

July 31, 2019



## **H1 2019 RESULTS & BUSINESS UPDATE**

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# H1 2019 Group Results

## Outstanding set of results in a challenging environment

**Operating Margin: +41%** a convincingly sustainable growth trend, w/ improved revenues mix & maximized operating efficiency

**Net Commission Income: +24%** thanks to the stabilization of net recurring revenues: substantial contribution from Investment Mgmt Fees with a strong recovery in Mgmt fees

**Net Interest Income: +28%** thanks to continued expansion of credit book & front-loading of 3 bn in govies end of Q1 > guidance remains +20% vs FY18

**G&A Expenses: +1%** guidance remains +4% vs FY18

**Net Inflows: € 2 bn** flat YoY, despite no PIR contribution, w/ 70% in managed assets, a much higher quality mix compared to peers

**Loans: € 1.2 bn** +21%, an increasingly significant revenue stream. Credit Book now at €9.1 bn (+15%)

**General Insurance: € 45.6 mn** w/ New Business Stand-alone Policies +78%, a good start to 'Programma Protezione' project launched in April to increase cross-selling to current customer base

**MIFID 2 Customer Reports** all reports sent, no pushback, thanks to strong Family Banker/Customer relationship

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# Income Statement

€ mn



H1 2019  
Group

	H119	H118	Change
Entry fees	17.8	25.6	-30%
Management fees	499.5	501.2	-0%
Investment Management fees	74.9	3.7	n.s.
Net Insurance revenues ex U-L commissions	18.5	15.6	+18%
Banking service fees	69.2	47.1	+47%
Other fees	21.6	21.8	-1%
<b>Gross Commission income</b>	<b>701.5</b>	<b>615.2</b>	<b>+14%</b>
Acquisition costs	(259.9)	(258.0)	+1%
Other commission expenses	(39.7)	(33.8)	+17%
<b>Net Commission Income</b>	<b>401.9</b>	<b>323.4</b>	<b>+24%</b>
Net interest income	111.7	87.1	+28%
Equity contribution	5.9	6.8	-13%
Net income on other investments	(21.0)	14.0	n.s.
<i>o/w Impairment on loans</i>	(13.6)	(7.1)	+92%
Other revenues	13.9	19.7	-30%
<b>Contribution Margin</b>	<b>512.4</b>	<b>450.9</b>	<b>+14%</b>
G&A expenses	(274.2)	(270.5)	+1%
Regular Contributions to Banking Industry	(5.0)	(5.9)	-14%
Amortization & Depreciation	(18.1)	(18.5)	-2%
Provisions for risks & charges	(18.8)	(17.0)	+11%
<b>Operating Margin</b>	<b>196.2</b>	<b>139.2</b>	<b>+41%</b>
Performance fees	20.4	84.6	-76%
Net income on investments at fair value	4.2	(9.3)	n.s.
<b>Market Effects</b>	<b>24.5</b>	<b>75.3</b>	<b>-67%</b>
<b>One-offs</b>	<b>(6.3)</b>	<b>(1.8)</b>	<b>+247%</b>
<b>PROFIT BEFORE TAX</b>	<b>214.5</b>	<b>212.7</b>	<b>+1%</b>
Income tax	(43.1)	(37.3)	+16%
<b>NET INCOME</b>	<b>171.3</b>	<b>175.3</b>	<b>-2%</b>

## Income Statement by Quarter

€ mn



H1 2019  
Group

	Q118	Q218	Q318	Q418	Q119	Q219
Entry fees	14.1	11.6	9.0	10.0	8.8	9.0
Management fees	250.3	250.9	253.3	243.9	244.5	255.0
Investment Management fees	2.0	1.8	1.7	1.6	36.7	38.1
Net Insurance revenues ex U-L commissions	6.3	9.4	8.4	3.4	7.1	11.4
Banking service fees	24.0	23.1	22.4	40.6	36.4	32.8
Other fees	10.1	11.7	11.3	11.4	10.2	11.4
<b>Gross Commission income</b>	<b>306.8</b>	<b>308.4</b>	<b>306.1</b>	<b>311.0</b>	<b>343.7</b>	<b>357.7</b>
Acquisition costs	(128.6)	(129.4)	(125.9)	(132.6)	(128.8)	(131.1)
Other commission expenses	(16.1)	(17.7)	(18.6)	(17.5)	(19.0)	(20.7)
<b>Net Commission Income</b>	<b>162.0</b>	<b>161.4</b>	<b>161.5</b>	<b>160.9</b>	<b>196.0</b>	<b>205.9</b>
Net interest income	40.5	46.6	49.0	56.3	51.4	60.3
Equity contribution	0	6.8	14.2	7.1	0	5.9
Net income on other investments	3.7	10.3	(2.7)	(4.1)	(11.5)	(9.5)
o/w Impairment on loans	(6.1)	(1.0)	(1.6)	(2.1)	(7.2)	(6.4)
Other revenues	12.3	7.4	5.4	6.2	6.7	7.2
<b>Contribution Margin</b>	<b>218.5</b>	<b>232.5</b>	<b>227.5</b>	<b>226.3</b>	<b>242.5</b>	<b>269.9</b>
G&A expenses	(131.6)	(138.9)	(122.2)	(140.7)	(131.4)	(142.9)
Regular Contributions to Banking Industry	(5.2)	(0.7)	(7.7)	(2.5)	(5.0)	(0.1)
Amortization & Depreciation	(9.0)	(9.5)	(9.4)	(9.3)	(9.1)	(9.0)
Provisions for risks & charges	(10.4)	(6.6)	(6.4)	(6.7)	(8.2)	(10.6)
<b>Operating Margin</b>	<b>62.3</b>	<b>76.9</b>	<b>81.8</b>	<b>67.1</b>	<b>88.9</b>	<b>107.3</b>
Performance fees	21.5	63.1	37.2	18.5	7.2	13.1
Net income on investments at fair value	(3.0)	(6.3)	2.9	21.9	(2.7)	6.9
<b>Market Effects</b>	<b>18.5</b>	<b>56.8</b>	<b>40.1</b>	<b>40.5</b>	<b>4.5</b>	<b>20.0</b>
<b>One-offs</b>	<b>0</b>	<b>(1.8)</b>	<b>0</b>	<b>(109.0)</b>	<b>0</b>	<b>(6.3)</b>
<b>PROFIT BEFORE TAX</b>	<b>80.8</b>	<b>131.9</b>	<b>121.9</b>	<b>(1.4)</b>	<b>93.5</b>	<b>121.0</b>
Income tax	(21.3)	(16.1)	(25.1)	(15.0)	(21.3)	(21.8)
<b>NET INCOME</b>	<b>59.5</b>	<b>115.8</b>	<b>96.7</b>	<b>(16.4)</b>	<b>72.1</b>	<b>99.2</b>

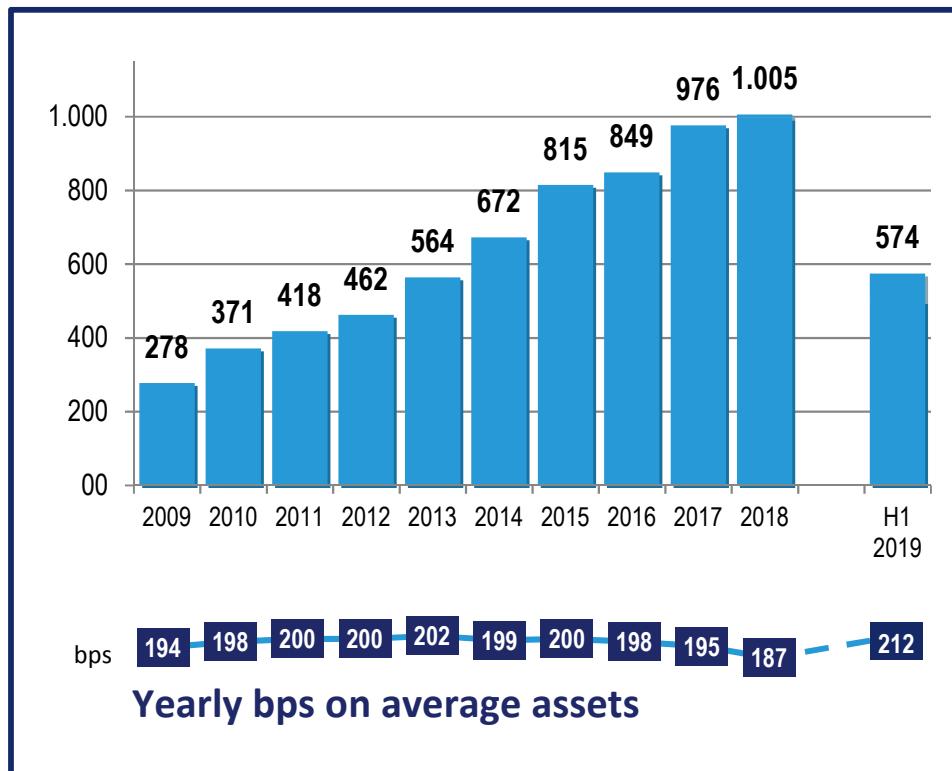
# Commission Income from Recurring Fees\*

€ mn

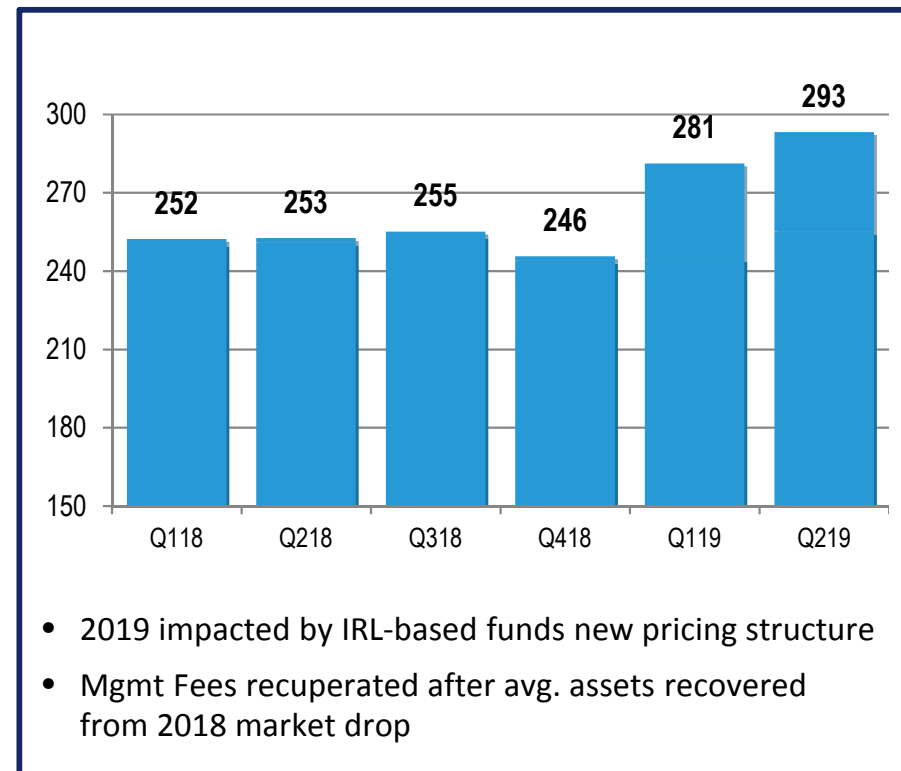


H1 2019  
Group

### YoY Trend

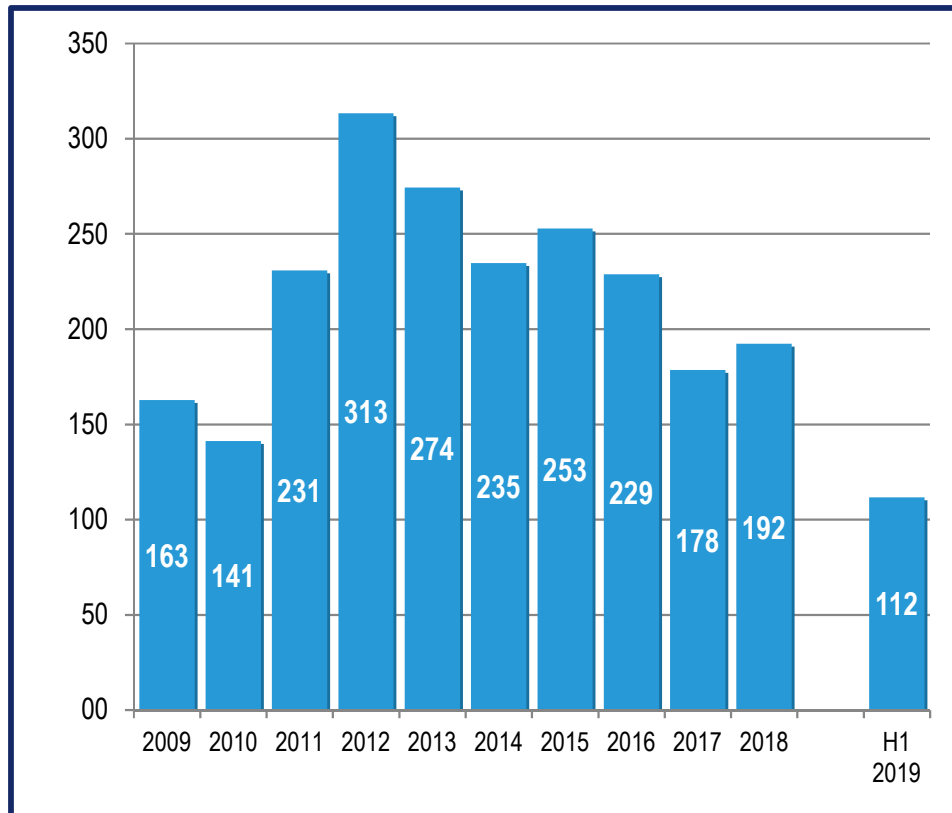


### QoQ Trend

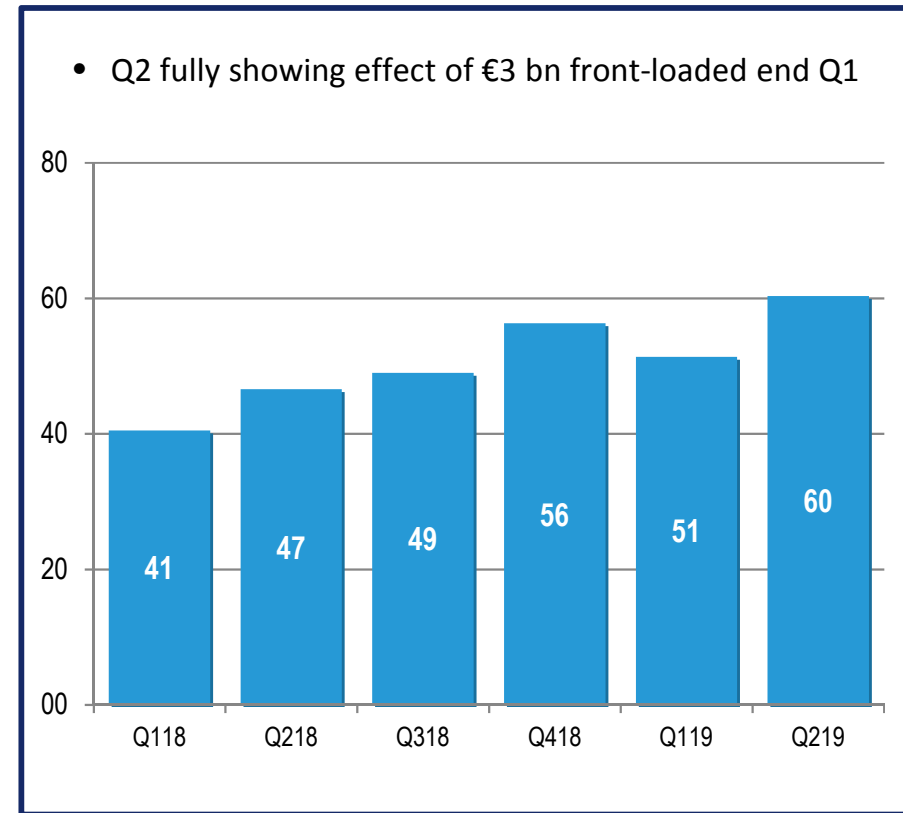


\* Management Fees + Investment Management Fees

YoY Trend

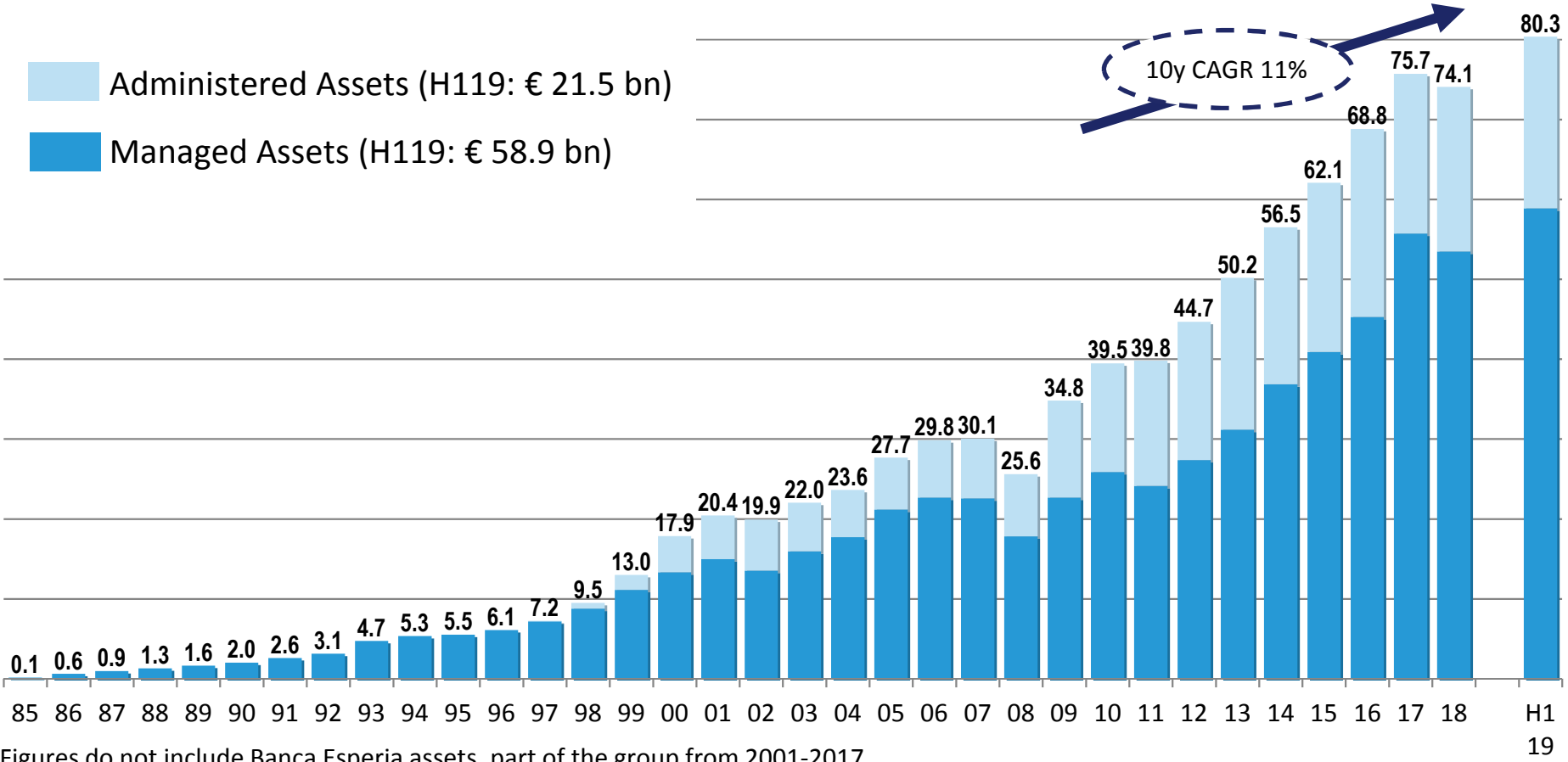


QoQ Trend





# AUA/AUM Trend € bn



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## Assets under Administration/Management

