



MEDIOBANCA

2Q19/6M results as at 31 December 2018

**MB STRONG
BUSINESS POSITIONING
DELIVERS GROWTH RESULTS**

Milan, 7 February 2019



MEDIOBANCA

AGENDA

Section 1. Group results as at December 2018

Section 2. Divisional results

Section 3. Closing remarks

Annexes

1. Quarterly segmental reporting tables
2. Glossary



MEDIOBANCA

GROWTH RESULTS HIGHLIGHT MB STRONG BUSINESS POSITIONING, DISTINGUISHING US FURTHER IN AN UNCERTAIN & VOLATILE SCENARIO

**Despite market uncertainty and macro deterioration
MB has achieved its best half-year results ever in terms of revenues and profitability
focusing on high-margin, specialized, long-established, growing businesses,
preserving its superior return/risk profile in a EU scenario**

Growth in loans (to €43bn up 8% YoY and 2% QoQ)

Growth in TFAs (to €65bn, up 11% YoY) **supported by €3.4bn of NNM in last 6M**

Growth in funding (to €51bn, up 7% YoY and 2% QoQ, NSFR at 107%) **at reduced cost**

Growth in revenues (to €1,277m, up 9% YoY) **with both NII** (up 4%) **and fees** (up 7%) **increasing**

Growth in GOP risk adj. (up 16% YoY to over €600m)

Net profit at €451m - ROTE up to 11%

All divisions show solid, double-digit ROAC

Strong asset quality (gross NPLs/loans: 4.3%) **with CoR stable at low level** (52bps)

Solid CET1 ratio (13.9%¹) **benefitting from organic capital generation**

MREL requirements already fully addressed (MREL liabilities/RWAs at 42%)

LAST QUARTER TAKEAWAYS

Strong capital

Regulation:
more pros
than cons

- ◆ **Good news from regulation:**
 - ◆ SREP confirmed at 8.25%
 - ◆ AIRB validation for mortgages obtained (~40bps positive impact from 2019)
 - ◆ New CRR2 proposal
 - ◆ AG deduction moved to 2024 (~120 bps deduction no longer applicable from 2019)
 - ◆ reduced risk weighting of salary-backed loans (~20 bps positive impact)
- ◆ **High capitalization with CET1 ratio at 13.9%¹** with 40bps buyback accrual

Strong profitability

- ◆ **Group ROTE at 11%** without no positive one-offs
- ◆ **All divisions show solid, double-digit ROAC: Consumer at 32%, WM² and CIB at 16%, PI at 17%**

Strong NNM

- ◆ **€1.5bn NNM in 2Q with an attractive mix: 85% AUM/AUA**
- ◆ Both Affluent and Private-HNWI clients contributing positively

Comfortable funding position

- ◆ **Funding up driven by all sources:** retail deposits at €21.2bn (up 2% QoQ), bonds at €19bn (up 4% QoQ)
- ◆ **Comfortable funding ratios:** NSFR at 107%, LCR at 185%

NII and fees steadily growing

- ◆ **NII at €357m, up 4% QoQ** driven by Consumer (up 2%), CIB (up 3%) and HF
- ◆ **Fees at €158m, up 2% QoQ**, driven by CIB (up 16%) and WM (up 2%)

Cost of risk at low level

- ◆ **Group CoR once again ~50bps** after writebacks in WB and lower-ever levels in Consumer (180bps)
- ◆ **Asset quality confirmed strong and improved QoQ:** NPLs down (as % of loans to 4.3% gross and 1.9% net) and Gross Bad Loans as % of loans to 1.1%

1) CET1 ratio calculated including Danish Compromise extension until December 2024 according to CRR2 proposal (~120 bps deduction due to take effect from 2019 no longer applicable), and not deducting ~20bps of IFRS9
2) Including €1.4bn lower RWAs coming from AIRB validation on mortgages effective from 2019

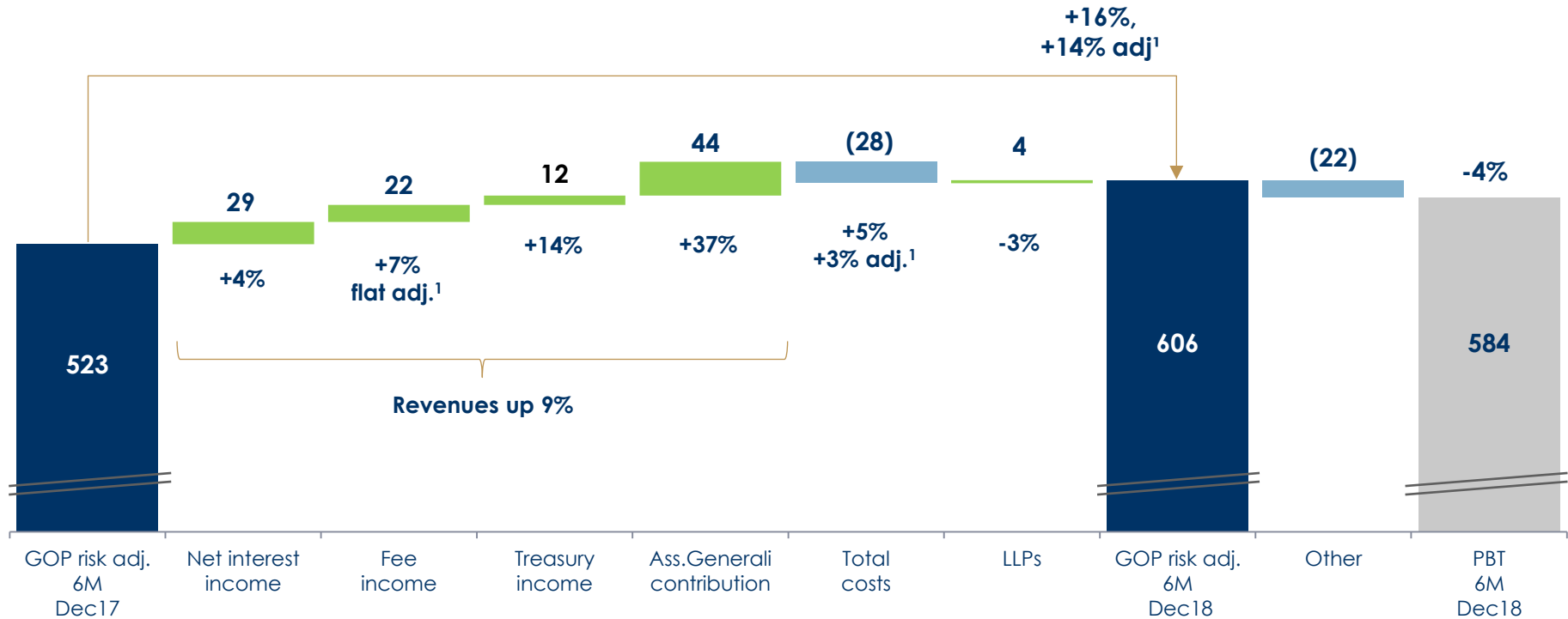


GOP UP 16% DRIVEN BY 9% GROWTH IN REVENUES...

6M results as at December 2018

Section 1

MB Group IH19 gross operating profit after LLPs by source (€m)



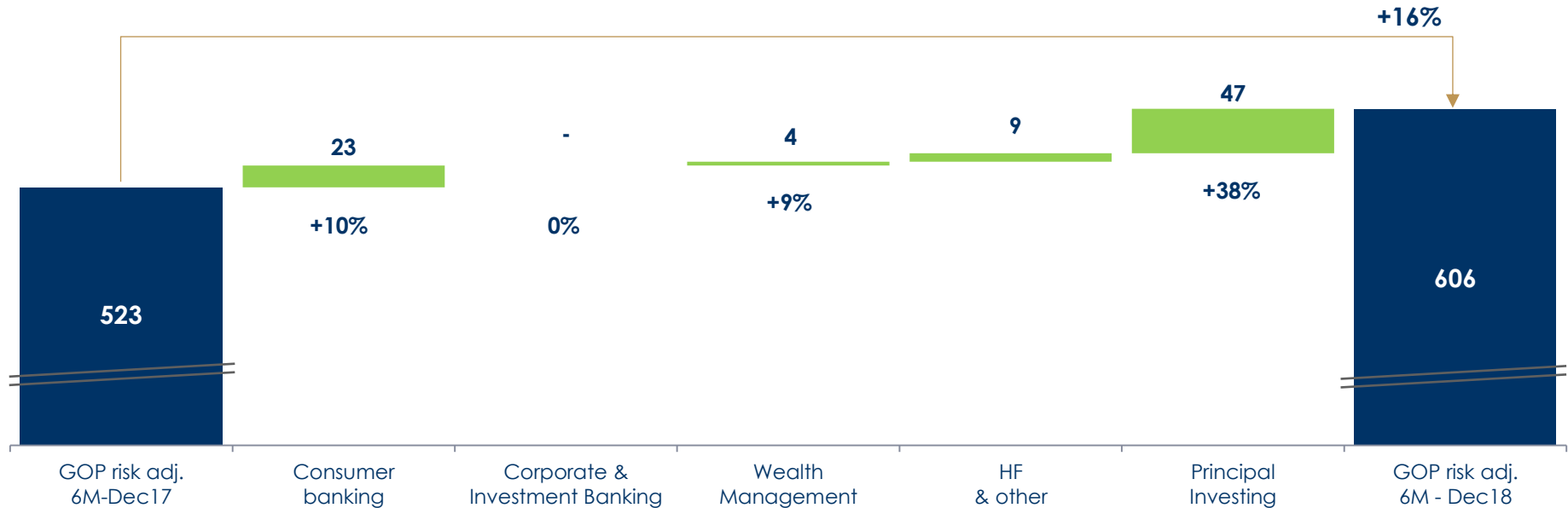
- ◆ **Group GOP up 16% YoY to €606m** driven by 9% revenue growth, with all sources performing positively
- ◆ PBT down 4% YoY to €584m due to absence of gains on equity disposals (€94m capital gains in 1H18 on former AFS shares)

...AND POSITIVE PERFORMANCES BY ALL BUSINESSES

6M results as at December 2018

Section 1

MB Group operating profit by division (6M, €m)



◆ 6M GOP up 16%, all segments contributing positively:

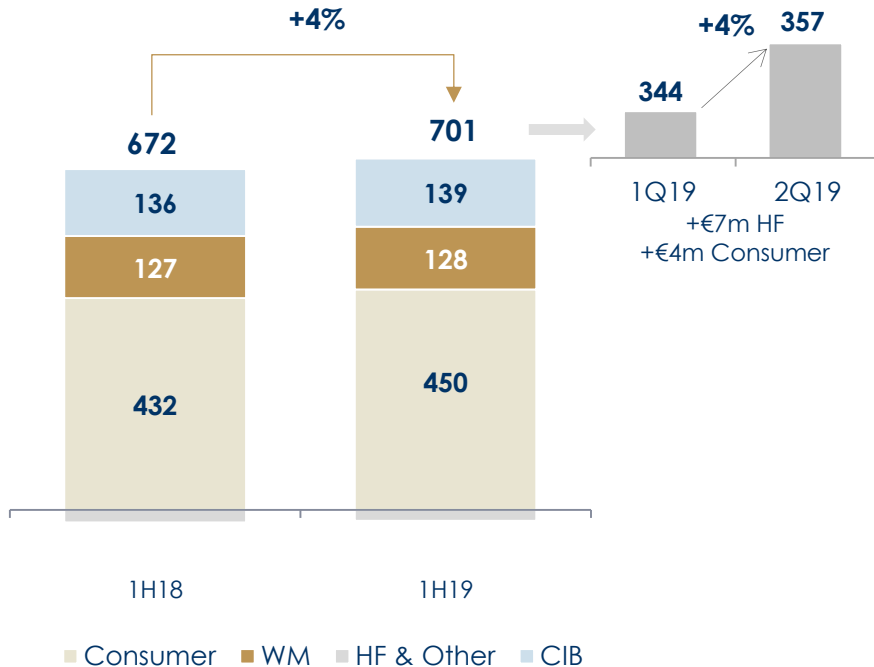
- ◆ **WM: GOP up 9% with strong NNM and low dependence on performance fees** offsetting the negative market performance and low customer risk appetite
- ◆ **Consumer banking: GOP up 10% on higher volumes and resilient margins** due also to low correlation with GDP trend
- ◆ **PI: GOP up 38%**, with IH18 AG contribution impacted by losses on disposals
- ◆ **HF: GOP up by €9m on more efficient ALM**

LONG-TERM GROWTH TREND CONTINUING: NII UP 4%

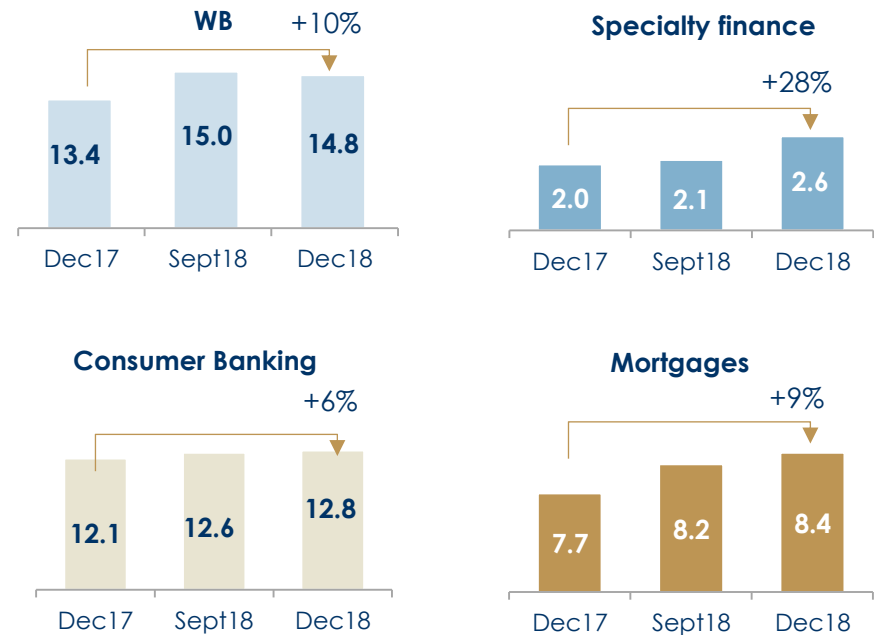
6M results as at December 2018

Section 1

NII by division (€m)



Loans by division (€bn)



- ◆ **NII up 4% YoY and QoQ**, driven by a strong 2Q19 (€357m vs €344m) as result of
 - ◆ loan growth
 - ◆ reversal in 2Q19 of early funding cost booked in 1Q19 in HF, cost of funding under control

- ◆ **Group loans up 8% YoY to €43bn with all businesses performing positively**
- ◆ Strong rating profile and lower concentration in WB
- ◆ Enlarged activity in Consumer (€3.5bn of new business) and Specialty Finance (>0.6bn GBV of NPLs acquired in 1H19, Factoring loan book up 28% to €2,2bn)

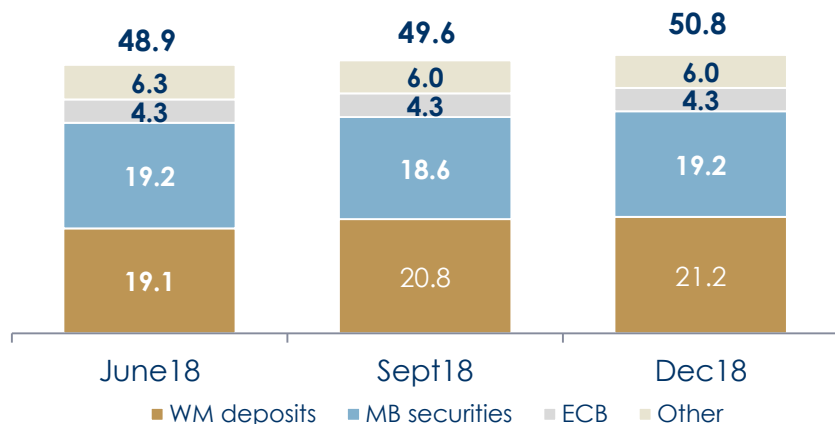


HIGHER FUNDING AT REDUCED COST

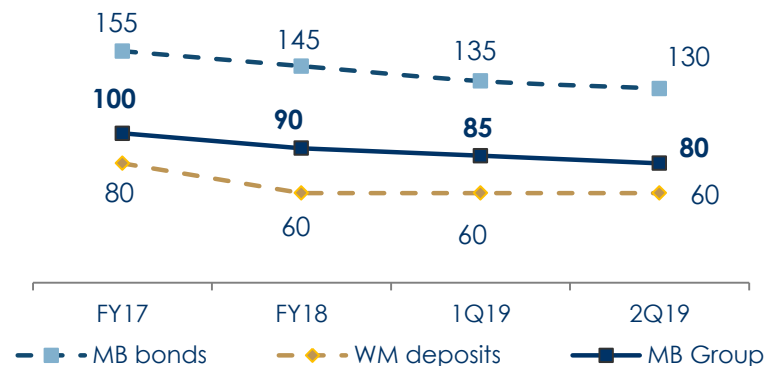
6M results as at December 2018

Section 1

Funding stock breakdown (€bn)

