

November 7, 2018



9M 2018 RESULTS & BUSINESS UPDATE

9M 2018 Group Results**3****9M 2018 Domestic Market Results****17****9M 2018 Foreign Markets Results****34****Business Update****39****Mediolanum Facts****57**



9M 2018 Group Results

Notable results thanks to disciplined & strong underlying business

- ▶ **Operating Margin: +26% YoY** - highlights our increasing operating efficiency
- ▶ **Contribution Margin: +9% YoY** - solid Commission Income with resilient fee margin
- ▶ **Net Interest Income: +5% QoQ** - good management of retail cost of funding & of treasury activity. Improved guidance for year-end NII to beat 2017
- ▶ **G&A Expenses: +5% YoY** - better than expected, with cost containment on ongoing business
- ▶ **New Initiatives:** EuroCQS, IB, IRL AM Team, Wealth Mgmt - concrete benefits already evident
- ▶ **Repricing of Ireland-based Funds:** will be applied in January 2019.
New Performance Fees Methodology in tandem with increase in Investment Management Fees
- ▶ **Super competitive TER** thanks to:
 - renegotiating fees paid on mandates & on institutional classes
 - redesigning technical structure of some funds
 - repricing of Italy-based PIR funds at Jan. 2018
 - new pricing structure of Ireland-based funds Jan. 2019

5

Income Statement

€ mn



9M 2018
Group

	9M18	9M17	Change
Entry fees	34.6	60.3	-43%
Management fees	754.5	722.0	+5%
Net Insurance revenues ex U-L commissions	24.0	22.1	+9%
Banking service fees	69.5	63.0	+10%
Other fees	38.6	28.7	+34%
Gross Commission income	921.3	896.0	+3%
Acquisition costs	(382.5)	(393.6)	-3%
Other commission expenses	(52.4)	(48.9)	+7%
Net Commission Income	486.4	453.5	+7%
Net interest income	136.1	137.6	-1%
Equity contribution	21.0	21.3	-1%
Net income on other investments	11.3	(8.1)	n.s.
<i>o/w Impairment on loans</i>	(8.7)	(9.1)	-5%
Other revenues	25.2	20.5	+23%
Contribution Margin	679.9	624.7	+9%
G&A expenses	(392.6)	(373.6)	+5%
Regular Contributions to Banking Industry	(13.6)	(15.8)	-14%
Amortization & Depreciation	(27.8)	(27.0)	+3%
Provisions for risks & charges	(24.9)	(33.5)	-26%
Operating Margin	220.9	174.8	+26%
Performance fees	121.8	126.0	-3%
Net income on investments at fair value	(6.4)	9.6	n.s.
Market Effects	115.4	135.6	-15%
Capital Gains	0	41.6	n.s.
One-off Contributions to Banking Industry	(1.8)	(34.8)	-95%
One-offs	(1.8)	6.8	n.s.
PROFIT BEFORE TAX	334.5	317.2	+5%
Income tax	(62.5)	(38.1)	+64%
NET INCOME	272.1	279.1	-3%

Income Statement by Quarter

€ mn



9M 2018
Group

	Q117	Q217	Q317	Q417	Q118	Q218	Q318
Entry fees	19.8	24.5	16.0	16.6	14.1	11.6	9.0
Management fees	233.6	242.2	246.2	254.1	250.3	250.9	253.3
Net Insurance revenues ex U-L commissions	9.4	8.2	4.5	7.1	6.3	9.4	8.4
Banking service fees	21.8	20.9	20.2	21.5	24.0	23.1	22.4
Other fees	9.2	10.0	9.5	10.5	12.1	13.5	13.0
Gross Commission income	293.9	305.7	296.4	309.8	306.8	308.4	306.1
Acquisition costs	(128.5)	(132.4)	(132.7)	(141.7)	(128.2)	(128.9)	(125.3)
Other commission expenses	(15.8)	(16.7)	(16.4)	(16.6)	(16.1)	(17.7)	(18.6)
Net Commission Income	149.6	156.6	147.3	151.6	162.4	161.8	162.1
Net interest income	45.0	49.4	43.2	40.9	40.5	46.6	49.0
Equity contribution	0	6.6	14.7	5.8	0	6.8	14.2
Net income on other investments	(2.4)	(2.3)	(3.4)	1.4	3.7	10.3	(2.7)
<i>o/w Impairment on loans</i>	(3.1)	(4.6)	(1.5)	(2.4)	(6.1)	(1.0)	(1.6)
Other revenues	7.0	7.9	5.6	7.1	12.3	7.4	5.4
Contribution Margin	199.1	218.2	207.4	206.8	218.9	232.9	228.0
G&A expenses	(124.8)	(131.0)	(117.8)	(133.8)	(131.6)	(138.9)	(122.2)
Regular Contributions to Banking Industry	(5.9)	(0.6)	(9.3)	(0.2)	(5.2)	(0.7)	(7.7)
Amortization & Depreciation	(8.5)	(9.0)	(9.5)	(9.5)	(9.0)	(9.5)	(9.4)
Provisions for risks & charges	(10.3)	(12.0)	(11.2)	(21.4)	(10.8)	(7.1)	(7.0)
Operating Margin	49.6	65.6	59.5	41.9	62.3	76.9	81.8
Performance fees	66.8	21.9	37.3	87.5	21.5	63.1	37.2
Net income on investments at fair value	1.6	6.8	1.1	(0.4)	(3.0)	(6.3)	2.9
Market Effects	68.5	28.7	38.5	87.1	18.5	56.8	40.1
Capital Gains	0	41.6	0	2.1	0	0	0
One-off Contributions to Banking Industry	(6.8)	(18.2)	(9.8)	(1.2)	0	(1.8)	0
One-offs	(6.8)	23.3	(9.8)	0.9	0	(1.8)	0
PROFIT BEFORE TAX	111.4	117.7	88.2	129.9	80.8	131.9	121.9
Income tax	(26.5)	(6.1)	(5.4)	(29.1)	(21.3)	(16.1)	(25.1)
NET INCOME	84.9	111.5	82.8	100.8	59.5	115.8	96.7

New initiatives objective is to deliver tangible benefits in the short term



- Acquired Dec. 2017
- Loans granted in 9M18: € 202 mn
- Market share in just 9 mos.: 5% (from 1.4%)
- Expected contribution FY18: ~ €2 mn



- Created Dec. 2017
- Nominated Advisor (NOMAD) since June 2018
- 11 works-in-progress
- Expected break-even: end of 2019



- Management Team increased by 10 in H118
- Significant improvement of fund performance in 9M18
- Expected increase of our funds appeal over time

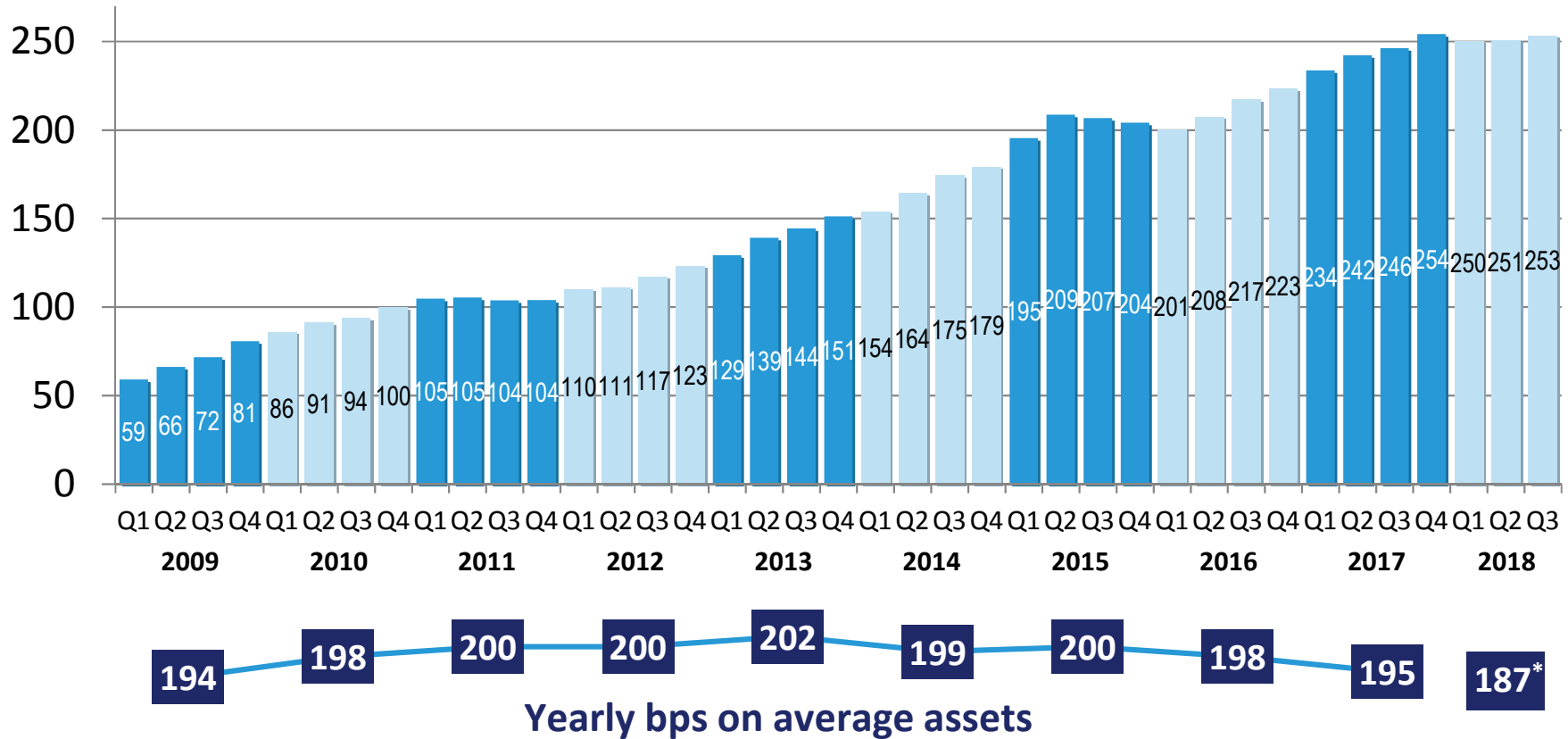


- Created in 2017 to serve HNWI >2mn assets
- Since beginning of 2017:
 - HNWI customers increased by 18%
 - HNWI assets increased by 22%

8

Quarterly Commission Income from Mgmt Fees

€ mn

9M 2018
Group

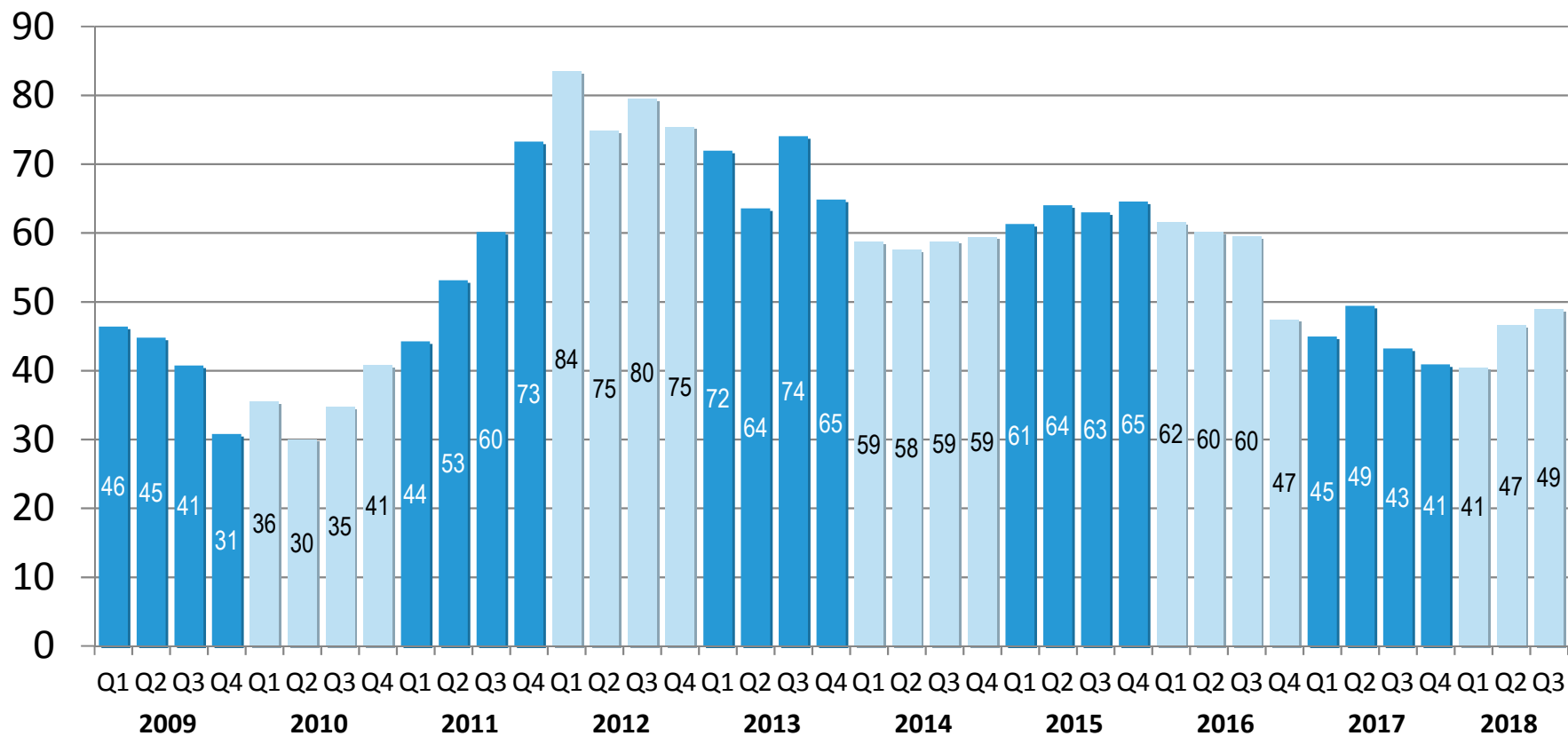
* Reduction vs 2017 mainly due to: repricing of PIR products in January (over 3 bps), negative market effect (1bps), asset mix (3 bps)

Quarterly Net Interest Income

€ mn



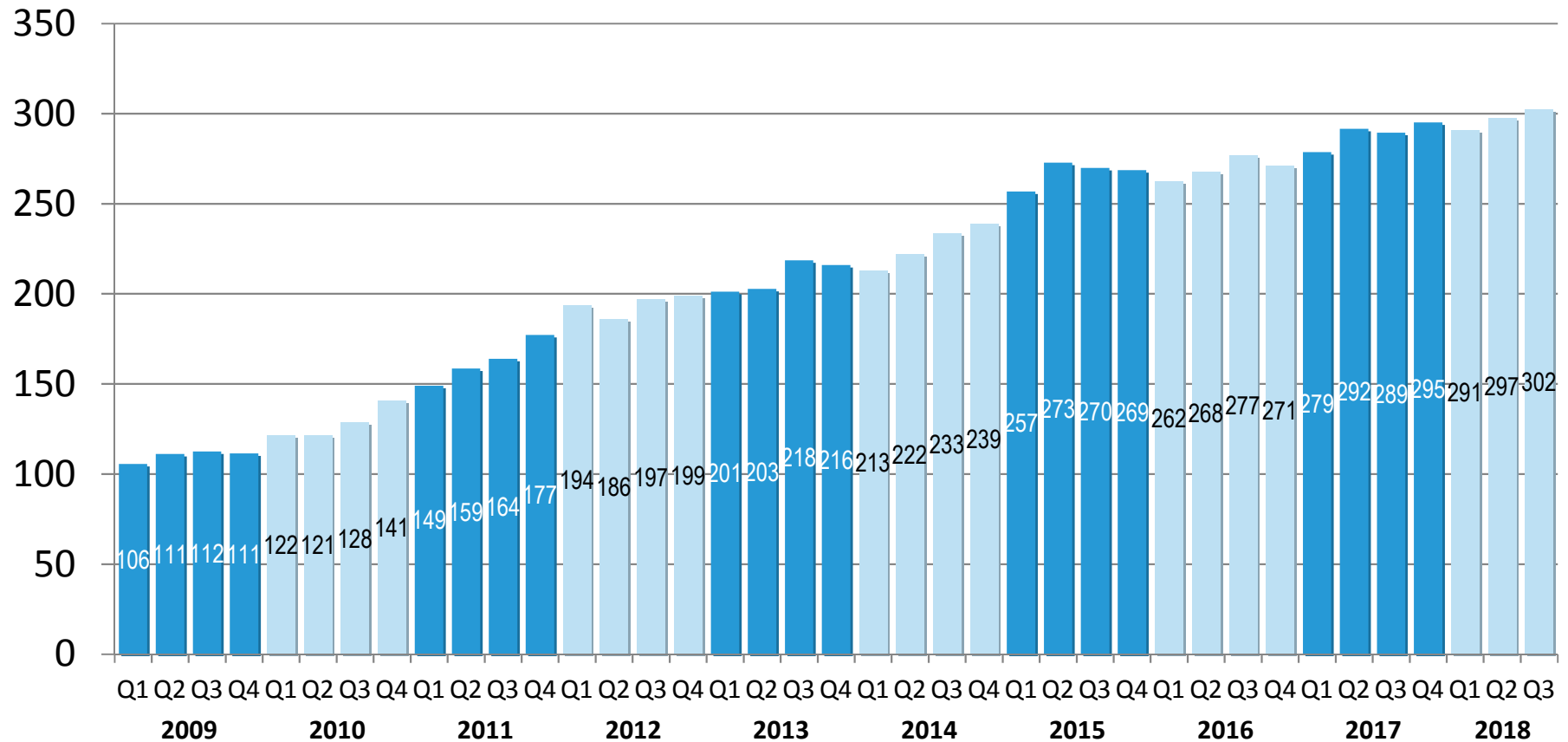
9M 2018
Group



10

Quarterly Recurring Revenues Commission Income from Mgmt Fees + NII (€ mn)

