

MEDIOLANUM S.p.A.

**Interim
Report and
Accounts at
September 30
2012**

Table of Contents

2	Corporate Governance Officers
3	Group structure
4	Mediolanum Group's Financial Highlights
6	Interim Management Report
	The macroeconomic environment
	Mediolanum Group's performance
	Consolidated Inflows, Assets under Management and Assets under Administration
	The Sales Networks
	Reclassified Consolidated Income Statement at September 30, 2012
	Key corporate events and performance of companies within the Group
	Acquisition of entire shareholding
	Tax Police Field Audit
	Issues of Mediolanum notes
	Post Balance Sheet Date Events
	Outlook
32	Consolidated Accounts
	Balance Sheet
	Income Statement
	Statement of Comprehensive Income
38	Notes to the Consolidated Financial Statements
	Accounting policies
	Key Balance Sheet information
	Key Income Statement information
	Income Statement information by operating segment
56	Interim Dividend 2012
	Directors' Report pursuant to art. 2433-bis of the Italian Civil Code
	Accounting policies
	Financial position, result of operation and cash-flows of Mediolanum S.p.A.
	Business review
	Acquisition of entire shareholding
	Issues of Mediolanum notes
	Significant events after October 31, 2012
	Outlook
	Independent auditors' opinion
62	Schedules
	Balance Sheet
	Income Statement
	Statement of Comprehensive Income
	Statement of changes in shareholders' equity
70	Responsibility Statement

**Interim
Report and
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Registered Office: Meucci Building, Via F. Sforza – Basiglio – Milano Tre (Milan)
Share capital €73,426,785.60 – fully paid up
Tax, VAT and Milan Register of Companies Registration No. 11667420159

Corporate Governance Officers

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

BOARD SECRETARY

Luca Maria Rovere

INDEPENDENT AUDITORS

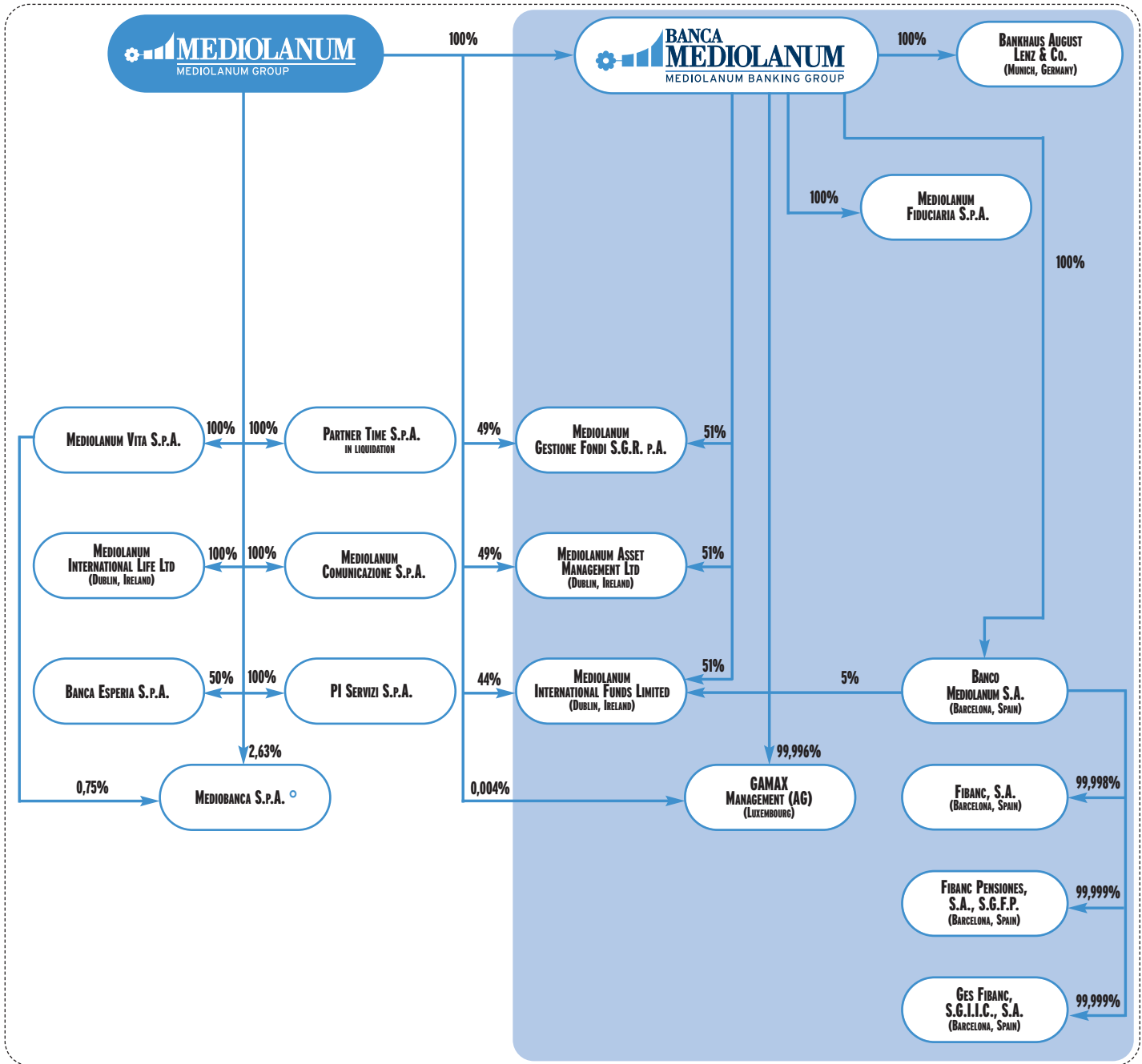
Deloitte & Touche S.p.A.

OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

Luigi Del Fabbro

Group structure

As of September 30, 2012



• MEDIOLANUM FINANCIAL CONGLOMERATE

• MEDIOLANUM BANKING GROUP

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

Mediolanum Group's Financial Highlights

€/m	Sept. 30, 2012	Sept. 30, 2011	Change %	Dec. 31, 2011
Assets under management and administration ^(*)	50,804.4	44,858.8	13%	46,206.8
Net inflows	1,673.5	2,318.3	(28%)	2,727.6
of which				
<i>Banca Mediolanum</i>	1,927.9	1,658.6	16%	2,280.0
<i>Banca Esperia</i>	(369.2)	535.1	ns	301.3
Profit before tax	404.9	70.2	477%	84.2
Income Tax	(113.4)	(9.5)	ns	(17.0)
Net profit	291.5	60.7	380%	67.3
of which nonrecurring items (after tax)	(66.2)	(56.4)	17%	(125.9)
Net profit excluding nonrecurring items	357.7	117.1	205%	193.2
€	Sept. 30, 2012	Sept. 30, 2011	Change %	Dec. 31, 2011
Earnings per share	0.397	0.083	378%	0.092
Diluted earnings per share	0.394	0.082	381%	0.091

* The figures relate to retail customers only.



**Interim
Management
Report**

Interim Management Report

For the first nine months of 2012 the Mediolanum Group reported consolidated net profit of €291.5 million up 380% compared to €60.7 million in the same period of the prior year. The bottom line was boosted by recurring revenue items, especially net interest income, up €80 million (51%) and management fees, up €32 million (10%), but also benefitted from growth in performance fees up €103 million and net income on investments at fair value up €163 million.

Q3 2012 consolidated net profit amounted to €74.0 million versus a loss of €36.0 million in the same quarter of the prior year.

At September 30, 2012, the Group recognised a €66.2 million (after tax) impairment charge on its stake in Mediobanca. In the same period of the prior year, the Group had posted a €56.4 million impairment (after tax) on Greek sovereign debt holdings.

● The macroeconomic environment

Growth has slowed down in the Euro zone, while, based on recent data, a similar scenario in the US appears unlikely. In the second quarter of 2012, GDP expanded at an annualised rate of 1.3% in the US and shrank 0.2% (non annualised) in the Euro zone, confirming the lag between these two regions. Specifically, GDP grew in Germany (up 0.3% from 0.5% in the previous quarter) and the Netherlands (up 0.2% from 0.2% in the previous quarter), remained again flat in France, shrank in Italy (down 0.8% from -0.8%) and Spain (down 0.4% from -0.3%). In the UK, growth was negative too (down 0.4% from -0.3%). Euro zone's current sluggishness is reflected in Purchasing Managers' Indices (PMI) which indicate falling output in the coming months in the region. Conversely, even against a backdrop of reduced investments and consumer deleveraging, US stats indicate no risk of a double dip in that country. At 8.1% in the US and 11.4% in the Euro zone, unemployment continues to be a major concern and weighs on consumer confidence and demand for goods and services. Inflationary pressure has been moderate both in the US and in Europe. In August, the PPI and the CPI were up 2.0% and 1.7% in the US, and up 2.7% and 2.6% in the Euro zone, respectively.

On July 5, 2012, the European Central Bank (ECB) cut the refinancing rate from 1% to 0.75%.

In October, the International Monetary Fund (IMF) lowered its forecasts for global economic growth in the current year noting that the world economic recovery continues, but it has weakened further. In industrialised countries, growth is too low to make a substantial dent in unemployment, and in major emerging markets, growth, which had been stronger in past years, has slowed down too. The IMF revised its April GDP growth forecasts from 2 percent down to 1.5 percent for advanced economies and from 6 percent down to 5.6 percent for emerging economies. In advanced economies the forces which continue to pull growth down are fiscal consolidation and still weak financial systems. Tight fiscal policies are needed for improved fiscal discipline, but there is no doubt that this is weighing on demand. In addition, the financial system is not functioning efficiently. In many countries banks are weak, and their position is made worse by low growth. As a result, borrowing conditions are tighter. Monetary policy continues to be accommodative to stimulate growth as central banks continue to keep interest rates low and use unconventional tools to contain yields supporting certain categories of borrowers and financial intermediation in general. The IMF also pointed out the effects of a general feeling of uncertainty noting that improved confidence could lead to

a more upbeat growth scenario. Worries about the ability of European and US policy makers to control the euro crisis and agree on a fiscal plan, respectively, play an important role. Emerging markets are affected by low growth and uncertainty in advanced economies through trade and financial channels and this adds to weaknesses on the domestic front. EU leaders are trying to put in place a new architecture aimed at softening the effects of any future adverse shocks right from inception. Said architecture should bring about supervision and recapitalization of the main banks in the Euro zone, and decrease sovereign risk with benefits for creditors and the financial system. In the short term, new immediate measures are needed. Spain and Italy are to continue with their plans and re-establish competitiveness and fiscal balance, while ensuring growth. The recapitalisation of banks needs to be followed through without adding to sovereign debt and these two countries should be able to borrow at reasonable rates. When these critical issues are solved, the worst will be behind us.

Concluding his World Economic Outlook opening remarks, IMF economist Olivier Blanchard noted that the implementation of the measures above could bring about a rapid decrease in uncertainty and a more upbeat economic scenario, not only for Europe, but also for the rest of the world.

○ Financial markets

In the quarter under review, the measures taken by central bankers and the expectations for positive developments in the peripheral Euro zone sovereign debt crisis had a positive impact on financial markets.

At its September 6 Meeting, the Governing Council of the European Central Bank (ECB) agreed on a new government bond purchase programme via Outright Monetary Transactions (OMT) setting no *ex ante* limits on the OMT size. At the same meeting, the Governing Council of the ECB also decided to suspend the application of the minimum credit rating threshold in the collateral eligibility requirements of countries that are eligible for the new programme. The condition set by the ECB for Outright Monetary Transactions is government express request to activate the European Stability Mechanism (ESM) programme, possibly with the involvement of the IMF in the design of the country-specific conditionality and the monitoring of such a programme.

On September 12, Germany's Constitutional Court rejected six complaints brought by German plaintiffs and gave a green light to the country's ratification of the European Stability Mechanism (ESM). The German Court, however, set two conditions. i.e. that German exposure in the ESM does not exceed €190 billion, the current share of Germany in the ESM (27.146%), and that any future increase in that amount be subject to prior approval by the German parliament.

The general elections held in the Netherlands were won by pro-European parties.

In the US, at its Meeting of September 13, the Federal Open Market Committee (FOMC) agreed to purchase additional mortgage-backed securities at a pace of \$40 billion per month, without indicating any time limit. The Committee also anticipated that exceptionally low levels for the federal funds rate would likely be warranted at least through mid-2015.

In the third quarter of 2012, the yields on peripheral Euro zone government bonds have been highly volatile. In July, the lack of resolve shown by EU leaders in handling the financial crisis brought about a deterioration in investors' risk propensity. In the following months, the statements and speeches made by ECB President, Mario Draghi, met the expectations of market participants. In the quarter under review, yields on Italian treasuries fell from 3.50% at June 30 to 2.35% at September 30 on 2-yr notes and from 5.82% at June 30 to 5.09% at September 30 on 10-yr notes.

In the first nine months of the year, global equity markets were up 13.6% (MSCI World in US dollars). In the US, the S&P500 rose by 14.6% and the NASDAQ Composite by 19.6%. European stock markets have been on the

upside too (average growth of 9.8%). The Italian (+0.1%) and Spanish (-10%) stock markets underperformed the German DAX (+22.3%). Emerging markets were up 12.2% (MSCI EM in US dollars).

Owing to the positive developments in the European sovereign debt crisis the US dollar weakened against the European single currency with the Euro/USD exchange rate moving from 1.27 at June 30 to 1.29 at June 30, 2012.

○ The Insurance Market

Data released by ANIA, the Association of Italian Insurers, show that in the first eight months of 2012 new business written under individual policies in Italy stood at €32.3 billion down 15% over the same period of the prior year. Including EU companies conducting business in Italy, new business written aggregated to €37.2 billion, down 14% on the same period of 2011.

The analysis by type of product/class tells different stories.

Life policies (class I) recorded new business written of €23.7 billion down 20% over the prior year. Conversely, new business written under unit-linked and index-linked policies (class III) rose 7% over the same period of the prior year.

New business written under class V products amounted to €0.8 billion down 30%.

The analysis by distribution channel relative to Italian and non-EU companies shows the decline in the third quarter of 2012 was mostly in new business written through banks and post offices that gathered €21.4 billion, down 23% over the same period of the prior year.

New business written through agents and subsidiary agencies declined too, down 12% over the same period of the prior year to €4.7 billion in aggregate, with a market share of about 15%.

Conversely, new business written through financial advisors was up 28% over the prior year to €6.2 billion, with a market share of 19%.

● Mediolanum Group's performance

For the first nine months of 2012 the Mediolanum Group reported net profit of €291.5 million versus €60.7 million in the same period of the prior year.

The bottom line was boosted by recurring revenue items, mostly net interest income which was up €80 million as a result of assets growth and bigger interest spreads, as well as management fees up €32 million mainly driven by growth in managed assets (up 13% over September 2011). In the period under review, performance fees grew too (up €103 million), and investments at fair value recovered value, more than offsetting the losses recorded for the entire year 2011 (up €163 million).

