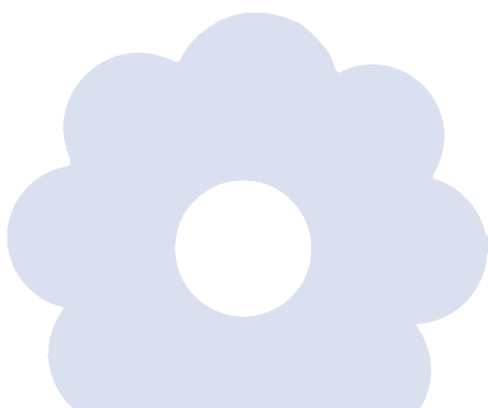
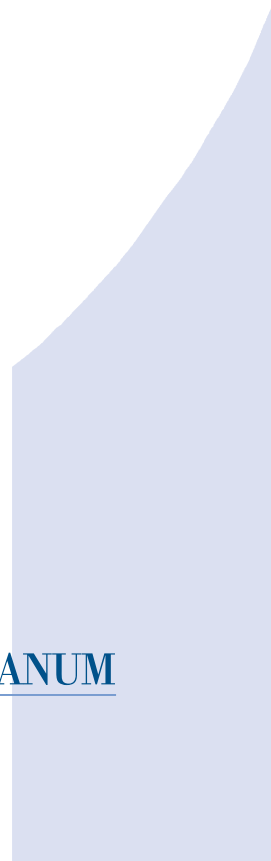


BANCA MEDIOLANUM S.P.A.

*2000
ANNUAL REPORT
ACCOUNTS*



**BANCA
MEDIOLANUM**
GRUPPO MEDIOLANUM

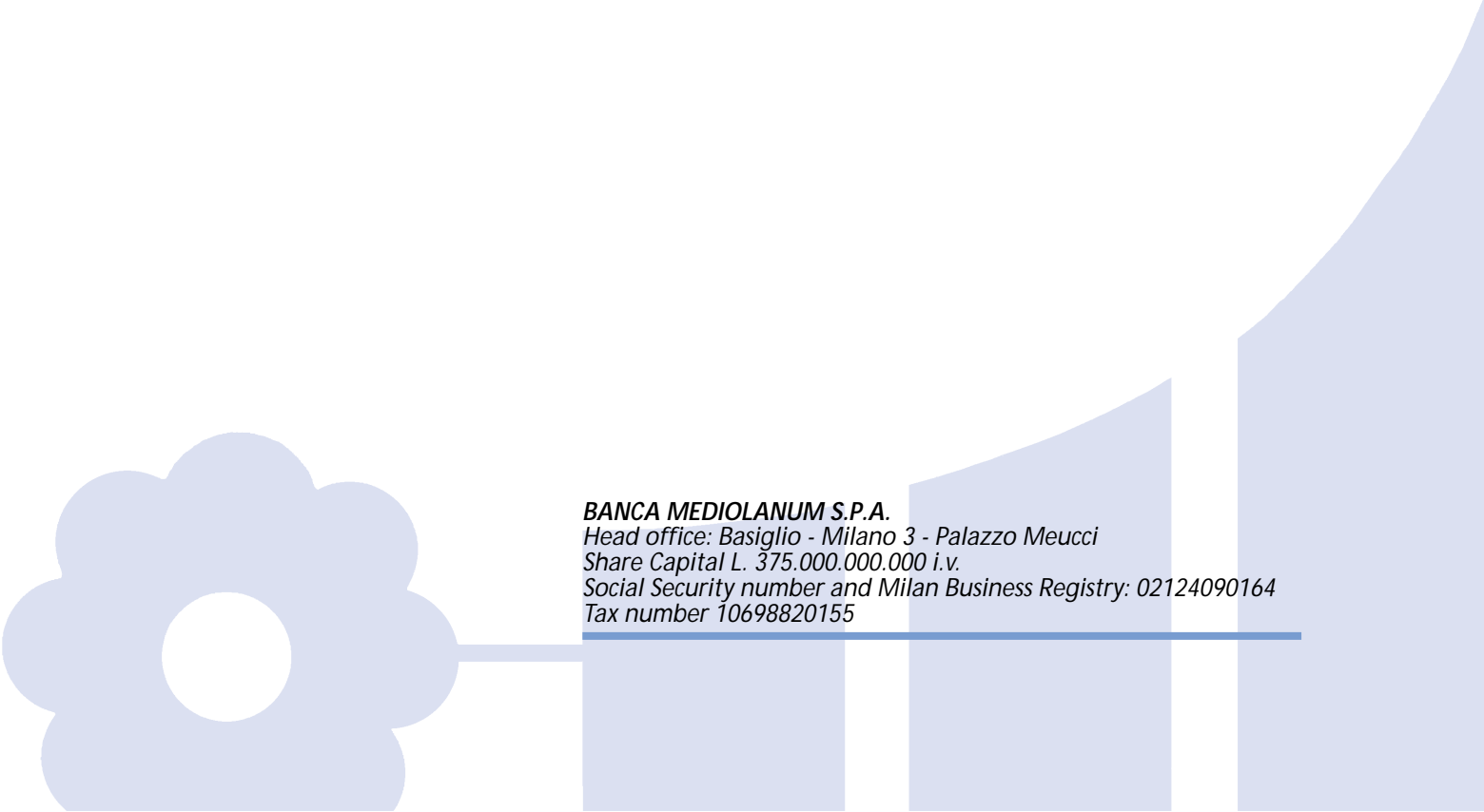


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BANCA MEDIOLANUM S.P.A.

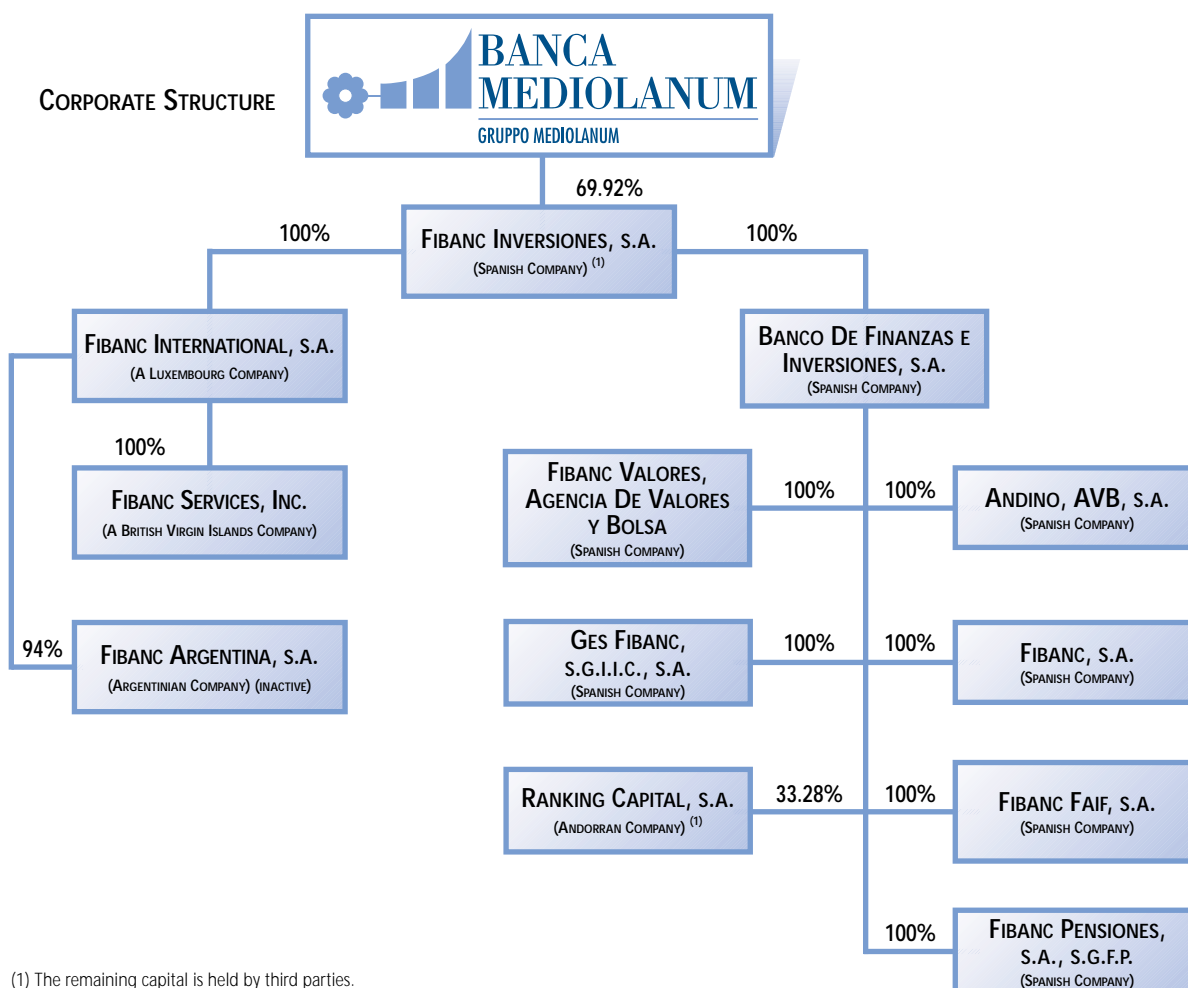
**FINANCIAL
STATEMENTS AT
DECEMBER 31, 2000**



BANCA MEDIOLANUM S.P.A.
Head office: Basiglio - Milano 3 - Palazzo Meucci
Share Capital L. 375.000.000.000 i.v.
Social Security number and Milan Business Registry: 02124090164
Tax number 10698820155

Officers of the Company

BOARD OF DIRECTORS	Ennio Doris	President and Chief Executive Officer
	Luigi Del Fabbro	Director
	Giuseppe Lalli	Director
	Edoardo Lombardi	Director
	Antonio Maria Penna	Director
	Giovanni Pirovano	Director
BOARD OF STATUTORY AUDITORS	Carlos Javier Tusquets Trias de Bes	Director
	Arnaldo Mauri	President
	Adriano Angeli	Statutory Auditor
	Pierfelice Benetti Genolini	Statutory Auditor
	Franco Colombo	Substitute Statutory Auditor
GENERAL DIRECTOR	Francesca Meneghel	Substitute Statutory Auditor
	Giovanni Pirovano	
SECRETARY OF THE BOARD	Sebastiano Unali	
INDEPENDENT AUDITORS	Arthur Andersen S.p.A.	



(1) The remaining capital is held by third parties.

Ordinary and extraordinary Shareholders' Meeting of April 10, 2001

SUMMARY OF DELIBERATIONS

The company's entire share capital was represented by proxy by the sole shareholder Mediolanum S.p.A at the Extraordinary Shareholders' meeting where the assembly unanimously approved to convert the share capital from 375,000,000,000 Lira to 195,000,000 Euro by utilising the extraordinary reserve of 2,572,650,000 Lira. The new share capital of 195,000,000 Euro was allotted into 195,000,000 shares at a nominal value of 1 Euro each.

The Shareholders unanimously deliberated the following:

- to approve the Report of the Board of Directors on Operations;
- to approve the financial statements for the year as at December 31, 2000;
- to allocate operating profit of 11,178,732,012 Lira as follows:
 - 558,936,600 Lira to the legal reserve;
 - 10,619,795,412 Lira to the extraordinary reserve;
- to confirm Mr. Giuseppe Lalli and Carlos Javier Tusquets Trias de Bes as members of the board, nominated as per art. 2386 c.c. at the Board of Directors meeting of October 25, 2000, until the approval of the financial statements as at December 31, 2002;
- to increase the number of members of the Board of Directors from 7 to 9, and to appoint Mr. Paolo Gualtieri and Mr. Alfio Noto as Directors until the approval of the financial statements as at December 31, 2002;
- to review the annual emolument to the Board of Directors and to the Board of Auditors.

Directors' report on the financial statements as of December 31, 2000

Dear Shareholders,

The year 2000 closed with a net profit for the period amounting to 11,179 million Lira (8,370 million Lira in 1999) after operating income taxation of Lira 7,811 million (7,123 million Lira in 1999). This can be regarded as a highly satisfactory result in relation to the ongoing expansion policies of Banca Mediolanum, which, on the one hand entailed large-scale investments and significant growth in the sales network, and on the other, the development of external lines through the acquisition of the majority interest in the Spanish banking group Fibanc Inversiones S.A., based in Barcelona.

In this third consecutive full year of activity, the company has consolidated and greatly enhanced the services and access channels offered to an ever increasing number of customers.

The activity, which is solely centered on the supply of financial services to households and based on innovative, multi-channel technologies, was further enhanced with new Internet-based services, such as on-line trading.

At year end, the sales network relied on no less than 5,181 global advisors, of which 1,463 were hired during the period under review.

Banca Mediolanum attained remarkable sales levels, rising constantly throughout the year, partly as a result of a successful advertising campaign which strengthened the "brand" of Banca Mediolanum, whose level of perception among the general public is now comparable to that of the most prestigious Italian banks.

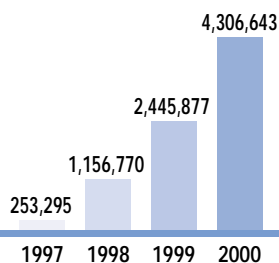
As of December 31, 2000 current accounts totalled 219,144 (1999: 144,053) worth a total of 3,026 billion Lira (1999: 2,215 billion Lira).

Assets reached 4,306.6 billion Lira (1999: 2,445.8 billion Lira). Securities of third parties administered at market prices were 4,951.8 billion Lira (1999: 3,098 billion Lira), and customers with securities in safekeeping totalled 90,682 (1999: no. 50,828).

Fund management services amounted to 1,416.7 billion Lira (1999: 451.8 billion Lira).

Commission income was 600 billion Lira, thus an increase of 51.9 % over 1999 (395 billion Lira).

ASSETS
(Lira millions)



The brokerage margin reached the significant amount of 206.8 billion Lira, thus a 56.4 % increase over the previous year (132,2 billion Lira).

In spite of the very good rates granted to customers on current accounts, interest margins attained were 38.6 billion Lira (+30.4 % over 29.6 billion Lira in 1999).

During the year 2000, the number of employees of Banca Mediolanum was further increased as a consequence of a higher operating volume, going from 293 at 31.12.99 to 678 as of 31.12.2000. This increase was specifically related to the strengthening of the Call Centre structure.