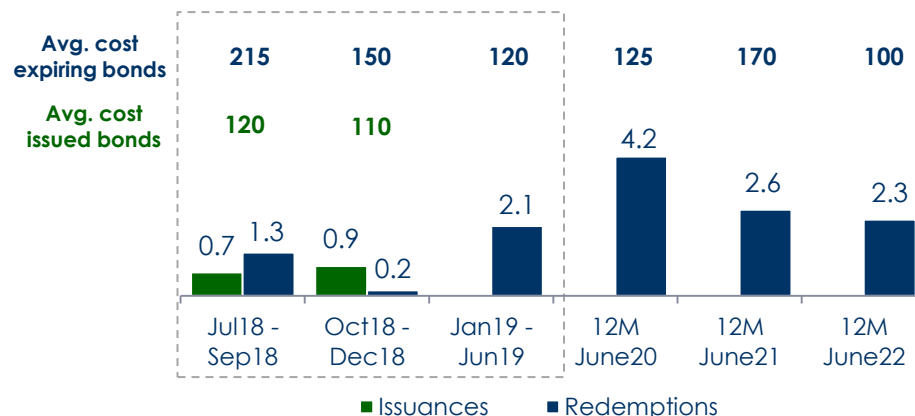


Avg. cost of funding trend (bps vs Eur3M)



- ◆ **Funding stock up to €51bn: in last 6M**
- ◆ WM deposits up €2.1bn to €21.2bn
- ◆ €1.6bn bonds expired (@210bps), €1.6bn refinanced (@115bps) through a mix of ABS, covered and senior bonds
- ◆ **Group CoF reduced** (from 90 to 80bps) **and under control**, due to past expensive bond issues maturing and efficient mix of funding tools used (ABS and secured financing)
- ◆ **85% of FY19 m/l term funding budget (€4.8bn) complete as of today**

MB securities issuances and redemptions (€bn, CoF bps vs Euribor3M)

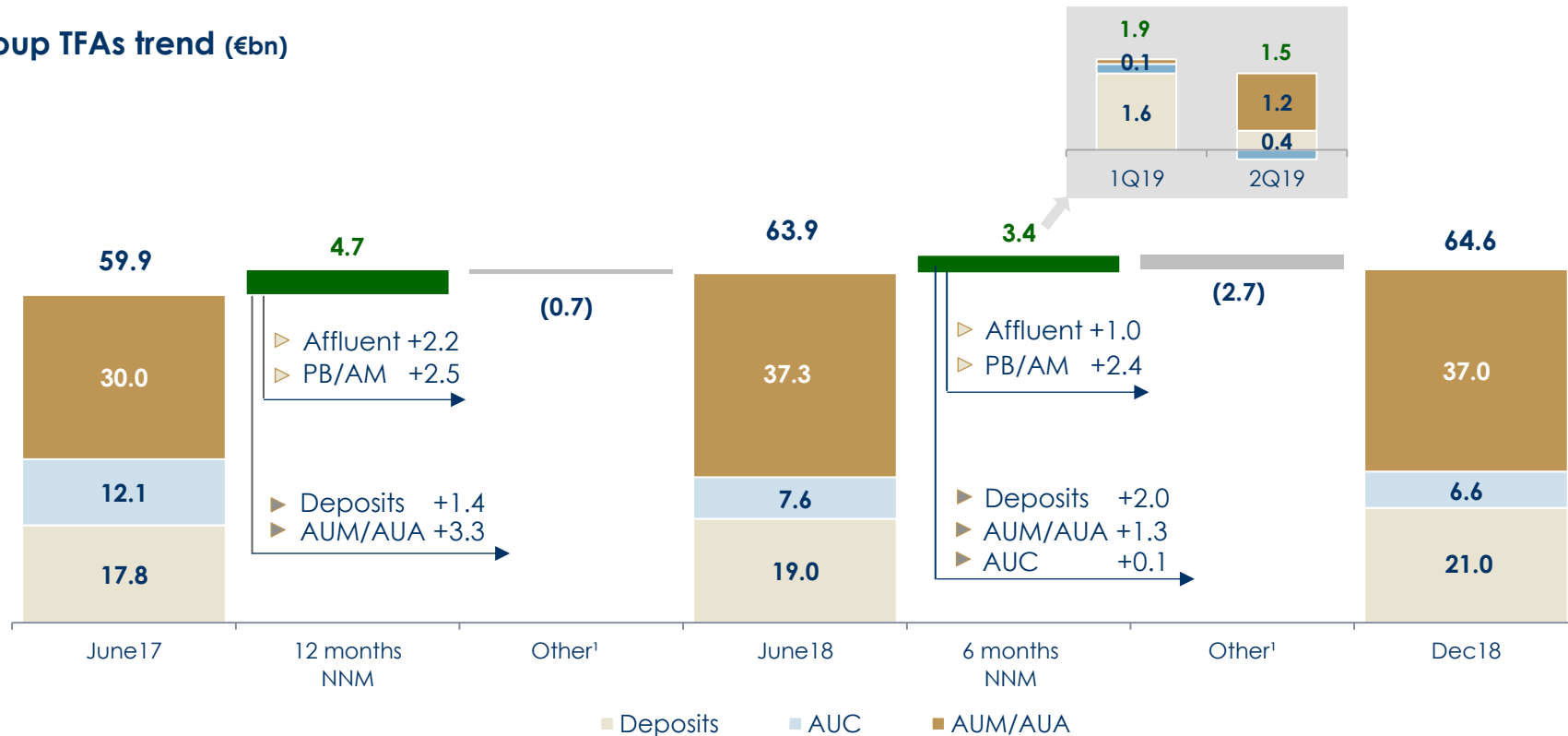


WM: STRONG NNM (€3.4BN IN 6M), TFAS UP 11%

6M results as at December 2018

Section 1

Group TFAs trend (€bn)



- ◆ **€3.4bn NNM in 1H19** (vs €4.7bn in FY18), **ow €1.5 in 2Q** with an improved mix (85% AUM/AUA), after strong deposit growth 1Q19. Both Affluent and Private-HNW clients contributing positively
 - ◆ **Affluent: €1bn NNM**, split 50% proprietary network and 50% FAs
~80% of deposits inflow due to promotional campaign retained/switched into AUM/AUA products
 - ◆ **Private/AM: €2.4bn NNM**, driven by MBPB increase and Cairn inflows

FEES UP 7%, DRIVEN BY WM AND CIB

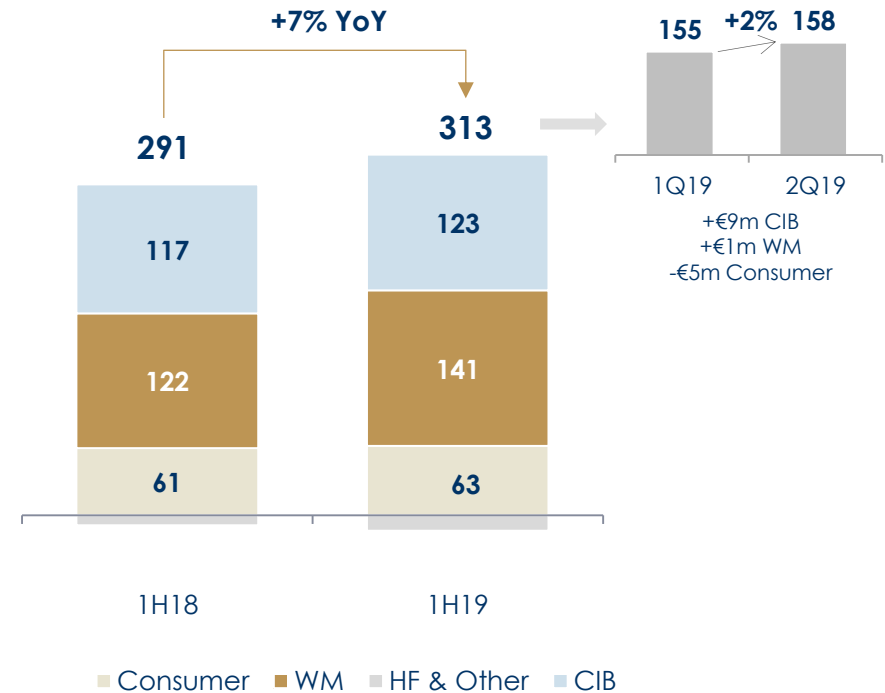
6M results as at December 2018

Section 1

KPIs

- ◆ **WM confirmed as the largest contributor to Group fees:** €141m fees, or **43% of Group total**
- ◆ **WM fee up 16% YoY, driven by AUM increase.** Last quarter impacted by negative market trend in AM business
 - ◆ Affluent: fees up 13% YoY and up 14% QoQ driven by higher AUM/AUA and strong NNM (€0.8bn AUM/AUA in 6M); as mentioned, entry fees for significantly enlarged FAs network charged to fees (not labour costs)
 - ◆ Private/AM: fees up 17% YoY and down 2% QoQ due to
 - ◆ higher AUM/AUA (up 17% YoY but down 3% QoQ due to negative market performance)
 - ◆ higher bankers' productivity
 - ◆ double IB/PB coverage benefits
 - ◆ RAM consolidation
- ◆ **CIB: resilient performance** (€123m, up 5% YoY and up 16% QoQ), with Advisory, CMS and Specialty Finance sound trend offset ECM
- ◆ **Consumer Banking: good trend** confirmed in 6M, *rappel* impacting **seasonally in 2Q** (down 14%, or €5m QoQ)

Group fees by quarter (€m)

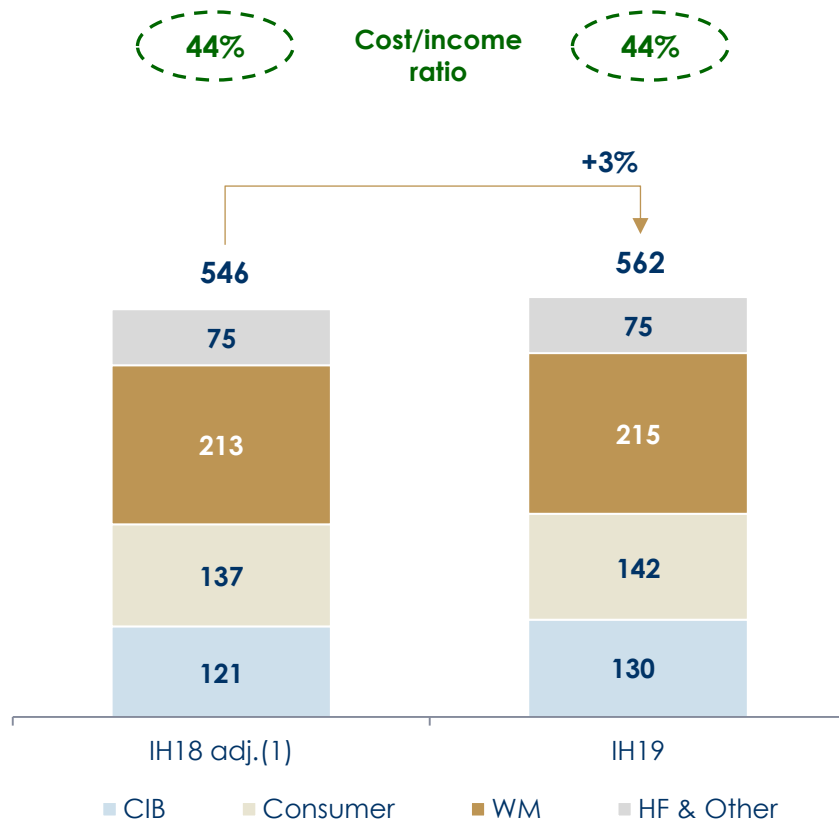


COSTS: BUSINESS DEVELOPMENT MATCHED BY COST DISCIPLINE

6M results as at December 2018

Section 1

Group cost base by half-year (€m)



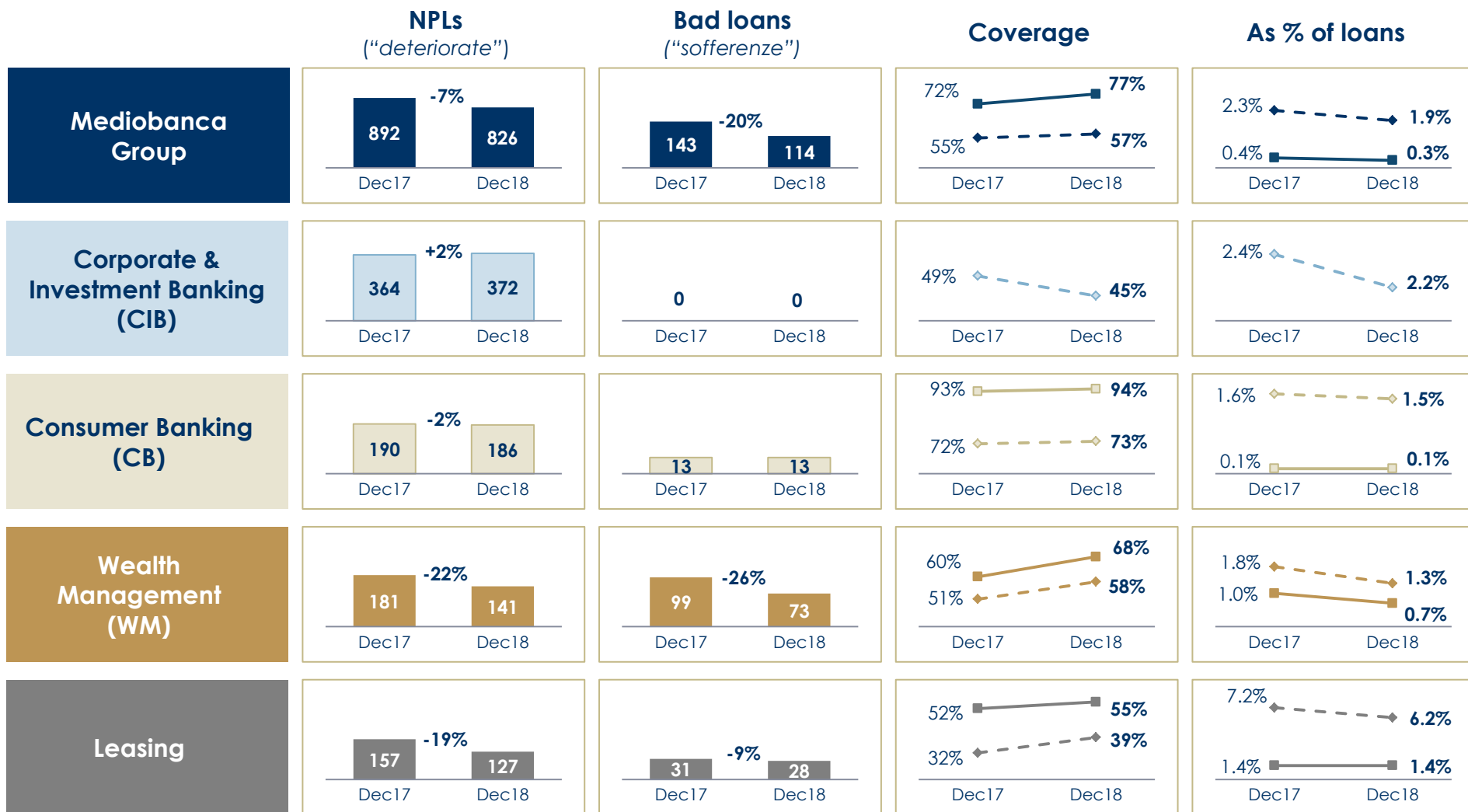
KPIs

Costs up 3% like-for-like, to €562m, with cost/income ratio stable at 44%

- ◆ **Increased operations and distribution enhanced** in
 - ◆ CheBanca! (WM): 35 additional staff YoY (to 1,330), mainly front office, FAs doubled in one year to current 288
 - ◆ Consumer Banking: 22 branches opened (of which 16 branches run by agents), 15 additional staff YoY (to 1,432)
 - ◆ Specialty Finance: 4 additional staff YoY (to 240); higher NPLs management cost due to enlarged operations
- ◆ **CIB increase** due merely to administrative costs (staff cost flat) driven by IT projects/development and higher NPLS recovery costs in MBCS
- ◆ **Staff reshuffled in front office and optimized in support functions**
 - ◆ HNWI/PB: staff at 567, flat like-for-like (excluding additional 43 staff in RAM)
 - ◆ WB: staff down 3% to 331 (front office stable)
 - ◆ Holding Functions: staff at 798 (down 64), due to IT outsourcing

ASSET QUALITY AND COVERAGE RATIOS IMPROVED FURTHER...

