

September 28-30, 2010

## **BofA – Merrill Lynch Banking & Insurance CEO Conference 2010**

*‘Competing in the Age of Austerity’*



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## Italian Banks: Suffering P&Ls

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The P&Ls in the banking sector in Italy are in difficulty



### Economic factor

Dropping interest rates have caused a dramatic **reduction in the interest spread**



### Structural factor

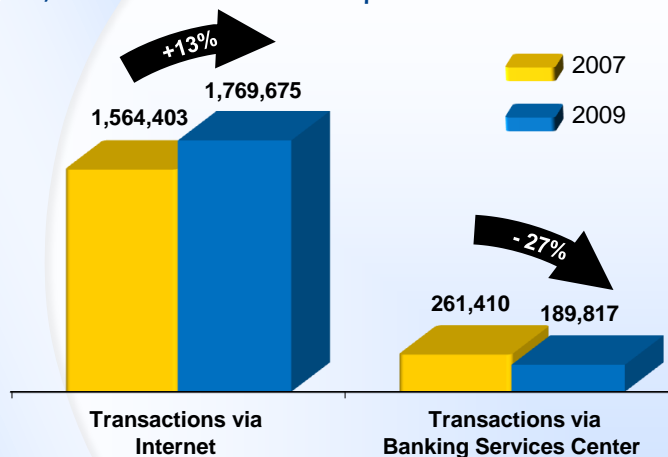
Increasing use of the internet for transactions (30% in 2 yrs) has caused an immediate **drop in revenues**, necessitating a reduction in costs that unfortunately is not so immediate, since the Banks' distribution network would require a cut in space, employees, or number of branches



## Mediolanum: Internet use up → Costs down

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Sample of 50,000 active bank customers acquired in 2006



Thanks to our efficient, branchless model, increase in Internet transactions does not produce a drop in revenues but rather an immediate reduction in call center costs (18x more expensive per transaction)



## Italian Banks: Austerity Measures

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Traditional banks in Italy are limiting themselves to 2 solutions that reflect 2 classic austerity measures to manage their distressed P&Ls

- Mid-sized regional banks are trying to increase business volumes by extending loans to small & mid-sized companies, exposing themselves to **much higher credit risk**
- All banks, and big banks in particular, are increasing fees, e.g. offering much more **costly current accounts** to retail customers, up to 40% higher costs seen in the past three months



## Italian Banks: «Bloodsucking at the Branch»

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'Milano Finanza', September 4, 2010



## Competing in the Age of Austerity

Traditional banks in Italy are not doing anything  
to defend their own customers or acquire new ones

We are.




-  We are a multi-sector player in the asset gathering industry & the reduction in the interest rates has hit us as well:  
25.5 million euro **less** in **interest spread** in H1 10 vs. H1 09
-  But the banking business for us is not everything: it's mainly a **means**
-  The 'Freedom' account launched 1.5 years ago is the perfect means  
to **acquire** quality **customers** with higher **assets**



## The 'Freedom' Account

A completely new-to-the-market product/concept  
launched March 2009

All the features & options of a fully-fledged current account  
combined with a high-yield investment

-  Deposits less than €15,000 are not remunerated
-  Deposits in excess of €15,000 are automatically & seamlessly transferred  
to a Life policy with an attractive yield, pre-set quarterly:  
1.82% net of tax Oct.-Dec.'10, corresponding to 2.5% gross  
(2% Apr.-Sept.'10 / 2.5% Oct.'09-Mar.'10 / 3% Mar.-Sept.'09)
-  All normal banking operations & features included
  - €7.5/mo. flat fee
  - no fee with avg. balance above the non-interest-bearing threshold  
or €30,000 in managed assets



## 'Freedom' Account Results

March 2009 to August 2010

The 'Freedom' account is an aggressive (& difficult to copy) means to acquire new customers & assets

### 'Freedom' accounts as at 31.08.10

New accounts

Conversions

137,679

51%

49%

### Total assets in 'Freedom' accounts

o/w new money from new & existing customers

€ 7.37 bn

~ € 4.94 bn

(67%)

### Asset split:

- non-interest-bearing current account

- associated high-yield Life policy

€ 1.45 bn

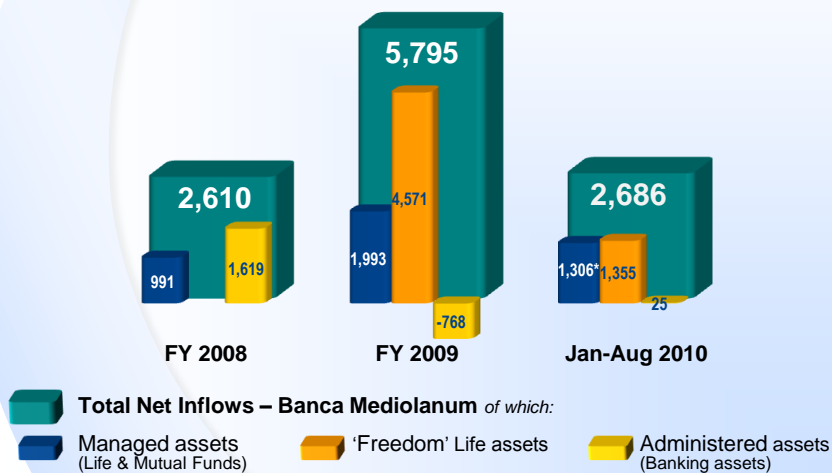
€ 5.92 bn



## Total Net Inflows

€ mn

The success of the 'Freedom' account has not been at the expense of managed assets, whose inflows doubled in '09 & continue to be very solid



\* include €mn 569 of 3rd-party structured bonds that replace Index-linked policies & have a similar profitability

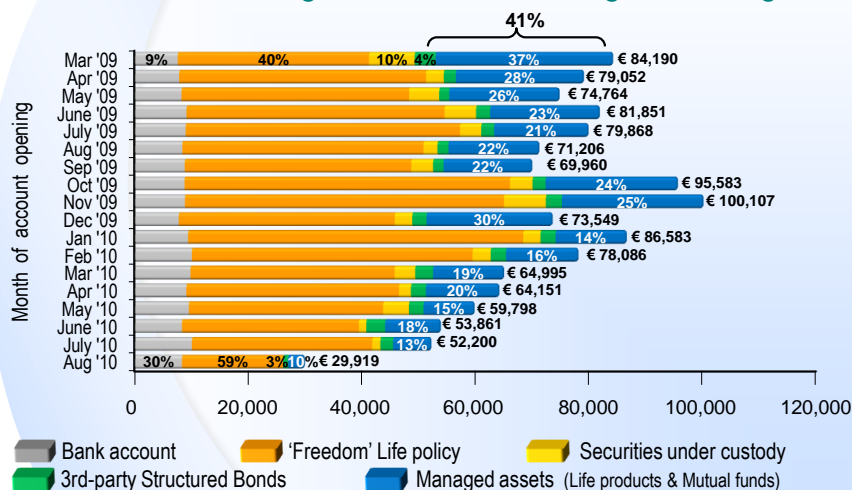


## 'Freedom' Account Customer Assets Development

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Avg assets as at 31.08.10

The most valuable aspect of the success of the 'Freedom' account is the strong contribution to managed assets growth



Sample: all households acquired as customers via the 'Freedom' account

## Ranking of Italian A.M. Groups by Mutual Funds Assets

12

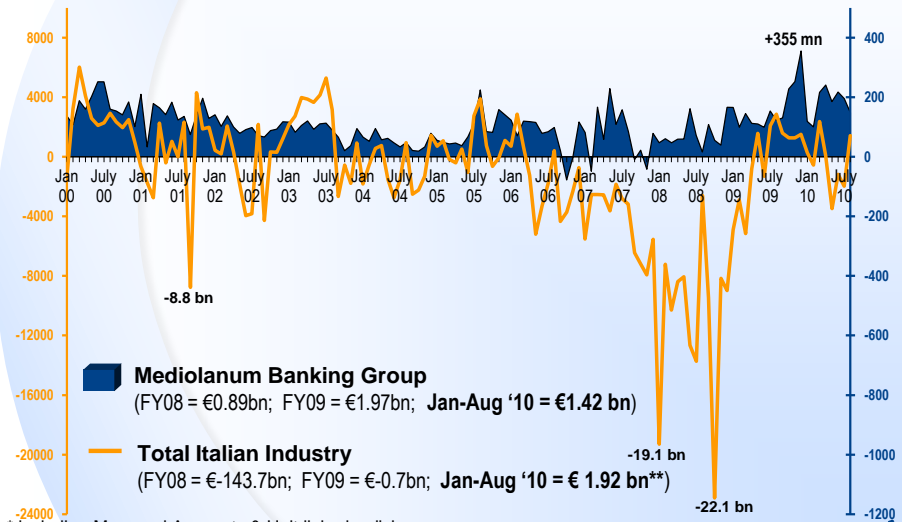
	June 2007	Dec. 2007	June 2008	Dec. 2008	June 2009	Dec. 2009	Aug. 2010
1.	Eurizon	Intesa Sanpaolo	Intesa Sanpaolo	Intesa Sanpaolo	Intesa Sanpaolo	Intesa Sanpaolo	Intesa Sanpaolo
2.	Pioneer	Pioneer	Pioneer	Pioneer	Pioneer	Pioneer	Pioneer
3.	Crédit Agricole/Intesa	UBI Banca	UBI Banca	UBI Banca	UBI Banca	UBI Banca	UBI Banca
4.	UBI Banca	Arca	Arca	Arca	Arca	Bipiemme/Anima	Mediolanum
5.	Capitalia	Banco Popolare	MPS	MPS	Bipiemme/Anima	Arca	Bipiemme
6.	Arca	MPS	Banco Popolare	Mediolanum	Prima (MPS)	Mediolanum	Arca
7.	MPS	Crédit Agricole	Crédit Agricole	BNP Paribas	Mediolanum	Prima	BNP Paribas
8.	JPMorgan	BNP Paribas	Mediolanum	Generali	BNP Paribas	BNP Paribas	Prima
9.	BNP Paribas	JPMorgan	BNP Paribas	Azimut	Azimut	Azimut	Generali
10.	BPVe-No	Mediolanum	Azimut	Banco Popolare	Generali	Generali	Azimut
11.	Mediolanum	Azimut	JPMorgan	JPMorgan	JPMorgan	JPMorgan	Amundi
12.	Generali	Generali	Generali	Bipiemme	Crédit Agricole	Crédit Agricole	JP Morgan
13.	Azimut	Bipiemme	Bipiemme	Crédit Agricole	Banco Popolare	Credem	Credem
14.	RAS	Allianz	Allianz	Allianz	Credem	Banco Popolare	Banco Popolare
15.	Bipiemme	Anima	Anima	Credem	Allianz	Allianz	Allianz
16.	Deutsche Bank	Credem	Credem	Anima	Polaris	Kairos Partners	Banca Carige
17.	Credem	Deutsche Bank	Polaris	Polaris	Kairos Partners	Banca Carige	Kairos Partners
18.	Kairos Partners	Deutsche Bank	Deutsche Bank	C.R. Firenze	Banca Carige	Ersel	Deutsche Bank
19.	C.R. Firenze	C.R. Firenze	C.R. Firenze	Kairos Partners	ICCREA	Deutsche Bank	Ersel
20.	Anima	Polaris	Kairos Partners	Deutsche Bank	Deutsche Bank	Fondaco	Poste Italiane

