

**Half-Year  
Financial  
Report at  
June 30,  
2011**

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

**Half-Year  
Financial  
Report at  
June 30,  
2011**

Registered Office: Meucci Building, Via F. Sforza – Basiglio – Milano Tre (Milan)  
Share capital Euro 73,355,266,10 fully paid up  
Tax, VAT and Milan Register of Companies Registration No. 11667420159

# Corporate Governance Officers

## BOARD OF DIRECTORS

Roberto Ruozì	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
Antonio Zunino	Director

## BOARD OF STATUTORY AUDITORS

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

## BOARD SECRETARY

Luca Maria Rovere

## INDEPENDENT AUDITORS

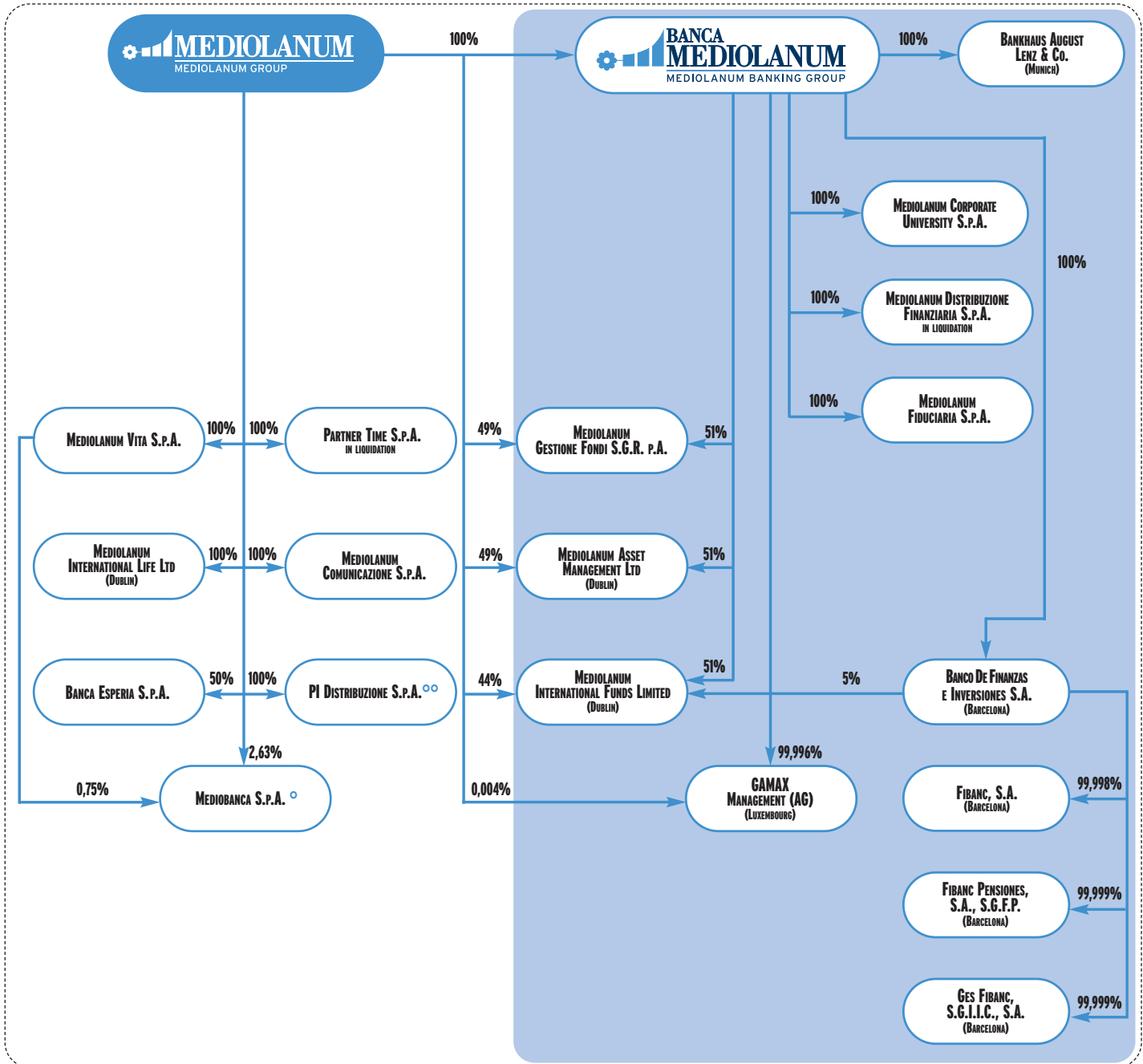
Deloitte & Touche S.p.A.

## OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

Luigi Del Fabbro

# Group Structure

as of June 30, 2011



• **MEDIOLANUM FINANCIAL CONGLOMERATE**

• **MEDIOLANUM BANKING GROUP**

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

◦◦ on July 12, 2011 this entity changed name from PI. Distribuzione S.p.A. to PI. Servizi S.p.A.

# Mediolanum Group's Financial Highlights

€/m	June 30, 2011	June 30, 2010	change %	Dec. 31, 2010
Assets under management and administration <sup>(*)</sup>	46,722.5	43,042.3	9%	45,848.7
Net inflows	1,481.0	2,617.3	(43%)	4,048.3
Profit before tax	129.4	108.0	20%	274.5
Income Tax	(32.6)	(23.3)	ns	(58.8)
Net profit	96.8	84.6	14%	246.6

€	June 30, 2011	June 30, 2010	change %	Dec. 31, 2010
Earnings per share <sup>(*)</sup>	0.132	0.116	14%	0.337
Diluted earnings per share	0.131	0.115	14%	0.336

\* The figures relate to retail customers only.

<sup>(\*)</sup>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 first half of 2011, the Mediolanum Group reported consolidated net profit of €96,768 thousand versus €84,648 thousand at June 30, 2010, attaining 14% year-on-year net profit growth, in spite of lower performance fees (down €47,551 thousand), impairment of Greek sovereign debt holdings (down €22,821 thousand) and the increased tax rate in Italy. Growth in assets under management fuelled by strong net inflows in the past 12 months has boosted recurring revenues with management fees going up €33,047 thousand in the period.

## ● The macroeconomic environment

European and US statistics relating to the first quarter of 2011 showed global GDP growth, while economic surveys released in the second quarter of 2011 anticipated a temporary slowdown in the expansionary cycle.

In the first quarter of 2011, GDP growth of 1.9% in the US (annualised rate) and of 0.8% in the Eurozone (non annualised rate) confirmed the positive trend started in the second half of 2009. Specifically, in the Eurozone, GDP was up 1.5% in Germany, 0.9% in France, 0.1% in Italy and 0.3% in Spain. In the same period the UK recorded GDP growth of 0.5%.

The present recovery continues to be characterised by high unemployment and low consumer confidence. In the US unemployment is at 9.1% and consumer sentiment is not showing signs of significant improvements. In the Eurozone unemployment has reached 9.9%.

Inflationary pressures persist in the US and in Europe. In May, the PPI and the CPI stood at 7.3% and 3.6% in the US and at 6.2% and 2.7% in the Eurozone respectively.

In the second quarter of the year, the European Central Bank raised the refinancing rate from 1% to 1.25%, while the US Fed kept it unchanged at 0%-0.25%.

## ○ Financial Markets

The peripheral sovereign debt crisis that hit Greece, Ireland and Portugal at the beginning of the year, in the second quarter pushed up yields also on Italian and Spanish treasuries. Yields on Italian treasuries moved from 2.88% at the beginning of the year to 2.50% at March 31 and 4.88% at June 30 on 2-year notes and from 4.81% to 4.82% and 4.88% at the same dates on 10-year notes. Yields on Spanish treasuries moved from 3.45% at the beginning of the year to 3.17% at March 31 and 3.44% at June 30 on 2-year notes and from 5.45% to 5.30% and 5.47% at the same dates on 10-year notes.

In the first half of 2011, global stock markets progressed by 5.6% (MSCI World in USD). In the US, the S&P 500 was up 5.0%, and the NASDAQ Composite rose by 4.6%. In Europe, stock markets fared well in Germany (DAX up 6.7%), France (CAC40 up 4.7%) and Spain (IBEX up 5.1%) and were only marginally positive in Italy (FTSE-MIB up 0.07%) and in the UK (FTSE100 up 0.78%). The Swiss stock exchange shed 3.87% in the same period. Hit by the impact of the March natural disaster, the Japanese stock market lost 4.04%. Emerging markets were up 1.8% (MSCI EM in USD). The US dollar weakened against the European single currency with the Euro/USD



exchange rate moving from 1.34 at the beginning of the year to 1.45 at June 30, in spite of the Eurozone peripheral debt crisis.

Key commodity prices were initially sent up by improvements in the global economy and the geopolitical crises in some oil-producing countries, but later came down on the worsening of expectations for the global economy and the release of oil reserves by IEA member countries.

The policy responses of the world's main governments and central banks have produced the much-awaited reversal of the economic cycle after the recession that unfolded from the second quarter of 2008 through the first quarter of 2009. Economic survey data released in the past months indicate the sustainability of the current recovery, although of late there have been signs of a slowdown.

The current debt and deficit levels of certain sovereign countries in the Eurozone, high unemployment and its effects on consumer confidence and spending, the political and social crises in certain emerging countries and the temporary impact on the Japanese economy of the natural disaster that hit that country earlier this year, appear not to have hampered recovery.

The sovereign debt crisis is pushing European countries to adopt structural reforms and measures to reduce the current fiscal imbalances over the next few years without overly sacrificing growth.

The European Central Bank has already intervened with monetary policy measures to rein in inflationary pressures. Should inflationary risk turn to the upside the world's main central bankers would reduce, with different timing, the easing measures in place and this may drive up bond yields.

In the rest of the year, as the current economic and financial woes gradually solve, the economic recovery will confirm its strength with positive effects on stock markets.

## ○ The Insurance Market

Data released by ANIA, the Association of Italian Insurers, show that in the first 5 months of 2011 new business written was down 32% over the same period of the prior year to €21.3 billion. The decline was largely in traditional policies (class I) that were down 29.5% from €24 billion in 2010 to €17 billion in 2011. New premiums written under unit-linked and index-linked policies (class III) decreased 19.3% to €3.1 billion at the end of May 2011. In the first 5 months of the year, EU companies conducting business in Italy (ANIA data) posted premiums written of €3.2 billion, slightly down (-3.2%) over the prior year. Including also these companies, new business written since the beginning of the year amounted to €24 billion, down 29.6%. The analysis by distribution channel shows banks and post offices posted a 35.8% decline in new business written and their market share decreased from 67.9% to 61.5%. In the first 5 months of the year, life business written through financial advisors was down 32.6%, and market share was 11.6%.

## ● Mediolanum Group's performance

For the first half of 2011, the Mediolanum Group reported net profit of €96.8 million up €12.2 million compared to €84.6 million in the same period of the prior year.

Net profit growth was largely owed to the greater contribution given by management fees (up €33 million), net interest income (up €31.8 million) and investments at fair value (up €20.6 million), in part offset by the lower performance fees earned in the period (down €47.6 million) and impairment of Greek sovereign debt holdings (€22.8 million).

Costs were up €3.7 million, reflecting the non-recurring expenses for the Convention held on May 1-2 in Rimini and the launches of new products, up €2.8 million.

Acquisition costs were down 5% as the lower net inflows for period entailed reduced entry fees and incentives to sales network.

At June 30, 2011, Mediolanum Group's total assets under management and administration hit €46,722.5 million, up €873.8 million from €45,848.7 million at December 31, 2010, and climbing €3,680.2 million from €43,042.3 million in the same period of the prior year.

For the period under review the Group reported net inflows of €1,481.0 million versus €2,617.3 million in the first half of 2010 (-43%).

Banca Mediolanum recorded net inflows of €928.1 million versus €2,184.5 million in the same period of the prior year (-58%). The insurance policy associated with the *Freedom* bank account recorded net outflows of €366.0 million versus net inflows of €1,132.2 million in the first half of the prior year.

In the period under review, net inflows into administered assets jumped to €1,002.5 million from €78.5 million in the same period of the prior year, especially thanks to growth in repurchase agreements (up €355.0 million), notes issued by Mediolanum S.p.A. (up €239.2 million) and inflows into the new *InMediolanum* deposit account (up €147.0 million).

Net inflows into third-party structured bonds amounted to €93.5 million versus €434.3 million in the same period of the prior year.

Other asset management products recorded net inflows of €198.2 million at June 30, 2011, versus €539.4 million for the same period of the prior year.

According to data released by Assogestioni, in the January-June 2011 period, Banca Mediolanum posted €831.3 million net inflows into mutual funds versus net outflows of about €10 billion recorded by the whole domestic industry.

The Assogestioni ranking of top asset managers by volume shows that the Mediolanum Group was stably in fourth place and its market share further grew from 4.44% in December 2010 to 4.60% in June 2011.

## ○ First half 2011 commercial initiatives

Attended for the first time by customers together with financial analysts and the media, Banca Mediolanum Big Event held in Rimini on May 1-2 provided a platform for the launch of *InMediolanum*, a deposit account that can be opened online via the dedicated website as well as at Family Banker Offices. *InMediolanum* bears no cost for customers and yields gross interest of 1.8%, 2.3% and 3.5% on 3-month, 6-month and 12-month deposits, respectively. In addition to this product, existing Mediolanum customers can sign up to another new product, called *InMediolanum Plus*, which consists of repurchase agreements yielding higher net interest than *InMediolanum's*, namely net interest of 2%, 2.15% and 2.58% on 3-month, 6-month and 12-month maturities, respectively.

The *InMediolanum* advertising campaign was also launched in May on all media.

At June 30, 2011, 12,905 *InMediolanum* deposit accounts had been opened with €147.7 million net inflows.

The Rimini Event was also the occasion for launching a new asset management product, called *Coupon Strategy Collection*, which is part of the *Mediolanum Best Brands Umbrella Fund* created by Mediolanum International Funds.

*Coupon Strategy Collection* dynamically invests in a selection of Funds or SICAV's 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. At June 30, 2011, net inflows into this new product hit €168.3 million.

### ○ 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	June 30, 2011	June 30, 2010	Change
<b>ITALY</b>			
Life insurance products	(671.6)	(555.8)	21%
Asset Management Products	869.8	1,095.2	(21%)
Total managed assets inflows	198.2	539.4	(63%)
Third-party structured bonds	93.5	434.3	(78%)
Total managed assets + third-party structured bonds	291.7	973.8	(70%)
<i>Freedom</i> Life Policies	(366.0)	1,132.2	ns
Administered assets	1,002.5	78.5	ns
<b>BANCA MEDIOLANUM</b>	928.1	2,184.5	(58%)
<b>BANCA ESPERIA(**)</b>	487.6	395.5	23%
<b>TOTAL - ITALY</b>	1,415.7	2,580.0	(45%)
<b>SPAIN</b>	44.9	27.6	63%
<b>GERMANY</b>	20.3	9.7	109%
<b>TOTAL FOREIGN MARKETS</b>	65.2	37.3	75%
<b>TOTAL NET INFLOWS</b>	1,481.0	2,617.3	(43%)

### ● Assets under Management and under Administration(\*)

€/million	June 30, 2011	Dec. 31, 2010	June 30, 2010
<b>ITALY</b>			
Life Products	14,172.3	15,068.7	14,604.5
<i>Freedom</i> Life Policies	4,659.3	5,025.3	5,704.0
Asset Management products	19,782.0	19,509.2	17,202.0
Banking products	8,260.0	7,195.6	6,121.6
Consolidation adjustments	(9,047.4)	(9,285.2)	(8,468.1)
<b>BANCA MEDIOLANUM</b>	37,826.2	37,513.6	35,164.0
<b>BANCA ESPERIA(**)</b>	6,874.1	6,372.5	6,015.8
<b>TOTAL - ITALY</b>	44,700.3	43,886.1	41,179.8
<b>SPAIN</b>	1,676.1	1,621.9	1,566.5
<b>GERMANY</b>	346.2	340.8	296.0
<b>TOTAL FOREIGN MARKETS</b>	2,022.3	1,962.6	1,862.5
<b>TOTAL ASSETS UNDER MANAGEMENT &amp; ADMINISTRATION</b>	46,722.5	45,848.7	43,042.3

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

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

At June 30, 2011, total assets under management and administration amounted to €46,722.5 million up 2% from €45,848.7 million at December 31, 2010, and up 9% from €43,042.3 million at June 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 the end of the period under review, total life products amounted to €14,172.3 million versus €15,068.7 million at the end of prior year and €14,604.5 million at June 30, 2010.

