MEDIOBANCA

MEDIOBANCA
BOARD OF DIRECTORS' MEETING

Financial statements for period ended 31/3/23 approved

Milan, 11 May 2023

MEDIOBANCA

RESULTS AT ALL-TIME HIGH LEVELS: TRAJECTORY AND QUALITY UNCHANGED

9M RESULTS

Record results, ahead of Business Plan targets for FY 2022-23

Revenues ~€2,420m (up 13% YoY), vs 12M plan target of €3bn for end-June 2023

Growing contribution from all business divisions:

WM +13% to €614m, CIB +14% to €565m, CF +7% to €841m, INS +8% to €293m, HF +2x to €131m

Positive contribution from all revenue streams:

Net interest income up 17% to ~€1,300m, fees up 2% to €657m, trading income up 30% to €172m

GOP €1,174m (up 18% YoY), cost of risk 53 bps

Net profit €791m (up 10% YoY)

9M EPS €0.93, vs plan target of €1.1 for end-June 2023

ROTE 13%, vs plan target of 11% for end-June 2023

3M RESULTS

Solid earnings performance

Revenues ~€760m (up 10% YoY), second-best quarterly performance ever

Ongoing growth in net interest income to €456m (up 22% YoY, up 2% QoQ)

Strong growth in WM distribution (+38 people QoQ, including 6 bankers of high seniority)

Fees (€185m) and trading income (€24m) both down QoQ, following the slowdown in CIB activity after the record 2Q results

Net profit €235m (+24% YoY)

Selective growth, high-quality assets

AUM/AUA up 5% QoQ to €57bn, with €2.4bn in NNM and guided conversion of liquidity into Group assets (MB bonds/certificates/AUM)

Selective growth in lendings; liquidity position comfortable

Gross NPLs down to 2.4% of total loans (coverage ratio 74%)
Overlays intact at ~€285m, cost of risk ~40 bps

CET1[1] up >30 bps to 15.4% (FL[2] 14.4%, with 70% cash payout)
Unrealized losses on HTC <10 bps CET1

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1 Management calculation which differs from the one used in the COREP Common Reporting, as it includes retained earnings for the period (not subject to authorization pursuant to Article of the CRR) based on a 70% dividend payout. Undistributed profits account for approx. 15 bps of CET1.

2 The fully-loaded ratio has been calculated without the Danish Compromise, i.e. with the Assicurazioni Generali investment deducted in full (approx. 100 bps) and with the IFRS 9 FTA effect applied in full (approx. 5 bps).

Alberto Nagel, CEO of Mediobanca, said: "*In the first nine months the Group has delivered the best results it has ever posted in terms of revenues (~€2,420m), earnings (over €790m) and profitability (ROTE 13%, near the highest of all European banks). This has been made possible by optimizing asset and liability management, benefiting from the strong positioning carved out in the businesses that have delivered unbroken growth for Mediobanca over the long term. Diversification of our business profile has enabled growth in all indicators and confirmed our ability to generate value in different market scenarios while at the same time maintaining a prudent approach to risk assumption and strong capital generation and position*".

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The Mediobanca Group has continued on its growth path in the nine months, posting **record results in terms of revenues (€2,418m up 13% YoY), net profit (€791m up 10% YoY) and ROTE (13% up 3pp YoY),** in an operating scenario impacted by the high market volatility exacerbated in 3Q by the regional US banks crisis and the Credit Suisse rescue.

The top-line performance was driven by growth in all divisions (WM up 13% to €614m, CIB up 14% to €565m, CF up 7% to €841m, INS up 8% to €293m, HF up 2x to €131m) **and all income sources** (NII up 17% to ~€1,300m, fees up 2% to €657m, trading income up 30% to €172m).

The 3Q results (January-March 2023) reflect growth of 10% YoY, with revenues of around €760m and net profit of €235m, down 16% QoQ due to the CIB division's results normalizing as expected, on the back of the record performance for the first six months.

Highlights for the period were as follows:

- **Robust commercial performance: TFAs near €85bn** (up 5% YoY, up 2% QoQ), driven by **inflows of AUM/AUA (NNM €5.8bn, €2.4bn of which in 3Q) climbing to €57bn** (up 10% YoY, up 5% QoQ)**. The liquidity transformation (approx. €1.4bn) that has affected the whole banking sector over the last quarter has been actively guided, with over €1bn in funding and investment products synergic for the Group (~€700m in Mediobanca bonds and certificates, ~€200m in AUM placed).**
- **Funding activity has been abundant, with bond issuance (€6bn in 9M) at the highest levels seen in the last ten years,** reflecting impressive diversification and expansion of the investor base (private and institutional), with costs still firmly under control (issues 145 bps, vs maturities 130 bps). This has enabled €2bn of TLTRO to be repaid six months ahead of schedule.
- **Customer loans, which grew strongly in 1H, reflect the selective approach to lending for 3Q** (€2bn, reflecting a slight increase in Consumer Finance, and reductions in CIB and mortgages), driven by the risk-adjusted margins, **while 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 stato. Unrealized losses on the Hold To Collect (HTC) portfolio are still very low (<10 bps of CET1)**, reflecting the cautious risk management.
- **Revenues were again at record levels in 9M** (€2,418m, up 13% YoY, €759m of which in 3Q), **with all income streams posting increases**:

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- **Net interest income totalled €1,299m (up 17% YoY, accelerating 22% in 3Q to €456m)**, with strong contributions from all the divisions, in particular Consumer Finance (up 5.9% YoY, driven by €5.9bn in new loans), Wealth Management (up 21.2% YoY), and Holding Functions (positive again at €68m), on the back of higher volumes, asset repricing, and careful cost of funding management.

- **Net fee and commission income amounted to €657m (up 2% YoY, €185m in 3Q),** on strong growth in WM (up 8% YoY), with CIB stable over 9M, with the result for 3Q reflecting the slowdown in corporate activity due to the increase in interest rates and market volatility.

- **Net trading income totalled €172m** (up 30% YoY, around €25m in 3Q), just under half of which from placement versus clients.

- **Cost/income ratio 43% (down 2pp YoY)**, even including the ongoing investments in distribution, innovation and talent.
- **Excellent asset quality, with overlays virtually intact** at approx. €285m (1.2x the total amount of loan loss provisions for FY 2021-22). **Cost of risk for 9M 53 bps was 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 3Q the cost of risk decreased to approx. 40 bps,** with the trend again positive in all divisions**. Non-performing loans at Group level decreased further** from the already low levels of end-June 2022 (2.4% of total loans gross and 0.6% net), **as did loans classified as Stage 2** (5.9% gross and 5.4% net). **The coverage ratios increased further**: 74% of NPLs (up 3pp since end-June 2022), 1.36% of performing loans and 3.79% of performing loans for the Consumer Finance division.
- **Net profit €791m** (up 10% YoY, €235m of which in 3Q) and **ROTE adj. of 13%** (up 3pp YoY).
- **Growth in EPS,** due to the high profits, plus the cancellation of 16.5 million treasury shares in September 2022: **9M EPS €0.93 (up 12% YoY)**.
- **Capital base remains high: CET1 phase-in ratio 15.4%,[3]** up >30 bps in 3Q. The improvement in the quarter reflects the high profitability and the reduction in risk-weighted assets. **The ratio includes a cash dividend payout of 70% of the reported net profit. Fully-loaded, the CET1 ratio stands at 14.4%[4]** (31/12/22: 14.0%).

All the divisions posted material growth:

- **WM: double-digit growth ongoing both in revenues (up 13% to €614m in 9M) and net profit (up 22% a €129m), significant new recruitment of both FAs and bankers. Commercial activity, in a volatile market scenario, rewarded placement of fixed-income securities. ROAC[5] up to 36%, with the cost/income ratio improving** (down 3pp to 67%).

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3 Management calculation which differs from the one used in the COREP Common Reporting, as it includes retained earnings for the period (not subject to authorization pursuant to Article of the CRR) based on a 70% dividend payout. Undistributed profits account for approx. 15 bps of CET1.

4 The fully-loaded ratio of 14.4% has been calculated without the Danish Compromise, i.e. with the Assicurazioni Generali investment deducted in full (approx. 100 bps) and with the IFRS 9 FTA effect applied in full (5 bps).

