

MEDIOLANUM S.p.A.

**SOCIAL
REPORT
2010**

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LETTER TO THE STAKEHOLDERS

The Mediolanum Group's 2010 Social Report represents a summary of the year that goes well beyond just the numbers.

Let's start from the results that are measurable. After the record inflows of 2009, when Mediolanum's empathetic and strategic response to the confusion coming from the crisis in the markets generated new opportunities that were well received by new and existing customers, another year of growth followed, with € 45.8 billion in assets under management and administration. The Mediolanum Group came in first once again in terms of net inflows and at the top of the rankings for managed assets.

The 'Freedom' Account, that thanks to a life policy remunerates liquidity with the highest yield in the market with no lock-in periods, has established itself as the "growth engine" for both the company and the customer: on one hand, it allows the company to acquire and manage new assets, and, on the other, it allows the customer to make a freer, reassuring choice in setting up their personal investment strategy. The broadening of the agreements with the most important international asset management companies for the "Best Brands" product line, together with the re-organisation of the Italian funds product line, have given the customer a quality choice, differentiated from what is available on the market.

But it is through its Sales Network that Mediolanum continues to make the difference: the Family Bankers, with expert interpersonal skills, undergo continuous, intensive training in financial matters.

In 2010, a new recruitment and selection strategy was instituted that raises the bar in terms of competence, focusing on professionals who are already expert or have already been trained, adding to the quality of the Network as a whole. This choice comes from the well-established commitment to both service quality and customer development, the

pillars of the company's mission of "Freedom in Banking".

Speaking of this, please note that once again in 2010 Banca Mediolanum received a significant acknowledgement from its customers, who expressed an overall satisfaction level of 76%, compared to an industry average of 60%. (*source: Osservatorio ABI/Gfk Eurisko*)

The commitment to excellence continues in the training that the Mediolanum Group has opened to customers and the community through a series of initiatives centred on MCU. In 2010, the Mediolanum Corporate University completed its first year as a fully functioning campus, with more and more training activities that now include ethical and regulatory matters.

MCU broadened the technical training to include related fields, making use of experts in a variety of areas, with the objective of producing and sharing knowledge that is highly innovative in content.

During the past year, a number of initiatives were undertaken that were dictated by emergencies. As usual, the Group and its people have responded from their heart as well as through the organization. Once the initiative supporting those customers and the part of the Sales Network affected by the April 6, 2009 earthquake in Abruzzo contributing €1 million to more than 120 families helping to get them back to work was brought to a close, in November, Banca Mediolanum turned its efforts to the Veneto region, which had been hit by a devastating flood. By December the first €500,000 to help more than 70 customers and Sales Network members who suffered flood damage had already been donated. In the end, Mediolanum will have assisted more than 100 families with a total contribution of €800,000.

Another area where Mediolanum is making a difference is Haiti: at the beginning of the year fundraising efforts launched immediately after the earthquake

that hit the Caribbean island, where the Mediolanum Foundation has developed projects in favour of children for years, brought in more than €200,000 for emergency measures and contributed to getting the school programmes back to normal, which had been up and running since 2007 under the aegis of Piccolo Fratello, the charitable project of the Mediolanum Foundation. In October, assistance to the little Haitians was bolstered by a powerful new ally, the Freedom account: for every new account opened, the Bank committed to donate an amount that meets the costs of a month of schooling for a child (including meals, medicines, and clothing). The initiative (valid from October 2010 to March 31, 2011) was publicised in an advertising campaign, and by the end of December, enough had already been raised to guarantee a year of schooling for more than 1,500 children.

Naturally, the other initiatives designed to help Italian families in difficult times remained in place, including the participation in the ABI plan for the moratorium on mortgage payments and in the ABI-CEI framework agreement.

Listening, responding, gaining knowledge, being close... perhaps, in the end, the word that sums up our 2010 could be trust.

The common value that allows us to grow: all of us, together.

Chairman
Roberto Ruozi

Chief Executive Office
Ennio Doris

Introduction and note on methodology

The fourth Mediolanum Group Social Report focuses on **2010** most significant **projects** and **initiatives**, highlighting the results achieved in terms of corporate social responsibility and supplementing the financial and economic information contained in the Consolidated and Separate Annual Reports.

This year as well, the Social Report identifies the link underlying the Group's values, the corporate strategies characterising 2010 and the management of the relationships with the main stakeholders.

The Social Report is divided into three sections:

- **Identity:** the Group's organisation, history, vision, mission, values, strategic guidelines and corporate governance.
- **Financial indicators:** where the main link is found between the Consolidated Annual Report and the Social Report, representing the value created for the stakeholders, also through an analysis of the financial results achieved.
- **Social indicators:** a description of the various programmes and their impact on individual stakeholders as measured by the quantitative and qualitative results.

The Social Report is produced annually and is submitted to the Board of Directors for approval alongside the Consolidated and Separate Annual Reports. Additionally, the Social Report is audited by an independent third party.

SOCIAL REPORTING STANDARDS

The Social Report was prepared based on the social reporting standards indicated by the **Work Group on Social Reporting (GBS)** (Gruppo di Studio per il Bilancio Sociale), as they best comply to the approach that the Mediolanum Group intends to adopt, an approach based on stakeholder dialogue and communication.

It also includes qualitative information in line with

the **ABI** (Italian Bankers' Association) and **Global Reporting guidelines** in order to ensure more comprehensive coverage of information.

The Social Report of the Mediolanum Group covers the main activities carried out in the period between **January 1 and December 31, 2010**.

SCOPE

The Social Report Economic Indicators cover the entire Mediolanum Group while the section dedicated to Social and Environmental Indicators mainly focuses on the Italian Group companies, which account for the largest share of the Group's business as they employ over 89% of the Group's employees and manage about 95% of the customer assets of the Group, including some data on foreign subsidiaries.

SYMBOLS

In this year's Social Report readers will note certain symbols. These symbols stand for the intangible capital components listed below and mark the path of the integration of the Social Report indicators and those typical of **Intangible Capital Report**:



- **Relational capital** is the wealth of the Group's relationships with its stakeholders. It expresses the value of the organisation's reputation as well as its ability to raise capital and attract investors, customers and contractors.



- **Human capital** is made up of the competencies, ideas, knowledge, behaviours, talents and professional skills of the Mediolanum Group's workforce.



- **Structural capital** indicates the soundness of the organisation and of its investments, the value of its brands. It also consists of the processes and systems that generate economic benefits and efficiency for the organisation.

These indicators will be used along with the traditional

Social Report indicators for a more comprehensive and in-depth analysis of reported information and data as well as for a better understanding and appreciation of the value of the Mediolanum Group's Intangible Capital.

