6)	1,479.2
Net treasury income	10.3	0.4	80.4	20.1	48.0	161.8
Net fee and commission income	421.6	123.5	346.1	(0.7)	5.5	850.5
Equity-accounted companies	—	—	—	359.3	—	359.3
Total income	**726.5**	**1,058.2**	**707.6**	**371.6**	**2.9**	**2,850.8**
Labour costs	(265.7)	(105.9)	(172.8)	(4.0)	(123.0)	(671.5)
Administrative expenses	(251.0)	(208.9)	(160.4)	(1.0)	(35.6)	(640.6)
Operating costs	**(516.7)**	**(314.8)**	**(333.2)**	**(5.0)**	**(158.6)**	**(1,312.1)**
Loan loss provisions	(14.0)	(190.1)	(21.8)	—	(16.7)	(242.6)
Provisions for other financial assets	(0.1)	—	(3.7)	(32.4)	(1.2)	(37.4)
Other income (losses)	(4.7)	—	(0.4)	—	(86.3)	(90.1)
Profit before tax	**191.0**	**553.3**	**348.5**	**334.2**	**(259.9)**	**1,168.6**
Income tax for the period	(55.9)	(182.9)	(114.9)	(14.5)	118.5	(250.3)
Minority interest	(0.9)	—	(8.6)	—	(1.8)	(11.3)
Net profit	**134.2**	**370.4**	**225.0**	**319.7**	**(143.2)**	**907.0**
Loans and advances to Customers	15,297.9	13,750.1	21,085.0	—	1,568.4	51,701.4
RWAs	5,685.7	12,981.1	20,785.6	8,203.8	2,721.6	50,378.0
No. of staff	2,104	1,454	650	11	797	5,016

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

12m – June 21 (€m)	WM	Consumer	CIB	Insurance & PI	Holding Functions	Group
Net interest income	281.1	878.8	286.9	(7.1)	(47.4)	1,415.0
Net treasury income	10.3	—	93.2	30.7	57.5	197.0
Net fee and commission income	335.9	123.0	318.1	—	11.8	744.7
Equity-accounted companies	—	—	—	271.7	—	271.7
Total income	**627.3**	**1,001.8**	**698.2**	**295.3**	**21.9**	**2,628.4**
Labour costs	(241.0)	(104.2)	(165.4)	(3.6)	(121.1)	(635.3)
Administrative expenses	(230.5)	(210.0)	(141.3)	(1.0)	(39.0)	(602.8)
Operating costs	**(471.5)**	**(314.2)**	**(306.7)**	**(4.6)**	**(160.1)**	**(1,238.1)**
Loan loss provisions	(18.6)	(257.6)	40.1	—	(12.7)	(248.8)
Provisions for other financial assets	1.9	0.0	2.2	51.8	(7.5)	48.4
Other income (losses)	3.5	(15.2)	0.5	—	(73.5)	(85.6)
Profit before tax	**142.6**	**414.8**	**434.3**	**342.5**	**(231.9)**	**1,104.3**
Income tax for the period	(42.4)	(135.9)	(147.0)	(33.9)	67.5	(292.3)
Minority interest	—	—	(2.8)	—	(1.7)	(4.4)
Net profit	**100.2**	**278.9**	**284.5**	**308.6**	**(166.1)**	**807.6**
Loans and advances to Customers	14,404.5	12,942.9	19,292.3	—	1,774.1	48,413.8
RWAs	5,217.0	11,779.2	19,924.8	7,246.0	2,992.3	47,159.3
No. of staff	2,037	1,446	635	11	792	4,921

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7. Wealth Management

Wealth Management (€m)	12 mths 30/06/2021	12 mths 30/06/2022	Chg.%
Net interest income	281.1	294.6	4.8%
Net trading income	10.3	10.3	n.m.
Net fee and commission income	335.9	421.6	25.5%
Total income	**627.3**	**726.5**	**15.8%**
Labour costs	(241.0)	(265.7)	10.2%
Administrative expenses	(230.5)	(251.0)	8.9%
Operating costs	**(471.5)**	**(516.7)**	**9.6%**
Loan loss provisions	(18.6)	(14.0)	-24.7%
Provisions for other financial assets	1.9	(0.1)	n.m.
Other income (losses)	3.5	(4.7)	n.m.
Profit before tax	**142.6**	**191.0**	**33.9%**
Income tax for the period	(42.4)	(55.9)	31.8%
Minority interest	—	(0.9)	n.m.
Net profit	**100.2**	**134.2**	**33.9%**
Loans and advances to customers	14,404.5	15,297.9	6.2%
New loans (mortgages)	2,219.6	2,163.7	-2.5%
TFA (Stock, € bn)	71.5	80.2	12.3%
-AUM/AUA	46.3	51.5	11.3%
-Deposits	25.2	28.8	14.1%
TFA (Net New Money, € bn)	3.8	9.0	n.m.
-AUM/AUA	2.5	5.5	n.m.
-Deposits	1.3	3.5	n.m.
No. of staff	2,037	2,104	3.3%
RWAs	5,217.0	5,685.7	9.0%
Cost / income ratio (%)	75.2%	71.1%	
Net bad Loans (sofferenze)/Loans ratio (%)	0.3%	0.2%	
Net NPL / Net loans ratio1 (%)	0.8%	0.7%	
ROAC	21%	28%	

