



Q1 2023 Results & Business Update

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# Q1 2023 Group Results

# 4 Economic & Financial Highlights



## Resilience of recurring business & gearing to rates prove strength of our model

€ mn	Q1 2023	Q1 2022 <sup>1</sup>	Change
Net Commission Income	261.0	250.0	+4%
Net Interest Income	157.7	71.9	+119%
Contribution Margin	409.1	317.3	+29%
Operating Margin	228.1	139.5	+64%
Market Effects	7.3	2.2	+233%
Net Income	178.3	112.4	+59%

NCI up despite avg. AUM decline vs. Q1 22, mainly thanks to AUM shift from money market to equity (IIS)

NII continues to reflect rates progression. Cost of funding on current accounts unchanged in Q1. Rates increased on Double Chance service & time deposit to boost AUM growth starting H2.

All-time-high Operating Margin demonstrates the solidity & efficiency of recurring business

Strong step-up in Net Income driven exclusively by recurring business

Key ratios	Q1 2023	Q1 2022 <sup>1</sup>
Cost/Income Ratio*	40.7%	48.3%
Acquisition costs/Gross commission income Ratio	33.4%	34.3%
Annualised Cost of risk (bps)	16	12

C/I ratio keeps improving as operating leverage strengthens, regardless of mechanical uplift generated by IFRS17

YoY change due to lower gross inflows into managed assets

CoR in line with historical average and well below market average

1. Restated for the adoption of IFRS 17. \*G&A expenses & Regular contribution to banking industry / Contribution margin

# 5 Business Results Highlights



## Steady business performance distinguishes BMED once again

€ bn	Q1 2023	Q1 2022	Change	FY 2022	Change
<b>Total Net Inflows</b>	<b>3.00</b>	2.38	+26%		
<b>Net Inflows into Managed Assets</b>	<b>1.35</b>	1.67	-19%		
<b>Total AUA/AUM</b>	<b>108.73</b>	106.10	+2%	103.66	+5%
<b>Loans Granted</b>	<b>0.84</b>	0.89	-6%		
<b>Credit Book</b>	<b>16.61</b>	14.82	+12%	16.44	+1%
<b>General Insurance Gross Premiums (€ mn)</b>	<b>43.34</b>	41.15	+5%		

Strong positive flows underpin our growth in any market condition. Further support provided by the 4% promotion on the 6-month time deposits

Managed assets inflows still strong despite higher competition from govies and equity markets still volatile.

Total assets record new highs thanks to consistent and resilient flows. Deposit base stable since BMED always benefits from customers' flights to quality

Loans granted slightly down y/y following slowdown in RE market & customer demand

Credit book keeps growing with excellent asset quality

General insurance premiums increase despite Family Bankers current focus on opportunities in other lines of business

## Prudent business approach, low risk-appetite & strong returns for shareholders

	Q1 2023	FY 2022
<b>CET1 Ratio</b>	20.6%	20.6%
<b>Risk-weighted assets (€ bn)</b>	12.51	12.41
<b>Leverage Ratio</b>	6.1%	6.0%
<b>Retail Loan/Deposit Ratio</b>	62.5%	63.8%

Robust capital position, with very low volatility of CET1 ratio given the non-material size of HTCS portfolio

RWAs increasing in line with credit book growth

Leverage ratio well above regulatory requirements

Solid & simple balance sheet structure, with very safe approach to lending. See slide 20 for more details

Total Capital Ratio: 20.6%. SREP Req. on Total Capital Ratio: 13.0%.

Leverage Ratio = CET1 / Banking Group Assets

## All signs pointing to a strong growth momentum

	31/03/2023	31/12/2022	Change
<b>Bank Customers</b>	1,724,400	1,686,200	+2%
<b>Bank Customer Acquisition</b>	56,500	168,100	
<b>Family Bankers</b>	6,113	6,054	+1%
<b>o/w Private Bankers &amp; Wealth Advisors</b>	806	807	-0%
<b>AUM - Private Bankers &amp; Wealth Advisors</b>	€ 29.21 bn	€ 28.23 bn	+3%
<b>IIS – Money market AUM</b>	€ 2.52 bn	€ 3.05 bn	-17%
<b>Double Chance – Assets in deposit accounts</b>	€ 1.38 bn	€ 1.28 bn	+7%
<b>Instalment Plans – Annualised yearly flows</b>	€ 1.58 bn		

Bank customer acquisition progressing with a solid organic increase also thanks to marketing initiatives aimed at acquiring qualified customers

FB network development continues on as we train professionals coming from other sectors and as Banking Consultants join the franchise (NEXT project, see slide 38)

Automatic investment services the main gateway to achieving max. return - fully exploiting BMED investment strategy via managed assets products

Healthy reservoir of assets paves the way for future inflows & margin. IIS money market assets down beneficial for AUM profitability

**Intelligent Investment Strategy** shifts from money market to equity over 3-5 yrs.

**Double Chance** shifts from deposit accounts to equity over 3-24 months

**Instalment plans** shifts from current accounts to equity on a monthly basis

## Very limited impact across the board

### Capital management

- **Solvency & Capital adequacy** of the Group **not impacted**
- **Dividends not impacted**
- **Return on Equity not impacted**

### Balance sheet

- **Shareholders' equity stable** at transition
- **Q1 Contractual Service Margin: € 2 bn**

### Income statement

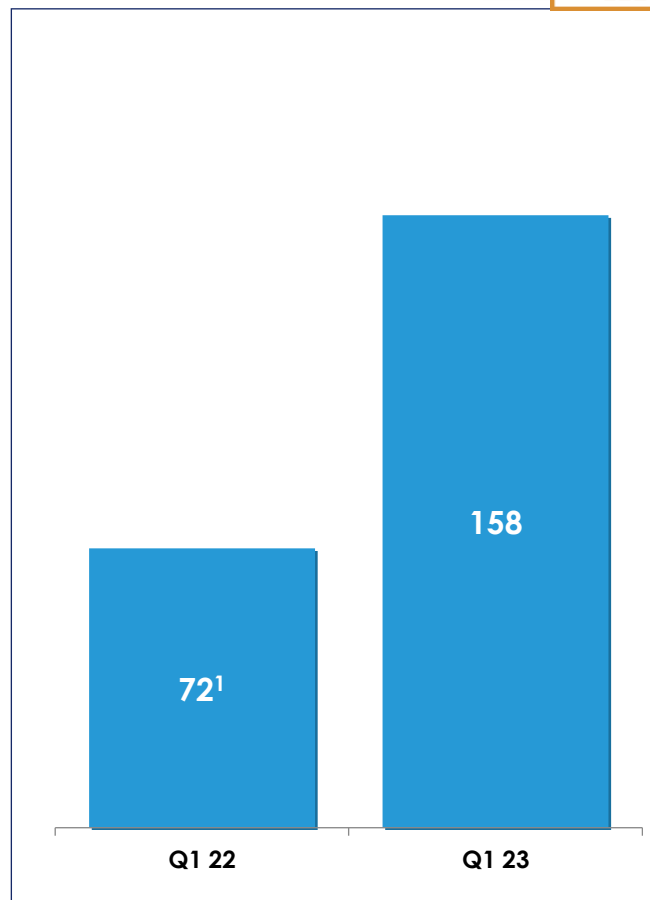
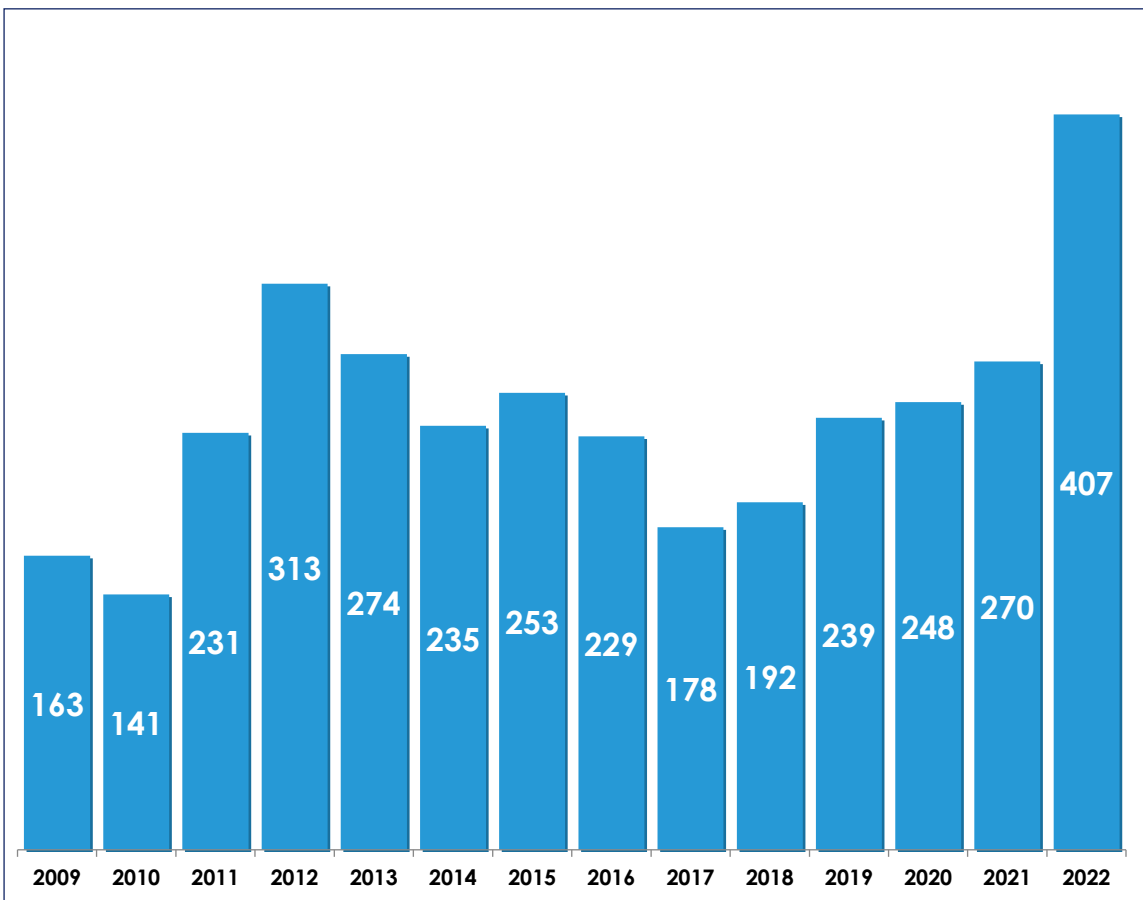
- No impact on **earnings quality & growth trajectory**
- Minor impact on some P&L line items (see Appendix slides)
- Less volatility than under IFRS 4: Net Insurance Result is mainly driven by CSM unwinding & less from new business
- **Operating margin & Net income differ negligibly** from pre-IFRS 17 figures

### Asset Management & Insurance Profitability

- **Total earnings over lifetime of impacted insurance products remain the same**, they are just **recognized in a different way & timing**
- Management fees down at transition **merely because a part are now deferred to CSM & gradually unwound through the P&L** in the Net Insurance Result line item.
- As a result, **avg. recurring fees** are lower but **overall AUM profitability is not affected**
- **No change in business strategy** (products we offer) nor in **operations** (how we run the business)



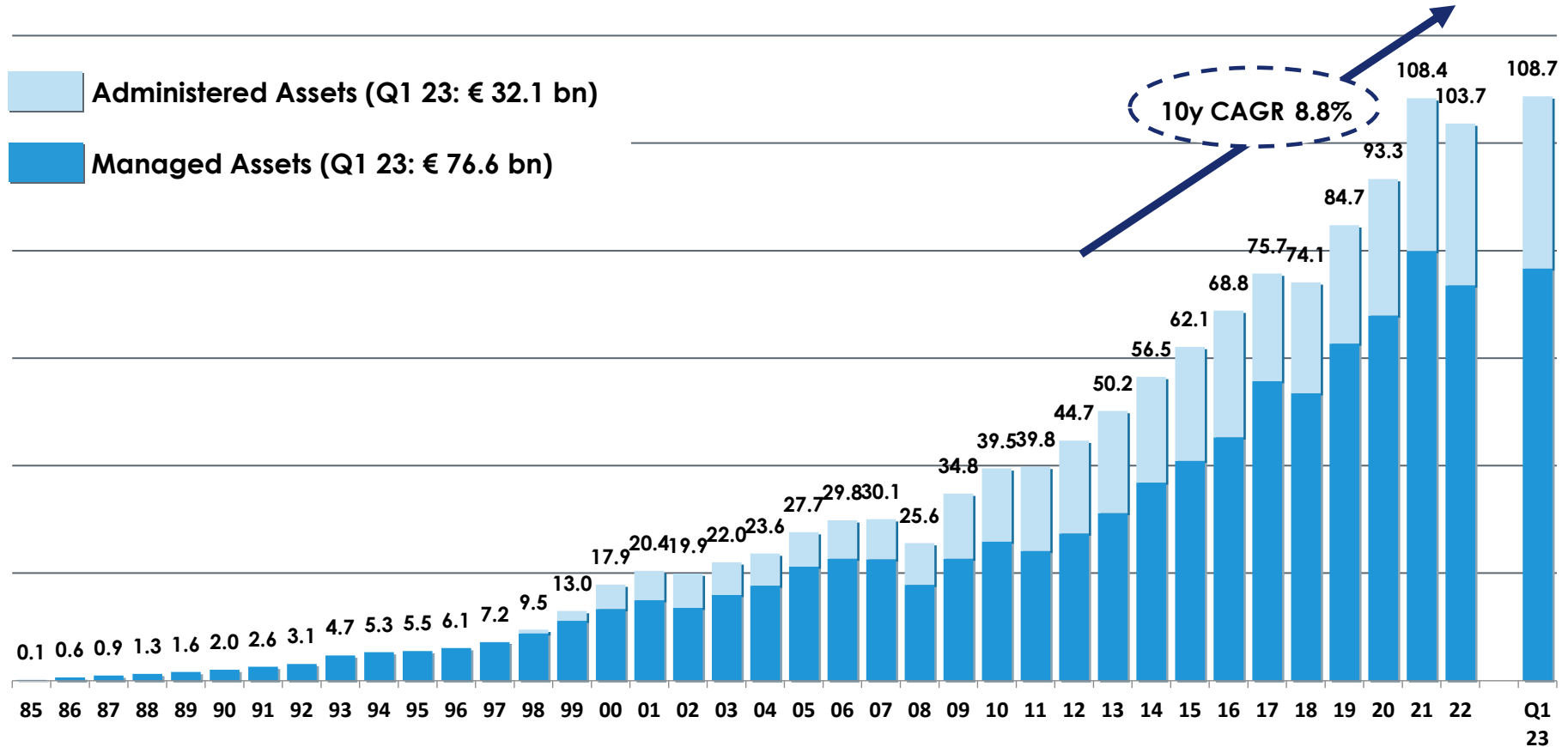
	Q1 2023	Q1 2022 <sup>1</sup>	Change
Entry fees	9.3	13.5	-31%
Management fees	267.3	260.5	+3%
Investment Management fees	53.1	49.3	+8%
Net insurance result	45.6	36.8	+24%
Banking service fees	44.6	48.9	-9%
Other fees	10.5	11.1	-6%
<b>Gross Commission Income</b>	<b>430.4</b>	<b>420.2</b>	<b>+2%</b>
Acquisition costs	(143.9)	(144.1)	-0%
Other commission expenses	(25.5)	(26.1)	-2%
<b>Net Commission Income</b>	<b>261.0</b>	<b>250.0</b>	<b>+4%</b>
Net interest income	157.7	71.9	+119%
Net income on other investments	0.4	(0.8)	n.s.
LLP (Impairment on loans)	(8.6)	(3.2)	+169%
Other revenues & expenses	(1.3)	(0.7)	+89%
<b>Contribution Margin</b>	<b>409.1</b>	<b>317.3</b>	<b>+29%</b>
G&A expenses	(158.0)	(145.2)	+9%
Regular Contributions to Banking Industry	(8.4)	(8.1)	+3%
Depreciation & Amortization	(10.2)	(10.2)	-0%
Provisions for risk & charges	(4.4)	(14.2)	-69%
<b>Operating Margin</b>	<b>228.1</b>	<b>139.5</b>	<b>+64%</b>
Market effects	7.3	2.2	+233%
- o/w Performance fees	0.3	5.9	-95%
- o/w Net income on investments at fair value	6.9	(3.8)	n.s.
Extraordinary items	0	(0.4)	n.s.
<b>PROFIT BEFORE TAX</b>	<b>235.4</b>	<b>141.3</b>	<b>+67%</b>
Income tax	(57.1)	(28.9)	+98%
<b>NET INCOME</b>	<b>178.3</b>	<b>112.4</b>	<b>+59%</b>



