MEDIOLANUM
GRUPPO MEDIOLANUM

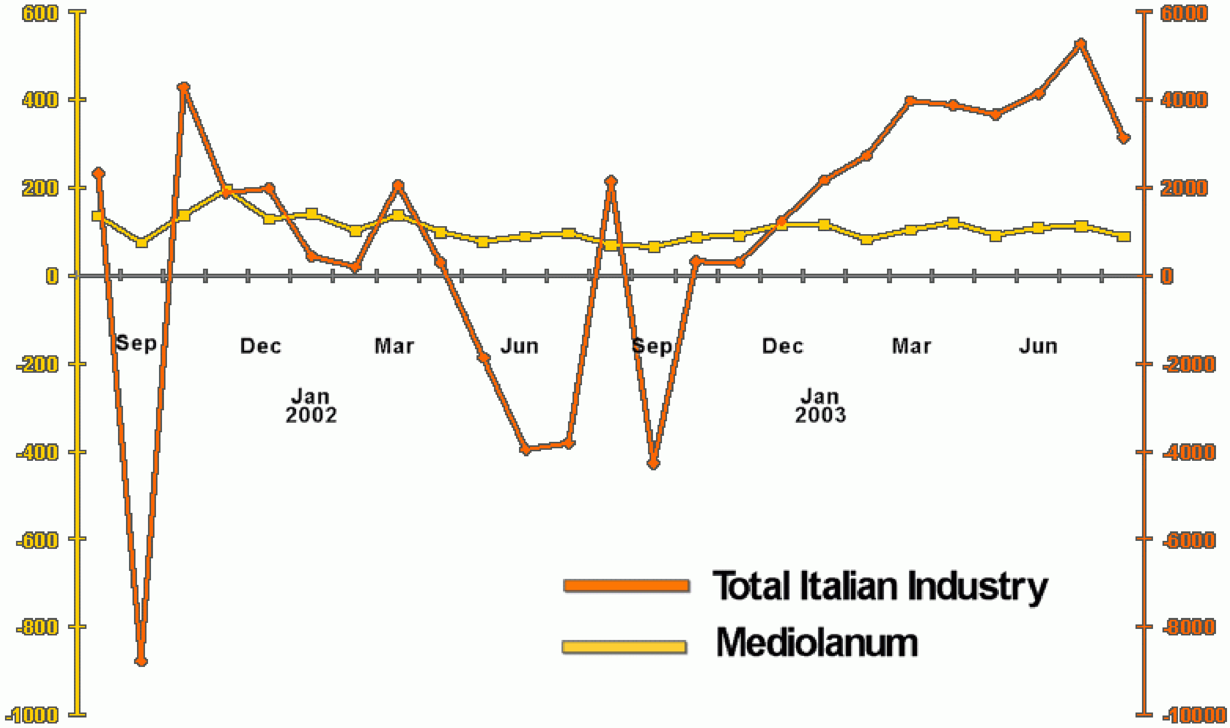
# H1 2003

## H1 2003 Reclassified Results
## Mediolanum Group

Ennio Doris

Chief Executive Officer

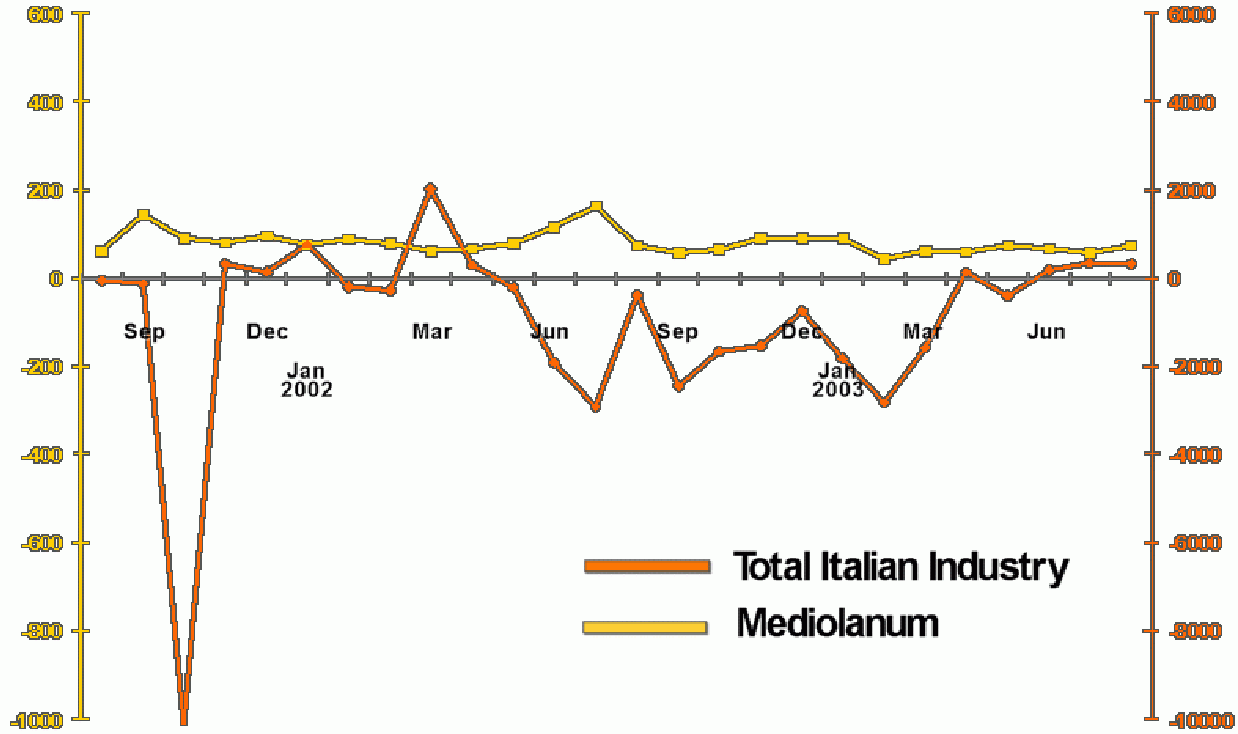
# Positive & consistent Net Inflows into Mutual Funds* means better customer performance