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

TFAs totalled €85bn (up 5% YoY, €57bn of which in AUM/AUA), **on NNM of €4.4bn. There was also growth in lending activity (with customer loans up 11% YoY to €16.7bn**, €12.3bn of which in residential mortgages, and €4.4bn in private financing). **Private Banking** client coverage activities continue in conjunction with CIB, and the offering in the illiquid and portfolio management segments has been enhanced. The new market scenario has also facilitated the sale of structured products. In Premier Banking, efforts to strengthen the fixed-income product offering by leveraging on Group synergies have continued. Performances in asset management have also been good, in the special situations asset class in particular. **The attractiveness of the Mediobanca business model has been seen in the last quarter, with some significant enhancements made to the salesforce: a total of 38 new professions have been added in the three months, including a team of six private bankers of high standing previously at Credit Suisse, making a total of 55 new recruits in 9M**.

- **Consumer Finance: strong growth in customer loans (to €14.4bn), revenues (to €841m) and net profit (to ~€292m). ROAC[5] stable at 33%**

  The Consumer Finance division posted an increase in revenues (up 7% to €841m), net profit (up 3% to €292m), and profitability (ROAC[5] 33%, stable YoY). The cost/income ratio was 30% (up 1pp). The positive trend in new loans continues (€5.9bn, up 5% YoY, €2m of which in 3Q), driven by **effectiveness in both direct distribution** (with three new agencies opened, and approx. 310 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 "Pagolight" product** (**new business of** approx. **€130m**). Net interest income of €739.8m (up 6% YoY) was boosted by asset repricing among other things. **Asset quality was excellent** (cost of risk 143 bps): the risk indicators were unchanged, while net NPLs decreased in relative terms, to 1.1% of total loans, on a coverage ratio of 81.3% (3.79% for performing loans).

- **CIB: revenues again at an all-time high for 9M (€565m), despite the anticipated reduction in 3Q (€135m), reflecting the weak operating scenario for investment banking. ROAC[5] 14%**

  Revenues were up 14% in 9M (to €565m), but net profit reduced slightly (to €186m) while profitability remained high (ROAC[5] 14%, down 1pp YoY). Cost/income ratio 42%. The contributions from Advisory and Capital Market Solutions business have been stable over 9M, despite slowing in 3Q, whereas Lending posted an increase, while ECM/DCM activities were soft, being impacted by the market volatility. **Loan book quality was again high:** following an increase in the cost of risk in 2Q (after net writedowns of €31m reflecting mainly the update of the IFRS 9 model macros), writebacks were again credited in 3Q, albeit very minor (€3m).

- **INSURANCE-PI: high contribution and profitability**

  Revenues €293m, up 8% YoY, on a robust and improving operating performance by Assicurazioni Generali. Net profit by the division totalled €283m (up 13% YoY). ROAC[5] was high (at 26%).

- **HF: good funding capability confirmed at competitive costs. In the last twelve months** a total of €12.5bn has been raised, at an average cost of ~95 bps (vs EUR

3M). **Funding stood at €59bn** (stable YoY), due to **strong bond issuance activity enabling the planned TLTRO substitution to proceed** (with €2bn repaid six months ahead of schedule) and offset the conversion of deposits (€27.4bn), **with no impact on the regulatory ratios (NSFR 116%, LCR 157%, CBC €15.8bn). Demand for Mediobanca securities through the commercial networks remains high: €3.8bn was placed in 9M, €1.6bn of which through the proprietary networks**. During 3Q a €750m senior preferred bond and a €300m Tier 2 bond were issued.

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 nine months the Group has published its first **Task Force on Climate-related Financial Disclosures (TCFD)** report, with detailed information on its environmental impact. **It has also set its first two GHG emissions reduction targets, in line with the NZBA's requests, for the 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.

In 3Q the Group has further enhanced its sustainability governance, adopting a **Group Diversity, Equity and Inclusion Code** for the first time, and also updating the **Group ESG Policy** which formalizes Mediobanca's active engagement with clients in order to facilitate their climate transition. Both these steps form part of the commitments made by Mediobanca as a signatory to the PRB (Principle for Responsible Banking) and Net-Zero Banking Alliance (NZBA).

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With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the Group's individual and consolidated financial statements for the period ended 31 March 2023, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Group delivered a net profit of €791m for the nine months, its best 9M performance ever (10% higher than last year's €716m).

Revenues for the nine months were up 12.6%, from €2.1bn to €2.4bn, on growing contributions from all divisions: Wealth Management up 13%, Consumer Finance up 6.6%, Corporate and Investment Banking up 13.6%, and PI – Insurance up 8.4%. The 3Q result, with a top line of €759.4m, was below the previous quarter's outstanding performance (€901.5m, an all-time record for the Group) but still at historically high levels (in fact the second-best quarterly performance ever), reflecting the reduction in revenues from CIB as anticipated, in line with the sector slowdown.

GOP for 9M totalled €1,173.5m (up 18% YoY), €362.3m of which in 3Q (down 17.3% QoQ); the cost/income ratio declined to 42.8% (44.6%), while the cost of risk remained low at 53 bps, without having to touch the stock of overlays (€285m).

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The main income items performed as follows:

- **Net interest income rose from €1,106m to €1,298.9m** (up 17% YoY), on a contribution of €456m for the quarter, higher than in 2Q (€446.6m), reflecting the absence of one-off coupons on inflation-linked securities (expected in 4Q), driven by asset repricing and careful cost of funding management. Consumer Finance increased its NII in 9M by 5.9% (from €698.8m to €739.8m, €247.4m of which in 3Q), despite the increased selectivity in new loans (scoring and repricing). Wealth Management generated NII of €265.2m (up 21.2% YoY, €93m of which in 3Q, up 5.4% QoQ); while net interest income earned from Corporate and Investment Banking rose to €208.9m (up 9.6% YoY, up 7.7% QoQ to €73.7m), and Treasury management continued the trend seen in the previous quarter, its contribution rising to €31.3m (compared to the €65.4m expense booked last year);

- **Net fee and commission income rose from €645.1m last year to €657.3m**, despite the slowdown in 3Q (fees of €185.2m, down 29.4% QoQ), concentrated in Investment Banking, which contributed €53.2m in 3Q (but €238.5m in 9M, in line with last year). Wealth Management generated fee income of €341.2m (up 7.7% YoY), with a resilient contribution for 3Q (€111.2m, down 5.5% QoQ), reflecting the seasonal nature of certain items (banking and performance fees in particular), while management fees totalled €247.3m (up 3.5% YoY), €82.6m of which in 3Q (up 1.5% QoQ);

- **Net trading income totalled €172.3m** (up 30.1% YoY), despite a major reduction in 3Q (from €83.5m to €24.2m) due to the sharp increase in interest rate volatility which impacted on the valuations of the proprietary trading positions (reflected in a 3M contribution of €0.6m, against a total for 9M of €47.5m); client trading delivered income of €69.3m in 9M (up 13% YoY), but again slowed in 3Q (€6.8m, compared with €31.9m); while proactive banking book management generated profits of approx. €11.3m for 3M (€37.7m for 9M);

- **The contribution from Assicurazioni Generali, accounted for using the equity method, was €284.1m**, higher than last year (€263.3m), with a contribution for 3Q of €89.6m. The other investments in associates as defined by IAS 28 contributed €5.4m.

Operating costs totalled €1,034.9m, (up 8.1% YoY, from €957.7m), with the growth fairly balanced between labour costs (up 8.4%, from €494.5m to €536.2m) and administrative expenses (up 7.7%, from €463.2m to €498.7m). In 3Q there was a 9.1% QoQ reduction in labour costs, from €194m to €176.4m, due to lower accruals for variable remuneration, in Investment Banking in particular, in line with the trend in revenues; while administrative expenses slowed too, albeit less markedly (down 4.5% QoQ, from €175.5m to €167.6m), reflecting the state of progress being made in the IT investment and marketing plan plus the higher credit recovery expenses.

