

**Half-Year
Financial
Report at
June 30,
2013**

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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,
2013**

Registered Office: Meucci Building, Via F. Sforza – Basiglio – Milano Tre (Milan)
Share capital: €73,473,042.30 – fully paid up
Tax, VAT and Milan Register of Companies Registration No. 11667420159

Corporate Governance Officers

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

BOARD SECRETARY

Luca Maria Rovere

OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

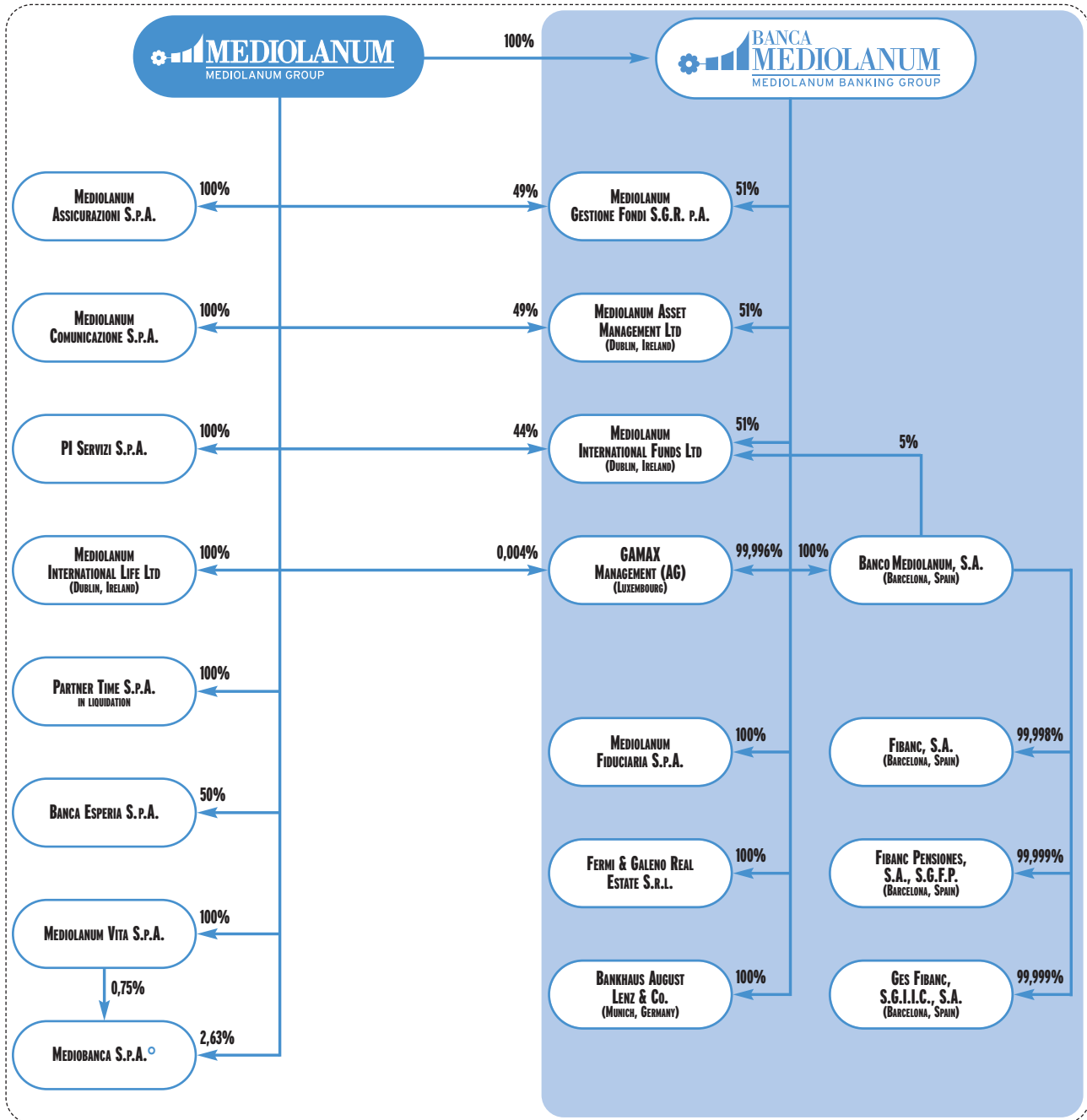
Luigi Del Fabbro

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

Group Structure

as of June 30, 2013



• MEDIOLANUM FINANCIAL CONGLOMERATE

• MEDIOLANUM BANKING GROUP

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

Mediolanum Group's Financial Highlights

€/m	June 30, 2013	June 30, 2012	change %	Dec. 31, 2012
Net inflows	1,304.4	1,451.3	(10%)	1,806.6
<i>of which</i>				
– Banca Mediolanum	1,233.0	1,760.1	(30%)	2,258.3
of which Assets under Management	1,585.5	662.6	139%	1,552.9
<i>of which mutual funds</i>	2,577.7	868.7	197%	2,343.3
of which Assets under Administration	(352.6)	1,097.4	n.s.	705.5
– Banca Esperia	(145.4)	(389.1)	(63%)	(620.5)
Assets under management and administration ^(*)	53,510.6	49,084.5	9%	51,576.9
Profit before tax	267.3	291.4	(8%)	500.6
Income Tax	(67.8)	(73.9)	(8%)	(149.6)
Net Profit	199.5	217.5	(8%)	351.0

€	June 30, 2013	June 30, 2012	change %	Dec. 31, 2012
Earnings per share	0.272	0.296	(8.2%)	0.478
Diluted earnings per share	0.269	0.294	(8.6%)	0.465

€/m	June 30, 2013	June 30, 2013
Conglomerate Capital Adequacy ^(**)	Predominantly Insurance	Predominantly Banking
Regulatory capital	1,382.0	965.0
Capital requirements	845.0	647.0
Excess	537.0	318.0

* The figures relate to retail customers only.

** Illustration of the calculation of the capital adequacy of the Mediolanum Financial Conglomerate by applying the criteria defined for predominantly insurance conglomerates (as required thus far by IVASS) and for predominantly banking conglomerates, as also required by the Board of Statutory Auditors given the evolution of the Mediolanum financial conglomerate.



**Interim
Management
Report**

Interim Management Report

The Mediolanum Group realised net profit of €199.5 million in 1H 2013, compared with the record net profit of €217.5 million in 1H 2012.

The earnings result for 1H 2013 represents the second-best half-year result ever, lower only than 1H 2012, although that period benefited from the €53 million recovery in value of financial assets held for trading (net of the tax effect) after the steep fall in market prices at the end of 2011.

The more than positive performance of Group business in 1H 2013 posted a record for the inflows of mutual funds (up €2,577.7 million), reaching the levels attained during the entire previous year. This translated into a 42% increase in entry fees (up €23 million) and a 21% increase in management fees, which reached €274 million at the end of 1H 2013 (up €47 million).

The reduction in interest income (down €23 million) due to the continued aggressive policy of offering customers high interest rates to attract new bank deposits on current accounts and deposit accounts, while expanding the base of assets to be transformed later into managed asset products, and the lower profits on investments at fair value (down €71.2 million), especially due to the large recoveries in value recognised in 1H 2012, are only partly offset by the net gains realised on disposals of available for sale financial assets (up €37.1 million).

The commission expenses recognised in 1H 2013 rose by about €38.8 million, mainly due to the structural growth in customer assets that improved the mix of net inflows, with a marked improvement in inflows for managed asset products. In particular, this has led to higher retrocession of entry fees and increased incentives accrued on the outstanding commercial results realised.

● The Macroeconomic Environment

Statistics confirm the persistent economic slowdown in the Eurozone, while data reported in the United States exclude the risk of recession there.

In April 2013 the International Monetary Fund cut its global economic growth forecast yet again, confirming that the recovery proceeds amidst general weakness. The GDP growth forecast for 2013 has been revised downward from 3.5% to 3.3%. In particular, the growth forecast has been revised downward from 1.4% to 1.2% for industrialised economies, and from 5.5% to 5.3% for emerging countries. Moreover, the business cycle in industrialised countries shows a pronounced divergence between the United States (+2.2% in 2012, +1.9% in 2013, and +3.0% in 2014) and the Eurozone (-0.6% in 2012, -0.3% in 2013 and -1.1% in 2014). The forecasts for the Eurozone reflect weakness both in periphery countries and in core countries. Germany is expected to remain just inside positive territory in 2013 (+0.6%), while France is expected to slow down slightly (-0.1%). The Italian and Spanish economies may contract again in 2013 (by -1.5% and -1.6%, respectively), in anticipation of a return to growth in 2014 (forecast on the order of +0.5% and +0.7%, respectively).

In 1Q 2013, GDP expanded at an annualised rate of +1.8% in the United States and shrank by -0.2% (not annualised) in the Eurozone, reflecting the lag between the two regions. GDP fell in France (-0.2%), Italy (-0.6%) and Spain (-0.5%), while rising in Germany (+0.1%). At the same time, the English economy returned to positive territory (+0.3%). The readings of the Purchasing Managers Index (PMI) show persistent stagnation or recession in

the Eurozone since August 2011, while the statistics prepared by the Institute for Supply Management (ISM) continue to show that both industrial production and services remain near the growth threshold in the United States. Employment trends are one of the most critical aspects of this phase in the business cycle, due to their impact on consumer confidence and demand for goods and services. The unemployment rate stands at 7.6% in the United States and 12.2% in the Eurozone (12.2% in Italy, 6.8% in Germany).

The negative business cycle reduces inflationary pressures. In May, the producer price index and consumer price index rose by +1.7% and 1.4%, respectively, in the United States while falling -0.1% and rising by +1.4%, respectively, in the Eurozone.

Meeting on May 2, the European Central Bank cut its refinancing rate from 0.75% to the historic low of 0.50%. During the same period, the Federal Reserve Bank left its own refinancing rate unchanged in the range between 0% and 0.25%.

○ Financial Markets

The uncertain evolution of the peripheral country sovereign debt crisis in the Eurozone caused volatility on international financial markets during the first several months of 1H 2013. In February and March, the risk of political chaos loomed after parliamentary elections in Italy and implementation of a bailout plan for Cyprus (which was significant for the nature of measures used), driving up yields on Italian and Spanish treasuries, pushing down yields on German treasuries and causing European stock markets to underperform markets elsewhere in the world. In 2Q 2013 financial markets were initially impacted by positive developments in the sovereign debt crisis in peripheral Eurozone countries and, subsequently, the announced curtailment by the Federal Reserve Bank of its program to buy back treasuries, aimed at cutting yields and boosting the money supply (quantitative easing). In contrast with its March meeting, on May 1 the Federal Reserve Bank explicitly announced the possibility of both expanding and curtailing its buyback program, according to developments in the economy. That announcement and subsequent statements by the Chairman of the Federal Reserve bank and its most influential members suddenly drove up yields sharply on the principal bond markets.

Between December 31, 2012 and June 28, 2013, the government bond yield curve rose in the United States (from 0.25% to 0.36% for 2-year notes and from 1.76% to 2.49% for 10-year notes) and in Germany (from -0.02% to +0.19% for 2-year notes and from 1.32% to 1.73% for 10-year notes). Average yields rose on emerging country bond markets from 4.28% to 5.17% (Barclays EM Hard Currency Aggregate Yield To Worst index) and on high-yield bonds markets from 6.13% to 6.66% (Barclays US Corporate High Yield Yield To Worst index).

The spread between Italian and German 10-year notes rose from 318 basis points on December 31, 2012 to 347 bp on March 29, 2013, and then fell back to 282 bp on June 28, 2013, while the spread on 2-year notes fell from 200 bp on December 31, 2012 to 194 bp on March 29, 2013 and 175 bp on June 28, 2013. The Italian treasuries yield curve changed as follows between December 31, 2012 and June 28, 2013: from 1.38% to 1.21% on 1-year notes, from 1.99% to 1.93% on 2-year notes, and from 4.50% to 4.55% on 10-year notes.

Global stock markets rose by 8.8% overall between December 31, 2012 and June 28, 2013 (MSCI World dollar index). In the United States, the S&P500 rose by 12.6% and the Nasdaq Composite by 12.7%. European stock markets were up 1.9% on average. More specifically, the Italian market (-6.3%) and Spanish market (-5%) underperformed the German market (+4.6%), French market (+2.7%) and English market (+5.4%). Emerging markets were down by 9.5% (MSCI EM dollar index).

During the April 4, 2013 trading session, the yen fell sharply against all major currencies following the announcement of new and unexpected measures by the new governor of the Bank of Japan, Kuroda, aimed at realising an

inflation target of 2% within the next two years. The BOJ voted unanimously to set the level of money supply as the new target for its operations (which totalled JPY 138,000 billion at December 31, 2012, or USD 1,452 billion), instead of the overnight rate. The BOJ will pursue the aim of annually increasing the money supply by JPY 70,000 billion until it reaches JPY 270,000 billion in 2014. It also decided to buy treasury notes and bonds with maturities of up to 40 years for a monthly outlay of JPY 7,000 billion. The new monetary policy adopted by the Japanese central bank and statements by Prime Minister Abe on the expected reform plan caused the yen to weaken (with the exchange rate slipping from 86.7 to 99.1 yen to the dollar, and from 114.5 to 129 yen to the Euro between December 31, 2012 and June 28, 2013) and the sharp rebound (+31.6%) and volatility on the Tokyo Stock Exchange.

The U.S. dollar remained substantially stable against the Euro (moving from USD 1.32/Euro at December 31, 2013 to USD 1.28/Euro on March 29, 2013 and USD 1.30/Euro on June 28, 2013). A correction on emerging markets resulted in specific local currencies softening against both the dollar and the Euro.

● Performance of the Mediolanum Group

Net inflows on the domestic market totalled a positive €1,087.6 million in 1H 2013 compared with €1,370.9 million year-on-year (-21%).

Banca Mediolanum had positive net inflows of €1,233.0 million in the first half of the year, compared with a positive €1,760.1 million in 1H 2012 (-30%), of which a positive €1,585.5 million into asset management products, and which in the first six months of 2013 topped the level achieved for all of 2012 (December 31, 2012: €1,552.9 million).

Specifically, mutual funds recorded net inflows of €2,577.7 million (June 30, 2012: €868.7 million), topping even the recent annual record set in 2012 (December 31, 2012: €2,343.3 million).

In contrast, life insurance products had net outflows of €992.8 million (June 30, 2012: net outflows of €311.3 million). Net inflows generated by sales of third-party structured bonds also fell sharply, from €105.2 million in 1H 2012 to €0.7 million in 1H 2013.

The Mediolanum Plus insurance policy associated with the Freedom bank account posted a negative balance of €1,395.4 million, compared with a negative balance of €422.1 million at June 30, 2012.

Net inflows into administered assets totalled €1,042.8 million, compared with €1,519.6 million in 1H 2012.

Including the Freedom policies, net outflows from administered assets aggregated to €352.6 million, compared with net inflows of €1,097.4 million in 1H 2012.

Net inflows data released by the principal sales networks operating in Italy in 1H 2013, published by the financial newspaper *Il Sole 24 Ore*, show that Banca Mediolanum was ranked sixth, with net inflows of €1,263 million.

Data relating to net inflows into mutual funds released by Assogestioni, show that the market share of the Mediolanum Group rose from 4.93% at December 31, 2012 to 5.14% at June 30, 2013, with it holding steady at sixth place in terms of volumes of managed assets.

At June 30, 2013 the Mediolanum Group had €53,510.6 million in assets under management and administration, up €1,933.7 million from €51,576.9 million at December 31, 2012, and up €4,426.1 million from €49,084.5 million at June 30, 2012.

The contraction in the sales network was reversed, with the number of Banca Mediolanum Family Bankers rising to 4,367 from 4,315 at December 31, 2012, with very low turnover on an annualised basis (4.9%). The average portfolio managed by each Family Banker amounts to about €9.7 million pro capita.

○ First Half 2013 Commercial Ventures

The "Ogni mese" service has had strong net inflows since it was launched in November 2012, amounting to €3.6 billion, of which about €1.1 billion invested by customers who fully accepted the service strategy by subscribing to four or more funds as part of this service.

In regard to banking products, the rates offered for funds deposited on the "Inmediolanum" account remained high as compared to market rates (2.8% at June 30, 2013), while the rates offered on the "Freedom+" bank account, which remains the principal tool for attracting new customers who want full banking services, are lower than those offered by the "Inmediolanum" deposit account (2% at June 30, 2013), but are still competitive with the rates offered by other Italian banks.

The "Mediolanum Plus" policy is instead undergoing major net outflows towards other Group products, with its net balance amounting to €2.04 billion at June 30, 2013.

