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Testo del comunicato

Vedi allegato.

MEDIOBANCA

MEDIOBANCA
BOARD OF DIRECTORS' MEETING

Financial statements as at 31 March 2022 approved

Milan, 11 May 2022

MEDIOBANCA

Growth, sustainability and stakeholder remuneration

9M: growth trajectory unchanged

Revenues up 9%[1] (to €2,147m),
with NII up 3% (to €1,106m) and fees up 13% (to €645m)

Net profit up 19%[1] (to €716m), ROTE[2] 10%

9M EPS €0.83 (up 22%[1]), TBVPS €11.2 (up 4%[1])

3Q: strong commercial performance and high fees/earnings contribution

New loans: Consumer Finance €1.9bn (up 18% YoY), Large Corporate €1.7bn, NNM €2.5bn (€6.9bn in 9M, up 2.5x YoY), TFAs €80bn (up 1% QoQ, up 16% YoY), high Investment Banking activity levels

Revenues approx. €700m, of which fee income €202m
Net profit €190m

Remuneration unchanged with payout ~100%

Buyback in progress (2% acquired out of 3% total buyback)
70% cash payout accrued

New progress made in ESG roadmap

Lead Independent Director appointed
Diversity & inclusion objectives defined

Group strongly positioned in new macro scenario

Leadership in business segments with high structural growth
Excellent asset quality

No material exposure to Russia/Ukraine risk
High diversification, default rates at record lows, coverage ratios at all-time highs, overlays intact at approx. €300m

Strong capital position and low risk profile

CET1 ratio stable at 15.3%,[3] minimal exposure to market risk

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1 YoY chg.: 9M to end-March 2022 vs 9M to end-March 2021; QoQ chg.: 3M to end-March2022 vs 3M to end-December 2021.

2 ROTE/EPS adj.: calculated using net profit adjusted for writedowns/impairment charges to equity investments and securities and for other positive/negative non-recurring items.

3 CET1 phase-in, internal calculation which differs from the Common Reporting (COREP) because of the inclusion of the profit generated in the period (not subject to authorization pursuant to Article 26 of CRR) and based on the assumption of a 70% payout. Retained earnings contribute 15 bps to the CET1 ratio.

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The Mediobanca Group continued on its growth path in the nine months, delivering strong business and profitability levels in 3Q as well:

- **Strong commercial performance: TFAs have now exceeded €80bn** (up 1% QoQ, up 16% YoY), driven by Net New Money (**NNM of €6.9bn in 9M, 2.5x higher than at 9M 2020-21, and of €2.5bn in 3Q**,), with limited market effect (down 2% in 3Q). **Customer loans rose to €51bn** (up 7% YoY, stable QoQ), on growth by all divisions, with Consumer Finance in particular continuing to grow (new loans of €5.6bn, up 23%, €1.9bn of which in 2Q). **CIB, on the back of two record quarters and despite the market volatility, delivered robust progress in advisory business,** growth in the **Mid Corporate segment, and solid Lending and Capital Markets operations, with no exposure to Russian/Ukrainian counterparties.**
- **Material growth in revenues** (€2,147m, up 9% YoY), **with NII increasing and double-digit growth in fees. The top-line performance in 3Q was high, albeit below the level posted in 2Q** (revenues €688m, down 9% QoQ), **as a result of the anticipated reduction in certain non-recurring items**:
  - **Net interest income came in at €1,106m (up 3% YoY),** due to the recovery in Consumer Finance (up 5% YoY, to €699m) on the back of improvement in volumes, quantity and mix, plus good cost of funding management at Group level; the slight QoQ reduction in 3Q, of 1% QoQ (to €373m) is due exclusively to the fewer number of days in the quarter plus certain non-recurring items;
  - **Fees and commissions totalled €645m (up 13% YoY),** driven by strong growth in Wealth Management (up 28% YoY, to €317m), plus a high contribution from CIB (up 7% YoY, to €266m); in 3Q, despite the QoQ reduction (16%) due to the absence of non-recurring items, fees remained at €202m, above the already high level of €200m achieved in all the last three quarters. The reduction is due to the resumption of normalized levels in CIB advisory business, after the record results delivered at end-December 2021 (on the French market in particular) and also in WM (performance fees and upfront fees from the BlackRock private markets initiative);
  - **Net trading revenues of €132m were posted** (down 13% YoY), attributable to the market volatility in 3Q and to lower gains realized on disposals of banking book holdings.
- **Cost/income ratio: 45%**, including the ongoing investments in distribution and innovation.
- **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 52 bps (45 bps in 3Q). Overlays remain untouched at approx. €290m. NPLs decreased further in 3Q** (gross NPLs represent 2.7% of the total loan book and net NPLs 0.9%), **as did loans classified as Stage 2** (gross: 6.9% of total loans; net: 6.4%). **Improvement also in the coverage ratios** (68% for NPLs and 1.3% for performing loans; the latter rises to 3.81% for Consumer Finance).
- **Net profit totalled €716m** (up 19% YoY), with **ROTE adj. at 10%** (31/3/21: 9%). In 3Q a net profit of €190m was reported, down 28% QoQ, reflecting the higher payments to the banking system funds (€51m in 3Q, compared with €26m in 2Q).

- **Growth in per share ratios,** due to higher profits, plus the cancellation of 22.6 million treasury shares at end-December 2021: **9M EPS €0.83 (up 22% YoY), TBVPS €11.2 (up 4% YoY). An additional buyback scheme is also underway, involving up to 3% of the share capital, 2% of which has already been completed, with the shares expected to be cancelled by the summer;**
- **Capital base remains high: CET1 phase-in ratio 15.3%[4] (down 10 bps in 3Q), with the impact of market volatility negligible. The ratio reflects a cash dividend payout of 70% of the reported net profit,** and factors in **the full impact of the share buyback scheme** launched in December 2021. **Fully loaded, the CET1 ratio stands at 14.0%[5]** (31/12/21: 14.1%; 30/6/21: 15.1%).

The divisions, thanks to their solid market positions, delivered material growth despite the current macro uncertainty:

- **WM: growth, specialization, impact of Russia/Ukraine conflict minimal**

  In 9M: improving profitability (ROAC[6] 29%, up 7pp YoY), **net profit** (up 43% to €106m), **and revenues** (up 17% to €543m), with the **cost/income ratio down 4pp to 70%. TFAs have exceeded €80bn, and were impacted only slightly by the market effect in 3Q (down 2%). NNM rose by threefold to €6.9bn, on a strong contribution of €2.5bn for 3Q, two-thirds of which in AUM. 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 13 professionals added in the three months, and 79 in the last year, for a total of over 1,000). **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 digital upgrade** (in particular the new CheBanca! investments app). **Marco Carreri was appointed Chairman at CheBanca!** at the beginning of May.

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

  9M: profitability improving (ROAC[5] 34%, up 6pp YoY), net profit (up 32%) to record level of €284m, cost/income ratio 29%. New loans have resumed growth (€5.6bn in 6M, €1.9bn in 3Q, with record values in March of over €0.6bn) and an improvement in the product mix (approx. 47% personal loans, as compared with 43% in 9M 2020-21, and 52% pre-Covid), driven by **enhancement of the direct distribution** (9 new branches in 9M, for a total of 240) **and the digital channel** (personal loans via digital now account for 26% of the total direct channel, "Pagolight" Buy Now Pay Later scheme launched with approx. €40m granted in the form of deferred payments). **Asset quality excellent** (cost of risk 144 bps in 9M, 141 bps in 3Q): risk indicators near their lowest ever levels, moratoria now at an end, NPLs represent just 1.2% of total loans on a net basis, coverage ratio up to 81% of NPLs and 3.81% of performing loans.

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4 Cf. footnote 3.

5 The fully-loaded ratio of 14.0% has been calculated without the Danish Compromise, i.e. with the Assicurazioni Generali investment fully deducted (~120 bps) and with full application of the IFRS 9 FTA effect (~10 bps).

6 ROAC: calculated using adjusted net profit (cf, footnote 3)/average capital allocated; allocated capital = 9% RWAs (for the PI division: 9% RWAs + capital deducted from CET1).

- **CIB: profitable, diversified and low-risk**

  9M: ROAC[5] 13%, net profit €182m (down 21% YoY), **revenues €548m, reflecting further growth** from last year's already high result (€537m), **driven by a strong and diversified contribution from fees (€267m, up 7% YoY), borne out in 3Q as well (€80m) despite the anticipated normalization of results in French advisory business following the record performance delivered in 2Q** (fees of approx. €37m). The year-on-year reduction in profit is due exclusively to non-recurring items, and 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 (€25m in prudential adjustments with a view to reduction, booked in 2Q). **The division's efficiency has been confirmed (cost/income ratio 44%), 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. **Giovanni Baldelli was appointed Co-Head of CIB** at the beginning of May.

