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PRESS RELEASE

CheBanca! Board of Directors' Meeting
Financial statements for year ended 30 June 2022 approved

CheBanca! has posted outstanding commercial results for the year, despite the market turmoil seen in recent months, delivering material growth in TFAs, revenues and net profit, and confirming the effectiveness and resilience of its business model

TFAs[1] now total €33.9bn (up 4.2% YoY[2])

AUM/AUA up to €16.5bn (up 5.4% YoY), deposits up to €17.4bn (up 3.1% YoY)
Slight decline in 4Q (down 1.7% QoQ[2]) exclusively due to the negative market effect

NNM for 12M €2.8bn, €2.2bn of which AUM/AUA (up 8.5% YoY)

The outbreak of the conflict in Ukraine at end-February caused a slowdown in Net New Money (AUM/AUA) for 3Q (Jan.-March: €0.3bn); but NNM picked up again in 4Q (April-June: €0.6bn), returning to the levels seen last year (€0.7bn), and reporting a twofold increase QoQ

Customer loans totalling €11.4bn (up 2.7% YoY; *up 1.0% in 4Q*) with new loans in residential mortgages at high levels and stable, at €2.2bn, €0.7bn of which in 4Q *(vs €0.6bn in 3Q)*

Distribution network continues to strengthen (1,023 professionals, up 72 YoY, and 207 POS, up 2% YoY) – productivity levels again among the best on the market

Premier relationship managers total 507 (5 added in 4Q, 21 in 12M), responsible for €1.2bn of AUM/AUA in 12M
Financial advisors total 516 (9 added in 4Q, 51 in 12M), responsible for €1.0bn of AUM/AUA in 12M
105 CheBanca! branches and 102 FAs offices

Revenues total €393m (up 10%), on net interest income of €236m (up 3%) and fees of €155m (up 22%)

Growth in fees reflects the ongoing improvement of the product/service offering and asset profitability
4Q, in addition to the recovery in NNM, also saw excellent earnings results, with total revenues of €101m (up 4% QoQ), of which €41m in fees (up 8% QoQ)

Net profit up 26.5% to €62m

Cost/income ratio down to 72% (from 75%) despite the investments in distribution and enhanced operations
Loan loss provisions decreasing, with the cost of risk 0.12%

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1) Total Financial Assets: AUM + AUA + deposits.
2) YoY: end-June 2022 vs end-June 2021; QoQ: end-June 2022 vs end-March 2022.

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OPERATIONS AND PRODUCT PORTFOLIO DEVELOPMENT

The programme of investments in accordance with the direction outlined in the Mediobanca Group 2019-23 Strategic Plan continued in the twelve months, with ongoing commitment to the areas of digital innovation, distribution network and advisory model.

In the area of digital innovation, the mobile channel in particular has been strengthened: in February 2022 the migration of clients to the new mobile banking app was completed, to offer higher performance standards, improve user experience, and expand the range of functions and services. Work also continued on enhancing the new electronic money digital services.

Major investments have once again been made this year to upgrade the distribution network, both by relocating and refurbishing the existing branch offices, and by opening new ones in selected centres, to facilitate the strengthening of the commercial network.

Overall the distribution network now consists of 1,023 professionals: 507 Premier Relationship Managers (vs 486 at end-June 2021, with 21 added in 12M) and 516 Financial Advisors (465 at end-June 2021, with 51 added in 12M), working at 207 branches and POS (205 at end-June 2021, with 2 added in 12M).

The advisory platform strengthening and customer portfolio development activity continued during the year, with a view to guaranteeing portfolio protection and diversification, to protect customers' savings even in a complex market scenario like the one seen in the last six months.

The investment product offering has been further expanded in the twelve months through the strengthening of the Mediobanca SGR Portfolio Management Service for CheBanca! Premier, with the introduction of two new lines: "Medium Volatility" and "High Volatility", as well as distribution of the first Mediobanca SGR fund with management delegated to MFS. The placements for Mediobanca SGR's "Target Maturity Mediobanca Diversified Credit Portfolio 2028 Fund" have also been completed, along with the issue of 34 bonds and certificates, with priority given to structures that can offer high levels of protection.

The ongoing strengthening of the bank's relationships with its clients is confirmed by the high customer satisfaction levels recorded during the twelve months.

GROWTH IN BUSINESS VOLUMES

TFAs UP 4.2% TO €33.9bn, CUSTOMER LOANS UP 3.3% TO €11.4bn

- **Total Financial Assets** ("TFAs") **reached €33.9bn, up 4.2% YoY**, with the **AUM/AUA components up 5.4%**, to €16.5bn.