Banking services fees declined by €12.3 million, reflecting, in particular, reduced sales volumes of third-party structured bonds and ATM services in Germany.

The €66.2 million impairment charge on the stake in Mediobanca recognised at September 30, 2012 weighed on the results for the period. In the prior year the Mediolanum Group had posted an aggregate impairment charge of €56.4 million (after taxation) on Greek sovereign debt holdings.

Total costs were up €46.2 million from €547.8 million at September 30, 2011 to €594.0 million at the end of the period under review. Specifically, acquisition costs and sales network commission expenses rose by €31.8 million, largely reflecting greater amounts provided for incentives (€7.6 million) due to sales volume growth as well as

greater amounts retroceded to the sales network following changes in the compensation policy. Net provisions for risks were up €8.1 million mainly due to greater amounts set aside for legal disputes (€4.1 million) and support to customers affected by the earthquake and flooding (€2.2 million).

Turning to the analysis of Banca Mediolanum, for the period under review the bank recorded net inflows of €1,927.9 million versus €1,658.6 million in the same period of the prior year (up 16%). €921.4 million related to asset management products and third-party structured bonds versus €569.1 million at September 30, 2011 (up 62%).

Analysis of net inflows shows that mutual funds recorded net inflows of €1,351.1 million versus €1,237.5 million at September 30, 2011, while life insurance products recorded net outflows of €575.1 million versus net outflows of €770.4 million in the same period of the prior year. In spite of the decline in volumes, net sales of third-party structured bonds were €145.4 million versus €102.1 million in the same period of the prior year.

Net inflows into administered assets grew from €1,398.6 million at September 30, 2011 to €1,643.4 million at the end of the period under review, thanks in particular to the positive contribution of the *InMediolanum* deposit account.

The *Mediolanum Plus* insurance policy associated with the *Freedom* bank account recorded a negative balance of €636.8 million versus a negative balance of €309.1 million at the end of September of the prior year.

Including the *Mediolanum Plus* policy, net inflows into administered assets aggregated to €1,006.5 million (€1,089.5 million at September 30, 2011).

Net inflows data released by *Assoreti* and regularly published by the financial newspaper *Il Sole 24 Ore* show that with some €2 billion net inflows in the first nine months of the current year Banca Mediolanum was again at the top of the ranking of Italian sales networks.

Data relating to net inflows into open-ended mutual funds released by *Assogestioni* show that, in the January-September 2012 period, Banca Mediolanum posted net inflows of €1,122 million versus an essentially flat balance (net outflows of about €5 million) recorded by the whole domestic industry. Data relating to open-ended funds show that in terms of managed assets the Mediolanum Group ranked fourth as in December 2011 and 2010, versus sixth in 2009 and 2008 and tenth in December 2007; its market share grew further from 4.83% in December 2011 to 5.12% in September 2012 (source: *Assogestioni*).

At September 30, 2012, the Mediolanum Group had €50,804.4 million in assets under management and administration, up €4,597.6 million compared to €46,206.8 million at year end 2011, and up €5,945.6 million compared to €44,858.8 million at September 30, 2011.

● Consolidated Inflows, Assets under Management and Assets under Administration

○ Net Inflows

€/million	Sept. 30, 2012	Sept. 30, 2011	Change
ITALY			
<i>Life insurance products</i>	(575.1)	(770.4)	(25%)
<i>Asset Management Products</i>	1,351.1	1,237.5	9%
Total managed assets inflows	775.9	467.0	66%
<i>Third-party structured bonds</i>	145.5	102.1	43%
Total managed assets + third-party structured bonds	921.4	569.1	62%
Administered assets	1,643.4	1,398.6	18%
<i>Freedom Life Policies</i>	(636.8)	(309.1)	106%
Total administered assets including Freedom policies	1,006.5	1,089.5	(8%)
BANCA MEDIOLANUM	1,927.9	1,658.6	16%
Banca Esperia Group**	(369.2)	535.1	ns
Total ITALY	1,558.7	2,193.7	(29%)
SPAIN	83.2	90.7	(8%)
GERMANY	31.6	33.9	(7%)
TOTAL FOREIGN MARKETS	114.8	124.6	(8%)
TOTAL NET INFLOWS	1,673.5	2,318.3	(28%)

○ Assets under Management and under Administration (*)

€/million	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
ITALY			
<i>Life Products</i>	14,182.5	13,678.5	13,213.1
<i>Freedom Life Policies</i>	3,867.0	4,503.8	4,716.2
<i>Asset Management products</i>	22,440.5	19,725.3	18,690.4
<i>Banking products</i>	10,978.7	8,925.6	8,273.3
<i>Consolidation adjustments</i>	(9,601.3)	(8,966.0)	(8,450.6)
BANCA MEDIOLANUM	41,867.3	37,867.2	36,442.4
Banca Esperia Group**	6,802.9	6,408.5	6,512.9
Total ITALY	48,670.2	44,275.7	42,955.3
SPAIN	1,721.1	1,581.2	1,575.7
GERMANY	413.0	349.9	327.8
TOTAL FOREIGN MARKETS	2,134.1	1,931.1	1,903.5
TOTAL ASSETS UNDER MANAGEMENT & ADMINISTRATION	50,804.4	46,206.8	44,858.8

(*) The figures relate to retail customers only.

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

At September 30, 2012, total assets under management and administration amounted to €50,804.4 million up 10% from €46,206.8 million at December 31, 2011, and up 13% from €44,858.8 million at September 30, 2011.

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

○ Italy - Life

At September 30, 2012, total life products amounted to €14,182.5 million versus €13,678.5 million at year end 2011 and €13,213.1 million at September 30, 2011.

€/million	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Traditional life products	1,283.4	1,350.7	1,323.6
Index-linked life products	2,969.7	3,171.7	3,278.4
Unit-linked life products	9,929.4	9,156.0	8,611.1
Total Life Products (ex-'Freedom')	14,182.5	13,678.5	13,213.1
<i>Freedom Life Policies</i>	<i>3,867.0</i>	<i>4,503.8</i>	<i>4,716.2</i>

○ Gross Premiums

€/million	Sept. 30, 2012	Sept. 30, 2011	Change
Recurring premiums	44.7	45.4	(2%)
Single premiums and group policies	124.9	237.7	(47%)
Total new business	169.6	283.2	(40%)
Pension plans in force	377.7	402.2	(6%)
Other business in force	367.1	434.1	(15%)
Total in-force business	744.9	836.3	(11%)
Total Premiums Written (ex-'Freedom')	914.4	1,119.5	(18%)
Freedom Premiums Written	4,672.5	5,866.1	(20%)
Total Gross Premiums Written	5,586.9	6,985.6	(20%)

Gross premiums written in the first nine months of the year amounted to €5,586.9 million, down about 20% from €6,985.6 million in the same period of the prior year, as customers shifted to other asset management products offered by Banca Mediolanum.

New business stood at €169.6 million, down 40% compared to €283.2 million at September 30, 2011, with single premiums and group policies amounting to €124.9 million versus €237.7 million at September 30, 2011 (down 47%).

Total in-force business amounted to €744.9 million, down 11% over the same period of the prior year.

Excluding *Freedom*, amounts paid declined 21% from €1,890.0 million in the first nine months of 2011 to €1,489.4 million at the end of the period under review.

€/million	Sept. 30, 2012	Sept. 30, 2011	Change
Claims	49.8	53.0	(6%)
Coupons	45.7	72.1	(37%)
Maturities	679.5	1,093.5	(38%)
Surrenders	714.4	671.3	6%
Amounts paid (ex-'Freedom')	1,489.4	1,890.0	(21%)
Amounts paid under 'Freedom' contracts	5,413.8	6,257.5	(13%)

Excluding *Freedom*, amounts paid declined 21% over the same period of the prior year. Specifically, maturities amounted to €679.5 million (vs. €1,093.5 million at September 30, 2011), of which €438.9 million relating to index-linked policies (vs. €883.9 million at September 30, 2011).

○ Italy - Asset management

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

€/million	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
<i>Best brands</i> funds of funds	6,980.8	5,398.3	4,973.5
<i>Portfolio</i> funds of funds	647.2	680.1	671.4
<i>Challenge</i> funds	12,084.2	11,221.2	10,630.3
Funds of hedge funds	198.4	269.0	296.6
Other Italy-based mutual funds	2,450.0	2,084.5	2,007.3
<i>Real estate</i> funds	430.2	444.4	461.2
Other internationally-based mutual funds & managed accounts	322.6	306.2	312.6
Duplication adjustments	(672.9)	(678.3)	(662.5)
Total asset management products	22,440.5	19,725.3	18,690.4
of which:			
Equity	58%	61%	59%
Bond	33%	28%	29%
Money market	3%	4%	4%
Other	6%	7%	8%

At September 30, 2012, total assets under management amounted to €22,440.5 million, up 14% from €19,725.3 million at December 31, 2011, and up 20% from €18,690.4 million at September 30, 2011.

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

Gross Inflows

€/million	Sept. 30, 2012	Sept. 30, 2011	Change
<i>Best brands</i> funds of funds	2,448.5	2,380.5	3%
<i>Challenge</i> funds	779.1	676.8	15%
Other Italy-based mutual funds	600.9	466.8	29%
<i>Real estate</i> funds	18.2	31.5	(42%)
Other funds and managed accounts	22.4	37.1	(40%)
Total asset management products	3,869.1	3,592.8	8%

Gross inflows for the period under review amounted to €3,869.1 million, up 8% compared to €3,592.8 million for the same period of the prior year.

Net Inflows

€/million	Sept. 30, 2012	Sept. 30, 2011	Change
<i>Best brands</i> funds of funds	1,158.4	1,484.6	(22%)
<i>Challenge</i> funds	23.3	(181.2)	ns
Other Italy-based mutual funds	240.1	13.2	ns
<i>Real estate</i> funds	0.6	5.0	(88%)
Other funds and managed accounts	(71.3)	(84.1)	(15%)
Total asset management products	1,351.1	1,237.5	9%

Net inflows were up 9% to €1,351.1 million compared to €1,237.5 million in the same period of the prior year.

○ Italy - Banking

For the first nine months of 2012 the Group reported net inflows into administered assets of €1,643.4 million up 18% compared to €1,398.6 million in the same period of 2011.

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

€/million	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Customer deposits	6,511.9	5,489.2	4,443.1
Repurchase agreements	803.0	211.2	936.1
Banca Mediolanum Bonds	469.9	487.6	554.4
Third Parties Structured Bonds	1,107.7	805.9	749.3
Securities in custody	2,086.1	1,931.7	1,590.4
Total Assets under Administration	10,978.7	8,925.6	8,273.3

At September 30, 2012, there were about 691,100 Banca Mediolanum bank accounts and 571,700 primary account holders (vs. 600,000 bank accounts and 539,500 account holders at September 30, 2011).

○ Spain

€/million	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Assets under Management & Administration	1,721.1	1,581.2	1,575.7
<i>Assets under Management</i>	<i>1,120.1</i>	<i>986.8</i>	<i>959.2</i>
<i>Assets under Administration</i>	<i>601.1</i>	<i>594.4</i>	<i>616.5</i>
AuM - Gross Inflows	194.8	291.1	209.6
Net Inflows	83.2	94.6	90.7
<i>Assets under Management</i>	<i>58.1</i>	<i>93.2</i>	<i>68.3</i>
<i>Assets under Administration</i>	<i>25.1</i>	<i>1.5</i>	<i>22.4</i>

In the Spanish market, at the end of the period under review, Assets under Management and under Administration amounted to €1,721.1 million, up 9% from €1,575.7 million in the same period of the prior year, and also up 9% from €1,581.2 million at year end 2011.

Net inflows in the first nine months of the year amounted to €83.2 million versus €90.7 million in the same period of the prior year.

At September 30, 2012, the number of Banco Mediolanum customers was 78,068 versus 75,287 at September 30, 2011 (up 4%) and €75,837 at year end 2011.

○ Germany

€/million	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Assets under Management & Administration	413.0	349.9	327.8
Assets under Management	330.1	291.5	268.3
Assets under Administration	82.9	58.4	59.5
AuM - Gross Inflows	61.3	66.9	42.5
Net Inflows	31.6	51.7	33.9
Assets under Management	7.3	18.4	0.7
Assets under Administration	24.3	33.3	33.2

Assets under Management and under Administration grew 26% over the same period of the prior year from €327.8 million at September 30, 2011 to €413 million at the end of the period under review. Net inflows amounted to €31.6 million versus €33.9 million in the same period of the prior year. Specifically, net inflows into asset management products were €7.3 million versus €0.7 million at September 30, 2011 and net inflows into administered assets amounted to €24.3 million down 27% compared to €33.2 million at September 30, 2011.

At September 30, 2012 the number of customers was up 22% to 4,314 from 3,545 at September 30, 2011.

● The Sales Networks

Number	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Licensed financial advisors	4,366	4,507	4,613
Non-licensed advisors / agents	-	1	3
BANCA MEDIOLANUM	4,366	4,508	4,616
SPAIN	553	549	524
GERMANY	42	42	39
TOTAL	4,961	5,099	5,179

At September 30, 2012, Banca Mediolanum had 4,366 licensed financial advisors versus 4,507 at year end 2011.

● **Reclassified Consolidated Income Statement at September 30, 2012(*)**

€/m	Sept. 30, 2012	Sept. 30, 2011	Q3 2012	Q3 2011
Net premiums written	5,661.7	7,066.2	1,746.9	2,159.3
Amounts paid and change in technical reserves	(5,634.9)	(7,035.5)	(1,738.9)	(2,155.0)
Net life insurance revenues (ex-commissions)	26.8	30.6	8.0	4.3
Entry fees	78.9	78.4	25.0	25.1
Management fees	346.2	313.9	119.9	103.7
Performance fees	133.8	31.1	58.5	10.0
Banking services fees	71.9	84.2	24.8	23.4
Other fees	29.3	25.4	8.5	7.4
Total commission income	660.1	533.1	236.6	169.7
Net interest income	237.9	157.5	79.5	60.2
Net income (loss) on investments at fair value	110.2	(52.3)	30.1	(73.9)
Net financial income	348.1	105.2	109.7	(13.7)
Equity contribution	(56.9)	5.8	(59.0)	(0.2)
Realised gains (losses) on other investments	7.9	9.8	2.3	4.0
Impairment of loans	(5.7)	(1.4)	(0.9)	(0.6)
Impairment of other investments	(1.7)	(81.8)	0.7	(58.0)
Net income (loss) on other investments	0.5	(73.3)	2.2	(54.6)
Other revenues	20.2	16.6	5.7	5.7
TOTAL REVENUES	998.9	618.0	303.4	111.2
Acquisition costs & Sales network commission expenses	(260.0)	(228.2)	(83.3)	(73.2)
Other commission expenses	(33.0)	(36.6)	(12.1)	(11.3)
General and Administrative expenses	(272.0)	(260.9)	(86.3)	(77.7)
Amortisation and depreciation	(10.4)	(11.7)	(3.7)	(4.0)
Net provisions for risks	(18.6)	(10.5)	(4.5)	(4.1)
TOTAL COSTS	(594.0)	(547.8)	(189.9)	(170.3)
PROFIT (LOSS) BEFORE TAX	404.9	70.2	113.5	(59.1)
Income tax	(113.4)	(9.5)	(39.5)	23.1
NET PROFIT (LOSS) FOR THE PERIOD	291.5	60.7	74.0	(36.0)
<i>of which nonrecurring items (after tax)</i>	<i>(66.2)</i>	<i>(56.4)</i>	<i>(66.2)</i>	<i>(40.0)</i>
NET PROFIT <i>ex-nonrecurring items</i>	357.7	117.1	140.2	4.0

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

The reclassified consolidated income statement above highlights the effects of non-recurring items shown after tax in a separate line, namely the €66.2 million impairment charge on the stake in Mediobanca made in the current year and the €56.4 million impairment charge on Greek sovereign debt holdings the Group had posted in the prior year.

