MEDIOLANUM S.p.A.

Condensed Consolidated Half-Year Financial Statement as at June 30 2015

mediolanum

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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.

Condensed Consolidated Half-Year Financial Statement as at June 30 2015

Registered office: Basiglio Milano Tre (MI) - Via F. Sforza - Building Meucci
Share Capital Euro 73,808,025.70 fully paid-in
Tax Registration, VAT and Milan Register of Companies 11667420159

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Mediolanum S.p.A. Corporate Bodies

Board of directors

Carlo Secchi	Chairman of the Board of Directors
Alfredo Messina	Deputy Vice Chairman
Massimo Antonio Doris	Vice Chairman
Ennio Doris	Chief Executive Officer
Luigi Berlusconi	Director
Elena Biffi	Director
Pasquale Cannatelli	Director
Annalisa Sara Doris	Director
Edoardo Lombardi	Director
Roberto Maviglia	Director
Mario Molteni	Director
Danilo Pellegrino	Director
Angelo Renoldi	Director
Anna Scarfone	Director
Maria Alessandra Zunino De Pignier	Director

Board of statutory auditors

Stefano Fiorini	Chairman of the Board of Statutory Auditors
Francesca Novati	Standing Auditor
Riccardo Perotta	Standing Auditor

Board secretary

Luca Maria Rovere

Officer responsible for preparing accounting and financial reporting documents

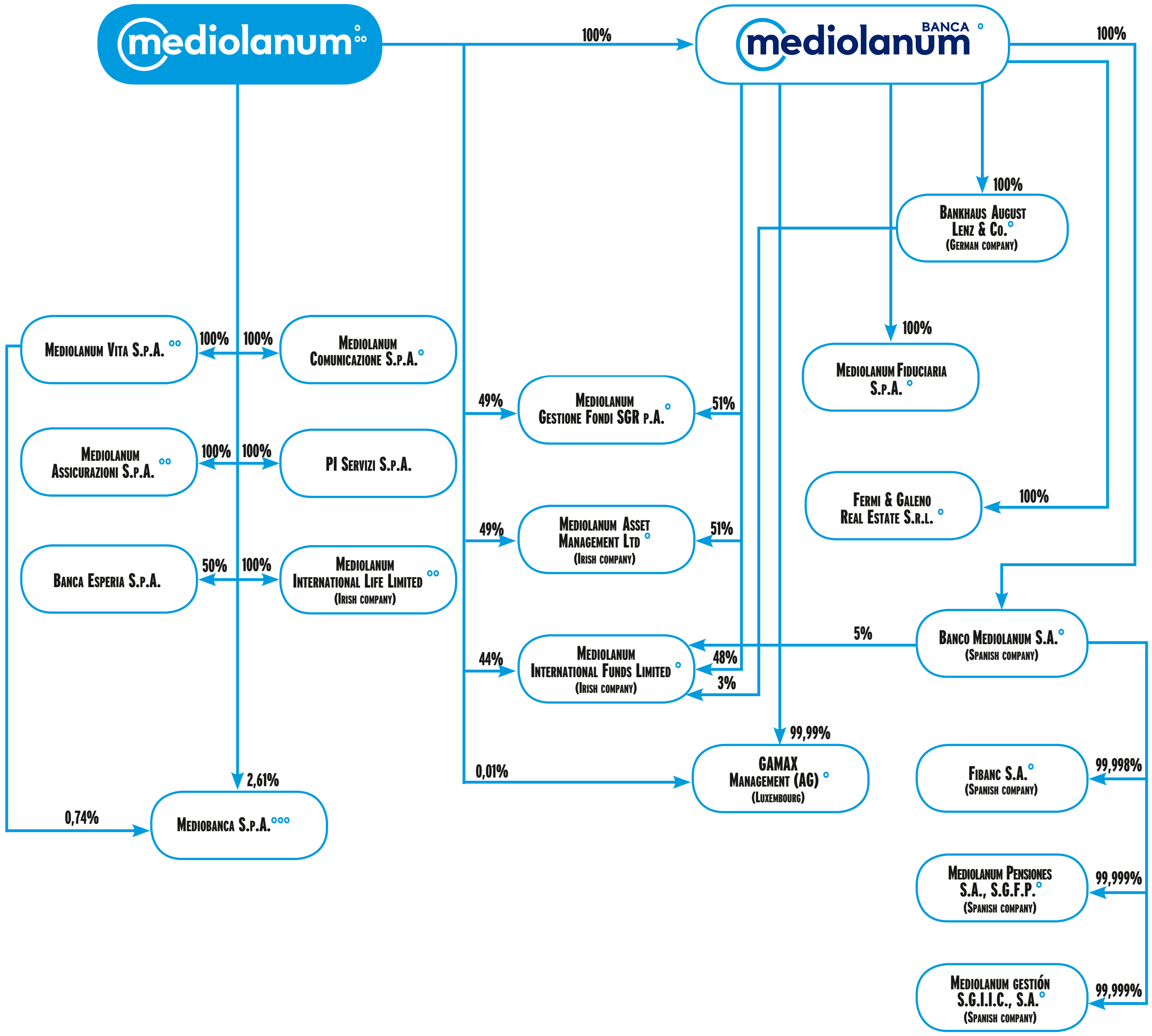
Luigi Del Fabbro

Independent auditors

Deloitte & Touche S.p.A.

Group Structure

as at June 30, 2015



° Companies forming part of Mediolanum Banking Group.
°° Companies forming part of Mediolanum Insurance Group.
°°° Since Mediobanca holds treasury shares, total shareholding amounts to 3.417% of voting rights.

Mediolanum Group's Financial Highlights

Data for inflows and assets

€/m	June 30, 2015	June 30, 2014	% change	Dec. 31, 2014
Total customer assets (*)	69,841.0	61,283.7	14%	64,457.1
Consolidated net inflows - Italy	2,333.3	2,148.9	9%	4,711.4
Net inflows Mediolanum Banking Group	2,173.3	1,890.3	15%	4,081.9
- Net inflows AuM	2,195.0	1,592.0	38%	3,855.3
of which: mutual funds and unit-linked	*2,711.9*	*2,309.0*	*17%*	*4,827.6*
- Net inflows AuA	(21.7)	298.3	n.s.	226.0
Net inflows Banca Esperia	159.9	258.6	(38%)	629.5

(*) The figures relating to the Assets under management and administration refer exclusively to Retail customers while those relating to Banca Esperia were considered in proportion to the ownership percentage (50%).

Income statement

€/m	June 30, 2015	June 30, 2014	% change	Dec. 31, 2014
Gross pre-tax profit	279.0	214.8	30%	452.9
Income tax	(51.5)	(49.9)	3%	(132.3)
Profit for the year	227.4	164.9	38%	320.6

Profitability ratios

€	June 30, 2015	June 30, 2014	% change	Dec. 31, 2014
Earnings per share – total	0.308	0.224	38%	0.435
Diluted earnings per share (**)	0.306	0.222	38%	0.432

(**) Net earnings attributable to holders of ordinary shares divided by the weighted average number of ordinary shares in issue.

Capital adequacy financial conglomerate

€/m	June 30, 2015	Dec. 31, 2014	% change
Bank-oriented financial conglomerate			
Capital	1,114	1,053	5.8%
Capital requirements	777	745	4.3%
Equity surplus (deficit)	337	308	9.4%

Equity ratios – Mediolanum Banking Group

Values in %	June 30, 2015(1)	Dec. 31, 2014	% change
Common Equity Tier 1 ratio	18.487%	18.434%	0.3%
Tier 1 Ratio	18.487%	18.434%	0.3%
Total Capital Ratio	18.540%	18.434%	0.6%

(1) The ratios presented in this disclosure may be subject to updating when reporting to the Supervisory Authorities.

Reclassified Consolidated Income Statement as at June 30, 2015 (*)

€/t	June 30, 2015	June 30, 2014	Change	% change
Entry fees	58,515	50,800	7,715	15%
Management fees	404,720	319,492	85,228	27%
Performance fees	159,303	86,604	72,699	84%
Banking service fees and revenues	43,112	51,221	(8,109)	(16%)
Other fees	20,049	16,907	3,142	19%
Commission income	685,699	525,024	160,675	31%
Net interest income	124,833	115,924	8,909	8%
Net income (loss) on investments measured at fair value	225	(232)	457	n.s.
Net financial income	125,058	115,692	9,366	8%
Net life insurance revenues (excluding commissions)	29,234	25,597	3,637	14%
Valuation Equity Method	6,824	7,096	(272)	(4%)
Net income (loss) on other investments	4,914	27,814	(22,900)	(82%)
Impairment of loans	(6,197)	(6,193)	(4)	-
Impairment of other investments	(3,490)	(2,503)	(987)	39%
Net income (loss) on other investments	(4,773)	19,118	(23,891)	n.s.
Other revenues	13,151	13,971	(820)	(6%)
TOTAL REVENUES	855,193	706,498	148,695	21%
Network commission expenses	(253,459)	(210,667)	(42,792)	20%
Other commission expenses	(30,613)	(26,190)	(4,423)	17%
Administrative expenses	(245,833)	(228,671)	(17,162)	8%
Amortisation and depreciation	(12,027)	(10,242)	(1,785)	17%
Net provisions for risks and charges	(34,307)	(15,907)	(18,400)	116%
TOTAL COSTS	(576,239)	(491,677)	(84,562)	17%
PROFIT BEFORE TAX	278,954	214,821	64,133	30%
Taxes	(51,537)	(49,879)	(1,658)	3%
NET PROFIT (LOSS) FOR THE PERIOD	227,417	164,942	62,475	38%

(*) This income statement has been prepared according to a scheme that reflects the Group's management system that provides for the reclassification of the components of net profit before tax by nature and exposing financial income and expenses related to assets and liabilities for which the investment risk is borne by policyholders in the item "Net life insurance revenues".

Summary of HY Business Performance

€/m	June 30, 2015	June 30, 2014	Change	% change
Gross profit	279.0	214.8	64.2	30%

The increase in the result for the period (Euro +64.2 million) was mainly driven by strong growth in commission income (Euro +160.7 million) partially offset by the increase in overall costs for Euro +84.6 million.

€/m	June 30, 2015	June 30, 2014	Change	% change
Commission income	685.7	525.0	160.7	31%

The increase in commission income (Euro +160.7 million) is mainly attributable to the growth in recurring revenues represented by the management fees resulting from net inflows in mutual funds (Euro +85.2 million) and the increase in performance fees (Euro +72.7 million).

€/m	June 30, 2015	June 30, 2014	Change	% change
Net financial income	125.1	115.7	9.4	8%

Growth in net financial income mainly due to the improvement in net interest income (Euro +8.9 million).

€/m	June 30, 2015	June 30, 2014	Change	% change
Valuation Equity Method	6.8	7.1	(0.3)	(4%)

The contribution of investments in equity is substantially in line with the comparative period. The results of Mediobanca are related to Q1 2015 as no data is available updated as at June 30, 2015 at the date of preparation of this report.

€/m	June 30, 2015	June 30, 2014	Change	% change
Net income (loss) on other investments	(4.8)	19.1	(23.9)	n.s.

Sharp decrease in net income from other investments (Euro -23.9 million), primarily related to lower net gains on disposals from financial assets available for sale (Euro -19.2 million).

€/m	June 30, 2015	June 30, 2014	Change	% change
Network commission expenses	(253.5)	(210.7)	(42.8)	20%

Higher commission expense mainly attributable to the growth in assets under management as well as for incentives to the sales network in relation to the sharp growth in net assets under management for HY1 2015.

€/m	June 30, 2015	June 30, 2014	Change	% change
Administrative expenses	(245.8)	(228.7)	(17.1)	8%

Increase in administrative expenses for Euro 17.1 million due mainly to higher personnel expenses as a result of the higher workforce (+154 employees vs. the comparative period) and higher administrative expenses in relation to the increase in expenses for information systems (Euro +3.3 million) following the development of new technologies at the service of customers.

€/m	June 30, 2015	June 30, 2014	Change	% change
Net provisions for risks and charges	(34.3)	(15.9)	(18.4)	116%

Increase in net provisions mainly driven by non-recurring expenses of the Spanish subsidiary Banco Mediolanum for a legal dispute for events dating back to 1988-1993 (Euro +11.2 million). The remainder of the higher allocations is attributable to the update of the assumptions and rates recorded for the evaluation of provisions for contractual obligations to the sales network, in particular following the progressive reduction in the turnover rate of the sales network.

€/m	June 30, 2015	June 30, 2014	Change	% change
Taxes	(51.5)	(49.9)	(1.6)	3%

Taxes for the HY grew to a lesser extent than the growth in gross profit, both as a result of higher taxable income generated by Irish companies and the new tax regulations introduced for IRAP purposes. The allocation to the tax dispute for the period due to higher fees rebated increased by Euro +8.5 million.

Half-Year Report on Operations

Half-Year Report on Operations

The Mediolanum Group closed HY1 2015 with a net profit of Euro 227.4 million recording a growth of Euro +62.5 million compared to the net profit in HY1 2014 amounted to Euro 164.9 million.
The sharp increase in commission income (Euro +160.7 million) and the improvement in net financial income (Euro +9.4 million) led to the good results of the HY. In particular, the growth in assets recorded higher management fees, which showed a rise of Euro +85.2 million. With regard to performance fees, there was an increase of Euro +72.7 million compared to HY1 2014.
Revenue growth was partially offset by lower net income from other investments (Euro -23.9 million) due to lower gains on disposal of assets available for sale compared to the first half of 2014.
In the reporting HY, there was also an increase in fees paid to the network (Euro +42.8 million), administrative expenses (Euro +17.1 million) and net provisions for risks and charges (Euro +18.4 million).

The macroeconomic environment

In the first half of 2015, the performance of financial markets was mainly influenced by expectations and macroeconomic data disclosed, the monetary policy decisions of the major central banks and the evolution of the negotiations between Greece and creditor institutions, just before some important deadlines of loans granted by the IMF. In the recent World Economic Outlook Update of the IMF in July, world growth expected in 2015 has been adjusted to 3.3% (3.4% in 2014) from the previous estimate of 3.5%, with increased contribution of industrialized countries of 2.1% (1.8% in 2014) from the previous 2.4% and decreased contribution of emerging countries of 4.2% (4.6% in 2014) from the previous 4.3%. In particular, growth in 2015 is estimated in the US at 2.5% (2.4% in 2014), the Eurozone at 1.5% (0.8% in 2014), in Japan at 0.8% (-0.1% in 2014). In 2015, we are seeing in Spain upon confirmation of the exit from the recession occurred in 2014 (-1.2% in 2013, +1.4% in 2014, +3.1% from the previous estimate of +2.5% in 2015) and in Italy at the end of the economic slowdown of the last three years (-2.4% in 2012, -1.7% in 2013, -0.4% in 2014 and +0.7% from the previous estimate of 0.5 % in 2015); gross domestic product in Germany is expected at 1.6% (+1.6% in 2014) and in France at 1.2% (+0.2% in 2014). Among the main emerging markets, growth is expected to remain high in Asian countries (6.8% in 2014 and 6.6% in 2015), with a reduction in China (7.4% in 2014 and 6.8% in 2015) and an increase in India (7.3% in 2014 and 7.5% in 2015), negative in Brazil (0.1% in 2014 and -1.5% in 2015) and in Russia (0.6% in 2014 and -3.4% in 2015); Mexico will continue to benefit from the US economic improvement (2.1% in 2014 and 2.4% in 2015).
During the meeting held January 22, the European Central Bank announced the launch of a massive program of bond purchases (Quantitative Easing), an unconventional monetary stimulus measure to stem the risk of deflation and boost the Eurozone economy. The so-called Public Sector Purchase Program (PSPP) started to all effects Monday, March 9 will continue as at least until September 2016, or as at least until the medium-term inflation returns to a level close to 2%; the program provides for the purchase, on the secondary market, of European government securities or issued by supranational agencies and institutions, with investment grade ratings and maturities of between two and thirty years. Greek and Cypriot securities, as non-investment grade, will thus be excluded from the PSPP, as long as their adjustment programs remain under review and the exception will not be reinstated for eligibility of these instruments for use as collateral at the ECB. In the meeting of June 3, President

Draghi stressed that the European economy has been showing signs of recovery in recent months, supported mainly by domestic demand, and that the trend in consumer prices, after reaching a minimum level earlier this year, has slightly recovered ground: inflation estimates have been revised upwards for the current year (+0.3%), but remained unchanged for the following two years (+1.5% and +1.8%). The improvement in inflation expectations in the medium to long term has likely been among the factors that led, from the end of April, to a sharp correction in the prices of European government bonds, including those of the core countries, with a consequent increase in interest rates. With reference to this "re-pricing", President Draghi cited several possible explanations, stating in each case the need to get used to higher levels of volatility, in spite of which the Executive Council has however stated it is determined to maintain its monetary policy approach stable.

In the United States, the third Quantitative Easing program ended and investor attention is focused on the timings of the future rise in interest rates on federal funds. At its meeting of June 17, the FOMC left interest rates unchanged between 0% and 0.25%, in line with analysts' expectations. In its statement, the central bank said that economic activity is in moderate expansion and that, compared to the initial forecasts, a more gradual rise in interest rates and a more subdued growth of gross domestic product is expected.

In the monetary policy meeting on June 18, the Bank of Japan confirmed the monetary stimulus in place, that is the plan for the purchase of financial assets for an annual amount of 80,000 billion yen (about 660 billion dollars). Inflation, excluding the direct effect of the increase in consumption tax, remains around 0%, while long-term expectations rose slightly, providing a positive signal in order to achieve the target of 2%.

On January 15, the Swiss Central Bank decided to remove the minimum level at 1.20 on the Euro/Swiss Franc exchange rate, set in 2011 in order to counter the excessive appreciation of the Swiss currency, exploited by investors as "safe haven", and thus protect national economic interests avoiding a collapse in exports. Simultaneously, to avoid an excessive effect of monetary tightening, it lowered the interest rate on demand deposits over a certain amount of 0.5% to -0.75%.

In the second quarter, the continued tensions related to the Greek issue continued to cause uncertainty and volatility in financial markets. After the victory of the radical left Syriza party in the parliamentary elections of January 25, a draft agreement had been defined with the creditor institutions on the occasion of the Eurogroup of February 20, which subordinated the release of the last tranche of the second bail-out plan (Euro 7.2 billion) to the commitment, by the Greek government, to define a series of reforms in favour of the recovery of the country's economic conditions. In this regard, however, despite several discussions in recent months between representatives of the Greek government and the European Commission, European Central Bank and International Monetary Fund, the issue has become increasingly significant over time given the volume of maturities of previous loans planned, especially in June for the IMF.

The situation of Greek banks has also become increasingly precarious because of rising outflows of deposits that have made vital recourse to the emergency fund made available by the ECB ("ELA" Emergency Liquidity Assistance), whose maximum amount was accordingly raised repeatedly in recent months. Following the refusal by the Greek Government of the proposal from creditors on June 26, Prime Minister Tsipras announced the launch of a referendum held on July 5, through which Greeks were directly called upon to express themselves on the acceptance of creditors' requests. The result was a clear victory for 'no' (with 61% of the votes) and displaced the polls that predicted a substantial equality between the two alternatives. As of June 29, the Greek Central Bank introduced capital controls (with maximum daily withdrawal of Euro 60 and restrictions on money transfers abroad), to prevent a haemorrhage of deposits from the banking system, and announced the temporary closure of banks, causing serious impacts on the Greek economic fabric, while the ECB decided not to further raise the maximum amount on the ELA and increase, instead, the haircut applied on securities pledged as collateral. Despite the outcome of the referendum, negotiations resumed following an official request from Greece to the ESM (European Stability Mechanism) fund for a new three-year bail-out plan, the details of which seem, pending a final conclusion of the negotiations, to largely trace creditors' proposals of June 26 (recently rejected by the referendum).

Over time, investor attention may turn to the uncertainty regarding the outcome of the referendum proposed for 2017 regarding the belonging of the United Kingdom to the European Union, which could lead to the postponement of some long-term overseas investments. The latest surveys suggest a limited favourable advantage of belonging to the EU, but with the majority of the population still undecided.

From the observation of the major economic data recently released, it emerges that growth in the USA in Q1 2015 was equal to -0.2% qoq (annualized), in line with analysts' expectations, however less than the figure of the previous quarter of +2.2%. In the Eurozone, growth in the same period, according to preliminary estimates, amounted to +0.4% qoq (not annualized), in line with analysts' expectations and with the figure for the previous quarter.

In terms of production in HY1, the index disseminated by the Institute for Supply Management (ISM) confirms in the US a level above the expansion threshold of 50 both in industrial production (53.5 in June, 51.5 in March, 53.5 in January) and in services (56.0 in June, 56.5 in March, 56.7 in January). Even in the Eurozone, the Purchasing Managers Index (PMI) continues to signal the presence of an expansionary phase of the economic cycle, both in manufacturing (52.5 in June, 52.2 in March, 51.0 in January) and in services (54.4 in June, 54.2 in March, 52.7 in January).

In the UK, the increase of the same index confirms the expansion in manufacturing (51.4 in June, 54.3 in March, 52.9 in January). The Tankan Business Conditions Large Enterprises Manufacturing index by the Bank of Japan, rose from +12 in Q1 to +15 in Q2 (+12 expectations); in China, the official manufacturing PMI index (50.2 in June from 50.1 in March and 49.8 in January) has returned in recent months over the expansionary threshold of 50, while the PMI index by HSBC (49.4 in June from 49.6 in March and 49.7 in January) has continued to remain at slightly below the threshold, confirming analysts' expectations regarding lower growth than in recent years.

The unemployment rate in the Eurozone showed a slightly downward trend earlier in the year, going from 11.3% in January to 11.2% in March and 11.1% in May. In detail, unemployment in Italy was 12.4% (from 12.6% in March and 12.3% in January) and in Germany 6.4% in June (from 6.4% in March and 6.5% in January).

The recent prolonged negative economic phase, the current uncertain economic expansion and the decline in the prices of energy commodities limit inflationary pressures in most countries.

From January 1 to June 30, the US and German government curves in Q1 recorded a general reduction of yields and, in the following quarter, a "repricing" at higher levels: in the US, interest rates went from 0.66% at the beginning of the year to 0.56% as at March 31 and 0.64% as at June 30 on two-year maturity and from 2.17% to 1.92% and 2.35% on ten-year maturity, while in Germany changes have been even more significant due to the start of the QE (from -0.098% at the beginning of the year to -0.252 as at March 31 and -0.227% as at June 30 on 2-year maturity, from 0.017% to -0.100% and 0.075% at 5 years, from 0.541% to 0.180% and 0.764% at 10 years, from 1.389% to 0.605% and 1.572% at 30 years).

In the HY, the Italian government curve recorded a symmetric trend: from 0.289% to 0.022% and 0.145% at 1 year, from 0.534% to 0.195% and 0.439% at 2 years, from 0.952% to 0.548% and 1.249% at 5 years, from 1.890% to 1.242% and 2.334% at 10 years and from 3.228% to 2.063% and 3.289% at 30 years. The spread between Italian and German debt went from 135 to 106 and 157 basis points on ten-year maturity and from 63 to 45 and 67 of two-year maturity; the spread between Spanish and German debt went from 107 to 103 and 154 basis points on ten-year maturity and from 50 to 30 and 66 basis points on two-year maturity. In Q2, the dynamics of government yields of peripheral Eurozone countries were clearly affected by the negative evolution of the financial crisis in Greece.

In the HY, even the high yield and emerging bond markets showed an initial reduction and a subsequent rise in yields, however with a lower volatility compared to government bonds.
Yields in emerging markets ranged on average from 6.15% at the beginning of 2015 to 5.99% March 31 and 6.205% June 30 (JPMorgan Emerging Markets Bond Index EMBI Global Sovereign Yields, JPEGSOYD Index) and in high yield markets from 6.61% at the beginning of 2015 to 6.18% March 31 and 6.57% June 30 (Barclays US Corporate High Yield Yield To Worst, LF98YW Index).
Three-month Euribor went from the listing of 0.078% as at December 31 to the listing of 0.019% as at March 31 and -0.014% as at June 30; three-month US Libor went from the listing of 0.25560% as at December 31 to the listing of 0.27075% as at March 31 and 0.28320% as at June 30.
From the beginning of the year as at June 30, in the USA the S&P500 and the Nasdaq Composite respectively recorded a positive performance of +0.2% and +5.3%; in the same period, the European stock markets on average benefited from a significant increase of +11.3%.
The emerging stock markets have realized on average a slightly positive result of +1.7% (MSCI EM index in USD), while Tokyo Stock Exchange listings recorded a significant improvement (Nikkei225 +16.0%). During Q2, in the US the S&P500 (-0.2%) and the Nasdaq Composite (+1.75%) outperformed European markets, which decreased by -4.0% on average. In Q1, the economic differential between the two geographic areas (especially in terms of employment) and the divergent monetary policies of the European Central Bank and the Federal Reserve have been the origin of the significant strengthening of the US dollar to the Euro (from 1.2098 as at December 31 to 1.0731 as at March 31). In particular, the acceleration of the strengthening that we have seen in recent months incorporated first expectations and then the confirmation of the implementation of Quantitative Easing by the European Central Bank and speculations on the timing of the first hike of the target on federal funds rates in the USA. In Q2, the listing of the Dollar showed a greater relative stability (1.1147 as at June 30).
The yen has returned to strengthen against the Euro, from the listing of 144.85 as at December 31 to 136.54 as at June 30, while it depreciated against the dollar, from 119.78 as at December 31 to 122.50 as at June 30.
Following the unexpected decision adopted on January 15, of the Swiss Central Bank to remove the minimum level of 1.20 on the exchange rate of the Franc against the Euro, the latter has undergone a rapid and substantial depreciation and, after a period of high volatility, closed the HY at 1.04184.
In HY1, the Brent (Bloomberg European Dated Brent Forties Oseberg Ekofisk Price, EUCRBRDT Index) went from the listing of 55.76 at the beginning of 2015 to that of USD 53.34 as at March 31 and 61.36 as at June 30, showing a relative stability after the historic correction recorded in 2014 (USD 110.82 as at December 31, 2013). Gold (Gold Spot Price, GOLDS Comdty) went from the listing of USD 1184.86 per ounce at the beginning of 2015 to 1183.68 as at March 31 and 1172.35 as at June 30, showing a substantial stability in Q2.

The banking market[1]

Funding

According to preliminary estimates by SI-ABI in May 2015, deposits in Euro from customers of all banks in Italy, represented by resident customer deposits and bonds (net of those repurchased by banks) decreased by about 23.4 billion on an annual basis showing an annual change of -1.4% (-1.6% in April 2015; -0.6% in May 2014). More specifically, funding from resident customers was Euro 1,704 billion; before the start of the crisis – at the end of

[1] Source: ABI Monthly Outlook – Performance Summary – June 2015.

2007 – the amount of bank deposits were about Euro 1,513 billion (+191.3 billion from the end of 2007 to date); as follows: 1,000.5 billion of customer deposits (+282.3 billion from the end of 2007 to date) and 512.2 billion of bonds (-91 billion since 2007). The observation of the various components shows the clear gap between short-term and medium/long-term sources. Deposits from resident customers in May 2015 recorded a growth equal to +3.8% (+3.7% in April 2015), an increase in absolute value on an annual basis of approximately Euro 46.9 billion. The amount of funds reached a level of 1,282.8 billion at the end of May. The annual change of the bonds amounted to -14.3% (-14.6% in April 2015), showing a decrease in absolute value on an annual basis of Euro 70.3 billion. The amount of bonds amounted to Euro 421.1 billion. In April 2015, after over 40 months for the fourth consecutive month, the trend for deposits abroad returned to positive: in particular, those of Italian banks totalled about Euro 330 billion, 8.7% higher than a year earlier (+3.8% in the previous month).
With regard to the average remuneration of bank deposits in the first five months of 2015 there has been a slight decline. The harmonized statistics of the European System of Central Banks observe that the average rate on deposits from customers (which includes the return of deposits, bonds and repurchase agreements in Euro applied to households and non-financial companies) was 1.33% in May 2015 (1.35% in April 2015; 2.89% at the end of 2007). The rate on deposits in Euro applied to families and non-financial companies decreased slightly to stand at 0.60% (0.62% in April 2015), that of bonds settled at 3.07% (3.07% also in April 2015), and the rate on repurchase agreements at 1.20% (1.22% the previous month).

Bank commitments

In May 2015, the trend in bank loans showed an improvement – albeit still negative – over its annual trend; based on preliminary estimates, total loans to residents in Italy is at Euro 1,815 billion, marking an annual change of -1.1% (-1.1% also in the previous month). Loans to Italian residents to private sector improved slightly (-1.4% in May 2015, -1.6% the previous month). At the end of May 2015, they amounted to Euro 1,544.6 billion (1,450 billion at the end of 2007, about +94.5 billion since then to date). Loans to households and non-financial companies also at the end of May 2015 amounted to about Euro 1,403 billion, recording a slightly negative change of -0.6% year on year, the best result since May 2012 (-0.9% in April 2015; -0.3% Eurozone average in April 2015).
At the end of 2007, these loans amounted to 1,279 billion, with an increase in the period of over 124 billion in absolute value. Therefore, all three aggregates of loans show a recovery over the negative peak recorded in November 2013. In May 2015, interest rates on loans stood at very low levels in Italy. The reports of the SI-ABI show that the weighted average rate on total loans to households and non-financial companies developed by ABI in May 2015 amounted to 3.44% (record low), 3.49% the previous month; 6.18% at the end of 2007.
The rate on new loans in Euro to non-financial companies stood at 2.10%, the lowest figure since May 2010 (from 2.28% in April 2015, 5.48% at the end of 2007). The rate on loans in Euro to households for house purchase stood at 2.68% (2.63% the previous month, marking the lowest level since September 2010).

Non-performing bank loans

In April 2015, gross non-performing loans aggregated to Euro 191.6 billion, increasing by Euro 2.1 billion over March 2015 and about 25.1 billion versus the end of April 2014, up about 15.1% year on year (+24.9% in April 2014). The ratio of non-performing loans to total loans came to 10% in April 2015, the highest value in the past twenty years: at the end of 1996 it had reached 9.9% (8.8% a year earlier; 2.8% at the end of 2007, prior to the start of the crisis), reaching 16.8% for smaller operators (14.9% in April 2014), 16.9% for companies (14.2% a year earlier) and 7.2% for households (6.5% in April 2014). With regard to non-performing loans net of write-downs, in April 2015 they amounted to about Euro 82.3 billion, an increase compared to 80.9 billion the previous month. Compared to the same month the previous year they increased by about 5.5 billion (+7.2% annual increase, slowing compared to 15.5% a year earlier). The ratio of net non-performing loans to total loans was 4.56% (4.42% as at March 2015 and 4.23% as at April 2014).

The insurance market[1]

From an initial estimate prepared by ANIA, in the first five months of 2015, new individual life insurance inflows in Italy from Italian companies and representatives of companies outside the EU, including the additional single premiums, amounted to Euro 46.4 billion, 20% more than the volumes achieved in the first five months of the previous year.
Also considering the new premiums of EU sample companies, with premiums in the five months of Euro 7.9 billion (+25.9% compared to the 2014 figure), total new life business amounted to Euro 54.3 billion, 20.8% more than the same period the previous year.
With regard to Italian and non-EU companies, in the first five months of 2015, class I premiums related to new individual policies amounted to Euro 29.9 billion, down (-3.4%), for the first time since 2013 compared with the same period the previous year.
Inflows of new premiums on Class V policies were also positive and amounted to Euro 1.5 billion, an increase of 33.7% compared to the first five months of 2014.
The remaining portion of new life production was represented by class III premiums (only unit-linked), which reached Euro 15.0 billion from the beginning of the year (+128.2%).
Contributions related to new individual adhesions to pension schemes, totalling Euro 405.6 million, decreased slightly over the first five months of 2014 (-0.2%).

Mediolanum Group’s performance

Net inflows for the HY for the domestic market had a positive balance of Euro +2,333.3 million versus Euro +2,148.9 million in the HY of comparison (+9%).
With particular reference to Banca Mediolanum net inflows for the HY were positive for Euro +2,173.3 million compared to Euro +1,890.3 million in HY1 of the previous year (+15%), of which Euro +2,195.0 million referring to AuM.

[1] Source: ANIA TRENDS – Life New Production – May 2015.

