

**Half-Year  
Financial  
Report at  
June 30,  
2012**

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The English version of the Half-Year Financial Report is a translation of the Italian text provided for the convenience of international readers.

**Half-Year  
Financial  
Report at  
June 30,  
2012**

Registered Office: Meucci Building, Via F. Sforza – Basiglio – Milano Tre (Milan)  
Share capital: €73,412,227.10 – fully paid up  
Tax, VAT and Milan Register of Companies Registration No. 11667420159

# Corporate Governance Officers

## BOARD OF DIRECTORS

Alfredo Messina	Deputy Chairman of the Board
Massimo Antonio Doris	Executive Deputy Chairman
Ennio Doris	Chief Executive Officer
Luigi Berlusconi	Director
Pasquale Cannatelli	Director
Maurizio Carfagna	Director
Bruno Ermolli	Director
Edoardo Lombardi	Director
Mario Molteni	Director
Danilo Pellegrino	Director
Angelo Renoldi	Director
Paolo Sciumè	Director
Maria Alessandra Zunino De Pignier	Director

## BOARD OF STATUTORY AUDITORS

Ezio Simonelli	Chairman
Riccardo Perotta	Standing Auditor
Francesco Vittadini	Standing Auditor
Ferdinando Gatti	Alternate Auditor
Antonio Marchesi	Alternate Auditor

## BOARD SECRETARY

Luca Maria Rovere

## INDEPENDENT AUDITORS

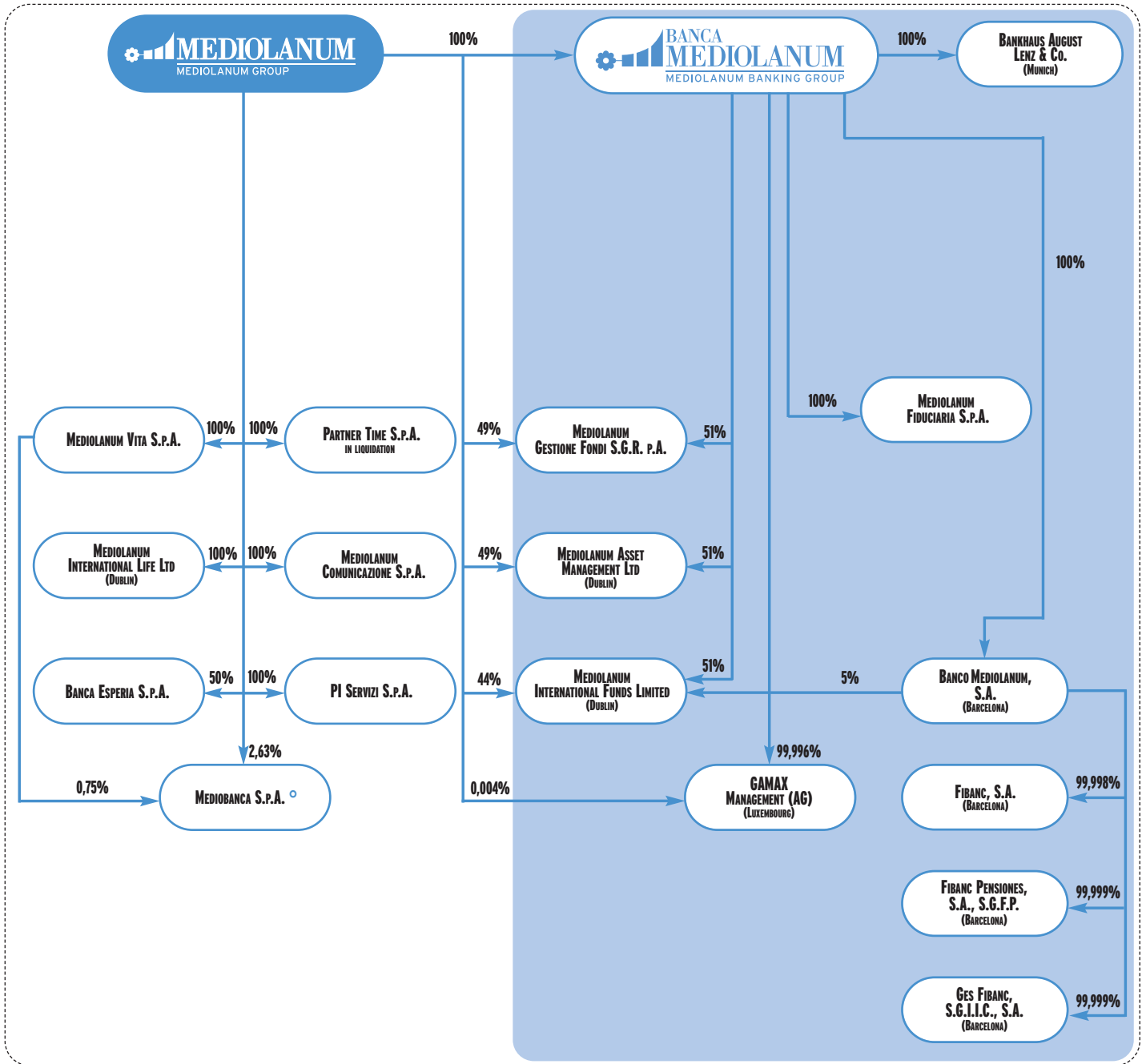
Deloitte & Touche S.p.A.

## OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

Luigi Del Fabbro

# Group Structure

as of June 30, 2012



• MEDIOLANUM FINANCIAL CONGLOMERATE

• MEDIOLANUM BANKING GROUP

◦ Since Mediobanca holds treasury shares, total shareholding amounts to 3.447% of voting rights.

# Mediolanum Group's Financial Highlights

€/m	June 30, 2012	June 30, 2011	change %	Dec. 31, 2011
Assets under management and administration <sup>(*)</sup>	49,084.5	46,722.5	5%	46,206.8
Net inflows	1,451.3	1,481.0	(2%)	2,727.6
<i>of which</i>				
<i>Banca Mediolanum</i>	1,760.1	928.1	90%	2,280.0
<i>Banca Esperia</i>	(389.1)	487.6	n/s	301.3
Profit before tax	291.4	129.3	125%	84.2
Income Tax	(73.9)	(32.6)	127%	(17.0)
Net profit	217.5	96.8	125%	67.3

€	June 30, 2012	June 30, 2011	change %	Dec. 31, 2011
Earnings per share	0.296	0.132	124%	0.092
Diluted earnings per share	0.294	0.131	125%	0.091

\* The figures relate to retail customers only.



**Interim  
Management  
Report**

# Interim Management Report

For the first half of 2012, the Mediolanum Group reported net profit of €217.5 million versus €96.8 million at June 30, 2011, up €120.7 million (125%) year-on-year.

The bottom line benefitted from growth in recurring revenues, up €77.3 million, driven by net interest income, up €61.1 million (63%), and management fees, up €16.2 million (8%).

Performance fees and net income on investments at fair value, up €54.3 million and €58.5 million, respectively, year-on-year, also contributed to bottom line growth.

## ● The macroeconomic environment

Recent statistics show growth is slowing down in the Eurozone, while the risk of a similar scenario in the US appears unlikely based on recent data from that country.

In the first quarter of 2012, GDP expanded at an annualised rate of 1.9% in the US and remained flat in the Eurozone, confirming the lag between the two regions. GDP was up 0.5% in Germany, flat in France, while shrinking by 0.8% in Italy, 0.3% in Spain and 0.2% in the UK.

Sluggish growth in the Eurozone has been signalled by the readings of the Purchasing Managers Index (PMI) since last September, while stats from the US indicate a double dip in that country is more and more unlikely, even against a backdrop of reduced residential investments and consumer deleveraging.

At 8.2% in the US and 11.1% in the Eurozone, unemployment continues to be a major concern as it weighs down on consumer confidence and demand for goods and services.

As growth is slowing down, oil prices have come down too and inflation has remained subdued. In May, the PPI and the CPI were up 0.7% and 1.7% in the US, 2.3% and 2.4% in the Eurozone, respectively.

In the second quarter of 2012, the European Central Bank and the Fed kept the refinancing rate on hold at 1%, and 0-0.25%, respectively.

Japan's GDP expanded at an annualised rate of 4.7% in the first quarter of 2012 after growing 0.1% in the previous quarter.

In the same period, China's GDP grew at an annualised rate of 8.1% compared to 8.9% in the previous quarter, and the June reading of the PMI manufacturing index confirmed the sustainability of the current economic expansion in that country. In May, in China, consumer prices rose at an annualised rate of 3%, less than forecast by analysts, and the People's Bank of China lowered the banks' reserve requirement ratio by 0.5%.

In the first quarter of 2012 India grew at an annualised rate of 5.3% versus 6.1% in the previous quarter, recording the lowest growth rate in the past 8 years.

## ○ Financial Markets

The victory by the pro-Euro conservative party *Nea Dimokratia* at the Greek elections of last June 15 put an end to the political and financial stalemate resulting from the previous elections of May 6.



In Spain, the housing market crisis generated deep losses for the country's financial sector and intervention was required to support local banks.

To ease the impact of the Eurozone financial crisis and facilitate its gradual solution, EU leaders took additional significant decisions at the European Council meeting of last June 28-29. Specifically, in relation to the financial support to Spain, EU leaders agreed on the possibility of direct recapitalisation of Spanish banks (and possible extension to the Irish financial sector) through the European Stability Mechanism (ESM), without gaining seniority status.

The improvement of investors' risk propensity showed in the first months of the year was not confirmed in the second quarter of 2012. The sovereign debt crisis in peripheral Eurozone countries brought about tremendous volatility of yields on Italian and Spanish treasuries. Yields on Italian treasuries moved from 5.12% at December 31, 2011 to 2.92% at March 31, 2012 to 3.50% at June 30, 2012 on 2-year notes, and from 7.11% at December 31, 2011 to 5.12% at March 31, 2012 to 5.82% at June 30, 2012, on 10-year notes. Over the same period, yields on 2-year and 10-year Spanish treasuries increased from 3.30% and 5.1% at the beginning of the year to 4.27% and 6.33% at June 30, 2012, respectively. Conversely, yields on German government bonds declined across all maturities (from 1.83% to 1.58% on 10-yr notes and from 0.14% to 0.12% on 2-yr notes) and yields on US 10-yr treasuries fell further (from 1.88% to 1.64%).

In the first half of 2012, global stock markets progressed by 6.3% (MSCI World in USD). In the US, the S&P 500 was up 8.3%, and the NASDAQ Composite rose by 12.7%. In Europe, stock markets were up 2.7% on average. Specifically, the Germany DAX was up 8.8%, while the Italian and Spanish markets underperformed, down 5.4% and 17.1%, respectively. Emerging markets were up 4% (MSCI EM in USD).

The US dollar significantly strengthened against the European single currency with the Euro/USD exchange rate moving from 1.30 at the beginning of the year to 1.27 at June 30, 2012.

## ○ The Insurance Market

In the first five months of 2012, new business written under individual policies amounted to €21.7 billion, down 16% over the same period of the prior year. Including EU companies conducting business in Italy, new business written aggregated to €24.6 billion, down 18% on the same period of the prior year.

The analysis by type of product/class tells different stories.

Accounting for about 74% of total new business written in the period, life policies (class I) recorded total premiums written of €16.1 billion at the end of May, down 21% over the prior year. Conversely, new premiums written under unit-linked and index-linked policies (class III) rose 9% over the same period of the prior year.

New business written under class V products amounted to €0.5 billion down 38%.

The analysis by distribution channel relative to Italian and non-EU companies shows the decline recorded in the first five months of 2012 was mostly in new business written through banks and post offices that gathered €14.5 billion, down 25% over the same period of the prior year, with a market share of 66.6%.

New business written through agents and subsidiary agencies declined too, down about 15% over the same period of 2011, to €3.0 billion in aggregate, with a market share of about 13.8%.

Conversely, new business written through financial advisors was up about 33% over the prior year to €4.2 billion, with a market share of 19.4%.

## ● Mediolanum Group's performance

For the first half of 2012 the Mediolanum Group reported net profit of €217.5 million up €120.7 million from €96.8 million in the same period of the prior year.

Group results for the first half of 2012 benefitted from growth in recurring revenues, up €77.3 million, mainly driven by the increase in net interest income (up €61.1 million) resulting from assets growth and bigger interest spreads, as well as management fees (up €16.2 million) mainly owed to growth in managed assets (up 8%). In the period under review, performance fees grew too (up €54.3 million), and investments at fair value recovered value, more than offsetting the losses recorded for the entire year 2011 (up €58.5 million).

Banking services fees declined by €13.7 million, reflecting, in particular, reduced sales volumes of third-party structured bonds, and income on investments accounted for by the equity method was down €4.0 million.

Costs were up €26.6 million from €377.5 million in the first half of 2011 to €404.1 million at the end of the period under review. Specifically, acquisition costs and sales network commission expenses rose by €21.7 million, largely reflecting changes in the sales network compensation policy (€11 million) and greater amounts provided for incentives linked to sales targets (€9 million); net provisions for risks were up €7.8 million mainly due to greater amounts set aside for legal disputes (€4.8 million) and support to customers affected by the earthquake and flooding (€2.2 million).

Turning to the analysis of Banca Mediolanum, for the first half of the current year the bank recorded net inflows of €1,760.1 million (up 90% from €928.1 million in H1 2011), of which €662.6 million into asset management products and third-party structured bonds (up 127% from €291.7 million at June 30, 2011).

Specifically, mutual funds recorded net inflows of €868.7 million versus €869.8 million at June 30, 2011, while life insurance products recorded net outflows of €311.3 million versus net outflows of €671.6 million in the same period of the prior year. Net inflows generated by sales of third-party structured bonds amounted to €105.2 million versus €93.5 million at June 30, 2011. Net inflows into administered assets grew from €1,002.5 million in the first half of 2011 to €1,519.6 million at the end of the period under review, thanks in particular to the positive contribution of the *InMediolanum* product range. The *Mediolanum Plus* insurance policy associated with the *Freedom* bank account recorded a negative balance of €422.1 million versus a negative balance of €366.0 million at June 30, 2011. Including the *Mediolanum Plus* policy, net inflows into administered assets aggregated to €1,097.4 million (H1 2011: €636.5 million).

Net inflows data released by *Assoreti* and regularly published by the financial newspaper *Il Sole 24 ore* show that with some €1.8 billion net inflows in the first half of the year Banca Mediolanum was again at the top of the ranking of Italian sales networks.

Data relating to net inflows into open-ended mutual funds released by *Assogestioni* show that, in the January-June 2012 period, Banca Mediolanum posted net inflows of €703.9 million versus net outflows of about €5.4 billion recorded by the whole domestic industry.

Data relating to open-ended funds released by *Assogestioni* show that in terms of managed assets the Mediolanum Group ranked fourth as in December 2011 and 2010, versus sixth in 2009 and 2008 and tenth in December 2007; its market share grew further from 4.83% in December 2011 to 5.03% in June 2012.

At June 30, 2012, the Mediolanum Group had €49,084.5 million in assets under management and administration, up €2,877.7 million from €46,206.8 million at year end 2011, and up €2,362 million from €46,722.5 million at June 30, 2011.

At June 30, 2012, the Group residual exposure to Greek sovereign debt aggregated to €2.4 million (nominal value: €16.2 million) and consisted of holdings recognised on the balance sheet as available-for-sale financial instruments. The reduction in exposure to Greek sovereign debt over the year end 2011 balance of €40.8 million (nominal value: €181.5 million) was attained through sales made in the first half of 2012 that entailed the recognition of €2.9 million losses on the income statement.

### ○ **First half 2012 commercial initiatives**

In March 2012, Banca Mediolanum launched '*Conto Mediolanum Freedom Più*', a new version of the *Mediolanum Freedom* bank account, that keeps the same interest scheme, but pays interest on a quarterly basis and no longer requires signing up to the *Mediolanum Plus* policy of Mediolanum Vita S.p.A.

In the first half of the year, the *InMediolanum* deposit account continued to attract new inflows, with new funds brought in reaching €3.0 billion at June 30, 2012. Interest paid on money locked up in these accounts for 12 months was 4% in the first half of 2012.

A new promotion associated with the *InMediolanum* deposit account was launched in the period. It is called *InMediolanum Friends* and offers customers an additional interest of 0.25% for each referred friend who opens a *Mediolanum Freedom Più* bank account, up to three friends, i.e. 0.75%.

## ● Consolidated Inflows, Assets under Management and Assets under Administration

### ○ Net Inflows

€/million	June 30, 2012	June 30, 2011	Change
<b>ITALY</b>			
Life insurance products	(311.3)	(671.6)	(54%)
Asset Management Products	868.7	869.8	-
<b>Total managed assets inflows</b>	<b>557.4</b>	<b>198.2</b>	<b>181%</b>
Third-party structured bonds	105.2	93.5	13%
<b>Total managed assets + third-party structured bonds</b>	<b>662.6</b>	<b>291.7</b>	<b>127%</b>
<i>Freedom</i> Life Policies	(422.1)	(366.0)	15%
Administered assets	1,519.6	1,002.5	52%
<b>BANCA MEDIOLANUM</b>	<b>1,760.1</b>	<b>928.1</b>	<b>90%</b>
BANCA ESPERIA GROUP(**)	(389.1)	487.6	n/s
<b>TOTAL - ITALY</b>	<b>1,370.9</b>	<b>1,415.7</b>	<b>(3%)</b>
<b>SPAIN</b>	<b>61.2</b>	<b>44.9</b>	<b>36%</b>
<b>GERMANY</b>	<b>19.2</b>	<b>20.3</b>	<b>(5%)</b>
<b>TOTAL FOREIGN MARKETS</b>	<b>80.4</b>	<b>65.2</b>	<b>23%</b>
<b>TOTAL NET INFLOWS</b>	<b>1,451.3</b>	<b>1,481.0</b>	<b>(2%)</b>

(\*\*) The figures relating to Banca Esperia are stated on a pro-rata basis according to the stake held by the Mediolanum Group in that entity, i.e. 50%.