€/million	June 30, 2011	Dec. 31, 2010	June 30, 2010
Unit-linked life products	9,153.7	9,308.8	8,479.6
Index-linked life products	3,695.5	4,428.4	4,753.5
Traditional life products	1,323.2	1,331.5	1,371.4
<b>Total Life Products (ex-'Freedom')</b>	<b>14,172.3</b>	<b>15,068.7</b>	<b>14,604.5</b>
'Freedom' Life Policies	4,659.3	5,025.3	5,704.0

€/million	June 30, 2011	June 30, 2010	Change
Recurring premiums	31.7	52.8	(40%)
Single premiums and group policies	169.1	124.7	36%
<b>Total new business</b>	<b>200.9</b>	<b>177.5</b>	<b>13%</b>
Pension plans in force	270.6	262.6	3%
Other business in force	295.3	313.4	(6%)
<b>Total in force business</b>	<b>565.9</b>	<b>576.0</b>	<b>(2%)</b>
<b>Total Premiums Written (ex-'Freedom')</b>	<b>766.7</b>	<b>753.5</b>	<b>2%</b>
Freedom Premiums Written	4,083.7	4,178.4	(2%)
<b>Total Gross Premiums Written</b>	<b>4,850.4</b>	<b>4,931.9</b>	<b>(2%)</b>

Gross premiums written in the first six months of the year amounted to €4,850.4 million, down 2% from €4,931.9 million in the same period of the prior year.

New business stood at €200.9 million, up 13% from €177.5 million at June 30, 2010.

Excluding the *Mediolanum Plus* policy, gross premiums written in the period were up 2% to €766.7 million.

Recurring premiums declined 40% from €52.8 million at June 30, 2010 to €31.7 million at the end of the first half of 2011. This was largely due to customers shifting to other asset management products.

Excluding *Mediolanum Plus*, single premiums and group policies grew 36% to €169.1 million from €124.7 million at June 30, 2010, thanks to growth in new business written under the 'Synergy' policy (up 78%).

Total in-force business amounted to €565.9 million, remaining essentially in line with the balance reported in the same period of the prior year of €576 million.

Excluding *Freedom*, amounts paid increased 10% from €1,309.2 million at June 30, 2010, to €1,438.3 million at the end of the period under review.

## Amounts paid

€/million	June 30, 2011	June 30, 2010	Change
Claims	36.9	40.4	(9%)
Coupons	47.8	98.5	(51%)
Maturities	873.2	730.2	20%
Surrenders	480.4	440.2	9%
<b>Amounts paid (ex-Freedom)</b>	<b>1,438.3</b>	<b>1,309.2</b>	<b>10%</b>

Amounts paid upon maturity were up 20% to €873.2 million, of which €719 million relating to index-linked policies.

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

€/million	June 30, 2011	June 30, 2010	Change
Class I	2.2	1.9	16%
Class III	34.7	38.5	(10%)
<b>Total (ex-Freedom)</b>	<b>36.9</b>	<b>40.4</b>	<b>(9%)</b>

## ○ Italy - Asset management

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

Euro/million	June 30, 2011	Dec 31, 2010	June 30, 2010
<i>Best brands</i> funds of funds	4,879.5	4,044.2	2,884.2
<i>Portfolio</i> funds of funds	726.3	806.3	815.8
Funds of hedge funds	327.2	341.1	378.2
<b>Total Funds of Funds</b>	<b>5,933.0</b>	<b>5,191.5</b>	<b>4,078.3</b>
<i>Challenge</i> funds	11,558.5	12,046.7	11,093.8
Other Italy-based mutual funds	2,191.9	2,240.3	2,022.5
Other internationally-based mutual funds	219.1	246.9	236.3
<b>Total Other Mutual Funds</b>	<b>13,969.4</b>	<b>14,533.9</b>	<b>13,352.6</b>
<i>Chorus</i> managed accounts	62.6	73.0	77.0
Real estate funds and others	546.6	535.1	487.2
Duplication adjustments	(729.6)	(824.4)	(793.1)
<b>Total asset management products</b>	<b>19,782.0</b>	<b>19,509.2</b>	<b>17,202.0</b>
of which(*):			
Equity	60%	62%	60%
Bond	28%	26%	18%
Money market	3%	3%	4%
Other	9%	9%	18%

At June 30, 2011, total assets under management amounted to €19,782.0 million, up 1% from €19,509.2 million at December 31, 2010.

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	June 30, 2011	June 30, 2010	Change
<i>Best brands</i> funds of funds	1,021.8	448.8	128%
<i>Portfolio</i> funds of funds	(60.9)	(42.3)	44%
<i>Elite</i> funds of funds	-	(3.9)	ns
<b>Total Funds of Funds</b>	960.9	402.6	139%
<i>Challenge</i> funds	(91.5)	488.3	ns
Other Italy-based mutual funds	(3.1)	158.2	ns
<b>Total Other Mutual Funds</b>	(94.7)	646.5	ns
<i>Chorus</i> managed accounts	(8.0)	(10.5)	(23%)
Real estate funds and others	11.5	56.6	(80%)
<b>Total asset management products</b>	869.8	1,095.2	(21%)

### Gross inflows

€/million	June 30, 2011	June 30, 2010	Change
<i>Best brands</i> funds of funds	1,608.4	926.5	74%
<i>Portfolio</i> funds of funds	20.7	38.5	(46%)
<i>Elite</i> funds of funds	-	3.8	ns
<b>Total Funds of Funds</b>	1,629.1	968.8	68%
<i>Challenge</i> funds	520.9	1,015.3	(49%)
Other Italy-based mutual funds	328.0	516.2	(36%)
<b>Total Other Mutual Funds</b>	848.9	1,531.5	(45%)
<i>Chorus</i> managed accounts	0.1	0.4	(67%)
Real estate funds and others	25.8	66.7	(61%)
<b>Total asset management products</b>	2,503.9	2,567.3	2%

### ○ Italy - Banking

At the end of the first six months of 2011, the Group reported net inflows into administered assets of €1,002.5 million versus €78 million in the same period of 2010.

Placement of third-party structured bonds generated €93.5 million inflows.

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

€/million	June 30, 2011	Dec. 31, 2010	June 30, 2010
Customer deposits	4,167.3	3,882.1	4,042.3
Banca Mediolanum Bonds	554.2	334.1	173.8
Third Parties Structured Bonds	934.2	833.5	414.5
Securities in custody	1,602.0	1,488.3	1,451.3
Repurchase agreements	1,002.3	657.8	39.7
<b>Total Assets under Administration</b>	8,260.0	7,195.6	6,121.6

At June 30, 2011, there were about 579,000 Banca Mediolanum bank accounts versus about 580,100 at June 30, 2010 (down 0.2%). Primary account holders were 884,500 versus 913,000 in the same period of the prior year (down 3.1%).

## Spain

€/million	June 30, 2011	Dec. 31, 2010	June 30, 2010
<b>Assets under Management &amp; Administration</b>	1,676.1	1,621.9	1,566.5
<i>Assets under Management</i>	1,022.2	991.2	939.0
<i>Assets under Administration</i>	653.9	630.7	627.5
<b>Gross Inflows</b>	152.2	261.6	143.9
<i>Assets under Management</i>	150.3	270.0	139.5
<i>Assets under Administration</i>	1.9	(8.4)	4.4
<b>Net Inflows</b>	44.9	35.1	27.6
<i>Assets under Management</i>	43.1	43.5	23.2
<i>Assets under Administration</i>	1.8	(8.4)	4.4

Assets under Management and under Administration were up 7% over the same period of the prior year, while remaining essentially in line with the balance reported at the end of December 2010.

In the period under review, net inflows amounted to €44.9 million versus €27.6 million in the same period of the prior year. Specifically, inflows into asset management products were up 85% compared to the same period of the prior year.

At June 30, 2011, the number of Fibanc customers was down 4% to 74,803 from 78,258 at June 30, 2010; primary account holders were down 3% to 63,859 from 66,166 in the same period of the prior year.

## Germany

€/million	June 30, 2011	Dec. 31, 2010	June 30, 2010
<b>Assets under Management &amp; Administration</b>	346.1	340.8	296.0
<i>Assets under Management</i>	294.1	317.2	275.6
<i>Assets under Administration</i>	52.0	23.6	20.4
<b>Gross Inflows</b>	50.1	86.8	38.8
<b>Net Inflows</b>	20.3	32.0	9.7
<i>Assets under Management</i>	(5.8)	18.5	0.9
<i>Assets under Administration</i>	26.1	13.5	8.8

Assets under Management and under Administration grew 17% over the same period of the prior year.

Net inflows for the period under review amounted to €20.3 million versus €9.7 million for the same period of the prior year. Specifically, asset management products recorded net outflows of €5.8 million, while administered assets posted



196% growth in net inflows compared to June 30, 2010. At June 30, 2011, the number of customers was up 4% to 3,537 from 3,399 at June 30, 2010.

## ● The Sales Networks

Number	June 30, 2011	Dec. 31, 2010	June 30, 2010
Licensed financial advisors	4,700	4,772	4,849
Non-licensed advisors / agents (*)	13	44	190
<b>BANCA MEDIOLANUM</b>	<b>4,713</b>	<b>4,816</b>	<b>5,039</b>
<b>SPAIN</b>	<b>506</b>	<b>484</b>	<b>465</b>
<b>GERMANY</b>	<b>38</b>	<b>36</b>	<b>41</b>
<b>Total</b>	<b>5,257</b>	<b>5,336</b>	<b>5,545</b>

(\*) 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 4,700 people, and the number of non-licensed advisors/agents declined to 13 from 44 people at year end 2010.

## ● Consolidated Income Statement (\*)

€/million	June 30, 2011	June 30, 2010	Change	Change %
<b>Net premiums written</b>	4,906.8	4,988.6	(81.7)	(2%)
Amounts paid and change in technical reserves	(4,880.5)	(4,966.7)	86.2	(2%)
<b>Net life insurance revenues (ex. commissions)</b>	26.3	21.9	4.5	20%
Entry fees	53.3	62.7	(9.4)	(15%)
Management fees	210.2	177.2	33.0	19%
Performance fees	21.1	68.7	(47.6)	(69%)
Banking services fees	60.8	70.3	(9.4)	(13%)
Other fees	18.0	16.3	1.7	10%
<b>Total commission income</b>	363.4	395.1	(31.7)	(8%)
Net interest income	97.3	65.6	31.8	48%
Net income on investments at fair value	21.6	1.0	20.6	2019%
<b>Net financial income</b>	118.9	66.6	52.3	79%
<b>Equity contribution</b>	6.0	3.4	2.6	76%
Realised gains (losses) on other investments	5.8	4.9	(0.9)	19%
Impairment of loans	(0.7)	(3.6)	2.8	(80%)
Impairment of other investments	(23.8)	(3.7)	(20.1)	(538%)
<b>Net income (loss) on other investments</b>	(18.7)	(2.4)	(16.3)	675%
<b>Other revenues</b>	10.9	10.6	0.3	3%
<b>TOTAL REVENUES</b>	506.8	495.1	11.7	2%
Acquisition costs & Sales network commission expenses	(155.0)	(163.9)	8.9	(5%)
Other commission expenses	(25.2)	(27.7)	2.4	(9%)
General and Administrative expenses	(183.2)	(179.5)	(3.7)	2%
Amortisation and depreciation	(7.7)	(9.5)	1.8	(19%)
Net provisions for risks	(6.3)	(6.5)	0.2	(3%)
<b>TOTAL COSTS</b>	(377.5)	(387.1)	9.7	(2%)
<b>PROFIT BEFORE TAX</b>	129.3	108.0	21.4	20%
Income tax	(32.6)	(23.3)	(9.2)	40%
Minority interests				
<b>NET PROFIT FOR THE PERIOD</b>	96.8	84.6	12.1	14%

(\*) 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 six months of the year, **net premiums** written amounted to €4,906.8 million, down 2% from €4,988.6 million in the same period of the prior year. The decline in net premiums written was mostly due to reduced inflows into the *MedPlus* policy associated with the '*Freedom*' bank account (down €94.7 million).

Total amounts paid and change in reserves were down 2% from €4,966.7 million at June 30, 2010 to €4,880.5 million, of which €4,502.7 million relating to the policies associated with the '*Freedom*' bank account.

**Net life insurance revenues** before acquisition costs amounted to €26.3 million, up €4.5 million from €21.9 million in the prior year.

For the first six months of the year, **total commission income** amounted to €363.4 million, down €31.7 million from €395.1 million at June 30, 2010, mainly due to the decrease in performance fees (down €47.6 million) and entry fees (down €9.4 million), in part offset by the increase in management fees (up €33.0 million).

**Net financial income** grew 79% thanks to increased net interest income (up €31.8 million) and gains on securities trading (up €20.6 million).

For the period under review, the Group's net loss on other investments worsened by €16.3 million to €18.7 million from €2.4 million at June 30, 2010, mainly due to the €22.8 million impairment of Greek sovereign debt holdings.

**Acquisition costs & Sales network commission expenses** were down €8.9 million to €155 million from €163.9 million at June 30, 2010, 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) amounted to €197.2 million versus €195.5 million in the same period of the prior year. The €1.7 million increase was mostly in connection with non-recurring expenses associated with the Convention held in Rimini on May 1-2, 2011 and the launch of new products.

**Income tax** for the period amounted to €32.6 million (tax rate: 25.2%) versus €23.3 million at June 30, 2010 (tax rate: 21.6%). Taxes for the period include an about €1 million increase resulting from hikes in IRAP tax rates (0.75 percentage points for banks and financial companies and 2 percentage points for insurers) introduced by Legislative Decree 98/2011 converted into Act 111 of July 15, 2011.

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

## ○ Italy - Life

€/000	June 30, 2011	June 30, 2010	Change	Change %
Net premiums written	4,836,955	4,929,135	(92,180)	(2%)
Amounts paid & change in technical reserves	(4,821,889)	(4,914,356)	92,467	(2%)
Net life insurance revenues (ex-commission)	15,066	14,779	287	2%
Total commission income	115,799	131,886	(16,087)	(12%)
Net interest income	21,662	6,638	15,024	226%
Net income (loss) on investments at fair value	13,117	1,511	11,606	768%
Net financial income	34,779	8,149	26,630	327%
Net income (loss) on other investments	(2,303)	4,174	(6,477)	(155%)
Other revenues	5,790	6,599	(809)	(12%)
<b>TOTAL REVENUES</b>	<b>169,131</b>	<b>165,587</b>	<b>3,544</b>	<b>2%</b>
Acquisition costs & Sales network commission expenses	(46,988)	(49,964)	2,976	(6%)
Other commission expenses	(3,474)	(3,102)	(372)	12%
General and Administrative expenses	(49,093)	(51,317)	2,224	(4%)
Amortisation and depreciation	(1,844)	(2,144)	300	(14%)
Net provisions for risks	(2,175)	(2,168)	(7)	0%
<b>TOTAL COSTS</b>	<b>(103,574)</b>	<b>(108,695)</b>	<b>5,121</b>	<b>(5%)</b>
<b>PROFIT BEFORE TAX</b>	<b>65,557</b>	<b>56,892</b>	<b>8,665</b>	<b>15%</b>

In the 'Italy – Life' operating segment, **profit before tax** amounted to €65.6 million, up 15% over the same period of the prior year.

