

MEDIOBANCA

**1Q19/3M results as at
30 September 2018**

Milan, 25 October 2018



MEDIOBANCA

AGENDA

Section 1. Group results as at September 2018

Section 2. Closing remarks

Annexes

1. Quarterly segmental reporting tables
2. Glossary



MEDIOBANCA

POSITIVE START TO FY18/19 DESPITE UNCERTAINTY AND VOLATILITY

3M results as at September 2018

Section 1

**MB continues on its growth roadmap,
with focus on high-margin, specialized, growing businesses
whose growth is driven by long-standing trends,
with one of the lowest risk profiles in Europe
and low sensitivity to domestic sovereign spread widening**

Growth in loans (up 3% QoQ to €42bn) and TFAs (up 2% QoQ to €65bn)

Sound NNM in the quarter (€1.9bn), driven by both Affluent and PB segments

Growth in funding (up 2% QoQ to €50bn) with CoF under control (down 5bps to 85bps)

Growth in revenues (up 7% YoY and 3% QoQ to ~€640m) driven by all segments and income sources

Growth in GOP after LLPs (up 7% YoY and 26% QoQ to over €300m)

Net profit at €245m (down 18% YoY due to absence of capital gains)

Asset quality remains excellent (NPLs/loans : gross 4.5%, net 2%), CoR stable at low levels (56bps)

Robust CET1, unaffected by regulations or ITA spread (at 14.2%¹, up 90bps YoY, flat QoQ)

Sound liquidity and funding ratios: LCR at 161%, NSFR at 108%

MEDIOBANCA CONTINUES ON ITS GROWTH PATH

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Section 1

STRONG LOAN ORIGATION GROWTH in LOAN BOOK and NII

- ◆ **Loan book up to €42bn (up 9% YoY and 3% QoQ)**
- ◆ WM: mortgages up 8% (new loans up 22%)
- ◆ Consumer: loans up 6%, with selected new business (up 3%) and margins resilient
- ◆ WB: loans up 13%, new loans up 3%, margin pressure ongoing but lower repayments
- ◆ **NII: up 4% YoY and flat QoQ** (despite IFRS 9 impact¹)

DISTRIBUTION ENHANCEMENT GROWTH in TOTAL FINANCIAL ASSETS

- ◆ **WM: TFA up 2% QoQ to €65bn, €1.9bn NNM in 1Q19**
- ◆ Affluent: €0.6bn NNM in 1Q (50:50 due to prop and FA network); 18 FAs recruited in 1Q (now 244)
- ◆ Private: €1.3bn NNM in 1Q, effective IB-PB double coverage
- ◆ Consumer: 15 new branches opened in the last 12m (nine of which "light")

EFFECTIVE and DIVERSIFIED FUNDING STRUCTURE GROWTH in STOCK at DECREASED COST

- ◆ **Funding increased to €50bn (up 2% QoQ)**
- ◆ WM deposits at €21bn, up 9% QoQ or €1.7bn
- ◆ Bonds at €19bn, down 3% QoQ with €1.3bn maturities refinanced @100bps (vs @ 215bps of expired)
- ◆ TLTRO at €4bn (only 10% of loan book), with maturities well spread and starting from June20
- ◆ **CoF under control: down 5bps to 85bps**

CAUTIOUS RISK PROFILE

- ◆ **ITA govies portfolio stable at low levels:** €2.8bn in banking book of which €1.6bn at fair value;² with duration 2.5Y
- ◆ Unencumbered ECB eligible assets at €10bn
- ◆ **Sound funding and liquidity ratios:** LCR at 161%, NSFR at **108%**
- ◆ **CET stable QoQ at 14.2% after**
 - ◆ 1bps impact of IFRS 9
 - ◆ 2bps impact of IT spread increase since June 18

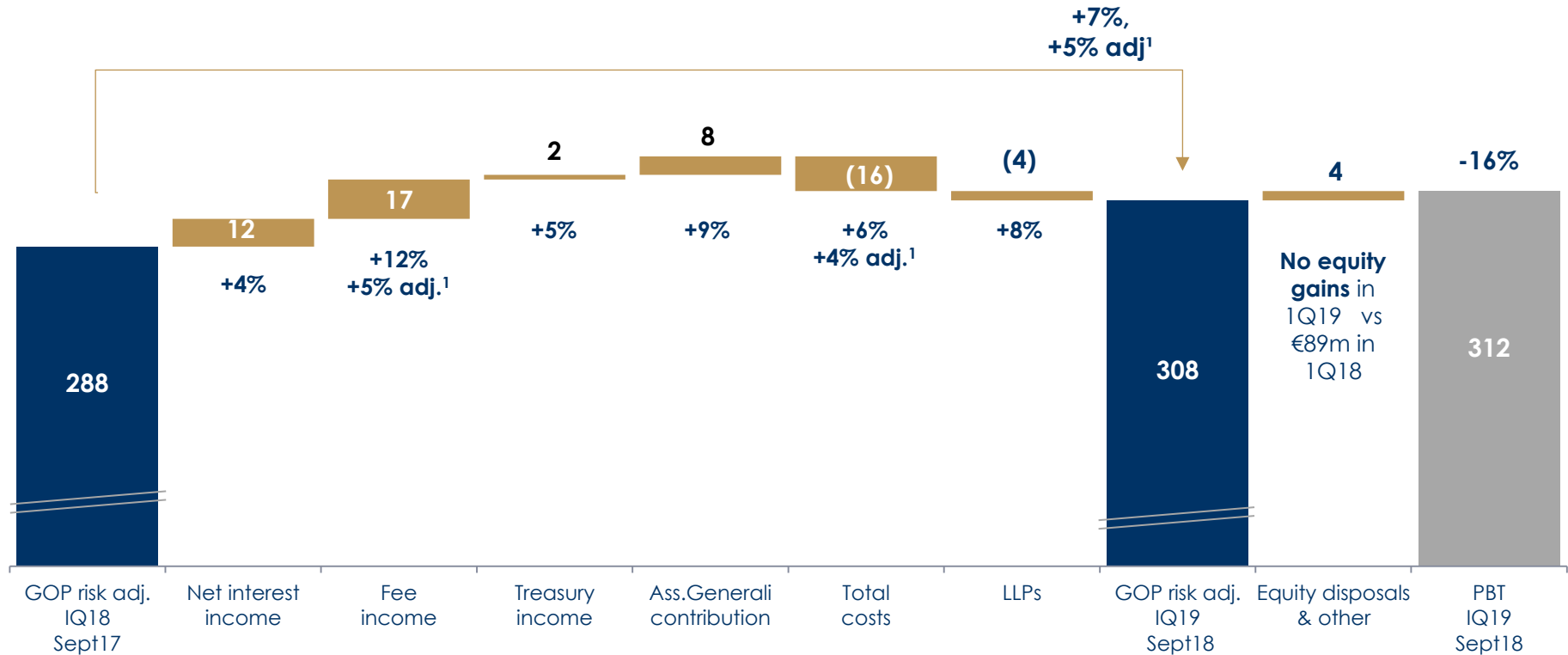
GOP UP 7% DRIVEN BY ALL REVENUE SOURCES...

NII UP 4%, FEES UP 12%

3M results as at September 2018

Section 1

MB Group IQ19 gross operating profit after LLPs by source (€m)



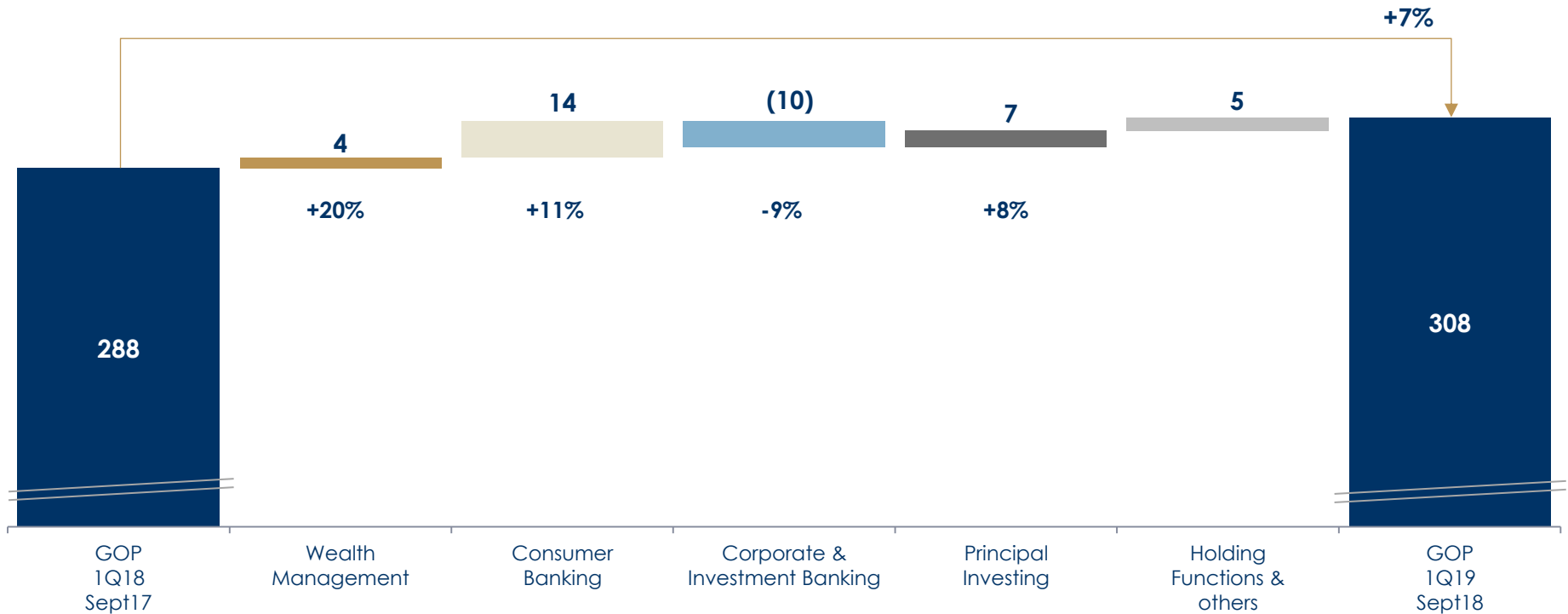
- ◆ Group GOP up 7% YoY to €308m despite lower writebacks in WB, driven by revenue growth (up 7%)
- ◆ PBT down 16% YoY to €312m, exclusively due to absence of equity gains (€89m capital gains in 1Q18 on former AFS shares). As from 1 July 2018, gains on FVOCI² equities no longer taken through P&L (under IFRS 9)

