MEDIOLANUM S.p.A.

Interim Report and Accounts at September 30 2011

MEDIOLANUM
MEDIOLANUM GROUP

Table of Contents

Interim Report and Accounts at September 30 2011

Registered Office: Meucci Building, Via F. Sforza - Basiglio - Milano Tre (Milan)
Share capital € 73,376,466.50 fully paid up
Tax, VAT and Milan Register of Companies Registration No. 11667420159

MEDIOLANUM
GRUPPO MEDIOLANUM

Corporate Governance Officers

Board of directors

Roberto Ruozi	Chairman of the Board
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

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

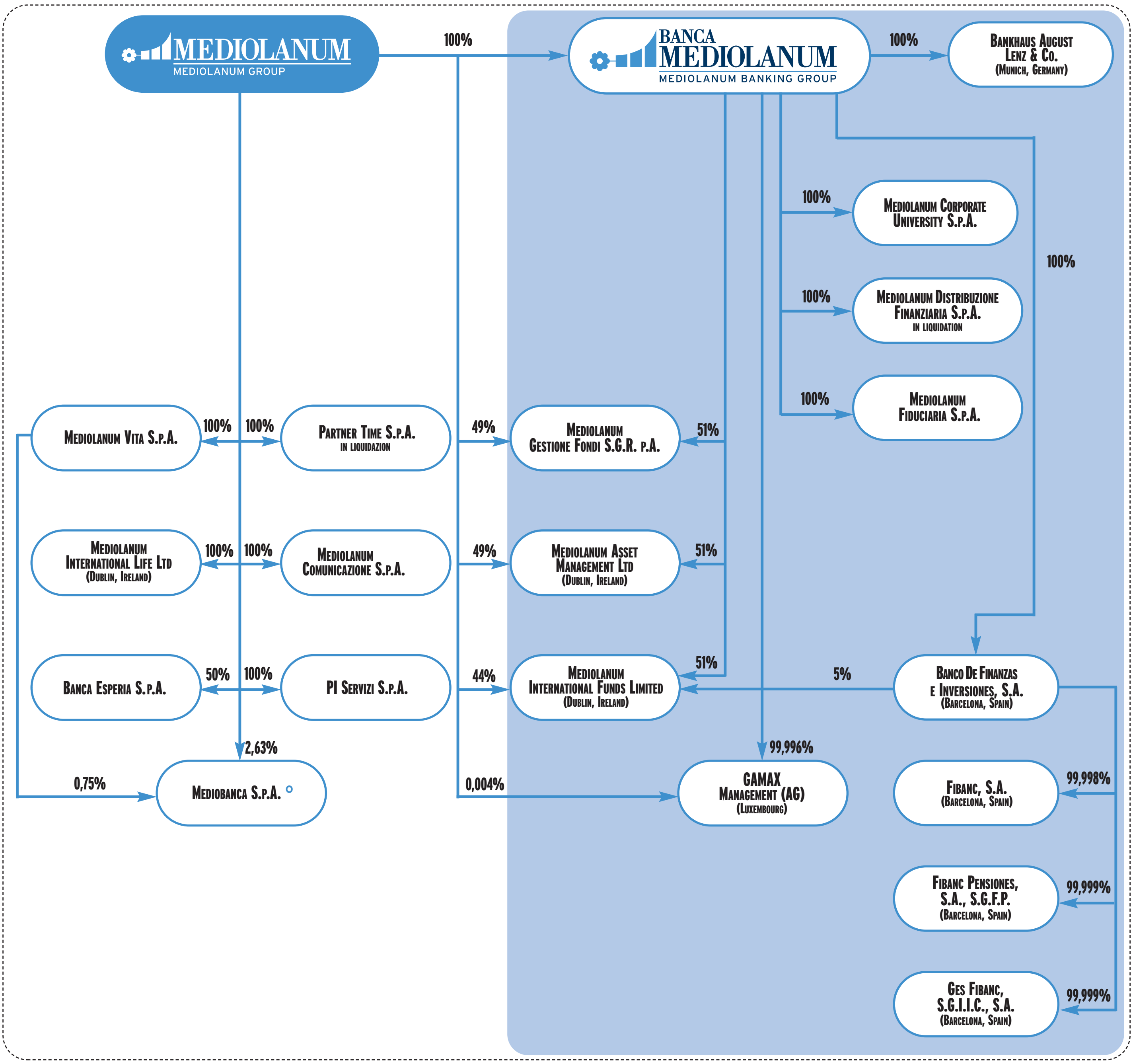
Deloitte & Touche S.p.A.

Officer responsible for preparing accounting and financial reporting documents

Luigi Del Fabbro

Group structure

As of September 30, 2011



• 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	Sept 30, 2011	Sept 30, 2010	Change %	Dec. 31, 2010
Assets under management and administration(*)	44,858.8	44,224.2	1%	45,848.7
Net inflows	2,318.3	3,326.5	(30%)	4,048.3
of which managed assets	635.0	1,495.4	(58%)	2,193.0
Profit before tax(**)	70.2	191.9	(63%)	305.4
Income Tax	(9.5)	(38.4)	(75%)	(58.8)
Net profit	60.7	153.5	(60%)	246.6
€	**Sept 30, 2011**	**Sept 30, 2010**	**Change %**	**Dec. 31, 2010**
Earnings per share(#)	0.083	0.210	(60%)	0.337
Diluted earnings per share	0.082	0.209	(61%)	0.336

* The figures relate to retail customers only.
** The December 31, 2010 figure included €30.9 million non-recurring income from the sale of Lehman Brothers securities.
# Net earnings attributable to holders of ordinary shares divided by the weighted average number of ordinary shares in issue.

Interim Management Report

Interim Management Report

For the third quarter 2011, the Mediolanum Group reported consolidated net loss of €36.0 million versus consolidated net profit of €68.8 million in the same period of the prior year.
In the third quarter of the year, the Group posted unrealised losses on financial instruments at fair value aggregating to €69 million, of which €41 million on the segregated accounts of Mediolanum Vita. Being mostly related to Italian and Spanish treasuries, these losses are not expected to materialise as the countries above are believed to be not at risk of default.
In the third quarter of the year, the Group also posted €57.3 million impairment of Greek sovereign debt holdings recognised as available-for-sale financial assets and held-to-maturity investments.
For the nine months ended September 30, 2011 the Group reported consolidated net profit of €60.7 million versus €153.5 million in the same period of the prior year.

The macroeconomic environment

Economic data released in the second and third quarters of 2011 indicate a temporary slowdown in the current expansionary cycle. However, the International Monetary Fund (IMF) and analysts from major investment houses do not expect a reversal of trend and a double dip.
In the second quarter of 2011, GDP grew by 1.3% in the US (annualised rate) and by 0.2% in the Euro zone (non annualised rate), continuing the positive trend jump-started in the second half of 2009 by the stimulus measures adopted by governments and central banks. Specifically, in the Euro zone, GDP grew 0.1% in Germany, 0.3% in Italy, 0.2% in Spain, while growth in France was nil. For the same period the UK recorded 0.1% GDP growth.
Economic growth is sputtering, unemployment is high and consumer confidence strained. In the US unemployment stands at 9.1% and consumer sentiment is deteriorating. In the Euro zone unemployment has reached 10%.
Both in the US and in Europe inflationary pressure has moderated. In August, the PPI and the CPI were at 6.5% and 3.8% in the US, at 5.9% and 2.9% in the Euro zone, respectively.
In the third quarter 2011, the European Central Bank raised the refinancing rate from 1.25% to 1.50%, while the US Fed kept it unchanged at 0-0.25%.

Financial markets

In the third quarter 2011, the peripheral Euro zone sovereign debt crisis deepened further, revealing uncertainty in the debt restraining strategy pursued by Euro zone governments. Largely focused on fiscal measures to bring debt back on a sustainable path, that strategy failed to consider that the absence of credible safeguard mechanisms would create the conditions for a severe liquidity crisis in the event of a sharp drop in demand by non-resident investors.
A first partial response came on July 21, 2011 when European authorities announced a comprehensive plan that included the reform of the European Financial Stability Facility (EFSF) to enhance its flexibility, a new package to stabilise Greece's public finances, and a debt exchange programme to involve the private sector in the coverage of the financing gap.
Over the summer it became increasingly apparent that Greece's fiscal targets for 2011-2012 would hardly be attai-

ned. Consequently, the Athens government came under growing pressure from global financial markets and investors to adopt new fiscal measures. In the period, Greek treasury yields rose from 26.73% at June 30 to 62.17% at September 30 on 2yr notes and from 16.34% at June 30 to 22.69% at September 30 on 10yr bonds.

The European Central Bank (ECB) reacted to the worsening debt crisis and economic indicators by easing liquidity conditions and pausing its monetary policy tightening started in April and continued in July. The ECB also extended its sovereign securities purchase programme for countries in financial difficulties to include Spain and Italy with purchases peaking at €22 billion in the second week of August. The ECB agreed to resume the purchase programme in spite of the blatant opposition of the Bundesbank Chairman. In the quarter under review, yields on Italian treasuries rose from 3.09% at June 30 to 4.25% at September 30 on 2-yr notes and from 4.88% at June 30 to 5.54% at September 30 on 10-yr notes.

On October 5, Moody's cut the Italian government debt rating from A2 to Aa2, and kept a negative outlook. The downgrade was driven by an increased risk to economic growth due to the structural weakness of Italy's economy, increased funding risks due to Italy's large debt, political instability and possible failure to meet the targets set in the recently approved fiscal package. Moody's added that other European countries with ratings below the top mark of AAA might face downgrades.

On October 7, Fitch cut the rating of Italy (from AA- to A+) and Spain (from AA+ to AA-), keeping a negative outlook for both countries. On October 4, at his last hearing before the Committee on Economic and Monetary Affairs of the European Parliament as ECB President, Trichet urged banks to further strengthen their balance sheet.

On August 5, Standard and Poor's took the unprecedented decision to cut the US credit rating by one notch (from AAA to AA+) with a negative outlook. In his October 4 testimony to the Joint Economic Committee of the US Congress speaking about the economic outlook, Fed Chairman Bernanke said the Federal Reserve is ready to take further action to support growth, adding there is a need for new government measures in support of borrowers.

In the first nine months of the year, global equity markets shed 11.81% (MSCI World in US dollars). In the US, the S&P500 fell 10% and the Nasdaq Composite was down 8.95%. In Europe, the German (DAX -20.4%), French (CAC40 -21.6%), Spanish (IBEX -13.3%), Italian (-26.5%) and UK (-13.08%) stock markets posted significant losses. Emerging Markets underperformed other world stock markets (-22% MSCI EM in US dollars).

In the third quarter, the US dollar benefitted from the peripheral Eurozone sovereign debt crisis as the euro/dollar rate moved from 1.45 at June 30 to 1.34 at September 30.

The Insurance Market

Data released by ANIA, the Association of Italian Insurers, show that, compared to the same period of the prior year, in the first nine months of 2011 new business written was down 29% to €41.7 billion. The decline was largely in traditional policies (class I) that were down 28.8% from €39 billion at September 2010 to €32 billion. New premiums written under unit-linked and index-linked policies (class III) decreased 22.2% to €8.1 billion at the end of September 2011.

The analysis by distribution channel shows that banks and post offices posted a 29.2% decline in new business written and their market share decreased from 66% at September 30, 2010 to 64.5% in the period under review. In the first 9 months of the year, life business written through financial advisors was down 40.7%, and market share was 11.0%.

In the first nine months of 2011, EU companies conducting business in Italy (ANIA data) posted new premiums written of €5.5 billion. Including also these companies, new business written since the beginning of the year amounted to €47.2 billion, down 25.7% over the prior year.

Mediolanum Group's performance

For the first nine months of 2011 the Mediolanum Group reported net profit of €60.7 million versus €153.5 million in the same period of the prior year. Profit before tax was €70.5 million versus €191.9 million for the first nine months of 2010. The €121.4 million decline in profit before tax was largely driven by reduced income on investments at fair value (down €68 million) and decreased net income on other investments (down €71 million).
Investments at fair value were down €68 million over the same period of the prior year (Q3 2011: down €74 million) mainly due to unrealised losses that at September 30, 2011 amounted to €72.6 million, of which 41.8 million on the segregated accounts of Mediolanum Vita. Being mostly related to Italian and Spanish treasuries, these losses are not expected to materialise as the countries above are believed to be not at risk of default.
Income on other investments was down €71 million over the same period of the prior year largely due to impairment of Greek treasuries (€80.1 million, of which €57.3 million in the third quarter 2011).
Excluding said unrealised losses and impairment of Greek government bonds, profit before tax for the first nine month of 2011 would come in at €222.9 million which is €31 million more than the €191.9 million posted in the same period of the prior year. This reflects the greater contribution of management fees (up €43.1 million) in spite of the decline in asset value in the final part of the 9-month period, due to fickle financial markets. It should be noted, however, that the average net value of assets managed by the Group was 14% higher in 2011 than in 2010.
In the period under review, net interest income was up €57.1 million. This was mostly driven by asset growth, especially available-for-sale financial assets that were up €3.8 billion, and almost entirely related to Banca Mediolanum, benefitting from bigger interest spreads.
On the other hand, due to financial market turbulence in 2011, performance fees were down about €65.5 million over the prior year.
In the first nine months of 2011, costs were up €3.7 million, reflecting, in particular, the non-recurring expenses connected with the Convention held on May 1-2 in Rimini and the launches of new products (up €2.8 million).
Acquisition costs were down 3% reflecting reduced entry fees and incentives to the sales network due to net inflows being lower than in 2010.