€ mn

H1 2019  
Group

	30/06/19	31/12/18	Change	30/06/18	Change
Mutual Funds & U-L Policies	52,168.5	47,608.0	+10%	50,109.1	+4%
'Freedom' Life Policies	0	33.4	n.s.	169.9	n.s.
Other Life Insurance products	1,501.4	1,477.5	+2%	1,428.8	+5%
Banking	20,543.3	19,526.5	+5%	18,914.0	+9%
<b>Italy – Banca Mediolanum</b>	<b>74,213.2</b>	<b>68,645.5</b>	<b>+8%</b>	<b>70,621.9</b>	<b>+5%</b>
Mutual Funds & U-L Policies	3,836.1	3,367.6	+14%	3,463.6	+11%
Other Insurance Products	66.9	56.1	+19%	59.5	+12%
Banking	1,579.1	1,417.8	+11%	1,384.6	+14%
<b>Spain – Banco Mediolanum</b>	<b>5,482.1</b>	<b>4,841.4</b>	<b>+13%</b>	<b>4,907.7</b>	<b>+12%</b>
Mutual Funds & U-L Policies	489.6	434.7	+13%	468.4	+5%
Other Insurance Products	6.6	9.9	-33%	10.2	-35%
Banking	153.1	153.3	-0%	153.2	-0%
<b>Germany – B. A. Lenz &amp; Gamax</b>	<b>649.3</b>	<b>597.9</b>	<b>+9%</b>	<b>631.8</b>	<b>+3%</b>
<b>TOTAL AUA/AUM</b>	<b>80,344.7</b>	<b>74,084.9</b>	<b>+8%</b>	<b>76,161.4</b>	<b>+5%</b>

	H1 2019	H1 2018
<b>Managed Assets</b>	<b>+1,427</b>	<b>+1,663</b>
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	<i>+1,155</i>	<i>+1,765</i>
<b>Administered Assets</b>	<b>+608</b>	<b>+452</b>
<b>GROUP TOTAL NET INFLOWS</b>	<b>+2,035</b>	<b>+2,116</b>
Managed Assets	+1,238	+1,422
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	<i>+974</i>	<i>+1,467</i>
Administered Assets	+468	+400
<b>Italy – Banca Mediolanum Total Net Inflows</b>	<b>+1,706</b>	<b>+1,822</b>
Managed Assets	+185	+254
<i>o/w Mutual Funds &amp; U-L</i>	<i>+174</i>	<i>+302</i>
Administered Assets	+141	+47
<b>Spain – Banco Mediolanum Total Net Inflows</b>	<b>+326</b>	<b>+301</b>
Managed Assets	+4	-13
<i>o/w Mutual Funds &amp; U-L</i>	<i>+8</i>	<i>-3</i>
Administered Assets	0	+6
<b>Germany – B.A. Lenz &amp; Gamax Total Net Inflows</b>	<b>+4</b>	<b>-7</b>

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## Capital Adequacy

€ mn – as at 30/06/2019


H1 2019  
Group

H119

FY18

### GROUP CAPITAL RATIOS

Total Capital Ratio	19.0%	19.3%
<b>Common Equity Tier 1 Ratio</b>	<b>19.0%</b>	<b>19.2%</b>

<b>Total Regulatory Capital Held</b>	<b>1,979</b>	<b>1,951</b>
Required Capital – Banks *	933	804
Solvency Capital Req. – Insurance companies**	684	710
<b>Total Required Capital</b>	<b>1,617</b>	<b>1,514</b>

**EXCESS CAPITAL** **362** **437**

\* As per SREP, BMED required capital is 11.9% (min. Total Capital Ratio) of consolidated RWA (€ 8,574 mn as at 30/06/2019), 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 31/03/2019



# H1 2019 Domestic Market Results

	H119	H118	Change
Entry fees	12.7	19.7	-35%
Management fees	464.0	467.2	-1%
Investment Management fees	69.4	3.5	n.s.
Net Insurance revenues ex U-L commissions	10.7	10.1	+6%
Banking service fees	58.5	34.6	+69%
Other fees	20.6	21.0	-2%
<b>Gross Commission income</b>	<b>635.9</b>	<b>556.1</b>	<b>+14%</b>
Acquisition costs	(238.0)	(236.7)	+1%
Other commission expenses	(29.0)	(22.3)	+30%
<b>Net Commission Income</b>	<b>368.9</b>	<b>297.1</b>	<b>+24%</b>
Net interest income	107.6	83.8	+29%
Equity contribution	5.9	6.8	-13%
Net income on other investments	(21.5)	13.8	n.s.
<i>o/w Impairment on loans</i>	(13.6)	(7.1)	+91%
Other revenues	11.6	18.2	-36%
<b>Contribution Margin</b>	<b>472.5</b>	<b>419.7</b>	<b>+13%</b>
G&A expenses	(242.4)	(240.7)	+1%
Regular Contributions to Banking Industry	(4.1)	(4.7)	-13%
Amortization & Depreciation	(15.5)	(16.4)	-5%
Provisions for risks & charges	(18.1)	(16.4)	+10%
<b>Operating Margin</b>	<b>192.3</b>	<b>141.5</b>	<b>+36%</b>
Performance fees	18.5	77.3	-76%
Net income on investments at fair value	3.0	(10.1)	n.s.
<b>Market Effects</b>	<b>21.5</b>	<b>67.3</b>	<b>-68%</b>
<b>One-offs</b>	<b>(6.3)</b>	<b>(1.8)</b>	<b>+247%</b>
<b>PROFIT BEFORE TAX</b>	<b>207.5</b>	<b>206.9</b>	<b>+0%</b>
Income tax	(40.2)	(34.7)	+16%
<b>NET INCOME</b>	<b>167.4</b>	<b>172.2</b>	<b>-3%</b>

# Income Statement by Quarter

€ mn



H1 2019  
Domestic Market

	Q118	Q218	Q318	Q418	Q119	Q219
Entry fees	10.9	8.8	6.6	7.3	6.3	6.4
Management fees	233.3	233.9	235.9	227.0	227.2	236.7
Investment Management fees	1.9	1.6	1.6	1.5	34.1	35.4
Net Insurance revenues ex U-L commissions	3.5	6.6	6.0	1.2	3.8	7.0
Banking service fees	17.8	16.8	16.2	35.1	31.4	27.1
Other fees	9.7	11.3	10.9	11.0	9.8	10.8
<b>Gross Commission income</b>	<b>277.0</b>	<b>279.1</b>	<b>277.2</b>	<b>283.1</b>	<b>312.6</b>	<b>323.4</b>
Acquisition costs	(118.0)	(118.7)	(115.9)	(121.6)	(118.0)	(120.1)
Other commission expenses	(10.8)	(11.5)	(12.9)	(12.5)	(14.0)	(15.0)
<b>Net Commission Income</b>	<b>148.2</b>	<b>148.8</b>	<b>148.4</b>	<b>149.0</b>	<b>180.6</b>	<b>188.3</b>
Net interest income	39.1	44.6	47.4	54.3	49.6	58.1
Equity contribution	0	6.8	14.2	7.1	0	5.9
Net income on other investments	3.7	10.1	(2.4)	(4.0)	(11.5)	(10.0)
o/w Impairment on loans	(6.2)	(1.0)	(1.4)	(2.0)	(7.2)	(6.4)
Other revenues	11.5	6.7	4.6	5.2	5.9	5.7
<b>Contribution Margin</b>	<b>202.5</b>	<b>217.1</b>	<b>212.2</b>	<b>211.5</b>	<b>224.6</b>	<b>248.0</b>
G&A expenses	(116.6)	(124.1)	(108.4)	(124.6)	(116.6)	(125.9)
Regular Contributions to Banking Industry	(4.6)	(0.2)	(7.4)	(2.2)	(4.5)	0.4
Amortization & Depreciation	(7.9)	(8.4)	(8.3)	(8.1)	(7.9)	(7.7)
Provisions for risks & charges	(10.1)	(6.3)	(6.2)	(6.2)	(7.9)	(10.2)
<b>Operating Margin</b>	<b>63.4</b>	<b>78.1</b>	<b>81.9</b>	<b>70.4</b>	<b>87.7</b>	<b>104.7</b>
Performance fees	19.7	57.7	34.8	17.0	6.8	11.7
Net income on investments at fair value	(3.1)	(7.0)	2.4	22.1	(3.5)	6.5
<b>Market Effects</b>	<b>16.6</b>	<b>50.7</b>	<b>37.2</b>	<b>39.1</b>	<b>3.3</b>	<b>18.1</b>
<b>One-offs</b>	<b>0</b>	<b>(1.8)</b>	<b>0</b>	<b>(109.0)</b>	<b>0</b>	<b>(6.3)</b>
<b>PROFIT BEFORE TAX</b>	<b>80.0</b>	<b>127.0</b>	<b>119.1</b>	<b>0.5</b>	<b>91.0</b>	<b>116.6</b>
Income tax	(20.1)	(14.7)	(23.9)	(13.7)	(20.1)	(20.1)
<b>NET INCOME</b>	<b>59.9</b>	<b>112.3</b>	<b>95.2</b>	<b>(13.2)</b>	<b>70.9</b>	<b>96.4</b>

## 16 Acquisition Costs in detail

€ mn

 H1 2019  
Domestic Market

	H119	H118	Change
One-time commissions	32.4	30.2	+7%
Ongoing commissions	163.4	162.7	+0%
<b>Total commissions</b>	<b>195.8</b>	<b>192.9</b>	<b>+1%</b>
Incentives on individual net inflows	16.6	19.4	-14%
Contests & bonuses	4.9	6.2	-21%
Reimbursement of costs for customer events	2.8	2.5	+13%
<b>Total incentives &amp; bonuses</b>	<b>24.3</b>	<b>28.1</b>	<b>-13%</b>
<b>Costs related to the agency agreement</b>	<b>8.7</b>	<b>6.8</b>	<b>+27%</b>
<b>EuroCQS Agent Commissions</b>	<b>9.2</b>	<b>8.8</b>	<b>+5%</b>
<b>TOTAL ACQUISITION COSTS</b>	<b>238.0</b>	<b>236.7</b>	<b>+1%</b>

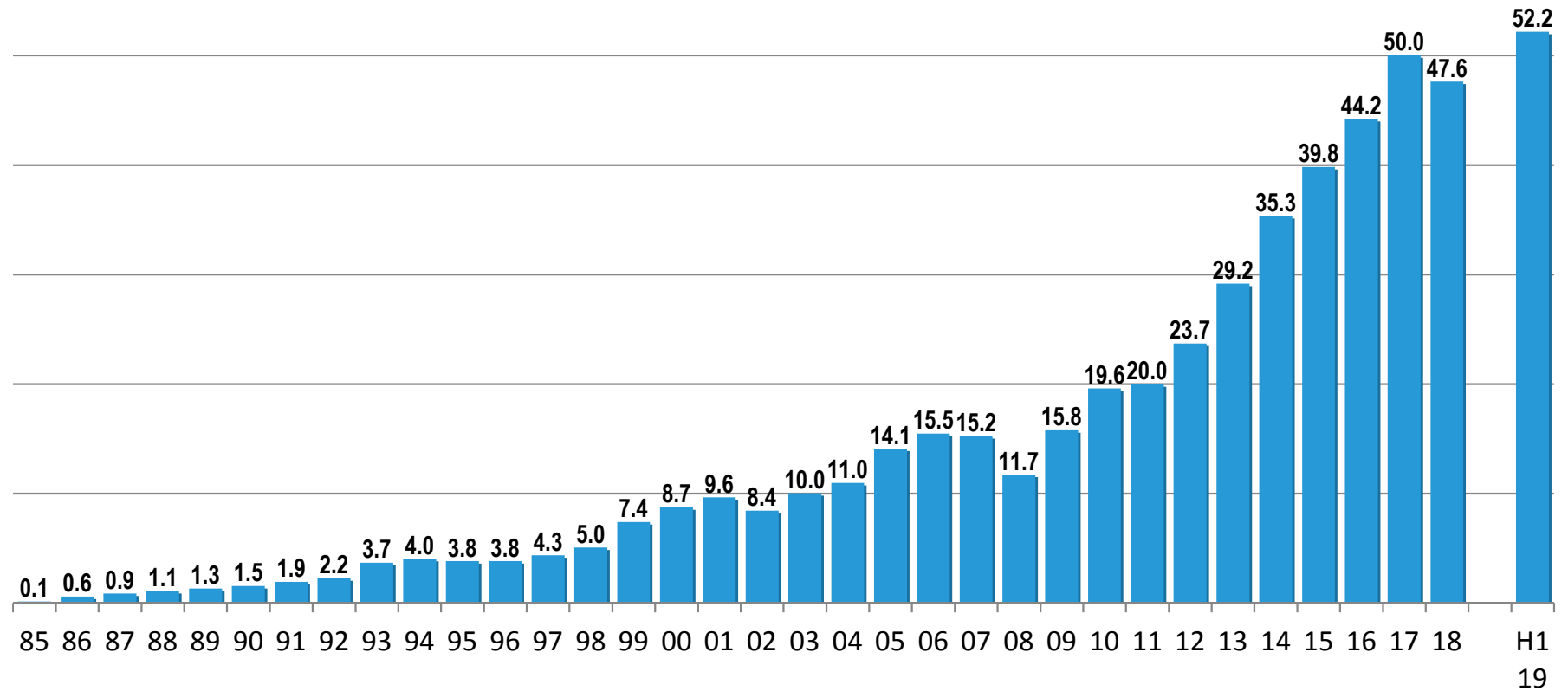


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# Mutual Funds AUM Trend

€ bn – including U-L assets

**m** H1 2019  
Domestic Market



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## Mutual Funds Assets under Management

€ mn



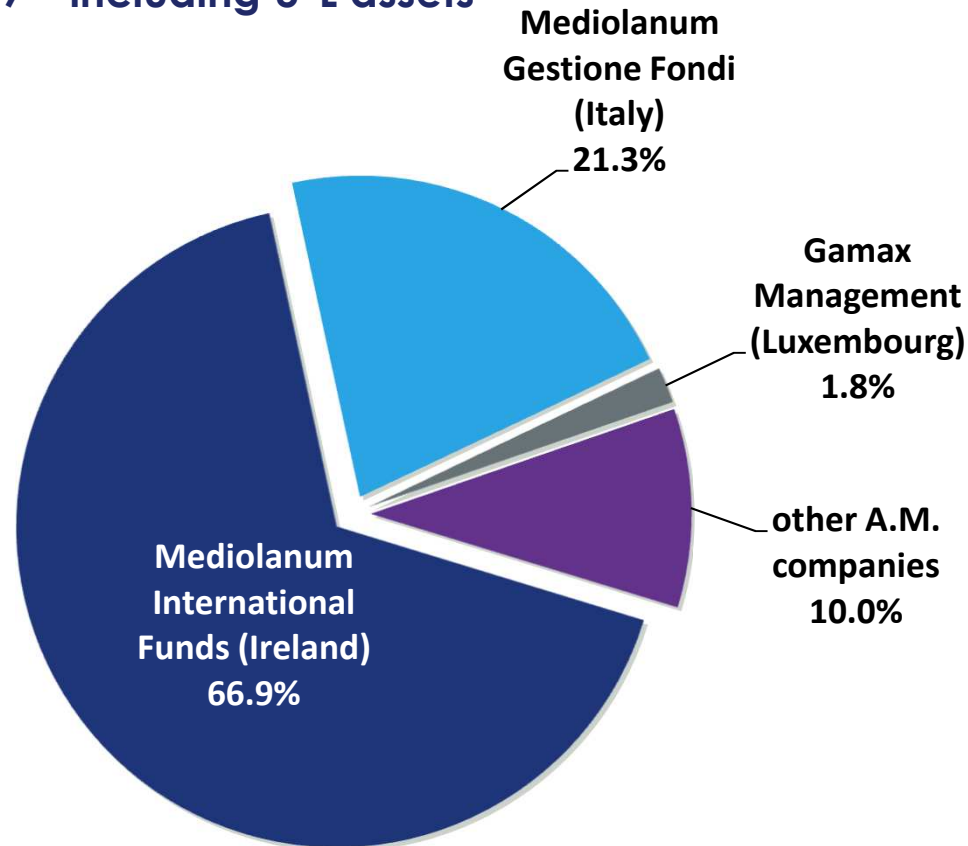
H1 2019  
Domestic Market

	30/06/19	31/12/18	Change	30/06/18	Change
'Best Brands' funds of funds (IRL)	19,223.3	17,857.7	+8%	19,169.3	+0%
'Portfolio' funds of funds (IRL)	0	0	n.s.	0	n.s.
'Challenge' mutual funds (IRL)	14,286.6	12,822.5	+11%	13,925.3	+3%
Funds of Hedge Funds (IRL)	55.4	55.0	+1%	62.0	-11%
'Fondi Italia' mutual funds (ITA)	9,978.8	9,515.6	+5%	9,969.3	+0%
'Real estate' fund (ITA)	292.6	290.2	+1%	331.5	-12%
3rd-party stand-alone funds	2,978.1	2,746.1	+8%	2,761.0	+8%
Other	1,312.2	1,210.5	+8%	1,215.6	+8%
<i>Adj. for own mutual funds in FoFs &amp; Managed accts.</i>	<i>(255.6)</i>	<i>(196.5)</i>	<i>+30%</i>	<i>(207.7)</i>	<i>+23%</i>
'MyLife' U-L policy	6,330.3	5,595.5	+13%	5,683.2	+11%
Other U-L policies	14,611.0	12,867.6	+14%	13,378.8	+9%
<i>Adj. for own mutual funds in U-L policies</i>	<i>(16,644.2)</i>	<i>(15,156.2)</i>	<i>+10%</i>	<i>(16,179.1)</i>	<i>+3%</i>
<b>ASSETS IN MUTUAL FUNDS &amp; U-L</b>	<b>52,168.5</b>	<b>47,608.0</b>	<b>+10%</b>	<b>50,109.1</b>	<b>+4%</b>