For the first nine months of the year, net life insurance revenues before acquisition costs amounted to €26.8 million versus €30.6 million in the same period of the prior year.

Specifically, **net premiums written** amounted to €5,661.7 million (Q3 2012: €1,746.9 million) down 20% from €7,066.2 million in the prior year (Q3 2011: €2,159.3 million). The decline in net premiums written was principally driven by reduced inflows into the '*Freedom*' policy, down €1,194 million.

Total amounts paid and change in technical reserves declined from €7,035.5 million at September 30, 2011 (Q3 2011: €2,155.0 million) to €5,634.9 million at September 30, 2012 (Q3 2012: €1,738.9 million), of which €5,413.8 million relating to the policies associated with the *Freedom* bank account (vs. €6,257.5 million at September 30, 2011).

For the first nine months of 2012 **total commission income** amounted to €660.1 million (Q3 2012: €236.6 million) versus €533.1 million at September 30, 2011 (Q3 2011: €169.7 million). The €127 million increase was mainly driven by performance fees (up €102.7 million) and management fees (up €32.3 million). Banking services fees declined by €12.3 million, especially due to the decrease in fees on placement of third-party structured bonds.

Net financial income rose from €105.2 million at September 30, 2011 (Q3 2011: loss of €13.7 million) to €348.1 million at the end of the period under review (Q3 2012: €109.7 million) thanks to increased net interest income (up €51.1%) especially of Banca Mediolanum, as a result of both assets growth and bigger interest spreads. Net income on investments at fair value shot up to 110.2 million (up €162.5 million) compared to a net loss of €52.3 million at September 30, 2011.

'**Equity contribution**' recorded a negative balance of €56.9 million, largely driven by the €66.2 million impairment on the stake in Mediobanca S.p.A. versus a positive balance of €5.8 million in the prior year.

Net income on other investments amounted to €0.5 million (Q3 2012: €2.2 million) versus a negative balance of €73.3 million at September 30, 2011 (Q3 2011: negative balance of €54.6 million), which had included a €80.1 million impairment on Greek sovereign debt holdings.

Acquisition costs & Sales network commission expenses amounted to €260 million (Q3 2012: €83.3 million) versus €228.2 million at September 30, 2011 (Q3 2011: €73.2 million). The increase largely reflects greater amounts provided for incentives (€7.6 million) in connection with sales volume growth and amounts retroceded to the sales network following changes in the compensation policy.

Excluding acquisition costs & sales network commission expenses, **costs** aggregated to €334 million (Q3 2012: €106.6 million) up €14.4 million compared to €319.6 million in the same period of the prior year (Q3 2011: €97.1 million). Specifically, general & administrative expenses were up about €11 million in connection with greater charges relating to staff costs, advertising and advisory fees, and provisions for risks were up €8.1 million in connection with legal disputes and support to customers affected by the earthquake and flooding (€2.2 million). Conversely, other commission expenses and amortisation & depreciation declined, namely by €3.6 million and €1.3 million, respectively.

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

○ Italy - Life

€/000	Sept. 30, 2012	Sept. 30, 2011	Q3 2012	Q3 2011
Net premiums written	5,576,926	6,965,525	1,718,181	2,128,570
Amounts paid & change in technical reserves	(5,563,502)	(6,947,971)	(1,714,350)	(2,126,082)
Net life insurance revenues (ex-commissions)	13,424	17,554	3,831	2,488
Total commission income	217,731	172,276	78,277	56,477
Net interest income	10,236	27,415	7,781	5,753
Net income (loss) on investments at fair value	77,719	(27,954)	15,164	(41,071)
Net financial income	87,955	(539)	22,945	(35,318)
Net income (loss) on other investments	7,009	(22,870)	1,045	(20,567)
Other revenues	8,161	8,755	2,730	2,965
TOTAL REVENUES	334,280	175,176	108,828	6,045
Acquisition costs & Sales network commission expenses	(71,881)	(68,439)	(22,551)	(21,451)
Other commission expenses	(4,755)	(5,118)	(1,699)	(1,644)
General and Administrative expenses	(60,575)	(66,746)	(17,882)	(17,653)
Amortisation and depreciation	(2,168)	(2,767)	(789)	(923)
Net provisions for risks	(3,594)	(3,407)	(1,068)	(1,232)
TOTAL COSTS	(142,973)	(146,477)	(43,989)	(42,903)
PROFIT (LOSS) BEFORE TAX	191,307	28,699	64,839	(36,858)

In the 'Italy – Life' operating segment, **profit before tax** amounted to €191.3 million (Q3 2012: €64.8 million) versus €28.7 million for the same period of the prior year (Q3 2011: net loss of €36.9 million). Growth was largely driven by net income on investments at fair value (up €105.7 million) and total commission income (up €45.4 million).

Net life insurance revenues before acquisition costs came in at €13.4 million (Q3 2012: €3.8 million) versus €17.6 million in the same period of the prior year (Q3 2011: €2.5 million).

Total commission income for the first nine months of 2012 amounted to €217.7 million (Q3 2012: €78.3 million) versus €172.3 million in the same period of the prior year (Q3 2011: €56.5 million). The increase was largely driven by growth in performance fees earned in the Life segment in the period under review, soaring by €38.3 million, and in management fees which were up €7.1 million.

Acquisition costs & sales network commission expenses were up €3.5 million from €68.4 million in the first nine months of 2011 to €71.9 million at September 30, 2012, following changes in the sales network compensation policy.

Net financial income for the period amounted to €88 million (Q3 2012: €22.9 million) versus a loss of €0.5 million in the same period of the prior year (Q3 2011: loss of €35.3 million). The improvement reflects fair value gains, which boosted income on investments at fair value by €105.7 million. Conversely, net interest income declined from

€27.4 million to €10.2 million at September 30, 2012, reflecting increased expense for amounts retroceded to policyholders.

Other Expenses for the first nine months of the year amounted to €71.1 million (Q3 2012: €21.4 million) versus €78.1 million at September 30, 2011 (Q3 2011: €21.5 million), reflecting reduced spending on *Freedom* advertising and customers shifting to banking and asset management products from life products.

○ Italy - Asset management

€/000	Sept. 30. 2012	Sept. 30. 2011	Q3 2012	Q3 2011
Entry fees	75,106	75,281	23,714	24,123
Management fees	170,288	146,223	59,874	48,541
Performance fees	75,390	13,795	34,157	4,664
Other fees	19,570	19,163	5,379	5,437
Total commission income	340,354	254,462	123,124	82,765
Net interest income	603	977	181	420
Net income (loss) on investments at fair value	1	13	-	-
Net financial income	604	990	181	420
Net income (loss) on other investments	(482)	317	-	161
Other revenues	334	271	80	100
TOTAL REVENUES	340,810	256,040	123,385	83,446
Acquisition costs & Sales network commission expenses	(130,123)	(113,785)	(43,040)	(38,968)
Other commission expenses	(8,262)	(6,908)	(2,951)	(2,265)
General and Administrative expenses	(61,511)	(62,151)	(20,587)	(20,655)
Amortisation and depreciation	(1,627)	(2,053)	(592)	(693)
Net provisions for risks	(2,499)	(5,598)	(743)	(2,368)
TOTAL COSTS	(204,022)	(190,495)	(67,913)	(64,949)
PROFIT (LOSS) BEFORE TAX	136,788	65,545	55,472	18,497

In the 'Italy – Asset Management' segment, **profit before tax** for the first nine months of 2012 amounted to €136.8 million (Q3 2012: €55.5 million) versus €65.5 million in the same period of the prior year (Q3 2011: €18.5 million).

Total commission income amounted to €340.4 million (Q3 2012: €123.1 million) versus €254.5 million in the same period of the prior year (Q3 2011: €82.8 million). The increase was driven by performance fees (up €61.6 million) and management fees (up €24.1 million), the latter as a result of assets growth in the period.

Costs for the first nine months of the year totalled €204.0 million (Q3 2012: €67.9 million) versus €190.5 million in the same period of the prior year (Q3 2011: €64.9 million). The increase was principally driven by the greater commissions paid out to the sales network, that rose by €16.3 million from €113.8 million to €130.1 million at September 30, 2012, mostly as a result of the changes in the sales network compensation policy.

○ Italy - Banking

€/000	Sept. 30, 2012	Sept. 30, 2011	Q3 2012	Q3 2011
Banking services fees	60,245	65,789	20,375	17,339
Other fees	8,090	4,789	2,673	1,571
Total commission income	68,335	70,578	23,048	18,910
Net interest income	211,715	126,853	65,963	52,751
Net income (loss) on investments at fair value	30,127	(23,784)	14,377	(31,705)
Net financial income	241,842	103,069	80,340	21,046
Net income (loss) on other investments	(5,574)	(50,016)	358	(33,541)
Other revenues	10,978	6,682	2,773	2,522
TOTAL REVENUES	315,581	130,313	106,519	8,937
Acquisition costs & Sales network commission expenses	(42,887)	(29,473)	(12,585)	(7,017)
Other commission expenses	(9,958)	(9,213)	(3,557)	(3,505)
General and Administrative expenses	(119,982)	(104,700)	(36,803)	(30,320)
Amortisation and depreciation	(4,942)	(4,903)	(1,798)	(1,711)
Net provisions for risks	(8,845)	(1,456)	(2,628)	(494)
TOTAL COSTS	(186,614)	(149,745)	(57,371)	(43,047)
PROFIT (LOSS) BEFORE TAX	128,967	(19,432)	49,148	(34,110)

For the first nine months of 2012, in the 'Italy – Banking' segment, the Group recorded **profit before tax** of €129.0 million (Q3 2012: €49.1 million) versus a loss before tax of €19.4 million in the same period of the prior year (Q3 2011: loss of €34.1 million). The year-on-year improvement was driven by strong growth in net financial income (up 135%).

At September 30, 2012, **net financial income** amounted to €241.8 million (Q3 2012: €80.3 million) versus €103.1 million in the same period of the prior year (Q3 2011: €21.0 million). The increase reflects higher net interest income (up €84.9 million) resulting from both bigger interest spreads and refinancing with the ECB, as well as growth in net income from trading (up €54.3 million) mainly driven by fair value gains.

Total commission income amounted to €68.3 million (Q3 2012: €23.0 million) down €2.3 million over the same period of the prior year, due, in particular, to the decline in fees on placement of third-party structured bonds.

Net income on other investments improved from a negative balance of €50 million in the prior year to a negative balance €5.6 million in the period under review. This reflects, on the one hand, reduced impairment on Greek sovereign debt holdings (down €55.3 million) and, on the other hand, increased impairment of loans as a result of the new classification of over 90 days past due positions effective from the current year as per Bank of Italy's requirements.

Acquisition costs & sales network commission expenses were up 45.5% to €42.9 million (Q3 2012: €12.6 million) as a result of greater amounts provided for sales network incentives.

At the end of the period under review **other expenses** amounted to €143.7 million (Q3 2012: €44.8 million) versus €120.3 million at September 30, 2011 (Q3 2011: €36 million). The €23.4 million increase was mostly in con-

nection with costs for dedicated staff, costs relating to the deposit account, the greater weight of banking products over life products, as well as greater provisions for risks (up €7.3 million) especially in relation to legal disputes and support to customers affected by the earthquake and flooding.

○ Italy - Other

€/000	Sept. 30, 2012	Sept. 30, 2011	Q3 2012	Q3 2011
Total commission income	-	-	-	-
Net interest income	(10,513)	(4,995)	(3,421)	(2,290)
Net income (loss) on investments at fair value	3	(2)	2	(3)
Net financial income	(10,510)	(4,997)	(3,419)	(2,293)
Equity contribution	(56,881)	5,818	(58,872)	(183)
Net income (loss) on other investments	(2)	(1,627)	910	(815)
Other revenues	-	438	-	57
TOTAL REVENUES	(67,393)	(368)	(61,381)	(3,234)
PROFIT (LOSS) BEFORE TAX	(67,393)	(368)	(61,381)	(3,234)

For the period under review the 'Italy – Other' segment recorded a loss before tax of €67.4 million (vs. a loss of €0.4 million at September 30, 2011).

For the first nine months of 2012, this segment reported a net financial loss of €10.5 million (Q3 2012: loss of €3.4 million) versus a loss of €5.0 million in the same period of the prior year (Q3 2011: loss of €2.3 million). This mainly reflects the increase in average debt (up €160 million) and interest paid on said debt.

'Equity contribution' includes the share of profits from Mediobanca S.p.A amounting to €4.4 million (€5.6 million at September 30, 2011), in addition to the €66.2 million impairment on the stake therein, as well as the share of profits from Banca Esperia amounting to €4.9 million (€0.2 million at September 30, 2011).

Spain

€/000	Sept. 30, 2012	Sept. 30, 2011	Q3 2012	Q3 2011
Net premiums written	65,997	81,846	21,826	25,894
Amounts paid and change in technical reserves	(55,206)	(71,031)	(18,512)	(24,166)
Net life insurance revenues (ex-commissions)	10,791	10,815	3,314	1,728
Total commission income	19,625	16,232	6,851	5,172
Net interest income	25,023	6,358	8,744	2,810
Net income (loss) on investments at fair value	1,668	(146)	227	(428)
Net financial income	26,691	6,212	8,971	2,382
Net income (loss) on other investments	(405)	892	(125)	129
Other revenues	309	306	47	77
TOTAL REVENUES	57,011	34,457	19,058	9,488
Acquisition costs & Sales network commission expenses	(12,343)	(12,189)	(4,045)	(3,477)
Other commission expenses	(2,033)	(2,136)	(690)	(633)
General and administrative expenses	(19,949)	(18,676)	(7,418)	(5,959)
Amortisation and depreciation	(1,127)	(1,230)	(366)	(407)
Net provisions for risks	(3,673)	(5)	(37)	(34)
TOTAL COSTS	(39,125)	(34,236)	(12,556)	(10,510)
PROFIT (LOSS) BEFORE TAX	17,886	221	6,502	(1,022)

In the 'Spain' segment, **net life insurance revenues** before acquisition costs amounted to €10.8 million (Q3 2012: €3.3 million) remaining essentially flat on the same period of the prior year (Q3 2011: €1.7 million).