At September 30, 2011, net inflows stood at €2,318.3 million versus €3,326.5 million in the same period of the prior year (down 30%). Banca Mediolanum recorded net inflows of €1,658.6 million versus €2,749.1 million in the same quarter of the prior year (down 40%). The insurance policy associated with the *Freedom* bank account recorded net outflows of €309.1 million versus net inflows of €1,278.8 million in the third quarter of the prior year.

In the period under review, net inflows into administered assets jumped to €1,398.6 million from €20.6 million in the third quarter of the prior year, driven in particular by growth in repurchase agreements (up €257.9 million), subscriptions to notes issued by Mediolanum S.p.A. (up 220 million) and inflows into the new *InMediolanum* deposit account (up €489.8 million).

Net inflows into third-party structured bonds amounted to €102.1 million versus €583.8 million in the same period of the prior year.

Other asset management products recorded net inflows of €467 million at September 30, 2011 versus €865.8 million at the end of September 2010.

The Assogestioni ranking of top asset managers shows that the Mediolanum Group was in fourth place with a market share of 4.1%.

At September 30, 2011, the Mediolanum Group had total assets under management and administration of €44,858.8 million, down €989.9 million from €45,848.7 million at year end 2010, but up €634.6 million from €44,224.2 million at September 30, 2010.

Commercial initiatives in the third quarter 2011

The offering relating to *InMediolanum*, the deposit account that can be opened online via the dedicated website as well as at Family Banker Offices, was modified in August raising the 12-month interest from 3.5% to 3.75%. Likewise interest on *InMediolanum Plus*, the repurchase agreements offered to existing Mediolanum customers that yield higher net interest than *InMediolanum's*, was also raised from 3.55% to 3.80%.

At September 30, 2011, 34,335 new deposit accounts had been opened with €489.8 million net inflows.

Coupon Strategy Collection, the new asset management product launched at the Banca Mediolanum Event in Rimini last May 1, recorded exceptional net inflows at September 30, 2011, i.e. €1.48 billion, of which €1.31 billion in the third quarter alone.

Readers are reminded that *Coupon Strategy Collection* dynamically invests in a selection of Funds or SICAVs from the world's most reputed investment houses. This product offers investors a semi-annual coupon plus long-term principal appreciation by dynamically investing in varied financial instruments.

Issues of Mediolanum notes

Pursuant to the resolution passed by the Mediolanum S.p.A. Board of Directors at its Meeting of March 1, 2011, mainly for the purpose of restructuring short-term facilities in place between Mediolanum S.p.A. and financial institutions that are not part of the Group, the following non-convertible notes aggregating to €239.2 million (nominal value), were offered to the public. Specifically:

- €49.4 million (nominal value) fixed rate notes due April 29, 2014, bearing interest at a rate of 3.5%;
- €48.9 million (nominal value) notes due April 29, 2014, bearing interest at 6-month EURIBOR + 1%, floor at 3.0%;
- €48.3 million (nominal value) fixed rate notes due May 20, 2013, bearing interest at 3.15%;
- €47.8 million (nominal value) notes due May 20, 2015, bearing interest at 6-month EURIBOR, floor at 3.5%;
- €24.4 million (nominal value) fixed rate notes due May 31, 2013, bearing interest at 3.15%;
- €20.4 million (nominal value) notes due May 31, 2015, bearing interest at 6-month EURIBOR, floor at 3.5%.

Consolidated Inflows, Assets under Management and Assets under Administration

Net Inflows

€/million	Sept. 30, 2011	Sept. 30, 2010	Change
ITALY			
Life insurance products	(770.4)	(637.3)	21%
Asset Management Products	1,237.5	1,503.2	(18%)
Total managed assets inflows	467.0	865.8	(46%)
Third-party structured bonds	*102.1*	*583.8*	(83%)
Total managed assets + third-party structured bonds	569.1	1,449.7	(61%)
Freedom Life Policies	(309.1)	1,278.8	ns
Administered assets	1,398.6	20.6	ns
BANCA MEDIOLANUM	1,658.6	2,749.1	(40%)
BANCA ESPERIA**	535.1	540.0	(1%)
Total ITALY	2,193.7	3,289.1	(33%)
SPAIN	90.7	14.5	ns
GERMANY	33.9	22.9	48%
TOTAL FOREIGN MARKETS	124.6	37.4	233%
TOTAL NET INFLOWS	2,318.3	3,326.5	(30%)

Assets under Management and under Administration(*)

€/million	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2010
ITALY			
Life Products	13,213.1	15,068.7	14,701.6
Freedom Life Policies	4,716.2	5,025.3	5,850.6
Asset Management products	18,690.4	19,509.2	17,990.7
Banking products	8,273.3	7,195.6	6,264.5
Consolidation adjustments	(8,450.6)	(9,285.2)	(8,707.0)
BANCA MEDIOLANUM	36,442.4	37,513.6	36,100.4
BANCA ESPERIA GROUP (**)	6,512.9	6,372.5	6,215.3
Total ITALY	42,955.3	43,886.1	42,315.7
SPAIN	1,575.7	1,621.9	1,593.1
GERMANY	327.8	340.8	315.3
TOTAL FOREIGN MARKETS	1,903.5	1,962.6	1,908.4
TOTAL ASSETS UNDER MANAGEMENT & ADMINISTRATION	44,858.8	45,848.7	44,224.2

(*) 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 September 30, 2011, total assets under management and administration amounted to €44,858.8 million down 2% from €45,848.7 million at December 31, 2010 and up 1% from €44,224.2 million at September 30, 2010.

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

Italy - Life

At September 30, 2011, total life products amounted to €13,213.1 million versus €15,068.7 million at year end 2010 and €14,701.6 million at September 30, 2010.

€/million	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2010
Unit-linked life products	8,611.1	9,308.8	8,715.7
Index-linked life products	3,278.4	4,428.4	4,661.8
Traditional life products	1,323.6	1,331.5	1,324.2
Total Life Products (ex-'Freedom')	13,213.1	15,068.7	14,701.6
'Freedom' Life Policies	4,716.2	5,025.3	5,850.6

Gross premiums written in the first nine months of the year amounted to €6,985.6 million, up 4% from €6,735.4 million in the same period of the prior year.

€/million	Sept. 30, 2011	Sept. 30, 2010	Change
Recurring premiums	45.4	73.3	(38%)
Single premiums and group policies	237.7	169.4	40%
Total new business	283.2	242.7	17%
Pension plans in force	402.2	396.1	2%
Other business in force	434.1	462.6	(6%)
Total in-force business	836.3	858.7	(3%)
Total Premiums Written (ex-'Freedom')	1,119.5	1 ,101.4	2%
'Freedom' Premiums Written	5,866.1	5 ,634.0	4%
Total Gross Premiums Written	6,985.6	6 ,735.4	4%

New business stood at €283.2 million, up 17% from €242.7 million at September 30, 2010.
Excluding *Freedom*, i.e. the *Mediolanum Plus* policy, gross premiums written in the period under review were up 2% to €1,119.5 million. Specifically, recurring premiums were down 38% from €73.3 million at September 30, 2010 to €45.4 million at the end of the third quarter 2011. This was largely due to customers shifting to other asset management products.

Excluding *Mediolanum Plus*, single premiums and group policies were up 40% to €237.7 million compared to €169.4 million at September 30, 2010, thanks to growth in new business written under the 'Synergy' policy (up 87%).

Total in-force business amounted to €836.3 million, remaining essentially in line with the prior year's balance of €858.7 million.

Excluding *Freedom*, amounts paid increased 9% from €1,738.8 million in the first nine months of 2010 to €1,890.0 million at the end of the period under review.

€/million	Sept. 30, 2011	Sept. 30, 2010	Change
Claims	53.0	58.9	(10%)
Coupons	72.1	134.2	(46%)
Maturities	1,093.5	908.3	20%
Surrenders	671.3	637.4	5%
Amounts paid (ex-Freedom)	1,890.0	1,738.8	9%

€/million	Sept. 30, 2011	Sept. 30, 2010	Change
Class I	4.3	2.8	54%
Class III	48.7	56.1	(13%)
Total (ex-Freedom)	53.0	58.9	(10%)

Maturities were up 20% to €1,093.5 million, of which €883.9 million relating to index-linked policies.

Italy – Asset management

The analysis of assets under management in the retail segment is set out below:

€/million	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2010
Best brands funds of funds	4,973.5	4,044.2	3,246.4
Portfolio funds of funds	671.4	806.3	807.3
Funds of hedge funds	296.6	341.1	367.1
Total Funds of Funds	5,941.5	5,191.5	4,420.8
Challenge funds	10,630.3	12,046.7	11,386.6
Other Italy-based mutual funds	2,007.3	2,240.3	2,131.9
Other internationally-based mutual funds	178.6	246.9	243.1
Total Other Mutual Funds	12,816.2	14,533.9	13,761.6
Chorus managed accounts	56.4	73.0	75.1
Real estate funds and others	538.8	535.1	536.0
Duplication adjustments	(662.5)	(824.4)	(802.8)
Total asset management products	18,690.4	19,509.2	17,990.7
of which:			
Equity	59%	62%	61%
Bond	29%	26%	26%
Money market	4%	3%	4%
Other	8%	9%	9%

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

Net Inflows

€/million	Sept. 30, 2011	Sept. 30, 2010	Change
Best brands funds of funds	1,484.6	771.1	93%
Portfolio funds of funds	(81.5)	(65.8)	24%
Elite funds of funds	-	(3.9)	ns
Total Funds of Funds	1,403.2	701.4	100%
Challenge funds	(181.2)	489.0	ns
Other Italy-based mutual funds	13.2	245.7	(95%)
Total Other Mutual Funds	(168.1)	734.7	ns
Chorus managed accounts	(10.3)	(13.2)	(22%)
Real estate funds and others	12.7	80.3	(84%)
Total asset management products	1,237.5	1,503.2	(18%)

Gross Inflows

€/million	Sept. 30, 2011	Sept. 30, 2010	Change
Best brands funds of funds	2,380.5	1,445.7	65%
Portfolio funds of funds	26.4	44.4	(40%)
Elite funds of funds	-	3.8	ns
Total Funds of Funds	2,406.9	1,493.9	61%
Challenge funds	676.8	1,238.2	(45%)
Other Italy-based mutual funds	466.8	723.2	(35%)
Total Other Mutual Funds	1,143.6	1,961.4	(42%)
Chorus managed accounts	0.1	0.5	(75%)
Real estate funds and others	42.1	99.6	(58%)
Total asset management products	3,592.8	3,555.4	1%

Italy – Banking

For the first nine months of 2011 the Group reported net inflows into administered assets of €1,398.6 million versus €20.6 million in the same period of 2010. This results reflects, in particular, growth in repurchase agreements (up €257.9 million), subscriptions to notes issued by Mediolanum S.p.A. (up €220 million) and the new *InMediolanum* deposit account (up €489.8 million).

Sales of third-party structured bonds generated €102.1 million inflows.

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

€/million	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2010
Customer deposits	4,443.1	3,882.1	3,981.7
Banca Mediolanum bonds	554.4	334.1	171.9
Third-party structured bonds	749.3	833.5	564.0
Securities in custody	1,590.4	1,488.3	1,476.4
Repurchase agreements	936.1	657.8	70.6
Total Assets under Administration	8,273.3	7,195.6	6,264.5

At September 30, 2011, there were about 600,000 Banca Mediolanum bank accounts and 539,530 primary account holders (vs. 574,000 bank accounts and 551,200 account holders at September 30, 2010).

Spain

€/million	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2010
Assets under Management & Administration	1,575.7	1,621.9	1,593.1
Assets under Management	959.2	991.2	962.2
Assets under Administration	616.5	630.7	630.9
Gross Inflows	239.9	261.6	180.2
Assets under Management	214.5	270.0	198.6
Assets under Administration	25.4	(8.4)	(18.4)
Net Inflows	90.7	35.1	14.5
Assets under Management	65.2	43.5	32.9
Assets under Administration	25.5	(8.4)	(18.4)

Assets under Management and under Administration were down 1% over the same period of the prior year. Net inflows in the first nine months of the year amounted to €90.7 million versus €14.5 million in the same period of the prior year. Specifically, net inflows into asset management products soared 98% over the same period over prior year.

At September 30, 2011, the number of Fibanc customers was down 4% to 75,287 from 78,352 at September 30, 2010, and primary account holders were down 3% to 64,338 from 66,291 in the same period of the prior year.

Germany

€/million	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2010
Assets under Management & Administration	327.8	340.8	315.3
Assets under Management	268.3	317.2	293.4
Assets under Administration	59.5	23.6	21.9
Gross Inflows	75.7	86.8	60.8
Net Inflows	33.9	32.0	22.9
Assets under Management	0.7	18.5	12.8
Assets under Administration	33.2	13.5	10.0

Assets under Management and under Administration grew 4% over the same period of the prior year.
Net inflows for the period under review amounted to €33.9 million versus €22.9 million for the same period of the prior year. Specifically, net inflows into asset management products were €0.7 million and net inflows into administered assets jumped 231% compared to September 30, 2010.
At September 30, 2011 the number of customers was up 2% to 3,545 from 3,468 at September 30, 2010.

