

London, October 3-5, 2006



**Banking & Insurance CEO Conference
2006**

***"Risk, Return & Growth
Getting the Balance Right"***



Building growth



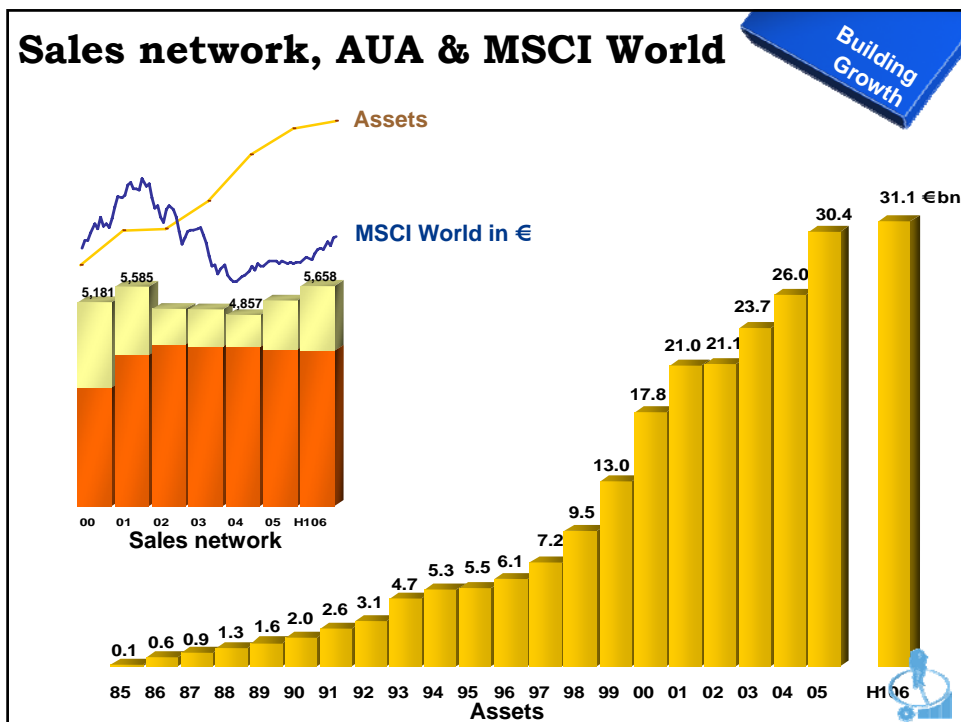
**For an integrated financial services company
the chief gauge of growth is
the growth in Assets**

Assets grow fuelled by two engines

- 1.** number of new customers
- 2.** development of customers'
'share of wallet'

**Growth in the number of new customers
is linked to the growth of the network**





'4Freedoms': growth strategy #1

Building Growth

- ▶ **Objective:** increase number of customers who have a bank account with us & use it actively
- ▶ **Fact:** customers invest their assets where they keep their bank account, often spreading their assets among more than one account
- ▶ **Our model:** multi-channel, branchless yet incorporating human touch, offers a 'low or no cost' account, high service delivery & flexibility, with no dependence on 'proximity'
- ▶ **Experience:** customers who use our bank account as their primary one close other accounts & shift assets to us

▼

Strategy rationale: our 'active' bank customers have 4 – 6 times greater assets than those without our bank account

Key drivers of '4F' growth strategy

Building
Growth

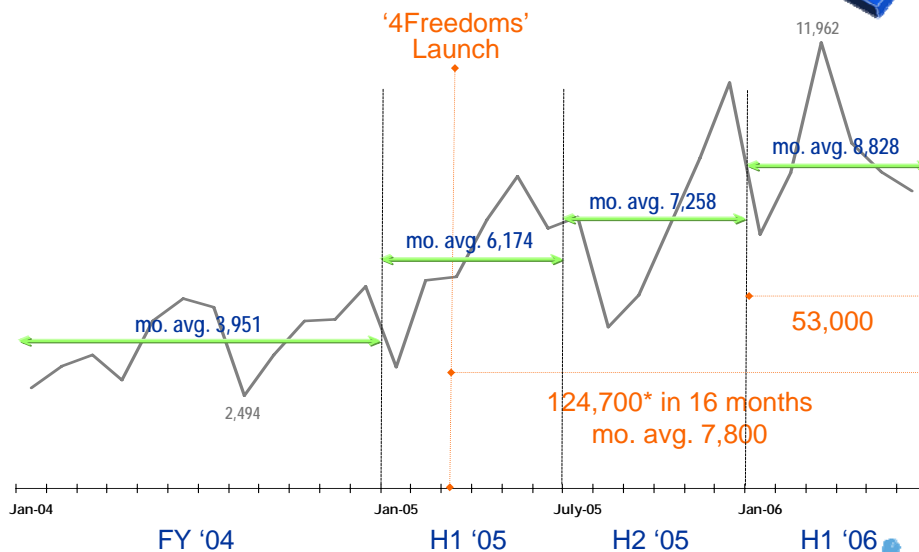
The banking business is the key to asset growth
with a focus on two drivers

