

February 2019



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# FY 2018 Group Results

## Underlying resilience combatted harsh market conditions exceedingly well

- Net Inflows:** especially into M.F. & managed assets (€ 3bn) performed at the top of the market
- Operating Margin: +33%** - highlights our dedication towards increasing operating efficiency
- Net Interest Income: +8%** - €192 mn (€56 mn in Q4) mainly thanks to increase in lending, reduction in cost of funding & front-loading of securities during summer
- Lending: +23%** - with a credit book reaching €8.4 bn (+13%), contributed to broadening & stabilizing revenue streams
- G&A Expenses: +5%** - reflects a focus on cost containment for ongoing business. Costs tied to new initiatives are within plan
- Net Income:** impacted by Tax Settlement of €102.5 mn in Q4
- Dividend Balance:** €0.20, bringing 2018 Total Dividend to €0.40
- Repricing of Ireland-based Funds:** change in Performance Fee methodology implemented January 2019 in tandem with increase in Investment Management Fees. Objectives: 1. a lower TER for the customer; 2. a more sustainable source of revenues

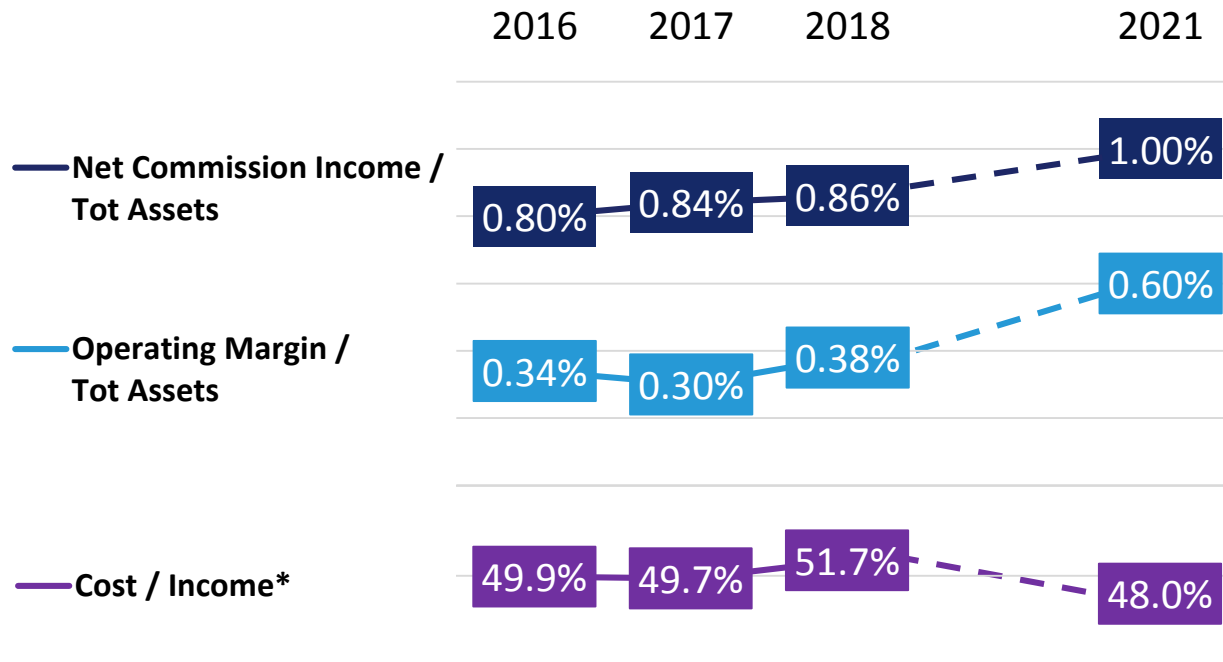
	FY18	FY17	Change
Entry fees	44.6	76.9	-42%
Management fees	998.4	976.1	+2%
Net Insurance revenues ex U-L commissions	27.4	29.1	-6%
Banking service fees	110.2	84.4	+30%
Other fees	51.7	39.3	+32%
<b>Gross Commission income</b>	<b>1,232.3</b>	<b>1,205.8</b>	<b>+2%</b>
Acquisition costs	(514.4)	(535.3)	-4%
Other commission expenses	(70.0)	(65.5)	+7%
<b>Net Commission Income</b>	<b>647.9</b>	<b>605.0</b>	<b>+7%</b>
Net interest income	192.3	178.4	+8%
Equity contribution	28.0	27.1	+3%
Net income on other investments	7.2	(6.6)	n.s.
<i>o/w Impairment on loans</i>	(10.8)	(11.5)	-6%
Other revenues	31.3	27.6	+13%
<b>Contribution Margin</b>	<b>906.7</b>	<b>831.6</b>	<b>+9%</b>
G&A expenses	(533.3)	(507.4)	+5%
Regular Contributions to Banking Industry	(16.1)	(16.0)	+0%
Amortization & Depreciation	(37.2)	(36.5)	+2%
Provisions for risks & charges	(32.1)	(54.9)	-41%
<b>Operating Margin</b>	<b>288.0</b>	<b>216.7</b>	<b>+33%</b>
Performance fees	140.4	213.5	-34%
Net income on investments at fair value	15.5	9.2	+69%
<b>Market Effects</b>	<b>155.9</b>	<b>222.7</b>	<b>-30%</b>
<b>One-offs</b>	<b>(110.8)</b>	<b>7.7</b>	<b>n.s.</b>
<b>PROFIT BEFORE TAX</b>	<b>333.2</b>	<b>447.1</b>	<b>-25%</b>
Income tax	(77.4)	(67.1)	+15%
<b>NET INCOME</b>	<b>255.7</b>	<b>380.0</b>	<b>-33%</b>

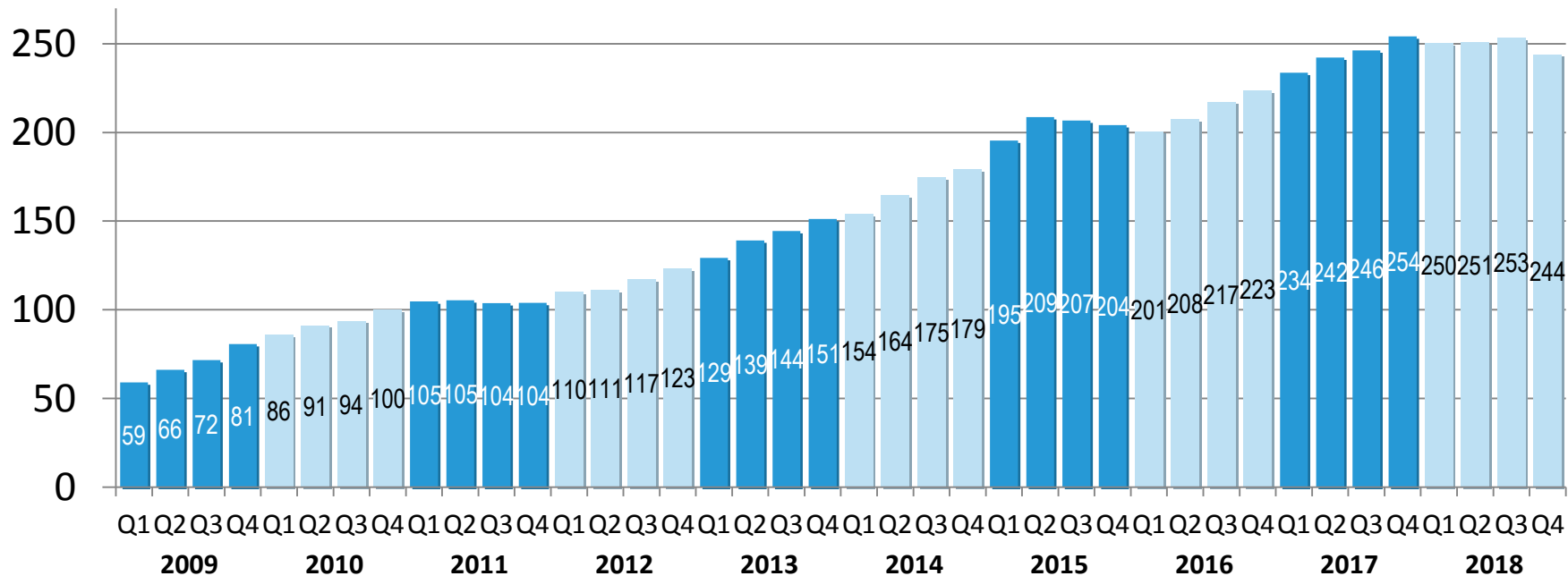
	Q117	Q217	Q317	Q417	Q118	Q218	Q318	Q418
Entry fees	19.8	24.5	16.0	16.6	14.1	11.6	9.0	10.0
Management fees	233.6	242.2	246.2	254.1	250.3	250.9	253.3	243.9
Net Insurance revenues ex U-L commissions	9.4	8.2	4.5	7.1	6.3	9.4	8.4	3.4
Banking service fees	21.8	20.9	20.2	21.5	24.0	23.1	22.4	40.6
Other fees	9.2	10.0	9.5	10.5	12.1	13.5	13.0	13.1
<b>Gross Commission income</b>	<b>293.9</b>	<b>305.7</b>	<b>296.4</b>	<b>309.8</b>	<b>306.8</b>	<b>308.4</b>	<b>306.1</b>	<b>311.0</b>
Acquisition costs	(128.5)	(132.4)	(132.7)	(141.7)	(128.2)	(128.9)	(125.3)	(132.0)
Other commission expenses	(15.8)	(16.7)	(16.4)	(16.6)	(16.1)	(17.7)	(18.6)	(17.5)
<b>Net Commission Income</b>	<b>149.6</b>	<b>156.6</b>	<b>147.3</b>	<b>151.6</b>	<b>162.4</b>	<b>161.8</b>	<b>162.1</b>	<b>161.5</b>
Net interest income	45.0	49.4	43.2	40.9	40.5	46.6	49.0	56.3
Equity contribution	0	6.6	14.7	5.8	0	6.8	14.2	7.1
Net income on other investments	(2.4)	(2.3)	(3.4)	1.4	3.7	10.3	(2.7)	(4.1)
<i>o/w Impairment on loans</i>	(3.1)	(4.6)	(1.5)	(2.4)	(6.1)	(1.0)	(1.6)	(2.1)
Other revenues	7.0	7.9	5.6	7.1	12.3	7.4	5.4	6.2
<b>Contribution Margin</b>	<b>199.1</b>	<b>218.2</b>	<b>207.4</b>	<b>206.8</b>	<b>218.9</b>	<b>232.9</b>	<b>228.0</b>	<b>226.9</b>
G&A expenses	(124.8)	(131.0)	(117.8)	(133.8)	(131.6)	(138.9)	(122.2)	(140.7)
Regular Contributions to Banking Industry	(5.9)	(0.6)	(9.3)	(0.2)	(5.2)	(0.7)	(7.7)	(2.5)
Amortization & Depreciation	(8.5)	(9.0)	(9.5)	(9.5)	(9.0)	(9.5)	(9.4)	(9.3)
Provisions for risks & charges	(10.3)	(12.0)	(11.2)	(21.4)	(10.8)	(7.1)	(7.0)	(7.3)
<b>Operating Margin</b>	<b>49.6</b>	<b>65.6</b>	<b>59.5</b>	<b>41.9</b>	<b>62.3</b>	<b>76.9</b>	<b>81.8</b>	<b>67.1</b>
Performance fees	66.8	21.9	37.3	87.5	21.5	63.1	37.2	18.5
Net income on investments at fair value	1.6	6.8	1.1	(0.4)	(3.0)	(6.3)	2.9	21.9
<b>Market Effects</b>	<b>68.5</b>	<b>28.7</b>	<b>38.5</b>	<b>87.1</b>	<b>18.5</b>	<b>56.8</b>	<b>40.1</b>	<b>40.5</b>
<b>One-offs</b>	<b>(6.8)</b>	<b>23.3</b>	<b>(9.8)</b>	<b>0.9</b>	<b>0</b>	<b>(1.8)</b>	<b>0</b>	<b>(109.0)</b>
<b>PROFIT BEFORE TAX</b>	<b>111.4</b>	<b>117.7</b>	<b>88.2</b>	<b>129.9</b>	<b>80.8</b>	<b>131.9</b>	<b>121.9</b>	<b>(1.4)</b>
Income tax	(26.5)	(6.1)	(5.4)	(29.1)	(21.3)	(16.1)	(25.1)	(15.0)
<b>NET INCOME</b>	<b>84.9</b>	<b>111.5</b>	<b>82.8</b>	<b>100.8</b>	<b>59.5</b>	<b>115.8</b>	<b>96.7</b>	<b>(16.4)</b>

**Sustainable growth supported by different business lines** despite challenging macro & regulatory environment

**Operating Margin trend inverted** thanks to operating leverage and picking up of NII

**C/I ratio impacted** by 2018 new initiatives that will start **contributing to P&L in 2019**.





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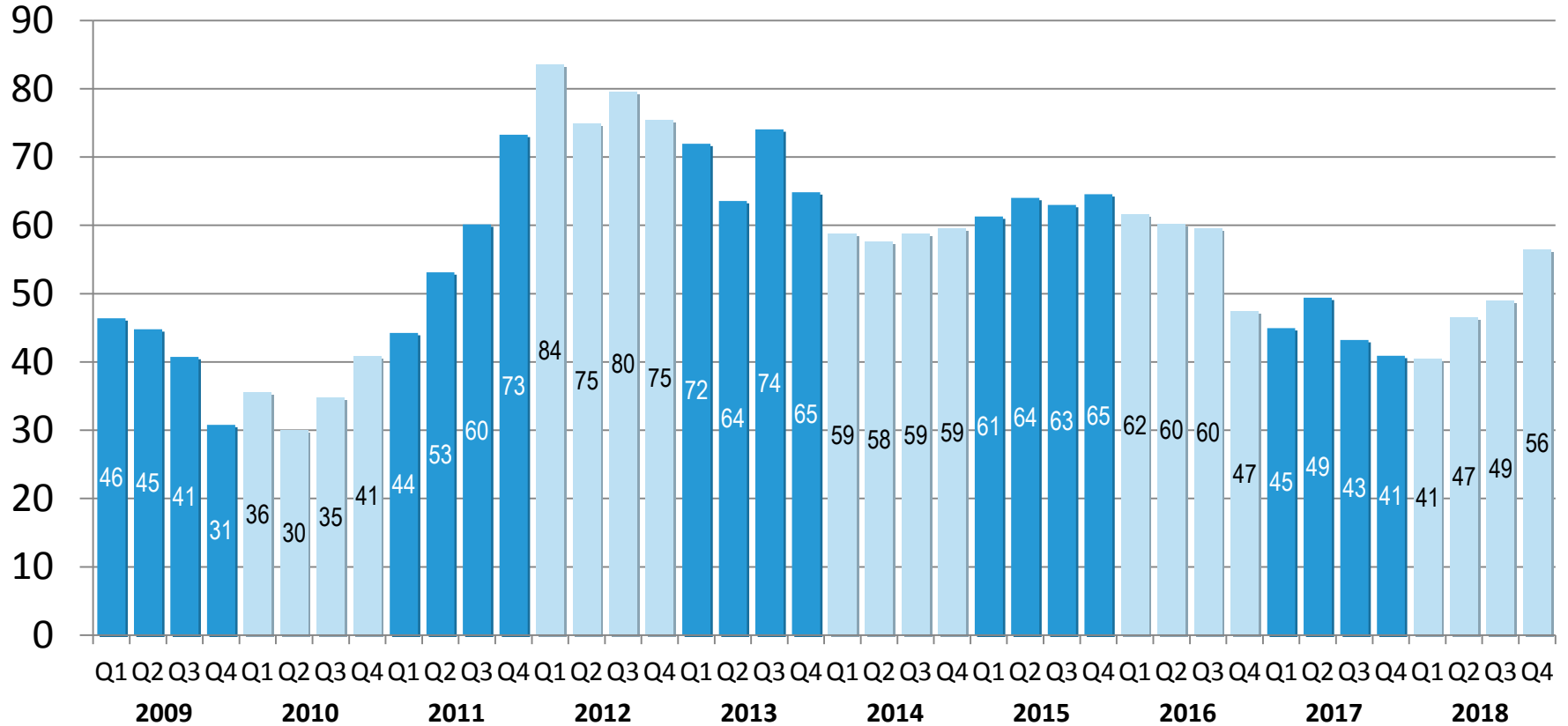
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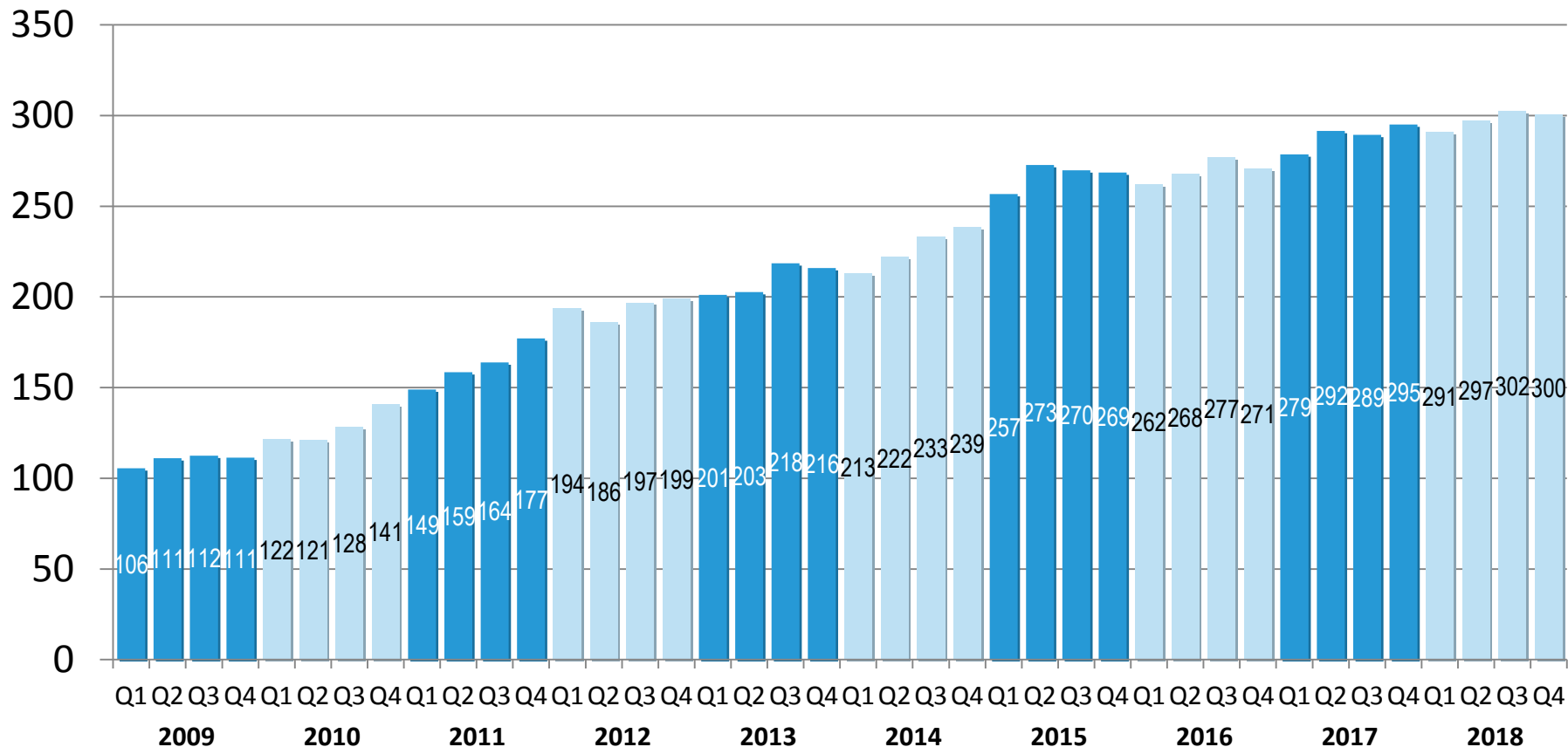
Yearly bps on average assets