NPLs DOWN AS STOCK AND AS % OF LOANS (4.3% GROSS AND 1.9% NET)

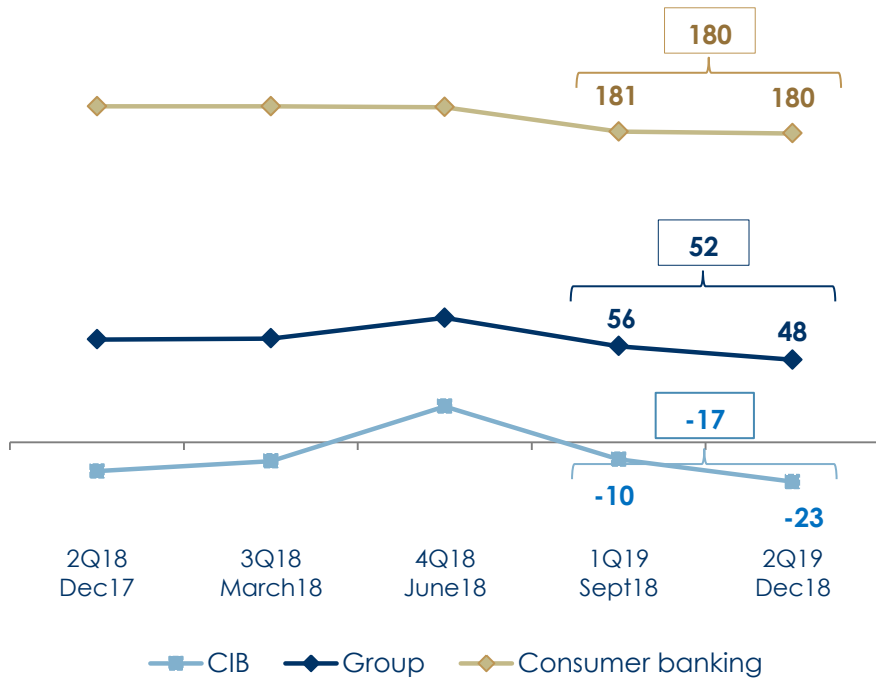


...DRIVING LOWEST-EVER CoR: 48BPS IN LAST Q

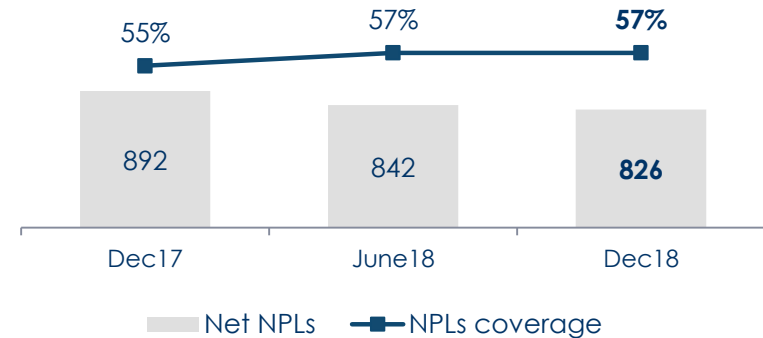
6M results as at December 2018

Section 1

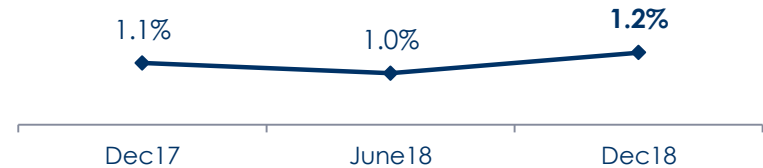
Cost of risk by division (bps)



NPLs ("deteriorate", €m) and coverage (%)



Performing loans coverage (%)



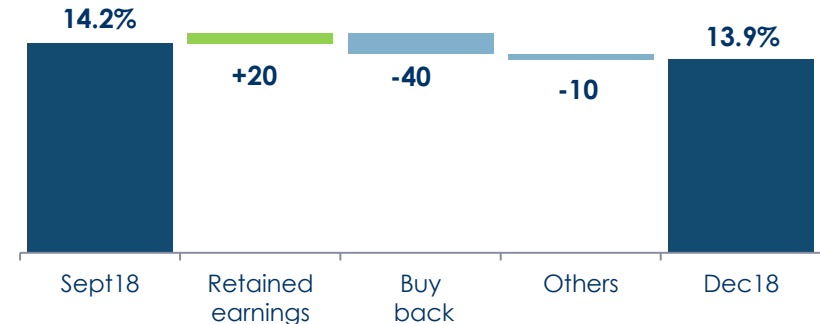
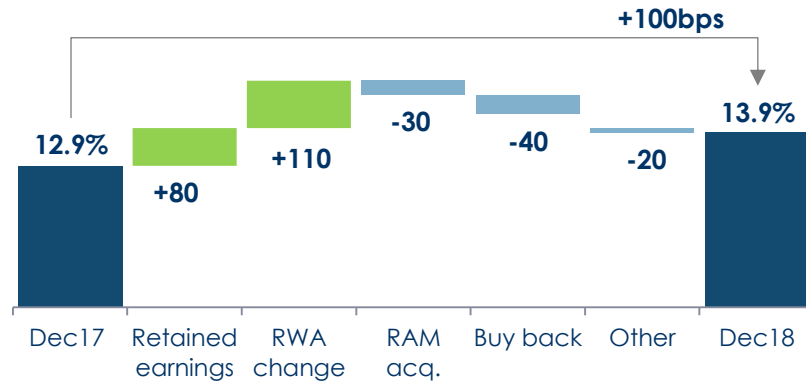
- ◆ **Group CoR once again in the region of 50bps** still benefitting from writebacks in WB and with lowest ever levels in Consumer
- ◆ **NPLs close to €0.8bn, down both as stock (3% gross and 7% net YoY) and as % of loans (4.3% gross and 1.9% net); coverage stable at 57%**, even after IFRS 9 FTA impact in IQ19 (€39m of higher provisioning on mortgages and leasing)
- ◆ **Net bad loans down to €114m (down 20% YoY) with coverage at 77%** and stable at 0.3% of total loans



SOLID CAPITAL GENERATION –REGULATIONS PLAYING POSITIVELY

CET1¹ up 100bps YoY to 13.9%...

... and down 30bps QoQ due to buyback accrual



Very positive news flow from Regulation

- ◆ **3% buyback (~26.6m of shares) approved in Oct18 AGM;** treasury shares to be used for M&A and compensation schemes:
 - ◆ entire upfront cost (40bps) charged in last quarter
 - ◆ as at Dec18 treasury shares totalled 17.1m (1.9% of capital) with 10.2m shares acquired and 1.8m shares used in compensation
- ◆ **Good news from Regulation:**
 - ◆ SREP confirmed at lowest level in EU: **8.25% CET1** and **11.75% TSCR**
 - ◆ AIRB validation for mortgages obtained: **40bps CET1** added from 2019 (or lower RWAs by €1.4bn)
 - ◆ New CRR2 proposal:
 - **AG deduction moved to 2024** (~120 bps deduction no longer applicable from 2019)
 - **Reduced risk weighting of salary-backed loans** (from 75% to 35%, i.e. RWAs €600m lower, +20 bps CET1 to be added)
- ◆ **No headwinds expected from coming Regulation** (Addendum, EBA guidelines, Basel IV, IFRS16,...)

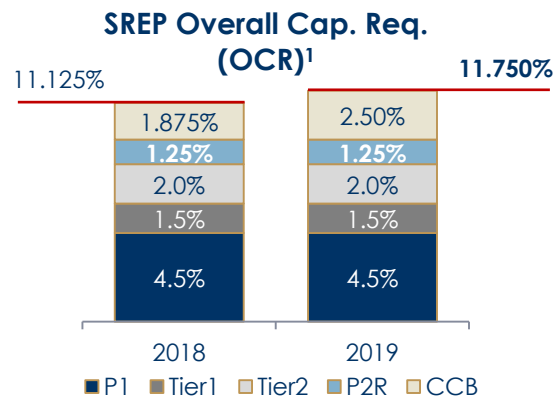
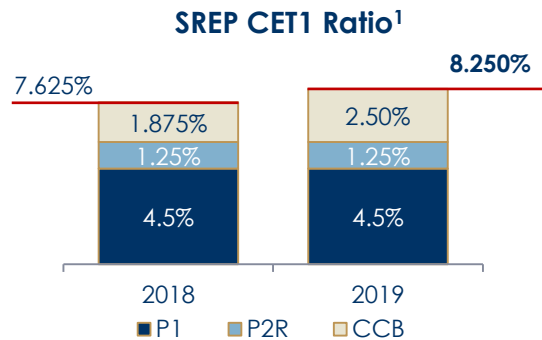
MB RISK PROFILE OUTSTANDING AT EU LEVEL

6M results as at December 2018

Section 1

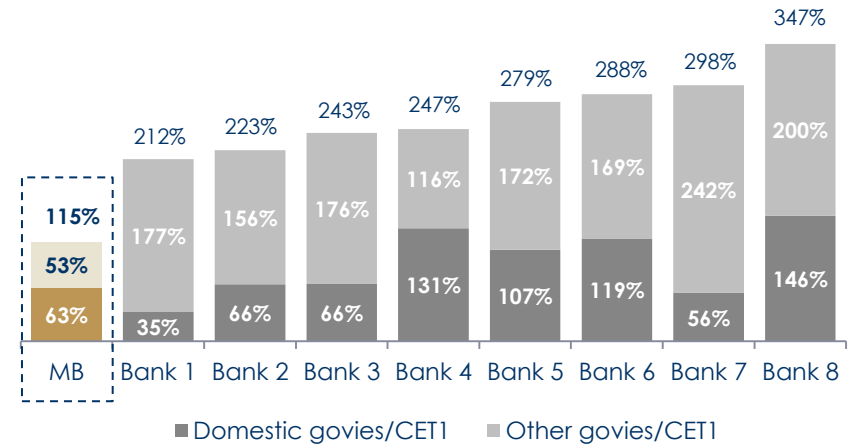
Low risk profile due to capital ratios well above regulatory requirements...

- ◆ **MB SREP 2019 confirmed at the same level as previous year** (MB second best ITA bank in terms of SREP requirement in 2018)

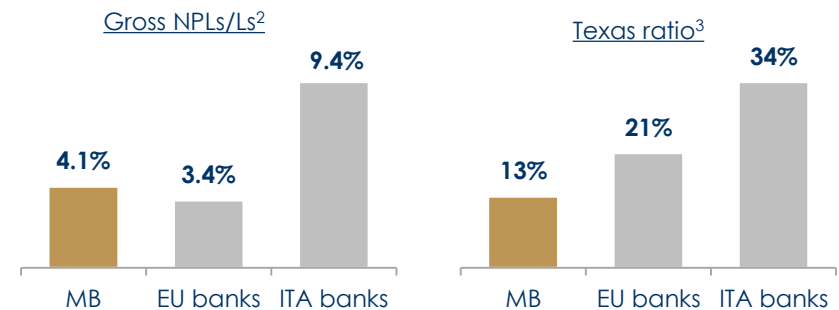


... low sovereign bond exposure ...

EBA transparency – 30 June 2018



... and distinctive asset quality

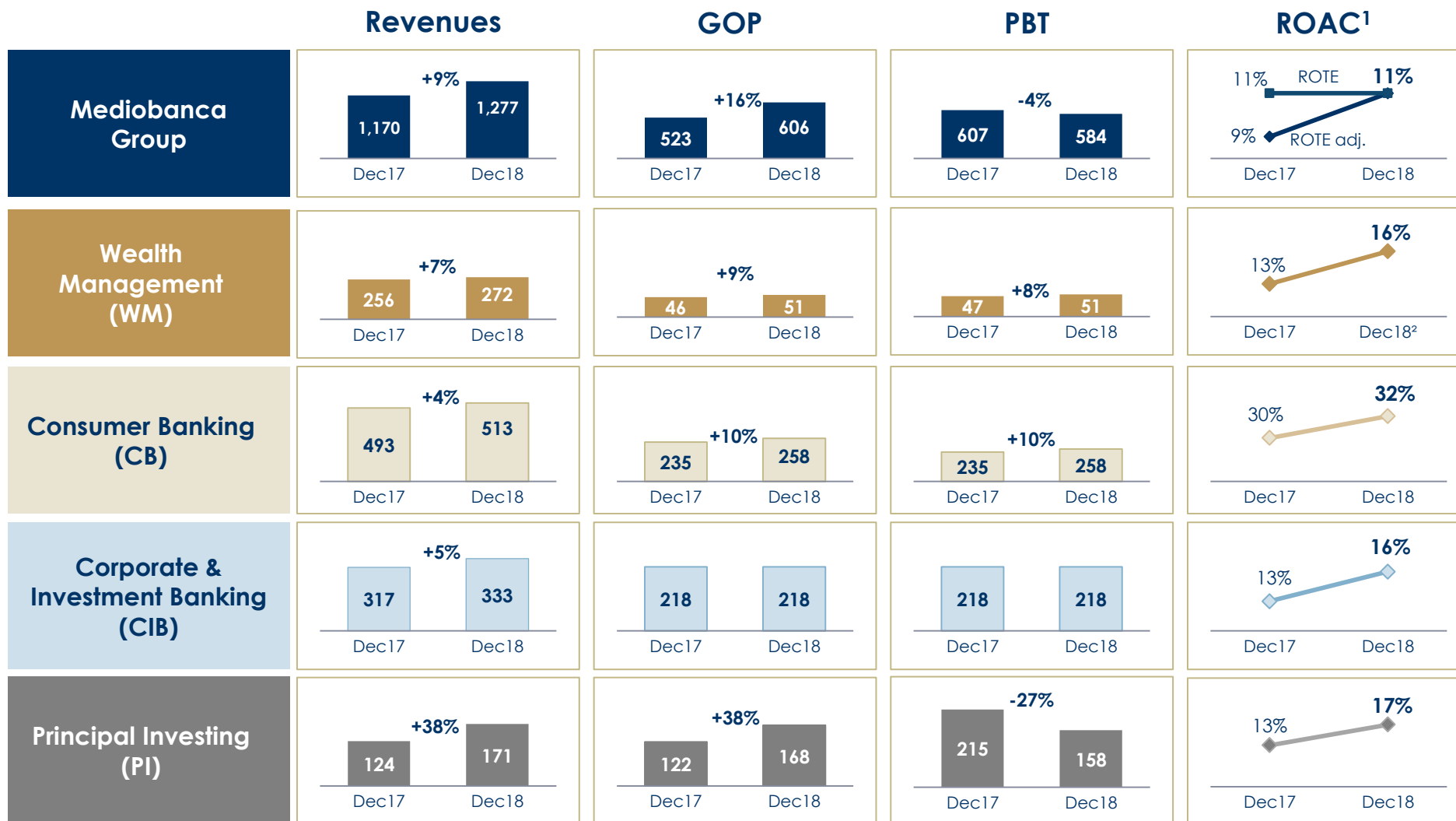


1) Requirement net of Countercyclical Capital Buffer calculated taking into account the exposures in the various countries as at 31 December 2018
 2) EBA – Risk Dashboard 3Q18 (calculated on FIRP asset)
 3) Source: MB Securifies, 3Q18



GROUP ROTE AT 11%

ALL DIVISIONS WITH HIGH-DOUBLE DIGIT ROAC



1) ROAC adjusted: based on average allocated K = 9% RWAs. RWAs are calculated with STD, apart from CIB corporate portfolio calculated with AIRB in FY18. Gains/losses from AFS disposals, impairments and positive/negative one-off items excluded, normalized tax rate = 33% , 25% for PB

1) Including €1.4bn lower RWAs stemming from AIRB validation on mortgages effective from 2019



CSR TO BE MORE AT CENTRE OF OUR ACTION

6M results as at December 2018

Section 1

IH19

What we have done and what we plan to do...

BLOOMBERG GENDER-EQUALITY INDEX



MB chosen to join Bloomberg Gender-Equality Index which consists of companies committed to transparency in gender reporting and advancing women's equality.