**Net life insurance revenues** before acquisition costs totalled €15.1 million versus €14.8 million in the same period of the prior year.

**Total commission income** for the period amounted to €115.8 million versus €131.9 million at June 30, 2010, reflecting a marked decline in performance fees (down €25.2 million), that was partly offset by growth in management fees (up €9.3 million) to €104.3 million compared to €95 million recorded in the same period of the prior year.

**Acquisition costs & Sales network commission expenses** were down €3.0 million to €47 million from €49.9 million at June 30, 2010.

**Net financial income** for the period amounted to €34.8 million versus €8.1 million in the same period of the prior year, largely in connection with interest rate hikes and reduced technical charges on the *Freedom/Mediolanum Plus* policy.

**Other Expenses** decreased to €56.6 million from €58.7 million at June 30, 2010.

## ○ Italy - Asset management

€/000	June 30, 2011	June 30, 2010	Change	Change %
Entry fees	51,158	60,435	(9,277)	(15%)
Management fees	97,682	74,877	22,805	30%
Performance fees	9,131	30,029	(20,898)	(70%)
Other fees	13,726	11,553	2,173	19%
<b>Total commission income</b>	<b>171,697</b>	<b>176,894</b>	<b>(5,197)</b>	<b>(3%)</b>
Net interest income	557	574	(17)	(3%)
Net income (loss) on investments at fair value	13	(15)	28	(187%)
<b>Net financial income</b>	<b>570</b>	<b>559</b>	<b>11</b>	<b>2%</b>
Net income (loss) on other investments	156	(104)	260	ns
Other revenues	171	72	99	138%
<b>TOTAL REVENUES</b>	<b>172,594</b>	<b>177,421</b>	<b>(4,827)</b>	<b>(3%)</b>
Acquisition costs & Sales network commission expenses	(74,817)	(82,023)	7,206	(9%)
Other commission expenses	(4,643)	(3,756)	(887)	24%
General and Administrative expenses	(41,496)	(40,740)	(756)	2%
Amortisation and depreciation	(1,360)	(1,714)	354	(21%)
Net provisions for risks	(3,230)	(3,500)	270	(8%)
<b>TOTAL COST</b>	<b>(125,546)</b>	<b>(131,733)</b>	<b>6,187</b>	<b>(12%)</b>
<b>PROFIT BEFORE TAX</b>	<b>47,048</b>	<b>45,688</b>	<b>1,360</b>	<b>3%</b>

In the 'Italy – Asset Management' segment, **profit before tax** amounted to €47.0 million, up 3% over the same period of the prior year.

**Total commission income** amounted to €171.7 million, down €5.2 million compared to €176.9 million in the same period of the prior year. The comparison with the same period of the prior year shows a €20.9 million decline in performance fees due to poor market performance, a €9.3 million decrease in entry fees that reflects lower gross inflows, while management fees were up €22.8 million as a result of NAV growth in the period.

Costs were down to €125.5 million from €131.7 million at June 30, 2010.

## ○ Italy - Banking

€/000	June 30, 2011	June 30, 2010	Change	Change %
Banking services fees	48,450	51,568	(3,118)	(6%)
Other fees	3,218	3,473	(255)	(7%)
<b>Total commission income</b>	<b>51,668</b>	<b>55,041</b>	<b>(3,373)</b>	<b>(6%)</b>
Net interest income	74,102	55,636	18,466	33%
Net income (loss) on investments at fair value	7,921	108	7,813	7,234%
<b>Net financial income</b>	<b>82,023</b>	<b>55,744</b>	<b>26,279</b>	<b>47%</b>
Net income (loss) on other investments	(16,475)	(3,325)	(13,150)	395%
Other revenues	4,160	3,639	521	14%
<b>TOTAL REVENUES</b>	<b>121,376</b>	<b>111,099</b>	<b>10,277</b>	<b>9%</b>
Acquisition costs & Sales network commission expenses	(22,456)	(22,253)	(203)	1%
Other commission expenses	(5,708)	(6,017)	309	(5%)
General and Administrative expenses	(73,091)	(67,853)	(5,238)	8%
Amortisation and depreciation	(3,146)	(4,368)	1,222	(28%)
Net provisions for risks	(962)	(986)	24	(2%)
<b>TOTAL COSTS</b>	<b>(105,363)</b>	<b>(101,477)</b>	<b>(3,886)</b>	<b>(27%)</b>
<b>PROFIT BEFORE TAX</b>	<b>16,013</b>	<b>9,622</b>	<b>6,391</b>	<b>66%</b>

In the 'Italy – Banking' segment, **profit before tax** amounted to €16 million versus €9.6 million in the same period of the prior year.

**Net financial income** increased by €26.3 million to €82 million from €55.7 million in the same period of the prior year, benefitting from higher market rates and greater gains on securities trading.

**Total commission income** amounted to €51.7 million down €3.4 million compared to the same period of the prior year, due especially to lower sales of third-party structured bonds. **Acquisition costs & Sales network commission expenses** amounted to €22.5 million, remaining essentially in line with the balance reported for same period of the prior year (H1 2010: €22.3 million).

**Other expenses** amounted to €82.9 million up €3.7 million (4.5%) compared to €79.2 million recorded in the period of the prior year.

## ○ Italy - Other

€/000	June 30, 2011	June 30, 2010	Change	Change %
Net interest income	(2,705)	(8)	(2,697)	ns
Net financial income	(2,704)	(8)	(2,696)	ns
Equity contribution	6,001	3,411	2,590	76%
Net income (loss) on other investments	(812)	(3,721)	2,909	(78%)
Other revenues	381	336	45	13%
<b>TOTAL REVENUES</b>	<b>2,866</b>	<b>18</b>	<b>2,848</b>	<b>15,822%</b>
General and Administrative expenses	(1,289)	(901)	(388)	43%
Amortisation and depreciation	(46)	(28)	(18)	64%
<b>TOTAL COSTS</b>	<b>(1,335)</b>	<b>(929)</b>	<b>(406)</b>	<b>107%</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>1,531</b>	<b>(911)</b>	<b>2,442</b>	<b>(268%)</b>

In the 'Italy – Other' segment, **profit before tax** amounted to €1.5 million versus €0.9 million in the same period of the prior year.

**Net financial income** showed a negative balance of €2.7 million versus a negative balance of €8 thousand in the same period of the prior year. This mostly reflects the greater interest paid on Mediolanum S.p.A.'s debt due to higher interest rates.

'**Equity contribution**' relates to the share of profits in Mediobanca amounting to €5,377 thousand, for the first quarter only (the last accounts approved), and in Banca Esperia, for the full six months of the year, amounting to €624 thousand (H1 2010: €3,411 thousand).

## ○ Spain

€/000	June 30, 2011	June 30, 2010	Change	Change %
Net premiums written	55,952	48,469	7,483	15%
Amounts paid & change in technical reserves	(46,865)	(42,246)	(4,619)	11%
Net life insurance revenues (ex-commission)	9,087	6,223	2,864	46%
<b>Total commission income</b>	<b>11,060</b>	<b>12,046</b>	<b>(986)</b>	<b>(8%)</b>
Net interest income	3,548	2,530	1,018	40%
Net income (loss) on investments at fair value	282	(313)	595	ns
Net financial income	3,830	2,217	1,613	73%
Net income (loss) on other investments	763	567	196	35%
Other revenues	229	272	(43)	(16%)
<b>TOTAL REVENUES</b>	<b>24,969</b>	<b>21,325</b>	<b>3,644</b>	<b>17%</b>
Acquisition costs & Sales network commission expenses	(8,712)	(7,763)	(949)	12%
Other commission expenses	(1,503)	(1,068)	(435)	41%
General and Administrative expenses	(12,717)	(13,281)	564	(4%)
Amortisation and depreciation	(823)	(793)	(30)	4%
Net provisions for risks	29	113	(84)	(74%)
<b>TOTAL COSTS</b>	<b>(23,726)</b>	<b>(22,792)</b>	<b>(934)</b>	<b>4%</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>1,243</b>	<b>(1,467)</b>	<b>2,710</b>	<b>ns</b>

The 'Spain' segment recorded **net life insurance revenues** before acquisition costs of €9.1 million up €2.9 million compared to €6.2 million in the same period of the prior year.

**Total commission income** declined 8% to €11.1 million from €12.1 million in the same period of the prior year.

**Total costs** increased 4% to €23.7 million from €22.8 million in the same period of the prior year. This mostly reflects greater commissions paid to the sales network on greater sales of insurance products.

## ○ Germany

€/000	June 30, 2011	June 30, 2010	Change	Change %
Net premiums written	13,931	10,959	2,972	27%
Amounts paid & change in technical reserves	(11,762)	(10,100)	(1,662)	16%
<b>Net life insurance revenues (ex-commissions)</b>	<b>2,169</b>	<b>859</b>	<b>1,310</b>	<b>153%</b>
<b>Total commission income</b>	<b>14,019</b>	<b>19,574</b>	<b>(5,555)</b>	<b>(28%)</b>
Net interest income	185	212	(27)	(13%)
Net income (loss) on investments at fair value	241	(273)	514	(188%)
<b>Net financial income</b>	<b>426</b>	<b>(61)</b>	<b>487</b>	<b>(798%)</b>
Other revenues	213	84	129	154%
<b>TOTAL REVENUES</b>	<b>16,827</b>	<b>20,455</b>	<b>(3,628)</b>	<b>(18%)</b>
Acquisition costs & Sales network commission expenses	(2,052)	(1,958)	(94)	5%
Other commission expenses	(9,903)	(13,730)	3,827	(28%)
General and Administrative expenses	(6,462)	(6,135)	(327)	5%
Amortisation and depreciation	(471)	(479)	8	(2%)
<b>TOTAL COSTS</b>	<b>(18,888)</b>	<b>(22,302)</b>	<b>3,414</b>	<b>(15%)</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(2,061)</b>	<b>(1,847)</b>	<b>(214)</b>	<b>(12%)</b>

**Total commission income** decreased €5.6 million (28%) from €19.6 million at June 30, 2010 to €14.0 million at the end of the period under review, mainly due to the decline in commissions on the ATM business.

**Acquisition costs & Sales network commission expenses** amounted to €2.1 million in line with the balance reported for the same period of the prior year.

## ● The Parent Company

Pursuant to the resolution passed at the Annual General Meeting (Ordinary and Extraordinary sessions) of April 21, 2011, the Parent Company Mediolanum S.p.A. paid out the 2010 final dividend of €0.065 per share for a total amount of €51.3 million.



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

In February a new company, Mediolanum Fiduciaria, was formed. It is a wholly-owned subsidiary of Banca Mediolanum and has share capital of €240 thousand.

In April Banca Mediolanum contributed €15 million to the German bank Bankhaus August Lenz for future capital increases.

On May 12, 2011, the Board of Directors of Mediolanum S.p.A. agreed to partake in Banca Esperia S.p.A.'s €50 million capital increase according to the stake held in that entity (Mediolanum S.p.A. disbursement: €25 million). The aim of the capital increase is to enable Banca Esperia S.p.A. to meet upcoming Basel III capital requirements, especially under stress conditions. To-date Banca Esperia S.p.A. has not yet requested the disbursements of funds under the capital increase.

During the first half of 2011, the Group examined the opportunity to change the business purposes of the subsidiary PI Distribuzione S.p.A. to have as its main activities "the purchase, sale, exchange, management and lease of properties and entities related to the hospitality business". Among other things, this would allow 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.

On June 21, 2011, the parent company Mediolanum S.p.A. approved the re-focus of PI Distribuzione S.p.A.'s business, indicating the parent company's readiness to provide adequate financial resources by future capital increases or in other forms as deemed appropriate, including in tranches, up to €12 million.

The Extraordinary General Meeting held on July 4, 2011 approved the change in the company's purposes as set out above, and the change in name from PI Distribuzione to PI Servizi S.p.A. which 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 Mediolanum Corporate University S.p.A. 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.

## ○ Life Insurance Companies

**Mediolanum Vita S.p.A.** – For the first half of 2011, this company reported net profit of €28.8 million, up from €4.5 million at June 30, 2010, especially thanks to the improvement of net financial income compared to the first half 2010.

In the period under review, the company reported premiums written of €4,687.9 million versus €4,822.4 million in the same period of the prior year (down 2.8%).

New business amounted to €4,133.1 million versus €4,243.1 million in the same period of the prior year.

In-force business premiums stood at €556.6 million, in line with the balance of €581.3 million reported in the same period of the prior year.

At June 30, 2011, mathematical reserves and financial liabilities to policyholders amounted to €15,854 million, down 5% from €16,729.6 million at year end 2010.

**Mediolanum International Life Ltd** – For the first half of 2011, the Irish company reported net profit of €7.8 million versus €3.8 million in the prior year.

For the period under review, premiums written amounted to €219.6 million versus €167.1 million at June 30, 2010.

At June 30, 2011, mathematical reserves and financial liabilities to policyholders amounted to €3,516.7 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 June 30, 2011, the company reported net profit of €80.8 million, down 27.3 million compared to €108 million at June 30, 2010, largely due to lower performance fees earned in the period (€43.9 million).

In the period under review net inflows amounted to €964.2 million versus €1,053.6 million at June 30, 2010.

At June 30, 2011, total assets under management amounted to €17,890 million up 0.5% from €17,809 million at December 31, 2010.

**Mediolanum Gestione Fondi SGR p.A.** – At June 30, 2011, the company reported net profit of €6.1 million, down €0.8 million from €6.9 million at the end of the first half of the prior year.

For the first six months of 2011 net inflows amounted to €8.4 million versus €210.9 million in the same period of the prior year. This reflects a contraction in gross inflows while divestments remained essentially unchanged.

At June 30, 2011, assets managed directly by this company amounted to €2,738.5 million versus €2,509.6 million in the same period of the prior year (up 9.1%) and €2,775.3 million at December 31, 2010 (down 1.3%).

Assets managed on mandates from fellow subsidiaries amounted to €16,263.2 million versus €17,240.9 million in the same period of the prior year, and €17,228.2 million at December 31, 2010.

**Gamax Management A.G.** – For the first half of 2011, the Luxembourg-based company reported net profit of €1.9 million versus €2.5 million in the same period of the prior year.

For the period under review, in the retail segment, the company recorded net outflows of €15 million versus net outflows of €4 million at June 30, 2010.

Assets under management amounted to €208 million versus €211 million at June 30, 2010.

At June 30, 2011, total assets under management (retail and institutional segments) amounted to €414 million versus €470 million at December 31, 2010.

## ○ **Banking operations (including Group product distribution)**

**Banca Mediolanum S.p.A.** – For the first half of 2011, the bank reported net profit of €32.4 million versus €14.9 million for the first half of the prior year.

In the period under review profit before tax grew by €21.8 million thanks in particular to strong growth in net financial income (up €30.1 million) and net commission income (up €7.1 million), in part offset by impairment of Greek sovereign debt holdings (€20.4 million).