The Sales Networks

Number	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2010
Licensed financial advisors	4,613	4,772	4,833
Non-licensed advisors / agents (*)	3	44	90
BANCA MEDIOLANUM	4,616	4,816	4,923
SPAIN	524	484	472
GERMANY	39	36	36
TOTAL	5,179	5,336	5,431

(*) Banca Mediolanum S.p.A. non-licensed advisors work also as financial agents under a mandate from Mediolanum Distribuzione Finanziaria S.p.A.

In the period under review, the number of Banca Mediolanum licensed financial advisors was down to 4,613 people, and the number of non-licensed advisors/agents declined to 3 from 44 people at year end 2010.

Consolidated Income Statement (*)

€/m	Sept. 30, 2011	Sept. 30, 2010	Q3 2011	Q3 2010
Net premiums written	7,066.2	6,807.8	2,159.3	1,819.2
Amounts paid and change in technical reserves	(7,035.5)	(6,778.1)	(2,155.0)	(1,811.4)
Net life insurance revenues (ex-commissions)	30.6	29.7	4.3	7.8
Entry fees	78.4	86.5	25.1	23.8
Management fees	313.9	270.8	103.7	93.7
Performance fees	31.1	96.6	10.0	28.0
Banking services fees	84.2	102.4	23.4	32.2
Other fees	25.4	22.3	7.4	6.0
Total commission income	533.1	578.7	169.7	183.7
Net interest income	157.5	100.4	60.2	34.8
Net income (loss) on investments at fair value	(52.3)	15.3	(73.9)	14.3
Net financial income	105.2	115.7	(13.7)	49.1
Equity contribution	5.8	9.5	(0.2)	6.1
Realised gains (losses) on other investments	9.8	9.9	4.0	5.0
Impairment of loans	(1.4)	(4.0)	(0.6)	(0.4)
Impairment of other investments	(81.8)	(7.8)	(58.0)	(4.1)
Net income (loss) on other investments	(73.3)	(1.9)	(54.6)	0.5
Other revenues	16.0	15.9	5.1	5.4
TOTAL REVENUES	617.4	747.7	110.6	252.6
Acquisition costs & Sales network commission expenses	(228.2)	(234.6)	(73.2)	(70.7)
Other commission expenses	(36.6)	(43.1)	(11.3)	(15.4)
General and Administrative expenses	(260.3)	(256.3)	(77.1)	(76.8)
Amortisation and depreciation	(11.7)	(14.0)	(4.0)	(4,5)
Net provisions for risks	(10.5)	(7.8)	(4.1)	(1.3)
TOTAL COSTS	(547.2)	(555.8)	(169.7)	(168.7)
PROFIT (LOSS) BEFORE TAX	70.2	191.9	(59.1)	83.9
Income tax	(9.5)	(38.4)	23.1	(15.1)
Minority interests	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	60.7	153.5	(36.0)	68.8

(*) 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".

For the first nine months of the year, **net premiums** written amounted to €7,066.2 million (Q3 2011: €2,159.3 million) versus €6,807.8 million in the same period of the prior year (Q3 2010: €1,819.2 million). Net premiums written growth was mostly due to increased inflows into the MedPlus policy associated with the *Freedom* bank account (up €232.1 million).

Total **amounts paid and change in technical reserves** increased from €6,778.1 million at September 30, 2010 (Q3 2010: €1,811.4 million) to €7,035.5 million at September 30, 2011 (Q3 2011: €2,155.0 million), of which €6,257.5 million relating to the policies associated with the *Freedom* bank account (September 30, 2010: €4,455.9 million).

Net life insurance revenues before acquisition costs amounted to €30.6 million (Q3 2011: €4.3 million) versus €29.7 million in the prior year (Q3 2010: €7.8 million).

For the first nine months of the year total **commission income amounted** to €533.1 million (Q3 2011: €169.7 million) versus €578.7 million at September 30, 2010 (Q3 2010: €183.7 million). The €45.6 million decline was largely due to decreases in performance fees (down €65.5 million), banking services fees (down €18.2 million) and entry fees (down €8.1 million), while management fees were up €43.1 million.

At the end of the period under review, **net financial income** amounted to €105.2 million (Q3 2011: -€13.7 million) versus €115.7 million at September 30, 2010 (Q3 2010: €49.1 million). Specifically, net interest income grew 57% driven by both asset growth of €4.2 billion, almost entirely related to Banca Mediolanum, and bigger interest spreads. On the other hand, income from trading was down €67.6 million largely reflecting the €69 million unrealised losses on instruments at fair value.

For the period under review the Group recorded a net loss on **other investments** of €73.3 million (Q3 2011: net loss of €54.6 million) versus 1.9 million at September 30, 2010 (Q3 2010: net loss of €0.5 million). This largely reflects the €80.1 million impairment of Greek sovereign debt holdings.

Acquisition costs & Sales network commission expenses decreased from €277.7 million at September 30, 2010 (Q3 2010: €86.1 million) to €264.8 million at the end of the period under review (Q3 2011: €84.5 million) mainly due to reduced entry fees and incentives paid to the sales network as a result of lower inflows.

Other expenses (administrative expenses, amortisation, depreciation and provisions for risks) aggregated to €282.5 million (Q3 2011: €85.2 million) versus €278.1 million in the same period of the prior year (Q3 2010: €82.6 million). The €4.4 million increase was mostly in connection with non-recurring expenses associated with the Convention held in Rimini in May and the launch of new products.

Income tax for the period declined from €38.4 million at September 30, 2010 (Q3 2010: - €15.1 million) to €9.5 million at the end of the period under review (Q3 2011: +€23.1 million) The tax rate averaged 13.5%.

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

Italy - Life

€/'000	Sept. 30, 2011	Sept. 30, 2010	Q3 2011	Q3 2010
Net premiums written	6,965,525	6,720,251	2,128,570	1,791,116
Amounts paid & change in technical reserves	(6,947,971)	(6,701,910)	(2,126,082)	(1,787,554)
Net life insurance revenues (ex-commissions)	17,554	18,341	2,488	3,562
Total commission income	172,276	193,864	56,477	61,978
Net interest income	27,415	9,729	5,753	3,091
Net income (loss) on investments at fair value	(27,954)	13,445	(41,071)	11,934
Net financial income	(539)	23,174	(35,318)	15,025
Net income (loss) on other investments	(22,870)	2,620	(20,567)	(1,554)
Other revenues	8,755	9,621	2,965	3,022
TOTAL REVENUES	175,176	247,620	6,045	82,033
Acquisition costs & Sales network commission expenses	(68,439)	(71,645)	(21,451)	(21,681)
Other commission expenses	(5,118)	(4,589)	(1,644)	(1,487)
General and Administrative expenses	(66,746)	(71,952)	(17,653)	(20,635)
Amortisation and depreciation	(2,767)	(3,228)	4,611	5,372
Net provisions for risks	(3,407)	(2,652)	(1,232)	(484)
TOTAL COSTS	(146,477)	(154,066)	(42,903)	(45,371)
PROFIT (LOSS) BEFORE TAX	28,699	93,554	(36,858)	36,662

In the 'Italy – Life' operating segment, **profit before tax** amounted to €28.7 million (Q3 2011: - €36.9 million), down 69.3% over the same period of the prior year (Q3 2010: €36.7 million), impacted both by unrealised losses on instruments at fair value aggregating to €28.9 million (Q3 2010: unrealised gains amounting to €13 million) and impairment of Greek sovereign debt holdings aggregating to €24.9 million.

Net life insurance revenues before acquisition costs totalled €17.6 million (Q3 2011: €2.5 million) versus €18.3 million in the same period of the prior year (Q3 2010: €3.6 million).

Total commission income for the first nine months of 2011 amounted to €172.3 million (Q3 2011: €56.5 million), down €21.6 million over the same period of the prior year (Q3 2010: €62 million). The decline largely reflects the decrease in performance fees earned in the Life segment in the period under review, offset, in part, by the increase in management fees.

Acquisition costs & sales network commission expenses declined €3.2 million to €68.4 million (Q3 2011: €21.5 million) from €71.6 million in the same period of the prior year (Q3 2010: €21.7 million).

Net financial income for the period was impacted by net unrealised losses on instruments at fair value due to market turbulence that, at September 30, 2011, brought about a negative balance on this account of €0.5 million (Q3 2011: - €35.3 million) versus a positive balance of €23.2 million at September 30, 2010 (Q3 2010: €15 million).

Other Expenses for the first nine months of the year amounted to €72.9 million (Q3 2011: €14.3 million) versus €77.8 million at September 30, 2010 (Q3 2010: €15.7 million).

Italy - Asset management

€/'000	Sept. 30, 2011	Sept. 30, 2010	Q3 2011	Q3 2010
Entry fees	75,281	83,279	24,123	22,844
Management fees	146,223	115,797	48,541	40,920
Performance fees	13,795	43,968	4,664	13,939
Other fees	19,163	15,967	5,437	4,414
Total commission income	254,462	259,011	82,765	82,117
Net interest income	977	1,001	420	427
Net income (loss) on investments at fair value	13	(10)	-	5
Net financial income	990	991	420	432
Net income (loss) on other investments	317	46	161	150
Other revenues	272	114	101	42
TOTAL REVENUES	256,041	260,162	83,447	82,741
Acquisition costs & Sales network commission expenses	(113,785)	(116,924)	(38,968)	(34,901)
Other commission expenses	(6,908)	(5,772)	(2,265)	(2,016)
General and Administrative expenses	(62,151)	(57,957)	(20,655)	(17,217)
Amortisation and depreciation	(2,053)	(2,507)	(693)	(793)
Net provisions for risks	(5,598)	(4,127)	(2,368)	(627)
TOTAL COSTS	(190,495)	(187,287)	(64,949)	(55,554)
PROFIT (LOSS) BEFORE TAX	65,546	72,875	18,498	27,187

In the 'Italy – Asset Management' segment, **profit before tax** for the first nine months of the year amounted to €65.5 million (Q3 2011: €18.5 million) down 10% over the same period of the prior year (Q3 2010: €27.2 million).

Total commission income amounted to €254.5 million (Q3 2011: €82.8 million) slightly down (€4.5 million) from €259 million reported for the same period of the prior year (Q3 2010: €82.1 million). The decline reflects the decrease in entry fees and in performance fees (down €30.2 million) due to the poor performance of financial markets, offset, in part, by the increase in management fees (up €30.4 million) owing to managed assets that on average were greater than in the same period of the prior year.

Costs for the first nine months of the year totalled €190.5 million (Q3 2011: €64.9 million) versus €187.3 million in the same period of the prior year (Q3 2010: €55.6 million).

Italy - Banking

€/'000	Sept. 30, 2011	Sept. 30, 2010	Q3 2011	Q3 2010
Banking services fees	65,789	73,817	17,339	22,249
Other fees	4,789	5,043	1,571	1,570
Total commission income	70,578	78,860	18,910	23,819
Net interest income	126,853	85,531	52,751	29,895
Net income (loss) on investments at fair value	(23,784)	1,820	(31,705)	1,712
Net financial income	103,069	87,351	21,046	31,607
Net income (loss) on other investments	(50,016)	(2,019)	(33,541)	1,306
Other revenues	6,060	5,791	1,900	2,152
TOTAL REVENUES	129,691	169,983	8,315	58,884
Acquisition costs & Sales network commission expenses	(29,473)	(31,783)	(7,017)	(9,530)
Other commission expenses	(9,213)	(9,573)	(3,505)	(3,556)
General and Administrative expenses	(101,953)	(96,658)	(28,862)	(28,805)
Amortisation and depreciation	(4,791)	(6,304)	(1,645)	(1,936)
Net provisions for risks	(1,456)	(1,172)	(494)	(186)
TOTAL COSTS	(146,886)	(145,490)	(41,523)	(44,013)
PROFIT (LOSS) BEFORE TAX	(17,195)	24,493	(33,208)	14,871

For the first nine months of the year the 'Italy – Banking' segment recorded loss before tax of €17.2 million (Q3 2011: loss of €33.2 million) versus profit of €24.5 million in the same period of the prior year (Q3 2010: profit of €14.9 million). This reflects impairment of Greek sovereign debt holdings aggregating to €55.2 million and unrealised losses on financial instruments at fair value amounting to €28.6 million.

At September 30, 2011, **net financial income** came in at €103 million (Q3 2011: €21 million) up €15.6 million (18%) from €87.4 million in the same period of the prior year (Q3 2010: €31.6 million). The movements in this account reflect, on the one hand, the increase in net interest income to €126.9 million generated by asset growth and bigger spreads, and, on the other hand, the adverse impact of the €23.8 million net loss on investments at fair value due to poor financial market performance.

Total commission income amounted to €70.6 million (Q3 2011: €18.9 million) down €8.3 million in particular due to the decline in commissions resulting from lower sales of third-party structured bonds.

Acquisition costs & sales network commission expenses amounted to €29.5 million (Q3 2011: €7 million).

At the end of the period under review **other expenses** amounted to €108.2 million (Q3 2011: €31 million) versus €104.1 million at September 30, 2010 (Q3 2010: €30.9 million), up €4.1 million.