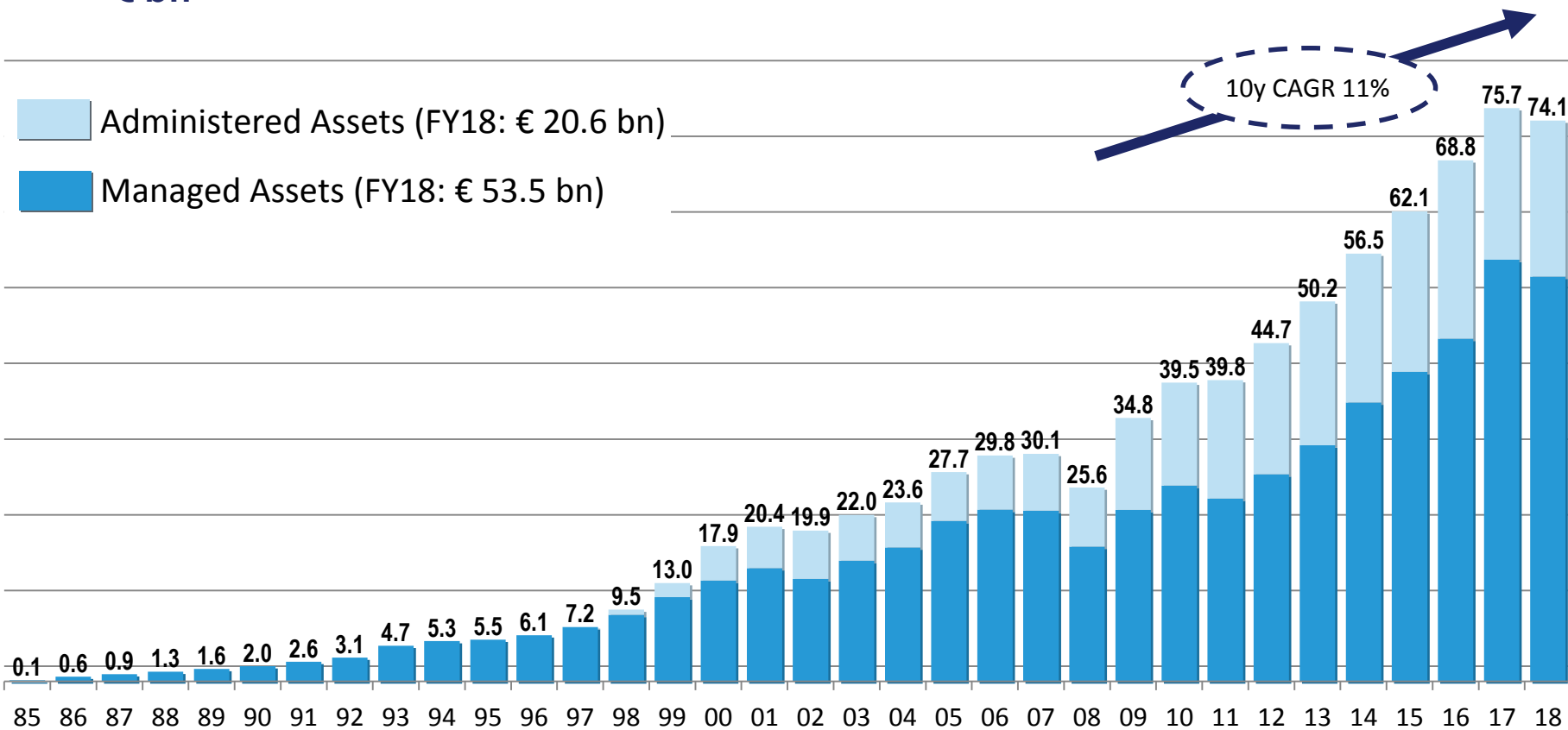




# Quarterly Recurring Revenues

## Commission Income from Mgmt Fees + NII (€ mn)





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

# 12 Assets under Administration/Management

€ mn



FY 2018  
Group

	31/12/18	31/12/17	Change
Mutual Funds & U-L Policies	47,608.0	50,006.8	-5%
'Freedom' Life Policies	33.4	183.8	-82%
Other Life Insurance products	1,477.5	1,412.4	+5%
Banking	19,526.5	18,805.4	+4%
<b>Italy – Banca Mediolanum</b>	<b>68,645.5</b>	<b>70,408.3</b>	<b>-3%</b>
Mutual Funds & U-L Policies	3,367.6	3,229.3	+4%
Other Insurance Products	56.1	105.8	-47%
Banking	1,417.8	1,326.4	+7%
<b>Spain – Banco Mediolanum</b>	<b>4,841.4</b>	<b>4,661.6</b>	<b>+4%</b>
Mutual Funds & U-L Policies	434.7	480.5	-10%
Other Insurance Products	9.9	19.3	-49%
Banking	153.3	147.6	+4%
<b>Germany – B. A. Lenz &amp; Gamax</b>	<b>597.9</b>	<b>647.4</b>	<b>-8%</b>
<b>TOTAL AUA/AUM</b>	<b>74,084.9</b>	<b>75,717.2</b>	<b>-2%</b>

	2018	2017
<b>Managed Assets</b>	<b>+3,044</b>	<b>+5,377</b>
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	+2,961	+5,844
<b>Administered Assets</b>	<b>+1,076</b>	<b>+3</b>
<b>GROUP TOTAL NET INFLOWS</b>	<b>+4,120</b>	<b>+5,380</b>
Managed Assets	+2,611	+4,742
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	+2,466	+5,120
Administered Assets	+952	-3
<b>Italy – Banca Mediolanum Total Net Inflows</b>	<b>+3,562</b>	<b>+4,739</b>
Managed Assets	+440	+613
<i>o/w Mutual Funds &amp; U-L</i>	+492	+696
Administered Assets	+119	+6
<b>Spain – Banco Mediolanum Total Net Inflows</b>	<b>+559</b>	<b>+619</b>
Managed Assets	-7	+21
<i>o/w Mutual Funds &amp; U-L</i>	3	+28
Administered Assets	+6	+1
<b>Germany – B.A. Lenz &amp; Gamax Total Net Inflows</b>	<b>-1</b>	<b>+22</b>

FY18

FY17

## GROUP CAPITAL RATIOS

Total Capital Ratio	19.3%	22.0%
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<b>Common Equity Tier 1 Ratio</b>	<b>19.2%</b>	<b>21.9%</b>
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<b>Total Regulatory Capital Held</b>	<b>1,951</b>	<b>2,039</b>
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Required Capital – Banks *	804	757
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Solvency Capital Req. – Insurance companies**	710	701
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<b>Total Required Capital</b>	<b>1,514</b>	<b>1,458</b>
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<b>EXCESS CAPITAL</b>	<b>437</b>	<b>581</b>
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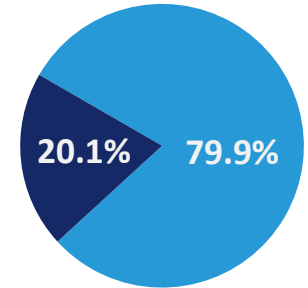
\* As per SREP, BMED required capital is 10.9% (min. Total Capital Ratio) of consolidated RWA (€ 8,112 mn as at 31/12/2018), excl. stakes in insurance companies

\*\* FY18 reconciliation reserve (part of total reg. capital held) & solvency capital req. are calculated according to the Solvency II as at 30/09/2018

## Banking Book: € 13.90 bn

Sector	%
Government	99.3%
Financial	0.7%
Govies	%
Italy	97.1%
Spain	2.9%

■ HTC  
■ HTCS



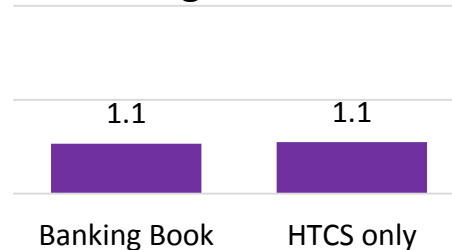
**New Framework** of treasury business model effective 1/10/2018

**Limited Sensitivity to volatility** of Italian govies

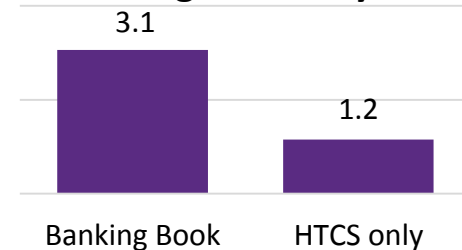
**Reduced Weight** of HTCS book

**Avg Duration** of approx. 1 year

## Avg. Duration



## Avg. Maturity



Interim Dividend paid in November 2018 20 eurocents

Dividend Balance to be paid in April 2019 20 eurocents

**Dividend per share 40 eurocents**

**Total amount of dividends € 293 mn**





# FY 2018 Domestic Market Results

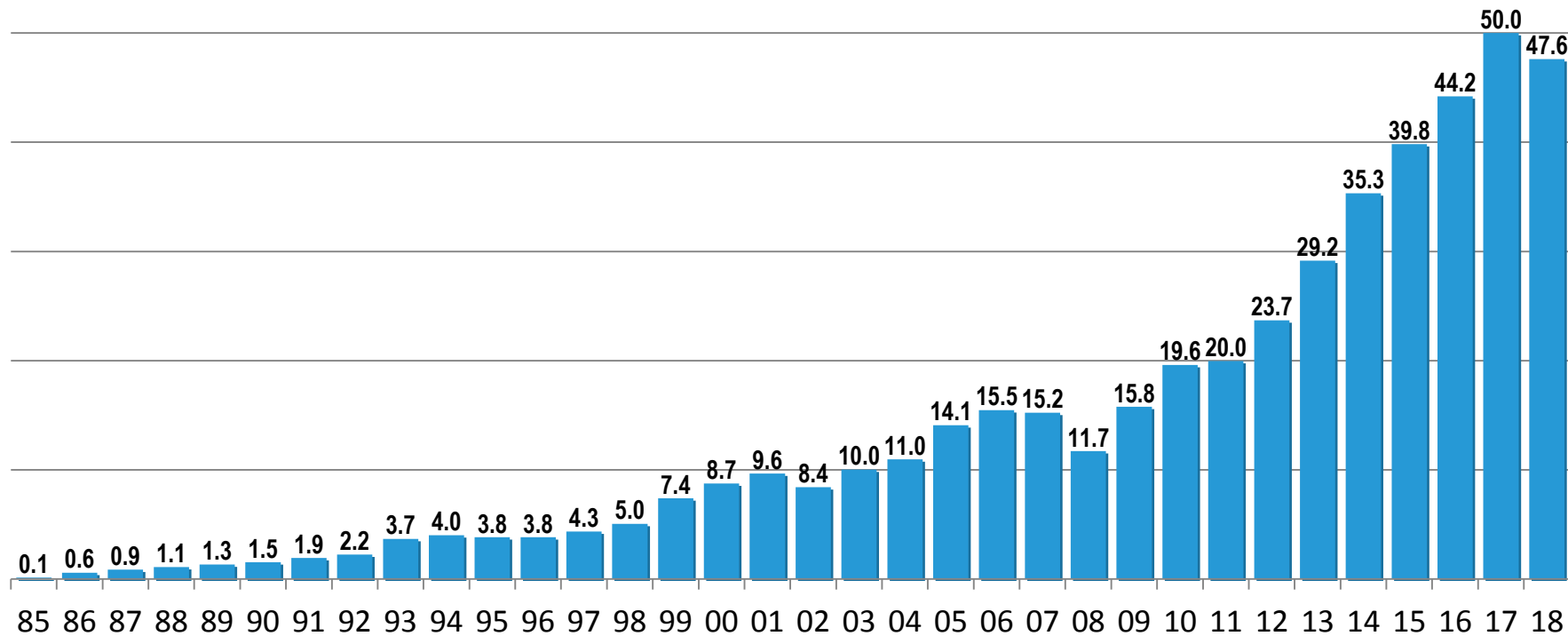
	FY18	FY17	Change
Entry fees	33.6	65.4	-49%
Management fees	930.1	914.6	+2%
Net Insurance revenues ex U-L commissions	17.3	17.0	+2%
Banking service fees	85.9	60.3	+42%
Other fees	49.5	37.1	+33%
<b>Gross Commission income</b>	<b>1,116.4</b>	<b>1,094.3</b>	<b>+2%</b>
Acquisition costs	(472.2)	(494.8)	-5%
Other commission expenses	(47.7)	(43.9)	+9%
<b>Net Commission Income</b>	<b>596.5</b>	<b>555.7</b>	<b>+7%</b>
Net interest income	185.5	170.7	+9%
Equity contribution	28.0	27.1	+3%
Net income on other investments	7.4	(6.1)	n.s.
<i>o/w Impairment on loans</i>	(10.6)	(10.8)	-3%
Other revenues	28.0	24.3	+15%
<b>Contribution Margin</b>	<b>845.4</b>	<b>771.6</b>	<b>+10%</b>
G&A expenses	(473.7)	(451.8)	+5%
Regular Contributions to Banking Industry	(14.3)	(14.2)	+1%
Amortization & Depreciation	(32.8)	(33.3)	-2%
Provisions for risks & charges	(30.9)	(54.0)	-43%
<b>Operating Margin</b>	<b>293.8</b>	<b>218.3</b>	<b>+35%</b>
Performance fees	129.1	200.8	-36%
Net income on investments at fair value	14.4	8.9	+62%
<b>Market Effects</b>	<b>143.5</b>	<b>209.7</b>	<b>-32%</b>
<b>One-offs</b>	<b>(110.8)</b>	<b>7.7</b>	<b>n.s.</b>
<b>PROFIT BEFORE TAX</b>	<b>326.5</b>	<b>435.7</b>	<b>-25%</b>
Income tax	(72.4)	(62.1)	+16%
<b>NET INCOME</b>	<b>254.2</b>	<b>373.6</b>	<b>-32%</b>