More specifically, net inflows in mutual funds, either through direct investment or through investments in unit-linked policies, showed a balance of Euro +2,711.9 million (June 30, 2014: Euro +2,309.0 million). The product "My Life", launched by Mediolanum Vita in Q1 2014, recorded a sharp growth of Euro +1,044.8 million over the comparative period.
Net inflows in other life insurance products, with the exception of unit-linked and Freedom policy, were rather negative for Euro -295.5 million (June 30, 2014: Euro -465.0 million).
The Mediolanum Plus policy, linked to the Freedom account, continues to record a negative balance, which amounted to Euro -288.9 million, a decrease of Euro -149.1 million over the comparative period.
Assets under administration recorded a negative balance for Euro -21.7 million compared to a positive balance of Euro +298.3 million in HY1 2014. Excluding the Freedom policies, net inflows for AuA were positive for Euro 267.1 million compared to a positive balance of Euro +736.4 million in HY1 2014.
As at June 30, 2015, total assets managed by the Mediolanum Group achieved the balance of Euro 69,841.0 million, with a growth of Euro +5,383.9 million compared to the balance at the end of 2014 (December 31, 2014: Euro 64,457.1 million) and Euro +8,557.3 million compared to the balance as at June 30, 2014 (June 30, 2014: Euro 61,283.7 million).

The number of Banca Mediolanum Family Bankers has reached 4,393 compared to 4,386 as at December 31, 2014 also recording a low turnover. The portfolio average per capita managed per Family Banker amounted to approximately Euro 13.1 million. The number of private bankers is equal to 404 with an average portfolio per capita, which stood at Euro 32.1 million.

HY Commercial Initiatives

Promotional interest rates on Freedom Più/Freedom One current accounts remained high (from 1.70% in January, up to 1.50% in effect as at June 30, 2015) compared to the money market trends in HY1 2015, which reached rates close to 0 (for example, Bot auction in April 0.013%). At the same time, the rates on the "Freedom Più" current account, which remains the main instrument to attract new customers who want to combine complete banking operations with a high return on deposits, were particularly competitive (1.10% as at June 30, 2015) compared to those offered by other Italian banks (in April 2015, the average interest rate paid on current account deposits amounted to 0.17% - source: Bank of Italy).
Overall, the strategy of acquiring customers through the banking offering has performed well with a growth in new openings of accounts in line with the growth of the previous year (around 60,000 new account openings in the period in question). In HY1, banking customer loyalty also continued with the percentage of account holders who use Banca Mediolanum as "first bank" reaching 58%.

In June 2015, capitalizing on all the very best of the Freedom offer, MyFreedom was created, the new current account of Banca Mediolanum capable of intercepting all the various customer segments and adapting over time to the changing economic needs of savers. By opening a MyFreedom account, customers can choose the account profile that best suits their needs among those proposed (One, Premium and Young) and customize the account along with the Family Banker through an innovative configurator that allows not only adding the classic banking services (payment instruments, credit cards, files) but also a new modular protection policy (MyFreedom Protection) and a pre-approved credit limit (MyFreedom Fido) reserved for new customers and available on the current account from opening.

MyFreedom can be opened through an innovative technology platform that allows computerising the entire process. Thanks to digital signature, the account is opened within 24 hours also for prospect customers. The guided procedure, which allows avoiding completion errors, reduces to a minimum the interventions for loading claims thereby saving time and resources.

In terms of Loans, in HY1 2015, the competitive positioning of Banca Mediolanum mortgages was always at the top of the market: in particular, in June a "special" offer was launched, which led spreads to fall to 1.40%.
In terms of disbursements, pending the strong drive in Q3 due to the special offer, HY1 saw disbursements of Euro 432 million (+2% compared to the same period of 2014) also thanks to the contribution of the Riparti Italia initiative, which was launched in 2013 and relates to mortgages and loans for building renovation on very favourable terms (ongoing special offer at spread 1.40%) and continues to support Customers that can also be eligible for all 2015 of the important tax incentives in force.

As regards loans and overdrafts, HY1 has recorded significant growth over the previous year. Loans were in fact disbursed for Euro 265 million, an increase of +48% compared to 2014 and credit lines for Euro 239 million, an annual growth rate of 32.7% over the previous year. This growth is due to the very competitive pricing positioning with respect to the consumer loan market and some commercial campaigns launched during the year.

Consolidated Inflows, Assets under Management and Assets under Administration

Net inflows

€/m	June 30, 2015	June 30, 2014	Change
ITALY			
Funds and unit-linked products	2,711.9	2,309.0	17%
of which directly in funds	1,539.5	2,106.9	(27%)
of which "My Life" unit-linked	1,347.3	302.5	n.s.
of which other unit-linked	(174.9)	(100.4)	74%
Other Life insurance products (*)	(295.5)	(465.0)	(36%)
Total managed assets inflows	2,416.4	1,844.0	31%
Third-party structured bonds	(221.3)	(252.0)	(12%)
Total managed assets + third-party structured bonds	2,195.0	1,592.0	38%
Administered assets	267.1	736.4	(64%)
"Freedom" life policies	(288.9)	(438.0)	(34%)
Total administered assets including "Freedom" policies	(21.7)	298.3	n.s.
BANCA MEDIOLANUM	2,173.3	1,890.3	15%
BANCA ESPERIA GROUP (**)	159.9	258.6	(38%)
Total ITALY	2,333.3	2,148.9	9%
SPAIN	308.4	190.0	62%
GERMANY	(3.9)	(10.8)	(64%)
TOTAL FOREIGN MARKETS	304.5	179.2	70%
TOTAL NET INFLOWS	2,637.8	2,328.1	13%

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

Assets under management & administration

€/m	June 30, 2015	Dec. 31, 2014	June 30, 2014
ITALY			
Funds and asset management and unit-linked policies	39,404.8	35,332.8	32,425.7
"Freedom" life policies	685.5	974.3	1,284.3
Other insurance products	1,907.0	2,147.0	2,368.6
Banking products (*)	15,140.5	14,578.9	14,359.9
BANCA MEDIOLANUM	57,137.7	53,033.0	50,438.4
BANCA ESPERIA GROUP (**)	8,805.9	7,957.0	7,754.5
Total ITALY	65,943.6	60,990.0	58,192.9
SPAIN	3,382.2	2,983.1	2,646.9
GERMANY	515.3	484.0	443.9
TOTAL FOREIGN MARKETS	3,897.5	3,467.1	3,090.8
TOTAL ASSETS UNDER MANAGEMENT AND ADMINISTRATION	69,841.0	64,457.1	61,283.7

(*) The figures relating to consolidated Assets under Administration refer 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%.

Inflows and Assets under Management by operating segments

Italy - Banking

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

€/m	June 30, 2015	Dec. 31, 2014	Change (%)
Customer deposits	11,943.2	11,379.8	5%
Banca Mediolanum bonds	183.7	272.1	(32%)
Third-party structured bonds	1,139.3	1,044.2	9%
Securities in custody and under administration	1,853.1	1,882.4	(2%)
Repurchase agreements	21.2	0.4	n.s
Total assets under administration	15,140.5	14,578.9	4%

The number of current accounts amounted to 800,330, of which 111,174 deposit accounts, an increase of 25,881 units compared to the figures of year-end 2014.

Italy - Asset management

Gross inflows in mutual funds and assets managed amounted to Euro 7,037.8 million, an increase of 44% compared to the balance of the same period the previous year for Euro 4,902.7 million, mainly due to the growth in gross inflows of "Best Brands" Funds and in My Life policy.

Gross inflows

€/m	June 30, 2015	June 30, 2014	Change (%)
"Best brands" funds of funds	3,340.9	2,028.2	65%
"Challenge" funds	439.9	281.9	56%
Other Italy-based mutual funds	984.5	1,734.3	(43%)
Third-party funds and others managed	368.8	61.2	n.s.
Total direct inflows in mutual funds	5,134.1	4,105.6	25%
Funds included in "My Life" unit-linked	1,401.0	303.3	n.s.
Funds included in "Other" unit-linked	502.6	493.8	2%
Total indirect inflows in mutual funds	1,903.6	797.1	139%
Total mutual funds and management	7,037.8	4,902.7	44%

Net inflows

€/m	June 30, 2015	June 30, 2014	Change (%)
"Best brands" funds of funds	1,188.6	776.9	53%
"Challenge" funds	(58.7)	(80.6)	(27%)
Other Italy-based mutual funds	160.8	1,409.3	(89%)
Third-party funds and others managed	248.7	1.3	n.s
Total direct inflows in mutual funds	1,539.5	2,106.9	(27%)
Funds included in "My Life" unit-linked	1,347.3	302.5	n.s
Funds included in "Other" unit-linked	(174.9)	(100.4)	74%
Total indirect inflows in mutual funds	1,172.4	202.1	n.s
Total mutual funds and management	2,711.9	2,309.0	17%

The analysis of assets managed in Mutual Funds, on a management basis, is set out in the table below:

€/m	June 30, 2015	Dec. 31, 2014	June 30, 2014
"Best brands" funds of funds	16,011.8	13,819.0	12,806.2
"Portfolio" funds of funds	406.6	459.8	506.1
"Challenge" funds	13,623.7	13,386.6	12,815.2
Hedge funds of funds	146.7	166.2	178.2
Other Italy-based mutual funds	6,855.9	6,311.8	5,377.5
"Real estate" funds	410.1	416.2	422.0
Third-party funds and others managed	1,257.1	528.7	437.1
Adjustments for Group funds included in funds of funds and managed	(486.7)	(508.9)	(537.0)
Funds included in "My Life" unit-linked	2,924.6	1,539.9	301.2
Funds included in "Other" unit-linked	11,844.2	11,374.3	10,960.7
Adjustments for own funds included in unit-linked	(13,589.2)	(12,160.8)	(10,841.5)
Total asset management and mutual fund	39,404.8	35,332.8	32,425.7

As at June 30, 2015, there was an increase in assets under management reaching the balance of Euro 39,404.8 million, an increase of Euro +4,072 million compared to the figure at the end of the previous year, mainly due to the growth in assets relating to "Best Brands" funds (Euro +2,192.8 million compared to December 31, 2014).

Italy - Insurance

LIFE

Total assets managed went from Euro 15,061.3 million at the end of 2014 to Euro 16,675.8 million at the end of the HY under review, recording an increase of +10.7%.

€/m	June 30, 2015	Dec. 31, 2014	June 30, 2014
Unit-linked life products	14,768.8	12,914.2	11,261.9
Index-linked life products	629.8	881.8	1,132.0
Traditional life products	1,277.2	1,265.2	1,236.6
Total life products (ex. "Freedom")	16,675.8	15,061.2	13,630.5
"Freedom" life policies	*685.5*	*974.3*	*1,284.3*

The table below shows the breakdown of inflows as at June 30, 2015:

€/m	June 30, 2015	June 30, 2014	Change
Recurring premiums	24.7	29.4	(16%)
Single premiums and group policies	1,493.5	358.3	n.s.
Total new business	1,518.2	387.7	n.s.
Pension plans in force	228.5	230.7	(1%)
Other business in force	185.3	200.3	(8%)
Total business in force	413.8	431.0	(4%)
Total premiums written (ex. "Freedom")	1,932.0	818.7	136%
"Freedom" premiums	1,096.3	1,479.4	(26%)
Total gross premiums	3,028.3	2,298.1	32%

New business amounted to Euro 1,518.2 million, a sharp increase compared to the same of period the previous year (June 30, 2014: Euro 387.7 million), thanks to higher premiums generated by the policy "My Life". Total portfolio premiums amounted to Euro 413.8 million, down -4% over HY1 2014.

Below is a detailed table of liquidations recorded at the end of HY1 2015:

€/m	June 30, 2015	June 30, 2014	Change
Claims	37	32	16%
Coupons	23	26	(12%)
Maturities	503	595	(15%)
Surrenders	492	429	15%
Amounts paid (ex. "Freedom")	1,055	1,082	(2%)
Amounts paid under "Freedom" contracts	1,389	1,930	(28%)

The total number of liquidations excluding "Freedom" amounted to Euro 1,055 million, substantially in line with HY1 2014 (-2%). "Freedom" liquidations instead show a decrease of 28% compared to the comparative period.

Damages

As at June 30, 2015, the volume of premiums written amounted to Euro 27,679 thousand (Euro 26,174 thousand as at June 30, 2014), an increase of +6%.

The breakdown is as follows:

€/t	June 30, 2015	June 30, 2014	Change
Class-01 Accident	11,527	11,288	239
Class-02 Sickness	9,909	8,919	990
Class-07 Transport	2	2	-
Class-08 Fire	2,168	2,040	128
Class-09 Other damages to assets	1,175	1,166	9
Class-13 General TPL	952	903	49
Class-16 Pecuniary losses	1,519	1,450	69
Class-17 Legal protection	48	53	(5)
Class-18 Assistance	379	353	26
Total work premiums	27,679	26,174	1,505
Total premiums	27,679	26,174	1,505

Spain

€/m	June 30, 2015	Dec. 31, 2014	June 30, 2014
Assets under management and administration	3,382.2	2,983.1	2,646.9
Assets under management	*2,113.1*	*1,887.8*	*1,699.0*
Assets under administration	*1,269.0*	*1,095.3*	*947.9*
Gross inflows AuM	421.8	777.1	406.8
Net inflows	308.4	521.9	190.0
Assets under management	*148.3*	*364.0*	*195.8*
Assets under administration	*160.1*	*157.9*	*(5.8)*

Assets under management amounted to Euro 3,382.2 million compared to Euro 2,983.1 million at the end of 2014, and Euro 2,646.9 million in HY1 2014.
Net inflows for the HY were positive for Euro +308.4 million compared to a balance of Euro +190 million in HY1 2014.

Germany

€/m	June 30, 2015	Dec. 31, 2014	June 30, 2014
Assets under management and administration	515.3	484.0	443.9
Assets under management	*432.6*	*404.6*	*369.8*
Assets under administration	*82.7*	*79.4*	*74.1*
Gross inflows AuM	36.3	67.2	33.8
Net inflows	(3.9)	4.5	(10.8)
Assets under management	*(7.4)*	*(1.5)*	*(11.9)*
Assets under administration	*3.5*	*6.0*	*1.2*

Assets under management as at June 30, 2015 amounted to Euro 515.3 million, an increase of Euro +31.3 million compared to the figure at the end of 2014.
Net inflows in the HY rose from a balance of Euro -10.8 million in HY1 2014 to a balance of Euro -3.9 million at the end of the HY in question.

The sales networks

Category	June 30, 2015	Dec. 31, 2014	June 30, 2014
BANCA MEDIOLANUM	4,393	4,386	4,409
SPAIN	750	749	741
GERMANY	52	60	47
Total	5,195	5,195	5,197

Overall, the sales networks remained unchanged compared with year-end 2014 (5,195). The financial advisors of Banca Mediolanum totalled 4,393 compared to 4,386 at the end of 2014, an increase of 7.

Reclassified Consolidated Income Statement as at June 30, 2015 (*)

€/t	June 30, 2015	June 30, 2014	Change	% change
Entry fees	58,515	50,800	7,715	15%
Management fees	404,720	319,492	85,228	27%
Performance fees	159,303	86,604	72,699	84%
Banking service fees and revenues	43,112	51,221	(8,109)	(16%)
Other fees	20,049	16,907	3,142	19%
Commission income	685,699	525,024	160,675	31%
Net interest income	124,833	115,924	8,909	8%
Net income (loss) on investments measured at fair value	225	(232)	457	n.s.
Net financial income	125,058	115,692	9,366	8%
Net life insurance income (excluding commissions)	29,234	25,597	3,637	14%
Valuation Equity Method	6,824	7,096	(272)	(4%)
Net income (loss) on other investments	4,914	27,814	(22,900)	(82%)
Impairment of loans	(6,197)	(6,193)	(4)	-
Impairment of other investments	(3,490)	(2,503)	(987)	39%
Net income (loss) on other investments	(4,773)	19,118	(23,891)	n.s.
Other revenues	13,151	13,971	(820)	(6%)
TOTAL REVENUES	855,193	706,498	148,695	21%
Network commission expenses	(253,459)	(210,667)	(42,792)	20%
Other commission expenses	(30,613)	(26,190)	(4,423)	17%
Administrative expenses	(245,833)	(228,671)	(17,162)	8%
Amortisation and depreciation	(12,027)	(10,242)	(1,785)	17%
Net provisions for risks and charges	(34,307)	(15,907)	(18,400)	116%
TOTAL COSTS	(576,239)	(491,677)	(84,562)	17%
PROFIT BEFORE TAX	278,954	214,821	64,133	30%
Taxes	(51,537)	(49,879)	(1,658)	3%
NET PROFIT (LOSS) FOR THE PERIOD	227,417	164,942	62,475	38%

(*) This income statement has been prepared according to a scheme that reflects the Group's management system that provides for the reclassification of the components of half-year net profit before tax by nature and exposing financial income and expenses related to assets and liabilities for which the investment risk is borne by policyholders in the item "Net insurance income".

Commission income for the period amounted to Euro 685.7 million compared to Euro 525 million in the comparative HY. This increase is due to growth in assets under management that generated higher management fees (Euro +85.2 million) and market trends that led to higher performance fees (Euro +72.7 million). Moreover, the good performance of net inflows for the period resulted in an increase in fund subscription fees of Euro +7.7 million compared to HY1 2014.

Net financial income (Euro 125.1 million) increased over the HY of the previous period (June 30, 2014: Euro 115.7 million), mainly due to an increase in average bank assets and a reduction in funding costs.

Net income from insurance went from Euro 25.6 million to Euro 29.2 million, of which Euro 11.7 million related to damages products and Euro 11 million mainly due to the "My Life" product.

The **Equity Method evaluation** went from Euro +7.1 million as at June 30, 2014 (Euro 3.1 million Mediobanca, Euro 4 million Banca Esperia), to Euro 6.8 million at the end of the HY under review (Euro 7.0 million Mediobanca, Euro -0.2 million Banca Esperia).

Net income on other investments recorded a negative balance of euro -4.8 million compared to Euro +19.1 million in HY1 2014, for lower gains on AFS financial instruments (Euro 19.2 million in 2014).

Network commission expense went from Euro 210.7 million in June 2014 to Euro 253.5 million at the end of the reporting period primarily due to higher recurring commissions generated by the sustained growth in assets and incentives to the sales network.

Total costs, net of commission expense, amounted to Euro 322.8 million, an increase of Euro +41.8 million compared to HY1 2014 (June 30, 2014: Euro 281 million).

Administrative expenses rose by approximately Euro 17 million for both the increase in personnel costs and the higher costs for IT systems associated with the development of new technologies for customer service and to support the volume growth of banking business.

Amortisation and depreciation increased by Euro +1.8 million, mainly due to higher investments in technology.

The increase in **net provisions for risks and charges** of Euro +18.4 million versus the comparative period is mainly due to an extraordinary provision by the Spanish group Banco Mediolanum for 11.2 million due to the negative outcome of the first instance sentence for embezzlement by parties previously linked to the Fibanc Group (now Banco Mediolanum), and that occurred before (years 1988-1992) the acquisition by the Mediolanum Group; however, Banco Mediolanum intends to an appeal against the outcome of the aforesaid sentence. The remainder is mainly due to the effect deriving from the update of the assumptions used for the evaluation of provisions for contractual obligations to the sales network, and in particular following the progressive reduction in the turnover rate of the sales network.

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

Italy - Banking

€/t	June 30, 2015	June 30, 2014	Change	% change
Banking service fees and revenues	33,994	42,380	(8,386)	(20%)
Other fees	121	202	(81)	(40%)
Commission income	34,115	42,582	(8,467)	(20%)
Net interest income	110,100	100,865	9,235	9%
Net income (loss) on investments measured at fair value	1,473	(4,749)	6,222	n.s.
Net financial income	111,573	96,116	15,457	16%
Net income (loss) on other investments	(4,096)	17,223	(21,319)	n.s.
Other revenues	5,243	5,740	(497)	(9%)
TOTAL REVENUES	146,836	161,662	(14,826)	(9%)
Network commission expenses	(17,682)	(25,396)	7,714	(30%)
Other commission expenses	(7,457)	(6,704)	(753)	11%
Administrative expenses	(115,882)	(109,558)	(6,325)	6%
Amortisation and depreciation	(7,405)	(5,718)	(1,687)	29%
Net provisions for risks and charges	(3,305)	(10,024)	6,719	(67%)
TOTAL COSTS	(151,731)	(157,399)	5,669	(4%)
GROSS PROFIT BEFORE TAX	(4,895)	4,262	(9,157)	n.s.

Gross profit before tax for the Italy - Banking segment recorded a negative balance of Euro -4.9 million compared to a balance of Euro +4.5 million in HY1 of the previous year and mainly reflects lower revenues from the disposal of financial assets available for sale (Euro -19.1 million).

Net financial income stood at Euro 111.6 million, an increase of Euro 15.5 million compared to the comparative period (June 30, 2014: Euro 96.1 million). The change is principally due to the increase in bank assets and the lower cost of overall funding.

Net income on other investments went from Euro +17.2 million to Euro -4.1 million in the reporting period and are attributable to lower profits on financial assets available for sale (Euro -19.1 million).

Commission income amounted to Euro 34.1 million (June 30, 2014: Euro +42.6 million) decreased by 20% due to lower commissions from the placement of third-party structured bonds.

Network commission expenses decreased by 30% to Euro 17.7 million, a reduction of Euro -7.7 million compared to the HY of the previous year.

Other costs in the HY went from Euro 132 million in HY1 2014 to Euro 134 million of the period in review, an increase of Euro +2 million, mainly due to the increase in personnel and IT expenses.

Italy - Asset management

€/t	June 30, 2015	June 30, 2014	Change	% change
Entry fees	52,327	46,433	5,894	13%
Management fees	225,297	187,023	38,274	20%
Performance fees	83,319	55,241	28,078	51%
Other fees	18,300	15,022	3,279	22%
Commission income	379,243	303,719	75,524	25%
Net interest income	20	227	(207)	(91%)
Net income (loss) on investments measured at fair value	–	(4)	4	(100%)
Net financial income	20	223	(203)	(91%)
Net income (loss) on other investments	15	(3)	18	n.s.
Other revenues	138	119	19	16%
TOTAL REVENUES	379,417	304,059	75,358	25%
Network commission expenses	(141,800)	(119,785)	(22,015)	18%
Other commission expenses	(9,026)	(9,298)	273	(3%)
Administrative expenses	(47,548)	(49,661)	2,113	(4%)
Amortisation and depreciation	(358)	(701)	343	(49%)
Net provisions for risks and charges	(12,278)	(3,140)	(9,138)	n.s.
TOTAL COSTS	(211,009)	(182,585)	(28,425)	16%
GROSS PROFIT BEFORE TAX	168,407	121,474	46,933	39%

Gross profit before tax of Italy – Asset Management shows a balance of Euro 168.4 million, compared to HY1 of the previous year for Euro 121.5 million, benefiting from the higher commission recorded in the HY.

Commission income for the HY amounted to Euro 379.2 million, an increase (Euro +75.5 million) compared to the same HY of the previous year (Euro +303.7 million), mainly due to the increase in assets that generated higher management fees (Euro +38.3 million) and higher performance fees (Euro +28.1 million).

Network commission expenses amounted to Euro 141.8 million, an increase of Euro 22 million compared to June 2014, in line with the increase in management fees.

Costs attributable to the segment at the end of the HY recorded an increase of 10%, from Euro 62.8 million in June 2014 to Euro 69.2 million in the period under review, mainly due to higher IT expenses and higher personnel expenses.

Italy - Insurance

€/t	June 30, 2015	June 30, 2014	Change	% change
Management fees	159,068	117,274	41,794	36%
Performance fees	64,261	27,822	36,439	n.s.
Other fees	817	939	(122)	(13%)
Commission income	224,146	146,035	78,111	53%
Net interest income	5,371	6,535	(1,164)	(18%)
Net income (loss) on investments measured at fair value	(1,606)	4,151	(5,757)	n.s.
Net financial income	3,765	10,686	(6,921)	(65%)
Net life insurance income (excluding commissions)	19,433	14,616	4,817	33%
Net income (loss) on other investments	(578)	2,154	(2,732)	(127%)
Other revenues	6,329	7,278	(950)	(13%)
TOTAL REVENUES	253,094	180,769	72,325	40%
Network commission expenses	(76,975)	(50,158)	(26,817)	53%
Other commission expenses	(5,756)	(3,220)	(2,536)	79%
Administrative expenses	(55,047)	(45,484)	(9,563)	21%
Amortisation and depreciation	(3,348)	(2,958)	(390)	13%
Net provisions for risks and charges	(6,551)	(2,430)	(4,121)	n.s.
TOTAL COSTS	(147,676)	(104,250)	(43,427)	42%
GROSS PROFIT BEFORE TAX	105,418	76,520	28,898	38%

Gross profit before tax of the Italy – Insurance segment recorded a balance of Euro +105.4 million over HY1 of the previous year equal to Euro +76.5 million.

Commission income for the HY amounted to Euro 224.1 million (June 30, 2014: Euro 146 million). The positive change in this item compared to the figure of HY1 of the previous year is attributable to the increase in technical reserves of unit-linked products (we note in particular the contribution of My Life product, sold since March 2014), which generates higher management fees (Euro +41.8 million) and the positive performance of the market that led to higher performance fees pertaining to the Life segment (Euro +36.4 million).

Net financial income for the HY was positive for Euro +3.8 million, a decrease of Euro 6.9 million compared to HY1 2014. This change is mainly due to the higher valuation losses on securities measured at fair value.

Net life insurance income, before acquisition costs of investments went from Euro 14.6 million in HY1 2014 to Euro 19.4 million in HY1 2015. This change is attributable to the combined effect of the improved contribution of the Life business (Euro +5 million, mainly due to inflows of My Life product) and the slight decrease recorded in the Damages business (Euro -0.2 million, due to increased claims costs).

Network commission expenses increased by Euro 26.8 million, from Euro 50.2 million in HY1 2014 to Euro 77 million as at June 30, 2015. This change is mainly due to the increase in assets placed, especially the contribution of the Life product My Life, sold since March 2014 which has influenced both the front component and the recurring remuneration from the sales network.

Other costs for the reporting HY amounted to Euro 70.7 million compared to Euro 54.1 million as at June 30, 2014 as a result of indirect costs allocated to the insurance business on the basis of higher trade volumes.

Italy - Other

€/t	June 30, 2015	June 30, 2014	Change	% change
Net interest income	(800)	(3,626)	2,826	(78%)
Net income (loss) on investments measured at fair value	-	1	(1)	(100%)
Net financial income	(800)	(3,625)	2,825	(78%)
Valuation Equity Method	6,824	7,096	(272)	(4%)
Net income (loss) on other investments	-	-	-	n.s.
TOTAL REVENUES	6,024	3,471	2,553	74%
GROSS PROFIT BEFORE TAX	6,024	3,471	2,553	74%

Gross profit before tax of Italy - Other recorded a profit of Euro +6.0 million (June 30, 2014: Euro +3.5 million).

Net financial income at the end of the period was a loss of Euro -0.8 million compared to Euro -3.6 million in the comparative HY (Euro +2.8 million) due to lower indebtedness of Mediolanum S.p.A. and interest rates.

Valuation Equity Method reports for the period under review, the portion of the results of Banca Esperia and Mediobanca (June 30, 2015: Euro -0.2 million Banca Esperia, Euro 7.0 million Mediobanca). It should be noted that the amount recorded in relation to Mediobanca refers to Q1 2015, as at the date of preparation of this report, the value updated as at June 30, 2015 was not yet available.

Spain

€/t	June 30, 2015	June 30, 2014	Change	% change
Entry fees	5,945	4,057	1,888	47%
Management fees	16,602	12,102	4,500	37%
Performance fees	6,423	2,617	3,806	n.s.
Banking service fees and revenues	2,832	2,836	(4)	-
Other fees	569	609	(40)	(7%)
Commission income	32,371	22,221	10,150	46%
Net interest income	10,117	11,599	(1,482)	(13%)
Net income (loss) on investments measured at fair value	289	345	(56)	(16%)
Net financial income	10,406	11,944	(1,538)	(13%)
Net life insurance income (excluding commissions)	8,906	9,479	(573)	(6%)
Net income (loss) on other investments	(107)	(247)	140	(57%)
Other revenues	1,194	691	503	73%
TOTAL REVENUES	52,770	44,088	8,682	20%
Network commission expenses	(14,748)	(13,239)	(1,509)	11%
Other commission expenses	(2,211)	(2,093)	(118)	6%
Administrative expenses	(17,482)	(15,788)	(1,694)	11%
Amortisation and depreciation	(790)	(729)	(61)	8%
Net provisions for risks and charges	(12,173)	(314)	(11,859)	n.s.
TOTAL COSTS	(47,404)	(32,163)	(15,241)	47%
GROSS PROFIT BEFORE TAX	5,366	11,925	(6,559)	(55%)

Commission income increased by Euro +10.2 million from Euro 22.2 million to Euro 32.4 million at the end of the HY under review (+46%). This increase is attributable to management fees that increased by Euro +4.5 million (+37%) and Euro +3.8 million from performance fees.

Net insurance income, before acquisition costs came in at Euro 8.9 million, slightly lower than HY1 2014.

Costs attributable before net provisions for risks and charges of the segment amounted to Euro 35.2 million (June 30, 2014: Euro 31.8 million). Net provisions, an increase of Euro +11.9 million, were affected by non-recurring expenses due to the negative outcome of a first instance sentence as already outlined above.

Germany

€/t	June 30, 2015	June 30, 2014	Change	% change
Entry fees	243	310	(67)	(22%)
Management fees	3,753	3,093	660	21%
Performance fees	5,300	924	4,376	n.s.
Banking service fees and revenues	6,309	6,012	297	5%
Other fees	243	139	104	75%
Commission income	15,848	10,478	5,370	51%
Net interest income	24	324	(300)	(93%)
Net income (loss) on investments measured at fair value	69	24	45	n.s.
Net financial income	93	348	(255)	(73%)
Net life insurance revenues (excluding commissions)	895	1,502	(607)	(40%)
Net income (loss) on other investments	(7)	(9)	2	(22%)
Other revenues	333	178	155	87%
TOTAL REVENUES	17,162	12,497	4,665	37%
Network commission expenses	(2,255)	(2,089)	(166)	8%
Other commission expenses	(6,189)	(4,882)	(1,307)	27%
Administrative expenses	(9,959)	(8,221)	(1,738)	21%
Amortisation and depreciation	(126)	(136)	10	(7%)
TOTAL COSTS	(18,529)	(15,328)	(3,201)	21%
GROSS PROFIT BEFORE TAX	(1,367)	(2,831)	1,464	(52%)

Commission income amounted to Euro 15.8 million compared to Euro 10.5 million in HY1 2014. This change is mainly due to higher performance fees generated by the segment.

Network commission expenses are substantially in line with the previous year.

Other commission expenses were up due to an increase in fees paid to managers for performances recorded in the period (+8%).

Other expenses amounted to Euro 10 million, an increase of about Euro 1.7 million compared to the comparative period.

Merger Plan of Mediolanum S.p.A.

On May 25, 2015, Mediolanum S.p.A. and Banca Mediolanum S.p.A. approved the merger plan regarding the "reverse" merger of the parent company in Banca Mediolanum S.p.A. This transaction will involve the listing of the shares of Banca Mediolanum on the electronic stock market organized and managed by Borsa Italiana S.p.A. ("MTA - Italian Equities Market").
The Merger arises in the context of the rationalization of the structure of the Mediolanum Banking Group following the recent assumption of the role of the parent by the parent company Mediolanum S.p.A. Following the Merger, Banca Mediolanum will return to perform the activities of direction and coordination of the banking group. The Merger achieves the goal of shortening the chain of investors, streamlining organization and management processes, while improving the level of profitability and safeguarding the brands and commercial vocation of the Mediolanum Banking Group that have always been characterized by customer-focus and the values of solidity and security.
The Merger will be carried out by using as reference financial statements, the financial statements prepared as at December 31, 2014 by the Companies approved by Mediolanum S.p.A. and Banca Mediolanum S.p.A.
As a result of the Merger, the current shareholders of Mediolanum S.p.A. will become shareholders of Banca Mediolanum. The Merger Plan provides for the allocation to the shareholders of Mediolanum of 1 (one) ordinary share of Banca Mediolanum for every 1 (one) ordinary share of Mediolanum held by them. The shares of Banca Mediolanum attributed in exchange to those eligible will have dividend rights and give their holders the same rights.
In the context of the Merger, the ordinary shares of Banca Mediolanum are expected to be admitted to listing on the MTA.
The implementation of the Merger plan is subject to the following conditions:

- the issuance of the authorization of the Bank of Italy on the Merger and the subsequent adoption of the New By-laws of Banca Mediolanum, in accordance with articles 56 and 57 of Legislative Decree no. 385/1993, which is a condition for registration of the Merger Plan with the competent companies register;
- the issuance of the admission to listing of the ordinary shares of Banca Mediolanum on the MTA;
- the issuance of the authorization by Consob to publish the Information Prospectus for admission and listing on the MTA of the ordinary shares of Banca Mediolanum;
- and finally that the cash amount that may be paid pursuant to article 2437-quater of the Civil Code to the shareholders of Mediolanum who have exercised their right of withdrawal in relation to the Merger, does not exceed the total amount of Euro 100 million.
  The latter condition is placed in the exclusive interest of Mediolanum, which shall have the right to renounce.