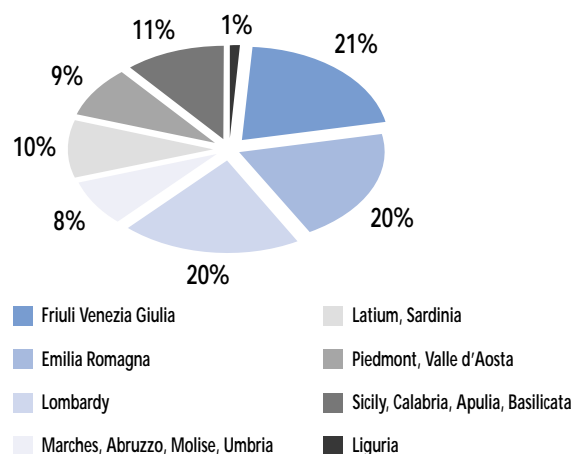
Apart from the positive results attained, the year 2000 featured substantial investments and remarkable technical and organisational efforts which involved all the Bank personnel, thus enabling an ample and consistent growth of the structure as a whole, both at an administrative and commercial level.

Corporate assets were strengthened thanks to an increase in share capital in March 2000, taking it from 35 billion Lira to 50 billion Lira.

Then, following the acquisition of the Spanish holding Fibanc Inversiones S.A., a further increase was approved which brought share capital to 500 billion Lira, of which 250 billion Lira was paid-up in August 2000, thus bringing paid-in share capital to 300 billion Lira.

Capital was reinforced during the first months of 2001 by a further 75 billion Lira payment, thus confirming the willingness of the sole shareholder Mediolanum S.p.A. to continue to guarantee adequate support of the growth of Banca Mediolanum.

GEOGRAPHICAL BREAK-DOWN OF PROFITS



THE REFERENCE MARKET

In the United States the pace of production activities, after an acceleration from the second half of 1999 to the first six months of 2000, slowed down during the second half of the year. The growth rate in the first six months was approximately 6%, whereas in the third quarter it fell to 2.2%. The pace of private investments dropped from 13% in the first six months to 3%. Corporate profit dropped for the first time since 1998. The inflation rate was 3.4%.

In 2000, the 11 member countries in Europe registered an average GDP increase of one percentage point higher than the previous year (3.4% in 2000). In Europe, the growth of exports, investments and consumer durables had triggered a fast increase in both production and employment halfway through 1999. The inflation rate of the Euro zone was 2.3%.

As for exchange rates, the year was characterized by the weakness of the Euro against the US dollar and the yen. Between 1999 and 2000, the value of the Euro vis-à-vis the US dollar passed from 1.066 to 0.924, thus a depreciation of 13.3%; the loss against the Yen was even more marked, going from 121.3 to 99.5, a depreciation of 18%.

In Italy, the GDP growth rate settled at 2.7%. The expansion phase of the economy reached a peak during the first quarter (+3.1%), then gradually declined during the second and third quarters, with rates of 2.8% and 2.6%, respectively. During the fourth quarter, the growth rate rose again to 2.7%, a performance in contrast to the Euro countries average. Growth in Italy was driven by rising exports and a favourable investment cycle, whereas the contribution of private consumer spending was not as significant.

The trade balance had a surplus of only 4,302 billion Lira, thus sharply declining over 1999 values, which was 25,784. This decline is attributable to the deteriorating terms of trade and higher energy costs. The rise in crude oil prices was the factor contributing the most to the soaring inflation rate, which topped 2.8% during the year 2000.

Throughout most of the year, the action of the European Central Bank was intended to keep the money supply under control in order to minimise pressure exerted on prices by rising cost of oil and the exchange rate weakness against the US dollar, whereas the Federal Reserve, from mid-year onwards, inverted its restrictive policy in an effort to prevent a dramatic slowing of the economic growth rate. The narrowing of the gap between European and US official rates – from 2.5% to 1.75% during 2000 - was replicated in money markets. Three-month Euribor rates in the Euro area rose constantly until October (topping 5.14%), then started declining in the last two months of the year.

During the first half of the year, the broadest measure of money supply - M3 - rose by an average 5.9%; during the second six months, liquidity dropped due to a rise in short-term rates, registering a growth rate of 5.2%.

Among the M3 components, the growth rate of loans to the private sector remained at high levels throughout the year (9.6%), whereas loans to public administration dropped steadily. Increasing bond issues on the part of non-financial concerns confirmed the dynamic nature of the production sector.

The Euro area is characterized by a large-scale presence of banking institutions despite the process of consolidation under way in the banking sector - at year end there were 342 fewer monetary and financial institutions than at year end 1999, whereas in Italy there was a decrease of 29 units in the same period, and 295 during the last decade.

The rationalisation process was also aided by the high level of macroeconomic aggregates, which in Italy was accompanied by a steady increase in bank lending, totalling 1,523,000 billion Lira, a 12.9% growth rate.

Bank deposits and savings totalled 1,390,000 billion Lira (including new net inflows of 34,559 billion Lira), thus with an annual growth of 2.55% as compared to 2.87% as at December 1999. This amount was the result of an annual variation of 7.77% in bank bonds, while resident customer deposits remained basically unchanged.

Overall sales from the Italian and foreign mutual funds industry sold by Italian Groups totalled 844,000 billion Lira in the year 2000, whereas net sales were 57,327 billion Lira, positive for stock and balanced funds, and negative for bond and money market mutual funds.

In the two-year period 1999-2000, declining bond prices encouraged the funnelling of savings towards stock funds. Also because of the differing fiscal treatment, many Italian banking groups widely opted to promote Irish and Luxembourg funds.

Good results were also obtained in relation to pensions and insurance, with overall sales topping 82,500 billion Lira, giving an 18% increase over the previous year.

As far as markets are concerned, The Italian Stock Exchange showed positive trends, better than most international stock exchanges: the MIB index registered a growth of 5.4% at year end.

The Italian market also outperformed the NYSE (-9.4%); as for the New Market, NUMEX recorded -25.5% as compared to -38.3% of NASDAQ.

THE SPANISH FINANCIAL MARKET

During the year 2000 the Spanish economy registered steady growth, with a 3.8% rise in the GDP and a 4% rise in the consumer price index.

These figures highlight an increasingly dynamic domestic demand, coming from moderate progress in both consumption and formation of capital. In terms of classes of activity, industry and services registered slacker growth rates as compared with the energy production and construction sectors. The unemployment rate at year end was 13.6% as compared to the 8.7% European average.

The private sector rose by 4%, whereas the public sector by 2.6%.

The shortfall in the trade balance was approximately Euro 32,500 million, against a credit balance for the capital account and the tourism sector of approximately 31,000 million Euro.

In the money markets, interest rates negotiated on the secondary market of 10-year state securities dropped more than 20 basis points during the period under review, ranging from 4.8% to 5.2%.

In terms of the market, the general index of the Madrid Stock Exchange recorded an average annual drop of 12.7%; likewise, IBEX35 dropped by 21.7% in the same period.

Mutual funds recorded negative net sales of 42,282 billion Lira, on total assets under administration exceeding 354,292 billion Lira.

Bank inflows – at a system level – increased by more than 81,000 Lira, mainly in relation to direct sales to customers (of which over 45,000 billion Lira come from term-deposits), thus enabling loans to be granted to customers in excess of 66,000 billion Lira, as well as a reduction in interbank liabilities of more than 16,000 billion Lira.

INFORMATION ON OPERATIONS

The year 2000 was characterised by important events for Banca Mediolanum, both in relation to significant enhancements on the asset side and the development of the main distribution channels, and to the outset of international development through the acquisition of the Spanish banking group Fibanc Inversiones S.A.

In a fast-growing and rapidly evolving market characterised by major competitive pressures, Banca Mediolanum achieved constantly rising results, which accentuated its abilities to strengthen its position and to gain market share.

Before getting into details about the evolution in economic and asset aggregates and management projects implemented at various levels, we would like to summarise the main results characterising the financial statements for 2000.

The balance sheet highlights:

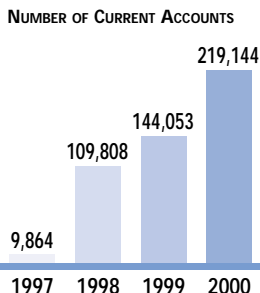
- a significant increase in direct sales to on demand customers (+ 36.6% over the previous year), associated with an even greater increase in the overall volume of securities under administration (+ 59.8% over the previous year)
- the investment of such inflows in index-linked or short-term securities and on the interbank side, emphasizing in particular the management of the market and exchange rate risks, with very limited lending to customers;
- an increase in intangible assets due to the development and strengthening of IT structures associated with technological channels;
- the issuing of a five-year subordinated loan fully placed with customers;
- a share capital increase from 35 billion Lira (end of 1999) to 300 billion Lira.

The income statement highlights:

- a very satisfactory interest margin, attributable to the financial margin between customer sales and investments in securities and interbank deposits (+ 30.4% over the previous year);
- very strong brokerage margins (+ 84.3% compared to a year earlier) resulting from a remarkable rise in the sales of banking, financial and insurance products;
- the containment of operating costs, in spite of higher expenditure associated with an increase in the number of staff needed for an adequate operating structure;
- an increase in profit for the period (33.3% higher than the previous year) enabling development plans to be pursued;
- the expenditure for an advertising campaign (33 billion Lira) which resulted in the strengthening of the Banca Mediolanum brand among the general public;
- major IT investments, particularly in relation to the launching of the on-line trading.

The outcome of these developments - satisfactory operating results and asset strengthening of last July - testify to the success reached by the bank, with exemplary profitability indicators and operating volumes that allow Banca Mediolanum to be ranked among the major Italian banks.

THE CUSTOMERS



Current accounts at year end were approximately 220,000 (of which 95,000 are also on-line current accounts), corresponding to approximately 327,000 holders.

There were approximately 746,000 customers in total, including those holding only mutual funds or insurance policies.

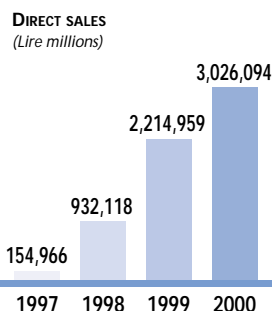
THE PLACING OF FINANCIAL AND INSURANCE PRODUCTS

Gross sales from mutual funds (including fund management services) totalled 6,333 billion Lira (1999: 4,765.4 billion Lira).

The placing of Irish funds significantly contributed to the increase in sales volume.

The Life business confirmed the good performance of the previous years. New production registered a 30.6% rise, going from 1,569 billion Lira in 1999 to 2,049 billion Lira in 2000. Recurring premiums grew by 65.2%.

THE MANAGEMENT OF ASSETS AND LIABILITIES



Net customer inflows (31.12. 00 3,026.1 billion Lira) were indexed to the 3-month Euribor rate for half of the volume, whereas particularly advantageous rates (up to 5%) were applied to the other half.

During the year, a subordinate "Banca Mediolanum 2000-2005 T.V." loan was issued for 25 million Euro and fully subscribed by customers.

Direct customer inflows were totally invested in short-term lending - that is, interbanking and securities. The portfolio is not in 'tied-up' investments, and consists of short-term government bonds and primary bank Euribor-indexed bonds, with a financial duration of 0.3 years. Assets at year end totalled 1,118.7 billion Lira (1999: 592.2 billion Lira).

The 2,580.2 billion Lira (1999: 1,668.7 billion Lira) lent to banks consisted almost exclusively of deposits with a one day to six month duration. At year end, liable interbank deposits from banks totalled 543.3 billion Lira.

There was virtually no substantial credit, rate, exchange rate or counter-debtor risks to Bank assets.

Moreover, the deliberate short duration made it possible to promptly take advantage of the rise in rates during the year 2000, which positively influenced interest margins in spite of the policy of high returns on customer inflows.

As at December 31, 2000, lending to customers totalled 56.7 billion Lira (1999: 50.5 billion Lira) and consisted mainly of current account credit lines to private customers with investments in products or services placed by the bank. The average amount of these credit lines was 22 million Lira.

Placement of home loans continued in collaboration with Abbey National Bank. At the end of 2000, there were 2,862 loans granted totalling 419 billion Lira.

Indirect inflows (securities custody and administration) increased during the year by more than 1,853 billion Lira, passing from 3,098.6 Lira to 4,951.8 billion Lira. This figure includes managed accounts of 57.3 billion Lira.

Managed accounts in fund units under the name of Chorus grew by 213.5%, from 451.8 billion Lira to 1,416.7 billion Lira.

In spring 2000, Banca Mediolanum enabled its customers to make trades on the stock exchange through the Internet, launching the on-line trading option. Initially on the Italian market (April 2000), this option was then extended to the main foreign markets (first months of 2001). At the end of 2000, there were approximately 20,000 active traders.

Retail orders negotiated on the Italian markets totalled 884,852 in the year 2000 (1999: 250,171). Overall transactions on the Italian stock exchange markets totalled 14,941 billion Lira.

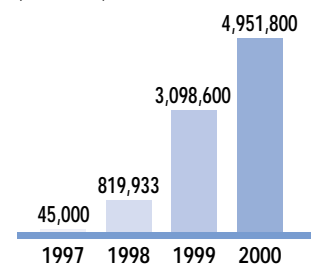
During 2000, Banca Mediolanum was among the banks taking part in the highest number of Initial Public Offerings on the Italian market (43 out of 47).

The new automated system of application form collection enabled us to collect 164,879 offer applications, of which 18,257 came directly through the Internet.

LENDING TO CUSTOMERS

INDIRECT INFLOWS AND STOCK/FUND MANAGEMENT SERVICES

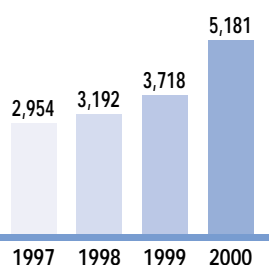
INDIRECT SALES
(Lire millions)



SECURITIES ACTIVITIES

THE SALES NETWORK

NUMBER OF AGENTS



The network of financial advisors increased dramatically in 2000 (39.3% more than a year earlier), reaching a total number of 5,181 at year end. Of these, 3,018 were financial consultants (mostly coming from the banking sector, with high-profile professional qualifications) and 2,163 were insurance agents.

The territorial distribution of financial advisors with over 662 administrative offices enabled the Bank to provide thorough coverage of Italy.

MEDIOLANUM POINT

A new kind of Financial Advisor office was designed, "Punto Mediolanum" (Mediolanum Point), with a standard layout and a coordinated image among the various features.

Mediolanum Points, of which the first few were inaugurated towards the end of the year, are usually located on the ground floor, facing the street, and easily accessible.

Some of the points are to be equipped with ATM cash machines.

Approximately 60 Mediolanum Points will be opened during 2001.

TRAINING THE NETWORK

2000 was characterised by extensive training efforts to enhance the knowledge of banking underlying the structure.

The training resources available to the network, both in quality and quantity terms, can further the development of the network itself, thanks to the technology (corporate TV and remote-training) and the utilisation of specialized educational tools designed by a dedicated group at headquarters (the training and development staff, numbering approximately 40 people) and managed by a fully-staffed line management structure.