	Q117	Q217	Q317	Q417	Q118	Q218	Q318	Q418
Entry fees	16.8	21.4	13.4	13.8	10.9	8.8	6.6	7.3
Management fees	219.4	227.0	230.6	237.6	233.3	233.9	235.9	227.0
Net Insurance revenues ex U-L commissions	6.1	5.1	2.1	3.7	3.5	6.6	6.0	1.2
Banking service fees	16.1	14.9	14.2	15.2	17.8	16.8	16.2	35.1
Other fees	8.8	9.5	9.0	9.9	11.6	12.9	12.5	12.6
<b>Gross Commission income</b>	<b>267.1</b>	<b>277.9</b>	<b>269.3</b>	<b>280.1</b>	<b>277.0</b>	<b>279.1</b>	<b>277.2</b>	<b>283.1</b>
Acquisition costs	(118.1)	(121.5)	(123.1)	(132.1)	(117.5)	(118.2)	(115.3)	(121.1)
Other commission expenses	(10.9)	(11.1)	(11.0)	(10.9)	(10.8)	(11.5)	(12.9)	(12.5)
<b>Net Commission Income</b>	<b>138.1</b>	<b>145.3</b>	<b>135.2</b>	<b>137.1</b>	<b>148.7</b>	<b>149.3</b>	<b>149.0</b>	<b>149.6</b>
Net interest income	42.5	46.9	41.9	39.4	39.1	44.6	47.4	54.3
Equity contribution	0	6.6	14.7	5.8	0	6.8	14.2	7.1
Net income on other investments	(2.3)	(2.2)	(3.1)	1.5	3.7	10.1	(2.4)	(4.0)
<i>o/w Impairment on loans</i>	(3.0)	(4.4)	(1.2)	(2.3)	(6.2)	(1.0)	(1.4)	(2.0)
Other revenues	6.4	6.8	5.0	6.1	11.5	6.7	4.6	5.2
<b>Contribution Margin</b>	<b>184.7</b>	<b>203.4</b>	<b>193.6</b>	<b>189.9</b>	<b>203.0</b>	<b>217.6</b>	<b>212.8</b>	<b>212.1</b>
G&A expenses	(110.3)	(118.0)	(104.6)	(118.9)	(116.6)	(124.1)	(108.4)	(124.6)
Regular Contributions to Banking Industry	(5.4)	0	(8.9)	0.2	(4.6)	(0.2)	(7.4)	(2.2)
Amortization & Depreciation	(7.8)	(8.2)	(8.7)	(8.6)	(7.9)	(8.4)	(8.3)	(8.1)
Provisions for risks & charges	(10.1)	(11.8)	(11.0)	(21.1)	(10.5)	(6.8)	(6.8)	(6.8)
<b>Operating Margin</b>	<b>51.1</b>	<b>65.4</b>	<b>60.3</b>	<b>41.4</b>	<b>63.4</b>	<b>78.1</b>	<b>81.9</b>	<b>70.4</b>
Performance fees	62.7	20.1	34.7	83.3	19.7	57.7	34.8	17.0
Net income on investments at fair value	1.5	6.7	1.1	(0.5)	(3.1)	(7.0)	2.4	22.1
<b>Market Effects</b>	<b>64.3</b>	<b>26.8</b>	<b>35.8</b>	<b>82.9</b>	<b>16.6</b>	<b>50.7</b>	<b>37.2</b>	<b>39.1</b>
<b>One-offs</b>	<b>(6.8)</b>	<b>23.3</b>	<b>(9.8)</b>	<b>0.9</b>	<b>0</b>	<b>(1.8)</b>	<b>0</b>	<b>(109.0)</b>
<b>PROFIT BEFORE TAX</b>	<b>108.6</b>	<b>115.6</b>	<b>86.3</b>	<b>125.2</b>	<b>80.0</b>	<b>127.0</b>	<b>119.1</b>	<b>0.5</b>
Income tax	(25.2)	(5.1)	(4.3)	(27.6)	(20.1)	(14.7)	(23.9)	(13.7)
<b>NET INCOME</b>	<b>83.5</b>	<b>110.5</b>	<b>82.1</b>	<b>97.6</b>	<b>59.9</b>	<b>112.3</b>	<b>95.2</b>	<b>(13.2)</b>

	FY18	FY17	Change
One-time commissions	60.9	76.4	-20%
Ongoing commissions	322.7	316.5	+2%
<b>Total commissions</b>	<b>383.5</b>	<b>392.8</b>	<b>-2%</b>
Incentives on individual net inflows	42.7	58.5	-27%
Contests & bonuses	11.6	18.4	-37%
Reimbursement of costs for customer events	4.8	9.0	-47%
<b>Total incentives &amp; bonuses</b>	<b>59.1</b>	<b>86.0</b>	<b>-31%</b>
<b>Costs related to the agency agreement</b>	<b>10.8</b>	<b>16.0</b>	<b>-32%</b>
<b>EuroCQS Agent Commissions</b>	<b>18.8</b>	<b>0.5</b>	<b>n.s.</b>
<b>TOTAL ACQUISITION COSTS</b>	<b>472.2</b>	<b>494.8</b>	<b>-5%</b>

# Mutual Funds AUM Trend

€ bn – including U-L assets



# Mutual Funds

## Assets under Management

€ mn

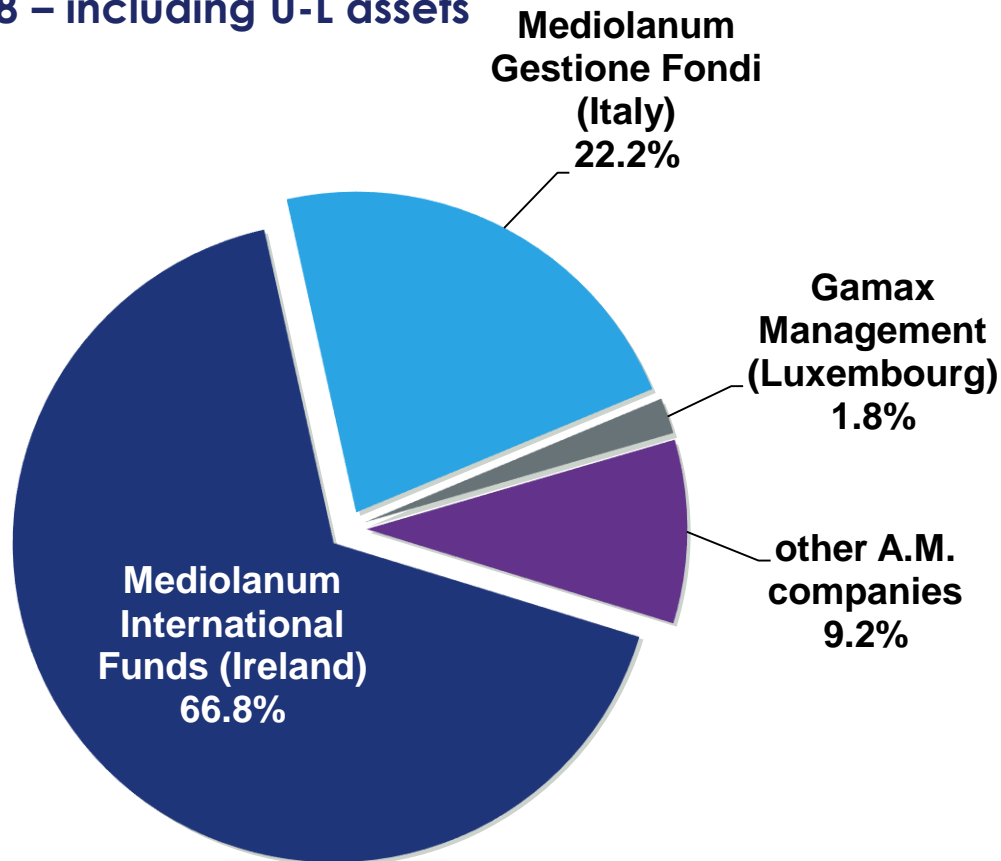


	31/12/18	31/12/17	Change
'Best Brands' funds of funds (IRL)	17,857.7	19,655.4	-9%
'Portfolio' funds of funds (IRL)	0	316.7	n.s.
'Challenge' mutual funds (IRL)	12,822.5	14,294.2	-10%
Funds of Hedge Funds (IRL)	55.0	64.2	-14%
'Fondi Italia' mutual funds (ITA)	9,515.6	9,953.0	-4%
'Real estate' fund (ITA)	290.2	304.9	-5%
3rd-party stand-alone funds	2,746.1	2,409.3	+14%
Other	1,210.5	1,037.4	+17%
<i>Adj. for own mutual funds in FoFs &amp; Managed accts.</i>	<i>(196.5)</i>	<i>(402.5)</i>	<i>-51%</i>
'MyLife' U-L policy	5,595.5	5,312.1	+5%
Other U-L policies	12,867.6	13,097.2	-2%
<i>Adj. for own mutual funds in U-L policies</i>	<i>(15,156.2)</i>	<i>(16,035.1)</i>	<i>-5%</i>
<b>ASSETS IN MUTUAL FUNDS &amp; U-L</b>	<b>47,608.0</b>	<b>50,006.8</b>	<b>-5%</b>

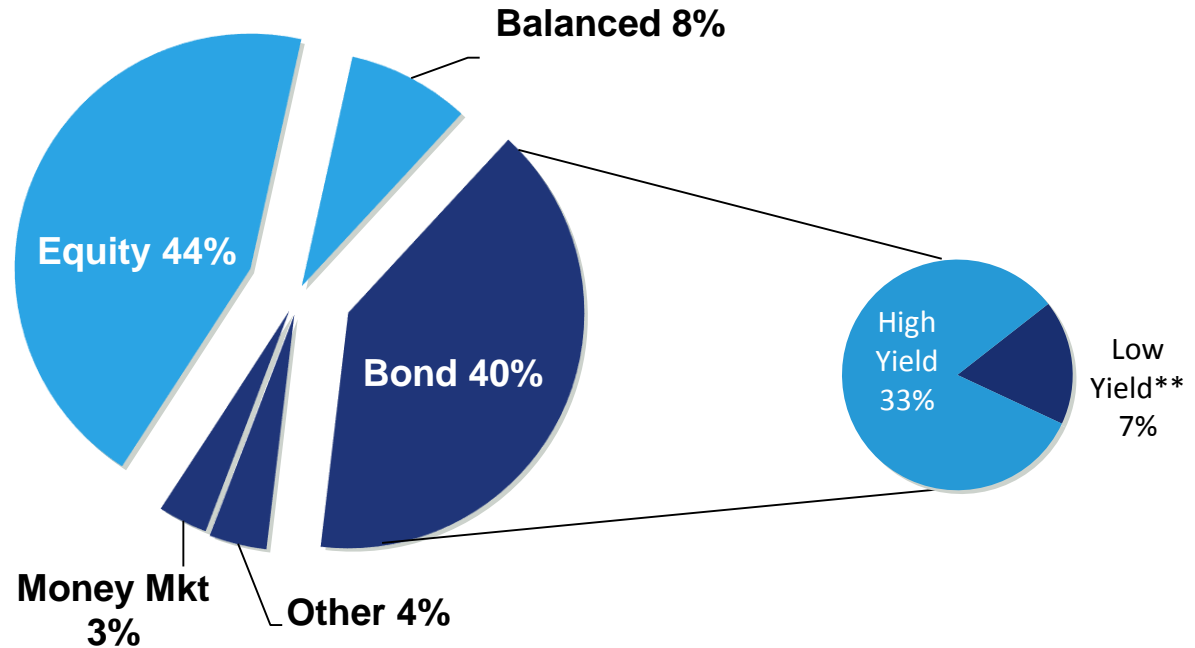
# Mutual Funds

## Assets by A.M. company

as at 31/12/2018 – including U-L assets



# Mutual Funds Assets\* by category as at 31/12/2018 – including U-L assets



\* Flexible funds are classified according to their equivalent risk level.

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



## Banking Assets under Administration

€ mn



	31/12/18	31/12/17	Change
Cash Deposits	15,842.8	15,518.1	+2%
Repurchase agreements	434.4	41.4	n.s.
Mediolanum bonds	44.4	80.2	-45%
3rd-party structured bonds	513.0	444.4	+15%
Other securities	2,691.8	2,721.4	-1%
<b>BANKING ADMINISTERED ASSETS</b>	<b>19,526.5</b>	<b>18,805.4</b>	<b>+4%</b>

	Nominal Interest Rate	31/12/2018	31/12/2017	Change
Mortgages	1.33%	<b>1,178</b>	1,038	+13%
Personal & Commercial Loans	2.99%	<b>590</b>	632	-7%
Salary-backed Loans (EuroCQS)	5.72%	<b>290</b>	-	n.a.
<b>Total</b>		<b>2,058</b>	<b>1,671</b>	<b>+23%</b>
3rd-party loans	n.s.	<b>29</b>	30	-5%

# Banking Credit Book & Quality

€ mn – as at 31/12/2018



	31/12/18	31/12/17	Change
Mortgages	6,305	5,713	+10%
Personal & Commercial Loans	1,542	1,445	+7%
Lines of credit	264	276	-4%
Salary-backed Loans (EuroCQS)	321	6	n.s.
<b>Total Credit Book</b>	<b>8,432</b>	<b>7,441</b>	<b>+13%</b>

## % on total loans

Gross non-performing Loans

Net non-performing Loans

**B.Mediolanum**

**Italian Banks\***

1.38%

0.69%

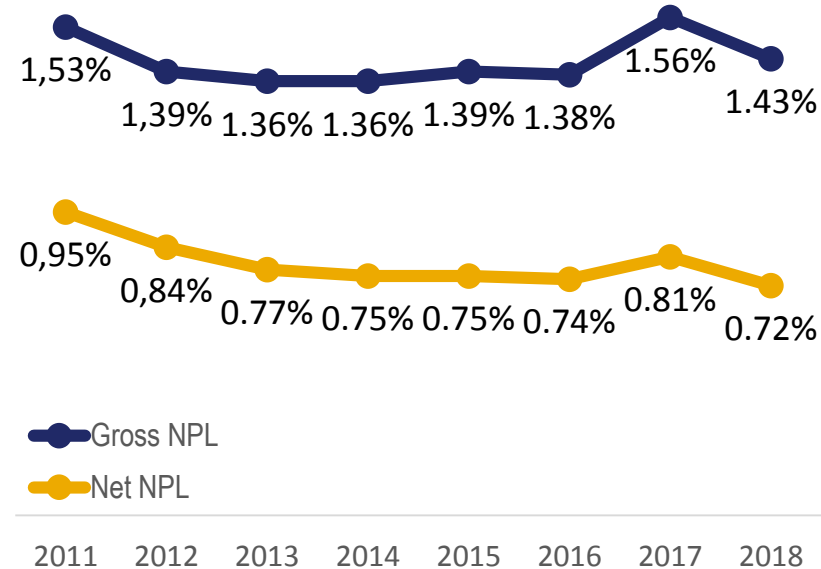
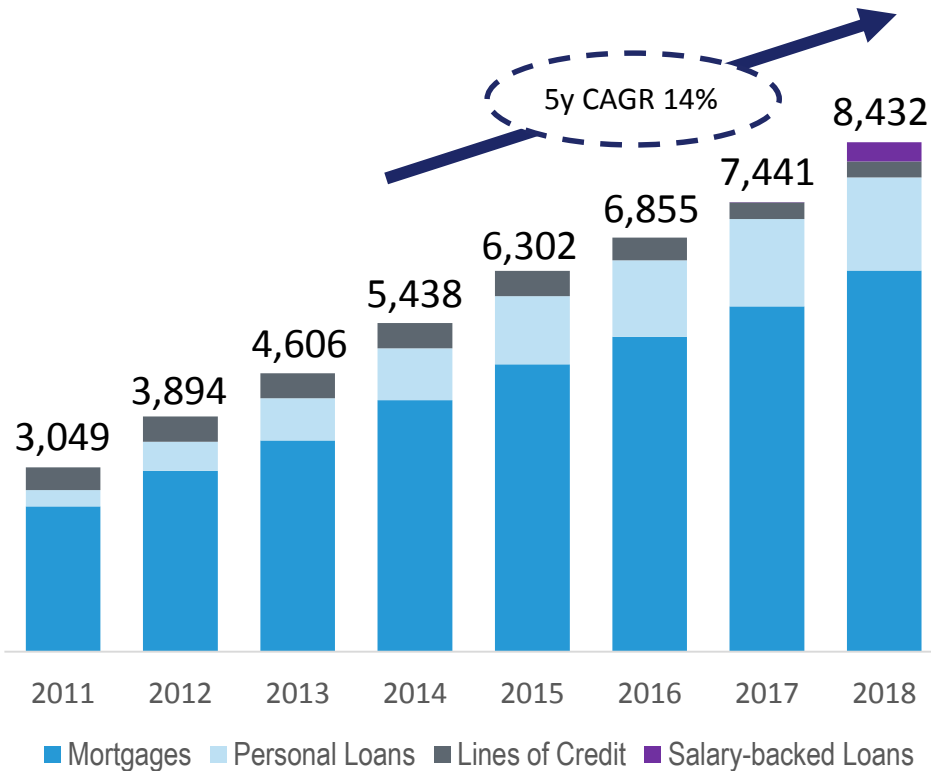
10.9%

as at 30/09/2018

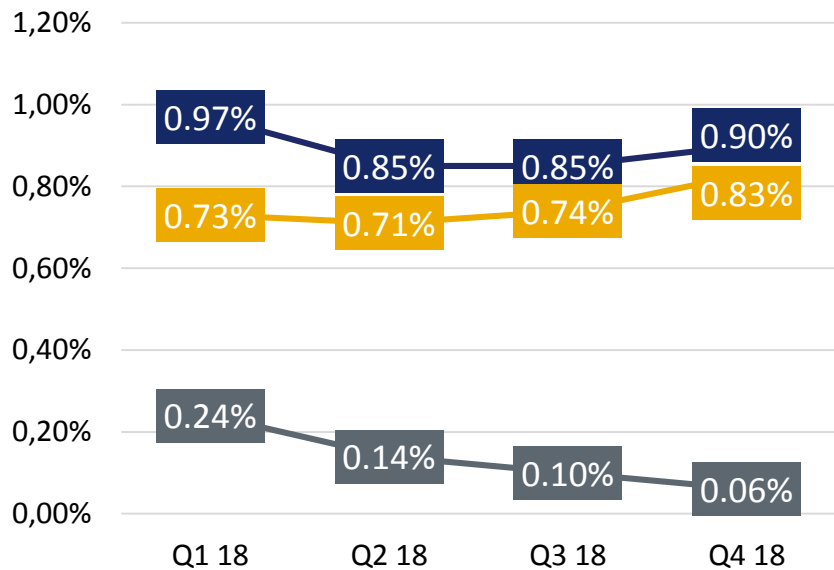
5.0%

as at 30/06/2018

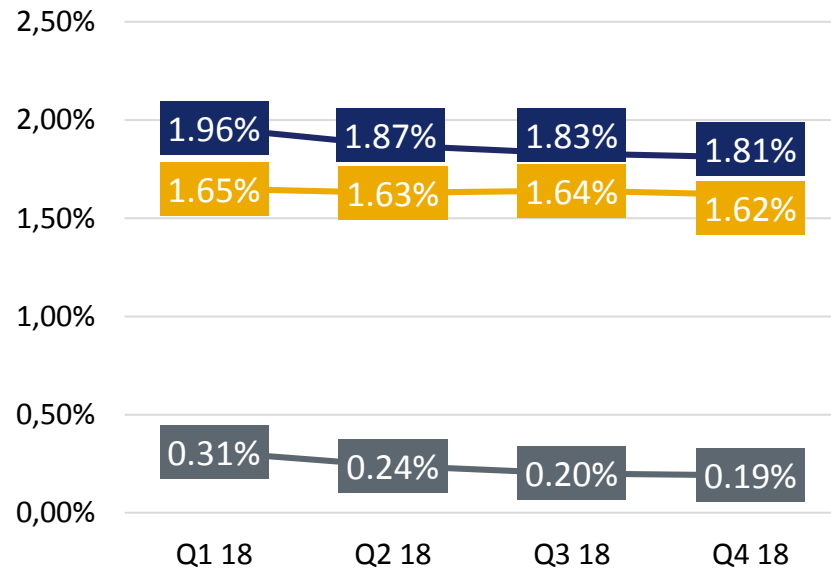
Steady growth & top-notch quality of Credit Book  
regardless of macro-economic conditions



