

**FY 2003**

**Reclassified  
Results**



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**Alessandra Lanzone**  
Head of Investor Relations

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**Ennio Doris**  
Chief Executive Officer

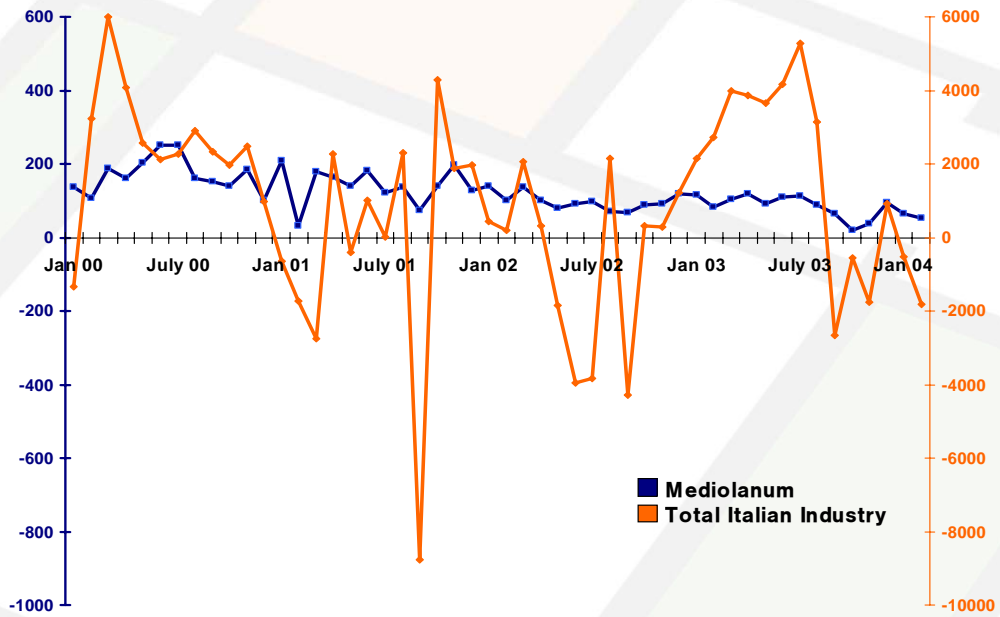
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## Net Inflows into Mutual Funds\*

€ mn

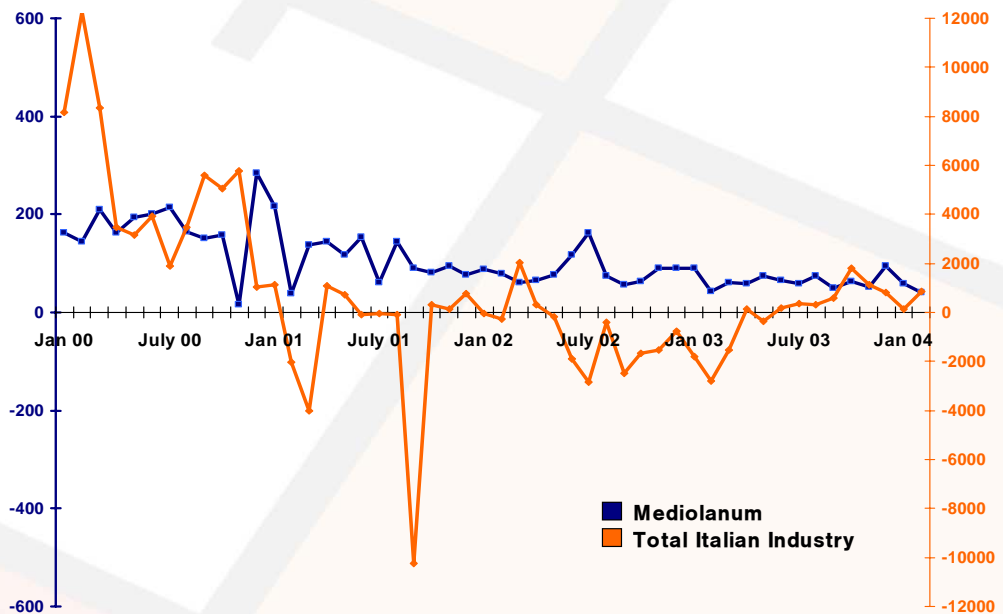


\* Including Managed Accounts & Unit-linked policies  
Source: Assogestioni

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## Net Inflows into Equity Mutual Funds\*

€ mn



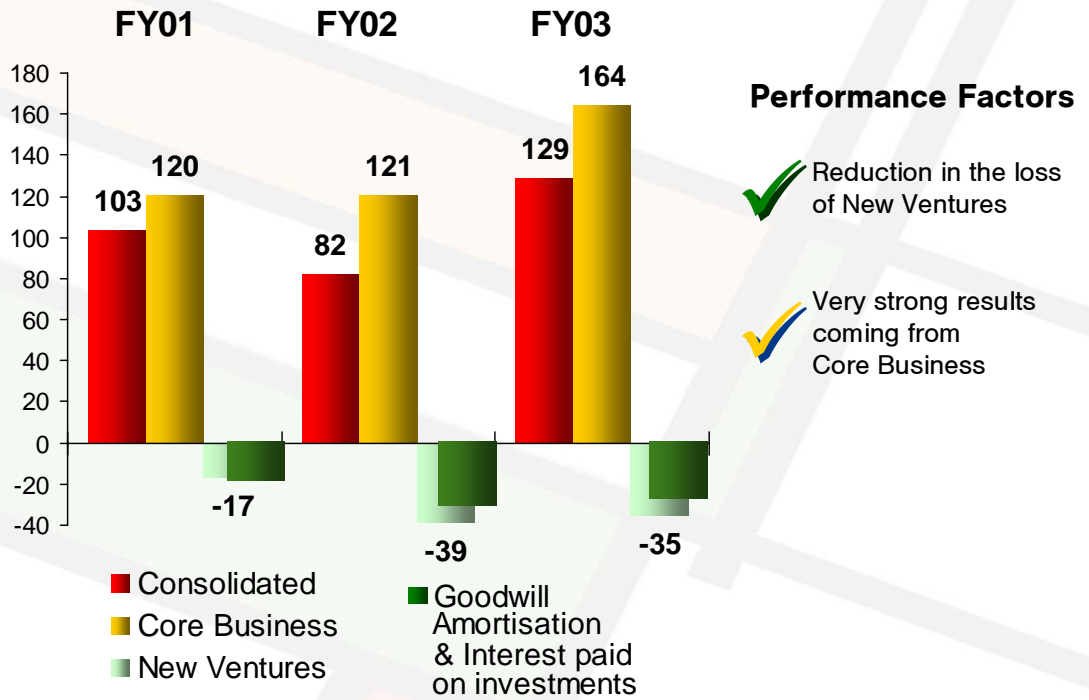
\* Including Managed Accounts & Unit-linked policies  
Source: Assogestioni