* including Managed Accounts & Unit-linked policies
Source: Assogestioni



# Net Inflows into Equity Mutual Funds* differentiates Mediolanum from competition




* including Managed Accounts & Unit-linked policies
Source: Assogestioni

# Most Important Performance Factors

NET PROFIT ➡ +40%

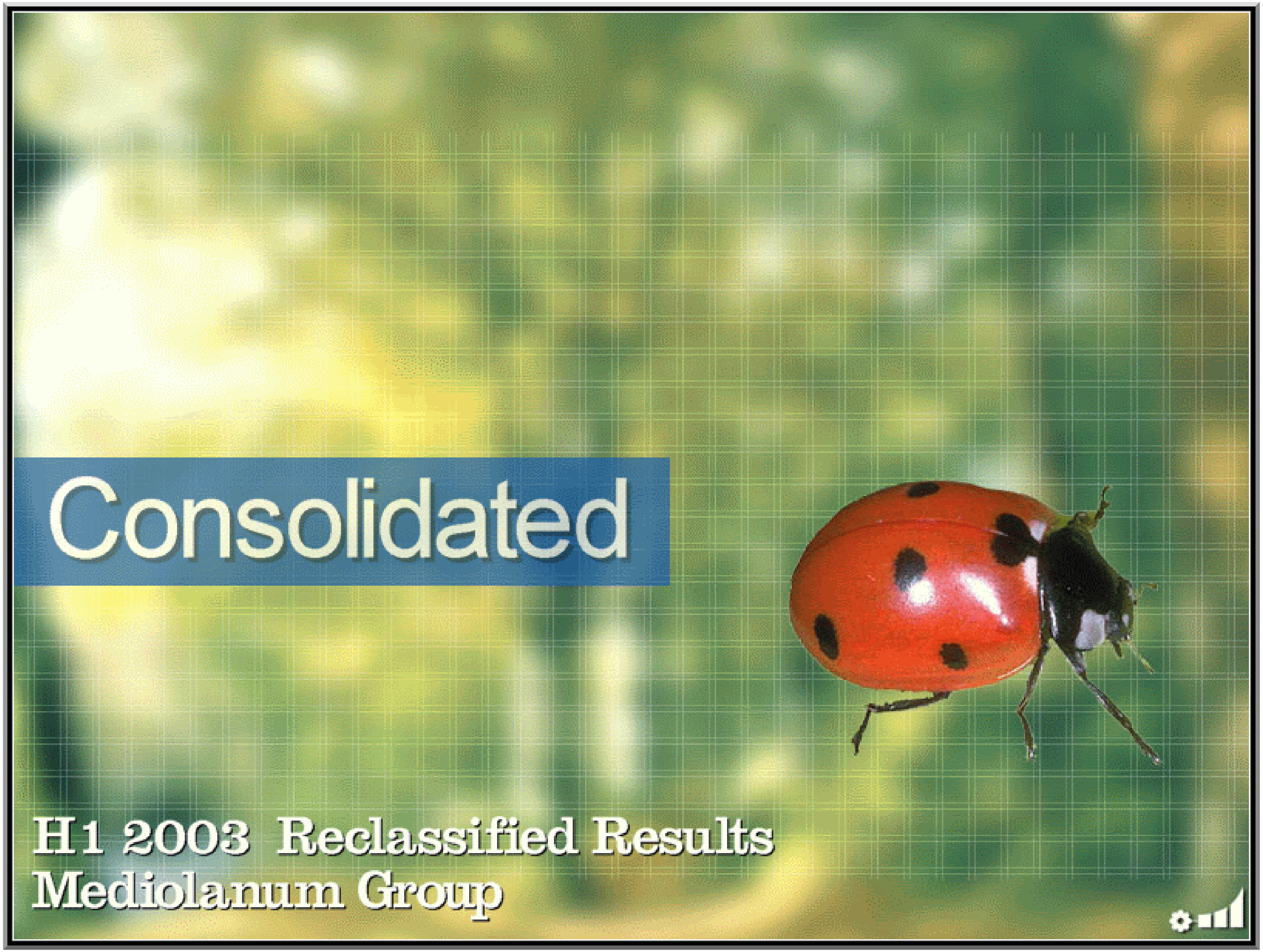
- increased Interest Spread in our current accounts
- much higher Net Investment Income coming from the traditional reserves
- strong contribution from the Performance Fees fuelled by market growth

# Edoardo Lombardi

Chief Operating Officer

# H1 2003 Reclassified Results
# Agenda

- Consolidated Results
- Core Business Results
- New Ventures Results
- Embedded Value Results
- Looking Forward


Consolidated
H1 2003 Reclassified Results
Mediolanum Group

# Consolidated Net Profit

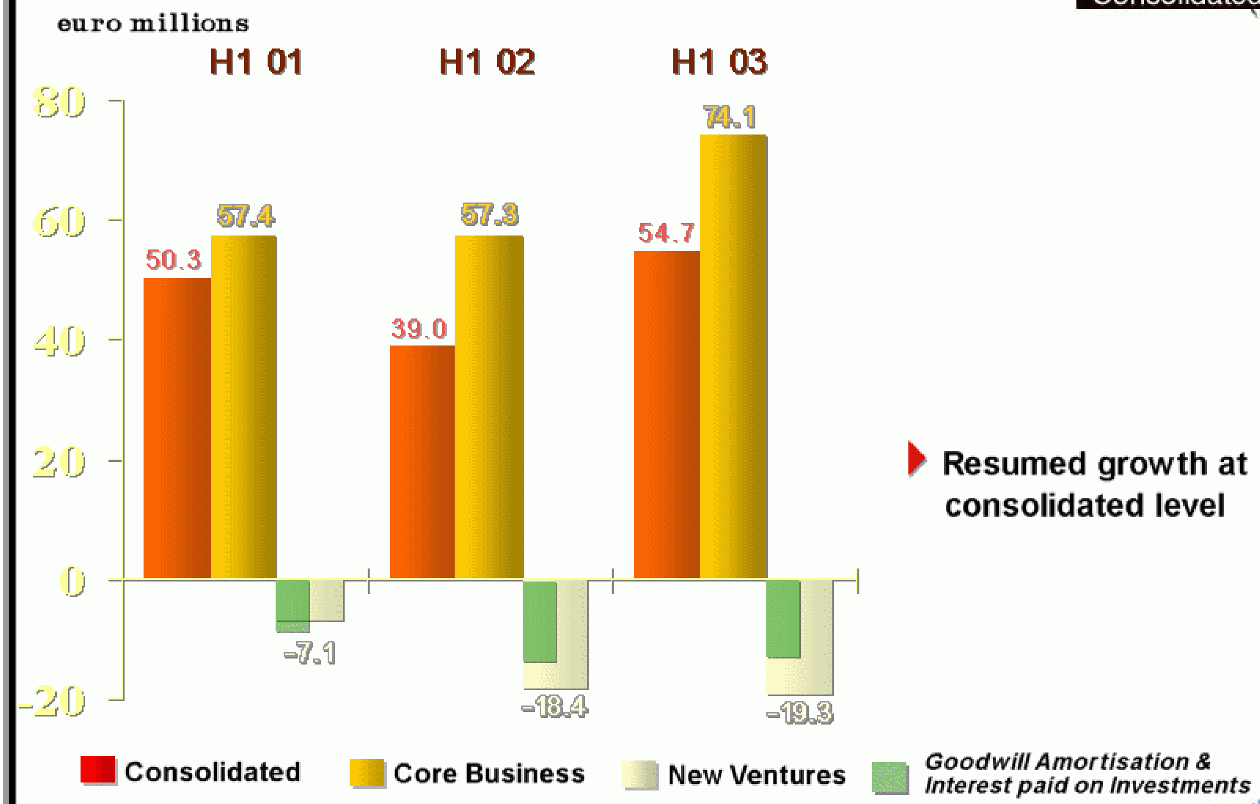
Consolidated

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Total Revenues | 1,075.7 | 1,308.6 | -17.8% |
| Total Costs | -1,015.4 | -1,252.1 | -18.9% |
| Profit before Tax & E.I. | 79.2 | 49.4 | +60.3% |
| Extraordinary Items | -6.6 | 2.7 | n.s. |
| Profit before Tax | 72.6 | 52.1 | +39.3% |
| Income Tax | -17.9 | -13.1 | +36.6% |
| Profit from Minority Interests | 0.0 | 0.0 | n.s. |
| CONSOLIDATED NET PROFIT | 54.7 | 39.0 | +40.4% |



# Evolution of Net Profit

Consolidated




- Resumed growth at consolidated level

# Consolidated Net Profit in detail

Consolidated

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Net Premiums Written | 863.3 | 1,119.4 | -22.9% |
| Commission Income | 126.9 | 121.5 | +4.4% |
| Bank Revenues | 76.7 | 52.6 | +45.8% |
| Other Revenues/ commissions | 8.8 | 15.1 | -41.7% |
| **Total Revenues** | **1,075.7** | **1,308.6** | -17.8% |
| Net Change in reserves | -767.8 | -1,003.3 | -23.5% |
| Acquisition Costs | -97.7 | -110.1 | -11.3% |
| G&A expense | -111.7 | -104.6 | +6.7% |
| Amortisation/depreciation & provisions | -38.3 | -34.1 | +12.3% |
| **Total Costs** | **-1,015.4** | **-1,252.1** | **-18.9%** |
| **Net Investment Income** | **18.9** | **-7.1** | **n.s.** |
| Operating Profit (Profit before Tax & E.I.) | 79.2 | 49.4 | +60.3% |
| **Extraordinary income and charges** | **-6.6** | **2.7** | **n.s.** |
| Profit before Tax | 72.6 | 52.1 | +39.3% |
| **Tax** | **-17.9** | **-13.1** | **+36.6%** |
| **Profit/ Loss from minority interests** | **0.0** | **---** | **n.s.** |
| **Consolidated Net Profit** | **54.7** | **39.0** | **+40.4%** |