Overall, the strategy of attracting new customers through bank products is producing excellent results in terms of cross-selling, with the percentage of assets invested in managed asset products amounting to 52% four years after the deposit account is opened. Bank customer loyalty programs continued in the first half of the year, with the percentage of account holders using Banca Mediolanum as their "primary bank" amounting to 55%, (up 17% from the previous year) and the percentage of account holders who have their only current account at Banca Mediolanum amounting to 40%.

In regard to asset management, several Mediolanum Best Brands products are offered, including B-class shares for distribution of earnings, and specifically:

- the Moderate Collection product, renamed Premium Coupon Collection;
- the Aggressive Collection product, renamed Equity Power Coupon Collection;
- the Mediolanum Pimco Inflation Strategy Selection product.

The changes that have been made, and especially the introduction of B-class shares, make it possible to offer financial instruments that better satisfy the current needs of customers, who are constantly searching for products that offer a stable, periodic return in the face of volatile and uncertain market conditions.

At the national convention held in Pesaro on June 4-5, 2013, Mediolanum Best Brands line was further expanded with four new products:

- Singlebrand products (Selection line): Mediolanum Invesco Balanced Risk Coupon Selection and Mediolanum Carmignac Strategic Selection;
- Multibrand products (Collection line): Infrastructure Opportunity Collection and Convertible Strategy Collection.

The start of sales of third-party mutual funds was also announced at the national convention, after the signing of specific placement agreements with 10 major independent investment firms.

○ Issue of Mediolanum Notes

In implementation of the resolution by the Board of Directors of Banca Mediolanum S.p.A. on May 8, 2013, the issuance of subordinated notes for a maximum aggregate total of €200,000,000.00 (two hundred million) was resolved to further reinforce the capital of Banca Mediolanum. This issue adheres to the provisions of the ICAAP strategic plan approved by the Board of Directors on April 22, 2013, realising benefits both in regard to the ratio between liabilities and assets (as part of ALM), and in regard to second pillar capital requirements (PILLAR II). The subordinated notes issued by the Bank were consequently placed in May and June.

The key features of this bond issue are illustrated as follows:

6-year Lower Tier II Fixed-rate Subordinated Notes.

Amount offered: nominal value up to €200 million.

Minimum allowed subscription amount: €100,000 per investor.

Repayment of principal: over five years in equal instalments of 20% of the subscribed nominal capital.

Coupons: semi-annual, bearing 4.5% gross per annum.

Settlement date: June 27, 2013.

Maturity date: June 27, 2019.

At June 27, 2013 these notes had been subscribed by 538 investors for a total of €74,147,000.

● Consolidated Inflows, Assets under Management and Assets under Administration

○ Net Inflows

€/million	June 30, 2013	June 30, 2012	Change
ITALY			
Life Insurance products	(992.8)	(311.3)	219%
Asset Management Products	2,577.7	868.7	197%
Total managed assets inflows	1,584.9	557.4	184%
Third-party structured bonds	0.7	105.2	(99%)
Total managed assets + third-party structured bonds	1,585.5	662.6	139%
Administered Assets	1,042.8	1,519.6	(31%)
Freedom Life Policies	(1,395.4)	(422.1)	231%
Total administered assets + Freedom Life Policies	(352.6)	1,097.4	ns
BANCA MEDIOLANUM	1,233.0	1,760.1	(30%)
BANCA ESPERIA GROUP ^(*)	(145.4)	(389.1)	(63%)
TOTAL - ITALY	1,087.6	1,370.9	(21%)
SPAIN	256.3	61.2	319%
GERMANY	(39.5)	19.2	ns
TOTAL FOREIGN MARKETS	216.8	80.4	170%
TOTAL NET INFLOWS	1,304.4	1,451.3	(10%)

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

Given the nature of the activity of the new subsidiary Mediolanum Assicurazioni S.p.A., its new business figures are not included in this table and are shown only in the following section Insurance – General Business.

● Assets under Management and under Administration ^(*)

€/million	June 30, 2013	Dec. 31, 2012	June 30, 2012
ITALY			
Life Products	13,290.4	13,795.7	13,848.0
Freedom Life Policies	2,037.6	3,433.0	4,081.7
Asset Management products	25,933.4	23,384.4	21,155.5
Banking products	12,402.5	11,336.5	10,595.5
Consolidation adjustments	(9,810.6)	(9,515.3)	(9,222.1)
BANCA MEDIOLANUM	43,853.4	42,434.3	40,458.5
BANCA ESPERIA GROUP ^(**)	7,166.5	6,900.1	6,612.4
TOTAL - ITALY	51,019.9	49,334.4	47,070.9
SPAIN	2,071.0	1,799.6	1,630.6
GERMANY	419.7	442.9	383.1
TOTAL FOREIGN MARKETS	2,490.7	2,242.5	2,013.7
TOTAL ASSETS UNDER MANAGEMENT & ADMINISTRATION	53,510.6	51,576.9	49,084.5

(*) The figures relate to retail customers only.

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

Total assets under management and administration amounted to €53,510.6 million at June 30, 2013, up 4% from €51,576.9 million at December 31, 2012 and 9% from €49,084.5 million at June 30, 2012.

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

ITALY - INSURANCE

LIFE BUSINESS

At the end of the period under review, total life products amounted to €13,290.4 million, versus €13,795.7 million at December 31, 2012 and €13,848.0 million at June 30, 2012.

€/million	June 30, 2013	Dec. 31, 2012	June 30, 2012
Traditional life products	1,277.0	1,372.0	1,302.5
Index-linked life products	1,896.0	2,572.7	3,081.5
Unit-linked life products	10,117.5	9,851.0	9,464.0
Total Life Products (ex-'Freedom')	13,290.4	13,795.7	13,848.0
<i>Mediolanum Plus ('Freedom') Life Policies</i>	<i>2,037.6</i>	<i>3,433.0</i>	<i>4,081.7</i>

GROSS PREMIUMS

€/million	June 30, 2013	June 30, 2012	Change
Recurring premiums	26.4	31.3	(16%)
Single premiums and group policies	46.4	73.7	(37%)
Total new business	72.8	105.0	(31%)
Pensions plans in force	240.1	255.9	(6%)
Other business in force	225.1	251.3	(10%)
Total in-force business	465.2	507.3	(8%)
Total Premiums Written (ex-'Freedom')	538.0	612.3	(12%)
Mediolanum Plus ('Freedom') Premiums Written	2,100.7	3,252.2	(35%)
Total Gross Premiums Written	2,638.7	3,864.5	(32%)

Gross premiums written in the first six months of the year amounted to €2,638.7 million, down about 32% from €3,864.5 million in the same period of the previous year, as customers shifted to other asset management products offered by Banca Mediolanum.

Excluding the new business generated by the Freedom (Mediolanum Plus) policy, which also decreased by 35% from 1H 2012, total premiums written in the first six months of the year amounted to €538.0 million, compared with €612.3 million in the same period of the previous year (-12%).

New business stood at €72.8 million, down 31% from €105 million at June 30, 2012.

Single premiums and group policies, excluding Mediolanum Plus, totalled €46.4 million versus €73.7 million at June 30, 2012 (down 37%).

Total in-force business amounted to €465.2 million, down 8% over the same period of the previous year.

Excluding Freedom, amounts paid rose from €923.8 million at June 30, 2012 to €1,530.7 million at June 30, 2013:

AMOUNTS PAID

Excluding Freedom, amounts paid increased 66% over the same period of the previous year. Specifically, maturities totalled €751.6 million (1H 2012: €349.2 million), of which €542.1 million relating to index-linked policies

€/million	June 30, 2013	June 30, 2012	Change
Claims	27.9	37.9	(26%)
Coupons	32.7	29.8	9%
Maturities	751.6	349.2	115%
Surrenders	718.5	506.7	42%
Amounts paid (ex-'Freedom')	1,530.7	923.8	66%
Amounts paid under 'Freedom' contracts	3,521.3	3,752.2	(6%)

(1H 2012: €178.1 million).

GENERAL BUSINESS

Mediolanum Assicurazioni S.p.A. became part of the Mediolanum Group on March 31, 2013. The figures for premiums written and amounts paid in relation to this company are set out below. The effects on the Mediolanum Group resulting from that acquisition relate to the period March 31 – June 30, 2013, with €6,696 thousand in premiums written during that time. The premiums written for the period at June 30, 2013, amounting to €14,357 thousand, up from €12,578 thousand at June 30, 2012, are shown merely for comparative purposes in the following table. The direct and indirect premiums written are shown as follows:

€/000	June 30, 2013	June 30, 2012	Change
Business-01 Accident insurance	9,426	9,549	(123)
Business-02 Sickness insurance	6,671	5,700	971
Business-07 Transport insurance	2	2	-
Business-08 Fire insurance	1,650	1,734	(84)
Business-09 Other property damage insurance	993	1,062	(69)
Business-13 General liability insurance	897	872	25
Business-16 Financial loss insurance	1,002	753	249
Business-17 Legal expenses insurance	58	58	-
Business-18 Assistance	348	317	31
Total direct premiums written	21,047	20,047	1,000
Indirect premiums written	-	-	-
Total premiums written	21,047	20,047	1,000
Change in reserves	(6,690)	(7,469)	779
Net premiums written	14,357	12,578	1,779

The increase in premiums written is mainly due to marketing of the new product to cover secured bank loans (up €1,529 thousand).

The net claims paid during the period March 31 – June 30, 2013 amount to €2,425 thousand. Again for comparative purposes, the table set outs the claims at June 30, 2013, which amount to €4,409 thousand, down €1,893 thousand from the €6,302 thousand in claims paid at June 30, 2012.

During the period, claims paid in the basic insurance business fell by €859 thousand year-on-year.

The amount paid reflects the lower number of large claims paid in 1H 2013 compared with the same period of the previous year (eight claims for €764 thousand in 2013, compared with 11 large claims totalling €1,248 thousand in 2012).

The average claim paid (excluding large claims) fell from €3,200 to €3,000 (down 6%).

No particularly significant claim was paid in the Car Insurance Business during 1H 2013. The amount paid fell by 54.1% due to the lower number of claims processed.

The claims paid as broken down by reporting business are set out in the following table:

€/000	June 30, 2013	June 30, 2012	Change
Business-01 Accident insurance	822	1,250	(34.3%)
Business-02 Sickness insurance	1,522	1,084	40.4%
Business-07 Transport insurance	1	-	ns
Business-08 Fire insurance	261	544	(52.1%)
Business-09 Other property damage insurance	351	306	14.8%
Business-13 General liability insurance	468	1,164	(59.8%)
Business-16 Financial loss insurance	89	41	118.0%
Business-18 Assistance	23	7	221.5%
Total Basic Insurance Business	3,537	4,396	(19.5%)
Car Insurance	872	1,902	(54.1%)
Total direct claims paid	4,409	6,298	(30.0%)
Indirect claims paid	-	4	ns
Total General Business	4,409	6,302	(30.0%)

The speed of claims paid in the Basic Insurance Business at the end of the period was 20.4%.

ITALY - ASSET MANAGEMENT

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

€/million	June 30, 2013	Dec 31, 2012	June 30, 2012
Best brands funds of funds	9,597.3	7,676.9	6,353.7
Portfolio funds of funds	543.9	578.5	644.4
Challenge funds	12,036.1	11,980.7	11,575.1
Funds of hedge funds	184.2	193.8	253.6
Other Italy-based mutual funds	3,346.7	2,839.6	2,265.4
Real Estate funds	432.0	436.6	436.5
Other internationally-based mutual funds & managed accounts	362.2	321.2	283.6
Duplication adjustments	(568.9)	(642.9)	(656.9)
Total asset management products	25,933.4	23,384.4	21,155.5
of which:			
Equity	55%	56%	59%
Bond	37%	36%	31%
Money market	2%	2%	3%
Other	6%	6%	7%

At June 30, 2013 total assets under management amounted to €25,933.4 million, up 11% from €23,384.4 million at December 31, 2012 and 23% from €21,155.5 million at June 30, 2012.

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

GROSS INFLOWS

€/million	June 30, 2013	June 30, 2012	Change
Best brands funds of funds	3,195.7	1,637.1	95%
Challenge funds	417.5	552.3	(24%)
Other Italy - based mutual funds	908.7	354.3	156%
Real Estate funds	-	18.2	ns
Other funds and managed accounts	11.9	16.0	(26%)
Total asset management products	4,533.8	2,577.8	76%

Gross inflows in 1H 2013 amounted to €4,533.8 million, up 76% from the balance of €2,577.8 million in 1H 2012.

NET INFLOWS

€/million	June 30, 2013	June 30, 2012	Change
Best brands funds of funds	2,152.9	780.9	176%
Challenge funds	(154.8)	35.1	ns
Other Italy - based mutual funds	636.2	105.1	ns
Real Estate funds	-	0.6	ns
Other funds and managed accounts	(56.6)	(53.1)	7%
Total asset management products	2,577.7	868.7	197%

Net inflows at June 30, 2013 amounted to €2,577.7 million, up 197% from €868.7 million at June 30, 2012.

ITALY - BANKING

At the end of 1H 2013, net inflows into administered assets totalled €1,042.8 million, down 31% from €1,519.6 million in 1H 2012.

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

€/million	June 30, 2013	Dec 31, 2012	June 30, 2012
Customer deposits	8,773.6	7,623.1	6,078.6
Repurchase agreements	107.1	12.9	1,066.5
Banca Mediolanum Bonds	386.5	409.7	466.6
Third Parties Structured Bonds	1,231.9	1,216.1	956.5
Securities in custody	1,903.3	2,074.8	2,027.4
Total Assets under Administration	12,402.5	11,336.5	10,595.5

At June 30, 2013 there were about 711,000 Banca Mediolanum bank accounts, up from 707,600 accounts at December 31, 2012 and 676,500 accounts at June 30, 2012.

The number of primary account holders totalled 586,149, compared with 579,891 at December 31, 2012 and 569,384 at June 30, 2012.

SPAIN

€/million	June 30, 2013	Dec 31, 2012	June 30, 2012
Assets under Management & Administration	2,071.0	1,799.6	1,630.6
<i>Assets under Management</i>	<i>1,298.0</i>	<i>1,181.2</i>	<i>1,047.3</i>
<i>Assets under Administration</i>	<i>772.9</i>	<i>618.4</i>	<i>583.2</i>
AuM - Gross Inflows	231.7	285.2	128.8
Net Inflows	256.3	114.3	61.2
<i>Assets under Management</i>	<i>112.9</i>	<i>88.2</i>	<i>34.5</i>
<i>Assets under Administration</i>	<i>143.5</i>	<i>26.2</i>	<i>26.8</i>

In 1H 2013, assets under management and administration on the Spanish market amounted to €2,071.0 million, compared with €1,799.6 million at December 31, 2012 and €1,630.6 million at June 30, 2012.

Net inflows in 1H 2013 amounted to €256.3 million, compared with €61.2 million in 1H 2012. Specifically, net inflows into administered assets amounted to €143.5 million compared with €26.8 million in 1H 2012, and net inflows into asset management products amounted to €112.9 million, compared with €34.5 million in 1H 2012. The number of customers totalled 80,911 at June 30, 2013, compared with 78,856 at December 31, 2012 and 77,572 at June 30, 2012.

GERMANY

Assets under management and administration amounted to €419.7 million at June 30, 2013, down 5% from €442.9 million at December 31, 2012 and up 10% from €383.1 million at June 30, 2012.

Net outflows in 1H 2013 amounted to €39.5 million, compared with net inflows of €19.2 million in 1H 2012.

€/million	June 30, 2013	Dec 31, 2012	June 30, 2012
Assets under Management & Administration	419.7	442.9	383.1
<i>Assets under Management</i>	353.6	356.4	313.7
<i>Assets under Administration</i>	66.1	86.5	69.4
AuM - Gross Inflows	111.5	90.8	48.7
Net Inflows	(39.5)	54.5	19.2
<i>Assets under Management</i>	(19.0)	26.3	8.7
<i>Assets under Administration</i>	(20.4)	28.2	10.5

Specifically, net outflows from managed assets amounted to €19.0 million, as opposed to net inflows of €8.7 million at June 30, 2012. Net outflows from administered assets amounted to €20.4 million, as opposed to net inflows of €10.5 million at June 30, 2012.

There were 4,526 customers at June 30, 2013, compared with 4,533 at December 31, 2012 and 4,121 at June 30, 2012.

● The Sales Networks

Number	June 30, 2013	Dec 31, 2012	June 30, 2012
Licensed financial advisors	4,367	4,315	4,432
BANCA MEDIOLANUM	4,367	4,315	4,432
SPAIN	630	590	555
GERMANY	45	46	43
Total	5,042	4,951	5,030

Banca Mediolanum had 4,367 licensed financial advisors at June 30, 2013, up from 4,315 at December 31, 2012.