Loan loss provisions were up 7.5% year-on-year, from €194.9m to €209.5m (COR 53 bps, largely unchanged), but much lower than in 2Q at €53.1m (€93.8m), characterized by a more prudent macroeconomic scenario. The other portfolios' contributions were largely stable; the slight increase in Consumer Finance (from €143m to €150.4m) is due exclusively to the performance in volumes; with the €50.1m charge booked for the quarter, the cost of risk was 143 bps (144 bps last year). Overall credit quality remains high, with the stock of overlays unchanged at €285m (31/12/22: €282m; 30/6/22: €294m).

Profit of €790.5m for the nine months also reflects:

- Net provisions for financial assets (bonds and fund stock units recognized at fair value) totalling €13m, which recovered in 3Q (up €9.7m), €8.3m of which was attributable to valuations of holdings in funds;

- Other items totalling reflecting a negative balance of €96m, €57.9m of which for 3Q; the heading includes the payments to the various resolution funds, totalling €84.7m, €59.7m of which refers to the amount set aside for the new payment to be made to the Single Resolution Fund, expected to be paid at end-May 2023;

- Taxation for the period of €267.7m, corresponding to a tax rate of 25.1%, with tax for 3Q totalling €76.5m.

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Total assets amounted to €91.8bn, up 4% YoY and lower than the €93.7bn posted at end-December 2022. The main items reflected the following performances:

- **Customer loans were up 4% YoY.** After an increase of almost €2bn in 1H, customer loans declined from €53.6bn to €53.2bn in 3Q (down 0.8%), reflecting the **selective approach to lending in terms of risk-adjusted margins**: the 3M reduction in loans from Corporate and Investment Banking (down 4.2% to €20.4bn, €17.7bn of which in Wholesale Banking), was only in part offset by the increases in Wealth Management (up 1.7%, from €16.4bn to €16.7bn) and Consumer Finance (up 1.6%, from €14.1bn to €14.4bn). New mortgages taken out in the three months totalled €0.5bn (9M €1.9bn); while new business in Consumer Finance for 3M was again €2bn like in the previous quarters (9M €5.9bn, up 4.9% YoY); and in Lending and Structured Finance €1.5bn (9M €6bn, down 9.5% YoY). Turnover in factoring business totalled €2.7bn;

- **Stage 2 positions** stood at €2,862.2m, down from €2,915.6m at end-December 2022, due mainly to mortgages for which Covid-related moratoria had been granted having completed the probation period, and to certain corporate positions returning to Stage 1;

- **Gross non-performing loans decreased** to €1,295.2m (2.4% of gross total loans, vs 2.4% at end-December and 2.5% at end-June 2022); the reduction was due to new disposals in leasing and a very small number of inflows. Net NPLs also reduced to €333.8m (0.6% of total loans, vs 0.7% at end-December and end-June 2022), with the share of bad loans totalling €43.1m; this heading does not include NPLs not originated by the Group, which decreased from €256.2m to €246.6m (30/6/22: €350.6m);

- **Net treasury assets totalled €2.9bn** (31/12/22: €6.1bn, 30/6/22: €7.2bn), due to the gradual decrease in deposits held by the ECB (down from €8.8bn to €5.1bn), the majority of which was used to repay the TLTRO finance and increase the trading book (the net balance of which was €1.1bn) and the banking book, the latter increasing from €8.6bn to €9.5bn, with a sovereign debt portfolio worth €7.1bn and a short average duration of around 2 years (approx. 2/3 of these are Italian government securities with a duration of just over two years);

- **Funding returned to €58.8bn after peaking at end-December 2022 (€62bn)**, reflecting the repayment of the TLTRO facilities (€1.7bn repaid six months ahead of its natural expiry, reducing the balance to €6.2bn) and the conversion of Wealth Management deposits to AUA and AUM (deposits fell from €28.8bn to €27.5bn). Conversely, funding from debt securities increased from €20.6bn to €21.4bn, on new issuance in the three months totalling €1.5bn, €300m of which Tier 2 placed with Private Banking clients, and €750m in senior preferred notes placed with institutional clients; sales through proprietary and third-party networks, which amounted to approx. €300m in 3M and €4.2bn in 9M confirm that demand from households is high;

- **AUM/AUA totalled €57.4bn (31/12/22: €54.5bn; 30/6/22: €51.5bn),** €19.3bn of which in Premier Banking (up €1.4bn) and €26.1bn in Private Banking (up €1.6bn); AUM/AUA in Asset

Management also rose by €0.4bn to €25.9bn, €14bn of which was placed by the Group's own networks;

- **The CET1 ratio stood at 15.4% phase-in (14.4% fully-loaded), up approx. 30 bps in 3M,** almost entirely due to the lower lending volumes in CIB; the retained earnings for the quarter (which added 15 bps, net of the 70% payout ratio) was offset by the deductions due to the increase in the Assicurazioni Generali investment (most of which will be recovered when the dividend is distributed in May 2023);

- **The total capital ratio increased from 16.8% to 17.6%, due to the new subordinated issue.**

Divisional results

1. **Wealth Management:[6] double-digit growth in net profit and revenues despite the difficult scenario. Strong new recruitment, with 38 new additions in 3M. Revenues up 13% to over €610m, TFAs €85bn (up 5% YoY), strong commercial performance (NNM of €5.8bn in AUM/AUA in 9M). Net profit up 22% to ~€130m, and strong increase in ROAC[5] to 36% (up 12pp).**

Net profit for the nine months totalled €129.4m, up 22.4% on last year (€105.7m), with a 3Q contribution of €47.3m representing further improvement. Revenues were up 13% to €613.6m, driven by increases in net interest income (up 21.2%) and fees (up 7.7%); the cost/income ratio decreased to 66.9% (from 70.3%), and ROAC reached 36%.

The recent quarters' performance continued in 3Q with:

- **AUM/AUA up 10% QoQ to €57.4bn, on NNM of €2.4bn** (for a total of €5.8bn added in 9M), helped by the distribution network enhancement and guided conversion of deposits *inter alia* into synergic Group funding and investment assets (with approx. €700m in Mediobanca bonds and certificates placed in 3Q). **TFAs rose to €84.7bn,** on a positive market effect adding some €500m, and 5% deposit conversion with deposits now at €27.4bn (down €1.4bn in 3Q);

- **Strong enhancement of the distribution structure** (1,215 professionals), with 55 new people recruited in 9M, including **38 new additions in 3Q**. The Premier segment now has 1,068 professionals, split almost equally between bankers (516, with 7 recruited during the period) and FAs (552, with 21 added) working at 105 branches and 102 points of sale. The number of Private Bankers rose by ten to 147, including a team of six bankers of high seniority who joined in March 2023;

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

The domestic market has seen demand for high yield products increase, leading to deposits being converted into indirect funding: demand deposits were down 3% YoY at system level, whereas term deposits were up 14%. Financial advisory activity (Assoreti scope) was focused primarily on placement of securities, with a total of €16.2bn placed (vs €0.6bn in AUM, with approx. €3bn in deposits converted), due in part to large public issues (BTP Italia) and corporate issues.

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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.

Mediobanca Private Banking has continued to offer exclusive investment opportunities to its UHNWI clients: Public Markets has seen growth of approx. €350m, on strong interest in bond products with Buy & Hold strategy and the launch of a new themed asset management product with international Euro hedged strategy; approx. €420m in certificates and credit investment notes and €300m in Mediobanca bonds able to guarantee clients returns in line with the current scenario have also been placed and subscribed for. In Private Markets, a fifth investment initiative with Russell Investments has been launched (€80m placed) and a further investment initiative with the ICapital platform, focused on private equity investments in the energy transition sector, with a total of €60m placed. The co-operation with the Corporate & Investment Banking division has also continued, enabling approx. €500m in liquidity events generated from July 2022 to April 2023.

Clients in the Premier segment have been offered a wide range of fixed-income products: two fixed-rate 3Y and 5Y Mediobanca bonds (€120m and €60m placed respectively); a Mediobanca ESG Credit Opportunities 2026 target maturity fund (an Article 8 SFDR/ESG three-year bond fund), with over €30m funding raised by end-March 2023 (a total of almost €50m overall).

