

The Mediolanum Group

1998

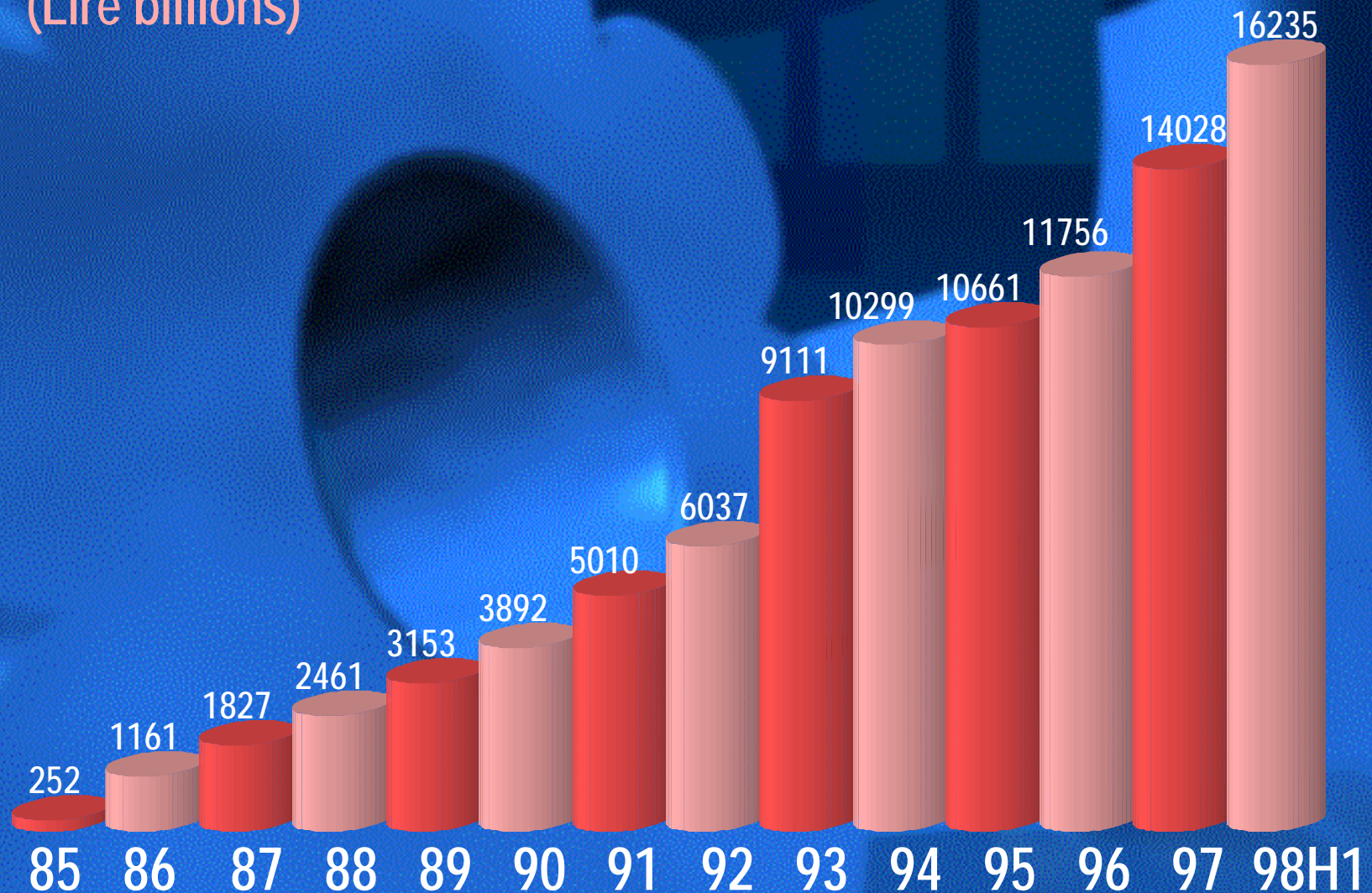
1H Interim
Results

Main Interim Results

(Lire billions)	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Total Revenues	773	772	
Profit before Tax & E.I.	152	123	24%
Extraordinary Items	-2	0	
Profit before Tax	150	123	22%
Income Tax	61	64	-5%
Net Profit	89	59	51%