### ● Assets under Management and under Administration<sup>(\*)</sup>

€/million	June 30, 2012	Dec. 31, 2011	June 30, 2011
<b>ITALY</b>			
Life Products	13,848.0	13,678.5	14,172.3
<i>Freedom</i> Life Policies	4,081.7	4,503.8	4,659.3
Asset Management products	21,155.5	19,725.3	19,782.0
Banking products	10,595.5	8,925.6	8,260.0
Consolidation adjustments	(9,222.1)	(8,966.0)	(9,047.4)
<b>BANCA MEDIOLANUM</b>	<b>40,458.5</b>	<b>37,867.2</b>	<b>37,826.2</b>
BANCA ESPERIA GROUP(**)	6,612.4	6,408.5	6,874.1
<b>TOTAL - ITALY</b>	<b>47,070.9</b>	<b>44,275.7</b>	<b>44,700.3</b>
<b>SPAIN</b>	<b>1,630.6</b>	<b>1,581.2</b>	<b>1,676.1</b>
<b>GERMANY</b>	<b>383.1</b>	<b>349.9</b>	<b>346.1</b>
<b>TOTAL FOREIGN MARKETS</b>	<b>2,013.7</b>	<b>1,931.1</b>	<b>2,022.2</b>
<b>TOTAL ASSETS UNDER MANAGEMENT &amp; ADMINISTRATION</b>	<b>49,084.5</b>	<b>46,206.8</b>	<b>46,722.5</b>

(\*) The figures relate to retail customers only.

(\*\*) The figures relating to Banca Esperia are stated on a pro-rata basis according to the stake held by the Mediolanum Group in that entity, i.e. 50%.

At June 30, 2012, total assets under management and administration amounted to €49,084.5 million up more than 6% from €46,206.8 million at December 31, 2011 and from €46,722.5 million at June 30, 2011.

The analysis of new business as well as of assets under management and administration by operating segment is set out below.

## ITALY - LIFE

At the end of the period under review, total life products amounted to €13,848.0 million versus €13,678.5 million at the end of prior year and €14,172.3 million at June 30, 2011.

€/million	June 30, 2012	Dec. 31, 2011	June 30, 2011
Traditional life products	1,302.5	1,350.7	1,323.2
Index-linked life products	3,081.5	3,171.7	3,695.5
Unit-linked life products	9,464.0	9,156.0	9,153.7
<b>Total Life Products (ex-'Freedom')</b>	<b>13,848.0</b>	<b>13,678.5</b>	<b>14,172.3</b>
<i>Mediolanum Plus ('Freedom') Life Policies</i>	<i>4,081.7</i>	<i>4,503.8</i>	<i>4,659.3</i>

## GROSS PREMIUMS

€/million	June 30, 2012	June 30, 2011	Change
Recurring premiums	31.3	31.7	(1%)
Single premiums and group policies	73.7	169.1	(56%)
<b>Total new business</b>	<b>105.0</b>	<b>200.9</b>	<b>(48%)</b>
Pension plans in force	255.9	270.6	(5%)
Other business in force	251.3	295.3	(15%)
<b>Total in-force business</b>	<b>507.3</b>	<b>565.9</b>	<b>(10%)</b>
<b>Total Premiums Written (ex-'Freedom')</b>	<b>612.3</b>	<b>766.7</b>	<b>(20%)</b>
Mediolanum Plus ('Freedom') Premiums Written	3,252.2	4,083.7	(20%)
<b>Total Gross Premiums Written</b>	<b>3,864.5</b>	<b>4,850.4</b>	<b>(20%)</b>

Gross premiums written in the first six months of the year amounted to €3,864.5 million, down about 20% from €4,850.4 million in the same period of the prior year, as customers shifted to other asset management products offered by Banca Mediolanum.

New business stood at €105 million, down 48% compared to €200.9 million at June 30, 2011, with single premiums and group policies amounting to €73.7 million versus €169.1 million at June 30, 2011 (down 56%).

Total in-force business amounted to €507.3 million, down 10% over the same period of the prior year.

Excluding *Freedom*, amounts paid aggregated to €923.8 million versus €1,438.3 million at June 30, 2011.

€/million	June 30, 2012	June 30, 2011	Change
Claims	37.9	36.9	3%
Coupons	29.8	47.8	(38%)
Maturities	349.2	873.2	(60%)
Surrenders	506.7	480.4	5%
<b>Amounts paid (ex-<i>Freedom</i>)</b>	<b>923.8</b>	<b>1,438.3</b>	<b>(36%)</b>
<b>Amounts paid under 'Freedom' contracts</b>	<b>3,752.2</b>	<b>4,502.7</b>	<b>(17%)</b>

Excluding *Freedom*, amounts paid declined 36% over the same period of the prior year. Specifically, maturities totalled €349.2 million (H1 2011: €873.2 million), of which €178.1 million relating to index-linked policies (H1 2011: €719.0 million).

The analysis of claims paid by class of business is set out in the table below.

## CLAIMS PAID

€/million	June 30, 2012	June 30, 2011	Change
Class I	1.8	2.2	(18%)
Class III	36.1	34.7	4%
<b>Total (ex-<i>Freedom</i>)</b>	<b>37.9</b>	<b>36.9</b>	<b>3%</b>

## ITALY - ASSET MANAGEMENT

The analysis of assets under management in the retail segment, including assets underlying unit-linked products, is set out below.

€/million	June 30, 2012	Dec 31, 2011	June 30, 2011
<i>Best brands</i> funds of funds	6,353.7	5,398.3	4,879.5
<i>Portfolio</i> funds of funds	644.4	680.1	726.3
<i>Challenge</i> funds	11,575.1	11,221.2	11,558.5
Funds of hedge funds	253.6	269.0	327.2
Other Italy-based mutual funds	2,265.4	2,084.5	2,191.9
Real estate funds	436.5	444.4	464.3
Other internationally-based mutual funds & managed accounts	283.6	306.2	364.1
Duplication adjustments	(656.9)	(678.3)	(729.6)
<b>Total asset management products</b>	<b>21,155.5</b>	<b>19,725.3</b>	<b>19,782.0</b>
of which (*):			
Equity	59%	61%	60%
Bond	31%	28%	28%
Money market	3%	4%	3%
Other	7%	7%	9%

At June 30, 2012, total assets under management amounted to €21,155.5 million, growing by 7.3% from €19,725.3 million at December 31, 2011, and by 6.9% from €19,782.0 million at June 30, 2011.

The analysis of inflows into asset management products, in the retail segment, on a management basis, is set out in the table below.

## GROSS INFLOWS

€/million	June 30, 2012	June 30, 2011	Change
<i>Best brands</i> funds of funds	1,637.1	1,608.4	2%
<i>Challenge</i> funds	552.3	520.9	6%
Other Italy-based mutual funds	354.3	328.0	8%
<i>Real estate</i> funds	18.2	18.6	(2%)
Other funds and managed accounts	16.0	28.1	(43%)
<b>Total asset management products</b>	<b>2,577.8</b>	<b>2,503.9</b>	<b>3%</b>

Gross inflows for the first half of 2012 amounted to €2,577.8 million, in line with the balance of €2,503.9 million for the same period of the prior year.

## NET INFLOWS

€/million	June 30, 2012	June 30, 2011	Change
<i>Best brands</i> funds of funds	780.9	1,021.8	(24%)
<i>Challenge</i> funds	35.1	(91.5)	n/s
Other Italy-based mutual funds	105.1	(3.1)	n/s
<i>Real estate</i> funds	0.6	6.3	(90%)
Other funds and managed accounts	(53.1)	(63.6)	(17%)
<b>Total asset management products</b>	<b>868.7</b>	<b>869.8</b>	<b>-</b>

Net inflows, too, were in line with the prior year's balance. At June 30, 2012 net inflows amounted to €868.7 million versus €869.8 million in the same period of the prior year.

## ITALY - BANKING

At the end of the first six months of 2012, the Group reported net inflows into administered assets of €1,519.6 million versus €1,002.5 million for the first half of 2011 (up 51.6%).

The analysis of assets under administration, on a management basis, is set out in the table below.

€/million	June 30, 2012	Dec. 31, 2011	June 30, 2011
Customer deposits	6,078.6	5,489.2	4,167.3
Repurchase agreements	1,066.5	211.2	1,002.3
Banca Mediolanum Bonds	466.6	487.6	554.2
Third Parties Structured Bonds	956.5	805.9	934.2
Securities in custody	2,027.4	1,931.7	1,602.0
<b>Total Assets under Administration</b>	<b>10,595.5</b>	<b>8,925.6</b>	<b>8,260.0</b>

At June 30, 2012, there were about 676,500 Banca Mediolanum bank accounts up 7.8% from 627,400 at year end 2011 and up 16.8% from 579,000 at June 30, 2011. Growth was largely driven by the opening of new *InMediolanum* deposit accounts. Primary account holders were 569,400 versus 536,300 at December 31, 2011 and 539,900 at June 30, 2011.

## SPAIN

€/million	June 30, 2012	Dec 31, 2011	June 30, 2011
<b>Assets under Management &amp; Administration</b>	1,630.6	1,581.2	1,676.1
<i>Assets under Management</i>	1,047.3	986.8	1,022.2
<i>Assets under Administration</i>	583.2	594.4	653.9
<b>AuM - Gross Inflows</b>	134.7	291.1	150.3
<b>Net Inflows</b>	61.2	94.6	44.9
<i>Assets under Management</i>	31.0	93.2	43.1
<i>Assets under Administration</i>	30.2	1.5	1.9

In the first half of 2012, in the Spanish market, Assets under Management and under Administration amounted to €1,630.6 million up 3% from €1,581.2 million at year end 2011 and essentially in line with the balance for the same period of the prior year (H1 2011: €1,676.1 million).

Net inflows amounted to €61.2 million versus €44.9 million in the same period of the prior year. Specifically, net inflows into administered assets amounted to €30.2 million versus €1.9 million in the same period of the prior year, and net inflows into asset management products totalled €31 million down from €43.1 million in the first half of 2011.

At June 30, 2012, there were 77,572 customers versus 75,837 at year end 2011 and 74,803 at June 30, 2011.

## GERMANY

€/million	June 30, 2012	Dec 31, 2011	June 30, 2011
<b>Assets under Management &amp; Administration</b>	383.1	349.9	346.1
<i>Assets under Management</i>	313.7	291.5	294.1
<i>Assets under Administration</i>	69.4	58.4	52.0
<b>AuM - Gross Inflows</b>	48.7	66.9	24.0
<b>Net Inflows</b>	19.2	51.7	20.3
<i>Assets under Management</i>	8.7	18.4	(5.8)
<i>Assets under Administration</i>	10.5	33.3	26.1

Assets under Management and under Administration million amounted to €383.1 million growing by 9.5% from €349.9 million at year end 2011, and by 10.7% from €346.1 million in the same period of the prior year.

Net inflows for the period under review amounted to €19.2 million versus €20.3 million in the same period of the prior year. Specifically, net inflows into managed assets amounted to €8.7 million (H1 2011: net outflows of €5.8 million); and net inflows into administered assets stood at €10.5 million (H1 2011: €26.1 million).

At June 30, 2012, there were 4,121 customers versus 3,677 at year end 2011 and 3,537 at June 30, 2011.



## ● The Sales Networks

Number	June 30, 2012	Dec. 31, 2011	June 30, 2011
Licensed financial advisors	4,432	4,507	4,700
Non-licensed advisors / agents	-	1	13
<b>BANCA MEDIOLANUM</b>	4,432	4,508	4,713
<b>SPAIN</b>	555	549	506
<b>GERMANY</b>	43	42	38
<b>Total</b>	5,030	5,099	5,257

At June 30, 2012, Banca Mediolanum had 4,432 licensed financial advisors versus 4,507 at year end 2011.

## ● Reclassified Consolidated Income Statement (\*)

€/million	June 30, 2012	June 30, 2011	Change	Change %
Net premiums written	3,914.8	4,906.8	(992.0)	(20%)
Amounts paid and change in technical reserves	(3,896.1)	(4,880.5)	984.4	(20%)
<b>Net life insurance revenues (ex. commissions)</b>	<b>18.7</b>	<b>26.3</b>	<b>(7.6)</b>	<b>(29%)</b>
Entry fees	53.9	53.3	0.6	1%
Management fees	226.4	210.2	16.2	8%
Performance fees	75.4	21.1	54.3	257%
Banking services fees	47.1	60.8	(13.7)	(23%)
Other fees	20.7	18.0	2.7	15%
<b>Total commission income</b>	<b>423.5</b>	<b>363.4</b>	<b>60.1</b>	<b>17%</b>
Net interest income	158.4	97.3	61.1	63%
Net income on investments at fair value	80.1	21.6	58.5	271%
<b>Net financial income</b>	<b>238.5</b>	<b>118.9</b>	<b>119.6</b>	<b>101%</b>
Equity contribution	2.0	6.0	(4.0)	(67%)
Realised gains (losses) on other investments	5.6	5.8	(0.2)	(5%)
Impairment of loans	(4.8)	(0.7)	(4.1)	558%
Impairment of other investments	(2.4)	(23.8)	21.4	(90%)
<b>Net income (loss) on other investments</b>	<b>(1.6)</b>	<b>(18.7)</b>	<b>17.1</b>	<b>(91%)</b>
Other revenues	14.4	10.9	3.5	33%
<b>TOTAL REVENUES</b>	<b>695.5</b>	<b>506.8</b>	<b>188.7</b>	<b>37%</b>
Acquisition costs & Sales network commission expenses	(176.7)	(155.0)	(21.7)	14%
Other commission expenses	(20.9)	(25.2)	4.3	(17%)
General and Administrative expenses	(185.7)	(183.2)	(2.5)	1%
Amortisation and depreciation	(6.7)	(7.7)	1.0	(13%)
Net provisions for risks	(14.1)	(6.3)	(7.8)	123%
<b>TOTAL COSTS</b>	<b>(404.1)</b>	<b>(377.5)</b>	<b>(26.6)</b>	<b>7%</b>
<b>PROFIT BEFORE TAX</b>	<b>291.4</b>	<b>129.3</b>	<b>162.1</b>	<b>125%</b>
Income tax	(73.9)	(32.6)	(41.3)	127%
Minority interests	-	-	-	-
<b>NET PROFIT FOR THE PERIOD</b>	<b>217.5</b>	<b>96.8</b>	<b>120.7</b>	<b>125%</b>

(\*) This consolidated income statement presents financial information in a manner that reflects the management reporting approach of the Group and entails the reclassification of income and expense items before tax by nature and the recognition of financial income/expense on policyholders' assets/liabilities relating to contracts under which the investment risk is borne by the policyholder under 'Amounts paid and change in technical reserves'.

Net life insurance revenues before acquisition costs amounted to €18.7 million versus €26.3 million in the first half of 2011. Specifically, net premiums written amounted to €3,914.8 million versus €4,906.8 million in the same period of the prior year (down 20%). The decline in net premiums written was principally driven by reduced inflows into the *MedPlus* policy associated with the '*Freedom*' bank account, down €831.5 million or 20%.

Total amounts paid and change in reserves were down 20% from €4,880.5 million at June 30, 2011 to €3,896.1 million, of which €3,752.2 million relating to the policies associated with the *Freedom* bank account (H1 2011: €4,502.7 million).

For the first six months of the year, **total commission income** amounted to €423.5 million versus €363.4 million at June 30, 2011. The €60.1 million increase was mainly driven by performance fees (up €54.3 million) and management fees (up €16.2 million). Banking services fees declined by €13.7 million, especially due to the decrease in sales of third-party structured bonds and related placement fees.

**Net financial income** rose from €118.9 million in the first half of 2011 to €238.5 million at the end of the period under review thanks to increased net interest income (up €61.1 million), especially of Banca Mediolanum, as a result of assets growth and bigger market spreads, as well as the recovered value of investments at fair value (up €58.5 million).

'**Equity contribution**' amounted to €2.0 million versus €6.0 million in the same period of the prior year. For the period under review this account includes only the Banca Esperia Group (€0.6 million at June 30, 2011). As further commented below, under 'Associates', no profits/losses on the investment in the Mediobanca Group were recognised in the income statement for the period under review (€5.4 million at June 30, 2011).

**Net income on other investments** came in negative at -€1.6 million versus a negative balance of €18.7 million at June 30, 2011, which had included €22.8 million impairment of Greek sovereign debt holdings. Net income on other investments for the first half of 2012 was impacted by a €4.1 million increase in impairment of loans, especially in relation to 'over 90 days past due positions' (as per the recently introduced Bank of Italy's requirements).

**Acquisition costs & sales network commission expenses** amounted to €176.7 million versus €155.0 million at June 30, 2011. The €21.7 million increase largely reflects greater amounts provided for incentives (€9 million) and the changes in the sales network compensation policy (€11 million).

