

February 2020



**FY 2019 RESULTS & BUSINESS UPDATE**

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## FY 2019 Group Results

## Extraordinary elements aside, underlying business built to be even more solid & sustainable

**Operating Margin: +50%** thanks to our focus on the sustainable aspects of our top line & tight cost control

**Net Commission Income: +29%** all contributors on the rise with major credit going to recurring components

**Net Interest Income: +24%** thanks to continued expansion of credit book & front-loading of govies

**G&A Expenses: +2%** overall efficiencies despite ongoing commitment to supporting growth

**Performance fees: € 425 mn** extraordinary level due to: change in calculation method Jan19 at very low HWM starting point, followed by market rally throughout 2019

**Write-downs: €97 mn** 67mn Mediobanca due to change in classification to HTCS + 30 mn Bankhaus Lenz marking exit from business in Germany

**2019 DPS: 55 cents (+38%)** assumes 42 cents base dividend (+5%) + 13 cents special dividend

**Net Inflows: € 4.1 bn** stable YoY, with high quality mix (73% in managed assets)

**Loans: € 2.7 bn** +21%, an increasingly significant revenue source. Credit Book now at €10.4 bn (+16%)

**General Insurance: € 106 mn** w/ New Business Stand-alone Policies +122%

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# Income Statement

€ mn



FY 2019  
Group

	FY19	FY18	Change
Entry fees	37.6	44.6	-16%
Management fees	1,026.7	998.4	+3%
Investment Management fees	152.9	7.1	n.s.
Net Insurance revenues ex U-L commissions	41.7	29.9	+39%
Banking service fees	157.6	110.2	+43%
Other fees	41.8	42.1	-1%
<b>Gross Commission income</b>	<b>1,458.3</b>	<b>1,232.3</b>	<b>+18%</b>
Acquisition costs	(541.7)	(516.5)	+5%
Other commission expenses	(83.2)	(70.0)	+19%
<b>Net Commission Income</b>	<b>833.4</b>	<b>645.8</b>	<b>+29%</b>
Net interest income	239.0	192.3	+24%
Equity contribution	21.5	28.0	-23%
Net income on other investments	(33.8)	7.2	n.s.
<i>o/w Impairment on loans</i>	<i>(19.1)</i>	<i>(10.8)</i>	<i>+78%</i>
Other revenues	24.5	31.3	-22%
<b>Contribution Margin</b>	<b>1,084.6</b>	<b>904.7</b>	<b>+20%</b>
G&A expenses	(543.5)	(533.3)	+2%
Regular Contributions to Banking Industry	(17.6)	(16.1)	+9%
Amortization & Depreciation	(36.3)	(37.2)	-2%
Provisions for risks & charges	(56.4)	(30.1)	+87%
<b>Operating Margin</b>	<b>430.9</b>	<b>288.0</b>	<b>+50%</b>
Performance fees	424.8	140.4	+203%
Net income on investments at fair value	1.7	15.5	-89%
<b>Market Effects</b>	<b>426.5</b>	<b>155.9</b>	<b>+174%</b>
<b>One-offs</b>	<b>(118.4)</b>	<b>(110.8)</b>	<b>+7%</b>
<b>PROFIT BEFORE TAX</b>	<b>739.0</b>	<b>333.2</b>	<b>+122%</b>
Income tax	(173.6)	(77.4)	+124%
<b>NET INCOME</b>	<b>565.4</b>	<b>255.7</b>	<b>+121%</b>

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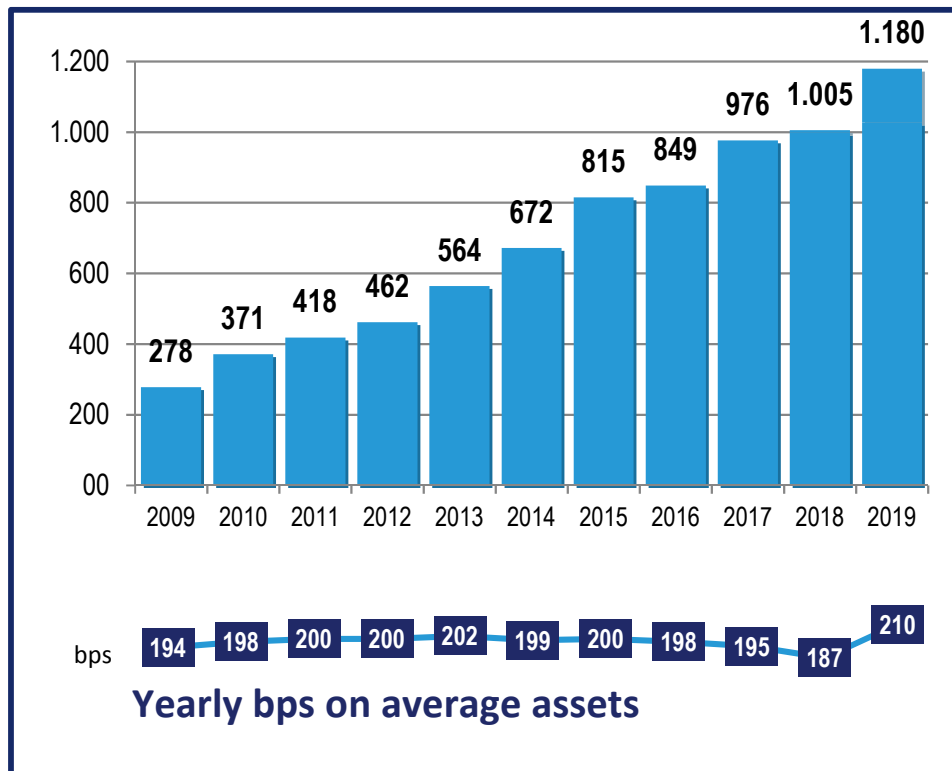
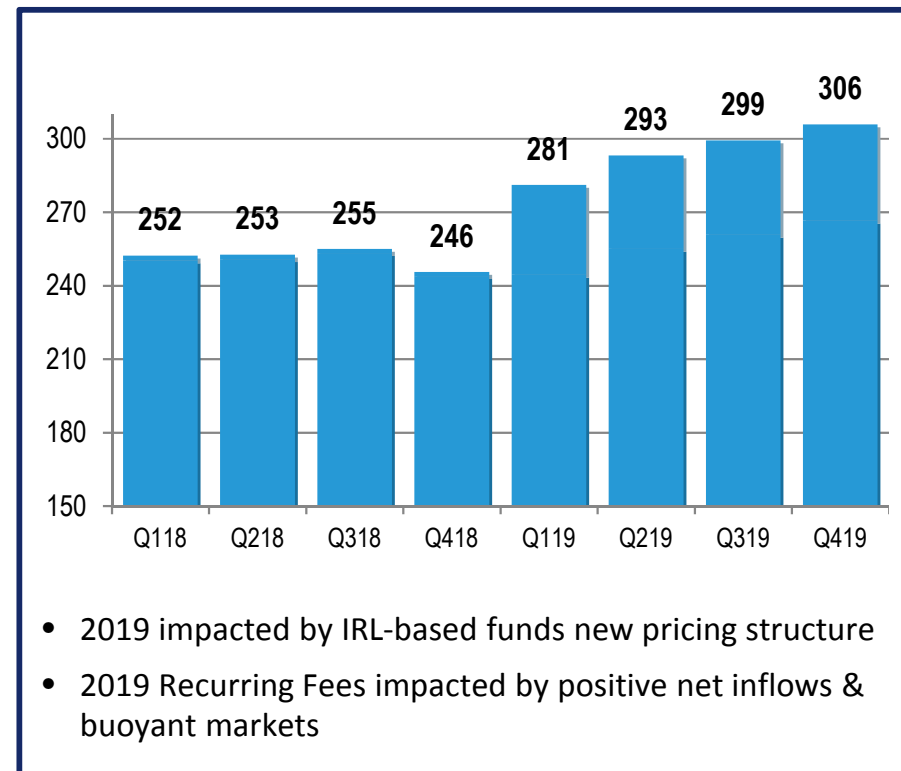
# Income Statement by Quarter

€ mn



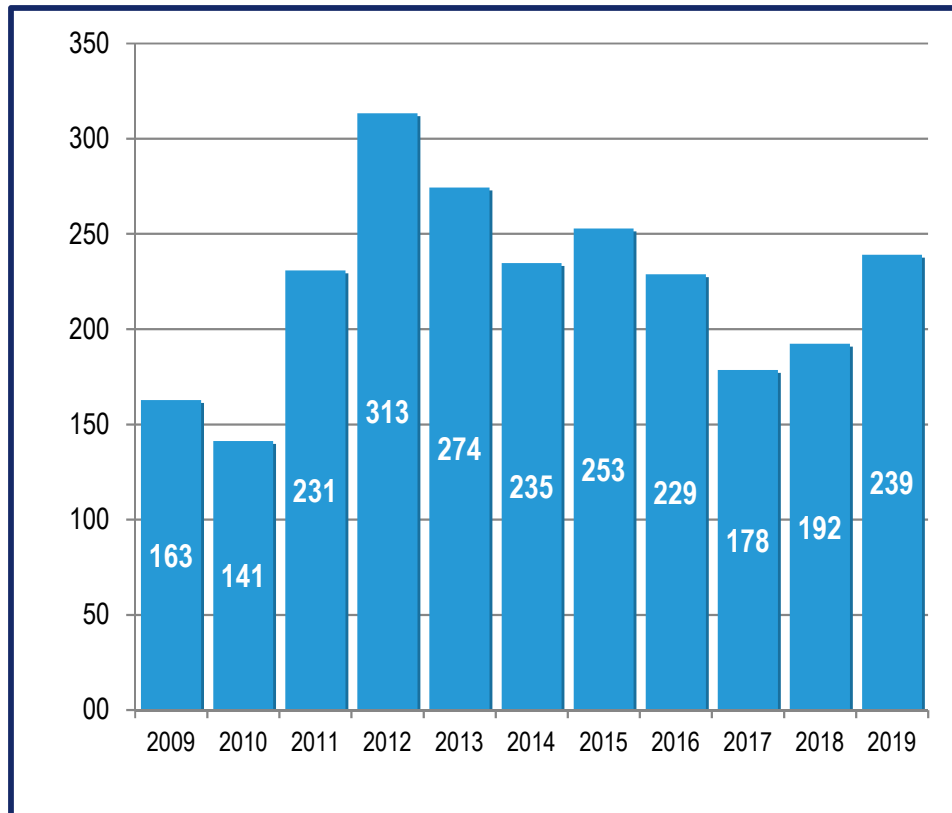
FY 2019  
Group

	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419
Entry fees	14.1	11.6	9.0	10.0	8.8	9.0	8.8	11.0
Management fees	250.3	250.9	253.3	243.9	244.5	255.0	260.7	266.5
Investment Management fees	2.0	1.8	1.7	1.6	36.7	38.1	38.6	39.4
Net Insurance revenues ex U-L commissions	6.7	9.9	9.0	4.4	7.7	12.1	9.3	12.7
Banking service fees	24.0	23.1	22.4	40.6	36.4	32.8	36.0	52.4
Other fees	9.7	11.2	10.8	10.5	9.6	10.7	10.4	11.0
<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>	<b>363.8</b>	<b>393.0</b>
Acquisition costs	(128.6)	(129.4)	(125.9)	(132.6)	(128.8)	(131.1)	(131.5)	(150.4)
Other commission expenses	(16.1)	(17.7)	(18.6)	(17.5)	(19.0)	(20.8)	(21.3)	(22.1)
<b>Net Commission Income</b>	<b>162.0</b>	<b>161.4</b>	<b>161.5</b>	<b>160.9</b>	<b>195.9</b>	<b>205.9</b>	<b>211.1</b>	<b>220.5</b>
Net interest income	40.5	46.6	49.0	56.3	51.4	60.3	64.3	63.1
Equity contribution	0	6.8	14.2	7.1	0	5.9	15.6	0
Net income on other investments	3.7	10.3	(2.7)	(4.1)	(11.5)	(9.5)	(7.0)	(5.8)
o/w Impairment on loans	(6.1)	(1.0)	(1.6)	(2.1)	(7.2)	(6.4)	0.3	(5.7)
Other revenues	12.3	7.4	5.4	6.2	6.7	7.2	5.3	5.3
<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>269.8</b>	<b>289.2</b>	<b>283.1</b>
G&A expenses	(131.6)	(138.9)	(122.2)	(140.7)	(131.3)	(142.8)	(122.2)	(147.2)
Regular Contributions to Banking Industry	(5.2)	(0.7)	(7.7)	(2.5)	(5.0)	(0.1)	(10.4)	(2.1)
Amortization & Depreciation	(9.0)	(9.5)	(9.4)	(9.3)	(9.1)	(9.0)	(9.0)	(9.1)
Provisions for risks & charges	(10.4)	(6.6)	(6.4)	(6.7)	(8.2)	(10.6)	(15.5)	(22.0)
<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>	<b>132.1</b>	<b>102.7</b>
Performance fees	21.5	63.1	37.2	18.5	7.2	13.1	10.8	393.7
Net income on investments at fair value	(3.0)	(6.3)	2.9	21.9	(2.7)	6.9	(13.5)	11.0
<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>(2.7)</b>	<b>404.6</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>0.3</b>	<b>(112.5)</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>	<b>129.7</b>	<b>394.8</b>
Income tax	(21.3)	(16.1)	(25.1)	(15.0)	(21.3)	(21.8)	(16.3)	(114.1)
<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>	<b>113.4</b>	<b>280.7</b>

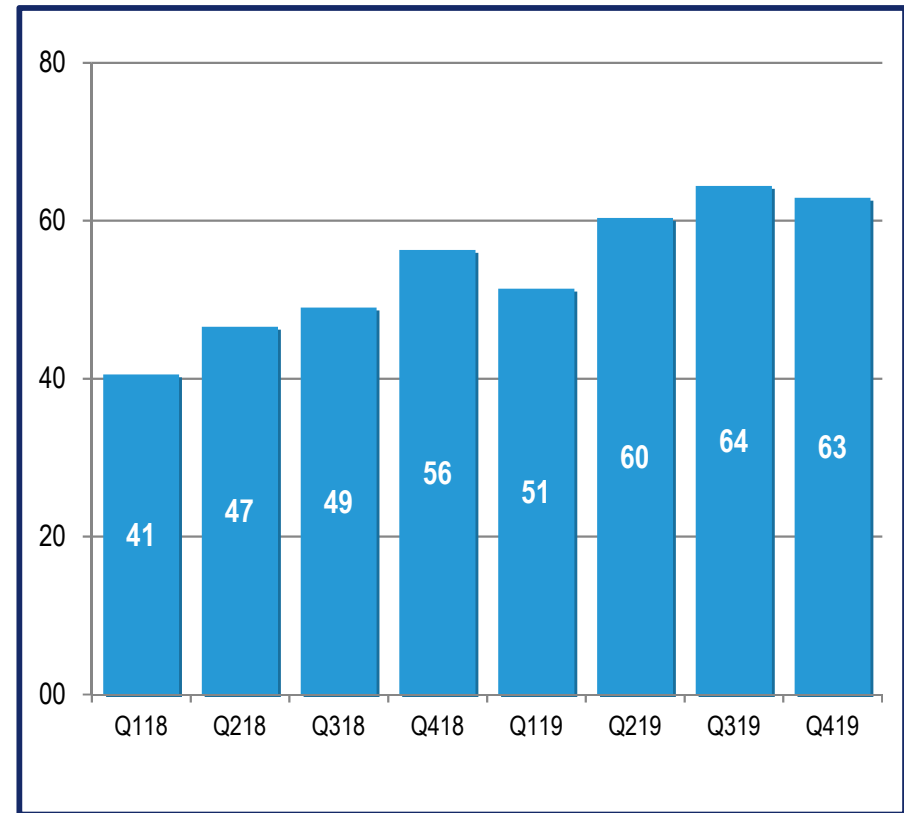
**YoY Trend**

**QoQ Trend**


\* Management Fees + Investment Management Fees

YoY Trend



QoQ Trend



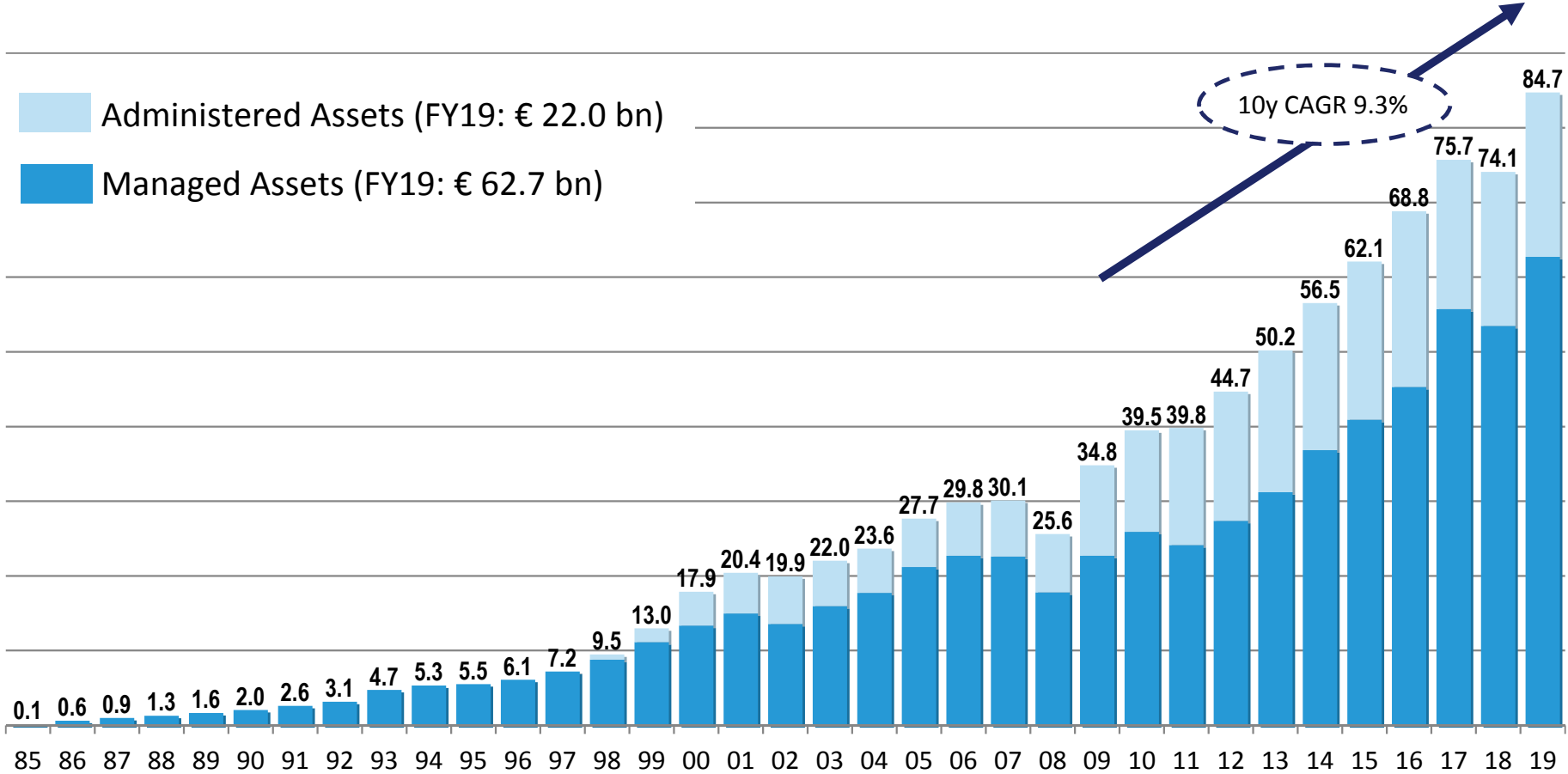


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# AUA/AUM Trend

€ bn

**m** FY 2019 Group



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

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## Assets under Administration/Management

