MEDIOBANCA

BOARD OF DIRECTORS' MEETING

Financial statements for six months ended 31 December 2021 approved

Milan, 9 February 2022

Record 6M results
feature growth, quality and sustainability

6M revenues up 12%[1] to €1,459m
with solid growth in NII (€734m, up 5[2]% QoQ, up 2% YoY[1])
and fee income at an all-time high (€443m, up 19% QoQ, up 16% YoY)

Net profit up 28%[1] to €526m, ROTE[3] 11%

Ongoing capital optimization, with a robust CET1 of 15.4%,[4]
including 70% payout and new buyback scheme (3% of share capital)

Significant increase in per share values due to growth and treasury share cancellation (22.6 million shares deleted in December 2021):
6M EPS adj[3]. €0.59 (up 17%[1]), TBVPS €11.3 (up 7%[1])

Investments in innovation, distribution and digital excellence, including through the new CheBanca! investment app and Compass's "Pagolight" BNPL [5]"

Significant progress made on Group ESG roadmap
Signatory to the Net-Banking Zero Alliance

2Q results show further acceleration

Revenues up 7% QoQ to €753m, with positive trend in all divisions:
WM up 11% (€192m), Consumer up 4% (€268m), CIB up 12% (€206m)

Loans up 4% to €51bn
NNM doubled in 2Q to €2.9bn (€4.4bn in 6M)
TFAs up 5% to €79bn, of which AUM up 6% to €52bn

Highly prudent loan loss provisions, credit quality at best-ever levels
COR 60 bps, €35m in extraordinary adjustments, overlays intact, unchanged macro scenario, gross non-performing loans/loans at 2.8%

Net profit €264m (up 1% QoQ)

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1 YoY: 6M ended 31/12/21 vs 6M ended 31/12/20.

2 QoQ: 3M ended 31/12/21 vs 3M ended 30/9/21.

3 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.

4 CET1 phase-in, CET1 fully-loaded @14.1% (without Danish Compromise ~120 bps and with IFRS 9 fully-phased ~10 bps).

5 BNPL: digital instalment plan Buy Now Pay Later

The six months were distinguished by:

- **Strong growth in revenues** (€1,459m, up 12% YoY), **with net interest income returning to growth and record fees**:
  - Net interest income of €734m (up 2% YoY), due to recovery in Consumer Finance (up 3% YoY, to €462m), following the improvement in new loans in terms of volume and mix, plus ongoing, gradual reduction in the Group's cost of funding;
  - Fees of €443m (up 16% YoY) due to strong growth in WM (up 33% YoY, €213m), plus a high contribution from CIB (up 9% YoY, to €187m);
  - Trading revenues of €97m (up 12% YoY).
- **Cost/income ratio 43%,** despite the seasonality of costs (labour costs up 8% and administrative expenses up 7%), accentuated by the strong recovery in operations and the ongoing investment in distribution and innovation.
- **Excellent asset quality** both in CIB, with writebacks due to repayments and rating improvements, and in Consumer Finance, which continues to show default rates at all-time lows and extensive coverage; overall the Group's moratoria outstanding are now just 0.7% of total loans. **The cost of risk stood at 55 bps (approx. 40 bps net of €35m in extraordinary adjustments for leasing and MBCS's NPL portfolios with a view to derisking. The overlays remain at approx. €300m and the IFRS 9 models do not factor in the improvements in the macroeconomic scenario in the last six months. Non-performing loans** (2.8% of total loans gross and 1.0% net) **and stage 2 loans** (7.0% of total loans gross and 6.5% net) **also fell further**. **Coverage ratios increased** (to 67% for non-performing loans and to 1.3% for performing loans; the latter indicator rose further to 3.75% in Consumer Finance);
- **Net profit €526m** (up 28% YoY and up 1% QoQ); **ROTE adj. 11%** [6](vs 9% at end-December 2020);
- **6M EPS adj. €0.59 (up 17% YoY), TBVPS €11.3 (up 7% YoY)** due to earnings growth plus the cancellation of 22.6 million treasury shares deriving from the previous share buyback scheme which were cancelled in December 2021.

2Q saw an acceleration in commercial and revenue growth, plus capital optimization:

- **Expansion of business volumes: TFAs were above €79bn** (up 5% QoQ, up 19% YoY), driven by organic growth (**NNM of €2.9bn in 2Q FY 2021-22, twice the amount recorded in 1Q**, for total NNM in 6M of €4.4bn) plus the consolidation of Bybrook (€2.2bn). **Loans to customers rose to €51bn** (up 4% QoQ and up 6% YoY), on a positive performance by all divisions with new loans in Consumer Finance returning to pre-Covid levels (€1.9bn). **CIB activity saw growth** in the international component, in particular **in advisory business in France,** and an acceleration in the **Mid Corporate segment, matched with sound lending and capital markets operations.**
- **Revenues at an all-time high** (€753m, up 7% QoQ), **with net interest income up 5% QoQ** (€375m) driven by Consumer Finance (up 4% QoQ) **and fees up 19% QoQ (€241m),** driven by WM (up 22% QoQ, to €117m) and CIB (up 21% QoQ, to €102m). **Revenues sustainability** is boosted by the **low incidence of non-recurring items** (performance fees of €10m) and **the action taken to stabilize the T-LTRO benefit throughout the remainder of the programme's duration (2.5 years),** which has entailed a lower contribution of €10m.

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6 ROTE/EPS adj.: calculated using net profit adjusted for writedowns/impairments to equity investments and securities and other non-recurring income or expenses.

- **Net profit of €264m, in line with the previous quarter** despite prudential loan loss provisions of €35m and transfers to banking system funds of €26m, in part offset by a lower tax burden (approx. €37m, mainly due to tax relief on goodwill for Compass).
- **Already high capital base optimized further: CET1 ratio phase-in 15.4% (down 75 bps in 2Q and down 90 bps in 1H), including dividend payout at 70% of reported net profit,** and factoring in a **65 bps reduction due to full impact of the new share buyback programme** launched in December 2021. **Fully loaded, the CET1 ratio stood at 14.1%** (15.0% at end-September 2021 and 15.1% at end-June 2021).
- **Regulatory requirements for 2022 substantially in line with last year: SREP CET1 7.90%,[7] MREL 21.85% of RWAs.**

Significant progress made by all divisions:

- **WM: ROAC[8] 30% (up 9pp YoY), net profit up to €72m (up 54% YoY)**, on **revenues of €364m** (up 20% YoY), with the **cost/income ratio down to 70% (down 4pp). TFAs now exceed €79bn,** helped by the consolidation of **Bybrook,** which contributed €2.2bn in AUM, and **NNM for 6M was more than double last year's result at €4.4bn. The Premier segment's performance was boosted by** high asset gathering capability, productivity levels at the best market levels, and ongoing growth in distribution (with 25 bankers added in 2Q, 100 in 12M, for a total network of approx. 1,000 professionals). **Private Banking and Asset Management** have developed a more synergistic offering from a Group perspective with a niche proposition in the illiquid segment. Across all divisions, **strengthening of the product offering and digital upgrade has continued** (with the development of the new CheBanca! investments app in particular).

- **CF: ROAC[5] 35% (up 7pp YoY), with a record net profit of €190m (up 38% YoY), cost/income ratio 28%. New loans recovered** (totalling €3.7bn in 6M, €1.9bn in 2Q) and are now back to pre-Covid levels (approx. 45% personal loans) driven by the **enhancement of direct distribution** (with six new branches opened in 1H for a total of 237) **and the digital channel** (digital personal loans now account for 26% of the total direct channel, with the launch of the *Pagolight*, Buy Now, Pay Later instalment plan). **Excellent asset quality** (cost of risk at 146 bps for 6M, 133 bps for 2Q): risk indicators at all-time lows, moratoria basically all paid off, NPLs down to 1.3% of net total loans, coverage ratio up to 79% for non-performing loans and to 3.75% for performing loans.

- **CIB**: **ROAC[5] 15%, net profit €132m** (down 23% YoY), on **revenues of €391m, higher** than last year's already high result (€364m), **with a strong contribution from fees** and a recovery in trading income. 2Q saw **all client businesses making strong contributions to the top line, Advisory activity in particular with higher contributions from Messier et Associés in France and the Mid-Corporate segment in Italy**. The year-on-year decline in profit is due exclusively to non-recurring items, in particular to lower loan writebacks which last year included the Burgo reversal, and proactive management of certain NPL portfolios held by MBCredit Solutions (prudential adjustments of €25m were taken with a view to reducing the exposure). **The cost/income ratio remained at 41%, confirming the high quality of the loan book**.

