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Testo del comunicato

Vedi allegato.

MEDIOBANCA
BOARD OF DIRECTORS' MEETING

Results for FY 2022-23 approved

Milan, 27 July 2023

RESULTS AT ALL-TIME HIGH LEVELS
2019-23 BUSINESS PLAN TARGETS OVER-DELIVERED
HIGH REMUNERATION FOR STAKEHOLDERS

GROWTH

Revenues €3.3bn (up 16% YoY[1]), vs plan target of €3bn due to strong positioning and business segment diversification

Positive contribution from all revenue streams:
NII up 22% to ~€1,800m (€502m in 4Q)
Fees stable at €844m, high results from both trading and insurance

GOP €1,621m (up 25%), net of cost of risk @52 bps overlays virtually intact at ~€270m (equivalent to 1Y of LLPs)

Net profit €1,027m (up 13%) and net profit adj. ~€1,200m not including non-operating items/one-offs totalling ~€190m

EPS €1.21 (up 15%), EPS adj. €1.42 (up 27%)

TBVPS €11.6 (up 9%) – ROTE[2] 13% (up 2pp), RORWA 2.4% (up 40 bps)

CET1 15.9%[3] (up 30 bps YoY, up 50 bps QoQ)

HIGH STAKEHOLDER REMUNERATION

FY 2022-23: DPS €0.85 (up 13%), payout ratio 70%

FY 2023-24: 70% cash payout and new share buyback[4] of approx. ~€200m

ESG targets delivered and expanded

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1 YoY chg.: 12M to end-June 2023 vs 12M to end-June 2022; QoQ chg.: 3M to end-June 2023 vs 3M to end-March 2023.

2 ROTE, RORWA and ROAC, EPS adj calculated based on net profit adjusted for non-operating/non-recurring items.

3 CET1 fully-phased pro forma, with Danish Compromise permanent (benefit 100 bps).

4 Treasury share buyback and cancellation scheme involving up to 3% of the share capital, subject to authorization by shareholders in AGM and by the ECB. As of today, given the number of treasury shares currently owned by the Bank (8.5 million), the new buyback will involve up to 17 million shares currently in issue (equal to approx. 2% of the company's share capital).

EMARKET SDIR CERTIFIED

MEDIOBANCA

SOLID POSITIONING AND SIGNIFICANT BUSINESS OPPORTUNITIES

Having successfully delivered the 2019-23 Strategic Plan, the Group is now focused on executing its new plan for 2023-26: "One Brand-One Culture"

Growth in Wealth Management (WM) a priority, building a distinctive operator to leverage on the Group's unique Private & Investment Banking model (PIB)

Positive response to announcement of CheBanca! repositioning and rebranding as Mediobanca Premier, PIB model effective

Acceleration in recruitment: 76 new FAs/bankers, 2/3 of whom in last 6M

TFAs up 10% to €88bn, revenues up 13% to €821m

Net profit up 21% to €162m (adj. net profit ~€180m)

RORWA up 60 bps to 3.1%

Corporate & Investment Banking (CIB):

Creation of a pan-European, capital-light/fee-driven platform, in synergy with development of WM from a "One Franchise" perspective

RWA optimization launched, focus on growth in capital-light businesses

RWAs down 4% to €19bn, revenues up 11% to €712m, net profit €225m

Partnership with Arma now signed, to be consolidated by end-FY 2023-24

RORWA stable at 1.2%

Consumer Finance (CF): leader in Italy, now also in digital; creation of a resilient and highly profitable multi-channel platform

Revenues up 6% to €1,123m, net profit up 1% to €374m (adj. ~€380m)

RORWA stable at 2.9%

Insurance (INS): contribution stably high and decorrelated vs other businesses

Revenues up 25% to €464m, net profit €440m (adj. net profit ~€415m)

RORWA 3.2%

Holding Functions (HF): ALM functional to the Group's development and to growth in NII in the changing interest rate scenario

EMARKET SDIR CERTIFIED

Alberto Nagel, CEO of Mediobanca, said: "*In FY 2022-23, the Group has delivered the best results it has ever posted in terms of revenues (€3.3bn), earnings (above €1bn), and profitability (ROTE 13%), showing impressive capability to adapt to different operating scenarios and to seize business opportunities, over-delivering on the targets set versus its stakeholders. On the back of this performance, Mediobanca in the next three years will deliver strong growth in Wealth Management, more efficient RWAs management, and enhanced shareholder remuneration, in implementation of the "One Brand – One Culture" Strategic Plan.*

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The Mediobanca Group continues to grow, ending the financial year with **record results in terms of revenues (€3,305m, up 16% YoY), net profit (€1,027m up 13% YoY), Earnings Per Share (EPS) (€1.21, up 15% YoY), EPS adj. (€1.42, up 27% YoY), ROTE (13%, up 2pp YoY), and RORWA (2.4% up 40 bps YoY)** in an operating scenario affected by significant geo-political events, abrupt changes in monetary policies, and high volatility on financial markets. The results posted comfortably exceeded the targets set four years ago in the 2019-23 Strategic Plan (revenues €3bn, ROTE 11%, EPS €1.1).

The top-line performance was driven by growth in all divisions (WM up 13% to €821m, CIB up 11% to €712m, CF up 6% to €1,123m, INS up 25% to €464m, HF up almost 3x to €220m) and **by all income sources** (net interest income up 22% to over €1,800m, fees stable at €844m, and trading up 27% to €206m).

Profit in 4Q (April-June 2023) was up 24% YoY to €236m, and would have been above €310m adjusted for non-recurring items. The **positive top-line performance, with revenues of almost €890m (with NII of over €500m),** enabled the Group to take one-off expenses of ~€80 in 4Q, in view *inter alia* of the launch of the new 2023-26 Strategic Plan approved in May.

In view of these solid results, **the Board intends to propose a dividend of €0.85 per share, corresponding to a payout ratio of 70%**, to shareholders for approval at the Annual General Meeting to be held in October, thus meeting the target set in the 2019-23 Strategic Plan (€1.9bn cumulative dividends to be distributed). In addition, in line with the guidance contained in the new 2023-26 Strategic Plan, for FY 2023-24 the Board will also propose **a first new share buyback and cancellation scheme, for a total amount as of today of some €200m (17 million shares,** approx. 2% of the company's share capital, rising to 3% if the shares already owned are included).

Highlights for the 12M include the following:

- **Robust commercial performance, geared towards increasingly selective growth in RWAs, and driven by value and lower capital absorption:**
  - **TFAs climbed to €88bn** (up 10% YoY, up 4% QoQ), **driven by inflows of AUM/AUA (NNM €7.9bn, €2.1bn of which in 4Q)** which totalled €59.8bn (up 16% YoY, up 4% QoQ). Active management of funding, coupled with the sale of investment products structured by Mediobanca, have enabled the Group to meet much of the demand for higher returns that has characterized the entire sector, while at

the same time enabling deposits to remain broadly stable (inflows of approx. €0.8bn in 4Q, with the balance back above €28bn at end-June) at a low cost.

- **Customer loans, which totalled €52.5bn, after growing strongly in 1H, reflect declining demand plus the more selective approach to lending taken in 2H** (light increase in CF, and reductions in CIB and mortgages), driven by the risk-adjusted margins. Conversely, the securities portfolio – which is below average size for the sector as a whole – has been increased for tactical reasons, to take advantage of the new interest rate scenario.

- **Funding activity has been abundant, with record bond issuance of €7bn in 12M (the highest level seen in 10Y),** benefiting from significant diversification of the investor base (private and institutional), with costs still firmly under control (issues ~150 bps vs maturities ~130 bps), enabling €3bn of TLTRO to be repaid six months ahead of schedule, in accordance with the scheduled exit strategy.
- **Revenues reached record levels** (€3,305m, up 16% YoY, €887m of which in 4Q), **with all income streams contributing positively**:

  - **Net interest income totalled €1,801m (up 22% YoY, accelerating further by 10% to €502m in 4Q),** with strong contributions from all the divisions, in particular CF (up 5.4% YoY, driven by €7.8bn in new loans), WM (up 22.7% YoY), and HF (positive again at €145m), on the back of asset repricing and careful cost of funding management.

  - **Net fee and commission income was stable at €844m (down 1% YoY, €187m of which in 4Q)**, on strong growth in WM (up 7% YoY) and CF (up 12%, driven by the new Buy Now Pay Later activity), which offset the reduction in CIB fees impacted by the negative trend in Investment Banking.

  - **Net trading income totalled €206m** (up 27% YoY, approx. €33m of which in 4Q).

  - **Insurance: strong growth, up 26% to €454m**, due to the improved operating performance and certain real estate gains realized by Assicurazioni Generali in 4Q.
- **Cost/income ratio 43% (down 3pp YoY)**, even including the ongoing investments in distribution, innovation and talent.
- **Excellent asset quality, with overlays virtually intact** (down €30m to €270m, equivalent to the loan loss provisions taken for the entire FY 2022-23)**. The cost of risk for 12M was 52 bps, stable at last year's low levels and lower than in 1H (59 bps),** factoring in adaptation of the IFRS 9 models to a less favourable macroeconomic scenario. **In 4Q the cost of risk decreased to 46 bps**. **Non-performing loans at Group level were stable** at the low levels reported at end-June 2022 (2.5% of total loans gross, and 0.7% net), **while Stage 2 loans decreased** (5.3% gross, 4.7% net). **The coverage ratios increased**: 72% of NPLs (up 1pp since end-June 2022), 1.34% for performing loans at Group level, and 3.75% for performing loans for the CF division.
- **Net profit €1,027m** (up 13% YoY, €236m of which in 4Q), **despite non-operating /one-off charges of ~€190m** (gross of tax), ~€80m of which in 4Q.
- **ROTE adj. 13%** (up 2pp YoY), **RORWA adj 2.4%** (up 40bps YoY).

