

MEDIOLANUM

GRUPPO MEDIOLANUM

Convention 2005


Banca Akros

Gruppo  Banca Popolare di Milano

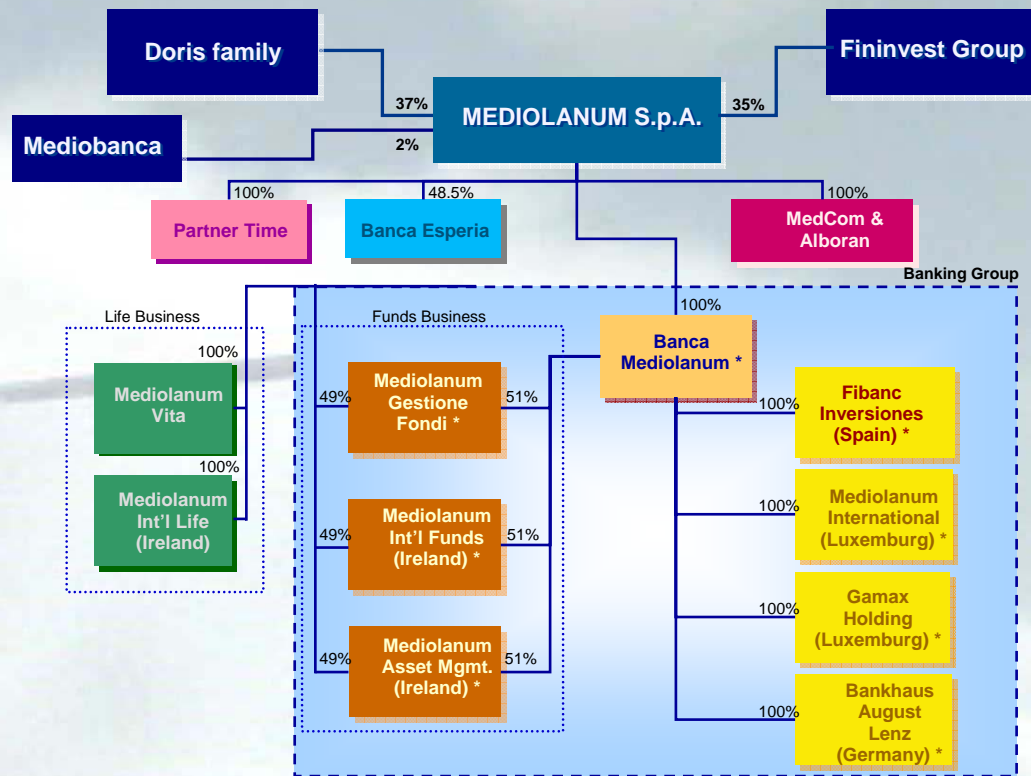
Marina di Castagneto Carducci, 17 giugno 2005

Ennio Doris
Amministratore Delegato



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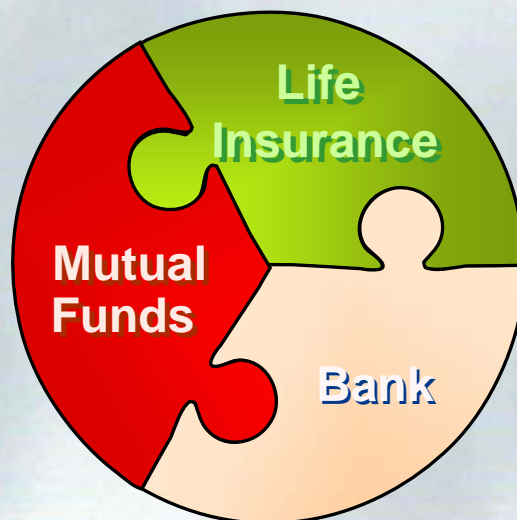
Mediolanum Group Structure



