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Vedi allegato.



MEDIOBANCA



**MEDIOBANCA**  
**BOARD OF DIRECTORS' MEETING**

**Results for FY 2020-21 approved**

**Milan, 29 July 2021**



## Rapid, V-shape recovery back to pre-Covid levels

### Dividend and buyback policies resumed

#### 12M results

**Record revenues** (€2,628m, up 5% YoY<sup>1</sup>)

driven by WM increased scale and profitability and solid performance in CIB which offset the slowdown in Consumer Banking due to lockdowns

**Record fee income** (€745m, up 18% YoY)

with NII resilient (down 2% to €1,415m)

**Significant drop in cost of risk, stable at 52 bps** (down 30 bps vs 82 bps last year), with asset quality at best ever levels and substantial overlays set aside

**GOP** (€1,142m, up 20% YoY) **back to 2019, pre-Covid levels**

Cost/income ratio stable at 47%, despite ongoing enhancement of distribution

**Net profit up 35% to €808m, EPS up 35% to €0.91**

**ROTE<sup>2</sup> 9%**, with substantial capital (CET1 16.3%, up 20 bps YoY)

and shareholders' funds increasing (TBVPS up 10% to approx. €11 per share)

**Distribution policy<sup>3</sup>: DPS €0.66 (7% yield)**

Cash payout 70% of net profit, confirmed for FY22

Treasury shares owned (up to 22.6 million) to be cancelled

New share buyback plan to be launched (up to 3% of share capital)

#### **M&A in WM**

Acquisition of Bybrook, scouting ongoing

**ESG achievement in fast progress**

#### 4Q results

Second best quarter in 12M for **revenues** (€665m) and **net profit** (€204m), due to business diversification and recovery in PI

**TFA**s €71bn (up 3% QoQ), **AUM/AUA** €46bn (up 5% QoQ), with over €1bn in NNM (all AUM/AUA)

**New loans in Consumer Banking total €1.9bn**, near pre-Covid levels

Cost of risk 56 bps, overlays further increased to almost €300m

**CET1 up 16.3% (15.1% fully-loaded)**

1 12M to end-June 2021 vs 12M to end-June 2020; QoQ chg.: 3M to end-June 2021 vs 3M to end-March 2021.

2 ROTE/ROAC calculated using adjusted net profit (cf. footnote 4).

3 Subject to authorization by the ECB.



The Mediobanca Group's diversified business model, coupled with ongoing enhancement of the growth initiatives and rigorous asset quality governance, paved the way to delivering record results in terms of revenues and return swiftly to pre-Covid profit levels, despite the ongoing pandemic situation.

The results reflect:

- ◆ **Robust commercial activity**, with **€4.8bn in net new money** (NNM) generated in the Affluent/Private divisions (**€1.1bn of which in 4Q**, consisting entirely of AUM/AUA), **€6.5bn of new loans in Consumer Banking** (**€1.9bn of which in 4Q, now back almost to pre-Covid levels**), and **€2.2bn in new residential mortgage loans** (€0.5bn of which in 4Q). **CIB activity remains at high levels**;
- ◆ **All-time record result in revenues**, which in 12M totalled **€2,628m, up 5% YoY**, and in 4Q totalled **€665m, stable QoQ (up 10% YoY)**. The growth in revenues for the twelve months would have been 7% net of the equity-accounted companies' contribution (total income down 11% YoY to €272m), which was impacted negatively by non-recurring items but recovered in 4Q (when their contribution almost doubled, to €102m):
  - ◆ **Record result also in terms of net fees**, which totalled **€745m, up 18% YoY**, driven by **CIB** (€318m, up 41% YoY), on growing contributions from M&A, Capital Markets and Lending, and **a solid performance in WM** (€336m, up 10% YoY), **which confirms its position as the Group's main contributor to fee income**; 4Q fees of €173m continue the high levels reported in the previous three quarters;
  - ◆ **Resilient net interest income (down 2% YoY, to €1,415m)** despite lower average lending volumes and the different product mix in Consumer Banking, due to funding optimization plus higher lending volumes in WM; the reduction in 4Q (to €344m) does not reflect the recovery in new business in Consumer Banking and the treasury management optimization;
  - ◆ **Strong improvement in trading income (€197m, up 45% YoY)**, which remained at high levels in 4Q as well (€45m), albeit with lower gains realized on the banking book than in the previous three quarters;
- ◆ **Low cost of risk, at 52 bps for 12M (82 bps) and 56 bps for 4Q**, the latter reflecting **prudent staging and further provisioning** (approx. €85m), **with overlays up to nearly €300m, €200m of which in Consumer Banking and €90m in CIB**. **The asset quality indicators reflect further improvement**:
  - ◆ **Moratoria down to 1.4% of total gross loans** (vs 1.7% at end-March 2021, 3.9% at end-June 2020), 80% of which classified as Stage 2-3);
  - ◆ **Gross NPLs down to 3.2% of total loans** (vs 3.4% at end-March 2021 and 4.1% at end-June 2020), and **net NPLs 1.2% of total loans** (flat vs end-March 2021; 1.9% at end-June 2020);
  - ◆ **Coverage ratios increasing: performing loans** 1.36% (vs 1.34% at end-March 2021, 1.25% at end-June 2020), and **non-performing loans, at Group level** (up 10 pp YoY to 65%, stable in 4Q) **and all the divisions** (CIB up 12 pp to 54%, Consumer Banking up 8 pp to 76%, WM up 3 pp 49%, leasing up 4 pp to 40%);
- ◆ **Cost/income ratio stable at 47%**, despite the ongoing reinforcement of the distribution networks and operating and IT systems. The increase in costs (up 4% YoY, to €1,238m), is due to seasonal factors relating to 4Q (up 6% QoQ, to €333m);



- ◆ **Net profit in 12M up 35% to €808m (€204m of which in 4Q);**
- ◆ **ROTE<sup>4</sup> 9%, on a growing capital base (TBVPS up 10% YoY to €11 per share);**
- ◆ **CET1 (phase-in): 16.3% (up 5 bps QoQ and up 20 bps YoY), including a payout of 70% of net profit;**
- ◆ **CET1 fully-loaded:<sup>5</sup> 15.1% (up 50 bps QoQ and up 60 bps YoY), not impacted by the new rules on concentration;<sup>6</sup>**
- ◆ **Mediobanca can take advantage of the removal of the ban on dividend distribution, and will submit the following proposals to the approval of shareholders at the Annual General Meeting to be held in October, subject to ECB authorization:**
  - ◆ **DPS: €0.66 per share**, with a cash dividend payout of 70%, confirmed for next year as well;
  - ◆ **Cancellation of the treasury shares** owned by the Bank (up to 22.6 million);
  - ◆ **New buyback scheme (up to 3% of the share capital)** aimed at performance share schemes, acquisitions and including the possibility of cancellation.

**The divisions continue to show improvement in terms of positioning, revenues and profitability. The significant progress made by CIB, at the highest levels seen in recent years in terms of revenues and profits, offset the consolidation in Consumer Banking and PI:**

- ◆ **WM: ROAC<sup>7</sup> 21%, net profit climbed to €100m (up 25% YoY), on revenues of €627m (up 7% YoY), with steady growth in each quarter. TFAs increased to €71bn (up 12% YoY and up 3% QoQ), driven by the strong gathering capability**, in the Affluent and Private segments especially (€4.8bn in NNM in 12M and €1.1bn in 4Q), which reflects the ongoing enhancement of brand, offering and distribution (22 more bankers recruited in 4Q, and 81 in 12M, chiefly to CheBanca!; expanded private markets offering in Private Banking), and leverages on the opportunities offered by the Group's business model. An agreement was signed to acquire Bybrook,<sup>8</sup> an alternative credit manager with AUM of around €2bn, to strengthen the Cairn Capital platform;
- ◆ **CIB: ROAC<sup>7</sup> 16%, net profit soared to €285m (up 57% YoY), on record revenues (€698m), with 4Q at high levels (€161m).** Mediobanca has strengthened its leadership position in its core segments and markets, participating in important M&A and Capital Market deals in Italy and France in particular. There was also an over 50% increase in fee income from mid-corporate clients in 12M. All revenue streams reflect increases, fee income in particular (up 41%, to €318m). The cost/income ratio declined to 44%. Risk indicator are at all-time lows, with substantial overlays provided (approx. €90m);
- ◆ **Consumer Banking: the division remains large and profitable despite the slowdown caused by the lockdown conditions. The ROAC<sup>7</sup> for the division is 27%, with net profit of €279m down 6% YoY on lower revenues (€1,002m, down 6% YoY), due to lower average volumes and the**

4 ROTE calculated using adjusted net profit (GOP net of loan loss provisions, minority interest and taxes, with taxation normalized at 33%, 25% for PB and AM, 2% for PI).

5 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 13 bps).

6 As from end-June 2021 the concentration limit will be calculated as 25% of Tier 1, rather than 25% of total eligible capital.

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

8 The necessary authorizations are still pending, and the agreement will take effect from 1Q FY 2021-22.



**different product mix (fewer personal loans). Investments to facilitate remote operations and the reopenings in 4Q have enabled new business to return to pre-Covid levels** (approx. €1.9bn, higher than the €1.5/1.6bn levels recorded in the first three quarters). **The performance in terms of asset quality was again especially impressive** (cost of risk 198 bps in 12M, 183 bps in 4Q), with all risk indicators returning to near all-time low levels, and substantial overlays provided (approx. €200m);

- ◆ **PI: net profit €309m, ROAC<sup>7</sup> 14%**, the reduction being due to non-recurring items relating to asset disposals by Assicurazioni Generali and higher capital absorption under the new rules (concentration limit from 25% of total eligible capital to 25% of Tier 1), in part offset by writebacks from seed capital. 4Q reflects a significant recovery (€110m, up 56% QoQ);
- ◆ **HF: improvement at net result level, and higher funding in deposits and T-LTROs in particular, in a scenario characterized by high liquidity.** Deposits rose to €25.2bn (flat QoQ, vs €23.8bn at end-June 2020), driven by CheBanca!, while use of the T-LTRO increased from €7.0bn at end-March 2020 to €7.5bn (€5.7bn at end-June 2020). The division reported improvement in **net interest income and gains on the banking book, plus a reduction in central costs. All indicators are at comfortable levels: NSFR<sup>9</sup> 116%, LCR 158%, CBC €12bn.**

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<sup>9</sup> NSFR calculated as from 28 June 2021 in accordance with new CRR requirement pursuant to Regulation (EU) 2019/876.