● Reclassified Consolidated Income Statement at June 30, 2013^(*)

Mediolanum Assicurazioni was consolidated with the Mediolanum Group on March 31, 2013. Therefore, the reclassified consolidated income statement at June 30, 2013 includes the impact on profit and loss related to the newly acquired company for the period March 31, 2013 – June 30, 2013. Following consolidation of that newly acquired company, the income statement broken down by operating segment includes the new "Insurance" segment, which includes the profit and loss related to the Life Business and General Business. The principles governing the allocation of income statement accounts consequently reflect this new presentation.

€/million	June 30, 2013	June 30, 2012	Change	Change %
Net premiums written	2,709.5	3,914.8	(1,205.3)	(31%)
Amounts paid and change in technical reserves	(2,686.9)	(3,896.1)	1,209.2	(31%)
Net life insurance revenues (ex. commissions)	22.6	18.7	3.9	21%
Entry fees	76.6	53.9	22.7	42%
Management fees	273.7	226.4	47.3	21%
Performance fees	84.3	75.4	8.9	12%
Banking services fees	49.5	47.1	2.4	5%
Other fees	18.2	20.7	(2.6)	(12%)
Total commission income	502.2	423.5	78.7	19%
Net interest income	135.5	158.4	(22.9)	(14%)
Net income on investments at fair value	8.9	80.1	(71.1)	(89%)
Net financial income	144.4	238.5	(94.1)	(39%)
Equity contribution	0.6	2.0	(1.4)	(68%)
Realised gains (losses) on other investments	43.0	5.6	37.4	672%
Impairment of loans	(5.9)	(4.8)	(1.1)	23%
Impairment of other investments	(0.5)	(2.4)	1.9	(80%)
Net income (loss) on other investments	36.6	(1.6)	38.2	n.s.
Other revenues	9.8	14.4	(4.6)	(32%)
TOTAL REVENUES	716.2	695.5	20.7	3%
Acquisition costs & Sales network commission expenses	(215.5)	(176.7)	(38.8)	22%
Other commission expenses	(25.3)	(20.9)	(4.4)	21%
General and Administrative expenses	(198.8)	(185.7)	(13.2)	7%
Amortisation and depreciation	(9.4)	(6.7)	(2.7)	40%
Net provisions for risks	0.1	(14.1)	14.2	n.s.
TOTAL COSTS	(448.9)	(404.1)	(44.8)	11%
PROFIT BEFORE TAX	267.3	291.4	(24.1)	(8%)
Income tax	(67.8)	(73.9)	6.1	(8%)
NET PROFIT FOR THE PERIOD	199.5	217.5	(18.0)	(8%)

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

Net life insurance revenues before acquisition costs amounted to €22.6 million, compared with €18.7 million in 1H 2012.

Specifically, **net premiums written** in 1H 2013 amounted to €2,709.5 million, down 31% from €3,914.8 million in 1H 2012. The decline in net premiums was principally driven by reduced inflows into the Freedom policy, which fell by 35% or €1,151.5 million.

Total amounts paid and change in reserves fell 31%, from €3,896.1 million at June 30, 2012 to €2,686.9 million at June 30, 2013, of which €3,521.3 million relating to the policies associated with the *Freedom* bank account (June 30, 2012: €3,752.2 million).

For the first six months of the year, **total commission income** amounted to €502.2 million, up from €423.5 million at June 30, 2012. The €78.7 million increase was mainly driven by management fees (up €47.3 million), entry fees (up €22.7 million) and performance fees (up €8.9 million).

Net financial income fell 39%, from €238.5 million in 1H 2012 to €144.4 million at the end of 1H 2013, for a decrease of €94.1 million.

This decrease stemmed from the fall in net interest income (down €22.9 million), due to the reduced spread on market rates. This was partly offset by the higher volume of assets and lower net income on financial assets at fair value, which fell 89% from €80.1 million in 1H 2012 to €8.9 million in 1H 2013.

The **equity contribution** fell from €2.0 million in 1H 2012 to €0.6 million in 1H 2013. This account reflects both the allocable portion of the €3.6 million net profit generated during the period by the investment in the Banca Esperia Group (€2.0 million at June 30, 2012) and the €3.0 million net loss of Mediobanca S.p.A.

Net income on other investments had a positive balance of €36.6 million, as opposed to a negative balance of €1.6 million in 1H 2012. This was mainly due to the effect of net gains on disposal of available for sale financial assets (€37.1 million).

Acquisition costs and sales network commission expenses rose from €176.7 million in 1H 2012 to €215.5 million at the end of 1H 2013. The €38.8 million increase reflects the greater commission expenses on higher sales volumes of mutual funds, higher management fees due to the increase in assets under management, greater amounts provided for sales network incentives, and higher accruals for sales agent severance indemnities (FIRR and Enasarco) due to changes in calculation rules.

Net of commission expenses, **total costs** amounted to €208.1 million, up €1.6 million from the €206.5 million posted in 1H 2012.

Net provisions for risks fell by €14.2 million and mainly reflect lower provisions by Banca Mediolanum, largely due to the reversal of €6.4 million reversal in provisions for legal disputes and €2.6 million in lower provisions for unlawful activity by licensed financial advisors.

General and administrative expenses increased by €13.2 million for higher personnel expense, largely related to Banca Mediolanum following the increase in average payroll, and for the administrative expenses of Banca Mediolanum related to information systems, consultancy, organisation of conventions and postal expenses.

Income tax for the period fell from €73.9 million at June 30, 2012 to €67.8 million at June 30, 2013 (tax rate: 25.37%).

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

ITALY - INSURANCE

€/000	June 30, 2013	June 30, 2012	Change	Change %
Net premiums written	2,640,086	3,858,745	(1,218,659)	(32%)
Amounts paid & change in technical reserves	(2,627,200)	(3,849,152)	1,221,952	(32%)
Net life insurance revenues (ex commissions)	12,886	9,593	3,293	34%
Total commission income	155,278	139,454	15,824	11%
Net interest income	12,095	2,455	9,640	393%
Net income (loss) on investments at fair value	788	62,555	(61,767)	(99%)
Net financial income	12,883	65,010	(52,127)	(80%)
Net income (loss) on other investments	(3,335)	5,964	(9,299)	n.s.
Other revenues	4,865	5,431	(566)	(10%)
TOTAL REVENUES	182,576	225,452	(42,876)	(19%)
Acquisition costs & Sales network commission expenses	(48,983)	(49,330)	347	(1%)
Other commission expenses	(3,665)	(3,056)	(609)	20%
General and Administrative expenses	(44,794)	(42,693)	(2,101)	5%
Amortisation and depreciation	(3,693)	(1,379)	(2,314)	168%
Net provisions for risks	(58)	(2,526)	2,468	(98%)
TOTAL COSTS	(101,193)	(98,984)	(2,209)	2%
PROFIT BEFORE TAX	81,383	126,468	(45,085)	(36%)

Mediolanum Assicurazioni was consolidated with the Mediolanum Group on March 31, 2013. Therefore, the reclassified consolidated income statement at June 30, 2013 includes the impact on profit and loss related to the newly acquired company for the period March 31, 2013 – June 30, 2013. Following consolidation of that newly acquired company, the income statement broken down by operating segment includes the new "Insurance" segment, which includes the profit and loss related to the Life Business and General Business.

Profit before tax in the Italy – Life operating segment amounted to €81.4 million, down 36% from the €126.5 million reported in 1H 2012, mainly due to the decrease in net financial income (down €52.1 million).

Net life insurance revenues before acquisition costs totalled €12.9 million, up €3.3 million from the €9.6 million reported in 1H 2012.

Total commission income for the period amounted to €155.3 million, compared with €139.5 million at June 30, 2012, reflecting a €6.1 million increase in performance fees and a €9.1 million increase in management fees.

Net financial income for the period amounted to €12.9 million, compared with €65.0 million in 1H 2012. The €52.1 million decrease was due to €61.8 million in lower net income on investments at fair value due to negative market performance, while net interest income rose from €2.4 million to €12.1 million, mainly due to the lower expense for retrocession of amounts to policyholders.

Acquisition costs and sales network commission expenses remained substantially unchanged at €49.0 million. The other expenses rose from €49.7 million at June 30, 2012 to €52.2 million at June 30, 2013.

ITALY - ASSET MANAGEMENT

€/000	June 30, 2013	June 30, 2012	Change	Change %
Entry fees	72,482	51,392	21,090	41%
Management fees	146,584	110,414	36,170	33%
Performance fees	42,681	41,233	1,448	4%
Other fees	13,414	14,191	(777)	(5%)
Total commission income	275,161	217,230	57,931	27%
Net interest income	188	422	(234)	(55%)
Net income (loss) on investments at fair value	1	1	-	-
Net financial income	189	423	(234)	(55%)
Net income (loss) on other investments	(1)	(482)	481	n.s.
Other revenues	118	254	(136)	(54%)
TOTAL REVENUES	275,467	217,425	58,042	27%
Acquisition costs & Sales network commission expenses	(130,525)	(87,083)	(43,442)	50%
Other commission expenses	(7,877)	(5,311)	(2,566)	48%
General and Administrative expenses	(42,308)	(40,924)	(1,384)	3%
Amortisation and depreciation	(1,112)	(1,035)	(77)	7%
Net provisions for risks	(146)	(1,756)	1,610	(92%)
TOTAL COSTS	(181,968)	(136,109)	(45,859)	34%
PROFIT BEFORE TAX	93,499	81,316	12,183	15%

Profit before tax in the Italy – Asset Management segment amounted to €93.5 million, up 15% from €81.3 million at June 30, 2012.

Total commission income in the period amounted to €275.2 million, up €58.0 million from €217.2 million year-on-year. This change reflected the contribution of management fees (up €36.2 million) due to the increase in average NAV during the period and entry fees (up €21.1 million).

The costs for this segment rose by 34% year-on-year, from €136.1 million at June 30, 2012 to €182.0 million at June 30, 2013. This increase was driven mainly by the higher commission expenses generated by increased sales volumes of mutual funds, higher commission expenses on managed products, and higher expenses related to sales network incentives on net inflows.

ITALY - BANKING

€/000	June 30, 2013	June 30, 2012	Change	Change %
Banking services fees	41,236	39,870	1,366	3%
Other fees	2,572	5,417	(2,845)	(53%)
Total commission income	43,808	45,287	(1,479)	(3%)
Net interest income	121,447	145,752	(24,305)	(17%)
Net income (loss) on investments at fair value	7,720	15,750	(8,030)	(51%)
Net financial income	129,167	161,502	(32,335)	(20%)
Net income (loss) on other investments	30,170	(5,932)	36,102	n.s.
Other revenues	4,495	8,205	(3,710)	(45%)
TOTAL REVENUES	207,640	209,062	(1,422)	(1%)
Acquisition costs & Sales network commission expenses	(22,856)	(30,302)	7,446	(25%)
Other commission expenses	(6,119)	(6,401)	282	(4%)
General and Administrative expenses	(91,175)	(83,179)	(7,996)	10%
Amortisation and depreciation	(3,551)	(3,144)	(407)	13%
Net provisions for risks	(29)	(6,217)	6,188	n.s.
TOTAL COSTS	(123,731)	(129,243)	5,512	(4%)
PROFIT BEFORE TAX	83,910	79,819	4,091	5%

Profit before tax in the Italy – Banking segment rose from €79.8 million at June 30, 2012 to €83.9 million in the period under review.

Net financial income amounted to €129.2 million, compared with €161.5 million at June 30, 2012. The €32.3 million decrease was driven largely by the decrease in net interest income, which fell €24.3 million (17%) due to the lower spread in market rates, and the €8 million decrease in net income (loss) on investments at fair value.

Total commission income was €43.8 million, nearly the same as at June 30, 2012 (€45.3 million).

Net income on other investments rose from negative €5.9 million at June 30, 2012 to €30.2 million at June 30, 2013, being boosted by higher income on available for sale financial assets.

Acquisition costs and sales network commission expenses amounted to €22.9 million, down from €30.3 million in 1H 2012.

Other expenses rose from €92.5 million in 1H 2012 to €94.8 million in 1H 2013. The €2.3 million increase was due to higher costs for dedicated staff, information systems, consultants and advertising expenses.

ITALY - OTHER

€/000	June 30, 2013	June 30, 2012	Change	Change %
Net interest income	(7,575)	(7,092)	(483)	7%
Net income (loss) on investments at fair value	1	1	-	-
Net financial income	(7,574)	(7,091)	(483)	7%
Equity contribution	639	1,991	(1,352)	(68%)
Net income (loss) on other investments	-	(912)	912	n.s.
Other revenues	-	-	-	-
TOTAL REVENUES	(6,935)	(6,012)	(923)	15%
PROFIT BEFORE TAX	(6,935)	(6,012)	(923)	15%

Profit before tax in the Italy – Other segment in 1H 2013 was negative, with a loss of €7.0 million, compared with a loss of €6.0 million in 1H 2012.

Net financial income showed a negative balance of €7.6 million in 1H 2013, just about the same as the negative €7.1 balance reported a year earlier.

The equity contribution for 1H 2013 reflects the share of profits in Banca Esperia S.p.A., amounting to €3.6 million (1H 2012: €2.0 million) and the 1Q 2013 loss related to Mediobanca S.p.A. amounting to €3.0 million.

SPAIN

€/000	June 30, 2013	June 30, 2012	Change	Change %
Net premiums written	54,774	44,171	10,603	24%
Amounts paid & change in technical reserves	(46,192)	(36,694)	(9,498)	26%
Net life insurance revenues (ex-commissions)	8,582	7,477	1,105	15%
Total commission income	17,021	12,774	4,247	33%
Net interest income	8,933	16,279	(7,346)	(45%)
Net income (loss) on investments at fair value	473	1,441	(968)	(67%)
Net financial income	9,406	17,720	(8,314)	(47%)
Net income (loss) on other investments	9,750	(280)	10,030	n.s.
Other revenues	146	262	(116)	(44%)
TOTAL REVENUES	44,905	37,953	6,952	18%
Acquisition costs & Sales network commission expenses	(11,194)	(8,298)	(2,896)	35%
Other commission expenses	(1,605)	(1,343)	(262)	20%
General and Administrative expenses	(14,338)	(12,531)	(1,807)	14%
Amortisation and depreciation	(732)	(761)	29	(4%)
Net provisions for risks	328	(3,636)	3,964	n.s.
TOTAL COSTS	(27,542)	(26,569)	(973)	4%
PROFIT (LOSS) BEFORE TAX	17,363	11,384	5,979	53%

The Spain segment reported **net life insurance revenues** before acquisition costs of €8.6 million, up from €7.5 million in the same period a year earlier.

Total commission income rose 33%, from €12.8 million to €17.0 million at June 30, 2013, for a change of €4.2 million.

Net financial income amounted to €9.4 million, as opposed to €17.7 million in the same period a year earlier. The decrease stemmed mainly from the €7.3 million decrease in net interest income due to the reduced spread in market rates.

Net income on other investments amounted to €9.8 million, as compared to a net loss of €0.3 million at June 30, 2012. The change is attributable to the higher income on available for sale financial assets.

Other expenses increased from €26.6 million in 1H 2012 to €27.5 million in 1H 2013. The increase in commission expenses and general and administrative expenses is offset by lower provisions for risks in relation to legal disputes, which amounted to €4.0 million in 1H 2012.

GERMANY

€/000	June 30, 2013	June 30, 2012	Change	Change %
Net premiums written	14,624	11,892	2,732	23%
Amounts paid & change in technical reserves	(13,465)	(10,218)	(3,247)	32%
Net life insurance revenues (ex-commissions)	1,159	1,674	(515)	(31%)
Total commission income	11,571	9,030	2,541	28%
Net interest income	389	566	(177)	(31%)
Net income (loss) on investments at fair value	(41)	343	(384)	n.s.
Net financial income	348	909	(561)	(62%)
Other revenues	200	349	(149)	(43%)
TOTAL REVENUES	13,278	11,962	1,316	11%
Acquisition costs & Sales network commission expenses	(1,919)	(1,684)	(235)	14%
Other commission expenses	(6,080)	(4,814)	(1,266)	26%
General and Administrative expenses	(6,919)	(6,695)	(224)	3%
Amortisation and depreciation	(289)	(374)	85	(23%)
TOTAL COSTS	(15,206)	(13,567)	(1,639)	12%
PROFIT (LOSS) BEFORE TAX	(1,928)	(1,605)	(323)	20%

Total commission income rose from €9.0 million at June 30, 2012 to €11.6 million at June 30, 2013 (up 28%).

Acquisition costs and sales network commission expenses amounted to €1.9 million in 1H 2013, up from €1.7 million in 1H 2012.