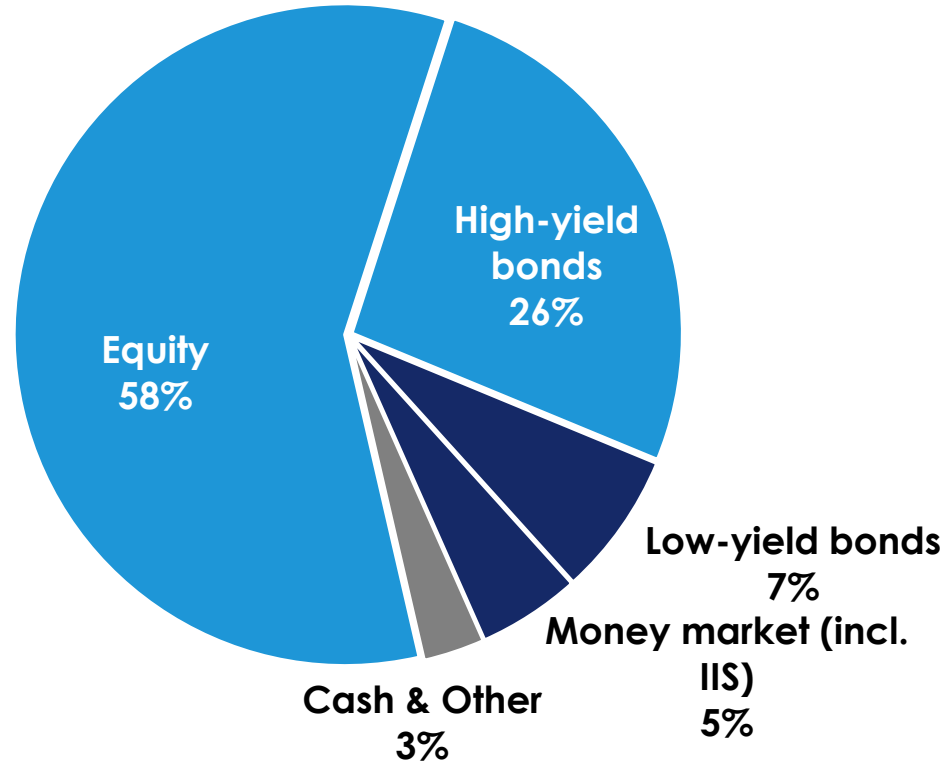
1. Restated for the adoption of IFRS 17

	Q1 2023	Q1 2022 <sup>1</sup>	Change
<b>Total commissions</b>	<b>116.5</b>	<b>117.8</b>	<b>-1%</b>
One-time commissions	14.6	18.8	-22%
Ongoing commissions	101.8	99.0	+3%
<b>Total incentives &amp; bonuses</b>	<b>16.9</b>	<b>15.1</b>	<b>+12%</b>
Incentives on individual net inflows	9.7	9.8	-2%
Contest & bonuses	6.1	4.9	+27%
Reimbursement of costs for customers events	1.1	0.4	+151%
<b>Costs related to the agency agreement</b>	<b>8.8</b>	<b>10.2</b>	<b>-14%</b>
<b>Prexta agent commissions</b>	<b>1.8</b>	<b>1.0</b>	<b>+76%</b>
<b>TOTAL ACQUISITION COSTS</b>	<b>143.9</b>	<b>144.1</b>	<b>-0%</b>

	Q1 2023	Q1 2022
<b>GROUP TOTAL NET INFLOWS</b>	<b>+3,001</b>	<b>+2,378</b>
Managed Assets	+1,353	+1,669
- o/w Mutual Funds, U/L & Managed Accounts	+1,018	+1,409
Administered Assets	+1,648	+709
<b>Italy - Banca Mediolanum Total Net Inflows</b>	<b>+2,704</b>	<b>+2,007</b>
Managed Assets	+1,191	+1,397
- o/w Mutual Funds, U/L & Managed Accounts	+872	+1,142
Administered Assets	+1,514	+610
<b>Spain - Banco Mediolanum Total Net Inflows</b>	<b>+307</b>	<b>+379</b>
Managed Assets	+172	+280
- o/w Mutual Funds & U/L	+156	+275
Administered Assets	+135	+99
<b>Germany</b>	<b>-10</b>	<b>-8</b>
Managed Assets	-10	-8
- o/w Mutual Funds & U/L	-10	-8



	31/03/2023	31/12/2022	Change	31/03/2022	Change
<b>Italy - Banca Mediolanum</b>	<b>98,953</b>	<b>94,411</b>	<b>+5%</b>	<b>96,682</b>	<b>+2%</b>
Mutual Funds & U-L Policies	65,451	63,073	+4%	66,918	-2%
Other Life Insurance Products	1,903	1,861	+2%	1,814	+5%
Banking	31,599	29,477	+7%	27,950	+13%
<b>Spain - Banco Mediolanum</b>	<b>9,404</b>	<b>8,872</b>	<b>+6%</b>	<b>8,976</b>	<b>+5%</b>
Mutual Funds & U-L Policies	6,315	5,976	+6%	6,385	-1%
Other Life Insurance Products	133	116	+15%	72	+84%
Banking	2,956	2,780	+6%	2,518	+17%
<b>Germany</b>	<b>377</b>	<b>374</b>	<b>+1%</b>	<b>445</b>	<b>-15%</b>
Mutual Funds & U-L Policies	377	374	+1%	445	-15%
<b>TOTAL AUA/AUM</b>	<b>108,734</b>	<b>103,657</b>	<b>+5%</b>	<b>106,103</b>	<b>+2%</b>

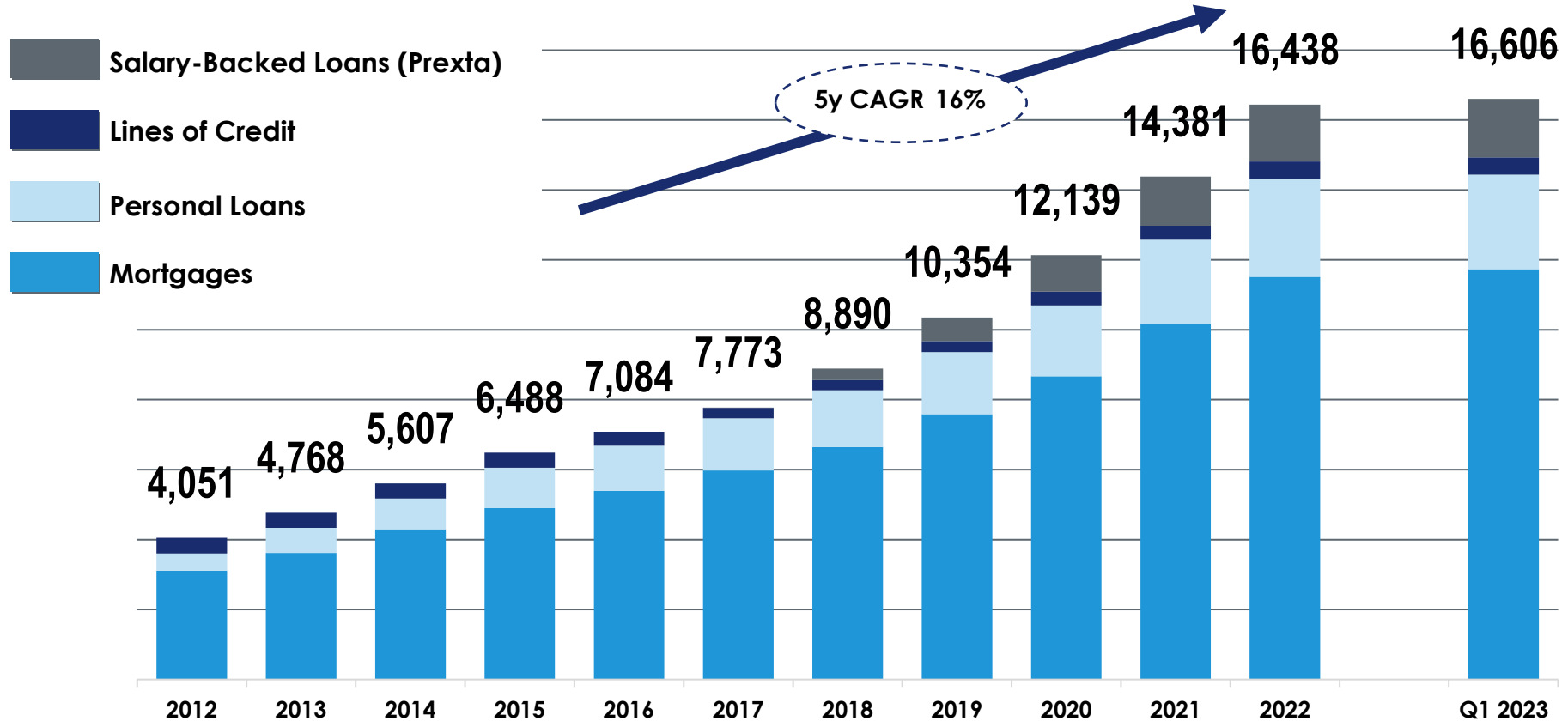


Certificates not included. **Low-yield bonds:** Eurozone + Japan govies. **Money market:** originating funds in IIS & other. **Cash:** liquidity not invested. **Other:** may include hedging derivatives.

	Q1 2023	Q1 2022	Change
Mortgages	525	506	+4%
Personal Loans	196	269	-27%
Salary-backed Loans (Prexta) <sup>1</sup>	120	119	+1%
<b>TOTAL</b>	<b>841</b>	<b>894</b>	<b>-6%</b>
3rd-party Loans	9	5	+63%

1. Includes Prexta unsecured loans





	31/03/2023	31/12/2022	Change	31/03/2022	Change
Mortgages	11,735	11,517	+2%	10,442	+12%
Personal Loans	2,702	2,798	-3%	2,486	+9%
Lines of Credit	497	501	-1%	408	+22%
Salary-backed loans (Prexta) <sup>1</sup>	1,672	1,622	+3%	1,480	+13%
<b>TOTAL</b>	<b>16,606</b>	<b>16,438</b>	<b>+1%</b>	<b>14,816</b>	<b>+12%</b>

	31/03/2023	Italian Banks
Gross NPE	1.30%	3.1% <sup>2</sup>
Net NPE	0.70%	1.5% <sup>3</sup>
Annualised Cost of risk	0.16%	

1 Includes Prexta unsecured loans

2 Bank of Italy – 'Banks and Financial Institutions: Credit Conditions and Risk by Sector and Geographical Area – Q1 2023'

3 Bank of Italy - 'Financial Stability Report No. 2 2022'

	Q1 2023	Q1 2022	Change
<b>Stand-alone policies</b>	<b>30.3</b>	<b>24.4</b>	<b>+24%</b>
New business	6.2	5.7	+10%
In-force business	24.0	18.7	+28%
<b>Loan protection policies</b>	<b>13.1</b>	<b>14.6</b>	<b>-10%</b>
<b>Group health policies</b>	<b>0.0</b>	<b>2.2</b>	<b>-100%</b>
<b>GROSS PREMIUMS</b>	<b>43.3</b>	<b>41.2</b>	<b>+5%</b>

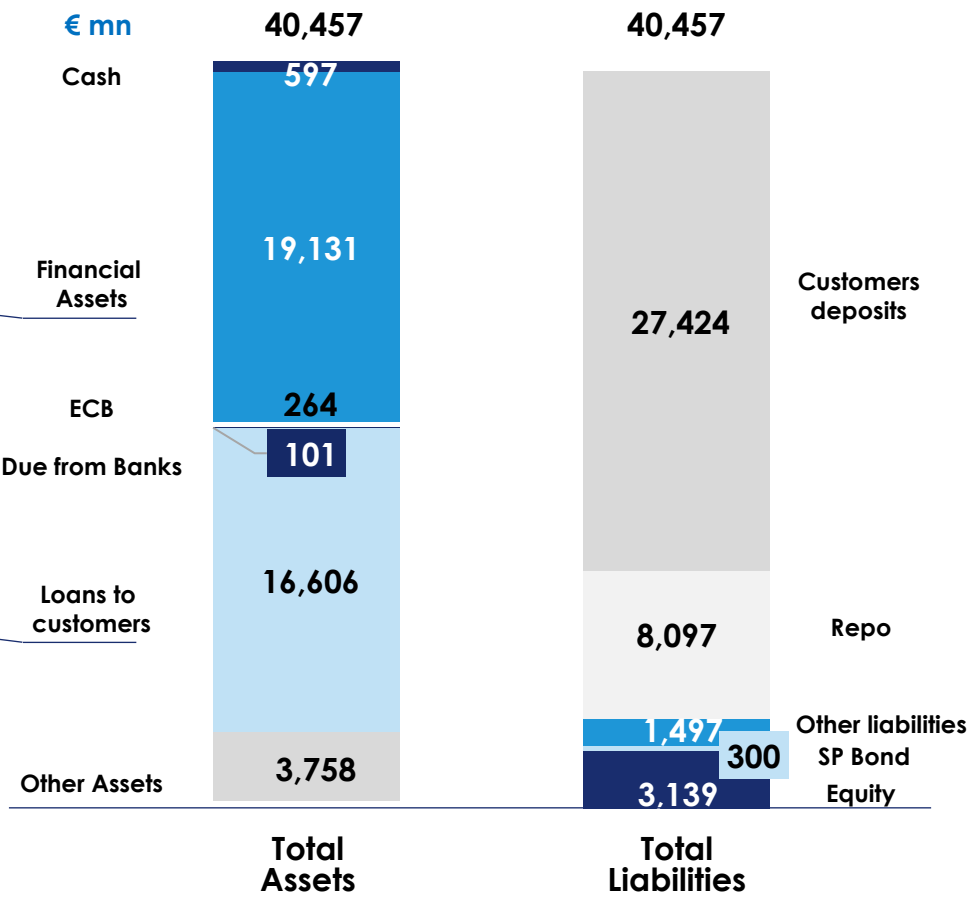
# 20 Balance Sheet Structure – Banking Group



**Straight-forward & solid balance sheet structure**  
**Approx. € 24\* bn of assets sensitive to interest rates**

- Over € 10 bn in floaters
- Short duration (<1 yr)
- No sensitivity to ITA spread: most assets in HTC portfolio

- High quality book: CoR at 16 bps
- Mainly retail & collateralised
- € 12.6 bn of variable rate loans



\* Floaters + Variable rate loans + ECB & Interbank liquidity

**Ever-growing deposit base** thanks to **strong customer acquisition** & **increase in share of wallet** of existing customers

**Growth not impacted** by the continuous **transformation of deposits into managed assets** – our core business

**High stickiness of deposits** as **65%** of customers direct deposit **salary** in their BMED current account

**No signs of customer concern** even in Q1 2023 as BMED is considered the safe haven when flying to quality

## Capital & Liquidity

CET1 Ratio	20.6%
LCR	336%
NSFR	179%

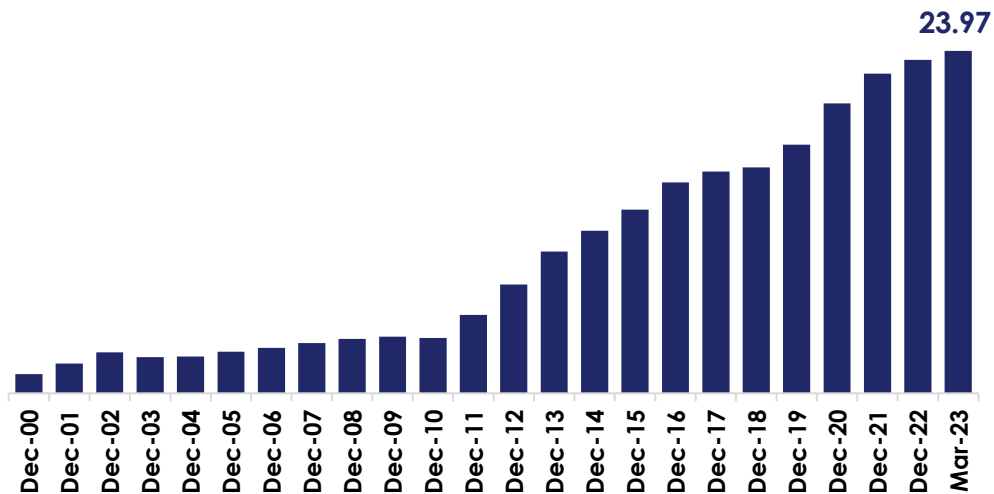
## Assets

HQLA	€10.84 bn
Modified Duration (HTC+HTCS)	0.8 yrs

## Liabilities

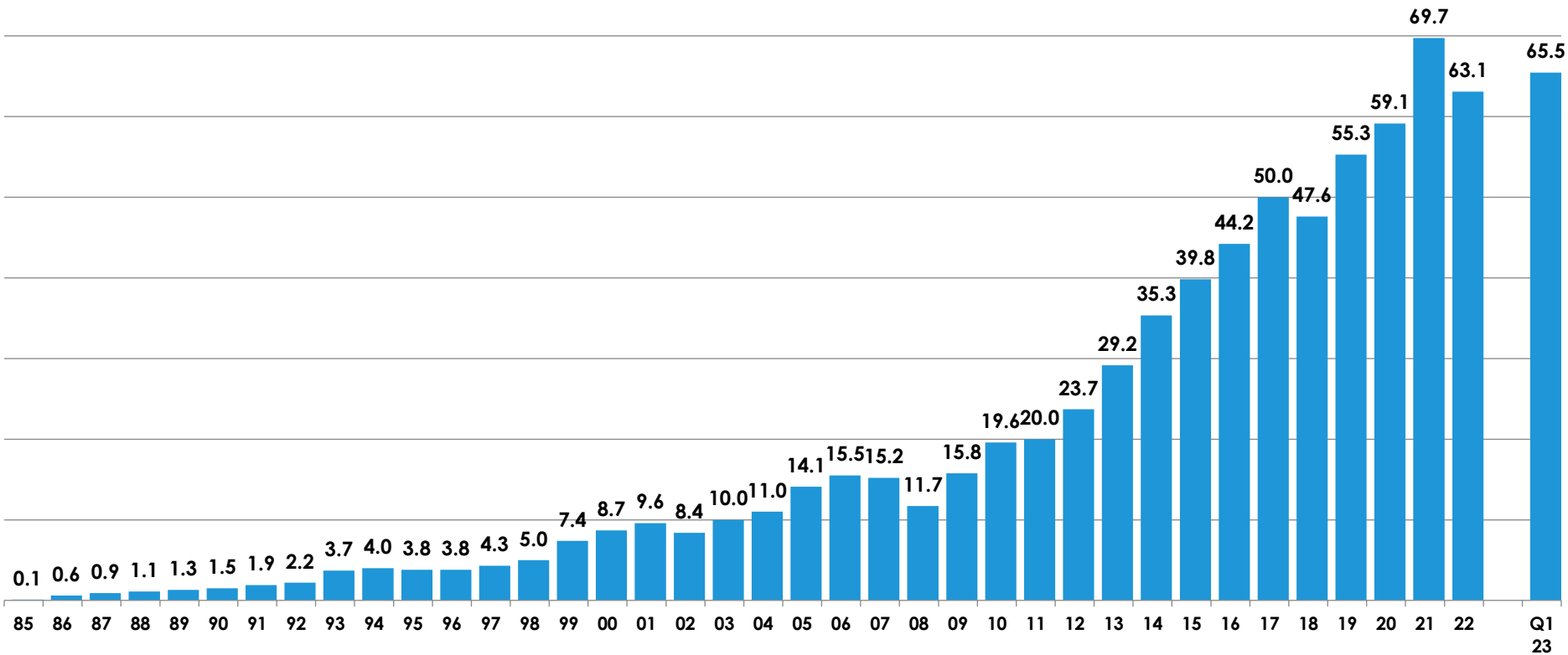
Stable Retail Deposits (ILAAP)	€18.07 bn
Deposits covered by FITD (<€100k)	76%
Customers w/salary direct deposit	65%

