



PRESS RELEASE

## THE MEDIOLANUM BANKING GROUP

### FY 2018 Results

**NET INCOME: 256 million euro**  
**ASSETS UNDER ADMINISTRATION: 74.1 billion euro**  
**TOTAL NET INFLOWS: 4,120 million euro**  
**of which MANAGED ASSETS: 3,044 million euro**  
**COMMON EQUITY TIER 1 RATIO (CET1): 19.2%**

**DIVIDEND BALANCE PROPOSED: €0.20 per share**  
**(Total for the year including the interim dividend already paid: €0.40 per share)**

**January 2019 – Total Net Inflows: 233 million euro**  
**January 2019 – Net Inflows into Managed Assets: 172 million euro**

The Board of Directors of Banca Mediolanum S.p.A. met today in Basiglio (MI) and approved the Consolidated Financial Statements of the Mediolanum Group as at December 31, 2018.

The Board of Directors also approved the Separate Financial Statements and thus will propose a final dividend of €0.20 per share in relation to net income for 2018, gross of any applicable tax. Considering the interim dividend of €0.20 per share already paid out in November 2018, the total dividend for the year 2018 will come to €0.40 per share, the same as was distributed last year despite the extraordinary events in 2018.

The ex-dividend dates will be announced following the approval of the Annual Report on February 28, 2019.

The General Shareholders' Meeting for the approval of the Annual Report will be summoned by means of a dedicated notice for the date April 9, 2019 at 10:00 a.m. (single call) in Basiglio, Milano Tre, Palazzo Meucci.

- **GROUP RESULTS** in 2018 highlight the **continual strengthening of the business model**. The Operating Margin, in fact, came to **288 million euro**, up **33%** compared to 2017, thanks to the positive contribution from recurring business: **Management Fees** maintained excellent margins over the course of the year and grew by 2% thanks to the positive net inflows into managed assets that offset the asset depreciation due to the drop in the markets. **Net Interest Income** surpassed last year's level by 8%, due to the careful management of the cost of funding and the strong growth in total loans.
- **Group Net Profit** was **255.7 million euro**, affected by 102.5 million euro of extraordinary costs related to the closure of the tax dispute relating to the subsidiary Mediolanum International Funds Limited for the years 2010-2018 (as was already communicated on December 19<sup>th</sup>, 2018) and also by 67 million euro less in revenues than in 2017 connected to the trend in the market and in particular to performance fees.
- **Assets under Administration** amounted to **74.1 billion euro**, below the level of 2017 (75.7 billion euro) due to the sharp decline in the markets, particularly in the last part of 2018.
- **Total Net Inflows** were a positive **4.1 billion euro**, while **Net Inflows into Managed Assets** reached **3.0 billion euro**, once again highlighting the company's ability to make a difference during periods of high market volatility.
- The **Common Equity Tier 1 Ratio** as at December 31, 2018 is equal to **19.2%**, one of the highest among Italian and European banking groups.
- Regular and one-off contributions to the Banking System guarantee schemes were 24.3 million euro.

In more detail, with reference to the business in **Italy**:

- **Total Net Inflows** were positive at **3,562 million** euro. Net inflows into **Managed Assets** totalled **2,611 million** euro.
- **Total retail Loans** came to **8,432 million** euro, a growth of **13%** with respect to the end of 2017. **Net Non-Performing Loans** remained at a very low level and unchanged at **0.7%**.
- The number of **Family Bankers** as at December 31, 2018 came to **4,188**.
- The number of **Customers** at the same date came to around **1,250,000**, an increase of **3%** with respect to 2017.

With reference to the **Foreign Markets**:

- **Net Income** was at **1.6 million** euro.
- **Assets under Administration** of the banking subsidiaries overall totalled **5,439 million** euro, a growth of **2%** with respect to December 31, 2017.

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With reference to the group business results for the month of **January 2019**:

- **Total Net Inflows** amounted to **+233 million** euro.
- **Net Inflows into Managed Assets** were at **+172 million** euro in January.

