



MEDIOBANCA

**MEDIOBANCA  
BOARD OF DIRECTORS' MEETING**

**Financial statements for twelve months  
ended 30 June 2019 approved**

**Milan, 31 July 2019**



## Growth and sustainability: Mediobanca's DNA

### Mediobanca among the top European banks for growth in revenues, profitability, shareholder remuneration and market performance

#### 2016-19 business plan: strategy and goals achieved CSR<sup>1</sup> approach enhanced

Despite the pronounced deterioration in the operating scenario which affected much of the financial year, Mediobanca delivered its best 12M results for the past decade, by revenues (€2.5bn, up 4%), **GOP** (€1.1bn, up 8%), and net profit (adj. €860, up 8%), with rising indicators in terms of profitability (ROTE 10.2%), capitalization (CET1 ratio 14.1%<sup>2</sup>) and shareholder remuneration (payout ratio 50%)

**Revenues: up 4% to €2.5bn, driven by strong commercial activity**

**Net interest income: up 3% to €1.4bn**, due to **growth in loans (up 8%, to €44bn)** and reduction in the **cost of funding** (from 90 bps to 80 bps)

**Fees slowed temporarily (down 2%, to €611m)** despite **growth in TFAs** (up 6%, to €68bn) and **Net New Money** (up 5%, to €5bn) due to low capital market deal volumes and lack of risk appetite from investors; **results do not yet reflect the major distribution enhancement efforts in WM** (sales force now more than 900 professionals, up 18%) and **CIB** (partnership with MMA)

**Asset quality improving further, cost of risk declining** (from 62 bps to 52 bps):

Gross NPLs down 8%, to €1.8bn; 3.9% of total loans (4.6%)

**GOP up 8%, to over €1.1bn**

**Adj. net profit<sup>3</sup> up 8% to €860m, adj. EPS up 8% to €0.97**

Net profit down 5%, to €823m, due to absence of extraordinary gains (€98m last year)

**Profitability higher: adj. ROTE<sup>3</sup> 10.2% vs 9.5% in 2018, with CET1 ratio stable at 14.1%**

**Payout ratio 50%** (vs 48%), **proposed dividend of €0.47 per share** (stable)

**Share buyback scheme increased** to 4.3% of share capital<sup>4</sup>

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1 CSR: Corporate and Social Responsibility.

2 Calculated by applying the CRR/CRR II rules, including Article 471 (the "Danish Compromise"), which impacts as to approx. 110 bps, and without full deduction of the IFRS 9 impact which amounts to some 20 bps.

3 Calculated excluding gains (losses) on disposals of equity investments, value adjustments, and one-off gains (losses), with a normalized tax rate of 33% (25% for Private Banking).

4 Taking into account the treasury shares used for the performance share scheme and the acquisition of Messier Maris et Associés.



**2016-19 business plan objectives now fully achieved on the back of our distinctive business model<sup>5</sup> and financial solidity, factors which allow the Mediobanca Group to focus on growth and place us in the privileged position of being able to strengthen distribution, organically and via acquisitions**

**Significant targets achieved in 3Y:**

**AUM up 31% (3Y CAGR) to €39bn, loans up 9% (3Y CAGR) to €44bn**

**Revenues up 7% (3Y CAGR)**

**Fees up 11% (3Y CAGR), 60% now generated by capital-light activities (wealth management and advisory)**

**Net interest income up 5% (3Y CAGR), despite negative interest-rate scenario**

**GOP up 16% (3Y CAGR) to €1.1bn, significantly higher than plan objective (3Y CAGR: up 10%, to €1bn) due to positive trend in cost of risk and maintaining operating efficiency**

**ROTE 10%, achieved despite absence of gains on disposals**

**High capital generation (beating plan objective by some 230 bps) reflected in higher capitalization ratios (CET1 14.1%, vs 12.1% at 30/6/16) and higher shareholder remuneration (payout ratio up from 38% to 50%, vs 40% in 2016-19 plan and additional buyback scheme)**

**CSR approach strengthened, with approval of directive on responsible investing, consolidated non-financial statement, and higher representation in market indexes**

**All divisions improved in positioning and profitability**

**WM now visible by brand, scale and contribution to Group figures**

**Record results in Consumer Banking, CIB leader in Southern Europe**

**WM: significant increase in operating scale (AUM: 3Y CAGR +31%, revenues: 3Y CAGR +18%, GOP: 3Y CAGR +27%), brand perception and distribution (franchise trebled to 900 professionals) – ROAC up from 9% to 16%**

**Consumer Banking: record results (revenues of over €1bn, 3Y CAGR +6%; GOP €0.5bn, 3Y CAGR +27%) achieved with value-driven approach and as a result of direct network enhancement – ROAC up from 17% to 30%**

**CIB: client coverage enhanced and geographical distribution expanded (France now third core market); excellent asset quality maintained, capital absorption reduced – ROAC up from 10% to 15%**

**PI: portfolio stable, ROAC 15% despite lack of gains on disposals**

**HF: liquidity and funding indicators maintained at comfortable levels; central costs reducing in relative terms following centralization/optimization of Group functions**

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<sup>5</sup> The Mediobanca Group is focused on three highly specialized business segments – Wealth Management, Consumer Banking and Corporate & Investment Banking – the growth of which is confirmed by long-term trends.



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With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the Group's financial statements for the twelve months ended 30 June 2019, as illustrated by Chief Executive Officer Alberto NAGEL and General Manager Francesco Saverio VINCI.

## Consolidated results

**The 2018-29 financial year reflected a particularly adverse operating environment for financial intermediaries.** The global growth estimates being revised downwards during the first half-year triggered an abrupt price correction for all the principal asset classes near the end of 2018. Prices then returned to near normal in the first months of 2019, helped by the monetary policies implemented, which, however, drove further significant reduction in interest rates and impacted on the profitability of the higher liquidity/quality assets.

However, this market scenario did not hamper **the Mediobanca Group's path to growth. By strongly investing in distribution, the Group delivered its best set of results for the past decade, by revenues** (over €2.5bn), **GOP** (€1.1bn), **net profit and ROTE** (€860m and 10.2% respectively, adjusted for non-recurring items), **without compromising our outstanding risk profile.**

The 4.4% increase in revenues, from €2,419.3m to €2,524.7m, regarded basically all segments, as follows:

- ◆ **Net interest income rose by 2.7%** (from €1,359.4m to €1,395.6m), on higher lending volumes (up 7.9%) with the cost of funding down from 90 bps to 80 bps, despite the spread on Italian government securities remaining at high levels; conversely, interest rates remaining negative penalized treasury assets which were mostly invested with short duration. All business lines reflected increasing contributions for the twelve months: Consumer Banking up 3.5%, Corporate and Investment Banking up 2.5%, and Wealth Management up 2%;
- ◆ **Net treasury income increased** from €157.4m to €196.7m, on a healthy contribution from Capital Market Solutions totalling €130.4m (€82.3m), assisted by clients requesting more sophisticated solutions to counter market volatility and negative interest rates; conversely, the proprietary portfolio's contribution (banking and trading book) decreased from €40.8m to €34.6m, reflecting the exposure of some trades to the lower interest rates;
- ◆ **Net fees declined slightly**, from €622.2m to €611.2m (down 1.8%), due to the lower contribution from capital markets activities (down from €65.8m to €28.9m); growth in Wealth Management (up 8.6%, from €258.7m to €280.9m) and M&A advisory business (up 35.3%, from €64.7m to €87.5m);
- ◆ **The equity-accounted companies contribution to net equity**, virtually all of which is attributable to Assicurazioni Generali, **grew** from €280.3m to €321.2m.

**Operating costs rose** from €1,114.9m to €1,161.9m (an increase of 4.2%), with the cost/income ratio unchanged at 46%; labour costs rose by 4.3%, chiefly in Wealth Management (up 10.3%) taking into account the **consolidation of RAM and enhancement of the commercial networks** in the Private and Affluent segments (with the addition of 48 bankers); administrative expenses were up 4.1% reflecting the **commercial network expansion** (with 23 new CheBanca! POS and 18 new Compass agencies), the **increase in IT spending** (linked to the new platforms, including the new Treasury application), and the intense **project activity** (introduction of IFRS 9, MiFID II, and Brexit).



**Loan loss provisions decreased by 10%**, from €247.2m to €222.6m, and with lending volumes increasing, reflect a cost of risk for the Group of 52 bps (a significant reduction on the 62 bps recorded last year and the 124 bps at end-June 2016); in Wholesale Banking net writebacks of €62.7m were credited, reflecting ongoing improvement in the valuation of certain UTP positions. The cost of risk in Consumer Banking showed its best ever performance at 185 bps (199 bps last year), as did that of CheBanca! (16 bps, versus 21 bps), which also reflects the sale of a small portfolio of legacy bad debts.

Results for the twelve months were impacted by **contributions to the resolution and deposit guarantee funds totalling €53.5m** (€46.3m), €26.8m of which in ordinary transfers to the Single Resolution Fund (€26.3m), €11.2m to the deposit guarantee scheme (DGS) (€5.4m), and €15.5m in extraordinary contributions (€14.6m), €6.4m of which in respect of the voluntary contribution for Carige (the investment having been written off on prudential grounds), and €9.1m required by the Italian resolution authority. The heading "Other items" also includes other minor items totaling €0.5m.

Turning now to the **balance-sheet data, total assets<sup>6</sup> increased from €72.3bn to €78.2bn** on higher lending values, matched by the increase in funding. Compared to the situation at 30 June 2018:

- ◆ **Customer loans rose by 7.9%, from €41.1bn to €44.4bn**, with all segments contributing positively: **CIB** posted an **increase of 10.7%** in lendings (to €17.9bn), with positive contributions from Wholesale Banking (up 11.2% a €15.6bn, on new loans totalling €5.8bn (down 21.2%) and redemptions of €4.3bn) and Specialty Finance (up 7.8 % to €2.3bn), factoring increasing by 4.7% to €1.9bn (turnover up from €5.2bn to €6.5bn) and MBCredit Solutions up 28% to €369m (following the acquisitions of NPLs made in the retail and SME unsecured segments for a nominal amount of €1.5bn, against a €117.9m outlay). **Wealth Management** delivered a **9.6% increase** to €11.4bn, with positive contributions from both CheBanca! mortgage loans (up 11% to €9bn and new loans up 11.8% to €1.8bn) and private banking clients (up 4.4% to €2.4bn). **Consumer Banking was up 5.6%**, from €12.5bn to €13.2bn. Leasing continues to gradually decrease, with leases down 8%, to €2bn.
- ◆ **Gross NPLs reduced by 8%**, from €1,943.1m to €1,782.3m, in particular in CheBanca! mortgage lending (down 46.4%, from €332.1m to €178m, following the sale of the former Micos Banca bad debts totalling €152m) and Wholesale Banking (down 2.9%, from €648m to €628.9m); **they also reduced in relative terms, to 3.9% of total loans** (from 4.6% last year). **Net NPLs too reduced in both absolute terms** (from €842.1m to €806m) **and relative terms** (from 2.1% of the total loan book last year to 1.8%) and a **coverage ratio of 54.8%** (56.7%). **Net bad loans halved compared to last year, totalling €79.8m** (€141.5m) and **representing 0.18% of total loans** (0.35% as at 30 June 2018) with a coverage ratio of 79.7% (73.3%); this item does not include NPLs acquired by MBCredit Solutions totalling €368.6m (€287.9m) or the **bad debts originated by Micos Banca** and the French branch (business discontinued at end-2009). During the year the entire French portfolio was sold, while in June 2019 agreement was reached to sell the Italian portfolio, which has been booked under "Non-current assets held for sale and discontinued operations" pursuant to IFRS 5, until the deal is finalized in the next few months;

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<sup>6</sup> Starting from this financial year, the Mediobanca Group is adopting IFRS 9 to represent its financial instruments. The transition to the new standard has resulted in an approx. €81m reduction in net equity, chiefly due to the introduction of the new impairment model; at the regulatory capital level, the impact will be spread over the course of the next five years. The Group has taken up the option not to restate the comparative data for the first year of IFRS 9 adoption on a like-for-like basis. Accordingly, the figures for FY 2017-18, stated in accordance with IAS 39, are not fully comparable. For further details and full disclosure on the effects of first-time adoption of IFRS 9, which replaces IAS 39, please refer to the document entitled "Summary of IFRS 9 accounting standard adoption" published on the Group's website at [www.mediobanca.com](http://www.mediobanca.com).