- **PI: material growth in contribution**

  9M: ROAC[5] 13%, net profit €251m (up 26% YoY), with no substantial non-recurring items of the kind that impacted on last year's result. The exposure to the insurance industry makes a material contribution to the Mediobanca Group's revenues **diversification and decorrelation** relative to the macro scenario.

- **Holding Functions: good deposit gathering capability confirmed, enabling the liquidity position accumulated at end-December 2021 (€59bn) to be maintained** with a view to addressing the current uncertainty. **The positive trend in deposits has continued, as has attentive cost of funding management, through diversified issues at competitive costs (over €2bn in medium-term issues placed since the war started, including €0.5bn in ABS with Compass loans as the underlying instrument in April 2022). NSFR 111%, LCR 155%.**

MB Group 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 become a supporter of the **Task Force on Climate-related Financial Disclosures (TCFD)** set up to ensure greater transparency in climate-related disclosures. Several projects have also been approved in the social area during the three months, 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 Group's individual and consolidated financial statements for the period ended 31 March 2022, as illustrated by Chief Executive Officer Alberto NAGEL.

MEDIOBANCA

E-MARKET SDIR CERTIFIED

Consolidated results

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

Revenues were up 9.3% (from €1,963.6m to €2,147.1m), **GOP rose by 13.4%** (from €876.7m to €994.5m), and **net profit** climbed 18.5% (from €603.9m to €715.9m), with the **cost/income ratio reducing to 44.6%** (down 1pp) and profitability up (**ROTE 10%,** up 1pp).

The third quarter shows strong commercial activity and healthy profitability (revenues €687.7m, net profit €190.1m), **confirming the effectiveness of the Group's specialized, diversified, and low-risk business model.**

The main income items performed as follows:

- **Net interest income rose by 3.2% in the nine months** (up from €1,071.4m **to €1,106m**, €372.5m of which in 3Q), **driven by a strong performance in Consumer Banking (up 5.2%,** from €664.4m to €698.8m, €236.6m of which in 3Q) which was the leading Group contributor with new loans and loan stock now back to pre-Covid levels, and **Wealth Management (up 4.7%,** from €209m to €218.9m, €72.3m in 3Q) due to the ongoing reduction in the cost of funding. Conversely, NII in Corporate & Investment Banking was down 2.6% (from €218.8m to €213.1m; €72.8m in 3Q), with the contribution from Wholesale Banking (down 5.3%, from €165.3m to €156.6m; €53.3m in 3Q) reflecting the reduction in credit spreads and an increased contribution in Specialty Finance (up 5.6%, from €53.5m to €56,5m; €19.5m in 3Q) driven by the turnover in factoring. Net interest expense incurred by the Holding Functions division increased slightly, from €34.4m to €39.5m, reducing the impact of the higher liquidity position through management of the cost of funding (down 5 bps to approx. 60 bps, despite the T-LTRO premium being split until the individual tranches' expiry (2023); **there was a slight reduction in 3Q** (from €375.1m to €372.5m) **due exclusively to the fewer number of days plus certain non-recurring items** (approx. €5m in net income attributable to HF was booked in 2Q, linked primarily to the collection of coupons on non-index-linked stocks;

- **Net fee and commission income rose by 12.9%**, from €571.2m to €645.1m, €201.9m of which in 3Q, reflecting fine performances in Wealth Management (up 28.4%, from €246.9m to €316.9m, €103.7m of which in 3Q) and Corporate and Investment Banking (up 6.9%, from €249.4m to €266.5m, €79.5m of which in 3Q). There was growth compared to last year in the recurring fee component in Wealth Management (up 23.9%) and in upfront fees from placements (from €28.9m to €45m, roughly one-third of which in connection with the BlackRock private markets initiative), whereas Corporate and Investment Banking surpassed last year's result (up 6.9%) on the back of an outstanding performance in advisory business (up 23%, from €103m to €126m, driven by record fee income posted by Messier et Associés of €50.6m) and growth in lending (from €37.9m to €41.9m). Fees remained high in 3Q (at €201.9m) with management fees in WM stable and a solid contribution from domestic lending, markets and advisory business in CIB. The quarter-on-quarter reduction (2Q: €240.5m) reflects the anticipated normalization in French advisory business, and lower upfront fees;

- **Net trading income declined** from €151.6m to €132.4m, reflecting the reduction in income from the proprietary portfolio (from €74.6m to €47.4m) due to the lower gains realized on disposals of banking book securities (from €42m to €19.8m); client trading returned to decent levels (up 30.9%, from €46.6m to €61m), following a good performance by the equity side (€53.5m), in addition to the recovery in certificates activity. Dividends and other income in Principal Investing contributed €20.5m (near to last year's levels). The result for the three months (€35.4m) was lower than for the previous two quarters (1Q: €47m; 2Q: €50m), the lower contribution from the trading book being offset by the higher banking book profits and good client business in the Markets area;

- **The equity-accounted companies contributed a net profit of €263.6m,** compared with €169.4m last year (up 55.6%), reflecting the good quarterly performance by Assicurazioni Generali (€76.9m);

- **Operating costs totalled €957.7m, up 5.8%** on last year (€905.6m), with a balanced contribution between labour costs (up 5.6%, from €468.3m to €494.5m, €165.9m of which in 3Q) and other administrative expenses (up 5.9%, from €437.3m to €463.2m, €158.4m of which in 3Q). Approx. 70% of the increase in labour costs regards Wealth Management (strengthening of the commercial network), and the rest was split equally between Wholesale Banking (up 3.1%, as a result of the retention policies adopted in investment banking) and Consumer Banking (up 3.7%). Wealth Management is also the highest contributor to administrative expenses (up 12.3%), reflecting certain innovation projects launched during the year (launch of the new CheBanca! app and the advisory/front-end banker platform in the Private Banking division), followed by Corporate and Investment Banking (up 11.9%), which reflects the resumption of travel and entertainment expenses, plus the generalized increase in business volumes; conversely, operating costs in Consumer Finance dropped by 3.8%, on lower credit recovery costs (down 17%) which offset the investments in the new commercial initiatives, in particular in connection with the PagoLight platform, active in the Buy Now Pay Later segment.

- **Loan loss provisions rose by 7.4%,** from €181.4m to €194.9m (€57.6m in 3Q), with the cost of risk at record-low levels (52 bps in 9M, 45 bps in 3Q), despite the one-offs recorded in 1H (€35m for the MBCredit Solutions NPLs portfolio and for leasing) and preserving the amount of overlays intact (approx. €290m) in the light of future uncertainties. The Corporate and Investment Banking division reflects net provisioning of €21.6m (compared with net writebacks of €42.4m for last year, with net provisions of €3.8m in 3Q), representing the balance between the sharp reduction in writebacks recorded in Wholesale Banking (which fell from €66.2m to €36.2m, €6.2m of which in 3Q) and the increase in loan loss provisions in Specialty Finance (which rose from €23.8m to €57.8m, €10m of which in 3Q). Conversely, the reduction in provisioning for Consumer Finance (which declined from €198.9m to €143m, €47.1m of which in 3Q) reflects risk indicators and credit recovery performances markedly better than pre-Covid levels for the first months of 2022 as well; the cost of risk stood at 144 bps for 9M (206 bps last year) and 141 bps for 3Q. The overlays were increased in the three months, from €204m to €210.2m.

- **Net profit for the nine months rose by 18.5%, to €715.9m** (€190.1m of which in 3Q), reflecting:

  - Provisions for other financial assets totalling €6.6m, €7.8m of which in 3Q, mostly due to the holdings in seed capital and private equity funds being marked to the most prices/NAV available;

  - Other gains and losses of €87m, €52.5m of which accruing in 3Q and mostly related to the ordinary payment to the Single Resolution Fund (which rose from €42.5m to €51.1m);

  - Income tax of €176.4m, €56m of which in 3Q; tax on ordinary income (net of the one-offs booked to 1H) amounted to €213.4m, at a tax rate of 23.6% (27.1% last year).