Results for the period also benefitted from greater dividends (up €11.4 million), especially those received from the Irish subsidiaries.

Administrative expenses increased €7.7 million, partly in connection with non-recurring expenses for the convention and sponsorships (up €2.5 million).

Direct funding from customers grew from €7,205 million at year end 2010 to €7,490 million at June 30, 2011. Lending to customers, excluding securities lending, grew to €3.596 million from €3.265 million at December 31, 2010. In the period under review, hot money transactions were up €313 million.

The balance on the securities accounts of retail customers increased 17% from €2,589 million at year end 2010 to €3,026 million at the end of the period under review (H1 2010: €1,978 million).

**Banco de Finanzas e Inversiones S.A. - Fibanc (Banco Mediolanum)** – At June 30, 2011, the Spanish bank recorded net inflows of €44.9 million versus €27.6 million in the same period of the prior year.

At June 30, 2011, assets under management and administration amounted to €1,676 million versus €1,622 million at December 31, 2010.

At the end of the period under review, the sales network consisted of 506 people (491 at year end 2010), of whom 462 tied advisors (439 at year end 2010).

For the first six months of 2011, this entity reported net profit of €1.6 million improving by €2.7 million from the net loss of €1.1 million posted at June 30, 2010.

**Bankhaus August Lenz & Co.** – At June 30, 2011, the German bank reported net loss of €4.3 million versus net loss of €2.6 million in the same period of the prior year, largely due to reduced ATM business and related commissions.

In the period under review, this bank recorded net inflows of €35.3 million versus €13.6 million in the same period of the prior year.

At June 30, 2011, assets under administration amounted to €138 million versus €103 million at the at December 31, 2010.

At the end of the period under review, the sales force consisted of 38 people (vs. 36 people at December 31, 2010).

## ○ Joint ventures

For the first half of 2011 the **Banca Esperia** Group reported consolidated net profit of €1.2 million in line with the balance posted for the same period of the prior year.

For the period under review, the Group reported net inflows of €975 million versus €791 million at June 30, 2010. At the end of the period under review, total assets under management and administration amounted to €13,748 million versus €12,032 million at June 30, 2010 and €12,745 million at December 31, 2010.

At June 30, 2011, there were 78 private bankers versus 62 in H1 2010.

The Banca Esperia Group is consolidated by the equity method.

## ● Associates

As to **Mediobanca S.p.A.**, the accounts at March 31, 2011, were used in preparing this report as the Board of Directors meeting for the approval of the annual financial statements at June 30, 2011, of this entity is scheduled next September 21.

At March 31, 2011, for the first nine months of its financial year, Mediobanca S.p.A. reported net profit of €418.9 million versus €354.4 million for the same period of the prior year. It should be noted that for the third quarter (January through March) this entity reported net profit of €156 million versus €84.3 million in the same quarter of the prior year.

Mediobanca S.p.A.'s net profit growth in the first nine months of its financial year reflects, on the one hand, the sizeable increase in net interest income (up 20.9%) that offset the decline in gains on sales of available-for-sale equities from €383 million to €197.5 million, and, on the other hand, the drop in impairment of loans (€320.9 million versus €392.3 million) and securities (€20 million versus €105.5 million), as well as growth in profits from investments consolidated by the equity method to €163.6 million from €141.3 million.

At March 31, 2011, consolidated shareholders' equity after minority interests and net profit for the year amounted to €6,572.1 million, down €11.2 million from €6,583.3 million at December 31, 2010.

The impact of entities accounted for by the equity method on the Group's income statement was a positive balance of €6 million versus a positive balance of €3.4 million in the first half of 2010.

## ● Intercompany and related party transactions

There were no atypical or unusual transactions as related party transactions, including intercompany transactions, were part of the Group's ordinary business. Said transactions were made at arm's length in consideration of the features of goods and services provided.

Information on related party transactions is set out in the Notes to the condensed consolidated financial statements for the six month period ended June 30, 2011.

## ● Impairment of Greek sovereign debt holdings

On July 21, 2011, based on commitments made by the Greek government to stabilize the country's public finances, the EU agreed on a bailout plan for Greece using the European Financial Stability Facility (EFSF) with the support of the International Monetary Fund (IMF) and the voluntary contribution of the private sector. The plan essentially entails the extension of maturities for Greek sovereign debt due through 2020 via bond exchange or rollover programmes.

At present no intervention is expected for Greek sovereign debt due beyond 2020.

The success of the plan is conditional upon a target participation of at least 90% of total exposure.

The plan entails the restructuring of the debt at about 79% of nominal value.

The significant financial difficulty of the issuer to reimburse the debt securities that are part of the restructuring plan, 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, are circumstances that constitute objective evidence of impairment (loss events) (IAS 39 - paragraph 59).

Such assets on the balance sheet of the Mediolanum Group at June 30, 2011 consisted of: Held-to-Maturity investments amounting to €15.7 million – book value determined in accordance with the terms of the plan-recovery rate of 79% – (market value at June 30, 2011 of €9.8 million); and Available-for-sale financial assets amounting to

€84.7 million, as measured at market value at June 30, 2011. In the recognition of impairment losses on these assets the restructuring plan terms were applied (recovery rate of 79%), considering that the fair value of these assets is expected to align with the value set in said plan in the near future, and the about €12.2 million difference between book value and fair value at June 30, 2011, net of amounts payable to policyholders and related taxation, was posted to the relevant equity reserve. Impairment of total exposure was €22.8 million, which, net of amounts payable to policyholders and related taxation, entailed a negative impact on the income statement of €14.2 million. Other Mediolanum Group's Greek sovereign debt positions consist of securities due beyond 2020. These securities at June 30, 2011, consisted of Available-for-sale financial assets aggregating to €8.1 million for which €5.3 million unrealised losses after taxation were recognised in the relevant equity reserve. These securities do not fall within the debt restructuring plan and at present do not show any objective evidence of impairment.

### ● Other information

On February 18, 2011, Mediolanum Vita filed a 'Request for Compromise' in relation to two 'Notices of Tax Due and Demands for Payment' notified to it by the Large Corporations unit of the Lombardy Office of Italy's IRS on December 23, 2010. Said notices (one for IRES and one for IRAP) related to tax year 2005 and set out a total adjustment of €47.9 million to taxable income, made up of a €2,512 thousand IRAP tax due plus a penalty in the same amount, and €15,804 thousand IRES tax due with no penalty. Since the term of 90 days under the Request for Compromise expired without an agreement, on May 23, 2011, the Company appealed to the Milan Provincial Tax Court against the demands for payment for groundlessness.

The failure to reach a compromise was due to the objective complexity of the matter, while both parties are still willing to reach an agreement that can now be pursued via "conciliation" under section 48 of Legislative Decree 546 of December 31, 1992.

The 'Notices of Tax Due and Demands for Payment' above were issued following the tax audit conducted by the Lombardy Office of Italy's IRS in 2010 in relation to tax years 2006 and 2005 that had concluded with the issue of an Audit Report setting out a total adjustment of €86 million to IRES and IRAP taxable income (€47.9 million relating to 2005 and €38.1 million to 2006).

On February 28, 2011, the audit conducted by the Tax Police (Milan Office – 1st Revenue Protection Group - 4th Division – Complex Audits) for tax years from 2006 through 2009 was completed with the issue of an Audit Report setting out a total adjustment of €121.4 million to taxable income in relation to commissions rebated by the Irish subsidiary MIF. On October 29, 2010 Italy's Tax Police had issued a similar Audit Report setting out a total adjustment of €48.3 million to IRES and IRAP taxable income for tax year 2005.

In the same February 28, 2011, Audit Report Italy's Tax Police also set out that the non-application of VAT to overrides paid to financial advisors would entail the payment of a total penalty of €64 million.

On April 29, 2011, the Bank filed a brief prepared pursuant to section 12, paragraph 7, Act 212 of July 27, 2000, with the Large Corporations Unit of the IRS Lombardy Office, whereby the Bank confirmed its law-abiding conduct and requested the application of the penalty waiver clause under section 26 of Legislative Decree 78 dated May 31, 2010, in relation to 'transfer pricing', and requested that the claim relating to the 'VAT application to overrides' be halted being it groundless and no penalty be due.

Also based on the opinion of an independent advisor, the directors of Mediolanum Vita and Banca Mediolanum believe there is a possible risk in relation to the outcome of the claims above. However, considering that the pending issues relate to quantification of amounts no sufficiently reliable estimate could be made at December 31, 2010, of the amount of the obligation that might ultimately result for aforesaid companies. At June 30, 2011, based on the opinion of the independent advisor, the directors of Mediolanum Vita and Banca Mediolanum confirmed a possible risk in relation to the outcome of the claims and that no sufficiently reliable estimate could be made to that date of the amount of the obligation in question.

In the light of the foregoing no provision was made in the accounts at June 30, 2011.

## ● Post Balance Sheet Date Events

In early July, the Eurozone sovereign debt crisis that had been roiling markets for several months intensified engulfing Italian and Spanish treasuries that until then had been relatively immune. This brought about sharp increases in yields on all maturities for those treasuries and the spread between Italian government bonds and the German benchmark Bund reached record highs since the introduction of the Euro. To contain the cost of debt and its service, Italy promptly approved a budgetary package to achieve a balanced budget in 2014, while the EU took extraordinary measures to support most indebted countries and help them on their way towards greater financial stability. The decline in market value of the government securities portfolio resulting from aforesaid events, based on data at July 21, 2011, would entail a negative effect of about €8 million on the income statement and of about €58 million in the relevant equity reserve (net of related taxation).

The recent steps taken by Eurozone governments have been positively received by financial markets.

The outlook for financial markets in the short term is tied to the effective solution to the sovereign debt issues. The expected positive performance of the global economy in the next quarters, especially in Emerging Markets, and the good health of listed companies constitute structural strengths that can bring about a favourable environment for investors in the medium term, especially in equity markets.

## ● Main risks and uncertainties

Readers can find information about the risks and uncertainties to which the Mediolanum Group is exposed in this Report and in the Notes.

The preparation of this first half report, like the consolidated and separate annual reports and accounts, entailed the use of estimates and assumptions that may significantly influence the values recognised in the balance sheet, the income statement as well as disclosures on potential liabilities and assets. Said estimates entail using information that is available and the adoption of subjective assumptions based also on past experience. By their very nature, estimates and assumptions may vary over the years and therefore it cannot be ruled out that the values as they are currently recognised may change, although not significantly, even as early as the second half of 2011, due to changes in the subjective assumptions adopted.

The main financial items for which estimates are used are: Goodwill, Technical Reserves, Provisions for Risks and Charges and Financial Instruments, in particular in relation to impairment of Greek sovereign debt exposure.

Information about the risks related to the performance of the world's economies and financial markets is set out in this Report, under '*Macroeconomic Environment*' and '*Outlook*'.

## ● Outlook

In light of the positive results attained in the recently ended first half of the year – apart from the developments set out in the sections “*Other information*” and “*Post Balance Sheet Date Events*” herein – considering the risks that are inherent in the business of the Group, barring any exceptional events or circumstances that depend on variables essentially outside the control of Directors and Senior Management – and not in the offing at present – for the second part of the year the outlook for the Group is positive.

Basiglio, July 27, 2011

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







**Condensed  
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# Consolidated Accounts

## Balance Sheet

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

## Shareholders' equity and liabilities

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

# Income statement

€/000	June 30, 2011	June 30, 2010
<b>1 Revenues</b>		
1.1 Net premiums written		
1.1.1 Gross premiums written	4,908,694	4,990,596
1.1.2 Reinsurance premiums	(1,856)	(2,033)
<b>Total premiums written</b>	<b>4,906,838</b>	<b>4,988,563</b>
1.2 Commission income	363,017	394,667
1.3 Net income on financial instruments at fair value through profit or loss	(165,091)	212,290
1.4 Income on investments in subsidiaries, associates & joint ventures	6,001	3,411
1.5 Income on other financial instruments and investment property		
1.5.1 Interest income	178,925	132,659
1.5.2 Other income	4,983	5,476
1.5.3 Realised gains	18,423	16,445
1.5.4 Unrealised gains	4,163	6,087
<b>Total income on other financial instruments &amp; investment property</b>	<b>206,494</b>	<b>160,667</b>
1.6 Other revenues	10,857	10,589
<b>Total revenues and income</b>	<b>5,328,116</b>	<b>5,770,187</b>
<b>2 Costs</b>		
2.1 Net claims and benefits		
2.1.1 Amounts paid and change in technical reserves	(4,722,403)	(5,226,467)
2.1.2 Reinsurers' share	2,381	2,551
<b>Net claims and benefits</b>	<b>(4,720,022)</b>	<b>(5,223,916)</b>
2.2 Commission expenses	(131,914)	(144,514)
2.3 Losses on investments in subsidiaries, associates & joint ventures	-	-
2.4 Losses on other financial instruments and investment property		
2.4.1 Interest expense	(55,828)	(32,503)
2.4.2 Other expenses	(163)	(168)
2.4.3 Realised losses	(17,364)	(4,455)
2.4.4 Unrealised losses	(28,322)	(13,978)
<b>Losses on other financial instruments and investment property</b>	<b>(101,677)</b>	<b>(51,104)</b>
2.5 Operating expenses		
2.5.1 Agents' commissions and other acquisition costs	(39,571)	(40,321)
2.5.2 Investment management expenses	(250)	(69)
2.5.3 Other administrative expenses	(172,090)	(165,699)
<b>Total operating expenses</b>	<b>(211,911)</b>	<b>(206,089)</b>
2.6 Other costs	(33,218)	(36,537)
<b>Total costs</b>	<b>(5,198,742)</b>	<b>(5,662,160)</b>
<b>Profit (loss) before tax for the period</b>	<b>129,374</b>	<b>108,027</b>
<b>3 Income tax</b>	<b>(32,563)</b>	<b>(23,329)</b>
<b>Profit (loss) after tax for the period</b>	<b>96,811</b>	<b>84,698</b>
<b>4 Profit (loss) from discontinued operations</b>	<b>(43)</b>	<b>(50)</b>
<b>Consolidated net profit (loss) for the period</b>	<b>96,768</b>	<b>84,648</b>
of which attributable to the group	96,768	84,648
of which attributable to minority interests	-	-
earnings per share (in euro)	0.132	0.116

## Statement of Comprehensive Income

€/000	June 30, 2011	June 30, 2010
<b>CONSOLIDATED NET PROFIT (LOSS)</b>	96,768	84,648
Changes in exchange difference reserve	-	-
Profit (loss) on available for sale financial assets	10,082	(39,853)
Profit (loss) on cash flow hedges	-	-
Profit (loss) on hedges of investments in foreign operations	-	-
Changes in the equity of investees	3,933	4,411
Changes in intangible assets revaluation reserve	-	-
Changes in tangible assets revaluation reserve	-	-
Gains (losses) on non current assets or disposal groups held for sale	-	-
Actuarial gains (losses) and adjustments on defined benefit plans	-	-
Other items		
<b>TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME</b>	14,015	(35,442)
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD</b>	110,783	49,206
of which attributable to the Group	110,783	49,206