- **Significant growth in the per share indicators**, in part due to cancellation of 16.5 million treasury shares (September 2022): **EPS €1.21 (up 15% YoY), EPS adj. €1.42 (up 27% YoY), TBVPS €11.6 (up 9% YoY)**.
- **Capital base remains high: CET1 ratio 15.9%**[3], up 50 bps in 4Q and up 30 bps in 12M. the improvement in 4Q reflects the high profitability and control of RWAs, plus the dividend collected from Assicurazioni Generali**. The ratio includes a cash dividend payout of 70% of the reported net profit (DPS €0.85, up 13% YoY).**

All the divisions posted material growth:

- **WM: priority for the Group's growth – positive response to announcement of CheBanca! repositioning and branding as Mediobanca Premier and the Private & Investment Banking model. Double-digit growth ongoing both in revenues (up 13% YoY to €820m) and net profit (up 21% to €162m; adj. net profit ~ €180m), with a significant resumption in recruitment activity in the last 6M. RORWA**[5] **up from 2.5% to 3.1%, with the cost/income ratio improving (down 3pp to 68%).**

  TFAs totalled €88bn (up 10% YoY, €60bn of which in AUM/AUA), **on NNM of €7.3bn. There was also growth in lending activity (with customer loans up 10% YoY, to €16.8bn**, €12.4bn of which in residential mortgages, and €4.4bn in private financing). **Private Banking** client coverage activities have continued, with some €0.7bn in liquidity events being intercepted in conjunction with CIB, and the product offering in the Private Markets and portfolio management segments has been enhanced. The new market scenario has also significantly facilitated the sale of structured products. In Premier Banking, efforts to strengthen the fixed-income product offering by leveraging on Group synergies have continued. In the Asset Management segment, performances have been strong, in the special situations asset class in particular. **The attractiveness of the Mediobanca business model has been seen in 2H, with some significant enhancements made to the salesforce: a total of 59 new professionals have been added in 6M, including a team of six private bankers of high standing previously at Credit Suisse, making a total of 76 new recruits in 12M.**

- **CIB: asset optimization actions launched (RWAs down 4% to €19bn), along with the drive towards growth in capital-light businesses: revenues up 11% to €712m, net profit €225m, RORWA stable at 1.2%, cost/income ratio 46% (down 1pp)**

  Revenues were once again at an all-time high (€712m), with the reduction in 4Q (€282m) reflecting the weak operating environment for European Investment Banking, impacted by the market volatility and rising interest rates. The reduction in Advisory business (which was less pronounced than the market average, helped by Mediobanca's strong relations with its clients and the resilience of the domestic market, in the mid corporate segment in particular), and was offset by the growth in Capital Market Solutions activity and in proprietary trading. Lending activity also increased, helped by the rising interest rates and the swift asset repricing, having followed increasingly selective lending criteria in the last 6M to boost the margins on the capital absorbed. **Loan book quality was again high:** following an increase in the cost of risk in 2Q (after net writedowns of €32.3m were taken, reflecting mainly

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5 ROAC adjusted for writedowns/impairment to equity investments and securities, and other positive/negative non-recurring items.

the update of the IFRS 9 model macros), writebacks were again credited in 3Q and 4Q (€4m), despite the reclassification of certain items.

- **CF: profitable and resilient: revenues up 6% to €1,123m, net profit up 1% to €374m (adj. net profit ~€380m), RORWA[5] stably high at 2.9%, with cost/income ratio at 31% (up 1pp).**

  The positive trend in new loans continues (€7.8bn, up 2% YoY, over €1.9m of which in 4Q, taking the loan book to €14.5bn, up 5% YoY), driven by **effectiveness in both direct distribution** (with six new agencies opened in 12M, for a total of 312 POS overall) **and digital distribution** ("digitally originated" personal loans now account for **31% of total direct loans),** plus growth by the **Buy Now Pay Later (BNPL)** segment (**new business of approx. €190m, equal to 14% of all special purpose loans, acquisitions of HeidiPay and Soisy, and operations launched in Switzerland**). Net interest income of €985m (up 5% YoY) was boosted by the increase in volumes in a scenario marked by the gradual repricing of assets. **Credit quality remains high** (cost of risk 145 bps): the risk indicators were under control, with net NPLs decreasing in relative terms, to 1.4% of total loans, on a coverage ratio of 77% (3.75% for performing loans).

- **INSURANCE: high contribution and profitability in the new high interest rate scenario, plus benefits deriving from application of the Danish Compromise to become permanent**

  Revenues €464m, up 25% YoY, on a robust and improving operating performance by Assicurazioni Generali, with the 4Q result boosted by approx. €25m in real estate gains realized. Net profit by the division totalled €440m (up 37% YoY). RORWA[5] was high (at 3.2%). The Insurance division's market value (NAV) is €3.8bn.

- **HF: dynamic asset and liability management, effective capabilities in terms of raising funding at competitive costs.**

  Funding totalled €60.5bn (stable YoY) **on the back of the strong bond issuance activity (€7bn issued, against redemptions of €3bn), enabling the planned TLTRO substitution to continue** (with €3bn repaid six months ahead of schedule), **with no regulatory impacts (NSFR 119%, LCR 180%, CBC €16.6bn). Demand for Mediobanca bonds through the commercial networks remains high: €4.5bn was placed in 12M, €1.6bn of which through the proprietary networks**. Active management of deposits, through promotions offering new liquidity and term structures, allowed the stock to remain at high levels (above €28bn), while limiting the increase in remuneration (the average cost of deposits increased from 0.2% to 0.6%).

The Mediobanca Group's ESG profile continues to improve. After becoming a signatory to the **PRB (Principle for Responsible Banking)** and the **Net-Zero Banking Alliance (NZBA)**, **(NZBA)**, in the last 12M the Group has published its first **Task Force on Climate-related Financial Disclosures (TCFD)** report, and **set its first two GHG emissions reduction targets in line with the NZBA's requests (automotive and energy generation sectors).** ESG factors have been incorporated into the RAF (Risk Appetite Framework) and the lending policies by mapping out the corporate loan book's ESG risk. Mediobanca has also adopted a **Group Diversity, Equity and Inclusion Code** for the first time, and the **Group**

ESG Policy has been updated, which formalizes Mediobanca's active engagement with clients in order to facilitate their climate transition.

In 4Q the Group also unveiled new ESG targets as part of its 2023-26 Strategic Plan, which have also been included in the staff evaluation and remuneration policies for the whole corporate population and for senior management in particular. The targets will be pursued through a series of cross-divisional actions to help contribute to a more sustainable future in terms of reducing impacts on the environment, being sensitive to the issues of inclusion and diversity, and expressing support for the local community.

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With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the individual and consolidated financial statements for the twelve months ended 30 June 2023, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Group delivered record results in FY 2022-23, above the targets originally set as part of the 2019-23 Strategic Plan: revenues €3,304.5m (up 16% YoY, beating the target of €3bn), GOP €1,621.3m (up 25% YoY), and net profit €1,026.8m (up 13% YoY). EPS increased to 1.21 (up 15%, ahead of the €1.1 target), and EPS adj. to 1.42 (up 27% YoY), reflecting the highest profitability level ever (ROTE 13%, ahead of the 11% target, RORWA[5] up from 2.0% to 2.4%).

The main income items performed as follows:

- **Net interest income rose by 21.8%, to €1,801m,** helped by the rising interest rates which drove NII to reach €502.1m in 4Q. The following factors contributed to this performance: greater selectiveness in lending volumes (lower relatively low-margin corporate loans, higher consumer loans and mortgages); and resilience in the cost of funding, which rose because of the interest rate trend and the substantial position in terms of debt securities, but the increase was limited, being mitigated by the WM deposits (the external cost of which rose from 0.2% to 0.60%). Overall the spread between lending and funding widened by approx. 60 bps, which was enhanced further by positive interest rate risk management in treasury operations, and the increase in the securities portfolio;

- **Net fee and commission income totalled €843.9m, virtually unchanged from last year,** on healthy contributions from asset management (€410m; up 7%; approx. 50% of the total) and lending operations (€245m up 8%), more than half of which by the CF division. The slight reduction compared to last year (€850.5m) is due to Investment Banking, where fees were down 10% (from €225m to €200m), in line with the market trend and coming on the back of the record performance last year. By division the results were as follows: CF reported growth in fee income of 12.1%, to €138.4m, reflecting the new operations in BNPL (which contributed €12m); WM (fees up 6.6%, to €449.6m) managed to absorb the reduced contribution from performance fees by an increase in the upfront component; while CIB (fees down 5.5%, to €289.4m) reflects the marked downturn in business levels in 2023 following a very healthy performance in 1H (€185.3m);

- **Net trading income totalled €205.7m, better than last year (up 27.1%),** as a result of the proprietary portfolio's performance doubling (from €44.2m to €104.9m), that of the trading book in particular (€62.1m, compared to a €4.1m loss last year). Client trading retreated slightly from last year's levels, at €72.7m (€83.1m), due to substantial one-off items for arbitrage trades on the equity side (which reduced from €68m to €55.5m, €43.6m of which in 1H), while fixed-income desk's performance improved slightly, to €16.1m (€14.8); proactive banking book hedging activity delivered a net €42.7m, offsetting the lack of gains realized on disposals of securities (which last year contributed €23.2m); while the other segments (WM and INS) contributed trading income of €25.4m (€30.4m);

- **The contribution from Assicurazioni Generali, accounted for using the equity method, was €442.8m, much higher than last year** (€356.6m), helped by the improvement in ordinary operations, plus the contribution of certain one-off items (approx. €25m) concentrated in 4Q, which also coincided with the introduction of the new IFRS 17 and IFRS 9; the other investments in associates defined by IAS 28 contributed €11.1m (€2.7m last year).

Operating costs totalled €1,413.1m, higher than last year (€1,312.1m); such growth (7.7%) was more pronounced for the labour cost component (up 8.5%, from €671.5m to €728.3m), split equally between the trend in terms of rising headcounts (staff numbers up from 5,016 to 5,227; fixed costs up 10%) and the variable component (up 10.7%) in line with the top-line performance and the need to attract and retain talent; the rise in administrative expenses (up 6.9%, from €640.6m to €684.8m) was concentrated in the following areas: projects (IT expenses: up 10%; consultancy expenses: up 17%), marketing and communications (up 19%); plus travel and entertainment expenses, which have returned to normal levels (up 32%).