source: Assogestioni

(underwent M&A operations)

## Net Inflows into Mutual Funds\*

€ mn

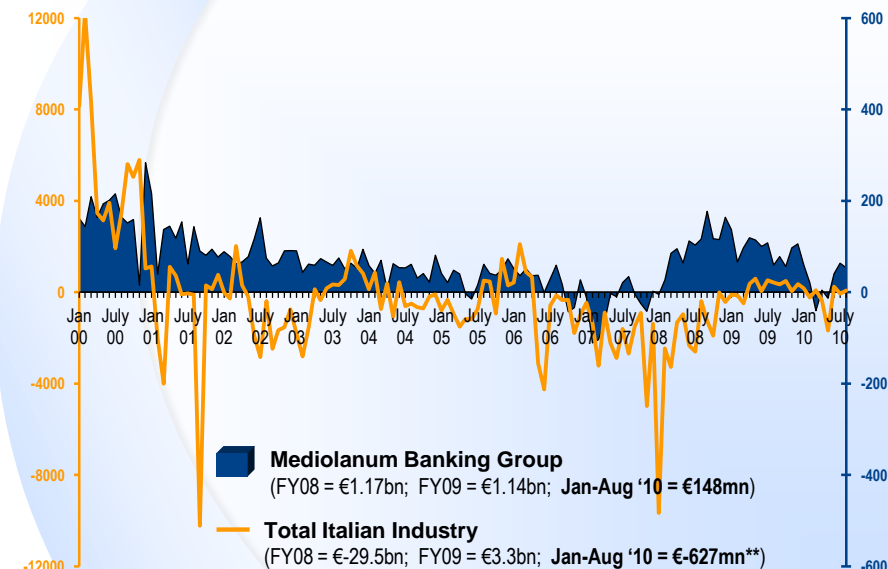


\* including Managed Accounts & Unit-linked policies

source: Assogestioni monthly reports; \*\*integrated with quarterly reports

## Net Inflows into Equity Funds\*

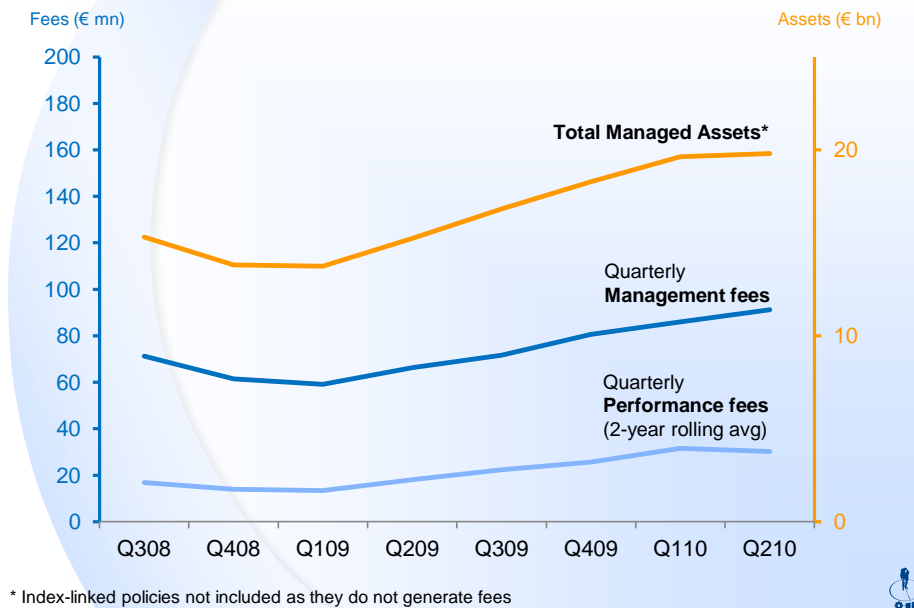
€ mn





\* including Managed Accounts & Unit-linked policies

Source: Assogestioni; \*\*integrated with quarterly reports

## Mediolanum fees continue to grow



## Mediolanum: Our Route in the Age of Austerity

- 
 We have not increased the costs of our bank accounts for our customers
- 
 Quite the contrary: there will be an acceleration in the opposite direction in Q4 2010

While everybody else is centered on austerity,  
we are intensely focused on speeding up the acquisition  
of assets from both new & existing customers



## The 'Freedom' Account: The New Offer

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### New customers

interest rate paid through end of March 2011: **2.2% net**,  
(equivalent to 3% gross)



### Existing customers (new money)

the same **2.2% net** yield available via 4-month Repos



## The 'Freedom' Account: A Social Initiative

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For each new  
'Freedom' account opened,  
Mediolanum will cover  
the schooling of a child in Haiti  
for one month:  
education,  
clothing,  
meals,  
vaccines & medicine

**We do believe that good deeds  
can be consistent with good business**



# H1 2010 Group Results



H1 2010  
Group

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## Income Statement

€ mn

	H110	H109	Change
Net premiums written	4,988.6	3,921.0	+27%
Amounts paid & change in technical reserves	(4,966.7)	(3,870.9)	+28%
Life revenues ex-commission	21.9	50.1	-56%
Entry fees	62.7	30.9	+103%
Management fees	177.2	125.3	+41%
Performance fees	68.7	73.2	-6%
Banking service fees	70.3	41.7	+69%
Other fees	16.3	14.7	+11%
Total commission income	395.1	285.9	+38%
Interest spread	65.6	91.1	-28%
Net income on investments at fair value	1.0	21.1	-95%
Net financial income	66.6	112.2	-41%
Equity Contribution (Mediobanca & Banca Esperia)	3.4	(1.2)	n.s.
Net income on other investments	(2.4)	5.3	n.s.
Other revenues	10.7	10.3	+4%
<b>Total Revenues</b>	<b>495.2</b>	<b>462.5</b>	<b>+7%</b>
Acquisition costs	(163.9)	(124.9)	+31%
Other commission expenses	(27.7)	(20.5)	+35%
G&A expenses	(179.6)	(175.7)	+2%
Amortisation & depreciation	(9.5)	(8.9)	+8%
Provisions for risks	(6.5)	(2.0)	+226%
<b>Total Costs</b>	<b>(387.2)</b>	<b>(332.0)</b>	<b>+17%</b>
<b>PROFIT BEFORE TAX</b>	<b>108.0</b>	<b>130.6</b>	<b>-17%</b>
Income tax	(23.3)	(22.9)	+2%
<b>NET INCOME</b>	<b>84.6</b>	<b>107.7</b>	<b>-21%</b>
tax rate	21.6%	17.5%	



## Our Statements on 2010 & the H110 Update

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- 1** Statement: "The growth of the company will continue, and this will come from inflows"

H1Update: **€2.6 bn** of total **Net inflows** at the Group level
- 2** Statement: "Management fees will increase, thanks to the strong growth in assets coming from both net inflows and the market"

H1 Update: **Management fees** generated **€52 mn more** vs. H109, thanks to a **39% growth in average assets**
- 3** Statement: "Performance fees over the course of the year will be lower than in 2009"

H1 Update: **Performance fees** generated **€5 mn less** than in H109, thanks to strong growth in assets. Assuming the same asset level of H109, performance fees would have been another 22 mn less
- 4** Statement: "Interest spread will drop due to the trend in interest rates"

H1 Update: Interest rate drop generated €25.5 mn less in **Interest spread** plus €28 mn less in other financial items = ~ **€53 mn less overall** vs. H109

