

MEDIOLANUM
GRUPPO MEDIOLANUM

European Financials Conference 2005

Navigating the sea of change

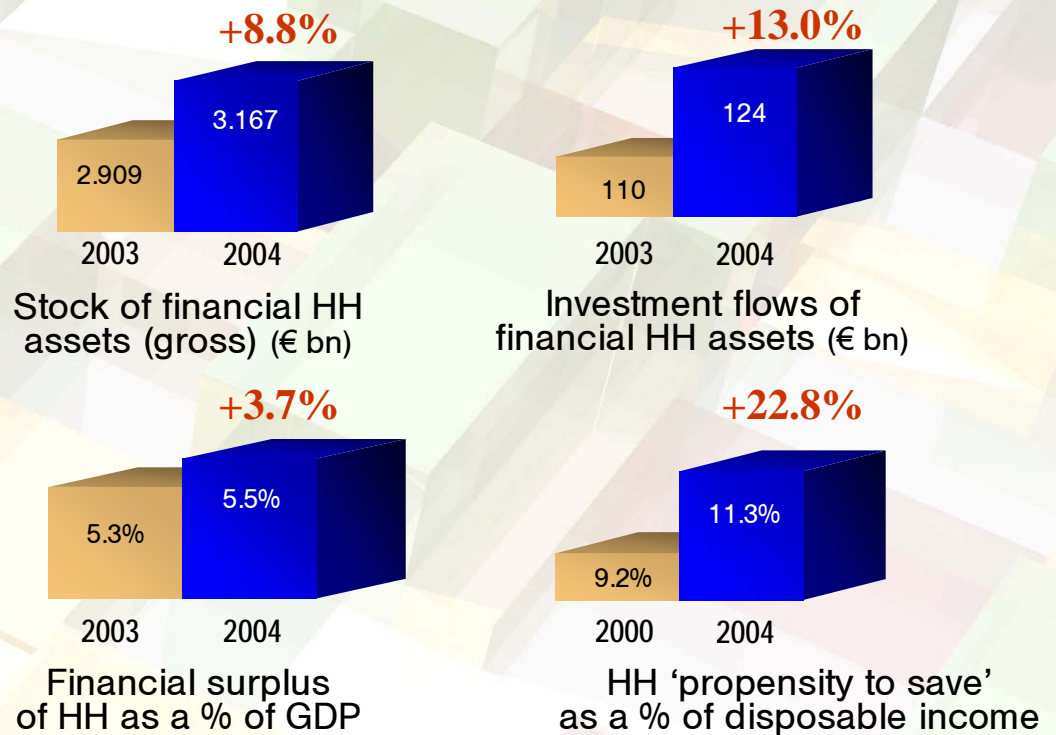
Can Italy remain the growth market of Europe?