# Consolidated AUA Breakdown

Consolidated

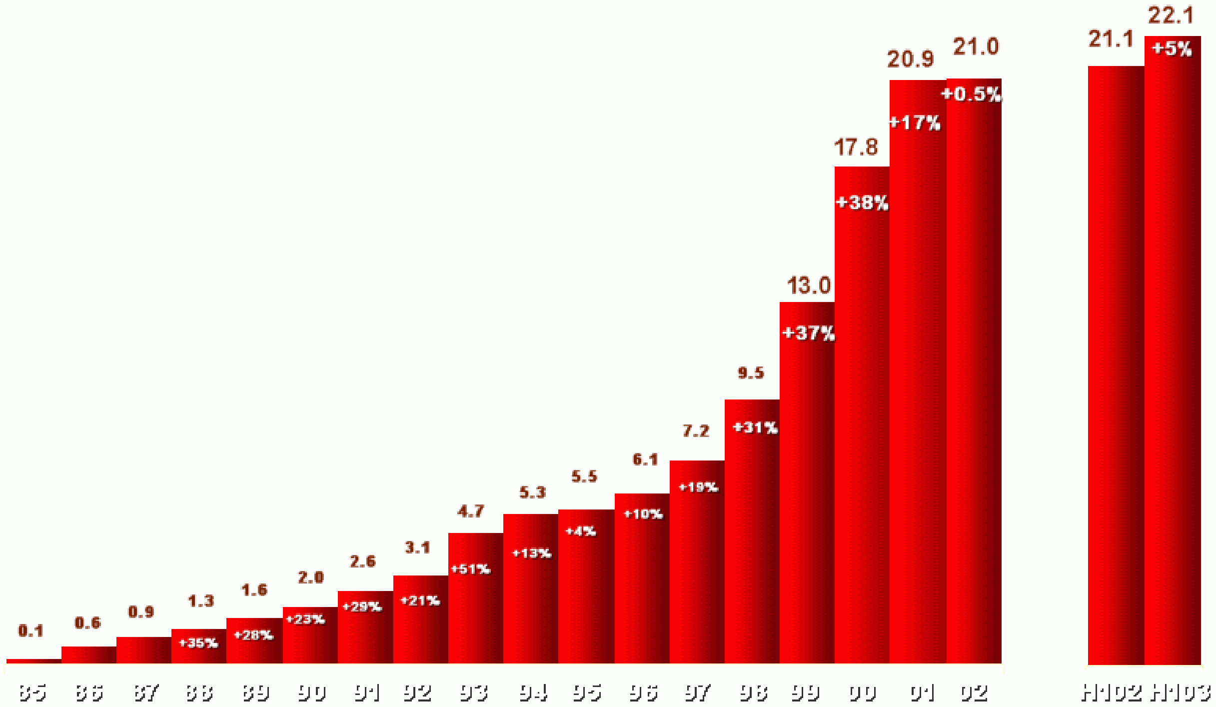
| euro millions | 30.06.03 | 30.06.02 | Change |
|---|---|---|---|
| Life Reserves | 7,366.9 | 6,745.2 | +9.2% |
| Mutual Funds & M.A. | 9,090.3 | 8,975.9 | +1.3% |
| Institutional Assets | 164.8 | 494.2 | -66.7% |
| Bank Deposits | 5,169.9 | 4,877.4 | +6.0% |
| Consolidation Adjustments | -3,257.0 | -3,130.3 | +4.0% |
| **Core Business Assets** | **18,534.9** | **17,962.4** | **+3.2%** |
| Spain | 1,943.6 | 1,845.8 | +5.3% |
| Germany | 424.5 | 516.5 | -17.8% |
| Banca Esperia* | 1,190.3 | 745.2 | +59.7% |
| Mediolanum Private | 9.4 | 6.8 | +38.2% |
| **New Ventures Assets** | **3,567.8** | **3,114.3** | **+14.6%** |
| **CONSOLIDATED TOTAL** | **22,102.7** | **21,076.7** | **+4.9%** |

* Mediolanum Group's share (48.5%)

# Consolidated AUA Evolution

Consolidated

euro billions






# Consolidated Net Inflows

Consolidated

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| **Managed Savings** | 1,077.7 | 1,205.8 | -10.6% |
| **Administered Savings** | 189.5 | 998.0 | -81.0% |
| **TOTAL NET INFLOWS** | 1,267.2 | 2,203.8 | -42.5% |

# Core Business

H1 2003 Reclassified Results

Mediolanum Group

# Total Revenues

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Premium Income | 836.1 | 1,114.0 | -24.9% |
| Reinsurance ceded | -3.5 | -4.9 | -28.6% |
| Commission Income | 116.5 | 107.4 | +8.5% |
| Bank Revenues | 63.5 | 46.0 | +38.0% |
| Other Commissions & Revenues | 8.3 | 6.9 | +20.3% |
| TOTAL REVENUES | 1,020.9 | 1,269.4 | -19.6% |



# Net Profit

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Total Revenues | 1,020.9 | 1,269.4 | -19.6% |
| Profit before Tax & E.I. | 98.4 | 69.8 | +41.0% |
| Extraordinary Items | -5.2 | 2.2 | n.s. |
| Profit before Tax | 93.2 | 71.9 | +29.6% |
| Income Tax | -19.1 | -14.6 | +30.8% |
| NET PROFIT | 74.1 | 57.3 | +29.3% |

# Net Inflows

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| ▸ Mutual Funds & M.A. | 319.5 | 331.2 | -3.5% |
| ▸ Life Policies | 498.7 | 688.9 | -27.6% |
| **Managed Savings** | **818.2** | **1,020.1** | **-19.8%** |
| ▸ Securities | 106.7 | 324.3 | -67.1% |
| ▸ Cash | -92.3 | 529.0 | -117.4% |
| ▸ Repurchase Agreements | 137.2 | 15.6 | +779.5% |
| **Administered Savings** | **151.6** | **868.9** | **-82.6%** |
| **TOTAL NET INFLOWS** | **969.8** | **1,889.0** | **-48.7%** |



# AUA Breakdown

Core Business

| euro millions | 30.06.03 | 30.06.02 | Change |
|---|---|---|---|
| Life Reserves | 7,366.9 | 6,745.2 | +9.2% |
| Mutual Funds & M.A | 9,090.3 | 8,975.9 | +1.3% |
| Institutional Assets | 164.8 | 494.2 | -66.7% |
| Consolidation Adjustments | -3,257.0 | -3,130.3 | +4.0% |
| **Managed Savings Assets** | **13,365.0** | **13,085.0** | **+2.1%** |
| Bank Deposits | 5,169.9 | 4,877.4 | +6.0% |
| **Administ. Savings Assets** | **5,169.9** | **4,877.4** | **+6.0%** |
| **CORE BUSINESS ASSETS** | **18,534.9** | **17,962.4** | **+3.2%** |

# Life Reserves

Core Business

| euro millions | 30.06.03 | 30.06.02 | Change |
|---|---|---|---|
| ▸ Traditional | 1,280.1 | 1,758.2 | -27.2% |
| ▸ Index-linked | 3,014.1 | 2,322.5 | +29.8% |
| ▸ Unit-linked | 3,072.7 | 2,664.5 | +15.3% |
| **Life Reserves** | 7,366.9 | 6,745.2 | +9.2% |
| **Life Reserves in own Mutual Funds** | -3,080.4 | -2,753.2 | +11.9% |