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

## Consolidated results

**The Mediobanca Group delivered a record set of results in the twelve months, with revenues and profitability both at all-time highs (total revenues €2.6bn, net profit €808m; ROTE 9%), rapidly returning to their pre-Covid levels. Growth has been delivered on a solid capital base (CET1 16.3%) and on sound asset quality improving in 4Q as well.**

**Revenues grew by 5%, from €2,513m to €2,628.4m**, despite the lower contribution from Assicurazioni Generali (down 10%, to €273.4m) which, however, became material again in 4Q (€103.2m). The main income items performed as follows:

- ◆ **Net interest income totalled €1,415m, showing good resilience** (down 1.9%, from €1,442.2m), and managing to offset almost entirely the correction reported in Consumer Banking (down 7.3%, from €948m to €878.8m), through growth by the other divisions and optimization of the cost of funding. The reduction in Consumer Banking is due to the lower margins (in part the result of the mix in terms of new business, which is more biased towards special purpose than personal loans) and lower volumes (as a result of the lockdowns), returning to last year's levels only towards the end of the financial year. By contrast, the other divisions performed well: net interest income reported by Corporate and Investment Banking rose by 5.7% (from €271.4m to €286.9m), helped by higher volumes plus certain non-recurring items (Burgo); NII in Wealth Management rose by 3.7% (from €271m to €281.1m), driven by higher CheBanca! volumes (mortgages and deposits), and growth in lendings by CMB Monaco; the net interest expense reported by the Holding Functions division decreased from €55m to €47.4m, offsetting the lower contribution from the banking book through the increased recourse to the T-LTRO facilities, which enabled the cost of funding to stabilize despite the fall in market interest rates;
- ◆ **Fee income rose 18.2% to a record high of €744.7m** (vs €630.2m), driven by an impressive increase in Corporate and Investment Banking (up 40.9%, from €225.8m to €318.1m) and Wealth Management (up 9.7%, from €306.1m to €335.9m); in detail, investment banking fees reached the highest levels seen in the past five years, on outstanding performances in Equity Capital Markets (€42m) and Corporate Finance (€127.5m), helped by some large deals in the first half of the year and over 50% growth by the Mid-Corporate component (to around €20m); the increase in Wealth Management reflects higher management fees from the Affluent segment (up 25.9%, from €134.6m to €169.5m) and Private Banking (up 11.1%, from €123.9m to €137.7m), on the back of the increase in AUM/AUA and higher profitability;
- ◆ **Net treasury income increased to €197m**, coming back strongly from last year's performance (€136.3m) and basically aligned with pre-Covid levels, following a good performance by the proprietary trading book, which delivered €94.9m (€57.5m of which attributable to the Holding Functions division), plus income from Principal Investing (dividends and other amounts collected in respect of holdings in funds totalling €31m), which offset the slowdown in client activity (which decreased from €85.6m to €60.6m), hit by the excess liquidity on the market which restricted opportunities, in fixed-income trading especially;
- ◆ **The equity-accounted companies' profit** decreased, from €304.3m to €271.7m, due to the reduced contribution from Assicurazioni Generali (from €303.4m to €273.4m; the writedowns and one-off charges taken by the company in 2020 have been part offset by the healthy performance posted in 1Q FY 2021, which contributed €103.2m).



**Operating costs rose by 4%** (from €1,188.9m to €1,238.2m), due to an increase in labour costs of 6% (from €599.3m to €635.3m), due to the resumption of commercial development, plus the increase in remuneration to align it with the Group's results. The increase in administrative expenses was more limited, at 2.2% (up from €589.6m to €602.8m), as a result of savings in travel and entertainment expenses which offset part of the resumption in commercial activity (at CheBanca!, CMB Monaco and Compass in particular), plus the relaunch of the IT investments programme in line with the long-term objectives. **The cost/income ratio remained stable at 47%.**

**Loan loss provisions decreased from €374.9m to €248.8m**, despite an increase in the level of provisioning and reclassifications (to stage 2 and stage 3) made on prudential grounds, in line with the ECB recommendations of end-2020. In particular, **the overlays have been increased to approx. €300m (€85m of which in 4Q)**, which prudentially neutralize the writebacks from the IFRS 9 model deriving from the improvement in the macroeconomic scenario seen in the last six months. Some two-thirds of the overlays are concentrated in Consumer Banking (€200m), 30% in the Large Corporate segment (€90m), and the other 5% in the other divisions. **The Group's cost of risk stands at 52 bps, back to 2019 levels** after the high recorded this time last year (82 bps), **while asset quality and the coverage ratios as at their best levels ever.** Consumer Banking reflects adjustments of €257.6m (vs €324.7m last year), which translates to a cost of risk of 198 bps (247 bps in 2020 and 185 bps in 2019), with coverage ratios which, in part due to the overlays, are near to their all-time highs (NPLs: 75.8%; performing: 3.62%). CIB posted net writebacks of €40.1m, representing the difference between €38.1m in net writedowns in Specialty Finance and writebacks of €78.2m in the Large Corporate segment.

**Net provisions for financial assets** (€48.4m) reflect upward adjustments for funds (€55.5m, €15.5m of which in 4Q), in particular relating to the two main seed investments (RAM up €31.1m, Cairn Capital up €16.5m), comfortably recovering the losses reported last year (€11.7m); this item also reflects writedowns of €7.1m to the banking book securities due to prudent application of the IFRS 9 model.

**Contributions to resolution funds** rose from €59.7m to €73.5m, due to higher payments made to the various rescue schemes: Single Resolution Fund (up from €37.2m to €42.4m), the contribution to the national resolution system (€13.1m, versus €11.1m), and the Italian deposit guarantee scheme (DGS) (which increased from €11.4m to €17.9m, reflecting the pro rata contribution in respect of Carige and Banca Popolari di Bari).

Net profit also reflects **non-recurring items totalling €12.2m**: downward adjustments to goodwill (€21.5m, principally for RAM) and provisions in Consumer Banking following the "Lexitor" ruling (€15m) were offset by income deriving from adhering to the "Patent Box" for the Compass and Mediobanca brands (€13.7m) and tax relief on the Banca Esperia goodwill (€6.8m) pursuant to Article 110 of Italian Decree Law 104/20.

\* \* \*

**Total assets grew from €78.9bn to €82.6bn**, with all items increasing. The main asset items reflect the following performances:

- ◆ **Customer loans rose by 3.7%** (from €46.7bn to €48.4bn), due to growth in CheBanca! mortgages (up 8.1%, from €10.2bn to €11.1bn) and Specialty Finance activities (from €2.1bn to €2.7bn), whereas customer loans in Consumer Banking were more or less stable at €12.9bn (€13bn), recovering in 4Q the gap that had accumulated in the previous two





quarters, as were Large Corporate loans, at €16.5bn (€16.6bn), in a scenario where counterparties are highly liquid, reflecting an increase in early repayments;

◆ **Asset quality shows further improvement:**

- ◆ **Gross NPLs fell to all-time lows**, at €1,597.1m (from €1,954.2m), and represent 3.2% of the loan book. The substantial reduction compared to last year (4.1%) reflects the Group's largest UTP exposure (Burgo) returning to performing status, which takes the corporate NPL ratio to 1.2%, plus the reduction in Consumer Banking (from €1,015.7m to €971.5m, equal to 6.86% of total loans), helped by sales plus the generalized improvement in the risk profile (with reclassifications to default status at record lows);
- ◆ **Even more pronounced reduction in net NPLs**, from €874.2m to €560.2m, now accounting for 1.2% of the loan book, **due to the increase in the coverage ratio (from 55.3% to 64.9%) with a view to covering future uncertainties in view of the still very low default levels**; bad debts in particular remain at very low levels (€72m, just over 0.15% of total loans). NPLs do not include the assets acquired from MBCredit Solutions, which increased from €358.6m to €383.7m in the twelve months, following investments totalling €78.2m (with a nominal amount of €700.8m);
- ◆ **Moratoria decreased to approx. €721.4m (or 1.4% of the gross total loan book)**, and represent around 30% of the total finance granted during the pandemic (€2.5bn, to more than 160,000 clients). Approx. 60% of the stock outstanding is in leasing operations, and the remainder in mortgage lending, while the share attributable to Consumer Banking is entirely residual (at just under €80m).<sup>10</sup> Approx. 80% of loans with moratoria still outstanding have been classified as Stage 2 or Stage 3;
- ◆ **Prudential staging criteria**: at the reporting date, Stage 2 positions amounted to €3,396.1m (7% of the total net loan book), higher than last year (€3,031.7m) in particular due to the reclassifications in Consumer Banking (over €200m) and leasing (approx. €144m for exposures covered by the extension permitted under the "Sostegni Bis" decree law). **Overall, in the twelve months the Group's coverage ratio for performing loans increased by 11 bps to 1.36% (Consumer Banking up 45 bps to 3.62%);**
- ◆ **The increase in funding** (from €54.9bn to €56.2bn) is concentrated in WM deposits (up from €15.3bn to €16.9bn) and the increased recourse to the T-LTRO (from €5.7bn to €7.5bn), while the debt security component remained stable (down slightly, from €18.8bn to €18.4bn); thus **the cost of funding remained stable at 80 bps**, absorbing the reduction in Euribor (benchmark rate) due to the increase in the Wealth Management deposit component

<sup>10</sup> Details on moratoria (gross figures):

Leasing: moratoria granted in connection with leases amount to just under €700m, and more than 85% of them come under the provisions of the "Cura Italia" decree law; of these €427m are still outstanding as at 30 June 2021, but around 40% have not requested extensions, so the original repayment schemes will resume when the moratoria expire starting from July, while the remainder have given notice of their intention to take up the extension granted by law until 31 December 2021

Mortgage lending: moratoria granted in connection with mortgages amount to €652.9m, of which €210.6m still outstanding (1.9% of total loans), following repayments involving approx. 70% (€442.4m). The share classified as Stage 2 amounts to €168.7m, and represents some 80% of the total, plus the share already treated as non-performing (11%, or €22.7m).