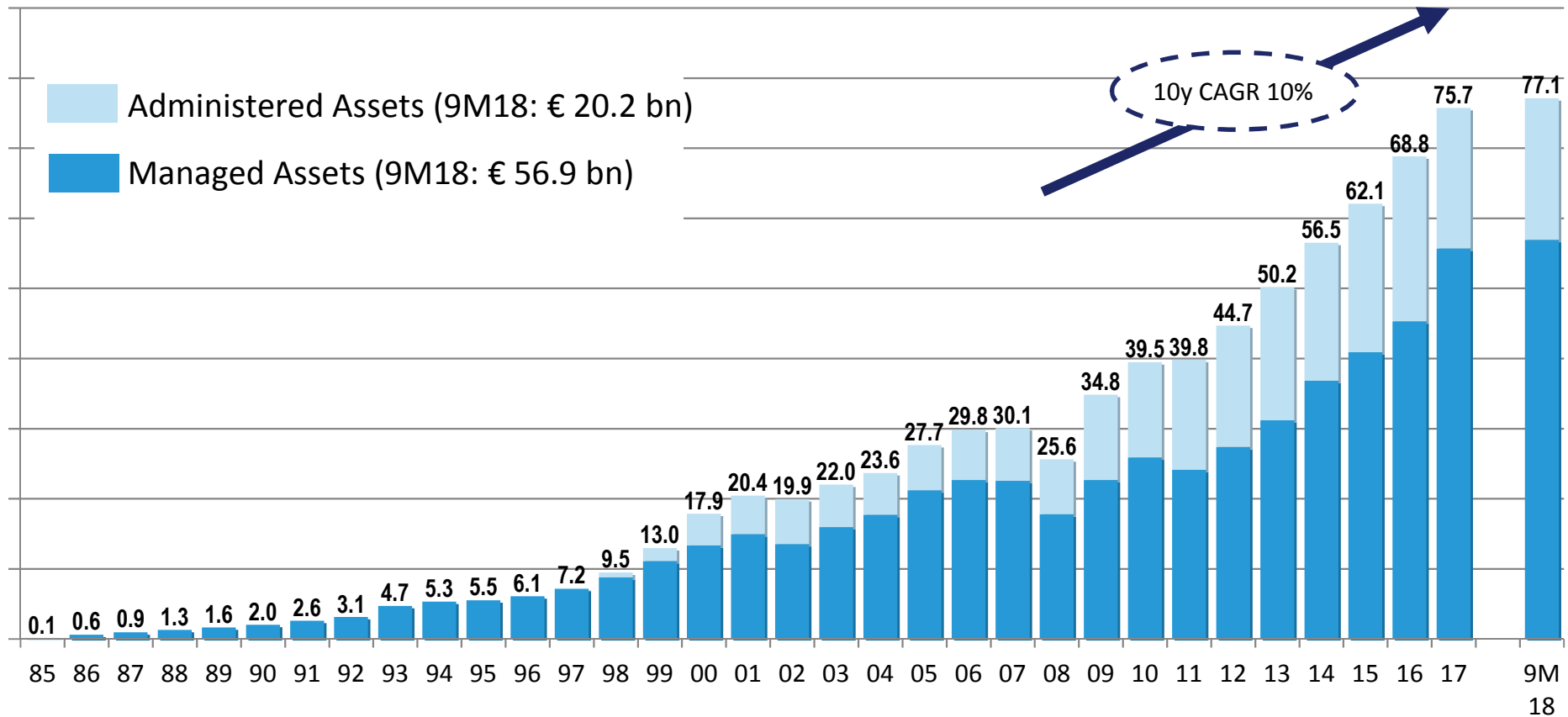
m 9M 2018 Group



11 AUA/AUM Trend

€ bn

m 9M 2018 Group



Figures do not include Banca Esperia assets, part of the group from 2001-2017

12

Assets under Administration/Management

€ mn

9M 2018
Group

	30/09/18	31/12/17	Change	30/09/17	Change
Mutual Funds & U-L Policies	51,032.6	50,006.8	+2%	48,466.9	+5%
'Freedom' Life Policies	170.2	183.8	-7%	194.4	-12%
Other Life Insurance products	1,451.9	1,412.4	+3%	1,398.7	+4%
Banking	18,788.7	18,805.4	-0%	18,483.1	+2%
Italy – Banca Mediolanum	71,443.3	70,408.3	+1%	68,543.1	+4%
Mutual Funds & U-L Policies	3,575.2	3,229.3	+11%	2,993.2	+19%
Other Insurance Products	57.1	105.8	-46%	137.6	-59%
Banking	1,370.5	1,326.4	+3%	1,314.6	+4%
Spain – Banco Mediolanum	5,002.9	4,661.6	+7%	4,445.4	+13%
Mutual Funds & U-L Policies	476.2	480.5	-1%	460.4	+3%
Other Insurance Products	10.0	19.3	-48%	19.2	-48%
Banking	158.8	147.6	+8%	136.1	+17%
Germany – B. A. Lenz & Gamax	645.0	647.4	-0%	615.7	+5%
TOTAL AUA/AUM	77,091.2	75,717.2	+2%	73,604.2	+5%

	9M 2018	9M 2017
Managed Assets	+2,313	+4,028
<i>o/w Mutual Funds, U-L & Managed Accounts</i>	<i>+2,455</i>	<i>+4,437</i>
Administered Assets	+395	-423
GROUP TOTAL NET INFLOWS	+2,707	+3,605
Managed Assets	+1,974	+3,563
<i>o/w Mutual Funds, U-L & Managed Accounts</i>	<i>+2,056</i>	<i>+3,916</i>
Administered Assets	+339	-402
Italy – Banca Mediolanum Total Net Inflows	+2,313	+3,161
Managed Assets	+349	+449
<i>o/w Mutual Funds & U-L</i>	<i>+399</i>	<i>+498</i>
Administered Assets	+44	-10
Spain – Banco Mediolanum Total Net Inflows	+393	+439
Managed Assets	-10	+16
<i>o/w Mutual Funds & U-L</i>	<i>0</i>	<i>+22</i>
Administered Assets	+11	-11
Germany – B.A. Lenz & Gamax Total Net Inflows	+1	+5

14

Capital Adequacy

€ mn – as at 30/09/2018

9M 2018
Group

FY17

9M18

9M18
PRO-FORMA*

GROUP CAPITAL RATIOS

Total Capital Ratio	22.0%	14.6%	20.2%
Common Equity Tier 1 Ratio	21.9%	14.6%	20.2%

Total Regulatory Capital Held	2,039	1,526	2,002
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Required Capital – Banks **	757	785	802
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Solvency Capital Req. – Insurance companies***	701	689	689
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Total Required Capital	1,458	1,474	1,491
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EXCESS CAPITAL	581	52	511
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* 'Pro-forma' simulates H1 Ratios applying the new Treasury business model to the current bond portfolio. New bond accounting effective Oct. 1st

** As per SREP, BMED required capital is 10.9% (min. Total Capital Ratio) of consolidated RWA (€ 7,936 mn as at 30/09/2018), excl. stakes in insurance companies

*** 9M18 reconciliation reserve (part of total reg. capital held) & solvency capital req. are calculated according to the Solvency II as at 30/06/2018

15 Banking Book

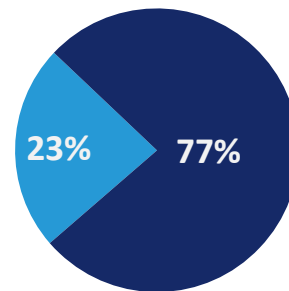
€ bn - nominal values – as at 30/09/2018

New Framework

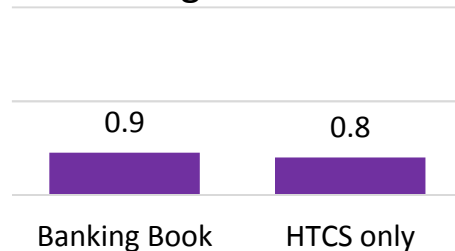
9M 2018 Book: € 16.20 bn

Sector	%
Government	99.4%
Financial	0.6%
Govies	%
Italy	97.5%
Spain	2.5%

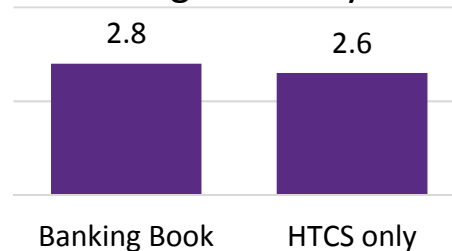
■ HTC
■ HTCS



Avg. Duration

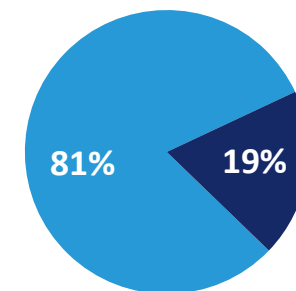


Avg. Maturity



FY 2018 Book: € 13.80 bn

■ HTC
■ HTCS



Q4 estimates include:

- € 3.2 bn of govies reaching maturity
- purchase of € 0.8 bn of govies

Interim Dividend per share

20 eurocents

Total amount of dividends

€ 146.5 mn

Ex-dividend date

November 19

Payment date

November 21



9M 2018 Domestic Market Results

	9M18	9M17	Change
Entry fees	26.3	51.5	-49%
Management fees	703.1	677.0	+4%
Net Insurance revenues ex U-L commissions	16.1	13.3	+21%
Banking service fees	50.7	45.2	+12%
Other fees	37.0	27.2	+36%
Gross Commission income	833.3	814.2	+2%
Acquisition costs	(351.1)	(362.7)	-3%
Other commission expenses	(35.2)	(32.9)	+7%
Net Commission Income	447.0	418.6	+7%
Net interest income	131.2	131.2	-0%
Equity contribution	21.0	21.3	-1%
Net income on other investments	11.4	(7.6)	n.s.
<i>o/w Impairment on loans</i>	(8.5)	(8.5)	+0%
Other revenues	22.8	18.1	+26%
Contribution Margin	633.3	581.7	+9%
G&A expenses	(349.1)	(332.9)	+5%
Regular Contributions to Banking Industry	(12.1)	(14.4)	-16%
Amortization & Depreciation	(24.7)	(24.7)	-0%
Provisions for risks & charges	(24.1)	(32.9)	-27%
Operating Margin	223.4	176.9	+26%
Performance fees	112.2	117.5	-5%
Net income on investments at fair value	(7.7)	9.4	n.s.
Market Effects	104.5	126.9	-18%
Capital Gains	0	41.6	n.s.
One-off Contributions to Banking Industry	(1.8)	(34.8)	-95%
One-offs	(1.8)	6.8	n.s.
PROFIT BEFORE TAX	326.0	310.5	+5%
Income tax	(58.6)	(34.5)	+70%
NET INCOME	267.4	276.0	-3%

Income Statement by Quarter

€ mn



9M 2018
Domestic Market

	Q117	Q217	Q317	Q417	Q118	Q218	Q318
Entry fees	16.8	21.4	13.4	13.8	10.9	8.8	6.6
Management fees	219.4	227.0	230.6	237.6	233.3	233.9	235.9
Net Insurance revenues ex U-L commissions	6.1	5.1	2.1	3.7	3.5	6.6	6.0
Banking service fees	16.1	14.9	14.2	15.2	17.8	16.8	16.2
Other fees	8.8	9.5	9.0	9.9	11.6	12.9	12.5
Gross Commission income	267.1	277.9	269.3	280.1	277.0	279.1	277.2
Acquisition costs	(118.1)	(121.5)	(123.1)	(132.1)	(117.5)	(118.2)	(115.3)
Other commission expenses	(10.9)	(11.1)	(11.0)	(10.9)	(10.8)	(11.5)	(12.9)
Net Commission Income	138.1	145.3	135.2	137.1	148.7	149.3	149.0
Net interest income	42.5	46.9	41.9	39.4	39.1	44.6	47.4
Equity contribution	0	6.6	14.7	5.8	0	6.8	14.2
Net income on other investments	(2.3)	(2.2)	(3.1)	1.5	3.7	10.1	(2.4)
o/w Impairment on loans	(3.0)	(4.4)	(1.2)	(2.3)	(6.2)	(1.0)	(1.4)
Other revenues	6.4	6.8	5.0	6.1	11.5	6.7	4.6
Contribution Margin	184.7	203.4	193.6	189.9	203.0	217.6	212.8
G&A expenses	(110.3)	(118.0)	(104.6)	(118.9)	(116.6)	(124.1)	(108.4)
Regular Contributions to Banking Industry	(5.4)	0	(8.9)	0.2	(4.6)	(0.2)	(7.4)
Amortization & Depreciation	(7.8)	(8.2)	(8.7)	(8.6)	(7.9)	(8.4)	(8.3)
Provisions for risks & charges	(10.1)	(11.8)	(11.0)	(21.1)	(10.5)	(6.8)	(6.8)
Operating Margin	51.1	65.4	60.3	41.4	63.4	78.1	81.9
Performance fees	62.7	20.1	34.7	83.3	19.7	57.7	34.8
Net income on investments at fair value	1.5	6.7	1.1	(0.5)	(3.1)	(7.0)	2.4
Market Effects	64.3	26.8	35.8	82.9	16.6	50.7	37.2
Capital Gains	0	41.6	0	2.1	0	0	0
One-off Contributions to Banking Industry	(6.8)	(18.2)	(9.8)	(1.2)	0	(1.8)	0
One-offs	(6.8)	23.3	(9.8)	0.9	0	(1.8)	0
PROFIT BEFORE TAX	108.6	115.6	86.3	125.2	80.0	127.0	119.1
Income tax	(25.2)	(5.1)	(4.3)	(27.6)	(20.1)	(14.7)	(23.9)
NET INCOME	83.5	110.5	82.1	97.6	59.9	112.3	95.2

20

Acquisition Costs in detail

€ mn

9M 2018
Domestic Market

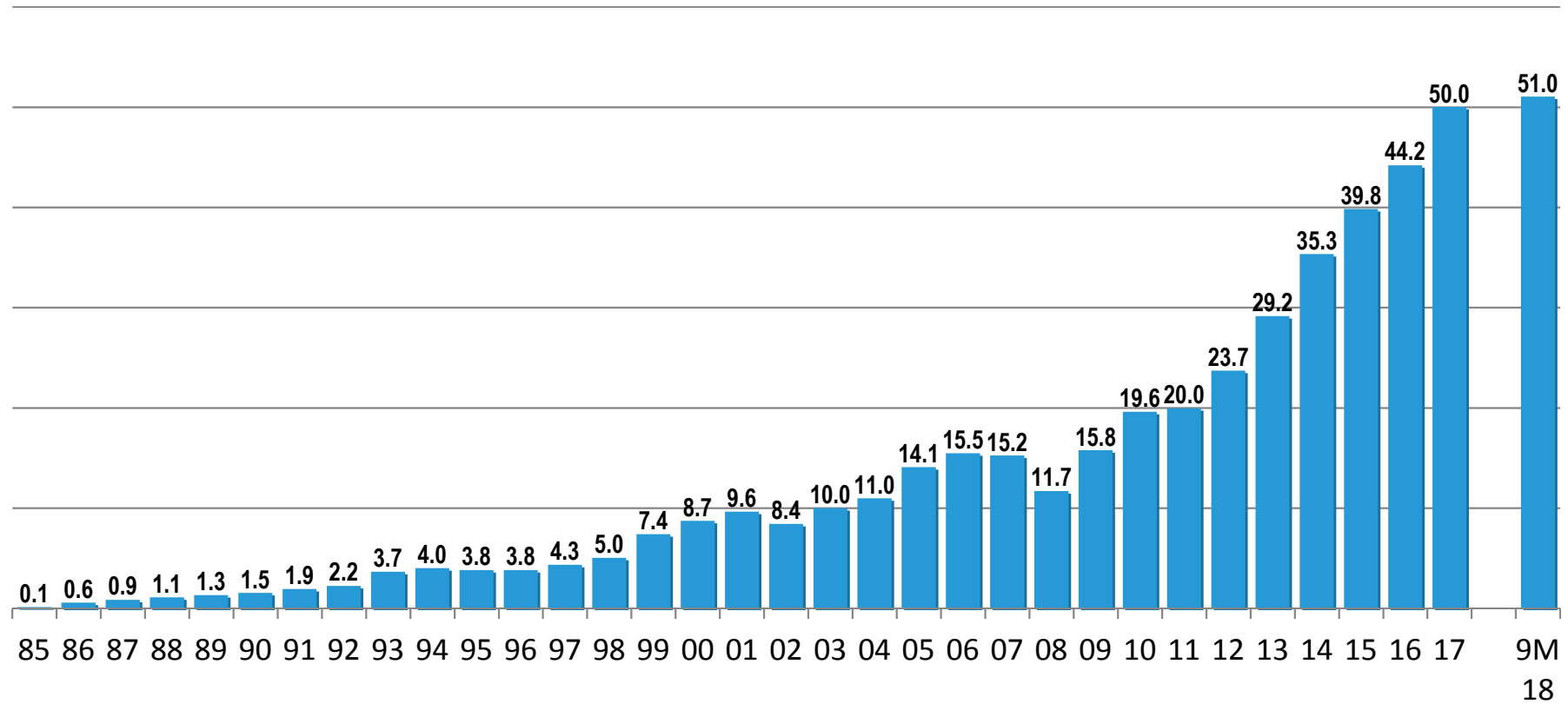
	9M18	9M17	Change
One-time commissions	42.5	57.2	-26%
Ongoing commissions	244.6	234.0	+5%
Total commissions	287.1	291.2	-1%
Incentives on individual net inflows	29.5	39.4	-25%
Contests & bonuses	7.4	12.7	-42%
Reimbursement of costs for customer events	3.5	7.5	-54%
Total incentives & bonuses	40.3	59.5	-32%
Costs related to the agency agreement	10.1	12.0	-16%
EuroCQS Agent Commissions	13.7	0	n.s.
TOTAL ACQUISITION COSTS	351.1	362.7	-3%

21

Mutual Funds AUM Trend

€ bn – including U-L assets

 9M 2018
Domestic Market



22

Mutual Funds Assets under Management

€ mn

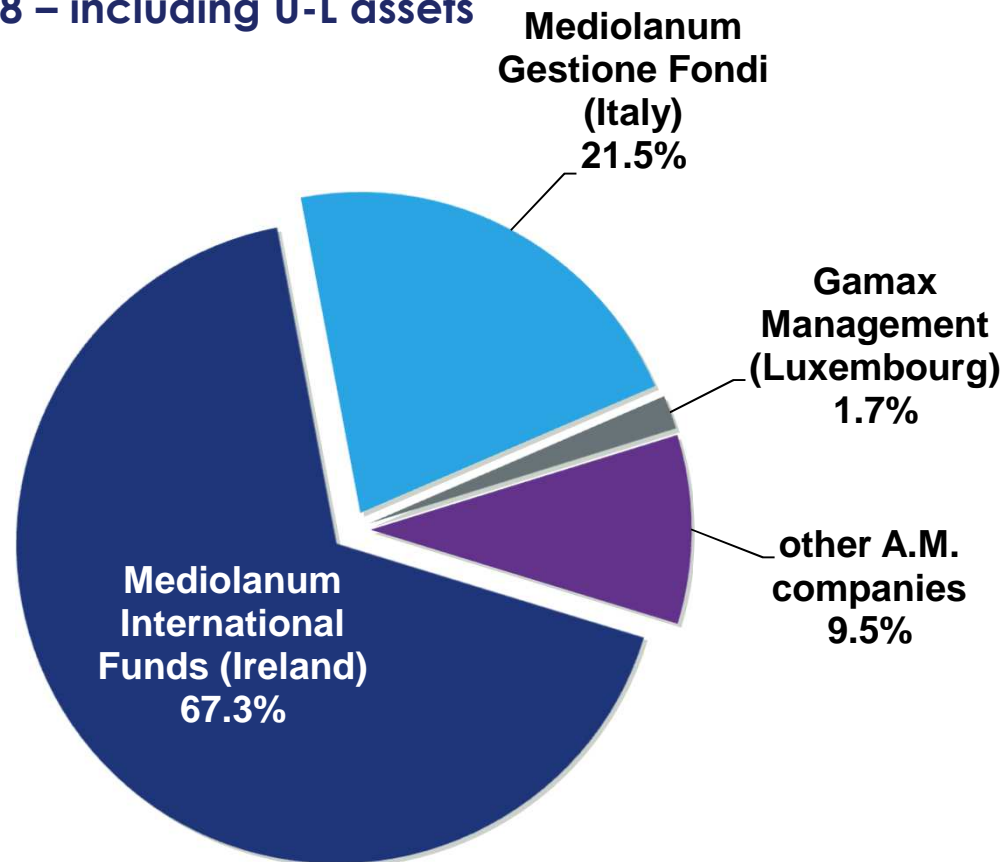
9M 2018
Domestic Market

	30/09/18	31/12/17	Change	30/09/17	Change
'Best Brands' funds of funds (IRL)	19,267.6	19,655.4	-2%	19,474.3	-1%
'Portfolio' funds of funds (IRL)	0	316.7	n.s.	321.1	n.s.
'Challenge' mutual funds (IRL)	14,225.0	14,294.2	-0%	14,068.3	+1%
Funds of Hedge Funds (IRL)	59.8	64.2	-7%	66.9	-11%
'Fondi Italia' mutual funds (ITA)	9,945.8	9,953.0	-0%	9,442.3	+5%
'Real estate' fund (ITA)	327.3	304.9	+7%	304.9	+7%
3rd-party stand-alone funds	2,868.2	2,409.3	+19%	2,153.1	+33%
Other	1,259.3	1,037.4	+21%	959.7	+31%
<i>Adj. for own mutual funds in FoFs & Managed accts.</i>	<i>(226.7)</i>	<i>(402.5)</i>	<i>-44%</i>	<i>(419.7)</i>	<i>-46%</i>
'MyLife' U-L policy	5,884.8	5,312.1	+11%	5,006.1	+18%
Other U-L policies	13,851.8	13,097.2	+6%	12,640.7	+10%
<i>Adj. for own mutual funds in U-L policies</i>	<i>(16,430.4)</i>	<i>(16,035.1)</i>	<i>+2%</i>	<i>(15,550.7)</i>	<i>+6%</i>
ASSETS IN MUTUAL FUNDS & U-L	51,032.6	50,006.8	+2%	48,466.9	+5%