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8. Consumer Banking

Consumer Banking (€m)	12 mths	12 mths	Chg.%
	30/06/2021	30/06/2022	
Net interest income	878.8	934.3	6.3%
Net trading income	—	0.4	n.m.
Net fee and commission income	123.0	123.5	0.4%
Total income	**1,001.8**	**1,058.2**	**5.6%**
Labour costs	(104.2)	(105.9)	1.6%
Administrative expenses	(210.0)	(208.9)	-0.5%
Operating costs	**(314.2)**	**(314.8)**	**0.2%**
Loan loss provisions	(257.6)	(190.1)	-26.2%
Provisions for other financial assets	—	—	n.m.
Other income (losses)	(15.2)	—	n.m.
Profit before tax	**414.8**	**553.3**	**33.4%**
Income tax for the period	(135.9)	(182.9)	34.6%
Net profit	**278.9**	**370.4**	**32.8%**
Loans and advances to customers	12,942.9	13,750.1	6.2%
New loans	6,460.4	7,658.6	18.5%
No. of branches	179	181	1.1%
No. of agencies	52	65	25.0%
No. of staff	1,446	1,454	0.6%
RWAs	11,779.2	12,981.1	10.2%
Cost / income ratio (%)	31.4%	29.7%	
Net NPLs/Loans ratio (%)	0.1%	0.1%	
Net NPL / Net loans ratio1 (%)	1.8%	1.3%	
ROAC	27%	33%	

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9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	12 mths	12 mths	Chg.%
	30/06/2021	30/06/2022	
Net interest income	286.9	281.1	-2.0%
Net treasury income	93.2	80.4	-13.7%
Net fee and commission income	318.1	346.1	8.8%
Total income	**698.2**	**707.6**	**1.3%**
Labour costs	(165.4)	(172.8)	4.5%
Administrative expenses	(141.3)	(160.4)	13.5%
Operating costs	**(306.7)**	**(333.2)**	**8.6%**
Loan loss provisions	40.1	(21.8)	n.m.
Provisions for other financial assets	2.2	(3.7)	n.m.
Other income (losses)	0.5	(0.4)	n.m.
Profit before tax	**434.3**	**348.5**	**-19.8%**
Income tax for the period	(147.0)	(114.9)	-21.8%
Minority interest	(2.8)	(8.6)	n.m.
Net profit	**284.5**	**225.0**	**-20.9%**
Loans and advances to customers	19,292.3	21,085.0	9.3%
of which purchased NPL (MBCreditSolutions)	384.0	350.6	-8.6%
No. of staff	635	650	2.4%
RWAs	19,924.8	20,785.6	4.3%
Cost / income ratio (%)	43.9%	47.1%	
Net NPLs/Loans ratio (%)	1.2%	0.5%	
Net NPL / Net loans ratio1 (%)	0.5%	0.1%	
ROAC	16%	14%	

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10. Insurance - Principal Investing

Insurance & PI (€m)	12 mths 30/06/2021	12 mths 30/06/2022	Chg. %
Net interest income	(7.1)	(7.1)	n.m.
Net treasury income	30.7	20.1	-34.5%
Net fee and commission income	—	(0.7)	n.m.
Equity-accounted companies	271.7	359.3	32.2%
Total income	**295.3**	**371.6**	**25.8%**
Labour costs	(3.6)	(4.0)	11.1%
Administrative expenses	(1.0)	(1.0)	n.m.
Operating costs	**(4.6)**	**(5.0)**	**8.7%**
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	51.8	(32.4)	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**342.5**	**334.2**	**-2.4%**
Income tax for the period	(33.9)	(14.5)	-57.2%
Minority interest	—	—	n.m.
Net profit	**308.6**	**319.7**	**3.6%**
Equity investments	3,702.8	3,157.8	-14.7%
Other investments	744.2	766.1	2.9%
RWAs	7,246.0	8,203.8	13.2%
ROAC	14%	16%	

