

Milan, 1-2 February 2007



## UBS IFSC 2007

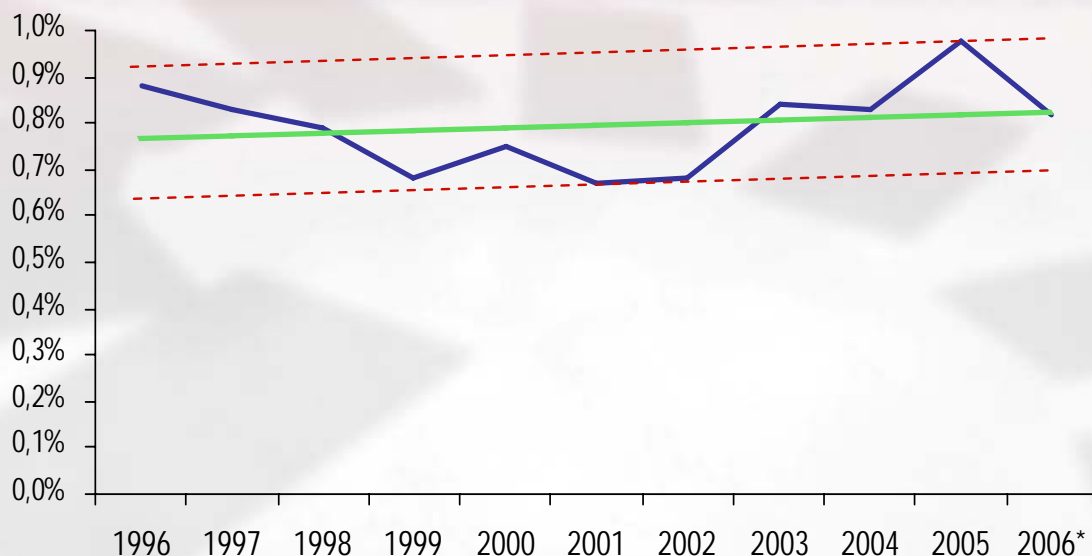
### ‘Competing for Sustainable Returns’



#### Return on AUA Mediolanum



**An average of 0.79% in 10 years  
with no declining trend in profitability...**



**... despite strong growth in assets**

\* based on consensus data (net profit) & preliminary data (AUA)



