

MEDIOLANUM S.p.A.
Quarterly
Report on
Operations as at
March 31,
2015

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**Quarterly
Report on
Operations as at
March 31,
2015**

Registered Office: Meucci Building, Via F. Sforza – Basiglio – Milano Tre (Milan)
Share capital € 73,745,423.20 – 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
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	Statutory Auditor
Riccardo Perotta	Statutory Auditor

SECRETARY OF THE BOARD OF DIRECTORS

Luca Maria Rovere

OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

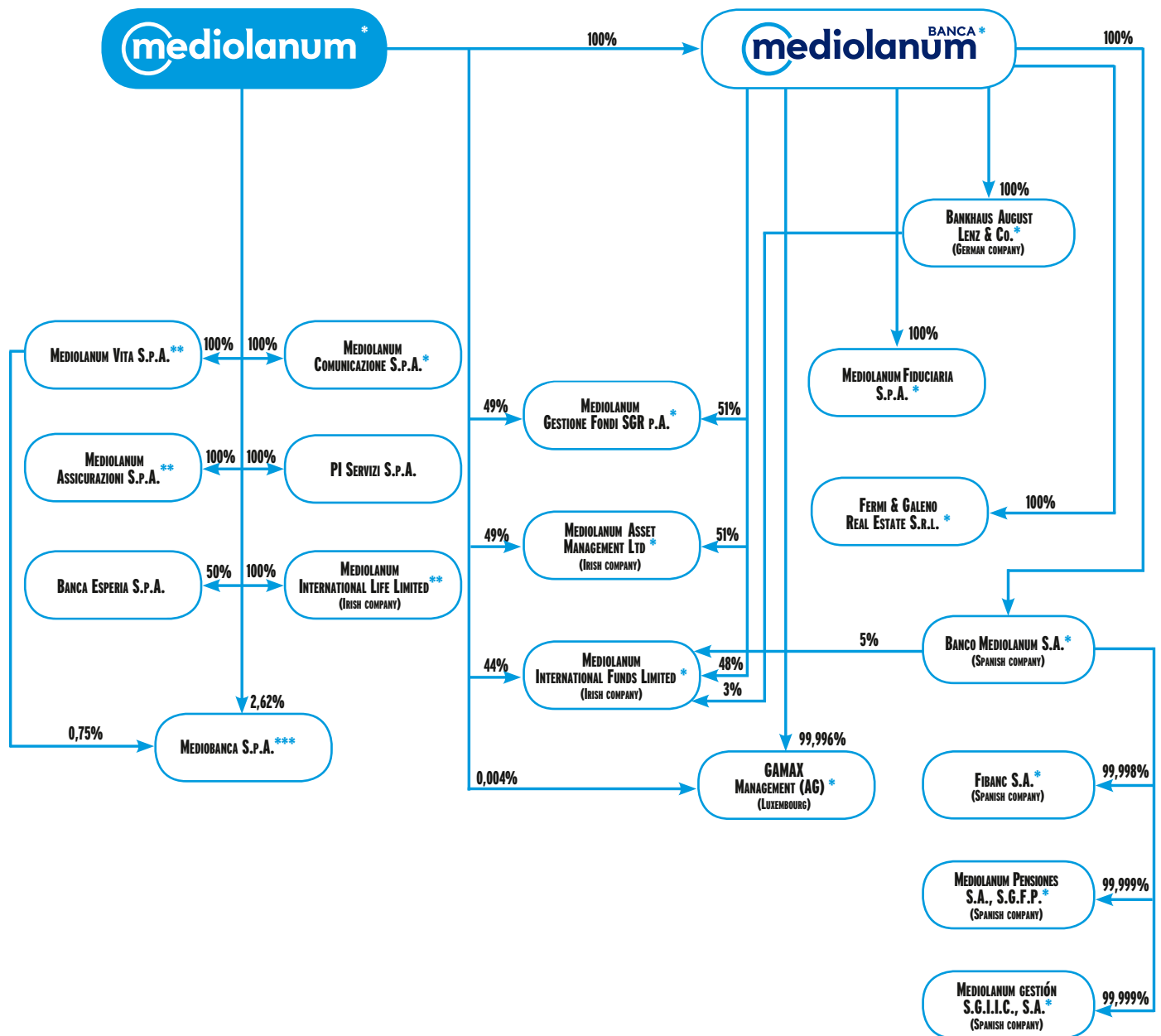
Luigi Del Fabbro

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

Group Structure

As at March 31, 2015



* Companies forming part of Mediolanum Banking Group.

** Companies forming part of Mediolanum Insurance Group.

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

Note: by order of 13/03/2015, Ivass communicated the registration to the Register of Insurance Groups of the "Mediolanum Insurance Group". Consequently, Mediolanum S.p.A. took the position of parent company of the Insurance group, which joins those already present of parent company of a financial conglomerate and parent company of a banking group.

Mediolanum Group's Financial Highlights

Customer Assets and Net Inflows (*)

€/m	March 31, 2015	Dec. 31, 2014	Change %	March 31, 2014
Total customer assets	69,743.6	64,457.1	8%	58,942.5

€/m	March 31, 2015	March 31, 2014	Change %	Dec. 31, 2014
Net inflows Banca Mediolanum	1,040.6	858.7	21%	4,081.9
- Net inflows AuM of which mutual funds and unit-linked	1,041.0 1,191.8	576.5 779.4	81% 53%	3,855.3 4,827.6
- Net inflows AuA	37.7	307.1	(88%)	974.0
Net inflows Banca Esperia	(37.0)	75.4	n.s.	629.5
Net inflows foreign markets	143.1	71.7	100%	526.4
Total net inflows	1,146.7	1,005.8	14%	5,237.8

* The figures refer exclusively to Retail customers while those relating to Banca Esperia were considered in proportion to the ownership percentage (50%). The figures for the previous year may have been reclassified where appropriate.

Profit or Loss

€/m	March 31, 2015	March 31, 2014	Change %	Dec. 31, 2014
Gross profit before tax	173.3	105.7	64%	452.9
Taxes for the quarter	(35.9)	(24.8)	45%	(132.3)
Profit (loss) for the quarter	137.4	80.9	70%	320.6

Euro	March 31, 2015	March 31, 2014	Change %	Dec. 31, 2014
Net earnings per share – total	0.186	0.110	69%	0.435

Capital Adequacy

€/m	March 31, 2015	Dec. 31, 2014	Change %
Bank-oriented financial conglomerate			
Equity	1,098	1,053	4.3%
Capital Requirements	782	745	5.0%
Equity surplus (deficit)	316	308	2.6%

Equity Ratios – Mediolanum Banking Group (**)

	March 31, 2015	Dec. 31, 2014	Change %
Common Equity Tier 1 ratio	18.453%	18.405%	0.3%
Tier 1 ratio	18.453%	18.405%	0.3%
Total Capital Ratio	18.534%	18.405%	0.7%

** The equity ratios presented in this disclosure were determined in accordance with supervisory regulations in force that, with reference to the profit for the quarter, provide for the inclusion in Own Funds of the net portion of the planned dividend distribution, provided that the profit for the quarter has been audited by the independent auditors appointed.

Therefore, the equity ratios presented take into account the profit for the quarter, for the portion that will be allocated to retained earnings, in the course of the audit by the independent auditors appointed, whose report will be issued within the prescribed reporting date to the Supervisory Authorities.

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

Reclassified Consolidated Income Statement as at March 31, 2015*

€/t	March 31, 2015	March 31, 2014	Changes	
			value	%
Entry fees	27,599	24,051	3,548	15%
Management fees	195,725	154,473	41,252	27%
Performance fees	132,910	31,337	101,573	n.s.
Banking service fees and revenues	22,094	22,608	(514)	(2%)
Other fees	9,575	8,023	1,552	19%
Commission income	387,903	240,492	147,411	61%
Net interest income	61,023	58,549	2,474	4%
Net income (loss) on investments measured at fair value	(3,386)	(958)	(2,428)	n.s.
Net financial income	57,637	57,591	46	-
Net income from insurance (excluding commissions)	17,503	14,819	2,684	18%
Equity method valuation	(894)	5,705	(6,599)	n.s.
Realized gains (losses) on other investments	2,944	19,648	(16,704)	(85%)
Impairment of loans	(5,052)	(2,383)	(2,669)	112%
Impairment of other investments	(628)	(97)	(531)	n.s.
Net income (loss) on other investments	(2,736)	17,168	(19,904)	n.s.
Other revenues	6,281	5,075	1,206	24%
TOTAL REVENUES	465,694	340,850	124,844	37%
Network commission expenses	(123,029)	(102,348)	(20,681)	20%
Other commission expenses	(17,851)	(12,728)	(5,123)	40%
Administrative expenses	(121,030)	(108,074)	(12,956)	12%
Amortization and depreciation	(5,649)	(4,938)	(711)	14%
Net provisions for risks and charges	(24,856)	(7,069)	(17,787)	n.s.
TOTAL COSTS	(292,415)	(235,157)	(57,258)	24%
GROSS PROFIT BEFORE TAX	173,279	105,692	67,587	64%
Taxes for the quarter	(35,891)	(24,785)	(11,106)	45%
PROFIT (LOSS) FOR THE QUARTER	137,388	80,907	56,481	70%

* 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 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, 2015	March 31, 2014	Diff.	Change %
Profit (loss) for the quarter	137.4	80.9	56.5	70%
of which:				
Commission income	387.9	240.5	147.4	61%

Commission income recorded a sharp increase (+61%) especially thanks to the positive contribution of performance fees (+101.6 million). The performance of net inflows for the quarter and the growth in assets under management (+8% versus the end of 2014), have also generated higher recurring revenues from management fees (Euro +41.3 million).

Net financial income	57.6	57.6	-	-
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Net financial income was substantially stable. Increase in interest income (Euro +2.5 million) offset by lower profits and losses from investments measured at fair value (Euro -2.4 million).

Equity method valuation	(0.9)	5.7	(6.6)	n.s.
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Contribution of investments to net equity only relating to Banca Esperia (Euro -0.9 million compared to +2.6 million in the comparative quarter). The first quarter of 2014 also benefited from Euro 3.1 million related to Mediobanca that, for the quarter in question did not provide any contribution as the quarterly accounts of the aforementioned associate will be approved after March 29, 2015.

Net income (loss) on other investments	(2.7)	17.2	(19.9)	n.s.
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Decrease in net income on other investments (Euro -19.9 million), primarily related to lower net realized gains on financial assets available for sale (Euro -16.7 million).

Network commission expenses	(123.0)	(102.3)	(20.7)	20%
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Higher commission expenses 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 the quarter.