* A company of the Mediolanum Banking Group

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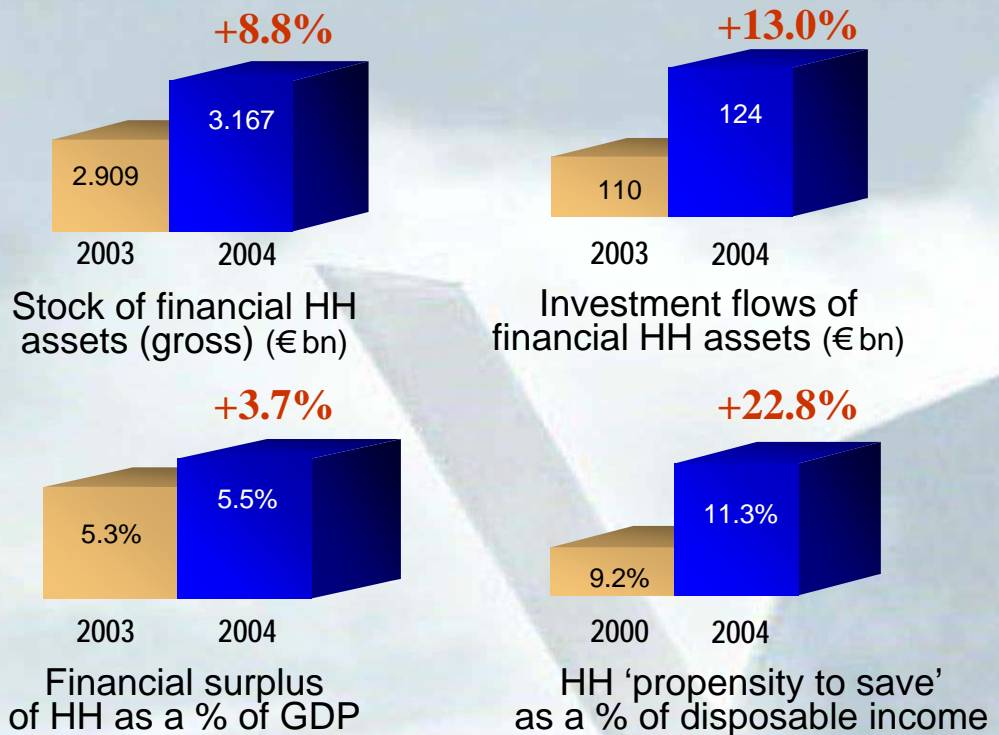
Mediolanum Product Line Integration



Personalised Solutions



4 Italy: an extraordinary savings market



Source: Banca d'Italia, Prometeia

5 Italy: an extraordinary savings market (cont.)

- 23 million households in Italy
- 34,000 active financial advisors
- assuming each advisor manages 150 HH, only 5 million households served by F.A. networks

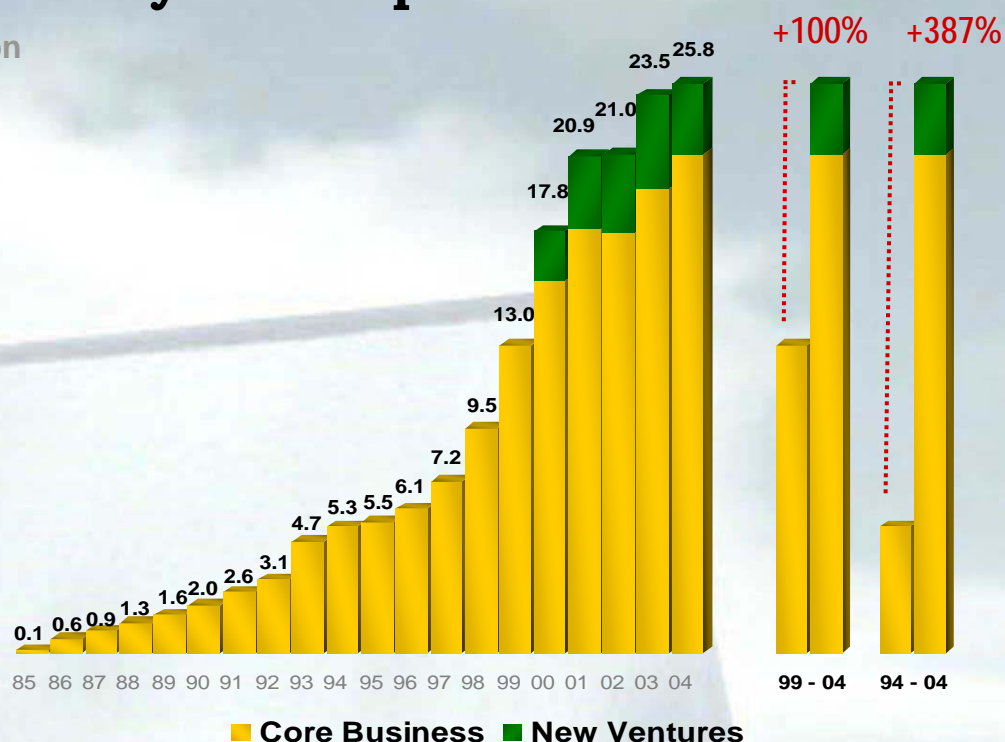


Abundant opportunities for those able to identify proper ways to exploit their 'skill set'



