

## **CheBanca! Board of Directors' Meeting Financial statements for 1Q 2020-21 approved**

**NNM, TFAs and revenues all growing  
due to strong commercial activity versus clients**

**Ongoing investment in distribution network  
Strengthening of brand identity and  
product offering for affluent and premier clients**

**TFAs increase to €28.7bn (up 3.3% in 3M) with NNM of €0.8bn (more than double 1Q 2019-20)**

**AUM/AUA now €12.9bn (up 3.5% in 3M)  
Customer loans total €10.4bn (up 1.4% in 3M) with new loans in residential mortgage  
lending totalling €0.4bn**

**Distribution network expanded further:  
894 professionals and 199 POS  
Affluent relationship managers now total 472 (18 added in 3M), responsible for €0.5bn of NNM in 3M  
Financial advisors now total 422 (8 added in 3M), responsible for €0.3bn of NNM in 3M**

**Revenues and gross profit improving materially  
Revenues up 7.7% on 1Q 2020-21 to €83m,  
driven by strong growth in fee income (up 22%, to €27.2m)  
Costs up 5% to €63.4m, due to expansion in operations and distribution  
Profit before tax up 6.9% to €13.9m**

# CheBanca!

**CheBanca! delivered a healthy performance for the three months under review, in terms of commercial activity, assets under management and revenues, on the back of a solid trend in deposit gathering and a strong upturn in mortgage lending compared to the spring months when lockdown was in force. Investment in human resources and technology has also continued, in line with the priorities of the Mediobanca Group's 2019-23 Strategic Plan, with a gradual brand repositioning and the product offering being geared towards the affluent/premier client bracket**

## **OPERATIONS AND PRODUCT PORTFOLIO DEVELOPMENT**

- **New advertising campaign launched:** the "Increase your Vision" campaign was launched, focusing on the CheBanca! advisory approach. With bespoke advice based on dialogue with its customers and a sophisticated technology platform, CheBanca! is positioning itself to partner its clients in their financial planning, starting from their objectives and incorporating them into a long-term vision, combining competence, innovation and sustainability.
- **Investments in corporate brand identity:** the entire communication platform was overhauled in the month of September, with full restyling of the institutional website, the digital channels and progressively also the layout of the branch offices throughout Italy.
- **Ongoing enhancement of distribution structure:** overall the distribution network now consists of 472 affluent and premier relationship managers (vs 454 at end-June 2020) and 422 FAs (vs 414 at end-June 2020), working at 199 branches and POS (vs 192 at end-June 2020).
- **Placement of new Target Maturity Fund completed:** Mediobanca Diversified Credit Portfolio 2024 placed by Mediobanca SGR.
- **Open architecture offering strengthened,** with two new distribution agreements.
- **New premier current account:** a new account has been launched for investors, with a competitive annual charge which can be eliminated by the client through use of certain services. The account includes securities, all the main transactions available at bank branches via home banking and app, plus a debit card enabling account holders to make withdrawals and payments wherever they are in the world.
- **Customer relations continue to be strengthened:** high customer satisfaction levels and increased solidarity with clients during the emergency period are borne out in the customer satisfaction surveys performed by SWG in June and July 2020.

Regarding moratoria, initiatives to support customers continued during the three months under review. As at 30 September 2020 the moratoria granted involved loans worth a total of €646m (30/6/20: €601m); the first moratoria falling due worth €118m expired during the quarter, 85% of which resumed repayments as normal. With reference to the credit lines permitted under the terms of the Liquidity Decree, loans worth €10m were granted, €9m of which assisted by 100% guarantees issued by the SME Guarantee Fund.

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## GROWTH IN BUSINESS VOLUMES

**TFAs UP 3.3% TO €28.7bn, CUSTOMER LOANS UP 1.4% TO €10.4bn**

- **Total Financial Assets (“TFAs”)** reached **€28.7bn**, up **3.3%** on end-June 2020, with a **3.5% increase in AUM/AUA**, to €12.9bn.
- **Net New Money (“NNM”) in 3M totalled €0.8bn** (vs €0.3bn in 1Q 2019-20 and €0.9bn in 4Q 2019-20), reflecting a balanced composition between deposits and AUM/AUA. The growth in deposits in particular, assisted by the promotion on deposit accounts, reflects customers’ demand to retain liquidity in a situation of global uncertainty.