€ mn

FY 2019  
Group

	31/12/19	31/12/18	Change
Mutual Funds & U-L Policies	55,263	47,608	+16%
Other Life Insurance Products	1,541	1,511	+2%
Banking	21,298	19,526	+9%
<b>Italy – Banca Mediolanum</b>	<b>78,102</b>	<b>68,645</b>	<b>+14%</b>
Mutual Funds & U-L Policies	4,188	3,368	+24%
Other Life Insurance Products	79	56	+40%
Banking	1,650	1,418	+16%
<b>Spain – Banco Mediolanum</b>	<b>5,917</b>	<b>4,841</b>	<b>+22%</b>
Mutual Funds & U-L Policies	530	435	+22%
Other Life Insurance Products	4	10	-64%
Banking	164	153	+7%
<b>Germany – B. A. Lenz &amp; Gamax</b>	<b>697</b>	<b>598</b>	<b>+17%</b>
<b>TOTAL AUA/AUM</b>	<b>84,716</b>	<b>74,085</b>	<b>+14%</b>

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## Net Inflows

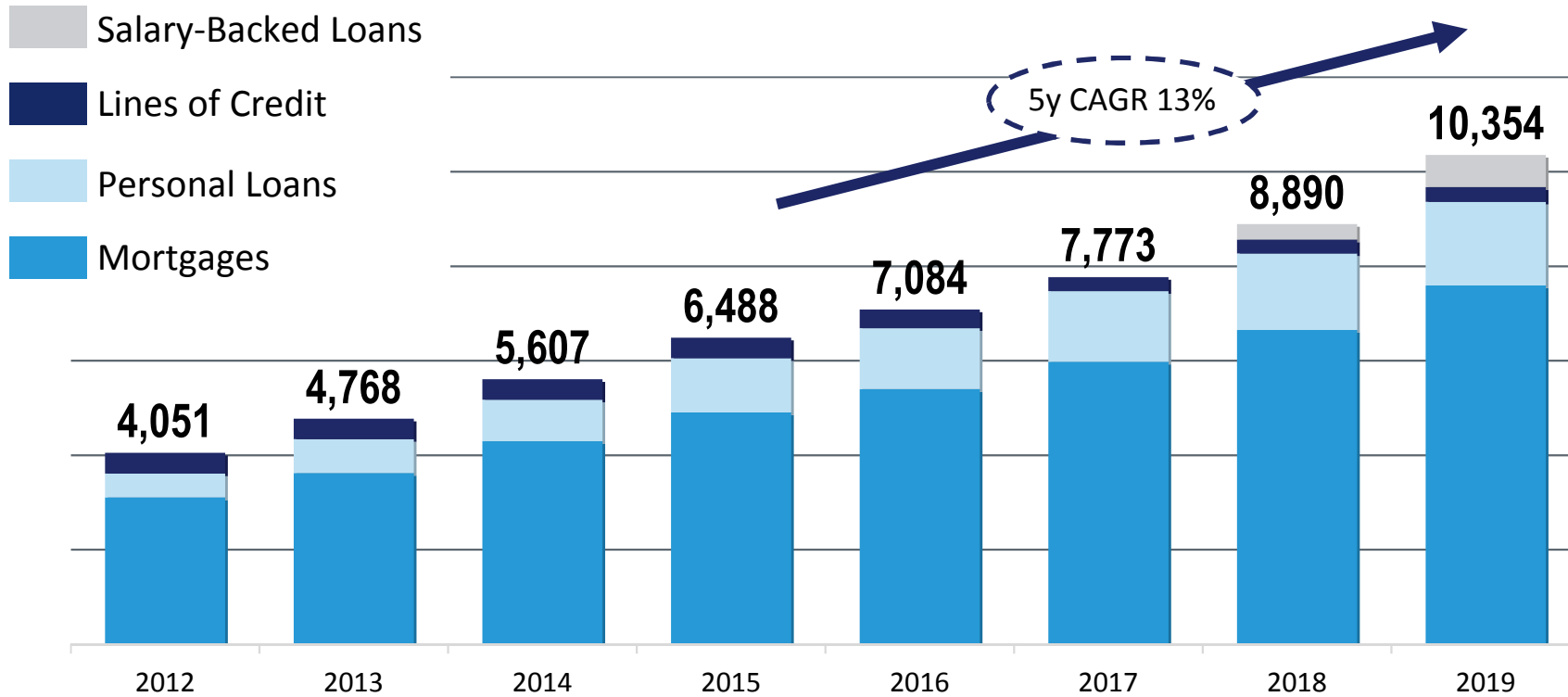
€ mn



FY 2019  
Group

	2019	2018
<b>Managed Assets</b>	<b>+2,952</b>	<b>+3,044</b>
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	+2,416	+2,960
<b>Administered Assets</b>	<b>+1,112</b>	<b>+1,076</b>
<b>GROUP TOTAL NET INFLOWS</b>	<b>+4,064</b>	<b>+4,120</b>
Managed Assets	+2,520	+2,611
<i>o/w Mutual Funds, U-L &amp; Managed Accounts</i>	+2,000	+2,466
Administered Assets	+913	+952
<b>Italy – Banca Mediolanum Total Net Inflows</b>	<b>+3,432</b>	<b>+3,562</b>
Managed Assets	+418	+440
<i>o/w Mutual Funds &amp; U-L</i>	+395	+492
Administered Assets	+189	+119
<b>Spain – Banco Mediolanum Total Net Inflows</b>	<b>+607</b>	<b>+559</b>
Managed Assets	+14	-7
<i>o/w Mutual Funds &amp; U-L</i>	+21	+3
Administered Assets	+10	+6
<b>Germany – B.A. Lenz &amp; Gamax Total Net Inflows</b>	<b>+24</b>	<b>-1</b>

Steady growth regardless of macro-economic conditions



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**Credit Book**  
€ mnFY 2019  
Group

	31/12/19	31/12/18	Change
Mortgages	7,589	6,647	+14%
Personal Loans	1,770	1,621	+9%
Lines of Credit	317	294	+8%
Salary-backed Loans	678	328	+107%
<b>TOTAL</b>	<b>10,354</b>	<b>8,890</b>	<b>+16%</b>

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## Loans Granted

€ mn

FY 2019  
Group

	FY19	FY18	Change
Mortgages	1,554	1,274	+22%
Personal Loans	721	638	+13%
Salary-backed Loans	391	297	+32%
<b>TOTAL</b>	<b>2,667</b>	<b>2,209</b>	<b>+21%</b>
3rd-party Loans	35	29	+23%

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## General Insurance Gross Premiums Written

€ mn



FY 2019  
Group

	FY19	FY18	Change
New Business	14.9	6.7	+122%
In-Force Business	40.8	36.9	+11%
<b>Stand-Alone Policies</b>	<b>55.7</b>	<b>43.6</b>	<b>+28%</b>
<b>Loan Protection Policies</b>	<b>50.1</b>	<b>41.2</b>	<b>+22%</b>
<b>GROSS PREMIUMS WRITTEN</b>	<b>105.8</b>	<b>84.8</b>	<b>+25%</b>

## Capital Adequacy

€ mn – as at 31/12/2019



FY 2019  
Group

FY19

FY18

### GROUP CAPITAL RATIOS

Total Capital Ratio 19.5% 19.3%

**COMMON EQUITY TIER 1 RATIO 19.5% 19.2%**

**Risk-Weighted Assets 9,388 8,112**

**Total Regulatory Capital Held 2,137 1,951**

Required Capital – Banks \* 1,017 804

Solvency Capital Req. – Insurance companies\*\* 724 710

**Total Required Capital 1,741 1,514**

**EXCESS CAPITAL 396 437**

\* As per SREP, BMED required capital is 11.9% (min. Total Capital Ratio) of consolidated RWA, excl. stakes in insurance companies

\*\* FY19 reconciliation reserve (part of total reg. capital held) & solvency capital req. are calculated according to the Solvency II as at 30/09/2019



- Interim dividend paid in November 2019	21 eurocents
- Dividend balance to be paid in April 2020	34 eurocents
<b>Dividend per share</b>	<b>55 eurocents*</b>
of which:	
- Base Dividend	42 eurocents
- Special Dividend	13 eurocents
<b>Total amount of dividends</b>	<b>€403.5 mn</b>

\* The full amount is an Ordinary Dividend entirely related to 2019 Net Income.



## FY 2019 Domestic Market Results

	FY19	FY18	Change
Entry fees	27.0	33.6	-20%
Management fees	953.8	930.1	+3%
Investment Management fees	141.7	6.6	n.s.
Net Insurance revenues ex U-L commissions	29.4	19.8	+48%
Banking service fees	134.6	85.9	+57%
Other fees	39.8	40.4	-2%
<b>Gross Commission income</b>	<b>1,326.3</b>	<b>1,116.4</b>	<b>+19%</b>
Acquisition costs	(495.8)	(474.2)	+5%
Other commission expenses	(60.2)	(47.7)	+26%
<b>Net Commission Income</b>	<b>770.3</b>	<b>594.5</b>	<b>+30%</b>
Net interest income	229.4	185.5	+24%
Equity contribution	21.5	28.0	-23%
Net income on other investments	(35.3)	7.4	n.s.
<i>o/w Impairment on loans</i>	(19.1)	(10.6)	+81%
Other revenues	21.2	28.0	-24%
<b>Contribution Margin</b>	<b>1,007.1</b>	<b>843.3</b>	<b>+19%</b>
G&A expenses	(482.9)	(473.7)	+2%
Regular Contributions to Banking Industry	(15.4)	(14.3)	+8%
Amortization & Depreciation	(30.9)	(32.8)	-6%
Provisions for risks & charges	(58.8)	(28.8)	+104%
<b>Operating Margin</b>	<b>419.2</b>	<b>293.8</b>	<b>+43%</b>
Performance fees	402.3	129.1	+212%
Net income on investments at fair value	0.2	14.4	-99%
<b>Market Effects</b>	<b>402.5</b>	<b>143.5</b>	<b>+180%</b>
<b>One-offs</b>	<b>(85.5)</b>	<b>(110.8)</b>	<b>-23%</b>
<b>PROFIT BEFORE TAX</b>	<b>736.2</b>	<b>326.5</b>	<b>+125%</b>
Income tax	(165.4)	(72.4)	+129%
<b>NET INCOME</b>	<b>570.7</b>	<b>254.2</b>	<b>+125%</b>

# Income Statement by Quarter

€ mn



FY 2019  
Domestic Market

	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419
Entry fees	10.9	8.8	6.6	7.3	6.3	6.4	6.3	8.0
Management fees	233.3	233.9	235.9	227.0	227.2	236.7	242.3	247.5
Investment Management fees	1.9	1.6	1.6	1.5	34.1	35.3	35.8	36.5
Net Insurance revenues ex U-L commissions	3.9	7.1	6.6	2.1	4.4	7.6	5.0	12.4
Banking service fees	17.8	16.8	16.2	35.1	31.4	27.1	30.0	46.2
Other fees	9.3	10.8	10.3	10.1	9.2	10.2	9.9	10.5
<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>	<b>329.3</b>	<b>361.1</b>
Acquisition costs	(118.0)	(118.7)	(115.9)	(121.6)	(118.0)	(120.1)	(120.2)	(137.6)
Other commission expenses	(10.8)	(11.5)	(12.9)	(12.5)	(14.1)	(15.0)	(15.3)	(15.7)
<b>Net Commission Income</b>	<b>148.2</b>	<b>148.8</b>	<b>148.4</b>	<b>149.0</b>	<b>180.5</b>	<b>188.3</b>	<b>193.8</b>	<b>207.7</b>
Net interest income	39.1	44.6	47.4	54.3	49.6	58.1	61.5	60.2
Equity contribution	0	6.8	14.2	7.1	0	5.9	15.6	0
Net income on other investments	3.7	10.1	(2.4)	(4.0)	(11.5)	(10.0)	(8.2)	(5.7)
o/w Impairment on loans	(6.2)	(1.0)	(1.4)	(2.0)	(7.2)	(6.4)	0.2	(5.7)
Other revenues	11.5	6.7	4.6	5.2	5.9	5.7	4.5	5.1
<b>Contribution Margin</b>	<b>202.5</b>	<b>217.1</b>	<b>212.2</b>	<b>211.5</b>	<b>224.5</b>	<b>247.9</b>	<b>267.3</b>	<b>267.4</b>
G&A expenses	(116.6)	(124.1)	(108.4)	(124.6)	(116.5)	(125.8)	(108.2)	(132.3)
Regular Contributions to Banking Industry	(4.6)	(0.2)	(7.4)	(2.2)	(4.5)	0.4	(9.9)	(1.4)
Amortization & Depreciation	(7.9)	(8.4)	(8.3)	(8.1)	(7.9)	(7.7)	(7.7)	(7.6)
Provisions for risks & charges	(10.1)	(6.3)	(6.2)	(6.2)	(7.9)	(10.2)	(15.3)	(25.3)
<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>	<b>126.1</b>	<b>100.7</b>
Performance fees	19.7	57.7	34.8	17.0	6.8	11.7	9.7	374.2
Net income on investments at fair value	(3.1)	(7.0)	2.4	22.1	(3.5)	6.5	(14.0)	11.2
<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>(4.3)</b>	<b>385.4</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>0.3</b>	<b>(79.6)</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>	<b>122.2</b>	<b>406.5</b>
Income tax	(20.1)	(14.7)	(23.9)	(13.7)	(20.1)	(20.1)	(14.6)	(110.7)
<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>	<b>107.6</b>	<b>295.8</b>

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## Acquisition Costs in detail