1. new customer **acquisition**
via the bank account
2. **development** of the customer
via cross selling



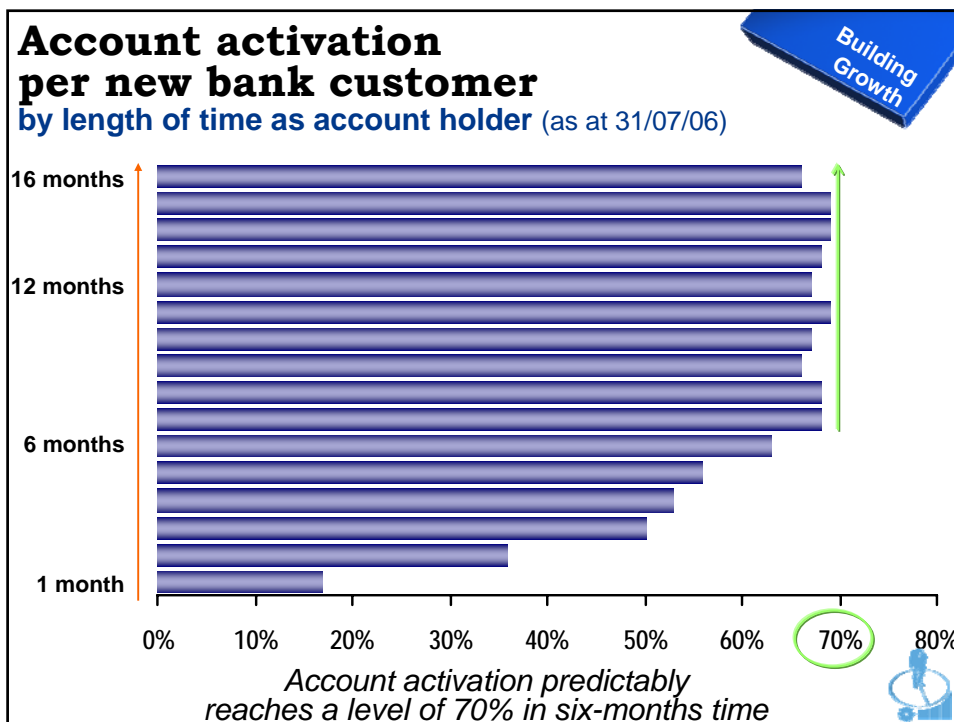
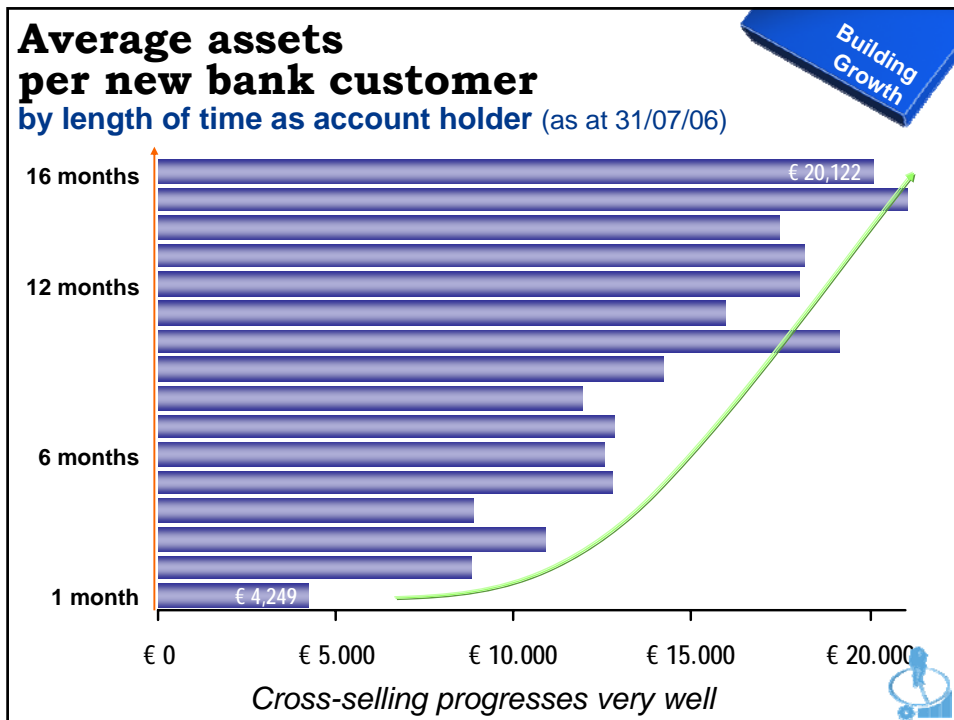
New bank accounts trend all account types, excluding conversions