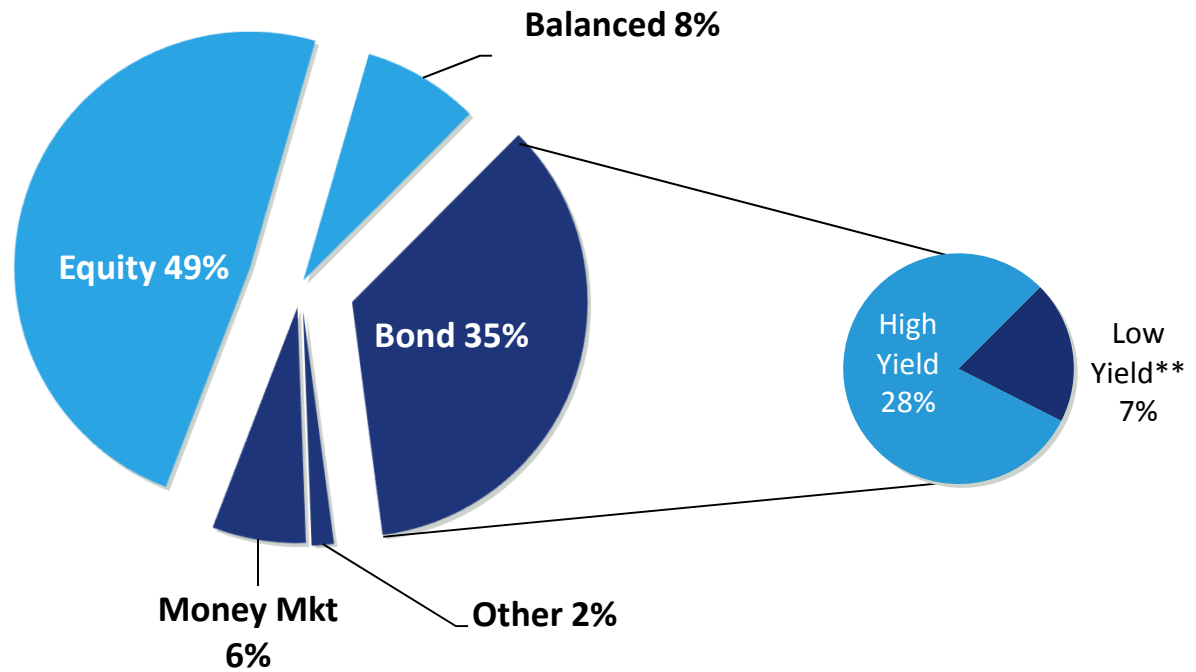
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## Mutual Funds Assets by A.M. company as at 30/06/2019 – including U-L assets

 H1 2019  
Domestic Market



# Mutual Funds Assets\* by category as at 30/06/2019 – including U-L assets



\* Flexible funds are classified according to their equivalent risk level. Money Market includes assets bound to Equity through the 'Intelligent Investment Strategy' service

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

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## Banking Assets under Administration € mn



H1 2019  
Domestic Market

	30/06/19	31/12/18	Change	30/06/18	Change
Cash Deposits	16,601.3	15,842.8	+5%	15,709.8	+6%
Repurchase agreements	226.1	434.4	-48%	37.6	n.s.
Mediolanum bonds	19.4	44.4	-56%	53.5	-64%
3rd-party structured bonds	789.1	513.0	+54%	367.2	+115%
Other securities	2,907.4	2,691.8	+8%	2,745.8	+6%
<b>BANKING ADMINISTERED ASSETS</b>	<b>20,543.3</b>	<b>19,526.5</b>	<b>+5%</b>	<b>18,914.0</b>	<b>+9%</b>

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## Banking Lending

€ mn



H1 2019  
Domestic Market

	Nominal Interest Rate	30/06/2019	30/06/2018	Change
Mortgages	1.22%	658.5	577.9	+14%
Personal Loans	3.06%	343.4	285.0	+20%
Salary-backed Loans (EuroCQS)	5.53%	196.0	125.4	+56%
<b>Total</b>		<b>1,197.9</b>	<b>988.3</b>	<b>+21%</b>
3rd-party loans	n.s.	19.4	13.7	+42%

23

## Banking Credit Book & Quality

€ mn – as at 30/06/2019



H1 2019  
Domestic Market

	30/06/19	31/12/18	Change	30/06/18	Change
Mortgages	6,682	6,305	+6%	6,002	+11%
Personal Loans	1,610	1,542	+4%	1,492	+8%
Lines of credit	281	264	+6%	268	+5%
Salary-backed Loans (EuroCQS)	504	321	+57%	144	+251%
<b>Total Credit Book</b>	<b>9,077</b>	<b>8,432</b>	<b>+8%</b>	<b>7,906</b>	<b>+15%</b>

### % on total loans

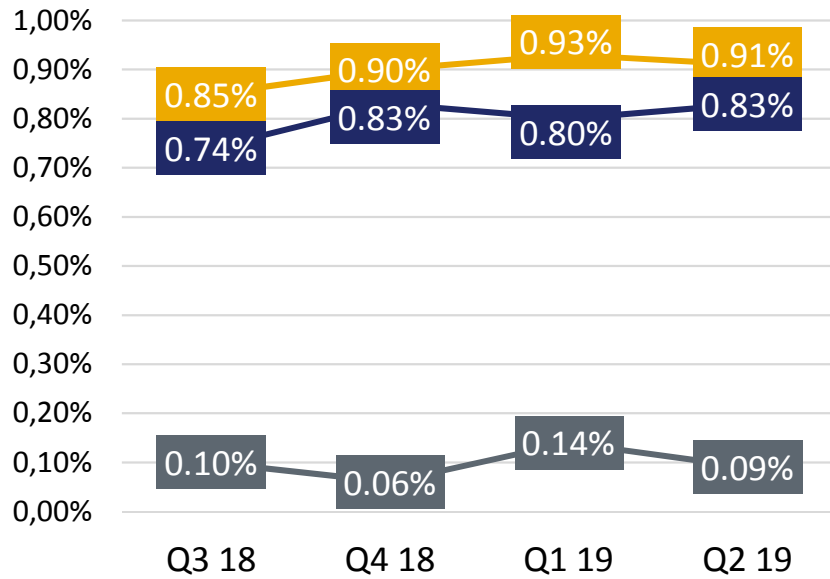
Banca Mediolanum

Italian Banks\*

Gross non-performing Loans	1.40%	8.9% as at 31/03/2019
Net non-performing Loans	0.71%	4.3% as at 31/12/2018
Cost of Risk	0.12% as at 31/12/2018	

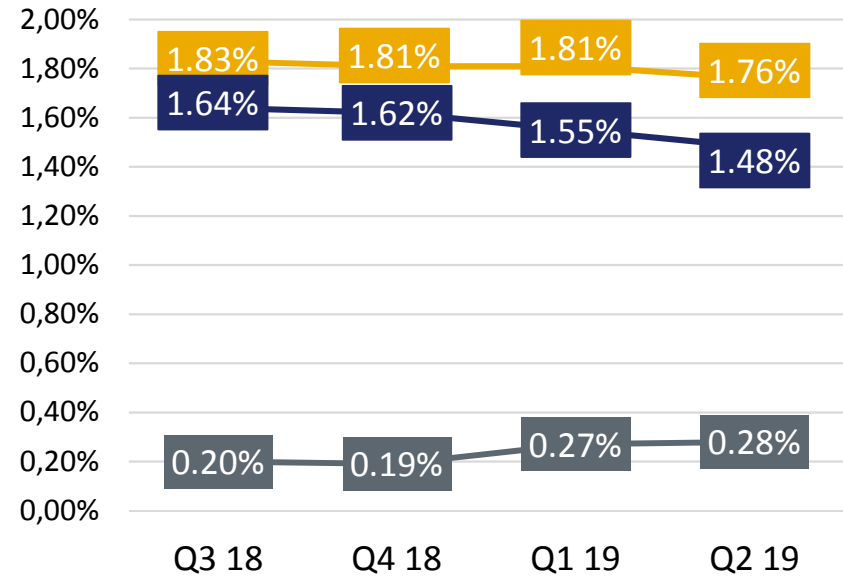
\* Source: Bank of Italy – ‘Banks and Financial Institutions: Credit Conditions and Risk by Sector and Geographical Area - Q1 2019’ & ‘Financial Stability Report No. 1 2019’

### Total Book



—●— Interest Income      —●— Cost of Funding  
—●— Interest Spread

### Retail Book



—●— Retail Interest Income      —●— Retail Cost of Funding  
—●— Retail Interest Spread



25

## Bank Balance Sheet Highlights

€ mn – as at 30/06/2019



H1 2019  
Domestic Market

	Liabilities	Assets
<b>Retail</b>	<b>16,938</b>	<b>8,573</b>
<b>Treasury</b>	<b>8,649</b>	<b>16,814</b>
o/w interbank / intra-group deposits & repos	1,053	1,008
o/w ECB refinancing	0	0
o/w MTS refinancing	7,596	294
o/w securities (bonds)		15,511
<b>Other liabilities / assets</b>	<b>3,193</b>	<b>3,394</b>
<b>TOTAL</b>	<b>28,780</b>	<b>28,780</b>

Operating Liquidity (24hr) : € 7,915 mn

26

## Insurance Life – Policyholders' Assets

€ mn

H1 2019  
Domestic Market

	30/06/19	31/12/18	Change	30/06/18	Change
Traditional	1,501.4	1,477.5	+2%	1,428.8	+5%
Index-linked	0	0	n.s.	0	n.s.
Unit-linked pension plans	6,627.0	6,026.6	+10%	6,316.0	+5%
Unit-linked endowment policies	3,590.1	3,373.5	+6%	3,678.3	-2%
Unit-linked investment policies	10,724.2	9,062.9	+18%	9,067.7	+18%
<b>Unit-linked</b>	<b>20,941.3</b>	<b>18,463.1</b>	<b>+13%</b>	<b>19,062.0</b>	<b>+10%</b>
<i>o/w equity</i>	52.5%	51.1%	+3%	54.8%	-4%
<b>LIFE ASSETS (EX-'FREEDOM')</b>	<b>22,442.7</b>	<b>19,940.6</b>	<b>+13%</b>	<b>20,490.9</b>	<b>+10%</b>
'Freedom' Life policies	0	33.4	n.s.	169.9	n.s.

27

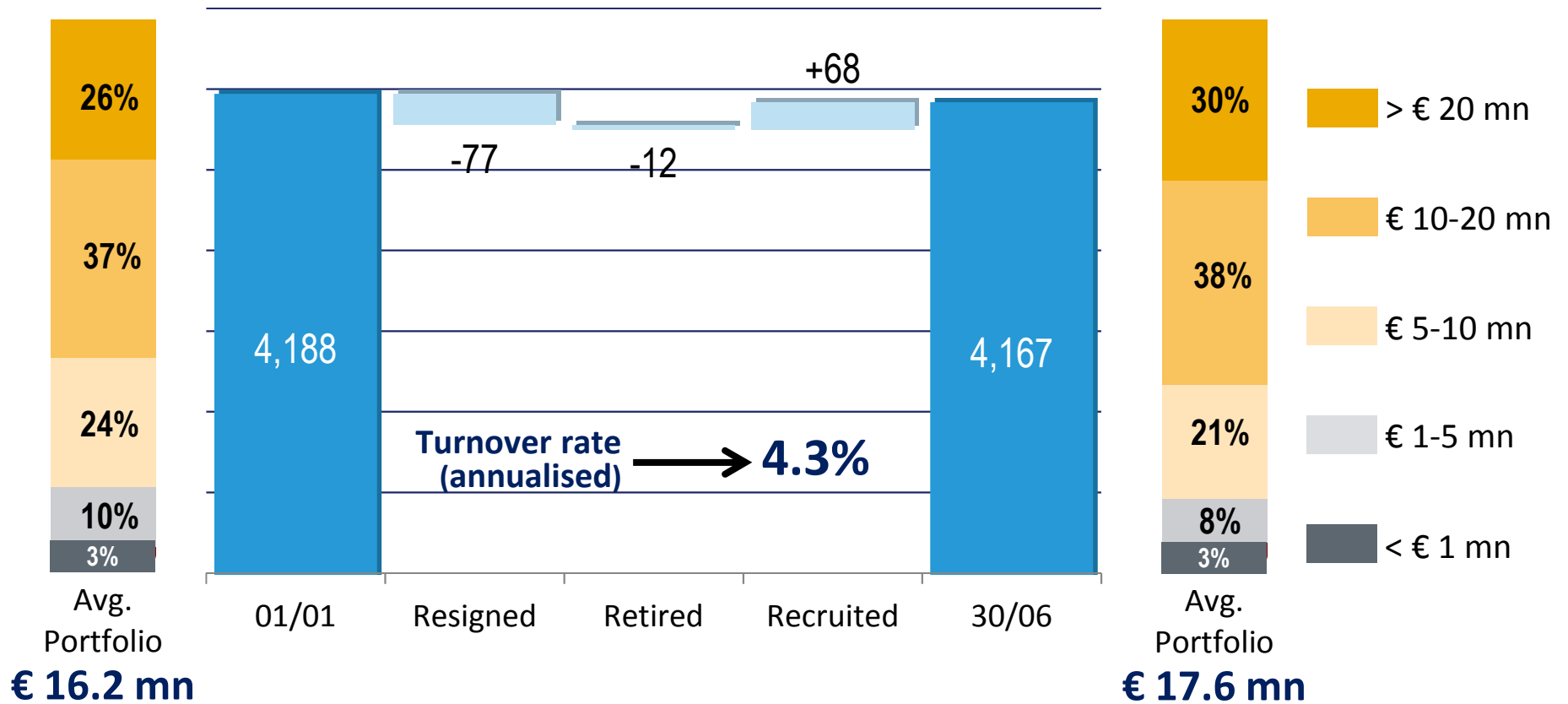
## Insurance

## General - Gross Premiums Written

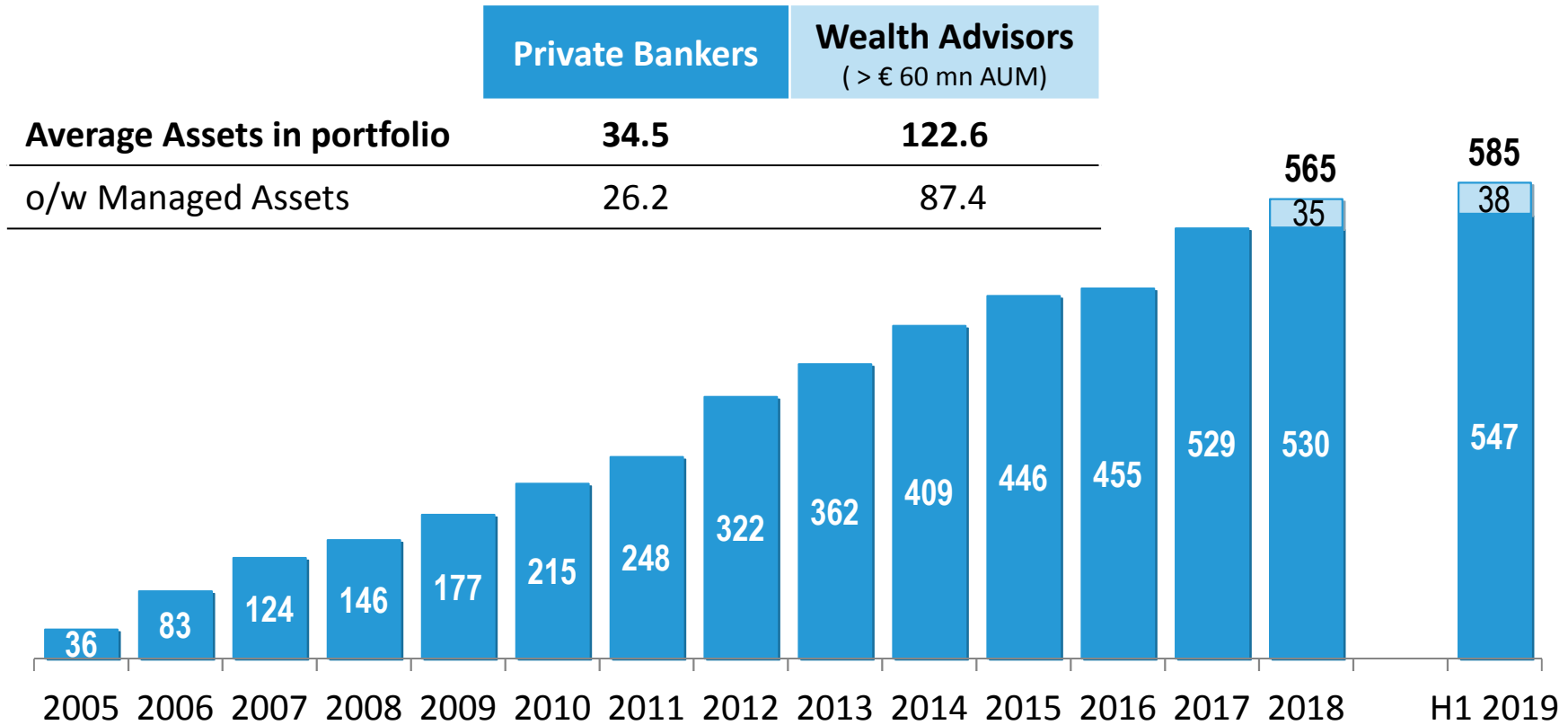
€ mn

H1 2019  
Domestic Market

	H119	H118	Change
New Business	5.1	2.9	+78%
In-Force Business	17.7	16.4	+8%
<b>Stand-Alone Policies</b>	<b>22.8</b>	<b>19.2</b>	<b>+19%</b>
<b>Loan Protection Policies</b>	<b>22.8</b>	<b>20.0</b>	<b>+14%</b>
<b>NON-LIFE – GROSS PREMIUMS WRITTEN</b>	<b>45.6</b>	<b>39.2</b>	<b>+16%</b>