Italy - Other

€/'000	Sept. 30, 2011	Sept. 30, 2010	Q3 2011	Q3 2010
Total commision income	-	-	-	-
Net interest income	(4,995)	(176)	(2,290)	(168)
Net income (loss) on investments at fair value	(2)	-	(3)	-
Net financial income	(4,997)	(176)	(2,293)	(168)
Equity contribution	5,818	9,540	(183)	6,129
Net income (loss) on other investments	(1,627)	(3,543)	(815)	178
Other revenues	438	421	57	85
TOTAL REVENUES	(368)	6,242	(3,234)	6,224
Acquisition costs & Sales network commission expenses	-	-	-	-
Other commission expenses	-	-	-	-
General and Administrative expenses	(2,126)	(1,070)	(837)	(169)
Amortisation and depreciation	(112)	(40)	(66)	(12)
Net provisions for risks	-	-	-	-
TOTAL COSTS	(2,238)	(1,110)	(903)	(181)
PROFIT (LOSS) BEFORE TAX	(2,606)	5,132	(4,137)	6,043

For the period under review the 'Italy – Other' segment recorded loss before tax of €2.6 million (profit of €5.1 million at September 30, 2010).

For the first nine months of 2011, this segment reported net financial loss of €5 million (Q3 2011: loss of €2.3 million) versus loss of €0.2 million in the same period of the prior year (Q3 2010: loss of €0.2 million). This mainly reflects the greater interest paid on Mediolanum S.p.A.'s debt due to higher interest rates.

'Equity contribution' relates to the share of profits in Mediobanca amounting to €5.6 million (September 30, 2010: €8.9 million), and in Banca Esperia amounting to €0.2 million (September 30, 2010: €0.6 million).

Spain

€/'000	Sept. 30, 2011	Sept. 30, 2010	Q3 2011	Q3 2010
Net premiums written	81,846	69,055	25,894	20,586
Amounts paid and change in technical reserves	(71,031)	(59,390)	(24,166)	(17,144)
Net life insurance revenues (ex-commissions)	10,815	9,665	1,728	3,442
Total commission income	16,232	17,506	5,172	5,460
Net interest income	6,358	4,004	2,810	1,474
Net income (loss) on investments at fair value	(146)	163	(428)	476
Net financial income	6,212	4,167	2,382	1,950
Net income (loss) on other investments	892	1,023	129	456
Other revenues	306	361	77	89
TOTAL REVENUES	34,457	32,722	9,488	11,397
Acquisition costs & Sales network commission expenses	(12,189)	(11,263)	(3,477)	(3,500)
Other commission expenses	(2,136)	(1,958)	(633)	(890)
General and administrative expenses	(18,676)	(19,671)	(5,959)	(6,390)
Amortisation and depreciation	(1,230)	(1,202)	2,053	(409)
Net provisions for risks	(5)	121	(34)	8
TOTAL COSTS	(34,236)	(33,973)	(10,510)	(11,181)
PROFIT (LOSS) BEFORE TAX	221	(1,251)	(1,022)	216

The 'Spain' segment recorded **net life insurance revenues** before acquisition costs of €10.8 million (Q3 2011: €1.7 million) up €1.1 million from €9.7 million for the same period of the prior year (Q3 2010: €3.4 million).

Total commission income declined from €17.5 million for the first nine months of the prior year (Q3 2010: €5.5 million) to €16.2 million at the end of the period under review (Q3 2011: €5.2 million).

Other expenses remained essentially unchanged.

Germany

€/'000	Sept. 30, 2011	Sept. 30, 2010	Q3 2011	Q3 2010
Net premiums written	18,785	18,483	4,854	7,524
Amounts paid and change in technical reserves	(16,540)	(16,833)	(4,778)	(6,733)
Net life insurance revenues (ex-commissions)	2,245	1,650	76	791
Total commission income	20,535	30,024	6,516	10,450
Net interest income	894	287	709	75
Net income (loss) on investments at fair value	(409)	(88)	(409)	185
Net financial income	485	199	59	260
Net income (loss) on other investments	-	(1)	-	-
Other revenues	267	89	54	5
TOTAL REVENUES	23,532	31,961	6,705	11,506
Acquisition costs & Sales network commission expenses	(4,328)	(3,038)	(2,276)	(1,080)
Other commission expenses	(13,175)	(21,212)	(13,175)	(7,482)
General and Administrative expenses	(9,799)	(9,911)	(3,337)	(3,776)
Amortisation and depreciation	(698)	(724)	1,169	(245)
Net provisions for risks	-	-	-	-
TOTAL COSTS	(28,000)	(34,885)	(9,112)	(12,583)
PROFIT (LOSS) BEFORE TAX	(4,468)	(2,924)	(2,407)	(1,077)

For the first nine months of the year, the 'Germany' segment recorded **total commission income** of €20.5 million (Q3 2011: €6.5 million) versus €30 million at the end of the same period of the prior year (Q3 2010: €10.5 million). The €9.5 million (-32%) decline was mainly due to reduced commissions relating to the ATM business.

Acquisition costs & Sales network commission expenses amounted to €4.3 million (Q3 2011: €2.3 million) versus €3 million at September 30, 2010 (Q3 2010: €1 million).

Key corporate events and performance of companies within the Group

On July 4, 2011, the Extraordinary General Meeting of PI Distribuzione S.p.A approved changes in the company's purposes and company's name from PI Distribuzione to PI Servizi S.p.A. These changes became effective upon registration with the Milan Business Registrar on July 12, 2011.

As to the subsidiary Mediolanum Corporate University S.p.A. (MCU), the need for a separate entity dedicated to education and training has waned as of late education and training have increasingly been provided online or locally, and changes in Banca Mediolanum recruitment policy have entailed a significant decrease in both the number of education sessions held at MCU facilities and use of the hotel complex.

On July 20 and July 26, 2011, the Boards of Directors of MCU and of Banca Mediolanum approved the plan for the merger of MCU into Banca Mediolanum and the transfer of the Residence Milano 3 Hotel Complex to PI Servizi S.p.A. while confirming the agreement for the reservation of a certain number of rooms to satisfy current demand associated with the Group's training needs.

The sale of the Hotel Complex by MCU to PI Servizi S.p.A. was effected in September for €7 million. In connec-

tion therewith, the parent company Mediolanum S.p.A. contributed a total of €7.5 million for future capital increases to PI Servizi S.p.A.
On October 20, the Bank of Italy gave the green light to the merger of MCU into Banca Mediolanum S.p.A. and on October 25 the merger deed was lodged for registration with the Company Registrar.

Life Insurance Companies

Mediolanum Vita S.p.A. – At the end of the third quarter 2011, this company reported net loss of €4.8 million versus net profit of €13.9 million for the same period of the prior year. For the third quarter 2011 the company posted net loss of €33.7 million versus net profit of €9.4 million in the same quarter of the prior year.
For the first nine months of 2011 the company reported premiums written of €6,754.4 million (Q3 2011: €2,066.5 million) versus €6,584.4 million in the same period of the prior year (Q3 2010: €1,762.0 million).
New business increased 3.6% from €5,725.8 million in the first nine months of 2010 (Q3 2010: €1,482.7 million) to €5,934.3 million at September 30, 2011 (Q3 2011: €1,801.2 million).
In-force business premiums were down €38.8 million to €822.9 million (Q3 2011: €266.3 million) from €861.7 million in the same period of the prior year (Q3 2010: €280.5 million).
At September 30, 2011, mathematical reserves and financial liabilities to policyholders amounted to €15,221.1 million, down 11.0% over the prior year (September 30, 2010: €17,093.8 million; December 31, 2010: €16,729.6 million).

Mediolanum International Life Ltd – At the end of the third quarter 2011, the Irish company reported net profit of €5.4 million versus €8.1 million in the same period of the prior year. For the third quarter 2011, the company posted net loss of €2.4 million versus net profit of €4.3 million in the same quarter of the prior year.
For the first nine months of the year, the company reported premiums written of €312.7 million versus €224.5 million at September 30, 2010.
At September 30, 2011, mathematical reserves and financial liabilities to policyholders amounted to €3,194.2 million, down from €3,899 million at December 31, 2010.
Mediolanum International Life Ltd policies are distributed in Italy by Banca Mediolanum, in Spain by Fibanc and in Germany through Bankhaus August Lenz.

Asset Management Companies

Mediolanum International Funds Ltd – At September 30, 2011, the company reported net profit of €119.8 million, down €35.4 million from €155.2 million at September 30, 2010, largely due to the decline in performance fees earned in the period (€57.8 million).
For the first nine months of 2011, the company reported net inflows of €1,386.8 million versus €1,489.9 million for the same period of the prior year.
At September 30, 2011, total assets under management were down 5% to €16,954 million from €17,809 million at December 31, 2010.
In October the company resolved to distribute a 2011 interim dividend for a total amount of €114.0 million versus a total amount of €143 million in the prior year.

Mediolanum Gestione Fondi SGR p.A. – At September 30, 2011, the company reported net profit of €9.5 million down €2.6 million from €12.1 million in the same period of the prior year.
For the first nine months of 2011, the company reported net inflows of €25.9 million versus €322.1 million at September 30, 2010. This reflects a contraction in gross inflows while divestments remained essentially unchanged.
At September 30, 2011, assets managed directly by this company declined to €2,546.1 million from €2,667.9 million in the same period of the prior year and €2,775.3 million at December 31, 2010 (down 8%). Assets managed on mandates from fellow subsidiaries amounted to €15,413.9 million versus €17,564.2 million in the same period of the prior year, and €17,228.2 million at December 31, 2010.

Gamax Management A.G. – At September 30, 2011, the Luxembourg-based company reported net profit of €2.5 million versus €4.2 million in the same period of the prior year.
For the period under review, in the retail segment, the company recorded net outflows of €11 million versus net inflows of €0.1 million at September 30, 2010.
At the end of the third quarter 2011, total assets under management amounted to €190.1 million versus €238 million at December 31, 2010.
At September 30, 2011, total assets under management (retail and institutional segments) amounted to €356 million versus €470 million at December 31, 2010.

Banking operations (including Group product distribution)

Banca Mediolanum S.p.A. – For the period under review the bank reported loss before tax of €24.4 million versus profit of €5.6 million in the same period of 2010. Results for the period under review were impacted by impairment of securities in portfolio (€53.9 million), mainly of Greek sovereign debt holdings (€55.2), and poor trading results (- €27.9 million) which reflect unrealised losses on financial instruments at fair value (€-20.5 million) largely Italian and Spanish treasuries, that are not expected to materialise as a default of these two countries is highly unlikely.
On the other hand, during the period under review the bank recorded net interest income growth (€41.3 million) driven by both higher interest and the increase in intermediated assets. Dividends received from Group companies also grew (up €11.9 million).
Costs recorded in the quarter under review increased (up 3.1 million) owing, in part to non-recurring expenses for conventions and sponsorships (up €1.6 million), and IT systems (up €2.6 million) with related lower amortisation for the period.
Direct funding from customers grew from €7,205.1 million at year end 2010 to €9,756.2 million at September 30, 2011 (of which €1,078 million new inflows from retail customers into repurchase agreements and the new *InMediolanum* deposit account).
Lending to customers, excluding securities lending, grew from €3,264.7 million at December 31, 2010 to €3,583.8 million. Mortgage loans taken out by customers increased by €175 million.
The balance on retail customers' securities accounts grew 9% from €2,589 million at year end 2010 to €2,822 million at the end of the period under review (September 30, 2010: €2,145 million).
At September 30, 2011, Banca Mediolanum bank accounts were about 600,000 (568,300 at December 31, 2010) and primary account holders were 539,530 (545,600 at December 31, 2010).

Banco de Finanzas e Inversiones S.A. – Fibanc (Banco Mediolanum) – At September 30, 2011 the Spanish bank recorded net inflows of €90.7 million versus €14.5 million in the prior year.
At September 30, 2011, assets under management and administration amounted to €1,576 million versus €1,622 million at December 31, 2010.
At the end of the period under review, the sales network consisted of 524 people (491 at year end 2010), of whom 479 tied advisors (439 at year end 2010).
At September 31, 2011, this entity reported consolidated net profit of €1.2 million improving by €4.1 million compared to the net loss of €2.9 million reported at September 30, 2010.

Bankhaus August Lenz & Co. – At September 30, 2011, the German bank reported net loss of €6.1 million versus €4.6 million at September 30, 2010. This largely reflects reduced ATM business and related commissions.
At September 30, 2011, the German bank recorded net inflows of €45.0 million versus €22.7 million in the prior year.
At September 30, 2011, assets under administration amounted to €137.6 million versus €103 million at December 31, 2010.
At the end of the period under review, the sales force consisted of 39 people (December 31, 2010: 36 people).

Joint ventures

For the first nine months of 2011, the **Banca Esperia** Group reported consolidated net profit of €0.4 million versus €1 million at September 30, 2010.
For the period under review net inflows amounted to €1,070 million (Q3 2011: €95 million) versus €1,080 million in the same period of the prior year (Q3 2010: €289 million).
At the end of the period under review, total assets under management and administration amounted to €13,026 million versus €12,745 million at December 31, 2010 and €12,431 million at September 30, 2010.
At September 30, 2011, Banca Esperia had 78 private bankers versus 66 at September 30, 2010. The customer base decreased 5% over the same period of the prior year to 3,693 customers.

