



# 1997 Results

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# Mediolanum - 1997

20%

Funds under Administration

24%

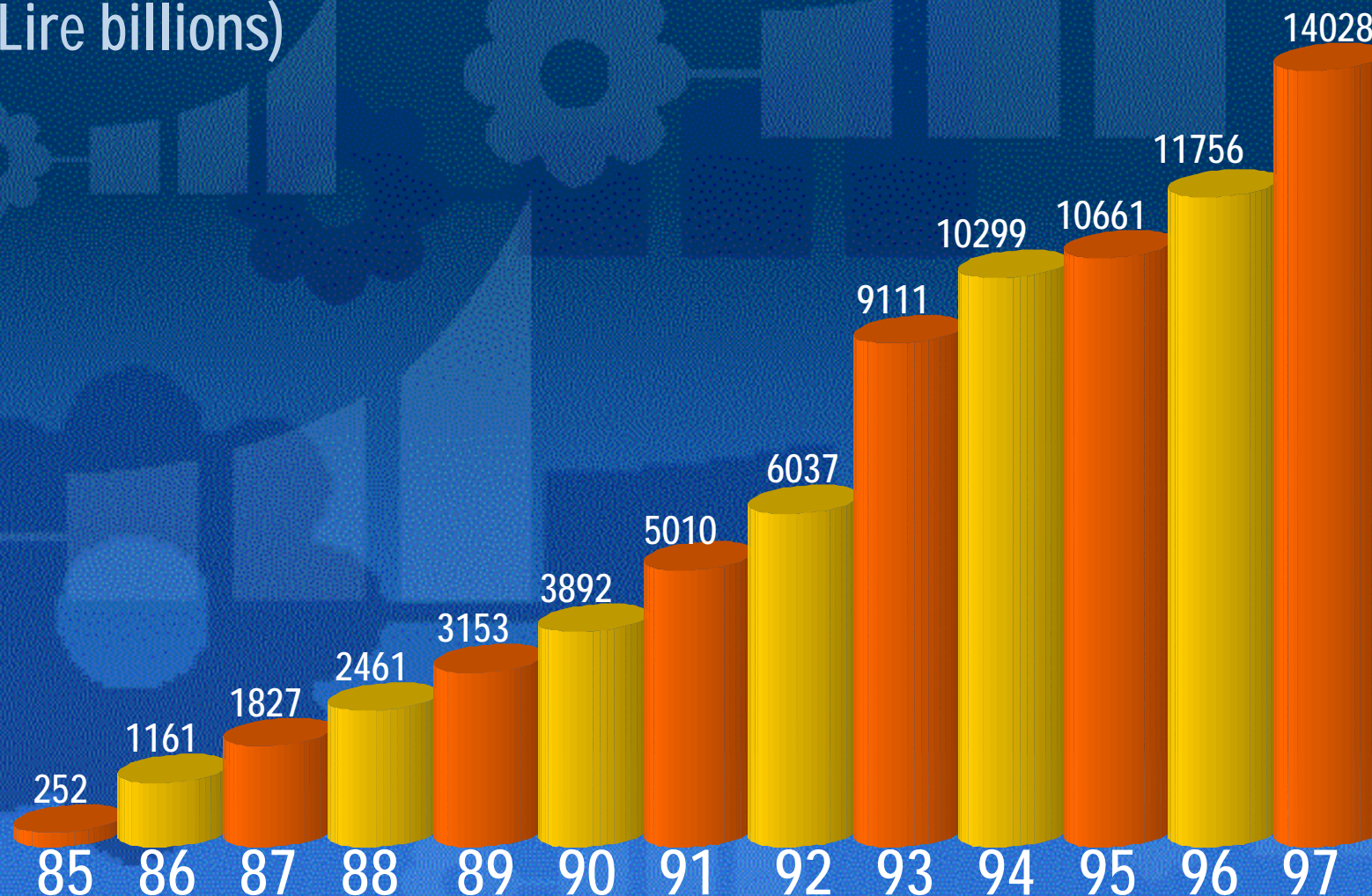
Gross Premium Income