Excluding commission expenses, **costs** aggregated to €206.5 million versus €197.2 million in the same period of the prior year. The €9.3 million increase mostly reflects greater provisions for risks (€7.8 million) in connection with legal disputes (€4.8 million) and support to customers affected by the earthquake and flooding (€2.2 million), as well as contributions to the Interbank Deposit Insurance Fund (€0.4 million).

**Income tax** for the period amounted to €73.9 million (tax rate: 25.4%) versus €32.6 million at June 30, 2011.

The analysis of income statement data by operating segment is set out below.

Exclusively for the sake of comparability of financial information, certain reclassifications were made with respect to comparative information at June 30, 2011.

## ITALY - LIFE

€/million	June 30, 2012	June 30, 2011	Change	Change %
Net premiums written	3,858,745	4,836,955	(978,210)	(20%)
Amounts paid & change in technical reserves	(3,849,152)	(4,821,889)	972,737	(20%)
<b>Net life insurance revenues (ex commissions)</b>	<b>9,593</b>	<b>15,066</b>	<b>(5,473)</b>	<b>(36%)</b>
<b>Total commission income</b>	<b>139,454</b>	<b>115,799</b>	<b>23,655</b>	<b>20%</b>
Net interest income	2,455	21,662	(19,207)	(89%)
Net income (loss) on investments at fair value	62,555	13,117	49,438	377%
<b>Net financial income</b>	<b>65,010</b>	<b>34,779</b>	<b>30,231</b>	<b>87%</b>
Net income (loss) on other investments	5,964	(2,303)	8,267	n/s
Other revenues	5,431	5,790	(359)	(6%)
<b>TOTAL REVENUES</b>	<b>225,452</b>	<b>169,131</b>	<b>56,321</b>	<b>33%</b>
Acquisition costs & Sales network commission expenses	(49,330)	(46,988)	(2,342)	5%
Other commission expenses	(3,056)	(3,474)	418	(12%)
General and Administrative expenses	(42,693)	(49,093)	6,400	(13%)
Amortisation and depreciation	(1,379)	(1,844)	465	(25%)
Net provisions for risks	(2,526)	(2,175)	(351)	16%
<b>TOTAL COSTS</b>	<b>(98,984)</b>	<b>(103,574)</b>	<b>4,590</b>	<b>(4%)</b>
<b>PROFIT BEFORE TAX</b>	<b>126,468</b>	<b>65,557</b>	<b>60,911</b>	<b>93%</b>

In the 'Italy – Life' operating segment, **profit before tax** amounted to €126.5 million, up 93% from €65.6 million in the same period of the prior year, thanks to the notable increase in net income on investments at fair value and commission income.

**Net life insurance revenues** before acquisition costs totalled €9.6 million versus €15.1 million in the same period of the prior year (down €5.5 million).

**Total commission income** for the period amounted to €139.5 million versus €115.8 million at June 30, 2011, reflecting robust growth in performance fees (up €20.7 million) and the €2.8 million increase in management fees.

**Acquisition costs & Sales network commission expenses** amounted to €49.3 million versus €47.0 million at June 30, 2011. The €2.3 million increase reflects greater amounts provided for incentives linked to sales targets as well as the changes in the sales network compensation policy.

**Net financial income** for the period amounted to €65.0 million versus €34.8 million in the first half of 2011. The €30.2 million increase was driven by the positive market performance as a result of which income on investments at fair value rose by €49.4 million. Conversely, net interest income declined from €21.7 million in the first half of the prior year to €2.5 million at June 30, 2012, reflecting the increased expense for amounts retroceded to policyholders.

**Other Expenses** declined from €56.6 million at June 30, 2011 to €49.7 million, reflecting reduced spending on *Freedom* advertising and information systems as well as customers shifting to banking and asset management products from life segment products.

## ITALY - ASSET MANAGEMENT

€/000	June 30, 2012	June 30, 2011	Change	Change %
Entry fees	51,392	51,158	234	–
Management fees	110,414	97,682	12,732	13%
Performance fees	41,233	9,131	32,102	352%
Other fees	14,191	13,726	465	3%
<b>Total commission income</b>	<b>217,230</b>	<b>171,697</b>	<b>45,533</b>	<b>27%</b>
Net interest income	422	557	(135)	(24%)
Net income (loss) on investments at fair value	1	13	(12)	(92%)
<b>Net financial income</b>	<b>423</b>	<b>570</b>	<b>(147)</b>	<b>(26%)</b>
Net income (loss) on other investments	(482)	156	(638)	n/s
Other revenues	254	171	83	49%
<b>TOTAL REVENUES</b>	<b>217,425</b>	<b>172,594</b>	<b>44,831</b>	<b>26%</b>
Acquisition costs & Sales network commission expenses	(87,083)	(74,817)	(12,266)	16%
Other commission expenses	(5,311)	(4,643)	(668)	14%
General and Administrative expenses	(40,924)	(41,496)	572	(1%)
Amortisation and depreciation	(1,035)	(1,360)	325	(24%)
Net provisions for risks	(1,756)	(3,230)	1,474	(46%)
<b>TOTAL COSTS</b>	<b>(136,109)</b>	<b>(125,546)</b>	<b>(10,563)</b>	<b>8%</b>
<b>PROFIT BEFORE TAX</b>	<b>81,316</b>	<b>47,048</b>	<b>34,268</b>	<b>73%</b>

In the 'Italy – Asset Management' segment, **profit before tax** amounted to €81.3 million, up 73% from €47.0 million at June 30, 2011.

**Total commission income** amounted to €217.2 million, up €45.5 million from €171.7 million in the same period of the prior year, largely reflecting the contribution of performance fees (up €32.1 million) and management fees (up €12.7 million) the latter as a result of assets growth in the period.

**Costs** amounted to €136.1 million versus €125.5 million at June 30, 2011. The €10.6 million increase was principally driven by the greater commissions paid out to the sales network, that rose from €74.8 million in the first half of 2011 to €87.1 million at June 30, 2012, as a result of the increase in management fees retroceded to the sales network and greater amounts provided for incentives linked to sales targets.

## ITALY - BANKING

€/000	June 30, 2012	June 30, 2011	Change	Change %
Banking services fees	39,870	48,450	(8,580)	(18%)
Other fees	5,417	3,218	2,199	68%
<b>Total commission income</b>	<b>45,287</b>	<b>51,668</b>	<b>(6,381)</b>	<b>(12%)</b>
Net interest income	145,752	74,102	71,650	97%
Net income (loss) on investments at fair value	15,750	7,921	7,829	99%
<b>Net financial income</b>	<b>161,502</b>	<b>82,023</b>	<b>79,479</b>	<b>97%</b>
Net income (loss) on other investments	(5,932)	(16,475)	10,543	(64%)
Other revenues	8,205	4,160	4,045	97%
<b>TOTAL REVENUES</b>	<b>209,062</b>	<b>121,376</b>	<b>87,686</b>	<b>72%</b>
Acquisition costs & Sales network commission expenses	(30,302)	(22,456)	(7,846)	35%
Other commission expenses	(6,401)	(5,708)	(693)	12%
General and Administrative expenses	(83,179)	(74,380)	(8,799)	12%
Amortisation and depreciation	(3,144)	(3,192)	48	(2%)
Net provisions for risks	(6,217)	(962)	(5,255)	n/s
<b>TOTAL COSTS</b>	<b>(129,243)</b>	<b>(106,698)</b>	<b>(22,545)</b>	<b>21%</b>
<b>PROFIT BEFORE TAX</b>	<b>79,819</b>	<b>14,678</b>	<b>65,141</b>	<b>444%</b>

In the 'Italy – Banking' segment, **profit before tax** rose from €14.7 million at June 30, 2011 to €79.8 million in the period under review, thanks to strong growth in net financial income (up 97%).

**Net financial income** amounted to €161.5 million versus €82.0 million in the same period of the prior year. The €79.5 million increase was largely driven by net interest income, that was up €71.7 million as a result of both assets growth and bigger spreads.

**Total commission income** amounted to €45.3 million versus €51.7 million in the same period of the prior year. The 12% decline was due to reduced sales of third-party structured bonds and related placement fees.

**Net income on other investments** came in negative at -€5.9 million versus a negative balance of €16.5 million at June 30, 2011. The improvement reflects reduced impairment of securities, down €19.6 million (in H1 2011 this account had been impacted by impairment of Greek sovereign debt holdings), offset, in part, by increased impairment of loans as a result of the new classification of over 90 days past due positions effective from the current year as per Bank of Italy's requirements.

**Acquisition costs & sales network commission expenses** were up 35% to €30.3 million, increasing by €7.8 million owing to greater amounts provided for sales network incentives.

**Other expenses** amounted to €98.9 million versus €84.2 million in the same period of the prior year. The €14.7 million increase was mostly in connection with greater costs for dedicated staff, costs of the deposit account, the greater weight of banking products, as well as greater provisions for risks (up €5.3 million) especially in relation to legal disputes and support to customers affected by the earthquake and flooding.

**ITALY - OTHER**

€/000	June 30, 2012	June 30, 2011	Change	Change %
Net interest income	(7,092)	(2,705)	(4,387)	162%
Net income (loss) on investments at fair value	1	1	-	-
<b>Net financial income</b>	<b>(7,091)</b>	<b>(2,704)</b>	<b>(4,387)</b>	<b>162%</b>
Equity contribution	1,991	6,001	(4,010)	(67%)
Net income (loss) on other investments	(912)	(812)	(100)	12%
Other revenues	-	381	(381)	n/s
<b>TOTAL REVENUES</b>	<b>(6,012)</b>	<b>2,866</b>	<b>(8,878)</b>	<b>n/s</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(6,012)</b>	<b>2,866</b>	<b>(8,878)</b>	<b>n/s</b>

In the 'Italy – Other' segment, **profit before tax** for the first half of 2012 came in negative with a loss of €6.0 million versus profit of €2.9 million for the same period of the prior year, reflecting the decline in net financial income (down €4.4 million) and equity contribution (down €4.0 million).

**Net financial income** showed a negative balance of €7.1 million versus a negative balance of €2.7 million in the same period of the prior year. This mostly reflects the greater interest paid on Mediolanum S.p.A.'s debt due to higher interest rates.

'**Equity contribution**' for the first half of 2012 related only to the share of profits in Banca Esperia that amounted to €2 million (H1 2011: €0.6 million). In H1 2011 this account had included also the share of profits in Mediobanca, amounting to €5.4 million (H1 2012: nil).

**SPAIN**

€/000	June 30, 2012	June 30, 2011	Change	Change %
Net premiums written	44,171	55,952	(11,781)	(21%)
Amounts paid & change in technical reserves	(36,694)	(46,865)	10,171	(22%)
<b>Net life insurance revenues (ex-commissions)</b>	<b>7,477</b>	<b>9,087</b>	<b>(1,610)</b>	<b>(18%)</b>
<b>Total commission income</b>	<b>12,774</b>	<b>11,060</b>	<b>1,714</b>	<b>15%</b>
Net interest income	16,279	3,548	12,731	359%
Net income (loss) on investments at fair value	1,441	282	1,159	411%
<b>Net financial income</b>	<b>17,720</b>	<b>3,830</b>	<b>13,890</b>	<b>363%</b>
Net income (loss) on other investments	(280)	763	(1,043)	n/s
Other revenues	262	229	33	14%
<b>TOTAL REVENUES</b>	<b>37,953</b>	<b>24,969</b>	<b>12,984</b>	<b>52%</b>
Acquisition costs & Sales network commission expenses	(8,298)	(8,712)	414	(5%)
Other commission expenses	(1,343)	(1,503)	160	(11%)
General and Administrative expenses	(12,531)	(12,717)	186	(1%)
Amortisation and depreciation	(761)	(823)	62	(8%)
Net provisions for risks	(3,636)	29	(3,665)	n/s
<b>TOTAL COSTS</b>	<b>(26,569)</b>	<b>(23,726)</b>	<b>(2,843)</b>	<b>12%</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>11,384</b>	<b>1,243</b>	<b>10,141</b>	<b>n/s</b>

The 'Spain' segment recorded **net life insurance revenues** before acquisition costs of €7.5 million versus €9.1 million in the same period of the prior year.

**Total commission income** rose by €1.7 million from €11.1 million to €12.8 million at the end of the first half of 2012 (up 15%).

**Net financial income** amounted to €17.7 million versus €3.8 million in the same period of the prior year, mostly driven by the €12.7 million increase in net interest income.

**Other expenses** increased from €23.7 million in the first half of 2011 to €26.6 million at the end of the first six months of 2012, mostly due to greater provisions for risks in relation to legal disputes.

## GERMANY

€/000	June 30, 2012	June 30, 2011	Change	Change %
Net premiums written	11,892	13,931	(2,039)	(15%)
Amounts paid & change in technical reserves	(10,218)	(11,762)	1,544	(13%)
<b>Net life insurance revenues (ex-commissions)</b>	<b>1,674</b>	<b>2,169</b>	<b>(495)</b>	<b>(23%)</b>
<b>Total commission income</b>	<b>9,030</b>	<b>14,019</b>	<b>(4,989)</b>	<b>(36%)</b>
Net interest income	566	185	381	206%
Net income (loss) on investments at fair value	343	241	102	42%
<b>Net financial income</b>	<b>909</b>	<b>426</b>	<b>483</b>	<b>113%</b>
Other revenues	349	213	136	64%
<b>TOTAL REVENUES</b>	<b>11,962</b>	<b>16,827</b>	<b>(4,865)</b>	<b>(29%)</b>
Acquisition costs & Sales network commission expenses	(1,684)	(2,052)	368	(18%)
Other commission expenses	(4,814)	(9,903)	5,089	(51%)
General and Administrative expenses	(6,695)	(6,462)	(233)	4%
Amortisation and depreciation	(374)	(471)	97	(21%)
<b>TOTAL COSTS</b>	<b>(13,567)</b>	<b>(18,888)</b>	<b>5,321</b>	<b>(28%)</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(1,605)</b>	<b>(2,061)</b>	<b>456</b>	<b>(22%)</b>

**Total commission income** decreased by €5.0 million (36%) from €14.0 million at June 30, 2011 to €9.0 million at the end of the period under review, mainly due to the decline in banking services fees.

**Acquisition costs & Sales network commission expenses** amounted to €1.7 million versus €2.1 million at June 30, 2011.



## ● Key corporate events and performance of companies within the Group

Key information on the performance of the entities that are part of the Mediolanum Group during the period under review is set out below.

### ○ Life Insurance Companies

**Mediolanum Vita S.p.A.** – For the first half of 2012 this company reported net profit of €53.9 million versus €28.8 million at June 30, 2011.

The bottom line benefitted, in particular, from the recovery of Italian government bond prices.

At June 30, 2012, premiums written amounted to €3,800.6 million, down 19.0% from €4,689.8 million in the same period of the prior year.

New business amounted to €3,296.4 million, down 20.2% from €4,133.1 million at June 30, 2011. This was largely driven by the 20.4% decline in premiums written under the *Mediolanum Plus* policy, that amounted to €3,252.2 million for the first six months of 2012.

In-force business premiums were down €52.4 million, largely driven by recurring premiums.

Amounts paid were down 16.5% from €5,345.6 million at June 30, 2011 to €4,466.2 million at the end of the first half of 2012, reflecting in particular the decline in amounts paid under *Mediolanum Plus* policies that amounted to €3,752.2 for the first six months of 2012 (down 16.7%).

At June 30, 2012, mathematical reserves and financial liabilities to policyholders aggregated to €15,234.5 million (December 31, 2011: €15,440.0 million), of which €15,162.6 million relating to individual policies (December 31, 2011: €15,371.2 million) and €71.8 million to group policies (December 31, 2011: €68.8 million).

**Mediolanum International Life Ltd** – For the first half of 2012 the Irish company reported net profit of €10.4 million up from €7.8 million in the same period of the prior year.

In the period under review, premiums written amounted to €116.9 million versus €219.6 million at June 30, 2011.

Premiums written in foreign markets (Spain and Germany) aggregated to €56.1 million versus €69.9 million at June 30, 2011.

At June 30, 2012, mathematical reserves and financial liabilities to policyholders amounted to €3,337 million down from €3,273 million at year end 2011.

Mediolanum International Life Ltd policies are distributed in Italy by Banca Mediolanum, in Spain by Banco Mediolanum and in Germany through Bankhaus August Lenz.

### ○ Asset Management Companies

**Mediolanum International Funds Ltd** – For the first half of 2012 this company reported net profit of €130.7 million versus €80.8 million at June 30, 2011. The €49.9 million increase was largely driven by performance fees earned in the period (up €50.3 million).

In the period under review net inflows amounted to €728 million versus €964.2 million at June 30, 2011.

At June 30, 2012, total assets under management reached €19,281 million up €1,306 million from €17,975 million at December 31, 2011.

**Mediolanum Gestione Fondi SGR p.A.** – For the first half of 2012 this company reported net profit of €8.6 million versus €6.1 million for the same period of the prior year. The €2.5 million increase was largely driven by performance fees earned in the period (up €3.9 million).

For the first six months of 2012 net inflows amounted to €109.9 million growing €101.5 million from €8.4 million in the same period of the prior year.

At June 30, 2012, assets managed directly by this company amounted to €2,794.1 million versus €2,738.5 million in the same period of the prior year (up 2%) and €2,612.2 million at December 31, 2011 (up 7%).

**Gamax Management A.G.** – For the first half of 2012 the Luxembourg-based company reported net profit of €1.8 million, in line with the balance of €1.9 million for the same period of the prior year.