Assets under Administration

(Lire billions)



Assets under Administration

(Lire billions)	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Mutual Funds	9,510	8,095	17%
<i>of which in Ireland</i>	<i>1,744</i>	<i>--</i>	
Equity Funds	3,752	3,705	1%
Bond & Money Funds	4,624	4,390	5%
Protected Funds	1,134	--	
Life Reserves	6,892	5,681	21%
(Life Reserves in Mutual Funds)	-1,012	-740	37%
Bank Assets	845	--	
Cash under Deposit	493	--	
Securities under Deposit	311	--	
Repurchase Agreements	41	--	
Consolidated Total	16,235	13,036	25%

1998 Ventures

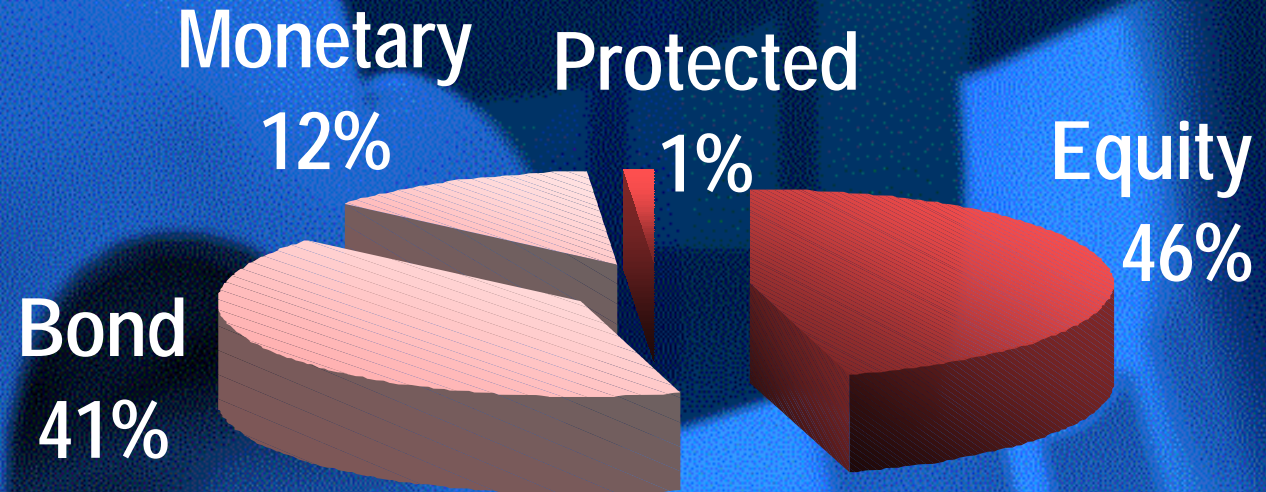
Defender Funds End February

'Pull in our nets'- DiPiù May, July

Oro Money July

Mutual Funds under Management

