

PRESS RELEASE  
THE MEDIOLANUM BANKING GROUP  
H1 2018 Results

**NET INCOME: 175.3 million euro**  
**ASSETS UNDER ADMINISTRATION: 76.2 billion euro**  
**TOTAL NET INFLOWS: 2.1 billion euro**  
**o/w MUTUAL FUNDS: 1.8 billion euro**

The Board of Directors of Banca Mediolanum S.p.A. met today in Basiglio (MI) and approved the Consolidated Interim Financial Statements as at June 30, 2018.

**GROUP RESULTS** in the first half of the year, registered a solid net profit of **175 million euro**, thanks to an **excellent second quarter** that closed with **116 million euro**, achieving the best result of the last six quarters.

The **Operating Margin** and the **Contribution Margin** increased **21%** and **8%** respectively compared to last year, clearly highlighting the strong growth in recurring business. In particular, loans granted grew at the expected pace, and also costs reflect managements' forecasts.

Our strong capital position made it possible to absorb, without any difficulty, the shock from the huge widening of the spread on the government bonds held in the HTCS portfolio, allowing the **CET1 Ratio** to be kept at high level anyway, at **16.2%**.

During the month of July, the Board of Directors approved the maintenance of an extremely prudent risk profile, and therefore modified the strategy governing our treasury operations, giving preference to stable revenues (HTC portfolio) in net interest income. Applying the new framework, effective as of October 1, 2018, **the pro-forma CET1 Ratio at June 30 is 19.8%**.

Therefore:

- **Group Net Income** for the half year was at **175.3 million euro**, **-11%** with respect to the first half of last year, which as a reminder, was influenced by significant one-offs, such as the sale of Banca Esperia, as well as by financial markets that had a positive impact on bonds at fair value.
- **Total Assets under Administration** went up to **76,161 million euro**, an increase of **5%** with respect to June 30, 2017, and 1% since the end of the year, despite the negative markets.
- The **Common Equity Tier 1 Ratio** was **16.2%** as at June 30, 2018, (or **19.8% pro-forma**).

In more detail, with respect to the **Italian Market**:

- **Net Inflows** were positive at **1,822 million euro** overall, Net Inflows into **Mutual Funds & Managed Accounts** totalled **1,467 million euro**.
- **Total Retail Loans** came to **7,906 million euro**, a growth of **13%** with respect to June 30, 2017 and of 6% versus the end of last year.  
**Net Non-Performing Loans** came to **0.75%**.
- The number of **Family Bankers** totalled **4,249** as at June 30, 2018.
- There were approximately **1,230,600 Customers** as at June 30, 2018.

With reference to the **Foreign Markets**:

- **Net Income** in the Foreign Markets came to **3.1 million euro**.
- **Assets under Administration** totalled **5,540 million euro**, an increase of **12%** with respect to June 30, 2017, and of 4% versus the end of 2017.

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Please remember that the Group Interim Financial Statements are currently under review on a limited basis by the Independent Auditors, who have not yet issued their report.

In an effort to provide more complete disclosure about the results as at June 30, 2018, we have attached the segment report detailing income statement data, reclassified to reflect the criteria used by the Mediolanum Group. This reclassified segment report is not subject to audit by the independent auditors.

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A presentation in English of the financial information contained herein will be made available at the Spafid Connect S.p.A. storage service at the address [www.emarketstorage.com](http://www.emarketstorage.com) and at [www.bancamediolanum.it](http://www.bancamediolanum.it) in the section Investor Relations. The Financial Statements as at June 30, 2018 will be available according to the terms set by law at the company's Registered Office in Basiglio - Milano 3, Palazzo Meucci - Via F. Sforza, on the website [www.bancamediolanum.it](http://www.bancamediolanum.it), at the Spafid Connect S.p.A. storage service ([www.emarketstorage.com](http://www.emarketstorage.com)). The Independent Auditors' report will be published in the same manner, as soon as it becomes available pursuant to current applicable regulations.