## Retail customers deposits (€ bn)



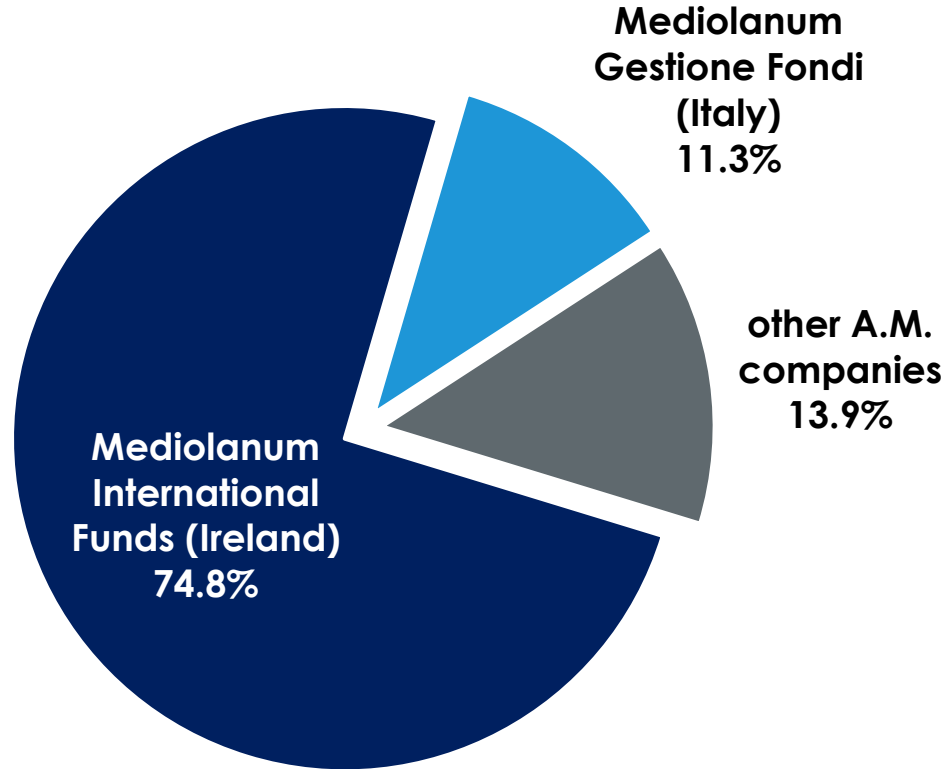


# Q1 2023 Domestic Market Results



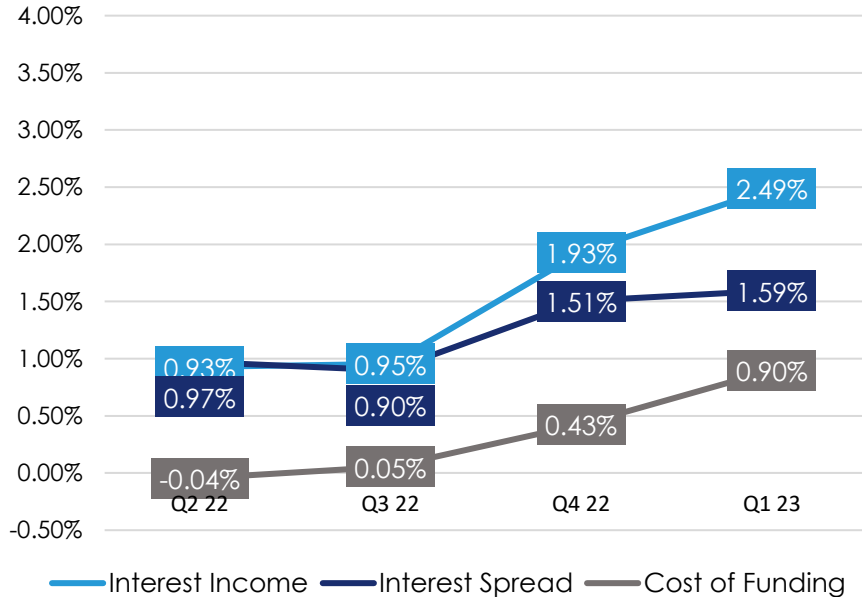
	31/03/2023	31/12/2022	Change	31/03/2022	Change
'Best Brands' funds on funds (IRL)	25,030	24,230	+3%	25,295	-1%
'Challenge' mutual funds (IRL)	18,830	18,029	+4%	19,043	-1%
Funds of Hedge Funds (IRL)	38	37	+3%	39	-3%
'Fondi Italia' mutual funds (ITA)	7,053	6,859	+3%	7,603	-7%
'Real estate' fund (ITA)	205	205	+0%	244	-16%
3rd-party stand-alone funds	4,015	3,798	+6%	3,971	+1%
Other	2,808	2,645	+6%	2,595	+8%
<i>Adj. for own mutual funds in FoFs &amp; Managed accts</i>	<i>(473)</i>	<i>(436)</i>	<i>+9%</i>	<i>(407)</i>	<i>+16%</i>
MyLife' U-L policy	12,859	12,295	+5%	12,514	+3%
Other U-L policies	18,090	17,533	+3%	18,949	-5%
<i>Adj. for own mutual funds in U-L policies</i>	<i>(23,003)</i>	<i>(22,123)</i>	<i>+4%</i>	<i>(22,927)</i>	<i>+0%</i>
<b>ASSETS IN MUTUAL FUNDS &amp; U-L</b>	<b>65,451</b>	<b>63,073</b>	<b>+4%</b>	<b>66,918</b>	<b>-2%</b>



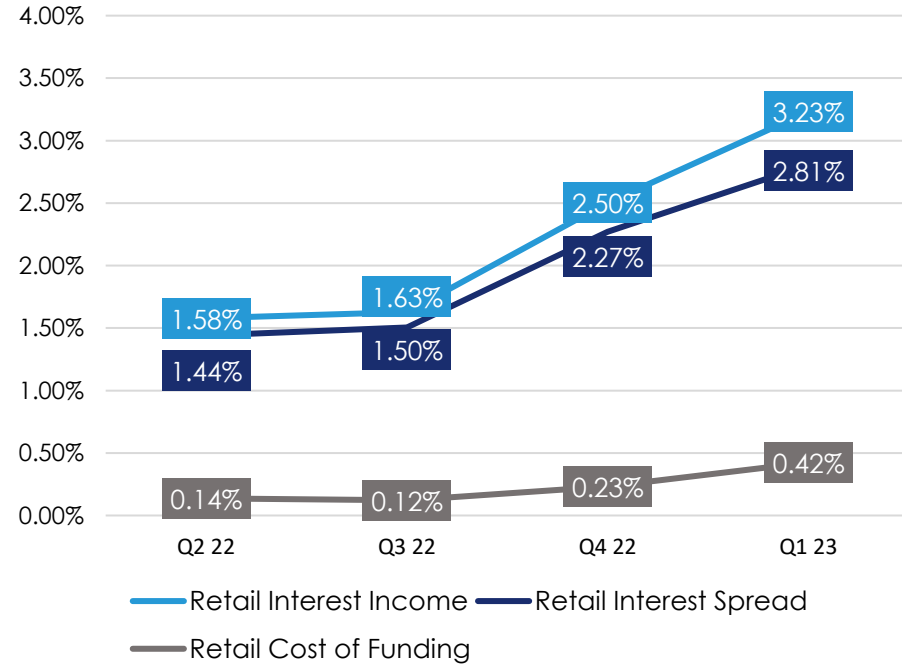


	31/03/2023	31/12/2022	Change	31/03/2022	Change
Cash deposits	23,972	23,338	+3%	22,884	+5%
Repurchase agreements	13	20	-38%	15	-15%
3rd-party structured bonds	2,466	2,125	+16%	1,542	+60%
Other securities	5,148	3,993	+29%	3,509	+47%
<b>BANKING ADMINISTERED ASSETS</b>	<b>31,599</b>	<b>29,477</b>	<b>+7%</b>	<b>27,950</b>	<b>+13%</b>

## Total Book

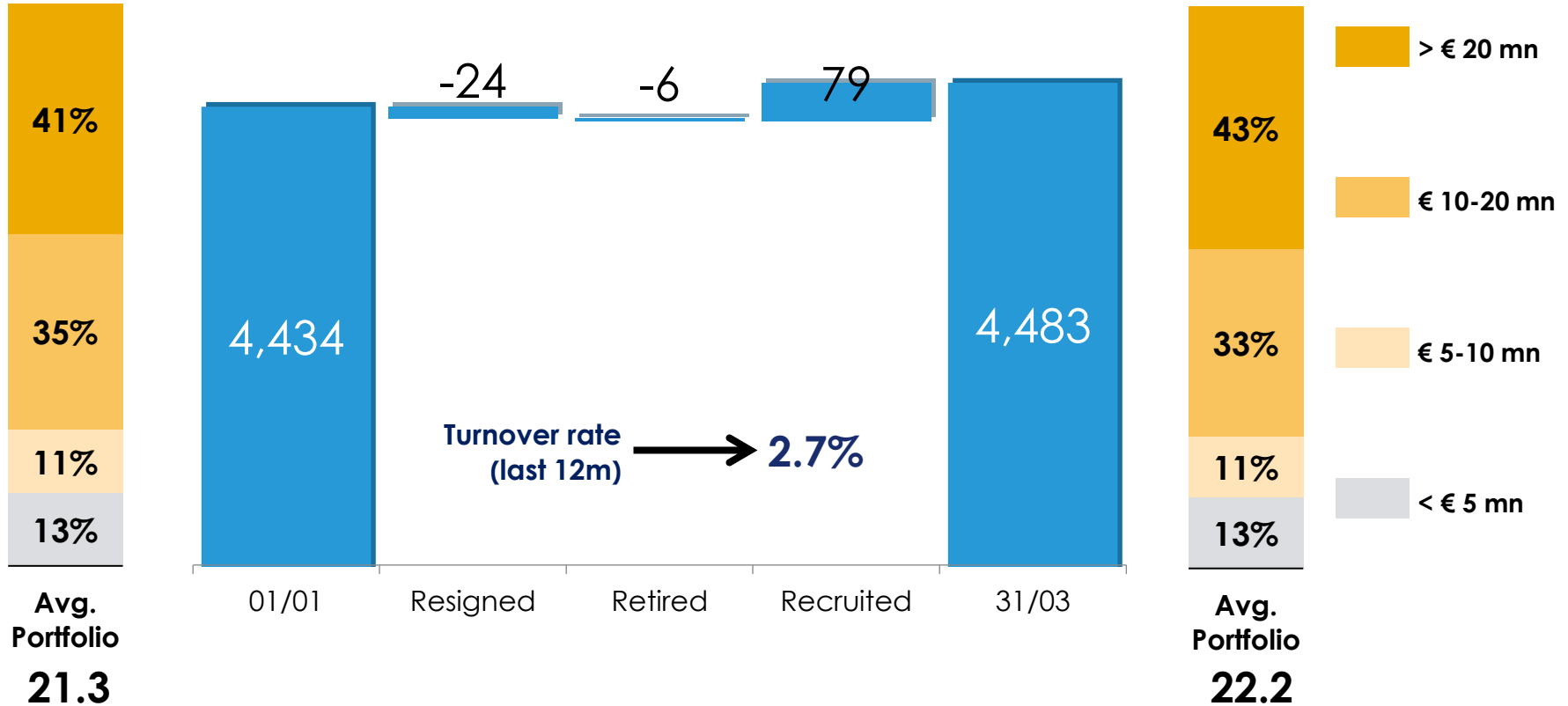


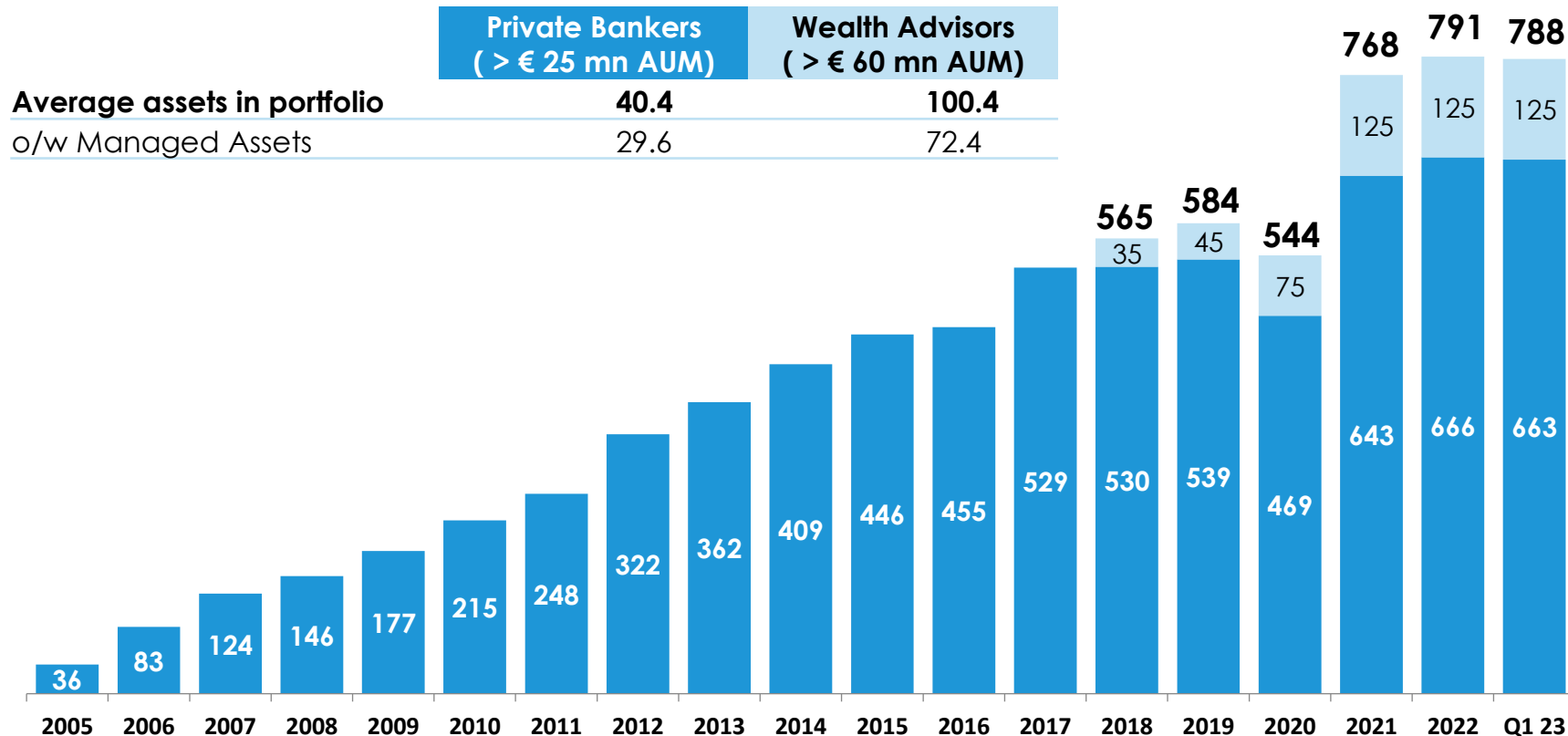
## Retail Book



	Liabilities	Assets
<b>Retail</b>	<b>24,048</b>	<b>15,398</b>
<b>Treasury</b>	<b>8,663</b>	<b>18,241</b>
Interbank / intra-group deposits & repos	1,248	701
ECB refinancing	0	1,222
MTS refinancing	7,415	0
Securities (bonds)	0	16,319
<b>Other liabilities / assets</b>	<b>4,335</b>	<b>3,407</b>
<b>TOTAL</b>	<b>37,047</b>	<b>37,047</b>

Operating Liquidity (24hr): 10,750





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



# Q1 2023 Spain Results

	Q1 2023	Q1 2022 <sup>1</sup>	Change	vs. FY
<b>Operating Margin</b>	19.8	8.7	+129%	
<b>Net Income</b>	15.9	7.5	+113%	
<b>Total Assets</b>	9,404	8,976	+5%	+6%
Managed Assets	6,448	6,458	-0%	+6%
Administered Assets	2,956	2,518	+17%	+6%
<b>Total Net Inflows</b>	307	379	-19%	
Net Inflows into Managed Assets	172	280	-38%	
Net Inflows into Administered Assets	135	99	+36%	
<b>Credit Book</b>	1,207	1,078	+12%	+3%
<b>Family Bankers</b>	1,630	1,533	+6%	+1%
<b>Customers</b>	215,096	193,546	+11%	+3%





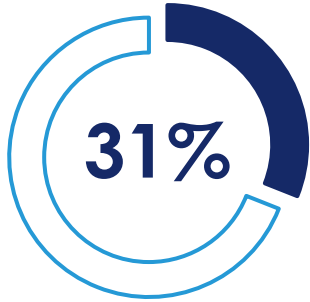
# Business Update

	Apr 2023	YTD 2023	YTD 2022
<b>GROUP TOTAL NET INFLOWS</b>	<b>837</b>	<b>3,839</b>	<b>3,206</b>
<b>Managed Assets</b>	<b>325</b>	<b>1,679</b>	<b>2,210</b>
- o/w Mutual Funds, U-L & Managed Accounts	275	1,293	1,856
<b>Administered Assets</b>	<b>512</b>	<b>2,160</b>	<b>996</b>
<b>GROUP LOANS GRANTED</b>	<b>253</b>	<b>1,094</b>	<b>1,190</b>
<b>GENERAL INSURANCE PREMIUMS</b>	<b>14</b>	<b>57</b>	<b>55</b>

