

Milan, 14 October 2019

CheBanca! Board of Directors' Meeting Financial statements for 1Q 2019-20 approved

**Ongoing distribution network enhancement continues,
delivering strong commercial results for the quarter:
net AUM/AUA of €0.6bn gathered,
twice last year and aligned with best sector levels;
new mortgage loans of €0.6bn**

Revenues and gross profit growing

AUM/AUA now over €11bn (up 7% in 3M) and TFAs of €25.8bn (up 2% in 3M)

Customer loans total €9.5bn (up 5% in 3M)

Distribution network expanded further:

816 new professionals and 183 POS

Affluent relationship managers now total 451 (6 added in 3M), responsible for €0.3bn of AUM/AUA in 3M

Financial advisors now total 365 (30 added in 3M), responsible for €0.3bn of AUM/AUA in 3M

Revenues and gross profit post significant growth

Revenues of €77m reflect strong YoY growth of 7.2%, diversified between

net interest income of €55m (up 4.0%) and fees of €22m (up 15.5%)

Costs slightly higher at €60m (up 4.1%), due to expansion in operations and distribution

Gross profit up 32.7% ,to €13m

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At a Board meeting held today, the Directors of CheBanca! approved the bank's results for the three months ended 30 September 2019.

CheBanca! CEO GianLuca Sichel commented as follows:

"The results for the quarter confirm our bank's potential to grow. We are at the highest sector levels in terms of net assets gathered, with some €0.6bn in AUM/AUA collected and invested (around double last year's levels), and new mortgage loans, with €0.6bn granted in the three months (50% more than last year). We continue with our commitment to improve relations with our customers on a daily basis, identifying with their needs and offering them a simple and innovative platform for interacting with us, coupled with a full and fair product offering."

OPERATIONS AND PRODUCT PORTFOLIO DEVELOPMENT

- **Client base continues to grow**, with 875k clients (30/6/18: 865k), driven by the internet, proprietary branch network and FAs.
- **Banking activity strongly concentrated in remote channels**, with over 90% of transactions carried out via digital channel or at ATM.
- **Customer relations continue to be strengthened**, supported by ongoing investments in advisor training and certification, as demonstrated by high customer satisfaction data.
- **Distribution structure enhanced**. Overall the distribution network now consists of 451 relationship managers (vs 445 at end-June 2019 and 413 at end-September 2018) and 365 FAs (vs 335 at end-June 2019 and 244 at end-September 2018), working at 183 branches and POS (vs 180 at end-June 2019).
- **Offering enhanced**
 - The Mediobanca SGR product offering has been enhanced still further with the introduction of three new Mediobanca Global Multimanager funds of funds.
 - In August 2019 the offer of non-life insurance products was launched via an innovative digital platform integrated with the bank's other channels. The product offering initially consists of automotive, home, sports and travel insurance, with the customer able to choose between traditional annual policies and mini-policies with shorter durations and lower premiums.
 - The process of selling the former Micos Banca portfolio of bad debts was completed during the three months, consisting of 1,601 accounts with a gross book value of €136.8m.

GROWTH IN BUSINESS VOLUMES

TFAs UP 1.9%, TO €25.8bn, CUSTOMER LOANS UP 5.1%, TO €9.5bn

- **Total Financial Assets** ("TFAs") reached **€25.8bn**, up **1.9%** on end-June 2019, with an increase of 7.1% in the **AUM/AUA** segments, to €11.1bn.
- **Net New Money** ("NNM") for the quarter of **€0.3bn** (€0.6bn in 1Q FY 2018-19 and €0.4bn in 4Q 2018-19) reflects the reconversion from deposits to AUM/AUA, as follows:
 - **€0.6bn gathered in AUM/AUA** (€0.3bn in 1Q FY 2018-19 and €0.5bn in 4Q 2018-19)
 - **Outflow of €0.3bn in direct funding** (inflow of €0.3bn in 1Q FY 2018-19, and outflow of €0.1bn in 4Q 2018-19), with a reduction in the most expensive components: the average cost

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of funding was 10 bps lower in absolute terms than last year. Of the direct funding components, there was further growth in the highest loyalty-retention segment, i.e. current accounts and transactional products, up €0.4bn on end-June 2019, and breaking through the €9bn barrier to reach €9.2bn.