## 'Private Bankers' & 'Wealth Advisors'\* - Italy as at 30/06/2019



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



# H1 2019 Foreign Markets Results

31

## Spain Highlights

€ mn



H1 2019  
Foreign Markets

	H119	H118	Change	vs.FY18
<b>Net Income</b>	<b>9.2</b>	<b>8.2</b>	<b>+12%</b>	
Managed Assets	3,903.0	3,523.1	+11%	+14%
Administered Assets	1,579.1	1,384.6	+14%	+11%
<b>Total Assets</b>	<b>5,482.1</b>	<b>4,907.7</b>	<b>+12%</b>	<b>+13%</b>
Net Inflows into Managed Assets	+185.0	+254.2	-27%	
Net Inflows into Administered Assets	+140.9	+46.7	+202%	
<b>Total Net Inflows</b>	<b>+325.9</b>	<b>+300.8</b>	<b>+8%</b>	
Family Bankers (Mediolanum model)	1,000	936	+7%	+0%
Traditional agents	26	30	-13%	-13%
<b>Total Sales Network</b>	<b>1,026</b>	<b>966</b>	<b>+6%</b>	<b>-0%</b>
<b>Total Customers</b>	<b>130,601</b>	<b>121,052</b>	<b>+8%</b>	<b>+4%</b>

32

## Germany – Total Highlights

€ mn



H1 2019  
Foreign Markets

	H119	H118	Change	vs.FY18
<b>Net Income</b>	(5.2)	(5.1)	+3%	
Managed Assets	496.2	478.7	+4%	+12%
Administered Assets	153.1	153.2	-0%	-0%
<b>Total Assets</b>	<b>649.3</b>	<b>631.8</b>	<b>+3%</b>	<b>+9%</b>
Net Inflows into Managed Assets	+3.9	-12.8	n.s.	
Net Inflows into Administered Assets	-0.2	+5.6	n.s.	
<b>Total Net Inflows</b>	<b>+3.8</b>	<b>-7.2</b>	<b>n.s.</b>	
<b>Total Sales Network</b>	<b>43</b>	<b>48</b>	<b>-10%</b>	<b>-10%</b>
<b>Total Customers</b>	<b>5,950</b>	<b>5,820</b>	<b>+2%</b>	<b>+1%</b>



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## Germany – Bankhaus August Lenz

### Highlights

€ mn



H1 2019  
Foreign Markets

	H119	H118	Change	vs.FY18
<b>Net Income</b>	(6.1)	(7.0)	-12%	
Managed Assets	300.5	279.5	+8%	+12%
Administered Assets	153.1	153.2	-0%	-0%
<b>Total Assets</b>	<b>453.7</b>	<b>432.6</b>	<b>+5%</b>	<b>+7%</b>
Net Inflows into Managed Assets	+9.1	-5.0	n.s.	
Net Inflows into Administered Assets	-0.2	+5.6	n.s.	
<b>Total Net Inflows</b>	<b>+8.9</b>	<b>+0.6</b>	<b>n.s.</b>	
<b>Total Sales Network</b>	<b>43</b>	<b>48</b>	<b>-10%</b>	<b>-10%</b>
<b>Total Customers</b>	<b>5,950</b>	<b>5,820</b>	<b>+2%</b>	<b>+1%</b>

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## Germany – Gamax Highlights

€ mn



H1 2019  
Foreign Markets

	H119	H118	Change	vs.FY18
<b>Net Income</b>	<b>0.9</b>	<b>1.9</b>	<b>-55%</b>	
<b>Assets under Management</b>	<b>195.7</b>	<b>199.2</b>	<b>-2%</b>	<b>+12%</b>
<b>Net Inflows</b>	<b>-5.2</b>	<b>-7.8</b>	<b>-33%</b>	



**Business Update**

	Jun '19	YTD '19	YTD '18
<b>Managed Assets</b>	<b>+262</b>	<b>+1,427</b>	<b>+1,663</b>
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	<i>+197</i>	<i>+1,155</i>	<i>+1,765</i>
<b>Administered Assets</b>	<b>+29</b>	<b>+608</b>	<b>+452</b>
<b>GROUP TOTAL NET INFLOWS</b>	<b>+292</b>	<b>+2,035</b>	<b>+2,116</b>
Managed Assets	+213	+1,238	+1,422
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	<i>+168</i>	<i>+974</i>	<i>+1,467</i>
Administered Assets	+8	+468	+400
<b>Italy – Banca Mediolanum Total Net Inflows</b>	<b>+221</b>	<b>+1,706</b>	<b>+1,822</b>
Managed Assets	+49	+185	+254
<i>o/w Mutual Funds &amp; U-L</i>	<i>+29</i>	<i>+174</i>	<i>+302</i>
Administered Assets	+17	+141	+47
<b>Spain – Banco Mediolanum Total Net Inflows</b>	<b>+67</b>	<b>+326</b>	<b>+301</b>
Managed Assets	0	+4	-13
<i>o/w Mutual Funds &amp; U-L</i>	<i>0</i>	<i>+8</i>	<i>-3</i>
Administered Assets	+4	0	+6
<b>Germany – B.A. Lenz &amp; Gamax Total Net Inflows</b>	<b>+4</b>	<b>+4</b>	<b>-7</b>

## Italian Sales Networks Ranking by Net Inflows into Mutual Funds

€ thousands - totals by Group

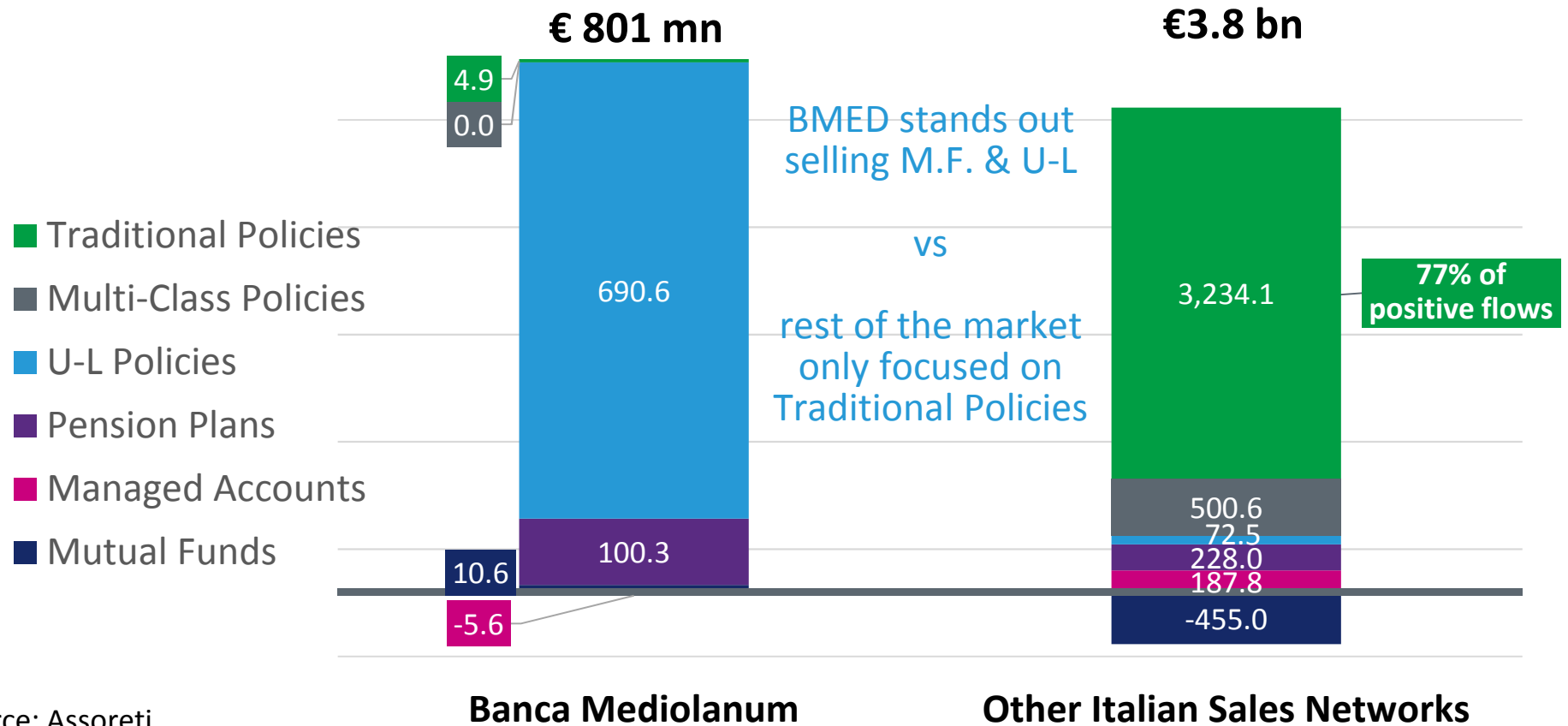


	Jan-May 2019		
	Mutual Funds*	Managed Assets	Total Net Inflows
<b>Banca Mediolanum</b>	<b>797</b>	<b>801</b>	<b>1456</b>
Allianz Bank	434	714	1174
Banca Generali	363	1012	2431
Che Banca!	343	414	670
Azimut	280	424	741
BNL - BNP Paribas	174	301	382
IW Bank	5	33	344
Consultinvest	-43	-45	-45
Credem	-48	44	303
Fincobank	-69	775	2371
Banca Widiba	-146	-160	-47
Deutsche Bank (Finanza & Futuro)	-153	224	586
Banca Fideuram (incl. Sanpaolo Invest+ ISPB)	-859	183	2715

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

Source: Assoreti

Quality of Net Inflows into Managed Assets (Jan-May'19)



Source: Assoreti

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

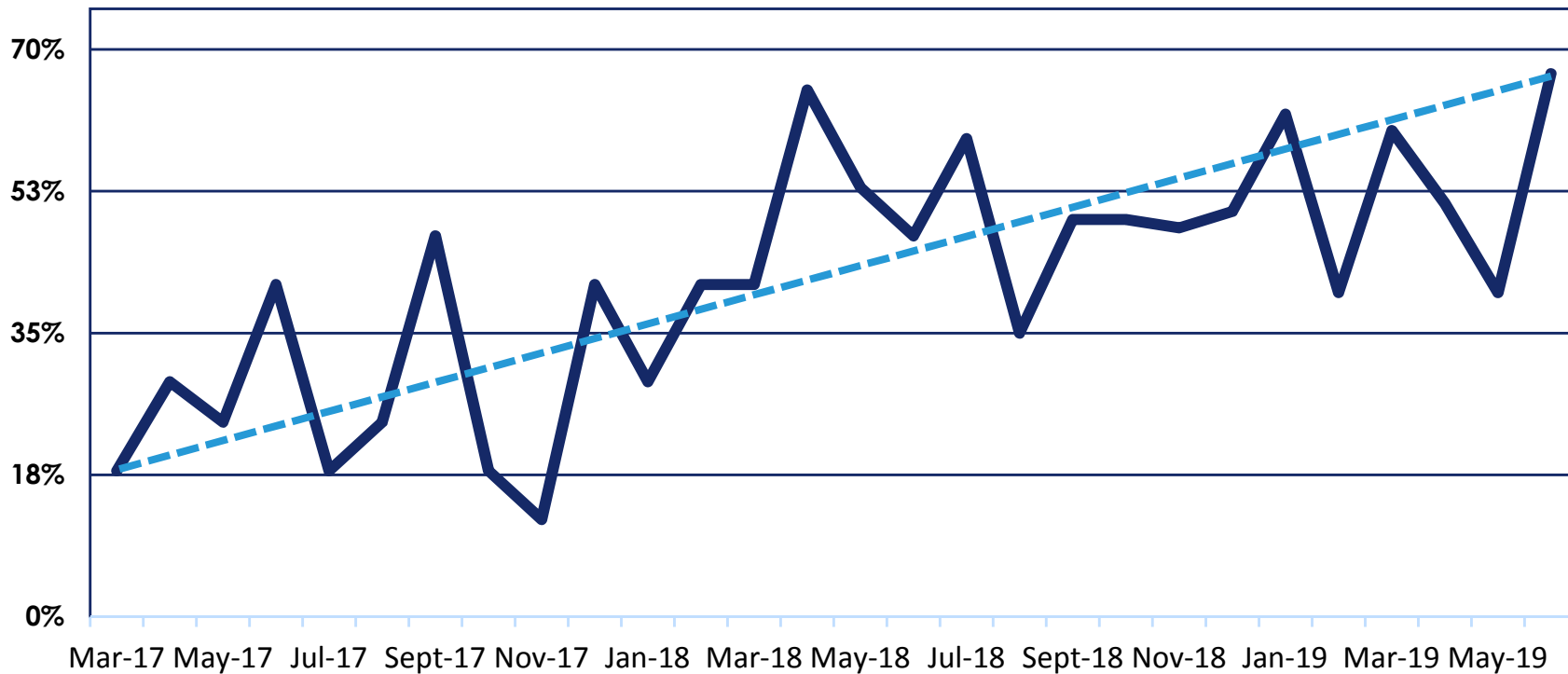
**Overall TER must account for everything the customers are getting through their relationship with BMED**

- 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)	2.52%	2.28%
<b>Total Assets</b>	<b>1.77%</b>	<b>1.33%</b>

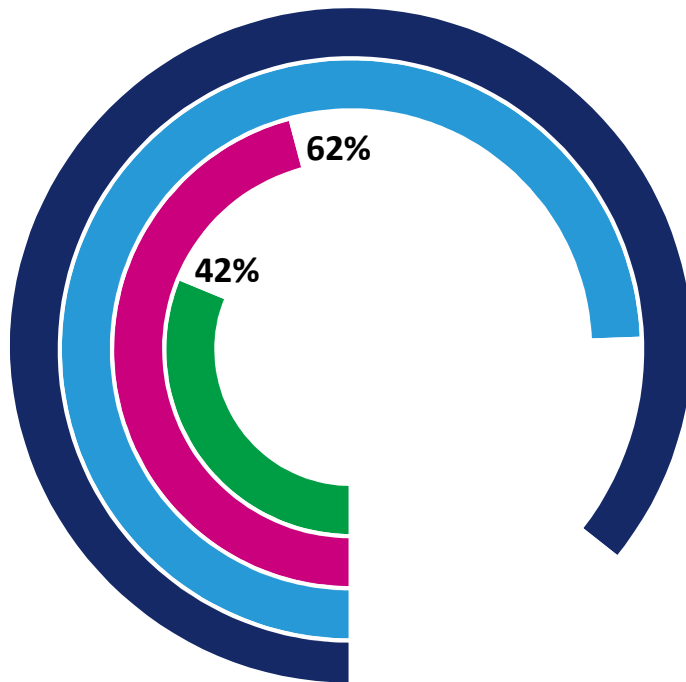
TER calculated applying 2019 pricing on H1 2019 weighted assets. Long-term avg performance fees included.