- Customer satisfaction surveys;
- Sales Network satisfaction surveys;
- Employee Climate Surveys carried out every two years;
- Top Management's meetings in a variety of milieus with financial analysts and investors, coordinated by the Investor Relations team;
- Analysis of market research aimed at evaluating brand awareness and the positioning of the Mediolanum Group with respect to the competition as perceived by the market.

Distribution to the stakeholders

The 2009 Social Report was distributed in June 2010, and is also available in electronic format in an interactive and downloadable version on the internet site www.mediolanum.com, in Italian and English. The number of hardcopies printed was cut drastically to encourage the use of the electronic version. The visits to the corporate website (more than 14,000 hits were recorded for the Italian version as at December 31, 2010) has encouraged giving preference to the electronic rather than printed version. An announcement was made on the internet sites of Banca Mediolanum and Mediolanum S.p.A.

informing the stakeholders of the publication of the Social Report, available also in interactive format, also providing the means to review the document and send suggestions and feedback through an online questionnaire. 140,000 customers of Banca Mediolanum S.p.A. were sent an email informing them the document was available for their review.

Additionally, in order to give audience to the greatest number of stakeholders, an abbreviated version of the document with the most significant information and data

Dialogue with the stakeholders

The drawing up of the Social Report envisages the active involvement of the main stakeholders in the various steps of its preparation.

The active involvement of employees and Sales Network members in the preparation of the report is particularly significant and alongside the valuable insight provided by customer focus groups and market research created the new Social Report, which includes Top Management/Board of Directors contribution as well as their final seal of approval. The dialogue with the stakeholders is not limited to data collection nor to the analysis of their feedback on the Social Report, but it results in initiatives aimed at analyzing the degree to which the Report has fulfilled stakeholders' expectations with the objective of launching projects and initiatives for improvement.

In particular through:



was made available in electronic version easily sent via email.



ACKNOWLEDGEMENTS AND AWARDS

The document was sent upon request to interested trade associations, research institutes, and universities. Employees, the Sales Network and Customers were involved in a satisfaction survey via questionnaires (with an overall positive result even if the numbers were not particularly significant), where they could give suggestions to improve the Social Report. In 2010, Mediobanca won the MF Insurance Awards "Compagnie di Valore" ("Companies of Value".) The Mediobanca 2008 Annual Report, along with the 2008 Social Report, received the award first prize for the 2009 Reporting Oscar in the "Insurance Companies" category from Ferpi (Italian Public Relations Association), In the 2008 edition of the awards, the Mediobanca reports had ranked among the three finalists.

CONTACTS

The Intangible Asset Management office within the Social Marketing department produced the Social Report, with the entire company involved in the initiative.

To foster current and future dialogue, the Mediobanca Group Social Marketing Department is open to any request or comment.

Any opinions regarding the Social Report can be sent via the online questionnaire available on the website www.mediobanca.com.

e-mail: marketingsociale@mediobanca.it

Fax +39 02 9049.2500

The photos used in the layout of this document were taken by the employees of the Milano 3 headquarters and selected from those on display at the photo exhibit held in October, symbolising the employees' active participation in the preparation of this Social Report.

IDENTITY



Stefano Malvestio

The history of the Group

THE ORIGINS

- 1982** Partnering with the Fininvest Group, Ennio Doris founded Programma Italia S.p.A., the first organisation to provide all-around financial advisory services in Italy.
- 1983** Formation of the Italian Fund Management Company Mediolanum Gestione Fondi.
- 1984** Acquisition of Mediolanum Vita to expand the product offering.
- 1991** Formation of Programma Italia Investimenti, a securities brokerage firm.
- 1996** Mediolanum S.p.A. is incorporated and becomes the holding company of the various subsidiaries. Mediolanum S.p.A. becomes listed on the Italian Stock Exchange in Milan on June 3, 1996.
- 1997** Formation of the Dublin-base product factory Mediolanum International Funds. Incorporation of Banca Mediolanum, an innovative multi-channel Bank, which leverages technology and an integrated multi-media approach as well as the additional value of a dedicated professional.
- 1998** The Mediolanum stock becomes a stable component of the MIB 30 index.
- 2000** Launch of the first Mediolanum online trading services. Launch of a long series of advertising campaigns starring Ennio Doris, the Bank's Chairman, which subsequently became a classic "case study". Banca Mediolanum expands into Spain to replicate its Italian business model with the acquisition of the Fibanc Banking Group. Mediolanum acquires a stake in Mediobanca, and later forms the joint-venture Banca Esperia, which sets the standard in private banking.
- 2001** With the acquisition of Bankhaus August Lenz & Co. and Gamax Holding AG, Mediolanum continues its expansion into Europe.
- 2002** The Mediolanum Foundation is established and shortly thereafter the "Piccolo Fratello" project is set in motion.
- 2003** Mediolanum sponsors for the first time the Green Jersey in the edition of the Giro d'Italia long-distance road bike race. This sponsorship continues to-date.
- 2004** Mediolanum Channel, the Mediolanum Group digital television available on satellite platform, broadcasts increasingly innovative programming. Rollout of "PrimaFila" for the management of high net-worth customers.

RECENT PAST

- 2005** Launch of “4Freedoms”: an impressive programme geared to win new customers by leveraging the innovative Riflex products. The programme also entails the organisation of thousands of group meetings with customers and prospects across Italy. Launch of a new multimedia advertising campaign starring customers and reinforcing the concept of Ennio Doris as the “signature” of the bank.
- 2006** Introduction of the Family Banker®: the professional who brings product services and advice directly into the homes of customers and who helps the customers to find the best banking and financial solutions to meet their needs.
- 2007** The Mediolanum Group celebrates its 25th anniversary and Banca Mediolanum turns ten: a distinctive company in the market with more than one million customers and is growing at a highly competitive rate, firmly maintaining the mission and the values that have always been its trademark. The 5th year of the Mediolanum Foundation came to a close with excellent results and new objectives. The star of the new communication campaign was “customer satisfaction”, featuring real customers who are at the centre of the relationship with the bank and the banking model. This year Italy passed new legislation on supplementary pension and the Mediolanum Group is market leader with a share of about one third of the individual pension plan market in 2007.
- 2008** The Mediolanum Market Forum becomes a “regular appointment” providing a platform for information exchange aimed at the stakeholders and is held twice over the course of the year. Mediolanum Best Brands is born, the new funds of branded funds of Mediolanum International Funds based on an agreement with the leading international asset management companies. The Group takes significant measures to protect the interests of customers and help them deal with the growing impact of mortgage rates on families’ finances and also with the overall crisis in the financial markets.
- 2009** The Mediolanum Corporate University, the educational arm of the Mediolanum Group, becomes operational: a top-quality training centre intended for the Family Banker®, but also open to company employees, combining technology and high training capacity proactively transferring the values as well as the personal and professional experience that have enriched our corporate culture for more than 25 years. In order to satisfy the needs for freedom and for returns for the customer, the range of the new generation of bank products is extended by the new Freedom Account.
- 2010** The Mediolanum Best Brands offer is broadened with new products created in cooperation with international partners chosen from the most important asset management companies in the world. For the re-launch of the Freedom bank account in the Fall, Banca Mediolanum S.p.A. has committed to the support of one month of schooling per child in Haiti.