Associates

For the period ended September 30, 2011, the first quarter of its financial year (July through September), the **Mediobanca Group** reported net profit of €56.8 million versus €127.6 million at September 30, 2010.
The decrease mainly reflects the poor results from trading (loss of €2.9 million versus profit of €72 million in the prior year), the negative contribution of available-for-sale securities (loss of €85 million of €15.8 million from sale and €69.2 million from impairment), while net interest income grew 7.5% from €262.1 million to €281.8 million, commissions and other income rose from €113.1 million to €117.1 million, and the contribution of entities recognised by the equity method increased from €43.8 million to €73 million.
At September 30, 2011, consolidated shareholders' equity after minority interests and net profit for the year amounted to €6,405.4 million versus €6,584.6 million at September 30, 2010 and 6,583.3 million at December 31, 2010.

At September 30, 2011, the impact of entities accounted for by the equity method on the Group's income statement was a positive balance of €5.8 million (Q3 2011: - €0.2 million) versus €9.5 million for the first nine months of 2010 (Q3 2010: + €6.1 million).

Impairment of Greek sovereign debt holdings

As reported in the first-half financial report at June 30, 2011, following the EU bailout plan for Greece approved on July 21, 2011, Group companies with Greek treasuries on their balance sheet (Banca Mediolanum and Mediolanum Vita) proceeded to write down their Greek sovereign debt holdings due through 2020 based on a recovery rate of 79%.
This decision was made considering that the significant financial difficulty of the issuer to repay the debt securities, the rescheduling of maturities and interest payments that in the absence of a risk of default of the issuer creditors would not have agreed to, and estimated cash flows being lower than contractual cash flows, were circumstances that constituted objective evidence of impairment (loss events) (IAS 39 - paragraph 59).
More recently, negotiations over a new bailout deal have indicated that the parties may agree on a recovery rate around 50%.
Therefore, the bank proceeded to recognise further impairment of its Greek debt holdings, namely, €57.3 million impairment which, after taxation, entailed a negative impact on the income statement for the third quarter 2011 of €37.6 million.
Specifically, Greek securities recognised as 'held-to-maturity investments' – that are carried at amortised cost – were written down to 50% of their nominal value with a net effect on the income statement for the third quarter 2011 of €4.2 million (€7.3 million for the first nine months of 2011), while those recognised as 'available-for-sale financial assets' were measured at fair value and losses were transferred from the relevant equity reserve to the income statement in the amount of €49.1 million for the first nine months of 2011, of which €33.4 million relating to the third quarter 2011.
Following recognition of impairment, the book value of Greek debt holdings at September 30, 2011 was €10 million for securities recognised as 'held-to-maturity investments' and €71 million for securities recognised as 'available-for-sale financial assets'.

Other information

In relation to the tax claims, there has been no new development over the situation described in the half-year financial report at June 30, 2011. Therefore no amount was set aside in the accounts at September 30, 2011, other than for defence expenses.

Post Balance Sheet Date Events

In October the subsidiaries Mediolanum International Funds Ltd and Mediolanum Asset Management Ltd. resolved to distribute 2011 interim dividends aggregating to €53.1 million (2010 interim dividends: €69.3 million).

With a statement issued last October 27 the Bank of Italy advised Italian banks that information on the new capi-

tal rules and term funding guarantee scheme agreed at European level had been published on the website of the European Banking Authority (EBA).
The EBA intends to require banks to build up a temporary capital buffer against sovereign debt exposures to reflect current market conditions. The building of these buffers will allow banks to withstand a range of shocks while still being able to maintain an adequate capital level. The buffer is to be such that the Core Tier 1 capital ratio reaches 9%, net of impairments of sovereign debt holdings. Banks will be expected to build these buffers by the end of June 2012. The EBA analysis of Italy's top five banking groups based on figures at June 30, 2011, and taking account of sovereign debt exposures at the end of September 2011, showed a capital shortfall estimated at approximately €15 billion.
The new stress tests will be conducted removing the filters currently in use. Hence regulatory capital will not include unrealised losses on government securities measured at their market value on September 30, 2011 (irrespective of the categories into which they are recognised).
The EBA will disclose the final capital needed for the buffer in November based on final figures at September 30, 2011. By the end of 2011, banks will be required to submit to their respective national authorities their plans detailing the actions they intend to take to reach the set capital targets. These plans will have to be agreed with National Supervisory Authorities and discussed with the EBA. The targets will have to be achieved avoiding excessive deleveraging, so as to contain the potential impact on the real economy. To reach the targets, banks will be expected to withhold dividends and bonuses.
The capital needs will be met only with capital of the highest quality. New issuances of contingent capital (debt instruments that can be converted into equities) underwritten by private investors will be accepted only if in line with strict and standardised criteria to be defined by the EBA.
EBA preliminary estimates indicate a significant capital shortfall for the entire EU banking system under the new rules, which have been received with caution, first and foremost by the European Banking Federation that in a letter dated October 20, 2011 warned against changing the rules in the middle of the game.
The impact on the capital of the Mediolanum Banking Group will be measured and disclosed when these rules are finalised and the Bank of Italy proceeds to their implementation.
An in-depth analysis of the various forms of exposure is underway within the organisation to identify possible changes in the lending structure that without affecting the operations nor the profitability of our Bank enable 'capital-savings' and hence reduce any capital needs that may ultimately result from the implementation of the new rules.
With the Eurozone sovereign debt crisis dragging on for months, volatility remained high in October and early November. As Italian government securities have declined from their price levels at the end of September 2011, potential unrealised losses on securities held by the Mediolanum Group have temporarily deepened. However, such volatility, which is merely temporary, appears to be connected with the upcoming approval of the fiscal package the Italian government agreed with Euro zone partners.

Outlook

Economic data released in recent months indicate growth is slowing down. The financial crisis that is unfolding may bring about marginal Euro zone growth in the last quarter of the year, and its gradual solution is the condition for the improvement of the overall economic outlook for next year. The current high public deficit and debt levels of some Euro zone countries, the effects of unemployment on consumer spending and confidence, however, do not

appear to have hamstrung the current positive economic cycle. In the coming months, economic data may prompt the ECB to further cut interest rates between late 2011 and early 2012.
Owing to the deterioration of the sovereign debt crisis, Euro zone governments have come under mounting pressure to take structural measures to restrain their public deficit and debt. The adoption of broadly agreed economic and fiscal measures next year may facilitate the confirmation of the sustainability of the economic improvement with positive effects on equity and fixed-income markets. The sovereign debt crisis is prompting our country to put in place major structural reforms that reduce current fiscal imbalances and thus deliver substantial declines in Italian treasuries' yields from the levels currently demanded by markets and investors.
After the parliaments of the 17 Euro zone members approved the EFSF changes agreed last July 21, attention shifted on the use of the EFSF and the release of the sixth tranche of funds to Greece. As to Greece's financial crisis, European and national authorities seem oriented to re-discuss the terms of the debt exchange programme to obtain greater private sector participation.
The current financial crisis in the Euro zone may prove a crucial opportunity for its member states to adopt convergent fiscal policies.
In the light of the foregoing – apart from the developments under the section "Other information", 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 – for the last quarter of the year the outlook for the Group is positive.

Basiglio, November 9, 2011

For the Board of Directors
The Chairman
(Roberto Ruozi)

Consolidated Accounts

Balance Sheet

Assets

€/'000	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
1. Intangible assets			
1.1 Goodwill	149,864	149,864	149,864
1.2 Other intangible assets	16,015	16,222	13,253
Total intangible assets	165,879	166,086	163,117
2. Tangible assets			
2.1 Property	59,294	59,366	61,005
2.2 Other tangible assets	11,900	12,519	13,591
Total tangible assets	71,194	71,885	74,596
3. Reinsurers' share of technical reserves	91,064	92,949	96,201
4. Investments			
4.1 Investment property	108,380	108,765	90,654
4.2 Investments in subsidiaries, associates and joint ventures	437,875	452,357	447,058
4.3 Held to maturity investments	1,255,144	1,256,693	1,370,695
4.4 Loans and receivables	7,081,757	7,095,258	6,184,311
4.5 Available for sale financial assets	8,445,546	4,878,263	4,659,587
4.6 Financial assets at fair value through profit or loss	15,596,154	16,594,322	18,097,771
Total investments	32,924,856	30,385,658	30,850,076
5. Receivables			
5.1 Arising out of direct insurance business	6,468	6,595	6,974
5.2 Arising out of reinsurance business	-	-	-
5.3 Other receivables	1,574	1,902	471
Total receivables	8,042	8,497	7,445
6. Other assets			
6.1 Non current assets or assets of disposal groups held for sale	1,212	1,214	1,464
6.2 Deferred acquisition costs	-	-	-
6.3 Deferred tax assets	209,651	128,424	138,985
6.4 Current tax assets	226,856	230,975	240,578
6.5 Other assets	276,026	362,266	278,022
Total other assets	713.745	722,879	659,049
7. Cash and cash equivalents	489,501	544,049	795,203
TOTAL ASSETS	34,464,281	31,992,003	32,645,687

Liabilities

€/'000	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
1. Shareholders' equity			
1.1 Group			
1.1.1 Share capital	73,376	73,355	73,288
1.1.2 Other equity instruments	55,960	55,755	55,087
1.1.3 Capital reserves			
1.1.4 Retained earnings and other equity reserves	905,376	902,334	710,729
1.1.5 Treasury shares (-)	(2,045)	(2,045)	(2,045)
1.1.6 Exchange difference reserves			
1.1.7 Gains or losses on available for sale financial assets	(187,683)	(59,751)	(69,833)
1.1.8 Other gains or losses recognised directly in equity	9,405	26,234	22,301
1.1.9 Net profit (loss) attributable to the group	60,721	96,768	246,633
Total capital and reserves attributable to the group	915,110	1,092,650	1,036,160
1.2 Minority interests			
1.2.1 Capital and reserves attributable to minority interests	-	-	-
1.2.2 Gains and losses recognised directly in equity	-	-	-
1.2.3 Net profit (loss) attributable to minority interests	-	-	-
Total capital and reserves attributable to minority interest	-	-	-
Total shareholders' equity	915,110	1,092,650	1,036,160
2. Provisions	152,538	148,374	138,301
3. Technical reserves	18,339,756	19,289,928	20,550,747
4. Financial liabilities			
4.1 Financial liabilities at fair value through profit or loss	519,170	460,944	570,608
4.2 Other financial liabilities	14,049,304	10,485,914	9,876,597
Total financial liabilities	14,568,474	10,946,858	10,447,205
5. Payables			
5.1 Arising out of direct insurance business	5,039	9,946	6,343
5.2 Arising out of reinsurance business	784	888	1,613
5.3 Other payables	160,186	186,222	241,936
Total payables	166,009	197,056	249,892
6. Other liabilities			
6.1 Liabilities of disposal groups held for sale	1,126	899	730
6.2 Deferred tax liabilities	45,040	52,175	51,932
6.3 Current tax liabilities	17,558	16,825	27,385
6.4 Other liabilities	258,670	247,238	143,335
Total other liabilities	322,394	317,137	223,382
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34,464,281	31,992,003	32,645,687

Income Statement

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
1. Revenues				
1.1 Net premiums written				
1.1.1 Gross premium written	2,160,282	1,820,293	7,068,976	6,810,889
1.1.2 Reinsurance premiums	(964)	(1,067)	(2,820)	(3,100)
Net premiums written	2,159,318	1,819,226	7,066,156	6,807,789
1.2 Commission income	169,515	183,475	532,532	578,142
1.3 Net income on financial instruments at fair value through profit or loss	(1,000,604)	252,831	(1,165,695)	465,121
1.4 Income on investments in subsidiaries, associates and joint ventures	(183)	6,129	5,818	9,540
1.5 Income on other financial instruments and investment property				
1.5.1 Interest income	119,705	74,011	298,630	206,670
1.5.2 Other income	3,854	2,890	8,837	8,366
1.5.3 Realised gains	2,913	6,610	21,336	23,055
1.5.4 Unrealised gains	1,060	1,469	5,223	7,556
Income on other financial instruments and investment property	127,532	84,980	334,026	245,647
1.6 Other revenues	5,105	5,359	15,962	15,948
Total revenues	1,460,683	2,352,000	6,788,799	8,122,187
2. Costs				
2.1 Net claims and benefits				
2.1.1 Amounts paid and change in technical reserves	(1,249,285)	(2,076,497)	(5,971,688)	(7,302,964)
2.1.2 Reinsurers' share	816	1,318	3,197	3,869
Net claims and benefits	(1,248,469)	(2,075,179)	(5,968,491)	(7,299,095)
2.2 Commission expenses	(66,289)	(63,166)	(198,203)	(207,680)
2.3 Loss on investments in subsidiaries, associates and joint ventures	-	-	-	-
2.4 Loss on other financial instruments and investment property				
2.4.1 Interest expense	(39,640)	(18,018)	(95,468)	(50,521)
2.4.2 Other expenses	(155)	(122)	(318)	(290)
2.4.3 Realised losses	(2,394)	(1,776)	(19,758)	(6,231)
2.4.4 Unrealised losses	(60,009)	(6,269)	(88,331)	(20,247)
Loss on other financial instruments and investment property	(102,198)	(26,185)	(203,875)	(77,289)
2.5 Operating expenses				
2.5.1 Sales network commissions and other acquisition costs	(17,009)	(18,285)	(56,580)	(58,606)
2.5.2 Investment management expenses	(92)	(47)	(342)	(116)
2.5.3 Other administrative expenses	(71,600)	(71,136)	(243,690)	(236,835)
Profit (loss) before tax	(88,701)	(89,468)	(300,612)	(295,557)
2.6 Other costs	(13,919)	(14,081)	(47,137)	(50,618)
Total costs	(1,519,576)	(2,268,079)	(6,718,318)	(7,930,239)
Profit (loss) before tax	(58,893)	83,921	70,481	191,948
3. Income tax	23,087	(15,083)	(9,476)	(38,412)
Net profit (loss) for the period	(35,806)	68,838	61,005	153,536
4. Profit (loss) from discontinued operations	(241)	(19)	(284)	(69)
Consolidated net profit (loss)	(36,047)	68,819	60,721	153,467
of which attributable to the group	(36,047)	68,819	60,721	153,467
Earnings per share (in euro)	(0.049)	0.094	0.083	0.210