The adoption of the New By-laws of Banca Mediolanum will involve among others a significant change with respect to the activity of Mediolanum and, consequently, the shareholders of Mediolanum S.p.A., which did not participate in the shareholders' resolution approving the Merger Plan will be entitled to exercise the withdrawal pursuant to article 2437, paragraph 1, letter a) of the Civil Code. In any case, the effectiveness of the withdrawal will be subject to the effectiveness of the Merger.
The liquidation value of the Mediolanum S.p.A. ordinary shares for the purpose of withdrawal is Euro 6.611 per share and has been determined with reference to the arithmetic average of the closing prices of the shares in the six months preceding today's date, of publication of the convening of the Extraordinary General Meeting of Mediolanum S.p.A. called to approve the Merger Plan, pursuant to art. 2437-ter of the Civil Code. This value will also be communicated by Mediolanum S.p.A. through a notice published in at least one national daily newspaper in terms of law.

The effects of the Merger, from a statutory perspective, shall start from the date indicated in the Merger deed, which may coincide with or be after the date of the last registration referred to in article 2504-bis of the Civil Code. The transactions of the merged company will be recorded in the financial statements of the merging company with effect from the first day of the fiscal year in progress at the time in which the Merger will be effective in accordance with article 2504-bis of the Civil Code. From the same date, the tax effects shall be effective.
Also on May 25, 2015, the Board of Directors of Mediolanum S.p.A. resolved to call the extraordinary General Meeting for September 29, 2015 on first call, and October 7, 2015 and November 18, 2015 on second and third call.

It should be noted that on July 21, 2015, the Bank of Italy issued the authorization for the merger plan pursuant to art. 57 of the Consolidated Banking Act and the related assessment pursuant articles 56 and 61 of the Consolidated Banking Act regarding the consequential amendments to the by-laws.

Performance of Group companies

The following are the main results achieved by the Group companies in the HY under review.

Banking operations (including Group product distribution)

Banca Mediolanum S.p.A. – The situation of the accounts as at June 30, 2015 showed a net profit of Euro 30.7 million compared to net income for HY1 of the previous year amounted to Euro 86.4 million. The result for the HY, before taxes, instead amounted to Euro 19.6 million compared to Euro 83.2 million in the same period the previous year, a decrease of Euro 63.6 million.

The lower result for the period is mainly due to lower dividends for the period (Euro -41.5 million), lower gains realized on the sale of financial assets available for sale (Euro -18.6 million) and the increase in administrative expenses (Euro +12.6 million).
In particular, the dividends of the subsidiaries are Euro 40.3 million lower than the comparative period, as the previous year benefited from the extraordinary distribution of reserves by the Spanish subsidiary Banco Mediolanum (Euro -31.8 million vs. the comparative period).

Banco Mediolanum Group SA. – The Spanish banking group ended the HY with a negative consolidated profit of Euro -1.8 million compared to a profit of Euro +6.2 million in HY1 2014. The negative result was entirely attributable to a provision for a lawsuit, which affected the result for the period for Euro 11.2 million (Euro -7.8 million already net of the related tax effect).
Net inflows for AuM products recorded a positive balance of Euro +148.3 million versus Euro +195.8 million in HY1 of the previous year. With regard to assets under administration, the half year under review recorded a positive balance of Euro 160.1 million compared to a negative balance of Euro -5.8 million in the same period the previous year.
As at June 30, 2015, total assets under management and under administration amounted to Euro 3,435.9 million versus Euro 3,036.5 million as at December 31, 2014.

The sales network consisted of 750 people (vs. 749 as at December 31, 2014), of whom 715 tied advisors (December 31, 2014: 712 people).

Bankhaus August Lenz & Co. – The German bank closed the HY as at June 30, 2015 with a net loss of Euro -4.4 million, compared to the loss in HY1 2014 amounting to Euro -5.4 million.
Net inflows of AuM recorded a positive balance of Euro +10.5 million in the HY (June 30, 2014: Euro +8.8 million), while net inflows of assets under administration were positive for Euro +3.5 million (June 30, 2014: Euro +1.2 million).
At the end of the HY, total assets under management and under administration of customers amounted to Euro 295.5 million (December 31, 2014: Euro 274.6 million).
As at June 30, 2015, the sales network consisted of 52 people (60 as at December 31, 2014).

Asset Management Companies

Mediolanum International Funds Ltd – The Irish funds company closed the HY as at June 30, 2015 with a net profit of Euro +248.9 million, up Euro +84.8 million over the same period the prior year (June 30, 2014: Euro +164.1 million).
As at June 30, 2015, the company reported positive net inflows of Euro +1,272.1 million (June 30, 2014: Euro +757.2 million).
As at June 30, 2015, total assets under management amounted to Euro 31,523.3 million compared to Euro 28,920.7 million as at December 31, 2014 (+9%).

Mediolanum Asset Management Ltd – As at June 30, 2015, the Irish company recorded a net profit of Euro +9.9 million compared to Euro +9 million in HY1 2014.

Mediolanum Gestione Fondi SGR p.A. – As at June 30, 2015, the Italian management company recorded a net profit of Euro 16.0 million, slightly up compared to Euro 14.6 million in HY1 2014.
As at June 30, 2015, the company reported positive net inflows of Euro +369.7 million (June 30, 2014: Euro +1,507.0 million).
At the end of the reporting HY, assets managed directly by the Company stood at Euro 7,418.6 million compared to Euro 6,867.7 million as at December 31, 2014 (+8%). With regard to the Institutional Funds, direct AuM totalled Euro 606.5 million (Euro +245.1 million compared to December 31, 2014).

Gamax Management A.G. – As at June 30, 2015, the Luxembourg-based management company recorded a net profit of Euro +6.0 million, a sharp increase compared to the result for the same period of the previous year (June 30, 2014: Euro +1.8 million). Net inflows in the retail sector in the HY were negative for Euro -17.9 million (June 30, 2014: Euro -20.8 million).
Retail assets under management at the end of the HY amounted to Euro 219.7 million (December 31, 2014: Euro 209.4 million).

Mediolanum Fiduciaria S.p.A. – As at June 30, 2015, the company recorded a net loss of Euro 303.2 thousand (June 30, 2014: Euro -210.2 thousand).
As at June 30, 2015, assets under management amounted to Euro 135.3 million (December 31, 2014: Euro 94.5 million). The mandates completed amounted to 78 (74 at year-end 2014).

Fermi & Galeno Real Estate S.r.l. – The company, which owns the Fermi & Galeno office property leased to Banca Mediolanum S.p.A. and only residually to other Mediolanum Group companies, ended HY1 2015 with a net profit of Euro 685.9 thousand (June 30, 2014: Euro 700.1 thousand).

Insurance Companies

Mediolanum Vita S.p.A. – The situation of the IAS/IFRS accounts as at June 30, 2015 shows a net profit of Euro +18.3 million compared to Euro +16.9 million in the same period the previous year.
The net profit for the HY, calculated according to national accounting standards, instead showed a net profit of Euro +21.5 million (June 30, 2014: Euro +22.1 million). The application of IAS/IFRS on the Statement of Account as at June 30, 2015 generated a lower result, with respect to the value as determined in accordance with GAAP (Euro -3.2 million). The most significant changes are due to lower income resulting from the performance of the securities portfolio.

Mediolanum International Life Ltd – The Irish company achieved a net profit of Euro +5.6 million at the end of HY1 2015, down compared to the same period the previous year (June 30, 2014: Euro +6.3 million).
Net inflows as at June 30, 2015 were Euro +106.6 million compared to Euro +120.3 million as at June 30, 2014.
As at June 30, 2015, total commitments to policy holders amounted to Euro 1,840.0 million, down compared to year-end 2013 (December 31, 2014: Euro 2,094 million).
Mediolanum International Life Ltd policies are distributed in Italy by Banca Mediolanum, in Spain by Banco Mediolanum and in Germany through Bankhaus August Lenz.

Mediolanum Assicurazioni S.p.A. – The situation of the IAS/IFRS accounts as at June 30, 2015, showed a net profit of Euro 1,181 thousand compared to a net profit for the same period of the previous year of Euro 4,655 thousand, a decrease of Euro 3,474 thousand.
As at June 30, 2015, the volume of premiums written amounted to Euro 27,679 thousand (Euro 26,174 thousand as at June 30, 2014), an increase of +6%.
The claims settlement activities resulted in a total charge to income of Euro 5,006 thousand, noting a substantial sufficiency of amounts compared to the amounts recognized in reserves in the previous year.
Technical reserves amounted to Euro 110.6 million, an increase of 9% compared to the 2014 year-end figure.

Joint ventures

For HY1 2015, the Banca Esperia Group reported consolidated net profit of Euro +5.8 million versus Euro +7.6 million as at June 30, 2014.
Net inflows for the HY were positive for Euro +159.9 million compared to a net inflow in HY1 2014 of Euro +258.6 million.
As at December 31, 2014, total assets under management and administration amounted to Euro 7,957 million versus Euro 8.805,9 million at the end of the HY under review.

Associates

As at March 31, 2015, the Mediobanca Group showed a net profit of Euro 465.6 million (for the period July 2014 - March 2015) compared to a net profit of Euro 395.3 million in the same period of the prior year.
Consolidated shareholders' equity as at March 31, 2015, net of minority interests and the result for the year amounted to Euro 8,533 million compared to Euro 8,076 million as at June 30, 2014.

Data updated as at June 30, 2015 of the **Mediobanca Group** is still not available at the date of preparation of this Financial Report.

Capital adequacy of the financial conglomerate Mediolanum S.p.A.

With reference to the financial conglomerate Mediolanum S.p.A., the calculation of capital adequacy as at June 30, 2015, according to the provisions of supplementary supervision in force, shows that in the face of the conglomerate capital requirements amounted to Euro 777 million, the conglomerate's equity to hedge the required margin amounted to Euro 1,114 million, with a surplus of Euro 337 million:

€/m	June 30, 2015	Dec. 31, 2014	% change
Bank-oriented financial conglomerate			
Capital	1,114	1,053	5.8%
Capital requirements	777	745	4.3%
Equity surplus (deficit)	337	308	9.4%

Shareholders' equity, own funds and the coefficients relevant to the Supervisory Board as at June 30, 2015

As at June 30, 2015, shareholders' equity, excluding net profit for the period, amounted to Euro 1,701.8 million versus Euro 1,492.7 million as at December 31, 2014.
The Euro +209.1 million change mainly refers to the target allocation to reserves of 2014 profit (Euro +232.2 million) as well as the decrease in the valuation reserve of available-for-sale financial assets (Euro -22.2 million versus the prior year).
Earnings per share (EPS) amount to Euro 0.308 versus Euro 0.224 in HY1 2014.
Pursuant to the provisions of Legislative Decree no. 53 of March 4, 2014 (supplementary supervision of financial entities in a financial conglomerate) Mediolanum S.p.A. acquired the status of parent of the Mediolanum S.p.A. banking group. By virtue of the foregoing, in effect from June 30, 2014, the company is required to carry out the calculation for the determination of the own funds for supervisory purposes and the related capital ratios under the new discipline that recently entered into force - Regulation no . 575/2013 (EU), Basel 3 discipline.

As for the prudential supervisory requirements, according to the new regulations in force (Basel 3) capital ratios as at June 30, 2015 are well above the minimum thresholds established by the new regulatory provisions and amounted to:

	June 30, 2015	Dec. 31, 2014	% change
Common Equity Tier 1 ratio	18.487%	18.434%	0.3%
Tier 1 Ratio	18.487%	18.434%	0.3%
Total Capital Ratio	18.540%	18.434%	0.6%

Tax claims

In relation to the tax dispute for IRES and IRAP purposes concerning the level of fee relegation paid by Mediolanum International Fund Ltd in favour of Banca Mediolanum S.p.A. and Mediolanum Vita S.p.A., it should be noted that with reference to the assessment notices for the years 2008 and 2009 of Banca Mediolanum and with reference to the assessment notices concerning the years 2005, 2008 and 2009 of Mediolanum Vita, notified on December 23, 2014, on June 19, 2015, the two companies opposed an appeal before the Provincial Tax Commission of Milan and the amicable procedures are being activated as provided for in article 6 of International Arbitration Convention no. 90/436/EEC of July 23, 1990.
As reported as at December 31, 2014, the Directors, with the assistance of the external consultant, believe that within the procedures carried out, it is possible to identify a transfer value reasonably estimated at no more than 60% of the management fees, which corresponds to an allocation made as at December 31, 2014 of Euro 94.2 million in addition to Euro 8.5 million in relation to the higher tax charge in respect of fees attributable to HY1 2015.
For a more detailed analysis of the current dispute, reference shall be made to as already described in the Annual Financial Report as at December 31, 2014.

BRRD (Bank Recovery and Resolution Directive - 2014/59/EU) and DGS (Deposit Guarantee Schemes - 2014/49/EU)

The BRRD (Bank Recovery and Resolution Directive - 2014/59/EU3) defines the new resolution rules applicable from January 1, 2015 to all banks of the European Union. The measures envisaged will be financed by the National Fund for the resolution, that each of the 28 Member States shall constitute with a contribution ex-ante (plus a possible additional ex-post part, under certain circumstances). Consequently, as of January 1, 2015 and by December 31, 2024 (period of 10 years), each national fund shall achieve a target level of resources of at least 1% of the amount of deposits protected.

The Regulation establishing the Single Resolution Mechanism Regulation - 2014/806/EU, which will come into force on January 1, 2016, establishes the creation of the Single Resolution Fund - SRF, which will be managed by the new European resolution authority (Single Resolution Board - SRB). Consequently, as of January 1, 2016, and by December 31, 2023 (period of 8 years), the Single Resolution Fund shall achieve a target level of resources of at least 1% of deposits protected at all institutions authorized in the banking union.

Therefore, banks of the Member States belonging to the banking union (including the Italian ones) should contribute as of 2015 to the National resolution fund that as of 2016 will combine with the Single resolution fund.

In addition, the DGS Directive (Deposit Guarantee Schemes - 2014/49/EU), which entered into force on July 3, 2015, was enacted with the aim of strengthening the protection of depositors and harmonizing the regulatory framework at EU level and requires all Member States to adopt a funding system ex-ante. The Directive provides for the achievement of the target level, fixed at 0.8% of guaranteed deposits, by July 3, 2024 (period of 10 years).

Both the National resolution fund and the DGS envisage the obligation for the bank to pay an annual contribution based on the related structure of liabilities (liabilities net of equity and guaranteed deposits of each bank in the first case and all guaranteed deposits of each bank in the second case). These contributions will be paid partly in cash and partly through commitments and the amount will be subject to the weight of each bank with respect to the system as well as specific risk parameters (for each bank).

In 2013, the IFRIC 21 "Levies" interpretation was issued, which clarifies the accounting procedure for a liability related to the payment of a levy. This interpretation is an important interpretation source to define the accounting treatment, currently under investigation by the banking sector.

In particular, IFRIC 21 clarifies that:

- an entity recognizes a liability for a levy when the asset that triggers the payment, described by a rule of law, occurs;
- a liability for levies is gradually allocated only if the asset that triggers the payment occurs over a certain period of time;
- for a levy the payment of which is triggered by the achievement of a minimum level, no liability is recorded before the achievement of said minimum level.

In light of the interpretation of IFRIC 21, it is believed that both contributions to the funds shall be accounted for gradually, on the basis of the annual amount, as the condition that implies the contribution obligation for the bank (i.e. the liability structure of the bank) is verified according to said frequency. At present, the above Directives are pending the related laws for transposition into national law, thus they are not directly applicable in Italy. Therefore, in the absence of completion of the transposition process, in this HY report it is deemed there are no grounds for registration in the income statement of contributions to the funds mentioned above.
On the basis of available information, the economic impact on an annual basis related to said funds as a whole is estimated at around 10 million. This estimate takes into account the regulatory context (changing), the information available at the date and may vary significantly with respect to the actual contribution.

Other information

In HY1 2015, according to the resolution passed by the Shareholders' Meeting on March 26, 2015, Mediolanum S.p.A. distributed the dividend balance of Euro 0.12 per share (Euro 0.15 per share had already been distributed in November 2014 as an advance).
It is also noted that the company has resolved to adopt, with effect from November 8, 2012, the opt-out under articles 70, paragraph 8, and 71, paragraph 1-bis of the Issuers' Regulation, as amended by Consob Resolution no. 18079 of January 20, 2012, with the right to waive requirements for publication of information documents prescribed on the occasion of significant mergers, demergers, capital increase through contributions in kind, acquisitions and disposals.

Events subsequent to the end of the HY

After June 30, 2015 there was no other material event which could have a significant impact on the financial positions, result of operations or cash flows of the Mediolanum Banking Group.

Outlook

In summary, the complexity of the economic framework and the dispersion of growth rates are the natural consequence of the uneven geographical distribution of the effects of the international financial crisis, the divergent growth potential, the opposite effects of the reduction in oil prices between production sectors and between importing and exporting countries, the increase in currency volatility and diverse correlation of the individual national currencies to the performance of the Dollar, Euro or Yen. In line with the analysts' consensus, the base scenario expected in 2015 by the IMF foresees a further improvement in advanced economies and slowing in low-income emerging countries, with global growth substantially in line with the trend of the previous year. In the following quarters, the content of macroeconomic data, the quality of economic reforms and fiscal policies of governments and timing in the adoption of monetary policies by the central banks will still be the main drivers of markets and management decisions.
In this context, Mediolanum, thanks to a strategy aimed at achieving higher net flows of savings from retail customers, will be able to accelerate its growth benefiting from higher margins achieved in the field of asset management and a distribution model that is ready to compete in the challenge of the future, or technology. For this reason, Mediolanum is continuing to invest substantially in IT projects and investments.

In light of the foregoing, considering the risks associated with the sector and subject to the occurrence of events of an exceptional nature or substantially dependent on variables that cannot be controlled by the Directors and the Management (however, currently not conceivable), a positive evolution in operations is expected for the year 2015.

Basiglio, July 30, 2015

For the Board of Directors
The Chairman
(Carlo Secchi)

Condensed Consolidated Half-year Financial Statements

Condensed Consolidated Half-Year Financial Statements

Assets

€/t	June 30, 2015	Dec. 31, 2014
10. Cash and cash equivalents	71,129	65,746
20. Financial assets held for trading	1,469,934	846,885
30. Financial assets measured at fair value	15,934,452	14,367,301
40. Available-for-sale financial assets	15,820,733	15,516,840
50. Held-to-maturity investments	2,933,193	2,512,081
60. Loans to banks	631,372	811,050
70. Loans to customers	7,133,700	6,779,007
80. Hedging derivatives	1,184	1,287
100. Equity investments	433,190	421,609
110. Reinsurers' share of technical reserves	70,387	71,353
120. Tangible assets	216,328	191,607
130. Intangible assets	185,710	182,820
of which:	-	-
- goodwill	125,625	125,625
140. Tax assets	421,270	461,574
a) current	276,299	337,720
b) deferred	144,971	123,854
b1) pursuant to Law 214/2011	-	-
150. Non-current assets and disposal groups	622	567
160. Other assets	363,550	318,128
Total assets	45,686,754	42,547,855

Liabilities and Shareholders' Equity

€/t	June 30, 2015	Dec. 31, 2014
10. Amounts due to banks	1,585,879	7,615,391
20. Amounts due to customers	22,023,996	14,231,750
30. Securities issued	254,627	341,741
40. Financial liabilities held for trading	386,943	370,696
50. Financial liabilities measured at fair value	2,979,413	1,597,251
60. Hedging derivatives	81,080	100,218
80. Tax liabilities	269,491	277,870
a) current	148,594	143,983
b) deferred	120,897	133,887
100. Other liabilities	711,653	661,955
110. Employee completion-of-service entitlements	11,451	11,216
120. Provisions for risks and charges:	211,041	196,609
a) severance benefits and similar obligations	672	672
b) other provisions	210,369	195,937
130. Technical reserves	15,241,955	15,329,810
140. Valuation reserves	155,551	177,769
170. Reserves	1,410,362	1,290,672
175. Interim dividend (-)	-	(110,608)
180. Share premium account	64,132	63,199
190. Share capital	73,808	73,744
200. Treasury shares (-)	(2,045)	(2,045)
220. Net profit (loss) for the period (+/-)	227,417	320,617
Total liabilities and shareholders' equity	45,686,754	42,547,855

Consolidated Income Statement

€/t	June 30, 2015	June 30, 2014
10. Interest income and similar income	253,004	297,590
20. Interest expense and similar charges	(91,704)	(123,746)
30. Net interest income	161,300	173,844
40. Commission income	707,967	532,816
50. Commission expense	(279,564)	(235,040)
60. Net commission	428,403	297,776
70. Dividends and similar income	2,768	5,092
80. Net income from trading	136	8,508
90. Net income from hedging	(1,035)	(3,041)
100. Gains (losses) on sale or buyback of:	2,982	22,716
a) loans	(4)	28
b) available-for-sale financial assets	3,494	22,714
d) financial liabilities	(508)	(26)
110. Net result from financial assets and liabilities measured at fair value	721,313	399,733
120. Total income	1,315,867	904,628
130. Impairment/reversal of impairment of:	(9,687)	(8,696)
a) loans	(6,197)	(6,193)
b) available-for-sale financial assets	(3,410)	(2,468)
d) other financial instruments	(80)	(35)
140. Net income from financial operations	1,306,180	895,932
150. Net premiums	1,707,507	2,094,509
160. Balance of other insurance income/expenses	(2,459,567)	(2,540,727)
170. Net income from financial and insurance operations	554,120	449,714
180. Administrative expenses:	(236,473)	(220,132)
a) personnel expenses	(95,824)	(86,498)
b) other administrative expenses	(140,649)	(133,634)
190. Net provisions for risks and charges	(35,244)	(17,383)
200. Depreciation and net impairment of tangible assets	(3,906)	(3,562)
210. Amortisation and net impairment of intangible assets	(8,119)	(6,682)
220. Other operating income/expenses	1,753	5,849
230. Operating expenses	(281,989)	(241,910)
240. Net profit (loss) on equity investments	6,824	7,096
270. Net profit (loss) on disposal of investments	(2)	(52)
280. Net profit (loss) before tax on continuing operations	278,953	214,848
290. Income tax expense on continuing operations	(51,536)	(49,878)
300. Net profit (loss) after tax on continuing operations	227,417	164,970
310. Net profit (loss) after tax of non-current assets pending disposal	-	(28)
320. Net profit (loss) for the period	227,417	164,942
340. Net profit (loss) for the period attributable to the parent company	227,417	164,942

Consolidated Statement of Other Comprehensive Income

€/t		June 30, 2015	June 30, 2014
10.	**Net profit (loss) for the period**	227,417	164,942
	Other statement of other comprehensive income, net of income tax without reversals to the income statement		
20.	Tangible assets	-	-
30.	Intangible assets	-	-
40.	Defined benefit plans	(215)	(51)
50.	Non-current assets held for sale	-	-
60.	Share of valuation reserves on investments accounted for by the equity method	(6,147)	2,158
	Other statement of other comprehensive income, net of income tax with reversals to the income statement		
70.	Hedges of investments in foreign operations	-	-
80.	Exchange differences	-	-
90.	Cash flow hedges	-	-
100.	Available-for-sale financial assets	(29,899)	110,149
110.	Non-current assets held for sale	-	-
120.	Share of valuation reserves on investments accounted for by the equity method	14,043	4,941
130.	**Total other statement of other comprehensive income, net of income tax**	(22,218)	117,197
140.	**Comprehensive income (Captions 10+130)**	205,199	282,139
150.	Total comprehensive income attributable to minority interests	-	-
160.	**Total comprehensive income attributable to the parent company**	205,199	282,139

Consolidated Statement of Changes in Shareholders' Equity

As at June 30, 2014

€/t	Balance as at Dec. 31, 2012	Adjustment to opening balance	Balance as at Jan. 01, 2013	Appropriation of prior year's profit: Reserves	Appropriation of prior year's profit: Dividends and other allocations
Share capital:					
a) ordinary shares	73,600	-	73,600	-	-
b) other shares	-	-	-	-	-
Share premium account	59,376	-	59,376	-	-
Reserves:					
a) retained earnings	997,809	-	997,809	226,159	-
b) other	84,693	-	84,693	-	-
Valuation reserves	100,781	-	100,781	-	-
Equity instruments	-	-	-	-	-
Treasury shares	(2,045)	-	(2,045)	-	-
Net profit (loss) for the period	336,580	-	336,580	(226,159)	(110,421)
Shareholders' equity	1,650,794	-	1,650,794	-	(110,421)
Shareholders' equity attributable to minority interest	-	-	-	-	-

As at June 30, 2015

€/t	Balance as at Dec. 31, 2012	Adjustment to opening balance	Balance as at Jan. 01, 2013	Appropriation of prior year's profit: Reserves	Appropriation of prior year's profit: Dividends and other allocations
Share capital:					
a) ordinary shares	73,744	-	73,744	-	-
b) other shares	-	-	-	-	-
Share premium account	63,199	-	63,199	-	-
Reserves:					
a) retained earnings	1,095,371	-	1,095,371	232,159	-
b) other	84,693	-	84,693	-	-
Valuation reserves	177,769	-	177,769	-	-
Equity instruments	-	-	-	-	-
Treasury shares	(2,045)	-	(2,045)	-	-
Net profit (loss) for the period	320,617	-	320,617	(232,159)	(88,458)
Shareholders' equity	1,813,348	-	1,813,348	-	(88,458)
Shareholders' equity attributable to minority interest	-	-	-	-	-

Changes in the period									
	Movements in equity								
Change in reserves	New shares issues	Purchase of treasury shares	Extraordinary dividends distribution	Change in equity instruments	Treasury share derivative	Stock options	Change in shareholdings	Comprehensive income as at June 30, 2014	Shareholders' equity as at June 30, 2014
-	78	-	-	-	-	-	-	-	73,678
-	-	-	-	-	-	-	-	-	-
-	3.179	-	-	-	-	-	-	-	62,555
(19,648)	-	-	-	-	-	62	-	-	1,204,382
-	-	-	-	-	-	-	-	-	84,693
19,775	-	-	-	-	-	-	-	117,197	237,753
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(2,045)
-	-	-	-	-	-	-	-	164,942	164,942
127	3.257	-	-	-	-	62	-	282,139	1,825,958
-	-	-	-	-	-	-	-	-	-

Changes in the period									
	Movements in equity								
Change in reserves	New shares issues	Purchase of treasury shares	Extraordinary dividends distribution	Change in equity instruments	Treasury share derivative	Stock options	Change in shareholdings	Comprehensive income as at June 30, 2014	Shareholders' equity as at June 30, 2014
-	64	-	-	-	-	-	-	-	73,808
-	-	-	-	-	-	-	-	-	-
-	933	-	-	-	-	-	-	-	64,132
(3,141)	-	-	-	-	-	1,280	-	-	1,325.669
-	-	-	-	-	-	-	-	-	84,693
-	-	-	-	-	-	-	-	(22,218)	155,551
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(2,045)
-	-	-	-	-	-	-	-	227,417	227,417
(3,141)	997	-	-	-	-	1,280	-	205,199	1,929,225
-	-	-	-	-	-	-	-	-	-

Consolidated Statement of Cash Flows

Indirect method

€/t	June 30, 2015	June 30, 2014
A. OPERATING ACTIVITIES		
1. Operations	(431,036)	(243,505)
- net profit (loss) for the period	227,417	164,942
- gains/losses on financial assets held for trading and on financial assets/liabilities measured at fair value	(749,649)	(474,576)
- gains/losses on hedges (+/-)	1,035	3,041
- net impairment/reversal of impairment (+/-)	9,687	8,696
- net write-downs/write-backs of tangible and intangible assets (+/-)	12,025	10,244
- net for risks and charges and other costs/revenues (+/-)	35,244	17,383
- taxes, duties and unpaid tax credits (+/-)	31,925	26,765
- other adjustments (+/-)	1,280	-
2. Cash generated/used by financial assets	(2,440,945)	(1,052,264)
- financial assets held for trading	(631,083)	(363,595)
- financial assets measured at fair value	(812,473)	260,639
- available-for-sale financial assets	(326,111)	(794,581)
- loans to banks: on demand	53,724	(16,140)
- loans to banks: other loans	125,954	301,126
- loans to customers	(354,693)	(331,245)
- other assets	(496,263)	(108,468)
3. Cash generated/used by financial liabilities	3,000,237	1,407,046
- due to banks: on demand	66,016	2,182
- due to banks: other amounts due	(6,095,528)	36,750
- amounts due to customers	7,792,246	1,350,231
- securities issued	(88,951)	23,108
- financial liabilities held for trading	20,865	177,276
- financial liabilities measured at fair value	1,361,514	319,613
- other liabilities	(55,925)	(502,114)
Net cash generated by/used in operating activities	128,256	111,278
B. INVESTMENT ACTIVITIES		
1. Cash generated by	208	-
- sales of tangible assets	208	-
2. Cash used for	(35,828)	(1,021)
- purchases of tangible assets	(27,733)	(566)
- purchases of intangible assets	(8,095)	(455)
Net cash generated by/used in investment activities	(35,620)	(1,021)
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares (formation of share capital)	64	78
- issue/purchase of equity instruments	933	3,241
- dividend distribution and other	(88,458)	(110,421)
Net cash generated by/used in financing activities	(87,461)	(107,102)
NET CASH GENERATED/USED IN THE PERIOD	5,383	3,155

Legend: (+) generated (-) used

RECONCILIATION STATEMENT

€/t	June 30, 2015	June 30, 2014
Captions		
Cash and cash equivalents at beginning of the year	65,746	60,443
Total net cash generated/used in the period	5,383	3,155
Cash and cash equivalents at end of the period	71,129	63,598

Notes

Notes

PART A - ACCOUNTING POLICIES

A.1 - GENERAL

Pursuant to Legislative Decree No. 38 of February 28, 2005 the consolidated HY financial statements as at June 30, 2015 for the Mediolanum Group were prepared in accordance with the international accounting and financial reporting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the €pean Commission under €pean Parliament and Council Regulation (EC) no. 1606 of July 19, 2002 and subsequent.
The Mediolanum Group, under Legislative Decree no. 142 of May 30, 2005, is a financial conglomerate that operates primarily in the banking business.
The consolidated financial statements for the HY ended June 30, 2015 were prepared also considering the "Instructions for the preparation of the financial statements of companies and the consolidated financial statements of banks and financial companies that are parent companies of banking groups" issued by the Bank of Italy through Circular 262 of December 22, 2005 and subsequent amendments.
As to the entity's ability to continue as a going concern, the management of Mediolanum S.p.A. confirm they reasonably expect the company will continue in operation in the foreseeable future and therefore the HY financial report was prepared based on the going concern assumption. Following their examination of the financial position, result of operations and cash-flows, they also confirm they did not find any evidence of uncertainties in relation to the ability of the entity to continue in operation as a going concern.

Basis of preparation

This consolidated HY Financial Report consists of:

- **a consolidated statement of financial position** as of the end of the HY (June 30, 2015) and a comparative balance sheet as of the end of the previous year (December 31, 2014);
- **a consolidated income statement** for the current HY (HY1 2015) compared with the comparative income statement for the corresponding HY of the previous year (HY1 2014);
- **a consolidated statement of other comprehensive income** of the HY (HY1 2015) compared to comprehensive income for the corresponding HY of the previous year (HY1 2014);
- **a consolidated statement of changes in shareholders' equity** for the period between the beginning of the year and the end of the HY of reference, with a comparative statement for the corresponding period of the previous year;
- **a consolidated statement of cash flow** for the period between the beginning of the year and the end of the HY of reference, with a comparative statement for the corresponding period of the previous year;
- **consolidated notes**, containing references to accounting policies adopted and other specific explanatory notes relating to HY operations.

