

CheBanca! Board of Directors' Meeting Financial statements for 1Q FY 2022-23 approved

Despite the ongoing turmoil that has been affecting markets for several months, resulting in performances that have slowed growth for the whole sector¹, CheBanca! in the first quarter of the new financial year has delivered growth in high-quality assets, revenues and profits

Ongoing investments in distribution network and mobile channel, brand identity strengthening and product offering expansion for clients

AUM/AUA now €17bn (up 2.7% YoY;² up 1.6% QoQ), with NNM in AUM/AUA of €0.7bn in 3M (up 8% YoY; up 19% QoQ)

Growth in high-quality assets offset slight reduction in deposits (€17bn down 0.9% YoY; down 2.6% QoQ)

Customer loans totalling €11.4bn (up 3% YoY), on high mortgage lending new business volumes in 3M: €0.6bn (up 73% YoY; down 10% QoQ)

Revenues have reached €100m (up 5% YoY, stable QoQ), on higher fees of €41m (up 18% YoY; down 2% QoQ)

Reduction in cost/income ratio (from 72.6% in 1Q FY 2021-22 to 70.6%), confirming the operating structure's growing efficiency and the business model's increasing effectiveness

Net profit €17m (up 15% YoY; up 15% QoQ)

**Distribution network continues to strengthen (1,033 professionals, with 62 added in 12M, and 208 POS, with 4 added in 12M), with productivity levels again near the best in the market
*Premier managers total 512 (5 added in 1Q, 17 in 12M), responsible for €0.4bn in NNM (AUM/AUA) in 3M
Financial Advisors total 521 (5 added in 1Q, 45 added in 12M), responsible for €0.3bn in NNM (AUM/AUA) in 3M
106 CheBanca! branches and 102 FAs offices (four added in 12M)***

1) Assoreti market flows for July and August 2022 down 30% YoY.

2) YoY: end-Sept. 2022 vs end-Sept. 2021; QoQ: end-Sept. 2022 vs end-June 2022.

OPERATIONS AND PRODUCT PORTFOLIO DEVELOPMENT

- **Digital innovation:** investment in the digital area has continued, in the mobile channel in particular, to offer clients a more and more complete experience, not only in payments and electronic money, but also investment management and advisory activity between advisor and client.

- **Expansion of product offering:** the sudden rise in interest rates has encouraged the Euro bond market to reopen, allowing Mediobanca to place a fixed-rate bond with step up at year 4, which has proved very popular with clients, with volumes of over €200m. In the area of solutions managed with a view to promoting the sustainability in the investment world, the second Mediobanca SGR sub-mandate to Nordea has been launched. Through active engagement by the fund manager, the objective is to accelerate the transition towards the sustainability of the companies in which the fund has invested and will invest. On the insurance side, the new Premier Life policy has been launched in conjunction with partner Genertel, which enables a progressive but cautious investment approach to be taken versus markets, and includes a new launch, 100% ESG, among the internal funds.

On the lending side, the green mortgage component has been further strengthened, and at €66m, accounts for more than 10% of the new loans for the quarter.

- **Strengthening of distribution network:** the recruitment of new professionals and the redevelopment of branch offices throughout Italy have continued, along with the opening of select new locations in strategic venues. Overall the distribution network now consists of 512 Premier Relationship Managers (with five added during the three months) and 521 FAs (also five added during 1Q), working at 208 branches and POS.

- **Ongoing strengthening of relations with customers:** the high customer satisfaction levels have been confirmed in the recent data recorded by SWG (CheBanca! recorded a customer satisfaction score of 80 out of 100, and a net promoter score of 38).

GROWTH IN BUSINESS VOLUMES

TFAs UP 0.8% YoY TO €33.7bn, CUSTOMER LOANS UP 3.1% TO €11.4bn

- **Total Financial Assets (“TFAs”) totalled €33.7bn, stable over all time horizons** (up 0.8% YoY; down 0.6% QoQ), **with the AUM/AUA component growing** to €16.7bn (up 2.7% YoY; up 1.6% QoQ), and **direct funding** decreasing to €17.0bn (down 0.9% YoY; down 2.6% QoQ).
- **Net New Money (“NNM”) in 1Q FY 2022-23 totalled €0.2bn** (1Q FY 2021-22: €0.9bn; 4Q FY 2021-22: €0.4bn), reflecting the following performances:
 - **Inflows of €0.7bn in AUM/AUA** (1Q FY 2021-22: €0.6bn; 4Q FY 2021-22: €0.6bn). As a result of the trends in interest rates and market volatility, **demand for the AUA component has increased** (inflows of €0.4bn in 3M). The material presence of **insurance products** in clients’ portfolios has helped mitigate **the negative market effect on AUM/AUA to an outflow of €0.4bn** (down 2.5% since end-June 2022).
 - **Outflows of €0.5bn in direct funding** (1Q FY 2021-22: inflow of €0.2bn; 4Q FY 2021-22: outflow of €0.1bn). Of the direct funding constituents, **the transactional component with the highest loyalty retention rate was stable at €12.7bn**, keeping the overall cost of funding unchanged.