Consumer Banking: the moratoria programme in Consumer Banking came to an end on 31 March 2021; a total of €78.6m (just under 7% of the total) are still outstanding, compared with a total granted of €1.3bn; around 90% of the existing stock has been classified as stage 2;

Corporate Finance: Corporate Finance is not affected by moratoria (apart from approx. €5m attributable to factoring), but around forty applications have been received, mainly for the revision of covenants. Nonetheless, some positions have been reclassified as Stage 2 on prudential grounds (for a total of €373m, 2.2% of the total performing loan book).



(which now accounts for 45% of the total), plus the increased benefit deriving from use of the T-LTRO facilities (100 bps premium until end-June 2022);

- ◆ **Banking book securities rise to around €7bn** (up 5%); the share represented by Italian government securities was stable at €3.5bn, with a duration of approx. three and a half years; the OCI reserve rose to €73m (despite realizing gains of €44m), while unrealized gains on investment securities amounted to €94m;
- ◆ **Net treasury assets increase from €6.1bn to €6.4bn** and include €1.8bn in deposits held with the ECB (€3.1bn) and other liquid assets worth approx. €3.4bn, with an increased use of deposits and repos. The net balance of trading instruments (€1.2bn) includes equities (€2.3bn) and debt instruments (€939.4m), which mostly cover the certificates placed with clients (€1.9bn);
- ◆ **Wealth Management TFAs grew by more than €7.9bn (from €63.6bn to €71.5bn)**, on net new money (NNM) of **€3.7bn**, €2.1bn of which in the Affluent segment and €1.4bn in Private Banking, helped by the trend on financial markets (up €4.1bn). **AUM/AUA rose by 16.3% (from €39.8bn to €46.3bn)** and represent **65% of TFAs**.
- ◆ **The Group's capital ratios show further improvement, and include a return to dividends:**
  - ◆ **CET1 ratio phase-in: 16.31%** (31/3/21: 16.25%; 30/6/20: 16.13%); the growth during the year reflects the share of retained earnings (which added 50 bps, net of the cash payout at 70%), the lower deductions to goodwill (adding 15 bps, regarding the adjustments to goodwill for RAM and Messier & Associés), and the higher valuation reserves for proprietary securities (adding 20 bps). Conversely, the deduction for the Assicurazioni Generali investment was higher (minus 30 bps, taking account of the reduction in RWAs), to comply with the stricter concentration limit now calculated at 25% of Tier 1 rather than 25% of total eligible capital (pursuant to CRR II, Article 395).
  - ◆ **CET1 ratio fully loaded<sup>11</sup> rose to 15.08%**, (31/03/21: 14.60%); the increase (50 bps) is higher than for the phase-in definition, as the fully loaded indicator is not affected by the change in the concentration limit;
  - ◆ **The total capital ratio** increased during the twelve months, from 18.82% to **18.91%** (17.94% fully loaded), as a result of the €250m subordinated issue in November 2020;
- ◆ In view of the recent regulatory provisions, the Board of Directors will submit the following proposals to shareholders at the Annual General Meeting to be held in October 2021, subject to authorization from the ECB:
  - ◆ **Dividend per share of €0.66**, in line with a payout ratio of 70% as stated at the start of the financial year. The dividend will be paid on 24 November 2021, with record date 23 November and the shares going ex-rights on 22 November;
  - ◆ **Cancellation of up to 22.6 million treasury shares owned** (already deducted from CET1);
  - ◆ **New buyback scheme (up to 3% of the share capital)** aimed at performance share schemes, acquisitions and including the possibility of cancellation.

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<sup>11</sup> CET1 fully loaded is calculated without the Danish Compromise, i.e. with the Assicurazioni Generali investment fully loaded (minus 110 bps), and IFRS 9 FTA effect applied in full (minus 13 bps).



## Divisional results

### 1. Wealth Management.<sup>12</sup> Increases in revenues (up 7%, to €627m), net profit (up 25%, to €100m), and TFAs (up 12% YoY, to €71bn, of which AUM/AUA up 16% YoY to €46bn) – ROAC 21%

Wealth Management delivered a net profit of €100m for the first time, on revenues up 7.5% (to €627.3m, approx. 54% of which from fee income), with the cost/income ratio down to 75% (vs 77% last year). ROAC increased to 21% (19%). The robust commercial activity, which did not slow during the pandemic, coupled with the buoyant trend on financial markets, drove growth in TFAs (to €71.5bn, up 12.4% YoY), in indirect funding in particular (to €46.3bn up 16.3% YoY and up 5% QoQ), and an increase in the average return of portfolios (ROA up from 84 bps to 87 bps). All the same trends continued in 4Q, with revenues for the three months of €163.4m and a net profit of €26.2m.

In line with the 2019-23 Strategic Plan guidelines, during the twelve months the distribution network was strengthened with the addition of more than 80 professionals, two-thirds since January 2021. CheBanca! has increased its sales force with the addition of 32 new Premier relationship managers (7 of whom in 4Q, making a total of 486) and 51 FAs (18 of whom in 4Q, making a total of 465) working out of 107 branch offices and 98 POS increasingly focused on Premier clientèle. Recruitment in Private Banking (6 bankers) encouraged turnover with the same number of bankers: 131 bankers, 84 of whom on the domestic market.

#### Product offering expansion continues:

- ◆ In the twelve months, the wealth management platform has been expanded further, with seven new distribution agreements signed with third-party asset managers. The following placements have also been successfully completed: Mediobanca SGR's "Mediobanca Diversified Credit Portfolio 2024 and 2026 Target Maturity Fund" (raising total subscriptions of €170m); RAM's "Sustainable Flexible Fund" (€100m); and RAM's "Diversified Alpha Fund" (€90m);
- ◆ The product offering for Wealth Management has been enhanced with a new Asia thematic product (excluding Japan and Global Impact), two further initiatives in luxury real estate investments in private markets operations, and expansion of the "Multi-Manager" product range. The twelve months also saw the first two exits from the investments made by The Equity Club, with the IPO of Philogen, and the completion of the first round of investment in Jakala, as well as the successful placement of Mediobanca BlackRock Co-Investments with soft commitment;
- ◆ There were developments also in digital payments with the launch of a new strategic partnership between CheBanca! and Nexi, which expands the range of payment cards offered to clients, providing them with access to new and advanced services and features.

**NNM reported by the division in 12M totalled €3.8bn**, representing incremental quarter-on-quarter growth (€424m in 1Q, €1.1bn in 4Q) focused in AUM/AUA (€2.5bn, roughly half of which in 4Q). **The two networks' contribution grows in importance (NNM of €4.8bn, €3.4bn of which AUM/AUA)**, and offset the institutional outflows in Asset Management. In particular, the Affluent segment contributed €3.7bn (up 45% on last year), more than half of which AUM/AUA (split equally between the proprietary network and the FAs); while the Private Banking segment contributed €1.1bn (with a share of AUM/AUA virtually unchanged), with a domestic

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<sup>12</sup> Includes the Affluent & Premier segment(CheBanca!), Private Banking (MBPB, CMB Monaco), Asset Management (MB SGR and MB Management Company, Cairn Capital, RAM AI), plus the activities of Spafid.



component attributable to MBPB of €824m (with inflows of AUM/AUA of €1.3bn and outflows of deposits of €0.3bn). Asset Management saw some institutional outflows which totalled €1.6bn (more than 60% of which attributable to Mediobanca SGR, in line with the fund manager's strategy to gradually exit the institutional segment), only in part offset by Cairn Capital (which reported inflows of €626m, with the launch of two new CLOs).

**Total Financial Assets (TFAs) totalled €71.5bn;** of these, €32.5bn (up 17.2% from last year) are attributable to the Affluent segment (€15.6bn in AUM/AUA, up 25%), €29.9bn (up 13.4%) to Private Banking (€21.6bn in AUM/AUA, up 21.1%) and €20.3bn in Asset Management. AUM/AUA (the higher profitability products) increased from €39.8bn to €46.3bn (up 16.3%). The Asset Management division's products placed within the Group rose to €11.3bn (from €9.6bn last year).

**The Wealth Management division posted significant growth in revenues (up 7.5%, from €583.8m to €627.3m), representing incremental quarter-on-quarter growth** (with revenues of €145.8m in 1Q and €163.4m in 4Q), with the fee component increasing in size (from 52.4% to 53.5%) on the back of the increase in indirect funding. The main income sources performed as follows:

- ◆ **Net interest income for 12M rose by 3.7%** (from €271m to €281.1m), on a positive contribution from the Affluent segment (up 7.1%, from €214.1m to €229.3m) driven by higher volumes in mortgages and deposits, which offset the reduction in Private Banking (down 8.6%, from €57.4m to €52.4m), which was widely anticipated in view of the further reductions in market rates (Euro and Dollar);
- ◆ **Fee income rose by 9.7%**, from €306.1m to €335.9m, on a superior contribution from management fees (up 12%, from €332.1m to €372.1m; while the non-recurring component was smaller (stable at €13.2m, linked to performance fees and carried interest). The increase was reflected at both the Affluent segment (up 24.2%, from €101.9m to €126.6m) and in Private Banking (up 14.1%, from €124.1m to €141.6m), offsetting the reduction in Asset Management (from €72.1m to €59.5m).