TFAs totalled €84.7bn, as follows: Private Banking €37.1bn (€26.1bn of which AUM/AUA and €11bn deposits), Premier €35.7bn (€19.3bn of which AUM/AUA and €16.4bn deposits), and Asset Management €25.9bn, €14bn of which placed within the Group (31/12/22: €13.5bn).

The **higher net profit earned by the Wealth Management division**, which was up 22.4%, from €105.7m to €129.4m), reflects a 13% increase in revenues (from €543.1m to €613.6m), which offset the trend both in costs (up 7.5%, from €381.8m to €410.3m) and loan loss provisions (down 35.2% to €8.3m). The main items performed as follows:

Revenues rose from €543.1m to €613.6m, €206.3m of which in 3Q (basically flat) and reflect the following performances:

- **Net interest income rose by 21.2%** (from €218.9m to €265.2m), helped by the increased contribution for 3Q (up 5.4%, from €88.2m to €93m), with the cost of funding still low; the contribution from Private Banking was almost twice as high as last year (up from €41.3m to €82m, €31.2m of which in 3Q), at CMB Monaco in particular, while the Premier segment reflected slower growth (up 3.2% from €177.6m to €183.2m, €61.8m of which in 3Q), with much of the interest rate risk having been transferred to treasury operations at Parent Company level;

- **Net fee and commission income grew by 7.7% (from €316.9m to €341.2m)**, with a significant contribution in management fees (up 3.5%, from €238.9m to €247.3m) and especially upfront fees (up 27.7%, from €48.2m to €61.6m) deriving from the substantial placements of fixed-income securities (sovereign debt, bonds and certificates) generated by the rising interest rates. The 3M figure was down 5.5% QoQ (from €117.7m to €111.2m) due to the seasonal nature of the performance and banking fees; while management fees were basically flat at €82.6m. Fees earned by the Premier segment were up 15.1% (from €113.4m to €130.5m, €40.8m of which in 3Q), while Private Banking remained stable (edging up from €131.1m to €131.5m, €46.9m of which in 3Q), and Asset Management fees grew (from €65.9m to €72.2m, €21.7m of which in 3Q), following a healthy increase in performance fees by Polus.

Operating costs increased from €381.8m to €410.3m (up 7.5%), on higher labour costs (up 11.3%, from €195.3m to €217.3m), reflecting the strengthening of the workforce (with 75 new staff recruited since March 2022, and 55 since June 2022), and the variable remuneration component being aligned to the good results. Administrative expenses rose by 3.5% overall (from €186.5m to €193m), due chiefly to IT and project expenses (up 7.1% from €77.3m to €82.7m[7]). The customary

7 New CheBanca! App, advisory platform and other improvements to payment services, plus developments to improve anti-fraud strategies.

seasonal trends affected the performance for the quarter, which reflected operating costs of €136.2m (down 5.8% QoQ), due to the reduction in labour costs (down 3% to €73.6m) and declining administrative expenses (down 8.9% to €62.6m), marketing expenses in the Premier segment in particular.

Loan loss provisions reduced to €8.3m (€12.8m) due to the low default rates for CheBanca! mortgage loans (provisions down €4.7m), offset only minimally by the increase in provisioning for Private Banking exposures (€0.2m). Provisions of €2.5m were taken for the quarter and refer primarily to the mortgage loan component (€2.1m).

Customer loans for the division totalled €16.7bn (up 9.3% since end-June 2022), €12.3bn of which in residential mortgages and €4.4bn in Private Banking loans; of the latter, €1.3bn are Lombard loans. New business in mortgage lending totalled €0.5bn (vs €0.8bn in 2Q); while the balance in Private Banking was virtually stable.

Gross NPLs decreased from €191.5m to €188.8m (equal to 1.1% of total loans), and mainly regard CheBanca! mortgage loans (€164m, 1.3% of the loan stock). The coverage ratio was 54.3% (66.5% for bad debts). Gross NPLs in Private Banking totalled €24.5m (0.6% of the stock, €12.3m of which attributable to CMB Monaco), while net NPLs totalled €89.8m (0.5% of total loans), €75.1m of which are CheBanca! mortgage loans; net bad debts totalled €30.1m, all of which were attributable to CheBanca! products.

2. Consumer Finance: further growth in net profit in 9M, up 3% to €292m, and ROAC[5] at an all-time high (33%). This excellent result is due to growth in customer loans (despite more selective acceptance rates) and revenues, driven by strong commercial activity and digital innovation, with asset quality helped by a positive performance in credit recovery activity. Cost of risk stably low at around 140 bps.

Compass delivered a net profit of €291.9m in 9M (up 2.9%), reflecting very high profitability (ROAC@ 33%). The growth in new business, which totalled €5.9bn (€5.6bn 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 and credit recovery rates remained stable, with a positive impact on the cost of risk (143 bps, compared with 144 bps last year) and on GOP, which recorded a new record result (€438.8m in 9M).

Expansion of the distribution network continued during the three months, with priority being given to variable cost solutions (8 agencies opened). At end-March 2023 Compass's distribution platform consisted of 310 points of sale, 70 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), has a total of 155 collaborators.

Priority continues to be 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's digital product offering has been further enhanced with "Personal loans in one minute"** (a completely digital and automatic process with a user experience which is unique on the market) and a **small personal loan product** (€500), based on an innovative credit rating methodology. **"Pagolight Pro"** has also now been launched: an innovative version of the **BNPL ("Buy Now Pay Later") product that introduces a higher value-added service** (longer durations, amounts, and operating flexibility, already aligned with the expected commercial and regulatory development of the business.

The **two major acquisitions consolidating Compass's footprint in the BNPL segment are in the process of being integrated**: acquisition of a **19.5% stake in HeidiPay**, a fintech company based in Switzerland and in operation since 2021, which has developed agreements with important distributors and luxury brands, which is able to accelerate international growth, and acquisition of **100% of Soisy**, an Italian fintech operator with strong expertise in granting special purpose loans for the purchase of goods and services using e-commerce platforms. The two deals will allow Compass to pursue its **growth strategy in the BNPL segment, on the back of its established risk assessment capability, including for amounts and durations typical of consumer credit. Expansion and diversification of the client base will also enable the company to cross-sell Compass products to a younger target clientele more likely to make purchases online.** The HeidiPay acquisition will also allow **geographical diversification to be launched**. All this will be achieved on the back of Compass's consolidated credit assessment capabilities, which have always been one of its areas of excellence.

The Italian consumer credit market reported flows of €21.2bn in the first three months of the 2023 calendar year, some 8.9% higher than the same period in 2022. This performance was largely due to the positive trend in credit cards (up 16.8%), special purpose loans (up 14.9%), and salary-backed finance (up 12%). Personal loans were down 3.1% (4% in the month of March alone), impacted by the product becoming more expensive and the stricter lending policies being adopted by operators. This comes against a backdrop of returning confidence among consumers and businesses.

In the same period Compass reported a 4.1% increase in new business which totalled €2bn, up 6% on last year, taking the company's market share to 9.4%. Growth was driven by automotive finance (up 19%, to €443m), special purpose loans (up 9.2%, to €296m), and credit cards (up 8.4%, to €220m); while salary-backed finance was down 23.2% (to €88m) due to the reduction reported by the indirect channel, which was more impacted by the repricing policies implemented. Personal loans (€937m, stable vs last year) reflect growth in direct distribution (up 15%, to €727m) which offset the reduction reported by the third-party channels (down 33%), the banks in particular, which also entailed an advantage in profitability terms. In addition to these figures, the BNPL segment posted new loans of €53m in 3M, on substantial volumes (which more than doubled year-on-year).