37%

Gross Inflows into Mutual Funds

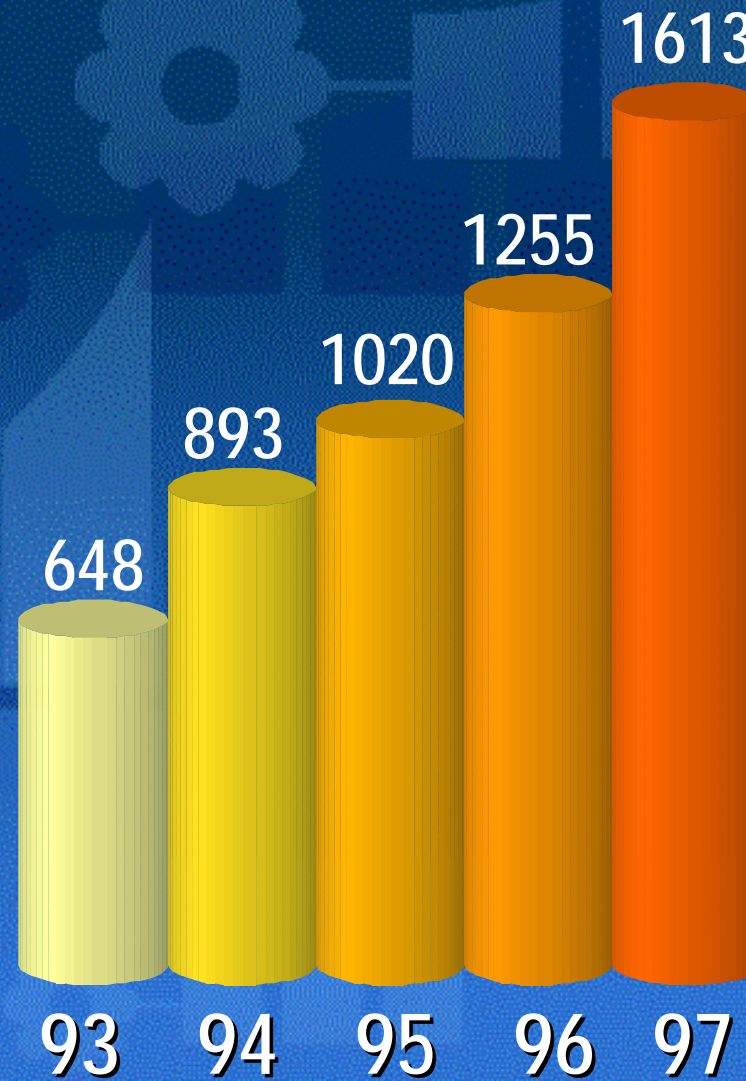
# Funds under Administration

(Lire billions)



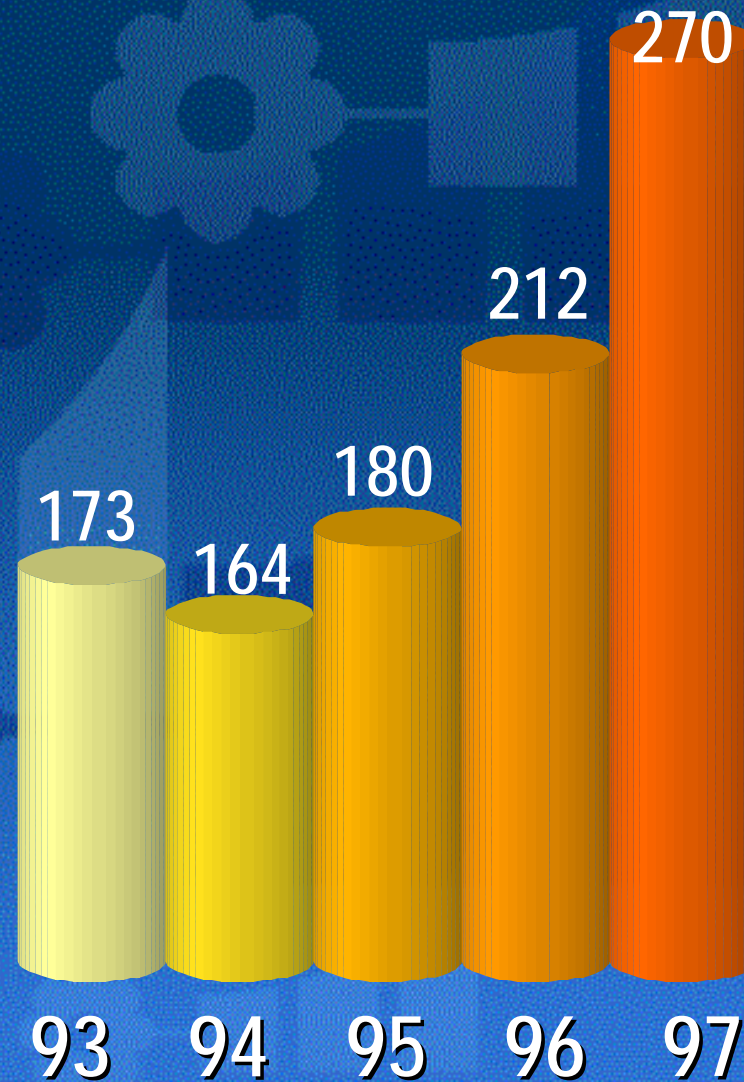
# Revenues

(Lire billions)