**Operating costs** increased from €450.8m to €471.5m (up 4.6%), on higher labour costs (up 1.9%, from €236.5m to €241m) reflecting the reinforcement of the commercial structure and the increase in the variable remuneration component due to the excellent results posted by the distribution networks; higher administrative expenses (which were up 7.6%, from €214.3m to €230.5m) chiefly reflect the resumption of project-based activities, IT infrastructure enhancement, plus the CheBanca! advertising campaign; the reduction in costs in Asset Management (from €61.4m to €57.7m) is linked to the RAM efficiency programme.

**Loan loss provisions**, virtually all of which are attributable to CheBanca! mortgage loans, decreased from €20.5m to €18.6m as a result of revision of the macroeconomic scenarios, which would have led to higher writebacks if much of these had not been offset to the more conservative approach adopted to staging for the moratoria still outstanding (more than 90% have been classified as Stage 2 or Stage 3), and with recourse to overlays.

**Customer loans** reported by the division total €14.4bn (30/6/20: €13.2bn); residential mortgages totalled €11.1bn, on new loans of €2.2bn (in line with last year); the share attributable to Private Banking increased from €2.9bn to €3.3bn, with growing contributions from CMB Monaco (from €1.8bn to €2.1bn, representing an increase of 15.9%) and MBPB (from €1.1bn to €1.3bn, an increase of 9%).

Gross NPLs increased from €211.9m to €226.1m (or 1.6% of total loans), and primarily regard CheBanca! mortgage loans (€210.5m, or 1.9% of total loans); while net NPLs account for less than 1% of the total loan book (€116.3m, €43.2m of which bad loans), with the coverage ratio increasing from 45.9% to 48.6% (63.9% for the bad loans). Mortgages classified as Stage 2



increased from €618.5m to €835.1m (just under 8% of the total), with almost one-third of the increase due to reclassification of the moratoria.

**2. Consumer Banking. Net profit (approx. €280m) and ROAC (27%) remain high, while the cost of risk returns to pre-Covid levels (12M: 198 bps; 4Q: 183 bps), reflecting coverage ratios at their best-ever levels (NPLs at 75.8%, performing loans at 3.62%). New loans in 4Q stable at around €1.9bn, 95% of pre-Covid levels, with the loan stock growing again.**

In a difficult market scenario, in which the consumer credit sector has been strongly impacted by the pandemic emergency, with volumes and revenues dropping as a result of the repeated lockdowns, **Compass has confirmed its position as a primary operator, with a top line in excess of €1bn and net profit of €278.9m (ROAC 27%), on the back of its extensive franchise and established capabilities in risk assessment.**

**The sharp reduction in new loans at the start of the pandemic led to a gradual reduction in average volumes, which in turn affected the trend in revenues (down 6.4% YoY). However, customer loans returned to growth in 4Q (up 1% QoQ), on new business levels for the same quarter in line with the average recorded pre-Covid (€1.9bn). The division's effective cost of risk management was borne out in 4Q as well: after the high recorded in 3Q last year, the cost of risk has gradually decreased to pre-Covid levels (12M CoR 198 bps, 4Q CoR 183 bps), while the coverage ratios are at all-time highs (NPLs: 75.8%; performing: 3.62%).**

The Italian consumer credit market reflects a 24% increase in the first six months of 2021, compared to the same period last year which was affected by the strict lockdown imposed between the months of March and May 2020. The loan stock has yet to return to the levels seen at end-June 2019, and personal loans are still penalized in comparison with special purpose loans. In this scenario, **Compass's market share remains at 10%.**

**New loans for the twelve months totalled €6.5bn, stable versus last year due to the 4Q performance (€1.9bn) with the product mix gradually normalizing (in 4Q personal loans equal to approx. 50% of the entire new business). The negative effects of the lockdown have been contained due to enhancement of the distribution structure, which is increasingly extensive and integrated between physical and digital, enhancement of processes, and new commercial initiatives:**

- ◆ **A total of 18 new POS were opened in 12M** (branch offices and agencies, two of which in 4Q), bringing the total to 231 (52 of which agencies). The positive trend in the online channel has continued, which now accounts for approx. 25% of the personal loans granted by the direct channel (with 80% of the applications processed in one day);
- ◆ **Compass's presence in special purpose loans has been strengthened**, this being the main channel by which new clients are obtained, strengthening the commercial partnerships with operators in the large-scale distribution sector in particular;
- ◆ The new product **"Pagolight"** has been launched, a proprietary solution for granting extensions in real time at POS;
- ◆ The twelve months have also seen the commercial launch of a new company, **Compass Rent**, which offers long-term hire solutions for second-hand vehicles readily available at car dealers.



**The Consumer Banking division delivered a net profit of €278.9m for the twelve months, down 6% YoY**, reflecting the trend in revenues but offset in part by the reduction in the cost of risk and careful cost control (cost/income ratio stable at around 30%). The lower profit also reflects provisions of €15m, being set aside to the provision for risks and charges in connection with the “Lexitor” ruling, net of which the reduction in net profit would have been just 1%.

Looking at the results in more detail, **revenues came in at €1,001.8m, down 6.4 % YoY** (down 4% QoQ to €237.9m). Net interest income in particular was down 7.3%, from €948m to €878.8m, on lower average volumes coupled with increased competitive pressure which, along with the effects of the “Lexitor” ruling, generated a reduction in profitability only in part mitigated by the lower cost of funding. Fee income was resilient at €123m, despite a material reduction in the contribution from insurance products (from €61m to €49m) after the sale of healthcare policies was suspended, temporarily offset by the decrease in fees credited back to the distribution network in relation to the new business generated.

**Operating costs** came in at €314.2m, up 3.6%, following a modest increase in labour costs (up €2.2m), a new advertising campaign via television and digital channels, and higher credit recovery costs due to good performances in credit recovering and extraordinary management of the moratoria granted.

Loan loss provisions were down over 20% in 12M, from €324.7m to €257.6m, recovering from the highs recorded at end-March and end-June 2020. The prudential level of the provisioning has been strengthened still further, by complementing the traditional prudence shown in the treatment of non-performing loans with €200m in overlays for performing items, thus offsetting the potential writeback of funds deriving from the low rates of default and the improvement in the macroeconomic scenario. The cost of risk returned to pre-crisis levels, at 198 bps, without affecting the high coverage ratios for non-performing loans (75.8%) and performing loans (3.62%).

**The loan stock** decreased slightly, from €13bn to €12.9bn, in particular in personal loans (down 5.5%, to €6.7bn) and salary-backed finance (down 10.5%, to €1.8bn); while automotive finance bucked this trend (up 18.7%, to €2.8bn), as did other special purpose loans (up 12.5%, to €1.1bn).

**Gross NPLs declined from €1,015.7m to €971.5m**, due to the low rates of default plus good credit recovery flows which enabled some positions to regain performing status. Gross NPLs now represent 6.86% of total loans (7.18%), with the coverage ratio increasing to 75.8% (68.1%), driving net NPLs down from €324.2m to €235.4m, the lowest figure since the new definition of default was adopted (in September 2019) and lower than at end-March 2020 (€290.6m), i.e. pre-pandemic. Net NPLs fell to below €10m, with the coverage ratio at 97.3% and the resumption of disposals, including the revolving share.

### **3. Corporate & Investment Banking: record revenues (€698m) and net profit (€285m); ROAC 16%. The robust trend in fee income continued in 4Q, helped by strong client relationships and buoyant market conditions. Loan book quality continues to reflect best-ever levels**

**Corporate and Investment Banking delivered a record net profit for the twelve months of €284.5m** (up 57.4%), on the back of an outstanding performance in Investment Banking which helped drive **revenues up 21.4% to €698.2m** and keep the cost/income ratio down to 44%. The excellent trend in Wholesale Banking (net profit of €268.2m) absorbed the reduction in Specialty Finance (net profit of €16.3m, versus €25.4m), and allowed **ROAC to increase to 16%**. The 4Q performance (revenues €161.2m, net profit €53m) shows a natural reduction compared



to the previous quarters due to the absence of major deals, but nonetheless confirms the solidity of the revenues, with asset quality remaining at its best-ever levels.

Against a backdrop of strong growth in the M&A market, **has strengthened its leadership position in the domestic market and in France (which now generates some 40% of the Group's advisory revenues), and reinforced its position in the mid cap segment**, where it has become the leading domestic operator as a Private Investment Bank addressing mainly companies that are family-owned and run.

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

Mediobanca has exploited the market conditions, acting as advisor in the most important deals announced on the Italian and French markets, some of which will be concluded between now and year-end 2021. These include: supporting Atlantia in the process to dispose of 88% of ASPI, and advising Enel on the sale of 50% of Open Fiber. The twelve months were also notable for the intense activity levels in the Mid-Corporate space, helped by the Bank's capability to generate synergies between the CIB and Private Banking divisions. Mediobanca has acted as financial advisor in numerous disposals (Arrigoni, Cantiere del Pardo, MIR Healthcare, Poligof), and in Clessidra's acquisition of Casa Vinicola Botter. In addition, Mediobanca's indepth knowledge of the real estate market has enabled the Bank to complete two club deals for properties in prestigious locations in Milan (Via Turati and Piazza Cordusio). Various Mid-Corporate deals have also been announced in 4Q that will be concluded by end-September 2021. Looking at the French market, in addition to the completion of the PSA/FCA merger, the Bank is also involved in the merger between Veolia and Suez, and the acquisition of Borsa Italiana by Euronext. Mediobanca has also taken a leading role in three of the largest public tender offers announced on the Italian stock market, assisting Assicurazioni Generali in its takeover bid for Cattolica, Asterion in its offer for Retelit, and Credito Valtellinese in the offer submitted for it by Crédit Agricole Italy.