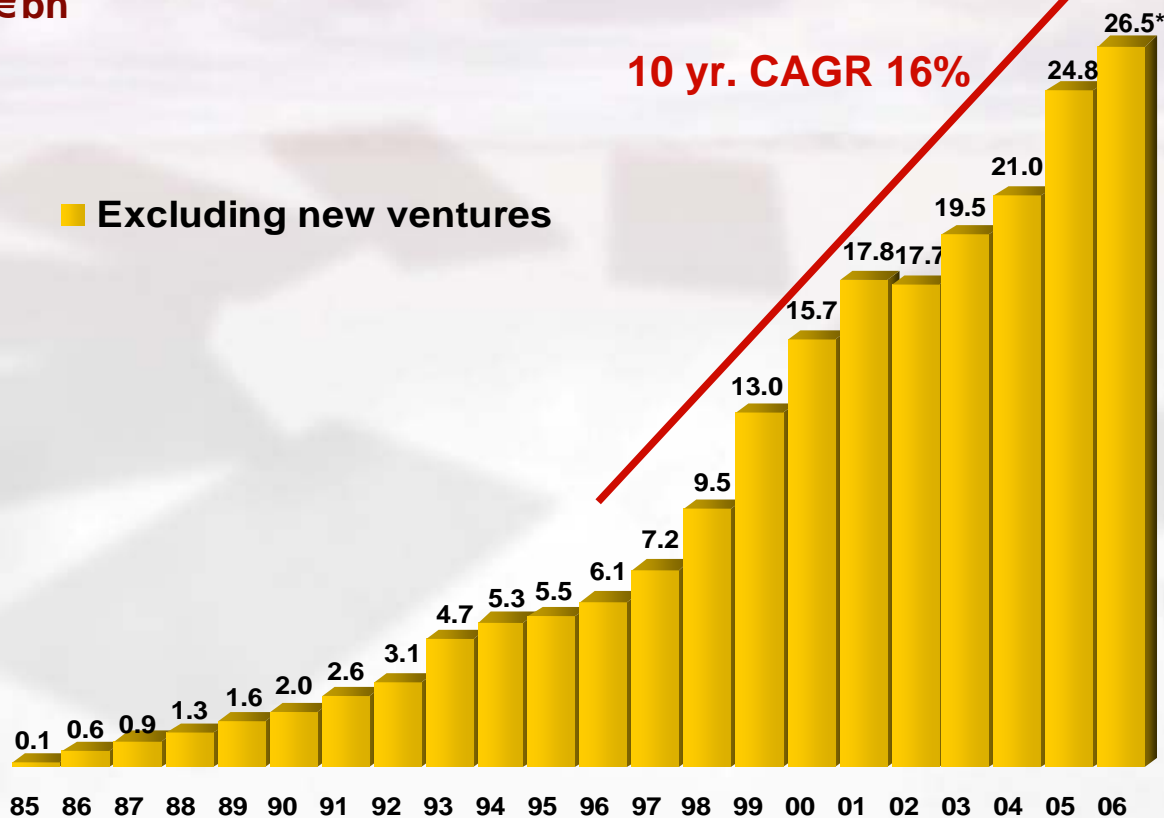
# AUA growth Mediolanum

€bn

3  
Sustainable  
Returns

10 yr. CAGR 16%

■ Excluding new ventures



\* preliminary data



## The 3 foundations of Mediolanum's profitable growth

4  
1st foundation



1. Centrality of the customer & the highest possible satisfaction level