11. Holding Functions

Holding Functions (€m)	12 mths 30/06/2021	12 mths 30/06/2022	Chg. %
Net interest income	(47.4)	(50.6)	6.8%
Net treasury income	57.5	48.0	-16.5%
Net fee and commission income	11.8	5.5	-53.4%
Total income	**21.9**	**2.9**	**-86.8%**
Labour costs	(121.1)	(123.0)	1.6%
Administrative expenses	(39.0)	(35.6)	-8.7%
Operating costs	**(160.1)**	**(158.6)**	**-0.9%**
Loan loss provisions	(12.7)	(16.7)	31.5%
Provisions for other financial assets	(7.5)	(1.2)	-84.0%
Other income (losses)	(73.5)	(86.3)	17.4%
Profit before tax	**(231.9)**	**(260.0)**	**12.1%**
Income tax for the period	67.5	118.5	75.6%
Minority interest	(1.7)	(1.8)	5.9%
Net profit	**(166.1)**	**(143.3)**	**-13.7%**
Loans and advances to customers	1,774.1	1,568.4	-11.6%
Banking book securities	6,120.0	7,074.3	15.6%
RWAs	2,992.3	2,721.6	-9.0%
No. of staff	792	797	0.6%

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12. Statement of comprehensive income

		12 mths 30/06/2021	12 mths 30/06/2022
10.	**Gain (loss) for the period**	**809.2**	**909.7**
	Other income items net of tax without passing through profit and loss	**47.4**	**98.2**
20.	Equity instruments designated at fair value through other comprehensive income	64.1	37.9
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(5.7)	4.4
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	2.0	4.7
80.	Non-current assets and disposal groups classified as held for sale	—	—
90.	Portion of valuation reserves from investments valued at equity method	(13.0)	51.1
	Other income items net of tax passing through profit and loss	**508.9**	**(596.5)**
100.	Foreign investment hedges	1.4	(10.6)
110.	Exchange rate differences	0.5	8.2
120.	Cash flow hedges	15.2	193.6
130.	Hedging instruments (non-designated items)	—	—
140.	Financial assets (different from equity instruments) at fair value through other comprehensive Income	40.1	(89.6)
150.	Non-current assets and disposal groups classified as held for sale	—	—
160.	Part of valuation reserves from investments valued at equity method	451.8	(698.0)
170.	**Total other income items net of tax**	**556.2**	**(498.3)**
180.	**Comprehensive income (Item 10+170)**	**1,365.4**	**411.4**
190.	Minority interest in consolidated comprehensive income	2.3	3.8
200.	**Consolidated comprehensive inc. attributable to Mediobanca S.p.A.**	**1,363.1**	**407.6**

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

Mediobanca S.p.A. (€m)	12 mths	12 mths	Chg.%
	30/06/2021	30/06/2022	
Net interest income	121.0	114.4	-5.5%
Net treasury income	179.4	154.2	-14.0%
Net fee and commission income	303.1	316.8	4.5%
Dividends on investments	416.4	488.0	17.2%
Total income	**1,019.9**	**1,073.4**	**5.2%**
Labour costs	(249.8)	(263.9)	5.6%
Administrative expenses	(172.0)	(187.0)	8.7%
Operating costs	**(421.8)**	**(450.9)**	**6.9%**
Loan loss provisions	75.4	48.3	-35.9%
Provisions for other financial assets	44.1	(31.7)	n.m.
Impairment on investments	(1.6)	(0.9)	-43.8%
Other income (losses)	(29.4)	(56.0)	90.5%
Profit before tax	**686.6**	**582.2**	**-15.2%**
Income tax for the period	(108.2)	(69.1)	-36.1%
Net profit	**578.4**	**513.1**	**-11.3%**

Mediobanca S.p.A. (€m)	30/06/21	30/06/2022
Assets		
Financial assets held for trading	11,336.8	10,160.3
Treasury financial assets	10,122.1	14,038.6
Banking book securities	8,716.0	10,072.6
Customer loans	37,103.6	39,955.0
Equity Investments	4,475.1	4,645.3
Tangible and intangible assets	167.1	169.4
Other assets	782.8	624.4
Total assets	**72,703.5**	**79,665.6**
Liabilities and net equity		
Funding	52,045.0	55,408.6
Treasury financial liabilities	3,826.5	6,994.1
Financial liabilities held for trading	10,342.4	10,026.5
Other liabilities	937.6	2,053.7
Provisions	136.5	119.9
Net equity	4,837.1	4,549.7
Profit of the period	578.4	513.1
Total liabilities and net equity	**72,703.5**	**79,665.6**

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