- **PI: ROAC[5] 15%, net profit at €185m** (up 44% YoY), no significant non-recurring items such as those which penalized last year's results.

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7 SREP CET1 calculated as follows: 4.5% Pillar I +2.5% Capital Conservation Buffer + 56.25% P2R (with P2R set at 1.58%)+ 0.01% CCyB

8 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).

- **HF: increase in funding, optimized as to cost, while the control of the Group's central costs and the deleveraging of leasing continues.** The cost of funding (60 bps) is down by approx. 5 bps compared to the average figure for FY 2021-22,[9] thanks to an improved mix with a growing deposit component (which continue to grow cheaper, and the T-LTRO, the benefits from which have been distributed evenly across the next 2.5 years. **NSFR 110%, LCR 162%.**

The MB Group's ESG profile and commitment continues to improve. After signing up to the PRB (Principles for Responsible Banking), the Group announced in November that it had become **signatory to the Net-Zero Banking Alliance (NZBA)**, the initiative promoted by the United Nations with the objective of accelerating the sustainable transition of the international banking sector. Mediobanca was also included in the first **MIB ESG Index launched by Euronext and Borsa Italiana** for Italian bluechip companies that implement ESG best practices. **MSCI recently raised the Bank's rating from BB to A**. With regard to governance, the new remuneration policy provides for **the inclusion of quantitative ESG objectives in the STI scorecards for senior management,** and the new Articles of Association approved by shareholders at the Annual General Meeting in October provide for **greater representation by minorities with a place on the Board reserved for institutional investors.**

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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 six months ended 31 December 2021, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Group delivered a record result in the six months, in terms of revenues (up 12.2%, from €1,300.8m to €1,459.4m), **GOP** (up 16.3%, from €592m to €688.7m), **and net profit** (up 28.1%, from €410.6m to €525.8m), with the **cost/income ratio declining to 43%** (down 2pp) and growing profitability (**ROTE up 2pp, to 11%**).

The main income items performed as follows:

- **Net interest income returned to growth** (€733.5m, up 1.8% YoY), with a **particularly healthy performance in 2Q** (€375.1m, up 4.7% QoQ). Consumer Finance (NII up 3.1%, from €448.4m to €462.2m) **was the main contributor** near to its highest-ever levels, on new loans and profitability once again at full capacity, and helped by the change to the rules on early repayments since end-July 2021, suspending the effects of the Lexitor ruling. The modest decline in Wholesale Banking (down 8.3%, from €112.6m to €103.3m) is entirely attributable to the absence of last year's one-off in relation to Burgo (approx. €8m) and was more than offset by the growth in Wealth Management (NII up 7%, from €137m to €146.6m) on higher lending volumes coupled with the ongoing reduction in the cost of funding; net interest expense incurred by the Holding Functions increased slightly (€3m), due mainly to the reduction in leasing business and the lower interest (approx. €10m) due to the action taken to stabilize the T-LTRO benefit throughout the duration of the programme (2.5 years), most of which was offset by management of the securities portfolio;

9 Cost of funding vs €3M, restated to reflect the introduction of the duration model for WM funding.

- **Net fee and commission income climbed by 15.8%, from €382.8m to €443.2m, with a further increase in 2Q (up 18.6% QoQ, to €240.5m):** the performance of Wealth Management (up 33.3%, from €160m to €213.2m) was achieved off the back of higher management fees (up 30%, from €120.5m to €156.7m) linked to the growth in AUM and to good results in performance fees, which, however, remain low (up from €4.5m to €9.7m) and in upfront placement fees (up from €19.4m to €35.2m), the growth in which mainly reflects the BlackRock private markets initiative, which will also generate management fees over time; Corporate and Investment Banking beat last year's record result (up 8.6%, from €172.2m to €187m), on impressive performances, in 2Q in particular, by Messier et Associés (up from €24m to €45.8m) and the Mid Corporate segment (up from €6m to €16m) delivered in part thanks to the close collaboration with Mediobanca Private Banking;

- **Net treasury income totalled €97m, up 11.9%,** consolidating the recovery in client business (up 45.9%, from €32m to €46.7m), in the equity area in particular (€40.8m). The proprietary portfolio contributed €35m (down 8.6%, from €38m) due to lower gains on banking book securities (€16.6m, compared with €23.1m), with the trading book improving (from €11.6m to €16.3m). Dividends and other income earned by the Principal Investing division were virtually unchanged, at €15m compared with €16.5m)

- **The equity-accounted companies** contributed a net profit of €185.7m (31/12/20: €110.9m), reflecting the performance of Assicurazioni Generali, equally distributed across the two quarters.

Labour costs reflect the new recruits (with 70 new staff added, taking the total to 4,973), concentrated in the Wealth Management commercial network in particular (64 new recruits), and the need to retain talented staff in competitive environments (Wholesale Banking and Private Banking in particular). The increase in labour costs for the Corporate and Investment Banking division (up 5.7% from €80.2m to €84.8m) was attributable primarily to Wholesale Banking (up 5.6%, from €71.3m to €75.3m), reflecting among other things the customary alignment of variable remuneration to the highly positive trend in revenues.

Administrative expenses rose by 6.5% (from €286.1m to €304.8m), on higher contributions from Wealth Management (up 15.7%) and Corporate and Investment Banking (up 12.3%), only in part offset by the reductions in Consumer Finance (down 5.3%) and Holding Functions (down 19.2%). The increase is related to the technology modernization initiatives implemented (spending in this area was up 8% in the year), to higher volumes in Wealth Management especially, and to the resumption of marketing and communications activities (up 12%), as well as travel and entertainment. Meanwhile, credit recovery costs in Consumer Finance declined, as a result of the good performance in credit.

Loan loss provisions of €137.3m were set aside for the six months (€75m of which in 2Q), up 16.7% on last year (€117.7m) due exclusively to the one-off charge of approx. €35m (two-thirds of which in respect of certain NPL portfolios owned by MBCredit Solutions and the remainder to legacy leasing positions) taken with a view to derisking. **The cost of risk remains at an all-time low level, as already mentioned, of 55 bps (despite 15 bps in one-offs), without affecting the existing overlays** (over €290m) and maintaining the **IFRS 9 model macroeconomic parameters unchanged versus end-June 2021**. In CIB, the writebacks chiefly involve repayments, improvements in counterparty ratings, and certain sectors exiting the Covid-19 crisis, and were offset by the increase in Specialty Finance due to the customary provision for extra collections during the period and to the stricter treatment for certain NPL portfolios already mentioned. Consumer Finance, with risk indicators near their all-time lows and with promising recovery performances, shows a substantial reduction in loan loss provisions (from €143.5m to €95.9m), with the cost of risk at 146 bps (133 bps in 1Q), representing a sharp improvement on last year (222 bps) despite the amount of overlays remaining unchanged (at €204.1m).

Other items mainly include: the ordinary contribution to the Deposit Guarantee Scheme for 2022 (up from €17.9 to €21.9m), plus a non-recurring component (€3.7m) relating to the contribution to the SRF Fund, the provision of €12.3m for certain derivative contracts being run off; and a one-off provision of €1.5m approved by the CSR Committee to be donated to charitable initiatives to be selected in the coming months.

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Turning to the balance-sheet data, total assets increased in 6M, **from €82.6bn to €89.1bn, with both lending and funding;** the main items reflected the following performances:

- **Customer loans continued to grow**, up 4.9%, from 48.4 to 50.8bn) on positive contributions from Corporate and Investment Banking (€21bn against €19.3bn), Consumer Finance (€13.3bn against €12.9bn) and CheBanca! mortgage loans (up from €11.1 to €11.3bn); while a slight decrease was reported in leasing (from €1.8bn to €1.7bn);

- **Gross NPLs decreased by €126.6m, from €1,597.1m to €1,470.5m, and now represent just 2.8% of total loans (30/6/21: 3.2%), once again near their lowest-ever level**. The reduction was chiefly due to Consumer Finance, which in 1H reported very low levels of new entries to non-performing status, and very positive results in terms of collections and returns to performing status on the back of stringent credit recovery activity. The good credit quality enabled the Group to continue its prudent provisioning policy in the six months (with the coverage ratio increasing from 64.9% to 66.9%), which reduced NPLs from €560.2m to €487.1m, now just 1% of total loans (1.2%). The level of bad debts is now also entirely residual (€62.5m on a net basis, representing just 0.1% of loans, with a coverage ratio of 85.7%). This item does not include the NPLs acquired by the Group and managed by MBCredit Solutions, which totalled €408.6m for the six months.