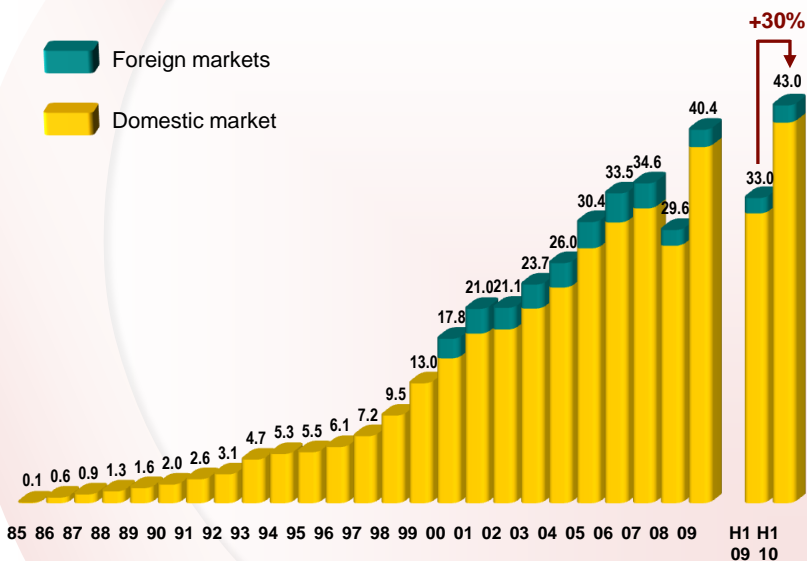


H1 2010  
Group

## Assets under Administration

22

€ bn



## Assets under Administration

€ mn

	30/06/10	31/12/09	Change	30/06/09	Change
Life	14,604.5	14,988.8	-3%	13,447.2	+9%
'Freedom' Life Policies	5,704.0	4,571.8	+25%	2,211.0	+158%
Asset management	17,202.0	15,759.2	+9%	12,984.9	+32%
Banking*	6,121.6	5,785.8	+6%	5,422.7	+13%
Consolidation adjustments	(8,468.1)	(8,167.0)	+4%	(7,003.8)	+21%
<b>Banca Mediolanum</b>	<b>35,164.0</b>	<b>32,938.6</b>	<b>+7%</b>	<b>27,062.1</b>	<b>+30%</b>
<b>Banca Esperia (Mediolanum's share)</b>	<b>6,015.8</b>	<b>5,591.3</b>	<b>+8%</b>	<b>4,290.1</b>	<b>+40%</b>
<b>Domestic Market's Assets</b>	<b>41,179.8</b>	<b>38,529.9</b>	<b>+7%</b>	<b>31,352.2</b>	<b>+31%</b>
Life	450.8	421.6	+7%	330.6	+36%
Asset management	883.9	893.1	-1%	799.9	+11%
Banking	750.3	796.1	-6%	764.1	-2%
Other	0.0	0.3	-86%	0.6	-92%
Consolidation adjustments	(222.6)	(247.0)	-10%	(229.0)	-3%
<b>Foreign Markets' Assets</b>	<b>1,862.5</b>	<b>1,864.0</b>	<b>-0%</b>	<b>1,666.1</b>	<b>+12%</b>
<b>AUA</b>	<b>43,042.3</b>	<b>40,393.9</b>	<b>+7%</b>	<b>33,018.3</b>	<b>+30%</b>

\* retail only



## Net Inflows

€ mn

	H110	H109	Change
Managed Assets Inflows*	539.4	794.6	-32%*
'Freedom' Life Policies (change in assets)	1,132.2	2,210.0	-49%
Third-party Structured Bonds Inflows	434.8	0.0	n.s.
Administered Assets Inflows	78.0	(996.3)	n.s.
<b>Banca Mediolanum</b>	<b>2,184.5</b>	<b>2,008.3</b>	<b>+9%</b>
<b>Banca Esperia (Mediolanum share)</b>	<b>395.5</b>	<b>152.7</b>	<b>+159%</b>
<b>Foreign Markets</b>	<b>37.3</b>	<b>(45.3)</b>	<b>n.s.</b>
<b>NET INFLOWS</b>	<b>2,617.3</b>	<b>2,115.8</b>	<b>+24%</b>

\* +23% when third-party structured bonds are reclassified in this item



## H1 2010 Results: Domestic Market



H1 2010  
Domestic  
Market

## Q2 vs. Q1 Income Statement

26

€ mn

	Q210	Q110	Change
Life revenues ex-commission	9.6	5.2	+86%
Entry fees	32.4	28.1	+15%
Management fees	87.7	82.2	+7%
Performance fees	15.2	51.3	-70%
Banking service fees	30.1	21.1	+43%
Other fees	9.4	6.1	+55%
Total commission income	174.8	188.7	-7%
Interest spread	28.7	34.2	-16%
Net income on investments at fair value	(4.6)	6.2	n.s.
Net financial income	24.0	40.4	-41%
Equity contribution (Mediobanca & Banca Esperia)	(0.2)	3.7	n.s.
Net income on other investments	(4.1)	1.1	n.s.
Other revenues	5.8	4.9	+19%
<b>Total Revenues</b>	<b>210.0</b>	<b>243.9</b>	<b>-14%</b>
Acquisition costs	(80.1)	(74.1)	+8%
Other commission expenses	(6.5)	(6.4)	+2%
G&A expenses	(85.6)	(75.0)	+14%
Amortisation & depreciation	(4.2)	(4.0)	+4%
Provisions for risks	(2.2)	(4.4)	-49%
<b>Total Costs</b>	<b>(178.6)</b>	<b>(163.9)</b>	<b>+9%</b>
<b>PROFIT BEFORE TAX</b>	<b>31.3</b>	<b>80.0</b>	<b>-61%</b>
Income tax	(10.9)	(13.4)	-19%
<b>NET INCOME</b>	<b>20.5</b>	<b>66.6</b>	<b>-69%</b>
<b>tax rate</b>	<b>34.7%</b>	<b>16.7%</b>	



## Income Statement

€ mn

	H110	H109	Change
Life revenues ex-commission	14.8	44.8	-67%
Entry fees	60.4	29.9	+102%
Management fees	169.9	119.6	+42%
Performance fees	66.5	71.9	-7%
Banking service fees	51.2	29.5	+74%
Other fees	15.4	13.8	+12%
Total commission income	363.5	264.6	+37%
Interest spread	62.8	86.5	-27%
Net income on investments at fair value	1.6	21.1	-92%
Net financial income	64.4	107.7	-40%
Equity contribution (Mediobanca & Banca Esperia)	3.4	(1.2)	n.s.
Net income on other investments	(3.0)	4.9	n.s.
Other revenues	10.7	10.4	+3%
<b>Total Revenues</b>	<b>453.9</b>	<b>431.2</b>	<b>+5%</b>
Acquisition costs	(154.2)	(117.4)	+31%
Other commission expenses	(12.9)	(11.2)	+15%
G&A expenses	(160.6)	(155.7)	+3%
Amortisation & depreciation	(8.3)	(7.6)	+9%
Provisions for risks	(6.7)	(3.5)	+92%
<b>Total Costs</b>	<b>(342.6)</b>	<b>(295.3)</b>	<b>+16%</b>
<b>PROFIT BEFORE TAX</b>	<b>111.3</b>	<b>135.9</b>	<b>-18%</b>
Income tax	(24.2)	(24.1)	+1%
<b>NET INCOME</b>	<b>87.0</b>	<b>111.8</b>	<b>-22%</b>
<b>tax rate</b>	<b>21.8%</b>	<b>17.7%</b>	



## Life Revenues ex-commission

€ mn

	H110	H109	Change
<b>INCLUDING 'FREEDOM' LIFE POLICIES</b>			
Net premiums written	4,929.1	3,881.8	+27%
Amounts paid & change in technical reserves	(4,914.4)	(3,837.0)	+28%
<b>LIFE REVENUES EX-COMMISSION</b>	<b>14.8</b>	<b>44.8</b>	<b>-67%</b>
<b>EXCLUDING 'FREEDOM' LIFE POLICIES</b>			
Net premiums written	750.7	1,237.8	-39%
Amounts paid & change in technical reserves	(736.0)	(1,193.0)	-38%
<b>LIFE REVENUES EX-COMMISSION</b>	<b>14.8</b>	<b>44.8</b>	<b>-67%</b>



## Assets under Administration

€ mn

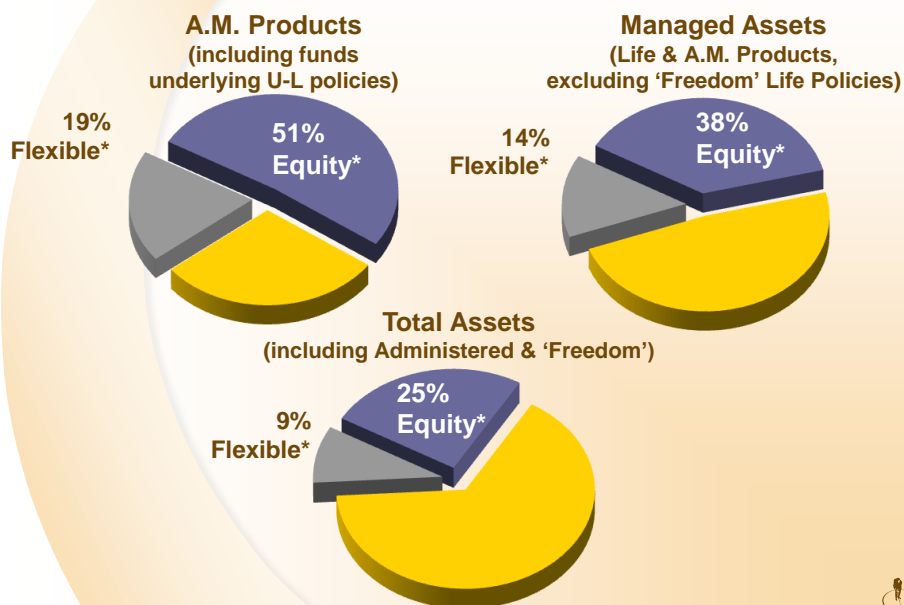
	30/06/10	31/12/09	Change	30/06/09	Change
Life	14,604.5	14,988.8	-3%	13,447.2	+9%
Asset management	17,202.0	15,759.2	+9%	12,984.9	+32%
Consolidation adjustments	(8,468.1)	(8,167.0)	+4%	(7,003.8)	+21%
<b>Managed Assets</b>	<b>23,338.4</b>	<b>22,581.0</b>	<b>+3%</b>	<b>19,428.4</b>	<b>+20%</b>
<b>'Freedom' Life Policies</b>	<b>5,704.0</b>	<b>4,571.8</b>	<b>+25%</b>	<b>2,211.0</b>	<b>+158%</b>
<b>Administered Assets*</b>	<b>6,121.6</b>	<b>5,785.8</b>	<b>+6%</b>	<b>5,422.7</b>	<b>+13%</b>
<b>BANCA MEDIOLANUM</b>	<b>35,164.0</b>	<b>32,938.6</b>	<b>+7%</b>	<b>27,062.1</b>	<b>+30%</b>
<b>BANCA ESPERIA (Mediolanum's share)</b>	<b>6,015.8</b>	<b>5,591.3</b>	<b>+8%</b>	<b>4,290.1</b>	<b>+40%</b>
<b>TOTAL AUA</b>	<b>41,179.8</b>	<b>38,529.9</b>	<b>+7%</b>	<b>31,352.2</b>	<b>+31%</b>