# Mutual Fund & Managed Accounts Assets

Core Business

| euro millions | 30.06.03 | 30.06.02 | Change |
|---|---|---|---|
| ▸ Equity Funds | 917.1 | 1,050.9 | -12.7% |
| ▸ Bond Funds | 369.0 | 397.3 | -7.1% |
| ▸ Monetary Funds | 340.4 | 211.1 | +61.3% |
| **Italy-based Funds-Unbundled** | 1,626.5 | 1,659.3 | -2.0% |
| ▸ Equity Funds | 4,206.2 | 4,099.6 | +2.6% |
| ▸ Protected Funds | 75.2 | 103.2 | -27.1% |
| ▸ Bond & Monetary Funds | 1,888.5 | 1,768.6 | +6.8% |
| **Ireland-based Funds-Unbundled** | 6,169.9 | 5,971.4 | +3.3% |
| **Ireland-based "Mix" Accounts** | 1,210.3 | 1,218.1 | -0.6% |
| ▸ *o/w Equity* | *746.9* | *779.4* | *-4.2%* |
| **Ireland-based "Chorus" M.A.** | 1843.7 | 2,110.8 | -12.7% |
| ▸ *o/w Equity* | *1,129.9* | *1,339.0* | *-15.6%* |
| M.A. in own Mutual Funds | -1,760.1 | -1,983.7 | -11.3% |
| **CONSOLIDATED TOTAL** | 9,090.3 | 8,975.9 | +1.3% |

# Bank Deposits

Core Business

| euro millions | 30.06.03 | 30.06.02 | Change |
|---|---|---|---|
| Cash under Deposits | 2,779.4 | 2,604.1 | +6.7% |
| Securities under Deposits | 2,033.1 | 2,005.4 | +1.4% |
| Repurchase Agreements | 340.9 | 247.2 | +37.9% |
| Subordinated Loans | 16.5 | 20.7 | -20.3% |
| TOTAL | 5,169.9 | 4,877.4 | +6.0% |



# Gross Premiums Written

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| ▸ U-L Pension Plans *(Europension)* | 16.3 | 17.2 | -5.2% |
| ▸ U-L Pension Plans *(My Pension*)* | 27.5 | 30.7 | -10.4% |
| ▸ U-L Investment Pol. *(Life Funds)* | 12.0 | 13.6 | -11.8% |
| ▸ Open Pension Funds | 0.0 | 0.0 | n.s. |
| **Recurring Policies (AP)** | **55.8** | **61.5** | **-9.3%** |
| ▸ Trad./ Group / Invest. Policies | 5.4 | 5.9 | -8.5% |
| ▸ Unit-linked Pol. *(Life Funds & Oro Funds)* | 63.4 | 130.5 | -51.4% |
| ▸ Index-linked Policies *(DiPiù)* | 360.6 ** | 595.3** | -39.4% |
| **Single Premium Policies (SP)** | **429.4** | **731.7** | **-41.3%** |
| **Total New Business** | **485.2** | **793.2** | **-38.8%** |
| ▸ Pension Plans in-force | 302.6 | 280.0 | +8.1% |
| ▸ Investment Policies in-force | 48.3 | 40.8 | +18.4% |
| **Total Business in-force** | **350.9** | **320.8** | **+9.4%** |
| **TOTAL GROSS PREMIUMS** | **836.1** | **1,114.0** | **-24.9%** |

* includes also Tax Benefit
** of which c. 40 mn Euro comes from transformation in 2003 and 168 mn in 2002

## Adjusted Premium Income

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Recurring Policies | 55.8 | 61.5 | -9.3% |
| Single Premium Policies x1/10 | 42.9 | 73.2 | -41.3% |
| NEW BUSINESS 'APE' * | 98.7 | 134.7 | -26.7% |

* Annual Premium Equivalent

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## Gross Inflows into M.F. & M.A.*

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Equity Funds | 86.9 | 93.2 | -6.8% |
| Bond Funds | 41.9 | 27.9 | +50.2% |
| Monetary Funds | 171.7 | 57.2 | +200.2% |
| Italy-based Funds -Unbundled | 300.5 | 178.3 | +68.5% |
| Equity Funds | 133.5 | 202.7 | -34.1% |
| Protected Funds | 0.2 | 0.3 | -33.3% |
| Bond & Monetary Funds | 185.8 | 123.6 | +50.3% |
| Ireland-based Funds -Unbundled | 319.5 | 326.6 | -2.2% |
| Ireland-based "Mix" Accounts | 112.1 | 528.5 | -78.8% |
| o/w Equity | 51.6 | 369.8 | -86.0% |
| Ireland-based "Chorus" M.A. | 88.6 | 447.3 | -80.2% |
| o/w Equity | 39.6 | 272.6 | -85.5% |
| TOTAL GROSS INFLOWS | 820.7 | 1,480.7 | -44.6% |

* Retail sales of Mutual Funds & Managed Accounts, excluding Unit-linked

# Bank Accounts & Customer Growth

Core Business

| | 30.06.03 | vs. 30.06.02 |
|---|---|---|
| Active Bank Accounts | 332,700 | +2.9% |
| Primary Account Holders (unduplicated) | 766,000 | +3.0% |



# Customer Base H1 2003

Core Business

24,000 customers closed
24,400 current accounts:

10,300 customers left the system
13,700 customers remained

| | Average AUA | Cross Selling (1) |
|---|---|---|
| Bank Customers | 40,100 euro | 2.73 |
| Group Customers | 22,400 euro | 1.85 |
| Lost Customers as at 30.06.03 | 10,200 euro | 1.32 |

(1) *out of 10 products*

## Sales Network

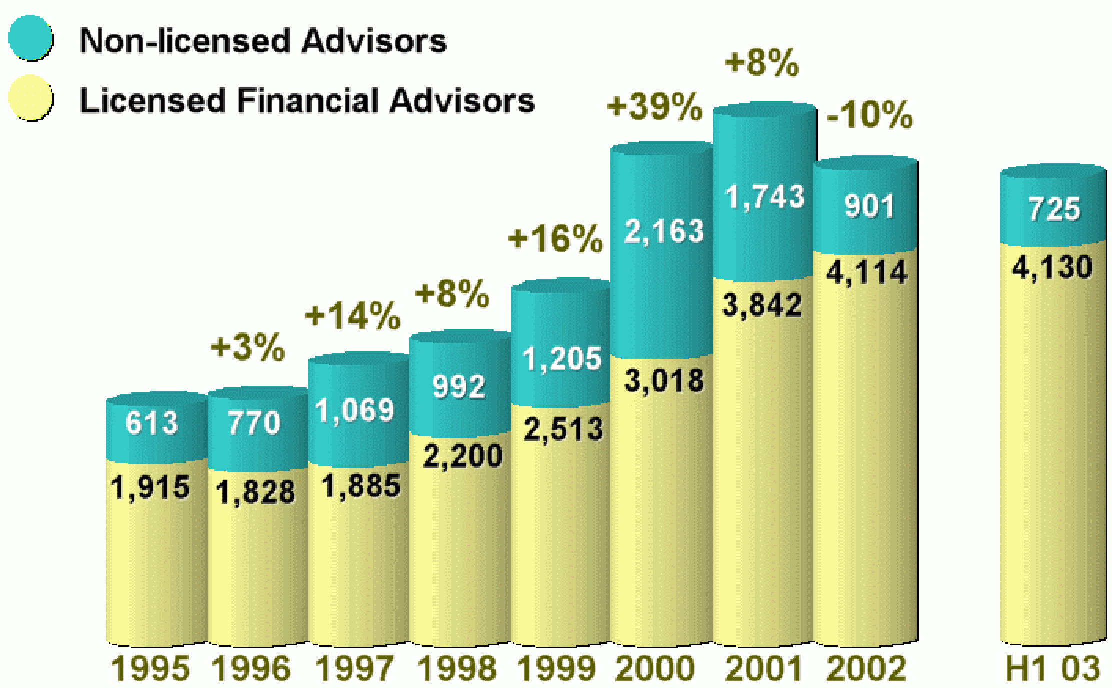
Core Business

| | 30.06.03 | 30.06.02 | Change |
|---|---|---|---|
| ▸ Licensed Financial Advisors | 4,130 | 4,086 | +1.1% |
| ▸ Non-licensed Financial Advisors | 725 | 1,064 | -31.9% |
| **Banca Mediolanum*** | **4,855** | **5,150** | **-5.7%** |
| * o/w Financial Executives | 845 | 870 | -2.9% |
| **Partner Time** | **1,167** | **1,281** | **-8.9%** |
| **TOTAL NETWORK** | **6,022** | **6,431** | **-6.4%** |



## Sales Network Evolution

Core Business



## Profit from Life business line

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Life Insurance | 48.3 | 33.8 | +42.9% |
| PROFIT BEFORE TAX & E.I. | 98.4 | 69.8 | +41.0% |

... with a major contribution coming from Net Investment Income.....