Growth in asset management values reflects a balanced contribution from the main distribution channels:

- **50% proprietary network:** €0.3bn of the NNM in the AUM/AUA segment. TFAs managed by the proprietary channel totalled €22.1bn, split between €8.7bn in AUM/AUA and €13.4bn in deposits.
- **50% FAs:** €0.3bn of the NNM in the AUM/AUA segment. TFAs managed by the FAs channel reached €3.7bn, split between €2.4bn in AUM/AUA and €1.3bn in deposits.
- **Loans to households climbed** again in the three months, from €9bn to €9.5bn, on new mortgage loans of €0.6bn (up 47.2% on 1Q last year). **Asset quality remained at excellent levels.** Gross NPLs rose slightly, from €178m to €184.7m, accounting for 1.9% of total loans, basically in line with the figure reported at end-June 2019. Net NPLs were also more or less stable, increasing from €102.5m to €105.1m, and accounting for 1.1% of net total loans, with a coverage ratio of 43.1% higher than the 42.4% at the start of the financial year. Net bad debts remained at basically the same levels reported at end-June, up from €39.9m to €41.3m, and account for 0.4% of total net loans, with the coverage ratio increasing from 56.9% to 57.4%. Since end-September 2019 CheBanca! has also been authorized to use the new definition of default provided for by the EBA guidelines of 28 September 2016.

PROFITABILITY IMPROVING ACROSS ALL TIME HORIZONS

The profit and loss account reflects a healthy performance compared to the same quarter last year:

- Revenues were up 7.2% (from €71.9m to €77.1m) **due in particular to fee income which continues to grow significantly** (up 15.5%, from €19.3m to €22.3m), with a positive contribution from net interest income which rose 4% (from €52.5m to €54.6m).
- **Operating costs increased slightly, by 4.1%** (up €2.4m, from €58m to €60.4m), chiefly due to labour costs which rose €2m (from €26.2m to €28.2m) linked to expansion of the distribution structure and despite the increase in operations and development of the franchise, while administrative expenses were up slightly, by 1.3% (up €0.4m, from €31.8m to €32.2m).
- **Loan loss provisions** were up 5%, or €0.2m (from €4m to €4.2m).
- **GOP** came in at **€13m, up 32.7%** on the €9.8m reported in 1Q FY 2018-19.
- **Net profit continues to increase, reaching €8.5m** (up 34.9% YoY, from €6.3m), reflecting the trends described previously.

The main profit-and-loss items performed as follows compared to 4Q FY 2018-19:

- Revenues were up 0.3% QoQ, or €0.2m (from €76.9m to €77.1m). of the revenue items, net interest income rose by 2.6%, or €1.4m (from €53.2m to €54.6m), while fee income was down 5.1%, or €1.2m (from €23.5m to €22.3m), chiefly due to seasonal factors affecting the banking component.
- Operating costs were down 2.1% QoQ, or €1.3m (from €61.7m to €60.4m), due to seasonal factors affecting operations and expansion.
- Loan loss provisions decreased by €0.4m QoQ, down 8.7% from €4.6m to €4.2m.
- Net profit increased by €0.9m QoQ, up 11.8% from €7.6m to €8.5m.

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1. RESTATED PROFIT AND LOSS ACCOUNT (€m)

CheBanca!	1Q FY 2018-19	1Q FY 2019-20	Chg. YoY%	4Q FY 2018-19	Chg. QoQ%
	30/9/18	30/9/19		30/6/19	
Net interest income	52.5	54.6	4.0%	53.2	2.6%
Net treasury income	0.1	0.2	100.0%	0.2	0.0%
Net fee, commission and other income	19.3	22.3	15.5%	23.5	-5.1%
Total income	71.9	77.1	7.2%	76.9	0.3%
Labour costs	-26.2	-28.2	7.6%	-26.7	5.6%
Administrative expenses	-31.8	-32.2	1.3%	-35.0	-8.0%
Operating costs	-58.0	-60.4	4.1%	-61.7	-2.1%
Loan loss provisions/writebacks	-4.0	-4.2	5.0%	-4.6	-8.7%
GOP	9.9	12.5	26.3%	10.6	17.9%
Other items	-0.1	0.5	n.m.	0.1	n.m.
Profit before tax	9.8	13.0	32.7%	10.7	21.5%
Income tax	-3.5	-4.5	28.6%	-3.1	45.2%
Net profit	6.3	8.5	34.9%	7.6	11.8%
Statutory net profit¹	6.3	8.7	38.1%	2.2	n.m.