For the period under review, in the retail segment, the company recorded net outflows of €4.1 million versus net outflows of €15.0 million at June 30, 2011. Assets under management amounted to €210 million versus €205 million at December 31, 2011.

At June 30, 2012, total assets under management (retail and institutional segments) amounted to €359 million versus €378 million at December 31, 2011.

**Mediolanum Asset Management Ltd** – For the first half of 2012 the Irish company reported net profit of €7.0 million versus €6.6 million in the same period of the prior year.

**Mediolanum Fiduciaria S.p.A.** – At June 30, 2012, this company reported a net loss of €195.7 thousand (H1 2011: net loss of €14.8 thousand) due to start-up costs and operating expenses for the period under review.

## ○ Banking operations (including Group product distribution)

**Banca Mediolanum S.p.A.** – For the first half of 2012 the bank reported net profit of €71.8 million versus €32.4 million for the same period of the prior year. The €39.4 million increase was driven by robust growth in net financial income (up €74.0 million), partly offset by reduced net commission income (down €26.6 million). Compared to the same period of the prior year, impairment was down €15.8 million.

Growth in net financial income was driven by the notable increase in net interest income (up €71.6 million) resulting from higher asset volumes and bigger market spreads, as well as improved income from trading (up €11.0 million) principally benefitting from unrealised gains for the period. On the other hand, negative net balances were recorded both by hedging transactions and sales of financial assets with an aggregate negative movement of €8.6 million over the same period of the prior year.

Net commission income declined from €60.5 million at June 30, 2011 to €33.8 million at the end of the period under review. Specifically, commission income amounted to €196.4 million, down 1% from €199.2 million in the same period of the prior year. The decline was mainly driven by reduced sales of third-party structured bonds and related placement fees (down €10.2 million), partly offset by greater fees earned on asset management products (up €6.8 million). Commission expenses amounted to €162.5 million versus €138.7 million at June 30, 2011. The 17% increase reflects greater amounts provided for incentives (up €9 million) as well as the changes in the sales network compensation policy (up €11 million).

Direct funding from customers grew to €8,252.7 million from €7,163.4 million at year end 2011.

Lending to customers grew to €4,963.3 million from €4,067.3 million at December 31, 2011, largely driven by residential mortgage loans (up €327 million), deposits with *Cassa di Compensazione e Garanzia* (up €220 million) and repurchase agreements (up €186 million); securities lending remained essentially unchanged (€755.5 million at June 30, 2012).

The balance on the securities accounts of retail customers increased from €3,154.6 million at year end 2011 to €3,376.1 million at the end of the period under review (H1 2011: €3,026 million).

**Banco Mediolanum** – For the first half of 2012 the Spanish Group reported consolidated net profit of €7.1 million versus €1.6 million at June 30, 2011.

Net inflows into asset management products amounted to €31.0 million versus €43.1 million in the same period of the prior year. Net inflows into administered assets were €30.2 million versus €1.9 million in the same period of the prior year.

At June 30, 2012, assets under management and administration aggregated to €1,630.6 million versus €1,581.2 million at December 31, 2011.

At the end of June 2012, the sales network consisted of 555 people (549 at year end 2011), of whom 513 tied advisors (505 at year end 2011).

**Bankhaus August Lenz & Co.** – For the six months ended on June 30, 2012, the German bank reported a net loss of €3.7 million improving by €0.6 million compared to the net loss of €4.3 million posted in the same period of the prior year.

Net inflows into asset management products amounted to €12.8 million versus €9.2 million in the same period of the prior year. Net inflows into administered assets were €10.5 million versus €26.1 million at the end of the first half of the prior year.

At June 30, 2012, assets under management and administration amounted to €173.6 million versus €145.1 million at December 31, 2011.

At the end of the period under review, the sales force consisted of 43 people (42 at year end 2011).

## ○ Joint ventures

For the first half of 2012 the **Banca Esperia** Group reported consolidated net profit of €3.8 million versus €1.2 million at June 30, 2011.

In the period under review the Group recorded net outflows of €778 million versus net inflows of €975 million in the same period of the prior year.

At June 30, 2012, total assets under management and administration amounted to €13,225 million versus €12,817 million at December 31, 2011.

## ● Associates

At March 31, 2012, for the first nine months of its financial year the **Mediobanca** Group reported net profit of €104.9 million versus €418.9 million for the same period of the prior year. For the third quarter (January through March 2012) net profit was €41.5 million versus €156 million in the same quarter of the prior year.

Financial results for the first nine months indicate revenues essentially held up with total income at €1,537.4 million versus €1,554.3 million at March 31, 2011. However, due to market performance in the period, losses on equity investments and the securities portfolio rose substantially from €8.1 million to €404.1 million, of which €179.5 million write-downs in the AFS securities portfolio, €56.1 million losses on disposals and €168.5 million impairment of equity investments.

Operating costs declined by 2.9% from €613.1 million to €595.1 million largely reflecting reduced personnel costs.

At March 31, 2012, consolidated equity after minority interests and net profit for the year amounted to €6,318.9 million, up €269.1 million from €6,049.8 million at December 31, 2011.

The Mediobanca Group results at June 30, 2012 will be announced next September 20, 2012 after the approval of the financial statements at June 30, 2012 by its Board of Directors.

In accordance with IAS 28 (§ 25), given the dramatic swings in the BTP/BUND yield spreads and in financial markets post-March 31, 2012, the interim accounts of the Mediolanum Group at June 30, 2012 do not factor in the improved value of the stake in Mediobanca after March 31, 2012.

### ● Tax Police Field Audit

Readers are referred to the Annual Report and Accounts at December 31, 2011 as disclosures therein contain all information on this matter to-date.

### ● Issues of Mediolanum Notes

The Board of Directors resolved to issue up to €300 million non-convertible notes, either fixed or floating-rate with a floor or equity-linked, for public offering in Italy by December 31, 2013. Banca Mediolanum S.p.A. will place the notes and be the calculation agent.

The issues of Mediolanum notes serve the purpose of debt diversification and funds raised will be used to support growth of subsidiaries' business.

### ● Post Balance Sheet Date Events

After June 30, 2012, there was no other event which could have a significant impact on the financial position, result of operations and cash flows of the Mediolanum Group.

## ● Outlook

The current slowdown of the economy in the Eurozone has been driven by the financial crisis, the necessary fiscal measures taken to bring public debt and deficit under control, and the impact of unemployment on consumer confidence and spending.

The gradual improvement of the overall economic scenario is conditional upon the solution of the Eurozone financial crisis. The Eurozone sovereign debt crisis has driven European governments to make deep structural reforms that can correct the current fiscal imbalances and create the conditions for consistent, sustainable growth in coming years. The Eurozone governments' agreement to adopt common fiscal and economic policies together with conventional and unconventional monetary policy measures by the European Central Bank (ECB) may bring about favourable conditions for financial markets. Notably, with respect to Italian government bonds, the definition and implementation of structural reforms in our country may favour a gradual and stable reduction of yields required by investors and markets.

In the light of the foregoing and of the results reported herein, considering the risks that are inherent in the business of the Group, barring any exceptional events or circumstances that depend on variables essentially outside the control of Directors and Senior Management – and not in the offing at present – the Group's outlook for 2012 is positive.

Basiglio, July 31, 2012

For the Board of Directors  
The Deputy Chairman of the Board  
(Alfredo Messina)





**Condensed  
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# Consolidated Accounts

## Balance Sheet

€/000	June 30, 2012	Dec. 31, 2011
<b>1 Intangible assets</b>		
1.1 Goodwill	150,028	149,864
1.2 Other intangible assets	16,722	17,057
<b>Total intangible assets</b>	<b>166,750</b>	<b>166,921</b>
<b>2 Tangible assets</b>		
2.1 Property	59,326	60,061
2.2 Other tangible assets	9,462	9,899
<b>Total tangible assets</b>	<b>68,788</b>	<b>69,960</b>
<b>3 Reinsurers' share of technical reserves</b>	<b>82,378</b>	<b>89,273</b>
<b>4 Investments</b>		
4.1 Investment property	107,623	108,041
4.2 Investments in subsidiaries, associates and joint ventures	406,251	404,493
4.3 Held to maturity investments	727,326	1,005,949
4.4 Loans and receivables	6,885,741	6,245,884
4.5 Available for sale financial assets	13,009,449	9,062,406
4.6 Financial assets at fair value through profit or loss	15,453,327	15,639,522
<b>Total investments</b>	<b>36,589,717</b>	<b>32,466,295</b>
<b>5 Receivables</b>		
5.1 Arising out of direct insurance business	10,202	5,512
5.2 Arising out of reinsurance business	-	-
5.3 Other receivables	1,766	229
<b>Total receivables</b>	<b>11,968</b>	<b>5,741</b>
<b>6 Other assets</b>		
6.1 Non current assets or assets of disposal groups held for sale	515	747
6.2 Deferred acquisition costs	-	-
6.3 Deferred tax assets	192,471	252,201
6.4 Current tax assets	270,566	278,313
6.5 Other assets	411,995	303,923
<b>Total other assets</b>	<b>875,547</b>	<b>835,184</b>
<b>7 Cash and cash equivalents</b>	<b>251,193</b>	<b>338,386</b>
<b>TOTAL ASSETS</b>	<b>38,046,341</b>	<b>33,971,760</b>



## Shareholders' equity and liabilities

€/000	June 30, 2012	Dec. 31, 2011
<b>1 Shareholders' equity</b>		
1.1 Group shareholders' equity		
1.1.1 Share capital	73,412	73,382
1.1.2 Other equity instruments		
1.1.3 Capital reserves	56,296	56,013
1.1.4 Retained earnings and other equity reserves	886,741	847,716
1.1.5 Treasury shares (-)	(2,045)	(2,045)
1.1.6 Exchange difference reserves		
1.1.7 Gains or losses on available for sale financial assets	(141,126)	(283,184)
1.1.8 Other gains or losses recognised directly in equity	2,943	3,201
1.1.9 Net profit (loss) for the year attributable to the group	217,484	67,267
<b>Total capital and reserves attributable to the group</b>	<b>1,093,705</b>	<b>762,350</b>
1.2 Attributable to minority interests		
1.2.1 Capital and reserves attributable to minority interests	-	-
1.2.2 Gains (losses) recognised directly in equity	-	-
1.2.3 Net profit (loss) for the year attributable to minority interests	-	-
<b>Total capital and reserves attributable to minority interests</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>1,093,705</b>	<b>762,350</b>
<b>2 Provisions</b>	<b>175,641</b>	<b>160,693</b>
<b>3 Technical reserves</b>	<b>18,488,231</b>	<b>18,632,275</b>
<b>4 Financial liabilities</b>		
4.1 Financial liabilities at fair value through profit or loss	535,106	489,624
4.2 Other financial liabilities	17,206,224	13,369,539
<b>Total financial liabilities</b>	<b>17,741,330</b>	<b>13,859,163</b>
<b>5 Payables</b>		
5.1 Arising out of direct insurance business	5,219	5,229
5.2 Arising out of reinsurance business	477	2,387
5.3 Other payables	190,978	217,638
<b>Total payables</b>	<b>196,674</b>	<b>225,254</b>
<b>6 Other liabilities</b>		
6.1 Liabilities of disposal groups held for sale	959	968
6.2 Deferred tax liabilities	58,975	41,018
6.3 Current tax liabilities	43,769	15,082
6.4 Other liabilities	247,057	274,957
<b>Total other liabilities</b>	<b>350,760</b>	<b>332,025</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>38,046,341</b>	<b>33,971,760</b>

# Income statement

€/000	June 30, 2012	June 30, 2011
<b>1 Revenues</b>		
1.1 Net premiums written		
1.1.1 Gross premiums written	3,916,388	4,908,694
1.1.2 Reinsurance premiums	(1,580)	(1,856)
<b>Total premiums written</b>	<b>3,914,808</b>	<b>4,906,838</b>
1.2 Commission income	423,139	363,017
1.3 Net income on financial instruments at fair value through profit or loss	682,093	(165,091)
1.4 Income on investments in subsidiaries, associates & joint ventures	1,991	6,001
1.5 Income on other financial instruments and investment property		
1.5.1 Interest income	327,544	178,925
1.5.2 Other income	5,475	4,983
1.5.3 Realised gains	14,519	18,423
1.5.4 Unrealised gains	2,688	4,163
<b>Total income on other financial instruments &amp; investment property</b>	<b>350,226</b>	<b>206,494</b>
1.6 Other revenues	14,445	10,857
<b>Total revenues and income</b>	<b>5,386,702</b>	<b>5,328,116</b>
<b>2 Costs</b>		
2.1 Net claims and benefits		
2.1.1 Amounts paid and change in technical reserves	(4,562,285)	(4,722,403)
2.1.2 Reinsurers' share	1,765	2,381
<b>Net claims and benefits</b>	<b>(4,560,520)</b>	<b>(4,720,022)</b>
2.2 Commission expenses	(149,385)	(131,914)
2.3 Losses on investments in subsidiaries, associates & joint ventures		
2.4 Losses on other financial instruments and investment property		
2.4.1 Interest expense	(109,176)	(55,828)
2.4.2 Other expenses	(244)	(163)
2.4.3 Realised losses	(12,324)	(17,364)
2.4.4 Unrealised losses	(10,640)	(28,322)
<b>Losses on other financial instruments and investment property</b>	<b>(132,384)</b>	<b>(101,677)</b>
2.5 Operating expenses		
2.5.1 Agents' commissions and other acquisition costs	(40,952)	(39,571)
2.5.2 Investment management expenses	(156)	(250)
2.5.3 Other administrative expenses	(175,483)	(172,090)
<b>Total operating expenses</b>	<b>(216,591)</b>	<b>(211,911)</b>
2.6 Other costs	(36,435)	(33,218)
<b>Total costs</b>	<b>(5,095,315)</b>	<b>(5,198,742)</b>
<b>Profit (loss) before tax for the period</b>	<b>291,387</b>	<b>129,374</b>
<b>3 Income tax</b>	<b>(73,886)</b>	<b>(32,563)</b>
<b>Profit (loss) after tax for the period</b>	<b>217,501</b>	<b>96,811</b>
<b>4 Profit (loss) from discontinued operations</b>	<b>(17)</b>	<b>(43)</b>
<b>Consolidated net profit (loss) for the period</b>	<b>217,484</b>	<b>96,768</b>
<b>of which attributable to the group</b>	<b>217,484</b>	<b>96,768</b>
<b>earnings per share (in euro)</b>	<b>0.296</b>	<b>0.132</b>

## Statement of Comprehensive Income

€/000	June 30, 2012	June 30, 2011
<b>CONSOLIDATED NET PROFIT (LOSS)</b>	217,484	96,768
Changes in exchange difference reserve	-	-
Profit (loss) on available for sale financial assets	142,058	10,082
Profit (loss) on cash flow hedges	-	-
Profit (loss) on hedges of investments in foreign operations	-	-
Changes in the equity of investees	(258)	3,933
Changes in intangible assets revaluation reserve	-	-
Changes in tangible assets revaluation reserve	-	-
Gains (losses) on non current assets or disposal groups held for sale	-	-
Actuarial gains (losses) and adjustments on defined benefit plans	-	-
Other items		
<b>TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME</b>	141,801	14,015
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD</b>	359,285	110,783
of which attributable to the Group	359,285	110,783

## Statement of changes in shareholders' equity

€/000	Balance at Dec. 31, 2010	Adjustment to closing balance	Amount credited	Transferred to the income statement	Other movements	Balance at June 30, 2011
<b>Shareholders' equity attributable to the Group</b>						
Share capital	73,288	-	67	-	-	73,355
Other equity instruments	-	-	-	-	-	-
Capital reserves	55,087	-	668	-	-	55,755
Retained earnings and other equity reserves	710,729	-	242,880	-	(51,275)	902,334
(Treasury shares)	(2,045)	-	-	-	-	(2,045)
Net profit (loss) for the period	246,633	-	(149,865)	-	-	96,768
Other components of comprehensive income	(47,532)	-	126	13,889	-	(33,517)
<b>Total shareholders' equity attributable to the Group</b>	<b>1,036,160</b>	<b>-</b>	<b>93,876</b>	<b>13,889</b>	<b>(51,275)</b>	<b>1,092,650</b>
<b>Shareholders' equity attributable to minority interests</b>						
Capital and reserves attributable to minority interests	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-
Other components of comprehensive income	-	-	-	-	-	-
<b>Total shareholders' equity attributable to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1,036,160</b>	<b>-</b>	<b>93,876</b>	<b>13,889</b>	<b>(51,275)</b>	<b>1,092,650</b>