- **Moratoria outstanding amounted to approx. €373.4m (0.7% of gross total loans, compared with 1.4% at end-June 2021),** representing a sharp reduction from the peak recorded in May 2020 (around 5% of loans), and represent approx. 15% of the total amount granted during the pandemic (€2.5bn). The remaining stock is concentrated in leasing (65%) and mortgage lending (28%), whereas the share in Consumer Finance concerns exclusively normal deferment activity which itself is down sharply compared to pre-pandemic levels (€24.4m, 2.5% of the total). As at 31 January 2022, the moratoria outstanding had reduced to approx. €95m (0.2% of customer loans and 4% of moratoria granted), of which 91% classified as Stage 2 and 9% as Stage 3;

- **Funding** increased from €56.2bn to €59.3bn, due to significant growth in Wealth Management deposits which were up from €25.2bn to €27.2bn, and which represent 46% of total funding: Private Banking (up from €8.3bn to €10.2bn) benefited from some significant customer liquidity events, in 2Q in particular; while funding from the Premier segment was stable (€17bn). The increased recourse to the T-LTRO (up from €7.4bn to €8.4bn) was advocated by the favourable conditions; the cost of funding fell to 60 bps, some 5 bps less than in June;

- **Banking book securities** totalled €7.9bn, of which €3.2bn in Italian government securities (stable in the first half of the year) with a duration of approx. 3 years; the OCI reserve fell to €48.7m (€73m), €32.1m of which in Italian government securities; unrealized gains on fixed assets totalled €116.9m;

- **Net treasury assets** totalled €6.2bn, down slightly versus end-June 2021 (€6.4bn) and include €2.8bn in deposits held with the ECB;

- **TFAs in Wealth Management** grew in the six months, from €71.5bn to €79.4bn, on **NNM** (Net New Money) **of €4.4bn, €2.9bn of which in 4Q,** coupled with the consolidation of assets managed by Bybrook (€2.2bn) plus the positive market effect (€1.5bn). A material contribution from indirect funding (€2.3bn) in Private Banking (€1.1bn) and the Premier segment (€1.3bn) enabled AUA/AUM to grow by 13% (from €46.3bn to €52.1bn), reaching approx. two-thirds of the TFAs; while deposits totalled €27.2bn (€25.2bn at end-June). For the first time the stock of AUA/AUM in the Premier segment has exceeded the amount of deposits;

- **The strong capital base is in the process of being optimized, with clear positive impacts on the per share values:**

    - **The phase-in CET1 ratio decreased 16.3% to 15.4%** (including the 70% payout), due to the launch of the buyback (approx. 65 bps) and growth in profitable assets (approx. 30 bps, absorbed by the growth in volumes in CIB and Consumer Finance), plus the closing of the Bybrook deal (approx. 10 bps);

    - **The CET1 ratio fully loaded**[10]similarly increased from 15.1% to 14.1%;

    - **The total capital ratio** declined from 18.9% to 17.7% (16.6% fully loaded), as an effect of the customary amortization of Tier 2 liabilities;

    - As a result of the growth in the Group's profit and the treasury shares cancellation, **6M EPS adj. rises by 17% to €0.59, and TVBPS rises by 7% to €11.3.**

- **Regulatory requirements for 2022 comfortably met**:

    - **CET1 SREP requirement of 7.90%:** on the basis of the "SREP Decision 2021" received on 24 January, Mediobanca must hold a minimum level of CET1 on a consolidated basis of 7.90% from 1 March 2022.[11] The SREP requirement for Tier 1 is 9.70% and for total capital is 12.09%.

    - **MREL requirement of 21.85% of RWAs**: The Single Resolution Board ("SRB") has assigned the Group an MREL requirement of 21.85% of RWAs and 5.91% of leverage ratio ("LRE") exposures. The MREL requirement, i.e. the provision of own funds and liabilities convertible into capital through a hypothetical bail-in, is substantially met without recourse to senior preferred liabilities;

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On 1 December 2021, 22,581,461 treasury shares held (with no reduction in share capital) deriving from the share buyback programme approved by shareholders in Annual General Meeting were cancelled. The share capital therefore consists of **864,698,552 shares**.

On 6 December 2021 the share buyback programme approved by shareholders at the Annual General Meeting held on 28 October 2021 and authorized by the European Central Bank on 11 November 2021 was launched. The programme will be completed within twelve months of receipt of the ECB authorization, and involves the purchase of up to 25,871,097 shares for use in

10 Fully loaded: without application of the Danish Compromise, i.e. with the Assicurazioni Generali investment deducted in full (minus 120 bps) and the IFRS 9 FTA effect applied in full (minus 10 bps).

11 SREP CET1 calculated as follows: 4.5% Pillar I +2.5% Capital Conservation Buffer + 0.89% (56.25% of the new P2R set at 1.58%) + 0.01% Countercyclical Buffer.

connection with possible acquisitions, to implement share-based compensation schemes for Group staff, for sale on the market and "over the counter" (OTC) and/or cancellation.

As at 31 January 2022, under the terms of the buyback, Mediobanca had purchased a total of 3,787,339 shares, equal to 0.44% of the Bank's share capital, for a total outlay of approx. €38m.

Divisional results

1. Wealth Management:[12] high growth rates and quality revenues. TFAs over €79bn (up 11%), NNM for 6M doubled to €4.4bn, net profit up 54% to €72m, ROAC[13] 30% (up 9pp).

The Wealth Management division reported a net profit of €72.4m in the six months, up sharply on last year (€46.9m; an increase of 54.4%) and on 2H FY 2020-21 (€53.3m; an increase of 35.8%). The strong growth in assets (**AUM/AUA €52.1bn, up 24.1%)** is reflected in the increase in **revenues (up 20.5%)**, in particular fee income (up 33.3%), which drove the **cost/income ratio down from 74.1% to 70.3%,** and **increased ROAC to 30%** (vs 21% at end-June 2021 and end-December 2020).

The division continues on its path to sustainable growth, with all metrics improving thanks to investments in distribution, repositioning of the product offering and increased scale.

- **Premier: CheBanca! has confirmed its position as one of the market operators with the highest growth rates and productivity levels, with a strong commitment to investing in physical and digital distribution**. In the first six months, 17 new Premier Relationship Managers and 28 Financial Advisors joined the company. Overall the network now consists of some 1,000 professionals (996), around 100 more than last year. The new mobile banking app, launched in November, was developed to provide the best performance standards, improve user experience and expand the range of functions and services. The investment and remote collaboration functionalities are in the process of being enriched further.

- **Private Banking**: **the development of a specialized and niche offering continues, consistent with the Private Investment Banking model**, and able to achieve above-average growth rates.

- **Product offering: enhancement throughout the WM Division,** with the launch of new products **and greater synergies within the Group,** an increase in the number of inhouse products placed by the networks, greater integration of the product factories, and growing co-operation between Private Banking and CIB.

CheBanca! has also enhanced its advisory activities with the Mediobanca Portfolio Managements service, and placement of the Mediobanca SGR Mediobanca Diversified Credit Portfolio 2028 Target Maturity Fund has been launched. Distribution of the first Mediobanca SGR fund sub-delegated to MFS has also continued.

With reference to MBPB, the Tactical Equity Europe line in asset management was launched; the Mediobanca BlackRock Co-Investments programme made its first investment (approx. €60m) out of a €1.4bn commitment; and the second tranche of Hedge Invest Distressed Opportunities

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

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

funds has been launched. Joint client management with CIB, in addition to supporting the development of Mid Corporate business, contributed approx. €650m of NNM for the six months, plus approx. €700m in money motion events intercepted on the market.

CMB Monaco has complemented its traditional offering on liquid markets also with private markets initiatives in co-operation with a European investment company, and other initiatives in private markets are being evaluated in conjunction with the Private Banking division.

Mediobanca SGR has expanded its product range, with the launch of Mediobanca Global Thematic Multimanager 100 ESG (an SFDR Article 8 fund), in addition to the Mediobanca MFS-Prudent Capital and Target Maturity Diversified Credit Portfolio 2028 products previously mentioned; finally, with a view to developing increasing integration between the product factories, Mediobanca SGR has received its first fund management mandate from CMG.

