

**Quarterly
Report on
Operations at
March 31,
2014**

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**Quarterly
Report on
Operations at
March 31,
2014**

Registered Office: Meucci Building, Via F. Sforza – Basiglio – Milano Tre (Milan)
Share capital € 73,649,146.70 – fully paid up
Tax, VAT and Milan Register of Companies Registration No. 11667420159

Mediolanum S.p.A. Corporate Bodies

BOARD OF DIRECTORS

Carlo Secchi	Chairman
Alfredo Messina	Deputy Vice Chairman
Massimo Antonio Doris	Vice Chairman
Ennio Doris	Chief Executive Officer
Elena Biffi	Director
Luigi Berlusconi	Director
Pasquale Cannatelli	Director
Maurizio Carfagna	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	Statutory Auditor
Riccardo Perotta	Statutory Auditor

SECRETARY OF THE BOARD OF DIRECTORS

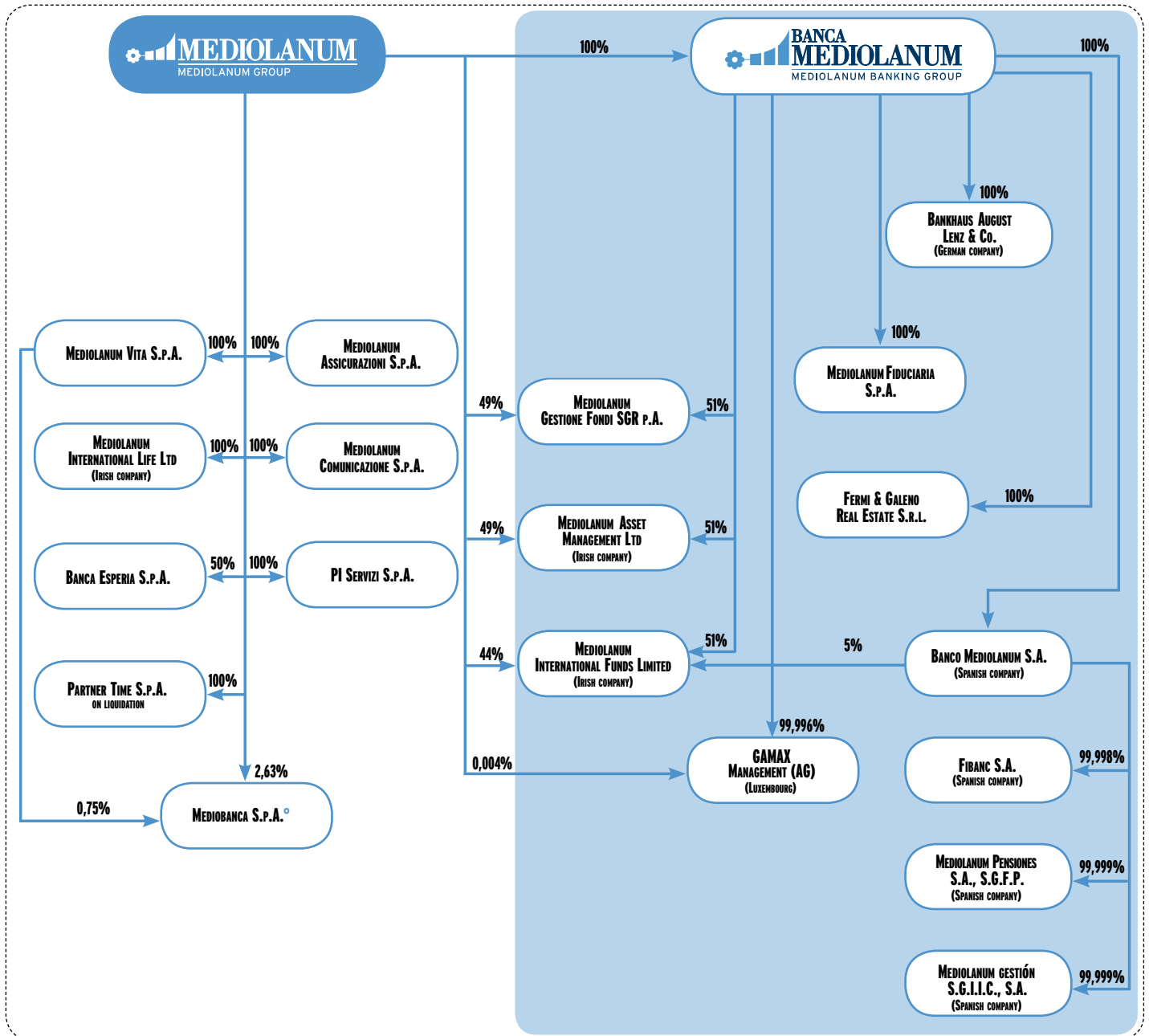
Luca Maria Rovere

OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

Luigi Del Fabbro

Group Structure

At March 31, 2014



- MEDIOLANUM FINANCIAL CONGLOMERATE
- MEDIOLANUM BANKING GROUP

◦ Since Mediobanca holds treasury shares, total shareholding amounts to 3.442% of voting rights.

Mediolanum Group's Financial Highlights

Data for inflows and assets

€/m	March 31, 2014	March 31, 2013	% change	Dec. 31, 2013
Total customer assets	58,942.5	53,611.7	10%	57,831.8
Consolidated net income	1,005.8	691.0	46%	3,681.2
Mediolanum Banking Group net income	858.7	716.6	20%	3,752.4
- Net inflows AuM	576.5	578.8	-	3,215.5
<i>of which mutual funds</i>	<i>809.4</i>	<i>1,000.3</i>	<i>(19%)</i>	<i>4,756.0</i>
- Net inflows AuA	307.1	106.8	188%	536.8
Net inflows Banca Esperia	75.4	(102.1)	n.s.	(71.2)

Income statement

€/m	March 31, 2014	March 31, 2013	% change	Dec. 31, 2013
Gross profit before tax	105.7	177.1	(40%)	544.1
Taxes for the period	(24.8)	(40.4)	(39%)	(207.5)
Net profit for the period	80.9	136.7	(41%)	336.6

Profitability ratios

€	March 31, 2014	March 31, 2013	% change	Dec. 31, 2013
Earnings per share – total	0.110	0.186	(41%)	0.458

Reclassified Consolidated Income Statement at March 31, 2014*

€/t	March 31, 2014	March 31, 2013	Change	
			value	%
Entry fees	24,051	34,468	(10,417)	(30%)
Management fees	155,576	129,209	26,367	20%
Performance fees	31,337	59,289	(27,952)	(47%)
Banking service fees and revenues	23,366	25,351	(1,985)	(8%)
Other fees	8,023	9,095	(1,072)	(12%)
Commission income	242,353	257,413	(15,060)	(6%)
Net interest income	58,549	71,925	(13,376)	(19%)
Net income (loss) on investments at fair value	(958)	3,832	(4,790)	n.s.
Net financial income	57,591	75,757	(18,166)	(24%)
Net life insurance revenues (excluding commissions)	14,395	13,188	1,207	9%
Valuation Equity method	5,705	1,818	3,887	214%
Realised gains (losses) on other investments	19,614	39,142	(19,528)	(50%)
Impairment of loans	(2,383)	(1,242)	(1,141)	92%
Impairment of other investments	(97)	(141)	44	(31%)
Net income (loss) on other investments	17,134	37,759	(20,625)	(55%)
Other revenues	5,075	4,843	232	5%
TOTAL REVENUES	342,253	390,778	(48,525)	(12%)
Network commission expenses	(105,262)	(103,466)	(1,796)	2%
Other commission expenses	(13,310)	(11,889)	(1,421)	12%
Administrative expenses	(107,792)	(91,587)	(16,205)	18%
Amortisation and depreciation	(4,938)	(3,779)	(1,159)	31%
Net provisions for risks	(5,259)	(2,989)	(2,270)	76%
TOTAL COSTS	(236,561)	(213,710)	(22,851)	11%
PROFIT BEFORE TAX	105,692	177,068	(71,376)	(40%)
Taxes for the period	(24,785)	(40,418)	15,633	(39%)
NET PROFIT FOR THE QUARTER	80,907	136,650	(55,743)	(41%)

* 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 charges relating to claims and change in reserves".

Summary of Business Performance for the quarter

€/m	March 31, 2014	March 31, 2013	Diff.	% change
Profit for the year	80.9	136.7	(55.8)	(41%)
Of which:				
Commission income	242.4	257.4	(15.0)	(6%)

The good performance of net inflows for the quarter and growth in assets under management, have generated higher management fees (Euro +26.4 million), however, more than offset by lower performance fees for the quarter (Euro -28.0 million).

Fund subscription fees decreased by Euro 10.4 million compared to the first quarter of 2013 due to lower volumes of gross inflows for the quarter under review.

Net financial income	57.6	75.8	(18.2)	(24%)
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Reduction in net interest income (Euro -13.4 million) mainly due to the reduction in spreads on market rates and lower net income from investments at fair value (Euro -4.8 million).

Valuation equity method	5.7	1.8	3.9	214%
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Improvement in the contribution to the Group result from the investments valued using the equity method (of which Euro 3.1 million related to Mediobanca and Euro 2.6 million related to Banca Esperia).

Net income (loss) on other investments	17.1	37.8	(20.7)	(55%)
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Reduction in net income from other investments (Euro -20.6 million), mainly due to lower net gains on disposal of financial instruments available for sale (Euro -19.5 million; in the first quarter of 2013 it benefited from net profits on sale of AFS securities for approximately Euro 40.2 million).