Growth in AUM reflects a balanced contribution from the leading distribution channels:

- **50% Relationship Managers:** €0.2bn in NNM in the AUM/AUA component. TFAs managed by the proprietary channel totalled €23.3bn, split between €9.5bn in AUM/AUA and €13.8bn in deposits.
- **50% Financial Advisors:** €0.2bn in NNM in the AUM/AUA component. TFAs managed by the Financial Advisors channel totalled €5.4bn, split between €3.4bn in AUM/AUA and €2bn in deposits.
- **Loans to households rose** in 3M, from €10.2bn to €10.4bn, on new mortgage loans of €0.4bn. **Asset quality remains at excellent levels.** Gross NPLs increased, from €194.9m to €204.1m, and account for 1.94% of total loans (slightly higher than the 1.88% reported at 30 June 2020). Net NPLs increased from €110.3m to €113.1m, and represent 1.09% of total net loans with a coverage ratio of 44.6% (vs 43.4% at the start of the year). Net bad debts increased, from €46.3m to €49.2m, and account for 0.47% of total net loans, with the coverage ratio decreasing from 56.2% to 54.6%. The net value of loans classified as stage 2 reduced from €623m to €615m.

## PROFITABILITY IMPROVING ACROSS ALL TIME HORIZONS

**The profit and loss account reflects a healthy performance** compared to 1Q 2019-20:

- Revenues were up 7.7% (from €77.1m to €83,0m) **due in particular to fee income which continues to grow materially** (up 22%; from €22.3m to €27.2m), with a positive contribution from net interest income which rose by 1.6% (from €54.6m to €55.5m).
- **Operating costs rose by 5%** (up €3m; from €60.4m to €63.4m), chiefly due to labour costs which rose by €2.2m (from €28.2m to €30.4m) linked to expansion of the distribution structure, the increase in operations and development of the franchise, while administrative expenses were up slightly, by 2.5% (or €0.8m; from €32.2m to €33m).
- **Loan loss provisions** rose by €1.8m (from €4.2m to €6m), due to the negative economic scenario and prudential estimates in connection with status downgrades generated by loans for which moratoria have been granted.
- **GOP** came in at **€13.9m, up 6.9%** on the €13m reported in 1Q FY 2019-20.
- **Net profit continues to increase, reaching €9.2m** (up 8.2%, from €8.5m), reflecting the trends described above.

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The main profit-and-loss items performed as follows **compared to 4Q FY 2019-20**:

- **Revenues were up 3.1%, or €2.5m (from €80.5m to €83m)**. Of the revenue items, net interest income rose by 3%, or €1.6m (from €53.9m to €55.5m), and fee income by 4.2%, or €1.1m (from €26.1m to €27.2m).
- **Operating costs were down 1.4%, or €0.9m (from €64.3m to €63.4m)**, chiefly due to seasonal factors affecting operations and expansion.
- **Loan loss provisions decreased by €2m, or 25% (from €8m to €6m)**.
- **Gross and net profit both increased**, respectively by €4.8m, or 52.7% (from €9.1m to €13.9m) and by €2.9m, or 46% (from €6.3m to €9.2m).

Milan, 20 October 2020

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## 1. RESTATED PROFIT AND LOSS ACCOUNT (€M)

CheBanca!	1Q FY 2019-20	1Q FY 2020-21	Chg. YoY%	Chg. YoY
	30/9/19	30/9/20		
Net interest income	54.6	55.5	1.6%	0.9
Net treasury income	0.2	0.3	50.0%	0.1
Net fee, commission and other income	22.3	27.2	22.0%	4.9
<b>Total income</b>	<b>77.1</b>	<b>83.0</b>	<b>7.7%</b>	<b>5.9</b>
Labour costs	-28.2	-30.4	7.8%	2.2
Administrative expenses	-32.2	-33.0	2.5%	0.8
<b>Operating costs</b>	<b>-60.4</b>	<b>-63.4</b>	<b>5.0%</b>	<b>3.0</b>
Loan loss provisions/writebacks	-4.2	-6.0	42.9%	1.8
<b>GOP</b>	<b>12.5</b>	<b>13.6</b>	<b>8.8%</b>	<b>1.1</b>
Other items	0.5	0.3	n.m.	-0.2
<b>Profit before tax</b>	<b>13.0</b>	<b>13.9</b>	<b>6.9%</b>	<b>0.9</b>
Income tax	-4.5	-4.7	4.4%	0.2
<b>Net profit</b>	<b>8.5</b>	<b>9.2</b>	<b>8.2%</b>	<b>0.7</b>