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Turning to the balance-sheet data, total assets amounted to €88.6bn (up 6% YoY, flat in 3Q), with the main items reflecting the following performances:

- **Customer loans were up 7% YoY to €51bn**, remaining virtually unchanged in 3Q. Positive contributions were delivered by all divisions: Consumer Banking up 6% YoY (to €13.5bn, up €0.2bn in 3Q), Private Banking up 13% YoY (to €3.8bn, up €0.3bn in 3Q), Corporate and Investment Banking up 10% YoY (to €20.8bn, down €0.2bn in 3Q due to the seasonality of the factoring business), CheBanca! mortgage loans up 3% YoY (to €11.3bn, flat in 3Q); the process of deleveraging from leasing continues (leases outstanding were down 8% YoY to €1.6bn, down €0.1bn in 3Q). New loans in Consumer Banking totalled €5.6bn in 9M (up 22.6% YoY), returning to levels last seen three years ago. New business was stable in both corporate lending (at €6.6bn, compared with €6.8bn) and leasing (down from €250m to €254m), while the turnover in factoring rose by 21.1% to €7.9bn; mortgage loans granted declined to €1.5bn (down 12.5% on last year).

- **The Group's loan book has no direct exposures worth noting 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 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;

- **Gross NPLs decreased** to €1,430.4m, from €1,470.5 at end-December 2021 and from €1,597m at end-June 2021, declining in relative terms also, from 2.8% of total loans at end-December 2021 and 3.2% at end-June 2021% to 2.7%. The prudent provisioning policy (the coverage ratio rose to 68.4%, up from 66.9% at end-December 2021 and 64.9% at end-June 2021) is reflected in the reduction of net NPLs to €452.4m (down from €487.1m at end-December 2021 and from €560.2m at end-June 2021), representing just under 1% of total loans. This item does not include the NPLs acquired by the Group and managed by MBCredit Solutions, the book value of which fell during the three months from €408.6m to €392.6m, due to launch of the deleveraging process;

- **Positions classified as Stage 2 also decreased slightly in the three months,** to €3,253.2m (versus €3,261.6m at end-December 2021 and €3,396.1 at end-June 2021), due to the positive conclusion of the moratoria in the leasing business;[7]

- **Banking book securities totalled €7.9bn,** €3.3bn of which in Italian government securities (with a duration of approx. 3 years); the OCI reserve fell from €48.7m to €35.9m in the three months, after gains of €4m were realized; unrealized gains on fixed assets decreased to €20.9m (31/12/21: €116.9m);

- **Net treasury assets remained high in 3M, at €6.4bn**, despite reflecting a different composition as a result of the market situation: the equity and bond component has reduced (by €1.7bn), offset by the increase in short-term deposits (current accounts and ECB deposits of €6.5bn,

[7] As at 31 March 2022, the moratoria outstanding amount to approx. €41m (0.1% of total loans, gross), down sharply compared to the high recorded in May 2020 (when the moratoria accounted for 5% of total loans), and represent approx. 2% of the total amount granted during the pandemic (€2.5bn). The remaining volumes are concentrated in mortgage lending (€37.7m) and leasing (€3.2m), whereas virtually all the moratoria granted in Consumer Finance have been repaid. The few cases outstanding have been subjected to a prudent valuation process, and have been classified as either Stage 2 (86%) or Stage 3 (14%) (gross figures).

€1.6bn of which tiering) with a view to stabilizing the liquidity metrics and addressing the strong uncertainty characterizing the next few months;

- **Funding remains substantial and well diversified at €59.3bn (up 5% YoY, flat vs end-December 2021). In the three months** under review, the growth in **Wealth Management** funding continued (from €27.2bn to €28.1bn), and this component **now represents 47% of total funding**, with approx. €600m in net new money in the Premier segment (which totalled €17.6bn). Debt securities decreased slightly, to €18.5bn, including the €500m senior non-preferred notes issued in early January 2022. Since the Russia/Ukraine war started, approx. €2.2bn in medium-/long-term funding instruments have been issued, including ABS with Compass loans as the underlying instrument in an amount of €0.5bn.

- **TFAs in Wealth Management grew to €80.3bn**, up more than 16% YoY and up €1bn in 3M, following an impressive performance in terms of NNM (€6.9bn added in 9M, €4bn of which AUM/AUA), and the consolidation of the assets from the Bybrook funds (€2.2bn), with the market effect for the nine months virtually nil. In 3Q, the substantial contribution from NNM, which totalled €2.5bn in the three months and which was split between Private Banking (€1.3bn), Premier (€876m) and Asset Management (€368m) offset the market effect (which was negative by €1.6bn). AUM/AUA remain at the high levels recorded at end-December 2021, totalling €52.2bn (€52.1bn).

- **The capital ratios remained at the high levels recorded at end-December 2021**, with only a limited impact from market volatility (the market requirement and the reduction in the FVOCI reserve jointly accounted for 10 bps). The phase-in CET1 ratio stood at 15.3%: retained earnings for the quarter (which added 12 bps, net of the 70% payout) was mostly absorbed by the higher deductions for the investment in Assicurazioni Generali (down 15 bps), pending distribution of the dividend. Fully loaded, the ratio was 14%, and as usual, reflects the full deduction of the Assicurazioni Generali investment (down 120 bps) and full application of the IFRS 9 FTA effect (down 10 bps).

- The total capital ratio stood at 17.4% (16.4% fully loaded), following the customary amortization of subordinated liabilities.

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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 the share capital). **The share capital therefore now consists of 864,698,552 shares**.

A 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 commenced on 6 December 2021. The programme will be completed within twelve months of receipt of the ECB authorization, and entails the acquisition of up to 25,871,097 shares for use in possible acquisitions, execution of Group staff compensation schemes, sale on the market and OTC, and/or for cancellation.

As at 30 April 2022, under the terms of the programme, Mediobanca had acquired a total of 18,445,561 shares, equal to 2.13% of the company's share capital, for a total outlay of approx. €170m.

MEDIOBANCA

Divisional results

1. **Wealth Management:[8] results reflect high growth rates and revenues quality. TFAs now exceed €80bn (up 16% YoY, up 1% QoQ), driven by an outstanding commercial performance (NNM €7bn in 9M, €2.5bn in 3Q), and limited market effect. Net profit up 43% to €106m, ROAC[9] 29% (up 7pp). Marco Carreri appointed as CheBanca! Chairman**

Net profit for the nine months totalled €105.7m, representing a sharp, 42.8% increase on last year (€74m), on a contribution for 3M of €33.4m, in line with the average figure for the last four quarters. **Revenues showed a YoY increase of 17.1%**, with the fee component making a significant contribution (up 28.4%); **the cost/income ratio fell to 70.3%, while ROAC climbed to 29%.**

Marco Carreri was appointed as the new Chairman of CheBanca! at the start of **May**. Marco Carreri, with more than 35 years' experience in the financial markets industry, twenty of which in senior management positions in leading asset management companies, Carreri will make a quality contribution to CheBanca!, and his experience and skills will support the bank in its progress towards serving Premier bracket clientele.

In the current market scenario, which on the one hand reflects the high levels of uncertainty and market volatility, and on the other high savings rates, with major opportunities to convert deposits into more profitable assets, plus the change in client behaviour resulting in increased demand for digital and advisory services**, the validity of the Wealth Management division's business model has been confirmed once again,** which reflects:

- **The efficiency of the network, which, despite only being recently formed and undergoing continual transformations, still shows impressive asset gathering capabilities and the ability to attract talent even in negative market cycles,** on the back of the innovative, multichannel advisory service offered to Premier clients plus the specialized, niche offering in the Private Banking segment.

- **Limited correlation with market trends**, reflected in the low performance fee component, prudent asset allocation (market effect for 3M negative by just €1.6bn, or 2% of TFAs), and the increasing offering in terms of illiquid and private markets products.

- **Ongoing transformation of the technology platform,** which has seen the recent launch of the new CheBanca! investments app, plus ongoing strengthening of the advisory platform in Private Banking.

Distribution structure development and product innovation activities continued during the three months, in particular as follows:

- CheBanca! further strengthened its commercial network, reaching the impressive achievement of 1,009 professionals, after 13 new FAs were added in 3Q, and has also continued to enhance its new investments app's functionalities;

- MBPB continued its Private Markets activity, with the second investment in the BlackRock Co-Investments programme (of approx. €140m), and placement of the Mediobanca Venture

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

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

Capital Fund (approx. $120m commitment); combined MBPB-IB coverage also contributed some €400m in NNM for a total of around €1.7bn in liquidity events intercepted in the nine months;

- Mediobanca SGR has expanded its product range for Premier and Private clients, in particular with placement of the Mediobanca Diversified Credit Portfolio 2028 fund and the new Dynamic Inflation Hedge strategy for portfolio management;

- Cairn Capital has successfully closed the placement of its CLO XV fund for €400m, while its Leverage Loan Fund has more than €500m in AUM; the Distressed & Special Situations funds acquired from Bybrook delivered a positive performance, leveraging on the high volatility in the period;

- RAM's funds have again showed good resilience relative to the market, in particular its Market Neutral funds (Europe & Global) which are very well suited to the current market conditions; the company also received a five-star Morningstar rating for its Emerging Markets Equities fund.