INSIEME/TOGETHER



Promoting sports against social exclusion - targeting young people (primary and secondary schools in several outer-Milan districts) **from disadvantaged backgrounds**

CHEBANCA! – ACCADEMIA DEL LEGNO



New initiative, with Fondazione Cometa, to promote inclusion of young people from difficult social, economic and personal backgrounds in the workplace

RESPONSIBLE INVESTMENT DIRECTIVE



Under scrutiny: review process started to benchmark best market practice and set next priorities

IIH19

... in the foreseeable future

SUSTAINABILITY INDEXES



Selection and active contribution to the main sustainability indexes to disclose changes in MB sustainability footprint to stakeholders

CSR TARGET



Definition of CSR target to be included in the next Business Plan

CORPORATE CULTURE



Human rights in financial sector as a new topic included in staff training and professional development compulsory courses

ENVIRONMENT



Digitalization strategies to reduce costs and consumption (with material impact on water, energy and CO₂)

AGENDA

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2. Glossary

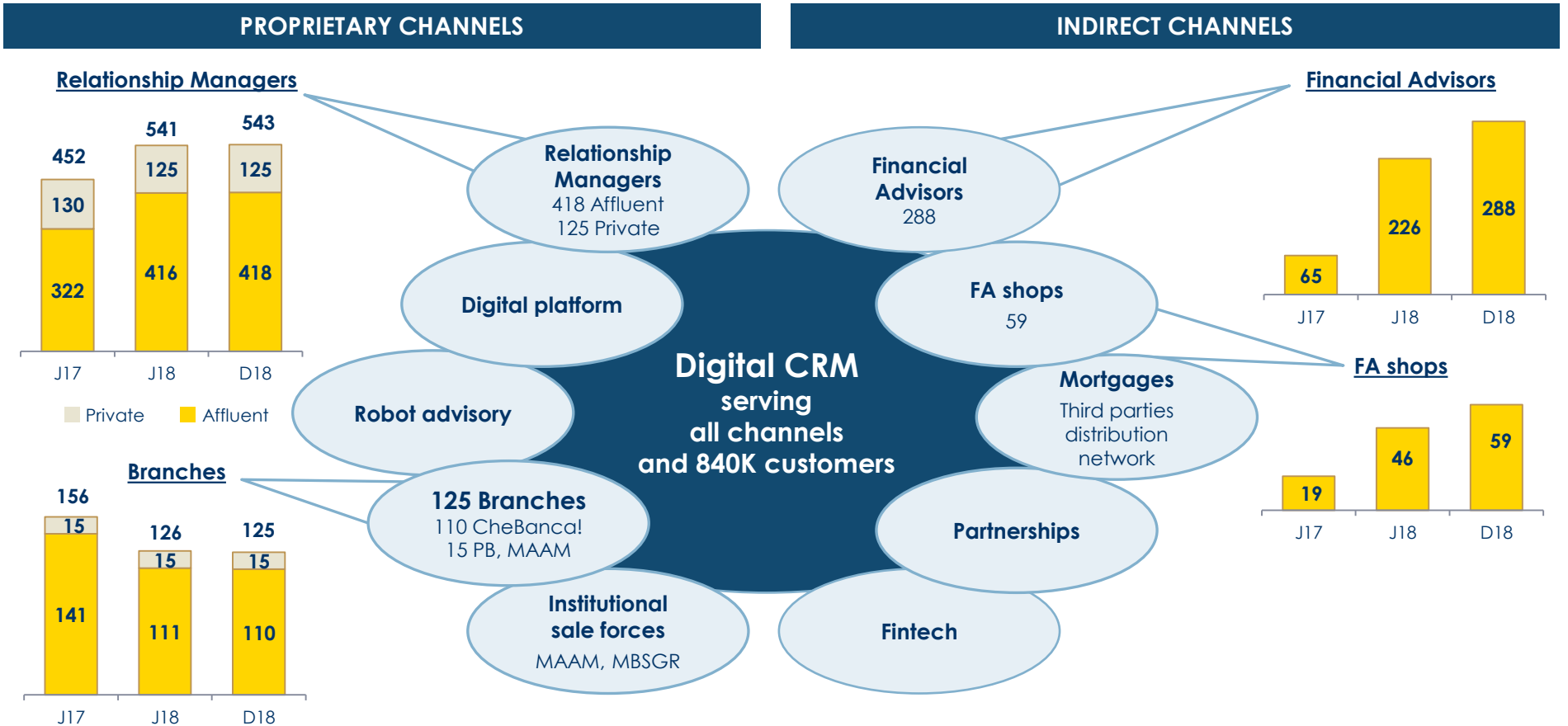


MEDIOBANCA

WEALTH MANAGEMENT



BUILDING A NEW SUSTAINABLE & OMNI-CHANNEL WEALTH MANAGER



- ◆ Customer base widened by ~ 50K in last 12M (to 840K), of which 35% through digital platform
- ◆ Digital platform and CRM continuously empowered, sales network – proprietary and indirect – as well:
 - ◆ Relationship Managers up to 543, driven by CheBanca! enhancement and MBPB reshuffle
 - ◆ Financial advisors more than quadrupled to 288, FA shops up to 59

€3.4BN NNM IN 6M DESPITE ADVERSE MARKETS

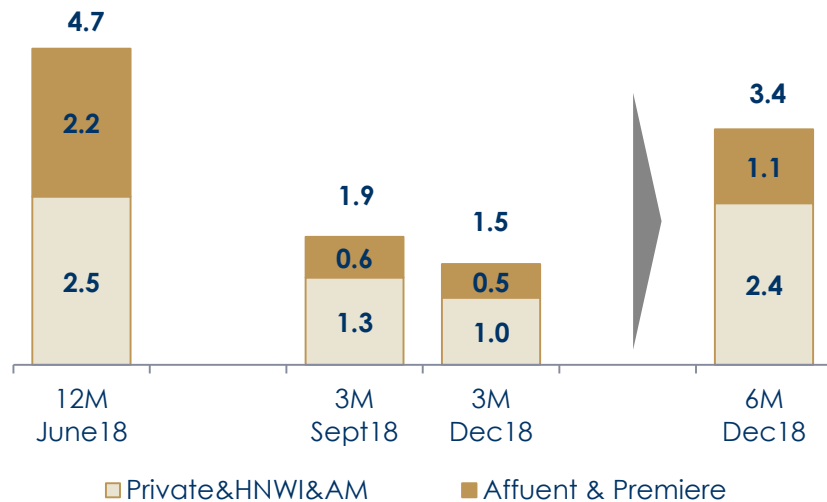
BOTH AFFLUENT AND PRIVATE CUSTOMER SEGMENTS UP

BOTH AUM/DEPOSITS MATERIALLY INCREASED

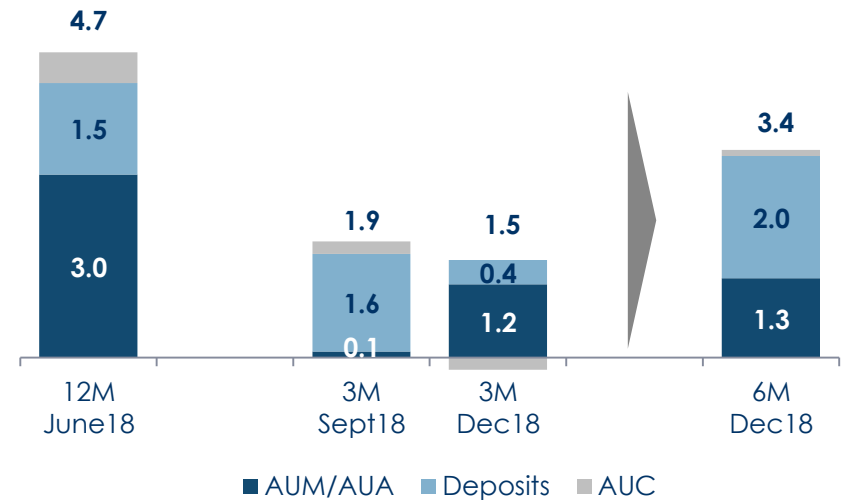
6M results as at December 2018

Section 2

Group TFAs NNM by customer segment (€bn)



Group TFAs NNM by product (€bn)



- ◆ **€3.4bn NNM in 1H19, above FY18 run rate, driven by both Affluent/Private segments**
 - ◆ **CheBanca!:** €1.0bn, well balanced between FAs network and proprietary sale force
 - ◆ **PB:** €1.9bn, due to rebranding, synergies with IB and hiring of bankers
 - ◆ **MAAM:** new CLOs launched by Cairn (~€0.5bn)

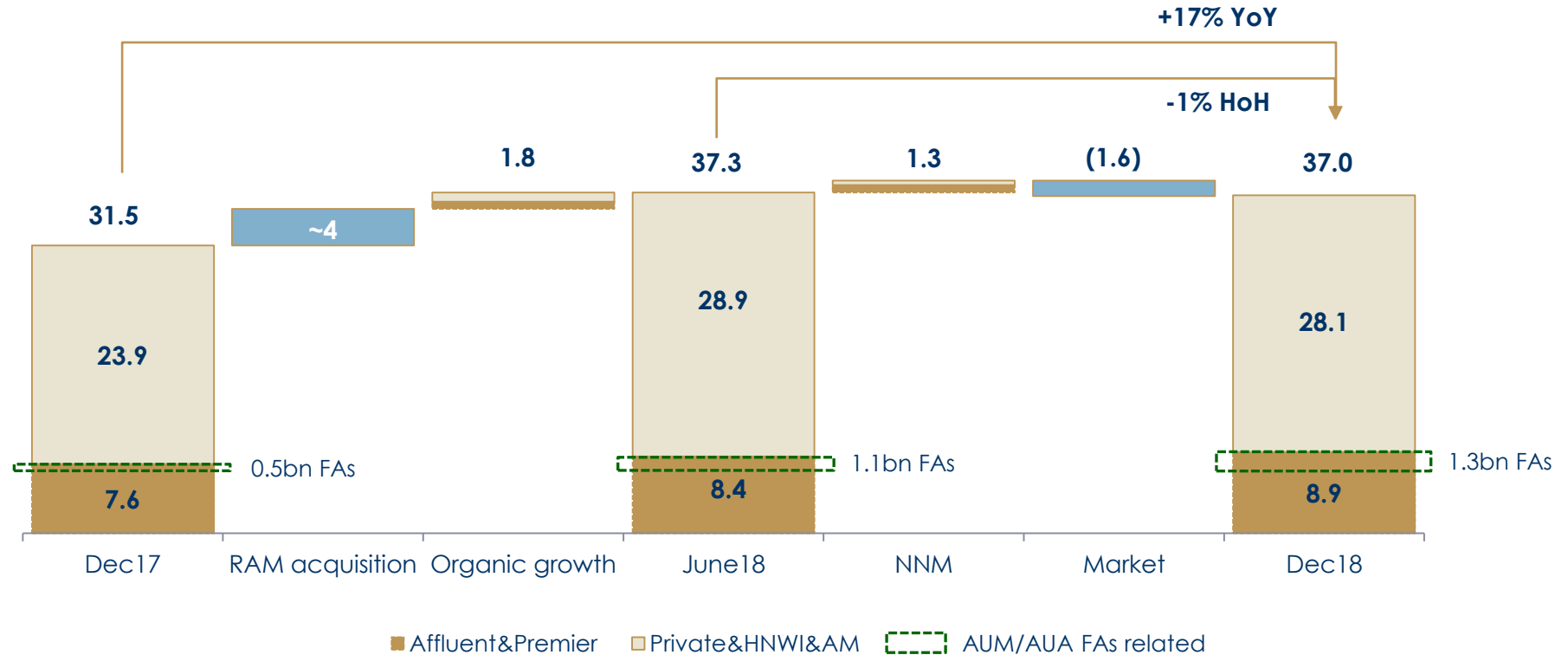
- ◆ **NNM well diversified between AUM and deposits, with 2Q showing sound AUM inflow**
 - ◆ AUA/AUM: €1.3bn
 - ◆ Deposits: €2.0bn

AUM/AUA CONSOLIDATED AT €37BN

6M results as at December 2018

Section 2

Group AUM/AUA trend (€bn)



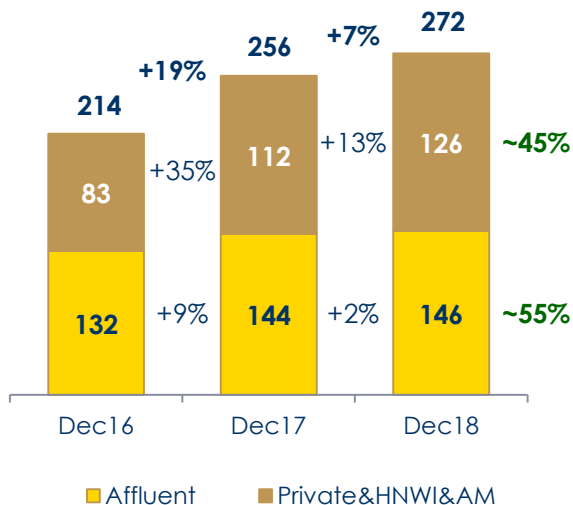
- ◆ **AUM/AUA development continuing fuelled by organic growth** (€3.1bn in last 12M) **and M&A** (€4bn RAM)
- ◆ **All segments with positive NNM:** Affluent & Premier (CheBanca!) €0.8bn – Private & HNWI & AM €0.5bn
- ◆ AUM related to CheBanca! FAs up to €1.3bn at Dec 18 (from €0.5bn at Dec17), rising to €2.2bn when deposits are included

REVENUES, GOP & ROAC UP AND WELL DIVERSIFIED

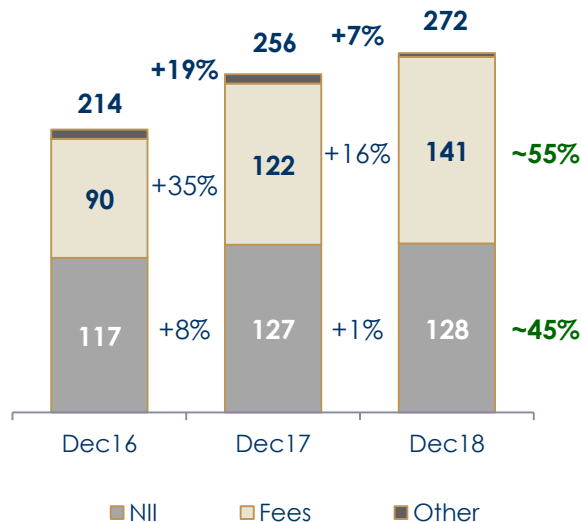
6M results as at December 2018

Section 2

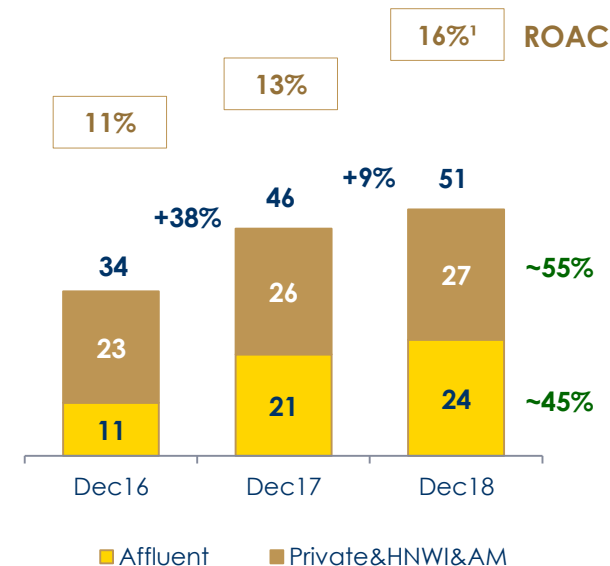
WM revenues by customer segment (6M, €m)



WM revenues by source (6M, €m)



WM GOP risk adj. by customer, ROAC (6M, €m, %)



◆ **Income up** (up 7% YoY to €272m), **well diversified by**

◆ **customer segment** (55% Affluent, 45% Private), **both growing** (Affluent up 2%, Private up 13%)

◆ **income sources** (45% NII, 55% fees), **both growing** (NII up 1%, Fees up 16%)

◆ **GOP becoming material:** up 9% to €51m, after 38% growth of previous year

◆ **CheBanca! profitability increasing** (GOP up 13% to €24m), despite start-up phase of FAs, due to positive NNM, customer growing and high productivity of sales force, especially proprietary

CONSUMER BANKING

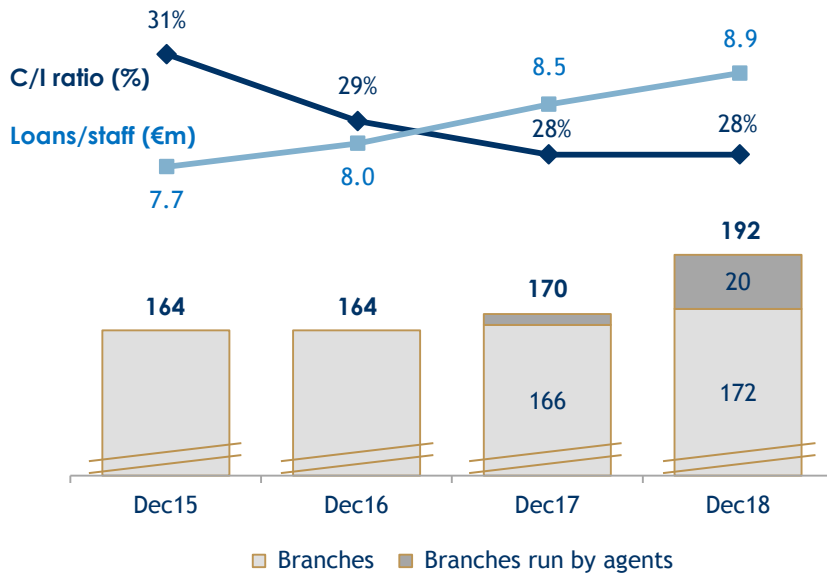


EFFICIENT STRUCTURE AND ENHANCED DISTRIBUTION FRANCHISE...