€ mn

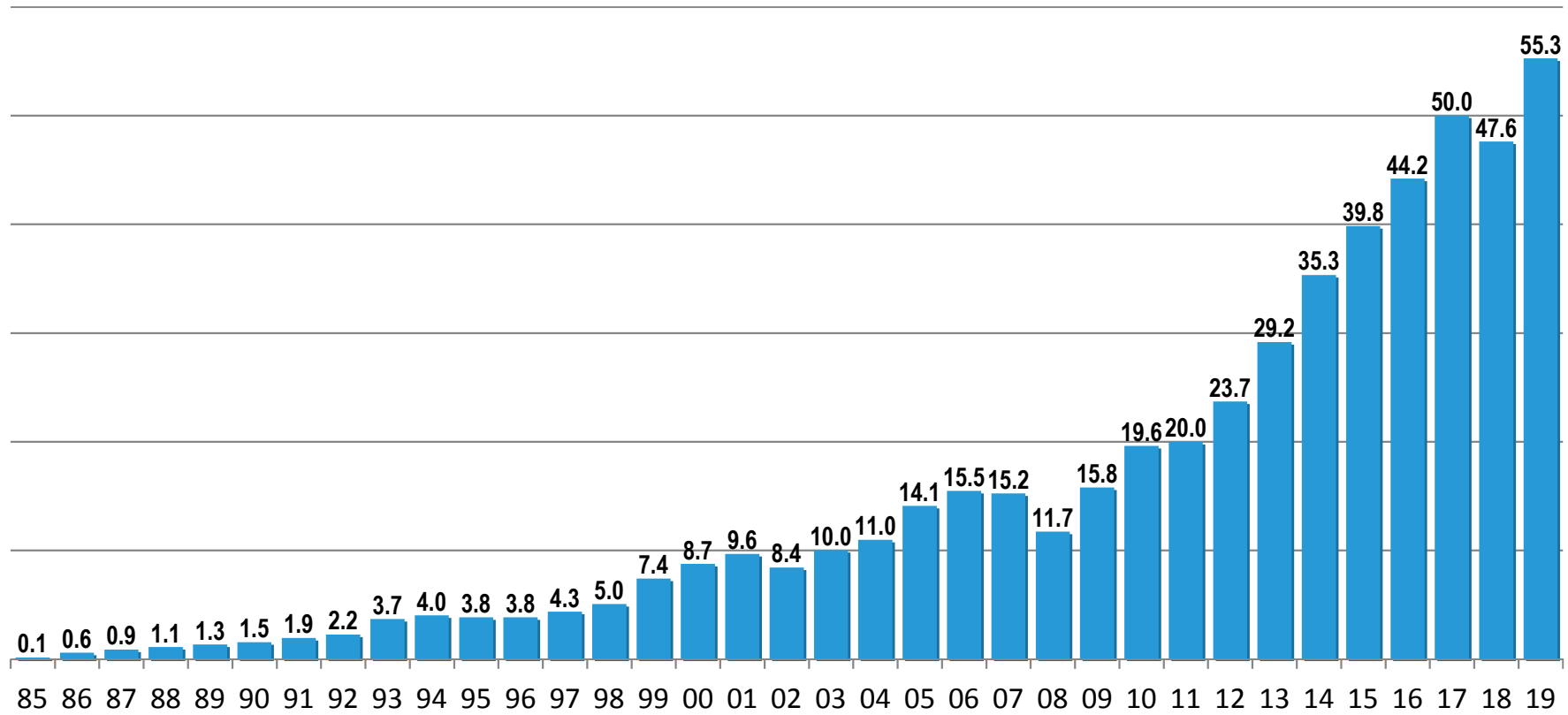


FY 2019  
Domestic Market

	FY19	FY18	Change
One-time commissions	72.9	60.9	+20%
Ongoing commissions	334.7	322.6	+4%
<b>Total commissions</b>	<b>407.6</b>	<b>383.5</b>	<b>+6%</b>
Incentives on individual net inflows	36.9	42.7	-13%
Contests & bonuses	13.8	13.3	+4%
Reimbursement of costs for customer events	5.5	4.8	+15%
<b>Total incentives &amp; bonuses</b>	<b>56.2</b>	<b>60.7</b>	<b>-7%</b>
<b>Costs related to the agency agreement</b>	<b>13.2</b>	<b>11.3</b>	<b>+17%</b>
<b>EuroCQS Agent Commissions</b>	<b>18.8</b>	<b>18.8</b>	<b>-0%</b>
<b>TOTAL ACQUISITION COSTS</b>	<b>495.8</b>	<b>474.2</b>	<b>+5%</b>

# Mutual Funds AUM Trend

€ bn – including U-L assets



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## Mutual Funds Assets under Management

€ mn



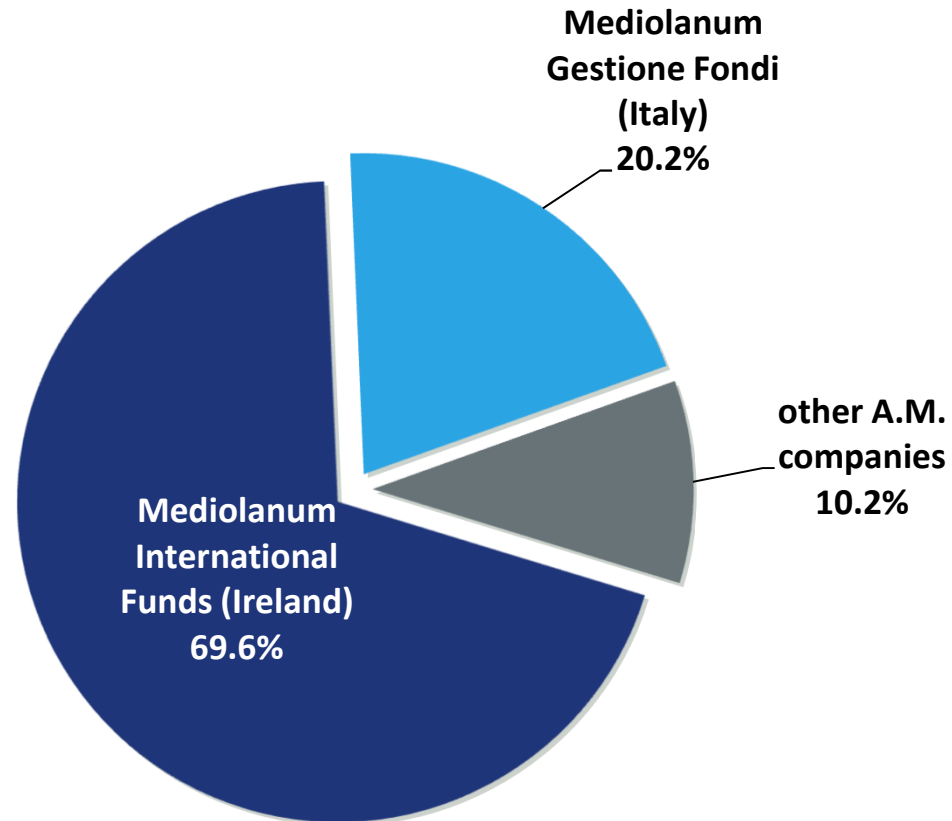
FY 2019  
Domestic Market

	31/12/19	31/12/18	Change
'Best Brands' funds of funds (IRL)	20,114	17,858	+13%
'Challenge' mutual funds (IRL)	15,544	12,823	+21%
Funds of Hedge Funds (IRL)	55	55	+0%
'Fondi Italia' mutual funds (ITA)	9,886	9,516	+4%
'Real estate' fund (ITA)	293	290	+1%
3rd-party stand-alone funds	3,115	2,746	+13%
Other	1,404	1,210	+16%
<i>Adj. for own mutual funds in FoFs &amp; Managed accts.</i>	<i>(259)</i>	<i>(197)</i>	<i>+32%</i>
'MyLife' U-L policy	7,273	5,595	+30%
Other U-L policies	15,774	12,868	+23%
<i>Adj. for own mutual funds in U-L policies</i>	<i>(17,936)</i>	<i>(15,156)</i>	<i>+18%</i>
<b>ASSETS IN MUTUAL FUNDS &amp; U-L</b>	<b>55,263</b>	<b>47,608</b>	<b>+16%</b>

24

## Mutual Funds Assets by A.M. company as at 31/12/2019 – including U-L assets

 FY 2019  
Domestic Market

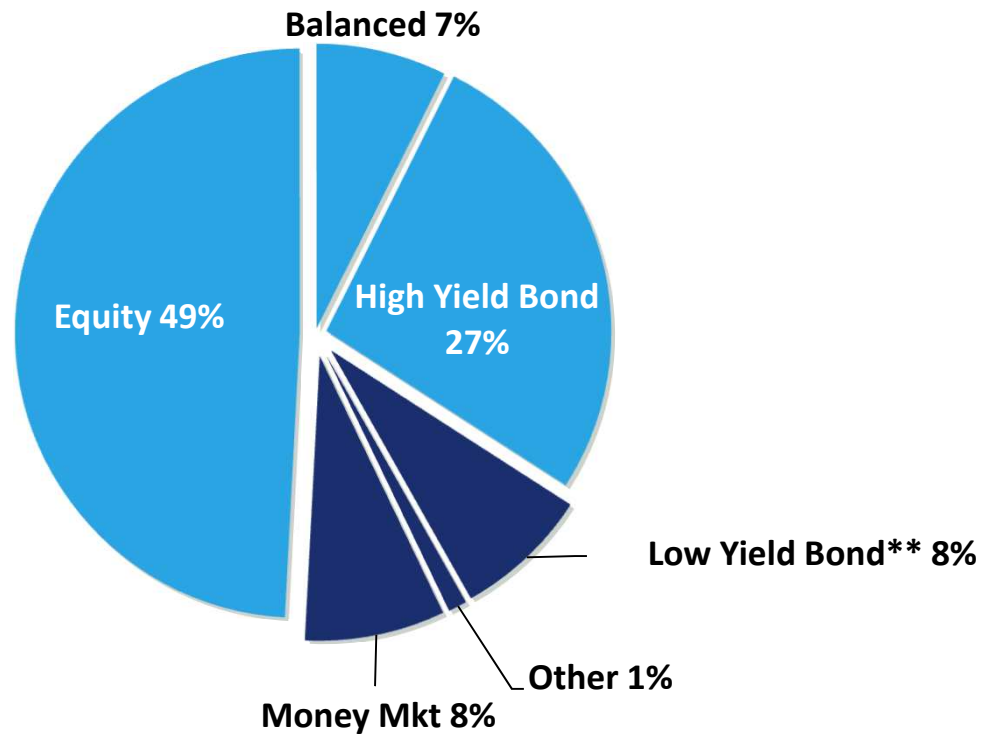




25

## Mutual Funds Assets\* by category as at 31/12/2019 – including U-L assets

 FY 2019  
Domestic Market



\* 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

26

## Banking Assets under Administration € mn


 FY 2019  
Domestic Market

	31/12/19	31/12/18	Change
Cash Deposits	17,378	15,843	+10%
Repurchase agreements	21	434	-95%
Mediolanum bonds	11	44	-75%
3rd-party structured bonds	1,084	513	+111%
Other securities	2,804	2,692	+4%
<b>BANKING ADMINISTERED ASSETS</b>	<b>21,298</b>	<b>19,526</b>	<b>+9%</b>

27

## Banking Credit Book & Quality

€ mn – as at 31/12/2019



FY 2019  
Domestic Market

	31/12/19	31/12/18	Change
Mortgages	7,167	6,305	+14%
Personal Loans	1,661	1,542	+8%
Lines of credit	286	264	+8%
Salary-backed Loans (EuroCQS)	678	328	+107%
<b>Total Credit Book</b>	<b>9,792</b>	<b>8,439</b>	<b>+16%</b>

### % on total loans

Banca Mediolanum

Italian Banks\*

Gross non-performing Loans	1.33%	8.2% as at 30/09/2019
Net non-performing Loans	0.67%	4.0% as at 30/06/2019
Cost of Risk	0.19% as at 31/12/2019	

\* Source: Bank of Italy – ‘Banks and Financial Institutions: Credit Conditions and Risk by Sector and Geographical Area – Q3 2019’ & ‘Financial Stability Report No. 2 2019’

28

## Banking Loans Granted

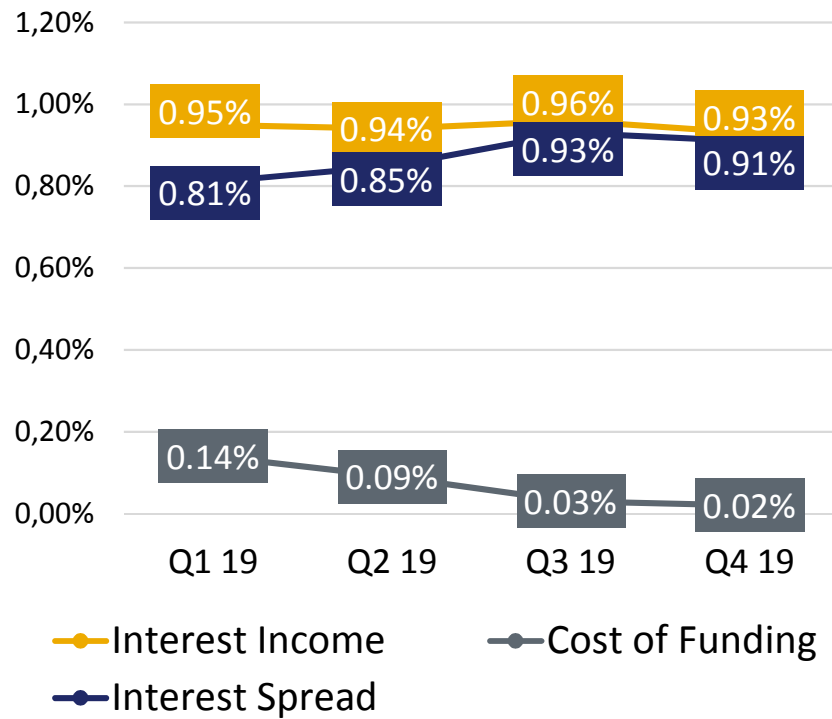
€ mn



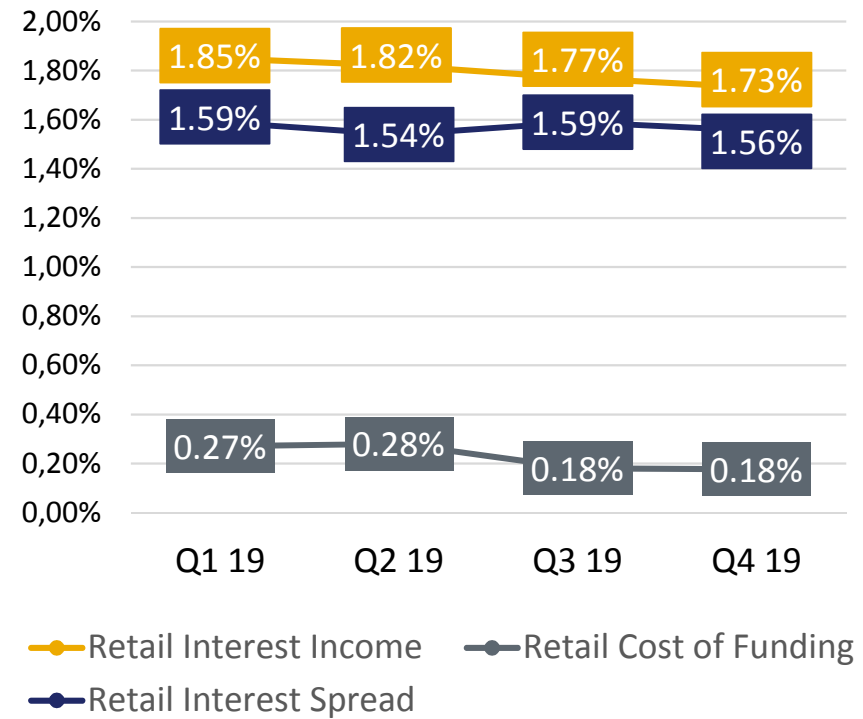
FY 2019  
Domestic Market

	Nominal Interest Rate	FY19	FY18	Change
Mortgages	1.18%	1,449	1,178	+23%
Personal Loans	2.98%	670	590	+13%
Salary-backed Loans (EuroCQS)	5.56%	391	297	+32%
<b>TOTAL</b>		<b>2,510</b>	<b>2,065</b>	<b>+22%</b>
3rd-party Loans	n.s.	35	29	+23%

### Total Book



### Retail Book



30

## Bank Balance Sheet Highlights

€ mn – as at 31/12/2019



FY 2019  
Domestic Market

	Liabilities	Assets
<b>Retail</b>	<b>17,506</b>	<b>9,114</b>
<b>Treasury</b>	<b>4,940</b>	<b>13,122</b>
o/w interbank / intra-group deposits & repos	903	1,040
o/w ECB refinancing	0	0
o/w MTS refinancing	4,036	125
o/w securities (bonds)		11,957
<b>Other liabilities / assets</b>	<b>3,400</b>	<b>3,609</b>
<b>TOTAL</b>	<b>25,845</b>	<b>25,845</b>