Loan loss provisions were up 11%, from €243m to €270m, reflecting a cost of risk (CoR) of 52 bps (48 bps last year, the lowest ever); CIB, which took charges of €32m (compared with a writeback of €42m last year), saw provisioning increase in 2H especially as it adapted to the new macro scenario, plus one performing exposure being reclassified as UTP, mitigated only in part by the release of overlays and by writebacks in respect of the performing portfolio following repayments and improvements in ratings. The increase in CF, where loan loss provisions increased from €190m to €204m (CoR up from 142 bps to 145 bps), was due mostly to the higher volumes, while WM, where LLPs decreased from €14m to €10.5m, was helped by the low default rates. Overall credit quality remains very good and the level of provisioning high (NPLs: 72.1%; performing: 1.34%), not least due to the large stock of overlays (~€270m), which has reduced only marginally in the course of 12M (by ~ €30m, ~70% of which in CIB and ~30% CF). Provisioning in HF (leasing operations, plus the Revalea portfolios of acquired NPLs) is purely structural (€23.4m).

Net profit of €1,026.8m includes approx. €190m in non-operating/one-off charges (approx. €80m of which taken in 4Q), net of which the bottom line would have been almost €1.2bn:

- Non-recurring gains of €25m reported by Assicurazioni Generali from real estate disposals;

- Payment to the Single Resolution Fund of €45m (which come to an end with this financial year); conversely, the payments to the Deposit Guarantee Scheme (which this year totalled €25m) will continue next year as well;

- Asset impairment charges totalling €67m, due to the RAM goodwill being written off (€49.5m) in view of the way in which the new interest rate scenario has affected the systematic funds market, reducing its growth prospects, and to the loss taken on the disposal of Revalea (€17.7m, in application of IFRS 5);

- Provisions totalling €26m for the launch of a staff exit schemes to encourage generational turnover;

- Other items totalling €29m, including contingent liabilities for client activities, increases in the risk provisions, adjustments for financial assets, and other charges;

- €19m in one-off tax provisions due to the release and distribution of CMB unavailable reserves; the ordinary taxation component totalled €375.7m, reflecting a tax rate of 26.3%.

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On the balance-sheet side, total assets amounted to €91.6bn (30/6/22: €90.6bn), with the main items reflecting the following performances:

- **Customer loans rose from €51.7bn to €52.5bn (up 1.6%),** reflecting increases in WM (up 10%, from €15.3bn to €16.8bn) and CF (up 5.2%, from €13.8bn to €14.5bn), against the anticipated reduction in CIB (down 5.3% to €19.6bn, €16.8bn of which in Wholesale Banking; a decrease of 6.7%);

- **Banking book securities decreased from €8.6bn to €10.5bn** (€4.7bn of which in the HTC portfolio and €5.8 in the HTC&S portfolio), following higher purchases of government securities (up €1.2bn), most of which were Italian; the OCI reserve reflects a negative balance, still small but increasing (from minus €60.9m to minus €73.2m), and unrealized losses on HTC securities (which were up from €25.3m to €85.4m);

- **Gross non-performing loans totalled €1,339.7m,** virtually unchanged in 12M (30/6/22: €1,327.3m), and continue to represent just 2.5% of total loans. The prudent provisioning policy (coverage ratio up from 71% to 72.1%) is also reflected in the reduction at the net NPLs level (from €384.4m to €374.3m, €41.3m of which bad loans), which account for 0.7% of total loans, in line with last year. this heading does not include NPLs acquired by the Group, which decreased from €360.2 to €242.3m, and are due to exit the scope of operations entirely once the sale of Revalea is complete.

- **Net Stage 2 positions decreased** from €3,029.7m to €2,491.6m, and represent 4.7% of net loans; of these positions, €1,364.2m relate to CF (9.3% of the stock), €323.7m to CIB (1.7%), €726.3m to WM (4.3%), and €77.6m Leasing;

- **The coverage ratio for all performing loans** remains at 1.34% for the Group and at 3.75% for CF, because of the overlays available to cushion possible increases in provisioning triggered by the deterioration in the macroeconomic scenario.

- **Net treasury assets decreased from €7.2bn to €5bn,** in order to make the early repayments on the TLTRO ahead of the contractual expiry (which accounted for €2.9bn) by using surplus liquidity (indeed, the ECB deposits have halved, from €6.9bn to €3.5bn). The Counterbalancing Capacity totalled €16.6bn (from €14.7bn), and serves to support the liquidity ratios which remain excellent: NSFR 119%, LCR 180%;

- **Funding was stable at €60.5bn** (€61.2bn) due to the TLTRO repayment mentioned earlier (€2.9bn, reducing the facility to €5.6bn), most of which was offset by the higher debt security funding (up from €18.5bn to €22.3bn); WM deposits remain high at €28.2bn (€28.8bn), while other forms of funding totalled €4.5bn;

- **Total Financial Assets (TFAs) rose to €88bn (up 9.7% YoY)**, driven by AUM/AUA inflows of over €7.9bn coupled with the €0.5bn positive market effect. The AUM/AUA component grew by €8.4bn (€5.4bn of which in 2H) and was concentrated in AUA (up €7.7bn). AUM/AUA refer to Premier Banking as to €20.6bn, and to Private Banking as to €27.6bn; Asset Management is responsible for €25.9bn, €11.7bn of which external to the Group.

- **As at 30 June 2023 the capital ratios remained high, reflecting the benefit of the Danish Compromise which is now permanent (100 bps):**

  - **CET1 ratio, phase-in and fully loaded with the Danish Compromise, 15.9%, with a buffer of over 700 bps compared to the SREP minimum requirement.** CET1 rose by approx. 30 bps in 12M: the organic growth (65 bps added from retained earnings, net of the 70% payout) was in part eroded by the LGD Foundation being restored for the Large Corporate portfolio (which accounted for 45 bps in 1Q). Conversely, the impact of the Assicurazioni Generali deductions (25 bps) was offset by the ongoing RWAs efficiency activity (which added 25 bps). The ratio rose by approx. 50 bps in 4Q due to the lower deductions for Assicurazioni Generali following payment of its dividend (adding 25 bps), plus the modest trend in RWAs.

  - **The total capital ratio, phase-in and fully loaded with the Danish Compromise, rose from 17.6% to 17.9%,** due to the new subordinated issue worth a nominal amount of €300m.

  - **The leverage ratio was stable at 8.4%,** as the higher Tier 1 equity was offset by the higher exposures.

  - **The MREL ratio remained high and stable during 12M**: **36.8% of RWAs and 19.5% of LREs**, once again comfortably above the minimum requirements, which were set at 22.13% of RWAs and 5.91% of LREs.

Divisional results

1. **<u>Wealth Management:</u>[6] double-digit growth in net profit (up 21% to €162m; approx. €180m adjusted for non-recurring items) and revenues (up 13%, to €821m) driven by trends in interest rates and asset volumes (TFAs up 10% to €88bn). Strong commercial performance (NNM of €7.3bn in AUM/AUA in 12M) helped by ongoing recruitment (76 new additions during the year). ROAC[5] and RORWA[5] increasing to 35% and 3.1% respectively.**

Net profit for the twelve months totalled €161.9m, up 20.6% on last year (€134.2m), with a 4Q contribution of €32.5m (slightly lower following one-off items of approx. €20m). Revenues were up 12.9% to €820.5m driven by increases in net interest income (up 22.7%) and fees (up 6.6%); the cost/income ratio decreased to 68% (from 71%), and ROAC reached 35% (RORWA 3.1%).

In line with the new **"One Brand One Culture" Strategic Plan**, the division is currently in the process of being optimized, with a view to achieving increased synergies between the networks, between the networks and the product factories, and between WM and CIB, and in order to consolidate the Private & Investment Banking model.

Development of the platform has continued, with:

- **AUM/AUA up 16% to €59.8bn, on NNM of €7.9bn** (€2.3bn higher than last year), helped by the distribution network increase and guided conversion of deposits (chiefly AUA in the form of certificates and government securities). **TFAs overall rose to €88bn,** on a positive market effect adding some €500m, and robust growth of 16% in high-quality assets (AUM/AUA);

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

- **Enhancement of the distribution structure** (1,236 professionals), with 76 new people recruited in 12M. The Premier segment now has 1,087 professionals, split almost equally between bankers (522, with 15 recruited during the period) and FAs (565, with 49 added) working at 105 branches and 103 points of sale. The number of Private Bankers rose by 12 to reach 149, including a team of six bankers of high seniority who the space of a few months have contributed assets worth approx. €300m;

- **Ongoing product offering expansion,** to meet the new needs arising from the current volatile market conditions and to strengthen intra-Group synergies.

Mediobanca Private Banking has continued to offer its UHNWI clients exclusive investment opportunities. In **Public Markets**, portfolio management has seen the introduction of five new strategies (four Buy & Hold bond strategies, in view of the macroeconomic scenario, and one International Euro Hedged equity strategy). Meanwhile, in **Private Markets**, the Apollo Aligned Alternative semi-liquid fund has been launched, which combines the advantages of private equity strategies with increased liquidity compared to the traditional funds in this asset class. The BlackRock programme investment activity has also continued, which in 4Q saw the completion of two initiatives worth over €90m, taking the total invested under the programme to over €370m. As for **Club *Deals*** with high potential Italian SMEs as target, the first €500m investment programme is being completed with two initiatives, one in the area of motor sport (already complete), and one in the skin care/beauty sector still in progress. **The co-operation with CIB in providing joint coverage has also continued,** enabling approx. €600m in liquidity events to be generated during the year. **The Premier segment, meanwhile, has offered its clients various fixed-income products**: two fixed-rate Mediobanca three-year and five-year bonds; a target maturity Mediobanca ESG Credit Opportunities 2026 fund (SFDR/ESG Article 8 bond fund, three-year duration).

