MEDIOLANUM
GRUPPO MEDIOLANUM

# H1 2000

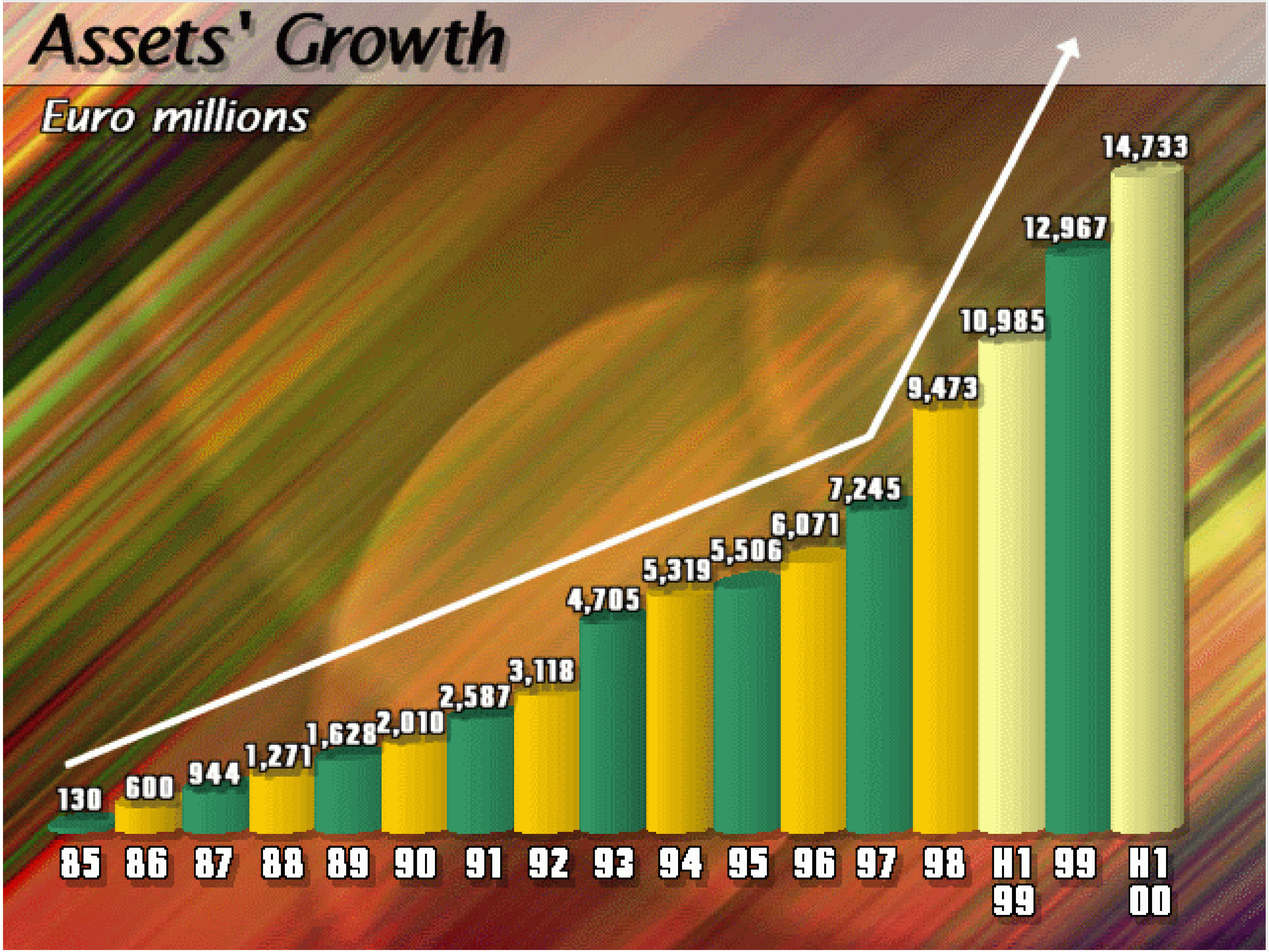
## Interim Consolidated Results

# H1 2000 Growth

Assets under Administration → +34%

Gross Inflows into Mutual Funds & Managed Accounts → +70%

Gross Premium Income → +40%


Assets' Growth
Euro millions
130
600
944
1,271
1,628
2,010
2,587
3,118
4,705
5,319
5,506
6,071
7,245
9,473
10,985
12,967
14,733
85
86
87
88
89
90
91
92
93
94
95
96
97
98
H1 99
99
H1 00

