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Testo del comunicato

Vedi allegato

MEDIOBANCA

FINANCIAL STATEMENTS FOR 6M TO 31/12/23 APPROVED

EFFECTIVE START TO 2023-26 STRATEGIC PLAN "ONE BRAND - ONE CULTURE"

FOCUS ON CAPITAL-LIGHT GROWTH

Wealth Management TFAs up €5.5bn to €94bn

RWAs down 5%[1] due to optimization in Investment Banking

Revenues over €1.7bn (up 4% YoY[2]), net profit €611m (up 10% YoY)

Net interest income ~€1bn (up 18% YoY), fee income (€422m) accelerating in 2Q (up 35% QoQ[2] to €242m), solid contribution from Insurance activities (~€220m)

Robust capital generation CET1[3] 15.3%
despite -125 bps impact of share buyback, acquisitions and AIRB models

VALUE CREATION

EPS 6M €0.72 (up 10% YoY), TBVPS €11.1 (up 12% YoY)

Profitability increasing further: ROTE 13.3%, RoRWA 2.5%

HIGH, VISIBLE PROFIT DISTRIBUTION FOR SHAREHOLDERS

First interim dividend payment due in May 2024

Cash payout 70%, €200m share buyback being executed

M&A AS GROWTH DRIVER

CIB: acquisition of Arma Partners (advisory in digital/tech space)

CF: acquisition of HeidiPay (Swiss BNPL specialist)

HF: sale of Revalea (Italian NPLs acquisition)

MB SpeedUp launched, to create and invest in startups in the digital sector

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[1] HoH: end-December 2023 vs end-June 2023

[2] YoY: 6M to end-December 2023 vs 6M to end-December 2022; QoQ chg.: 3M to end-December 2023 vs 3M end-September 2023.

[3] CET1 (phase-in and fully-loaded) pro forma, considering the Danish Compromise as permanent (benefit of ~100 bps) net of the dividend payout of 70%.

MEDIOBANCA

WM – Priority objective for the Group, distinctive positioning in Private Investment Banking (PIB)

MB Premier: rebranding launched on 15 January 2024, with excellent feedback from clients and potential future collaborators

Growth driven by distinctive Private & Investment Bank positioning
15 deals executed in 1H with €0.5bn in NNM
NNM confirmed at double system average[4] (Assoreti)

Double-digit growth in TFAs (up 12% to €94bn), NNM (€4bn in 6M), **revenues** (~€460m, up 12% YoY) **and net profit** (€100m, up 22% YoY)

Offering strengthened through enhancement of Group synergies

CIB – Focus on K-light growth

RWA density[5] down 15 pp (from 61% to 46%) **due to increasingly selective approach to new loans and risk mitigation measures being implemented**

Rich IB deal pipeline ahead, solid performance in Mid Corporate segment, effective partnership with Private Banking

Partnership with Arma Partners now completed and effective
First consolidation in 2Q, represents 40% of growth in CIB revenues in 2023-26 Strategic Plan

New initiatives launched (35% of growth in CIB revenues in 2023-26 Strategic Plan): **Energy Transition, International Mid Cap, BTP Specialist**

CF – Growth through multichannel leadership and independent distribution

Focus on proprietary and digital channels

New loans solid (€3.9bn in 1H, >€2bn of which in 2Q) **despite asset repricing and more prudent lending criteria**

Increase in new client acquisition rate driven by BNPL, following the contribution of HeidiPay and Nexi agreement

Profitability and asset quality resilient
Net profit in 6M €194m
Net NPLs/loans 1.5%, COR in 6M 166 bps, €187m overlays intact

HF - Effecting funding action

€2.8bn in bonds issued, €2.2bn of T-LTRO repaid 6 months ahead of schedule

Avg. cost of funding below expectations (most recent issues 145 bps, vs 185 bps 2024 bdg)

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4 NNM/(AUM+AUA); vs Assoreti average.
5 CIB density calculated as: CIB RWAs/ CIB assets

Alberto Nagel, CEO of Mediobanca, said: "The Group has made a very positive start to FY 2023-24, laying firm foundations for development of the initiatives provided for in the Strategic Plan, and delivering excellent results in terms of value creation and capital efficiency. In 1H the Group has posted a record bottom-line 6M result, with net profit of over €610m, reducing RWAs by more than €2bn, and increasing ROTE to over 13%. ***Going forward, in the coming months the main business lines will benefit from their good positioning in a decreasing interest rate environment and from new strategic initiatives intended to leverage the 'One Brand-One Culture' Plan vision and affirm the Mediobanca Group as a Wealth Manager".***

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The Group has continued on its path to growth, closing the six months with **results at an all-time high: revenues €1,731m (up 4% YoY), net profit €611m (up 10% YoY), EPS 6M €0.72 up 10% YoY), ROTE 13.3% (up 60 bps since end-June 2023), RoRWA 2.5% (up 10 bps since end-June 2023)** in a still uncertain operating scenario due to geopolitical events and the macroeconomic trend, but which towards the end of 2023 saw a positive performance on the leading financial markets driven by expectations of an easing of monetary policies. **The results represent a positive start to implementation of the new 2023-26 Strategic Plan "One Brand-One Culture" (targets: revenues €3.8bn, ROTE 15%, EPS €1.80, by end-June 2026).**

Revenues were boosted by growth in all divisions (WM up 12% to €458m, CF up 4% to €584m, INS up 13% to €223m, HF up 65% to €134m). CIB, despite posting a 20% reduction year-on-year (revenues of €342m), reported significant growth in 2Q (up 42% QoQ, back to above €200m), due to the recovery in Investment Banking activity plus the consolidation of Arma Partners for 3M.

The main highlights were as follows:

- **Robust commercial performance, geared towards increasingly selective growth in RWAs, and driven by value and lower capital absorption:**

  - **TFAs climbed by €5.5bn in 6M to €94bn** (up €4.4bn QoQ), **driven by inflows of AUM/AUA (NNM €4.2bn, 50% of which high quality[6])** which totalled €66bn (up 21% YoY, up 7% QoQ). Active management of funding, coupled with the sale of investment products structured by Mediobanca, have enabled the Group to meet much of the demand for higher returns that has characterized the whole sector, while at the same time enabling deposits to remain high (at €27.7bn, basically stable for the period);

  - **Risk-Weighted Assets (RWAs) have dropped by over €2bn in 6M and by almost €3.5bn in 12M,** despite application of the AIRB models in Consumer Finance (which has entailed an increase in RWAs of approx. €0.9bn), **due to the selective**

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[6] Including €0.5bn in AUM, €0.2bn in MB bond placements, and €1.5bn in certificates/structured products and other placements.

trend in lending (down 3% YoY, with CIB down 11%, CF up 4%, and WM up 3%), and to the **launch of the risk mitigation measures in CIB.**

- **Revenues up 4% to €1,731m,** split equally between 1Q and 2Q:
  - **Net interest income totalled ~€1bn** (to €997m, **up 18% YoY**) with strong contributions from CF (up 4% YoY, on €3.9bn in new loans), WM (up 24% YoY), and HF (up 3x at €103m), on the back of asset repricing, securities portfolio expansion, and careful cost of funding management. The QoQ trend saw a slight increase in **2Q (>€500m, up 1% QoQ)** despite the lower contribution from inflation-linked coupons which were a feature of the securities portfolio last year.
  - **Net fee and commission income totalled €422m (down 11% YoY, with 2Q up 35% QoQ to €242):** the solid performance in WM (fees up 5% YoY) was not sufficient to offset the reduction in CIB, impacted by an unfavourable comparison base with the record 6M performance in 1H FY 2022-23. 2Q saw a significant reversal of this trend, with a recovery in IB activity plus the consolidation of Arma Partners which added €24m.
  - **Trading revenues €93m,** in line with last 12M average.
  - **Growth in Insurance business (up 12% to €219m),** driven by the good performance posted by Assicurazioni Generali, with a lower contribution in 2Q due to the impact of claims related to catastrophes.
- **Cost/income ratio 42% (stable YoY)**, including the ongoing investments in distribution, innovation and talent, plus the impact of inflation. The Group increased its headcount by some 240 people, including around 80 as a result of the changes in consolidation area, with ongoing development of projects and technology.
- **Asset quality remains excellent, with high overlays** (~€245m, with €22m used in CF)**. The Group's cost of risk remains low at 51 bps (57 bps in 2Q), with the increase in CF (from 146 bps to 166 bps) mitigated by the trend in CIB** (where the cost of risk was virtually nil). **The Group's gross NPLs were down slightly** due to the sale of two corporate positions with high coverage (2.4% of total loans gross and 0.8% net); **positions classified as Stage 2 were up marginally QoQ** (5.9% gross and 5.3% net). **The coverage ratios remained high**: 69% of NPLs, 1.41% for performing loans at Group level, and 3.74% for performing loans for the CF division.
- **Net profit €611m** (up 10% YoY), with **ROTE adj. at 13.3%** (up 60bps HoH), **RoRWA adj. 2.5%** (up 20 bps HoH).
- **Significant growth in the per share values: EPS 6M €0.72 (up 10% YoY), TBVPS €11.1 (up 12% YoY)**.
- **Capital base remains high: CET1 ratio 15.3%,**[3] down 60 bps in 1H (30/6/23: 15.9%). The substantial earnings generation plus the risk mitigation measures implemented have allowed approx. 150 bps of capital to be generated which in turn has financed 85 bps of cash pay-out and absorbed some of the 125 bps negative impacts upfronted in 6M: share buyback (€0.2bn, approx. -45 bps), introduction of AIRB models in Consumer Finance (-25 bps), and the Arma Partners acquisition (-60 bps, set to reduce to 30 bps in the coming years due to the use of treasury shares to complete the acquisition).