NNM for the WM division in 9M totalled €6.9bn, €4bn of which in indirect funding split between Private Banking (€2.1bn), Premier (€1.7bn), and institutional clients (€0.3bn); deposits contributed €2.9bn, €2bn of which in Private Banking and €663m from Premier clients. **NNM for 3Q totalled €2.5bn**, €1.7bn of which in indirect funding concentrated in Private Banking (€1bn); NNM from the Premier segment was lower (at €321m), in line with the market; while Asset Management contributed approx. €400m. In the first three months of the 2022 calendar year deposits rose by €867m, €555m in the Premier segment and €312m in Private Banking.

Overall, **Total Financial Assets (TFAs) exceeded €80bn** (€80.3bn), €34.5bn of which in the Premier segment (AUM/AUA: €16.9bn), €34bn in Private Banking (€23.4bn), and €24.9bn in Asset Management (€13bn of which placed within the Group).

The division's revenues were up 17.1% on last year (from €463.9m to €543.1m, €179.2m of which in 3Q). The main income items performed as follows:

- Net interest income rose by 4.7% (from €209m to €218.9m), with a contribution for the three months of €72.3m, reflecting growth in the Premier segment (up 4.6%, from €169.8m to €177.6m, €58.1m of which in 3Q), in line with the higher business volumes (mortgages and deposits), on a gradually declining cost of funding; while the contribution from CMB Monaco increased by 6% (from €31.5 m to €33.5m, €11.3m of which in 3Q);

- Fees and commissions totalled €316.9m (up 28.4% year-on-year), with the management fee component growing (up 29.2% to €238.9m, €82.2m of which in 3Q). Advisory and upfront fees increased from €30.7m to €48.2m, approx. one-third of which in relation to the Mediobanca BlackRock Co-Investments placement, all of which were booked to 1H; performance fees totalled €9.7m, and were realized in 2Q. The contribution form Asset Management rose from €45.2m to €65.9m, following the consolidation of Bybrook (€14m) and a good performance by Mediobanca SGR. The 11.6% reduction in 3Q was due entirely to the absence of performance fees and the non-recurring component of upfront fees in relation to the Mediobanca-BlackRock initiative.

Operating costs rose by 11.2% from €343.2m to €381.8m €126m of which in 3Q, with a cost/income ratio of 70.3%; labour costs rose by 10.2% (from €177.2m to €195.2m, €64.6m of which in 3Q), reflecting the new additions in the Premier segment in particular, plus certain non-recurring components in relation to the turnover in CMB Monaco. As for administrative expenses (which were up 12.3%, from €166m to €186.5m), there were increases in both the technology and the project components (from €70.4m to €77.3m), following the upgrade to the CheBanca!

mobile app and the Mediobanca Private Banking advisory platform; administrative expenses for 3Q totalled €61.5m, €36.7m of which in the Premier segment.

Loan loss provisions, virtually all of which were attributable to CheBanca! mortgage receivables, decreased from €16.3m to €12.8m, but were stable for the 3M at €4.4m, with a good level of provisioning (performing loans: 0.28%; NPLs: 49%), in view of the significant reduction in the number of entries to default status, plus the good performance by the moratoria falling due. The cost of risk fell to 12 bps, with the overlays substantially unchanged (at €8.7m).

Customer loans for the division totalled €15.1bn (31/12/21: €14.8bn), €11.3bn of which were CheBanca! mortgage loans, unchanged from three months previously due to the downward adjustments taken to reflect the fair value of fixed-rate positions hedged for accounting purposes; new loans for the 9M totalled €1,464.1m (down 12.5% YoY; up 21.1% QoQ). The share attributable to Private Banking increased from €3.5bn to €3.8bn, with a growing contribution from CMB Monaco.

Gross NPLs decreased from €234.1m to €229.1m (or 1.5% of total loans), and chiefly regard CheBanca! mortgage receivables (€202.3m, or 1.8% of the total stock); net NPLs represent 0.9% of total loans (€102.2m, €34.6m of which bad debts), with a coverage ratio of 49.5% (66.3% of bad debts). Mortgage loans classified as Stage 2 decreased from €810.1m to €805.5m (7.2% of the total). Moratoria still outstanding fell to €37.7m (31/12/21: €104.6m).

2. Consumer Finance: net profit in 9M of €284m (up 32%) and ROAC[10] 34%. Highest net profit ever reported, on the back of growth in total loans and net interest income, driven by new business back to pre-Covid levels, and high asset quality bolstered by a cost of risk at record low levels.

Compass delivered its highest ever net profit for the nine months, of €284m (up 32%), reflected also at the level of profitability which is best in class (ROAC@ 34%). Growth in new loans (€5.6bn, compared with €4.6bn last year), and excellent asset quality enabled a record result at the GOP level of €419m (the highest 9M result ever recorded), confirming the recovery following the slowdown caused by the pandemic. The excellent performance in terms of default rates and credit recovery drove a reduction in the cost of risk to 144 bps (versus 206 bps in 9M FY 2020-21), and also, at the same time, an increase in coverage ratios.

In the current market scenario, which on the one hand reflects the high levels of macroeconomic uncertainty and inflationary pressures, and on the other high savings and resilient employment rates, as well as increasing digitalization and competition from fintech, **Compass has confirmed the validity of its business model**, which reflects:

- **Low correlation observed historically with GDP**, at the level of both new loans and cost of risk, **default rates at their lowest ever levels and coverage ratios near their all-time highs;**
- **Balance product mix**, some of which, such as personal loans and deferred payments, are also anti-cyclical;
- **Ongoing strengthening of the direct distribution network, with increasing focus on digital distribution;**

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

- **Product and channel innovation through diversification into niche activities at the cutting edge in terms of technology, such as the recent launch of Pagolight in the BNPL ("Buy Now Pay Later") segment.**

In the first nine months of the financial year, Compass has further strengthened its multi-channel distribution platform, bolstering its regional presence with nine new openings, making a total of 240, 61 of which are managed by agents, plus 56 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-March 2022 the company employed 45 agents. **Priority continues to be given to strengthening the digital channels**, which, in the nine months, have been responsible for **26% of the volumes of personal loans generated by the direct channel,** with more than 80% of the applications for finance processed in one day.

Pagolight, Compass's new BNPL platform, was launched in July 2021, **with 2,800 POS signing up in the first nine months of operations, generating receivables of approx. €40m (around €10m in the month of March 2022 alone).**

In 9M the Italian consumer credit market recorded a year-on-year increase of 16%, due to the favourable comparison base attributable to the last stages of the recovery from the effects of the pandemic. **If we shift the comparison base back to 2019, the market has now fully recovered to pre-Covid levels**, albeit with a different mix in terms of automotive (down 10%), offset by the increase in special purpose loans (up 8%) and salary-backed finance (up 4%).

In the same period Compass, with its extensive franchise and established capabilities in risk assessment and pricing, **outperformed the market, recording growth in new loans of 18% compared to 1Q 2021, with a market share of 10%.** Comparison with 1Q 2019 shows that new business levels have now fully recovered (€1.9bn), with personal loans once again representing roughly half of the total. In particular Compass has been able to rebalance new loans in favour of direct distribution (which was up 18% on 1Q 2019), offsetting the reduction in business through the third-party channels almost entirely.