# Assets under Administration

| | 30.6.00 | 30.6.99 | Change |
|---|---|---|---|
| Life Reserves | 5,799.3 | 4,578.9 | +26.7% |
| Mutual Funds & Managed Accounts | 8,423.6 | 6,028.6 | +39.7% |
| Bank Assets | 2,617.9 | 1,272.0 | +105.8% |
| Institutional Assets | 300.1 | 81.1 | +270.0% |
| Consolidation Adjustments | -2,408.4 | -975.6 | +146.9% |
| CONSOLIDATED TOTAL | 14,732.5 | 10,985.0 | +34.1% |

*Euro millions*

# Life Insurance Assets

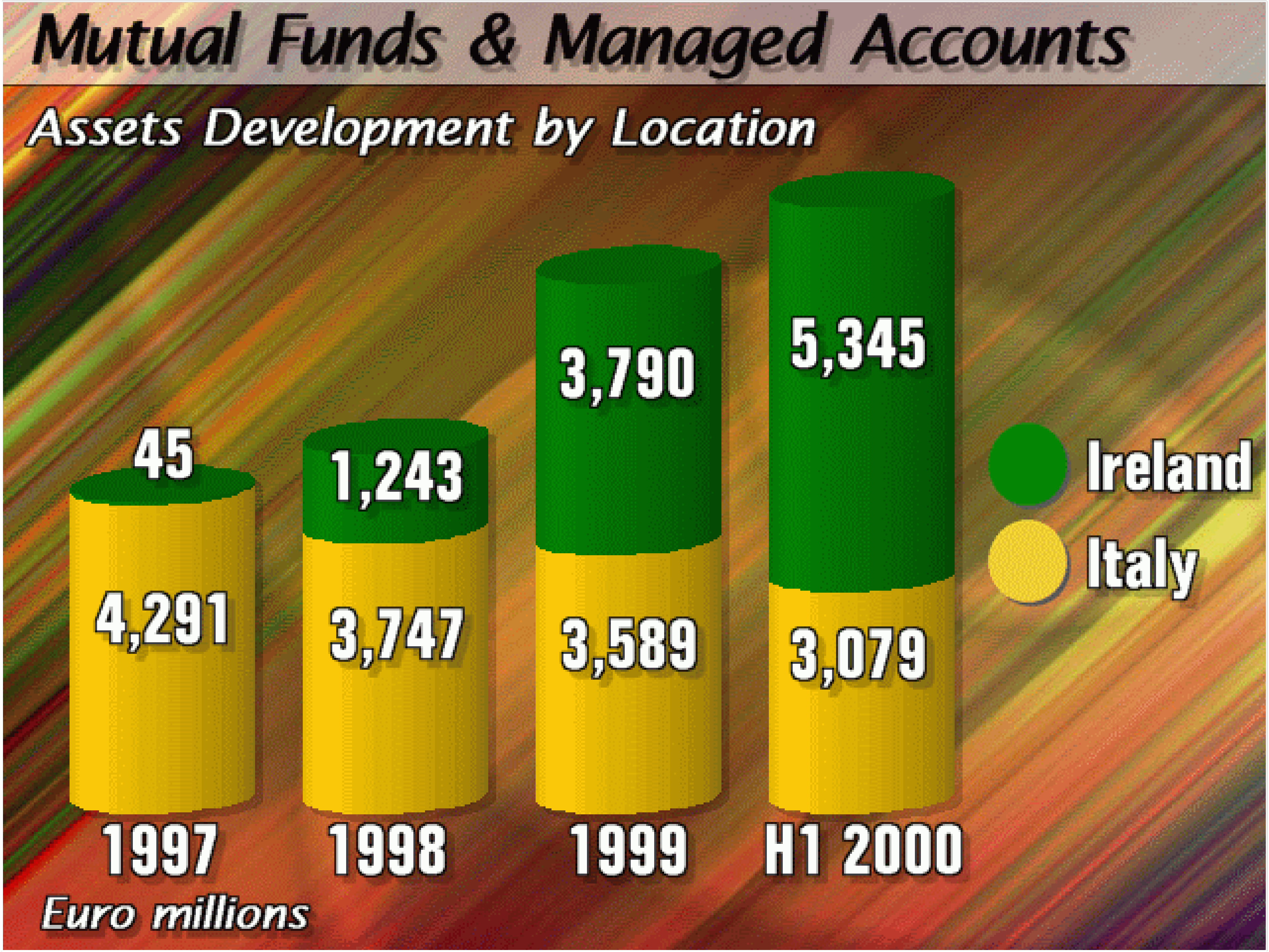
| | 30.6.00 | 30.6.99 | Change |
|---|---|---|---|
| **Life Reserves** | 5,799.3 | 4,578.9 | +26.7% |
| • Traditional Annuities | 2,627.2 | 3,318.2 | -20.8% |
| • Index-linked | 1,424.9 | 753.5 | +89.1% |
| • Unit-linked | 1,682.1 | 507.2 | +231.6% |
| • Vicenza Life | 65.1 | --- | --- |
| **Life Reserves in own Mutual Funds** | -2,170.1 | -937.9 | +131.4% |