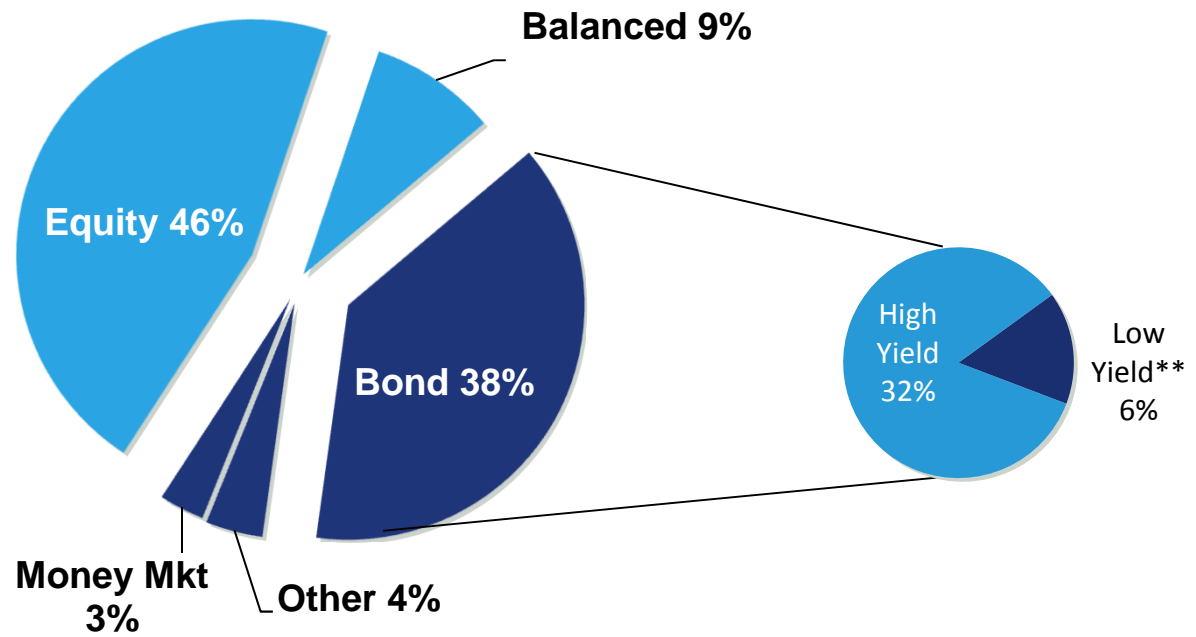
23

Mutual Funds Assets by A.M. company as at 30/09/2018 – including U-L assets

 9M 2018
Domestic Market



Mutual Funds Assets* by category as at 30/09/2018 – including U-L assets



* Flexible funds are classified according to their equivalent risk level

** 'Low Yield Bond' segment includes Euro-zone + Japan govies

25

Banking Assets under Administration € mn

9M 2018
Domestic Market

	30/09/18	31/12/17	Change	30/09/17	Change
Cash Deposits	15,621.3	15,518.1	+1%	15,229.8	+3%
Repurchase agreements	28.8	41.4	-30%	47.7	-40%
Mediolanum bonds	44.8	80.2	-44%	81.2	-45%
3rd-party structured bonds	336.6	444.4	-24%	475.0	-29%
Other securities	2,757.1	2,721.4	+1%	2,649.4	+4%
BANKING ADMINISTERED ASSETS	18,788.7	18,805.4	-0%	18,483.1	+2%

26

Banking Lending

€ mn



9M 2018
Domestic Market

	Nominal Interest Rate	30/09/2018	30/09/2017	Change
Mortgages	1.35%	839	711	+18%
Personal & Commercial Loans	3.10%	410	432	-5%
Salary-backed Loans (EuroCQS)	5.74%	202	-	n.a.
Total		1,451	1,143	+27%
3rd-party loans	n.s.	20	24	-17%

27

Banking Credit Book & Quality

€ mn – as at 30/09/2018

9M 2018
Domestic Market

	30/09/18	31/12/17	Change	30/09/17	Change
Mortgages	6,123	5,713	+7%	5,518	+11%
Personal & Commercial Loans	1,486	1,445	+3%	1,376	+8%
Lines of credit	263	276	-5%	283	-7%
Salary-backed Loans (EuroCQS)	225	6	n.s.	0	n.s.
Total Credit Book	8,097	7,441	+9%	7,177	+13%

% on total loans

B.Mediolanum

Italian Banks*

Gross non-performing Loans	1.43%	11.4% as at 30/06/2018
Net non-performing Loans	0.72%	7.5% as at 31/12/2017

* Source: Bank of Italy – ‘Banks and Financial Institutions: Credit Conditions and Risk by Sector and Geographical Area - quarter 2 2018’ & ‘Financial Stability Report No. 1 2018’

28

Banking Interest Spread

9M 2018
Domestic Market

Q318

Q218

Total Cost of Funding	0.10%	0.14%
Retail Cost of Funding	0.20%	0.24%
Total Interest Income	0.85%	0.85%
Retail Interest Income	1.83%	1.87%
TOTAL SPREAD	0.74%	0.71%
<u>Spread on Retail</u>	<u>1.64%</u>	<u>1.63%</u>

29

Balance Sheet Highlights

€ mn – as at 30/09/2018

9M 2018
Domestic Market

	Liabilities	Assets
Retail	15,761	7,871
Treasury	8,903	17,013
o/w interbank / intra-group deposits & repos	1,680	642
o/w ECB refinancing	0	0
o/w MTS refinancing	7,223	868
o/w securities (bonds)		15,504
Other liabilities / assets	2,550	2,329
TOTAL	27,213	27,213

Operating Liquidity (24hr) : € 8,319 mn

30

Insurance Life – Policyholders' Assets

€ mn

9M 2018
Domestic Market

	30/09/18	31/12/17	Change	30/09/17	Change
Traditional	1,451.9	1,412.4	+3%	1,390.1	+4%
Index-linked	0	0	n.s.	8.6	n.s.
Unit-linked pension plans	6,487.6	6,267.6	+4%	6,082.8	+7%
Unit-linked endowment policies	3,721.5	3,788.0	-2%	3,732.0	-0%
Unit-linked investment policies	9,527.4	8,353.7	+14%	7,832.0	+22%
Unit-linked	19,736.5	18,409.3	+7%	17,646.9	+12%
<i>o/w equity</i>	54.5%	56.7%	-4%	58.4%	-7%
LIFE ASSETS (EX-'FREEDOM')	21,188.4	19,821.7	+7%	19,045.6	+11%
'Freedom' Life policies	170.2	183.8	-7%	194.4	-12%

31

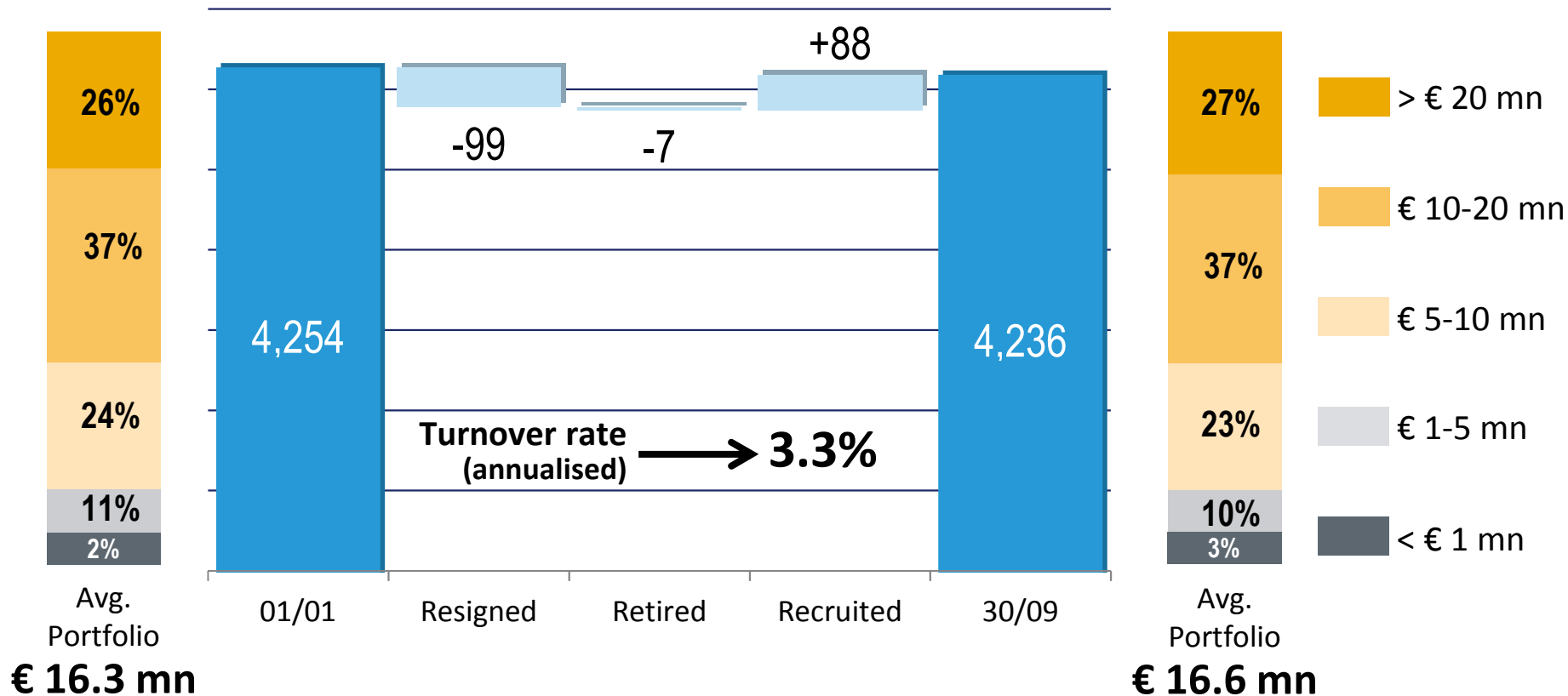
Insurance Non-Life - Gross Premiums Written

€ mn



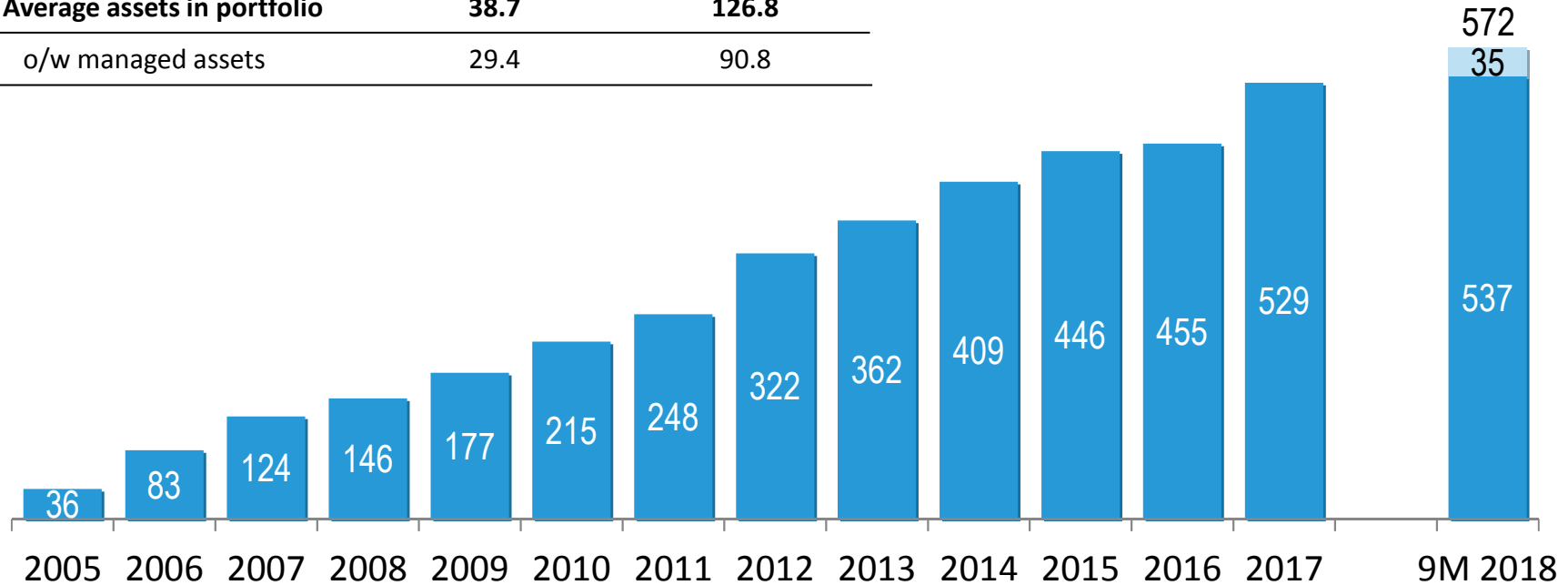
9M 2018
Domestic Market

	9M18	9M17	Change
New Business	4.8	4.3	+11%
In-Force Business	25.3	22.5	+13%
Stand-Alone Policies	30.1	26.8	+13%
Loan Protection Policies	29.1	25.1	+16%
NON-LIFE – GROSS PREMIUMS WRITTEN	59.2	51.8	+14%



Banca Mediolanum Focus on 'Private Bankers' and 'Wealth Advisors'* as at 30/09/2018

	Private Bankers	Wealth Advisors (> € 60 mn AUM)
Average assets in portfolio	38.7	126.8
o/w managed assets	29.4	90.8



* 'Private Bankers' & 'Wealth Advisors' are a subset of Family Bankers who mainly deal with affluent & HNW customers



9M 2018 Foreign Markets Results

35

Spain Highlights

€ mn



9M 2018
Foreign Markets

	9M18	9M17	Change	vs.FY17
Net Income	12.7	11.6	+9%	
Managed Assets	3,632.3	3,130.8	+16%	+9%
Administered Assets	1,370.5	1,314.6	+4%	+3%
Total Assets	5,002.9	4,445.4	+13%	+7%
Gross Inflows into Managed Assets	1,179.3	985.5	+20%	
Net Inflows into Managed Assets	+349.1	+449.1	-22%	
Net Inflows into Administered Assets	+44.1	-10.4	n.s.	
Total Net Inflows	+393.3	+438.7	-10%	
Family Bankers (Mediolanum model)	968	862	+12%	+8%
Traditional agents	30	33	-9%	-3%
Total Sales Network	998	895	+12%	+7%
Total Customers	123,337	115,333	+7%	+5%

36

Germany – Total Highlights

€ mn



9M 2018
Foreign Markets

	9M18	9M17	Change	vs.FY17
Net Income	(8.0)	(8.5)	-6%	
Managed Assets	486.2	479.6	+1%	-3%
Administered Assets	158.8	136.1	+17%	+8%
Total Assets	645.0	615.7	+5%	-0%
Gross Inflows into Managed Assets	62.1	54.7	+14%	
Net Inflows into Managed Assets	-10.2	+15.9	n.s.	
Net Inflows into Administered Assets	+11.2	-10.6	n.s.	
Total Net Inflows	+1.0	+5.2	-81%	
Total Sales Network	50	52	-4%	+2%
Total Customers	5,829	5,551	+5%	+2%

37

Germany – Bankhaus August Lenz

Highlights

€ mn



9M 2018
Foreign Markets

	9M18	9M17	Change	vs.FY17
Net Income	(10.1)	(10.4)	-3%	
Managed Assets	287.3	278.7	+3%	-1%
Administered Assets	158.8	136.1	+17%	+8%
Total Assets	446.1	414.8	+8%	+2%
Gross Inflows into Managed Assets	57.6	47.0	+23%	
Net Inflows into Managed Assets	-0.2	+19.0	n.s.	
Net Inflows into Administered Assets	+11.2	-10.6	n.s.	
Total Net Inflows	+11.0	+8.4	+30%	
Total Sales Network	50	52	-4%	+2%
Total Customers	5,829	5,551	+5%	+2%

38

Germany – Gamax Highlights

€ mn



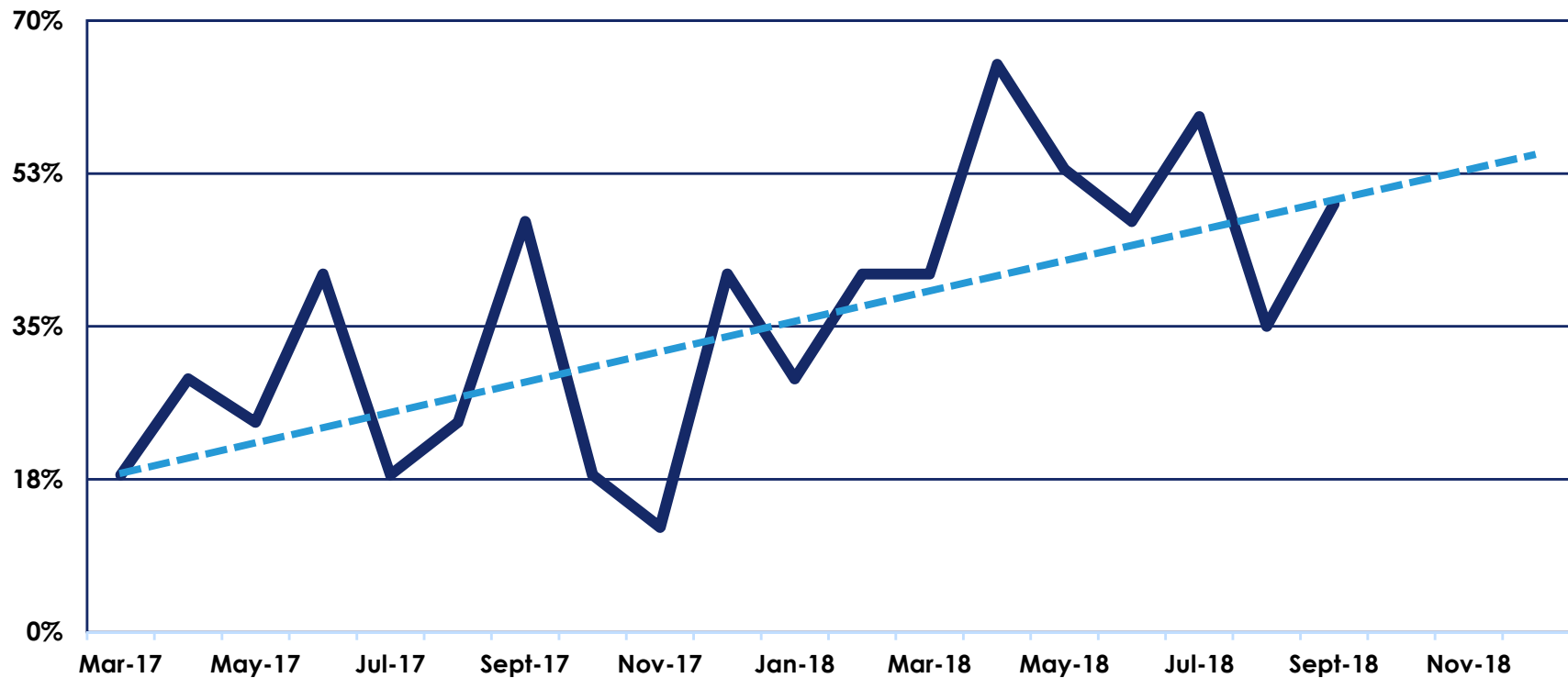
9M 2018
Foreign Markets

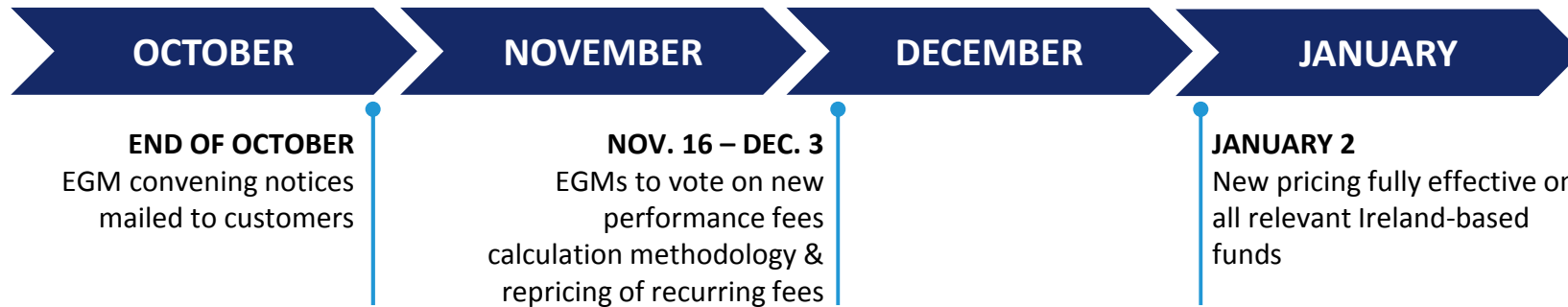
	9M18	9M17	Change	vs.FY17
Net Income	2.2	1.9	+13%	
Assets under Management	198.9	200.9	-1%	-5%
Gross Inflows	4.5	7.7	-41%	
Net Inflows	-9.9	-3.2	+215%	