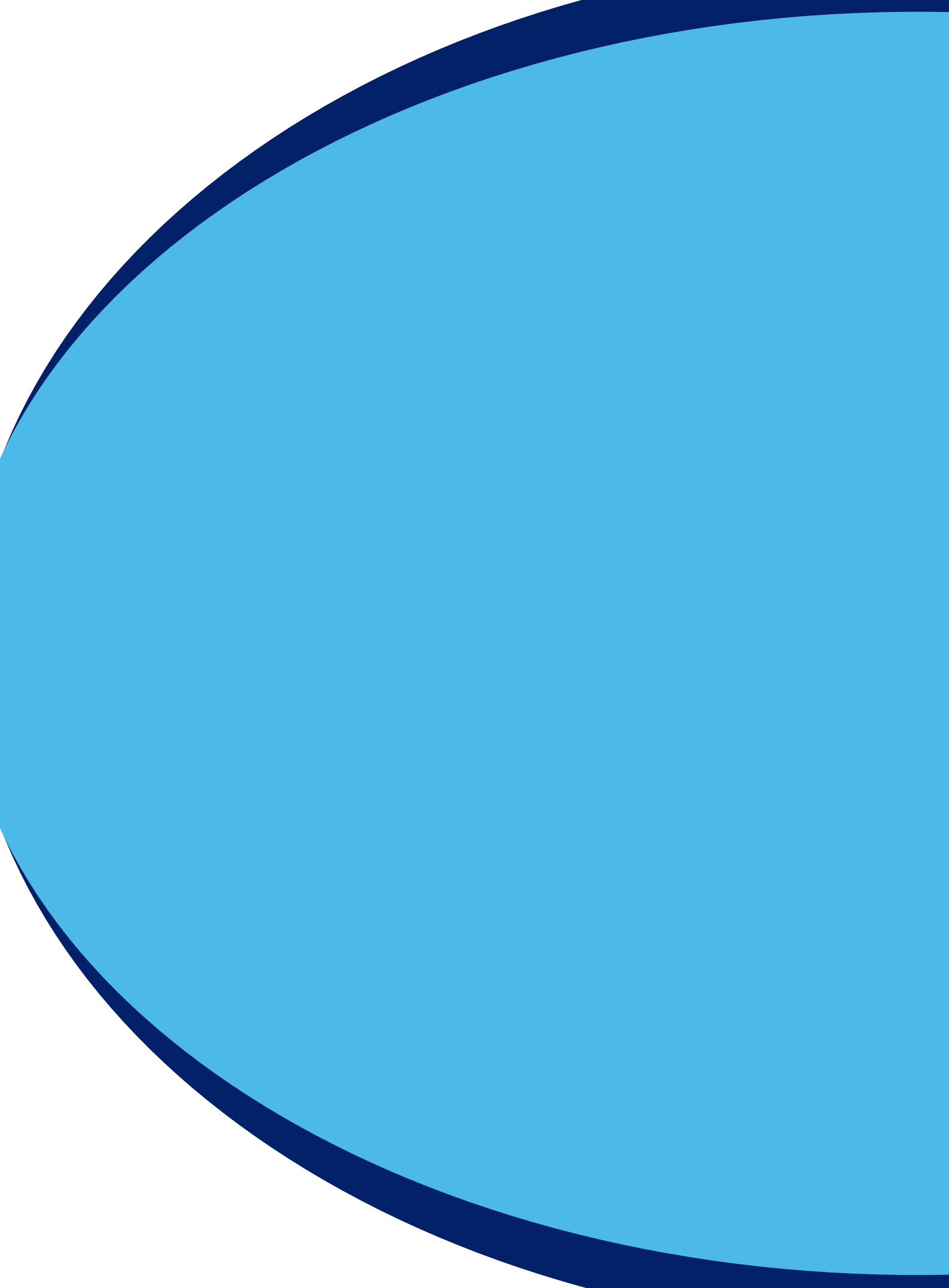
Administrative expenses	(121.0)	(108.1)	(12.9)	12%
- Personnel expenses	(48.8)	(44.3)	(4.5)	10%
- Other administrative expenses	(72.2)	(63.8)	(8.4)	13%

Increase in personnel expenses primarily due to the increase in the average workforce (+174 units versus March 31, 2014) and other administrative expenses, in relation to higher costs incurred for IT systems (Euro +4 million) and consultancy and collaborations (Euro +2.2 million).

Net provisions for risks and charges	(24.9)	(7.1)	(17.8)	n.s.
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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 rest was due to the reduction in market interest rates used for discounting of expected liabilities and the effect caused by the update of the assumptions used for the evaluation of provisions for contractual obligations of the sales network, and in particular due to the progressive reduction in the turnover rate of the sales network.



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**Quarterly
Report on
Operations**

Quarterly Report on Operations

The situation of the accounts as at March 31, 2015 showed a net profit of Euro 137.4 million, compared to a net profit for the first quarter of 2014 of Euro 80.9 million.

The result for the quarter, before taxes, instead amounted to Euro 173.3 million compared to Euro 105.7 million in the same period of the previous year, an increase of Euro 67.6 million.

The increase in profit for the quarter was mainly due to the sharp growth in commission income (+61%) compared to the same period of the previous year, especially thanks to the contribution of performance fees (+101.6 million). The performance of net inflows in the quarter (+14% compared to Q1 2014) and the growth in assets under management (+8% versus the end of 2014) have also generated higher recurring revenues represented by management fees (Euro +41.3 million). Entry fees recorded a slight increase (Euro +3.5 million).

Interest income was substantially stable at Euro 61 million, an increase of 4% versus the comparative period. Compared to Q1 2014, lower net income was also recorded from other investments for a total of Euro 19.9 million, mainly due to lower realized gains on other investments for Euro -16.7 million (financial assets available for sale).

Operating expenses for the quarter, net of network commission expenses, grew by about Euro 36.6 million; in particular, we are witnessing an increase in personnel expenses due to the increase in the average workforce in the quarter (+174 units compared to March 2014) and other administrative expenses, particularly due to higher costs incurred for IT systems (Euro +4 million) and higher expenses for consultancy and collaborations (Euro +2.2 million).

The quarterly accounts as at March 31, 2015 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, 2014, 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 as at March 31, 2015 with data as at December 31, 2014 for the financial position and as at March 31, 2014 for the income statement.

● The macroeconomic environment

In Q1 2015, the performance of financial markets was significantly influenced both by expectations and the actual decisions on monetary policy of the major central banks; in particular, the announcement of the extraordinary program of purchasing securities by the European Central Bank can be identified as one of the most significant events. In addition, the news regarding the political and financial instability in Greece, the continuing military crisis between Russia and Ukraine and the geopolitical tensions in the Middle East have contributed to the volatility in the major financial markets.

At the beginning of the new year, the global economy is still characterized by high levels of uncertainty, as evidenced by the reduction in growth forecasts from major research institutions.

The International Monetary Fund expects growth in 2015 of 3.5% (from the previous estimate of 3.8%), with contributions rising again in industrialized countries by 2.4% (from 2.3%) and decreasing in emerging countries by 4.3% (from 5.0%).

Analysts of the World Bank and the International Monetary Fund agreed in highlighting that the benefits of the expansionary monetary policies of some central banks and the reduction in oil prices are not sufficient to significantly support international growth in the absence of further structural reforms, in particular in the Eurozone and in some emerging countries.

From the observation of the major economic data recently released, it emerges that growth in the USA in Q4 2014 was equal to +2.2% qoq (annualized), less than the figure of the previous quarter of +5.0%. In the Eurozone, growth in the same period, according to preliminary estimates, amounted to +0.3% qoq (not annualized), in line with analysts' expectations and higher than the figure for the previous quarter (+0.2%).

Concerning the demand side, the employment dynamics represented in recent years one of the main critical issues of the international economic cycle, because of the effects on consumer confidence and demand, and are still subject to constant monitoring by central banks, governments and financial operators.

In February, the unemployment rate in the Eurozone was 11.3%, a slight decrease compared to previous months (11.4% in January and December). In detail, unemployment in Italy was 12.7% (from 12.6% in January) and in Germany 6.5% (from 6.5% in January). In Japan, unemployment in February was 3.5%, from 3.6% 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.

During the meeting held January 22, the European Central Bank announced the launch of a massive program of bond purchases (Quantitative Easing), as 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 Monday, March 9 and will continue as at least until September 2016, or as at least until the medium-term inflation returns to a level close to 2%; it 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 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 United States, by contrast, the third quantitative easing (QE3) program ended, investor attention is now focused on the timing of the future rise in interest rates on federal funds. In the FOMC meeting of March 18, the appropriateness was again confirmed of the existing target range (between 0% and 0.25%). However, at the same time, the reference to "patience" was removed from the text of the official communication, thus opening the way for a potential increase in interest rates already as of the meeting in June.

On January 15, the Central Bank of Switzerland removed the minimum level of 1.20 on the Euro/Swiss franc exchange, 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 and avoid a collapse of exports; simultaneously, to avoid an excessive effect of monetary tightening, the interest rate was lowered on deposits over a certain amount by 0.5 percentage points, bringing it to -0.75%.

From January 1 to March 31, the US and German government curves recorded both a general reduction of yields, and a narrowing of the differential between short-term and long-term yields: in the USA, interest rates went from 0.66% to 0.56% at two years and from 2.17% to 1.92% at ten years (the spread between the two fell from 151

to 136 basis points). In Germany, where there currently are negative yields up to 7 years of maturity, the changes were even more significant, also due to the start of the QE (from -0.098% to -0.252% at 2 years, from 0.017% to -0.100% at 5 years, from 0.541% to 0.180% at 10 years, from 1.389% to 0.605% at 30 years, with a spread between yields of the securities at two and ten years that fell from 64 to 43 basis points). In the quarter, the Italian government curve recorded the following reductions in yields: from 0.289% to 0.022% at 1 year, from 0.534% to 0.195% at 2 years, from 0.952% to 0.548% at 5 years, from 1.890% to 1.242% at 10 years and from 3.228% to 2.063% at 30 years. The spread between Italian and German debt went from 135 to 106 basis points on ten-year maturity and from 63 to 45 on two-year maturity.

Three-month Euribor went from the listing of 0.078% as at December 31 to the listing of 0.019% as at March 31; 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.

In Q1 2015, in the USA the S&P500 and the Nasdaq Composite respectively recorded a positive performance of +0.4% and +3.5%; in the same period, the European stock markets on average benefited from an increase (+16.0%). In particular, German (+22.0%), Italian (+21.8%), French (+17.8%) and Dutch (+15.3%) markets overperformed the Swedish (+13.9%), Spanish (+12.1%), English (+3.2%) and Swiss (+1.6%) markets. The emerging stock markets have realized a gain of +1.9% (MSCI EM index in USD); Tokyo Stock Exchange listings also recorded a significant improvement (+10.1% for the Nikkei 225 index).

● The banking market¹

Funding

According to preliminary estimates by SI-ABI in February 2015, funding 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 16.2 billion on an annual basis showing an annual change of -1% (-0.6% in January 2015; -2.2% in February 2014). More specifically, funding from resident customers was Euro 1,701.2 billion; before the start of the crisis – at the end of 2007 – the amount of bank funding was about Euro 1,512.7 billion (+188.5 billion from the end of 2007 to date); as follows: 1,000.5 billion of customer deposits (+262.6 billion from the end of 2007 to date) and 512.2 billion of bonds (-74.1 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 February 2015 recorded a growth equal to +4.3% (+5.1% in January 2015), an increase in absolute value on an annual basis of approximately Euro +52.3 billion. The annual change of the bonds amounted to -13.5% (-13.8% in January 2015), showing a decrease in absolute value on an annual basis of Euro -68.5 billion. In January 2015 the negative trend continues for deposits abroad: in particular, those of Italian banks totaled about Euro 320.2 billion, 0.4% lower than a year earlier (-3.8% in the previous month).