The following data highlights the main training tools utilised:

- corporate intranet, for both info dissemination and training: 15,000 pages at the end of 2000, with approximately 46,000 'hits' per month;
- classes: 17,375 days/person (year 2000).

The quality and quantity of these training activities - which, in our opinion, by far exceeds market standards - is also indicated by the notable results of the latest session of qualifying exams for Financial Consultant (October 2000) where the percentage of Banca Mediolanum applicants passing was 51% (523 candidates passed) as against a national average of 42%.

THE ORGANISATION AND PRODUCTION PROCESSES

The main efforts of the year 2000 involved:

- in terms of information systems, the review of all the procedures in order to ascertain their compatibility, or plan their updating for the transformation to the Euro as of 1/1/02;
- bringing existing services - direct banking via telephone, TV and the Internet - in line with the goal of guaranteeing excellent service to a steadily rising number of customers;
- the development and testing of new telephone and Internet services dedicated to customers, within the framework of a project intended to broaden the offer of bank products and services to a "multi-channel" perspective;
- the complete 'computerisation' of the sales network, who are now fully connected to the headquarters by means of personal computers, and the implementation of the electronic flow of data and operations;
- the rationalisation of the administrative management processes for the products of the Group that are placed by the network of financial advisors and insurance agents, in order to constantly enhance quality and efficiency. Among other things, a model for the management of purchases and assets was integrated with the accounting system;
- the preparation of the procedures needed to manage the new products in the areas of managed savings, insurance policies and bank products.

During the year, investments were made for the development of the Internet banking and on-line trading options for a total amount of approximately 30 billion Lira.

Enhancing the level of service of the information system the call centre relies on so as to increasingly satisfy customer requirements, entailed investments of around 28 billion Lira. The current capacity of the Call Centre will be able to support future volume growth.

During 2000, Banca Mediolanum staff grew larger as a consequence of the higher operational volumes:

	31.12.99	31.12. 00	Change	Average age
Managers	2	7	+ 5	43
Executive middle managers	28	7	- 21	39.5
Clerical personnel	263	664	+ 401	27
TOTAL	293	678	+ 385	27.3

Most resources are channelled to the Call Centre area, where all the young new-hires start their job, as well as to the Customer Administration area and the Stockbroking area.

HUMAN RESOURCES

A special focus is put on the constant training of new-hires, as well as on the development of team work capabilities.

Thanks to the careful planning of the development of human resources, people working in the Call Centre in previous years have the opportunity to continue on to other corporate functions, thus encouraging their professional growth.

Women account for 60.9% of total employees.

MAJORITY INTEREST IN FIBANC INVERSIONES S.A.

Within the framework of a strategic plan for expanding the corporate activities to foreign countries, at the beginning of October, Banca Mediolanum obtained all authorisation needed from the supervisory authorities involved to stipulate a contract, underwritten on July 21, 2000, for purchasing 66.33% of the share capital of Fibanc Inversiones S.A., a banking Group based in Barcelona (Spain), for 236.9 billion Lira.

The Fibanc group mainly operates through a bank (Banco de Finanzas e Inversiones S.A.), a mutual fund management company and a pension fund management company, a stockbrokerage company, a trust company and a consultancy firm operating in the real estate sector. The Fibanc Group has 18 branches in major Spanish cities, and a sales network of 317 outside agents and 127 branch employees. Fibanc provides customer access to the on-line banking and on-line trading option through a web site of its own.

The Fibanc Group relies on an asset management company in Andorra (AND) and on a company in Buenos Aires which operates as a business representative and which may be the springboard for future development in Latin America.

Fibanc assets under administration totalled 4,092 billion Lira as at 31.12.00, of which 358 billion Lira related to direct sales.

The Fibanc Group net profit for the period 21.07.00 to 31.12.00 totalled 4.808 billion Lira.

MINORITY INTERESTS

Pursuing the goal of increasing its presence in the institutional sector, the Bank continued to acquire small scale interests in companies providing services to the banking and financial sectors, both at a national and European level. Along with the investments in the companies MTS SpA, SWIFT s.c., e-MID SpA, already made at the end of 1999, a stake was acquired in the companies SIA SpA and CEDEL International SA (Lux). Moreover, 0.2% of the share capital in the associated company Mediolanum International SA (Lux) was also acquired.

During the year, share capital was first taken from 35 to 50 billion Lira (March 2000), and subsequently the Shareholders' Meeting decided (July 2000) on a greater increase, bringing it to 500 billion Lira, of which 250 billion Lira was paid-up. Therefore, as of 31.12.00, the paid-up share capital of Banca Mediolanum totalled 300 billion Lira. Shareholders' equity at the end of the period amounted to 330.9 billion Lira.

On February 16, 2001, as a consequence of the contribution of 75 billion Lira on the part of the sole Shareholder Mediolanum S.p.A., the share capital was increased from 300 to 375 billion Lira.

Banca Mediolanum undertook to fully subscribe a capital increase in Banco de Finanzas e Inversiones S.A. for a total amount of 2,000 million Pesetas (approximately 23.2 billion Lira). This operation should be concluded by June 2001.

In March 2001, the interest held in FIBANC S.A. was increased 69.92% through the acquisition of stakes held by minor shareholders, which entailed a further investment of 12.5 billion Lira.

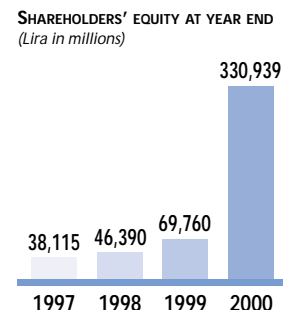
In February 2001, a new version of the Chorus fund, a managed account of funds, was launched featuring new risk profiles.

The Irish funds Challenge and Top Managers, distributed by Banca Mediolanum, were also enhanced by new compartments.

As for the insurance sector, a new version of the product Europension was launched: Tax Benefit, a product satisfying the requirements of the new fiscal legislation which allows deductibility of payments made to Individual Pension Plans.

In spite of the unfavourable financial market trends, the first quarter highlighted a positive trend in direct and indirect sales relating to both funds and policies. Life business sales were favourable, as were the growth of bank current accounts and the response of customers to both financial and pension products.

ASSETS



SIGNIFICANT POST-PERIOD EVENTS

OUR THANKS

In conclusion, we wish to sincerely thank all Shareholders, the Global Advisors and all Employees for their extensive commitment throughout the year under review.

We also wish to thank the Bank of Italy – from the Governor of the Executive Board, the Supervisory Body and the Management of the Milan branch – for the valuable and constant support provided during the execution of our work, as well as CONSOB (National Commission for Listed Companies and the Stock Exchange), A.B.I. (Italian Banking Association), the Italian Exchange Office, the Treasury Ministry and Assoreti, which followed the activity of Banca Mediolanum with complete attention and professionalism, providing Banca Mediolanum with competent support and precious points of reference.

We would also like to once again thank our Customers for the trust put in us, assuring that we will continue to commit ourselves to pursuing the development of Banca Mediolanum while satisfying the efficiency, solidity and profitability requirements.

Dear Shareholders,

The financial statements of your Company, that we submit you for approval along with this accompanying Report, show net profit for the period 11,178,732,012 of Lira, that we suggest be allocated as follows:

558,936,600 Lira to the Legal Reserve;

10,619,795,412 Lira to the Extraordinary Reserve.

Basiglio, March 14, 2001

For the Board of Directors
The Chairman and Chief Executive Officer
Ennio Doris

BANCA MEDIOLANUM S.P.A.

*FINANCIAL
STATEMENTS AT
DECEMBER 31, 2000*



Balance sheet

ASSETS

<i>Lira</i>	31/12/00	31/12/99
10. Cash and deposits with central banks and post offices	1,380,955,583	897,400,363
20. Treasury bills and similar bills eligible for refinancing with central banks	192,143,084,358	87,680,968,290
30. Due from banks	2,580,271,578,522	1,668,700,569,572
a) repayable on demand	243,593,029,230	229,175,723,044
b) other	2,336,678,549,292	1,439,524,846,528
40. Loans to customers	56,678,069,956	50,506,672,090
50. Bonds and other debt securities	926,632,881,283	504,480,381,327
a) public entities	595,307,490,841	389,714,145,921
b) banks	318,233,811,769	112,904,077,650
c) financial institutions	13,091,578,673	1,862,157,756
60. Shares, quotas and other forms of capital	46,526,438	84,715,705
70. Equity investments	323,204,649	117,265,352
80. Investments in Group companies	236,910,105,295	-
90. Intangible fixed assets	51,694,886,012	13,999,868,807
<i>including:</i>		
- <i>start-up costs</i>	274,500,866	508,031,569
- <i>goodwill</i>	-	291,874
100. Tangible fixed assets	61,957,584,899	35,298,716,010
130. Other assets	166,775,821,034	67,542,518,193
140. Accrued income and prepaid expenses	31,829,038,302	16,568,757,397
a) accrued income	27,528,426,136	15,969,412,551
b) prepaid expenses	4,300,612,166	599,344,846
TOTAL ASSETS	4,306,643,736,331	2,445,877,833,106

<i>Lira</i>	31/12/00	31/12/99
10. Due to banks	543,340,120,083	23,830,384,546
a) repayable on demand	12,565,159,591	177,878,361
b) time deposits or with notice period	530,774,960,492	23,652,506,185
20. Due to customers	3,026,094,241,014	2,214,958,977,539
a) repayable on demand	2,973,594,047,492	2,115,220,846,090
b) time deposits or with notice period	52,500,193,522	99,738,131,449
50. Other liabilities	326,972,935,646	119,178,662,945
60. Accrued expenses and deferred income	1,872,519,407	1,932,366,890
a) accrued expenses	1,845,026,261	1,932,366,890
b) deferred income	27,493,146	-
70. Provision for employee termination indemnities	3,727,901,059	2,590,688,256
80. Provision for risks and charges	25,225,742,400	13,561,958,220
b) taxation	10,568,135,000	-
c) other allowances	14,657,607,400	13,561,958,220
90. Provision for possible loan losses	64,000,000	64,000,000
110. Subordinated liabilities	48,406,750,000	-
120. Share capital	300,000,000,000	35,000,000,000
140. Reserves	19,760,794,710	26,391,187,286
a) legal reserve	2,496,341,990	2,077,861,619
d) other reserves	17,264,452,720	24,313,325,667
170. Net income (loss) for the year	11,178,732,012	8,369,607,424
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,306,643,736,331	2,445,877,833,106

SHAREHOLDERS' EQUITY AND LIABILITIES

GUARANTEES AND COMMITMENTS

10. Guarantees given	576,400,000	499,750,000
<i>include</i>		
- <i>acceptances</i>	-	-
- <i>other guarantees</i>	576,400,000	499,750,000
20. Commitments	78,327,855,001	14,170,136,054

Income statement

<i>Lira</i>	31/12/00	31/12/99
10. Interest income and similar revenues	127,592,076,706	55,789,748,739
<i>including</i>		
- loans to customers	4,053,940,467	1,236,593,254
- debt securities	38,455,795,424	21,812,118,437
20. Interest expense and similar charges	(88,988,965,868)	(26,176,082,092)
<i>including</i>		
- deposits from customers	(77,650,076,788)	(21,977,985,701)
- securities issued	(626,465,637)	-
30. Dividends and other revenues	677,695	-
a) from shares, quotas and other forms of capital	677,695	-
40. Commission income	600,573,527,277	395,253,762,368
50. Commission expense	(408,136,460,901)	(293,058,635,421)
60. Profits (Losses) on financial transactions	1,780,802,073	991,365,502
70. Other operating income	29,052,501,207	17,215,975,034
80. Administrative costs	(157,494,157,131)	(100,061,259,137)
a) payroll	(35,126,446,957)	(17,746,730,175)
<i>including</i>		
- wages and salaries	(26,581,787,603)	(13,217,249,857)
- social security charges	(6,812,558,942)	(3,623,750,233)
- termination indemnities	(1,732,100,412)	(905,730,085)
b) other	(122,367,710,174)	(82,314,528,962)
90. Adjustments to tangible and intangible fixed assets	(25,028,263,829)	(13,235,306,968)
100. Provisions for risks and charges	(3,737,874,984)	(6,101,136,669)
110. Other operating expenses	(55,073,954,169)	(17,785,488,294)
120. Adjustments to loans and provisions for guarantees and commitments	(1,937,058,751)	(548,709,965)
130. Write-back of adjustments to loans and provisions for guarantees and commitments	196,857,266	-
170. Income (Loss) from operating activities	18,799,706,591	12,284,233,097
180. Extraordinary income	5,152,907,426	3,984,493,047
190. Extraordinary charges	(4,962,396,442)	(775,927,816)
200. Extraordinary income (loss), net	190,510,984	3,208,565,231
220. Income taxes for the year (Loss)	(7,811,485,563)	(7,123,190,904)
230. NET INCOME (LOSS) FOR THE YEAR	11,178,732,012	8,369,607,424

Notes to the financial statements as at December 31, 2000

FORM AND CONTENT OF
FINANCIAL STATEMENTS

The financial statements are presented in accordance with the requirements of Law Decree No. 87/92, which specifies provisions for the drawing up of financial statements for financial and banking organizations, and with the guidelines and instructions established by the Governor of the Bank of Italy in Provision of January 16, 1995 and successive amendments.

The Notes to the Financial Statements are intended to illustrate, analyse and in some cases integrate balance sheet data, and provide the information required in Section V of Legislative Decree No. 87/92. Moreover, the Notes provide all additional information considered necessary for the purposes of giving a true and accurate picture thereof, even when not required by specific laws.

We hereby acknowledge that these financial statements comply with the accounting results, and that the latter cover all the operations performed by the Company.

By virtue of the acquisition of the majority interest in the Spanish holding Fibanc Inversiones S.A., concluded on October 24, 2000, consolidated financial statements were drawn up for the two companies as at December 31, 2000.

Alongside the aforementioned financial statements and in compliance with the provisions set forth in Article 24 of Legislative Decree No. 87/92, Banca Mediolanum S.p.A. prepared the consolidated financial statements of the financial and banking organizations which, though not controlled by the latter, operate in line with the guidelines thereof.

In accordance with the provisions established in Article. 26, clause 4, of the aforementioned Legislative Decree, Banca Mediolanum S.p.A. is regarded as the parent company and will therefore prepare the consolidated financial statements as at December 31, 2000, which are presented in comparison with financial statements as at December 31, 1999.

The valuation criteria used for the preparation of the financial statements closed as at December 31, 2000, in line with the provisions established in Section IV of Legislative Decree No. 87/92, were not changed from the criteria used for the preparation of the financial statements closed as at December 31, 1999.

PART A VALUATION CRITERIA

SECTION 1 VALUATION CRITERIA

LOANS, GUARANTEES
AND COMMITMENTS

Loans are reported at their estimated realizable value. There were no write-downs on a lump-sum basis for the year under review.