VISION

We at Mediolanum are bringing to the market a change in the banking tradition that goes well beyond technology: we give families a new kind of freedom as well as the human touch in their relationship with the bank. We are “Freedom in Banking”.

MISSION

For each and everyone of us “Freedom in Banking” means giving families tailored solutions through innovative yet easy-to-use technological solutions with the best service level; complete, reassuring and expert financial solutions.

Thus, we are committed to:

- listening, to better anticipate and respond
- improving, to better manage and grow
- sharing, to exchange and change
- having faith in common values and in human relationships
- underscoring the importance and validating the unique role of the Family Banker®.

OUR VALUES

At the base of our everyday activities there are principles and values that are profoundly shared and guide our choices and our decisions. Values we believe in and are based on:

- satisfaction of the customer, who is always the focus of our attention;
- the value placed on the person, on human and professional relationship and on the spirit of cooperation and teamwork;
- the importance of an excellent level of quality in terms of products, services, solutions and personal relationships;
- the capacity to grow and innovate continuously anticipating changes in the market;
- the awareness of the importance of team spirit and of the sharing of experience and of the sharing of results both at the professional and corporate level;
- the freedom to make choices with respect to ethical behaviour and responsibility that would increase corporate value.

1. Customer satisfaction

*Working at Banca Mediolanum means **working for customers.***

We put customers first. We assist customers with passion and help them to get the most out of our expertise, professional skills and enthusiasm. We always provide them with the solution which best fits their individual needs.

2. Service quality

*Working at Banca Mediolanum means **setting the standard.***

We intend to be leaders and raise the market standard for service quality, through our behaviour and relationship management as well as technical product features. The full satisfaction of our internal and external customers is assured by our continuous monitoring of operations and the actions taken in areas which need improvement. Our efforts are always directed towards the development of a set of behaviours, processes, products and tools of unparalleled quality that are useful to our customers and are appreciated by them.

3. Central role of the Family Banker®

*Being a Family Banker® means **being the heart of Banca Mediolanum.***

The Family Banker® is at the centre of our business model. We endeavour to assist Family Bankers in the accomplishment of their mission, which can be summarised as follows:

- to help customers best manage their finances, by working with them side by side in their own environment, giving them support at an emotional level as well, offering our products and familiarising them with our multi-channel model;
- to deliver excellent quality at all times complying with Banca Mediolanum Strategies and Rules;
- to represent the Bank locally and be a beacon for the local community.

CONT.

OUR VALUES

4. Innovation and Change

*Working at Banca Mediolanum means being **capable of change**.*

“With our feet deeply rooted in our past we look directly and proudly at the future.” Every day we pursue innovation, meaning the ability to be a first-mover, to cause and induce change in the market, and accordingly to adapt our opinions, organisation, products, technology as well as internal and external communication to maintain our industry leadership.

5. Optimised use of resources

*Working at Banca Mediolanum means being **able to manage**.*

The use of financial, operational, and human resources is always geared toward efficiency. We are well aware that our choices need to reflect priorities that change from time to time.

6. Employee relations

*Working at Banca Mediolanum means being **capable of relating to others**.*

We manage interpersonal relationships applying the highest standards of ethics and transparency at all levels within our organisation. Our day-to-day actions are based on expertise, empowerment and trust. Our activities are characterised by a strong entrepreneurial drive. We are objective and impartial in our assessments of others, as our judgement is based on the fulfilment of duties and qualitative/quantitative performance.

7. Teamwork

*Working at Banca Mediolanum means being **capable of sharing**.*

In everything we do, we place great value on team spirit. We share our knowledge and skills. Our interactions are dynamic, fostering productive teamwork and the exchange of ideas to achieve the best results.

8. Development of the potential of the individual

*Working at Banca Mediolanum means being **capable of growth**.*

We encourage the development of knowledge that is acquired as a new-hire as well as at all points along the career. We provide technical and behavioural education as well as assessment systems, which foster personal, professional and career development.

We prefer a system of promotion from within.

In addition to all of this, the **Code of Ethics**, updated in March 2010, is a synthesis of the values and commitments of the Group towards the stakeholders in the carrying out of day to day business.

THE BUSINESS MODEL



Maria Elena Mozzati

The bank built around the customer

Since 2000, Banca Mediolanum represents a new kind of model in the world of banking, built around the needs of each and every Customer. Thanks to the telephone, computers and television, the Customer can choose to 'utilise' the Bank via simple-to-use technological tools, which are getting easier every day .

A bank that is complete, accessible, comfortable and easy to use, close at hand to **retail customers** and is able to offer solutions, i.e. products and services that are truly personalised and built around real needs of the customer, according to the principles that have always driven the strategy of Banca Mediolanum:

- **tradition**, fruit of years of experience and of the professionalism of a Group that operates in the financial arena with authority, seriousness and transparency;
- **the future**, where Banca Mediolanum has always been focused on; to be the first to make use of innovations to improve the services offered to the Customer;
- **technology**, the great opportunity to increase the number of tools and means at the fingertips of the Customer to enrich the services offered by the Bank;
- **humanity**, the main and fundamental aspect at the foundation of any true relationship between individuals and the point of departure for the building of relationships based on collaboration and respect in order to reach common goals successfully, resulting from careful and aware choices.

Through its **multi-channel model**, the Bank offers the same complete service provided by the traditional banks, combined with greater **freedom** to the individual to make the choice of when, where and how to enter the bank in a simple and secure way in order to make daily transactions, while the **Family Banker®** has the role of building the professional relationship and advising the customer in the investment and asset management choices.

The Family Banker® is the professional figure that brings product services and advice directly to the

Customer's home. Together they study the solutions to the savings, investment, retirement, and insurance needs, helping out if necessary with the first attempts at using the multi-channels.



THE TELEPHONE - FOR A VOICE - READY BANK

The Banking Services Center at Banca Mediolanum with its staff of expert call center representatives provides all the information desired at any time with just a call to the toll-free number. More than 300 Banking Services Center Representatives are available from Monday to Friday 8.00 a.m to 10.00 p.m. and on Saturday till noon to offer efficient and immediate service. Additionally, an automated voice unit is active 24 hours a day, 7 days a week with B.Med Voice, a service that gives the customer access to a great number of transactions using just their voice. With B.Med Mobile, the bank is accessible right on your mobile phone, where accounts, investments and market trends can be checked and mobile phone top-ups can be made.