...WITH ALMOST ALL DIVISIONS CONTRIBUTING POSITIVELY

3M results as at September 2018

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MB Group IQ19 gross operating profit after LLPs by division (€m)



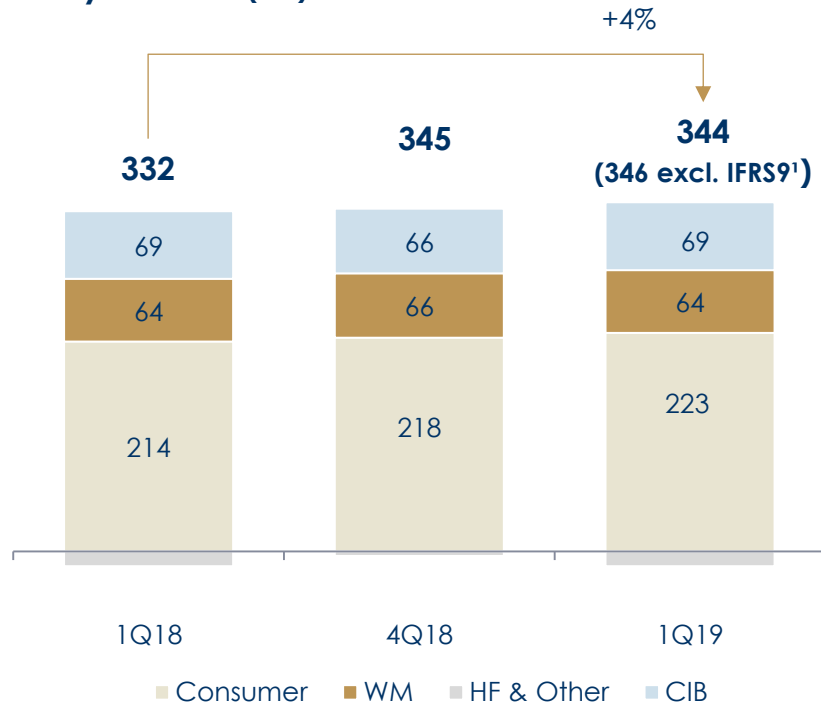
◆ Quarterly GOP growth well diversified between divisions: WM up 20%, Consumer up 11%, PI up 8%. HF resilient in tough market conditions, CIB down exclusively due to lower writebacks on loans

NII UP 4% WITH STRONG NEW LOAN PRODUCTION

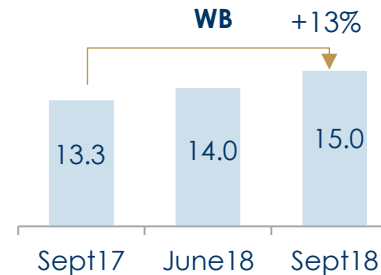
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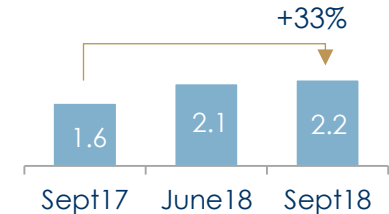
NII by division (€m)



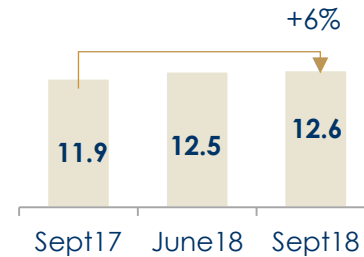
Loans by division (€bn)



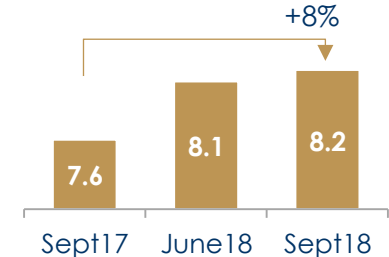
Specialty finance



Consumer Banking



Mortgages



- ◆ **NII up 4% YoY to €344m**, flat QoQ, as result of
 - ◆ Loan growth, resilient margins
 - ◆ IFRS 9 impact (-€2m), mainly booked in Consumer
 - ◆ Early funding cost (bulk of issuances at the beginning of July18), mainly booked in HF

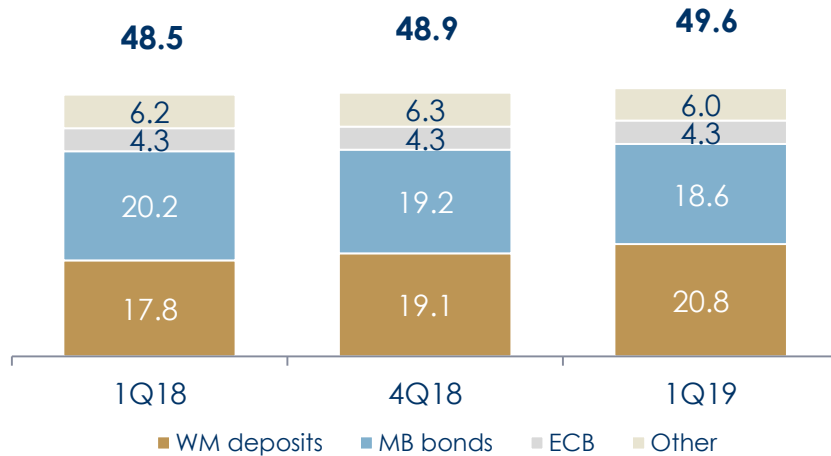
- ◆ **Group loans up 9% YoY to €42bn, new loans up 14% to €5.6bn in the Q**, all divisions delivered growth
 - ◆ Lower repayments in WB
 - ◆ Enlarged activity in Specialty Finance: €0.7bn GBV of NPLs acquired in IQ19

FUNDING UP TO €50BN, COST UNDER CONTROL

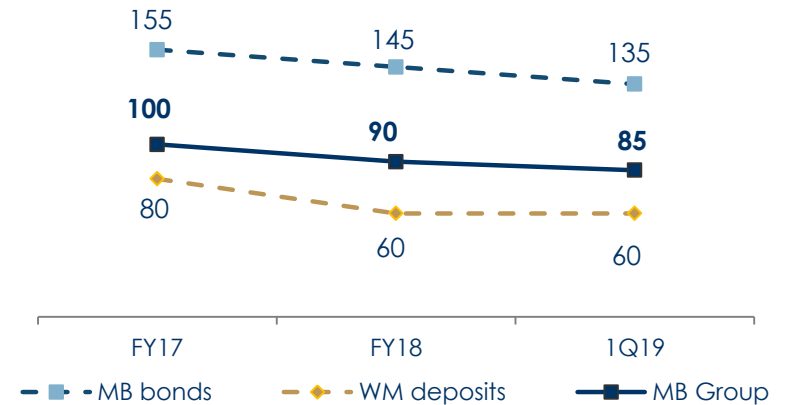
3M results as at September 2018

Section 1

Funding stock breakdown (€bn)



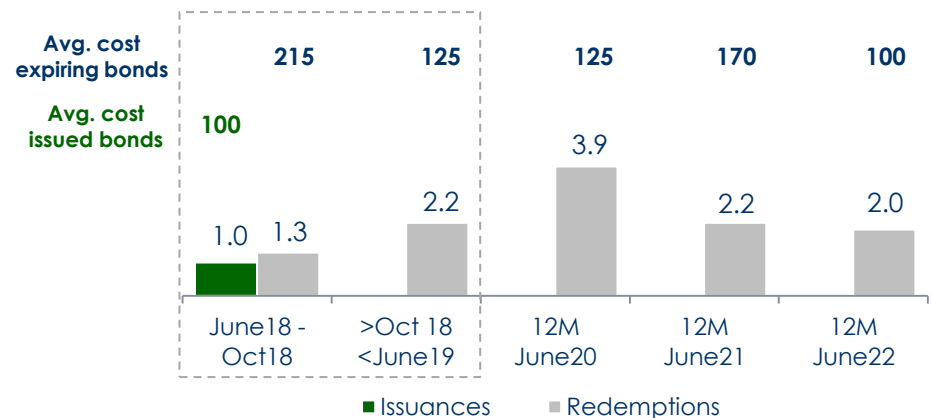
Avg. cost of funding trend (bps vs Eur3M)



◆ Funding stock up €1bn to €50bn:

- ◆ WM deposit base up €1.7bn, the highest inflow ever
- ◆ €1.3bn bonds expired (@215bps), €1bn refinanced (@100bps) through a mix of covered and senior bonds
- ◆ **Group CoF reduced** (from 90 to 85bps) **and under control**, due to past expensive bond issues maturing
- ◆ **Comfortable funding position** supported by low risk profile and **cautious ALM** (few bond maturities, deposit inflow, good pipeline of secured funding, selective lending)

Bond issues and redemptions (€bn, CoF bps vs Euribor3M)