TFAs totalled €88bn, as follows: Private Banking €38.8bn (€27.6bn of which AUM/AUA and €11.2bn deposits); Premier Banking €37.5bn (€20.5bn of which AUM/AUA and €17bn deposits); and Asset Management €25.9bn, €14.2bn of which placed within the Group (30/06/22: €13.5bn).

The division's revenues rose by 12.9%, from €726.5m to €820.5m), due to the positive trends in both net interest income, helped by the changes in monetary policy, and in fee income, which grew as a result of the higher volumes. The main income items reflect the following performances:

- **Net interest income rose by 22.7%** (from €294.6m to €361.5m), driven by the growth in lending volumes, with deposits stable at moderate costs (external cost 0.6%);

- **Net fee and commission income grew by 6.6%** (from €421.6m to €449,6m), with a significant contribution from management fees (up 2.5%, from €321.5m to €329.6m) and banking fees (up from €84.7m to €95.1m, an increase of 12.3%), and especially upfront fees (up 26.1% from €61.1m to €77.1m) deriving from the substantial placements of fixed-income securities (including Mediobanca bonds and certificates) generated by the rising interest rates. The 4Q figure was down 2.5% QoQ (from €111.2m to €108.4m), due to the natural fluctuations associated with the activities; while management fees rose by 2.4% to €84.6m.

Operating costs increased from €516.7m to €555.1m (up 7.4%) on higher labour costs (up 10.7%, from €265.7m to €294.2m) reflecting the strengthening of the workforce (with 93 new staff added, two-thirds of whom in Premier Banking), and the variable remuneration component being aligned to the good results. Administrative expenses rose by 3.9% (from €251.0m to €260.9m), due chiefly to IT and project expenses (up 7.5% from €111m), plus investments to refurbish premises (up 11% to €43m) and professional consultancy services (up 13.5%, to €14m).

Loan loss provisions reduced to €10.5m (€14m) due to the low default rates for CheBanca! mortgage loans (provisions down €3.1m), with no provisions taken for Private Banking (versus provisions of €0.4m last year). On a quarterly basis €2.2m was set aside for 4Q.

In addition to the loan loss provisions, there were one-off provisions for risks, staff exit payments and contingent liabilities in respect of client activities (€20.9m for 12M, €12.6m in 4Q).

Customer loans for the division totalled €16.8bn (up 10% since end-June 2022), €12.4bn of which in residential mortgages (up 9%) and €4.4bn in Private Banking loans (up 13%). New business in mortgage lending totalled €2.2bn, in line with last year.

Gross NPLs decreased from €222.2m to €218.2m (equal to 1.3% of total loans), and mainly regard CheBanca! mortgage loans (€166m, 1.3% of the stock). The coverage ratio was 45.1% (69.7% for bad debts). Gross NPLs in Private Banking totalled €52m (1.2% of the stock, €39m of which attributable to CMB Monaco). Net NPLs totalled €119.9m (0.7% of net total loans), €78.4m of which are CheBanca!; mortgage loans; net bad debts totalled €29.5m, all of which were attributable to CheBanca! products.

2. Corporate & Investment Banking: asset optimization activity launched (RWAs down 4% to €19bn), focus on growth in capital-light businesses (acquisition of Arma Partners); revenues for 12M near highest-ever levels (€712m) despite the slowdown in 1H in line with the European market. Net profit €225m, RORWA[5] stable at 1.2%.

The CIB division recorded **one of its best ever 12M performances with revenues of €712.4m,** reflecting double-digit growth compared to last year (up 11.4%, from €639.3m), capitalizing on the **record performance posted in 1H with the expected slowdown in 2H**, in line with the trends seen in the European and US markets, which have been impacted by the volatility on financial markets and rising interest rates. Once again the highly diversified income streams contributed significantly to the achievement of these results: the reduction in Advisory business (down 9.5%) was offset by the growth in Capital Market Solutions activity (up 6.2%), the proprietary trading portfolio, and Lending activity (up 6.6%), the latter benefiting from the rising interest rates and rapid asset repricing.

The net profit posted by the division was down 8.8% on last year, to €225.2m, due to the **higher loan loss provisions** taken almost exclusively in 2Q mostly attributable to the IFSR 9 models being adapted to the new macroeconomic scenario, and to certain limited reclassifications. **The division's ROAC was still high at 13%, and RORWA was basically flat at 1.2%.**

The foundations have been laid during the twelve months for the new 2023-26 Strategic Plan to be developed:

- **The asset optimization process has been launched (RWAs expected to decrease by 13% in 3Y)**, with more selective lending criteria reflected as from 2H in order to enhance the profitability of the capital absorbed, which has driven a reduction of 3% in the RWAs, despite the additional burden deriving from the LGD foundation being restored for the Large Corporate during 1Q;

- **A strategic agreement has been signed for the acquisition of Arma Partners,** a deal that will allow Mediobanca to strengthen its franchise in the Digital Economy, and contribute to growing the share of non-domestic revenues (forecast to increase from 40% to 55% in 3Y) and of capital-light revenues (also forecast to increase from 28% to 40% in 3Y).

In 2H FY 2022-23, the Bank was not unaffected by the uncertainty that drove the global M&A market[7] to report a drop of 37% in deal volumes and of 9% in the number of deals announced compared to the same period last year. This trend was even more pronounced on the European market, where the reduction was 49% in volume terms and 18% in the number of deals. In France and Spain in particular, the reductions in volumes were 25% and 54% respectively, while the Italian market reported an 88% drop in volumes, further accentuating the figure at end-December 2022 (the reduction would be 70% without counting the Atlantia takeover).

Against this backdrop, the reduction in Advisory business was below the market average, helped by the Bank's strong relations with its clients and the resilience of the domestic market, in the mid-corporate segment in particular. Some of the most important advisory deals completed in the period include the business combination between Autogrill and Dufry in the Consumer sector, the recapitalization of Ansaldo Energia, the joint venture between Wind Tre and Iliad in the TMT sector, and the strategic agreement between Intesa San Paolo and Nexi in the Financial Institutions sector. In the Mid-Cap space Mediobanca confirmed its position as advisor of choice, completing five deals despite the difficult market situation, including the partnership between Charme Capital Partners SGR and Tema Sinergie, and the sale of Tikedo to White Bridge Investments.

With reference to Debt Capital Markets activity, Mediobanca played an important role in numerous Italian bond issues (including Alperia, Intesa San Paolo, Stellantis, Lottomatica, Assicurazioni Generali, Hera, and Iccrea) and in some major deals in others of its core markets (notably Société Générale and EDP), with an increasing presence in the ESG segment.

In Equity Capital Markets, the Bank participated in the stake-building in Anima, as part of which Mediobanca successfully executed the largest-ever Italian reverse ABB on behalf of FSI. The Bank also played a leading role in the convertible bond issued by Greenvolt in Portugal, assisting KKR as financial advisor, and in the Lottomatica IPO, where Mediobanca was joint bookrunner.

As for Lending, the Bank has financed companies and sponsors in all the geographies it covers, supporting them in both their ordinary activities (such as Recordati, Cellnex and Enagas) and extraordinary activities (for example, Dufry in its business combination with Autogrill, and Perfetti Van Melle Group in its acquisition of Mondelēz Gum); this effort was reflected in an increase in both net interest income and fees, coupled with an improvement in the quality of the loan book (with the Investment Grade share rising to 74%, from 63% as at end-June 2021).

The Markets division delivered an excellent performance, showed good resilience in terms of its positions in a turbulent market scenario, and was boosted by growing demand for certificates, as a result of the growing synergies between the CIB and WM divisions.

Revenues for 12M were up 11.4%, from €639.3m to €712.4m, driven by the growth in net interest income (up 14%) and in net trading income (up 67.9%), as well as by fee income which was high, albeit declining; Wholesale Banking contributed €641.8m (up 13,5%) and Specialty Finance €70.6m (down 4.2%;). The main income items performed as follows:

- **Net interest income totalled €288m, up 14% on last year** (€252.5m), helped by the rising interest rates and by the rapid asset repricing; NII in Wholesale Banking rose by 18.7% (from €208.7m to €247.8m), while factoring slowed by 8.3% (from €43.8m to €40.2m), reflecting the difficulties in increasing spreads due to the high market competition;

- **Net fee and commission income remained at high levels (€289.4m)** due to the excellent 1H performance (€185.3m) which offset the slowdown reported in 2H in line with the market; the contribution from Equity Capital Markets business totalled €27m (up 15%), while Lending fees

[7] Source: Refinitiv – Announced deals.

were up 9.1% to €67.2m, fees from Debt Capital Market business decreased from €19.3m to approx. €17m, while M&A advisory reflected the most pronounced downturn (from €158.9m to €143,8m), with the Mid-Corporate share remaining very healthy at €26.2m; Specialty Finance contributed €30.4m (€29.4m);

- **Net trading income totalled €135m (up 67.9% YoY),** on the back of an excellent 1H performance (€109.5m) in conjunction with the first sharp rise in interest rates. The proprietary trading book contributed revenues of €62m this year (compared with a €4.1m loss last year), while client trading reported a slight downturn with revenues of €72.7m (€83.1m), with the equity trading contribution lower than last year.

Operating costs rose by 9.8% (from €298.1m to €327.3m), with labour costs up 8.2% (from €169.2m to €183m) reflecting the rise in headcount (with 22 new staff, for a total of 648) attributable to the growth in Wholesale Banking in both the domestic and international markets. The material increase in administrative expenses (up 12%, from €128.9m to €144.3m), reflects various cost components returning to normal post-Covid (such as travel and marketing), plus the increased weight of IT and project activities. Despite the increase in costs, the **cost/income ratio was down 1pp to 46%.**

Loan loss provisions totalled €32.3m, reflecting a cost of risk of 16 bps for the year. The increase is attributable to provisions for Wholesale Banking of €32.1m (compared with writebacks of €49.2m in the previous 12M) due to the IFSR 9 models being adjusted to the new macroeconomic scenario (in 2Q) and to writedowns of individual positions, in part offset by writebacks credited for the performing loan book, plus the release of part of the overlays which nonetheless remain at high levels (approx. €40m, €25.2 of which in the Large Corporate sector). Writebacks were credited in 3Q and 4Q, albeit minor, despite certain items being reclassified.