With regard to the average remuneration of funding in the first two 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 funding from customers (which includes the return of deposits, bonds and repurchase agreements in Euro applied to households and non-financial companies) was 1.43% in February 2015 (1.44% in January 2014; 2.89% at the end of 2007). The rate on deposits in Euro applied to families and non-financial companies fell slightly to stand at 0.66% (0.67% in January 2015) and was stable for bonds at 3.13% (3.12% in January 2015), while the rate on repurchase agreements amounted to 1.39% (1.40% the previous month).

¹ Source: ABI Monthly Outlook - March 2015 - Summary.

Bank commitments

In February 2015, the trend in bank loans showed a slight improvement – albeit still negative – over its annual trend; based on preliminary estimates, total loans to residents in Italy is at Euro 1,821.1 billion, marking an annual change of -1.4% (-1.5% the previous month). Loans to Italian residents to private sector also improved slightly (-1.9% in February 2015, -2.1% the previous month). At the end of February 2015, they amounted to Euro 1,552.4 billion (1,450 billion at the end of 2007, about +102.2 billion since then to date). Loans to households and non-financial companies also at the end of February 2015 amounted to about Euro 1,405 billion, recording a slightly negative change of -1.4% year on year, the best result since July 2012 (-1.5% in January 2015; -0.8% Eurozone average in January 2015). At the end of 2007, these loans were at 1,279 billion.

In February 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 February 2015 amounted to 3.57% (record low), 3.63% the previous month; 6.18% at the end of 2007. The rate on new loans in Euro to non-financial companies stood at 2.54%, the lowest figure since October 2010 (from 2.45% in January 2015, 5.48% in 2007). The rate on loans in Euro to households for house purchase stood at 2.78% (2.82% the previous month, marking the lowest level since October 2010).

Non-performing bank loans

In January 2015, gross non-performing loans aggregated to Euro 185.5 billion, increasing by Euro 1.8 billion over December 2014 and about 25 billion versus the end of January 2014, up about +15.6% year on year (+27.2% in January 2014). The ratio of non-performing loans to total loans came to 9.7% in January 2015, the highest value since the end of 1996 when it was 9.9% (8.4% a year earlier and 2.8% at the end of 2007, prior to the start of the crisis), reaching 16.3% for smaller operators (14.2% in January 2014), 16.3% for companies (13.4% a year earlier) and 7% for households (6.5% in January 2014). With regard to non-performing loans net of write-downs, in January 2015 they amounted to about Euro 81.3 billion, a decrease compared to 84.5 billion the previous month. Compared to the same month the previous year, they increased by about 2.1 billion (+2.6% annual increase, slowing compared to 22.9% a year earlier). The ratio of net non-performing loans to total loans was 4.50% (4.64% as at December 2014 and 4.31% as at January 2014).

● The Insurance Market¹

From an initial estimate prepared by ANIA, in the first two 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 about Euro 18.3 billion, 24.2% more than the volumes achieved in the first two months of last year.

Also considering the new premiums of EU sample companies, with premiums in the two months of Euro 2.4 billion, total new life business amounted to Euro 20.7 billion, an increase of 26.6% compared to the same period the previous year.

With regard to Italian and non-EU companies, in February class I premiums related to new individual policies continued to show a significant positive change, +6.1% compared to the same period the previous year.

Inflows of new premiums on class V policies were also positive and amounted to Euro 585.8 million, +40.2% compared to the first two months of 2014.

¹ Source: ANIA TRENDS - Life New Production - February 2015.

The remaining portion of new life production was represented by class III policies (exclusively unit-linked), which, in the first two months of 2015, recorded an increase in inflows of new premiums over the same period of the previous year (Euro +4.6 billion; +136.5%). Contributions related to new individual adhesions to pension schemes, totaling Euro 158.5 million, were down 3.8% over the first two months of 2014.

● Inflows, assets under management and assets under administration

○ Net inflows

€/m	March 31, 2015	March 31, 2014	Change %
ITALY			
Funds and unit-linked products			
of which directly in funds	654.0	809.4	(19%)
of which "My Life" unit-linked	602.7	7.7	n.s.
of which other unit-linked	(64.9)	(37.7)	72%
Other Life insurance products	(150.8)	(202.8)	(26%)
Total managed assets	1,041.0	576.5	81%
Third-party structured bonds	(38.1)	(25.0)	53%
Total managed assets + third-party structured bonds	1,002.9	551.6	82%
Administered assets	103.4	419.4	(75%)
"Freedom" Life policies	(65.7)	(112.3)	(41%)
Total administered assets including "Freedom" policies	37.7	307.1	(88%)
BANCA MEDIOLANUM	1,040.6	858.7	21%
BANCA ESPERIA GROUP (*)	(37.0)	75.4	n.s.
Total ITALY	1,003.5	934.1	7%
SPAIN	147.7	79.7	85%
GERMANY	(4.6)	(8.0)	(43%)
TOTAL FOREIGN MARKETS	143.1	71.7	100%
TOTAL NET INFLOWS	1,146.7	1,005.8	14%

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

○ Assets under administration^(*)

€/m	March 31, 2015	Dec. 31, 2014	March 31, 2014
ITALY			
Funds and asset management and unit-linked policies	39,052.0	35,332.8	30,069.2
"Freedom" Life policies	908.6	974.3	1,610.0
Other insurance products	2,038.3	2,147.0	2,589.4
Banking products	14,941.7	14,578.9	14,286.8
BANCA MEDIOLANUM	56,940.6	53,033.0	48,555.5
BANCA ESPERIA GROUP (**)	8,979.0	7,957.0	7,480.0
Total ITALY	65,919.6	60,990.0	56,035.5
SPAIN	3,300.3	2,983.1	2,473.0
GERMANY	523.7	484.0	434.1
TOTAL FOREIGN MARKETS	3,824.0	3,467.1	2,907.1
TOTAL ASSETS UNDER ADMINISTRATION	69,743.6	64,457.1	58,942.5

(*) The figures relating to consolidated assets under administration refer to Retail customers only.

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

Total assets under administration as at March 31, 2014 amounted to Euro 69,743.6 million, an increase of 8% compared to December 31, 2014 (Euro 64,457.1 million) and by 18% compared to March 31, 2014 (Euro 58,942.5 million).

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

● Inflows, assets under management and assets under administration by operating segments

○ Italy - Banking

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

€/m	March 31, 2015	Dec. 31, 2014	March 31, 2014
Customer deposits	11,548.8	11,379.8	10,270.2
Banca Mediolanum bonds	263.8	272.1	422.3
Third-party structured bonds	1,052.2	1,044.2	1,274.7
Securities in custody and under administration	2,046.5	1,882.4	2,117.9
Repurchase agreements	30.4	0.4	201.7
Total assets under administration	14,941.7	14,578.9	14,286.8

As at March 31, 2015, the number of current accounts of Banca Mediolanum totaled 785,900 compared to 774,449 at the end of 2014 and 743,335 as at March 31, 2014.

○ 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, 2015	Dec. 31, 2014	March 31, 2014
"Best Brands" funds of funds	15,375.2	13,819.0	11,932.7
"Portfolio" funds of funds	442.9	459.8	511.2
"Challenge" funds	14,278.6	13,386.6	12,475.2
Hedge funds of funds	162.8	166.2	174.7
Other Italy-based mutual funds	6,878.5	6,311.8	4,378.9
"Real estate" funds	412.7	416.2	423.0
Third-party funds and others managed	1,105.8	528.7	426.2
Adjustments for Group funds included in funds of funds and managed	(530.8)	(508.9)	(550.8)
Funds included in "My Life" unit-linked	2,260.3	1,539.9	7.6
Funds included in other unit-linked	12,397.0	11,374.3	10,664.3
Adjustments for Own Funds included in unit-linked	(13,731.0)	(12,160.8)	10,373.8
Total asset management products	39,052.0	35,332.8	30,069.2

As at March 31, 2015, there was an increase in assets under management reaching Euro 39,052.0 million (December 31, 2014: Euro 35,332.8 million; March 31, 2014: Euro 30,069.2 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, 2015	March 31, 2014	Change
"Best Brands" funds of funds	415.1	364.4	50.7
"Challenge" funds	(12.2)	(63.7)	51.5
Other Italy-based mutual funds	165.1	515.6	(350.5)
Third-party funds and others managed	86.1	(7.0)	93.1
Total direct inflows in mutual funds	654.0	809.4	(155.4)
Funds included in "My Life" unit-linked	602.7	7.7	595.0
Funds included in other unit-linked	(64.9)	(37.7)	(27.2)
Total indirect inflows in mutual funds	537.8	(30.0)	567.8
Total mutual funds and management	1,191.8	779.4	412.4

Net inflows in mutual funds and unit-linked amounted to Euro 1,191.8 million, compared to Euro 779.4 million in Q1 2014, an increase of +53%.

Gross inflows

€/m	March 31, 2015	March 31, 2014	Change
"Best of Brands" funds of funds	1,586.4	1,004.1	582.3
"Challenge" funds	252.0	128.6	123.4
Other Italy-based mutual funds	583.8	667.0	(83.2)
Third-party funds and others managed	153.3	23.3	130.0
Total direct inflows in mutual funds	2,575.6	1,823.0	752.6
Funds included in "My Life" unit-linked	619.5	7.7	611.8
Funds included in other unit-linked	255.0	257.6	(2.6)
Total indirect inflows in mutual funds	874.5	265.3	609.2
Total mutual funds and management	3,450.1	2,088.2	1,361.9

Gross inflows for the quarter were up +65% to Euro 3,450.1 million compared to the prior year's balance of Euro 2,088.2 million.

Italy - Insurance

Life

At the end of 2014, total Life products went from Euro 15,061.3 million to Euro 16,695.6 million at the end of the reporting quarter.

€/m	March 31, 2015	Dec. 31, 2014	March 31, 2014
Unit-linked Life products	14,657.3	12,914.2	10,671.9
Index-linked Life products	768.8	881.8	1,320.2
Traditional Life products	1,269.5	1,265.2	1,269.2
Total Life products (excl. "Freedom")	16,695.6	15,061.3	13,261.4
<i>"Freedom" Life policies</i>	<i>908.6</i>	<i>974.3</i>	<i>1,610.0</i>

Total gross premiums in the first three months amounted to Euro 1,460.3 million, an increase of 46% compared to the same period the previous year.