- ◆ **Funding increased from €48.9bn to €51.4bn**, reflecting the increase in deposits in Private Banking (up from €4.9bn to €7.4bn) and CheBanca! retail operation (up from €14.2bn to €15bn). Debt security funding totalled €18.5bn (€19.2bn), after new issues worth €3.1bn (around fifteen deals, including a securitization of consumer banking receivables for €600m and a covered bond for €750m), against redemptions and buybacks on the market totalling €3.8bn. Diversification of funding channels and instruments, in a particularly challenging market scenario in the mid-part of the year especially, enabled **the average cost of funding to be reduced from 90 bps to 80 bps**;
- ◆ **Banking book bonds declined from €7.7bn to €6.7bn**, on acquisitions of €5.7bn and sales and redemptions totalling €7bn which included some profit-taking; government securities amounted to €4.6bn (69% of the aggregate balance), roughly half of which (€2.2bn, €1.1bn of which HTC and €1.1bn HTC&S) are Italian and have an average duration of three years;
- ◆ **Net treasury funds rose from €4.8bn to €5.3bn**, with a view to preserving a substantial liquidity provision in a period of strong volatility and uncertainty on the Italian domestic market in particular;
- ◆ **Total financial assets in Wealth Management (TFAs) rose by 6% to €67.9bn (€63.9bn), on €5bn in net new money** (excluding Spafid's activities). AUM and AUA increased from €37.1bn to €39bn, with net new money of €1.7bn and a substantially neutral market effect, having recovered the December outflow in 3Q; direct funding rose from €19.1bn to €22.4bn, confirming clients' preference for liquidity in this market phase; while assets under custody decreased from €7.6bn to €6.5bn. The Affluent segment (CheBanca!) reported net TFAs of €25.4bn (up 12%), €15bn of which in deposits, with net new money of €2.6bn (up 18%); Mediobanca Private Banking reported TFAs of €16.4bn (up 16%), €4bn of which in deposits, and net new money of €2.4bn (up 87%); Compagnie Monégasque de Banque reported TFAs of €10.5bn (up 5%), €3.4bn of which in deposits and net new money of €0.3bn. In asset management, MB SGR saw a reduction in TFAs (from €5bn to €4.8bn), due to certain low-margin institutional mandates being wound up; as did RAM (from €4.1bn to €3.1bn) following redemptions of some systematic funds; conversely, Cairn delivered net new money of €0.7bn, with TFAs up from €3.5bn to €4bn.
- ◆ **The capital ratios<sup>7</sup> remained at high levels**, comfortably above the regulatory limits, bearing out the Group's capital generation capacity which is a distinctive trait of Mediobanca's within the European financial panorama, and puts us in a privileged position in terms of pursuing our objectives to grow the franchise (by organic growth and via acquisitions) and increase shareholder remuneration.
  - ◆ **The Common Equity Tier 1 ratio stood at 14.09% (14.24%)**: the substantial earnings generation (180 bps) and asset optimization (40 bps deriving from application of the AIRB models to the CheBanca! mortgage loan book) enabled the Group to finance organic asset growth (25 bps), the acquisition of French corporate finance franchise Messier Maris & Associés (15 bps, considering that the upfront price was paid for in Mediobanca shares) and increased shareholder remuneration (90 bps in dividends, 65 bps invested in the buyback scheme);
  - ◆ **The fully-loaded ratio**, i.e. with the Assicurazioni Generali investment deducted in full and full application of the IFRS 9 effect, **is 12.83%** (30/6/18: 13.15%, which did not include roughly 20bps negative impact of IFRS9).

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<sup>7</sup> Ratios calculated by applying the CRR/CRR II rules and weighting the Assicurazioni Generali investment at 370%, without prejudice to the concentration limit. CRR II was approved by the European Parliament on 16 April 2019, and came into force on 28 June 2019 following its publication in the Official Journal of the European Union. CRR II extends the transitional period of effectiveness for Article 471 (the "Danish Compromise") until 31 December 2024.



- ◆ The total capital ratio decreased from 18.11% to 17.46% (16.46%, fully loaded);
- ◆ **SREP:** Mediobanca has received the results of the supervisory review and evaluation process from the supervisory authority (the “SREP 2018 Decision”). **The authority has asked Mediobanca to maintain a CET 1 ratio of 8.25% on a consolidated basis (Total SREP Capital Requirement, TSCR, 11.75%), which includes the Pillar 2 (“P2R”) requirement of 1.25%, unchanged from last year,** confirming the Group’s asset quality and the adequacy of its risk management. The decision reflects the results of the Group’s stress test, which confirmed our solidity even in negative scenarios (the impact on CET1 fully loaded is 182 bps, one of the lowest levels among EU banks);
- ◆ **MREL:** during the twelve months, the Bank of Italy, at the proposal of the Single Resolution Board (“SRB”) pursuant to the BRRD, informed the Group that its **MREL target requirement was 15.48% of its total liabilities and own funds (“TLOF”), equal to 21.43% of RWAs.** As Mediobanca is not subject to subordination requirements, the effective MREL ratio is comfortably above the minimum levels set.

## 2016-19 business plan: strategy confirmed, goals achieved

The 2018-19 financial year brings the time horizon covered by the three-year 2016-19 strategic plan to a close. **The Mediobanca Group has reached the plan objectives comfortably, on the back of our distinctive business model which is focused on three highly-specialized segments - Wealth Management, Consumer Banking and Corporate & Investment Banking – growth in which is underpinned by long-term growth trends, and our financial solidity. These factors have enabled the Mediobanca Group to focus on growth and have put us in a privileged position in terms of being able to enhance distribution, both organically and via acquisitions.**

**Over the three years of the plan, revenues have grown at an average annual compound rate (“3Y CAGR”) of 7% and have reached €2.5bn, as follows:**

- ◆ **Fees have grown by 11% (3Y CAGR),** in particular those generated by capital-light businesses such as wealth management and advisory. **The WM division is now the leading contributor to fee income at Group level, with a share of over 40%;**
- ◆ **Net interest income has confirmed its positive long-term growth trend, reflecting an increase of 5% (3Y CAGR),** despite the ongoing negative interest rate scenario and the deterioration in the macroeconomic backdrop, due to the Consumer Banking segment which has generated higher volumes in sustainable margins.

**GOP has significantly exceeded expectations (3Y CAGR +16%, vs +10% in the plan) and stands at over €1.1bn (vs target of €1bn); crucial factors** in this outperformance have been **maintaining high asset quality,** which has enabled a substantial reduction in the cost of risk (to 52 bps, vs 105 bps in the plan) **and operating efficiency** (cost/income ratio stable at 46%).

**Profitability has increased by 3pp, reaching the plan target (10%) despite the absence of gains on disposals, and with a much higher capital base (CET1 ratio above 14%, approx. 230 bps higher than the plan target).**

**Helped by the high earnings generation capacity and capital absorption optimization, the CET1 ratio has increased from 12.1% to 14.1% over the three months, having basically financed organic growth, acquisitions and increased shareholder remuneration:**

- ◆ Earnings generated over the three years have been approx. €2.5bn;



- ◆ Capital absorption optimization has led to a **reduction of over €10bn (or 20%) in RWAs**. This has been due to introduction of the AIRB models (large corporate loan book in CIB and residential mortgage portfolio for CheBanca!), and optimization of market risk and capital absorption in private banking (CRM). **The Group's risk density** (RWAs/total assets) **declined** from 73% to **59%** (below the 64% target).

The factors cited above have enabled us to:

- ◆ **Finance substantial organic growth in our business** (our loan book has grown by €9bn over the three years) **plus acquisitions** (Banca Esperia, RAM, MMA);
- ◆ Increase the **payout ratio from 38% to 50%** (vs plan target of 40%) and launch a **buyback scheme** (not included when the plan was originally approved) to involve a total of up to 4.3% of the share capital (including treasury shares used).

**All the divisions reflect significant improvement in both positioning and profitability.**

- ◆ **Wealth Management:** significant increase in scale (AUM: 3Y CAGR +31%, revenues: 3Y CAGR +18%, GOP: 3Y CAGR +27%), brand perception and distribution (franchise almost trebled and now comprising 900 professionals) – **ROAC up from 9% to 16%**
- ◆ **Consumer Banking:** record results (revenues now over €1bn with 3Y CAGR +6%, and GOP €0.5bn, 3Y CAGR +27%), achieved on the back of a value-driven approach and by enhancing the direct network – **ROAC up from 17% to 30%**
- ◆ **CIB:** improved client coverage (new organization and responsibilities, greater focus on Mid Caps with dual IB-PB coverage), product mix (with increased contribution from capital-light products) and geographical distribution (France, now third core market alongside Italy and Spain); asset excellence maintained, capital absorption reduced – **ROAC down from 10% to 15%**
- ◆ **Principal Investing:** portfolio stable, **ROAC 15%**
- ◆ **Holding Functions:** liquidity and funding indicators maintained at comfortable levels; central costs gradually reducing in relative terms due to centralization/optimization of Group functions.

## Divisional results

### 1. Wealth Management. Scale and distinctive positioning. ROAC at 16%

**WM has been transformed in the past three years on the back of organic growth, implementation of two significant merger projects** (former Barclays' Italian operations merged into CheBanca!, Banca Esperia merged into Mediobanca and renamed Mediobanca Private Banking) and **one acquisition** (RAM). This process has enabled **the Mediobanca Group's Wealth Management platform to gain scale and visibility** in its reference markets, standing out as a highly specialized player able to provide its clients and managers with innovative product and sale solutions. **The division's contribution to the consolidated results is now significant:** WM is the biggest contributor to the Group's net fees (44%), and generates over 20% of its revenues and some 10% of its net profits.