Network commission expenses	105.3	103.5	1.8	2%
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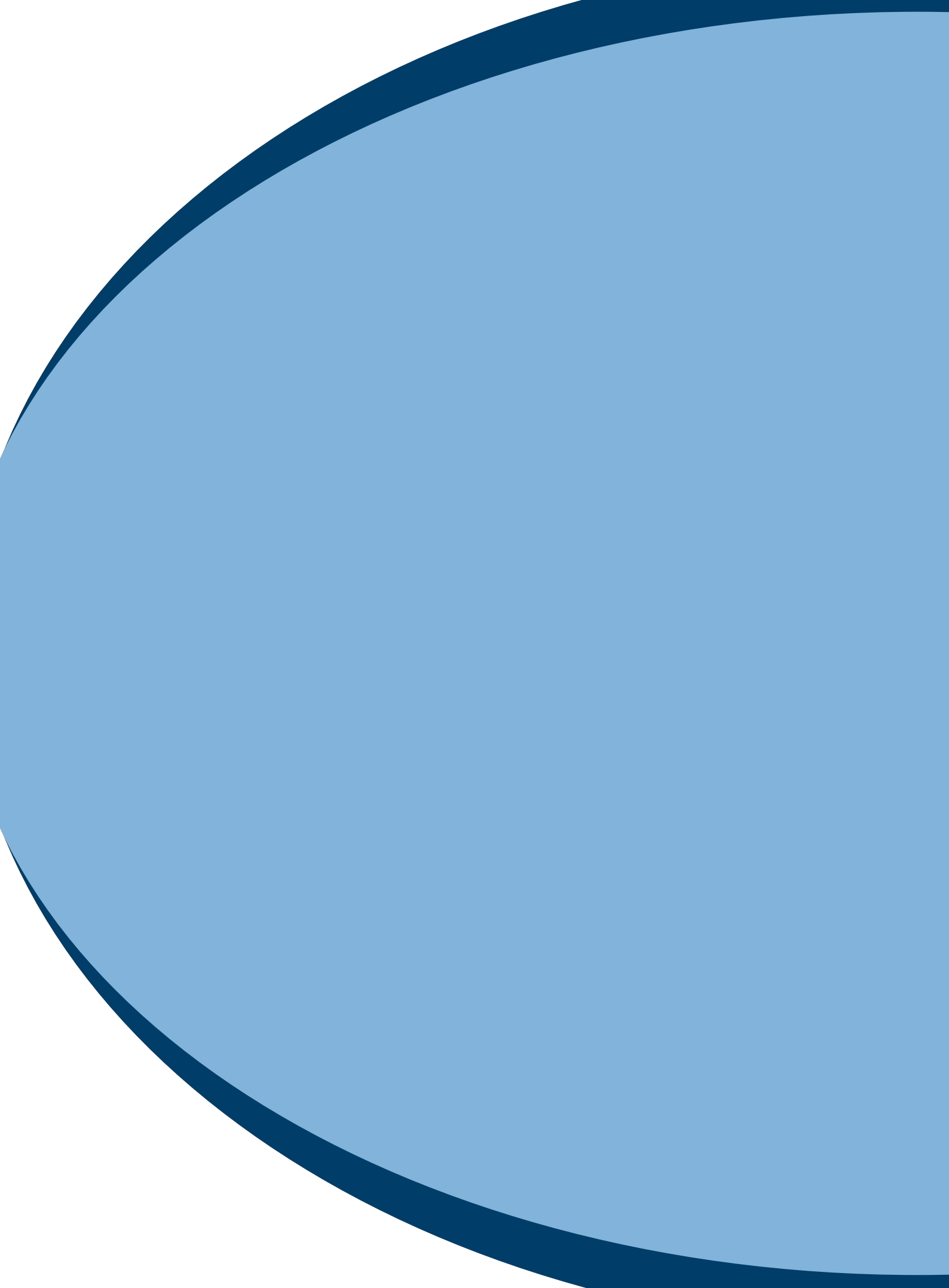
Higher commission expense primarily due to higher costs for incentives in favour of the sales network, with particular reference to premiums on local events.

Administrative expenses	(107.8)	(91.6)	16.2	18%
- Personnel expenses	(45.1)	(41.0)	(4.1)	10%
- Other administrative expenses	(62.7)	(50.6)	(12.1)	24%

Increase in personnel expenses primarily due to the increase in the average workforce in the quarter (2,458 units in March 2014 compared to 2,238 units in March 2013) and other administrative expenses, particularly for higher costs incurred for IT systems (Euro +4.4 million), for the organization of conventions (Euro +1.7 million), advertising (Euro +1.1 million) and customer premiums (Euro +0.6 million).

Net provisions for risks and charges	(5.3)	(3.0)	2.3	76%
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Increase in net provisions mainly related to provisions for legal proceedings (Euro +2.0 million).



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**Quarterly
Report on
Operations**

Quarterly Report on Operations

The situation of the accounts at March 31, 2014 showed a net profit of Euro 80.9 million compared to net income for the first quarter of the previous year (Euro 136.7 million).

The result for the quarter, before taxes, instead amounted to Euro 105.7 million compared to Euro 177.1 million in the same period of the previous year, a decrease of Euro 71.4 million.

Compared to Q1 2013, lower net income was recorded from other investments for a total of Euro -20.6 million primarily due to higher income from disposal of available-for-sale financial assets in the first quarter of the previous year, and a decrease in net financial income (Euro -18.2 million), due to the reduction in spreads on market rates and lower net income from investments at fair value (Euro -4.8 million).

The good performance of net inflows for the quarter and growth in assets under management, have generated higher management fees (Euro +26.4 million), however, more than offset by lower performance fees for the quarter (Euro -28.0 million).

Fund subscription fees decreased by Euro 10.4 million compared to the first quarter of 2013 due to lower volumes of gross inflows for the quarter under review. Network commission expense grew by Euro 1.8 million, mainly due to higher costs for incentives in favour of the sales network, with particular reference to premiums on local events.

Operating expenses for the quarter grew by about Euro 22.9 million; in particular, we are witnessing an increase in personnel expenses due to the increase in the average workforce in the quarter (2,458 units in March 2014 compared to 2,238 units in March 2013) and other administrative expenses, particularly due to higher costs incurred for IT systems (Euro +4.4 million), for the organization of conventions (Euro +1.7 million), higher advertising spending (Euro +1.1 million) and customer premiums (Euro +0.6 million).

The quarterly accounts at March 31, 2014 have been prepared on the basis of international accounting standards, which do not deviate from the accounting principles used to prepare the financial statements for the year ended December 31, 2013, and on the basis of the statements issued by the Bank of Italy Circular no. 262 of December 22, 2005 and subsequent updates.

This report includes the accounts that compare the values at March 31, 2014 with data as at December 31, 2013 for the balance sheet and as at March 31, 2013 for the income statement.

● The Macroeconomic Environment

In the fourth quarter of 2013, growth of +2.6% (annualized) in the USA and +0.2% (not annualized) in the Euro area reflects the persistence of a structural economic differential between the two regions. In detail, GDP rose at a rate of +0.1% in Italy (from the previous -0.1%), +0.4% in Germany (from +0.3%), +0.3% in France (from -0.1%),

+0.17% in Spain (from +0.08%), +0.6% in Portugal (from +0.3%). At the same time, the British economy has confirmed the positive trend of the previous quarter (+0.7% from +0.8%). The *Purchasing Managers Index* (PMI) in the Euro area and indices elaborated by the *Institute for Supply Management* (ISM) in the USA have once again shown, in January, February and March, the presence of an expansionary phase of the cycle, both in industrial production and services. Despite the gradual improvement in the international economic scenario, the employment dynamics are one of the main problems, because of the impact on consumer confidence and demand for goods and services. The unemployment rate is at 6.7% in the USA and 11.9% in the single currency area, in particular, 13.0% in Italy and 6.7% in Germany. The prolonged negative economic phase has limited inflationary pressures. Production prices and consumption have increased on an annual basis in the USA, respectively, +0.9% and +1.1%, while in the Euro area there was a reduction of -1.7% in production prices and an increase of +0.7% in consumer prices.

In the meeting on March 6, the European Central Bank confirmed the refinancing rate at a record low of 0.25% and has not taken any decision about the adoption of unconventional monetary policy. The president Draghi referred to three cases of non-conventional manoeuvres: a plan for the purchase of ABS (*asset-backed securities*); the provision of loans to banks to stimulate lending to the economy (*Funding for Lending*); the activation of a program of *Quantitative Easing*. In the case of purchases of ABS, the President stressed the need for regulatory changes relating to capital absorption, which are responsibility of the Basel Committee and the European Commission. The ECB has also upgraded its 2014 growth forecast to 1.2% from 1%, while inflation has been decreased to 1% from 1.1%. Financial analysts have understood the intention of the central bank to act in case of need, with potentially more effective instruments pending regulatory changes.

At the meeting of March 19, the Federal Reserve kept the refinancing rate unchanged in the range between 0% and 0.25%, announced the third reduction of the purchases plan for USD 10 billion monthly and notified the replacement of the quantitative reference to the rate of unemployment for 6.5%, with a broader set of quantitative and qualitative indicators. During the press conference, the new President Janet Yellen emphasized that, even if unemployment and inflation reach the targets set, the reference rate will be maintained even below the level of long-term equilibrium. Yellen also declared that the end of the tapering is expected in the autumn, and from that moment, it may take a further six months before the subsequent start of an increase in rates.

From December 31, 2013 to March 31, 2014, the government curve showed a reduction in long-term yields in the USA (from 0.38% to 0.42% 2 years and from 3.03% to 2.72% 10 years) and in Germany (from 0.21% to 0.16% 2 years and 1.93% to 1.57% 10 years); compared to the levels recorded in the fourth quarter of 2013, the returns showed an average reduction in both the bond markets emerging from 4.96% to 4.81% (*Barclays EM Hard Currency Aggregate Yield To Worst*) and high yield bond markets from 5.64% to 5.23% (*Barclays US Corporate High Yield Yield To Worst*).

The spread between Italian and German debt on the ten-year maturity has fallen from an initial 220 basis points as at December 31 to 173 at March 31, while on two-year maturity it has fallen from an initial 104 basis points as at December 31 to 68 at March 31. In the first quarter, the Italian government curve, therefore, registered the following reductions in yields: from 0.91% to 0.61% at 1 year, from 1.26% to 0.84% at 2 years and from 4.13% to 3.29% at 10 years.

In Q1 2014, global equity markets were up +0.77% (MSCI World in US dollars). In the US, both the S&P500 and Nasdaq Composite recorded good performance, up +1.3% and up +0.5%, respectively. In Europe, stock markets fared well, too, on average (+1.8%). In particular, the Italian (+14.4%) and Spanish (+4.3%) stock markets outperformed the German (+0.04%), French (+2.2%) and English (-2.2%). The emerging stock markets have produced a negative result of -0.8% (MSCI EM index in dollars); the Tokyo stock market experienced a significant correction (-9.0%), after the extraordinary performance of last year.

During the period, the U.S. dollar towards the single currency showed substantial stability (from 1.3743 at December 31 to 1.3769 at March 31).

● The Banking Market¹

According to preliminary estimates by ABI in February 2014, 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 more than 39 billion on an annual basis, showing an annual change of -2.2% (-1.9% in January 2014; +2.4% in February 2013).

Deposits from resident customers in February 2014 recorded a growth equal to 1.1% (+2.3% in January 2014), an increase in absolute value on an annual basis of approximately Euro 13.4 billion.

The annual change of the bonds amounted to -9.4% (-10.5% in January 2014), showing a decrease in absolute value on an annual basis of Euro 52.6 billion.

In January 2014 the negative trend continues for deposits abroad: in particular, those of Italian banks totalled about Euro 327.3 billion, 6.6% lower than a year earlier (-6.6 % in the previous month).

With regard to the average remuneration of bank deposits in the first two months of 2014 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 1.83% in February 2014 (1.86% in January 2014; 1.88% in December 2013, 2.03% in March 2013). The rate on Euro deposits applied to households and non-financial companies declined slightly to stand at 0.93% (0.95% in January, 2014, 0.97% in December 2013, 1.16% in March 2013) – as well as that on bonds 3.38% (3.42% in January, 2014, 3.44% in December 2013, 3.43% in March 2013).

In January 2014, dynamics of bank lending to households and companies remained stable but demonstrated, in February 2014 an improvement even on values that are still negative; based on initial estimates total loans to residents in Italy is Euro 1,855 billion, marking an annual change of -3.0%.

Loans to households and non-financial companies at the end of February 2014 amounted to about Euro 1,430 billion, a change of -2.9% year on year (-2.3% January 2014; Euro zone average -2.7% in January). At the end of 2007, these loans amounted to 1,279 billion, with an increase in the period of over 151 billion in absolute value. The difference between the average rate of interest-bearing assets in Euro in respect of non-financial companies and households and the average rate on customer deposits represented by households and non-financial companies in Euro in February 2014 is 1.67 percentage points, 0.3 basis points below the value of January 2014.

In January 2014, gross non-performing loans aggregated to Euro 160.4 billion, increasing by Euro 4.5 billion over December 2013 and about 34.3 billion versus the end of January 2013, up over 27% year on year.