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

**Attachments:**

- Balance Sheet as at June 30, 2018
- Reclassified Income Statement as at June 30, 2018
- Segment Report as at June 30, 2018

Basiglio - Milano 3 City, July 31, 2018

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## STATEMENT OF FINANCIAL POSITION

### Assets

€/000	June 30, 2018	December 31, 2017
10. Cash and cash balances	93,883	93,997
20. Financial assets at FV with effects on P&L	20,263,574	19,201,876
a) Financial assets at FV with effects on P&L held for trading	671,840	237,270
b) Financial assets designed at fair value	19,480,091	18,858,447
c) Financial assets mandator designed at fair value	111,643	106,159
30. Financial assets valued at fair value with impact on overall profitability	14,475,772	12,264,838
40. Financ. Assets valued at amortized cost	12,514,799	9,948,965
a) Loans and receivables to banks	1,018,222	601,194
b) Loans and receivables to customers	11,496,577	9,347,771
50. Derivatives used for hedging	449	582
70. Equity investments	365,735	358,884
80. Technical reserves charged to reinsurers	63,284	65,853
90. Tangible assets	216,521	215,278
100. Intangible assets	214,384	214,831
of which:		
- goodwill	136,711	136,711
110. Tax assets	518,180	461,050
a) current	287,024	334,267
b) deferred	231,156	126,783
120. Non current assets and disposal groups classified as held for sale	106	131
130. Other assets	525,086	440,501
<b>TOTAL ASSETS</b>	<b>49,251,773</b>	<b>43,266,786</b>

## Liabilities and Shareholders' Equity

€/000	June 30, 2018	December 31, 2017
10. Financial liabilities valued at amortized cost	24,222,417	19,031,921
a) Deposits from banks	363,099	178,067
b) Deposits from customers	23,738,831	18,702,124
c) Debt certificates including bonds	120,487	151,730
20. Financial liabilities held for trading	617,166	171,233
30. Financial liabilities designated at Fair Value	5,967,342	5,499,329
40. Derivatives used for hedging	31,512	33,354
60. Tax liabilities	45,237	88,183
a) current	11,380	24,327
b) deferred	33,857	63,856
80. Other liabilities	690,503	664,149
90. Provision for employee severance pay	10,909	11,523
100. Provisions for risks and charges	245,803	252,465
a) commitments and guarantees given	266	230
b) pensions and other post retirement benefits obligations	610	636
c) other	244,927	251,599
110. Insurance reserves	15,472,399	15,305,852
120. Revaluation reserves	(129,303)	127,580
130. Redeemable shares	-	-
140. Equity instruments	-	-
150. Reserves	1,353,577	1,289,241
155. Interim dividends	-	(146,793)
160. Share premium	2,502	2,334
170. Issued capital	600,185	600,172
180. Treasury shares (-)	(53,820)	(43,749)
190. Minorities (+/-)	-	-
200. Net Profit (Loss) for the year (+/-)	175,344	379,992
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>49,251,773</b>	<b>43,266,786</b>