\* retail only



## Equity Content

as at 30/06/2010



## Net Inflows

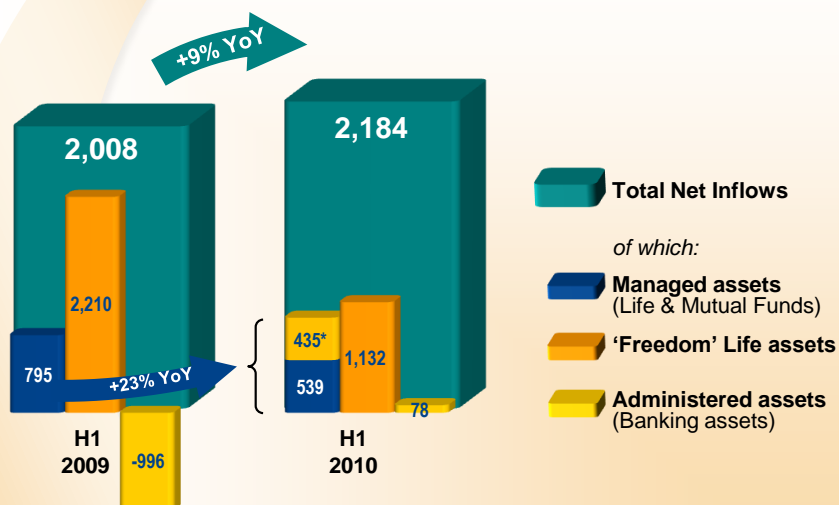
€ mn

	H110	H109	Change
Life premiums	(555.8)	358.8	n.s.
Asset management products	1,095.2	435.8	+151%
<b>Managed Assets Inflows*</b>	<b>539.4</b>	<b>794.6</b>	<b>-32%*</b>
<b>'Freedom' Life Policies (change in assets)</b>	<b>1,132.2</b>	<b>2,210.0</b>	<b>-49%</b>
<b>Third-party Structured Bonds</b>	<b>434.8</b>	<b>0.0</b>	<b>n.s.</b>
Cash deposits	65.4	(223.9)	n.s.
Repurchase agreements	(10.4)	(698.4)	-99%
Mediolanum bonds	0.0	61.4	n.s.
Other securities under custody	23.0	(135.4)	n.s.
<b>Administered Assets Inflows</b>	<b>78.0</b>	<b>(996.3)</b>	<b>n.s.</b>
<b>BANCA MEDIOLANUM</b>	<b>2,184.5</b>	<b>2,008.3</b>	<b>+9%</b>
<b>BANCA ESPERIA (Mediolanum's share)</b>	<b>395.5</b>	<b>152.7</b>	<b>+159%</b>
<b>TOTAL NET INFLOWS</b>	<b>2,580.0</b>	<b>2,161.1</b>	<b>+19%</b>

\* +23% when third-party structured bonds are reclassified in this item

Banca Mediolanum  
Total Net Inflows

€ mn



\* Third-party structured bonds: replace Index-linked policies &amp; have a similar profitability





## Profit by Segment

€ mn

	H110	H109	Change
Life	56.9	83.9	-32%
Asset Management	45.7	32.7	+40%
Banking	9.6	21.0	-54%
Other	-0.9	-1.7	-45%
<b>PROFIT BEFORE TAX</b>	<b>111.3</b>	<b>135.9</b>	<b>-18%</b>

Life  
Gross Premiums Written

€ mn

	H110	H109	Change
U-L pension plans	27.0	35.8	-25%
o/w Tax Benefit New	18.1	26.8	-32%
U-L endowment policies	14.9	12.2	+22%
U-L whole-life investment policies	10.9	19.1	-43%
<b>Recurring policies (AP)*</b>	<b>52.8</b>	<b>67.1</b>	<b>-21%</b>
Term, Group, Investment policies	5.8	4.5	+28%
U-L whole-life investment policies	42.3	57.3	-26%
I-L policies (2009) & U-L 'Synergy' (2010)	63.5	518.1	-88%
'Tax Benefit New' inbound portability	13.2	8.3	+60%
<b>Single premium policies (SP)</b>	<b>124.7</b>	<b>588.2</b>	<b>-79%</b>
<b>TOTAL NEW BUSINESS</b>	<b>177.5</b>	<b>655.2</b>	<b>-73%</b>
Pension plans in force	262.6	244.7	+7%
Endowment policies in force	170.0	181.3	-6%
Whole-life investment policies in force	143.4	159.0	-10%
<b>TOTAL IN-FORCE BUSINESS</b>	<b>576.0</b>	<b>585.0</b>	<b>-2%</b>
<b>TOTAL GROSS PREMIUMS WRITTEN (EX-'FREEDOM')</b>	<b>753.5</b>	<b>1,240.3</b>	<b>-39%</b>
o/w Life financial contracts	0.5	0.4	+12%
<b>'Freedom' Life Policies</b>	<b>4,178.4</b>	<b>2,644.1</b>	<b>+58%</b>

\* includes automatic increase in premiums &amp; discretionary increases paid (also on discontinued products)



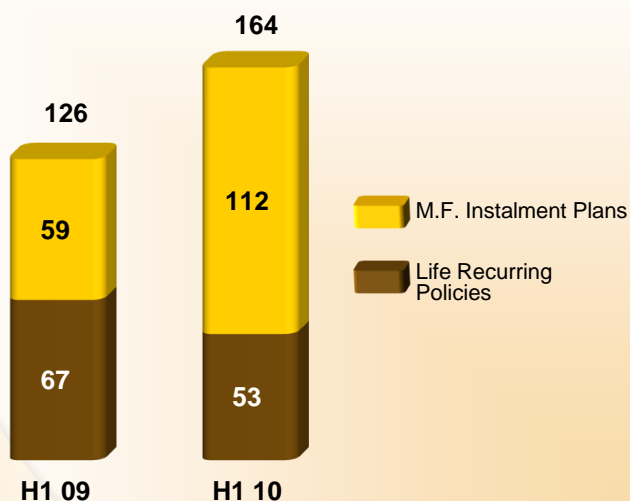
# Banca Mediolanum

## Gross Recurring Inflows New Business

35

€ mn

+30% YoY



# Life

## Recurring Policies in detail

36

€ mn - New business only

	H110	H109	Change
U-L pension plans (Tax Benefit, My Pension, Tax Benefit New)	26.8	35.4	-24%
o/w automatic increase in premiums	7.9	7.4	+7%
o/w discretionary increase in premiums already paid	1.4	1.9	-26%
Traditional pension plans (Automatic increase in premiums only)	0.2	0.4	-58%
U-L endowment policies (Europension, Capital New)	14.9	12.2	+22%
o/w automatic increase in premiums	7.2	7.5	-3%
o/w discretionary increase in premiums already paid	0.8	0.9	-9%
U-L whole-life investment policies (Life Funds, Alternative Funds, Premium Plan)	10.9	19.1	-43%
o/w automatic increase in premiums	4.2	3.4	+21%
<b>RECURRING POLICIES</b>	<b>52.8</b>	<b>67.1</b>	<b>-21%</b>
o/w automatic increase in premiums	19.4	18.7	+4%
o/w discretionary increase in premiums already paid	2.2	2.8	-21%
<b>Total increase in premiums</b>	<b>21.7</b>	<b>21.5</b>	<b>+1%</b>



## Life Policyholders' Assets

€ mn

	30/06/10	31/12/09	Change	30/06/09	Change
Traditional	1,371.4	1,374.5	-0%	1,306.0	+5%
Index-linked	4,753.5	5,485.8	-13%	5,209.5	-9%
Unit-linked pension plans	2,513.6	2,249.4	+12%	1,763.8	+43%
Unit-linked endowment policies	3,452.0	3,384.9	+2%	3,001.1	+15%
Unit-linked investment policies	2,514.0	2,494.1	+1%	2,166.8	+16%
Unit-linked	8,479.6	8,128.5	+4%	6,931.7	+22%
o/w equity	74.1%	76.7%	-3%	72.9%	+2%
<b>LIFE ASSETS (EX-'FREEDOM')*</b>	<b>14,604.5</b>	<b>14,988.8</b>	<b>-3%</b>	<b>13,447.2</b>	<b>+9%</b>
<b>Freedom' Life Policies</b>	<b>5,704.0</b>	<b>4,571.8</b>	<b>+25%</b>	<b>2,211.0</b>	<b>+158%</b>

\* Life financial contracts - 2010: € 13.8 mn, 2009: € 22.1 mn



## Life Commission Income

€ mn

	Unit-linked Products Commission Income			Total Commission Income*		
	H110	H109	Change	H110	H109	Change
Entry fees	---	---	---	60.4	29.9	+102%
Management fees	95.0	71.9	+32%	169.9	119.6	+42%
Performance fees	36.5	44.5	-18%	66.5	71.9	-7%
<b>TOTAL</b>	<b>131.5</b>	<b>116.4</b>	<b>+13%</b>	<b>296.8</b>	<b>221.3</b>	<b>+34%</b>

\* on all products with mutual funds underlying



## Life Amounts Paid in detail

€ mn

	H110	H109	Change
Claims	40.4	38.9	+4%
Coupons	98.5	106.4	-8%
Maturities	730.2	482.9	+51%
o/w index-linked	615.5	367.3	+68%
Surrenders	440.2	253.3	+74%
<b>AMOUNTS PAID</b>	<b>1,309.2</b>	<b>881.5</b>	<b>+49%</b>