All the divisions posted material growth, ahead of the Strategic Plan objectives:

- **WM: TFAs up €5.5bn in 6M, aligned with 2023-26 Strategic Plan. Record revenues and net profit (~€460m and ~€100m respectively), with NNM of €4.2bn (AUM/AUA). RoRWA[7] up from 3.1% to 3.6%. Development continues in line with strategy, with recruitment of senior resources, enhancement of product offering and repositioning vs higher-end customer brackets.**

  Revenues climbed by 12% to €458m, driven by **net interest income (up 24%)** because of the rising interest rates while managing the cost of deposits, whereas fees were up 5% (to €240m), in a market scenario which confirms the investor preference for products under administration and where markets rose strongly towards the year-end. **TFAs reached €93.6bn** (up 12% YoY, €66bn of which AUM/AUA), **on NNM of €4.2bn in AUM/AUA, 50% of which high-quality assets.**[5] In **Private Banking,** Private & Investment Banking client coverage activities have continued, intercepting some €0.5bn in liquidity events and more than 15 mid corporate deals, and the product offering in the Private Markets and portfolio management segments being enhanced. The market scenario has also significantly facilitated the sale of structured products. In Premier Banking, efforts to strengthen the fixed-income product offering especially by leveraging on Group synergies have continued. **On 15 January the rebranding of CheBanca! as Mediobanca Premier was launched,** an important pillar of the 2023-26 Strategic Plan which is expected to make a strong contribution to the Group's growth (adding approx. €10bn in TFAs in 3Y to end-June 2026). In the Asset Management segment there was a resumption in CLOs activity, with €0.4bn placed, and launch of a special situation fund.

- **CIB: Strategic Plan initiatives launched, with enhanced co-operation with Private Banking, asset optimization (RWAs down 27% YoY to €16bn), completion of the partnership with Arma, institution of the Energy Transition team, and launch of Mid Corp activities outside Italy plus the process to become BTP specialist. Revenues recovered in 2Q, on the back of higher IB activity and consolidation of Arma Partners for 3M. RoRWA[7] stood at 1.2%.**

  Revenues of €342m were 20% lower than the record levels reported a year ago, reflecting the soft operating scenario in the investment banking market, which has been impacted by the market volatility and the rise in interest rates. **However, revenues were back over €200m in 2Q due to the recovery of activities in all products, and in Large and Mid Cap advisory in activity in particular, coupled with the consolidation of the Arma Partners boutique from the start of October 2023** (adding fees of €24m in the quarter, 15 deals announced since July 2023 in the digital economy segment). Arma Partners is expected to contribute 40% of the division's growth in the 2023-26 Strategic Plan. **The quality of the loan book was again high with net writebacks cancelling out writedowns**. Net profit came in at €108m (down 26% YoY, up 27% QoQ), with RoRWA at 1.2%.

[7] RoRWA adjusted for writedowns/impairment to equity investments and securities, and other positive/negative non-recurring items.

- **CF: profitable and resilient: revenues up 4% to €584m (an all-time record), net profit stable at €194m, RoRWA[7] slightly lower at 2.7% due to introduction of the AIRB models (resulting in €0.9bn higher RWAs), cost/income ratio 30% (up 1pp).**

  The solid performance in new loans continues (€3.9bn, taking the loan book to €14.7bn, up 4% YoY), driven by the **effectiveness of both direct distribution** (which now generates 80% of personal loans disbursed) **and digital distribution** ("digitally originated" personal loans now account for **33% of the total direct channel**), plus growth by the **Buy Now Pay Later (BNPL)** segment **(new business of approx. €207m, equal to 29% of the all special purpose loans), helped by the acquisition of HeidiPay and the launch of the Nexi agreement,** both initiatives closed near the end of 2023, that are expected to enhance the Group's capability in terms of new client acquisition. Net interest income of €513m (up 4% YoY) was boosted by higher volumes despite rising interest rates (new business has been repriced in full) and the more prudent approach to new loans. **Credit quality is proceeding in accordance with expectations, with a slight increase in the risk indicators and in the cost of risk from 145 bps (FY 2022-23 avg.) to 166 bps**. The coverage ratios remain high, at 76% for NPLs and at 3.74% for performing loans.

- **INSURANCE: high contribution and profitability in the new interest rate scenario.**

  Revenues €223m, up 13% YoY, on a robust and improving operating performance from Assicurazioni Generali, with the 2Q result (€76.7m) impacted by claims in connection with catastrophic events. Net profit by the division totalled €223m (up 22% YoY). RoRWA[7] was high (at 3.2%). The Division's market value (NAV) remained stable in 2Q at the level recorded at end-June 2023 (€3.9bn).

- **HF: dynamic asset and liability management, effective capabilities in terms of raising funding at competitive costs.**

  Funding was stable at €60.6bn: bond issuance activity (€2.8bn issued, versus €1.4bn in redemptions) enabled the scheduled T-LTRO prepayment to go ahead (€2.2bn repaid six months in advance)**, with no impact on the regulatory ratios (NSFR 120%, LCR 156%, CBC €17.8bn) and at a lower than expected cost (average cost of issues: 145 bps, vs 185 bps budgeted for FY 2023-24).** Deposits declined slightly, but rose 1% QoQ to €27.7bn, in a scenario where the Group's lendings have reduced and promotions targeting the new liquidity have been managed tactically. The cost of deposits, which also increased by less than expected, is expected to stabilize in the coming months. During 2Q the disposal of Revalea, the NPL acquisition specialist, to Banca IFIS was also completed.

The Group, which takes sustainability issues very seriously, seeing them as a pillar of its growth model, has consolidated its decarbonization roadmap, confirming its use of **energy obtained 100% from renewable resources**, and **offsetting the GHG emissions generated directly** by company assets (Scope 1) and those indirectly deriving from the procurement of energy (Scope 2 market-based), **in accordance with the objectives set as part of the 2023-26 Strategic Plan "One Brand - One Culture". A €500m SNP sustainable bond was also issued in September 2023.**

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On 8 February 2024, with Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the individual and consolidated financial statements for the period ended 31 December 2023, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Group has continued on its path towards growth, posting results for the six months that were near record levels: revenues of €1,730.6m (up 4.3% YoY), net profit €611.2m (up 10% YoY), EPS 6M 0.72 (up 10% YoY), ROTE 13.3% (up 60 bps since end-June 2023), and RoRWA 2.5% (up 20 bps since end-June 2023).

Looking at the results in more detail, revenues were up 4.3%, to €1,730.6m, split equally between the two quarters:

- **Net interest income neared the €1bn mark (up 18.2% to €996.5m, with over €500m in 2Q alone, up 1% QoQ),** due to the approx. 55 bps widening of the lending-funding spread, with the return on assets climbing to 5.7% (up 200 bps) compared with a cost of funding (deposits, bonds and other interest-paying forms) of 2.3% (up 145 bps); of particular importance in this regard was the proactive management of sources and cost of funding, plus the selective approach to lending (lower corporate loans, higher consumer loans and mortgages) offset by the increase in the banking book securities. The centralized management of the ALM position and interest rate risk is reflected in the healthy performance posted by the Treasury operations, the contribution of which increased from €6.5m to €85m. The other divisions all reported improved results: Consumer Finance reported NII of €512.7m (up 4.1% YoY), Wealth Management of €213m (up 23.7%), and CIB of €153.1m (up 13.2%).

- **Net fee and commission income totalled €422.1m, reflecting a good recovery in 2Q (up 35%, from €179.8m to €242.3m),** which, in addition to the Arma Partners acquisition (contributing fees of €24.1m), also reflects positive organic growth in Investment Banking and wealth management. On an annualized basis CIB reported fees of €133.4m (compared with €185.3m), due to reductions in Corporate Finance (from €98.6m to €79m, despite the Mid Caps component remaining solid, with an increase from €19.5m to €24.3m) and Lending (from €49m to €25m), following the record results posted in the final months of 2022. Advisory business recovered in 2Q, posting fees of €56m (helped by the consolidation of Arma Partner), as did Lending, with fees of €15m. WM fees totalled €240.4m (up 4.5% YoY, from €230m), €167.8m of which in management fees (up 1.9% YoY), with banking fees of €51.3m (up 5.2% YoY), and advisory fees of €45.5m (up 18% YoY); towards the end of the year there was also an increase in advisory fees, banking fees, and performance fees (€8.5m). Consumer Finance posted fees of €70.9m, with the Buy Now Pay Later (Pagolight) segment doubling its contribution to €10m;

- **Net treasury income totalled €93.4m**, with a similar contribution in both the two quarters (1Q: €47.5m; 2Q: €45.9m), while reflecting a sharp reduction overall compared to last year's €148.1m, a performance driven by amounts made on the CIB proprietary trading positions plus certain bespoke client deals in equity trading;

- **The contribution from Assicurazioni Generali, which is equity-accounted**, totalled €215.1m, up 10.6% from last year (€194.4m), with 4Q (€76.7m) affected by claims related to natural catastrophes, which were above average; the other IAS 28 investments contributed €3.5m (€1m).

Operating costs totalled €735.3m (up 6.4% YoY, from €690.9m), with the **cost/income ratio** remaining at **low levels (42.5%)**, despite accelerating in 2Q in line with the customary seasonal issues plus the acquisition of Arma Partners (€8.8m). The increase in labour costs of 6.2% (from €359.8m to €382.2m) chiefly reflects the arrival of new staff (FTEs: up 5%, from 5,129 to 5,369, concentrated in the business areas. The rise in administrative expenses (which were up 6.7%, from €331.1m to €353.2m) reflects the IT component (up 10%) and projects, plus the Group's expanded operations (entertainment and travel expenses up 7%, to €33m), while net credit recovery expenses were down 27% to €23m, due to the sale of Revalea, which offset the increase in Consumer Finance (up 6.7% YoY).

Loan loss provisions of €132.9m reflect a cost of risk (COR) of 51 bps (57 bps in 2Q), some 10 bps lower than twelve months previously, including a modest reduction in overlays (approx. €30m) which remain at high levels (€243m). The lower corporate lending volumes, with new loans almost entirely concentrated in investment grade positions, allied to the widespread improvement in inflation (which resulted in approx. €8m of overlays being released), meant that the cost of risk was virtually nil in this division, despite the retention of a prudent classification policy. The increase in loan loss provisions for the Consumer Finance division (from €100.3m to €121.3m), with the cost of risk rising from 144 bps to 166 bps, reflects the different portfolio mix, with more direct personal loans, as well as the anticipated increase in default rates, in part offset by the use of approx. €22m in overlays, most of which were used for the expected loss model once the parameters have been adapted to the new macro scenario; the overlays stock remains high in any case (decreasing from €209m to €187m). Loan losses for Wealth Management, down just €6.3m, were basically stable and not impacted by the increase in interest rates, with substantial mitigation being provided by the strong presence of flat instalment mortgages. Holding Functions, with LLPs of €5.7m (€14.1m), were helped by the lower charges due to the sale of Revalea (down from €13.4m to €2.2m).