Marbella, 8-10 June, 2005

Edoardo Lombardi
Chief Operating Officer

2 Italy: an extraordinary savings market



Source: Banca d'Italia, Prometeia

3 Italy: an extraordinary savings market (cont.)

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

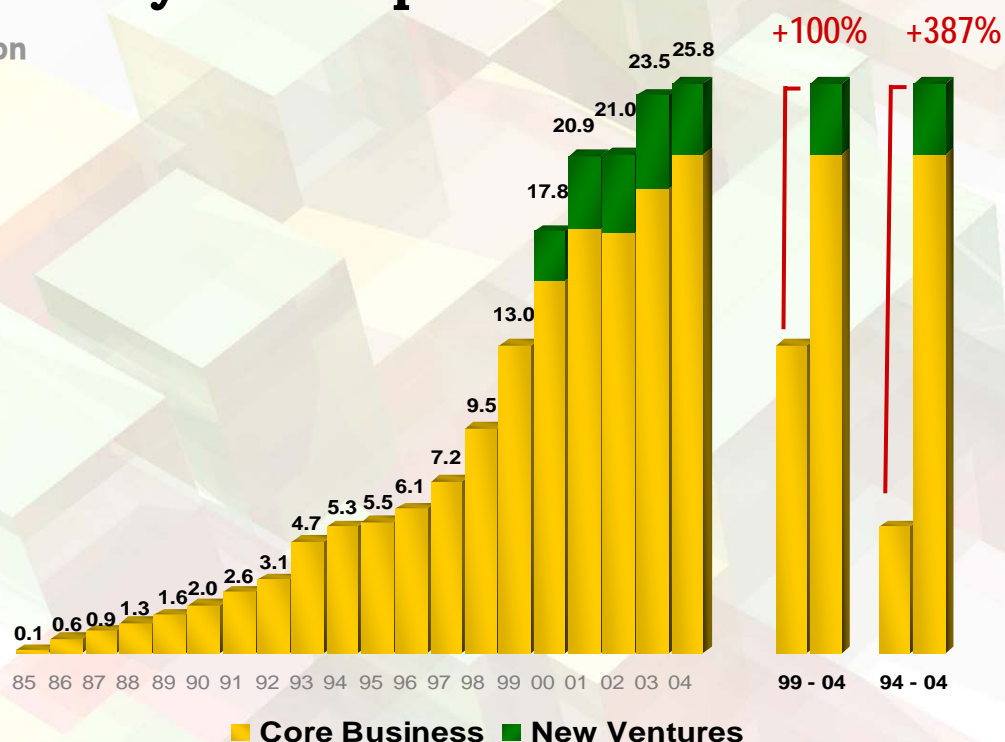


- 23 million households in Italy
- 34,000 financial advisors
- Assuming each advisor manages 150 households, only 5 million households served by F.A. networks