Business Update

Significant improvement of fund performance since streamlining of product structure & strenghtening of the Dublin AM Team





- ▶ New calculation methodology results in significant decrease in **Performance Fees** for customers thanks to:
 - **Annual calculation**
 - **Absolute high-watermark**
 - **Hurdle rate based on asset category**
- ▶ Investment Management Fees increase by 48 bps on average
- ▶ No staggering of the yearly calculation
- ▶ Total savings for customers estimated to be in the area of 15 bps

BMED is a vertically integrated model offering advice, products, services, an advanced digital platform, high interest rates on deposits

Overall TER must account for everything the customers are getting through their relationship with BMED

- TER on Managed assets in line with the rest of the industry
- Even lower on tot. assets due to highly diversified investments & attractive rates paid on deposits
- More competitive TER for HNWI thanks to dedicated offers & more defensive asset mix

	Weighted Average TER	
	All Customers	HNWI
Managed Assets (M.F., U-L Policies & 3rd-party Funds)	2.40%	2.17%
Total Assets	1.71%	1.23%

TER calculated applying 2019 pricing on 9M 2018 weighted assets. Performance fees not included.

**BMED solid customer relationship built on best-in-class service delivery
both human & digital**

Overall Satisfaction	Customer Satisfaction Index* 85.7 Traditional Banks: 72.9 Online Banks: 82.8	Net Promoter Score 67.0% Traditional Banks: 11.1 Online Banks: 52.4	Customer Retention 95%
Digital Platform	Digital Services 89% of customers w/more than 1 bank relationship stated our services are BETTER than or EQUAL to other banks	Mobile Payments FIRST BANK to offer ALL PLATFORMS Apple Pay – Samsung Pay – Google Pay	Increased Stickiness 1.2MN CLIENTS >60 MN INTERACTIONS o/w 92% through digital channels
Financial Advisor Interaction	Professionalism 88.3 Traditional Banks: 74.7 Online Banks: 80.2	Relationship Quality 89.7 Traditional Banks: 79.7 Online Banks: 84.9	Availability In 2017 65% OF CUSTOMERS met with their Family Banker MORE THAN 4 TIMES

Source: BMED & 2017 Doxa Research

*Doxa proprietary methodology

44 Top Performer in Customer Experience

June 2018: KPMG-Nunwood published the '2018 Customer Experience Excellence' research on all international brands present in Italy

#1 - Financial Institutions, #3 - All Italian Brands #7 - All Sectors

«BMED is the leading bank in the sector, constantly aiming at improving the relationship with the customer and providing high value-added services. This accomplishment was achieved thanks to the introduction of a new model where Relationship Managers from the HQ assist the Family Bankers in the most complex operations, and to the new 'Contratto di Consulenza Evoluta', a service designed to run a check-up of the overall financial situation of the customer»

#1 - 'Empathy' ranking All Sectors

«Understanding customer expectations to achieve a deep connection»

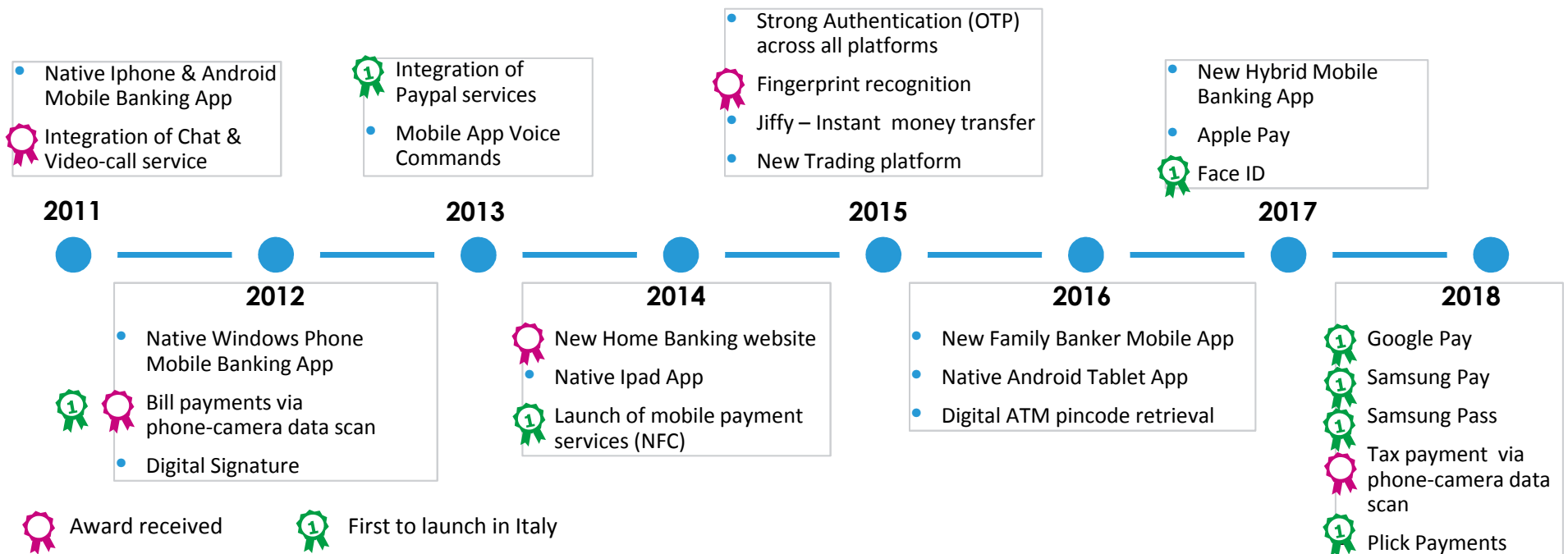
#1 - 'Omnichannel Index' ranking All Sectors

«Level of Customer Satisfaction attained when interacting with at least 2 touch-points (digital, human & phone channel)»



45 Technological Platform Innovation is in our DNA

- ▶ We create value for our Customers by exploiting the **best technology available** to serve them
- ▶ Investments in technology allow us to build strong relationships thanks to the **usability & simplicity of our digital platform** (2017 retention rate: 95% - 2017 interactions with the bank: 63 mn)
- ▶ **Customer-centricity & omni-channel approach** are the core of the 'Freedom in Banking' company mission





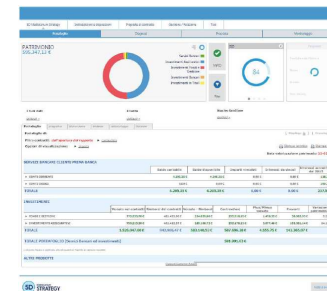
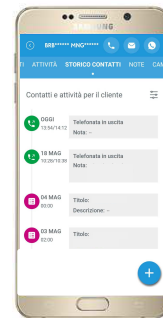
We provide our **Family Bankers** with an ecosystem of tools designed to manage - among others - the new challenges of Mifid 2

Benefits are tangible:

- wider array of advisory services (Personalized Financ.Planning, Investment Banking, Inheritance Planning, ...)
- higher productivity (H118 vs H117: +17% loans granted, +20% non-life insurance)
- increased cost-efficiency thanks to
 - digitalization (70% of transactions are paperless)
 - integrated IT back-end (lower maintenance costs)
- fewer mistakes & sent-back contracts & faster processing time
- higher responsiveness to the customer (2017 retention rate: 95%)

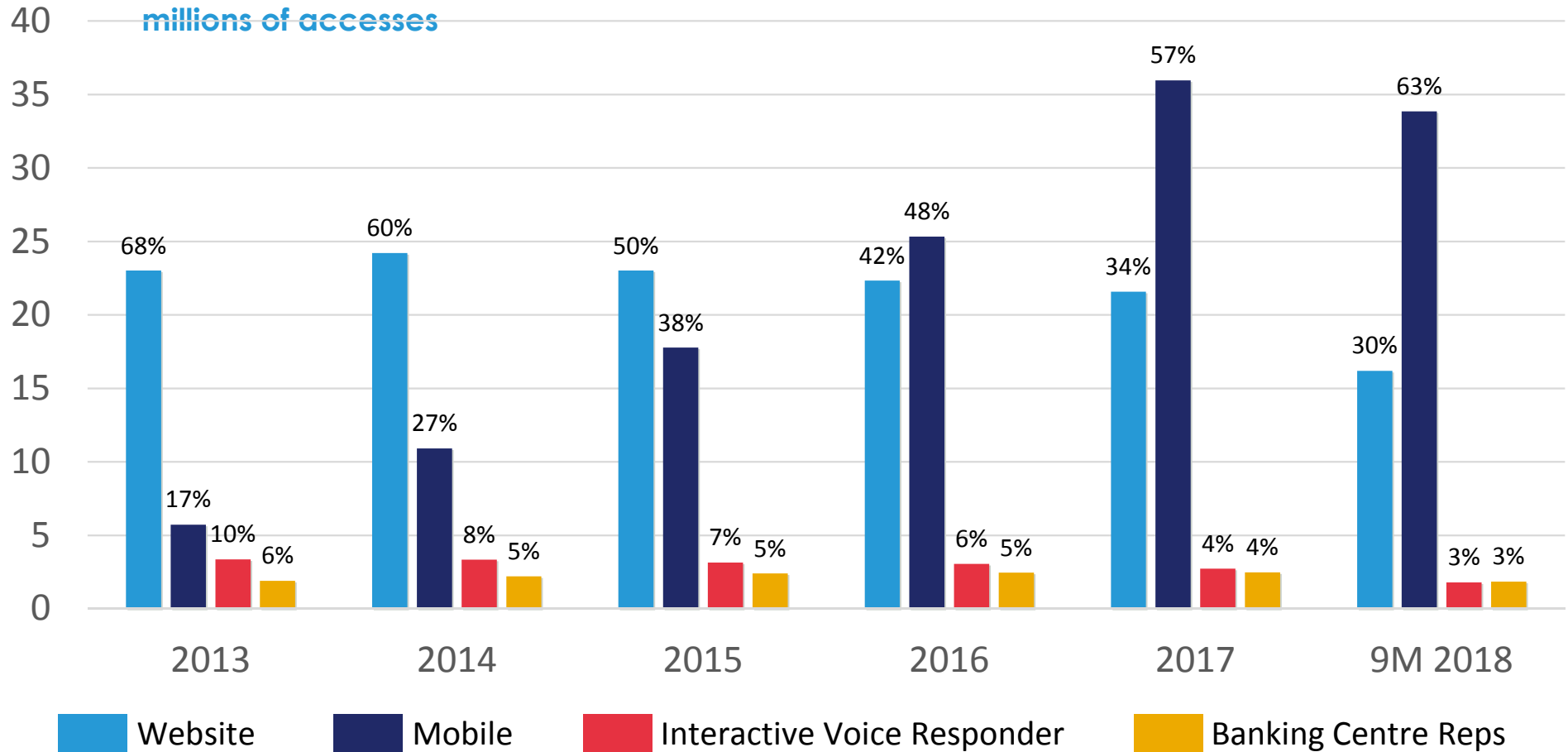


Unmatched Service For The Customer



Banca Mediolanum Direct Channel Accesses

millions of accesses



48

The 3rd best known bank brand in Italy

Spontaneous brand awareness – Italian banks – Sep 2018



Business Update

INTESA  SANPAOLO 56%

 UniCredit 53%

 **mediolanum** BANCA 44%

Banco**Posta** 30%

ING  DIRECT 26%



MONTE
DEI PASCHI
DI SIENA
BANCA DAL 1472

25%



BNL
GRUPPO BNP PARIBAS

22%

CheBanca!
Gruppo Mediobanca

19%

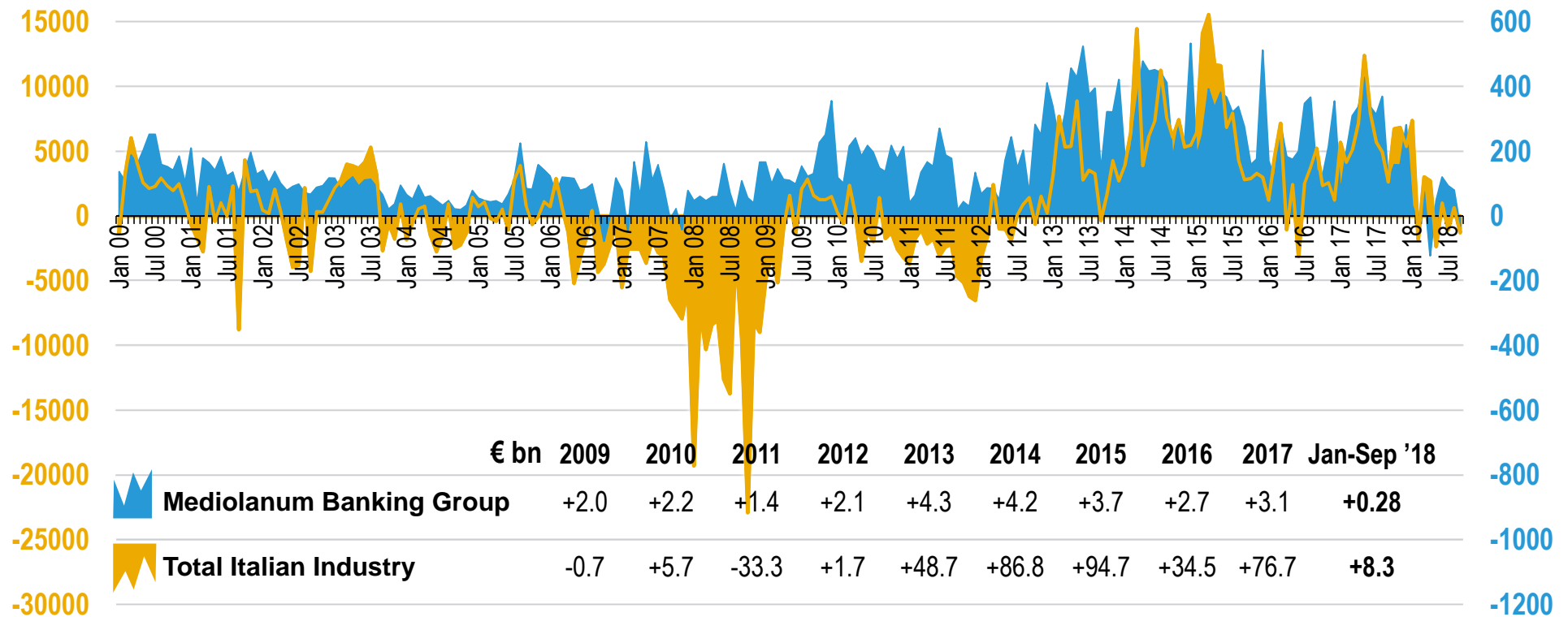
UBI  Banca

18%

 **BCC**
CREDITO COOPERATIVO

15%

source: GFK Eurisko



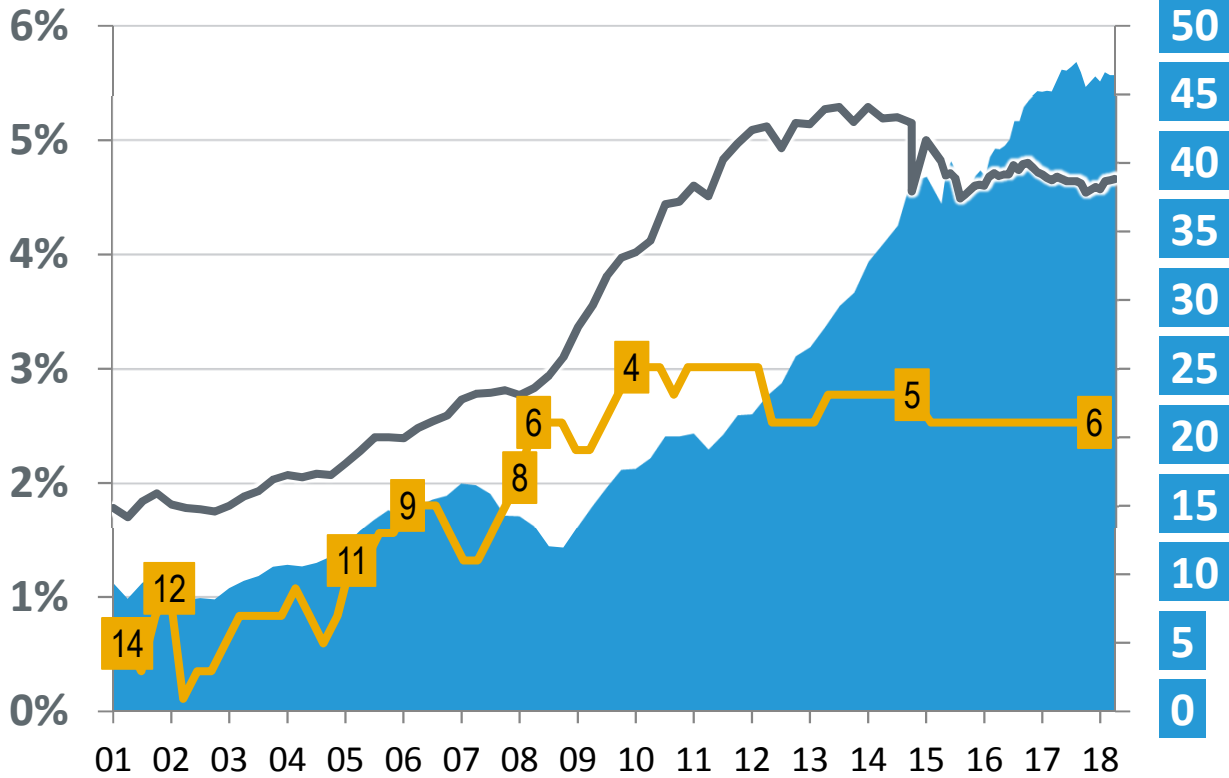
* including those underlying Unit-Linked policies & Managed Accounts

source: Assogestioni monthly reports; total figures integrated with quarterly reports

50

Mutual Funds AUM

BMED Market Share, Assets, Rank



Market Share – Sep 2018

Intesa Sanpaolo	20.3%
Amundi	11.2%
Anima	8.1%
Generali	7.9%
Blackrock	6.7%
6 Mediolanum	4.7%
JP Morgan	3.7%
UBI Banca	3.2%
Azimut	3.2%
Arca	2.8%
Invesco	2.7%
Pictet	2.4%
Fidelity	2.2%
M&G Investments	2.2%
Morgan Stanley	2.1%

source: Assogestioni monthly reports

Italian Sales Networks Ranking by Net Inflows into M.F.