<b>GROUP NET INFLOWS - data in € mn</b>	<b>Jan 2019</b>	<b>Jan 2018</b>
<b>GROUP TOTAL NET INFLOWS</b>	<b>233</b>	<b>167</b>
- Net Inflows into Managed Assets & similar	172	132
<i>o/w into Mutual Funds, U-L &amp; Managed Accounts</i>	152	196
- Net Inflows into Administered Assets & similar	61	34

In more detail, with reference to Italy:

<b>ITALY - TOTAL NET INFLOWS</b>	<b>205</b>	<b>142</b>
- Net Inflows into Managed Assets & similar	146	104
<i>o/w into Mutual Funds, U-L &amp; Managed Accounts</i>	122	132
- Net Inflows into Administered Assets & similar	59	38

With reference to Foreign Markets:

<b>FOREIGN MARKETS - TOTAL NET INFLOWS</b>	<b>28</b>	<b>25</b>
- Net Inflows into Managed Assets & similar	26	28
<i>o/w into Mutual Funds, U-L &amp; Managed Accounts</i>	30	64
- Net Inflows into Administered Assets & similar	2	(4)

Preliminary data subject to change

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In an effort to provide more complete disclosure about the results for the year 2018, we have attached the segment report detailing income statement and balance sheet data, reclassified to reflect the criteria used by the Mediolanum Group. This reclassified segment report is not subject to audit by the independent auditors.



The Officer responsible for preparing Banca Mediolanum S.p.A accounting documents, Angelo Lietti, declares that, in compliance with the requirements of paragraph 2 of section 154 bis of the Consolidated Finance Act, the financial information contained herein reflects the accounting entries, records and books.

A presentation in English of the financial information contained herein will be made available on the authorised storage service Bit Market Services ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the website [www.bancamediolanum.it](http://www.bancamediolanum.it) in the section Investor Relations.

**Attachments:**

- Balance Sheet as at December 31, 2018
- Reclassified Income Statement as at December 31, 2018
- Segment Report as at December 31, 2018

Basiglio - Milano 3 City, February 11, 2019

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## STATEMENT OF FINANCIAL POSITION

### Assets

€/000	December 31, 2018	December 31, 2017
10. Cash and cash balances	117,337	93,997
20. Financial assets at FV with effects on P&L	19,505,721	19,201,876
a) Financial assets at FV with effects on P&L held for trading	537,829	237,270
b) Financial assets designed at fair value	18,834,057	18,858,447
c) Financial assets mandator designed at fair value	133,835	106,159
30. Financial assets valued at fair value with impact on overall profitability	3,905,561	12,264,838
40. Financ. Assets valued at amortized cost	22,167,013	9,948,965
a) Loans and receivables to banks	692,419	601,194
b) Loans and receivables to customers	21,474,594	9,347,771
50. Derivatives used for hedging	357	582
70. Equity investments	357,618	358,884
80. Technical reserves charged to reinsurers	62,642	65,853
90. Tangible assets	208,310	215,278
100. Intangible assets	206,938	214,831
of which:		
- goodwill	132,925	136,711
110. Tax assets	480,975	461,050
a) current	360,580	334,267
b) deferred	120,395	126,783
120. Non current assets and disposal groups classified as held for sale	286	131
130. Other assets	361,607	440,501
<b>TOTAL ASSETS</b>	<b>47,374,365</b>	<b>43,266,786</b>

## Liabilities and Shareholders' Equity

€/000	December 31, 2018	December 31, 2017
10. Financial liabilities valued at amortized cost	23,373,921	19,031,921
a) Deposits from banks	97,626	178,067
b) Deposits from customers	23,168,157	18,702,124
c) Debt certificates including bonds	108,138	151,730
20. Financial liabilities held for trading	247,206	171,233
30. Financial liabilities designated at Fair Value	5,921,476	5,499,329
40. Derivatives used for hedging	30,126	33,354
60. Tax liabilities	88,460	88,183
a) current	58,260	24,327
b) deferred	30,200	63,856
80. Other liabilities	595,816	664,149
90. Provision for employee severance pay	10,879	11,523
100. Provisions for risks and charges	252,721	252,465
a) commitments and guarantees given	219	230
b) pensions and other post retirement benefits obligations	642	636
c) other	251,860	251,599
110. Insurance reserves	14,792,771	15,305,852
120. Revaluation reserves	47,536	127,580
150. Reserves	1,355,216	1,289,241
155. Interim dividends	(146,478)	(146,793)
160. Share premium	2,502	2,334
170. Issued capital	600,185	600,172
180. Treasury shares (-)	(53,682)	(43,749)
200. Net Profit (Loss) for the year (+/-)	255,710	379,992
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>47,374,365</b>	<b>43,266,786</b>

