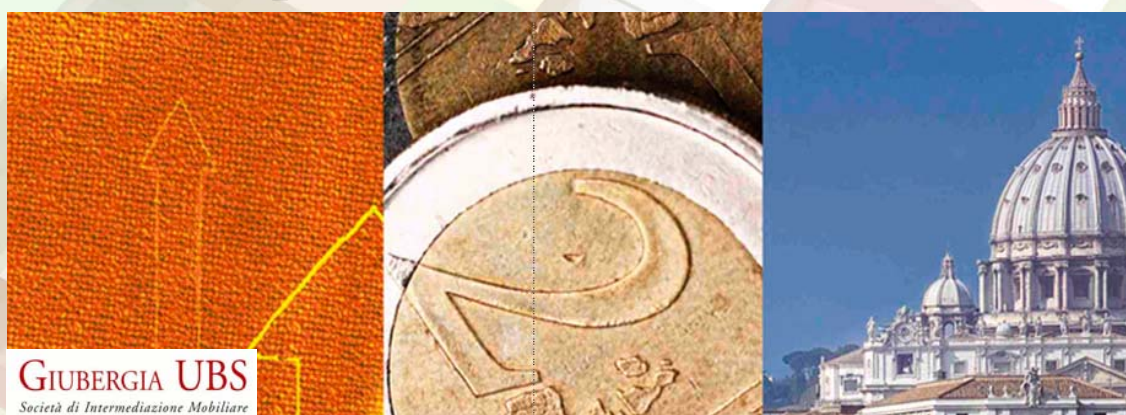


MEDIOLANUM

GRUPPO MEDIOLANUM

The Italian Financial Services Conference 2005

Growth Options for Italian Financials



GIUBERGIA UBS
Società di Intermediazione Mobiliare

Rome, 3-4 February, 2005

Ennio Doris
Chief Executive Officer

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Mediolanum Model & Strategy...

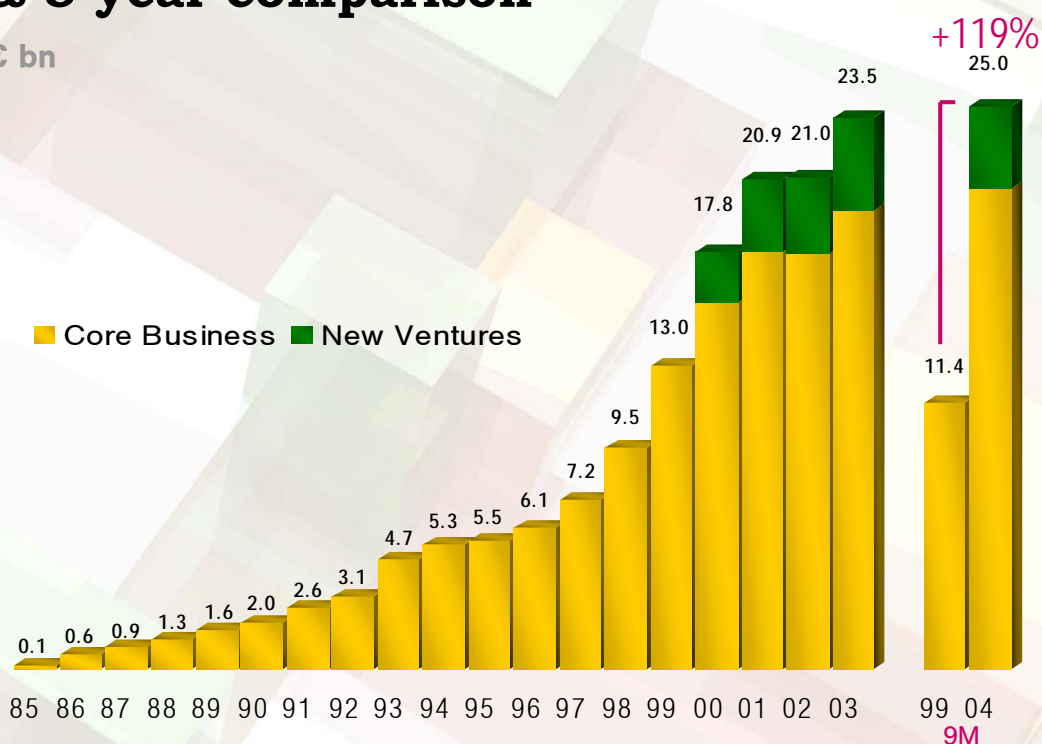
...provide the flexibility
& competitive edge
necessary to deliver consistent
growth
regardless of the state of the
market

evidence: past 5-year organic
trend
in Assets, Profits & EV

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AuA Trend & 5-year comparison