The Consumer Finance division reported a net profit of €291.9m in the nine months, up 3% on last year. **Growth in customer loans, which have now reached €14.4bn** (30/6/22: €13.7bn) **drove an increase in net interest income** (from €698.8m to €739.8m), while an excellent performance at the risk level also led to a **further, albeit marginal, reduction in the cost of risk, to 143 bps (compared with 144 bps last year**:

- **Revenues grew by 6.6%** (from €789.3m to €841.0m), driven by the growth in net interest income, which at €739.8m was higher than last year (€698.8m), and by a good performance in terms of fees (up from €90.1m to €101.8m) helped by the contribution of BNPL operations and the lower *rappel* fees credited back to the third-party networks;

- **Operating costs totalled €251.8m**, up 10.6% on last year (€227.6m), as a result of inflation as expected and the increase in investments to grow the division. Labour costs rose by 6.2% (from €77.7m to €82.5m) partly due to growth in the headcount (with almost 70 more staff on the books), with administrative expenses up 12.9% (from €149.9m to €169.3m), reflecting the investments in IT developments for commercial purposes to support new projects (including BNPL), while credit recovery costs have normalized at pre-Covid levels;

- **Loan loss provisions increased from €143m to €150.4m (up 5.2%), with the cost of risk reducing, albeit only marginally, from 144 bps to 143 bps** despite the increasing coverage levels (NPLs 81.3%; performing loans 3.79%), with the **overlays virtually unchanged at €219m.**

Gross loan loss provisions were lower than at end-June 2022 both in absolute terms (down from €858.2m to €855.5m) and **relative terms** (down from 5.74% to 5.47% of total loans), due to the low default rates and good credit recovery flows (which have helped various positions regain performing status). The level of non-payments for 9M was lower than expected, and below pre-Covid levels, reflecting the quality of the new business and excellent management. Nonetheless, because of the increasing levels of inflation, and aware of the impact this will have on households' disposable incomes, careful monitoring continues to assess the possibility of introducing restrictions to the lending policies in a timely manner if considered appropriate. **The increase in the coverage ratio** (from 78.8% to 81.3%) **has further reduced the net exposure,** from €181.7m to €159.7m, and from 1.32% to 1.11% of total loans. Net bad debts decreased from €7.7m to €5m, represent just 0.03% of total loans (0.06%), and reflect a coverage ratio of 98.2% (97.2%).

3. Corporate & Investment Banking: 9M revenues near their highest-ever levels (€565m), despite the slowdown in Q3 in line with sector trend. Net profit €186m and ROAC[5] 14%. Asset quality remains high.

The CIB division recorded **one of its best ever 9M performances in terms of revenues of €564.5m,** some 13.6% higher than the €496.9m reported last year, reflecting both **the record performance delivered in 1H and the expected slowdown in 3Q**, in line with the trend in European investment banking, impacted by the volatility on financial markets and the changing macroeconomic scenario.

The net profit posted by the divisions was down 7.6% on last year, at €186m, due to the **higher loan loss provisions** taken almost exclusively in 2Q and mostly due to the IFSR 9 models being adapted to the new macroeconomic scenario. **The division's ROAC was still high at 14%.**

In 1Q 2023, the global M&A market recorded a 44% reduction in volumes and a 17% reduction in the number of deals announced compared to the same period last year. The trend was more pronounced on the European market, where the reduction was 60% in volumes and 25% in the number of deals. In France and Spain in particular, volumes shrank by 34% and 71% respectively, while the contraction on the Italian market in volume terms was 88%, meaning the 50% drop reported at end-December 2022 (net of the Atlantia takeover bid) has worsened since then.

Some of the most important advisory deals completed in the period were the joint venture between Wind Tre and Iliad in the TMT sector and the strategic agreements between Intesa San Paolo and Nexi, and between Nexi, BPER Banca and Banco di Sardegna 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.

With reference to Debt Capital Markets activity, Mediobanca played an important role in numerous Italian bond issues (including Stellantis, A2A, AMCO, Unicredit, Banca Monte dei Paschi di Siena, Autostrade per l'Italia, Enel and Iccrea Banca) and some major deals in others of its core markets (including Société Générale, Telefonica, and Abertis), 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. In addition, the Bank also played a leading role in the convertible bond issued by Greenvolt in Portugal, assisting KKR, which was the sole subscriber, in the capacity of financial advisor.

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 Cellnex and Enagas) and extraordinary activities (for example, Dufry in its business combination with Autogrill, and Lavazza in its acquisition of MaxiCoffee), maintaining a high quality loan book, with the Investment Grade share still above 70%.

The Markets division 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 strong commercial efforts by the retail and private networks.

Revenues for 9M were up 13.6% from €496.9m to €564.5m (3Q: down 45.7% QoQ, to €134.5m), with Wholesale Banking contributing €512.7m (up 16.3% YoY) and Specialty Finance €51.8m (down 7.9% YoY). The main income items performed as follows:

- **Net interest income rose by 9.6%, from €190.6m to €208.9m,** with a quarterly contribution of €73.7m (up 12% YoY and up 8% QoQ); NII in Wholesale Banking rose by 14.5%, from €156.6m to €179.3m, while factoring slowed by 12.9% (down from €34m to €29.6m);

- **Net fee and commission income remained at last year's levels (edging up from €237.9m to €238.5m)** due to the excellent 1H performance which offset the **3Q reduction** (down 54.4% QoQ to €53.2m) due to market uncertainty and volatility; the contribution from Advisory business for the nine months was €121.9m (roughly in line with last year, with fees for 3Q down to €23m), while Lending fees were up 37.9% to €57.8m (€9m in 3Q), Specialty Finance again contributed €22m, Equity Capital Markets posted fees of €21.6m (up 13% YoY, but virtually wiped out in 3Q), and Debt Capital Market of €13m (lower than last year, but growing QoQ);

- **Net trading income totalled €117.1m,** with growing contributions from the proprietary trading desk (up from €6.8m to €47.5m) and client trading (up from €61m to €68.3m); the 3Q performance was low, at approx. €8m (€6m from client trading), due to the sudden rise in fixed-income volatility; the strong market disruption was mitigated by holding very small outright positions.

Operating costs rose by 10.2% (from €216.4m to €238.5m), with the labour cost component up 9.4% (from €124.6m to €136.3m) after slowing in 3Q, in line with the trend in revenues. The increase in administrative expenses was more even, rising 11.3% (from €91.8m to €102.2m), due to various categories of spending returning to normal (travel, marketing and IT investments). **The division's cost/income ratio remained low at 42.2%.**

Loan loss provisions totalled €33.4m, €32.9m of which in Wholesale Banking and €0.5m in Specialty Finance, as opposed to the approx. €30m in writebacks taken last year. **The cost of risk was 22 bps,** and reflects the higher provisions taken in 2Q to reflect the change in the macro scenario, plus large corporate counterparty being classified as UTP. Writebacks of €2.8m were credited for 3Q.

In the three months **loans and advances to customers decreased by 4.2% from €21.3bn to €20.4bn,** with both segments reporting reductions: customer loans in Wholesale Banking (which were down from €18.2bn to €17.7bn) reflect the reduced volumes in Lending and Structured Finance (down 9% to €6bn, €1.5bn of which in 3Q), against repayments totalling €6.3bn (€2.1bn in 3Q); while customer loans in Specialty Finance totalled €2.7bn (31/12/22: €3.1bn), with turnover of €8.7bn (up 10.1% YoY), €2.7bn of which in 3Q.

Gross NPLs reduced from €141.5m to €136.9m, with the gross NPL ratio stable at 0.7%; net NPLs, meanwhile, fell to €44.5m, with a coverage ratio of 67.5%, which was higher than the 63.9% reported at end-December 2022, due to the increased coverage for the recent UTP position.

Gross Stage 2 positions decreased from €612.5m to €465.3m (2.3% of total loans); the reduction in Stage 2 positions in Wholesale Banking (from €521.9m to €393.9m) was primarily due to total and/or partial debt repayments and to other positions returning to Stage 1 after the borrowers' credit ratings were revised individually.

The coverage ratio for performing loans (Stages 1 and 2) was stable at 0.5%, with overlays of €46m, concentrated in the Large Corporate segment (€33m).

4. Insurance & PI: high contribution to Group earnings (€283m) – ROAC[5] 26%.

The Insurance & PI division delivered a net profit of €282.9m for the nine months, up 12.9% on last year (€250.6m), due to a higher contribution from the equity method (up from €263.6m to €290.1m, €284.1m of which for Assicurazioni Generali). Net profit for 3Q totalled €100m, with the equity method contributing €94m (€89.6m for Assicurazioni Generali), plus writebacks due to holdings in funds being recognized at fair value totalling €8.4m.