€/m	March 31, 2015	March 31, 2014	Change
Recurring premiums	12.4	12.4	-
Single premiums and group policies	664.4	43.9	n.s.
Total new business	676.9	56.3	n.s.
In-force pension plans	118.4	122.0	(3%)
Other in-force business	93.2	100.2	(7%)
Total in-force business	211.6	222.1	(5%)
Total Premiums written (excl. "Freedom")	888.5	278.5	n.s.
"Freedom" premiums written	571.8	719.3	(21%)
Total gross premiums written	1,460.3	997.8	46%

New business amounted to Euro 676.9 million, a sharp increase compared to the same period the previous year (March 31, 2014: Euro 56.3 million), thanks to higher premiums generated by the policy "My Life" (Euro +619.5 million).

Total in-force business amounted to Euro 211.6 million, down -5% from the prior quarter 2014.

Net liquidation expenses, excluding "Freedom", went from Euro 511.3 million in Q1 2014 to 501.5 at the end of the reporting period:

€/m	March 31, 2015	March 31, 2014	Change
Claims	12.8	17.9	(29%)
Coupons	11.0	12.1	(9%)
Maturities	250.3	269.1	(7%)
Surrenders	227.4	212.2	7%
Amounts paid (excl. "Freedom")	501.5	511.3	(2%)
Amounts paid under "Freedom" contracts	639.9	838.7	(24%)

The deviation compared to Q1 2014 is primarily due to reductions in expenses on deadlines which recorded a decrease of Euro -18.8 million, only partially offset by the increase in reimbursements of Euro +15.2 million.

Damages

As at March 31, 2015, the volume of premiums written amounted to Euro 13,582 thousand (Euro 12,400 thousand as at March 31, 2014), an increase of +9.5%.

The breakdown is as follows:

€/m	March 31, 2015	March 31, 2014	Change
Class-01 Accident	5,794	5,470	5.9%
Class-02 Sickness	4,684	4,010	16.8%
Class-07 Goods transported	1	-	n.s.
Class-08 Fire	1,046	966	8.3%
Class-09 Other damages to assets	573	559	2.5%
Class-13 General TPL	540	529	2.1%
Class-16 Pecuniary losses	713	641	11.2%
Class-17 Legal protection	42	47	(10.6%)
Class-18 Assistance	189	178	6.2%
Total work premiums	13,582	12,400	9.5%
Total premiums	13,582	12,400	9.5%

The premium growth is mainly attributable to the marketing of products related to mortgages and guaranteed bank loans.

○ Spain

€/m	March 31, 2015	Dec. 31, 2014	March 31, 2014
Assets under management and administration	3,300.3	2,983.1	2,473.0
Assets under management	2,075.6	1,887.8	1,538.8
Assets under administration	1,224.7	1,095.3	934.2
Gross inflows AuM	193.4	777.1	189.0
Net inflows:	147.7	521.9	79.7
Assets under management	55.6	364.0	71.9
Assets under administration	92.1	157.9	7.8

Assets under administration amounted to Euro 3,300.3 million compared to Euro 2,983.1 million as at the end of 2014, and Euro 2,473.0 million in Q1 2014.

Net inflows for the quarter were positive for Euro +147.7 million compared to a balance of Euro +79.7 million in the first quarter of 2014.

○ Germany

€/m	March 31, 2015	Dec. 31, 2014	March 31, 2014
Assets under management and administration	523.7	484.0	434.1
Assets under management	443.1	404.6	361.2
Assets under administration	80.6	79.4	72.9
Gross inflows AuM	14.2	67.2	15.8
Net inflows:	(4.6)	4.5	(8.0)
Assets under management	(6.1)	(1.5)	(8.2)
Assets under administration	1.5	6.0	0.1

Assets under administration went from 484.0 at the end of 2014 to Euro 523.7 million at the end of the reporting period.

Net inflows for the quarter were negative for Euro -4.6 million compared to a negative balance of Euro -8.0 million in Q1 2014.

● Lending

€/m	March 31, 2015	Dec. 31, 2014	Change
Loans to customers			
- Banca Mediolanum	6,681.4	6,486.1	3%
- Other consolidated companies	329.3	292.9	12%
Total lending	7,010.7	6,779.0	3%

Lending went from 6,779.0 at the end of 2014 to Euro 7,010.7 million at the end of the reporting period.

○ Banca Mediolanum

At the end of March 2015, loans to customers, private individuals and financial institutions other than banks amounted to Euro 6,681.4 million (December 31, 2014: Euro 6,486.1 million), an increase of +3%, mainly due to the increase in financing (Euro +270.3 million) and residential mortgages (Euro +136.5 million) compared to the figures at the end of 2014, partially offset by lower debt securities and repurchase agreements (Euro -149.8 million and Euro -119.5 million respectively).

● The sales networks

Unit	March 31, 2015	Dec. 31, 2014	March 31, 2014
ITALIA - BANCA MEDIOLANUM	4,384	4,386	4,425
SPAIN	749	749	725
GERMANY	56	60	48
Total	5,189	5,195	5,198

● Reclassified Consolidated Income Statement as at March 31, 2015^(*)

€/t	March 31, 2015	March 31, 2014	Changes	
			value	%
Entry fees	27,599	24,051	3,548	15%
Management fees	195,725	154,473	41,252	27%
Performance fees	132,910	31,337	101,573	n.s.
Banking service fees and revenues	22,094	22,608	(514)	(2%)
Other fees	9,575	8,023	1,552	19%
Commission income	387,903	240,492	147,411	61%
Net interest income	61,023	58,549	2,474	4%
Net income (loss) on investments measured at fair value	(3,386)	(958)	(2,428)	n.s.
Net financial income	57,637	57,591	46	-
Net income from insurance (excluding commissions)	17,503	14,819	2,684	18%
Equity method valuation	(894)	5,705	(6,599)	n.s.
Realized gains (losses) on other investments	2,944	19,648	(16,704)	(85%)
Impairment of loans	(5,052)	(2,383)	(2,669)	112%
Impairment of other investments	(628)	(97)	(531)	n.s.
Net income (loss) on other investments	(2,736)	17,168	(19,904)	n.s.
Other revenues	6,281	5,075	1,206	24%
TOTAL REVENUES	465,694	340,850	124,844	37%
Network commission expenses	(123,029)	(102,348)	(20,681)	20%
Other commission expenses	(17,851)	(12,728)	(5,123)	40%
Administrative expenses	(121,030)	(108,074)	(12,956)	12%
Amortization and depreciation	(5,649)	(4,938)	(711)	14%
Net provisions for risks and charges	(24,856)	(7,069)	(17,787)	n.s.
TOTAL COSTS	(292,415)	(235,157)	(57,258)	24%
GROSS PROFIT BEFORE TAX	173,279	105,692	67,587	64%
Taxes for the quarter	(35,891)	(24,785)	(11,106)	45%
PROFIT (LOSS) FOR THE QUARTER	137,388	80,907	56,481	70%

(*) 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 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 quarter amounted to Euro 387.9 million compared to Euro 240.5 million in the comparative quarter. This increase was due to higher performance fees in the quarter (Euro +101.6 million), and also the good performance of net inflows for the quarter and the growth in assets under management, have generated higher management fees (Euro +41.3 million). Entry fees increased by Euro 3.5 million compared to Q1 2014 due to higher volumes of gross inflows for the reporting quarter.

Financial income (Euro 57.6 million) is substantially in line with the quarter of the previous year (March 31, 2014: Euro 57.6 million).

Net income from insurance went from Euro 14.8 million to Euro 17.5 million, of which Euro 5.8 million related to Damages products and Euro 4.8 million mainly due to the "My Life" product.

The **Equity Method valuation** went from a positive balance of Euro +5.7 million at March 31, 2014 (Euro 2.6 million Mediobanca, Euro 3.1 million Banca Esperia), to a negative balance of Euro -0.9 million at the end of the reporting quarter, only referred to Banca Esperia.

Net income on other investments recorded a negative balance of euro -2.7 million compared to Euro +17.2 million in Q1 2014, for lower gains on available-for-sale financial instruments (Euro 16.7 million in 2014).

Network commission expenses went from Euro 102.3 million in March 2014 to Euro 123.0 million at the end of the reporting period, primarily due to higher recurring expenses generated by the sustained growth in assets.

Total costs, net of commission expenses, amounted to Euro 169.4 million, an increase of Euro +36.6 million compared to Q1 2014 (March 31, 2014: Euro 132.8 million).

Administrative expenses rose by approximately Euro 13 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.

Amortization and depreciation increased by Euro +0.7 million, mainly due to higher amortization resulting from technology investments.

The increase in **net provisions for risks and charges** of Euro +17.8 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 appeal against the outcome of the aforesaid sentence.

The rest was due to the reduction in market interest rates used for discounting of expected liabilities and the effect caused by the update of the assumptions used for the evaluation of provisions for contractual obligations of the sales network, and in particular due to 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	March 31, 2015	March 31, 2014	Change	% change
Banking service fees and revenues	17,513	18,318	(805)	(4%)
Other fees	38	25	13	52%
Commission income	17,551	18,343	(792)	(4%)
Net interest income	53,202	51,902	1,300	3%
Net income (loss) on investments measured at fair value	(6,878)	(2,163)	(4,715)	n.s.
Net financial income	46,324	49,739	(3,415)	(7%)
Net income (loss) on other investments	(4,626)	14,393	(19,019)	n.s.
Other revenues	2,395	1,314	1,081	82%
TOTAL REVENUES	61,643	83,789	(22,146)	(26%)
Network commission expenses	(9,597)	(13,820)	4,223	(31%)
Other commission expenses	(3,565)	(3,271)	(294)	9%
Administrative expenses	(61,253)	(58,183)	(3,070)	5%
Amortization and depreciation	(3,404)	(2,753)	(651)	24%
Net provisions for risks and charges	(2,780)	(5,284)	2,504	(47%)
TOTAL COSTS	(80,599)	(83,311)	2,712	(3%)
GROSS PROFIT BEFORE TAX	(18,955)	479	(19,434)	n.s.

Gross profit before tax for the Italy – Banking segment recorded a negative balance of Euro -19 million compared to a balance of Euro +0.5 million in the first quarter of the previous year.

The result was affected by the reduction of Euro 19.0 million in net income on other investments, mainly related to lower realized gains on financial assets available for sale.

Net interest income stood at Euro 46.3 million, a decrease of Euro 3.4 million compared to the comparative period (March 31, 2014: Euro 49.7 million). The difference is mainly due to the increase in net losses on investments measured at fair value of net income and loss on investments at measured fair value (Euro -4.7 million).

Net income on other investments went from Euro +14.4 million to Euro -4.6 million in the reporting period and is attributable to lower profits on financial assets available for sale (Euro -15.6 million).

Commission income amounted to Euro 17.6 million (March 31, 2014: Euro +18.3 million), decreased by 4% due to lower commissions from the placement of third-party structured bonds.

Network commission expenses decreased by 31% to Euro 9.6 million, a decrease of Euro -4.2 million compared to the quarter of the previous year.

Other costs in the quarter went from Euro 69.5 million in Q1 2014 to Euro 71 million of the quarter in review, an increase of Euro +1.5 million, mainly due to the increase in personnel and IT expenses.