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## Net Profit Trend

€ mn



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## Agenda

- ✓ Group Consolidated Results
- ✓ Core Business
- ✓ New Ventures
- ✓ Embedded Value
- ✓ Growth Factors



## FY 2003 Reclassified Results

## Group Consolidated

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## Net Profit

€ mn

	FY03	FY02	Change
Total revenues	2,576.4	2,517.5	+2.3%
Total costs	(2,437.3)	(2,416.9)	+0.8%
Net investment income	24.0	6.7	+258.8%
<b>Profit before Tax &amp; E.I.</b>	<b>163.1</b>	<b>107.3</b>	<b>+52.0%</b>
Extraordinary items	(12.3)	1.7	n.s.
<b>Profit before Tax</b>	<b>150.8</b>	<b>109.0</b>	<b>+38.4%</b>
Tax	(21.4)	(27.1)	-21.0%
Profit from minority interests	0.0	(0.1)	-85.0%
<b>NET PROFIT</b>	<b>129.4</b>	<b>82.0</b>	<b>+57.8%</b>



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## Net Profit in Detail

€ mn

	FY03	FY02	Change
Net Premiums written	2,125.0	2,135.5	-0.5%
Commission income	281.3	241.6	+16.4%
Bank revenues	150.3	120.5	+24.7%
Other revenues/commissions	19.9	19.9	-0.2%
<b>Total Revenues</b>	<b>2,576.4</b>	<b>2,517.5</b>	<b>+2.3%</b>
Net change in reserves	(1,923.0)	(1,911.9)	+0.6%
Acquisition costs	(210.0)	(213.4)	-1.6%
G&A expenses	(226.0)	(219.4)	+3.0%
Amortisation/depreciation	(78.3)	(72.2)	+8.4%
<b>Total Costs</b>	<b>(2,437.3)</b>	<b>(2,416.9)</b>	<b>+0.8%</b>
Net investment income	24.0	6.7	+258.8%
<b>Profit before Tax &amp; E.I.</b>	<b>163.1</b>	<b>107.3</b>	<b>+52.0%</b>
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Tax	(21.4)	(27.1)	-21.0%
Profit /Loss from minority interests	0.0	(0.1)	-85.0%
<b>NET PROFIT</b>	<b>129.4</b>	<b>82.0</b>	<b>+57.8%</b>

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## Assets under Administration

€ mn

	31/12/03	31/12/02	Change
Life reserves	8,447.0	6,796.3	+24.3%
Mutual funds & managed accounts	10,007.5	8,411.9	+19.0%
Bank deposits	4,664.0	5,094.6	-8.5%
Institutional assets	163.3	491.0	-66.7%
Consolidation adjustments	(3,732.5)	(3,090.3)	+20.8%
<b>Core Business Assets</b>	<b>19,549.3</b>	<b>17,703.5</b>	<b>+10.4%</b>
Spain	1,941.9	1,788.3	+8.6%
Germany	503.9	428.0	+17.7%
Banca Esperia*	1,504.5	1,087.2	+38.4%
Mediolanum Private	14.2	7.2	+96.1%
<b>New Ventures Assets</b>	<b>3,964.5</b>	<b>3,310.7</b>	<b>+19.7%</b>
<b>AUA</b>	<b>23,513.8</b>	<b>21,014.3</b>	<b>+11.9%</b>

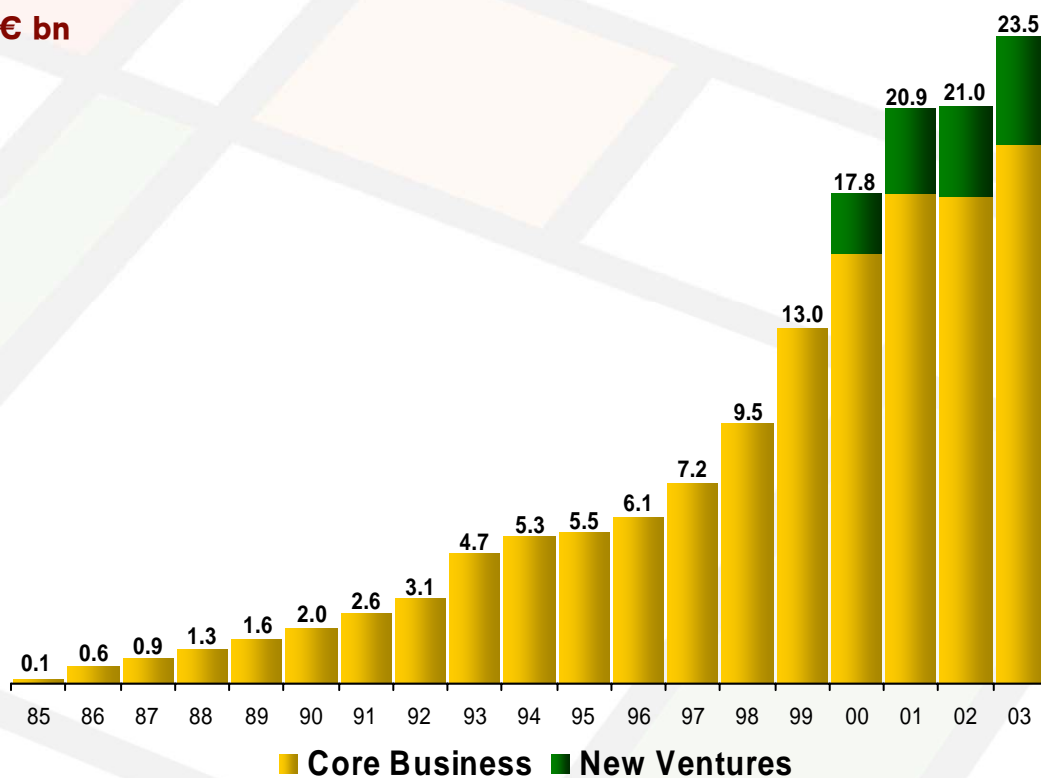
\* Mediolanum Group's share (48.5%)