## The Mediobanca Group's Wealth Management division now has:

- ◆ **€39bn in AUM, 3Y CAGR +31%** (up 4% in 12M), split between private banking (€17bn), affluent (€10bn) and asset management (€12bn)
- ◆ **€22bn in deposits, 3Y CAGR +17%**, up 18% in 12M
- ◆ **€5bn in net new money per annum**
- ◆ **Over 900 professionals, three times** the figure at end-June 2016 (260), up 18% in 12M, 780 of whom in CheBanca! and 130 in private banking
- ◆ **€547m in revenues, 3Y CAGR +18%**, up 4% in 12M, well diversified by segment (55% affluent: 45% private) and income source (50% from net interest income, 50% from fees, virtually all of which recurring)
- ◆ **€71m in net profit, 3Y CAGR +23%**, +3% in 12M
- ◆ **ROAC 16%**, substantially higher than the 13% recorded in 2018 and 9% in 2016

### 1.1. Affluent: CheBanca! definitively established as asset-gatherer. Growth accelerating markedly due to brand and distribution network enhancement. Revenues and profits increasing

Over the three years of the plan, CheBanca! has definitively evolved from deposit-gatherer to asset-gatherer, becoming a key player in the Italian wealth management industry in the affluent-premier client segment. **This achievement has been accompanied by a major transformation in terms of scale**; CheBanca! today has:

- ◆ **A network of 780 advisors, five times the 170 reported at end-June 2016**: 445 relationship managers (29 added in 12M, 275 since 2016) now work alongside 335 FAs (none three years ago)
- ◆ **Wide and strongly increasing client base (865k clients, vs 807k at end-June 2018, and 570k at end-June 2016)**;
- ◆ **Banking activity strongly concentrated in remote channels** (97% of money transfers, 95% of tied deposit accounts through digital channels; 95% of payments/withdrawals via ATM);
- ◆ **€25bn of TFAs** (up 12% in 12M, **3Y CAGR +20%**)
- ◆ **€9bn in mortgage loans to households**, up 11% in 12M, **3Y CAGR +21%**
- ◆ **Approx. €300m in revenues, growing progressively** (up 2% in 12M, **3Y CAGR +16%**) and **reshaped in terms of mix: net fees, virtually all of which recurring, despite reflecting the cost of the FA network enhancement** are growing at a healthy rate (€86m, up 8% in 12M, 3Y CAGR +25%) and **now represent 30% of revenues** (vs 20% in 2016); important contribution by net interest income (€211m, down 1% in 12M, 3Y CAGR +12%) from mortgage lending activity
- ◆ **€32m in net profit**, up 14% in 12M, **3Y CAGR +55%**



Asset levels remained high during the twelve months:

- ◆ **Total Financial Assets (TFAs) reached €25.4bn**, up 12.2% YoY, with increases in all segments: AUM up 22% to €7.7bn, AUA up 24% to €2.6bn, and deposits up 6.1%, to €15bn.
- ◆ **Net New Money (“NNM”) of €2.6bn** reflects **a marked growth trend in the two half-years** (€1bn in 1H, €1.6bn in 2H). NNM consists primarily of AUM and AUA (€1.8bn). Direct funding grew by €0.9bn, in particular in the highest loyalty-retention component, i.e. current accounts, which total €8.8bn (compared with €7.5bn at end-June 2018, an increase of 17%), whereas deposit accounts decreased to €6.2bn (from €6.6bn, down 6% since end-June 2018). **Growth in volumes derives from balanced contribution from the main distribution channels:**
  - ◆ **50% proprietary network:** €1.3bn in NNM. TFAs managed by the proprietary channel totalled €22.2bn, split between €8.3bn in AUM/AUA and €13.9bn in deposits;
  - ◆ **50% FAs:** €1.3bn in NNM. TFAs managed by the FAs channel reached €3.1bn, split between €2bn in AUM/AUA and €1.1bn in deposits.
- ◆ **Loans to households climbed** from €8.1bn to €9bn, on new mortgage loans of €1.8bn (up 11.8% on the €1.6bn reported last year). **Asset quality remained at excellent levels:** gross NPLs, not including the portfolio of bad loans being sold, declined from €332.1m to €178m, accounting for 2% of total loans (versus 4%); net NPLs declined from €155.1m to €102.5m and account for 1.1% of net total loans, with a coverage ratio of 42.4% compared with 53.3% at the start of the year. These figures reflect the bad loans attributable to the French branch (business discontinued at end-2009) that were sold and the former Micos Banca loans in the process of being sold. In March 2019 CheBanca! received authorization to apply **AIRB models to its mortgage loan book**, generating significant savings in terms of RWAs (approx. €1.46bn calculated based on the loan book as at end-March 2019).

The profit and loss account reflects a healthy performance:

- ◆ **Revenues were up 1.6%** (from €292.5m to €297.1m) due in particular to fee income which continues to grow significantly (up 7.5%, from €79.7m to €85.7m), offsetting the slight reduction in net interest income generated mainly by the increase in funding costs as a result of the promotion for deposit accounts;
- ◆ **Operating costs were basically flat**, rising just 0.4%, from €235.3m to €236.3m; with different trends between labour costs and administrative expenses. In particular there was an increase in labour costs of €3.2m (from €102.6m to €105.8m) linked to expansion of the distribution structure and despite the increase in operations and development of the franchise, while administrative expenses reduced by €2.2m (from €132.7m to €130.5m);
- ◆ **Loan loss provisions were down €2.8m**, from €16.5m to €13.7m (a decrease of 17.0%), helped by lower new NPLs plus the risk parameters being adapted to the new internal models; the cost of risk fell from 21 bps to 16 bps, despite reflecting the net losses deriving from the disposal of bad debts generated by the former Micos Banca (Italy and France);
- ◆ **Growth in GOP** (up 15.7% YoY to €47.1m) and **net profit (up 13.7% to €31.5m)**.



## 1.2. Private Banking: MBPB definitively positioned as high-end brand in Italian private banking sector; significant organic growth (€2.7bn NNM in 12M in HNWI segment); product factory enhanced

The Private Banking division has undergone profound transformation in the three years of the plan, with the following significant developments:

- ◆ **Mediobanca Private Banking set up** (following the merger of Banca Esperia into Mediobanca and subsequent business renaming/reshaping), and today has a distinctive positioning in the Italian private banking sector for HNWI clients, whom it offers services/products which are synergistic with Mediobanca's investment banking activities, etc. (club deals, private debt, private equity, etc.)
- ◆ **Group product factories enhanced** with the creation of MB SGR, the relaunch of Cairn, and the acquisition of RAM.

At the end of this financial year, the foundation was laid for further upgrade of our activities in Monaco (through Compagnie Monégasque du Banque) with a new management team bedded in. The Spafid business model too is under review.

The Mediobanca Group Private Banking division today looks like this:

- ◆ **Network of approx. 130 bankers** (76 at MBPB and 50 at CMB), **increased in size** (90 bankers in 2016) **and reshaped** in terms of average portfolios, origination capacity, and dual coverage with the corporate finance bankers in the Mid Caps client segment
- ◆ **€42.5bn in TFAs, up 3%** in 12M, and 54% higher than the €27.5bn recorded in 2016, €30.6bn of which in private banking (up 7% in 12M, 3Y CAGR +16%) and €11.9bn in asset management (three times the €4bn posted in 2016)
- ◆ **€2.7bn in NNM in the HNWI segment**
- ◆ **€2.3bn of loans**, up 4% in 12M, **3Y CAGR +30%**
- ◆ **Approx. €250m in revenues, which continue to grow** (up 7% in 12M, **3Y CAGR +21%**) **and consist chiefly of fees** (€195m, up 9% in 12M, 3Y CAGR +29%)
- ◆ **€40m in net profit, 3Y CAGR +10%**

**TFAs grew by €41.3bn to €42.5bn, reflecting a still highly conservative composition:** €7.4bn in deposits (up €4.9bn), €28.6bn in AUM and AUA (€28.7bn) and €6.5bn in assets under custody (€7.6bn). **Net new money in the twelve months amounted to €2.2bn**, with positive contributions from MBPB (up €2.4bn), CMB (up €0.3bn) and Cairn (up €0.7bn) offsetting the outflows recorded by RAM (€0.9bn) concentrated in 2H and the closure of certain low-margin mandates by MB SGR (€0.2bn) and Spafid (€0.2bn).

The profit and loss account reflects **gross operating profit of €55.3m**, up 3.4% on last year.

**Revenues were up 7.2%**, from €233.5m to €250.2m, due in particular to 9.1% growth in fees (from €179m to €195.2m), boosted by the enlarged scope of operations<sup>8</sup> (which added

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<sup>8</sup> RAM's figures refer to the full twelve months rather than four last year, resulting in a €20.9m increase, from €15.4m to €35.7m, whereas from 1 January 2019 the figures for Spafid refer exclusively to financial services (which added approx. €5m in 12M), as the corporate services business performed by Spafid Connect has been transferred to the Holding Functions division following the sale of the Market Connect business unit to Norwegian listed company Infront.



€16m), offsetting the reduction in performance fees (from €9.5m to €1.9m). Results continue to be penalized by clients' scarce propensity to invest.

Growth in net interest income (up 14.8%, from €43.2m to €49.6m) offset the reduction in net treasury income (from €11.3m to €5.4m) attributable to CMB, due to lower profits on the banking book and broking with clients.

Operating costs rose by 8.9%, from €181.5m to €197.7m, reflecting 17.8% growth in labour costs (from €98.5m to €116m) relating to RAM coming fully onstream (adding €9.4m) and to enhancement of structures and the distribution network. By contrast, administrative expenses decreased from €83m to €81.7m, despite the increase due to RAM (which added €3.9m).

By individual unit, CMB contributed a net profit of €27.5m, on revenues of €95.6m (€95.0m), costs of €62.5m (€59.5m), and tax of €6.1m (€5.7m); Mediobanca Private Banking and the asset management companies delivered a net profit of €11.2m, with revenues increasing (from €85.7m to €88.5m) despite lower performance fees of €1.7m (€4.7m) and with costs largely unchanged at €73m (€71.7m); RAM reported a profit of €7.9m (net of minority interest totalling €2.4m), on revenues of €35.7m and costs of €21.5m. Cairn Capital contributed revenues of €16.3m (€18.2m), which reflects the absence of performance fees (€2.3m) and reduced advisory business of €1.3m (€2.6m), with costs rising from €19.5m to €22.3m due to a retention scheme. Spafid reported revenues of €14.1m and a bottom line at breakeven following the transfer of the remaining Spafid Connect activities (corporate services) to the Holding Functions.

## **2 Consumer Banking. Compass delivers record results, confirming its leadership position in the consumer credit segment by positioning and profitability**

- ◆ **Positioning confirmed among the top three sector players, with market share of 11.5% and new loans over €7bn (up 5%)**
- ◆ **Distribution among the most extensive and diversified in Italy**, further enhanced in the direct channel with the opening of 18 branch offices in the period, for a total of around 200 POS (172 proprietary branches and 27 agencies)
- ◆ **€13.2bn in loans**, up 6% in 12M, 3Y CAGR +6% with margins resilient
- ◆ **Over €1bn in revenues**, up 3% in 12M, 3Y CAGR +6% driven by net interest income
- ◆ **Approx. €500m GOP**, up 5% in 12M and doubled in last 3Y, helped by operating efficiency (cost/income ratio stably below 30%) and cost of risk down to lowest-ever levels (185 bps)
- ◆ **Asset quality consistently maintained at highest market standards** due to policy of regular NPL stock sales, while provisioning policy is already aligned to the new standards required of European banks
- ◆ **€336m in net profit**, up 7% in 12M, 3Y CAGR +30%
- ◆ **ROAC 30%**, stable in 12M, but virtually double the 17% reported in 2016
- ◆ **BFI acquisition not yet finalized**



Compass delivered a net profit of €336.4m in the twelve months, up 6.7% on last year (€315.3m), after revenues of €1,026.9m (up 3.1%), costs of €293.5m (up 3.2%) and loan loss provisions totalling €237.8m (down 1.7%).