Building
Growth



* 59% are opened by new customers





Account activation & asset growth

Building
Growth

New customers acquired April - Dec. 2005

Group 1

		%	Avg. Assets	Index 1	Index 2
Non-active	10,800	30%	15,800 €	100	
Active	22,700	70%	21,800 €	138	
TOTAL	33,500	100%	19,900 €	126	179

New customers acquired Jan. - June 2006

Group 2

		%	Avg. Assets	Index 1	Index 2
Non-active	15,200	46%	9,200 €	100	
Active	17,800	54%	13,000 €	141	
TOTAL	33,000	100%	11,100 €	121	100

Our capacity to capture about 40% more assets when the account is active is confirmed



'ICoNA': growth strategy #2

Network recruiting project

Building
Growth

To present the advisor profession using the image of 'Family Banker'



1. Project first implemented in Oct. 2005 by **pilot group (2%** of supervisory force) number of advisors increased by 50%
2. Second step May 2006 **15%** of total supervisory force involved
3. National roll-out Sept. 2006 extend the approach to an additional **40%** of the supervisors
4. By end of Q1 2007 remaining **43%** of supervisors will use ICoNA recruiting approach



Controlling risk



Mediolanum is recognised as a low-risk profile company

-  Our history constellated by proactive decisions towards understanding & reining-in of risk
-  Mediolanum has an innate allergy to 'non-calculated' risk



Direct risks



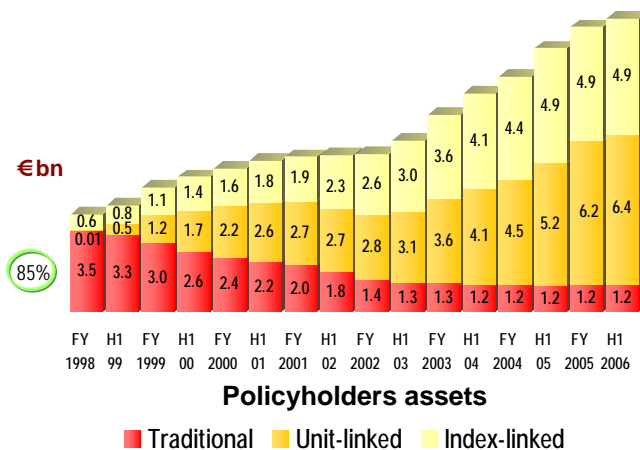
Those risks that the company runs during normal operations

1. **Financial risks**
guarantees, loans, risky positions in securities
2. **Catastrophe risk**
3. **Risk to reputation**



Financial risks

**Guarantees we are committed to today
are extremely limited**



1. Traditional reserves, which are sensitive to interest rates, are declining
2. Guarantees relate only to traditional reserves: 10% of Life assets
3. New business concentrated on Unit-linked, with no risk for us: solvency margin is zero



Financial risks

We are not involved in commercial business

We limit ourselves to providing ...