## Statement of changes in shareholders' equity

€/000	Balance at Dec. 31, 2009	Adjustment to closing balance	Amount credited	Transferred to the income statement	Other movements	Balance at June 30, 2010
<b>Shareholders' equity attributable to the Group</b>						
Share capital	73,140	-	2	-	-	73,142
Other equity instruments	-	-	-	-	-	-
Capital reserves	53,477	-	906	-	-	54,383
Retained earnings and other equity reserves	618,584	-	218,274	-	(47,516)	789,342
(Treasury shares)	(2,045)	-	-	-	-	(2,045)
Net profit (loss) for the period	217,280	-	(132,632)	-	-	84,648
Other components of comprehensive income	31,982	-	(32,238)	(3,204)	-	(3,460)
<b>Total shareholders' equity attributable to the Group</b>	<b>992,418</b>	<b>-</b>	<b>54,312</b>	<b>(3,204)</b>	<b>(47,516)</b>	<b>996,010</b>
<b>Shareholders' equity attributable to minority interests</b>						
Capital and reserves attributable to minority interests	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-
Other components of comprehensive income	-	-	-	-	-	-
<b>Total shareholders' equity attributable to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>992,418</b>	<b>-</b>	<b>54,312</b>	<b>(3,204)</b>	<b>(47,516)</b>	<b>996,010</b>

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

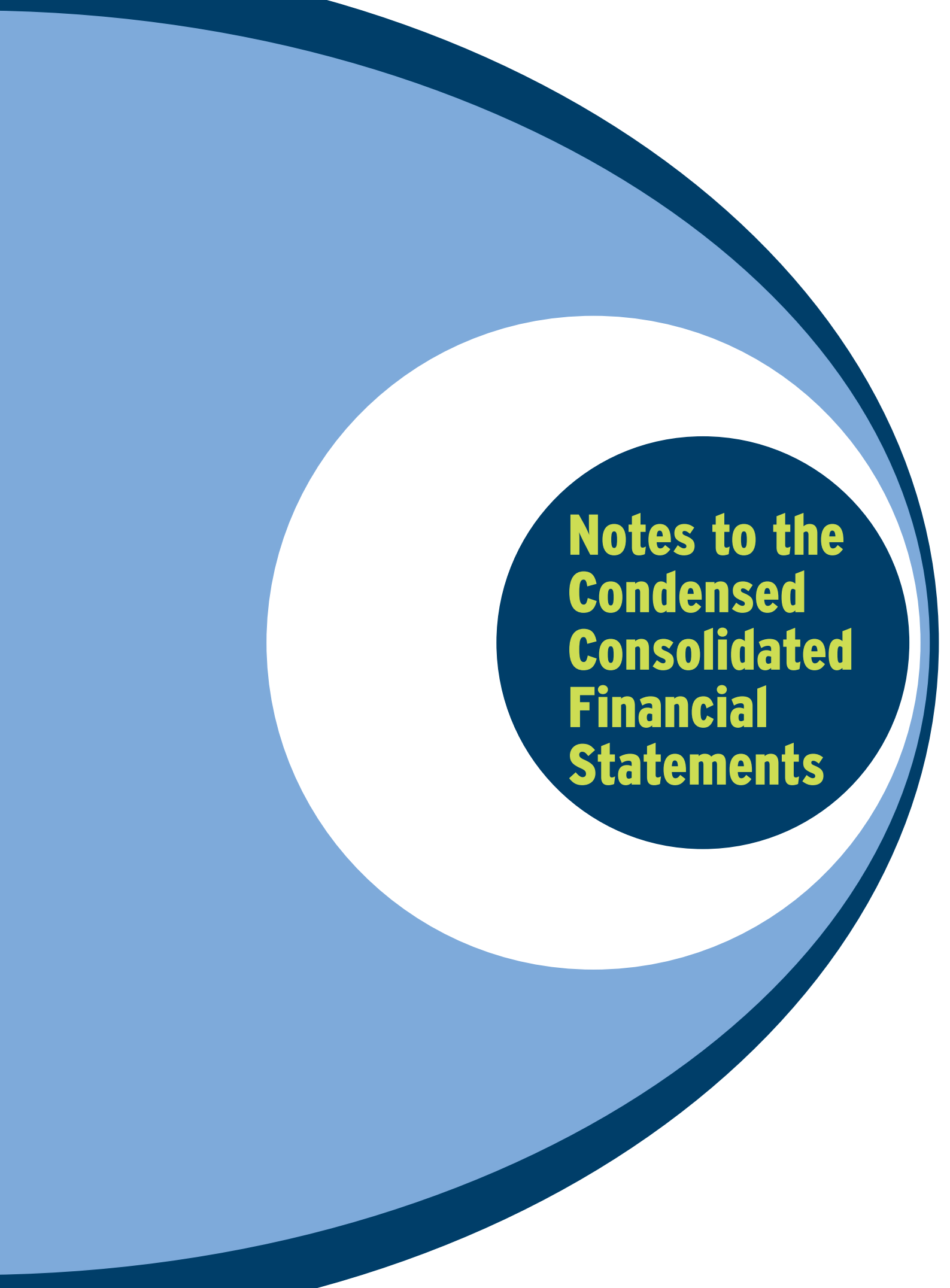
# Cash flow statement

## Indirect Method

€/000	June 30, 2011	June 30, 2010
Profit (loss) before tax	129,374	108,027
Change in non-monetary items	(997,473)	822,139
Change in unearned premiums reserve (general business)	-	-
Change in outstanding claims reserve and other technical reserves (general business)	-	-
Change in mathematical reserves and other technical reserves (life business)	(1,257,567)	723,083
Change in deferred acquisition costs	-	-
Change in provisions	10,073	11,305
Non monetary income (losses) on financial instruments, investment property and equity investments	250,021	87,751
Other changes	-	-
<b>Changes in receivables and payables arising out of operating activities</b>	<b>(24,006)</b>	<b>94,867</b>
Changes in receivables and payables arising out of direct insurance and reinsurance operations	3,257	20,401
Changes in other receivables and payables	(27,263)	74,466
<b>Income tax paid</b>	<b>(32,563)</b>	<b>(23,329)</b>
<b>Net cash from monetary items relating to investment and financial activities</b>	<b>(411,528)</b>	<b>812,832</b>
Liabilities on financial contracts issued by insurance companies	(109,664)	336,395
Amounts due to banks and banking customers	609,317	996,470
Loans to and receivables from banks and banking customers	(911,181)	(520,033)
Other financial instruments at fair value through profit or loss	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(1,336,196)</b>	<b>1,814,536</b>
Net cash from investment property	(18,111)	(684)
Net cash from investments in subsidiaries, associates and joint ventures	(5,987)	(3,412)
Net cash from loans and receivables	234	(29,518)
Net cash from held to maturity investments	114,002	(1,365)
Net cash from available for sale financial assets	(208,594)	(1,312,819)
Net cash from tangible and intangible assets	(258)	4,973
Other net cash from investment activities	1,253,428	(235,283)
<b>NET CASH FROM INVESTMENT ACTIVITIES</b>	<b>1,134,714</b>	<b>(1,578,108)</b>
Net cash from equity instruments attributable to the Group	1,602	1,971
Net cash from treasury shares	-	-
Distribution of dividends attributable to the Group	(51,275)	(47,516)
Net cash from capital and reserves attributable to minority interests	-	-
Net cash from subordinated liabilities and quasi-equity instruments	-	-
Net cash from miscellaneous financial liabilities	-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(49,673)</b>	<b>(45,545)</b>
Effect of exchange rate differences on cash and cash equivalents	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>795,203</b>	<b>213,764</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(251,154)</b>	<b>190,883</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>544,049</b>	<b>404,647</b>







**Notes to the  
Condensed  
Consolidated  
Financial  
Statements**

# Notes to the Condensed Consolidated Financial Statements

## ACCOUNTING POLICIES

### ● General

The Mediolanum Group's half-year financial report at June 30, 2011, was prepared in compliance with section 154-ter of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act), as amended by Legislative Decree 195 of November 6, 2007 (Transparency), and with the regulations for the implementation of section 9 of Legislative Decree 38/2005. In particular, balance sheet and income statement information was prepared in accordance with IAS 34 (Interim Financial Reporting).

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

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

### ● General principles

The half-year financial report at June 30, 2011, of the Mediolanum Group includes the complete set of consolidated financial statements made up of:

- a **balance sheet** for the relevant interim period (six months ended June 30, 2011) as well as a comparative balance sheet for the prior financial year (ended December 31, 2010);
- an **income statement** for the relevant interim period (first half of 2011) and a comparative income statement for the same interim period of the prior year (first half of 2010);
- a **statement of comprehensive income** for the relevant interim period (first half of 2011) and a comparative statement of comprehensive income for the same interim period of the prior year (first half of 2010);
- a **statement of changes in shareholders' equity** for the period ranging from the beginning of the financial year to the end of the relevant interim period as well as a comparative statement of changes in shareholders' equity for the same period of the prior year;
- a **cash flow statement** for the period ranging from the beginning of the financial year and the end of the relevant interim period as well as a comparative cash flow statement for the same period of the prior year;
- **notes** comprising a summary of significant accounting policies and other explanatory notes.

In the interest of timeliness IAS 34 allows an entity to provide less information at interim dates compared with its annual financial statements ("condensed set of financial statements"), which is intended to provide an update on the latest complete set of annual financial statements. Therefore this condensed set of financial statements is to be read in conjunction with the Group's Annual Report and Accounts for the year ended December 31, 2010.

### ● Accounting standards

The balance sheet and income statement for the six months ended June 30, 2011, were prepared applying the international accounting and financial reporting standards (IAS/IFRS) in force as of that date that are the same as those applied in the preparation of the consolidated financial statements for the year ended December 2010.

For a detailed presentation of the accounting policies applied in the preparation of these consolidated financial state-

ments, readers are referred to part B 'Notes to the consolidated annual financial statements' in the annual report and accounts 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 June 30, 2010 and December 31, 2010).

In accordance with art. 5 of Legislative Decree No. 38 of February 28, 2005, the interim report and consolidated accounts at June 30, 2010, 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 Distribuzione S.p.A.	517	100.00%	Basiglio	Real estate brokerage
Mediolanum International Life Ltd	1,395	100.00%	Dublin	Life Insurance
Banca Mediolanum S.p.A.	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 Distribuz. Finanz. S.p.A. (in liquidation)	1,000	100.00%	Basiglio	Financial Brokerage
Mediolanum Gestione Fondi SGR 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 Corp. 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

Elenco delle imprese a controllo congiunto a Mediolanum S.p.A. valutate con il metodo del patrimonio netto:

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

## KEY BALANCE SHEET INFORMATION

### ● Goodwill

Goodwill amounted to €149.9 million. In the first half of the year no impairment test of goodwill was made since there was no objective evidence of impairment of goodwill allocated to the various cash generating units compared to the value of goodwill recognised in the consolidated accounts for the year ended December 31, 2010.

### ● Investments, cash and cash equivalents

€/000	June 30, 2011	%	Dec. 31, 2010	%
Investment property	108,765	0.4	90,654	0.3
Investments in subsidiaries, associates and JVs	452,357	1.5	447,058	1.4
Held to Maturity Investments	1,256,693	4.1	1,370,695	4.3
Loans & Receivables	7,095,258	22.9	6,184,311	19.5
Available for sale financial assets	4,878,263	15.7	4,659,587	14.7
Financial assets at fair value through profit or loss	16,594,322	53.5	18,097,771	57.1
<b>Total investment</b>	<b>30,385,658</b>	<b>98.0</b>	<b>30,850,076</b>	<b>97.3</b>
Tangible assets: property and other tangible assets	71,885	0.2	74,596	0.2
Cash and cash equivalents	544,049	1.8	795,203	2.5
<b>Total investment, cash and cash equivalents</b>	<b>31,001,592</b>	<b>100.0</b>	<b>31,719,875</b>	<b>100.0</b>

The increase in 'Investment Property' relates to the acquisition made in June 2011 by the subsidiary Mediolanum Vita S.p.A. of the complex located in Via F. Sforza, Basiglio (Volta and Galileo buildings) for €18,000 thousand (as per Board of Directors

resolution of May 5, 2011). The buildings are occupied by offices and partly rented out to 4 companies. The investment is part of the MEDINVEST segregated funds.

The decline in 'Property' reflects the €1,015 thousand write-down due to impairment of the "Residence Milano 3" complex owned by the subsidiary Mediolanum Corporate University S.p.A.. The value of €7 million at which the complex is now recognised in the books was determined based on the valuation made by an independent valuer.

## ● Investments in subsidiaries, associates and joint ventures

€/000	June 30, 2011	Dec. 31, 2010
Mediobanca S.p.A.	394,338	389,427
Banca Esperia S.p.A.	58,019	57,631
<b>Total</b>	<b>452,357</b>	<b>447,058</b>

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 March 31, 2011 and June 30, 2011, respectively.

The impact of these investments accounted for by the equity method on the income statement was a positive balance of €6.0 million versus €3.4 million in the same period of the prior year.

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

€/000	June 30, 2011	Dec. 31, 2010
<b>Banks</b>	<b>2,408,873</b>	<b>1,751,830</b>
Time deposits	623,281	91,084
Other loans	405,903	403,323
Debt securities	1,237,112	1,244,071
Reserve requirements	142,577	13,352
<b>Banking customers</b>	<b>4,677,252</b>	<b>4,423,114</b>
Current accounts	341,780	348,324
Repurchase agreements	22,837	99,965
Mortgage loans	2,362,174	2,279,360
Debt securities	1,004,981	1,035,965
Other	945,480	659,500
<b>Other loans &amp; receivables</b>	<b>9,133</b>	<b>9,367</b>
<b>Total</b>	<b>7,095,258</b>	<b>6,184,311</b>

Loans and Receivables amounted to €7,095.3 million, up €911 million over the year end 2010 balance of €6,184.3 million. The increase largely relates to interbank lending (up €657.1 million), in particular 'time deposits' (up €532.2 million).

Loans to banking customers grew €254.2 million mostly reflecting the increase in other transactions ('other'), especially hot money transactions.