○ Italy - Asset Management

€/t	March 31, 2015	March 31, 2014	Change	% change
Entry fees	24,860	21,953	2,907	13%
Management fees	109,614	90,292	19,322	21%
Performance fees	67,955	19,284	48,671	n.s.
Other fees	8,756	7,261	1,495	21%
Commission income	211,185	138,791	72,394	52%
Net interest income	6	123	(117)	(95%)
Net income (loss) on investments measured at fair value	(16)	(4)	(12)	n.s.
Net financial income	(10)	119	(129)	n.s.
Net income (loss) on other investments	47	21	26	124%
Other revenues	83	66	17	26%
TOTAL REVENUES	211,305	138,996	72,309	52%
Network commission expenses	(68,745)	(57,844)	(10,901)	19%
Other commission expenses	(5,245)	(4,492)	(753)	17%
Administrative expenses	(20,296)	(17,603)	(2,693)	15%
Amortization and depreciation	(143)	(337)	194	(58%)
Net provisions for risks and charges	(6,958)	(754)	(6,204)	n.s.
TOTAL COSTS	(101,387)	(81,030)	(20,357)	25%
GROSS PROFIT BEFORE TAX	109,918	57,967	51,951	90%

Gross profit before tax of the Italy – Asset Management segment recorded a balance of Euro 110 million over Q1 of the previous year (March 31, 2014: Euro 58 million).

Commission income for the quarter amounted to Euro 211.2 million, an increase (Euro +72.4 million) compared to the same quarter of the previous year (Euro +138.8 million), mainly due to the contribution of performance fees (Euro +48.7 million) and management fees (Euro +19.3 million), due to the increase of the average NAV for the quarter.

In the quarter, there was also an increase in other fees (Euro +1.5 million), in particular for an increase in intermediaries fees of the correspondent bank determined by an increase in sales volumes of funds versus the comparative period.

Costs attributable to the segment at the end of the quarter recorded an increase of 25%, from Euro 81.0 million in March 2014 to Euro 101.4 million in the period under review.

○ Italy - Insurance

€/t	March 31, 2015	March 31, 2014	Change	% change
Management fees	76,476	58,069	18,407	32%
Performance fees	55,362	10,843	44,519	n.s.
Other fees	385	390	(5)	(1%)
Commission income	132,223	69,301	62,922	91%
Net interest income	3,137	2,941	196	7%
Net income (loss) on investments measured at fair value	3,196	993	2,203	n.s.
Net financial income	6,333	3,934	2,399	61%
Net income from insurance (excluding commissions)	11,814	9,247	2,567	28%
Net income (loss) on other investments	1,766	2,827	(1,061)	(38%)
Other revenues	3,330	3,262	68	2%
TOTAL REVENUES	155,466	88,571	66,895	76%
Network commission expenses	(36,229)	(24,447)	(11,781)	48%
Other commission expenses	(3,789)	(1,615)	(2,174)	n.s.
Administrative expenses	(26,028)	(20,539)	(5,489)	27%
Amortization and depreciation	(1,664)	(1,424)	(240)	17%
Net provisions for risks and charges	(3,741)	(914)	(2,827)	n.s.
TOTAL COSTS	(71,451)	(48,940)	(22,511)	46%
GROSS PROFIT BEFORE TAX	84,014	39,631	44,383	112%

Gross profit before tax of the Italy – Insurance segment recorded a balance of Euro +84.0 million over Q1 of the previous year (equal to Euro +39.6 million).

Commission income for the quarter amounted to Euro 132.2 million (March 31, 2014: Euro 69.3 million). The positive change in this item compared to the first quarter of the previous year is attributable to the increase in performance fees pertaining to the Life segment (Euro +44.5 million) and the increase in management fees (Euro +18.4 million) due to the increase in technical provisions of unit-linked products (we note in particular the contribution of the “My Life” product, sold as of March 2014).

Net financial income for the quarter was positive for Euro +6.3 million, an increase of Euro +2.4 million compared to Q1 2014. This change is mainly due to lower relegations in favor of the subscribing customers of the Freedom policy.

Net income from insurance, before acquisition costs of investments, went from Euro 9.2 million in Q1 2014 to Euro 11.8 million in Q1 2015. This change is attributable to the combined effect of the improved contribution of the Life business (Euro +2.8 million, mainly due to inflows of the “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 11.8 million, from Euro 24.4 million in Q1 2014 to Euro 36.2 million as at March 31, 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 quarter amounted to Euro 35.2 million compared to Euro 24.5 million as at March 31, 2014 as a result of indirect costs allocated to the insurance business on the basis of higher trade volumes.

○ Italy - Other

€/t	March 31, 2015	March 31, 2014	Change	% change
Net interest income	(271)	(2,141)	1,870	(87%)
Net income (loss) on investments measured at fair value	-	1	(1)	(100%)
Net financial income	(271)	(2,140)	1,869	(87%)
Equity method valuation	(894)	5,705	(6,599)	n.s.
Net income (loss) on other investments	-	-	-	n.s.
TOTAL REVENUES	(1,165)	3,565	(4,730)	n.s.
GROSS PROFIT BEFORE TAX	(1,165)	3,565	(4,730)	n.s.

Gross profit before tax of the Italy – Other segment recorded a loss of Euro -1.2 million (March 31, 2014: Euro +3.6 million).

Net financial income at the end of the quarter was a loss of Euro -0.3 million compared to Euro -2.1 million in the comparative period (Euro +1.9 million), due to lower indebtedness of Mediolanum S.p.A.

Equity method valuation reports, for the period under review, the portion of the results of Banca Esperia (March 31, 2014: Euro 2.6 million for Banca Esperia, Euro 3.1 million for Mediobanca).

 Spain

€/t	March 31, 2015	March 31, 2014	Change	% change
Entry fees	2,650	1,988	662	33%
Management fees	7,845	4,573	3,272	72%
Performance fees	5,467	936	4,531	n.s.
Banking service fees and revenues	1,467	1,449	18	1%
Other fees	273	278	(5)	(2%)
Commission income	17,702	9,224	8,478	92%
Net interest income	4,957	5,540	(583)	(11%)
Net income (loss) on investments measured at fair value	290	149	141	95%
Net financial income	5,247	5,689	(442)	(8%)
Net income from insurance (excluding commissions)	5,338	5,021	317	6%
Net income (loss) on other investments	76	(70)	146	n.s.
Other revenues	396	346	50	14%
TOTAL REVENUES	28,759	20,210	8,549	42%
Network commission expenses	(7,435)	(5,297)	(2,138)	40%
Other commission expenses	(1,061)	(1,047)	(14)	1%
Administrative expenses	(8,236)	(7,456)	(780)	10%
Amortization and depreciation	(375)	(355)	(20)	6%
Net provisions for risks and charges	(11,377)	(117)	(11,260)	n.s.
TOTAL COSTS	(28,484)	(14,272)	(14,212)	100%
GROSS PROFIT BEFORE TAX	275	5,938	(5,663)	(95%)

Commission income increased by Euro +8.5 million from Euro 9.2 million to Euro 17.7 million at the end of the quarter under review (+92%). This increase is attributable to management fees that increased by Euro +3.3 million (+72%) and Euro +4.5 million from performance fees.

Net income from insurance, before acquisition costs, came in at Euro 5.3 million, in line with Q1 2014.

Costs attributable to the segment amounted to Euro 28.5 million (March 31, 2014: Euro 14.3 million). Net provisions, an increase of Euro +11.3 million, were affected by non-recurring expenses due to the negative outcome of a first instance sentence as described above.

○ Germany

€/t	March 31, 2015	March 31, 2014	Changes	% changes
Entry fees	89	110	(21)	(19%)
Management fees	1,790	1,539	251	16%
Performance fees	4,126	274	3,852	n.s.
Banking service fees and revenues	3,120	2,845	275	10%
Other fees	124	69	55	80%
Commission income	9,249	4,837	4,412	91%
Net interest income	(8)	184	(192)	(104%)
Net income (loss) on investments measured at fair value	22	66	(44)	(67%)
Net financial income	14	250	(236)	(94%)
Net income from insurance (excluding commissions)	351	551	(200)	(36%)
Net income (loss) on other investments	-	(4)	4	(100%)
Other revenues	111	105	6	6%
TOTAL REVENUES	9,725	5,739	3,986	69%
Network commission expenses	(1,023)	(940)	(83)	9%
Other commission expenses	(4,196)	(2,306)	(1,890)	82%
Administrative expenses	(5,251)	(4,311)	(940)	22%
Amortization and depreciation	(63)	(69)	6	(9%)
TOTAL COSTS	(10,533)	(7,626)	(2,907)	38%
GROSS PROFIT BEFORE TAX	(808)	(1,887)	1,079	(57%)

Commission income amounted to Euro 9.2 million compared to Euro 4.8 million in Q1 2014. This change is mainly due to higher performance fees.

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 in the quarter.

Other costs amounted to Euro 5.3 million, an increase of about Euro 0.9 million compared to the comparative period.

● Key corporate events and performance of Group companies

○ Banking operations (including Group product distribution)

Banca Mediolanum S.p.A.

The situation of the accounts as at March 31, 2015 showed a net profit of Euro 47.5 million compared to net profit for the first quarter of the previous year amounting to Euro 42.8 million (-11%).

The result for the quarter, before taxes, instead amounted to Euro 40.3 million compared to Euro 44.3 million in the same period of the previous year, a decrease of Euro 4 million.

In particular, the banking business recorded higher dividends from subsidiaries (Euro +28.1 million) and higher net commissions (Euro +4.8 million), partially offset by lower gains on the disposal of financial assets available for sale (Euro -15.6 million), lower profits from trading (Euro -2.5 million) and the negative result of hedging activities (Euro -2.8 million).

Interest income remained substantially stable versus the comparative period (Euro +1.3 million).

Operating expenses for the quarter grew by approximately Euro 15.2 million, of which Euro 6.5 million related to higher administrative expenses and Euro 3.9 million related to higher personnel expenses mainly due to higher headcount of the Bank. The increase in other administrative expenses is instead due to higher costs for IT systems (Euro +4 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 consultancy and collaborations (Euro +1.6 million) and higher costs for the organization of business conventions (Euro +1.5 million), only partially offset by lower costs incurred for advertising and promotion (Euro -3.2 million over the comparative period).

As at the end of Q1 2015, the bank's total assets and liabilities amounted to Euro 25,820 million versus Euro 23,054 million at the end of the prior year.

Financial assets held to maturity (HTM) recorded an increase of Euro 423.5 million from Euro 2,204.2 million at December 31, 2014 to Euro 2,627.7 million at the end of the reporting period.

Financial instruments held for trading (HFT) amounted to Euro 783.0 million compared to the amount as at year-end of Euro 327.8 million, an increase of Euro +455.2 million mainly due to the increase in debt securities at the end of the quarter (Euro +446.9 million over the comparative period).

Financial assets available for sale increased slightly versus the end of 2014, from Euro 12,732.1 million to Euro 14,049.5 million at the end of the reporting quarter.

As at March 31, 2015, the valuation reserve for financial assets available for sale recognized in equity shows a positive balance of Euro +156.3 million compared to a positive balance of Euro +101.6 million as at December 31, 2014.