In particular, IAS 34 provides that, in the interest of time, the HY report ("abbreviated financial statements") information may be provided that is more limited than that contained in the annual report and intended primarily to provide an update with respect to last complete annual financial statements. Accordingly, the abbreviated report shall be read in conjunction with the Group's annual consolidated report for the year ended December 31, 2014.

Accounting Standards, Amendments and IFRS Interpretations applied starting from January 1, 2015

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Group from January 1, 2015:

- On May 20, 2013 the interpretation **IFRIC 21 – Levies** was published, which provides clarification on recognition of a liability related to taxes (other than income taxes) imposed by a government agency. The standard addresses both the liabilities for taxes that fall within the scope of IAS 37 – Provisions, contingent liabilities and assets, both for the taxes where the amount and timing are certain. The interpretation is applied retrospectively for annual periods commencing no later than June 17, 2014 or later.

  IFRIC 21 will be used for the accounting of provisions related to the Single Resolution Fund and Deposit Guarantee Fund.

  On December 12, 2013, the IASB published the document **"Annual Improvements to IFRSs: 2011-2013 Cycle"** which incorporates amendments to some standards in the context of the annual improvement process thereof. The main amendments regard:
  - **IFRS 3 Business Combinations** – Scope exception for joint ventures. The amendment states that paragraph 2 (a) of IFRS 3 excludes from the scope of IFRS 3, the formation of all types of joint arrangements, as defined by IFRS 11.
  - **IFRS 13 Fair Value Measurement** – Scope of portfolio exception (par. 52). The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts included within the scope of IAS 39 regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32;
  - **IAS 40 Investment Properties** – Interrelationship between IFRS 3 and IAS 40. The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether or not the purchase of a property falls within the scope of application of IFRS 3 or IAS 40, reference shall be made respectively to the specific indications IFRS 3 or IAS 40.

The changes shall apply beginning the years that start January 1, 2015 or after. In addition to as reported regarding IFRIC 21, there were no significant impacts for the introduction of the aforementioned amendments.

Accounting Standards, Amendments and IFRS and IFRIC Interpretations approved by the European Union, not yet obligatorily applicable and not adopted by the Group in advance as at June 30, 2015

On November 21, 2013, the amendment was published to **IAS 19 "Defined Benefit Plans: Employee Contributions"**, which aims to present the contributions (relating only to the service provided by the employee during the year) made by employees or third parties to defined benefit plans to reduce the service cost for the year in which the contribution is paid. The need for this proposal stems from the introduction of the new IAS 19 (2011), which states that such contributions are to be interpreted as part of a post-employment benefit, rather than a short-term benefit and, therefore, that this contribution shall be spread over the years of service of the employee. The amendment shall apply at the latest beginning the years that start February 1, 2015 or after.

On December 12, 2013, the following document was published **"Annual Improvements to IFRSs: 2010-2012 Cycle"** which incorporates amendments to some standards in the context of the annual improvement process thereof. The main amendments regard:

- **IFRS 2 Share Based Payments – Definition of vesting condition.** Changes have been made to the definitions of "vesting condition" and "market condition" and additional definitions of "performance condition" and "service condition" given (previously included under the definition of "vesting condition");
- **IFRS 3 Business Combination – Accounting for contingent consideration.** The amendment clarifies that a "contingent consideration" as part of business combinations classified as a financial asset or liability must be remeasured at fair value at each year-end date and the changes in fair value shall be noted on the income statement or amongst the items of the comprehensive income statement according to the requirements of IAS 39 (or IFRS 9);
- **IFRS 8 Operating segments – Aggregation of operating segments.** The amendments require an entity to provide information on management's considerations in applying the aggregation criteria of operating segments, including a description of the operating segments that have been aggregated and the economic indicators considered in determining whether or not said operating segments have similar economic characteristics;
- **IFRS 8 Operating segments – Reconciliation of total of the reportable segments' assets to the entity's assets.** The amendments clarify that the reconciliation of total assets of operating segments and total overall assets of the entity must only be presented if the total assets of the operating segments are regularly revised by the higher operating decision-making level;
- **IFRS 13 Fair Value Measurement – Short-term receivables and payables.** The Basis for Conclusions of said principle have been amended to clarify that with the issue of IFRS 13 and the consequent amendments to IAS 39 and IFRS 9, the possibility of booking current receivables and payables without needing to book the effects of discounting remains valid, if said effects are immaterial;
- **IAS 16 Property, plant and equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization.** The amendments eliminated the inconsistencies in the recognition of depreciation/amortisation when a tangible or intangible asset is subject to revaluation. The requirements of the amendments clarify that the gross book value shall be adjusted consistently with the increase in value of the asset's book value and that the provision for amortization/depreciation shall be the difference between the gross book value and the book value net of impairment recorded;
- **IAS 24 Related Parties Disclosures – Key management personnel.** It is clarified that if the services of key managers are provided by an entity (i.e. not by a natural person), said entity shall however be considered as a related party.

  The changes shall apply at the latest beginning the years that start February 1, 2015 or after.

At present, it is not believed that the above standards, amendments and interpretations could have a particularly significant impact on the Group's financial information.

Accounting Standards, Amendments and IFRS Interpretations not yet approved by the European Union

At the date of reference of this HY report, the EU competent authorities have not yet completed the standardisation process required to adopt the accounting standards and amendments described below.
On January 30, 2014, the IASB published the **IFRS 14 – Regulatory Deferral Accounts** standard that allows only those that adopt IFRS for the first time to continue to recognize the amounts related to activities subject to regulated tariffs ("Rate Regulation Activities") under previous accounting standards adopted. As the Mediolanum Group is not a first-time adopter, said standard is not applicable.

On May 6, 2014, the IASB issued amendments to **IFRS 11 Joint Arrangements – "Accounting for acquisitions of interests in joint operations"** relating to the accounting for the purchase of stakes in a joint operation whose activity constitutes a business in the meaning provided by IFRS 3. The amendments require that for these cases the principles set out in IFRS 3 apply related to the effects of a business combination.
The changes are applicable starting from January 01, 2016. However, earlier application is permitted.

On May 12, 2014, the IASB issued amendments to **IAS 16 Property, plant and Equipment and IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation"**. The amendments to IAS 16 require that the amortization criteria based on revenues are not appropriate, since, according to the amendment, the revenues generated by an activity that includes the use of the amortized asset generally reflect different factors only from the consumption of the economic benefits of the asset. The amendments to IAS 38 introduce a related presumption, according to which a depreciation method based on revenues is normally considered inappropriate for the same reasons laid down by the amendments made to IAS 16. In the case of intangible assets, this presumption can be exceeded, however only in limited and specific circumstances.
The changes are applicable starting from January 01, 2016. However, earlier application is permitted.

On May 28, 2014, the IASB published the standard **IFRS 15 – Revenue from Contracts with Customers** , which will replace 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new model of revenue recognition shall apply to all contracts with clients except those that fall within the scope of application of other IAS/IFRS principals such as leasing, insurance contracts and financial instruments.
The standard applies as of January 1, 2017; however early application is allowed (in May 2015, the IASB issued an Exposure Draft proposing to postpone the date of the first application to January 1, 2018
On July 24, 2014, the IASB published the final version of **IFRS 9 – Financial instruments.** The document includes the results of the phases relating to Classification and measurement, impairment and hedge accounting, of the IASB's project aimed at replacing IAS 39. The new standard, which replaces the previous version of IFRS 9, shall be applied for financial statements beginning on January 1, 2018 or later.

Following the financial crisis of 2008, at the request of the main financial and political institutions, the IASB started the project aimed at the replacement of IFRS 9 and proceeded in phases. In 2009, the IASB published the first version of IFRS 9 that only covered the Classification and measurement of financial assets; later, in 2010, the criteria were published for the classification and measurement of financial liabilities and derecognition (the latter topic was transposed unchanged by IAS 39). In 2013, IFRS 9 was amended to include the general model of hedge accounting. Following the current publication, which also includes impairment, IFRS 9 shall be considered completed with the exception of criteria regarding macro hedging, for which the IASB has undertaken an independent project.

The standard introduces new criteria for classifying and measuring financial assets and liabilities. In particular for financial assets, the new principle uses a single approach based on management procedures for financial instruments and the contractual cash flow characteristics of the financial assets in order to determine the valuation criteria, replacing the many different regulations in IAS 39. In terms of financial liabilities, the main modification introduced concerns the recognition of variations in the fair value of financial liabilities measured at fair value in the income statement whenever these changes are due to a change in the issuer's creditworthiness of the liability. According to the new standard, these amendments must be recognized in the statement of "Other comprehensive income", and no longer in the income statement.

With reference to the impairment model, the new standard requires the estimate of losses on receivables to be made on the basis of the model of expected losses (and not on the model of incurred losses) using supportable information, available without unreasonable effort or expense that include current and prospective historical data. The standard requires that the impairment model apply to all financial instruments, i.e. financial assets measured at amortized cost, those measured at fair value through other comprehensive income, receivables arising from lease agreements and trade receivables.

Finally, the standard introduces a new model of hedge accounting in order to adapt the requirements of the current IAS 39 that sometimes were considered too stringent and unsuitable to reflect the risk management policies of the Mediolanum Group. The main additions of the document regard:

- increases of the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities eligible for management under hedge accounting;
- change in accounting method of forward contracts and options when included in hedge accounting report in order to reduce the volatility of the income statement;
- changes to the effectiveness test through the replacement of the current methods based on the 80-125% parameter with the principle of "economic relationship" between the hedged item and the hedging instrument; in addition, an assessment of the retrospective effectiveness of the hedging report will no longer be required.

The greater flexibility of the new accounting rules is offset by additional requests for information on the risk management activities of the Mediolanum Group. The directors expect that the application of IFRS 9 may have a significant impact on the amounts and the disclosure in the consolidated financial statements of the Mediolanum Group. However, it is not possible to provide a reasonable estimate of the effect until the Group has completed a detailed analysis.

On August 12, 2014, the IASB published the amendment to **IAS 27 - Equity Method in Separate Financial Statements**. The document introduces the option of using in the separate financial statements of an entity the equity method for the evaluation of investments in subsidiaries, jointly ventures and associates. Consequently, following the introduction of the amendment an entity may record said investments in the separate financial statements either:

- at cost; or

– as required by IFRS 9 (or IAS 39); or
– using the equity method.

The changes are applicable starting from January 01, 2016. However, earlier application is permitted.

On September 11, 2014, the IASB published an amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.** The document was published in order to resolve the current conflict between IAS 28 and IFRS 10.

According to the provisions of IAS 28, the gain or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in exchange for a share in the capital of the latter is limited to the shareholding in the joint venture or associate by other investors extraneous to the transaction. In contrast, IFRS 10 requires the recording of the entire gain or loss in the event of loss of control of a subsidiary, even if the entity continues to hold a non-controlling stake in it, including in this case also the sale or transfer of a subsidiary to a joint venture or associate. The amendments introduced require that for a sale/transfer of an asset or a subsidiary to a joint venture or associate, the measure of the gain or loss to be recognized in the financial statements of the seller/transferor depends on whether the asset or subsidiary sold/transferred constitutes a business, under the meaning of IFRS 3. If the assets or the subsidiary sold/transferred represent a business, the entity shall recognize the gain or loss on the entire investment held; otherwise, the portion of the gain or loss related to the share still held by the entity shall be eliminated. The amendments will apply from January 1, 2016; however, a postponement of the date of initial application is expected.

On September 25, 2014, the IASB published the document **"Annual Improvements to IFRSs: 2012-2014 Cycle"**. The amendments introduced by the document shall be applied beginning the years that start January 1, 2016 or after.

The document introduces amendments to the following standards:

- **IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.** The amendment introduces specific guidelines to the standard in the case in which an entity reclassifies an asset (or disposal group) from the held-for-sale category to the held-for-distribution category (or vice versa), or when the classification requirements no longer apply of an asset as held-for-distribution. The amendments define that (i) such reclassification shall not be considered as a change to a sales plan or a distribution plan and that the same criteria for the classification and evaluation shall remain valid; (ii) the assets that no longer meet the classification criteria for the held-for-distribution shall be treated the same way as an asset no longer classified as held-for-sale;
- **IFRS 7 – Financial Instruments: Disclosure.** The amendments govern the introduction of additional guidelines to clarify whether a servicing contract constitutes residual involvement in a transferred asset for the purposes of the disclosure required in relation to the assets transferred. Moreover, it is clarified that the disclosure on the compensation of financial assets and liabilities is normally not explicitly required for interim financial statements. However, said disclosure may be necessary to fulfil the requirements of IAS 34, in the case of significant information;
- **IAS 19 – Employee Benefits.** The document introduces amendments to IAS 19 to clarify that the high quality corporate bonds used to determine the discount rate of post-employment benefits shall be in the same currency used for the payment of the benefits. The amendments clarify that the scope of the market of high quality corporate bonds to be considered shall be the one in terms of currency;
- **IAS 34 – Interim Financial Reporting**. The document introduces amendments in order to clarify the requirements to be met in the event that the disclosure required is presented in the interim financial report, however outside of the interim financial statements. The amendment specifies that said disclosure is included through

a cross-reference from the interim financial statements to other parts of the interim financial report and that said document is available to readers of the financial statements in the same manner and with the same timing of the interim financial statements.

On December 18, 2014, the IASB published the amendment to **IAS 1 - Disclosure Initiative**. The objective of the amendments is to provide clarification to disclosure elements that may be perceived as impediments to a clear and intelligible drafting of financial statements.

Non performing exposures (NPE) e forborne exposures

Lastly, it should be noted that with respect to the 2014 consolidated financial statements, applicable from January 1, 2015 is the new notion of impaired assets adopted by the Bank of Italy in the 7th update of January 20, 2015 of Circular 272 "Accounts Matrix", following the transposition of the new definitions of non-performing exposures (NPE) and forborne exposures introduced by the implementing technical standards concerning statistical supervisory consolidated harmonized reports defined by the European Banking Authority and approved by the European Commission on January 9, 2015 (hereinafter ITS).
Impaired financial assets are divided into the categories of non-performing, likely defaults (unlikely to pay) and past due and/or overdue impaired exposures; all these categories correspond to all the non-performing exposures referred to in ITS. The definition was also introduced of forborne exposures, transverse to "performing" and "non-performing" exposures. The previous notions of watch list exposures and restructured exposures are repealed. Cash assets (loans and debt securities) and "off balance sheet" assets (guarantees issued, irrevocable and revocable commitments to disburse funds) fall within the scope of the new categories of impaired financial assets, other than the financial instruments allocated to the accounting portfolio "Financial assets held for trading" and derivative contracts.
For further details, reference shall be made to as outlined in Part E.

OTHER INFORMATION

Use of estimates

As for year-end 2014, preparation of the HY consolidated financial report in accordance with International Accounting and Financial Reporting Standards (IAS/IFRS) entailed the use of complex valuations and estimates which had an impact on assets, liabilities, revenues and costs recognised as well as on the identification and quantification of potential assets and liabilities. These estimates primarily related to:

- estimates and assumptions used to determine the fair value of financial instruments that are not quoted in an active market (fair value hierarchy levels 2 and 3);
- identification of loss events as per IAS 39 – IAS 36;
- assumptions used for the identification of any objective evidence of impairment of intangible assets and equity investments recognised in the statement of financial position;
- determination of impairment losses on loans and other financial assets;
- estimates to determine technical reserves;
- determination of provisions for risks and charges and tax provisions;
- estimates and assumptions for the determination of the probability of utilisation of deferred tax assets;
- assumptions used to determine the costs of stock options plans for top management and employees.

Senior management regularly check valuations and estimates made on the basis of past experience and other reasonable factors. Due to the uncertainty typically related to these financial items, actual values may differ from estimates due to the occurrence of unexpected events or changes in operating conditions.

A.4 - FAIR VALUE DISCLOSURES

Fair value disclosures

This section includes the fair value disclosure as required by IFRS 13. The fair value is defined as the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market counterparties, on the relevant market at the measurement date. A financial instrument is considered listed on an active market if quoted prices are promptly and regularly available on the regulated market (intended as a platform for trading, dealers or brokers) and such prices are the actual market transactions on a regular basis. If such market prices or other observable inputs are not available, alternative valuation models are used (mark to model). The Group uses valuation methods in line with methods that are generally accepted and used by the market. Valuation models include techniques based on discounted future cash flow (and on volatility estimates) and are reviewed regularly in order to ensure full keeping with the valuation objectives.

Fair value hierarchy

The IFRS13 standard establishes a fair value hierarchy according to the degree of observability of the inputs and parameters used for the assessments. In particular, there are three levels:

- Level 1: the fair value of instruments classified in this level is determined on the basis of price quotes observed in active markets;
- Level 2: the fair value of instruments classified in this level is determined based on valuation models that use observable inputs in active markets;
- Level 3: the fair value of instruments classified in this level is determined based on valuation models that primarily use significant unobservable inputs in active markets.

  The Group adopts a policy for the recognition of the fair value level of individual positions. The policy establishes the rules for both the definition of "active market" and the resulting operating procedure of portfolio valuation in order to eliminate any discretion in the identification of the levels.

Description of migration between the valuation level of assets

It should be noted that in HY1, in the portfolio of Mediolanum Vita S.p.A. there was a level transition of a security related to a bank bond from level 1 to level 2. As at June 30, 2015, the presence was identified of a single contributor who provided a listing for the security which recorded the level transition. Verification of the trading volume was not comparable to that held by the Company in the portfolio. Therefore, in order to compensate for the lack of other executable market contributors with which to benchmark, we proceeded with the calculation of the mark-to-model price that, unlike previous valuations of the same security, stood at a level not compliant with the price of the individual contributor taken as a reference. For prudential purposes, it was thus deemed appropriate to assign to such security the price calculated by the model with subsequent assignment of level 2 of fair value.

Description of the process used to measure the fair value of classified instruments as level 2 and 3 of the fair value hierarchy

The level 2 instruments of the Mediolanum Group are represented by bonds issued by third parties and by Hedge Fund of Funds (HFoF) units as well as certain derivative instruments. The securities belonging to this category are valued on the basis of market data inputs, either directly or indirectly observable.

The fair value of the bonds is calculated as the sum of the current values at the end of the year of the related cash flows. The discounting rate is calculated as the sum of two components:

- the risk-free rate;
- the credit spread.

The risk-free rate is deducted from the implicit value in IRS contracts (interest rate swap), while the credit spread is deducted from the price of bonds of the same issuer, with fixed coupon and a maturity comparable with the security valued. If there are no securities of the same issuer, and for own bonds, a credit spread is used derived from a weighted average of the observed values for bonds listed on institutional markets of major Italian banks.

If the forecast cash flow are not determined but are dependent on market variables they are identified on the basis of:

- implicit forward rates in the risk-free rate values for the various maturities;
- implicit volatility in the swaption, cap and floor option prices.

Expected cash flows on the basis of implied volatility are determined (where relevant) using the Black model.

The value of the positions in HFoF is instead determined on the basis of the latest available amount.

The fair value of level 2 derivative financial instruments (represented by Amortizing Interest Rate Swap) is determined by taking into account their level of collateralization: in particular the value of the contracts is calculated by discounting the cash flows arising from them at rates derived from the implicit values in OIS contracts (Overnight Interest Swap) and the relevant Basis Swap contracts.

Level 3 assets of the Group mainly consist of assets covering liabilities related to index-linked policies, holdings in UCITS and positions in unlisted shares. Level 3 of the fair value of assets and liabilities that are not measured at fair value on a recurring basis include receivables and payables with customers and banks, as well as properties.

Hedging of index-linked policies pertaining to the insurance companies, are represented by bonds and derivative contracts traded outside regulated markets, and characterized by low liquidity and complex financial structures. Therefore, for their valuation, complex stochastic models are used. In particular:

- for the components of the contracts related to the interest rate a short-rate model is used that obtains the future value of interest rates through the evolution of a parameter that represents the instantaneous rate (i.e. the limit of the risk-free rate recognized for an investment of infinitesimal duration). The model used (Pelsser model) ensures the positivity of the interest rate, and is calibrated based on the level of implicit interest rates in the swap curve for the reference currency and the values of the implicit volatilities for swap options characterized by greater liquidity (at-the-money swaptions);
- for the components of the contracts related to credit risk an intensity model is used or a model that is based on a probability of failure of the other party determined at the initial time of the simulation. The model used (non-homogeneous Poisson model) is calibrated on the basis of CDS spreads observed on the market for the reference issuer;
- for the components of contracts linked to the value of indexes, a model based on Geometric Brownian motion is used. The model used (multivariate geometric brownian motion) simulates the future value of the indices taking into account the level of risk-free interest rates, index volatility, the value of expected dividends, and the

correlation between their returns. The model is calibrated on the observed value of the indices and the historical volatility and correlations (on an observation period of years).

The logic underlying property assessments aims to determine a fair value through a mark-to-model, which is a theoretical value derived from assumptions that can descend on distinct asset classes regardless of counterparty or property specifications (intrinsic peculiarities, sector, geographical location and so on).

The starting point for the determination of the FAIR VALUE of property (included in property funds) is the lease fee (contractually fixed) that the lessee of the property agrees to pay the lessor for an agreed number of years. These fees are discounted and capitalized using:

- initial value of the fee paid;
- discount rate of the fee paid;
- capitalisation rate of net profit, after an initial start-up of operations.

The first rate is obtained through a linear combination of a market indicator, a spread for the risk of illiquidity, a spread for the risk associated with the property investment and a spread for the industry/urban planning risk (recorded in the discount rates following an asset-dependent logic). The marginal effect of each of the 4 components will therefore reflect the market sensitivity of the evaluator, as well as related predictions and expectations.

The capitalisation rate (Exit rate), by contrast, is the factor that allows converting an indication of future income into an indication of present value. It is also determined through a linear combination: the inputs are taken from the financial market and the market of reference of the property, in particular the Risk Out rate is derived from the assessor observing the transactions identified in the relevant market.

In accordance with the provisions of existing law, the assets in the property funds are valued by independent experts every six months. The evaluations, assumptions and inputs used by the independent experts are then subject to validation by the risk management of the Company. The price of the shares, in consideration of their low incidence in the portfolios of competence, is assumed to be equal to historical cost.

The fair value of property owned was determined with reference to the "comparative" method. In general, the present value of an asset and/or liability is determined by discounting on the reference date or cut-off the flow of interest and capital, allocated to the various maturities, with the yield curve of the cut-off date and relative to the currency of the product.

The present value of fixed-rate exposures is calculated by discounting the capital and interest flows placed on the date on which they are paid.

The current value of variable rate exposures is obtained by discounting the capital and the coupons placed at the repricing date and the fixed spread placed at various dates of liquidation.

For insensitive items the current value is equal to the balance of the exposure at the reporting date.

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

	June 30, 2015			Dec. 31, 2014		
€/t	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	1,434,290	31,627	4,017	804,532	34,610	7,743
2. Financial assets measured at fair value	14,886,586	707,666	340,200	13,006,039	917,354	443,908
3. Available-for-sale financial assets	15,616,595	86,183	117,955	15,304,032	94,260	118,548
4. Hedging derivatives	-	1,184	-	-	1,287	-
5. Tangible assets	-	-	-	-	-	-
6. Intangible assets	-	-	-	-	-	-
Total	31,937,471	826,660	462,172	29,114,603	1,047,511	570,199
1. Financial liabilities held for trading	343,134	43,526	283	331,201	39,058	437
2. Financial liabilities measured at fair value	2,970,170	6,922	2,321	1,586,295	8,598	2,358
3. Hedging derivatives	-	81,080	-	-	100,218	-
Total	3,313,304	131,528	2,604	1,917,496	147,874	2,795

Legend:
L1 = Level 1
L2 = Level 2
L3 = Level 3

A.4.5.2 Annual changes in financial assets measured at fair value on a recurring basis (level 3)

€/t	Financial assets held for trading	Financial assets measured at fair value	Available-for-sale financial assets	Hedging derivatives	Tangible assets	Intangible assets
A. Opening balance	7,743	443,908	118,548	-	-	-
2. Increases	38,049	80,955	880	-	-	-
2.1. Acquisitions	37,832	65,354	302	-	-	-
2.2. Profits recognised:						
2.2.1. Income statement	217	15,601	-	-	-	-
- of which gains	3	3,225	-	-	-	-
2.2.2. Shareholders' equity	X	X	578	-	-	-
2.3. Transferred from other levels	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
3. Decreases	41,775	184,663	1,473	-	-	-
3.1. Sales	39,926	171,116	35	-	-	-
3.2. Redemptions	1,653	2,502	-	-	-	-
3.3. Losses recognised:						
3.3.1. Income statement	173	11,030	700	-	-	-
- of which: losses	38	988	488	-	-	-
3.3.2. Shareholders' equity	X	X	681	-	-	-
3.4. Transferred to other levels	-	-	-	-	-	-
3.5. Other decreases	23	15	57	-	-	-
- of which business combinations	-	-	-	-	-	-
4. Closing balance	4,017	340,200	117,955	-	-	-

A.4.5.3 Annual changes in financial liabilities measured at fair value on a recurring basis (level 3)

€/t	Financial liabilities		
	Held for trading	Measured at fair value	Hedging derivatives
1. Opening balance	437	2,358	-
2. Increases	229	-	-
2.1. Issues	-	-	-
2.2. Losses recognised:			
2.2.1. Income statement	-	-	-
- of which losses	-	-	-
2.2.2. Shareholders' equity	X	X	-
2.3. Transferred from other levels	-	-	-
2.4. Other increases	229	-	-
3. Decreases	383	37	-
3.1. Redemptions	-	-	-
3.2. Buybacks	-	-	-
3.3. Profits recognised:			
3.3.1. Income statement	-	-	-
- of which gains	-	-	-
3.3.2. Shareholders' equity	X	X	-
3.4. Transferred to other levels	-	-	-
3.5. Other decreases	383	37	-
4. Closing balance	283	2,321	-

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

	June 30, 2015				Dec. 31, 2014			
	BV	Fair value			BV	Fair value		
€/t		L1	L2	L3		L1	L2	L3
1. Held-to-maturity investments	2,933,193	3,034,413	-	-	2,512,081	2,639,055	-	-
2. Loans to banks	631,372	4,234	19,039	608,208	811,050	5,110	19,044	787,152
3. Loans to customers	7,133,700	13,468	244,823	6,820,666	6,779,007	114,657	342,233	6,347,293
4. Tangible assets held for investment purposes	103,398	-	-	118,200	104,152	-	-	118,200
5. Non-current assets and disposal groups	622	-	-	622	567	-	-	567
Total	10,802,285	3,052,115	263,862	7,547,696	10,206,857	2,758,822	361,277	7,253,212
1. Amounts due to banks	1,585,879	-	-	1,585,879	7,615,391	-	-	7,615,391
2. Amounts due to customers	22,023,996	-	-	22,040,105	14,231,750	-	-	14,870,764
3. Securities issued	254,627	-	258,451	-	341,741	-	353,529	-
4. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	23,864,502	-	258,451	23,625,984	22,188,882	-	353,529	21,486,155

Legend:
BV = Book Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Scope of Consolidation

The Consolidated Financial Statements include the accounts of Mediolanum S.p.A. and those of its directly or indirectly controlled subsidiaries. The subsidiaries which are consolidated on a line-by-line basis in accordance with the international accounting standards are set out in the tables below

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

€/t Company	Share capital	% holding	Registered/ Operating office	Type of relation	Business
Mediolanum Vita S.p.A.	87,720	100.00%	Basiglio	1	Life Insurance
Mediolanum Comunicazione S.p.A.	775	100.00%	Basiglio	1	Audio/film/TV production
PI Servizi S.p.A.	517	100.00%	Basiglio	1	Real estate brokerage
Mediolanum International Life Ltd	1,395	100.00%	Dublin	1	Life Insurance
Banca Mediolanum S.p.A.	600,000	100.00%	Basiglio	1	Banking
Mediolanum Assicurazioni S.p.A.	25,800	100.00%	Basiglio	1	Damages Insurance
Mediolanum Gestione Fondi SGR p.A.	5,165	49.00%	Basiglio	1	Fund management
Mediolanum International Funds Ltd	150	44.00%	Dublin	1	Fund management
Mediolanum Asset Management Ltd	150	49.00%	Dublin	1	Asset management and consulting
Gamax Management AG	2,000	0.004%	Luxembourg	1	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:

€/t Company	Share capital	% holding	Registered/ Operating office	Type of relation	Business
Mediolanum Gestione Fondi SGR p.A.	5,165	51.00%	Basiglio	1	Fund management
Mediolanum Fiduciaria S.p.A.	240	100.00%	Basiglio	1	Trust company
Mediolanum International Funds Ltd	150	48.00%	Dublin	1	Fund management
Mediolanum Asset Management Ltd	150	51.00%	Dublin	1	Asset management and consulting
Gamax Management AG	2,000	99.996%	Luxembourg	1	Fund management
Banco Mediolanum S.A.	86,032	100.00%	Barcelona	1	Banking
Bankhaus August Lenz & Co. AG	20,000	100.00%	Munich	1	Banking
Fermi & Galeno Real Estate S.r.l.	10	100.00%	Basiglio	1	Management of real estate funds

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

€/t Company	Share capital	% holding	Registered/ Operating office	Type of relation	Business
Mediolanum Gestión S.A. S.G.I.I.C.	2,506	100.00%	Barcelona	1	Fund management
Fibanc S.A.	301	100.00%	Barcelona	1	Financial consulting
Mediolanum Pensiones S.A. S.G.F.P.	902	100.00%	Barcelona	1	Pension Fund management
Mediolanum International Funds Ltd	150	5.00%	Dublin	1	Fund management

Group companies that are indirectly owned by Banca Mediolanum S.p.A., owned through Bankhaus August Lenz & Co. AG., consolidated on a line-by-line basis:

€/t Company	Share capital	% holding	Registered office	Type of relation[1]	Business
Mediolanum International Funds Ltd	150	3.00%	Dublin	1	Fund management

Legend:
[1] Type of relation:
1 = majority of voting rights in the General Meeting
2 = dominant influence at General Meeting
4 = other forms of control
5 = joint management ex Art. 26, paragraph 1, "legislative decree no. 87/92"
6 = joint management ex Art. 26, paragraph 2, "legislative decree no. 87/92"

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

€/t Company	Share capital	% holding	Registered office	Business
Mediobanca S.p.A. (*)	433,599	3.417%	Milan	Banking

(*) Data updated as at June 30, 2015.