## Life Surrender Rate

expressed as a % of average reserves

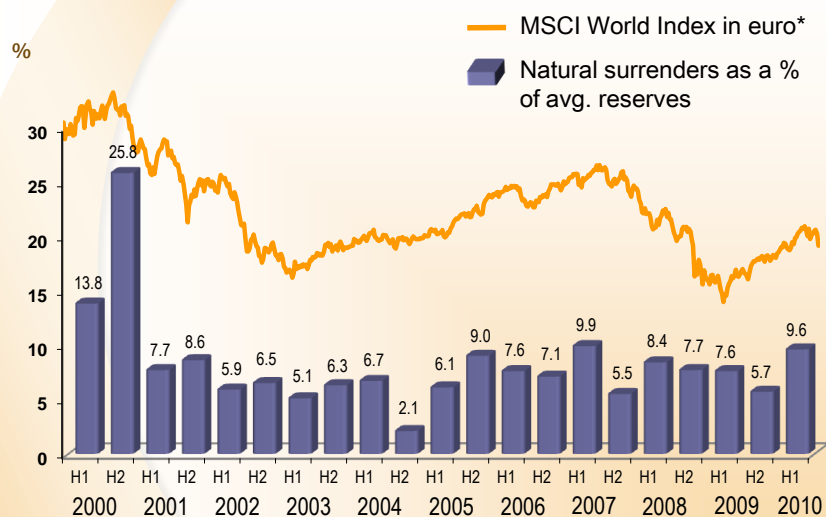
	H110	H109
U-L Individual pension plans	1.2%	0.8%
Traditional pension plans	0.7%	0.9%
U-L endowment policies	3.0%	2.5%
U-L whole-life investment policies	9.6%	7.6%
Traditional investment policies*	3.0%	4.1%

\* discontinued products, almost all of which are whole-life



## Life – Natural surrenders trend Whole-life U-L investment policies

41



\* source: Datastream



## Life Index-Linked Maturities

42

€ mn – nominal value



## Asset Management Gross Inflows

43

€ mn

	H110	H109	Change
'Best Brands'	926.5	365.6	+153%
'Portfolio'	38.5	42.1	-9%
'Elite'	3.8	7.8	-51%
<b>Total Funds of Funds</b>	<b>968.8</b>	<b>415.5</b>	<b>+133%</b>
Italy-based Funds	516.2	402.1	+28%
'Challenge'	1,015.3	375.4	+170%
<b>Total 'unbundled' mutual funds</b>	<b>1,531.5</b>	<b>777.5</b>	<b>+97%</b>
'Chorus' managed accounts	0.4	0.8	-55%
'Real estate' fund & other	66.7	22.7	+194%
<b>TOTAL GROSS INFLOWS INTO A. M. PRODUCTS</b>	<b>2,567.3</b>	<b>1,216.6</b>	<b>+111%</b>



## Asset Management Net Inflows

44

€ mn

	H110	H109	Change
'Best Brands'	448.8	217.8	+106%
'Portfolio'	(42.3)	(32.9)	+29%
'Elite'	(3.9)	(0.9)	+319%
<b>Total Funds of Funds</b>	<b>402.6</b>	<b>184.0</b>	<b>+119%</b>
Italy-based Funds	158.2	173.2	-9%
'Challenge'	488.3	78.5	n.s.
<b>Total 'unbundled' mutual funds</b>	<b>646.5</b>	<b>251.7</b>	<b>+157%</b>
'Chorus' managed accounts	(10.5)	(5.3)	+98%
'Real estate' fund & other	56.6	5.4	n.s.
<b>TOTAL NET INFLOWS INTO A. M. PRODUCTS</b>	<b>1,095.2</b>	<b>435.8</b>	<b>+151%</b>



# Asset Management Assets

€ mn - including U-L assets

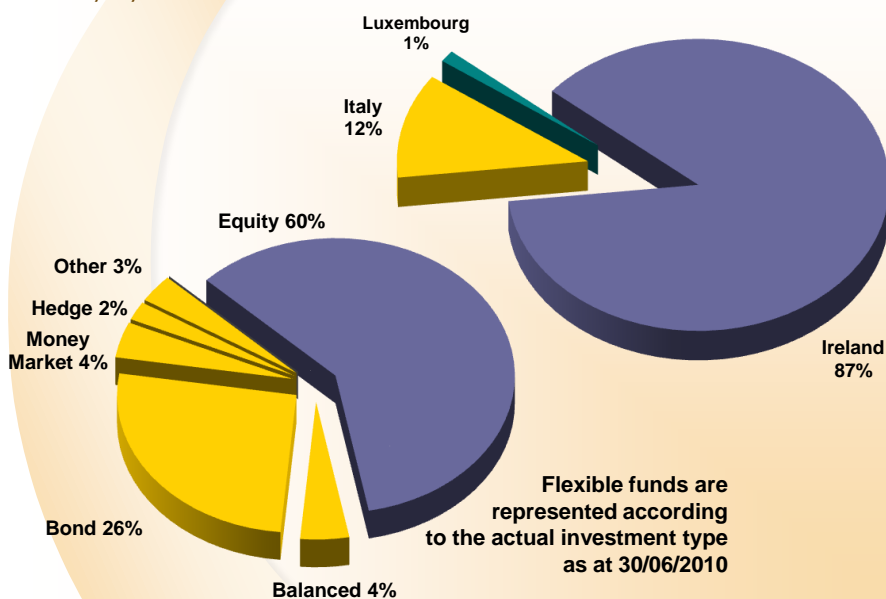
	30/06/10	31/12/09	Change	30/06/09	Change
'Best Brands'	2,884.2	2,322.6	+24%	1,789.8	+61%
'Portfolio'	815.8	834.2	-2%	807.4	+1%
'Elite' *	0.0	108.9	-100%	96.7	n.s.
Funds of Hedge Funds	378.2	437.2	-14%	423.6	-11%
<b>Total Funds of Funds</b>	<b>4,078.3</b>	<b>3,702.9</b>	<b>+10%</b>	<b>3,117.5</b>	<b>+31%</b>
Italy-based Funds	2,022.5	1,802.7	+12%	1,518.0	+33%
'Challenge'	11,093.8	10,327.6	+7%	8,401.8	+32%
Gamax SIF + Gamax funds	236.3	271.6	-13%	255.2	-7%
<b>Total 'unbundled' mutual funds</b>	<b>13,352.6</b>	<b>12,401.8</b>	<b>+8%</b>	<b>10,175.0</b>	<b>+31%</b>
'Chorus' managed accounts	77.0	86.4	-11%	85.2	-10%
Real estate-related funds & other	487.2	431.8	+13%	408.1	+19%
Adj. for own mutual funds in 'Chorus' & FoFs	(793.1)	(863.6)	-8%	(800.8)	-1%
<b>ASSET MANAGEMENT ASSETS</b>	<b>17,202.0</b>	<b>15,759.2</b>	<b>+9%</b>	<b>12,984.9</b>	<b>+32%</b>

\* transformed into Italy-based funds in April 2010



# Asset Management Assets\* by category and location

as at 30/06/2010



\* including U-L assets



## Asset Management Commission Income

47

€ mn

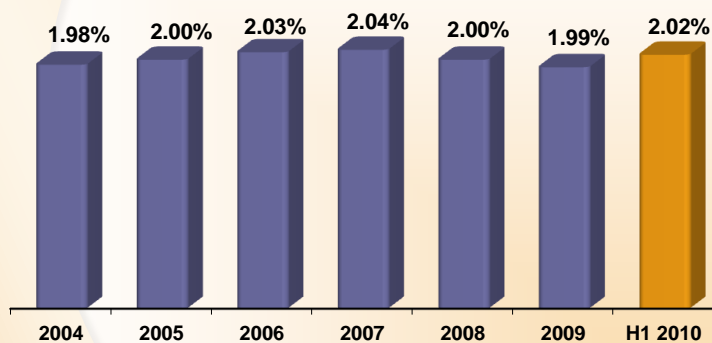
	A.M. Products Commission Income			Total Commission Income*		
	H110	H109	Change	H110	H109	Change
Entry fees	60.4	29.9	+102%	60.4	29.9	+102%
Management fees	74.9	47.7	+57%	169.9	119.6	+42%
Performance fees	30.0	27.3	+10%	66.5	71.9	-7%
<b>TOTAL</b>	<b>165.3</b>	<b>104.9</b>	<b>+58%</b>	<b>296.8</b>	<b>221.3</b>	<b>+34%</b>

\* on all products with mutual funds underlying



## Asset Management\* Management fees trend

48



\* including U-L assets





## Banking Administered Assets\*

49

€ mn

	30/06/10	31/12/09	Change	30/06/09	Change
Cash deposits	4,042.3	3,976.9	+2%	3,585.8	+13%
Repurchase agreements	39.7	50.1	-21%	233.1	-83%
Mediolanum bonds	173.8	175.1	-1%	72.5	+140%
Third-party structured bonds	414.5	42.5	n.s.	0.0	n.s.
Other securities under custody	1,451.3	1,541.2	-6%	1,531.3	-5%
<b>BANKING ADMINISTERED ASSETS</b>	<b>6,121.6</b>	<b>5,785.8</b>	<b>+6%</b>	<b>5,422.7</b>	<b>+13%</b>

\* retail only



## Banking Revenues

50

€ mn

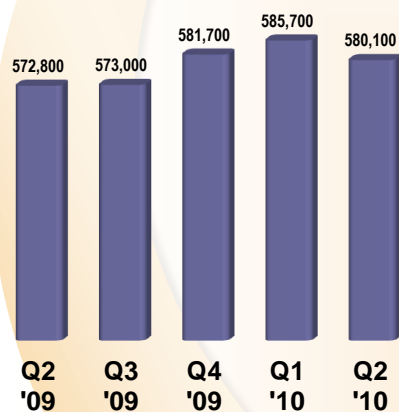
	H110	H109	Change
Interest spread	55.6	77.0	-28%
Net income on investments at fair value	0.1	10.8	-99%
<b>Banking Net Financial Income</b>	<b>55.7</b>	<b>87.8</b>	<b>-37%</b>
Securities trading fees	27.3	5.6	+388%
o/w third party structured bonds	22.3	0.0	n.s.
Service fees	23.9	23.9	+0%
<b>Fee Income</b>	<b>51.2</b>	<b>29.5</b>	<b>+74%</b>
<b>BANKING REVENUES</b>	<b>107.0</b>	<b>117.3</b>	<b>-9%</b>