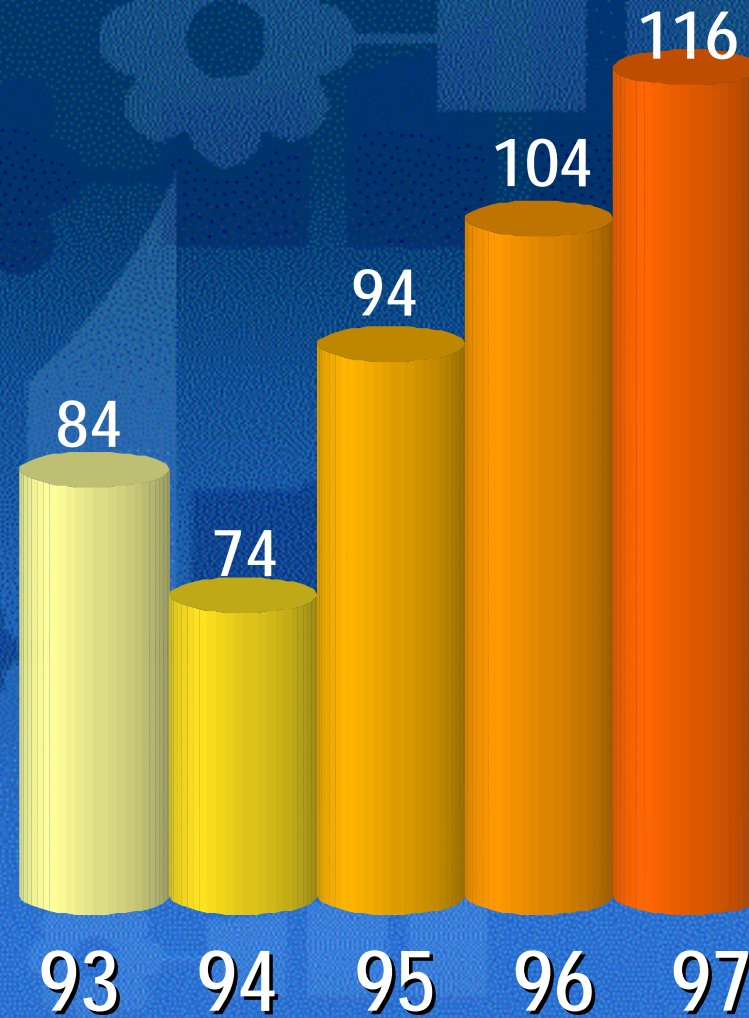
# Profits Before Tax & EI

(Lire billions)