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

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

PART B - INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Section 2 - Financial assets held for trading - Caption 20

2.1 Analysis of financial assets held for trading

	June 30, 2015			Dec. 31, 2014		
€/t	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Non-derivatives						
1. Debt securities	1,434,254	27,750	3,704	804,502	26,791	5,426
1.1 Structured notes	13,390	5,462	3,704	-	5,293	5,426
1.2 Other debt securities	1,420,864	22,288	-	804,502	21,498	-
2. Equities	32	-	-	-	-	-
3. Holdings in UCITS	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total A	1,434,286	27,750	3,704	804,502	26,791	5,426
B. Derivatives						
1. Financial derivatives:	4	3,877	313	30	7,819	2,317
1.1 Held for trading	4	3,161	163	30	7,161	2,186
1.2 Measured at fair value	-	716	150	-	658	131
1.3 Others	-	-	-	-	-	-
2. Credit derivatives:	-	-	-	-	-	-
2.1 Held for trading	-	-	-	-	-	-
2.2 Measured at fair value	-	-	-	-	-	-
2.3 Others	-	-	-	-	-	-
Total B	4	3,877	313	30	7,819	2,317
Total (A+B)	1,434,290	31,627	4,017	804,532	34,610	7,743

Section 3 - Financial assets measured at fair value - Caption 30

3.1 Analysis of financial assets measured at fair value

	June 30, 2015			Dec. 31, 2014		
€/t	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	217,050	622,342	340,200	255,030	822,695	443,908
1.1 Structured notes	183,818	481,358	328,222	214,620	628,660	431,367
1.2 Other debt securities	33,232	140,984	11,978	40,410	194,035	12,541
2. Capital securities	-	-	-	-	-	-
3. Holdings in UCITS	14,669,536	85,324	-	12,751,009	94,659	-
4. Loans	-	-	-	-	-	-
4.1 Structured	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total	14,886,586	707,666	340,200	13,006,039	917,354	443,908
Costs	-	-	-	-	-	-

Section 4 - Available-for-sale financial assets - Caption 40

4.1 Analysis of available-for-sale financial assets

	June 30, 2015			Dec. 31, 2014		
€/t	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	15,575,154	21,279	313	15,276,991	21,485	342
1.1 Structured notes	1,304	-	-	-	-	-
1.2 Other debt securities	15,573,850	21,279	313	15,276,991	21,485	342
2. Equities	4,621	-	41,535	4,813	-	41,350
2.1 Measured at fair value	4,621	-	2,056	4,813	-	1,789
2.2 Measured at cost	-	-	39,479	-	-	39,561
3. Holdings in UCITS	36,820	64,904	76,107	22,228	72,775	76,856
4. Loans	-	-	-	-	-	-
Total	15,616,595	86,183	117,955	15,304,032	94,260	118,548

Section 5 - Held-to-maturity investments - Caption 50

5.1 Analysis of held-to-maturity investments

€/t	June 30, 2015				Dec. 31, 2014			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	2,933,193	3,034,413	-	-	2,512,081	2,639,055	-	-
- structured	-	-	-	-	-	-	-	-
- others	2,933,193	3,034,413	-	-	2,512,081	2,639,055	-	-
2. Loans	-	-	-	-	-	-	-	-
Total	2,933,193	3,034,413	-	-	2,512,081	2,639,055	-	-

Legend:
FV = fair value
BV = book value

Section 6 - Loans to banks - Caption 60

6.1 Analysis of loans to banks

€/t	June 30, 2015				Dec. 31, 2014			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Loans to central banks	11,996	-	-	11,996	220,158	-	-	220,158
1. Time deposits	1,158	X	X	X	20,381	X	X	X
2. Reserve requirements	10,838	X	X	X	199,777	X	X	X
3. Repurchase agreements	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
B. Loans to banks	619,376	4,234	19,039	596,212	590,892	5,110	19,044	566,994
1. Loans	596,183	-	-	596,183	566,985	-	-	566,985
1.1 Current accounts and demand deposits	147,837	X	X	X	201,561	X	X	X
1.2 Time deposits	164,610	X	X	X	60,853	X	X	X
1.3 Other loans:	283,736	X	X	X	304,571	X	X	X
- Repurchase agreements	277,252	X	X	X	278,559	X	X	X
- Finance leases	-	X	X	X	-	X	X	X
- Other	6,484	X	X	X	26,012	X	X	X
2. Debt securities	23,193	4,234	19,039	29	23,907	5,110	19,044	9
2.1 Structured notes	-	X	X	X	-	X	X	X
2.2 Other debt securities	23,193	X	X	X	23,907	X	X	X
Total	631,372	4,234	19,039	608,208	811,050	5,110	19,044	787,152

Legend:
FV = fair value
BV = book value

Section 7 - Loans to customers - Caption 70

7.1 Analysis of loans to customers

	June 30, 2015						Dec. 31, 2014					
	Book value			Fair value			Book value			Fair value		
		Impaired						Impaired				
€/t	Performing	Purchased	Other	L1	L2	L3	Performing	Purchased	Other	L1	L2	L3
Loans	6,764,272	-	56,238	-	-	6,820,510	6,260,135	-	54,876	-	-	6,347,121
1. Current accounts	426,168	-	4,417	X	X	X	403,884	-	5,427	X	X	X
2. Repurchase agreements	61,101	-	-	X	X	X	181,379	-	-	X	X	X
3. Mortgages	4,622,380	-	44,314	X	X	X	4,381,227	-	40,795	X	X	X
4. Credit cards, personal loans and salary-guaranteed loans	949,370	-	3,710	X	X	X	822,044	-	4,429	X	X	X
5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	705,253	-	3,797	X	X	X	471,601	-	4,225	X	X	X
Debt securities	313,190	-	-	13,68	244,823	158	463,996	-	-	114,657	342,233	172
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	313,190	-	-	X	X	X	463,996	-	-	X	X	X
Total	7,077,462	-	56,238	13,468	244,823	6.820,668	6,724,131	-	54,876	114,657	342,233	6,347,293

As at June 30, 2015, Receivables from customers amounted to Euro 7,133.7 million, an increase of about Euro +354.7 over the comparative period mainly due to the increase in loans to customers for disbursement of mortgages (Euro +244.7 million).

The risk of the portfolio (net impaired loans/loans to customers) amounted to 0.79%, in line with the previous year.

Section 10 - Equity investments - Caption 100

€/t	June 30, 2015	Dec. 31, 2014
Mediobanca S.p.A.	339,864	325,805
Banca Esperia S.p.A.	93,326	95,804
Total	433,190	421,609

The variation in the HY is related to the valuation using the equity method of the shareholding in Banca Esperia and Mediobanca on the basis of its consolidated shareholders' equity as at June 30, 2015 (available data related to Mediobanca updated as at March 31, 2015).

The impact on the income statement recorded a positive balance of Euro 6.8 million (June 30, 2014: Euro 7.1 million).

LIABILITIES

Section 1 - Amounts due to banks - Caption 10

1.1 Analysis of amounts due to banks

€/t	June 30, 2015	Dec. 31, 2014
1. Amounts due to central banks	-	6,682,488
2. Amounts due to banks	1,585,879	932,903
2.1 Current accounts and demand deposits	74,324	8,308
2.2 Time deposits	819,830	670,382
2.3 Loans	688,361	250,919
2.3.1 Repurchase agreements	435,398	-
2.3.2 Other	252,963	250,919
2.4 Commitments to buy back own equity instruments	-	-
2.5 Other amounts due	3,364	3,294
Total	1,585,879	7,615,391
Fair value - level 1	-	-
Fair value - level 2	-	-
Fair value - level 3	1.585.879	7.615.391
Total fair value	1.585.879	7.615.391

Section 2 - Amounts due to customers - Caption 20

2.1 Analysis of amounts due to customers

€/t	June 30, 2015	Dec. 31, 2014
1. Current accounts and demand deposits	9,175,003	8,283,179
2. Time deposits	3,887,299	3,989,143
3. Loans	8,903,035	1,821,172
3.1 Repurchase agreements	8,900,601	1,818,690
3.2 Other	2,434	2,482
4. Commitments to buy back own equity instruments	-	-
5. Other amounts due	58,659	138,256
Total	22,023,996	14,231,750
Fair value - level 1	-	-
Fair value - level 2	-	-
Fair value - level 3	22,040,105	14,870,764
Total fair value	22,040,105	14,870,764

Amounts due to customers were up by Euro 7.8 billion compared to the figure as at December 31, 2014. This change is mainly due to the increase in the balance of repurchase agreements (Euro +7.1 billion vs. the comparative period, of which Euro 6.9 billion referred only to the subsidiary Banca Mediolanum, mainly to funding activities at the Compensation and Guarantee Cash).

Section 3 - Securities issued - Caption 30

3.1 Analysis of securities issued

€/t	June 30, 2015				Dec. 31, 2014			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	-	-	-	-	-	-	-	-
1. Bonds	254,627	-	258,451	-	341,741	-	353,529	-
1.1 structured	-	-	-	-	53,876	-	53,926	-
1.2 other	254,627	-	258,451	-	287,865	-	299,603	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	-	-	-	-	-	-	-	-
Total	254,627	-	258,451	-	341,741	-	353,529	-

Section 4 - Financial liabilities for trading - Caption 40

4.1 Analysis of financial liabilities held for trading

	June 30, 2015					Dec. 31, 2014				
	NV	FV			FV*	NV	FV			FV*
€/t		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Non-derivatives liabilities										
1. Amounts due to banks	218,738	233,917	-	-	233,917	249,346	264,198	-	-	264,199
2. Amounts due to customers	98,690	109,217	-	-	109,217	57,611	66,999	-	-	66,999
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	317,428	343,134	-	-	343,134	306,957	331,197	-	-	331,197
B. Derivatives										
1. Financial derivatives		-	43,526	283			4	39,058	437	-
1.1 Held for trading	X	-	43,526	283	X	X	4	39,058	437	X
1.2 Measured at fair value	X	-	-	-	X	X	-	-	-	X
1.3 Others	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Measured at fair value	X	-	-	-	X	X	-	-	-	X
2.3 Others	X	-	-	-	X	X	-	-	-	X
Total B	X	-	43,526	283	X	X	4	39,058	437	X
Total A+B	X	343,134	43,526	283	X	X	331,201	39,058	437	X

Legend:
NV = nominal or notional value
FV = fair value
FV*= fair value calculated excluding any changes in value due to changes in the credit standing of the issuer over the date of issue

Section 5 – Financial liabilities measured at fair value – Caption 50

5.1 Analysis of financial liabilities measured at fair value

€/t	June 30, 2015					Dec. 31, 2014				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
1. Amounts due to banks	-	-	-	-	-	-	-	-	-	-
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Others	-	-	-	-	X	-	-	-	-	X
2. Amounts due to customers	2,979,413	2,970,170	6,922	2,321	2,979,413	1,597,251	1,586,295	8,598	2,358	1,597,251
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Others	2,979,413	2,970,170	6,922	2,321	X	1,597,251	1,586,295	8,598	2,358	X
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2 Others	-	-	-	-	X	-	-	-	-	X
Totale	2,979,413	2,970,170	6,922	2,321	2,979,413	1,597,251	1,586,295	8,598	2,358	1.597.251

Legend:
NV = nominal or notional value
FV = fair value
FV*= fair value calculated excluding any changes in value due to changes in the credit standing of the issuer over the date of issue
L1 = level 1
L2 = level 2
L3 = level 3

Section 12 – Provisions for risks and charges – Caption 120

12.1 Analysis of provisions for risks and charges

€/t	June 30, 2015	Dec. 31, 2014
1. Severance entitlements	672	672
2. Other provisions for risks and charges	210,369	195,937
2.1 Legal proceedings	27,052	17,616
2.3 Others	183,317	178,321
Total	211,041	196,609

Section 13 – Technical reserves – Caption 130

13.1 Analysis of technical reserves

€/t	Insurance	Reinsurance	June 30, 2015	Dec. 31, 2014
A. Damages	110,525	99	110,624	101,937
A.1 Premium reserves	84,467	-	84,467	76,834
A.2 Accident reserves	23,483	99	23,582	22,920
A.3 Other reserves	2,575	-	2,575	2,183
B. Life	2,027,464	-	2,027,464	2,331,790
B.1 Mathematical reserves	1,912,763	-	1,912,763	2,182,254
B.2 Reserves for sums to be paid	67,447	-	67,447	90,841
B.3 Other reserves	47,254	-	47,254	58,695
C. Technical reserves under which the investment risk is borne by the policyholder	13,103,867	-	13,103,867	12,896,083
C.1 Reserves for contracts whose performance is linked to investment funds and market indices	13,103,867	-	13,103,867	12,896,083
C.2 Reserves arising from pension fund management	-	-	-	-
D. Total technical reserves	15,241,856	99	15,241,955	15,329,810

Section 15 – Shareholders' equity – Captions 140, 160, 170, 180, 190, 200 and 220

15.5 Other information

€/t	June 30, 2015	Dec. 31, 2014
Share capital	73,808	73,744
Share premium account	64,132	63,199
Reserves	1,410,362	1,290,672
Interim dividend (-)	-	(110,608)
Treasury shares (-)	(2,045)	(2,045)
Valuation reserve	155,551	177,769
Net profit (loss) for the period (+/-)	227,417	320,617
Total shareholders' equity	1,929,225	1,813,348

The valuation reserve recorded a total increase of Euro -22.2 million compared to the end of year 2014 from a positive balance of Euro 177.8 million at the end of 2014 to a positive balance of Euro 155.6 million as at June 30, 2015.

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 - Interest - Captions 10 and 20

1.1 Analysis of interest income and similar income

€/t	Debt securities	Loans	Other	Total June 30, 2015	Total June 30, 2014
1. Financial assets held for trading	8,025	-	19	8,044	5,535
2. Financial assets measured at fair value	21,796	-	-	21,796	39,063
3. Available-for-sale financial assets	107,379	-	-	107,379	136,752
4. Held-to-maturity investments	33,210	-	-	33,210	35,503
5. Loans to banks	398	(286)	-	112	2,327
6. Loans to customers	1,429	80,927	77	82,433	78,314
7. Hedging derivatives	X	X	-	-	-
8. Other assets	X	X	30	30	96
Total	172,237	80,641	126	253,004	297,590

1.4 Analysis of interest expense and similar charges

€/t	Payables	Securities	Other	Total June 30, 2015	Total June 30, 2014
1. Amounts due to central banks	(308)	X	-	(308)	(4,256)
2. Amounts due to banks	(3,229)	X	-	(3,229)	(1,207)
3. Amounts due to customers	(67,290)	X	-	(67,290)	(93,487)
4. Securities issued	X	(6,015)	(8)	(6,023)	(7,435)
5. Financial liabilities held for trading	(6,211)	-	-	(6,211)	(5,245)
6. Financial liabilities measured at fair value	(8)	-	-	(8)	(6)
7. Other liabilities and funds	X	X	(2,029)	(2,029)	(5,232)
8. Hedging derivatives	X	X	(6,606)	(6,606)	(6,878)
Total	(77,046)	(6,015)	(8,643)	(91,704)	(123,746)

Section 2 - Commission - Captions 40 and 50

2.1 Analysis of commission income

€/t	June 30, 2015	June 30, 2014
a) Guarantees issued	27	35
c) Management, brokerage and consulting services:	611,920	468,821
1. financial instruments brokerage	1,524	1,562
2. currency brokerage	1	1
3. portfolio management	589,671	434,409
3.1 individual	151	4,324
3.2 collective	589,520	430,085
4. securities in custody and under administration	2,180	1,957
5. custodian bank	-	515
6. sale of securities	5,822	13,140
7. receipt and transmission of orders	3,491	3,895
9. services to third parties	9,231	13,342
9.1 portfolio management	5,102	2,280
9.1.2. collective	5,102	2,280
9.2 insurance products	112	204
9.3 other products	4,017	10,858
d) Collection and payment services	10,712	11,889
i) Bank accounts custody and management services	6,842	8,262
j) Other services	78,466	43,809
Total	707,967	532,816

2.2 Analysis of commission expense

€/t	June 30, 2015	June 30, 2014
c) Management and brokerage services	(252,992)	(199,117)
1. financial instruments brokerage	(890)	(1,053)
3. asset management	(2,778)	(2,298)
3.1 own	(1,972)	(1,382)
3.2 on mandates from third parties	(806)	(916)
4. securities in custody and under administration	(504)	(431)
5. financial instruments brokerage	(15,843)	(12,935)
6. off-premises sales of financial instruments, products and services	(232,977)	(182,400)
d) Collection and payment services	(11,674)	(12,396)
e) Other services	(14,898)	(23,527)
Total	(279,564)	(235,040)

Section 3 - Dividends and similar income - Caption 70

3.1 Analysis of dividends and similar income

€/t	June 30, 2015 Dividends	June 30, 2015 Gains from holdings in UCITS	June 30, 2014 Dividends	June 30, 2014 Gains from holdings in UCITS
A. Financial assets held for trading	-	-	-	-
B. Available-for-sale financial assets	1,757	987	3,536	1,556
C. Financial assets measured at fair value	-	-	-	-
D. Equity investments	24	X	-	X
Total	1,781	987	3,536	1,556

Section 4 - Net income from trading - Caption 80

4.1 Analysis of net income from trading

€/t	Gains (A)	Trading gains (B)	Losses (C)	Trading losses (D)	Net income [(A+B) - (C+D)] June 30, 2015	Net income [(A+B) - (C+D)] June 30, 2014
1. Financial assets held for trading	618	4,016	(10,690)	(2,973)	(9,029)	20,018
1.1 Debt securities	616	4,006	(10,690)	(2,842)	(8,910)	20,026
1.2 Equity investments	2	8	-	(127)	(117)	(29)
1.3 Holdings in UCITS	-	2	-	(4)	(2)	21
1.4 Loans	-	-	-	-	-	-
1.5 Other	-	-	-	-	-	-
2. Financial liabilities held for trading	4,664	2,851	(46)	(268)	7,201	(2,066)
2.1 Debt securities	4,664	2,851	(46)	(268)	7,201	(2,066)
2.2 Debts	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	X	X	X	X	295	38
4. Derivatives	2,078	5,905	(41)	(7,105)	1,669	(9,482)
4.1 Financial derivatives:	2,078	5,905	(41)	(7,105)	1,669	(9,482)
- debt securities and interest rates	2,068	5,528	(19)	(7,098)	479	(10,177)
- equities and stock indices	10	377	(22)	(7)	358	44
- currencies and gold	X	X	X	X	832	651
- other	-	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-	-
Total	7,360	12,772	(10,777)	(10,346)	136	8,508

Section 7 - Net result from financial assets and liabilities measured at fair value - Caption 110

7.1 Analysis of net change in value of financial assets and liabilities measured at fair value

€/t	Gains (A)	Gainson disposal (B)	Losses (C)	Losses on disposal (D)	Net income [(A+B)-(C+D)] June 30, 2015
1. Financial assets	809,036	107,407	(54,461)	(139,159)	722,823
1.1 Debt securities	18,205	7,587	(11,031)	(3,426)	11,335
1.2 Equities	-	-	-	-	-
1.3 Holdings in UCITS	790,831	99,820	(43,430)	(135,733)	711,488
1.4 Loans	-	-	-	-	-
2. Financial liabilities	-	-	(1,510)	-	(1,510)
2.1 Debt securities	-	-	-	-	-
2.2 Amounts due to banks	-	-	-	-	-
2.3 Amounts due to customers	-	-	(1,510)	-	(1,510)
3. Financial assets and liabilities: exchange differences	-	-	-	-	-
4. Credit and financial derivatives	-	-	-	-	-
Total	809,036	107,407	(55,971)	(139,159)	721,313

Section 9 - Net premiums - Caption 150

9.1 Analysis of net premiums written

€/t	Insurance	Reinsurance	June 30, 2015	June 30, 2014
A. Life				
A.1 Gross premiums booked (+)	1,690,472	-	1,690,472	2,079,700
A.2 Reinsurance premiums (-)	(1,338)	X	(1,338)	(1,497)
A.3 Total	1,689,134	-	1,689,134	2,078,203
B. Damages				
B.1 Gross premiums booked (+)	27,525	-	27,525	26,009
B.2 Reinsurance premiums (-)	(1,473)	X	(1,473)	(1,257)
B.3 Change in the gross amount of premium reserve (+/-)	(7,633)	-	(7,633)	(8,447)
B.4 Change in premiums reserve borne by reinsurers (+/-)	(46)	-	(46)	1
B.5 Total	18,373	-	18,373	16,306
C. Total net premiums	1,707,507	-	1,707,507	2,094,509

It should be recalled that the premiums related to the product "My Life" are not recognized in the income statement (IFRS 4) but with the deposit account method (IAS 39). In fact, this product has been classified as a financial product as the insurance risk has been rated as "not significant" (the threshold for the identification of the significant risk is greater than or equal to 5% of the contract value).

Section 10 – Balance other income and expense from insurance activities – Caption 160

10.1 Analysis of balance of other insurance income/expenses

€/t	June 30, 2015	June 30, 2014
1. Net change in technical reserves	13,680	522,068
2. Claims paid in the year	(2,471,812)	(3,061,983)
3. Other insurance income/expenses	(1,435)	(812)
Total	(2,459,567)	(2,540,727)

10.2 Analysis of net change in technical reserves

€/t	June 30, 2015	June 30, 2014
1. Life		
A. Mathematical reserves	501,402	628,963
A.1 Gross annual amount	502,399	631,101
A.2 Reinsurers' share (-)	(997)	(2,138)
B. Other technical reserves	1,452	(2,193)
B.1 Gross annual amount	1,452	(2,193)
B.2 Reinsurers' share (-)	-	-
C. Technical reserves under which the investment risk is borne by the policyholder	(488,978)	(104,565)
C.1 Gross annual amount	(488,978)	(104,565)
C.2 Reinsurers' share (-)	-	-
Total Life	13,876	522,205
2. Damages		
Change in other damages technical reserves other than claim net of reinsurance	(196)	(137)
Total Life and Damage	13,680	522,068

10.3 Analysis of claims paid in the year

€/t	June 30, 2015	June 30, 2014
Life: expenses for claims, net of reinsurance		
A. Amounts paid	(2,490,219)	(3,126,436)
A.1 Gross annual amount	(2,492,815)	(3,129,600)
A.2 Reinsurers' share (-)	2,596	3,164
B. Change in reserve for outstanding claims	23,331	68,246
B.1 Gross annual amount	23,394	68,509
B.2 Reinsurers' share (-)	(63)	(263)
Total Life	(2,466,888)	(3,058,190)
Damages: expenses for claims, net of recoveries and reinsurance		
C. Amounts paid	(4,220)	(3,880)
C.1 Gross annual amount	(4,568)	(4,361)
C.2 Reinsurers' share (-)	348	481
D. Change in recoveries net of reinsurers' shares	15	(82)
E. Change in claims reserve	(719)	169
E.1 Gross annual amount	(662)	49
E.2 Reinsurers' share (-)	(57)	120
Total Damage	(4,924)	(3,793)

Section 11 - Administrative expenses - Caption 180

11.1 Analysis of personnel expenses

€/t	June 30, 2015	June 30, 2014
1) Employees	(88,253)	(80,072)
a) wages and salaries	(61,594)	(56,489)
b) social security contributions	(18,095)	(16,648)
c) completion of service entitlements	-	(4)
e) provision for completion of service entitlements	(3,184)	(2,721)
f) provisions for severance benefits and similar obligations:	-	(17)
- defined contribution plan	-	(17)
g) external supplementary pension funds:	(1,027)	(727)
- defined contribution plan	(920)	(685)
- defined benefit plan	(107)	(42)
i) other employee benefits	(4,353)	(3,466)
2) Other personnel	(2,796)	(2,612)
3) Directors and Statutory Auditors	(4,775)	(3,814)
Total	(95,824)	(86,498)

11.2 Average number of employees by category

Category	June 30, 2015	June 30, 2014
1) Employees	2,505	2,356
a) senior management	96	90
b) middle management	380	337
c) other employees	2,034	1,929
2) Other personnel	-	-
Total	2,510	2,356

11.5 Analysis of other administrative expenses

€/t	June 30, 2015	June 30, 2014
IT services	(47,191)	(43,847)
Infoprovider services	(4,340)	(3,260)
Financial services fees and expenses	(1,461)	(1,354)
Miscellaneous services	(13,440)	(11,832)
Taxes and duties	(1,693)	(1,678)
Television and internet communication services	(1,264)	(1,076)
Network advisory services and consulting	(2,196)	(1,384)
Rentals	(6,767)	(6,495)
Maintenance and repairs	(2,561)	(1,752)
Telephone and postal expenses	(7,123)	(7,148)
Other consulting and advisory services	(12,475)	(11,500)
Contributions to "Punti Mediolanum"	(355)	(546)
Consumables	(3,676)	(4,122)
Insurance	(1,446)	(1,365)
Member fees	(2,282)	(2,246)
Advertising and promotional expenses	(12,724)	(16,054)
Organisation of conventions	(8,746)	(5,978)
Consulting, education and training for sales network	(963)	(2,551)
Energy utilities	(798)	(788)
Business expenses, gifts and other	(2,960)	(2,217)
Market research	(1,078)	(789)
Recruitment and selection of employees	(532)	(850)
Travel expenses	(702)	(670)
Recruitment and selection of financial advisors	(117)	(12)
Other administrative expenses	(3,759)	(4,120)
Total	(140,649)	(133,634)

Other administrative expenses showed an increase of Euro +7 million, mainly due to the increase in expenses incurred for information systems (Euro +3.3 million vs. the comparative period).

Section 12 - Net provisions for risks and charges - Caption 190

12.1 Analysis of net provisions for risks and charges

€/t	June 30, 2015	June 30, 2014
Portfolio allowance	639	(357)
Supplementary customer allowance	(16,967)	(3,301)
Risks for financial advisor offences	(2,163)	(6,046)
Future charges on products distributed	(903)	(1,041)
Legal proceedings	(10,292)	(1,432)
Managerial allowance	(3,219)	(1,359)
Other net provisions for risks and charges	(2,339)	(3,847)
Total	(35,244)	(17,383)

The increase in net provisions of Euro 17.9 million is mainly attributable to the non-recurring charges recorded by the subsidiary Banco Mediolanum for a legal dispute for events dating back to the period 1988-1993 for Euro 11.2 million.

PART E - INFORMATION ON RISKS AND RISK MANAGEMENT

Risk management and internal control system – Banking Group

The Group's internal control system consists of the set of rules, procedures and functions established to ensure the effectiveness and efficiency of corporate processes, the protection of company's assets and the proper management of customer assets, the reliability and integrity of accounting and management information as well as compliance with internal and external rules, statutes and regulations. The various companies within the Mediolanum Group operate a comprehensive, effective internal control system in accordance with applicable regulations and the business they conduct. The Board of Directors and management play a key role in the establishment of an adequate risk management framework and the implementation of an effective internal control system.

The control system is organized according to different levels, with different levels of responsibility. Specifically, the internal control system is built around the following three main lines of defence:

- line controls: made by the individuals who carry out a certain activity and by their supervisors, generally within the same organisational unit or function. These controls are carried out by operational units or embedded in automated procedures, and they are part of back-office activities;
- risk or second-level controls: performed by units other than operating units that contribute to the definition of risk measurement methods, control of operating limits of officers to whom authorities are delegated, and verify compliance of transactions with the risk/return targets set by corporate bodies in their respective areas of responsibility.

  This second line of defence is tailored to the risk profile of the individual business and includes controls over credit risk, market risk, capital risk, investment risk, operational risk, compliance risk and reputational risk;
- internal audit or third-level controls: entails the periodic assessment of the completeness, effectiveness and adequacy of the internal control system in relation to the nature of the business and the level of risks undertaken. These controls are the responsibility of the Internal Audit function which is separate and independent of operating units.

For the performance of their duties, control staff is granted access to all corporate structures as well as to any information they may need to assess outsourced activities. The Board of Directors and the Board of Statutory Auditors receive regular reports on internal control work so that they can promptly take suitable corrective measures if deficiencies are detected.

Risk Control Organisational Structure

Integrated risk management is represented by the set of rules, functions, structures, resources, processes and procedures designed to ensure, in accordance with sound and prudent management, the achievement of different purposes including the containment of risk within the limits set out in the framework of reference for the determination of risk appetite on the part of all the companies that are part of the Conglomerate. Therefore in all Group companies there is supervision of all types of first and second pillar risks, according to different methodologies both in relation to the nature of the activities of each Company, and in relation to the principle of proportionality. These principals are formalized in policy documents, which are inflected in specific procedures and implemented in adequate IT processes and tools.

The results of the risk supervision activities are brought to the attention of the individual Boards of Directors of various companies of the Group at least quarterly. In particular, at the Internal Control Committee of Mediolanum S.p.A. there is an informative summary of the integrated reporting at Conglomerate level on the control of risks that characterize the latter.
In Q1, the Board of Directors of Mediolanum S.p.A. approved the Risk Appetite Framework (RAF) document that appears to be the framework that determines the risk appetite, tolerance thresholds, risk limits, the government risk policies, processes of reference needed to define and implement them, consistent with the maximum acceptable risk, the business model and the strategic plan adopted by the Group.
The Risk Management Function of the Parent Company quarterly drafts the RAF Dashboard reporting document that is the tool to monitor strategic risk indicators monthly, monitored at individual and Group level.
Also with regard to the control structure, in order to ensure greater proximity to the business, the Risk Management Function of Banca Mediolanum remained, as the unit which provides outsourced services even to Mediolanum S.p.A. and which also performs Group coordination tasks in relation to specific Risk Management Functions at Mediolanum Vita, Mediolanum Assicurazioni, the management company Mediolanum Gestione Fondi, which report functionally to the homologous function of the parent company.

The Group risk management framework has been developed taking into account the nature of the business as well as statutory and regulatory requirements and is continually reviewed and upgraded to keep abreast of any changes in the internal and external regulatory and business environment.
The Group risk management framework, together with related corroborative information, was examined and approved by the Audit Committee, Senior Management and the Board of Directors of the Parent Company.

Underlying principles

The following general principles form the bedrock of the Group risk management framework:
- completeness in the types and location of risks;
- segregation of duties between the Compliance and Risk Management function and Operating Units, in accordance with the proportionality principle, which entails an implementation approach by subsidiaries commensurate with the size of the entity;
- sharing and coherence among all organizational units and/or companies belonging to the same group regarding the use of models and uniform methodologies for the collection of data and information and for the analysis and measurement of risks;
- timely and consistent analysis and measurement of risks; subsequent preparation of reports to support control and decision-making processes;
- transparency and dissemination of models, methods and criteria applied in the analysis and measurement of risks to promote a control culture within the organisation and understanding of the reasons underlying the choices made;
- delegation of risk management authorities and responsibilities from the Board of Directors to the Operating Units for their direct management of the risks to which corporate processes are exposed.

The Mediolanum Group has defined as part of the processes that characterize the different business activities, its Risk Appetite Framework ("RAF") or the level of risk, overall and by type of risk that it intends to adopt for the

achievement of its strategic objectives, identifying the metrics being monitored, the relative tolerance thresholds and different limits of risk.
To ensure adherence to the principles above and have a comprehensive risk management framework, the Mediolanum Group has adopted a set of risk policies.

The main purposes of risk policies are to:
- ensure that any material breaches/anomalies be promptly identified by the internal control system and adequate corrective/mitigating actions be taken;
- ensure the consistent application of risk management principles and rules across the Group;
- promote a risk management culture at all levels of the organisation and encourage consistent, knowledgeable operating choices and practices, in a structured way.

Risk Management Function

The Risk Management Function is responsible for monitoring the exposure of the Bank to financial and credit risks and assessing the capital impact on operational and reputational risks, keeping under constant control the capital adequacy in relation to the activity performed exercising a role of guidance and coordination on issues related to the management and control of risks, in respect of subsidiaries in which there are specific Risk Management Functions.
The Risk Management Function therefore defines and maintains the framework of the control and management of all the risks of the bank; it is responsible for the supervision of the first pillar risks (credit, market and operational) of Banca Mediolanum and conducts qualitative and quantitative assessment of second pillar risks of Basel II, in compliance with the guidelines of the Board of Directors and the current law provisions.
It also defines the methods for assessing and monitoring reputational risks in coordination by the Compliance Function. Prepares internal regulations, or policies and regulations relating to all relevant risks and identifies and develops quantitative methods aimed at managing the relevant first and second pillar risks of the Bank.
Verifies continuously of the adequacy of the Risk Appetite Framework of the Bank and the Group and coordinates the Internal Capital Adequacy Assessment Process (ICAAP) for those activities specifically attributed to them and falling within the scope of the ICAAP Regulation.
The Risk Management Function of Banca Mediolanum S.p.A., exercises, in accordance with as explicitly required by law, its function of guidance and coordination for all Mediolanum Group companies through different areas of activity including strategic, management and of technical/managerial coordination. Following the prior assessment by the Audit Committee on the performance of control activities, the Risk Management Function reports to the Board of Directors on the overall situation of risk in its various components.

Financial Instruments' classification method and principles

The disclosures required by IFRS 7 can be substantially referred to the classification in three main types of risk:

1. **Credit Risks.** Credit risk is the risk of loss arising from the deterioration in the creditworthiness up to default of either retail customers or institutional counterparties of whom the bank is a creditor in its investment activities, as a result of which debtors fail to meet all or part of their contractual obligations.
2. **Market Risks.** Market risk is the risk of potential losses, which may also be significant, from adverse movements in market rates and prices to which the Mediolanum Group companies are exposed in their investment activities, such as interest rates, exchange rates, equity prices, volatility, bond spreads.
3. **Liquidity Risks.** Liquidity risk is typically the risk that arises from the difficulty of liquidating assets. More specifically, it is the risk that a financial instrument cannot be bought or sold without a material decrease/increase in its price (wide bid-ask spread) due to the potential inability of the market to settle the transaction wholly or partly. Liquidity risk is also the potential risk that an entity will be unable to obtain adequate funding. Pursuant to Basel II Second Pillar Supervisory Review of the Internal Capital Adequacy Assessment Process (ICAAP), the regulator requires banking organisations to put in place liquidity risk measurement and management policies and processes.

Information on risks is set out below.

Risk management at Conglomerate level

For financial conglomerates that engage in both insurance and banking, the traditional approach applied by regulators and supervisors to ensure that enough capital is held against risks has been to consider the risk profile of each business (insurance and banking) and set forth capital requirements against the specific risks to which each business is exposed. The insurance business is subject to Solvency II requirements and the banking business to the ICAAP process. At conglomerate level, compliance with these requirements is compounded by assessment, analysis and monitoring of risk concentration.

Risk concentration indicates an exposure with the potential to produce losses that are large enough to threaten the solvency or financial position of the conglomerate entities. Management and control of risk concentration is carried out by aggregating the exposures of all Conglomerate entities to the same counterparty, be it public or private, regardless of the form of exposure.