€ thousands - totals by Group



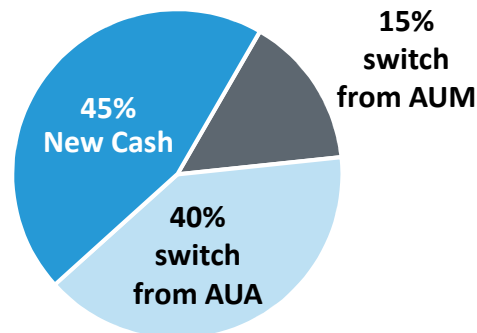
	9M 2018		
	Mutual Funds*	Managed Assets	Total Net Inflows
Banca Fideuram (incl. Sanpaolo)	2,623,985	3,394,179	7,728,434
Banca Mediolanum	2,054,174	2,048,712	2,331,006
Allianz Bank	1,583,234	1,695,922	2,458,241
Banca Generali	697,968	2,014,669	4,114,162
Fincobank	511,404	1,628,200	4,255,380
Azimut	404,418	718,685	990,959
BNP Paribas	354,184	505,669	791,423
Consultinvest	37,688	48,697	51,236
Monte dei Paschi di Siena (Widiba)	- 9,777	- 2,693	267,958
UBI (IW Bank)	- 44,877	- 40,290	195,205
Deutsche Bank (Finanza & Futuro)	- 151,105	303,459	671,060
Credem	- 199,039	- 188,154	- 92,075

*including those underlying Unit-Linked policies & Managed Accounts

source: Assoreti

- ▶ Individual Savings Plans introduced by **2017 Budget Law** (inspired by UK ISA & French PEA)
- ▶ **Tax exemptions of Capital Gains & Inheritance taxes**
 - on up to **€30k investment/year** (max **€150k in total**)
 - required **min. 5-year** investment period
- ▶ Only **1 PIR per person**. Benefits lost if customer changes A.M. co.
- ▶ **70%** must be invested in **Italian companies**, o/w **30%** in **Italian SMEs** not listed in FTSE MIB. Both **equity** and **debt** are permitted

2017 Inflows: € 2.4 bn
9M 2018 Inflows: € 688 mn
H1 Market Share: 26%



Mediolanum Flessibile Sviluppo Italia

Italy-based flexible fund, launched in 2013
 PIR-compliant as of March 2017

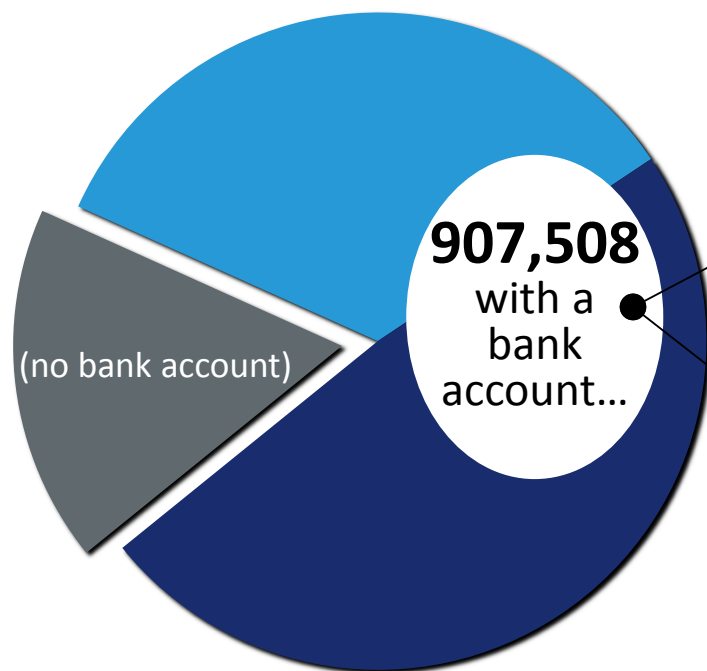
Mediolanum Futuro Italia

Italy-based equity fund, launched in 1994
 PIR-compliant as of April 2017

Mediolanum Personal PIR

Italy-based U-L policy
 launched in September 2017

1,055,324 primary account holders in Italy:



...62% of which
use Mediolanum as their primary
banking institution

559,445 vs. 531,655 as at 31/12/2017

...36% of which
stated in a 2017 survey they don't have
a relationship with any other bank

**To assist SME entrepreneurs (both customers & prospects)
with corporate finance needs in order to grow their business**

- ▶ **Financial advisory services**, such as general financial health check-ups, M&A consulting, corporate sales, access to private equity funding, bond issuing, advisory role for potential IPO on the AIM/STAR exchanges
- ▶ **NOMAD** (Nominated Advisor) certified by June 2018
- ▶ **Partnership agreements** with selected Italian Investment Banks for downstream activities, such as **direct placement**
- ▶ BMED IB exploits our widespread presence all over Italy, proximity to & knowledge of the SME customer
- ▶ Provides **leverage & prestige** to our Family Bankers **to strengthen the relationship** with these customers
- ▶ **Instrumental to our core business** of asset gathering.
Ultimate objective: to have access to & manage entrepreneurs' assets
- ▶ **Team of 10 people** with complementary skills

- ▶ 10 years in the Industry, acquired by Banca Mediolanum in **December 2017**
- ▶ Operates separately with **EuroCCQS name** to avoid brand confusion
- ▶ Network of **50 agents + 40 in back office**. Recent agreement w/ **over 250 individual distributors**
- ▶ **3-year target: €1 bn book** by EOY 2020, also through development of agent network & agreements with other distributors
- ▶ Will add significantly to our N.I.I. starting in 2019

Healthy-Margin, Low-Risk Business

Salary-backed Loans

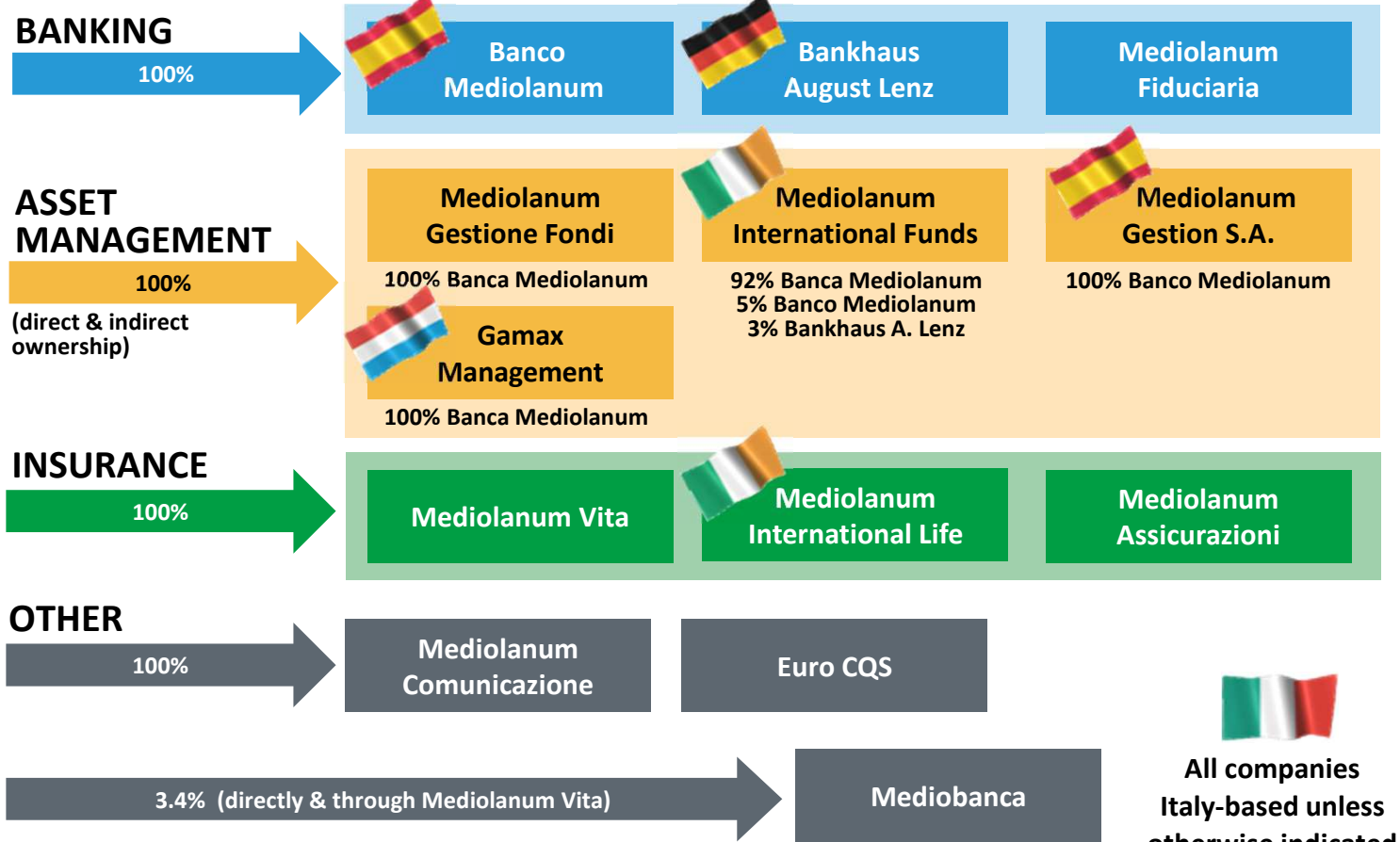
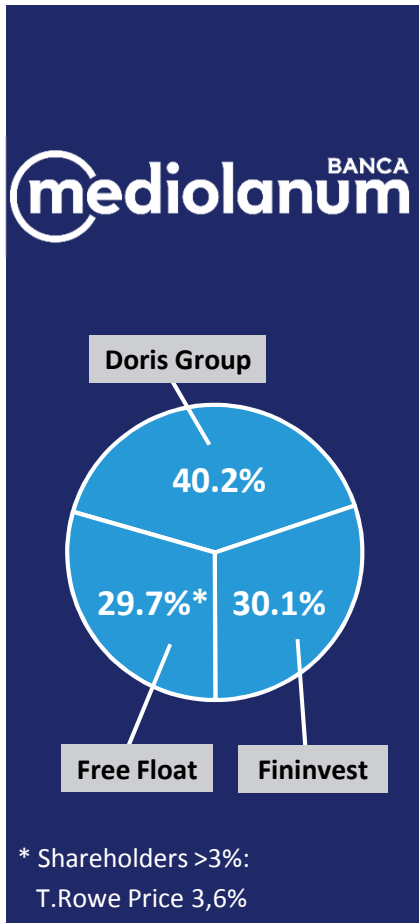
- Monthly loan payments deducted directly from the paycheck for up to 1/5 of the salary
- Designed for individuals with few or no assets
- 85% of the market consist of state employees (incl. teachers) & retirees on a pension
- Mandatory-by-law insurance policy attached to the loan covers the risk of job loss or company bankruptcy

'End-of-service' Payment Advance Loans

- Launched in June 2018
- Intended for newly-retired public employees
- Loan paid back by the State
- Designed to cover the typically long waiting period (2-3 yrs) to receive 'end-of-service pay'

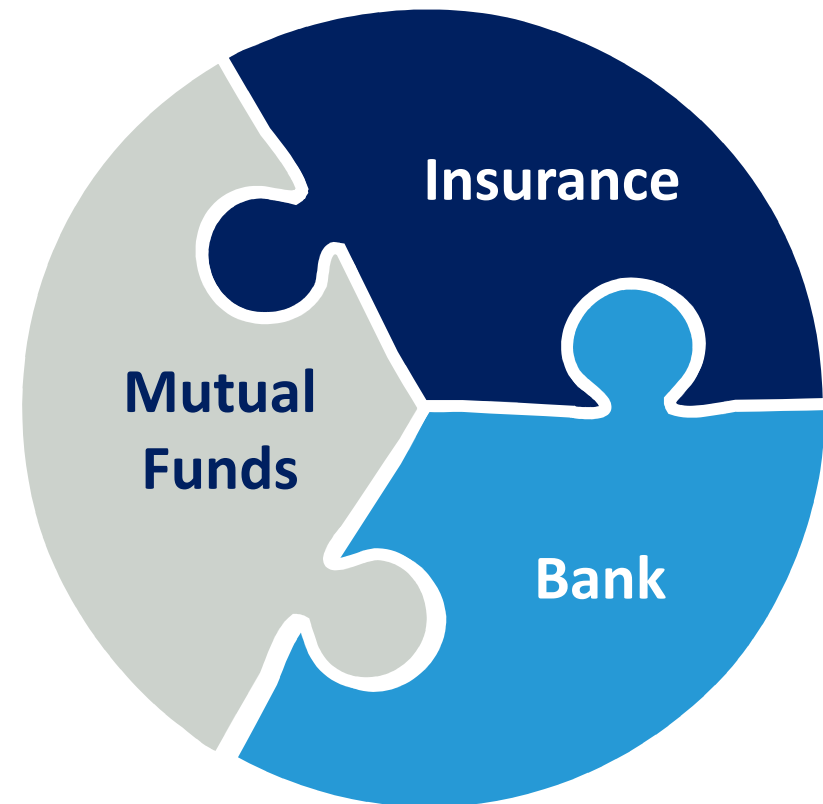


Mediolanum Facts



 All companies Italy-based unless otherwise indicated

- ▶ We and our Family Bankers view the company as a single entity, providing solutions that best fit the needs of the customer, whether it be in the form of a mutual fund, an insurance policy or a bank product
- ▶ The Bank (est. 1997) has a special role as the place where customer savings are naturally built
- ▶ It is also where service quality is more readily appreciated & compared
- ▶ Therefore, it represents the mandatory point of entry for all new customers



Banca Mediolanum's Multi-channel Model



Banca Mediolanum's model combines the advantages of traditional and direct banks



Family Bankers: the human touch

Self-employed tied agents with entrepreneurial approach

Extensively trained to tackle every household financial need

Share Mediolanum's view that banking services are an effective acquisition & retention tool

Compensated even for operations performed by customers through direct channels



Willing to provide professional advice anytime, anywhere



Equally competent across all product lines



Unlike the typical FA, offer assistance also with everyday banking needs



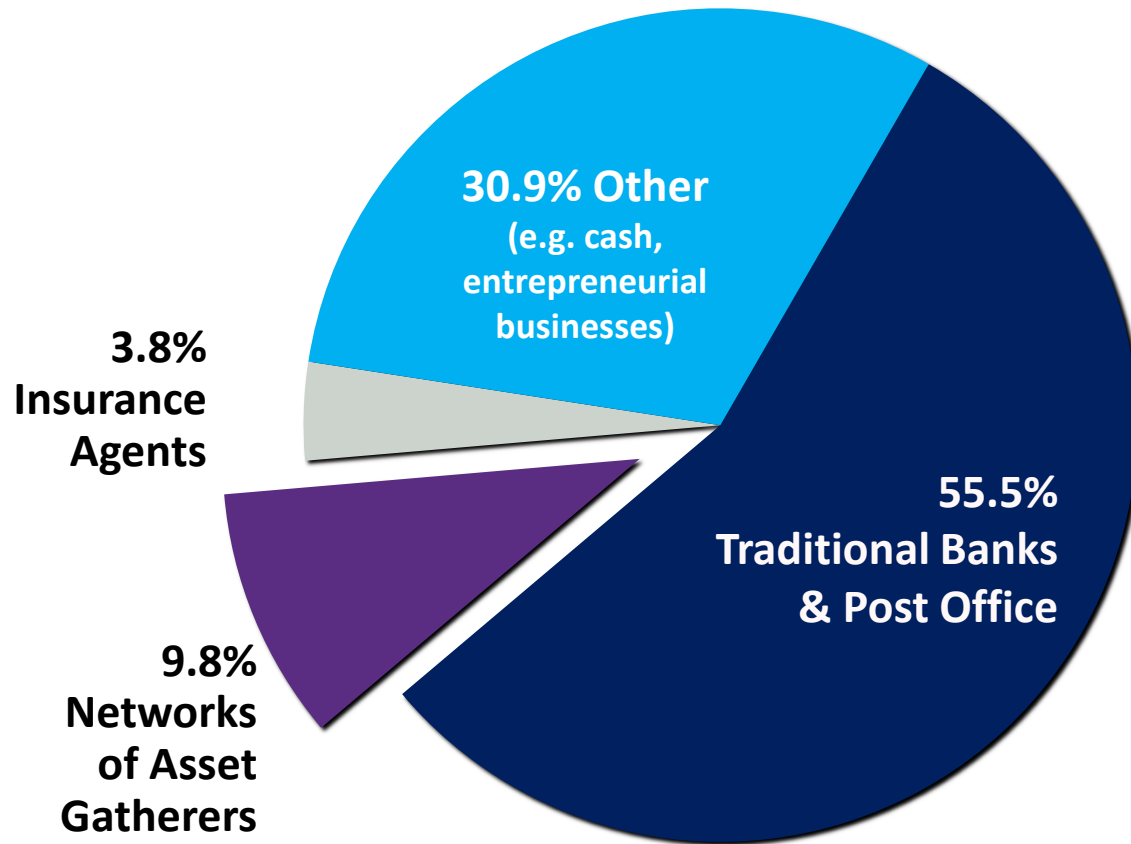
Synergy, not competition, between human and direct channels



Customers: freedom in banking

Top-quality and valuable direct banking services associated with a human relationship