Provisions for other financial instruments (holdings in bonds and fund stock units) for a total of €10.1m were also taken during the year, most of which as a result of the sudden rise in interest rates.

In 12M **loans and advances to customers decreased by 5.3% from €20.7bn to €19.6bn,** with the 6.7% reduction in Wholesale Banking (from €18bn to €16.8bn) reflecting the lower new business levels in Lending and Structured Finance (€6.9bn, down 15% YoY) as a result of declining demand and the more selective lending criteria being applied as from 2H, to enhance the profitability of the capital absorbed. Turnover in Factoring business rose from last year (up 12.6%, from €10.7bn to €12.1bn), as a result of growth in the client base.

Gross NPLs increased from €106.2m to €135.7m, with a gross NPL ratio of 0.7% (vs 0.5% last year); while on a net basis a reduction was reported, with net NPLs reducing from €24.9m to €22.2m.

Gross Stage 2 positions decreased from €631.8m to €338.4m (1.7% of total loans), due to the strong reduction in Wholesale Banking following repayments and/or individual positions being revised in connection with the counterparties' ratings being increased.

The coverage ratio for performing loans (Stages 1 and 2) was 0.4%, slightly below the figure of 0.5% reported last year, with overlays of €40m, reflecting a reduction in the Large Corporate segment (from €44.4m to €25.2m) following careful revision of the industrial sectors most affected by the macroeconomic uncertainties.

EMARKET SDIR CERTIFIED

3. **<u>Consumer Finance</u>: net profit for 12M €374m (~€380m adjusted for non-recurring items) and ROAC[5] 32% (RORWA[5] 2.9%). The result, reflecting a slight improvement on last year, is Compass's highest net profit ever, achieved on the back strong commercial activity and digital innovation which generated record new loans, despite the application of stricter acceptance criteria. Asset quality is robust, and the cost of risk remains at 145 bps.**

Compass delivered a net profit of €374.3m in 12M (up 1.1%), reflecting very high profitability levels (ROAC 32%, RORWA 2.9%). The growth in new business, which totalled €7.8bn (vs €7.7bn last year) drove higher **customer loans, which exceeded €14bn**, and net interest income, despite the rapidly rising interest rate scenario. More selective lending policies intended to preserve asset quality ensured that default rates remained stable, with a positive impact on the cost of risk (145 bps, compared with 142 bps last year) and on GOP, which recorded a new record result (€571.2m in 12M).

Expansion of the distribution network continued in 4Q, with priority being given to variable cost solutions (2 new agencies opened). At end-June 2023 Compass's distribution platform consisted of 312 points of sale, 72 of which managed by agents, plus 59 Compass Quinto-branded POS (specializing in the sale of salary-backed finance products). Compass Link, an agent in financial activities focused on offering off-site products (project launched at end-2021), now has a total of 175 collaborators.

Priority has been given to strengthening the digital channels which, as a result of the ongoing efforts to improve user experience, has increased its penetration rate to **31% of the volumes** of personal loans generated by the direct channel, with **more than 80% of applications for finance processed in one day**. **Compass has also continued to invest in developing its offering from an increasingly multi-channel perspective,** analysing innovative credit selection methodologies, developing its BNPL product, digitalizing all processes, including those based on physical POS and targeting international expansion. **In this connection, in June 2023 Compass signed an agreement to acquire 100% of HeidiPay Switzerland AG from HeidiPay AG**. This acquisition represents the **first step in Compass's ambitions to grow outside of Italy,** as it will allow the company to become a fully-fledged consumer credit operator on Swiss territory, as well as continuing to benefit from the technology and services of HeidiPay AG.

The Italian consumer credit market reported flows of €43.2bn in the first six months of the 2023 calendar year, 5% higher than the same period in 2022. This performance was largely due to the positive trend in credit cards (up 11%) and special purpose loans (up 10%), while personal loans were down 4%.

Compass reported a 2% increase in new business (from €7.7bn to €7.8bn), with a market share of 9%. Growth was driven by automotive finance (up 8%, to €1.6bn), special purpose loans (up 16%, to €1.4bn, including the growth in BNPL which posted more than twice last year's figures), and credit cards (up 4%, to € 0.9bn); while salary-backed finance was down 13%, to €0.4bn due to the reduction reported by the indirect channel, which was more impacted by the repricing policies implemented. Personal loans (€3.5bn, basically unchanged from last year) reflect growth in direct distribution (up 14%, to €2.7bn), which offset the reduction reported by the third-party channels (down 35%), the banks in particular, which also entailed an advantage in profitability terms.

Compass reported a net profit of €374.3m in 12M (1% higher than last year)**. The strong commercial performance enabled customer loans to reach their highest ever level of €14.5bn** (compared with €13.8bn last year), **driving growth in revenues** (from €1,058.2m to €1,122.5m) **which offset the rising cost trend** (the cost/income ratio increased from 30% to 31%), due to the enhancement of structures and to finance investments in new projects, and **the marginal**

EMARKET SDIR CERTIFIED

increase in risk (which remains at the very low level of **145 bps**, versus 142 bps last year). **ROAC and RORWA were both high at 32% and 2.9% respectively**.

The growth in revenues (up 6.1%, from €1,058.2m to €1,122.5m) is in line with the performance in average lending volumes (which rose by 6%). The main income items performed as follows:

- **Net interest income reached a record high of €984.9m** (up 5.4% on last year's €934.3m); the good performance reflects growth in lendings concentrated in the more profitable product of direct personal loans, where margins have been preserved through intense repricing activity which has managed to offset the increase in the cost of funding almost entirely;

- **Net fee and commission income rose from €123.5m to €138.4m (up 12.1%),** with an increasing contribution from Buy Now Pay Later activities (€12m), and lower *rappel* fees credited back to third party networks (which declined from €24m to €14m) offsetting the reduction in the component deriving from the sale of insurance products (down from €43m to €40m);

- **Operating costs totalled €347.4m, higher than last year** (€314.8m), as a result of inflation as expected and the increase in investments to grow the division. Labour costs rose by 7.5% (from €105.9m to €113.8m) due to growth in the headcount (with 66 new staff added during the period), with administrative expenses up 11.8% (from €208.9m to €233.6m) due to the rising operating, IT and marketing costs, the latter main in support of the new digital initiatives (BNPL in particular);

- **Loan loss provisions increased by 7.3%, from €190.1m to €203.9m, despite the cost of risk remaining at low levels (145 bps, vs 142 bps last year**). The coverage ratios were again high (NPLs down from 78.8% to 77.3%; performing loans 3.75%), with the overlays reducing slightly (now just under €210m). There were also one-off provisions for risks, staff exit payments and contingent liabilities in respect of client activities amounting to €14m.

Gross loan loss provisions totalled €878m (30/6/22: €858m), declining in relative terms from 5.7% of total loans to 5.6%, due to the low default rates which remain below expectations. **The excellent coverage ratio** (77.3%) **helped to keep the net exposure at low levels** (€199m) despite the introduction of stricter classification rules (on forbearance, UTP and the definition of default), remaining basically stable at 1.4% of total loans. Net bad debts fell to below €5m, reflecting a coverage ratio of 98.2%.

4. INS: high contribution to Group earnings (€440m) – ROAC[5] 20%, RORWA[5] 3.2%

The insurance division delivered a net profit of €439.5m, up 37.5% on last year (€319.7m), due to a higher contribution from the equity method (up from €359.3m to €454.7m), for Assicurazioni Generali in particular (€442.8m), confirming the excellent profitability of the investment (ROAC 20%, RORWA 3.2%), which will remain at these levels after 31 December 2024 now that the Danish Compromise has been made permanent under the new CRR III; the impact on P&L for 4Q confirms the investment's decorrelation from the Group's other core businesses (investment banking in particular) and its high cash flow generation capability through dividends; and it remains an important value option for the Mediobanca Group, ensuring it has available resources (which have increased further with the rise in stock market prices) that can be activated in the event of opportunities to grow via acquisitions.

Dividends and other income from holdings in funds amounted to €16m, half of which from seed capital in the Group's own funds. Recognized at fair value, the holdings in funds reflect a positive valuation of €2.4m.

The book value of the Assicurazioni Generali investment rose by 13.1%, from €3,069.4m to €3,472.2m, reflecting the impact of the adoption of the new IFRS 17 and IFRS 9 on the company's net equity (as from the financial statements for the period ended 31 March 2023; our valuation for end-June is based on this situation). The investment's contribution to the Group's earnings for 12M was €442.8m, up 24.2% (€356.6m), boosted by the result for 4Q which reflects the adoption of the new reporting standards (such as valuation of liabilities with rising interest rates) plus the gain deriving from the disposal of a real estate investment in the United Kingdom. The market value of the investment is €3.8bn.

5. HF: strongly improving results, due to the new interest rate scenario plus active treasury management. Comfortable and diversified funding position, with optimized CoF.

The net loss incurred by the Holding Functions division decreased from €165m to €95.3m, due to the good performance in terms of total income (which rose from €78.8m to €220.4m), driven by net interest income, which after being negative for several years, is now once again comfortably in positive territory at €145.1m (€77.2m of which in 4Q), helped by a major contribution from the securities portfolio (which added €55m in 12M) and management of other treasury items (which added €48m), with the cost of funding under control. Central costs totalled €107.6m (30/6/22: €102.3m), and represent 7.6% of the Group's total costs.

