

# **Banking & Insurance Conference**

*“Managing Complexity”*



**London, October 5-7, 2004**

**Ennio Doris**  
**Chief Executive Officer**

2

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## Customer Relationship

3

### **The Financial Advisor: Our first customer**

#### **Our primary job:**

To provide support, training, education,  
strategy & appropriate financial instruments



Renders **advising process** more straightforward & clear

- ✓ Corporate TV
- ✓ Corporate Intranet site
- ✓ Mediolanum Channel
- ✓ Interactive computer training
- ✓ Supervisor-coach approach

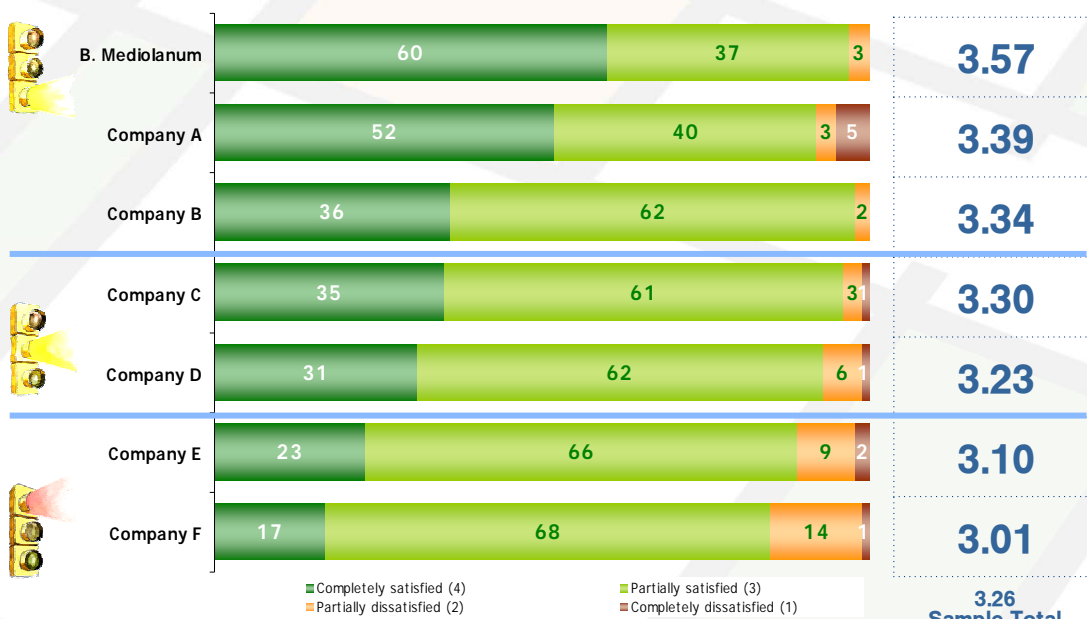


4

## Allaxia, GPF&A Survey Overall Satisfaction of Financial Advisors\*

Base: Total Interviewed

Average (1-4)



