

PRESS RELEASE

Mediocredito Centrale S.p.A.: approval of consolidated financial statements of Mediocredito Centrale Group for fiscal year 2021

- **Consolidated Net loss of the Parent company: 29.4 million (compared to a 2020 restated net income of 164 million, including a negative goodwill of 158 million arising from the completion of the Purchase Price Allocation – PPA process);**
- **Cet 1, Tier 1 ratio: 14.26%; Total capital ratio: 14.45%; (compared to 12.65% and 13.27% at 31 December 2020 restated)**
- **Total assets: 15,262 million (14,797 million at 31 December 2020 restated)**

Rome, 14 April 2022 – The Board of Directors of Mediocredito Centrale S.p.A. today approved the consolidated financial statements of Mediocredito Centrale Group for fiscal year 2021 which shows a consolidated net loss of 31.6 million, of which 29.4 million of the Parent company.

The consolidated result includes the 2021 net income of the Parent Company MCC of 86.5 million, the 2021 net loss related to Banca Popolare di Bari (-171 million) and to Cassa di Risparmio di Orvieto (-0,1 million), and the positive contribution of the effects of consolidation of 53 million related to:

- write off of impairment of equity investments in BPB and CRO accounted for in separate financial statements for 15 million;
- different accounting treatment of hedging instruments of BPB loan portfolio for 7 million;
- reversal of the purchase price allocation (PPA), accounted for in 2020 financial statements, for 31 million.

In details, the 2021 Group results show:

- net profit from financial activities of 498 million, consisting of net interest margin of 231 million, net fees and commissions of 262 milioni, due to the extraordinary performance of the Guarantee Fund for SMEs, dividends and other net financial profit for 5 million;

- net impairment for credit risk equal to 117 million, aimed to preserve adequate coverage levels of the loan portfolio;
- administrative costs of 371 million (of which 246 million related to staff cost, including the net provision of 44 million to the incentivized retirement fund of BPB, and other administrative costs of 125 million), with a cost income equal to 76%;
- net provisions for risk and charges of 22 million, mainly consisting of provisions for legal claims.

With reference to own funds ratios, CET1 ratio and Tier 1 ratio are both equal to 14.26%, Total Capital Ratio is equal to 14.45%.

In the 2021 consolidated financial statements the final outcomes of the Purchase Price Allocation (PPA) on the assets and liabilities of Banca Popolare di Bari and Cassa di Risparmio di Orvieto as at 15 October 2020. The end of the process, happened within one year from the acquisition of control as required by IFRS 3, and the accounting of the related effects, determined a restatement of comparative data as of 31 December 2020, with a negative effect on net income and shareholders equity of 32.6 million, of which 30.6 million of the Parent company.

Consolidated financial statements as at 31 December 2021 show:

Balance sheet data

Financial assets valued at amortised cost, of which Loans and receivables to customers equal to 8,596 million (10,124 million as at 31 December 2020 *restated*);

Financial assets valued at fair value with impact on overall profitability equal to 2,151 million (1,053 million as at 31 December 2020 *restated*);

Financial liabilities valued at amortised cost equal to 13,541 million (13,194 million as at 31 December 2020 *restated*);

Shareholders' Equity equal to 892 million (919 million as of 31 December 2020 *restated*);

Cet 1, Tier 1 ratio equal to 14.26% (12.65% as at 31 December 2020 *restated*);

Total Capital ratio equal to 14.45% (13.27% as at 31 December 2020 *restated*).

Income statement¹ data

Net interest margin equal to 231 million (64 million as of 31 December 2020 *restated*)

Net fees and commissions equal to 262 million (142 million as of 31 December 2020 *restated*);

Net profit from financial equal to 498 million (216 million as of 31 December 2020 *restated*);

Operating costs equal to -401 million (positive for 27 million as of 31 December 2020 *restated*, including *negative goodwill* of 158 million).

On 24 March 2022 the Group received from Bank of Italy the communication of start of the process aimed to establish the capital requirements applicable to MCC Group, as outcome of the first Supervisory Review and Evaluation Process – SREP. The process will be concluded in 90 days.

¹ It should be noted that the restated 2020 consolidated income statement includes BPB and CRO results for a 2.5 month period, from 16 October 2020 (the beginning of the ordinary management of BPB after the special administration) to 31 December 2020. Therefore 2020 economic data are not comparable with 2021 economic data, in which the results of all the Group entities are related to a 12 month period.

Representation of Manager responsible for preparing the company's financial reports

The undersigned Elena De Gennaro, in her capacity as Manager responsible for preparing the company's financial reports of Mediocredito Centrale S.p.A.

ATTESTS

in compliance with the provisions of article 154-bis, paragraphs 2, of Italian Legislative Decree no. 58 of 24 February 1998, that the financial information included in this press release corresponds with the entries in the accounting ledgers and documents.