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Growth in AUM/AUA reflects substantial, balanced **contributions from both distribution channels in 1Q:**

- **Proprietary channel: €0.4bn of NNM in the AUM/AUA component.** TFAs managed by the proprietary channel totalled €26.2bn (€26.5bn; down 1.2% QoQ), €11.6bn of which in AUM/AUA (€11.4bn; up 1.2% QoQ);
- **FAs channel: €0.3bn of NNM in the AUM/AUA component.** TFAs managed by the FAs channel totalled €7.5bn (€7.4bn; up 1.8% QoQ), €5.1bn of which in AUM/AUA (€5.0bn; up 2.4% QoQ).
- **Per capita productivity levels in indirect funding remain among the highest in the sector:** net NNM in AUM/AUA since the start of 2022 stands at €1.5m per relationship manager/FA.

Customer loans rose to €11.4bn (up 3.1% YoY), on new loans of €0.6bn in 1Q. Asset quality has also improved since end-June 2022. **Gross NPLs declined, from €195.5m to €190.8m,** and account for 1.65% of total loans, compared with 1.7% at end-June 2022. **Net NPLs also fell, from €98.6m to €95.8m,** in part due to an **increase in the coverage ratio to 49.8%, from 49.6%** at the start of the financial year, and now represent 0.84% of net total loans. **Net bad debts also fell, from €33.5m to €32.5m,** and represent 0.28% of total net loans, **with the coverage ratio increasing from 66.5% to 66.8%.** **Net stage 2 positions decreased** from €784.4m at the start of the financial year to €754.9m, and account for 6.3% of the total loan book.

PROFITABILITY CONTINUES TO GROW

REVENUES €100.3m (up 5.1%), NET PROFIT €17.2m (up 15.4%)

The earnings performance was positive compared to the first quarter last year:

- **Revenues increased by 5.1%** (up €4.9m; from €95.4m to €100.3m); **fee income in particular grew by 18%** (up €6.2m; from €34.5m to €40.7m), with management fees up €1.9m and banking fees up €2.2m. Despite remaining at low levels, the upfront component increased significantly, by 45% (from €2.9m to €4.2m), consistent with the placement of AUA instruments. **Net interest income was down slightly, by 2.1%** (or €1.3m; from €60.5m to €59.2m), as a result of the low sensitivity to interest rates, due to treasury management being centralized at parent company level;
- **Operating costs reported an overall increase of 2.3%** (or €1.6m; from €69.2m to €70.8m), due to **labour costs rising by €2.5m** (up 7.08%; from €31.9m to €34.4m) as a result of the distribution structure enhancement, higher business levels and franchise development. Conversely, **administrative expenses decreased slightly, by €0.9m** (down 2.4%; from €37.3m to €36.4m);
- **The cost/income ratio improved significantly, from 72.6% to 70.6%;**
- **Loan loss provisions decreased by €1.7m** (from €4.2m to €2.5m), despite the scenario continuing to require prudence and care being taken in credit valuations. The cost of risk for mortgages fell from 0.14% to 0.05%;
- The heading “**Other items**” reflects a **net balance of minus €1.1m** referring to the **reduction in value of the UCITS stock units held** as seed capital generated by the **negative stock market performance;**
- **GOP increased to €25.9m** (from €22.1m; up 17.2%);
- **Net profit climbed to €17.2m** (from €14.9m; up 15.4%).

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Compared to **4Q FY 2021-22**, the bank's earnings performance reflects the following trends quarter-on-quarter:

- **Revenues were down 0.3% (or €0.3m; from €100.6m to €100.3m)**. The top-line performance reflects improvement in net interest income which rose by 0.7% (or €0.4m; from €58.8m to €59.2m); whereas fees decreased slightly, by 1.7% (or €0.7m; from €41.4m to €40.7m) due to the seasonal effect. The contribution from AUM remains significant;
- **Operating costs were down 3.3% (or €2.4m; from €73.2m to €70.8m)** due chiefly to seasonal factors affecting operations and expansion;
- **Loan loss provisions were up €1.7m** (from €0.8m to €2.5m) generated primarily by one-offs taken in 4Q FY 2021-22;
- **The heading "Other items" shows a net balance of minus €1.1m** (versus minus €2.5m), reflecting the impact of the **material adverse performance of markets** on the UCITS stock units subscribed to as seed capital, as in 4Q last year;
- **GOP posted an increase of €1.8m in 1Q** (up 7.5%; from €24.1m to €25.9m);
- **Net profit was up €2.2m** (up 14.7%; from €15.0m to €17.2m).