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





**1,266,375 Total Customers**  
5Y CAGR: 4%



- 1,083,473 Primary Account Holders
- 942,329 Bank Account Holders:
  - 62% o/w use BMED as Primary Bank
  - 42% o/w use BMED as the Only Bank (according to 2018 Customer Survey)



## THE OPPORTUNITY

- Historically Italy is an **under-insured Country** (Premiums/Italian GDP ratio is 0.9% vs 2.2% European avg)
- Addressable market for BMED: **cross-selling to the existing customer base**
- **Revenue diversification** through General Insurance: not related to financial market volatility, good margins (Combined Ratio <70%) & fully covered customers tend to be more invested into AM

## THE AMBITION

- Customers insured by at least 2 policies: **2018: 2.7% → 2023: 27%**

## THE PRODUCTS

### EXTENSIVE PRODUCT RANGE – COMPETITIVE PRICING

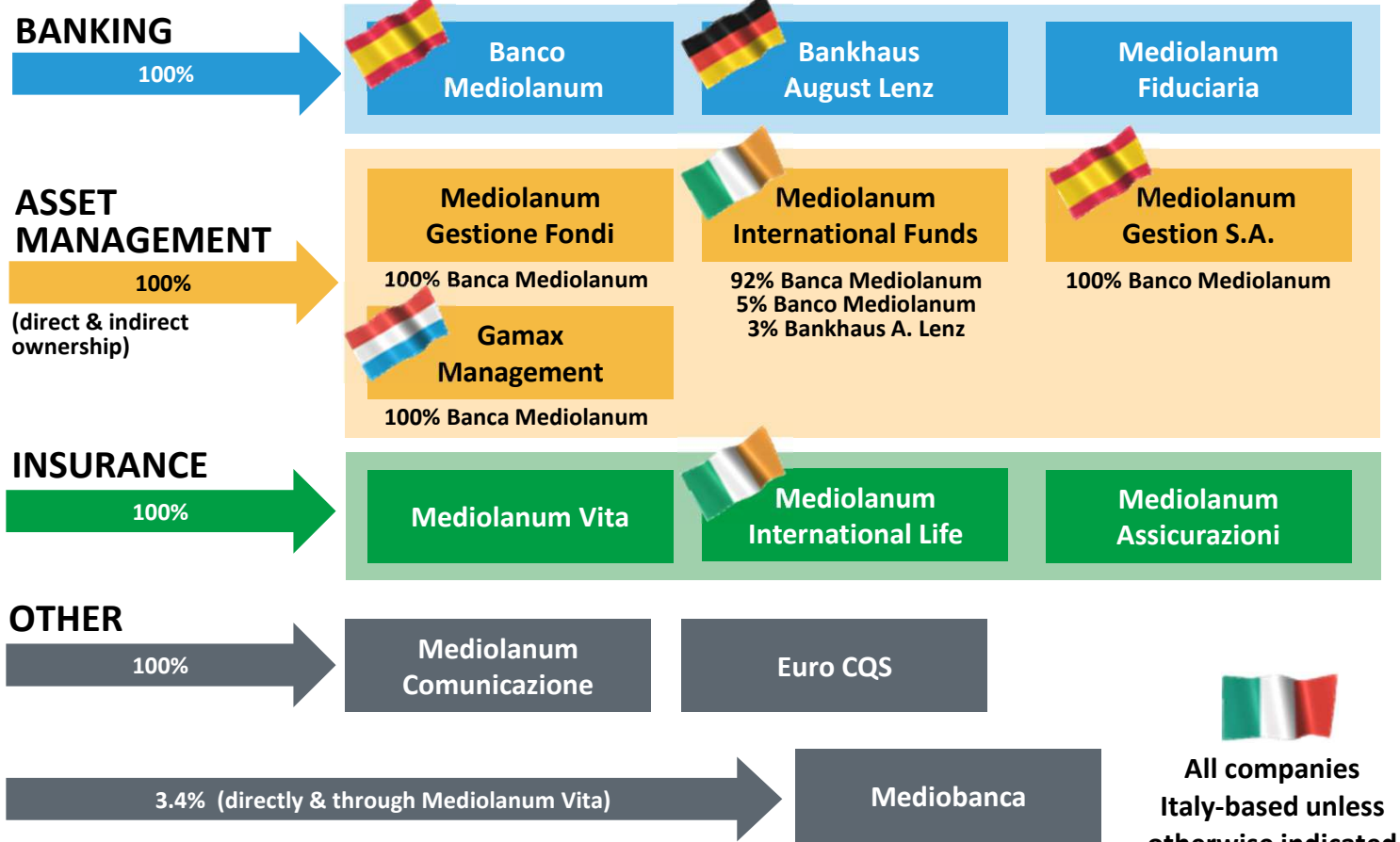
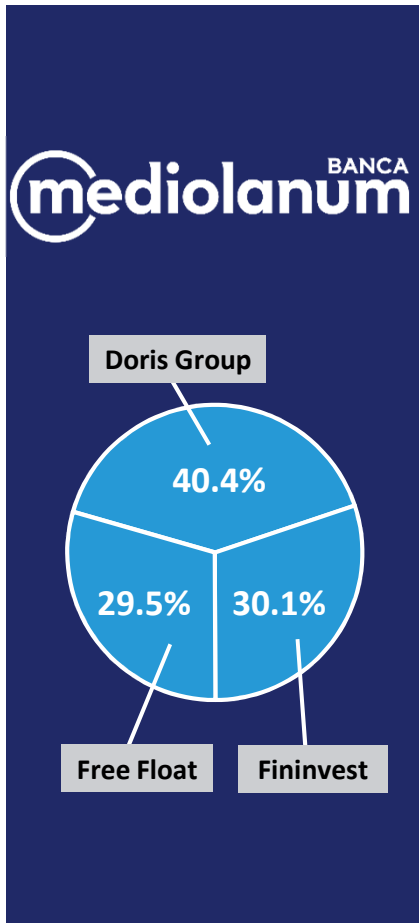
- **Term-Life:** *Personal Life Serenity*
- **Health & Disability:** *Capitale Umano; Capitale Salute*
- **Property & Casualty:** *Capitale casa; RC capofamiglia*
- **Long-term care:** *'Capitale Autonomia'*
- **Travel:** *'Vacanze Protette'*, testing blockchain technology with BMED employees

## THE PROJECT

- A new role: **Family Protection Specialist** – 90 specialised advisors whose objective is to increase the General Insurance portfolio & to assist Family Bankers on policy technicalities
- FPS & FB share the customer on the sale - no competition on fees
- Initial results: **Closure rate on appointments >45%**

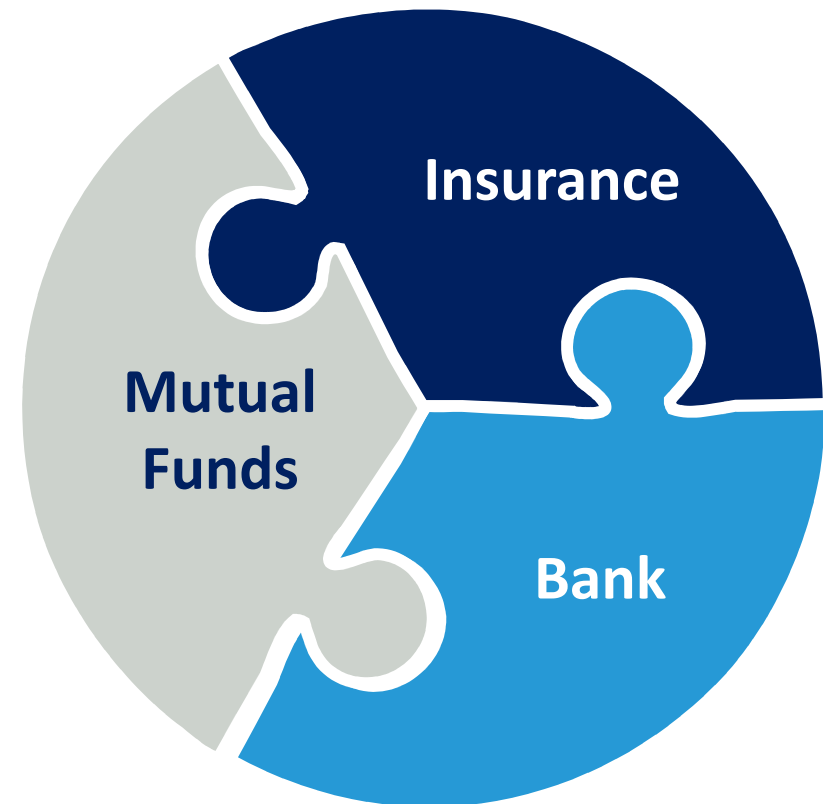


## Mediolanum Facts

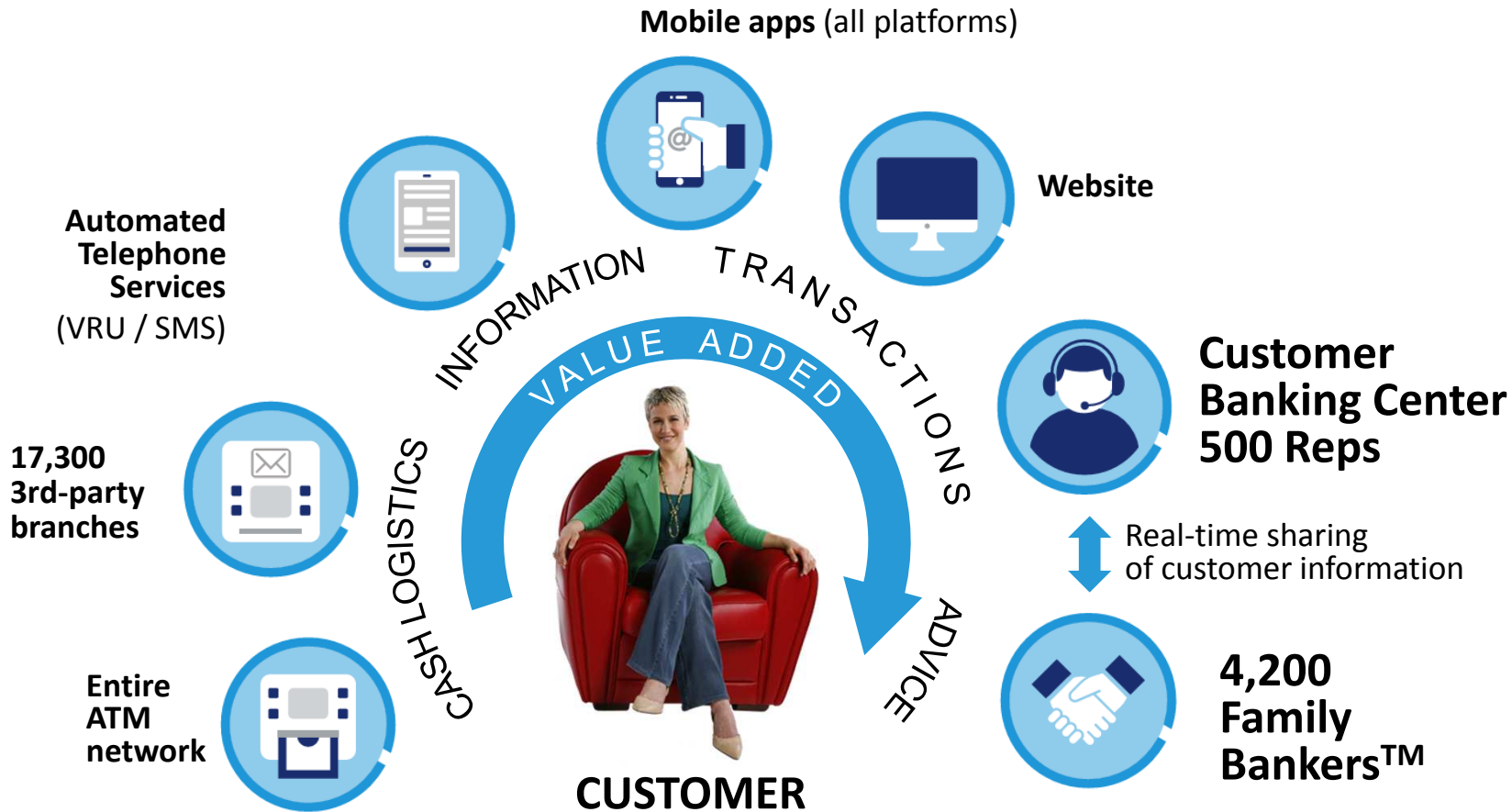


  
All companies Italy-based unless otherwise indicated

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



# Banca Mediolanum's Multi-channel Model



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

### Family Bankers: the human touch



Mediolanum  
Facts

- Self-employed tied agents with entrepreneurial approach
- Extensively trained to tackle every household financial need
- Share Mediolanum's view that banking services are an effective acquisition & retention tool
- Compensated even for operations performed by customers through direct channels
- Willing to provide advice anytime, anywhere
- Equally competent across all product lines
- Unlike the typical FA, offer assistance also with everyday banking needs
- Synergy, not competition, between human and direct channels

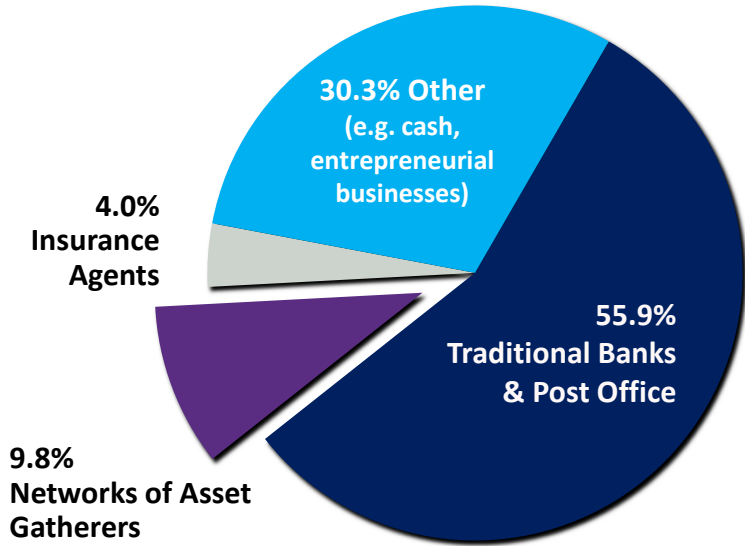


### Customers: freedom in banking

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

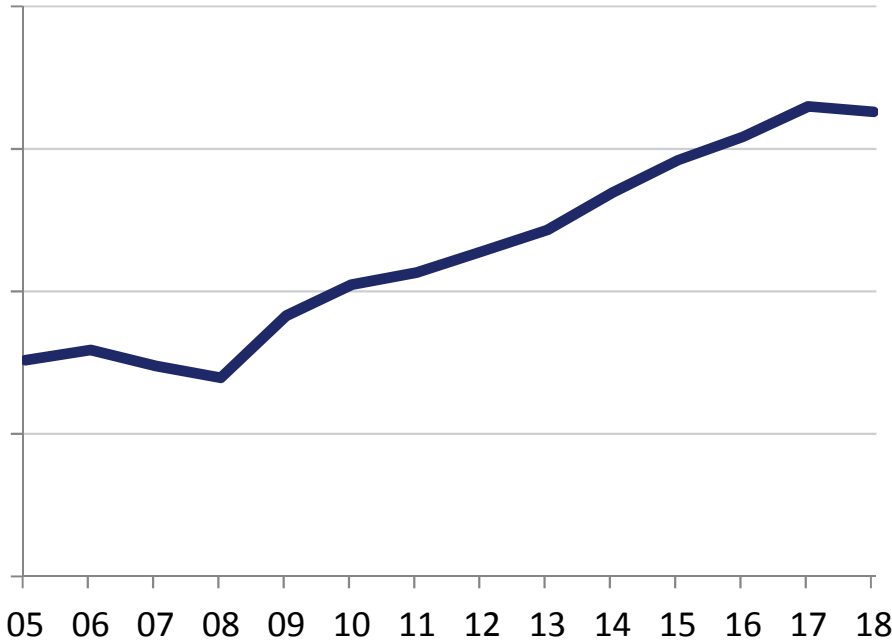
# Italian Household Financial Assets as at 31/12/2018 – real estate not included

Total HH Assets: € 4,218 bn



**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

BMED Market Share: 1.63%



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



## A 'real' Bank with a Solid Set of Numbers as at 30/06/2019



ROE

20%

10 Y avg. 2009- 2018

Retail Deposits

€ 16.9 bn

% Gross NPLs

1.40%

vs 8.9% Italian Banks\*

LCR

320%

CET1

19.0%

Retail Credit Book

€ 9.1 bn

% Net NPLs

0.71%

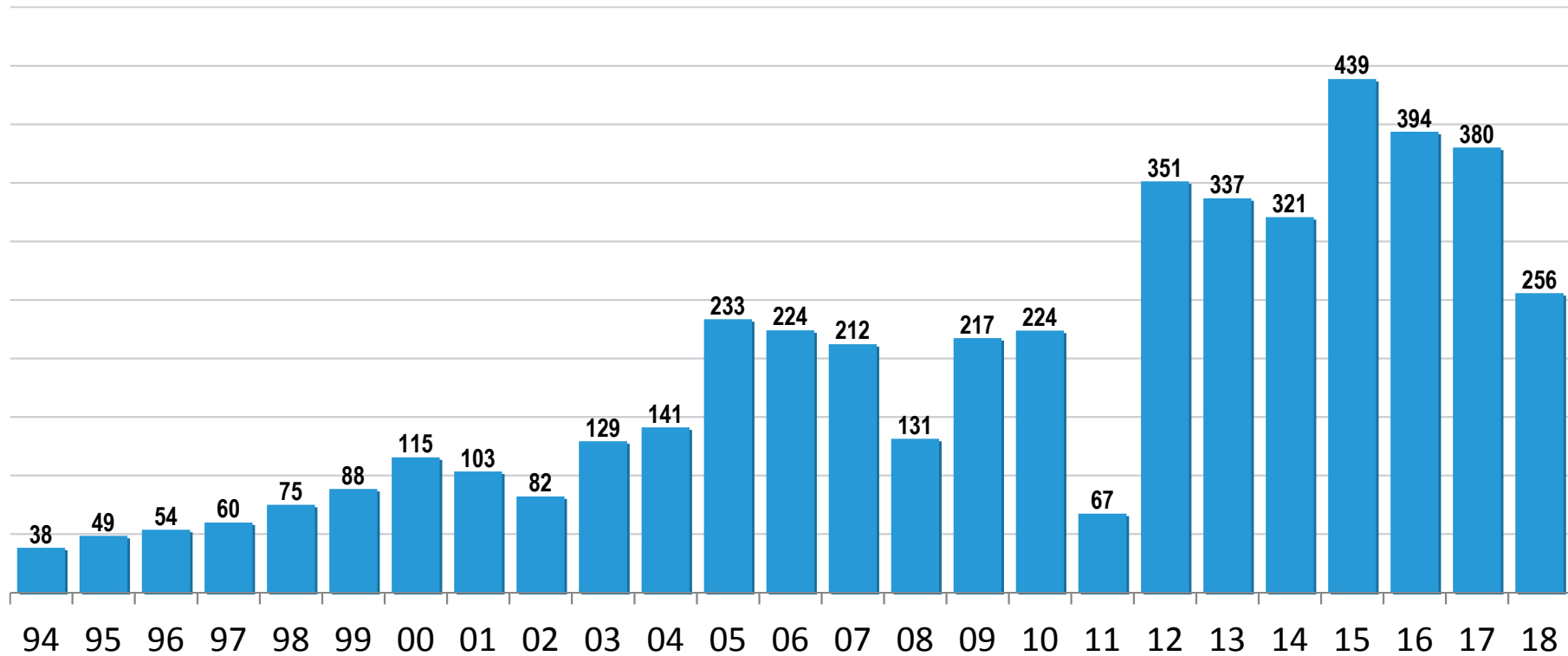
vs 4.3% Italian Banks\*

NSFR

168%

as at 31/03/2019

\* Source: Bank of Italy – 'Banks and Financial Institutions: Credit Conditions and Risk by Sector and Geographical Area – Q1 2019' & 'Financial Stability Report No. 1 2019'