## Total Book



## Retail Book



● Interest Income 
 ● Cost of Funding 
 ● Interest Spread

	Liabilities	Assets
<b>Retail</b>	<b>16,384</b>	<b>8,111</b>
<b>Treasury</b>	<b>5,658</b>	<b>13,830</b>
o/w interbank / intra-group deposits & repos	770	522
o/w ECB refinancing	0	0
o/w MTS refinancing	4,889	341
o/w securities (bonds)		12,966
<b>Other liabilities / assets</b>	<b>2,310</b>	<b>2,411</b>
<b>TOTAL</b>	<b>24,352</b>	<b>24,352</b>

**Operating Liquidity (24hr) : € 7,919 mn**

# Insurance

## Life – Policyholders' Assets

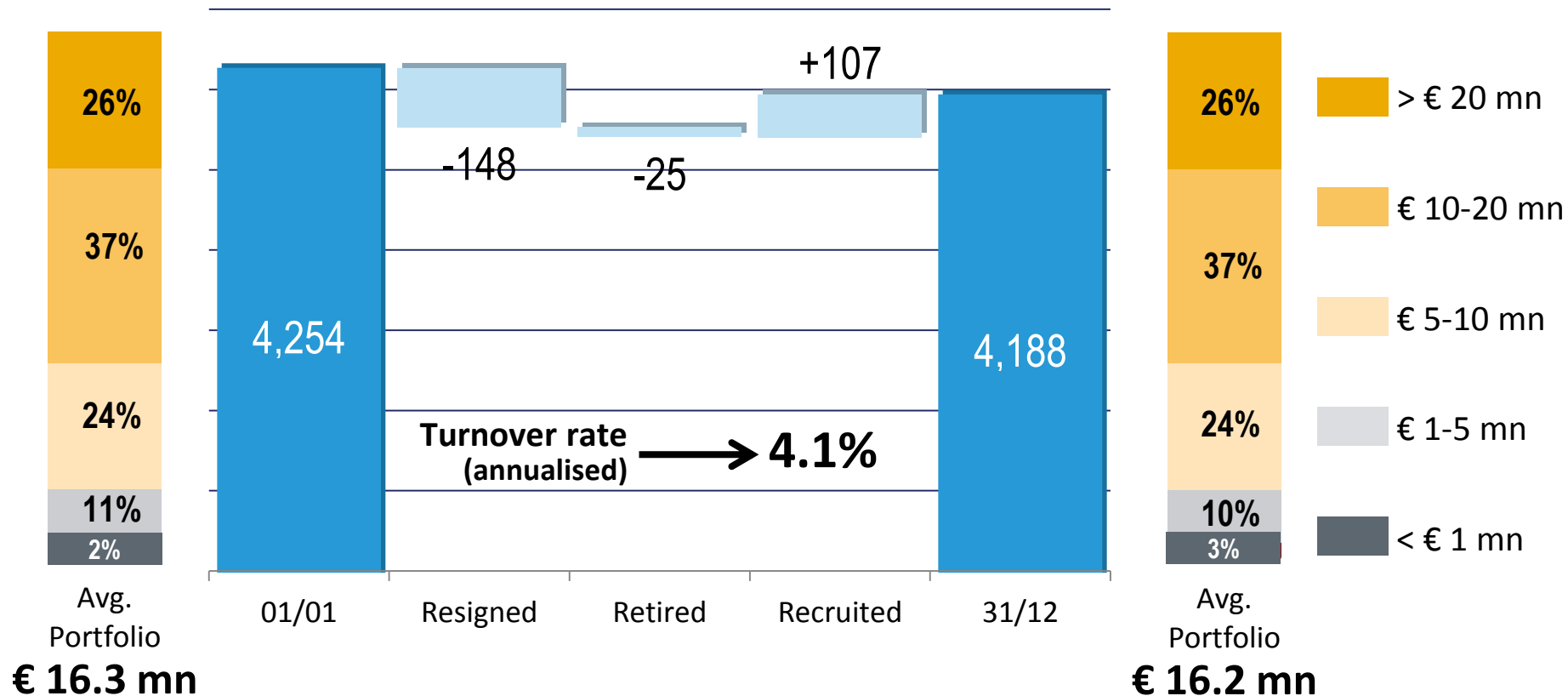
€ mn



	31/12/18	31/12/17	Change
<b>Traditional</b>	<b>1,477.5</b>	<b>1,412.4</b>	<b>+5%</b>
<b>Index-linked</b>	<b>0</b>	<b>0</b>	<b>n.s.</b>
Unit-linked pension plans	6,026.6	6,267.6	-4%
Unit-linked endowment policies	3,373.5	3,788.0	-11%
Unit-linked investment policies	9,062.9	8,353.7	+8%
<b>Unit-linked</b>	<b>18,463.1</b>	<b>18,409.3</b>	<b>+0%</b>
<i>o/w equity</i>	<i>51.1%</i>	<i>56.7%</i>	<i>-10%</i>
<b>LIFE ASSETS (EX-'FREEDOM')</b>	<b>19,940.6</b>	<b>19,821.7</b>	<b>+1%</b>
<b>'Freedom' Life policies</b>	<b>33.4</b>	<b>183.8</b>	<b>-82%</b>

	FY18	FY17	Change
New Business	6.7	5.9	+15%
In-Force Business	36.9	33.4	+10%
<b>Stand-Alone Policies</b>	<b>43.6</b>	<b>39.3</b>	<b>+11%</b>
<b>Loan Protection Policies</b>	<b>41.2</b>	<b>37.6</b>	<b>+10%</b>
<b>NON-LIFE – GROSS PREMIUMS WRITTEN</b>	<b>84.8</b>	<b>76.8</b>	<b>+10%</b>

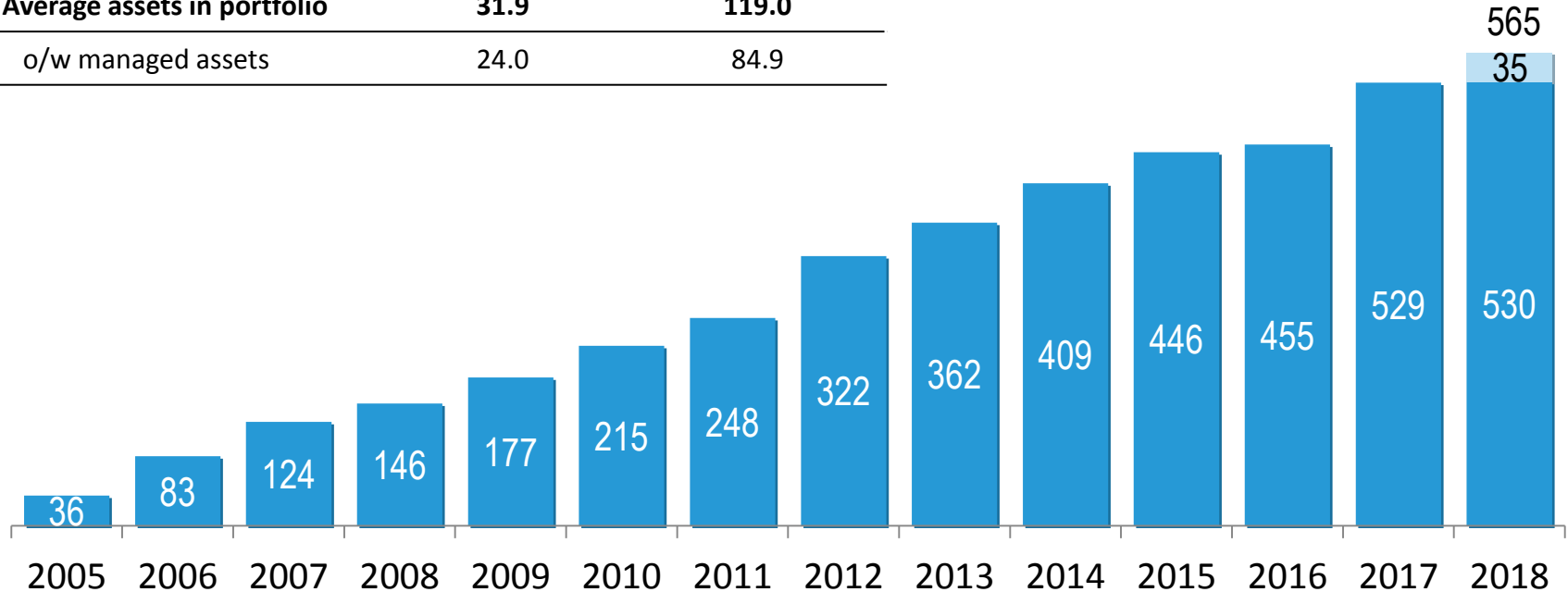




# Focus on 'Private Bankers' and 'Wealth Advisors'\* as at 31/12/2018



	Private Bankers	Wealth Advisors ( > € 60 mn AUM)
Average assets in portfolio	31.9	119.0
o/w managed assets	24.0	84.9



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



# FY 2018 Foreign Markets Results

	FY18	FY17	Change
<b>Net Income</b>	<b>15.0</b>	<b>17.6</b>	<b>-15%</b>
Managed Assets	3,423.6	3,335.2	+3%
Administered Assets	1,417.8	1,326.4	+7%
<b>Total Assets</b>	<b>4,841.4</b>	<b>4,661.6</b>	<b>+4%</b>
<b>Gross Inflows into Managed Assets</b>	<b>1,527.6</b>	<b>1,372.9</b>	<b>+11%</b>
Net Inflows into Managed Assets	+439.9	+613.5	-28%
Net Inflows into Administered Assets	+118.9	+5.7	n.s.
<b>Total Net Inflows</b>	<b>+558.8</b>	<b>+619.1</b>	<b>-10%</b>
Family Bankers (Mediolanum model)	996	900	+11%
Traditional agents	30	31	-3%
<b>Total Sales Network</b>	<b>1,026</b>	<b>931</b>	<b>+10%</b>
<b>Total Customers</b>	<b>125,817</b>	<b>117,054</b>	<b>+7%</b>

	FY18	FY17	Change
<b>Net Income</b>	<b>(13.4)</b>	<b>(11.2)</b>	<b>+20%</b>
Managed Assets	444.6	499.8	-11%
Administered Assets	153.3	147.6	+4%
<b>Total Assets</b>	<b>597.9</b>	<b>647.4</b>	<b>-8%</b>
<b>Gross Inflows into Managed Assets</b>	<b>80.5</b>	<b>81.3</b>	<b>-1%</b>
Net Inflows into Managed Assets	-6.6	+21.0	n.s.
Net Inflows into Administered Assets	+5.8	+0.8	n.s.
<b>Total Net Inflows</b>	<b>-0.8</b>	<b>+21.8</b>	<b>n.s.</b>
<b>Total Sales Network</b>	<b>48</b>	<b>49</b>	<b>-2%</b>
<b>Total Customers</b>	<b>5,883</b>	<b>5,705</b>	<b>+3%</b>

	FY18	FY17	Change
<b>Net Income</b>	<b>(15.8)</b>	<b>(14.6)</b>	<b>+8%</b>
Managed Assets	269.3	290.0	-7%
Administered Assets	153.3	147.6	+4%
<b>Total Assets</b>	<b>422.7</b>	<b>437.5</b>	<b>-3%</b>
<b>Gross Inflows into Managed Assets</b>	<b>73.7</b>	<b>69.2</b>	<b>+7%</b>
Net Inflows into Managed Assets	+7.9	+25.2	-69%
Net Inflows into Administered Assets	+5.8	+0.8	n.s.
<b>Total Net Inflows</b>	<b>+13.6</b>	<b>+26.0</b>	<b>-48%</b>
<b>Total Sales Network</b>	<b>48</b>	<b>49</b>	<b>-2%</b>
<b>Total Customers</b>	<b>5,883</b>	<b>5,705</b>	<b>+3%</b>

	FY18	FY17	Change
<b>Net Income</b>	<b>2.3</b>	<b>3.4</b>	<b>-32%</b>
<b>Assets under Management</b>	<b>175.3</b>	<b>209.8</b>	<b>-16%</b>
<b>Gross Inflows</b>	<b>6.8</b>	<b>12.2</b>	<b>-44%</b>
<b>Net Inflows</b>	<b>-14.5</b>	<b>-4.2</b>	<b>+243%</b>



# Business Update



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

€ thousands - totals by Group



2018

Mutual Funds\*

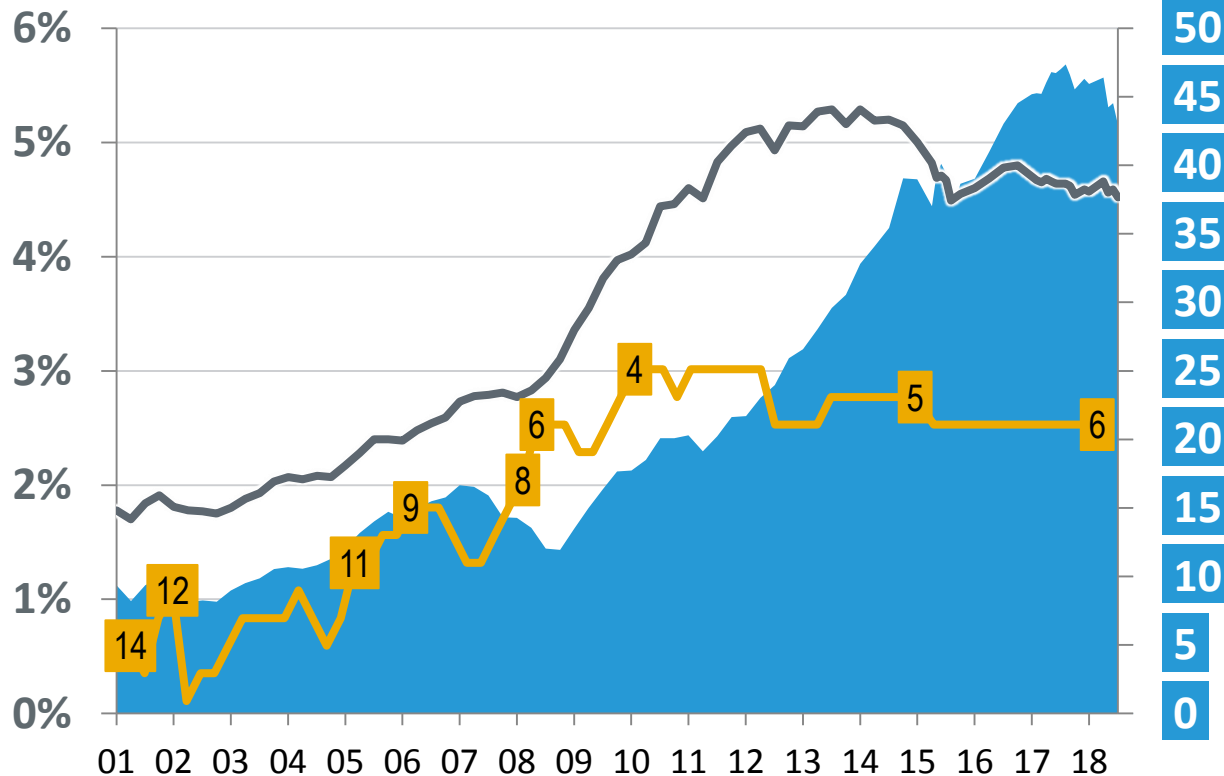
Managed Assets

Total Net Inflows

	2,457,523	2,460,844	3,535,506
<b>Banca Mediolanum</b>			
Allianz Bank	2,076,736	2,342,623	3,412,804
Banca Generali	800,406	2,227,533	5,019,928
Azimut	422,123	734,941	1,226,783
Fincobank	385,110	1,692,661	5,453,338
BNL - BNP Paribas	366,383	561,952	994,192
Banca Fideuram (incl. Sanpaolo Invest)	51,608	1,658,198	5,088,216
Consultinvest	37,268	46,218	47,660
Banca Widiba	- 128,150	- 136,060	229,992
IW Bank	- 40,132	- 111,026	189,024
Credem	- 207,557	- 192,040	- 49,653
Deutsche Bank (Finanza & Futuro)	- 236,005	368,312	702,468