Italian Household Financial Assets as at 31/12/2017 – real estate not included



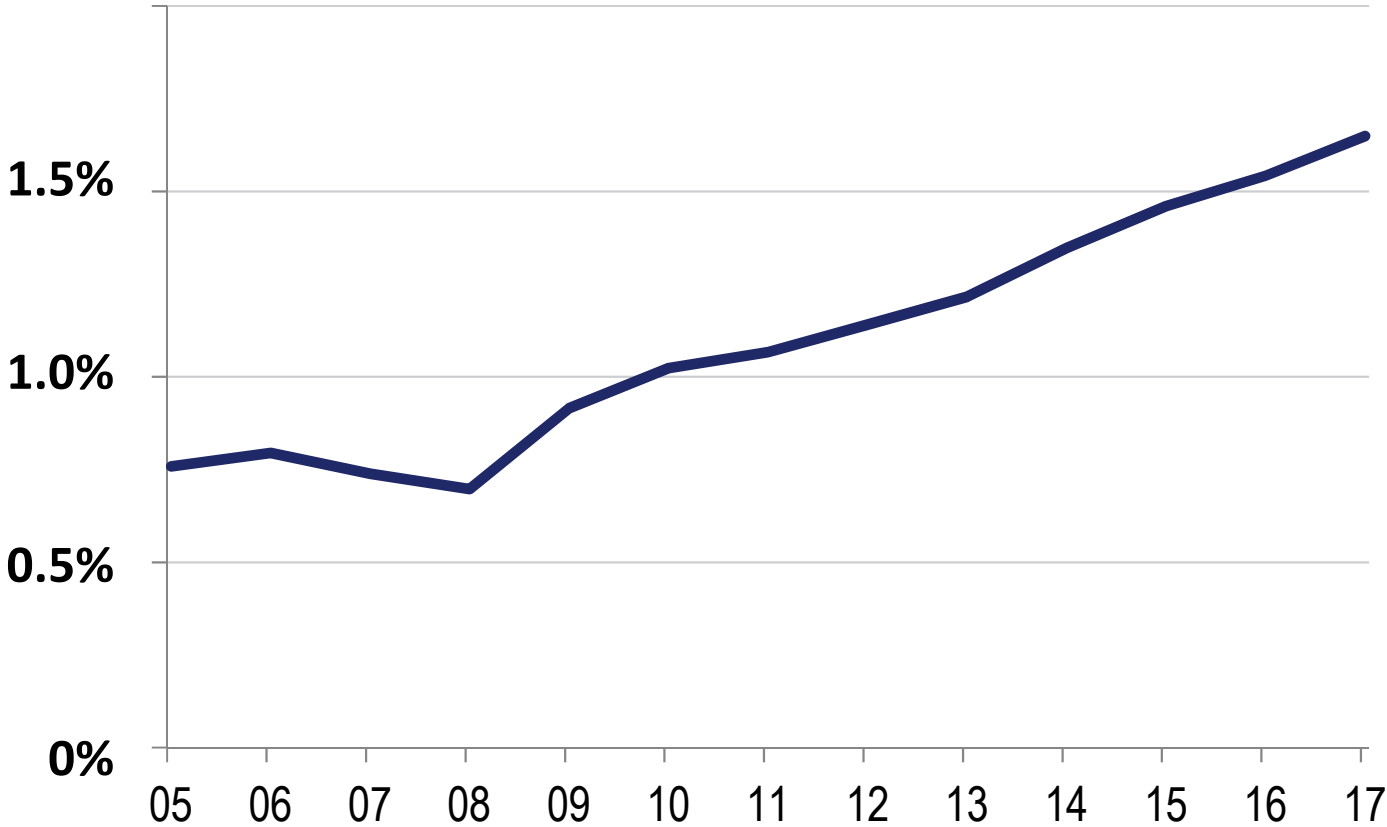
Network of Asset Gatherers have only 10% of the huge Italian HH financial assets market, although recognised as best-in-class in terms of personal service & advice, and largely immune to capital, credit quality & reputational issues

Traditional Banks still hold nearly 6x more

Total HH Assets:
€ 4,268 bn

Source: Bank of Italy / ECB / Assoreti / Prometeia / Mediolanum estimates

Italian Household Financial Assets Banca Mediolanum's Market Share



1.65%
on a total of
€ 4,268 bn reported
by Bank of Italy
as at 31/12/2017

ROE

20.2%

10 Y avg. 2008- 2017

CET1

14.6%

Retail Deposits

€ 15.8 bn

Retail Credit Book

€ 7.9 bn

% Gross NPLs

1.43%

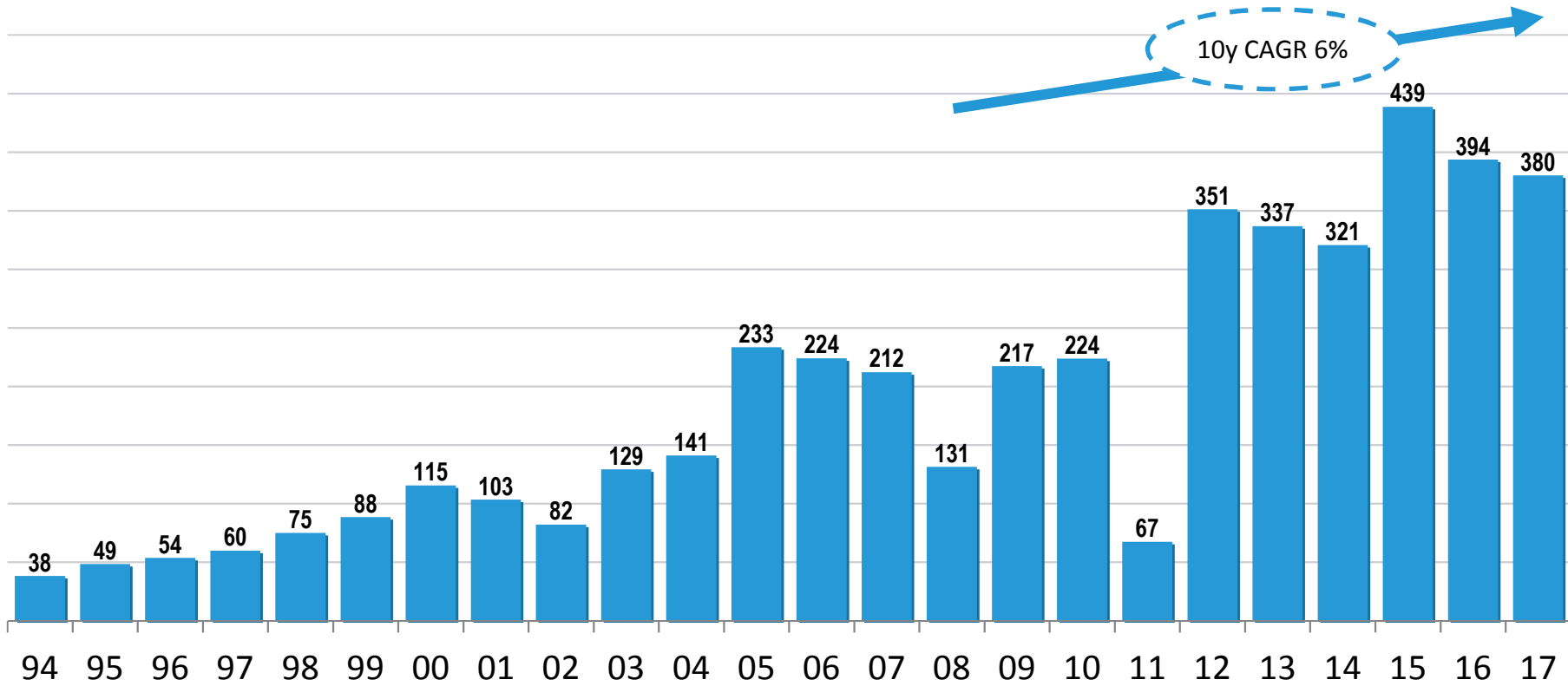
vs 11.4% Italian Banks*

% Net NPLs

0.72%

vs 7.5% Italian Banks*

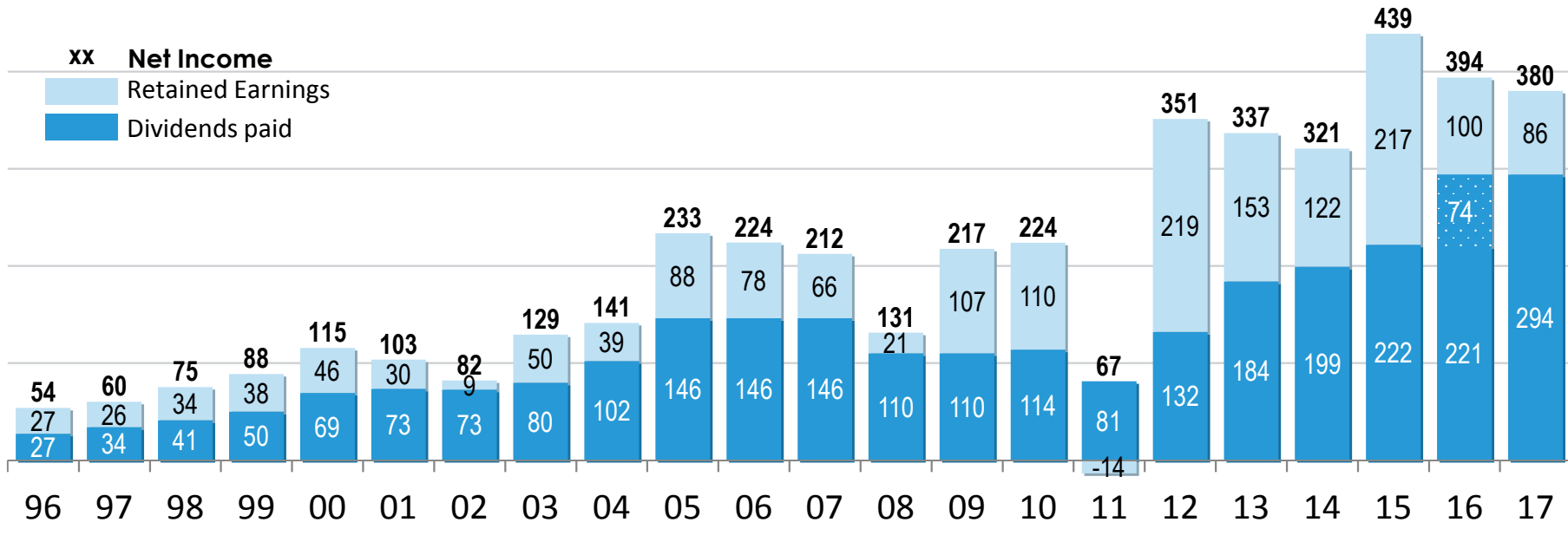
* Source: Bank of Italy – 'Banks and Financial Institutions: Credit Conditions and Risk by Sector and Geographical Area - quarter 2 2018' & 'Financial Stability Report No. 1 2018'



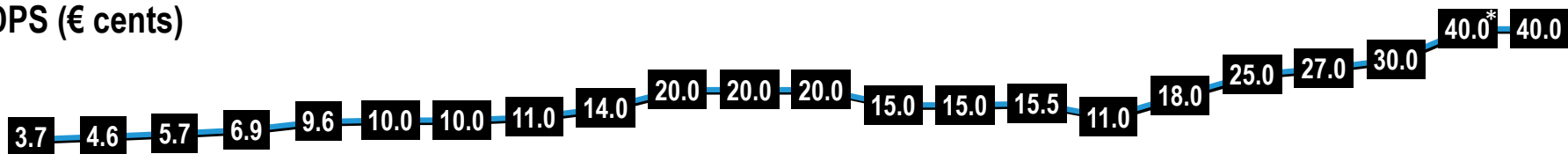
2008 & 2010: adjusted net income excluding effects of 'Lehman Brothers' operation

Dividend Payout

Mediolanum S.p.A. + Banca Mediolanum S.p.A. (€ mn)



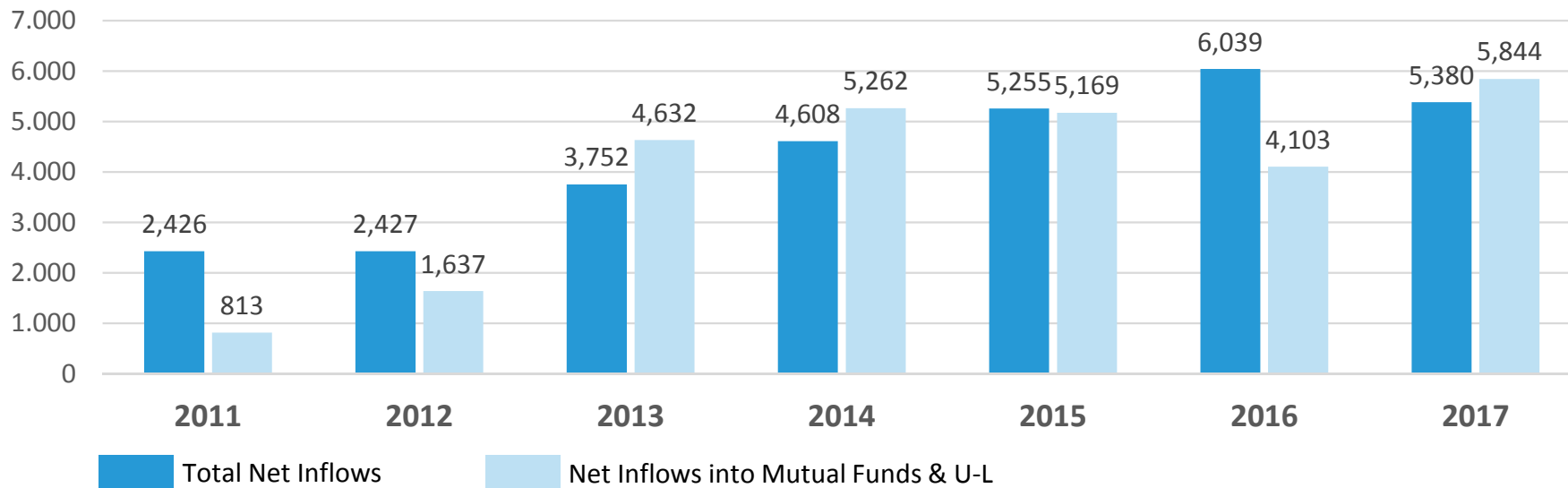
DPS (€ cents)



including 10 eurocents connected to Banca Esperia's sale

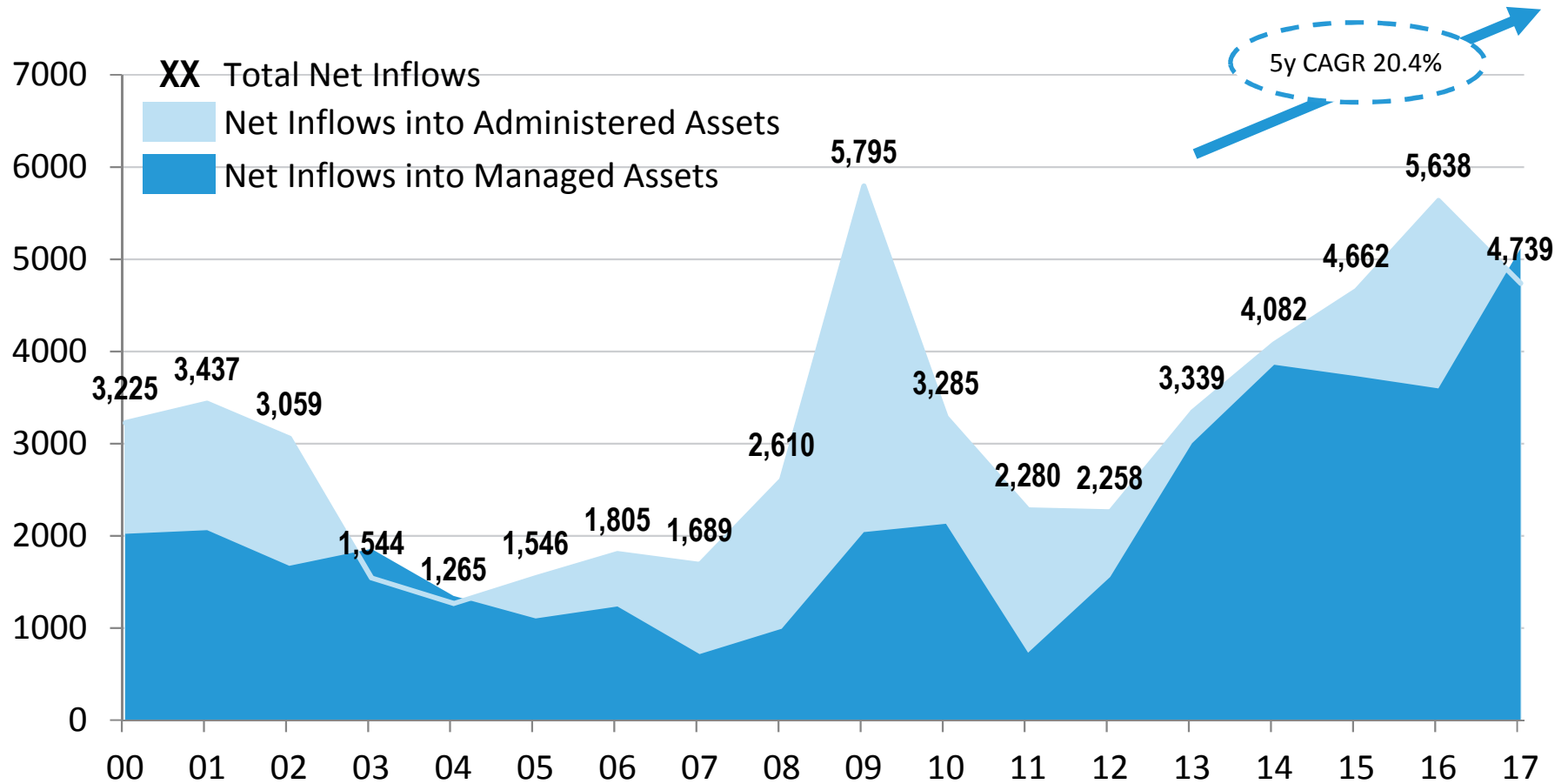
A proven ability in converting administered inflows into managed assets

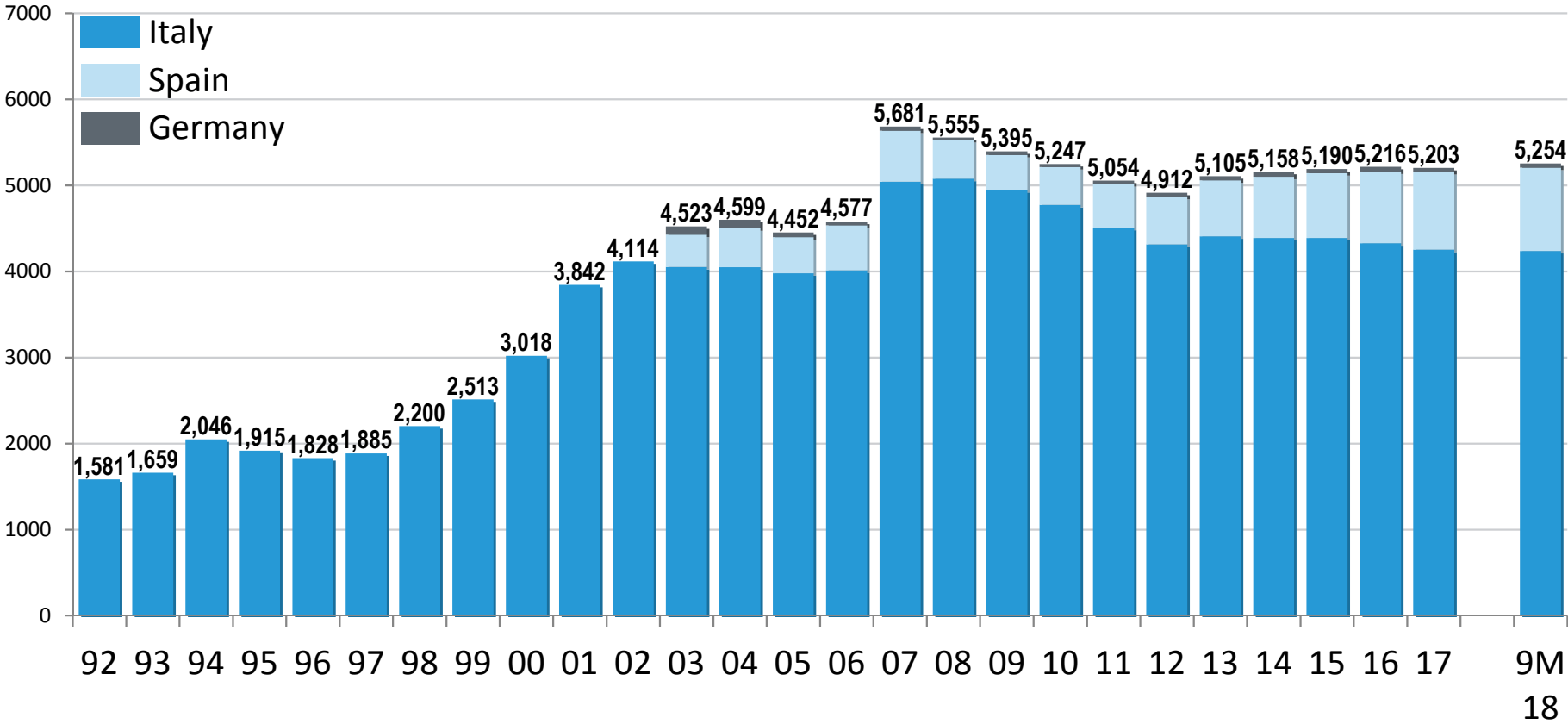
2011-2017:
€ 29.9 bn of Total Net Inflows,
o/w **€ 27.5 bn** into Mutual Funds & Unit-Linked policies