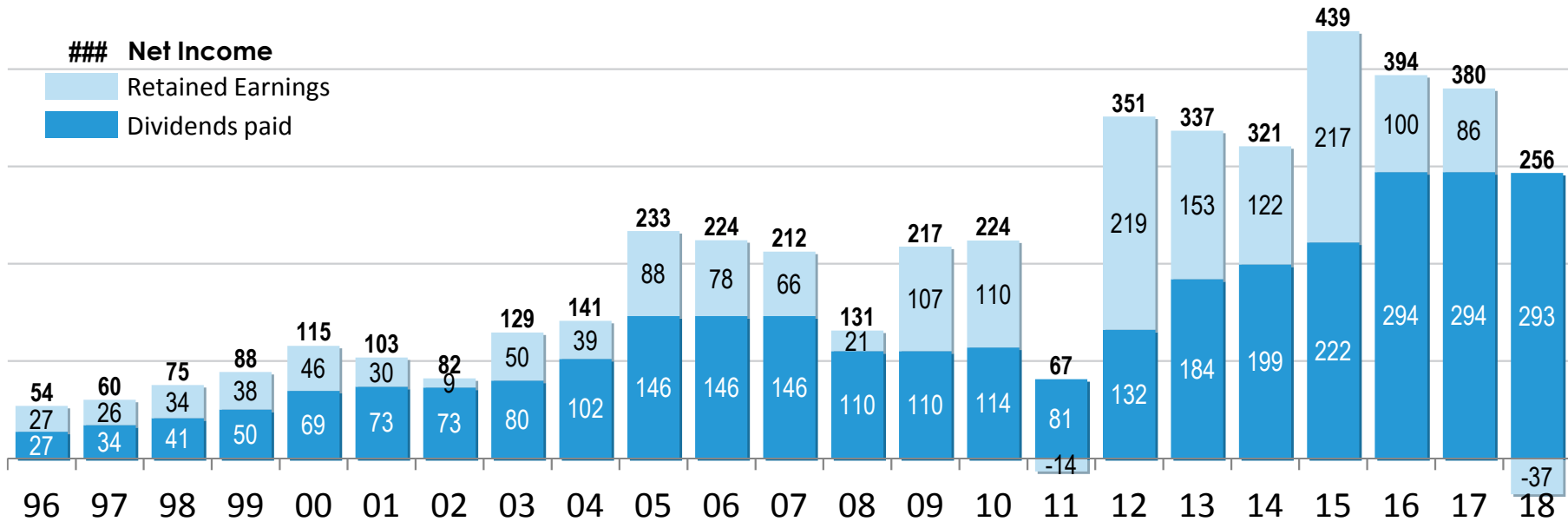


2008 & 2010: adjusted net income excluding effects of 'Lehman Brothers' operation

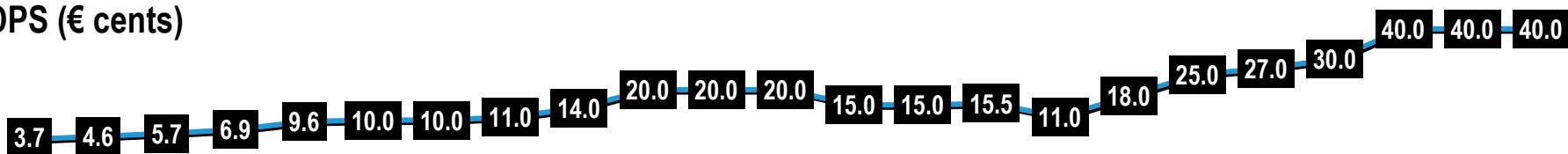
# 51

## Dividend Payout

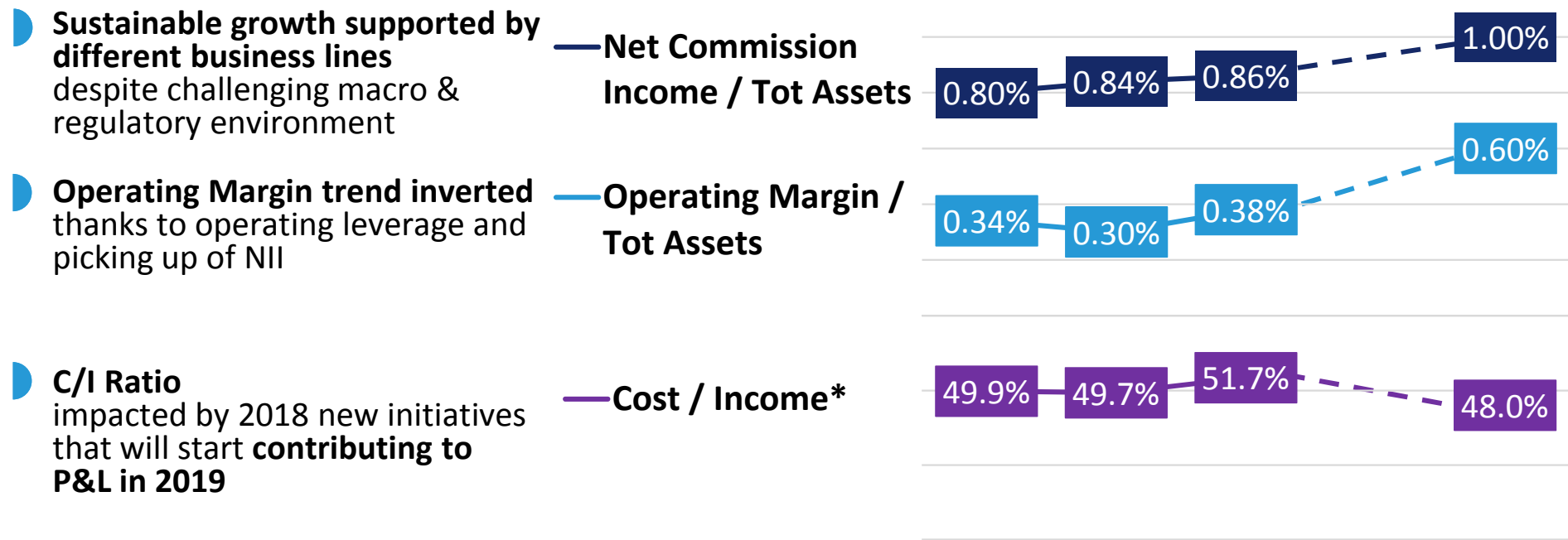
€ mn



### DPS (€ cents)



# 52 Efficiency Ratios



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

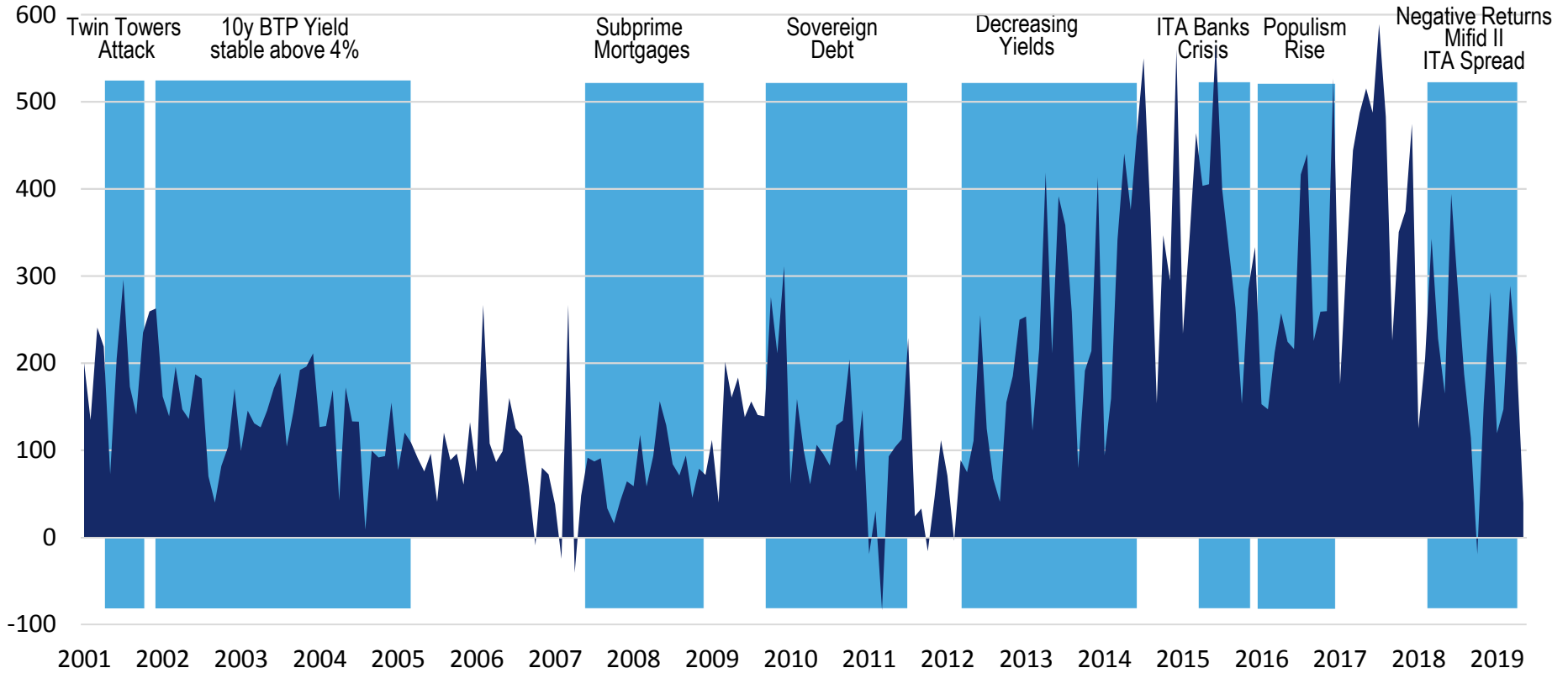
**Operating Margin trend inverted** thanks to operating leverage and picking up of NII

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

\* **Cost:** G&A + Reg. Contrib. to Banking Industry / **Income:** Contribution Margin + Market Effects

# 20 Years of Consistent Net Inflows

Anti-cyclical flows mean better performance for customers thanks to dollar-cost-averaging

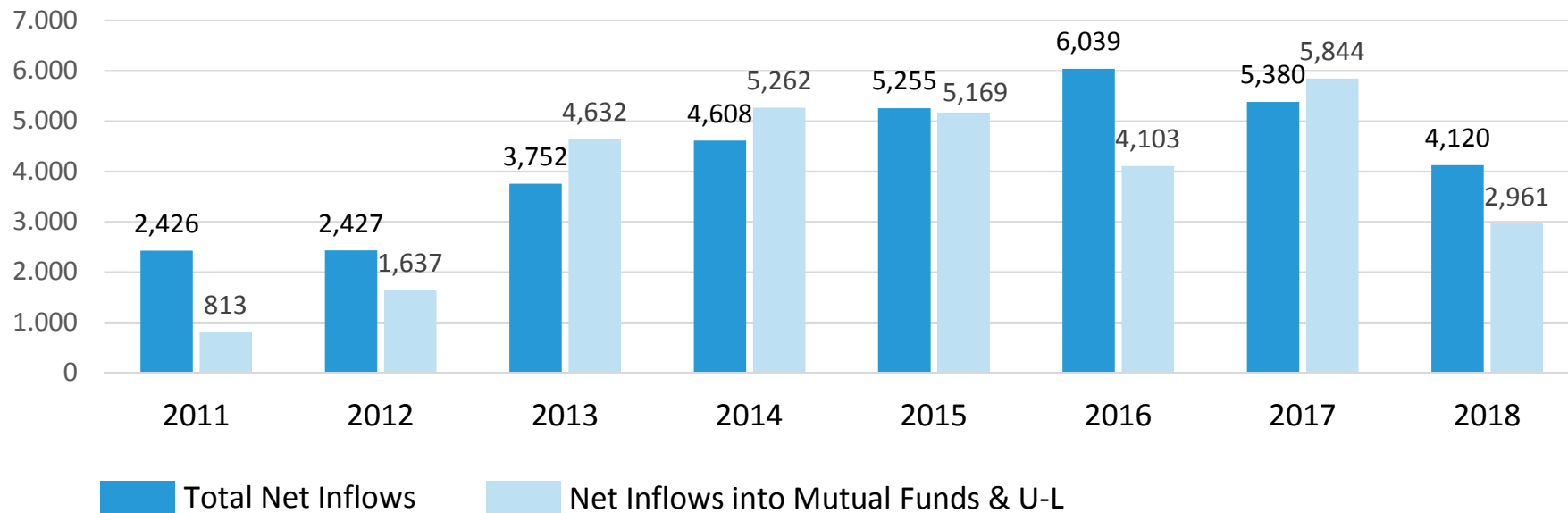


Source: Assoreti

■ Net Inflows into Managed Assets

A proven ability to convert 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



- ▶ 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.



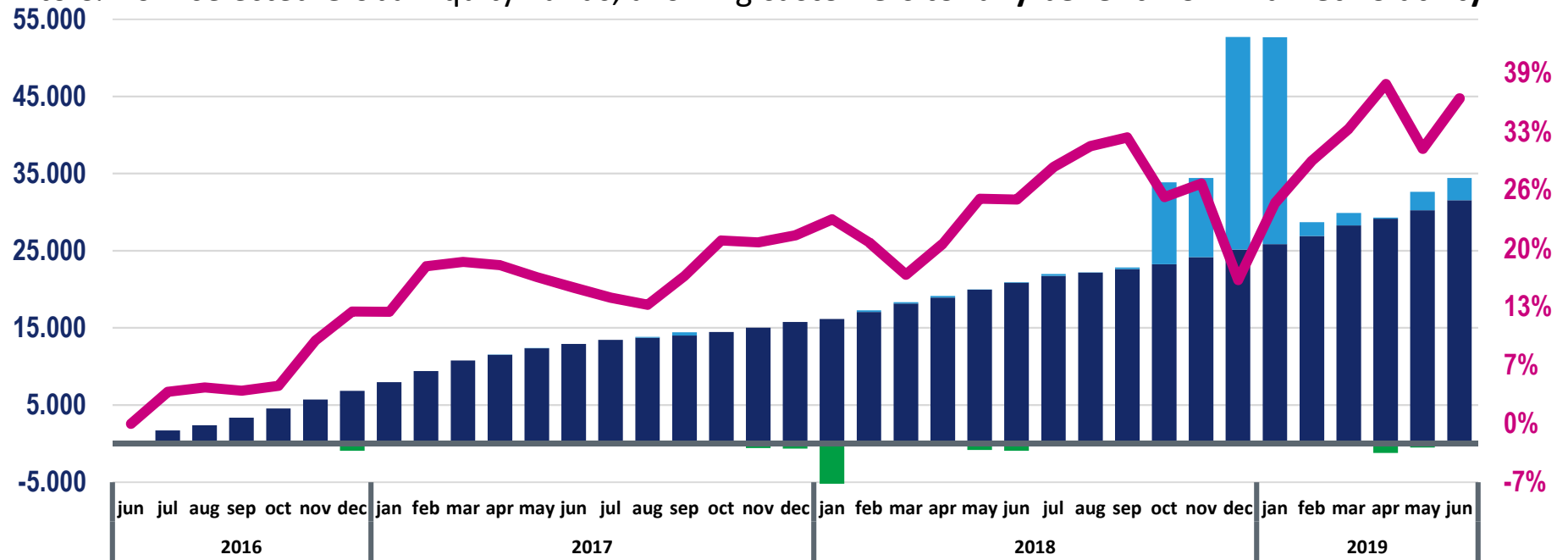
### Equity Fund Unit Price

### Instalment amount

5% to 10% decrease	<b>X2</b>
10% to 15% decrease	<b>X3</b>
15% to 20% decrease	<b>X4</b>
20% or more decrease	<b>X5</b>

## «Market crises are buying opportunities»: not just a slogan

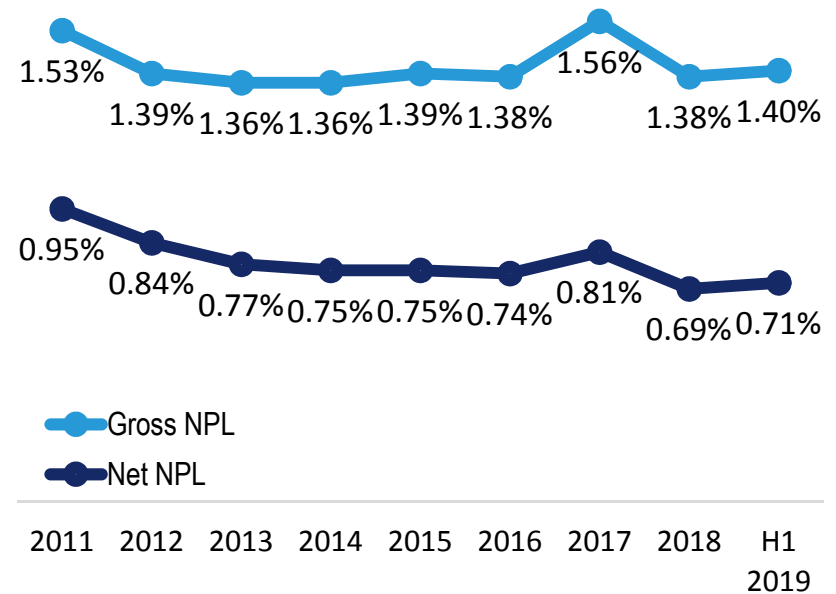
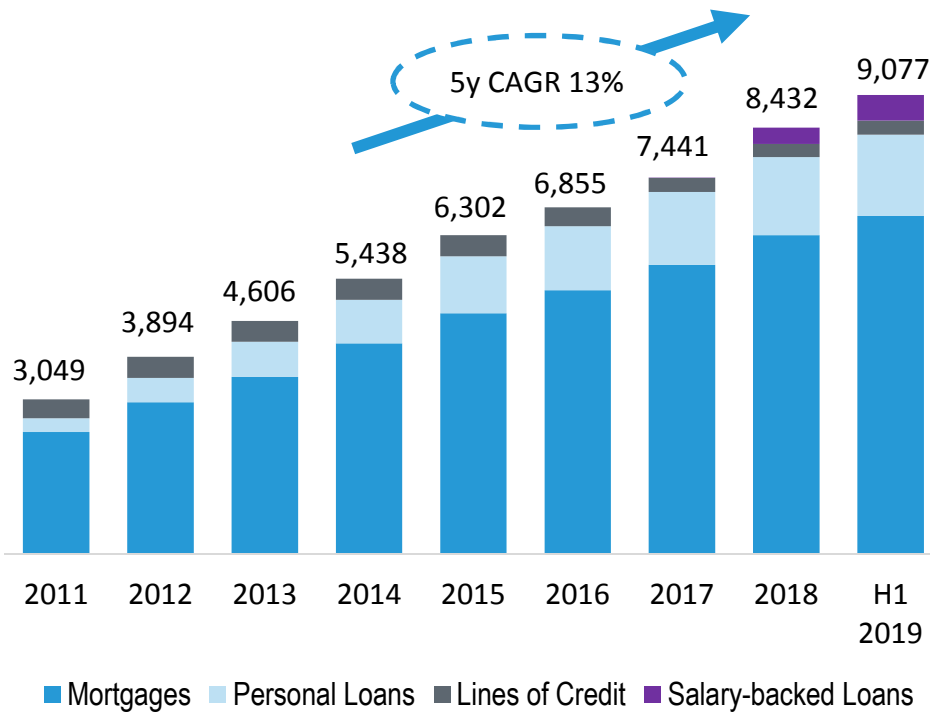
Since launch of IIS in 2016 over 100,000 step-in/step-outs automatically multiplied the transferred amount to & from selected Global Equity Funds, allowing **customers to fully benefit from market volatility**