● Key Corporate Events and Performance of Companies within the Group

Highlights of the performance of Mediolanum Group companies during the period under review are presented below.

○ Life Insurance Companies

Mediolanum Vita S.p.A. – The net profit for 1H 2013 determined by this company in accordance with IFRS amounted to €17.1 million, compared with €53.9 million in 1H 2012.

The decrease in net profit was particularly impacted by the change in financial income.

At June 30, 2013, premiums written amounted to €2,611.6 million, down 31.2% from €3,800.6 million at June 30, 2012.

New business in 1H 2013 amounted to €2,148.3 million, down 34.8% from €3,296.4 million at June 30, 2012. This was largely due to the 35.4% decrease in premiums written under the “Mediolanum Plus” policy, which amounted to €1,151.5 million.

In-force business, driven by multi-year and recurring premiums, was down €40.8 million or 8.1%.

Amounts paid in 1H 2013 rose slightly year-on-year, by €35.8 million. Individual maturities rose from €273.7 million to €469.6 million in 1H 2013, while individual redemptions amounted to €3,995.1 million (compared with €4,145.2 million at June 30, 2012), of which €3,509.3 million related to the “Mediolanum Plus” policy (€3,735.0 million at June 30, 2012).

At June 30, 2013, mathematical reserves and financial liabilities to policyholders totalled €13,228 million (€14,613 million at December 31, 2012) of which €13,153 million related to individual policies (€14,541 million at December 31, 2012) and €75 million to group policies (€72 million at December 31, 2012).

Mediolanum International Life Ltd – The Irish company reported net profit of €9.2 million for 1H 2013, down from €10.4 million in 1H 2012.

At June 30, 2013, premiums written totalled €92.6 million, compared with €116.9 million at June 30, 2012.

Aggregate premiums written in foreign countries (Spain and Germany) amounted to €69.4 million, compared with €56.1 million at June 30, 2012.

At June 30, 2013 mathematical reserves and financial liabilities to policyholders amounted to €2,851 million, down from €3,300 at December 31, 2012.

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

Mediolanum Assicurazioni S.p.A. – This company became a part of the Mediolanum Group on March 31, 2013 and has been consolidated line-by-line since that date.

The net profit of Mediolanum Assicurazioni calculated in accordance with IFRS amounted to €971 thousand for the period March 31, 2013 – June 30, 2013.

New business written during the period amounted to €10.8 million, and was generated largely by sales of the new product covering secured bank loans (€1.5 million).

The gross technical reserves measured according to IFRS amounted to €69.4 million at June 30, 2013 (€61.7 million at December 31, 2012).

○ Asset Management Companies

Mediolanum International Funds Ltd – This company of Irish funds reported net profit of €146.6 million for 1H 2013, up €15.9 million year-on-year (€130.7 million at June 30, 2012).

Net inflows at June 30, 2013 amounted to €1,765 million, compared with €728 million a year earlier.

Total assets under management amounted to €22,997 million at June 30, 2013, up 9.8% from €20,952 million at December 31, 2012.

Mediolanum Gestione Fondi SGR p.A. – The Italian asset management company reported net profit of €14 million at June 30, 2013, up €8.6 million year-on-year, mainly due to higher management and performance fees.

Net inflows during 1H 2013 amounted to €638.5 million, up €528.6 million from the €109.9 million reported in 1H 2012.

Gamax Management A.G. – The Luxembourg asset management company reported net profit of €2.2 million at June 30, 2013, up from €1.8 million a year earlier.

In the retail segment, the company recorded net outflows of €31.7 million during 1H 2013, compared with net outflows of €4.1 million in 1H 2012.

Assets under management in the retail segment amounted to €207.4 million at June 30, 2013, down from €228.4 million at December 31, 2012.

Total assets under management at June 30, 2013 (retail and institutional segments) amounted to €407 million, down from €409 million at December 31, 2012.

Mediolanum Asset Management Ltd – The Irish asset management company reported net profit of €7.9 million at June 30, 2013, up from €7.0 million a year earlier.

Mediolanum Fiduciaria S.p.A. – At June 30, 2013 this company reported a net loss of €290.4 thousand, compared with a net loss of €195.1 thousand at June 30, 2012.

Trust assets under management at June 30, 2013 amounted to €16,934 thousand, up from €6,382 thousand at December 31, 2012.

Fermi & Galeno S.r.l. – This company, acquired December 28, 2012 and owner of the Fermi e Galeno office properties leased primarily to Banca Mediolanum S.p.A., with the remainder leased to other Mediolanum Group companies, ended 1H 2013 with net profit of €454.8 thousand.

○ Banking operations (including Group product distribution)

Banca Mediolanum S.p.A. – The bank reported net profit of €67.1 million at June 30, 2013, down 6% from €71.8 million a year earlier.

Profit before tax in 1H 2013 amounted to €84.8 million, down €6.1 million from €90.9 million a year earlier. The change was mainly the result of lower dividends on investments (down €7.2 million). Specifically, net financial income increased by €3.8 million in 1H 2013, being driven by the positive contribution of gains on disposal of available for sale financial assets (€36.2 million) and net income on hedges (€6 million). These benefits were partly offset by lower net interest income (down €24.3 million), due to the reduced spread on market rates in spite of higher asset volumes, and lower trading income (down €14 million) related to lower unrealised gains for the period.

Operating expenses rose by about €0.9 million in 1H 2013, when €7.6 million in higher administrative expenses and €3.4 million in higher other expenses were offset by €10.8 million in lower provisions for risks.

Net commission income fell from €33.8 million at June 30, 2012 to €32.7 million at June 30, 2013. This was largely the consequence of greater amounts provided for incentives in recognition of the exceptional net inflows generated by the managed asset segment.

Specifically, commission income amounted to €229.9 million, up 17% from €196.4 million in the same period a year earlier. Commission income rose by €33.5 million in 1H 2013 due to the higher fees earned on asset management products (up €32.3 million).

Commission expenses rose by about €34.6 million, from €162.5 million at June 30, 2012 to €197.1 million at June 30, 2013. The increase reflects the higher inflows into mutual funds (up €11.9 million), higher management fees related to the increase in assets under management (up €11.3 million), higher expenses for sales network incentives (up €6.4 million), and higher contributions for FIRR and Enasarco sales agent severance indemnities (up €1.4 million).

Direct funding from customers rose from €8,897.6 million at December 31, 2012 to €9,903.6 million at June 30, 2013.

Lending to customers grew to €5,276 million from €4,917.8 million at December 31, 2012, largely driven by residential mortgage loans (up €205.0 million), deposits with Cassa di Compensazione e Garanzia (up €177.0 million) and personal loans (up €106.6 million). Securities lending remained essentially unchanged (€462.9 million at June 30, 2013).

Non-performing loans as a percentage of total lending to customers amounted to 0.79%.

The coverage of non-performing loans amounted to 45%, while the coverage of performing loans was 0.1%.

The balance on the securities accounts of retail customers fell from €3,625 million at December 31, 2012 to €3,439 million at June 30, 2013 (€3,376.1 million at June 30, 2012).

Banco Mediolanum S.A. – The Spanish banking group ended 1H 2013 with consolidated net profit of €9.5 million, up from €7.1 million in 1H 2012.

Net inflows into asset management products amounted to €112.9 million, up from €34.5 million in 1H 2012. Net inflows into administered assets amounted to €143.5 million in 1H 2013, up from €26.8 million in 1H 2012.

At June 30, 2013 assets under management and administration totalled €2,071 million, compared with €1,799.6 million at December 31, 2012.

The sales network had a headcount of 630 at the end of June 2013 (590 at December 31, 2012), of which 592 were tied advisors (551 at December 31, 2012).

Bankhaus August Lenz & Co. – The German bank reported a net loss of €3.9 million for the six months at June 30, 2013, compared with the €3.7 million net loss made in 1H 2012.

Net inflows into asset management products amounted to €12.7 million in 1H 2013, compared with €12.8 million in 1H 2012. Net outflows from administered assets amounted to €20.4 million, compared with €10.5 million in 1H 2012.

At June 30, 2013, assets under administration and management amounted to €212.3 million, compared with €214.5 million at December 31, 2012).

The sales network had a headcount of 45 at June 30, 2013, down from 46 at December 31, 2012.

○ Joint ventures

In 1H 2013 the **Banca Esperia Group** had consolidated net profit of €7.2 million, up from €3.8 million at June 30, 2012.

Net outflows during 1H 2013 amounted to €291 million, compared with net outflows of €778 million in 1H 2012. Total assets under management and administration amounted to €14,333 million at June 30, 2013, up from €13,800 million at December 31, 2012.

● Associates

The consolidated interim management report at March 31, 2013 of the **Mediobanca Group** shows net profit of €37.2 million for the first nine months of its financial year, compared with €104.9 million at March 31, 2012. This change reflected the losses made by the investing principals in the last quarter.

Specifically, the net loss in the third quarter (January-March) amounted to €86.6 million, against net profit of €41.5 million in the third quarter of the previous year.

The net profit for the first nine months of the year reflects the decrease in net interest income from €813.3 million to €763.4 million, a 26.3% fall in trading income (€180.9 million as opposed to €245.6 million), and a 22.1% decrease in commissions and other income, from €300.2 million to €385.6 million.

The consolidated companies also reduced equity by €71 million.

Operating costs fell by 5.6%, from €595.1 million to €561.5 million due to a 3.1% decrease in personnel costs, an 8.3% decrease in administrative expenses, and an 11.3% increase for adjustments to receivables from €326.8 to €363.7 million.

Consolidated equity after minority interests and net profit for the year amounted to €7,155.6 million at March 31, 2013, up €233.3 million from €6,922.3 million at December 31, 2012.

The **Mediobanca Group** results at June 30, 2013 will be announced September 17, 2013, after approval of the financial statements at June 30, 2013 by its Board of Directors.

● Impairment Test of Investment in Mediobanca S.p.A.

The management of Mediobanca S.p.A. presented the market with its strategic plan for the period 2014-2016 on June 21, 2013.

This made it necessary to perform an impairment test at June 30, 2013 to determine the consequent carrying value of the investment in Mediobanca S.p.A., relying on the professional support of the independent expert Ernst & Young Financial-Business Advisory S.p.A.

Maintaining the approach taken in previous years, the recoverable value of the investment was determined by calculating its value in use.

The recoverable value of the investment in Mediobanca S.p.A. at June 30, 2013 was determined on the basis of publicly available information and, in particular, the targets set in the strategic plan 2014-2016. However, they did not state the earnings and equity details of the forecast results. The prospective data were consequently estimated on the basis of the profitability, capitalisation, RWA and distribution of dividends forecast and set out in the strategic plan 2014-2016.

The total stake owned by the Mediolanum Group was measured by using the *Dividend Discount Model* in its variant form, *Excess Capital*. This method is customarily used in Italian and international practice to determine the financial value of businesses operating in the financial sector, is subject to compliance with minimum capitalisation requirements, and was applied in continuity with previous financial years.

The value of Mediobanca S.p.A. was subjected to sensitivity analysis in relation to possible changes in the basic assumptions that affect its value. Specifically, these are represented by the cost of shareholders' equity, the long-term growth rate, and net results estimated in reference to the strategic plan 2014-2016. They also reflect the projections made on the basis of analyst consensus published after presentation of the strategic plan.

On July 22, 2013 Ernst & Young Financial-Business Advisory S.p.A. issued its report on the impairment test at June 30, 2013 of the investment in Mediobanca S.p.A. This report shows that on the basis of current macroeconomic and business sector trend forecasts, the results of Mediobanca S.p.A. at March 31, 2013, the strategic plan 2014-2016, the trend of analysts' consensus, and the prepared valuation analyses, as set out in that report, there is no reason to believe that the value in use of the investment in Mediobanca S.p.A. is less than its carrying value at June 30, 2013.

On the basis of this assessment, the Board of Directors approved the impairment test of Mediobanca S.p.A. at June 30, 2013.

● Capital Adequacy

The solvency margin of the Mediolanum S.p.A. financial conglomerate at June 30, 2013, calculated in accordance with the regulatory provisions applicable to financial conglomerates whose principal business is insurance, is consistent with the requirements of IVASS (formerly ISVAP) pursuant to "Regulation no. 18 of March 12, 2008 concerning verification of the correct solvency pursuant to Title XV, Chapter IV, of Legislative Decree 209 of September 7, 2005, n. 209 – Private Insurance Code – Provisions in Regard to Capital Adequacy at the Financial Conglomerate Level pursuant to Legislative Decree 142 of May 30, 2005, and the financial conglomerate coordination agreement signed by ISVAP, Consob and the Bank of Italy on March 30, 2006. Specifically, given the capital requirements of the conglomerate, which amount to €845 million, the shareholders' equity of the conglomerate covering the required margin amounts to €1,382 million, with an excess of €537 million.

Given the steady growth of the banking unit, whose banking activities have gradually become preponderant, the IVASS sent a letter on June 20, 2013 asking the parent company Mediolanum S.p.A. to prepare and send the supervisory authority a statement illustrating the capital adequacy of the conglomerate. This statement had to be prepared by applying the current solvency rules established for conglomerates whose predominant activity is banking. On the basis of the foregoing, and given the reduced capital requirements of the conglomerate at June 30, 2013, amounting to €647 million, the shareholders' equity necessary to cover the required margin has fallen to €965 million, causing a simultaneous reduction of the excess to €318 million.

● Tax Litigation

There have been no new developments since what was disclosed in the Annual Report and Accounts at December 31, 2012 in regard to the tax litigation related to IRES (corporate income tax) and IRAP (regional tax on productive activity), concerning the amount of commission retrocessions paid by Mediolanum International Fund Ltd to Banca Mediolanum S.p.A. and to Mediolanum Vita S.p.A.

● Significant Events after the First Half

A resolution was passed on July 13, 2013 for the issuance of new notes having a nominal value of €50,000,000 and the same characteristics as the previous notes described in the section "Issue of Mediolanum Notes" and to be offered between July 9, 2013 and August 2, 2013.

There was no other event after June 30, 2013 that might have a significant impact on the financial position, result of operations and cash flows of the Mediolanum Group.

● Outlook

It is expected that monetary policy rates will remain low over the next few quarters, and quantitative easing will continue in the United States, albeit on a gradually decreasing basis.

The economic situation in the Eurozone remains conditioned by the search for a final solution to the financial crisis. The adoption of economic and fiscal policies jointly agreed by the various governments, together with the conventional and unconventional monetary policy measures implemented by the European Central Bank, may create favourable conditions for the financial markets.

In this context, the Mediolanum Group remains focused on its global advisory activity by offering increasingly evolved products and tools to enhance the value of its customers' assets. The impact of cash pooling activity on profitability remains tied to market performance.

In light of the foregoing and the results reported herein, considering the risks that are inherent in the business of the Group, barring any exceptional events or circumstances that depend on variables which are substantially beyond the control of Directors and Senior Management – and not in the offing at present – the outlook for the Group in 2013 is positive.