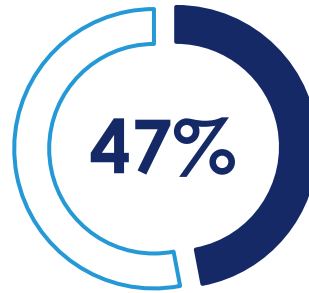
	Q1 2023		
	Managed Assets	Mutual Funds*	Total Net Inflows
<b>Banca Mediolanum</b>	<b>876</b>	<b>872</b>	<b>2,641</b>
Finecobank	678	1,303	2,272
Allianz Bank	590	484	2,252
Che Banca!	166	126	355
BNL - BNP Paribas	97	40	339
Banca Widiba	41	55	140
Gruppo Fideuram/Intesa	40	-70	2,060
Consultinvest	13	19	20
Credem	-143	-217	974
Zurich Italy Bank	-163	-58	-73
Banca Generali	-322	220	1,524

■ BMED    □ Other FA networks

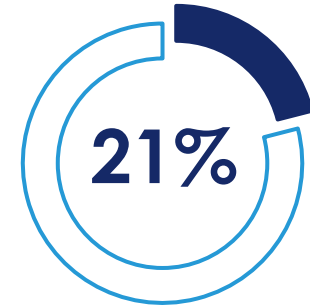
### Total Net Inflows



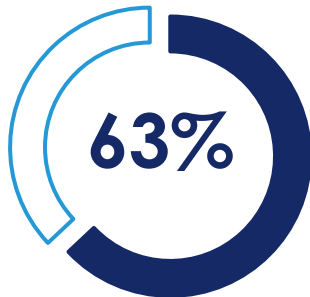
### Net Inflows into Managed Assets



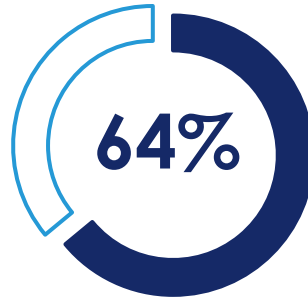
### Net Inflows into Mutual Funds\*



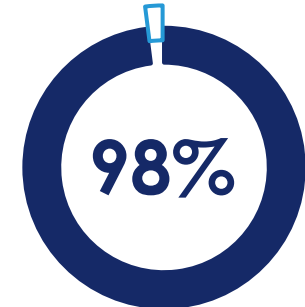
### Mortgages Granted



### Personal Loans Granted

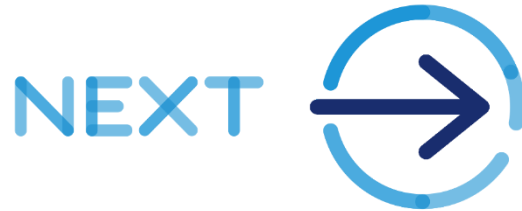


### General Insurance Gross Premiums



\* including Unit-Linked policies & Managed Accounts

Source: Assoreti



**Pairing** high potential new graduates to work as **junior assistants** ('Banker Consultant') with **senior Private Bankers & Wealth Advisors**

- 'Banker Consultants' initially receive **dedicated training programme** (Executive Master) provided by Mediolanum Corporate University & supported with a **scholarship**
- Once fully licensed, the 'BCs' work alongside their senior PB/WA with **extensive on-the-job training**, managing **day-to-day duties & operations** as well as **smaller customers**
- The 'BCs' **free up time for the senior PBs/WAs** to focus on larger customers & new business development
- As remuneration they receive a **percentage of the senior PBs/WAs commission**, with a 3-year minimum monthly compensation
- This project assures an **increase in productivity** in the Network, **organic growth** and **generational renewal**
- **96 'BCs'** passed Executive Master's exam and are already **working with their senior PB/WA** as licensed FA
- **Target to more than double the headcount by the end of 2023**

## Total Bank Customers\*

### 1,724k

('000)

1,509

215

566

81

Banca  
Mediolanum (ITA)

Banco  
Mediolanum (SPA)

Flowe (ITA)

Prexta (ITA)

### End Goal:






## to be the Customer's Primary Bank

### 1,197k hold a bank account

- **65%** use BMED as **Primary Bank**  
(internal data analytics)
- **39%** use BMED as the **Only Bank**  
(2021 survey)

\* Banca Mediolanum + Banco Mediolanum Customers

Solid customer relationship is built on best-in-class service delivery both human & digital

Overall Satisfaction	Perceived Value	Digital Platform	Financial Advisor Interaction
<p><b>Customer Satisfaction</b></p> <p><b>97%</b></p> <p>Market Avg: 90%</p>	<p><b>Comprehensiveness of Offer</b></p> <p><b>84.4</b></p> <p>Trad. Banks: 73.1   Online Banks: 80.3</p>	<p><b>Mobile App Satisfaction</b></p> <p><b>85%</b></p> <p>Market Avg: 66%</p>	<p><b>Overall Satisfaction</b></p> <p><b>91%</b></p> <p>Market Avg: 60%</p>
<p><b>Net Promoter Score</b></p> <p><b>68.3</b></p> <p> <b>1st Bank in Italy</b></p> <p>Trad. Banks: 7.1   Online Banks: 49.3</p>	<p><b>Value for Money</b></p> <p><b>77.5</b></p> <p>Trad. Banks: 65.0   Online Banks: 79.2</p>	<p><b>App Store Rating</b></p> <p> <b>4.7</b> </p> <p> <b>4.5</b> </p>	<p><b>Availability</b></p> <p>In 2021, Family Bankers had <b>9 contacts</b> on average with their customers</p>
<p><b>Customer Retention</b></p> <p><b>95%</b></p>	<p><b>Focus on Sustainability</b></p> <p><b>84.6</b></p> <p>Trad. Banks: 66.2   Online Banks: 76.1</p>		

## Investment services featuring automatic gradual switch into equity funds allowing customers to take advantage of dollar-cost averaging

### ● **Big Chance (2001)**

- Capital is initially invested in money market fund
- A portion of the assets is switched twice monthly into equity funds, investing the entire amount over 3/12-month period

### ● **Double Chance (2008)**

- Capital is initially parked in a highly-remunerated deposit account
- Allows customer gradual entry into equity & fixed-income funds, investing the entire amount over 3/24-month period

### ● **Intelligent Investment Strategy (2016)**

- Capital is initially invested in money market fund
- A portion of the assets is switched once or twice monthly into equity funds or U-L policy, investing the entire amount over 3/5-year period
- Instalment amount automatically increases if equity fund value drops. Capital gains on equity >10% are switched back into money market fund to be reinvested over time

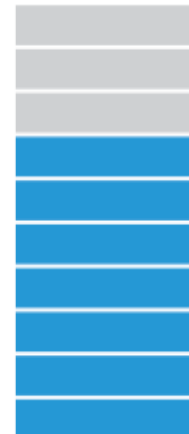
### ● **Intelligent Accumulation Plan (2020)**

- Long-term instalment plan that shifts small amount of savings from current account to mutual funds monthly
- Allows customers to gradually enter BMED equity & fixed-income funds
- Instalment amount automatically doubled each month the fund unit price is 5% below the avg unit price of a customer



- A **long-term investment strategy**/service that allows the retail investor to **gradually enter the global financial markets** via Mediolanum investment products, while mitigating the effects of volatility & taking advantage of dollar-cost-averaging
- Capital is initially parked in a **highly-remunerated deposit account** (rates currently offered: up to 2.5% annual according to selected duration & asset class)
- Allows customer gradual investment into **equity or high-yield funds** over **3/24-month** period, automatically transferring the established amount 2 or 4 times a month
- Interests of the deposit account automatically credited to the customer's checking account

Double Chance  
Deposit Account  
(Adm Assets)



Instalment Plan Duration:  
**3 to 24 Months**  
2 or 4 Automatic  
Transfers per Month

Equity Investment  
Product of choice  
(Mngd Assets)



- A **long-term investment strategy**/service (10+ yrs, € 30k+) that allows our customers to **gradually enter the equity 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 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

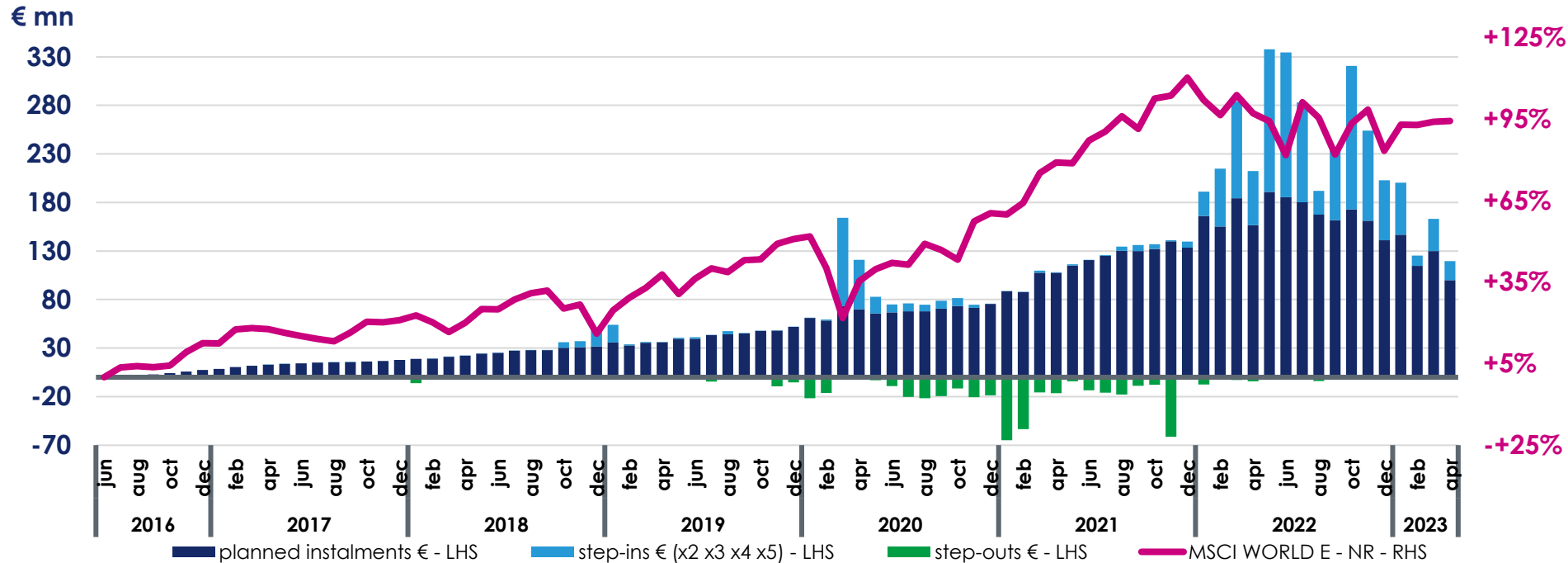


STRATEGY

Equity Fund Unit Price	Installment amount
5% to 10% decrease	X2
10% to 15% decrease	X3
15% to 20% decrease	X4
20% or more decrease	X5

## 'Market crises are buying opportunities': not just a slogan

**Step ins & step outs** reduce avg unit price on investments, allowing **customers to benefit from market volatility**.  
**€ 3 bn** of managed assets were **automatically invested in equity** through **planned instalments & step-ins in 2022**, supporting a strong increase in avg. recurring revenues. **€ 2.5 bn** more to be transferred from monetary funds over the next 3-5 years.



## «BMED is committed to create stakeholder value through ethical & sustainable business practices, with the aim of having an ongoing positive impact on society»

- **Euronext MIB ESG Component / Bloomberg GEI Component**
- Signatory of **U.N. Principles for Responsible Banking**
- Signatory of **U.N. Global Compact** since 2021
- **Diversity in Board of Directors. Lead Independent Director**
- **Top Management LTI & STI** linked to sustainability
- **ESG Commission & GSS Bond Framework Commission**
- **Exclusion criteria** for green bond proceeds usage  
(Fossil-Fuel energy, Nuclear energy, Gambling, Tobacco, Alcohol, Animal abuse, Weapons)
- **Flowe** certified **B-Corp & Carbon Neutral** company

	2022	2021
MSCI ESG Rating	AA	A
ESG S&P Global	52	52
CDP	C	B-
FTSE Russel	2.5	2.5
Vigeo Eiris	53	51
Standard Ethics	EE-	E+





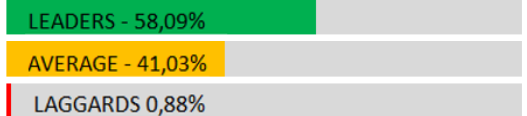
## Economic System

- **Solid capital position** and safe approach to business
- **Simple balance sheet & resilient financial results** given the **well-diversified business model**
- Management team has a **proven track record in delivering** results, w/ **prudent conduct** that is **long-term oriented** & focused on **organic growth**
- **Credit quality** guaranteed by ultra-safe approach, since we lend to our own high-quality customer base made up of households



## Customers

- Long-lasting **sustainability product offering**. Q1 2023 ESG Mutual funds (art. 8 & 9): **16% of AUM**
- **Green mortgages & loans** financed by the **Green bond** issued in Nov. 2022
- **99% of mutual fund AUM** with **ESG rating** by **MSCI ESG Research**:



- **Integration of sustainability criteria** in **product offer** (asset mgmt, banking, credit & general insurance) & **advisory process**
- Ad hoc **financial relief initiatives for customers in need** (natural disasters, financial distress)
- Data Protection and Privacy policies to safeguard cust. data. Processes to optimise the mgmt of potential data breaches



## Community & Environment

- Use of **Green bond proceeds** to finance **green buildings**
- **Climate risk metrics** included in the **Risk Appetite Framework** of the Bank
- Monitoring of **GHG emissions**<sup>1</sup>:

Scope 1: **2,266** tCO<sub>2</sub>e

Scope 2: **2,799** tCO<sub>2</sub>e

Scope 3: **4,039,197** tCO<sub>2</sub>e

**93.4% Customer AUM – 6.4% Credit Book – 0.2% Treasury Assets**

- **Mediolanum Foundation & Relief loans** in collaboration with anti-usury foundations
- **Tri-generation plants** allow the **self-generation of electricity and energy** used in heating and cooling



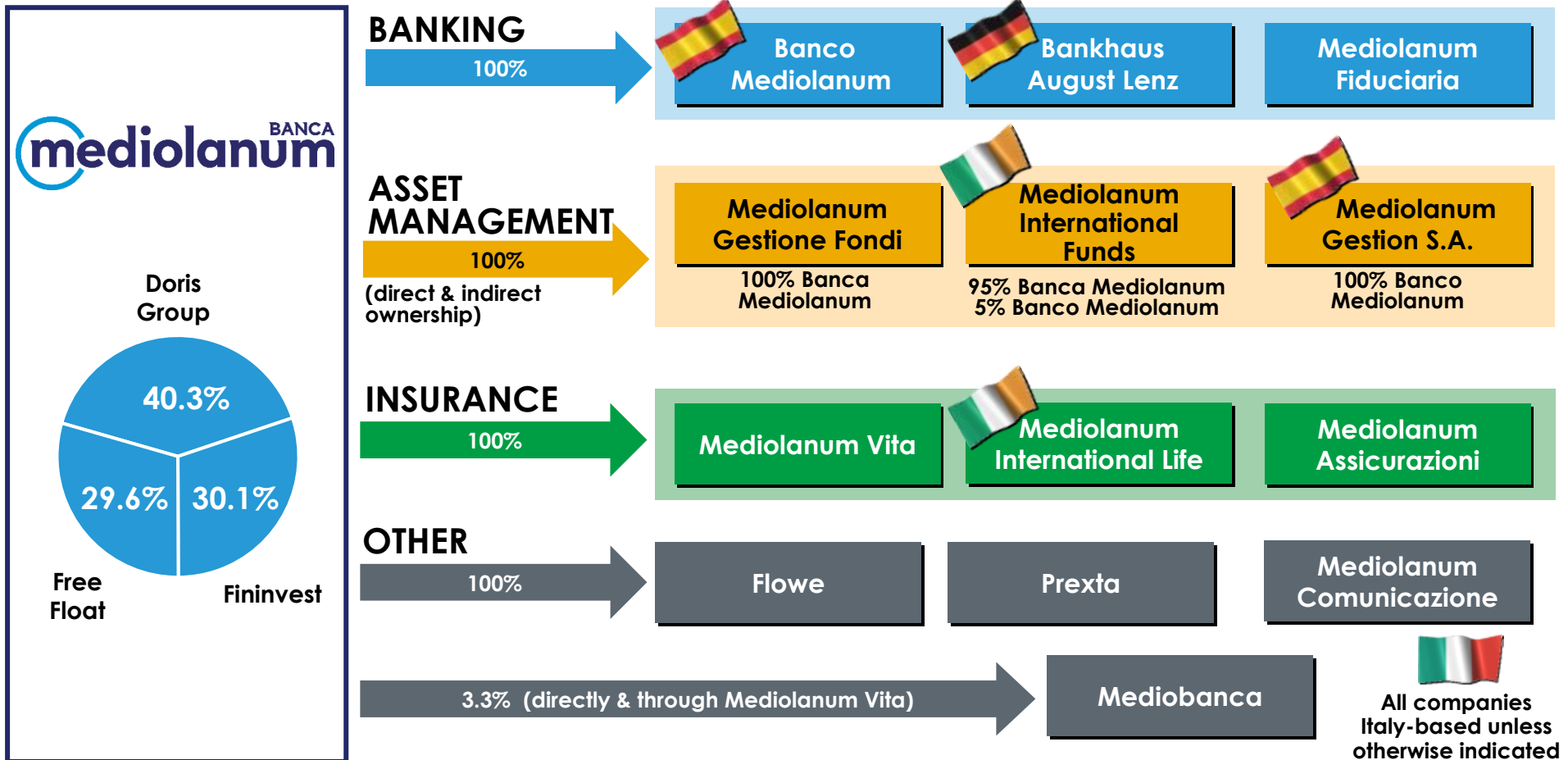
## Employees & Family Bankers

- In 2022 each **Employees** received **over 34 hours of training** on avg., **Family Bankers 114 hours** each
- **Over 300 Family Bankers** have **EPPA ESG Advisor certification**. In every region creation of the **Mediolanum Value Manager** to convey **BMED sustainability-related values**