**PROFIT & LOSS FIGURES DATA BY DIVISION AS AT JUNE 30, 2018**

MEDIOLANUM GROUP	ITALY					FOREIGN		CONSOLIDATION ADJUSTMENTS	TOTAL
	BANKING	ASSET MANAGEMENT	INSURANCE	OTHER	TOTALE	SPAIN	GERMANY		
Euro thousands									
Entry fees	-	19,661	-	-	19,661	5,558	430	-	25,649
Management fees	-	272,174	195,064	-	467,238	28,985	4,945	-	501,168
Net insurance revenues (excluding commissions)	-	-	10,116	-	10,116	5,327	200	-	15,643
Banking services fees	34,582	-	-	-	34,582	3,721	8,898	(60)	47,141
Other fees	7,722	10,670	6,094	-	24,486	796	301	-	25,584
<b>Total commission income</b>	<b>42,304</b>	<b>302,505</b>	<b>211,274</b>	<b>-</b>	<b>556,083</b>	<b>44,387</b>	<b>14,774</b>	<b>(60)</b>	<b>615,185</b>
Acquisition costs and sales network commission expenses	(36,823)	(112,329)	(86,633)	-	(235,785)	(19,202)	(2,119)	-	(257,106)
Other commission expenses	(10,517)	(6,819)	(4,969)	-	(22,305)	(4,255)	(7,307)	61	(33,805)
<b>Total commission expenses</b>	<b>(47,340)</b>	<b>(119,148)</b>	<b>(91,602)</b>	<b>-</b>	<b>(258,090)</b>	<b>(23,457)</b>	<b>(9,426)</b>	<b>61</b>	<b>(290,911)</b>
<b>Net commission income</b>	<b>(5,036)</b>	<b>183,357</b>	<b>119,672</b>	<b>-</b>	<b>297,993</b>	<b>20,930</b>	<b>5,348</b>	<b>1</b>	<b>324,274</b>
<b>Net interest income</b>	<b>79,360</b>	<b>(183)</b>	<b>4,584</b>	<b>-</b>	<b>83,761</b>	<b>3,748</b>	<b>(451)</b>	<b>-</b>	<b>87,058</b>
Equity contribution	-	-	-	6,816	6,816	-	-	-	6,816
<b>Net income (loss) on other investments</b>	<b>12,433</b>	<b>92</b>	<b>1,278</b>	<b>-</b>	<b>13,803</b>	<b>130</b>	<b>23</b>	<b>-</b>	<b>13,956</b>
o/w Impairment on loans	(7,246)	-	-	-	(7,246)	(5)	12	-	(7,239)
<b>Other revenues</b>	<b>11,968</b>	<b>227</b>	<b>5,980</b>	<b>-</b>	<b>18,175</b>	<b>1,316</b>	<b>349</b>	<b>(100)</b>	<b>19,740</b>
<b>CONTRIBUTION MARGIN</b>	<b>98,725</b>	<b>183,493</b>	<b>131,514</b>	<b>6,816</b>	<b>420,548</b>	<b>26,124</b>	<b>5,269</b>	<b>(99)</b>	<b>451,844</b>
Administrative expenses	(127,012)	(48,436)	(65,222)	-	(240,670)	(18,762)	(11,134)	99	(270,468)
Regular Contributions to Banking Industry	(4,731)	-	-	-	(4,731)	(924)	(225)	-	(5,880)
Amortisation & depreciation	(12,489)	(879)	(2,997)	-	(16,365)	(1,401)	(688)	-	(18,454)
Net provisions for risks	(6,383)	(6,045)	(4,881)	-	(17,309)	(549)	-	-	(17,859)
<b>TOTAL COSTS</b>	<b>(150,615)</b>	<b>(55,360)</b>	<b>(73,100)</b>	<b>-</b>	<b>(279,075)</b>	<b>(21,636)</b>	<b>(12,047)</b>	<b>99</b>	<b>(312,661)</b>
<b>OPERATING MARGIN</b>	<b>(51,890)</b>	<b>128,133</b>	<b>58,414</b>	<b>6,816</b>	<b>141,473</b>	<b>4,488</b>	<b>(6,778)</b>	<b>-</b>	<b>139,183</b>
Performance fees	-	40,894	36,440	-	77,334	5,711	1,562	-	84,607
Net income on investments at fair value	(7,754)	248	(2,570)	-	(10,076)	241	523	-	(9,312)
<b>MARKET EFFECTS</b>	<b>(7,754)</b>	<b>41,142</b>	<b>33,870</b>	<b>-</b>	<b>67,258</b>	<b>5,952</b>	<b>2,085</b>	<b>-</b>	<b>75,295</b>
Capital Gains	-	-	-	-	-	-	-	-	-
One-off Contributions to Banking Industry	(1,800)	-	-	-	(1,800)	-	-	-	(1,800)
<b>ONE-OFFS</b>	<b>(1,800)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,800)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,800)</b>
<b>PROFIT BEFORE TAX</b>	<b>(61,444)</b>	<b>169,275</b>	<b>92,284</b>	<b>6,816</b>	<b>206,931</b>	<b>10,440</b>	<b>(4,693)</b>	<b>-</b>	<b>212,678</b>
Income tax	-	-	-	-	(34,716)	(2,245)	(373)	-	(37,334)
<b>NET PROFIT (LOSS)</b>	<b>(61,444)</b>	<b>169,275</b>	<b>92,284</b>	<b>6,816</b>	<b>172,215</b>	<b>8,195</b>	<b>(5,066)</b>	<b>-</b>	<b>175,344</b>