\*including those underlying Unit-Linked policies & Managed Accounts

source: Assoreti

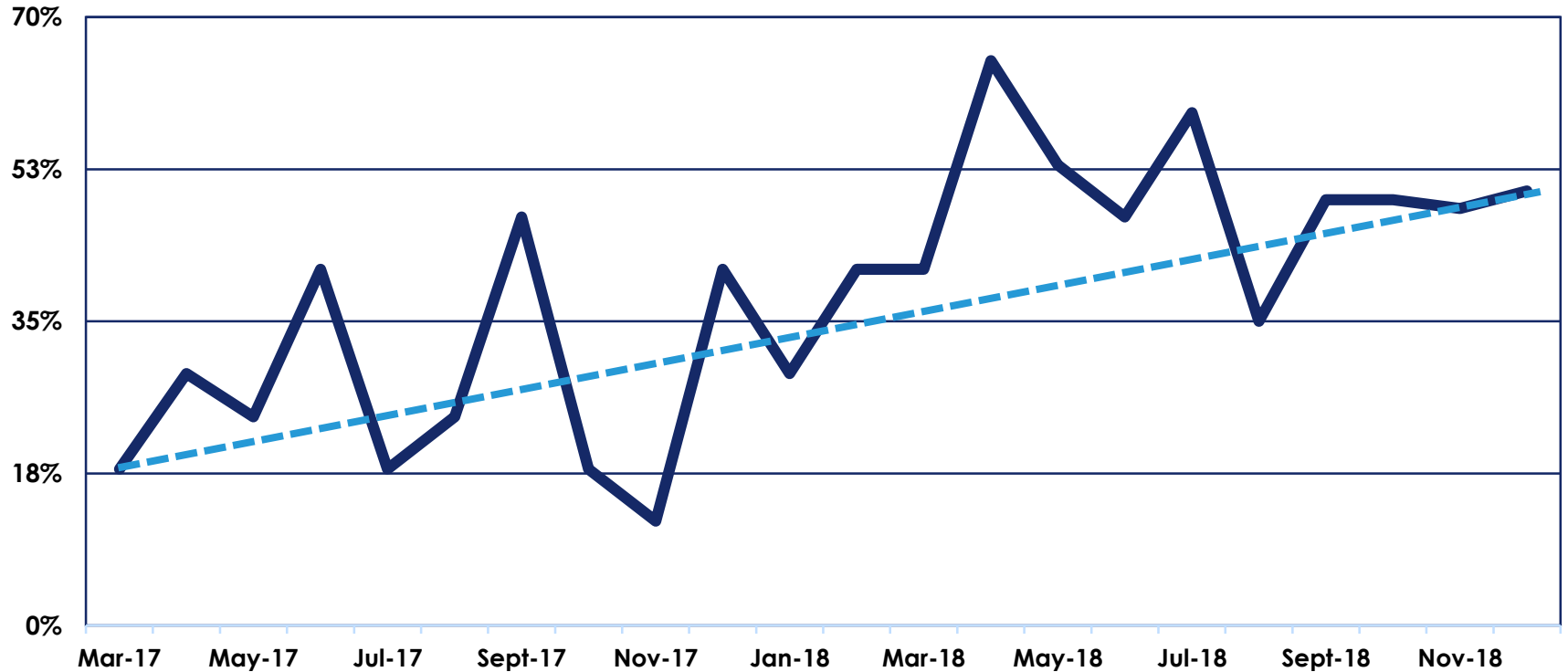


## Market Share – Dec 2018

Intesa Sanpaolo	20.4%
Amundi	10.6%
Anima	8.2%
Generali	8.1%
Blackrock	7.2%
<b>6 Mediolanum</b>	<b>4.5%</b>
JP Morgan	3.6%
UBI Banca	3.2%
Azimut	3.1%
Arca	2.8%
Invesco	2.7%
Pictet	2.6%
Fidelity	2.5%
M&G Investments	2.1%
Morgan Stanley	2.0%

	Jan '19	Jan '18
<b>Managed Assets</b>	<b>+172</b>	<b>+132</b>
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	<i>+152</i>	<i>+196</i>
<b>Administered Assets</b>	<b>+61</b>	<b>+34</b>
<b>GROUP TOTAL NET INFLOWS</b>	<b>+233</b>	<b>+167</b>
Managed Assets	+146	+104
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	<i>+122</i>	<i>+132</i>
Administered Assets	+59	+38
<b>Italy – Banca Mediolanum Total Net Inflows</b>	<b>+205</b>	<b>+142</b>
Managed Assets	+23	+30
<i>o/w Mutual Funds &amp; U-L</i>	<i>+27</i>	<i>+63</i>
Administered Assets	+3	+2
<b>Spain – Banco Mediolanum Total Net Inflows</b>	<b>+26</b>	<b>+32</b>
Managed Assets	+3	-2
<i>o/w Mutual Funds &amp; U-L</i>	<i>+3</i>	<i>0</i>
Administered Assets	-2	-6
<b>Germany – B.A. Lenz &amp; Gamax Total Net Inflows</b>	<b>+1</b>	<b>-7</b>

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



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%
<b>Total Assets</b>	<b>1.71%</b>	<b>1.23%</b>

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

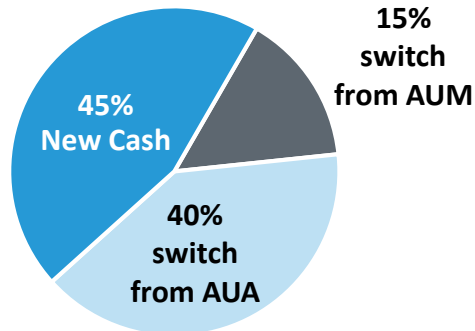
Only **1 PIR per person**. Benefits lost if customer changes A.M. co.

**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**

**2018 Inflows: € 801 mn**

**9M18 Market Share: 21%\***



## Mediolanum Flessibile Sviluppo Italia

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

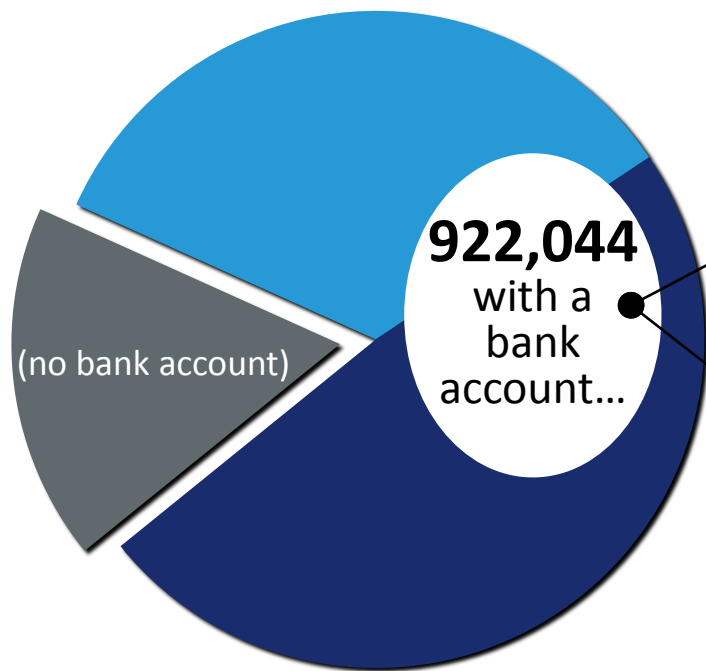
## Mediolanum Futuro Italia

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

**1,067,453** primary account holders in Italy:



**922,044**  
with a  
bank  
account...

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

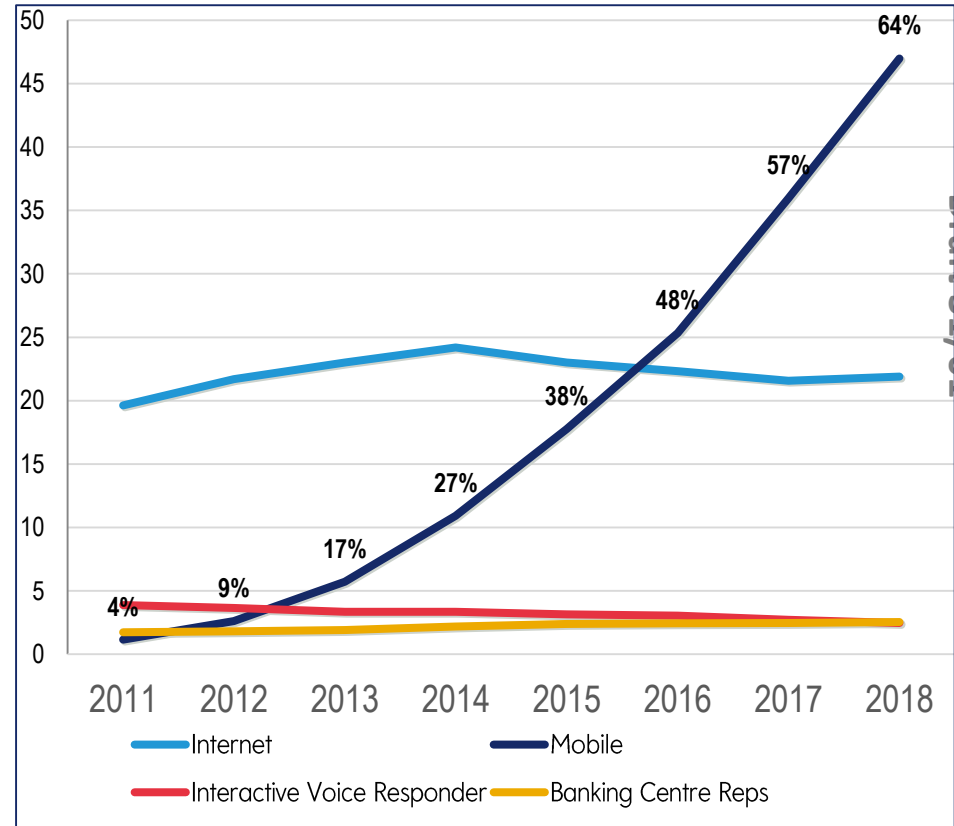
572,215 vs. 531,655 as at 31/12/2017

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

- 64% of total accesses via mobile app in 2018
- 40% of transactions via mobile app in 2018
- BMED app features all of the main banking & investment operations
- IT Investments mean the latest technology, best-in-class banking platform & stickier customers
- First bank in Italy to launch the 3 main mobile payment solutions



## Direct Channel Accesses (mn)

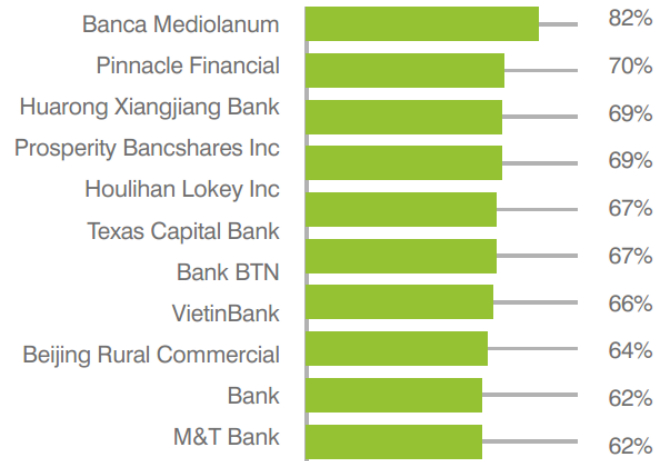


Draft 31/01



- 'Banking 500' is the annual report analyzing the **most valuable & strongest banking brands** in the world
- 2018: BMED awarded as 'Best Climber' in the ranking, gaining 149 positions from rank 491 to 342
- 2019**: BMED awarded as the '**Fastest-growing Brand**' in terms of Brand Value among the top 500 banks, now ranked 261

### Brand Value Change 2018-2019 (%)

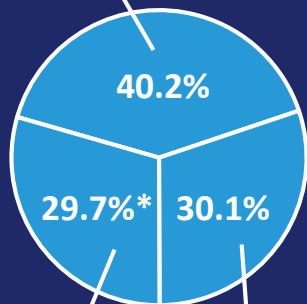




# Mediolanum Facts



Doris Group



Free Float

Fininvest

\* Shareholders >3%:  
T.Rowe Price 3,6%

## BANKING

100%

Banco  
MediolanumBankhaus  
August LenzMediolanum  
FiduciariaASSET  
MANAGEMENT

100%

(direct & indirect  
ownership)Mediolanum  
Gestione Fondi

100% Banca Mediolanum

Gamax  
Management

100% Banca Mediolanum

Mediolanum  
International Funds92% Banca Mediolanum  
5% Banco Mediolanum  
3% Bankhaus A. LenzMediolanum  
Gestion S.A.

100% Banco Mediolanum

## INSURANCE

100%



Mediolanum Vita

Mediolanum  
International LifeMediolanum  
Assicurazioni

## OTHER

100%

Mediolanum  
Comunicazione

Euro CQS

3.4% (directly &amp; through Mediolanum Vita)

Mediobanca



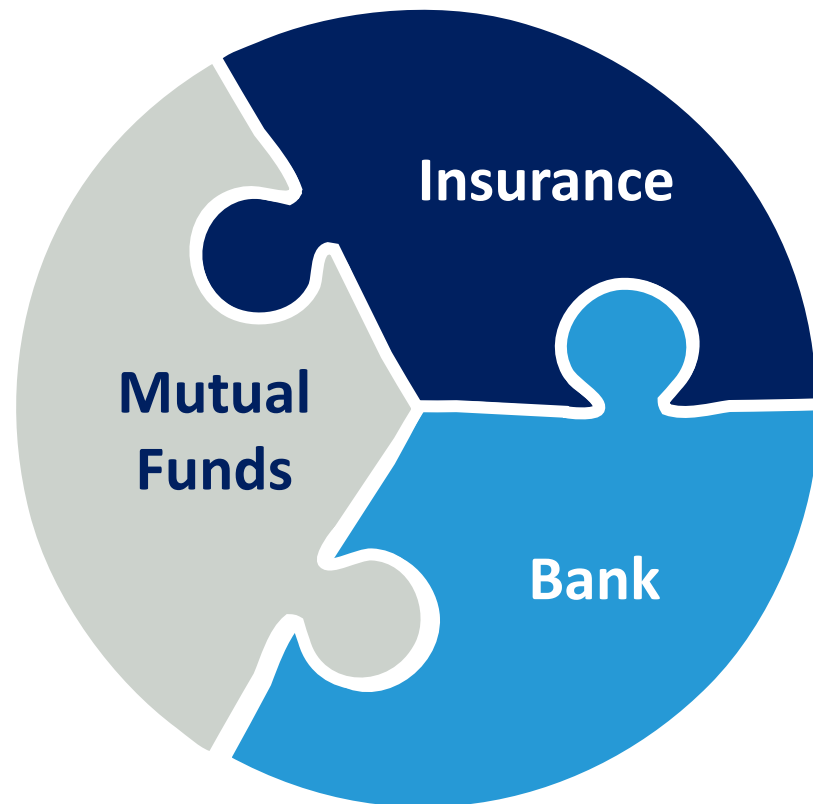
All companies  
Italy-based unless  
otherwise indicated

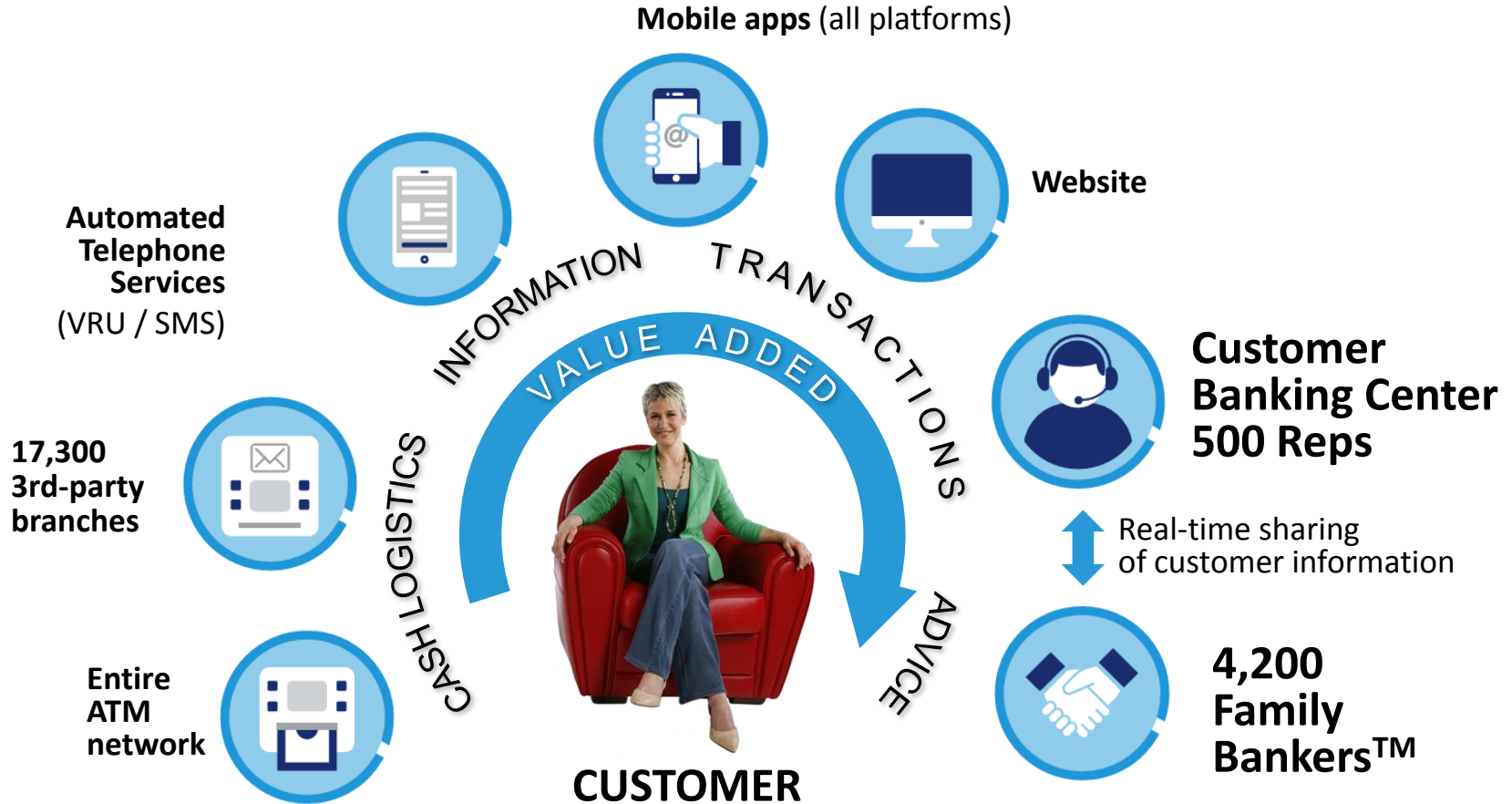
We and our Family Bankers view the company as a single entity, providing solutions that best fit the needs of the customer, whether it be in the form of a mutual fund, an insurance policy or a bank product