Basiglio, July 30, 2013

For the Board of Directors
The Chairman of the Board
(Carlo Secchi)



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Statement of financial position

Assets

€/000	June 30, 2013	Dec. 31, 2012
1 Intangible assets		
1.1 Goodwill	129,886	129,886
1.2 Other intangible assets	36,774	23,096
Total intangible assets	166,660	152,982
2 Tangible assets		
2.1 Property	79,982	80,520
2.2 Other tangible assets	8,237	9,062
Total tangible assets	88,219	89,582
3 Reinsurers' share of technical reserves	77,154	76,198
4 Investments		
4.1 Investment property	106,046	106,798
4.2 Investments in subsidiaries, associates and JVs	388,122	382,700
4.3 Held to maturity investments	2,392,407	1,359,408
4.4 Loans and receivables	6,798,798	6,404,352
4.5 Available for sale financial assets	14,388,561	12,319,069
4.6 Financial assets at fair value through profit and loss	13,776,577	14,191,110
Total investments	37,850,511	34,763,437
5 Receivables		
5.1 Arising out of direct insurance business	6,675	5,641
5.2 Arising out of reinsurance business	5,400	4,183
5.3 Other receivables	2,133	1,549
Total receivables	14,208	11,373
6 Other assets		
6.1 Non current assets of disposal groups, held for sale	1,072	1,094
6.2 Deferred acquisition costs	-	-
6.3 Deferred tax assets	126,210	126,259
6.4 Current tax assets	297,584	338,686
6.5 Other assets	335,415	297,954
Total other assets	760,281	763,993
7 Cash and cash equivalents	140,739	191,264
TOTAL ASSETS	39,097,772	36,048,829

Shareholders' equity and liabilities

€/000	June 30, 2013	Dec. 31, 2012
1 Shareholders' equity		
1.1 Group shareholders' equity		
1.1.1 Share capital	73,473	73,434
1.1.2 Other equity instruments	-	-
1.1.3 Capital reserves	57,757	56,497
1.1.4 Retained earnings and other equity reserves	1,122,451	821,182
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	47,053	88,984
1.1.8 Other gains or losses recognised directly in equity	28,832	31,372
1.1.9 Net profit (loss) for the year attributable to the Group	199,490	351,023
Total capital and reserves attributable to the Group	1,527,011	1,420,447
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	-	-
Total capital and reserves attributable to minority interests	-	-
Total shareholders' equity	1,527,011	1,420,447
2 Provisions	186,620	191,022
3 Technical reserves	16,064,899	17,823,829
4 Financial liabilities		
4.1 Financial liabilities at fair value through profit and loss	457,261	443,045
4.2 Other financial liabilities	20,224,354	15,491,157
Total financial liabilities	20,681,615	15,934,202
5 Payables		
5.1 Arising out of direct insurance business	7,224	5,580
5.2 Arising out of reinsurance business	331	68
5.3 Other payables	235,401	275,679
Total payables	242,956	281,327
6 Other liabilities		
6.1 Liabilities of disposal groups held for sale	951	960
6.2 Deferred tax liabilities	72,281	97,210
6.3 Current tax liabilities	136,925	122,578
6.4 Other liabilities	184,514	177,254
Total other liabilities	394,671	398,002
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	39,097,772	36,048,829

Income statement

€/’000	June 30, 2013	June 30, 2012
1 Revenues		
1.1 Net premiums written		
1.1.1 Gross premiums written	2,711,474	3,916,388
1.1.2 Reinsurance premiums	(1,990)	(1,580)
Total premiums written	2,709,484	3,914,808
1.2 Commission income	501,676	423,139
1.3 Net income on financial instruments at fair value through profit and loss	554,358	682,093
1.4 Income on investments in subsidiaries, associates and JVs	3,695	1,991
1.5 Income on other financial instruments and investment property		
1.5.1 Interest income	290,833	327,544
1.5.2 Other income	5,932	5,475
1.5.3 Realised gains	53,543	14,519
1.5.4 Unrealised gains	3,280	2,688
Total income on other financial instruments and investment property	353,588	350,226
1.6 Other revenues	9,760	14,445
Total revenues and income	4,132,561	5,386,702
2 Costs		
2.1 Net claims and benefits		
2.1.1 Amounts paid and change in technical reserves	(3,270,061)	(4,562,285)
2.1.2 Reinsurers’ share	2,698	1,765
Net claims and benefits	(3,267,363)	(4,560,520)
2.2 Commission expense	(194,959)	(149,385)
2.3 Losses on investments in subsidiaries, associates and JVs	(2,983)	-
2.4 Loss on other financial instruments and investment property		
2.4.1 Interest expense	(120,840)	(109,176)
2.4.2 Other expenses	(257)	(244)
2.4.3 Realised losses	(16,298)	(12,324)
2.4.4 Unrealised losses	(10,422)	(10,640)
Loss on other financial instruments and investment property	(147,817)	(132,384)
2.5 Operating expenses		
2.5.1 Agents’ commissions and other acquisition costs	(37,830)	(40,952)
2.5.2 Investment management expenses	(292)	(156)
2.5.3 Other administrative expenses	(188,881)	(175,483)
Total operating expenses	(227,003)	(216,591)
2.6 Other costs	(25,125)	(36,435)
Total costs	(3,865,250)	(5,095,315)
Profit (loss) before tax for the period	267,311	291,387
3 Income tax	(67,802)	(73,886)
Profit (loss) for the period	199,509	217,501
4 Profit (loss) from discontinued operations	(19)	(17)
Group net profit (loss) for the period	199,490	217,484
of which pertaining to the Group	199,490	217,484
Earning per share (in euro)	0.272	0.296

Statement of other comprehensive income

€/000	June 30, 2013	June 30, 2012
CONSOLIDATED NET PROFIT (LOSS)	199,490	217,484
Changes in net exchange differences reserve	-	-
Profit (loss) on available for sale financial assets	(41,931)	142,058
Profit (loss) on cash flow hedges	-	-
Profit (loss) on hedges of investments in foreign operations	-	-
Changes in the equity of investees	(2,548)	(258)
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	8	-
Other	-	-
TOTAL OTHER COMPONENTS OF STATEMENT OF OTHER COMPREHENSIVE INCOME	(44,471)	141,801
TOTAL CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	155,019	359,285
attributable to the Group	155,019	359,285

Reference is made to the section "accounting policies" in the notes to the financial statements for the information required by the amendment to IAS 1.

Statement of changes in shareholders' equity

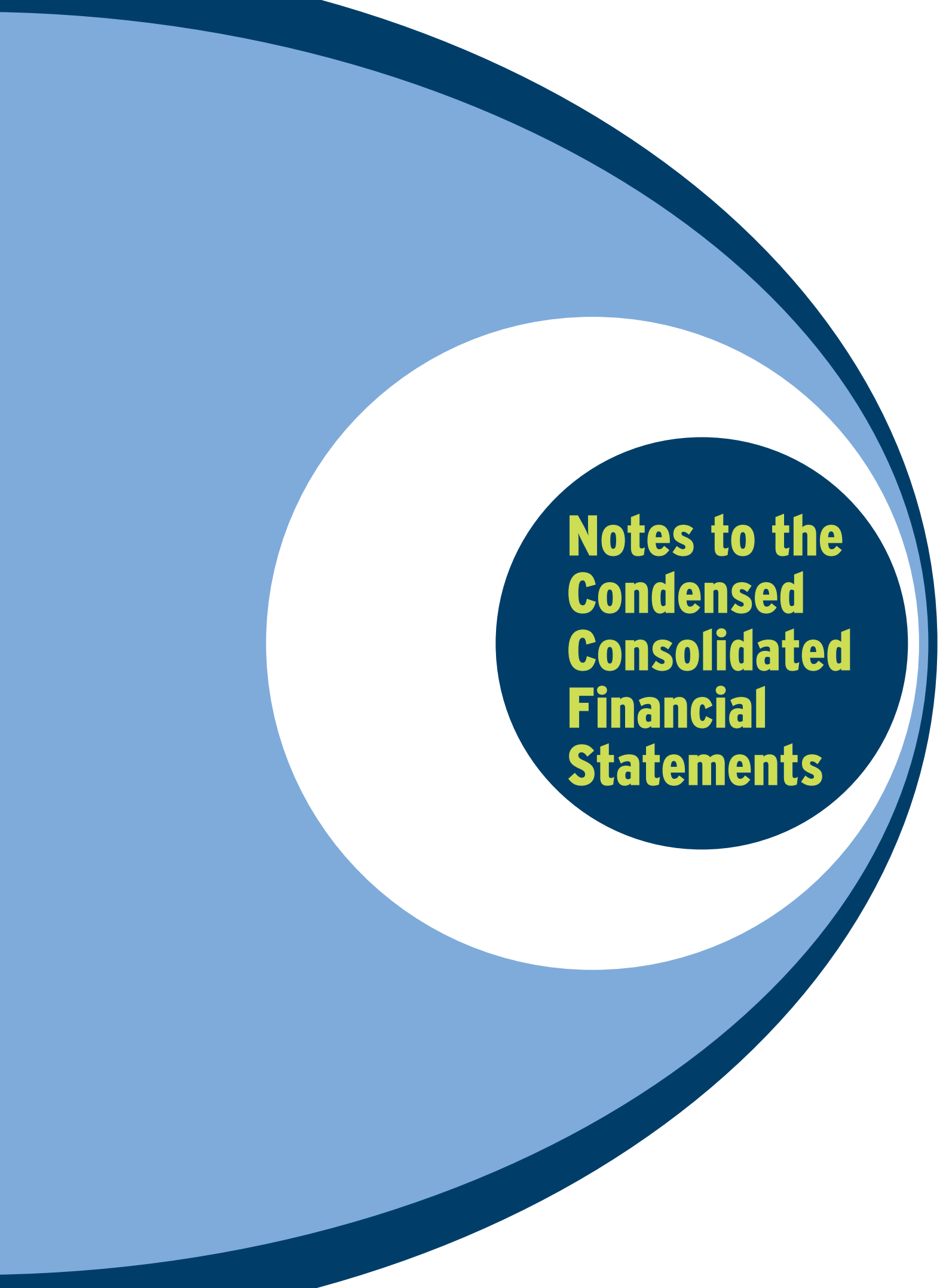
€/000	Balance at Dec. 31, 2011	Adjustment to closing balance	Amount credited	Transferred to the Income Statement	Other movement	Balance at June 30, 2012
Shareholders' equity attributable to the Group						
Share capital	73,382	-	30	-	-	73,412
Other equity instruments	-	-	-	-	-	-
Capital reserves	56,013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

€/000	Balance at Dec. 31, 2012	Adjustment to closing balance	Amount credited	Transferred to the Income Statement	Other movement	Balance at June 30, 2013
Shareholders' equity attributable to the Group						
Share capital	73,434	-	39	-	-	73,473
Other equity instruments	-	-	-	-	-	-
Capital reserves	56,497	-	1,260	-	-	57,757
Retained earnings and other equity reserves	821,182	-	360,013	-	(58,743)	1,122,451
(Treasury shares)	(2,045)	-	-	-	-	(2,045)
Net profit (loss) for the period	351,023	-	(151,533)	-	-	199,490
Other components of statement of other comprehensive income	120,356	-	(7,230)	(37,241)	-	75,885
Total shareholders' equity attributable to the Group	1,420,447	-	202,548	(37,241)	(58,743)	1,527,011
Shareholders' equity attributable to minority interest						
Share capital and reserves	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-
Other components of statement of other comprehensive income	-	-	-	-	-	-
Total shareholders' equity attributable to minority interests	-	-	-	-	-	-
TOTAL	1,420,447	-	202,548	(37,241)	(58,743)	1,527,011

Statement of cash flow

Indirect method

€/000	June 30, 2013	June 30, 2012
Profit (loss) before tax for the period	267,311	291,387
Changes in non-monetary items	(1,272,739)	389,740
Change in the reserve for unearned premiums	47,357	-
Change in the reserve for outstanding claims and other insurance technical reserves	18,985	-
Change in mathematical reserves and other technical reserves (Life business)	(1,826,230)	(137,149)
Change in deferred acquisition costs	-	-
Change in provisions	(4,394)	14,948
Non-monetary income (losses) on financial instruments, investment property and equity investments	491,542	511,941
Other changes	-	-
Changes in receivables and payables arising out of operating activities	(56,514)	(113,015)
Changes in receivables and payables arising out of direct insurance and reinsurance operations	(344)	(6,610)
Changes in other receivables and payables	(56,170)	(106,405)
Income tax paid	(52,131)	(32,293)
Net cash from monetary items relating to investment and financial activities	4,351,884	3,264,458
Liabilities on financial contracts issued by insurance companies	14,216	45,482
Amounts due to banks and banking customers	4,733,197	3,851,655
Loans to and receivables from banks and banking customers	(407,769)	(645,320)
Other financial instruments at fair value through profit or loss	12,240	12,641
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,237,811	3,800,277
Net cash from investment property	752	418
Net cash from subsidiaries, associates and joint ventures	(612)	(1,994)
Net cash from loans and receivables	13,323	5,463
Net cash from held-to-maturity investments	(1,032,999)	278,623
Net cash from available-for-sale financial assets	(2,111,423)	(3,804,985)
Net cash from tangible and intangible assets	(12,315)	1,343
Net cash from tangible and intangible assets	(89,249)	(338,387)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(3,232,523)	(3,859,519)
Net cash from equity instruments attributable to the Group	2,930	1,387
Net cash from treasury shares	-	-
Distribution of dividends attributable to the Group	(58,743)	(29,338)
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	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	(55,813)	(27,951)
Effect of exchange rate changes on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	191,264	338,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,525)	(87,193)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	140,739	251,193



**Notes to the
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Notes to the Condensed Consolidated Financial Statements

ACCOUNTING POLICIES

● General

The Mediolanum Group's half-year financial report and accounts at June 30, 2013 were prepared in compliance with section 154-ter of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act) as amended by Legislative Decree 195 of November 6, 2007 (Transparency), and with the regulations for the implementation of section 9 of Legislative Decree 38/2005. In particular, Statement of financial position and income Statement information was prepared in accordance with IAS 34 (Interim Financial Reporting).

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

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

● General principles

These half-year financial report and accounts at June 30, 2013 include:

- a statement of financial position for the relevant interim period (six months ended June 30, 2013) as well as a comparative statement of financial position for the prior financial year (ended December 31, 2012);
- an **income statement** for the relevant interim period (first half of 2013) and a comparative income statement for the same interim period of the prior year (first half of 2012);
- a **Statement of other comprehensive income** for the relevant interim period (first half of 2013) and a comparative Statement of other comprehensive income for the same interim period of the prior year (first half of 2012);
- 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 **Statement of Cash Flow** for the period ranging from the beginning of the financial year and the end of the relevant interim period as well as a comparative Statement of Cash Flow 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, 2012.

● Accounting standards

The Statement of financial position and income statement at June 30, 2013 were prepared in accordance with the international accounting and financial reporting standards (IAS/IFRS) in force at that date, and which are the same as those used to prepare the consolidated financial statements for the year at December 31, 2012, as modified by the amendments made by IASB and applicable from January 1, 2013. Specifically:

- IAS 19 – On June 16, 2011 the IASB issued an amendment to IAS 19 – Employee Benefits, which was subsequently endorsed by Regulation 475 of June 5, 2012. This amendment eliminates the option to defer recognition of actuarial gains and losses with the corridor method, and requires presentation of the Statement of financial position and financial position of the deficit or surplus of the provisions, and recognition in profit or loss of the cost components related to the service rendered and net financial expenses, as well as recognition of the actuarial gains and losses resulting from recalculation of the liabilities and assets under Other comprehensive income/(losses). Moreover, the yield of the assets, included in net financial expenses, must be calculated on the basis of the discount rate of the liabilities and no longer on the basis of their expected yield. Since the new standard did not have a material impact on 1H 2012 earnings (€239 thousand in lower costs net of the tax effect) or on all of 2012 (€484 thousand in lower costs net of the tax effect), the affected comparative data have not been recalculated.
- IFRS 13 – On May 12, 2011, the IASB issued IFRS 13 – Fair Value Measurement, which clarifies how fair value must be measured for reporting in the Statement of financial position and applies to all IFRSs that require or allow fair value measurement or presentation of information based on fair value. This standard was endorsed through publication of EU Regulation 1255/2012/EC of December 11, 2012 in the Official Gazette L 360 of December 29, 2012. The assets and liabilities at fair value are measured and classified according to the hierarchy of fair value established by IFRS 13. That hierarchy consists of three levels assigned according to the observability of the inputs used in the corresponding measurement techniques that are adopted. The hierarchical levels of fair value are based on the type of input used to determine fair value:
 - Level 1: these are quoted prices observed on active markets for identical assets and liabilities accessible to the entity on the measurement date;
 - Level 2: inputs other than the quoted prices for the asset or liability that are both directly and directly observable (e.g. listed prices for similar assets and liabilities on active markets);
 - Level 3: these are unobservable data for the asset or liability that reflect the assumptions which market participants should use when they price the activity or liability, including the assumptions of risk (of the used model and inputs).

Reference is made to the section “Notes to the Consolidated Financial Statements” for details on the assets and liabilities measured at fair value and the hierarchy of fair value.

- IAS 1 – Presentation of Items of Other Comprehensive Income

This amendment requires that information be given on the items that might in future be reclassified in profit or loss.

In regard to the change in the reserve for gains (losses) on available for sale financial assets, which amounted to negative €41,931 thousand at June 30, 2013 and reported in the Statement of other comprehensive income, it may be reclassified to profit or loss in future periods, while the €8 thousand change related to the actuarial gains and losses of defined benefit plans is one of the items that will not be reclassified in profit or loss in future periods. The component of the Statement of other comprehensive income related to the change in equity of investments accounted for by the equity method, which had a negative balance of €2,548 thousand at June 30, 2013, may be reclassified to the income statement in future periods.

Reference is made to the Annual Report and Accounts at December 31, 2012 for those accounting standards that have been amended but not yet endorsed on a final basis.

For a detailed presentation of the accounting policies applied in the preparation of these interim financial statements, readers are referred to part B of the consolidated annual report. Reasonable estimates have been made for the measurement of certain items to ensure the consistent application of accounting policies. Those estimates do not compromise the reliability of interim financial reporting.

These interim consolidated financial statements have been prepared on a going concern basis.

The previously reported comparative figures at June 30, 2012 and December 31, 2012 have been restated as necessary to assure the consistency of other financial information provided in this report.