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## AUA Trend

€ bn



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## Net Inflows

€ mn

	FY03	FY02	Change
Life policies	1,481.2	1,139.9	+29.9%
Mutual funds & managed accounts	935.9	938.3	-0.2%
<b>Managed Savings</b>	<b>2,417.2</b>	<b>2,078.2</b>	<b>+16.3%</b>
<b>Administered Savings</b>	<b>(103.2)</b>	<b>1,507.8</b>	<b>n.s.</b>
<b>NET INFLOWS</b>	<b>2,313.9</b>	<b>3,586.0</b>	<b>-35.5%</b>





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## Sales Network

	31/12/03	31/12/02	Change
Italy: Banca Mediolanum	5,002	5,015	-0.3%
Spain: Fibanc (Mediolanum model)	375	259	+44.8%
Spain: Fibanc (Traditional model)	76	98	-22.4%
Germany: B.A. Lenz	96	36	+166.7%
<b>Full Time Exclusive advisor</b>	<b>5,549</b>	<b>5,408</b>	<b>+2.6%</b>
Italy: Partner Time	1,063	1,402	-24.2%
Spain: Fibanc Part-Time agents	81	45	+80.0%
Germany: Gamax	689	1,104	-37.6%
<b>Part-Time / Non Exclusive advisors</b>	<b>1,833</b>	<b>2,551</b>	<b>-28.1%</b>
<b>TOTAL SALES NETWORK</b>	<b>7,382</b>	<b>7,959</b>	<b>-7.2%</b>



Core Business

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**Edoardo Lombardi**  
Chief Operating Officer

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**FY 2003 Reclassified Results**

**Core Business**



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**Net Profit**

€ mn

	FY03	FY02	Change
Total revenues	2,456.4	2,444.3	+0.5%
<b>Profit before Tax &amp; E.I.</b>	<b>197.2</b>	<b>150.0</b>	<b>+31.5%</b>
Extraordinary items	(8.6)	1.4	n.s.
<b>Profit before Tax</b>	<b>188.6</b>	<b>151.4</b>	<b>+24.6%</b>
Tax	(24.1)	(30.7)	-21.4%
<b>NET PROFIT</b>	<b>164.4</b>	<b>120.7</b>	<b>+36.2%</b>

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**Net Profit Performance Factors**

- ✓ Strong contribution from performance fees
- ✓ Increase in interest spread in our current accounts
- ✓ Significant increase in net investment income from traditional reserves
- ✓ Tax benefit of 7 mn € due to adjustment of Fibanc and Gamax book value on balance sheet of sub-holdings Banca Mediolanum & Mediolanum International S.A. in accordance with a new fair value assessment of the companies



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**Assets under Administration**

€ mn

	31/12/03	31/12/02	Change
Life reserves	8,447.0	6,796.3	+24.3%
Mutual funds & managed accounts	10,007.5	8,411.9	+19.0%
Institutional assets	163.3	491.0	-66.7%
Consolidation adjustments	(3,732.5)	(3,090.3)	+20.8%
<b>Managed Savings Assets</b>	<b>14,885.3</b>	<b>12,608.9</b>	<b>+18.1%</b>
Bank deposits	4,664.0	5,094.6	-8.5%
<b>Administered Savings Assets</b>	<b>4,664.0</b>	<b>5,094.6</b>	<b>-8.5%</b>
<b>TOTAL AUA</b>	<b>19,549.3</b>	<b>17,703.5</b>	<b>+10.4%</b>

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**Life Reserves**

€ mn

	31/12/03	31/12/02	Change
Traditional Reserves	1,286.3	1,414.9	-9.1%
Index-linked Reserves	3,600.1	2,627.1	+37.0%
Unit-linked Reserves	3,560.6	2,754.3	+29.3%
<b>LIFE RESERVES</b>	<b>8,447.0</b>	<b>6,796.3</b>	<b>+24.3%</b>



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## Mutual Funds & M.A. Assets

€ mn

	31/12/03	31/12/02	Change
Equity funds	5,976.9	4,788.4	+24.8%
Bond funds	1,803.2	1,864.5	-3.3%
Monetary funds	773.3	518.5	+49.1%
<b>Total "unbundled" mutual funds</b>	<b>8,553.4</b>	<b>7,171.4</b>	<b>+19.3%</b>
"Elite" fund of funds	69.8	0.0	n.s.
<i>o/w equity</i>	39.5	0.0	n.s.
"Mix" accounts	1,292.3	1,134.0	+14.0%
<i>o/w equity</i>	841.1	698.5	+20.4%
"Chorus" managed accounts	1,879.0	1,878.0	+0.1%
<i>o/w equity</i>	1,198.0	1,154.0	+3.8%
<b>Total "bundled" mutual funds</b>	<b>3,241.0</b>	<b>3,012.0</b>	<b>+7.6%</b>
Managed accts in own mutual funds	(1,787.0)	(1,771.5)	+0.9%
<b>MUTUAL FUND &amp; MA ASSETS</b>	<b>10,007.5</b>	<b>8,411.9</b>	<b>+19.0%</b>
<i>o/w equity</i>	68.5%	64.3%	+6.5%

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## Mutual Funds Assets by Location

as at 31/12/03



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**Bank Deposits**

€ mn

	FY03	FY02	Change
Cash under deposit	2,537.2	2,871.7	-11.6%
Securities under deposit	1,935.7	2,002.7	-3.3%
Repurchase agreements	180.8	203.7	-11.2%
Subordinated loans	10.3	16.5	-37.6%
<b>BANK DEPOSITS</b>	<b>4,664.0</b>	<b>5,094.6</b>	<b>-8.5%</b>

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**Net Inflows**

€ mn

	FY03	FY02	Change
Mutual funds & managed accounts	444.7	557.5	-20.2%
Life policies	1,411.3	1,116.5	+26.4%
<b>Managed Savings</b>	<b>1,856.0</b>	<b>1,674.0</b>	<b>+10.9%</b>
Securities	45.1	575.8	-92.2%
Cash	(334.6)	796.6	n.s.
Repurchase agreements	(23.0)	12.9	n.s.
<b>Administered Savings</b>	<b>(312.5)</b>	<b>1,385.3</b>	<b>n.s.</b>
<b>NET INFLOWS</b>	<b>1,543.5</b>	<b>3,059.3</b>	<b>-49.5%</b>



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**Total Revenues**

€ mn

	FY03	FY02	Change
Premium income	2,062.8	2,123.0	-2.8%
Re-insurance ceded	(7.7)	(10.0)	-23.3%
Commission income	258.8	217.1	+19.2%
Bank revenues	124.7	95.4	+30.7%
Other commission & revenues	17.8	18.8	-5.3%
<b>TOTAL REVENUES</b>	<b>2,456.4</b>	<b>2,444.3</b>	<b>+0.5%</b>