The text messaging service provides updates on the bank account and on investments, directly on the mobile phone.



THE COMPUTER - THE FREEDOM TO ENTER THE BANK EVERYWHERE.

The Banca Mediolanum website www.bmedonline.it lets the customer enter the bank at any time, to check out their accounts and investments

Asset management and advice

In addition to satisfying the banking needs of the customer, Family Bankers provide investment advice as well. Through the Family Bankers, who are listed in the Register of Financial Advisors, Banca Mediolanum offers consultancy services in financial matters along with the products and services offered by the Bank.

PROFILING

According to MiFID EU Directive in effect since 2007, advisory services require prior evaluation of the suitability of the investment choices made by the customer with respect to their investment objectives, according to their specific financial situation and to their knowledge and experience.

This evaluation is obligatory and involves filling out a “Personal Profile” questionnaire, where the customer provides all the information necessary for the Family Banker® to get to know and understand the customer even better. Thanks to the information provided, each customer is assigned an “investor profile” from a possible 9 classifications according to their risk aversion/appetite and the time horizon of their investments. The Family Banker® constantly updates the information acquired and monitors the investments of their customers, making sure that all of their financial needs are adequately met.

In an effort to provide the utmost in customer care, the Bank also offers an evaluation of the transactions handled directly by the customer through the various access channels (internet, telephone) regarding managed assets products and dedicated bonds for the customers of Banca Mediolanum.

in security and in total freedom: just a click to have everything under control.

THE TV - EVEN MORE CONVENIENT.

The services of Banca Mediolanum are also available on the television: thanks to Mediaset's Teletext, all banking and financial information is available to the Customer seated comfortably at home in an easy-chair at any time.

THE FAMILY BANKER®, DIRECTLY INTO THE CUSTOMER'S HOME.

Only Banca Mediolanum offers each Customer the availability of the Family Banker® for high added value transactions and for financial, insurance and pension advice. The sales network consists of more than 4,800 professionals who are able to offer targeted and personalised advice to help the Customer make the most important decisions, bringing products and services directly into the home of the Customer.

ATMs AGREEMENT WITH PPT AND BANCA INTESA SANPAOLO FOR CASH WITHDRAWALS AND DEPOSITS

Additionally, 18,000 PPT and Banca Intesa Sanpaolo branches are available for cash withdrawal and deposit.



ASSISTANCE AND ADVICE

Providing advice not only means proposing the best investment solution, but also helping customers manage emotions that are put to the test by inevitable market volatility, which was the case particularly over the course of the last several years given the stock market performance and the crisis in financial markets. Providing advice also means offering the best instruments to make the most of customer assets. This approach to advice ensures that customers reap the greatest benefits. Accordingly, advice must be customised and targeted to individual needs so that the customer can make investment choices consistent with their profile, individual needs, experience and real opportunities. Family Bankers do not merely sell products, they offer solutions. This system permits Mediolanum to operate in the various areas of financial services applying the skills and flexibility needed to best respond to the continuous economic, tax, financial and regulatory changes. The investment strategy is the result of a thorough analysis of global financial markets and the expertise Mediolanum has developed in the management of assets. This is a strategy aimed at reducing risks associated with lack of investment diversification.

"THE 5D STRATEGY "

This is the fundamental principle of financial diversification that Mediolanum has always applied as a guideline to identify, within the products and services offered, the most appropriate tools/instruments to satisfy the needs of their customers. Our investment strategy is based on 5 types of diversification:

1. Diversification by time horizon:

investments need to be diversified across time horizons, i.e. short, medium and long term, consistent with individual goals.

2. Diversification across securities:

many securities are better than a few. The more diversified the portfolio, the lower the "investment risk".

3. Diversification across geographies and industries:

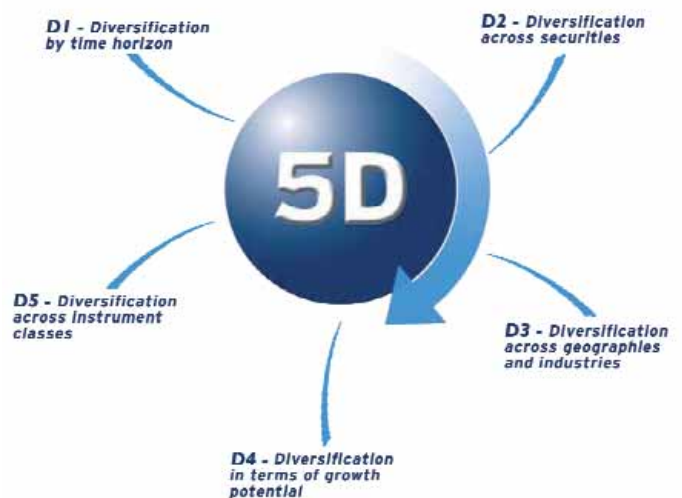
diversifying investments across geographic areas increases security and magnifies return opportunities.

4. Diversification in terms of growth potential:

a portfolio with a long term view based on the rules above needs to include limited investments in emerging markets and companies in order to add value.

5. Diversification across instrument classes:

a factor providing additional stability and security, relies on investment instruments with a variety of characteristics (for example, mutual funds and insurance-financial products).