Manager responsible for
preparing the company's
financial reports



Rome, 14 April 2022

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The consolidated balance sheet and consolidated income statement are hereby attached.
Please consider that the external independent audit is still in progress

CONSOLIDATED BALANCE SHEET

	31/12/2021	31/12/2020 restated
10. Cash and cash balances	588,489	202,291
20. Financial assets at FV with effects on P&L	67,459	105,187
a) financial assets at FV with effects on P&L held for trading	4,137	4,183
b) financial assets designed at fair value	-	-
c) financial assets mandator designed at fair value	63,322	101,004
30. Financial assets valued at fair value with impact on overall profitability	2,151,142	1,052,790
40. Financ. Assets valued at amortized cost	11,644,964	12,517,822
a) loans and receivables to banks	3,048,602	2,394,073
b) loans and receivables to customers	8,596,362	10,123,749
50. Derivatives used for hedging	72,272	90,202
60. Fair value changes of the hedged items in portfolio, hedge of interest rate risk (+/-)	-	-
70. Equity investments	564	564
80. Technical reserves charged to reinsurers	-	-
90. Tangible assets	181,751	197,853
100. Intangible assets	2,958	3,439
of which:		
- goodwill	-	-
110. Tax assets	389,053	485,291
a) current	127,172	165,198
b) deferred	261,881	320,093
120. Non current assets and disposal groups classified as held for sale	-	-
130. Other assets	163,542	141,557
Total Assets	15,262,194	14,796,996

continued: CONSOLIDATED BALANCE SHEET

Liabilities and Shareholders' equity	31/12/2021	31/12/2020 restated
10. Financial liabilities valued at amortized cost	13,541,298	13,193,729
a) deposits from banks	3,644,216	3,394,460
b) deposits from customers	9,111,513	8,700,045
c) debt certificates including bonds	785,569	1,099,224
20. Financial liabilities held for trading	10,692	29,944
30. Financial liabilities designated at Fair Value	-	-
40. Derivatives used for hedging	1,264	-
60. Tax liabilities	17,255	23,988
a) current	4,186	6,797
b) deferred	13,069	17,191
80. Other liabilities	435,067	282,924
90. Provision for employee severance pay	34,604	41,851
100. Provisions for risks and charges	330,215	305,356
a) commitments and guarantees given	10,749	12,724
b) pensions and other post retirement benefits obligations	5,304	6,483
c) other	314,162	286,149
120. Revaluation reserves	(5,479)	766
130. Redeemable shares	-	-
140. Equity instruments	-	-
150. Reserves	697,570	523,668
155 of which interim dividends	-	-
160. Share premium	-	-
170. Issued capital	204,509	204,509
180. Treasury shares (-)	-	-
190. Minorities (+/-)	24,565	25,962
200. Net Profit (Loss) for the year (+/-)	(29,366)	164,299
Total liabilities and Shareholders' Equity	15,262,194	14,796,996

CONSOLIDATED INCOME STATEMENT

Item	31/12/2021	31/12/2020 restated
10. Interest income and similar revenues	304,929	95,389
of which: interest income calculated using the effective interest method	167,130	36,320
20. Interest expenses and similar charges	(73,485)	(31,137)
30. Net interest margin	231,444	64,252
40. Fee and commission income	271,845	145,644
50. Fee and commission expenses	(10,341)	(3,424)
60. Net fee and commission	261,504	142,220
70. Dividends and similar revenues	1,860	769
80. Net income financial assets and liabilities held for trading	9,788	(66)
90. Fair value adjustment in hedge accounting	222	26
100. Gains and losses on disposal of:	21,968	8,517
a) Financial assets at amortized cost	18,819	(434)
b) financial assets at fair value with impact on overall profitability	3,148	8,789
c) financial liabilities	1	162
110. Net gains and losses on financial assets/liabilities designated at fair value with impact on overall profitability	(28,741)	(165)
a) net result of financial assets and liabilities valued at fair value	-	-
b) net result of other financial assets that are measured at fair value	(28,741)	(165)
120. Operating income	498,045	215,553
130. Net impairment/write-backs for credit risk related to:	(117,100)	(86,239)
a) financial assets at amortized cost	(117,031)	(85,771)
b) financial assets measured at fair value with an impact on overall profitability	(69)	(468)
140. Profit/loss from contract changes without cancellation	(1,566)	118
150. Net profit from financial activities	379,379	129,432
180. Net profit from financial and insurance activities	379,379	129,432
190. Administrative costs:	(371,040)	(104,458)

a) payroll costs	(245,823)	(63,996)
b) other administrative costs	(125,217)	(40,462)
200. Net provisions for risks and charges	(21,563)	(23,306)
a) commitments and guarantees issued	1,977	(1,535)
b) other net provisions	(23,540)	(21,771)
210. Impairment on tangible assets	(19,906)	(5,201)
220. Impairment on intangible assets	(2,197)	(1,184)
230. Other operating income/charges	14,040	161,420
240. Operating costs	(400,666)	27,271
250. Profit (Loss) on equity investments	-	(36)
280. Gains and losses on disposals on investments	11	(224)
290. Total profit or loss before tax from continuing operations tax expense related to profit or loss from continuing operations	(21,276)	156,443
300. Total profit or loss after tax from continuing operations tax expense related to profit or loss from continuing operations	(10,343)	3,529
310. Total profit or loss after tax continuing	(31,619)	159,972
320. Profit (Loss) of operating activities extended to net of taxes	-	-
330. Net profit or loss	(31,619)	159,972
340. Minority portion of net income (loss)	(2,253)	(4,327)
350. Holdings income (loss) of the year	(29,366)	164,299