Total commission income grew from €16.2 million in the first nine months of the prior year (Q3 2011: €5.2 million) to €19.6 million at the end of the period under review (Q3 2012: €6.9 million).

Net financial income amounted to €26.7 million versus €6.2 million in the same period of the prior year. Growth was mostly driven by the €18.6 million increase in net interest income resulting from refinancing operations with the ECB.

Other expenses increased from €34.2 million in the prior year to €39.1 million at September 30, 2012, mostly due to greater provisions for risks in relation to legal disputes.

○ Germany

€/000	Sept. 30, 2012	Sept. 30, 2011	Q3 2012	Q3 2011
Net premiums written	18,762	18,785	6,870	4,854
Amounts paid and change in technical reserves	(16,189)	(16,540)	(5,971)	(4,778)
Net life insurance revenues (ex-commissions)	2,573	2,245	899	76
Total commission income	14,513	20,535	5,483	6,516
Net interest income	848	894	282	709
Net income (loss) on investments at fair value	695	(409)	352	(650)
Net financial income	1,543	485	634	59
Other revenues	483	267	134	54
TOTAL REVENUES	19,112	23,532	7,150	6,705
Acquisition costs & Sales network commission expenses	(2,728)	(4,328)	(1,044)	(2,276)
Other commission expenses	(8,001)	(13,175)	(3,187)	(3,272)
General and Administrative expenses	(10,495)	(9,799)	(3,800)	(3,337)
Amortisation and depreciation	(551)	(698)	(177)	(227)
TOTAL COSTS	(21,775)	(28,000)	(8,208)	(9,112)
PROFIT (LOSS) BEFORE TAX	(2,663)	(4,468)	(1,058)	(2,407)

For the first nine months of the year, the 'Germany' segment recorded total commission income of €14.5 million (Q3 2012: €5.5 million) versus €20.5 million at the end of the same period of the prior year (Q3 2011: €6.5 million). The €6.0 million (29.3%) decline was mainly due to reduced commissions on ATM banking services.

Acquisition costs & Sales network commission expenses amounted to €2.7 million (Q3 2012: €1.0 million) versus €4.3 million at September 30, 2011 (Q3 2011: €2.3 million).

● Key corporate events and performance of companies within the Group

Key information on the performance of the entities that are part of the Mediolanum Group during the period under review is set out below.

○ Life Insurance Companies

Mediolanum Vita S.p.A. – At the end of the period under review Mediolanum Vita reported net profit of €74.7 million versus a loss of €4.8 million in the same period of the prior year. For the third quarter 2012 the company posted net profit of €20.8 million versus a loss of €33.6 million in the same quarter of the prior year.

The bottom line benefitted, in particular, from the recovery of Italian government bond prices.

For the first nine months of 2012, premiums written amounted to €5,471.9 million (Q3 2012: €1,672.9 million), down 19% over the same period of the prior year when premiums written had been €6,754.4 million (Q3 2011: €2,066.5 million).

New business amounted to €4,733.0 million (Q3 2012: €1,436.6 million), down 20.2% from €5,934.3 million at September 30, 2011 (Q3 2011: €1,801.2 million), largely due to lower premiums generated by *Mediolanum Plus* policies (down €1,193.5 million).

In-force business premiums were down €81.7 million compared to the prior year (third quarter: down €29.3 million).

Amounts paid were down €962.8 million compared to the prior year (third quarter: down €83.4 million), mainly in connection with surrenders relating to *Mediolanum Plus* policies that were down €847.2 million (third quarter: down €96.7 million) from €6,237.1 million at September 2011 to €5,389.9 million at the end of the period under review.

At September 30, 2012, mathematical reserves and financial liabilities to policyholders amounted to €15,335.7 million (vs. €15,221.1 in the same period of the period year; vs. €15,440.0 million at year end 2011), of which €15,264.1 million relating to individual policies (vs. €15,371.2 million at December 31, 2011) and €71.6 million to group policies (vs. €68.8 million at December 31, 2011).

Mediolanum International Life Ltd – For the first nine months of 2012 the Irish company reported net profit of €15.9 million versus €5.4 million in the same period of the prior year. For the third quarter 2012, the company posted net profit of €5.5 million versus a loss of €2.4 million in the same quarter of the prior year.

For the first nine months of 2012, the company reported premiums written of €191.5 million (Q3 2012: €74.6 million) versus €312.7 million at September 30, 2011 (Q3 2011: €93.1 million).

Premiums written in foreign markets (Spain and Germany) aggregated to €84.8 million (Q3 2012: €28.7 million) versus €100.6 million at September 30, 2011 (Q3 2011: €30.7 million).

At September 30, 2012, mathematical reserves and financial liabilities to policyholders amounted to €3,359 million, down from €3,273 million at year end 2011.

○ Asset Management Companies

Mediolanum International Funds Ltd – At September 30, 2012, the company reported net profit of €207.7 million versus €119.8 million at September 30, 2011. The €87.9 million increase was largely driven by performance fees earned in the period (up €89.1 million). For the third quarter 2012, the company posted net profit of €77 million versus €39 million in the same quarter of the prior year.

For the first nine months of 2012, the company reported net inflows of €1,039 million (Q3 2012: €311 million) versus €1,386.8 million for the same period of the prior year (Q3 2011: €422.6 million).

At September 30, 2012, total assets under management amounted to €20,404 million, up €2,429 million from €17,975 million at December 31, 2011 (€19,281 million at June 30, 2012).

Mediolanum Gestione Fondi SGR p.A. – At September 30, 2012, the company reported net profit of €17.9 million versus €9.5 million in the same period of the prior year. The bottom line benefitted in particular from the positive contribution given by performance fees earned in the period. Third quarter net profit was €9.3 million versus €3.4 million in the same quarter of the prior year.

For the first nine months of 2012, the company recorded net inflows of €246.7 million (Q3 2012: €136.8 million) up €220.8 million from €25.9 million for the same period of the prior year (Q3 2011: €17.5 million).

At September 30, 2012, assets managed directly by this company amounted to €2,977.7 million up 14% from €2,612.2 million at December 31, 2011.

Gamax Management A.G. – At September 30, 2012, the Luxembourg-based company reported net profit of €3.1 million versus €2.5 million for the same period of the prior year. Third quarter net profit was €1.3 million versus €0.6 million in the same quarter of the prior year.

For the period under review, in the retail segment, the company recorded net outflows of €10.3 million (Q3 2012: net outflows of €6.2 million) slightly improving from net outflows of €11 million reported for the first nine months of the prior year (Q3 2011: net inflows of €4 million). At the end of the third quarter 2012, assets under management amounted to €213.1 million versus €205 million at December 31, 2011.

At September 30, 2012, total assets under management (retail and institutional segments) amounted to €397 million versus €378 million at December 31, 2011 (€359 million at June 30, 2012).

○ Banking operations (including Group product distribution)

Banca Mediolanum S.p.A. – For the period under review Banca Mediolanum reported net profit of €88.6 million up €97.6 million compared to the €9.0 million loss reported for the same period of 2011. Third quarter net profit was €16.8 million (Q3 2011: loss of €41.4 million). At September 30, 2012 the bank recorded profit before tax of €120.4 million compared to a loss of €24.4 million for the same period of the prior year. The €144.8 million improvement was driven in particular by robust growth in net financial income (up €133.5 million), partly offset by reduced net commission income (down €27.2 million). Compared to the same period of the prior year, impairment was down €50.7 million. Growth in net financial income was driven by the notable increase in net interest income (up €84.9 million), reflecting bigger interest spreads especially as a result of refinancing operations with the ECB, as well as improved income from trading (up €54.3 million) principally benefitting from fair value gains, partly offset by losses on sales of AFS financial assets (- €4 million).

Net commission income declined from €81.9 million at September 30, 2011 to €54.8 million at the end of the period under review. Specifically, commission income amounted to €293.5 million, up 1% from €289.3 million in the same period of the prior year. The increase was mainly driven by greater fees earned on asset management products (up €11.6 million), partly offset by reduced fees on placement of third-party structured bonds (down €6.3 million). Commission expenses amounted to €238.7 million versus €207.4 million at September 30, 2011. The 15% increase largely reflects greater amounts provided for incentives (up €7.6 million) following growth in business volumes as well as amounts retroceded to the sales network following changes in the compensation policy.

Direct funding from customers amounted to €8,549.5 million versus €7,163.4 million at year end 2011 (€8,252.7 million at June 30, 2012).

Lending to customers grew to €4,904.1 million from €4,067.3 million at December 31, 2011, largely driven by residential mortgage loans (up €470.6 million), personal loans (up €152.2 million), deposits with *Cassa di Compensazione e Garanzia* (up €118.9 million) and hot money transactions (up €149.1 million); securities lending declined by €103.7 million to €650.7 million (€754.4 million at December 31, 2011).

The balance on the securities accounts of retail customers increased from €3,154.6 million at year end 2011 to €3,595.9 million at the end of the period under review (€3,376.1 million at June 30, 2012).

Banco Mediolanum – At September 30, 2012, the Spanish Group reported consolidated net profit of €9.3 million versus €1.2 million at September 30, 2011. Third quarter net profit was €2.2 million versus a loss of €0.4 million

in Q3 2011. Net inflows into asset management products amounted to €58.1 million (Q3 2012: €27.1 million) versus €68.3 million in the same period of the prior year (Q3 2011: net inflows of €25.2 million). Net inflows into administered assets were €25.1 million (Q3 2012: net outflows of €5.1 million) versus €22.4 million in the same period of the prior year (Q3 2011: net inflows of €20.5 million).

At September 30, 2012, assets under management and administration aggregated to €1,721.1 million versus €1,581.2 million at December 31, 2011 (€1,630.6 million at June 30, 2012).

At the end of the period under review, the sales network consisted of 553 people (549 at year end 2011), of whom 512 tied advisors (505 at year end 2011).

Bankhaus August Lenz & Co. – At September 30, 2012, the German bank reported a net loss of €5.8 million improving by €0.3 million compared to the net loss of €6.1 million reported at September 30, 2011. Third quarter net loss was €2.1 million versus a loss of €1.8 million in the same quarter of the prior year.

Net inflows into asset management products amounted to €17.6 million (€11.8 million in the same period of the prior year), of which €4.8 million in the third quarter (Q3 2011: €2.6 million). Net inflows into administered assets were €24.3 million (€33.2 million at September 30, 2011), of which €13.8 million in the third quarter (Q3 2011: €7.1 million).

At September 30, 2012, assets under management and administration aggregated to €199.9 million versus €145.1 million at year end 2011 (€173.6 million at June 30, 2012).

At the end of the period under review, the sales force consisted of 42 people (42 at year end 2011).

○ Joint ventures

For the first nine months of 2012, the **Banca Esperia** Group reported consolidated net profit of €9.8 million versus €0.4 million at September 30, 2012. Third quarter net profit was €6 million versus a loss of €0.8 million in the same quarter of the prior year.

For the period under review the Group recorded net outflows of €738 million (Q3 2012: net inflows of €40 million) versus net inflows of €1,070 million in the same period of the prior year (Q3 2011: net inflows of €95 million).

At the end of the period under review, total assets under management and administration amounted to €13,606 million versus €12,817 million at December 31, 2011 (€13,225 million at June 30, 2012).

○ Associates

For the period ended September 30, 2012, the first quarter of its financial year (July through September), the **Mediobanca Group** reported net profit of €109 million versus €56.8 million at September 30, 2011. The improvement on the first quarter of the prior year was largely driven by the positive contribution of banking operations (profit before tax up from €103.3 million to €140.2 million) as well as of the securities and equity investment portfolio (up from a loss of €13 million to profit of €21.6 million). Net interest income declined from €281.8 million to €259 million, fees and other commissions were down from €117.1 million to €103.8 million, and the contribution of entities accounted for by the equity method fell from €73 million to €28.1 million.

At September 30, 2012, consolidated equity after minority interests and net profit for the year amounted to €6,574.8 million versus €6,418.7 million for the financial year ended June 30, 2012 and €6,049.8 million at December 31, 2011.

In light of Mediobanca stock performance in the first nine months of 2012, Mediolanum decided to review for impairment the value of its stake therein before the end of the financial year. The value of Mediolanum's stake in Mediobanca at September 30, 2012 was tested for impairment with the assistance of an independent valuer, applying the Dividend Discount Model (DDM) in the Excess Capital variant. The recoverable amount of the stake in Mediobanca was found to range between €9.3 and €9.8 per share, with a median value of €9.5 per share. Based on said valuation, the Board of Directors of Mediolanum S.p.A. resolved to proceed to write down the value of the stake in Mediobanca from €11.78 per share to €9.5 per share. This entailed the recognition in the income statement at September 30, 2012 of a €66.2 million impairment charge on the investment in Mediobanca.

At September 30, 2012, the impact of entities accounted for by the equity method on the Group's income statement was a negative balance of €56.9 million (Q3 2012: negative balance of €58.9 million), of which €66.2 million relating to impairment, versus a positive balance of €5.8 million in the same period of the prior year (Q3 2011: negative balance of €0.2 million).

● Acquisition of entire shareholding

On September 11, 2012, the Board of Directors of Mediolanum S.p.A. resolved to proceed to acquire the entire share capital of Mediolanum Assicurazioni S.p.A.

Being the sellers the majority shareholders of both Mediolanum S.p.A. (the 'acquirer') and Mediolanum Assicurazioni S.p.A. (the 'acquiree'), pursuant to article 4 of the Procedures under Consob Resolution No. 17221, the transaction qualified as a related-party transaction of lesser significance, and as such, pursuant to paragraph 7.1 of said Procedures, it was subject to the Mediolanum S.p.A. Audit Committee's prior positive opinion, which was given by unanimous vote.

Mediolanum Assicurazioni S.p.A. is an entity operating in the insurance and reinsurance markets with a retail offering made up of a suite of non-life (excluding Motor TPL) standard-contract insurance products for the protection of individuals, households, equity and assets.

At December 31, 2011, Mediolanum Assicurazioni S.p.A. reported net profit of €2.6 million, shareholder's equity of €32.6 million and premiums written of €25.3 million.

The acquisition is a strong complementary fit for the Mediolanum Group.

The acquisition is due to be completed by the end of the current year, subject to regulatory approvals. The €35.9 million consideration agreed upon by the parties was based on Mediolanum Assicurazioni S.p.A.'s accounts and the value of its in-force business at March 31, 2012, and backed by PriceWaterhouseCoopers Advisory S.p.A.'s valuation of the company's entire capital. Said consideration is subject to adjustments upon closing based on Mediolanum Assicurazioni S.p.A.'s accounts and net present value of its in-force business at December 31, 2012.

In September 2012, an aggregate amount of €5 million was paid as initial tranches of the consideration due.