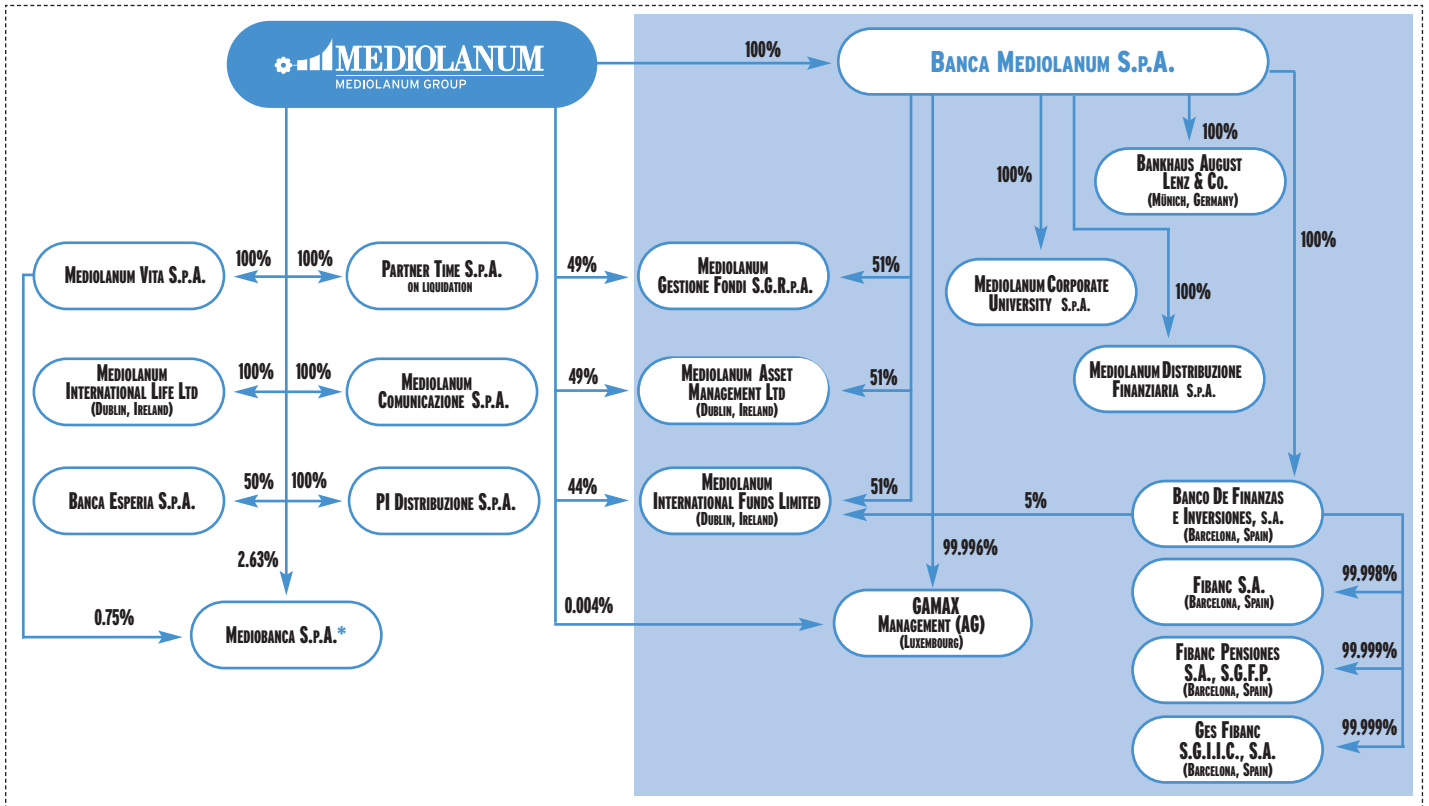
THE ORGANISATIONAL SETUP



Stefano Malvestio

The Group Structure

As at December 31, 2010



- THE MEDIOLANUM FINANCIAL CONGLOMERATE
- THE MEDIOLANUM BANKING GROUP

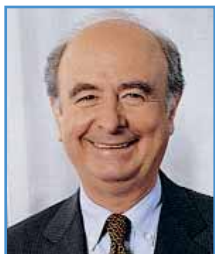
* Due to the fact that Mediolanum holds a given amount of own shares, total shareholding is equal to 3,447% of the voting shares

Mediolanum S.p.A. - the holding of the Group - controls the insurance product companies and Banca Mediolanum S.p.A. - the holding of the Banking Group - includes the foreign subsidiaries (Fibanc and Bankhaus August Lenz & Co. AG). Mediolanum S.p.A. also owns Banca Esperia S.p.A jointly with Mediobanca S.p.A. and holds a stake in Mediobanca S.p.A.. The Group's retail banks are: Banca Mediolanum S.p.A. based in Basiglio, Milan, Banco de Finanzas y Inversiones S.A. based in Barcelona and Bankhaus August Lenz & Co. AG based in Munich. The Group companies that design and manage products are: Mediolanum Gestione Fondi S.G.R.p.A. and Mediolanum Vita S.p.A. based in Basiglio, Milano 3;

Mediolanum International Funds Ltd, Mediolanum Asset Management Ltd and Mediolanum International Life Ltd based in Dublin; Gamax Management AG based in Luxembourg.

Mediolanum Corporate University S.p.A. was established as part of the Mediolanum Banking Group and is the arm that sets up, manages, maintains and develops all the training activities and competencies, which represent the corporate asset.

Management profiles



ROBERTO RUOZI

Chairman of Mediolanum S.p.A.

Dean of the L. Bocconi University from 1995 to 2000 and Professor of Economics of Financial Intermediaries until 2002.

Professor at the Universities of Ancona, Siena, Parma, Paris (Sorbonne) and Milan Politecnico. Professor Emeritus at Bocconi University. Author of many publications on banking and finance. Chairman of Palladio Finanziaria S.p.A., and of Factorit S.p.A..

Chairman of the Board of Statutory Auditors of Borsa Italiana S.p.A..

Member of the Board of Directors of Gewiss S.p.A. and Cerruti Tessile S.p.A..



ENNIO DORIS

Chairman of Banca Mediolanum S.p.A.

Chief Executive Officer of Mediolanum S.p.A.

Mr. Doris started off as financial advisor, first with Fideuram and then with the RAS Group. His career underwent a major change when he founded Programma Italia, a financial brokerage organisation, together with the Fininvest Group. He was Chief Executive Officer of Programma Italia since it was founded.

He and the Fininvest Group own an equal control shareholding in Mediolanum S.p.A., the company formed by the merger of Fininvest Italia S.p.A., Fintre S.p.A. and Programma Italia S.p.A..

He is Chairman of Banca Mediolanum S.p.A., Director of Mediobanca S.p.A., Banca Esperia S.p.A. and Fondazione S. Raffaele del Monte Tabor.



ALFREDO MESSINA

Deputy Chairman of Mediolanum S.p.A.

After serving at a number of major companies, Mr. Messina joined Olivetti as Group Production Controller, and then moved to Alitalia as Corporate Finance, Control and Administration Officer. In 1989 he joined IRI as Planning and Control Director and in 1990 joined Fininvest, first as General Manager and then, from February to July 1996, as Chief Executive Officer. Director of Gestelevision Telecinco S.A. since 1996.

He is Chairman of Mediolanum Vita S.p.A., Mediolanum Assicurazioni S.p.A. and member of the Board of Directors of Mediaset S.p.A. and of Molmed S.p.A..



MASSIMO DORIS

Executive Deputy Chairman of Mediolanum S.p.A.

Chief Executive Officer and General Manager of Banca Mediolanum S.p.A.

Mr. Massimo Doris started his career at Banca Mediolanum in 1999 as Financial Advisor. Previously he was based in London where he worked as sales assistant at UBS, Merrill Lynch and Credit Suisse Financial Products.

He then became Marketing Manager in charge of the launch of the Online Banking website.

