

Milan, 19 October 2018

## **CheBanca! Board of Directors' Meeting Financial statements for three months ended 30 September 2018 approved**

**Significant growth in TFAs (up 14% to €23bn)  
despite high uncertainty and volatility  
Customer base increased by 10K  
Profitability increasing**

### **FAs network continues to strengthen**

**Growth from 226 FAs at end-June 2018 to 244, across 51 POS (46)  
More than €2bn in TFA now attributable to FAs**

### **Volumes and customers growing**

**TFAs up to €23.2bn, with €0.6bn in NNM for the quarter  
Loans and advances up 8.1% Y.o.Y. to reach €8.2bn, with new loans of €0.4bn in the three months  
Client base increased by more than 10K (to 818K), with the digital channel accounting for more than 40% of new customers**

### **Revenues and operating profit showing solid improvement**

**Revenues up 3% Y.o.Y.<sup>1</sup> to €72m,  
well diversified between net interest income (€53m) and fees (up 19% Y.o.Y. to €19m)  
Costs up 2.7% Y.o.Y. to €1.5m, due to growth in business  
Operating profit up 12% Y.o.Y. to €10m**

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<sup>1</sup> Y.o.Y.: 1Q FY 2018-19 vs 1Q FY 2017-18.

# CheBanca!

At a Board meeting held today, the Directors of CheBanca! approved the bank's results for the three months ended 30 September 2018.

CheBanca! CEO GianLuca Sichel commented as follows:

*“A highly satisfactory set of results was delivered in the first quarter of the 2018-19 financial year, testimony to the growth path undertaken by CheBanca! which is structural and sustainable even despite the high market volatility. Distribution has been strengthened further, with developments in the digital channel and the addition of further advisors; the number of clients has grown by more than ten thousand, and the product offering has been expanded to include “open-guided” products as well. In accompanying our customers in their investment decisions we have managed to raise some €600m in net new money for the three months. We are pressing on with our commitment to improve our relations with customers day by day, seeking to identify with them in their needs and offer them a simple but innovative way of interacting with us, while providing them with a full and convenient offering of products.”*

## FRANCHISE AND PRODUCT PORTFOLIO ENHANCED

- The **digital** “turn” at CheBanca! branches continues, with more than 50% of the signatures for instructions issued by clients at branch offices now digital.
- **Client base continuing to increase**, now standing at 818,000 (vs 807,000 at end-June), with the digital channel now accounting for more than 40% of new customers.
- With a view to **strengthening the “open-guided” investment platform**, work has begun on selling new Mediobanca SGR products, such as Mediobanca Global Multiasset (MGM), a fund with an investment policy geared towards leveraging market opportunities over the medium/long time horizon; Mediobanca Long Short Sector Rotation, which is focused on the selection of sectors at global level, also with a medium-/long-perspective; and Mediobanca Defensive Portfolio, a bond fund with a benchmark investment horizon of at least three years, representing a solution for those looking for attractive returns on use of their liquidity in a market scenario where interest rates are so low they do not even cover inflation.
- A **new, multi-branch policy** has been developed, in conjunction with Aviva, to be sold by the FAs network.
- Further **increase in the network of financial advisors**: the network now has 244 FAs (compared with 226 at end-June 2018 and 112 at end-September 2017), based in 51 offices (compared with 46 as at end-June 2018 and 26 at end-September 2017); the objective is still to reach 320 FAs by end-June 2019.
- **Development of front-end platform** for the channels covered, to provide the advisor with accurate information and effective tools to manage relations with their own clients.