Quarterly reports with particulars on the most significant exposures of the Conglomerate to the same counterparties are sent to the Supervisory Authorities.

Owing to their pervasive nature a common risk framework was adopted at Group level for strategic risk, operational risk, compliance risk and reputational risk. Said framework is applied to the various entities within the Group under a proportionate approach according to the characteristics of the specific business and related statutory and regulatory requirements. Given the common framework information about strategic risk, operational risk, compliance risk and reputational risk provided in the following pages relates to the entire Group while the information about financial risk and credit risk is given separately for the insurance business and banking business.

Banking - Financial Risk and Credit Risk

Risk Appetite Framework and mapping of major risks

The adoption of adequate risk assessment and control systems by all companies of the Mediolanum Group, in line with the complexity and characteristics of the present and future activities, allowed to adopt and formalize a set of criteria and rules for the definition of their risk appetite, tolerance thresholds, risk limits, risk governance policies, reference processes needed to define and implement them through the adoption of the Risk Appetite Framework (RAF). The RAF, approved by the Strategic Supervisory Body of the parent company, therefore summarizes the strategies of risk assumption representing the overall structure within which it is intended to manage the risks undertaken, also through the definition of maximum tolerance to risk, with consequent articulation of the oversight adopted overall and divided for each significant risk, consistent with the highest risk assumable, the business model and the strategic plan adopted by the Group. The RAF as a tool able to focus attention on the risk profile of the Banking Group through an integrated vision of risks, has significant relations and synergies with the ICAAP process, ideally "upstream" with respect to the latter.

The Internal Capital Adequacy Assessment Process (ICAAP)

The assessment of the risk profile and the periodic review is carried out continuously and is reported at least annually through the ICAAP (Internal Capital Adequacy Assessment Process) report, which represents the self-assessment process of capital adequacy according to the Group's internal rules. Under Basel II Pillar 2 (Title III of Bank of Italy's Circular 285/2013) banks are required to have a process to estimate their own internal capital requirements to cover all risks, including those not captured by the total capital requirement (Pillar 1) as part of the assessment of the bank's current and future exposure, taking account of the bank's strategies and possible developments in the environment in which it operates. Supervisory regulations detail the steps, the frequency and the main risks to be considered and, for certain risks, set out indications on methods that should be used in the assessment. In application of the proportionality principle, banks are classified into three categories that generally identify intermediaries according to their size and the complexity of their activities. Responsibility for the ICAAP rests with corporate governance bodies of the Parent Company.

The Supervisory Review Process (SRP)

The Supervisory Review Process - SREP seems to be articulated through the establishment of the Single Supervisory Mechanism (MVU), which includes the European Central Bank (ECB) and the National Competent Authorities of EU member states. This body is responsible for the prudential supervision of all credit institutions of the member states and ensuring that the EU policy on prudential supervision of credit institutions is implemented coherently and effectively in all EU countries. The supervision of intermediaries defined as significant is actually performed by the ECB in close cooperation with the national supervisory authorities. The supervision of the remaining banks will remain under the responsibility of the Authorities of each country and is performed on the basis of uniform criteria at EU level. Banca Mediolanum currently and according to the criteria established by the ECB, is included in this second group of banks. Supervision is therefore divided into two separate phases: the first is the banks' process for assessing their current and future capital adequacy in relation to their risk profile and business strategies (ICAAP). The second is the Supervisory Review and Evaluation Process (SREP) conducted by the national banking Supervisory Authorities that review and evaluate banks' internal capital adequacy and, if needed, take appropriate action.

The ICAAP hinges on the bank's sound risk management framework, effective internal control system, robust corporate governance and well-defined lines of responsibilities.

Board and senior management are responsible for the ICAAP. They are responsible for designing and organising it in accordance with respective competences and prerogatives. They are responsible for the implementation and for regular reviews of the ICAAP to ensure it is commensurate with the operational and strategic environment in which the bank operates.

The ICAAP must be documented, shared and known across the organisation and subject to internal audit.

The Supervisory Review Process reflects the principle of proportionality, i.e.:

- the bank's corporate governance, risk management framework, internal control system and capital assessment process are commensurate with the nature, size and complexity of its activities;
- the frequency, the level of detail and sophistication of the SREP depend on the systemic relevance, the nature, size and complexity of the bank's business.

Classification of intermediaries in relation to the ICAAP

The principle of proportionality applies to:

- the methods used to measure/assess risks and related internal capital adequacy;
- the type and characteristics of stress tests;
- the treatment of correlations between risks and overall internal capital requirements;
- organisation of the risk management system;
- level of detail and sophistication of ICAAP reports to the Bank of Italy.

To facilitate the implementation of the proportionality principle, banks are classified into three categories according to their size and the complexity of their activities. The Mediolanum Banking Group falls within category 2, i.e. banking groups or banks applying the standardised approach, with consolidated or separate assets in excess of Euro 3.5 billion.

Banks apply a consistent approach to deriving capital requirements from the bank's risk measurement under the first pillar and overall internal capital requirements.

It shall also be noted that for the purpose of classification according to the criteria of the current EU provisions (refer to EU regulation no. 575/2013 and circular 285/2013 implementing the CRR) it seems reasonable to consider and qualify "Banca Mediolanum" as "intermediary bank".

Banca Mediolanum's ICAAP processes

In accordance with supervisory requirements and in line with best practices, Banca Mediolanum's ICAAP entails the following steps:

1. identification of risks for assessment;
2. measurement/assessment of individual risks and related internal capital level;
3. measurement of the overall internal capital level;
4. determination of overall capital level and reconciliation to Own Funds.

First pillar risks

Credit Risk (including counterparty risk)

Credit risk is the risk of loss arising from the deterioration in the creditworthiness up to default of retail, corporate and institutional counterparties of whom the bank is a creditor in its investment or lending business, as a result of which debtors fail to meet all or part of their contractual obligations.

Market Risk

For banks using the standardised approach the capital requirement for market risk is the sum of capital requirements for position risk, settlement risk, concentration risk and commodity risk.

Operational Risk

The Mediolanum Group defines operational risk as "the risk of economic loss or damage to assets, and sometimes legal and administrative consequences, resulting from any misconduct or inappropriate behaviour of its personnel, inadequate or failed systems or internal processes, or external events."

Second pillar risks

Concentration Risk

Concentration risk is the risk arising from exposure to individual counter-parties, groups of related counter-parties or counter-parties in the same industry, operating segment or geographical area.

Interest Rate Risk

Interest rate risk arising on activities other than trading: the risk of potential changes in interest rates.

Liquidity Risk

Liquidity risk is typically the risk that arises from the difficulty of liquidating assets. More specifically, it is the risk that a financial instrument cannot be bought or sold without a material decrease/increase in its price (wide bid-ask spread) due to the potential inability of the market to settle the transaction wholly or partly. Liquidity risk is also the potential risk that an entity will be unable to obtain adequate funding.

Residual Risk

The risk that the credit risk mitigation techniques adopted by the Bank turn out to be less effective than anticipated.

Strategic Risk

Strategic risk is the current or prospective risk of impact on earnings or capital arising from changes in the industry, adverse business decisions, improper implementation of decisions, lack of responsiveness to industry changes.

Compliance Risk (or Non-Conformity Risk)

It is the risk of legal penalties or fines, financial losses or reputational damage resulting from failed compliance with statutes, regulations, codes of conduct, self discipline or internal rules.

Reputational Risk

Reputational risk is the current or prospective risk of impact on earnings or capital arising from the negative perception of the bank's image by customers, counterparties, shareholders, investors or supervisory authorities.

Credit Risk

General

Lending, be it the provision of home loans or consumer credit, or in other forms to meet other financing needs, is part of the business of the Mediolanum Banking Group. Consistently with the Group mission, lending complements the Group primary business i.e. the distribution of banking, asset management, insurance and retirement savings products. The Group applies prudent credit policies, which are geared to develop and strengthen the relationship with customers who invest in products managed by the companies within the Group.

With particular reference to Banca Mediolanum, the Lending Division is responsible for ensuring adequate implementation of the Bank's credit policy in compliance with laws and regulations in force. Currently the Credit Division is divided into the following Units: Ordinary Loans, Special Loans, Corporate Loans, Credit Quality Monitoring and Watch List and Credit Operations.

Credit risk management – Organisational aspects

The risk management framework includes policies that set out general principles and instructions on lending as well as on monitoring the quality of the loan portfolio.

Credit risk exposure is also assessed at the level of individual companies in their respective areas of responsibility, by measuring and monitoring the risk associated with the various categories of financial instruments. Capital adequacy and, in particular, compliance with solvency ratios and exposure limits for credit risk as set by local supervisory authorities are periodically monitored by the competent offices of the respective companies.

Credit risk measurement, management and control

Credit quality is monitored by regularly assessing, in each stage of the lending process, whether there is evidence of risk in accordance with entity-specific operating procedures.
In the lending process it is fundamental to have a comprehensive understanding of the financial condition of the borrower and the type of financing which best meets his needs, the loan purpose, the borrower creditworthiness and earnings capacity. To that end, each entity within the Group, as part of its loan application analysis, gathers all information needed to assess the consistency of the borrower's income and exposure (including existing commitments) with the type and purpose of the loan or other financing. In that examination, the entity uses performance and financial analysis tools as well as intelligence obtained from private and public Credit Bureaus. All collateral is subject to regular review.
All loans are also subject to regular review by the competent units within each Group entity. Outstanding loans are continuously monitored focusing especially on riskier positions. Regular reports on credit protection actions taken are submitted to the Board of Directors of the respective companies.
In order to make the estimation of risk parameters further in line with the actual characteristics of the customers of Banca Mediolanum, as at June 30, 2015, a new model of PD "Probability of Default" was used for the calculation of collective impairment for the private segment. The new model implemented assigns a score to all counterparties with potential credit risk. The counterparties for which at least one of the following conditions applies are therefore valued:

- used and/or granted not zero;
- presence of active credit card on the account.

The development of the new rating model, (estimated on a sample of only internal customers of the Bank), was dictated by the need to improve the representativeness of the risk of said portfolio also in light of the growth plan in credit volumes.
In the assessment of the creditworthiness of the private sector, in order to make all input data to the model as complete as possible, both internal information (ex. record and performance variables) and external information (ex. reporting to the Risk Control Unit) was considered. The new model was used to calculate the expected loss for the allocation of collective impairment at the reporting date.

The second-level monitoring process prepared by the Risk Management Function aims to analyze the credit quality and the dynamics of risk exposure along the fundamental regulations and management guidelines by calculating summary risk indicators and representing progress over time in order to prepare action plans necessary to mitigate or avoid risk factors.
In particular, the Risk Management Function prepares the following types of audits:

- "Massive" audits
  Such audits are applied to the loan portfolio as a whole or its relevant subsets (ex: customer segment, geographical area and type of entrustment, etc.) that allow highlighting potentially "abnormal" behaviour of the portfolio analysed. Exceeding attention thresholds defined in correspondence with massive audits can activate the conduct of sample audits that allow analysing the anomalies found on individual positions.

- "Sample" audits
  Such audits are carried out on individual credit positions that fall within the samples selected by the Risk Management Functions based on specific criteria. Sample audits can be activated both after carrying out the massive audits and independently of the latter. As the audits in question are focused on individual credit positions, they may result in the acquisition of documentation to accompany the claim and assessments on the realizable value of guarantees associated with credit exposure.

Credit risk mitigation techniques

Loans extended by the Banking Group entities are secured by collaterals received from borrowers. Collaterals primarily consists of mortgages over property and pledge over financial instruments, plus conditional sale, endorsements, patronage letter and other forms of security, such as surety bonds. Although secondary to the assessment of the borrower's creditworthiness, in the assessment of credit risk great emphasis is placed on the appraised value of the collateral received from the obligor and the prudential adjustments applied are properly differentiated according to the type of collateral whose value is subject to regular review against its market value.
The Banking Group does not offset credit risk exposures against positive balances of on- or off-balance sheet items.
Credit risk mitigation (CRM) techniques consist of loan-related contracts or other instruments and techniques that reduce credit risk whose risk mitigating effect is recognised in the calculation of regulatory capital, as well as, for risk management purposes, in the internal policies of the Mediolanum Banking Group. Credit risk is inherent in the Credit Division's lending business and in Financial Management division's liquidity management.
Eligible CRM techniques fall into two broad categories:

1. real guarantees;
2. personal guarantees.

Real guarantees are:

1. financial collateral, i.e. cash, certain financial instruments, gold – pledged or transferred – repurchase/reverse repurchase and securities lending/borrowing transactions;
2. master netting agreements;
3. on-balance sheet netting;
4. mortgages.

Personal guarantees include personal guarantees and credit derivatives.
Currently, within the Mediolanum Banking Group, the use of credit derivatives is allowed only for trading purposes and not for banking book credit risk mitigation.
Eligible CRM techniques are mortgages and pledges or other equivalent security interests in assets with a reasonable degree of liquidity and a reasonably stable market value. This category includes guarantees provided by such pledge.
Conversely, although taken into account when deciding whether or not to extend a loan, "irrevocable orders to sell other Group financial products" are not eligible for CRM purposes.
Credit risk on mortgage loans is mitigated by the property given as collateral. Properties given as loan collateral must be located in Italy and be residential properties.

Semi-residential properties are accepted provided that they satisfy the following requirements:

- the non-residential portion does not exceed 40% of the estimated property value;
- the property is located in a residential area;
- the borrower is self-employed and intends to use the property as his/her primary residence.

In all these instances Loan-to-Value shall not exceed 70%.

The bank applies a disciplined approach to lending and adequate checks e.g. it checks the accurateness and completeness of the property appraisal as this is crucial to get a true view of risk. The bank requires than any request for mortgage loan approval be accompanied by a valid property appraisal setting out a true estimate of the value of the property for which the loan is sought and certifying to the highest possible degree that a valid building permit and any other authorisations for the property have been obtained. If not so, the loan will not be extended or the loan amount reduced to be commensurate with the true property value (which depends on its location, on how easily it can be resold, etc.).

The appraisal is made by independent professionally qualified valuers who have entered into an agreement with Banca Mediolanum.

The relevant technical unit within the Lending Division is responsible for ensuring that internal procedures for the preparation of property appraisals are thoroughly and properly applied.

Assessment of the quality of the loan portfolio

The Mediolanum Group assesses the quality of the loan portfolio applying the following two-step approach in view of identifying any possible impairment:

- identification of assets to be individually or collectively tested for impairment;
- measurement and recognition of the impairment loss in accordance with the specific impairment rules.

The first step is preliminary to the impairment test that assesses and measures the impairment loss, if any.

The main Banca Mediolanum subsidiary tests for impairment loans and endorsements with fixed or determinable payments extended to retail/corporate and institutional clients. Loans and endorsements to retail/corporate clients typically consist of arranged overdraft facilities, loans and credit lines repayable in instalments, while those extended to institutional clients (banks and other financial institutions) are made up of deposits, repurchase agreements (amount paid for the purchase of the asset under an agreement to resell it at a future date) and hot money facilities.

To identify loans and endorsements to be individually/collectively tested for impairment it is necessary to analyse the significance of the exposure and check whether there is objective evidence of any losses.

Loans classified as "non-performing" according to reporting criteria under the current Supervisory provisions, regardless of the significance of individual exposure, are subject to analytical assessment, which differs between "analytical-forfeit" assessment and "analytical-individual assessment". In fact, these are exposures for which there is objective evidence of impairment as per §64 of IAS 39.

For exposures that are individually assessed for impairment the recoverable amount of the individual exposure is determined on the basis of:

- estimated recoverable cash flows;
- timing of recoveries;
- the interest rate used to discount future cash flows.

Non-performing loans of Banca Mediolanum have a different estimate/handling approach depending on the class, type and value of the guarantee backing the loan and other classification variables that management, on expert basis and prudentially, considered the most significant and indicative of the level of potential risk.
Exposures that are not individually assessed are grouped on the basis of similar risk characteristics and collectively assessed for impairment.
The collective impairment loss is obtained by adding up the losses of each group. The collective impairment amount is compared with the previous carrying amount of loans to determine the amount of provisions to set aside or use.
The process for the identification of the groups of loans to be collectively assessed under IAS is in line with the credit risk approach under Bank of Italy's Circular 285 of December 17, 2013 and subsequent updates. Specifically, the risk parameters under said regulation, i.e. probability of default (PD) by rating class and Loss Given Default (LGD), are significant parameters for the classification of loans into groups with similar credit risk characteristics and for the calculation of provisions.

Impaired financial assets

Group entities have their own effective tools for prompt detection of any problem loans.
The rules set forth by the Basel Committee introduced significant changes in the general definitions of problem loans and the discretionary guidance of national supervisory authorities. The most significant change relates to the definition of default. A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- the bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the bank to actions such as realising security (if held);
- the obligor is past due more than 90 days on any material credit obligation to the bank.

In accordance with the discretionary guidance of national supervisory authorities, the Company classifies troubled positions according to their level of risk.
The Company also has dedicated problem loan management units that apply operating procedures and take action according to the severity of the problem.
"Impaired loans" under the new Supervisory definitions include the following classes:

- over 90 days past due loans;
- likely defaults;
- non-performing loans.

Overdue and/or past due impaired exposures

They refer to on-balance sheet exposures, other than those classified as non-performing or likely default, which are past due or overdrawn continuously more than 90 days and the higher of the following two values is equal to or higher than the 5% threshold: a) average of amounts past due and/or overdrawn on the entire exposure recorded on a daily basis in the last previous quarter; b) amount past due/overdrawn on the entire exposure referred to the reference date of the report.

In particular, in the case of exposures to instalment repayment, the unpaid instalment is considered to represent the most delay and, if a counterparty has several past due and/or overdrawn exposures for more than 90 days, the highest delay is considered.

In the case of overdrafts on current accounts "revoked" in which the credit limit granted has been exceeded (although due to the capitalization of interest), the calculation of days of overdraft begins, depending on the fact that occurs first, starting from the first date of failure to pay interest that determines the overdraft or from the date of the first request for return of capital.

Past due and/or overdrawn impaired exposures include loans to individuals who fulfil the conditions for their classification among past due and/or overdrawn impaired exposures and which have one or more credit lines that meet the definition of "Non-performing exposures with forbearance measures".

Likely defaults

They refer to on and "off-balance" exposures towards the same debtor against whom complete fulfilment is deemed unlikely (principal and/or interest) to its credit obligations without recourse to actions such as enforcement of guarantees. This assessment is carried out independently of the presence of any amounts (or instalments) past due and not paid if there are elements that imply a situation of risk of default of the debtor (for example, a crisis in the industry in which the debtor operates).

Likely defaults include, unless the conditions for their classification as non-performing apply:

- the overall exposures to persons who fulfil the conditions for their classification as likely default and that have one or more credit lines that meet the definition of "Non-performing exposures with forbearance measures";
- the overall exposures to issuers that have not regularly met their payment obligations (principal and/or interest) relating to listed debt securities. To this end, the "grace period" is recognized as required by the contract or, in the absence thereof, recognized by the market of the security listing;
- the overall exposures to debtors that have submitted appeal for arrangement with creditors so-called "blank" (art. 161 of the Bankruptcy Law) from the date of submission of the request and until the evolution of the request is known. These exposures are classified as non-performing if new objective elements are met that induce the Bank to classify the debtor in said category or if the exposures were already non-performing at the time of submission of the request.

In addition, on-and off-balance sheet exposures are allocated in the category of likely defaults for which, due to the deterioration of the economic and financial conditions of the debtor, the bank agreed to modify the original contractual terms that gave rise to a loss (former restructured loans). This classification is guided by the principle that, at the time of granting, the previous past due is "zeroed" and allocation of the renegotiated exposure among impaired assets implies an evaluation of the status of the debtor on the basis of the principle of the likely default.

Non-performing loans

Non-performing loans consist of on and off-balance sheet exposures to borrowers that are unable to meet their payment obligations – even if their insolvency has not been established by a court of law – or in equivalent conditions, regardless of any losses estimated by the lender and irrespective of any security taken. Excludes exposures whose anomalous situation is caused by factors related to country risk.
The following are also included:

- exposures to local authorities (municipalities and provinces) in a state of financial distress for the amount subject to the relevant liquidation procedure;
- exposures to persons who fulfil the conditions for their classification as non-performing and that have one or more credit lines that meet the definition of "Non-performing exposures with forbearance measures".

Counterparty Risk

Counterparty risk is part of credit risk. Counterparty risk is the risk that a party to a derivative contract may fail to perform on its contractual obligations and, when marked to market, the value of the derivative contract turns out to be positive for Banca Mediolanum. Exposure to counterparty risk is measured applying the present value method to OTC derivative contracts. The replacement cost of each contract is its fair value, if positive. Fair value is positive if the bank is a net creditor of the counterparty.
To protect against counterparty risk arising from said derivatives contracts the Group entered into ISDA Master Agreements. It should be noted that Banca Mediolanum has adequate procedures and tools for the management of collateral in respect of derivative transactions. The activity on the negotiation of the relevant agreements of the Credit Support Annex is the main exercise on the mitigation of counterparty risk.

Concentration Risk

Concentration risk, as defined in regulations, is the exposure to individual counterparties, groups of individual or related counterparties or counterparties in the same industry, business sector or geographical location. Concentration risk thus falls within the wider category of credit risk.
As required by the Banking Supervisor (Bank of Italy), in relation to the capital requirement of the single name risk, the banking group's exposure to concentration risk is monitored only for the 'Business and Others' Portfolio. The Group exposure in that portfolio is of limited size and relevance. In addition, the Banking Group put in place a system for monitoring concentration risk on a weekly basis in accordance with rules governing management of large exposures.
In accordance with regulations in force (Bank of Italy's Circular 285/2013, second part, Chapter 10, Section 1 and subsequent updates), for large exposures the Mediolanum Banking Group has set the maximum limit for each exposure at 25% of consolidated regulatory capital.
Banca Mediolanum has defined operating licences and limits in accordance with the Institutional Counterparty Credit Risk Policy. These operating licences and limits represent Banca Mediolanum's risk tolerance based on the Bank's risk appetite. Operating licences and limits are closely monitored on an ongoing basis to ensure they are not exceeded and are regularly reviewed, generally on an annual basis. Derogation from said limits is subject to delegated authorities of the Chief Executive Officer and the Head of Finance.

Credit Risk Stress Testing

Credit risk exposures are essentially gauged using three key parameters: Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD).
As to exposure classes for which the credit risk capital charge is calculated, based on the qualitative and quantitative considerations set out below, it was decided to focus attention exclusively on:

- exposures to regulated financial institutions;
- unsecured retail exposures;
- exposures secured by property.

The portfolios above (i.e. the portfolios to which stress testing can be applied) include assets in which the Bank intends to continue to invest in the near future while keeping its exposure to other asset classes contained.
Stress testing is applied also to past due positions. So, for each asset class and for each portfolio, all exposures, both performing and impaired, at a given baseline date are considered and stressed to see how they would perform under various crisis scenarios.
Despite the unsecured credit portfolios to the retail sector and regulated financial institutions having limited amounts in terms of exposure, it is however considered necessary to assess the effect that adverse macroeconomic conditions and extreme events would have in the management of banking operations. It is therefore important to proceed to the stress tests for this type of use in order to understand, after hypothetical extreme events, the evolutionary dynamics of the intrinsic risk of this type of asset.

Market Risk

Interest Rate Risk and Pricing Risk – Trading Book

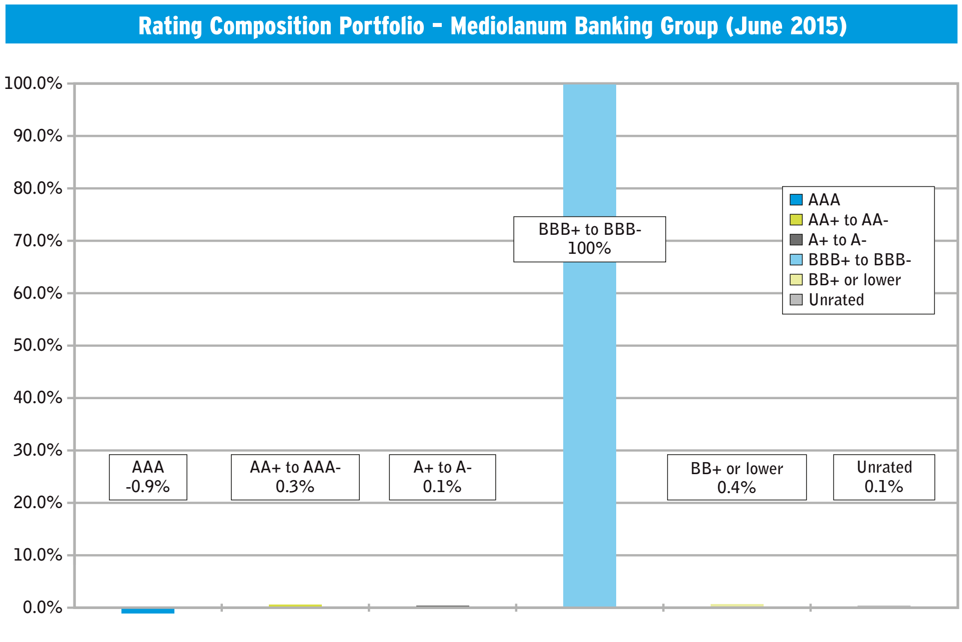
General

The Banking Group's trading book, as defined by supervisory authorities, consists of financial instruments subject to capital requirements for market risk. According to this classification, at present only Banca Mediolanum has a true trading book.
Specifically, the trading book consists of positions held by those Group functions authorised to take market risk exposures within the limits and the authorities delegated to them by their respective Boards of Directors, in accordance with the Banking Group's Parent Company guidelines. The trading book primarily consists of positions in bonds, equities, derivatives and money market instruments.
It is noted that the overall portfolio of the Banking Group is characterized by the predominance of Government Securities as compared to other domestic issuers represented in the table on the rating assigned to the country, presenting thus a relatively low risk of default. Rating analysis for the entire Mediolanum Banking Group's securities portfolio, including both the trading book and the banking book, is set out below.

Banking Group securities portfolio - RATING COMPOSITION (S&P Equivalent)
Spot data (June 2015 vs. December 2014)

€/t	2015	%	2014	%	Change (%)
Total Portfolio	17,971,870	100%	16,636,896	100%	8%
AAA	(162,217)	(0.9%)	(122,399)	(0.7%)	33%
AA+ to AA-	58,163	0.3%	107,195	0.6%	(46%)
A+ to A-	9,969	0.1%	7,947	0.05%	25%
BBB+ to BBB-	17,968,006	100.0%	16,618,965	99.9%	8%
BB+ or lower	67,698	0.4%	12,658	0.1%	435%
Unrated	30,251	0.2%	12,530	0.1%	141%

NOTE: the value of the securities portfolio does not include residual Index Linked Policies Funds, Shares and Rights. For this year, the issuer rating is represented.



Interest rate risk and pricing risk – Measurement and management

The Parent Company's Risk Management function is responsible for ensuring that the various entities use consistent methods in assessing financial risk exposure. It also contributes to the definition of lending and operating limits. However, each entity within the Group is directly responsible for the control of the risks assumed. Risks are to be in accordance with the policies approved by the respective Board of Directors and consistent with the complexity of managed assets.
Exposure to interest rate risk is measured by applying portfolio analyses (e.g. exposure limits, characteristics of the instruments and of the issuers) as well as by estimating the risk of maximum loss on the portfolio (Value at Risk).

VaR Tables
HFT Securities Porfolio - MARKET RISK
Year-end spot data (June 2015 vs. December 2014)

€/t	2015	2014	Change (%)
Nominal value	323,485	51,920	523%
Market value	295,389	45,910	543%
Duration	0.40	2.38	(83%)
VaR 99% - 1 d	2,012	878	129%

LIQUIDITY RISK

QUALITATIVE INFORMATION

Liquidity Risk – General information, Measurement and Management

The liquidity management model is structured in a manner that ensures adequate levels of liquidity in the short term as well as in the medium and long term. Given the types of assets held, their duration as well as the type of funding, the entire Banking Group has no short-term liquidity concerns. From a structural viewpoint, the Banking Group can rely on a stable core funding and is only marginally exposed to volatility. This is evidenced also by Bank's econometric projections of "on demand positions". In addition to its core funding, the Mediolanum Banking Group implements short-term funding policies through repurchase agreements, medium-term bond issues, deposits. Liquidity risk management, which is through the definition of guidelines and indicators in the Risk Appetite Framework document adopted by all Group companies (where applicable) is monitored by the Risk Management unit applying dedicated policies and procedures, including operating and structural limits and definition and constant monitoring of the maturity ladder. The liquidity risk policy also defines a contingency funding plan under the broader Asset Liability Management model of the Banking Group.
In addition to monitoring liquidity on a daily basis, the Mediolanum Banking Group also conducts stress scenario simulations.
Stress scenarios are run for both systemic events (Market Stress Scenarios) and bank specific events (Bank Specific Stress Scenarios) in relation to the macroeconomic environment, commercial policies and customer behaviour.

OPERATIONAL RISK

QUALITATIVE INFORMATION

Operational Risk – General information, Measurement and Management

The Mediolanum Group defines operational risk as "the risk of economic loss or damage to assets, and sometimes legal and administrative consequences, resulting from any misconduct or inappropriate behaviour of its personnel, inadequate or failed systems or internal processes, or external events."
In line with the requirements of the regulations for the sector, Mediolanum S.p.A. adopted a framework for the control and management of operational risk that, by virtue of specific outsourcing contract provides for the support of the Risk Management and Compliance Functions of Banca Mediolanum S.p.A.
The Risk Management Function is responsible for supervising operational risk, with the support of the Compliance Assessment and Controls Unit of the Compliance Function to carry out risk assessment activities. It also collaborates with the Sales Network and Money Laundering Inspectorate Sector for the control and management of operational risks arising from the work of the Sales Network of Banca Mediolanum S.p.A. and the Accounting and Financial Reporting Sector for the verification of capital adequacy, for the requirements of capital for operational risks of Banca Mediolanum S.p.A. and Banking Group.
The Risk Management and Compliance function is separate and independent of operating units and reports directly to the Parent Company's corporate bodies.

Specific Risk Management Functions are also present at the main Companies of the Banking Group and subsidiary Insurance Companies, in order to ensure greater proximity to the business, maintaining at the Parent Company a role of guidance and coordination.

The reference framework for the management and control of operational risk adopted by the Mediolanum Group is composed of four basic processes:

1. "Identification";
2. "Measurement";
3. "Monitoring, Control and Reporting";
4. "Management".

Each of these processes is characterized by specific objectives, models, methodologies and tools and is implemented by the Group companies, depending on the complexity of the activities carried out, exposure to operational risk and regulatory information – specific regulations, in accordance with the principle of proportionality.

Insurance - Financial Risk and Credit Risk

Introduction

The Group conducts insurance business through three entities: the Italian companies Mediolanum Vita and Mediolanum Assicurazioni and the Irish company Mediolanum International Life LTD.

The risk management system for the three Companies of the Group was designed to provide a common and consistent approach of risk management at all levels of the company and aims to support and facilitate the processes of identification, reduction, transfer or elimination, to the extent in which the residual risk is acceptable, of the impact that the risks have on the ability of individual companies to achieve their business objectives.

The risk management process allows identifying, assessing and governing and monitoring risks on an ongoing basis, taking into due account the changes in the nature and size of the business and the market environment, and is attributable to the following phases:

A. *Identification of risks, definition of the methods of estimation and related assessment*: involves the definition of principles, tools and methodologies for proper identification, description, classification, estimation (qualitative, semi-quantitative and quantitative) and risk assessment.
B. *Process of defining the risk appetite*: involves combining the previous phase, of identification, mapping and risk assessment of the Company with the definition and quantification of the risk appetite and the resulting allocation of risk tolerances and related operating limits.
C. *Government of process and risks*: consists of the policies to be followed for the assumption of new risks and/or the conduct of existing risks. The activities of assumption and conduct of various types of risk are governed by specific Policies which establish the principles and/or limits to be met in the course of activities, in order to ensure a risk profile consistent with the risk appetite of the Company.
D. *Monitoring and Reporting*: involves continuous monitoring of the risk profile of the Company and the production of adequate information both to the internal bodies and structures of the Company and to the Control Authorities and external stakeholders.