Revenues beat their all-time high, breaking through the €1bn mark for the first time, and now account for over 40% of the Group's top line (as well as around two-thirds of its net interest income). The main income sources performed as follows:

- ◆ **Net interest income grew** from €868.8m to €898.8m (up 3.5%), due to higher average volumes (up 6.1%) with margins largely resilient;
- ◆ **Fee income was unchanged** at €128.1m (€127.4m), with the higher *rappel* fees paid to partners (up 8%) offset by the healthy commercial growth.

Costs were up 3.2%, due to enhancement of the distribution network and IT projects supporting the business and for regulatory reasons (chiefly AIRB models).

Loan loss provisions decreased from €241.9m to €237.8m (down 1.7%), with the annualized cost of risk improving to 185 bps (vs 199 bps last year) without affecting the coverage levels.

Net loans increased from €12.5bn to €13.2bn, with new loans for the twelve months rising from €7bn to €7.4bn (up 4.6%); personal loans account for approx. 57% of the stock, while salary-backed finance amounts to just over €2bn (up 3%). Gross NPLs increased from €698.5m to €737.7m in absolute terms, but still account for 5.2% of the total loan book (unchanged); net NPLs totalled €189m (1.4% of total loans), at a coverage ratio of 74.4% (73.4%). Net bad debts amounted to €13.7m, representing just 0.1% of total loans (also unchanged) and reflecting a coverage ratio of 94.3% (93.9%). The coverage ratio for performing loans has increased since the introduction of IFRS 9 from 2.65% at 3.02%, with stage 2 items accounting for 8.6% of the total loan book (covered as to 20.7%).

With a view to achieving long-term growth in consumer credit operations in markets with high potential, in August 2018 Compass entered into an agreement to acquire 19.9% of PT BFI Finance Indonesia Tbk ("BFI Finance")<sup>9</sup> from Trinugraha (which owns 45.7% of the share capital). Twelve months since the agreement was signed, certain contractual formalities required in order to launch the local authorization process and receive clearance from the ECB, which are prerequisites to closing, are still pending; the deal is expected to close indicatively by March 2020.

### **3 Corporate & Investment Banking: positioning strengthened, revenues diversified and reduced capital absorption; ROAC 15%**

- ◆ **Leadership position in Italy confirmed**, with improved client coverage, both for Large Caps (organizational model reshaped) and Mid Caps (dual IB-PB coverage) and product mix with increased contribution from capital-light products
- ◆ **Geographical distribution strengthened**, as a result of the partnership with MMA: France is now the CIB division's third core market, alongside Italy and Spain

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<sup>9</sup> BFI Finance, set up in 1982 and listed on the Jakarta stock market since 1990 with a market capitalization of approx. €625m, is one of the leading consumer credit companies in Indonesia, with an extensive distribution network consisting of over 350 outlets, partnership agreements with car dealers and independent agents, and telemarketing systems.



- ◆ **Increased visibility in Specialty Finance segment:** MBFacta is now ranked seventh in Italy for turnover, while MBCredit Solutions features regularly in auctions for sales of unsecured receivables, with an NPL portfolio with a nominal value of over €5bn and a net value of some €370m
- ◆ **Revenues stable at €0.6bn in the three years,** against a backdrop of a shrinking investment banking market; this result has been possible due to **diversification, with increased contribution from Specialty Finance** which in 3Y has increased its share of the division's revenues from 10% to over 20%
- ◆ **Asset quality remains excellent**
- ◆ **Reduced capital absorption,** following introduction of AIRB models, market risk and off-balance-sheet item optimization
- ◆ **ROAC 15%,** up 1pp in 12M and up 5pp since 2016

### 3.1. Wholesale Banking: profits stable, asset quality excellent, partnership with MMA

A net profit of €227.3m was earned from Wholesale Banking operations for the twelve months, largely unchanged from last year. Revenues were down 4.1%, from €516.3m to €494.9m, and reflect the following performances:

- ◆ Net interest income decreased by 4.5%, from €198.5m to €189.6m, on growth in the loan book versus clients of higher standing (reflected in cost of risk but also lower margins);
- ◆ Net treasury income climbed 14.7%, from €110.5m to €126.7m, driven by CMS client activity which added €130.4m (€82.3m) and was only in part offset by a reduced contribution from the proprietary trading book which showed a net loss of €11m at the year-end (versus €27m last year);
- ◆ Net fee and commission income fell by 13.8%, from €207.3m to €178.6m, with the excellent performance by advisory and M&A business (up from €64.7m to €87.5m) offset by lower capital market fees of €28.9m (€65.8m).

Conversely, operating costs were up from €212.4m to €220.2m, as a result of the intense project activity in the IT area (infrastructure platform improvement) and regulation (MiFID II, AIRB models, IFRS 9 introduction and Brexit).

Loans loss provisions reflect writebacks of €62.7m, chiefly as a result of certain unlikely-to-pay positions being revised in view of more positive business performances, which, compared to the restructuring plans agreed, in some cases led to repayments exceeding expectations.

Loans and advances to customers rose from €14bn to €15.6bn, on new loans of €5.8bn, only in part offset by redemptions totalling €4.3bn, €1.8bn of which early redemptions. Gross NPLs decreased in absolute terms, from €648m to €628.9m, and in relative terms, to 4% of the total loan book (4.5%).

On 11 April 2019, Mediobanca announced a long-term strategic partnership through which it **acquired a 66% stake in Messier Maris & Associés ("MMA")**. Established in 2010 by Jean-Marie Messier and Erik Maris, Messier Maris & Associés has now become one of the top three French corporate finance franchises with a very large, international and recurrent customer base. MMA mainly focuses on M&A activities for mid-cap to large corporates and a wide range of



financial sponsors, coupled with debt and capital advisory and debt restructuring activities. The company is headquartered in Paris, with offices in New York, and employs approx. 40 staff.

## 3.2. Specialty Finance: healthy trend continuing

Specialty Finance delivered a 25.4% increase in net profit, from €30.7m to €38.5m, split equally between MBCredit Solutions (up from €16.2m to €18.3m) and MBFacta (up from €14.5m to €20.2m). The 15.3% increase in revenues, from €114.7m to €132.2m, chiefly reflects the rise in net interest income (which was up 22.9%, from €67.6m to €83.1m), with fees and commission income more stable (up 4%, from €47.1m to €49m).

MBFacta contributed €52.4m (up 22%), €47.7m of which by way of net interest income (an increase of 21.6%); while MBCredit Solutions contributed €79.8m (up 11.5%), split between net interest income (€35.4m) and fee and commission income (€44.4m, €26.9m of which due to higher amounts collected on the NPL portfolio). At the same time, operating costs also increased, by 12.9% (from €43.5m to €49.1m), chiefly due to higher credit recovery expenses in connection with the NPL portfolios of €14.7m (€11.6m).

Loan loss provisions were virtually unchanged, up from €25.7m to €26.5m, with €14.9m attributable to factoring (€15.2m) and €11.6m to the NPLs portfolios (€10.5m).

The 7.8% increase in loans and advances to customers, from €2,137.3m to €2,304.5m, involved all segments: ordinary factoring (up from €1,449.8m to €1,520.8m); instalment factoring (up from €399.6m to €415.1m), and the NPL portfolios acquired (up from €287.9m to €368.6m). Gross NPLs in factoring business rose by 10.3%, from €37.4m to €41.3m, but were stable in relative terms at 2.1% of total loans; net NPLs meanwhile were flat at €10.3m.

The NPL portfolio is still concentrated in the retail unsecured segment (83.1%), and non-recourse acquisitions were made for a total of €117.9m in the twelve months (nominal value €1.5bn).

## 4 Principal Investing: portfolio stable, ROAC 15%

- ◆ **Equity investment portfolio stable over 3Y, at approx. €4bn:** divestment from equities (approx. €500m), investment in seed capital for asset management companies (approx. €380m)
- ◆ **Assicurazione Generali:** investment stable at 13%, profits up to €320m (3Y CAGR +8%), Danish Compromise extended until December 2024
- ◆ **ROAC 15%,** stable in 12M, down from 19% in 2016 due to higher capital absorbed by Assicurazioni Generali investment (concentration limit stricter with higher book value)

Revenues from Principal Investing increased during the twelve months, from €295m to €332.4m, largely due to the higher contribution from Assicurazioni Generali (up from €279.9m to €320m). Net profit came in at €314.2m, compared with €373.8m last year which, however,



was boosted by a gain on disposal of €96.3m.<sup>10</sup> Net losses of €3.3m on investment funds were recorded for the twelve months (compared with a loss of €1.8m last year).

The book value of the Assicurazioni Generali investment rose from €3,171.4m to €3,219.3m, after profits of €320m adjusted for the dividend collected (€182.4m), and a €89.7m reduction in valuation reserves.

As for banking book securities, holdings in funds increased from €459.8m to €520.4m, following net investments in seed capital of €62.7m and net redemptions for other funds totalling €1.6m, plus downward adjustments to reflect fair value in an amount of €1.9m; holdings in equities decreased from €258.7m to €136.3m, after sales of €145.3m, the gains on which (€3.7m) were taken through net equity along with the valuations at end-June 2019 (which together added €4.2m).

## 5 **Holding functions: liquidity and funding remain at high levels; Group functions centralization/optimization process complete, with costs down in relative terms as percentage of Group total**

- ◆ **Treasury:** comfortable funding and liquidity position, despite spread trend and negative interest-rate scenario
  - ◆ **NSFR well above 100%** in 3Y (107% at end-June 2019), **LCR gradually being optimized** but still at high levels (177% at end-June 2019), **substantial counterbalance capacity** (€10bn)
  - ◆ **Funding expanded and diversified**, average cost of funding down to 80 bps.
- ◆ **Leasing: asset reduction continues** (leases outstanding reduced from €2.5bn to €2bn in 3Y), leading to improvement in asset quality
- ◆ **Group functions: centralization/optimization complete**, with functions transferred to Holding Functions division, and central costs continuing to reduce in relative terms as a percentage of Group total, despite intense project and regulatory activities, due to economies of scale obtained.
- ◆ **Net loss €167m**, basically stable in 12M, down from 32% to 19% of adj. Group net profit for 3Y

The pre-tax loss incurred by the Holding Functions division was slightly lower than the one last year, at €236m (€239m), reflecting higher trading income of €45m (€13.1m) which drove an improvement in the net result from treasury management (loss of €54.7m, compared with €66m last year), penalized by the substantial liquidity position held in a negative interest rate scenario and despite a reduction in the cost of funding from 90 bps to 80 bps. Operating costs rose by 2.5% (from €173.3m to €177.6m), on higher contributions from treasury and leasing, with central structures virtually unchanged despite the high levels of regulatory project activity (MiFID II, Insurance Distribution Directive, Securities Finance Transactions Regulation, PSD2, AML and Data Privacy); the impact on P&L of mandatory and voluntary contributions to resolution schemes increased from €46.3m to €53.5m, €6.4m of which due to

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<sup>10</sup> With the introduction of IFRS 9, gains (losses) on disposals of investment securities held in the banking book (formerly "Available For Sale") no longer pass through profit and loss but are recognized directly in net equity. Conversely, the fair value of funds (including private equity and seed capital) is now taken through profit and loss.





the Carige subordinated bond subscribed for at end-2018 being written off on prudential grounds. The contribution from leasing operations declined from €4.8m to €3.2m. The net loss increased from €158.9m to €167.5m, due solely to the higher tax burden as a result of the effects of distributing intercompany dividends.