End Feb
1998

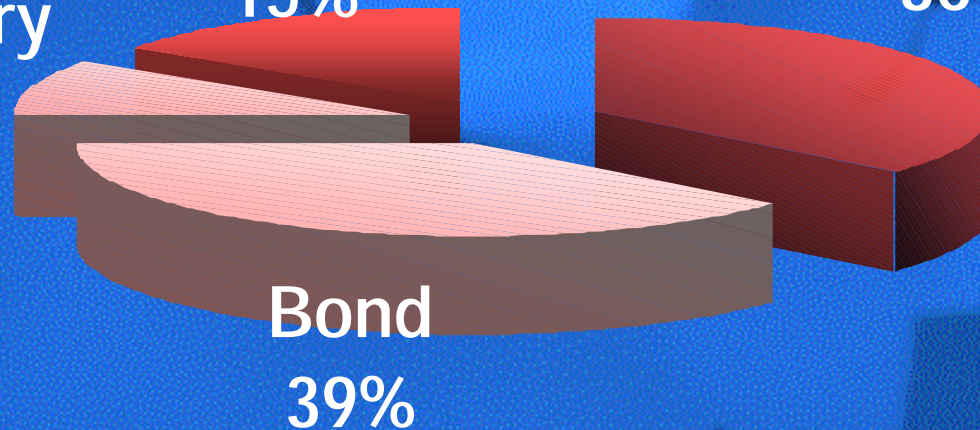


Monetary
10%

Protected
15%

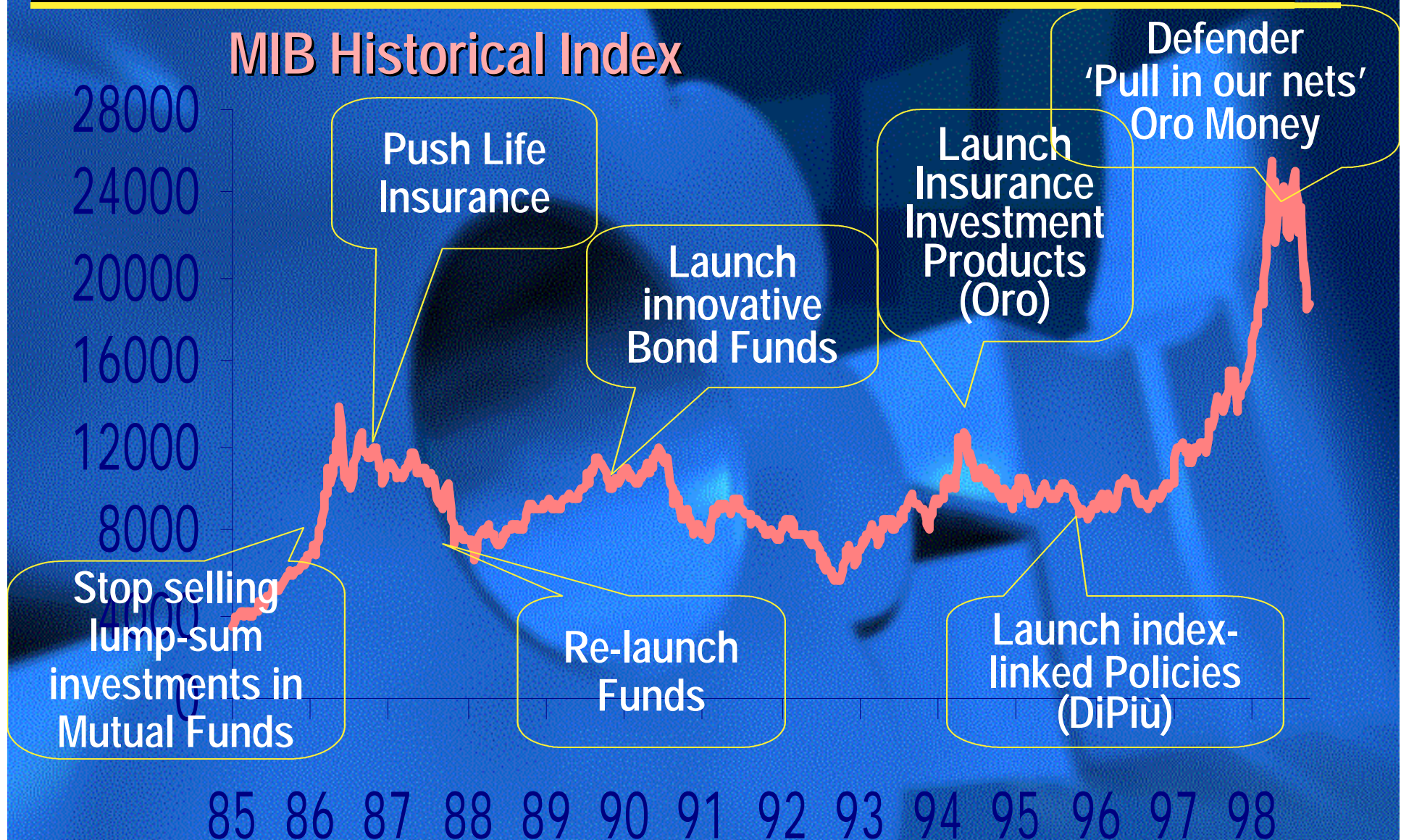
Equity
36%

End Aug
1998



Mediolanum Strategies to face market declines

MIB Historical Index



1998 Key projects

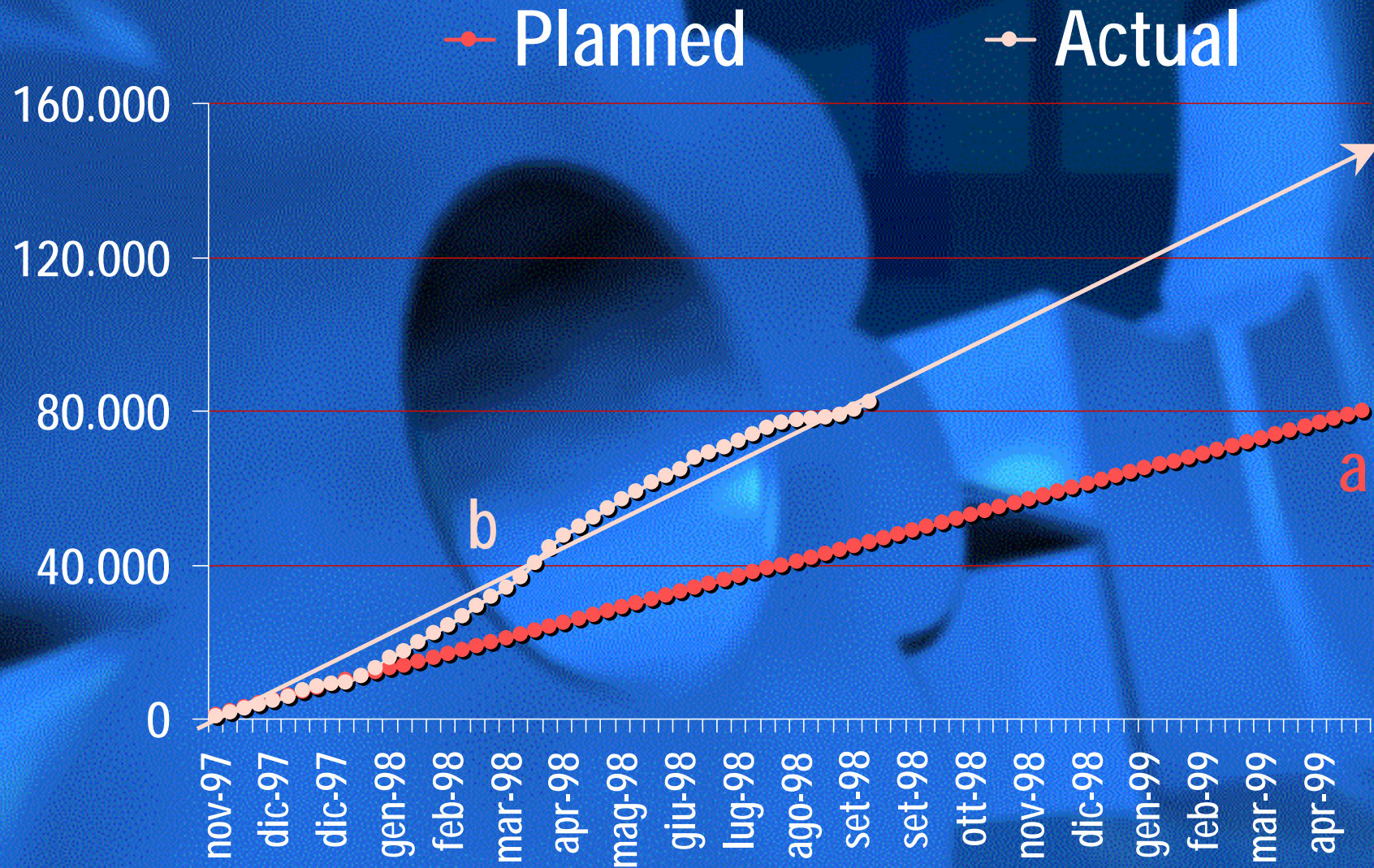
Banca Mediolanum

Financial Executives

Closed Pension Funds

Laptop computers to the sales network

Banca Mediolanum: Current Accounts



Total Revenues

<u>(Lire billions)</u>	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Gross Premiums Written	634	699	-9%
(Reinsurance ceded)	-37	-40	-7%
Commissions from Mutual Funds	158	104	52%
Bank Revenues	10	--	
Other Commissions & Other Revenues	8	8	
Total Revenues	773	772	