- **Net New Money ("NNM") in 12M totalled €2.8bn,** with inflows of **€0.4bn in 4Q** (€0,9bn 4Q FY 2020-21 e €0,9bn 3°trim.21/22). The **AUM/AUA component totalled €2.2bn in 12M (up 8.5% YoY) and €0.6bn in 4Q** (virtually double the €0.3bn reported in 3Q FY 2021-22 and in line with the €0.7bn recorded in 4Q FY 2020-21). The material presence of **insurance products** in clients' portfolios has helped mitigate the negative market effect **on AUM/AUA volumes to a reduction of €1.4bn** (**down 8.9%** since end-June 2021, €1.6bn of which in 2H, and €1.0bn in 4Q FY 2021-22). **AUM/AUA profitability continues to improve, being unaffected by performance fees.**

- **Direct funding**, helped in part by the deposit account promotions in 1Q and 3Q FY 2021-22, **reflects growth in 12M of €0.5bn**, with a slight reduction in 3Q of €0.1bn (vs growth of €0.2bn in 4Q FY 2020-21 and of €0.6bn in 3Q FY 2021-22*)*. The average cost of funding continues to decrease (from 27 bps to 17 bps in 12M) **due to**

growth in the transactional component, which reached €12.7bn, representing an increase of €1.3bn on 30 June 2021.

- **The growth in indirect funding** reflects major, balanced **contributions from both distribution channels in 12M:**
    - **The proprietary network** contributed **55% of the business,** generating **€1.2bn in NNM** in the AUM/AUA component. TFAs managed by the proprietary channel totalled €26.5bn (€25.8bn, up 2.8% YoY), of which €11.4bn in AUM/AUA (€11.0bn, up 3.6% YoY);
    - **The FAs channel** contributed **45% of the business,** generating **€1.0bn in NNM** in the AUM/AUA component. TFAs managed by the FAs totalled €7.4bn (€6.8bn, up 9.4% YoY), of which €5.0bn in AUM/AUA (€4.6bn, up 9.5% YoY).
- **Per capita productivity levels** in indirect funding remain **among the highest in the sector**.

Loans to households **rose to €11.4bn (up 2.7% YoY), on new loans for 12M of €2.2bn** and €0.7bn for 4Q. Asset quality has also improved since end-June 2021**. Gross NPLs declined, from €210.5m to €195.5m),** and account for 1.7% of total loans, compared with 1.9% at end-June 2021 **Net NPLs also fell, from €112.5m to €98.6m,** in part due to an **increase in the coverage ratio (from 46.6%** at the start of the financial year **to 49.6%)** and now represent 0.9% of net total loans. **Net bad debts also fell, from €43.2m to €33.5m,** and represent 0.3% of total net loans, **with the coverage ratio increasing from 60.3% to 66.5%**. Net stage 2 positions decreased from €840.3m at the start of the financial year to €784.4m at the balance-sheet date, and account for 6.9% of the total loan book.

As far as regards the **impact of mortgage repayment suspensions** due to the Covid-19 pandemic, **€19.6m are still outstanding** (0.2% of total loans) **prudentially reclassified as stage 2 or stage 3** (stage 2: 92%; stage 3: 8%). **Of the moratoria that have expired, 94.3% have resumed making regular repayments**, **3.7%** have recorded instances of **non-payment**, while the other 2**%** have been granted further **extensions to their expiries.**

PROFITABILITY CONTINUES TO GROW

REVENUES €393.0m (up 9.8%), NET PROFIT €61.6m (up 26.5%)

CheBanca! <u>delivered an extremely positive earnings performance over 12M</u> compared to last year:

- **Revenues increased by 9.8%** (or €35.0m; from €358.0m to €393.0m), **driven primarily by fee income which continues to post material growth, up 22.3% in 12M** (or €28.2m; from €126.6m to €154.8m), in particular the share attributable to **AUM (up 25.7%)**, the **recurring component especially (up 30,1%).** Net interest income also delivered growth of 3.1% (up €7.1m; from €229.3m to €236.4m);
- **Operating costs rose by 5.6%** (or by €15.0m; from €267.8m to €282.8m) due **both to labour costs, which were up €9.1m** (or 7.5%; from €122.1m to €131.2m) as a result of the distribution structure enhancement, higher business levels and franchise development, **and administrative expenses, which increased by €5.9m** (or 4.0%; from €145.7m to €151.6m), driven by investments in communication, rebranding activity, redevelopment and expansion of POS, and the increase in business;
- **The cost/income ratio improved significantly, from 74.8% to 72.0%;**