The ratio of non-performing loans to total loans came to 8.4% in January 2014 (6.4% a year earlier and 2.8% at the end of 2007, prior to the start of the crisis), reaching 14.2% for smaller operators (11.9% in January 2013), 13.4% for companies (9.7% a year earlier) and 6.5% for households (5.7% in January 2013).

Net non-performing loans at the end of January 2014 amounted to Euro 80.5 billion, approximately Euro 555 million more than in the prior month and about Euro 16.1 billion more than January 2013 (+25% increase year on year). The ratio of net non-performing loans to total loans was 4.38% (4.31% at December 2013 and 3.37% at January 2013).

¹ Source ABI monthly outlook - March 2014.

● The Insurance Market

From an initial estimate prepared by ANIA, in the first three months of 2014, new life inflows in Italy from Italian companies and representatives of companies outside the EU, including the additional single premiums, amounted to about Euro 22.8 billion, 48.7% more than the volumes achieved in the first three months of last year.

Including the activities of EU sample companies, with premiums in the three months of Euro 3.2 billion, total new life business amounted to Euro 26 billion, an increase of 40.1% compared to the same period the previous year.

With regard to Italian and non-EU companies, premiums related to new class I policies continued to show a significant positive change, +65.4% compared to the same period the previous year.

Class V policy premiums also increased sharply with a volume of new business more than tripled compared to the comparative period (2% of the entire new inflows).

The remaining portion of new production is represented by the "linked" (Class III) policies, which, in March, recorded an increase in inflows of new premiums over the same period of the previous year (+8.7%). Performance of the relative contributions of new members to individual pension schemes was also positive, amounting to Euro 84 million, an increase of 14% over the previous year.

● Mediolanum Group's performance

Net inflows for the quarter had a positive balance of Euro +1,005.8 million versus Euro +691.0 million Q1 2013 (+46%).

With particular reference to Banca Mediolanum, net inflow is positive for Euro +858.7 million compared with Euro +716.6 million in the comparative period (+20%).

Overall, Banca Mediolanum recorded a net inflows positive balance of assets under management for Euro +576.5 million, substantially in line with the balance of the same period the previous year (Euro +578.8 million).

In particular, the net inflows generated by the mutual funds investment sector is positive for Euro +809.4 million (down 19%, Q1 2013: Euro +1,000.3 million), while net inflows in the insurance sector was negative for Euro -232.8 million (Q1 2013: Euro -421.5 million).

Third-party structured bonds recorded net inflows of Euro -25.0 million versus Euro +31.0 million of the prior year.

The policy related to Freedom bank account has a negative balance of Euro -112.3 million compared to a negative balance of Euro -1,057.3 million at March 31 of the previous year.

Assets under administration recorded net inflows of Euro 419.4 million, -64% compared to the comparative period (Q1 2013: Euro +1,164.0 million), due to the lower contribution of the products of the range InMediolanum and Freedom Più with respect to the exceptional result of the previous year.

Net inflows of the main networks operating in Italy in the first quarter of 2014, published by Il Sole 24 Ore, rank Banca Mediolanum third in the standings with a positive balance of Euro +876.6 million.

According to data released by Assogestioni, the Mediolanum Group remains in 3rd place with reference to the volume of assets under management.

At March 31, 2014, total assets managed by the Mediolanum Group achieved the balance of Euro 58,942.5 million, with a growth of 2% compared to the figure at the end of 2013 (Euro +57,831.8 million) and 10% compared to balance at March 31, 2013 (Euro 53,611.7 million).

● Consolidated Inflows, Assets under Management and Assets under Administration

○ Net inflows

€/m	March 31, 2014	March 31, 2013	Change
ITALY			
Life insurance products	(232.8)	(421.5)	(45%)
Asset management products	809.4	1.000.3	(19%)
Total managed assets inflows	576.5	578.8	-
Third-party structured bonds	(25.0)	31.0	n.s.
Total managed assets + third-party structured bonds	551.6	609.8	(10%)
Administered assets	419.4	1.164.0	(64%)
"Freedom" life policies	(112.3)	(1,057.3)	(89%)
Total administered assets including "Freedom" policies	307.1	106.8	188%
BANCA MEDIOLANUM	858.7	716.6	20%
ESPERIA BANK GROUP (*)	75.4	(102.1)	n.s.
Total ITALY	934.1	614.4	52%
SPAIN	79.7	96.4	(17%)
GERMANY	(8.0)	(19.8)	(59%)
TOTAL FOREIGN MARKETS	71.7	76.6	(6%)
TOTAL NET INFLOWS	1,005.8	691.0	46%

(*) The figures relating to Banca Esperia were considered in proportion to the percentage of 50% ownership.

○ Assets under Management and under Administration^(*)

€/m	March 31, 2014	Dec. 31, 2013	March 31, 2013
ITALY			
Life Products	13,261.4	13,482.6	14,006.3
"Freedom" life policies	1,610.0	1,722.3	2,375.8
Asset management products	29,771.1	28,835.6	25,267.8
Banking products	14,286.8	13,690.1	12,519.2
Consolidation adjustments	(10,373.8)	(10,370.3)	(10,067.7)
BANCA MEDIOLANUM	48,555.5	47,360.3	44,101.4
ESPERIA BANK GROUP (**)	7,480.0	7,650.0	7,138.6
Total ITALY	56,035.5	55,010.3	51,240.0
SPAIN	2,473.0	2,376.3	1,925.6
GERMANY	434.1	445.2	446.1
TOTAL FOREIGN MARKETS	2,907.1	2,821.5	2,371.7
TOTAL ASSETS UNDER MANAGEMENT & ADMINISTRATION	58,942.5	57,831.8	53,611.7

(*) The figures relate to retail customers only.

(**) The figures relating to Banca Esperia were considered in proportion to the percentage of 50% ownership.

Total assets under administration at March 31, 2014 amounted to Euro 58,942.5 million, an increase of 2% compared to December 31, 2013 (Euro 57,831.8 billion) and by 10% compared to March 31, 2013 (Euro 53,611.7 million).

The analysis of consolidated inflows, assets under management and under administration by operating segment is set out below.

○ Italy - Banking

Net inflows of assets under administration at the end of the first quarter of 2014 amounted to Euro 419.4 million compared to Euro 1,164.0 million in the first quarter of 2013.

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

€/m	March 31, 2014	Dec. 31, 2013	March 31, 2013
Customer deposits	10,270.2	9,929.8	8,692.7
Banca Mediolanum bonds	422.3	355.6	392.5
Third-party structured bonds	1,274.7	1,282.8	1,250.6
Securities in custody and under administration	2,117.9	2,088.9	1,941.7
Repurchase agreements	201.7	32.9	241.7
Total assets under administration	14,286.8	13,690.1	12,519.2

At March 31, 2014, the number of current accounts of Banca Mediolanum totalled 743,335 compared to 729,208 at the end of 2013 and 711,737 at March 31, 2013.

○ Italy - Asset Management

The analysis of assets under management in the retail segment at the end of the quarter is set out below.

€/m	March 31, 2014	Dec. 31, 2013	March 31, 2013
"Best brands" funds of funds	11,932.7	11,494.7	8,719.4
"Portfolio" funds of funds	511.2	532.2	575.6
"Challenge" funds	12,475.2	12,541.3	12,474.9
Funds of hedge funds	174.7	178.1	198.1
Other Italy-based mutual funds	4,378.9	3,803.9	3,131.6
"Real estate" funds	423.0	427.3	432.1
Other internationally-based mutual funds & managed accounts	426.2	424.5	370.4
Duplication adjustments	(550.8)	(566.4)	(634.3)
Total asset management products	29,771.1	28,835.6	25,267.8
of which:			
Equity	53%	54%	57%
Bond	38%	37%	36%
Money market	2%	2%	2%
Balanced	5%	4%	3%
Other	2%	3%	2%

At March 31, 2014 there was an increase in assets under management reaching Euro 29,771.1 million (December 31, 2013: Euro 28,835.6 million; March 31, 2013: Euro 25,267.8 million).

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

Net inflows

€/m	March 31, 2014	March 31, 2013	Change
"Best Brands" funds of funds	364.4	799.4	(54%)
"Challenge" funds	(63.7)	(102.7)	(38%)
Other Italy-based mutual funds	515.6	333.4	55%
Other funds and managed accounts	(7.0)	(29.8)	(77%)
Total mutual funds and management	809.4	1,000.3	(19%)

Net inflows for the year under review were up 19% to Euro 809.4 million, a decrease compared to the prior year's balance of Euro 1,000.3 million.

Gross inflows

€/m	March 31, 2014	March 31, 2013	Change
"Best Brands" funds of funds	1,004.1	1,326.5	(24%)
"Challenge" funds	128.6	204.7	(37%)
Other Italy-based mutual funds	667.0	470.5	42%
Other funds and managed accounts	23.3	6.7	250%
Total mutual funds and management	1,823.0	2,008.3	(9%)

Gross inflows for the year under review were down 9% to Euro 1,823.0 million compared to the prior year's balance of Euro 2,008.3 million.

○ Italy - Insurance

Life

At December 31, 2013, total life products amounted to Euro 13,482.6 million versus Euro 13,261.4 million at the end of the quarter.

€/m	March 31, 2014	Dec. 31, 2013	March 31, 2013
Unit-linked life products	10,671.9	10,692.3	10,369.3
Index-linked life products	1,320.2	1,474.8	2,304.2
Traditional life products	1,269.2	1,315.5	1,332.8
Total Life Products (excl. "Freedom")	13,261.4	13,482.6	14,006.3
<i>"Freedom" Life Policies</i>	<i>1,610.0</i>	<i>1,722.3</i>	<i>2,375.8</i>

The total gross premiums in the first quarter amounted to Euro 997.8 million, a decrease of 23% compared to the same period the previous year.

€/m	March 31, 2014	March 31, 2013	Change
Recurring premiums	14.7	13.6	8%
Single premiums and group policies	43.9	23.8	84%
Total new business	58.6	37.4	57%
In-force pension plans	119.7	124.7	(4%)
Other in-force business	100.2	111.8	(10%)
Total in-force business	219.8	236.5	(7%)
Total Premiums written (excl. "Freedom")	278.5	273.8	2%
"Freedom" premiums written	719.3	1,027.5	(30%)
Total gross premiums written	997.8	1,301.3	(23%)

The new production amounted to Euro 58.6 million, an increase of 57% compared to the same of period the previous year (March 31, 2013: Euro 37.4 million), mainly due to lower premiums generated by the policy "Mediolanum Plus" (Euro -308.2 million).

Excluding the output generated by the policy Freedom (Mediolanum Plus), also decreased by 30%, gross premiums written for the quarter amounted to Euro 278.5 million (Euro 273.8 million at March 31, 2013).

Total portfolio premiums amounted to Euro 219.8 million, down 7% from the prior quarter 2013.

Net liquidation expenses, excluding Freedom, went from Euro 695.3 million in the first quarter of 2013 to 511.3 at the end of the reporting period:

€/m	March 31, 2014	March 31, 2013	Change
Claims	17.9	13.1	37%
Coupons	12.1	19.2	(37%)
Maturities	269.1	397.5	(32%)
Surrenders	212.2	265.5	(20%)
Amounts paid (excl. "Freedom")	511.3	695.3	(26%)
Amounts paid under "Freedom" contracts	838.7	2,097.6	(60%)

The deviation of 26% compared to the first quarter of 2013 is primarily due to reductions in expenses on deadlines which recorded a decrease of Euro 128.4 million, of which Euro 168.2 million in respect of Index-linked policies (March 31, 2013: Euro 306.3 million).