FEE INCOME UP 12%, DRIVEN BY WM - SOUND TREND IN CIB

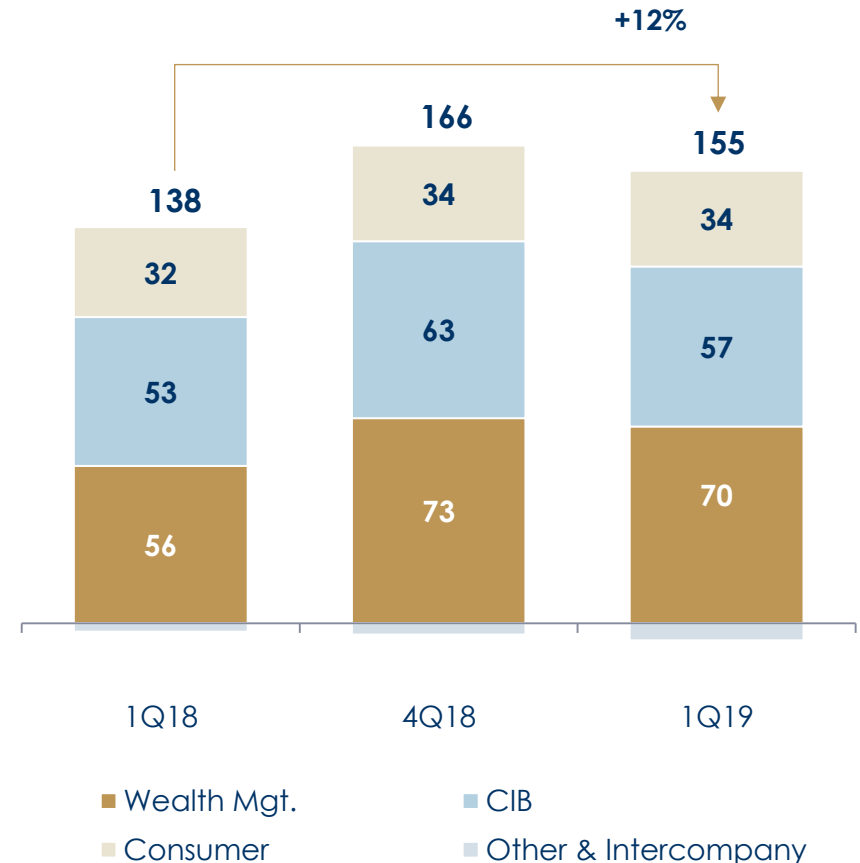
3M results as at September 2018

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KPIs

- ◆ **WM now the largest contributor to Group fees:** €70m fees, or **44% of Group total**
- ◆ **WM fee up 24% YoY, driven by AUM increase.** Last quarter impacted by cautious risk allocation and seasonality
 - Private/AM: fees up 26% YoY on the back of higher AUM/AUA (up 25% YoY and almost flat QoQ), following higher bankers' productivity, double IB/PB coverage benefits and RAM consolidation
 - Affluent: fees up 20% YoY on the back of higher AUM/AUA (up 21% YoY and up 3% QoQ), with an increasing contribution from the FAs network (distribution costs out of fees)
- ◆ **CIB: sound performance (€57m, up 7% YoY)**
 - ◆ Drivers: Advisory and DCM
 - ◆ Good flows of mid-sized deals
 - ◆ Specialty Finance contribution over 20% (€12m, up 8% YoY and 14% QoQ)
- ◆ **Consumer Banking: solid trend confirmed**

Group fees by quarter (€m)

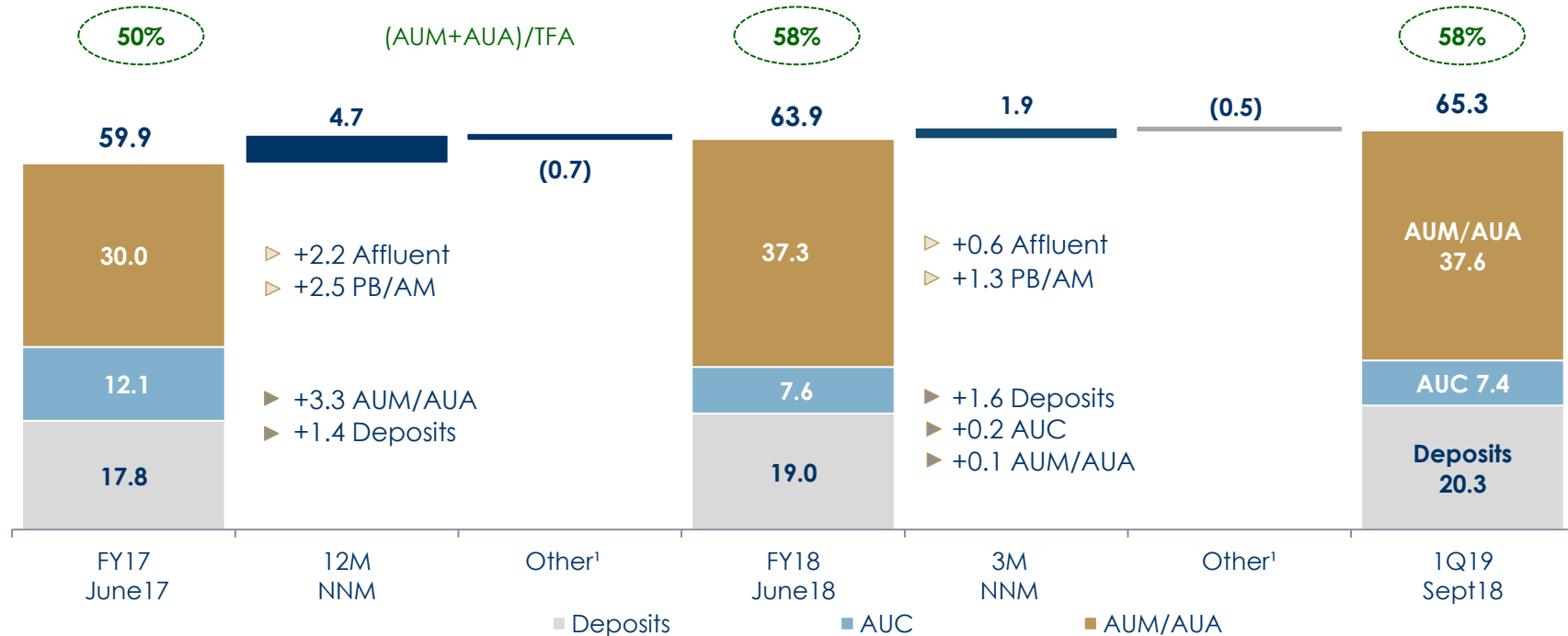


TFAS UP 2% TO €65BN, WITH €1.9BN NNM

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Group TFAs trend (€bn)



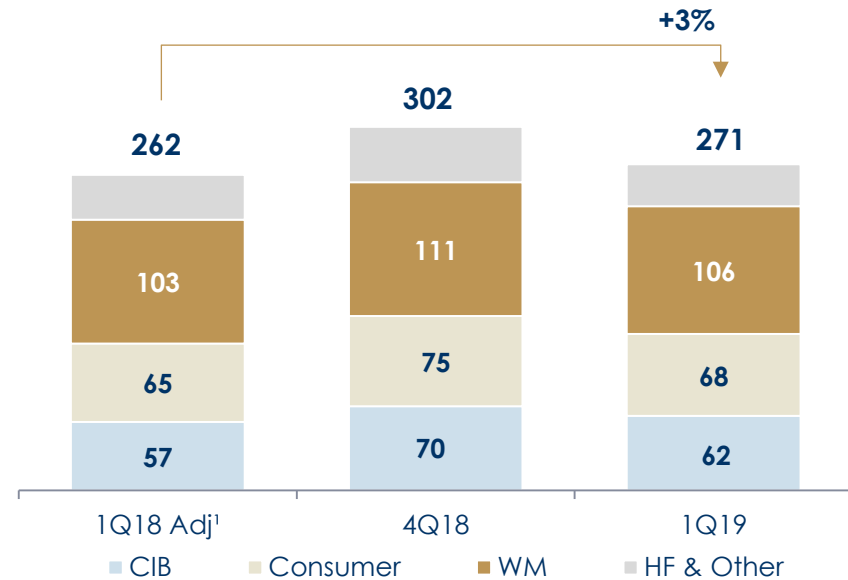
- ◆ **Substantial NNM in 1Q (€1.9bn)** although impacted in terms of asset mix by increasing risk aversion (mainly deposits)
- ◆ Both Affluent and Private-HNWI clients contributing positively
 - ◆ **Affluent: €0.6bn NNM**, evenly split between proprietary network and FAs
 - ◆ **Private/AM: €1.3bn NNM**, driven by MBPB increased customer liquidity

COSTS: BUSINESS DEVELOPMENT MATCHED BY STRONG CONTROL

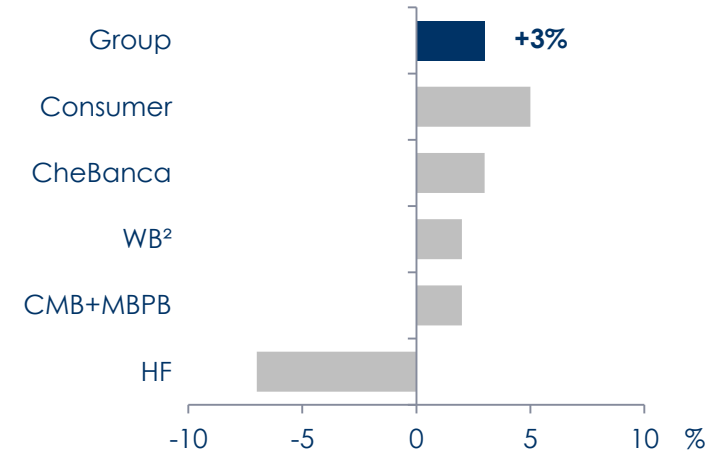
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Section 1

Group cost base by quarter (€m)



Cost change by divisions (YoY, 3M Sept18 vs 3M Sept17)



◆ **Costs up 3% like-for-like, to €271m, with cost/income ratio stable at 43%**

◆ **Increased operations and distribution enhanced in**

- ◆ CheBanca! (WM): 31 additional staff YoY (to 1,326), FAs more than doubled in one year to current 244
- ◆ Consumer Banking: 15 branches opened (of which 9 "light"), 30 additional staff YoY (to 1,438)
- ◆ Specialty Finance: 9 additional staff YoY (to 239); higher NPLs management cost due to enlarged operations