## Mediobanca S.p.A.

Mediobanca S.p.A. earned a net profit of €386.2m in the twelve months under review, 14.6% higher than the €337m reported last year, despite the lack of gains on disposals of AFS shares (€96.3m).

**Revenues** reflect substantial growth of 21.8% (up from €690.1m to €840.2m), chiefly attributable to dividends on equity investments:

- ◆ Net interest income was down 3.5% (from €95.1m to €91.8m), reflecting the substantial liquidity position which has eroded margins in a negative interest rate scenario and despite a reduction in the cost of funding;
- ◆ Net treasury income rose by 25.9%, from €146.8m to €184.9m, chiefly due to a higher contribution from Capital Market Solutions business of €128.3m (€85m); conversely, the proprietary portfolio (banking and trading book) reflected a slight decrease, from €39.9m to €38.3m;
- ◆ Net fee and commission income decreased by 14.6%, from €270.7m to €231.1m, mostly due to the reduction in capital market activity (down 56%), in line with the market trend;
- ◆ Dividends on equity investments rose from €177.5m to €332.4m, due to the distribution by Compass S.p.A. (€150m) and the higher contribution from Assicurazioni Generali (up from €172.3m to €182.4m).

**Operating costs** show a slight increase (up 1.2%, from €414.8m to €419.6m) due to enhancement of the commercial structure in private banking and intense project activity (IFRS 9; Brexit; MiFID II).

**Writebacks of €58.6m were credited in respect of the loan book** (€44.3m last year), mostly attributable to improvement in corporate UTP positions.

The results for the year were impacted by **contributions to the resolution and deposit guarantee funds** totalling €29m (€30.7m), €28.6m of which was the ordinary payment to the Single Resolution Fund (€30.3m), plus provisions in respect of other financial assets (including Group companies) totalling €9m.

On the balance-sheet side, total assets increased from €59.2bn to €65.9bn, especially customer loans, from €25.7bn to €28.7bn.

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## Shareholder remuneration: dividend €0.47 per share, payout ratio 50%

The Board has adopted a resolution to submit a proposal to shareholders at the annual general meeting to be held on 28 October 2019 to pay a gross dividend of €0.47 per share.



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The amount will be paid on 20 November 2019, with the record date 19 November and the shares going ex-rights on 18 November.

The proposed dividend of €0.47 per share is stable versus last year, and corresponds to a payout ratio of 50% (48%).

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**On 8 November 2018, Mediobanca launched a buyback programme of treasury shares**, as authorized by its shareholders at the ordinary Annual General Meeting held on 27 October 2018, and by the European Central Bank pursuant to Articles 77-78 of Regulation (EU) no. 575/2013 (the "CRR") on 23 October 2018, valid until April 2020.

The buyback involves a maximum of 3% of the share capital (which translates to a maximum of 26.6 million shares) for use in connection with possible acquisitions or to implement staff compensation schemes, current or future, based on financial instruments. **As at 30 June 2019 Mediobanca owned a total of 15.3 million treasury shares (or 1.7% of the share capital), following purchases of 20.1 million shares** (for a value of approx. €160m) **and uses of 13.4 million shares**, 11.6 million of which for the MMA acquisition and 1.8 million of which in connection with the performance share schemes. **In view of these uses of treasury shares, the total percentage to be bought back on the market will be equal to 4.3% of the share capital.**

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During the twelve months under review, the Group has continued its progress in Corporate Social Responsibility with the publication of our **first ever Consolidated Non-Financial Statement**, completion of the principal **ESG index** questionnaires, development of long-term sustainability projects, and implementation of an **e-learning course** on "Sustainability and Human Rights" which was mandatory for all staff.

Milan, 31 July 2019

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## 1. Restated consolidated profit and loss accounts

| Mediobanca Group<br>(€m)                      | 12 mths          |                  | Chg. (%)     |
|---|------------------|------------------|--------------|
|   | 30/06/2018       | 30/06/2019       |              |
| Net interest income                           | 1,359.4          | 1,395.6          | 2.7%         |
| Net treasury income                           | 157.4            | 196.7            | 25.0%        |
| Net fee and commission income                 | 622.2            | 611.2            | -1.8%        |
| Equity-accounted companies                    | 280.3            | 321.2            | 14.6%        |
| <b>Total income</b>                           | <b>2,419.3</b>   | <b>2,524.7</b>   | <b>4.4%</b>  |
| Labour costs                                  | (557.8)          | (581.7)          | 4.3%         |
| Administrative expenses                       | (557.1)          | (580.2)          | 4.1%         |
| <b>Operating costs</b>                        | <b>(1,114.9)</b> | <b>(1,161.9)</b> | <b>4.2%</b>  |
| Gains (losses) on disposal of equity holdings | 98.3             | —                | n.m.         |
| Loan loss provisions                          | (247.2)          | (222.6)          | -10.0%       |
| Provisions for other financial assets         | (1.3)            | (2.1)            | 61.5%        |
| Other income (losses)                         | (58.4)           | (54.0)           | -7.5%        |
| <b>Profit before tax</b>                      | <b>1,095.8</b>   | <b>1,084.1</b>   | <b>-1.1%</b> |
| Income tax for the period                     | (228.1)          | (256.5)          | 12.5%        |
| Minority interest                             | (3.8)            | (4.6)            | 21.1%        |
| <b>Net profit</b>                             | <b>863.9</b>     | <b>823.0</b>     | <b>-4.7%</b> |

## 2. Quarterly profit and loss accounts

| Mediobanca Group<br>(€m)                      | FY 17/18       |                |                |                | FY 18/19       |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | I Q            | II Q           | III Q          | IV Q           | I Q            | II Q           | III Q          | IV Q           |
|   | 30/09/17       | 31/12/17       | 31/03/18       | 30/06/18       | 30/09/18       | 31/12/18       | 31/03/19       | 30/06/19       |
| Net interest income                           | 331.7          | 340.4          | 342.1          | 345.2          | 344.1          | 356.5          | 346.4          | 348.6          |
| Net treasury income                           | 38.7           | 46.7           | 39.0           | 33.0           | 40.8           | 56.8           | 52.9           | 46.2           |
| Net commission income                         | 138.3          | 152.9          | 165.4          | 165.6          | 155.1          | 157.8          | 148.6          | 149.7          |
| Equity-accounted companies                    | 89.7           | 31.5           | 83.7           | 75.4           | 97.7           | 67.8           | 59.3           | 96.4           |
| <b>Total income</b>                           | <b>598.4</b>   | <b>571.5</b>   | <b>630.2</b>   | <b>619.2</b>   | <b>637.7</b>   | <b>638.9</b>   | <b>607.2</b>   | <b>640.9</b>   |
| Labour costs                                  | (129.9)        | (141.1)        | (137.9)        | (148.9)        | (137.9)        | (144.3)        | (145.4)        | (154.1)        |
| Administrative expenses                       | (125.8)        | (136.8)        | (141.8)        | (152.7)        | (133.5)        | (145.9)        | (145.8)        | (155.0)        |
| <b>Operating costs</b>                        | <b>(255.7)</b> | <b>(277.9)</b> | <b>(279.7)</b> | <b>(301.6)</b> | <b>(271.4)</b> | <b>(290.2)</b> | <b>(291.2)</b> | <b>(309.1)</b> |
| Gains (losses) on disposal of equity holdings | 89.4           | 5.0            | 1.5            | 2.4            | 0.0            | 0.0            | 0.0            | 0.0            |
| Loan loss provisions                          | (54.6)         | (58.6)         | (60.3)         | (73.7)         | (58.8)         | (50.7)         | (51.9)         | (61.2)         |
| Provisions for other fin. assets              | (1.3)          | 0.9            | 0.4            | (1.3)          | 4.1            | (15.0)         | 4.9            | 3.9            |
| Other income (losses)                         | (5.1)          | (5.3)          | (28.3)         | (19.7)         | 0.0            | (11.1)         | (26.1)         | (16.8)         |
| <b>Profit before tax</b>                      | <b>371.1</b>   | <b>235.6</b>   | <b>263.8</b>   | <b>225.3</b>   | <b>311.6</b>   | <b>271.9</b>   | <b>242.9</b>   | <b>257.7</b>   |
| Income tax for the period                     | (69.1)         | (59.5)         | (57.5)         | (42.0)         | (64.4)         | (65.2)         | (66.3)         | (60.6)         |
| Minority interest                             | (1.1)          | (0.7)          | (0.7)          | (1.3)          | (1.8)          | (1.6)          | (1.1)          | (0.1)          |
| <b>Net profit</b>                             | <b>300.9</b>   | <b>175.4</b>   | <b>205.6</b>   | <b>182.0</b>   | <b>245.4</b>   | <b>205.1</b>   | <b>175.5</b>   | <b>197.0</b>   |



**3. Restated balance sheet**

| Mediobanca Group<br>(€m)               | 30/06/2018      | 30/06/2019      |
|--|-----------------|-----------------|
| <b>Assets</b>                          |                 |                 |
| Financial assets held for trading      | 8,204.9         | 9,765.7         |
| Treasury financial assets              | 8,358.2         | 10,170.2        |
| Banking book securities                | 7,744.7         | 6,695.9         |
| Customer loans                         | 41,127.9        | 44,393.7        |
| <i>Corporate</i>                       | 13,996.9        | 15,560.8        |
| <i>Specialty Finance</i>               | 2,137.3         | 2,304.5         |
| <i>Consumer credit</i>                 | 12,517.8        | 13,223.0        |
| <i>Mortgages</i>                       | 8,107.1         | 9,001.9         |
| <i>Private banking</i>                 | 2,252.1         | 2,351.9         |
| <i>Leasing</i>                         | 2,116.7         | 1,951.6         |
| Equity investments                     | 3,983.1         | 3,980.3         |
| Tangible and intangible assets         | 1,027.7         | 1,187.6         |
| Other assets                           | 1,854.0         | 2,051.3         |
| <b>Total assets</b>                    | <b>72,300.5</b> | <b>78,244.7</b> |
| <b>Liabilities</b>                     |                 |                 |
| Funding                                | 48,893.2        | 51,393.2        |
| <i>MB bonds</i>                        | 19,179.4        | 18,531.3        |
| <i>Retail deposits</i>                 | 14,163.0        | 15,032.0        |
| <i>Private Banking deposits</i>        | 4,933.7         | 7,417.6         |
| <i>ECB</i>                             | 4,336.5         | 4,322.4         |
| <i>Banks and other</i>                 | 6,280.6         | 6,089.9         |
| Treasury financial liabilities         | 5,290.4         | 6,565.6         |
| Financial liabilities held for trading | 6,462.4         | 8,027.8         |
| Other liabilities                      | 1,709.3         | 2,168.9         |
| Provisions                             | 213.0           | 190.3           |
| Net equity                             | 9,732.2         | 9,898.9         |
| <i>Minority interest</i>               | 87.9            | 89.7            |
| <i>Profit for the period</i>           | 863.9           | 823.0           |
| <b>Total liabilities</b>               | <b>72,300.5</b> | <b>78,244.7</b> |
| CET 1 capital                          | 6,746.6         | 6,524.4         |
| Total capital                          | 8,575.3         | 8,085.6         |
| RWA                                    | 47,362.7        | 46,309.9        |