Operating Liquidity (24hr) : € 8,688 mn

31

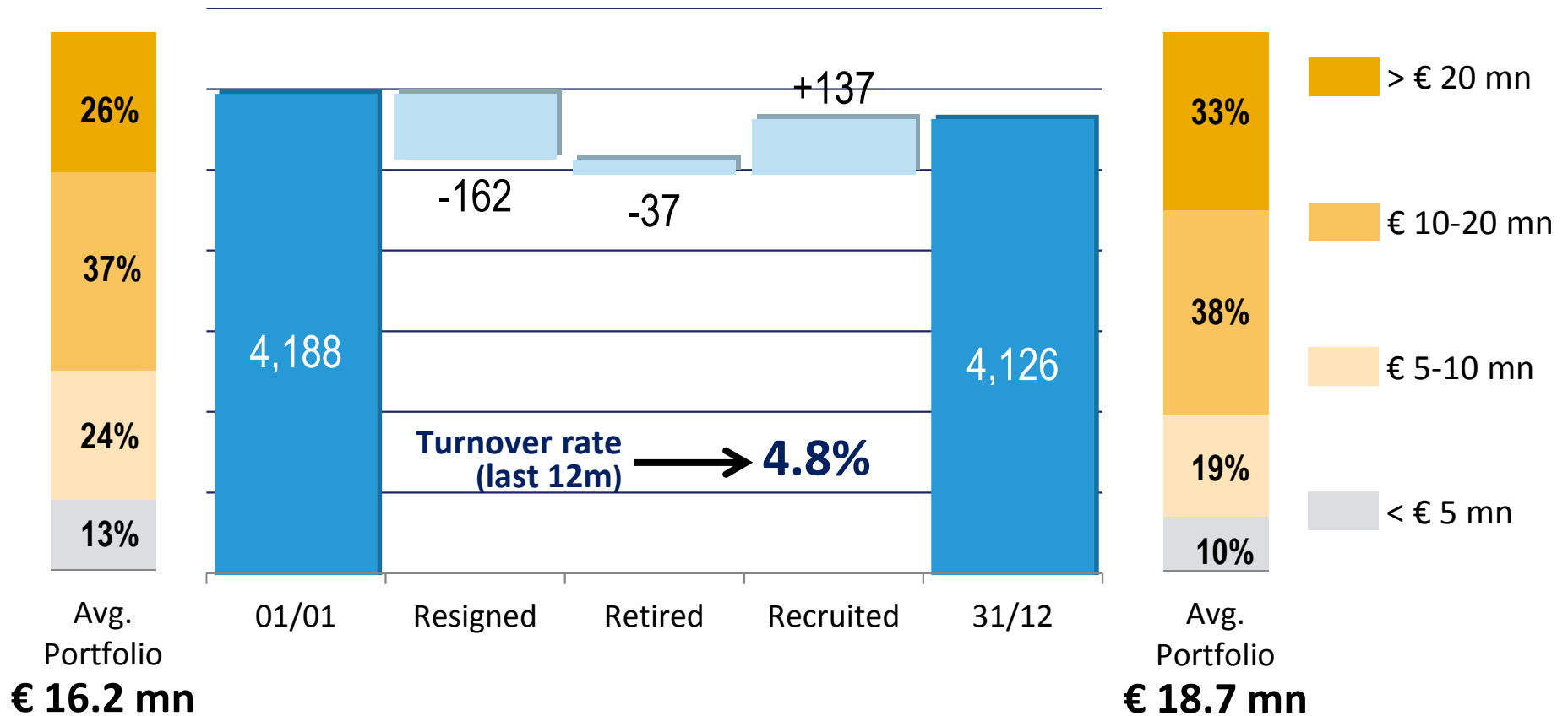
## Insurance Life – Policyholders' Assets

€ mn



FY 2019  
Domestic Market

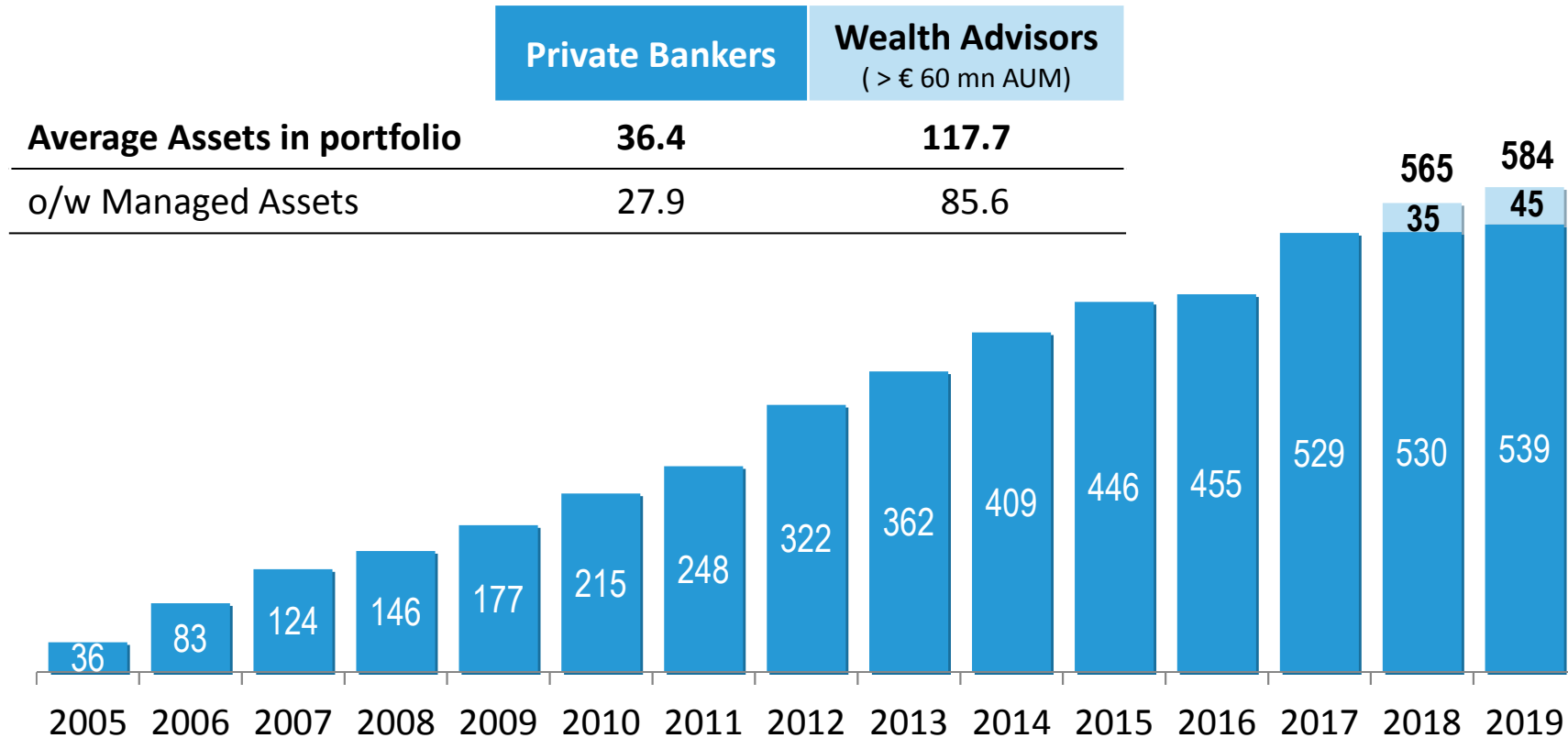
	31/12/19	31/12/18	Change
<b>Traditional</b>	<b>1,541</b>	<b>1,478</b>	<b>+4%</b>
Unit-linked pension plans	7,200	6,027	+19%
Unit-linked endowment policies	3,728	3,374	+11%
Unit-linked investment policies	12,119	9,063	+34%
<b>Unit-linked</b>	<b>23,047</b>	<b>18,463</b>	<b>+25%</b>
<i>o/w equity</i>	<i>53.6%</i>	<i>51.1%</i>	<i>+5%</i>
<b>LIFE ASSETS (EX-'FREEDOM')</b>	<b>24,588</b>	<b>19,941</b>	<b>+23%</b>
<b>'Freedom' Life policies</b>	<b>0</b>	<b>33</b>	<b>n.s.</b>





## 'Private Bankers' & 'Wealth Advisors'\* - Italy as at 31/12/2019

**m** FY 2019  
Domestic Market



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



## FY 2019 Foreign Markets Results

35

## Spain Highlights

€ mn



FY 2019  
Foreign Markets

	FY19	FY18	Change
<b>Net Income</b>	<b>34.2</b>	<b>15.0</b>	<b>+129%</b>
Managed Assets	4,267	3,424	+25%
Administered Assets	1,650	1,418	+16%
<b>Total Assets</b>	<b>5,917</b>	<b>4,841</b>	<b>+22%</b>
Net Inflows into Managed Assets	418	440	-5%
Net Inflows into Administered Assets	189	119	+59%
<b>Total Net Inflows</b>	<b>607</b>	<b>559</b>	<b>+9%</b>
<b>Credit Book</b>	<b>562</b>	<b>451</b>	<b>+25%</b>
<b>Family Bankers</b>	<b>1,029</b>	<b>996</b>	<b>+3%</b>
<b>Customers</b>	<b>137,171</b>	<b>125,817</b>	<b>+9%</b>

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## Germany – Total Highlights

€ mn



FY 2019  
Foreign Markets

	FY19	FY18	Change
Net Income excluding non-recurring items	(9.5)	(13.4)	-29%
Impairment of CGU 'Bank Lenz'	(30.0)	0	n.s.
<b>Net Income</b>	<b>(39.5)</b>	<b>(13.4)</b>	<b>+194%</b>
Managed Assets	533	445	+20%
Administered Assets	164	153	+7%
<b>Total Assets</b>	<b>697</b>	<b>598</b>	<b>+17%</b>
Net Inflows into Managed Assets	14	(7)	n.s.
Net Inflows into Administered Assets	10	6	+80%
<b>Total Net Inflows</b>	<b>24</b>	<b>(1)</b>	<b>n.s.</b>
<b>Family Bankers</b>	<b>42</b>	<b>48</b>	<b>-13%</b>
<b>Customers</b>	<b>5,936</b>	<b>5,883</b>	<b>+1%</b>

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## Germany – Bankhaus August Lenz

### Highlights

€ mn



FY 2019  
Foreign Markets

	FY19	FY18	Change
Net Income excluding non-recurring items	(11.4)	(15.8)	-28%
Impairment of CGU 'Bank Lenz'	(30.0)	0	n.s.
<b>Net Income</b>	<b>(41.4)</b>	<b>(15.8)</b>	<b>+162%</b>
Managed Assets	324	269	+20%
Administered Assets	164	153	+7%
<b>Total Assets</b>	<b>488</b>	<b>423</b>	<b>+15%</b>
Net Inflows into Managed Assets	18	8	+126%
Net Inflows into Administered Assets	10	6	+80%
<b>Total Net Inflows</b>	<b>28</b>	<b>14</b>	<b>+106%</b>
<b>Family Banker</b>	<b>42</b>	<b>48</b>	<b>-13%</b>
<b>Customers</b>	<b>5,936</b>	<b>5,883</b>	<b>+1%</b>

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## Germany – Gamax Highlights

€ mn



FY 2019  
Foreign Markets

	FY19	FY18	Change
<u>Net Income</u>	1.8	2.3	-22%
<u>Assets under Management</u>	209	175	+19%
<u>Net Inflows</u>	(4)	(14)	-75%



**Business Update**

40

## January 2020 Business Results

€ mn



Business Update

Jan '20

Jan '19

**Managed Assets**

+150

+172

*o/w Mutual Funds, U-L & Managed Accounts*

+152

+152

**Administered Assets**

+639

+61

**GROUP TOTAL NET INFLOWS**

+789

+233

**GROUP LOANS GRANTED**

+198

+172

**GENERAL INSURANCE PREMIUMS**

+8

+6



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

€ thousands - totals by Group



	Jan-Dec 2019		
	Mutual Funds*	Managed Assets	Total Net Inflows
Banca Fideuram (incl. Sanpaolo Invest)	2,164	4,390	5,860
Allianz Bank	2,015	2,599	3,067
<b>Banca Mediolanum</b>	<b>1,979</b>	<b>2,002</b>	<b>3,332</b>
Banca Generali	1,408	2,799	5,130
Azimut	1,280	1,692	2,268
Che Banca!	956	1,270	1,680
Fincobank	568	2,930	5,121
Credem	561	717	936
BNL - BNP Paribas	413	709	886
IW Bank	135	245	743
Consultinvest	57	58	53
Banca Widiba	- 100	- 109	24
Deutsche Bank (Finanza & Futuro)	- 335	382	703

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

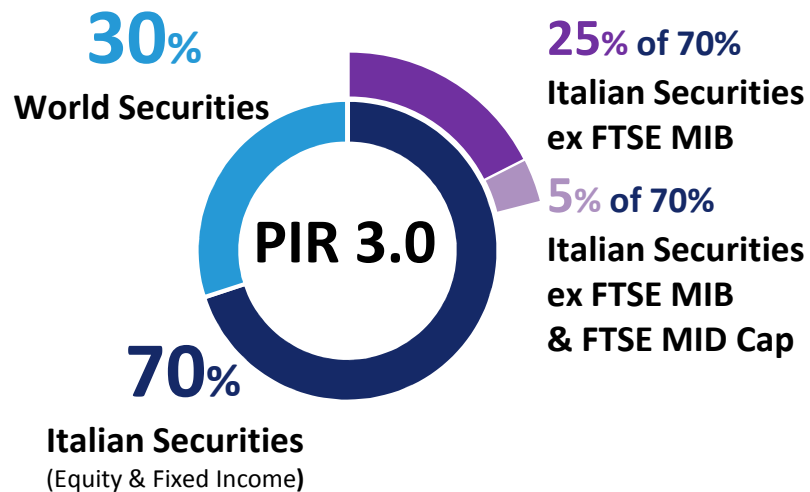
Source: Assoreti

Individual Savings Plans introduced by **2017 Budget Law** (inspired by UK ISA & French PEA). Revamped in 2020

**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.



### BMED Inflows

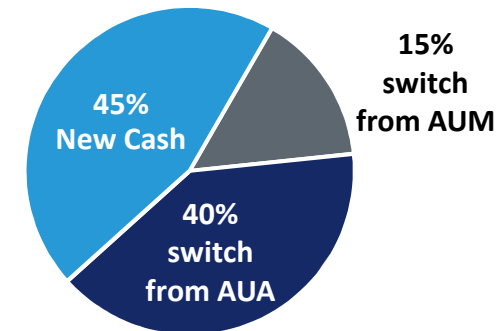
**2017: € 2.4 bn**

**2018: € 801 mn**

**9M 2019: € 65 mn vs € -354\* mn Italy**

**Market Share: 22.1%\***

**Compliant w/2020 law since Feb 2020**



\*Source: Assogestioni – ‘Quarterly Report on Managed Assets’

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.

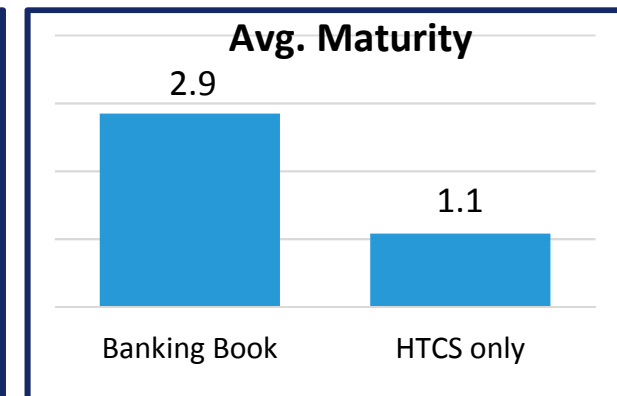
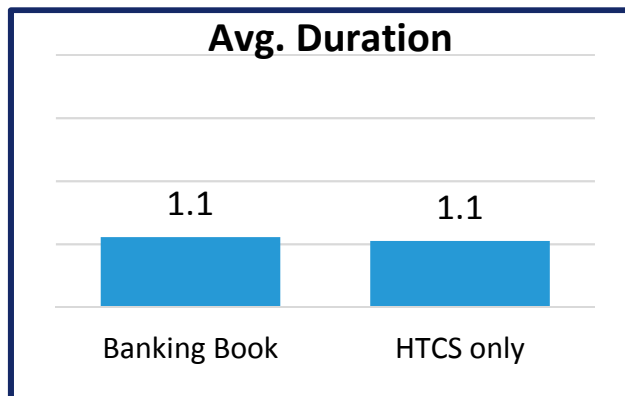
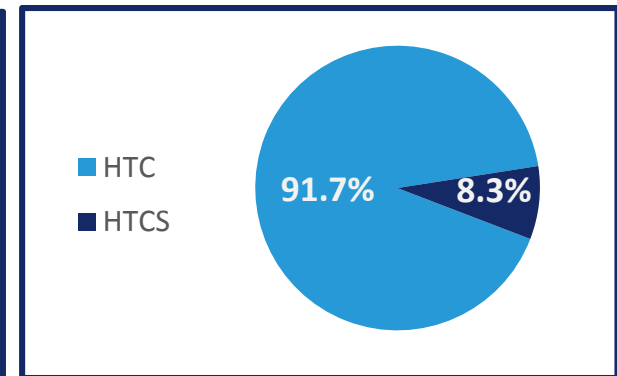
# 44 Banking Book

€ bn - nominal values – as at 31/12/2019

## Banking Book: € 13.2 bn (nom. values)

- Low sensitivity to volatility of Italian govies
- Limited weight of HTCS book
- Prudent & flexible approach thanks to very short Avg. Duration (approx. 1 year)

Sector	%
Government	99.2%
Financial	0.8%
<b>Govies</b>	
Italy	96.9%
Spain	3.1%





## 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%**

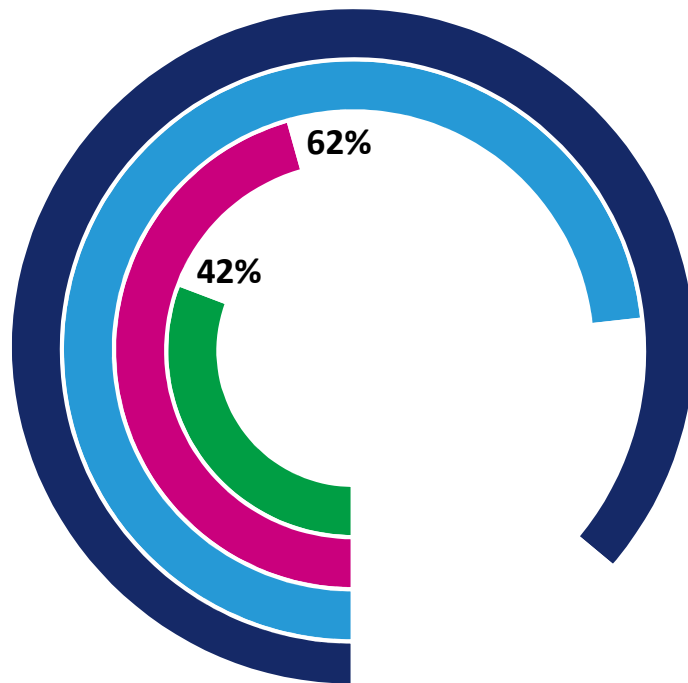
## THE PRODUCTS

### 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** – Over 100 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 >56%**