Damages

At March 31, 2014, the volume of premiums written amounted to Euro 12,400 thousand (Euro 10,265 thousand at March 31, 2013), an increase of 20.8%.

The breakdown is as follows:

€/t	March 31, 2014
Class-01 Accident	5,470
Class-02 Sickness	4,010
Class-08 Fire	966
Class-09 Other damages to assets	559
Class-13 General TPL	529
Class-16 Pecuniary losses	641
Class-17 Legal protection	47
Class-18 Assistance	178
Total work premiums	12,400
Direct	-
Total premiums	12,400

The premium growth is mainly attributable to the marketing of products related to mortgages and guaranteed bank loans (Euro +1,959 thousand).

The number of claims reported during the quarter under review recorded an 8.6% increase compared to the same period of the prior year, mainly due to the increase of the production of the Company.

The number of claims itemized in Q1 2014 in the other classes was 862 against 819 and 650 claims, respectively, of Q1 2013 and 2012.

The evolution of reported claims is summarized in the following table:

Number of claims reported	March 31, 2014
Class-01 Accident	264
Class-02 Sickness	220
Class-07 Transport	1
Class-08 Fire	66
Class-09 Other damages to assets	102
Class-13 General TPL	104
Class-16 Pecuniary losses	40
Class-17 Legal protection	2
Class-18 Assistance	63
Non-Life	862

At March 31, the total number of claims paid amounted to Euro 2,262 thousand (Euro 2,024 thousand in 2013), an increase of Euro 238 thousand.

The figure is, in part, influenced by a single fire claim for Euro 185 thousand paid in Q1 2014.

With reference to the run-off of the Motor TPL there was a decrease in claims paid in the quarter for Euro 120 thousand.

This trend is due to the lower number of claims closed with settlement (2 vs 16 in 2013) and the decrease in the average cost paid, which went from Euro 51 thousand in Q1 2013 to Euro 17 thousand related to the quarter under review.

The claims settlement activities in the first quarter of 2014 resulted in a total charge to the income statement of Euro 1,926 thousand as detailed below by class:

€/t	Reserve 1.1	Paid	Reserve 31.3	Net profit (loss)
Class-01 Accident	3,408	623	2,695	90
Class-02 Sickness	4,350	472	3,927	(49)
Class-07 Transport	-	-	1	(1)
Class-08 Fire	148	336	430	(617)
Class-09 Other damages to assets	253	248	377	(372)
Class-10 Motor TPL	3,941	188	3,790	(38)
Class-13 General TPL	6,168	254	6,437	(524)
Class-16 Pecuniary losses	160	73	477	(390)
Class-17 Legal protection	30	-	40	(10)
Class-18 Assistance	1	10	4	(13)
Total claims ex. previous	18,458	2,205	18,178	(1,926)
Total indirect claims	99	-	99	-
Total claims ex. current	-	57	2,253	
Total claims	18,557	2,261	20,531	

In the quarter under review amounts were substantial with respect to as recorded in the reserve while the new additions to reserves have been carried out in line with the criteria adopted in the preparation of the financial statements at December 31, 2013.

Spain

€/m	March 31, 2014	Dec. 31, 2013	March 31, 2013
Assets under management & administration	2,473.0	2,376.3	1,925.6
<i>Assets under management</i>	<i>1,538.8</i>	<i>1,462.2</i>	<i>1,260.3</i>
<i>Assets under administration</i>	<i>934.2</i>	<i>914.1</i>	<i>665.3</i>
Gross inflows AuM:	189.0	537.9	108.2
Net inflows	79.7	450.5	96.4
<i>Assets under management</i>	<i>71.9</i>	<i>237.7</i>	<i>52.2</i>
<i>Assets under administration</i>	<i>7.8</i>	<i>212.8</i>	<i>44.2</i>

Assets under management amounted to Euro 2,473.0 million compared to Euro 2,376.3 million at the end of 2013, and Euro 1,925.6 million in the first quarter of 2013.

Net inflows for the quarter were positive for Euro +79.7 million compared to a balance of Euro +450.5 million in the first quarter of 2013.

○ Germany

€/m	March 31, 2014	Dec. 31, 2013	March 31, 2013
Assets under management & administration	434.1	445.2	445.7
Assets under management	361.2	372.7	374.4
Assets under administration	72.9	72.5	71.3
Gross inflows AuM:	14.4	158.4	11.1
Net inflows	(8.0)	(37.6)	(19.8)
Assets under management	(8.2)	(24.1)	(4.6)
Assets under administration	0.1	(13.5)	(15.2)

Assets under management went from 445.2 at the end of 2013 to Euro 434.1 million at the end of the period and down Euro 11.6 million compared to the figure of March 2013.

Net inflows for the quarter was negative for Euro 8.0 million compared to a negative balance of Euro 19.8 million in the first quarter of 2013.

● Lending

€/m	March 31, 2014	Dec. 31, 2013	Change
Loans to customers			
- Banca Mediolanum	5,743.2	5,398.9	6%
- Other consolidated companies	229.9	261.6	(12%)
Total lending	5,973.1	5,660.5	6%

○ Banca Mediolanum

At year-end 2013, loans to customers, private individuals and financial institutions other than banks amounted to Euro 5,743.2 million (December 31, 2013: Euro 5,398.9 million), representing an increase of 6%, primarily due to the increase in hot money transactions (Euro +170 million) and residential mortgages (Euro +151.9 million).

● The Sales Networks

Unit	March 31, 2014	Dec. 31, 2013	March 31, 2013
ITALY - BANCA MEDIOLANUM	4,425	4,407	4,329
SPAIN	725	690	608
GERMANY	48	46	46
Total	5,198	5,143	4,983

At March 31, 2014 the Banca Mediolanum sales network consisted of 4,425 financial advisors (4,407 at year-end 2013).

● Reclassified Consolidated Income Statement at March 31, 2014^(*)

€/t	March 31, 2014	March 31, 2013	Change	
			value	%
Entry fees	24,051	34,468	(10,417)	(30%)
Management fees	155,576	129,209	26,367	20%
Performance fees	31,337	59,289	(27,952)	(47%)
Banking service fees and revenues	23,366	25,351	(1,985)	(8%)
Other fees	8,023	9,095	(1,072)	(12%)
Commission income	242,353	257,413	(15,060)	(6%)
Net interest income	58,549	71,925	(13,376)	(19%)
Net income (loss) on investments at fair value	(958)	3,832	(4,790)	n.s.
Net financial income	57,591	75,757	(18,166)	(24%)
Net life insurance revenues (excluding commissions)	14,395	13,188	1,207	9%
Valuation equity method	5,705	1,818	3,887	214%
Realised gains (losses) on other investments	19,614	39,142	(19,528)	(50%)
Impairment of loans	(2,383)	(1,242)	(1,141)	92%
Impairment of other investments	(97)	(141)	44	(31%)
Net income (loss) on other investments	17,134	37,759	(20,625)	(55%)
Other revenues	5,075	4,843	232	5%
TOTAL REVENUES	342,253	390,778	(48,525)	(12%)
Network commission expenses	(105,262)	(103,466)	(1,795)	2%
Other commission expenses	(13,310)	(11,889)	(1,421)	12%
Administrative expenses	(107,792)	(91,587)	(16,205)	18%
Amortisation and depreciation	(4,938)	(3,779)	(1,159)	31%
Net provisions for risks	(5,259)	(2,989)	(2,270)	76%
TOTAL COSTS	(236,561)	(213,710)	(22,851)	11%
PROFIT BEFORE TAX	105,692	177,068	(71,376)	(40%)
Taxes for the period	(24,785)	(40,418)	15,633	(39%)
NET PROFIT FOR THE QUARTER	80,907	136,650	(55,743)	(41%)

(*) 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 charges relating to claims and change in reserves".

Commission income for the period amounted to Euro 242.4 million compared to Euro 257.4 million in the comparative quarter.

The good performance of net inflows for the quarter and growth in assets under management, have generated higher management fees (Euro +26.4 million), however, more than offset by lower performance fees for the quarter (Euro -28.0 million).

Fund subscription fees decreased by Euro 10.4 million compared to the first quarter of 2013 due to lower volumes of gross inflows for the quarter under review.

Net financial income amounted to Euro 75.8 million compared to Euro 57.6 million at March 31, 2013, due to both the decrease in net interest income (Euro -13.4 million) due to the reduction in the spreads of market rates, and the decrease in net income from investments at fair value (Euro -4.8 million).

Net income from insurance rose from Euro 13.2 million to Euro 14.4 million, of which Euro 5.6 million for Mediolanum Assicurazioni S.p.A., which became part of the Mediolanum Group on March 31, 2013.

The equity method valuation went from a positive balance of Euro +1.8 million at March 31, 2013, only related to Banca Esperia, to a positive balance of Euro +5.7 million at the end of the quarter.

Net income from other investments recorded a positive balance of Euro +17.1 million compared to Euro +37.8 million in the first quarter of 2013, primarily due to lower net gains on disposal of financial instruments available for sale (Euro -19.5 million, the first quarter of 2013 benefited from net gains on sale of AFS securities for about Euro 40.2 million).

Network commission expense went from Euro 103.5 million in March 2013 to Euro 105.3 million at the end of the reporting period primarily due to higher expenses for incentives with particular reference to local events.

The Total costs, net of commission expense, amounted to Euro 131.3 million, an increase of Euro 21.1 million compared to Q1 2013 (March 31, 2013: Euro 110.2 million).

Administrative expenses rose by approximately Euro 16.2 million for both the increase in personnel expenses 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, advertising, customer premiums and organisation of conventions for the sales network.

Depreciation and amortisation recorded an increase of Euro 1.2 million mainly due to the amortization of the acquired portfolio of Mediolanum Assicurazioni S.p.A. (Euro +0.5 million) as well as higher depreciation resulting from technology investments.

The increase in net provisions for risks of Euro 2.3 million compared to the comparable period was primarily due to higher provisions relating to legal cases.

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

Italy - Banking

€/t	March 31, 2014	March 31, 2013	Change	% change
Banking service fees	18,318	21,410	(3,092)	(14%)
Other fees	25	2,556	(2,531)	(99%)
Commission income	18,343	23,966	(5,623)	(23%)
Net interest income	51,902	58,964	(7,062)	(12%)
Net income (loss) on investments at fair value	(2,163)	4,085	(6,248)	n.s.
Net financial income	49,739	63,049	(13,310)	(21%)
Net income (loss) on other investments	14,393	33,824	(19,431)	(57%)
Other revenues	1,314	1,401	(87)	(6%)
TOTAL REVENUES	83,789	122,241	(38,452)	(31%)
Network commission expenses	(14,004)	(15,100)	1,096	(7%)
Other commission expenses	(3,095)	(3,004)	(91)	3%
Administrative expenses	(58,358)	(42,573)	(15,785)	37%
Amortisation and depreciation	(2,753)	(1,744)	(1,009)	58%
Net provisions for risks	(5,100)	(370)	(4,730)	1,278%
TOTAL COSTS	(83,310)	(62,791)	(20,519)	33%
GROSS PRE-TAX PROFIT	479	59,450	(58,971)	(99%)

Gross pre-tax profit of "Italy – Banking" recorded a surplus of Euro +0.5 million compared to a balance of Euro +59.5 million in the first quarter of the previous year; the result is affected by the reduction of Euro 13.3 million in net financial income and a reduction of Euro 19.4 million in net income from other investments, mainly related to gains on disposal of available-for-sale financial assets.