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**Gross Premiums Written**

€ mn

	FY03	FY02	Change
U-L Pension plans (Europension)	29.3	32.5	-9.7%
U-L Pension plans (MyPension, Tax Benefit)	55.8	68.1	-18.1%
U-L Investment policies (Life Funds)	22.3	29.9	-25.5%
<b>Recurring Policies (AP)</b>	<b>107.4</b>	<b>130.5</b>	<b>-17.7%</b>
Trad/Group/Investment policies	8.4	9.2	-8.7%
Unit-linked policies (Life Funds, Oro Funds)	121.6	221.7	-45.2%
Index-linked policies (Dipiù)*	1,045.0	1,052.3	-0.7%
<b>Single Premium Policies (SP)</b>	<b>1,175.0</b>	<b>1,283.2</b>	<b>-8.4%</b>
<b>TOTAL NEW BUSINESS</b>	<b>1,282.4</b>	<b>1,413.7</b>	<b>-9.3%</b>
Pension plans in-force	678.7	615.5	+10.3%
Investment policies in-force	101.7	93.8	+8.4%
<b>TOTAL IN-FORCE BUSINESS</b>	<b>780.4</b>	<b>709.3</b>	<b>+10.0%</b>
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>2,062.8</b>	<b>2,123.0</b>	<b>-2.8%</b>
Total Gross Premiums Written ex-transformation	2,016.3	1,843.0	+9.4%

\*from transformation: FY03 = 46.5 mn euro, FY02 = 280 mn euro



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**Adjusted Premium Income**

€ mn

	FY03	FY02	Change
Recurring policies	107.4	130.5	-17.7%
Single premium policies x 1/10	117.5	128.3	-8.4%
<b>NEW BUSINESS APE*</b>	<b>224.9</b>	<b>258.8</b>	<b>-13.1%</b>

\*annual premium equivalent

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**Gross Inflows into Mutual Funds & Managed Accounts**

€ mn

	FY03	FY02	Change
Equity funds	476.5	531.1	-10.3%
Bond funds	261.0	222.2	+17.5%
Monetary funds	440.5	227.5	+93.6%
<b>Total "unbundled" mutual funds</b>	<b>1,178.0</b>	<b>980.7</b>	<b>+20.1%</b>
"Elite" fund of funds	74.6	0.0	n.s.
o/w equity	42.0	0.0	n.s.
"Mix" accounts	209.7	682.1	-69.3%
o/w equity	117.6	462.7	-74.6%
"Chorus" managed accounts	157.5	583.3	-73.0%
o/w equity	78.8	343.4	-77.1%
<b>Total "bundled" mutual funds</b>	<b>441.8</b>	<b>1,265.4</b>	<b>-65.1%</b>
<b>TOTAL GROSS INFLOWS INTO MF &amp; MA</b>	<b>1,619.8</b>	<b>2,246.1</b>	<b>-27.9%</b>
o/w equity	714.9	1,337.1	-46.5%
Total Gross Inflows into MF & MA ex-transformation	1,619.8	1,659.4	-2.4%





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## Bank Accounts & Account Holders

€ mn

	31/12/03	31/12/02	Change
Active bank accounts	333,000	339,000	-1.8%
Primary account holders (unduplicated)	778,200	761,000	+2.3%

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## Primary Account Holders

	31/12/03	31/12/02	Change
Life	581,800	547,800	+6.2%
Mutual funds & managed accounts	287,500	282,400	+1.8%
Bank	299,200	304,600	-1.8%
Other	64,100	70,000	-8.4%
<b>Unduplicated Primary Account Holders</b>	<b>778,200</b>	<b>761,300</b>	<b>+2.2%</b>



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**Total Account Holders**

	31/12/03	31/12/02	Change
Life	581,800	547,800	+6.2%
Mutual funds & managed accounts	440,000	436,000	+0.9%
Bank	457,300	465,400	-1.7%
Other	65,900	70,000	-5.9%
<b>Total Account Holders</b>	<b>917,700</b>	<b>905,000</b>	<b>+1.4%</b>

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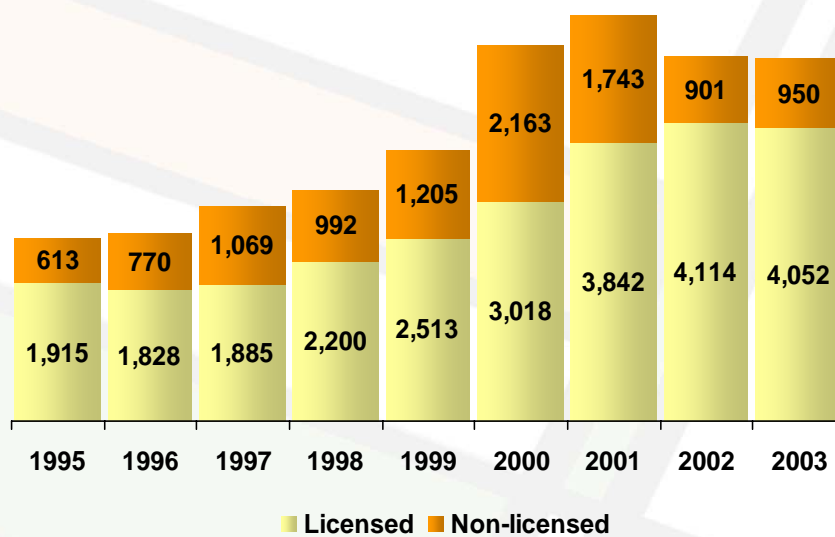
**Sales Network**

	31/12/03	31/12/02	Change
Licensed Financial Advisors	4,052	4,114	-1.5%
Non-Licensed Financial Advisors	950	901	+5.4%
<b>Banca Mediolanum</b>	<b>5,002</b>	<b>5,015</b>	<b>-0.3%</b>
<i>o/w financial executives</i>	814	870	-6.4%
<b>Partner Time</b>	<b>1,063</b>	<b>1,402</b>	<b>-24.2%</b>
<b>TOTAL NETWORK</b>	<b>6,065</b>	<b>6,417</b>	<b>-5.5%</b>



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## Sales Network Trend



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## Profit by Business Line

€ mn

	FY03	FY02	Change
Life insurance	92.4	74.5	+24.1%
Mutual funds	58.9	46.0	+28.1%
Bank business	44.6	17.9	+149.4%
Other operations	1.2	11.6	-89.6%
<b>PROFIT BEFORE TAX &amp; E.I.</b>	<b>197.2</b>	<b>150.0</b>	<b>+31.5%</b>