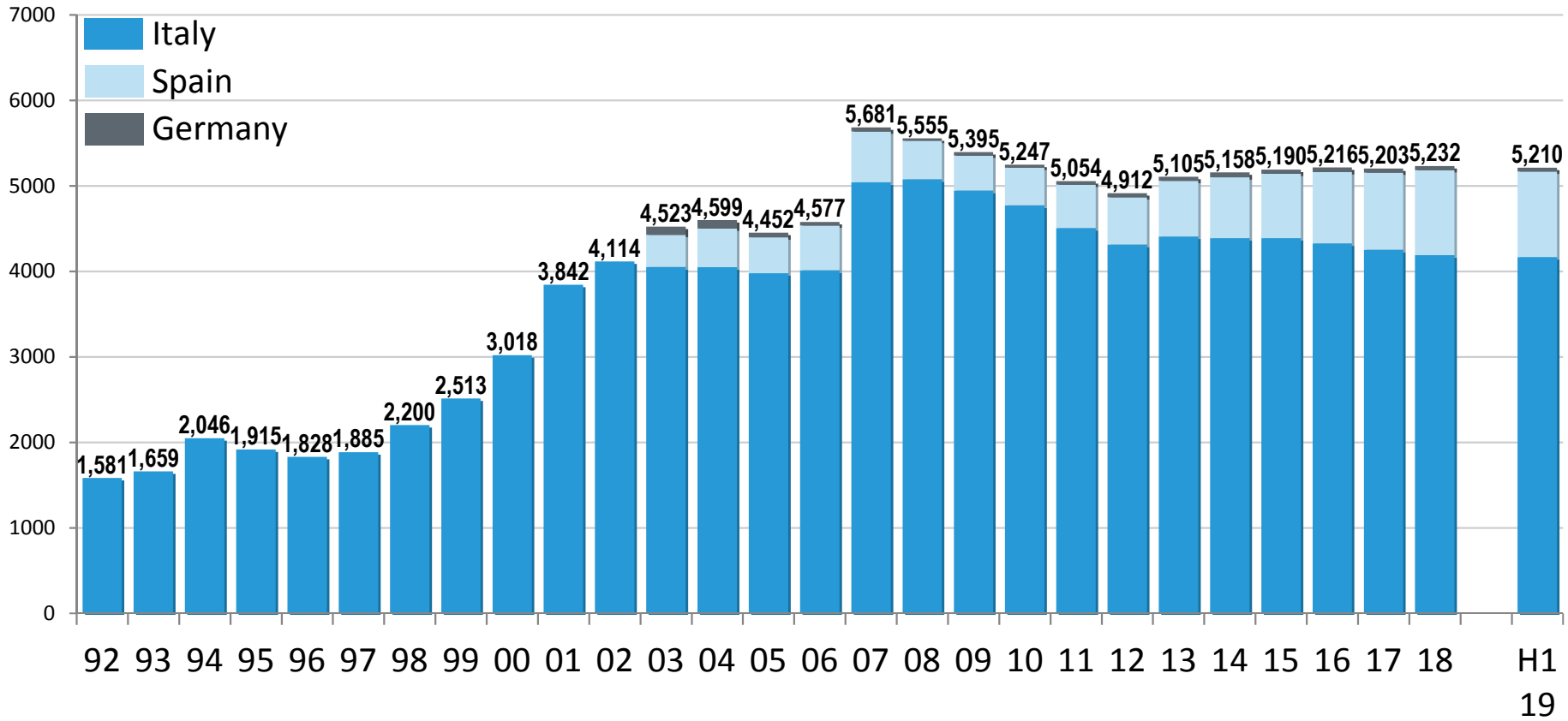


\*Source: BMED ■ Planned Instalment Plans - LHS ■ step-in (x2 x3 x4 x5) - LHS ■ step-out - LHS ■ MSCI WORLD E - NR - RHS



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

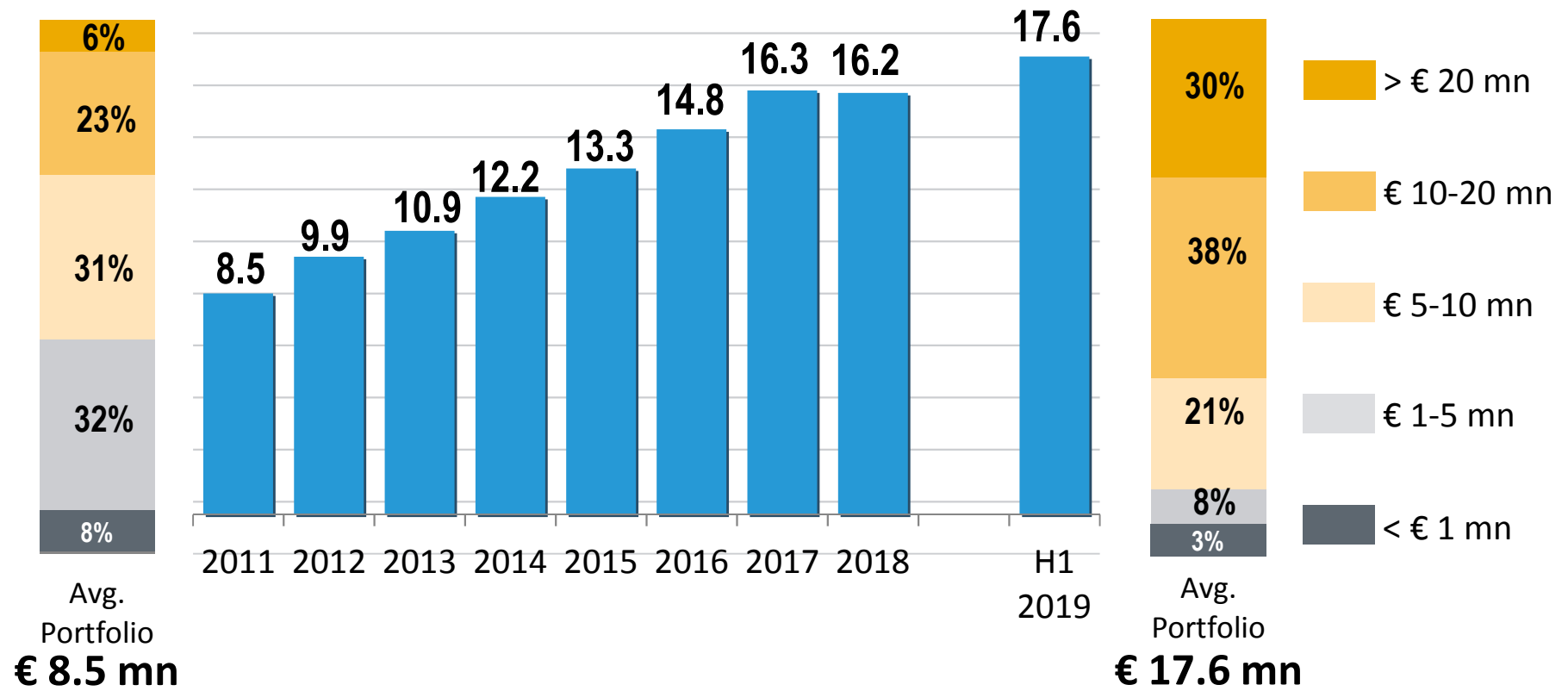




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# Average Assets per Family Banker - Italy

€ mn



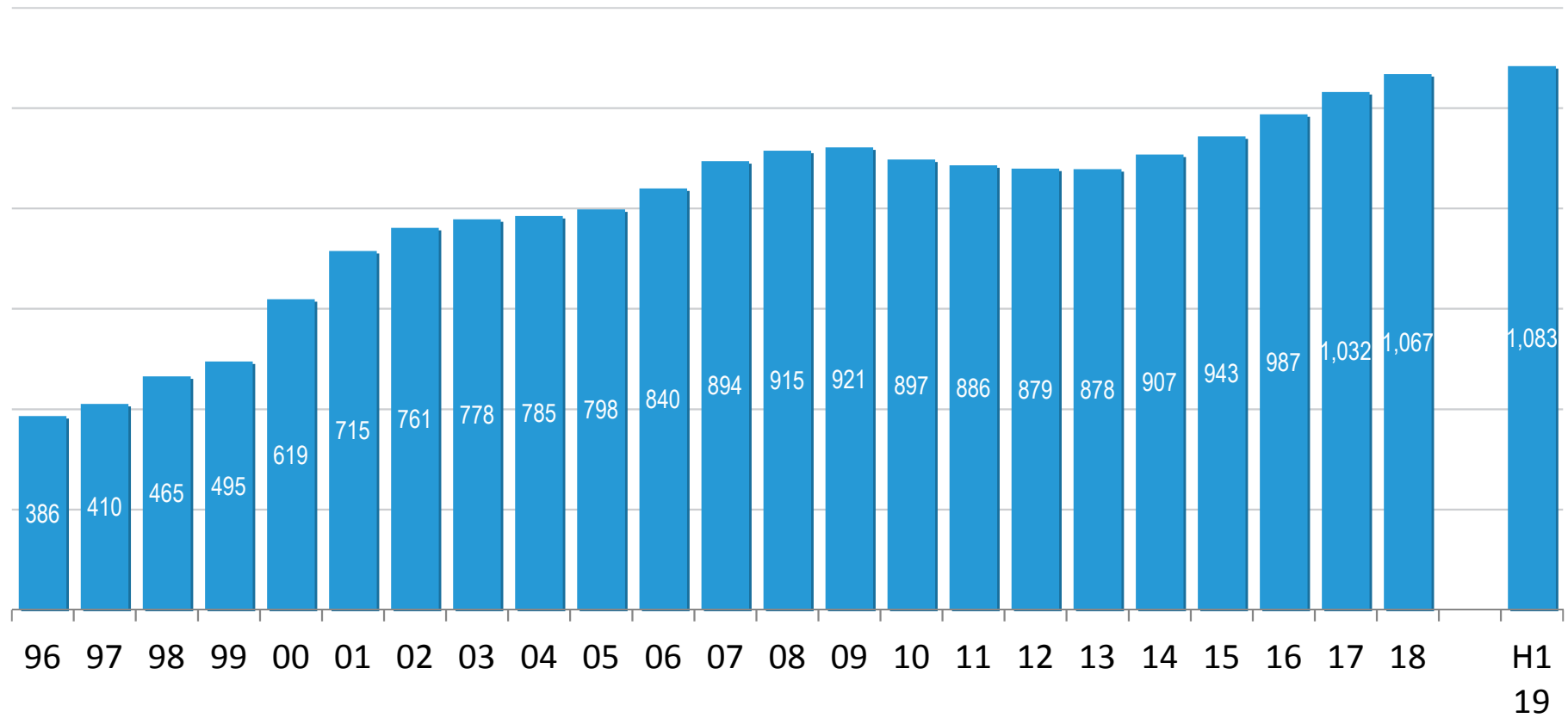
60

# Customers - Italy

Primary account holders (thousands)



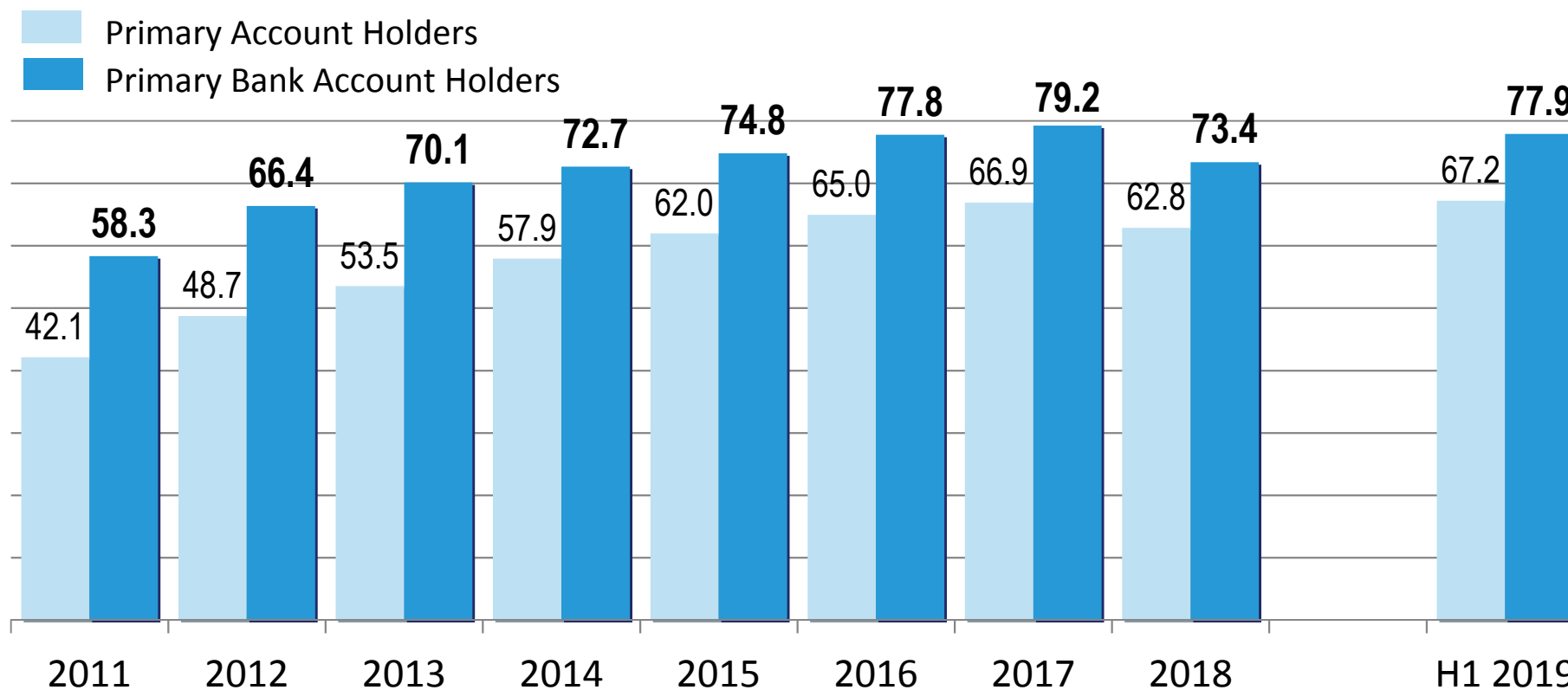
Mediolanum  
Facts



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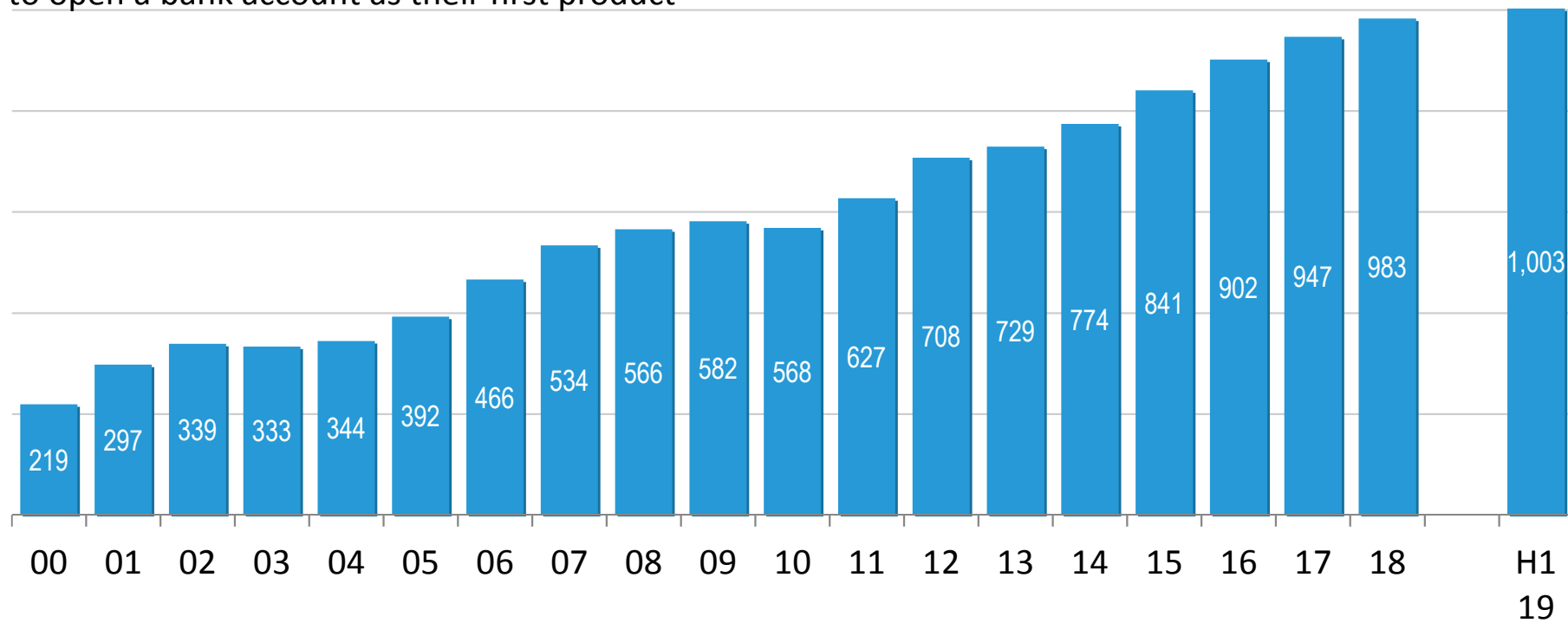
## Average Assets per Customer - Italy