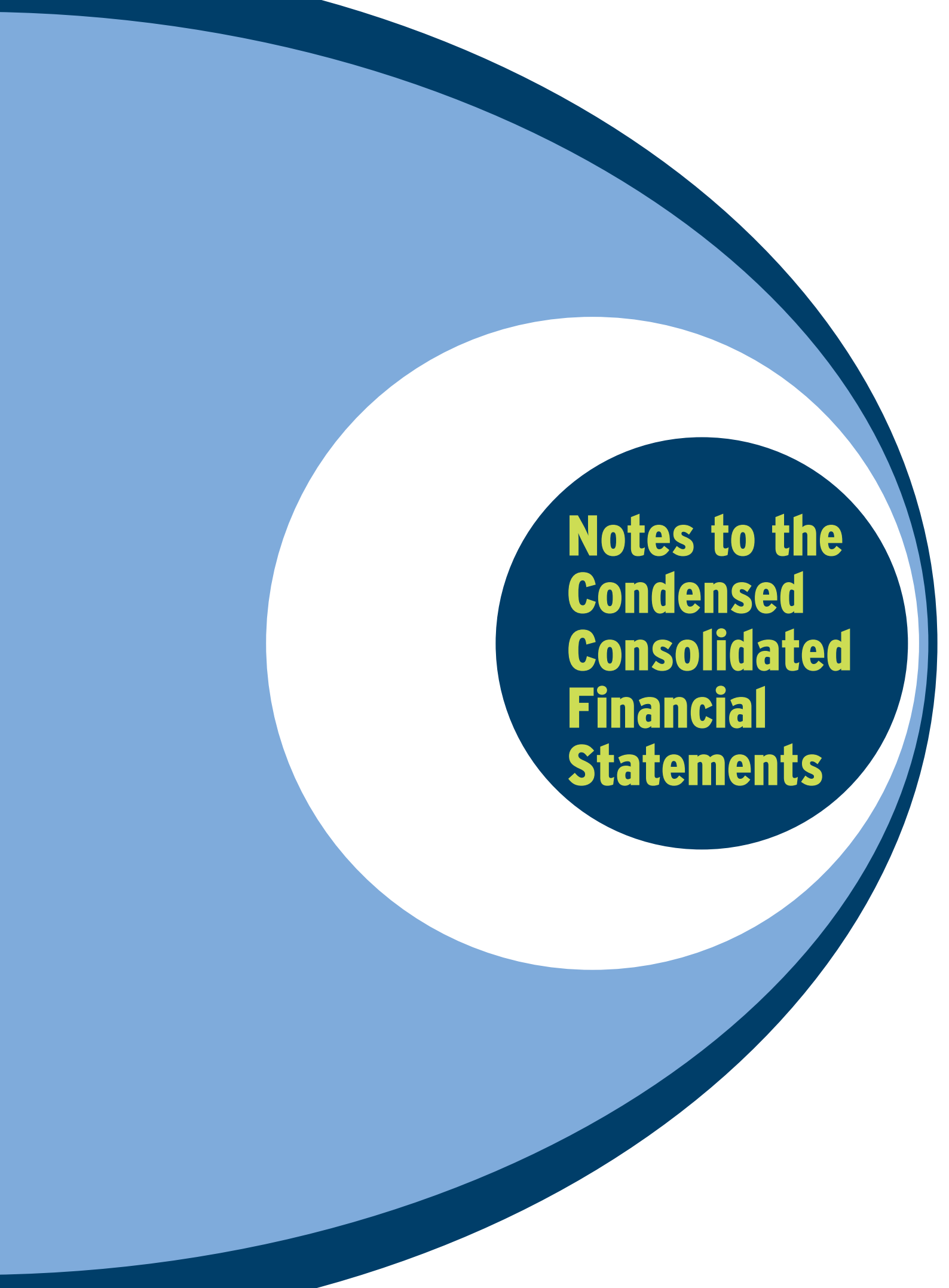
€/000	Balance at Dec. 31, 2011	Adjustment to closing balance	Amount credited	Transferred to the income statement	Other movements	Balance at June 30, 2012
<b>Shareholders' equity attributable to the Group</b>						
Share capital	73,382	-	30	-	-	73,412
Other equity instruments	-	-	-	-	-	-
Capital reserves	56,013	-	283	-	-	56,296
Retained earnings and other equity reserves	847,716	-	68,363	-	(29,338)	886,741
(Treasury shares)	(2,045)	-	-	-	-	(2,045)
Net profit (loss) for the period	67,267	-	150,217	-	-	217,484
Other components of comprehensive income	(279,983)	-	117,768	24,033	-	(138,183)
<b>Total shareholders' equity attributable to the Group</b>	<b>762,350</b>	<b>-</b>	<b>336,660</b>	<b>24,033</b>	<b>(29,338)</b>	<b>1,093,705</b>
<b>Shareholders' equity attributable to minority interests</b>						
Capital and reserves attributable to minority interests	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-
Other components of comprehensive income	-	-	-	-	-	-
<b>Total shareholders' equity attributable to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>762,350</b>	<b>-</b>	<b>336,660</b>	<b>24,033</b>	<b>(29,338)</b>	<b>1,093,705</b>

# Cash flow statement

## Indirect Method

€/000	June 30, 2012	June 30, 2011
Profit (loss) before tax	291,387	129,374
Change in non-monetary items	389,740	(997,473)
Change in unearned premiums reserve (general business)	-	-
Change in outstanding claims reserve and other technical reserves (general business)	-	-
Change in mathematical reserves and other technical reserves (life business)	(137,149)	(1,257,567)
Change in deferred acquisition costs	-	-
Change in provisions	14,948	10,073
Non monetary income (losses) on financial instruments, investment property and equity investments	511,941	250,021
Other changes	-	-
<b>Changes in receivables and payables arising out of operating activities</b>	<b>(113,015)</b>	<b>(24,006)</b>
Changes in receivables and payables arising out of direct insurance and reinsurance operations	(6,610)	3,257
Changes in other receivables and payables	(106,405)	(27,263)
<b>Income tax paid</b>	<b>(32,293)</b>	<b>(32,563)</b>
<b>Net cash from monetary items relating to investment and financial activities</b>	<b>3,264,458</b>	<b>(411,528)</b>
Liabilities on financial contracts issued by insurance companies	45,482	(109,664)
Amounts due to banks and banking customers	3,851,655	609,317
Loans to and receivables from banks and banking customers	(645,320)	(911,181)
Other financial instruments at fair value through profit or loss	12,641	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,800,277</b>	<b>(1,336,196)</b>
Net cash from investment property	418	(18,111)
Net cash from investments in subsidiaries, associates and joint ventures	(1,994)	(5,987)
Net cash from loans and receivables	5,463	234
Net cash from held to maturity investments	278,623	114,002
Net cash from available for sale financial assets	(3,804,985)	(208,594)
Net cash from tangible and intangible assets	1,343	(258)
Other net cash from investment activities	(338,387)	1,253,428
<b>NET CASH FROM INVESTMENT ACTIVITIES</b>	<b>(3,859,519)</b>	<b>1,134,714</b>
Net cash from equity instruments attributable to the Group	1,387	1,602
Net cash from treasury shares	-	-
Distribution of dividends attributable to the Group	(29,338)	(51,275)
Net cash from capital and reserves attributable to minority interests	-	-
Net cash from subordinated liabilities and quasi-equity instruments	-	-
Net cash from miscellaneous financial liabilities	-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(27,951)</b>	<b>(49,673)</b>
<b>Effect of exchange rate differences on cash and cash equivalents</b>		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	338,386	795,203
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(87,193)	(251,154)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	251,193	544,049





**Notes to the  
Condensed  
Consolidated  
Financial  
Statements**

# Note to the Condensed Consolidated Financial Statements

## ACCOUNTING POLICIES

### ● General

The Mediolanum Group's half-year financial report and accounts at June 30, 2012 were prepared in compliance with section 154-ter of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act) as amended by Legislative Decree 195 of November 6, 2007 (Transparency), and with the regulations for the implementation of section 9 of Legislative Decree 38/2005. In particular, balance sheet and income statement information was prepared in accordance with IAS 34 (Interim Financial Reporting).

These half-year financial report and accounts include the accounts and the notes required by ISVAP regulation No. 7 of July 13, 2007 as amended by ISVAP Rule 2784 of March 8, 2010.

The accounts required by regulatory authorities as minimum disclosure in the explanatory notes are set out in the schedules attached hereto.

### ● General principles

These half-year financial report and accounts at June 30, 2012 include:

- a **balance sheet** for the relevant interim period (six months ended June 30, 2012) as well as a comparative balance sheet for the prior financial year (ended December 31, 2011);
- an **income statement** for the relevant interim period (first half of 2012) and a comparative income statement for the same interim period of the prior year (first half of 2011);
- a **statement of comprehensive income** for the relevant interim period (first half of 2012) and a comparative statement of comprehensive income for the same interim period of the prior year (first half of 2011);
- a **statement of changes in shareholders' equity** for the period ranging from the beginning of the financial year to the end of the relevant interim period as well as a comparative statement of changes in shareholders' equity for the same period of the prior year;
- a **cash flow statement** for the period ranging from the beginning of the financial year and the end of the relevant interim period as well as a comparative cash flow statement for the same period of the prior year;
- **notes** comprising a summary of significant accounting policies and other explanatory notes.

In the interest of timeliness IAS 34 allows an entity to provide less information at interim dates compared with its annual financial statements ("condensed set of financial statements"), which is intended to provide an update on the latest complete set of annual financial statements. Therefore, this condensed set of financial statements is to be read in conjunction with the Group's Annual Report and Accounts for the year ended December 31, 2011.

### ● Accounting standards

The balance sheet and the income statement for the six months ended June 30, 2012 were prepared applying the international accounting and financial reporting standards (IAS/IFRS) in force as of that date that are the same as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2011.



International accounting and financial reporting standards and interpretations amended by the EU and applicable from January 1, 2012 have had no impact on the Group's balance sheet and income statement.

For a detailed presentation of the accounting policies applied in the preparation of these interim financial statements, readers are referred to part B '*Notes to the consolidated annual financial statements*' in the annual report and accounts 2011. For the measurement of certain items reasonable estimates were made to ensure the consistent application of accounting policies. Said estimates do not compromise the reliability of interim financial reporting. These interim financial statements have been prepared on a going concern basis.

Where necessary, for the sake of consistency of financial information, certain reclassifications were made with respect to prior periods' comparative information (at June 30, 2011 and December 31, 2011).

In accordance with section 5 of Legislative Decree No. 38 of February 28, 2005, these interim financial report and accounts at June 30, 2012 were prepared using the euro as reporting currency. Except where otherwise stated the amounts set out herein are presented in thousands of euro.

## ● Scope of consolidation

These interim financial statements include the accounts of Mediolanum S.p.A. and those of its directly or indirectly controlled subsidiaries.

### Group companies that are directly owned by Mediolanum S.p.A. and consolidated on a line-by-line basis

€/000 Company	Share capital	% holding	Registered office	Business
Mediolanum Vita S.p.A.	87,720	100.00%	Basiglio	Life Insurance
Mediolanum Comunicazione S.p.A.	775	100.00%	Basiglio	Audio/film/TV production
PI Servizi S.p.A.	517	100.00%	Basiglio	Real estate brokerage
Mediolanum International Life Ltd	1,395	100.00%	Dublin	Life Insurance
Banca Mediolanum S.p.A.	475,000	100.00%	Basiglio	Banking
Mediolanum Gestione Fondi SGR p.A.	5,165	49.00%	Basiglio	Fund management
Mediolanum International Funds Ltd	150	44.00%	Dublin	Fund management
Mediolanum Asset Management Ltd	150	49.00%	Dublin	Asset management and advice
Gamax Management (AG)	7,161	0.004%	Luxembourg	Fund management

### Group companies that are indirectly owned by Mediolanum S.p.A. through Banca Mediolanum S.p.A. and consolidated on a line-by-line basis

€/000 Company	Share capital	% holding	Registered office	Business
Mediolanum Gestione Fondi SGR p.A.	5,165	51.00%	Basiglio	Fund management
Mediolanum Fiduciaria S.p.A.	240	100.00%	Basiglio	Trust company
Mediolanum International Funds Ltd	150	51.00%	Dublin	Fund management
Mediolanum Asset Management Ltd	150	51.00%	Dublin	Asset management and advice
Gamax Management AG	7,161	99.996%	Luxembourg	Fund management
Banco Mediolanum S.A.	86,032	100.00%	Barcelona	Banking
Bankhaus August Lenz & Co. (AG)	20,000	100.00%	Munich	Banking

Group companies that are indirectly owned by Banca Mediolanum S.p.A. through Banco Mediolanum S.A. and consolidated on a line-by-line basis

€/000 Company	Share capital	% holding	Registered office	Business
Ges Fibanc S.G.I.I.C. S.A.	2,506	100.00%	Barcelona	Fund management
Fibanc S.A.	301	100.00%	Barcelona	Financial Advice
Fibanc Pensiones S.G.F.P. S.A.	902	100.00%	Barcelona	Pension Fund management
Mediolanum International Funds Ltd	150	5.00%	Dublin	Fund management

Mediolanum S.p.A. associates accounted for using the equity method

€/000 Company	Share capital	% holding	Registered office	Business
Mediobanca S.p.A.	430,565	3.44%	Milan	Banking

Mediolanum S.p.A. jointly owned entities accounted for using the equity method

€/000 Company	Share capital	% holding	Registered office	Business
Banca Esperia S.p.A.	63,000	50.00%	Milan	Banking

## KEY BALANCE SHEET INFORMATION

### ● Goodwill

Goodwill amounted to €150 million. In the first half of 2012, goodwill was not tested for impairment as there was no objective evidence of impairment of goodwill allocated to the various cash generating units.

### ● Investments, cash and cash equivalents

€/000	June 30, 2012	%	Dec. 31, 2011	%
Investment property	107,623	0.3	108,041	0.3
Investments in subsidiaries, associates and JVs	406,251	1.1	404,493	1.2
Held to Maturity investments	727,326	2.0	1,005,949	3.1
Loans and Receivables	6,885,741	18.7	6,245,884	19.0
Available for sale financial assets	13,009,449	35.2	9,062,406	27.6
Financial assets at fair value through profit or loss	15,453,327	41.9	15,639,522	47.6
<b>Total investments</b>	<b>36,589,717</b>	<b>99.1</b>	<b>32,466,295</b>	<b>98.8</b>
Tangible assets: property and other tangible assets	68,788	0.2	69,960	0.2
Cash and cash equivalents	251,193	0.7	338,386	1.0
<b>Total investments, cash and cash equivalents</b>	<b>36,909,698</b>	<b>100.0</b>	<b>32,874,641</b>	<b>100.0</b>

## ● Investments in subsidiaries, associates and joint ventures

€/000	June 30, 2012	Dec. 31, 2011
Mediobanca S.p.A.	322,955	322,955
Banca Esperia S.p.A.	83,296	81,538
<b>Total</b>	<b>406,251</b>	<b>404,493</b>

The movement in this account in the period under review relates only to the investment in Banca Esperia accounted for under the equity method in accordance with the share of equity of that investee included in the consolidated accounts at June 30, 2012.

The Mediobanca Group results at June 30, 2012 will be available on next September 20, 2012 after the approval of the financial statements at June 30, 2012 by its Board of Directors.

In the interim period under review there was no impairment testing of the investment in Mediobanca, since there was no indication of impairment thereof.

Equity after minority interests and net profit for the year of the Mediobanca Group at March 31, 2012 was €6,318.9 million, up €269.1 million from €6,049.8 million at December 31, 2011.

In accordance with IAS 28 (§ 25), given the dramatic swings in the BTP/BUND yield spreads and in financial markets post-March 31, 2012, the interim accounts of the Mediobanca Group at June 30, 2012 do not factor in the improved value of the stake in Mediobanca after March 31, 2012.

The impact of equity-accounted investments on the income statement for the first half of 2012 was a positive balance of €2 million (only Banca Esperia) versus a positive balance of €6 million (including Mediobanca) in the same period of the prior year. The impact of other gains or losses recognised directly in equity was a negative balance of €0.3 million (only Banca Esperia) versus a positive balance of €3.9 million (including Mediobanca) in the first half of 2011.

The analysis of **Loans and Receivables** is set out in the table below.

€/000	June 30, 2012	Dec. 31, 2011
<b>Banks</b>	<b>1,617,166</b>	<b>1,866,543</b>
Time deposits	380,667	213,081
Repurchase agreements	251,164	313,058
Other loans	25,919	17,145
Debt securities	847,499	1,242,907
Reserve requirements	111,917	80,352
<b>Banking customers</b>	<b>5,260,302</b>	<b>4,370,481</b>
Current accounts	397,958	380,697
Repurchase agreements	195,498	9,884
Mortgage loans	2,930,648	2,583,084
Debt securities	932,931	936,722
Other	803,267	460,094
<b>Others</b>	<b>8,273</b>	<b>8,860</b>
<b>Total</b>	<b>6,885,741</b>	<b>6,245,884</b>

Loans and Receivables amounted to €6,885.7 million, up €639.8 million from the year end 2011 balance of €6,245.9 million.

Growth was largely in loans to and receivables from banking customers (up €889.8 million), especially mortgage loans, repurchase agreements and other transactions, notably deposits with *Cassa Compensazione e Garanzia*.

The analysis of 'Held-to-Maturity Investments', 'Available-for-Sale Financial Assets' and 'Financial Assets at fair value through profit or loss' is set out in the table below.

€/000	June 30, 2012	Dec. 31, 2011
<b>Held to maturity Investments</b>	727,326	1,005,949
Debt securities	727,326	1,005,949
<b>Available for sale financial assets</b>	13,009,449	9,062,406
Debt securities	12,767,038	8,847,747
Equities	34,192	34,387
Holdings in UCITS	208,219	180,272
<b>Financial assets at fair value through profit or loss</b>	15,453,327	15,639,522
Debt securities	6,150,235	6,679,871
Equities	-	3
Holdings in UCITS	9,298,337	8,954,121
Trading derivatives	4,755	5,527
<b>Total</b>	29,190,102	25,707,877

Available for sale financial assets increased by €3,947 million mainly as a result of purchases of Italian government bonds.