Other revenues include €8.6m in income from holdings in funds (Polus funds in particular), €2.9m of which in 3Q. Fund prices showed a recovery in the early months of 2023, hence the loss reduced from €11.4m to €3m.

The book value of the Assicurazioni Generali investment decreased further, from €2,175.4m to €2,136.8m, reflecting the reduction in the valuation reserves (which decreased by €146.6m in 3Q), mainly the fixed-income segment AFS reserve, which should be reabsorbed when the new IFRS 9 and IFRS 17 come into force. The market value of the investment remains stable at around €3.8bn.

The other banking book securities totalled €671.7m.

5. Holding Functions: strongly improving results, with comfortable funding position, optimized in both sources and costs.

The net loss incurred by the Holding Functions division decreased from €124.8m to €91m, and reflects the trend in net interest income which was positive for the second quarter running, and so totalled €67.9m for the nine months (3Q: €36.1m). This performance was driven by a major contribution from the securities portfolio (up €85m YoY) and the other treasury components, with the cost of funding still under control. Net trading income decreased slightly, from €41m to €37.7m, following a slowdown in 3Q (down 21% QoQ, to €11.3m), as a result of the absence of gains on banking book securities. The central cost component improved further as a percentage of the Group's total costs, declining from 7.8% to 7.5%.

The main segments performed as follows:

- **Treasury:** bond issuance reflected the highest levels of activity seen for the past ten years (approx. €6bn placed in 9M, €1.5bn of which in 3Q), enabling the TLTRO substitution to go ahead as placed with two tranches being repaid ahead of schedule (reducing the borrowing by €1.8bn, to €6.2bn), with the regulatory liquidity ratios stable at high levels (LCR: 157% and NSFR: 116%), confirming the Group's sound liquidity position; Wealth Management deposits reflect the asset conversion process described above, and were down by €1.4bn to €27.4bn, representing 46% of the Group total). On a slight reduction in lendings, the banking book securities portfolio was tactically increased in 3Q by approx. €1bn, with increasing returns and the same duration (approx. 2 years). The OCI reserve reflects a very low balance of minus €45.4m (31/12/22: minus €83.2m), and the unrealized losses on the HTC portfolio were also very low (<10 bps of CET1);

- **Leasing:** a net profit of €4.1m was earned from leasing operations (€1.1m last year), on revenues of €26.6m, costs of €15m, and loan loss provisions of €2.6m. Net profit for 3Q totalled €1.8m, on revenues of €8.9m, costs of €5.5m, loan loss provisions of €1.8m, and gains realized on disposal of properties totalling €2.9m. Gross NPLs decreased from €114.9m at end-December 2022 to €108m;

- **NPL acquisition:** the net loss for 9M decreased to €2.2m, after a net profit of €0.9m was posted for 3Q, on revenues of €42.2m, approx. €26.5m of which in amounts collected from portfolios (€32.2m) and adjustments totalling €15m (€1.5m of which in 3Q). The stock of NPLs reduced from €256.2m at end-December 2022 and from €350.6m at 30 June 2022 to €246.6m.

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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 3Q Mediobanca has:

- Adopted a **Group Diversity, Equity and Inclusion Code,** which 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;

- Revised its **Group ESG Policy**, 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.

As proof of the Group's ongoing commitment to ensuring that ESG criteria are embedded in all areas of its business, Mediobanca received a special mention in the "**Best Social Reporting**" category of the **2023 Sustainability and Social Reporting Prize** awarded by *Il Corriere della Sera*, as recognition for the care and attention shown by Mediobanca to its clients.

The Group's offering of products and services which meet ESG criteria as at 31 March 2023 included:

- Lending activity reflects an ESG loan stock of approx. €3.6bn, 74% of which in CIB, 16% in WM, and 10% in Consumer Finance;

- Placement of the Group's second green bond on the institutional market (a €500m Sustainable Senior Preferred Bond), following the inaugural issue in 2020;

- The Bank's DCM team once again ranks as one of the leading ESG players, managing deals worth a total of over €18bn;

- The share of ESG funds (i.e. SFDR Articles 8 and 9 funds) in Premier clients' portfolios has now risen to 70%.

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Outlook

On the back of the 9M performance and in view of expected developments in the macroeconomic scenario, the Group expects to see the following for the 12M (FY 2022-23):

- Revenues in the region of €3.2bn, ahead of the €3bn Strategic Plan target, including:
    - Net interest income of approx. €1.8bn, up around 20% YoY
    - Fee income above €0.8bn, resilient YoY
- GOP risk adj. of around €1.5bn, up over 15%, net of a cost of risk expected to be in the 50-55 bps range.
- Cash dividend pay-out of 70%

The Mediobanca Group will unveil the guidelines of its new Strategic Plan for 2023-26 on 24 May 2023. The presentation will be streamed via webcast starting from 10.00 a.m. CEST.

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MEDIOBANCA

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	9 mths 31/03/2022	9 mths 31/03/2023	Chg. %
Net interest income	1,106.0	1,298.9	17.4%
Net treasury income	132.4	172.3	30.1%
Net fee and commission income	645.1	657.3	1.9%
Equity-accounted companies	263.6	289.4	9.8%
Total income	**2,147.1**	**2,417.9**	**12.6%**
Labour costs	(494.5)	(536.2)	8.4%
Administrative expenses	(463.2)	(498.7)	7.7%
Operating costs	**(957.7)**	**(1,034.9)**	**8.1%**
Loan loss provisions	(194.9)	(209.5)	7.5%
Provisions for other financial assets	(6.6)	(13.0)	n.m.
Other income (losses)	(87.0)	(96.0)	10.3%
Profit before tax	**900.9**	**1,064.5**	**18.2%**
Income tax for the period	(176.4)	(267.7)	51.8%
Minority interest	(8.6)	(6.3)	-26.7%
Net profit	**715.9**	**790.5**	**10.4%**

2. Quarterly profit and loss accounts

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

MEDIOBANCA

3. Restated balance sheet

Mediobanca Group (€m)	30/06/2022	31/12/2022	31/03/2023
Assets			
Financial assets held for trading	9,530.9	8,689.7	10,028.1
Treasury financial assets	12,800.8	15,247.7	11,888.0
Banking book securities	8,577.3	8,627.2	9,472.9
Customer loans	51,701.4	53,600.8	53,188.7
Corporate	*17,975.8*	*18,219.0*	*17,748.8*
Specialty Finance	*2,758.3*	*3,071.2*	*2,663.4*
Consumer credit	*13,750.1*	*14,142.7*	*14,371.0*
Mortgages	*11,368.2*	*11,981.8*	*12,324.0*
Private banking	*3,929.7*	*4,449.0*	*4,390.3*
Leasing & NPL	*1,919.3*	*1,737.1*	*1,691.2*
Equity investments	4,046.2	3,147.9	3,034.6
Tangible and intangible assets	1,350.2	1,370.4	1,358.8
Other assets	2,561.6	3,054.1	2,870.3
Total assets	**90,568.4**	**93,737.8**	**91,841.4**
Liabilities			
Funding	61,169.4	61,952.8	58,780.3
MB bonds	*18,536.9*	*20,584.8*	*21,448.2*
Retail deposits	*17,449.8*	*17,042.3*	*16,381.7*
Private Banking deposits	*11,347.5*	*11,799.4*	*11,091.0*
ECB	*8,442.2*	*7,980.3*	*6,245.5*
Banks and other	*5,393.0*	*4,546.0*	*3,613.9*
Treasury financial liabilities	5,905.8	8,290.0	9,225.4
Financial liabilities held for trading	9,206.7	9,534.2	9,788.5
Other liabilities	3,377.9	4,090.7	4,068.0
Provisions	159.7	164.6	167.0
Net equity	10,748.9	9,705.5	9,812.2
Minority interest	*101.6*	*102.6*	*104.3*
Profit for the period	*907.0*	*555.1*	*790.5*
Total liabilities	**90,568.4**	**93,737.8**	**91,841.4**
CET 1 capital	7,894.3	7,952.6	7,888.9
Total capital	8,874.7	8,815.3	8,978.1
RWA	50,378.0	52,573.6	51,095.3