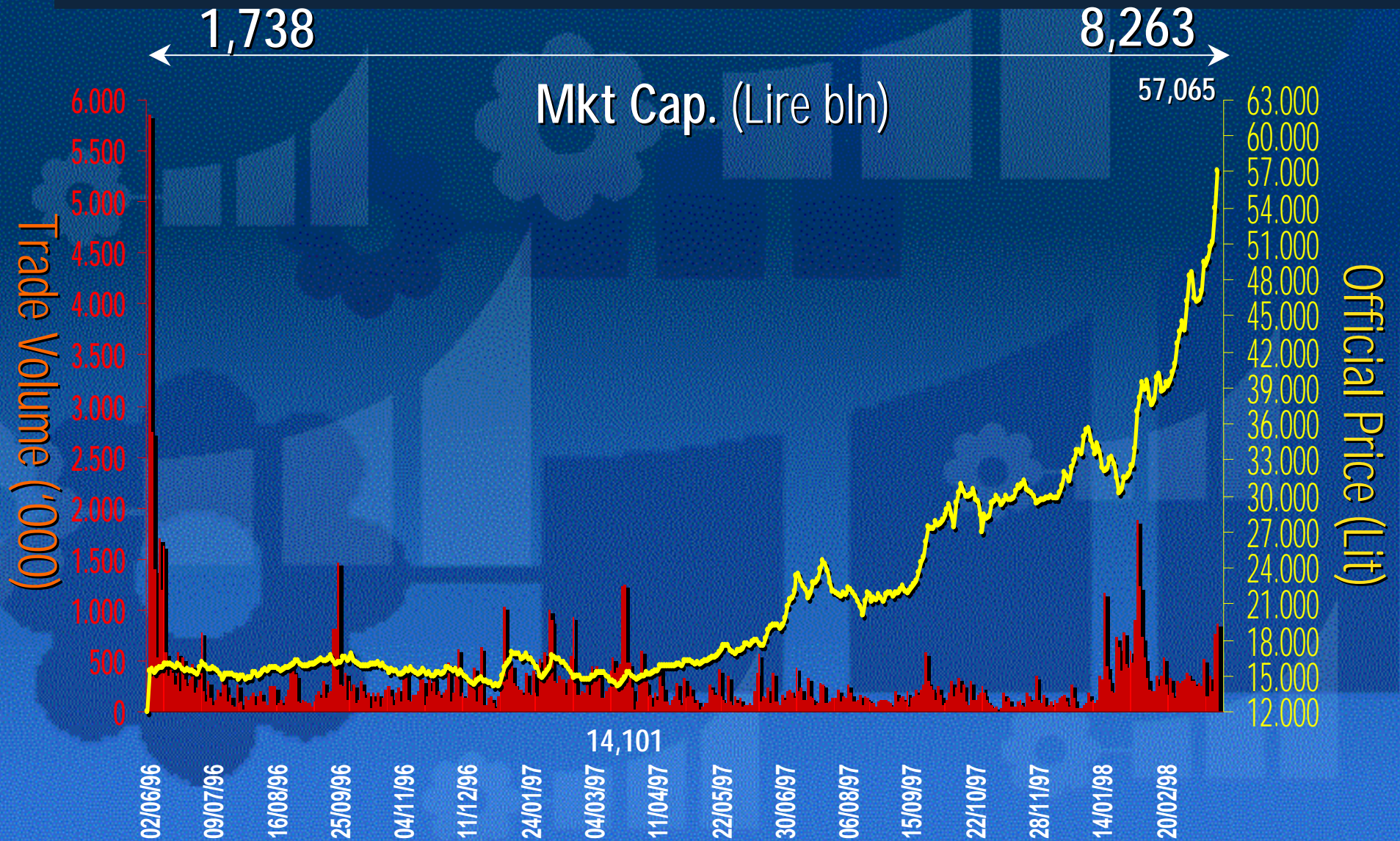


# Net Profits

(Lire billions)



# Shareholder's Value



# Funds under Administration

| (Lire billions)                 | <u>1997</u>   | <u>1996</u>   | <u>Change</u> |
|---------------------------------|---------------|---------------|---------------|
| <b>Mutual Funds</b>             | <b>8,395</b>  | <b>7,373</b>  | <b>14%</b>    |
| • Equity Funds                  | 3,667         | 3,354         | 9%            |
| • Bond & Mon. Funds             | 4,641         | 4,019         | 15%           |
| • Irish Funds                   | 87            | --            |               |
| <b>Life Reserves</b>            | <b>6,366</b>  | <b>5,050</b>  | <b>27%</b>    |
| - Life Reserves in Mutual Funds | -894          | -667          | 34%           |
| <b>Bank Assets</b>              | <b>161</b>    | <b>--</b>     |               |
| • Cash under Deposit            | 107           | --            |               |
| • Securities under Deposit      | 45            | --            |               |
| • Repurchase Agreements         | 9             | --            |               |
| <b>Total</b>                    | <b>14,028</b> | <b>11,756</b> | <b>20%</b>    |



# 1997 - Main Results

| (Lire billions)          | <u>1997</u> | <u>1996</u> | <u>Change</u> |
|--------------------------|-------------|-------------|---------------|
| Total Revenues           | 1,613       | 1,255       | 29%           |
| Profit Before Tax & E.I. | 270         | 212         | 27%           |
| Extraordinary Items      | -19         | 1           | n.a.          |
| Profit Before Tax        | 250         | 213         | 17%           |
| Income Tax               | -134        | -109        | 23%           |
| Net Profit after Tax     | 116         | 104         | 12%           |