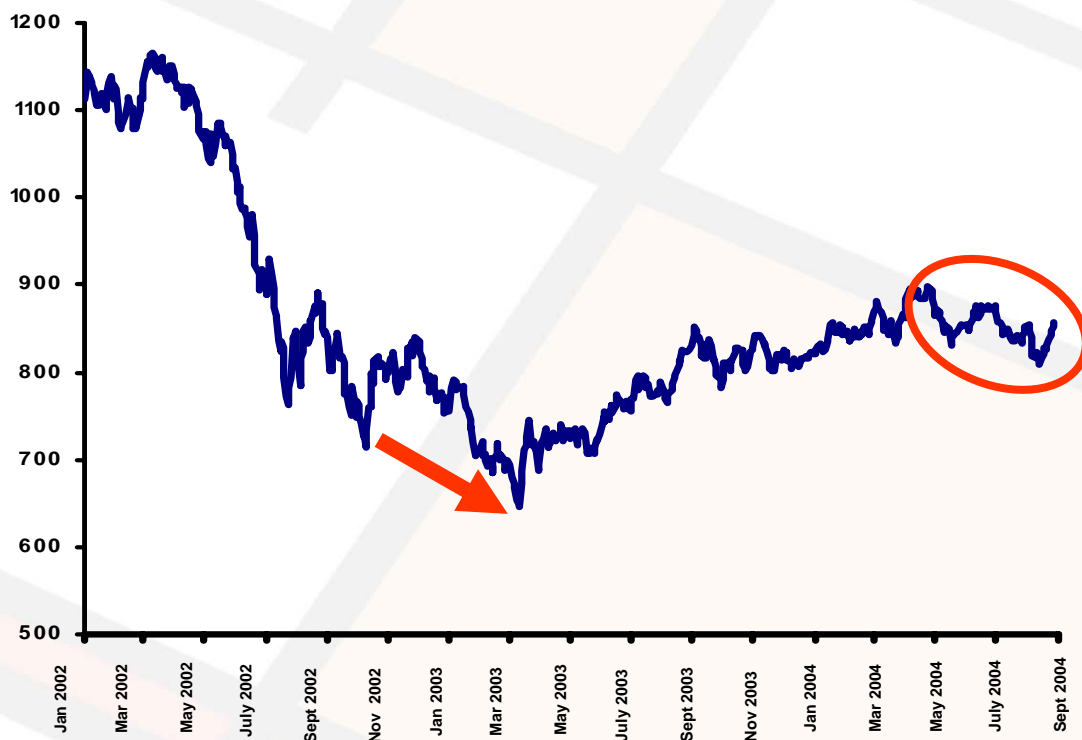
Source: Allaxia, GPF&amp;A, PF Monitor, July 2004

\*Methodology: 700 Financial Advisors were interviewed –through telephone interviews CATI – there where 100 interviewees per company.

The names of those interviewed were randomly selected from the CONSOB web-site and then selected on the basis of 2 criteria which were directly asked: The current job of the Financial Advisor - The Sales Network they are a part of. The interviews took place in May 2004.