67 Total Net Inflows Trend - Italy

€ mn





69

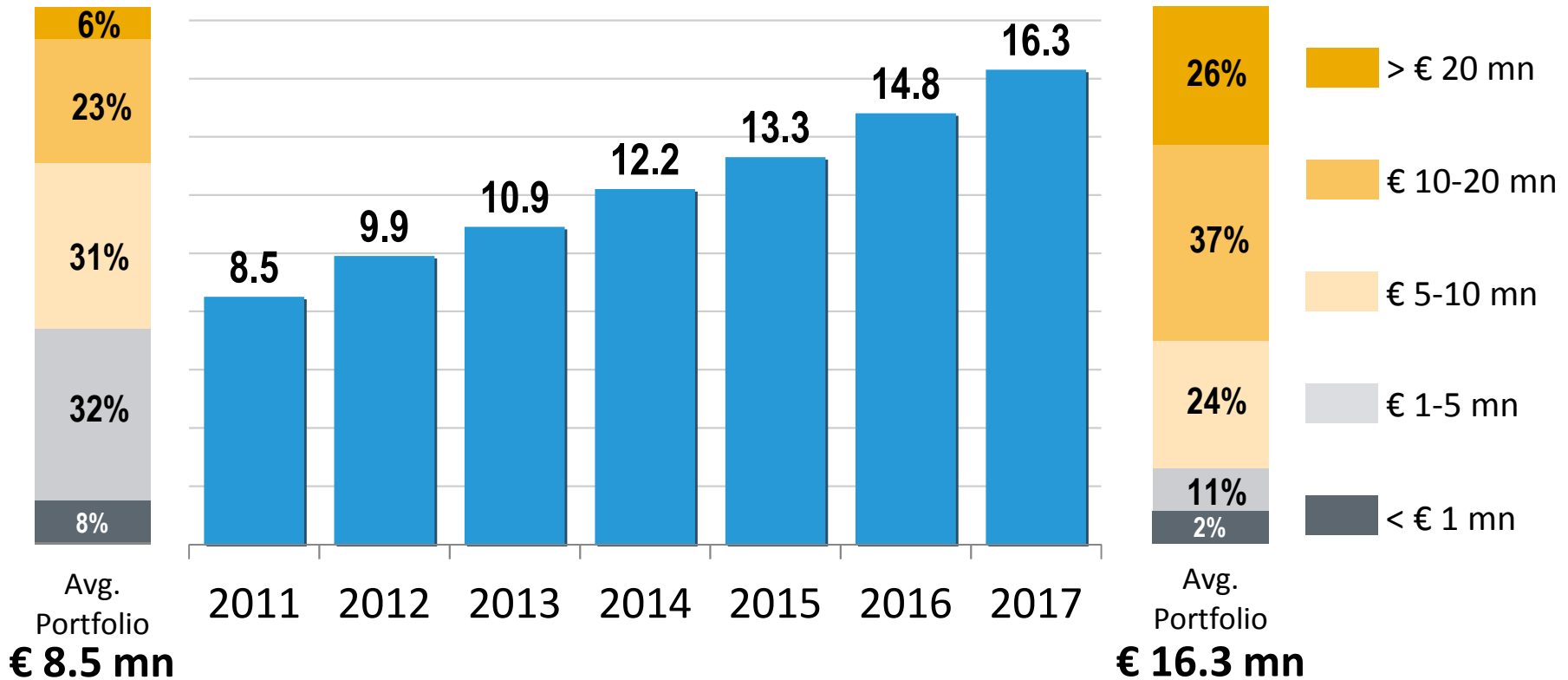
Banca Mediolanum

Average Assets per Family Banker

€ mn

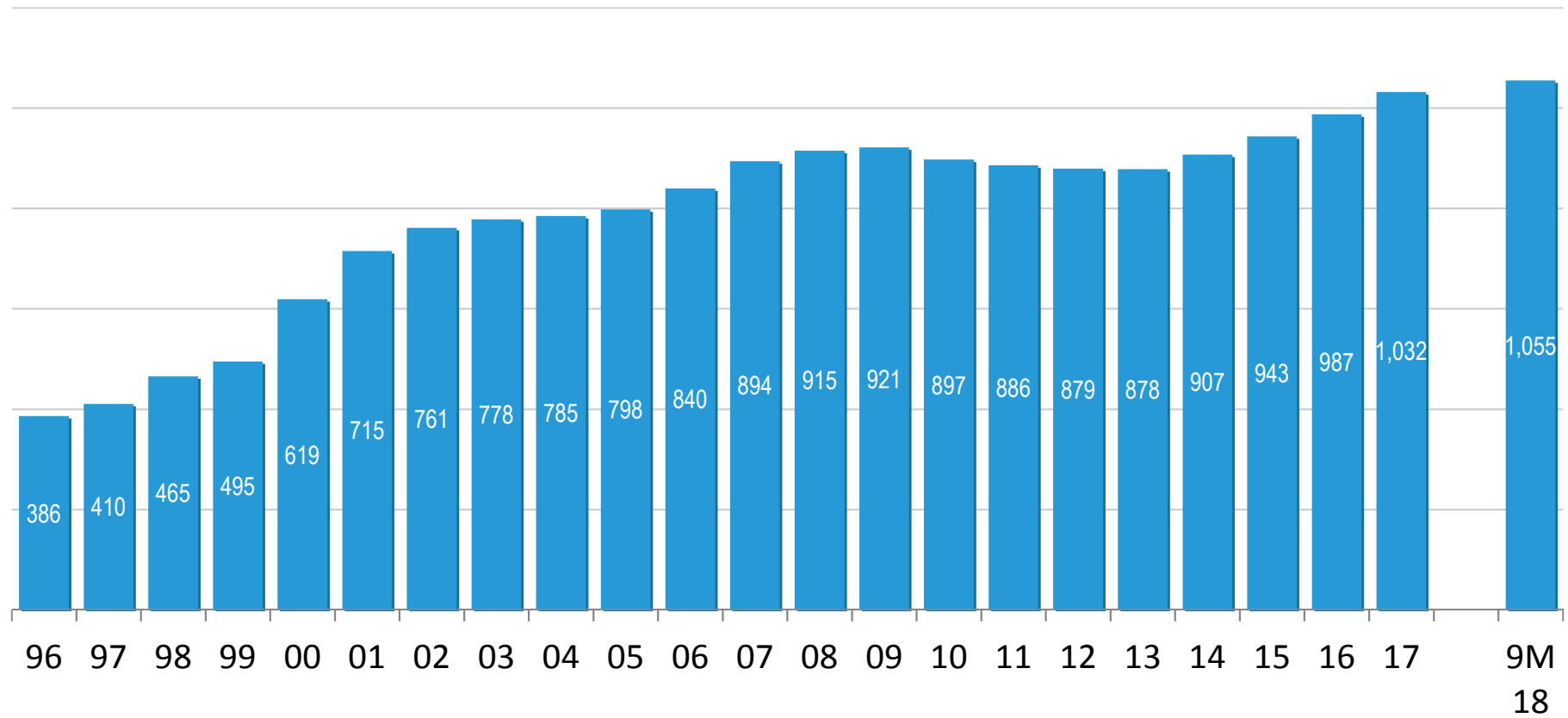


Mediolanum Facts



Banca Mediolanum Customers

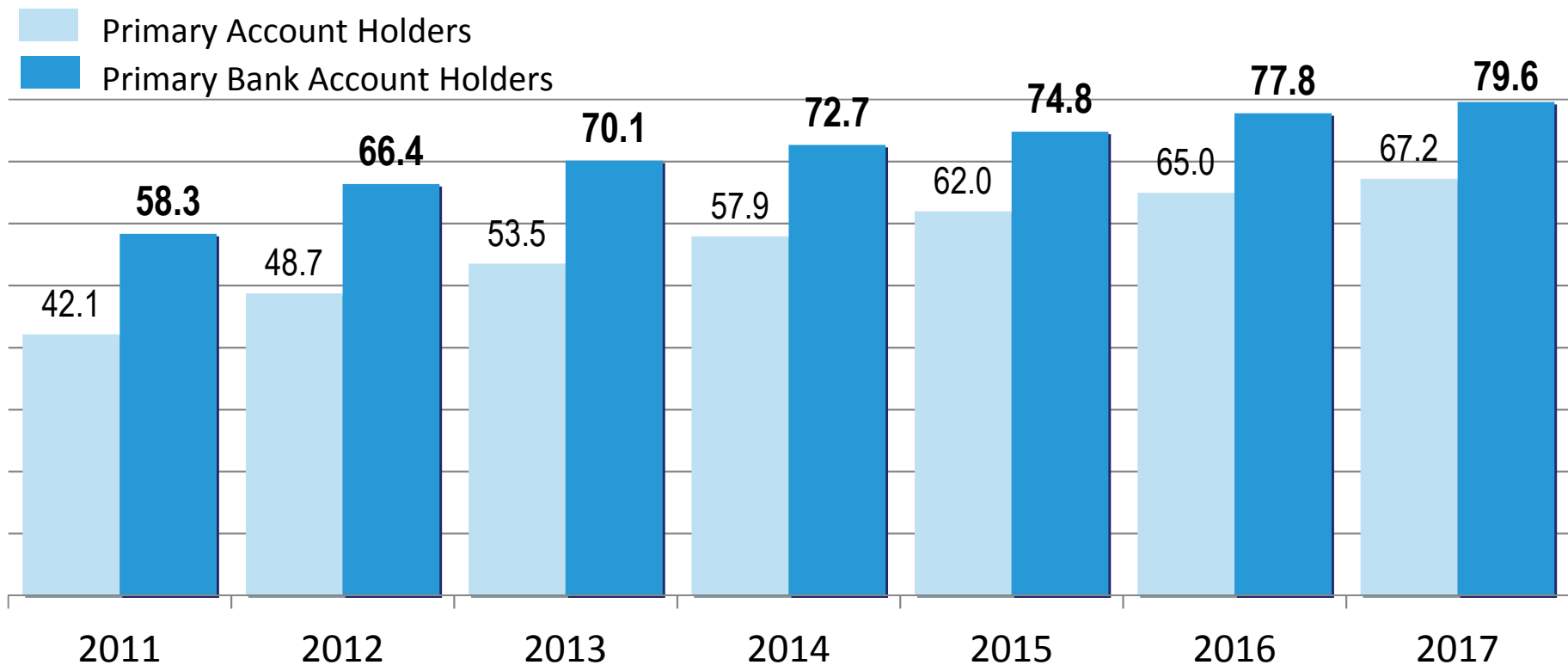
Primary account holders (thousands)



Banca Mediolanum

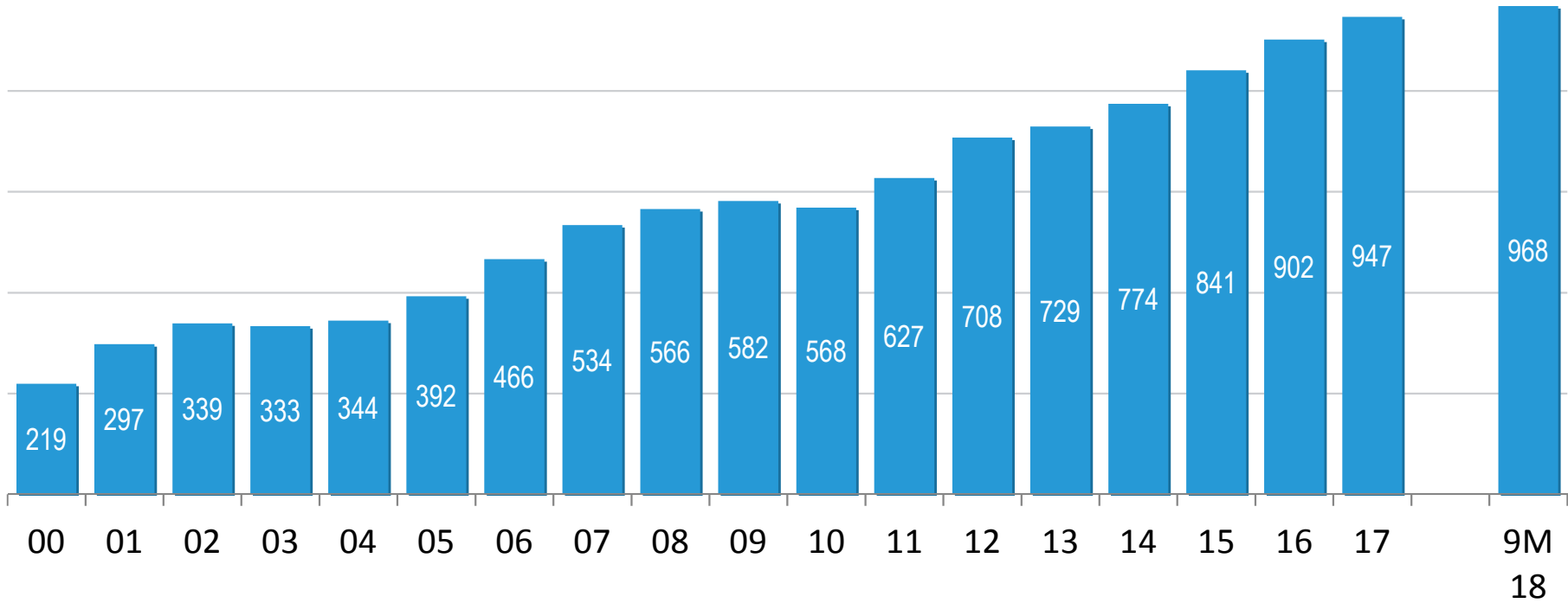
Average Assets per Customer

€ thousands



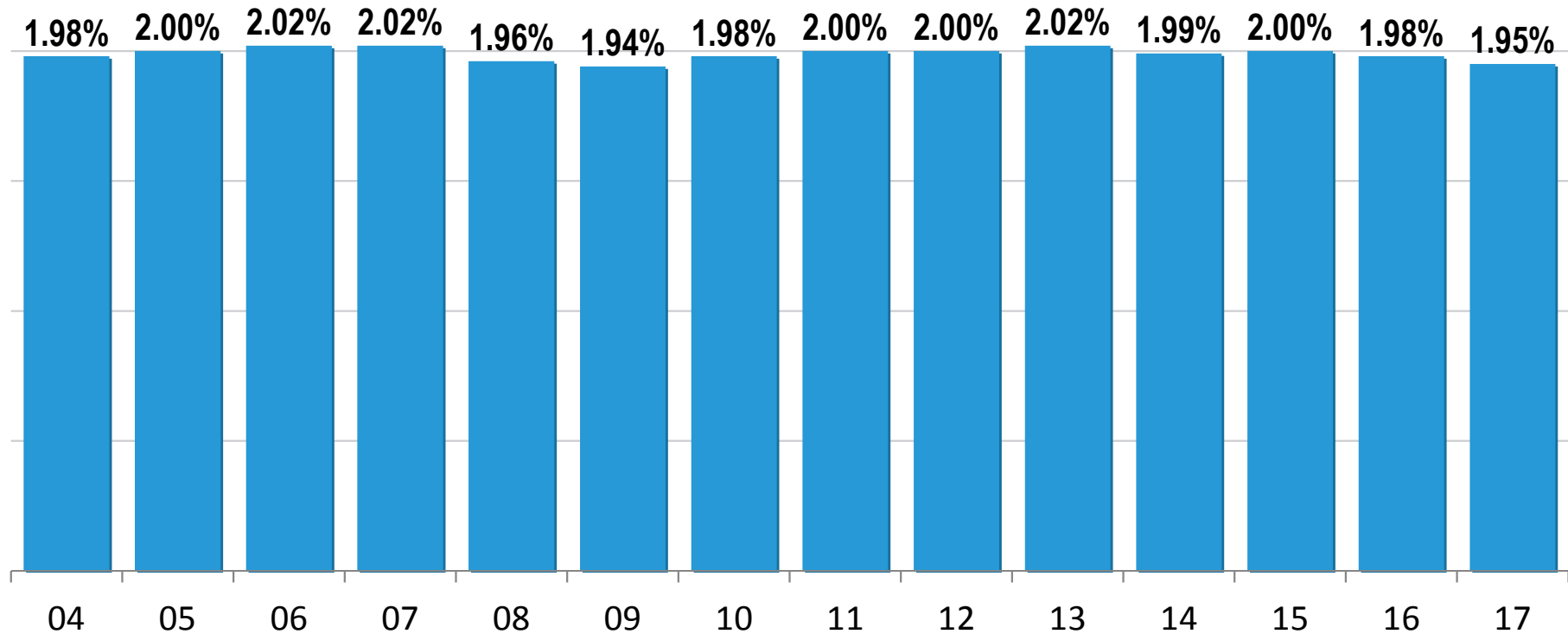
Banca Mediolanum Bank Accounts thousands

Since March 2005 all new customers are required to open a bank account as their first product



Management Fees* History

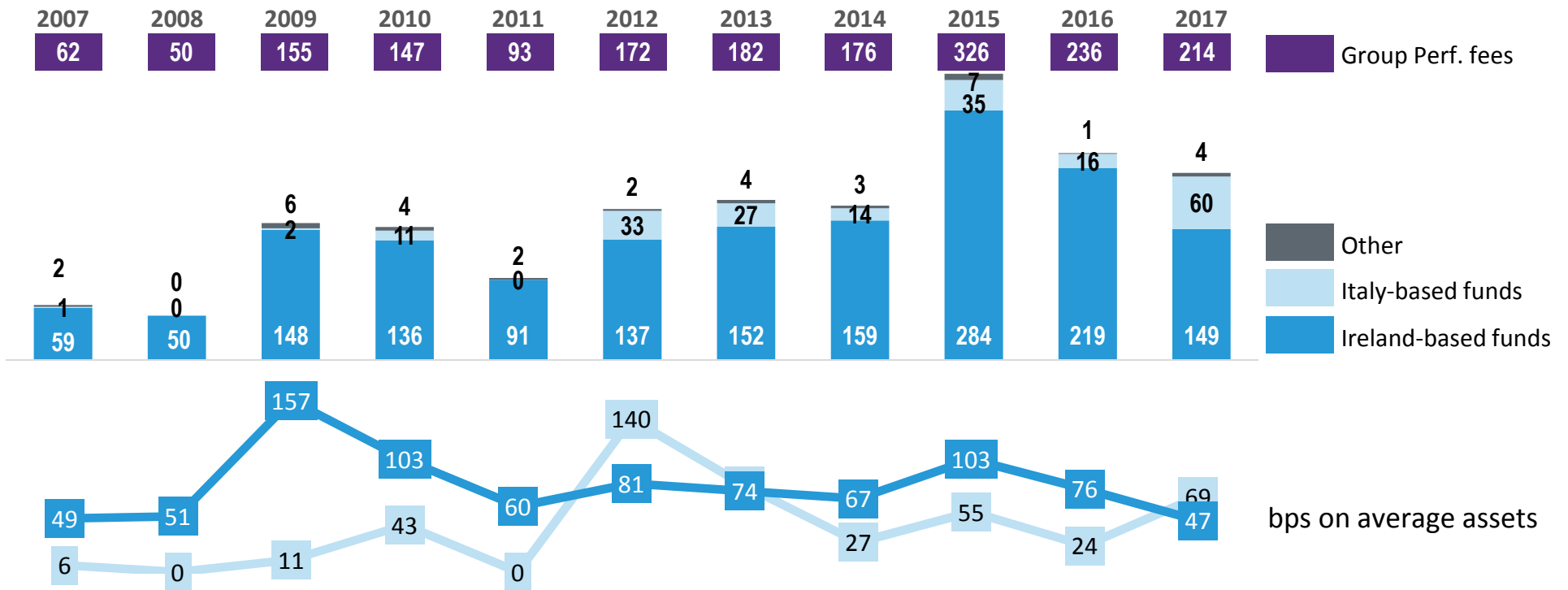
expressed as a % of average managed assets in the period