# 1997 - Revenues

| (Lire billions)                      | <u>1997</u>  | <u>1996</u>  | <u>Change</u> |
|--------------------------------------|--------------|--------------|---------------|
| • Gross Premiums Written             | 1,475        | 1,190        | 24%           |
| – Reinsurance ceded                  | -99          | -109         | -10%          |
| • Commissions from Mutual Funds      | 219          | 157          | 39%           |
| • Other Commissions & Other Revenues | 18           | 16           | 13%           |
| <b>Total Revenues</b>                | <b>1,613</b> | <b>1,255</b> | <b>29%</b>    |

# Gross Premiums Written

| (Lire billions)                 | <u>1997</u>  | <u>1996</u>  | <u>Change</u> |
|---------------------------------|--------------|--------------|---------------|
| • Completa (Deferred Annuities) | 120          | 94           | 28%           |
| • Oro / DiPiù Pac - 1st year    | 37           | 28           | 29%           |
| <b>Recurring policies</b>       | <b>157</b>   | <b>122</b>   | <b>28%</b>    |
| • Tradit. & Group Policies      | 28           | 21           | 33%           |
| • Oro Pic                       | 169          | 99           | 71%           |
| • DiPiù Pic                     | 432          | 338          | 28%           |
| <b>Single premium policies</b>  | <b>629</b>   | <b>458</b>   | <b>37%</b>    |
| <b>Total New Business</b>       | <b>786</b>   | <b>580</b>   | <b>35%</b>    |
| • Policies in force             | 584          | 544          | 7%            |
| • Oro / DiPiù Pac in force      | 105          | 67           | 57%           |
| <b>Total Business In Force</b>  | <b>689</b>   | <b>610</b>   | <b>13%</b>    |
| <b>Total Gross Premiums</b>     | <b>1,475</b> | <b>1,190</b> | <b>24%</b>    |

# Commissions from Mutual Funds

(Lire billions)

|                          | <u>1997</u> | <u>1996</u> | <u>Change</u> |
|--------------------------|-------------|-------------|---------------|
| • Entry Fees             | 63          | 38          | 68%           |
| • Management Fees        | 103         | 93          | 11%           |
| • Performance Fees       | 53          | 26          | 104%          |
| <b>Total Commissions</b> | <b>219</b>  | <b>157</b>  | <b>39%</b>    |

# Gross Inflows into Mutual Funds

(Lire billions)

|                            | <u>1997</u>  | <u>1996</u>  | <u>Change</u> |
|----------------------------|--------------|--------------|---------------|
| • Equity Funds             | 905          | 446          | 103%          |
| • Bond Funds               | 1,075        | 859          | 25%           |
| • Monetary Funds           | 984          | 859          | 15%           |
| <b>Total Gross Inflows</b> | <b>2,964</b> | <b>2,163</b> | <b>37%</b>    |

# 1997 - Costs

(Lire billions)

|  | <u>1997</u> | <u>1996</u> | <u>Change</u> |
|--|-------------|-------------|---------------|
| • Claims, Benefits paid,<br>Changes in Life reserves | 1,297       | 1,084       | 20%           |
| – Recov. from Reinsurance                            | -149        | -161        | -8%           |
| • Acquisition costs                                  | 156         | 111         | 41%           |
| • G&A expenses                                       | 138         | 114         | 21%           |
| • Depreciation                                       | 16          | 7           | 129%          |
| • Investment Income                                  | 426         | 364         | 17%           |
| – Policyholders' interests                           | -312        | -253        | 23%           |