1. Mortgages
2. Personal loans

...to customers who have assets with us,
resulting an extremely **low bad debt ratio** on loans

**Treasury activity concentrated in low-risk
fixed income instruments w/ short durations**



Catastrophe & Reputation risk



Catastrophe risk

we are 'state of the art' with respect to Bank of Italy's stringent regulations



Risk to reputation

we have an advanced control system & substantial insurance coverage with respect to advisors' work activities



Indirect risks



**Those risks our customers could run
as a result of our advice, or
if we were to offer risky investment instruments**



these risks are not negligible, even if legally not our burden



if customers lose all or part of their assets, they could leave the company with a grave impact on our growth

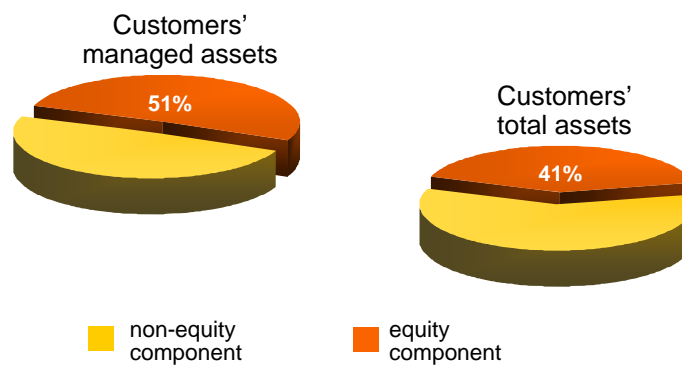


Advice risk



Asset class risk is our most important risk

Our customers' equity exposure is higher than the competition



Advice risk: our weapon '5D' Strategy



Clients are advised to invest following a series of diversification criteria

- 1 'Time Horizon' diversification
- 2 'Securities' diversification
- 3 'Geographic/Sector' diversification
- 4 'Growth Potential' diversification
- 5 'Financial Instruments' diversification



Advice risk: our weapon applied Dalbar example

Controlling
Risk

USA*

Annualised return
1995-2004

US equity fund investor average 6.2%

S&P 500 Index 12.1%

Italy - Mediolanum

RICRE fund investor average 14.6%

RICRE technical performance 11.1%

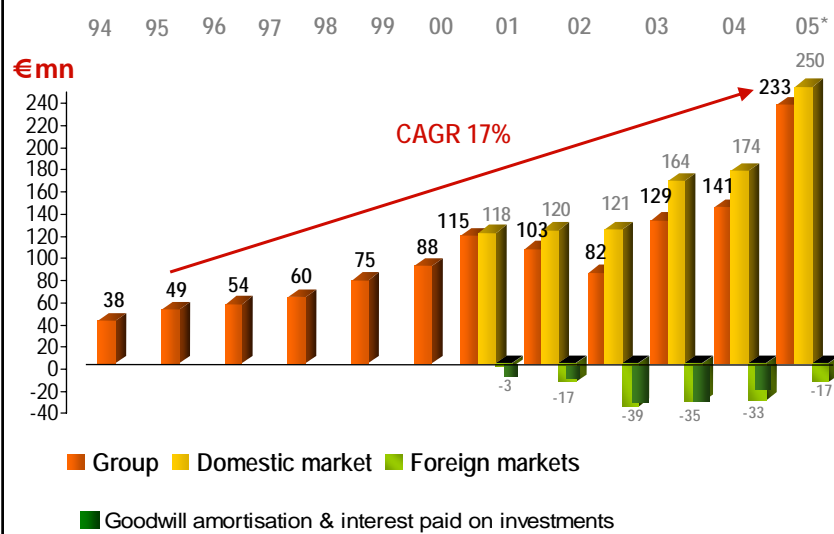
MIBTEL 8.7%

* Source: Dalbar, Inc. 'The Quantitative Analysis of Investor Behavior Study 2005'