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

€/000	June 30, 2011	Dec. 31, 2010
<b>Held to maturity Investments</b>	1,256,693	1,370,695
Debt securities	1,256,693	1,370,695
<b>Available for sale financial assets</b>	4,878,263	4,659,587
Debt securities	4,654,719	4,444,365
Equities	32,347	32,803
Holdings in UCITS	191,197	182,419
<b>Financial assets at fair value through profit or loss</b>	16,594,322	18,097,771
Debt securities	7,574,450	8,856,352
Equities	14	6
Holdings in UCITS	9,007,893	9,234,378
Trading derivatives	11,965	7,035
<b>Total</b>	<b>22,729,278</b>	<b>24,128,053</b>

#### Held to maturity investments

€/000	June 30, 2011				Dec. 31, 2010			
	Value	Fair value			Value	Fair value		
		L1	L2	L3		L1	L2	L3
Debt securities	1,256,693	443,612	793,484	-	1,370,695	465,022	897,827	-
<b>Total</b>	<b>1,256,693</b>	<b>443,612</b>	<b>793,484</b>	<b>-</b>	<b>1,370,695</b>	<b>465,022</b>	<b>897,827</b>	<b>-</b>

#### Available for sale financial assets

€/000	June 30, 2011				Dec. 31, 2010			
	Total	Fair value			Total	Fair value		
		L1	L2	L3		L1	L2	L3
Debt securities	4,654,719	4,146,334	508,385	-	4,444,365	4,258,612	185,753	-
Equities	32,347	4,505	15,986	11,856	32,803	4,732	16,142	11,929
Holdings in UCITS	191,197	-	130,707	60,490	182,419	-	120,697	61,722
<b>Total</b>	<b>4,878,263</b>	<b>4,150,839</b>	<b>655,078</b>	<b>72,346</b>	<b>4,659,587</b>	<b>4,263,344</b>	<b>322,592</b>	<b>73,651</b>

**Financial assets at fair value through profit or loss**

€/000	June 30, 2011				Dec. 31, 2010			
	Total	Fair value			Total	Fair value		
		L1	L2	L3		L1	L2	L3
<b>Financial assets held for trading</b>								
Debt securities	3,314,797	3,193,104	100,786	20,907	3,948,561	3,861,285	80,310	6,966
Equities	14	5	-	9	6	6	-	-
Holdings in UCITS	18,946	-	-	18,946	19,239	174	-	19,065
Trading derivatives	11,965	5	5,743	6,217	7,035	16	4,665	2,354
<b>Total</b>	<b>3,345,722</b>	<b>3,193,114</b>	<b>106,529</b>	<b>46,079</b>	<b>3,974,841</b>	<b>3,861,481</b>	<b>84,975</b>	<b>28,385</b>
<b>Financial assets at fair value</b>								
Debt securities	4,259,653	292,484	3,050,602	916,567	4,907,791	271,346	3,630,972	1,005,473
Holdings in UCITS	8,988,947	8,778,019	210,928	-	9,215,139	9,051,849	163,290	-
<b>Total</b>	<b>13,248,600</b>	<b>9,070,503</b>	<b>3,261,530</b>	<b>916,567</b>	<b>14,122,930</b>	<b>9,323,195</b>	<b>3,794,262</b>	<b>1,005,473</b>
<b>Grand total</b>	<b>16,594,322</b>	<b>12,263,617</b>	<b>3,368,059</b>	<b>962,646</b>	<b>18,097,771</b>	<b>13,184,676</b>	<b>3,879,237</b>	<b>1,033,858</b>

**Net technical reserves**

€/000	June 30, 2011	Dec. 31, 2010
Mathematical reserves	5,927,655	6,298,296
Reserve for outstanding claims	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	13,254,749	14,123,807
Other reserves	9,504	11,642
<b>Total Life Business reserves</b>	<b>19,289,928</b>	<b>20,550,747</b>

**Financial liabilities**
**Financial liabilities at fair value through profit or loss**

€/000	June 30, 2011	Dec. 31, 2010
<b>Total financial liabilities at fair value through profit and loss</b>	<b>460,944</b>	<b>570,608</b>
Short positions on debt securities	344,176	443,605
Trading derivatives	16,303	20,883
Hedging derivatives	19,706	28,510
Other financial liabilities	142	164
Financial liabilities on contracts under which the investment risk is borne by the policyholder	80,617	77,446

## Financial liabilities at fair value through profit or loss

€/000	June 30, 2011				Dec. 31, 2010			
	Total	Fair value			Total	Fair value		
		L1	L2	L3		L1	L2	L3
<b>Financial liabilities held for trading</b>								
Short positions on debt securities	344,176	344,176	-	-	443,605	443,605	-	-
Trading derivatives	16,303	4	11,245	5,054	20,883	2	15,188	5,693
Other financial liabilities	142	-	142	-	164	-	164	-
<b>Total</b>	<b>360,621</b>	<b>344,180</b>	<b>11,387</b>	<b>5,054</b>	<b>464,652</b>	<b>443,607</b>	<b>15,352</b>	<b>5,693</b>
<b>Financial liabilities at fair value</b>								
Liabilities arising on financial contracts issued by insurance companies:								
– contracts under which the investment risk is borne by the policyholder	80,617	45,426	35,165	26	77,446	34,523	42,846	77
Hedging derivatives	19,706	-	19,706	-	28,510	-	28,510	-
<b>Total</b>	<b>100,323</b>	<b>45,426</b>	<b>54,871</b>	<b>26</b>	<b>105,956</b>	<b>34,523</b>	<b>71,356</b>	<b>77</b>
<b>Grand total</b>	<b>460,944</b>	<b>389,606</b>	<b>66,258</b>	<b>5,080</b>	<b>570,608</b>	<b>478,130</b>	<b>86,708</b>	<b>5,770</b>

At the end of the period under review, financial liabilities at fair value through profit or loss amounted to €460.9 million, down €109.7 million from the year end 2010 balance of €570.6 million. The decline was mainly in connection with the decrease in short positions on debt securities held by Banca Mediolanum at the end of the period (down €99.4 million).

The analysis of Other Financial Liabilities is set out below:

€/000	June 30, 2011	Dec. 31, 2010
<b>Banks</b>	<b>2,818,551</b>	<b>2,756,324</b>
Central Banks	1,731,179	1,410,786
Current accounts and demand deposits	136,261	171,303
Time deposits	522,824	483,456
Loans	290,000	555,000
Repurchase agreements	137,470	134,922
Other liabilities	817	857
<b>Banking customers</b>	<b>6,759,096</b>	<b>6,468,977</b>
Bank accounts	4,569,224	4,551,646
Repurchase agreements	2,165,339	1,885,375
Other liabilities	24,533	31,956
<b>Securities issued</b>	<b>563,686</b>	<b>340,479</b>
<b>Collaterals</b>	<b>252,213</b>	<b>215,607</b>
<b>Deposits from reinsurers</b>	<b>92,368</b>	<b>95,210</b>
<b>Total</b>	<b>10,485,914</b>	<b>9,876,597</b>



Other Financial liabilities were up €609.3 million from €9,876.6 million at December 31, 2010, to €10,485.9 million at June 30, 2011.

Funding from banking customers was up €290 million, in particular repurchase agreements rose €279.9 million.

## ● Shareholders' Equity

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

At June 30, 2011, total capital and reserves attributable to the Group amounted to €1,092.7 million versus €1,036.2 million at year end 2010.

Net losses on available for sale financial assets improved by €10 million from €69.8 million at year end 2010 to €59.8 million at the end of the period under review.

## ● Shadow Accounting

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

Use of shadow accounting at June 30, 2011 entailed a €749 thousand decrease in technical reserves with a positive effect on the income statement for the period of €492 thousand and a negative effect on equity reserves in the amount of €762 thousand.

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

€/000	Capital & Reserves	Net profit	Shareholders' equity
Accounts at June 30, 2011	534,361	112,896	647,257
Successive changes in the carrying amount and shareholders' equity of companies consolidated on a line-by-line basis	196,951	166,291	363,242
Differences on investments accounted for by the equity method	72,131	6,001	78,132
Intercompany dividends	187,793	(187,793)	-
Elimination of intercompany transactions	(2,092)	(241)	(2,333)
Amortisation of gains on property at the date of acquisition of entities consolidated on a line-by-line	6,550	(83)	6,467
Other	188	(303)	(115)
Consolidated accounts at June 30, 2011	995,882	96,768	1,092,650

## KEY INCOME STATEMENT INFORMATION

### ● Technical account - Life insurance

€/000	June 30, 2011	June 30, 2010
Gross premiums written less reinsurance premiums		
– premiums written	4,906,838	4,988,563
<b>Total premiums written</b>	<b>4,906,838</b>	<b>4,988,563</b>
Gross amounts paid less recoveries from reinsurers		
– Amounts paid	(5,978,596)	(4,418,898)
– Change in reserve for outstanding claims	18,572	9,175
– Change in mathematical reserves	371,566	(1,146,653)
– Change in other technical reserves	2,968	23,870
– Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	865,468	308,589
<b>Total amounts paid and change in reserves</b>	<b>(4,720,022)</b>	<b>(5,223,916)</b>
<b>Life Insurance net income (expense)</b>	<b>186,816</b>	<b>(235,353)</b>

### ● Commission income

€/000	June 30, 2011	June 30, 2010
Management, brokerage and consulting services	330,256	356,248
Collection and payment services	14,434	20,006
Loadings on investment contracts	267	464
Other services	18,060	17,949
<b>Total</b>	<b>363,017</b>	<b>394,667</b>

The decline in commission income was largely owed to the decrease in performance fees (down €47.6 million), offset in part by growth in management fees (up €33 million).

## ● Commission expenses

€/000	June 30, 2011	June 30, 2010
Loadings on investment contracts	140	351
Management, brokerage and consulting services	102,174	112,609
Collection and payment services	14,840	18,421
Other services	14,760	13,133
<b>Total</b>	<b>131,914</b>	<b>144,514</b>

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

€/000	June 30, 2011	June 30, 2010
<b>Financial assets</b>		
Interest income and other investment income:		
– from financial assets held for trading	45,291	43,187
– from financial assets at fair value through profit or loss	58,443	97,686
Net income (loss) on financial assets held for trading	19,666	(12,130)
Net income (loss) on financial assets at fair value through profit or loss	(295,028)	75,276
<b>Financial liabilities</b>		
Interest expense and similar charges:		
– on financial liabilities held for trading	(9,276)	(8,834)
– on financial liabilities at fair value through profit or loss	(221)	(97)
Net income (loss) on financial liabilities held for trading	7,426	(4,461)
Net income (loss) on financial liabilities at fair value through profit or loss	8,608	21,663
<b>Total</b>	<b>(165,091)</b>	<b>212,290</b>

At June 30, 2011, this account showed a negative balance of €165,091 thousand (H1 2010: positive balance of €212,290 thousand).

Financial assets/liabilities held for trading generated net income of €27,092 thousand (H1 2010: net loss balance of €16,591 thousand) largely reflecting net income on debt securities amounting to €28,238 thousand.

Financial assets/liabilities at fair value through profit or loss generated a net loss for the period of €286,420 thousand (H1 2010: net income of €96,939 thousand), 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	June 30, 2011	June 30, 2010
Interest income and other income	183,908	138,135
Realised gains	18,423	16,445
Unrealised gains	4,163	6,087
<b>Total income</b>	<b>206,494</b>	<b>160,667</b>
Interest expense and other charges	(55,991)	(32,671)
Realised losses	(17,364)	(4,455)
Unrealised losses	(28,322)	(13,978)
<b>Total expense</b>	<b>(101,677)</b>	<b>(51,104)</b>
<b>Total net income</b>	<b>104,817</b>	<b>109,563</b>

### Net income from

€/000	June 30, 2011	June 30, 2010
Investment property	2,405	2,477
Available-for-sale financial assets	46,769	58,302
Held-to-maturity investments	21,992	25,003
Loans and receivables	89,479	56,288
Financial liabilities	(55,828)	(32,507)
<b>Total net income</b>	<b>104,817</b>	<b>109,563</b>

### Net income from investment property

€/000	June 30, 2011	June 30, 2010
Other income	3,235	3,233
Other expenses	(163)	(164)
Unrealised losses	(667)	(592)
<b>Total</b>	<b>2,405</b>	<b>2,477</b>

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

€/000	June 30, 2011	June 30, 2010
Interest income and other income	25,208	25,003
Realised gains	1,046	-
Unrealised losses	(4,262)	-
<b>Total</b>	<b>21,992</b>	<b>25,003</b>

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

€/000	June 30, 2011	June 30, 2010
Interest income and other income	65,290	50,154
Realised gains	17,321	16,330
Unrealised gains	158	-
Realised losses	(17,321)	(4,455)
Unrealised losses	(18,679)	(3,727)
<b>Total</b>	<b>46,769</b>	<b>58,302</b>

**Net income from loans and receivables**

€/000	June 30, 2011	June 30, 2010
Interest income and other income	90,175	59,745
Realised gains	56	115
Unrealised gains	4,005	6,087
Realised losses	(43)	-
Unrealised losses	(4,714)	(9,659)
<b>Total</b>	<b>89,479</b>	<b>56,288</b>

Due to rate hikes, 'interest income and other income' increased from €59,745 thousand at June 30, 2010, to €90,175 thousand at the end of the period under review. This item mainly relates to loans to banking customers for €61,136 thousand (H1 2010: €45,047 thousand) and loans to banks for €28,907 thousand (H1 2010: €13,768 thousand).

**Net expense from financial liabilities**

€/000	June 30, 2011	June 30, 2010
Interest expense and other charges	(55,828)	(32,507)
<b>Total</b>	<b>(55,828)</b>	<b>(32,507)</b>

## ● Operating expenses

€/000	June 30, 2011	June 30, 2010
Commissions and other expenses relating to the acquisition of insurance contracts	39,571	40,321
Investment management expenses	250	69
Other administrative expenses	172,090	165,699
<b>Total</b>	<b>211,911</b>	<b>206,089</b>

The prior year comparative balance of 'other administrative expenses' reflects the reclassification of €96 thousand out of 'other revenues' to 'other administrative expenses'.

## ● Average number of employees by category

Number	June 30, 2011	June 30, 2010
Employees:		
Management	105	111
Other employees	1,950	1,951
<b>Total employees</b>	<b>2,055</b>	<b>2,062</b>
Other personnel	40	10
<b>Total</b>	<b>2,095</b>	<b>2,072</b>

## ● Income tax

€/000	June 30, 2011	June 30, 2010
Current tax	(30,830)	(22,867)
Deferred tax	(1,733)	(462)
<b>Total</b>	<b>(32,563)</b>	<b>(23,329)</b>

## INCOME STATEMENT INFORMATION BY OPERATING SEGMENT

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

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

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

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

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

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

€/000	ITALY					Consolidation adjustments	Total
	Life	Banking	Asset Man.	Other			
Net premiums written	4,836,955	-	-	-	-	-	4,836,955
Amounts paid and change in technical reserves	(4,821,889)	-	-	-	-	-	(4,821,889)
Net life insurance revenues (ex-commissions)	15,066	-	-	-	-	-	15,066
Entry fees	-	-	51,158	-	-	-	51,158
Management fees	104,290	-	97,682	-	-	-	201,972
Performance fees	11,220	-	9,131	-	-	-	20,351
Banking services fees	-	48,450	-	-	(854)	-	47,596
Other fees	289	3,218	13,726	-	-	-	17,233
<b>Total commission income</b>	<b>115,799</b>	<b>51,668</b>	<b>171,697</b>	<b>-</b>	<b>(854)</b>	<b>-</b>	<b>338,310</b>
Net interest income	21,662	74,102	557	(2,705)	-	-	93,616
Net income (loss) on investments at fair value	13,117	7,921	13	1	-	-	21,052
<b>Net financial income</b>	<b>34,779</b>	<b>82,023</b>	<b>570</b>	<b>(2,704)</b>	<b>-</b>	<b>-</b>	<b>114,668</b>
<b>Equity contribution</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,001</b>	<b>-</b>	<b>-</b>	<b>6,001</b>
Realised gains (losses) on other investments	107	4,950	156	302	-	-	5,515
Impairment of loans	-	(924)	-	(90)	-	-	(1,014)
Impairment of other investments	(2,410)	(20,501)	-	(1,024)	-	-	(23,935)
<b>Net income (loss) on other investments</b>	<b>(2,303)</b>	<b>(16,475)</b>	<b>156</b>	<b>(812)</b>	<b>-</b>	<b>-</b>	<b>(19,434)</b>
<b>Other revenues</b>	<b>5,790</b>	<b>4,160</b>	<b>171</b>	<b>381</b>	<b>-</b>	<b>-</b>	<b>10,502</b>
<b>TOTAL REVENUES</b>	<b>169,131</b>	<b>121,376</b>	<b>172,594</b>	<b>2,866</b>	<b>(854)</b>	<b>-</b>	<b>465,113</b>
Acquisition costs and sales network commission expenses	(46,988)	(22,456)	(74,817)	-	-	-	(144,261)
Other commission expenses	(3,474)	(5,708)	(4,643)	-	-	-	(13,825)
General and Administrative expenses	(49,093)	(73,091)	(41,496)	(1,289)	854	-	(164,115)
Amortisation and depreciation	(1,844)	(3,146)	(1,360)	(46)	-	-	(6,396)
Net provisions for risks	(2,175)	(962)	(3,230)	-	-	-	(6,367)
<b>TOTAL COSTS</b>	<b>(103,574)</b>	<b>(105,363)</b>	<b>(125,546)</b>	<b>(1,335)</b>	<b>854</b>	<b>-</b>	<b>(334,964)</b>
<b>PROFIT BEFORE TAX</b>	<b>65,557</b>	<b>16,013</b>	<b>47,048</b>	<b>1,531</b>	<b>-</b>	<b>-</b>	<b>130,149</b>
Income tax	-	-	-	-	-	-	(32,938)
<b>NET PROFIT FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,211</b>