● Tax Police Field Audit

In relation to the two 'Notices of Tax Due and Demands for Payment' (one for IRES and one for IRAP) whereby the Lombardy Office of Italy's IRS notified the subsidiary Mediolanum Vita claims for a total adjustment of €47.9 million to taxable income, being the matter related to the allocation of profits between companies domiciled in different EU member states, in the third quarter 2012 Mediolanum Vita S.p.A. together with the parent company Mediolanum S.p.A. filed for a mutual agreement procedure under the EU Arbitration Convention of July 23, 1990

(Convention 90/436/EEC). On September 28, 2012, Italy's Finance Ministry accepted the request for the mutual agreement procedure.

● Issues of Mediolanum notes

At its Meeting of July 31, 2012, the Mediolanum S.p.A. Board of Directors resolved to issue for public offering non-convertible notes, either fixed or floating rate with a floor or equity-linked, for the purpose of diversifying debt facilities and support subsidiaries' business growth. Pursuant to said resolution, on October 1, 2012, Mediolanum S.p.A. proceeded to issue non-convertible notes up to €50 million, later raised up to €100 million in light of subscriptions received in the first days of the offering.

Key information on the note issues:

1-year Fixed Rate Notes

- Amount of issue: up to €55 million (nominal value).
- Minimum subscription amount: €100,000 per investor, per separate issue.
- Principal repayment: lump sum at maturity.
- Coupons: biannual, corresponding to 3.75% gross annual yield.
- Settlement date: November 14, 2012.
- Maturity date: November 14, 2013.

2-year Fixed Rate Notes

- Amount of issue: up to €45 million (nominal value).
- Minimum subscription amount: €100,000 per investor, per separate issue.
- Principal repayment: lump sum at maturity.
- Coupons: biannual, corresponding to 4% gross annual yield.
- Settlement date: November 14, 2012.
- Maturity date: November 14, 2014.

As of November 2, 2012 subscriptions received for the Mediolanum S.p.A. notes placed through the sales network of the subsidiary Banca Mediolanum S.p.A. were as follows:

- Mediolanum S.p.A. Fixed Rate Notes (November 14, 2012 – November 14, 2013): 342 subscriptions aggregating to €53.7 million (nominal value);
- Mediolanum S.p.A. Fixed Rate Notes (November 14, 2012 – November 14, 2014): 284 subscriptions aggregating to €43.7 million (nominal value).

● Post Balance Sheet Date Events

On October 1, 2012, class A and class B shares in the closed-end real estate fund named 'Mediolanum Real Estate' were listed on the Italian Stock Exchange.

In October 2012, the subsidiaries Mediolanum International Funds Ltd, Mediolanum Asset Management Ltd. and Mediolanum International Life Ltd resolved to distribute 2012 interim dividends aggregating to €108 million (2011 interim dividends: €53.1 million).

After September 30, 2012, there was no other event which could have a significant impact on the financial position, result of operations and cash flows of the Mediolanum Group.

● Outlook

The current slowdown in the Euro zone has been driven by the financial crisis, the necessary fiscal measures taken to bring public debt and deficit under control, and the impact of unemployment on consumer confidence and spending. The Euro zone sovereign debt crisis has driven European governments to make deep structural reforms that can correct the current fiscal imbalances and create the conditions for consistent, sustainable growth in coming years. The Euro zone governments' agreement to adopt common fiscal and economic policies together with conventional and unconventional monetary policy measures by the European Central Bank (ECB) may bring about favourable conditions for financial markets. Notably, with respect to Italian government bonds, the definition and implementation of structural reforms in our country may favour a gradual and stable reduction of yields required by investors and markets.

In the light of the foregoing, considering the risks that are inherent in the business of the Group, barring any exceptional events or circumstances that depend on variables essentially outside the control of Directors and Senior Management – and not in the offing at present – the Group's outlook for 2012 is positive.

Basiglio, November 8, 2012

For the Board of Directors
The Chairman
(Carlo Secchi)



**Consolidated
Accounts**

Balance Sheet

Assets

€/000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
1. Intangible assets			
1.1 Goodwill	150,028	150,028	149,864
1.2 Other intangible assets	19,560	16,722	17,057
Total intangible assets	169,588	166,750	166,921
2. Tangible assets			
2.1 Property	59,126	59,326	60,061
2.2 Other tangible assets	8,917	9,462	9,899
Total tangible assets	68,043	68,788	69,960
3. Reinsurers' share of technical reserves	80,904	82,378	89,273
4. Investments			
4.1 Investment property	107,246	107,623	108,041
4.2 Investments in subsidiaries, associates and joint ventures	364,498	406,251	404,493
4.3 Held to maturity investments	724,195	727,326	1,005,949
4.4 Loans and receivables	6,728,103	6,885,741	6,245,884
4.5 Available for sale financial assets	12,550,389	13,009,449	9,062,406
4.6 Financial assets at fair value through profit or loss	15,377,062	15,453,327	15,639,522
Total investments	35,851,493	36,589,717	32,466,295
5. Receivables			
5.1 Arising out of direct insurance business	5,603	10,202	5,512
5.2 Arising out of reinsurance business	-	-	-
5.3 Other receivables	1,640	1,766	229
Total receivables	7,243	11,968	5,741
6. Other assets			
6.1 Non current assets or assets of disposal groups held for sale	521	515	747
6.2 Deferred acquisition costs	-	-	-
6.3 Deferred tax assets	147,685	192,471	252,201
6.4 Current tax assets	264,851	270,566	278,313
6.5 Other assets	415,973	411,995	303,923
Total other assets	829,030	875,547	835,184
7. Cash and cash equivalents	230,609	251,193	338,386
TOTAL ASSETS	37,236,910	38,046,341	33,971,760

Liabilities

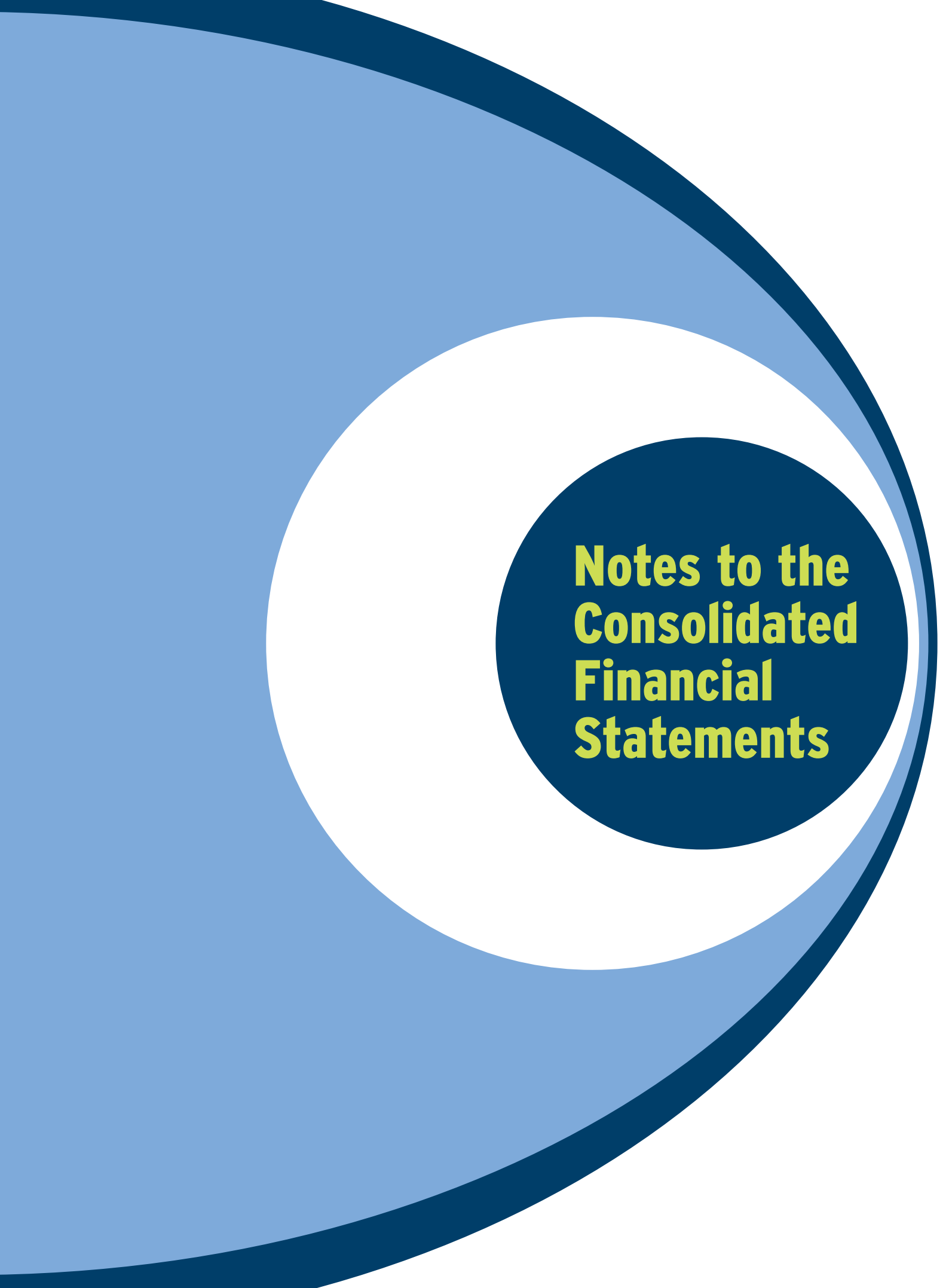
€/’000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
1. Shareholders’ equity			
1.1 Group			
1.1.1 Share capital	73,422	73,412	73,382
1.1.2 Other equity instruments	-	-	-
1.1.3 Capital reserves	56,387	56,296	56,013
1.1.4 Retained earnings and other equity reserves	880,189	886,741	847,716
1.1.5 Treasury shares (-)	(2,045)	(2,045)	(2,045)
1.1.6 Exchange difference reserves	-	-	-
1.1.7 Gains or losses on available for sale financial assets	23,456	(141,126)	(283,184)
1.1.8 Other gains or losses recognised directly in equity	28,770	2,943	3,201
1.1.9 Net profit (loss) attributable to the group	291,481	217,484	67,267
Total capital and reserves attributable to the group	1,351,660	1,093,705	762,350
1.2 Minority interests			
1.2.1 Capital and reserves attributable to minority interests	-	-	-
1.2.2 Gains and losses recognised directly in equity	-	-	-
1.2.3 Net profit (loss) attributable to minority interests	-	-	-
Total capital and reserves attributable to minority interest	-	-	-
Total shareholders’ equity	1,351,660	1,093,705	762,350
2. Provisions	182,434	175,641	160,693
3. Technical reserves	18,606,865	18,488,231	18,632,275
4. Financial liabilities			
4.1 Financial liabilities at fair value through profit or loss	482,332	535,106	489,624
4.2 Other financial liabilities	16,067,634	17,206,224	13,369,539
Total financial liabilities	16,549,966	17,741,330	13,859,163
5. Payables			
5.1 Arising out of direct insurance business	5,248	5,219	5,229
5.2 Arising out of reinsurance business	334	477	2,387
5.3 Other payables	173,987	190,978	217,638
Total payables	179,569	196,674	225,254
6. Other liabilities			
6.1 Liabilities of disposal groups held for sale	963	959	968
6.2 Deferred tax liabilities	84,916	58,975	41,018
6.3 Current tax liabilities	93,773	43,769	15,082
6.4 Other liabilities	186,764	247,057	274,957
Total other liabilities	366,416	350,760	332,025
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	37,236,910	38,046,341	33,971,760

Income Statement

€/’000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
1. Revenues				
1.1 Net premiums written				
1.1.1 Gross premium written	1,747,580	2,160,282	5,663,968	7,068,976
1.1.2 Reinsurance premiums	(703)	(964)	(2,283)	(2,820)
Net premiums written	1,746,877	2,159,318	5,661,685	7,066,156
1.2 Commission income	236,492	169,515	659,631	532,532
1.3 Net income on financial instruments at fair value through profit or loss	644,667	(1,000,604)	1,326,760	(1,165,695)
1.4 Income on investments in subsidiaries, associates and joint ventures	7,344	(183)	9,335	5,818
1.5 Income on other financial instruments and investment property				
1.5.1 Interest income	161,366	119,705	488,910	298,630
1.5.2 Other income	2,599	3,854	8,074	8,837
1.5.3 Realised gains	5,495	2,913	20,014	21,336
1.5.4 Unrealised gains	523	1,060	3,211	5,223
Income on other financial instruments and investment property	169,983	127,532	520,209	334,026
1.6 Costs	5,732	5,105	20,177	15,962
Total revenues	2,811,095	1,460,683	8,197,797	6,788,799
2. Costi				
2.1 Net claims and benefits				
2.1.1 Amounts paid and change in technical reserves	(2,377,093)	(1,249,285)	(6,939,378)	(5,971,688)
2.1.2 Reinsurers’ share	970	816	2,735	3,197
Net claims and benefits	(2,376,123)	(1,248,469)	(6,936,643)	(5,968,491)
2.2 Commission expenses	(72,468)	(66,289)	(221,853)	(198,203)
2.3 Loss on investments in subsidiaries, associates and joint ventures	(66,216)		(66,216)	
2.4 Loss on other financial instruments and investment property				
2.4.1 Interest expense	(59,464)	(39,640)	(168,640)	(95,468)
2.4.2 Other expenses	(100)	(155)	(344)	(318)
2.4.3 Realised losses	(5,496)	(2,394)	(17,820)	(19,758)
2.4.4 Unrealised losses	(1,035)	(60,009)	(11,675)	(88,331)
Loss on other financial instruments and investment property	(66,095)	(102,198)	(198,479)	(203,875)
2.5 Operating expenses				
2.5.1 Sales network commissions and other acquisition costs	(19,084)	(17,009)	(60,036)	(56,580)
2.5.2 Investment management expenses	(67)	(92)	(223)	(342)
2.5.3 Other administrative expenses	(82,213)	(71,600)	(257,696)	(243,690)
Profit (loss) before tax	(101,364)	(88,701)	(317,955)	(300,612)
2.6 Other costs	(15,301)	(13,919)	(51,736)	(47,137)
Total costs	(2,697,567)	(1,519,576)	(7,792,882)	(6,718,318)
Profit (loss) before tax	113,528	(58,893)	404,915	70,481
3. Income tax	(39,525)	23,087	(113,411)	(9,476)
Net profit (loss) for the period	74,003	(35,806)	291,504	61,005
4. Profit (loss) from discontinued operations	(6)	(241)	(23)	(284)
Consolidated net profit (loss)	73,997	(36,047)	291,481	60,721
of which attributable to the group	73,997	(36,047)	291,481	60,721
EPS	0.101	(0.049)	0.397	0.083

Statement of Comprehensive Income

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
CONSOLIDATED NET PROFIT (LOSS)	73,997	(36,047)	291,481	60,721
Changes in exchange difference reserve				
Profit (loss) on available for sale financial assets	164,582	(127,932)	306,640	(117,850)
Profit (loss) on cash flow hedges	-	-	-	-
Profit (loss) on hedges of investments in foreign operations	-	-	-	-
Changes in the equity of investees	25,826	(16,828)	25,569	(12,896)
Changes in intangible assets revaluation reserve	-	-	-	-
Changes in tangible assets revaluation reserve	-	-	-	-
Gains (losses) on non current assets or disposal groups held for sale	-	-	-	-
Actuarial gains (losses) and adjustments on defined benefit plans	-	-	-	-
Others	-	-	-	-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	190,408	(144,760)	332,209	(130,746)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	264,405	(180,807)	623,690	(70,025)
of which attributable to the Group	264,405	(180,807)	623,690	(70,025)



**Notes to the
Consolidated
Financial
Statements**

ACCOUNTING POLICIES

● General

The Mediolanum Group interim report and accounts at September 30, 2012 were prepared in compliance with section 154-ter of Legislative Decree 58/98 (Consolidated Finance Act) entitled "*Relazioni finanziarie*" (Financial Reporting), as amended by Legislative Decree 195/2007 (Transparency), and CONSOB Regulation for Issuers.