## GROWTH IN BUSINESS VOLUMES

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## **TFA's UP 13.9% Y.o.Y. AND UP 2.5% Q.o.Q. TO €23.2bn, LOANS UP 8.1% Y.o.Y. TO €8.2bn**

- Total financial assets ("TFA") reached €23.2bn, up 2.5% on end-June 2018, with increases in assets under management ("AUM", up 2.9%, to €6.5bn), asset under administration ("AUA", up 2.6%, to €2.2bn), and deposits (up 2.3%, to €14.5bn).
- **Net new money** ("NNM") totalled €0.6bn (compared with a €0.1bn outflow in 1Q FY 2017-18 and €1.5bn inflow in 4Q FY 2017-18), and was affected by the recent market instabilities and seasonality, in terms of both composition and trend. The €0.6bn NNM is made up as follows:
  - €0.2bn AUM (vs €0bn in 1Q FY 2017-18 and €0.3bn in 4Q FY 2017-18);
  - €0.1bn AUA (vs €0bn in 1Q FY 2017-18 and €0.3bn in 4Q FY 2017-18);
  - €0.3bn direct funding (compared with a €0.2bn outflow in 1Q FY 2017-18 and a €0.9bn inflow in 4Q FY 2017-18); the latter saw a further increase in the highest loyalty retention transactional component (current accounts and transactional products), which added €0.2bn to reach €7.7bn
- **Growth in volumes derives from balanced contribution from the main distribution channels:**
  - **Proprietary network:** €0.3bn in NNM. TFAs managed by the proprietary channel totalled €21.2bn, split between €7.5bn in AUM/AUA and €13.7bn in deposits;
  - **FAs:** €0.3bn in NNM. TFAs managed by the FAs channel reached €2.0bn, split between €1.2bn in AUM/AUA and €0.8bn in deposits;
- **Mortgage loans** to households climbed in the first quarter, from €8.1bn to €8.2bn, on new loans totalling €0.4bn (23% higher than the €0.3bn posted in 1Q FY 2017-18). **Asset quality remained at excellent levels:** net NPLs grew slightly, from €332m, to €335m, stable at just over 4% of total loans. It should be noted that following the adoption of IFRS9, the coverage levels for impaired assets (stage 3) in particular have been increased by €19m. This has driven a reduction in net NPLs from €155.1m to €137.8m, which now account for 1.7% of total loans with a coverage ratio of 58.9% (53.3%); whereas net bad loans declined from €92.7m to €70.7m (0.9% of net total loans) with the coverage ratio rising from 60.9% to 69.8%.

## **PROFITABILITY IMPROVING REVENUES UP 3% TO €72M, GOP UP TO €10M**

The main profit-and-loss items reflected the following trends for the three months (compared to 1Q FY 2017-18):

- Revenues were up 2.9% (from €69.9m to €71.9m), due in particular to significant growth in fee income which climbed 18.9%; from €16.2m to €19.3m);
- Operating costs were up €1.5m, or 2.7%, from €56.5m to €58.0m, due to the growth in the business;
- Loan loss provisions continued their declining trend, falling €0.5m, or 12.1%, from €4.5m to €4.0m);
- Net profit came in at €6.3m, slightly higher than the €6.0m reported in the same period last year.

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The earnings performance quarter-on-quarter (compared to 4Q FY 2017-18) was as follows:

- Revenues were down 5.8%, from €76.3m to €71.9m; the performance for the three months was impacted both by seasonal factors and the market instability in the first quarter;
- Operating costs show a reduction of €3.5m, or 5.7%, from €61.5m to €58.0m, due to seasonal factors affecting both business and development;
- Loan loss provisions decreased by 10.1%, or €0.4m, from €4.4m to €4.0m;
- Net profit for the three months totalled €6.3m, higher than the €5.5m posted in 4Q FY 2017-18.

## PRINCIPAL INITIATIVES AND AWARDS

- CheBanca! – for the fourth consecutive year – has secured a place in the “Superbrands Club”, a programme which rewards and celebrates brands of excellence which succeed in building emotional attachments with their clients resulting in relationships of trust.  
What are the core values of a “Superbrand”? Authenticity, innovation and responsibility.  
What makes CheBanca! a Superbrand? Having succeeded in creating a multi-channel model capable of integrating digital and physical channels, and in so doing having developed a new way of banking, summarized in the payoff “The Human Digital Bank”.  
With its ability to innovate, CheBanca! has developed its product offering and service model to the point where it has become a player of choice for investors, combining the digital world with the human factor.
- CheBanca! was the main sponsor of *Fuoricinema* 2018, the opening event at the first year of the Milan Movie Week. At the event, the CheBanca! Movie Contest was an attempt to spread the culture of Italian cinema, which included the award of the CheBanca! Fuoricinema prize as testimony to the support which CheBanca! intends to provide for the talented new generations in this area.