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## Net Investment Income

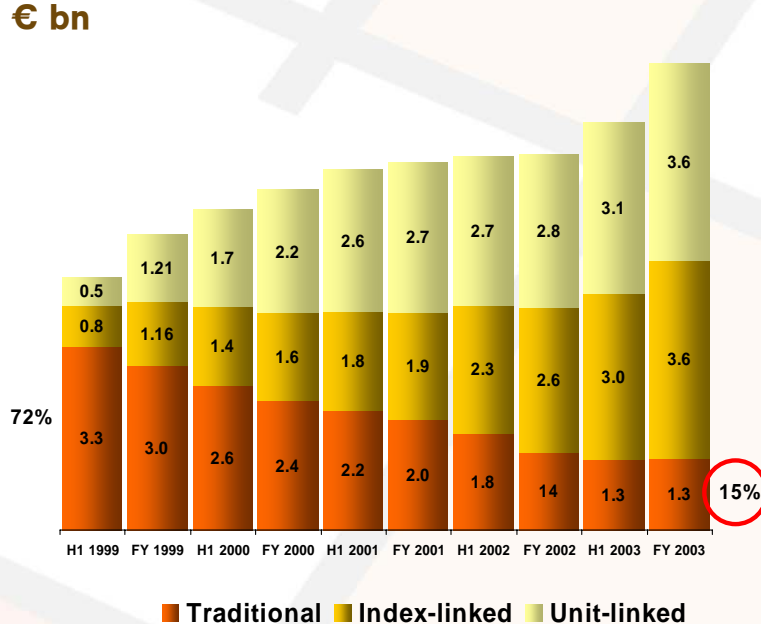
€ mn

	FY03	FY02	Change
Investment income - Life	60.2	74.1	-18.8%
Adjustments to financial investments	0.9	(13.7)	n.s.
Adjusted investment income - Life	61.0	60.4	+1.1%
Policyholders' interest	(40.3)	(56.8)	-29.0%
<b>Net Investment Income - Life</b>	<b>20.7</b>	<b>3.6</b>	<b>+475.8%</b>
<b>Net Investment Income - other</b>	<b>(3.4)</b>	<b>1.2</b>	<b>n.s.</b>
Interest paid on investments	8.1	11.1	-27.0%
<b>NET INVESTMENT INCOME</b>	<b>25.4</b>	<b>15.9</b>	<b>+59.9%</b>

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## Life Reserves Trend

€ bn



✓ Decline in traditional reserves sensitive to low interest rates

✓ Guarantees relate only to traditional reserves: 15% of Life assets

✓ Unit & Index-linked don't require solvency margins

✓ Cost & availability of capital present no issue: network commissions financed by 1st-year loadings



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**Profit by Business Line**

€ mn

	<b>FY03</b>	<b>FY02</b>	<b>Change</b>
Life insurance	92.4	74.5	+24.1%
Mutual funds	58.9	46.0	+28.1%
Bank business	44.6	17.9	+149.4%
Other operations	1.2	11.6	-89.6%
<b>PROFIT BEFORE TAX &amp; E.I.</b>	<b>197.2</b>	<b>150.0</b>	<b>+31.5%</b>

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**Commission Income**

€ mn

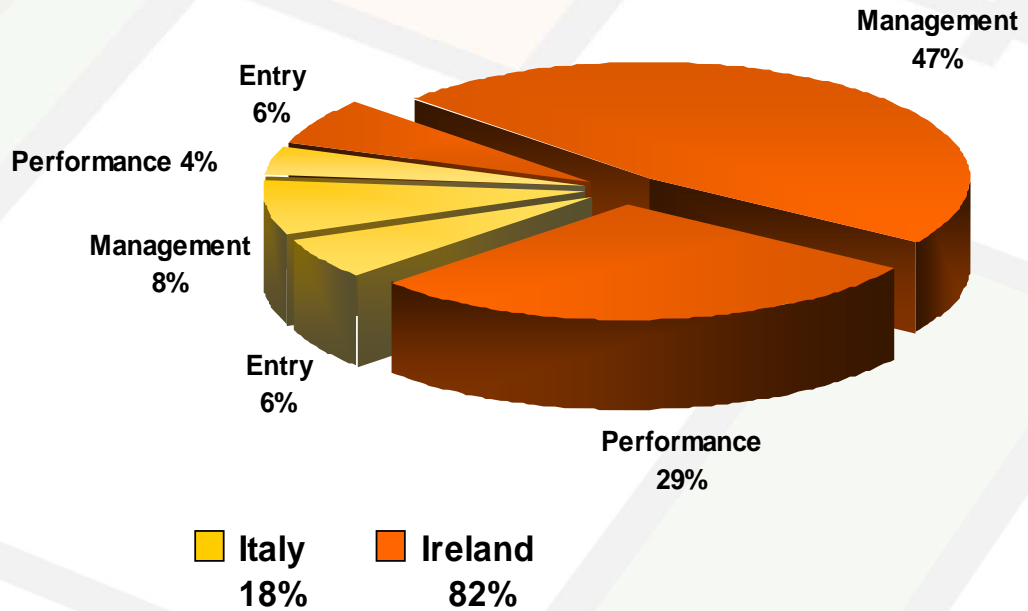
	<b>FY03</b>	<b>FY02</b>	<b>Change</b>
Entry fees	31.5	30.5	+3.3%
Management fees	142.8	145.4	-1.8%
Performance fees	84.5	41.2	+105.1%
<b>TOTAL COMMISSION INCOME</b>	<b>258.8</b>	<b>217.1</b>	<b>+19.2%</b>



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## Commission Income by Location

as at 31/12/2003



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## Profit by Business Line

€ mn

	FY03	FY02	Change
Life insurance	92.4	74.5	+24.1%
Mutual funds	58.9	46.0	+28.1%
Bank business	44.6	17.9	+149.4%
Other operations	1.2	11.6	-89.6%
<b>PROFIT BEFORE TAX &amp; E.I.</b>	<b>197.2</b>	<b>150.0</b>	<b>+31.5%</b>



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**Bank Revenues**

€ mn

	FY03	FY02	Change
<b>Interest Spread</b>	<b>54.9</b>	<b>26.7</b>	<b>+105.6%</b>
Securities	17.1	13.6	+25.7%
Service fees: managed accounts	22.3	26.5	-15.8%
Other services	30.4	28.6	+6.1%
<b>Service Margin</b>	<b>69.8</b>	<b>68.7</b>	<b>+1.5%</b>
<b>BANK REVENUES</b>	<b>124.7</b>	<b>95.4</b>	<b>+30.7%</b>