Banco Mediolanum SA

The Spanish group ended the quarter with a negative consolidated profit of Euro -1.6 million compared to Euro +6.3 million as at March 31, 2014. The negative result is entirely due to an extraordinary provision for a lawsuit, as previously described, which affected the result for the quarter for Euro -11.2 million. Net inflows for assets under management products recorded a positive balance of Euro +55.6 million against Euro +71.9 million in Q1 of the previous year. With regard to assets under administration, the reporting quarter recorded a positive balance of Euro +92.1 million compared to Euro +7.8 million in the same period the previous year.

As at March 31, 2015, total assets under management and under administration of customers amounted to Euro 3,300 million versus Euro 2,983 million as at December 31, 2014.

The sales network consisted of 749 people, unchanged versus year-end 2014.

Bankhaus August Lenz & Co AG.

The German bank closed March 31, 2015 with a net loss of Euro -0.8 million, an improvement of Euro +1.8 million compared to a loss in Q1 2014 amounting to Euro -2.6 million.

Net inflows of assets under management in the quarter were positive for Euro +5.2 million (March 31, 2014: Euro +3.2 million), while net inflows of assets under administration were positive for Euro +1.5 million (March 31, 2014: Euro +0.1 million).

At the end of the reporting quarter, total assets under management and under administration of customers amounted to Euro 293.3 million (December 31, 2014: Euro 274.6 million).

As at March 31, 2015, the sales network consisted of 56 people (December 31, 2014: 60 people).

Asset Management companies

Mediolanum International Funds Ltd

As at March 31, 2015, the Company reported net profit of Euro +167.2 million, a sharp increase of Euro +93.2 million over the prior year (March 31, 2014: Euro +74 million).

As at March 31, 2015, net inflows were positive for Euro +207.8 million (March 31, 2014: Euro +284.3 million).

As at March 31, 2015, total assets under management amounted to Euro 31,530 million compared to Euro 28,920.7 million as at December 31, 2014 (+9%).

Mediolanum Gestione Fondi SGR p.A.

For Q1 2015, the Company reported net profit of Euro +7 million versus Euro +4.3 million in the same quarter of the prior year.

As at March 31, 2015, net inflows recorded a positive balance of Euro +166.9 million against a positive balance of the same period the previous year of Euro +517.6 million, a decrease of Euro -350.7 million.

At the end of the reporting quarter, assets managed directly by the Company stood at Euro 7,445.7 million compared to Euro 6,867.7 million as at December 31, 2014 (8.4%).

Mediolanum Asset Management Ltd

At March 31, 2015, the Company recorded a net profit of Euro +4.9 million compared to Euro +4.2 million in Q1 2014.

Gamax Management A.G.

As at March 31, 2015, the Luxembourg management company recorded a net profit of Euro +3.4 million compared to a net profit of Euro +0.9 million in Q1 the previous year.

Gross inflows for the quarter amounted to Euro 3.1 million, an increase of 12% compared to Q1 2014. Instead, net inflows were negative for Euro -11.3 million (March 31, 2014: Euro -11.4 million). Assets under management at the end of the quarter amounted to Euro 230.4 million (December 31, 2014: Euro 209.4 million).

○ Insurance companies

Mediolanum Vita S.p.A.

The situation of the IAS/IFRS accounts as at March 31, 2015 shows a net profit of Euro 11.7 million compared to Euro 9.0 million in the same period the previous year.

Net income for the quarter, calculated on the basis of GAAP, was instead Euro 11.5 million compared to Euro 10.6 million in the same period of the previous year.

The application of international accounting standards on the statement of account as at March 31, 2015 generates an increase in net income of Euro 0.2 million compared to the value as determined in accordance with GAAP, mainly due to higher potential relegation to policyholders in respect of capital gains from the valuation of the securities portfolio (Euro +2,608 thousand).

As at March 31, 2015, total commitments to policyholders amounted to Euro 14,056.3 million versus Euro 13,133.9 million as at December 31, 2014.

Mediolanum Assicurazioni S.p.A.

The situation of the IAS/IFRS accounts as at March 31, 2015 shows a net profit of Euro 2 million compared to a net profit of Euro 1.3 million determined in accordance with GAAP.

The application of IAS/IFRS on the statement of account as at March 31, 2015 generated an increase in the result, with respect to as determined in accordance with GAAP (Euro +0.7 million), mainly due to higher income from the valuation of the securities portfolio.

As at March 31, 2015, the balance of statutory net reserves amounted to Euro 106.4 million, compared to Euro 102.1 million at the end of 2014.

Mediolanum International Life Ltd

For Q1 2015, the Company reported net profit of Euro 4.0 million versus Euro 3.3 million in the same period in 2014.

As at March 31, 2015, total commitments to policyholders amounted to Euro 2,051.2 million, in line with year-end 2014 (Euro 2,094.0 million).

○ Joint ventures

For Q1 2015, the **Banca Esperia Group** reported consolidated net profit of Euro 4.8 million versus Euro 5.2 million as at March 31, 2014.

Total assets under administration went from Euro 15,914 million as at December 31, 2014 to Euro 17,958 million as at March 31, 2015.

○ Associates

With reference to **Mediobanca S.p.A.**, the Board of Directors that will approve the quarterly reports as at March 31, 2015 will be held on May 7, 2015. Therefore, as at March 31, 2015, the consolidation as at equity of the aforementioned investment was on the basis of the related consolidated equity as at December 31, 2014, whose economic and financial effects were recorded in the consolidated financial statements as at December 31, 2014 of the Mediolanum Group.

● Tax claims

In relation to the tax claim for the purposes of IRES and IRAP concerning the level of fee relegation paid by Mediolanum International Fund Ltd in favor 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, 2014 and the same accounting treatment was applied in continuity.

● 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 March 31, 2015, according to the provisions of supplementary supervision in force, shows that in the face of the conglomerate capital requirements amounting to Euro 782 million, the conglomerate's equity to hedge the required margin amounted to Euro 1,098 million, with a surplus of Euro 316 million.

● Own Funds for Supervisory purposes as at March 31, 2015 of the Mediolanum Banking Group

Mediolanum S.p.A. has determined the Own Funds for supervisory purposes and the related equity ratios under the rules in force (Regulation no. 575/2013 (EU) – Basel 3 discipline).

For the purposes of supervisory reports, as at March 31, 2015, in the determination of the Own Funds, consolidated net profit as at March 31, 2015 was calculated net of estimated dividends. The independent audit limited to March 31, 2015 is still in progress and will be completed by the deadline for submission of the report to the Supervisory Authorities (May 12, 2015).

The consolidated result as at March 31, 2015 of the Mediolanum Group, equal to Euro 137.4 million, has been used to determine the computable profit for the calculation of the Own Funds.

At the end of Q1 2015, said profit amounted to Euro 137.4 million, of which Euro 54.9 million is the amount computable for the calculation of Own Funds.

The Common Equity Tier 1 ratio (CET1) as at March 31, 2015 amounted to 18.453%.

● Key corporate events subsequent to the end of the quarter

After March 31, 2015, there was no material event which could have a significant impact on the financial positions, result of operations or cash flows of the Group.


● Outlook

In Q1 2015, financial markets selectively expressed the expectation of a gradual and steady improvement in the economic climate. In particular, analysts and financial operators are rewarding, in advanced economies, the correct monetary policy path of the major central banks and the reform program undertaken by some governments and, in emerging areas, macroeconomic policies to support growth. 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 (in the first place, the expected and predictable quantitative easing of the European Central Bank) will still be the main drivers of the market. Delays, disruption and uncertainty may be responsible for new increases in volatility in the short term. In 2015, the performance of financial markets may benefit and reflect any signs of improvement in the economic scenario higher than the conservative estimates of financial analysts, the quality of the fiscal policies of governments and the correct timing of the monetary policies of central banks.

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, April 29, 2015

For the Board of Directors
The Chairman
Carlo Secchi



**Consolidated
Accounts**

Statement of financial position

Assets

€/t	March 31, 2015	Dec. 31, 2014
10. Cash and cash equivalents	72,333	65,746
20. Financial assets held for trading	1,534,621	846,885
30. Financial assets measured at fair value	16,037,482	14,367,301
40. Available-for-sale financial assets	16,471,929	15,516,840
50. Held-to-maturity investments	2,935,006	2,512,081
60. Loans to banks	791,101	811,050
70. Loans to customers	7,010,727	6,779,007
80. Hedge derivatives	816	1,287
100. Equity investments	421,473	421,609
110. Reinsurers' share of technical reserves	70,348	71,353
120. Tangible assets	217,040	191,607
130. Intangible assets	180,992	182,820
of which:		
- goodwill	125,625	125,625
140. Tax assets	470,070	461,574
a) current	331,607	337,720
b) deferred	138,463	123,854
b1) pursuant to Law 214/2011	-	-
150. Non-current assets and disposal groups	634	567
160. Other assets	541,914	318,128
Total assets	46,756,486	42,547,855

Liabilities and shareholders' equity

€/t	March 31, 2015	Dec. 31, 2014
10. Amounts due to banks	1,860,738	7,615,391
20. Amounts due to customers	22,088,981	14,231,750
30. Securities issued	334,213	341,741
40. Financial liabilities held for trading	448,275	370,696
50. Financial liabilities measured at fair value	2,317,701	1,597,251
60. Hedge derivatives	111,670	100,218
80. Tax liabilities	359,813	277,870
a) current	191,973	143,983
b) deferred	167,840	133,887
100. Other liabilities	873,307	661,955
110. Employee completion-of-service entitlements	12,479	11,216
120. Provisions for risks and charges:	209,486	196,609
a) severance benefits and similar obligations	672	672
b) other provisions	208,814	195,937
130. Technical reserves	16,213,786	15,329,810
140. Valuation reserve	243,364	177,769
170. Reserves	1,410,346	1,290,672
175. Interim dividend (-)	-	(110,608)
180. Share premium account	63,239	63,199
190. Share capital	73,745	73,744
200. Treasury shares (-)	(2,045)	(2,045)
210. Shareholders' equity attributable to minority interest (+/-)	-	-
220. Profit (loss) for the quarter (+/-)	137,388	320,617
Total liabilities and shareholders' equity	46,756,486	42,547,855