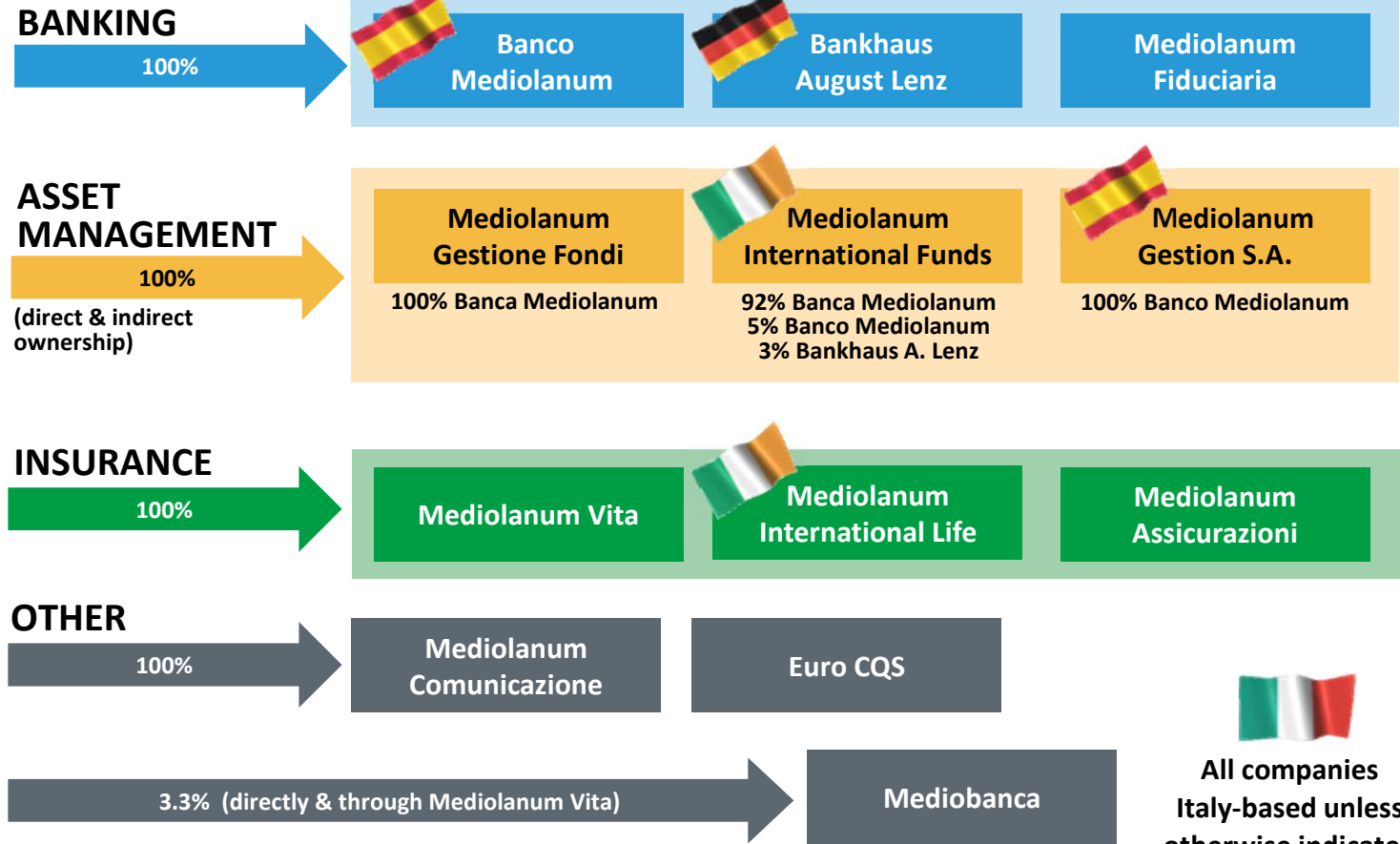
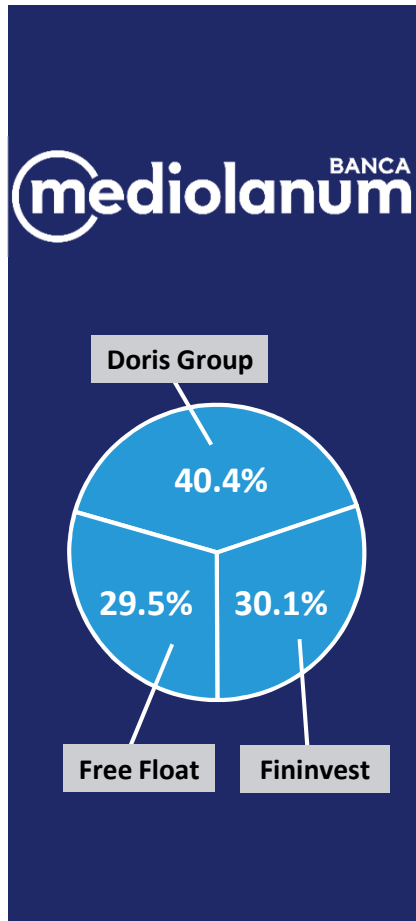
### 1,303,765 Total Customers

5Y CAGR: 4%

- 1,121,710 Primary Account Holders
- 955,817 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)



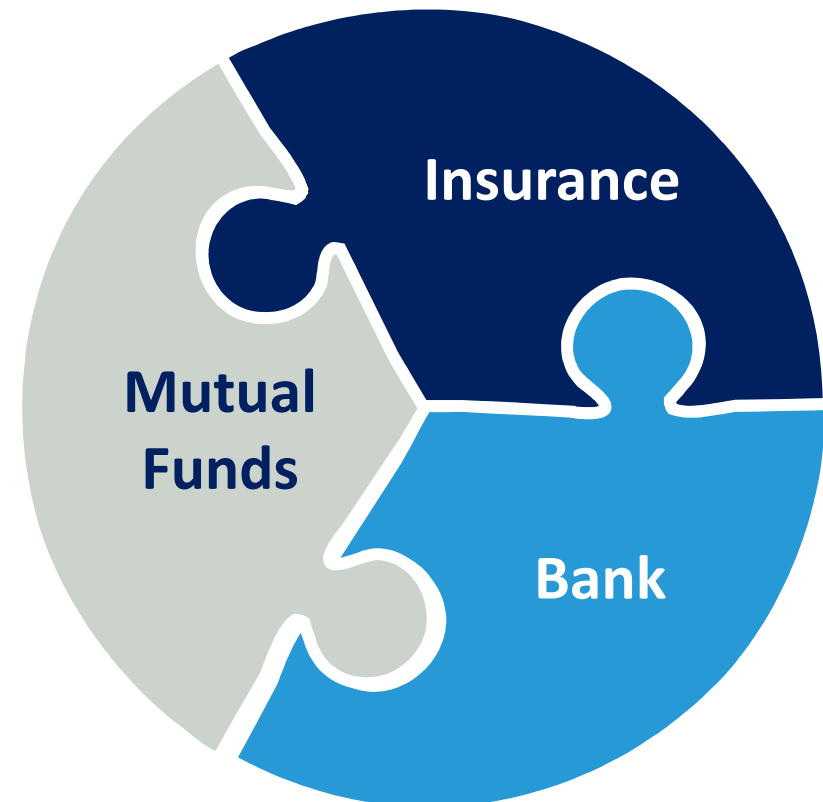
## Mediolanum Facts



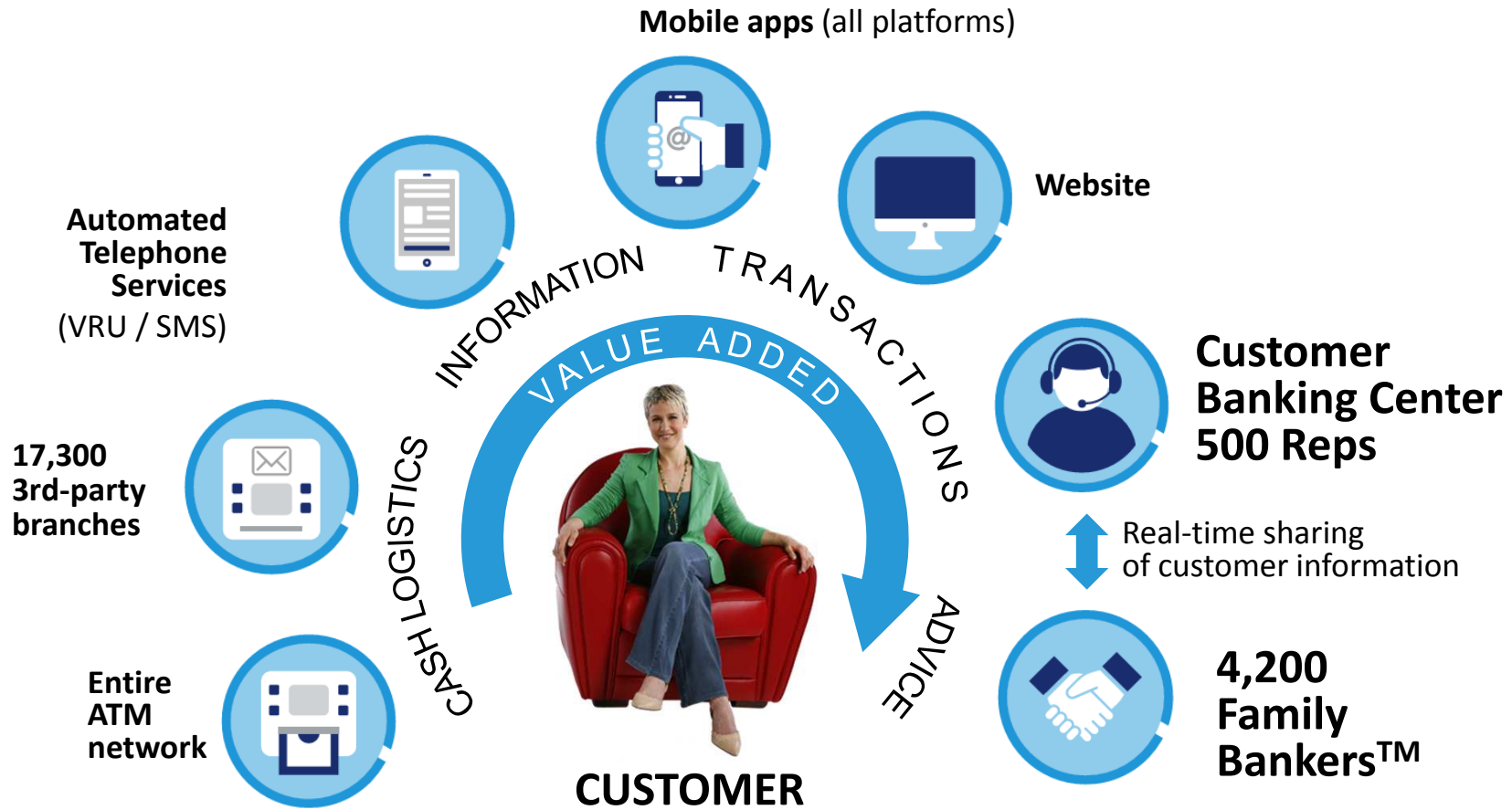
  
All companies Italy-based unless otherwise indicated



- ▶ 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

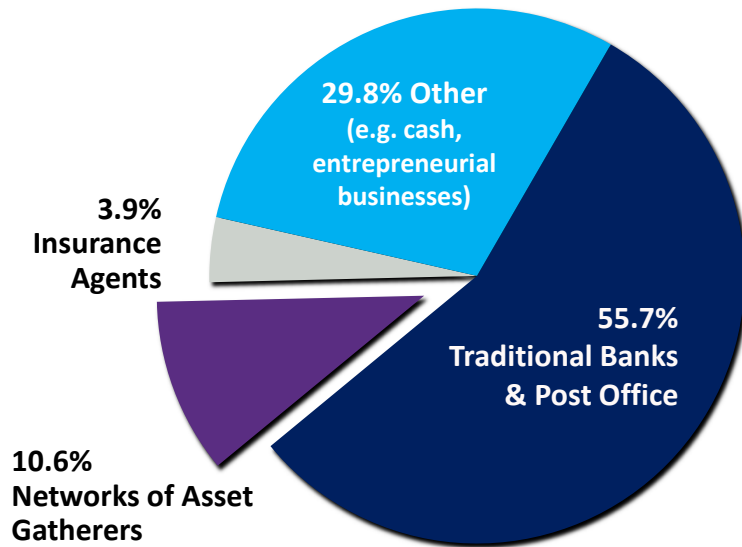


### Customers: freedom in banking

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

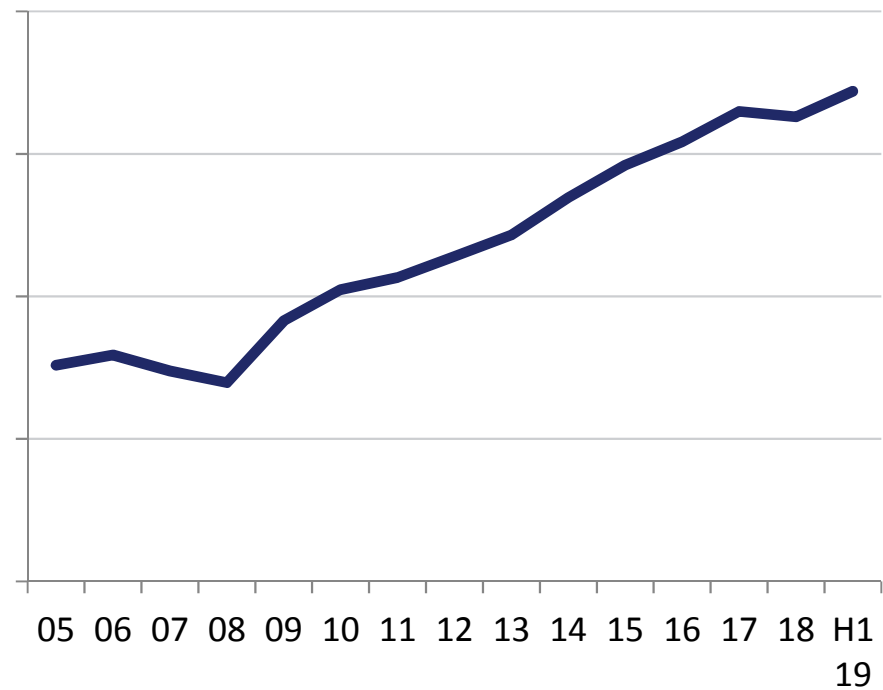
# Italian Household Financial Assets as at 30/06/2019 – real estate not included