“Repurchase agreements” are treated as deposit-taking or lending transactions, and recorded as receivables and payables for the spot amount received or advanced. Income and charges consisting of coupons matured on securities and the transaction price differential are entered in the Income Statement under interest.

Guarantees given are entered at the value of the commitment undertaken.

Commitments for securities to be received or delivered are included on the basis of the settlement price and, for the other values, of the contractual amount specified.

SECURITIES AND “OFF-BALANCE
SHEET” TRANSACTIONS
(EXCLUDING FOREIGN CURRENCY
TRANSACTIONS)
TRADING PORTFOLIO

Bonds and other debt securities which are not currently fixed assets are accounted for if recorded at the lower value of the purchase cost, determined using the weighted average method, adjusted to account for the accrued portion of premiums or discounts to the par value, arising when the securities are subscribed, and the relevant market price, represented by the average of the prices in the most significant markets in the last operating month. For unlisted securities, market price as of December 2000 for similar securities in terms of duration and rate structure was used. Unlisted securities without a reference price were valued at purchase cost.

EQUITY INVESTMENTS

Investments in financial fixed assets are valued at purchase cost and historic exchange rate, and written down in the event of their permanent depreciation.

ASSETS AND LIABILITIES IN
FOREIGN CURRENCY (INCLUDING
“OFF-BALANCE SHEET”
TRANSACTIONS)

Assets and liabilities denominated in foreign currencies are translated into Lira using end-of-year “spot exchange” rates as assessed by the Bank of Italy. “Off-balance sheet” transactions are valued using “spot exchange” rates at the end of the year in case of spot transactions still not settled, and using end-of-year “forward” rates for maturities corresponding to those on the relative contracts in case of transactions related to “forward” contracts.

TANGIBLE FIXED ASSETS

Tangible assets are stated at purchase cost including related charges and, except those with a unit value exceeding 1 million Lira which are fully depreciated during the year of acquisition, they are automatically depreciated on a straight-line basis using rates which reflect their useful lives.

Maintenance expenditure that does not increase the value of assets is expensed as incurred.

Intangible fixed assets are registered upon authorisation of the Board of Auditors and automatically amortized using rates which reflect their useful lives. Criteria for the determination of the annual amortisation quotas are analysed in Section 4 of these Notes to the financial statements.

Per Act No. 342 of November 21, 2000 (see “fiscal annex to financial law 2000”), it is specified that no economic revaluation was made on tangible, intangible and financial fixed assets.

These reflect adjustments to match costs and revenues to the two or more accounting periods to which they relate, on an accrual basis.

Deposits are recorded at their par value.

This provision covers employees' liabilities for termination indemnities accrued, in accordance with current legislation (Article 2120 of the Italian Civil Code) and labour agreements. This liability is subject to annual adjustment based on official indices.

These provisions cover likely losses, the timing and extent of which cannot be determined at the closing of the accounting period. Provisions reflect a realistic estimate of expected losses on the basis of the information available.

Revenues and expenses are recorded on an accrual basis.

Leasing costs are posted in the income statement according to the pro-rata method.

Taxes are recorded on the basis of the taxable income in accordance with current tax laws, taking into account any available exemptions, tax relief and credits.

“Prepaid taxes”, calculated on the basis of provisions for the year under review whose exemption is deemed certain in the following years, were deducted from the fiscal burden for the year, with the related counter-item under “other assets” .

INTANGIBLE FIXED ASSETS

OTHER POLICIES
ACCRUALS AND DEFERRALS

DEPOSITS

PROVISION FOR EMPLOYEE
TERMINATION INDEMNITIES

PROVISION FOR RISKS
AND CHARGES

REVENUES AND EXPENSES

LEASED GOODS

TAXES

The tax relief provided for by legislative Decree 153/99 (the so-called Ciampi Law) was not applicable due to failure to fulfil the requirements thereof.

**SECTION 2
ADJUSTMENTS AND
PROVISIONS RECORDED
FOR FISCAL PURPOSES**

VALUE ADJUSTMENTS
EXCLUSIVELY MADE IN
ACCORDANCE TO FISCAL LAWS

Not made

PROVISIONS EXCLUSIVELY MADE
IN ACCORDANCE TO FISCAL LAW

Not made.

These Notes to the financial statements are in millions of Lira.

**PART B
BALANCE SHEET
INFORMATION**

ASSETS

CASH AND DEPOSITS WITH
CENTRAL BANKS AND POST
OFFICES

Cash and deposits with central banks and post offices, amounting to 1,381 million Lira, consists of the cash box balance, both in Lira and foreign currency at the Milano 3 branch, and the cash holdings at the four ATMs located in the headquarters premises and in offices of Banca Mediolanum financial consultants in Padova and Alpignano (Turin). The balance of the post-office account in the Milan office is also included.

**SECTION 1
LOANS**

1.1 Item 30 "due from banks" in detail

<i>Lira in millions</i>	31.12.00	31.12.99
a) due from central banks	1,016	8,193
b) bills eligible for refinancing with central banks	0	0
c) repurchase agreements	0	46,725
d) securities lending contracts	0	0

<i>Lira in millions</i>	31.12.00	31.12.99
Repayable on demand:		
Current accounts for services provided	35,871	23,221
Active current accounts with banks	21,360	1,437
Current accounts with banks – non-resident accounts -	11,865	240
Demand deposit accounts – residents -	139,411	204,277
Demand deposit accounts – non-resident accounts -	35,086	0
TOTAL	243,593	229,175
Other loans:		
Other receivables for services	3,677	816
Time deposit accounts – residents -	1,310,040	975,686
Time deposit accounts – non residents -	1,022,961	416,298
Repurchase agreements	0	46,725
TOTAL	2,336,678	1,439,525

Repayable on demand relates to the balance of reciprocal current accounts with credit institutions.

The increase in “current accounts with banks - non-resident accounts” refers to the significant movements in current accounts opened at Clearstream Banking S.A. relating to the increased settlement activity of transactions in foreign securities carried out on behalf of our customers.

With reference to bank deposits and savings with ordinary customers, the Compulsory Reserve vis-à-vis Bank of Italy for the period 24.12.00 to 23.01.01, amounts to 55,290 million Lira.

The item “other receivables for services” relates mainly to commission income vis-à-vis credit institutes for "home mortgages" to customers, as well as to commission income resulting from credit card operations and from the placing of securities (Initial Public Offering). This item also includes 1,936 million Lira relating to the granting of a "pool loan" to a credit organization, entailing no current account settlement.

1.2 Breakdown of item 40 "Loans to customers"

Trade accounts are frequently analysed by the Bank by means of IT tools.

The largest amounts are subject to specific and close examination, taking into account the balance trends, the account operations, as well as the creditworthiness of the debtor also in relation to the overall investment made in financial products of the Group.

<i>Lira in millions</i>	31.12.00	31.12.99
a) bills eligible for refinancing with central banks	0	0
b) repurchase agreements	0	31,951
c) securities	0	0

<i>Lira in millions</i>	31.12.00	31.12.99
Current accounts	28,106	12,235
Other financing	28,545	38,256
Non-performing loans	27	16
TOTAL	56,678	50,507

“Other financing” includes loans to financial consultants and ordinary customers. It also includes pool financing operations (22,458 million Lira) in which the bank took part.

1.3 Secured loans to customers

<i>Lira in millions</i>	31.12.00	31.12.99
a) loans secured by mortgages	359	378
b) loans secured by:		
1. cash deposits	0	0
2. securities	0	0
3. other assets	0	0
c) loans secured by guarantees from:		
1. Governments	0	0
2. other public agencies	0	0
3. banks	0	0
4. other parties	4,978	4,309
TOTAL	5,337	4,687

1.4 Non-performing loans (including interest on non-performing loans)

Problem loans arranged out on the basis of a careful evaluation of counter-debtors, where the possibility of full recovery requires that the terms of repayment are extended.

The classifying of non-performing loans is made using prudential criteria whenever a credit is deemed, even in part, ineligible.

<i>Lira in millions</i>			
Categories/values	Gross Exposure	Total adjustments	Net Exposure
A. Doubtful loans			
A.1. Non-performing loans	462	435	27
A.2. Problem loans	791	393	398
A.3. Loans being restructured	0	0	0
A.4. Restructured loans	0	0	0
A.5. Loans subject to Country risk	0	0	0
B. Performing loans	56,253	0	56,253

Dynamics of doubtful loans

Causes/categories <i>Lira in millions</i>	Non-performing loans	Problem loans	Loans under restructuring	Restructured loans	Loans subject to Country risk
A. Initial gross exposure as at 31/12/99	377	388			
A1. including interest on non-performing loans	11	0			
B. Increases	219	792			
B1. inflows from performing loans	38	557			
B2. interest on non-performing loans	15	0			
B3. transfers from other doubtful loan categories	85	0			
B4. other increases	81	235			
C. Decreases	134	389			
C1. outflows to performing loans	0	0			
C2. cancellations	15	0			
C3. amounts collected	119	304			
C4. amounts following sales	0	0			
C5. transfers to other doubtful loan categories	0	85			
C6. other decreases	0	0			
D. Final gross exposure as at 31/12/00	462	791			
D1. including interest on non-performing loans	26	0			

Dynamics of total adjustments

Causes/categories <i>Lira in millions</i>	Non-performing loans	Problem loans	Loans under restructuring	Restructured loans	Loans subject to Country risk	Performing loans
A. Initial total adjustments as at 31/12/99	361	184				
A1. including interest on non-performing loans	11	0				
B. Increases	159	321				
B1. adjustments	108	321				
B1.1 including interest on non-performing loans	15	0				
B2. uses of allowance for possible loan losses						
B3. transfers from other loan categories	51					
B4. other increases						
C. Decreases	85	112				
C1. write-back of adjustments	7	8				
C 1.1. including interest on non-performing loans						
C 2. values recovery on collection	16	53				
C 2.1. including: interest on non-performing loans						
C3. cancellations	62					
C4. transfers to other loan categories		51				
C5. other decreases						
D. Final total adjustments as at 31/12/00	435	393				
D1. including interest on non-performing loans	26	0				

**SECTION 2
SECURITIES**

1.5 Interest on non-performing loans

Interest on non-performing loans included in non-performing loans totalled 26 million Lira.

2.3 Trading securities

This item includes securities in the portfolio which are not fixed assets since they are not specifically regarded as part of corporate assets as steady investments.

As at December 31, 2000, the securities portfolio is as follows:

<i>Lira in millions</i> Items/values	Book value	Market value
1. Debt securities		
1.1 Government securities		
- traded on regulated markets	785,343	785,352
- unlisted	2	2
1.2 Other securities		
- traded on regulated markets	236,458	236,667
- unlisted	96,973	97,085
2. Shares, quotas and other forms of capital		
- traded on regulated markets	46	46
- unlisted	0	0
TOTAL	1,118,822	1,119,152

For securities traded on regulated markets, the market value corresponds to the exact price at period end; for unlisted securities, the market trends of similar securities were referred to.

Movements during the period are summarised in the following table:

2.4 Annual changes of trading portfolio

<i>Lira in millions</i>	
A. Initial amount	592,246
B. Increases	1,831,098
B1. Purchases	1,824,799
- debt securities	
+ Government securities	640,167
+ other securities	901,983
- Shares, quotas and other forms of capital	282,649
B2. Write-backs and revaluations	255
B3. Transfers from the investment portfolio	0
B4. Other changes	6,044
C. Decreases	1,304,522
C1. Sales and principal repayments	1,302,053
- Debt securities	
+ Government securities	329,641
+ other securities	688,927
- Shares, quotas and other forms of capital	283,485
C2. Adjustments	2,469
C3. Transfers to the investment portfolio	0
C5. Other changes	0
D. Year end amount	1,118,822

Item B4 "other changes" includes issuing premiums and revenues resulting from divestments and principal repayments.

3.1 Main investments

During the period under review, the Spanish holding company Fibanc Inversiones S.A. was acquired. The interest value is inclusive of accessory charges.

SECTION 3 EQUITY INVESTMENTS

Lira in millions

Company	Head office	Shareholders' equity	Profit (Loss)	% holding	Balance-sheet value
A. Subsidiary companies:					
Fibanc Inversiones S.A.	Barcelona	24,245	1,372	66.33	236,910

The list of companies controlled by the subsidiary Fibanc Inversiones S.A. as at 31/12/00 is as follows:

Lira in millions

Company	Head office	Shareholders' equity	Activity
Banco de Finanzas e Inversiones S.A.	Barcelona	Lire 49,237	Banking
Ges Fibanc SGIIC S.A.	Barcelona	Lire 5,998	Management of mutual funds
Fibanc S.A.	Barcelona	Lire 1,008	Financial advisory company
Fibanc Pensiones S.A. S.G.F.P.	Barcelona	Lire 2,373	Management of pension funds
Fibanc Faif S.A.	Barcelona	Lire 127	Financial consulting company
Fibanc Valores AVB S.A.	Barcelona	Lire 1,771	Stockbrokerage company
Andino AVB S.A.	Madrid	Lire 9,634	Stockbrokerage company
Fibanc International S.A.	Luxembourg	Lire 351	Investment advisory service
Fibanc Services Inc.	British Virgin Island	Lire 41	Management of mutual funds
Fibanc Argentina	Buenos Aires	Lire 77	Business representatives
Ranking Capital S.A. (*)	Andorra	Lire 740	Asset management services

(*) Fibanc Inversiones S.A. holds 50% of voting rights.

3.2 Amounts due to and from Group companies

The following table details amounts due to and from the companies belonging to the Mediolanum Group (parent company: Mediolanum S.p.A.) and the companies falling within the consolidation area of Banca Mediolanum S.p.A.

<i>Lira in millions</i>	31.12.2000
a) Assets	
1. Due from banks	0
Including	
- subordinated	0
2. Due from financial institutions	4,829
Including	
- subordinated	0
3. Due from other customers	39,932
Including	
- subordinated	0
4. Bonds and other debt securities	0
Including	
- subordinated	0
b) Liabilities	
1. Due to banks	98
2. Due to financial institutions	28,719
3. Due to other customers	212,058
4. Securities issued	0
5. Subordinated liabilities	14,649
c) Guarantees and commitments	
1. Guarantees given	0
2. Commitments	0

3.3 Amounts due to and from subsidiaries (which are not Group companies)

No significant assets/liabilities to report.