Consolidated income statement

€/t	March 31, 2015	March 31, 2014
10. Interest income and similar income	125,547	147,245
20. Interest expense and similar charges	(47,547)	(61,025)
30. Net interest income	78,000	86,220
40. Commission income	397,827	245,270
50. Commission expenses	(137,991)	(113,344)
60. Net commission	259,836	131,926
70. Dividends and similar income	1,298	1,057
80. Net income from trading	2,728	4,739
90. Net income from hedging	(4,177)	(1,385)
100. Gains (losses) on sale or buyback of:	2,113	16,731
a) loans	(2)	27
b) available-for-sale financial assets	2,486	16,701
d) financial liabilities	(371)	3
110. Net result from financial assets and liabilities measured at fair value	1,271,103	24,288
120. Total income	1,610,901	263,576
130. Net impairment/reversal of impairment of:	(5,680)	(2,480)
a) loans	(5,052)	(2,383)
b) available-for-sale financial assets	(588)	(100)
d) other financial instruments	(40)	3
140. Net income from financial operations	1,605,221	261,096
150. Net premiums	888,555	1,042,947
160. Balance of other income/expenses from insurance activities	(2,172,076)	(1,086,921)
170. Net income from financial and insurance operations	321,700	217,122
180. Administrative expenses:	(116,774)	(104,208)
a) personnel expenses	(48,751)	(44,319)
b) other administrative expenses	(68,023)	(59,889)
190. Net provisions for risks and charges	(25,300)	(7,913)
200. Depreciation and net impairment of tangible assets	(1,820)	(1,687)
210. Amortization and net impairment of intangible assets	(3,831)	(3,249)
220. Other operating income/expenses	204	(79)
230. Operating expenses	(147,521)	(117,136)
240. Profit (loss) on equity investments	(894)	5,705
270. Profit (loss) on disposal of investments	(6)	4
280. Profit (loss) before tax on continuing operations	173,279	105,695
290. Income tax expense on continuing operations	(35,891)	(24,785)
300. Profit (loss) after tax on continuing operations	137,388	80,910
310. Profit (loss) after tax of non-current assets pending disposal	-	(3)
320. Profit (loss) for the quarter	137,388	80,907
340. Profit (loss) for the quarter attributable to the parent company	137,388	80,907

Consolidated statement of other comprehensive income

€/t	March 31, 2015	March 31, 2014
10. Profit (loss) for the quarter	137,388	80,907
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	(1,253)	50
50. Non-current assets or disposal groups held for sale	-	-
60. Share of reserves on investments accounted for by the equity method	(582)	(21)
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	63,092	79,070
110. Non-current assets or disposal groups held for sale	-	-
120. Share of reserves on investments accounted for by the equity method	4,338	5,576
130. Total other statement of other comprehensive income, net of income tax	65,595	84,675
140. Comprehensive income (captions 10+130)	202,983	165,582
150. Total comprehensive income attributable to minority interests	-	-
160. Total comprehensive income attributable to the parent company	202,983	165,582

Statement of changes in equity

as at March 31, 2014

€/t	Balance as at Dec. 31, 2013	Adjustment to opening balances	Balance as at January 1, 2014	Appropriation of prior year's profit	
				Reserves	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	336,580	-
b) others	84,693	-	84,693	-	-
Valuation reserve	100,781	-	100,781	-	-
Equity instruments	-	-	-	-	-
Treasury shares	(2,045)	-	(2,045)	-	-
Profit (loss) for the quarter	336,580	-	336,580	(336,580)	-
Group shareholders' equity	1,650,794	-	1,650,794	-	-
Minorities shareholders' equity	-	-	-	-	-

as at March 31, 2015

€/t	Balance as at Dec. 31, 2014	Adjustment to opening balances	Balance as at January 1, 2015	Appropriation of prior year's profit	
				Reserves	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	232,125	-
b) others	84,693	-	84,693	-	-
Valuation reserve	177,769	-	177,769	-	-
Equity instruments	-	-	-	-	-
Treasury shares	(2,045)	-	(2,045)	-	-
Profit (loss) for the quarter	320,617	-	320,617	(232,125)	(88,492)
Group shareholders' equity	1,813,348	-	1,813,348	-	(88,492)
Minorities shareholders' equity	-	-	-	-	-

Changes in the period										
Equity transactions									Comprehensive income as at March 31, 2014	Shareholders' equity as at March 31, 2014
Change in reserves	New share issue	Purchase of treasury shares	Extraordinary dividends distribution	Change in equity instruments	Treasury shares derivatives	Stock options	Shareholding interests			
-	7	-	-	-	-	-	-	-	-	73,607
-	-	-	-	-	-	-	-	-	-	-
-	329	-	-	-	-	-	-	-	-	59,705
6,701	-	-	-	-	-	1,002	-	-	-	1,342,092
-	-	-	-	-	-	-	-	-	-	84,693
(5,555)	-	-	-	-	-	-	-	-	84,675	179,901
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(2,045)
-	-	-	-	-	-	-	-	-	80,907	80,907
1,146	336	-	-	-	-	1,002	-	-	165,582	1,818,860
-	-	-	-	-	-	-	-	-	-	-

Changes in the period										
Equity transactions									Comprehensive income as at March 31, 2015	Shareholders' equity as at March 31, 2015
Change in reserves	New share issue	Purchase of treasury shares	Extraordinary dividends distribution	Change in equity instruments	Treasury shares derivatives	Stock options	Shareholding interests			
-	1	-	-	-	-	-	-	-	-	73,745
-	-	-	-	-	-	-	-	-	-	-
-	40	-	-	-	-	-	-	-	-	63,239
(2,998)	-	-	-	-	-	1,155	-	-	-	1,325,653
-	-	-	-	-	-	-	-	-	-	84,693
-	-	-	-	-	-	-	-	-	65,595	243,364
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(2,045)
-	-	-	-	-	-	-	-	-	137,388	137,388
(2,998)	41	-	-	-	-	1,155	-	-	202,983	1,926,037
-	-	-	-	-	-	-	-	-	-	-



Notes

Notes

PART A - ACCOUNTING POLICIES

A.1 - GENERAL

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

The financial position, income statement and other statements presented as at March 31, 2015 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 and subsequent updates.

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, income statement and other statements presented as at March 31, 2015 have been prepared under international accounting standards IAS/IFRS, the accounting policies and consolidation principles consistent with those used for the preparation of the consolidated financial statements as at December 31, 2014.

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, 2014 and December 31, 2014 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/ 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 advice
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	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 advice
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., through Banco Mediolanum S.A., consolidated on a line-by-line basis

€/t	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 advice
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., through Bankhaus August Lenz & Co. AG., consolidated on a line-by-line basis

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

Legend:

- ⁽¹⁾ Type of relation:
- 1 = majority of voting rights at the ordinary Shareholders' Meeting
 - 2 = dominant influence at the ordinary Shareholders' Meeting
 - 3 = agreements with other shareholders
 - 4 = other forms of control
 - 5 = joint management pursuant to article 26, paragraph 1, "legislative decree no. 87/92"
 - 6 = joint management pursuant to article 26, paragraph 2, "legislative decree no. 87/92"

● 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 recognized as goodwill under "Intangible assets" on first-time consolidation, and under "Other reserves" thereafter. Negative differences are recognized 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 recognized 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 recognized at cost and its carrying amount is increased or decreased thereafter to reflect the value of the investor's share of changes in the investee's equity and profit.

The investor's share of the profit or loss of the investee is recognized 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 recognized under the relevant item in the 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 subsidiary or associate, including the proceeds on the ultimate disposal of the investment.

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

For consolidation of investments in associates and joint ventures, the annual/interim financial statements of the accounts approved by the Company prepared in accordance with IAS/IFRS have been used, where available and in any case with situations of accounts not related to closure of the accounts prior to more than three months from the date of consolidation.

INFORMATION ON THE MAIN AGGREGATES OF THE FINANCIAL STATEMENTS

Financial assets and liabilities

€/t	March 31, 2015	% Comp.	Dec. 31, 2014	% Comp.
Financial assets held for trading	1,534,621	4%	846,885	3%
Financial assets measured at fair value	16,037,482	43%	14,367,301	43%
Available-for-sale financial assets	16,471,929	45%	15,516,840	47%
Held-to-maturity investments	2,935,006	8%	2,512,081	7%
Total financial assets	36,979,038	100%	33,243,107	100%
Financial liabilities held for trading	(448,275)		(370,696)	
Financial liabilities measured at fair value	(2,317,701)		(1,597,251)	

At the end of Q1 2015, financial assets amounted to Euro 36,979 million, up compared to the previous year by about Euro 3,736 million (+11%), and consisted mainly of available-for-sale financial assets (45%) and financial assets measured at fair value (43%).

Equity investments

€/t	March 31, 2015	Dec. 31, 2014
Mediobanca S.p.A.	324,165	325,805
Banca Esperia S.p.A.	97,308	95,804
Total	421,473	421,609

As at March 31, 2015, the impact on the income statement of companies measured using the equity method recorded a negative balance of Euro -0.9 million, only relating to Banca Esperia.

Loans to banks

€/t	March 31, 2015	Dec. 31, 2014
Loans to central banks	277,784	220,158
Loans to banks	513,317	590,892
Total	791,101	811,050

● Loans to customers

€/t	March 31, 2015		Dec. 31, 2014	
	Performing	Impaired	Performing	Impaired
Loans	6,642,737	53,752	6,260,135	54,876
1. Current accounts	414,679	5,538	403,884	5,427
2. Repurchase agreements	61,835	-	181,379	-
3. Mortgages	4,520,077	39,991	4,381,227	40,795
4. Credit cards, personal loans and salary-guaranteed loans	869,263	4,222	822,044	4,429
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other loans	776,883	4,001	471,601	4,225
Debt securities	314,238	-	463,996	-
Total	6,956,975	53,752	6,724,131	54,876

Loans to customers amounted to Euro 7,010.7 million as at March 31, 2015, an increase of about 3.4% over the comparative period mainly due to higher other loans (Euro +305.1 million) and mortgages (Euro +138 million) compared to the end of 2014. The incidence of non-performing loans on total loans to customers amounted to 0.77%, substantially stable compared to 2014 (0.81%).

● Amounts due to banks

€/t	March 31, 2015	Dec. 31, 2014
1. Amounts due to central banks	220,012	6,682,488
2. Amounts due banks	1,640,726	932,903
2.1 Current accounts and demand deposits	277,914	8,308
2.2 Time deposits	897,396	670,382
2.3 Loans	461,142	250,919
2.3.1 Repurchase agreements	209,207	-
2.3.2 Others	251,935	250,919
2.4 Commitments to buy back own equity instruments	-	-
2.5 Other payables	4,274	3,294
Total	1,860,738	7,615,391

The reduction in amounts due to central banks (Euro -6,462 million versus the comparative period) is mainly due to the reduction in funding liabilities to the ECB.

● Amounts due to customers

€/t	March 31, 2015	Dec. 31, 2014
1. Current accounts and demand deposits	8,546,346	8,283,179
2. Time deposits	4,019,500	3,989,143
3. Loans	9,461,593	1,821,172
3.1 Repurchase agreements	9,458,719	1,818,690
3.2 Others	2,874	2,482
4. Commitments to buy back own equity instruments	-	-
5. Other payables	61,542	138,256
Total	22,088,981	14,231,750

Amounts due to customers were up 55% compared to the figure at the end of 2014, mainly due to the increase in the balance of repurchase agreements (Euro +7,640 million compared to December 31, 2014).