Total HH Assets: € 4,315 bn



**Network of Asset Gatherers** have only 10.6% 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: 1.72%



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

## A 'real' Bank with a Solid Set of Numbers as at 31/12/2019


**ROE**
**20.1%**

10 Y avg. 2010- 2019

**Retail Deposits**
**€ 17.5 bn<sup>1</sup>**
**% Gross NPLs**
**1.33%<sup>1</sup>**

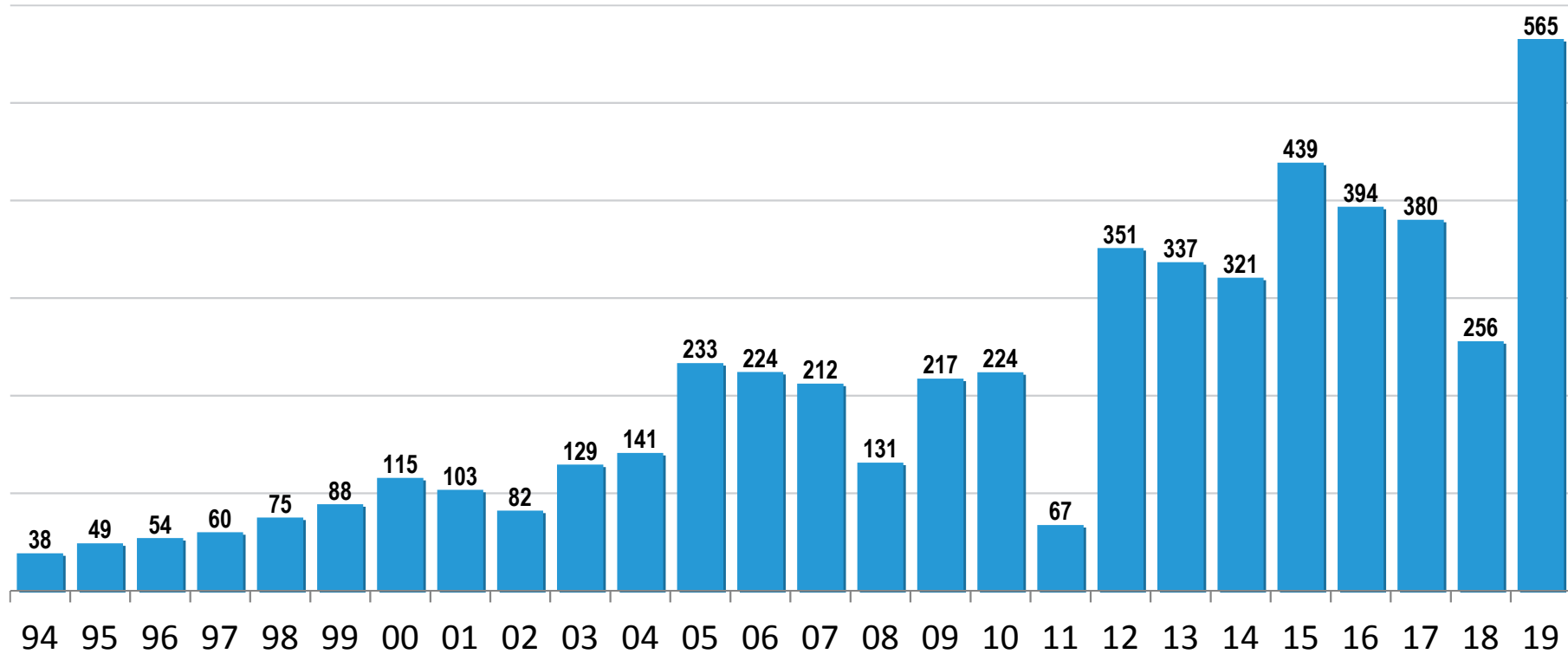
 vs 8.2% Italian Banks<sup>2</sup>
**LCR**
**331%**
**CET1**
**19.5%**
**Retail Credit Book**
**€ 9.8 bn<sup>1</sup>**
**% Net NPLs**
**0.67%<sup>1</sup>**

 vs 4% Italian Banks<sup>2</sup>
**NSFR**
**169%**

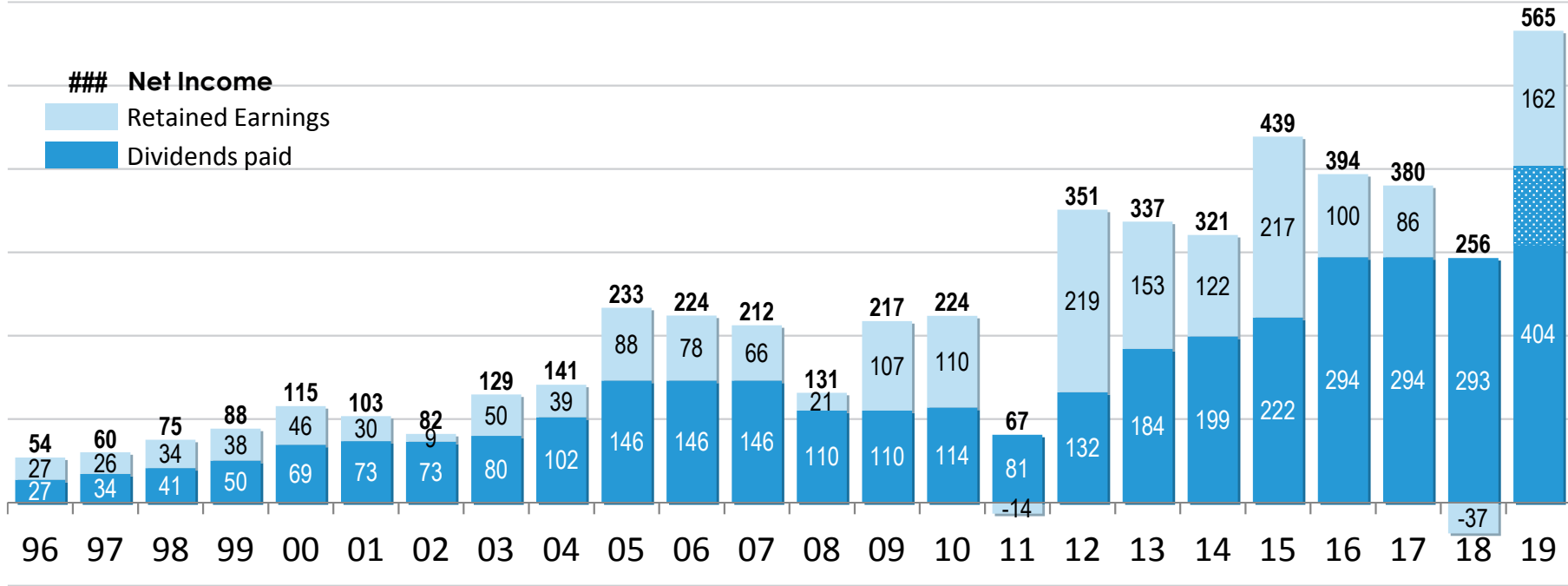
as at 30/09/2019

1. Data refers to Domestic Market Only.

2. Source: Bank of Italy – 'Banks and Financial Institutions: Credit Conditions and Risk by Sector and Geographical Area – Q3 2019' & 'Financial Stability Report No. 2 2019'.



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



DPS (€ cents)

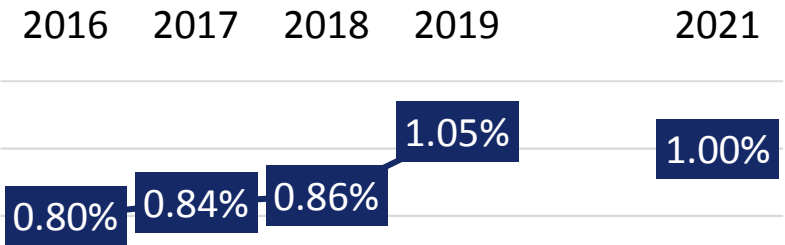


2019 Base dividend: 42 € cents

# 56 Efficiency Ratios

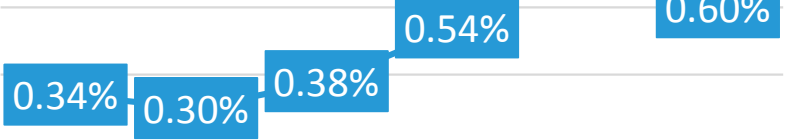
**Sustainable growth supported by different business lines** despite challenging macro & regulatory environment

**Net Commission Income / Tot Assets**



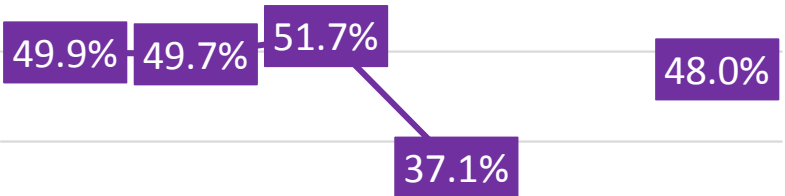
**Operating Margin trend inverted** thanks to operating leverage and picking up of NII

**Operating Margin / Tot Assets**



**C/I Ratio** impacted by 2019 extraordinary level of performance fees

**Cost / Income\***



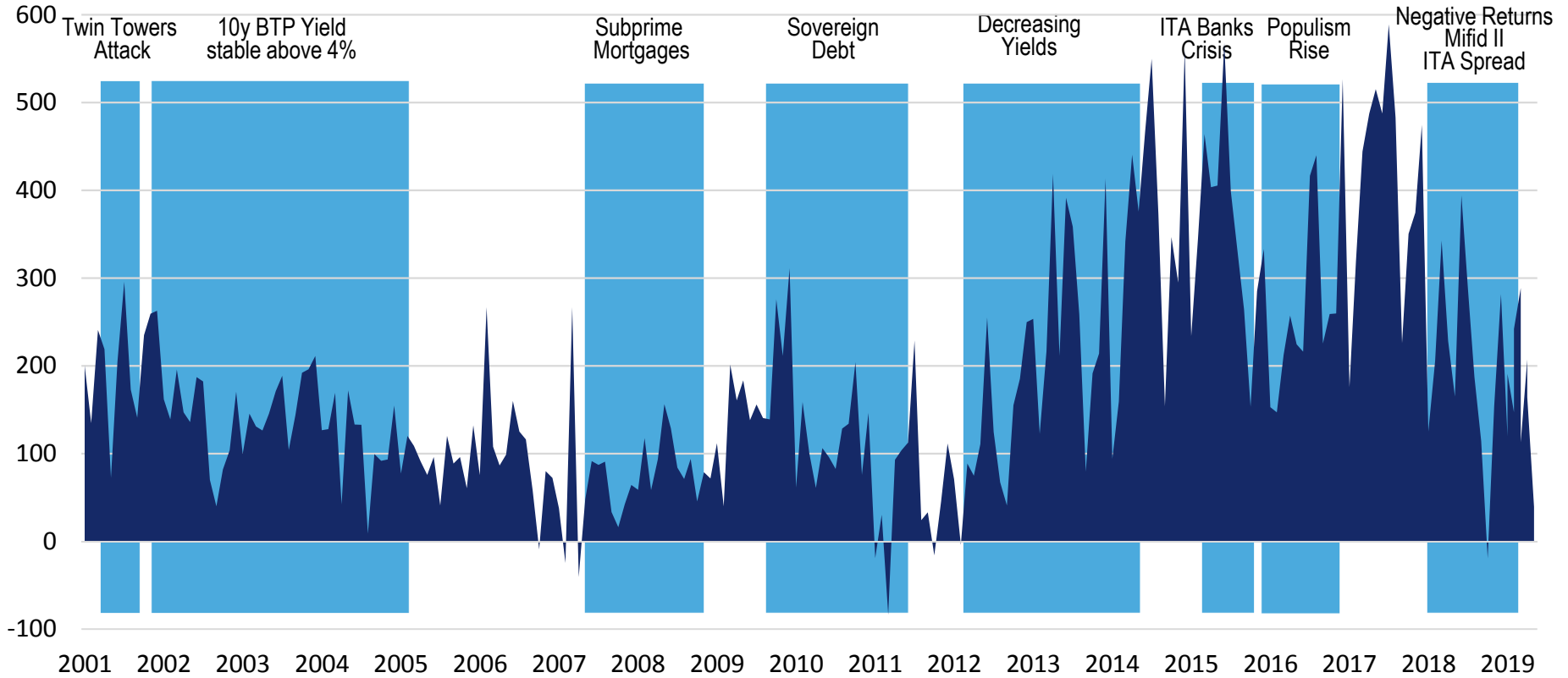
2021 goals set in 2018

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



# 57 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 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.



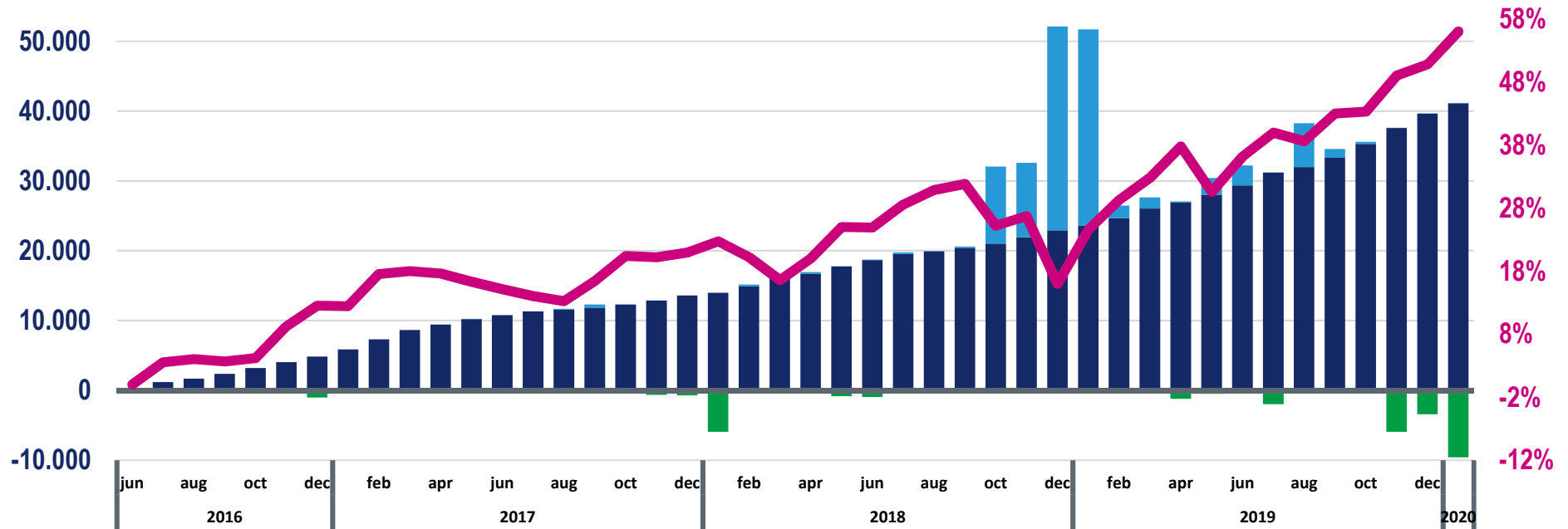
### Equity Fund Unit Price

### Instalment amount

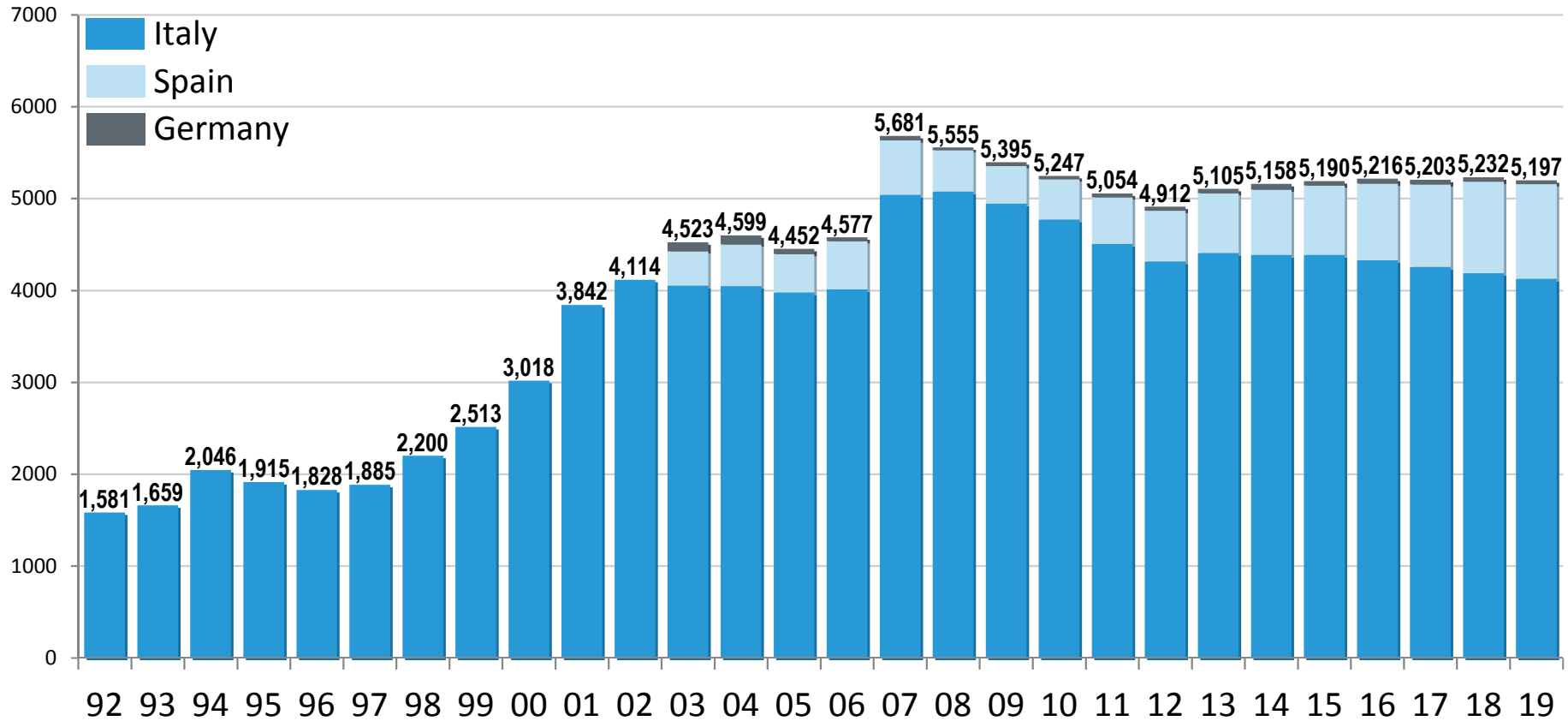
5% to 10% decrease	<b>X2</b>
10% to 15% decrease	<b>X3</b>
15% to 20% decrease	<b>X4</b>
20% or more decrease	<b>X5</b>

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

Since launch of IIS in 2016 over 130,000 step-in/step-outs automatically multiplied the transferred amount to & from selected Global Equity Investments, 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