Cairn Capital has successfully closed the placement of its XIV CLO for €400m. RAM's funds received strong recognition for their performances in 2021. In the ESG area, the three Market Neutral equity funds were included in Kepler's top 10 for their category, while the Emerging Markets Equity fund was voted "Machine Learning Fund of the Year" by HFM Europe.

NNM for the WM division in 6M totalled €4.4bn (two-thirds of which in 2Q), split between Private Banking (€3bn) and Premier (€1.5bn), with institutional assets basically stable. Indirect funding totalled €2.3bn, a record result for the division, split between Premier (€1.3bn) and Private Banking (€1.1bn). Deposits contributed €2bn, of which €1.9bn from Mediobanca Private Banking.

Total Financial Assets (TFA) rose from €71.5bn to €79.4bn, including the new assets from Bybrook (€2.2bn), helped by the positive market effect which added €1.5bn. The Premier segment's contribution totalled €34.2bn (€17.2bn of which in AUM/AUA), Private Banking's €33.8bn (€23.6bn), and Asset Management's €24bn (€12.6bn of which placed within the Group).

The Division's revenues have grown by 20.5% in 12M, from €302.1m at end-December 2021 to €363.9m, and by 11.9% in 6M (€325.2m in 2H FY 2020-21). The main income items performed as follows:

- Net interest income rose by 7% (from €137m to €146.6m), due to growth in the Premier segment (up 6.8%, from €111.9m to €119.5m) linked to the higher volumes in mortgages and deposits and to the reduction in the cost of funding which substantially offset the pressure on asset margins;

- Fees totalled €213.2m, up 33.3% in 12M and up 21.2% in 6M, and now account for 48.1% of the Group total. Recurring fees of €196.9m (€157m of which in management fees) reflect material growth (up 25%), helped by the management component (up 30%), and were higher also than the previous six-month period (19%), driven by the Premier segment (up 39%). The trend in upfront fees (from €19.4m to €35.2m) was boosted by the Mediobanca BlackRock Co-Investments placement component. Performance fees are growing but remain limited at €9.7m.

Operating costs rose by 14.2%, from €223.9m to €255.7m; while of the administrative expenses (€125m, up 15.7%), the technology and projects component grew (from €46.2m to €51.6m), as did management costs, in relation to volumes (€20m, up 22%) in the Premier segment in particular; marketing expenses fell in the six months following the major campaigns of the previous year. The growth in labour costs (€130.7m, up 12.8%) mainly reflects the expansion of the distribution network.

Loan loss provisions, attributable almost entirely to CheBanca! mortgage loans, decreased from €11.8m to €8.4m due to the good underlying performance, and overlays doubled to €9m (€4.2m).

Customer loans for the Division totalled €14.8bn (30/6/21: €14.4bn): mortgage loans came in at €11.3bn (€11.1bn), on new loans of €859.2m; while the share attributable to Private Banking increased from €3.3bn to €3.5bn, due in particular to a higher contribution from CMB Monaco.

Gross NPLs increased from €226.1m to €234.1m (equal to 1.6% of total loans), and mainly regard CheBanca! mortgage loans (€207m, or 1.8% of total loans); whereas net NPLs account for around 1% of total loans (€107.9m, €38.3m of which bad loans) with a coverage rate of 47.9% (63% for bad loans). Mortgages classified as Stage 2 fell from €835.1m to €810.1m (7.2% of the total). This portfolio segment includes more than 90% of the moratoria still in place (€91.9m, down from €162.6m as at 30 June 2021).

2. Consumer Finance: net profit in 6M of €190m (up 38%) and ROAC[14] 35%, the best result ever. With new loans returning to pre-Covid levels, total loans and net interest income have also returned to growth. Credit asset quality strengthened further and cost of risk at all-time lows.

Compass closed the half-year with a net profit of €190m (up 38%), the best result ever also in terms of profitability (ROAC@ 35%). Growth in new loans (€3.7bn, vs €3.0bn last year) and excellent asset quality enabled a record result at the GOP level of €280m, higher than the €254m posted at end-December 2020 (i.e. pre-Covid), 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 146 bps (versus 177 bps in 2H FY 2020-21), and also, at the same time, an increase in coverage ratios.

In the first six months Compass further strengthened its multi-channel distribution platform, which not only allowed it to recover its pre-Covid commercial volumes**, but will also enable the company to embark on a season of new growth.** With six new openings in the half-year, the network now consists of 237 branches, 58 of which managed by agents, plus 50 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-December 2021, after its first six months of recruitment, the company now employs 23 agents. **Priority has been given to continued strengthening of the digital channels**, which the first half-year have been responsible for **26% of the volumes of personal loans generated by the direct channel** with more than 80% of applications for finance processed in one day. **In July, Pagolight**, Compass's new **BNPL** ("Buy Now Pay Later") platform, **was launched, with approx. 3,000 POS signing up in the first six months of operations, generating receivables of €15m (€5m of which in the month of December alone).**

In the twelve months ended 31 December 2021, the consumer credit market recorded an increase of 17%, due to the recovery phase following the historical lows recorded in 2020 as a result of the pandemic. **If we shift the comparison base back to 2019, the market is still lagging**, with the gap now under 10% after reducing in the course of the year. In 2021 all products have shown positive momentum: personal loans were up 27%, nearing 2020 levels (but still 15% below 2019), automotive finance was up 18%, special purpose loans up 15%, salary-backed finance up 9% (but still 2% below 2019), and credit cards up 12% (8% below 2019).

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

Compass outperformed the market in this period, with its extensive franchise and established capabilities in risk assessment and pricing, recording growth in new loans of 32% (though still 7% lower than in 2019), driven by personal loans (up 46%), automotive finance (up 29%), special purpose loans (up 29%) and salary-backed finance (up 18%), while credit cards were stable. **Compass's market share in 2021 stands at 10%.**

Compass delivered a net profit for the six months of €190.1m, up 38% on last year**. The positive momentum in customer loans**, **which grew to €13.3bn** (30/6/21: €12.9bn), **ensured growth in net interest income** half-on-half (from €430.4m to €462.2m, higher than last year as well), while the excellent risk trend translated to a **material reduction in the cost of risk to 146 bps (versus 222 bps last year).** The virtuous performance in terms of costs (with the cost/income ratio declining from 29.2% to 28.3%), helped by lower credit recovery costs, also enabled the **highest ever ROAC of 35%** to be achieved. The main items performed as follows:

- **Revenues grew both half-on-half** (by **7.8%** from €486.7m to €524.8m) **and year-on-year** (by **1.9%** from €515.1m), driven by the positive momentum in net interest income, which was higher than last year at €462.2m (€448.4m), and only in part offset by the modest reduction in fees (from €66.7m to €62.6m), reflecting higher *rappel* fees credited back to third-party networks (in relation to new loans), as well as the anticipated reduction in the insurance component;

- **Operating costs amounted to €148.5m**, down 1.4% versus last year (€150.6m), due to the lower administrative expenses attributable to the fall in credit recovery costs, which was only in part offset by the recovery in commercial activity and the structural increase in labour costs (up 6.9%, from €48m to €51.3m);

- **Loan loss provisions reduced by 33.2%, from €143.5m to €95.9m, recording one of the lowest half-yearly levels ever, with the cost of risk at 146 bps (222 bps last year; 177 bps in 2H FY 2020-21**) despite the increasing coverage levels (NPLs at 79%; performing loans at 3.75%), leaving the overlays substantially unchanged at €204m.

Gross NPLs decreased both in absolute terms (from €971.5m to €847m) **and relative** terms from 6.86% of total loans to 5.85%), helped by the low default rates and the good inflows from credit recovery activities which allowed many positions to return to performing status, plus regular disposals of stocks. **The increase in coverage** (from 75.8% to 79%) **further reduced the net exposure** from €235.4m to €178m, and from 1.8% of total loans to 1.3%. Net bad loans, after market disposals of €130m, remained below €10m (representing 0.1% of total loans), with a coverage ratio of 96.9% (97.3%).

3. Corporate & Investment Banking: revenues growing (up 7%) now at record levels (€391m in 6M), due to strong client business across products, higher international diversification and the unique IB-PB offering in the Mid Corporate segment. Net profit €132m, and ROAC[15] 15% despite reflecting one-off prudential adjustments of €25m.