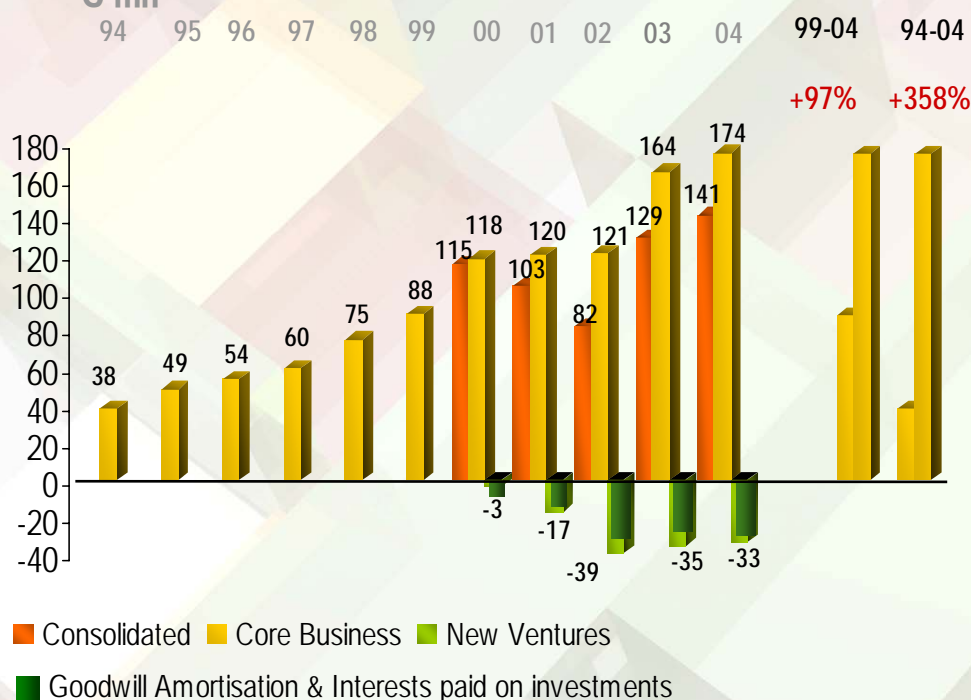
4 AuA Trend 5 & 10-year comparison

€ bn



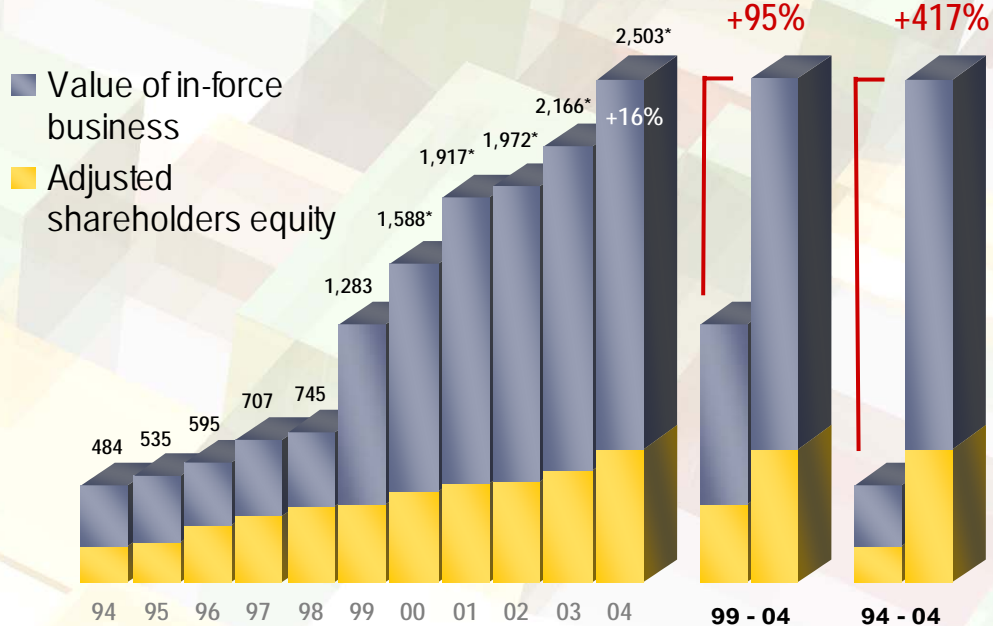
5 Net Profit Trend 5 & 10-year core business comparison

€ mn



6 Embedded Value Trend 5 & 10-year comparison*

€ mn



* before excluding residual New Ventures Goodwill

7 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



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

**To become 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.

9 “4 Freedoms” Project

Launch date:

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



10 “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
-

11 “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



12 “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



13 “4 Freedoms” Project Media communications (cont.)

- Print adverts
- Internet
- Radio
- Billboards

reinforce the same themes



14 “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.



“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



16 “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

17 “4 Freedoms” Project Network incentives

Powerful point-based incentive plan
for the network

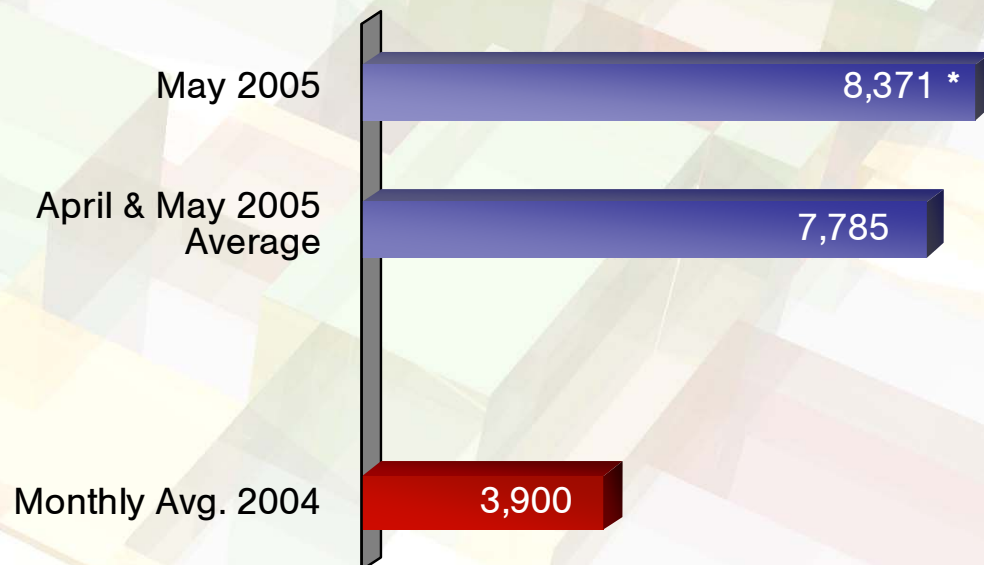
The number of **bank accounts** opened in a given month,
but also activated &/or associated
with an initial investment in managed savings