The net profit of €611.2m for the six months also reflects:

- net writebacks of €5.1m for other financial assets, chiefly due to holdings in funds being recognized at fair value as at end-December 2023 (€7.8m), net of the impairment charges for the banking book securities portfolio (€2.7m);
- nontribution to the interbank Deposit Guarantee Fund, which this year totalled €23.8m (€25m);
- tax and other charges of €220.7m (€191.4m), reflecting the taxation of inter-company dividends;
- other negative one-off items totalling €1.4m (€13.1m);
- profits credited back to the partnes of Arma Partners, which have been treated as dividends and recorded as minority interest.[8]

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On the balance-sheet side, **total assets amounted to €94.9bn** (30/6/23: €91.6bn), with the main items reflecting the following performances:

- **Customer loans declined by 1.4%, from €52.5bn to €51.8bn**, due to the effect of the reduced Corporate and Investment Banking stock (down 3.5%, from €19.6bn to €18.9bn), in Wholesale

[8] Dividends on class B shares with no voting rights.

Banking in particular (down 4.5%, to €16bn). Conversely, customer loans in Consumer Finance rose by 1.6%, to €14.7bn, on new loans for 6M totalling €3,927m. In Wealth Management customer loans were virtually unchanged at €16.9bn, despite the strong reduction in new loans in mortgage lending (from €1.4bn to €479.8m). Meanwhile, the decrease recorded by the Holding Functions division (down 5.3%, to €1.3bn) reflects the disposal of Revalea (which accounted for €238.8m) plus the reduced customer loan stock in leasing business;

- **Banking book securities rose from €10.5bn to €10.9bn** (€4.7bn of which in the HTC portfolio, and €6.1bn of which in the HTC&S portfolio), and includes some €2.1bn in new sovereign debt securities added in 1Q, half of which Italian; the positive market trend wiped out the deficit on the OCI reserve which closed in positive territory at €1.1m (compared with minus €73.2m last year), and halved the unrealized gains on the HTC portfolio (down from €119.7m to €43.5m);

- **Net treasury assets totalled €4.6bn**, slightly lower than at end-June 2023 (€5bn), with no significant impact from the T-LTRO early repayments which were financed by the funding activity. The favourable market scenario, with declining interest rates, has encouraged investments in bonds and equities, which have increased by €1.5bn overall. The liquidity indicators remain excellent, with the NSFR at 120% and the LCR at 156%;

- **Risk-Weighted Assets (RWAs) totalled €49.1bn,** more than €2bn lower than at end-June 2023 due to the reduction in lendings, and also to the launch of risk mitigation measures (in CIB in particular);

- **Funding remained stable over the six months,** at €60.6bn (compared with €60.5bn). Strong activity on the primary bond market drove a €1.6bn increase in the stock of securities in issue, from €22.3bn to €23.9bn (with new deals of approx. €2.5bn, against redemptions totalling €1.4bn), and enabled a €2.2bn tranche of the T-LTRO facility to be paid off, most of which ahead of schedule according to the contractual terms; the slight decrease in Wealth Management deposits (from €28.2bn to €27.7bn) reflects the market trend as well as the conversion of deposits to AUM/AUA, and was offset by the increased use of different forms of funding (up from €4.5bn to €5.6bn);

- **Total Financial Assets (TFAs) rose to €93.6bn** (up 6.3% since end-June 2023, driven by AUM/AUA inflows of €4.2bn (€2.5bn of which in 2Q) coupled with the aprrox. €1.9bn positive market effect. The stock of AUM/AUA (€65.9bn) was split between Premier Banking (€22.3bn), Private Banking (€31.3bn) and Asset Management (€27bn), €12.3bn of which from institutional investors);

- **The capital ratios remain high (CET1: 15.3%; Total Capital: 17.4%) comfortably above the new SREP level (CET1: 8.15%; Total Capital: 12.45%).**[9] The reduction in the capital ratios reported during 6M (CET1: from 15.9% to 15.3%; Total Capital: from 17.9% to 17.4%) reflects the effects of the acquisitions plus approx. 100 bps in relation to acquisitions and other extraordinary operations (in particular as follows: Arma acquisition goodwill: -60 bps; share buyback: -45 bps; Revalea disposal: +10 bps), plus the introduction of the AIRB models for the Consumer Finance loan book (-25 bps, equivalent to approx. €900m more in RWAs). Much of the reduction was offset by ordinary operations, which include retained earnings (adding 35 bps net of the payout ratio at 70%), plus careful loan book management (which added 80 bps in connection with the €2.6bn reduction in RWAs) on the back of a more selective approach to new loans and increasing use of credit risk mitigation techniques for the CIB loan book in

[9] The SREP requirement includes the P2R of 182 bps (vs 168 bps), and from this year also the O-SII buffer (12.5bps; 25 bps fully loaded) starting from 2025; MDA buffer approx. 500bps

particular. The higher deductions in respect of the Assicurazioni Generali investment (which accounted for 45 bps) will reduce accordingly when the dividend is collected;

- The leverage ratio stood at 7.8% (30/6/23: 8.4%), above the sector average of 5.7%;

- The MREL ratio remained high and stable during 6M: 40.7% of RWAs and 20.7% of LREs, above the new minimum requirements set for 2024, i.e. 23.57%[10] and 5.91% respectively, most of which has been met without the need for senior preferred liabilities (the current and expected amount of subordinated eligible MREL is around 20% of RWAs and 10% of LREs).

- As at 31 January 2024, under the terms of the buyback programme authorized by AGM on 28 October 2023 and by ECB on 20 October 2023, Mediobanca had acquired a total of 11,674,672 shares, equal to 1.37% of the share capital, involving a total outlay of some €133.5m.

Divisional results

1. Wealth Management:[11] strategic pathway launched with senior resources recruited, product offering repositions, and Mediobanca Premier launched. Double-digit growth at top- and bottom-line levels (revenues ~€460m, net profit €100), with TFAs up €5.5bn in 6M to €94bn, on inflows of AUM/AUA of €4.2bn. RoRWA[7] up to 3.6%.

In a volatile market scenario, where investors' preference for AUA was confirmed but with prospects for improvement in the coming quarters, **the WM division posted record results and double-digit growth rates in 6M**. Net profit totalled €100.2m (up 21.9% YoY), on growth of 12.4% in revenues to €457.8m, an improving cost/income ratio (65.9%) and stable CoR (7 bps). **RoRWA[7] for the division stood at 3.6%**.

The growth pathway embarked on with the **2023-26 Strategic Plan "One Brand-One Culture"** continued in 6M with:

- **TFAs overall up to €93.6bn** (up €10.3bn YoY and up €5.5bn HoH), in line with the progress envisaged in the Strategic Plan, helped by the market growth towards the end of the year, with deposits stable;

- **AUM/AUA up 10% on end-June 2023 (up 20.9% YoY) to €65.9bn, on NNM of €4.2bn**, reflecting growth capacity 2x that of the market;

- **CheBanca! rebranded as Mediobanca Premier on 15 January:** an important pillar of the Strategic Plan, the rebranding goes hand-in-hand with the bank's repositioning versus a higher-end client bracket and enhancement of the product and service offering that will leverage on the capabilities of the Group product factories and the PIB model; it is expected to contribute approx. €10bn more TFAs to the Group in the 2023-26 three-year period;

- **Enhanced implementation of the Private Investment Banking model,** with €0.5bn in liquidity events from fifteen Mid Cap deals intercepted in 6M, 50% of which in conjunction with CIB;

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[10] Starting from 2025, Mediobanca will be subject to the subordination requirement (13.50% of RWAs and 5.85% of LREs respectively) with no impact anticipated in view of the amount of subordinated eligible MREL.

[11] Includes the Premier segment (Mediobanca Premier!), Private Banking (MBPB, CMB), Asset Management (MB SGR and MB Management Company, Polus Capital, and RAM AI), and the activities of Spafid.

- **Offering expanded and repositioned towards higher client brackets;**

- **Enhancement of the commercial structure,** with some 50 senior figures recruited in 6M, alongside a reshuffle of the salesforce in line with the new strategy; the distribution structure now has 1,253 professionals, with 680 bankers and 573 Financial Advisors.

During the six months under review Mediobanca Premier has placed three new Target Maturity funds in conjunction with MB SGR, launched a new equity fund with management delegated to Fidelity, launched a new Premier Life Income policy, and has continued to place Mediobanca bonds and certificates as it did last year. The repositioning of the client base has continued, with around 600 new high-end clients acquired in 6M, and some 30,000 fewer mass market accounts. In addition to the direct funding, various initiatives have been implemented to assist growth and asset conversion to AUM. A "New cash 4%" promotion was launched for the 12M deposit account in November and December 2023, raising €1.2bn. Another promotion was also launched in November, in conjunction with wealth management, which guaranteed an investment in funds in return for an interest rate of 4.5% for the first 12M.

In the Private Banking segment, the Public Markets offering was focused on portfolio management with the introduction of two new strategies, and on the structuring and placement of investment certificates which reached a total of over €1bn in 6M. In Private Markets, the Apollo Aligned Alternatives fund was launched with the objective of increasing liquidity into funds with private equity strategies, thus enabling subscription and redemption windows over time. Two more deals from the BlackRock programme were also closed for a total of €80m (with the total amount invested now €480m), and the €500m TEC plan of investments (club deals with high potential SMEs as target) has now ended, while a new initiative is in the process of being implemented to promote the international growth of Italian firms. The broad co-operation with CIB as part of the Private Investment Banking model has added new deposits of €100m in 6M as well as seven new deals in the Mid Corporate segment. In addition, there have also been eight other deals bringing in €350m in NNM in relation to specific liquidity events.

Alternative Asset Management has seen a resumption in initiatives, with Polus in particular resuming CLO activity with two new €400m deals (CLO XVI and XVII), the first of which closed in September and the second at end-January 2024; the first subscriptions to the new closed-end Special Situations fund were also collected (€120m, vs target €750m), alongside the existing Master Fund which has seen assets increase by over $200m. Overall Polus has AUM of €8.5bn.