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 model combines the advantages of traditional and direct banks

## Family Bankers: the human touch



Self-employed tied agents with entrepreneurial approach



Willing to provide advice anytime, anywhere

Extensively trained to tackle every household financial need



Equally competent across all product lines

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



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

Compensated even for operations performed by customers through direct channels



Synergy, not competition, between human and direct channels



## Customers: freedom in banking

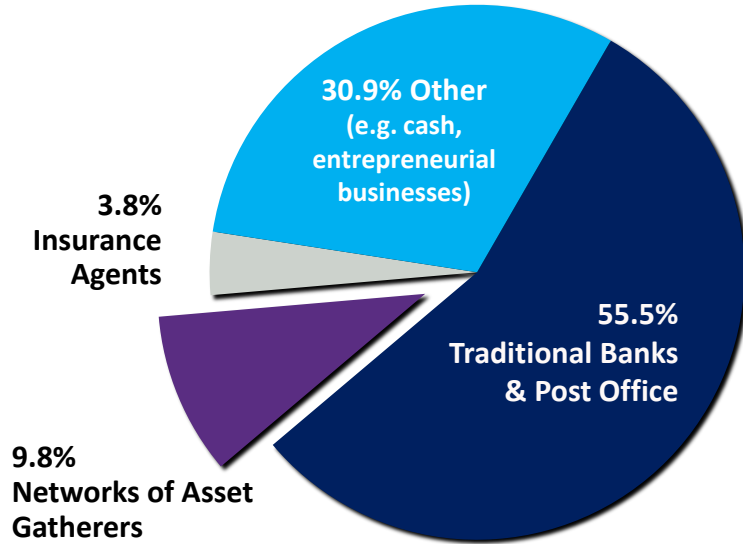
Top-quality and valuable direct banking services associated with a human relationship

# Italian Household Financial Assets

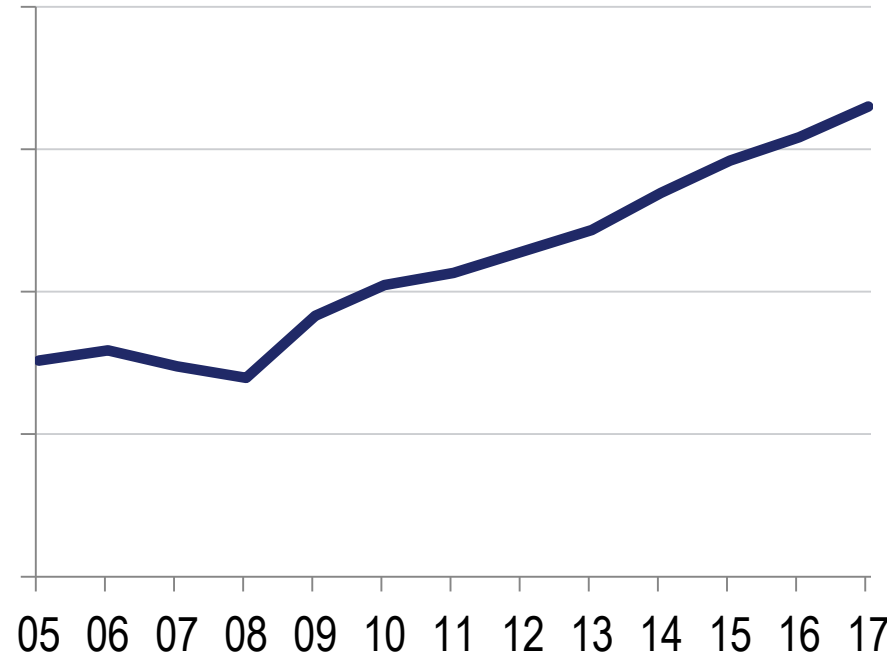
as at 31/12/2017 – real estate not included



Total HH Assets: € 4,268 bn



BMED Market Share: 1.65%



**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

# 56 A 'real' Bank with a Solid Set of Numbers

as at 31/12/2018



ROE

20%

10 Y avg. 2009- 2018

CET1

19.2%

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\*

LCR

352%

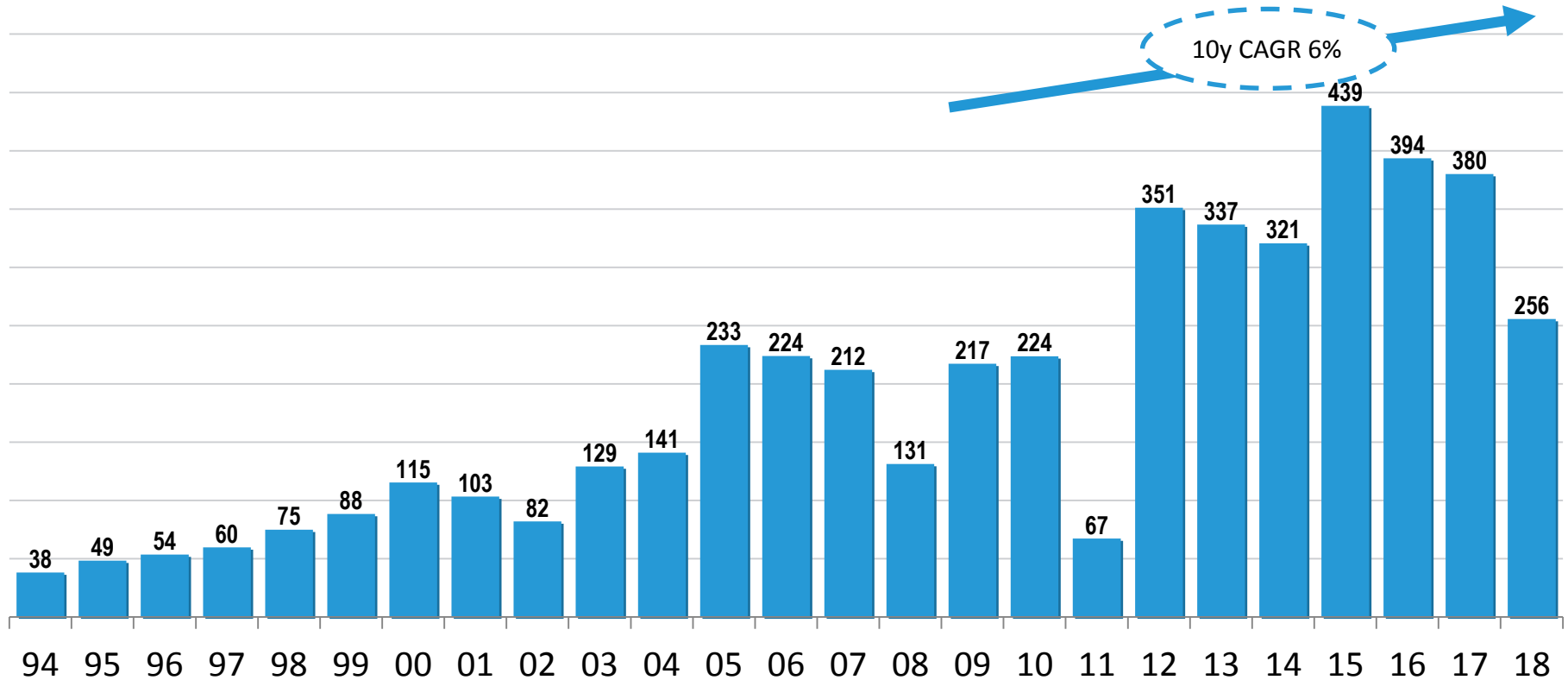
NSFR

165%

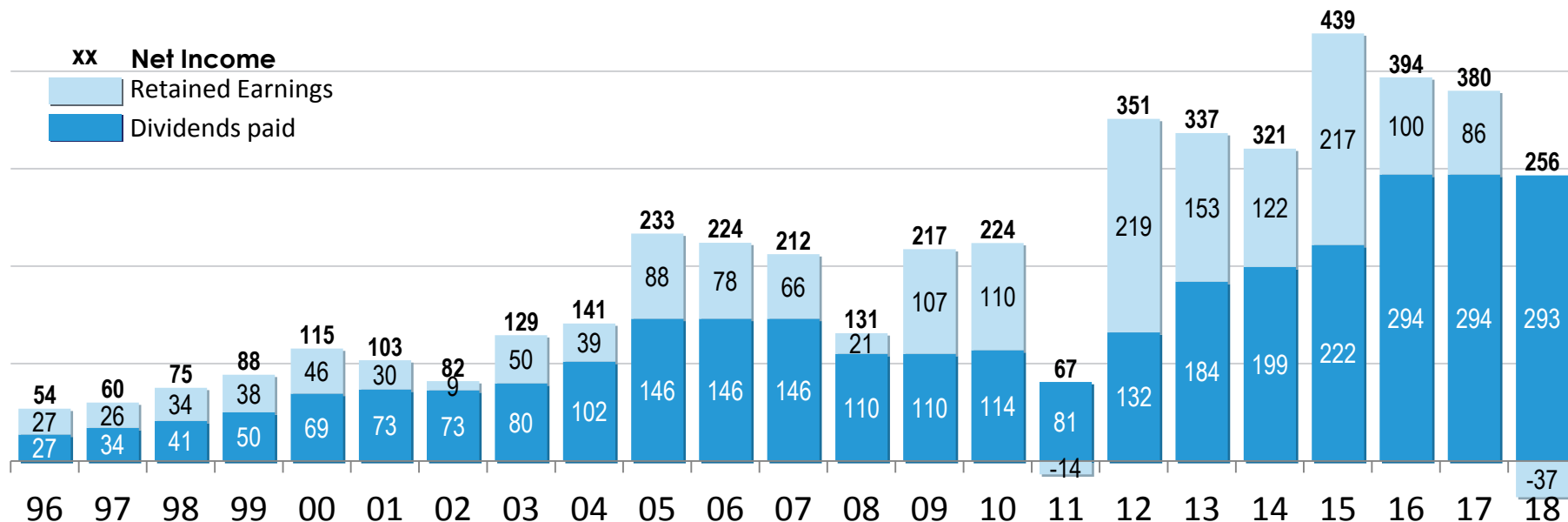
as at 30/9/2018

\* 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

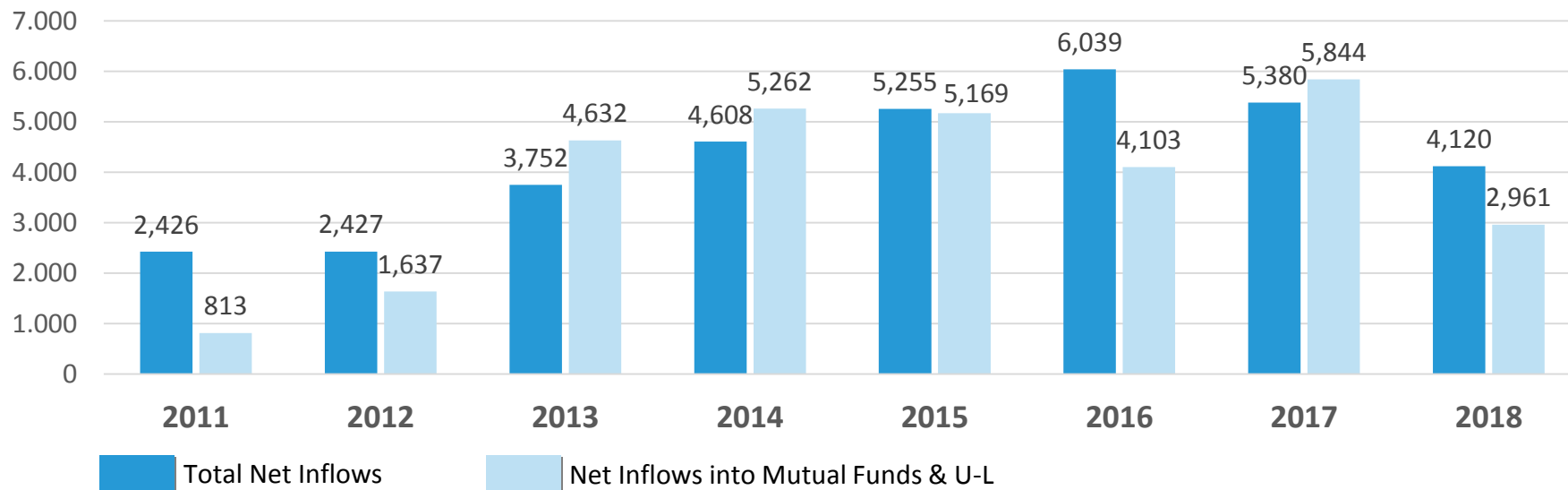


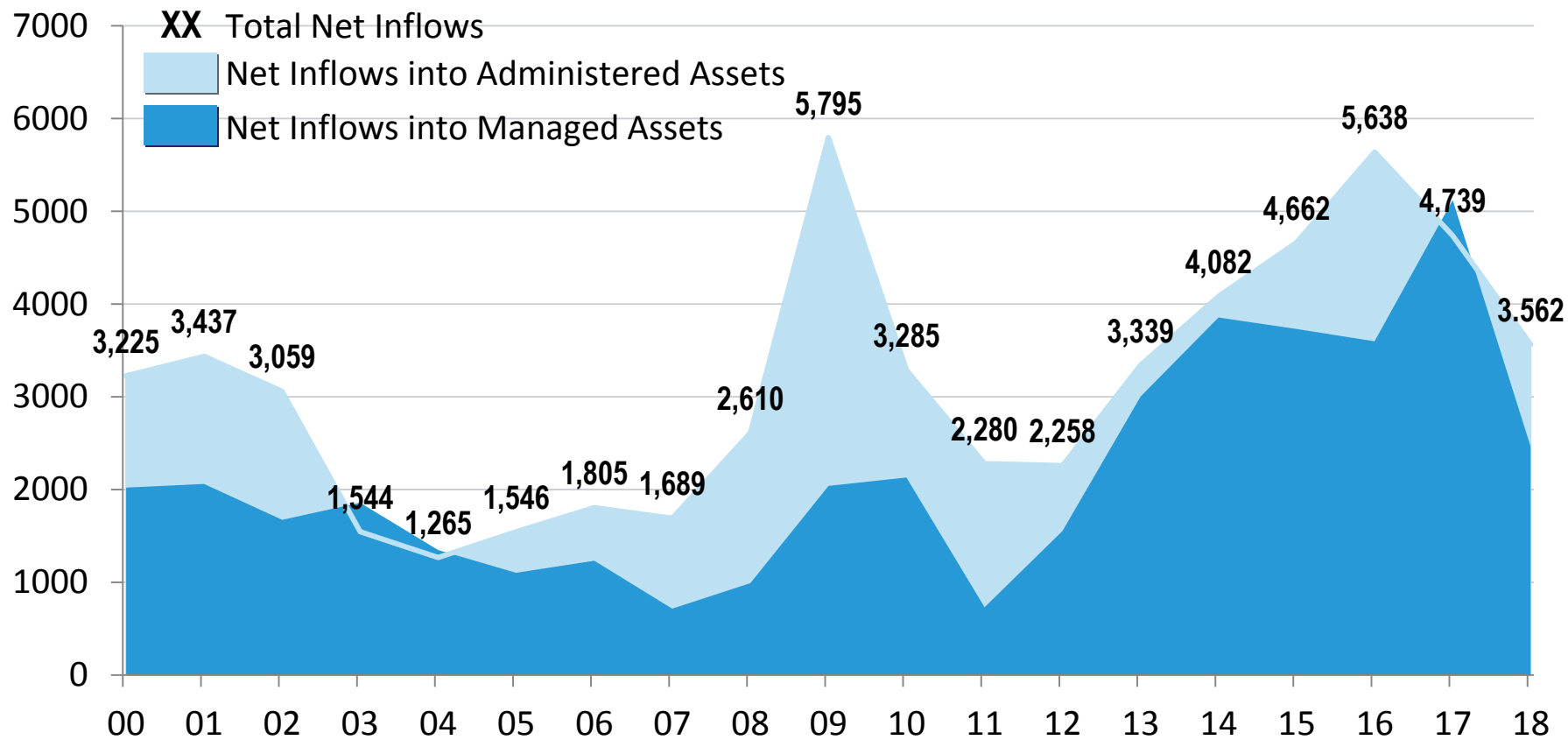
## DPS (€ cents)