1. Calculation methodologies follow "Partnership for Carbon Accounting Financials Standard" (PCAF) & "ABI - Italian Banking Association guidelines on the GRI Standards application for environmental topics"

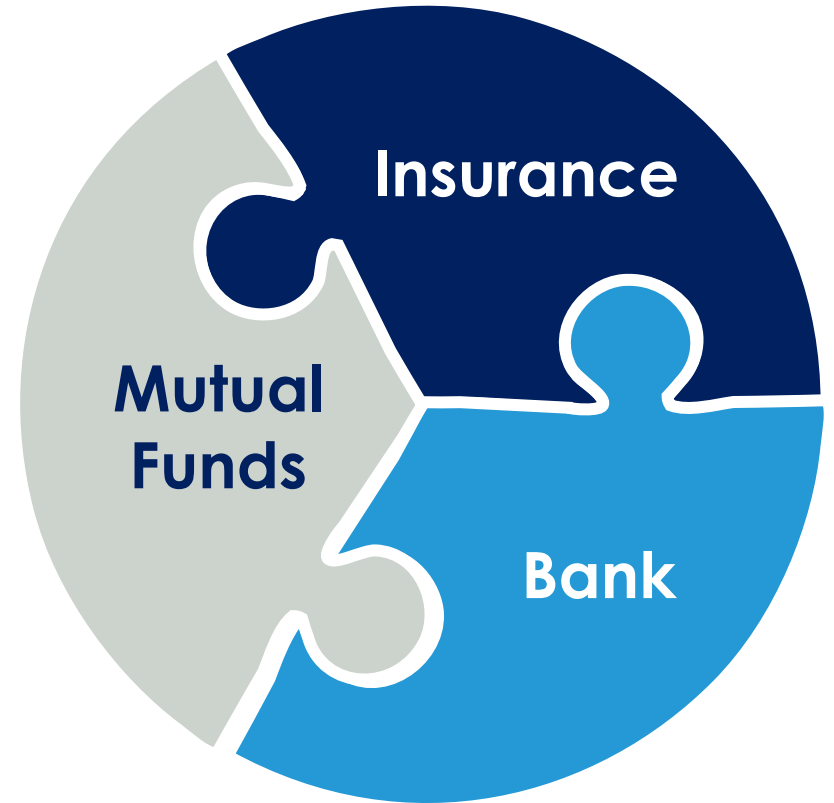


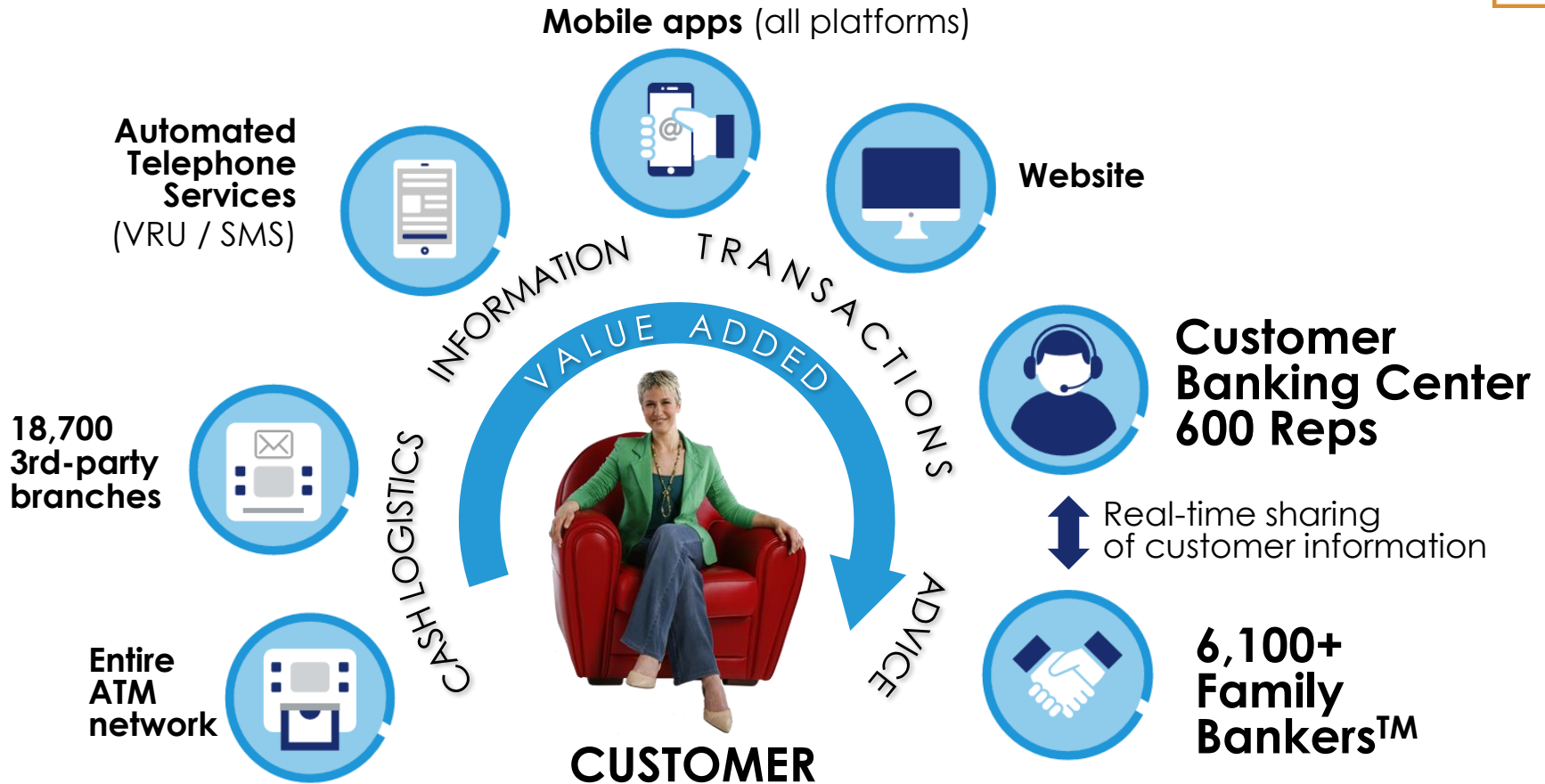
# Mediolanum Facts





- 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





## Family Bankers: the human touch

- Self-employed tied agents with entrepreneurial approach
- Extensively trained to tackle every household financial need
- Share Mediolanum's view that banking services are an effective acquisition & retention tool
- Compensated even for operations performed by customers through direct channels
- Willing to provide 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

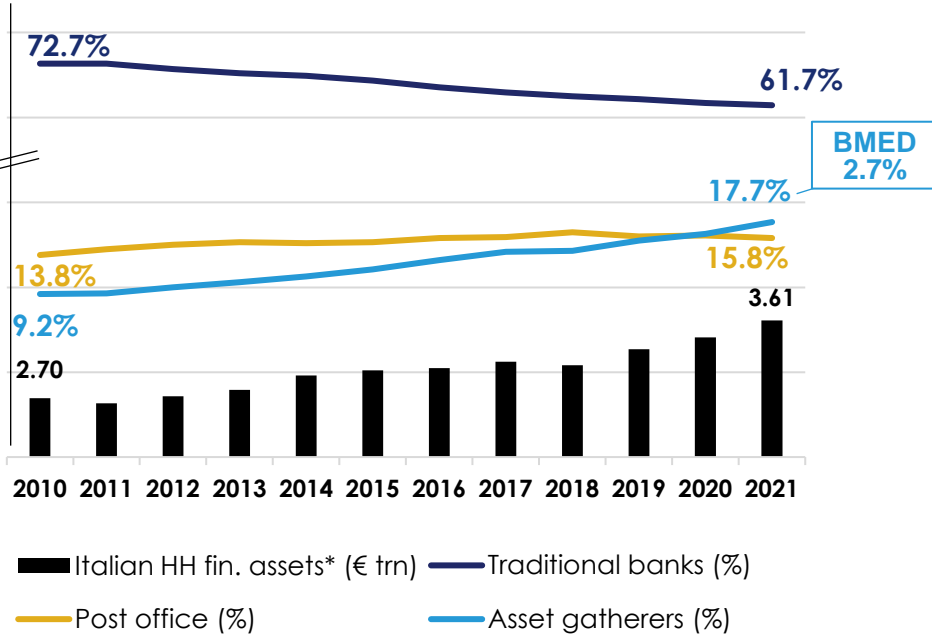


## Customers: freedom in banking

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

## Over the last few years asset gatherers have increased market share to the detriment of traditional banks

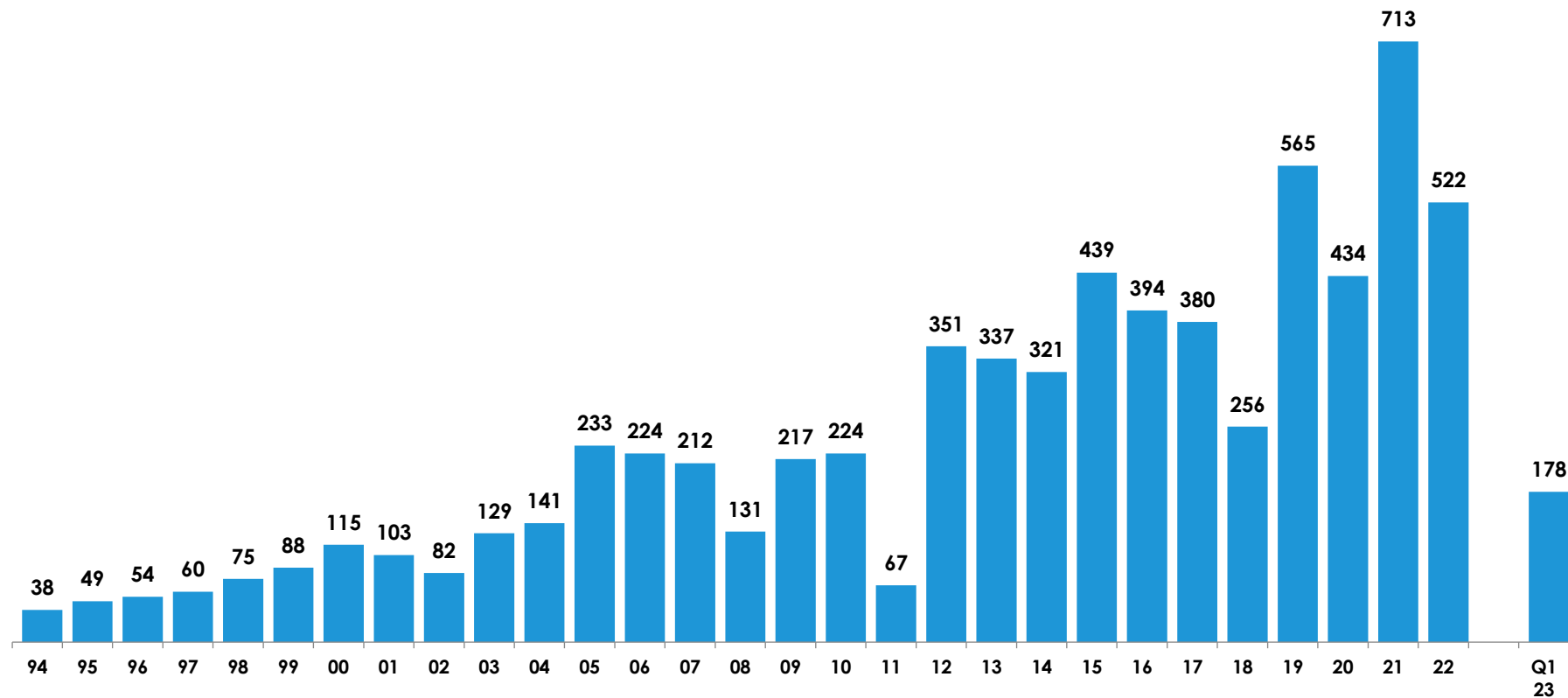
Total HH Assets: € 5.08 trillion



Asset gatherers growing mainly thanks to:

- Demand for **specialised advice**
- **Products & services tailored** on customer needs
- Better **product performance**
- **Recruiting** of traditional bank professionals

(\* ) Includes deposits, administered & managed assets. Does not include real estate, shares of unlisted companies, TFR (end-of-service pay) & cash, as these assets are a non-addressable market for financial institutions. Total wealth of Italian households – all items included - is equal to € 5.08 trn in 2021.



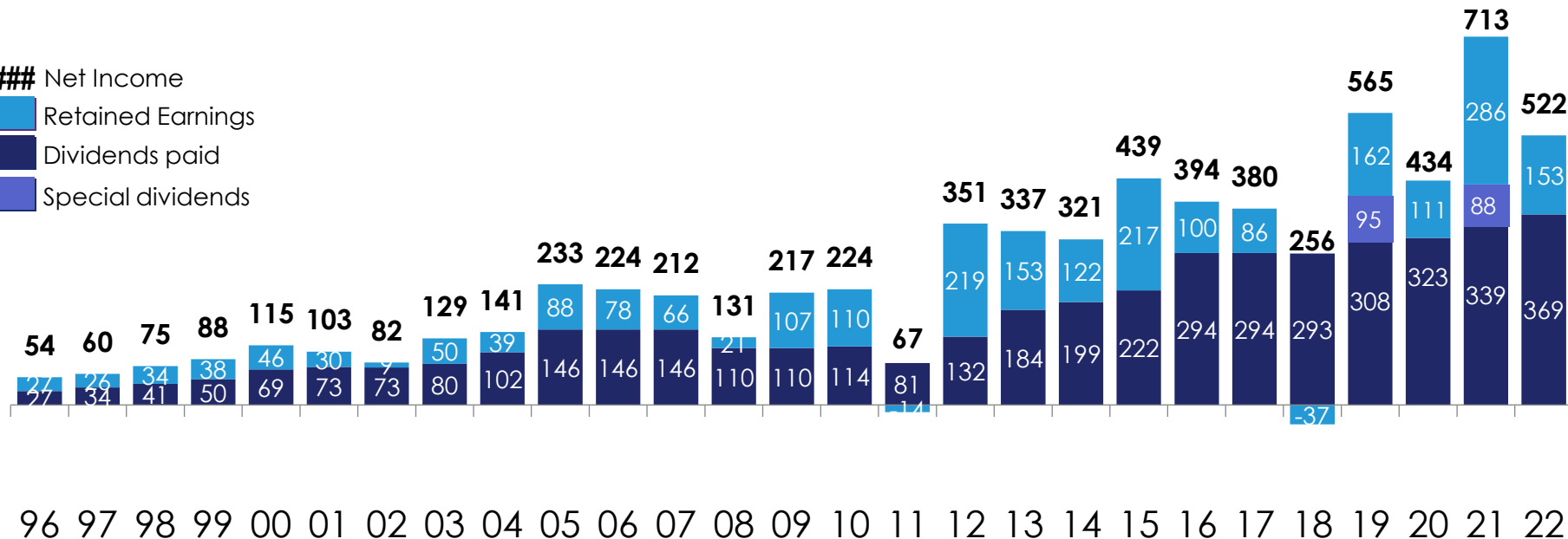
2008 & 2010: adjusted net income excluding effects of 'Lehman Brothers' operation