* including insurance commissions on U-L policies

74 Performance Fees History

€ mn



- ▶ Ireland-based funds: bps are calculated only on assets subject to perf. fees. Italy-based funds: all assets are subject to perf. fees
- ▶ Change in perf. fees calculation method will only impact Ireland-based funds w/ perf. fees

Our investment strategy
explains the consistency of our inflows
& transfers 'technical performance' into 'customer performance'

- ▶ We advise our customers proposing products & services that correspond to each of their **specific needs**
- ▶ Investor needs remain fundamentally the same, they are **not influenced by market crises**
- ▶ We do not engage in stock-picking, tactical asset allocation decisions, or market-timing
- ▶ We recommend a series of **diversification criteria**, the most important being **time horizon**
- ▶ **Equity** investments are only considered for the **long term** (>10 yrs) and are diversified across the **global economy** to further reduce risk
- ▶ We strongly advise investors who have a long-term outlook to view **market crises as buying opportunities**

76

The 'Intelligent Investment Strategy' Service launched June 2016



Mediolanum
Facts

- ▶ A long-term investment strategy (10+ yrs, € 30k+) that allows our customers to **gradually enter the markets** in order to take advantage of the overall growth of the world economy
- ▶ **Designed to remove emotional barriers** associated with equity investments by making rational choices at the beginning of the plan rather than during crises or volatile markets
- ▶ The amount invested is first put into our 'Euro Fixed-Income A' money market fund, and then **fully converted into Mediolanum equity funds or MyLife U-L wrap account** over 3-4-5 years through automatic transfers 1-2 times per month
- ▶ Thanks to the **Automatic Step-In/Step-Out** feature, when the **unit price of equity funds has a strong decrease*** the **transferred amount is multiplied accordingly**.
Vice versa, in the case of an extraordinary increase (+10% or 20%), the capital gains are shifted back into the money market fund

* versus each customer's average purchase price.



Equity Fund Unit Price

Instalment amount

5% to 10% decrease

X2

10% to 15% decrease

X3

15% to 20% decrease

X4

20% or more decrease

X5

77

'MyLife' Unit-Linked Policy Insurance wrapper for mutual funds launched March 2014



Mediolanum
Facts

Addresses all needs of HNW investors

- ▶ **Financial planning:** flexible, hassle-free diversification across all investment classes; access to 100+ funds (up to 40% picked from a selection of 3rd-party funds)
- ▶ **Legal protection of investments:** assets cannot be seized or frozen
- ▶ **Succession planning:** one or more beneficiaries, irrespective of applicable inheritance laws; can be easily modified at any time
- ▶ **Tax efficiency:** capital gains tax is deferred to the time of policy liquidation. No inheritance / income tax is due on amounts received by beneficiaries

Additional features

Income drawdown

can be requested at any time; choice of duration (5-15 yrs) & frequency

Basic Death Benefit included

up to 2.5% of assets depending on age at death. Supplementary coverage also available

Mediolanum's trademark **investment optimization:**

yields over a pre-set threshold can be automatically set aside and reinvested during market drops

78

Asset & Wealth Management

designed for our fastest-growing customer segment


**Mediolanum
Facts**

	2008	2017
HNW Customers (€ 2+ mn)	146	1,380
AUM (€ mn)	730	7,279



a full range of services to meet the needs of the most demanding customers

- ▶ **Wealth Planning:** optimisation of financial resources, structuring family governance
- ▶ **Asset Protection:** generational handover, succession planning, wealth preservation
- ▶ **Investment Advisory:** highly specialised, constant analysis and advice re: investments in art & real estate
- ▶ **'Mediolanum Fiduciaria' Trust:** confidentiality & simplification in the management of family assets

- Managed account designed for HNW individuals
- Invests in Mediolanum funds, 3° party funds, securities & ETFs
- Allows for a high level of flexibility, diversification and multiple investment styles & strategies
- Tax optimization on capital gains/losses



'Strategica' – min 70% (3 investment styles, 9 strategies):

- Income:** 4 strategies with different equity exposures (10% to 70%) providing quarterly income
- Control:** 3 strategies focusing on controlling max potential losses (max VaR 4%, 6% or 10%)
- Growth:** 2 strategies (40% & 80% equity exposure) investing in global markets & sectors with a mid/long-term growth prospects

'Opportunità' (2 investment styles, 9 strategies):

- Opportunity:** 3 strategies where asset managers have broader mandate to exploit opportunities across financial & real assets securities
- Top Selection** (max 30% of total investment): customers chose among 6 strategies from a selection of Mediolanum & 3° party funds

The 'Freedom' Current Account launched March 2009, reengineered March 2012



- ▶ Launched in the wake of the Lehman Bros. bankruptcy, exploited **Mediolanum's unique situation** in terms of high liquidity & good reputation
- ▶ Designed to be the best account in the market for HNW individuals:
no remuneration of deposits **up to € 15,000**; **very appealing interest** paid **on the excess** balance
- ▶ Rate offered is **advertised in advance** for each quarter
- ▶ In the original 'Freedom', the interest was actually paid on a **Life policy** connected to the current account; this resulted in a **tax rate of 12.5% instead of 27%** for the customer
- ▶ Mediolanum's integrated structure & sophisticated software architecture allowed the entire balance to be available to the customer at any time, by **seamlessly moving money** back and forth between the bank account and the Life policy
- ▶ After tax reform of 2012 'Freedom' became '**Freedom+**' - a pure banking product
- ▶ Switching to 'Freedom+' is encouraged – delivers the same product promise, but entails **lower G&A expenses** and **capital absorption** for Mediolanum



81

Training & Communication: Mediolanum Corporate University



Mediolanum
Facts

- Inaugurated March 2009
- Centralises our training know-how, in coordination with top universities, professors and individuals who are experts in the field
- Provides our Family Bankers & employees with a resource for life-long education
- Develops financial education programs dedicated to our customers & the community



A proprietary state-of-the-art tool established in 1989

Encrypted programs to train, motivate & communicate with our Family Bankers

- ▶ Financial news commented by top company executives
- ▶ Company news & product information
- ▶ Online training course support
- ▶ Inspirational thoughts for personal motivation & sales techniques



**Daily specials dedicated to crisis-related topics
were added to the ongoing programming
in 2008, 2009 & 2011**

- Approximately **4,200 events** held in 2017: local & high-level events, sports events (e.g. Giro d'Italia), talk shows, etc.
- Over **224,000 customers & prospects** attending

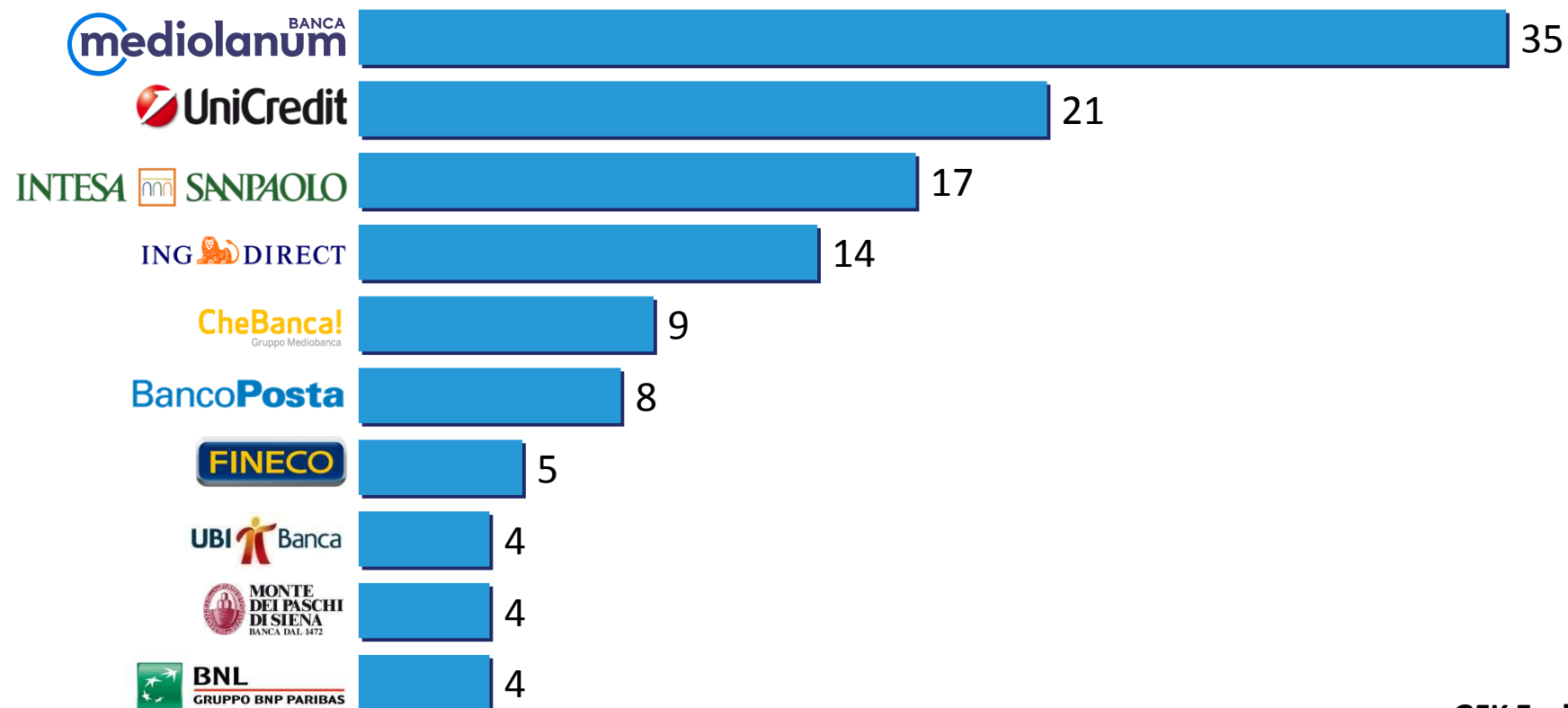
Results are measurable:

- Net inflows into managed assets of invited customers in the 3 months post-event
- expenses are reimbursed to Family Bankers only if set commercial target is met (80% of the times in 2016)
- Average commercial value of media coverage is also regularly tracked



Banca Mediolanum's advertising The most memorable in the banking industry

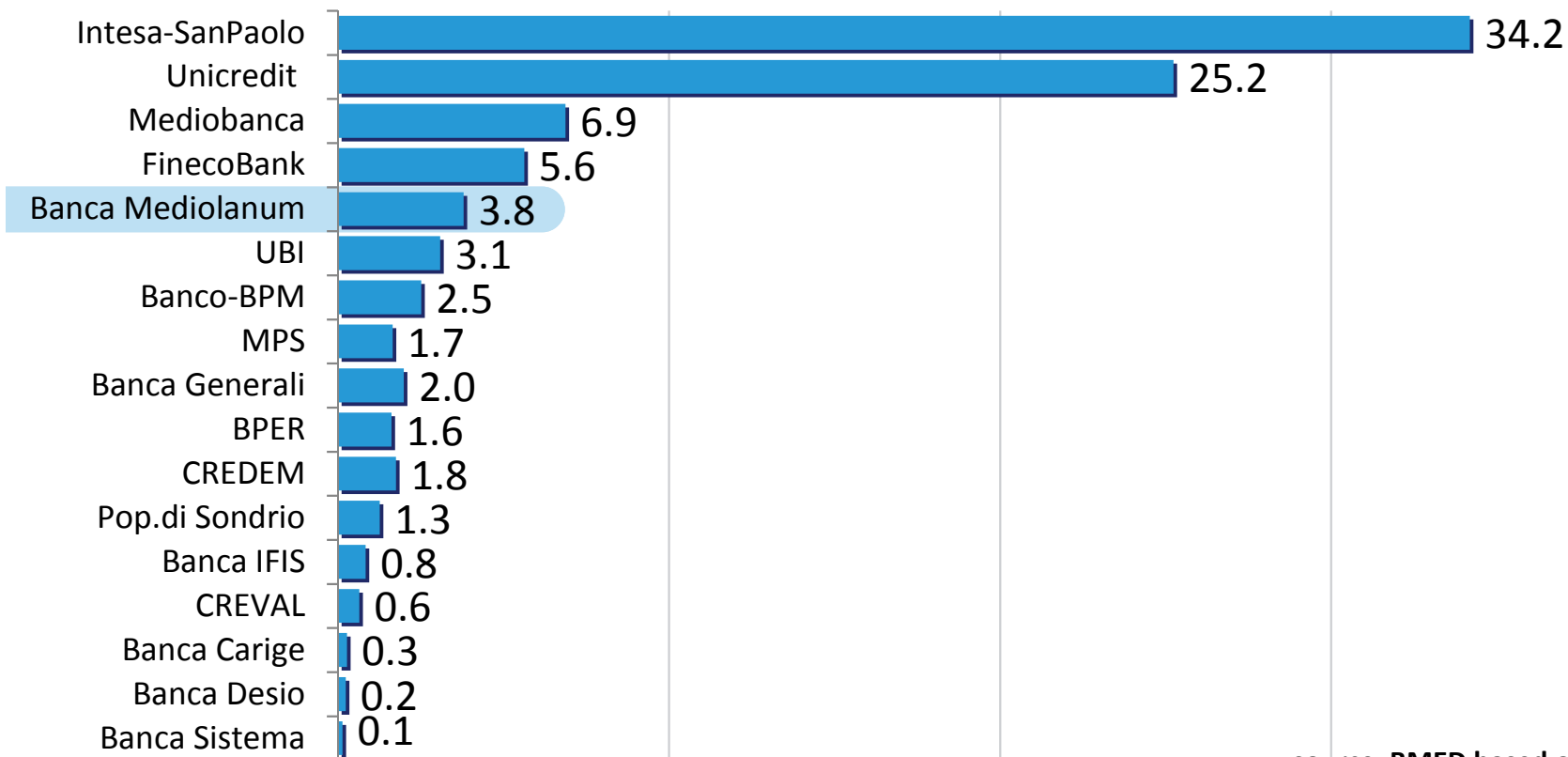
Spontaneous recall of bank advertising in Italy – 9M 2018



source: GFK Eurisko

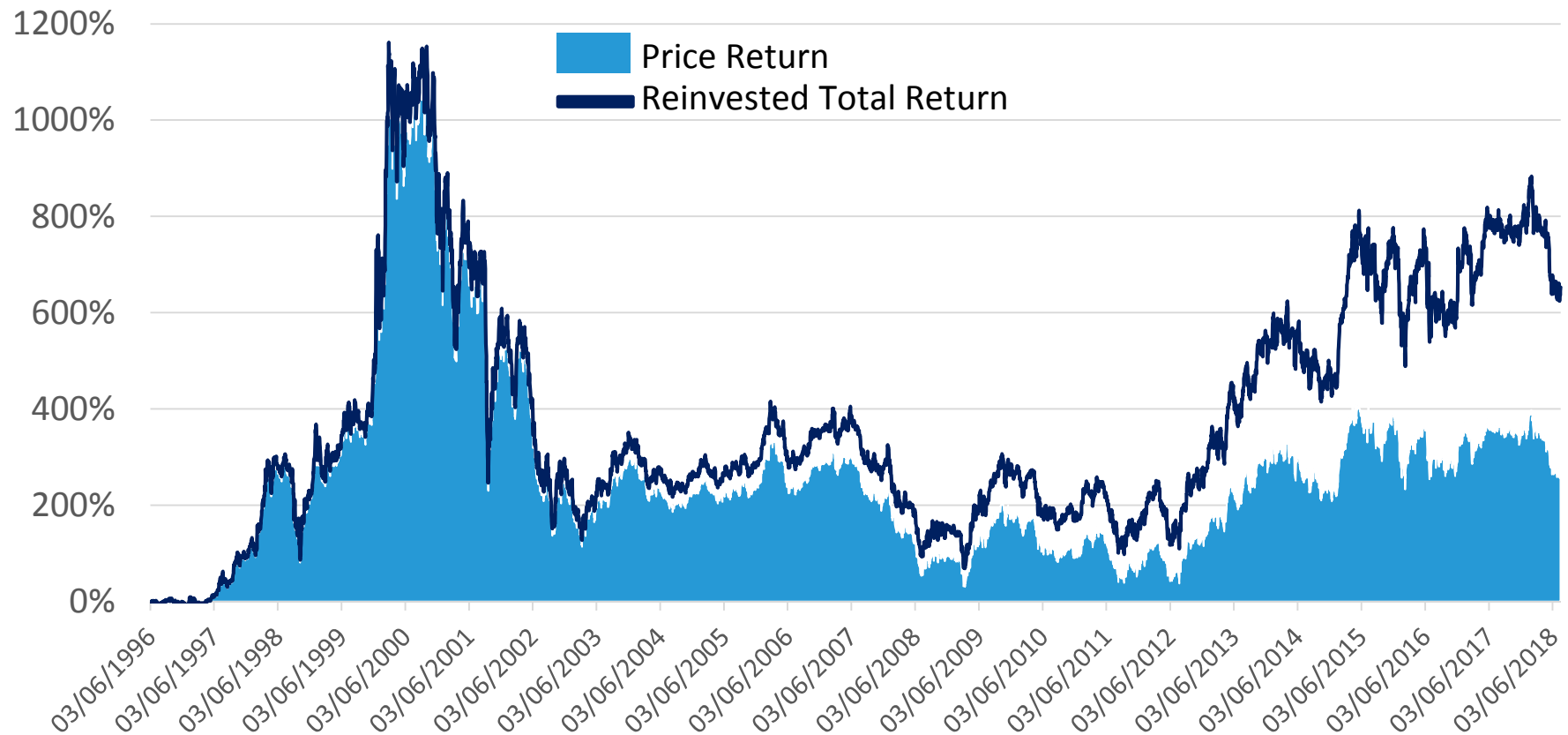
Ranking of Italian Banking Groups by Market Capitalisation

€ bn - as at 31/10/2018



source: BMED based on Bloomberg data

Price Return & Total Return Index*



* Total Return Index includes dividend reinvestments, June 3, 1996 – Jun 21, 2018

source: Datastream



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DECLARATION BY THE SENIOR MANAGER IN CHARGE OF DRAWING UP COMPANY ACCOUNTS

The undersigned, Mr. Angelo Lietti, declares, pursuant to Section 154 bis (2) of Legislative Decree 58/98 "*Testo Unico della Finanza*", that the accounting data set out in this presentation agree with the documentary records, books and accounting entries.

The senior manager in charge of drawing up Company Accounts

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