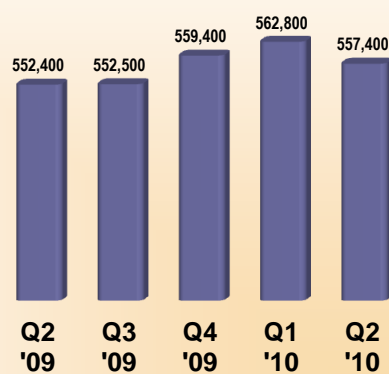
## Banking Bank Accounts & Bank Customers

51

### Bank Accounts



### Bank Customers (primary account holders)



## Net Financial Income & Net Income on Other Investments

52

€ mn

	H110	H109	Change
Banking	55.7	87.8	-37%
Life	8.1	21.6	-62%
Other	0.6	(1.8)	n.s.
<b>NET FINANCIAL INCOME</b>	<b>64.4</b>	<b>107.7</b>	<b>-40%</b>
Banking	(3.3)	(2.4)	+36%
Life	4.2	4.9	-15%
Other	(3.8)	2.4	n.s.
<b>NET INCOME ON OTHER INVESTMENTS</b>	<b>(3.0)</b>	<b>4.9</b>	<b>n.s.</b>



## Costs

53

€ mn

	H110	H109	Change
Acquisition costs	(154.2)	(117.4)	+31%
3rd party A.M. fees & Other commission expenses	(6.9)	(5.1)	+35%
Interbank service fees	(6.0)	(6.2)	-2%
G&A expenses + Amortisation & depreciation	(168.8)	(163.3)	+3%
Provisions for risks	(6.7)	(3.5)	+92%



## Network of Family Bankers

54

	30/06/10	31/12/09	Change	30/06/09	Change
Licensed	4,849	4,945	-2%	4,967	-2%
Non-licensed	190	358	-47%	528	-64%
<b>FAMILY BANKERS</b>	<b>5,039</b>	<b>5,303</b>	<b>-5%</b>	<b>5,495</b>	<b>-8%</b>



## Banca Esperia (100%) Highlights

55

€ mn

	H110	H109	Change	vs. FY09
Profit before Tax	0.8	2.0	-61%	
Net Income	1.2	1.6	-22%	
<i>o/w Mediolanum share</i>	0.6	0.8	-22%	
Assets under Administration	12,032	8,580	+40%	+8%
<i>% in Managed Assets</i>	77.0%	81.5%	-5%	
Net Inflows	791	305	+159%	
<i>o/w Managed Assets Inflows</i>	414	428	-3%	
Clients	3,869	3,096	+25%	+34%
Private Bankers	62	50	+24%	+9%



56

## H1 2010 Results: Foreign markets



Spain  
Highlights

57

€ mn

	H110	H109	Change	vs. FY09
Profit before Tax	(1.5)	(2.0)	-26%	
Net Income	(0.4)	(0.7)	-44%	
Assets under Administration <i>o/w Managed Assets</i>	1,566.5 939.0	1,424.7 799.6	+10% +17%	-1% +1%
Gross Inflows <i>o/w Managed Assets Inflows</i>	138.0 140.0	58.02 100.3	+138% +40%	
Net Inflows <i>o/w Managed Assets Inflows</i>	27.6 29.6	(28.6) 13.7	n.s. +116%	
Dedicated sales network <i>o/w FA (Mediolanum model)</i>	465 420	432 388	+8% +8%	+2% +3%
Total Customers <i>o/w Primary account holders</i>	86,815 66,166	89,445 65,732	-3% +1%	-0% +0%

Spain  
Inflows by Distribution Model

58

€ mn

	Mediolanum model Advisors	Pre-existing Agents	Total
<b>Managed Assets</b>			
Gross Inflows	131.9	8.1	140.0
Net Inflows	46.3	(16.7)	29.6
<b>Administered Assets</b>			
Net Inflows	(3.8)	1.8	(2.0)



## Spain Assets under Administration

59

€ mn

	30/06/10	31/12/09	Change	30/06/09	Change
Life & pension funds	404.0	377.1	+7%	294.6	+37%
Asset Management	639.3	655.9	-3%	596.2	+7%
Banking	730.0	783.8	-7%	753.4	-3%
<i>Consolidation adjustments</i>	<i>(206.8)</i>	<i>(233.8)</i>	<i>-12%</i>	<i>(219.5)</i>	<i>-6%</i>
<b>SPAIN AUA</b>	<b>1,566.5</b>	<b>1,583.0</b>	<b>-1%</b>	<b>1,424.7</b>	<b>+10%</b>



## Spain Assets by Distribution Model

60

€ mn

	Mediolanum model Advisors	Pre-existing Agents	Total
Managed Assets	765.3	173.8	939.0
Administered Assets	316.2	311.2	627.5
<b>SPAIN AUM</b>	<b>1,081.5</b>	<b>485.0</b>	<b>1,566.5</b>



Germany  
Highlights

€ mn

	H110	H109	Change	vs. FY09
Profit before Tax	(1.8)	(3.3)	-44%	
Net Income	(2.0)	(3.4)	-41%	
Assets under Administration	296.0	241.4	+23%	+5%
o/w Managed Assets	275.6	230.2	+20%	+3%
Gross Inflows	38.8	2.6	n.s.	
Net Inflows	9.7	(16.7)	n.s.	
o/w Managed Assets inflows	0.9	(2.3)	n.s.	
o/w Administered Assets inflows	8.8	(14.4)	n.s.	
Financial Advisors	41	33	+24%	-5%
Customers	3,399	3,664	-7%	-2%



## Income Statement

€ mn

	H110	H109	Change
Net premiums written	59.4	39.2	+52%
Amounts paid & change in technical reserves	(52.3)	(33.9)	+54%
Life revenues ex-commission	7.1	5.3	+34%
Entry fees	2.3	1.0	+121%
Management fees	7.3	5.9	+24%
Performance fees	2.2	1.4	+59%
Banking service fees	19.0	12.2	+56%
Other fees	0.9	0.9	-6%
Total commission income	31.6	21.4	+48%
Interest spread	2.7	4.6	-41%
Net income on investments at fair value	(0.6)	(0.1)	n.s.
Net financial income	2.2	4.5	-53%
Net income on other investments	0.6	0.4	+43%
Other revenues	0.4	0.3	+13%
<b>Total Revenues</b>	<b>41.8</b>	<b>31.9</b>	<b>+31%</b>
Acquisition costs	(9.7)	(7.7)	+27%
Other commission expenses	(14.8)	(9.3)	+60%
G&A expenses	(19.4)	(20.5)	-5%
Amortisation & depreciation	(1.3)	(1.3)	-0%
Provisions for risks & charges	0.1	1.5	-92%
<b>Total Costs</b>	<b>(45.1)</b>	<b>(37.2)</b>	<b>+21%</b>
<b>PROFIT BEFORE TAX</b>	<b>(3.3)</b>	<b>(5.3)</b>	<b>-37%</b>
Income tax	0.9	1.2	-22%
<b>NET INCOME</b>	<b>(2.4)</b>	<b>(4.1)</b>	<b>-41%</b>