In Capital Markets, Mediobanca acted as Global Co-ordinator in the IPO of Seco, and, as testimony to its increasing role at international level, as Joint Bookrunner in the capital increases of Cellnex, Euronext and SSP. In Italy, France and Spain/Portugal, the Bank has also taken leading roles in numerous bond issues (e.g. Inwit, Euronext, Cellnex and Banco Santander), with growing expertise in the ESG segment (Assicurazioni Generali, ADR, and EDP).

**The revenues generated by the CIB division grew by 21.4% in 12M, from €575.1m to €698.2m, the highest levels seen in the past five years, and reflecting a balanced contribution quarter on quarter.** The main income items performed as follows:

- ◆ **Net interest income rose** from €271.4m to €286.9m, despite a lower contribution from Specialty Finance (down 10.3%, from €79.4m to €71.2m), due to the reduction in NPL activities, which was more than offset by the higher NII reported by Wholesale Banking (up from €192m to €215.7m), €8m of which non-recurring (in connection with the Burgo renegotiation);
- ◆ **Fee income grew by 40.9%, from €225.8m to €318.1m:** the increase was attributable to all segments, but in particular the intense activity levels in advisory business and the recovery in Equity Capital Market activities (€41.4m); fees earned by Corporate Finance rose from €112.4m to €127.5m, following the good performance in the Mid Corporate space (where fees increased to €19m); excellent results were also posted by Messier et Associés, which contributed fees of €50m (buoyed by some big tickets). The recovery in acquisition finance is reflected in the higher fees earned by Lending (up from €37.8m to €50.5m), while the increase reported by Specialty Finance (from €34.6m to €48.1m) was driven by higher collections on NPLs;



- ◆ **Net treasury income increased by 19.6%, from €77.9m to €93.2m**, on a major contribution from the proprietary portfolio (€37.4m) which offset the reduction in client business (from €85.6m to €60.6m).

The increase in operating costs (up 11%, from €276.2m to €306.7m) chiefly involves higher labour costs (up 17.3%, from €141m to €165.4m), to align the investment banking bonus pool with the positive performance in revenues; the increase in administrative costs was limited (up 4.5%, from €135.2m to €141.3m), given that the increases related to the resumption of project-based activities (after these were halted brusquely in spring 2020) was offset by the savings on travel- and entertainment-related expenses.

The net result in terms of writebacks credited at the year-end (€40.1m) represents the difference between writebacks of €78.2 posted in Wholesale Banking, and writedowns of €38.1m charged in Specialty Finance (compared with €24.5m) in relation to NPL business, due to the higher extra collections, plus extraordinary adjustments to certain specific portfolios worst affected by Covid-19. The good performance in Wholesale Banking was largely due to the writeback credited in respect of the Burgo exposure (€110m), coupled with the improved macroeconomic scenario given the quality of the loan book (which has been preserved in the twelve months under review), also allowing substantial overlays to be set aside (€90m, €60m of which in 4Q, to offset the writebacks released in connection with the improvement in the scenario).

Loans and advances to customers increased from €18.6bn to €19.3bn, as a result of the good contribution from factoring business (up from €1.8bn to €2.3bn) driven by increased turnover (up 23.3%, to €9.1bn), and new acquisitions of NPLs (approx. €80m, with a nominal amount of €700.8m) while corporate loans were basically stable at €16.6bn (€16.5bn), reflecting the increase in early repayments, with new loans growing to €6.8bn (up 14.2%, mainly investment grade exposures). As at 30 June 2021 there were seven deals with SACE backing outstanding (under the "Liquidity" Decree) for a total exposure of €203m.

Asset quality remains high: gross NPLs (which decreased from €541.6m to €225m) remain at the lowest levels seen in the past decade (1.2% of total loans); while net NPLs total €103.8m (€316.4m), with a coverage ratio of 53.9% (41.6%). As usual these figures do not include the NPLs acquired by MBCredit Solutions (which rose slightly, from €358.6m to €383.7m).

The balance of exposures classified as Stage 2 decreased from €739.4m to €631m (3.3% of the total loan book).

#### **4. Principal Investing: positive contribution to Group earnings (€309m)**, with the solid 4Q performance offsetting the start to the year penalized by certain non-recurring items. **ROAC 14%**

**The Principal Investing division posted a net profit for 12M of €308.6m**, up 4.6% on last year: the reduced contribution from the equity method, which totalled €271.7m (€304.3m), was offset by the positive performance in terms of the valuation of holdings in funds, which contributed €51.8m to earnings, comfortably offsetting the €10.9m net writedowns charged last year. The result also includes dividends from shares, plus €30.7m in income from funds (twice the amount collected last year). In 4Q the division delivered a net profit of €109.9m (up 56.3% QoQ), on the back of the higher contribution from Assicurazioni Generali.

The book value of the Assicurazioni Generali investment increased from €3,163.4m to €3,663.1m, after net profits totalling €273.4m and an increase of €431.2m in the valuation reserve, offsetting the reduction in the dividend collected (€204m). The equity method contribution from the





investee company decreased by 10%, reflecting the unfavourable comparison base with last year (which was boosted by certain contingent assets, such as the proceeds from the disposal of Generali Leben), plus several non-recurring items this year (including the settlement with BTG Pactual over the sale of BSI). The earnings performance of Assicurazioni Generali in the first quarter of the its 2021 financial year was outstanding, and is reflected in the PI division's result for 4Q (€103.2m).

As for other securities, there was an increase in the equity component (from €139.1m to €219m), as a result of new investments (worth approx. €12m) and the increase in fair value (up €68m) taken directly to the net equity reserve. Holdings in funds decreased from €534.8m to €525.2m, after net divestments of €60.1m only in part offset by the positive value adjustments referred to above (adding €51.8m).

## 5. **Holding Functions: comfortable funding position, optimized composition and costs; deleveraging in leasing business ongoing**

The net loss posted by the Holding Functions division decreased from €183.7m to €166.1m, due to higher income from management of the banking book securities (which almost doubled, to €57.5m), made up of gains realized on disposal (€47.9m) and trading positions to hedge operations without affecting the valuation reserve which remains comfortably in positive territory (at over €73m). The improvement was helped also by the reduction in net interest expense (from €92.1m to €83.3m) and the decrease in overheads, which totalled €160.1m (€172.8m), reflecting the reduced contribution of central costs which now account for 8% of the Group's total spending. Conversely, writedowns to customer loans and other financial assets increased, from €15.3m to €20.2m, due to a more prudent classification of leases (CoR 72 bps, vs 51 bps), plus adaptation of the IFRS 9 model used for the banking book securities (down €7.5m).

The main segments performed as follows:

- ◆ **Treasury management: liquidity and funding optimization continues**, with the increase in deposits, efficient access to the debt security market, plus the increased recourse to the T-LTRO 3 facility (up from €5.7bn to €7.5bn). The liquidity indicators all remain at comfortable levels (LCR 158%, and NSFR 116%<sup>13</sup>), and the cost of funding is stable at last year's levels (spread approx. 80 bps) despite the reduction in benchmark rates (down approx. 20 bps in 12M). All this translates to an improvement in net interest expense, which reduced from €92.1m to €83.3m, still penalized by the reduced contribution of the banking book securities, and by liquidity levels optimized only in Q4 (net treasury assets of over €5bn);
- ◆ **Leasing: net profit of €2.5m**, higher than last year's result (€1m) which incorporated the cost of a major staff incentivization scheme (€4.5m). Revenues totalled €39.5m, due to the higher profitability of the lease book. The reduction in costs was more pronounced (down 11.3%, from €23m to €20.4m), due to the lower labour cost component (which decreased from €12.3m to €11.6m) and lower IT and consultancy expenses. Loan loss provisions increased from €9.7m to €12.9m, due to the prudent stance on moratoria adopted (which account for approx. one-third of the lease book), most of which are classified as Stage 2. Customer leases fell slightly (from €1,819.9m to €1,774.1m). Gross NPLs decreased from €185m to €174.5m, and account for 9.4% of the total (9.8%); while net NPLs totalled €104.7m, representing 5.9% of the total, with a coverage ratio of 40%.

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<sup>13</sup> NSFR calculated as from 28 June 2021 in accordance with new CRR requirement pursuant to Regulation (EU) 2019/876.



## Mediobanca S.p.A.

The Mediobanca Group parent company delivered a net profit for the twelve months of €578.4m, a strong increase on the €39.4m posted last year, after collecting dividends from Assicurazioni Generali and Compass Banca worth a combined amount of €405m (€101m last year), plus the generalized improvement in banking revenues (up 31.6%).

Total income increased from €562.9m to €1,019.9m (from €458.7m to €603.5m net of the dividends), with the main items reflecting the following performances:

- ◆ Net interest income rose by 21.1%, from €99.9m to €121m, due chiefly to cost of funding optimization through the increased recourse to the T-LTRO;
- ◆ Net fee and commission income rose by 30.8%, from €231.7m to €303.1m, due to the contribution from Investment Banking which was at best-ever levels (€140.1m) plus growth in Private Banking as well (fees up 16.8%, from €69.7m to €81.4m);
- ◆ Net treasury income was up 41.1%, from €127.1m to €179.4m, on positive performances by the proprietary books (trading and banking), which offset the reduction in client business.