He was subsequently named Head of the Sales Network Training.

In October 2003, he took on the position of Italian Network Manager of Banca Mediolanum and was in charge of the Italian Sales Network until September 2005, after which he moved to Barcelona to take on the positions of Chief Executive Officer, General Manager and Head of Development of the Spanish banking group Banco de Finanzas e Inversiones. In July 2008, he returned to Italy as Chief Executive Officer and General Manager of Banca Mediolanum S.p.A.. Starting May 2009 he is Executive Deputy Chairman of Mediolanum S.p.A..

Our people

The Mediolanum Group has more than 7,400 people classified into two main categories, i.e. employees and sales network members, in 5 markets: Italy, Spain, Germany, Ireland, Luxemburg.

TOTAL EMPLOYEES

| Category (units) | 2010 | 2009 | % Change |
|-----------------------|--------------|--------------|--------------|
| Employees | 2,065 | 2,065 | - |
| Sales Network members | 5,336 | 5,800 | (8.0) |
| Total | 7,401 | 7,865 | (5.9) |

Details regarding the employees and the Sales Network follow:

MEDIOLANUM GROUP EMPLOYEES

| Category (units) | 2010 | 2009 | % Change |
|------------------------|--------------|--------------|----------|
| Total employees Italy | 1,749 | 1,748 | 0.1 |
| Total employees abroad | 316 | 317 | (0.3) |
| Total Employees | 2,065 | 2,065 | - |

MEDIOLANUM GROUP SALES NETWORK MEMBERS

| Category (units) | 2010 | 2009 | % Change |
|----------------------------|--------------|--------------|--------------|
| Sales Network Italy | 4,816 | 5,303 | (9.2) |
| Sales Network abroad | 520 | 497 | 4.6 |
| Total Sales Network | 5,336 | 5,800 | (8.0) |

QUALITY AND SOCIAL RESPONSIBILITY



Giuseppe Calbi

Service quality and corporate social responsibility

The Mediolanum Group has always given significant importance to two particularly strategic aspects in the development of every operational activity: the quality of the service offered and social responsibility. These two values have a primary role and are important elements at the base of all products and services of the Group.

Specifically, **service quality** is epitomised by the attention paid to customer satisfaction through the efficient use of resources at hand, the effectiveness of all processes regarding products and services and the efficiency of the organisation as a whole. We believe that the adoption of socially responsible principles can trigger a virtuous circle of **value creation** to the benefit of all stakeholders: the Customers, the Sales Network, the Employees, the Vendors, the Shareholders, our Community.

Service quality and social responsibility to our customers are reflected, inter alia, in how the company is organised.

The Mediolanum Group entrusts a central organizational structure with the coordination of all of the activities revolving around the development of the intangible assets of the Group and of social corporate responsibility while the "Service Quality" department is responsible for the promotion of a shared culture oriented to (internal and external) customer satisfaction and the analysis of the gaps between expectations and actual service delivery. The activities of "Service Quality", which involve both headquarters and the Sales Network, rely on teamwork as the primary way of working through cross-departmental projects as well as projects initiated by employees.

place and favouring initiatives that benefit the stakeholders, also with regard to the effects caused by the markets and by the global economy.

In 2010, besides taking part in many initiatives set forth by the government through its ministries and by industry associations, Mediolanum carried out initiatives of a high social value on its own, supporting its customers and the community with actions such as helping those customers in the region of Veneto who were hit by a flood, and the Haiti relief programme connected to the 'Freedom' account openings. These initiatives are described in greater detail in the Social Report's sections dedicated to Customers and the Community.

Corporate governance

INTERNAL DEALING

The Board of Directors of Mediolanum S.p.A. - pursuant to Article 114, Paragraph 7 of the Consolidated Finance Law ("T.U.F."), approved the "**Rules for purchases and sales made by insiders and their close family members - Internal Dealing Code**", which is available on the corporate website (www.mediolanum.com)

In compliance with statutory and regulatory requirements (summarised in the attachment to the Code), the Code regulates purchases and sales of Mediolanum shares and related financial instruments that are greater than € 5,000 per year, when made by insiders and their close family members as defined by Article 152.6 of Consob "Regulation for Issuers" (Consob resolution 11971/99), both directly or through their intermediaries or trusts, as well as by their close family members.

In addition to insiders as set out in the regulations (i.e. directors, statutory auditors, and their close family members), the Company resolved that the Code shall be applicable to Mr. Luigi

SOCIAL AWARENESS AND RESPONSIBILITY

For many years the Mediolanum Group has been promoting socially responsible behaviour, putting in

Del Fabbro, the Officer responsible for preparing accounting and financial reporting documents, due to the authorities delegated to him in relation to strategic matters.

As allowed under current regulations, the above mentioned individuals, who have a disclosure obligation, delegated the filing of mandatory disclosures to the Corporate Affairs Office, to be done according to the terms laid out in Article 152.8 of the Regulations for Issuers.

Information on any purchases and sales falling under the scope of the Internal Dealing Code is published on the Company's website by the end of the following market day, and are made available to Consob, Borsa Italiana (the stock market operator), and the public.

RELATED PARTIES

Back in 2003, the Board of Directors of Mediolanum S.p.A. adopted a procedure to manage the most significant transactions - and especially transactions with related parties.

In 2010, Mediolanum S.p.A. took action to comply with Consob resolution 17221/2010 about transactions with related parties.

More specifically, on November 10, 2010 the Board of Directors approved "Procedures pursuant to Article 4 of Consob Resolution 17221" that were promptly transmitted to all companies in the Mediolanum Financial Conglomerate - so that they would supply all information set forth by the Regulations for the most relevant transactions also in the transition period between December 1, 2010 and January 1, 2011; such information was published on www.mediolanum.com in the Investor Relations -> Corporate Governance -> Documents of Business Conduct.

CORPORATE GOVERNANCE BOARDS AND COMMITTEES

The Board of Directors

The Board of Directors is vested with all powers for the ordinary and extraordinary management of the company - except for those the law exclusively reserves to the General Meeting - as well as the authority to take any and all actions expedient to the achievement and fulfilment of the company's purposes.