Compass delivered a net profit for the nine months of €283.8m, up 32% on last year. **The positive momentum in customer loans**, **which grew to €13.5bn** (30/6/21: €12.9bn)), **has nearly returned to its best ever level** (€13.7bn pre-Covid), **ensuring growth in net interest income** (from €664.4m to €698.8m). The virtuous performance in terms of costs (with the cost/income ratio declining from 30.2% to 28.8%), helped by lower credit recovery costs, more than offset the limited increase I operating costs and investments, with the cost of risk also at its lowest ever level, of 141 bps in 3Q, which helped drive a **material reduction in the cost of risk over 9M as well (from 206 bps to 144 bps),** also enabling a **high ROAC to be reached (34%)**. The main items performed as follows:

- **Revenues for the nine months rose from €763.9m to €789.3m (up 3.3%),** driven by the positive momentum in net interest income, which increased from €664.4m to €698,8m (up 5.2%), only in part offset by the modest reduction in fees (from €99.5m to €90.1m), reflecting higher *rappel* fees credited back to third-party networks (in relation to the higher volumes of new loans), as well as the anticipated reduction in the insurance component;

- **Operating costs amounted to €227.6m, down 1.3%** versus last year (€230.7m), due to the lower credit recovery costs which more than offset the structural increase in labour costs (up 3.7%, from €74.9m to €77.7m), and the rise in IT spending and investments attributable to the Pagolight platform;

- **Loan loss provisions reduced year-on-year by 28.1%, from €198.9m to €143m,** and although slightly higher quarter-on-quarter (up from 133 bps to 141 bps)**, over 9M recorded one of their lowest ever levels, with a cost of risk of 144 bps (206 bps last year**). Coverage levels were also higher (for NPLs the coverage ratio rose from 74.4% to 80.7%; and for performing loans from 3.43% to 3.81%), with the overlays unchanged at €210m.

Gross NPLs decreased both in absolute terms (to €841m; down from €1,032m at end-March 2021 and from €847m at end-December 2021) **and relative terms** (from 7.4% of total loans to 5.7%) helped by the low default rates and the good inflows from credit recovery activities, plus the regular disposals made from the stock. **The increase in coverage** (from 74.4% to 80.7%) **further reduced the net exposure** from €264m to €163m, and from 2.1% to 1.2% of total loans. Net bad loans remained below €10m (representing 0.1% of total loans), with the coverage ratio stable at 97.2%

3. Corporate & Investment Banking: High revenues, strong client business in 3Q as well, healthy pipeline; asset quality unchanged, with no Russia risk. Net profit €182m, ROAC[11] 13%. Giuseppe Baldelli appointed Co-Head of CIB

The division delivered a net profit of €182.1m for the nine months, reflecting strong client business, high fee income and good profitability (ROAC 13%), borne out in 3Q as well. The reduction in net profit (down 21.3% YoY) is due exclusively 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 (€25m in prudential adjustments with a view to reduction, booked in in 2Q). The division's efficiency has been confirmed (cost/income ratio 44%), as has the high quality of the loan book.

Giuseppe Baldelli was appointed as Co-Head Global CIB, Country Head Italy and Chairman of Global Coverage at the beginning of May. Giuseppe Baldelli has more than 25 years' experience in both domestic and international Investment Banking and has led some of the most important M&A, equity and debt deals throughout his extensive career. Giuseppe Baldelli will report to Alberto Nagel, CEO of Mediobanca, and will work alongside Francisco Bachiller, CIB Executive Chairman and Co-Head Global CIB.

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 among others:

- **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 issuance, financing solutions).

Highlights for the three months include:

- **Advisory – solid, with good pipeline:** the main deals completed during the three months include the merger between Nexi and SIA, the disposal of 50% of Open to a consortium

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

consisting of CDP Equity and Macquarie, and the voluntary public tender offer launched by Blackstone for Reale Compagnia Italiana; various deals have also been completed in the mid-corporate/sponsor solutions segment, plus three deals in the debt advisory segment. In France, the Group acted as advisor to PPC Barnet and assisted in the reorganization of +Simple.

Despite the downturn in M&A volumes at global level, the future pipeline remains healthy, with various deals already announced, some of the most important including the sale of an 88% stake in Autostrade per l'Italia to the consortium made up of CDP Equity, Blackstone and Macquarie, the commercial partnership between Nexi and Alpha Bank (Greece), the sale of Crédit Agricole Serbia to Raiffeisen, the acquisition of French group La Médicale by Assicurazioni Generali, plus various other deals in the mid-corporate segment including debt renegotiation activity and sometimes even taking stakes by financial sponsors.

- **ECM/DCM/Markets – diversified, high-quality contributions:** against a backdrop of unhelpful conditions on the European market (losing 77%), the Bank acted as 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. 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). There were also five deals completed in the Green Social and Sustainability Bond segment, in Italy and Spain/Portugal. 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, and also the certificates business activity, helped by the retail and private banking networks.

Revenues for 9M (€548m) were up on last year (€537m), reflecting a solid 3Q contribution of €157.4m; the main income items performed as follows:

- **Net interest income** totalled €213.1m, down 2.6% on last year (€218.8m); NII in Wholesale Banking decreased from €165.4m to €156.6m, reflecting the widespread pressure on corporate spreads which was only in part mitigated by the higher volumes; Specialty Finance delivered a good performance, with NII up by 5.6% (from €53.5m to €56.5m) due to higher turnover in factoring; 3Q shows a slight increase (from €72.1m to €72.9m), interrupting the decline in Wholesale Banking activity (NII of €53.3m, compared with €53.6m);

- **Net fee and commission income increased from €249.4m to €266.5m,** with a balanced contribution from all products: M&A advisory fees were up 22.7% (from €102.5m to €125.8m, €50.6m of which from Messier et Associés, and €22.7m from the Mid Corporate segment), as were lending fees (from €37.9m to €41.9m) which offset the reduced contribution from big tickets in Capital Markets business (down from €75m to €48.2m), in ECM in particular (down from €32.3m to €19.2m). Fees earned from Specialty Finance increased by 48.9% (from €34m to €50.6m), following a good performance in terms of NPL collections. Fee income for 3Q (€79.5m) reflects a contribution from Wholesale Banking (of €61m) in line with the average recorded in the last two and half years, despite being lower than in 2Q due to the contribution from Messier et Associés normalizing; M&A advisory business contributed fees of approx. €28m, €7m of which from the Mid-Corporate segment and €8.7m from ECM, with Specialty Finance stable (at €18m);

- **Net treasury income was unchanged at €68m,** on the back of a good recovery in client business (up 29%, from €47.4m to €61.3m) in particular certificates; conversely, the income generated from the proprietary trading portfolio declined from €29.4m to €6.6m, due to the market volatility.

Operating costs were up 7% (from €226.3m to €242.2m), the increase being due in particular to the rising labour costs in Wholesale Banking (up 3.1%, from €109.5m to €112.9m) with a view to favouring staff retention in an increasingly competitive scenario and given the positive trend in terms of revenues. Administrative expenses (up 11.9%, from €102.8m to €115m) reflect the increased spending on projects in the technology innovation area (IT component, from €32.2m to €37m), and the resumption of commercial activities, with the related travel and entertainment expenses (approx. €1.9m). 3Q reflects costs of €82m, lower than in 2Q (€84.8m), due in particular to the labour cost component (down 9%, to €42.4m), while other administrative expenses were stable at €39.3m.

Loan loss provisions for 9M totalled €21.6m, as compared with net writebacks of €42.4m last year; not only did Specialty Finance increased its provisioning from €23.8m to €57.8m, €25m in one-off charges take in respect of MBCredit Solutions (booked at end-December 2021), but the net writebacks credited to the corporate loan book also halved in value, from €66.2m to €36.2m. In 3Q net adjustments of €3.8m were taken, representing the balance between €6.2m in net writebacks for large corporate loans (largely due to repayments) and €10m in writedowns for Specialty Finance, €8.3m of which in extra collections by MBCredit Solutions.

Customer loans grew by 10% YoY to €20.8bn, and remained stable during the three months despite the reduction in factoring. Loans to customers in Wholesale Banking increased by 9% to €18.1bn (30/6/21: €16.5bn), on new loans of €7.9bn against repayments in the nine months of €6.3bn (€1.6bn of which early repayments).

Asset quality remains at high levels: gross NPLs decreased from €222.1m to €199.7m, once again at record low levels (1%), chiefly due to the reduction in NPLs in Wholesale Banking from €170.8m to €148.9m, whereas those in Specialty Finance were basically stable at €50.8m; whereas net NPLs totalled €98.4m (€103.1m), with a coverage ratio of 50.7% (53.4%). The figures do not include the positions owned by MBCredit Solutions, the book value of which declined from €408.6m to €392.6m, reflecting portfolio disposals for a nominal €164.1m as part of the deleveraging process. The coverage ratio for performing loans (Stage 1 and 2) remained unchanged at 0.5%, with overlays amounting to €65.8m (€70.5m), slightly lower due to the repayments for the period.