The process of defining the Risk Appetite is the main phase of the process of strategic decision and risk governance. This phase of the risk management process, starting from mapping and risk assessment, lays the foundation for defining the risk preference of the Companies and identifies the risk appetite of the same as well as the tolerance levels and operating limits.
The Risk Appetite, that is the expression of the level of risk that every company is willing and able to accept in pursuit of its strategic objectives, provides the context for risk and capital management. The main objective of the Group Structures is to maintain a level of capital efficient for the management of the business and the protection of its policyholders.
The risk profile control and management models are tailored to the complexity of the business and the characteristics of the products sold.

MEDIOLANUM VITA

Insurance Risks

The typical risks of the insurance portfolio of Mediolanum Vita can be summarized in three categories: rates risks, demographic risks - actuarial and reserve risks.

Rates risks are managed by the Actuarial function initially during definition of the technical characteristics and product pricing, and over time through periodic verification on sustainability and profitability (both in terms of product and total liabilities portfolio). When defining a product, the profit testing tool is used in order to measure profitability and identify in advance any weaknesses through specific sensitivity analyses. For cases of greater economic impact, income information is also reported such as the results of the profit testing.
Reserve risk is managed and overseen by the Actuarial function of the Company during the exact calculation of mathematical reserves, with a series of both detailed controls (for example with preventive control on the correct system storage of the variables needed for calculation such as returns, quotations, technical bases, parameters for supplementary reserves, recalculation of values of individual contracts) as well as overall controls, by comparing results with the estimates made on a monthly basis. Special attention is paid to controlling the correct acquisition of contracts, through the balancing of the relevant portfolio with reconstruction of changes divided by events that occurred during the period and consistency of the amounts settled, with respect to changes in reserves.
Regarding Solvency II the proper assessment of insurance risks to which the Company is exposed during its investment activities is crucial, particularly with regard to the Risk Appetite Framework defined by the Company and the relevant economic capital absorbed.
While some methodologies adopted reflect mainly operating needs, the framework for the definition, management and control of insurance technical risks is based on legal requirements laid down by the Solvency II regulation where applicable.
Article 13 point 30) of Directive 2009/138/EC defines subscription risk as the risk of loss or of adverse change in the value of insurance liabilities due to inadequate assumptions concerning the fixing of prices and the establishment of reserves.

Mediolanum Vita adopted this definition by identifying and classifying in this category the following risks:

1. Mortality risk;
2. Longevity risk;
3. Disqualification risk;
4. Expense risk;
5. Catastrophe risk.

The Risk Management function implemented a process that involves monitoring at least quarterly, with communication both to the Product and Equity Committee and to the Board of Directors, of disqualification risk with particular reference to:

1. outputs for redemptions;
2. failure to maintain the existing portfolio.

Mediolanum Vita considers the impact on future profitability of all sources of income and expense, especially those related to possible early termination of existing contracts. When pricing certain products penalties are included for early termination of contracts. These penalties are calculated to compensate, at least partly, lost revenues.
Additionally, under the vast majority of contracts in force, financial guarantees are not paid in the event of early termination of the contract, which is thus discouraged, and potential costs for the Company are reduced.
The assumptions used for both product pricing and risk assessment are regularly reviewed and updated based on actual experience of early termination of contracts.
An analysis of life insurance reserves by contract maturity is set out in the table below:

€/t	Insurance	Investment	Total
within 1 year	556,411	-	556,411
1 to 2 years	414,527	-	414,527
2 to 3 years	426,708	-	426,708
3 to 4 years	692,418	-	692,418
over 5 years	9,571,918	2,924,581	12,496,499
whole life	1,535,367	-	1,535,367
Total	13,197,348	2,924,581	16,121,929

The total includes mathematical reserves and technical reserves for contracts under which the risk is borne by the policyholder amounting respectively to Euro 859,651 and 14,226,761 thousand, the reserve for other technical items amounting to Euro 347,128 thousand and investment contracts financial liabilities amounting to Euro 2,925 thousand.
An analysis of insurance technical reserves by level of guarantee offered is set out in the table below.

€/t	June 30, 2015
Liabilities with interest rate guarantee	1,545,116
0%	715,726
2%	16,025
3%	125,668
4%	687,697
Liabilities without interest rate guarantee	14,576,813
Total	16,121,929

The Life Insurance Books of the Company largely consist of contracts with a predominantly savings component and a marginal "pure risk" component (death plus other coverage e.g. disability, injury…). There are also some annuity books that are exposed to longevity risk.

The risks related to with products with a predominantly savings component, and with guarantees of minimum return, are considered when pricing the products setting guarantees in a prudent way, in line with the specific features of each financial market and considering regulatory constraints, if any.

As to the demographic risk associated with death benefit policies, prudent technical rates based on population mortality tables plus adequate loadings are applied when pricing products.

To further mitigate mortality risk the Company reinsures principal in excess of Euro 100,000. As to longevity risk, the Company regularly reviews the adequacy of technical rates for the annuities it pays out. For contracts featuring an initial accumulation plan with option to convert capital into annuities in the future generally no guarantee is given of conversion rates for future annuities. The propensity of policyholders to opt for annuities is also monitored so that adjustments can be promptly made to demographic assumptions and rates.

Regarding the impact of this variable on earnings, the Company calculated that a 1% change in said variable would bring about a similar movement of Euro 1.47 million in the group's net profit for 2014.

Lapse risk and expense risk are prudentially assessed and incorporated into the pricing of new products. Product pricing and profit testing are based on assumptions derived from the Company's actual experience.

To mitigate risks associated with surrenders in general, penalties are applied. These penalties are calculated to compensate lost revenues. Portfolio reviews on annual planning include analyses that check consistency of assumptions made with actual experiences.

Market Risk

Regarding the process for the definition of investment strategies, the proper identification of market risks to which the Company is exposed during its investment activities is crucial, particularly with regard to the Risk Appetite Framework defined by the Company and the relevant economic capital absorbed.
While some methodologies adopted reflect mainly operating needs, the framework for the definition, management and control of market risks is based on legal requirements laid down by the Solvency II regulation where applicable.
Article 13, point 31) of Directive 2009/138/EC defines the market risk as the risk of loss or unfavourable change in the financial situation deriving, directly or indirectly, from fluctuations in the level and volatility of the market prices of the assets, liabilities and financial instruments.
As described in its risk identification and mapping policy, Mediolanum Vita adopted this definition identifying and classifying the following risks in this category:

1. Interest Rate Risk;
2. Equity Risk;
3. Currency Risk;
4. Property Risk;
5. Spread Risk;
6. Market Concentration Risk (subject of specific policy);
7. Liquidity Risk (subject of specific policy);
8. Financial Instruments Derivatives Risk .

Interest Rate Risk

Interest rate risk exists for all assets and liabilities whose value is "sensitive" to changes in the term structure of interest rates or volatility of interest rates. This applies to both real and nominal term structures.
The activities sensitive to changes in interest rates include fixed income investments, financial instruments (such as loans), loans on policies, derivatives on interest rates and any insurance activities.

Equity Risk

Equity risk arises from the level or volatility of market prices for securities. The exposure to equity risk refers to all assets and liabilities whose value is sensitive to changes in stock market prices.

Currency Risk

Currency risk arises from changes in the level or volatility of exchange rates. Companies may be exposed to currency risk arising from various sources, including their investment portfolios, as well as assets, liabilities and investments in associates.

Property Risk

Property risks arise because of the sensitivity of financial assets, liabilities and investments to the level or volatility of property market prices.
The following investments are classified as property and their risks are considered in accordance with the sub-form of property risk:

1. land, property and rights on property assets;
2. direct or indirect investments in real estate companies that generate regular income, or that are otherwise intended for investment purposes;
3. property investments for own use of the insurance company.

Spread Risk

Spread risk is the part of risk that reflects changes in the value of financial assets, liabilities and instruments due to a change in the level and volatility of credit spreads with respect to the term structure of the risk-free rate. The spread risk applies at least to the following classes of securities: Corporate bonds of high credit quality (investment grade); High-yield corporate bonds; Subordinated debt; Hybrid debt.
Moreover, spread risk is applicable to all types of asset-backed securities as well as to all segments of structured credit products such as backed debit bonds. In particular, the risk spread covers credit derivatives, for example, but not limited to, credit default swaps, total return swaps and credit linked notes that are not held as part of a recognized risk mitigation policy. The spread risk also includes the credit risk of other risky investments including in particular: investments; debt securities issued to and from associated companies and companies with which the insurance company has an investment relation; debt securities and other fixed income securities; investments in mutual funds.

Market Concentration Risk

The risk of market concentration in the field of financial investment derives from the accumulation of exposures with the same counterparty.
Concentration risk extends to activities impacted by equity risk, the interest rate and spread and the property risk and excludes those activities of the form of risk of default of the counterparty.
It does not include other types of concentration (for example, by geographical area, industrial sector, etc.).

Liquidity Risk

Risk that the Company is not able to adequately meet expected and unexpected cash outflows. This condition may be linked to the inadequacy of future cash flows to meet expected and unexpected commitments or even the difficulty to liquidate part of the assets to meet cash needs.

Regarding Solvency II, a process was implemented that involves monitoring at least quarterly, with communication both to the Product and Equity Committee and to the Board of Directors, of market risks that have a greater impact in terms of absorption of regulatory capital, in this case for Mediolanum Vita:

1. Equity;
2. Currency;
3. Interest rate.

This in order to make the control process in place consistent with the Company's Risk Appetite Framework.

Free Capital and Traditional Portfolio

The controls currently in place monitor the value of underlying assets ex-ante and ex-post. Frequency of controls is established at the level of each entity.

In the traditional reserve portfolio the risk of asset-liability mismatch is periodically assessed using an Asset Liability Management model. In particular, these activities are assessed by Mediolanum Vita using an Asset Liability Management stochastic model. In particular, the model in question is based on stochastic dynamic financial analysis (DFA) which allows evaluating how the situation of the company may change if several scenarios and strategic decisions vary. It allows projections not only of possible future scenarios but also of their probability. The software generates stochastic projections of the flows of assets and liabilities in the company's traditional portfolio. To that end, at each assessment date 1,000 Market-Consistent financial scenarios are generated. Each of these scenarios shows the possible developments of risk factors over a 20-year horizon. The system allows ex-ante modelling for:

- current and future asset allocation;
- type of securities to be bought/sold;
- ranking of securities to be bought/sold;
- liabilities paid up and lapse rate assumptions;
- return targets;
- actions to be taken to meet return targets.

Through ad-hoc reports generated by the system, it is possible to monitor the long-term impact of management investment choices on the company's profitability and solvency.

Under the regulations in force, the Company is authorised to use derivatives to hedge current positions or movements in underlying assets or liabilities.

Financial derivatives are primarily used to achieve operating targets with greater efficiency, flexibility and rapidity, to optimise portfolio management ("effective management") and to mitigate market risk arising on interest rate or foreign exchange rate movements (risk mitigation).

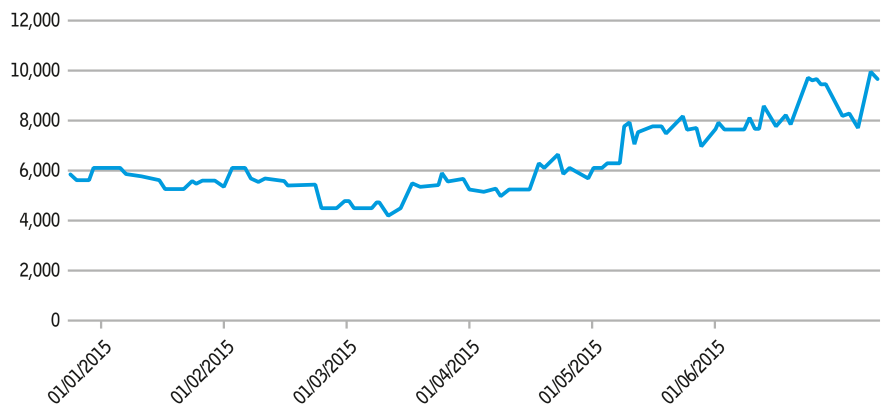
In the process of measuring market risk on Medinvest and Freedom separate management and Free Equity, the Risk Management Function adopted the method of calculation of Value at Risk (VaR).
The Value at Risk indicates the maximum potential loss observed with a certain level of probability in a defined period of time, following changes in financial markets: it is estimated by using the Historical Simulation Full Evaluation methodology. The historical simulation method consists in determining the value of the portfolio using the parameters relevant for it observed on the market (risk factors), and in determining the changes in this portfolio in response to changes in the parameters observed in the past.
The implementation choices of the Company were, in line with the best practices of the market:

- time horizon of one working day (period = 1 day);
- observation period of 3 years;
- 99% confidence level.

The values of the parameters are taken daily from the Bloomberg provider; the calculations of the portfolio valuations and value of VaR are made through the calculation engine of the SAS solution for Insurance Risk Management.

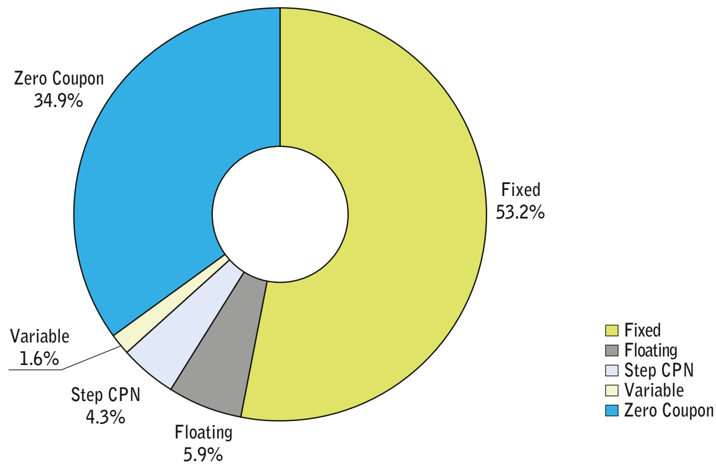
The chart below shows Value at Risk (VaR) in FY 2015:

VaR Mediolanum Vita S.p.A. portfolio (data €/000)



The chart below sets out an analysis of the Italian Life Insurance Company portfolio by type of assets.

Analysis by type of Mediolanum Vita S.p.A. asset portfolio (30/05/2015)



Unit Linked

The management indicator that was adopted and used by the Risk Management of the Company to manage market risks related to unit-linked products is the Tracking Error Volatility (TEV), calculated on a monthly basis.
The tracking error measures the added value that the mutual fund in which the UL product invests has realized with respect to the benchmark and represents an initial measurement of sound management.
In addition Mediolanum Vita also decided to measure the volatility of the tracking error (or Tracking Error Volatility), that is its variability over time, since it indicates the differential risk that the investor bears choosing to invest in the fund rather than directly in the benchmark. The model used is multi-factorial.
This model allows analyzing the TEV of the assets and the portfolio of shares, bonds and currencies using different factors depending on the local market of belonging.

Credit risk and counterparty risk

The credit risk represents the risk that over the life of a financial instrument linked to an insurance product there may be an event which changes the repayment ability (creditworthiness) of the counterparty (issuer) and consequently the value of the credit position. Credit risk can be divided into two components: insolvency and migration risk. Insolvency risk is the risk of not being able to fully collect a certain number of future payments as a result of the insolvency of the debtor; migration risk relates to the risk of a decline in the value of the instrument as a result of the deterioration of the credit standing/rating of the debtor. Counterparty risk arises mainly from typical derivatives of some class III products. In particular, if the counterparty of the OTC transaction incurs a deterioration of its financial solidity which may involve default, it may not fulfil the obligations arising from the negotiation of said instrument. This risk is monitored by the Company through compliance with Euroean regulations EMIR (European Market Infrastructure Regulation). The credit risk for Mediolanum Vita can emerge mainly from the issuer risk as a result of the default of the securities in the portfolio. Please note that the securities portfolio of

Mediolanum Vita is characterized by the predominance of domestic government securities with respect to other issuers resulting from exposure to the irrelevant default risk.

Mediolanum Vita securities portfolio - RATING COMPOSITION (S&P Equivalent)
Spot data (June 30, 2015 vs. December 31, 2014)

€/t	June 30, 2015	(%)	Dec. 31, 2014	(%)	Change (%)
Total Portfolio	1,808,169	100%	2,102,785	100%	(14%)
AAA	-	-	-	-	not available
AA+ to AA-	13,911	0.8%	13,964	0.7%	-
A+ to A-	15,455	0.9%	39,334	1.9%	(61%)
BBB+ to BBB-	1,679,314	92.9%	1,943,897	92.4%	(14%)
BB+ or lower	89,872	5.0%	96,051	4.6%	(6%)
Unrated	9,617	0.5%	9,540	05%	100%

NOTE: the value of the securities portfolio does not include residual Index Linked Policies Funds, Shares and Rights.
The issuer rating is represented.

The analysis of the Mediolanum Vita portfolio by IAS/IFRS category is set out below:

Mediolanum Vita securities portfolio - POSITION
Spot data (June 30, 2015 vs. December 31, 2014)

€/t	June 30, 2015	Dec. 31, 2014	Change (%)
HFT			
Nominal value	653,956	453,306	44%
Market value	659,247	380,680	73%
AFS			
Nominal value	693,832	1,215,940	(43%)
Market value	775,074	1,345,284	(42%)
HTM			
Nominal value	308,856	308,856	-
Market value	348,197	351,566	(1%)
L&R			
Nominal value	27,725	27,736	-
Market value	25,652	25,256	2%
TOTAL			
Nominal value	1,684,369	2,005,838	(16%)
Market value	1,808,169	2,102,785	(14%)

NOTE: the value of the securities portfolio does not include residual Index Linked Policies Funds, Shares and Rights.

Investments to the benefit of policyholders who bear the investment risk and in connection with pension fund management

These investments consists of holdings in Proprietary Insurance Funds (under unit-linked policies), financial instruments – notes and derivative instruments – (under Index-Linked policies) and individual pension plans that are an insurance product linked to holdings in Irish UCITS. For these products the amounts payable by Life Insurers are linked to changes in the value of units of one or more proprietary funds, which in turn depends on changes in the price of the underlying financial assets or in the price of the financial instruments. The competent functions manage risk by ensuring that regulatory limits (e.g. exposure limits, asset quality and volatility) are not exceeded. For class III products – Unit and Index-Linked policies – the use of derivatives is allowed to protect related technical reserves. Derivatives and the related assets approximate at best possible the value of technical reserves.
The Company is exposed to counterparty risk on existing derivative positions. For listed instruments with daily remargining risk is residual.
For Over-The-Counter contracts, exposure to credit risk is represented by the fair value on the measurement date. Credit risk is regularly monitored by reviewing counterparty exposure limits and credit standing. In addition, credit risk is mitigated by collateralisation under CSAs (where applicable).
The Mediolanum Vita pension product does not offer guarantees of a financial nature; therefore up until the time conversion into annuities occurs, the amount of accrued capital is always entirely correlated to the value of the holdings in the UCITS into which the contributions paid are invested.

Index-linked portfolio

The teams of each insurance entity within the Group monitor exposure to credit risk also for Index Linked contracts, as this type of insurance investment entails customer exposure to two or three counterparties (the bond issuer, the option counterparty and in some cases the swap counterparty).
For the Index Linked portfolio credit risk analysis includes measurements of both nominal value and market value of exposures. For each counterparty, the probability of default (PD) is assessed on the basis of a model that is based on the company's financial indicators and the economic cycle and Loss Given Default (LGD, set at 60% according to best market practice). PD times LGD and exposure gives the expected loss for each counterparty. The 1-year expected losses due to default in the Index-linked portfolio is computed by aggregating all expected losses.
In addition to expected losses (EL) also unexpected losses (UL) are computed for credit risk. Unexpected loss is the variability of the loss rate. The calculation of unexpected loss is based on the assumption that the only "unfavourable" event that can happen over the time period chosen (a year) is represented by counterparty insolvency. This approach allows measuring the rate of unexpected loss associated with a credit exposure on the basis of the volatility of the binomial distribution.

Index Linked Portfolio of Mediolanum Vita
Spot data (June 30, 2015 vs. December 31,2014)

€/t	June 30, 2015	Dec. 31, 2014	Change (%)
Expected loss	2,670.43	2,513.80	6%
Unexpected loss	14,795.14	17,168.58	(14%)

Reinsurance credit risk

Mediolanum Vita has reinsured part of its portfolio. Exposures arising from reinsurance are exposures to counterparty risk. The credit risk arising from reinsurance is estimated by calculating the expected loss where default probabilities are derived using a calculator that is based on the Merton model. Credit risk associated with reinsurance contracts in force is partly mitigated through deposits received from counterparties.

Reinsurance cred risk Mediolanum Vita portfolio
Spot data as at June 30, 2015

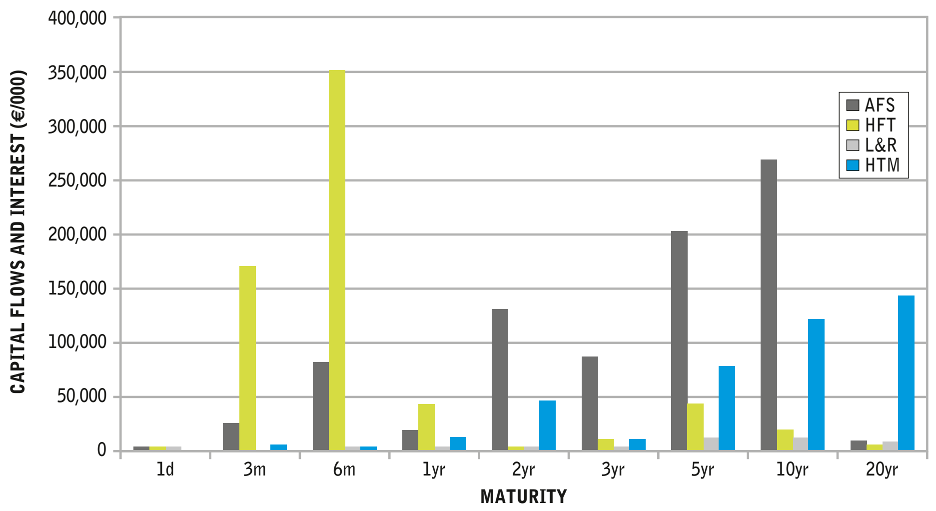
€/t	Reinsured Technical Reserves	Expected loss	Moody's Rating	S&P Rating	PD	LGD
Total	66,060	13				
Swiss Re Frankona Rueckversicherung - AG	5,980	1.4	Aa3	AA-	0.04%	60%
SCOR Global Life SE (EX REVIOS)	5,808	0.9	A1	A+	0.02%	60%
Hannover Rueckversicherung - AG	1,627	0.2	WR	AA-	0.02%	60%
Munchener Ruck Italia S.p.A.	14,726	2.9	Aa3	AA-	0.03%	60%
Swiss Re Europe SA	27,573	6.3	Aa3	AA-	0.04%	60%
SCOR Global Life SE	10,345	1.5	A1	A+	0.02%	60%

Liquidity risk

Liquidity risk is essentially in relation to Segregated Funds free capital and traditional portfolio since for Class III reserves there are buyback arrangements in place ensuring that the assets backing said reserves can be promptly realised. Liquidity risk is managed applying a Group-wide consistent method of analysis based on maturity and rating. Maturity analysis provides information for the management of liquidity risk and interest rate risk showing any mismatch by type of instrument and maturity (month or quarter):

- for fixed-rate instruments it shows all cash flows (principal and interest) at maturity;
- for floating-rate instruments coupons are posted at maturity, while principal is posted at the first re-pricing date after the analysis.

Analysis of Mediolanum Vita portfolio (June 30, 2015)



Operational Risks

Mediolanum Vita defines operational risk as "the risk of economic loss or damage to assets, and sometimes legal and administrative consequences, resulting from any misconduct or inappropriate behaviour of its personnel, inadequate or failed systems or internal processes, or external events."
In line with the model already used by other companies of the Mediolanum Group, the Company adopted and regularly updated a specific framework for the management of operational risk.
The reference framework for the management and control of operational risk is composed of four basic processes:
1. "Identification";
2. "Measurement";
3. "Monitoring, Control and Reporting";
4. "Management".

Each of these processes is characterized by specific objectives, models, methodologies and tools.
The "Identification" is the activity of finding and collecting information relating to operational risks through the coordinated and consistent processing of all relevant sources of information. The aim is the establishment of a comprehensive information base. The identification is done through the definition and classification of the information needed for the integrated management of operational risks.
The information necessary for this purpose are:
- qualitative and quantitative assessments of the risk exposure of key business processes, as part of the annual risk self-assessment conducted under specific outsourcing contract by the official functions of Banca Mediolanum S.p.A.;
- internal loss data, together with all information relevant to the measurement and management of risks (including recoveries from insurance and direct), collected through the process of Loss Data collection by Operational Risk Management Unit of the Risk Management Function;

- preliminary qualitative analysis of exposure to risks when entering a new market, or into new commercial arrangements/contracts or following changes in the organisation/regulations.

"Measurement" is the activity of analysis and optimisation of risk. It is an activity aimed at the complete knowledge of the overall risk profile of the company leading to the quantification of:
- regulatory capital;
- economic capital.

The "Monitoring, Controlling and Reporting" process is a direct consequence of the preliminary identification and measurement processes which allow analysing the overall operational risk exposure of the various business units and promptly reporting any critical issues identified. The main tool used in the conduct of this process is periodic reporting to the corporate functions concerned, the Top Management and Board of Directors.

The "Management" process entails the periodic assessment of risk control and mitigation strategies. Depending on the nature and size of risk, in accordance with the risk appetite approved by management, the bank decides whether it can take the risk, adopt risk mitigation or transfer the risk to third parties.

In terms of the estimation of operational risk conducted on the organisational units of the Company, with approach and depth graded according to the expected risks and the nature of the units, summary assessments highlighted a situation of risk almost unchanged from the previous year.

Monitoring

As part of its business processes, Mediolanum Vita has identified control points that are assigned to the specific subjects/functions.
The process of controlling and monitoring risks aims to:
- monitor the performance of the Company in relation to as defined in both the business plan and objectives and Risk Appetite;
- support the decision-making process, ensuring compliance on one hand, with as defined within the risk policies and on the other with the law and regulatory requirements;
- ensure effective and efficient use of company resources to constantly improve the company's operations;
- support the process of communication and reporting.

The Company continually reviews its risk management system and regularly prepares adequate reporting to support and feed the discussion with the relevant bodies, as well as the Company's decision-making process.
The Risk Management function is responsible for the preparation of reports on risk management. This reporting considers and contains information on:
- adequacy of the risk management system in relation to as defined in this document and in the context of company objectives;

- alignment of the risk limits and tolerances regarding as defined in terms of Risk Appetite;
- correctness of the identification and classification of risks;
- results of the review of the risk management system;
- assessments regarding the use of risk elements within the decision-making process and the corporate culture of the Company;
- changes in the nature and extent of the risk to which the Company is exposed and the latter's ability to adequately respond to changes, both internal and external;
- quality of the monitoring and control process of the risk management system, including events in which such controls were ineffective or insufficient, resulting in a negative impact (financial and otherwise) for the Company.

The Risk Management function prepares a "Dashboard" on the management of the risk system with qualitative information on a monthly basis while quantitative information is also provided quarterly. This dashboard is presented to the Products and Equity Committee and the Board of Directors.

Lastly, in the HY 2015, the Risk Management produced the values related to the estimation of the Perspective Capital Requirement for the time horizon of the strategic plan (FLAOR) as required by the supervisory board. The initial results indicated substantial stability of the coverage ratio on the SCR and MCR in the next three years.

Reputational Risk

Reputational risk, in line with the indications received by the Parent Company, is the current or prospective risk of impact on earnings or capital arising from the negative perception of the Company's image by customers, counterparties, shareholders, investors or supervisory authorities.
Reputational risk may arise from internal or external events. Internal events may include, but are not limited to:

- the materialisation of other risks (e.g. market risk, liquidity risk, legal risk or strategic risk) not adequately kept in check;
- the occurrence of operational risk events (for example malfunctioning, disservice) with impact on the stakeholders' perception of the bank;
- failed compliance with statutes, regulations and codes of conducts, including those that may be outside the purview of the Compliance team;
- internal or external communications being ineffectively or inappropriately handled;
- the behaviour of corporate officers, employees or collaborators.

More generally, internal events include all events directly associated with the processes in place and the business conducted by the Company as well as any management or operational choices made by Mediolanum S.p.A. (e.g. external communications, materialisation of operational risk events, failure to comply with legislation).
External events include comments or debates in the media, on social networks, blogs and/or other means of digital communication with circulation of information or opinions that damage the reputation of the Company. These events are not directly associated with processes in place or business conducted by the Company, but are related to the circulation of negative opinions or information about the Company or its management (e.g. debates on blogs or social networks, newspaper articles or opinions about the Company and its management).

The materialisation of reputational risk may also have effects on other risks.

Mediolanum Vita S.p.A. recognises the reputation of the Bank is the bedrock on which the trust-based relationship with customers and market credibility are built. Hence, reputation is managed and protected in accordance with the Group's guidelines, through:

- the values that are embedded across the organisation;
- the promotion of a corporate culture built on integrity, fairness and compliance at all levels of the organisation;
- the adoption of a reputational risk governance and control model.

The process of identifying, assessing and mitigating exposure to reputational risk is conducted by the Compliance Assessment and Controls of the Compliance Function, as part of the integrated Risk Self Assessment activities carried out annually on various organisational units with respect to operational and compliance risk. On this occasion, the employees of the Compliance Assessment and Controls Unit require the Heads of Organisational Units whose activities have an impact on the critical values perceived by stakeholders, provide a qualitative assessment of exposure to reputational risk, also analysing data or documents that might lead to better compliance assessment of safeguards in place. Among these elements particularly important factors are complaints received from customers, complaints and inquiries received by the Supervisory Authority, etc.

MEDIOLANUM INTERNATIONAL LIFE (MILL)

Insurance Risks

The typical risks of the insurance portfolio of Mill can be summarized in three categories: rates risks, demographic risks - actuarial and reserve risks.

Rates risks are managed initially during definition of the technical characteristics and product pricing, and over time through periodic verification on sustainability and profitability (both in terms of product and total liabilities portfolio). When defining a product, the profit testing tool is used in order to measure profitability and identify in advance any weaknesses through specific sensitivity analyses. For cases of greater economic impact, income information is also reported such as the results of the profit testing.

Reserve risk is managed and overseen during the exact calculation of mathematical reserves, with a series of both detailed controls (for example with preventive control on the correct system storage of the variables needed for calculation such as returns, quotations, technical bases, parameters for supplementary reserves, recalculation of values of individual contracts) as well as overall controls, by comparing results with the estimates made on a monthly basis. Special attention is paid to controlling the correct acquisition of contracts, through the balancing of the relevant portfolio with reconstruction of changes divided by events that occurred during the period and consistency of the amounts settled, with respect to changes in reserves.

Regarding Solvency II the proper assessment of insurance risks to which the Company is exposed during its investment activities is crucial, particularly with regard to the Risk Appetite Framework defined by the Company and the relevant economic capital absorbed.

While some methodologies adopted reflect mainly operating needs, the framework for the definition, management and control of insurance technical risks is based on legal requirements laid down by the Solvency II regulation where applicable.

The Insurance Book of the Company largely consists of contracts with a predominantly savings component and a marginal "pure risk" component (death).
The risks related to with products with a predominantly savings component are considered when pricing the products setting guarantees in a prudent way, in line with the specific features of each financial market and considering regulatory constraints, if any.
As to the demographic risk associated with death benefit policies, prudent technical rates based on population mortality tables plus adequate loadings are applied when pricing products.
For contracts featuring an initial accumulation plan with option to convert capital into annuities in the future generally no guarantee is given of conversion rates for future annuities.
For the calculation of the regulatory capital requirement of Solvency II, the voluntary early exit from the contract (lapse risk) is the component that absorbs more than 90% of the capital requirement for the Company.
With reference to this type of risk and expense risk they are prudentially assessed and incorporated into the pricing of new products. Product pricing and profit testing are based on assumptions derived from the Company's actual experience.
To mitigate risks associated with surrenders in general, penalties are applied. These penalties are calculated to compensate lost revenues. Portfolio reviews on annual planning include analyses that check consistency of assumptions made with actual experiences.
An analysis of life insurance reserves by contract maturity is set out in the table below:

€/t	Insurance	Investment	Total
within 1 year	356,943	1,671	358,614
1 to 2 years	215,821	-	215,821
2 to 3 years	47,682	-	47,682
3 to 4 years	16,821	-	16,821
over 5 years	154,910	-	154,910
whole life	1,029,821	53,806	1,083,627
Total	1,821,997	55,477	1,877,474

The total includes mathematical reserves and technical reserves for contracts under which the risk is borne by the policyholder amounting to Euro 41,283,458 and Euro 1,798,761,356, respectively, and investment contracts financial liabilities amounting to Euro 54,833 thousand.
An analysis of insurance technical reserves by level of guarantee offered is set out in the table below:

€/t	June 30, 2015
Liabilities with interest rate guarantee	-
0%	-
2%	-
3%	-
4%	-
Liabilities without interest rate guarantee	1,877,474
Total	1,877,474

The total includes mathematical reserves, technical reserves for contracts under which investment risk is borne by the policyholder, the reserve for other technical items and investment contracts' financial liabilities.