The Board of Directors is responsible for the management of the company. In this respect:

- the Board provides guidance and supervision in accordance with the law and the Bylaws, sets corporate strategies and goals, and ensures the implementation and regular assessment of the efficiency and effectiveness of the internal control system, which is to be consistent with the complexity of the business;
- the Board examines and approves all strategic, business and financial plans of the issuer and the group it heads, the governance system of the issuer and the group organisation;
- the Board assesses the adequacy of the organisational, management and accounting systems of the issuer and its strategic subsidiaries as organised by their Chief Executive Officers, especially in relation to the internal control system and the management of any conflicts of interest;
- the Board delegates to and revokes authorities from executive officers and, when appointed, the executive committee, setting the limits and procedures for exercise thereof; it also determines the frequency of reports to the Board on the work performed by officers who had been delegated the authority. The frequency of those reports shall be at least quarterly;
- after examining the proposals submitted by the compensation committee and the opinion of the board

of statutory auditors, it sets the compensation of Chief Executive Officers and other Directors holding special positions, and when not determined by the General Meeting, the distribution of the aggregate compensation among the members of the board of directors;

- the Board assesses the overall business performance especially on the basis of information received from boards that have been delegated authorities, as well as by periodically comparing actual results with plans;
- the Board examines and gives prior approval to those transactions of the issuers and its subsidiaries of strategic importance or that may have a material impact on the strategy, equity, earnings or cash flows of the issuer, devoting special attention to those transactions where one or more directors may have vested interest, either directly or on behalf of third parties, as well as to related party transactions. To that end, the Board established general guidelines for the identification of significant transactions;
- at least once a year, the Board assesses the size, composition and work of the Board of Directors and its committees, recommending, when appropriate, the inclusion of professional figures whose presence on the Board is considered to be beneficial;
- in its annual corporate governance report the Board provides information on the implementation of the Code of Conduct, including the number of meetings of the Board of Directors held during the financial year and the attendance of each director;
- the Board examines and makes decisions on significant transactions as defined in article 23 of the Bylaws;
- the Board examines the annual Internal Audit plan.

In 2008, the mandate of the Board of Directors was renewed until the approval of the financial statements as at December 31, 2010.

| | |
|-----------------------|--|
| Composition | 14 members (4 executive members and 3 independent members) |
| Meetings held in 2010 | 6 |

The Board of Statutory Auditors

The Board of Statutory Auditors verifies compliance with the law and the Bylaws as well as adherence to principles of proper management. In particular, it verifies the adequacy of the organisational structure and the management and accounting systems adopted by the company as well as their operation. In addition, pursuant to the provisions of art. 159 of the Consolidated Finance Act, the Board of Statutory Auditors submits its proposal - along with supporting motivation - for the appointment of the independent auditors and scope of their work to the General Meeting. On April 22, 2008, the members of the Board of Statutory Auditors were appointed and will remain in office until the financial statements as at December 31, 2010 are approved.

| | |
|-----------------------|--|
| Composition | 3 standing auditors and 2 alternate auditors |
| Meetings held in 2010 | 7 |

Compensation Committee

The Compensation Committee in accordance with the Code of Conduct, is in charge of the following duties:

- to submit proposals regarding the compensation of chief executives and other directors holding special positions to the Board, as well as to monitor the implementation of resolutions passed by the Board of Directors;
- to periodically assess the policies regarding the compensation of key management, oversee their implementation on the basis of the information provided by chief executive officers and present general recommendations on the matter to the Board of Directors;
- to draw up the regulation that will govern all aspects of the Stock Option Plan and that will be submitted to the Board of Directors for approval;

- to take all necessary measures to implement the Stock Option Plan including identifying beneficiaries, defining the number of options to be assigned to each one and related terms of exercise;
- to set objectives in terms of economic and/or financial performance that must be met for beneficiaries to be entitled to exercise the options that they were granted;
- to carry out all the tasks that were previously assigned to the Stock Option Plan Committee.

| | |
|-----------------------|--|
| Composition | 3 members (2 independent members and 1 non-executive member) |
| Meetings held in 2010 | 4 |

Audit Committee

In 2001, the Board of Directors of Mediolanum S.p.A. established the Audit Committee pursuant to the Code of Conduct for listed companies. In accordance with the revised Code of Conduct, the Audit Committee is in charge of the following duties:

- to assist the Board of Directors in defining internal control system guidelines which ensure the proper identification, measurement, management and control of major risks for the issuer and its subsidiaries, and guidelines for the assessment of the compatibility of those risks with a sound and proper management of the business;
- to assist the Board of Directors in the selection of an executive director (generally one of the chief executives) responsible for overseeing the effectiveness of the internal control system;
- to assist the Board of Directors in the assessment, at least annually, of the adequacy, efficiency and effectiveness of the internal control system;
- to assist the Board of Directors in drafting the description of the key elements making up the internal control system in the corporate governance report and express their opinion on the overall adequacy of the internal control system;
- to verify the proper application of accounting standards and their consistency for the purpose

of consolidated financial reporting in conjunction with the officer responsible for the preparation of accounting and financial reporting documents and the external auditors;

- to express opinions on specific aspects that relate to the identification of main corporate risks as well as the design, implementation and management of the internal control system, upon request of the executive director;
- to review the audit plan prepared by the Chief Auditor as well as his/her periodic reports;
- to evaluate proposed audit mandates presented by independent auditors in addition to the scope of the audit and the recommendations set out in their management letters and reports;
- to verify the efficacy of the audit process;
- to carry out any other activities required by the Board of Directors;
- to report on work performed and the adequacy of the internal control system to the Board of Directors at least every six months, concurrent with the approval of interim and annual financial statements.

The Audit Committee works in coordination with the Board of Statutory Auditors in the performance of its duties. The Audit Committee presents its annual budget to the Board, and in an emergency, it is assisted by Executive Directors for the funding of its expenses. The Audit Committee is authorised to access corporate information and receive assistance from those staff members that may help the Committee in the performance of its duties as well as to avail itself of external advisors when necessary. The Audit Committee is composed of non-executive directors, the majority of whom are independent directors and at least one has knowledge of accounting and financial reporting. The members of the Board of Statutory Auditors and the Chief Auditor participate in the work of the Audit Committee.

At its January 18, 2011 meeting, the committee examined the main points in *Law Decree 39 dated*

January 27, 2010 (so-called "Auditors Decree") among other things, analysing the law with the help of all relevant company offices, focusing on the possibility of overlap between the different audit functions.

As a reminder, Article 19 of the above mentioned law attributes additional supervisory duties regarding a number of areas to the Board of Statutory Auditors of "public interest entities", which include listed companies. The new Decree assigned to the Board of Statutory Auditors, which is in charge of internal audit, the responsibility to supervise:

- a) the financial process;
- b) the efficacy of internal control, internal audit and, where applicable, risk management systems;
- c) the auditing of the separate and consolidated accounts;
- d) the independence of independent Auditors or Auditing company, with particular reference to non-auditing services rendered to the Company they provide audit services to.

Although the regulatory framework has not yet been completed in detail, the Board of Statutory Auditors is already substantially in charge of the new duties since the effective date (April 7, 2010) of the Decree.