4. Principal Investing: growing contribution to Group earnings (€251m), ROAC[12]@13%

Principal Investing delivered a net profit of €250.6m, considerably higher than last year's result (up 26.1%), due to the higher contribution form the equity accounting method (up from €169.4m to €263.6m). In 3Q the net profit totalled €66m, with the equity method accounting for €77.9m and reflecting downward value adjustments to holdings in funds of €6m.

The exposure to the insurance industry makes a material contribution to the Mediobanca Group's revenues **diversification and decorrelation** relative to the macro scenario.

Trading income includes €20.9m from dividends and other income from funds (the share for the quarter being €5.1m). Downward adjustments in fund investment activities totalled €5.7m, virtually all of which was attributable to seed capital investments, and accrued in 3Q.

The book value of the Assicurazioni Generali investment (12.9% of the company's share capital) increased slightly during the three months, from €3,761.9m to €3,770m, on profits of €76.8m and lower valuation reserves of €68.7m.

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

5. Holding Functions: comfortable funding position, cost of funding under control, downsizing in leasing continues

The net loss incurred by the Holding Functions division decreased from €117.6m to €106.2m, following €76.7m in payments to the resolution funds (31/3/21: €60.4m), €51.1m of which to the Single Resolution Fund paid in 3Q (vs €42.5m last year), plus certain other positive one-off items booked in 1H totalling €28.8m.

Total income reduced from €27.4m to €7.6m, chiefly due to the lower gains realized on disposals of banking book investments which totalled €19.8m (compared with €42m last year), offset only in part by the increase in income from the hedging portfolio (which rose from €13.3m to €26.3m, most of which in 3Q). The results reflect a good performance in terms of net interest expense, which totalled just €5m, even including the redistribution of the T-LTRO benefit pro rata to the remaining duration of the programme.

Operating costs of €115.1m (€117m) continue to benefit from the reductions reported in recent quarters, which enabled the 5% growth in the IT and project component to be absorbed; overheads were stable at below 8% of the Group total.

The main segments performed as follows:

- **Treasury** – funding remains stable at the high level of €59.3bn, reflecting a mix intended to optimize the cost of funding: growth in deposits continued during the three months, up approx. 3% (from €27.2bn to €28.1bn) to reach 47% of total funding. The debt securities component decreased slightly (from €18.9bn to €18.5bn), following redemptions totalling €0.8bn plus a new issue of €0.5bn made in January 2022 which allowed the cost of funding to remain unchanged. Treasury management has allowed the Group to maintain a substantial liquidity position to guarantee stability in a period marked by strong geopolitical uncertainty. The main indicators also remained at solid levels (LCR 155.3%; NSFR 111.1%);

- **Leasing**: a net profit of €1.1m was earned from leasing operations during the nine months (compared with €2.3m last year), representing something of a recovery following the breakeven reported for 6M. Revenues totalled €30.1m (€10m of which in 3Q), and the cost/income declined to 43.5%. Customer loans outstanding also decreased, from €1.7bn to €1.6bn, on new loans of €254m (€250m last year). LLP increased during the nine months, from €8.8m to €17.5m, following the extraordinary provisions (of €10m, for "vintage" NPEs) taken in 1H, with the 3Q contribution €2.3m. Gross NPLs decreased in 3M, from €168.3m to €160.4m, and represent 9.2% of the loan book (9.4%); while net NPLs totalled €74.5m, representing 4.5% of total loans, with a coverage ratio of 53.5%.

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MB Group ESG profile and commitment continues to improve

After becoming a signatory to the **PRB (Principle for Responsible Banking)** and the **Net-Zero Banking Alliance (NZBA)**, the Mediobanca Group has also become a supporter of the **Task Force on Climate-related Financial Disclosures (TCFD)** set up to ensure greater transparency in climate-related disclosures.

Several projects have also been approved in the social area during the three months:

- **Campaign to raise funds for the humanitarian emergency in Ukraine,** which, along with an additional contribution made by Mediobanca, will be donated to the CESVI charity based on Bergamo which is involved in providing support to civilians fleeing from the war.
- **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.
- Support for the work of ***Opera San Francesco***, with a €1.5m donation to help build a day respite centre in Milan, equipped with a psychologist/counselling service and employment guidance centre.
- Renewal of the partnership with **Fondazione Mission Bambini**, to expand the educational curriculum offered by a school and redevelopment of the external areas.
- Support for **VIDAS, providing assistance for the Children's Respite Home**, the first residential facility in Lombardy providing paediatric palliative care.

The "toDEI" project, launched with an internal event which was chaired by the CEO and in which all the Group's business leaders took part, represents a further step in the strategic direction undertaken by the Mediobanca Group in order to achieve sustainable growth based on sensitivity to ESG factors. Starting with gender diversity, the Group has set itself the objective of promoting an organizational approach based on understanding, respecting and valuing differences. To make this commitment even more concrete, quantitative objectives have been set for the first time to monitor the balance of women in senior management positions and also in new recruits and career advancements. In detail the Group proposes to:

- Increase the number of women in senior management positions to at least 40% in 10 years (with an intermediate objective of 30% in 5 years);
- Achieve a share of 35% of management positions filled by women in 10 years (with an intermediate objective of 20% in 5 years);
- Rebalance gender representation in all operating processes, from HR management to recruiting, to career advancement.

The ToDEI project objectives will be an integral part of the targets to be set as part of the Group's new business 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**.

The Group's commitment to green issues continues, with Mediobanca offering its clients products and services that meet ESG criteria, in particular as follows (situation at 31 March 22):

- **Lending activity** reflects a €23bn stock of ESG/green loans, 89% of which is attributable to CIB, 7% to WM, and 4% to Consumer Finance;
- **DCM:** Mediobanca has confirmed its place among the leading ESG players, with some 18 deals completed in 9M for a total amount issued of €14.6bn;
- The share of **ESG funds** (i.e. SFDR Articles 8 and 9 funds) represented in Premier client portfolio has risen to 53% (vs 34% at end-June 2021 and 49% at end-December 2021).

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Outlook

Net profit for 4Q is expected to be higher than last year and in line with 3Q; the bottom line is expected to be only marginally impacted by the decidedly less favourable macroeconomic scenario.

Indeed, the fourth quarter has got underway with the same healthy commercial activity levels seen in the preceding three: the loan book, in Consumer Finance and mortgage lending in particular, is expected to grow and so contribute to the increase in net interest income. The pipeline in investment and corporate banking continues to look healthy (and, what is more, not correlated to the stability of the markets), as does the recurring fee component of Wealth Management revenues. The cost/income ratio is expected to rise moderately, reflecting the customary seasonality of overheads and projects launched.

No reversal of the trend in the cost of risk is expected, and in Corporate Banking and Consumer Finance the loan book quality remains satisfactory. Adjustment of the IFRS 9 parameters will not entail any increases in the provisioning, despite the lower growth expectations. The current level of overlays is also maintained, in a scenario that is still highly uncertain.

Capital is expected to remain at high levels, with the CET1 fully loaded above 14.5%.

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MEDIOBANCA

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	9 mths 31/03/2021	9 mths 31/03/2022	Chg. %
Net interest income	1,071.4	1,106.0	3.2%
Net treasury income	151.6	132.4	-12.7%
Net fee and commission income	571.2	645.1	12.9%
Equity-accounted companies	169.4	263.6	55.6%
Total income	**1,963.6**	**2,147.1**	**9.3%**
Labour costs	(468.3)	(494.5)	5.6%
Administrative expenses	(437.3)	(463.2)	5.9%
Operating costs	**(905.6)**	**(957.7)**	**5.8%**
Loan loss provisions	(181.4)	(194.9)	7.4%
Provisions for other financial assets	32.1	(6.6)	n.m.
Other income (losses)	(75.7)	(87.0)	15.0%
Profit before tax	**833.1**	**900.9**	**8.1%**
Income tax for the period	(225.9)	(176.4)	-21.9%
Minority interest	(3.3)	(8.6)	n.m.
Net profit	**603.9**	**715.9**	**18.5%**