6M results as at December 2018

Section 2

Compass growing platform in size, efficiency and productivity...



...coupling direct distribution with the new digital channel



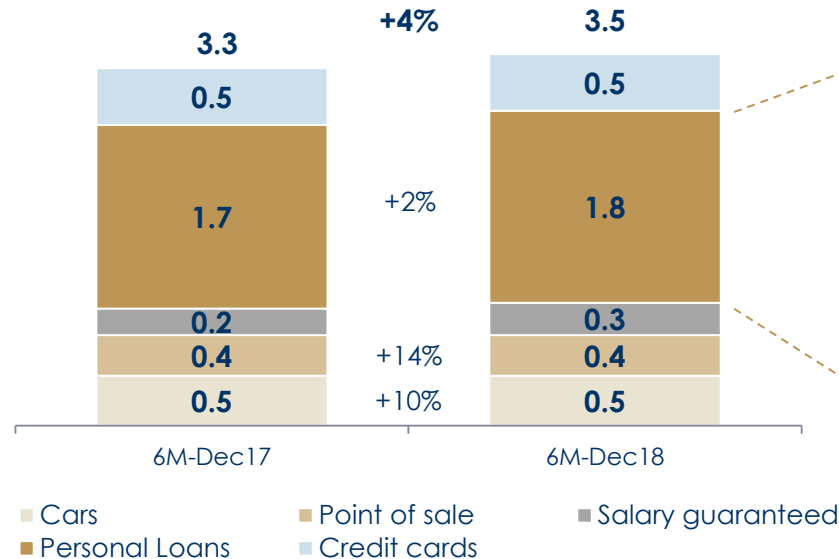
- ◆ **Distribution, the key driver for growth, further enhanced with**
 - ◆ Larger direct distribution: 13% increase to 192 branches (of which 20 run by agents), effective and profitable
 - ◆ Digital-online: new and effective channel created to enlarge customer base in an efficient and profitable way. **In last 6 months more than 10% of personal new loans originated by direct distribution coming from digital platform**
 - ◆ Large and stable point of sale partnerships: +30k large retailers and local dealers
 - ◆ Banks: 50 ITA banks (from large to medium-sized) with >5,000 branches; plus Poste Italiane with >12,000 branches
 - ◆ Insurance companies (2,000 points of sale/agencies), credit broker networks (1,800 operating agents)

...DRIVE NEW BUSINESS THROUGH ALL DISTRIBUTION CHANNELS...

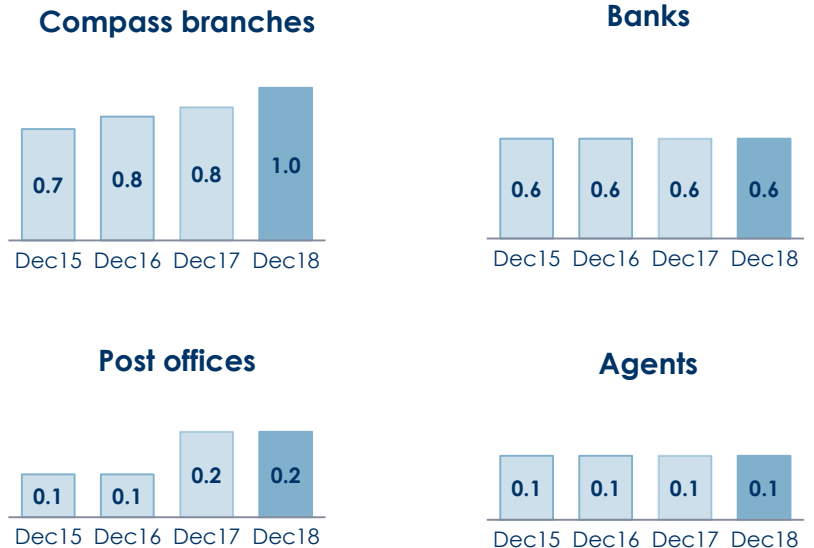
6M results as at December 2018

Section 2

Compass new business by product (€bn)



Personal loans new business by channel (€m)



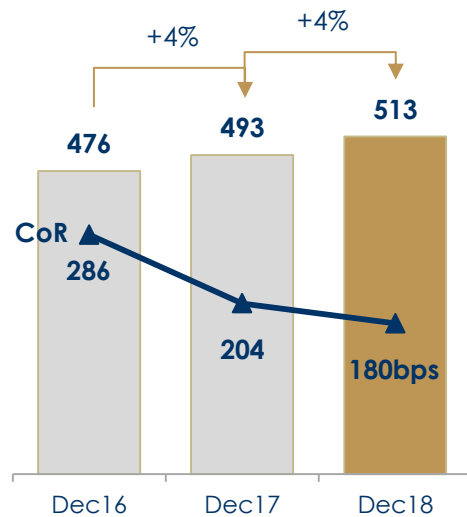
- ◆ **New business growing (up 4% YoY to €3.5bn in 6M) and rebalancing**
 - ◆ **More** personal loans sold through **direct channel** to increase the hold-back value of each loan
 - ◆ **Preserve bank channel** (stable at €0.6bn of new business per year)
 - ◆ Strong performance by POS key for future repeat business

...AND ONCE AGAIN BEST-EVER RESULTS: ROAC 32% CONTRIBUTING ~40% MB GROUP REVENUES, GOP, NET PROFIT

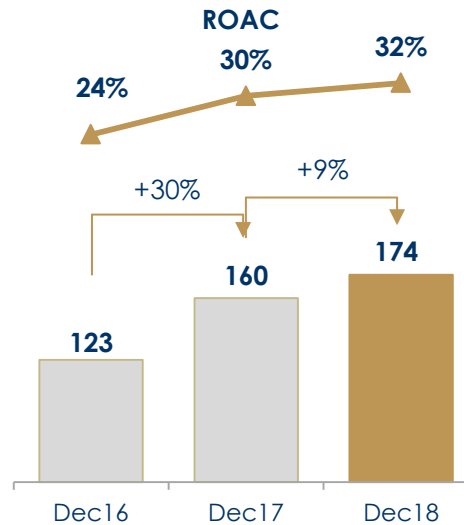
6M results as at December 2018

Section 2

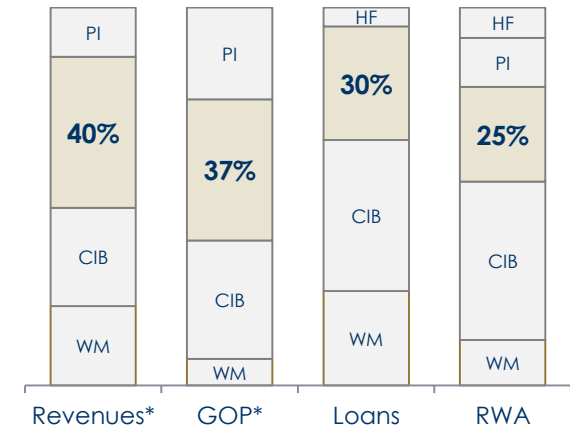
Revenues and CoR (€m, bps)



Net profit and ROAC (€m, %)



Consumer contribution to MB Group



- ◆ **Highest half-year results ever**, with revenue above €500m and GOP above €250m for the first time
- ◆ **Unbroken growth trajectory** in revenues (4%YoY at 513m) sustained by loan book growth (up 6% YoY, up 2% QoQ)
- ◆ Cost of risk down again at 180bps gives further boost to profitability
- ◆ **Net profit up 9% YoY at €174m with ROAC at 32%**
- ◆ Consumer Banking confirms **its strategic role in MB Group providing ~40% of revenues (and 65% of NII), GOP and net profit**

CORPORATE & INVESTMENT BANKING



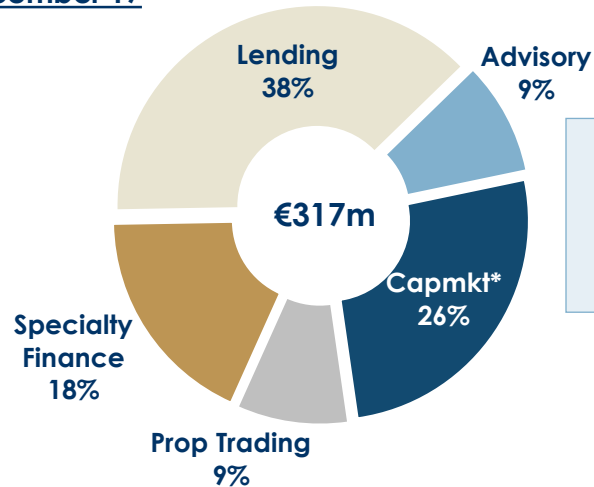
REVENUES RESILIENT DUE TO STRONGER M&A AND SPECIALTY FINANCE

6M results as at December 2018

Section 2

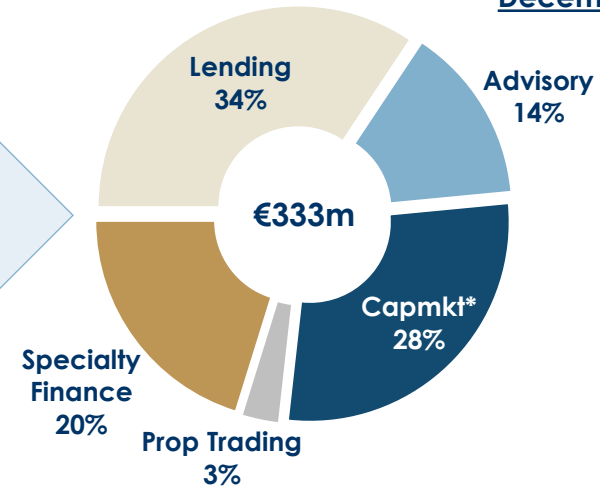
CIB revenues YoY trend (€m, 6M)

December 17



~55% Financing
~40% IB (M&A+Capmkt)
~5% Trading

December 18



◆ **6M revenues resilient at ~€333m, with:**

- ◆ **Steady contribution by IB business (M&A and Capmkt) which represents ~40% of CIB revenues:** in the last 12M CMS and Advisory activities have increased, offsetting the reduction in ECM, DCM and Lending. MidCap segment contribution now visible
- ◆ **Steady contribution from financing activity which represents ~55% of CIB revenues:** in last 12M Specialty Finance growth offset large corporate NII reduction, due to margin pressure and higher-rating new business
- ◆ **Positive but low contribution from Prop Trading business which represents ~5% CIB revenues**

LEADING POSITION IN M&A ...

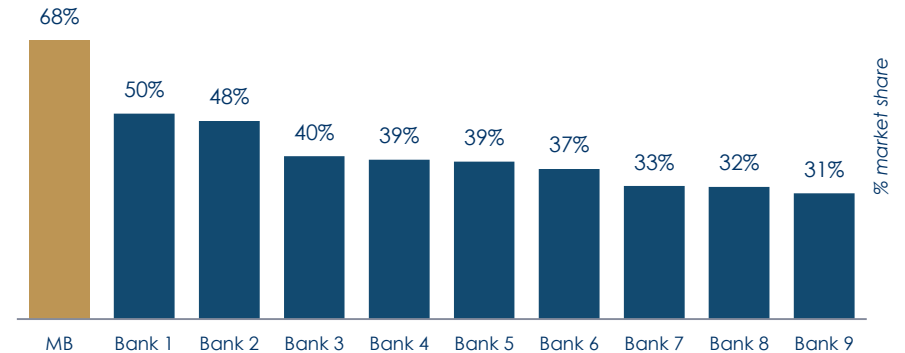
6M results as at December 2018

- ◆ **Strong ties with all other IB departments** guarantee a complete product offering to the customer
- ◆ **Involved in all industry-shaping deals of 2018**, including F2i and Mediaset tender offer for E! Towers, acquisition of Abertis by Atlantia, reorganization of Enel LatAm, Prysmian's acquisition of General Cable, strategic partnership between ISP and Intrum, and GIP acquisition of NTV

Section 2

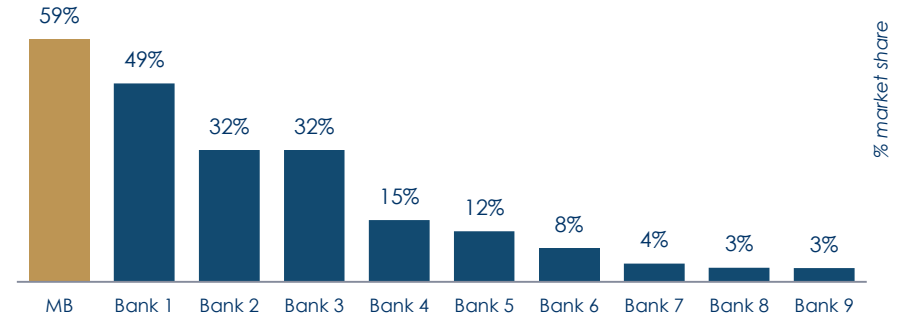
M&A CF Italy – Completed deals

(January 18 – December 18)



M&A FIG Italy – Completed deals

(January 18 – December 18)



Main M&A Transactions since January 2018

<p>December 2018</p> <p>intrum INTESA SANPAOLO €3.6bn</p> <p>Agreement between Intrum and Intesa Sanpaolo for NPLs servicing platform</p> <p>Financial Advisor to Intrum</p>	<p>October 2018</p> <p>Atlantia abertis €16.3bn</p> <p>Atlantia Public Tender Offer on Abertis</p> <p>Financial Advisor to Atlantia</p>	<p>October 2018</p> <p>LUXOTTICA ESSILOR €47bn</p> <p>Merger of equals</p> <p>Financial Advisor to Delfin</p>	<p>October 2018</p> <p>E! TOWERS F2i MEDIASET €1.9bn</p> <p>Tender offer and subsequent delisting of E! Towers from F2i and Mediaset</p> <p>Financial Advisor to F2i and Mediaset</p>
<p>July 2018</p> <p>ZEPHYRO THE ESCO COMPANY €72m</p> <p>Disposal of 71.60% stake in Zephyro to Edison</p> <p>Financial Advisor to Zephyro controlling shareholder</p>	<p>July 2018</p> <p>FORNO d'ASOLO</p> <p>Undisclosed</p> <p>Sale of Forno d'Asolo by 21 Investimenti and co-shareholders to BC Partners</p> <p>Financial Advisor to the Sellers</p>	<p>July 2018</p> <p>General Cable Prysmian Group \$3.0bn</p> <p>Acquisition of General Cable by Prysmian</p> <p>Financial Advisor to Prysmian</p>	<p>June 2018</p> <p>enel enel enel Latin America Chile Generación Chile \$5.0bn</p> <p>Merger of Enel Chile with Enel Green Power in Chile and tender offer for 100% of Enel Generación Chile</p> <p>Financial Advisor to Enel</p>
<p>June 2018</p> <p>LANCEL PARIS PIQUADRO</p> <p>Undisclosed</p> <p>Acquisition of the Maison Lancel by Piquadro</p> <p>Financial Advisor to the Acquirer</p>	<p>April 2018</p> <p>.italo €2.4bn</p> <p>Acquisition of Italo-NTV by Global Infrastructure Partners (GIP)</p> <p>Sole Financial Advisor to GIP</p>	<p>March 2018</p> <p>Atlantia cellnex abertis €1.5bn</p> <p>Exercise of the call option on Cellnex stake held by Abertis</p> <p>Financial Advisor to Atlantia</p>	<p>March 2018</p> <p>lotto €90m</p> <p>Lotto Sport Italia Financial Structure Reorganization</p> <p>Financial Advisor to Lotto Sport Italia</p>

... EQUITY CAPITAL MARKETS AND CASH EQUITY ...