◆ **staff reshuffled in front office and optimized in support functions**

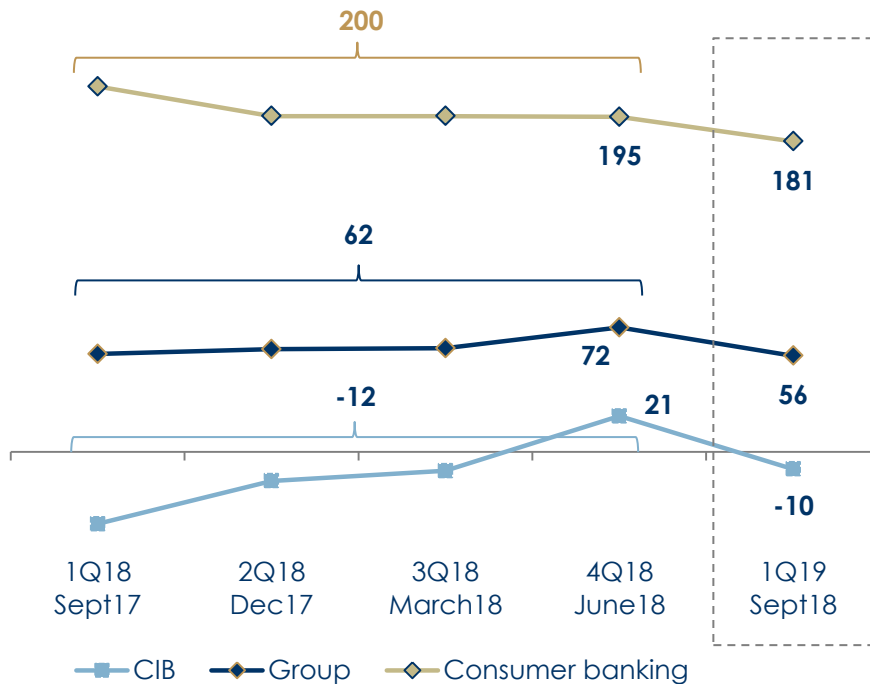
- ◆ HNWI/PB: staff at 567, flat like-for-like (excluding additional 43 staff in RAM)
- ◆ WB: staff down 3% to 333 (front office stable)
- ◆ Holding Functions: staff at 793 (down 82 staff), due to IT outsourcing

COR BELOW FY18 LEVEL WITH EVER-IMPROVING ASSET QUALITY

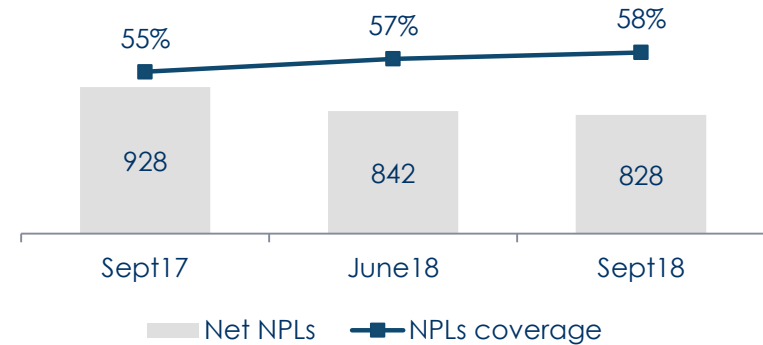
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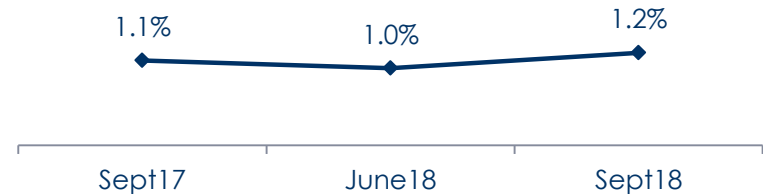
Cost of risk by division (bps)



NPLs ("deteriorate", €m) and coverage (%)



Performing loans coverage (%)

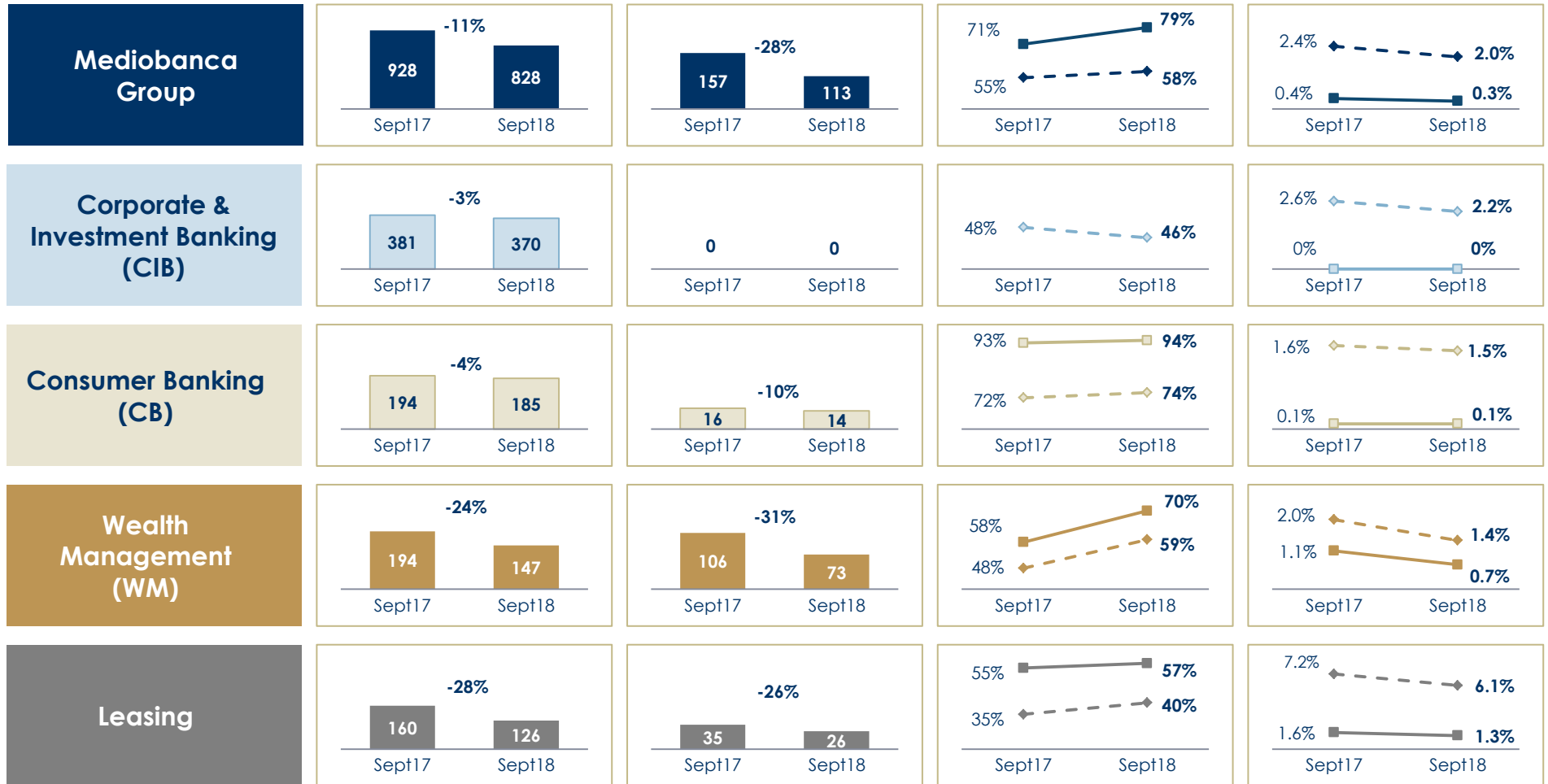


- ◆ **NPLs close to €0.8bn, down both as stock (3% gross and 11% net YoY) and as % of loans (4.5% gross and 2% net); coverage up to 58%**, in part due to IFRS 9 FTA impact (39m of higher provisioning mainly on mortgages and leasing)
- ◆ **Net bad loans down to €113m (down 28% YoY) with coverage up at 79% and stable at 0.3% of total loans**
- ◆ **Group CoR once again below 60bps also due to writebacks in WB**

SUPERIOR ASSET QUALITY IMPROVED FURTHER

3M results as at September 2018

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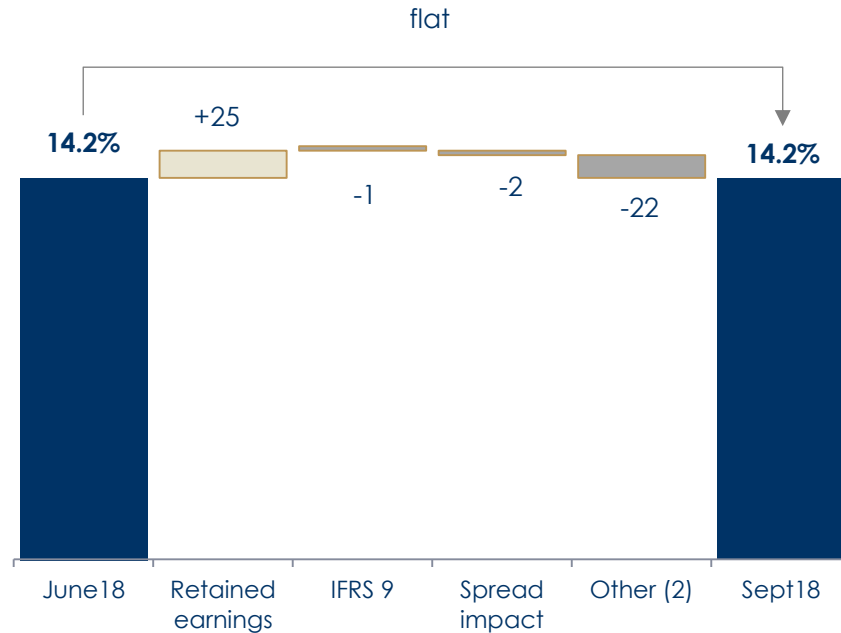


CET1 STABLE AT 14.2% - IFRS 9 AND SPREAD IMPACT IMMATERIAL

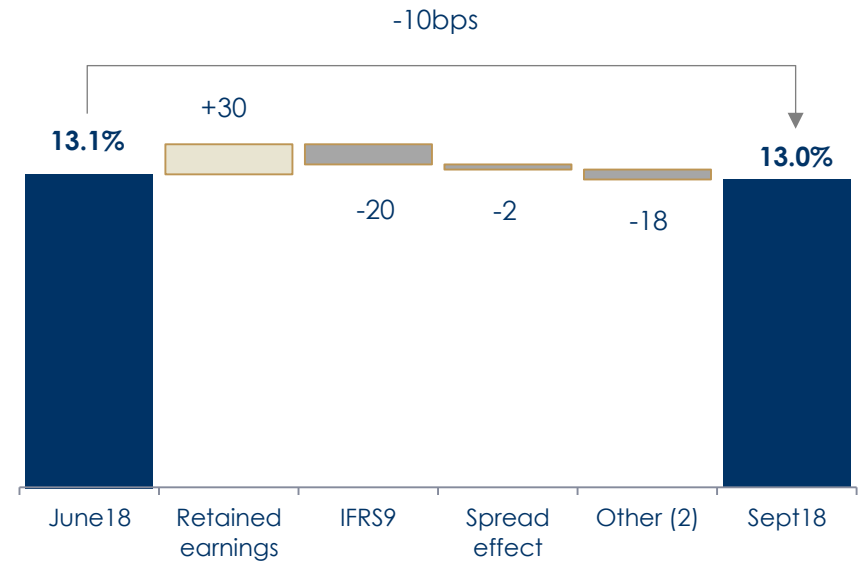
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CET1¹ phase-in trend (bps)