A net profit of €131.7m was earned in the six months, confirming the excellent performance in client business with high ROAC levels (15%). The reduction in profit (down 22.7% YoY) is attributable exclusively to the lower writebacks to loans and to prudential adjustments for certain NPL portfolios acquired by MBCS with a view to progressive deleveraging. **Revenues recorded their highest-ever levels (up 7.2%, to €390.6m), driven by fees**.

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

- **Advisory: strong domestic activity boosted by an enhanced international contribution**, from France in particular through Messier et Associés, which contributed over €40m advisory fees in the first half-year. During the calendar year 2021 the French company completed approx. 30 transactions, around half of these in the second six months;

- On the domestic market there was **increasing penetration in the Mid Corporate segment,** with over 10 deals closed in Italy, contributing €16m to fee income (vs €6m last year), helped by the market scenario and the collaboration with Private Banking;

- **Financing/DCM:** solid performance, with a major role in numerous bond issues in the reference market, around a dozen of which in the ESG segment;

- **Capital Market Solutions:** favourable market trends, in the equity area in particular, and enhanced generation of synergies between different products and geographies**.** Significant activity levels in certificates, equity swap and ABS products.

In the advisory segment, Messier et Associés participated in two of the largest deals recorded in Europe: the merger between Veolia and Suez, and the agreement between CMA CGM and Ingram Micro. Other important deals covered directly by Mediobanca included the acquisition of Borsa Italiana by Euronext; advisory services to Nexi for consolidation in the payments sector (merger with Nets and purchase of the former UBI merchant acquiring business); and participation in the four largest takeover bids on the Italian market (Cerved, Cattolica, Isagro and Rete Telematiche Italiane). The main deals in the Mid Corporate segment involve debt renegotiation activity and financial sponsors taking stakes in companies, such as Acqua & Sapone, Inglass, Siderforgerossi, GSA and Bernardinello.

The pipeline for the coming quarters continues to look healthy, with several deals already announced expected to be completed in the coming months. Some the most important include the sale of a 50% stake in Open Fiber to a consortium composed of CDP Equity and Macquarie, the commercial partnership between Nexi and Alpha Bank (Greece), the sale of Crédit Agricole Serbia to Raiffeisen, the acquisition of French-based La Médicale group by Assicurazioni Generali, and various mid-corporate transactions that include debt renegotiation activity and financial sponsors taking stakes in companies, such as Viabizzuno, In & Out and Lirsa.

In Capital Markets activity, Mediobanca acted as Joint Global Co-Ordinator and Joint Bookrunner in the largest IPO that took place on the Italian market (Ariston Thermo), and the capital increase implemented by Juventus. Last but not least, in all the markets it covers (Italy, France, Spain/Portugal and the United Kingdom), Mediobanca has had a significant role in a number of bond issues (Enel, Nexi, FCA, Generali and EDP).

Revenues increased by 7.2%, from €364.3m to €390.6m, driven by the substantial contribution from fees and the recovery in trading income; the main items performed as follows:

- **Net interest income totalled €140.3m, down approx. €9m on last year (€148.5m), which included an extraordinary gain of €8m** (relating to Burgo) Wholesale Banking closed at €103.3m, lower than last year's result which was boosted by the non-recurring gain on Burgo, with the pressure on employment rates substantially absorbed by the higher volumes; Speciality Finance grew by 3% (from €35.9m to €37m), driven by the higher volumes in factoring;

- **Net fee and other income rose from €172.2m to €187m, with a balanced contribution from all products:** M&A advisory rose by 45% (from €67.7 to €98.2m, with Messier et Associés contributing €45.8m, up €21m); lending activity was stable at €28.3m, while fees from Capital Markets fell (from €54.2m to €28.2m) due to lower ECM operations (down from €28 to €10m);

Specialty Finance posted an increase of 44.2% (from €22.4m to €32.3m) due to the good performance in NPL collections;

- **Net treasury income grew from €43.6m to €63.3m, driven by client activity** (up 48%, from €32m to €47m) which posted good results in the equity segment especially, helped by the growth trend on European and US markets, exceeding pre-Covid levels; the proprietary trading portfolio saw its profits increase from €17m to €19m.

The increase in operating costs (up 8.7%, from €147.6m to €160.5m) was mainly due to the rising labour costs in Wholesale Banking (up 5.7%, from €71.3m to €75.3m), reflecting the stronger compensation structure and the pressures deriving from a particularly competitive market environment; the variable component reflects the performance in terms of revenues. Administrative expenses (up 12.3%, from €67.4m to €75.7m) were affected by the resumption of projects in the field of technological innovation and the resumption of commercial activity with travel and entertainment expenses (which rose from €0.7m to €1.3m, but were in any case significantly lower than the figure reported in 2019). The performance in Specialty Finance, meanwhile, was hit by higher credit recovery expenses for NPLs (from €8.6m to €11.2m), consistent with the good results recorded.

The writebacks to the corporate loan book continue, both ordinary and in relation to the improvement in the portfolio rating and repayments. However, the reversals in the six months reduced from €61.4m to €30m, due to the one-off nature of the Burgo writeback last year. Overall, CIB adjustments were negative for the first time in several quarters (€17.8m), **due to the higher provisioning in Specialty Finance** of €47.8m (versus €17.8m) concentrated on MBCS (€43m, versus €8.2m). MBCS, in addition to the customary adjustments for extra collections (€28m in the current half-year), set aside extra provisions of €25m with a view to the derisking process. The figures, on a prudential basis, do not include the benefits that would have derived from the update of the IFRS 9 models with the more favourable macroeconomic scenario for December 2021 (versus end-June 2021).

Customers loans grew in the first six months, from €19.3bn to €21bn, with the contribution of Specialty Finance rising from €2.7bn to €3.7bn, due to higher ordinary factoring activity (up 30% to €5.6bn), normally concentrated at the end of the year, against an MBCS loan stock of €408.6m. Customer loans in Wholesale Banking (Lending and Structured Finance) rose from €16.6bn to €17.4bn on new loans of €4.9bn, against repayments of €4.1bn (of which €1.3bn early repayments).

Asset quality remains at high levels: gross NPLs (not including NPLs purchased by MBCS) fell from €225m to €221.1m, remaining at the lowest levels seen in the last decade (1.1%); net NPLs totalled €103.1m (€103.8m), with a coverage ratio of 53.4% (53.9%). Conversely, positions classified as Stage 2 decreased (the net balance reduced from €631m to €498m; these items represent 2.4% of total loans), due to various repayments on large corporate positions. The coverage ratio for performing loans (stage 1 and stage 2) stood at 0.5% (0.7%), with overlays of €70.5m (€87.7m), mainly concentrated in the Large Corporate segment (€55.3m, against €76m) down as a result of repayments or rating improvements.

4. Principal Investing: high contribution to Group earnings (€185m), ROAC[16]@15%

Principal Investing delivered a net profit of €184.6m for the six months, a marked improvement on last year (up 43.8%) due to the higher contribution from the equity accounting method, of €185.7m (against €110.9m), reflecting the virtual absence of the one-off charges which

16 ROAC adjusted for writedowns/impairments to equity investments and securities, and other non-recurring income (expenses).

significantly impacted on Assicurazioni Generali's profits last year. Fund management (including seed capital) contributed €15.8m in income with virtually no change in valuations.

The book value of the Assicurazioni Generali investment increased from €3,663.1m to €3,761.9m, on profits of €186.5m, stable valuation reserves (up €0.9m compared to June 2021), and collection of the second tranche of the 2019 dividend (€93.1m).

As for the banking book securities, the position increased by approx. €30m: funds grew from €525.4m to €534.3m, after net investments of approx. €7m (mainly in the equity tranche of the Cairn CLOs), while the securities in the equity segment (listed and unlisted) rose from €219m to €241.2m, following new investments of €3.5m, plus the increase in the fair value during the six months (adding €18.7m).

5. Holding Functions: comfortable funding position, optimized composition and costs; downsizing in leasing continues

The net loss decreased from €73.1m to €53m, reflecting a one-off positive tax impact of approx. €37m, linked mainly to realignment of goodwill for Compass.[17]

Revenues were impacted by the lower gains on disposals of banking book securities (down from €21.2m to €15.7m) and by net interest expense which, despite the declining cost of funding, increased by approx. €2m mainly due to the reduction in leasing activities and the higher liquidity position; it also reflects the remodulation of the T-LTRO benefit mentioned previously, resulting in lower interest of €10m, mostly absorbed by the coupon on inflation-linked securities.