5

## MSCI World US\$ in Euro – 2002/04

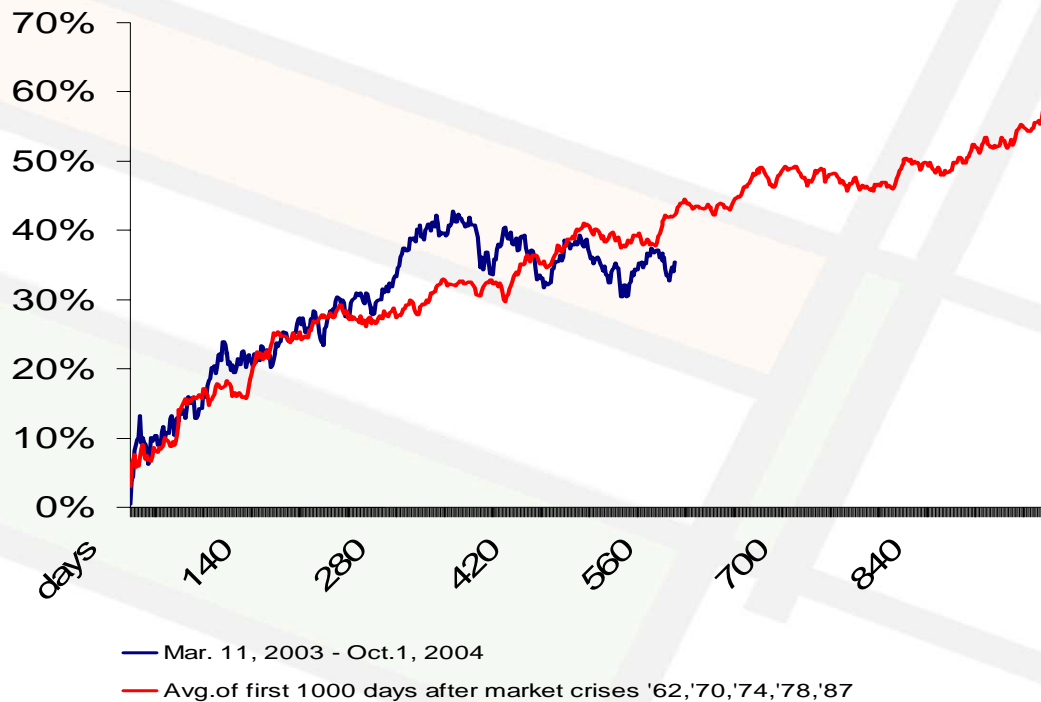


Source: Datastream



6

## Market Crises Recovery Trend Dow Jones Index



Source: Datastream

7

## Investor Sentiment & the Market

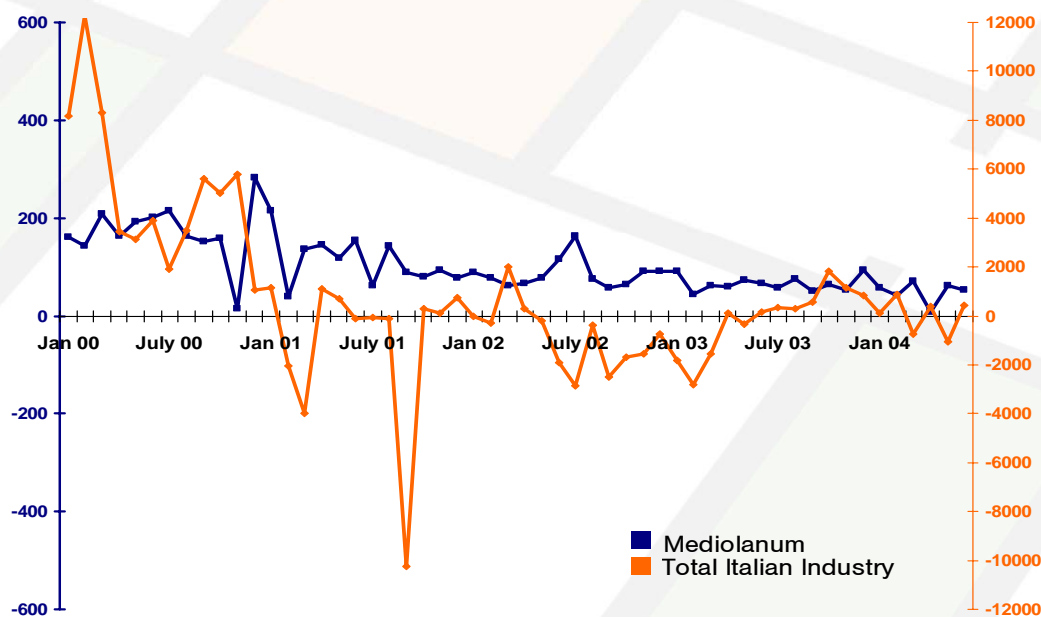
- ✓ Recent disruption in growth trend: a critical point for the average investor
- ✓ Average investor doesn't perceive changes as they occur: positive media & public opinion drive action
- ✓ Investor response to market upturns occurs with a considerable lag
- ✓ The recent 6-month decline has interrupted the regaining of investor confidence in the market, resulting in negative net inflows in mutual funds in Italy



8

## Net Inflows Equity Mutual Funds\*

€ mn

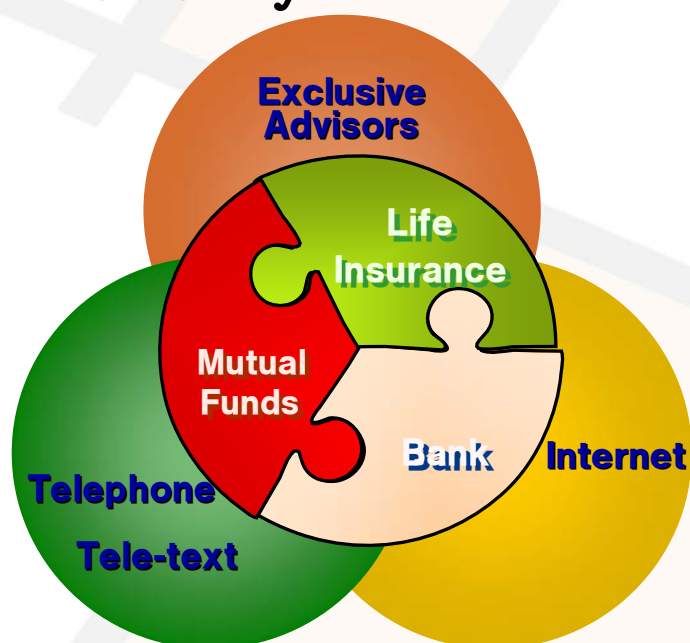


\* Including Managed Accounts & Unit-linked policies

Source: Assogestioni

9

## Mediolanum Business Model Built for flexibility



To respond to or even anticipate market changes  
and resulting client needs



10

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## Regulatory Environment

11

### Phenomena Pressuring Regulatory Changes



**Globalisation** of the markets and the **increasing exchange** between countries



The continuous growth of the **competence** and **interest of the investors**



Products need to be aligned with new regulations:  
however, margins must be protected