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

## FINANCIAL INFORMATION BY OPERATING SEGMENT AT JUNE 30, 2010

€/000	ITALY					Consolidation adjustments	Total
	Life	Banking	Asset Man.	Other			
<b>Net premiums written</b>	4,929,135	-	-	-	-	-	4,929,135
Amounts paid and change in technical reserves	(4,914,356)	-	-	-	-	-	(4,914,356)
<b>Net life insurance revenues (ex-commissions)</b>	14,779	-	-	-	-	-	14,779
Entry fees	-	-	60,435	-	-	-	60,435
Management fees	95,013	-	74,877	-	-	-	169,890
Performance fees	36,471	-	30,029	-	-	-	66,500
Banking services fees	-	51,568	-	-	(346)	-	51,222
Other fees	402	3,473	11,553	-	-	-	15,428
<b>Total commission income</b>	131,886	55,041	176,894	-	(346)	-	363,475
Net interest income	6,638	55,636	574	(8)	-	-	62,840
Net income (loss) on investments at fair value	1,511	108	(15)	-	-	-	1,604
<b>Net financial income</b>	8,149	55,744	559	(8)	-	-	64,444
<b>Equity contribution</b>	-	-	-	3,411	-	-	3,411
Realised gains (losses) on other investments	4,174	1,204	(104)	(831)	-	-	4,443
Impairment of loans	-	(3,550)	-	(142)	-	-	(3,692)
Impairment of other investments	-	(979)	-	(2,748)	-	-	(3,727)
<b>Net income (loss) on other investments</b>	4,174	(3,325)	(104)	(3,721)	-	-	(2,976)
<b>Other revenues</b>	6,599	3,639	72	336	-	-	10,646
<b>TOTAL REVENUES</b>	165,587	111,099	177,421	18	(346)	-	453,779
Acquisition costs and sales network commission expenses	(49,964)	(22,253)	(82,023)	-	-	-	(154,240)
Other commission expenses	(3,102)	(6,017)	(3,756)	-	-	-	(12,875)
General and Administrative expenses	(51,317)	(67,853)	(40,740)	(901)	346	-	(160,465)
Amortisation and depreciation	(2,144)	(4,368)	(1,714)	(28)	-	-	(8,254)
Net provisions for risks	(2,168)	(986)	(3,500)	-	-	-	(6,654)
<b>TOTAL COSTS</b>	(108,695)	(101,477)	(131,733)	(929)	346	-	(342,488)
<b>PROFIT BEFORE TAX</b>	56,892	9,622	45,688	(911)	-	-	111,291
Income tax	-	-	-	-	-	-	(24,246)
<b>NET PROFIT FOR THE PERIOD</b>	-	-	-	-	-	-	87,045

FOREIGN		Consolidation adjustments	Total
Spain	Germany		
48,469	10,959	-	4,988,563
(42,246)	(10,100)	-	(4,966,702)
6,223	859	-	21,861
2,169	95	-	62,699
5,138	2,155	(27)	177,156
1,209	951	-	68,660
2,787	16,249	(2)	70,256
743	124	-	16,295
12,046	19,574	(29)	395,066
2,530	212	-	65,582
(313)	(273)	-	1,018
2,217	(61)	-	66,600
-	-	-	3,411
448	(1)	-	4,890
119	-	-	(3,573)
-	-	-	(3,727)
567	(1)	-	(2,410)
272	84	(413)	10,589
21,325	20,455	(442)	495,117
(7,763)	(1,958)	29	(163,932)
(1,068)	(13,730)	-	(27,673)
(13,281)	(6,135)	413	(179,468)
(793)	(479)	-	(9,526)
113	-	-	(6,541)
(22,792)	(22,302)	442	(387,140)
(1,467)	(1,847)	-	107,977
1,068	(151)	-	(23,329)
(399)	(1,998)	-	84,648

## ● Related Party Transactions

### 1. Information on related party transactions

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

€/000	Associates and JVs	Other related parties
Loans and Receivables	52,691	119,226
Available for sale financial assets	59,190	7,722
Financial assets at fair value through profit or loss	241,121	-
Other receivables	-	1,576
Other financial liabilities	(194)	(277,522)
Other amounts due	-	(8,858)

€/000	Associates and JVs	Other related parties
Net commissions	-	2,524
Net income (loss) on financial instruments at fair value through profit or loss	4	-
Net interest	1,275	11
Other income (loss)	-	(44)
Realised gains (losses)	(5)	-
Unrealised gains (losses)	311	(3)
Other revenues (expenses)	-	(9,755)
Operating expenses – other administrative expenses	(17)	(18,572)

### 2. Key management compensation

€/000	Directors, Deputy/ General Managers	Other key management
Emoluments & social security contributions	4,442	410
Non-cash benefits	93	-
Share-based awards (stock options)	234	134

## ● Atypical and/or unusual transactions

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

## ● Non recurring transactions

In the reporting period under review the Group recorded non-recurring expenses amounting to €3.9 million, of which €3.4 million related to the Banca Mediolanum Big Event held in Rimini on May 1-2, 2011. The traditional Sales Meeting in Rimini had a new format this year and for the first time was attended by about 1,000 customers together with financial analysts and the media. In the first half of 2010 these expenses had been about €1.1 million (cf. Consob Communication No. DEM/6064293 of July 28, 2006).

## EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

### ● Stock options plans

In the first half of 2011, 672,701 new Mediolanum dividend-bearing ordinary shares were issued following the exercise of stock options by Directors and Contract Workers of companies within the Mediolanum Group.

This entailed a €67 thousand increase in Mediolanum ordinary share capital and a €668 thousand increase in the share premium account.

The overall expense in connection with the stock options plans for the period amounted to €867.2 thousand (H1 2010: €1,063.2 thousand).

On May 12, 2011, after consulting with the Compensation Committee, by virtue of the authorities delegated to it at the Annual General Meeting (Ordinary and Extraordinary sessions) of April 27, 2010, the Board of Directors of Mediolanum S.p.A. resolved to:

- approve the revised guidelines for the Stock Options Plan reserved to the directors and executives of the Company and the Group ('Top Management Plan 2010') as well as for the Stock Options Plan for the Sales Network of the company and the Group ('Sales Network Plan 2010');
- increase share capital up to €188,200.00 (one hundred eighty-eight thousand two-hundred point zero) for a consideration, by issuing up to 1,882,000 (one million eight hundred and eighty-two thousand) dividend-bearing ordinary shares, par value of €0.1 each, to be allotted to the directors and executives of the company and its subsidiaries pursuant to article 2359, paragraph 1, No. 1) of the Italian Civil Code, waiving any shareholders' pre-emptive rights pursuant to art. 2441, paragraph five of the Italian Civil Code. Those shares will be offered for subscription at a share price of €1.076 (one point zero seventy-six) and the subscription is to be made on a single occasion in the first five business days of each of the thirty-six calendar months subsequent to the expiration of the three-year term from today. The final term for subscription is the fifth business day in the thirty-sixth month

subsequent to the expiration of the three-year term from today. In the event that the capital increase is not fully subscribed within the prescribed term, share capital will be increased by the amount of the subscriptions received as of that date;

- increase share capital up to €67,427.50 (sixty-seven thousand four hundred twenty-seven point fifty), for a consideration, by issuing up to 674,275 (six hundred seventy-four thousand two hundred and seventy five) dividend-bearing ordinary shares, par value of €0.1 each, to be allotted to the sales network of the company and its subsidiaries pursuant to article 2359, paragraph 1, No. 1) of the Italian Civil Code, waiving any shareholders' preemptive rights pursuant to art. 2441, paragraph five of the Italian Civil Code. Those shares will be offered for subscription at a share price of €1.076 (one point zero seventy-six) and the subscription is to be made on a single occasion in the first five business days of each of the thirty-six calendar months subsequent to the expiration of the nine-year term from today. The final term for subscription is the fifth business day in the thirty-sixth month subsequent to the expiration of the nine-year term from today. In the event that the capital increase is not fully subscribed within the prescribed term, share capital will be increased by the amount of the subscriptions received as of that date;
- grant the beneficiaries – 17 under the Top Management Plan and 161 under the Sales Network Plan – part of the stock options under the Plans.



**Schedules**





## SCHEDULES

This section presents financial information pursuant to ISVAP Regulation No. 2460 of August 10, 2006 (Interim financial reporting rules. Amendments to ISVAP Regulation No. 1207-G of July 6, 1999) and in accordance with Regulation No. 7 of July 13, 2007, as subsequently amended by ISVAP Regulation 2784 of March 8, 2010.

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

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

## Balance sheet information by segment (ISVAP)

€/000	LIFE BUSINESS	
	June 30, 2011	Dec. 31, 2010
1. Intangible assets	100,166	99,353
2. Tangible assets	17,510	17,783
3. Reinsurers' share of technical reserves	92,949	96,201
4. Investments	19,033,324	20,341,135
4.1 Investment property	108,765	90,654
4.2 Investments in subsidiaries, associates and joint ventures	-	-
4.3 Held to maturity investments	297,362	252,529
4.4 Loans and receivables	253,594	222,491
4.5 Available for sale financial assets	2,346,396	2,541,646
4.6 Financial assets at fair value through profit or loss	16,027,207	17,233,815
5. Other receivables	8,013	7,165
6. Other assets	437,963	500,037
6.1 Deferred acquisition costs	-	-
6.2 Other	437,963	500,037
7. Cash and cash equivalents	833,713	751,248
<b>Total assets</b>	<b>20,523,638</b>	<b>21,812,922</b>
1. Shareholders' equity	-	-
2. Provisions	1,186	1,466
3. Technical reserves	19,289,928	20,550,747
4. Financial liabilities	570,374	522,210
4.1 Financial liabilities at fair value through profit or loss	91,995	90,636
4.2 Other financial liabilities	478,379	431,574
5. Payables	100,060	137,295
6. Other liabilities	84,037	82,882
<b>Total liabilities and shareholders' equity</b>	<b>-</b>	<b>-</b>

	FINANCIAL BUSINESS		INTERSEGMENT		TOTAL	
	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010
	65,920	63,764	-	-	166,086	163,117
	54,375	56,813	-	-	71,885	74,596
	-	-	-	-	92,949	96,201
	11,774,841	10,878,496	(422,507)	(369,555)	30,385,658	30,850,076
	-	-	-	-	108,765	90,654
	452,357	447,058	-	-	452,357	447,058
	959,331	1,118,166	-	-	1,256,693	1,370,695
	7,165,177	6,238,702	(323,513)	(276,882)	7,095,258	6,184,311
	2,531,867	2,117,941	-	-	4,878,263	4,659,587
	666,109	956,629	(98,994)	(92,673)	16,594,322	18,097,771
	580	376	(96)	(96)	8,497	7,445
	514,876	408,193	(229,960)	(249,181)	722,879	659,049
	-	-	-	-	-	-
	514,876	408,193	(229,960)	(249,181)	722,879	659,049
	592,586	802,623	(882,250)	(758,668)	544,049	795,203
	13,003,178	12,210,265	(1,534,813)	(1,377,500)	31,992,003	32,645,687
	-	-	-	-	1,092,650	1,036,160
	147,188	136,835	-	-	148,374	138,301
	-	-	-	-	19,289,928	20,550,747
	11,757,194	11,099,886	(1,380,710)	(1,174,891)	10,946,858	10,447,205
	368,949	479,995	-	(23)	460,944	570,608
	11,388,245	10,619,891	(1,380,710)	(1,174,868)	10,485,914	9,876,597
	153,649	196,119	(56,653)	(83,522)	197,056	249,892
	330,550	259,587	(97,450)	(119,087)	317,137	223,382
	-	-	-	-	31,992,003	32,645,687

## Income statement information by segment

€/000	LIFE BUSINESS	
	June 30, 2011	June 30, 2010
1.1 Net premiums written	4,907,496	4,989,012
1.1.1 Gross premiums written	4,909,352	4,991,045
1.1.2 Reinsurance premiums	(1,856)	(2,033)
1.2 Commission income	117,795	132,991
1.3 Net income on financial instruments at fair value through profit or loss	(143,832)	215,178
1.4 Income on investments in subsidiaries, associates and joint ventures	-	-
1.5 Income on other financial instruments and investment property	42,019	63,187
1.6 Other revenues	5,790	6,599
<b>1 Total revenues</b>	<b>4,929,894</b>	<b>5,406,967</b>
2.1 Net claims and benefits	(4,721,027)	(5,224,741)
2.1.1 Amounts paid and changes in technical reserves	(4,723,408)	(5,227,292)
2.1.2 Reinsurers' share	2,381	2,551
2.2 Commission expenses	(3,610)	(3,452)
2.3 Losses on investment in subsidiaries, associates and joint ventures	-	-
2.4 Losses on other financial instruments and investment property	(22,647)	(9,016)
2.5 Operating expenses	(84,912)	(86,457)
2.6 Other costs	(26,615)	(25,502)
<b>2 Total costs</b>	<b>(4,858,811)</b>	<b>(5,349,168)</b>
<b>Net profit (loss) before tax for the period</b>	<b>71,083</b>	<b>57,799</b>

FINANCIAL BUSINESS		INTERSEGMENT		TOTAL	
June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
-	-	(658)	(449)	4,906,838	4,988,563
-	-	(658)	(449)	4,908,694	4,990,596
-	-	-	-	(1,856)	(2,033)
300,802	320,107	(55,580)	(58,431)	363,017	394,667
(16,622)	1,465	(5,263)	(4,353)	(165,091)	212,290
6,001	3,411	-	-	6,001	3,411
173,826	102,901	(9,351)	(5,421)	206,494	160,667
23,929	24,229	(18,862)	(20,239)	10,857	10,589
(487,936)	452,113	(89,714)	(88,893)	5,328,116	5,770,187
-	-	1,005	825	(4,720,022)	(5,223,916)
-	-	1,005	825	(4,722,403)	(5,226,467)
-	-	-	-	2,381	2,551
(128,304)	(141,062)	-	-	(131,914)	(144,514)
-	-	-	-	-	-
(87,929)	(46,889)	8,899	4,801	(101,677)	(51,104)
(183,381)	(181,323)	56,382	61,691	(211,911)	(206,089)
(30,031)	(32,611)	23,428	21,576	(33,218)	(36,537)
(429,645)	(401,885)	89,714	88,893	(5,198,742)	(5,662,160)
58,291	50,228	-	-	129,374	108,027

## Scope of consolidation

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

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

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

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

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

## Analysis of companies accounted for by the equity method

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

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

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

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

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

Business (2)	% Direct ownership	% Total shareholding (3)	% Voting rights at ordinary general meeting (4)	% Consolidation
1	100.00	100.00	100.00	100.00
11	100.00	100.00	100.00	100.00
7	100.00	100.00	100.00	100.00
11	100.00	100.00	100.00	100.00
8	49.00	100.00	100.00	100.00
8	44.00	100.00	100.00	100.00
11	49.00	100.00	100.00	100.00
11	100.00	100.00	100.00	100.00
7	0.00	100.00	100.00	100.00
8	0.00	100.00	100.00	100.00
11	0.00	100.00	100.00	100.00
8	0.00	100.00	100.00	100.00
2	100.00	100.00	100.00	100.00
7	0,00	100.00	100.00	100.00
8	0,00	100.00	100.00	100.00
11	0,00	100.00	100.00	100.00
11	0,00	100.00	100.00	100.00
11	0,00	100.00	100.00	100.00