2. Constant focus on innovation
3. Our organisation's structure



# Centrality of the customer & the highest possible satisfaction level

1<sup>st</sup> foundation 5

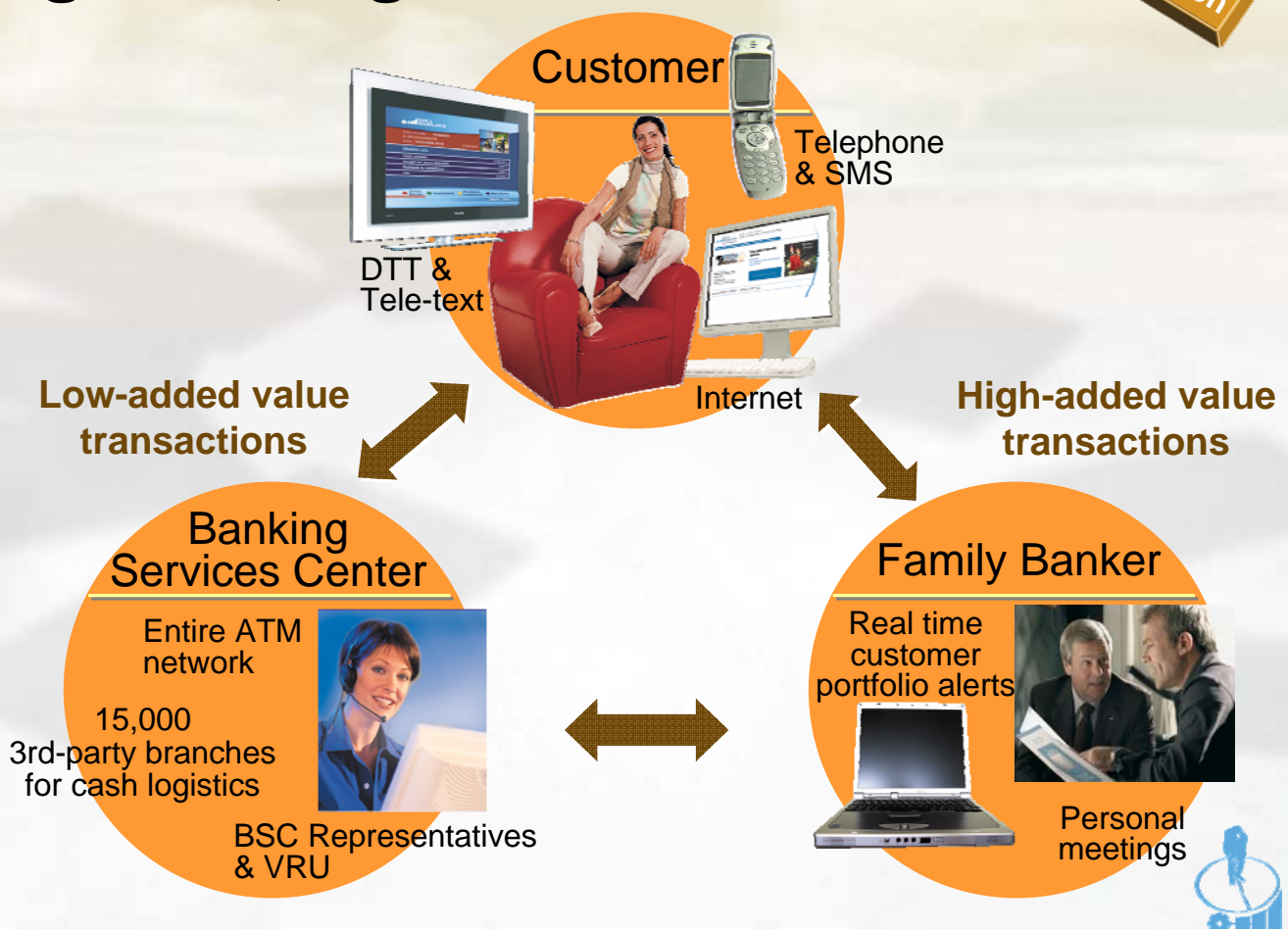
Two necessary conditions to achieve this objective:

-  delivery of the results that you promise
-  building of a '**superior relationship**' with the customer
  - Service quality
  - Investment performance



## Superior relationship: Service quality High-tech, high-touch

1<sup>st</sup> foundation 6



## Superior relationship: Investment performance '5D' investment strategy

7  
1<sup>st</sup> foundation

Customers are advised to invest following a series of diversification criteria:

- 1 'Time Horizon' diversification  
(*equity for L-T investments only*)
- 2 'Securities' diversification
- 3 'Geographic/Sector' diversification
- 4 'Growth Potential' diversification
- 5 'Financial Instruments' diversification

Putting our investment strategy into practice,  
while managing the emotions of the customers,  
results in exceptional customer performance,  
i.e. real returns



## Superior relationship: Investment performance Dalbar quantitative analysis of investor behaviour

8  
1<sup>st</sup> foundation

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



QAIB 2006  
Advisor Edition

*DALBAR, Inc.*  
The Measurement of Success



## Superior relationship: Investment performance

# Dalbar quantitative analysis applied

1<sup>st</sup> foundation 9

Annualised return  
1996-2005

### USA\*

U.S. equity fund investor average	5.8%
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S&P 500 Index	9.1%
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### Italy - Mediolanum

RICRE fund investor average	23.3%
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RICRE technical performance	13.3%
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MIBTEL	10.4%
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\* Source: Dalbar, Inc. 'The Quantitative Analysis of Investor Behavior Study 2006'









## Superior relationship

# Family Banker: our #1 customer

1<sup>st</sup> foundation 10

The Company-Family Banker relationship is characterised by 'state of the art' communication, motivation & training, but also strategy & support tools, to render the advising process more straightforward & clear

-  Corporate in-house TV station
-  Corporate Intranet website
-  Mediolanum Channel
-  Supervisors' coach-like approach
-  Ongoing interactive training via computer
-  New Training & Learning Center



# The 3 foundations of Mediolanum's profitable growth



1. Centrality of the customer & the highest possible satisfaction level


## 2. Constant focus on innovation


3. Our organisation's structure



## A constant focus on innovation



 **Product innovation:**  
to improve customer returns, but also  
to protect company margins

 **Process innovation:**  
to improve service quality, to reduce costs &  
to foster growth





## '4Freedoms': growth strategy #1

### Comprehensive marketing plan

designed to increase the number of customers who have a bank account with us & use it actively