Operating costs fell by 3% following the rationalization of certain central functions and the reduced leasing costs. The main segments performed as follows:

- **Treasury** – funding increased by 5.6% (from €56.2bn to €59.3bn) with a mix aimed at optimizing the cost of funding: close co-operation with the Wealth Management Division led to further growth in deposits (from €25.2bn to €27.2bn), which now represent 46% of total funding. The bond component, in this market scenario, is aimed at consolidating the Group's MREL position, including the issue of a senior non-preferred bond in an amount of €500m. Overall the cost of funding reduced to 60 bps, helping limit the effects of the large liquidity position on net interest income (LCR 162%; NSFR 110%) and the progressive erosion of the banking book portfolio's profitability, which was interrupted in 2Q by the positive contribution from inflation-linked securities.

- **Leasing** operations largely broke even (compared with a €1.7m profit last year), with the positive trend in current operations offset by the extra provisions set aside to accelerate the process of deleveraging the loan book and reducing the incidence of NPLs. Revenues amounted to €20m, while the cost/income ratio was down to 41%. Customer loans fell from €1.8bn to €1.7bn, on new loans of €174m (versus €167m last year). Loan loss provisions increased from €6.2m to €15.2m, following extra provisions of €10m in respect of older non-performing exposures ("vintage NPEs") in order to accelerate their reduction, as mentioned above; gross NPLs decreased from €174.5m to €168.3m, and represent 9.4% of the loan book (stable); while net NPLs stood at €83.3m, represent 4.9% of total loans, and reflect a coverage ratio of 50.5%.

17 Pursuant to Article 10 of Italian Decree law No. 104 of 14 August 2020, as amended by the 2022 Italian budget law (Italian Law No. 234 of 30 December 2021).

Mediobanca S.p.A.

Mediobanca S.p.A. delivered a net profit of €150.6m in the six months, representing a strong improvement on last year (€116.6m), helped by collection of the extraordinary Assicurazioni Generali dividend (€93.2m), plus an outstanding performance in fees and treasury income. The increase in revenues (of 31.1%) offset the lower writebacks of €29m (€62.8m), reflecting prudent management of reclassifications from UTP and use of overlays.

The main income items performed as follows:

- Net interest income was down 18.1% (from €66.2m to €54.2m), due to lower asset returns being only partially offset by the higher volumes and lower cost of funding;
- Net treasury income was up 22.6% (from €78.6m to €96.4m), due to an impressive performance by client activity (up from €30.6m to €45.3m) with the Equity Division returning to pre-Covid levels;
- Net fee and commission income was stable at €166.9m, still near the highest levels seen in recent years: against the expected decline in Capital Markets activity (from €39.9 to €21.6m), there were increases in Private Banking (from €36.7m to €56.9m), M&A and Advisory business (from €43.7m to €52.5m);

Operating costs showed growth of 7.4% (from €200.4m to €215.3m), split equally between labour costs and administrative expenses (due to the resumption of IT development, marketing and communication activities).

On the balance-sheet side, total assets rose from €72.7bn to €79.7bn, on higher customer loans (up from €37.1bn to €39.7bn), offset by the increase in funding (from €52bn to €55.2bn) due to the increase in Private Banking deposits (up €1.8bn), and new bond issuance (up from €16.4bn to €17bn).

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MB Group ESG profile and commitment continuing to improve

The Mediobanca Group takes environmental issues very seriously and is deeply committed to making an active contribution to the ecological transition. In November 2021 Mediobanca organized an **event entitled "Beyond ESG & Sustainability – A New Strategic Direction",** focusing on ESG issues as drivers for corporate strategies and institutional investors' investment criteria. On that occasion, the Group announced it has become **signatory to the Net-Zero Banking Alliance (NZBA**), the initiative promoted by the United Nations, with the objective of accelerating the sustainable transition of the international banking sector. The NZBA brings together a global alliance of over 90 banks that are committed to aligning their lending and investment portfolios with net-zero emissions by 2050, in line with the targets set by the Paris Climate Agreement. The Group, in line with the roadmap to reduce its own direct emissions, has also renewed its **commitment to neutralize "irreducible greenhouse gas emissions", which in any case were cut sharply in the financial year ended 30 June 2021 compared to the previous year.**[18]

Mediobanca's ongoing commitment to include ESG criteria progressively and rigorously in all areas of its activity has resulted in **improvements in its ESG ratings issued by the leading rating companies**:

18 3,437 tCO_2eq, versus 5,620 tCO_2eq. tCO_2 stands for tonnes of carbon dioxide equivalent, and expresses the impact of a given quantity of greenhouse gases on global warming in comparison to the same quantity of carbon dioxide: (CO_2).

- **MSCI** has increased its rating from "BB" to "A";
- **CDP** has increased its rating from "D" to "C",
- **S&P Global** has included Mediobanca in the Sustainability Book 2022 for the first time.

Mediobanca was also **included in the first MIB ESG Index launched by Euronext and Borsa Italiana** for Italian bluechip companies that implement ESG best practices and was included for the fourth year running in the **Bloomberg Gender-Equality Index** (GEI), a modified market capitalization-weighted index, comprises 418 companies based in 45 countries and regions that are committed to transparency in gender data reporting.

Mediobanca's commitment to offering its clients products and services that comply with ESG criteria is seen in all the Group's activities, as of 31.12.21:

- **Lending activity has a €2.9bn ESG loan stock of which 89% is attributable to CIB, 7% to WM and 4% to Consumer Finance;**
- **The DCM team is one of the leading operators in the ESG segment, having closed a total of 12 deals during the six months with a total amount issued of above €9.5bn;**
- **The share of ESG funds (Art. 8 & 9 SFDR funds) in Premier client portfolios has risen to 49%.**

In terms of its social commitment, in December 2021 Mediobanca, *L'Arte di Vivere con Lentezza onlus* and *La Kasa dei Libri* staged their **"The Prisoners ask Why" initiative** for the third year, with the objective of promoting social inclusion in prisons through reading. The Group has also decided to complement its usual charitable activities by making a one-off contribution to social initiatives, following the excellent results achieved in the course of 2021, the sum of **€1.5m to be donated to local projects to be selected by the CSR Committee.**

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Outlook

Estimates for the next six months reflect stabilization of lending volumes, even if the recovery in consumer credit, the most profitable product, looks set to continue. The investment banking pipeline is healthy, and profitability in Wealth Management is expected to benefit from the increase in average assets and from the ongoing focus on development of new products for customers. Based on the strong commercial activity levels, solid growth in revenues is expected which could, however, be impacted by higher volatility on markets and the reduced impact of non-recurring items.

The second half-year will see ongoing Group's investments in innovation and distribution, with a subsequent increase in operating costs which, however, should not drive the cost/income ratio any higher than last year.

The cost of risk is expected to be stay low, because of the asset quality, the substantial overlays that have been set aside, and risk indicators that are currently well under control.

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MEDIOBANCA

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	6 mths 31/12/2020	6 mths 31/12/2021	Chg. %
Net interest income	720.4	733.5	1.8%
Net treasury income	86.7	97.0	11.9%
Net fee and commission income	382.8	443.2	15.8%
Equity-accounted companies	110.9	185.7	67.4%
Total income	**1,300.8**	**1,459.4**	**12.2%**
Labour costs	(305.0)	(328.6)	7.7%
Administrative expenses	(286.1)	(304.8)	6.5%
Operating costs	**(591.1)**	**(633.4)**	**7.2%**
Loan loss provisions	(117.7)	(137.3)	16.7%
Provisions for other financial assets	13.1	1.2	n.m.
Other income (losses)	(33.4)	(34.5)	3.3%
Profit before tax	**571.7**	**655.4**	**14.6%**
Income tax for the period	(158.9)	(120.4)	-24.2%
Minority interest	(2.2)	(9.2)	n.m.
Net profit	**410.6**	**525.8**	**28.1%**