12

## Responsiveness New fee structure on Italy-based funds



We changed Performance fee calculation method drastically according to the new Bank of Italy regulations



We increased Management fees to offset performance fees reduction, as our TER is lower than the market average



- Neutral effect on margins
- Stabilise revenues over time
- Increase in Embedded Value

13

## Responsiveness Life insurance business



**Transparency requirements** for Life policies: currently complying in substance with regulations & ready to take final step to respond quickly to formalities requested



**Guideline Law** regarding the new regime of **private pensions** in Italy: ready to adjust our Individual Pension Plans





14

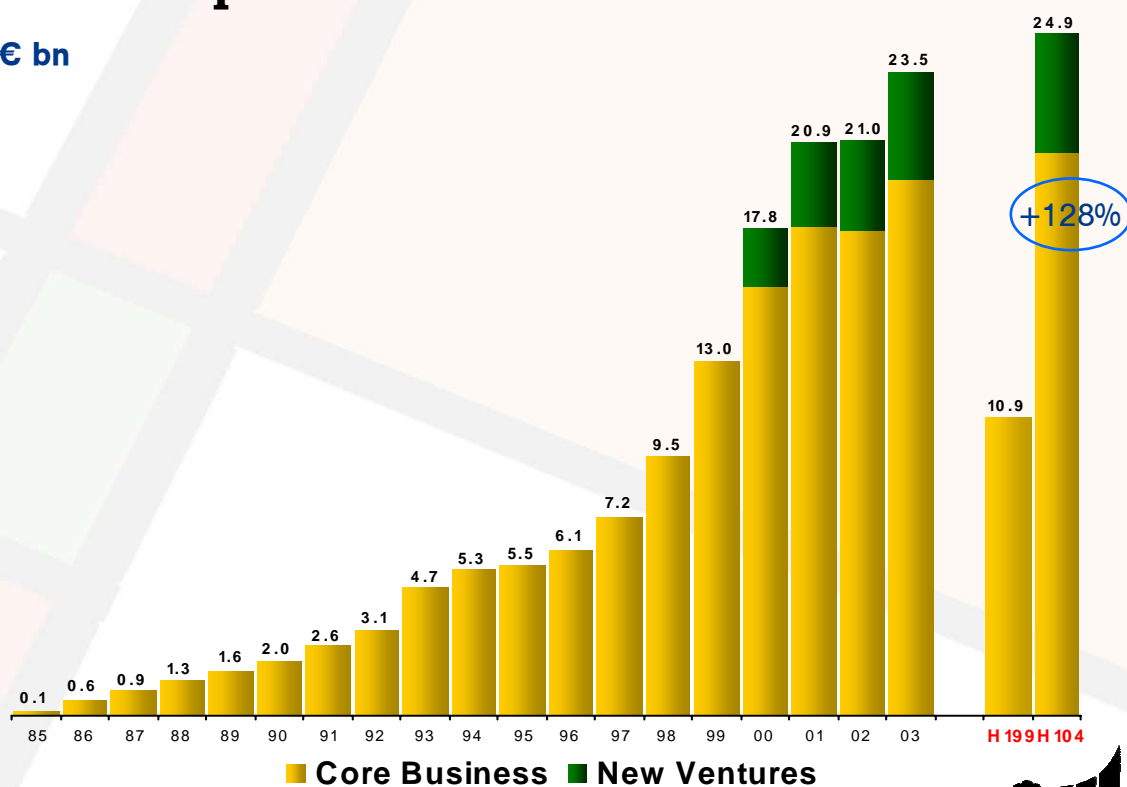
## Managing Complexity

# Quest for Growth

15

## Assets under Administration Trend and comparison '99 vs. '04

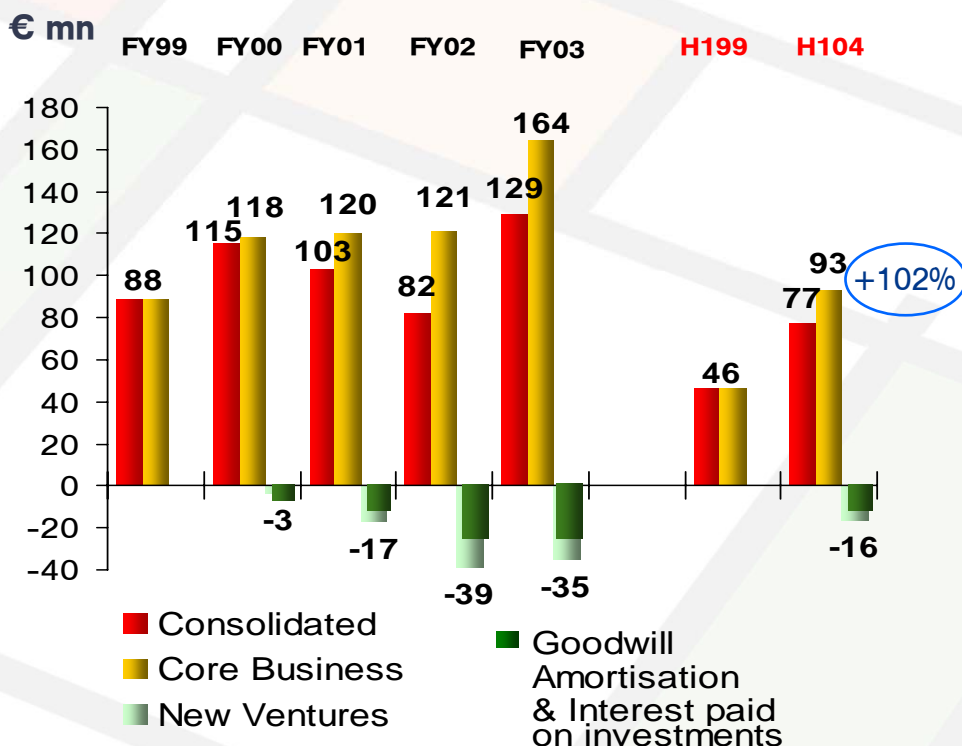
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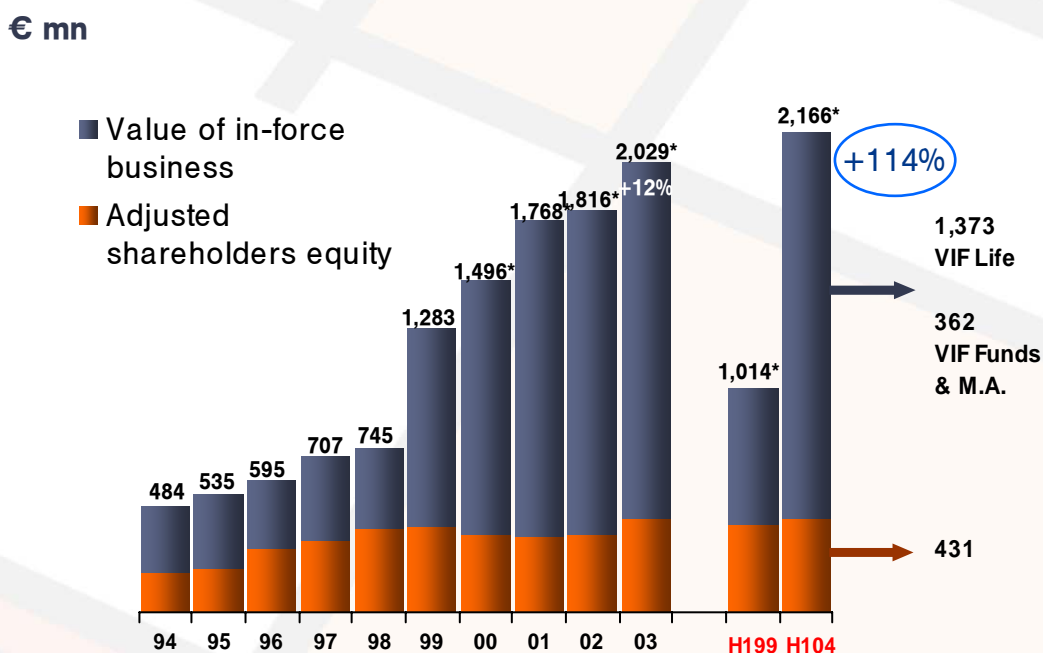
16