### Rationale

bank customers, particularly those using our bank account as their primary one, give us 4 to 6 times more assets than non-bank customers

	Avg. AUA €	Cross-selling*
Non-bank customers	15,122	1.44
Bank customers	44,638	3.80
Bank customers/active users**	52,107	4.39
Non-bank customers > age 55	21,207	1.37
Bank customers/active users > age 55	97,472	4.22

as at December 31, 2006

\* out of 12 products



## Focus on innovation: '4Freedoms'

## Key drivers of our growth strategy

**We decided to change our historic approach & to focus on the banking business as the key to asset growth**



New customer acquisition via the bank account

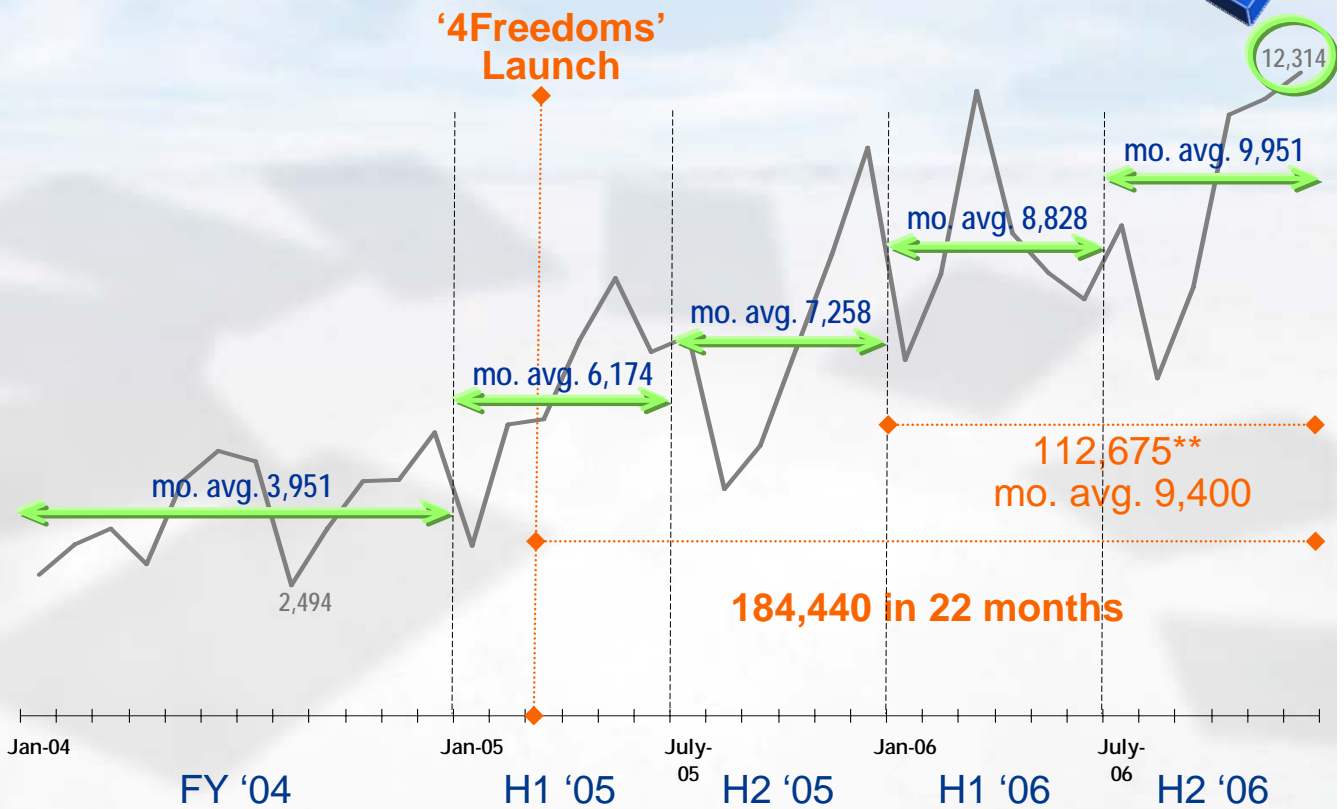


Development of the customer via cross-selling



## Focus on innovation: '4Freedoms' New bank accounts trend\*

2nd foundation 15



\* all account types, excluding conversions

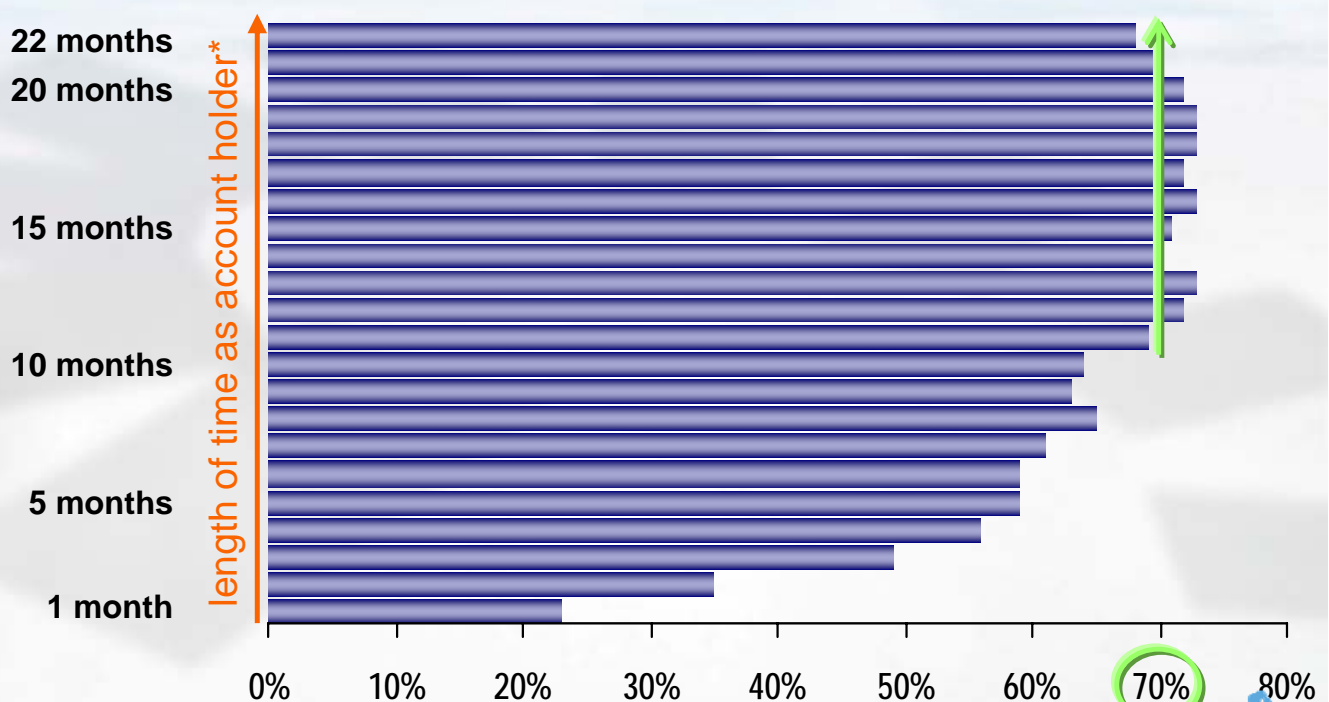
\*\* 66.5% are opened by customers new to Mediolanum