Milan, 19 October 2018

**Mediobanca Investor Relations**  
tel. +39-02-8829.1

[jessica.spina@mediobanca.com](mailto:jessica.spina@mediobanca.com) (860)  
[luisa.demaria@mediobanca.com](mailto:luisa.demaria@mediobanca.com) (647)  
[matteo.carotta@mediobanca.com](mailto:matteo.carotta@mediobanca.com) (290)

**Mediobanca Media Relations**  
tel. +39-02-8829.1

[lorenza.pigozzi@mediobanca.com](mailto:lorenza.pigozzi@mediobanca.com) (627)  
[stefano.tassone@mediobanca.com](mailto:stefano.tassone@mediobanca.com) (319)  
[simona.rendo@mediobanca.com](mailto:simona.rendo@mediobanca.com) (914)

# CheBanca!

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

CheBanca!	1Q FY17/18	1Q FY18/19	YoY% Chg	4Q FY17/18	QoQ. Chg%
	30/09/17	30/09/18		30/06/18	
Net interest income	53.6	52.5	-2.1%	53.3	-1.5%
Net treasury income	0.1	0.1	n.m.	0.2	n.m.
Net fee, commission/other income	16.2	19.3	18.9%	22.8	-15.5%
<b>Total income</b>	<b>69.9</b>	<b>71.9</b>	<b>2.9%</b>	<b>76.3</b>	<b>-5.8%</b>
Labour costs	-25.2	-26.2	4.1%	-27.5	-4.6%
Administrative expenses	-31.3	-31.8	1.6%	-34.0	-6.5%
<b>Operating costs</b>	<b>-56.5</b>	<b>-58.0</b>	<b>2.7%</b>	<b>-61.5</b>	<b>-5.7%</b>
Loan loss provisions/writebacks	-4.5	-4.0	-12.1%	-4.4	-10.1%
<b>GOP</b>	<b>8.9</b>	<b>9.9</b>	<b>11.7%</b>	<b>10.4</b>	<b>-4.4%</b>
Other financial activities at fair value	0.0	-0.1	n.m.	0.0	n.m.
<b>Profit before tax</b>	<b>8.9</b>	<b>9.8</b>	<b>10.6%</b>	<b>10.4</b>	<b>-5.3%</b>
Income tax	-2.9	-3.5	20.7%	-4.9	-28.6%
<b>Net profit</b>	<b>6.0</b>	<b>6.3</b>	<b>5.7%</b>	<b>5.5</b>	<b>15.3%</b>
<b>Statutory net profit<sup>2</sup></b>	<b>1.2</b>	<b>6.3</b>	<b>n.m.</b>	<b>5.5</b>	<b>14.4%</b>

## 2. RESTATED PROFIT AND LOSS ACCOUNT BY QUARTERS (€m)

CheBanca!	1Q FY17/18	2Q FY17/18	3Q FY17/18	4Q FY17/18	1Q FY18/19
	30/09/17	31/12/17	31/03/18	30/06/18	30/09/18
Net interest income	53.6	53.0	52.1	53.3	52.5
Net treasury income	0.1	0.2	0.3	0.2	0.1
Net fee, commission/other income	16.2	20.6	20.1	22.8	19.3
<b>Total income</b>	<b>69.9</b>	<b>73.8</b>	<b>72.5</b>	<b>76.3</b>	<b>71.9</b>
Labour costs	-25.2	-24.3	-25.6	-27.5	-26.2
Administrative expenses	-31.3	-33.7	-33.7	-34.0	-31.8
<b>Operating costs</b>	<b>-56.5</b>	<b>-58.0</b>	<b>-59.3</b>	<b>-61.5</b>	<b>-58.0</b>
Loan loss provisions/writebacks	-4.5	-3.8	-3.8	-4.4	-4.0
<b>GOP</b>	<b>8.9</b>	<b>12.0</b>	<b>9.4</b>	<b>10.4</b>	<b>9.9</b>
Other financial activities at fair value	0.0	0.0	0.0	0.0	-0.1
<b>Profit before tax</b>	<b>8.9</b>	<b>12.0</b>	<b>9.4</b>	<b>10.4</b>	<b>9.8</b>
Income tax	-2.9	-2.1	-3.1	-4.9	-3.5