Net interest income stood at Euro 49.7 million, a decrease of Euro 13.3 million compared to the comparative period (March 31, 2013: Euro 63.0 million). The difference is primarily due to a decrease in net interest income (-12%) due to the reduction in spreads on market rates and the reduction of profits and losses from net investments at fair value (Euro -6.2 million).

Net income from other investments decreased from Euro 33.8 million to Euro 14.4 million in the reporting period and are attributable to lower profits on available-for-sale financial assets (Euro -18.3 million).

Commission income amounted to Euro 18.3 million (March 31, 2013: Euro +24.0 million) decreased by 23% due to lower commissions from the placement of third-party structured bonds.

Network commission expense decreased by 7% to Euro 14.0 million, a decrease of Euro 1.1 million compared to the quarter.

The Other costs in the quarter increased from Euro 47.7 million in the first quarter 2013 to Euro 69.3 million of the quarter in review, an increase of Euro 21.6 million, mainly due to the increase in personnel, IT and advertising expenses and expenses related to communication activities.

○ Italy – Asset Management

€/t	March 31, 2014	March 31, 2013	Change	% change
Entry fees	21,953	32,661	(10,708)	(33%)
Management fees	90,292	69,757	20,535	29%
Performance fees	19,284	29,330	(10,046)	(34%)
Other fees	7,261	6,043	1,218	20%
Commission income	138,790	137,792	998	1%
Net interest income	123	71	52	73%
Net income (loss) on investments at fair value	(4)	1	(5)	n.s.
Net financial income	119	72	47	65%
Net income (loss) on other investments	21	(1)	22	n.s.
Other revenues	66	55	11	20%
TOTAL REVENUES	138,996	137,918	1,078	1%
Network commission expenses	(58,596)	(59,415)	819	(1%)
Other commission expenses	(4,492)	(3,741)	(751)	20%
Administrative expenses	(17,603)	(18,078)	475	(3%)
Amortisation and depreciation	(337)	(546)	209	(38%)
Net provisions for risks	(1)	(1,823)	1,822	(100%)
TOTAL COSTS	(81,029)	(83,603)	2,574	(3%)
GROSS PRE-TAX PROFIT	57,967	54,315	3,652	7%

Gross pre-tax profit of “Italy – Asset Management” amounted to Euro 58.0 million climbing 7% from Q1 of the prior year (March 31, 2013: Euro 54.3 million).

Commission income for the quarter amounted to Euro 138.8 million, a slight increase (Euro +1.0 million) compared to the same quarter of the previous year (Euro +137.8 million), mainly due to the contribution of management fees (Euro +20.5 million), due to the increase in the average NAV for the period, offset by lower fund subscription and performance fees, which decreased respectively by Euro -10.7 million and Euro -10.0 million. During the quarter, there was also an increase of the different fees (Euro +1.2 million) in particular for the task of transmitting orders to the correspondent bank.

Costs attributable to the segment at the end of the quarter recorded a decrease of 3%, from Euro 83.6 million in March 2013 to Euro 81.0 million in the period under review.

○ Italy - Insurance Segment

€/t	March 31, 2014	March 31, 2013	Change	% change
Management fees	58,069	54,243	3,826	7%
Performance fees	10,843	27,567	(16,724)	(61%)
Other fees	390	235	155	66%
Commission income	69,302	82,045	(12,743)	(16%)
Net interest income	2,941	10,837	(7,896)	(73%)
Net income (loss) on investments at fair value	993	(649)	1,642	n.s.
Net financial income	3,934	10,188	(6,254)	(61%)
Net life insurance revenues (excluding commissions)	8,823	7,604	1,219	16%
Realised gains (losses) on other investments	2,794	(5,872)	8,666	n.s.
Other revenues	3,261	2,797	464	17%
TOTAL REVENUES	88,114	96,763	(8,649)	(9%)
Network commission expenses	(25,321)	(22,643)	(2,678)	12%
Other commission expenses	(1,616)	(1,719)	103	(6%)
Administrative expenses	(20,081)	(20,904)	823	(4%)
Amortisation and depreciation	(1,424)	(990)	(434)	44%
Net provisions for risks	(41)	(720)	679	(94%)
TOTAL COSTS	(48,483)	(46,976)	(1,507)	3%
GROSS PRE-TAX PROFIT	39,631	49,787	(10,156)	(20%)

It is recalled that Italy – Insurance for the balances related to March 31, 2014 includes the financial results for Life and Damages, while the comparative quarter only considers Life, as Mediolanum Assicurazioni joined the Mediolanum Group March 31, 2013.

Gross Pre-tax Profit of “Italy – Insurance” shows a balance of Euro +39.6 million, a decrease of 20% compared to the first quarter of the previous year for Euro +49.8 million, mainly due to lower commission income accrued during the quarter (Euro -12.7 million).

Commission income for the quarter amounted to Euro 69.3 million (March 31, 2013: Euro 82.0 million), a decrease in performance fees pertaining to Life (Euro -16.7 million) and an increase in management fees (Euro +3.8 million) due to the increase in technical provisions related to unit-linked products.

The **Net financial margin** for the quarter was positive for Euro 3.9 million, a decrease of Euro -6.3 million compared to the first quarter of 2013. This difference is mainly due to the decrease in net interest income (Euro -7.9 million), partially offset by higher profits on investments at fair value (Euro +1.6 million), due to lower assets under management on the Freedom Policy.

Net life insurance revenues gross of acquisition costs of investments, increased from Euro 7.6 million in the quarter of 2013 to Euro 8.8 million in the first quarter of 2014 due to both the higher premiums in Damages, which was not included in the scope of consolidation in the first quarter of 2013, and lower inflows relating to Life products.

Net income from other investments amounted to Euro +2.8 million against the negative balance of the first quarter of 2013 of Euro -5.9 million. The item at March 31, 2013 was affected by losses on available-for-sale financial assets for Euro 7.7 million.

Network commission expenses increased by Euro 2.7 million, from Euro 22.6 million in the first quarter of 2013 to Euro 25.3 million at March 31, 2014, primarily due to the inclusion in the Insurance segment of Mediolanum Assicurazioni S.p.A.

The **Other costs** in the quarter under review amounted to Euro 23.2 million compared to Euro 24.3 million at March 31, 2013.

○ Italy - Other

€/t	March 31, 2014	March 31, 2013	Change	% change
Net interest income	(2,141)	(3,953)	1,812	(46%)
Net income (loss) on investments at fair value	1	-	1	n.s.
Net financial income	(2,140)	(3,953)	1,813	(46%)
Valuation equity method	5,705	1,818	3,887	214%
Net income (loss) on other investments	-	-	-	-
TOTAL REVENUES	3,565	(2,135)	5,700	n.s.
TOTAL COSTS	-	-	-	-
GROSS PRE-TAX PROFIT	3,565	(2,135)	5,700	n.s.

Gross pre-tax profit of "Italy - Other" recorded a profit of Euro +3.6 million (March 31, 2013: Euro -2.1 million).

Net financial income at the end of the period was a loss of Euro 2.1 million compared to Euro -4.0 million in the comparative quarter (Euro +1.8 million).

Equity method reports for the period under review, the share of the profits generated by Banca Esperia and Mediobanca totalling Euro 5.7 million (March 31, 2013: Euro 1.8 million referred only to the associated Banca Esperia).

 Spain

€/t	March 31, 2014	March 31, 2013	Change	% change
Entry fees	1,988	1,718	270	16%
Management fees	5,676	3,741	1,935	52%
Performance fees	936	1,576	(640)	(41%)
Banking service fees and revenues	1,449	1,070	379	35%
Other fees	278	186	92	49%
Commission income	10,327	8,291	2,036	25%
Net interest income	5,540	5,847	(307)	(5%)
Net income (loss) on investments at fair value	149	375	(226)	(60%)
Net financial income	5,689	6,222	(533)	(9%)
Net life insurance revenues (excluding commissions)	5,021	4,813	208	4%
Net income (loss) on other investments	(70)	9,808	(9,878)	n.s.
Other revenues	346	461	(115)	(25%)
TOTAL REVENUES	21,313	29,595	(8,282)	(28%)
Network commission expenses	(6,400)	(5,361)	(1,039)	19%
Other commission expenses	(1,047)	(779)	(268)	34%
Administrative expenses	(7,456)	(6,575)	(881)	13%
Amortisation and depreciation	(355)	(359)	4	(1%)
Net provisions for risks	(117)	(76)	(41)	54%
TOTAL COSTS	(15,375)	(13,150)	(2,225)	17%
GROSS PRE-TAX PROFIT	5,938	16,445	(10,507)	(64%)

Commission income increased by Euro 2.0 million from Euro 8.3 million to Euro 10.3 million at the end of the quarter under review (+25%).

Net life insurance revenues before acquisition costs came in at Euro 5.0 million versus Euro 4.8 million at March 31, 2013.

Net income from other investments recorded a decrease of Euro 9.9 million attributable to income from available-for-sale financial assets recorded in the first quarter of 2013.

Costs attributable to the segment amounted to Euro 15.4 million (March 31, 2013: Euro 13.2 million).

○ Germany

€/t	March 31, 2014	March 31, 2013	Change	% change
Entry fees	110	89	21	24%
Management fees	1,539	1,468	71	5%
Performance fees	274	816	(542)	(66%)
Banking service fees and revenues	3,603	2,872	731	25%
Other fees	69	75	(6)	(8%)
Commission income	5,595	5,320	275	5%
Net interest income	184	159	25	16%
Net income (loss) on investments at fair value	66	20	46	n.s.
Net financial income	250	179	71	40%
Net life insurance revenues (excluding commissions)	551	771	(220)	(29%)
Net income (loss) on other investments	(4)	-	(4)	n.s.
Other revenues	105	156	(51)	(33%)
TOTAL REVENUES	6,497	6,426	71	1%
Network commission expenses	(940)	(947)	7	(1%)
Other commission expenses	(3,064)	(2,646)	(418)	16%
Administrative expenses	(4,311)	(3,484)	(827)	24%
Amortisation and depreciation	(69)	(140)	71	(51%)
TOTAL COSTS	(8,384)	(7,218)	(1,166)	16%
GROSS PRE-TAX PROFIT	(1,887)	(792)	(1,095)	138%

Commission income amounted to Euro 5.6 million, substantially in line with the first quarter of the previous year (March 31, 2013: Euro 5.3 million).

Network commission expense amounted to Euro 0.9 million, in line with the comparative period.

Administrative expenses amounted to Euro 4.3 million, an increase of Euro 0.8 million compared to the comparative period (March 31, 2013: Euro 3.5 million), primarily due to higher personnel expenses and higher expenses for investments and consulting.

● Performance of Group companies

○ Banking operations (including Group product distribution)

Banca Mediolanum S.p.A. – The situation of the accounts at March 31, 2014 showed a net profit of Euro 42.8 million compared to net profit for the first quarter of the previous year amounting to Euro 50.2 million (-15%). In particular, the banking business recorded lower gains on disposal of available-for-sale financial assets (Euro -18.5 million), a decrease in the interest margin (Euro -7.1 million) due to the reduction in spreads on market rates, lower gains from trading (Euro -3.3 million) and the negative result of hedging activities (Euro -2.4 million). In contrast, there was an increase in dividends received from subsidiaries of Euro +30.6 million due to higher dividends distributed by subsidiaries in Ireland.