In accordance with Article 5 of Legislative Decree 38 of February 28, 2005, these interim consolidated financial statements have been prepared using the euro as the reporting currency. Unless stated otherwise, the amounts set out herein are presented in thousands of Euro.

● Scope of consolidation

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

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

€/000 Company	Share capital	% holding	Registered office	Business
Mediolanum Vita S.p.A.	87,720	100.00%	Basiglio	Life Insurance
Mediolanum Comunicazione S.p.A.	775	100.00%	Basiglio	Audio/film/TV production
PI Servizi S.p.A.	517	100.00%	Basiglio	Real estate brokerage
Mediolanum International Life Ltd	1,395	100.00%	Dublino	Life Insurance
Banca Mediolanum S.p.A.	600,000	100.00%	Basiglio	Banking
Mediolanum Assicurazioni S.p.A.	25,800	100.00%	Basiglio	General Insurance
Mediolanum Gestione Fondi S.G.R. p.A.	5,165	49.00%	Basiglio	Fund management
Mediolanum International Funds Ltd	150	44.00%	Dublin	Fund management
Mediolanum Asset Management Ltd	150	49.00%	Dublin	Asset management and advice
Gamax Management AG	7,161	0.004%	Luxembourg	Fund management

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

€/000 Company	Share capital	% holding	Registered office	Business
Mediolanum Gestione Fondi S.G.R. p.A.	5,165	51.00%	Basiglio	Fund management
Mediolanum Fiduciaria S.p.A.	240	100.00%	Basiglio	Trust company
Mediolanum International Funds Ltd	150	51.00%	Dublin	Fund management
Mediolanum Asset Management Ltd	150	51.00%	Dublin	Asset management and advice
Gamax Management AG	7,161	99,996%	Luxembourg	Fund management
Banco Mediolanum S.A.	86,032	100.00%	Barcelona	Banking
Bankhaus August Lenz & Co. AG	20,000	100.00%	Munich	Banking
Fermi & Galeno Real Estate S.r.l.	10	100.00%	Basiglio	Real estate

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

€/000 Company	Share capital	% holding	Registered office	Business
Ges Fibanc S.G.I.I.C. S.A.	2,506	100.00%	Barcelona	Fund management
Fibanc S.A.	301	100.00%	Barcelona	Financial Advice
Fibanc Pensiones S.G.F.P. S.A.	902	100.00%	Barcelona	Pension Fund management
Mediolanum International Funds Ltd	150	5,00%	Dublin	Fund management

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

€/000 Company	Share capital	% holding	Registered office	Business
Mediobanca S.p.A.	430,565	3.45%	Milan	Banking

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

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

KEY BALANCE SHEET INFORMATION

● Goodwill

Goodwill amounted to €129.9 million. In the first half of 2012, goodwill was not tested for impairment as there was no objective evidence of impairment of goodwill allocated to the various cash generating units.

● Other intangible assets

This account totals €36.8 million (€23.1 million at December 31, 2012), reflecting an increase of €13.7 million, largely due to acquisition of the entire share capital of Mediolanum Assicurazioni S.p.A., effective March 31, 2013. Following that acquisition, the parent company recognised intangible assets amounting to €17.1 million (gross of the associated tax effect) related to the value of outstanding policies of the acquired company at March 31, 2013. Moreover, this intangible asset has been amortised according to the useful life of the acquired policies during the period between the acquisition date, March 31, 2013, and the date on which these interim financial statements were prepared.

The amount charged for this amortisation is €1.7 million (gross of the related tax effect).

● Investments, cash and cash equivalents

€/000	June 30, 2013	%	Dec. 31, 2012	%
Investment property	106,046	0.3	106,798	0.3
Investments in subsidiaries, associates and JVs	388,122	1.0	382,700	1.1
Held to Maturity investments	2,392,407	6.3	1,359,408	3.9
Loans and Receivables	6,798,798	17.9	6,404,352	18.3
Available for sale financial assets	14,388,561	37.8	12,319,069	35.2
Financial assets at fair value through profit or loss	13,776,577	36.2	14,191,110	40.5
Total investments	37,850,511	99.4	34,763,437	99.2
Tangible assets: property and other tangible assets	88,219	0.2	89,582	0.3
Cash and cash equivalents	140,739	0.4	191,264	0.5
Total investments, cash and cash equivalents	38,079,469	100.0	35,044,283	100.0

● Investments in subsidiaries, associates and joint ventures

€/000	June 30, 2013	Dec. 31, 2012
Mediobanca S.p.A.	297,464	292,406
Banca Esperia S.p.A.	90,658	90,294
Total	388,122	382,700

The change during the first half reflects accounting of the investment in Banca Esperia S.p.A. by the equity method, on the basis of its shareholders' equity at June 30, 2013.

The figures at June 30, 2013 related to the investment in the Mediobanca Group will only be available on September 17, 2013, after the Board of Directors meeting that will approve its accounts at June 30, 2013. Therefore, this interim report only reflects the equity and earnings figures at March 31, 2013.

Moreover, the management of Mediobanca S.p.A. presented its strategic plan 2014-2016 on June 21, 2013. Consequently, just as was done for the 2012 report, an impairment test had to be carried out at June 30, 2013 with the assistance of Ernst & Young Financial-Business Advisory S.p.A. The purpose of this impairment test was to confirm the carrying value of the investment in Mediobanca S.p.A..

Ernst & Young Financial-Business Advisory S.p.A. has issued its report on the impairment test at June 30, 2013 of the investment in Mediobanca. This report shows that on the basis of current macroeconomic and business sector trend forecasts, the results of Mediobanca S.p.A. at March 31, 2013, the strategic plan 2014-2016, the trend of analysts' consensus, and the prepared valuation analyses, as set out in that report, there is no reason to believe that the value in use of the investment in Mediobanca S.p.A. is less than its carrying value at June 30, 2013. On the basis of this assessment, the Board of Directors approved the impairment test of Mediobanca S.p.A. at June 30, 2013.

Consolidated equity after minority interests and net profit for the year amounted to €7,155.6 million at March 31, 2013, up €233.3 million from €6,922.3 million at December 31, 2012.

The impact of Banca Esperia S.p.A. on the income statement in the first half of 2013 was a positive €3.6 million, in contrast with a positive balance of €2 million in the first half of 2012.

The impact of Mediobanca S.p.A. on the income statement in 1H 2013 was negative €3.0 million.

The impact of other gains or losses recognised directly in equity was a negative balance of €2.5 million and refers both to Banca Esperia S.p.A. and to Mediobanca S.p.A.

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

€/000	June 30, 2013	Dec. 31, 2012
Banks	1,232,523	1,191,226
Time deposits	169,227	213,715
Repurchase agreements	295,979	211,774
Other loans	17,402	42,594
Debt securities	620,670	651,385
Reserve requirements	129,245	71,758
Banking customers	5,558,291	5,204,849
Current accounts	415,928	418,564
Repurchase agreements	29,849	53,716
Mortgage loans	3,432,871	3,221,580
Debt securities	585,069	630,446
Other loans	1,094,574	880,543
Other loans	7,984	8,277
Total	6,798,798	6,404,352

Loans and Receivables amounted to €6,798.8 million, up €394.4 million from the balance of €6,404.4 million at December 31, 2012.

Growth was driven mainly by loans to and receivables from banking customers (€353.4 million), especially mortgage loans, repurchase agreements and other transactions, notably deposits with the Cassa Compensazione e Garanzia.

The analysis of held to maturity investments, available for sale financial assets, and financial assets at fair value through profit or loss is set out in the table below:

€/’000	June 30, 2013	Dec. 31, 2012
Held to maturity Investment	2,392,407	1,359,408
Debt securities	2,392,407	1,359,408
Available for sale financial assets	14,388,561	12,319,069
Debt securities	14,173,670	12,111,226
Equities	34,738	34,821
Holdings in UCIT	180,153	173,022
Financial asset at fair value through profit or loss	13,776,577	14,191,110
Debt securities	3,867,434	4,617,304
Equities	298	-
Holdings in UCIT	9,901,942	9,565,831
Trading derivatives	4,656	6,609
Hedging derivatives	2,247	1,366
Total	30,557,545	27,869,587

Available for sale financial assets increased by €2,069.5 million, mainly as a result of purchases of Italian government bonds.

Held to maturity investments

€/’000	June 30, 2013				June 30, 2012			
	Value	Fair value			Value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Debt securities	2,392,407	2,311,958	104,207	-	1,359,408	1,174,200	208,852	-
Total	2,392,407	2,311,958	104,207	-	1,359,408	1,174,200	208,852	-

Available for sale financial assets

€/’000	June 30, 2013				June 30, 2012			
	Total	Fair value			Total	Fair value		
		L1	L2	L3		L1	L2	L3
Debt securities	14,173,670	14,060,847	112,568	255	12,111,226	11,744,882	366,344	-
Equities	34,738	4,153	16,163	14,422	34,821	4,217	16,163	14,441
Holdings in UCIT	180,153	10,821	88,837	80,495	173,022	10,794	81,217	81,011
Total	14,388,561	14,075,821	217,568	95,172	12,319,069	11,759,893	463,724	95,452

Financial assets at fair value through profit or loss

€/000	June 30, 2013				June 30, 2012			
	Total	Fair value			Total	Fair value		
		L1	L2	L3		L1	L2	L3
Financial assets held for trading								
Debt securities	1,168,191	1,108,611	50,943	8,637	1,214,764	1,180,524	28,567	5,673
Equities	298	298	-	-	-	-	-	-
Holdings in UCITS	-	-	-	-	116	116	-	-
Trading derivatives	4,656	8	2,309	2,339	6,609	138	4,370	2,101
Total	1,173,145	1,108,917	53,252	10,976	1,221,489	1,180,778	32,937	7,774
Financial assets at fair value								
Debt securities	2,699,243	411,969	1,529,421	757,853	3,402,540	356,806	2,145,205	900,529
Equities	-	-	-	-	-	-	-	-
Holdings in UCITS	9,901,942	9,788,630	113,312	-	9,565,715	9,443,695	122,020	-
Hedging derivatives	2,247	-	2,247	-	1,366	-	1,366	-
Total	12,603,432	10,200,599	1,644,980	757,853	12,969,621	9,800,501	2,268,591	900,529
Grand total	13,776,577	11,309,516	1,698,232	768,829	14,191,110	10,981,279	2,301,528	908,303

 **Net technical reserve**

€/000	June 30, 2013	Dec. 31, 2012
General Business		
Unearned premiums	47,357	-
Outstanding claims	20,570	-
Other reserves	1,471	-
Total General Business reserves	69,398	-
Life Insurance		
Mathematical reserves	3,247,313	4,648,989
Reserve for outstanding claims	128,072	183,262
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	12,600,924	12,978,601
Other reserves	19,192	12,977
Total Life Business reserves	15,995,501	17,823,829
Total technical reserves	16,064,899	17,823,829

Mediolanum Assicurazioni was consolidated in the Mediolanum Group on March 31, 2013; therefore, the analysis of technical reserves also includes the reserves of the general insurance business company.

● Financial liabilities

Financial liabilities at fair value through profit or loss

€/000	June 30, 2013	Dec. 31, 2012
Total financial liabilities at fair value through profit and loss	457,261	443,045
Short positions on debt securities	279,799	235,672
Trading derivatives	23,395	25,443
Hedging derivatives	70,301	92,888
Financial liabilities on contracts under which the investment risk is borne by the policyholder	83,766	89,042

Financial liabilities at fair value through profit or loss amounted to €457.3 million, up €14.3 million from the December 31, 2012 balance of €443.0 million.

The increase is almost entirely related to short positions on Banca Mediolanum debt securities (up €44.1 million).

Financial liabilities at fair value through profit or loss

€/000	June 30, 2013				31.12.2012			
	Total	Fair value			Total	Fair value		
		L1	L2	L3		L1	L2	L3
Financial liabilities held for trading								
Short positions on debt securities	279,799	279,799	-	-	235,672	235,672	-	-
Trading derivatives	23,395	16	21,414	1,965	25,443	-	23,477	1,967
Other financial liabilities	-	-	-	-	-	-	-	-
Total	303,194	279,815	21,414	1,965	261,115	235,672	23,477	1,967
Financial liabilities at fair value								
Liabilities arising on financial contracts issued by insurance companies:								
- contracts under which the investment risk is borne by the policyholder	83,766	47,882	21,672	14,212	89,042	46,090	27,156	15,795
Hedging derivatives	70,301	-	70,301	-	92,888	-	92,888	-
Total	154,067	47,882	91,973	14,212	181,930	46,090	120,044	15,795
Grand total	457,261	327,697	113,387	16,178	443,045	281,762	143,521	17,762

The analysis of Other Financial Liabilities is set out below:

€/’000	June 30, 2013	Dec. 31, 2012
Banks	3,868,647	3,813,632
Central Banks	3,115,890	3,105,719
Current accounts and demand deposits	159,234	1,688
Time deposits	301,926	403,252
Loans	256,412	302,149
Repurchase agreements	33,104	6
Other liabilities	2,081	818
Banking customers	15,744,973	10,983,468
Bank accounts	9,334,166	8,081,543
Repurchase agreements	6,371,757	2,861,406
Other liabilities	39,050	40,519
Securities issued	423,146	432,404
Collaterals	113,802	185,778
Others	73,786	75,875
Total	20,224,354	15,491,157

Other financial liabilities rose €4,733.2 million, from €15,491.2 million at December 31, 2012 to €20,224.4 million at June 30, 2013.

Specifically, liabilities to banking customers rose from €10,983.5 million to €15,745.0 million, mainly due to the €3,393.8 million increase in repurchase agreements with the Cassa di Compensazione.

Shareholders' EQUITY

€/’000	June 30, 2013	Dec. 31, 2012
Share capital	73,473	73,434
Equity reserves	57,757	56,497
Retained earnings and other reserves	1,122,451	821,182
Treasury shares	(2,045)	(2,045)
Gain (losses) on available for sale financial assets	47,053	88,984
Other gains (losses) recognised directly in equity	28,832	31,372
Net profit (loss) for the period attributable to the Group	199,490	351,023
Total capital and reserves attributable to the Group	1,527,011	1,420,447

At June 30, 2013, total capital and reserves attributable to the Group amounted to €1,527.0 million, up €106.6 million from the balance of €1,420.4 million at December 31, 2012.

The reserve for gains (losses) on available for sale financial assets changed by a negative €41.8 million, with the net balance remaining positive at €47.1 million compared to a positive balance of €88.9 million at December 31, 2012.

● Shadow accounting

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

At June 30, 2013 the application of shadow accounting caused a reduction in technical reserves amounting to €15,190 thousand, with a positive impact of €1,013 thousand on the first half income statement and a negative change in equity reserves amounting to €14,195 thousand (net of the €9,323 thousand tax effect).

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

€/000	Capital & Reserves	Net profit	Shareholders' equity
Parent Company's accounts at June 30, 2013	617,714	258,186	875,900
Successive changes in the carrying amount and shareholders' equity of companies consolidated on a line-by-line basis	315,599	273,931	589,530
Differences on investments accounted for by the equity method	56,767	639	57,406
Intercompany dividends	332,306	(332,306)	-
Elimination of intercompany transactions	(1,896)	50	(1,846)
Amortisation of gains on property at the date of acquisition of entities consolidated on a line-by-line	6,218	(82)	6,136
Other	813	(928)	(115)
Consolidated accounts at June 30, 2013	1,327,521	199,490	1,527,011

KEY INCOME STATEMENT INFORMATION

● Technical account - Life insurance

€/000	June 30, 2013	June 30, 2012
A. General business		
Gross premiums written less reinsurance premiums		
- Premiums written	10,117	-
- Change in unearned premiums	(3,421)	-
Total net premiums written	6,696	-
Gross amounts paid less recoveries from reinsurers and reinsurance premiums		
- Amounts paid	(2,016)	-
- Change in reserve for outstanding claims	(375)	-
- Change in recoveries	(14)	-
- Change in other technical reserves	(20)	-
Total claims paid	(2,425)	-
Total General Business	4,271	-
B. Life insurance		
Gross premiums written less reinsurance premiums		
- premiums written	2,702,788	3,914,808
Total premiums written	2,702,788	3,914,808
Gross amounts paid less recoveries from reinsurers		
- Amounts paid	(5,114,761)	(4,699,462)
- Change in reserve for outstanding claims	55,182	(13,507)
- Change in mathematical reserves	1,399,852	435,397
- Change in other technical reserves	2,031	1,160
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	392,758	(284,108)
Total amounts paid and change in reserves	(3,264,938)	(4,560,520)
Total Life Insurance	(562,150)	(645,712)
Total	(557,879)	(645,712)

Mediolanum Assicurazioni became part of the Mediolanum Group on March 31, 2013, so the analysis of technical reserves also includes the items related to the general insurance business company.