## Income Statement

€/000	December 31, 2018	December 31, 2017
Entry fees	44,625	76,850
Management fees	998,414	976,107
Net insurance revenues (excluding commissions)	27,408	29,127
Banking services fees	110,179	84,439
Other fees	51,673	39,263
<b>Total commission income</b>	<b>1,232,299</b>	<b>1,205,786</b>
Acquisition costs and sales network commission expenses	(514,436)	(535,265)
Other commission expenses	(69,971)	(65,486)
<b>Total commission expenses</b>	<b>(584,407)</b>	<b>(600,751)</b>
<b>Net commission income</b>	<b>647,892</b>	<b>605,035</b>
<b>Net interest income</b>	<b>192,346</b>	<b>178,447</b>
<b>Equity contribution</b>	<b>28,027</b>	<b>27,085</b>
Realized gains (losses) on other investments	25,449	14,050
Impairment on loans	(10,750)	(11,486)
Impairment on other investments	(7,539)	(9,193)
<b>Net income (loss) on other investments</b>	<b>7,160</b>	<b>(6,629)</b>
<b>Other revenues</b>	<b>31,321</b>	<b>27,626</b>
<b>CONTRIBUTION MARGIN</b>	<b>906,746</b>	<b>831,564</b>
Administrative expenses	(533,318)	(507,416)
Regular Contributions to Banking Industry	(16,068)	(16,039)
Amortisation & depreciation	(37,165)	(36,525)
Net provisions for risks	(32,149)	(54,866)
<b>TOTAL COSTS</b>	<b>(618,700)</b>	<b>(614,846)</b>
<b>OPERATING MARGIN</b>	<b>288,046</b>	<b>216,718</b>
Performance fees	140,363	213,501
Net income on investments at fair value	15,526	9,177
<b>MARKET EFFECTS</b>	<b>155,889</b>	<b>222,678</b>
Capital Gains	-	43,693
One-off Contributions to Banking Industry	(8,274)	(35,976)
Tax Dispute	(102,506)	-
<b>ONE-OFFS</b>	<b>(110,780)</b>	<b>7,717</b>
<b>PROFIT BEFORE TAX</b>	<b>333,155</b>	<b>447,113</b>
Income tax	(77,445)	(67,121)
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>255,710</b>	<b>379,992</b>