## Net Investment Income

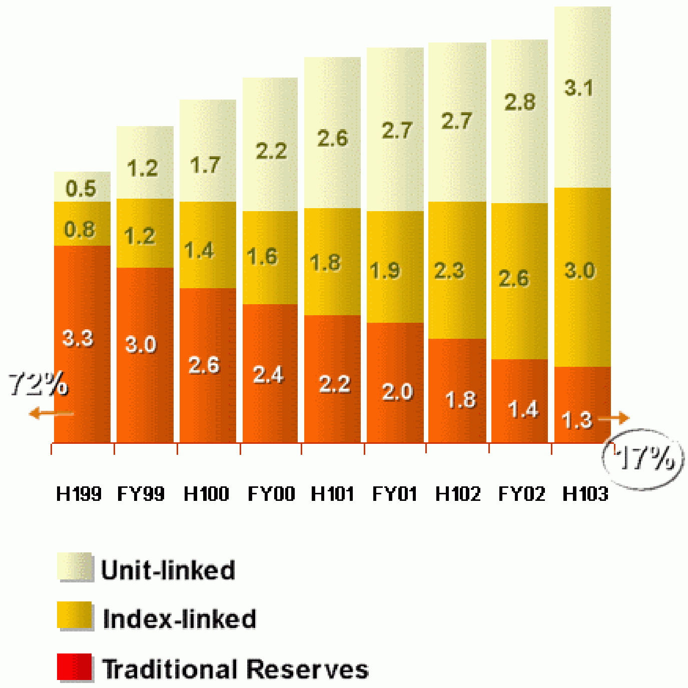
Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Investment Income - Life | 38.4 | 34.4 | +11.6% |
| Adjustments to the value of financial investments | 0.7 | -5.6 | -112.5% |
| Adjusted Invest. Income - Life | 39.1 | 28.8 | +35.8% |
| Policyholders' Interest | -20.6 | -31.9 | -35.4% |
| Net Invest. Income - LIFE | 18.5 | -3.1 | n.s. |
| Net Invest. Income - OTHER | -3.0 | -0.5 | n.s. |
| Interest paid on Investments | 4.3 | 5.5 | -21.8% |
| NET INVESTMENT INCOME | 19.8 | 1.9 | +942.1% |

# Evolution of Mediolanum Life Reserves

Core Business

euro billions




- Traditional reserves sensitive to low interest rates in decline
- Guarantees relate only to traditional reserves, i.e. 17% of Life assets
- Unit & Index-linked don't require solvency margins
- Cost & availability of capital are not an issue: network commission financed by 1st-year loadings



# Profit from Mutual Funds business line

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Life Insurance | 48.3 | 33.8 | +42.9% |
| Mutual Funds | 23.9 | 23.3 | +2.1% |
| PROFIT BEFORE TAX & E.I. | 98.4 | 69.8 | +41.0% |

... with a major contribution coming from Performance Fees.....

## Commission Income from Mutual Fund-related products

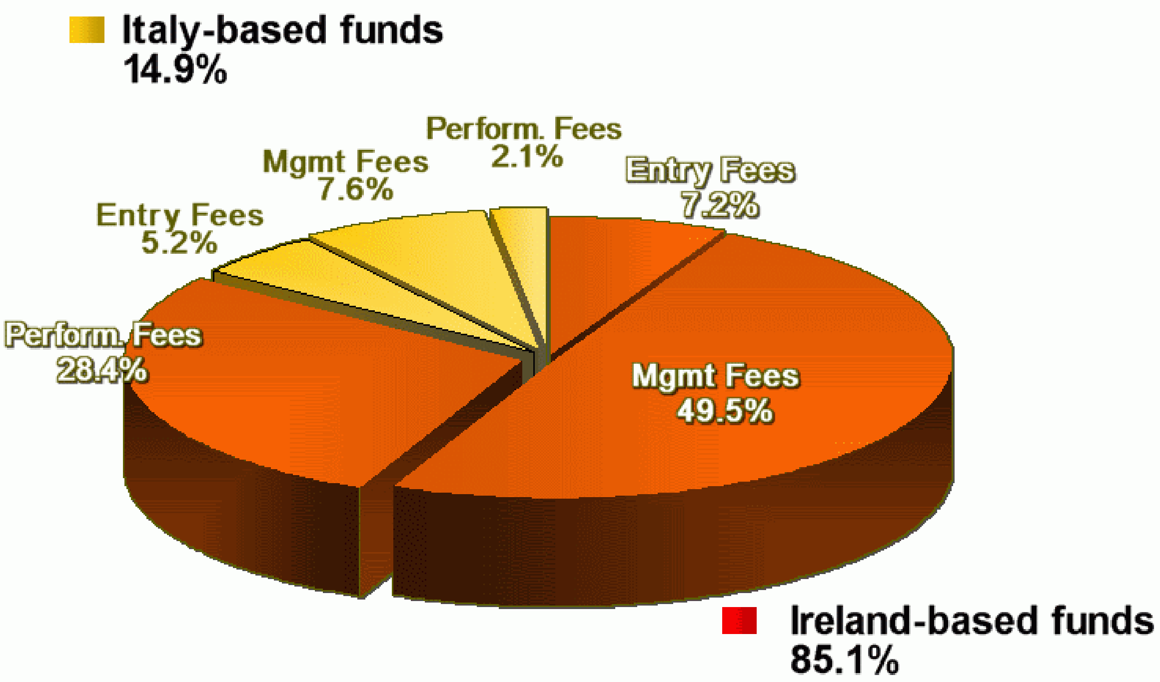
Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Entry Fees | 14.5 | 17.4 | -16.7% |
| Management Fees | 66.4 | 76.8 | -13.5% |
| Performance Fees | 35.6 | 13.2 | +169.7% |
| TOTAL COMMISSION INCOME | 116.5 | 107.4 | +8.5% |
| COMMISSION INCOME - Unbundled Mutual Funds | 57.5 | 59.2 | -2.9% |



## Commission Income from Mutual Funds by Location

Core Business



## Profit by Business Line

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Life Insurance | 48.3 | 33.8 | +42.9% |
| Mutual Funds | 23.9 | 23.3 | +2.1% |
| Bank Business | 27.9 | 8.6 | +224.4% |
| (excl. Adv. Investments) | 30.3 | 12.7 | +138.6% |
| Other Operations | -1.7 | 3.9 | n.s. |
| PROFIT BEFORE TAX & E.I. | 98.4 | 69.8 | +41.0% |