### Net Income

Retained Earnings

Dividends paid

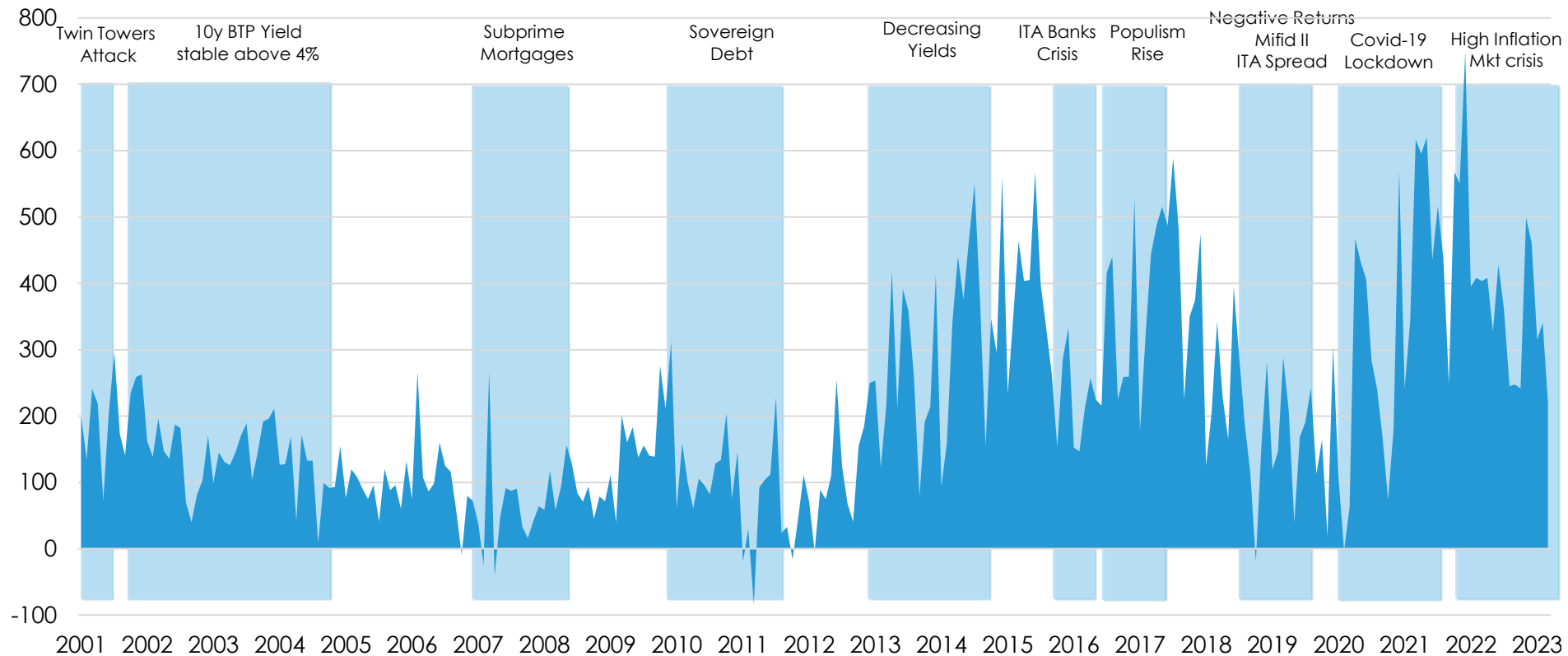
Special dividends

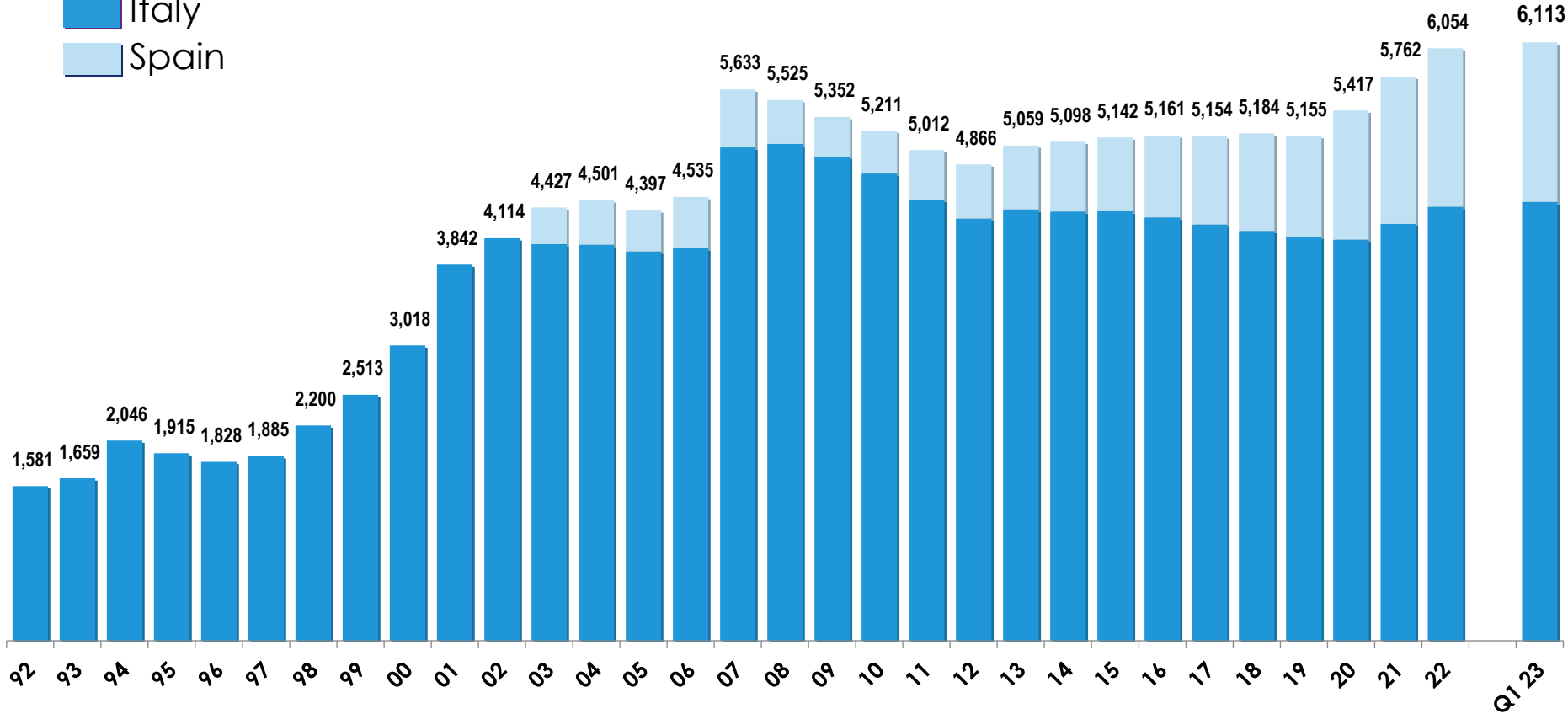


DPS (€ cents)

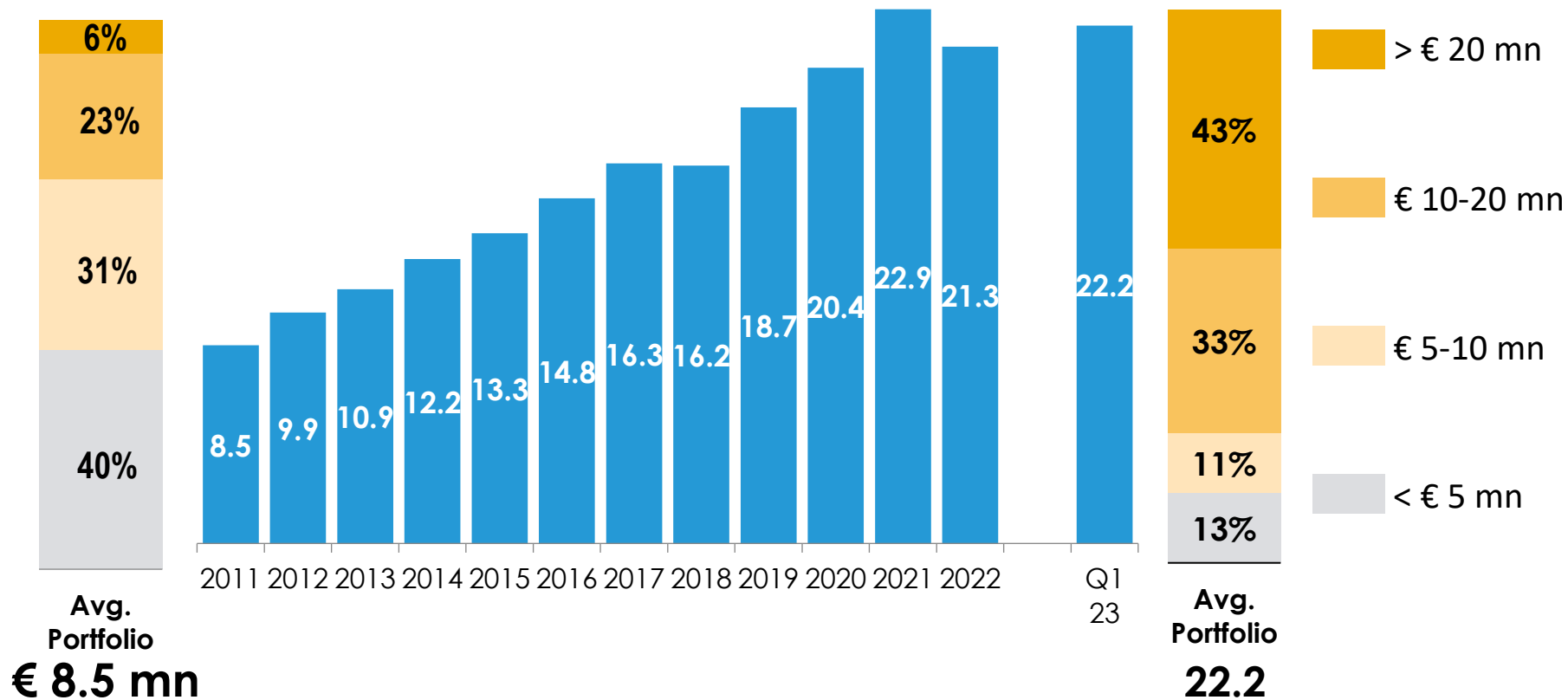


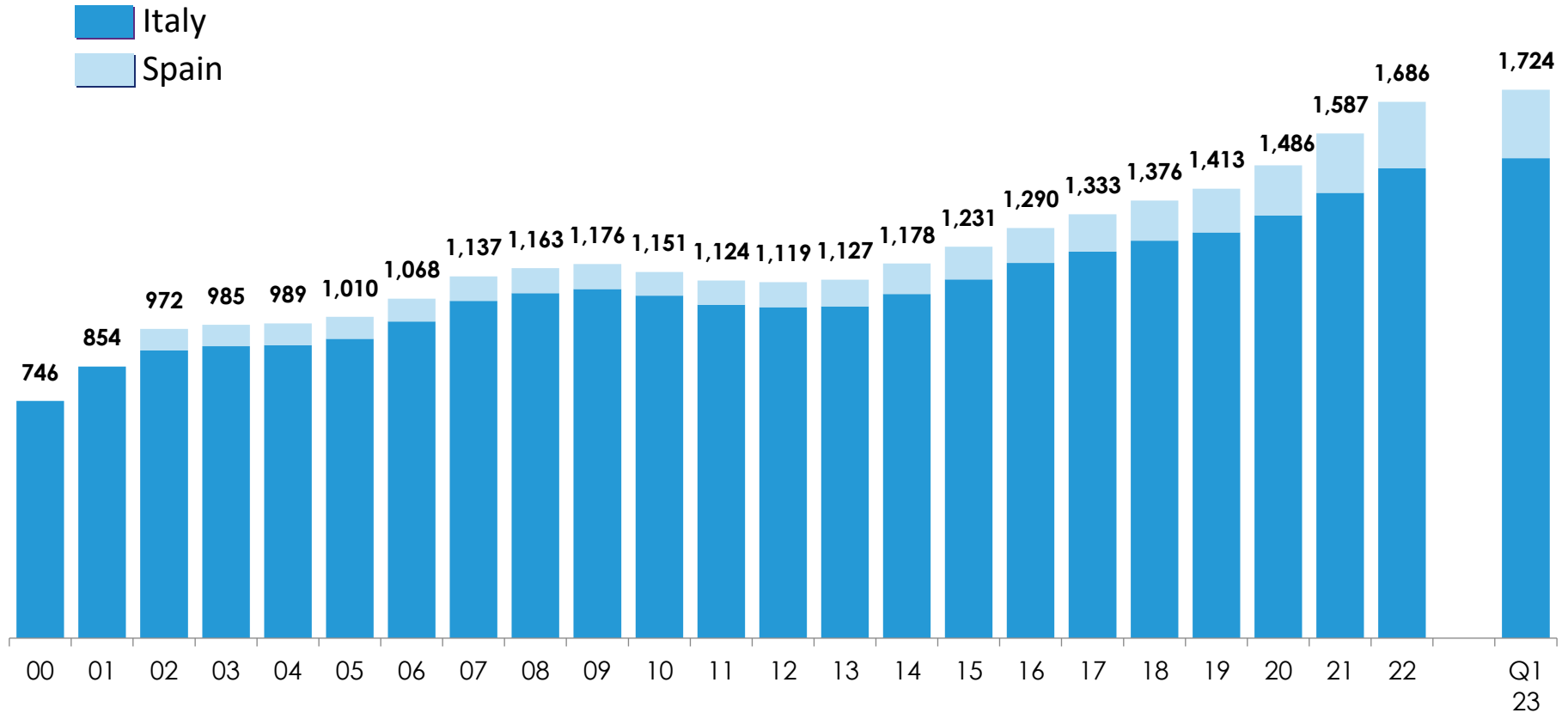
2019 dividend balance &amp; 2020 dividend paid in Oct. 2021 due to Covid-19 ECB ban