● Accounting standards

The balance sheet and income statement for the period ended September 30, 2012 were prepared applying the international accounting and financial reporting standards (IAS/IFRS), consolidation, measurement and recognition policies consistent with those applied in the preparation of the consolidated financial statements for the year ended December 31, 2011.

For a detailed presentation of the accounting policies applied in the preparation of the consolidated interim report and accounts at September 30, 2012, readers are referred to part B of the annual report and accounts 2011.

The balance sheet and the income statement were prepared also in accordance with ISVAP Regulation No. 7 of July 13, 2007, as subsequently amended by ISVAP Regulation 2784 of March 8, 2010.

For the measurement of certain items reasonable estimates were made to ensure the consistent application of accounting policies. Said estimates do not compromise the reliability of interim financial reporting.

Where necessary, for the sake of consistency of financial information, certain reclassifications were made with respect to prior periods' comparative information (at September 30, 2011 and December 31, 2011).

In accordance with art. 5 of Legislative Decree No. 38 of February 28, 2005, the interim report and accounts at September 30, 2012 were prepared using the euro as reporting currency. Except where otherwise stated the amounts set out herein are presented in thousands of euro.

● Scope of consolidation

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

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

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Vita S.p.A.	87,720	100.00%	Basiglio	Life Insurance
Mediolanum Comunicazione S.p.A.	775	100.00%	Basiglio	Audio/film/TV production
PI Servizi S.p.A.	517	100.00%	Basiglio	Real estate brokerage
Mediolanum International Life Ltd	1,395	100.00%	Dublin	Life Insurance
Banca Mediolanum S.p.A.	500,000	100.00%	Basiglio	Banking
Mediolanum Gestione Fondi SGR p.A.	5,165	49.00%	Basiglio	Fund management
Mediolanum International Funds Ltd	150	44.00%	Dublin	Fund management
Mediolanum Asset Management Ltd	150	49.00%	Dublin	Asset management and advice
Gamax Management (AG)	7,161	0.004%	Luxembourg	Fund management

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

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Gestione Fondi SGR p.A.	5,165	51.00%	Basiglio	Fund management
Mediolanum Fiduciaria S.p.A.	240	100.00%	Basiglio	Trust company
Mediolanum International Funds Ltd	150	51.00%	Dublin	Fund management
Mediolanum Asset Management Ltd	150	51.00%	Dublin	Asset management and advice
Gamax Management AG	7,161	99.996%	Luxembourg	Fund management
Banco Mediolanum S.A.	86,032	100.00%	Barcelona	Banking
Bankhaus August Lenz & Co. AG	20,000	100.00%	Munich	Banking

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

€/000 Company	Share capital	% holding	Registered Office	Business
Ges Fibanc S.G.I.I.C. S.A.	2,506	100.00%	Barcelona	Fund management
Fibanc S.A.	301	100.00%	Barcelona	Financial Advice
Fibanc Pensiones S.G.F.P. S.A.	902	100.00%	Barcelona	Pension Fund management
Mediolanum International Funds Ltd	150	5.00%	Dublin	Fund management

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

€/000 Company	Share capital	% holding	Registered Office	Business
Mediobanca S.p.A.	430,565	3.44%	Milan	Banking

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

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

KEY BALANCE SHEET INFORMATION

● Investments, cash and cash equivalents

€/000	Sept. 30, 2012	%	June 30, 2012	%	Dec. 31, 2011	%
Investment property	107,246	0.3	107,623	0.3	108,041	0.3
Investments in subsidiaries, associates and JVs	364,498	1.0	406,251	1.1	404,493	1.2
Held to Maturity investments	724,195	2.0	727,326	2.0	1,005,949	3.1
Loans and Receivables	6,728,103	18.6	6,885,741	18.7	6,245,884	19.0
Available for sale financial assets	12,550,389	34.7	13,009,449	35.2	9,062,406	27.6
Financial assets at fair value through profit or loss	15,377,062	42.5	15,453,327	41.9	15,639,522	47.6
Total investments	35,851,493	99.2	36,589,717	99.1	32,466,295	98.8
Tangible assets: property and other tangible assets	68,043	0.2	68,788	0.2	69,960	0.2
Cash and cash equivalents	230,609	0.6	251,193	0.7	338,386	1.0
Total investments, cash and cash equivalents	36,150,145	100.0	36,909,698	100.0	32,874,641	100.0

● Investments in subsidiaries, associates and joint ventures

€/000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
Mediobanca S.p.A.	276,404	322,955	322,955
Banca Esperia S.p.A.	88,095	83,296	81,538
Total	364,498	406,251	404,493

The movements in this account in the period under review relate to the investments in Mediobanca and Banca Esperia accounted for under the equity method in accordance with the respective share of equity included in the consolidated accounts at September 30, 2012.

Mediolanum S.p.A. decided to review for impairment the value of its stake in Mediobanca at September 30, 2012. For that purpose it requested the assistance of a specialist valuation firm. To determine the recoverable amount of the investment in Mediobanca the dividend discount model in the excess capital variant was used. Due to the lack of a plan approved by the Board of Directors of Mediobanca, the financial projections used for impairment testing were derived from recent research done by financial analysts.

The main input assumptions used to determine the recoverable amount of the investment in Mediobanca are set out below.

Potentially distributable dividend was determined using:

- profits derived from prospective data;
- target Tier 1 ratio of 8% (8.5% beginning from 2019, the year in which Basel III will take full effect) and Total Capital Ratio of 10.5%.

The cost of equity – 10.85% – was estimated using the Capital Asset Pricing Model (CAPM) assuming:

- a risk free rate of 5.61% (average 6-month gross yield on 10-yr Italian BTP at October 30, 2012);
- a beta coefficient of 1.05 (average beta coefficient of the Mediobanca stock at October 30, 2012 based on 2-year weekly data) which reflects the overall average stock volatility according to the entity specific business model;
- a market risk premium of 5% (according to the best valuation practice in the Italian market).

Terminal value was determined considering:

- the estimated potentially distributable dividend beyond the projected horizon with minimum Tier 1 Ratio of 8.5%;
- a long-term growth rate of 2% in line with the best valuation practice in the Italian market.

The resulting recoverable amount of the investment in Mediobanca was €9.5 per share. Sensitivity analysis was performed to test for +/-0.25% changes in cost of equity and long-term growth rate. The recoverable amount of the investment in Mediobanca resulting from the sensitivity analysis ranged from €9.3 to €9.8.

Taking the median value, the recoverable amount of the investment in Mediobanca declined from €11.1 per share at December 31, 2011 to €9.5 per share at September 30, 2012.

Compared to December 31, 2011 there has been:

- a worsening of the short/medium-term outlook for Italy's economy, and, specifically for the banking sector;
- Mediobanca Group's results at June 30, 2012 came in worse than expected by some 75%;
- a downward revision of income expectations by analysts;
- an increase in cost of equity as a result of the increase in both the risk free rate and the beta coefficient.

Based on the results of the exercise above, the Board of Directors of Mediolanum S.p.A. resolved to proceed to write down the carrying amount of the stake in Mediobanca from €11.78 per share to €9.5 per share. This entailed the recognition of an impairment charge of €66.2 million in the income statement at September 30, 2012.

At September 30, 2012, the impact of entities accounted for by the equity method on the Group's income statement was a negative balance of €56.9 million (Q3 2012: negative balance of €58.9 million), of which €66.2 million relating to impairment, versus a positive balance of €5.8 million in the same period of the prior year (Q3 2011: negative balance of €0.2 million).

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

€/000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
Banks	1,523,119	1,617,166	1,866,543
Time deposits	552,420	380,667	213,081
Repurchase agreements	283,730	251,164	313,058
Other loans	19,187	25,919	17,145
Debt securities	654,108	847,499	1,242,907
Reserve requirements	13,674	111,917	80,352
Banking customers	5,196,555	5,260,302	4,370,481
Current accounts	421,504	397,958	380,697
Repurchase agreements	25,786	195,498	9,884
Mortgage loans	3,077,054	2,930,648	2,583,084
Debt securities	806,640	932,931	936,722
Other	865,571	803,267	460,094
Others	8,429	8,273	8,860
Total	6,728,103	6,885,741	6,245,884

Loans and Receivables amounted to €6,728.1 million, up €482.2 million from the year end 2011 balance of €6,245.9 million. Growth was largely in loans to and receivables from banking customers (up €826.1 million), especially mortgage loans (up €494 million), current accounts (up €40.8 million) and other transactions, notably deposits with *Cassa Compensazione e Garanzia*.

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

€/000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
Held to Maturity investments	724,195	727,326	1,005,949
Debt securities	724,195	727,326	1,005,949
Available for sale financial assets	12,550,389	13,009,449	9,062,406
Debt securities	12,344,165	12,767,038	8,847,747
Equities	34,404	34,192	34,387
Holdings in UCITS	171,820	208,219	180,272
Financial assets at fair value through profit or loss	15,377,062	15,453,327	15,639,522
Debt securities	5,723,118	6,150,235	6,679,871
Equities	14	-	3
Holdings in UCITS	9,647,073	9,298,337	8,954,121
Trading derivatives	6,857	4,755	5,527
Total	28,651,646	29,190,102	25,707,877

Available for sale financial assets increased by €3,488 million largely due to purchases of Italian government securities.

● Net technical reserves

€/000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
Mathematical reserves	5,091,256	5,312,965	5,755,113
Reserve for outstanding claims	89,189	147,049	134,529
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	13,419,983	13,021,610	12,735,460
Other reserves	6,437	6,607	7,173
Total Life Business reserves	18,606,865	18,488,231	18,632,275

● Financial Liabilities

Financial liabilities at fair value through profit or loss

€/000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
Total financial liabilities at fair value through profit or loss	482,332	535,106	489,624
Short positions on debt securities	279,959	344,602	320,066
Trading derivatives	26,002	23,577	21,087
Hedging derivatives	88,500	83,726	67,896
Other financial liabilities	48	290	192
Financial liabilities on contracts under which the investment risk is borne by the policyholder	87,823	82,911	80,383

For the first nine months of the year, 'financial liabilities at fair value through profit or loss' amounted to €482.3 million, down €7.3 million from the year end 2011 balance of €489.6 million. The movement was mainly in connection with short positions on debt securities held by Banca Mediolanum (down €40.1 million).

The analysis of **Other Financial Liabilities** is set out below.

€/000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
Banks	4,304,301	4,120,091	5,602,538
Central Banks	3,099,961	3,094,012	4,494,571
Current accounts and demand deposits	134,025	60,434	177,686
Time deposits	401,002	443,300	340,930
Loans	351,025	300,954	401,215
Repurchase agreements	317,551	220,593	187,116
Other liabilities	737	798	1,020
Banking customers	10,999,453	12,312,907	6,942,439
Current accounts and deposits	6,992,429	6,492,353	5,992,339
Repurchase agreements	3,973,463	5,788,735	923,457
Other liabilities	33,561	31,819	26,643
Securities issued	501,862	502,361	524,884
Collaterals	181,643	189,208	197,143
Deposits from reinsurers	80,375	81,657	87,565
Others	-	-	14,970
Total	16,067,634	17,206,224	13,369,539

Other financial liabilities were up €2,698.1 million from €13,369.5 million at December 31, 2011 to €16,067.6 million at September 30, 2012. Notably, liabilities to banking customers rose from €6,942.4 million to €10,999.5 million mainly due to the increase in repurchase agreements with *Cassa di Compensazione e Garanzia* that were up €2,468 million

● Shareholders' equity

€/000	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011
Share capital	73,422	73,412	73,382
Equity reserves	56,387	56,296	56,013
Retained earnings and other reserves	880,189	886,741	847,716
(Treasury shares)	(2,045)	(2,045)	(2,045)
Gains (losses) on available for sale financial assets	23,456	(141,126)	(283,184)
Other gains (losses) recognised directly in equity	28,770	2,943	3,201
Net profit (loss) for the period attributable to the Group	291,481	217,484	67,267
Total capital and reserves attributable to the Group	1,351,660	1,093,705	762,350

At September 30, 2012, total capital and reserves attributable to the Group amounted to €1,351.6 million versus €762.4 million at year end 2011.

Net gains on available for sale financial assets amounted to €23.5 million, up €306.7 million compared to €283.2 million losses at year end 2011.

● Shadow Accounting

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

At September 30, 2012 use of shadow accounting had a negative effect of €1,964 thousand on the income statement for the period and a positive effect in the same amount on equity reserves.

KEY INCOME STATEMENT INFORMATION

● Technical account - Life insurance

€/000	Net Q3 2012	Net Q3 2011	Net Sept. 30, 2012	Net Sept. 30, 2011
Gross premiums written less reinsurance premiums				
- Premiums written	1,746,877	2,159,318	5,661,685	7,066,156
Total premiums written	1,746,877	2,159,318	5,661,685	7,066,156
Gross amounts paid less recoveries from reinsurers				
- Amounts paid	(2,240,234)	(2,222,356)	(6,939,696)	(8,200,942)
- Change in reserve for outstanding claims	57,667	8,911	44,160	27,483
- Change in mathematical reserves	220,771	(64,459)	656,168	307,107
- Change in other technical reserves	(2,853)	13,567	(1,693)	16,535
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(411,474)	1,015,868	(695,582)	1,881,326
Total amounts paid and change in reserves	(2,376,123)	(1,248,469)	(6,936,643)	(5,968,491)
Life Insurance net income (expense)	(629,246)	910,849	(1,274,958)	1,097,665

● Commission income

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Management, brokerage and consulting services	222,345	153,420	615,528	483,676
Collection and payment services	5,791	7,201	15,276	21,635
Loadings on investment contracts	172	117	457	384
Other services	8,184	8,777	28,370	26,837
Total	236,492	169,515	659,631	532,532

The increase in commission income from €532.5 million at September 30, 2011 to €659.6 million for the period under review was largely in connection with growth in performance fees (up €102.7 million) and in management fees (up €32.3 million), offset in part by decreased banking services fees (down €12.3 million).