Operating costs grew more slowly, up 4.7%, from €402.7m to €421.8m, despite the higher bonus pool linked to the improvement in results, reflected in the 12.6% increase in labour costs, to some degree offset by the reduction in administrative expenses (down 4.9%) with major savings in travel- and entertainment-related expenses.

Writebacks in respect of loan losses increased from €15.7m to €75.4m, due to the Burgo position being reclassified as performing (with €110m reversed to profit and loss), offsetting the increased recourse to overlays; the net profit of €578.4m was also helped by the fair value recognition of holdings in funds (adding €52.8m) and by one-off tax items (which added €16.2m), offsetting the increase in payments to the Resolution Funds (up 15%, to €45.6m).

On the balance-sheet side, total assets rose from €64.8bn to €72.7bn, on higher customer loans (up 21.6%) covered by higher deposits attributable to CheBanca! (up 38%) plus the increased recourse to the T-LTRO facilities (up €1.8bn).

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## Mediobanca Group ESG Roadmap

The past twelve months have reflected a complex scenario, still strongly affected by the pandemic and its social and economic consequences.

In addition to financial considerations, a growing awareness is becoming established that environmental, social and governance (ESG) issues are fundamental to the long-term performance of a company.

In line with this conviction, a new **Group ESG Policy** has been approved, which incorporates detailed sector guidelines and expands their scope of application.



Mediobanca's recent adhesion to the **Principles for Responsible Banking** goes in a similar direction. Promoted by the **United Nations**, the PRB serve to direct the banking sector towards the Sustainable Development Goals.

The Bank's commitment to the environment, in particular, has been realized with the Group becoming **carbon neutral** by offsetting its direct CO<sup>2</sup> emissions (Scope 1 and 2).

The Group is committed to its human resources as well as to natural resources: **people** are our essential human capital, and the creation of an inclusive workplace, which promotes the full expression of individual potential, is a strategic driver for Mediobanca in reaching its corporate objectives.

The value placed on **diversity** and the promotion of **inclusion policies** have found concrete expression in a project to identify the main issues and to structure an action plan in the following areas: talent selection and retention; career development pathways; remuneration and communication.

Mediobanca was recognized for its commitment to these issues, when it was voted **best in class for representation of women in management boards** (40%), ahead of the market average (37% for listed banks and 15% for unlisted banks),<sup>14</sup> and for the third year running has been included in the **Bloomberg Gender Equality Index (GEI)**.

In line with the Group's commitment to promote social integration, Mediobanca has updated its institutional website with a series of new features to make it easier for persons with different disabilities to use.

The focus on inclusion is also shown in the support the Group has expressed to the **community** and **local area** in which it operates, promoting numerous projects with social impact, including via donations, support and company volunteering activities.

In accordance with the roadmap, the Group has also supported new initiatives to address the social and economic emergency exacerbated by the ongoing pandemic situation. These include in particular the donations made to **Fondazione Mission Bambini** to support the right to education, and to the **Opera San Francesco per i Poveri** and **Pane Quotidiano**, two charities committed to ensuring that food reaches the members of society most in need each day free of charge.

With reference to the qualitative and quantitative ESG targets, the state of progress is consistent with the timeframe provided in the Strategic Plan:

- ◆ **Training: 71% increase** in the number of hours' training to strengthen employee competences (2019-23 Strategic Plan target: up 25%)
- ◆ **Equal opportunities:** procedures implemented to ensure equal representation in staff selection and promotion processes (including specifications for recruitment companies used);
- ◆ **Responsible investing:**
  - ◆ AM: **98.8%** of new investments selected on the basis of ESG as well as financial criteria (2019-23 Strategic Plan target: up 100%)
  - ◆ **€140m** invested in outstanding Italian SMEs (2019-23 Strategic Plan target: €700m)

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<sup>14</sup> Report by the think-tank set up jointly between the Bank of Italy and Consob on the presence of women in the management and supervisory bodies of Italian companies.



- ◆ ESG-qualified funds (SFDR Articles 8 and 9) to represent **33%** of total funds in affluent clients' portfolios<sup>15</sup> (2019-23 Strategic Plan target: 40%<sup>16</sup>);
- ◆ **Support to local community:**
  - ◆ **€7.3m** invested in projects with social and environmental impact;
  - ◆ **43% increase** in MB Social Impact Fund AUM (2019-23 Strategic Plan target: ≥ 20%);
- ◆ **Responsible consumption and production:**
  - ◆ **40%** of spending to suppliers assessed according to ESG criteria (2019-23 Strategic Plan target: 40%)
  - ◆ Customer satisfaction: **CheBanca!** in premier segments:<sup>17</sup> **CSI @81** and **NPS @43** (2019-23 Strategic Plan target: CSI @75 and NPS @30<sup>18</sup>); **Compass: CSI @88.5** and **NPS @62** (2019-23 Strategic Plan target: CSI @85 and NPS @65<sup>19</sup>)
- ◆ **Support for energy transition:**
  - ◆ Issue of **first Mediobanca green bond** (as per 2019-23 Strategic Plan target)
  - ◆ Issue of **carbon neutral fund** by RAM (as per 2019-23 Strategic Plan target)
  - ◆ CheBanca! green mortgages **>5x vs FY20** (2019-23 Strategic Plan target: 50%)
- ◆ **Reduction of direct environmental impact (Scope 1 and 2):**
  - ◆ 94% of electricity to come from renewable sources (2019-23 Strategic Plan target: 94%)
  - ◆ CO<sub>2</sub> emissions to be cut by 15% (2019-23 Strategic Plan target: 27%)<sup>20</sup>
  - ◆ 28% of MB car fleet to consist of hybrid vehicles (2019-23 Strategic Plan target: 90%).

At end-September 2021 the **fourth Consolidated Non-Financial Statement** will be published, which will incorporate certain indicators provided by **Sustainability Accounting Standards Board (SASB)**, where considered applicable, and will contain a first self-assessment in connection with the recommendations made by the **Task Force on Climate-related Financial Disclosures (TCFD)**.

\* \* \*

## Outlook

The good progress being made in the vaccination programme offers grounds for optimism that the improvement in the macroeconomic scenario will continue, despite the upturn in infections and inflationary pressures.

In this scenario, growth in profitable assets is expected, in particular financial assets managed on behalf of clients in the Wealth Management segment and in lending volumes in Consumer

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<sup>15</sup> Affluent segment (deposits of between €50,000 and €500,000).

<sup>16</sup> Original target (30% increase in ESG products in client portfolios) revised upwards, having already been comfortably achieved, in view inter alia of the new SFDR disclosure obligation.

<sup>17</sup> Clients belonging to affluent segment (deposits of between €50,000 and €500,000) and wealthy clients (deposits >€500,000).

<sup>18</sup> Revised from original target: CSI @73, NPS @25.

<sup>19</sup> Revised from original target: NPS @55.

<sup>20</sup> For Scope 1 + Scope 2 market-based, named users.



MEDIOBANCA



Banking and Wealth Management. This in turn should drive growth in revenues, with net interest income gradually recovering despite the ongoing pressure on margins, and net fees consolidating the record levels reported this year, due also to growth in Wealth Management.

The gradual and ongoing enhancement of the distribution network and digital platforms will also continue, coupled with the Group's customary cost control. Asset quality is expected to remain at the excellent levels seen this year.

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1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	12 mths	12 mths	Chg. %
	30/06/2020	30/06/2021	
Net interest income	1,442.2	1,415.0	-1.9%
Net treasury income	136.3	197.0	44.5%
Net fee and commission income	630.2	744.7	18.2%
Equity-accounted companies	304.3	271.7	-10.7%
<b>Total income</b>	<b>2,513.0</b>	<b>2,628.4</b>	<b>4.6%</b>
Labour costs	(599.3)	(635.3)	6.0%
Administrative expenses	(589.6)	(602.8)	2.2%
<b>Operating costs</b>	<b>(1,188.9)</b>	<b>(1,238.1)</b>	<b>4.1%</b>
Loan loss provisions	(374.9)	(248.8)	-33.6%
Provisions for other financial assets	(20.5)	48.4	n.m.
Other income (losses)	(133.4)	(85.6)	-35.8%
<b>Profit before tax</b>	<b>795.3</b>	<b>1,104.3</b>	<b>38.9%</b>
Income tax for the period	(191.1)	(292.3)	53.0%
Minority interest	(3.8)	(4.4)	15.8%
<b>Net profit</b>	<b>600.4</b>	<b>807.6</b>	<b>34.5%</b>