# Benefits paid & Changes in Reserves

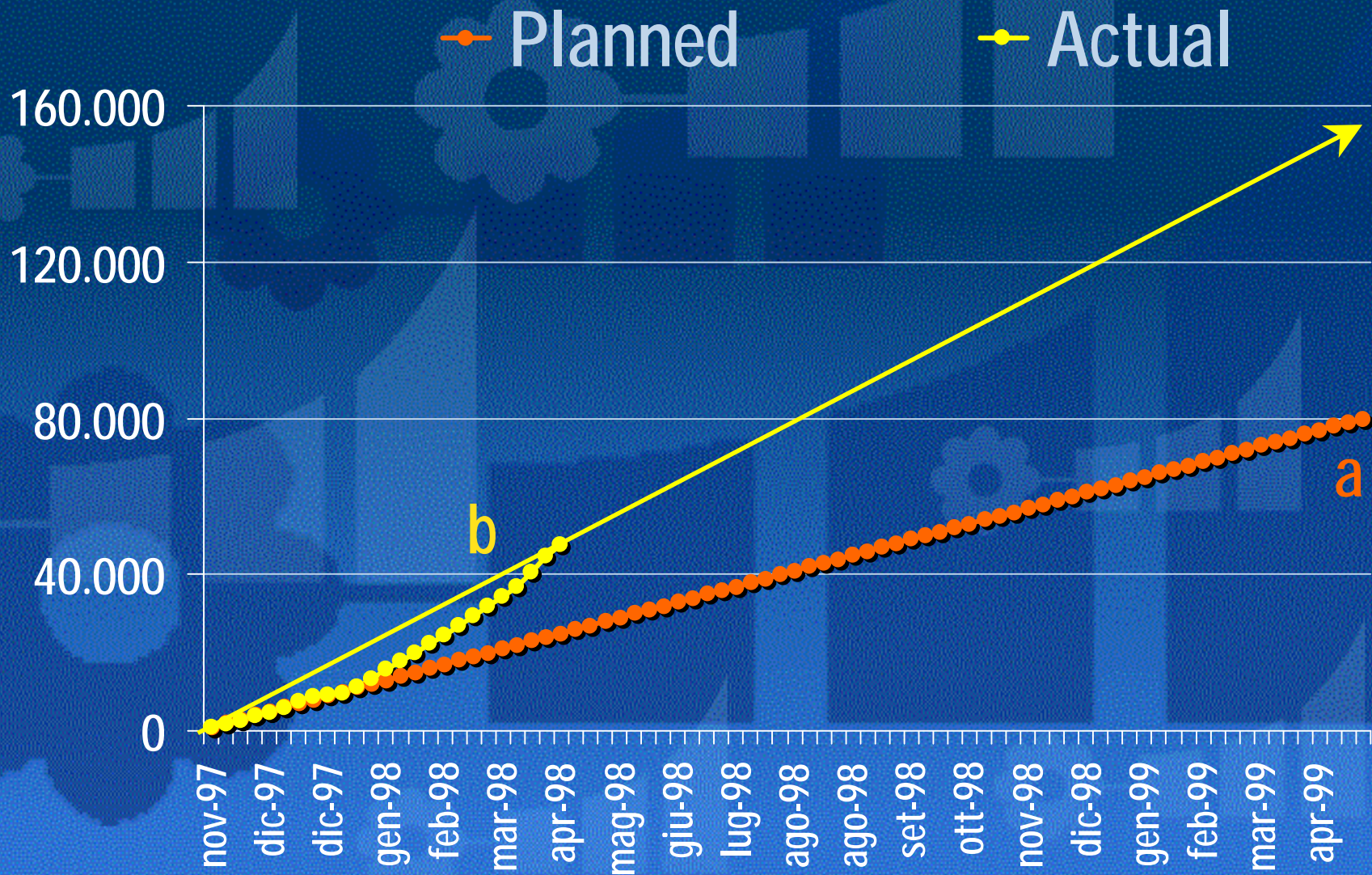
| (Lire billions)   | <u>1997</u>  | <u>1996</u>  | <u>Change</u> |
|---|--------------|--------------|---------------|
| • Benefits paid<br>(Claims + Maturity)                        | 139          | 81           | 72%           |
| • Benefits paid<br>(Surrenders)                               | 152          | 153          | 0%            |
| • Changes in Life Reserves<br>(less Policyholders' interests) | 1,006        | 850          | 18%           |
| <b>Total</b>  | <b>1,297</b> | <b>1,084</b> | <b>20%</b>    |

# Distribution Networks

| No. of Consultants as of 31/12       | <u>1997</u> | <u>1996</u> |
|--------------------------------------|-------------|-------------|
| <b>Banca Mediolanum</b>              | <b>2954</b> | <b>2598</b> |
| • Licensed Financial Consultants     | 1885        | 1828        |
| • Non-licensed Financial Consultants | 1069        | 770         |
| <b>Partner Time</b>                  |             |             |
| • Part-time Insurance agents         | 415         | 468         |
| <b>Total Networks</b>                | <b>3369</b> | <b>3066</b> |



# Banca Mediolanum - Current Accounts



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## Banca Mediolanum - Main Pluses

- Extreme convenience of consulting and ordering
- Comprehensive information
- Face-to-face service
- Competitive and transparent pricing
- High quality of service by all contact personnel