Gross Premiums Written

(Lire billions)	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Recurring policies	70	78	-10%
'Completa' (Deferred Annuities)	62	61	2%
'Oro'/ 'DiPiù' Pac - 1st year	8	17	-53%
Single premium policies	245	337	-27%
Tradit.& Group Policies	12	14	-14%
'Oro' Pic	76	101	-25%
'DiPiù' Pic	157	222	-29%
Total New Business	315	415	-24%
Policies in force	267	234	14%
'Oro'/ 'DiPiù' Pac in force	52	50	4%
Total Business In Force	319	284	12%
Total Gross Premiums	634	699	-9%

Gross Premiums Written

July / August 1998
vs
July / August 1997



up 44%

Gross Premiums Written

Jan - Aug 1998
vs
Jan - Aug 1997



up 4%

Commissions from Mutual Funds

(Lire billions)	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Entry Fees	73	28	161%
<i>of which Irish Funds</i>	27		
Management Fees	60	49	22%
<i>of which Irish Funds</i>	6		
Performance Fees	26	27	-4%
Total Commissions	159	104	53%

Gross Inflows into Mutual Funds

<u>(Lire billions)</u>	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Equity Funds	856	685	25%
Bond Funds	1,113	642	73%
Monetary Funds	425	537	-21%
Protected Funds	1,077	--	
Total Gross Inflows	3,471	1,864	86%

Costs

(Lire billions)	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Claims, benefits paid, changes in Reserves	596	627	-5%
(Recov. from Reinsurers)	-61	-63	-3%
Acquisition costs	109	75	44%
G&A expenses	81	66	23%
Depreciation	9	7	29%