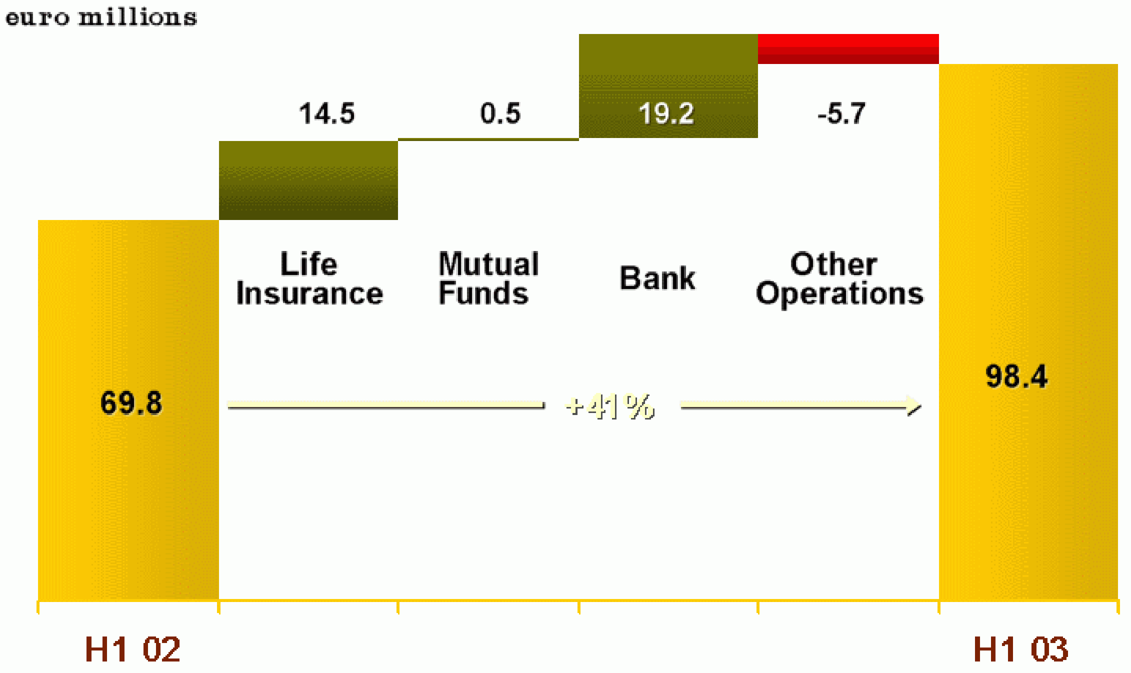
## Bank Revenues

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Interest Spread | 31.8 | 12.8 | +148.4% |
| ▸ Securities | 8.3 | 6.8 | +22.1% |
| ▸ Service fees - managed accounts | 11.4 | 14.3 | -20.3% |
| ▸ Other Services | 12.0 | 12.1 | -0.8% |
| Service Margin | 31.7 | 33.2 | -4.5% |
| TOTAL BANK REVENUES | 63.5 | 46.0 | +38.0% |

# Profit Before Tax & E.I. by Business Line

Core Business






# Benefits Paid & Change in Reserves

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| ▸ Claims & Maturities | 158.3 | 133.1 | +18.9% |
| ▸ Natural Surrenders | 89.8 | 136.2 | -34.1% |
| ▸ Surrenders from Transformation | 109.5 | 167.8 | -34.7% |
| **Benefits Paid** | **357.6** | **437.1** | **-18.2%** |
| **Change in Reserves** (less Policyholders' Interest) | **385.0** | **565.1** | **-31.9%** |
| **TOTAL** | **742.6** | **1,002.2** | **-25.9%** |

## Surrenders*

Core Business

| Euro millions | H1 2003 | H1 2002 |
|---|---|---|
| Surrenders* from Transformation | 109.5 | 167.8 |
| Natural Surrenders* | 76.3 | 128.5 |
| % of Reserves | 1.8% | 2.8% |
| TOTAL SURRENDERS* | 185.8 | 296.3 |
| % of Reserves | 4.5% | 6.6% |

* excluding Index-linked & Group policies



## Surrenders of Investments Policies

Core Business

| Euro million | H1 2003 | H1 2002 |
|---|---|---|
| Total Surrenders of Traditional Invest. Pol. | 35.9 | 215.6 |
| % of Reserves | 14.3% | 48.8% |
| o/w Natural | 18.5 | 47.8 |
| % of Reserves | 7.1% | 9.1% |
| Total Surrenders of Unit-linked Investment Policies | 30.2 | 19.9 |
| % of Reserves | 4.4% | 3.2% |
| TOTAL SURRENDERS OF INV. POL.* | 66.1 | 235.5 |
| % of Reserves | 7.0% | 22.3% |
| o/w Natural* | 48.8 | 67.7 |
| % of Reserves | 5.1% | 5.9% |

* excluding Index-linked & Group Policies

# Surrenders of Pension Plans

Core Business

| Euro million | H1 2003 | H1 2002 |
|---|---|---|
| Total Surrenders of Trad. Pension Plans | 104.3 | 45.0 |
| % of Reserves | 10.5% | 3.2% |
| o/w Natural | 12.0 | 45.0 |
| % of Reserves | 1.1% | 3.2% |
| Unit-linked Pension Plans | 15.5 | 15.8 |
| % of Reserves | 0.7% | 0.8% |
| TOTAL SURRENDERS OF PENSION PLANS* | 119.7 | 60.8 |
| % of Reserves | 3.7% | 1.8% |
| o/w Natural* | 27.5 | 60.8 |
| % of Reserves | 0.8% | 1.8% |

* excluding Group policies

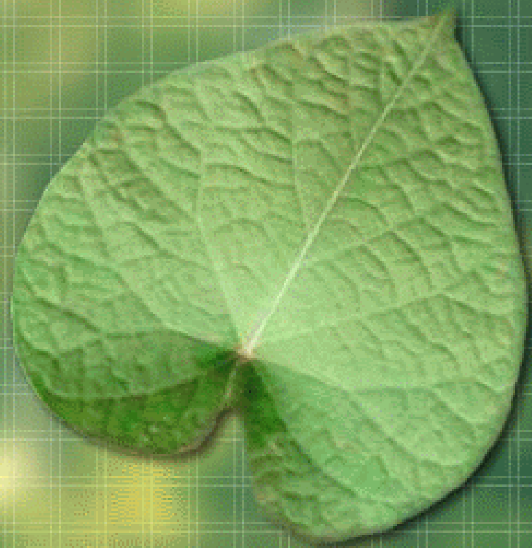


# Costs

Core Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Claims, Benefits paid, Changes in Reserves | 742.6 | 1,002.2 | -25.9% |
| Recov. from Reinsurance | -2.3 | -8.9 | -74.5% |
| Acquisition Costs (Commission Expense) | 87.3 | 99.8 | -12.5% |
| G&A Expenses | 88.0 | 82.4 | +6.8% |
| Advertising Expenses | 2.5 | 4.6 | -45.7% |
| Depreciation | 24.3 | 21.4 | +13.6% |

# New Ventures



H1 2003 Reclassified Results
Mediolanum Group

# New Ventures - Net Profit/Loss

New Ventures

euro millions

| | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Spain | 0.1 | -0.6 | n.s. |
| Germany | -4.8 | -1.7 | +182.4% |
| Banca Esperia | -1.6 | -2.2 | -28.2% |
| Med Private | -0.2 | -0.3 | -39.3% |
| N.V. NET PROFIT / LOSS * | -6.4 | -4.8 | +33.9% |

* share of Profit pertaining to the Mediolanum Group



# New Ventures - Net Consolidated Effect

New Ventures

euro millions

| | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Net Profit / Loss* | -6.4 | -4.8 | +33.9% |
| Goodwill Amortisation | -10.1 | -10.1 | 0.0% |
| Interest paid on Investments | -2.8 | -3.5 | -20.0% |
| N.V. NET EFFECT | -19.3 | -18.4 | +5.0% |

* share of Profit pertaining to the Mediolanum Group

## Banca Esperia - Net Profit/Loss

New Ventures

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Total Revenues | 9.8 | 4.6 | +113.0% |
| Total Costs | -12.7 | -9.1 | +39.6% |
| NET PROFIT / LOSS | -3.3 | -4.5 | -26.5% |
| NET PROFIT / LOSS* | -1.6 | -2.2 | -28.2% |