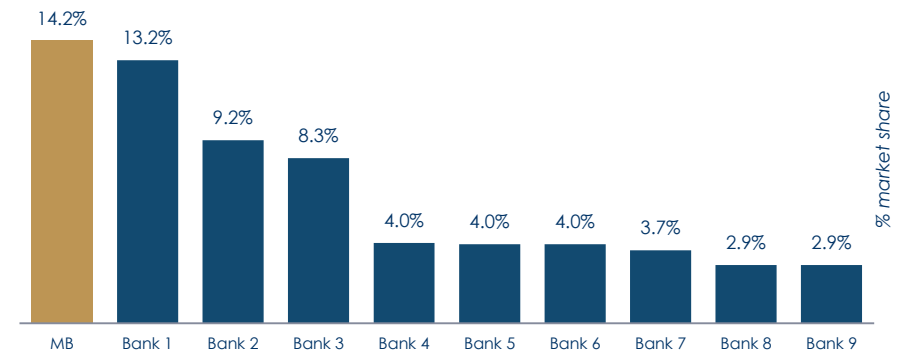
6M results as at December 2018

Section 2

- ◆ **Mediobanca boasts an unrivalled track record in Italian ECM transactions**, managing virtually all the largest deals as Global Co-ordinator
- ◆ **Growing leadership in Southern European markets**, as the second-ranked bank by market share in 2018
- ◆ **Cash equity: Mediobanca Securities (MBS) the best equity brokerage house in Italy confirmed for the fourth year in a row***

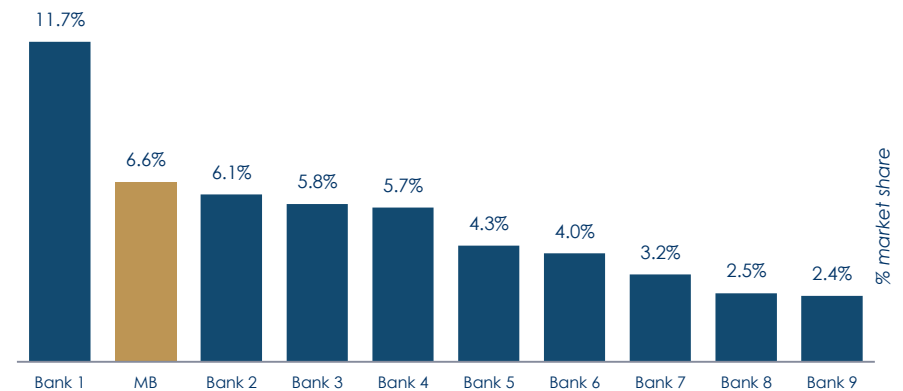
Global Coordinator Italy ECM

(Jan 18 – Dec 18)



Global Coordinator Southern Europe¹ ECM

(Jan 18 – Dec 18)










December 2018 €16m ABB Sole Bookrunner	December 2018 €100m Rights Issue Joint Global Coordinator & Joint Bookrunner	October 2018 £1,190m IPO Co-Lead Manager	July 2018 €500m Rights Issue Joint Global Coordinator & Joint Bookrunner
June 2018 €74m Reverse ABB Joint Bookrunner	June 2018 €290m IPO Joint Global Coordinator, Joint Bookrunner & Sponsor	June 2018 €213m ABB Sole Bookrunner	April 2018 €300m Rights Issue Joint Global Coordinator & Joint Bookrunner
March 2018 €700m Rights Issue Sole Global Coordinator & Joint Bookrunner	February 2018 €99m ABB Joint Global Coordinator & Joint Bookrunner	February 2018 €100m IPO Sole Global Coordinator & Joint Bookrunner	January 2018 €106m ABB Sole Global Coordinator & Bookrunner

... WITH SIGNIFICANT ROLE IN THE MAIN ITA ABS TRANSACTIONS

6M results as at December 2018

Section 2

NPLs securitizations with GACS

January 2018	May 2018	June 2018	June 2018	July 2018	August 2018	November 2018
 <p>Fino 1 Securitisation S.r.l. NPL Securitisation with GACS of ca. € 5.4bn GBV and placement to investors of € 617.5m</p> <p>Arranger and Placement Agent</p>	 <p>Siena NPL 2018 S.r.l. NPL Securitisation with GACS of ca. € 24.1bn GBV</p> <p>Class A € 2,918.2m Class B € 847.6m Class J € 565.0m</p> <p>Arranger and Placement Agent</p>	 <p>Aragorn NPL 2018 S.r.l. NPL Securitisation with GACS of ca. € 1.6bn GBV</p> <p>Class A € 509.5m Class B € 66.8m Class J € 10.0m</p> <p>Arranger and Placement Agent</p>	 <p>Red Sea SPV S.r.l. NPL Securitisation with GACS of ca. € 5.1bn GBV</p> <p>Class A € 1,656.5m Class B € 152.9m Class J € 51.0m</p> <p>Arranger and Placement Agent</p>	 <p>Maggese S.r.l. NPL Securitisation with GACS of ca. € 700m GBV</p> <p>Class A € 170.8m Class B € 24.4m Class J € 11.4m</p> <p>Sole Arranger and Placement Agent</p>	 <p>Maior SPV S.r.l. NPL Securitisation with GACS of ca. € 2.7bn GBV</p> <p>Class A € 628.5m Class B € 60.0m Class J € 26.9m</p> <p>Arranger and Placement Agent</p>	 <p>Aqui SPV S.r.l. NPL Securitisation with GACS of ca. € 2.1bn GBV</p> <p>Class A € 544.7m Class B € 62.9m Class J € 10.9m</p> <p>Arranger, Financial Advisor and Placement Agent</p>

- ◆ **Mediobanca has achieved a leading position in assisting clients in the disposal of bad loan portfolios in a securitized format**
- ◆ **During 2018 Mediobanca has completed – as Arranger and Placement Agent – seven NPL transactions with the benefit of GACS**
- ◆ **Total securitizations of NPLs led by Mediobanca have amounted to approximately € 45bn during 2018, allowing us to top the league tables for this asset class in Italy**

SPEC.FIN.: INTENSE ACTIVITY DELIVERS MATERIAL GROWTH

REVENUES UP 21% TO ~€70M, EARNING UP 30% TO €20M IN LAST 6M

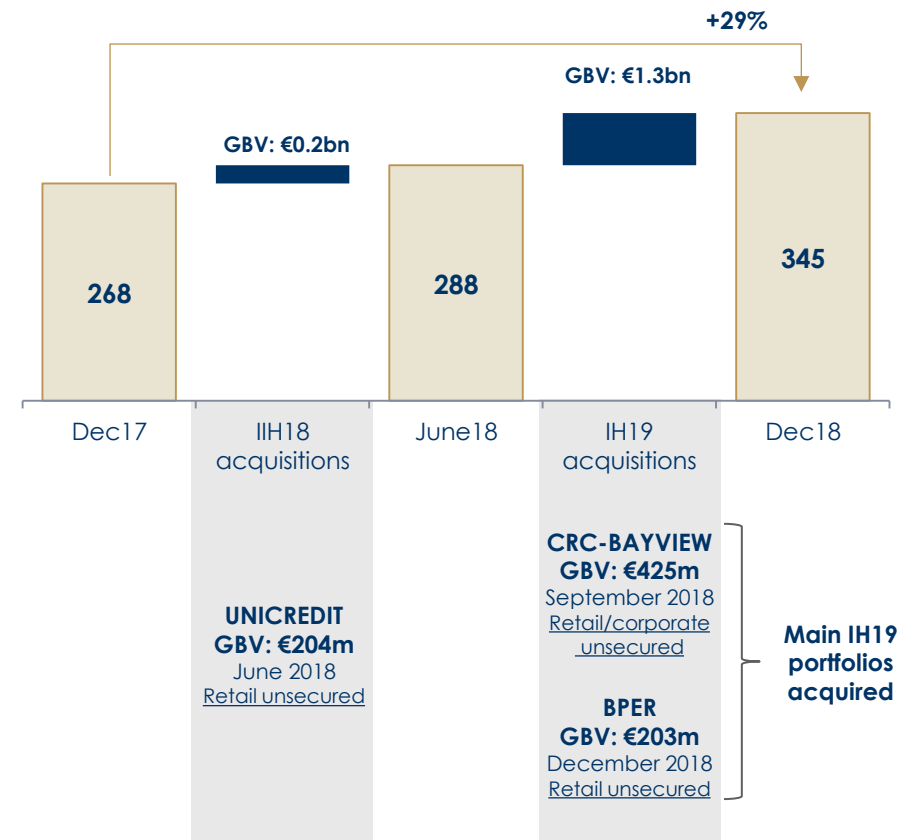
6M results as at December 2018

Section 2

KPIs

- ◆ **Specialty Finance: significant contributor to CIB**
 - ◆ **well diversified-growing revenues:** ~70m, up 21% YoY, 60% NII and 40% fees
 - ◆ **growing net profit,** €20m up 31% YoY
 - ◆ **efficient structure:** cost/income ratio at 38%
 - ◆ **profitable business:** ROAC at 18%
- ◆ **MBFacta**
 - ◆ **strong positioning:** eighth in Italy as at Oct18
 - ◆ **loan book up 28% YoY** (from €1.8bn to €2.2bn)
 - ◆ in IH19 **revenues up 31% to €26m**, due almost entirely to NII, and GOP up 39% to €14m
- ◆ **MBCredit Solutions**
 - ◆ stable presence on the market
 - ◆ **net loan book up 29%** (from €268m to €345m) after **€1.5bn GBV portfolios acquired in last 12m** (reaching a total amount above €5bn)
 - ◆ in IH19 **revenues up 14% to €42m** (60% fees, 40% NII) and GOP up 19% to €15m

MBCredit Solution loan book trend (€m)



CIB: ROAC UP TO 16%

DISTINCTIVE POSITIONING CONFIRMED

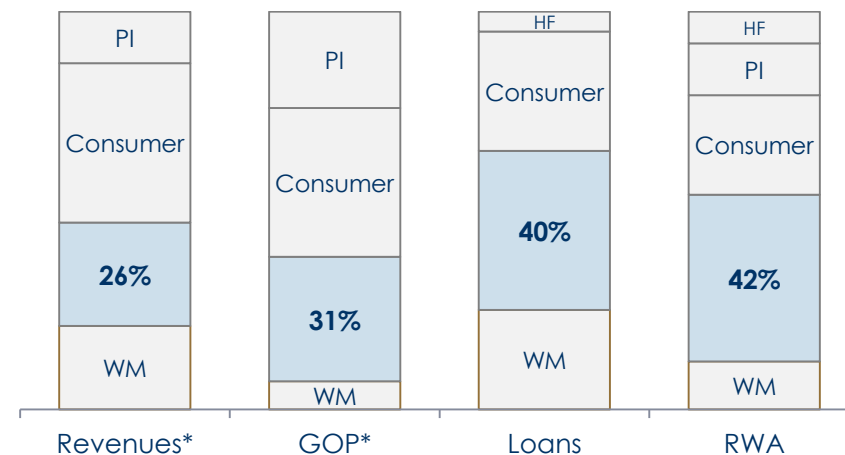
6M results as at December 2018

Section 2

CIB KPIs

CIB - €m	Dec17	Dec18	Δ
Revenues	317	333	+5%
ow NII	136	139	+2%
ow Fees	117	123	+5%
GOP risk adj.	218	218	-
Net profit	146	146	-
CoR bps	-29	-17	
RWA bn	25	20	-20%
ROAC	13%	16%	+3pp

CIB contribution to MB Group



- ◆ **CIB confirms its distinctive profile: client driven, capital efficient, with high and steady margins**
 - ◆ **strong brand** recognition and trustworthiness
 - ◆ **client-centred organization:** lean structure, attractive to talent, fast decision-taking
 - ◆ **client-driven business:** focus on large-top/mid caps, the latter largely uncovered by bulge brackets
 - ◆ **outstanding risk-assessment,** underwriting capabilities
 - ◆ **excellent asset quality:** zero Bad loans, net NPLs at 2.2% of total loans
 - ◆ **low operational gearing:** cost/income ratio at 39%
 - ◆ **high profitable** business: ROAC at 16% also with RWA optimization

PRINCIPAL INVESTING



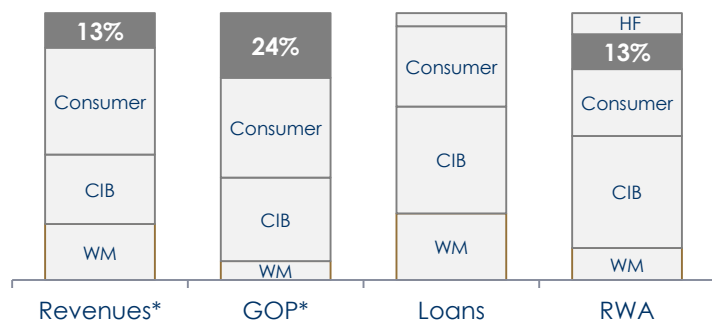
PI: HIGH PROFITABILITY WITH NO GAINS ON DISPOSALS

6M results as at December 2018

Section 2

Principal Investing

PI contribution to MB Group



Main equity investments as at Dec18 (€m)

AG source of capital and profitability

- ◆ Revenues up 38% due to AG contribution
- ◆ Net profit at €159m (€205m last year mainly due to €89m of gains related to disposal of Atlantia stake in IQ18)
- ◆ AG book value down from €3.2bn to €3.0bn due to FVOCI reserve decrease (down €0.3bn), only partly offset by quarterly net profit accrual (€165m)
- ◆ AG FVOCI reserve not impacting CET1 as offset by deductions

PI - €m	Dec17	Dec18	Δ
Revenues	124	171	+38%
Gain from disposals/ impairments	93	(11)	n.m.
Net profit	205	159	-23%
BV bn	3.6	3.7	+2%
NAV bn	3.5	3.6	+2%
RWA bn	6.0	6.0	-
ROAC adj.	13%	17%	+4pp

Company	%	Book value €m	HTC&S reserve
Ass.Generali	13.0%	3,017	n.m. ¹
Italmobiliare	6.1%	53	29
RCS MediaGroup	6.6%	39	18
Seed Capital		361	n.m. ¹
Private equity funds		65	n.m. ¹
Other listed equities		14	4
Other		138	7
Total		3,687	58

HOLDING FUNCTIONS



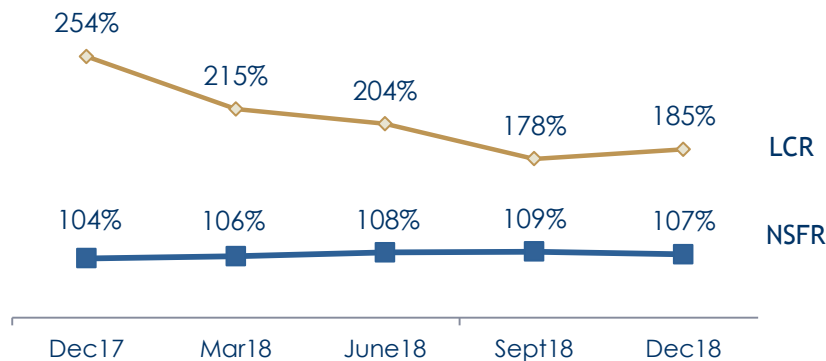
COMFORTABLE FUNDING AND LIQUIDITY POSITION

- ◆ Wide access to funding market through different product and channels addressing various geographies/pockets of investors: >€3bn raised (excluding deposit growth) with cost under control
- ◆ 85% of FY19 m/l term funding budget (€4.8bn) completed as of today
- ◆ Large counterbalance capacity confirmed
- ◆ LCR dynamics optimized, still above industry average consistent with business model
- ◆ NSFR well above >100% at all times

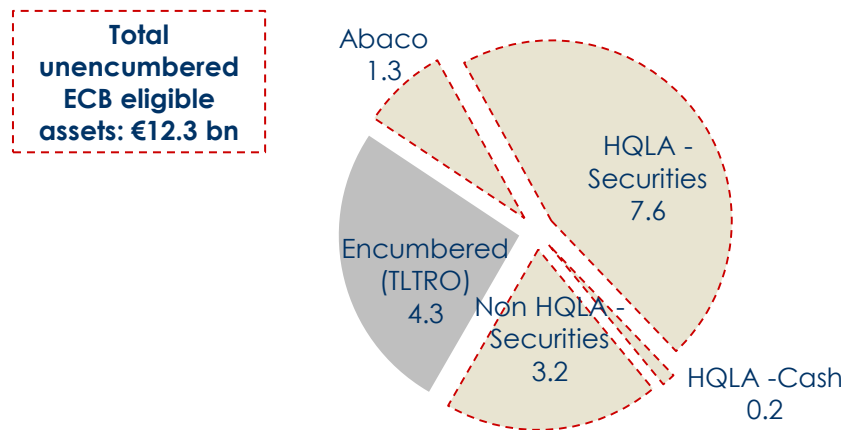
Key funding issuances

Issue date	Bond type	Amount (€m)	Spread at issue	Investor type
July 2018	Covered	500	MS+70bps	Institutional
October 2018	Covered	250	MS+70bps	Institutional
October 2018	Secured financing	800	3mE+80bps	Institutional
December 2018	ABS	600	3mE+95bps	Institutional
January 2019	Senior preferred	850	3mE+224bps	Retail