Benefits paid & Changes in Reserves

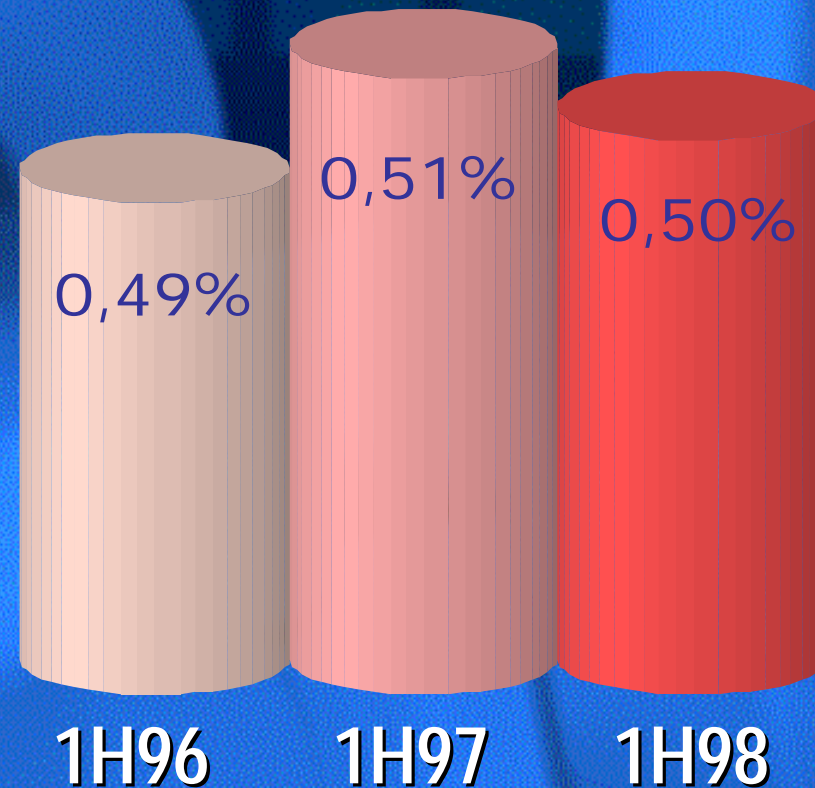
(Lire billions)	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Benefits paid			
Claims & Maturities	92	63	46%
Surrenders	89	85	5%
'Pull in our nets'	98	0	
Changes in Life Reserves			
(less Policyholders' interests)	317	479	-51%
Total	596	627	-5%

Acquisition Costs

(Lire billions)	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Life	44	49	-11%
(Recov. from Reinsurers)	-6	-6	
Mutual Funds	60	28	114%
Bank	7	--	
Other Operations	4	4	
Total	109	75	44%

Evolution of G&A Expenses

Weight of G&A Expenses *
on Assets under Administration



*Not including Depreciation

Investment Income

(Lire billions)	<u>H1-1998</u>	<u>H1-1997</u>	<u>Change</u>
Net Income from Investments	323	215	50%
<i>of which Capital Gains from 'Pull in our nets'</i>	37		
Investment Income net of 'Pull in our nets'	286	215	33%
Policyholders' Interests	-209	-152	38%

Bank Income Statement

(Lire billions)	<u>H1-1998</u>
Revenues	10
Acquisition costs	-7
G&A Expenses	-11
Depreciation	-2
Result	-10

Distribution Network

(No of Salesmen)	<u>30/6/97</u>	<u>30/6/98</u>	<u>31/8/98</u>
Banca Mediolanum *	2738	3006	3004
Licensed Financial Consultants	1847	2046	2086
Non-Licensed Fin. Consultants	891	960	918
<i>* of which Financial Executives</i>		25	45
Partner Time	466	633	681
Total Mediolanum	3204	3639	3685

Bank's developments

Current accounts to existing and new customers

Customer Segmentation

Recruitment of Financial Executives
(150 by the end of the year)

Further developments of Teletext

Internet Banking

Digital Television

Cellular Phones (SMS)

Market research for Advertising campaign

New products

Banking products

Competitive Mortgages provided by
Abbey National under the Mediolanum
brand name

New products

Mutual Funds

LongTerm

TopManager

Personalised service of Assets
administration in Funds Units

New products

Life Insurance Products

Unit Linked
Individual
Pension Plans

Characteristics:

'Life Cycle' approach
Individual propensity to risk
Strong incentives to ensure loyalty
Competitive loadings

Key People Involvement

Share plans

Key Managers of the Head-office
Key Managers of the Sales Force

640,000 shares over a three year period

Share Value

Split of the shares' nominal value

from 1,000 to 200 Lire

The Future

Conditions for success

Flexibility

Efficiency

Excellent relationship with
customers