*Euro millions*

# Mutual Funds & Managed Accounts Assets

| | 30.6.00 | 30.6.99 | Change |
|---|---|---|---|
| Italy-based Funds | 3,079.0 | 3,746.4 | -17.8% |
| • Equity Funds | 2,058.6 | 1,916.6 | +7.4% |
| • Bond Funds | 703.3 | 1,402.7 | -49.9% |
| • Monetary Funds | 317.1 | 427.1 | -25.8% |
| Ireland-based Funds | 5,287.2 | 2,238.8 | +136.2% |
| • Equity Funds | 3,726.2 | 802.6 | +364.3% |
| • Protected Funds | 314.8 | 827.3 | -61.9% |
| • Bond & Monetary Funds | 1,246.2 | 608.9 | +104.7% |
| Managed Accounts | 563.5 | 43.4 | --- |
| M.A. in own Mutual Funds | -506.1 | --- | --- |
| CONSOLIDATED TOTAL | 8,423.6 | 6,028.6 | +39.7% |

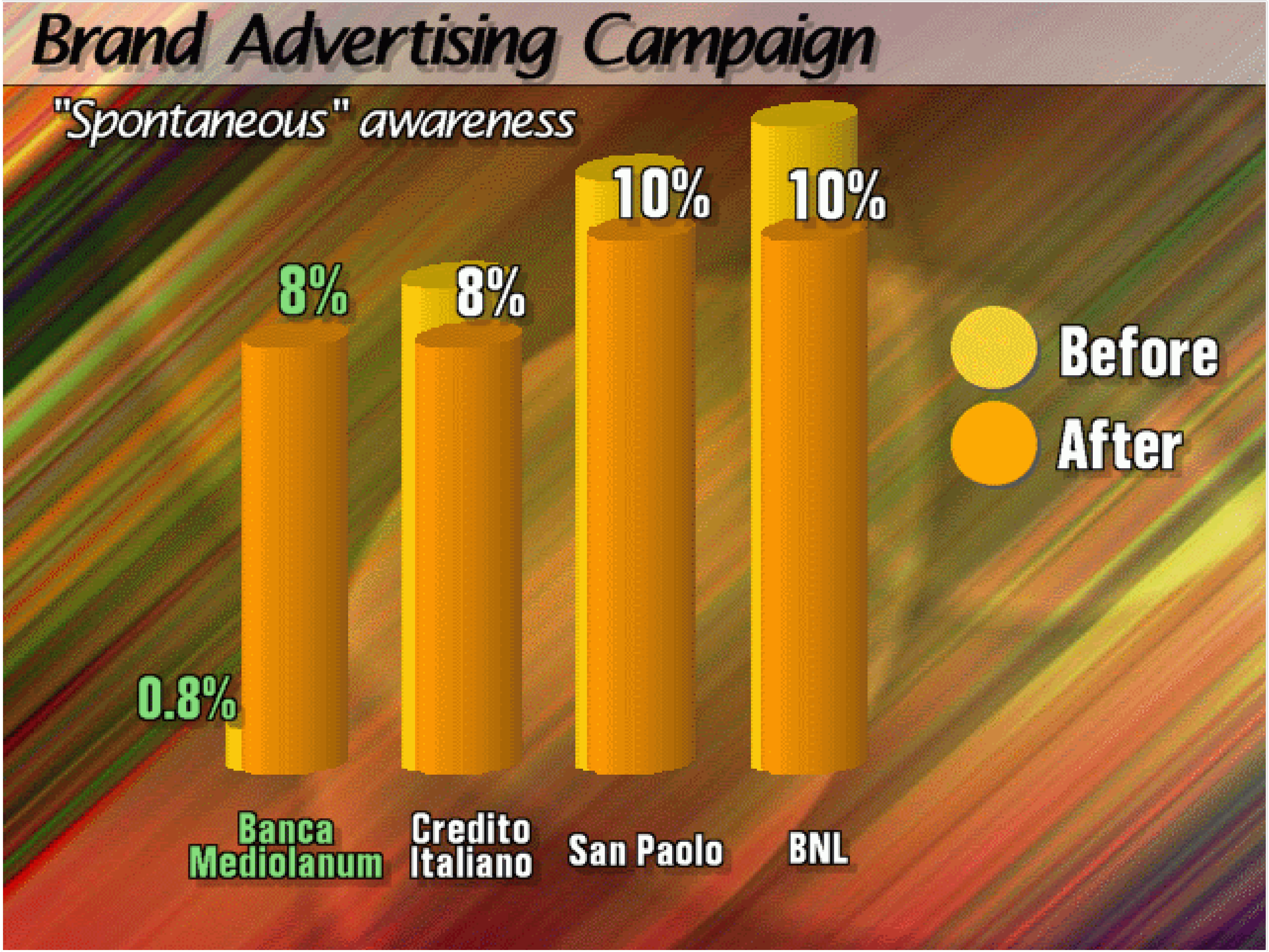
*Euro millions*


Mutual Funds & Managed Accounts
Assets Development by Location
45
4,291
1,243
3,747
3,790
3,589
5,345
3,079
Ireland
Italy
1997
1998
1999
H1 2000
Euro millions

# Bank Assets

| | 30.6.00 | 30.6.99 | Change |
|---|---|---|---|
| Cash under Deposits | 1,037.0 | 637.3 | +62.7% |
| Securities under Deposits | 1,555.1 | 628.0 | +147.6% |
| Repurchase Agreements | 25.8 | 6.7 | +285.1% |