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# New Products

## Defender

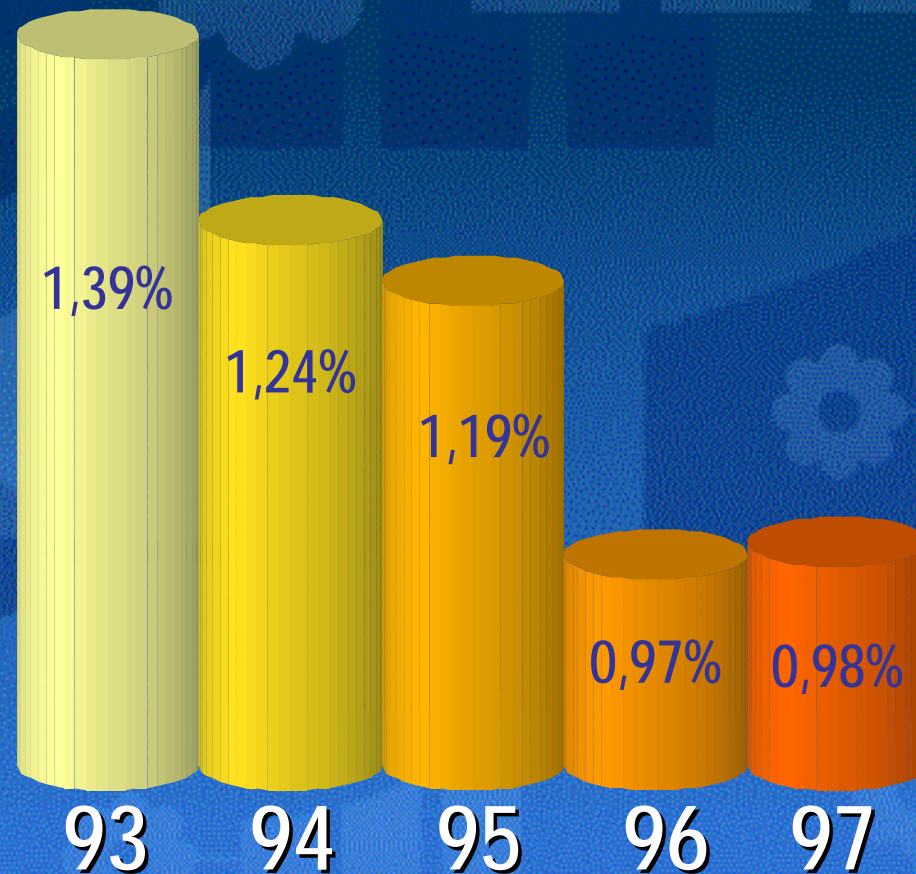


# Products' Profitability

| (Lire billions)                     | <u>1997</u> | <u>1996</u> | <u>Change</u> |
|-------------------------------------|-------------|-------------|---------------|
| • Life                              | 156         | 125         | 25%           |
| (Life net of Consap effect)         | 136         | 125         | 9%            |
| • Mutual Funds                      | 118         | 86          | 38%           |
| • Bank                              | -10         | n.a.        | n.a.          |
| • Others                            | 6           | 2           | n.a.          |
| <b>Profit Before Tax &amp; E.I.</b> | <b>270</b>  | <b>213</b>  | <b>27%</b>    |