PROFIT & LOSS FIGURES DATA BY DIVISION AS AT DECEMBER 31, 2018



MEDIOLANUM GROUP	ITALY					FOREIGN		CONSOLIDATION ADJUSTMENTS	TOTAL
	BANKING	ASSET MANAGEMENT	INSURANCE	OTHER	TOTALE	SPAIN	GERMANY		
Euro thousands									
Entry fees	-	33,597	-	-	33,597	10,113	915	-	44,625
Management fees	-	535,913	394,178	-	930,091	59,284	9,039	-	998,414
Net insurance revenues (excluding commissions)	-	-	17,305	-	17,305	10,581	(478)	-	27,408
Banking services fees	85,871	-	-	-	85,871	6,664	17,734	(90)	110,179
Other fees	16,296	20,578	12,653	-	49,527	1,595	551	-	51,673
<b>Total commission income</b>	<b>102,167</b>	<b>590,088</b>	<b>424,136</b>	<b>-</b>	<b>1,116,391</b>	<b>88,237</b>	<b>27,761</b>	<b>(90)</b>	<b>1,232,299</b>
Acquisition costs and sales network commission expenses	(83,278)	(212,940)	(175,968)	-	(472,186)	(38,080)	(4,170)	-	(514,436)
Other commission expenses	(22,425)	(15,920)	(9,325)	-	(47,670)	(7,965)	(14,439)	103	(69,971)
<b>Total commission expenses</b>	<b>(105,703)</b>	<b>(228,860)</b>	<b>(185,293)</b>	<b>-</b>	<b>(519,856)</b>	<b>(46,045)</b>	<b>(18,609)</b>	<b>103</b>	<b>(584,407)</b>
<b>Net commission income</b>	<b>(3,536)</b>	<b>361,228</b>	<b>238,843</b>	<b>-</b>	<b>596,535</b>	<b>42,192</b>	<b>9,152</b>	<b>13</b>	<b>647,892</b>
<b>Net interest income</b>	<b>176,350</b>	<b>(346)</b>	<b>9,454</b>	<b>-</b>	<b>185,458</b>	<b>8,037</b>	<b>(1,149)</b>	<b>-</b>	<b>192,346</b>
<b>Equity contribution</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,027</b>	<b>28,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,027</b>
<b>Net income (loss) on other investments</b>	<b>10,065</b>	<b>215</b>	<b>(2,879)</b>	<b>-</b>	<b>7,401</b>	<b>(147)</b>	<b>(94)</b>	<b>-</b>	<b>7,160</b>
o/w Impairment on loans	(10,552)	-	-	-	(10,552)	(79)	(119)	-	(10,750)
<b>Other revenues</b>	<b>16,161</b>	<b>555</b>	<b>11,252</b>	<b>-</b>	<b>27,968</b>	<b>2,678</b>	<b>850</b>	<b>(175)</b>	<b>31,321</b>
<b>CONTRIBUTION MARGIN</b>	<b>199,040</b>	<b>361,652</b>	<b>256,670</b>	<b>28,027</b>	<b>845,389</b>	<b>52,760</b>	<b>8,759</b>	<b>(162)</b>	<b>906,746</b>
Administrative expenses	(256,784)	(87,309)	(129,585)	-	(473,678)	(36,921)	(22,881)	162	(533,318)
Regular Contributions to Banking Industry	(14,308)	-	-	-	(14,308)	(1,534)	(226)	-	(16,068)
Amortisation & depreciation	(24,419)	(1,617)	(6,719)	-	(32,755)	(3,003)	(1,407)	-	(37,165)
Net provisions for risks	(10,519)	(11,012)	(9,322)	-	(30,853)	(1,296)	-	-	(32,149)
<b>TOTAL COSTS</b>	<b>(306,030)</b>	<b>(99,938)</b>	<b>(145,626)</b>	<b>-</b>	<b>(551,594)</b>	<b>(42,754)</b>	<b>(24,514)</b>	<b>162</b>	<b>(618,700)</b>
<b>OPERATING MARGIN</b>	<b>(106,990)</b>	<b>261,714</b>	<b>111,044</b>	<b>28,027</b>	<b>293,795</b>	<b>10,006</b>	<b>(15,755)</b>	<b>-</b>	<b>288,046</b>
Performance fees	-	70,980	58,133	-	129,113	9,179	2,071	-	140,363
Net income on investments at fair value	17,550	412	(3,569)	-	14,393	325	808	-	15,526
<b>MARKET EFFECTS</b>	<b>17,550</b>	<b>71,392</b>	<b>54,564</b>	<b>-</b>	<b>143,506</b>	<b>9,504</b>	<b>2,879</b>	<b>-</b>	<b>155,889</b>
Capital Gains	-	-	-	-	-	-	-	-	-
One-off Contributions to Banking Industry	(8,274)	-	-	-	(8,274)	-	-	-	(8,274)
Tax dispute	-	-	-	(102,506)	(102,506)	-	-	-	(102,506)
<b>ONE-OFFS</b>	<b>(8,274)</b>	<b>-</b>	<b>-</b>	<b>(102,506)</b>	<b>(110,780)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(110,780)</b>
<b>PROFIT BEFORE TAX</b>	<b>(97,714)</b>	<b>333,106</b>	<b>165,608</b>	<b>(74,479)</b>	<b>326,521</b>	<b>19,510</b>	<b>(12,876)</b>	<b>-</b>	<b>333,155</b>
Income tax	-	-	-	-	(72,362)	(4,529)	(554)	-	(77,445)
<b>NET PROFIT (LOSS)</b>	<b>(97,714)</b>	<b>333,106</b>	<b>165,608</b>	<b>(74,479)</b>	<b>254,159</b>	<b>14,981</b>	<b>(13,430)</b>	<b>-</b>	<b>255,710</b>