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

MEDIOBANCA

3. Restated balance sheet

Mediobanca Group (€m)	31/12/20	30/06/21	31/12/21
Assets			
Financial assets held for trading	11,559.7	11,273.7	12,123.2
Treasury financial assets	8,676.8	8,072.1	10,436.3
Banking book securities	7,282.5	7,150.4	7,889.8
Customer loans	48,127.8	48,413.8	50,804.9
Corporate	*16,782.8*	*16,579.6*	*17,387.3*
Specialty Finance	*2,739.6*	*2,712.7*	*3,652.5*
Consumer credit	*12,776.8*	*12,942.9*	*13,305.0*
Mortgages	*10,697.5*	*11,062.8*	*11,253.7*
Private banking	*3,331.4*	*3,341.7*	*3,518.8*
Leasing	*1,799.6*	*1,774.1*	*1,687.6*
Equity investments	4,505.1	4,579.0	4,726.7
Tangible and intangible assets	1,307.7	1,254.3	1,337.7
Other assets	1,875.5	1,855.4	1,777.9
Total assets	**83,335.1**	**82,598.7**	**89,096.5**
Liabilities			
Funding	55,943.6	56,156.2	59,285.8
MB bonds	*18,706.2*	*18,410.9*	*18,868.5*
Retail deposits	*15,983.2*	*16,919.7*	*17,028.0*
Private Banking deposits	*8,642.2*	*8,290.4*	*10,219.5*
ECB	*6,165.1*	*7,445.4*	*8,449.4*
Banks and other	*6,446.9*	*5,089.8*	*4,720.4*
Treasury financial liabilities	4,910.9	2,890.8	7,061.2
Financial liabilities held for trading	9,649.9	10,063.6	9,337.9
Other liabilities	2,086.9	2,215.9	2,163.0
Provisions	174.4	171.1	163.5
Net equity	10,569.4	11,101.1	11,085.1
Minority interest	*92.7*	*88.3*	*98.4*
Profit for the period	*410.6*	*807.6*	*525.8*
Total liabilities	**83,335.1**	**82,598.7**	**89,096.5**
CET 1 capital	7,872.3	7,689.4	7,352.4
Total capital	9,240.8	8,919.2	8,457.9
RWA	48,693.9	47,159.3	47,842.2

4. Consolidated shareholders' equity

Net equity (€m)	31/12/20	30/06/21	31/12/21
Share capital	443.6	443.6	443.6
Other reserves	8,839.3	8,830.4	9,057.1
Valuation reserves	783.2	931.2	960.2
- of which: Other Comprehensive Income	*113.1*	*175.8*	*177.3*
cash flow hedge	*(30.6)*	*(16.0)*	*10.9*
equity investments	*712.9*	*780.4*	*781.3*
Minority interest	92.7	88.3	98.4
Profit for the period	410.6	807.6	525.8
Total Group net equity	**10,569.4**	**11,101.1**	**11,085.1**

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5. Ratios (%) and per share data (€)

MB Group	Financial year 20/21		Financial year 21/22
	31/12/20	30/06/21	31/12/21
Ratios (%)			
Total assets / Net equity	7.9	7.4	8.0
Loans / Funding	0.86	0.86	0.86
RWA density (%)	58.4%	57.1%	53.7%
CET1 ratio (%)	16.2%	16.3%	15.4%
Total capital (%)	19.0%	18.9%	17.7%
S&P Rating	BBB	BBB	BBB
Fitch Rating	BBB-	BBB-	BBB
Moody's Rating	Baa1	Baa1	Baa1
Cost / Income	45.4	47.1	43.4
Gross NPLs/Loans ratio (%)	3.3	3.2	2.8
Net NPLs/Loans ratio (%)	1.3	1.2	1.0
EPS	0.46	0.91	0.61
EPS adj.	0.51	0.96	0.59
BVPS	11.5	11.8	12.3
TBVPS	10.6	10.9	11.3
ROTE adj. (%)	9.8	9.2	10.5
DPS		0.66	
No. shares outstanding (m)	887.2	887.3	864.7

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

6m – December 21 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	146.6	462.2	140.3	(3.5)	(25.5)	733.5
Net treasury income	4.1	—	63.3	12.5	15.7	97.0
Net fee and commission income	213.2	62.6	187.0	(0.7)	3.9	443.2
Equity-accounted companies	—	—	—	185.7	—	185.7
Total income	**363.9**	**524.8**	**390.6**	**194.0**	**-5.9**	**1,459.4**
Labour costs	(130.7)	(51.3)	(84.8)	(1.6)	(60.3)	(328.6)
Administrative expenses	(125.0)	(97.2)	(75.7)	(0.5)	(14.7)	(304.8)
Operating costs	**(255.7)**	**(148.5)**	**(160.5)**	**(2.1)**	**(75.0)**	**(633.4)**
Loan loss provisions	(8.4)	(95.9)	(17.8)	—	(15.2)	(137.3)
Provisions for other financial assets	3.0	—	(1.0)	0.2	(1.1)	1.2
Other income (losses)	—	—	(0.4)	—	(33.8)	(34.5)
Profit before tax	**102.8**	**280.4**	**210.9**	**192.1**	**(131.0)**	**655.4**
Income tax for the period	(30.2)	(90.3)	(70.2)	(7.5)	78.0	(120.4)
Minority interest	(0.2)	—	(9.0)	—	—	(9.2)
Net profit	**72.4**	**190.1**	**131.7**	**184.6**	**(53.0)**	**525.8**
Loans and advances to Customers	14,772.5	13,305.0	21,039.8	—	1,687.6	50,804.9
RWAs	5,219.9	12,139.9	20,706.5	6,898.3	2,877.6	47,842.2
No. of staff	2,087	1,451	629	10	796	4,973

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

6m – December 20 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	137.0	448.4	148.5	(3.5)	(22.5)	720.4
Net treasury income	5.1	—	43.6	16.5	21.2	86.7
Net fee and commission income	160.0	66.7	172.2	—	6.7	382.8
Equity-accounted companies	—	—	—	110.9	—	110.9
Total income	**302.1**	**515.1**	**364.3**	**123.9**	**5.4**	**1,300.8**
Labour costs	(115.9)	(48.0)	(80.2)	(1.6)	(59.3)	(305.0)
Administrative expenses	(108.0)	(102.6)	(67.4)	(0.5)	(18.2)	(286.1)
Operating costs	**(223.9)**	**(150.6)**	**(147.6)**	**(2.1)**	**(77.5)**	**(591.1)**
Loan loss provisions	(11.8)	(143.5)	43.6	—	(6.0)	(117.7)
Provisions for other financial assets	1.5	(0.4)	1.0	19.2	(8.0)	13.1
Other income (losses)	—	(15.0)	(0.5)	—	(17.9)	(33.4)
Profit before tax	**67.9**	**205.6**	**260.8**	**141.0**	**(104.0)**	**571.7**
Income tax for the period	(21.0)	(68.0)	(89.4)	(12.6)	32.0	(158.9)
Minority interest	—	—	(1.1)	—	(1.1)	(2.2)
Net profit	**46.9**	**137.6**	**170.3**	**128.4**	**(73.1)**	**410.6**
Loans and advances to Customers	14,029.0	12,776.8	19,522.4	—	1,799.6	48,127.8
RWAs	5,038.0	11,541.5	20,689.9	8,259.0	3,165.5	48,693.9
No. of staff	2,023	1,454	616	11	799	4,903

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7. Wealth Management

Wealth Management (€m)	6 mths 31/12/2020	6 mths 31/12/2021	Chg.%
Net interest income	137.0	146.6	7.0%
Net trading income	5.1	4.1	-19.6%
Net fee and commission income	160.0	213.2	33.3%
Equity-accounted companies	—	—	n.m.
Total income	**302.1**	**363.9**	**20.5%**
Labour costs	(115.9)	(130.7)	12.8%
Administrative expenses	(108.0)	(125.0)	15.7%
Operating costs	**(223.9)**	**(255.7)**	**14.2%**
Loan loss provisions	(11.8)	(8.4)	-28.8%
Provisions for other financial assets	1.5	3.0	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**67.9**	**102.8**	**51.4%**
Income tax for the period	(21.0)	(30.2)	43.8%
Minority interest	—	(0.2)	n.m.
Net profit	**46.9**	**72.4**	**54.4%**
Loans and advances to customers	14,029.0	14,772.5	5.3%
New loans (mortgages)	1,070.2	859.2	-19.7%
TFA (Stock, € bn)	66.6	79.4	19.2%
-AUM/AUA	42.0	52.1	24.1%
-Deposits	24.6	27.2	10.8%
TFA (Net New Money, € bn)	1.6	4.4	
-AUM/AUA	0.9	2.3	
-Deposits	0.7	2.0	
No. of staff	2,023	2,087	3.2%
RWAs	5,038.0	5,219.9	3.6%
Cost / income ratio (%)	74.1	70.3	
Net bad Loans (sofferenze)/Loans ratio (%)	0.8	0.8	
ROAC	21%	30%	