#### Held to maturity investments

€/000	June 30, 2012				Dec. 31, 2011			
	Value	Fair value			Value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Debt securities	727,326	421,205	298,489	-	1,005,949	450,593	534,846	4,885
<b>Total</b>	727,326	421,205	298,489	-	1,005,949	450,593	534,846	4,885

#### Available for sale financial assets

€/000	June 30, 2012				Dec. 31, 2011			
	Total	Fair value			Total	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Debt securities	12,767,038	12,535,696	231,342	-	8,847,747	8,374,279	434,897	38,571
Equities	34,192	3,324	16,163	14,705	34,387	3,524	16,165	14,698
Holdings in UCITS	208,219	10,378	114,529	83,312	180,272	9,577	113,846	56,849
<b>Total</b>	13,009,449	12,549,398	362,034	98,017	9,062,406	8,387,380	564,908	110,118

## Financial assets at fair value through profit or loss

€/000	June 30, 2012				Dec. 31, 2011			
	Total	Fair value			Total	Fair value		
		L1	L2	L3		L1	L2	L3
<b>Financial assets held for trading</b>								
Debt securities	2,411,403	2,350,432	52,113	8,858	2,883,613	2,752,145	113,164	18,304
Equities	-	-	-	-	3	3	-	-
Holdings in UCITS	122	122	-	-	18,773	-	9	18,764
Trading derivatives	4,755	67	2,819	1,869	5,527	9	2,830	2,688
<b>Total</b>	<b>2,416,280</b>	<b>2,350,621</b>	<b>54,932</b>	<b>10,727</b>	<b>2,907,916</b>	<b>2,752,157</b>	<b>116,003</b>	<b>39,756</b>
<b>Financial assets at fair value</b>								
Debt securities	3,738,832	452,573	2,471,216	815,043	3,796,258	275,791	2,729,354	791,113
Equities	-	-	-	-	-	-	-	-
Holdings in UCITS	9,298,215	9,293,722	4,493	-	8,935,348	8,776,201	159,147	-
<b>Total</b>	<b>13,037,047</b>	<b>9,746,295</b>	<b>2,475,709</b>	<b>815,043</b>	<b>12,731,606</b>	<b>9,051,992</b>	<b>2,888,501</b>	<b>791,113</b>
<b>Grand total</b>	<b>15,453,327</b>	<b>12,096,916</b>	<b>2,530,641</b>	<b>825,770</b>	<b>15,639,522</b>	<b>11,804,149</b>	<b>3,004,504</b>	<b>830,869</b>

 **Net technical reserves**

€/000	June 30, 2012	Dec. 31, 2011
Mathematical reserves	5,312,965	5,755,113
Reserve for outstanding claims	147,049	134,529
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	13,021,610	12,735,460
Other reserves	6,607	7,173
<b>Total Life Business reserves</b>	<b>18,488,231</b>	<b>18,632,275</b>

 **Financial liabilities**

## Financial liabilities at fair value through profit or loss

€/000	June 30, 2012	Dec. 31, 2011
<b>Total financial liabilities at fair value through profit and loss</b>	<b>535,106</b>	<b>489,624</b>
Short positions on debt securities	344,602	320,066
Trading derivatives	23,577	21,087
Hedging derivatives	83,726	67,896
Other financial liabilities	290	192
Financial liabilities on contracts under which the investment risk is borne by the policyholder	82,911	80,383

Financial liabilities at fair value through profit or loss amounted to €535.1 million, up €45.5 million from the year end 2011 balance of €489.6 million. The increase almost entirely related to short positions on Banca Mediolanum debt securities (up €24.5 million).

## Financial liabilities at fair value through profit or loss

€/000	June 30, 2012				Dec. 31, 2011			
	Total	Fair value			Total	Fair value		
		L1	L2	L3		L1	L2	L3
<b>Financial liabilities held for trading</b>								
Short positions on debt securities	344,602	344,602	-	-	320,066	320,066	-	-
Trading derivatives	23,577	2	20,002	3,573	21,087	-	17,226	3,861
Other financial liabilities	290	-	290	-	192	-	192	-
<b>Total</b>	<b>368,469</b>	<b>344,604</b>	<b>20,292</b>	<b>3,573</b>	<b>341,345</b>	<b>320,066</b>	<b>17,418</b>	<b>3,861</b>
<b>Financial liabilities at fair value</b>								
Liabilities arising on financial contracts issued by insurance companies:								
– contracts under which the investment risk is borne by the policyholder								
	82,911	26,399	56,512	-	80,383	27,839	52,544	-
Hedging derivatives	83,726	-	83,726	-	67,896	-	67,896	-
<b>Total</b>	<b>166,637</b>	<b>26,399</b>	<b>140,238</b>	<b>-</b>	<b>148,279</b>	<b>27,839</b>	<b>120,440</b>	<b>-</b>
<b>Grand total</b>	<b>535,106</b>	<b>371,003</b>	<b>160,530</b>	<b>3,573</b>	<b>489,624</b>	<b>347,905</b>	<b>137,858</b>	<b>3,861</b>

The analysis of **Other Financial Liabilities** is set out below.

€/000	June 30, 2012	Dec. 31, 2011
<b>Banks</b>	<b>4,120,091</b>	<b>5,602,538</b>
Central Banks	3,094,012	4,494,571
Current accounts and demand deposits	60,434	177,686
Time deposits	443,300	340,930
Loans	300,954	401,215
Repurchase agreements	220,593	187,116
Other liabilities	798	1,020
<b>Banking customers</b>	<b>12,312,907</b>	<b>6,942,439</b>
Bank accounts	6,492,353	5,992,339
Repurchase agreements	5,788,735	923,457
Other liabilities	31,819	26,643
<b>Securities issued</b>	<b>502,361</b>	<b>524,884</b>
Collaterals	189,208	197,143
Deposits from reinsurers	81,657	87,565
Others	-	14,970
<b>Total</b>	<b>17,206,224</b>	<b>13,369,539</b>

Other Financial liabilities were up €3,836.7 million from €13,369.5 million at December 31, 2011 to €17,206.2 million at June 30, 2012. Notably, liabilities to banking customers rose from €6,942.4 million to €12,312.9 million mainly due to the increase in repurchase agreements with *Cassa di Compensazione e Garanzia* that were up €4,013.1 million

### ● Shareholders' equity

€/000	June 30, 2012	Dec. 31, 2011
Share capital	73,412	73,382
Equity reserves	56,296	56,013
Retained earnings and other reserves	886,741	847,716
Treasury shares	(2,045)	(2,045)
Gains (losses) on available for sale financial assets	(141,126)	(283,184)
Other gains (losses) recognised directly in equity	2,943	3,201
Net profit (loss) for the period attributable to the Group	217,484	67,267
<b>Total capital and reserves attributable to the Group</b>	<b>1,093,705</b>	<b>762,350</b>

At June 30, 2012, total capital and reserves attributable to the Group amounted to €1,093.7 million up €331.3 million from the 2011 year end balance of €762.4 million.

Losses on available for sale financial assets improved by €142.1 million from €283.2 million losses at year end 2011 to €141.1 million losses at the end of the period under review.

### ● Shadow accounting

Shadow accounting is used to limit the effects of stock volatility on equity and earnings.

At June 30, 2012, both available-for-sale financial assets and financial assets held for trading showed no latent net gains over the value of segregated accounts, therefore the application of shadow accounting entailed no addition to mathematical reserves and financial liabilities to policyholders.

## RECONCILIATION OF PARENT COMPANY'S SHAREHOLDERS' EQUITY TO CONSOLIDATED SHAREHOLDERS' EQUITY

€/000	Capital & Reserves	Net profit	Shareholders' equity
Parent Company's accounts at June 30, 2012	614,539	56,435	670,974
Successive changes in the carrying amount and shareholders' equity of companies consolidated on a line-by-line basis	94,478	291,075	385,553
Differences on investments accounted for by the equity method	30,953	1,991	32,944
Intercompany dividends	131,527	(131,527)	-
Elimination of intercompany transactions	(2,119)	167	(1,952)
Amortisation of gains on property at the date of acquisition of entities consolidated on a line-by-line	6,384	(83)	6,301
Other	459	(574)	(115)
Consolidated accounts at June 30, 2012	876,221	217,484	1,093,705

## KEY INCOME STATEMENT INFORMATION

### ● Technical account - Life insurance

€/000	June 30, 2012	June 30, 2011
Gross premiums written less reinsurance premiums		
– premiums written	3,914,808	4,906,838
<b>Total premiums written</b>	<b>3,914,808</b>	<b>4,906,838</b>
Gross amounts paid less recoveries from reinsurers		
– Amounts paid	(4,699,462)	(5,978,596)
– Change in reserve for outstanding claims	(13,507)	18,572
– Change in mathematical reserves	435,397	371,566
– Change in other technical reserves	1,160	2,968
– Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(284,108)	865,468
<b>Total amounts paid and change in reserves</b>	<b>(4,560,520)</b>	<b>(4,720,022)</b>
<b>Life Insurance net income (expense)</b>	<b>(645,712)</b>	<b>186,816</b>

### ● Commission income

€/000	June 30, 2012	June 30, 2011
Management, brokerage and consulting services	393,183	330,256
Collection and payment services	9,485	14,434
Loadings on investment contracts	285	267
Other services	20,186	18,060
<b>Total</b>	<b>423,139</b>	<b>363,017</b>

The increase in commission income from €363.0 million in the first half of 2011 to €423.1 million for the period under review was largely in connection with growth in performance fees (up €54.3 million) and in management fees (up €16.2 million), offset in part by decreased banking services fees (down €13.7 million).



## ● Commission expenses

€/000	June 30, 2012	June 30, 2011
Commissions on acquisition of investment contracts	90	140
Management, brokerage and consulting services	122,617	102,174
Collection and payment services	10,021	14,840
Other services	16,657	14,760
<b>Total</b>	<b>149,385</b>	<b>131,914</b>

The increase in commission expenses from €131.9 million in the first half of 2011 to €149.4 million at June 30, 2012 was largely due to greater amounts provided for incentives and to changes in the sales network compensation policy.

## ● Net income from financial instruments at fair value through profit or loss

€/000	June 30, 2012	June 30, 2011
<b>Financial assets</b>		
Interest income and other investment income:		
– from financial assets held for trading	62,263	45,291
– from financial assets at fair value through profit or loss	12,148	58,443
Net income (loss) on financial assets held for trading	85,687	19,666
Net income (loss) on financial assets at fair value through profit or loss	524,582	(295,028)
<b>Financial liabilities</b>		
Interest expense and similar charges:		
– on financial liabilities held for trading	(5,898)	(9,276)
– on financial liabilities at fair value through profit or loss	(357)	(221)
Net income (loss) on financial liabilities held for trading	2,637	7,426
Net income (loss) on financial liabilities at fair value through profit or loss	1,031	8,608
<b>Total</b>	<b>682,093</b>	<b>(165,091)</b>

At June 30, 2012, this account showed a positive balance of €682.1 million (H1 2011: negative balance of €165.1 million).

Financial assets/liabilities held for trading generated net income of €88.3 million (H1 2011: net income of €27.1 million), largely on debt securities, benefitting from the recovery of government bond prices at the end of the period under review.

Financial assets/liabilities at fair value through profit or loss generated net income of €525.6 million (H1 2011: net loss of €286.4 million), largely reflecting changes in the value of assets underlying index-linked and unit-linked policies under which the investment risk is borne by the policyholder.

## ● Net income on other financial instruments and investment property

€/000	June 30, 2012	June 30, 2011
Interest income and other income	333,019	183,908
Realised gains	14,519	18,423
Unrealised gains	2,688	4,163
<b>Total income</b>	<b>350,226</b>	<b>206,494</b>
Interest expense and other charges	(109,420)	(55,991)
Realised losses	(12,324)	(17,364)
Unrealised losses	(10,640)	(28,322)
<b>Total expense</b>	<b>(132,384)</b>	<b>(101,677)</b>
<b>Total net income</b>	<b>217,842</b>	<b>104,817</b>

### Net income from

€/000	June 30, 2012	June 30, 2011
Investment property	3,091	2,405
Available-for-sale financial assets	221,684	46,769
Held-to-maturity investments	19,806	21,992
Loans and receivables	82,437	89,479
Other	(109,176)	(55,828)
<b>Total net income</b>	<b>217,842</b>	<b>104,817</b>

### Net income from investment property

€/000	June 30, 2012	June 30, 2011
Other income	4,081	3,235
Other expenses	(244)	(163)
Unrealised losses	(746)	(667)
<b>Total</b>	<b>3,091</b>	<b>2,405</b>

### Net income from held-to-maturity investments

€/000	June 30, 2012	June 30, 2011
Interest income and other income	19,776	25,208
Realised gains	30	1,046
Unrealised losses	-	(4,262)
<b>Total</b>	<b>19,806</b>	<b>21,992</b>

## Net income from available-for-sale financial assets

€/000	June 30, 2012	June 30, 2011
Interest income and other income	221,992	65,290
Realised gains	14,365	17,321
Unrealised gains	-	158
Realised losses	(12,319)	(17,321)
Unrealised losses	(2,354)	(18,679)
<b>Total</b>	<b>221,684</b>	<b>46,769</b>

## Net income from loans and receivables

€/000	June 30, 2012	June 30, 2011
Interest income and other income	87,170	90,175
Realised gains	124	56
Unrealised gains	2,688	4,005
Realised losses	(5)	(43)
Unrealised losses	(7,540)	(4,714)
<b>Total</b>	<b>82,437</b>	<b>89,479</b>

## Net expense from financial liabilities

€/000	June 30, 2012	June 30, 2011
Interest expense and other charges	(109,176)	(55,828)
<b>Total</b>	<b>(109,176)</b>	<b>(55,828)</b>

## ● Operating expenses

€/000	June 30, 2012	June 30, 2011
Commissions and other expenses relating to the acquisition of insurance contracts	40,952	39,571
Investment management expenses	156	250
Other administrative expenses	175,483	172,090
<b>Total</b>	<b>216,591</b>	<b>211,911</b>

## ● Average number of employees by category

Number	June 30, 2012	June 30, 2011
Employees:		
Management	109	105
Other employees	1,985	1,950
<b>Total employees</b>	<b>2,094</b>	<b>2,055</b>
Other personnel	44	40
<b>Total</b>	<b>2,138</b>	<b>2,095</b>

## ● Income tax

€/000	June 30, 2012	June 30, 2011
Current tax	(59,833)	(30,830)
Deferred tax	(14,053)	(1,733)
<b>Total</b>	<b>(73,886)</b>	<b>(32,563)</b>

## INCOME STATEMENT INFORMATION BY OPERATING SEGMENT

This section presents consolidated financial information by operating segment. In compliance with IFRS 8, segment reporting reflects the management reporting approach of the Mediolanum Group, and is consistent with the information disclosed to the market and to the various stakeholders.

Exclusively for the sake of comparability of financial information, certain reclassifications were made with respect to comparative information at June 30, 2011.

### ● Note on the method applied to segment reporting

Pursuant to IFRS 8, for the purpose of segment reporting of consolidated results the Mediolanum Group identified the following operating segments:

- ITALY – LIFE
- ITALY – ASSET MANAGEMENT
- ITALY – BANKING
- ITALY – OTHER
- SPAIN
- GERMANY

For the purpose of segment reporting, income and expense items were directly assigned to the various segments by product type. Indirect costs and other residual items were spread over the various segments applying allocation policies.