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

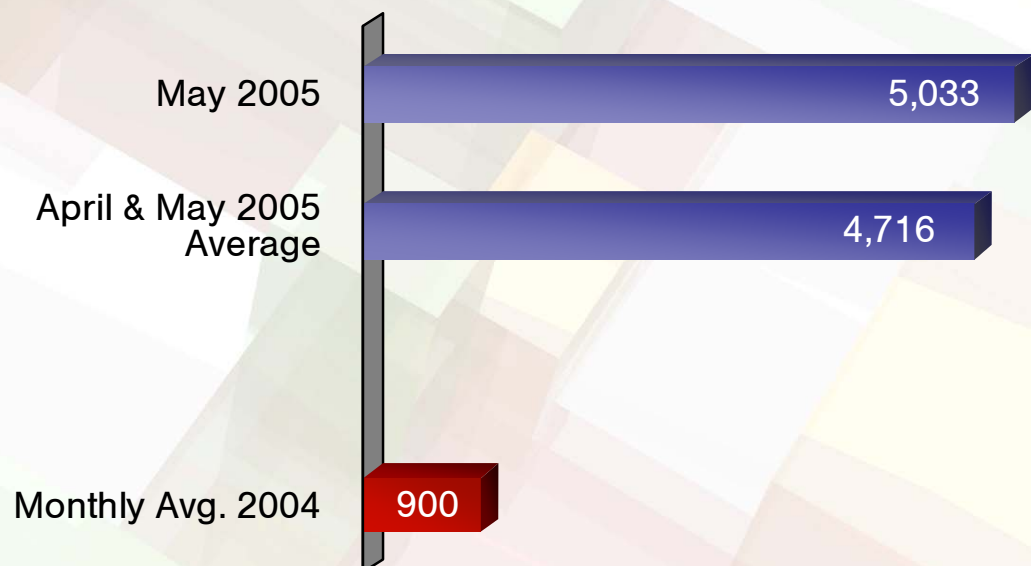


18 “4 Freedoms” Preliminary Results
No. of bank accounts opened

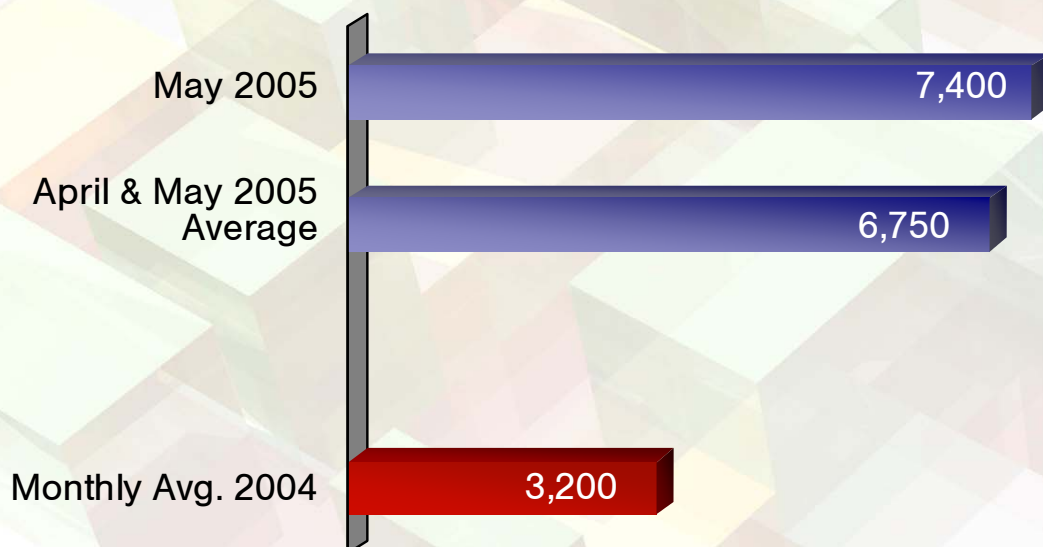


* Approximately 60% are Riflex accounts

19 “4 Freedoms” Preliminary Results
Net no. of bank accounts on hand



20 “4 Freedoms” Preliminary Results No. of new bank customers



21 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



22 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
“small business owners”**



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