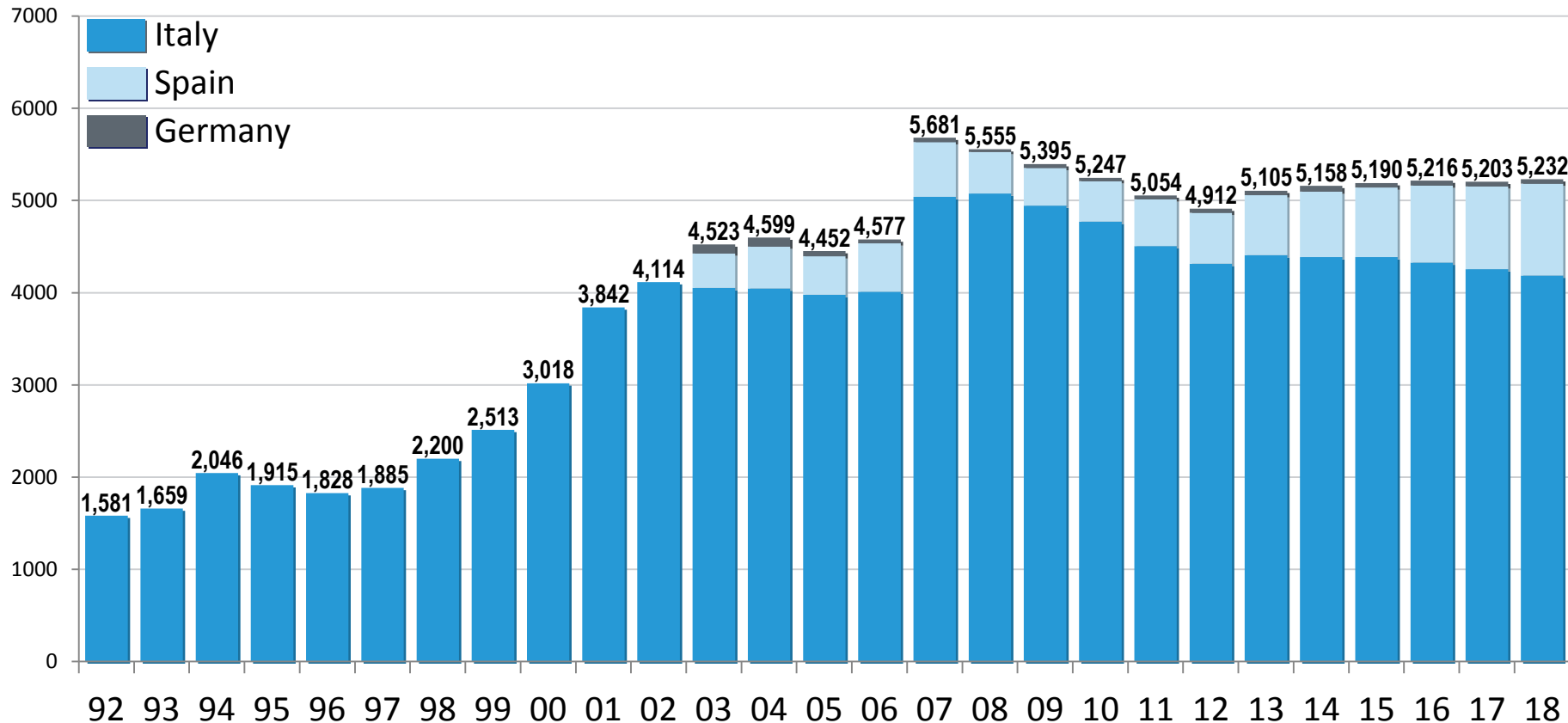


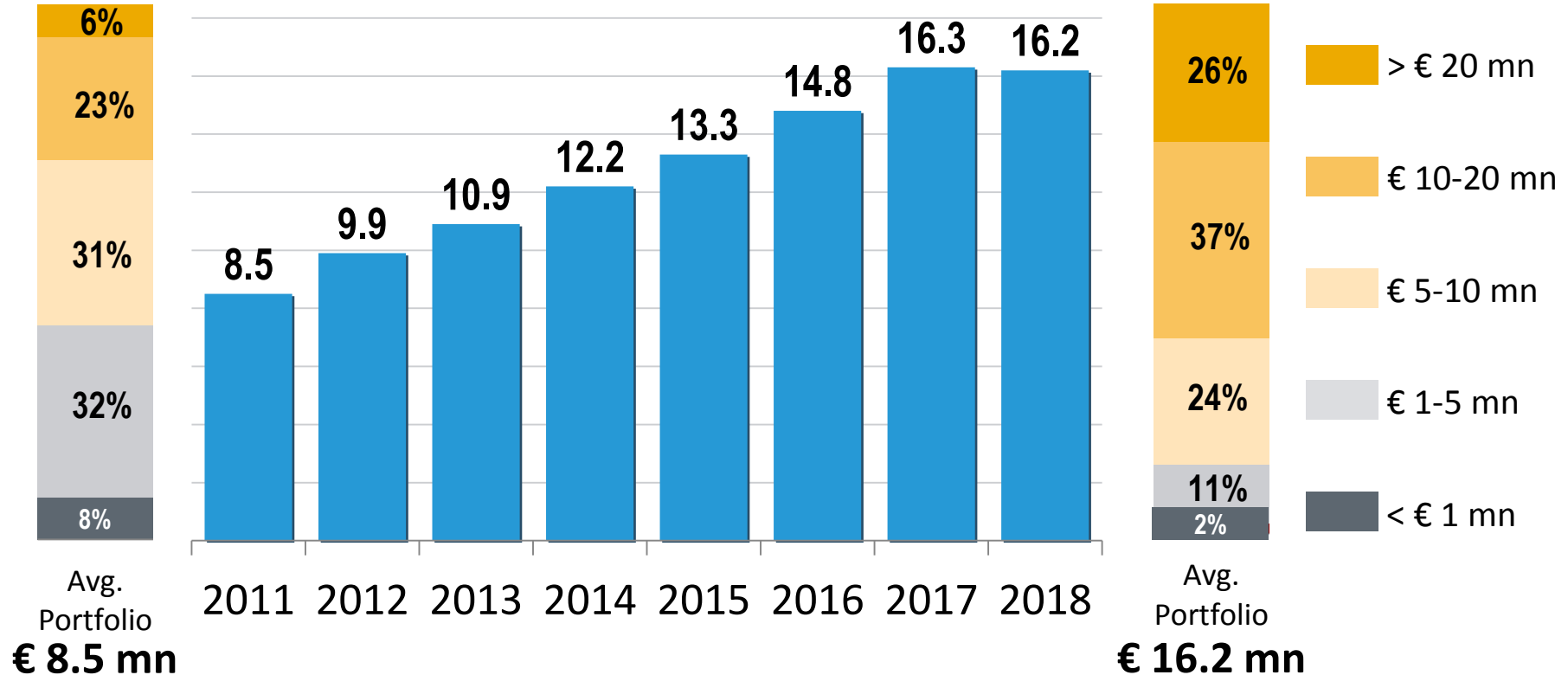
## A proven ability in converting administered inflows into managed assets

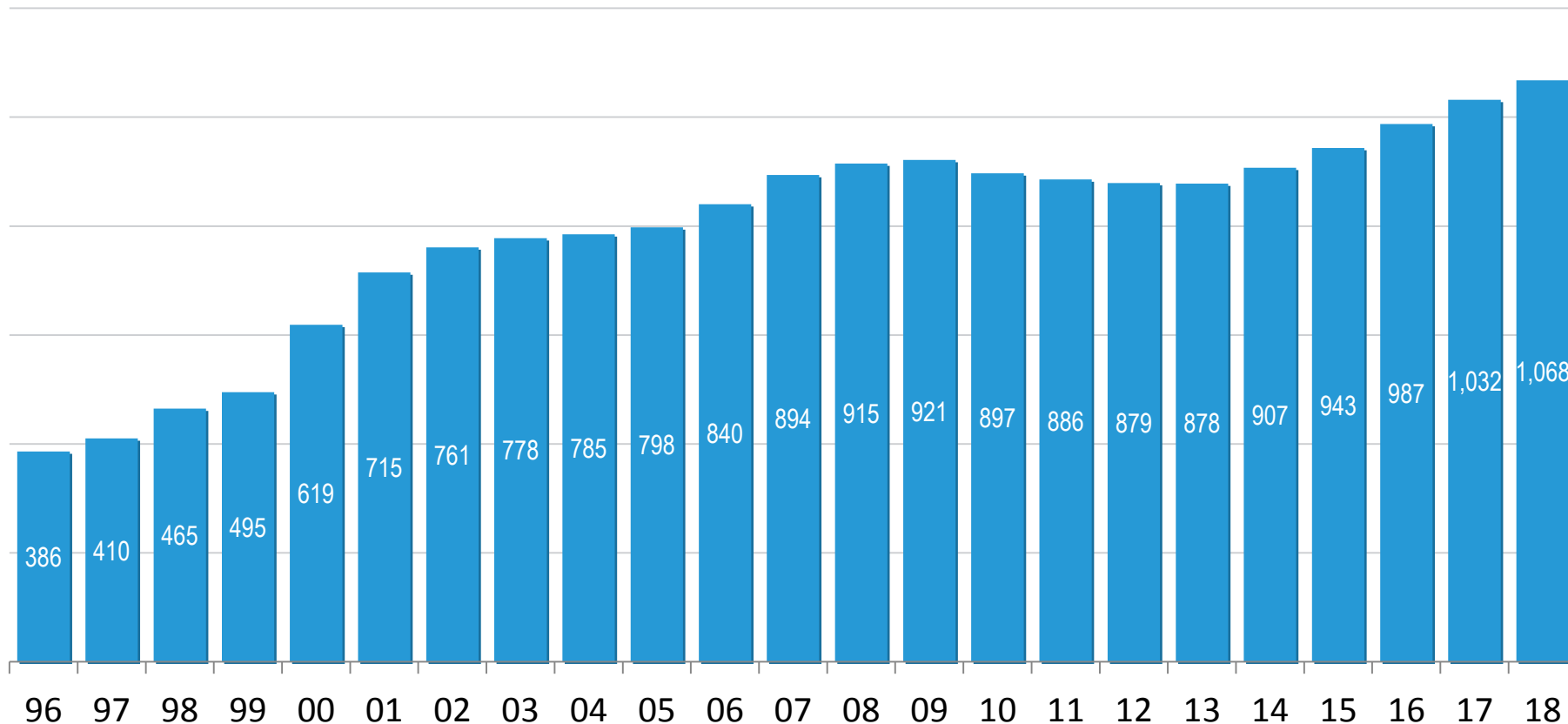
2011-2018:  
**€ 31.6 bn** of Total Net Inflows,  
o/w **€ 29.6 bn** into Mutual Funds & Unit-Linked policies