* share of Profit pertaining to the Mediolanum Group



## Banca Esperia - Highlights

New Ventures

| | 30.06.02 | 30.06.03 |
|---|---|---|
| Assets under Administration (euro mn) | 1,537 | 2,454 |
| % in Managed Assets | 80% | 82% |
| Gross Inflows (euro mn) | 898 | 1,463 |
| Net Inflows (euro mn) | 541 | 481 |
| Customers | 555 | 1,185 |
| Private Bankers | 23 | 35 |

BANCAESPERIA
LA PRIVATE BANK DI MEDIOBANCA | MEDIOLANUM | & PARTNERS

# Spain - Net Profit

New Ventures

| euro millions | H1 2003 | H2 2002 | Change |
|---|---|---|---|
| Total Revenues (1) | 52.4 | 31.2 | +67.9% |
| Total Costs (2) (3) | -55.3 | -32.7 | +69.1% |
| Capital Gain | 4.8 | 0.7 | +585.7% |
| Profit before Tax & E.I. | 1.9 | -0.8 | n.s. |
| Extraordinary Items | -1.5 | 0.2 | n.s. |
| Profit before Tax | 0.4 | -0.6 | n.s. |
| Income Tax | -0.2 | 0.0 | n.a. |
| Profit from Minority Interests | 0.1 | 0.0 | n.a. |
| NET PROFIT SPAIN | 0.1 | -0.6 | n.s. |
| (1) *o/w Gross Premiums Written* | *30.6* | *10.4* | *+194.2%* |
| (2) *o/w start-up costs* | *-2.0* | *-1.4* | *+42.9%* |
| (3) *o/w net change in reserves* | *-27.5* | *-9.9* | *+117.8%* |



# Spain - Net Effect

New Ventures

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Net Profit* | 0.1 | -0.6 | n.s. |
| Goodwill Amortisation | -6.8 | -6.8 | 0.0% |
| Interest paid on investments | -1.7 | -2.2 | -22.7% |
| SPAIN NET EFFECT | -8.4 | -9.6 | -12.9% |

* share of Profit pertaining to the Mediolanum Group

# Spain - Sales Network

New Ventures

| | 30.06.03 | 30.06.02 | Change |
|---|---|---|---|
| Commercial Agents & Employees - Old model | 77 | 101 | -23.8% |
| Financial Advisors - Mediolanum model | 260 | 217 | +19.8% |
| Part-time Agents | 68 | 22 | +209.1% |
| **Sales Network** | **405** | **340** | **+19.1%** |



# Spain - Gross Inflows

New Ventures

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Mutual Funds & M.A. | 223.9 | 146.8 | +52.5% |
| Gross Premiums Written | 37.2 | 13.7 | +171.5% |
| **Managed Savings** | **261.1** | **160.5** | **+62.7%** |
| Securities | 34.6 | 21.6 | +60.2% |
| Cash | -40.0 | 3.4 | n.s. |
| **Administered Savings** | **-5.4** | **25.0** | **-121.6%** |
| **TOTAL GROSS INFLOWS** | **255.7** | **185.5** | **+37.8%** |

## Spain - Net Inflows

New Ventures

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Mutual Funds & M.A. | 49.2 | -0.2 | n.s. |
| Life Policies | 26.8 | 10.4 | +157.7% |
| **Managed Savings** | **76.0** | **10.2** | **+645.1%** |
| Securities | 34.6 | 21.6 | +60.2% |
| Cash | -45.9 | -5.7 | n.s. |
| **Administered Savings** | **-11.3** | **15.9** | **n.s.** |
| **TOTAL NET INFLOWS** | **64.7** | **26.1** | **+147.9%** |



## Spain - AUA Breakdown

New Ventures

| euro millions | 30.06.03 | 30.06.02 | Change |
|---|---|---|---|
| Life & Pension Funds* | 103.9 | 66.5 | +56.2% |
| Mutual Funds** | 742.5 | 728.2 | +2.0% |
| Bank Deposits | 1,208.9 | 1,157.0 | +4.5% |
| Institutional Assets | 95.4 | 72.6 | +31.4% |
| Consolidation Adjustments | -207.1 | -178.5 | +16.0% |
| **AUA - Spain** | **1,943.6** | **1,845.8** | **+5.3%** |
| * o/w Ireland-based Assets | 8.1 | 4.6 | +76.1% |
| ** o/w Ireland-based Assets | 46.2 | 13.3 | +247.4% |

# Gamax - Net Profit/Loss

New Ventures

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| Total Revenues | 4.8 | 7.9 | -39.2% |
| Operating Costs | -5.7 | -6.9 | -17.2% |
| Start up costs | 0.0 | 0.0 | n.s. |
| Net Operating Profit/Loss | -0.9 | 1.0 | n.s. |
| Write-downs | 0.0 | -1.7 | -96.3% |
| Capital gain/loss | 0.0 | 0.0 | n.s. |
| Extraordinary Items | 0.1 | 0.3 | -66.7% |
| Profit before Tax | -0.9 | -0.4 | +119.8% |
| Income Tax | 0.0 | -0.6 | n.s. |
| Profit from Minority Interests | 0.0 | 0.0 | n.s. |
| NET PROFIT / LOSS | -0.9 | -1.0 | -12.1% |



# Bankhaus August Lenz - Highlights

New Ventures

Net Profit / Loss as at 30.06.03 (euro mn): -3.9

Net Inflows as at 30.06.03 (euro mn): 4.6

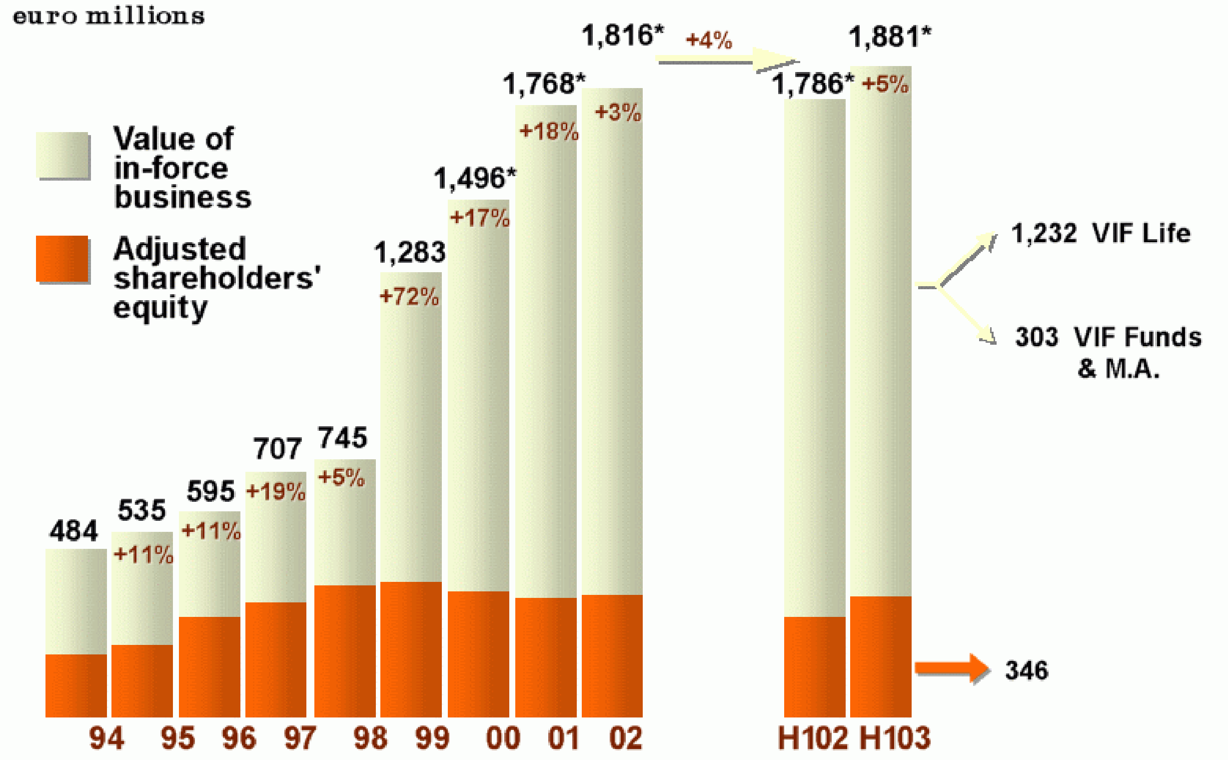
Net Inflows for July & August 2003 (euro mn): 20.1

| | 30.06.03 | 31.08.03 |
|---|---|---|
| Customers | 1,234 | 2,368 |
| Financial Advisors | 84 | 99 |