CET1¹ fully loaded trend (IFRS9 and no Danish Compromise - bps)



- ◆ CET1 phase-in flat at 14.2% after immaterial impact from IFRS 9 and govies spread increase
- ◆ CET1 fully loaded at 13.0% after 20bps of IFRS 9 fully phased impact
- ◆ CET1 phase-in vs CET1 fully loaded: ~120bps o/w ~100bps related to AG deduction and ~20bps related to IFRS 9 full adoption

1) Managerial calculation different from the Common Reporting (COREP), as it includes the result for the period (not subject to authorization pursuant to Article 26 CRR), which accounts for approx. 30bps of CET1. Fully loaded ratio not including BFI acquisition or the share buyback authorized by the ECB but pending the approval of shareholders in AGM (32 bps and 38bps negative impact respectively)

2) Including approx. 15 bps higher deduction for Ass. Generali due to Ass. Generali earnings accrued in the quarter



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MEDIOBANCA

MEDIOBANCA: A DIVERGING PLAYER...

Closing remarks

Section 2

**...from our own old business model
by structural reshaping**

**...from Italian banks
by sensitivity to domestic sovereign spread widening**

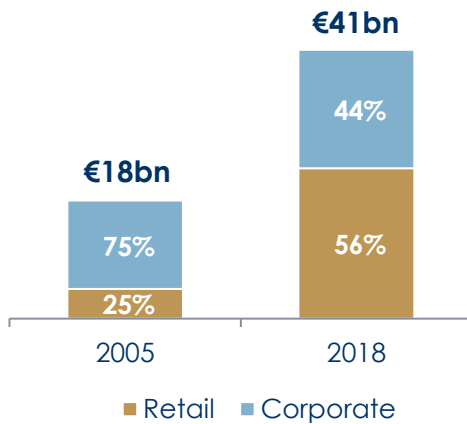
**...from large European banks
by focus on specialized & growing segments**

**MB growth driven by long-standing trends
High revenue visibility and sustainability**

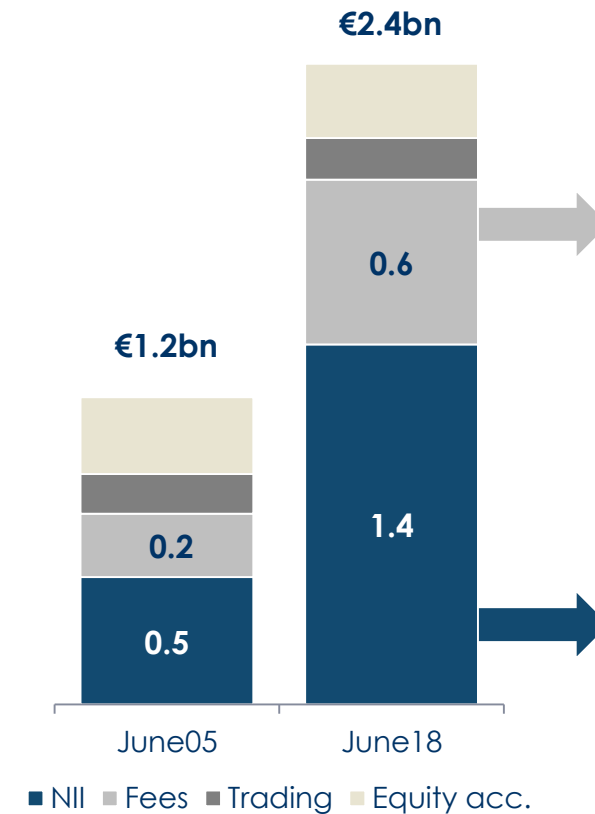
MB BUSINESS MODEL RESHAPED WHILE GROWING

RETAIL NOW ACCOUNTS FOR 58% OF FUNDING - 56% OF LOANS
 WM ACCOUNTS FOR >40% OF FEES – CONSUMER ACCOUNTS FOR >60% OF NII

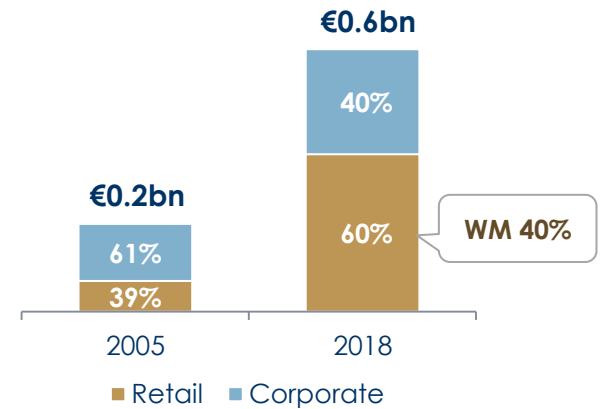
Loan book breakdown (€bn, %)



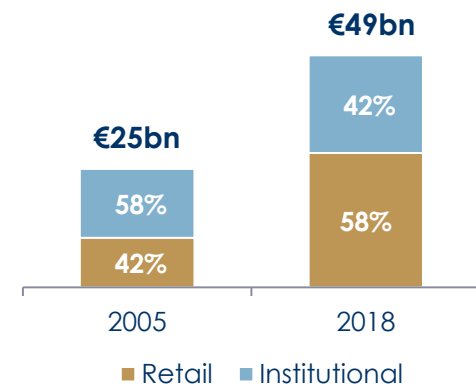
Group revenues breakdown (€bn, %)



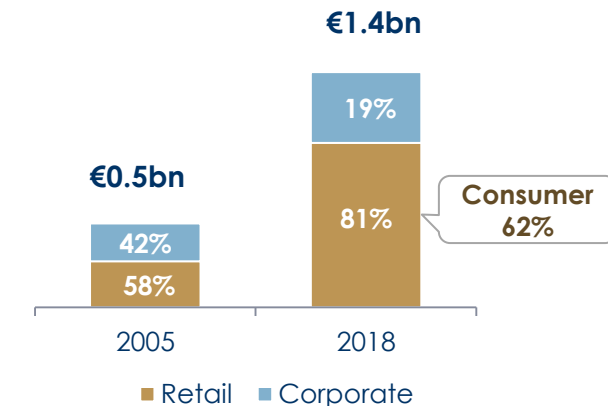
Fee income breakdown (€bn, %)



Funding breakdown (€bn, %)



NII breakdown (€bn, %)



Loan book: Retail includes mortgages, consumer banking and private banking – Corporate includes wholesale and leasing
 Funding: Retail includes CheBanca! and Private banking deposits, MB bond placed to retail investors - Institutional includes MB bonds placed to institutional investors, interbank, ECB and other items



MEDIOBANCA: LOW SENSITIVITY TO MACRO

Closing remarks

Section 2

Low CET1 sensitivity to spread increase

- ◆ **Low direct exposure to Italian govies:** €2.8bn or ~40% of CET1 vs ~90% avg of ITA banks. Duration 2.5Y
- ◆ **Low CET1 sensitivity:** -8bps @ +100bps in spread
- ◆ **No “indirect” exposure through Ass.Generali.**
AG proprietary exposure almost fully hedged through CET1 deduction mechanism

Limited dependency on ITA GDP growth

- ◆ **Consumer banking growth uncoupled from ITA GDP trend**
- ◆ **CIB loans: 75% to non-domestic corporates** or to ITA companies generating more than 50% of their revenues outside Italy

Superior asset quality

- ◆ **NPLs/Ls at 4.5% gross, 2.0% net**
- ◆ **Texas ratio 12%**
- ◆ **EPS growth not reliant on NPLs disposals**

High capital generation

- ◆ **CET1 IQ19 at 14.2%,¹** up 200bps over past 2Y
- ◆ **No regulatory impact on CET1 expected going forward**
- ◆ **Buyback authorization process on-going:** ECB already approved, MB AGM to be held on Oct.27th

Cost of funding under control

- ◆ **Group funding effectively diversified** by channels, customers and instruments
- ◆ **High liquidity and funding ratios**
 - ◆ **LCR at 161%** as of Sept.18
 - ◆ **NSFR at 108%**
- ◆ **High free eligible assets** (over €10bn)

MB GROWTH DRIVEN BY LONG-STANDING TRENDS

Closing remarks

Section 2

GROWTH in WEALTH MANAGEMENT both organic and through M&A

- ◆ **Italian saving market one of the most attractive in Europe** in terms of size and growth expected
- ◆ **Mediobanca strongly investing in distribution** (organically and with M&A) **to take opportunities:**
 - ◆ **Structural changes ongoing** (digitalization, regulation, demographic) **in retail/affluent**
 - ◆ **Entrepreneur/corporate: PB/IB dual coverage of Italian mid-caps** (MB distinctive offering in Italy)
 - ◆ **Leverage its own brand**

- ◆ **NNM at €1.9bn in last Q**
- ◆ **AUM/AUA up 24% YoY to €38bn**
- ◆ **WM fees up 24% YoY to €70m**

GROWTH in CONSUMER BANKING

- ◆ **Highly profitable business in Italy, decoupled from GDP, with high entry barriers**
- ◆ **Penetration of consumer finance in Italy still lower compared to other European countries**
- ◆ **Compass as consolidator in the Italian market** thanks to superior data analytics and risk management tools

- ◆ **Loans up 6% YoY to €12.6bn**
- ◆ **NII up 4% YoY to €223m**
- ◆ **Net profit up 12% YoY to €90m**