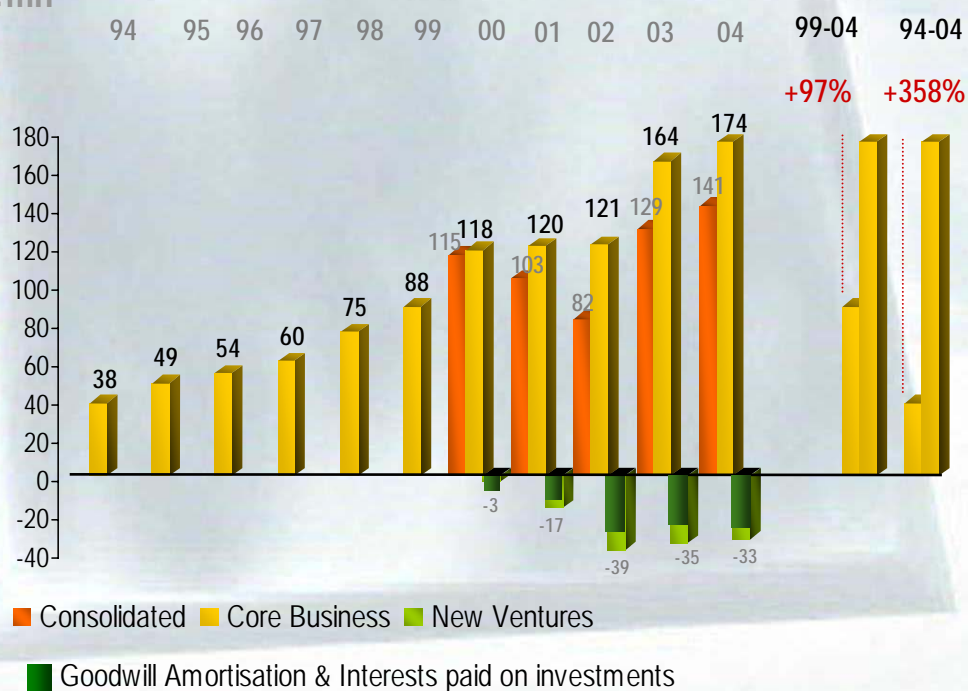
6 AuA Trend 5 & 10-year comparison

€bn



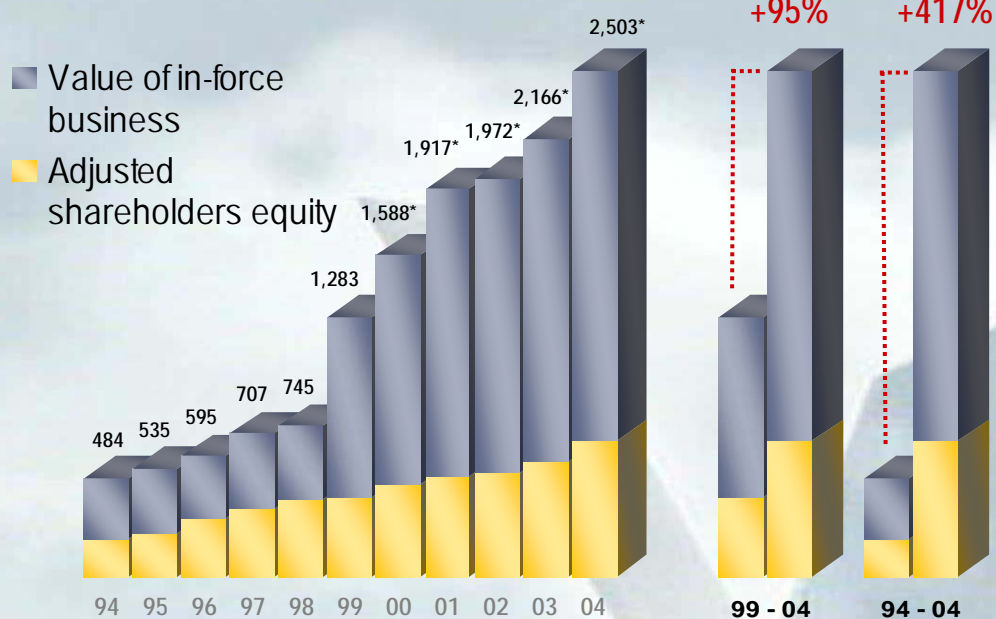
7 Net Profit Trend 5 & 10-year core business comparison

€mn



8 Embedded Value Trend 5 & 10-year comparison*

€ mn



* before excluding residual New Ventures Goodwill

9 2004 Dividend

Dividends per share

0.14 €

Total amount of
dividends to be paid

101.6 € mn

Dividend payout

72%



10 **Foundation of our Growth**

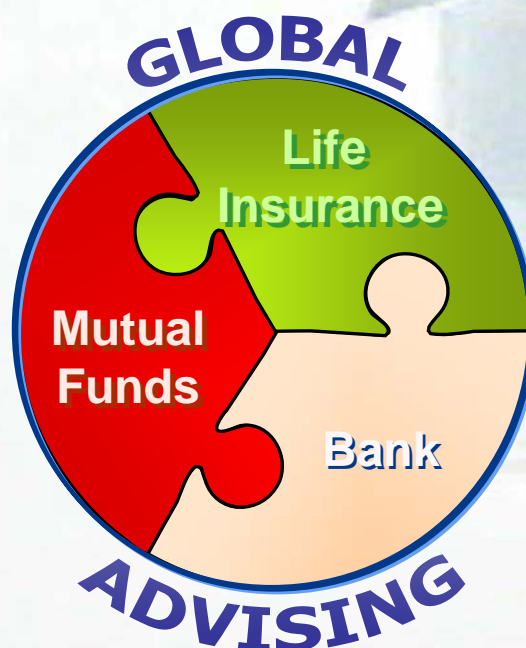
- Flexibility of our model & strategy
- Quality of our relationship with the network
- Confidence that our customers place in us
- Validity of our commercial strategy