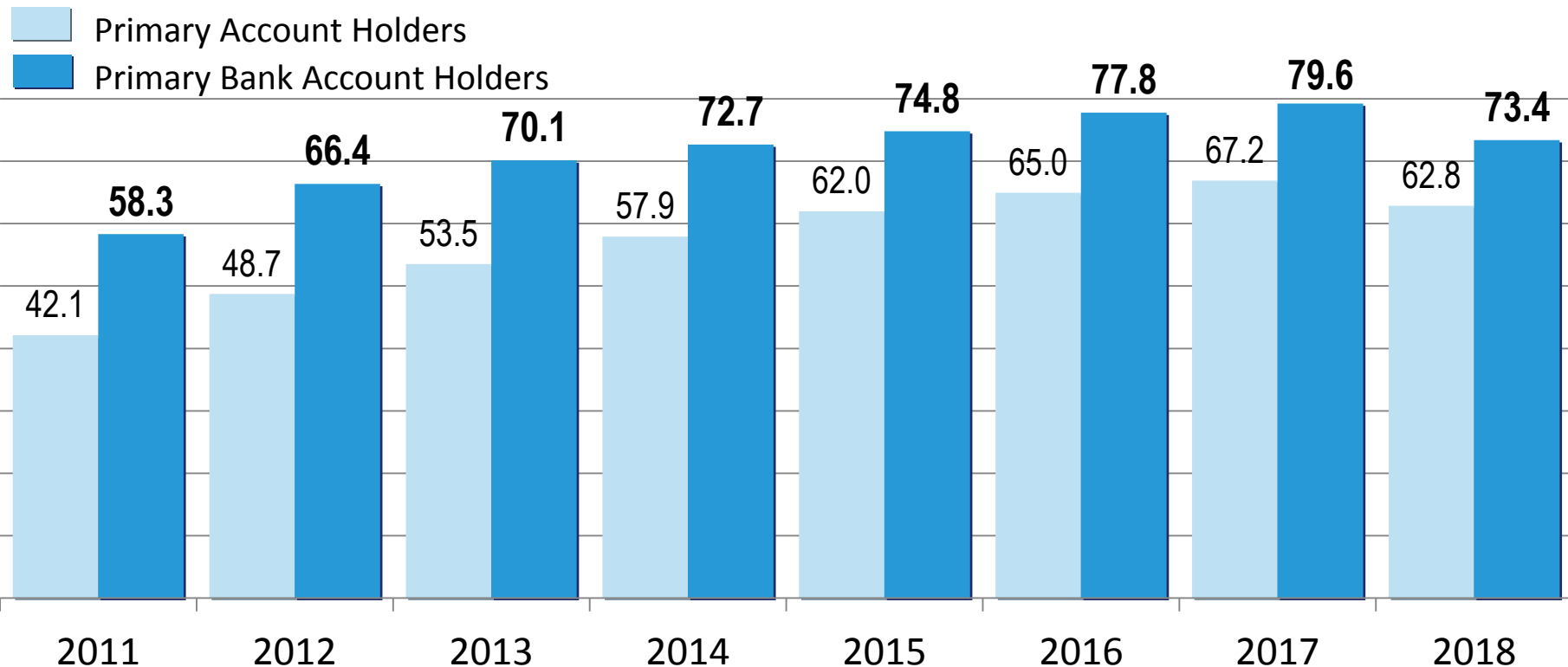




# Banca Mediolanum

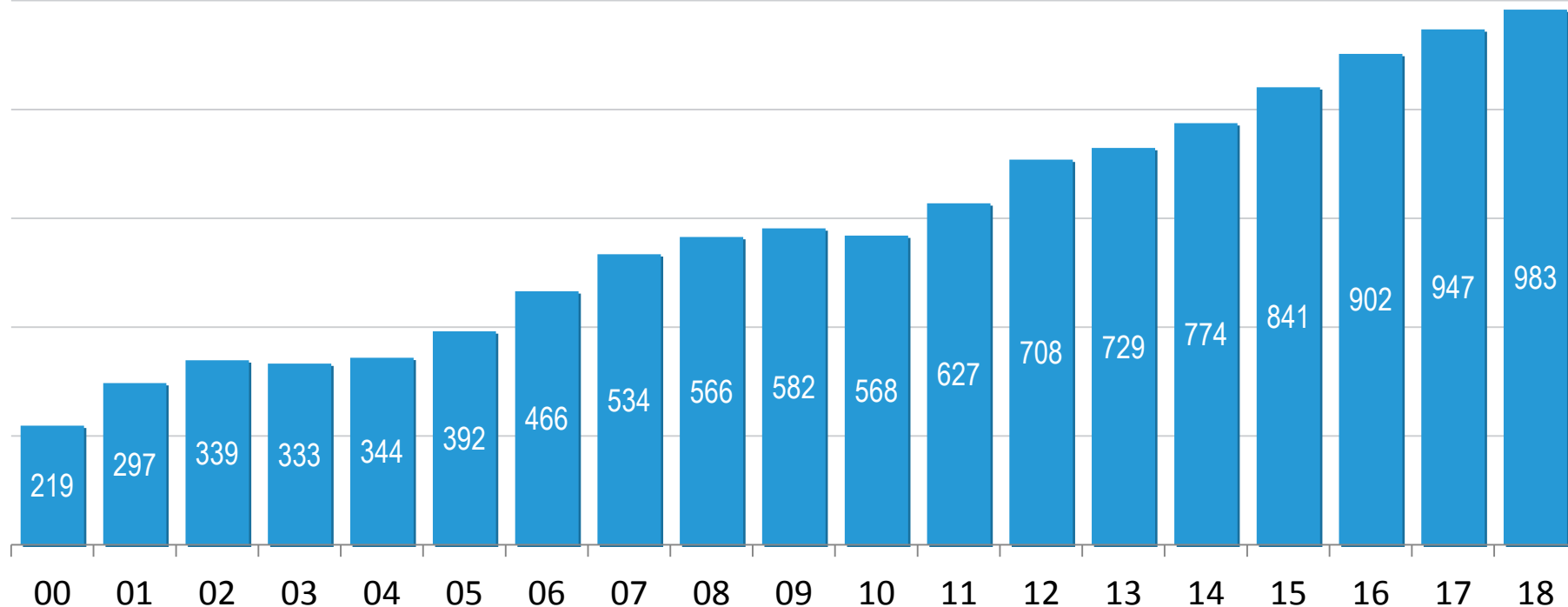
## Average Assets per Customer

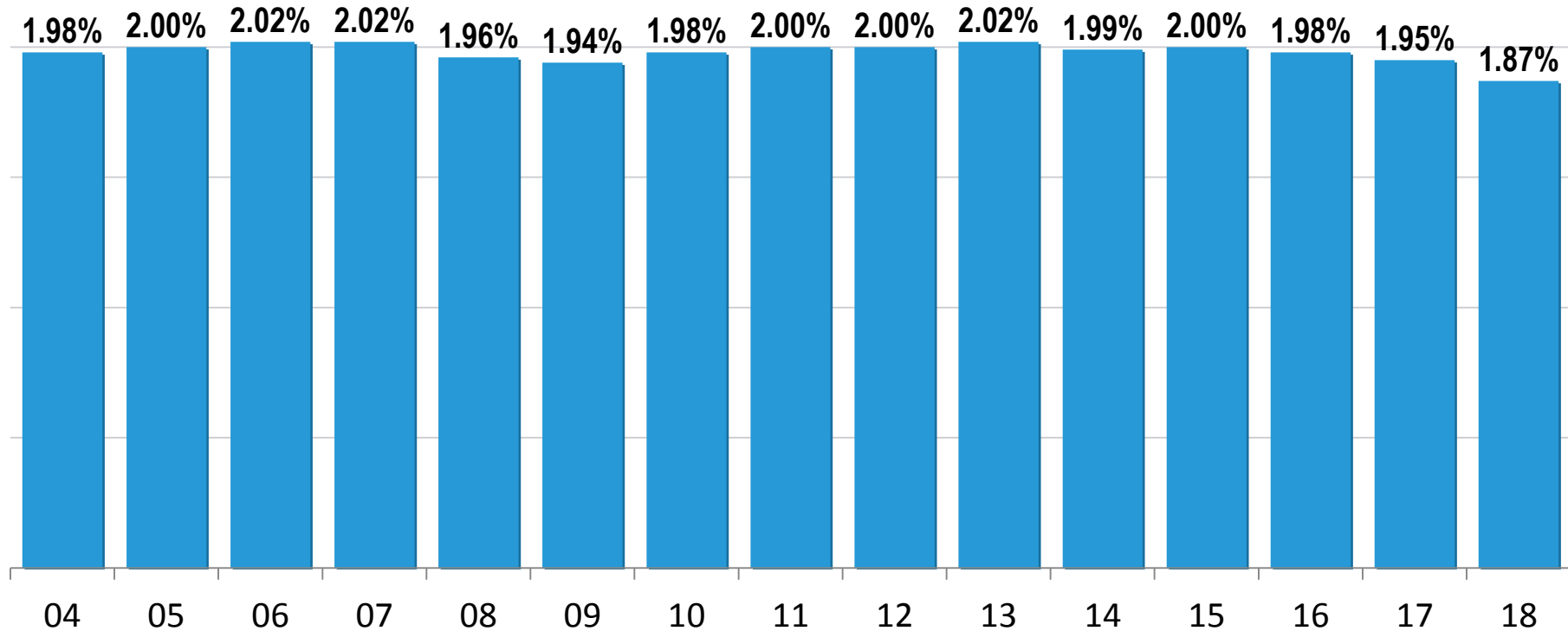
€ thousands



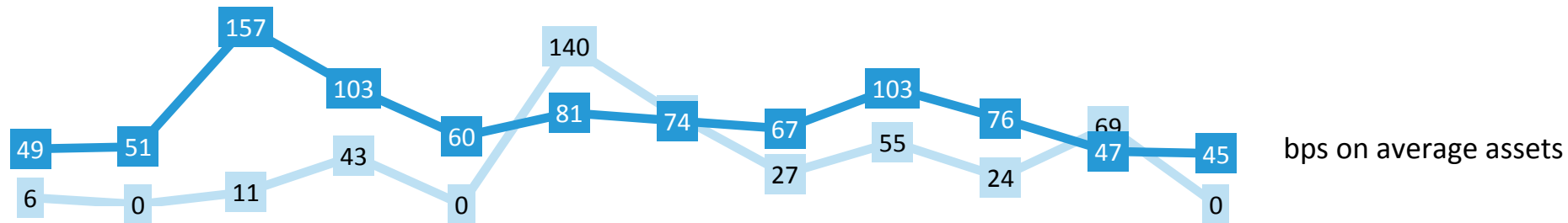
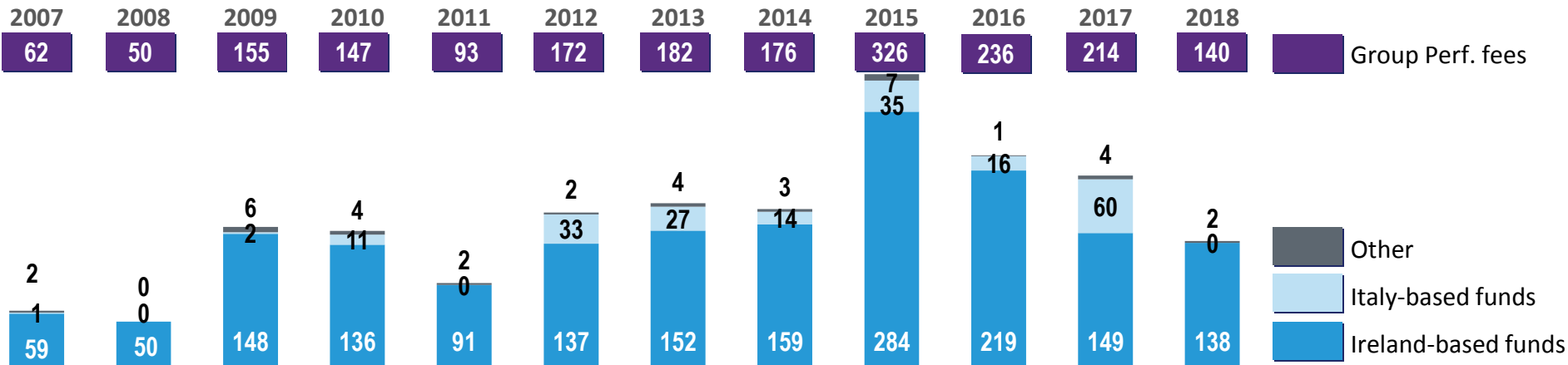


Since March 2005 all new customers are required to open a bank account as their first product





\* including insurance commissions on U-L policies



bps on average assets

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 impacts only 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**

# 69 The 'Intelligent Investment Strategy' Service launched June 2016

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 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.

INTELLIGENT  
INVESTMENT



STRATEGY

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

- 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. FY2018 Book at €321 mn
- **Loans granted in 2018: €290 mn**
- **Market share 9M18: 5%**. December 2018: 7%

## 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'

## 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

- **12 WIPs** as at Dec. 2108

- Expected break-even: end of 2019

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

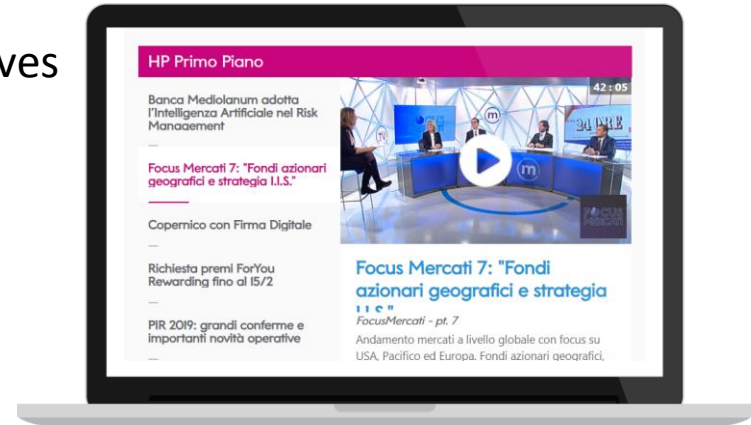
Online programs to train, motivate & communicate with our Family Bankers

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 **3,000 events** held in 2018:  
local & high-level events, sports events (e.g. Giro d'Italia), talk shows, etc.

Over **157,000 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 2017)

Average commercial value of media coverage is also regularly tracked



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

### Overall Satisfaction

#### Customer Satisfaction

98%

Traditional Banks: 86% | Online Banks: 96%

#### Net Promoter Score

67.0%

Traditional Banks: 11.1 | Online Banks: 52.4

#### Customer Retention

95.4%

### 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**

**INTESA**  **SANPAOLO** **57%**

 **UniCredit** **56%**

 **mediolanum** BANCA **41%**

**BancoPosta** **27%**

 **MONTE  
DEI PASCHI  
DI SIENA**  
BANCA DAL 1472 **26%**

**ING**  **DIRECT** **25%**

 **BNL**  
GRUPPO BNP PARIBAS **22%**

**UBI**  **Banca** **18%**

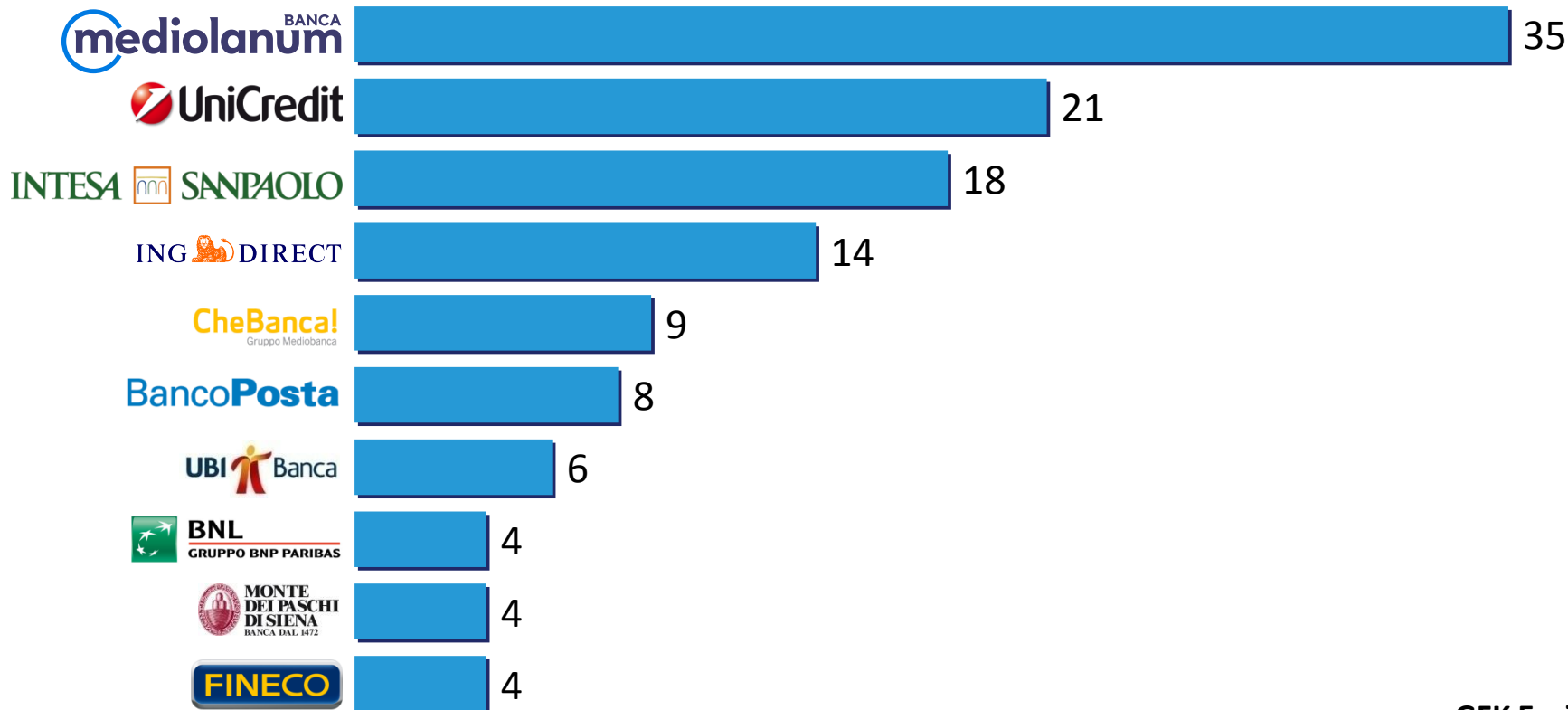
**CheBanca!**  
Gruppo Mediobanca **16%**

 **BCC**  
CREDITO COOPERATIVO **11%**

# Banca Mediolanum's advertising

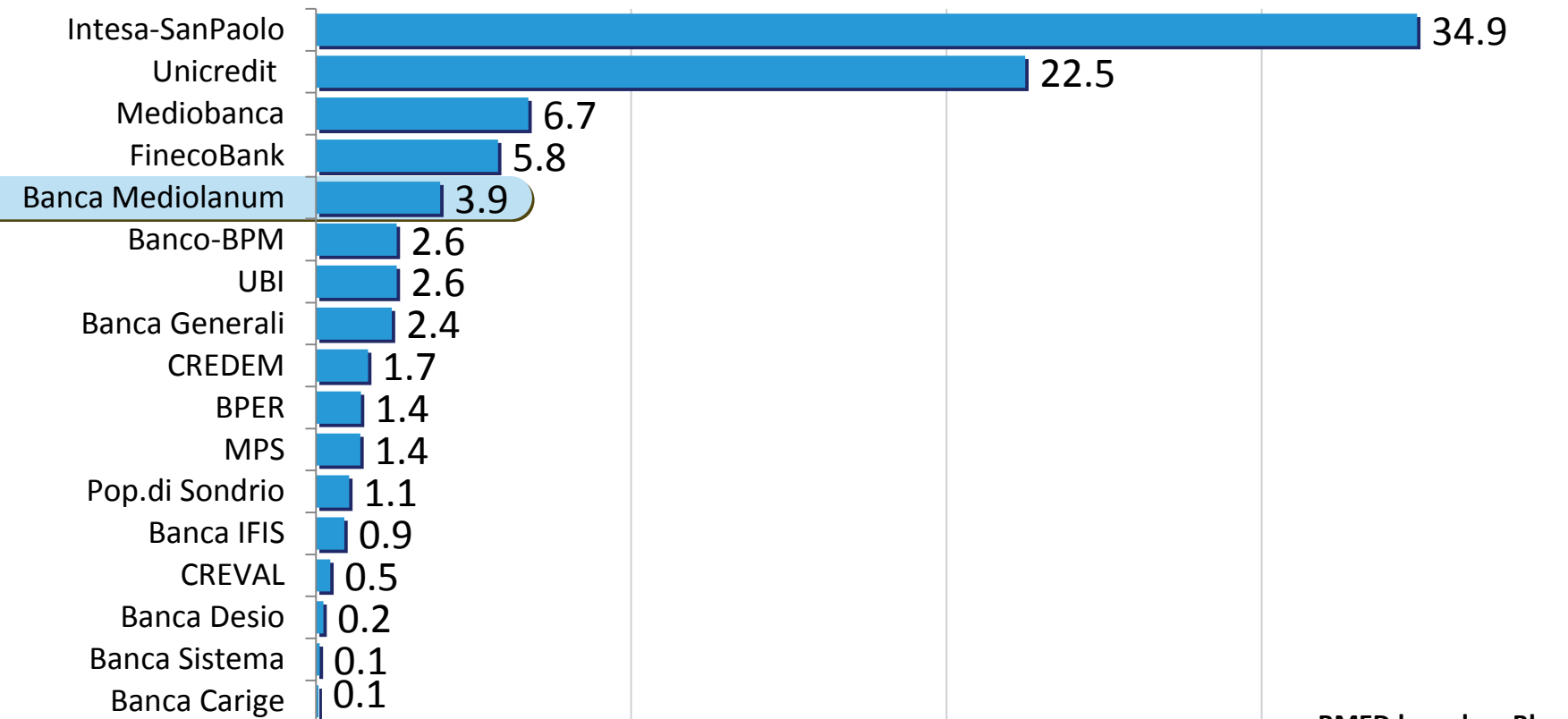
## The most memorable in the banking industry

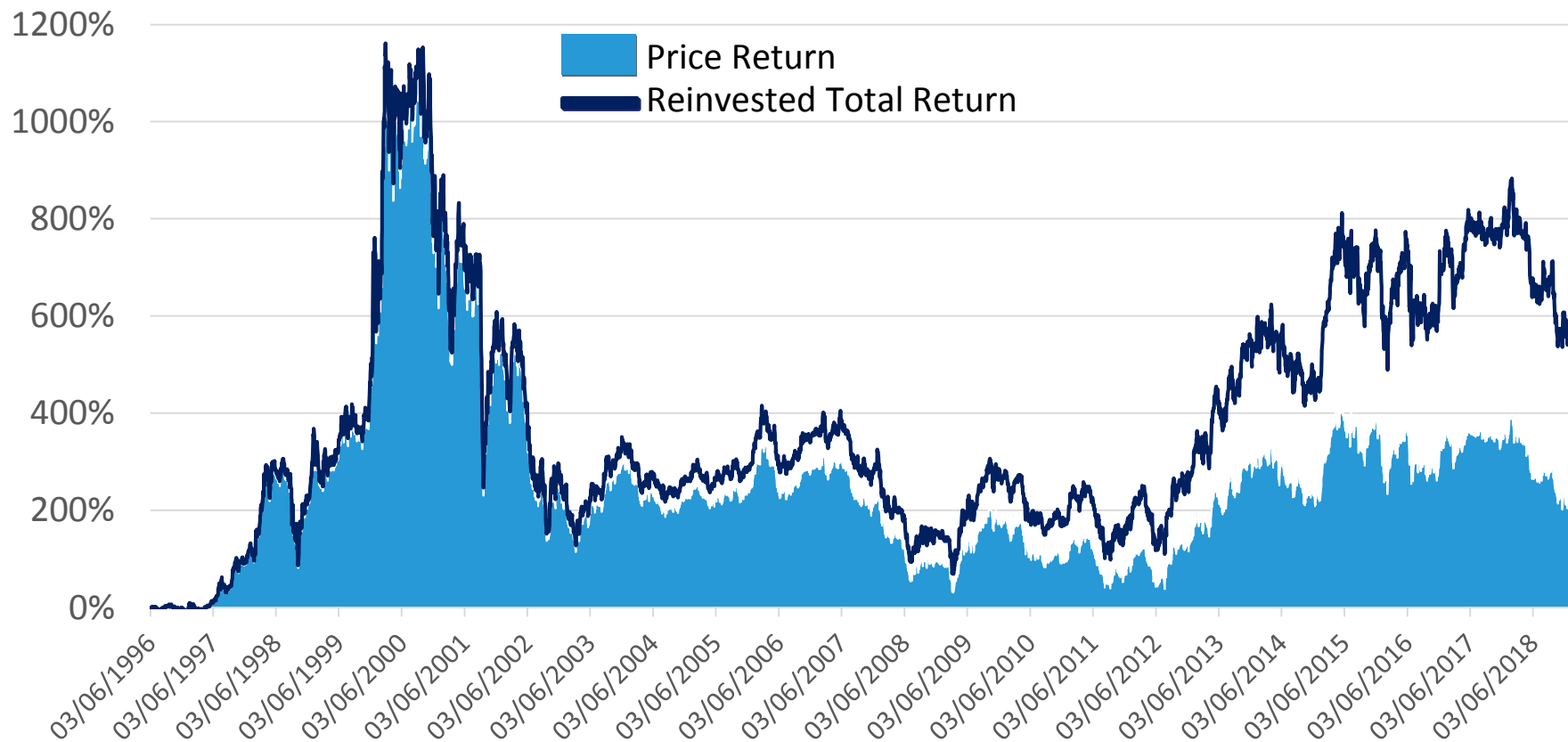
Spontaneous recall of bank advertising in Italy – 2018



# Ranking of Italian Banking Groups by Market Capitalisation

€ bn - as at 31/01/2019





\* Total Return Index includes dividend reinvestments, June 3, 1996 – Jan 31, 2019

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

Angelo Lietti



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