GROWTH in CIB due to market opportunities and PB-IB mid-caps platform

- ◆ **Italian mid-caps among the most dynamic, segment still largely under-penetrated**
- ◆ **Platform enhancing** for all products, especially advisory business, **to leverage market opportunities**
- ◆ **Cyclical profile of business balanced in MB by low risk appetite and strong asset quality** (bad loans equal to zero)

- ◆ **Loans up 16% YoY to €17.2bn**
- ◆ **Fees up 7% YoY to €57m**
- ◆ **20% of CF fees from MidCaps**

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DIVISIONAL RESULTS

Annex 1



MEDIOBANCA GROUP P&L

3M results as at September 2018

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€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	638	619	630	572	598	+3%	+7%
Net interest income	344	345	342	340	332	-0%	+4%
Fee income	155	166	165	153	138	-6%	+12%
Net treasury income	41	33	39	47	39	+24%	+5%
Equity accounted co.	98	75	84	32	90	+30%	+9%
Total costs	(271)	(302)	(280)	(278)	(256)	-10%	6%
Labour costs	(138)	(149)	(138)	(141)	(130)	-7%	+6%
Administrative expenses	(134)	(153)	(142)	(137)	(126)	-13%	+6%
Loan loss provisions	(59)	(74)	(60)	(59)	(55)	-20%	+8%
Operating profit	308	244	290	235	288	+26%	+7%
Impairments, disposals	4	1	2	6	88		
Non recurring (SRF contribution)	0	(20)	(28)	(5)	(5)		
PBT	312	225	264	236	371	+38%	-16%
Income taxes & min.	(66)	(43)	(58)	(60)	(70)	+53%	-6%
Net result	245	182	206	175	301	+35%	-18%
Cost/income ratio (%)	43	49	44	49	43	-6pp	-
Cost of risk (bps)	56	72	60	60	57	-16bps	-1bps

MEDIOBANCA GROUP A&L

3M results as at September 2018

Annex 1

€bn	Sept18	June18	Sept17	Δ QoQ ¹	Δ YoY ¹
Funding	49.6	48.9	48.5	+2%	+2%
Bonds	18.6	19.2	20.2	-3%	-8%
Direct deposits (retail&PB)	20.8	19.1	17.8	+9%	+17%
ECB	4.3	4.3	4.3	-	-
Others	6.0	6.3	6.2	-5%	-4%
Loans to customers	42.3	41.1	38.7	+3%	+9%
Wholesale	15.0	14.0	13.3	+8%	+13%
Specialty Finance	2.1	2.1	1.6	-1%	+33%
Consumer	12.6	12.5	11.9	+0%	+6%
Mortgage	8.2	8.1	7.6	+1%	+8%
Private banking	2.3	2.3	2.2	+2%	+5%
Leasing	2.1	2.1	2.2	-3%	-7%
Treasury and securities at FV	13.1	13.3	15.3	-1%	-14%
RWAs	47.4	47.4	52.8	-	-10%
Loans/Funding ratio	85%	84%	80%		
CET1 ratio (%) ²	14.2	14.2	13.3		
TC ratio (%) ²	17.9	18.1	16.7		

MEDIOBANCA BUSINESS MODEL

Mediobanca Group

Holding Functions

Group ALM & Treasury

**Corporate & Investment
Banking (CIB)**

**Corporate & Investment
Banking**

Mediobanca Spa

Specialty Finance

MBFacta

MBCredit Solution

**Consumer Banking
(CB)**

Consumer Banking

Compass

**Wealth Management
(WM)**

Affluent & Premier

CheBanca!

Private & HNWI

MB Private banking
CMB, Spafid

Mediobanca AM

MB SGR, CMG
Cairn, RAM

**Principal Investing
(PI)**

Principal Investing

Ass. Generali
FVOCI stake portfolio

*Corporate
client business*

*Consumer
client business*

*AUA/AUM driven
client business*

*Proprietary
equity stakes*



WM: POSITIVE RESULTS DUE TO DISTRIBUTION ENHANCEMENT

3M results as at September 2018

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Wealth Management (WM)

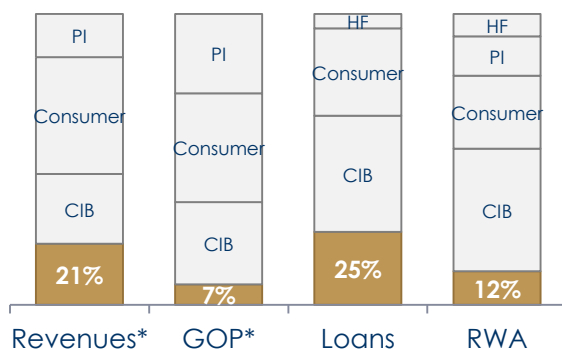
Private banking-AM

Affluent & Premier

Organic growth and M&A

Network empowering ongoing TFA growing

WM contribution to MB Group



- ◆ PB/IB double coverage effective
- ◆ TFAs up 14% YoY (including RAM acquisition), up 2% QoQ to €42.2bn
- ◆ €1.3bn NNM in 1Q, mainly due to strong deposit inflow
- ◆ Revenues up 21% YoY to 64m driven by fees growth (up 26% YoY) boosted by consolidation of RAM
- ◆ GOP at €15m, up 26% YoY

- ◆ FAs network up to 244 (up 18 in last 3m, doubled in last 12m)
- ◆ TFAs up 14% YoY and up 3% QoQ to €23.2bn, 2/3 driven by deposits and 1/3 by AUM growth
- ◆ NNM of €0.6bn in 1Q, half due to FAs half to prop network
- ◆ Revenue up 3% and GOP up 11% driven by fee income

WM - €m	Sept17	Sept18	Δ
Revenues	122	136	+11%
GOP risk adj.	21	25	+20%
Net profit	16	17	+10%
TFA bn	57.2	65.3	+14%
Loans bn	9.7	10.5	+8%
RWA bn	5.9	5.8	-2%

Private B. - €m	Sept17	Sept18	Δ
Revenues	53	64	+21%
GOP risk adj.	12	15	+26%
Net profit	10	11	+13%
TFA bn	36.8	42.2	+14%
Loans bn	2.2	2.3	+5%
RWA bn	2.4	2.0	-15%

Affluent - €m	Sept17	Sept18	Δ
Revenues	70	72	+3%
GOP risk adj.	9	10	+11%
Net profit	6	6	+5%
TFA bn	20.3	23.2	+14%
Mortgages bn	7.6	8.2	+8%
RWA bn	3.5	3.8	+6%

WEALTH MANAGEMENT RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	136	142	129	133	122	-4%	+11%
Net interest income	64	66	63	63	64	-2%	-
Fee income	70	73	64	66	56	-5%	+24%
Net treasury income	2	3	2	5	3	-36%	-28%
Total costs	(106)	(111)	(105)	(104)	(97)	-4%	+10%
Loan provisions	(4)	(4)	(4)	(4)	(5)	+3%	-17%
GOP risk adj.	25	27	20	25	21	-6%	20%
Other	(0)	(1)	1	0	0		
Income taxes & min.	(7)	(8)	(6)	(5)	(6)	-11%	+25%
Net result	17	18	15	21	16	-5%	+10%
Cost/income ratio (%)	79	78	82	78	79	+1pp	-
LLPs/Ls (bps)	15	15	16	15	20	-	-5bps
Loans (€bn)	10.5	10.4	10.1	9.9	9.7	+1%	+8%
TFA (€bn)	65.3	63.9	62.9	58.4	57.2	+2%	+14%
of which AUM/AUA (€bn)	37.6	37.3	36.5	31.5	30.3	+1%	+24%
of which AUC (€bn)	7.3	7.6	8.3	8.9	9.1	-3%	-19%
of which deposits (€bn)	20.3	19.0	18.1	18.0	17.8	+7%	+14%
RWA (€bn)	5.8	5.8	5.8	5.7	5.9	+1%	-2%

AFFLUENT & PREMIERE: CHEBANCA! RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	72	76	73	74	70	-6%	+3%
Net interest income	53	53	52	53	54	-2%	-2%
Fee income	19	23	20	21	16	-15%	+20%
Total costs	(58)	(62)	(59)	(58)	(57)	-6%	+3%
Labour costs	(26)	(28)	(26)	(24)	(25)	-5%	+4%
Administrative expenses	(32)	(34)	(34)	(34)	(31)	-6%	+2%
Loan provisions	(4)	(4)	(4)	(4)	(5)	-9%	-11%
GOP risk adj.	10	10	9	12	9	-5%	+11%
Other	(0)	0	(0)	0	0	-	-
Income taxes	(4)	(5)	(3)	(2)	(3)	-29%	+21%
Net result	6	6	6	10	6	+15%	+5%
Cost/income ratio (%)	81	81	82	79	81	-	-
LLPs/Ls (bps)	20	22	19	20	24	-2bps	-4bps
TFA (€bn)	23.2	22.6	21.2	20.6	20.3	+3%	+14%
of which AUM/AUA (€bn)	8.7	8.4	7.9	7.6	7.2	+3%	+21%
of which deposits (€bn)	14.5	14.2	13.3	13.1	13.2	+2%	+10%
Loans (€bn)	8.2	8.1	7.9	7.7	7.6	+1%	+8%
RWAs (€bn)	3.8	3.7	3.8	3.7	3.5	+1%	+6%

PRIVATE BANKING RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	64	65	56	59	53	-3%	+21%
Net interest income	12	12	11	10	10	-4%	+13%
Fee income	50	51	44	45	40	-1%	+26%
Net treasury income	2	3	2	4	2	-35%	-29%
Total costs	(48)	(49)	(46)	(46)	(40)	-2%	+20%
GOP risk adjusted	15	16	10	13	12	-7%	26%
Other	0	(1)	1	0	0	-	-
Income taxes & minorities	(4)	(3)	(3)	(3)	(3)	+16%	+29%
Net result	11	12	9	11	10	-14%	13%
Cost/income ratio (%)	76	76	82	77	77	-	-1pp
TFA (€bn)	42.2	41.3	41.6	37.8	36.8	+2%	+14%
CMB	10.1	10.0	10.0	10.1	9.8	+1%	+3%
MBPB	20.5	19.1	19.2	19.2	19.0	+7%	+8%
Cairn Capital	3.4	3.5	3.4	3.3	2.9	-3%	+19%
RAM	4.1	4.1	4.2			+1%	-
Spafid	4.1	4.5	4.8	5.2	5.1	-10%	-21%