| TOTAL | 2,617.9 | 1,272.0 | +105.8% |

*Euro millions*


Brand Advertising Campaign
"Spontaneous" awareness
0.8%
8%
8%
10%
10%
Before
After
Banca Mediolanum
Credito Italiano
San Paolo
BNL

# Opening of New Bank Accounts

Current Accounts' growth
March - August 00/99 → +79%

Current Accounts' growth
March - April 00/99 → +157%

# Bank

**P&L Results**

| | |
|---|---|
| 1998 | -10.7 |
| 1999 | 0.7 |
| H1 2000 net of Advertising expenses | 8.3 |

**Current Accounts**

| | |
|---|---|
| as of Dec 31, 1999 | 144,000 |
| as of Jun 30, 2000 | 183,000 |

**Bank Customers**

| | |
|---|---|
| as of Dec 31, 1999 | 222,000 |
| as of Jun 30, 2000 | 279,000 |

# Distribution Network

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| • Non-licensed Financial Advisors | 1,728 | 1,061 | +62.9% |
| • Licensed Financial Advisors | 2,882 | 2,334 | +23.5% |
| Banca Mediolanum* | 4,610 | 3,395 | +35.8% |
| * *of which Financial Executives* | *571* | *241* | *+136.9%* |
| Partner Time | 663 | 446 | +48.7% |
| TOTAL NETWORK | 5,273 | 3,841 | +37.3% |