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1. RESTATED PROFIT AND LOSS ACCOUNT (€M)

| CheBanca! | 1Q | 1Q | Chg. | Chg. |
|---------------------------------|--------------|--------------|--------------|------------|
| | FY 2021-22 | FY 2022-23 | YoY% | YoY |
| | 30/9/21 | 30/9/22 | | |
| Net interest income | 60.5 | 59.2 | -2.1% | -1.3 |
| Net treasury income | 0.4 | 0.4 | 0.0% | 0.0 |
| Net fee and commission income | 34.5 | 40.7 | 18.0% | 6.2 |
| Total income | 95.4 | 100.3 | 5.1% | 4.9 |
| Labour costs | -31.9 | -34.4 | 7.8% | 2.5 |
| Administrative expenses | -37.3 | -36.4 | -2.4% | -0.9 |
| Operating costs | -69.2 | -70.8 | 2.3% | 1.6 |
| Loan loss provisions/writebacks | -4.2 | -2.5 | -40.5% | -1.7 |
| GOP | 22.0 | 27.0 | 22.7% | 5.0 |
| Other items | 0.1 | -1.1 | n.m. | -1.2 |
| Profit before tax (1) | 22.1 | 25.9 | 17.2% | 3.8 |
| Income tax | -7.2 | -8.7 | 20.8% | 1.5 |
| Net profit | 14.9 | 17.2 | 15.4% | 2.3 |

(1) Profit before tax does not include €0.3m in writebacks to receivables vs Mediobanca S.p.A. included in the separate financial statements.

2. QUARTERLY RESTATED PROFIT AND LOSS ACCOUNTS (€M)

| CheBanca! | 3M | 3M | 3M | 3M | 3M |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 30/9/21 | 31/12/21 | 31/3/22 | 30/6/22 | 30/9/22 |
| Net interest income | 60.5 | 59.0 | 58.2 | 58.8 | 59.2 |
| Net treasury income | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 |
| Net fee and commission income | 34.5 | 40.5 | 38.4 | 41.4 | 40.7 |
| Total income | 95.4 | 100.0 | 97.0 | 100.6 | 100.3 |
| Labour costs | -31.9 | -32.1 | -32.0 | -35.2 | -34.4 |
| Administrative expenses | -37.3 | -39.7 | -36.6 | -38.0 | -36.4 |
| Operating costs | -69.2 | -71.8 | -68.6 | -73.2 | -70.8 |
| Loan loss provisions/writebacks | -4.2 | -4.2 | -4.4 | -0.8 | -2.5 |
| GOP | 22.0 | 24.0 | 24.0 | 26.7 | 27.0 |
| Other items | 0.1 | 0.6 | -1.6 | -2.5 | -1.1 |
| Profit before tax | 22.1 | 24.6 | 22.4 | 24.1 | 25.9 |
| Income tax | -7.2 | -8.3 | -7.0 | -9.1 | -8.7 |
| Net profit | 14.9 | 16.3 | 15.4 | 15.0 | 17.2 |

3. CUSTOMER TOTAL FINANCIAL ASSETS (TFAs, €M)

| CheBanca! | 30/9/21 | 31/12/21 | 31/3/22 | 30/6/22 | 30/9/22 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| AUM | 12,818 | 13,604 | 13,345 | 12,713 | 12,741 |
| AUA | 3,461 | 3,611 | 3,563 | 3,754 | 3,985 |
| Deposits | 17,163 | 17,028 | 17,583 | 17,450 | 17,000 |
| Total TFAs | 33,442 | 34,243 | 34,491 | 33,917 | 33,725 |

4. CUSTOMER TOTAL FINANCIAL ASSETS – PROPRIETARY NETWORK (TFAs, €M)

| CheBanca! | 30/9/21 | 31/12/21 | 31/3/22 | 30/6/22 | 30/9/22 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| AUM | 8,303 | 8,698 | 8,560 | 8,168 | 8,119 |
| AUA | 3,019 | 3,161 | 3,094 | 3,277 | 3,465 |
| Deposits | 14,924 | 14,771 | 15,189 | 15,070 | 14,606 |
| Total TFAs | 26,246 | 26,630 | 26,844 | 26,515 | 26,189 |