€ thousands

Mediolanum  
Facts

## 62 Bank Accounts - Italy thousands

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



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**

- 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

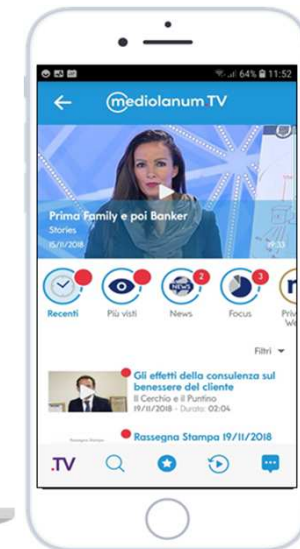
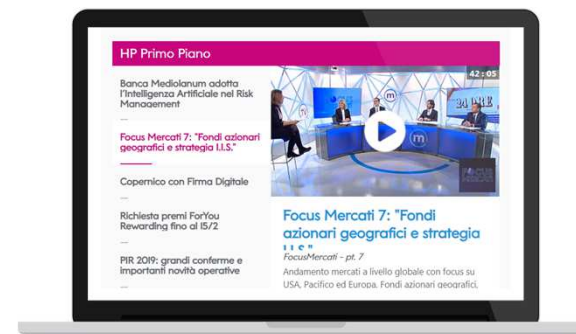




### A proprietary state-of-the-art tool established in 1989

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



# 67 Top Performer in Customer Experience



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

<b>Overall Satisfaction</b>	<b>Customer Satisfaction</b> <b>98%</b> <small>Traditional Banks: 86%   Online Banks: 96%</small>	<b>Net Promoter Score</b> <b>67.0%</b> <small>Traditional Banks: 11.1   Online Banks: 52.4</small>	<b>Customer Retention</b> <b>95.4%</b>
<b>Digital Platform</b>	<b>Digital Services</b> <b>89%</b> <small>of customers w/more than 1 bank relationship stated our services are <b>BETTER</b> than or <b>EQUAL</b> to other banks</small>	<b>Mobile Payments</b> <b>FIRST BANK</b> <b>to offer ALL PLATFORMS</b> <small>Apple Pay – Samsung Pay – Google Pay</small>	<b>Increased Stickiness</b> <b>1.2MN CLIENTS</b> <b>&gt;60 MN INTERACTIONS</b> <small>o/w 92% through digital channels</small>
<b>Financial Advisor Interaction</b>	<b>Professionalism</b> <b>88.3</b> <small>Traditional Banks: 74.7   Online Banks: 80.2</small>	<b>Relationship Quality</b> <b>89.7</b> <small>Traditional Banks: 79.7   Online Banks: 84.9</small>	<b>Availability</b> <small>In 2017 <b>65% OF CUSTOMERS</b> met with their Family Banker</small> <b>MORE THAN 4 TIMES</b>

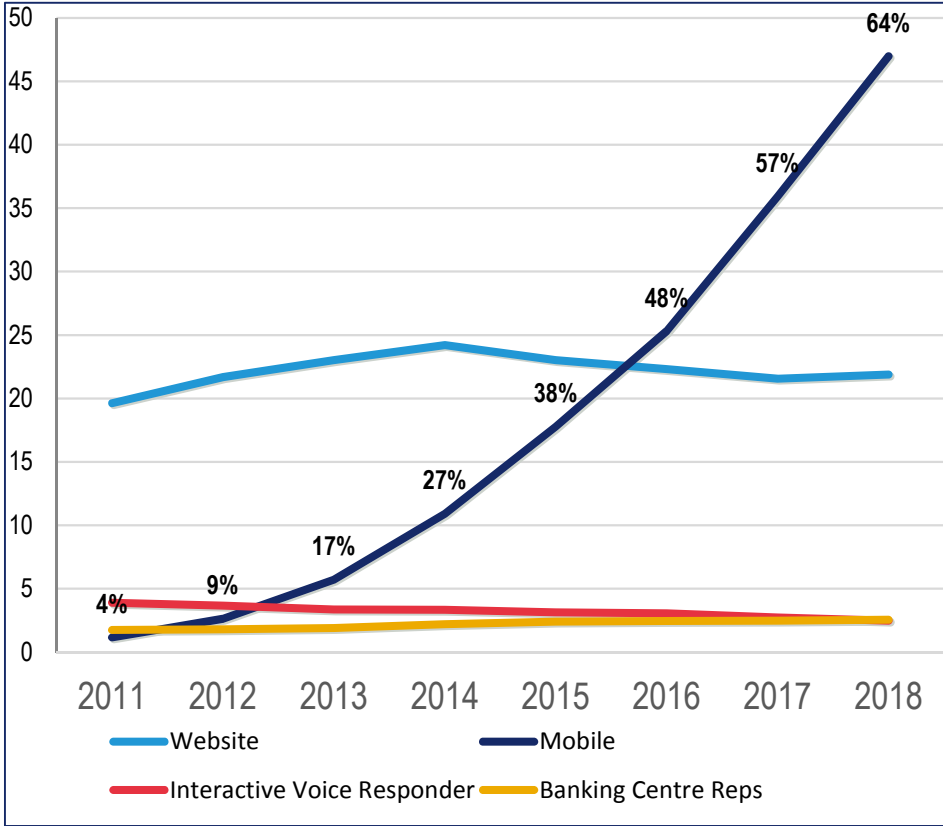
Source: BMED & 2018/2017 Doxa Research

# 68 Growing the 'Everyday Bank' Customer Base

- 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 4 main mobile payment solutions



Direct Channel Accesses (mn)



69

**The 3rd best known bank brand in Italy**  
 Spontaneous brand awareness – Italian banks – June 2019



Mediolanum  
Facts

INTESA  SANPAOLO **55%**

 **BNL**  
GRUPPO BNP PARIBAS **24%**

 **UniCredit** **51%**

ING  **DIRECT** **21%**

 **mediolanum** BANCA **49%**

UBI  Banca **17%**

**BancoPosta** **28%**

 **BCC**  
CREDITO COOPERATIVO **16%**

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

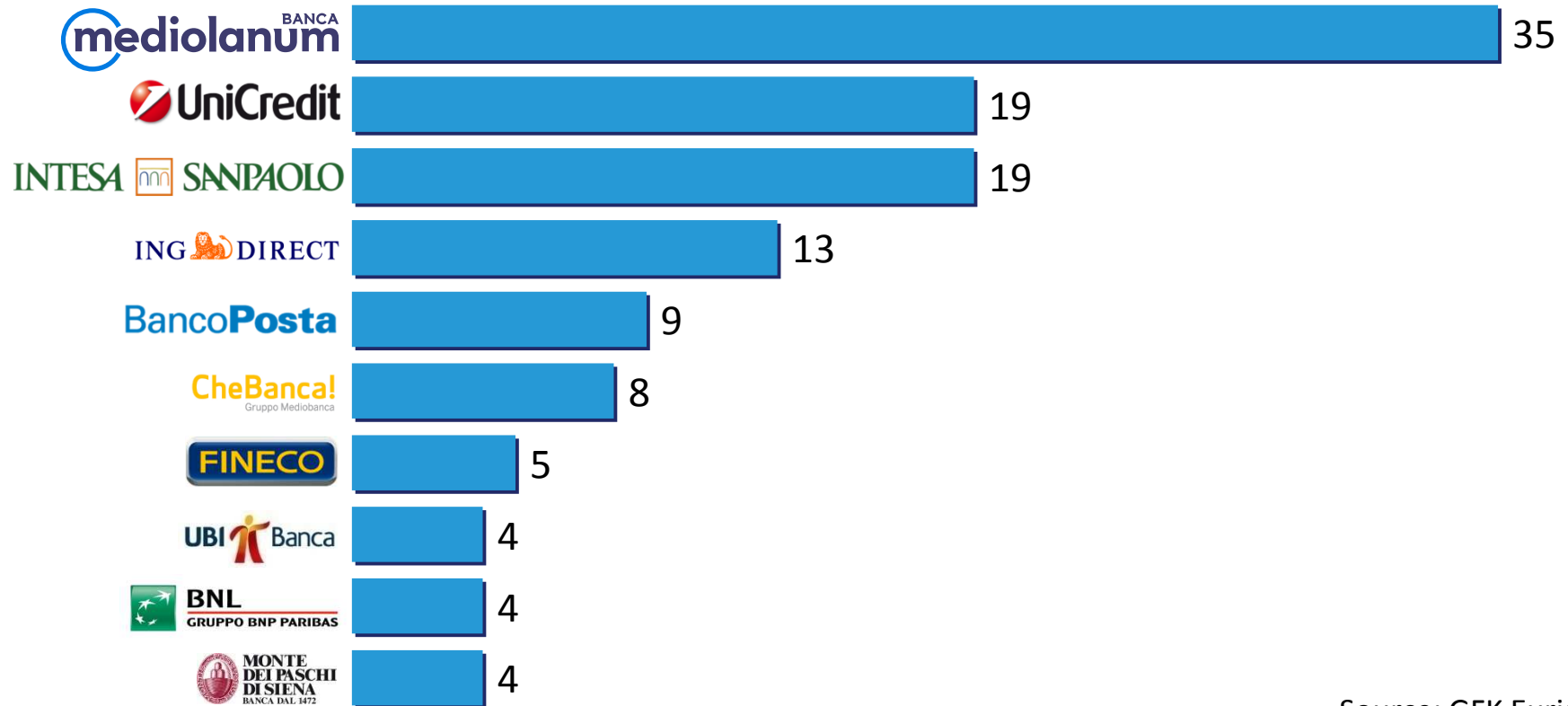
 **FINECO** **13%**

source: GFK Eurisko

70

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

Spontaneous recall of bank advertising in Italy – H1 2019

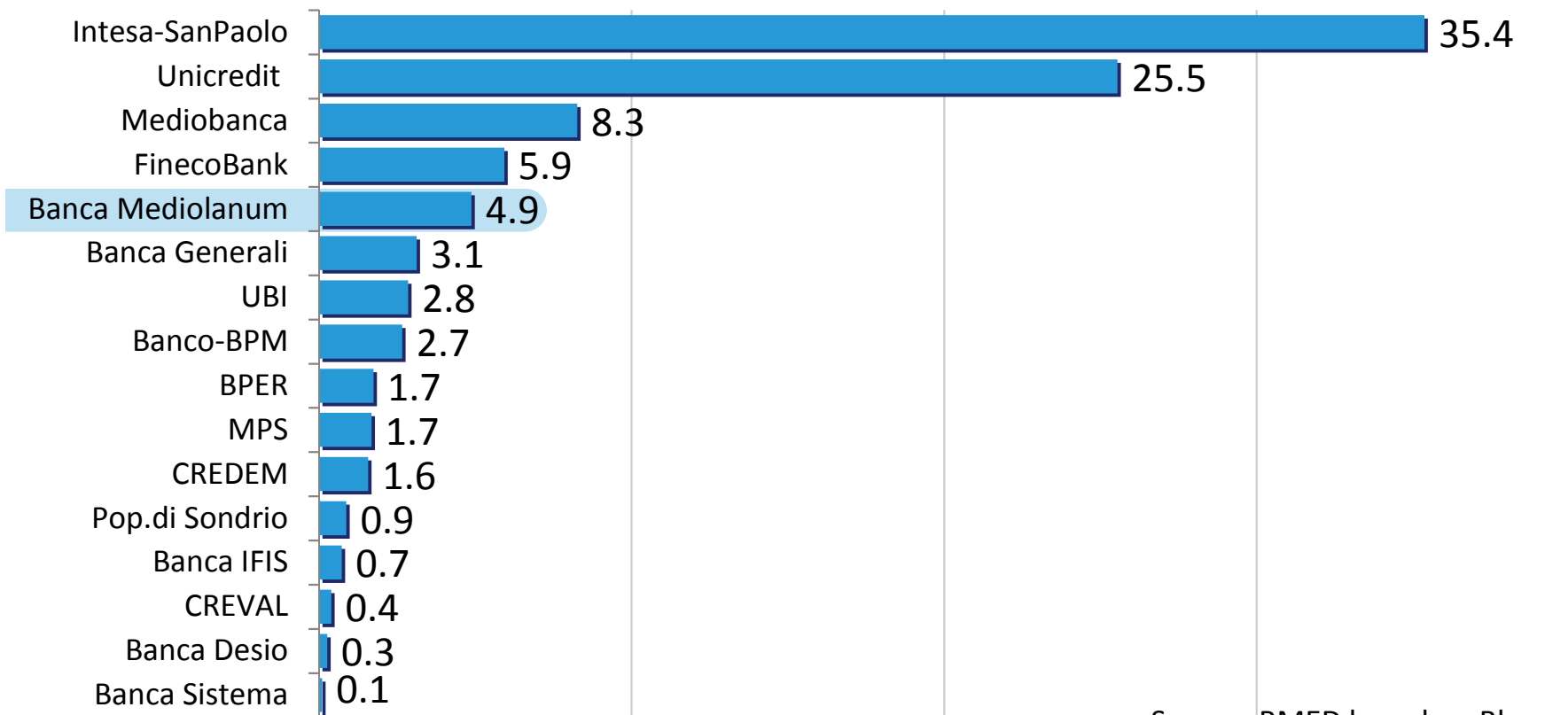


Source: GFK Eurisko

71

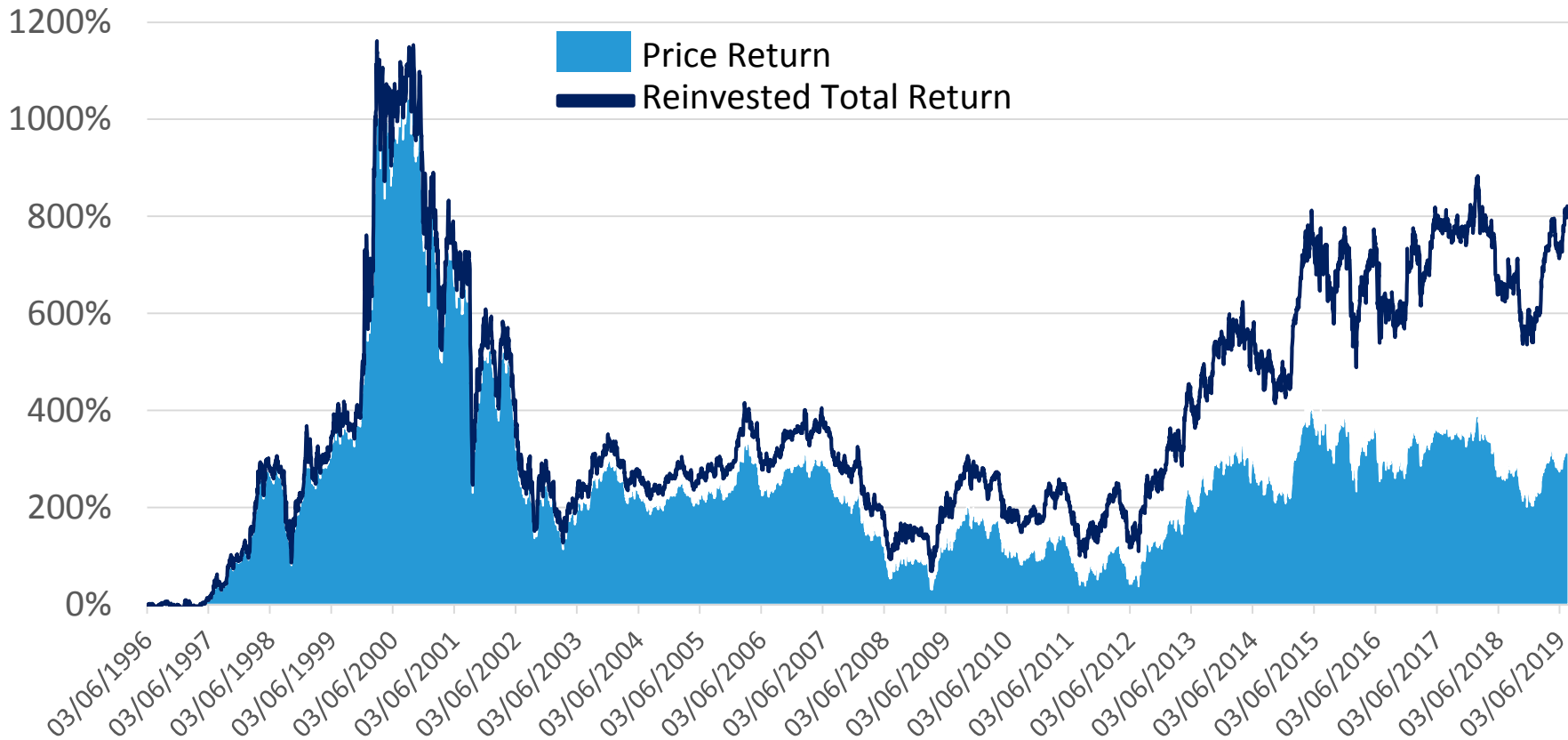
## Ranking of Italian Banking Groups by Market Capitalisation

€ bn - as at 25/07/2019



Source: BMED based on Bloomberg data

# MED.MI / BMED.MI Price Return & Total Return Index\*



\* 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

Figures contained in this document are rounded for presentation purposes.

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