● Commission income

€/000	June 30, 2013	June 30, 2012
Management, brokerage and consulting services	470,321	393,183
Collection and payment services	10,518	9,485
Loadings on investment contracts	409	285
Other services	20,428	20,186
Total	501,676	423,139

The increase in commission income from €423.1 million in 1H 2012 to €501.7 million in 1H 2013 related principally to higher entry fees on the sale of mutual funds (up €22.7 million), €47.3 million in higher management fees and €8.9 million in higher performance fees.

● Commission expenses

€/’000	June 30, 2013	June 30, 2012
Commissions on acquisition of investment contracts	308	90
Management, brokerage and consulting services	173,311	122,617
Collection and payment services	10,807	10,021
Other services	10,533	16,657
Total	194,959	149,385

Commission expenses rose from €149.4 million in 1H 2012 to €195.0 million in 1H 2013. The increase was driven by the higher inflows to mutual funds, higher management fees related to the increase in assets under management and higher expenses for sales network incentives.

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

€/’000	June 30, 2013	June 30, 2012
Financial assets		
Interest income and other investment income:		
– from financial assets held for trading	10,022	62,263
– from financial assets at fair value through profit or loss	43,338	12,148
Net income (loss) on financial assets held for trading	2,366	85,687
Net income (loss) on financial assets at fair value through profit or loss	503,782	524,582
Financial liabilities		
Interest expense and similar charges:		
– on financial liabilities held for trading	(4,762)	(5,898)
– on financial liabilities at fair value through profit or loss	(25)	(357)
Net income (loss) on financial liabilities held for trading	4,705	2,637
Net income (loss) on financial liabilities at fair value through profit or loss	(5,068)	1,031
Total	554,358	682,093

Total net income on financial assets and liabilities was €554.4 million, compared with net income of €682.1 million at June 30, 2012.

Financial assets and liabilities held for trading generated net income of €7.1 million, compared with net income of €88.3 million at June 30, 2012.

Financial assets and liabilities at fair value through profit or loss generated net income of €498.7 million, compared with net income of €525.6 million at June 30, 2012. This result essentially reflected 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, 2013	June 30, 2012
Interest income and other income	296,765	333,019
Realised gains	53,543	14,519
Unrealised gains	3,280	2,688
Total income	353,588	350,226
Interest expense and other charges	(121,097)	(109,420)
Realised losses	(16,298)	(12,324)
Unrealised losses	(10,422)	(10,640)
Total expense	(147,817)	(132,384)
Total net income	205,771	217,842

Net income from:

€/000	June 30, 2013	June 30, 2012
Investment property	3,053	3,091
Available for sale financial assets	222,812	221,684
Held to Maturity Investments	34,601	19,806
Loans and Receivables	66,171	82,437
Other net income	(120,866)	(109,176)
Total	205,771	217,842

Net income from investment property

€/000	June 30, 2013	June 30, 2012
Other income	4,062	4,081
Other expenses	(257)	(244)
Unrealised losses	(752)	(746)
Total	3,053	3,091

Net income from available for sale financial assets

€/000	June 30, 2013	June 30, 2012
Interest income and other income	185,977	221,992
Realised gains	53,508	14,365
Realised losses	(16,214)	(12,319)
Unrealised losses	(459)	(2,354)
Total	222,812	221,684

Net income from held to maturity investments

€/000	June 30, 2013	June 30, 2012
Interest income and other income	34,601	19,776
Realised gains	-	30
Total	34,601	19,806

Net income from loans and receivables

€/000	June 30, 2013	June 30, 2012
Interest income and other income	72,125	87,170
Realised gains	14	124
Unrealised gains	3,277	2,688
Realised losses	(34)	(5)
Unrealised losses	(9,211)	(7,540)
Total	66,171	82,437

Net expense from financial liabilities

€/000	June 30, 2013	June 30, 2012
Interest expense and other charges	(120,840)	(109,176)
Realised gains	21	-
Unrealised gains	3	-
Realised losses	(50)	-
Total	(120,866)	(109,176)

● Operating expenses

€/000	June 30, 2013	June 30, 2012
Commissions and other expenses relating to the acquisition of insurance contracts	37,830	40,952
Investment management expenses	292	156
Other administrative expenses	188,881	175,483
Total	227,003	216,591

● Average number of employees by category

Number	June 30, 2013	June 30, 2012
Employees:		
Management	100	109
Other employees	2,115	1,985
Other personnel	2,215	2,094
Other personnel	41	44
Total	2,256	2,138

● Income tax

€/000	June 30, 2013	June 30, 2012
Current tax	(78,681)	(59,833)
Deferred tax	10,879	(14,053)
Total	(67,802)	(73,886)

BUSINESS COMBINATIONS

Following authorisation by IVASS on March 19, 2013, Mediolanum S.p.A. acquired the entire share capital of Mediolanum Assicurazioni S.p.A. on March 26, 2013, effective March 31, 2013.

Mediolanum Assicurazioni S.p.A. – whose business complements that of the Mediolanum Group, thus accounting for its interest in the acquisition – is active in the insurance and reinsurance business. It offers insurance products to retail customers, with standardised policies providing protection for the family, individuals, assets and property (i.e. basic insurance businesses, excluding car liability insurance).

The purchase price, initially set at €35.9 million, was adjusted in accordance with the agreement on the basis of the adjusted shareholders' equity of the company at March 31, 2013, as confirmed by the accounting due diligence and value of outstanding policies written calculated at the same date by the independent actuary.

Since the adjusted shareholders' equity of the company at March 31, 2013 was €33.4 million, and the value of outstanding policies written was €11.2 million net of the related tax effect, the final price was set at €44.6 million.

Because the sellers were the controlling shareholders of both Mediolanum S.p.A. (the acquiring company) and Mediolanum Assicurazioni S.p.A. (the acquired company), the transaction qualified as a related party transaction of "minor significance" (in accordance with the criteria set out in the "Procedures pursuant to Article 4 of Consob Resolution no. 17221").

IFRS 3, which regulates business combinations, was applied for first-time consolidation of the new subsidiary.

This standard envisages that upon first-time consolidation, all the assets and liabilities of the acquired company and consequent consolidation be measured at fair value, which corresponds to the price at which an asset could be exchanged or a liability extinguished in a normal transaction between informed and independent parties, at the effective date of the transaction. In this context, all identifiable assets must be recognised and measured, including any intangible assets having a definite useful life, and any other liabilities not recognised on the statement of financial position in accordance with IFRSs.

The business combination did not result in the recognition of any business combination.

The fair value measurement of the acquired company at the acquisition date revealed that the value of outstanding policies written recognised under intangible assets having a definite useful life was €17.1 million before the tax effect.

INCOME STATEMENT INFORMATION BY OPERATING SEGMENT

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

Exclusively for the sake of comparability of financial information, certain reclassifications were made with respect to comparative information at June 30, 2012.

● Note on the method applied to segment reporting

Mediolanum Assicurazioni became a part of the Mediolanum on March 31, 2013. Following its consolidation at that date, the income segment for the business segment that was previously named "Life" also contains the profits and loss related to the general business, and was thus renamed "Insurance".

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

- ITALY – INSURANCE
- 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.

PROFIT AND LOSS FIGURES BY DIVISION AS AT JUNE 30, 2013

€/000	ITALY					Total
	Insurance	Banking	Asset Man.	Other	Consolidation adjustments	
Net premiums written	2,640,086	-	-	-	-	2,640,086
Amounts paid & change in technical reserves	(2,627,200)	-	-	-	-	(2,627,200)
Life revenues ex-commission	12,886	-	-	-	-	12,886
Entry fees	-	-	72,482	-	-	72,482
Management fees	116,258	-	146,584	-	-	262,842
Performance fees	38,026	-	42,681	-	-	80,707
Banking service fees	-	41,236	-	-	(638)	40,598
Other fees	994	2,572	13,414	-	-	16,980
Total commission income	155,278	43,808	275,161	-	(638)	473,609
Interest income and similar income	12,095	121,447	188	(7,575)	-	126,155
Net income on investments at fair value	788	7,720	1	1	-	8,510
Net financial income	12,883	129,167	189	(7,574)	-	134,665
Equity method	-	-	-	639	-	639
Net realised gains on other investments	(3,357)	36,261	142	-	-	33,046
Net impairment of loans	-	(5,736)	-	-	-	(5,736)
Net impairment of other investments	22	(355)	(143)	-	-	(476)
Income from other investments	(3,335)	30,170	(1)	-	-	26,834
Other revenues	4,865	4,495	118	-	-	9,478
TOTAL REVENUES	182,576	207,640	275,467	(6,935)	(638)	658,110
Sale network commission expenses	(48,983)	(22,856)	(130,525)	-	-	(202,364)
Other commission expenses	(3,665)	(6,119)	(7,877)	-	-	(17,661)
G&A expenses	(44,794)	(91,175)	(42,308)	-	638	(177,639)
Amortisation and depreciation	(3,693)	(3,551)	(1,112)	-	-	(8,356)
Provision for risks and charges	(58)	(29)	(146)	-	-	(233)
TOTAL COSTS	(101,193)	(123,731)	(181,968)	-	638	(406,253)
PROFIT (LOSS) BY SEGMENT BEFORE TAX	81,383	83,910	93,499	(6,935)	-	251,857
Income Tax	-	-	-	-	-	(63,666)
NET PROFIT (LOSS)	-	-	-	-	-	188,191

	FOREIGN		Consolidation adjustments	Total
	Spain	Germany		
	54,774	14,624	-	2,709,484
	(46,192)	(13,465)	-	(2,686,857)
	8,582	1,159	-	22,627
	3,893	198	-	76,573
	7,932	2,904	-	273,679
	2,085	1,511	-	84,303
	2,178	6,711	(2)	49,485
	933	247	-	18,159
	17,021	11,571	(2)	502,199
	8,933	389	-	135,477
	473	(41)	-	8,942
	9,406	348	-	144,419
	-	-	-	639
	9,928	-	-	42,974
	(178)	-	-	(5,914)
	-	-	-	(476)
	9,750	-	-	36,584
	146	200	(64)	9,760
	44,905	13,278	(66)	716,227
	(11,194)	(1,919)	4	(215,473)
	(1,605)	(6,080)	-	(25,346)
	(14,338)	(6,919)	62	(198,834)
	(732)	(289)	-	(9,377)
	328	-	-	95
	(27,542)	(15,206)	66	(448,935)
	17,363	(1,928)	-	267,292
	(3,883)	(253)	-	(67,802)
	13,480	(2,181)	-	199,490

PROFIT AND LOSS FIGURES BY DIVISION AS AT JUNE 30, 2012

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

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

● 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.

For information about the acquisition of the entire share capital of Mediolanum Assicurazioni, reference is made to the section "business combinations" in the notes to the interim consolidated financial statements.

€/000	Associates	Other related parties
Loans and Receivables	29,802	29,693
Available for sale financial assets	65,333	23,417
Financial assets at fair value through profit or loss	298,002	163,960
Other receivables	1	4,030
Other financial liabilities	(346)	(28,078)
Other payables	(716)	(634)

€/000	Associates	Other related parties
Net commissions	1,403	3,248
Net income (loss) on financial instruments at fair value through profit or loss	92	-
Net interest	294	848
Realised gains (losses)	155	1,492
Unrealised gains (losses)	5,670	1,205
Other revenues (expenses)	-	3,791
Operating expenses – other administrative expenses	(2,431)	(1,020)

2. Key management compensation

€/000	Directors, Deputy/General Managers	Other key management
Emoluments & Social security contributions	3,216	90
Non-cash benefits	-	50

● 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 (see Consob Communication No. DEM/6064293 of July 28, 2006).

● Non recurring transactions

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

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

● Stock options plans

In the first half of 2013, 392,504 new Mediolanum dividend-bearing shares were issued following the exercise of stock options by directors and sales network members of companies within the Mediolanum Group.

This entailed a €39 thousand increase in Mediolanum ordinary share capital and a €1,260 thousand increase in the share premium account.

The overall expense for the period in relation to the stock options plans amounted to €1,631.2 thousand (€1,074.4 thousand in 1H 2012).

In execution of the delegation of authority by the Extraordinary General Meeting of April 27, 2010, as amended by the Ordinary and Extraordinary General Meeting of April 19, 2012, the Board of Directors resolved on May 9, 2013:

- to increase share capital up to a maximum of €136,155.00 for a consideration, by issuing up to 1,361,550 dividend-bearing ordinary shares having a par value of €0.10 each, to be allotted to the directors and executives of the company and its subsidiaries pursuant to Article 2359(1)(1) Italian Civil Code, waiving any shareholders' pre-emptive rights pursuant to Article 2441(5) Italian Civil Code. The final deadline for subscription of the shares severally and separately is the fifth business day in the thirty-sixth month subsequent to the expiration of the three-year term from the date of the resolution approving the capital increase;
- to increase share capital up to a maximum of €95,100.00 for a consideration, by issuing up to 951,000 dividend-bearing ordinary shares having a par value of €0.10 each, to be allotted to the sales network of the company and its subsidiaries pursuant to Article 2359(1)(1) Italian Civil Code, waiving any shareholders' pre-emptive rights pursuant to Article 2441(5) Italian Civil Code. The final deadline for subscription of the shares severally and separately is the fifth business day in the thirty-sixth month subsequent to the expiration of the nine-year term from the date of the resolution approving the capital increase.



Schedules

SCHEDULES

This section presents financial information pursuant to ISVAP Regulation No. 7 of July 13, 2007, as subsequently amended by ISVAP Regulation 2784 of March 8, 2010. In accordance with the regulations above, for segment reporting purposes, Statement of financial position and income statement balances were allocated as follows: 'Life Business' includes only the balances of the Life Insurance companies within the Group while 'Financial Business' includes the balances of the parent company Mediolanum S.p.A., the Mediolanum Banking Group and other Group companies. 'Intersegment' shows intercompany balances that were offset against each other.

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

Statement of financial position information by segment (IVASS)

€/’000	GENERAL BUSINESS		LIFE BUSINESS	
	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
1. Intangible assets	15,627	-	92,666	92,928
2. Tangible assets	8	-	16,617	16,825
3. Reinsurers’ share of technical reserves	3,055	-	74,099	76,198
4. Investments	88,268	-	16,003,347	17,595,012
4.1 Investment property	-	-	106,046	106,798
4.2 Investments in subsidiaries, associates and joint ventures	-	-	-	-
4.3 Held to maturity investments	13,145	-	273,953	334,370
4.4 Loans and receivables	6,947	-	236,331	344,833
4.5 Available for sale financial assets	49,037	-	2,322,463	3,102,679
4.6 Financial assets at fair value through profit or loss	19,139	-	13,064,554	13,706,332
5. Other receivables	4,636	-	11,130	11,315
6. Other assets	3,842	-	510,138	541,824
6.1 Deferred acquisition costs	-	-	-	-
6.2 Other	3,842	-	510,138	541,824
7. Cash and cash equivalents	11,660	-	416,868	787,780
Total assets	127,096	-	17,124,865	19,121,882
1. Shareholders’ equity	-	-	-	-
2. Provisions	60	-	1,002	1,146
3. Technical reserves	69,398	-	15,995,501	17,823,829
4. Financial liabilities	-	-	397,374	477,679
4.1 Financial liabilities at fair value through profit or loss	-	-	87,441	93,163
4.2 Other financial liabilities	-	-	309,933	384,516
5. Payables	5,829	-	77,570	143,009
6. Other liabilities	7,330	-	70,826	79,615
Total liabilities and shareholders’ equity	-	-	-	-

	FINANCIAL BUSINESS		INTERSEGMENT		TOTAL	
	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
	58,367	60,054	-	-	166,660	152,982
	71,594	72,757	-	-	88,219	89,582
	-	-	-	-	77,154	76,198
	22,495,267	18,108,346	(736,371)	(939,921)	37,850,511	34,763,437
	-	-	-	-	106,046	106,798
	388,122	382,700	-	-	388,122	382,700
	2,105,309	1,025,038	-	-	2,392,407	1,359,408
	7,203,441	6,895,535	(647,921)	(836,016)	6,798,798	6,404,352
	12,017,061	9,216,390	-	-	14,388,561	12,319,069
	781,334	588,683	(88,450)	(103,905)	13,776,577	14,191,110
	826	215	(2,384)	(157)	14,208	11,373
	536,102	511,303	(289,802)	(289,134)	760,281	763,993
	-	-	-	-	-	-
	536,102	511,303	(289,802)	(289,134)	760,281	763,993
	264,825	250,031	(552,614)	(846,547)	140,739	191,264
	23,426,981	19,002,706	(1,581,171)	(2,075,759)	39,097,772	36,048,829
	-	-	-	-	1,527,011	1,420,447
	185,558	189,876	-	-	186,620	191,022
	-	-	-	-	16,064,899	17,823,829
	21,653,253	17,312,687	(1,369,012)	(1,856,164)	20,681,615	15,934,202
	369,824	349,882	(4)		457,261	443,045
	21,283,429	16,962,805	(1,369,008)	(1,856,164)	20,224,354	15,491,157
	215,219	200,917	(55,662)	(62,599)	242,956	281,327
	473,012	475,383	(156,497)	(156,996)	394,671	398,002
	-	-	-	-	39,097,772	36,048,829