11 Mediolanum Mission

To provide families
with advice
to enhance
their financial resources
and satisfy
their insurance, pension,
savings, banking
and investment needs

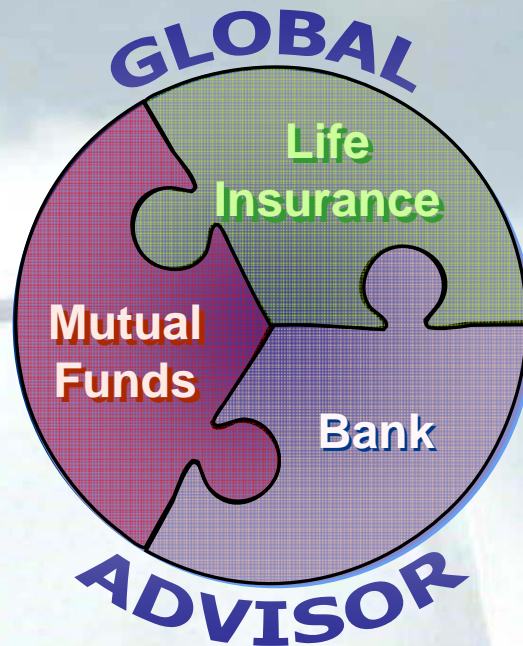
12 Mediolanum Business Model An innovative approach



To eliminate traditional barriers between business lines

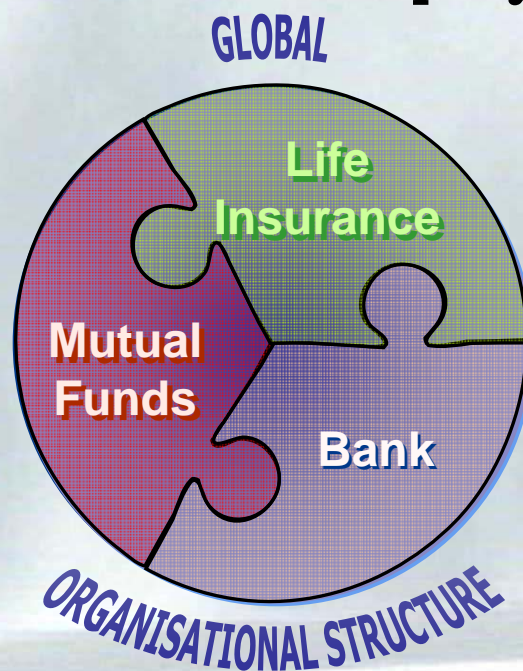


13 **Mediolanum Business Model**
Entails a new kind of advisor...



...equally competent in all 3 business lines

14 **Mediolanum Business Model**
Entails a new kind of company...



...that thinks & works without walls between
product categories



15 **Mediolanum** **Multi-channel Integrated Bank**



- Integrates all 'access points'
 - Service where and when the Customer desires
-

16 **Financial Advisors** **The structure**

- 100% commission structure linked to level of sales & quality of client relationship
- Advisors are entrepreneurs: develop their own business & cover all business costs
- Client portfolio assessed in monetary terms & corresponds to advisor's "worth"
- No caps in advisor's income potential



17 Financial Advisors The support tools

We provide training, education, the appropriate financial instruments...PLUS intangibles



Renders **advising process** more straightforward & clear
Reinforces the Mediolanum corporate culture

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

18 Corporate TV Programming

Leonardo



In-depth analysis of specific subjects

Campus



Training for future Financial Advisors

MBN



Weekly news

Coach



Dedicated to supervisors

Meeting



Virtual conventions



19 Mediolanum Commercial & Investment Strategy

To educate our customers on the necessity
to stick to our investment strategy



- ▶ Diversifying assets across time horizon, countries, sectors & instruments
- ▶ Staying away from stock picking & market timing

To convince our customers of the efficacy
of a long-term approach



Capitalising on the fundamentals of the economy

20 Commercial Strategy Logical vs. emotional investing

Our advisors are advocates of our strategy
& follow the strategy



They are **not** tempted to guess the right
time, stock, country, sector

Advisors guide customers in managing their
emotions (e.g. buying high & selling low)

- ▶ Avoid modifications of asset allocation
- ▶ 'PAC' instalment plans with automatic payments



21 Commercial Strategy & customer performance

"Investment return is far more dependent on investment behaviour than on fund performance"

DALBAR Inc.