# Economic Results

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| Total Revenues | 853.5 | 570.0 | +49.7% |
| Profit before Tax & E.I. | 87.5 | 71.5 | +22.4% |
| Extraordinary Items | 1.6 | 0.4 | |
| Profit before Tax | 89.1 | 71.9 | +23.9% |
| Income Tax | -25.6 | -25.8 | -0.8% |
| **Net Profit** | **63.5** | **46.1** | **+37.7%** |

*Euro millions*

# Profit before Tax & E.I.

## Breakdown by Business Line

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| Life Insurance | 47.2 | 37.9 | +24.5% |
| Mutual Funds | 39.7 | 30.5 | +30.2% |
| Bank | -2.4 | -1.2 | -100.0% |
| Other Operations | 3.0 | 4.3 | -30.2% |
| PROFIT BEFORE TAX & E.I. | 87.5 | 71.5 | +22.4% |

*Euro millions*

# Total Revenues

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| Gross Premiums Written | 679.1 | 484.9 | +40.0% |
| Reinsurance ceded | -7.5 | -15.9 | -52.8% |
| Mutual Funds Commissions | 148.0 | 82.2 | +80.0% |
| Bank Revenues | 30.9 | 14.3 | +116.1% |
| Other Commissions & Other Revenues | 3.0 | 4.5 | -33.3% |
| TOTAL | 853.5 | 570.0 | +49.7% |

*Euro millions*

# Gross Premiums Written

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| • Unit-linked Pension Plans | 46.0 | 36.4 | +26.4% |
| • Investment Policies | 0.0 | 1.1 | --- |
| • Open Pension Funds | 0.3 | --- | --- |
| **Recurring Policies** | **46.3** | **37.5** | **+23.5%** |
| • Tradit./Group/Invest. Pol. | 6.0 | 132.8 | -95.5% |
| • Unit-linked Policies | 106.2 | 14.7 | +622.4% |
| • Index-linked Policies | 308.5 | 114.9 | +168.5% |
| **Single Premium Policies** | **420.7** | **262.4** | **+60.3%** |
| **Total New Business** | **467.0** | **299.9** | **+55.7%** |
| • Pension Plans in force | 192.1 | 159.8 | +20.2% |
| • Investment Policies in force | 20.0 | 25.2 | -20.6% |
| **Total Business in force** | **212.1** | **185.0** | **+14.6%** |
| **TOTAL** | **679.1** | **484.9** | **+40.0%** |