3.4 Breakdown of item 70 "Equity investments"

The breakdown of equity investments as at December 31, 2000 is as follows:

Company	Share capital	% holding	Book value
S.WI.F.T. s.c.	BEF 439,605,000	0.0011	3
M.T.S. S.p.A	LIT 27,000,000,000	0.118	44
e- MID S.p.A.	EUR 6,000,000	0.833	97
CEDEL Int. S.A.	USD 78,507,000	0.006369	160
Mediolanum International S.A.	EUR 500,000	0.2	2
S.I.A. S.p.A.	EUR 18,123,683.76	0.01	17

<i>Lira in millions</i>	31.12.2000
a) In banks	
1. traded on regulated markets	0
2. unlisted	0
b) In financial institutions	
1. traded on regulated markets	0
2. unlisted	0
c) Other	
1. traded on regulated markets	0
2. unlisted	323

3.5 Breakdown of item 80 "Investments in Group companies"

The breakdown of equity investments as at December 31, 2000 is as follows:

Company	Share capital	% holding	Book value
Fibanc Inversiones S.A.	PTS 1,140,000,000	66.33	Lire 236,910
<i>Lira in millions</i>			31.12.2000
a) In banks			
1. traded on regulated markets			0
2. unlisted			0
b) In financial institutions			
1. traded on regulated markets			0
2. unlisted			236,910
c) Other			
1. traded on regulated markets			0
2. unlisted			0

3.6.1 Investments in Group companies

Lira in millions

A. Initial amount	0
B. Increases	
B1. Purchases	236,910
B2. Write-backs	0
B3. Revaluations	0
B4. Other changes	0
C. Decreases	
C1. Sales	0
C2. Adjustments	0
including	
- permanent write-downs	0
C3. Other changes	0
D. End-of-year amount	236,910
E. Total revaluations	0
F. Total adjustments	0

3.6.2 Other investments

Lira in millions

A. Initial amount	117
B. Increases	
B1. Purchases	206
B2. Write-backs	0
B3. Revaluations	0
B4. Other changes	0
C. Decreases	
C1. Sales	0
C2. Adjustments	0
including	
- permanent write-downs	0
C3. Other changes	0
D. End-of-year amount	323
E. Total revaluations	0
F. Total adjustments	0

SECTION 4
TANGIBLE AND INTANGIBLE
FIXED ASSETS

4.1 Annual changes in tangible fixed assets

Lira in millions

A. Initial amount	35,299
B. Increases	
B1. Purchases	34,509
B2. Write-backs	
B3. Revaluations	
B4. Other changes	39
C. Decreases	
C1. Sales	(9)
C2. Adjustments	
(a) depreciations	(7,880)
(b) permanent write-downs	
C3. Other changes	
D. End-of-year amount	61,958
E. Total revaluations	
F. Total adjustments	
(a) depreciations	18,028
(b) permanent write-downs	

Lira in millions

	Net assets as at 31.12.00	Depreciation rate %
Various equipment	1,764	15
Buildings	25,906	3
Personal computers	27,766	20
Alarms	97	30
Other peripherals	2,427	25
Office fittings	619	15
Other means of transportation	217	25
Office furniture	696	12
Tangible assets under construction	2,466	0

The item "tangible assets under construction" relates to tangible goods purchased at the end of the period but not yet utilised.

It should be noted that tangible assets with a unit value exceeding 1 million Lira were fully depreciated during the period, totalling 1,383 million Lira, and that for assets exceeding this value purchased during the period, applicable rates were halved so as to take into account their limited utilisation.

4.2 Annual changes in intangible fixed assets

Lira in millions

A. Initial amount	14,000
B. Increases	
B1. Purchases	54,882
B2. Write-backs	
B3. Revaluations	
B4. Other changes	
C. Decreases	
C1. Sales	
C2. Adjustments	
(a) depreciations	(16,986)
(b) permanent write-downs	(162)
C3. Other changes	(39)
D. End-of-year amount	51,695
E. Total revaluations	
F. Total adjustments	
(a) depreciation	38,198
(b) permanent write-downs	174

Amortisation criteria used are as follows:

Start-up and expansion costs	5 years
Improvements on leased goods	5 years
Other multiannual costs (software /trademarks/commission on fund management services)	3 years

There was also a significant increase in intangible fixed assets during the year under review, aimed at bringing technical, operating and logistic facilities up to an adequate level for the development of operations.

Increases for the year include 5,139 million Lira relating to commission payable to financial consultants for marketing the product “Chorus” (Managed Accounts in Funds), which was capitalised as it is a “no load” product.

Further details about the breakdown and movements in the individual tangible and intangible fixed asset categories are provided in Attachments 1 and 2 to these Notes. (see attached)

SECTION 5
OTHER ASSETS

5.1 Breakdown of item 130 "other assets"

This item is detailed and compared with balances as at December 31, 1999, as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Due from financial consultants	1,252	792
Commission income receivable	45,478	31,455
Receivables "being recovered"	209	495
Advance payments to employees and co-workers	330	227
Due from fiscal authorities	15,815	9,761
Due from affiliates	394	141
Due from Fininvest/Fininvest-Doris Group companies	659	907
Advances to suppliers	885	500
Guarantee deposits	1,742	1,012
Other receivables	100,011	22,252
TOTAL	166,775	67,542

"Commission income receivable" includes amounts receivable for selling the products and services of the affiliated companies Mediolanum S.p.A., Mediolanum Gestione Fondi S.G.R.p.A. and Mediolanum International Funds Ltd.

This item is detailed and compared with balances as at December 31, 1999, as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Mediolanum S.p.A.	39,443	22,039
Mediolanum Gestione Fondi S.G.R.p.A.	397	2,159
Mediolanum International Funds Ltd.	4,333	5,647
American Express S.p.A.	0	35
Servizi Interbancari S.p.A.	626	915
Mediolanum State Street S.G.R. p.A.	27	52
Other	652	608
TOTAL	45,478	31,455

"Other" mainly includes receivables relating to commissions for the placement of securities.

"Receivables being recovered" refers to the payment of compensation to customers for damages arising from illegal acts by former financial consultants, against whom action for recourse has been taken.

This amount, stated at its par value of 4,092 million Lira integrated by the allowance for doubtful receivables of 3,883 million Lira, represents the presumed realisable value, taking into account the insurance coverage against such risks through a policy with a primary insurance company.

“Due from fiscal authorities” is summarised and compared with values of the previous year in the following table:

<i>Lira in millions</i>	31.12.00	31.12.99
Payment of direct taxes	15,711	9,606
Advance on employee termination indemnities (including interest) Law 662 /96	60	112
Corporate tax 1992 (including interest)	27	26
Refund of proportional tax on premium operation	17	17
TOTAL	15,815	9,761

“Payment of direct taxes” refers to amounts due from fiscal authorities for the advance payment of IRAP tax during the period under review, and for amounts receivable for withholding taxes on commissions collected during 2000.

“Due from affiliates” and “due from Fininvest, Fininvest-Doris Group companies” relates to the following companies:

<i>Lira in millions</i>	31.12.00	31.12.99
Mediolanum Group:		
Mediolanum Vita S.p.A.	206	71
Mediolanum Gestione Fondi S.G.R.p.A.	45	1
Mediolanum S.p.A.	57	69
Mediolanum State Street S.G.R.p.A	27	0
Mediolanum Comunicazione S.r.l.	20	0
PI Distribuzione S.r.l.	2	0
Partner Time S.p.A.	37	0
TOTAL	394	141
Fininvest Group:	0	0
Fininvest and Doris Groups		
- Porto Rafael Residence S.r.l.	581	829
- Mediolanum Assicurazioni S.p.A.	78	78
TOTAL	659	907

“Advances to suppliers” primarily includes amounts granted on signing contracts for the supply of services.

“Guarantee deposits” includes a guarantee deposit to the Equalization and Guarantee Fund (1,056 million Lira) for the settlement of securities in cash and the execution of purchase and sale contracts.

“Other receivables” includes, apart from 64,110 million Lira relating to sundry items, basically referring to securities transactions which were regularly settled during the first months of 2001, 8,462 million Lira relating to the use of services by customers not yet falling due and 6,405 million Lira relating to the accounting for “prepaid” taxes for provisions made during the year 2000 (3,687 million Lira), which are expected to be utilised for tax relief purposes in the following years.

Due from fiscal authorities for prepaid taxes

Lira in millions

1. Initial amount	6,951
2. Increases	
2.1 Prepaid taxes incurred in the year	3,687
2.2 Other increases	0
3. Decreases	
3.1 Prepaid taxes eliminated in the year	930
3.2 Other decreases	3,303
4. Year end amount	6,405

“Other decreases” relates to the adjustment of the “prepaid taxes” allowance that was necessary in relation to the new direct tax rates introduced in 2001, as well as to the corporate income tax 'soft' rate pursuant to Law 133/99 (“Visco relief”).

“Other receivables” of 6,471 million Lira also includes the results of the evaluation of transactions related to forward contracts in foreign currency.

5.2 Breakdown of item 140 "accrued income and prepaid expenses"

Item *Accrued income* is analysed as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Interest income - banks	14,167	6,888
Income from repurchase agreement with banks and ordinary customers	0	230
Interest on securities	12,857	4,843
Other	504	4,008
TOTAL	27,528	15,969

“Prepaid expenses” includes insurance premium quotas of 354 million Lira, rents payable of 15 million Lira, 36 million Lira referring to the National Guarantee Fund for future years and other deferrals of 3,895 million Lira for sundry services accrued during the year 2001.

5.4 Breakdown of subordinated assets

No subordinated assets are accounted for.

**SHAREOLDERS'
EQUITIES****SECTION 6
DEBTS****6.1 Analysis of item 10 "due to banks"**

<i>Lira in millions</i>	31.12.00	31.12.99
a) Repurchase agreements	486,241	4,290
b) securities lending contracts	0	0

Due to banks "repayable on demand" relates to "overnight" deposits of less than two working days.

Due to banks "time deposits or with notice period" relates to time deposits with banks of 44,534 million Lira and repurchase agreements of 486,241 million Lira with the European Central Bank.

6.2 Analysis of item "due to customers"

<i>Lira in millions</i>	31.12.00	31.12.99
a) repurchase agreements	52,500	99,738
b) securities lending contracts	0	0

Breakdown of item 70 "allowance for employee termination indemnities"**SECTION 7
ALLOWANCES**

Movements for the year are highlighted in the following table:

<i>Lira in millions</i>	
Balance as at 31.12.99	2,591
Quota accrued and included in the Income statement	1,732
Allowance transferred from other Group companies	5
Allowance transferred to other Group companies	(3)
Indemnities paid out during the year	(455)
Advance payments made during the year	(142)
Balance as at 31.12.00	3,728

7.1 Breakdown of sub-item 90 "allowance for possible loan losses"

This allowance includes allocations made in previous years in relation to possible risks, solely for tax relief purposes.

7.2 Variation in "allowance for possible loan losses"

No changes occurred during the period under review.

Breakdown of sub-item 80 (b) "tax payable fund"

During 2000, provisions for direct taxes were made to the related fund. The amount allocated reflects the "best estimate" of the future tax burden, and is adequate to ensure the relevant coverage.

<i>Lira in millions</i> Provision	Balance as at 31.12.99	Allocations during the year	Other changes	Utilisation	Balance as at 31.12.00
IRPEG tax provision	0	6,826	0	0	6,826
IRAP tax provision	0	3,742	0	0	3,742

7.3 Breakdown of sub-item 80 (c) "Allowance for risks and charges - other"

The following table details the composition and movements in the reserve under review:

<i>Lira in millions</i> Provision	Balance as at 31.12.99	Provisions for the year	Other changes	Utilisation	Balance as at 31.12.00
Staff loyalty provision	366	177	0	(45)	498
Portfolio indemnities provision	3,818	1,296	(1,219)	(330)	3,565
Provision against agents' illegal acts	5,263	1,500	0	0	6,763
Allowance for agents' leaving indemnities	1,348	719	(212)	(23)	1,832
"Prize contest" fund	21	46	0	(39)	28
Settlement of transit items	745	0	0	(745)	0
Customer indemnity for electronic transactions	2,000	0	0	(28)	1,972
TOTAL	13,561	3,738	(1,431)	(1,210)	14,658

"Staff loyalty provision" relates to a contractual obligation vis-à-vis professionals supporting and backing up the sales network. This agreement establishes the allocation of a portion of their remuneration to be paid when the relationship is terminated, provided that such staff do not provide their services to competitors.

"Portfolio indemnities provision" relates to a commitment established by the general terms and conditions of the contract governing the relationship with financial consultants and the payment of an indemnity in the event of termination of the relationship. The settlement of these indemnities is subject to a non-competition agreement on the part of the leaving consultants.

Other changes relate to the transfer of out-of-period revenues for financial consultants' indemnities for breach of non-competition agreement.

"Provision against agents' illegal acts" relates to the payment of compensation by the Company to indemnify damage caused to Customers as a consequence of illicit behaviour by people operating on behalf of the Company. Provisions to this fund were made since the insurance policy covering such risks has an exclusion amount for claims made.

Provisions for the year under review totalled 1,500 million Lira, fully covering possible claims below the insurance exclusion amount agreed.

“Allowance for agents' leaving indemnities” covers leaving indemnities accrued to financial consultants who reached the age of retirement as established by ENASARCO (National Board for the Assistance to Commercial Agents and Representatives), in compliance with the agents' collective agreement.

Other changes relate to the transfer of out-of-period revenues for financial consultants' indemnities for contractual breach.

“Settlement of transit items” was established the previous year in order to deal with a number of items that were still unrecoverable after the extensive work of recovery and scheduling of all the outstanding transactions in relation to the initial period of activity of the Bank. This fund was fully utilised during 2000 to cover all the outstanding transactions highlighted by the analysis.

“Customer indemnity for electronic transactions” was established in the previous year to cover risks associated with customer transactions through the telephone or other electronic channels.

“Prize contest allowance” covers the estimated burden of premiums accrued and not yet distributed, within the framework of prize contests vis-à-vis customers.

Share capital

Share capital, fully subscribed and paid-up, amounts to 300,000,000,000 Lira and consists of 300,000,000 ordinary shares with a par value of 1,000 Lira each.

Changes in the composition of shareholders' equity

Changes in the composition of shareholders' equity are summarised in Attachment 3. (see attached)

Subordinated liabilities

During the year, a subordinated bonded loan was issued with a variable three-monthly rate, indexed to the three-month Euribor rate plus a 0.125% spread. The five-year loan was issued for a par value of 25,000,000 Euro starting September 28, 2000 and falling due September 28, 2005. Repayment will

SECTION 8
SHARE CAPITAL, RESERVES,
RESERVE FOR GENERAL
BANKING RISKS AND
SUBORDINATED LIABILITIES

occur in accordance with an annual sinking plan totalling 1/5 of the par value.