4. Consolidated shareholders' equity

Net equity (€m)	30/06/2022	31/12/2022	31/03/2023
Share capital	443.6	444.2	444.2
Other reserves	8,863.1	9,190.3	9,205.1
Valuation reserves	433.6	(586.7)	(731.9)
- of which: Other Comprehensive Income	*123.0*	*91.4*	*119.0*
cash flow hedge	*176.5*	*308.5*	*273.4*
equity investments	*133.5*	*(976.6)*	*(1,118.1)*
Minority interest	101.6	102.6	104.3
Profit for the period	907.0	555.1	790.5
Total Group net equity	**10,748.9**	**9,705.5**	**9,812.2**

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5. Ratios (%) and per share data (€)

MB Group	FY 21/22	FY 22/23	
	30/06/2022 12M	31/12/2022 6M	31/03/2023 9M
Ratios (%)			
Total assets / Net equity	8.4	9.7	9.4
Loans / Funding	0.85	0.87	0.90
RWA density (%)	55.6%	56.1%	55.6%
CET1 ratio (%)	15.7%	15.1%	15.4%
Total capital (%)	17.6%	16.8%	17.6%
S&P Rating	BBB	BBB	BBB
Fitch Rating	BBB	BBB	BBB
Moody's Rating	Baa1	Baa1	Baa1
Cost / Income	46.0	41.7	42.8
Gross NPLs/Loans ratio (%)	2.5	2.4	2.4
Net NPLs/Loans ratio (%)	0.7	0.7	0.6
EPS	1.05	0.65	0.93
EPS adj.	1.12	0.71	1.03
BVPS	11.6	10.9	10.8
TBVPS	10.6	9.9	9.8
ROTE adj. (%)	10.2	13.8	13.4
DPS	0.75		
No. shares (m)	864.7	849.2	849.3

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

9m – March 23 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	265.2	739.8	208.9	(5.3)	67.9	1,298.9
Net treasury income	7.2	—	117.1	8.6	37.7	172.3
Net fee and commission income	341.2	101.8	238.5	—	25.3	657.3
Equity-accounted companies	—	(0.6)	—	290.1	—	289.4
Total income	**613.6**	**841.0**	**564.5**	**293.4**	**130.9**	**2,417.9**
Labour costs	(217.3)	(82.5)	(136.3)	(3.1)	(97.2)	(536.2)
Administrative expenses	(193.0)	(169.3)	(102.2)	(0.7)	(50.1)	(498.7)
Operating costs	**(410.3)**	**(251.8)**	**(238.5)**	**(3.8)**	**(147.3)**	**(1,034.9)**
Loan loss provisions	(8.3)	(150.4)	(33.4)	—	(17.4)	(209.5)
Provisions for other financial assets	(1.9)	(0.1)	(9.6)	(3.0)	1.6	(13.0)
Other income (losses)	(8.3)	(4.9)	—	—	(83.0)	(96.0)
Profit before tax	**184.8**	**433.8**	**283.0**	**286.6**	**(115.2)**	**1,064.5**
Income tax for the period	(54.6)	(141.9)	(94.3)	(3.7)	27.1	(267.7)
Minority interest	(0.8)	—	(2.7)	—	(2.8)	(6.3)
Net profit	**129.4**	**291.9**	**186.0**	**282.9**	**(90.9)**	**790.5**
Loans and advances to Customers	16,714.3	14,371.0	20,412.2	—	1,691.2	53,188.7
RWAs	5,753.0	13,322.1	20,265.6	8,373.9	3,380,7	51,095.3
No. of staff	2,175	1,513	641	9	846	5,184

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

9m – March 22 (€m)	WM	Consumer	CIB	PI	Holding Functions	Group
Net interest income	218.9	698.8	190.6	(5.3)	(17.0)	1,106.0
Net treasury income	7.3	0.4	68.4	13.0	41.0	132.4
Net fee and commission income	316.9	90.1	237.9	(0.7)	40.4	645.1
Equity-accounted companies	—	—	—	263.6	—	263.6
Total income	**543.1**	**789.3**	**496.9**	**270.6**	**64.4**	**2,147.1**
Labour costs	(195.3)	(77.7)	(124.6)	(2.4)	(94.1)	(494.5)
Administrative expenses	(186.5)	(149.9)	(91.8)	(0.8)	(52.7)	(463.2)
Operating costs	**(381.8)**	**(227.6)**	**(216.4)**	**(3.2)**	**(146.8)**	**(957.7)**
Loan loss provisions	(12.8)	(143.0)	29.8	—	(68.7)	(194.9)
Provisions for other financial assets	2.1	—	(0.3)	(5.7)	(2.8)	(6.6)
Other income (losses)	(1.6)	—	(0.1)	—	(85.0)	(87.0)
Profit before tax	**149.0**	**418.7**	**309.9**	**261.7**	**(238.8)**	**900.9**
Income tax for the period	(42.8)	(134.9)	(101.2)	(11.1)	114.6	(176.4)
Minority interest	(0.5)	—	(7.4)	—	(0.7)	(8.6)
Net profit	**105.7**	**283.8**	**201.3**	**250.6**	**(124.8)**	**715.9**
Loans and advances to Customers	15,072.2	13,492.8	20,415.0	—	2,033.9	51,013.9
RWAs	5,415.6	12,766.1	20,084.4	7,904.0	3,526.4	49,696.4
No. of staff	2,089	1,444	609	10	813	4,965

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7. Wealth Management

Wealth Management (€m)	9 mths 31/03/2022	9 mths 31/03/2023	Chg.%
Net interest income	218.9	265.2	21.2%
Net trading income	7.3	7.2	-1.4%
Net fee and commission income	316.9	341.2	7.7%
Total income	**543.1**	**613.6**	**13.0%**
Labour costs	(195.3)	(217.3)	11.3%
Administrative expenses	(186.5)	(193.0)	3.5%
Operating costs	**(381.8)**	**(410.3)**	**7.5%**
Loan loss provisions	(12.8)	(8.3)	-35.2%
Provisions for other financial assets	2.1	(1.9)	n.m.
Other income (losses)	(1.6)	(8.3)	n.m.
Profit before tax	**149.0**	**184.8**	**24.0%**
Income tax for the period	(42.8)	(54.6)	27.6%
Minority interest	(0.5)	(0.8)	60.0%
Net profit	**105.7**	**129.4**	**22.4%**
Loans and advances to customers	15,072.2	16,714.3	10.9%
New loans (mortgages)	1,464.1	1,948.5	33.1%
TFA (Stock, € bn)	80.3	84.7	5.5%
-AUM/AUA	52.2	57.4	9.9%
-Deposits	28.1	27.4	-2.7%
TFA (Net New Money, € bn)	6.9	4.4	-36.4%
-AUM/AUA	4.0	5.8	44.5%
-Deposits	2.9	(1.4)	n.m.
No. of staff	2,089	2,175	4.1%
RWAs	5,415.6	5,753.0	6.2%
Cost / income ratio (%)	70.3%	66.9%	
Gross NPL / Gross loans ratio (%)	1.5%	1.1%	
Net NPL / Net loans ratio1 (%)	0.8%	0.5%	
ROAC	29%	36%	

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8. Consumer Finance

Consumer Finance (€m)	9 mths	9 mths	Chg.%
	31/03/2022	31/03/2023	
Net interest income	698.8	739.8	5.9%
Net trading income	0.4	—	n.m.
Net fee and commission income	90.1	101.8	13.0%
Equity-accounted companies	—	(0,6)	n.m.
Total income	**789.3**	**841.0**	**6.6%**
Labour costs	(77.7)	(82.5)	6.2%
Administrative expenses	(149.9)	(169.3)	12.9%
Operating costs	**(227.6)**	**(251.8)**	**10.6%**
Loan loss provisions	(143.0)	(150.4)	5.2%
Provisions for other financial assets	—	(0.1)	n.m.
Other income (losses)	—	(4.9)	n.m.
Profit before tax	**418.7**	**433.8**	**3.6%**
Income tax for the period	(134.9)	(141.9)	5.2%
Net profit	**283.8**	**291.9**	**2.9%**
Loans and advances to customers	13,492.8	14,371.0	6.5%
New loans	5,632.4	5,906.7	4.9%
No. of branches	179	181	1.1%
No. of agencies	61	70	14.8%
No. of staff	1,444	1,513	4.8%
RWAs	12,766.1	13,322.1	4.4%
Cost / income ratio (%)	28.8%	29.9%	
Gross NPL / Gross loans ratio (%)	5.7%	5.5%	
Net NPL / Net loans ratio1 (%)	1.2%	1.1%	
ROAC	34%	33%	