**4. Consolidated shareholders' equity**

| Net equity<br>(€m)                     | 30/06/2018     | 30/06/2019     |
|--|----------------|----------------|
| Share capital                          | 443.3          | 443.6          |
| Other reserves                         | 7,572.8        | 7,945.1        |
| Valuation reserves                     | 764.3          | 597.5          |
| - of which: Other Comprehensive Income | 121.5          | 84.6           |
| cash flow hedge                        | (15.7)         | (45.0)         |
| equity investments                     | 663.7          | 560.6          |
| Minority interest                      | 87.9           | 89.7           |
| Profit for the period                  | 863.9          | 823.0          |
| <b>Total Group net equity</b>          | <b>9,732.2</b> | <b>9,898.9</b> |



5. Ratios (%) and per share data (€)

| Gruppo Mediobanca                      | 30/06/18 | 30/06/19 |
|--|----------|----------|
| Total assets / Net equity              | 7,4      | 7,9      |
| Loans / Funding                        | 0,8      | 0,9      |
| CET1 ratio <sup>1</sup>                | 14,2     | 14,1     |
| Total capital <sup>1</sup>             | 18,1     | 17,5     |
| S&P Rating                             | BBB      | BBB      |
| Fitch Rating                           | BBB      | BBB      |
| Moody's Rating                         | Baa1     | Baa1     |
| Cost /Income (%)                       | 46,1     | 46,0     |
| Bad Loans (sofferenze)/Loans ratio (%) | 0,4      | 0,2      |
| ROTE (%)                               | 10,3     | 9,7      |
| ROTE adj <sup>11</sup> (%)             | 9,5      | 10,2     |
| EPS                                    | 0,97     | 0,93     |
| EPS adj                                | 0,90     | 0,97     |
| TBVPs                                  | 9,6      | 9,6      |
| DPS                                    | 0,47     | 0,47     |
| No. shares (m)                         | 886,6    | 887,2    |

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

| 12m – June 19<br>(€m)                         | WM             | Consumer       | CIB            | PI           | Holding<br>Functions | Group            |
|---|----------------|----------------|----------------|--------------|----------------------|------------------|
| Net interest income                           | 260.2          | 898.8          | 272.7          | (7.1)        | (47.1)               | 1,395.6          |
| Net treasury income                           | 6.2            | —              | 126.8          | 18.3         | 45.0                 | 196.7            |
| Net fee and commission income                 | 280.9          | 128.1          | 227.6          | —            | 7.4                  | 611.2            |
| Equity-accounted companies                    | —              | —              | —              | 321.2        | —                    | 321.2            |
| <b>Total income</b>                           | <b>547.3</b>   | <b>1,026.9</b> | <b>627.1</b>   | <b>332.4</b> | <b>5.3</b>           | <b>2,524.7</b>   |
| Labour costs                                  | (221.8)        | (99.4)         | (139.4)        | (3.9)        | (117.1)              | (581.7)          |
| Administrative expenses                       | (212.2)        | (194.1)        | (129.9)        | (1.2)        | (60.5)               | (580.2)          |
| <b>Operating costs</b>                        | <b>(434.0)</b> | <b>(293.5)</b> | <b>(269.3)</b> | <b>(5.1)</b> | <b>(177.6)</b>       | <b>(1,161.9)</b> |
| Gains (losses) on disposal of equity holdings | —              | —              | —              | —            | —                    | —                |
| Loan loss provisions                          | (11.8)         | (237.8)        | 36.2           | —            | (9.0)                | (222.6)          |
| Provisions for other financial assets         | 0.3            | —              | 0.9            | (3.3)        | 0.1                  | (2.1)            |
| Other income (losses)                         | 0.6            | —              | —              | —            | (54.8)               | (54.0)           |
| <b>Profit before tax</b>                      | <b>102.4</b>   | <b>495.6</b>   | <b>394.9</b>   | <b>324.0</b> | <b>(236.0)</b>       | <b>1,084.1</b>   |
| Income tax for the period                     | (28.7)         | (159.2)        | (129.1)        | (9.8)        | 70.6                 | (256.5)          |
| Minority interest                             | (2.5)          | —              | —              | —            | (2.1)                | (4.6)            |
| <b>Net profit</b>                             | <b>71.2</b>    | <b>336.4</b>   | <b>265.8</b>   | <b>314.2</b> | <b>(167.5)</b>       | <b>823.0</b>     |
| Loans and advances to Customers               | 11,353.8       | 13,223.0       | 17,865.3       | —            | 1,951.6              | 44,393.7         |
| RWAs  | 4,533.8        | 12,564.1       | 20,065.8       | 5,641.6      | 3,504.7              | 46,309.9         |
| No. of staff                                  | 1,936          | 1,427          | 621            | 11           | 810                  | 4,805            |

<sup>11</sup> Calculated excluding gains (losses) on disposals of equity investments, value adjustments, and one-off gains (losses), with a normalized tax rate of 33% (25% for Private Banking).



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

| 12m – June 18<br>(€m)                         | WM             | Consumer       | CIB            | PI           | Holding<br>Functions | Group            |
|---|----------------|----------------|----------------|--------------|----------------------|------------------|
| Net interest income                           | 255.2          | 868.8          | 266.1          | (7.2)        | (37.5)               | 1,359.4          |
| Net treasury income                           | 12.1           | —              | 110.5          | 21.9         | 13.1                 | 157.4            |
| Net fee and commission income                 | 258.7          | 127.4          | 254.4          | —            | 15.5                 | 622.2            |
| Equity-accounted companies                    | —              | —              | —              | 280.3        | —                    | 280.3            |
| <b>Total income</b>                           | <b>526.0</b>   | <b>996.2</b>   | <b>631.0</b>   | <b>295.0</b> | <b>(8.9)</b>         | <b>2,419.3</b>   |
| Labour costs                                  | (201.1)        | (96.1)         | (137.4)        | (3.8)        | (118.2)              | (557.8)          |
| Administrative expenses                       | (215.7)        | (188.4)        | (118.5)        | (1.0)        | (55.1)               | (557.1)          |
| <b>Operating costs</b>                        | <b>(416.8)</b> | <b>(284.5)</b> | <b>(255.9)</b> | <b>(4.8)</b> | <b>(173.3)</b>       | <b>(1,114.9)</b> |
| Gains (losses) on disposal of equity holdings | 2.0            | —              | —              | 96.3         | —                    | 98.3             |
| Loan loss provisions                          | (16.4)         | (241.9)        | 18.3           | —            | (7.2)                | (247.2)          |
| Provisions for other financial assets         | —              | —              | 0.7            | (1.8)        | (0.3)                | (1.3)            |
| Other income (losses)                         | (0.6)          | (6.6)          | (2.0)          | —            | (49.3)               | (58.4)           |
| <b>Profit before tax</b>                      | <b>94.2</b>    | <b>463.2</b>   | <b>392.1</b>   | <b>384.7</b> | <b>(239.0)</b>       | <b>1,095.8</b>   |
| Income tax for the period                     | (24.4)         | (147.9)        | (127.6)        | (10.9)       | 83.3                 | (228.1)          |
| Minority interest                             | (0.6)          | —              | —              | —            | (3.2)                | (3.8)            |
| <b>Net profit</b>                             | <b>69.2</b>    | <b>315.3</b>   | <b>264.5</b>   | <b>373.8</b> | <b>(158.9)</b>       | <b>863.9</b>     |
| Loans and advances to Customers               | 10,359.2       | 12,517.8       | 16,134.2       | —            | 2,116.7              | 41,127.9         |
| RWAs  | 5,757.2        | 11,822.0       | 19,510.9       | 6,256.6      | 4,016.0              | 47,362.7         |
| No. of staff                                  | 1,888          | 1,429          | 587            | 12           | 801                  | 4,717            |



7. Wealth Management

| Wealth Management<br>(€m)                     | 12 mths        | 12 mths        | Chg. (%)    |
|---|----------------|----------------|-------------|
|   | 30/06/2018     | 30/06/2019     |             |
| Net interest income                           | 255.2          | 260.2          | 2.0%        |
| Net treasury income                           | 12.1           | 6.2            | -48.8%      |
| Net fee and commission income                 | 258.7          | 280.9          | 8.6%        |
| Equity-accounted companies                    | —              | —              | n.m.        |
| <b>Total income</b>                           | <b>526.0</b>   | <b>547.3</b>   | <b>4.0%</b> |
| Labour costs                                  | (201.1)        | (221.8)        | 10.3%       |
| Administrative expenses                       | (215.7)        | (212.2)        | -1.6%       |
| <b>Operating costs</b>                        | <b>(416.8)</b> | <b>(434.0)</b> | <b>4.1%</b> |
| Gains (losses) on disposal of equity holdings | 2.0            | —              | n.m.        |
| Loan loss provisions                          | (16.4)         | (11.8)         | -28.0%      |
| Provisions for other financial assets         | —              | 0.3            | n.m.        |
| Other income (losses)                         | (0.6)          | 0.6            | n.m.        |
| <b>Profit before tax</b>                      | <b>94.2</b>    | <b>102.4</b>   | <b>8.7%</b> |
| Income tax for the period                     | (24.4)         | (28.7)         | 17.6%       |
| Minority interest                             | (0.6)          | (2.5)          | n.m.        |
| <b>Net profit</b>                             | <b>69.2</b>    | <b>71.2</b>    | <b>2.9%</b> |
| Loans and advances to customers               | 10,359.2       | 11,353.8       | 9.6%        |
| New loans                                     | 1,594.0        | 1,782.6        | 11.8%       |
| Total Financial Assets (TFA)                  | 63,851.5       | 67,875.2       | 6.3%        |
| - AUM/AUA                                     | 37,108.2       | 38,964.2       | 5.0%        |
| - Asset under custody                         | 7,646.8        | 6,461.5        | -15.5%      |
| - Deposits                                    | 19,096.5       | 22,449.5       | 17.6%       |
| No. of staff                                  | 1,888          | 1,936          | 2.5%        |
| RWAs  | 5,757.2        | 4,533.8        | -21.3%      |
| Cost/income ratio (%)                         | 79.2%          | 79.3%          |             |
| Bad loans (sofferenze)/loans ratio (%)        | 0.9            | 0.4            |             |