The RAM AI funds continue to outperform their respective benchmarks, in particular: Emerging Markets (2023 performance: +14%), Stable Climate Global Equities (+13.7%) and Strata UCITS (+11.4%); all three funds have been rated "5 star" by Morningstar.

Assets managed on behalf of clients (TFAs) totalled €93.6bn (up 6.3%, from €88bn), with €65.9bn in AUM/AUA (up 10%, from €59.8bn); the Premier segment contributed €39.3bn (up 4.6%), €22.3bn of which AUM/AUA (up 8.4%), Private Banking €42bn (AUM/AUA: €31.3bn; up 8.2% and up 13.4% respectively), and Asset Management €27bn (up 4%), €14.7bn of which placed internally within the Group.

Revenues grew by 12.4%, from €407.3m to €457.8m, with a higher contribution in 2Q (€240m; 1Q: €217.8m). The main highlights were as follows:

- **Net interest income rose by 23.7% (from €172.2m to €213m)**, helped by the rise in interest rates and management of the costs of deposits, in a scenario where lending and funding volumes were stable; the growth was more pronounced in Private Banking (the contribution of which increased from €50.6m to €74.7m) than in Premier Banking (NII up 12.3%, from €121.4m to €136.3m), for which all interest rate and liquidity risk hedging is centralized at Parent Company level due to its different ALM structure;

- **Net fees and commissions grew by 4.5% (from €230m to €240.4m)**, driven, in line with a scenario where demand is still focused on AUM, by advisory fees (up 18%, from €38.6m to €45.5m) in connection with the substantial placements of fixed-income instruments, and banking fees of €51.3m (up 5.2%); the growth in management fees was less pronounced, up 1.9% to €167.8m; while the trend in performance fees was also healthy, up 29.9% (from €6.7m to €8.7m).

Operating costs rose by 10%, from €274.1m to €301.6m, with parallel performances in both labour costs (up 10.9%) and administrative expenses (up 9%); the higher labour costs (up from €143.7m to €159.4m) chiefly reflects enhancement of the commercial structure (with 68 new professionals recruited) for the higher profiles especially; the rise in administrative expenses (from €130.4m to €142.2m) is again attributable to the IT component (up 6.5% to €52m), project activities (up from €6m to €10m, including the rebranding), and organic network growth (branch and office costs: up 5% to €23m).

Loan loss provisions totalled €6.3m, nearly unchanged versus last year (€5.8m).

Customer loans totalled €16.9bn (basically unchanged in 6M), with the mortgage lending share stable at €12.4bn, despite the sharp reduction in new business which totalled €479.8m (€1.4bn), impacted by the macro scenario and in particular the sharp rise in interest rates; customer loans in Private Banking totalled €4.3bn, on a slightly lower contribution from CMB Monaco (down 4.1%, to €2.8bn).

Gross NPLs totalled €232m (30/6/23: €218m), equal to 1.4% of total loans. The coverage ratio was 42.8% (70.2% for bad debts). Net NPLs totalled €132.8m (0.8% of total loans on a net basis). Loans classified as Stage 2 decreased to €713.8m, or 4.2% of the loan stock, over 90% of which consist of mortgages.

2. Corporate & Investment Banking: Strategic Plan initiatives launched, with enhanced co-operation with Private Banking, asset optimization (RWAs down 27% to €16bn), completion of the partnership with Arma, launch of new initiatives (institution of Energy Transition team, launch of Mid Cap coverage beyond Italy, and process to becoming BTP specialist). Revenues recovered in 2Q, above €200m, on the back of higher IB activity and the consolidation of Arma Partners for 3M. Net profit €108m; RoRWA[7] 1.2%.

After three quarters of soft results due to the weak operating scenario in the investment banking market, **the CIB division managed to reverse this trend in 2Q**, with all business lines showing gradual recoveries, advisory in particular (large corporate and mid-cap), plus the consolidation of Arma Partners. **The division's revenues for the six months totalled €342.3m,** 20% lower than last year's record levels, but **with QoQ growth of 42% in 2Q (25% on a like-for-like basis). A net profit of €108.3m was earned,** down 26% YoY but up 38% HoH, **which translates to RoRWA of 1.2%.**

During the six months under review, **a strong start has been made to the first initiatives included in the 2023-26 Strategic Plan** to support growth in revenues and earnings in the coming quarters:

- The acquisition of Arma Partners, an independent financial advisory firm specializing in the digital economy, which is an important driver in implementing the Strategic Plan, as it is estimated to contribute 40% of the growth in CIB revenues in 2023-26, and will facilitate geographical diversification. The boutique has confirmed its position as one of the leading digital economy advisors in Europe, with over 15 deals announced since July 2023, and **has contributed €24m to the division's revenues in 3M**;

- **The CIB division has continued to partner effectively with Mediobanca Private Banking**, in order to develop business in the Mid Cap segment which **has proved to be more resilient compared to the slowdown in the Investment Banking market, and in 6M contributed 30% of the Group's advisory fees;**

- **The main initiatives outlined in the Strategic Plan have been launched**, which account for 35% of the growth in CIB revenues in the 2023-26 Strategic Plan; a dedicated Energy Transition team has been set up; the Mid Cap platform has been launched in Spain; and the BTP Specialist trial period has commenced;

- **Asset optimization activity has continued (RWAs are expected to decrease by 13% over the three years covered by the Strategic Plan)**, leading to a reduction in RWAs of 18% in 6M, with risk density[5] down 15 pp to 46%, due to more selective lending criteria being applied to protect profit margins on capital absorbed and to the use of specific risk mitigation measures.

The European M&A market in 2023 posted the lowest volume of deals announced in the past 10Y (down 28% YoY), with the number of deals more than 10% lower than in 2022. This gap was most pronounced in Italy (which reported a 42% drop in volumes) and the United Kingdom (43%), and was less marked in France (down 26%) and Spain (down 18%). Nonetheless, in 4Q 2023 there was a significant recovery in deal volumes, which were up 67% on 4Q 2022) driven by corporates refocusing on their core businesses and increasing activity in the private equity space.

Despite the market scenario, Mediobanca confirmed its position as the Italian advisor of choice, completing more than 20 deals in the space of six months, including the acquisition of Memry by Resonetics in the Healthcare sector, and the acquisition of Kiona by Carel in the Industrials sector, plus the numerous deals executed with the involvement of financial sponsors, which include the acquisition of Fabbrica Italiana Sintetici by Bain Capital in the Healthcare sector, and the sale of a majority interest in Zimmermann by Style Capital to Advent in the Consumer and Luxury sector.

The contribution from international business also increased in the period with the consolidation of Arma Partners for 3M, coupled with the activities in France, with Messier & Associés confirming its key role in the French large corporate panorama, with over 10 deals completed in the 2023 calendar year.

In Equity Capital Markets, where the performance reflects the ongoing negative market conditions, Mediobanca took part in the main deals completed on the domestic market: the capital increase for Carel, and the stake-building in Banca Popolare di Sondrio by executing the Reverse ABB launched by Unipol (the largest ever in the Italian market). The Bank was also responsible for the issue of a convertible bond by Cellnex in Spain.

As far as regards activity on Debt Capital Markets, which showed windows of strong activity, in 6M Mediobanca took part in the largest Italian bond issues (including Intesa SanPaolo, Banco BPM, Assicurazioni Generali, Monte dei Paschi di Siena, Terna and Leasys), plus some other major deals in its core markets (such as BPCE, Commerzbank, TDF Infrastructure and Suez), with a growing presence in the ESG space. The Bank's leadership position in the USPP sector for Italian issuers was also confirmed during the period under review.

In Lending activity, Mediobanca has lent to, and assisted in putting together finance for, its clients in all the main geographies it covers, supporting them in both their ordinary activity (including Eni, Ferrero, Recordati, Flutter, Virgin Media, Entain, and Tank & Rast) and extraordinary activity (including KKR-Netco, and EIP-Plenitude), confirming its role as leader in the Italian market, and strengthening its European footprint, despite reflecting a reduction in volumes and fees in a strongly reduced market, as well as the more selecting lending policies adopted.

Markets activity offset the reduction in business with institutional clients by increasing activities with private and professional clients, continually searching out high-yield investment instruments for customers with substantial liquidity positions exposed to inflation.

Revenues were down 20% YoY, from €430m to €342.3m, reflecting the reduction in fees (down 28%) and net treasury income (down 49%), only in part offset by the 13.2% rise in net interest income. The contribution from Wholesale Banking decreased by 23.2%, to €304.8m, while Specialty Finance revenues were up 12.6% to €37.5m. The main income items performed as follows:

- **Net interest income totalled €153.1m, up 13.2% on last year** (€135.2m); the reduced volumes in corporate lending were comfortably offset by careful selection of new loans with a view to increasing returns, and by the higher contribution from trading securities; Speciality Finance contributed NII of €21.5m (€18.6m), helped by an effective repricing policy plus a slight increase in volumes;

- **Net fee and commission income totalled €133.4m, down 28% on last year's record levels,** reflecting the slowdown in the investment banking market (fees from advisory and ECM business decreased from €120m to €84m) despite the consolidation of Arma Partners (which added €24m) and the resilience of the Mid Cap segment where fees totalled €24.3m (€19.5m); DCM performed well (fees up from €6.7m to €10.4m), whereas Lending posted a reduction of 49% (from €48.8m to €24.9m) due to the lack of acquisition finance deals; Specialty Finance contributed €16.1m (€14.8m). The QoQ trend was positive, with fees of €85.6m some 79% higher than the figure reported in 1Q (29% higher net of Arma Partners), driven by a gradual recovery, mainly in IB;

- **Net treasury income was down 49%, from €109.5m to €55.8m,** with the Markets division's client activity decreasing from €62m to €46.8m despite the recovery in fixed-income trading, helped by the widening spread and by operations in certificates which, however, were not sufficient to offset the slowdowns reported by the equity component and by the Proprietary trading desk.

Operating costs grew by 5.7% (from €162.3m to €171.5m), including approx. €9m in relation to the consolidation of Arma Partners (€6.6m of which labour costs). Labour costs were stable at €94.4m (and would have been down 6.8% net of Arma) due to the reduced variable component. Conversely, administrative expenses were up 14.9% YoY (from €67.1m to €77.1m), due to the technology upgrade and to the various project initiatives being implemented which affected leasing instalments and info-provider costs (IT costs were up 5%), and travel/entertainment and operations expenses. The division's cost/income ratio stood at 50.1%.