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**Benefits Paid & Changes in Reserves**

€ mn

	FY03	FY02	Change
Claims & maturities	306.7	271.0	+13.2%
Natural surrenders	202.6	274.8	-26.3%
Surrenders from transformation	133.3	452.9	-70.6%
<b>Benefits Paid</b>	<b>642.6</b>	<b>998.7</b>	<b>-35.7%</b>
<b>Changes in Reserves</b>	<b>1,225.9</b>	<b>904.5</b>	<b>+35.5%</b>
<b>Recovery from reinsurance</b>	<b>(7.4)</b>	<b>(12.6)</b>	<b>-41.6%</b>
<b>NET BENEFITS PAID &amp; CHANGES IN RESERVES</b>	<b>1,861.1</b>	<b>1,890.6</b>	<b>-1.6%</b>



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**Surrenders\***

€ mn

	FY03	FY02	Change
<b>Surrenders from Transformation</b>	<b>133.3</b>	<b>452.9</b>	<b>-70.6%</b>
<b>Natural Surrenders*</b>	<b>168.6</b>	<b>236.1</b>	<b>-28.6%</b>
% of reserves	3.8%	5.2%	
<b>TOTAL SURRENDERS</b>	<b>301.9</b>	<b>689.0</b>	<b>-56.2%</b>

\*excluding index-linked &amp; group policies

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**Surrenders of Investment Policies**

€ mn

	FY03	FY02	Change
<b>Surrenders of Traditional investment policies</b>	<b>63.4</b>	<b>303.8</b>	<b>-79.1%</b>
% of reserves	26.4%	75.3%	
<i>o/w Natural Surrenders</i>	<b>41.4</b>	<b>90.0</b>	<b>-54.0%</b>
% of reserves	16.4%	17.6%	
<b>Surrenders of Unit-linked investment policies</b>	<b>71.3</b>	<b>49.6</b>	<b>+43.8%</b>
% of reserves	9.7%	8.0%	
<b>SURRENDERS OF INVESTMENT POLICIES*</b>	<b>134.8</b>	<b>353.4</b>	<b>-61.9%</b>
% of reserves	13.8%	34.6%	
<i>o/w Natural Surrenders</i>	<b>112.7</b>	<b>139.6</b>	<b>-19.3%</b>
% of reserves	11.4%	12.4%	

\* excluding group policies





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## Surrenders of Pension Plans

€ mn

	FY03	FY02	Change
<b>Surrenders of Traditional pension plans</b>	<b>134.9</b>	<b>305.5</b>	<b>-55.8%</b>
% of reserves	13.5%	25.1%	
<i><b>o/w Natural Surrenders</b></i>	<b>23.6</b>	<b>66.4</b>	<b>-64.5%</b>
% of reserves	2.2%	5.0%	
<b>Surrenders of Unit-linked pension plans</b>	<b>32.3</b>	<b>30.1</b>	<b>+7.3%</b>
% of Reserves	1.3%	1.4%	
<b>SURRENDERS OF PENSION PLANS*</b>	<b>167.1</b>	<b>335.6</b>	<b>-50.2%</b>
% of reserves	4.9%	10.1%	
<i><b>o/w Natural Surrenders</b></i>	<b>55.9</b>	<b>96.5</b>	<b>-42.1%</b>
% of reserves	1.6%	2.8%	

\*excluding group policies

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## Costs

€ mn

	FY03	FY02	Change
Net claims, benefits paid, changes in reserves	1,861.1	1,890.6	-1.6%
Acquisition costs (commission expense)	189.1	194.7	-2.9%
G&A expenses	171.7	172.1	-0.2%
Advertising expenses	12.9	6.5	+98.5%
Depreciation & provisions	49.9	46.4	+7.5%



## FY 2003 Reclassified Results

## New Ventures

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## Net Profit

€ mn

	FY03	FY02	Change
Spain	0.0	(1.1)	n.s.
Germany	(9.7)	(5.7)	+70.2%
Banca Esperia	1.0	(3.5)	n.s.
Mediolanum Private & Others	(0.9)	(1.1)	-18.2%
<b>NET PROFIT/LOSS</b>	<b>(9.6)</b>	<b>(11.4)</b>	<b>-15.0%</b>



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**Net Consolidated Effect**

€ mn

	FY03	FY02	Change
Net profit/loss	(9.6)	(11.4)	-15.0%
Goodwill amortisation	(20.1)	(20.1)	-0.2%
Interest paid on investments	(5.3)	(7.1)	-24.7%
<b>NET CONSOLIDATED EFFECT</b>	<b>(35.1)</b>	<b>(38.6)</b>	<b>-9.1%</b>

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**Banca Esperia Highlights  
(100%)**

€ mn

	FY03	FY02	Change
Net profit/loss	2.0	(7.1)	n.s.
<i>o/w Mediolanum share</i>	1.0	(3.5)	n.s.
Assets under Administration	3,102.0	2,241.6	+38.4%
% in managed assets	80.9%	76.1%	+6.3%
Gross inflows	2,421.0	1,753.2	+38.1%
Net inflows	1,147.8	898.4	+27.8%
Clients	1,391	1,179	+18.0%
Private Bankers	44	30	+46.7%



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**Spain Net Profit**

€ mn

	FY03	FY02	Change
Total revenues	115.0	60.8	+89.1%
Total costs*	(56.6)	(48.3)	+17.2%
Net changes in reserves	(61.8)	(21.3)	+189.9%
Capital gain/loss	5.3	8.3	-35.9%
<b>Profit before Tax &amp; E.I.</b>	<b>1.9</b>	<b>(0.6)</b>	<b>n.s.</b>
Extraordinary items	(2.2)	(0.5)	+346.4%
<b>Profit before Tax</b>	<b>(0.4)</b>	<b>(1.1)</b>	<b>-65.0%</b>
Tax	0.4	0.0	n.s.
Profit from minority interests	0.0	0.0	-130.6%
<b>SPAIN NET PROFIT</b>	<b>0.0</b>	<b>(1.1)</b>	<b>n.s.</b>
<i>*o/w start-up costs</i>	(3.8)	(3.7)	+2.7%

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**Spain Net Effect**

€ mn

	FY03	FY02	Change
Net profit/loss	0.0	(1.1)	n.s.
Goodwill amortisation	(13.6)	(13.6)	---
Interest paid on investments	(3.2)	(4.4)	-26.7%
<b>SPAIN NET EFFECT</b>	<b>(16.8)</b>	<b>(19.1)</b>	<b>-11.7%</b>



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**Spain Embedded Value\***

€ mn

In-Force Value

16 n.a.