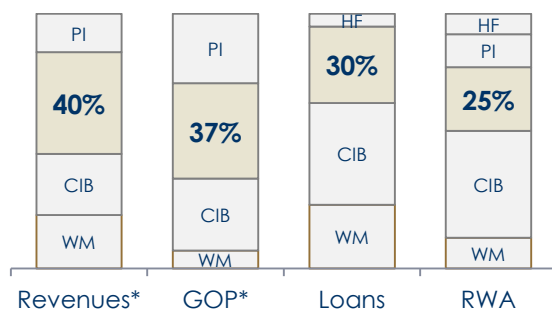
CONSUMER: CONFIRMING EXCELLENT TRAJECTORY

3M results as at September 2018

Annex 1

Consumer banking Compass

Consumer contribution to MB Group



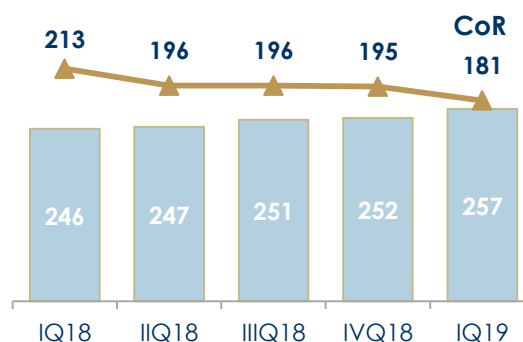
Consumer - €m	Sept17	Sept18	Δ
Revenues	246	257	+4%
GOP risk adj.	119	132	+11%
Net profit	80	90	+12%
Loans (€bn)	11.9	12.6	+6%
CoR (bps)	213	181	-32
RWA (€bn)	11.8	11.8	-

Leveraging market opportunities

Outstanding performance, again

- ◆ Highest quarterly results ever
- ◆ Unbroken growth trajectory in revenues (4%YoY at 257m) sustained by loan book growth (up 6% YoY, up 1% QoQ)
- ◆ Efficient platform (low cost/income ratio stable below 30%) and loan book excellent quality (cost of risk down again at 181bps) foster profitability (net profit up 12% YoY at 90m)

Revenues and CoR by quarter (€m, bps)

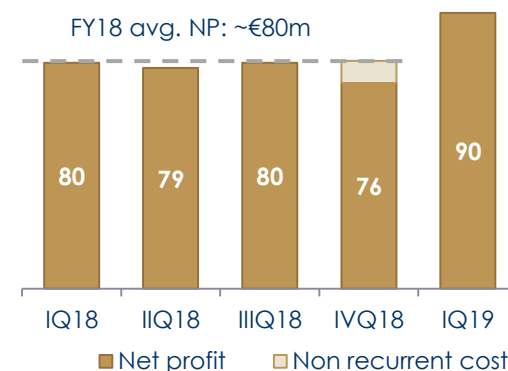


New business opportunities

Distribution enhancing

- ◆ Domestic platform: distribution enhanced with
 - ◆ 15 new branches opened in the last 12m (nine of which "light" branches) totaling 184 branches (twelve of which "light")
 - ◆ 5 more in October
- ◆ Non-domestic platform (BFI acquisition): deal expected to close by end-3Q FY19.

Net profit by quarter (€m)



CONSUMER BANKING RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	257	252	251	247	246	+2%	+4%
Net interest income	223	218	218	218	214	+2%	+4%
Fee income	34	34	32	29	32	-1%	+6%
Total costs	(68)	(75)	(72)	(73)	(65)	-10%	+5%
Loan provisions	(57)	(61)	(60)	(59)	(63)	-6%	-10%
GOP risk adjusted	132	117	119	116	119	+13%	+11%
Profit before taxes	132	110	119	116	119	+20%	+11%
Income taxes	(43)	(35)	(38)	(36)	(39)	+23%	+10%
Net result	90	76	80	79	80	+19%	+12%
Cost/income ratio (%)	26	30	29	29	26	-4pp	-
LLPs/Ls (bps)	181	195	196	196	213	-14bps	-32bps
New loans (€bn)	1.7	1.9	1.8	1.7	1.6	-10%	+3%
Loans (€bn)	12.6	12.5	12.3	12.1	11.9	+0%	+6%
RWAs (€bn)	11.8	11.8	11.8	11.7	11.8	-	-

CIB: SOUND RESULTS

3M results as at September 2018

Annex 1

Corporate & Investment Banking (CIB)

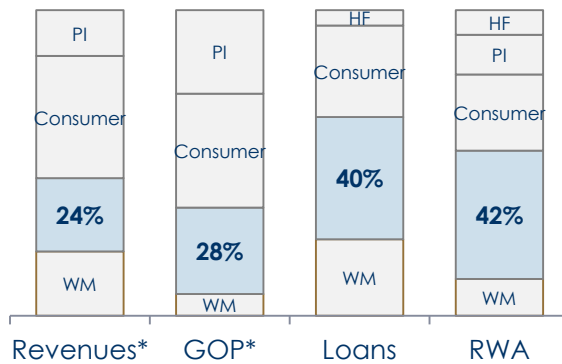
Wholesale Banking (WB)

Specialty Finance (SF)

Sound results and positioning

Significant CIB top-line contributor Diversified revenue mix

CIB contribution to MB Group



- ◆ IB leadership in Italy confirmed. First in M&A completed transactions YTD and first in M&A announced transactions since 2017 (source Thomson Reuters)
- ◆ Loan book growing with quality loan business, but lower margins
- ◆ Revenues resilient, despite lower NNI, due to sound fee income trend (up 6%, driven by Advisory and DCM)
- ◆ GOP and net profit down due to lower writebacks (€11m vs €22m)

- ◆ Specialty Finance still growing double-digit (both revenues and net profit up >20% YoY) due to loan book expansion (up 30% YoY)
- ◆ MBCredit Solutions: revenues up 25% YoY to €19m, and GOP up 28% to €8m; portfolio more than doubled (€321m NBV and €5bn GBV)
- ◆ MBFacta: higher revenues (up 28% to €13m) and GOP (up 58% to €7m) driven by growing loans (up 23% to €1.8bn)

CIB - €m	Sept17	Sept18	Δ
Revenues	153	159	+4%
ow Fees	53	57	+7%
GOP risk adj.	111	101	-9%
Net profit	75	68	-9%
CoR bps	-42	-10	+32
RWA bn	24	20	-16%

WB - €m	Sept17	Sept18	Δ
Revenues	127	127	-
ow Fees	42	45	+6%
GOP risk adj.	100	86	-14%
Net profit	67	58	-15%
CoR bps	-67	-29	+38
RWA bn	22	18	-20%

SF - €m	Sept17	Sept18	Δ
Revenues	26	32	+26%
ow Fees & oth.inc.	11	12	+8%
GOP risk adj.	11	15	+42%
Net profit	7	10	+45%
CoR bps	156	120	-36
RWA bn	1.6	2.1	+30%

CIB RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	159	150	164	164	153	+6%	+4%
Net interest income	69	66	64	67	69	+3%	-
Fee income	57	63	75	63	53	-10%	+7%
Net treasury income	34	20	26	34	31	+67%	+9%
Total costs	(62)	(70)	(64)	(64)	(57)	-12%	+8%
Loan loss provisions	4	(8)	4	6	16		
GOP risk adjusted	101	71	104	107	111	+42%	-9%
Other	0	(2)	0	0	1		
Income taxes	(33)	(21)	(35)	(35)	(37)	+62%	-10%
Net result	68	49	70	72	75	+39%	-9%
Cost/income ratio (%)	39	47	39	39	38	-8pp	+1pp
LLPs/Ls (bps)	-10	21	-11	-17	-42	-31bps	+32bps
Loans (€bn)	17.2	16.1	15.7	15.5	14.9	+6%	+16%
RWAs (€bn)	19.7	19.5	20.0	24.9	23.6	+1%	-16%

WB RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	127	119	136	133	127	+6%	-0%
Net interest income	48	47	46	52	54	+4%	-11%
Net treasury income	34	20	26	34	31	+69%	+9%
Fee income	45	53	65	48	42	-15%	+6%
Total costs	(51)	(58)	(53)	(53)	(49)	-11%	+5%
Loan loss provisions	11	(0)	8	15	22		
GOP risk adjusted	86	61	91	95	100	+40%	-14%
Other	0	(2)	0	0	1		
Income taxes	(29)	(17)	(30)	(32)	(34)	+64%	-15%
Net result	58	42	61	64	67	+38%	-15%
Cost/income ratio (%)	40	48	39	40	38	-8pp	+2pp
LLPs/Ls (bps)	-29	1	-22	-44	-67	-30bps	+38bps
Loans (€bn)	15.0	14.0	13.8	13.4	13.3	+8%	+13%
RWAs (€bn)	17.6	17.4	18.1	22.8	21.9	+1%	-20%

SPECIALTY FINANCE RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	32	30	28	31	26	+6%	+26%
Net interest income	20	20	18	15	15	+3%	+40%
Fee income and other income	12	11	10	15	11	+14%	+8%
Total costs	(11)	(12)	(12)	(11)	(9)	-13%	+24%
Loan loss provisions	(6)	(8)	(3)	(8)	(6)	-18%	+2%
GOP risk adjusted	15	10	13	11	11	+48%	+42%
Income taxes	(5)	(3)	(4)	(4)	(4)	+50%	+37%
Net result	10	7	9	8	7	+47%	+45%
Cost/income ratio (%)	33	41	41	36	34	-8pp	-1pp
LLPs/Ls (bps)	120	154	67	183	156	-34bps	-36bps
Loans (€bn)	2.1	2.1	1.9	2.0	1.6	-1%	+33%
of which factoring (€bn)	1.8	1.9	1.6	1.8	1.5	-5%	+20%
of which NPLs (€bn)	0.3	0.3	0.3	0.3	0.1	+19%	+137%
RWAs (€bn)	2.1	2.1	2.0	2.0	1.6	-	+30%