Statement of Comprehensive Income

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
CONSOLIDATED NET PROFIT (LOSS)	(36,047)	68,819	60,721	153,467
Changes in exchange difference reserve				
Profit (loss) on available for sale financial assets	(127,932)	10,372	(117,850)	(29,481)
Profit (loss) on cash flow hedges				
Profit (loss) on hedges of investments in foreign operations				
Changes in the equity of investees	(16,828)	(5,710)	(12,896)	(1,299)
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				
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	(144,760)	4,662	(130,746)	(30,780)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	(180,807)	73,481	(70,025)	122,687
of which attributable to the Group	(180,807)	73,481	(70,025)	122,687
of which attributable to minority interests	-	-	-	-

Notes to the Consolidated Financial Statements

ACCOUNTING POLICIES

General

The Mediolanum Group interim report at September 30, 2011 was prepared in compliance with section 154-ter of Legislative Decree 58/98 (Consolidated Finance Act) entitled "Relazioni finanziarie" (Financial Reporting), as amended by Legislative Decree 195/2007 (Transparency), and Consob Regulations for Issuers.

Accounting standards

The balance sheet and income statement for the period ended September 30, 2011 were prepared applying the international accounting and financial reporting standards (IAS/IFRS), consolidation, measurement and recognition policies consistent with those applied in the preparation of the consolidated financial statements for the year ended December, 31, 2010.
For a detailed presentation of the accounting policies applied in the preparation of the consolidated interim report and accounts at September 30, 2011, readers are referred to part B of the annual report and accounts 2010.
The balance sheet and the income statement were prepared also in accordance with ISVAP Regulation No. 7 of July 13, 2007, as subsequently amended by ISVAP Regulation 2784 of March 8, 2010.
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.
Where necessary, for the sake of consistency of financial information, certain reclassifications were made with respect to prior periods' comparative information (at September 30, 2010 and December 31, 2010).
In accordance with art. 5 of Legislative Decree No. 38 of February 28, 2005, the interim report and accounts at September 30, 2011 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

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

Group companies directly owned by Mediolanum S.p.A consolidated on a line-by-line basis are set out in the table below:

€/'000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Vita S.p.A.	87,720	100.00%	Basiglio	Life Insurance
Partner Time S.p.A. (in liquidation)	520	100.00%	Basiglio	Life Insurance distribution
Mediolanum Comunicazione S.p.A.	775	100.00%	Basiglio	Audio/film/TV production
PI Servizi S.p.A.	517	100.00%	Basiglio	Real estate
Mediolanum International Life Ltd	1,395	100.00%	Dublin	Life Insurance
Banca Mediolanum S.p.A.	450,000	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 indirectly owned by Mediolanum S.p.A. through Banca Mediolanum S.p.A. consolidated on a line-by-line basis are set out in the table below:

€/'000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Distribuzione Finanziaria S.p.A. in liquidation	1,000	100.00%	Basiglio	Financial Brokerage
Mediolanum Gestione Fondi S.G.R.p.A.	5,165	51.00%	Basiglio	Fund Management
Mediolanum Fiduciaria S.p.A.	240	100.00%	Basiglio	Trust
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	100.00%	Luxembourg	Fund management
Banco de Finanzas e Inversiones S.A.	86,032	100.00%	Barcelona	Banking
Bankhaus August Lenz & Co. AG	20,000	100.00%	Munich	Banking
Mediolanum Corporate University S.p.A.	20,000	100.00%	Basiglio	Education and Training

Group companies indirectly owned by Banca Mediolanum S.p.A. through Banco de Finanzas e Inversiones S.A., consolidated on a line-by-line basis are set out in the table below:

€/'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 are set out in the table below:

€/'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 are set out in the table below:

€/'000 Company	Share capital	% holding	Registered Office	Business
Banca Esperia S.p.A.	13,000	50.00%	Milan	Banking

KEY BALANCE SHEET INFORMATION

Investiment, cash and cash equivalents

€/'000	Sept. 30, 2011	%	June 30, 2011	%	Dec. 31, 2010	%
Investment property	108,380	0.3	108,765	0.4	90,654	0.3
Investments in subsidiaries, associates and JVs	437,875	1.3	452,357	1.5	447,058	1.4
Held to Maturity investments	1,255,144	3.7	1,256,693	4.1	1,370,695	4.3
Loans and Receivables	7,081,757	21.1	7,095,258	22.9	6,184,311	19.5
Available for sale financial assets	8,445,546	25.2	4,878,263	15.7	4,659,587	14.7
Financial assets at fair value through profit or loss	15,596,154	46.6	16,594,322	53.5	18,097,771	57.1
Total investments	32,924,856	98.3	30,385,658	98.0	30,850,076	97.3
Tangible assets: property and other tangible assets	71,194	0.2	71,885	0.2	74,596	0.2
Cash and cash equivalents	489,501	1.5	544,049	1.8	795,203	2.5
Total investments, cash and cash equivalents	33,485,551	100.0	31,001,592	100.0	31,719,875	100.0

The increase in 'available-for-sale financial assets' was largely due to purchases of government securities.

Investments in subsidiaries, associates and joint ventures

€/'000	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
Mediobanca S.p.A.	381,054	394,338	389,427
Banca Esperia S.p.A.	56,821	58,019	57,631
Total	437,875	452,357	447,058

The movements in this account in the period under review relate to the investments in Mediobanca and Banca Esperia accounted for under the equity method in accordance with the respective share of equity included in the consolidated accounts at September 30, 2011.
At September 30, 2011, the impact of these investments accounted for by the equity method on the income statement was a positive balance of €5.8 million versus €9.5 million in the same period of the prior year.

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

€/'000	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
Banks	2,453,400	2,408,873	1,751,830
Time deposits	760,237	623,281	91,084
Other loans	421,860	405,903	403,323
Debt securities	1,243,512	1,237,112	1,244,071
Reserve requirements	27,791	142,577	13,352
Banking customers	4,619,253	4,677,252	4,423,114
Current accounts	368,420	341,780	348,324
Repurchase agreements	58,938	22,837	99,965
Mortgage loans	2,475,030	2,362,174	2,279,360
Debt securities	943,393	1,004,981	1,035,965
Other	773,472	945,480	659,500
Other loans & receivables	9,104	9,133	9,367
Total	7,081,757	7,095,258	6,184,311

Loans and Receivables amounted to €7,081.8 million, up €897.5 million from €6,184.3 million at December 31, 2010.
Growth largely came from interbank lending (up €701.6 million), in particular 'time deposits' (up €669.1 million). The €196.2 million increase in loans to banking customers at September 30, 2011 (December 31, 2010: €4,423.1 million) reflects growth in "mortgage loans" and "other" in particular 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	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
Held to Maturity investments	1,255,144	1,256,693	1,370,695
Debt securities	1,255,144	1,256,693	1,370,695
Available for sale financial assets	8,445,546	4,878,263	4,659,587
Debt securities	8,230,818	4,654,719	4,444,365
Equities	31,739	32,347	32,803
Holdings in UCITS	182,989	191,197	182,419
Financial assets at fair value through profit or loss	15,596,154	16,594,322	18,097,771
Debt securities	6,849,216	7,574,450	8,856,352
Equities	274	14	6
Holdings in UCITS	8,736,312	9,007,893	9,234,378
Trading derivatives	10,352	11,965	7,035
Total	25,296,844	22,729,278	24,128,053

Available for sale financial assets increased €3,786 million largely for purchases of government securities.

Net technical reservers

€/'000	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
Mathematical reserves	5,988,422	5,927,655	6,298,296
Reserve for outstanding claims	89,058	98,020	117,002
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	12,253,663	13,254,749	14,123,807
Other reserves	8,613	9,504	11,642
Total Life Business reserves	18,339,756	19,289,928	20,550,747

Financial Liabilities

Financial liabilities at fair value through profit or loss

€/'000	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
Total financial liabilities at fair value through profit or loss	519,170	460,944	570,608
Short positions on debt securities	351,113	344,176	443,605
Trading derivatives	32,174	16,303	20,883
Hedging derivatives	60,292	19,706	28,510
Other financial liabilities	52	142	164
Financial liabilities on contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	75,539	80,617	77,446

For the first nine months of the year, 'financial liabilities at fair value through profit or loss' amounted to €519.2 million, down €51.4 million from €570.6 million at December 31, 2010. The movement was mainly in connection with short positions on debt securities held by Banca Mediolanum at the end of the period (down €92.5 million).

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

€/'000	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
Banks	3,887,794	2,818,551	2,756,324
Central Banks	2,633,586	1,731,179	1,410,786
Current accounts and demand deposits	15,686	136,261	171,303
Time deposits	651,249	522,824	483,456
Loans	290,000	290,000	555,000
Repurchase agreements	296,570	137,470	134,922
Other liabilities	703	817	857
Banking customers	9,311,467	6,759,096	6,468,977
Bank accounts	4,883,282	4,569,224	4,551,646
Repurchase agreements	4,407,943	2,165,339	1,885,375
Other liabilities	20,242	24,533	31,956
Securities issued	559,669	563,686	340,479
Collaterals	199,743	252,213	215,607
Deposits from reinsurers	90,631	92,368	95,210
Total	14,049,304	10,485,914	9,876,597

Other financial liabilities increased €4,172.7 million from €9,876.6 million at December 31, 2010 to €14.049.3 million at September 30, 2011.

Amounts due to banking customers were up €2,842.5 million, largely reflecting the increase in repurchase agreements (up €2,522.6 million).

Shareholders' equity

€/'000	Sept. 30, 2011	June 30, 2011	Dec. 31, 2010
Share capital	73,376	73,355	73,288
Equity reserves	55,960	55,755	55,087
Retained earnings and other reserves	905,376	902,334	710,729
(Treasury shares)	(2,045)	(2,045)	(2,045)
Gains (losses) on available for sale financial assets	(187,683)	(59,751)	(69,833)
Other gains (losses) recognised directly in equity	9,405	26,234	22,301
Net profit (loss) for the period attributable to the Group	60,721	96,768	246,633
Total capital and reserves attributable to the Group	915,110	1,092,650	1,036,160

At September 30, 2011, total capital and reserves attributable to the Group amounted to €915.1 million versus €1,036.2 million at the end of the prior year.

For the period under review the Group posted net losses on available for sale financial assets of €187.7 million down €117.9 million from €69.8 million at year end 2010.

Shadow Accounting

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

At September 30, 2011 the negative net balance entailed the release of the shadow accounting reserve amounting to €8,863 thousand after taxation recognised at December 31, 2010.

KEY INCOME STATEMENT INFORMATION

Technical account - Life insurance

€/'000	Net Q3 2011	Net Q3 2010	Net Sept. 30, 2011	Net Sept. 30, 2010
Gross premiums written less reinsurance premiums				
- Premiums written	2,159,318	1,819,226	7,066,156	6,807,789
Total premiums written	2,159,318	1,819,226	7,066,156	6,807,789
Gross amounts paid less recoveries from reinsurers				
- Amounts paid	(2,222,356)	(1,773,232)	(8,200,942)	(6,192,130)
- Change in reserve for outstanding claims	8,911	51,619	27,483	60,794
- Change in mathematical reserves	(64,459)	(165,906)	307,107	(1,312,559)
- Change in other technical reserves	13,567	(14,145)	16,535	9,725
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	1,015,868	(173,515)	1,881,326	135,075
Total amounts paid and change in reserves	(1,248,469)	(2,075,179)	(5,968,491)	(7,299,095)
Life Insurance net income (expense)	910,849	(255,953)	1,097,665	(491,306)

Commission income

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Management, brokerage and consulting services	153,420	163,710	483,676	519,958
Collection and payment services	7,201	11,005	21,635	31,011
Loadings on investment contracts	117	(320)	384	144
Other services	8,777	9,080	26,837	27,029
Total	169,515	183,475	532,532	578,142

The decline in commission income was largely owed to the decrease in performance fees (down €65.5 million) offset, in part, by the increase in management fees (up €43.1 million).