● Commission expenses

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Loadings on investment contracts	411	60	501	200
Management, brokerage and consulting services	58,908	51,945	181,525	154,119
Collection and payment services	6,120	7,586	16,141	22,426
Other services	7,029	6,698	23,686	21,458
Total	72,468	66,289	221,853	198,203

The increase in commission expenses from €198.2 million at September 30, 2011 to €221.9 million at September 30, 2012 was largely due to greater amounts provided for incentives and to changes in the sales network compensation policy.

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

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Financial assets				
Interest income and other investment income:				
- from financial assets held for trading	27,627	21,540	89,890	66,831
- from financial assets at fair value through profit or loss	6,567	28,013	18,715	86,456
Net income (loss) on financial assets held for trading	30,385	(76,393)	116,072	(56,727)
Net income (loss) on financial assets at fair value through profit or loss	569,656	(960,611)	1,094,238	(1,255,639)
Financial liabilities				
Interest expense and similar charges:				
- on financial liabilities held for trading	(2,872)	(3,435)	(8,770)	(12,711)
- on financial liabilities at fair value through profit or loss	(7)	216	(364)	(5)
Net income (loss) on financial liabilities held for trading	2,060	(8,655)	4,697	(1,229)
Net income (loss) on financial liabilities at fair value through profit or loss	11,251	(1,279)	12,282	7,329
Total	644,667	(1,000,604)	1,326,760	(1,165,695)

At September 30, 2012, the Group reported net income on financial instruments at fair value through profit or loss amounting to €1,326.7 million (loss of €1,165.7 million at September 30, 2011).

Financial assets/liabilities held for trading generated net income of €120.8 million (loss of €58 million at September 30, 2011), largely on debt securities, benefitting from the recovery of government bond prices compared to year end 2011.

Financial assets/liabilities at fair value through profit or loss generated net income of €1,106.5 million (net loss of €1,248.3 million at September 30, 2011), largely reflecting changes in the value of assets underlying index-linked and unit-linked policies under which the investment risk is borne by the policyholder.

● Net income on other financial instruments and investment property

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Interest income and other income	163,965	123,559	496,984	307,467
Realised gains	5,495	2,913	20,014	21,336
Unrealised gains	523	1,060	3,211	5,223
Total income	169,983	127,532	520,209	334,026
Interest expense and other charges	(59,564)	(39,795)	(168,984)	(95,786)
Realised losses	(5,496)	(2,394)	(17,820)	(19,758)
Unrealised losses	(1,035)	(60,009)	(11,675)	(88,331)
Total expense	(66,095)	(102,198)	(198,479)	(203,875)
Total net income on investments	103,888	25,334	321,730	130,151

Net income from:

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Investment property	1,615	1,679	4,706	4,084
Available-for-sale financial assets	113,266	3,486	334,950	50,255
Held-to-maturity investments	7,901	7,623	27,707	29,615
Loans and receivables	40,570	52,186	123,007	141,665
Other	(59,464)	(39,640)	(168,640)	(95,468)
Total net income on investments	103,888	25,334	321,730	130,151

Net income from investment property

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Realised gains	-	48	-	48
Other income	2,091	2,126	6,172	5,361
Other expenses	(100)	(155)	(344)	(318)
Unrealised losses	(376)	(340)	(1,122)	(1,007)
Total	1,615	1,679	4,706	4,084

Net income from available-for-sale financial assets

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Interest income and other income	112,536	55,449	334,528	120,739
Realised gains	5,487	2,666	19,852	19,987
Unrealised gains	-	-	-	158
Realised losses	(5,470)	(2,376)	(17,789)	(19,697)
Unrealised losses	713	(52,253)	(1,641)	(70,932)
Total	113,266	3,486	334,950	50,255

Net income from held-to-maturity investments

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Interest income and other income	7,901	13,364	27,677	38,572
Realised gains	-	-	30	1,046
Unrealised losses	-	(5,741)	-	(10,003)
Total	7,901	7,623	27,707	29,615

Net income from loans and receivables

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Interest income and other income	41,437	52,620	128,607	142,795
Realised gains	8	199	132	255
Unrealised gains	523	1,060	3,211	5,065
Realised losses	(26)	(18)	(31)	(61)
Unrealised losses	(1,372)	(1,675)	(8,912)	(6,389)
Total	40,570	52,186	123,007	141,665

Net expense on financial liabilities

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Interest expense and other charges	(59,464)	(39,640)	(168,640)	(95,468)
Total	(59,464)	(39,640)	(168,640)	(95,468)

Operating expenses

€/000	Q3 2012	Q3 2011	Sept. 30, 2012	Sept. 30, 2011
Commissions and other expenses relating to the acquisition of insurance contracts	19,084	17,009	60,036	56,580
Investment management expenses	67	92	223	342
Other administrative expenses	82,213	71,600	257,696	243,690
Total	101,364	88,701	317,955	300,612

INCOME STATEMENT INFORMATION BY OPERATING SEGMENT

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

Exclusively for the sake of comparability of financial information, certain reclassifications were made with respect to comparative information at September 30, 2011.

● Note on the method applied to segment reporting

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

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

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

INCOME STATEMENT BY OPERATING SEGMENT AT SEPTEMBER 30, 2012

€/000	ITALY					Consolidation adjustments	Total
	Life	Banking	Asset Mng.	Other			
Net premiums written	5,576,926	-	-	-	-	-	5,576,926
Amounts paid and change in technical reserves	(5,563,502)	-	-	-	-	-	(5,563,502)
Net life insurance revenues (ex-commissions)	13,424	-	-	-	-	-	13,424
Entry fees	-	-	75,106	-	-	-	75,106
Management fees	162,552	-	170,288	-	-	-	332,840
Performance fees	54,572	-	75,390	-	-	-	129,962
Banking services fees	-	60,245	-	-	-	(451)	59,794
Other fees	607	8,090	19,570	-	-	-	28,267
Total commission income	217,731	68,335	340,354	-	(451)	-	625,969
Net interest income	10,236	211,715	603	(10,513)	-	-	212,041
Net income (loss) on investments at fair value	77,719	30,127	1	3	-	-	107,850
Net financial income	87,955	241,842	604	(10,510)	-	-	319,891
Equity contribution	-	-	-	(56,881)	-	-	(56,881)
Realised gains (losses) on other investments	7,009	744	318	-	-	-	8,071
Impairment of loans	-	(5,446)	-	-	-	-	(5,446)
Impairment of other investments	-	(872)	(800)	(2)	-	-	(1,674)
Net income (loss) on other investments	7,009	(5,574)	(482)	(2)	-	-	951
Other revenues	8,161	10,978	334	-	-	-	19,473
TOTAL REVENUES	334,280	315,581	340,810	(67,393)	(451)	-	922,827
Acquisition costs & sales network commission expenses	(71,881)	(42,887)	(130,123)	-	-	-	(244,891)
Other commission expenses	(4,755)	(9,958)	(8,262)	-	-	-	(22,975)
General & Administrative expenses	(60,575)	(119,982)	(61,511)	-	451	-	(241,617)
Amortisation and depreciation	(2,168)	(4,942)	(1,627)	-	-	-	(8,737)
Net provisions for risks	(3,594)	(8,845)	(2,499)	-	-	-	(14,938)
TOTAL COSTS	(142,973)	(186,614)	(204,022)	-	451	-	(533,158)
PROFIT (LOSS) BY SEGMENT BEFORE TAX	191,307	128,967	136,788	(67,393)	-	-	389,669
Income tax for the period	-	-	-	-	-	-	(109,608)
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	280,061

FOREIGN			
Spain	Germany	Consolidation adjustments	Total
65,997	18,762	-	5,661,685
(55,206)	(16,189)	-	(5,634,897)
10,791	2,573	-	26,788
3,571	175	-	78,852
9,482	3,927	-	346,249
2,948	938	-	133,848
2,814	9,288	(5)	71,891
810	185	-	29,262
19,625	14,513	(5)	660,102
25,023	848	-	237,912
1,668	695	-	110,213
26,691	1,543	-	348,125
-	-	-	(56,881)
(183)	-	-	7,888
(222)	-	-	(5,668)
-	-	-	(1,674)
(405)	-	-	546
309	483	(88)	20,177
57,011	19,112	(93)	998,857
(12,343)	(2,728)	5	(259,957)
(2,033)	(8,001)	-	(33,009)
(19,949)	(10,495)	88	(271,973)
(1,127)	(551)	-	(10,415)
(3,673)	-	-	(18,611)
(39,125)	(21,775)	93	(593,965)
17,886	(2,663)	-	404,892
(3,539)	(264)	-	(113,411)
14,347	(2,927)	-	291,481

INCOME STATEMENT BY OPERATING SEGMENT AT SEPTEMBER 30, 2011

€/000	ITALY					Consolidation adjustments	Total
	Life	Banking	Asset Mng	Other			
Net premiums written	6,965,525	-	-	-	-	-	6,965,525
Amounts paid and change in technical reserves	(6,947,971)	-	-	-	-	-	(6,947,971)
Net life insurance revenues (ex-commissions)	17,554	-	-	-	-	-	17,554
Entry fees	-	-	75,281	-	-	-	75,281
Management fees	155,489	-	146,223	-	-	-	301,712
Performance fees	16,331	-	13,795	-	-	-	30,126
Banking services fees	-	65,789	-	-	(1,005)	-	64,784
Other fees	456	4,789	19,163	-	-	-	24,408
Total commission income	172,276	70,578	254,462	-	(1,005)	-	496,311
Net interest income	27,415	126,853	977	(4,995)	-	-	150,250
Net income (loss) on investments at fair value	(27,954)	(23,784)	13	(2)	-	-	(51,727)
Net financial income	(539)	103,069	990	(4,997)	-	-	98,523
Equity contribution	-	-	-	5,818	-	-	5,818
Realised gains (losses) on other investments	2,043	6,964	317	166	-	-	9,490
Impairment of loans	-	(1,673)	-	(90)	-	-	(1,763)
Impairment of other investments	(24,913)	(55,307)	-	(1,703)	-	-	(81,923)
Net income (loss) on other investments	(22,870)	(50,016)	317	(1,627)	-	-	(74,196)
Other revenues	8,755	6,682	271	438	-	-	16,146
TOTAL REVENUES	175,176	130,313	256,040	(368)	(1,005)	-	560,156
Acquisition costs & sales network commission expenses	(68,439)	(29,473)	(113,785)	-	-	-	(211,697)
Other commission expenses	(5,118)	(9,213)	(6,908)	-	-	-	(21,239)
General & Administrative expenses	(66,746)	(104,700)	(62,151)	-	(1,005)	-	(232,592)
Amortisation and depreciation	(2,767)	(4,903)	(2,053)	-	-	-	(9,723)
Net provisions for risks	(3,407)	(1,456)	(5,598)	-	-	-	(10,461)
TOTAL COSTS	(146,477)	(149,745)	(190,495)	-	1,005	-	(485,712)
PROFIT (LOSS) BY SEGMENT BEFORE TAX	28,699	(19,432)	65,545	(368)	-	-	74,444
Income tax for the period	-	-	-	-	-	-	(10,064)
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	64,380

FOREIGN			
Spain	Germany	Consolidation adjustments	Total
81,846	18,785	-	7,066,156
(71,031)	(16,540)	-	(7,035,542)
10,815	2,245	-	30,614
2,941	183	-	78,405
8,503	3,734	-	313,949
602	366	-	31,094
3,373	16,085	(5)	84,237
813	167	-	25,388
16,232	20,535	(5)	533,073
6,358	894	-	157,502
(146)	(409)	-	(52,282)
6,212	485	-	105,220
-	-	-	5,818
323	-	-	9,813
411	-	-	(1,352)
158	-	-	(81,765)
892	-	-	(73,304)
306	267	(136)	16,583
34,457	23,532	(141)	618,004
(12,189)	(4,328)	6	(228,208)
(2,136)	(13,175)	-	(36,550)
(18,676)	(9,799)	135	(260,932)
(1,230)	(698)	-	(11,651)
(5)	-	-	(10,466)
(34,236)	(28,000)	141	(547,807)
221	(4,468)	-	70,197
782	(194)	-	(9,476)
1,003	(4,662)	-	60,721

A stylized graphic of an eye, composed of concentric circles. The outermost ring is a thick, dark blue arc. Inside it is a light blue ring, followed by a white ring, and finally a dark blue circle at the center. The text is centered within this innermost circle.

**Interim
dividend
2012**

● Directors' Report pursuant to art. 2433-bis of the Italian Civil Code

This report was prepared for the purpose of voting on the distribution of a 2012 interim dividend in accordance with art. 2433-bis of the Italian Civil Code.

Mediolanum S.p.A. meets all the requirements of said article of the Italian Civil Code for the distribution of an interim dividend for the current year, specifically:

- as required by the law, the company's financial statements are audited by independent auditors, namely Deloitte & Touche S.p.A.;
- article 31 of the company's Bylaws allows the distribution of interim dividends;
- in their report, the independent auditors stated their positive opinion on the 2011 annual financial statements;
- the company did not report net losses in its financial statements neither for financial year ended December 31, 2011, nor for previous financial years.

Article 2433-bis, paragraph 4, of the Italian Civil Code requires that interim dividends do not exceed the lower of the net profit earned since the end of the prior year less the amount that under the Bylaws or regulatory requirements is to be appropriated to reserves, and distributable reserves.

As set out below in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A.", the basis for assessing the limit above were the accounts at October 31, 2012.

Therefore, the assessment was based on the following financial data:

€/000	
Mediolanum S.p.A. – Net profit at October 31, 2012 as reported in its Accounts at October 31, 2012 - (a)	124,046
Net profit to be appropriated to the Legal Reserve (b) (*)	-
Distributable net profit (a-b)	124,046
Distributable reserves at October 31, 2012	
Equity reserves (Share Premium Account)	56,432
Equity reserves (LB operation)	84,693
Retained earnings (Extraordinary Reserve – FTA Reserve)	378,471
Distributable reserves at October 31, 2012	519,596
Distributable Interim Dividend	124,046

(*) The legal Reserve is fully provided and there are no other statutory reserves.

Based on the foregoing, the 2012 interim dividend shall not exceed €124,046 thousand.

The distribution of the interim dividend is also allowed by the availability of adequate net cash. As shown in the accounts at October 31, 2012, the net cash as of that date amounted to €153,975 thousand.

In consideration of the foregoing and in the light of the information set out below in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A.", the Board of Directors intends to distribute an interim dividend before withholding tax of €0.10 per share with par value of €0.10, except for treasury shares held after the close of business on November 16, 2012. The interim dividend will become due for payment on November 22, 2012.

Considering that there are 734,267,856 outstanding shares, interim dividend aggregates to about €73,426,785.6.

● Accounting policies

The determination of the 2012 interim dividend was based on Mediolanum S.p.A. balance sheet, income statement and cash flow data at October 31, 2012 as resulting from the application of international accounting and financial reporting standards (IAS/IFRS) that were consistent with those applied by the Company in the preparation of the financial statements for the year ended December 31, 2011 and with those that would be applied in the preparation of the company's financial statements for the year ending December 31, 2012.