Our commercial strategy transfers fund performance into customer performance



Our customers hold their investments for a much longer length of time than the competition

- ▶ unbundled products: 6 years
- ▶ unit-linked: 23 years (17 effective)

22 Dalbar: Quantitative Analysis of Investor Behavior

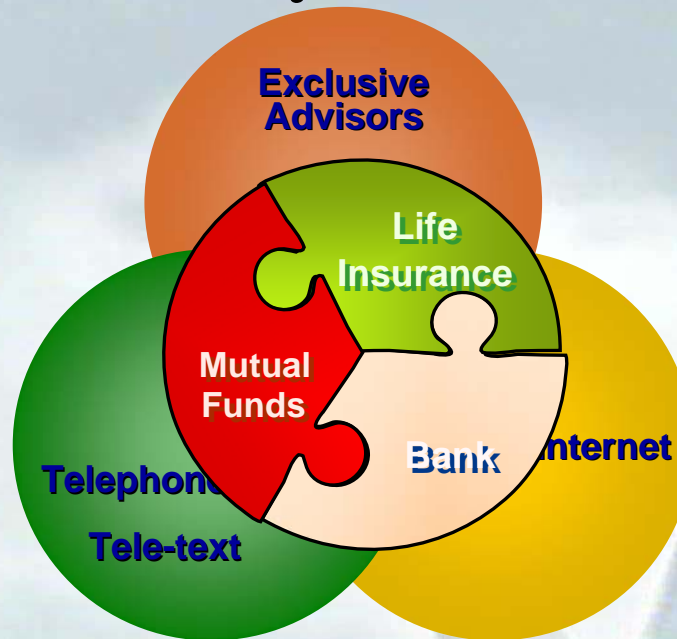
"Investment return is far more dependent on investment behaviour than on fund performance"

	1984-2002	
	Calendar Return	Annuitized Return
S&P 500 Index	793%	12%
Small Company Stock Index	539%	10%
Average equity fund investor	62%	3%
Long-term Government Bond Index	718%	12%
Long-term Corporate Bond Index	659%	12%
Intermediate-term Bond Index	436%	9%
Average fixed income fund investor	120%	4%
Treasury Bills	176%	5%
Inflation	80%	3%

Source: Dalbar, Inc.
The Quantitative Analysis of Investor Behavior Study 2003 Equity & Fixed Income funds



23 Mediolanum Business Model: Built for Flexibility



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



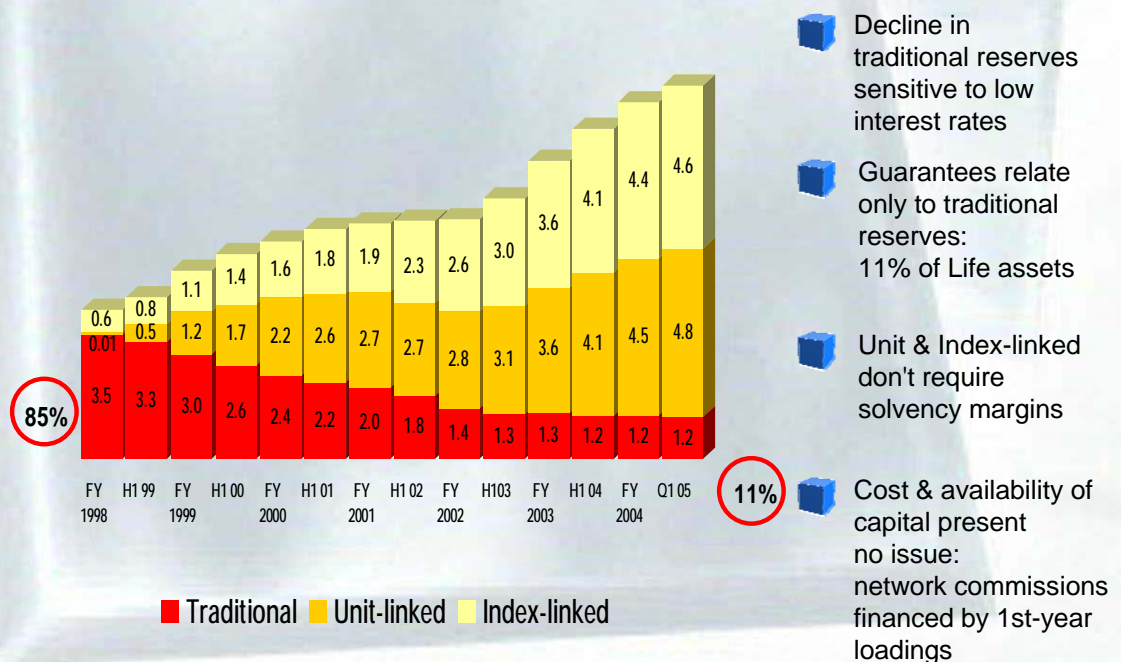
24 Flexibility: Mediolanum's most crucial competitive advantage

"We don't know what the future holds.
But we do know one thing:
there will be change.