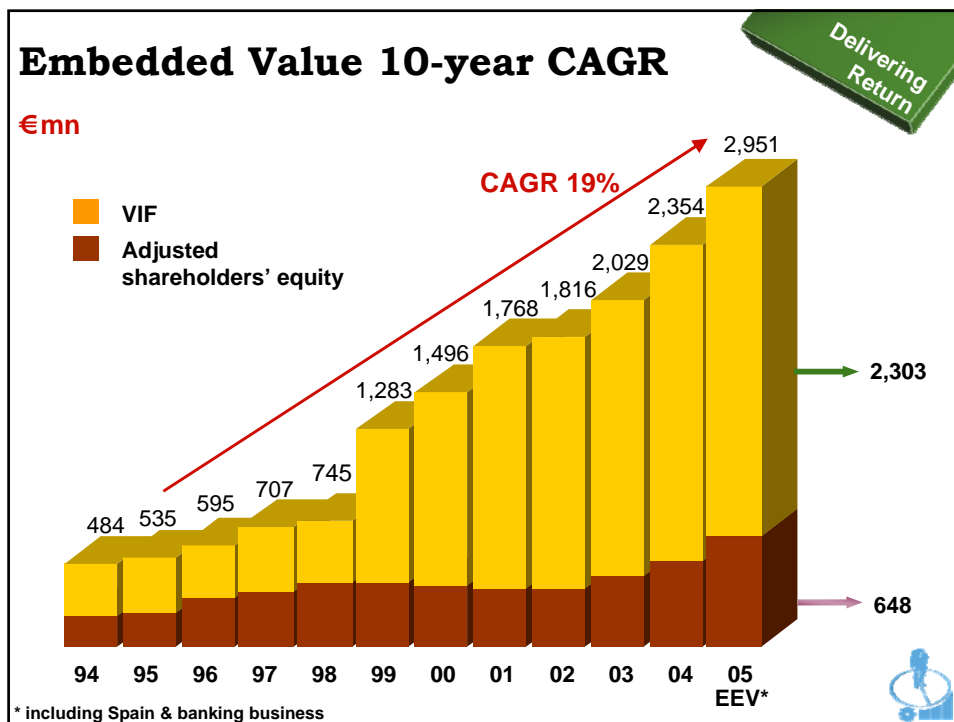
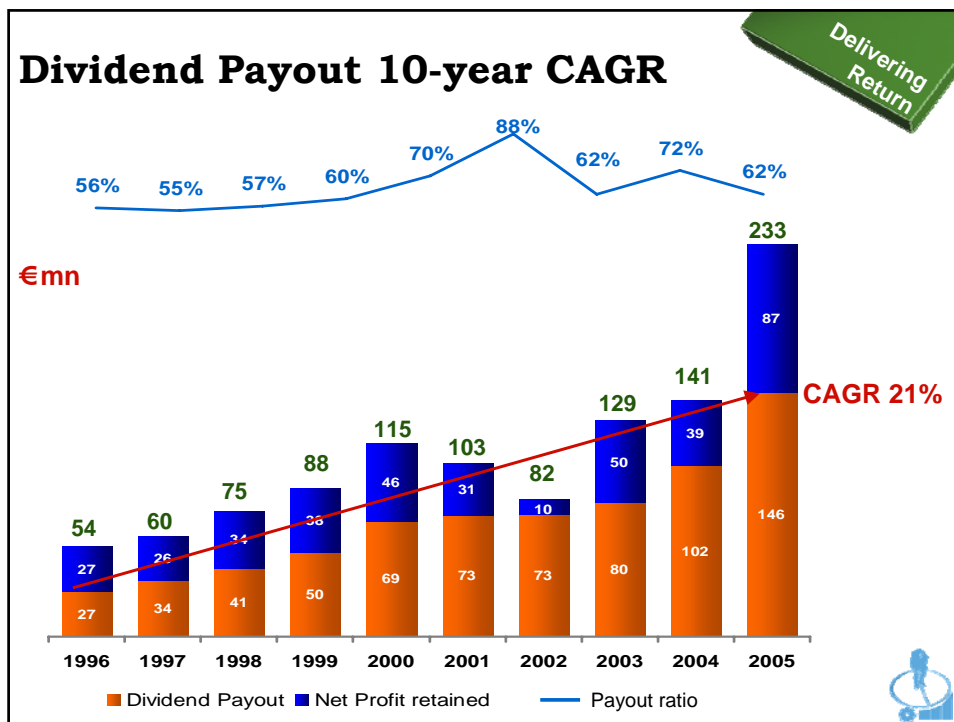
Net Profit 10-year CAGR