The main segments performed as follows:

- **Treasury**: considerable efforts were made to expand funding and optimize CoF during the 12M, which in practice led to TFAs remaining stable in WM (these account for 48% of the Group's total funding) and to an increase in the debt security component, leverage on the reopening of the retail and private channels (not only the Group's). This enabled the planned TLTRO repayment process to begin, which in turn improved the regulatory ratios that recorded their highest ever levels (LCR: 180%; NSFR: 119%); MREL liabilities also rose from 30% of RWAs to 34%, far above the requirement for 2023 of 23.13%. The growth in net interest income (up €180m) totally offset the decline in net treasury income (down €5m) and in fees (down €10m);

- **Leasing:** a net profit of €3.2m was earned from leasing operations, slightly higher than last year (€2.7m), despite reflecting a reduction in customer loans (down 10%, from €1.6bn to €1.5bn), impacted by the decline in new business in 2H especially. Loan loss provisions fell from €16.7m to €6.6m, mostly due to the resolution of real estate positions previously classified as NPLs. Equally, gross NPLs decreased, from €138m to €107m, and the reduction was more pronounced still on a net basis (down from €64.3m to €32.9m).

- **NPL acquisition management:** this activity was disposed of as part of the Revalea transaction. In the financial statements, the transaction has been represented in accordance with the provisions of IFRS 5. Until the deal closes (expected by end-2023), the cost and income items will continue to be allocated in kind, in view *inter alia* of the minimal size of the figures involved. The loss for 12M has been kept down to €0.5m, after revenues of €51.6m, approx. €32.3m of which in income collected from NPL portfolios, and writedowns totalling €16.8m. Gross NPLs decreased from €350.6m to €238.8m, against a net equity of €117.7m.

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Mediobanca S.p.A.

Mediobanca S.p.A. delivered a net profit of €606.5m in 12M, much higher than last year (€513.1m), after an excellent performance in revenues (up 29.3%) which kept the cost/income ratio under control at 36% (this despite the 10.5% increase in costs), and absorbed the impact of the loan loss provisions (€36.3m), the payment to the SFR (€35m), and one-off charges (approx. €68m, €54.3m of which in impairment charges for Group Legal Entity RAM).

The growth in revenues, from €1,073.4m to €1,387.9m, was driven by net interest income (which rose by 3x in 12M) and by higher dividends (€527.3m, €235.1m of which from Assicurazioni Generali and €275m from Compass Banca). The main income items performed as follows:

- Net interest income totalled €333.2m, a sharp increase on last year's result (€114.4m), due to the positive impact of the sudden rise in interest rates on assets (loans and treasury assets) backed by careful cost of funding management;

- Net treasury income increased from €154.2m to €207.5m, on the back of a major improvement in the contribution from proprietary trading (€109.2m, compared with €37.6m last year), with client trading declining slightly (down from €79.2m to €69.3m);

- Net fee and commission income improved further slightly on last year's already excellent levels, at €319.9m (€316.8m), with all businesses contributing: Private Banking (from €101.5m to €110.6m), Advisory M&A (from €95.3m to €100.1m), Lending (from €50.8m to €54.2m), and Capital Markets (from €42.7m to €43.5m).

Operating costs rose from €450.9m to €498.4m, and were split equally between labour costs (up 9.4% to €288.8m, reflecting the increased headcount and higher variable remuneration component) and administrative expenses (up 12.1%, to €209.6m).

The higher loan loss provisions (€36.3m) reflect certain reclassifications in part absorbed by releases from the performing loan book as a result of repayments and re-ratings. In addition there were also €14m in one-off items in connection with transfers to the risks provisions, staff exit payments, and contingent liabilities for client trading.

Total assets increased from €79.7bn to €81.3bn, on higher customer loans (which rose from €40bn to €41.4bn) and a slight increase in banking book debt securities (from €10.1bn to €11.1bn), matched by the reduction in treasury assets (from €14bn to €12.8bn); funding, meanwhile, increased slightly (from €55.4bn to €55.9bn) on higher debt security issuance (up 22.6%, to €20bn).

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Sustainability governance strengthened and growth in ESG business

The Group assigns great importance to sustainability issues, diversity/inclusion and climate change in particular, reiterating its commitment to ensuring that they are included in its various areas of activity.

To this end, in the last 12M:

- The Group has renewed its commitment to the **Global Compact**, the **Principles for Responsible Banking** and the **Net-Zero Banking Alliance** and has become a signatory to the **Task Force on Climate-related Financial Disclosures (TCFD).**

- A **Group Diversity, Equity and Inclusion Code has been adopted,** that serves to define the Group's approach in terms of objectives, strategies and active practices, to promote a collaborative and inclusive working environment, where the contributions of all employees are welcomed, with a view to achieving equal growth and improving the level of inclusion and social cohesion among staff, clients, and civil society in general;

- The **Group ESG Policy** has been revised, introducing further restrictions on activities with counterparties that impact negatively on the environment, and formalizing active engagement with clients to facilitate their climate transition plans.

This structure, which is intended to ensure that sustainability issues are increasingly integrated into all areas of the Group's business, has been acknowledged by the leading ESG rating companies, including MSCI, which has raised its rating for Mediobanca from "A" to "AA", and Morningstar, which has included the Bank in its annual list of the best companies in the Sustainalytics ESG Risk Ratings that have distinguished themselves in the ESG space by developing and implementing responsible investment strategies.

New qualitative and quantitative ESG targets have been included among the priorities of the 2023-26 Strategic Plan and in the staff evaluation and remuneration policies for the Group's entire corporate population and for senior management in particular. The objectives will be pursued through a series of cross-divisional actions to help contribute to a more sustainable future in terms of reducing impacts on the environment, being sensitive to the issues of inclusion and diversity, and expressing support for the local community.

In particular, with the objective of achieving carbon neutrality by 2050, two interim targets have been set for reducing financed emissions intensity, which will be cut by 18% by 2026 and 35% by 2030; the Group will also have completely phased out its involvement in the coal industry by 2030.

The Group also intends to continue its efforts to reduce its own direct impact on the environment, confirming its stance of using electricity generated 100% from renewable sources and maintaining carbon neutrality on its own emissions. In addition to these actions, climate and environmental factors will be increasingly integrated into risk management, lending and investment processes.

The Group's offering in terms of products and services meeting ESG criteria as at 30 June 2023 reflects the following situation:

- Lending activity reflects an ESG stock of some €4.1bn, 76% of which attributable to CIB, 15% to WM, and 9% to CF;
- The Group has issued its second green bond (a €500m Sustainable Senior Preferred Bond) on the institutional market, following its inaugural issue in 2020;
- DCM has again been one of the leading players in the ESG space, closing a total of 25 deals for a total amount of €17bn;
- The share of ESG funds (SFDR Articles 8 and 9 funds) in Premier clients' portfolios has risen to approx.70%.

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Distribution policy

Subject to ECB authorization, the Board intends to submit the following resolutions to the approval of shareholders at the AGM to be held in October:

- **Dividend of €0.85 per share**, in line with the 70% payout ratio indicated at the start of the financial year. The dividend will be payable from 22 November 2023, with record date 21 November 2023 and the shares going ex-rights on 20 November 2023;
- **New share buyback scheme currently worth approx. €200m, in addition to the treasury shares already owned (8.5 million), as follows:**
    - **Up to 17 million shares to be bought (2% of the share capital);**
    - **Up to 17 million shares to be cancelled;**
    - **Total amount of treasury shares to be held will be up to 3% of the share capital,** for use in connection with the performance share schemes, for possible acquisitions and/or to be cancelled.

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Outlook

Having delivered on the 2019-23 Strategic Plan (despite the outbreak of the Covid-19 pandemic and the Russia-Ukraine war), the Group is now committed to implementing its new 2023-26, "One Brand-One Culture" Strategic Plan unveiled in May 2023.

The Group's strong positioning in business sectors offering opportunities for growth, its unceasing investments in distribution, innovation and talent, the selective increase in lendings coupled with the capital optimization policies being deployed, and the ongoing control of both asset quality and operating costs, means that Mediobanca can face with confidence a macroeconomic scenario that is still characterized by uncertainty, with low growth expected in the leading European economies given the level of interest rates and inflation that will remain high at least until the end of 1H FY 2023-24.

For FY 2023-34 the Mediobanca Group confirms its capability to deliver growth in revenues, earnings and shareholder remuneration, in line with the trajectory outlined in the new 2023-26 "One Brand – One Culture" Strategic Plan.

The guidance is as follows:

- Growth in TFAs, with NNM of €9-10bn per annum;
- RWAs stable, with selective growth in lendings and the launch of optimization actions;
- Healthy growth in Group revenues, driven by increases in NII and fee income (the latter set to increase significantly on the back of the solid performance in WM plus the consolidation of Arma as part of the CIB division expected to be completed in Autumn 2023);

- Cost/income ratio to be kept at around 43-44%: the growth in revenues will be used to drive enhancement of both the Group's workforces and platforms;
- Cost of risk flat at ~50 bps, considering overlays;
- Significant reduction in one-off items, with only the DGS provision remaining (approx. €25m);
- Increase in shareholder remuneration, with the cash payout to be maintained at 70%, and launch of an approx. €200m share buyback and cancellation programme[8];
- Capital ratios to remain solid and above 15.5%, including the effects of the acquisitions and the share buyback scheme.