And some we can predict, some we cannot.

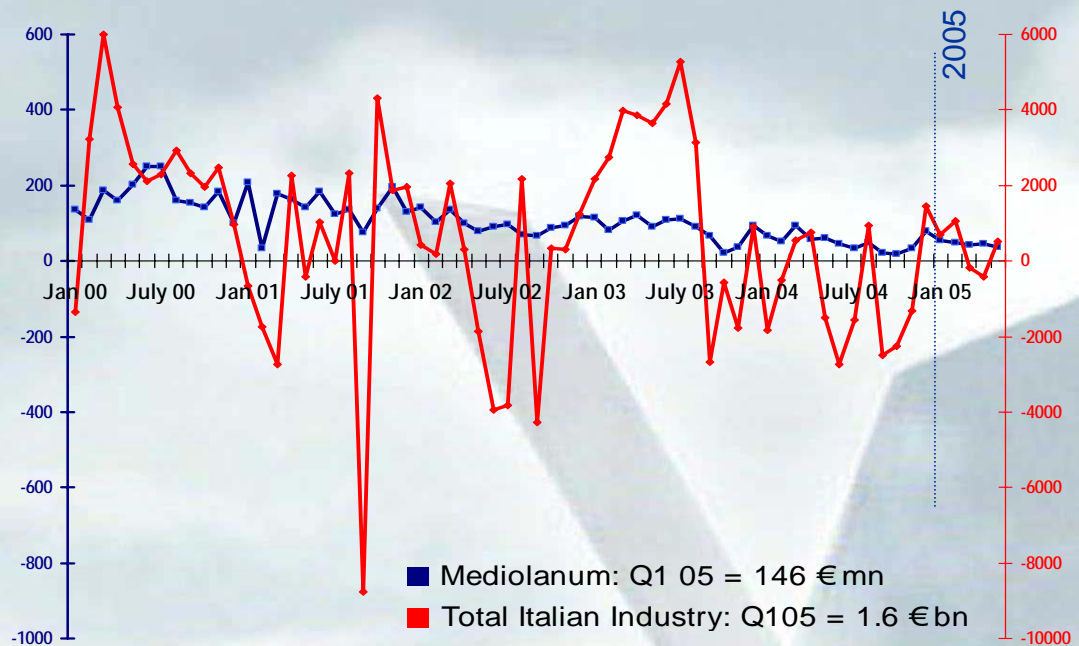
But Mediolanum has the flexibility & the culture
to navigate any change with courage & rapidity,
with advisors able to follow these changes,
and a customer base prepared to follow
their advisors"

25 An example of Flexibility: Policyholders' Assets Evolution €bn



26 An example of Flexibility: Net Inflows into M.F.* always positive

€mn



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

27 How we intend to harness growth opportunities in the Italian market

**By becoming the primary bank
for our customers**



Primary objective:

Substantially increase the quantity & quality
of our customers

Parallel objective:

Increase the number of Financial Advisors

Strategic value:

Customers who use their Banca Mediolanum account
as their primary account eventually give us almost
100% share-of-wallet



28 **AUM per customer** as at March 31, 2005

	Avg. AUA	Cross-Selling*
Non-bank customers	€12,620	1.42
Bank customers	45,800	3.94
Bank customers/heavy-users	51,000	5.65
Non-bank customers over age 55	19,340	1.37
Bank customers/heavy-users over age 55	136,350	5.95

* Out of 12 Products; Bank Account, Credit Cards, Stock Portfolio, Mutual Funds, Managed Accounts, Index-linked Policies, Pension Plan, Other Life Products, Non-life Products, Home Mortgages, Direct Channels (0-2)



29 “4 Freedoms” Project

Launch date:

March 3rd & 4th at a two-day mega sales convention with our entire Network



30 “4 Freedoms” Project Product



- ▶ Simplicity & transparency
- ▶ All normal banking operations: free – ‘no asterisks’
- ▶ Free cash withdrawals from all Italian ATM's
- ▶ Free cash withdrawals/deposits at the more than 15,000 branches we have agreements with (P.O. & Banca Intesa)
- ▶ Monthly fee: from 0 to 5 € per month, based on managed assets or avg. daily balance & automatically applied by the bank

31 “4 Freedoms” Project Product



- ▶ Photo provides increased security & status
- ▶ Functions as:
 - Debit card
 - Payment card
 - ‘Verified by VISA’
 - ‘MasterCard SecureCode’
 - Revolving credit card
- ▶ Revolving credit card: all purchases, or even a single purchase can be paid in 6 to 24 instalments, in total privacy

32 “4 Freedoms” Project Media communications

**New TV advertising campaign
on-air since March 6th**



- Centers on ‘Riflex account’: 45” & 30” spots
- Additional adverts feature ‘Riflex card’ & ‘Global Advising’ approach
- Locally run adverts focus on recruiting



33 “4 Freedoms” Project Media communications (cont.)