Commission expenses

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Loadings on investment contracts	60	(53)	200	298
Management, brokerage and consulting services	51,945	47,721	154,119	160,330
Collection and payment services	7,586	10,194	22,426	28,615
Other services	6,698	5,304	21,458	18,437
Total	66,289	63,166	198,203	207,680

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

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Financial assets				
Interest income and other investment income:				
- from financial assets held for trading	21,540	22,724	66,831	65,911
- from financial assets at fair value through profit or loss	28,013	36,439	86,456	134,125
Net income (loss) on financial assets held for trading	(76,393)	33,666	(56,727)	21,536
Net income (loss) on financial assets at fair value through profit or loss	(960,611)	184,726	(1,255,639)	260,002
Financial liabilities				
Interest expense and similar charges:				
- on financial liabilities held for trading	(3,435)	(5,845)	(12,711)	(14,679)
- on financial liabilities at fair value through profit or loss	216	(32)	(5)	(129)
Net income (loss) on financial liabilities held for trading	(8,655)	(87)	(1,229)	(4,548)
Net income (loss) on financial liabilities at fair value through profit or loss	(1,279)	(18,760)	7,329	2,903
Total	(1,000,604)	252,831	(1,165,695)	465,121

At September 30, 2011, the Group reported net loss on financial instruments at fair value through profit or loss of €1,165,695 thousand (September 30, 2010: income of €465,121 thousand).
The net loss on assets/liabilities held for trading of €57,956 thousand (September 30, 2010: income of €16,988 thousand) was largely from debt securities (– €46 million).
The net loss on financial assets/liabilities at fair value through profit or loss of €1,248,310 thousand (September

30, 2010: income of €262,905 thousand) was largely due to 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	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Interest income and other income	123,559	76,901	307,467	215,036
Realised gains	2,913	6,610	21,336	23,055
Unrealised gains	1,060	1,469	5,223	7,556
Total income	127,532	84,980	334,026	245,647
Interest expense and other charges	(39,795)	(18,140)	(95,786)	(50,811)
Realised losses	(2,394)	(1,776)	(19,758)	(6,231)
Unrealised losses	(60,009)	(6,269)	(88,331)	(20,247)
Total expense	(102,198)	(26,185)	(203,875)	(77,289)
Total net income on investments	25,334	58,795	130,151	168,358

Net income from

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Investment property	1,679	1,287	4,084	3,764
Available-for-sale financial assets	3,486	30,961	50,255	89,263
Held-to-maturity investments	7,623	13,212	29,615	38,215
Loans and receivables	52,186	31,355	141,665	87,643
Financial liabilities	(39,640)	(18,020)	(95,468)	(50,527)
Total net income on investments	25,334	58,795	130,151	168,358

Net income from investment property

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Realised gains	48	-	48	-
Other income	2,126	1,710	5,361	4,943
Other expenses	(155)	(120)	(318)	(284)
Unrealised losses	(340)	(303)	(1,007)	(895)
Total	1,679	1,287	4,084	3,764

Net income from held-to-maturity investments

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Interest income and other income	13,364	13,212	38,572	38,215
Realised gains	-	-	1,046	-
Unrealised losses	(5,741)	-	(10,003)	-
Total	7,623	13,212	29,615	38,215

Net income from available-for-sale financial assets

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Interest income and other income	55,449	30,284	120,739	80,438
Realised gains	2,666	6,501	19,987	22,831
Unrealised gains	-	-	158	-
Realised losses	(2,376)	(1,709)	(19,697)	(6,164)
Unrealised losses	(52,253)	(4,115)	(70,932)	(7,842)
Total	3,486	30,961	50,255	89,263

Net income from loans and receivables

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30, 2010
Interest income and other income	52,620	31,695	142,795	91,440
Realised gains	199	109	255	224
Unrealised gains	1,060	1,469	5,065	7,556
Realised losses	(18)	(67)	(61)	(67)
Unrealised losses	(1,675)	(1,851)	(6,389)	(11,510)
Total	52,186	31,355	141,665	87,643

Due to market interest rate hikes, 'interest income and other income' increased from €91,440 thousand at September 30, 2010 to €142,795 thousand at the end of the period under review. This item mainly relates to loans to banking customers for €96,355 thousand and loans to banks for €45,926 thousand.

Net expense from financial liabilities

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30,2010
Interest expense and other charges	(39,640)	(18,020)	(95,468)	(50,527)
Total	(39,640)	(18,020)	(95,468)	(50,527)

Operating expenses

€/'000	Q3 2011	Q3 2010	Sept. 30, 2011	Sept. 30,2010
Commissions and other expenses relating to the acquisition of insurance contracts	17,009	18,285	56,580	58,606
Investment management expenses	92	47	342	116
Other administrative expenses	71,600	71,136	243,690	236,835
Total	88,701	89,468	300,612	295,557

For enhanced classification accurateness in relation to the September 30, 2010 comparative information, a €140 thousand amount was reclassified out of 'Other revenues' to 'Other administrative expenses'.

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.
To ensure utmost consistency of data and comparability with balances at September 30, 2010, in accordance with IFRS 8, the Group reclassified prior year's data as per the new segment reporting approach.

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.

INCOME STATEMENT BY OPERATING SEGMENT AT SEPTEMBER 30, 2011

	ITALY					
€/'000	Life	Banking	Asset Mng.	Other	Consolidation adjustments	Total
Net premiums written	6,965,525	-	-	-	-	6,965,525
Amounts paid and change in technical reserves	(6,947,971)	-	-	-	-	(6,947,971)
Net life insurance revenues (ex-commissions)	17,554	-	-	-	-	17,554
Entry fees	-	-	75,281	-	-	75,281
Management fees	155,489	-	146,223	-	-	301,712
Performance fees	16,331	-	13,795	-	-	30,126
Banking services fees	-	65,789	-	-	(1,005)	64,784
Other fees	456	4,789	19,163	-	-	24,408
Total commission income	172,276	70,578	254,462	-	(1,005)	496,311
Net interest income	27,415	126,853	977	(4,995)	-	150,250
Net income (loss) on investments at fair value	(27,954)	(23,784)	13	(2)	-	(51,727)
Net financial income	(539)	103,069	990	(4,997)	-	98,523
Equity contribution	-	-	-	5,818	-	5,818
Realised gains (losses) on other investments	2,043	6,964	317	166	-	9,490
Impairment of loans	-	(1,673)	-	(90)	-	(1,763)
Impairment of other investments	(24,913)	(55,307)	-	(1,703)	-	(81,923)
Net income (loss) on other investments	(22,870)	(50,016)	317	(1,627)	-	(74,196)
Other revenues	8,755	6,060	272	438	-	15,525
TOTAL REVENUES	175,176	129,691	256,041	(368)	(1,005)	559,535
Acquisition costs & sales network commission expenses	(68,439)	(29,473)	(113,785)	-	-	(211,697)
Other commission expenses	(5,118)	(9,213)	(6,908)	-	-	(21,239)
General & Administrative expenses	(66,746)	(101,953)	(62,151)	(2,126)	1,005	(231,971)
Amortisation and depreciation	(2,767)	(4,791)	(2,053)	(112)	-	(9,723)
Net provisions for risks	(3,407)	(1,456)	(5,598)	-	-	(10,461)
TOTAL COSTS	(146,477)	(146,886)	(190,495)	(2,238)	1,005	(485,091)
PROFIT (LOSS) BY SEGMENT BEFORE TAX	28,699	(17,195)	65,546	(2,606)	-	74,444
Income tax for the period	-	-	-	-	-	(10,064)
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	64,380

	FOREIGN			
	Spain	Germany	Consolidation adjustments	Total
	81,846	18,785	-	7,066,156
	(71,031)	(16,540)	-	(7,035,542)
	10,815	2,245	-	30,614
	2,941	183	-	78,405
	8,503	3,734	-	313,949
	602	366	-	31,094
	3,373	16,085	(5)	84,237
	813	167	-	25,388
	16,232	20,535	(5)	533,073
	6,358	894	-	157,502
	(146)	(409)	-	(52,282)
	6,212	485	-	105,220
	-	-	-	5,818
	323	-	-	9,813
	411	-	-	(1,352)
	158	-	-	(81,765)
	892	-	-	(73,304)
	306	267	(136)	15,962
	34,457	23,532	(141)	617,383
	(12,189)	(4,328)	6	(228,208)
	(2,136)	(13,175)	-	(36,550)
	(18,676)	(9,799)	135	(260,311)
	(1,230)	(698)	-	(11,651)
	(5)	-	-	(10,466)
	(34,236)	(28,000)	141	(547,186)
	221	(4,468)	-	70,197
	782	(194)	-	(9,476)
	1,003	(4,662)	-	60,721

INCOME STATEMENT BY OPERATING SEGMENT AT SEPTEMBER 30, 2010

	ITALY					
€/'000	Life	Banking	Asset Mng	Other	Consolidation adjustments	Total
Net premiums written	6,720,251	-	-	-	-	6,720,251
Amounts paid and change in technical reserves	(6,701,910)	-	-	-	-	(6,701,910)
Net life insurance revenues (ex-commissions)	18,341	-	-	-	-	18,341
Entry fees	-	-	83,279	-	-	83,279
Management fees	143,943	-	115,797	-	-	259,740
Performance fees	49,840	-	43,968	-	-	93,808
Banking services fees	-	73,817	-	-	(509)	73,308
Other fees	81	5,043	15,967	-	-	21,091
Total commission income	193,864	78,860	259,011	-	(509)	531,226
Net interest income	9,729	85,531	1,001	(176)	-	96,085
Net income (loss) on investments at fair value	13,445	1,820	(10)	0	-	15,255
Net financial income	23,174	87,351	991	(176)	-	111,340
Equity contribution	-	-	-	9,540	-	9,540
Realised gains (losses) on other investments	6,384	3,305	46	(752)	-	8,983
Impairment of loans	-	(3,875)	-	(162)	-	(4,037)
Impairment of other investments	(3,764)	(1,449)	-	(2,629)	-	(7,842)
Net income (loss) on other investments	2,620	(2,019)	46	(3,543)	-	(2,896)
Other revenues	9,621	5,791	114	421	-	15,947
TOTAL REVENUES	247,620	169,983	260,162	6,242	(509)	683,498
Acquisition costs & sales network commission expenses	(71,645)	(31,783)	(116,924)	-	-	(220,352)
Other commission expenses	(4,589)	(9,573)	(5,772)	-	-	(19,934)
General & Administrative expenses	(71,952)	(96,658)	(57,957)	(1,070)	509	(227,128)
Amortisation and depreciation	(3,228)	(6,304)	(2,507)	(40)	-	(12,079)
Net provisions for risks	(2,652)	(1,172)	(4,127)	-	-	(7,951)
TOTAL COSTS	(154,066)	(145,490)	(187,287)	(1,110)	509	(487,444)
PROFIT (LOSS) BY SEGMENT BEFORE TAX	93,554	24,493	72,875	5,132	-	196,054
Income tax for the period	-	-	-	-	-	(39,697)
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	156,357

FOREIGN			
Spain	Germany	Consolidation adjustments	Total
69,055	18,483	-	6,807,789
(59,390)	(16,833)	-	(6,778,133)
9,665	1,650	-	29,656
3,090	141	-	86,510
7,763	3,366	(28)	270,841
1,687	1,123	-	96,618
3,948	25,172	(5)	102,423
1,018	222	-	22,331
17,506	30,024	(33)	578,723
4,004	287	-	100,376
163	(88)	-	15,330
4,167	199	-	115,706
-	-	-	9,540
941	(1)	-	9,923
82	-	-	(3.955)
0	-	-	(7,842)
1,023	(1)	-	(1,874)
361	89	(449)	15,948
32,722	31,961	(482)	747,699
(11,263)	(3,038)	7	(234,646)
(1,958)	(21,212)	28	(43,076)
(19,671)	(9,911)	447	(256,263)
(1,202)	(724)	-	(14,005)
121	-	-	(7,830)
(33,973)	(34,885)	482	(555,820)
(1,251)	(2,924)	-	191,879
1,485	(200)	-	(38,412)
234	(3,124)	-	153,467

Interim dividend 2011

Directors' Report pursuant to art. 2433-bis of the Italian Civil Code

This report was prepared for the purpose of voting on the distribution of a 2011 interim dividend in accordance with art. 2433-bis of the Italian Civil Code.
Mediolanum S.p.A. meets all the requirements of said article of the Italian Civil Code for the distribution of an interim dividend for the current year, specifically:

- as required by the law, the company's financial statements are audited by independent auditors, namely Deloitte & Touche S.p.A;
- article 31 of the company's Bylaws allows the distribution of interim dividends;
- in their report, the previous independent auditors, Reconta Ernst & Young S.p.A, stated their positive opinion on the 2010 annual financial statements;
- the company did not report net losses in its financial statements neither for financial year ended December 31, 2010, nor for previous financial years.

Article 2433-bis, paragraph 4, of the Italian Civil Code requires that interim dividends do not exceed the lower of the net profit earned since the end of the prior year less the amount that under the Bylaws or regulatory requirements is to be appropriated to reserves, and distributable reserves.

As set out below in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A.", the basis for assessing the limit above were the accounts at September 30, 2011. Therefore, the assessment was based on the following financial data:

€/'000	
Mediolanum S.p.A. – Net profit at September 30, 2011 as reported in its Accounts at September 30, 2011- (a)	
Net profit to be appropriated to the Legal Reserve (b) (*)	-
Distributable net profit (a-b)	109.171
Distributable reserves at September 30, 2011	
Equity reserves (Share Premium Account)	55.960
Equity reserves (LB operation)	84.693
Retained earnings (Extraordinary Reserve – FTA Reserve)	299.554
Distributable reserves at September 30, 2011	440.207
Distributable Interim Dividend	109.171

(*) the legal Reserve is fully provided and there are no other statutory reserves.