€ bn



4

Net Profit Trend & 5-year comparison

€ mn

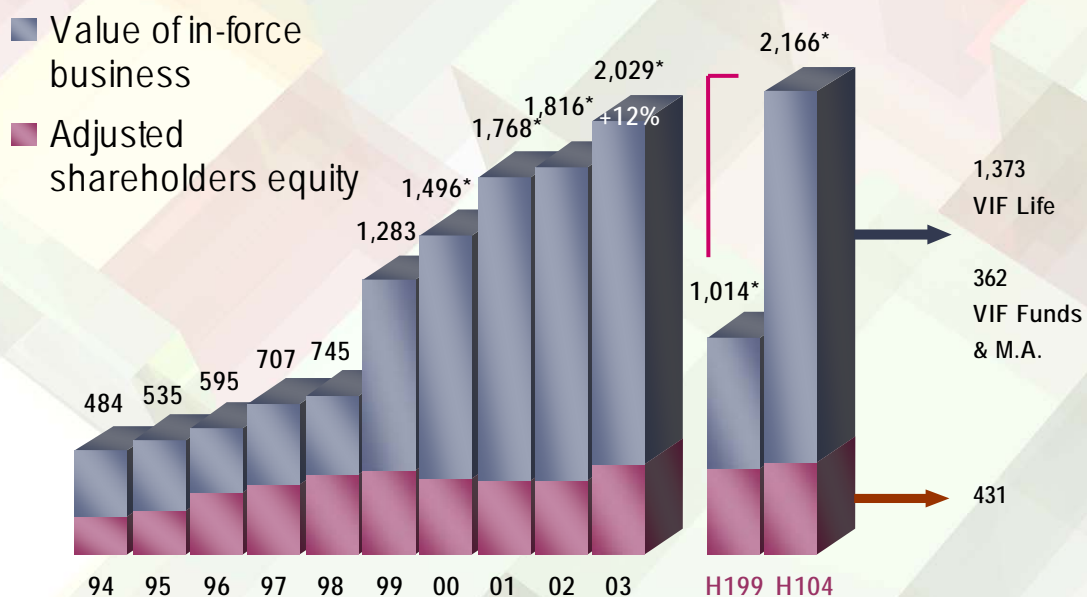


* pro forma statement

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Embedded Value Trend* & 5-year comparison

€ mn



* after excluding residual New Ventures Goodwill



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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
-

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Mediolanum Commercial 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



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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

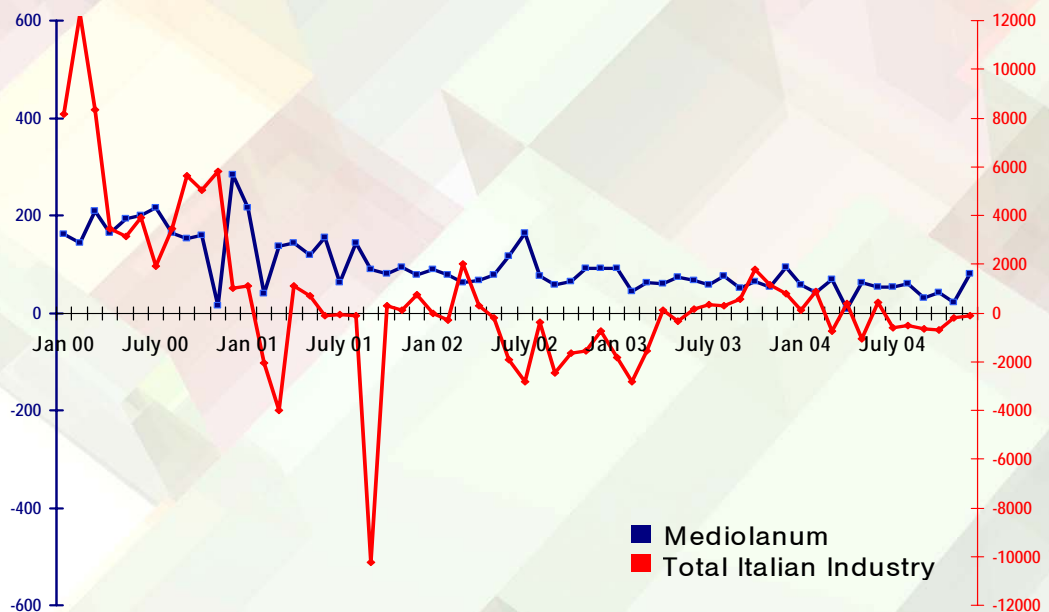


'PAC' instalment plans with automatic payments

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Net Inflows into Equity Funds* Mediolanum vs. industry

€ mn



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



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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)



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Growth-related concerns

- Our margins on life products are unsustainable over the long-term
 - Pension reform will result in a fall in persistency
 - Mutual funds & managed accounts fees are high
 - We are vulnerable to regulatory developments
 - The stall in the network growth will hamper assets & earnings growth
 - Our international strategy has not been successful to date
-

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Concern: our margins on life products are unsustainable over the L-T

- This concern stems from the idea that our **loadings are higher** than those of the competition, which is **not true** in absolute terms
- Long durations & good persistency** descend from the way we sell pension products
 - Focus on *purpose* of the investment > retirement savings
 - Discipline applied over the payment schedule