<sup>2</sup> Statutory net profit as stated here differs from the net profit stated for the affluent-premier segment of the Mediobanca Group Wealth Management division as it includes the contributions made to the interbank deposit guarantee fund

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Net profit	6.0	9.9	6.3	5.5	6.3
Statutory net profit <sup>2</sup>	1.2	6.1	6.2	5.5	6.3

### 3. CUSTOMER TOTAL FINANCIAL ASSETS (TFAs; €m) – TOTAL CHEBANCA!

CheBanca!	30/09/17	31/12/17	31/03/18	30/06/2018	30/09/18
Assets under Management (AUM)	5,361	5,735	5,964	6,320	6,503
Assets under Administration (AUA)	1,804	1,831	1,972	2,116	2,170
Deposits	13,174	13,078	13,307	14,163	14,493
<b>Total TFAs</b>	<b>20,339</b>	<b>20,644</b>	<b>21,242</b>	<b>22,598</b>	<b>23,166</b>

### 4. CUSTOMER TOTAL FINANCIAL ASSETS – FINANCIAL ADVISORS NETWORK (TFAs; €m)

CheBanca!	30/09/17	31/12/17	31/03/18	30/06/2018	30/09/18
Assets under Management (AUM)	273	466	711	942	1,061
Assets under Administration (AUA)	64	88	110	149	165
Deposits	163	212	405	644	779
<b>Total TFAs</b>	<b>500</b>	<b>766</b>	<b>1,226</b>	<b>1,735</b>	<b>2,005</b>

### 5. NET NEW MONEY (NNM, €m) – TOTAL CHEBANCA!

CheBanca!	3M 30/09/17	3M 31/12/17	3M 31/03/18	3M 30/06/2018	3M 30/09/18
Assets under Management (AUM)	37	336	325	338	167
Assets under Administration (AUA)	6	37	90	257	71
Deposits	-180	-96	229	856	330
<b>Total NNM</b>	<b>-137</b>	<b>277</b>	<b>644</b>	<b>1,451</b>	<b>568</b>

### 6. NET NEW MONEY (NNM, €m) – FINANCIAL ADVISORS NETWORK

CheBanca!	3M 30/09/17	3M 31/12/17	3M 31/03/18	3M 30/06/2018	3M 30/09/18
Assets under Management (AUM)	38	191	257	229	118
Assets under Administration (AUA)	18	27	23	40	16
Deposits	68	49	193	239	135
<b>Total NNM</b>	<b>124</b>	<b>267</b>	<b>473</b>	<b>508</b>	<b>269</b>

## 7. OTHER ASSET INFORMATION (€m)

CheBanca!	30/09/17	31/12/17	31/03/18	30/06/2018	30/09/18
Customer mortgages – new loans	306	695	1.124	1.594	377
Customer loans – stock	7,568	7,710	7,884	8,107	8,184

## 8. INDICATORS

CheBanca!	30/09/17	31/12/17	31/03/18	30/06/2018	30/09/18
Customer loans/customer deposits	57%	59%	59%	57%	56%
NPLs/total loans	2.4%	2.2%	2.1%	1.9%	1.7%
Bad debts/total loans	1.4%	1.3%	1.2%	1.1%	0.9%
Cost/income ratio	80.8%	79.7%	80.4%	80.4%	80.7%

## 9. ORGANIZATIONAL DATA

CheBanca!	30/09/17	31/12/17	31/03/18	30/06/2018	30/09/18
No. of staff	1,295	1,295	1,318	1,321	1,326
of whom affluent-premier advisors	407	409	410	416	413
No. of Fas	112	157	203	226	244
No. of branches	111	109	110	111	111
No. of FAs POS	26	35	38	46	51