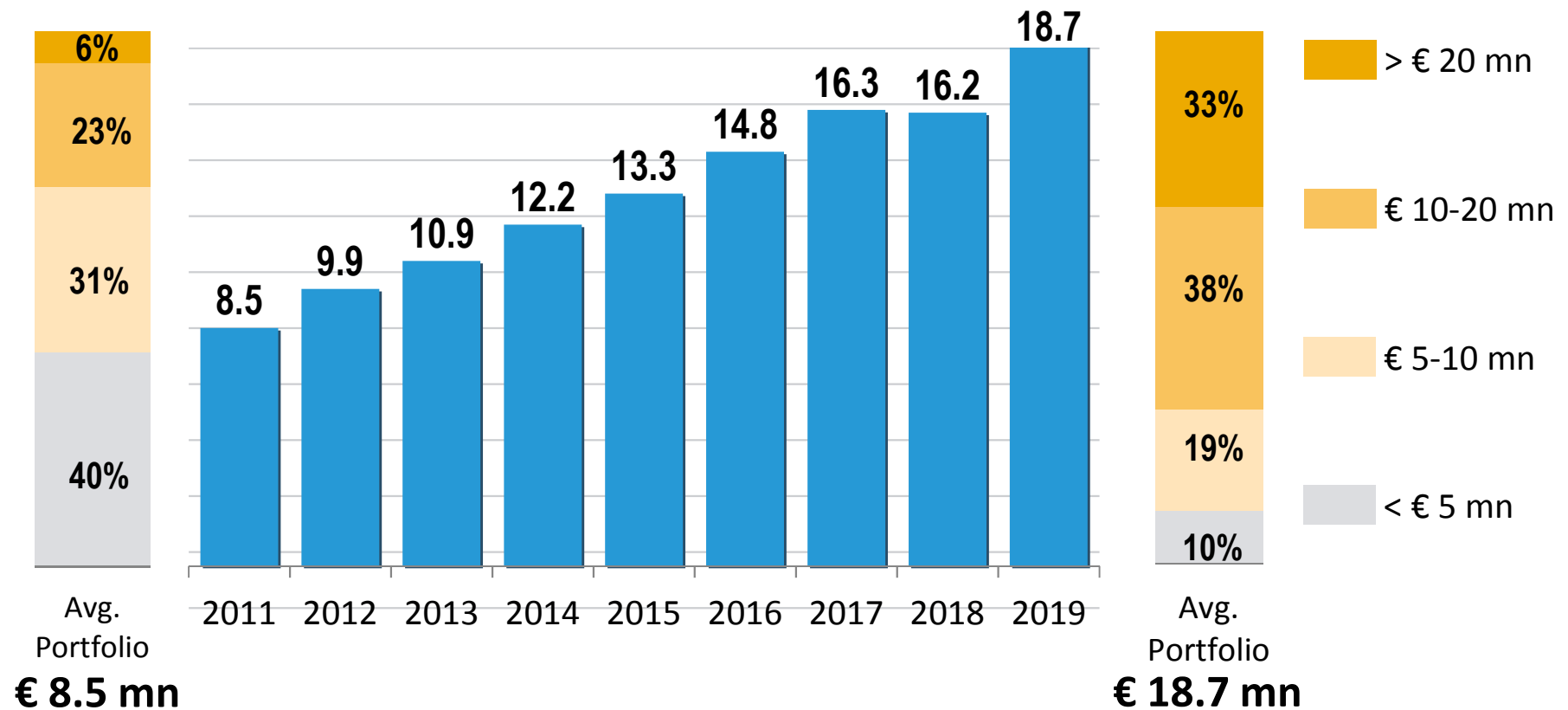


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## Banca Mediolanum

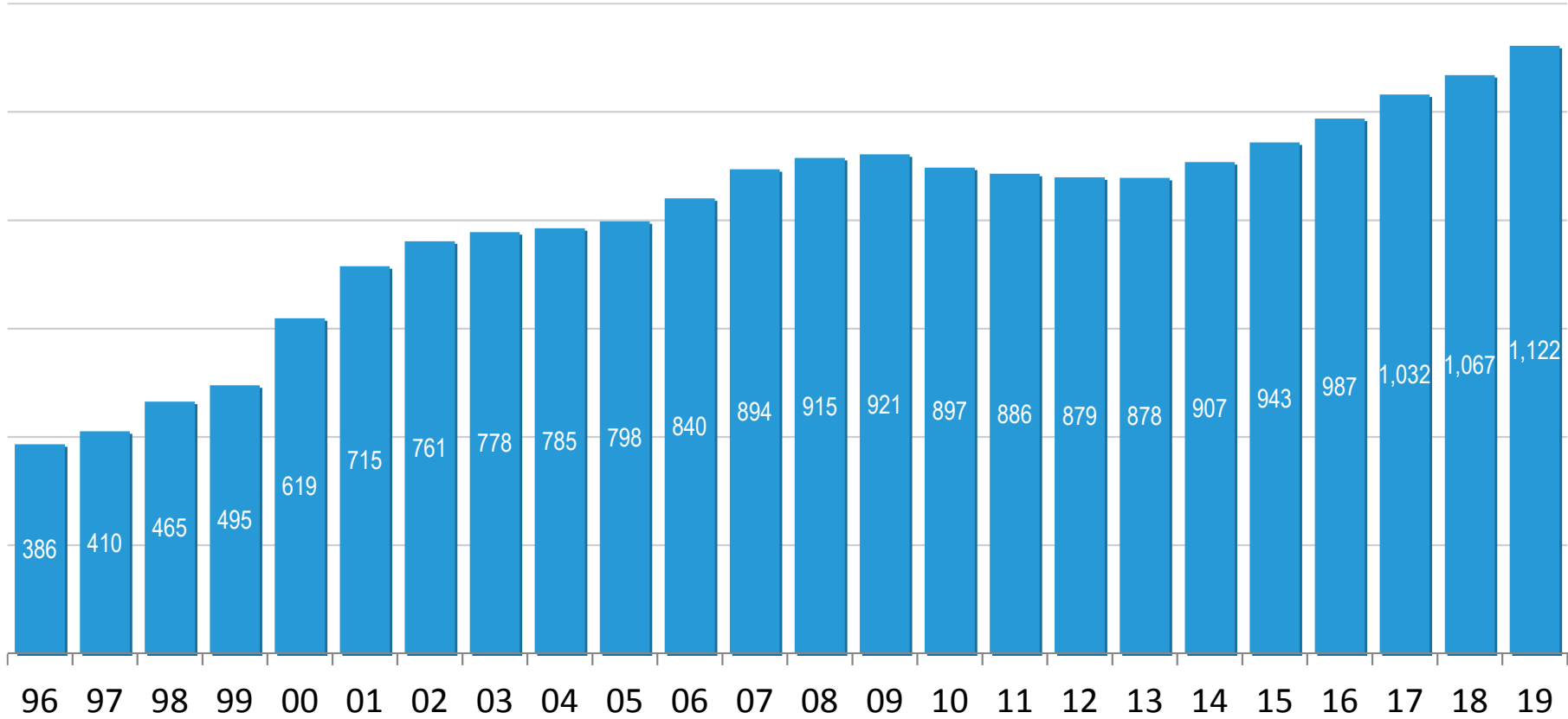
### Average Assets per Family Banker

€ mn



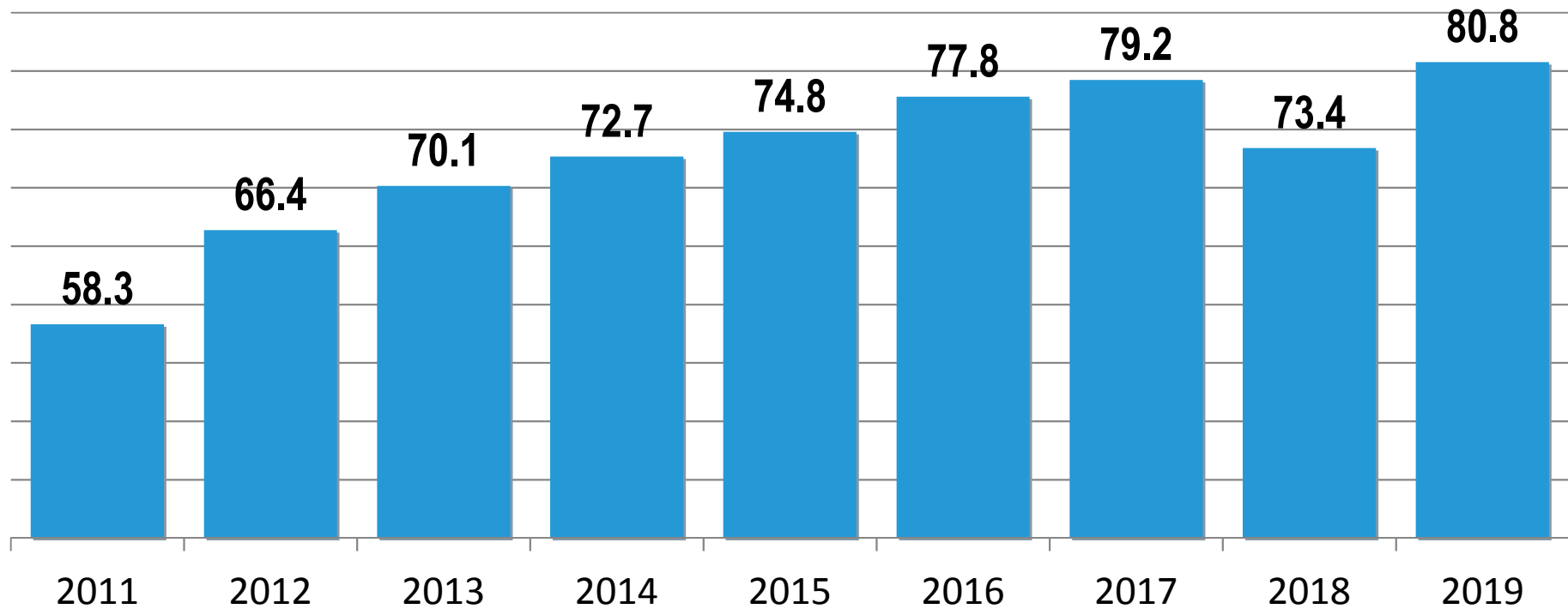
# Customers - Italy

Primary account holders (thousands)



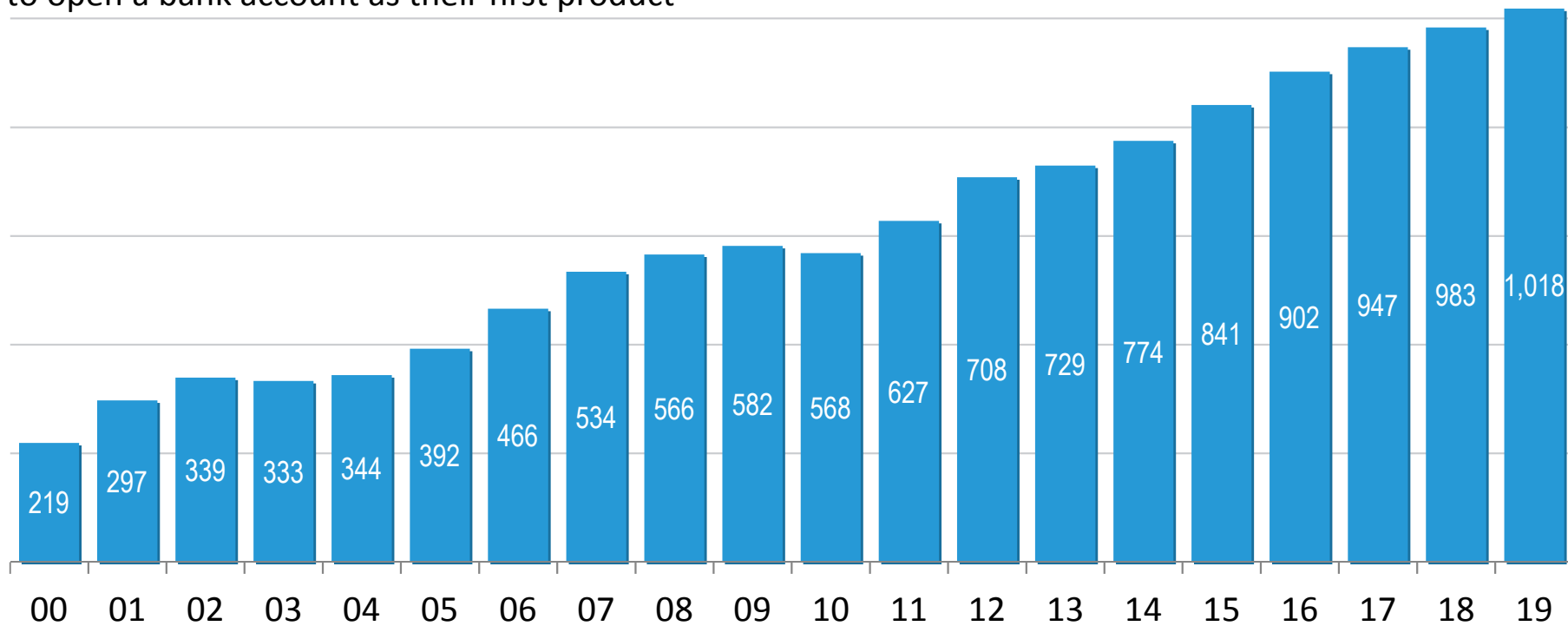
**63** Average Assets per Customer - Italy  
€ thousands

Primary Bank Account Holders



## 64 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**

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## Training & Communication: Mediolanum Corporate University



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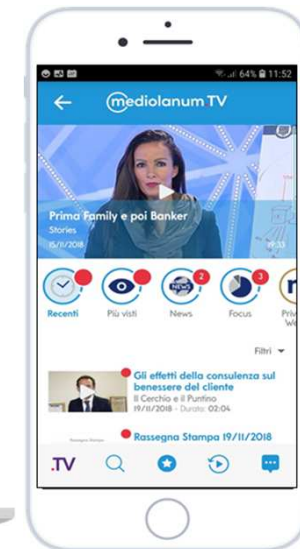
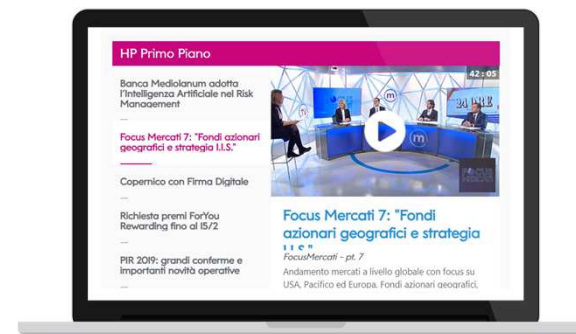
- Inaugurated March 2009
- Centralises our training know-how, in coordination with top universities, professors and individuals who are experts in the field
- Provides our Family Bankers & employees with a resource for life-long education
- Develops financial education programs dedicated to our customers & 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 **2,500 events** held in 2019: local & high-level events, sports events (e.g. Giro d'Italia), talk shows, etc.
- Over **130,000 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 (60% of the times in 2018)
- Average commercial value of media coverage is also regularly tracked



**69** Top Performer in Customer Experience

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

<p><b>Overall Satisfaction</b></p>	<p><b>Customer Satisfaction</b></p> <p><b>98%</b></p> <p>Traditional Banks: 86%   Online Banks: 96%</p>	<p><b>Net Promoter Score</b></p> <p><b>66.2%</b></p> <p>Traditional Banks: 1.8%   Online Banks: 56.6%</p>	<p><b>Customer Retention</b></p> <p><b>95.4%</b></p>
<p><b>Digital Platform</b></p>	<p><b>Mobile App Satisfaction</b></p> <p><b>85.6%</b></p> <p>Traditional Banks: 74.8%   Online Banks: 83.4%</p>	<p><b>Mobile Payments</b></p> <p><b>FIRST BANK</b> to offer ALL PLATFORMS</p> <p>Apple Pay – Samsung Pay – Google Pay Garmin Pay – Bancomat Pay</p>	<p><b>App Store Rating</b></p> <p> <b>4.7</b> ★★★★★</p> <p> <b>4.4</b> ★★★★★</p>
<p><b>Financial Advisor Interaction</b></p>	<p><b>Professionalism</b></p> <p><b>89.4</b></p> <p>Traditional Banks: 72.7   Online Banks: 79.2</p>	<p><b>Relationship Quality</b></p> <p><b>90.0</b></p> <p>Traditional Banks: 77.7   Online Banks: 83.4</p>	<p><b>Availability</b></p> <p>In 2018 <b>59.4% OF CUSTOMERS</b> met with their Family Banker</p> <p><b>MORE THAN 4 TIMES</b></p>