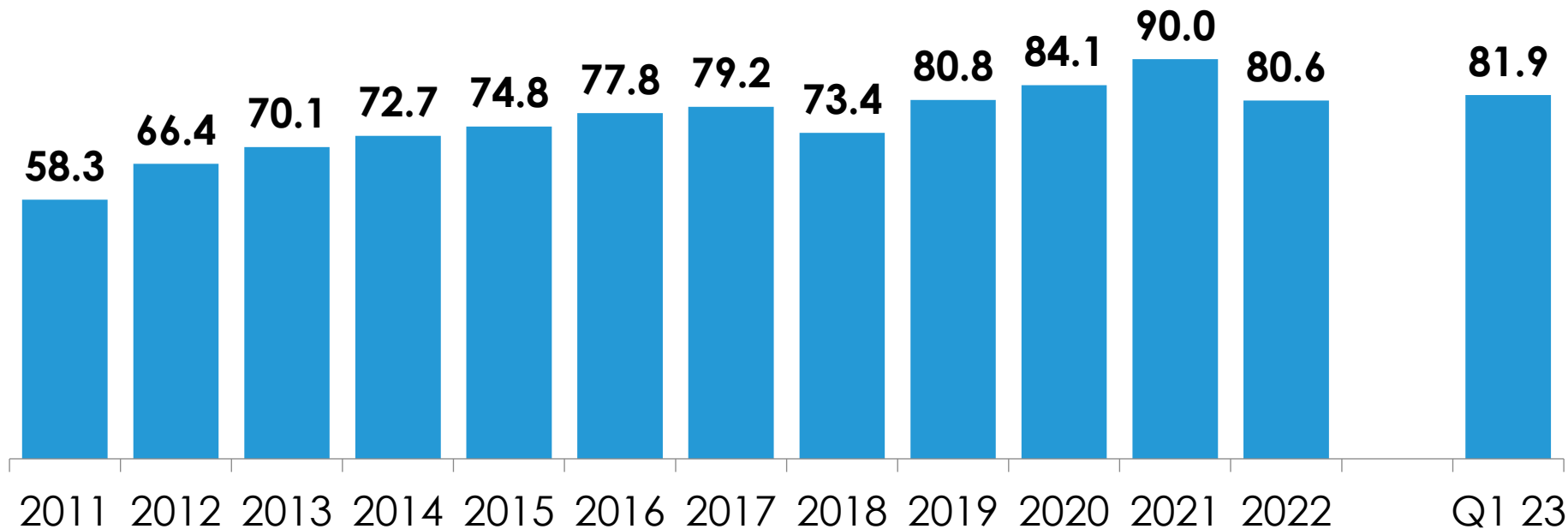


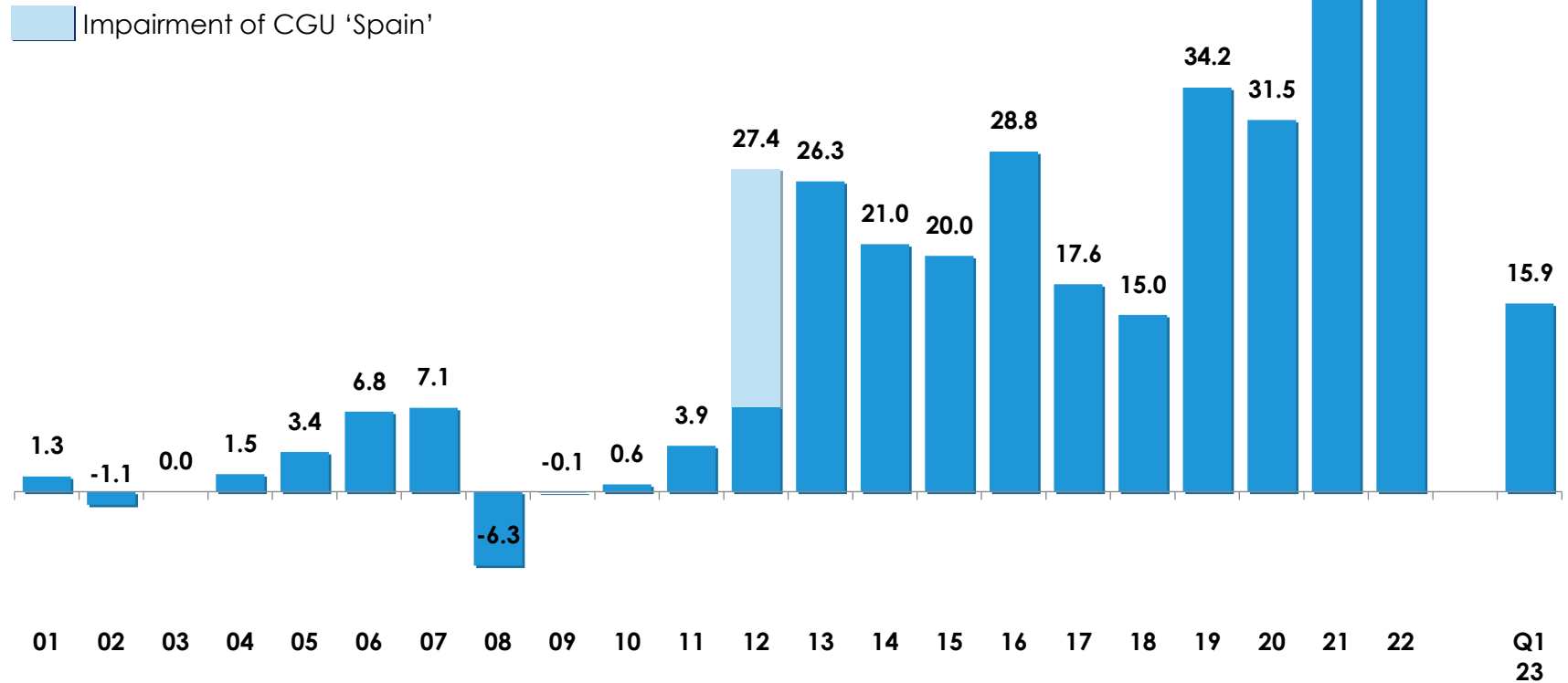






Primary Bank Account Holders

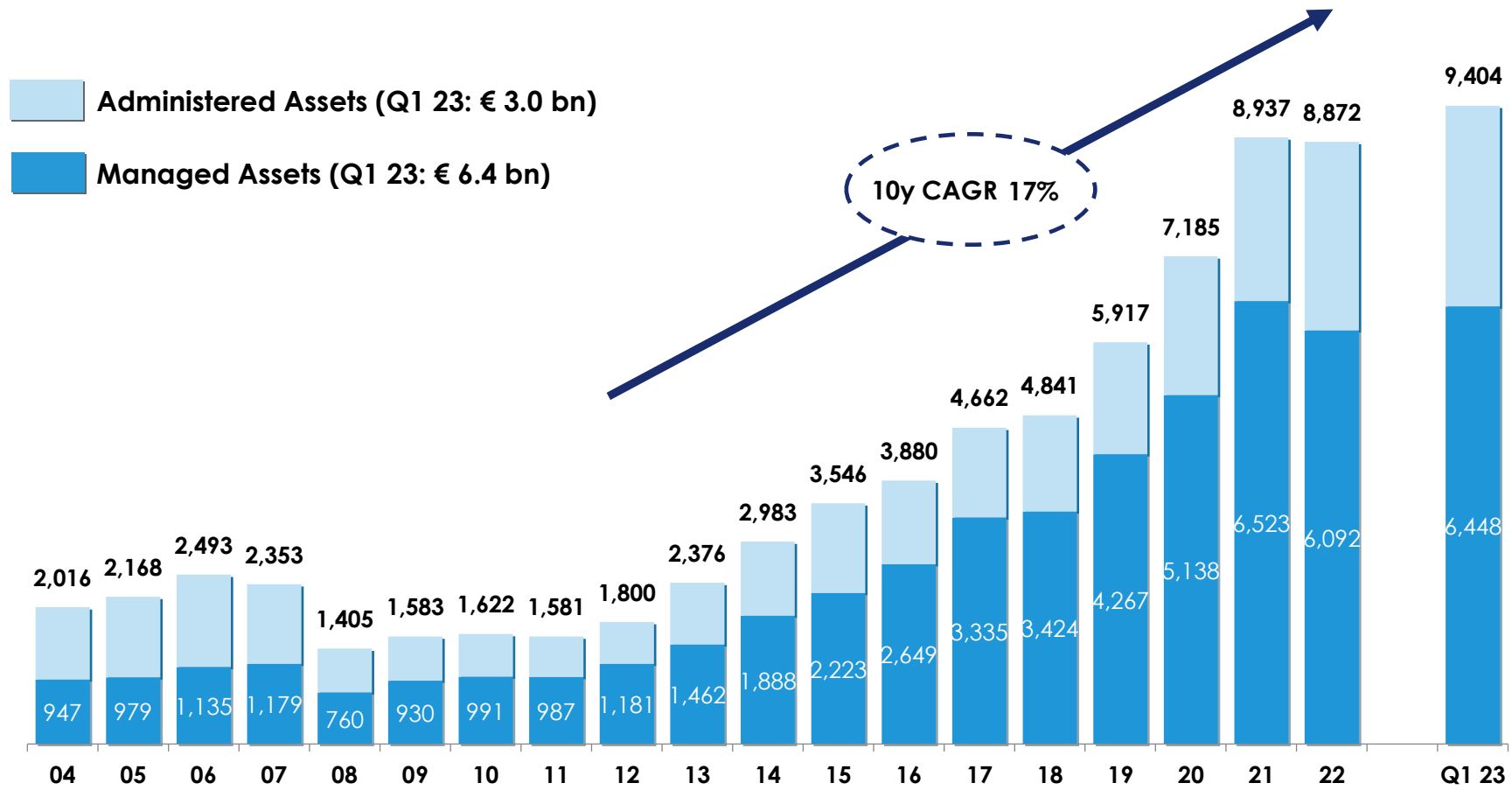




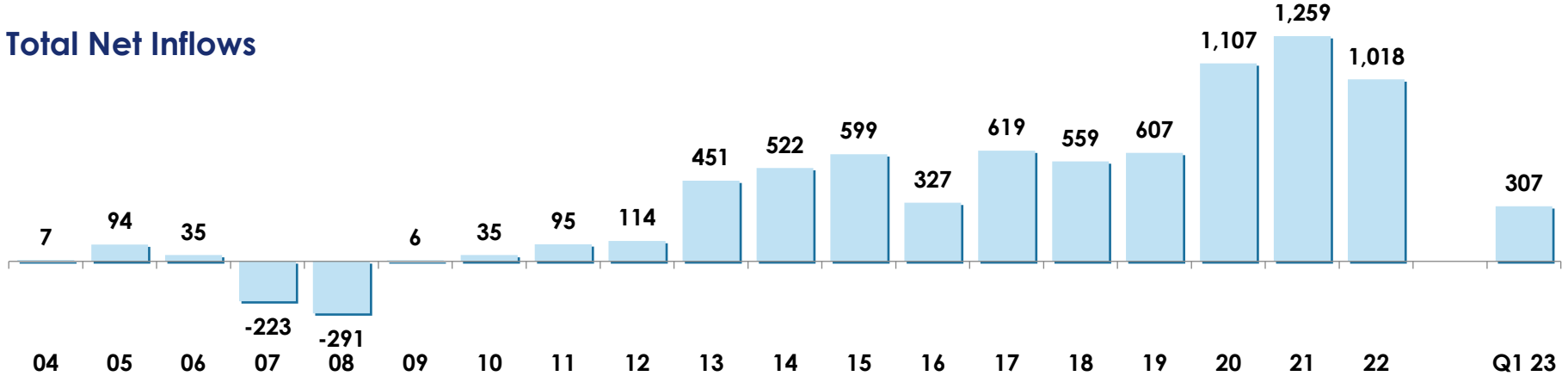
# 61 Spain - Assets under Administration

€ mn

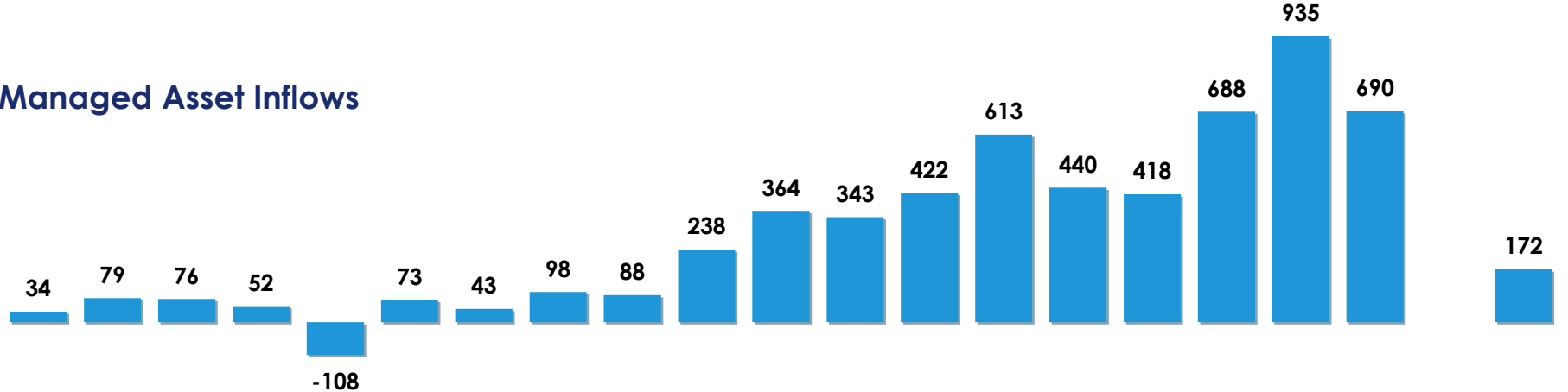
Mediolan

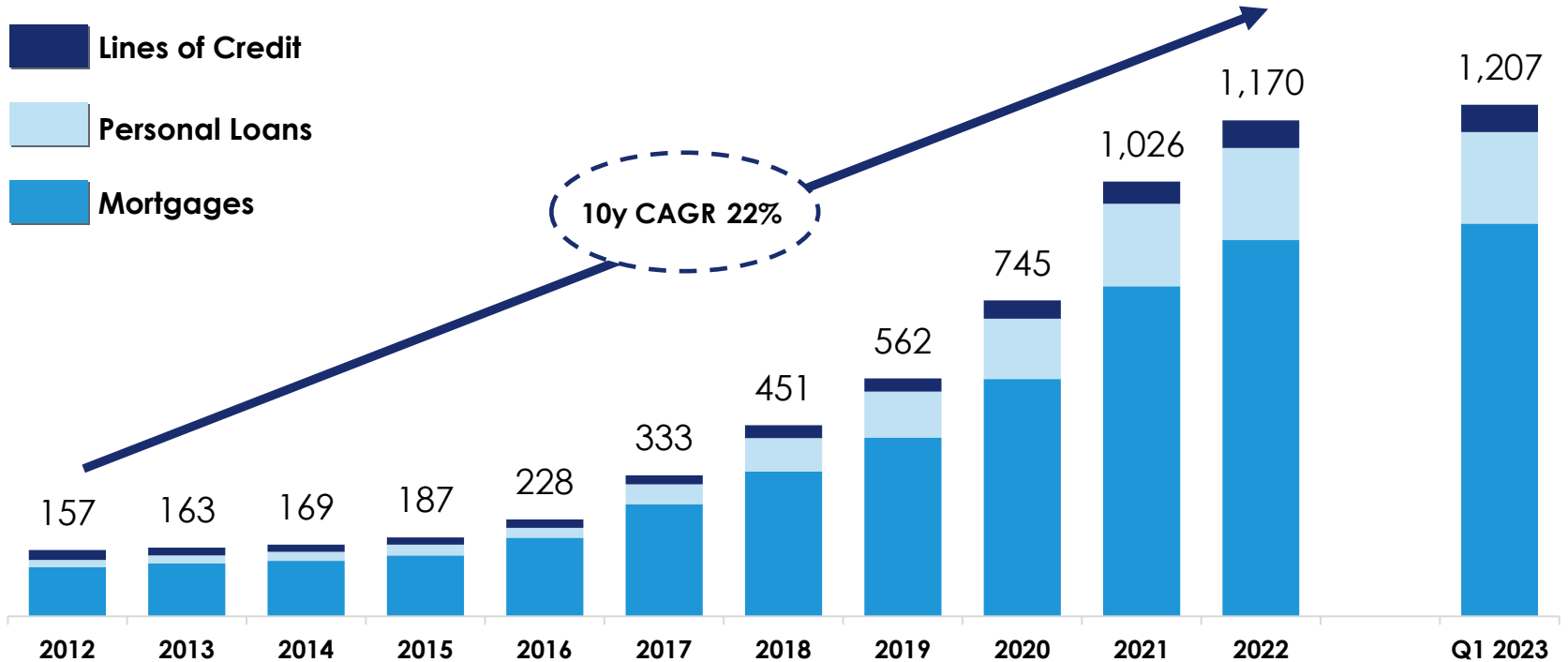


## Total Net Inflows

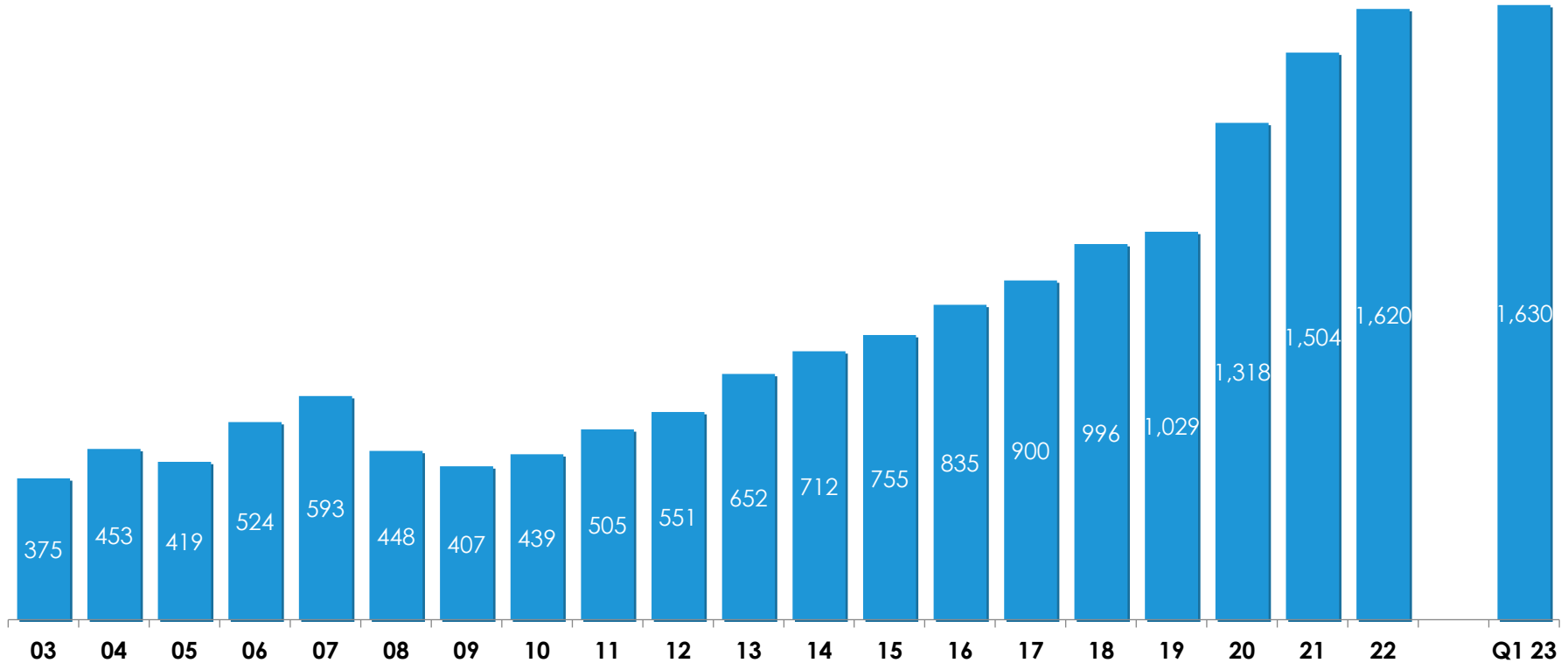


## Managed Asset Inflows





# 64 Spain – Family Banker Network

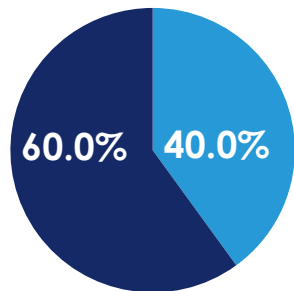




## Banking Book: € 16.9 bn (nom. values)

## Rate Type

- Fixed
- Floating

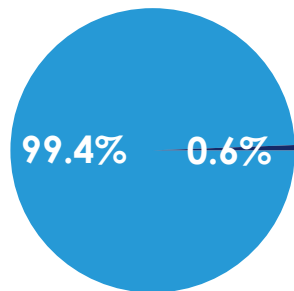


€ 10 bn of floaters directly linked to EUR6M and benefiting from rate increase

Sector	%
Government	99.5%
Financial	0.5%
Govies	%
Italy	91.9%
Spain	6.4%
Other EU Countries	1.7%

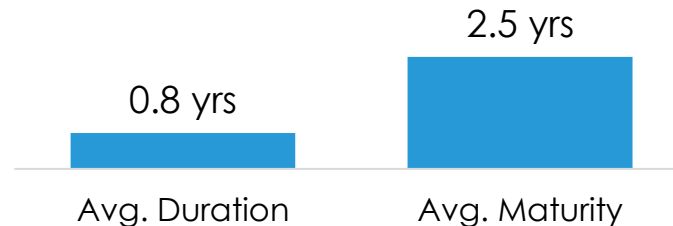
## Portfolio

- HTC
- HTCS



No sensitivity to ITA spread as the entire book is measured at amortised cost

## Portfolio



Prudent & very flexible approach thanks to short duration & very low risk appetite

### 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** (5D Strategy)
- **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**

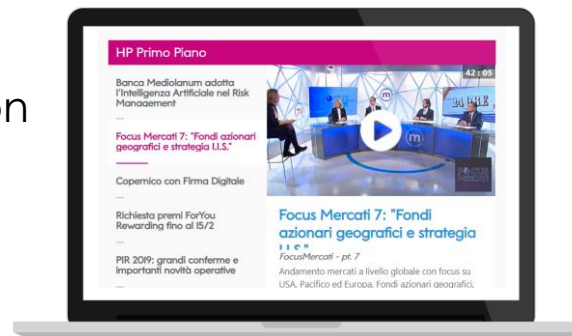
- Inaugurated March 2009
- Centralises our training know-how, in coordination with top universities, professors and individuals who are experts in the field
- Provides our Family Bankers & employees with a resource for life-long education
- Develops financial education programs dedicated to our customers & 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, 2020 & 2022**

- **7 nation-wide in-person events**, streamed live to over **500,000 viewers** in 2022
- Over **2,000 digital/in-person events** organised by Family Bankers: over **110,000 attendees**

### Results are measurable:

- Net inflows into managed assets of invited customers in the 3 months post-events
- Expenses are reimbursed to Family Bankers only if set commercial target is met
- Average commercial value of media coverage is also regularly tracked