## Net Profit Trend and comparison '99 vs. '04



17

## Embedded Value Trend\* and comparison '99 vs. '04

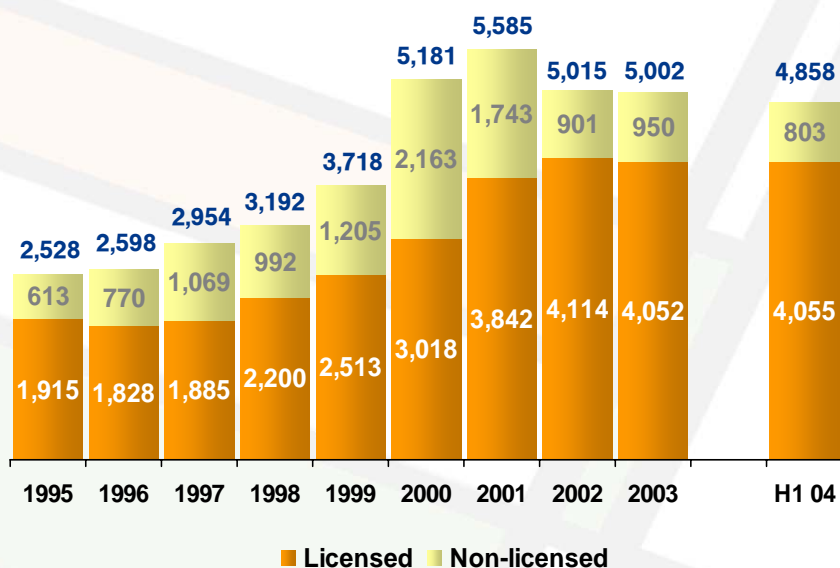


\* after excluding residual New Ventures Goodwill



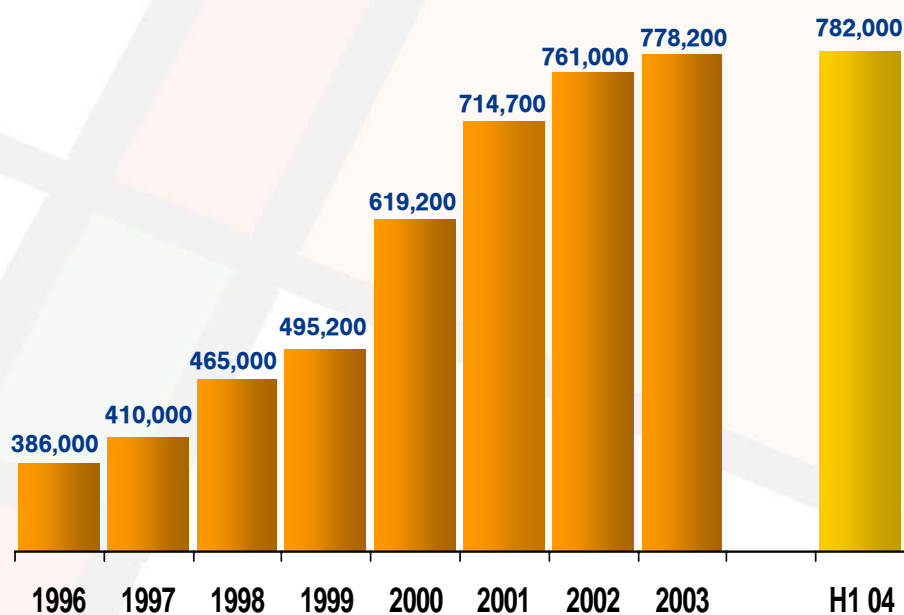
18

## Sales Network Italy Growth Trend



19

## Primary Account Holders Italy Growth Trend



## A myth to dispel about Growth

Myth: acquiring new customers is the only way to grow the business



- ✓ Cross-selling to existing customers has equal merit in growing the business, and under certain circumstances, is actually more appropriate, efficient & cost effective
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