Operating expenses for the quarter grew by approximately Euro 17.7 million, of which Euro 2.8 million related to higher personnel expenses mainly due to higher headcount of the bank. In particular, there was an increase in other administrative expenses of Euro +10.0 million, due to higher costs for IT systems (Euro +5.6 million) related to the development of new technologies at the service of customers and the growth in the volume of banking operations, higher costs for the organization of business conventions (Euro +2 million) and higher spending on advertising and promotion (Euro +1.1 million).

At March 31, 2013 the bank's total assets and liabilities amounted to Euro 19,720.3 million versus Euro 19,640.3 million at the end of the prior year.

Customer deposits grew from Euro 11,200.1 million at year-end 2013 to Euro 11,769.8 million at March 31, 2014.

The balance of loans to customers increased to Euro 5,743.2 million compared to Euro 5,428.0 million at December 31, 2013, mainly due to the increase in hot money transactions (Euro +170 million) and residential mortgages (Euro +151.9 million).

The securities portfolio of retail customers increased from Euro 3,629 million at year-end to Euro 3,715 million at the end of this quarter (March 31, 2013: Euro 3,505 million).

With regard to inter-bank transactions a decrease was recorded at the end of the quarter in both deposits and loans, respectively, Euro -987 million and Euro -515.2 million.

Financial assets held to maturity (HTM) recorded a decrease of Euro 6.1 million from Euro 2,204.8 million at December 31, 2013 to Euro 2,198.7 million at the end of this quarter.

Financial instruments held for trading (HFT), net of "financial liabilities held for trading", amounted to Euro 364.2 million compared to the net amount at year-end of Euro 224.2 million, an increase of Euro 140 million mainly due to the increase in outstanding positions at the end of the quarter.

Available-for-sale financial assets (AFS) increased slightly versus the end of 2013, from Euro 9,499.4 million to Euro 9,565.9 million.

At March 31, 2014, the valuation reserve for available-for-sale financial assets recognized in equity shows a positive balance of Euro +133.9 million compared to a positive balance of Euro +73.6 million December 31, 2013.

Banco Mediolanum S.A. – The Spanish group ended the quarter with a consolidated profit of Euro +6.3 million compared to Euro +10.8 million at March 31, 2013.

At March 31, 2014, total assets under management and under administration amounted to Euro 2,473.0 million versus Euro 2,376.3 million at December 31, 2013.

Bankhaus August Lenz & Co. – The German bank closed at March 31, 2014 with a net loss of Euro -2.6 million, a decrease of Euro -0.5 million compared to a loss in the first quarter of 2013 amounting to Euro -2.1 million.

At the end of the quarter, total assets under management and under administration of customers amounted to Euro 234.5 million (December 31, 2013: Euro 231.1 million).

○ Asset Management Companies

Mediolanum International Funds Ltd – At March 31, 2014 the Company reported net profit of Euro +74.0 million, down Euro -12.9 million over the prior year (March 31, 2013: Euro +86.9 million).

At March 31, 2014, total assets under management amounted to Euro 25,916 million compared to Euro 25,517 million at December 31, 2013 (+1.6%).

Mediolanum Gestione Fondi SGR p.A. – For Q1 2014, the Company reported net profit of Euro +4.2 million versus Euro +6.4 million in the same quarter of the prior year.

At the end of the quarter assets managed directly by the Company stood at Euro 4,923.1 million compared to Euro 3,670.6 million in the same period of the previous year (+34%) and Euro 4,351.6 million at December 31, 2013 (+13.1%).

Mediolanum Asset Management Ltd – At March 31, 2014, the Company recorded a net profit of Euro 4.2 million compared to Euro +3.8 million in Q1 2013.

Gamax Management A.G. – At March 31, 2014 the Luxembourg management company recorded a net profit of Euro +0.9 million compared to a net profit of Euro +1.1 million in the first quarter the previous year.

The total assets under management at March 31, 2014 (Retail + Institutional) amounted to Euro +441.5 million (December 31, 2013: Euro +471.8 million).

○ Insurance Companies

Mediolanum Vita S.p.A. – The situation of the IAS/IFRS accounts at March 31, 2014 shows a net profit of Euro 9.0 million compared to Euro 8.8 million in the same period the previous year (+1.5%).

Net income for the quarter, calculated on the basis of GAAP was Euro 10.6 million compared to Euro +20.4 million in the same period of the previous year (-47.9%).

The application of international accounting standards to the situation of the accounts to March 31, 2014 generates a decrease in net income of Euro 1.6 million compared to the value as determined in accordance with GAAP, mainly due to higher relegation to policyholders in respect of capital gains from the valuation of the securities portfolio (Euro 1 million net of the related tax effect).

At March 31, 2014, total commitments to policyholders amounted to Euro 13,090.8 million versus Euro 13,348.9 million December 31, 2013.

Mediolanum Assicurazioni S.p.A. – The situation of the IAS/IFRS accounts at March 31, 2014 shows a net profit of Euro 2.2 million compared to net income of Euro 2 million determined in accordance with GAAP.

The application of IAS / IFRS on the Statement of Account as at March 31, 2014 generated an increase in the result, with respect to the value as determined in accordance with GAAP (Euro +0.2 million). The most significant change is due to higher income resulting from the valuation of the securities portfolio.

At March 31, 2014, the balance of net reserves amounted to Euro 86.0 million compared to Euro 76.0 million at the end of 2013.

Mediolanum International Life Ltd – For Q1 2014 the Company reported net profit of Euro 3.3 million versus Euro 4.9 million in the same period the prior year.

At March 31, 2013, total commitments to policy holders amounted to Euro 2,535.3 million in line with year-end 2013.

○ **Joint ventures**

For Q1 2014, the **Banca Esperia Group** reported consolidated net profit of Euro 5.2 million versus Euro 3.6 million on March 31, 2013.

At year-end 2013, total assets under management and administration amounted to Euro 14,960.0 million versus Euro 13,800.0 million at March 31, 2014.

○ **Associates**

At March 31, 2014 the **Mediobanca Group** showed a net profit of Euro 395.3 million (for the period July 2013-March 2014) compared to a net profit of Euro 37.3 million in the same period of comparison.

Consolidated shareholders' equity at March 31, 2014, net of minority interests and the result for the year amounted to Euro 7,121.3 million compared to Euro 7,020.5 million on June 30, 2013.

● **Tax claims**

In relation to the tax dispute for the purposes of IRES and IRAP concerning the level of fee relegation paid by Mediolanum International Fund Ltd in favour of Banca Mediolanum and Mediolanum Vita, there are no new additions with respect to what has been reported in relation to the financial statements for the year ended December 31, 2013.

● **Key corporate events subsequent to the end of the quarter**

With the publication in the Official Journal of Legislative Decree no. 53 of March 4, 2014 implementing the Directive 2011/89/UE, the previous directives on the supplementary supervision of financial entities in a financial conglomerate have changed.

The Decree entered into force on 16 April last, has brought, among other things, changes to Legislative Decree 385/93 (Consolidated Banking Act), providing for the inclusion of the mixed financial holding companies within the scope of banking groups (articles 60 and 61 of the Act).

In relation to these legislative changes, the Bank of Italy in its letter of April 29 to Mediolanum S.p.A. announced that the said company presents the characteristics for the acquisition of the status of the parent company of the banking group Banca Mediolanum, requesting within 30 days the communication required for the registration of banking groups under art. 64 of Consolidated Banking Act and for the new composition of the group.

After March 31, 2013, there was no other event which could have a significant impact on the financial position, results of operations and cash flows of the bank.

● Outlook

The economic acceleration emerged in the second half of 2013, anticipated in the World Economic Outlook of the International Monetary Fund last October, is expected to improve further in 2014 and 2015.

Major central banks have been adopting for some time clear and pragmatic monetary policies, showing an awareness of how different geographical areas are experiencing different stages of the economic cycle. In 2014, the contribution of monetary policy to economic growth cannot be bypassed by a correct fiscal policy reform on the part of national governments.

As a long-term trend a reduction in energy prices is emerging due to the technological transformation of the energy sector and the gradual easing of wage differences between countries. These trends will lead to the entry of the global economy in a world of low inflation with low interest rates and the consequent recovery of granting loans to company and households by the banking system.

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.

To confirm this, the advertising campaign will start June 19 to support the launch of a new service that Banca Mediolanum, first in Italy, will provide to customers with the contactless payment service via smartphones.

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 2014.

Basiglio, May 14, 2014

For the Board of Directors
The Chairman
Carlo Secchi



**Consolidated
Accounts**

Statement of financial position

Assets

€/t	March 31, 2014	Dec. 31, 2013
10. Cash and cash equivalents	55,265	60,443
20. Financial assets held for trading	1,410,714	1,135,102
30. Financial assets at fair value	12,568,167	12,751,185
40. Available-for-sale financial assets	12,600,613	12,558,883
50. Held-to-maturity investments	2,506,117	2,517,015
60. Loans to banks	695,297	1,100,559
70. Loans to customers	5,973,107	5,660,508
80. Hedging derivatives	2,020	2,418
100. Equity investments	404,274	391,869
110. Reinsurers' share of technical reserves	73,499	74,675
120. Tangible assets	192,598	193,229
130. Intangible assets	163,726	162,539
of which:		
- goodwill	125,625	125,625
140. Tax assets	366,966	387,653
a) current	260,435	267,318
b) deferred	106,531	120,335
150. Non-current assets and disposal groups	878	868
160. Other assets	364,420	324,506
Total assets	37,377,661	37,321,452

Liabilities and Shareholders' Equity

€/t	March 31, 2014	Dec. 31, 2013
10. Amounts due to banks	4,044,450	4,950,368
20. Amounts due to customers	13,738,360	12,905,464
30. Securities issued	463,074	369,409
40. Financial liabilities held for trading	303,445	250,867
50. Financial liabilities at fair value	70,199	70,988
60. Hedging derivatives	70,119	59,127
80. Tax liabilities	288,159	238,876
a) current	158,561	130,351
b) deferred	129,598	108,525
90. Liabilities associated with assets held for sale	955	962
100. Other liabilities	745,892	662,404
110. Employee completion-of-service entitlements	11,505	11,871
120. Provisions for risks and charges:	184,058	187,809
a) severance benefits and similar obligations	586	586
b) other provisions	183,472	187,223
130. Technical reserves	15,638,585	15,962,513
140. Valuation reserves	179,901	100,781
170. Reserves	1,500,380	1,156,097
175. Interim dividend (-)	(73,595)	(73,595)
180. Share premium account	59,705	59,376
190. Share capital	73,607	73,600
200. Treasury shares (-)	(2,045)	(2,045)
220. Net profit (loss) for the year (+/-)	80,907	336,580
Total liabilities and shareholders' equity	37,377,661	37,321,452