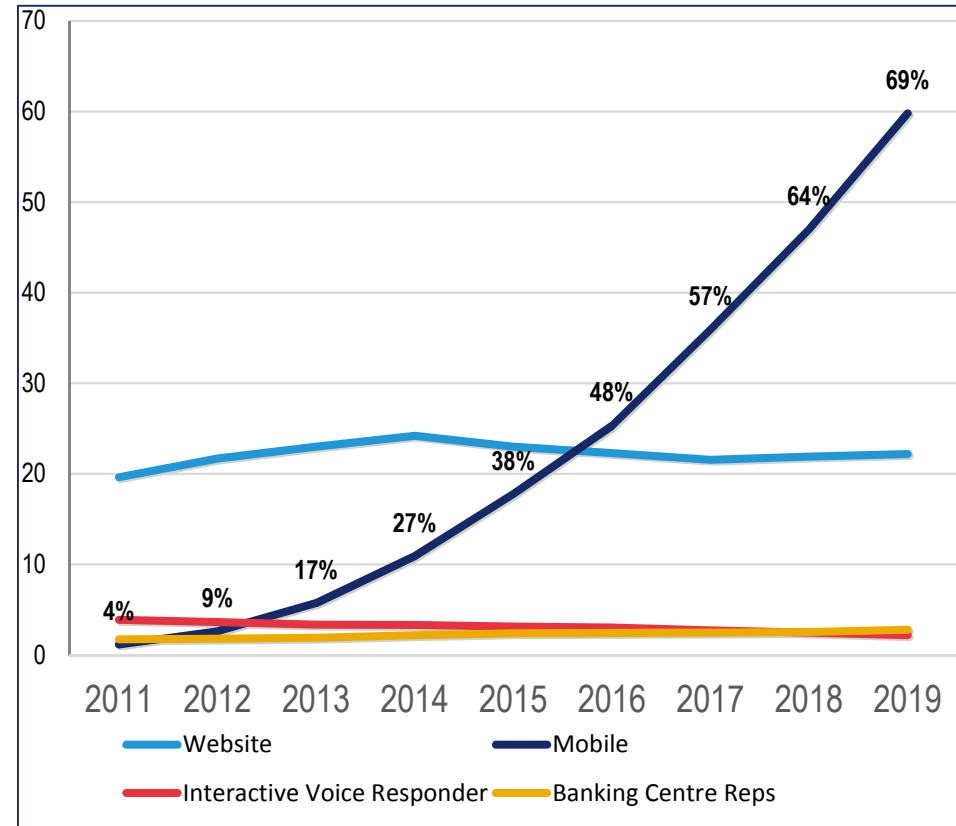
Source: BMED & 2018/2017 Doxa Research

# 70 Growing the 'Everyday Bank' Customer Base

- 69% of total accesses via mobile app in 2019
- 42% of transactions via mobile app in 2019
- 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 5 main mobile payment solutions

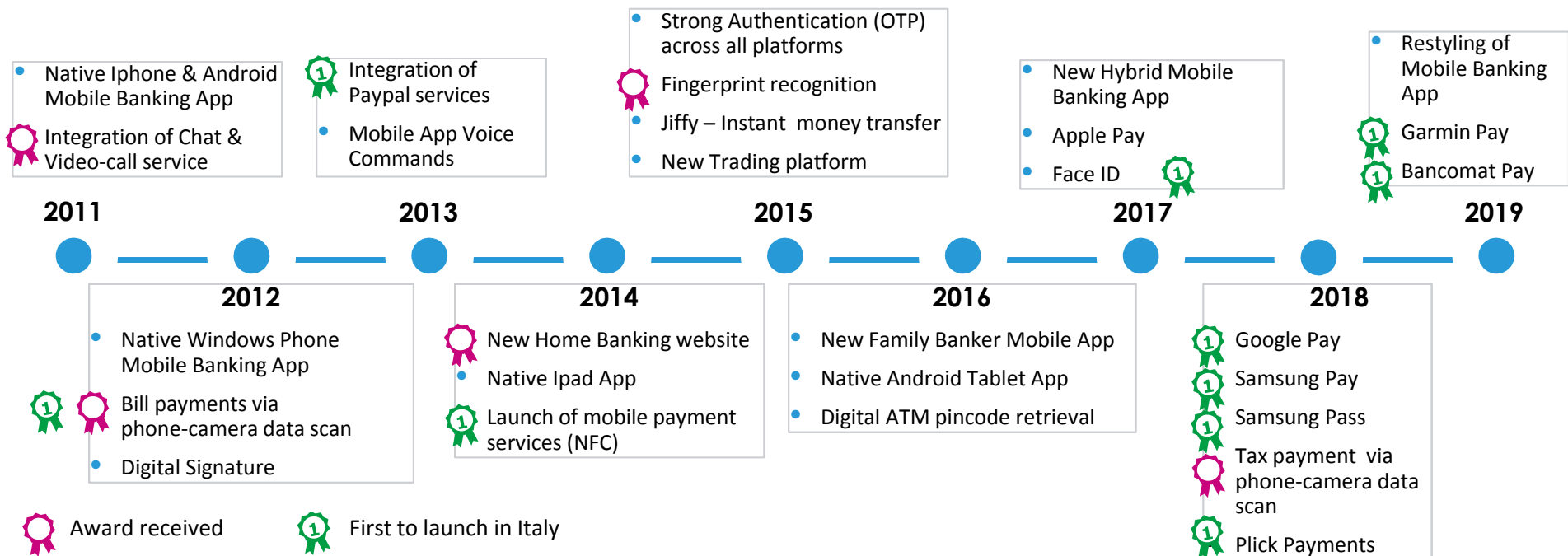


Direct Channel Accesses (mn)



# 71 Technological Platform Innovation is in our DNA

- ▶ We create value for our Customers by exploiting the **best technology available** to serve them
- ▶ Investments in technology allow us to build strong relationships thanks to the **usability & simplicity of our digital platform** (2018 retention rate: 98% - 2018 interactions with the bank: 74 mn)
- ▶ **Customer-centricity & omni-channel approach** are the core of the 'Freedom in Banking' company mission





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# The 3rd best known bank brand in Italy

Spontaneous brand awareness – Italian banks – Dec. 2019



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 **UniCredit** 57%

 **BNL**  
GRUPPO BNP PARIBAS 25%

**INTESA**  **SANPAOLO** 53%

**ING**  **DIRECT** 22%

 **mediolanum** BANCA 44%

 **BCC**  
CREDITO COOPERATIVO 19%

**BancoPosta** 29%

**CheBanca!** 18%  
Gruppo Mediobanca

 **MONTE  
DEI PASCHI  
DI SIENA**  
BANCA DAL 1472 27%

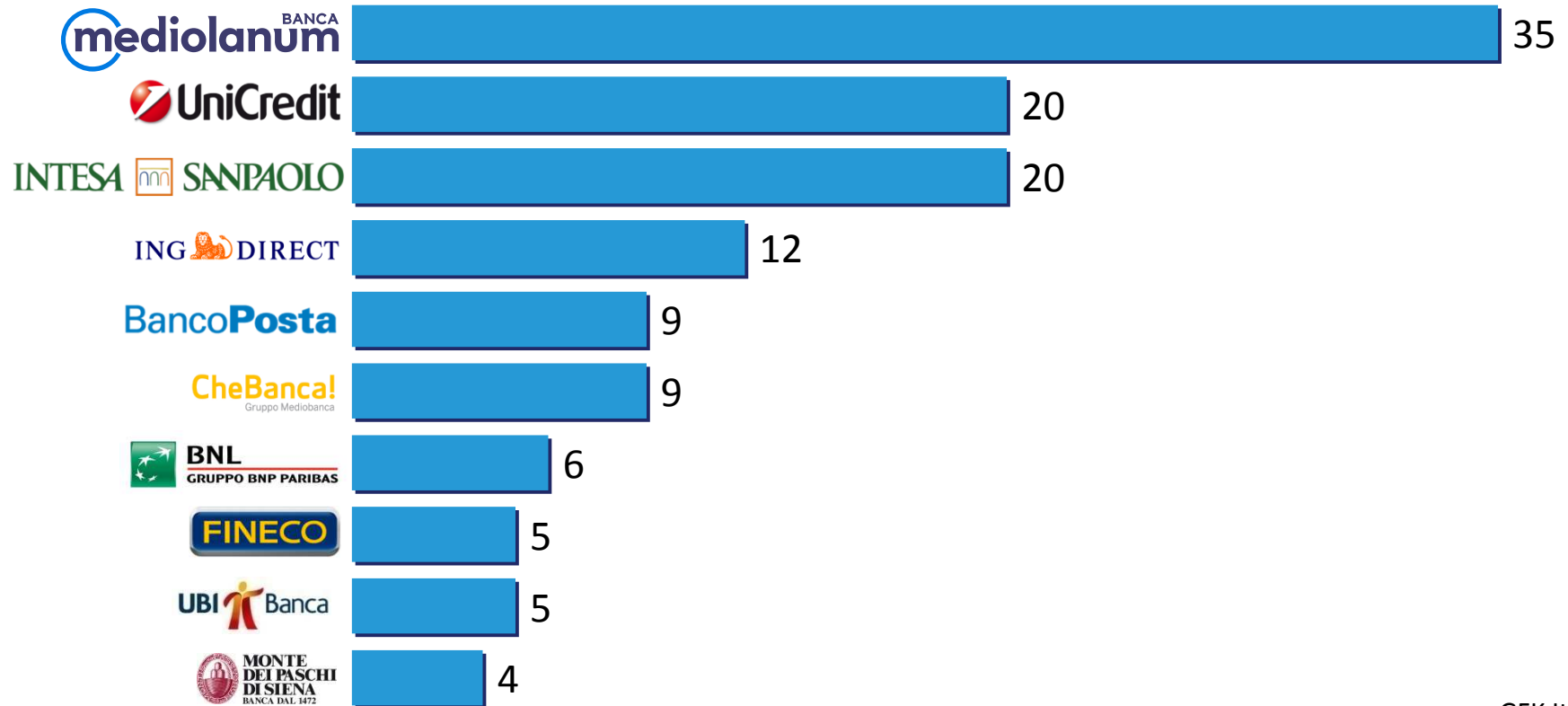
**UBI**  **Banca** 17%

source: GFK Italia



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

Spontaneous recall of bank advertising in Italy – 2019



source: GFK Italia

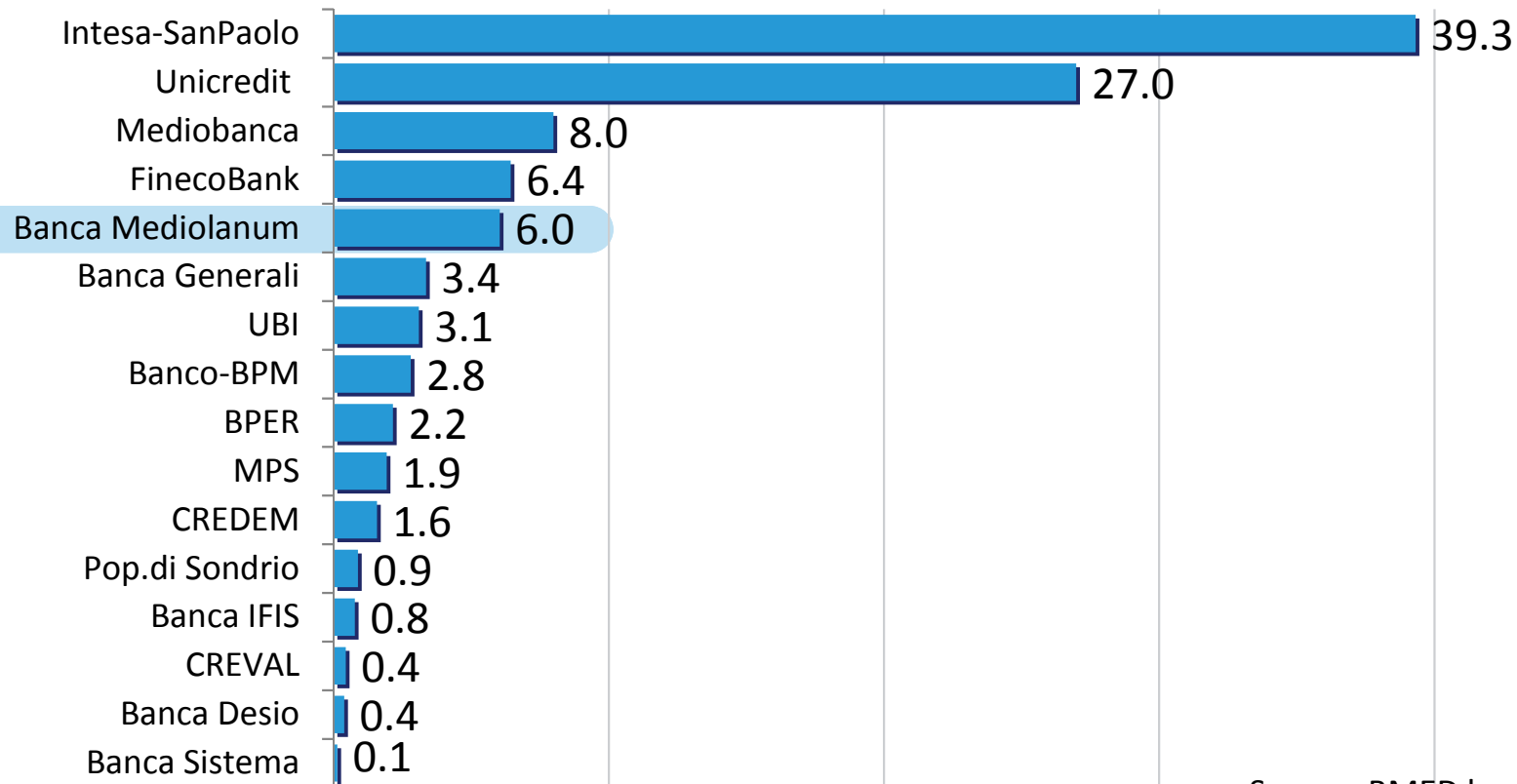
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## Ranking of Italian Banking Groups by Market Capitalisation

€ bn - as at 31/01/2020

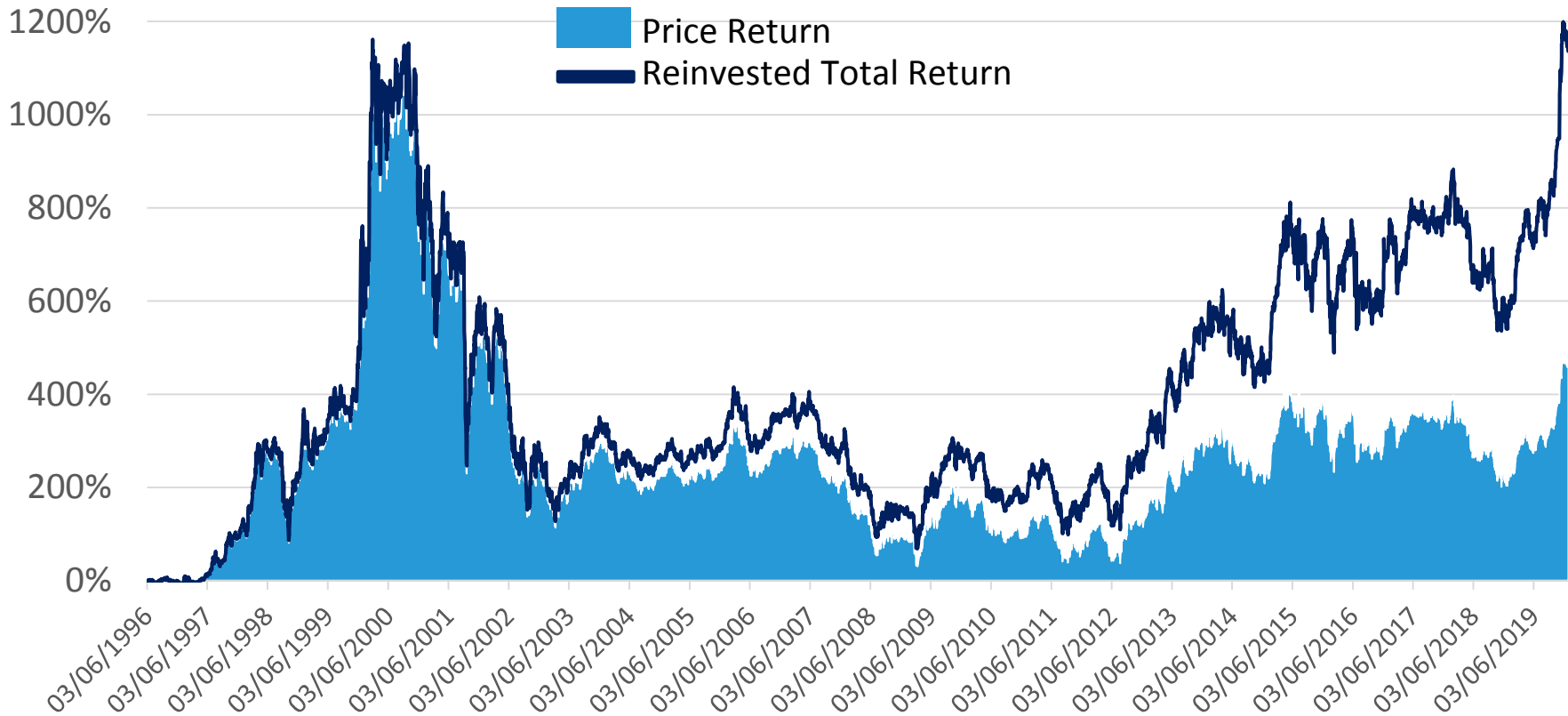


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Source: BMED based on Bloomberg data

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



\* Total Return Index includes dividend reinvestments, June 3, 1996 – Dec 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.

**Alessandra Lanzone**

**+39-02-9049.2039**

[alessandra.lanzone@mediolanum.it](mailto:alessandra.lanzone@mediolanum.it)

**Lisa Maxon**

**+39-02-9049.2997**

[lisa.maxon@mediolanum.it](mailto:lisa.maxon@mediolanum.it)

**Luca Pugliese**

**+39-02-9049.2721**

[luca.pugliese@mediolanum.it](mailto:luca.pugliese@mediolanum.it)

**Banca Mediolanum**

**S.p.A.**

Via Francesco Sforza 15  
20080 Basiglio MI – Italy

<http://www.bancamediolanum.it>