Income statement information by segment

€/’000	GENERAL BUSINESS		LIFE BUSINESS	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
1.1 Net premiums written	6,696	-	2,702,788	3,915,910
1.1.1 Gross premiums written	7,214	-	2,704,260	3,917,490
1.1.2 Reinsurance premiums	(518)	-	(1,472)	(1,580)
1.2 Commission income	-	-	159,061	141,934
1.3 Net income on financial instruments at fair value through profit or loss	520	-	585,802	730,063
1.4 Income on investments in subsidiaries, associates and joint ventures	-	-	-	-
1.5 Income on other financial instruments and investment property	713	-	29,984	22,721
1.6 Other revenues	18	-	4,847	5,432
1 Total revenues	7,947	-	3,482,482	4,816,060
2.1 Net claims and benefits	(2,425)	-	(3,265,870)	(4,561,576)
2.1.1 Amounts paid and changes in technical reserves	(2,659)	-	(3,268,334)	(4,563,341)
2.1.2 Reinsurers’ share	234	-	2,464	1,765
2.2 Commission expenses	-	-	(4,038)	(3,414)
2.3 Losses on investment in subsidiaries, associates and joint ventures	-	-	-	-
2.4 Losses on other financial instruments and investments property	(19)	-	(21,897)	(12,324)
2.5 Operating expenses	(3,687)	-	(77,875)	(80,500)
2.6 Other costs	(1,992)	-	(27,456)	(26,307)
2 Total costs	(8,123)	-	(3,397,137)	(4,684,121)
Net profit (loss) before tax for the period	(176)	-	85,345	131,939

	FINANCIAL BUSINESS		INTERSEGMENT		TOTAL	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	-	-	-	(1,102)	2,709,484	3,914,808
	-	-	-	(1,102)	2,711,474	3,916,388
	-	-	-	-	(1,990)	(1,580)
	389,746	332,274	(47,131)	(51,069)	501,676	423,139
	(26,560)	(42,698)	(5,404)	(5,272)	554,358	682,093
	3,695	1,991	-	-	3,695	1,991
	329,647	339,210	(6,756)	(11,705)	353,588	350,226
	12,999	15,982	(8,104)	(6,969)	9,760	14,445
	709,527	646,759	(67,395)	(76,117)	4,132,561	5,386,702
	-	-	932	1,056	(3,267,363)	(4,560,520)
	-	-	932	1,056	(3,270,061)	(4,562,285)
	-	-	-	-	2,698	1,765
	(190,921)	(145,971)	-	-	(194,959)	(149,385)
	(2,983)	-	-	-	(2,983)	-
	(130,570)	(131,146)	4,669	11,086	(147,817)	(132,384)
	(184,898)	(177,440)	39,457	41,349	(227,003)	(216,591)
	(18,014)	(32,754)	22,337	22,626	(25,125)	(36,435)
	(527,385)	(487,311)	67,395	76,117	(3,865,250)	(5,095,315)
	182,142	159,448	-	-	267,311	291,387

Scope of consolidation

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

(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

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
7	100.00	100.00		100.00
11	100.00	100.00		100.00
8	49.00	100.00		100.00
8	44.00	100.00		100.00
11	49.00	100.00		100.00
11	100.00	100.00		100.00
7	0.00	100.00		100.00
8	0.00	100.00		100.00
11	0.00	100.00		100.00
8	0.00	100.00		100.00
2	100.00	100.00		100.00
7	0.00	100.00		100.00
8	0.00	100.00		100.00
11	0.00	100.00		100.00
10	0.00	100.00		100.00
1	100.00	100.00		100.00

Type (2)	% Direct ownershi	% Total shareholding (3)	% Voting rights at ordinary general meeting (4)	Book value
C	50.00	50.00	50.00	90,658.00
B	2.63	3.38	3.45	297,464.00

Analysis of tangible and intangible assets

€/000	Book value		
	At cost	Remeasured or at fair value	Book value
Investment property	106,046	-	106,046
Other property	79,982	-	79,982
Other tangible assets	8,237	-	8,237
Other intangible assets	36,774	-	36,774

Analysis of reinsurers' share of technical reserves

€/000	Book value	
	June 30, 2013	June 30, 2012
General Business	3,055	-
Life Business	74,099	76,198
Technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	-	-
Mathematical reserves and other reserves	74,099	76,198
Total reinsurers' share of technical reserves	77,154	76,198

Analysis of financial assets

€/000	Held to maturity investments		Loans and Receivables	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Equity instruments and derivatives at cost	-	-	-	-
Equity instruments at fair value	-	-	-	-
<i>of which listed</i>	-	-	-	-
Debt instruments	2,392,407	1,359,408	-	-
<i>of which listed</i>	2,311,958	1,174,200	-	-
Holdings in UCITS	-	-	-	-
Loans to and receivables from banking customers	-	-	5,558,291	5,204,849
Loans to and receivables from banks	-	-	1,232,523	1,191,226
Deposits with cedents	-	-	-	-
Financial assets of insurance contracts	-	-	-	-
Deposits with cedents	-	-	7,984	8,277
Trading derivatives	-	-	-	-
Hedging derivatives	-	-	-	-
Other financial investments	-	-	-	-
Total	2,392,407	1,359,408	6,798,798	6,404,352

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, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
-	-	-	-	-	-	-	-
34,738	34,821	298	-	-	-	35,036	34,821
4,153	4,217	298	-	-	-	4,451	4,217
14,173,670	12,111,226	1,168,191	1,214,764	2,699,243	3,402,540	20,433,511	18,087,938
14,060,847	11,744,882	1,108,611	1,180,524	411,969	356,806	17,893,385	14,456,412
180,153	173,022	-	116	9,901,942	9,565,715	10,082,095	9,738,853
-	-	-	-	-	-	5,558,291	5,204,849
-	-	-	-	-	-	1,232,523	1,191,226
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,984	8,277
-	-	4,656	6,609	-	-	4,656	6,609
-	-	-	-	2,247	1,366	2,247	1,366
-	-	-	-	-	-	-	-
14,388,561	12,319,069	1,173,145	1,221,489	12,603,432	12,969,621	37,356,343	34,273,939

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, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
On-balance sheet assets	12,601,186	12,997,096	-	-	12,601,186	12,997,096
Intercompany assets*	88,449	103,896	-	-	88,449	103,896
Total Assets	12,689,635	13,100,992	-	-	12,689,635	13,100,992
On-balance sheet financial liabilities	83,766	89,042	-	-	83,766	89,042
On-balance sheet technical reserves	12,600,924	12,119,036	-	-	12,600,924	12,119,036
Intercompany liabilities*	-	-	-	-	-	-
Total Liabilities	12,684,690	12,208,078	-	-	12,684,690	12,208,078

* 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, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
Quasi-equity instruments	-	-	-	-
Subordinated liabilities	-	-	-	-
Liabilities under financial contracts issued by insurance companies of which	-	-	83,766	89,042
contracts under which the investment risk is borne by the policyholder	-	-	83,766	89,042
pension fund management	-	-	-	-
other contracts	-	-	-	-
Deposits received from reinsurers	-	-	-	-
Financial liabilities of insurance contracts	-	-	-	-
Debt securities issued	-	-	-	-
Amounts due to banking customers	-	-	-	-
Amounts due to banks	-	-	-	-
Other financing received	-	-	-	-
Trading derivatives	23,395	25,444	-	-
Hedging derivatives	-	-	70,301	92,888
Other financial liabilities	279,799	235,672	-	-
Total	303,194	261,116	154,067	181,930

Analysis of technical reserves

€/000	Book value	
	June 30, 2013	Dec. 31, 2012
General Business	69,398	-
Unearned premiums	47,357	-
Outstanding claims	20,570	-
Other reserves	1,471	-
<i>of which amounts set aside following liability adequacy testing</i>	-	-
Life Business	15,995,501	17,823,829
Outstanding claims	128,072	183,262
Mathematical reserves	3,247,313	4,648,989
Technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	12,600,924	12,978,601
Other reserves	19,192	12,977
Total Technical Reserves	16,064,899	17,823,829

Other financial liabilities		Book value	
June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
-	-	-	-
-	-	-	-
-	-	83,766	89,042
-	-	83,766	89,042
-	-	-	-
-	-	-	-
73,786	75,875	73,786	75,875
-	-	-	-
423,146	432,404	423,146	432,404
15,744,973	10,983,468	15,744,973	10,983,468
3,868,647	3,813,632	3,868,647	3,813,632
-	-	-	-
-	-	23,395	25,444
-	-	70,301	92,888
113,802	185,778	393,601	421,450
20,224,354	15,491,157	20,681,615	15,934,203

Analysis of technical account items

€/’000	June 30, 2013	June 30, 2012
General Business		
NET PREMIUMS WRITTEN	6,696	-
a Premiums written	10,117	-
b Change in unearned premiums reserve	(3,421)	-
AMOUNTS PAID AND CHANGE IN TECHNICAL RESERVES	(2,425)	-
a Claims paid	(2,016)	-
b Change in outstanding claims reserve	(375)	-
c Change in recoveries	(14)	-
d Change in other technical reserves	(20)	-
Life Business		
NET PREMIUMS WRITTEN	2,702,788	3,915,910
AMOUNTS PAID AND CHANGE IN TECHNICAL RESERVES	(3,265,870)	(4,561,576)
a Amounts paid	(5,115,693)	(4,700,518)
b Change in outstanding claims reserve	55,182	(13,507)
c Change in mathematical reserves	1,399,852	435,397
d Change in technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	392,758	(284,108)
e Change in other technical reserves	2,031	1,160

Analysis of net interest income and investment income

€/’000	Interest income (expense)	Other income	Other expense
Investment income	335,940	5,550	257
a from investment property	-	4,062	257
b from investments in subsidiaries, associates and joint ventures	-	-	-
c from held-to-maturity investments	34,601	-	-
d from loans and receivables	63,490	-	-
e from available-for-sale financial assets	184,489	1,488	-
f from financial assets held for trading	10,022	-	-
g from financial assets at fair value through profit or loss	43,338	-	-
Income on amounts receivable	(14)	382	-
Net cash and cash equivalents	8,267	-	-
Loss on financial liabilities	(29,806)	-	-
a on financial liabilities held for trading	(4,762)	-	-
b on financial liabilities at fair value through profit or loss	(25)	-	-
c on other financial liabilities	(25,019)	-	-
Expense on amounts payable	(95,821)	-	-
Total	218,566	5,932	257

Insurance Business - Analysis of Expenses

€/000	General Business		Life Business	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Gross agents' commissions & other acquisition costs	(2,651)	-	(57,894)	(60,752)
Commissions and profit sharing from reinsurers	(13)	-	(1,744)	(2,261)
Investment management expenses	(1,023)	-	(18,237)	(17,487)
Total	(3,687)	-	(77,875)	(80,500)

Realised gains	Realised losses	Total	Unrealised gains		Unrealised losses		Total unrealised gains and losses	Total income and expenses June 30, 2013	Total income and expenses June 30, 2012
			Gains on measurement	Reversal of impairment	Losses on measurement	Impairment			
132,555	80,516	393,272	623,493	3,277	131,398	10,402	484,970	878,242	991,617
-	-	3,805	-	-	-	752	(752)	3,053	3,091
3,695	2,983	712	-	-	-	-	-	712	1,991
-	-	34,601	-	-	-	-	-	34,601	19,806
14	34	63,470	-	3,277	-	9,191	(5,914)	57,556	60,365
53,508	16,214	223,271	-	-	-	459	(459)	222,812	221,684
9,792	7,979	11,835	5,436	-	4,883	-	553	12,388	147,950
65,546	53,306	55,578	618,057	-	126,515	-	491,542	547,120	536,730
-	-	368	-	-	-	20	(20)	348	261
-	-	8,267	-	-	-	-	-	8,267	21,811
1,236	61	(28,631)	8,482	-	10,046	-	(1,564)	(30,195)	(18,197)
1,215	11	(3,558)	3,567	-	66	-	3,501	(57)	(3,261)
-	-	(25)	4,912	-	9,980	-	(5,068)	(5,093)	674
21	50	(25,048)	3	-	-	-	3	(25,045)	(15,610)
-	-	(95,821)	-	-	-	-	-	(95,821)	(93,566)
133,791	80,577	277,455	631,975	3,277	141,444	10,422	483,386	760,841	901,926

Analysis of other components of Statement of other comprehensive income

€/’000	Recognition		Adjustments owed to reclassification to the income statement	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Net exchange differences reserve	-	-	-	-
Profit (loss) on available for sale financial assets	(4,690)	118,025	(37,241)	24,033
Profit (loss) on cash flow hedges	-	-	-	-
Profit (loss) on hedges of investments in foreign operations	-	-	-	-
Changes in the equity of investees	(2,548)	(258)	-	-
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	8	-	-	-
Other	-	-	-	-
Total other components of Statement of other comprehensive income	(7,230)	117,768	(37,241)	24,033

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

€/’000				Book value of reclassified assets at June 30, 2013		Fair value of reclassified assets of June 30, 2013		
from	to	Category of reclassified financial assets	Type of asset	Assets reclassified in H1 2013	Assets reclassified in H1 2013	Assets reclassified up until June 30, 2013	Assets reclassified in H1 2013	Assets reclassified up until June 30, 2013
HFT	AFS		Debt securities	-	140,657	-	140,657	-
HFT	Loans & Receivables		Debt securities	-	26,368	-	25,987	-
Total				-	167,025	-	166,644	-

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
Total	
Financial liabilities at fair value through profit or loss	Financial assets held for trading
	Financial assets at fair value
Total	

	Other changes		Total changes		Taxation		Balance	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	-	-	(41,931)	142,058	22,584	(70,327)	47,053	(141,126)
	-	-	-	-	-	-	-	-
	-	-	(2,548)	(258)	-	-	28,824	2,943
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	8	-	(2)	-	8	-
	-	-	-	-	-	-	-	-
	-	-	(44,471)	141,801	22,582	(70,327)	75,885	(138,183)

Assets reclassified in H1 2013		Assets reclassified up until June 30, 2013		Assets reclassified in H1 201		Assets reclassified up until June 30, 2013	
Profit or loss recognised in the income statement	Profit or loss recognised in other components of Statement of other comprehensive income	Profit or loss recognised in the income statement	Profit or loss recognised in other components of Statement of other 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 Statement of other 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 Statement of other comprehensive income if no re-classification had been made
-	-	-	1,565	-	-	-	1,311
-	-	-	384	-	-	-	1,022
-	-	-	1,949	-	-	-	2,333

	Level 1		Level 2		Level 3		Total	
	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
	14,075,821	11,759,893	217,568	463,724	95,172	95,452	14,388,561	12,319,069
	1,108,917	1,180,778	53,252	32,937	10,976	7,774	1,173,145	1,221,489
	10,200,599	9,800,501	1,644,980	2,268,591	757,853	900,529	12,603,432	12,969,621
	25,385,337	22,741,172	1,915,800	2,765,252	864,001	1,003,755	28,165,138	26,510,179
	279,815	235,672	21,414	23,477	1,965	1,967	303,194	261,116
	47,882	46,090	91,973	120,044	14,212	15,795	154,067	181,930
	327,697	281,762	113,387	143,521	16,177	17,762	457,261	443,046

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
Opening balance	95,452	7,774	900,529	1,967	-
Purchases/Issues	-	78,909	66,142	-	-
Sales/Buy-back	-	(76,050)	(65,244)	-	-
Reimbursements	-	(16)	(13,701)	-	-
Gains (losses) recognised in the income statement	(430)	352	(133,046)	(322)	-
Gains (losses) recognised in other components of Statement of other comprehensive income	-	-	-	-	-
Reclassified to level 3	-	-	-	-	-
Reclassified to other levels	-	-	9,935	-	-
Other changes	150	7	(6,762)	320	-
Closing balance	95,172	10,976	757,853	1,965	-



**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 2013.

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, 2013 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 30, 2013

Chief Executive Officer
(*Ennio Doris*)

Chief Financial Officer
(*Luigi Del Fabbro*)