9. Corporate & Investment Banking

Corporate & Investment Banking (€m)	9 mths	9 mths	Chg.%
	31/03/2022	31/03/2023	
Net interest income	190.6	208.9	9.6%
Net treasury income	68.4	117.1	71.2%
Net fee and commission income	237.9	238.5	0.2%
Total income	**496.9**	**564.5**	**13.6%**
Labour costs	(124.6)	(136.3)	9.4%
Administrative expenses	(91.8)	(102.2)	11.3%
Operating costs	**(216.4)**	**(238.5)**	**10.2%**
Loan loss provisions	29.8	(33.4)	n.m.
Provisions for other financial assets	(0.3)	(9.6)	n.m.
Other income (losses)	(0.1)	—	n.m.
Profit before tax	**309.9**	**283.0**	**-8.7%**
Income tax for the period	(101.2)	(94.3)	-6.8%
Minority interest	(7.4)	(2.7)	-63.6%
Net profit	**201.3**	**186.0**	**-7.6%**
Loans and advances to customers	20,415.0	20,412.2	n.m.
No. of staff	609	641	5.3%
RWAs	20,084.4	20,265.6	0.9%
Cost / income ratio (%)	43.5%	42.2%	
Gross NPL / Gross loans ratio (%)	1.0%	0.7%	
Net NPL / Net loans ratio1 (%)	0.5%	0.2%	
ROAC	15%	14%	

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10. Insurance - Principal Investing

Insurance - PI (€m)	9 mths	9 mths	Chg. %
	31/03/2022	31/03/2023	
Net interest income	(5.3)	(5.3)	n.m.
Net treasury income	13.0	8.6	-33.8%
Net fee and commission income	(0.7)	—	n.m.
Equity-accounted companies	263.6	290.1	10.1%
Total income	**270.6**	**293.4**	**8.4%**
Labour costs	(2.4)	(3.1)	29.2%
Administrative expenses	(0.8)	(0.7)	-12.5%
Operating costs	**(3.2)**	**(3.8)**	**18.8%**
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	(5.7)	(3.0)	-47.4%
Other income (losses)	—	—	n.m.
Profit before tax	**261.7**	**286.6**	**9.5%**
Income tax for the period	(11.1)	(3.7)	-66.7%
Minority interest	—	—	n.m.
Net profit	**250.6**	**282.9**	**12.9%**
Equity investments	3,853.3	2,222.6	-42.3%
Other investments	743.1	671.7	-9.6%
RWAs	7,904.0	8,373.9	5.9%
ROAC	13%	26%	

11. Holding Functions

Holding Functions (€m)	9 mths	9 mths	Chg. %
	31/03/2022	31/03/2023	
Net interest income	(17.0)	67.9	n.m.
Net treasury income	41.0	37.7	-8.0%
Net fee and commission income	40.4	25.3	-37.4%
Total income	**64.4**	**130.9**	**n.m.**
Labour costs	(94.1)	(97.2)	3.3%
Administrative expenses	(52.7)	(50.1)	-4.9%
Operating costs	**(146.8)**	**(147.3)**	**0.4%**
Loan loss provisions	(68.7)	(17.4)	-74.7%
Provisions for other financial assets	(2.8)	1.6	n.m.
Other income (losses)	(85.0)	(83.0)	-2.3%
Profit before tax	**(238.8)**	**(115.2)**	**-51.8%**
Income tax for the period	114.6	27.1	-76.4%
Minority interest	(0.7)	(2.8)	n.m.
Net profit	**(124.8)**	**(90.9)**	**-27.2%**
Loans and advances to customers	2,033.9	1,691.2	-16.8%
Of which: NPL purchased (Revalea)	392.9	246.7	-37.2%
Banking book securities	5,961.2	7,844.6	31.6%
RWAs	3,526.4	3,380.7	-4.1%
No. of staff	813	846	4.1%

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12. Statement of comprehensive income

		9 mths	9 mths
		31/03/2022	31/03/2023
10	**Gain (loss) for the period**	**717.1**	**794.1**
	Other income items net of tax without passing through profit and loss	***24.4***	***88.9***
20	Equity instruments designated at fair value through other comprehensive income	*7.9*	*24.2*
30	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	*0.6*	*-4.7*
40	Hedge accounting of equity instruments designated at fair value through other comprehensive income	—	—
50	Property. plant and equipment	—	—
60	Intangible assets	—	—
70	Defined-benefit plans	*-2*	*0.6*
80	Non-current assets and disposal groups classified as held for sale	—	—
90	Portion of valuation reserves from investments valued at equity method	*17.8*	*68.7*
	Other income items net of tax passing through profit and loss	***-3.8***	***-1,216.2***
100	Foreign investment hedges	*-7.2*	*0.3*
110	Exchange rate differences	*6.3*	*-2.9*
120	Cash flow hedges	*113.7*	*97.3*
130	Hedging instruments (non-designated items)	—	—
140	Financial assets (different from equity instruments) at fair value through other comprehensive Income	*-24.8*	*9.4*
150	Non-current assets and disposal groups classified as held for sale	—	—
160	Part of valuation reserves from investments valued at equity method	*-91.8*	*-1,320.4*
170	**Total other income items net of tax**	***20.5***	***-1,127.3***
180	**Comprehensive income (Item 10+170)**	**737.7**	**-333.2**
190	Minority interest in consolidated comprehensive income	*1.9*	*4.1*
200	**Consolidated comprehensive inc. attributable to Mediobanca S.p.A.**	**735.8**	**-337.3**

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

Mediobanca S.p.A. (€m)	9 mths 31/03/2022	9 mths 31/03/2023	Chg.%
Net interest income	83.4	202.4	n.m.
Net treasury income	127.3	176.8	38.9%
Net fee and commission income	246.7	265.9	7.8%
Dividends on investments	93.2	125.5	34.7%
Total income	**550.6**	**770.6**	**40.0%**
Labour costs	(193.3)	(213.9)	10.7%
Administrative expenses	(132.9)	(145.6)	9.6%
Operating costs	**(326.2)**	**(359.5)**	**10.2%**
Loan loss provisions	34.8	(39.4)	n.m.
Provisions for other financial assets	(7.2)	(12.2)	69.4%
Impairment on investments	(0.9)	—	n.m.
Other income (losses)	(54.7)	(47.1)	-13.9%
Profit before tax	**196.4**	**312.4**	**59.1%**
Income tax for the period	(54.0)	(74.0)	37.0%
Net profit	**142.4**	**238.4**	**67.4%**

Mediobanca S.p.A. (€m)	30/06/2022	31/12/2022	31/03/2023
Assets			
Financial assets held for trading	10,160.3	9,801.1	11,018.2
Treasury financial assets	14,038.6	18,163.6	14,489.9
Banking book securities	10,072.6	9,727.2	10,395.0
Customer loans	39,955.0	42,628.8	42,361.2
Equity Investments	4,645.3	4,656.8	4,568.3
Tangible and intangible assets	169.4	170.4	169.9
Other assets	624.4	632.0	616.6
Total assets	**79,665.6**	**85,779.9**	**83,619.1**
Liabilities and net equity			
Funding	55,408.6	58,119.8	54,897.7
Treasury financial liabilities	6,994.1	9,218.4	10,103.7
Financial liabilities held for trading	10,026.5	10,858.2	10,984.0
Other liabilities	2,053.7	2,798.4	2,826.3
Provisions	119.9	117.8	112.8
Net equity	4,549.7	4,437.2	4,456.2
Profit of the period	513.1	230.1	238.4
Total liabilities and net equity	**79,665.6**	**85,779.9**	**83,619.1**

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