



MEDIOBANCA

## MEDIOBANCA GROUP

### PUBLIC FORWARD-LOOKING COMMENTS

#### NOTABLE DATES – PAST

10 May 2024	Mediobanca BoD Financial statements for 9M to 31/03/24 approved CEO Confcall
22 May 2024	Payment of Mediobanca interim dividend (€0.51 p.s.)
6 June 2024	Mediobanca obtains BTP Specialist status
11 June 2024	Mediobanca cancels treasury shares equal to 2% of its share capital (or 17 million shares); share capital now €832m
13 June 2024	First SRT transaction involving Compass loans, enabling €500m RWA reduction

#### NOTABLE DATES - FUTURE

25 June 2024	Publication of “Public forward-looking comments” on website
11-17 July 2024	Collection of public estimates and consensus distribution
18 July 2024	Blackout period start
1 August 2024 – 7am CEST	FY 2023-24 results publication Press release and presentation
1 August 2024 - 10am CEST	CEO Confcall

#### FORWARD LOOKING COMMENTS since 9M/3Q24 results at end-March 2024

##### REVENUES:

*From the “Outlook” section in the 9M Results press release (10 May 2024): “Revenues are expected to increase to €3.5bn, with net interest income up 10% YoY, and fee income rising progressively, by leveraging on the following factors:*

- ◆ *Wealth Management: buoyant commercial activity, and solid expansion of the distribution structure, product and service offering, and indirect funding flows;*
- ◆ *Consumer Finance: new loans of over €8bn with margins resilient;*
- ◆ *Corporate and Investment Banking: consolidation of the recovery in both domestic and international activities”*



# MEDIOBANCA

## **NET INTEREST INCOME:** NII growth across BP horizon

- FY 2023-24: up 10%
- Additional information on 4Q: inflation coupon not material, cost of funding reflecting promotion on deposits launched in April, higher bonds replacing T-LTRO (€1.2bn reimbursed at end-March 2024). Loan volumes: CF positive trend, optimization in CIB.
- FY 2024-25: Low single-digit growth, driven by CF volumes and margins, resilient banking book
  - o NII sensitivity to interest rates: +/-€25m NII every +/- 50bps in rates
  - o SRT transaction closed in June 2024: €5m costs in FY 2024-25

*Alberto Nagel's comment in 10 May post-results call: "...let's break NII trend down into different components... Funding cost: we see after June a progressive decrease in funding cost... as we have put our effort into prefunding in the capital market, and bonds are more expensive than deposits. And starting from June, we should see a decrease in interest rates... And on the other hand, Compass had another very positive month in April... So a lower cost of funding, and a higher loan stock in Compass, priced at the right level. The weak part of the story is corporate and mortgage volumes, but we expect that the two main positives will be bigger than the two main negatives. This will bring an increase in NII also in FY 2024-25. Of course, it's going to be lower, we are talking about low-single-digit".*

## **FEE INCOME:**

- FY 2023-24 Group fees: material growth
- Fees growth in each year of BP-23-26 confirmed

### **CIB:**

*Alberto Nagel's comment: "In CIB, as I said, we are seeing a greater number of transactions announced. These transactions are coming from private capital, so a lot of private equity business-related activity, and also some M&A between corporates. The second positive is DCM. A third element which has been very robust and will stay so is certificates business. We are manufacturing certificates in CIB and we sell certificates to our Wealth Management customer base. So again, having CIB and Wealth Management combined is reaping the benefit of the two. There are also some weaknesses in the CIB market still. As I said, ECM is, for the time being, not as robust as we have anticipated, and acquisition finance is still behind what should be in the normal market".*

*"Arma is going according to expectations and basically is having an opportunity to grow in terms of new partners. Of course, execution, in terms of numbers, normally requires some quarters... I think we will see more of the benefit in 2025".*

### **WM:**

- TFAs at end-June 2024 >€98bn, with mix improvement expected to continue in favour of AUM

*Alberto Nagel's comment: "... Recruitment is going very well. We are looking at more quality and quantity ... Professionals that have entrepreneurs in their customer base are increasingly taken by our proposition, because we can serve them with products and expertise that, in some cases, they don't have where they are... However, this recruitment is not coming without costs. There are some legal costs, higher labour contracts. But I think overall, more AUM will generate a bigger operative leverage in Wealth Management. What we'll see is basically a trend of continuing growth in revenue in Wealth Management associated with lower cost income".*



# MEDIOBANCA

**INSURANCE** (from AG press release issued on 21 May 2024): approx. €160m equity-accounted income in 4Q

- Ass. Generali published its 1Q FY 2024 results on 21 May, reporting a Group net profit of €1,256m (including €58m from disposal of TUA Assicurazioni).
- MB's pro rata income is around €160m, to be consolidated in 4Q FY 2023-24

**COST/INCOME RATIO**: broadly flat at 44%

**Group COR**: on the low side of the 50-55 bps range

*Alberto Nagel's comment on Consumer Finance CoR in 4Q: "our ECL model is based on a scenario where interest rates are a bit lower and unemployment rate is lower as well...this increase in Consumer COR related to the mix [higher direct personal loans] is here to stay, but is not growing. We see, for the time being, little use of overlays for the next quarter".*

## **CAPITAL**

*Alberto Nagel's comment: "Capital generation has been strong. Basically...we are broadly at the level of December, so 15.2%. This was a result of earnings generation, payout, business growth and other 20 basis points including AG deductions, which in part will be reversed after the payment of the [AG] dividend. We have a temporary absorption of RWAs and capital, but this is going to be reversed in the coming quarter".*

- CET1 in 4Q FY 2023-24:
  - o Approx. +15bps from SRT lower RWA (€500m reduction)
  - o Approx. +25bps from AG dividend payment
- Distribution policy
  - o 70% cash payout
  - o A cumulative €1bn SBB was announced in BP 2023-26, €0.2bn of which has been made in FY 2023-24, with the remaining €0.8bn to be completed in the last 2Y of the BP

Other information:

- Basel IV: LGD benefit of approx. €1.5bn from Jan. 2025 onwards, impact of others broadly neutral (positive and negatives to balance each other out)
- CET1 sensitivity to +/-100bps spread BPT-Bund: less than +/-10bps

## **ONE-OFFS**

- DGS contribution: last approx. €25m due in July 2024 will be charged to P&L in 4Q FY 2023-24, for a total approx. €50m charged in 12M (first charge taken at end-Dec. 2023)



## CLEAR GROWTH OPPORTUNITIES AHEAD IN ANY SCENARIO INCLUDING IN A DECREASING INTEREST RATE ENVIRONMENT

Closing remarks

Section 4

9M Results Presentation,  
10 May 2024

	FY23	FY24	FY25	FY26 BP26T	3Y CAGR 23/26	
<b>Capital efficient growth</b>	➤ Revenues	€3.3bn	~€3.5bn	↑	€3.8bn	+5%
	➤ NII	€1.8bn	+10%	↑	↑	↑
	➤ Fees	€0.8bn	↑	↑	↑	↑
	➤ RWAs	€51bn	↓		€51bn	flat
	➤ TFAs	€88bn	>€98bn	↑	€115bn	+9%
<b>Visible value creation</b>	➤ EPS	€1.21	>€1.40	↑	€1.80	+14%
	➤ ROTC	13%	>13%	↑	15%	+2pp

**FY24: revenues up to ~€3.5bn, with material growth of both NII (+10%) and fees**  
**Cash dividend payout 70%, o/w €0.51 interim dividend to be paid on 22 May**  
**Double digit growth in EPS and DPS vs FY23**

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Note: at the current market conditions



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