8. Consumer Banking

Consumer Banking (€m)	6 mths	6 mths	Chg.%
	31/12/2020	31/12/2021	
Net interest income	448.4	462.2	3.1%
Net fee and commission income	66.7	62.6	-6.1%
Total income	**515.1**	**524.8**	**1.9%**
Labour costs	(48.0)	(51.3)	6.9%
Administrative expenses	(102.6)	(97.2)	-5.3%
Operating costs	**(150.6)**	**(148.5)**	**-1.4%**
Loan loss provisions	(143.5)	(95.9)	-33.2%
Provisions for other financial assets	(0.4)	—	n.m.
Other income (losses)	(15.0)	—	n.m.
Profit before tax	**205.6**	**280.4**	**36.4%**
Income tax for the period	(68.0)	(90.3)	32.8%
Minority interest	—	—	n.m.
Net profit	**137.6**	**190.1**	**38.2%**
Loans and advances to customers	12,776.8	13,305.0	4.1%
New loans	2,952.6	3,702.7	25.4%
No. of branches	178	179	0.6%
No. of agencies	47	58	23.4%
No. of staff	1,454	1,451	-0.2%
RWAs	11,541.5	12,139.9	5.2%
Cost / income ratio (%)	29.2	28.3	
Net NPLs/Loans ratio (%)	2.3	1.3	
ROAC	28%	35%	

9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	6 mths	6 mths	Chg.%
	31/12/2020	31/12/2021	
Net interest income	148.5	140.3	-5.5%
Net treasury income	43.6	63.3	45.2%
Net fee and commission income	172.2	187.0	8.6%
Equity-accounted companies	—	—	n.m.
Total income	**364.3**	**390.6**	**7.2%**
Labour costs	(80.2)	(84.8)	5.7%
Administrative expenses	(67.4)	(75.7)	12.3%
Operating costs	**(147.6)**	**(160.5)**	**8.7%**
Loan loss provisions	43.6	(17.8)	n.m.
Provisions for other financial assets	1.0	(1.0)	n.m.
Other income (losses)	(0.5)	(0.4)	n.m.
Profit before tax	**260.8**	**210.9**	**-19.1%**
Income tax for the period	(89.4)	(70.2)	-21.5%
Minority interest	(1.1)	(9.0)	n.m.
Net profit	**170.3**	**131.7**	**-22.7%**
Loans and advances to customers	19,522.4	21,039.8	7.8%
of which purchased NPL (MBCreditSolutions)	380.5	409.0	7.5%
No. of staff	616	629	2.1%
RWAs	20,689.9	20,706.5	0.1%
Cost / income ratio (%)	40.5	41.1	
Net NPLs/Loans ratio (%)	0.5	0.5	
ROAC	19%	15%	

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10. Principal Investing

PI (€m)	6 mths 31/12/2020	6 mths 31/12/2021	Chg. %
Net interest income	(3.5)	(3.5)	0.0%
Net treasury income	16.5	12.5	-24.2%
Net fee and commission income	—	(0.7)	n.m.
Equity-accounted companies	110.9	185.7	67.4%
Total income	**123.9**	**194.0**	**56.6%**
Labour costs	(1.6)	(1.6)	n.m.
Administrative expenses	(0.5)	(0.5)	n.m.
Operating costs	**(2.1)**	**(2.1)**	**n.m.**
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	19.2	0.2	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**141.0**	**192.1**	**36.2%**
Income tax for the period	(12.6)	(7.5)	-40.5%
Minority interest	—	—	n.m.
Net profit	**128.4**	**184.6**	**43.8%**
Equity investments	3,698.9	3,800.8	2.8%
Other investments	674.5	774.5	14.8%
RWAs	8,259.0	6,898.3	-16.5%
ROAC	14%	15%	

11. Holding Functions

Holding Functions (€m)	6 mths 31/12/2020	6 mths 31/12/2021	Chg. %
Net interest income	(22.5)	(25.5)	13.3%
Net treasury income	21.2	15.7	-25.9%
Net fee and commission income	6.7	3.9	-41.8%
Equity-accounted companies	—	—	n.m.
Total income	**5.4**	**(5.9)**	**-209.3%**
Labour costs	(59.3)	(60.3)	1.7%
Administrative expenses	(18.2)	(14.7)	-19.2%
Operating costs	**(77.5)**	**(75.0)**	**-3.2%**
Loan loss provisions	(6.0)	(15.2)	n.m.
Provisions for other financial assets	(8.0)	(1.1)	-86.3%
Other income (losses)	(17.9)	(33.8)	88.8%
Profit before tax	**(104.0)**	**(131.0)**	**26.0%**
Income tax for the period	32.0	78.0	n.m.
Minority interest	(1.1)	—	n.m.
Net profit	**(73.1)**	**(53.0)**	**-27.5%**
Loans and advances to customers	1,799.6	1,687.6	-6.2%
Banking book securities	6,173.1	5,852.5	-5.2%
RWAs	3,165.5	2,877.6	-9.1%
No. of staff	799	796	-0.4%

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12. Statement of comprehensive income

		6 mths 31/12/21	6 mths 31/12/20
10.	**Gain (loss) for the period**	**526.0**	**411.6**
	Other income items net of tax without passing through profit and loss	**28.8**	**(37.4)**
20.	Equity instruments designated at fair value through other comprehensive income	17.8	(1.2)
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(0.2)	(4.9)
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	(1.4)	(0.5)
80.	Non-current assets and disposal groups classified as held for sale	—	—
90.	Portion of valuation reserves from investments valued at equity method	12.6	(30.8)
	Other income items net of tax passing through profit and loss	**(1.2)**	**445.3**
100.	Foreign investment hedges	(6.5)	0.9
110.	Exchange rate differences	6.0	(0.6)
120.	Cash flow hedges	27.3	0.2
130.	Hedging instruments (non-designated items)	—	—
140.	Financial assets (different from equity instruments) at fair value through other comprehensive Income	(16.3)	42.8
150.	Non-current assets and disposal groups classified as held for sale	—	—
160.	Part of valuation reserves from investments valued at equity method	(11.7)	402.0
170.	**Total other income items net of tax**	**27.6**	**407.8**
180.	**Comprehensive income (Item 10+170)**	**553.6**	**819.5**
190.	Minority interest in consolidated comprehensive income	0.5	1.4
200.	**Consolidated comprehensive inc. attributable to Mediobanca S.p.A.**	**553.1**	**818.1**

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

Mediobanca S.p.A. (€m)	6 mths	6 mths	Chg.%
	31/12/2020	31/12/2021	
Net interest income	66.2	54.2	-18.1%
Net treasury income	78.6	96.4	22.6%
Net fee and commission income	166.2	166.9	0.4%
Dividends on investments	2.2	93.2	n.m.
Total income	**313.2**	**410.7**	**31.1%**
Labour costs	(119.3)	(126.9)	6.4%
Administrative expenses	(81.1)	(88.4)	9.0%
Operating costs	**(200.4)**	**(215.3)**	**7.4%**
Loan loss provisions	62.8	29.0	-53.8%
Provisions for other financial assets	10.4	(2.3)	n.m.
Impairment on investments	-	(0.9)	n.m.
Other income (losses)	(0.4)	(15.6)	n.m.
Profit before tax	**185.6**	**205.6**	**10.8%**
Income tax for the period	(69.0)	(55.0)	-20.3%
Net profit	**116.6**	**150.6**	**29.2%**

Mediobanca S.p.A. (€m)	31/12/20	30/06/21	31/12/21
Assets			
Financial assets held for trading	11,766.5	11,336.8	12,137.6
Treasury financial assets	10,470.9	10,122.1	12,982.0
Banking book securities	9,440.2	8,716.0	9,434.8
Customer loans	34,441.5	37,103.6	39,686.0
Equity Investments	4,378.3	4,475.1	4,621.4
Tangible and intangible assets	164.2	167.1	166.8
Other assets	845.0	782.8	624.3
Total assets	**71,506.6**	**72,703.5**	**79,652.9**
Liabilities and net equity			
Funding	50,367.8	52,045.0	55,249.5
Treasury financial liabilities	5,326.8	3,826.5	8,877.8
Financial liabilities held for trading	10,058.9	10,342.4	9,541.3
Other liabilities	735.7	937.6	882.2
Provisions	140.0	136.5	128.6
Net equity	4,760.8	4,837.1	4,822.9
Profit of the period	116.6	578.4	150.6
Total liabilities and net equity	**71,506.6**	**72,703.5**	**79,652.9**

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