● Financial position, result of operations and cash-flows of Mediolanum S.p.A.

For the purpose of interim dividend distribution, pursuant to art. 2433-bis, paragraph 5, of the Italian Civil Code, Mediolanum Sp.A. prepared accounts at October 31, 2012. These accounts show net profit of €124,046 thousand. The accounts consist of:

- a balance sheet at October 31, 2012 and a comparative balance sheet at the end of the prior financial year (December 31, 2011);
- an income statement for the period spanning from the beginning of the financial year through October 31, 2012 (10 months) and a comparative income statement for the same interim period of the prior financial year (October 31, 2011);
- a statement of comprehensive income for the period spanning from the beginning of the financial year through October 31, 2012 (10 months) and a comparative statement of comprehensive income for the same interim period of the prior financial year (October 31, 2011);
- a statement of changes in shareholders' equity for the period spanning from the beginning of the financial year through October 31, 2012 and a comparative statement of changes in shareholders' equity for the same interim period of the prior financial year (October 31, 2011).

● Business review

At October 31, 2012, Mediolanum Sp.A. recorded net profit of €124,046 thousand versus €162,777 thousand for the same period of the prior year.

The bottom line was impacted by the €32,272 thousand impairment charge on the stake in Mediobanca. In light of Mediobanca stock performance in 2012, Mediolanum decided to review for impairment the value of its investment in Mediobanca before the end of the financial year. With the assistance of an independent valuer, the value of the investment in Mediobanca at September 30, 2012 was tested for impairment. The recoverable amount of the stake in Mediobanca resulting from the application of the Dividend Discount Model (DDM) in the Excess Capital variant was found to range between €9.3 and €9.8 per share, with a median value of €9.5 per share. Based on said valuation, the Board of Directors of Mediolanum S.p.A. resolved to proceed to write down the value of the stake in Mediobanca from €10.9 per share (aggregating to a carrying amount of €247,396 thousand) to €9.5 per share (aggregating to a carrying amount of €215,125 thousand).

Dividends from subsidiaries and associates were essentially flat at €176,271 thousand compared to €176,310 thousand at October 31, 2011.

In 2012 the capital of the subsidiary Banca Mediolanum S.p.A. was increased by €50,000 thousand to €500,000 thousand (from €450,000 thousand at December 31, 2011).

'Available-for-sale financial assets' generated dividends aggregating to €1,188 thousand (€3,974 thousand at October 31, 2011).

Interest expense for the first ten months of the year amounted to €17,589 thousand versus €11,192 thousand for the same period of the prior year. In particular, amounts due to banks stood at €352,106 thousand versus €401,215 thousand at year end 2011; Mediolanum notes amounted to €240,501 thousand (€239,077 at December 31, 2011).

The increase in interest expense in the period was due to higher interest rates mainly as a result of bigger interest spreads applied in the market. Interest income was essentially flat at €5,449 thousand (€5,289 thousand at October 31, 2011) and largely earned on the €120 million subordinated loan extended to the subsidiary Mediolanum Vita S.p.A..

At October 31, 2012, staff costs were down to €3,238 thousand from €3,509 thousand at October 31, 2011. Other administrative expenses were down too from €4,804 thousand at October 31, 2011 to €4,639 thousand at the end of October 2012.

For the period under review the company reported other income of €457 thousand, in line with the balance of €463 thousand for the same period of the prior year.

At October 31, 2012, the Irish subsidiaries resolved to distribute 2012 interim dividends aggregating to €107,980, of which €95,980 received in late October and €12,000 thousand in the first days of November. In the prior year, 2011 interim dividends had been €53,100 thousand.

For information on the performance of the companies that are part of the Mediolanum Group, readers are referred to the interim report and accounts at September 30, 2012.

● Acquisition of entire shareholding

On September 11, 2012, the Board of Directors of Mediolanum S.p.A. resolved to proceed to acquire the entire share capital of Mediolanum Assicurazioni S.p.A..

Being the sellers the majority shareholders of both Mediolanum S.p.A. (the 'acquirer') and Mediolanum Assicurazioni S.p.A. (the 'acquiree'), pursuant to article 4 of the Procedures under Consob Resolution No. 17221, the transaction qualified as a related-party transaction of lesser significance, and as such, pursuant to paragraph 7.1 of said Procedures, it was subject to the Mediolanum S.p.A. Audit Committee's prior positive opinion, which was given by unanimous vote.

Mediolanum Assicurazioni S.p.A. is an entity operating in the insurance and reinsurance markets with a retail offering made up of a suite of non-life (excluding Motor TPL) standard-contract insurance products for the protection of individuals, households, equity and assets.

At December 31, 2011, Mediolanum Assicurazioni S.p.A. reported net profit of €2.6 million, shareholder's equity of €32.6 million and premiums written of €25.3 million.

The acquisition is a strong complementary fit for the Mediolanum Group.

The acquisition is due to be completed by the end of the current year, subject to regulatory approvals. The €35.9 million consideration agreed upon by the parties was based on Mediolanum Assicurazioni S.p.A.'s accounts and the value of its in-force business at March 31, 2012, and backed by PriceWaterhouseCoopers Advisory S.p.A.'s valuation of the company's entire capital. Said consideration is subject to adjustments upon closing based on Mediolanum Assicurazioni S.p.A.'s accounts and net present value of its in-force business at December 31, 2012.

In September 2012, an aggregate amount of €5 million was paid as initial tranches of the consideration due. Said amount was recognised under 'receivables – other related parties' in the accounts at October 31, 2012.

● Issues of Mediolanum notes

At its Meeting of July 31, 2012, the Mediolanum S.p.A. Board of Directors resolved to issue for public offering non-convertible notes, either fixed or floating rate with a floor or equity-linked, for the purpose of diversifying debt facilities and support subsidiaries' business growth. Pursuant to said resolution, on October 1, 2012, Mediolanum S.p.A. proceeded to issue non-convertible notes up to €50 million, later raised up to €100 million in light of subscriptions received in the first days of the offering.

Key information on the note issues:

1-year Fixed Rate Notes

- Amount of issue: up to €55 million (nominal value).
- Minimum subscription amount: €100,000 per investor, per separate issue.
- Principal repayment: lump sum at maturity.
- Coupons: biannual, corresponding to 3.75% gross annual yield.
- Settlement date: November 14, 2012.
- Maturity date: November 14, 2013.

2-year Fixed Rate Notes

- Amount of issue: up to €45 million (nominal value).
- Minimum subscription amount: €100,000 per investor, per separate issue.
- Principal repayment: lump sum at maturity.
- Coupons: biannual, corresponding to 4% gross annual yield.
- Settlement date: November 14, 2012.
- Maturity date: November 14, 2014.

As of November 2, 2012 subscriptions received for the Mediolanum S.p.A. notes placed through the sales network of the subsidiary Banca Mediolanum S.p.A. were as follows:

- Mediolanum S.p.A. Fixed Rate Notes (November 14, 2012 – November 14, 2013): 342 subscriptions aggregating to €53.7 million (nominal value);
- Mediolanum S.p.A. Fixed Rate Notes (November 14, 2012 – November 14, 2014): 284 subscriptions aggregating to €43.7 million (nominal value).

● Significant events after October 31, 2012

After October 31, 2012, there was no event which could have a significant impact on the financial position, result of operations and cash flows of the Company.

● Outlook

In the light of the results recorded at October 31, 2012, and of the performance of Mediolanum Group companies at September 30, 2012, the result of operations for financial year 2012 is expected to be positive and above the aggregate amount of the 2012 interim dividend.

The strength of the financial position and result of operations of Mediolanum S.p.A. and of the Mediolanum Group, as reported in the interim report and accounts at September 30, 2012, as of today allows the distribution of an interim dividend.

● Independent auditors' opinion

The independent auditors Deloitte & Touche S.p.A. (the auditors responsible for auditing the company's accounts under art. 13 of Legislative Decree No. 39 of January 27, 2010) expressed their opinion on this report and the accounts attached hereto pursuant to article 2433-bis, paragraph 5, of the Italian Civil Code.

Basiglio, November 8, 2012

For the Board of Directors
The Chairman
(Carlo Secchi)



Schedules

Balance Sheet

Assets

€	Oct. 31, 2012	Dec. 31, 2011
NON CURRENT ASSETS		
Intangible assets	2,211	2,686
Tangible assets	37,176	58,301
Investments in subsidiaries and associates	1,012,020,019	994,291,547
Loans to subsidiaries	120,517,808	120,073,973
Available for sale financial assets	19,643,924	19,349,466
Total non current assets	1,152,221,138	1,133,775,973
CURRENT ASSETS		
Receivables		
Subsidiaries	12,292,416	709,593
Related parties	5,009,494	20,570
Others	2,547,735	1,415,486
Cash and cash equivalents		
Bank deposits	153,964,108	135,371,624
Cash	10,757	9,666
Tax assets		
Current	73,633,620	118,350,809
Deferred	5,072,597	3,516,330
Other assets	48,442	610,738
Total current assets	252,579,169	260,004,816
TOTAL ASSETS	1,404,800,307	1,393,780,789

Share Holders' Equity and Liabilities

€	Oct. 31, 2012	Dec. 31, 2011
SHAREHOLDERS' EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	73,426,786	73,381,937
Treasury shares	(2,045,116)	(2,045,116)
Share premium account	56,431,553	56,013,083
Lehman Brothers operation equity reserve	84,692,746	84,692,746
Retained earnings	401,616,876	271,262,249
Valuation reserve for AFS financial assets	290,409	-
Net profit (loss) for the period	124,046,474	159,592,247
Total capital and reserves	738,459,728	642,897,146
Non current liabilities		
Completion-of-service entitlements	503,951	501,167
Notes issued	240,500,662	239,076,737
Total non current liabilities	241,004,613	239,577,904
Current liabilities		
Amounts due to		
Banks	352,105,764	401,215,060
Subsidiaries	175,767	402,744
Other related parties	56,502	146,432
Others	1,065,485	1,293,740
Tax liabilities		
Current	71,187,133	107,709,479
Deferred	10,254	6,205
Other liabilities	735,061	532,079
Total current liabilities	425,335,966	511,305,739
TOTAL LIABILITIES	666,340,579	750,883,643
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,404,800,307	1,393,780,789

Income Statement

€	Oct. 31, 2012	Oct. 31, 2011
Dividends and similar income		
from subsidiaries and associates	176,270,997	176,310,295
from available for sale financial assets	1,187,595	3,974,160
Interest income and similar income	5,448,623	5,288,624
Interest expense and similar charges	(17,588,552)	(11,192,325)
Impairment/reversal of impairment of:		
Available for sale financial assets	-	(686,899)
Investment in associates	(32,271,528)	-
NET INCOME FROM FINANCIAL OPERATIONS	133,047,135	173,693,855
Staff costs	(3,237,927)	(3,509,073)
Other administrative expenses	(4,639,148)	(4,803,894)
Amortisation and depreciation		
intangible assets	(475)	(964)
tangible assets	(21,125)	(23,500)
Other income (expenses)	457,040	463,168
OPERATING EXPENSES	(7,441,635)	(7,874,263)
PROFIT (LOSS) BEFORE TAX ON CONTINUING OPERATIONS	125,605,500	165,819,592
Income tax	(1,559,026)	(3,042,118)
PROFIT (LOSS) AFTER TAX ON CONTINUING OPERATIONS	124,046,474	162,777,474
NET PROFIT (LOSS) FOR THE PERIOD	124,046,474	162,777,474
EPS	0.169	0.222

Statement of Comprehensive Income

€	Oct. 31, 2012	Oct. 31, 2011
NET PROFIT (LOSS) FOR THE PERIOD	124,046,474	162,777,474
OTHER COMPREHENSIVE INCOME AFTER TAX		
AVAILABLE FOR SALE FINANCIAL ASSETS	290,409	263,063
TOTAL OTHER COMPREHENSIVE INCOME AFTER TAX	290,409	263,063
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	124,336,883	163,040,537

Statements of changes in shareholders' equity

€	Balance at Jan. 1, 2011	Appropriation of prior year's profit	
		Reserves	Dividends and others
Share capital	73,287,996	-	-
Share premium account	55,086,936	-	-
Reserves:			
a) retained earnings	257,874,516	64,657,789	
b) other	84,692,746	-	-
Valuation reserves:			
a) AFS fin instruments	80,279	-	-
Treasury shares	(2,045,116)	-	-
Net profit (loss)	115,932,434	(64,657,789)	(51,274,648)
Shareholders' equity	584,909,791	-	(51,274,648)

€	Balance at Jan. 1, 2012	Appropriation of prior year's profit	
		Reserves	Dividends and others
Share capital	73,381,937	-	-
Share premium account	56,013,083	-	-
Reserves:			
a) retained earnings	271,262,249	130,254,872	-
b) other	84,692,746	-	-
Valuation reserves:			
a) AFS fin instruments	-	-	-
Treasury shares	(2,045,116)	-	-
Net profit (loss)	159,592,247	(130,254,872)	(29,337,375)
Shareholders' equity	642,897,146	-	(29,337,375)

Movements in the year								
Shareholders' equity							Comprehensive income Oct. 31, 2011	Shareholders' equity at Oct. 31, 2011
Changes in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options			
-	89,563	-	-	-	-	-	-	73,377,559
-	883,816	-	-	-	-	-	-	55,970,752
-	-	-	-	-	-	53,500	-	322,585,805
-	-	-	-	-	-	-	-	84,692,746
							Total	
-	-	-	-	-	-	-	263,063	343,342
							Total	
-	-	-	-	-	-	-	-	(2,045,116)
-	-	-	-	-	-	-	162,777,474	162,777,471
-	973,379	-	-	-	-	53,500	163,040,537	697,702,559

Movements in the year								
Shareholders' equity							Comprehensive income Oct. 31, 2012	Shareholders' equity at Oct. 31, 2012
Changes in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options			
-	44,849	-	-	-	-	-	-	73,426,786
-	418,470	-	-	-	-	-	-	56,431,553
-	-	-	-	-	-	99,755	-	401,616,876
-	-	-	-	-	-	-	-	84,692,746
							Total	
-	-	-	-	-	-	-	290,409	290,409
							Total	
-	-	-	-	-	-	-	-	(2,045,116)
-	-	-	-	-	-	-	124,046,474	124,046,474
-	463,319	-	-	-	-	99,755	124,336,883	738,459,728



**Responsibility
Statement**

Responsibility Statement

I, the undersigned Luigi Del Fabbro, Chief Financial Officer responsible for Mediolanum S.p.A. accounting and financial reporting, pursuant to section 154 bis, second paragraph, of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act).

HEREBY CONFIRM

that the financial information contained in the Consolidated Interim Report and Accounts at September 30, 2012 and in the Mediolanum S.p.A.'s accounts at October 31, 2012, reflects the accounting entries, records and books.

Basiglio, November 8, 2012

The Chief Financial Officer
(*Luigi Del Fabbro*)