Loan loss provisions were wiped out during the six months (cost of risk virtually nil, compared with 34 bps last year), reflecting the reduction in Wholesale Banking volumes, the good portfolio quality, and an improvement in the inflation levels (resulting in the release of some €8m in overlays), in part offset by some automatic mechanisms and prudent classification to watch list. Unlike last year, adaptation to reflect the macro scenario did not impact on the model's parameters.

Alignment to fair value entailed charges in the region of €3m being taken (mostly in relation to the distribution of dividends recorded as net treasury income), much lower than the equivalent figure last year (charges of €10.2m).

In 6M **customer loans decreased from €19.6bn to €18.9bn** (down 3.5%), on a 4.5% reduction in Wholesale Banking (from €16.8bn to €16bn) which reflects new loan volumes in Lending and Structured Finance of €2.3bn (around 20% lower than last year), with €1.4bn in new loans executed in 6M offset by repayments totalling €3.7bn. Turnover in factoring business was higher than a year ago, up 3.7%, from €6bn to €6.2bn.

Gross NPLs decreased from €135.7m to €48.1m, following the sale (at Net Asset Value) of two of the three exposures outstanding at the balance-sheet date; one new position was included in-scope during 6M, albeit relatively small in size (€12.2m) and guaranteed in full. The gross NPL ratio declined accordingly to 0.3% (vs 0.7% last year), whereas net NPLs increased from €22.2m to €24.1m. The coverage ratio fell from 83.6% to 49.8%, due to the combined effect of the sale of positions with high coverage and the inclusion of the new guaranteed exposure.

Positions classified as Stage 2 rose to €853.2m, 4.5% of the stock, following reclassifications to watch list status for prudential reasons. The coverage ratio for performing loans (Stage 1 and 2) was 0.5%, with the stock of overlays decreasing slightly by €8m, to €32m.

3. <u>Consumer Finance</u>: excellent results in terms of commercial performance, profitability and risk control. The strategy of enhancing direct and digital distribution continues, coupled with acceleration in BNPL initiatives following the HeidiPay acquisition and the agreement with Nexi. Growth in revenues of 4% (to €584m), driven by approx. €4bn in new loans and improved profitability, offset the project expenses and the anticipated normalization of the cost of risk (166 bps, vs 144 bps last year). Net profit €194m, RoRWA[7] stable at 2.7%.

Compass delivered a net profit of €194.1m in 6M, in line with last year, **and with a high profitability level (RoRWA@ 2.7%,** even though the introduction of the AIRB models entailed an additional approx. €900m in RWAs). Growth in new loans of 2% (to €3.9bn) and repricing activity drove a 4% increase in net interest income, while the careful lending and recovery policy stabilized the cost of risk in the six months at 166 bps (vs 145 bps at end-June 2023).

The initiatives outlined in the 2023-26 Strategic Plan have continued:

- **Expansion of the distribution network** (with six new agencies opened in 6M), **with focus on enhancement of the proprietary network** (approx. 80% of new business in personal loans is now attributable to the proprietary channels) **and variable cost solutions**. At end-December, Compass's distribution platform consisted of 317 points of sale, 78 of which managed by agents, plus 58 Compass Quinto-branded POS (specializing in the sale of salary-backed finance products). Compass Link, an agent in financial activities focused on offering off-site products (project launched at end-2021), now has a total of over 200 collaborators.

- **Enhancement of the digital channels, which increased their share of the volumes** in direct channel personal loans **in 6M to 33%** (approx. 40% with digital onboarding and 20% fully digital). Six dedicated "**Digital Sales Hubs**" have been created to support and help with clients who start their applications via the internet but then struggle to complete the process. An "**instant lending**" product is also being refined, which gives 400,000 existing clients, already profiled and performing well, an opportunity to have a new loan approved in the space of one minute.

- **Development and strengthening of BNPL operations,** which has grown 3x in 12M with some €200m in finance granted, **confirming its position as a product consistent with customers' new purchasing habits, as well as a strong channel for acquiring new clients.** The **Pagolight** platform has seen a significant increase in the number of merchant dealers (up from over

15,000 to over 20,000 in 6M) and in turnover (€180m via the physical channel, €45m through the digital channel). **The agreement with Nexi, launched in November 2023, will significantly increase Compass's capability in terms of acquiring new clients, leveraging on a broad base of potential merchant dealers. The acquisition of HeidiPay Switzerland** (€10m in turnover and 180 merchants), completed in October 2023, **opens up the possibility of geographical diversification with a technologically advanced partner (50% of its new business comes via the internet) with a footprint in sectors where Compass traditionally has been less present**.

The Italian consumer credit market reported flows of €25bn in the last six months of the 2023 calendar year, 1% lower than the same period in 2022. The positive trend in personal loans (up 1.5%) and special purpose finance (cars and motorbikes up 0.8%; other special purpose finance up 0.2%) was not sufficient to offset the reduction in volumes transacted by credit cards (down 4.7%) and by salary-backed finance (down 10.5%).

In 6M Compass posted growth of 1.5% in new loans (€3.9bn), despite the stricter acceptance levels in order to preserve portfolio quality. The positive commercial performance was concentrated in direct personal loans (up 10.7%, from €1,305m to €1,445m) and in the Pagolight digital channel (up 151%, from €78m to €197m, corresponding to approx. 168,000 transactions); whereas reductions were reported in automotive finance (down 16.6%, from €805m to €671m), special purpose finance (down 5.2%, from €614m to €582m), and salary-backed finance operations (down 29.1%, from €234m to €166m), in the indirect channel in particular (down 49%).

The division posted a net profit of €194.1m for the six months. Revenues were higher both HoH (up **4.1%,** from €561m) **and YoY** (up **4.2%,** from €560.4m). The main income sources performed as follows:

- **Net interest income rose by 4.1%, from €492.4m to €512.7m, as a result of intensive repricing activity** (all of the increased cost of funding has now been passed onto the new business)**, the favourable product mix** (direct personal loans account for approx. 35% of the loan stock)**, plus the growth in lendings**;

- **Net fee and commission income rose from €68.4m to €70.9m (up 3.7%)**, with an increasing contribution from Buy Now Pay Later activities (which doubled to €10m), offsetting the reduction in the component deriving from sales of insurance products (down from €21.5m to €15.6m).

Operating costs totalled €174.6m, up 6.6% on last year (€163.8m). Labour costs were up 6.7%, from €54m to €57.6m, as an effect of both the increase in headcount and of adaptation to the new collective banking contract renewal. Administrative expenses were up 6.6%, from €109.8m to €117m, and reflect the investments incurred in connection with commercial IT development to support the new projects, plus the inflation effect in relation primarily to spending on premises.

Loan loss provisions increased by 20.9%, from €100.3m to €121.3m, with a cost of risk of 166 bps (144 bps last year). **The cost of risk was stable in the first two quarters** of the new financial year (at 165 bps and 168 bps respectively), **pointing to a certain stabilization** in non-performing accounts and delays in payments after the increase seen during the summer. The approx. €22m reduction in overlays (to €187.2m) was absorbed by the increase in the expected loss for adjustment to the new scenario risk parameters.

Asset quality remained solid overall, with the coverage ratio for performing loans remaining stable at 3.74%. Gross NPLs reflect moderate growth both in absolute terms (from €878m to €928.4m) **and in relative terms** (from 5.60% of total loans to 5.81%). **The coverage ratio remains high** at 76.4% (vs 77.3%), with the new additions reflecting lower risk levels due to the more stringent classification criteria adopted. Net NPLs increased from €199.4m to €218.8m, rising from

1.38% of total loans to 1.49%. Net bad debts decreased from €4.3m to €4m (down 8%), represent just 0.03% of total loans, and reflect a coverage ratio of 98.4% (98.2%).

4. Insurance: high contribution to Group earnings (€223m) – RoRWA[7] 3.2%

The Insurance & PI division delivered a net profit of €223.4m for the six months, up 22.2% on last year (€182.8m), due to a higher contribution from the Assicurazioni Generali investment (up from €194.4m to €215.1m). The RoRWA for the division stood at 3.2%, confirming the investment's excellent profitability.

The result for the six months includes amounts collected from dividends and other income from holdings in funds totalling €7.5m, almost all of which represented by the Group's investments in seed capital, plus €9.2m in upward adjustments to reflect the fair value of holdings in funds at the end of the period (compared with €11.4m in downwards adjustments last year).

The book value of the Assicurazioni Generali investment increased from €3,472.2m to €3,599.5m, while net profit rose to €215.1m (from €194.4m) and was impacted in 2Q by claims from significant catastrophic events which curbed a good operating performance. The market value of the investment was stable at €3.9bn.

The other banking book securities increased to €737.6m (30/6/23: €675.6m): holdings in funds rose from €435.4m to €483.4m, following approx. €41.3m in net investments, and upward adjustments to reflect fair value of €6.7m; the equity component rose to €254.2m (€240.1m), on investments totalling approx. €5.4m and upward adjustments to reflect fair value (taken through Other Comprehensive Income) totalling €8.7m, all of which in connection with listed instruments.

5. HF: strongly improving results, due to the interest rate scenario plus active treasury management. Comfortable and diversified funding position, with optimized CoF.

The net loss posted by the Holding Functions division reduced to €13m, following the €23.8m payment to the Italian Deposit Guarantee Scheme (DGS) and €19m in higher tax on dividends from the Group Legal Entities taken through profit and loss pursuant to resolutions adopted by shareholders in Annual General Meeting. Total income increased from €81.5m to €134.2m and reflects the strong growth in net interest income (from €31.8m to €103.1m), a slight reduction in net treasury income (from €26.4m to €23.1m), and reduced income from Revalea in relation to the temporary arrangements ahead of disposal (down €20m YoY). Operating costs, net of the Revalea contribution, increased from €77.6m to €85.2m, including the central cost component (€56m, up 9% YoY) which continues to represent 7.5% of the Group's total costs.