Total capital and capital requirements as at December 31, 2000

<i>Lira in millions</i>		
Categories/values	31.12.00	31.12.99
A. Total capital	81,119	40,807
A.1.Tier 1 capital	279,244	40,760
A.2.Tier 2 capital	38,785	47
A.3.Amounts to be deducted	236,910	0
B. Capital requirements		
B.1.Credit risks	66,379	32,500
B.2.Market risks	9,544	2,168
of which:		
- trading portfolio risk	9,242	2,168
- foreign exchange risk	302	0
B.3. Other capital requirements		0
B.4. Total capital requirements	75,923	34,668
C. Risk-weighted assets and capital ratios		
C.1. Risk-weighted assets *	949,038	433,350
C.2. Tier 1 capital/risk-weighted assets	29,42 %	9,41 %
C.3. Tier 1 + tier 2 capital/risk-weighted assets	8,55 %	9,42 %

(*) Total capital requirements multiplied by the reciprocal quantity of the minimum compulsory coefficient for credit risk

SECTION 9 OTHER ITEMS OF LIABILITY

9.1 Breakdown of item 50 "other liabilities"

This item is analysed as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Due to suppliers	47,201	17,824
Commercial payables to affiliated companies	2,966	1,906
Commercial payables to Fininvest/Fininvest-Doris Group companies	4,138	692
Due to consultants, professionals, directors and auditors	1,118	427
Due to tax authorities	22,992	8,023
Due to financial consultants	85,174	63,184
Due to social security entities	5,098	2,111
Indemnity for agency relationship termination	4,495	3,232
Due to employees	1,702	1,049
Other payables	152,088	20,731
TOTAL	326,972	119,179

"Due to suppliers" relates to the supply of materials and services for normal activities; the increase over the previous year (28,112 million Lira) is partly due to the significant purchase of tangible and intangible fixed assets carried out during the last part of the year under review.

“Commercial payables to affiliated companies” and “Commercial payables to Fininvest/Fininvest-Doris Group companies” relate to services provided by the following companies:

<i>Lira in millions</i>	31.12.00	31.12.99
Mediolanum Group:		
Mediolanum S.p.A.	1,104	1,101
Mediolanum State Street S.G.R.p.A.	0	51
Mediolanum Gestione Fondi S.G.R.p.A.	305	197
Mediolanum Comunicazione S.r.l.	1,520	430
Mediolanum Vita S.p.A.	1	1
Partner Time S.p.A.	4	4
PI Distribuzione S.r.l.	13	122
Fibanc S.A.	19	0
TOTAL	2,966	1,906
Fininvest Group:		
Yond S.p.A. (formerly Athena 2000 S.p.A.)	5	29
Mediaset S.p.A.	53	51
Società Europea Edizioni S.p.A.	9	4
Publitalia '80 S.p.A.	2,618	274
Jumpy S.p.A.	420	0
Edilnord Gestioni S.p.A.	164	0
Alba Servizi S.p.A.	0	84
TOTAL	3,269	442
Fininvest and Doris Groups		
Porto Rafael Residence S.r.l.	15	44
Mediolanum Assicurazioni S.p.A.	854	206
TOTAL	869	250

“Due to consultants and professionals” relates to services received and paid at their natural expiration; this item also includes amounts due to Directors and Auditors for remuneration of the year, totalling 125 million Lira.

“Taxes payable” is as follows:

<i>Lira in millions</i>	31.12.2000
Adjustment virtual stamp	4,669
Adjustment of special tax on stock exchange contracts	141
VAT	68
Local taxes	23
Substitute tax and sundry withholding taxes	18,091
TOTAL	22,992

“Due to financial consultants” refers to commission accrued as at the balance-sheet date for the in-home sale of stocks, shares, securities, products and services. These were almost entirely settled during the first months of 2001.

“Due to social security entities” refer to amounts due to social security entities for employees (1,654 million Lira) as well as financial consultants and insurance agents (3,444 million Lira).

“Indemnity for agency relationship termination” relates to financial consultants' accruals for this purpose. This amount was paid to Mediolanum Vita S.p.A. on 31/03/01, in compliance with the terms and conditions established by the industry association agreements.

“Due to employees” relate to amounts due for overtime work, expense accounts to be settled, as well as to payables for holidays and leaves of absence accrued as at December 31, 2000, but not yet utilized.

“Other payables”, totalling 152,088 million Lira, includes, among others, 35,086 million Lira referring to the guarantee deposit created at Banco Santander Central Hispano by the previous shareholders of the subsidiary company Fibanc Inversiones S.A., replacing collateral security (bank suretyship) to the investment acquisition contract which were not settled at year end. Moreover, it includes items that were not regularly closed during the first months of 2001 of 116,206 Lira of which 46,019 million Lira relate to the settlement of foreign securities and 54,732 million Lira to money transfers awaiting settlement.

9.2 Breakdown of item 60 "accrued expenses and deferred income"

Accrued expenses of 1,107 million Lira relate to the portion of interest receivable on deposits with other credit institutes accrued during the period under review.

Moreover, it includes 738 million Lira of charges accrued from the year's closing date on repurchase agreements and “hot money” transactions with ordinary customers.

Item “deferred credits” includes deferred credits pertaining to swap and outright operations.

**SECTION 10
GUARANTEES AND
COMMITMENTS**

10.1 Breakdown of item 10 “guarantees given”

<i>Lira in millions</i>	31.12.2000
a) Commercial guarantees	576
b) Financial guarantees	0
c) Assets set aside in guarantee	0

10.2 Breakdown of item 20 “commitments”

<i>Lira in millions</i>	31.12.2000
a) Commitment to allocate funds (certain to be called on)	56,677
b) Commitment to allocate funds (not certain to be called on)	21,651

9,145 million Lira of the amount of point b relates to the maximum commitment that can be undertaken vis-à-vis the Interbank Fund for Deposits Protection and 12,506 million Lira relates to the commitment to purchase the minority stake in subsidiary company Fibanc Inversiones S.A., corresponding to 3.588% of the capital.

10.3 Assets set aside in guarantee of own debts

Government securities for 55 billion Lira are kept at the Bank of Italy in guarantee of possibile current account overdrafts resulting from day to day operations relating to the real-time gross settlement of payments (Bi-Rel).

Moreover, securities for an overall amount of 149 billion Lira are kept at Clearstream Banking S.A. in guarantee of currency security settlement transactions.

Own securities, sold in the form of repurchase agreements to ordinary customers, totalled 538 billion Lira at a par value.

10.5 Forward transactions

<i>Lira in millions</i>			
Type of transaction	Hedging	Dealing	Other
1. Buy and sell			
1.1 Securities			
- purchases		11,368	
- sales		8,536	
1.2 Currency			
- currency against currency		46	
- purchases against Euro		582	
- sales against Euro		4,233	
2. Deposits and loans			
- to be made		45,309	
3. Derivative contracts			
3.1 With exchange of principal			
b) currency			
- purchases against Euro		4,101	
- sales against Euro		148,909	
3.2 Without exchange of principal			
b) other instruments			
- purchases		310	

“Other instruments” includes the overall amount referring to the purchase of a structured financial instrument.

SECTION 11 CONCENTRATION AND DISTRIBUTION OF THE ASSETS AND LIABILITIES

11.1 Concentration of risk: significant exposure

<i>Lira in millions</i>	31.12.2000
a) amount	40,073
b) number	4

11.2 Distribution of loans to customers by principal economic sector

<i>Lira in millions</i>	31.12.2000
a) Government	0
b) other public agencies	0
c) non-financial businesses	72
d) financial institutions	22,512
e) family-owned businesses	0
f) other operators	34,094
TOTAL	56,678

11.3 Distribution of loans to resident non-financial and personal businesses

<i>Lira in millions</i>	31.12.2000
a) sector 73 - other services for sale -	50
b) other sectors (068) hotel and catering services	15

11.4 Distribution of guarantees given, by principal sectors of counterparts

<i>Lira in millions</i>	31.12.2000
a) Government	0
b) other public agencies	0
c) banks	0
d) non-financial businesses	10
e) financial institutions	0
f) family-owned businesses	0
g) other operators	566

11.5 Geographic breakdown of assets and liabilities:

<i>Lira in millions</i>		Italy	Other E.U. countries	Other countries
Items/Countries				
1. Assets				
1.1 Due from banks		1,510,359	1,046,458	23,454
1.2 Loans to customers		56,678	0	0
1.3 Securities		1,098,079	17,794	2,949
TOTAL		2,665,116	1,064,252	26,403
2. Liabilities				
2.1 Due to banks		542,988	352	0
2.2 Due to customers		3,026,094	0	0
2.3 Securities issued		0	0	0
2.4 Other accounts		48,407	0	0
TOTAL		3,617,489	352	0
3. Guarantees and commitments		63,974	14,832	98

11.6 Maturities of assets and liabilities

<i>Lira in millions</i>	Items/residual duration	Established duration						Unspecified duration		
		Over 1 year								
		on demand	Up to 3 months	between 3 to 12 months	Up to 5 years		Over 5 years			
			fixed rate	indexed rate	Fixed rate	indexed rate				
	1. Assets									
	1.1 Treasury bills eligible for refinancing	2	6,184	17	24,722	126,564	13	34,641		
	1.2 Due from banks	243,593	2,296,208	38,725				176		
	1.3 Loans to customers	28,106	23,014	2,672		2,609		250		
	1.4 Bonds and other debt securities	179	8,642	38,510	10,335	608,515	5,082	255,370		
	TOTAL	271,880	2,334,048	79,924	35,057	737,688	5,095	290,261		
	1.5 "Off-balance sheet" transactions		53,463	3,919	5,716	189	853	244		
	2. Liabilities									
	2.1 Due to banks	12,565	530,775							
	2.2 Due to customers	2,945,594	80,500							
	2.3 Securities issued									
	- bonds									
	- certificates of deposit									
	- other securities									
	2.4 Subordinated liabilities	10,055			38,352					
	TOTAL	2,968,214	611,275		38,352					
	2.5 "Off-balance sheet" transactions	9	56,232	1,198	5,592	364	747	246		
								824		

11.7 Assets and liabilities in foreign currency

<i>Lira in millions</i>	31.12.2000
a) assets	
1) due from banks	137,663
2) loans to customers	0
3) securities	1,869
4) equity investments	0
5) other	159
b) liabilities	
1) due to banks	254
2) due to customers	58
3) securities issued	0
4) other	0

SECTION 12 MANAGEMENT AND BROKERAGE ON BEHALF OF THIRD PARTIES

12.1 Securities Transactions

<i>Lira in millions</i>	31.12.2000
a) purchases	
1) settled	11,266,098
b) sales	
1) settled	11,279,629

12.2 Managed accounts

Total assets under administration (1,474,125 million Lira) consists of securities not issued by the bank, of which 1,416,794 million Lira relate to units of mutual funds managed by group companies for the “Chorus” product (managed accounts in funds).

Securities are stated at market value.

12.3 Custody and administration of securities

<i>Lira in millions</i>	
a) third-party securities held in deposit (excluding managed accounts of 1,116,680 Lira)	4,581,548
1. securities issued by the Bank	20,809
2. other securities	4,560,739
b) third-party securities deposited with third parties	4,578,156
c) Portfolio securities deposited with third parties	978,700

Amounts are at par value.

Own securities, at a par value of 149 miliardi Lira, are kept in safe custody at the Bank of Italy and Clearstream Banking S.A., as described in point 10.3 “assets set aside in guarantee of own debts”. (see attached)

**PART C
INCOME
STATEMENT
INFORMATION**

**SECTION 1
INTEREST**

1.1 Breakdown of item 10 “interest income and similar revenues”

<i>Lira in millions</i>	31.12.00	31.12.99
a) on amounts due from banks	85,040	32,718
of which:		
- deposits with central banks	1,948	676
b) on loans to customers	4,054	1,237
of which:		
- loans with third party funds under administration	0	0
c) on debt securities	38,455	21,812
d) other interest income	43	23
e) positive differentials on “hedging” transactions	0	0
TOTAL	127,592	55,790

1.2 Breakdown of item 20 “interest expense and similar charges”

<i>Lira in millions</i>	31.12.00	31.12.99
a) on amounts due to banks	10,712	4,198
b) on amounts due to customers	77,651	21,978
c) on other securities issued		
of which:		
- on certificates of deposit		
d) on loans with third party funds under administration	0	0
e) on subordinated liabilities	626	0
f) negative differentials on “hedging” transactions	0	0
TOTAL	88,989	26,176

1.3 Analysis of item 10 “interest income and similar revenues”

<i>Lira in millions</i>	31.12.00	31.12.99
a) on foreign currency assets	1,236	24
TOTAL	1,236	24

1.4 Analysis of item 20 “Interest expense and similar charges”

<i>Lira in millions</i>	31.12.00	31.12.99
a) on foreign currency liabilities	18	0
TOTAL	18	0

**SECTION 2
COMMISSIONS**

2.1 Breakdown of item 40 “commission income”

<i>Lira in millions</i>	31.12.00	31.12.99
a) Guarantees given		
b) Collection and payment services	111	50
c) Management, dealing and consultancy services		
1. dealing in securities	31,268	13,200
2. dealing in currency	0	0
3. managed accounts	15,156	1,895
4. custody and administration of securities	3,515	2,018
5. placement of securities	3,882	4,540
6. consultancy services	0	0
7. "in-home" sales of securities, financial products and services	451,340	294,605
8. order intake	516	0
d) Tax collection services	0	0
e) Other services	94,785	78,946
TOTAL	600,573	395,254

The increase over the year 1999 (205,319 million Lira) was due to a significant increase in securities trading.

The increase in commissions relating to the distribution of mutual funds and insurance policies was due to the development of sales volume, together with the renegotiation of contracts governing business relations with product companies.

Item “other services” mainly relates to commissions for the upkeep of mutual funds and insurance policies. This item also includes commissions resulting from the “home mortgage” and credit card operations.

Subscription and maintenance commissions relating to O.I.C.R. quotas are contractually governed by trade agreements with the affiliated companies Mediolanum Gestione Fondi S.G.R.p.a. and Mediolanum International Funds Ltd. During the year, the trading of O.I.C.R shares of the companies Anima S.G.R.p.a. and Fleming Fund Management (Luxembourg) S.A. was started.

Within the framework of the placement activities without prior subscription or future contract purchase, nor guarantee towards the issuer, as regulated by Legislative Decree No. 58/98 Consolidation Act on Financial Brokerage, efforts were put in place to promote and sell insurance products and services by virtue of the mandate conferred by the parent company Mediolanum S.p.A..

Commission relating to the sale of insurance policies of the companies Mediolanum Vita S.p.A. and Mediolanum Assicurazioni S.p.A. are broken down as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
LIFE Business	265,230	161,692
NON-LIFE Business	8,690	8,250
TOTAL	273,920	169,942

2.2 Breakdown of item 50 "commission expense"

<i>Lira in millions</i>	31.12.00	31.12.99
a) Collection and payment services	1,119	441
b) Management and brokerage services		
1. dealing in securities		
2. dealing in currency		
3. managed accounts		
4. custody and administration of securities	79	25
5. placement of securities		
6. "in-home" sales of financial securities, products and services	352,200	255,211
c) other services	54,738	37,382
TOTAL	408,136	293,059

The increase over the previous year (115,077 million Lira) is strictly related to the increase in commission income which represents the basis for calculating the amounts accrued by the sales network.