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

CheBanca!	3M	3M	3M	3M	3M
	30/9/19	31/12/19	31/3/20	30/6/20	30/9/20
Net interest income	54.6	54.0	51.6	53.9	55.5
Net treasury income	0.2	0.3	0.4	0.5	0.3
Net fee, commission and other income	22.3	27.7	25.8	26.1	27.2
<b>Total income</b>	<b>77.1</b>	<b>82.0</b>	<b>77.8</b>	<b>80.5</b>	<b>83.0</b>
Labour costs	-28.2	-28.9	-28.5	-30.1	-30.4
Administrative expenses	-32.2	-33.8	-33.9	-34.2	-33.0
<b>Operating costs</b>	<b>-60.4</b>	<b>-62.7</b>	<b>-62.4</b>	<b>-64.3</b>	<b>-63.4</b>
Loan loss provisions	-4.2	-3.2	-4.0	-8.0	-6.0
<b>GOP</b>	<b>12.5</b>	<b>16.1</b>	<b>11.4</b>	<b>8.2</b>	<b>13.6</b>
Other items	0.5	0.0	-1.5	0.9	0.3
<b>Profit before tax</b>	<b>13.0</b>	<b>16.1</b>	<b>9.9</b>	<b>9.1</b>	<b>13.9</b>
Income tax	-4.5	-5.6	-3.3	-2.8	-4.7
<b>Net profit</b>	<b>8.5</b>	<b>10.5</b>	<b>6.6</b>	<b>6.3</b>	<b>9.2</b>

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

CheBanca!	30/9/19	31/12/19	31/3/20	30/6/20	30/9/20
AUM	8,440	9,349	8,795	9,622	10,029
AUA	2,629	2,656	2,422	2,882	2,916
Deposits	14,776	14,460	15,052	15,277	15,746
<b>Total TFAs</b>	<b>25,845</b>	<b>26,465</b>	<b>26,269</b>	<b>27,781</b>	<b>28,691</b>

## 4. CUSTOMER TFAs – FAs NETWORK (TFAs, €M)

CheBanca!	30/9/19	31/12/19	31/3/20	30/6/20	30/9/20
AUM	2,082	2,571	2,429	2,873	3,066
AUA	272	287	278	340	349
Deposits	1,354	1,429	1,803	1,861	1,964
<b>Total TFAs</b>	<b>3,708</b>	<b>4,287</b>	<b>4,511</b>	<b>5,074</b>	<b>5,379</b>

## 5. NET NEW MONEY (NNM, €M)

CheBanca!	3M 30/9/19	3M 31/12/19	3M 31/3/20	3M 30/6/20	3M 30/9/20
AUM	642	807	170	366	302
AUA	-96	15	91	317	47
Deposits	-256	-316	592	225	469
<b>Total net new money (NNM)</b>	<b>290</b>	<b>506</b>	<b>853</b>	<b>909</b>	<b>818</b>

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

CheBanca!	3M 30/9/19	3M 31/12/19	3M 31/3/20	3M 30/6/20	3M 30/9/20
AUM	326	446	191	219	141
AUA	5	16	37	45	13
Deposits	229	75	374	58	103
<b>Total net new money (NNM)</b>	<b>560</b>	<b>536</b>	<b>602</b>	<b>322</b>	<b>257</b>

## 7. OTHER ASSET INFORMATION (€M)

CheBanca!	30/9/19 3M	31/12/19 6M	31/3/20 9M	30/6/20 12M	30/9/20 3M
Mortgages (cumulative new loans)	556	1,313	1,791	2,173	416
Loans to customers (stock)	9,459	9,814	10,069	10,235	10,382

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## 8. INDICATORS/RATIOS

CheBanca!	30/9/19	31/12/19	31/3/20	30/6/20	30/9/20
Customers loans/customer deposits	64%	68%	67%	67%	66%
NPLs/total loans	1.1%	1.0%	1.0%	1.1%	1.1%
Net bad debts/total loans	0.4%	0.4%	0.4%	0.5%	0.5%
Cost/income ratio	78.3%	77.4%	78.3%	78.7%	76.4%

## 9. STRUCTURAL DATA

CheBanca!	30/9/19	31/12/19	31/3/20	30/6/20	30/9/20
No. of staff	1,380	1,392	1,415	1,430	1,438
o/w affluent-premier relationship managers	451	453	454	454	472
No. of FAs	365	395	409	414	422
No. of branch offices	107	107	107	107	108
No. of FAs POS	76	83	83	85	91

*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*

*Stefano Radice*