The main income items performed as follows:

- **Treasury**: the net contribution from treasury management increased from €9.8m to €55.6m, on a markedly improved performance in net interest income (up from €6.4m to €85m), due to the combined effect of treasury operations, with the ALM position and interest rate risk managed effectively through the banking book securities portfolio, and strong efforts on the funding side to optimize costs. The MREL regulatory ratios (40.7%, compared with a requirement of 23.57%) and the liquidity ratios (LCR: 156%; NSFR: 120%) were higher as a result of the new debt security issuance and the resilience of WM funding, with no impact from the higher T-LTRO repayments (€2.2bn in 6M, €1.2bn of which in December);

- **Leasing:** a net profit of €1.9m was earned from leasing operations in 1H, aligned with last year's performance, with revenues flat at €16.7m despite new business and customer loans falling (loan stock down 11%, to €1.3bn) and loan loss provisions low at €3m; gross NPLs also continued to reduce, from €107.4m to €90.8m, while net NPLs totalled €25.1m;

- **NPL portfolio acquisition business:** the disposal of Revalea and the other assets attributable to the NPL portfolio acquisition business line was closed at end-October 2023 for a total of €238.8m (RWAs of €250m); the four months for which the Revalea operations were consolidated reflect breakeven, on revenues of €10.2m (€3.9m in net interest income and €6.3m other income), costs of €8.6m, and loan loss provisions of €2.2m.

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Mediobanca S.p.A.

Mediobanca S.p.A., the parent company of the Mediobanca Group, posted a net profit for the six months of €540.2m, more than twice the result reported last year (€230.1m), because of the substantial contribution from dividends paid by the Group Legal Entities that totalled €419.4m (31/12/22: €117.4m) which involved the majority of the Group companies.

Net interest income climbed by 74.1%, from €121m to €210.7m, driven by the higher return on assets with a less pronounced increase in the cost of funding. Net treasury income totalled €97.5m (€155.6m), on lower contributions from client trading (down from €61m to €47m) and proprietary trading. Net fee and commission income came in at €150.9m (€200.5m), on a markedly lower contribution from Wholesale Banking (down from €146m to €75m), in Investment Banking in particular (where fees halved to €44.2m), which was only in part mitigated by the increase in Private Banking fees (up from €54.5m to €64.9m).

Growth of 5% in operating costs, from €241.6m to €253.8m, mainly refers to the trend in administrative expenses in relation to IT costs to support project activities.

The Bank's total assets amounted to €83.2bn, on lower customer loans of €39.9bn (down from €41.4bn), with funding virtually stable at €55.5bn.

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Group Sustainability Roadmap

The Group assigns great importance to sustainability issues, diversity/inclusion and climate change in particular, including them in its various areas of activity.

In 2Q, with reference to the area of tackling climate change in particular, **the Group has consolidated its decarbonization roadmap, confirming its use of energy obtained 100% from renewable resources, and offsetting the GHG emissions generated directly** by company assets (Scope 1) and those indirectly deriving from the procurement of energy (Scope 2 market-based), in accordance with the objectives set as part of the 2023-26 Strategic Plan "One Brand - One Culture". The carbon emissions offset activity for FY 2023 was enabled by the **acquisition of CO_2 credits used to finance the Ghani Solar Renewable Power Project**, certified in accordance with the VCS-Verra standard, which generates clean energy through the installation of a solar power project in the Indian state of Andhra Pradesh.

The CDP score has been upgraded by two notches, from "C" to "B", the current level achieved confirming that Mediobanca has been addressing the environmental impacts of its business, ensuring sound environmental management of climate-related risks and opportunities**.**

The Group has also continued to play an active role in the communities in which it operates through social and environmental initiatives, including the following:

- Planting of 500 new trees donated to the municipality of Rozzano (MI), with the involvement of 30 volunteers from among the Group's employees in partnership with Mission Bambini;

- Launch, in partnership with Junior Achievement Italy, of "CONTA SUL FUTURO!", the new free financial education and career guidance programme for middle school pupils in Italy, with the Group's volunteers involved in the classroom.

The Group's commitment in the area of social issues and inclusions also led to **Mediobanca being recognized in October 2023 as one of the "Italy's Best Employers 2024"**, based on the results of an independent survey of employees' opinions, while in December it **obtained Gender parity certification in accordance with the UNI/PdR 125:2022 standards** in testimony to the hard work done by Mediobanca in recognizing the value of diversity.

At the Annual General Meeting held on 28 October 2023, the shareholders of Mediobanca reappointed the Board of Directors and adopted resolutions in respect of various important initiatives related to the 2023-26 Strategic Plan, in particular as follows:

- **Long-Term Incentive Plan 2023-26 ("LTI 2023-26") for senior and strategic Group staff,** to be allocated upon financial and non-financial objectives being met; **The LTIP 2023-26 represents 50% of the total variable remuneration for the Chief Executive Officer and the Group General Manager, will be paid entirely in equity, and includes 20% of quantitative ESG objectives**;

- **Employee Share Ownership and Coinvestment Plan 2023-26** ("ESOP 2023-26") for Mediobanca Group Staff who have decided to acquire Mediobanca shares on a voluntary basis and on favourable terms; participants in the scheme will receive additional shares free of charge upon the Plan targets - including ESG targets - being achieved; **The subscription phase was completed in December 2023, with approx. 28% of in-scope staff taking part** (for a total of 415,600 share);

The Group's offering in terms of products and services which meet ESG criteria as at 31 December 2023 included:

- **Lending activity** reflects an ESG stock of some €4.2bn, 73% of which attributable to CIB, 16% to WM, and 11% to CF;
- The first **Sustainable Senior Non Preferred Bond** (€500m) was placed on the institutional market, meeting 50% of the target sent in the 2023-26 Strategic Plan;
- **DCM activity** has again seen Mediobanca confirm its position as one of the leading players in the ESG space, closing a total of 12 deals for a total amount of nearly €8bn since July 2023;
- The share of **ESG funds** (SFDR Article 8 and 9 funds) in WM division clients' portfolios has increased to approx. 48%.

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Outlook

The macroeconomic scenario remains largely unchanged, with GDP set to show modest growth, **low unemployment levels and a gradually reducing inflation rate**. Intervention from central banks will serve to calibrate the degree of monetary easing relative to the trend in inflation, in view, among other things, of developments in the various geopolitical crises; **the first interest rate cuts are expected at the start of summer 2024.**

This macroeconomic scenario looks supportive to the Group's top line growth (both net interest income and fees), as:

- **The reduction of interest rates** will lead to stabilization in the cost of funding, and **will favour Investment Banking** (by reducing the cost of borrowing for corporates), **Wealth Management** (by providing an incentive for customers to convert liquid assets into AUM), **and Consumer Finance activities** (by preserving margins, which will remain high, in part due to the familiar stickiness of the repricing process);
- keeping inflation and unemployment at lower levels will also facilitate control of asset quality and the development of new business in Consumer Finance.

The growth trajectory mapped out in the 2023-26 Plan "One Brand-One Culture" is borne out further, based on:

- **Prioritizing the development of the Wealth Management business** based on two projects that are unique within the Italian panorama, namely the distinctive Private Investment Banking model and the repositioning and branding of CheBanca! as Mediobanca Premier. The resilience of markets will facilitate the transfer of AUM following the major discontinuity in the banker and FA recruitment processes after CheBanca! was renamed as Mediobanca Premier in January 2024;
- **Change in capital allocation at Group level, with increasing importance to be given to capital-light businesses, and a reduction in the capital allocated to Corporate & Investment Banking:** growth in CIB will be targeted primarily through fee income from new initiatives, the addition of new acquisitions such as Arma Partners (the acquisition of which was completed at the start of October 2023), and the anticipated recovery in the demand for investment banking services;
- **Material growth in shareholder remuneration** (to €3.7bn, up 70% in 3Y vs the previous Strategic Plan), achievable on the back of high capital generation, disciplined cost and risk management, and higher profitability (with ROTE to increase from 12% to 15%).

Based on current market conditions and the macroeconomic scenario described above, **FY 2023-24**, following the record revenues and profits delivered by the Group in 1H, looks set to show solid growth compared with the previous financial year. Revenues are expected to confirm the growth rate factored into the Strategic Plan (3Y CAGR: +5%). Net profit is expected to increase, with operating costs rising in connection with the initiatives featured in the Strategic Plan, while the cost of risk is confirmed as normalizing at pre-Covid levels in Consumer Finance, and in the 55 bps area at Group level. Shareholder remuneration is confirmed to grow, following a cash payout ratio of 70%, plus completion of the share buyback scheme under execution, involving a total amount of €200m. The interim dividend for FY 2023-24 will be paid in May 2024.

Milan, 9 February 2024

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MEDIOBANCA

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	6 mths 31/12/2022 (*)	6 mths 31/12/2023	Chg. %
Net interest income	842.9	996.5	18.2%
Net treasury income	148.1	93.4	-36.9%
Net fee and commission income	472.7	422.1	-10.7%
Equity-accounted companies	195.4	218.6	11.9%
Total income	**1,659.1**	**1,730.6**	**4.3%**
Labour costs	(359.8)	(382.2)	6.2%
Administrative expenses	(331.1)	(353.2)	6.7%
Operating costs	**(690.9)**	**(735.4)**	**6.4%**
Loan loss provisions	(156.4)	(132.9)	-15.0%
Provisions for other financial assets	(22.7)	5.1	n.m.
Other income (losses)	(38.1)	(25.2)	-33.9%
Profit before tax	**751.0**	**842.2**	**12.1%**
Income tax for the period	(191.4)	(220.7)	15.3%
Minority interest	(4.1)	(10.3)	n.m.
Net profit	**555.5**	**611.2**	**10.0%**