- Print adverts
- Internet
- Radio
- Billboards

reinforce the same themes



34 “4 Freedoms” Project Mediolanum Tour concept events

Innovative forms of entertainment & contact



Focusing on smaller & mid-sized towns
to spread brand awareness at the grass-roots level

- Movie Premieres
- Theatrical Premieres
- “Sunday in Concert”
- “Caffé & Conto” etc.



35 “4 Freedoms” Project Other marketing initiatives

Direct Marketing



To encourage existing customers & prospects to become bank customers

Co-Marketing



Agreements with important brands, like Volkswagen, that serve & target the same customer segments

36 “4 Freedoms” Project Collective sales events

Maximize the use of collective sales efforts



- Thousands of events with existing customers & prospects
- 500 of our best managers & supervisors trained to speak & present at meetings
- Objective of these events is
 - ▶ to present Riflex account & Riflex card
 - ▶ & to stress the opportunity to begin a career as a financial advisor





37 “4 Freedoms” Project Network incentives

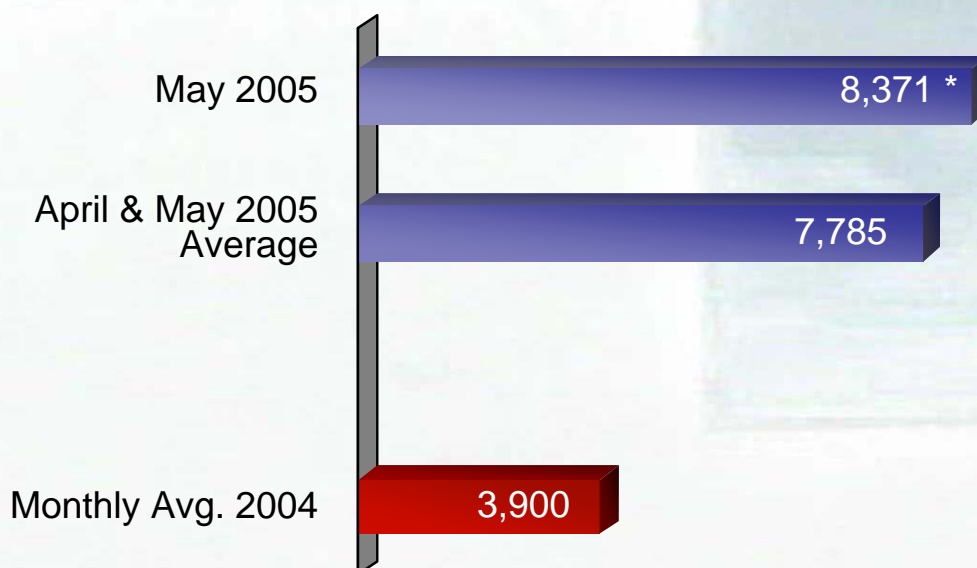
Powerful point-based incentive plan
for the network

The number of **bank accounts** opened in a given month,
but also activated &/or associated
with an initial investment in managed savings



results in a **Multiplier** that increases the advisor's
payout for that month: up to even 30%

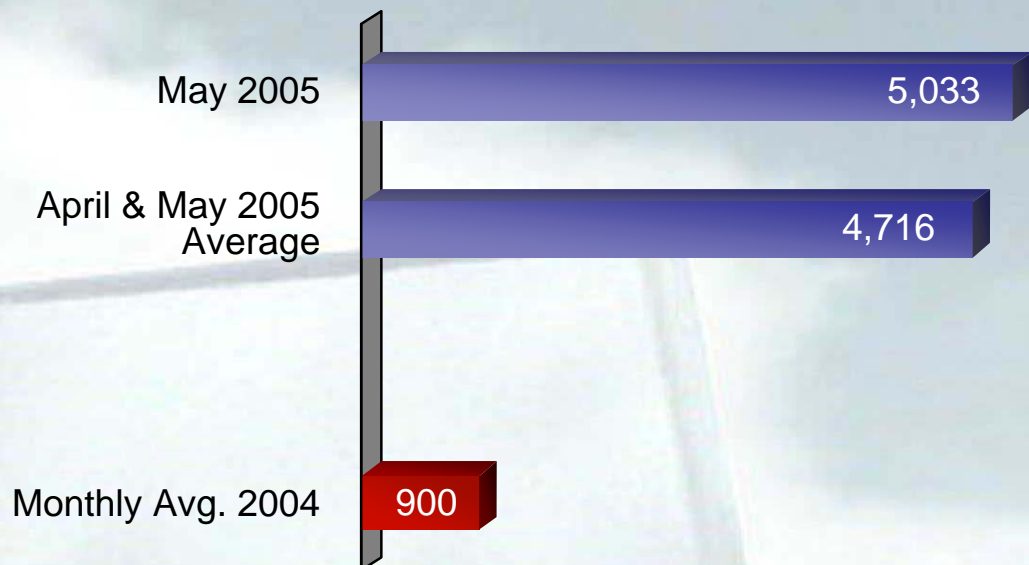
38 “4 Freedoms” Preliminary Results No. of bank accounts opened