2. Quarterly profit and loss accounts

Mediobanca Group (€m)	FY 19/20				FY 20/21			
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q
	30/09/19	31/12/19	31/03/20	30/06/20	30/09/20	31/12/20	31/03/21	30/06/21
Net interest income	359.1	362.4	360.2	360.5	357.1	363.3	351.0	343.6
Net treasury income	34.7	56.8	(2.9)	47.7	35.8	50.9	64.9	45.4
Net commission income	154.9	173.6	158.8	142.9	189.1	193.7	188.4	173.5
Equity-accounted companies	135.5	48.2	65.8	54.8	44.0	66.9	58.5	102.3
<b>Total income</b>	<b>684.2</b>	<b>641.0</b>	<b>581.9</b>	<b>605.9</b>	<b>626.0</b>	<b>674.8</b>	<b>662.8</b>	<b>664.8</b>
Labour costs	(144.5)	(159.0)	(150.3)	(145.5)	(152.0)	(153.0)	(163.3)	(167.0)
Administrative expenses	(138.1)	(149.5)	(149.5)	(152.5)	(136.0)	(150.1)	(151.2)	(165.5)
<b>Operating costs</b>	<b>(282.6)</b>	<b>(308.5)</b>	<b>(299.8)</b>	<b>(298.0)</b>	<b>(288.0)</b>	<b>(303.1)</b>	<b>(314.5)</b>	<b>(332.5)</b>
Loan loss provisions	(65.1)	(44.4)	(100.0)	(165.4)	(71.8)	(45.9)	(63.7)	(67.4)
Provisions for other fin. assets	3.9	4.8	(41.0)	11.8	13.4	(0.3)	19.0	16.3
Other income (losses)	0.2	(16.0)	(40.5)	(77.1)	—	(33.4)	(42.3)	(9.9)
<b>Profit before tax</b>	<b>340.6</b>	<b>276.9</b>	<b>100.6</b>	<b>77.2</b>	<b>279.6</b>	<b>292.1</b>	<b>261.4</b>	<b>271.2</b>
Income tax for the period	(67.8)	(78.3)	(16.4)	(28.6)	(78.8)	(80.1)	(67.0)	(66.4)
Minority interest	(2.2)	(1.6)	0.4	(0.4)	(0.7)	(1.5)	(1.1)	(1.1)
<b>Net profit</b>	<b>270.6</b>	<b>197.0</b>	<b>84.6</b>	<b>48.2</b>	<b>200.1</b>	<b>210.5</b>	<b>193.3</b>	<b>203.7</b>



3. Restated balance sheet

Mediobanca Group (€m)	30/06/20	30/06/21
<b>Assets</b>		
Financial assets held for trading	8,818.6	11,273.7
Treasury financial assets	9,257.0	8,072.1
Banking book securities	6,824.5	7,150.4
Customer loans	46,685.1	48,413.8
<i>Corporate</i>	16,521.7	16,579.6
<i>Specialty Finance</i>	2,122.5	2,712.7
<i>Consumer credit</i>	13,037.4	12,942.9
<i>Mortgages</i>	10,235.0	11,062.8
<i>Private banking</i>	2,948.6	3,341.7
<i>Leasing</i>	1,819.9	1,774.1
Equity investments	4,009.7	4,579.0
Tangible and intangible assets	1,311.8	1,254.3
Other assets	2,043.0	1,855.4
<b>Total assets</b>	<b>78,949.7</b>	<b>82,598.7</b>
<b>Liabilities</b>		
Funding	54,917.0	56,156.2
<i>MB bonds</i>	18,751.0	18,410.9
<i>Retail deposits</i>	15,276.7	16,919.7
<i>Private Banking deposits</i>	8,530.7	8,290.4
<i>ECB</i>	5,660.8	7,445.4
<i>Banks and other</i>	6,697.8	5,089.8
Treasury financial liabilities	3,988.0	2,890.8
Financial liabilities held for trading	7,956.9	10,063.6
Other liabilities	2,190.3	2,215.9
Provisions	157.4	171.1
Net equity	9,740.1	11,101.1
<i>Minority interest</i>	91.5	88.3
<i>Profit for the period</i>	600.4	807.6
<b>Total liabilities</b>	<b>78,949.7</b>	<b>82,598.7</b>
CET 1 capital	7,745.0	7,689.4
Total capital	9,041.1	8,919.2
RWA	48,030.5	47,159.3

4. Consolidated shareholders' equity

Net equity (€m)	30/06/20	30/06/21
Share capital	443.6	443.6
Other reserves	8,229.9	8,830.4
Valuation reserves	374.7	931.2
- of which: Other Comprehensive Income	71.5	175.8
cash flow hedge	(30.6)	(16.0)
equity investments	341.7	780.4
Minority interest	91.5	88.3
Profit for the period	600.4	807.6
<b>Total Group net equity</b>	<b>9,740.1</b>	<b>11,101.1</b>



5. Ratios (%) and per share data (€)

MB Group	Financial year 19/20	Financial year 20/21
	30/06/20	30/06/21
<b>Ratios (%)</b>		
Total assets / Net equity	8.1	7.4
Loans / Funding	0.85	0.86
RWA density (%)	60.8%	57.1%
CET1 ratio (%)	16.1%	16.3%
Total capital (%)	18.8%	18.9%
S&P Rating	BBB	BBB
Fitch Rating	BBB-	BBB-
Moody's Rating	Baa1	Baa1
Cost / Income	47.3	47.1
Net bad Loans ( <i>sofferenze</i> )/Loans ratio (%)	0.2	0.2
EPS	0.68	0.91
EPS adj.	1.00	0.96
BVPS	10.9	11.8
TBVPS	10.0	10.9
ROTE adj. (%)	10.1	9.2
DPS	0.0	0.66
No. shares outstanding (m)	887.2	887.3

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

12m – June 21 (€m)	WM	Consumer	CIB	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
<b>Total income</b>	<b>627.3</b>	<b>1,001.8</b>	<b>698.2</b>	<b>295.3</b>	<b>21.9</b>	<b>2,628.4</b>
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)
<b>Operating costs</b>	<b>(471.5)</b>	<b>(314.2)</b>	<b>(306.7)</b>	<b>(4.6)</b>	<b>(160.1)</b>	<b>(1,238.1)</b>
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)
<b>Profit before tax</b>	<b>142.6</b>	<b>414.8</b>	<b>434.3</b>	<b>342.5</b>	<b>(231.9)</b>	<b>1,104.3</b>
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)
<b>Net profit</b>	<b>100.2</b>	<b>278.9</b>	<b>284.5</b>	<b>308.6</b>	<b>(166.1)</b>	<b>807.6</b>
Loans and advances to Customers	14,404.5	12,942.9	19,292.3	0.0	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





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

12m – June 20 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	271.0	948.0	271.4	(7.1)	(55.0)	1,442.2
Net treasury income	6.7	—	77.9	15.6	37.5	136.3
Net fee and commission income	306.1	122.6	225.8	—	10.6	630.2
Equity-accounted companies	—	—	—	304.3	—	304.3
<b>Total income</b>	<b>583.8</b>	<b>1,070.6</b>	<b>575.1</b>	<b>312.8</b>	<b>(6.9)</b>	<b>2,513.0</b>
Labour costs	(236.5)	(102.0)	(141.0)	(3.3)	(116.5)	(599.3)
Administrative expenses	(214.3)	(201.2)	(135.2)	(1.0)	(56.3)	(589.6)
<b>Operating costs</b>	<b>(450.8)</b>	<b>(303.2)</b>	<b>(276.2)</b>	<b>(4.3)</b>	<b>(172.8)</b>	<b>(1,188.9)</b>
Loan loss provisions	(20.5)	(324.7)	(20.0)	—	(9.7)	(374.9)
Provisions for other financial assets	(0.5)	—	(3.5)	(10.9)	(5.6)	(20.5)
Other income (losses)	1.8	(4.7)	—	—	(64.3)	(133.4)
<b>Profit before tax</b>	<b>113.8</b>	<b>438.0</b>	<b>275.4</b>	<b>297.6</b>	<b>(259.3)</b>	<b>795.3</b>
Income tax for the period	(32.6)	(141.4)	(92.4)	(2.6)	76.3	(191.1)
Minority interest	(0.8)	—	(2.3)	—	(0.7)	(3.8)
<b>Net profit</b>	<b>80.4</b>	<b>296.6</b>	<b>180.7</b>	<b>295.0</b>	<b>(183.7)</b>	<b>600.4</b>
Loans and advances to Customers	13,183.6	13,037.4	18,644.2	0.0	1,819.9	46,685.1
RWAs	4,951.7	11,800.8	20,027.7	8,121.9	3,128.4	48,030.5
No. of staff	2,021	1,441	630.0	11	817	4,920



## 7. Wealth Management

Wealth Management (€m)	12 mths	12 mths	Chg.%
	30/06/2020	30/06/2021	
Net interest income	271.0	281.1	3.7%
Net trading income	6.7	10.3	53.7%
Net fee and commission income	306.1	335.9	9.7%
Equity-accounted companies	—	—	n.m.
<b>Total income</b>	<b>583.8</b>	<b>627.3</b>	<b>7.5%</b>
Labour costs	(236.5)	(241.0)	1.9%
Administrative expenses	(214.3)	(230.5)	7.6%
<b>Operating costs</b>	<b>(450.8)</b>	<b>(471.5)</b>	<b>4.6%</b>
Loan loss provisions	(20.5)	(18.6)	-9.3%
Provisions for other financial assets	(0.5)	1.9	n.m.
Other income (losses)	1.8	3.5	n.m.
<b>Profit before tax</b>	<b>113.8</b>	<b>142.6</b>	<b>25.3%</b>
Income tax for the period	(32.6)	(42.4)	30.1%
Minority interest	(0.8)	0.0	n.m.
<b>Net profit</b>	<b>80.4</b>	<b>100.2</b>	<b>24.6%</b>
Loans and advances to customers	13,183.6	14,404.5	9.3%
New loans (mortgages)	2,173.2	2,219.6	2.1%
<u>TFA (Stock, € bn)</u>	63.6	71.5	12.4%
-AUM/AUA	39.8	46.3	16.2%
-Deposits	23.8	25.2	5.9%
AUC (€ bn)	5.0	6.0	20.1%
TFA (Net New Money, € bn)	3.3	3.8	18.1%
-AUM/AUA	2.0	2.5	25.7%
-Deposits	1.3	1.3	6.2%
No. of staff	2,021	2,037	0.8%
RWAs	4,951.6	5,217.0	5.4%
Cost / income ratio (%)	77.2%	75.2%	
Net bad Loans (sofferenze)/Loans ratio (%)	0.4	0.3	
ROAC	19%	21%	