7.1 CheBanca!- Affluent/Premier

| CheBanca! - Affluent/Premier<br>(€m)            | 12 mths        | 12 mths        | Chg. (%)     |
|---|----------------|----------------|--------------|
|   | 30/06/2018     | 30/06/2019     |              |
| Net interest income                             | 212.0          | 210.6          | -0.7%        |
| Net treasury income                             | 0.8            | 0.8            | n.m.         |
| Net fee and commission income                   | 79.7           | 85.7           | 7.5%         |
| Equity-accounted companies                      | —              | —              | n.m.         |
| <b>Total income</b>                             | <b>292.5</b>   | <b>297.1</b>   | <b>1.6%</b>  |
| Labour costs                                    | (102.6)        | (105.8)        | 3.1%         |
| Administrative expenses                         | (132.7)        | (130.5)        | -1.7%        |
| <b>Operating costs</b>                          | <b>(235.3)</b> | <b>(236.3)</b> | <b>0.4%</b>  |
| Gains (losses) on disposal of equity holdings   | —              | —              | n.m.         |
| Loan loss provisions                            | (16.5)         | (13.7)         | -17.0%       |
| Provisions for other financial assets           | —              | —              | n.m.         |
| Other income (losses)                           | —              | —              | n.m.         |
| <b>Profit before tax</b>                        | <b>40.7</b>    | <b>47.1</b>    | <b>15.7%</b> |
| Income tax for the period                       | (13.0)         | (15.6)         | 20.0%        |
| Minority interest                               | —              | —              | n.m.         |
| <b>Net profit</b>                               | <b>27.7</b>    | <b>31.5</b>    | <b>13.7%</b> |
| Loans and advances to customers                 | 8,107.1        | 9,001.9        | 11.0%        |
| New loans                                       | 1,594.0        | 1,782.6        | 11.8%        |
| Total Financial Assets (TFA)                    | 22,598.1       | 25,365.9       | 12.2%        |
| - AUM/AUA                                       | 8,435.1        | 10,333.8       | 22.5%        |
| - Asset under custody                           | 0.0            | 0.0            | n.m.         |
| - Deposits                                      | 14,163.0       | 15,032.1       | 6.1%         |
| No. of branches                                 | 111            | 110            | -0.9%        |
| No. of staff                                    | 1,321          | 1,364          | 3.3%         |
| RWAs  | 3,713.8        | 2,581.5        | -30.5%       |
| Cost/income ratio (%)                           | 80.4%          | 79.5%          |              |
| Bad loans ( <i>sofferenze</i> )/loans ratio (%) | 1.1            | 0.4            |              |





7.2 Private Banking

| Private Banking<br>(€m)                         | 12 mths        |                | Chg. (%)     |
|---|----------------|----------------|--------------|
|   | 30/06/2018     | 30/06/2019     |              |
| Net interest income                             | 43.2           | 49.6           | 14.8%        |
| Net treasury income                             | 11.3           | 5.4            | -52.2%       |
| Net fee and commission income                   | 179.0          | 195.2          | 9.1%         |
| Equity-accounted companies                      | —              | —              | n.m.         |
| <b>Total income</b>                             | <b>233.5</b>   | <b>250.2</b>   | <b>7.2%</b>  |
| Labour costs                                    | (98.5)         | (116.0)        | 17.8%        |
| Administrative expenses                         | (83.0)         | (81.7)         | -1.6%        |
| <b>Operating costs</b>                          | <b>(181.5)</b> | <b>(197.7)</b> | <b>8.9%</b>  |
| Gains (losses) on disposal of equity holdings   | 2.0            | —              | n.m.         |
| Loan loss provisions                            | 0.1            | 1.9            | n.m.         |
| Provisions for other financial assets           | —              | 0.3            | n.m.         |
| Other income (losses)                           | (0.6)          | 0.6            | n.m.         |
| <b>Profit before tax</b>                        | <b>53.5</b>    | <b>55.3</b>    | <b>3.4%</b>  |
| Income tax for the period                       | (11.4)         | (13.1)         | 14.9%        |
| Minority interest                               | (0.6)          | (2.5)          | n.m.         |
| <b>Net profit</b>                               | <b>41.5</b>    | <b>39.7</b>    | <b>-4.3%</b> |
| Loans and advances to customers                 | 2,252.1        | 2,351.9        | 4.4%         |
| Total Financial Assets (TFA)                    | 41,253.4       | 42,509.2       | 3.0%         |
| -AUM/AUA  | 28,673.1       | 28,630.4       | -0.1%        |
| - Asset under custody                           | 7,646.8        | 6,461.5        | -15.5%       |
| -Deposits                                       | 4,933.5        | 7,417.4        | 50.3%        |
| No. of staff                                    | 567            | 572            | 0.9%         |
| RWA   | 2,043.4        | 1,952.3        | -4.5%        |
| Cost/income ratio (%)                           | 77.7%          | 79.0%          |              |
| Bad loans ( <i>sofferenze</i> )/loans ratio (%) | 0.1            | 0.1            |              |



8. Consumer Banking

| Consumer Banking<br>(€m)                        | 12 mths        | 12 mths        | Chg. (%)    |
|---|----------------|----------------|-------------|
|   | 30/06/2018     | 30/06/2019     |             |
| Net interest income                             | 868.8          | 898.8          | 3.5%        |
| Net treasury income                             | —              | —              | n.m.        |
| Net fee and commission income                   | 127.4          | 128.1          | 0.5%        |
| Equity-accounted companies                      | —              | —              | n.m.        |
| <b>Total income</b>                             | <b>996.2</b>   | <b>1,026.9</b> | <b>3.1%</b> |
| Labour costs                                    | (96.1)         | (99.4)         | 3.4%        |
| Administrative expenses                         | (188.4)        | (194.1)        | 3.0%        |
| <b>Operating costs</b>                          | <b>(284.5)</b> | <b>(293.5)</b> | <b>3.2%</b> |
| Gains (losses) on disposal of equity holdings   | —              | —              | n.m.        |
| Loan loss provisions                            | (241.9)        | (237.8)        | -1.7%       |
| Provisions for other financial assets           | —              | —              | n.m.        |
| Other income (losses)                           | (6.6)          | —              | n.m.        |
| <b>Profit before tax</b>                        | <b>463.2</b>   | <b>495.6</b>   | <b>7.0%</b> |
| Income tax for the period                       | (147.9)        | (159.2)        | 7.6%        |
| Minority interest                               | —              | —              | n.m.        |
| <b>Net profit</b>                               | <b>315.3</b>   | <b>336.4</b>   | <b>6.7%</b> |
| Loans and advances to customers                 | 12,517.8       | 13,223.0       | 5.6%        |
| New loans                                       | 7,025.1        | 7,350.0        | 4.6%        |
| No. of branches                                 | 181            | 199            | 9.9%        |
| No. of staff                                    | 1,429          | 1,427          | -0.1%       |
| RWAs  | 11,822.0       | 12,564.1       | 6.3%        |
| Cost/income ratio (%)                           | 28.6%          | 28.6%          |             |
| Bad loans ( <i>sofferenze</i> )/loans ratio (%) | 0.1            | 0.1            |             |



9. Corporate & Investment Banking

| Corporate & Investment Banking<br>(€m)          | 12 mths        | 12 mths        | Chg. (%)     |
|---|----------------|----------------|--------------|
|   | 30/06/2018     | 30/06/2019     |              |
| Net interest income                             | 266.1          | 272.7          | 2.5%         |
| Net treasury income                             | 110.5          | 126.8          | 14.8%        |
| Net fee and commission income                   | 254.4          | 227.6          | -10.5%       |
| Equity-accounted companies                      | —              | —              | n.m.         |
| <b>Total income</b>                             | <b>631.0</b>   | <b>627.1</b>   | <b>-0.6%</b> |
| Labour costs                                    | (137.4)        | (139.4)        | 1.5%         |
| Administrative expenses                         | (118.5)        | (129.9)        | 9.6%         |
| <b>Operating costs</b>                          | <b>(255.9)</b> | <b>(269.3)</b> | <b>5.2%</b>  |
| Gains (losses) on disposal of equity holdings   | —              | —              | n.m.         |
| Loan loss provisions                            | 18.3           | 36.2           | n.m.         |
| Provisions for other financial assets           | 0.7            | 0.9            | n.m.         |
| Other income (losses)                           | (2.0)          | —              | n.m.         |
| <b>Profit before tax</b>                        | <b>392.1</b>   | <b>394.9</b>   | <b>0.7%</b>  |
| Income tax for the period                       | (127.6)        | (129.1)        | 1.2%         |
| Minority interest                               | —              | —              | n.m.         |
| <b>Net profit</b>                               | <b>264.5</b>   | <b>265.8</b>   | <b>0.5%</b>  |
| Loans and advances to customers                 | 16,134.2       | 17,865.3       | 10.7%        |
| No. of staff                                    | 587            | 621            | 5.8%         |
| RWAs  | 19,510.9       | 20,065.8       | 2.8%         |
| Cost/income ratio (%)                           | 40.6%          | 42.9%          |              |
| Bad loans ( <i>sofferenze</i> )/loans ratio (%) | 0.0            | 0.0            |              |

9.1 Wholesale Banking

| Wholesale banking<br>(€m)                       | 12 mths        | 12 mths        | Chg. (%)     |
|---|----------------|----------------|--------------|
|   | 30/06/2018     | 30/06/2019     |              |
| Net interest income                             | 198.5          | 189.6          | -4.5%        |
| Net treasury income                             | 110.5          | 126.7          | 14.7%        |
| Net fee and commission income                   | 207.3          | 178.6          | -13.8%       |
| Equity-accounted companies                      | —              | —              | n.m.         |
| <b>Total income</b>                             | <b>516.3</b>   | <b>494.9</b>   | <b>-4.1%</b> |
| Labour costs                                    | (121.0)        | (122.8)        | 1.5%         |
| Administrative expenses                         | (91.4)         | (97.4)         | 6.6%         |
| <b>Operating costs</b>                          | <b>(212.4)</b> | <b>(220.2)</b> | <b>3.7%</b>  |
| Gains (losses) on disposal of equity holdings   | —              | —              | n.m.         |
| Loan loss provisions                            | 44.0           | 62.7           | 42.5%        |
| Provisions for other financial assets           | 0.7            | 0.5            | n.m.         |
| Other income (losses)                           | (2.0)          | —              | n.m.         |
| <b>Profit before tax</b>                        | <b>346.6</b>   | <b>337.9</b>   | <b>-2.5%</b> |
| Income tax for the period                       | (112.8)        | (110.6)        | -2.0%        |
| Minority interest                               | —              | —              | n.m.         |
| <b>Net profit</b>                               | <b>233.8</b>   | <b>227.3</b>   | <b>-2.8%</b> |
| Loans and advances to customers                 | 13,996.9       | 15,560.8       | 11.2%        |
| No. of staff                                    | 344            | 365            | 6.1%         |
| RWAs  | 17,362.9       | 17,579.2       | 1.2%         |
| Cost/income ratio (%)                           | 41.1%          | 44.5%          |              |
| Bad loans ( <i>sofferenze</i> )/loans ratio (%) | 0.0            | 0.0            |              |