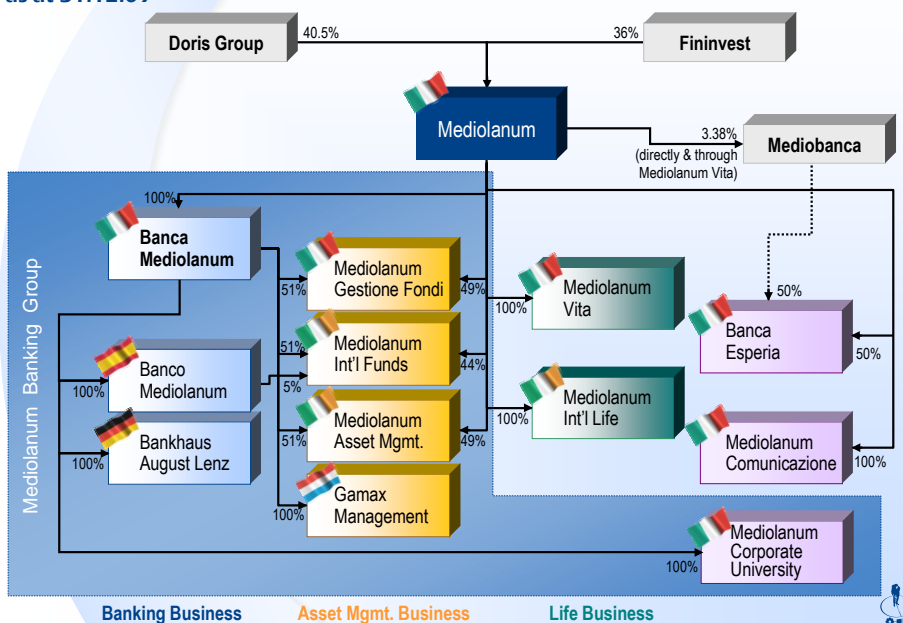


# Mediolanum Facts



## Mediolanum Group Structure

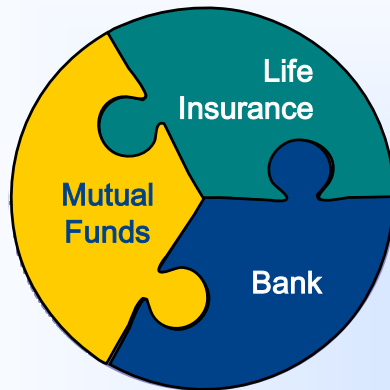
as at 31.12.09





## Mediolanum Integrated Structure

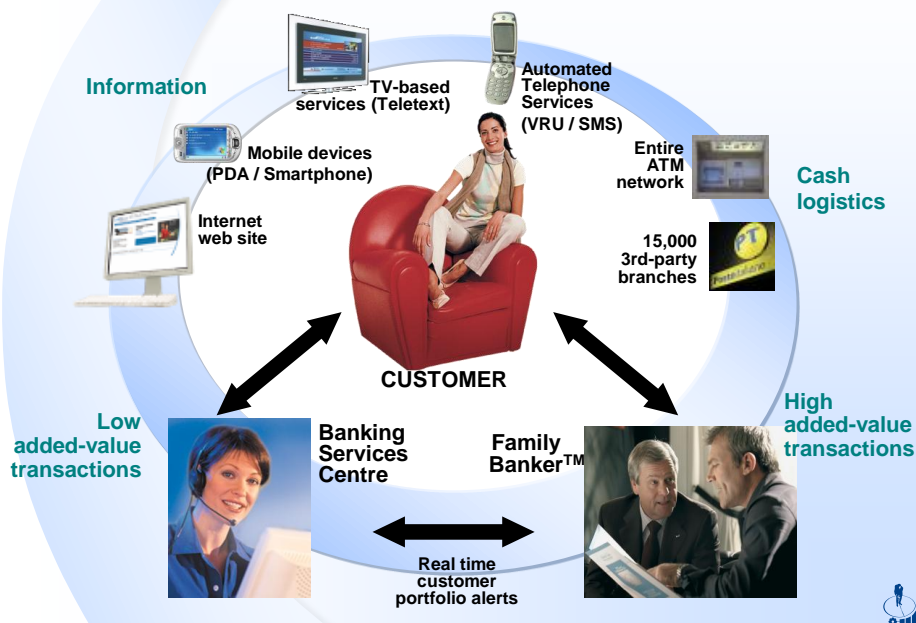
We integrate the asset gathering business of  
Life & mutual funds with the banking business...



...on the strength of an **avant-garde model**



## Our Integrated & Comprehensive Retail Banking Model



## Mediolanum vs. Current Bank Models





**Traditional bank**  
(the human relationship)



**On-line bank**  
(freedom)



**The Mediolanum model unifies the advantages of the on-line with the traditional**

-  invalidating the concept of branch proximity  
-> 'Freedom in Banking'
-  at the same time enhancing the 'human touch'  
-> one-to-one relationship with the Family Banker™



## Our Culture, Our Competitive Advantage

Our ability to generate positive inflows also in bear markets is explained by our **customer-oriented culture** especially embodied in two specific areas:

-  The **Investment strategy** we advocate to our customers that provides solutions according to an analysis of each customer's **needs** & is based on the concept of '**diversification**'
-  Our effective, innovative and committed **Training & Communication strategy**



## Mediolanum's Investment Strategy

Investor **needs** remain fundamentally the same,  
they are not influenced by market crises

- 🕒 We advise our customers proposing products & services that correspond to each of their **specific needs**
- 🕒 We do not engage in stock-picking, tactical asset allocation decisions, or market-timing
- 🕒 We recommend a series of **diversification** criteria, the most important being time horizon
- 🕒 **Equity** investments are only considered for the **long term** (>10 yrs) and are diversified across the global economy to further reduce risk
- 🕒 We strongly advise investors who have a long-term outlook to view **market crises as buying opportunities**

Our investment strategy  
explains the steadiness of our inflows  
& transfers 'technical performance' into 'customer performance'



## Training & Communication: Mediolanum Corporate University

- 🕒 Inaugurated March 2009
- 🕒 Centralises our training know-how, in coordination with top universities, professors and individuals who are experts in the field
- 🕒 Provides our Family Bankers & employees with a resource for life-long education
- 🕒 Develops financial education programs dedicated to our customers & the community



### Two proprietary state-of-the-art tools



#### **Corporate TV Network (est. 1989)**

encrypted programs dedicated to the training of our Family Bankers



- Company news
- Product information
- Online training course support
- Inspirational thoughts for personal motivation & sales techniques



#### **Mediolanum Channel (est. 2001)**

web streaming TV channel (free-to air satellite up until 2009)  
aimed at educating the customer community

**2 daily specials dedicated to crisis-related topics  
were added to the ongoing offer in 2008/2009**



'Best Brands' family of Funds of branded Funds unveiled in April 2008



Offers our customers the opportunity to further diversify their investments



**This is not the 'Open Architecture' approach**



It is impossible for a private investor to choose among a supermarket-like offer of thousands of funds, if not on the very risky basis of past performance



Products can be tailored to customer needs, objectives & risk profile



Synergy of the best A.M. companies' expertise & pursuit of quality and Mediolanum's capacity to select & coordinate asset managers, and give high quality advice to customers



## 'Best Brands' Funds of Branded Funds The 'Selection' Series

6 Funds of **single-branded** Funds  
established through exclusive international partnerships

2008

**BLACKROCK**

**JPMorgan**  
Asset Management

**Morgan Stanley**

**Mediolanum BlackRock Global Selection**  
**Mediolanum JPMorgan Global Selection**  
**Mediolanum Morgan Stanley Global Selection**

Each fund combines the best funds of each asset manager.  
All invest in global equity, in all markets with no limits  
in terms of regions, sectors, investment style & market cap

2010

**DWS**  
INVESTMENTS  
Deutsche Bank Group

**FRANKLIN TEMPLETON**  
INVESTMENTS

**PIMCO**

**Mediolanum DWS Megatrend Selection**

Identifies the **mega-trends** that guide the transformation of the world's economy and invest in funds specialising in sectors such as food-farming, sustainable development, infrastructures, etc.

**Mediolanum Franklin Templeton Emerging Markets Selection**

Harnesses the potential of **emerging markets**, investing in equity, government & corporate bonds, and currencies

**Mediolanum PIMCO Inflation Strategy Selection**

Protects capital from inflation through a sophisticated flexible strategy investing in bonds, inflation-protected bonds, equity, commodities, real estate, and currencies



## 'Best Brands' Funds of Branded Funds The 'Collection' Series

8 Funds of **multi-branded** Funds created in collaboration  
with some of the world's best A.M. companies (2008)



Each fund can invest in funds managed by a set of renowned partner A.M. companies, whose brand names are actively used in marketing materials



Investment style of each fund is characterised by a focus on a particular geographic area, industry, or equity / bond mix:

- Mediolanum US Collection
- Mediolanum European Collection
- Mediolanum Pacific Collection
- Mediolanum Emerging Markets Collection
- Mediolanum Global Tech Collection
- Mediolanum Moderate Collection
- Mediolanum Dynamic Collection
- Mediolanum Aggressive Collection



## 'Best Brands' Funds of Branded Funds The 'Multi-manager' Series

75

2 Bond Funds of Funds investing in the institutional classes  
of more than 60 A.M. companies worldwide (2008)



### Mediolanum Global High Yield

Medium- to long-term time horizon, investing in high-yield bonds  
in the U.S. and Europe, & also emerging markets.



### Mediolanum Euro Fixed Income

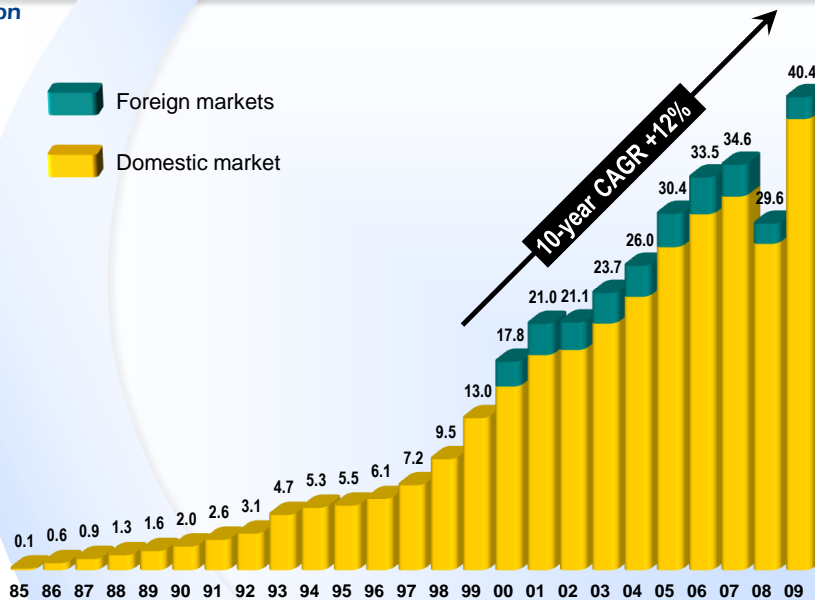
Short- to medium-term, investing in Euro-denominated bonds  
in all markets, protecting customers from currency fluctuations.