## FINANCIAL INFORMATION BY OPERATING SEGMENT AT JUNE 30, 2012

€/000	ITALY					Total
	Life	Banking	Asset Man.	Other	Consolidation adjustments	
Net premiums written	3,858,745	-	-	-	-	3,858,745
Amounts paid and change in technical reserves	(3,849,152)	-	-	-	-	(3,849,152)
Net life insurance revenues (ex-commissions)	9,593	-	-	-	-	9,593
Entry fees	-	-	51,392	-	-	51,392
Management fees	107,138	-	110,414	-	-	217,552
Performance fees	31,901	-	41,233	-	-	73,134
Banking services fees	-	39,870	-	-	(311)	39,559
Other fees	415	5,417	14,191	-	-	20,023
<b>Total commission income</b>	<b>139,454</b>	<b>45,287</b>	<b>217,230</b>	<b>-</b>	<b>(311)</b>	<b>401,660</b>
Net interest income	2,455	145,752	422	(7,092)	-	141,537
Net income (loss) on investments at fair value	62,555	15,750	1	1	-	78,307
<b>Net financial income</b>	<b>65,010</b>	<b>161,502</b>	<b>423</b>	<b>(7,091)</b>	<b>-</b>	<b>219,844</b>
Equity contribution	-	-	-	1,991	-	1,991
Realised gains (losses) on other investments	5,964	(374)	154	-	-	5,744
Impairment of loans	-	(4,701)	-	-	-	(4,701)
Impairment of other investments	-	(857)	(636)	(912)	-	(2,405)
<b>Net income (loss) on other investments</b>	<b>5,964</b>	<b>(5,932)</b>	<b>(482)</b>	<b>(912)</b>	<b>-</b>	<b>(1,362)</b>
Other revenues	5,431	8,205	254	-	-	13,890
<b>TOTAL REVENUES</b>	<b>225,452</b>	<b>209,062</b>	<b>217,425</b>	<b>(6,012)</b>	<b>(311)</b>	<b>645,616</b>
Acquisition costs and sales network commission expenses	(49,330)	(30,302)	(87,083)	-	-	(166,715)
Other commission expenses	(3,056)	(6,401)	(5,311)	-	-	(14,768)
General and Administrative expenses	(42,693)	(83,179)	(40,924)	-	311	(166,485)
Amortisation and depreciation	(1,379)	(3,144)	(1,035)	-	-	(5,558)
Net provisions for risks	(2,526)	(6,217)	(1,756)	-	-	(10,499)
<b>TOTAL COSTS</b>	<b>(98,984)</b>	<b>(129,243)</b>	<b>(136,109)</b>	<b>-</b>	<b>311</b>	<b>(364,025)</b>
<b>PROFIT BEFORE TAX</b>	<b>126,468</b>	<b>79,819</b>	<b>81,316</b>	<b>(6,012)</b>	<b>-</b>	<b>281,591</b>
Income tax	-	-	-	-	-	(71,552)
<b>NET PROFIT FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210,039</b>

	FOREIGN		Consolidation adjustments	Total
	Spain	Germany		
	44,171	11,892	-	3,914,808
	(36,694)	(10,218)	-	(3,896,064)
	7,477	1,674	-	18,744
	2,388	111	-	53,891
	6,206	2,611	-	226,369
	1,687	546	-	75,367
	1,912	5,641	(2)	47,110
	581	121	-	20,725
	12,774	9,030	(2)	423,462
	16,279	566	1	158,383
	1,441	343	-	80,091
	17,720	909	1	238,474
	-	-	-	1,991
	(180)	-	-	5,564
	(100)	-	-	(4,801)
	-	-	-	(2,405)
	(280)	-	-	(1,642)
	262	349	(56)	14,445
	37,953	11,962	(57)	695,474
	(8,298)	(1,684)	3	(176,694)
	(1,343)	(4,814)	-	(20,925)
	(12,531)	(6,695)	54	(185,657)
	(761)	(374)	-	(6,693)
	(3,636)	-	-	(14,135)
	(26,569)	(13,567)	57	(404,104)
	11,384	(1,605)	-	291,370
	(2,160)	(174)	-	(73,886)
	9,224	(1,779)	-	217,484

## FINANCIAL INFORMATION BY OPERATING SEGMENT AT JUNE 30, 2011

€/000	ITALY					Total
	Life	Banking	Asset Man.	Other	Consolidation adjustments	
<b>Net premiums written</b>	4,836,955	-	-	-	-	4,836,955
Amounts paid and change in technical reserves	(4,821,889)	-	-	-	-	(4,821,889)
<b>Net life insurance revenues (ex-commissions)</b>	15,066	-	-	-	-	15,066
Entry fees	-	-	51,158	-	-	51,158
Management fees	104,290	-	97,682	-	-	201,972
Performance fees	11,220	-	9,131	-	-	20,351
Banking services fees	-	48,450	-	-	(854)	47,596
Other fees	289	3,218	13,726	-	-	17,233
<b>Total commission income</b>	115,799	51,668	171,697	-	(854)	338,310
Net interest income	21,662	74,102	557	(2,705)	-	93,616
Net income (loss) on investments at fair value	13,117	7,921	13	1	-	21,052
<b>Net financial income</b>	34,779	82,023	570	(2,704)	-	114,668
<b>Equity contribution</b>	-	-	-	6,001	-	6,001
Realised gains (losses) on other investments	107	4,950	156	302	-	5,515
Impairment of loans	-	(924)	-	(90)	-	(1,014)
Impairment of other investments	(2,410)	(20,501)	-	(1,024)	-	(23,935)
<b>Net income (loss) on other investments</b>	(2,303)	(16,475)	156	(812)	-	(19,434)
<b>Other revenues</b>	5,790	4,160	171	381	-	10,502
<b>TOTAL REVENUES</b>	169,131	121,376	172,594	2,866	(854)	465,113
Acquisition costs and sales network commission expenses	(46,988)	(22,456)	(74,817)	-	-	(144,261)
Other commission expenses	(3,474)	(5,708)	(4,643)	-	-	(13,825)
General and Administrative expenses	(49,093)	(74,380)	(41,496)	-	854	(164,115)
Amortisation and depreciation	(1,844)	(3,192)	(1,360)	-	-	(6,396)
Net provisions for risks	(2,175)	(962)	(3,230)	-	-	(6,367)
<b>TOTAL COSTS</b>	(103,574)	(106,698)	(125,546)	-	854	(334,964)
<b>PROFIT BEFORE TAX</b>	65,557	14,678	47,048	2,866	-	130,149
Income tax	-	-	-	-	-	(32,938)
<b>NET PROFIT FOR THE PERIOD</b>	-	-	-	-	-	97,211



FOREIGN		Consolidation adjustments	Total
Spain	Germany		
55,952	13,931	-	4,906,838
(46,865)	(11,762)	-	(4,880,516)
9,087	2,169	-	26,322
2,018	107	-	53,283
5,692	2,539	-	210,203
417	341	-	21,109
2,347	10,884	(2)	60,825
586	148	-	17,967
11,060	14,019	(2)	363,387
3,548	185	-	97,349
282	241	-	21,575
3,830	426	-	118,924
-	-	-	6,001
321	-	-	5,836
284	-	-	(730)
158	-	-	(23,777)
763	-	-	(18,671)
229	213	(87)	10,857
24,969	16,827	(89)	506,820
(8,712)	(2,052)	2	(155,023)
(1,503)	(9,903)	-	(25,231)
(12,717)	(6,462)	87	(183,207)
(823)	(471)	-	(7,690)
29	-	-	(6,338)
(23,726)	(18,888)	89	(377,489)
1,243	(2,061)	-	129,331
526	(151)	-	(32,563)
1,769	(2,212)	-	96,768

## ● Related Party Transactions

### 1. Information on related party transactions

Transactions with related parties are part of the ordinary course of business of companies within the Mediolanum Group. These transactions are made at arm's length and in the interests of the individual entities. They mainly relate to transactions with associates, especially the Mediobanca Group, and other related parties, mostly Directors and companies of the Doris Group and the Fininvest Group. Key financial information on transactions with related parties other than companies consolidated on a line-by-line basis is set out below.

€/000	Associates	Other related parties
Property and investment property	-	394
Held to Maturity Investments	100,175	-
Loans and Receivables	32,724	57,336
Financial assets at fair value through profit or loss	340,239	-
Other receivables	-	5,839
Other financial liabilities	(291)	(30,148)
Other payables	-	(9,230)

€/000	Associates	Other related parties
Net commissions	-	9,203
Net income (loss) on financial instruments at fair value through profit or loss	7,160	-
Net interest	3,498	513
Realised gains (losses)	293	-
Unrealised gains (losses)	16,603	-
Other revenues (expenses)	3	1,863
Other income (expense)	-	1,108
Operating expenses – other administrative expenses	(20)	(17,704)

### 2. Key management compensation

€/000	Directors, Deputy/ General Managers	Other key management
Emoluments & social security contributions	4,862	90
Non-cash benefits	19	-
Share-based awards (stock options)	833	-

### ● Atypical and/or unusual transactions

In the reporting period there were no atypical and/or unusual transactions which for significance, nature of the counterparties, subject of the transaction, pricing method and timing could raise doubts as to the accuracy and completeness of the information disclosed herein, conflicts of interest, the safeguarding of corporate assets or the protection of minority shareholders (cf. Consob Communication No. DEM/6064293 of July 28, 2006).

### ● Non recurring transactions

In the reporting period there were no non-recurring events or transactions, i.e. events or transactions which do not occur frequently in the ordinary course of business (cf. Consob Communication No. DEM/6064293 of July 28, 2006).

## EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

### ● Stock options plans

In the first half of 2012, 302,905 new Mediolanum dividend-bearing ordinary shares were issued following the exercise of stock options by directors and sales network members of companies within the Mediolanum Group.

This entailed a €30 thousand increase in Mediolanum ordinary share capital and a €283 thousand increase in the share premium account.

The overall expense in connection with the stock options plans for the period amounted to €1,074.4 thousand (H1 2011: €867.2 thousand).

By virtue of the authorities delegated to it at the Annual Extraordinary General Meeting of April 27, 2010, as amended by the Annual Ordinary and Extraordinary General Meeting of April 19, 2012, on May 10, 2012, the Board of Directors of Mediolanum S.p.A. resolved to:

- increase share capital up to €186,405.00 for a consideration, by issuing up to 1,864,050 dividend-bearing ordinary shares, par value of €0.1 each, to be allotted to the directors and executives of the company and its subsidiaries pursuant to article 2359, paragraph 1, No. 1) of the Italian Civil Code, waiving any shareholders' pre-emptive rights pursuant to art. 2441, paragraph five of the Italian Civil Code. The final term for share subscription is the fifth business day in the thirty-sixth month subsequent to the expiration of the three-year term from the date of the capital increase resolution.
- increase share capital up to €70,840.00, for a consideration, by issuing up to 708,400 dividend-bearing ordinary shares, par value of €0.1 each, to be allotted to the sales network of the company and its subsidiaries pursuant to article 2359, paragraph 1, No. 1) of the Italian Civil Code, waiving any shareholders' pre-emptive rights pursuant to art. 2441, paragraph five of the Italian Civil Code. The final term for share subscription is the fifth business day in the thirty-sixth month subsequent to the expiration of the nine-year term from the date of the capital increase resolution.





**Schedules**



## SCHEDULES

This section presents financial information pursuant to ISVAP Regulation No. 7 of July 13, 2007, as subsequently amended by ISVAP Regulation 2784 of March 8, 2010.

In accordance with the regulations above, for segment reporting purposes, balance sheet and income statement balances were allocated as follows: 'Life Business' includes only the balances of the Life Insurance companies within the Group while 'Financial Business' includes the balances of the parent company Mediolanum S.p.A., the Mediolanum Banking Group and other Group companies. 'Intersegment' shows intercompany balances that were offset against each other.

This presentation of segmental information differs from that of past years. The new format was adopted to present information in a manner that is more in line with the Mediolanum Group management reporting approach, as noted in the previous section 'Income statement information by operating segment'.

## Balance sheet information by segment (ISVAP)

€/’000	LIFE BUSINESS	
	June 30, 2012	Dec. 31, 2011
1. Intangible assets	101,892	100,861
2. Tangible assets	17,072	17,249
3. Reinsurers’ share of technical reserves	82,378	89,273
4. Investments	18,359,648	18,367,485
4.1 Investment property	107,623	108,041
4.2 Investments in subsidiaries, associates and joint ventures	-	-
4.3 Held to maturity investments	319,075	308,087
4.4 Loans and receivables	495,701	301,164
4.5 Available for sale financial assets	2,966,955	2,609,978
4.6 Financial assets at fair value through profit or loss	14,470,294	15,040,215
5. Other receivables	11,829	5,850
6. Other assets	508,752	618,189
6.1 Deferred acquisition costs	-	-
6.2 Other	508,752	618,189
7. Cash and cash equivalents	488,904	576,310
<b>Total assets</b>	<b>19,570,475</b>	<b>19,775,217</b>
1. Shareholders’ equity	-	-
2. Provisions	778	781
3. Technical reserves	18,488,231	18,632,275
4. Financial liabilities	484,887	511,467
4.1 Financial liabilities at fair value through profit or loss	90,490	88,522
4.2 Other financial liabilities	394,397	422,945
5. Payables	93,608	126,627
6. Other liabilities	48,023	71,841
<b>Total liabilities and shareholders’ equity</b>	<b>-</b>	<b>-</b>



	FINANCIAL BUSINESS		INTERSEGMENT		TOTAL	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
	64,858	66,060	-	-	166,750	166,921
	51,716	52,711	-	-	68,788	69,960
	-	-	-	-	82,378	89,273
	19,267,705	14,937,615	(1,037,636)	(838,805)	36,589,717	32,466,295
	-	-	-	-	107,623	108,041
	406,251	404,493	-	-	406,251	404,493
	408,251	697,862	-	-	727,326	1,005,949
	7,351,061	6,689,931	(961,021)	(745,211)	6,885,741	6,245,884
	10,042,512	6,452,428	(18)	-	13,009,449	9,062,406
	1,059,630	692,901	(76,597)	(93,594)	15,453,327	15,639,522
	420	134	(281)	(243)	11,968	5,741
	568,410	484,983	(201,615)	(267,988)	875,547	835,184
	-	-	-	-	-	-
	568,410	484,983	(201,615)	(267,988)	875,547	835,184
	266,549	365,171	(504,260)	(603,095)	251,193	338,386
	20,219,658	15,906,674	(1,743,792)	(1,710,131)	38,046,341	33,971,760
	-	-	-	-	1,093,705	762,350
	174,863	159,912	-	-	175,641	160,693
	-	-	-	-	18,488,231	18,632,275
	18,871,409	14,861,550	(1,614,966)	(1,513,854)	17,741,330	13,859,163
	444,634	401,158	(18)	(56)	535,106	489,624
	18,426,775	14,460,392	(1,614,948)	(1,513,798)	17,206,224	13,369,539
	164,302	156,936	(61,236)	(58,309)	196,674	225,254
	370,327	398,152	(67,590)	(137,968)	350,760	332,025
	-	-	-	-	38,046,341	33,971,760

## Income statement information by segment

€/000	LIFE BUSINESS	
	June 30, 2012	June 30, 2011
1.1 Net premiums written	3,915,910	4,907,496
1.1.1 Gross premiums written	3,917,490	4,909,352
1.1.2 Reinsurance premiums	(1,580)	(1,856)
1.2 Commission income	141,934	117,795
1.3 Net income on financial instruments at fair value through profit or loss	730,063	(143,206)
1.4 Income on investments in subsidiaries, associates and joint ventures	-	-
1.5 Income on other financial instruments and investment property	22,721	42,019
1.6 Other revenues	5,432	5,790
<b>1 Total revenues</b>	<b>4,816,060</b>	<b>4,929,894</b>
2.1 Net claims and benefits	(4,561,576)	(4,721,027)
2.1.1 Amounts paid and changes in technical reserves	(4,563,341)	(4,723,408)
2.1.2 Reinsurers' share	1,765	2,381
2.2 Commission expenses	(3,414)	(3,610)
2.3 Losses on investment in subsidiaries, associates and joint ventures	-	-
2.4 Losses on other financial instruments and investment property	(12,324)	(22,647)
2.5 Operating expenses	(80,500)	(84,912)
2.6 Other costs	(26,307)	(26,615)
<b>2 Total costs</b>	<b>(4,684,121)</b>	<b>(4,858,811)</b>
Net profit (loss) before tax for the period	131,939	71,083

	FINANCIAL BUSINESS		INTERSEGMENT		TOTAL	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	-	-	(1,102)	(658)	3,914,808	4,906,838
	-	-	(1,102)	(658)	3,916,388	4,908,694
	-	-	-	-	(1,580)	(1,856)
	332,274	300,802	(51,069)	(55,580)	423,139	363,017
	(42,698)	(16,622)	(5,272)	(5,263)	682,093	(165,091)
	1,991	6,001	-	-	1,991	6,001
	339,210	173,826	(11,705)	(9,351)	350,226	206,494
	15,982	23,929	(6,969)	(18,862)	14,445	10,857
	646,759	487,936	(76,117)	(89,714)	5,386,702	5,328,116
	-	-	1,056	1,005	(4,560,520)	(4,720,022)
	-	-	1,056	1,005	(4,562,285)	(4,722,403)
	-	-	-	-	1,765	2,381
	(145,971)	(128,304)	-	-	(149,385)	(131,914)
	-	-	-	-	-	-
	(131,146)	(87,929)	11,086	8,899	(132,384)	(101,677)
	(177,440)	(183,381)	41,349	56,382	(216,591)	(211,911)
	(32,754)	(30,031)	22,626	23,428	(36,435)	(33,218)
	(487,311)	(429,645)	76,117	89,714	(5,095,315)	(5,198,742)
	159,448	58,291	-	-	291,387	129,374

## Scope of consolidation

Company	Country	Method (1)
Mediolanum Vita S.p.A.	086	G
Partner Time S.p.A. in liquidation	086	G
Banca Mediolanum S.p.A.	086	G
Mediolanum Comunicazione S.p.A.	086	G
Mediolanum Gestione Fondi SGR p.A.	086	G
Mediolanum International Funds Ltd	040	G
Mediolanum Asset Management Ltd	040	G
P.I. Servizi S.p.A.	086	G
Banco Mediolanum S.A.	067	G
Fibanc Pensiones S.G.F.P. S.A.	067	G
Fibanc S.A.	067	G
Ges Fibanc S.G.I.I.C. S.A.	067	G
Mediolanum International Life Ltd	040	G
Bankhaus August Lenz & Co. AG	094	G
Gamax Management AG	092	G
Mediolanum Fiduciaria S.p.A.	086	G

(1) Consolidation method: Line-by-line consolidation = G; Proportionate consolidation = P; Line-by-line consolidation from joint management = U

(2) 1 = Italian insurance companies; 2 = EU insurance companies UE; 3 = non EU insurance companies; 4 = insurance holding companies; 5 = EU reinsurance companies; 6 = non EU reinsurance companies; 7 = banks; 8 = asset management companies; 9 = holding companies; 10 = real estate companies; 11 = other.

(3) It is the product of all shareholdings in any intermediate entities between the reporting entity and the company in question. If the latter is directly owned by more subsidiaries, individual products are added up.

(4) Total percentage of voting rights at ordinary general meeting if different from direct or indirect ownership interest.