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

CheBanca!	3M	3M	3M	3M	3M
	30/9/18	31/12/18	31/3/19	30/6/19	30/9/19
Net interest income	52.5	51.7	53.2	53.2	54.6
Net treasury income	0.1	0.3	0.2	0.2	0.2
Net fee, commission and other income	19.3	22.3	20.7	23.5	22.3
Total income	71.9	74.3	74.1	76.9	77.1
Labour costs	-26.2	-26.4	-26.6	-26.7	-28.2
Administrative expenses	-31.8	-31.1	-32.6	-35.0	-32.2
Operating costs	-58.0	-57.5	-59.2	-61.7	-60.4
Loan loss provisions	-4.0	-3.2	-1.9	-4.6	-4.2
GOP	9.9	13.6	13.0	10.6	12.5
Other items	-0.1	-0.2	0.2	0.1	0.5
Profit before tax	9.8	13.4	13.2	10.7	13.0
Income tax	-3.5	-3.8	-5.2	-3.1	-4.5
Net profit	6.3	9.6	8.0	7.6	8.5
Statutory net profit¹	6.3	-0.1	8.8	2.2	8.7

¹ Statutory net profit as stated here differs from the net profit stated for the affluent-premier segment of the Mediobanca Group, as it includes the contributions made to the interbank deposit guarantee fund and value adjustments made in respect of accounts outstanding with parent company Mediobanca S.p.A.

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

CheBanca!	30/9/18	31/12/18	31/3/19	30/6/19	30/9/19
AUM	6,503	6,650	7,252	7,711	8,440
AUA	2,170	2,262	2,517	2,623	2,629
Deposits	14,493	14,414	15,157	15,032	14,776
Total TFAs	23,166	23,326	24,926	25,366	25,845

4. CUSTOMER TFAs – FAs NETWORK (TFAs, €m)

CheBanca!	30/9/18	31/12/18	31/3/19	30/6/19	30/9/19
AUM	1,061	1,147	1,451	1,725	2,082
AUA	165	179	209	258	272
Deposits	779	896	1,027	1,125	1,354
Total TFAs	2,005	2,222	2,687	3,108	3,708

5. NET NEW MONEY (NNM, €m)

CheBanca!	3M 30/9/18	3M 31/12/18	3M 31/3/19	3M 30/6/19	3M 30/9/19
AUM	167	336	392	413	642
AUA	71	178	139	70	-96
Deposits	330	-79	743	-125	-256
Total net new money (NNM)	568	435	1,273	358	290

6. NET NEW MONEY – FAs NETWORK (NNM, €m)

CheBanca!	3M 30/9/18	3M 31/12/18	3M 31/3/19	3M 30/6/19	3M 30/9/19
AUM	118	137	242	256	326
AUA	16	21	24	48	5
Deposits	135	117	131	98	229
Total net new money (NNM)	269	275	398	402	560

7. OTHER ASSET INFORMATION (€m)

CheBanca!	30/9/18 - 3M	31/12/18 - 6M	31/3/19 - 9M	30/6/19 - 12M	30/9/19 - 3M
Mortgage loans (cumulative new loans)	377	829	1,234	1,783	556
Loans to customers (stock)	8,184	8,382	8,625	9,002	9,459

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8. INDICATORS/RATIOS

CheBanca!	30/9/18	31/12/18	31/3/19	30/6/19	30/9/19
Customers loans/customer deposits	56%	58%	57%	60%	64%
NPLs/total loans	1.7%	1.5%	1.5%	1.1%	1.1%
Net bad debts/total loans	0.9%	0.8%	0.8%	0.4%	0.4%
Cost/income ratio	80.7%	79.0%	78.7%	79.5%	78.3%

9. STRUCTURAL DATA

CheBanca!	30/9/18	31/12/18	31/3/19	30/6/19	30/9/19
No. of staff	1,326	1,330	1,339	1,364	1,380
o/w affluent-premier relationship managers	413	418	431	445	451
No. of FAs	244	288	319	335	365
No. of branch offices	111	110	110	110	107
No. of FAs POS	51	59	64	70	76