New Life &amp; Mutual Funds Business

7 n.a.

\* gross of minorities

FY03 FY02

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**Spain Network**

31/12/03 31/12/02 Change

Financial Advisors  
(Mediolanum model)

375 259 +44.8%

Commercial Agents & Employees  
(Traditional model)

76 98 -22.4%

Part-time Agents

81 45 +80.0%

**SPAIN TOTAL NETWORK****532 402 +32.3%**

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**Spain Gross Inflows**

€ mn

	FY03	FY02	Change
Gross Premiums written	85.4	38.4	+122.4%
Mutual funds & managed accounts	406.2	257.1	+58.0%
<b>Managed Savings</b>	<b>491.6</b>	<b>295.5</b>	<b>+66.4%</b>
Securities	75.0	46.9	+59.9%
Cash	(28.4)	7.6	n.s.
<b>Administered Savings</b>	<b>46.6</b>	<b>54.5</b>	<b>-14.5%</b>
<b>SPAIN GROSS INFLOWS</b>	<b>538.2</b>	<b>350.0</b>	<b>+53.8%</b>

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**Spain Net Inflows**

€ mn

	FY03	FY02	Change
Life policies	65.0	22.4	+190.9%
Mutual funds & managed accounts	47.5	5.5	+763.8%
<b>Managed Savings</b>	<b>112.5</b>	<b>27.9</b>	<b>+304.1%</b>
Securities	75.0	45.1	+66.4%
Cash	(42.3)	(14.0)	+201.6%
<b>Administered Savings</b>	<b>32.7</b>	<b>31.1</b>	<b>+5.1%</b>
<b>SPAIN NET INFLOWS</b>	<b>145.2</b>	<b>59.0</b>	<b>+146.4%</b>



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## Spain Assets under Administration

€ mn

	31/12/03	31/12/02	Change
Life & pension funds*	136.0	74.6	+82.4%
Mutual funds**	812.7	719.7	+12.9%
Bank deposits	1,276.1	1,134.3	+12.5%
Institutional Assets	0.0	44.6	n.s.
Consolidation adjustments	(283.0)	(184.7)	+53.2%
<b>SPAIN AUA</b>	<b>1,941.9</b>	<b>1,788.3</b>	<b>+8.6%</b>
<i>*o/w Ireland-based assets</i>	11.0	11.9	-7.3%
<i>**o/w Ireland-based assets</i>	9.3	6.2	+50.0%

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## Gamax Net Profit

€ mn

	FY03	FY02	Change
Total revenues	10.7	13.6	-21.4%
Operating costs	(10.7)	(13.3)	-19.9%
Start-up costs	0.0	0.0	n.s.
<b>Net operating profit/loss</b>	<b>0.0</b>	<b>0.3</b>	<b>-89.0%</b>
Net adjustment on financial investments			
Capital gain/loss	0.0	(2.5)	n.s.
Extraordinary items	(0.3)	0.2	n.s.
<b>Profit before tax</b>	<b>(0.3)</b>	<b>(2.0)</b>	<b>-85.6%</b>
Tax	0.0	(0.1)	n.s.
Profit from minority interests			
<b>GAMAX NET PROFIT/LOSS</b>	<b>(0.3)</b>	<b>(2.1)</b>	<b>-86.0%</b>



**B.A. Lenz Highlights**

€ mn

	<b>FY03</b>	<b>FY02</b>	<b>Change</b>
Net profit/loss	(9.3)	(3.6)	+158.3%
Net inflows	74.9	0.6	n.s.
Primary Account Holders	4,480	n.a.	n.s.
Financial advisors	96	36	+166.7%

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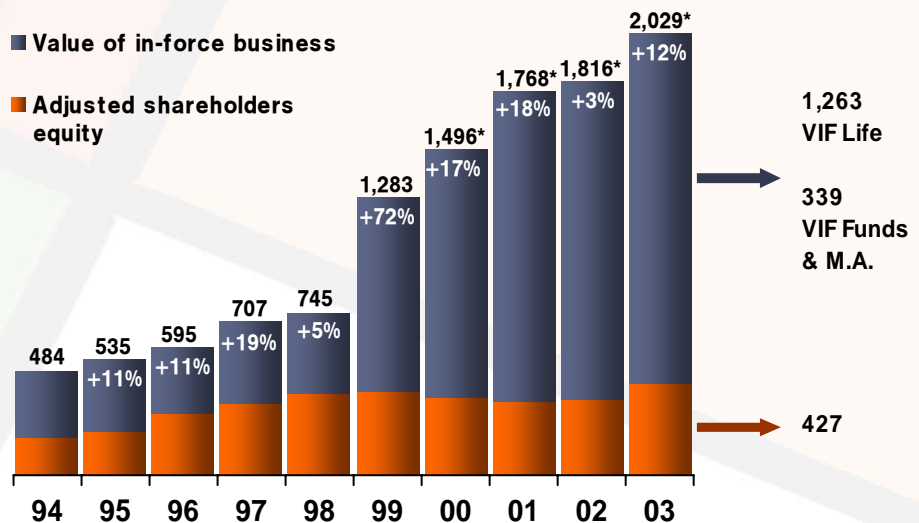
**FY 2003 Reclassified Results**

**Embedded Value**

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**Embedded Value Growth Post-acquisition Effect\***

€ mn



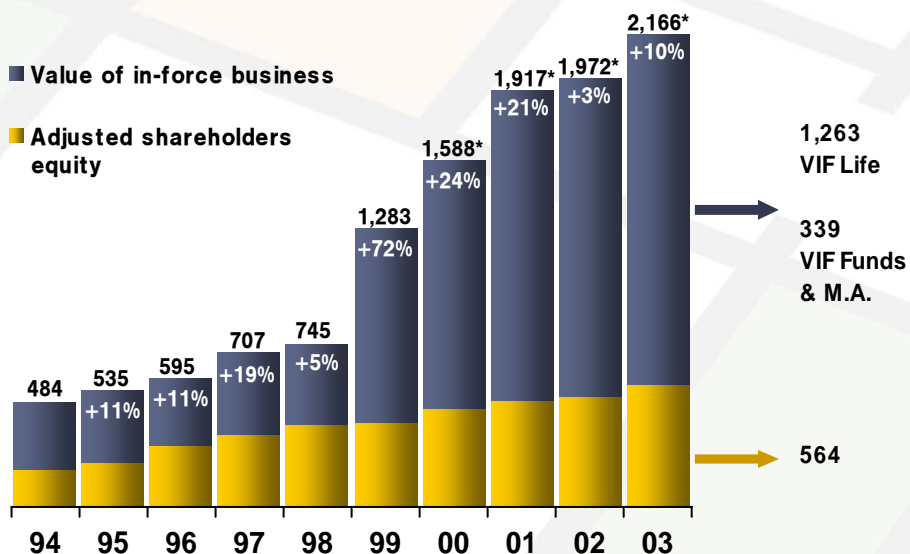
\*after excluding residual New Ventures Goodwill