*Euro millions*

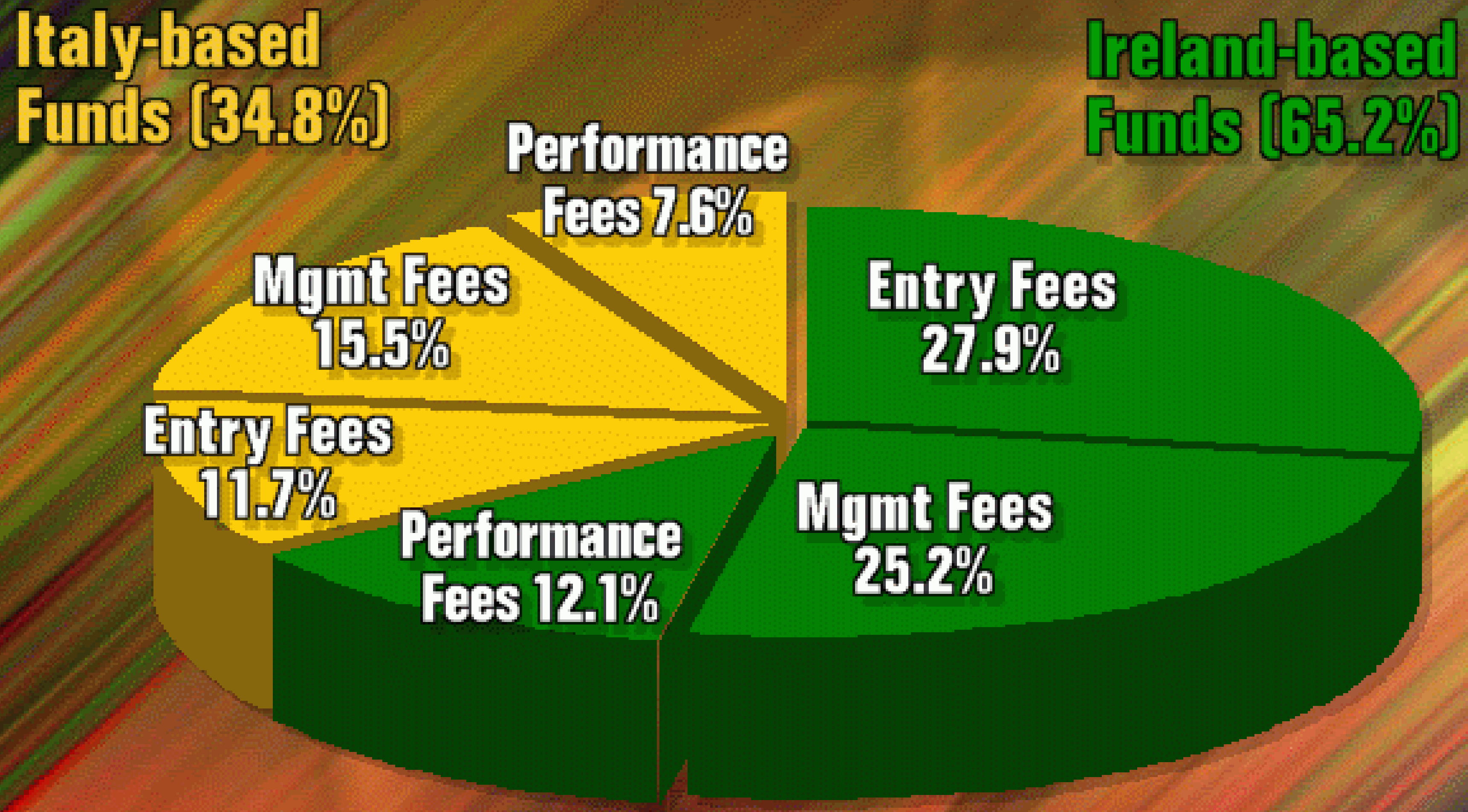
# Commissions from Mutual Funds

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| Entry Fees | 58.5 | 30.5 | +91.8% |
| of which Irish Funds | 41.2 | 18.3 | +125.1% |
| Management Fees | 60.3 | 37.9 | +59.1% |
| of which Irish Funds | 37.3 | 13.2 | +182.6% |
| Performance Fees | 29.2 | 13.8 | +111.6% |
| of which Irish Funds | 17.9 | 1.8 | +894.4% |
| TOTAL | 148.0 | 82.2 | +80.0% |

*Euro millions*

# H1 2000 Commissions from Mutual Funds

## Breakdown by Location



# Bank Revenues

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| Bank Interests | 10.0 | 7.0 | +42.9% |
| Banking Margins | 20.9 | 7.3 | +186.3% |
| • Securities | 14.2 | 3.8 | +273.7% |
| • Other Services | 6.7 | 3.5 | +91.4% |
| TOTAL | 30.9 | 14.3 | +116.1% |

*Euro millions*

# Costs

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| Claims, Benefits paid, Changes in Reserves | 602.4 | 440.6 | +36.7% |
| Recov. from Reinsurance | -9.1 | -31.8 | -71.4% |
| Acquisition Costs | 108.7 | 62.7 | +73.4% |
| G&A Expenses | 65.1 | 43.9 | +48.3% |
| Advertising Expenses | 11.1 | 0.3 | --- |
| Depreciation | 13.4 | 8.7 | +54.0% |

*Euro millions*

# Benefits paid & Changes in Reserves

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| Benefits paid | 298.9 | 147.9 | +102.1% |
| • Claims & Maturities | 63.1 | 44.1 | +43.1% |
| • "Pull in our Nets" | 22.9 | 34.7 | -34.0% |
| • Surrenders | 212.9 | 69.1 | +208.1% |
| Changes in Reserves (less Policyholders' interests) | 303.5 | 292.7 | +3.7% |
| TOTAL | 602.4 | 440.6 | +36.7% |