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8 Treasury share buyback and cancellation scheme involving up to 3% of the share capital, subject to authorization by shareholders in AGM and by the ECB. As of today, given the number of treasury shares currently owned by the Bank (8.5 million), the new buyback will involve up to 17 million shares currently in issue (equal to approx. 2% of the company's share capital)

EMARKET SDIR CERTIFIED

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	12 mths 30/06/2022	12 mths 30/06/2023	Chg. %
Net interest income	1,479.2	1,801.0	21.8%
Net treasury income	161.8	205.7	27.1%
Net fee and commission income	850.5	843.9	-0.8%
Equity-accounted companies	359.3	453.9	26.3%
Total income	**2,850.8**	**3,304.5**	**15.9%**
Labour costs	(671.5)	(728.3)	8.5%
Administrative expenses	(640.6)	(684.8)	6.9%
Operating costs	**(1,312.1)**	**(1,413.1)**	**7.7%**
Loan loss provisions	(242.6)	(270.1)	11.3%
Provisions for other financial assets	(37.4)	(7.3)	-80.5%
Other income (losses)	(90.1)	(185.8)	n.m.
Profit before tax	**1,168.6**	**1,428.2**	**22.2%**
Income tax for the period	(250.3)	(394.7)	57.7%
Minority interest	(11.3)	(6.7)	-40.7%
Net profit	**907.0**	**1,026.8**	**13.2%**

2. Quarterly profit and loss accounts

Mediobanca Group	FY 21/22				FY 22/23			
(€m)	I Q 30/09/21	II Q 31/12/21	III Q 31/03/22	IV Q 30/06/22	I Q 30/09/22	II Q 31/12/22	III Q 31/03/23	IV Q 30/06/23
Net interest income	358.4	375.1	372.5	373.2	396.3	446.6	456.0	502.1
Net treasury income	50.0	47.0	35.4	29.4	64.6	83.5	24.2	33.4
Net commission income	202.7	240.5	201.9	205.4	209.9	262.2	185.2	186.6
Equity-accounted companies	95.3	90.4	77.9	95.7	86.2	109.2	94.0	164.5
Total income	**706.4**	**753.0**	**687.7**	**703.7**	**757.0**	**901.5**	**759.4**	**886.6**
Labour costs	(156.4)	(172.2)	(165.9)	(177.0)	(165.8)	(194.0)	(176.4)	(192.1)
Administrative expenses	(146.2)	(158.6)	(158.4)	(177.4)	(155.6)	(175.5)	(167.6)	(186.1)
Operating costs	**(302.6)**	**(330.8)**	**(324.3)**	**(354.4)**	**(321.4)**	**(369.5)**	**(344.0)**	**(378.2)**
Loan loss provisions	(62.4)	(74.9)	(57.6)	(47.7)	(62.6)	(93.8)	(53.1)	(60.6)
Provisions for other fin. assets	4.8	(3.6)	(7.8)	(30.8)	(17.0)	(5.7)	9.7	5.7
Other income (losses)	0.5	(35.0)	(52.5)	(3.1)	(2.6)	(35.5)	(57.9)	(89.8)
Profit before tax	**346.7**	**308.7**	**245.5**	**267.7**	**353.4**	**397.0**	**314.1**	**363.7**
Income tax for the period	(81.6)	(38.8)	(56.0)	(73.9)	(88.6)	(102.6)	(76.5)	(127.0)
Minority interest	(3.2)	(6.0)	0.6	(2.7)	(2.2)	(1.9)	(2.2)	(0.4)
Net profit	**261.9**	**263.9**	**190.1**	**191.1**	**262.6**	**292.5**	**235.4**	**236.3**

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3. Restated balance sheet

Mediobanca Group (€m)	30/06/2022	30/06/2023
Assets		
Financial assets held for trading	9,530.9	9,546.2
Treasury financial assets	12,800.8	10,378.5
Banking book securities	8,577.3	10,471.3
Customer loans	51,701.4	52,549.2
Corporate	*17,975.8*	*16,765.2*
Specialty Finance	*2,758.3*	*2,860.7*
Consumer credit	*13,750.1*	*14,465.0*
Mortgages	*11,368.2*	*12,384.1*
Private banking	*3,929.7*	*4,443.2*
Leasing & NPL	*1,919.3*	*1,631.0*
Equity investments	4,046.2	4,367.7
Tangible and intangible assets	1,350.2	1,327.6
Other assets	2,561.6	2,998.5
Total assets	**90,568.4**	**91,639.0**
Liabilities		
Funding	61,169.4	60,506.2
MB bonds	*18,536.9*	*22,282.8*
Retail deposits	*17,449.8*	*16,983.6*
Private Banking deposits	*11,347.5*	*11,194.6*
ECB	*8,442.2*	*5,586.2*
Banks and other	*5,393.0*	*4,459.0*
Treasury financial liabilities	5,905.8	5,470.0
Financial liabilities held for trading	9,206.7	9,436.7
Other liabilities	3,377.9	4,614.3
Provisions	159.7	182.6
Net equity	10,748.9	11,429.2
Minority interest	*101.6*	*104.1*
Profit for the period	*907.0*	*1,026.8*
Total liabilities	**90,568.4**	**91,639.0**
CET 1 capital	7,894.3	8,177.6
Total capital	8,874.4	9,217.0
RWA	50,378.0	51,431.5

4. Consolidated shareholders' equity

Net equity (€m)	30/06/2022	30/06/2023
Share capital	443.6	444.2
Other reserves	8,863.1	9,792.0
Valuation reserves	433.6	62.1
- of which: Other Comprehensive Income	*123.0*	*71.1*
cash flow hedge	*176.5*	*272.4*
equity investments	*133.5*	*(277.8)*
Minority interest	101.6	104.1
Profit for the period	907.0	1,026.8
Total Group net equity	**10,748.9**	**11,429.2**

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5. Ratios (%) and per share data (€)

MB Group	Financial year 21/22	Financial year 22/23
	30/06/2022	30/06/2023
Ratios (%)		
Total assets / Net equity	8.4	8.0
Loans / Funding	0.85	0.87
RWA density (%)	55.6%	56.1%
CET1 ratio (%)	15.7%	15.9%
Total capital (%)	17.6%	17.9%
S&P Rating	BBB	BBB
Fitch Rating	BBB	BBB
Moody's Rating	Baa1	Baa1
Cost / Income	46.0	42.8
Gross NPLs/Loans ratio (%)	2.5	2.5
Net NPLs/Loans ratio (%)	0.7	0.7
EPS	1.05	1.21
EPS adj.	1.12	1.42
BVPS	11.6	12.5
TBVPS	10.6	11.6
DPS	0.75	0.85
ROTE adj. (%)	10.3	12.7
RORWA adj. (%)	2.0	2.4
No. shares (m)	864.7	849.3

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

12m – June 23 (€m)	WM	CF	CIB	PI	Holding Functions	Group
Net interest income	361.5	984.9	288.0	(7.1)	145.1	1,801.0
Net treasury income	9.4	—	135.0	16.0	42.8	205.7
Net fee and commission income	449.6	138.4	289.4	—	32.5	843.9
Equity-accounted companies	—	(0.8)	—	454.7	—	453.9
Total income	**820.5**	**1,122.5**	**712.4**	**463.6**	**220.4**	**3,304.5**
Labour costs	(294.2)	(113.8)	(183.0)	(4.0)	(133.4)	(728.3)
Administrative expenses	(260.9)	(233.6)	(144.3)	(1.0)	(68.6)	(684.8)
Operating costs	**(555.1)**	**(347.4)**	**(327.3)**	**(5.0)**	**(202.0)**	**(1,413.1)**
Loan loss provisions	(10.5)	(203.9)	(32.3)	—	(23.4)	(270.1)
Provisions for other financial assets	(1.2)	—	(10.1)	2.4	1.8	(7.3)
Other income (losses)	(20.9)	(14.0)	—	—	(83.5)	(185.8)
Profit before tax	**232.8**	**557.2**	**342.7**	**461.0**	**(86.7)**	**1,428.2**
Income tax for the period	(70.0)	(182.9)	(113.8)	(21.5)	(6.5)	(394.7)
Minority interest	(0.9)	—	(3.7)	—	(2.1)	(6.7)
Net profit	**161.9**	**374.3**	**225.2**	**439.5**	**(95.3)**	**1,026.8**
Loans and advances to Customers	16,827.3	14,465.0	19,625.9	—	1,631.0	52,549.2
RWAs	5,959.4	13,516.9	19,410.2	8,713.9	3,831.2	51,431.5
No. of staff	2,197	1,520	648	9	853	5,227

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

12m – June 22 (€m)	WM	CF	CIB	PI	Holding Functions	Group
Net interest income	294.6	934.3	252.5	(7.1)	(22.0)	1,479.2
Net treasury income	10.3	0.4	80.4	20.1	48.0	161.8
Net fee and commission income	421.6	123.5	306.3	(0.7)	52.9	850.5
Equity-accounted companies	—	—	—	359.3	—	359.3
Total income	**726.5**	**1,058.2**	**639.3**	**371.6**	**78.8**	**2,850.8**
Labour costs	(265.7)	(105.9)	(169.2)	(4.0)	(125.9)	(671.5)
Administrative expenses	(251.0)	(208.9)	(128.9)	(1.0)	(75.5)	(640.6)
Operating costs	**(516.7)**	**(314.8)**	**(298.1)**	**(5.0)**	**(201.5)**	**(1,312.1)**
Loan loss provisions	(14.0)	(190.1)	41.7	—	(80.1)	(242.6)
Provisions for other financial assets	(0.1)	—	(3.8)	(32.4)	(1.2)	(37.4)
Other income (losses)	(4.7)	—	(0.6)	—	(86.2)	(90.1)
Profit before tax	**191.0**	**553.3**	**378.5**	**334.2**	**(290.2)**	**1,168.6**
Income tax for the period	(55.9)	(182.9)	(122.9)	(14.5)	126.9	(250.3)
Minority interest	(0.9)	—	(8.6)	—	(1.8)	(11.3)
Net profit	**134.2**	**370.4**	**247.0**	**319.7**	**(165.0)**	**907.0**
Loans and advances to Customers	15,297.9	13,750.1	20,734.1	—	1,919.3	51,701.4
RWAs	5,685.7	12,981.1	20,164.5	8,203.8	3,342.8	50,378.0
No. of staff	2,104	1,454	626	11	821	5,016