5. CUSTOMER TOTAL FINANCIAL ASSETS – FAs NETWORK (TFAs, €M)

| CheBanca! | 30/9/21 | 31/12/21 | 31/3/22 | 30/6/22 | 30/9/22 |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| AUM | 4,515 | 4,906 | 4,785 | 4,545 | 4,622 |
| AUA | 442 | 450 | 469 | 477 | 520 |
| Deposits | 2,239 | 2,257 | 2,394 | 2,380 | 2,394 |
| Total TFAs | 7,196 | 7,613 | 7,648 | 7,402 | 7,536 |

6. NET NEW MONEY (NNM, €M)

| CheBanca! | 3M 30/9/21 | 3M 31/12/21 | 3M 31/3/22 | 3M 30/6/22 | 3M 30/9/22 |
|----------------------------------|---------------|----------------|---------------|---------------|---------------|
| AUM | 609 | 603 | 241 | 64 | 258 |
| AUA | 15 | 122 | 79 | 503 | 415 |
| Deposits | 243 | -135 | 555 | -133 | -450 |
| Total Net New Money (NNM) | 866 | 590 | 876 | 434 | 223 |

7. NET NEW MONEY – PROPRIETARY NETWORK (NNM, €M)

| CheBanca! | 3M 30/9/21 | 3M 31/12/21 | 3M 31/3/22 | 3M 30/6/22 | 3M 30/9/22 |
|-------------------|---------------|----------------|---------------|---------------|---------------|
| AUM | 265 | 298 | 97 | -18 | 56 |
| AUA | -6 | 117 | 45 | 451 | 347 |
| Deposits | 182 | -153 | 419 | -119 | -464 |
| Total TFAs | 441 | 263 | 560 | 314 | -62 |

8. NET NEW MONEY – FAs NETWORK (NNM, €M)

| CheBanca! | 3M 30/9/21 | 3M 31/12/21 | 3M 31/3/22 | 3M 30/6/22 | 3M 30/9/22 |
|----------------------------------|---------------|----------------|---------------|---------------|---------------|
| AUM | 344 | 305 | 144 | 81 | 202 |
| AUA | 20 | 5 | 35 | 52 | 68 |
| Deposits | 62 | 18 | 136 | -14 | 14 |
| Total Net New Money (NNM) | 426 | 327 | 315 | 120 | 285 |

9. OTHER ASSET INFORMATION (€M)

| CheBanca! | 3M 30/9/21 | 6M 31/12/21 | 9M 31/3/22 | 12M 30/6/22 | 3M 30/9/22 |
|---|---------------|----------------|---------------|----------------|---------------|
| <i>Mortgages – cumulative new loans</i> | 359 | 866 | 1,461 | 2,151 | 621 |
| <i>Loans to customers (stock)</i> | 11,096 | 11,253 | 11,252 | 11,367 | 11,441 |

(1) The amount of loans to customers is virtually unchanged vs 30/6/22 due to a €0.3bn reduction in the fair value of fixed-rate mortgages hedged by derivatives.

10. RATIOS

| CheBanca! | 30/9/21 | 31/12/21 | 31/3/22 | 30/6/22 | 30/9/22 |
|-----------------------------------|---------|----------|---------|---------|---------|
| Customers loans/customer deposits | 65% | 66% | 64% | 65% | 67% |
| NPLs/total loans | 0.96% | 0.96% | 0.91% | 0.87% | 0.84% |
| Net bad debts/total loans | 0.36% | 0.34% | 0.31% | 0.29% | 0.28% |
| Cost/income ratio | 72.6% | 72.2% | 71.7% | 72.0% | 70.6% |

11. STRUCTURAL DATA

| CheBanca! | 30/9/21 | 31/12/21 | 31/3/22 | 30/6/22 | 30/9/22 |
|-----------------------|---------|----------|---------|---------|---------|
| No. of staff | 1,461 | 1,473 | 1,471 | 1,489 | 1,498 |
| /w Premier managers | 495 | 503 | 502 | 507 | 512 |
| No. of FAs | 476 | 493 | 507 | 516 | 521 |
| No. of branch offices | 106 | 106 | 106 | 105 | 106 |
| No. of FAs POS | 98 | 98 | 100 | 102 | 102 |

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

Head of Company Financial Reporting

S. Radice