*Euro millions*

# Surrenders

| | | H1 2000 | H1 1999 |
|---|---|---|---|
| Surrenders of Recurr. Policies | (No) | 70 | 84 |
| Reserves | (Euro/mil) | 4,598 | 3,459 |
| % of Reserves | | 0.8% | 1.3% |
| Surrenders of "Oro" | (No) | 152 | 51 |
| Reserves | (Euro/mil) | 916 | 881 |
| % of Reserves | | 8.5% | 3.0% |
| Total Surrenders | (No) | 221 | 135 |
| Average Total Reserves | (Euro/mil) | 5,513 | 4,339 |
| % of Reserves | | 2.1% | 1.6% |

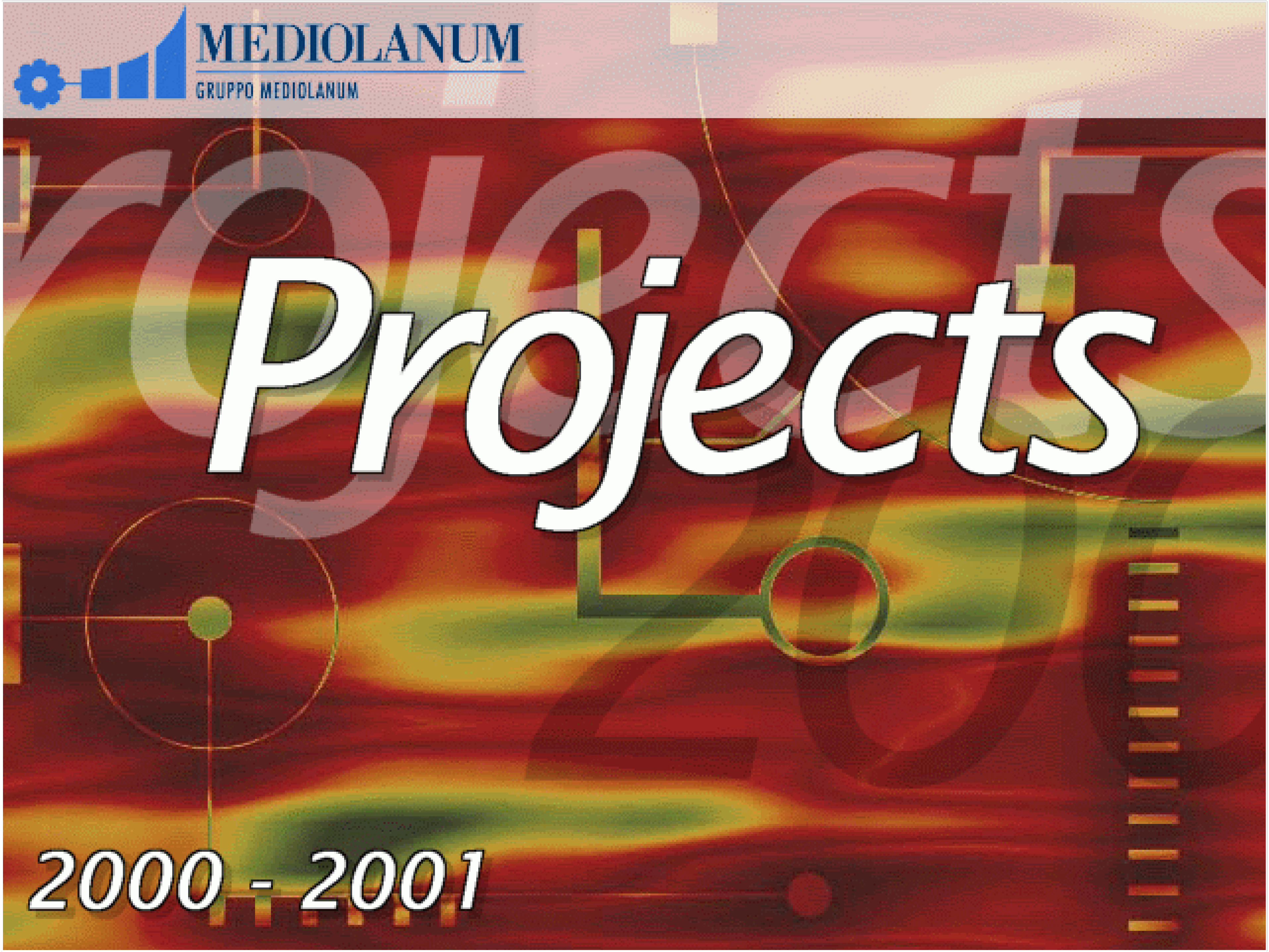
*Euro millions*

# Gross Inflows into Mutual Funds & Managed Accts*

*Euro millions*

| | H1 2000 | H1 1999 | Change |
|---|---|---|---|
| **Italy-based Funds** | 511.9 | 549.0 | -6.8% |
| • Equity Funds | 306.4 | 186.8 | +64.0% |
| • Bond Funds | 79.3 | 163.4 | -51.5% |
| • Monetary Funds | 126.2 | 198.8 | -36.5% |
| **Ireland-based Funds** | 1,171.4 | 616.2 | +90.1% |
| • Equity Funds | 988.1 | 374.2 | +164.1% |
| • Protected Funds | 3.7 | 42.2 | --- |
| • Bond & Monetary Funds | 179.6 | 199.8 | -10.1% |
| **Managed Accounts** | 308.3 | 10.4 | --- |
| **TOTAL GROSS INFLOWS** | 1,991.6 | 1,175.6 | +69.4% |

*Inflows from Mediolanum Vita not included


MEDIOLANUM
GRUPPO MEDIOLANUM
Projects
2000 - 2001

# Changes & Challenges

1. Website Developments
2. Customer Base Upgrading

Product Offer & Pricing Adaptation

# www.bancamediolanum.it

## Website Launch Results as of August 2000

| | |
|---|---|
| No. of Current Accounts | 65,000 |
| No. of Clients | 98,000 |
| No. of Clients trading online | 9,000 |
| No. of Pageviews [daily average] | 200,000 |

# www.bancamediolanum.it

## Website Developments

- On-line Trading in foreign stock markets (October 2000)
- Non-financial services (Spring 2001)
- Managed savings products with basic financial advice (Spring 2001)

# Customer Base Upgrading

## Main Factors

- The Bank project