INTESA  SANPAOLO 62%

 UniCredit 49%

 **mediolanum** <sup>BANCA</sup> 44%

Banco**Posta** 31%

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

 **BNL**  
GRUPPO BNP PARIBAS 22%

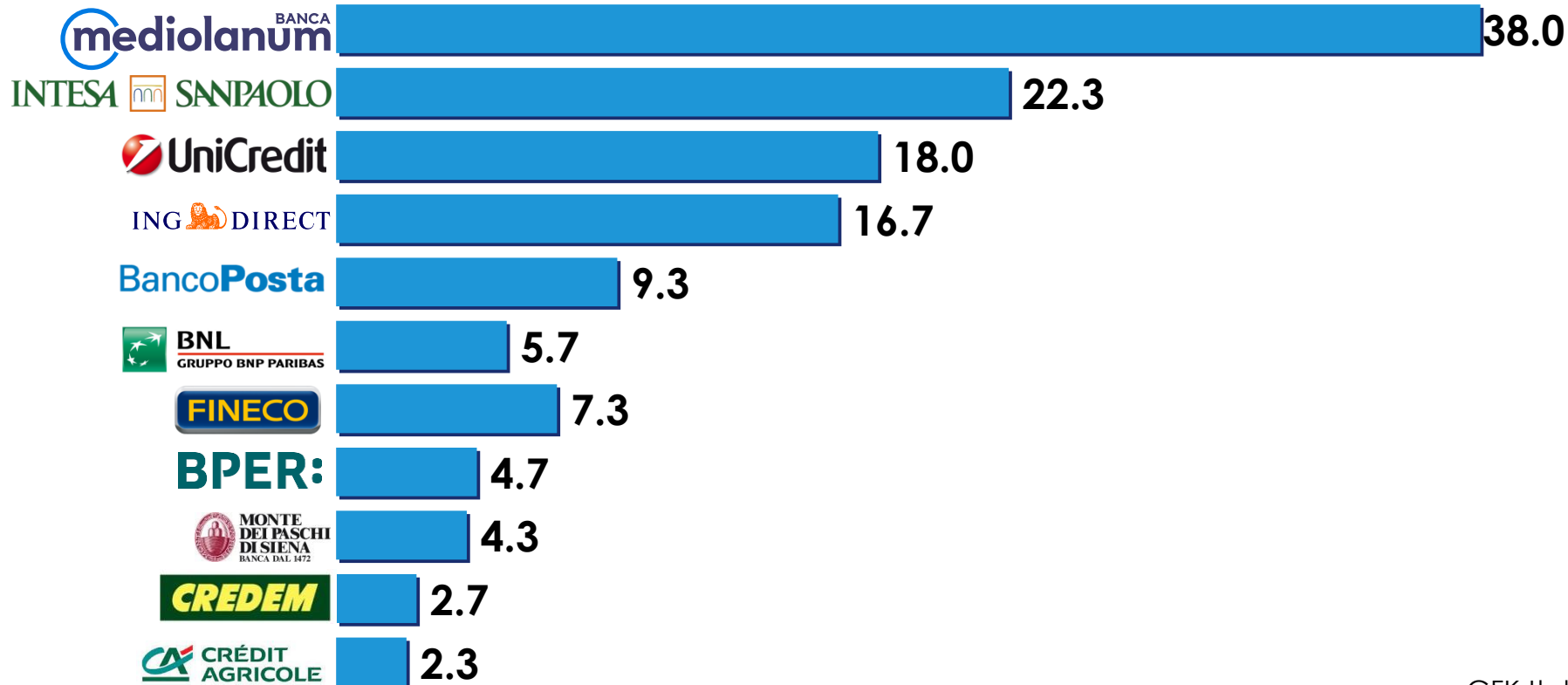
ING  DIRECT 22%

 **BCC** 15%  
CREDITO COOPERATIVO

**BPER:** 15%  
Banca

 **FINECO** 13%

Spontaneous recall of advertisement – Italian banks – Q1 2023





## A totally digital Bank account addressing the needs of 'digital young adults'

- For those who require a full-service account, but **aren't in the market for advice** like the typical BMED customer
- Not only an account but a **comprehensive offer of banking services**
- **Credit, managed assets & general insurance products** available
- Able to be managed on a 'do-it-yourself' basis, **'à la carte'**
- **Over 100,000 Selfy customers** as at March 31, 2023
- **Cross-selling activity growing** according to expectations

**MEDIOLANUM È COME VUOI TU**

Massimo Doris  
Amministratore Delegato  
Banca Mediolanum

**Fai tutto in completa autonomia  
Apri SelfyConto**

**Affidati a un esperto  
Contatta un Family Banker**

**UN'OFFERTA COMPLETA DI PRODOTTI E SERVIZI**

- Principali Operazioni Bancarie gratuite
- Prelievi gratuiti in Area Euro
- Canone zero fino a 30 anni di età
- Prestiti
- Canone zero il primo anno
- Carta di debito gratuita
- Pagamenti digitali istantanei
- Trading
- Un consulente a tua disposizione
- Una pianificazione finanziaria a 360°
- Un Banking Center per supportarti nell'operatività

**selfy**

**mediolanum** BANCA



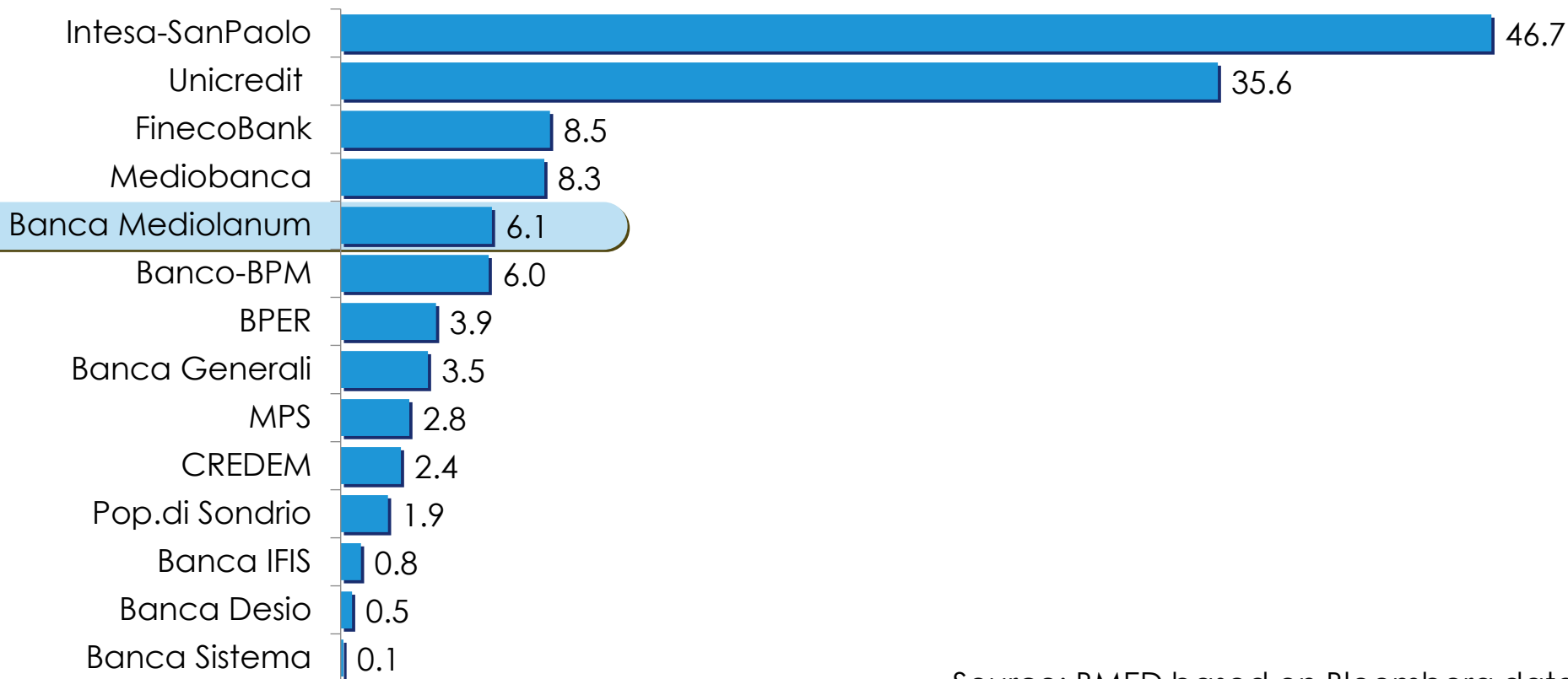
## E-money institution for younger generations' needs: ease in banking, 'innovability' & better-being

- **Scalable & open banking platform** (cloud-native, API-based, mobile-only)
- Putting together **banking services, finance, education, entertainment & empowerment**
- Socially relevant content: **carbon footprint, environmental impact of shopping & reforestation**
- Certified **B-Corp**
- Available ages **12 yrs+** on the Italian market (for now)



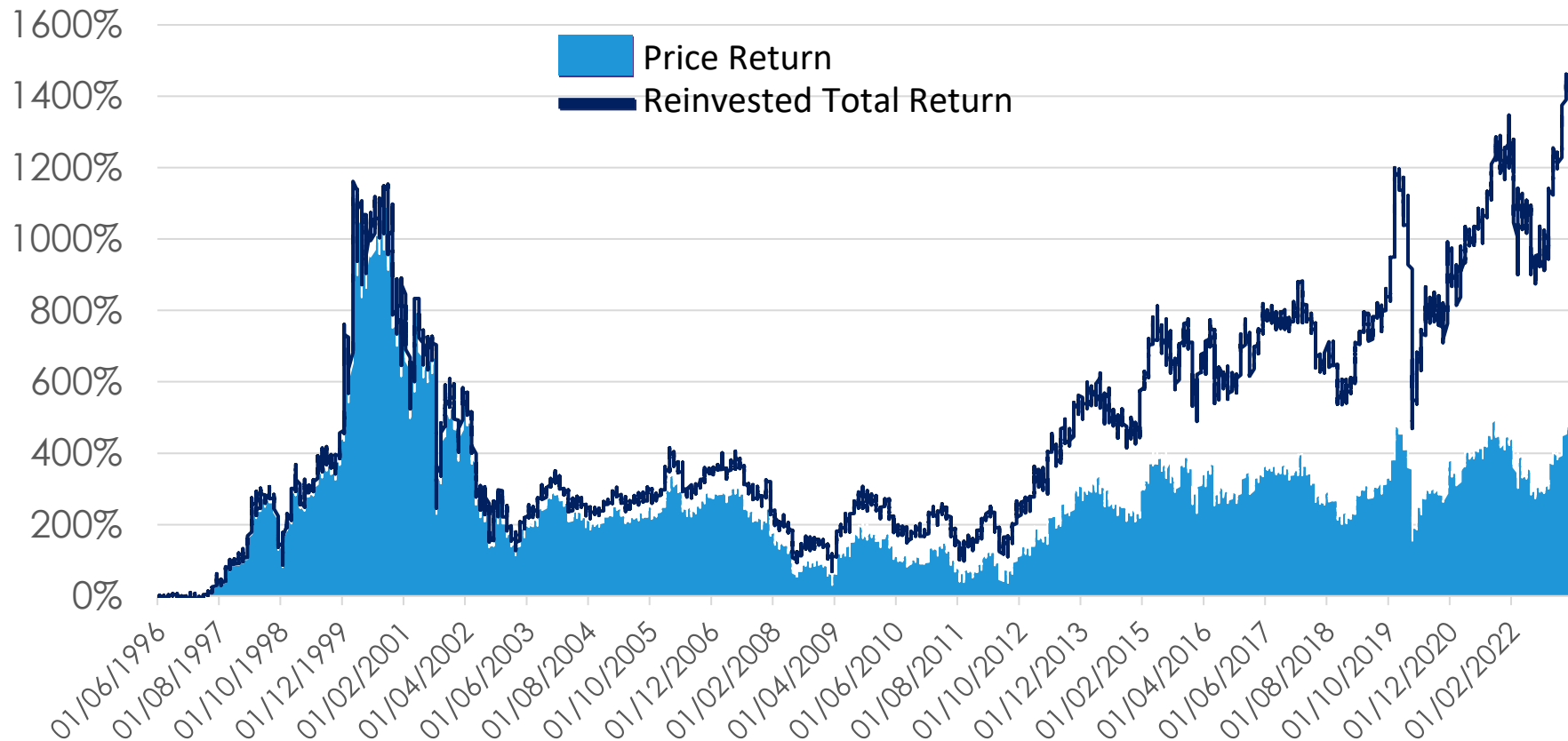
## Results & ambitions

- **Users: > 500,000. Avg. age: 30**
- Avg. **deposits** small, **consistent with target & business model**
- 2021-22: focus on **increasing usage & upselling** of services
- 2022-23: development of **innovative trading activities**



Source: BMED based on Bloomberg data

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



\* Total Return Index includes dividend reinvestments, June 3, 1996 – Mar. 31, 2023

Source: Datastream



# Appendix - Transition to IFRS 17

	Q1 2022 restated	Q1 2022 reported
Entry fees	13.5	13.5
Management fees	260.5	322.6
Investment Management fees	49.3	49.3
Net insurance result	36.8	14.9
Banking service fees	48.9	48.9
Other fees	11.1	11.0
<b>Gross Commission Income</b>	<b>420.2</b>	<b>460.2</b>
Acquisition costs	(144.1)	(172.6)
Other commission expenses	(26.1)	(26.1)
<b>Net Commission Income</b>	<b>250.0</b>	<b>261.6</b>
Net interest income	71.9	70.4
Net income on other investments	(0.8)	(0.2)
LLP (Impairment on loans)	(3.2)	(3.2)
Other revenues & expenses	(0.7)	2.0
<b>Contribution Margin</b>	<b>317.3</b>	<b>330.6</b>
G&A expenses	(145.2)	(154.6)
Regular Contributions to Banking Industry	(8.1)	(8.1)
Depreciation & Amortization	(10.2)	(10.2)
Provisions for risk & charges	(14.2)	(15.6)
<b>Operating Margin</b>	<b>139.5</b>	<b>142.0</b>
Market effects	2.2	2.0
- o/w Performance fees	5.9	5.9
- o/w Net income on investments at fair value	(3.8)	(4.0)
Extraordinary items	(0.4)	(0.4)
<b>PROFIT BEFORE TAX</b>	<b>141.3</b>	<b>143.6</b>
Income tax	(28.9)	(29.3)
<b>NET INCOME</b>	<b>112.4</b>	<b>114.3</b>

### Management fees

**Stand-alone mutual funds & financial insurance policies** (i.e. My llfe):  
management fees unimpacted

**Other U-L policies:** Wrap fees & 40% of mgmt. fees unimpacted. Fee rebate to the insurance company from underlying mutual funds (60%) is now deferred to CSM and unwound over time through Net insurance result line item

### Net insurance result

Now includes CSM unwinding + Experience adjustments (change in expected vs. actual cash flows) + some Life insurance loadings (only on policies out of scope)

### Acquisition costs

**Network payout** related to in-scope products now deferred to CSM & unwound over time through Net insurance result line item

### G&A expenses

**Insurance operating expenses** related to in-scope products now deferred to CSM & unwound over time through Net insurance result line item

**Mechanical improvement of cost/income ratio**

## Only 27 % of AUM impacted by IFRS 17

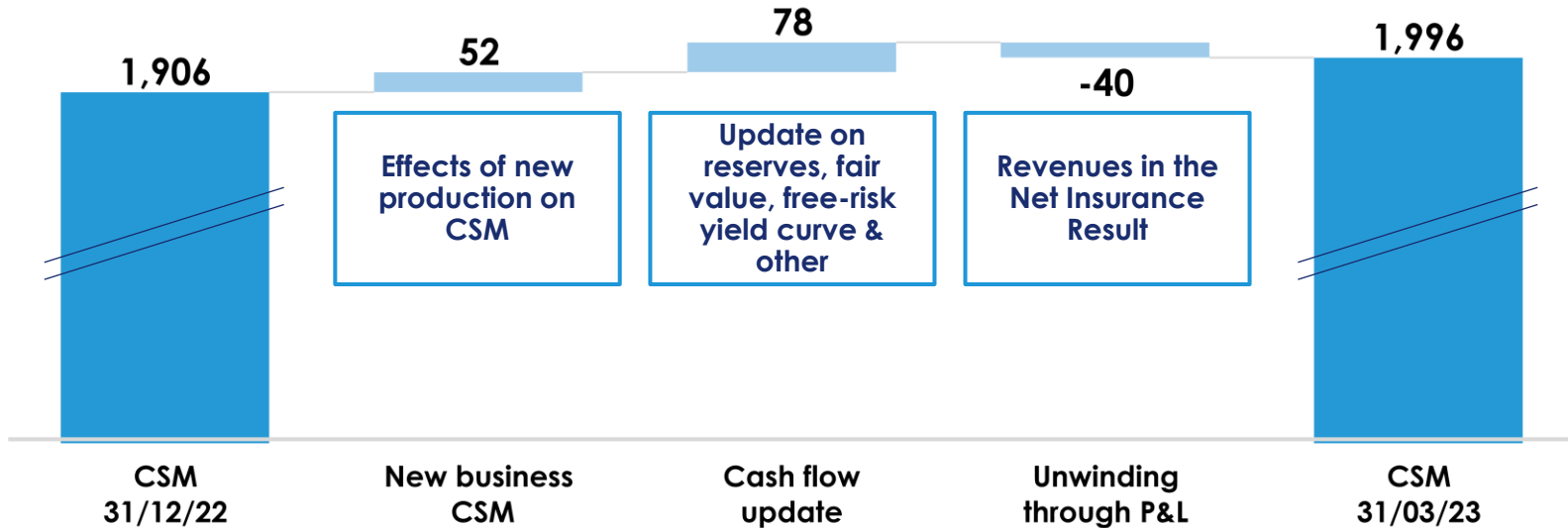
Insurance products considered financial investment are excluded (i.e. 'My Life')

		31/03/2023
<b>Group Asset under Management<sup>1</sup></b>		<b>74,179</b>
<b>Mutual Funds &amp; Managed Accounts</b>	No impact	40,064
<b>Unit-Linked Policies</b>	o/w No impact (Financial)	13,772
	o/w Variable Fee Approach	18,307
<b>Other Life Insurance Products</b>	o/w Variable Fee Approach	1,910
	o/w General Measurement Model	126
<b>Other Technical Reserves (not included in AUM)</b>	<b>General Measurement Model</b>	<b>190</b>

1. Certificates not included

CSM is the new key metric showing size and stability of revenues ready to be recognised in future years

Greater visibility on future earnings from insurance business



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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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