Commission expenses is analysed and compared with previous year's values:

<i>Lira in millions</i>	31.12.00	31.12.99
Commission on the sale of stocks, shares and securities, products and services	352,200	255,211
Maintenance commissions	42,125	28,355
Other commissions	4,391	2,222
Social Security contributions	3,864	3,137
Indemnity for agency relationship termination quota for the year	4,557	3,287
Sundry allowances settled during the year	999	847
TOTAL	408,136	293,059

3.1 Breakdown of item 60 "profits (losses) on financial transactions"

<i>Lira millions</i>	Operations on securities	Currency operations	Other operations
A1. Revaluations	255		
A2. Write-downs	(2,469)		
B Other profits (losses)	3,888	107	
TOTAL	1,674	107	
1. Government bonds	(1,156)		
2. Other debt securities	2,521		
3. Other forms of capital	309		
4. Security derivatives	0		

SECTION 3 PROFITS AND LOSSES ON FINANCIAL TRANSACTIONS

SECTION 4
ADMINISTRATIVE COSTS

The breakdown of item 80 *Administrative costs* is analysed as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Payroll	35,126	17,747
Purchases of sundry consumables	3,571	2,468
Various consultancy and outsourcing	25,357	19,676
Network staff	25,235	19,049
Management personnel seconded from parent and affiliated companies	3,299	1,319
Postal, telephone, telex expenses	13,573	9,453
Taxes other than on income	13,575	8,683
Leases and rentals	4,443	3,991
Insurance	1,891	1,739
EDP services	8,838	7,137
Directors' and Auditors' remuneration	624	590
Membership fees	785	299
Expenses for maintenance and repairs	5,619	2,249
Other sundry services	15,558	5,661
TOTAL	157,494	100,061

Following is the breakdown of the main items analysed and relevant changes: "Payroll": these costs are detailed in the Income Statement. The significant increase of 17,379 million Lira since 1999 reflects the increase in corporate staff and is detailed as follows:

4.1 Average number of employees by category

	31.12.00	31.12.99
(a) Managers	3	2
(b) Officials	15	25
(c) Other employees	508	243

"Various consultancy and outsourcing" relates to the costs incurred for consultancy and services, broken down as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Legal and notary services	1,757	421
EDP consultancy	13,410	9,276
Corporate TV technical and professional services	6,898	5,553
Other services	3,292	4,426
Total	25,357	19,676

"EDP consultancy" relates to consultancy and EDP services carried out by the personnel of external companies. The relevant rise in costs, totalling 4,134 million Lira over the previous year, refers to higher charges generated by the design and maintenance of programmes governing the technical architecture of Banca Mediolanum S.p.A.

“Technical and professional services” relates to services provided by the affiliated company Mediolanum Comunicazione S.r.l. for the production of TV programmes broadcast by the corporate TV circuit, aimed at providing training and information to the sales network.

“Network staff” comprises the amounts that refer to remuneration to collaborators involved in the control, coordination and training of the sales network. The increase of remuneration to “Network staff” over the previous years came from the trend in revenues which provide the statistical basis for determining this remuneration.

“Managing personnel seconded from parent company” includes the charging of costs that relate to managing personnel by the parent company Mediolanum S.p.A..

The increase in “Postal, telephone, telex expenses” relates to the increase in the telephone banking activities.

The breakdown of “non-income taxes” follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Stamp duty	13,447	8,563
Other taxes (ICI[property tax], local taxes, other taxes)	128	120
TOTAL	13,575	8,683

“Stamp duty” : the increase over the previous year is due to the increase in the number of current accounts and securities deposits with customers and from the broadening of the banking and financial transaction base to which this tax is applicable.

“Insurance” relates to the burden incurred for insurance premiums providing coverage against the following risks:

<i>Lira in millions</i>	31.12.00	31.12.99
Accidents to financial consultants	581	474
Damage to customers due to illegal acts	1,148	1,081
Others	162	184
TOTAL	1,891	1,739

“Other sundry services” includes the provision of sundry services, among which “information provider” costs (2,691 million Lira) , “outsourcing” and

temporary work services (2,219 million Lira), Stock Exchange CED services (Lire 1,172 million).

**SECTION 5
ADJUSTMENTS, WRITE-
BACKS AND PROVISIONS**

Item 100 Allowance for risks and charges is analysed as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Allowance for consultants' leaving indemnities	1,296	1,576
Staff loyalty provision	177	105
Provision against agents' illegal acts	1,500	1,250
Allowance for agents' leaving indemnities	719	400
Allocation to sundry provisions	46	2,770
TOTAL	3,738	6,101

The character of the above allowances is discussed in item 80 (c) of the Balance Sheet, to which reference should be made.

5.1 Item 120 "Adjustments to loans and provisions for guarantees and commitments"

<i>Lira in millions</i>	31.12.00
a) adjustments to loans	1,937
including	
- lump sum adjustments for Country risk	-
- other lump sum adjustments	-
b) provisions for guarantees and commitments	-
including	
- lump sum adjustments for Country risk	-
- other lump sum adjustments	-
TOTAL	1,937

This item includes provisions to the allowance for doubtful receivables relating to illegal acts by former financial consultants.

This also includes the write-down of "problem loans with doubtful outcome" (Lire 321 million) and the write-down of "credits overdue" (159 million Lira).

**SECTION 6
OTHER INCOME
STATEMENT ITEMS**

6.1 Breakdown of item 70 "other income statement items"

This item is detailed as follows and compared with balances as at December 31, 1999:

<i>Lira millions</i>	31.12.00	31.12.99
Recharge of costs to financial consultants	843	1,448
Recharge of costs to parent and affiliated companies	1,309	568
Recharge of sundry costs to employees	158	84
Recovery of stamp duty/special tax on stock exchange dealings	12,969	8,367
Recharge of sundry costs to customers	12,574	6,749
Other sundry revenues	1,200	0
Total	29,053	17,216

The item “Recharge of sundry costs to customers” relates to the expense charge for “account holding”, to the costs charged to current accounts with an average deposit lower than the level established by the bank for relief purposes and to the fees charged to current account holders operating through the Internet.

Recharge of costs to parent and affiliated companies, along with the other associated economic items are detailed in Attachment 4. (see attached)

6.2 Breakdown of item 110 "other operating expenses"

This item, compared with the previous year's values, is analysed as follows:

<i>Lira in millions</i>	31.12.00	31.12.99
Leasing contracts	14	1,649
Advertising and promotion	33,450	3,228
Convention organisation	5,469	4,650
Market research	280	517
Travel expenses	348	222
Entertainment expenses, presents and donations	471	720
Professional training of financial consultants	6,113	2,508
Search and selection of financial consultants	690	2,078
Company canteen	2,033	936
Training/search and selection of employees	888	501
Other expenses	5,318	776
TOTAL	55,074	17,785

The significant increase registered with respect to the previous year mainly relates to costs incurred by the company for the advertising campaign shown throughout the year on the main TV networks and in the major newspapers and weekly magazines.

The item “other sundry costs” also includes the financial burden incurred following an agreement with the company Bayerische S.I.M.P.a., in accordance with which a number of financial consultants and insurance agents of this stock brokerage joined the sales network of the Bank.

The detail of *other operating* expenses charged by affiliated companies is provided in Attachment 4.

6.3 Breakdown of item 180 "extraordinary income"

This item includes 896 million Lira and relates to the entitled refund of the “loyalty provision” indemnity not redeemed by agents due to a breach of the non-competition clause expressly included in the contract.

Moreover, it includes 4,256 million Lira for non-operating income resulting from indemnities to agents accrued in previous years, and no longer paid as a consequence of the breach of the non-competition agreement (1,431 million Lira), as well as from a review of the accounting items revealing the elimination of commission accrued in previous years which was not claimed by agents who have left the company (1,653 million Lira).

6.4 Breakdown of item 190 "extraordinary charges"

This item includes 3,303 million Lira relating to the adjustment in the "pre-paid taxes" provision, which was necessary considering the new direct tax rates applicable as of 2001, as well as to the soft rate applicable on corporate income pursuant to Law 133/99 ("Visco relief").

This item also includes 1,651 million Lira relating to contingent liabilities and the systemisation of accounting entries.

7.1 Geographic breakdown of revenues

The territorial breakdown in the sales of products and services generating commission income during the period under review is analysed as follows (the percentage data on overall sales is broken down in the eight commercial areas):

Friuli-Venezia-Giulia	21%
Lombardy	20%
Emilia Romagna and Tuscany	20%
Marches, Abruzzo, Molise, Umbria	8%
Latium, Sardinia	10%
Piedmont, Valle D'Aosta	9%
Sicily, Calabria, Campania, Apulia, Basilicata,	11%
Liguria	1%

220. Taxes on net income for the period

This item relates to the annual fiscal burden on profit for the year, and is compared with values for the previous year.

<i>Lira in millions</i>	31.12.00	31.12.99
1. Current IRPEG tax [Corporate tax]	13,293	8,067
Current IRAP tax [Regional manufacturing tax]	3,742	2,063
2. Changes in prepaid IRPEG tax	(2,278)	(2,906)
Change in prepaid IRAP tax	(478)	(101)
3. Changes in deferred taxes	0	0
4. IRPEG income tax for the year	4,548	5,161
IRAP tax on income for the year	3,264	1,962

With reference to the Corporate Income Tax (IRPEG) for the year under review, tax relief was applied pursuant to Law 133/99 ("Visco relief") which resulted in a decrease of the above tax of 6,467 million Lira.

230. Profit for the period

Net profit for the period totalled 11,179 million Lira (1999: 8,370 million Lira).

1.1 Payments

The Board of Directors and the Board of Statutory Auditors are made up of 7 and 3 members, respectively. Remuneration for the period totalled 623,970,662 Lira, broken down as follows:

Lira in millions

(a) Directors	517
(b) Statutory Auditors	107

1.2 Loans and guarantees given

As at the date of the drawing up of financial statements there are no outstanding amounts due from directors and auditors, or guarantees issued to the benefit thereof.

This is the company that draws up the consolidated financial statements of the Group to which this company belongs:

2.1 Name:	Mediolanum S.p.A.
2.2 Head office:	Basiglio (MI) - Palazzo Meucci Milano 3

Consolidated financial statements pursuant to Article 24 of Legislative Decree 27.01.92 No. 27

As already pointed out, Banca Mediolanum S.p.A. has drawn up the consolidated financial statements as at December 31, 2000 of the financial and credit organizations which operate in line with the guidelines of the latter, in its quality as parent company pursuant to Article 26, clause 4 of Legislative Decree 87/92.

Attachments

PART D OTHER INFORMATION

SECTION 1 DIRECTORS AND STATUTORY AUDITORS

SECTION 2 PARENT COMPANY

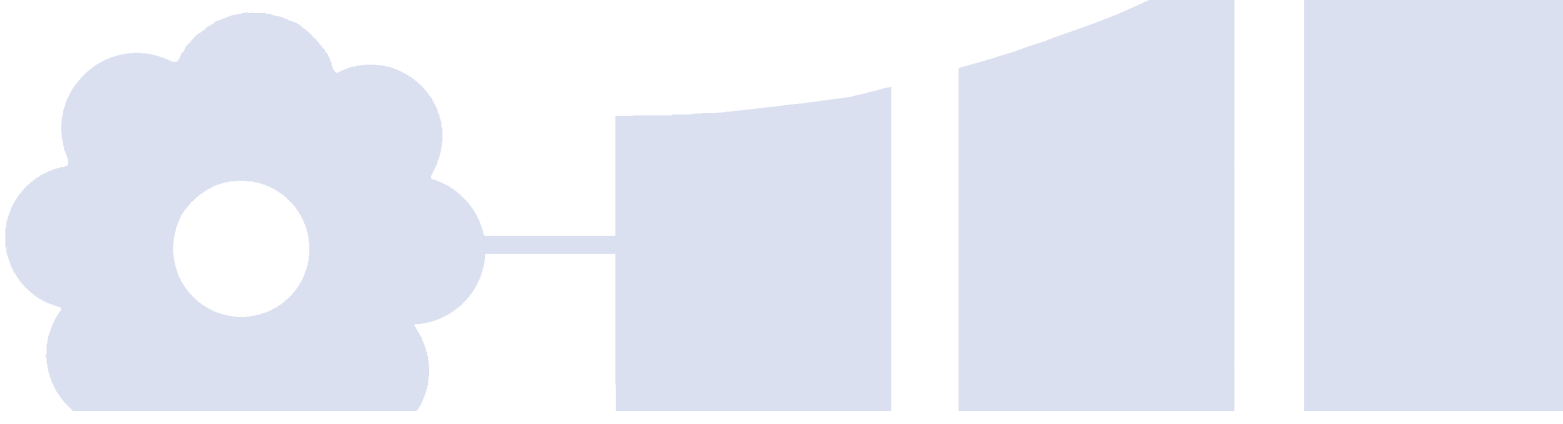
The following attachments contain ancillary information to those contained in the Notes to the financial statements and are to be regarded as an integral part thereof.

- Analysis of changes in intangible fixed assets
- Analysis of changes in tangible fixed assets
- Analysis of changes in shareholders' equity for the years closing as at December 31, 2000 and December 31, 1999
- Statement of profits and costs towards parent, subsidiary and affiliated companies
- Reconciliation of cash flows for the years 2000 and 1999
- Reconciliation between theoretical tax liabilities and those accounted for.

For the Board of Directors
The Chairman and Chief Executive Officer
Ennio Doris

BANCA MEDIOLANUM S.P.A.