- The Financial Executives project

# Customer Base Upgrading

No. of Bank Clients → 280,000

Total No. of Mediolanum Clients → 563,000

| | July 99 | | June 00 |
|---|---|---|---|
| Avg Assets per Account [Euro] | 42,000 | → | 51,000 |
| Clients with Assets > 360,000 Euro | 10% | → | 14% |

# Product Offer Adaptation

## Strategic Guidelines

- On-line channels' offer designed to meet the entire market needs, not only self-doers
- Pricing reflecting cost structure of the channels and value perception of the customer
- Higher degree of personalization for wealthier customers
- Products requiring high degree of advice not to be sold on line

# Product Offer Adaptation

*On-line Channel*

**1st priority**

- **Managed Accounts**
- **Funds of Funds**

→ **Advice Seekers**

**2nd priority**

- **Funds Supermarket** → **Self Doers**

# Product Offer Adaptation

## Wealthier Clients

**Personalized products with higher advice content & customer involvement**

**Frequent contacts programme with financial advisor**

**New proprietary software for asset allocation**

# Products in the Pipeline

## *Mutual Funds*

- Classes in Challenge and Top Managers
- Managed Accounts based on Mediolanum funds and related to the customer propensity to risk
- 6 Funds of Funds investing also in third-party funds
- 16 additional subfunds for Challenge (12 Equity & 4 Bond funds)
- 1 additional subfund for Top Managers (Technology Equity)
- Introduction of third party funds in Chorus
- 1 new Real Estate fund

MEDIOLANUM
GRUPPO MEDIOLANUM


Fibanc Assets' Growth
Euro millions
5
5
36
132
126
240
259
367
506
572
608
614
662
777
1,030
1,205
1,440
2,162
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
Jul 00

# Mediobanca-Mediolanum Private Bank

## The mission

# The Group's Structure