Delivering
Return



* IAS/IFRS





Margins issue



There is often confusion between price & margin

Price is what a customer pays for a product or service

Margin is what the company obtains from its business acumen with respect to this same product or service



High margins = High prices? an example



High margins necessitate high prices only when there is lack of innovation at the managerial, operational or product level

Our Unit-linked individual pension plans represent:

For the customer: our U-L individual pension plans are among the least expensive product on the Italian market - thanks to bonuses

For the industry: a benchmark for profitability, our pension plans deliver about 90% of 1st-year premiums in terms of distributable earnings



Margin source Mediolanum pension plans



- 📦 **Long duration** (on average 23 years)
- 📦 **Resilient** performance in terms of **lapse rate**
- 📦 **Tax advantage** due to underlying mutual funds domiciled in Ireland
- 📦 **Efficiency of operations** that result in low administrative expenses
- 📦 **'Automatic increase in premiums'** (linked to the cost of living index plus a certain number of bps) resulting in a premium more than doubling over the life of the policy



Margin sustainability in our DNA franchise value



Our margin sustainability is our competitive advantage, coming from our:

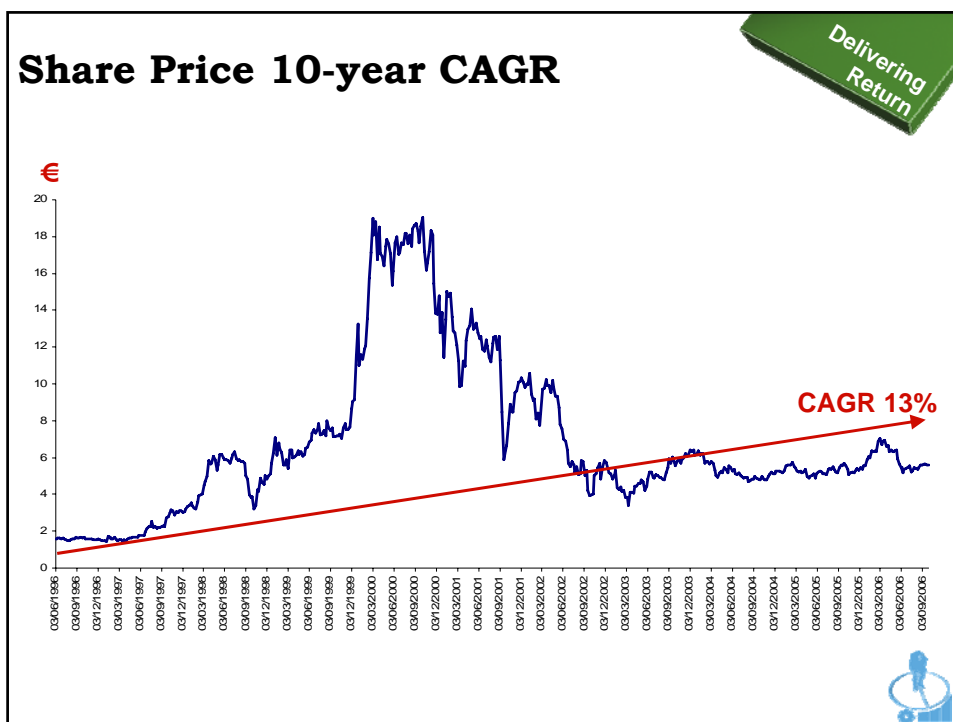
- 📦 capacity to innovate
- 📦 way of selling
- 📦 establishment of long-term relationships with customers

Management's responsibility is to constantly look for ways to increase value for the customers & to price accordingly



Franchise value





Indices* vs. Competitors

Delivering Return

	Mediolanum	Alleanza	B. Fideuram	Generali
2000				
P/EV	6.5	3.1	3.2	2.3
P/EVNB	28.9	70.4	17.6	75.7
2006				
P/EV	1.4	1.4	1.9	1.4
P/EVNB	13.7	29.2	22.9	41.9

* annualised

source: Companies data, broker notes, Mediolanum estimates

**Mediolanum:
an optimal investment opportunity**



**Our company offers an uncommon mix of growth
without risk**



Thank you!

Any questions?



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