Type (2)	% Direct ownership	% Total shareholding (3)	% Voting rights at ordinary general meeting (4)	Book value
C	50.00	50.00	50.00	58,019,000
B	2.63	3.38	3.44	394,338,000

## Analysis of tangible and intangible assets

€/000	Book value	
	At cost	Remeasured or at fair value
Investment property	108,765	-
Other property	59,366	-
Other tangible assets	12,519	-
Other intangible assets	16,222	-

## Analysis of reinsurers' share of technical reserves

€/000	Book value	
	June 30, 2011	Dec. 31, 2010
General business	-	-
Life business	92,949	96,201
Technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	28	28
Mathematical reserves	92,921	96,173
Total reinsurers' share of technical reserves	92,949	96,201

## Analysis of financial assets

€/000	Held to maturity investments		Loans and Receivables	
	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010
Equity instruments and derivatives at cost	-	-	-	-
Equity instruments at fair value	-	-	-	-
<i>of which listed</i>	-	-	-	-
Debt instruments	1,256,693	1,370,695	-	-
<i>of which listed</i>	443,612	465,022	-	-
Holdings in UCITS	-	-	-	-
Loans to and receivables from banking customers	-	-	4,677,252	4,423,114
Loans to and receivables from banks	-	-	2,408,873	1,751,830
Deposits with cedents	-	-	-	-
Financial assets of insurance contracts	-	-	-	-
Other loans and receivables	-	-	9,133	9,367
Trading derivatives	-	-	-	-
Hedging derivatives	-	-	-	-
Other financial investments	-	-	-	-
Total	1,256,693	1,370,695	7,095,258	6,184,311



Available for sale financial assets		Financial assets at fair value through profit or loss						Book value	
		Financial assets held for trading		Financial assets at fair value					
June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010		
-	-	-	-	-	-	-	-		
32,347	32,803	14	6	-	-	32,361	32,809		
4,505	4,732	5	6	-	-	4,510	4,738		
4,654,719	4,444,365	3,314,797	3,948,561	4,259,653	4,907,791	13,485,862	14,671,412		
4,146,334	4,258,612	3,193,104	3,861,285	292,484	271,346	8,075,534	8,856,265		
191,197	182,419	18,946	19,239	8,988,947	9,215,139	9,199,090	9,416,797		
-	-	-	-	-	-	4,677,252	4,423,114		
-	-	-	-	-	-	2,408,873	1,751,830		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	9,133	9,367		
-	-	11,965	7,035	-	-	11,965	7,035		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
4,878,263	4,659,587	3,345,722	3,974,841	13,248,600	14,122,930	29,824,536	30,312,364		

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

€/000	Investment funds & indices		Pension funds		Total	
	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010
On-balance sheet assets	13,248,600	14,122,930	-	-	13,248,600	14,122,930
Intercompany assets*	98,994	92,650	-	-	98,994	92,650
<b>Total Assets</b>	<b>13,347,594</b>	<b>14,215,580</b>	<b>-</b>	<b>-</b>	<b>13,347,594</b>	<b>14,215,580</b>
On-balance sheet financial liabilities	91,466	89,794	-	-	91,466	89,794
On-balance sheet technical reserves	13,254,749	14,123,807	-	-	13,254,749	14,123,807
Intercompany liabilities*	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>13,346,215</b>	<b>14,213,601</b>	<b>-</b>	<b>-</b>	<b>13,346,215</b>	<b>14,213,601</b>

\* Asset and liabilities eliminated upon consolidation

## Analysis of financial liabilities

€/000	Financial liabilities at fair value through profit or loss			
	Financial liabilities held for trading		Financial liabilities at fair value	
	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010
Quasi-equity instruments	-	-	-	-
Subordinated liabilities	-	-	-	-
Liabilities under financial contracts issued by insurance companies of which	-	-	80,617	77,446
contracts under which the investment risk is borne by the policyholder	-	-	80,617	77,446
pension fund management	-	-	-	-
other contracts	-	-	-	-
Deposits received from reinsurers	-	-	-	-
Financial liabilities of insurance contracts	-	-	-	-
Debt securities issued	-	-	-	-
Amounts due to banking customers	-	-	-	-
Amounts due to banks	-	-	-	-
Other financing received	-	-	-	-
Trading derivatives	16,303	20,883	-	-
Hedging derivatives	-	-	19,706	28,510
Other financial liabilities	344,318	443,769	-	-
<b>Total</b>	<b>360,621</b>	<b>464,652</b>	<b>100,323</b>	<b>105,956</b>

## Analysis of technical reserves

€/000	Book value	
	June 30, 2011	Dec. 31, 2010
<b>General Business</b>	-	-
Unearned premiums	-	-
Outstanding claims	-	-
Other reserves	-	-
<i>of which amounts set aside following liability adequacy testing</i>	-	-
<b>Life Business</b>	19,289,928	20,550,747
Outstanding claims	98,020	117,002
Mathematical reserves	5,927,655	6,298,296
Technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	13,254,749	14,123,807
Other reserves	9,504	11,642
<b>Total Technical Reserves</b>	<b>19,289,928</b>	<b>20,550,747</b>

	Other financial liabilities		Book value	
	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010
	-	-	-	-
	-	-	-	-
	-	-	80,617	77,446
	-	-	80,617	77,446
	-	-	-	-
	-	-	-	-
	92,368	95,210	92,368	95,210
	-	-	-	-
	563,686	340,479	563,686	340,479
	6,759,096	6,468,977	6,759,096	6,468,977
	2,818,551	2,756,324	2,818,551	2,756,324
	-	-	-	-
	-	-	16,303	20,883
	-	-	19,706	28,510
	252,213	215,607	596,531	659,376
	10,485,914	9,876,597	10,946,858	10,447,205

## Analysis of technical account items

€/000	June 30, 2011	June 30, 2010
<b>General Business</b>		
NET PREMIUMS WRITTEN	-	-
a Premiums written	-	-
b Change in unearned premiums reserve	-	-
CLAIMS INCURRED	-	-
a Claims paid	-	-
b Change in outstanding claims reserve	-	-
c Change in recoveries	-	-
d Change in other technical reserves	-	-
<b>Life Business</b>		
NET PREMIUMS WRITTEN	4,906,838	4,988,563
AMOUNTS PAID AND CHANGE IN TECHNICAL RESERVES	(4,720,022)	(5,323,916)
a Amounts paid	(5,978,586)	(4,418,898)
b Change in outstanding claims reserve	18,572	9,175
c Change in mathematical reserves	371,566	(1,146,653)
d Change in technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	865,458	208,590
e Change in other technical reserves	2,968	23,870

## Analysis of net interest income and investment income

€/000	Interest income (expense)	Other income	Other expense
<b>Investment income</b>	253,013	5,590	(163)
a from investment property	-	3,235	(163)
b from investments in subsidiaries, associates and joint ventures	-	-	-
c from held-to-maturity investments	25,208	-	-
d from loans and receivables	61,136	-	-
e from available-for-sale financial assets	63,542	1,748	-
f from financial assets held for trading	45,291	-	-
g from financial assets at fair value through profit or loss	57,836	607	-
<b>Income on amounts receivable</b>	132	-	-
<b>Net cash and cash equivalents</b>	28,907	-	-
<b>Loss on financial liabilities</b>	(23,914)	-	-
a on financial liabilities held for trading	(9,276)	-	-
b on financial liabilities at fair value through profit or loss	(221)	-	-
c on other financial liabilities	(14,417)	-	-
<b>Expense on amounts payable</b>	(41,411)	-	-
<b>Total</b>	216,727	5,590	(163)

## Insurance Business - Analysis of Expenses

€/000	General Business		Life Business	
	June 30, 2011	30.06.2010	30.06.2011	30.06.2010
Gross agents' commissions & other acquisition costs	-	-	(58,531)	(63,192)
Commissions and profit sharing from reinsurers	-	-	(2,452)	(2,948)
Investment management expenses	-	-	(23,929)	(20,317)
<b>Total</b>	-	-	(84,912)	(86,457)

Realised gains	Realised losses	Total	Unrealised gains		Unrealised losses		Total	Net income (loss) June 30, 2011	Net income (loss) June 30, 2010
			Gains on measurement	Reversal of impairment	Losses on measurement	Impairment			
64,814	(92,391)	230,863	112,263	4,142	(352,988)	(28,322)	(264,905)	(34,042)	335,829
-	-	3,072	-	-	-	(667)	(667)	2,405	2,477
6,001	-	6,001	-	-	-	-	-	6,001	3,411
1,046	-	26,254	-	-	-	(4,262)	(4,262)	21,992	25,003
56	(43)	61,149	-	3,984	-	(4,714)	(730)	60,419	42,617
17,321	(17,321)	65,290	-	158	-	(18,679)	(18,521)	46,769	58,302
22,899	(12,529)	55,661	19,751	-	(10,455)	-	9,296	64,957	31,057
17,491	(62,498)	13,436	92,512	-	(342,533)	-	(250,021)	(236,585)	172,962
-	-	132	-	21	-	-	21	153	(97)
-	-	28,907	-	-	-	-	-	28,907	13,768
8,968	(1,221)	(16,167)	9,308	-	(1,021)	-	8,287	(7,880)	(5,440)
8,968	(1,221)	(1,529)	700	-	(1,021)	-	(321)	(1,850)	(13,295)
-	-	(221)	8,608	-	-	-	8,608	8,387	21,566
-	-	(14,417)	-	-	-	-	-	(14,417)	(13,711)
-	-	(41,411)	-	-	-	-	-	(41,411)	(17,711)
73,782	(93,612)	202,324	121,571	4,163	(354,009)	(28,322)	(256,597)	(54,273)	326,349

## Analysis of other components of comprehensive income

€/000	Recognition		Adjustments owed to reclassification to the income statement	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Net exchange differences reserve	-	-	-	-
Profit (loss) on available for sale financial assets	(3,807)	(36,649)	13,889	(3,204)
Profit (loss) on cash flow hedges	-	-	-	-
Profit (loss) on hedges of investments in foreign operations	-	-	-	-
Changes in the equity of investees	3,933	4,411	-	-
Intangible assets revaluation reserve	-	-	-	-
Tangible assets revaluation reserve	-	-	-	-
Gains (losses) on non-current assets or disposal groups held for sale	-	-	-	-
Actuarial gains (losses) and adjustments on defined benefit plans	-	-	-	-
Other	-	-	-	-
<b>Total other components of comprehensive income</b>	<b>126</b>	<b>(32,238)</b>	<b>13,889</b>	<b>(3,204)</b>

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

€/000			Book value of reclassified assets at June 30, 2011		Fair value of reclassified assets of June 30, 2011		
from	Category of reclassified financial assets	Type of asset	Assets reclassified in H1 2011	Assets reclassified in H1 2011	Assets reclassified up until June 30, 2011	Assets reclassified in H1 2011	Assets reclassified up until June 30, 2011
HFT	AFS	Debt securities	-	-	138,355	-	138,355
HFT	Loans & Receivables	Debt securities	-	-	71,522	-	71,631
<b>Total</b>			-	-	<b>209,877</b>	-	<b>209,986</b>

## Fair value hierarchy of financial assets and financial liabilities

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

	Other changes		Total changes		Taxation		Balance	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	-	-	-	-	-	-	-	-
	-	-	10,082	(39,853)	(4,346)	19,031	(59,751)	(30,922)
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	3,933	4,411	-	-	26,234	27,462
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	14,015	(35,442)	(4,346)	19,031	(33,517)	(3,460)

Assets reclassified in H1 2011		Assets reclassified up until June 30, 2011		Assets reclassified in H1 2011		Assets reclassified up until June 30, 2011	
Profit or loss recognised in the income statement	Profit or loss recognised in other components of comprehensive income	Profit or loss recognised in the income statement	Profit or loss recognised in other components of comprehensive income	Profit or loss that would have been recognised in the income statement if no re-classification had been made	Profit or loss that would have been recognised in other components of comprehensive income if no re-classification had been made	Profit or loss that would have been recognised in the income statement if no re-classification had been made	Profit or loss that would have been recognised in other components of comprehensive income if no re-classification had been made
-	-	-	2,348	-	-	-	1,457
-	-	-	1,044	-	-	-	934
-	-	-	3,392	-	-	-	2,391

Level 1		Level 2		Level 3		Total	
June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010
4,150,839	4,263,344	655,078	322,592	72,346	73,651	4,878,263	4,659,587
3,193,114	3,861,481	106,529	84,975	46,079	28,385	3,345,722	3,974,841
9,070,503	9,323,195	3,261,530	3,794,262	916,567	1,005,473	13,248,600	14,122,930
16,414,456	17,448,020	4,023,137	4,201,829	1,034,992	1,107,509	21,472,585	22,757,358
344,180	443,607	11,387	15,352	5,054	5,693	360,621	464,652
45,426	34,523	54,871	71,356	26	77	100,323	105,956
389,606	478,130	66,258	86,708	5,080	5,770	460,944	570,608

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

€/000	Financial assets				
	Available for sale financial assets	Financial assets at fair value through profit or loss		Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets at fair value	Financial liabilities held for trading	Financial liabilities at fair value
<b>Opening balance</b>	73,651	28,385	1,005,473	5,693	77
Purchases/Issues	2,915	103,551	109,545	882	-
Sales/Buy-back	(2,738)	(94,958)	(166,890)	(883)	-
Reimbursements	-	(10)	(20,908)	(518)	-
Gains (losses) recognised in the income statement	(912)	185	6,367	(1)	-
Gains (losses) recognised in other components of comprehensive income	-	-	-	-	-
Reclassified to level 3	-	-	-	-	-
Reclassified to other levels	-	(138)	-	-	-
Other changes	(570)	9,064	(17,020)	(119)	(51)
<b>Closing balance</b>	72,346	46,079	916,567	5,054	26





**Responsibility  
Statements**



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

1. We, the undersigned Ennio Doris, Chief Executive Officer, and Luigi Del Fabbro, Chief Financial Officer responsible for Mediolanum S.p.A. accounting and financial reporting, also pursuant to section 154 bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998, hereby confirm to the best of our knowledge:
  - the adequacy in relation to the characteristics of the business and
  - the effective application of accounting and financial reporting procedures in the preparation of the condensed set of financial statements for the first half of 2011.
  
2. The adequacy of accounting and financial reporting procedures for the preparation of the condensed set of financial statements for the six month period ended June 30, 2011, was verified applying a process defined by Mediolanum S.p.A. in accordance with the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted framework.
  
3. We also confirm that:
  - 3.1 the condensed set of financial statements for the first half of the year:
    - a) has been prepared in accordance with the International Accounting and Financial Reporting Standards (IAS/IFRS) endorsed by the European Commission pursuant to the European Parliament and Council Regulation (EC) 1606 of July 19, 2002;
    - b) reflects the accounting entries and records;
    - c) gives a true and fair view of the financial position, result of operations and cash flows of the issuer and the companies included in the consolidated financial statements;
  
  - 3.2 the interim management report contains information on main events which took place in the first six months of the year and their impact on accounts, description of principal risks and uncertainties for the rest of the year and disclosure of related party transactions.

Basiglio, July 27, 2011

Chief Executive Officer  
(*Ennio Doris*)

Chief Financial Officer  
(*Luigi Del Fabbro*)