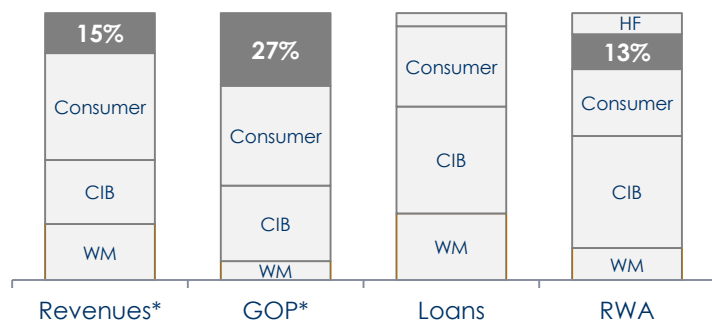
PI: HIGH PROFITABILITY WITH NO GAINS ON DISPOSALS

3M results as at September 2018

Section 1

Principal Investing

PI contribution to MB Group



Main equity investments as at Sept18 (€m)

Further disposals to come

- ◆ Revenues up 8% due to AG contribution
- ◆ Net profit at 99m (€171m last year due to €89m of gains related to disposal of Atlantia stake)
- ◆ AG book value down from €3.2bn to €3.1bn due to the OCI reserve decrease (down €0.2bn) only partially offset by quarterly net profit accrual (€0.1bn)
- ◆ AG OCI reserve not impacting CET1 as offset by deductions

PI - €m	Sept17	Sept18	Δ
Revenues	91	99	+8%
Gain from disposals/ impairments	89	4	n.m.
Net profit	171	99	-42%
BV bn	3.5	3.7	+5%
NAV bn	3.6	3.6	+1%
RWA bn	7.3	6.1	-16%

Company	%	Book value €m	HTC&S reserve
Ass.Generali	13.0%	3,063	n.m. ¹
Italmobiliare	6.1%	60	36
RCS MediaGroup	6.6%	34	12
Seed Capital		338	n.m. ¹
Private equity funds		72	n.m. ¹
Other listed equities		13	4
Other		116	6
Total		3,696	58

PRINCIPAL INVESTING RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	99	78	93	33	91	+26%	+8%
Gains from disposals	4	2	0	5	89		
Impairments	0	(1)	(0)	(0)	(0)		
Net result	99	79	90	35	171	+25%	-42%
Book value (€bn)	3.7	4.0	3.8	3.6	3.5	-7%	+5%
Ass. Generali (13%)	3.1	3.2	3.3	3.1	3.1	-3%	-1%
AFS stakes	0.6	0.7	0.5	0.4	0.4	-21%	+52%
Market value (€bn)	3.6	3.7	3.7	3.6	3.6	-1%	+1%
Ass. Generali (13%)	3.0	2.9	3.2	3.1	3.2	+4%	-6%
RWA (€bn)	6.1	6.3	5.9	6.0	7.3	-2%	-16%

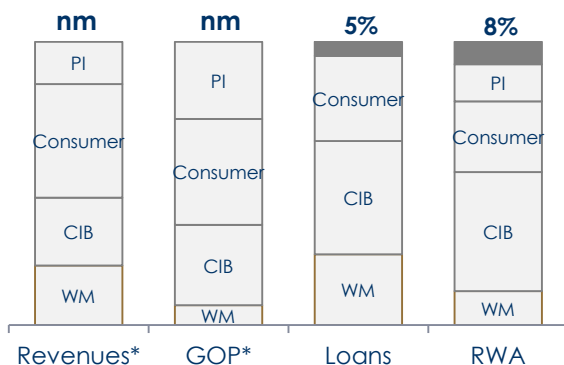
HOLDING FUNCTIONS: CAUTIOUS ALM IN A VOLATILE SCENARIO

3M results as at September 2018

Annex 1

Holding Functions (HF)

HF contribution to MB Group



Treasury, ALM, central functions

Optimization ongoing

- ◆ Funding enlarged with strong deposit inflow and refinancing of bond expiring
- ◆ CoF under control (down 5bps in the quarter (from 90bps to 85bps)
- ◆ Large unencumbered eligible assets: stable at €10bn as of Sept.18
- ◆ LCR optimized at 161% as of Sept.18
- ◆ Comfortable funding and liquidity position, cautious ALM ahead to address volatile scenario
- ◆ GOP resilient, despite lower NII due to early funding costs

Leasing

Ordered deleverage ongoing

- ◆ Positive NPL reduction workout
- ◆ Selective new business to offset portfolio runoff and increase overall portfolio profitability

HF - €m	Sept17	Sept18	Δ
Revenues	(8)	(7)	nm
GOP risk adj.	(52)	(48)	nm
Net profit	(39)	(27)	nm
Loans (€bn)	2.2	2.1	-7%
RWA (€bn)	4.3	4.0	-6%

ALM-Treasury-CF €m	Sept17	Sept18	Δ
Revenues	(20)	(18)	nm
GOP risk adj.	(56)	(51)	nm
Net profit	(40)	(28)	nm
RWA (€bn)	2.3	2.2	-4%

Leasing - €m	Sept17	Sept18	Δ
Revenues	12	11	-10%
GOP risk adj.	4	4	-5%
Net profit adj.	2	1	-12%
Loans (€bn)	2.2	2.1	-7%
RWA (€bn)	2.0	1.8	-9%

HOLDING FUNCTION RESULTS

3M results as at September 2018

Annex 1

€m	1Q Sept18	4Q June18	3Q Mar18	2Q Dec17	1Q Sept17	Δ QoQ ¹	Δ YoY ¹
Total income	(7)	3	(1)	(3)	(8)		-10%
Net interest income	(15)	(7)	(6)	(9)	(16)	+125%	-3%
Net treasury income	4	6	3	3	2	-30%	
Fee income	4	4	3	3	6	-	-29%
Total costs	(38)	(49)	(44)	(40)	(41)	-21%	-7%
Loan provisions	(2)	(1)	(1)	(3)	(2)	+57%	-8%
GOP risk adj.	(48)	(47)	(45)	(45)	(52)	+1%	-8%
Other (incl. SRF/DGS contribution ¹)	0	(11)	(27)	(5)	(6)		
Income taxes & minorities	21	20	22	18	20		
Net result	(27)	(38)	(51)	(32)	(39)	-29%	-30%
LLPs/Ls (bps)	42	30	15	46	43	+12bps	-1bps
Banking book (€bn)	6.7	6.5	6.5	6.5	6.8	+4%	-0%
New loans (leasing, €bn)	0.1	0.1	0.1	0.1	0.1	-1%	+48%
Loans (leasing, €bn)	2.1	2.1	2.1	2.2	2.2	-3%	-7%
RWA	4.0	4.0	3.9	3.9	4.3	-1%	-6%

GLOSSARY

Annex 2



GLOSSARY

MEDIOBANCA BUSINESS SEGMENT

CIB	Corporate and investment banking
WB	Wholesale banking
SF	Specialty finance
CB	Consumer banking
WM	Wealth management
PI	Principal investing
AG	Assicurazioni Generali
HF	Holding functions

PROFIT & LOSS (P&L) and BALANCE SHEET

AIRB	Advanced Internal Rating-Based
ALM	Asset and liabilities management
AUA	Asset under administration
AUC	Asset under custody
AUM	Asset under management
BVPS	Book value per share
C/I	Cost /Income
CBC	Counter Balance Capacity
CET1	Common Tier Equity 1
CoF	Cost of funding
CoE	Cost of equity
CoR	Cost of risk
DGS	Deposit guarantee scheme
DPS	Dividend per share
EPS	Earning per share
FAs	Financial Advisors
FVOCI	Fair Value to Other Comprehensive Income

PROFIT & LOSS (P&L) and BALANCE SHEET

GOP	Gross operating profit
Leverage ratio	CET1 / Total Assets (FINREP definition)
Ls	Loans
LLPs	Loan loss provisions
M&A	Merger and acquisitions
NAV	Net asset value
NII	Net Interest income
NNM	Net new money
NP	Net profit
NPLs	Group NPLS net of NPLs purchased by MBCS
PBT	Profit before taxes
ROAC adj.	Adjusted return on allocated capital ¹
ROTE adj.	Adjusted return on tangible equity ²
RWA	Risk weighted asset
SRF	Single resolution fund
TC	Total capital
Texas ratio	NPLs/CET1
TFA	Total financial assets ³

Notes

- 1) Adjusted return on allocated capital: *average allocated K = 9% RWAs (for PI: 9% RWA + capital deducted from CET1). Gains/losses from AFS disposals, impairments and positive/negative one-off items excluded, normalized tax rate = 33%. For Private Banking normalized tax rate = 25%*
- 2) Return on tangible equity: *net profit excluding non-recurring items / Shareholders' equity – goodwill*
- 3) *AUA + AUC + AUM + direct deposits*

DISCLAIMER & DECLARATION OF HEAD OF FINANCIAL REPORTING

As from this quarter, the Mediobanca Group is adopting IFRS 9 to represent its financial instruments. The transition to the new standard has resulted in an approx. €81m reduction in net equity, chiefly due to the introduction of the new impairment model; at the regulatory capital level, the impact will be spread over the course of the next five years.

The Group has availed itself of the right not to restate the comparative data for the first year of IFRS 9 adoption on a like-for-like basis. Accordingly, the figures for FY 2017-18, stated in accordance with IAS 39, are not fully comparable. For further details and full disclosure on the effects of first-time adoption of IFRS 9, which replaces IAS 39, please refer to the document entitled "Summary of IFRS 9 accounting standard adoption" published on the Group's website at www.mediobanca.com

Disclaimer

Some declarations included in this document are forward-looking statements and are based on information available to the bank as of today. These forward-looking statements include any information other than statements of historical facts, including, without limitation, the bank's future financial position, its results of operations, strategy, plans and objectives. Forward-looking statements are subject to risks, uncertainties and other events, which may fall outside the bank's control, that may lead actual results to differ, even materially, from any projections and estimates. Because of these risks and uncertainties, readers must not place undue reliance on the fact that future results will reflect the forward-looking statements. Except where required by applicable regulations, the bank undertakes no obligation to update forward-looking statements as new information becomes available, future events or other circumstances occur.

Declaration by Head of Company Financial Reporting

As required by Article 154-bis, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the stated accounting information contained in this report conforms to the documents, account ledgers and book entries of the company.

Head of Company Financial Reporting

Emanuele Flappini

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