LCR (12m average) and NSFR (EoP) trend



Unencumbered ECB eligible assets (CBC)



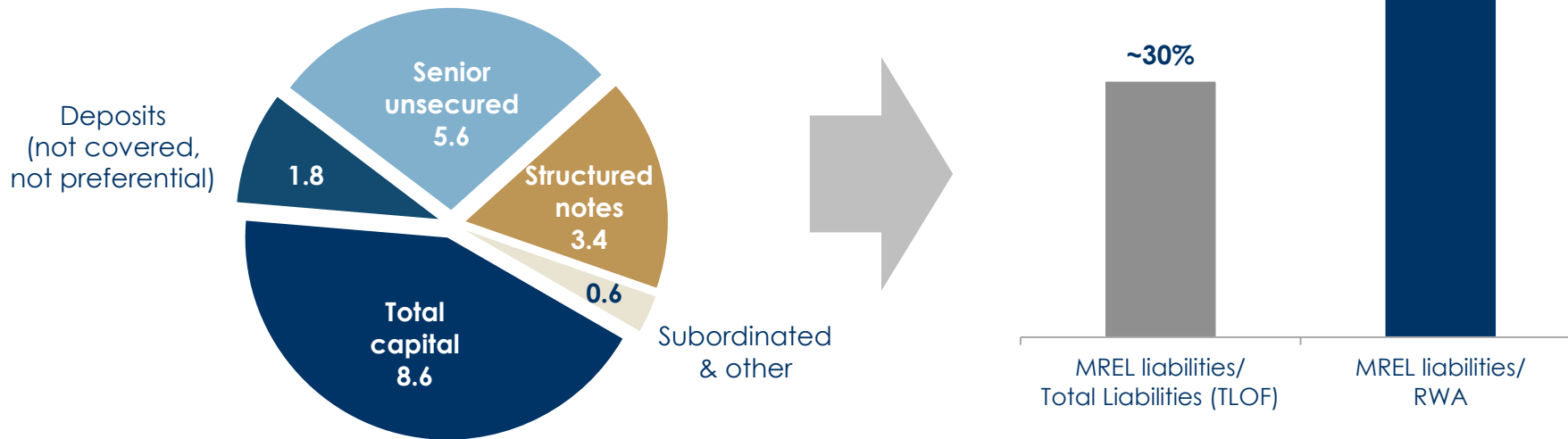
MREL NEEDS ALREADY FULLY ADDRESSED: SIZEABLE SURPLUS

6M results as at December 2018

Section 2

MREL eligible liabilities (€bn, June 18)

Total MREL eligible instruments: €20.1bn



- ◆ **MREL eligible liabilities ~€20bn** as at June 2018, **equal to 42% of RWAs and 30% of total liabilities (TLOF)**
- ◆ The figure includes Own funds (CET1+T2) and senior liabilities as **MB has no subordination requirement**
- ◆ **Overall Capital Requirement (OCR) ratio: 11.75%**

AGENDA

Section 1. Group results as at December 2018

Section 2. Divisional results

Section 3. Closing remarks

Annexes

1. Quarterly segmental reporting tables
2. Glossary

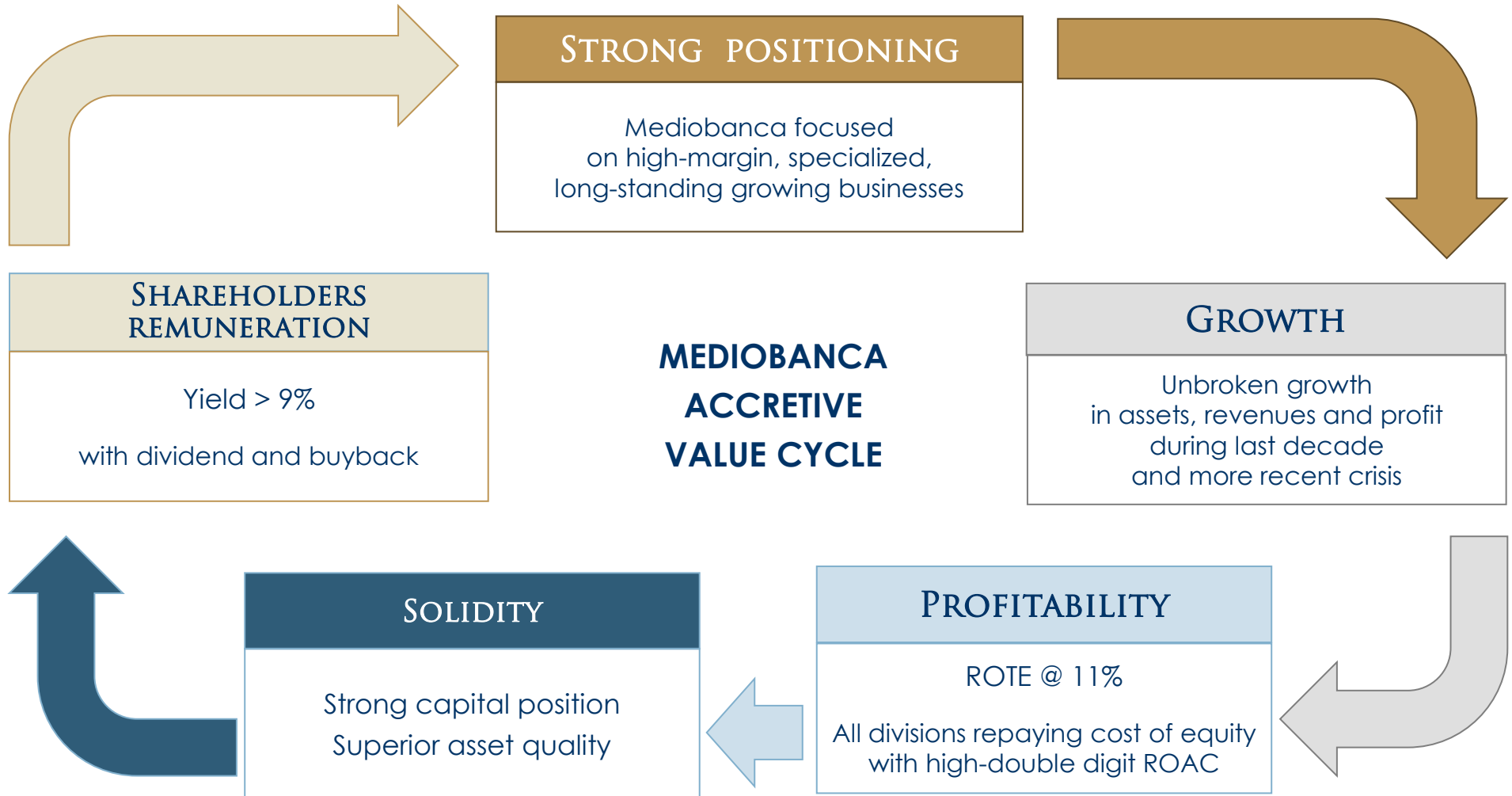


MEDIOBANCA

MB ACCRETIVE VALUE CYCLE LEVERAGED SUCCESSFULLY ...

Closing remarks – What's next

Section 3



...BY MB STRONG POSITIONING IN LONG-STANDING GROWING BUSINESSES

Closing remarks – What's next

Section 3

WEALTH MANAGEMENT

- ◆ **Italian saving market is one of the most attractive in Europe** in terms of size and growth expected
- ◆ **Mediobanca is investing strongly i) in distribution** (organically and with M&A) to take opportunities:
 - ◆ Structural changes ongoing (digitalization, regulation, demographic) in retail/affluent
 - ◆ Entrepreneur/corporate: PB/IB dual coverage of Italian mid-caps (MB distinctive offering)
 - ◆ Leverage Mediobanca brand
- ◆ **ii) product factory**, notably in the illiquid space

New sustainable player emerging
ROAC 16%¹

CONSUMER BANKING

- ◆ **Highly profitable business in Italy, decoupled from GDP, with high entry barriers**
- ◆ **Penetration of consumer finance in Italy still lower** compared to other European countries
- ◆ **Compass as consolidator in the Italian market** due to superior data analytics and risk management tools

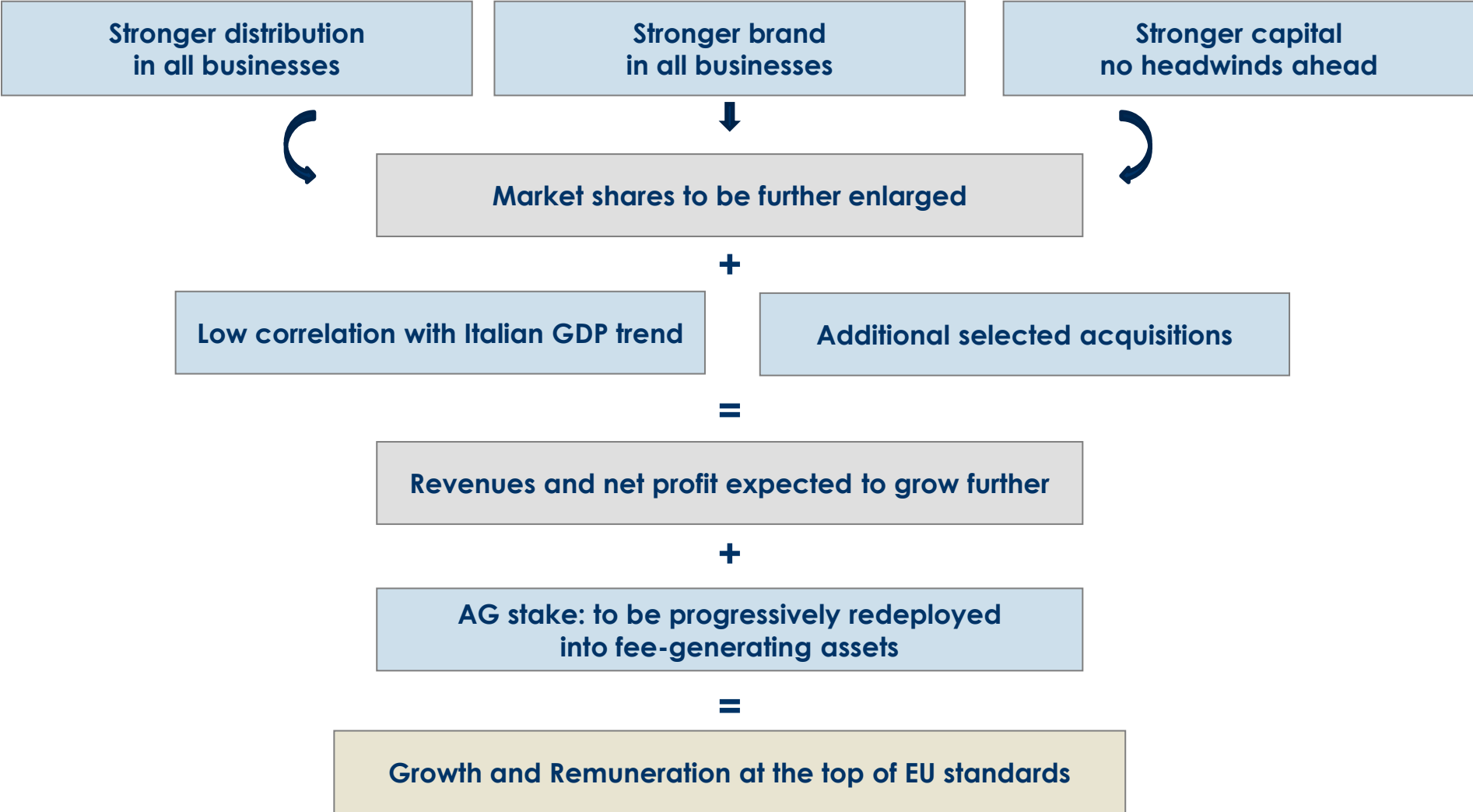
Established top 3 operator in Italy
ROAC >30%

CIB

- ◆ **Italian mid-caps among the most dynamic, segment still largely under-penetrated**
- ◆ **Platform enhancing** for all products, especially advisory business, **to leverage market opportunities**
- ◆ **Cyclical profile of business balanced in MB by low risk appetite and strong asset quality** (bad loans equal to zero)

Leader in Italy and Southern EU
ROAC 16%

MAINTAIN GROWTH AND SHAREHOLDERS REMUNERATION AT THE TOP OF EUROPEAN STANDARD





MEDIOBANCA

2Q19/6M results as at 31 December 2018

**MB STRONG
BUSINESS POSITIONING
DELIVERS GROWTH RESULTS**

Milan, 7 February 2019



MEDIOBANCA

AGENDA

Section 1. Group results as at December 2018

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Section 3. Closing remarks

Annexes

1. Quarterly segmental reporting tables

2. Glossary



MEDIOBANCA

DIVISIONAL RESULTS

Annex 1



MEDIOBANCA BUSINESS MODEL

Mediobanca Group

Holding Functions

Group ALM & Treasury

**Corporate & Investment
Banking (CIB)**

**Corporate & Investment
Banking**

Mediobanca Spa

Specialty Finance

MFacta

MBCreditSolutions

*Corporate
client business*

**Consumer Banking
(CB)**

Consumer Banking

Compass

*Consumer
client business*

**Wealth Management
(WM)**

Affluent & Premier

CheBanca!

Private & HNWI

MBPB, CMB, Spafid

Mediobanca AM

MB SGR, CMG, Cairn, RAM

*AUA/AUM driven
client business*

**Principal Investing
(PI)**

Principal Investing

Ass. Generali

FVOCI stake portfolio

*Proprietary
equity stakes*

MEDIOBANCA GROUP P&L

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	1,277	1,249	1,170	9%	639	638	619	630	572
Net interest income	701	687	672	4%	357	344	345	342	340
Fee income	313	331	291	7%	158	155	166	165	153
Net treasury income	98	72	85	14%	57	41	33	39	47
Equity accounted co.	166	159	121	37%	68	98	75	84	32
Total costs	(562)	(581)	(534)	5%	(290)	(271)	(302)	(280)	(278)
Labour costs	(282)	(287)	(271)	4%	(144)	(138)	(149)	(138)	(141)
Administrative expenses	(279)	(295)	(263)	6%	(146)	(134)	(153)	(142)	(137)
Loan loss provisions	(110)	(134)	(113)	-3%	(51)	(59)	(74)	(60)	(59)
GOP risk adjusted	606	534	523	16%	298	308	244	290	235
Impairments, disposals	(11)	3	94		(15)	4	1	2	6
Non recurring (SRF contribution)	(11)	(48)	(10)	7%	(11)	0	(20)	(28)	(5)
PBT	584	489	607	-4%	272	312	225	264	236
Income taxes & minorities	(133)	(102)	(130)	2%	(67)	(66)	(43)	(58)	(60)
Net result	451	388	476	-5%	205	245	182	206	175
Cost/income ratio (%)	44	47	46	-2pp	45	43	49	44	49
LLPs/Ls (bps)	52	66	58	-6bps	48	56	72	60	60
ROTE (%)	11	9	11	-					

MEDIOBANCA GROUP A&L

6M results as at December 2018

Annex 1

€bn	Dec18	Sept18	June18	Dec17	Δ QoQ ¹	Δ HoH ¹	Δ YoY ¹
Funding	50.8	49.6	48.9	47.4	+2%	+4%	+7%
Bonds	19.2	18.6	19.2	18.8	+4%		+2%
Direct deposits (retail&PB)	21.2	20.8	19.1	18.2	+2%	+11%	+17%
ECB	4.3	4.3	4.3	4.3			
Others	6.0	6.0	6.3	6.1		-5%	-1%
Loans to customers	42.9	42.3	41.1	39.6	+2%	+4%	+8%
CIB	17.4	17.2	16.1	15.5	+1%	+8%	+13%
Wholesale	14.8	15.0	14.0	13.4	-2%	+6%	+10%
Specialty Finance	2.6	2.1	2.1	2.0	+22%	+21%	+28%
Consumer	12.8	12.6	12.5	12.1	+2%	+2%	+6%
WM	10.7	10.5	10.4	9.9	+2%	+4%	+9%
Mortgage	8.4	8.2	8.1	7.7	+2%	+3%	+9%
Private banking	2.3	2.3	2.3	2.2	+2%	+4%	+8%
Leasing	2.0	2.1	2.1	2.2	-1%	-3%	-6%
Treasury and securities at FV	13.3	13.1	13.3	13.2			+1%
RWAs	47.5	47.4	47.4	52.1			-9%
Loans/Funding ratio	85%	85%	84%	84%			
CET1 ratio (%)²	13.9	14.2	14.2	12.9			
TC ratio (%)²	17.4	17.9	18.1	16.2			