# Evolution of G&A Expenses

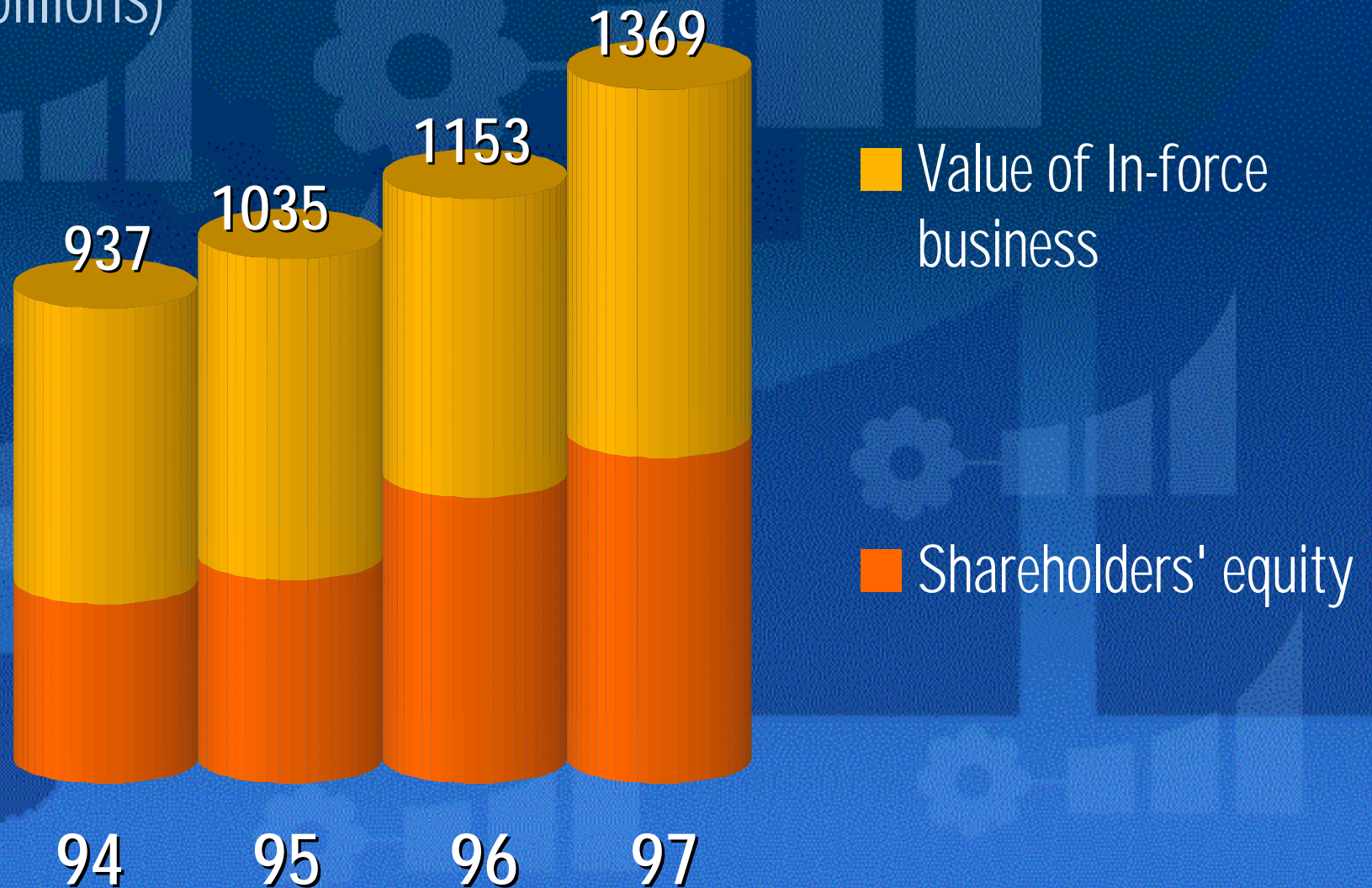
Weight of G&A costs\* on  
Total Funds under Administration



\*Not including Depreciation

# Embedded Value

(Lire billions)



# Embedded Value Earnings

(Lire billions)

|                         | <u>1997</u> | <u>1996</u> |
|-------------------------|-------------|-------------|
| Change over the year    | 216         | 118         |
| Dividend paid           | 52          | 36          |
| Capital injections      | 0           | -96         |
| Embedded Value Earnings | 268         | 58          |

# Embedded Value Earnings

(Lire billions)

|                                       | <u>1997</u> | <u>1996</u> |
|---------------------------------------|-------------|-------------|
| • Expected increase in EV             | 87          | 109         |
| • Change in assumptions/discount rate | -58         | -103        |
| • Change in income tax                | 165         | --          |
| <b>Change from existing business</b>  | <b>194</b>  | <b>6</b>    |
| • New Business - Life                 | 54          | 47          |
| • New Business - Funds                | 20          | 5           |
| <b>Value of New Business</b>          | <b>74</b>   | <b>52</b>   |
| <b>Embedded Value Earnings</b>        | <b>268</b>  | <b>58</b>   |



# Mediolanum - 1998

- Extend current accounts to existing customers
- Attract appropriately segmented customers
  - ✓ Mediolanum Tour to Rotary Club members
- Accelerate growth of Banca Mediolanum's sales network
  - ✓ Recruiting campaign

# Mediolanum - 1998

- Two new Irish Umbrella Funds
- Personalised service of assets administration in fund units
- Unit-linked Policies
- Pension Funds
  - ✓ joint venture with "State Street Global Advisors"
- Dividend pay-out: 450 lira (56%)

# Group Structure