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Mediolanum Pension Plan Loadings

My Pension Twin* My Pension

*pricing structure
same as peers

Premiums paid	159,358	159,358
Capital at maturity	217,778	230,617
Annuity	10,305	10,912
Loadings (1)	9,561	11,189
Bonuses (2)	n.a.	16,614
difference (1)-(2)	9,561	(5,425)
Avg. loadings	6.0%	7.0%
Avg. loadings after bonuses	6.0%	(3.4%)
Margin for Mediolanum 30 yrs.	162%	143%
	20 yrs. 89%	83%
	10 yrs. 17%	26%

Yearly premium €2,200; yield 5.4%; duration 30 yrs

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Mediolanum Life New Business Margins & Duration

		Margins		Duration	
		H104	FY03	H104	FY03
Annual Premium policies					
<i>My Pension</i>	U-L pension plan	115.8%	108.1%	23.1	22.4
<i>Europension</i>	U-L pension plan	91.8%	80.5%	21.6	20.6
<i>Life Funds</i>	U-L investment policy	41.1%	37.6%	12.5	12.1
Single Premium policies					
<i>Dipiù</i>	I-L investment policy	2.3%	2.2%	5.7	6.0
<i>Life Funds</i>	U-L investment policy	6.9%	6.5%	10.0	10.0



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Concern: pension reform will result in a rapid fall in persistency

Portability presents no threat



- Our product distinctiveness protects persistency
 - Product characterised by added-value & personalisation
 - Excellent rapport with our customers
- Portability is a tailor-made opportunity to capture the customers of the competition

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Concern: mutual funds & managed accounts fees are high

- Not** by Italian market standards (but perhaps compared to some of our European peers)
- Pricing must always be aligned with that of competition > strong risk of entering into an unsustainable price war
- If market evolves towards lower pricing, we will adjust accordingly, recovering margins through product changes



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Concern: we are vulnerable to new regulatory developments

No further changes foreseen in regulations

- **Performance fees:** an adjustment to the calculation on the Irish funds, similar to the Italian funds, will be made when Bank of Ireland defines the rules
- **Management fees** are set to be increased in conjunction with this change & in proportion to the historical avg contribution of performance fees



Higher Embedded Value
Stability of economic results

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Concern: stalled growth in network will hamper assets & earnings growth

- Stalled growth in Banca Mediolanum advisors is symptomatic of wider industry trends
- No network in Italy has obtained any organic growth in this period
- Cautious toward acquisition opportunities > high risk of inflating the pay-out level & harming our values & culture within the network
- Network growth weakness is a temporary phenomenon
- Meanwhile we concentrated on developing our existing customers with very good results



Concern: international strategy has not been successful to date



An incorrect statement

-  **Spain** has been very successful:
 -  in 2005 it will deliver a solid profit without any contributions from capital gains
 -  will reach a network of close to 700 advisors
-  **Germany** is still in the start-up phase:
 -  pace is dictated by the necessarily slow growth of the network, developed in-house
 -  will reach break-even at the end of 2007
-  **Banca Esperia...**
 - a brilliant case of a new business start-up



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Short-term growth strategy





-  Major effort to generate a solid increase in the number of customers and advisors
-  Project aimed at substantially increasing the number of Current Accounts



Customers with current account & who use it as their primary account > **5 times the assets** of customers who are not account holders

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Short-term growth strategy breakdown

-  **Product** – new current account: simple, transparent, competitive cost
-  **Media Communication** – TV Advertising focused on current account & advisor recruitment
-  **Mediolanum Tour** – to spread brand awareness at a grass-roots level
-  **Direct marketing** – to new & existing customers - focus on making them bank customers
-  **Co-marketing** – sharing of customer bases & commercial ventures
-  **Collective sales efforts** – at advisor level - to present current account & FA career opportunities



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Growth opportunity: pension reform

Reform might bring a strong improvement in the fiscal advantages

- ❏ Increase in the yearly deductions: no longer the lower between € 5,165 or the 12% of the taxable income, but the higher of the two
- ❏ Elimination of the discrimination not allowing employees to take advantage of the fiscal deduction unless they have already invested in a closed pension fund
- ❏ Transfer of TFR flows from corporate balance sheets to supplementary pensions plans, including IPPs

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Growth opportunity: new products



Irish 'funds of funds'

- ❏ set for launch this summer
- ❏ more sophisticated investment product offering all the advantages of wrap funds
- ❏ involve a more efficient way of operating
- ❏ somewhat lower fee structure



New mutual funds that invest in special sectors

- ❏ real estate, commodities, and currency swapped equity markets
- ❏ available for investments only via unit linked policies



New index-linked policies

continuously innovating to provide the best products that the interest rate conditions allow



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Growth opportunity: productivity



Working with Call Centre and back office to smooth demand & achieve higher productivity



Our commitment to technology will allow us to absorb expected increase in assets without significant increase in manpower



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