Based on the foregoing, the 2011 interim dividend shall not exceed €109,171 thousand.
The calculation of the proposed interim dividend was based on the balance sheet, income statement and cash flow statement of Mediolanum S.p.A. at September 30, 2011 prepared in accordance with international accounting and financial reporting standards (IAS/IFRS) that were consistent with those applied by the Company in the preparation of the financial statements for the year ended December 31, 2010 and with those that would be applied in the preparation of the company's financial statements for the year ending December 31, 2011.
The distribution of the interim dividend is also allowed by the availability of adequate net cash. As shown in the accounts at September 30, 2011, the net cash as of that date, amounting to €53,117 thousand, grows to €106,217 thousand following the addition of the interim dividend received from foreign subsidiaries in late October for a total amount of €53,100 thousand:

€/'000 (net cash at Sept. 30, 2011 adjusted for dividends received)	
Net cash at September 30, 2011	53.117
Interim dividend received from subsidiaries	53.100
Total net cash	106.217

In consideration of the foregoing and in the light of the information set out below in the section 'Financial position, result of operations and cash-flows of Mediolanum S.p.A.', the Board of Directors recommends the distribution of an interim dividend of 7 eurocents per share outstanding on November 21, 2011 (the ex-dividend date), except for treasury shares held after the close of business on November 18, 2011.
Considering that there are 733,775,590 outstanding shares, interim dividend aggregates to about €51,364,291.30.

Financial position, result of operations and cash-flows of Mediolanum S.p.A.

The accounts at September 30, 2011 prepared in accordance with art. 2433-bis, paragraph 5, of the Italian Civil Code show net profit of €109,171 thousand.
The accounts consist of:

- **a balance sheet** at September 30, 2011 and a comparative balance sheet at the end of the prior financial year (December 31, 2010);
- **an income statement** for the period spanning from the beginning of the financial year through September 30, 2011 (9 months) and a comparative income statement for the same interim period of the prior financial year (September 30, 2010);
- **a statement of comprehensive income** for the period spanning from the beginning of the financial year through September 30, 2011 (9 months) and a comparative statement of comprehensive income for the same interim period of the prior financial year (September 30, 2010);
- a **statement of changes in shareholders' equity** for the period spanning from the beginning of the financial year through September 30, 2011 and a comparative statement of changes in shareholders' equity for the same interim period of the prior financial year (September 30, 2010);

Business review

At September 30, 2011, net profit amounted to €109,171 thousand versus €50,376 thousand for the same period of the prior year. In particular dividends from subsidiaries and associates amounted to €123,210 thousand versus €62,675 thousand in the prior year.
In the period under review, 'available-for-sale financial assets' generated dividends of €125 thousand (Sept. 30, 2010: €455 thousand) and impairment was €687 thousand, €678 million relating to the investment in Assicurazioni Generali S.p.A. and €9 thousand to Nonisma S.p.A.

For the first nine months of the year interest expense amounted to €9,821 thousand versus €3,763 thousand in the same period of the prior year. In particular, at September 30, 2011 amounts due to banks amounted to €290,336 thousand versus €555,470 thousand at year end 2010; following the issues of notes made in 2011, bonds amounted to €240,888 thousand (Dec. 31, 2010: nil). The increase in interest expense in the period under review was largely due to wider interest spreads. Interest income also increased, namely to €4,754 thousand from

€3,569 thousand at September 30, 2010, largely on the €120 million subordinated loan extended to the subsidiary Mediolanum Vita S.p.A..
At September 30, 2011, staff costs and other administrative expenses aggregated to €7,635 thousand down €1,078 thousand from €8,713 thousand at September 30, 2010.

For the period under review the company reported other income of €494 thousand versus other losses of €1,139 thousand at September 30, 2010. Readers are reminded that the prior year's balance had included the effects of the valuation of commitments under Banca Esperia stock options plans.

In 2011 the subsidiary PI Distribuzione S.p.A. was renamed PI Servizi S.p.A and its business purposes changed to have as its main activities "the purchase, sale, exchange, management and lease of properties and entities related to the hospitality business". The parent company has committed to providing adequate funds for future capital increases or in other forms as deemed appropriate, including in tranches, up to €12 million, of which €7.5 million already contributed in September. The change in the subsidiary's business purposes, among other things, allows to reallocate real estate owned by certain Group companies and streamline the Group organisation under a plan examined by the executive directors of certain companies within the Mediolanum Group
At September 30, 2011, the Irish subsidiaries resolved to distribute a 2011 interim dividend aggregating to €53,100, that were received in late October. In the prior year, the 2010 interim dividend had been €69,268 thousand.
For information on the performance of the companies that are part of the Mediolanum Group, readers are referred to the interim report and accounts at September 30, 2011.

Issues of Mediolanum notes

Pursuant to the resolution passed by the Mediolanum S.p.A. Board of Directors at its Meeting of March 1, 2011, mainly for the purpose of restructuring short-term facilities in place between Mediolanum S.p.A. and financial institutions that are not part of the Group, the following non-convertible notes aggregating to €239.2 million (nominal value), were offered to the public. Specifically:
- €49.4 million (nominal value) fixed rate notes due April 29, 2014, bearing interest at a rate of 3.5%;
- €48.9 million (nominal value) notes due April 29, 2014, bearing interest at 6-month EURIBOR + 1%, floor at 3.0%;
- €48.3 million (nominal value) fixed rate notes due May 20, 2013, bearing interest at 3.15%;
- €47.8 million (nominal value) notes due May 20, 2015, bearing interest at 6-month EURIBOR, floor at 3.5%;
- €24.4 million (nominal value) fixed rate notes due May 31, 2013, bearing interest at 3.15%;
- €20.4 million (nominal value) notes due May 31, 2015, bearing interest at 6-month EURIBOR, floor at 3.5%.

Significant events after September 30, 2010

After September 30, 2011, there was no event which could have a significant impact on the financial position, result of operations and cash flows of the Company.

Outlook

In the light of the results recorded at September 30, 2011, and the performance of Mediolanum Group companies at that same date, the result of operations for financial year 2011 is expected to be positive.
The strength of the financial position and result of operations of Mediolanum S.p.A. and of the Mediolanum Group, as reported in the interim report and accounts at September 30, 2011, as of today allows the distribution of an interim dividend.

Independent auditors' opinion

The independent auditors Deloitte & Touche S.p.A. (the auditors responsible for auditing the company's accounts under art. 14 of Legislative Decree No. 39 of January 27, 2010) expressed their opinion on this report and the accounts attached hereto pursuant to article 2433-bis, paragraph 5, of the Italian Civil Code

Basiglio, November 9, 2011

For the Board of Directors
The Chairman
(Roberto Ruozi)

Schedules

Balance Sheet

Assets

€	Sept. 30, 2011	Dec. 31, 2010
NON CURRENT ASSETS		
Intangible assets	2,975	3,842
Tangible assets	65,226	86,394
Investments in subsidiaries and associates	969,630,693	972,130,693
Loans to subsidiaries	120,073,973	120,103,562
Available for sale financial assets	19,438,402	19,993,916
TOTAL NON CURRENT ASSETS	1,109,211,269	1,112,318,407
CURRENT ASSETS		
Receivables		
Subsidiaries	739,552	2,338,557
Related parties	20,570	21,705
Others	1,546,400	1,879,815
Cash and cash equivalents		
Bank deposits	53,105,925	15,909,383
Cash	11,436	11,529
Tax assets		
Current	85,678,174	86,911,511
Deferred	3,043,417	1,294,990
Other assets	280,786	164,594
TOTAL CURRENT ASSETS	144,426,260	108,532,084
TOTAL ASSETS	1,253,637,529	1,220,850,491

Share Holders' Equity and Liabilities

€	Sept. 30, 2011	Dec. 31, 2010
SHAREHOLDERS' EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	73,376,467	73,287,996
Treasury shares	(2,045,116)	(2,045,116)
Share premium account	55,960,187	55,086,936
Lehman Brothers operation equity reserve	84,692,746	84,692,746
Retained earnings	322,578,907	257,874,516
Valuation reserve for AFS financial assets	-	80,279
Net profit (loss) for the period	109,170,685	115,932,434
TOTAL CAPITAL AND RESERVES	643,733,876	584,909,791
NON CURRENT LIABILITIES		
Completion-of-service entitlements	510,329	620,836
Other funds	-	525,000
Notes issued	240,887,821	-
TOTAL NON CURRENT LIABILITIES	241,398,150	1,145,836
CURRENT LIABILITIES		
Amounts due to		
Banks	290,335,954	555,470,527
Subsidiaries	432,531	443,903
Other related parties	186,013	96,836
Others	1,177,400	2,166,840
Tax liabilities		
Current	75,696,443	75,689,960
Deferred	6,509	42,824
Other liabilities	670,653	883,974
TOTAL CURRENT LIABILITIES	368,505,503	634,794,864
TOTAL LIABILITIES	609,903,653	635,940,700
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,253,637,529	1,220,850,491

Income Statement

€	Sept. 30, 2011	Sept. 30, 2010
Dividends and similar income		
from subsidiaries and associates	123,210,295	62,674,986
from available for sale financial assets	124,559	455,265
Interest income and similar income	4,753,979	3,568,938
Interest expense and similar charges	(9,821,234)	(3,762,505)
Impairment/reversal of impairment of:		
Available for sale financial assets	(686,899)	(2,646,664)
Loans and financial instruments	-	(420)
NET INCOME FROM FINANCIAL OPERATIONS	117,580,700	60,289,600
Staff costs	(2,990,282)	(4,280,993)
Other administrative expenses	(4,644,662)	(4,432,194)
Amortisation and depreciation		
intangible assets	(867)	(1,407)
tangible assets	(21,168)	(23,298)
Other income (expenses)	493,531	(1,138,999)
OPERATING EXPENSES	(7,163,448)	(9,876,891)
PROFIT (LOSS) BEFORE TAX ON CONTINUING OPERATIONS	110,417,252	50,412,709
Income tax	(1,246,567)	(36,354)
PROFIT (LOSS) AFTER TAX ON CONTINUING OPERATIONS	109,170,685	50,376,355
NET PROFIT (LOSS) FOR THE PERIOD	109,170,685	50,376,355

Statement of Comprehensive Income

€	Sept 30, 2011	Sept 30, 2010
NET PROFIT (LOSS) FOR THE PERIOD	109,170,685	50,376,355
OTHER COMPREHENSIVE INCOME AFTER TAX		
AVAILABLE FOR SALE FINANCIAL ASSETS	(80,279)	285,342
TOTAL OTHER COMPREHENSIVE INCOME AFTER TAX	(80,279)	285,342
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	109,090,406	50,661,697

Statements of changes in shareholders' equity

€	Balance at Jan. 1, 2010	Appropriation of prior year's profit: Reserves	Appropriation of prior year's profit: Dividends and others
Share capital	73,140,058		
Share premium account	53,477,108		
Reserves:			
a) retained earnings	254,128,539	65,834,035	
b) other	107,599,550		
Valuation reserves:			
a) AFS fin instruments	72,263		
Treasury shares	(2,045,116)		
Net profit (loss)	113,350,017	(65,834,035)	(47,515,982)
Shareholders' equity	599,722,419	-	(47,515,982)

€	Balance at Jan. 1, 2011	Appropriation of prior year's profit: Reserves	Appropriation of prior year's profit: Dividends and others
Share capital	73,287,996		
Share premium account	55,086,936		
Reserves:			
a) retained earnings	257,874,516	64,657,786	
b) other	84,692,746		
Valuation reserves:			
a) AFS fin instruments	80,279		
Treasury shares	(2,045,116)		
Net profit (loss)	115,932,434	(64,657,786)	(51,274,648)
Shareholders' equity	584,909,791	-	(51,274,648)

Movements in the year							
	Shareholders' equity						
Changes in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options	Comprehensive income Sept. 30, 2010	Shareholders' equity at Sept. 30, 2010
	113,380						73,253,438
	1,264,784						54,741,892
					136,446		320,099,020
							107,599,550
							Totale
						285,342	357,605
							Totale
							(2,045,116)
						50,376,355	50,376,355
-	1,378,164	-	-	-	136,446	50,661,697	604,382,744

Movements in the year							
	Shareholders' equity						
Changes in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options	Comprehensive income Sept. 30, 2011	Shareholders' equity at Sept. 30, 2011
	88,471						73,376,467
	873,251						55,960,187
					46,605		322,578,907
							84,692,746
							Totale
						(80,279)	-
							Totale
							(2,045,116)
						109,170,685	109,170,685
-	961,722	-	-	-	46,605	109,090,406	643,733,876

Responsibility Statement

I, the undersigned Luigi Del Fabbro, Chief Financial Officer responsible for Mediolanum S.p.A. accounting and financial reporting, pursuant to section 154 bis, second paragraph, of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act).

HEREBY CONFIRM

that the financial information contained in the Consolidated Interim Report and Accounts at September 30, 2011, and in the Mediolanum S.p.A.'s accounts at September 30, 2011, reflects the accounting entries, records and books.

Basiglio, November 9, 2011

The Chief Financial Officer
(*Luigi Del Fabbro*)