- 1) YoY=Dec18/Dec17; HoH=Dec18/June18; QoQ=Dec18/Sept18
- 2) CET1 ratio calculated including Danish Compromise extension until December 2024 according to CRR2 proposal (~120 bps deduction due to take effect from 2019 no longer applicable), and not deducting ~20bps of IFRS9



WEALTH MANAGEMENT RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	272	271	256	+7%	137	136	142	129	133
Net interest income	128	129	127	+1%	64	64	66	63	63
Fee income	141	137	122	+16%	71	70	73	64	66
Net treasury income	4	5	7	-46%	2	2	3	2	5
Total costs	(215)	(216)	(201)	+7%	(109)	(106)	(111)	(105)	(104)
Loan provisions	(7)	(8)	(9)	-23%	(3)	(4)	(4)	(4)	(4)
Operating profit	51	47	46	+9%	25	25	27	20	25
Other	0	1	1	-71%	0	(0)	(1)	1	0
Income taxes & minorities	(13)	(14)	(11)	+24%	(6)	(7)	(8)	(6)	(5)
Net profit	36	33	36	-1%	19	17	18	15	21
Cost/income ratio (%)	79	80	79		80	79	78	82	78
LLPs/Ls (bps)	13	15	18	-5bps	10	15	15	16	15
Loans (€bn)	10.7	10.4	9.9	+9%	10.7	10.5	10.4	10.1	9.9
TFA (€bn)	64.6	63.9	58.4	+11%	64.6	65.3	63.9	62.9	58.4
of which AUM/AUA (€bn)	37.0	37.3	31.5	+17%	37.0	37.6	37.3	36.5	31.5
of which AUC (€bn)	6.7	7.6	8.9	-25%	6.7	7.3	7.6	8.3	8.9
of which deposits (€bn)	21.0	19.0	18.0	+17%	21.0	20.3	19.0	18.1	18.0
RWA (€bn)	5.7	5.8	5.7		5.7	5.8	5.8	5.8	5.7
ROAC (%)	14	13	13	+1pp					

AFFLUENT & PREMIERE: CHEBANCA! RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	146	149	144	+2%	74	72	76	73	74
Net interest income	104	105	107	-2%	52	53	53	52	53
Fee income	42	43	37	+13%	22	19	23	20	21
Total costs	(116)	(121)	(115)	+1%	(57)	(58)	(62)	(59)	(58)
Labour costs	(53)	(53)	(50)	+6%	(26)	(26)	(28)	(26)	(24)
Administrative expenses	(63)	(68)	(65)	-3%	(31)	(32)	(34)	(34)	(34)
Loan provisions	(7)	(8)	(8)	-14%	(3)	(4)	(4)	(4)	(4)
GOP risk adj.	24	20	21	+13%	14	10	10	9	12
Income taxes	(7)	(8)	(5)		(4)	(4)	(5)	(3)	(2)
Net result	16	12	16		10	6	6	6	10
Cost/income ratio	79	81	80	-1pp	77	81	81	82	79
LLPs/Ls (bps)	17	20	22	-5bps	15	20	22	19	20
TFA (€bn)	23.3	22.6	20.6	+13%	23.3	23.2	22.6	21.2	20.6
of which AUM/AUA (€bn)	8.9	8.4	7.6	+18%	8.9	8.7	8.4	7.9	7.6
of which deposits (€bn)	14.4	14.2	13.1	+10%	14.4	14.5	14.2	13.3	13.1
Loans (€bn)	8.4	8.1	7.7	+9%	8.4	8.2	8.1	7.9	7.7
RWAs (€bn)	3.9	3.7	3.7	+5%	3.9	3.8	3.7	3.8	3.7
ROAC (%)	9	8	9						

PRIVATE BANKING RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	126	122	112	+13%	63	64	65	56	59
Net interest income	24	23	20	+17%	12	12	12	11	10
Fee income	99	94	85	+17%	49	50	51	44	45
Net treasury income	3	5	7	-50%	2	2	3	2	4
Total costs	(100)	(95)	(86)	+16%	(51)	(48)	(49)	(46)	(46)
GOP risk adjusted	27	27	26	+6%	12	15	16	10	13
Other	1	1	1		1	0	(1)	1	0
Income taxes & minorities	(6)	(6)	(6)		(3)	(4)	(3)	(3)	(3)
Net profit	20	21	20	-2%	9	11	12	9	11
Cost/income ratio (%)	79	78	77	+2pp	82	76	76	82	77
TFA (€bn)	41.3	41.3	37.7	+10%	41.3	42.2	41.3	41.6	37.7
CMB	10.0	10.0	10.1	-1%	10.0	10.1	10.0	10.0	10.1
MB Private Banking	19.7	19.1	19.1	+3%	19.7	20.5	19.1	19.2	19.1
Cairn Capital	3.9	3.5	3.3	+19%	3.9	3.4	3.5	3.4	3.3
RAM	3.8	4.1			3.8	4.1	4.1	4.2	
Spafid	3.9	4.5	5.2	-25%	3.9	4.1	4.5	4.8	5.2
ROAC (%)	23	22	20	+3pp					

CONSUMER BANKING RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	513	503	493	+4%	256	257	252	251	247
Net interest income	450	437	432	+4%	227	223	218	218	218
Fee income	63	67	61	+4%	29	34	34	32	29
Total costs	(142)	(148)	(137)	+4%	(74)	(68)	(75)	(72)	(73)
Loan provisions	(114)	(120)	(122)	-6%	(57)	(57)	(61)	(60)	(59)
GOP risk adjusted	258	235	235	+10%	125	132	117	119	116
Income taxes	(83)	(73)	(75)	+11%	(41)	(43)	(35)	(38)	(36)
Net profit	174	156	160	+9%	85	90	76	80	79
Cost/income ratio (%)	28	29	28		29	26	30	29	29
LLPs/Ls (bps)	180	195	204	-24bps	180	181	195	196	196
New loans (€bn)	3.5	3.7	3.3	+4%	1.8	1.7	1.9	1.8	1.7
Loans (€bn)	12.8	12.5	12.1	+6%	12.8	12.6	12.5	12.3	12.1
RWAs (€bn)	12.0	11.8	11.7	+3%	12.0	11.8	11.8	11.8	11.7
ROAC (%)	32	30	30	+2pp					

CIB RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	333	314	317	+5%	174	159	150	164	164
Net interest income	139	130	136	+2%	70	69	66	64	67
Net treasury income	72	46	65	+11%	38	34	20	26	34
Fee income	123	138	117	+5%	66	57	63	75	63
Total costs	(130)	(135)	(121)	+7%	(68)	(62)	(70)	(64)	(64)
Loan loss provisions	14	(4)	22	-35%	10	4	(8)	4	6
GOP risk adjusted	218	176	218		116	101	71	104	107
Other	1	(2)	1		1	0	(2)	0	0
Income taxes	(72)	(55)	(72)		(39)	(33)	(21)	(35)	(35)
Net result	146	118	146		78	68	49	70	72
Cost/income ratio (%)	39	43	38	+1pp	39	39	47	39	39
LLPs/Ls (bps)	(17)	5	(29)	+12bps	(23)	(10)	21	(11)	(17)
Loans (€bn)	17.4	16.1	15.5	+13%	17.4	17.2	16.1	15.7	15.5
RWAs (€bn)	19.8	19.5	24.9	-20%	19.8	19.7	19.5	20.0	24.9
ROAC (%)	16	12	13	+3pp					

WB RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	265	256	261	2%	138	127	119	136	133
Net interest income	98	93	106	-7%	50	48	47	46	52
Net treasury income	72	46	65	11%	38	34	20	26	34
Fee income	95	117	90	6%	50	45	53	65	48
Total costs	(107)	(111)	(102)	5%	(56)	(51)	(58)	(53)	(53)
Loan loss provisions	31	7	37		20	11	(0)	8	15
GOP risk adjusted	189	153	195	-3%	103	86	61	91	95
Other	1	(2)	1		1	0	(2)	0	0
Income taxes	(63)	(48)	(65)	-3%	(34)	(29)	(17)	(30)	(32)
Net result	126	103	131	-4%	69	58	42	61	64
Cost/income ratio (%)	40	43	39	+1pp	40	40	48	39	40
LLPs/Ls (bps)	(42)	(11)	(56)	+14bps	(54)	(29)	1	(22)	(44)
Loans (€bn)	14.8	14.0	13.4	+10%	14.8	15.0	14.0	13.8	13.4
RWAs (€bn)	17.2	17.4	22.8	-25%	17.2	17.6	17.4	18.1	22.8
ROAC (%)	16	11	13	+3pp					

SPECIALTY FINANCE RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	68	58	56	21%	36	32	30	28	31
Net interest income	41	38	30	36%	20	20	20	18	16
Fee income and other income	28	21	27	4%	16	12	11	10	15
Total costs	(23)	(24)	(20)	18%	(12)	(11)	(12)	(12)	(11)
Loan loss provisions	(16)	(11)	(15)	12%	(10)	(6)	(8)	(3)	(8)
GOP risk adjusted	29	23	22	30%	14	15	10	13	12
Income taxes	(9)	(8)	(7)		(5)	(5)	(3)	(4)	(4)
Net profit	20	16	15	31%	9	10	7	9	8
Cost/income ratio (%)	34	41	35	-1pp	34	33	41	41	35
LLPs/Ls (bps)	138	107	159	-21bps	168	120	154	67	183
Loans (€bn)	2.6	2.1	2.0	+28%	2.6	2.1	2.1	1.9	2.0
of which factoring (€bn)	2.2	1.9	1.8	+28%	2.2	1.8	1.9	1.6	1.8
of which NPLs (€bn)	0.3	0.3	0.3	+29%	0.3	0.3	0.3	0.3	0.3
RWAs (€bn)	2.7	2.1	2.0	+30%	2.7	2.1	2.1	2.0	2.0
ROAC (%)	18	17	18						

PRINCIPAL INVESTING RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	171	171	124	38%	72	99	78	93	33
Gains from disposals	(11)	3	94		(15)	4	2	0	5
Impairments	0	(1)	(1)		0	0	(1)	(0)	(0)
Net result	159	169	205	-23%	60	99	79	90	35
Book value (€bn)	3.7	4.0	3.6	2%	3.7	3.7	4.0	3.8	3.6
Ass. Generali (13%)	3.0	3.2	3.1	-4%	3.0	3.1	3.2	3.3	3.1
Other investments	0.6	0.7	0.4		0.6	0.6	0.7	0.5	0.4
Market value (€bn)	3.6	3.7	3.5	2%	3.6	3.6	3.7	3.6	3.5
Ass. Generali	3.0	2.9	3.1	-4%	3.0	3.0	2.9	3.2	3.1
RWA (€bn)	6.0	6.3	6.0		6.0	6.1	6.3	5.9	6.0
ROAC (%)	17	17	13	+4pp					

HOLDING FUNCTION RESULTS

6M results as at December 2018

Annex 1

€m	1H Dec18	2H June18	1H Dec17	Δ YoY ¹	2Q Dec18	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17
Total income	(7)	2	(11)		1	(7)	3	(1)	(3)
Net interest income	(24)	(13)	(25)		(8)	(15)	(7)	(6)	(9)
Net treasury income	12	8	5		8	4	6	3	3
Fee income	5	7	9		1	4	4	3	3
Total costs	(81)	(92)	(81)		(43)	(38)	(49)	(44)	(40)
Loan provisions	(3)	(2)	(5)	-33%	(1)	(2)	(1)	(1)	(3)
GOP risk adjusted	(91)	(93)	(97)	-6%	(43)	(48)	(47)	(45)	(45)
Other (incl. SRF/DGS contribution)	(12)	(38)	(11)	+5%	(12)	0	(11)	(27)	(5)
Income taxes & minorities	37	42	38	-2%	17	21	20	22	18
Net profit	(66)	(89)	(70)	-6%	(39)	(27)	(38)	(51)	(32)
LLPs/Ls (bps)	32	22	44	-12bps	22	42	30	15	46
Banking book (€bn)	6.5	6.5	6.5		6.5	6.7	6.5	6.5	6.5
New loans (€bn)	0.2	0.2	0.2	+24%	0.1	0.1	0.1	0.1	0.1
Loans (€bn)	2.0	2.1	2.2	-6%	2.0	2.1	2.1	2.1	2.2
RWA	3.9	4.0	3.9		3.9	4.0	4.0	3.9	3.9

GLOSSARY

Annex 2



GLOSSARY

MEDIOBANCA BUSINESS SEGMENT

CIB	Corporate and investment banking
WB	Wholesale banking
SF	Specialty finance
CB	Consumer banking
WM	Wealth management
PI	Principal investing
AG	Assicurazioni Generali
HF	Holding functions

PROFIT & LOSS (P&L) and BALANCE SHEET

AIRB	Advanced Internal Rating-Based
ALM	Asset and liabilities management
AUA	Asset under administration
AUC	Asset under custody
AUM	Asset under management
BVPS	Book value per share
C/I	Cost /Income
CBC	Counter Balance Capacity
CET1	Common Tier Equity 1
CoF	Cost of funding
CoE	Cost of equity
CoR	Cost of risk
DGS	Deposit guarantee scheme
DPS	Dividend per share
EPS	Earning per share
FAs	Financial Advisors
FVOCI	Fair Value to Other Comprehensive Income

PROFIT & LOSS (P&L) and BALANCE SHEET

GOP	Gross operating profit
Leverage ratio	CET1 / Total Assets (FINREP definition)
Ls	Loans
LLPs	Loan loss provisions
M&A	Merger and acquisitions
NAV	Net asset value
NII	Net Interest income
NNM	Net new money
NP	Net profit
NPLs	Group NPLS net of NPLs purchased by MBCS
PBT	Profit before taxes
ROAC adj.	Adjusted return on allocated capital ¹
ROTE adj.	Adjusted return on tangible equity ²
RWA	Risk weighted asset
SRF	Single resolution fund
TC	Total capital
Texas ratio	NPLs/CET1
TFA	Total financial assets ³

Notes

- 1) Adjusted return on allocated capital: *average allocated K = 9% RWAs (for PI: 9% RWA + capital deducted from CET1). Gains/losses from AFS disposals, impairments and positive/negative one-off items excluded, normalized tax rate = 33%. For Private Banking normalized tax rate = 25%*
- 2) Return on tangible equity: *net profit excluding non-recurring items / Shareholders' equity – goodwill*
- 3) *AUA + AUC + AUM + direct deposits*

DISCLAIMER & DECLARATION OF HEAD OF FINANCIAL REPORTING

As from this semester, the Mediobanca Group is adopting IFRS 9 to represent its financial instruments. The transition to the new standard has resulted in an approx. €81m reduction in net equity, chiefly due to the introduction of the new impairment model; at the regulatory capital level, the impact will be spread over the course of the next five years.

The Group has availed itself of the right not to restate the comparative data for the first year of IFRS 9 adoption on a like-for-like basis. Accordingly, the figures for FY 2017-18, stated in accordance with IAS 39, are not fully comparable. For further details and full disclosure on the effects of first-time adoption of IFRS 9, which replaces IAS 39, please refer to the document entitled "Summary of IFRS 9 accounting standard adoption" published on the Group's website at www.mediobanca.com

Disclaimer

Some declarations included in this document are forward-looking statements and are based on information available to the bank as of today. These forward-looking statements include any information other than statements of historical facts, including, without limitation, the bank's future financial position, its results of operations, strategy, plans and objectives. Forward-looking statements are subject to risks, uncertainties and other events, which may fall outside the bank's control, that may lead actual results to differ, even materially, from any projections and estimates. Because of these risks and uncertainties, readers must not place undue reliance on the fact that future results will reflect the forward-looking statements. Except where required by applicable regulations, the bank undertakes no obligation to update forward-looking statements as new information becomes available, future events or other circumstances occur.

Declaration by Head of Company Financial Reporting

As required by Article 154-bis, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the stated accounting information contained in this report conforms to the documents, account ledgers and book entries of the company.

Head of Company Financial Reporting

Emanuele Flappini

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