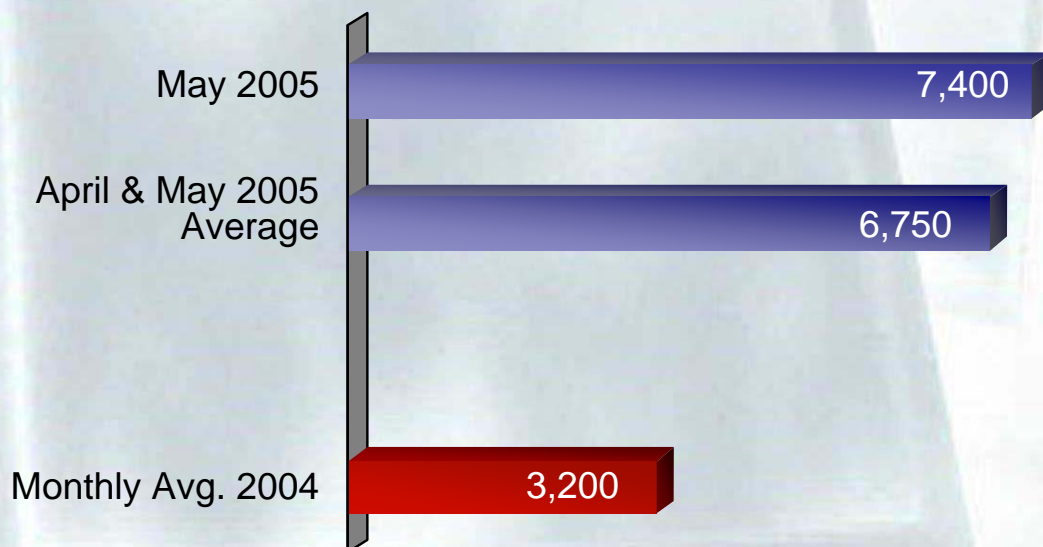
* Approximately 60% are Riflex accounts



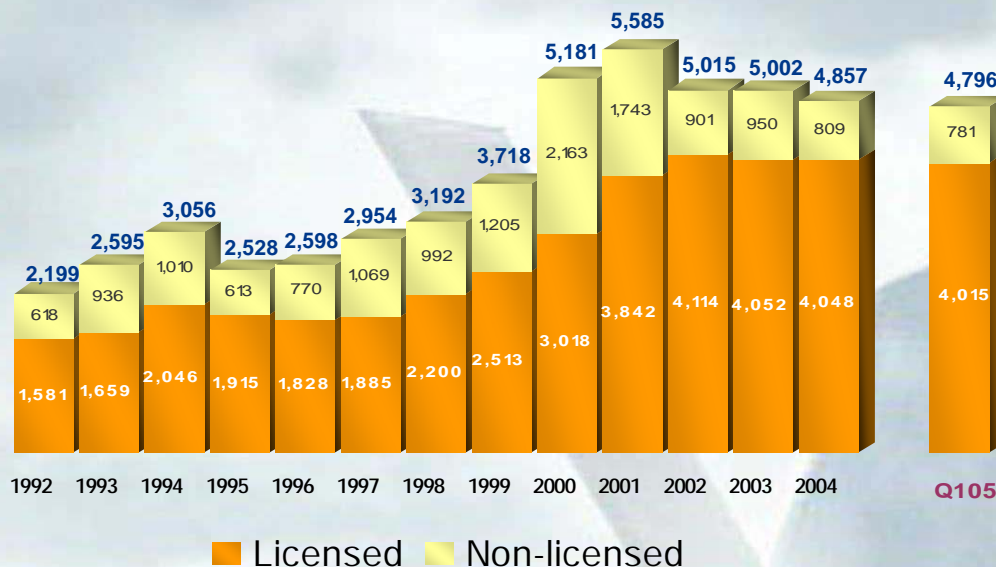
39 “4 Freedoms” Preliminary Results Net no. of bank accounts on hand



40 “4 Freedoms” Preliminary Results No. of new bank customers



41 Sales Network Trend



42 Sales Network Recruitment

Recruitment of trainees still sluggish

- Continued cautious stance towards acquisition opportunities: risks include inflating pay-out level and harming values & culture
- Key step: scheduled **Collective Sales Events**
- First feedback: number of candidates expressing interest in the advisor profession is increasing in proportion to the number of meetings held

43 Sales Network Characterisation of profession

We are presenting the idea of becoming a new type of "Bank Executive"

3rd millennium
Bank Model

new breed
of Banker

service
when & where
customer wants

no restrictions
for *when & where*
bank personnel work

small business owners

"Bank Executives"

"Virtual Branch"

Banca Mediolanum's
"Bank Executives" build
their own business upon
their own customer base

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