## Focus on innovation: '4Freedoms' Account activation per new bank customer...

2nd foundation 16

...reaches a level of 70% in about ten-months time



\*as at December 31, 2006



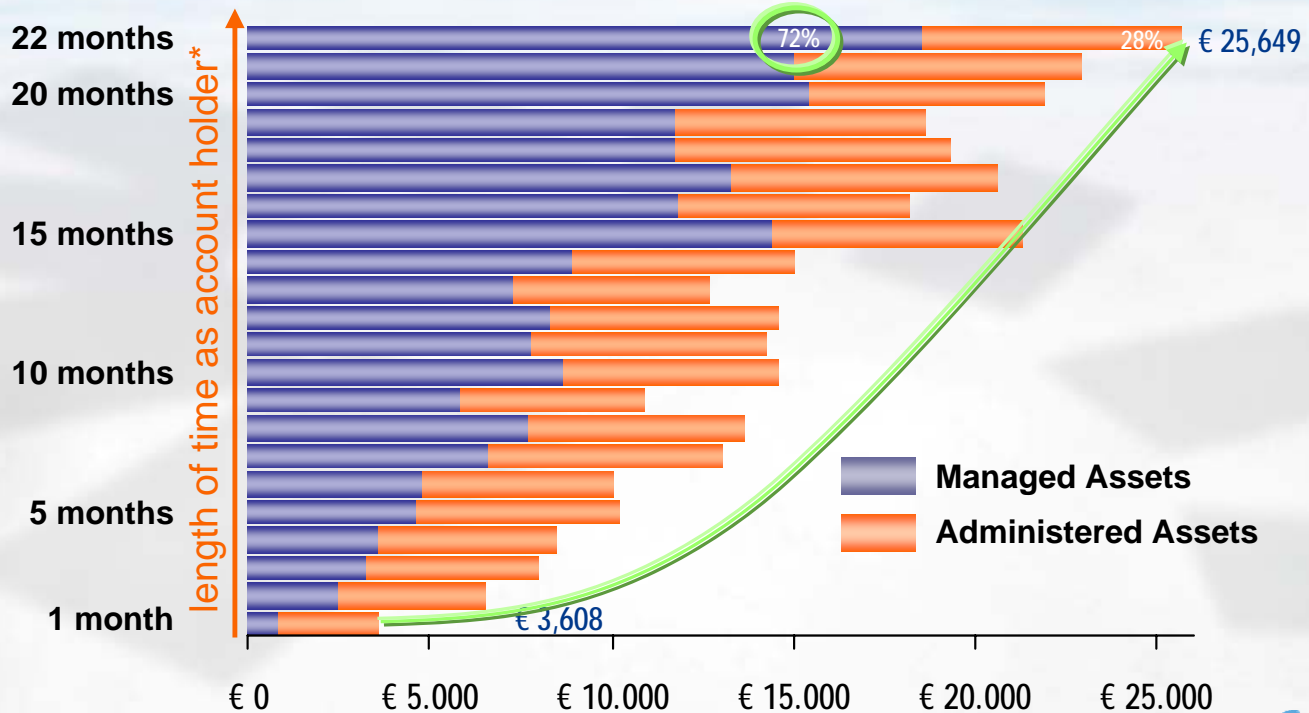


## Focus on innovation: '4Freedoms'

### Average assets per new bank customer...

2nd foundation 17

... increase 7-fold after 22 months



\*as at December 31, 2006



## Focus on innovation: '4Freedoms'

### Account activation & asset growth

2nd foundation 18





Account activation is key:  
assets of active new customers are 67% higher

New customers acquired Mar. 05 - Dec. 06

	number	%	Avg. Assets	Index 1
Non-active	41,900	40%	9,380 €	100
Active	63,300	60%	15,660 €	167
<b>TOTAL</b>	<b>105,200</b>	<b>100%</b>	<b>13,160 €</b>	<b>140</b>



**New recruiting approach presents the advisor profession using the image of 'Family Banker'**

-  Our 'freedom in banking' model requires an entrepreneurial capacity & spirit to work as a small business owner, not a '9-to-5' bank employee
-  Change in approach was driven by objective to disassociate the advisor's job from the markets' ups & downs
-  Concept launched in October 2005.  
Dedicated ad campaign started in October 2006.  
25,000 applications collected in that month alone
-  ICoNA is strongly accelerating recruiting process, resulting also in a much higher quality of candidate.  
The number of new recruits increased by 83% in 2006!