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

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3. Restated balance sheet

Mediobanca Group (€m)	30/06/21	31/12/21	31/03/22
Assets			
Financial assets held for trading	11,273.7	12,123.2	9,694.6
Treasury financial assets	8,072.1	10,436.3	12,049.7
Banking book securities	7,150.4	7,889.8	7,859.2
Customer loans	48,413.8	50,804.9	51,013.9
Corporate	*16,579.6*	*17,387.3*	*18,073.6*
Specialty Finance	*2,712.7*	*3,652.5*	*2,734.3*
Consumer credit	*12,942.9*	*13,305.0*	*13,492.8*
Mortgages	*11,062.8*	*11,253.7*	*11,252.7*
Private banking	*3,341.7*	*3,518.8*	*3,819.5*
Leasing	*1,774.1*	*1,687.6*	*1,641.0*
Equity investments	4,579.0	4,726.7	4,749.2
Tangible and intangible assets	1,254.3	1,337.7	1,342.9
Other assets	1,855.4	1,778.0	1,865.0
Total assets	**82,598.7**	**89,096.6**	**88,574.5**
Liabilities			
Funding	56,156.2	59,285.8	59,280.6
MB bonds	*18,410.9*	*18,868.5*	*18,532.8*
Retail deposits	*16,919.7*	*17,028.0*	*17,582.9*
Private Banking deposits	*8,290.4*	*10,219.5*	*10,558.0*
ECB	*7,445.4*	*8,449.4*	*8,435.1*
Banks and other	*5,089.8*	*4,720.4*	*4,171.8*
Treasury financial liabilities	2,890.8	7,061.2	6,027.2
Financial liabilities held for trading	10,063.6	9,337.9	9,292.7
Other liabilities	2,215.9	2,163.0	2,654.4
Provisions	171.1	163.5	161.6
Net equity	11,101.1	11,085.1	11,158.0
Minority interest	*88.3*	*98.4*	*99.8*
Profit for the period	*807.6*	*525.8*	*715.9*
Total liabilities	**82,598.7**	**89,096.5**	**88,574.5**
CET 1 capital	7,689.4	7,352.4	7,603.1
Total capital	8,919.2	8,457.9	8,647.0
RWA	47,159.3	47,842.2	49,696.4

4. Consolidated shareholders' equity

Net equity (€m)	30/06/21	31/12/21	31/03/22
Share capital	443.6	443.6	443.6
Other reserves	8,830.4	9,057.1	8,944.8
Valuation reserves	931.2	960.2	953.9
- of which: Other Comprehensive Income	*175.8*	*177.3*	*158.8*
cash flow hedge	*(16.0)*	*10.9*	*96.9*
equity investments	*780.4*	*781.3*	*706.5*
Minority interest	88.3	98.4	99.8
Profit for the period	807.6	525.8	715.9
Total Group net equity	**11,101.1**	**11,085.1**	**11,158.0**

5. Ratios (%) and per share data (€)/

MB Group	Financial year 20/21	Financial year 21/22	
	30/06/21	31/12/21	31/03/22
Ratios (%)			
Total assets / Net equity	7.4	8.0	7.9
Loans / Funding	0.86	0.86	0.86
RWA density (%)	57%	53.7%	56.1%
CET1 ratio (%)	16.3%	15.4%	15.3%
Total capital (%)	18.9%	17.7%	17.4%
S&P Rating	BBB	BBB	BBB
Fitch Rating	BBB-	BBB	BBB
Moody's Rating	Baa1	Baa1	Baa1
Cost / Income	47.1	43.4	44.6
Gross NPLs/Loans ratio (%)	3.2	2.8	2.7
Net NPLs/Loans ratio (%)	1.2	1.0	0.9
EPS	0.91	0.61	0.83
EPS adj.	0.96	0.59	0.86
BVPS	11.8	12.3	12,2
TBVPS	10.9	11.3	11,2
ROTE adj. (%)	9.2	10.5	10,2
DPS	0.66		
No. shares outstanding (m)	887.3	864.7	864.7

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

9m – March 22 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	218.9	698.8	213.1	(5.3)	(39.5)	1,106.0
Net treasury income	7.3	0.4	68.4	13.0	41.0	132.4
Net fee and commission income	316.9	90.1	266.5	(0.7)	6.1	645.1
Equity-accounted companies	—	—	—	263.6	—	263.6
Total income	**543.1**	**789.3**	**548.0**	**270.6**	**7.6**	**2,147.1**
Labour costs	(195.3)	(77.7)	(127.2)	(2.4)	(91.9)	(494.5)
Administrative expenses	(186.5)	(149.9)	(115.0)	(0.8)	(23.2)	(463.2)
Operating costs	**(381.8)**	**(227.6)**	**(242.2)**	**(3.2)**	**(115.1)**	**(957.7)**
Loan loss provisions	(12.8)	(143.0)	(21.6)	—	(17.5)	(194.9)
Provisions for other financial assets	2.1	—	(0.2)	(5.7)	(2.8)	(6.6)
Other income (losses)	(1.6)	—	(0.4)	—	(85.0)	(87.0)
Profit before tax	**149.0**	**418.7**	**283.6**	**261.7**	**(212.8)**	**900.9**
Income tax for the period	(42.8)	(134.9)	(94.1)	(11.1)	107.3	(176.4)
Minority interest	(0.5)	—	(7.4)	—	(0.7)	(8.6)
Net profit	**105.7**	**283.8**	**182.1**	**250.6**	**(106.2)**	**715.9**
Loans and advances to Customers	15,072.2	13,492.8	20,807.9	—	1,641.0	51,013.9
RWAs	5,415.6	12,766.1	20,771.4	7,904.0	2,839.4	49,696.4
No. of staff	2,089	1,444	633	10	789	4,965

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

9m – March 21 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	209.0	664.4	218.8	(5.3)	(34.4)	1,071.4
Net treasury income	8.0	—	68.8	20.4	53.4	151.6
Net fee and commission income	246.9	99.5	249.4	—	8.4	571.2
Equity-accounted companies	—	—	—	169.4	—	169.4
Total income	**463.9**	**763.9**	**537.0**	**184.5**	**27.4**	**1,963.6**
Labour costs	(177.2)	(74.9)	(123.5)	(2.4)	(90.3)	(468.3)
Administrative expenses	(166.0)	(155.8)	(102.8)	(0.8)	(26.7)	(437.3)
Operating costs	**(343.2)**	**(230.7)**	**(226.3)**	**(3.2)**	**(117.0)**	**(905.6)**
Loan loss provisions	(16.3)	(198.9)	42.4	—	(8.6)	(181.4)
Provisions for other financial assets	2.2	(0.3)	0.8	36.8	(7.4)	32.1
Other income (losses)	0.4	(15.2)	(0.5)	—	(60.4)	(75.7)
Profit before tax	**107.0**	**318.8**	**353.4**	**218.1**	**(166.0)**	**833.1**
Income tax for the period	(33.0)	(103.1)	(120.1)	(19.4)	49.9	(225.9)
Minority interest	—	—	(1.8)	—	(1.5)	(3.3)
Net profit	**74.0**	**215.7**	**231.5**	**198.7**	**(117.6)**	**603.9**
Loans and advances to Customers	14,268.3	12,760.7	18,870.6	—	1,785.4	47,685.0
RWAs	5,015.6	11,542.4	19,967.8	8,075.5	3,079.7	47,681.0
No. of staff	2,037	1,443	627	11	796	4,914

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7. Wealth Management

Wealth Management (€m)	9 mths	9 mths	Chg.%
	31/03/2021	31/03/2022	
Net interest income	209.0	218.9	4.7%
Net trading income	8.0	7.3	-8.7%
Net fee and commission income	246.9	316.9	28.4%
Total income	**463.9**	**543.1**	**17.1%**
Labour costs	(177.2)	(195.3)	10.2%
Administrative expenses	(166.0)	(186.5)	12.3%
Operating costs	**(343.2)**	**(381.8)**	**11.2%**
Loan loss provisions	(16.3)	(12.8)	-21.5%
Provisions for other financial assets	2.2	2.1	-4.5%
Other income (losses)	0.4	(1.6)	n.m.
Profit before tax	**107.0**	**149.0**	**39.3%**
Income tax for the period	(33.0)	(42.8)	29.7%
Minority interest	0.0	(0.5)	n.m.
Net profit	**74.0**	**105.7**	**42.8%**
Loans and advances to customers	14,268.3	15,072.2	5.6%
New loans (mortgages)	1,674.2	1,464.1	-12.5%
TFA (Stock, € bn)	69.3	80.3	15.9%
-AUM/AUA	44.1	52.2	18.3%
-Deposits	25.2	28.1	11.7%
TFA (Net New Money, € bn)	2.7	6.9	n.m.
-AUM/AUA	1.4	4.0	n.m.
-Deposits	1.3	2.9	n.m.
No. of staff	2,037	2,089	2.6%
RWAs	5,015.6	5,415.6	8.0%
Cost / income ratio (%)	74.0%	70.3%	
Net NPL/Loans ratio (%)	0.8	0.8	
ROAC	22%	29%	