2. Quarterly profit and loss accounts

Mediobanca Group	FY 22/23 (*)				FY 23/24	
(€m)	I Q 30/09/22	II Q 31/12/22	III Q 31/03/23	IV Q 30/06/23	I Q 30/09/23	II Q 31/12/23
Net interest income	396.3	446.6	456.0	502.1	495.7	500.8
Net treasury income	64.6	83.5	24.2	33.4	47.5	45.9
Net commission income	210.2	262.5	185.4	184.7	179.8	242.3
Equity-accounted companies	86.2	109.2	94.0	164.5	140.7	77.9
Total income	**757.3**	**901.8**	**759.6**	**884.7**	**863.7**	**866.9**
Labour costs	(165.8)	(194.0)	(176.4)	(192.1)	(179.7)	(202.5)
Administrative expenses	(155.6)	(175.5)	(167.6)	(186.1)	(164.2)	(189.0)
Operating costs	**(321.4)**	**(369.5)**	**(344.0)**	**(378.2)**	**(343.9)**	**(391.5)**
Loan loss provisions	(62.6)	(93.8)	(53.1)	(60.6)	(60.0)	(72.9)
Provisions for other fin. assets	(17.0)	(5.7)	9.7	5.7	(0.4)	5.5
Other income (losses)	(2.6)	(35.5)	(57.9)	(89.8)	—	(25.2)
Profit before tax	**353.7**	**397.3**	**314.3**	**361.8**	**459.4**	**382.8**
Income tax for the period	(88.7)	(102.7)	(76.5)	(126.5)	(107.4)	(113.3)
Minority interest	(2.2)	(1.9)	(2.2)	(0.4)	(0.7)	(9.6)
Net profit	**262.8**	**292.7**	**235.6**	**234.9**	**351.3**	**259.9**

3. Restated balance sheet

Mediobanca Group (€m)	31/12/2023	30/06/2023 (*)	31/12/2022 (*)
Assets			
Financial assets held for trading	11,132.0	9,546.2	8,689.7
Treasury financial assets	12,440.8	10,378.5	15,247.7
Banking book securities	10,858.6	10,471.3	8,627.2
Customer loans	51,827.3	52,549.2	53,600.8
Corporate	*16,011.8*	*16,765.2*	*18,219.0*
Specialty Finance	*2,927.8*	*2,860.7*	*3,071.2*
Consumer credit	*14,701.5*	*14,465.0*	*14,142.7*
Mortgages	*12,539.7*	*12,384.1*	*11,981.8*
Private banking	*4,327.9*	*4,443.2*	*4,449.0*
Leasing & NPL	*1,318.6*	*1,631.0*	*1,737.1*
Equity investments	4,539.3	4,367.7	3,147.9
Tangible and intangible assets	1,646.2	1,327.6	1,370.4
Other assets	2,466.1	2,983.3	3,038.3
Total assets	**94,910.3**	**91,623.8**	**93,722.0**
Liabilities			
Funding	60,624.0	60,506.2	61,952.8
MB bonds	*23,925,0*	*22,282.8*	*20,584.8*
Retail deposits	*16,992.3*	*16,983.6*	*17,042.3*
Private Banking deposits	*10,704.1*	*11,194.6*	*11,799.4*
ECB	*3,364.2*	*5,586.2*	*7,980.3*
Banks and other	*5,638.4*	*4,459.0*	*4,546.0*
Treasury financial liabilities	9,657.7	5,470.0	8,290.0
Financial liabilities held for trading	9,349.0	9,436.7	9,534.2
Other liabilities	4,047.7	4,599.7	4,074.2
Provisions	177.8	182.6	164.6
Net equity	11,054.1	11,428.6	9,706.2
Minority interest	*96.3*	*104.1*	*102.6*
Profit for the period	*611.2*	*1,026.0*	*555.5*
Total liabilities	**94,910.3**	**91,623.8**	**93,722.0**
CET 1 capital	7,532.3	8,177.6	7,952.6
Total capital	8,546.3	9,217.0	8,815.3
RWA	49,088.4	51,431.5	52,573.6

4. Consolidated shareholders' equity

Net equity (€m)	31/12/2023	30/06/2023 (*)	31/12/2022 (*)
Share capital	444.5	444.2	444.2
Other reserves	10,017.0	9,792.0	9,190.6
Valuation reserves	(114.9)	62.3	(586.7)
- of which: Other Comprehensive Income	*128.9*	*71.1*	*91.4*
cash flow hedge	99.6	*272.4*	*308.5*
equity investments	*(334.5)*	*(277.8)*	*(976.6)*
Minority interest	96.3	104.1	102.6
Profit for the period	611.2	1,026.0	555.5
Total Group net equity	**11,054.1**	**11,428.6**	**9,706.2**

5. Ratios (%) and per share data (€)

MB Group	Financial year 22/23 (*)		Financial year 23/24
	31/12/2022	30/06/2023	31/12/2023
Ratios (%)			
Total assets / Net equity	9.7	8.0	8.6
Loans / Funding	0.87	0.87	0.85
RWA density (%)	56.1%	56.1%	51.7%
CET1 ratio (%)	15.1%	15.9%	15.3%
Total capital (%)	16.8%	17.9%	17.4%
S&P Rating	BBB	BBB	BBB
Fitch Rating	BBB	BBB	BBB
Moody's Rating	Baa1	Baa1	Baa1
Cost / Income	41.6	42.8	42.5
Gross NPLs/Loans ratio (%)	2.4	2.5	2.4
Net NPLs/Loans ratio (%)	0.7	0.7	0.8
EPS	0.65	1.21	0.72
EPS adj.	0.71	1.42	0.75
BVPS	10.9	12.5	12.4
TBVPS	9.9	11.6	11.1
DPS		0.85	
ROTE adj. (%)	13.8	12.7	13.3
RoRWA adj. (%)	2.4	2.4	2.5
No. shares (m)	849.2	849.3	849.9

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

6m – December 23 (€m)	WM	CF	CIB	INS	Holding Functions	Group
Net interest income	213.0	512.7	153.1	(3.6)	103.1	996.5
Net treasury income	4.4	0.4	55.8	7.8	23.1	93.4
Net fee and commission income	240.4	70.9	133.4	—	8.0	422.1
Equity-accounted companies	—	(0.2)	—	218.8	—	218.6
Total income	**457.8**	**583.8**	**342.3**	**223.0**	**134.2**	**1,730.6**
Labour costs	(159.4)	(57.6)	(94.4)	(2.0)	(68.6)	(382.2)
Administrative expenses	(142.2)	(117.0)	(77.1)	(0.6)	(25.2)	(353.2)
Operating costs	**(301.6)**	**(174.6)**	**(171.5)**	**(2.6)**	**(93.8)**	**(735.4)**
Loan loss provisions	(6.3)	(121.3)	0.4	—	(5.7)	(132.9)
Provisions for other financial assets	0.7	(0.1)	(2.9)	9.2	(1.8)	5.1
Other income (losses)	(2.9)	0.1	1.0	—	(23.7)	(25.2)
Profit before tax	**147.7**	**287.9**	**169.3**	**229.6**	**9.2**	**842.2**
Income tax for the period	(47.0)	(93.8)	(52.5)	(6.2)	(20.9)	(220.7)
Minority interest	(0.5)	—	(8.5)	—	(1.3)	(10.3)
Net profit	**100.2**	**194.1**	**108.3**	**223.4**	**(13.0)**	**611.2**
Loans and advances to Customers	16,867.6	14,701.5	18,939.6	—	1,318.6	51,827.3
RWAs	5,864.2	14,545.0	15,991.9	8,395.1	4,292.1	49,088.4
No. of staff	2,233	1,542	730	9	855 (427*)	5,369

(*) HF staff (427 FTEs at 31/12/23, 441 FTEs at 31/12/22) excluding those who work for the support/control units whose cost is charged back to the business lines as "administrative expenses"; the FTEs properly attributable to the HF refer to Group Treasury/ ALM, Leasing and other non core activities, General Management, plus approx. 40% of the support/control units.

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

6m – December 22 (€m) (*)	WM	CF	CIB	INS	Holding Functions	Group
Net interest income	172.2	492.4	135.2	(3.5)	31.8	842.9
Net treasury income	5.1	—	109.5	5.7	26.4	148.1
Net fee and commission income	230.0	68.4	185.3	—	23.3	472.7
Equity-accounted companies	—	(0.4)	—	195.8	—	195.4
Total income	**407.3**	**560.4**	**430.0**	**198.0**	**81.5**	**1,659.1**
Labour costs	(143.7)	(54.0)	(95.2)	(2.0)	(64.7)	(359.8)
Administrative expenses	(130.4)	(109.8)	(67.1)	(0.5)	(33.6)	(331.1)
Operating costs	**(274.1)**	**(163.8)**	**(162.3)**	**(2.5)**	**(98.3)**	**(690.9)**
Loan loss provisions	(5.8)	(100.3)	(36.2)	—	(14.1)	(156.4)
Provisions for other financial assets	(2.5)	(0.1)	(10.2)	(11.5)	1.5	(22.7)
Other income (losses)	(7.4)	(4.7)	—	—	(26.3)	(38.1)
Profit before tax	**117.5**	**291.5**	**221.3**	**184.0**	**(55.7)**	**751.0**
Income tax for the period	(34.7)	(95.1)	(72.2)	(1.2)	12.3	(191.4)
Minority interest	(0.6)	—	(2.0)	—	(1.5)	(4.1)
Net profit	**82.2**	**196.4**	**147.1**	**182.8**	**(44.9)**	**555.5**
Loans and advances to Customers	16,430.8	14,142.7	21,290.2	—	1,737.1	53,600.8
RWAs	5,812.6	13,154.1	21,802.3	8,535.4	3,269.1	52,573.6
No. of staff	2,140	1,507	632	10	840 (441*)	5,129

7. Wealth Management

Wealth Management (€m)	6 mths 31/12/2022	6 mths 31/12/2023	Chg.%
Net interest income	172.2	213.0	23.7%
Net trading income	5.1	4.4	-13.7%
Net fee and commission income	230.0	240.4	4.5%
Total income	**407.3**	**457.8**	**12.4%**
Labour costs	(143.7)	(159.4)	10.9%
Administrative expenses	(130.4)	(142.2)	9.0%
Operating costs	**(274.1)**	**(301.6)**	**10.0%**
Loan loss provisions	(5.8)	(6.3)	8.6%
Provisions for other financial assets	(2.5)	0.7	n.m.
Other income (losses)	(7.4)	(2.9)	-60.8%
Profit before tax	**117.5**	**147.7**	**25.7%**
Income tax for the period	(34.7)	(47.0)	35.4%
Minority interest	(0.6)	(0.5)	-16.7%
Net profit	**82.2**	**100.2**	**21.9%**
Loans and advances to customers	16,430.8	16,867.6	2.7%
New loans (mortgages)	1,402.6	479.8	-65.8%
TFA (Stock, € bn)	83.2	93.6	12.5%
-AUM/AUA	54.5	65.9	20.9%
-Deposits	28.7	27.7	-3.5%
TFA (Net New Money, € bn)	3.4	3.7	9.1%
-AUM/AUA	3.4	4.2	23.5%
-Deposits	—	(0.5)	n.m.
No. of staff	2,140	2,233	4.3%
RWAs	5,812.6	5,864.2	0.9%
Cost / income ratio (%)	67.3%	65.9%	
Gross NPL / Gross loans ratio (%)	1.2%	1.4%	
Net NPL / Net loans ratio1 (%)	0.5%	0.8%	
RoRWA adj	3.1%	3.6%	