**The 3 foundations of Mediolanum's profitable growth**

1. Centrality of the customer & the highest possible satisfaction level
2. Constant focus on innovation

**3. Our organisation's structure**



# Our organisation's structure...

21  
3rd foundation

...is typical of companies able to achieve strong growth in both volumes & profit

- 📁 Companies such as ours don't have forever-established 'sacred' practices & procedures
- 📁 Improvisation along the way as needed is viable
- 📁 Survival depends upon fast adaptability
- 📁 Fewer structural layers & less formal systems mean fewer organisational limits on the ability to actualise new ideas
- 📁 Company's intellectual capital is utilised to its maximum capacity

Our lean structure permits us to respond to external challenges rapidly & winningly, capturing all competitive opportunities



## Rigidity vs. adaptability

22  
3rd foundation

All the laws that regulate the industry are in the midst of change: restrictions & limitations are being imposed



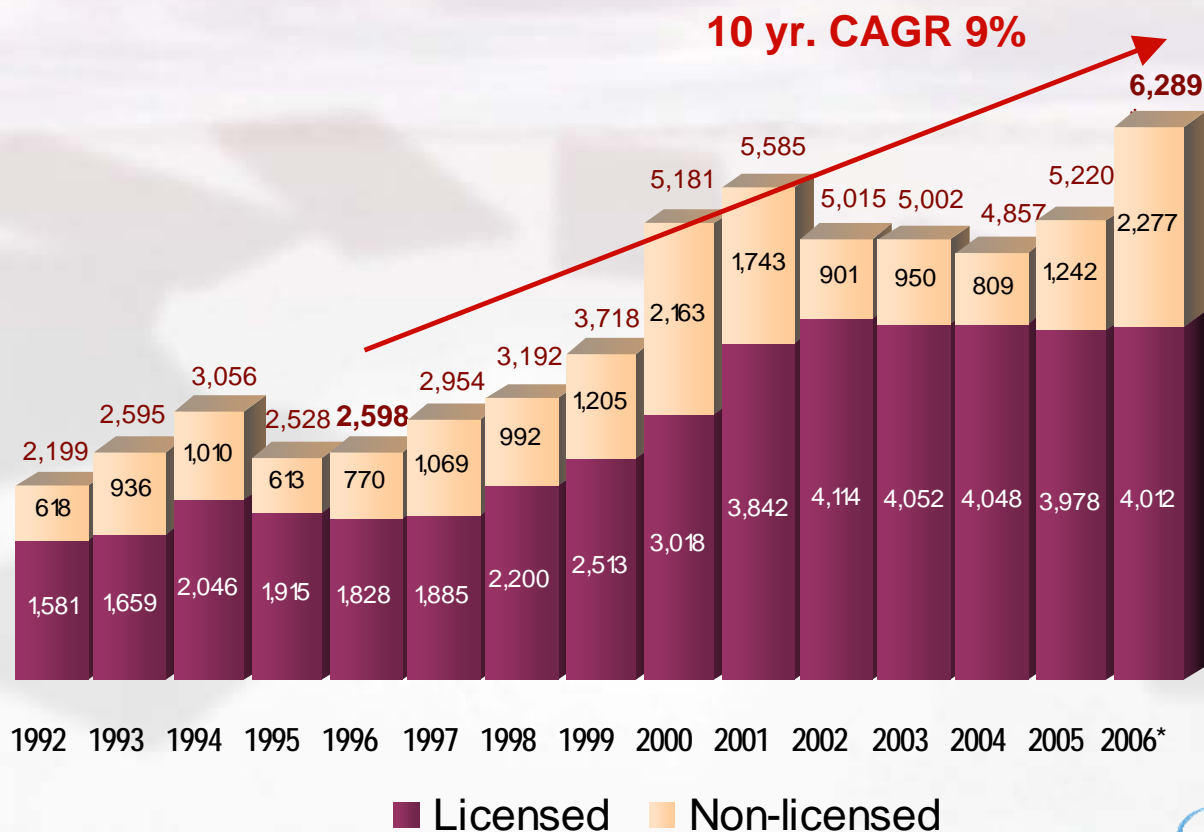
Adapting without creativity & profound operational changes means sacrificing margins something we do not accept