## 8. Consumer Banking

Consumer Banking (€m)	12 mths	12 mths	Chg.%
	30/06/2020	30/06/2021	
Net interest income	948.0	878.8	-7.3%
Net trading income	—	—	n.m.
Net fee and commission income	122.6	123.0	0.3%
Equity-accounted companies	—	—	n.m.
<b>Total income</b>	<b>1,070.6</b>	<b>1,001.8</b>	<b>-6.4%</b>
Labour costs	(102.0)	(104.2)	2.2%
Administrative expenses	(201.2)	(210.0)	4.4%
<b>Operating costs</b>	<b>(303.2)</b>	<b>(314.2)</b>	<b>3.6%</b>
Loan loss provisions	(324.7)	(257.6)	-20.7%
Provisions for other financial assets	—	0.0	n.m.
Other income (losses)	(4.7)	(15.2)	n.m.
<b>Profit before tax</b>	<b>438.0</b>	<b>414.8</b>	<b>-5.3%</b>
Income tax for the period	(141.4)	(135.9)	-3.9%
Minority interest	—	—	n.m.
<b>Net profit</b>	<b>296.6</b>	<b>278.9</b>	<b>-6.0%</b>
Loans and advances to customers	13,037.4	12,942.9	-0.7%
New loans	6,380.8	6,460.4	1.2%
No. of branches	172	179	4.1%
No. of agencies	41	52	26.8%
No. of staff	1,441	1,446	0.3%
RWAs	11,800.8	11,779.2	-0.2%
Cost / income ratio (%)	28.3%	31.4%	
Net bad Loans (sofferenze)/Loans ratio (%)	0.1	0.1	
ROAC	31%	27%	



### 9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	12 mths	12 mths	Chg.%
	30/06/2020	30/06/2021	
Net interest income	271.4	286.9	5.7%
Net treasury income	77.9	93.2	19.6%
Net fee and commission income	225.8	318.1	40.9%
Equity-accounted companies	—	—	n.m.
<b>Total income</b>	<b>575.1</b>	<b>698.2</b>	<b>21.4%</b>
Labour costs	(141.0)	(165.4)	17.3%
Administrative expenses	(135.2)	(141.3)	4.5%
<b>Operating costs</b>	<b>(276.2)</b>	<b>(306.7)</b>	<b>11.0%</b>
Loan loss provisions	(20.0)	40.1	n.m.
Provisions for other financial assets	(3.5)	2.2	n.m.
Other income (losses)	—	0.5	n.m.
<b>Profit before tax</b>	<b>275.4</b>	<b>434.3</b>	<b>57.7%</b>
Income tax for the period	(92.4)	(147.0)	59.1%
Minority interest	(2.3)	(2.8)	21.7%
<b>Net profit</b>	<b>180.7</b>	<b>284.5</b>	<b>57.4%</b>
Loans and advances to customers	18,644.2	19,292.3	3.5%
<i>of which purchased NPL (MBCreditSolutions)</i>	358.8	384.0	7.0%
No. of staff	630	635	0.8%
RWAs	20,027.7	19,924.8	-0.5%
Cost / income ratio (%)	48.0%	43.9%	
Net bad Loans (sofferenze)/Loans ratio (%)	0.0	0.0	
ROAC	13%	16%	



## 10. Principal Investing

PI (€m)	12 mths	12 mths	Chg. %
	30/06/2020	30/06/2021	
Net interest income	(7.1)	(7.1)	n.m.
Net treasury income	15.6	30.7	n.m.
Net fee and commission income	—	—	n.m.
Equity-accounted companies	304.3	271.7	-10.7%
<b>Total income</b>	<b>312.8</b>	<b>295.3</b>	<b>-5.6%</b>
Labour costs	(3.3)	(3.6)	9.1%
Administrative expenses	(1.0)	(1.0)	n.m.
<b>Operating costs</b>	<b>(4.3)</b>	<b>(4.6)</b>	<b>7.0%</b>
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	(10.9)	51.8	n.m.
Other income (losses)	0.0	—	n.m.
<b>Profit before tax</b>	<b>297.6</b>	<b>342.5</b>	<b>15.1%</b>
Income tax for the period	(2.6)	(33.9)	n.m.
Minority interest	0.0	—	n.m.
<b>Net profit</b>	<b>295.0</b>	<b>308.6</b>	<b>4.6%</b>
Equity investments	3,204.6	3,702.8	15.5%
Other investments	673.9	744.2	10.4%
RWAs	8,121.9	7,246.0	-10.8%
ROAC	18%	14%	

## 11. Holding Functions

Holding Functions (€m)	12 mths	12 mths	Chg. %
	30/06/2020	30/06/2021	
Net interest income	(55.0)	(47.4)	-13.8%
Net treasury income	37.5	57.5	53.3%
Net fee and commission income	10.6	11.8	11.3%
Equity-accounted companies	—	—	n.m.
<b>Total income</b>	<b>(6.9)</b>	<b>21.9</b>	<b>n.m.</b>
Labour costs	(116.5)	(121.1)	3.9%
Administrative expenses	(56.3)	(39.0)	-30.7%
<b>Operating costs</b>	<b>(172.8)</b>	<b>(160.1)</b>	<b>-7.3%</b>
Loan loss provisions	(9.7)	(12.7)	30.9%
Provisions for other financial assets	(5.6)	(7.5)	33.9%
Other income (losses)	(64.3)	(73.5)	14.3%
<b>Profit before tax</b>	<b>(259.3)</b>	<b>(231.9)</b>	<b>-10.6%</b>
Income tax for the period	76.3	67.5	-11.5%
Minority interest	(0.7)	(1.7)	n.m.
<b>Net profit</b>	<b>(183.7)</b>	<b>(166.1)</b>	<b>-9.6%</b>
Loans and advances to customers	1,819.9	1,774.1	-2.5%
Banking book securities	5,611.5	6,120.0	9.1%
RWAs	3,128.4	2,992.3	-4.4%
No. of staff	817	792	-3.1%



12. Statement of comprehensive income

	12 mths	12 mths
	30/06/2020	30/06/2021
<b>10. Gain (loss) for the period</b>	<b>601.4</b>	<b>809.2</b>
<b>Other income items net of tax without passing through profit and loss</b>	<b>0.7</b>	<b>47.4</b>
20. Equity instruments designated at fair value through other comprehensive income	3.1	64.1
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(1.7)	(5.7)
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income	—	—
50. Property, plant and equipment	—	—
60. Intangible assets	—	—
70. Defined-benefit plans	(2.3)	2.0
80. Non-current assets and disposal groups classified as held for sale	—	—
90. Portion of valuation reserves from investments valued at equity method	1.5	(13.0)
<b>Other income items net of tax passing through profit and loss</b>	<b>(222.3)</b>	<b>508.9</b>
100 Foreign investment hedges	(3.2)	1.4
110 Exchange rate differences	5.5	0.5
120 Cash flow hedges	11.2	15.2
130 Hedging instruments (non-designated items)	—	—
140 Financial assets (different from equity instruments) at fair value through other comprehensive Income	(15.4)	40.1
150 Non-current assets and disposal groups classified as held for sale	—	—
160 Part of valuation reserves from investments valued at equity method	(220.4)	451.8
<b>170 Total other income items net of tax</b>	<b>(221.6)</b>	<b>556.2</b>
<b>180 Comprehensive income (Item 10+170)</b>	<b>379.8</b>	<b>1,365.4</b>
190 Minority interest in consolidated comprehensive income	1.5	2.3
<b>200 Consolidated comprehensive inc. attributable to Mediobanca S.p.A.</b>	<b>378.3</b>	<b>1,363.1</b>



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

Mediobanca S.p.A. (€m)	12 mths	12 mths	Chg.%
	30/06/2020	30/06/2021	
Net interest income	99.9	121.0	21.1%
Net treasury income	127.1	179.4	41.1%
Net fee and commission income	231.7	303.1	30.8%
Dividends on investments	104.2	416.4	n.m.
<b>Total income</b>	<b>562.9</b>	<b>1,019.9</b>	<b>81.2%</b>
Labour costs	(221.9)	(249.8)	12.6%
Administrative expenses	(180.8)	(172.0)	-4.9%
<b>Operating costs</b>	<b>(402.7)</b>	<b>(421.8)</b>	<b>4.7%</b>
Loan loss provisions	15.7	75.4	n.m.
Provisions for other financial assets	(21.8)	44.1	n.m.
Impairment on investments	(61.4)	(1.6)	n.m.
Other income (losses)	(39.7)	(29.4)	-25.9%
<b>Profit before tax</b>	<b>53.0</b>	<b>686.6</b>	<b>n.m.</b>
Income tax for the period	(13.6)	(108.2)	n.m.
<b>Net profit</b>	<b>39.4</b>	<b>578.4</b>	<b>n.m.</b>

Mediobanca S.p.A. (€m)	30/06/2020	30/06/2021
<b>Assets</b>		
Financial assets held for trading	9,214.7	11,336.8
Treasury financial assets	10,306.8	10,122.1
Banking book securities	9,592.2	8,716.0
Customer loans	30,507.4	37,103.6
Equity Investments	4,089.0	4,475.1
Tangible and intangible assets	168.4	167.1
Other assets	959.4	782.8
<b>Total assets</b>	<b>64,837.9</b>	<b>72,703.5</b>
<b>Liabilities and net equity</b>		
Funding	46,273.9	52,045.0
Treasury financial liabilities	4,614.1	3,826.5
Financial liabilities held for trading	8,351.7	10,342.4
Other liabilities	762.7	937.6
Provisions	121.6	136.5
Net equity	4,674.5	4,837.1
Profit of the period	39.4	578.4
<b>Total liabilities and net equity</b>	<b>64,837.9</b>	<b>72,703.5</b>

As required by Article 154-bis, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the stated accounting information contained in the report conforms to the documents, account ledgers and book entries of the company.

Head of company financial reporting

Emanuele Flappini

Fine Comunicato n.0187-55

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