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## Embedded Value Growth Pre-acquisition Effect\*

€ mn



\*before excluding residual New Ventures Goodwill

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## EV Economic Assumptions

	FY03	FY02
<b>Investment Return</b>		
Liquidity	2.25%	2.75%
Long-term bonds	4.50%	4.50%
Equity	7.00%	7.00%
<b>Own portfolio</b>		
Segregated funds	4.00%	4.15%
Unit-linked funds	5.40%	5.45%
Mutual funds & managed accounts	5.75%	5.80%
<b>Discount rate</b>	<b>7.25%</b>	<b>7.25%</b>
<b>Expense inflation rate</b>	<b>2.50%</b>	<b>3.00%</b>



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## Embedded Value Earnings

	FY03	FY02	Change
Change over period	194.0	55.0	n.s.
Dividends paid	72.0	72.0	---
Goodwill amortisation - New Ventures	19.0	20.0	---
<b>EV Earnings Pre-Acquisition Effect</b>	<b>285.0</b>	<b>147.0</b>	<b>+93.9%</b>
(before excluding residual NV goodwill)			
Goodwill Increase over the period	0.0	(27.0)	n.s.
<b>EV Earnings Post-Acquisition Effect</b>	<b>285.0</b>	<b>120.0</b>	<b>+137.5%</b>
(after excluding residual NV Goodwill)			

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## EV Earnings Components (1): Earnings on Initial EV

	FY03	FY02	Change
Expected return on EV - unwind	120.0	126.0	-4.8%
Experience variances*	20.0	(265.0)	
Operating assumption changes	15.0	111.0	
Economic assumption changes	(30.0)	(62.0)	
Tax assumption changes	5.0	1.0	
<b>Earnings on Initial EV</b>	<b>130.0</b>	<b>(89.0)</b>	<b>n.s.</b>
<b>Value-Added New Business*</b>	<b>155.0</b>	<b>236.0</b>	<b>-34.3%</b>
<b>EV Earnings Pre-Acquisition Effect</b>	<b>285.0</b>	<b>147.0</b>	<b>+93.9%</b>

\*detailed in following slides



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## EV Earnings: Experience Variances

€ mn

	FY03	FY02
Investment return variance on NAV	(9)	(255)
Mutual fund pricing variance	0	57
Transfer price variance on Asset Mgmt IRL	0	(68)
Asset mix variance	18	(6)
Performance fees variance	53	29
Persistency/paid-up variance	(22)	10
Bank net profit/loss variance (excl. GPF)	5	(20)
New Venture net profit/loss variance	(6)	(6)
Reserves strengthening	(12)	0
Other	(7)	(6)
<b>EV Experience Variances</b>	<b>20</b>	<b>(265)</b>

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## EV Earnings Components (2): Value-added New Business

	FY03	FY02	Change
<b>Earnings on Initial EV</b>	<b>130.0</b>	<b>(89.0)</b>	<b>-246.1%</b>
Mutual fund conversion net result	0.0	19.0	n.s.
Life transformation	0.0	5.0	n.s.
Life New Business	124.0	161.0	-23.0%
New mutual fund & managed account business	31.0	51.0	-39.2%
<b>Value-Added New Business</b>	<b>155.0</b>	<b>236.0</b>	<b>-34.3%</b>
<b>EV Earnings Pre-Acquisition Effect</b>	<b>285.0</b>	<b>147.0</b>	<b>+93.9%</b>

(before excluding residual NV goodwill)



## FY 2003 Reclassified Results

# Growth Factors

## Consolidated Trends (1): 1999-2003

	2003	1999	Change
AUM (euro mn)	23,514	12,967	+81.3%
Primary Account Holders	843,401	469,000	+79.8%
Current accounts	407,460	144,053	+182.9%
Financial Advisors*	5,630	3,718	+51.4%

\*excluding Partner Time & Gamax



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## Consolidated Trends (2): 1999-2003

€ mn

	2003	1999	Change
Net Profit	129	88	+47.0%
Net inflows into managed savings	2,417	1,174	+105.9%
Embedded Value	2,029	1,283	+58.1%

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## Growth Factors

The Next Five Years

- ✓ International expansion
- ✓ Growth in number of advisors in Italy
- ✓ Increase in number of customers in Italy  
(focus on 'quality')
- ✓ Increase in productivity  
Accelerated increase in AUA



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## Growth Factors

### International Expansion - Spain

- ✓ Spain expansion undertaken in 2000
  - ✓ Launch of operations in November 2001
  - ✓ Start-up phase already passed
  - ✓ Net profit should cover goodwill in 2006
- 

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## Growth Factors

### International Expansion – B.A. Lenz & Gamax

- ✓ German expansion undertaken in 2001
- ✓ B.A. Lenz started operations in December 2002 & should reach breakeven by 2007
- ✓ Gamax reached breakeven in 2003  
Net profit should cover goodwill by 2006



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## Growth Factors

International Expansion – The Future

- ✓ Next Objective:  
to export our business model abroad  
to France or Poland, possibly by 2005
- 

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## Growth Factors

Expansion - Banca Esperia

- ✓ Banca Esperia's contribution to Group profits  
significant in 2003
- ✓ Important source of future profits





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## Growth Factors

### Growth of Network in Italy

- ✓ Continuation of 'Jedi' recruitment project concentrates & coordinates efforts on given territories
- ✓ 'Turnover Rate Reduction Plan' supporting promising young advisors during current difficult selling environment

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## Growth Factors

### Growth of Customer Base

- ✓ Sustained by growth of sales network
- ✓ Increased attractiveness of current accounts due to easier cash deposits/withdrawals
- ✓ Strong advertising support to maintain and increase brand awareness and recognition
- ✓ New segmentation system measuring potential, assets, cross-selling, profitability and rate of dormancy



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## Growth Factors

### Increase in Productivity

#### Increase in AUA a determining factor

- ✓ Increase positive net inflows from customer base development
  - ✓ Positive market effect: M.F. & M.A. assets almost 70% equity
  - ✓ Technology will increase assets without increasing manpower
- 