- 📁 Our way of planning & disclosing targets considers that once a rigid plan has been created, competitive conditions & environment may have already changed
- 📁 Our efforts concentrate on how to maintain our favourable competitive position over time, rather than on hitting numerical targets at any costs



## Sales network growth Mediolanum

**23**  
Sustainable  
Returns

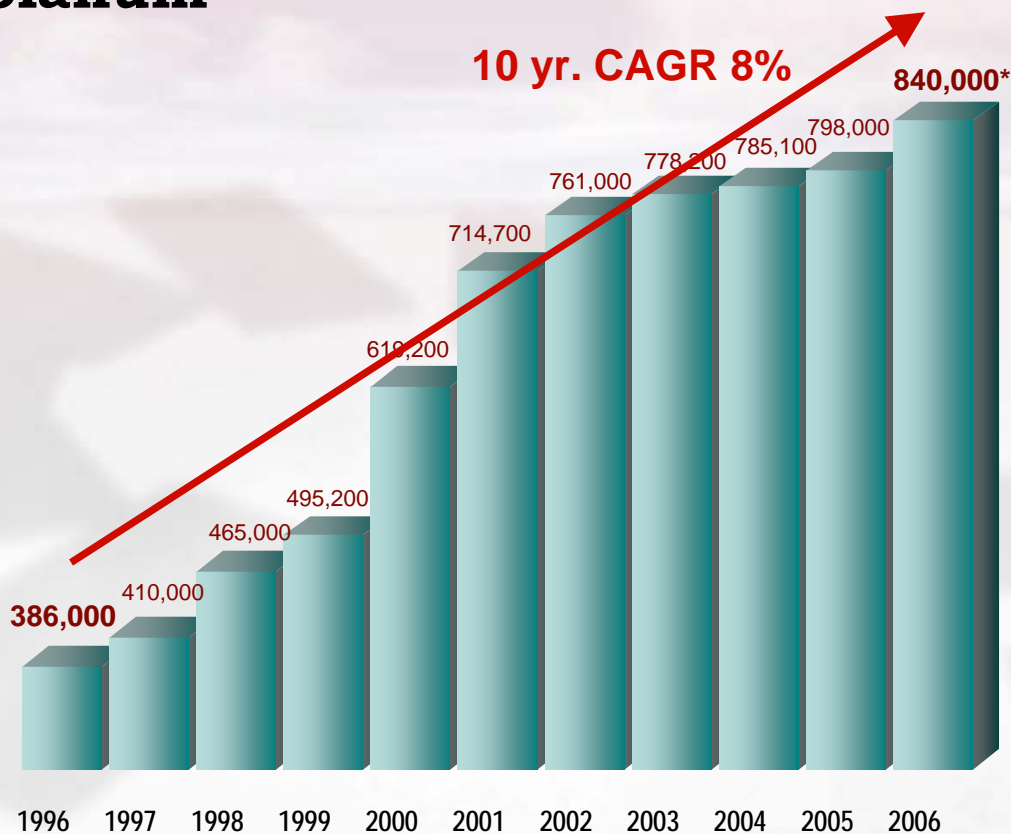


\* preliminary data



## Primary account holder growth Mediolanum

**24**  
Sustainable  
Returns



**Recently surpassed 1 million total customers!!!**

\* preliminary data



# Indices vs. Competitors

25  
Sustainable  
Returns

	Mediolanum	Alleanza	B. Fideuram	Generali
<b>2000</b>				
P/EV	6.5	3.1	3.2	2.3
P/EVNB	28.9	70.4	17.6	75.7
<b>2006</b>				
P/EV	1.5	1.5	1.9	1.6
P/EVNB	14.8	32.1	22.7	47.6

...Mediolanum is a excellent investment now...

source: Company data, Datastream, Mediolanum estimates



# Thank you!

Any questions?





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