9.2 Specialty Finance

| Specialty Finance<br>(€m)                       | 12 mths       | 12 mths       | Chg. (%)     |
|---|---------------|---------------|--------------|
|   | 30/06/2018    | 30/06/2019    |              |
| Net interest income                             | 67.6          | 83.1          | 22.9%        |
| Net treasury income                             | —             | 0.1           | n.m.         |
| Net fee and commission income                   | 47.1          | 49.0          | 4.0%         |
| Equity-accounted companies                      | —             | —             | n.m.         |
| <b>Total income</b>                             | <b>114.7</b>  | <b>132.2</b>  | <b>15.3%</b> |
| Labour costs                                    | (16.4)        | (16.6)        | 1.2%         |
| Administrative expenses                         | (27.1)        | (32.5)        | 19.9%        |
| <b>Operating costs</b>                          | <b>(43.5)</b> | <b>(49.1)</b> | <b>12.9%</b> |
| Gains (losses) on disposal of equity holdings   | —             | —             | n.m.         |
| Loan loss provisions                            | (25.7)        | (26.5)        | 3.1%         |
| Provisions for other financial assets           | —             | 0.4           | n.m.         |
| Other income (losses)                           | —             | —             | n.m.         |
| <b>Profit before tax</b>                        | <b>45.5</b>   | <b>57.0</b>   | <b>25.3%</b> |
| Income tax for the period                       | (14.8)        | (18.5)        | 25.0%        |
| Minority interest                               | —             | —             | n.m.         |
| <b>Net profit</b>                               | <b>30.7</b>   | <b>38.5</b>   | <b>25.4%</b> |
| Loans and advances to customers                 | 2,137.3       | 2,304.5       | 7.8%         |
| <i>Of which factoring</i>                       | 1,849.0       | 1,935.4       | 4.7%         |
| <i>Of which credit management</i>               | 288.3         | 369.1         | 28.0%        |
| No. of staff                                    | 243           | 256           | 5.3%         |
| RWAs  | 2,148.0       | 2,486.6       | 15.8%        |
| Cost/income ratio (%)                           | 37.9%         | 37.1%         |              |
| Bad loans ( <i>sofferenze</i> )/loans ratio (%) | 0.0           | 0.0           |              |



## 10. Principal Investing

| PI<br>(€m)                                    | 12 mths      | 12 mths      | Chg. (%)      |
|---|--------------|--------------|---------------|
|   | 30/06/2018   | 30/06/2019   |               |
| Net interest income                           | (7.2)        | (7.1)        | -1.4%         |
| Net treasury income                           | 21.9         | 18.3         | -16.4%        |
| Net fee and commission income                 | —            | —            | n.m.          |
| Equity-accounted companies                    | 280.3        | 321.2        | 14.6%         |
| <b>Total income</b>                           | <b>295.0</b> | <b>332.4</b> | <b>12.7%</b>  |
| Labour costs                                  | (3.8)        | (3.9)        | 2.6%          |
| Administrative expenses                       | (1.0)        | (1.2)        | 20.0%         |
| <b>Operating costs</b>                        | <b>(4.8)</b> | <b>(5.1)</b> | <b>6.3%</b>   |
| Gains (losses) on disposal of equity holdings | 96.3         | 0.0          | n.m.          |
| Loan loss provisions                          | —            | —            | n.m.          |
| Provisions for other financial assets         | (1.8)        | (3.3)        | n.m.          |
| Other income (losses)                         | —            | —            | n.m.          |
| <b>Profit before tax</b>                      | <b>384.7</b> | <b>324.0</b> | <b>-15.8%</b> |
| Income tax for the period                     | (10.9)       | (9.8)        | -10.1%        |
| Minority interest                             | —            | —            | n.m.          |
| <b>Net profit</b>                             | <b>373.8</b> | <b>314.2</b> | <b>-15.9%</b> |
| Equity investments                            | 3,210.8      | 3,259.8      | 1.5%          |
| Other investments                             | 746.8        | 656.7        | -12.1%        |
| RWAs  | 6,256.6      | 5,641.6      | -9.8%         |

## 11. Holding Functions

| Holding Functions<br>(€m)                     | 12 mths        | 12 mths        | Chg. (%)     |
|---|----------------|----------------|--------------|
|   | 30/06/2018     | 30/06/2019     |              |
| Net interest income                           | (37.5)         | (47.1)         | 25.6%        |
| Net treasury income                           | 13.1           | 45.0           | n.m.         |
| Net fee and commission income                 | 15.5           | 7.4            | -52.3%       |
| Equity-accounted companies                    | —              | —              | n.m.         |
| <b>Total income</b>                           | <b>(8.9)</b>   | <b>5.3</b>     | <b>n.m.</b>  |
| Labour costs                                  | (118.2)        | (117.1)        | -0.9%        |
| Administrative expenses                       | (55.1)         | (60.5)         | 9.8%         |
| <b>Operating costs</b>                        | <b>(173.3)</b> | <b>(177.6)</b> | <b>2.5%</b>  |
| Gains (losses) on disposal of equity holdings | —              | —              | n.m.         |
| Loan loss provisions                          | (7.2)          | (9.0)          | 25.0%        |
| Provisions for other financial assets         | (0.3)          | 0.1            | n.m.         |
| Other income (losses)                         | (49.3)         | (54.8)         | 11.2%        |
| <b>Profit before tax</b>                      | <b>(239.0)</b> | <b>(236.0)</b> | <b>-1.3%</b> |
| Income tax for the period                     | 83.3           | 70.6           | -15.2%       |
| Minority interest                             | (3.2)          | (2.1)          | -34.4%       |
| <b>Net profit</b>                             | <b>(158.9)</b> | <b>(167.5)</b> | <b>5.4%</b>  |
| Loans and advances to customers               | 2,116.7        | 1,951.6        | -7.8%        |
| Banking book securities                       | 6,487.2        | 5,550.5        | -14.4%       |
| RWAs  | 4,016.0        | 3,504.7        | -12.7%       |
| No. of staff                                  | 801            | 810            | 1.1%         |



12. Statement of comprehensive income

|             |  | 12 mths                | 12 mths        |
|-------------|--|------------------------|----------------|
|             |  | 30/06/2018 *           | 30/06/2019     |
| <b>10.</b>  | <b>Gain (loss) for the period</b>  | <b>867.7</b>           | <b>826.2</b>   |
|             | <b>Other income items net of tax without passing through profit and loss</b>   | <b>(1.1)</b>           | <b>(11.9)</b>  |
| 20.         | Equity instruments designated at fair value through other comprehensive income                                       | —                      | 10,9           |
| 30.         | Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)                 | —                      | —              |
| 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  | (0.4)                  | (1.1)          |
| 80.         | Non-current assets and disposal groups classified as held for sale   | —                      | —              |
| 90.         | Portion of valuation reserves from investments valued at equity method   | (0.7)                  | (21.7)         |
|             | <b>Other income items net of tax passing through profit and loss</b>   | <b>(105.4)</b>         | <b>(133.3)</b> |
| 100.        | Foreign investment hedges  | —                      | —              |
| 110.        | Exchange rate differences  | (2.8)                  | 3.7            |
| 120.        | Cash flow hedges   | 29.3                   | (32.4)         |
| 130.        | Hedging instruments (non-designated items)   | —                      | —              |
| 140.        | Financial assets (different from equity instruments) at fair value through other comprehensive income <sup>(1)</sup> | (197.8) <sup>(1)</sup> | (23.2)         |
| 150.        | Non-current assets and disposal groups classified as held for sale   | —                      | —              |
| 160.        | Part of valuation reserves from investments valued at equity method  | 65.9                   | (81.4)         |
| <b>170.</b> | <b>Total other income items net of tax</b>   | <b>(106.5)</b>         | <b>(145.2)</b> |
| <b>180.</b> | <b>Comprehensive income (Item 10+170)</b>  | <b>761.2</b>           | <b>681.0</b>   |
| 190.        | Minority interest in consolidated comprehensive income   | 4.4                    | 3.3            |
| <b>200.</b> | <b>Consolidated comprehensive income attributable to Mediobanca S.p.A.</b>   | <b>756.8</b>           | <b>677.7</b>   |

\* The Group has availed itself of the right not to restate the comparative data for the first year of IFRS 9 adoption on a like-for-like basis. Accordingly, the figures for FY 2017-18, stated in accordance with IAS 39, are not fully comparable.

1) This item reports the change in item 100 "Available-for-sale financial assets" in accordance with Bank of Italy Circular no. 262/2005 (fourth amendment).



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

| Mediobanca S.p.A.<br>(€m)                     | 12 mths        | 12 mths        | Chg. (%)     |
|---|----------------|----------------|--------------|
|   | 30/06/2018     | 30/06/2019     |              |
| Net interest income                           | 95.1           | 91.8           | -3.5%        |
| Net treasury income                           | 146.8          | 184.9          | 25.9%        |
| Net fee and commission income                 | 270.7          | 231.1          | -14.6%       |
| Dividends on investments                      | 177.5          | 332.4          | 87.3%        |
| <b>Total income</b>                           | <b>690.1</b>   | <b>840.2</b>   | <b>21.8%</b> |
| Labour costs                                  | (237.8)        | (240.8)        | 1.3%         |
| Administrative expenses                       | (177.0)        | (178.8)        | 1.0%         |
| <b>Operating costs</b>                        | <b>(414.8)</b> | <b>(419.6)</b> | <b>1.2%</b>  |
| Gains (losses) on disposal of equity holdings | 96.3           | 0.0            | n.m.         |
| Loan loss provisions                          | 44.3           | 58.6           | 32.3%        |
| Provisions for other financial assets         | 1.1            | (4.8)          | n.m.         |
| Impairment on investments                     | (0.3)          | (4.2)          | n.m.         |
| Other profits (losses)                        | (32.7)         | (29.0)         | -11.3%       |
| <b>Profit before tax</b>                      | <b>384.0</b>   | <b>441.2</b>   | <b>14.9%</b> |
| Income tax for the period                     | (47.0)         | (55.0)         | 17.0%        |
| <b>Net profit</b>                             | <b>337.0</b>   | <b>386.2</b>   | <b>14.6%</b> |

| Mediobanca S.p.A.<br>(€m)              | 30/06/2018      | 30/06/2019      |
|--|-----------------|-----------------|
| <b>Assets</b>                          |                 |                 |
| Financial assets held for trading      | 8,211.9         | 10,047.3        |
| Treasury financial assets              | 9,236.0         | 11,517.4        |
| Banking book securities                | 11,454.9        | 10,779.3        |
| Customer loans                         | 25,745.1        | 28,671.0        |
| Equity Holdings                        | 3,831.0         | 3,876.5         |
| Tangible and intangible assets         | 155.4           | 147.6           |
| Other assets                           | 600.1           | 869.0           |
| <b>Total assets</b>                    | <b>59,234.4</b> | <b>65,908.1</b> |
| <b>Liabilities</b>                     |                 |                 |
| Funding                                | 39,173.0        | 42,753.7        |
| Treasury financial liabilities         | 7,287.4         | 8,636.2         |
| Financial liabilities held for trading | 6,510.5         | 8,280.3         |
| Other liabilities                      | 872.5           | 925.1           |
| Provisions                             | 105.5           | 126.0           |
| Net equity                             | 4,948.5         | 4,800.6         |
| Profit for the period                  | 337.0           | 386.2           |
| <b>Total liabilities</b>               | <b>59,234.4</b> | <b>65,908.1</b> |

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As required by Article 154-bis, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the financial information contained in this document corresponds to that contained in the company's documents, account books and ledger entries.

Head of Company Financial Reporting

Emanuele Flappini