● Technical reserves

€/t	Insurance	Reinsurance	March 31, 2015	Dec. 31, 2014
A. Damages	106,121	99	106,220	101,937
A.1 Premium reserves	80,486	-	80,486	76,834
A.2 Accident reserves	23,261	99	23,360	22,920
A.3 Other reserves	2,374	-	2,374	2,183
B. Life	2,271,026	-	2,271,026	2,331,790
B.1 Mathematical reserves	2,126,624	-	2,126,624	2,182,254
B.2 Reserves for sums to be paid	76,027	-	76,027	90,841
B.3 Other reserves	68,375	-	68,375	58,695
C. Technical reserves - under which the investment risk is borne by the insurance company	13,836,540	-	13,836,540	12,896,083
C.1 Reserves for contracts whose performance is linked to investment funds and market indices	13,836,540	-	13,836,540	12,896,083
C.2 Reserves relating to the administration of pension funds	-	-	-	-
D. Total technical reserves	16,213,687	99	16,213,786	15,329,810

● Shareholders' equity

€/t	March 31, 2015	Dec. 31, 2014
1. Share capital	73,745	73,744
2. Share premium account	63,239	63,199
3. Reserves	1,410,346	1,290,672
4. Interim dividend (-)	-	(110,608)
5. Treasury shares	(2,045)	(2,045)
6. Valuation reserve	243,364	177,769
7. Profit (loss) for the quarter	137,388	320,617
Total	1,926,037	1,813,348

The valuation reserve recorded a total increase of Euro +65.6 million compared to year-end 2014. At year-end 2014, the available-for-sale reserve was up Euro +66.9 million from a positive balance of Euro 177.6 million to a positive balance of Euro 244.4 million as at March 31, 2015.

INFORMATION ON THE MAIN AGGREGATES OF THE INCOME STATEMENT

● Net interest income

€/t	March 31, 2015	March 31, 2014
Interest income and similar income	125,547	147,245
Interest expense and similar charges	(47,547)	(61,025)
Net interest income	78,000	86,220

At the end of the first quarter of 2015, net interest income amounted to Euro 78 million, a decrease of Euro 8.2 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, 2015	March 31, 2014
Commission income	397,827	245,270
Commission expenses	(137,991)	(113,344)
Net commission	259,836	131,926

Commission income increased by Euro 127.9 million compared to the comparable period primarily due to higher commission income (Euro +152.6 million), only partially offset by higher commission expenses (Euro +24.6 million). In particular, for commission income, performance fees recorded a sharp increase (Euro +101.6 million compared to Q1 2014).

● Total income

€/t	March 31, 2015	March 31, 2014
Net interest income	78,000	86,220
Net commission	259,836	131,926
Dividends and similar income	1,298	1,057
Net income from trading	2,728	4,739
Net income from hedging	(4,177)	(1,385)
Gains (losses) on sale or buyback	2,113	16,731
Net result from financial assets and liabilities measured at fair value	1,271,103	24,288
Total income	1,610,901	263,576

At the end of Q1 2015, total income amounted to Euro 1,610.9 million, a sharp increase compared to Q1 2014 (Euro +1,347.3 million).

This change is mainly due to the sharp improvement of net income from assets/liabilities measured at fair value (Euro +1,246.8 million), due mainly to changes in the value of assets underlying unit-linked and index-linked policies, with balancing entry under "Other income/expenses from insurance activities".

● Net premiums

€/t	March 31, 2015	March 31, 2014
A. Life		
A.1 Gross premiums booked (+)	879,998	1,035,663
A.2 Reinsurance premiums (-)	(559)	(790)
Total Life	879,439	1,034,873
B. Damages		
B.1 Gross premiums booked (+)	13,503	12,352
B.2 Reinsurance premiums (-)	(665)	(555)
B.3 Change in the gross amount for premiums reserve (+/-)	(3,653)	(3,756)
B.4 Change in premiums reserve borne by reinsurers (+/-)	(69)	33
Total Damages	9,116	8,074
Total net premiums written	888,555	1,042,947

At the end of Q1 2015, premiums net of reinsurance amounted Euro 888.6 million (March 31, 2014: Euro 1,042.9 million) with a decrease of Euro -154.4 million.

The decrease in net life premiums (Euro -155.4 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 Q1 2015 for Euro 9.1 million (Euro 8.1 million as at March 31, 2014).

The balance of the item "Other income/expenses from insurance activities" is equal to Euro -2,172.1 million (March 31, 2014: Euro -1,086.9 million), an increase of Euro 1,085.2 million, which is offset by the result of financial assets and liabilities measured at fair value.

● Administrative expenses

€/t	March 31, 2015	March 31, 2014
Personnel expenses	(48,751)	(44,319)
Other administrative expenses	(68,023)	(59,889)
Total	(116,774)	(104,208)

Administrative expenses increased by a total of Euro 12.6 million compared to Q1 2014.

In particular, personnel expenses increased by Euro 4.4 million, mainly due to the increase in staff (+7.4%), while other administrative expenses of Euro +8.2 million, due to higher costs incurred for IT systems (Euro +4 million) and higher costs for consultancy and collaborations (Euro +2.2 million).

The table below shows the Group's average workforce as at March 31, 2015 and March 31, 2014:

Unit	March 31, 2015	March 31, 2014
1) Employees	2,510	2,333
a) executives	96	90
b) middle managers	378	333
c) other employees	2,036	1,910
2) Other personnel	2	5
Total	2,512	2,338

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 and for the purpose of segment reporting of consolidated results, the Mediolanum Group identified the following operating segments:

- ITALY – ASSET MANAGEMENT
- ITALY – BANKING
- 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 AS AT MARCH 31, 2015

€/t	ITALY					Total
	Banking	Asset Management	Insurance	Other	Consolidation adjustments	
Entry fees	-	24,860	-	-	-	24,860
Management fees	-	109,614	76,476	-	-	186,090
Performance fees	-	67,955	55,362	-	-	123,317
Banking service fees and revenues	17,513	-	-	-	-	17,513
Other fees	38	8,756	385	-	-	9,178
Commission income	17,551	211,185	132,223	-	-	360,958
Net interest income	53,202	6	3,137	(271)	-	56,074
Net income (loss) on investments at fair value	(6,878)	(16)	3,196	-	-	(3,698)
Net financial income	46,324	(10)	6,333	(271)	-	52,376
Net income from insurance (excluding commissions)	-	-	11,814	-	-	11,814
Equity method valuation	-	-	-	(894)	-	(894)
Realized gains (losses) on other investments	1,036	147	1,766	-	-	2,950
Impairment of loans	(5,134)	-	-	-	-	(5,134)
Impairment of other investments	(528)	(100)	-	-	-	(628)
Net income (loss) on other investments	(4,626)	47	1,766	-	-	(2,812)
Other revenues	2,395	83	3,330	-	-	5,807
TOTAL REVENUES	61,643	211,305	155,466	(1,165)	-	427,249
Network commission expenses	(9,597)	(68,745)	(36,229)	-	-	(114,571)
Other commission expenses	(3,565)	(5,245)	(3,789)	-	-	(12,600)
Administrative expenses	(61,253)	(20,296)	(26,028)	-	-	(107,576)
Amortization and depreciation	(3,404)	(143)	(1,664)	-	-	(5,211)
Net provisions for risks and charges	(2,780)	(6,958)	(3,741)	-	-	(13,479)
TOTAL COSTS	(80,599)	(101,387)	(71,451)	-	-	(253,437)
GROSS PROFIT BEFORE TAX	(18,955)	109,918	84,014	(1,165)	-	173,812
Taxes for the period	-	-	-	-	-	(37,173)
PROFIT (LOSS) FOR THE QUARTER	-	-	-	-	-	136,639

ABROAD				
Spain	Germany	Consolidation adjustments	Total	
2,650	89	-	27,599	
7,845	1,790	-	195,725	
5,467	4,126	-	132,910	
1,467	3,120	(6)	22,094	
273	124	-	9,575	
17,702	9,249	(6)	387,903	
4,957	(8)	-	61,023	
290	22	-	(3,386)	
5,247	14	-	57,637	
5,338	351	-	17,503	
-	-	-	(894)	
(6)	-	-	2,944	
82	-	-	(5,052)	
-	-	-	(628)	
76	-	-	(2,736)	
396	111	(33)	6,281	
28,759	9,725	(39)	465,694	
(7,435)	(1,023)	-	(123,029)	
(1,061)	(4,196)	6	(17,851)	
(8,236)	(5,251)	33	(121,030)	
(375)	(63)	-	(5,649)	
(11,377)	-	-	(24,856)	
(28,484)	(10,533)	39	(292,415)	
275	(808)	-	173,279	
1,592	(310)	-	(35,891)	
1,867	(1,118)	-	137,388	

INCOME STATEMENT DATA BY OPERATING SEGMENT AS 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	138,791	69,301	-	-	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 income from insurance (excluding commissions)	-	-	9,247	-	-	9,247
Equity method valuation	-	-	-	5,705	-	5,705
Realized gains (losses) on other investments	16,699	121	2,827	-	-	19,648
Impairment of loans	(2,309)	-	-	-	-	(2,309)
Impairment of other investments	3	(100)	-	-	-	(97)
Net income (loss) on other investments	14,393	21	2,827	-	-	17,242
Other revenues	1,314	66	3,262	-	-	4,641
TOTAL REVENUES	83,789	138,996	88,571	3,565	-	314,922
Network commission expenses	(13,820)	(57,844)	(24,447)	-	-	(96,111)
Other commission expenses	(3,271)	(4,492)	(1,615)	-	-	(9,379)
Administrative expenses	(58,183)	(17,603)	(20,539)	-	-	(96,324)
Amortization and depreciation	(2,753)	(337)	(1,424)	-	-	(4,514)
Net provisions for risks and charges	(5,284)	(754)	(914)	-	-	(6,952)
TOTAL COSTS	(83,311)	(81,030)	(48,940)	-	-	(213,280)
GROSS PROFIT BEFORE TAX	479	57,967	39,631	3,565	-	101,641
Taxes for the period	-	-	-	-	-	(23,600)
PROFIT (LOSS) FOR THE QUARTER	-	-	-	-	-	78,041

ABROAD				
	Spain	Germany	Consolidation adjustments	Total
	1,988	110	-	24,051
	4,573	1,539	-	154,473
	936	274	-	31,337
	1,449	2,845	(4)	22,608
	278	69	-	8,023
	9,224	4,837	(4)	240,492
	5,540	184	-	58,549
	149	66	-	(958)
	5,689	250	-	57,591
	5,021	551	-	14,819
	-	-	-	5,705
	-	-	-	19,648
	(70)	(4)	-	(2,383)
	-	-	-	(97)
	(70)	(4)	-	17,168
	346	105	(17)	5,075
	20,210	5,739	(21)	340,850
	(5,297)	(940)	-	(102,348)
	(1,047)	(2,306)	4	(12,728)
	(7,456)	(4,311)	17	(108,074)
	(355)	(69)	-	(4,938)
	(117)	-	-	(7,069)
	(14,272)	(7,626)	21	(235,157)
	5,938	(1,887)	-	105,692
	(1,070)	(115)	-	(24,785)
	4,868	(2,002)	-	80,907



**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 on Operations as at March 31, 2015 corresponds to the document results, books and accounting records.

Basiglio, April 29, 2015

Chief Financial Officer responsible
for accounting and financial reporting
(Luigi Del Fabbro)