ATTACHMENTS



ATTACHMENT 1

ANALYSIS OF CHANGES IN INTANGIBLE FIXED ASSETS AT DECEMBER 31, 2000

Lira in millions

	Opening situation			Additions
	Historic cost	Accum. amortis.	Balance 31.12.1999	
Intangible assets				
Installations expenses, projects	604	(359)	245	60
Start up and expansion costs/goodwill	609	(505)	104	0
Share capital increase expense	366	(206)	160	0
Other multiannual costs to be amortised:				
- Software	26,267	(19,068)	7,199	25,623
- Trademarks	103	(86)	17	64
- Commission on fund management services	1,942	(647)	1,295	5,139
- Other intangible assets	29	(22)	7	65
- Other rights	16	(4)	12	9
- Improvements on leased goods	918	(354)	564	906
Assets under construction	4,397	0	4,397	23,016
TOTAL	35,251	(21,251)	14,000	54,882

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AT DECEMBER 31, 2000

Lira in millions

	Opening situation			Additions
	Historic cost	Accum. amortis.	Balance 31.12.1999	
Tangible assets				
Buildings	27,905	(1,970)	25,935	687
Various equipment	1,747	(625)	1,122	965
with a unit value lower than Lire 1 million	333	(333)	0	265
Alarms	124	(62)	62	81
with a unit value lower than Lire 1 million	16	(16)	0	1
Other peripherals	711	(235)	476	2,423
with a unit value lower than Lire 1 million	170	(170)	0	66
Office furniture	557	(183)	374	414
with a unit value lower than Lire 1 million	1,419	(1,419)	0	790
Office fittings	969	(352)	617	160
with a unit value lower than Lire 1 million	66	(66)	0	7
Personal computers	10,321	(3,799)	6,522	25,755
with a unit value lower than Lire 1 million	899	(899)	0	215
Other means of transportation	104	(46)	58	214
Assets under construction	133	0	133	2,466
TOTAL	45,474	(10,175)	35,299	34,509

Movements for the period				Closing situation		
Net disposals	Reclassif.	Depreciation	Write-downs	Historic cost	Accum. amortis.	Balance 31.12.2000
0	0	(133)	0	664	(492)	172
0	0	(104)	0	609	(609)	0
0	0	(58)	0	366	(264)	102
0	4,225	(13,981)	0	56,115	(33,049)	23,066
0	0	(31)	0	167	(117)	50
(162)	0	(2,293)	(162)	6,880	(2,901)	3,979
0	0	(17)	0	94	(39)	55
0	0	(5)	0	25	(9)	16
0	0	(364)	0	1,824	(718)	1,106
0	(4,264)	0	0	23,149	0	23,149
(162)	(39)	(16,986)	(162)	89,893	(38,198)	51,695

Movements for the period				Closing situation		
Net disposals	Reclassif.	Depreciation	Write-downs	Historic cost	Accum. amortis.	Balance 31.12.2000
0	133	(849)		28,725	(2,819)	25,906
(3)	0	(320)		2,709	(945)	1,764
0	0	(265)		598	(598)	0
0	0	(46)		205	(108)	97
0	0	(1)		17	(17)	0
0	0	(472)		3,134	(707)	2,427
0	39	(105)		275	(275)	0
0	0	(92)		971	(275)	696
0	0	(790)		2,209	(2,209)	0
0	0	(158)		1,129	(510)	619
0	0	(7)		73	(73)	0
(1)	0	(4,510)		36,061	(8,295)	27,766
0	0	(215)		1,111	(1,111)	0
(5)	0	(49)		303	(86)	217
0	(133)	0		2,466	0	2,466
(9)	39	(7,879)		79,986	(18,028)	61,958

ATTACHMENT 3

ANALYSIS OF CHANGES IN SHAREHOLDERS' EQUITY YEARS 1999 2000

<i>Lira in millions</i>	Share capital	Legal reserve	Extraordinary reserve
Balance as at 01.01.99	25,000	2,047	2,568
Resolution of extraordinary meeting of 24/02/99:			
Share capital increase	10,000	0	0
Resolution of ordinary meeting of 26/04/99:			
Distribution of 1998 profits:	0	30	578
Share capital increase	0	0	0
Result for the year 1999	0	0	0
Balance as at 31.12.99	35,000	2,077	3,146
Resolution of extraordinary meeting of 22/03/00:			
Share capital increase	15,000	0	0
Resolution of ordinary meeting of 21/04/00:			
Distribution of 1999 profits:	0	419	7,951
Resolution of extraordinary meeting of 08/08/00:			
Share capital increase	250,000	0	0
Result for the year 2000	0	0	0
Balance as at 31.12.00	300,000	2,496	11,097

Capital contribution	Merger surplus	Result for the year	Total shareholders' equity
10,000	6,167	608	46,390
(10,000)	0	0	0
0	0	(608)	0
15,000	0	0	15,000
0	0	8,370	8,370
15,000	6,167	8,370	69,760
(15,000)	0	0	0
0	0	(8,370)	0
0	0	0	250,000
0	0	11,179	11,179
0	6,167	11,179	330,939

ATTACHMENT 4

STATEMENT OF PROFITS AND COSTS TOWARDS PARENT, SUBSIDIARY AND AFFILIATED COMPANIES

Lira in millions

Company	Profits			Total
	Commission income	Interest	Other operating and extraordinary profits	
<i>Mediolanum Group</i>				
Parent company:				
Mediolanum S.p.A.	287,792	3	758	288,553
Subsidiary companies:				
Banco de Inversiones S.A.			5	5
Affiliated companies:				
Mediolanum Vita S.p.A.	24	4	775	803
Partner Time S.p.A.			38	38
Mediolanum State Street SGR p.A.	55		74	129
Mediolanum Gestione Fondi SGR p.A.	92,704		10	92,714
Mediolanum International Funds Ltd.	153,704		114	153,818
PI Sistribuzione S.r.l.			4	4
Mediolanum Fiduciaria S.p.A.			1	1
Mediolanum Comunicazione S.r.l.			22	22
<i>Fininvest Group:</i>				
Società Europea Edizioni S.p.A.				
Alba Servizi Aerotrasporti S.p.A.				
Edilnord Gestioni S.p.A.				
Mondadori Pubblicità S.p.A.				
Il Teatro Manzoni S.p.A.				
Jumpy S.p.A.				
Arcus Immobiliare S.p.A.				
Promoservice Italia S.r.l.				
Mediaset S.p.A.				
Publitalia '80 S.p.A.				
Edilnord 2000 S.p.A.				
<i>Fininvest-Doris Groups:</i>				
Mediolanum Assicurazioni S.p.A.			1	1
Total	534,279	7	1,802	536,088

Costs

Administrative costs	Other operating and extraordinary costs	Other financial costs	Commission expense	Total
2,948		1,551		4,499
		15		15
799		12,421		13,220
		294		294
30		97		127
305		1,277		1,582
				0
		1	13	14
		3		3
4,452	6,651	24		11,127
12				12
4				4
164	677			841
	246			246
	20			20
	350			350
44				44
	560			560
	1			1
2,075	9,932			12,007
642				642
1,179	22	31		1,232
12,654	18,459	15,714	13	46,840

ATTACHMENT 5

RECONCILIATION OF CASH FLOWS FOR THE YEARS 2000 AND 1999

<i>Lira in millions</i>	31.12.2000	31.12.1999
SOURCES		
Cash flow from operations for the period		
Net income for the year	11,179	8,370
Adjustment to items without effect on liquidity:		
Amortisation/depreciation for the year	25,028	13,235
Allocations/adjustments to allowance for risks and charges	14,306	6,101
Write-down (increase) of securities portfolio, net	(526,576)	(114,943)
(Increase) write-down of equity investments	(237,116)	(5)
Employee termination indemnities	1,732	906
Decrease (increase) of due from banks (other) and loans to customers	(903,325)	(934,071)
Decrease (increase) of other assets and accrued income/prepaid expenses	(114,494)	(28,240)
Increase (decrease) of due to banks and due to customers	1,330,645	1,271,671
Increase (decrease) of other liabilities and accrued expenses/deferred income	207,734	(12,004)
Cash generated from operations for the period	(190,887)	211,020
Net worth of assets transferred	10	0
Increase in paid-up capital	250,000	15,000
Subordinated liabilities	48,407	0
Increase in employee termination indemnities for transfer of personnel	2	48
TOTAL SOURCES	107,532	226,068
USES OF FUNDS		
Increase in tangible and intangible fixed assets	89,392	34,968
Employee termination indemnities paid during the year	597	309
Utilisation of allowance for risks and charges	2,642	676
TOTAL USES OF FUNDS	92,631	35,953
Increase (decrease) in cash and due from banks repayable on demand	14,901	190,115
Cash and due from banks repayable on demand at the beginning of the year	230,073	39,958
Cash and due from banks repayable on demand at the end of the year	244,974	230,073

ATTACHMENT 6**RECONCILIATION BETWEEN
THEORETICAL TAX
LIABILITIES AND THOSE
ACCOUNTED FOR
DETERMINATION OF IRPEG
TAXABLE INCOME****DETERMINATION OF IRPEG TAXABLE INCOME**

Profit before taxes	18,990,615,586	
Theoretical fiscal liabilities 37%		7,026,527,767
Fiscal increases		
Provisions non deductible during the year	16,254,916,689	
Non-deductible Taxes and costs and/or deductible cash	41,082,167	
Non-deductible amortisation/depreciation	93,873,502	
Sundry costs non-deductible and/or deductible in various years	2,184,851,334	
Extraordinary charges from recalculation of previous years' "prepaid taxes"	3,303,174,041	
Total fiscal increases	21,877,897,733	
Fiscal decreases		
Utilisation of provisions made and taxed in previous years	2,603,445,804	
Previous years' "cash" deductible taxes and costs	31,948,000	
Previous years' costs deductible in various years	131,069,611	
Other decreases	2,175,816,747	
Total fiscal decreases	(4,942,280,162)	
TAXABLE INCOME	35,926,233,157	
Irpeg 37%		13,292,705,968
Prepaid taxes for the current year		(2,278,372,305)
"visco" relief for the current year		(6,466,721,968)
IRPEG FOR THE CURRENT YEAR		4,547,611,695

DETERMINATION OF IRAP TAXABLE INCOME

Value of production	53,666,659,379	
Fiscal increases		
Provisions non deductible during the year	12,530,844,105	
Non-deductible Taxes and/or deductible cash	23,415,500	
Non-deductible amortisation/depreciation	93,873,502	
Sundry costs non-deductible and/or deductible in various years	5,309,731,772	
Total increases	17,957,864,879	
Fiscal decreases		
Previous years' taxes and costs deductible as "cash"	18,948,000	
Previous years' costs deductible in various years	131,069,611	
Other decreases	2,175,418,736	
Total fiscal decreases	(2,325,436,347)	
TAXABLE INCOME	69,299,087,911	
Irapi 5,4%		3,742,151,000
Prepaid taxes for the current year		(477,879,121)
IRAP FOR THE CURRENT YEAR		3,264,271,879

Statutory Auditors' report on the financial statements as at December 31, 2000

Dear Shareholders,

The financial statements closed at December 31, 2000, subject to your approval, were provided to us by the Board of Directors in accordance with the terms set forth in Article 2429 of the Italian Civil Code, and were examined and supervised by us in order to draw up the report established by current law.

The accounting and administrative examination established by Article 2403 of the Civil Code were performed by the Auditing Company entrusted with the task of verifying the Directors' report per Article 156 of Legislative Decree 58 of February 24, 1998, as well as with the tasks of performing periodical audits on the accounting, administrative and mandatory book-keeping procedures.

The Board of Statutory Auditors, pursuant to clause 2 of Article 153 of the abovementioned Legislative Decree 58/1998, is entrusted with the task of reporting to the Shareholders' meeting any remarks or proposals pertaining to the financial statements and approval thereof, and to perform those tasks falling within its competence.

As for the contents of the financial statements, the Notes and the report on operations, the Board of Statutory Auditors acknowledges that;

- The financial statements were drawn up in compliance according to the provisions set forth in legislative Decree No. 87 of January 27, 1992, with the provisions established by the Bank of Italy and to the formal requirements set forth by EEC Directive No. 86/75 relating to credit and financial institutions.
- Pursuant to Article 2423 of the Civil Code, the financial statements comprise the Balance Sheet, the Income Statement and the Notes to the financial statements;
- The Directors' report on operations depicts the situation of the bank and the trends both in general and in relation to the various areas in which the bank operated, including an outline of the events which occurred after the end of the period under review;
- The Notes to the financial statements provide all the detailed information regarding the assessment criteria and the Balance Sheet and Income Statement items;
- We consented to the entering of intangible fixed assets relating to multi-year charges;

- There were no opportunities or grounds for a reassessment of tangible, intangible and financial fixed assets as established by Law No. 342 of November 21, 2001 (the so-called “fiscal annexure to Financial Law 2000”);
- Modifications to or deviations from the accounting principles and the evaluation criteria utilised in the previous years were not needed; the effect of advanced and deferred taxes - which, by its very nature, will have an impact on the upcoming years - is covered extensively in the Notes to the financial statements;
- The financial statements were subject to an audit, pursuant to Legislative Decree No. 58 of February 24, 1998, by the auditing company Arthur Andersen S.p.A.

The Board of Statutory Auditors made extensive reference to the contents of the above documents.

- The accounting balances associated with operations in transit typical in banking were closely monitored in order to identify any possible item or position outstanding at the end of the period, awaiting completion or finalization. In terms of the monitoring activities that were to be conducted by the Board of Statutory Auditors, we acknowledge the following:
 - We took part in the meetings of the Board of Directors and on a monthly basis gathered information from the directors on the activities carried out and the major economic, financial and balance sheet operations performed by the company, ensuring that the decisions made would be compliant with the law and the company by-laws and would not present any potential conflicts of interest, or conflict with the resolutions of the Shareholders’ meeting;
 - along with the General Management we have established and intensified a clear relationship with the internal control function and the administrative system, with the purpose of verifying and assessing together the adequacy of the organisational structure of the company and the compliance with the principles of proper administration and management. In doing so, we suggested the steps to be taken in order to bring the structure in line with the increasing and steady growth of corporate activities;

- We participated willingly along with the Inspector's Office and the internal control department in the verification and decisions pertaining to all the financial operations recorded pursuant to the provisions set forth in Law No 197 of July 5, 1991 and which, in compliance with Article 3, were the object of communication to the Italian Exchange Office.

- In the course of the aforementioned supervision no significant facts emerged needing to be reported to the supervisory bodies or merit mentioning herein.

Considering the above, the Board of Statutory Auditors would like to express its favourable opinion regarding the approval of the Financial Statements and its agreement with the proposal set forth and the Directors' proposal regarding the distribution of profits for the year.

The Chairman of the Board of Statutory Auditors

Arnaldo Mauri

The Statutory Auditors

Adriano Angeli

Pierfelice Benotti Genolini

**Report of the Independent Auditors pursuant to art. 156
of Legislative Decree no. 58 of February 24, 1998
(Translation from the Original issued in Italian)**

Arthur Andersen SpA
Via della Moscova 3
20121 Milano

To the Shareholders of
Banca Mediolanum S.p.A.:

1. We have audited the financial statements of Banca Mediolanum S.p.A. as of and for the year ended December 31, 2000. These financial statements are the responsibility of Banca Mediolanum's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the prior year's financial statements, which are presented for comparative purposes as required by law, reference should be made to our auditors' report dated March 28, 2000.

3. In our opinion, the financial statements of Banca Mediolanum S.p.A. as of and for the year ended December 31, 2000, comply with the Italian statutory provisions related to financial statements; therefore they give a true and fair view of the financial position and results of operations of the Bank.
4. As noted in the Notes to the financial statements as of December 31, 2000, during the year 2000 the Bank has acquired the 66.33% of equity of Fibanc Inversiones S.A., a banking group located in Barcellona, for an amount of Liras 236,9 billion.

Milan, Italy
March 23, 2001

Arthur Andersen SpA

s/Umberto Lombardini - Partner