Consolidated income statement

€/t	March 31, 2014	March 31, 2013
10. Interest income and similar income	147,245	172,666
20. Interest expense and similar charges	(61,025)	(61,871)
30. Net interest income	86,220	110,795
40. Commission income	245,270	260,858
50. Commission expense	(113,344)	(111,310)
60. Net commission	131,926	149,548
70. Dividends and similar income	1,057	711
80. Net income from trading	4,739	4,312
90. Net income from hedging	(1,385)	1,057
100. Gains (losses) on sale or buyback of:	16,731	40,180
a) loans	27	2
b) available-for-sale financial assets	16,701	40,170
d) financial liabilities	3	8
110. Net result from financial assets and liabilities measured at fair value	24,288	633,726
120. Total income	263,576	940,329
130. Net impairment/reversal of impairment of:	(2,480)	(1,382)
a) loans	(2,383)	(1,242)
b) available-for-sale financial assets	(100)	(143)
d) other financial instruments	3	3
140. Net income from financial operations	261,096	938,947
150. Net premiums	1,042,947	1,336,226
160. Balance of other income/expenses from insurance activities	(1,086,921)	(2,002,791)
170. Net income from financial and insurance operations	217,122	272,382
180. Administrative expenses:	(104,208)	(89,873)
a) personnel expenses	(44,319)	(40,332)
b) other administrative expenses	(59,889)	(49,541)
190. Net Provisions for risks and charges	(7,913)	(7,021)
200. Depreciation and net impairment of tangible assets	(1,687)	(1,630)
210. Amortisation and net impairment of intangible assets	(3,249)	(2,150)
220. Other operating income/expenses	(79)	3,544
230. Operating expenses	(117,136)	(97,130)
240. Profit (loss) on equity investments	5,705	1,818
270. Profit (loss) on disposal of investments	4	1
280. Profit (loss) before tax on continuing operations	105,695	177,071
290. Income tax expense on continuing operations	(24,785)	(40,418)
300. Profit (loss) after tax on continuing operations	80,910	136,653
310. Profit (loss) after tax of non-current assets pending disposal	(3)	(3)
320. Profit (loss) for the quarter	80,907	136,650
340. Profit (loss) for the quarter attributable to the parent company	80,907	136,650

Statement of other comprehensive income

€/t	March 31, 2014	March 31, 2013
Profit (loss) for the quarter	80,907	136,650
Other statement of other comprehensive income, net of income tax without reversals to the income statement		
Tangible assets	-	-
Intangible assets	-	-
Defined benefit plans	50	-
Non-current assets or disposal groups held for sale	-	-
Share of reserves on investments accounted for by the equity method	(21)	-
Other statement of other comprehensive income, net of income tax with reversals to the income statement		
Hedges of investments in foreign operations	-	-
Exchange differences	-	-
Cash flow hedges	-	-
Available-for-sale financial assets	79,070	(57,336)
Non-current assets or disposal groups held for sale	-	-
Share of reserves on investments accounted for by the equity method	5,576	(3,474)
Total other statement of other comprehensive income, net of income tax	84,675	(60,810)
Comprehensive income (Captions 10+130)	165,582	75,840
Total comprehensive income attributable to minority interests	-	-
Total comprehensive income attributable to the parent company	165,582	75,840



Notes

Notes

PART A - ACCOUNTING POLICIES

A.1 - GENERAL

Section 1 - Compliance with the international accounting and financial reporting standards

The financial position and income statement at March 31, 2014 were prepared pursuant to Legislative Decree no. 38 of February 28, 2005 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 European Commission under European Parliament and Council Regulation (EC) 1606 of July 19, 2002.

The Mediolanum Group, under Legislative Decree no. 142 of May 30, 2005, is a financial conglomerate that operates primarily in the banking business.

Section 2 - Accounting basis

The financial position and income statement at March 31, 2014 have been prepared under international accounting standards IAS/IFRS; the accounting policies and consolidation principles are consistent with those used for the preparation of the consolidated financial statements at December 31, 2013.

For a detailed description of the accounting policies applied in the preparation of this consolidated quarterly report and the contents of the items in the financial statements, please refer to the annual consolidated financial statements.

Certain data was reasonably estimated, to safeguard the consistent application of the principle, which did not affect the reliability of the quarterly report.

The comparative figures as at March 31, 2013 and December 31, 2013 have been restated, where necessary, with respect to those presented, to ensure uniformity of presentation with the other accounting data provided in this report.

Section 3 - Scope of consolidation

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

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

€/t	Share capital	% holding	Registered office	Business
Mediolanum Gestione Fondi SGR p.A.	5,165	51.00%	Basiglio	Fund management
Mediolanum Fiduciaria S.p.A.	240	100.00%	Basiglio	Trust company
Mediolanum International Funds Ltd	150	51.00%	Dublin	Fund management
Mediolanum Asset Management Ltd	150	51.00%	Dublin	Asset management and advice
Gamax Management AG	7,161	99.996%	Luxembourg	Fund management
Banco Mediolanum S.A.	86,032	100.00%	Barcelona	Banking
Bankhaus August Lenz & Co. AG	20,000	100.00%	Munich	Banking
Fermi & Galeno Real Estate S.r.l.	10	100.00%	Basiglio	Management of real estate funds

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

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

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

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

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

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

● Methods of consolidation

Subsidiaries are consolidated on a line-by-line basis, while associates and joint ventures are accounted for using the equity method.

○ Consolidation on a line-by-line basis

Consolidation is the combination of the accounts of the parent company and those of its subsidiaries line by line by adding together items of the statement of financial position and the income statement. After minority interests in the net assets and minority interests in the profit or loss of subsidiaries are separately identified, the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated.

Any resulting difference, if positive, after recognition of the assets or liabilities of the subsidiary, is recognised as goodwill under "Intangible assets" on first-time consolidation, and under "Other reserves" thereafter. Negative differences are recognised in the income statement.

Intercompany assets, liabilities, income and expenses are eliminated in full.

Business combinations are accounted for by applying the purchase method. Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's (acquirer's) interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's (acquirer's) cash-generating units or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

If goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The income and expenses of a subsidiary acquired during the reporting period are included in the consolidated financial statements from the date of acquisition. Accordingly, the income and expenses of a subsidiary disposed of in the reporting period are included in the consolidated financial statements until the date on which the parent ceases to control the subsidiary. Any difference between the consideration for the disposal of the subsidiary and its carrying amount as of the date of disposal is recognised in the income statement.

The financial statements of the parent company and those of its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date.

When a company within the Group uses different accounting policies, in preparing the consolidated financial statements adjustments are made to make them uniform with the accounting policies adopted by the Group.

○ Consolidation using the equity method

Under the equity method, an investment is initially recognised at cost and its carrying amount is increased or decreased thereafter to reflect the value of the investor's share of the investee's equity and profit.

The investor's share of the profit or loss of the investee is recognised under the relevant item in the consolidated income statement, and the investor's share of changes in the investee's equity, other than transactions with the shareholders, is recognised under the relevant item in the consolidated statement of statement of other comprehensive income.

If there is evidence that an investment may be impaired, its recoverable amount is calculated by estimating the present value of future cash flows expected to be generated by the investment, including the proceeds on the ultimate disposal of the investment.

If the recoverable amount is lower than the carrying amount, the resulting difference is recognised in the income statement.

In applying the equity method to investments in associates and joint ventures the approved IAS/IFRS annual/interim financial statements of associates were used.

INFORMATION ON THE MAIN AGGREGATES OF THE FINANCIAL STATEMENT

Financial assets and liabilities

€/t	March 31, 2014	% comp.	Dec. 31, 2013	% comp.
Financial assets held for trading	1,410,714	4.9%	1,135,102	3.9%
Financial assets at fair value	12,568,167	43.2%	12,751,185	44.0%
Available-for-sale financial assets	12,600,613	43.3%	12,558,883	43.4%
Held-to-maturity financial assets	2,506,117	8.6%	2,517,015	8.7%
Total financial assets	29,085,611	100.0%	28,962,185	100.0%
Financial liabilities held for trading	(303,445)		(250,867)	

At the end of the first quarter 2014, financial assets amounted to Euro 29.1 million, substantially in line with the end of year 2013 (+0.4%), and consisted mainly of available-for-sale assets (43.3%) and financial assets at fair value (43.2%).

As for the end of 2013, debt securities represent approximately 63% of the entire portfolio.

Equity investments

€/t	March 31, 2014	Dec. 31, 2013
Mediobanca S.p.A.	308,528	301,462
Banca Esperia S.p.A.	95,746	90,407
Total	404,274	391,869

The variation in the quarter is related to the valuation using the equity method of shareholdings in Banca Esperia and Mediobanca on the basis of its consolidated shareholders' equity at March 31, 2014.

The impact on the income statement recorded a positive balance of Euro 5.7 million (March 31, 2013: Euro 1.8 million referred only to Banca Esperia).

The impact of other gains or losses recognized directly in equity in the period under review amounted to Euro +5.6 million (March 31, 2013: Euro -3.5 million).

Loans to banks

€/t	March 31, 2014	Dec. 31, 2013
Loans to central banks	63,597	369,774
Loans to banks	631,700	730,785
Total	695,297	1,100,559

● Loans to customers

€/t	March 31, 2014		Dec. 31, 2013	
	Performing	Impaired	Performing	Impaired
Loans	5,459,082	47,840	5,147,215	46,954
1. Current accounts	396,547	5,060	418,148	4,810
2. Repurchase agreements	30,749	-	20,403	-
3. Mortgages	3,831,839	34,274	3,675,984	32,696
4. Credit cards, personal loans & salary-guaranteed loans	669,470	2,944	650,973	2,978
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other loans	530,477	5,562	381,707	6,470
Debt securities	466,185	-	466,339	-
Total	5,925,267	47,840	5,613,554	46,954

Receivables from customers amounted to Euro 5,973.1 million at March 31, 2014, an increase of about 6% over the comparative period mainly due to higher mortgage (Euro +157.4 million) and hot money transactions (Euro +147.9 million).

The incidence of non-performing loans on total loans to customers amounted to 0.80%, a slight decrease compared to the first quarter of 2013 (0.83%).

● Amounts due to banks

€/t	March 31, 2014	Dec. 31, 2013
1. Amounts due to central banks	3,340,429	4,252,588
2. Amounts due to banks	704,021	697,780
2.1 Current accounts and demand deposits	122,148	32,141
2.2 Time deposits	284,778	410,647
2.3 Loans	293,143	251,537
2.3.1 Repurchase agreements	39,928	8
2.3.2 Other	253,215	251,529
2.4 Commitments to buy back own equity instruments	-	-
2.5 Other payables	3,952	3,455
Total	4,044,450	4,950,368

The reduction in amounts due to banks is mainly related to the reduction in funding liabilities to the ECB (Euro -950 million compared to December 31, 2013).

● Amounts due to customers

€/t	March 31, 2014	Dec. 31, 2013
1. Current accounts and demand deposits	7,072,366	6,750,953
2. Time deposits	3,894,577	3,819,600
3. Loans	2,655,497	2,215,299
3.1 Repurchase agreements	2,652,353	2,212,650
3.2 Other	3,144	2,649
4. Commitments to buy back own equity instruments	-	-
5. Other payables	115,920	119,612
Total	13,738,360	12,905,464

Amounts due to customers were up 6.5% compared to the figure at the end of 2013, mainly due to the increase in the balance of repurchase agreements (Euro +439.7 million compared to December 31, 2013) and current accounts/deposits (Euro +321.4 million at year-end 2013).