# Embedded Value

H1 2003 Reclassified Results
Mediolanum Group

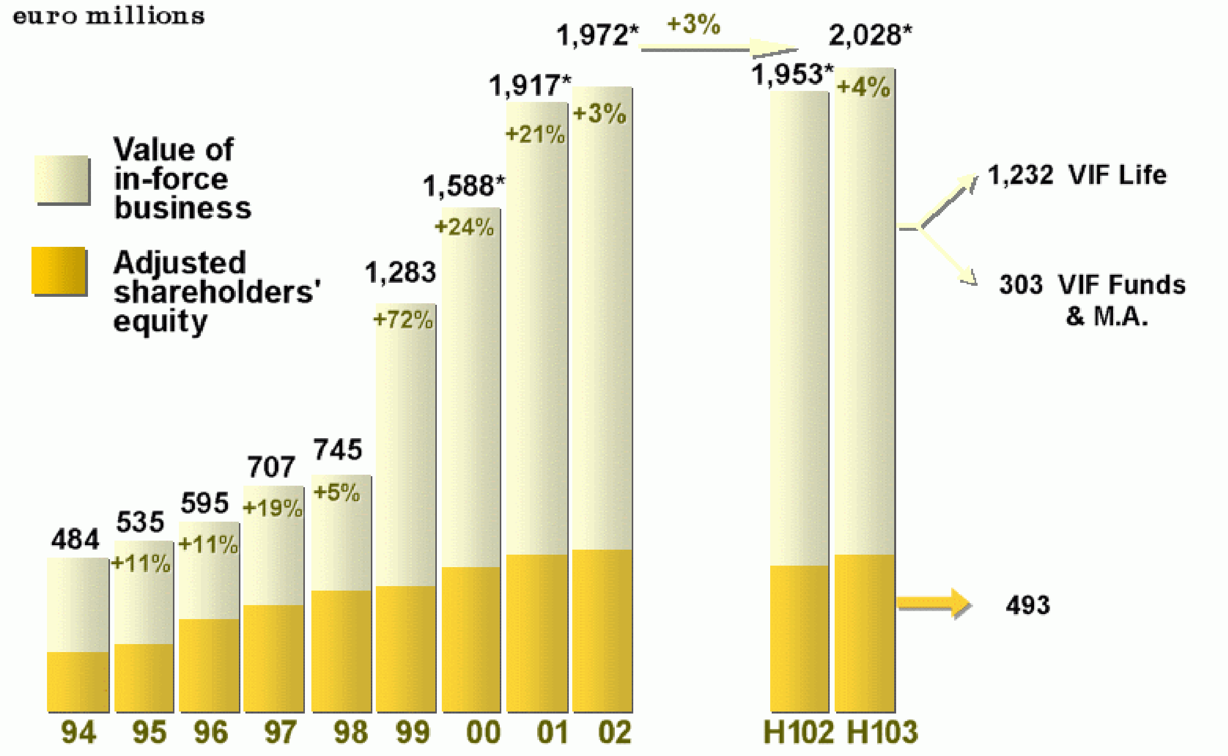
# Embedded Value Growth
## Post-acquisition effect*




* After excluding residual New Ventures Goodwill



# Embedded Value Growth
## Pre-acquisition effect*




* Before excluding residual New Ventures Goodwill

## EV Economic Assumptions

| | H1 2002 | H1 2003 | |
|---|---|---|---|
| Liquidity | 3.70% | 2.00% | Investment Return |
| Long term bond | 5.20% | 4.00% | |
| Equity | 7.75% | 6.50% | |
| Segregated funds | 4.85% | 3.75% | Our Portfolio |
| Unit-linked funds | 6.30% | 4.90% | |
| Mutual funds & M.A. | 6.30% | 4.85% | |
| Discount Rate | 7.75% | 6.75% | |
| Expense Inflation Rate | 3.00% | 3.00% | |



## Embedded Value Earnings

| euro millions | H1 2003 | H1 2002 |
|---|---|---|
| Change over the period | 56 | 36 |
| Dividends paid | 72 | 72 |
| Goodwill Amortisation - New Ventures | 9 | 10 |
| EV EARNINGS PRE-ACQUISITION EFFECT (BEFORE excluding residual N.V. Goodwill) | 137 | 118 |
| Goodwill Increase over the period | --- | (28) |
| EV EARNINGS POST-ACQUISITION EFFECT (AFTER excluding residual N.V. Goodwill) | 137 | 90 |

# EV Earnings Components (1)
# Earnings on Initial E.V.

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| ▸ Expected return on EV - unwind | 59 | 59 | 0.0% |
| ▸ Experience variances * | 26 | (84) | n.s. |
| ▸ Operating assumption changes | --- | 18 | n.a. |
| ▸ Economic assumption changes | (21) | --- | n.a. |
| ▸ Tax assumption changes | 0 | 0 | n.a. |
| **Earnings on Initial E.V.** | **64** | **(7)** | **n.s.** |
| **Value added - New Business*** | **73** | **125** | **-41.6%** |
| **EV EARNINGS PRE-ACQUISITION EFFECT (BEFORE excluding residual N.V. Goodwill)** | **137** | **118** | **+16.1%** |

* detailed in the following slides



# EV Earnings
# Experience Variances

| euro millions | H1 2003 | H1 2002 |
|---|---|---|
| ▸ Investment return variance on NAV | (19) | (125) |
| ▸ Mutual Fund pricing variance | --- | 70 |
| ▸ Asset mix variance | 35 | (27) |
| ▸ Performance fees variance | 22 | 9 |
| ▸ Persistency/paid-ups variance | (1) | 6 |
| ▸ Operating cost variance | (2) | (3) |
| ▸ New Ventures net profit/loss variance | (1) | (5) |
| ▸ Other | (8) | (9) |
| **Experience Variances** | **26** | **(84)** |

# EV Earnings Components (2)
# Value added from New Business

| euro millions | H1 2003 | H1 2002 | Change |
|---|---|---|---|
| **Earnings on Initial EV *** | **64** | **(7)** | **n.s** |
| *- Conversion from Mutual Funds (into 'Mix' & 'Chorus')* | *---* | *(14)* | *---* |
| *- Investments into 'Mix' & 'Chorus'* | *---* | *29* | *---* |
| ▸ M.F. Conversion net result | --- | 15 | --- |
| ▸ Life transformation | --- | 2 | --- |
| ▸ New Life business | 61 | 82 | -25.6% |
| ▸ New M.F. & M.A. business | 12 | 26 | -53.8% |
| **Value added - New Business** | **73** | **125** | **-41.6%** |
| **EV EARNINGS** PRE-ACQUISITION EFFECT (BEFORE excluding residual N.V. Goodwill) | **137** | **118** | **+16.1%** |

# Activities Looking Forward

H1 2003 Reclassified Results
Mediolanum Group

## Key priority: recovery of volumes

**Focus on increasing number of Current Accounts:**

- Advisor convention presenting:
  - *new website with major upgrading of internet channel*
  - *reorganisation of direct channels to provide customers of "high standing" with a higher level of service quality*

- New TV and print advertising campaign

- Finalise agreements that will give our customers access to more bank branches for services requiring physical facilities (cash depositing, etc.)



## Other projects: recovery of volumes

- Continuation of our efforts focusing on the Recruitment of non-licensed advisors

- Major effort behind the Sale of Life products, particularly Recurring Policies