PROFIT & LOSS FIGURES DATA BY DIVISION AS AT DECEMBER 31, 2017



MEDIOLANUM GROUP	ITALY					ESTERO		CONSOLIDATION ADJUSTMENTS	TOTAL
	BANKING	ASSET MANAGEMENT	INSURANCE	OTHER	TOTALE	SPAIN	GERMANY		
Euro thousands									
Entry fees	-	65,357	-	-	65,357	10,585	908	-	76,850
Management fees	-	540,779	373,793	-	914,572	52,104	9,431	-	976,107
Net insurance revenues (excluding commissions)	-	-	16,970	-	16,970	11,449	708	-	29,127
Banking services fees	60,330	-	-	-	60,330	6,750	17,440	(81)	84,439
Other fees	1,118	23,117	12,875	-	37,110	1,488	665	-	39,263
<b>Total commission income</b>	<b>61,448</b>	<b>629,253</b>	<b>403,638</b>	<b>-</b>	<b>1,094,339</b>	<b>82,376</b>	<b>29,152</b>	<b>(81)</b>	<b>1,205,786</b>
Acquisition costs and sales network commission expenses	(43,556)	(297,951)	(153,271)	-	(494,778)	(36,054)	(4,433)	-	(535,265)
Other commission expenses	(20,653)	(14,411)	(8,794)	-	(43,858)	(7,008)	(14,701)	81	(65,486)
<b>Total commission expenses</b>	<b>(64,209)</b>	<b>(312,362)</b>	<b>(162,065)</b>	<b>-</b>	<b>(538,636)</b>	<b>(43,062)</b>	<b>(19,134)</b>	<b>81</b>	<b>(600,751)</b>
<b>Net commission income</b>	<b>(2,761)</b>	<b>316,891</b>	<b>241,573</b>	<b>-</b>	<b>555,703</b>	<b>39,314</b>	<b>10,018</b>	<b>-</b>	<b>605,035</b>
<b>Net interest income</b>	<b>161,062</b>	<b>(481)</b>	<b>10,073</b>	<b>-</b>	<b>170,654</b>	<b>8,641</b>	<b>(848)</b>	<b>-</b>	<b>178,447</b>
<b>Equity contribution</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,085</b>	<b>27,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,085</b>
<b>Net income (loss) on other investments</b>	<b>(2,014)</b>	<b>37</b>	<b>(4,128)</b>	<b>-</b>	<b>(6,105)</b>	<b>(337)</b>	<b>(187)</b>	<b>-</b>	<b>(6,629)</b>
o/w Impairment on loans	(10,825)	-	-	-	(10,825)	(454)	(207)	-	(11,486)
<b>Other revenues</b>	<b>12,212</b>	<b>490</b>	<b>11,555</b>	<b>-</b>	<b>24,257</b>	<b>2,706</b>	<b>842</b>	<b>(179)</b>	<b>27,626</b>
<b>CONTRIBUTION MARGIN</b>	<b>168,499</b>	<b>316,937</b>	<b>259,073</b>	<b>27,085</b>	<b>771,594</b>	<b>50,324</b>	<b>9,825</b>	<b>(179)</b>	<b>831,564</b>
Administrative expenses	(220,649)	(120,122)	(111,004)	-	(451,775)	(33,397)	(22,423)	179	(507,416)
Regular Contributions to Banking Industry	(14,207)	-	-	-	(14,207)	(1,573)	(259)	-	(16,039)
Amortisation & depreciation	(24,268)	(1,804)	(7,269)	-	(33,341)	(2,178)	(1,006)	-	(36,525)
Net provisions for risks	(7,017)	(31,665)	(15,287)	-	(53,969)	(771)	(126)	-	(54,866)
<b>TOTAL COSTS</b>	<b>(266,141)</b>	<b>(153,591)</b>	<b>(133,560)</b>	<b>-</b>	<b>(553,292)</b>	<b>(37,919)</b>	<b>(23,814)</b>	<b>179</b>	<b>(614,846)</b>
<b>OPERATING MARGIN</b>	<b>(97,642)</b>	<b>163,346</b>	<b>125,513</b>	<b>27,085</b>	<b>218,302</b>	<b>12,405</b>	<b>(13,989)</b>	<b>-</b>	<b>216,718</b>
Performance fees	-	142,199	58,613	-	200,812	9,218	3,471	-	213,501
Net income on investments at fair value	9,208	-	(314)	-	8,894	288	(5)	-	9,177
<b>MARKET EFFECTS</b>	<b>9,208</b>	<b>142,199</b>	<b>58,299</b>	<b>-</b>	<b>209,706</b>	<b>9,506</b>	<b>3,466</b>	<b>-</b>	<b>222,678</b>
Capital Gains	2,138	-	-	41,555	43,693	-	-	-	43,693
One-off Contributions to Banking Industry	(35,976)	-	-	-	(35,976)	-	-	-	(35,976)
Tax dispute	-	-	-	-	-	-	-	-	-
<b>ONE-OFFS</b>	<b>(33,838)</b>	<b>-</b>	<b>-</b>	<b>41,555</b>	<b>7,717</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,717</b>
<b>PROFIT BEFORE TAX</b>	<b>(122,272)</b>	<b>305,545</b>	<b>183,812</b>	<b>68,640</b>	<b>435,725</b>	<b>21,911</b>	<b>(10,523)</b>	<b>-</b>	<b>447,113</b>
Income tax	-	-	-	-	(62,135)	(4,337)	(649)	-	(67,121)
<b>NET PROFIT (LOSS)</b>	<b>(122,272)</b>	<b>305,545</b>	<b>183,812</b>	<b>68,640</b>	<b>373,590</b>	<b>17,574</b>	<b>(11,172)</b>	<b>-</b>	<b>379,992</b>