8. Consumer Banking

Consumer Banking (€m)	9 mths 31/03/2021	9 mths 31/03/2022	Chg.%
Net interest income	664.4	698.8	5.2%
Net trading income	—	0.4	n.m.
Net fee and commission income	99.5	90.1	-9.4%
Total income	**763.9**	**789.3**	**3.3%**
Labour costs	(74.9)	(77.7)	3.7%
Administrative expenses	(155.8)	(149.9)	-3.8%
Operating costs	**(230.7)**	**(227.6)**	**-1.3%**
Loan loss provisions	(198.9)	(143.0)	-28.1%
Provisions for other financial assets	(0.3)	—	n.m.
Other income (losses)	(15.2)	—	n.m.
Profit before tax	**318.8**	**418.7**	**31.3%**
Income tax for the period	(103.1)	(134.9)	30.8%
Net profit	**215.7**	**283.8**	**31.6%**
Loans and advances to customers	12,760.7	13,492.8	5.7%
New loans	4,593.0	5,632.4	22.6%
No. of branches	179	179	n.m.
No. of agencies	50	61	22.0%
No. of staff	1,443	1,444	0.1%
RWAs	11,542.4	12,766.1	10.6%
Cost / income ratio (%)	30.2%	28.8%	
Net NPLs/Loans ratio (%)	2.1	1.2	
ROAC	28%	34%	

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9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	9 mths 31/03/2021	9 mths 31/03/2022	Chg.%
Net interest income	218.8	213.1	-2.6%
Net treasury income	68.8	68.4	-0.6%
Net fee and commission income	249.4	266.5	6.9%
Total income	**537.0**	**548.0**	**2.0%**
Labour costs	(123.5)	(127.2)	3.0%
Administrative expenses	(102.8)	(115.0)	11.9%
Operating costs	**(226.3)**	**(242.2)**	**7.0%**
Loan loss provisions	42.4	(21.6)	n.m.
Provisions for other financial assets	0.8	(0.2)	n.m.
Other income (losses)	(0.5)	(0.4)	-20.0%
Profit before tax	**353.4**	**283.6**	**-19.8%**
Income tax for the period	(120.1)	(94.1)	-21.6%
Minority interest	(1.8)	(7.4)	n.m.
Net profit	**231.5**	**182.1**	**-21.3%**
Loans and advances to customers	18,870.6	20,807.9	10.3%
of which purchased NPL (MBCreditSolutions)	382.3	392.9	2.8%
No. of staff	627	633	1.0%
RWAs	19,967.8	20,771.4	4.0%
Cost / income ratio (%)	42.1%	44.2%	
Net NPLs/Loans ratio (%)	0.6	0.5	
ROAC	17%	13%	

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10. Principal Investing

PI (€m)	9 mths 31/03/2021	9 mths 31/03/2022	Chg. %
Net interest income	(5.3)	(5.3)	n.m.
Net treasury income	20.4	13.0	-36.3%
Net fee and commission income	—	(0.7)	n.m.
Equity-accounted companies	169.4	263.6	55.6%
Total income	**184.5**	**270.6**	**46.7%**
Labour costs	(2.4)	(2.4)	n.m.
Administrative expenses	(0.8)	(0.8)	n.m.
Operating costs	**(3.2)**	**(3.2)**	**n.m.**
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	36.8	(5.7)	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**218.1**	**261.7**	**20.0%**
Income tax for the period	(19.4)	(11.1)	-42.8%
Minority interest	—	—	n.m.
Net profit	**198.7**	**250.6**	**26.1%**
Equity investments	3,916.4	3,853.3	-1.6%
Other investments	673.9	743.1	10.3%
RWAs	8,075.5	7,904.0	-2.1%
ROAC	12%	13%	

11. Holding Functions

Holding Functions (€m)	9 mths 31/03/2021	9 mths 31/03/2022	Chg. %
Net interest income	(34.4)	(39.5)	14.8%
Net treasury income	53.4	41.0	-23.2%
Net fee and commission income	8.4	6.1	-27.4%
Total income	**27.4**	**7.6**	**-72.3%**
Labour costs	(90.3)	(91.9)	1.8%
Administrative expenses	(26.7)	(23.2)	-13.1%
Operating costs	**(117.0)**	**(115.1)**	**-1.6%**
Loan loss provisions	(8.6)	(17.5)	n.m.
Provisions for other financial assets	(7.4)	(2.8)	-62.2%
Other income (losses)	(60.4)	(85.0)	40.7%
Profit before tax	**(166.0)**	**(212.8)**	**28.2%**
Income tax for the period	49.9	107.3	n.m.
Minority interest	(1.5)	(0.7)	-53.3%
Net profit	**(117.6)**	**(106.2)**	**-9.7%**
Loans and advances to customers	1,785.4	1,641.0	-8.1%
Banking book securities	5,760.3	5,961.2	3.5%
RWAs	3,079.7	2,839.4	-7.8%
No. of staff	796	789	-0.9%

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12. Statement of comprehensive income

		9 mths 31/03/22	9 mths 31/03/21
10.	**Gain (loss) for the period**	**717.1**	**605.4**
	Other income items net of tax without passing through profit and loss	**24.4**	**(38.8)**
20.	Equity instruments designated at fair value through other comprehensive income	7.9	10.5
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	0.6	(5.5)
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)	0.1
80.	Non-current assets and disposal groups classified as held for sale	—	—
90.	Portion of valuation reserves from investments valued at equity method	17.8	(43.9)
	Other income items net of tax passing through profit and loss	**(3.8)**	**624.6**
100.	Foreign investment hedges	(7.2)	2.0
110.	Exchange rate differences	6.3	0.2
120.	Cash flow hedges	113.7	7.4
130.	Hedging instruments (non-designated items)	—	—
140.	Financial assets (different from equity instruments) at fair value through other comprehensive Income	(24.8)	41.9
150.	Non-current assets and disposal groups classified as held for sale	—	—
160.	Part of valuation reserves from investments valued at equity method	(91.8)	573.1
170.	**Total other income items net of tax**	**20.5**	**585.8**
180.	**Comprehensive income (Item 10+170)**	**737.7**	**1,191.2**
190.	Minority interest in consolidated comprehensive income	1.9	2.0
200.	**Consolidated comprehensive inc. attributable to Mediobanca S.p.A.**	**735.8**	**1,189.2**

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

Mediobanca S.p.A. (€m)	9 mths 31/03/2021	9 mths 31/03/2022	Chg.%
Net interest income	95.0	83.4	-12.2%
Net treasury income	140.2	127.3	-9.2%
Net fee and commission income	238.5	246.7	3.4%
Dividends on investments	2.2	93.2	n.m.
Total income	**475.9**	**550.6**	**15.7%**
Labour costs	(183.8)	(193.3)	5.2%
Administrative expenses	(123.0)	(132.9)	8.0%
Operating costs	**(306.8)**	**(326.2)**	**6.3%**
Loan loss provisions	68.0	34.8	-48.8%
Provisions for other financial assets	28.6	(7.2)	n.m.
Impairment on investments	(0.1)	(0.9)	n.m.
Other income (losses)	(34.5)	(54.7)	58.6%
Profit before tax	**231.1**	**196.4**	**-15.0%**
Income tax for the period	(87.0)	(54.0)	-37.9%
Net profit	**144.1**	**142.4**	**-1.2%**

Mediobanca S.p.A. (€m)	30/06/21	31/12/21	31/03/22
Assets			
Financial assets held for trading	11,336.8	12,137.6	9,898.2
Treasury financial assets	10,122.1	12,982.0	13,566.7
Banking book securities	8,716.0	9,434.8	9,350.8
Customer loans	37,103.6	39,686.0	40,287.2
Equity Investments	4,475.1	4,621.4	4,634.2
Tangible and intangible assets	167.1	166.8	164.8
Other assets	782.8	624.3	502.3
Total assets	**72,703.5**	**79,652.9**	**78,404.2**
Liabilities and net equity			
Funding	52,045.0	55,249.5	55,157.0
Treasury financial liabilities	3,826.5	8,877.8	7,161.6
Financial liabilities held for trading	10,342.4	9,541.3	9,691.9
Other liabilities	937.6	882.2	1,446.0
Provisions	136.5	128.6	121.1
Net equity	4,837.1	4,822.9	4,684.2
Profit of the period	578.4	150.6	142.4
Total liabilities and net equity	**72,703.5**	**79,652.9**	**78,404.2**

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

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