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- **Loan loss provisions decreased by €5.0m (from €18.6m to €13.6m)**, and despite **now including the prudential adjustments for moratoria, staging changes and use of overlays, which together contribute over €11m,** reflect the fact that the difficulties related to the lockdown period of the last years are now finally over and the moratoria successfully completed. **The cost of risk also decreased, from 0.17% to 0.12%;**
- The heading "Other items" reflects the **changes in fair value** of the UCITS segment stock units subscribed to as **seed capital** in order to facilitate the start-up phase of operations; these were impacted by the **negative stock market performance which took €4.8m off their value**.
- **GOP** totalled **€93.2m** (**up 27.7%** vs €73m last year);
- **Net profit climbed to €61.6m** (**up 26.5%**, vs €48.7m last year**).**

The <u>bank's earnings performance in 4Q FY 2021-22</u> reflects the following trends quarter-on-quarter:

- **Revenues rose by 3.7% (up €3.6m; from €97m to €100.6m).** This performance reflects increases in both net interest income, which rose 1% (up €0.6m; from €58.2m to €58.8m), and fees, which climbed by 7.8% (or €3.0m; from €38.4m to €41.4m) helped also by placements of AUA in 4Q. The contribution from AUM remains material, despite the negative market effect on volumes;
- **Operating costs were up 6.7% (or €4.6m; from €68.6m to €73.2m)** due chiefly to seasonal factors affecting operations and expansion;
- **Loan loss provisions** bore out the trend for the twelve months as a whole, **posting a €3.6m reduction (from €4.4m to €0.8m)** despite the overlays (which were increased by €5.6m in 4Q) being extended to include the performing mortgage loan book as well;
- **The heading "Other items" reflects net expense of €2.5m** (compared with net expense of €1.6m in 3Q), reflecting the impact of the **material adverse performance of markets in 4Q** on the UCITS subscribed to as seed capital;
- **GOP posted an increase of €1.7m in 4Q** (up 7.6%; from €22.4m to €24.1m);
- **Net profit was down slightly QoQ** by €0.4m (down 2.6%; from €15.4m to €15.0m).

CHEBANCA!'S COMMITMENT TO CSR ISSUES

The new initiatives launched in the last twelve months have broadened CheBanca!'s commitment to supporting the community, with a particular focus on children, adolescents and their families.

Two major projects launched with Dynamo Camp Onlus and the Progetto Arca Onlus Foundation continued throughout 2021.

Since January 2022 CheBanca! has been supporting the Milan and Monza-Brianza branch of the Italian Cancer League (LILT), helping to strengthen its Child Care Programme, which provides assistance to children and adolescents who are cancer patients and their families, who come to Milan to receive treatment from all over Italy and other countries as well.

The bank also continues to support the Academy of Woodwork, a social craft business set up from the partnership between CheBanca! and the "Contrada degli Artigiani" social co-operative, to counter the phenomenon of young

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people leaving school early by facilitating the inclusion of young people with social economic and personal difficulties in the workplace.

The partnership with the *Teatro Nazionale di Milano* has also been renewed: a prestigious institution in terms of its social and cultural value, the Milan National Theatre supports and promotes shows, musicals, concerts, and training initiatives for the young generations in these disciplines.

Milan, 22 July 2022

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1. RESTATED PROFIT AND LOSS ACCOUNT (€M)

CheBanca!	FY 2020-21	FY 2021-22	Chg.	Chg.
	30/6/21	30/6/22	YoY%	YoY
Net interest income	229.3	236.4	3.1%	7.1
Net treasury income	2.1	1.8	-14.3%	-0.3
Net fee and commission income	126.6	154.8	22.3%	28.2
Total income	**358.0**	**393.0**	**9.8%**	**35.0**
Labour costs	-122.1	-131.2	7.5%	9.1
Administrative expenses	-145.7	-151.6	4.0%	5.9
Operating costs	**-267.8**	**-282.8**	**5.6%**	**15.0**
Loan loss provisions/writebacks	-18.6	-13.6	-26.9%	-5.0
GOP	**71.6**	**96.6**	**34.9%**	**25.0**
Other items	1.4	-3.4	n.m.	-4.8
Profit before tax (1)	**73.0**	**93.2**	**27.7%**	**20.2**
Income tax	-24.3	-31.6	30.0%	7.3
Net profit	**48.7**	**61.6**	**26.5%**	**12.9**

(1) Profit before tax does not include €23.1m paid to DGS and €1.3m in writebacks to receivables vs Mediobanca S.p.A. included in the separate financial statements.