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7. Wealth Management

Wealth Management (€m)	12 mths 30/06/2022	12 mths 30/06/2023	Chg.%
Net interest income	294.6	361.5	22.7%
Net trading income	10.3	9.4	-8.7%
Net fee and commission income	421.6	449.6	6.6%
Total income	**726.5**	**820.5**	**12.9%**
Labour costs	(265.7)	(294.2)	10.7%
Administrative expenses	(251.0)	(260.9)	3.9%
Operating costs	**(516.7)**	**(555.1)**	**7.4%**
Loan loss provisions	(14.0)	(10.5)	-25.0%
Provisions for other financial assets	(0.1)	(1.2)	n.m.
Other income (losses)	(4.7)	(20.9)	n.m.
Profit before tax	**191.0**	**232.8**	**21.9%**
Income tax for the period	(55.9)	(70.0)	25.2%
Minority interest	(0.9)	(0.9)	n.m.
Net profit	**134.2**	**161.9**	**20.6%**
Loans and advances to customers	15,297.9	16,827.3	10.0%
New loans (mortgages)	2,163.7	2,244.7	3.7%
TFA (Stock, € bn)	80.2	88.0	9.7%
-AUM/AUA	51.5	59.8	16.3%
-Deposits	28.8	28.2	-2.0%
TFA (Net New Money, € bn)	9.0	7.3	-19.1%
-AUM/AUA	5.5	7.9	42.8%
-Deposits	3.5	(0.6)	n.m.
No. of staff	2,104	2,197	4.4%
RWAs	5,685.7	5,959.4	4.8%
Cost / income ratio (%)	71.1%	67.7%	
Gross NPL / Gross loans ratio (%)	1.4%	1.3%	
Net NPL / Net loans ratio1 (%)	0.7%	0.7%	
ROAC adj	28%	35%	
RORWA adj	2.5%	3.1%	

8. Corporate & Investment Banking

Corporate & Investment Banking (€m)	12 mths 30/06/2022	12 mths 30/06/2023	Chg.%
Net interest income	252.5	288.0	14.0%
Net treasury income	80.4	135.0	67.9%
Net fee and commission income	306.3	289.4	-5.5%
Total income	**639.3**	**712.4**	**11.4%**
Labour costs	(169.2)	(183.0)	8.2%
Administrative expenses	(128.9)	(144.3)	12.0%
Operating costs	**(298.1)**	**(327.3)**	**9.8%**
Loan loss provisions	41.7	(32.3)	n.m.
Provisions for other financial assets	(3.8)	(10.1)	n.m.
Other income (losses)	(0.6)	—	n.m.
Profit before tax	**378.5**	**342.7**	**-9.5%**
Income tax for the period	(122.9)	(113.8)	-7.4%
Minority interest	(8.6)	(3.7)	-57.1%
Net profit	**247.0**	**225.2**	**-8.8%**
Loans and advances to customers	20,734.1	19,625.9	-5.3%
No. of staff	626	648	3.5%
RWAs	20,164.5	19,410.2	-3.7%
Cost / income ratio (%)	46.6%	45.9%	
Gross NPL / Gross loans ratio (%)	0.5%	0.7%	
Net NPL / Net loans ratio (%)	0.1%	0.1%	
ROAC adj	14%	13%	
RORWA adj	1.3%	1.2%	

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9. Consumer Finance

Consumer Finance (€m)	12 mths 30/06/2022	12 mths 30/06/2023	Chg.%
Net interest income	934.3	984.9	5.4%
Net trading income	0.4	—	n.m.
Net fee and commission income	123.5	138.4	12.1%
Equity-accounted companies	—	(0.8)	n.m.
Total income	**1,058.2**	**1,122.5**	**6.1%**
Labour costs	(105.9)	(113.8)	7.5%
Administrative expenses	(208.9)	(233.6)	11.8%
Operating costs	**(314.8)**	**(347.4)**	**10.4%**
Loan loss provisions	(190.1)	(203.9)	7.3%
Provisions for other financial assets	—	—	n.m.
Other income (losses)	—	(14.0)	n.m.
Profit before tax	**553.3**	**557.2**	**0.7%**
Income tax for the period	(182.9)	(182.9)	n.m.
Net profit	**370.4**	**374.3**	**1.1%**
Loans and advances to customers	13,750.1	14,465.0	5.2%
New loans	7,658.6	7,848.8	2.5%
No. of branches	181	181	n.m.
No. of agencies	65	72	10.8%
No. of staff	1,454	1,520	4.5%
RWAs	12,981.1	13,516.9	4.1%
Cost / income ratio (%)	29.7%	30.9%	
Gross NPL / Gross loans ratio (%)	5.7%	5.6%	
Net NPL / Net loans ratio (%)	1.3%	1.4%	
ROAC adj	33%	32%	
RORWA adj	3.0%	2.9%	

10. Insurance - Principal Investing

Insurance - PI (€m)	12 mths	12 mths	Chg. %
	30/06/2022	30/06/2023	
Net interest income	(7.1)	(7.1)	n.m.
Net treasury income	20.1	16.0	-20.4%
Net fee and commission income	(0.7)	—	n.m.
Equity-accounted companies	359.3	454.7	26.6%
Total income	**371.6**	**463.6**	**24.8%**
Labour costs	(4.0)	(4.0)	n.m.
Administrative expenses	(1.0)	(1.0)	n.m.
Operating costs	**(5.0)**	**(5.0)**	**n.m.**
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	(32.4)	2.4	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**334.2**	**461.0**	**37.9%**
Income tax for the period	(14.5)	(21.5)	48.3%
Minority interest	—	—	n.m.
Net profit	**319.7**	**439.5**	**37.5%**
Equity investments	3,157.8	3,555.5	12.6%
Other investments	766.1	675.6	-11.8%
RWAs	8,203.8	8,713.9	6.2%
ROAC adj	16%	20%	
RORWA adj	2.7%	3.2%	

11. Holding Functions

Holding Functions (€m)	12 mths	12 mths	Chg. %
	30/06/2022	30/06/2023	
Net interest income	(22.0)	145.1	n.m.
Net treasury income	48.0	42.8	-10.8%
Net fee and commission income	52.9	32.5	-38.5%
Total income	**78.8**	**220.4**	**n.m.**
Labour costs	(125.9)	(133.4)	5.9%
Administrative expenses	(75.5)	(68.6)	-9.2%
Operating costs	**(201.5)**	**(202.0)**	**0.3%**
Loan loss provisions	(80.1)	(23.4)	-70.8%
Provisions for other financial assets	(1.2)	1.8	n.m.
Other income (losses)	(86.2)	(83.5)	-3.2%
Profit before tax	**(290.2)**	**(86.7)**	**-70.1%**
Income tax for the period	126.9	(6.5)	n.m.
Minority interest	(1.8)	(2.1)	16.7%
Net profit	**(165.0)**	**(95.3)**	**-42.3%**
Loans and advances to customers	1,919.3	1,631.0	-15.0%
Of which: NPL purchased (Revalea)	350.9	238.8	-31.9%
Banking book securities	7,074.3	8,740.0	23.5%
RWAs	3,342.8	3,831.2	14.6%
No. of staff	821	853	3.9%

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12. Statement of comprehensive income

		12 mths 30/06/2022	12 mths 30/06/2023
10.	**Gain (loss) for the period**	**909.7**	**1,029.8**
	Other income items net of tax without passing through profit and loss	**98.2**	**59.4**
20.	Equity instruments designated at fair value through other comprehensive income	*37.9*	*18.9*
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	*4.4*	*(6.6)*
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	*4.7*	*1.0*
80.	Non-current assets and disposal groups classified as held for sale	—	—
90.	Portion of valuation reserves from investments valued at equity method	*51.1*	*46.1*
	Other income items net of tax passing through profit and loss	***(596.5)***	***(367.7)***
100.	Foreign investment hedges	*(10.6)*	*0.3*
110.	Exchange rate differences	*8.2*	*1.2*
120.	Cash flow hedges	*193.6*	*96.4*
130.	Hedging instruments (non-designated items)	—	—
140.	Financial assets (different from equity instruments) at fair value through other comprehensive Income	*(89.6)*	*(8.2)*
150.	Non-current assets and disposal groups classified as held for sale	—	—
160.	Part of valuation reserves from investments valued at equity method	*(698.0)*	*(457.4)*
170.	**Total other income items net of tax**	***(498.3)***	***(308.3)***
180.	**Comprehensive income (Item 10+170)**	**411.4**	**721.5**
190.	Minority interest in consolidated comprehensive income	3.8	3.6
200.	**Consolidated comprehensive inc. attributable to Mediobanca S.p.A.**	**407.6**	**717.9**

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MEDIOBANCA

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

Mediobanca S.p.A. (€m)	12 mths 30/06/2022	12 mths 30/06/2023	Chg.%
Net interest income	114.4	333.2	n.m.
Net treasury income	154.2	207.5	34.6%
Net fee and commission income	316.8	319.9	1.0%
Dividends on investments	488.0	527.3	8.1%
Total income	**1,073.4**	**1,387.9**	**29.3%**
Labour costs	(263.9)	(288.8)	9.4%
Administrative expenses	(187.0)	(209.6)	12.1%
Operating costs	**(450.9)**	**(498.4)**	**10.5%**
Loan loss provisions	48.3	(36.3)	n.m.
Provisions for other financial assets	(31.7)	(7.0)	-77.9%
Impairment on investments	(0.9)	(54.3)	n.m.
Other income (losses)	(56.0)	(50.4)	-10.0%
Profit before tax	**582.2**	**741.5**	**27.4%**
Income tax for the period	(69.1)	(135.0)	95.4%
Net profit	**513.1**	**606.5**	**18.2%**

Mediobanca S.p.A. (€m)	30/06/2022	30/06/2023
Assets		
Financial assets held for trading	10,160.3	10,509.4
Treasury financial assets	14,038.6	12,790.5
Banking book securities	10,072.6	11,118.7
Customer loans	39,955.0	41,446.9
Equity Investments	4,645.3	4,542.9
Tangible and intangible assets	169.4	169.3
Other assets	624.4	690.2
Total assets	**79,665.6**	**81,267.9**
Liabilities and net equity		
Funding	55,408.6	55,893.0
Treasury financial liabilities	6,994.1	6,585.1
Financial liabilities held for trading	10,026.5	10,592.2
Other liabilities	2,053.7	3,041.4
Provisions	119.9	102.8
Net equity	4,549.7	4,446.9
Profit of the period	513.1	606.5
Total liabilities and net equity	**79,665.6**	**81,267.9**

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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