● Technical reserves

€/t	Insurance	Reinsurance	March 31, 2014	Dec. 31, 2013
Damages	82,588	99	82,687	79,002
A.1 Premium reserves	60,441	-	60,441	56,685
A.2 Accident reserves	20,431	99	20,530	20,721
A.3 Other reserves	1,716	-	1,716	1,596
B. Life	2,969,795	-	2,969,795	3,105,935
B.1 Mathematical reserves	2,807,195	-	2,807,195	2,923,998
B.2 Reserves for sums to be paid	122,691	-	122,691	152,682
B.3 Other reserves	39,909	-	39,909	29,255
C. Technical reserves - under which the investment risk is borne by the insurance company	12,586,103	-	12,586,103	12,777,576
C.1 Reserves for contracts whose performance is linked to investment funds and market indices	12,586,103	-	12,586,103	12,777,576
C.2 Reserves relating to the administration of pension funds	-	-	-	-
D. Total technical reserves	15,638,486	99	15,638,585	15,962,513

● Net shareholders' equity

€/t	March 31, 2014	Dec. 31, 2013
Share capital	73,607	73,600
Share premium account	59,705	59,376
Reserves	1,500,380	1,156,097
Quarterly dividend	(73,595)	(73,595)
Treasury Shares	(2,045)	(2,045)
Valuation reserves	179,901	100,781
Net profit (loss)	80,907	336,580
Total	1,818,860	1,650,794

The valuation reserve recorded a total increase of Euro +79.1 million compared to year-end 2013. At year-end 2013, the AFS Reserve was up Euro +79.0 million to a positive balance of Euro 100.8 million to a positive balance of Euro 179.8 million at March 31, 2014.

INFORMATION ON THE MAIN AGGREGATES OF THE INCOME STATEMENT

● Net interest income

€/t	March 31, 2014	March 31, 2013
Interest income and similar income	147,245	172,666
Interest expense and similar charges	(61,025)	(61,871)
Net interest income	86,220	110,795

At the end of the first quarter of 2014, net interest income amounted to Euro 86.2 million, a decrease of Euro 24.6 million compared to the same period the previous year.

The decline in net interest income was due primarily to the reduction in interest rate spreads in the market.

● Net commission

€/t	March 31, 2014	March 31, 2013
Commission income	245,270	260,858
Commission expense	(113,344)	(111,310)
Net commission	131,926	149,548

The commission income decreased by Euro 17.6 million compared to the comparable period primarily due to lower commission income (Euro -15.6 million) and higher commission expenses (Euro +2.0 million). In particular, for commission income, performance fees (Euro -27.9 million) and fund subscription fees (Euro -10.4 million) decreased, partially offset by an increase in management fees (Euro +26.4 million).

● Total income

€/t	March 31, 2014	March 31, 2013
Net interest income	86,220	110,795
Net commission	131,926	149,548
Dividends and similar income	1,057	711
Net income from trading	4,739	4,312
Net income from hedging	(1,385)	1,057
Gains (losses) on sale or buyback	16,731	40,180
Net result from assets/liabilities measured at fair value	24,288	633,726
Total income	263,576	940,329

At the end of the first quarter of 2014, net banking income amounted to Euro 263.6 million, a decrease of Euro 676.7 million compared to Q1 2013.

This variation is mainly due to the reduction of net income from assets/liabilities at fair value (Euro -609.4 million), due mainly to changes in the value of assets underlying unit-linked and index-linked policies.

● Net premiums

€/t	March 31, 2014	March 31, 2013
A. Life		
A.1 Gross premiums booked (+)	1,035,663	1,336,973
A.2 Reinsurance premiums (-)	(790)	(747)
Total Life	1,034,873	1,336,226
B. Damages		
B.1 Gross premiums booked (+)	12,352	-
B.2 Reinsurance premiums (-)	(555)	-
B.3 Change in gross amount for premiums reserve (+/-)	(3,756)	-
B.4 Change in premiums reserve borne by reinsurers (+/-)	33	-
Total Damages claims	8,074	-
Total premiums written	1,042,947	1,336,226

At the end of the first quarter 2014, premiums net of reinsurance amounted Euro 1,042.9 million (March 31, 2013: Euro 1,336.2 million) with a decrease of Euro 293.3 million.

The decrease in net life premiums (Euro -301.3 million compared to the comparable period) is attributable primarily to lower insurance premiums generated by Mediolanum Plus.

Mediolanum Assicurazioni S.p.A. has contributed to the inflows of net damage premiums in the first quarter of 2014 for Euro 8.1 million.

The balance of the item "Other income and expenses from insurance activities" is equal to Euro -1,086.9 million (March 31, 2013: Euro -2,002.8 million) a decrease of Euro 915.9 million largely due to lower insurance settlements related to "Mediolanum Plus" (Euro -1,258.9 million).

● Administrative expenses

€/t	March 31, 2014	March 31, 2013
Personnel expenses	(44,319)	(40,332)
Other administrative expenses	(59,889)	(49,541)
Total	(104,208)	(89,873)

Administrative expenses increased by a total of Euro 14.3 million compared to the first quarter of 2013. In particular, personnel expenses increased by Euro 4.0 million, while other administrative expenses by Euro +10.3 million. The increase in other administrative expenses is mainly attributable to the increase in expenses for IT systems (Euro +4.4 million), for the organization of conventions (Euro +1.7 million) and higher advertising costs (Euro +1.1 million).

INCOME STATEMENT DATA BY OPERATING SEGMENT

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 DATA BY OPERATING SEGMENT AT MARCH 31, 2014

€/t	ITALY					Total
	Banking	Asset Management	Insurance	Other	Consolidation adjustments	
Entry fees	-	21,953	-	-	-	21,953
Management fees	-	90,292	58,069	-	-	148,361
Performance fees	-	19,284	10,843	-	-	30,127
Banking service fees and revenues	18,318	-	-	-	-	18,318
Other fees	25	7,261	390	-	-	7,676
Commission income	18,343	138,790	69,302	-	-	226,435
Net interest income	51,902	123	2,941	(2,141)	-	52,825
Net income (loss) on investments at fair value	(2,163)	(4)	993	1	-	(1,173)
Net financial income	49,739	119	3,934	(2,140)	-	51,652
Net life insurance revenues (excluding commissions)	-	-	8,823	-	-	8,823
Valuation equity method	-	-	-	5,705	-	5,705
Realised gains (losses) on other investments	16,699	121	2,794	-	-	19,614
Impairment of loans	(2,309)	-	-	-	-	(2,309)
Impairment of other investments	3	(100)	-	-	-	(97)
Net income (loss) on other investments	14,393	21	2,794	-	-	17,208
Other revenues	1,314	66	3,261	-	-	4,641
TOTAL REVENUES	83,789	138,996	88,114	3,565	-	314,464
Network commission expenses	(14,004)	(58,596)	(25,321)	-	-	(97,922)
Other commission expenses	(3,095)	(4,492)	(1,616)	-	-	(9,203)
Administrative expenses	(58,358)	(17,603)	(20,081)	-	-	(96,042)
Amortisation and depreciation	(2,753)	(337)	(1,424)	-	-	(4,514)
Net provisions for risks	(5,100)	(1)	(41)	-	-	(5,142)
TOTAL COSTS	(83,310)	(81,029)	(48,483)	-	-	(212,823)
PROFIT BEFORE TAX	479	57,967	39,631	3,565	-	101,641
Taxes for the period	-	-	-	-	-	(23,600)
NET PROFIT FOR THE PERIOD	-	-	-	-	-	78,041

FOREIGN				
	Spain	Germany	Consolidation adjustments	Total
	1,988	110	-	24,051
	5,676	1,539	-	155,576
	936	274	-	31,337
	1,449	3,603	(4)	23,366
	278	69	-	8,023
	10,327	5,595	(4)	242,353
	5,540	184	-	58,549
	149	66	-	(958)
	5,689	250	-	57,591
	5,021	551	-	14,395
	-	-	-	5,705
	-	-	-	19,614
	(70)	(4)	-	(2,383)
	-	-	-	(97)
	(70)	(4)	-	17,134
	346	105	(17)	5,075
	21,313	6,497	(21)	342,253
	(6,400)	(940)	-	(105,262)
	(1,047)	(3,064)	4	(13,310)
	(7,456)	(4,311)	17	(107,792)
	(355)	(69)	-	(4,938)
	(117)	-	-	(5,259)
	(15,375)	(8,384)	21	(236,561)
	5,938	(1,887)	-	105,692
	(1,070)	(115)	-	(24,785)
	4,868	(2,002)	-	80,907

INCOME STATEMENT DATA BY OPERATING SEGMENT AT MARCH 31, 2013

€/t	ITALY					Total
	Banking	Asset Management	Insurance	Other	Consolidation adjustments	
Entry fees	-	32,661	-	-	-	32,661
Management fees	-	69,757	54,243	-	-	124,000
Performance fees	-	29,330	27,567	-	-	56,897
Banking service fees and revenues	21,410	-	-	-	-	21,410
Other fees	2,556	6,043	235	-	-	8,834
Commission income	23,996	137,792	82,045	-	-	243,803
Net interest income	58,964	71	10,837	(3,953)	-	65,919
Net income (loss) on investments at fair value	4,085	1	(649)	-	-	3,437
Net financial income	63,049	72	10,188	(3,953)	-	69,356
Net life insurance revenues (excluding commissions)	-	-	7,604	-	-	7,604
Valuation Equity method	-	-	-	1,818	-	1,818
Realised gains (losses) on other investments	34,965	142	(5,872)	-	-	29,235
Impairment of loans	(1,143)	-	-	-	-	(1,143)
Impairment of other investments	2	(143)	-	-	-	(141)
Net income (loss) on other investments	33,824	(1)	(5,872)	-	-	27,951
Other revenues	1,401	55	2,797	-	-	4,253
TOTAL REVENUES	122,241	137,918	96,763	(2,135)	-	354,785
Network commission expenses	(15,100)	(59,415)	(22,643)	-	-	(97,158)
Other commission expenses	(3,004)	(3,741)	(1,719)	-	-	(8,464)
Administrative expenses	(42,573)	(18,078)	(20,904)	-	-	(81,555)
Amortisation and depreciation	(1,744)	(546)	(990)	-	-	(3,280)
Net provisions for risks	(370)	(1,823)	(720)	-	-	(2,913)
TOTAL COSTS	(62,791)	(83,603)	(46,976)	-	-	(193,370)
PROFIT BEFORE TAX	59,450	54,315	49,787	(2,135)	-	161,415
Taxes for the period	-	-	-	-	-	(36,163)
NET PROFIT FOR THE PERIOD	-	-	-	-	-	125,252

FOREIGN			
Spain	Germany	Consolidation adjustments	Total
1,718	89	-	34,468
3,741	1,468	-	129,209
1,576	816	-	59,289
1,070	2,872	(1)	25,351
186	75	-	9,095
8,291	5,320	(1)	257,413
5,847	159	-	71,925
375	20	-	3,832
6,222	179	-	75,757
4,813	771	-	13,188
-	-	-	1,818
9,907	-	-	39,142
(99)	-	-	(1,242)
-	-	-	(141)
9,808	-	-	37,759
461	156	(27)	4,843
29,595	6,426	(28)	390,778
(5,361)	(947)	-	(103,466)
(779)	(2,646)	1	(11,889)
(6,575)	(3,484)	27	(91,587)
(359)	(140)	-	(3,779)
(76)	-	-	(2,989)
(13,150)	(7,218)	28	(213,710)
16,445	(792)	-	177,068
(4,105)	(150)	-	(40,418)
12,340	(942)	-	136,650



**Declaration
by the officer
responsible**

Declaration by the officer responsible for preparing accounting and financial reporting documents

I, the undersigned, Luigi Del Fabbro, as the officer responsible for preparing the financial statements of Mediolanum S.p.A.,

DECLARE

pursuant to art. 154-*bis*, second paragraph, of Legislative Decree no. 58 of February 24, 1998, "Consolidated text of provisions on financial intermediation", that the accounting information contained in this quarterly report at March 31, 2014 corresponds to the document results, books and accounting records.

Basiglio, May 14, 2014

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