Market Risk

Regarding the process for the definition of investment strategies, the proper identification of market risks to which the Company is exposed during its investment activities is crucial, particularly with regard to the Risk Appetite Framework defined by the Company and the relevant economic capital absorbed.
While some methodologies adopted reflect mainly operating needs, the framework for the definition, management and control of market risks is based on legal requirements laid down by the Solvency II regulation where applicable.
Article 13, point 31) of Directive 2009/138/EC defines the market risk as the risk of loss or unfavourable change in the financial situation deriving, directly or indirectly, from fluctuations in the level and volatility of the market prices of the assets, liabilities and financial instruments.
As described in its risk identification and mapping policy, Mediolanum Vita adopted this definition identifying and classifying the following risks in this category:

1. Interest Rate Risk;
2. Equity Risk;
3. Currency Risk;
4. Spread Risk;
5. Concentration Risk (subject of specific policy);
6. Liquidity Risk (subject of specific policy);
7. Financial Instruments Derivatives Risk.

The most significant risks in terms of capital absorption for Solvency II supervision are as follows:

1. Interest Rate Risk;
2. Equity Risk;
3. Currency Risk.

Unit Linked

The indicator that was adopted and used by the Risk Management of the Company to manage market risks related to unit-linked products is the Tracking Error Volatility (TEV), calculated on a monthly basis. The tracking error measures the added value that the mutual fund in which the UL product invests has realized with respect to the benchmark and represents an initial measurement of sound management.

Index-linked portfolio – Credit Risk

In addition to expected losses (EL) also unexpected losses (UL) are computed for credit risk. Unexpected losses are unusual losses that occur rarely and have a high severity. Unexpected losses are calculated with the statistical methodology of the VaR Credit to the Credit Metrics©: unexpected losses are the difference between the 99th percentile in loss distribution, i.e. Credit VaR, and expected losses as defined above. The distribution of losses due to default is calculated via 100,000 Monte Carlo simulations, which take account not only of the probability of default of individual issuers ("specific risk"), but also the default correlation between the counterparties ("systemic risk").

Free equity

The Company has limited free capital which is mainly invested in term deposits held with other Mediolanum Group companies. As for any Index-Linked related residues as a result of redemptions, they will be freed up in the shortest time possible with the counterparties and thus the residual counterparty risk in free equity can be considered marginal.

MEDIOLANUM ASSICURAZIONI

Information on risks and risk management

The internal control system consists of the set of rules, procedures and functions established to ensure the effectiveness and efficiency of corporate processes, adequate risk control, safeguarding of the value of corporate assets, the reliability and accurateness of financial and management information as well as the compliance of transactions with the law, the regulations issued by Supervisory Authorities, self-discipline and internal rules.
Mediolanum Assicurazioni S.p.A. has its own Management function.
Said function is therefore assigned the task of monitoring and assessing the exposure to market and country risks as well as those related to counterparty solvency, credit and operational, monitoring capital adequacy in relation to the activity. It is also responsible for developing quantitative methods aimed at determining and managing risk subject to control. Based on an outsourcing contract, Banca Mediolanum S.p.A. was assigned the risk assessment in relation to operational risks.

Objectives and policies for financial risk management

The financial management of the assets related to the reserves of Mediolanum Assicurazioni was conferred as mandate to the Company Mediolanum Gestione Fondi, by resolution of March 17, 2004 (effective from January 1, 2005) proxy for the management of securities, technical reserves and cash and cash equivalents of the Company, the proxy contract of which defines the investment objectives, policies related to the achievement of the mandate and information of the extent to which said operations are carried out. In this context, the Risk Control unit is the function that:

- provides support to the line structures of the Company in the definition of methods for measuring risks, graduating the approach according to the group's strategies and in light of the provisions of law;
- oversees the evolution of operational risks by carrying out the processes of identification, measurement and control of the same, as regulated by internal regulations and in compliance with the risk appetite defined by the Company;
- measure and control risks in support of management activities;

- verifies, collects and reconciles with the support of the responsible organisational units of the Company losses arising from operational risks;
- analyzes the losses arising from operational risks, define action plans and verify completion;
- supports the Company's functions in charge of developing and processing mathematical and statistical models for risk analysis by gathering financial data, all in accordance with best market practices;
- defines the risk management policies and proposes to the Administrative Body of the Company risk limits, consistent with the risk appetite;
- is responsible for implementing the policy of active market and monthly pricing of the securities portfolio of the Company.

As for the assets assigned to free equity and to cover technical provisions the prevalence of Italian government securities characterizes the portfolio of the Company, confirming as highlighted in the previous year as well. The following table shows the breakdown by rating class:

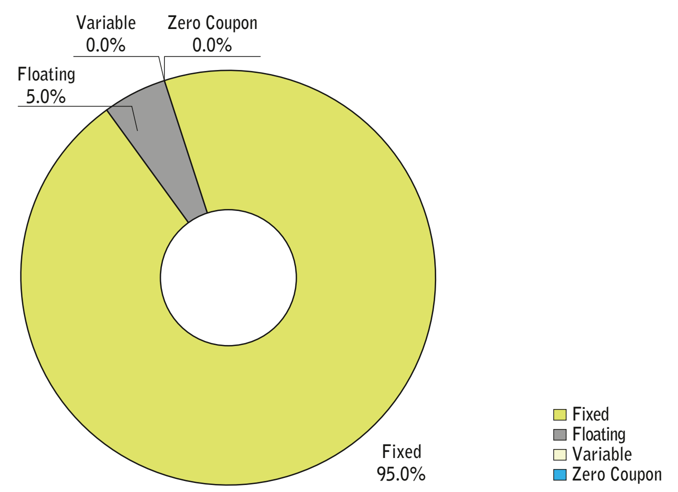
Mediolanum Assicurazioni securities portfolio - RATING COMPOSITION (S&P Equivalent)
Spot data June 2015 vs. December 2014

€/t	2015	%	2014	%	Change (%)
Total Portfolio	123,002	100%	117,361	100%	5%
AAA	-	-	-	-	n.s.
AA+ to AA-	-	-	-	-	n.s.
A+ to A-	-	-	-	-	n.s.
BBB+ to BBB-	118,673	96%	109,926	94%	8%
BB+ or lowed	3,237	3%	6,370	5%	(49%)
Unrated	1,092	1%	1,065	1%	3%

NOTE: the value of the portfolio does not consider the residual portion of Funds, Shares and Rights. Issuer rating.

Evidence of management classifications regarding the exposure of securities held in the portfolios of the Insurance Company are outlined below:

Analysis by type of Mediolanum Assicurazioni S.p.A. asset portfolio (2015)



The analysis of the Mediolanum Assicurazioni S.p.A. portfolio by IAS category is set out below:

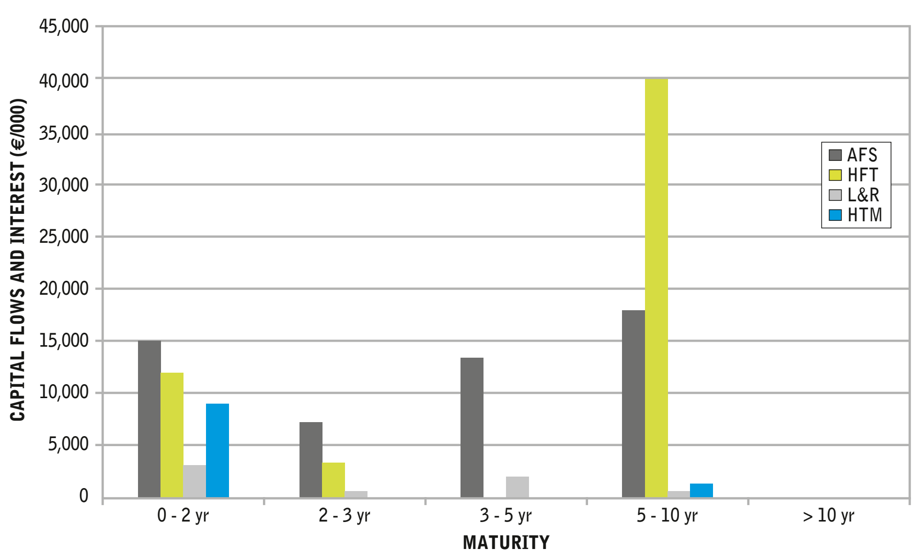
Mediolanum Assicurazioni securities portfolio - POSITION
Spot data June 2015 vs. December 2014

€/t	2015	2014
HFT		
Nominal value	64,600	43,600
Market value	68,406	48,413
AFS		
Nominal value	36,550	49,750
Market value	38,286	52,829
HTM		
Nominal value	10,500	9,500
Market value	11,495	10,296
L&R		
Nominal value	4,824	5,829
Market value	4,815	5,823
TOTALE		
Nominal value	116,474	108,679
Market value	123,002	117,361

NOTE: The value of the securities portfolio does not include residual portions of Funds, Shares and Rights.

Below is a representation of the portfolio of Mediolanum Assicurazioni S.p.A. by maturity:

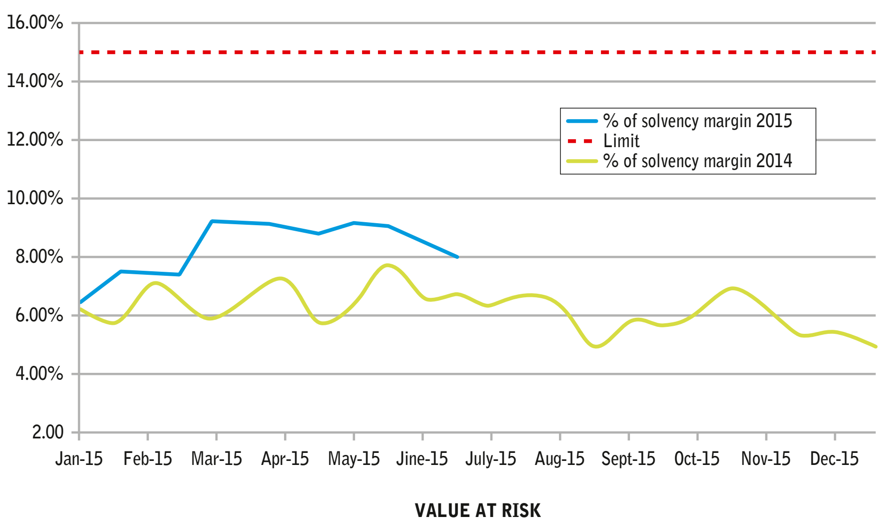
Analysis of Mediolanum Assicurazioni portfolio (June 30, 2015)



Market Risk

In compliance with current regulations and best market practices, market risk in the portfolio of Mediolanum Assicurazioni S.p.A. are managed through a measurement and control process based on a Value at Risk methodology according to the guidelines and rules set out in the control policy adopted by the Company.
The graph below represents the performance of the Var for the year 2015 compared with the performance of 2014 (data prepared in accordance with local accounting standards and related to the assets portfolio):

Insurance Risk



Insurance Risk

Mediolanum Assicurazioni S.p.A. is a Damages company, which aims to develop and manage products for retail customers, designed to meet needs in the area of protection. The target customers are families and individuals.
The current activity is mainly aimed at the supply and management of standardized products with the purpose of protecting families from unforeseen events such as fire or destruction of the home, permanent disability, critical illness and disability. The Company also manages a run-off claims portfolio consisting of claims of the classes Car civil liability and civil liability of occupational hazards.
The financial strength of the Company is confirmed both by the regulation of Solvency I and Solvency II, which will become effective January 1, 2016.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Performing and impaired assets: balance, impairment, developments, business and geographical distribution

A.1.1 Analysis of credit exposures by category and credit quality (book value)

	Banking group					Other companies		
€/t	Non-performing	Likely defaults	Past due impaired	Past due not impaired	Other assets	Impaired	Other assets	Total
1. Financial assets held for trading	-	-	-	-	682,378	-	787,524	1,469,902
2. Available-for-sale financial assets	-	-	-	-	14,783,386	-	813,360	15,596,746
3. Held-to-maturity investments	-	-	-	-	2,624,376	-	308,817	2,933,193
4. Loans to banks	-	-	-	-	536,429	-	94,943	631,372
5. Loans to customers	15,416	35,730	5,093	64,697	7,005,052	-	7,712	7,133,700
6. Financial assets measured at fair value	-	-	-	-	-	-	1,179,592	1,179,592
7. Financial assets being disposed of	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	1,184	-	-	1,184
Total June 30, 2015	15,416	35,730	5,093	64,697	25,632,805	-	3,191,948	28,945,689
Total December 31, 2014*	13,397	36,237	5,242	70,533	23,762,168	-	3,883,185	27,770,762

(*) The balances for the previous year have been restated according to the new definitions provided by supervisory regulations.

Exposures subject to renegotiation (forbearance measures) amounted to about Euro 77 million, of which Euro 66 million relating to exposures classified as "performing" and Euro 11 million related to exposures classified as "non-performing".

A.1.2 Analysis of financial assets by category and credit quality (gross and net exposures)

€/t	Impaired assets: Gross exposure	Impaired assets: Individual impairment	Impaired assets: Net exposure	Performing: Gross exposure	Performing: Collective impairment	Performing: Net exposure	Total (net exposure)
A. Banking Group							
1. Financial assets held for trading	-	-	-	X	X	682,378	682,378
2. Available-for-sale financial assets	-	-	-	14,783,386	-	14,783,386	14,783,386
3. Held-to-maturity investments	-	-	-	2,624,376	-	2,624,376	2,624,376
4. Loans to banks	-	-	-	536,429	-	536,429	536,429
5. Loans to customers	108,464	(52,225)	56,239	7,077,946	(8,197)	7,069,749	7,125,988
6. Financial assets measured at fair value	-	-	-	X	X	-	-
7. Financial assets being disposed of	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	1,184	1,184
Total A	108,464	(52,225)	56,239	25,022,137	(8,197)	25,697,502	25,753,741
B. Other companies included in the consolidation							
1. Financial assets held for trading	-	-	-	X	X	787,524	787,524
2. Available-for-sale financial assets	-	-	-	813,360	-	813,360	813,360
3. Held-to-maturity investments	-	-	-	308,817	-	308,817	308,817
4. Loans to banks	-	-	-	94,943	-	94,943	94,943
5. Loans to customers	-	-	-	7,712	-	7,712	7,712
6. Financial assets measured at fair value	-	-	-	X	X	1,179,592	1,179,592
7. Financial assets being disposed of	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	-	-
Total B	-	-	-	1,224,832	-	3,191,948	3,191,948
Total June 30, 2015	108,464	(52,225)	56,239	26,246,969	(8,197)	28,889,450	28,945,689
Total December 31, 2014	100,992	(46,116)	54,876	25,355,261	(9,181)	27,715,886	27,770,762

PART F - INFORMATION ON CONSOLIDATED EQUITY

Own Funds for Supervisory purposes as at June 30, 2015 of the Mediolanum Banking Group

On January 01, 2014 the reforms of the agreements of the Basel Committee ("Basel 3") were transposed in the EU regulation. These reforms have been introduced in order to strengthen the banks' ability to absorb shocks arising from financial and economic stress, regardless of their origin, to improve risk management and governance and to strengthen the transparency and disclosure of the banks. The regulatory innovations of Basel 3 establish more stringent rules for the calculation of the Own Funds and levels of capital adequacy of banks.
The new rules will be implemented in stages to allow the banking system to meet the new requirements. The innovations of the Basel 3 regulations have been translated into law in Europe through two separate legislative instruments: a Directive (CRD 4) and a Regulation (CRR).
With the approval by the European Parliament, the complete package (Directive 2013/36/UE "CRD 4" of June 26, 2013 and Regulation (EU) 575/2013 "CRR" of June 26, 2013) was published in the Official Gazette of the European Union on June 27, 2013.
The Regulation (EU) 575/2013 (CRR) includes most of the provisions on capital requirements that are directly binding and applicable in each Member State of the European Union. In December 2013 the Bank of Italy issued "Circular 285" that implements the rules of the CRD 4/CRR and introduces supervisory rules on aspects not harmonized at EU level.
With the entry into force of the Directive and the Regulations with effect from January 01, 2014, the Italian banks must comply with a minimum CET1 ratio of 4.5%, Tier 1 6% and a Total Capital Ratio of 8%. These minimum regulatory requirements have been integrated with the Capital Conservation reserve (buffer) of 2.5%.

In the calculation of Own Funds on the basis of article 467 paragraph 2 of the CRR, implemented by the Bank of Italy in Circular 285 Second Part – Chapter 14 – Section II – Paragraph 2, Banca Mediolanum S.p.A. adopted by resolution of the Board of Directors January 16, 2014, the option to exclude from own funds unrealized gains or losses related to exposures to the central government classified as financial assets available for sale (AFS) for the entire period covered by the CRR. This option was also used to determine the Own Funds of Mediolanum S.p.A. The consolidated result as at June 30, 2015 of Mediolanum S.p.A. has been used to determine the computable profit for the calculation of the Own Funds.

At the end of HY1 2015, said profit amounted to Euro 227.42 million, of which Euro 136.45 million is the estimate of the dividends that will be placed in distribution by virtue of said net profit. Therefore, the residual profit computable in the calculation of the Own Funds amounted to Euro 90.97 million.

The following is the scheme to determine the Own Funds and consolidated capital requirements as at June 30, 2015.

€/t	June 30, 2015	Dec. 31, 2014
Tier 1 primary capital (Common Equity Tier 1 - CET1)	1,777,141	1,712,735
CET1 Tools subject to transitional provisions (Grandfathering)	-	-
Deductions	(432,385)	(426,362)
TOTAL TIER 1 PRIMARY CAPITAL	1,344,756	1,286,373
Additional Tier 1 capital (Additional Tier 1 - AT1)	-	-
TOTAL CLASS 1 CAPITAL	1,344,756	1,286,373
Tier 2 capital (Tier 2 - T2)	10,023	18,879
Deductions	(6,225)	(18,879)
TOTAL CLASS 2 CAPITAL	3,798	-
TOTAL OWN FUNDS	1,348,554	1,286,373

€/t	Not weighted		Weighted/requirements	
	June 30, 2015[1]	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
A. RISK ASSETS				
A.1 Credit and counterparty risk	36,571,580	27,788,376	5,474,413	5,362,090
1. Standardised approach	*36,571,580*	*27,788,376*	*5,474,413*	*5,474,413*
2. Approach based on internal ratings	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisation	-	-	-	-
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			437,953	428,967
B.2 Credit assessment adjustment risk			1,241	685
B.3 Regulatory risk			-	-
B.4 Market risk			20,461	6,492
1. Standard approach			20,461	6,492
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			122,257	122,113
1. Basic approach			5,530	6,170
2. Standardised approach			116,727	115,943
3. Advanced approach			-	-
B.6 Other computational elements			-	-
B.7 Total prudential requirements			581,912	558,258
C. RWA AND CAPITAL RATIOS				
C.1 Risk-weighted assets (RWA) (*)			7,273,915	6,978,228
C.2 Core primary capital/RWA (CET 1 capital ratio)			18.487%	18.434%
C.3 Regulatory capital/RWA (Tier 1 capital ratio)			18.487%	18.434%
C.4 Total capital/RWA (Total capital ratio)			18.540%	18.434%

([1]) The ratios presented in this disclosure may be subject to updating when reporting to the Supervisory Authorities.

(*) RWA are determined by multiplying total prudential requirements (B.7) by 12.5 (reciprocal of the min. coefficient equal to 8%)

€/t	June 30, 2015[1]	Dec. 31, 2014
Tier 1 primary capital (CET1)	1,344,756	1,286,373
Tier 1 capital (T1)	1,344,756	1,286,373
Total own funds	1,348,554	1,286,373
Total risk-weighted assets	7,273,902	6,978,229
Common equity tier 1 ratio	18.487%	18.434%
Tier 1 ratio	18.487%	18.434%
Total capital ratio	18.540%	18.434%

[1] The ratios presented in this disclosure may be subject to updating when reporting to the Supervisory Authorities.

Insurance capital and capital requirements

Below is a list of the Mediolanum Group's insurance companies subject to supervision:

- Mediolanum Vita and Mediolanum Assicurazioni subject to IVASS supervision;
- Mediolanum International Life subject to the supervision of the Bank of Ireland.

As at June 30, 2015, the solvency margins calculated by the Companies, in accordance with the rules in force are presented in the following table:

€/t	Solvency margin to be constituted	Constituting elements	Equity surplus (deficit)	Hedging index
Mediolanum Vita	226,514	424,036	197,522	1.87
Mediolanum Assicurazioni	10,072	32,526	22,454	3.23
Mediolanum International Life	4,558	62,132	57,574	13.63

Capital adequacy of the financial conglomerate Mediolanum S.p.A.

With reference to the Financial Conglomerate Mediolanum, the calculation of capital adequacy as at June 30, 2015, according to the provisions of supplementary supervision in force, shows that in the face of the conglomerate capital requirements amounted to Euro 777 million, the conglomerate's equity to hedge the required margin amounted to Euro 1,114 million, with a surplus of Euro 337 million.

€/m	June 30, 2015	Dec. 31, 2014	% change
Bank-oriented financial conglomerate			
Equity	1,114	1,053	5.8%
Capital Requirements	777	745	4.3%
Equity surplus (deficit)	337	308	9.4%

PART H - RELATED PARTY TRANSACTIONS

Transactions with related parties are part of the ordinary business of companies within the Mediolanum Group. These transactions are made at arm's length and in the interests of the individual entities. These transactions relate primarily to transactions with associates, and in particular the Mediobanca Group and other related parties mainly represented by the Directors and the companies of the Doris and Fininvest Groups. The following are the principal balances outstanding at the end of the period with related parties other than the companies fully consolidated in these financial statements.

1. Information on key management compensation

€/t	Directors, Executives, General Deputy Executives and Auditors	Other key management
Emoluments and social security contributions	(5,537)	(847)
Other compensation	-	(39)

2. Information on related party transactions

€/t	Associates	Other related parties
Assets		
Financial assets held for trading	6,302	-
Financial assets measured at fair value	149,593	-
Available-for-sale financial assets	9,758	21,304
Held-to-maturity financial assets	-	-
Loans to banks	-	-
Loans to customers	-	9,150
Other assets	-	22
Liabilities		
Amounts due to banks	(169)	-
Amounts due to customers	(1,571)	(50,076)
Securities issued	-	-
Financial liabilities held for trading	-	-
Financial liabilities measured at fair value	-	-
Other liabilities	(221)	(553)
Guarantees issued and commitments	106	-

€/t	Associates	Other related parties
Income statement		
Interest income and similar income	163	546
Interest expense and similar charges	(11)	(69)
Net interest income	152	477
Commission income	5	-
Commission expense	(1,538)	(983)
Net commission	(1,533)	(983)
Net income from trading	13	-
Profit (loss) from sale or repurchase of: receivables, AFS, HTM, financial liabilities	-	-
Net result from financial assets and liabilities measured at fair value	2,083	-
Impairment/reversal of impairment of: receivables, AFS, HTM, other fin. trans.	-	-
Premiums written	-	1,692
Administrative expenses	-	(3,324)
Other operating income and expenses	-	35

PART I - EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Stock option plans

In HY1 2015, 643,259 new Mediolanum dividend-bearing ordinary shares were issued following the exercise of stock options by Directors and Sales Network people of companies within the Mediolanum Group.
This has resulted in an increase in the ordinary share capital of Mediolanum of Euro 64 thousand.
Overall expenses in the HY related to stock option plans amounted to Euro 1,280 thousand (June 30, 2014: Euro 62 thousand).

PART L - SEGMENTAL INFORMATION

Segment reporting

This section presents consolidated financial data reported by operating segment. In compliance with IFRS 8, segment reporting reflects the management system of the Mediolanum Group (so-called "management reporting approach"), and is consistent with the information disclosed to the market and to the various stakeholders.

Note on the method applied to segment reporting

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

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

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

INCOME STATEMENT BY OPERATING SEGMENT AS AT JUNE 30, 2015

	ITALY					
€/t	Banking	Asset Management	Insurance	Other	Consolidation adjustments	Total
Entry fees	-	52,327	-	-	-	52,327
Management fees	-	225,297	159,068	-	-	384,365
Performance fees	-	83,319	64,261	-	-	147,580
Banking service fees and revenues	33,994	-	-	-	-	33,994
Other fees	121	18,300	817	-	-	19,238
Commission income	34,115	379,243	224,146	-	-	637,504
Net interest income	110,100	20	5,371	(800)	-	114,691
Net income (loss) on investments measured at fair value	1,473	-	(1,606)	-	-	(133)
Net financial income	111,573	20	3,765	(800)	-	114,558
Net life insurance revenues (excluding commissions)	-	-	19,433	-	-	19,433
Valuation Equity Method	-	-	-	6,824	-	6,824
Realised gains (losses) on other investments	2,579	147	2,147	-	-	4,873
Impairment of loans	(6,025)	-	(17)	-	-	(6,042)
Impairment of other investments	(650)	(132)	(2,708)	-	-	(3,490)
Net income (loss) on other investments	(4,096)	15	(578)	-	-	(4,659)
Other revenues	5,243	138	6,329	-	-	11,711
TOTAL REVENUES	146,836	379,417	253,094	6,024	-	785,371
Network commission expenses	(17,682)	(141,800)	(76,975)	-	-	(236,456)
Other commission expenses	(7,457)	(9,026)	(5,756)	-	-	(22,238)
Administrative expenses	(115,882)	(47,548)	(55,047)	-	-	(218,477)
Amortisation and depreciation	(7,405)	(358)	(3,348)	-	-	(11,111)
Net provisions for risks and charges	(3,305)	(12,278)	(6,551)	-	-	(22,134)
TOTAL COSTS	(151,731)	(211,009)	(147,676)	-	-	(510,416)
PROFIT BEFORE TAX	(4,895)	168,407	105,418	6,024	-	274,955
Income tax	-	-	-	-	-	(52,084)
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	222,871

	ABROAD			
	Spain	Germany	Consolidation adjustments	Total
	5,945	243	-	58,515
	16,602	3,753	-	404,720
	6,423	5,300	-	159,303
	2,832	6,309	(23)	43,112
	569	243	(1)	20,049
	32,371	15,848	(24)	685,699
	10,117	24	1	124,833
	289	69	-	225
	10,406	93	1	125,058
	8,906	895	-	29,234
	-	-	-	6,824
	41	-	-	4,914
	(148)	(7)	-	(6,197)
	-	-	-	(3,490)
	(107)	(7)	-	(4,773)
	1,194	333	(87)	13,151
	52,770	17,162	(110)	855,193
	(14,748)	(2,255)	-	(253,459)
	(2,211)	(6,189)	25	(30,613)
	(17,482)	(9,959)	85	(245,833)
	(790)	(126)	-	(12,027)
	(12,173)	-	-	(34,307)
	(47,404)	(18,529)	110	(576,239)
	5,366	(1,367)	-	278,954
	1,031	484	-	(51,537)
	6,397	(1,851)	-	227,417

INCOME STATEMENT BY OPERATING SEGMENT AS AT JUNE 30, 2014 (*)

	ITALY					
€/t	Banking	Asset Management	Insurance	Other	Consolidation adjustments	Total
Entry fees	-	46,433	-	-	-	46,433
Management fees	-	187,023	117,274	-	-	304,297
Performance fees	-	55,241	21,822	-	-	83,063
Banking service fees and revenues	42,380	-	-	-	-	42,380
Other fees	202	15,022	939	-	-	16,163
Commission income	42,582	303,719	146,035	-	-	492,336
Net interest income	100,865	227	6,535	(3,626)	-	104,001
Net income (loss) on investments measured at fair value	(4,749)	(4)	4,151	1	-	(601)
Net financial income	96,116	223	10,686	(3,625)	-	103,400
Net life insurance revenues (excluding commissions)	-	-	14,616	-	-	14,616
Valuation Equity Method	-	-	-	7,096	-	7,096
Realised gains (losses) on other investments	23,554	120	4,117	-	-	27,791
Impairment of loans	(6,005)	-	91	-	-	(5,914)
Impairment of other investments	(326)	(123)	(2,054)	-	-	(2,503)
Net income (loss) on other investments	17,223	(3)	2,154	-	-	19,374
Other revenues	5,740	119	7,278	-	-	13,138
TOTAL REVENUES	161,662	304,059	180,769	3,471	-	649,960
Network commission expenses	(25,396)	(119,785)	(50,158)	-	-	(195,339)
Other commission expenses	(6,704)	(9,298)	(3,220)	-	-	(19,222)
Administrative expenses	(109,558)	(49,661)	(45,484)	-	-	(204,702)
Amortisation and depreciation	(5,718)	(701)	(2,958)	-	-	(9,377)
Net provisions for risks and charges	(10,024)	(3,140)	(2,430)	-	-	(15,593)
TOTAL COSTS	(157,399)	(182,585)	(104,250)	-	-	(444,233)
PROFIT BEFORE TAX	4,262	121,474	76,520	3,471	-	205,727
Income tax	-	-	-	-	-	(47,945)
NET PROFIT FOR THE PERIOD	-	-	-	-	-	157,782

(*) The figures may have been reclassified where appropriate.

	ABROAD			
	Spain	Germany	Consolidation adjustments	Total
	4,057	310	-	50,800
	12,102	3,093	-	319,492
	2,617	924	-	86,604
	2,836	6,012	(7)	51,221
	609	139	(4)	16,907
	22,221	10,478	(11)	525,024
	11,599	324	-	115,924
	345	24	-	(232)
	11,944	348	-	115,692
	9,479	1,502	-	25,597
	-	-	-	7,096
	23	-	-	27,814
	(270)	(9)	-	(6,193)
	-	-	-	(2,503)
	(247)	(9)	-	19,118
	691	178	(36)	13,971
	44,088	12,497	(47)	706,498
	(13,239)	(2,089)	-	(210,667)
	(2,093)	(4,882)	7	(26,190)
	(15,788)	(8,221)	40	(228,671)
	(729)	(136)	-	(10,242)
	(314)	-	-	(15,907)
	(32,163)	(15,328)	47	(491,677)
	11,925	(2,831)	-	214,821
	(1,721)	(213)	-	(49,879)
	10,204	(3,044)	-	164,942

Independent Auditors' Report

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REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

To the Shareholders of
MEDIOLANUM S.p.A.

Introduction

We have reviewed the condensed consolidated half-year financial statements of Mediolanum S.p.A. and subsidiaries (the "Mediolanum Group"), which comprise the statement of financial position as of 30th June 2015, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the six month period then ended, and related notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n. 10867 of July 31, 1997. A review of condensed consolidated half-year financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-year financial statements of Mediolanum Group are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Paolo Gibello Ribatto
Partner

Milan, Italy
August 7th, 2015

This report has been translated into the English language solely for the convenience of international readers.

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Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Certification of the Condesed Consolidated Half-Year Financial Statements

Certification of the Condensed Consolidated Half-Year Financial Statements pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended

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, hereby certify, also pursuant to section 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998, no. 58:

- the adequacy in relation to the characteristics of the company, and
- the effective application

of the administrative and accounting procedures as the basis for preparation of the Half-Year Financial Statements abbreviated, in HY1 2015.

The adequacy of accounting and financial reporting procedures in the preparation of the HY financial statements abbreviated as at June 30, 2015 was assessed applying a process defined by Mediolanum S.p.A. in accordance with the Internal Control – Integrated Framework Model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted framework.

We also confirm that:

- the condensed consolidated HY Financial Statements:
  - are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
  - correspond to the accounting books and records;
  - provide a true and fair representation of the equity, economic and financial situation of the Issuer and the whole of the companies included in the scope of consolidation;
- the HY report on operations provides a reliable analysis of the performance related to the significant events occurred in the first six months of the year and their incidence on the condensed HY financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the same year. The Half-Year Report on Operations also includes a reliable analysis of the information regarding transactions with related parties.

Basiglio, July 30, 2015

Chief Executive Officer
(*Ennio Doris*)

Chief Financial Officer
of corporate accounting documents
(*Luigi Del Fabbro*)