8. Corporate & Investment Banking

Corporate & Investment Banking (€m)	6 mths 31/12/2022	6 mths 31/12/2023	Chg.%
Net interest income	135.2	153.1	13.2%
Net treasury income	109.5	55.8	-49.0%
Net fee and commission income	185.3	133.4	-28.0%
Total income	**430.0**	**342.3**	**-20.4%**
Labour costs	(95.2)	(94.4)	-0.8%
Administrative expenses	(67.1)	(77.1)	14.9%
Operating costs	**(162.3)**	**(171.5)**	**5.7%**
Loan loss provisions	(36.2)	0.4	n.m.
Provisions for other financial assets	(10.2)	(2.9)	-71.6%
Other income (losses)	—	1.0	n.m.
Profit before tax	**221.3**	**169.3**	**-23.5%**
Income tax for the period	(72.2)	(52.5)	-27.3%
Minority interest	(2.0)	(8.5)	n.m.
Net profit	**147.1**	**108.3**	**-26.4%**
Loans and advances to customers	21,290.2	18,939.6	-11.0%
No. of staff	632	730	15.5%
RWAs	21,802.3	15,991.9	-26.7%
Cost / income ratio (%)	37.7%	50.1%	
Gross NPL / Gross loans ratio (%)	0.7%	0.3%	
Net NPL / Net loans ratio (%)	0.2%	0.1%	
RoRWA adj	1.5%	1.2%	

9. Consumer Finance

Consumer Finance (€m)	6 mths	6 mths	Chg.%
	31/12/2022 (*)	31/12/2023	
Net interest income	492.4	512.7	4.1%
Net trading income	—	0.4	n.m.
Net fee and commission income	68.4	70.9	3.7%
Equity-accounted companies	(0.4)	(0.2)	-50.0%
Total income	**560.4**	**583.8**	**4.2%**
Labour costs	(54.0)	(57.6)	6.7%
Administrative expenses	(109.8)	(117.0)	6.6%
Operating costs	**(163.8)**	**(174.6)**	**6.6%**
Loan loss provisions	(100.3)	(121.3)	20.9%
Provisions for other financial assets	(0.1)	(0.1)	n.m.
Other income (losses)	(4.7)	0.1	n.m.
Profit before tax	**291.5**	**287.9**	**-1.2%**
Income tax for the period	(95.1)	(93.8)	-1.4%
Net profit	**196.4**	**194.1**	**-1.2%**
Loans and advances to customers	14,142.7	14,701.5	4.0%
New loans	3,869.0	3,927.4	1.5%
No. of branches	181	181	n.m.
No. of agencies	67	78	16.4%
No. of staff	1,507	1,542	2.3%
RWAs	13,154.1	14,545.0	10.6%
Cost / income ratio (%)	29.2%	29.9%	
Gross NPL / Gross loans ratio (%)	5.5%	5.8%	
Net NPL / Net loans ratio (%)	1.2%	1.5%	
RoRWA adj	3%	2.7%	

10. Insurance

Insurance - PI (€m)	6 mths 31/12/2022	6 mths 31/12/2023	Chg. %
Net interest income	(3.5)	(3.6)	2.9%
Net treasury income	5.7	7.8	36.8%
Net fee and commission income	—	—	n.m.
Equity-accounted companies	195.8	218.8	11.7%
Total income	**198.0**	**223.0**	**12.6%**
Labour costs	(2.0)	(2.0)	n.m.
Administrative expenses	(0.5)	(0.6)	20.0%
Operating costs	**(2.5)**	**(2.6)**	**4.0%**
Loan loss provisions	—	—	n.m.
Provisions for other financial assets	(11.5)	9.2	n.m.
Other income (losses)	—	—	n.m.
Profit before tax	**184.0**	**229.6**	**24.8%**
Income tax for the period	(1.2)	(6.2)	n.m.
Minority interest	—	—	n.m.
Net profit	**182.8**	**223.4**	**22.2%**
Equity investments	2,258.8	3,685.3	63.2%
Other investments	738.5	737.6	-0.1%
RWAs	8,535.4	8,395.1	-1.6%
RoRWA adj	2.9%	3.2%	

11. Holding Functions

Holding Functions (€m)	6 mths 31/12/2022	6 mths 31/12/2023	Chg. %
Net interest income	31.8	103.1	n.m.
Net treasury income	26.4	23.1	-12.5%
Net fee and commission income	23.3	8.0	-65.7%
Total income	**81.5**	**134.2**	**64.7%**
Labour costs	(64.7)	(68.6)	6.0%
Administrative expenses	(33.6)	(25.2)	-25.0%
Operating costs	**(98.3)**	**(93.8)**	**-4.6%**
Loan loss provisions	(14.1)	(5.7)	-59.6%
Provisions for other financial assets	1.5	(1.8)	n.m.
Other income (losses)	(26.3)	(23.7)	-9.9%
Profit before tax	**(55.7)**	**9.2**	**n.m.**
Income tax for the period	12.3	(20.9)	n.m.
Minority interest	(1.5)	(1.3)	-13.3%
Net profit	**(44.9)**	**(13.0)**	**-71.0%**
Loans and advances to customers	1,737.1	1,318.6	-24.1%
Banking book securities	6,963.3	8,950.6	28.5%
RWAs	3,269.1	4,292.1	31.3%
No. of staff	840 (441*)	855 (427*)	

(*) HF staff (427 FTEs at 31/12/23, 441 FTEs at 31/12/22) excluding those who work for the support/control units whose cost is charged back to the business lines as "administrative expenses"; the FTEs properly attributable to the HF refer to Group Treasury/ ALM, Leasing and other non core activities, General Management, plus approx. 40% of the support/control units.

12. Statement of comprehensive income

		6 mths	6 mths
		31/12/2022 (*)	31/12/2023
10	**Gain (loss) for the period**	**557.6**	**613.0**
	Other income items net of tax without passing through profit and loss	**92.6**	**11.9**
20.	Equity instruments designated at fair value through other comprehensive income	20.9	8.0
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(7.5)	(4.5)
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	0.7	(0.9)
80.	Non-current assets and disposal groups classified as held for sale	—	—
90.	Portion of valuation reserves from investments valued at equity method	78.5	9.4
100.	Financial income or costs relating to insurance contracts issued	—	—
	Other income items net of tax passing through profit and loss	**(1,074.7)**	**(189.1)**
110.	Foreign investment hedges	(1.3)	—
120.	Exchange rate differences	(2.4)	0.1
130.	Cash flow hedges	132.4	(172.9)
140.	Hedging instruments (non-designated items)	—	—
150.	Financial assets (different from equity instruments) at fair value through other comprehensive Income	(14.9)	49.7
160.	Non-current assets and disposal groups classified as held for sale	—	—
170.	Part of valuation reserves from investments valued at equity method	(1,188.6)	(66.1)
180.	Financial income or costs relating to insurance contracts issued	—	—
190.	Income or costs of a financial nature relating to reinsurance disposals	—	—
200.	**Total other income items net of tax**	**(982.2)**	**(177.2)**
210.	**Comprehensive income (Item 10+200)**	**(424.6)**	**435.8**
220.	Minority interest in consolidated comprehensive income	2.6	1.7
230.	**Consolidated comprehensive inc. attributable to Mediobanca S.p.A.**	**(427.1)**	**434.1**

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

Mediobanca S.p.A. (€m)	6 mths 31/12/2022	6 mths 31/12/2023	Chg.%
Net interest income	121.0	210.7	n.m.
Net treasury income	155.6	97.5	-37.3%
Net fee and commission income	200.5	150.9	-24.7%
Dividends on investments	117.4	419.4	n.m.
Total income	**594.5**	**878.5**	**47.8%**
Labour costs	(147.3)	(145.2)	-1.4%
Administrative expenses	(94.3)	(108.6)	15.2%
Operating costs	**(241.6)**	**(253.8)**	**5.0%**
Loan loss provisions	(35.5)	(3.4)	n.m.
Provisions for other financial assets	(20.5)	4.4	n.m.
Impairment on investments	—	—	n.m.
Other income (losses)	(0.8)	(0.5)	n.m.
Profit before tax	**296.1**	**625.2**	**n.m.**
Income tax for the period	(66.0)	(85.0)	n.m.
Net profit	**230.1**	**540.2**	**n.m.**

Mediobanca S.p.A. (€m)	31/12/2023	30/06/2023	31/12/2022
Assets			
Financial assets held for trading	11,280.2	10,509.4	9,801.1
Treasury financial assets	14,645.5	12,790.5	18,163.6
Banking book securities	11,114.4	11,118.7	9,727.2
Customer loans	39,931.8	41,446.9	42,628.8
Equity Investments	4,847.4	4,542.9	4,656.8
Tangible and intangible assets	169.5	169.3	170.4
Other assets	1,165.1	690.2	632.0
Total assets	**83,153.9**	**81,267.9**	**85,779.9**
Liabilities and net equity			
Funding	55,487.5	55,893.0	58,119.8
Treasury financial liabilities	10,799.5	6,585.1	9,218.4
Financial liabilities held for trading	9,582.7	10,592.2	10,858.2
Other liabilities	2,317.1	3,041.4	2,798.4
Provisions	92.2	102.8	117.8
Net equity	4,334.7	4,446.9	4,437.2
Profit of the period	540.2	606.5	230.1
Total liabilities and net equity	**83,153.9**	**81,267.9**	**85,779.9**

(*) Comparison periods have been recasted, with negligible impacts, after the eighth update of Bank of Italy circular 262/2005 came into force, incorporating the introduction of the new IFRS 17 – Insurance Contracts.

As required by Article154-*bis*, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the stated accounting information contained in the report conforms to the documents, account ledgers and book entries of the company.

Head of company financial reporting

Emanuele Flappini

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