## Analysis of companies accounted for by the equity method

Values in euro Company	Country	Business (1)
Banca Esperia S.p.A.	086	7
Mediobanca S.p.A.	086	7

(1) 1 = Italian insurance companies; 2 = EU insurance companies UE; 3 = non EU insurance companies; 4 = insurance holding companies; 5 = EU reinsurance companies; 6 = non EU reinsurance companies; 7 = banks; 8 = asset management companies; 9 = holding companies; 10 = real estate companies; 11 = other.

(2) A = subsidiaries (IAS27); B = associates (IAS28); C = joint venture (IAS 31); an asterisk (\*) denotes companies classified as "held for sale" in accordance with IFRS 5.

(3) It is the product of all shareholdings in any intermediate entities between the reporting entity and the company in question. If the latter is directly owned by more subsidiaries, individual products are added up.

(4) Total percentage of voting rights at ordinary general meeting if different from direct or indirect ownership interest.

Business (2)	% Direct ownership	Total shareholding (3)	Voting rights at ordinary general meeting (4)	% Consolidation
1	100.00	100.00	100.00	100.00
11	100.00	100.00	100.00	100.00
7	100.00	100.00	100.00	100.00
11	100.00	100.00	100.00	100.00
8	49.00	100.00	100.00	100.00
8	44.00	100.00	100.00	100.00
11	49.00	100.00	100.00	100.00
11	100.00	100.00	100.00	100.00
7	0.00	100.00	100.00	100.00
8	0.00	100.00	100.00	100.00
11	0.00	100.00	100.00	100.00
8	0.00	100.00	100.00	100.00
2	100.00	100.00	100.00	100.00
7	0.00	100.00	100.00	100.00
8	0.00	100.00	100.00	100.00
11	0.00	100.00	100.00	100.00

Type (2)	% Direct ownership	Total shareholding (3)	Voting rights at ordinary general meeting (4)	Book value
C	50.00	50.00	50.00	83,296,000
B	2.63	3.38	3.45	322,955,00

## Analysis of tangible and intangible assets

€/000	Remeasured or at fair value		Book value
	At cost		
Investment property	107,623	-	107,623
Other property	59,326	-	59,326
Other tangible assets	9,462	-	9,462
Other intangible assets	16,722	-	16,722

## Analysis of reinsurers' share of technical reserves

€/000	Book value	
	June 30, 2012	Dec. 31, 2011
General business	-	-
Life business	82,378	89,273
Technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	7,21	1,707
Mathematical reserves	81,657	87,566
Total reinsurers' share of technical reserves	82,378	89,273

## Analysis of financial assets

€/000	Held to maturity investments		Loans and Receivables	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
Equity instruments and derivatives at cost	-	-	-	-
Equity instruments at fair value	-	-	-	-
<i>of which listed</i>	-	-	-	-
Debt instruments	727,326	1,005,949	-	-
<i>of which listed</i>	421,205	450,593	-	-
Holdings in UCITS	-	-	-	-
Loans to and receivables from banking customers	-	-	5,260,302	4,370,481
Loans to and receivables from banks	-	-	1,617,166	1,866,543
Deposits with cedents	-	-	-	-
Financial assets of insurance contracts	-	-	-	-
Other loans and receivables	-	-	8,273	8,860
Trading derivatives	-	-	-	-
Hedging derivatives	-	-	-	-
Other financial investments	-	-	-	-
<b>Total</b>	<b>727,326</b>	<b>1,005,949</b>	<b>6,885,741</b>	<b>6,245,884</b>

Available for sale financial assets		Financial assets at fair value through profit or loss						Book value	
		Financial assets held for trading		Financial assets at fair value					
June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011		
-	-	-	-	-	-	-	-		
34,192	34,387	-	3	-	-	34,192	34,390		
3,324	3,524	-	3	-	-	3,324	3,527		
12,767,038	8,847,747	2,411,403	2,883,613	3,738,832	3,796,258	19,644,599	16,533,567		
12,535,696	8,374,279	2,350,432	2,752,145	452,573	275,791	15,759,906	11,852,808		
208,219	180,272	122	18,773	9,298,215	8,935,348	9,506,556	9,134,393		
-	-	-	-	-	-	5,260,302	4,370,481		
-	-	-	-	-	-	1,617,166	1,866,543		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	8,273	8,860		
-	-	4,755	5,527	-	-	4,755	5,527		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
13,009,449	9,062,406	2,416,280	2,907,916	13,037,047	12,731,606	36,075,843	31,953,761		

## Analysis of assets and liabilities relating to contracts issued by insurance companies under which the investment risk is borne by the policyholder and to pension fund management

€/000	Investment funds & indices		Pension funds		Total	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
On-balance sheet assets	13,037,047	12,731,606	-	-	13,037,047	12,731,606
Intercompany assets*	76,583	93,533	-	-	76,583	93,533
<b>Total Assets</b>	<b>13,113,630</b>	<b>12,825,139</b>	<b>-</b>	<b>-</b>	<b>13,113,630</b>	<b>12,825,139</b>
On-balance sheet financial liabilities	90,489	88,523	-	-	90,489	88,523
On-balance sheet technical reserves	13,021,610	12,735,460	-	-	13,021,610	12,735,460
Intercompany liabilities*	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>13,112,099</b>	<b>12,823,983</b>	<b>-</b>	<b>-</b>	<b>13,112,099</b>	<b>12,823,983</b>

\* Asset and liabilities eliminated upon consolidation

## Analysis of financial liabilities

€/000	Financial liabilities at fair value through profit or loss			
	Financial liabilities held for trading		Financial liabilities at fair value	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
Quasi-equity instruments	-	-	-	-
Subordinated liabilities	-	-	-	-
Liabilities under financial contracts issued by insurance companies of which	-	-	82,911	80,383
contracts under which the investment risk is borne by the policyholder	-	-	82,911	80,383
pension fund management	-	-	-	-
other contracts	-	-	-	-
Deposits received from reinsurers	-	-	-	-
Financial liabilities of insurance contracts	-	-	-	-
Debt securities issued	-	-	-	-
Amounts due to banking customers	-	-	-	-
Amounts due to banks	-	-	-	-
Other financing received	-	-	-	-
Trading derivatives	23,577	21,087	-	-
Hedging derivatives	-	-	83,726	67,896
Other financial liabilities	344,892	320,258	-	-
<b>Total</b>	<b>368,469</b>	<b>341,345</b>	<b>166,637</b>	<b>148,279</b>



## Analysis of technical reserves

€/000	Book value	
	June 30, 2012	Dec. 31, 2011
<b>General Business</b>	-	-
Unearned premiums	-	-
Outstanding claims	-	-
Other reserves	-	-
<i>of which amounts set aside following liability adequacy testing</i>	-	-
<b>Life Business</b>	18,488,231	18,632,275
Outstanding claims	147,049	134,529
Mathematical reserves	5,312,965	5,755,113
Technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	13,021,610	12,735,460
Other reserves	6,607	7,173
<b>Total Technical Reserves</b>	<b>18,488,231</b>	<b>18,632,275</b>

Other financial liabilities		Book value	
June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
-	-	-	-
-	-	-	-
-	-	82,911	80,383
-	-	82,911	80,383
-	-	-	-
-	-	-	-
81,657	87,565	81,657	87,565
-	-	-	-
502,361	524,884	502,361	524,884
12,312,907	6,942,439	12,312,907	6,942,439
4,120,091	5,602,538	4,120,091	5,602,538
-	-	-	-
-	-	23,577	21,087
-	-	83,726	67,896
189,208	212,113	534,100	532,371
17,206,224	13,369,539	17,741,330	13,859,163

## Analysis of technical account items

€/000	June 30, 2012	June 30, 2011
<b>General Business</b>		
NET PREMIUMS WRITTEN	-	-
a Premiums written	-	-
b Change in unearned premiums reserve	-	-
CLAIMS INCURRED	-	-
a Claims paid	-	-
b Change in outstanding claims reserve	-	-
c Change in recoveries	-	-
d Change in other technical reserves	-	-
<b>Life Business</b>		
NET PREMIUMS WRITTEN	3,914,808	4,906,838
AMOUNTS PAID AND CHANGE IN TECHNICAL RESERVES	(4,560,520)	(4,720,022)
a Amounts paid	(4,699,462)	(5,978,596)
b Change in outstanding claims reserve	(13,507)	18,572
c Change in mathematical reserves	435,397	371,566
d Change in technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	(284,108)	865,468
e Change in other technical reserves	1,160	2,968

## Analysis of net interest income and investment income

€/000	Interest income (expense)	Other income	Other expense
<b>Investment income</b>	379,832	5,475	(244)
a from investment property	-	4,081	(244)
b from investments in subsidiaries, associates and joint ventures	-	-	-
c from held-to-maturity investments	19,776	-	-
d from loans and receivables	65,047	-	-
e from available-for-sale financial assets	220,598	1,394	-
f from financial assets held for trading	62,263	-	-
g from financial assets at fair value through profit or loss	12,148	-	-
<b>Income on amounts receivable</b>	312	-	-
<b>Net cash and cash equivalents</b>	21,811	-	-
<b>Loss on financial liabilities</b>	(21,865)	-	-
a on financial liabilities held for trading	(5,898)	-	-
b on financial liabilities at fair value through profit or loss	(357)	-	-
c on other financial liabilities	(15,610)	-	-
<b>Expense on amounts payable</b>	(93,566)	-	-
<b>Total</b>	286,524	5,475	(244)

## Insurance Business - Analysis of Expenses

Euro/migliaia	General Business		Life Business	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Gross agents' commissions & other acquisition costs	-	-	(60,752)	(58,531)
Commissions and profit sharing from reinsurers	-	-	(2,261)	(2,452)
Investment management expenses	-	-	(17,487)	(23,929)
<b>Total</b>	-	-	(80,500)	(84,912)

	Realised gains	Realised losses	Total	Unrealised gains		Unrealised losses		Total	Net income	Net income
				Gains on measurement	Reversal of impairment	Losses on measurement	Impairment		(loss) June 30, 2012	(loss) June 30, 2011
	121,105	(64,095)	442,073	631,859	2,688	(74,414)	(10,589)	549,544	991,617	(34,042)
	-	-	3,837	-	-	-	(746)	(746)	3,091	2,405
	1,991	-	1,991	-	-	-	-	-	1,991	6,001
	30	-	19,806	-	-	-	-	-	19,806	21,992
	124	(5)	65,166	-	2,688	-	(7,489)	(4,801)	60,365	60,419
	14,365	(12,319)	224,038	-	-	-	(2,354)	(2,354)	221,684	46,769
	51,328	(11,145)	102,446	51,466	-	(5,962)	-	45,504	147,950	64,957
	53,267	(40,626)	24,789	580,393	-	(68,452)	-	511,941	536,730	(236,585)
	-	-	312	-	-	-	(51)	(51)	261	153
	-	-	21,811	-	-	-	-	-	21,811	28,907
	2,610	(211)	(19,466)	2,827	-	(1,558)	-	1,269	(18,197)	(7,880)
	2,610	(211)	(3,499)	1,796	-	(1,558)	-	238	(3,261)	(1,850)
	-	-	(357)	1,031	-	-	-	1,031	674	8,387
	-	-	(15,610)	-	-	-	-	-	(15,610)	(14,417)
	-	-	(93,566)	-	-	-	-	-	(93,566)	(41,411)
	123,715	(64,306)	351,164	634,686	2,688	(75,972)	(10,640)	550,762	901,926	(54,273)

## Analysis of other components of comprehensive income

€/000	Recognition		Adjustments owed to reclassification to the income statement	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net exchange differences reserve	-	-	-	-
Profit (loss) on available for sale financial assets	118,025	(3,807)	24,033	13,889
Profit (loss) on cash flow hedges	-	-	-	-
Profit (loss) on hedges of investments in foreign operations	-	-	-	-
Changes in the equity of investees	(258)	3,933	-	-
Intangible assets revaluation reserve	-	-	-	-
Tangible assets revaluation reserve	-	-	-	-
Gains (losses) on non-current assets or disposal groups held for sale	-	-	-	-
Actuarial gains (losses) and adjustments on defined benefit plans	-	-	-	-
Other	-	-	-	-
<b>Total other components of comprehensive income</b>	<b>117,768</b>	<b>126</b>	<b>24,033</b>	<b>13,889</b>

## Analysis of reclassified financial assets and effects on profit (loss) and comprehensive income

€/000		Book value of reclassified assets at June 30, 2012	Fair value of reclassified assets of June 30, 2012
from	to	Assets reclassified in H1 2012	Assets reclassified in H1 2012
HFT	AFS	-	161,421
HFT	Loans & Receivables	-	37,039
<b>Total</b>		-	<b>198,460</b>

Assets reclassified up until June 30, 2012	Assets reclassified in H1 2012	Assets reclassified up until June 30, 2012
161,421	-	160,061
37,039	-	34,138
<b>198,460</b>	-	<b>194,199</b>

## Fair value hierarchy of financial assets and financial liabilities

€/000	
Available for sale financial assets	Financial assets held for trading
Financial assets at fair value through profit or loss	Financial assets at fair value
<b>Total</b>	
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading
	Financial liabilities at fair value
<b>Totale</b>	

	Other changes		Total changes		Taxation		Balance	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	-	-	-	-	-	-	-	-
	-	-	142,058	10,082	(70,327)	(4,346)	(141,126)	(59,751)
	-	-	-	-	-	-	-	-
	-	-	(258)	3,933	-	-	2,943	26,234
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	141,801	14,015	(70,327)	(4,346)	(138,183)	(33,517)

Assets reclassified in H1 2012		Assets reclassified up until June 30, 2012		Assets reclassified in H1 2012		Assets reclassified up until June 30, 2012	
Profit or loss recognised in the income statement	Profit or loss recognised in other components of comprehensive income	Profit or loss recognised in the income statement	Profit or loss recognised in other components of comprehensive income	Profit or loss that would have been recognised in the income statement if no re-classification had been made	Profit or loss that would have been recognised in other components of comprehensive income if no re-classification had been made	Profit or loss that would have been recognised in the income statement if no re-classification had been made	Profit or loss that would have been recognised in other components of comprehensive income if no re-classification had been made
-	-	-	(1,875)	-	-	-	(6,817)
-	-	-	385	-	-	-	1,190
-	-	-	(1,490)	-	-	-	(5,627)

Level 1		Level 2		Level 3		Total	
June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
12,549,398	8,387,380	362,034	564,908	98,017	110,118	13,009,449	9,062,406
2,350,621	2,752,157	54,932	116,003	10,727	39,756	2,416,280	2,907,916
9,746,295	9,051,992	2,475,709	2,888,501	815,043	791,113	13,037,047	12,731,606
24,646,314	20,191,529	2,892,675	3,569,412	923,787	940,987	28,462,776	24,701,928
344,604	320,066	20,292	17,418	3,573	3,861	368,469	341,345
26,399	27,839	140,238	120,440	-	-	166,637	148,279
371,003	347,905	160,530	137,858	3,573	3,861	535,106	489,624

### Analysis of movements in level 3 financial assets and liabilities

€/000	Financial assets				
	Available for sale financial assets	Financial assets at fair value through profit or loss		Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets at fair value	Financial liabilities held for trading	Financial liabilities at fair value
<b>Opening balance</b>	110,118	39,756	791,113	3,861	-
Purchases/Issues	31,310	76,173	652,145	-	-
Sales/Buy-back	(20,786)	(55,445)	(31,606)	-	-
Reimbursements	(1)	(40,525)	(649,786)	-	-
Gains (losses) recognised in the income statement	554	367	88,185	-	-
Gains (losses) recognised in other components of comprehensive income	-	-	-	-	-
Reclassified to level 3	-	-	-	-	-
Reclassified to other levels	(622)	(217)	-	-	-
Other changes	(22,556)	(9,382)	(35,008)	(288)	-
<b>Closing balance</b>	98,017	10,727	815,043	3,573	-



**Responsibility  
Statements**





## Responsibility Statements pursuant to section 154-bis, paragraph 5, Legislative decree 58/98

1. We, the undersigned Ennio Doris, Chief Executive Officer, and Luigi Del Fabbro, Chief Financial Officer responsible for Mediolanum S.p.A. accounting and financial reporting, also pursuant to section 154 bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998, hereby confirm to the best of our knowledge:
  - the adequacy in relation to the characteristics of the business and
  - the effective application of accounting and financial reporting procedures in the preparation of the condensed set of financial statements for the first half of 2012.
  
2. The adequacy of accounting and financial reporting procedures for the preparation of the condensed set of financial statements for the six month period ended June 30, 2012 was verified applying a process defined by Mediolanum S.p.A. in accordance with the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted framework.
  
3. We also confirm that:
  - 3.1 the condensed set of financial statements for the first half of the year:
    - a) has been prepared in accordance with the International Accounting and Financial Reporting Standards (IAS/IFRS) endorsed by the European Commission pursuant to the European Parliament and Council Regulation (EC) 1606 of July 19, 2002;
    - b) reflects the accounting entries and records;
    - c) gives a true and fair view of the financial position, result of operations and cash flows of the issuer and the companies included in the consolidated financial statements;
  
  - 3.2 the interim management report contains information on main events which took place in the first six months of the year and their impact on accounts, description of principal risks and uncertainties for the rest of the year and disclosure of related party transactions.

Basiglio, July 31, 2012

Chief Executive Officer  
(*Ennio Doris*)

Chief Financial Officer  
(*Luigi Del Fabbro*)