## Assets under Administration

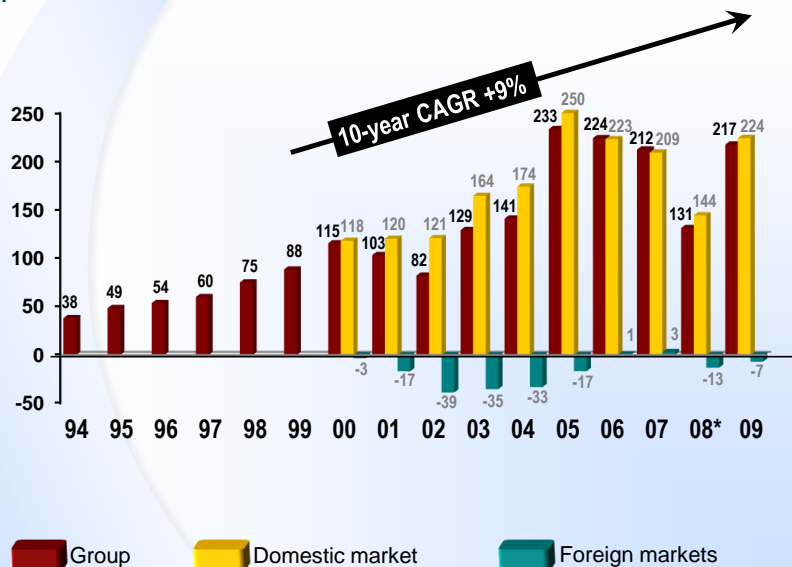
76

€ bn



## Net Profit

€ mn

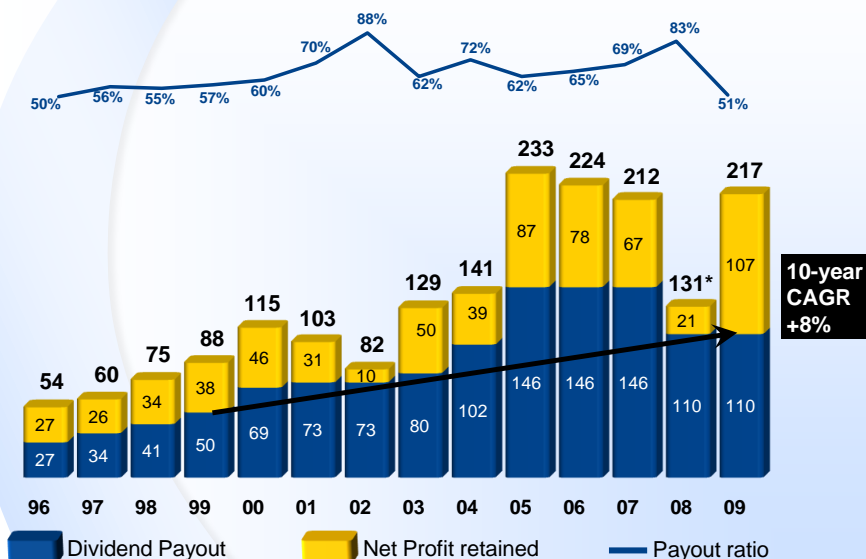


\* 2008 Adjusted Net Income ex 'Lehman Bros.'



## Dividend Payout

€ mn



\* 2008 Adjusted Net Income ex 'Lehman Bros.'

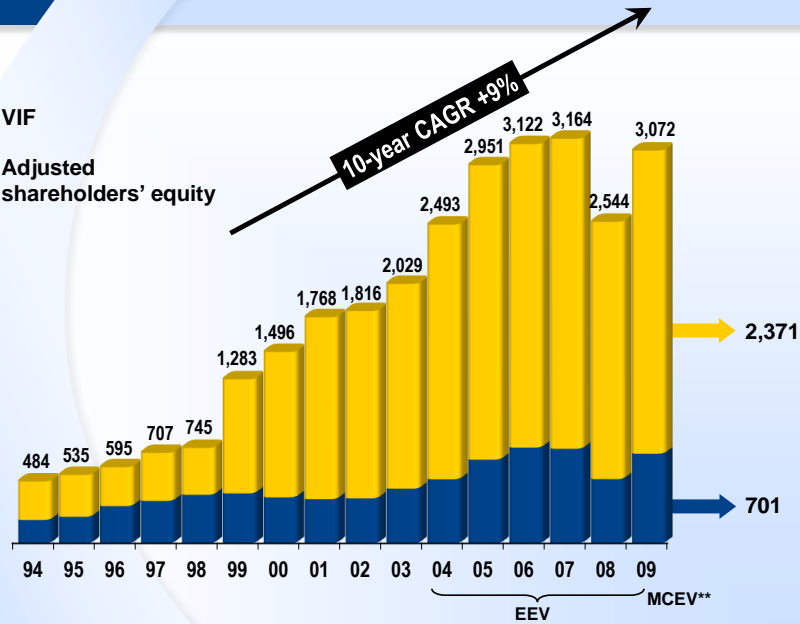




## Embedded Value

€ mn

VIF

Adjusted  
shareholders' equity

\* MCEV methodology for Life business – A.M & Italian banking business included with EEV methodology

MED.MI  
Total Return Index\*

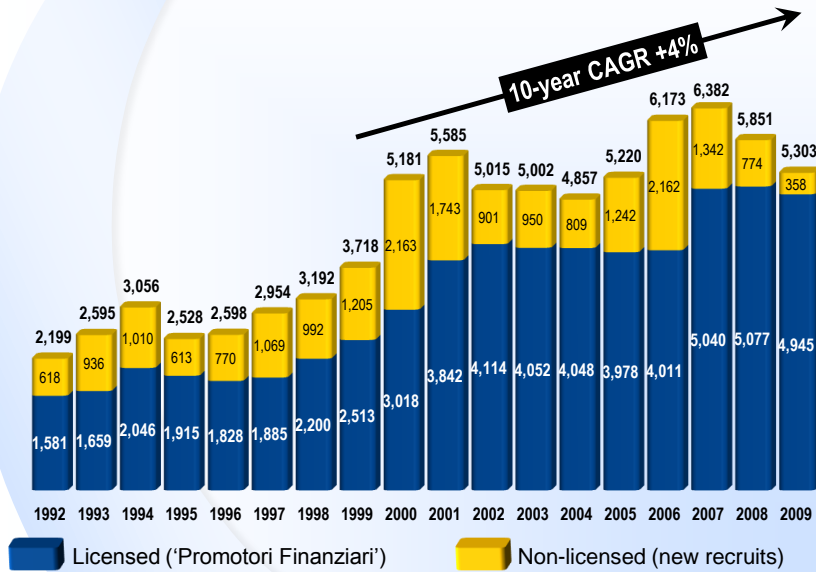
\* includes dividend reinvestment, June 3, 1996 – June 28, 2010  
source: Datastream





## Banca Mediolanum Family Banker Network

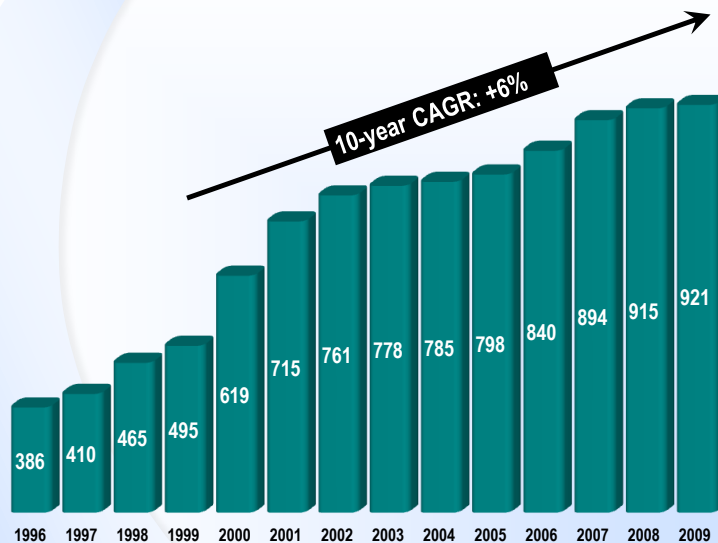
81



## Banca Mediolanum Customers

82

Primary account holders (thousands)



## Banca Mediolanum Bank accounts

83

Thousands



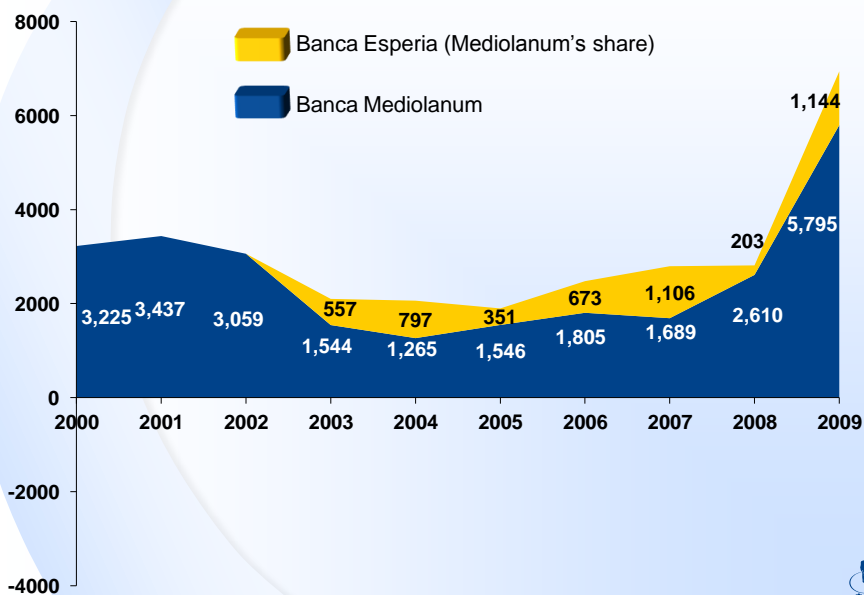
\* all new customers are acquired through the bank account



## Domestic Market Total Net Inflows

84

€ mn



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### DECLARATION BY THE SENIOR MANAGER IN CHARGE OF DRAWING UP COMPANY ACCOUNTS

The undersigned, Mr. Luigi Del Fabbro, declares, pursuant to Section 154 bis (2) of Legislative Decree 58/98 "*Testo Unico della Finanza*", that the accounting data set out in this presentation agree with the documentary records, books and accounting entries.

The senior manager in charge of drawing up Company Accounts

Luigi Del Fabbro



## Investor Relations Contacts

e-mail: [investor.relations@mediolanum.it](mailto:investor.relations@mediolanum.it)

### Alessandra Lanzone

tel.: +39-02-9049-2039

e-mail: [alessandra.lanzone@mediolanum.it](mailto:alessandra.lanzone@mediolanum.it)

### Lisa Maxon

tel.: +39-02-9049-2997

e-mail: [lisa.maxon@mediolanum.it](mailto:lisa.maxon@mediolanum.it)

### Luca Mirabelli

tel.: +39-02-9049-2721

e-mail: [luca.mirabelli@mediolanum.it](mailto:luca.mirabelli@mediolanum.it)

### Livia Dalla Torre

tel.: +39-02-9049-2337

e-mail: [livia.dallatorre@mediolanum.it](mailto:livia.dallatorre@mediolanum.it)