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

CheBanca!	3M	3M	3M	3M	3M
	30/6/21	30/9/21	31/12/21	31/3/22	30/6/22
Net interest income	59.5	60.5	59.0	58.2	58.8
Net treasury income	0.4	0.4	0.5	0.5	0.4
Net fee and commission income	34.0	34.5	40.5	38.4	41.4
Total income	**93.9**	**95.4**	**100.0**	**97.0**	**100.6**
Labour costs	-31.8	-31.9	-32.1	-32.0	-35.2
Administrative expenses	-41.0	-37.3	-39.7	-36.6	-38.0
Operating costs	**-72.8**	**-69.2**	**-71.8**	**-68.6**	**-73.2**
Loan loss provisions/writebacks	-3.2	-4.2	-4.2	-4.4	-0.8
GOP	**17.9**	**22.0**	**24.0**	**24.0**	**26.7**
Other items	0.3	0.1	0.6	-1.6	-2.5
Profit before tax	**18.2**	**22.1**	**24.6**	**22.4**	**24.1**
Income tax	-5.9	-7.2	-8.3	-7.0	-9.1
Net profit	**12.3**	**14.9**	**16.3**	**15.4**	**15.0**

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

CheBanca!	30/6/21	30/9/21	31/12/21	31/3/22	30/6/22
AUM	12,208	12,818	13,604	13,345	12,713
AUA	3,421	3,461	3,611	3,563	3,754
Deposits	16,920	17,163	17,028	17,583	17,450
Total TFAs	**32,549**	**33,442**	**34,243**	**34,491**	**33,917**

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

CheBanca!	30/6/21	30/9/21	31/12/21	31/3/22	30/6/22
AUM	8,040	8,303	8,698	8,560	8,168
AUA	3,002	3,019	3,161	3,094	3,277
Deposits	14,742	14,924	14,771	15,189	15,070
Total TFAs	**25,784**	**26,246**	**26,630**	**26,844**	**26,515**

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

CheBanca!	30/6/21	30/9/21	31/12/21	31/3/22	30/6/22
AUM	4,168	4,515	4,906	4,785	4,545
AUA	419	442	450	469	477
Deposits	2,178	2,239	2,257	2,394	2,380
Total TFAs	**6,765**	**7,196**	**7,613**	**7,648**	**7,402**

6. NET NEW MONEY (NNM, €M)

CheBanca!	3M 30/6/21	3M 30/9/21	3M 31/12/21	3M 31/3/22	3M 30/6/22
AUM	561	609	603	241	64
AUA	153	15	122	79	503
Deposits	176	243	-135	555	-133
Total Net New Money (NNM)	**889**	**866**	**590**	**876**	**434**

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

CheBanca!	3M 30/6/21	3M 30/9/21	3M 31/12/21	3M 31/3/22	3M 30/6/22
AUM	235	265	298	97	-18
AUA	139	-6	117	45	451
Deposits	102	182	-153	419	-119
Total TFAs	**476**	**441**	**263**	**560**	**314**

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

CheBanca!	3M 30/6/21	3M 30/9/21	3M 31/12/21	3M 31/3/22	3M 30/6/22
AUM	325	344	305	144	81
AUA	13	20	5	35	52
Deposits	74	62	18	136	-14
Total Net New Money (NNM)	**413**	**426**	**327**	**315**	**120**

9. OTHER ASSET INFORMATION (€M)

CheBanca!	12M 30/6/21	3M 30/9/21	6M 31/12/21	9M 31/3/22	12M 30/6/22
Mortgages – cumulative new loans	2,220	359	866	1,461	2,151
Loans to customers (stock)	11,063	11,096	11,253	11,252	11,367(1)

(1) The amount of loans to customers is virtually unchanged vs 31/12/21 due to a €0.6bn reduction in the fair value of fixed-rate mortgages hedged by derivatives.

10.INDICI

CheBanca!	30/6/21	30/9/21	31/12/21	31/3/22	30/6/22
Customers loans/customer deposits	65%	65%	66%	64%	65%
NPLs/total loans	1.02%	0.96%	0.96%	0.91%	0.87%
Net bad debts/total loans	0.39%	0.36%	0.34%	0.31%	0.29%
Cost/income ratio	74.8%	72.6%	72.2%	71.7%	72.0%

11. STRUCTURAL DATA

CheBanca!	30/6/21	30/9/21	31/12/21	31/3/22	30/6/22
No. of staff	1,461	1,461	1,473	1,471	1,489
o/w Premier relationship managers	486	495	503	502	507
No. of FAs	465	476	493	507	516
No. of branch offices	107	106	106	106	105
No. of FAs POS	98	98	98	100	102

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