The introduction of these new supervision duties for the Board of Statutory Auditors, which will require the assistance of all relevant company offices and the independent auditors, has also brought about the need to check for any overlapping of these new duties with those attributed to the Board-nominated Audit Committee by the Code of Conduct for listed companies.

A dedicated analysis supported by the opinion of a prominent expert in the field demonstrated that the new duties do not overlap conceptually with those of the Audit Committee.

In fact, the Board of Statutory Auditors, according to Article 19 of the Audit Decree, has a monitoring

duty of the internal control system and other matters, whereas the Board-nominated committees act as consultants and assist the Board in defining the internal control system, risk management policy, and the financial reporting cycle.

Some controversy remained in three areas under the supervision of the Audit Committee that run in parallel with the responsibility assigned to the Board of Statutory Auditors by the new law:

- i) Analysis of proposals and choice of the Independent Auditing company the assignment should be given to;
- ii) Assessment of the audit plan by the Independent Auditing company;
- iii) Monitoring the efficacy of the audit process.

Regarding these aspects, the analysis concluded that - taking for example the choice of the Independent Auditing Company - since the new law has assigned this responsibility to the Board of Statutory Auditors, any influence from the Board of Directors or any of its committees could spoil the "impartiality" of choices made in those areas.

On these grounds, the Audit Committee proposed - and the Board of Directors approved - that these duties will not be taken on by the Audit Committee, effective immediately, while waiting for the Code of Conduct for listed companies to be amended so as to reflect this and other changes in the legislation.

| | |
|-----------------------|--|
| Composition | 3 members (2 independent members and 1 non-executive member) |
| Meetings held in 2010 | 5 |

Supervisory Board (pursuant to Legislative Decree 231/2001)

Upon the adoption of the "Organisation, Management and Control Models" as required under art. 6 of Legislative Decree 231/2001 (Liability of Legal Persons), the Board of Directors of the Company established the Supervisory Board responsible for overseeing the effectiveness, compliance and updating of said Models.

| | |
|-----------------------|-----------|
| Composition | 3 members |
| Meetings held in 2010 | 7 |

MEDIOLANUM S.P.A. GOVERNANCE OFFICERS

Composition of the Board of Directors

The Board of Directors of Mediolanum S.p.A. consists of 14 members, with 3 independent (21%) and 4 executive members. In 2010, the Board of Directors held 6 meetings and the average attendance rate was 93%.

| Position | Surname and first name | Independent | Executive | Female | COMMITTEES | | Board of Directors | |
|---------------------------|------------------------------|-------------|-----------|----------|----------------|--------------|--------------------|-----------------|
| | | | | | Internal Audit | Compensation | Meetings Attended | Attendance Rate |
| Chairman of the Board | Ruozzi Roberto ^o | ✓ | | | | | 6 | 100 |
| Chief Executive Officer | Doris Ennio | | ✓ | | | | 6 | 100 |
| Deputy Chairman | Messina Alfredo | | ✓ | | | | 5 | 83 |
| Executive Deputy Chairman | Doris Massimo Antonio | | ✓ | | | | 6 | 100 |
| Director | Berlusconi Luigi | | | | | | 5 | 83 |
| Director | Cannatelli Pasquale | | | | | | 5 | 83 |
| Director | Carfagna Maurizio | | | | | | 5 | 83 |
| Director | Ermolli Bruno | | | | | ✓ | 5 | 83 |
| Director | Lombardi Edoardo* | | ✓ | | | | 6 | 100 |
| Director | Molteni Mario ^o | ✓ | | | ✓ | ✓ | 6 | 100 |
| Director | Pellegrino Danilo | | | | | | 6 | 100 |
| Director | Renoldi Angelo ^{oo} | ✓ | | | ✓ | ✓ | 5 | 83 |
| Director | Sciumè Paolo | | | | ✓ | | 6 | 100 |
| Director | Zunino Antonio | | | | | | 6 | 100 |
| TOTAL | 14 | 3 | 4 | - | 3 | 3 | 6 | 93 |

* retained his Executive role in his capacity as Executive Deputy Chairman of the subsidiary Banca Mediolanum S.p.A.

^o Independent director pursuant to Code of Conduct and section 147-ter of the Consolidated Finance Act

^{oo} Independent director pursuant to Code of Conduct

Composition of the Board of Statutory Auditors

| Position | Surname and first name | Meetings Attended | Attendance Rate |
|-------------------|------------------------|-------------------|-----------------|
| Chairman | Simonelli Ezio Maria | 7 | 100 |
| Standing Auditor | Perotta Riccardo | 7 | 100 |
| Standing Auditor | Vittadini Francesco | 7 | 100 |
| Alternate Auditor | Gatti Ferdinando | - | - |
| Alternate Auditor | Marchesi Antonio | - | - |

The internal control system

The Boards of Directors of the Parent Company and of all Group companies promote high ethical and integrity standards, and a 'culture of internal control' within the organisation by emphasising and demonstrating to all levels of personnel the importance of internal controls. Specifically, the Boards of Directors are responsible for setting policies and assessing the adequacy and effectiveness of the internal control system, relying on other internal control structures.

Pursuant to the Code of Conduct for listed companies, the Board of Directors of the Parent Company Mediolanum S.p.A. established the Audit Committee and appointed the Chief Auditor. In their respective areas of remit, the Audit Committee and the Chief Auditor assist the Board of Directors in:

- identifying main corporate risks;
- implementing the Internal Control System policies issued by the Board of Directors through planning and monitoring.

Pursuant to the Code of Conduct, the Board of Directors appointed Deputy Chairman Mr. Alfredo Messina as the officer responsible for the internal control system.

Special importance is given to the solidity of the overall internal control system to ensure compliance with Bank of Italy's regulations, as the companies in the Mediolanum Banking Group are subject to this

authority.

According to these regulations, banks must put in place adequate systems for risk detection, measuring and control, depending upon the complexity and size of their business.

In this context, the internal control system is the set of rules, procedures and organisational structures designed to guarantee the carrying out of company strategies, and pursues: efficacy and efficiency of processes; preservation of the value of the business and protection from losses; reliability and completeness of accounting and administrative data; compliance of operations with law, regulations, and all internal policies, plans, codes and procedures.

For the Mediolanum Banking Group, a specific Internal Control and Risk Committee has been established within Banca Mediolanum S.p.A., whose members are non-executive Directors with specific expertise.

The results of systematic control activities within the Banking Group are acquired and incorporated by the Internal Control Committee of the holding company Mediolanum S.p.A. in their overall evaluation of the control system for the Mediolanum conglomerate.

INTERNAL AUDIT

Internal audit of all Group companies, including the Parent Company Mediolanum S.p.A. is performed under individual outsourcing agreements by the internal audit department of the subsidiary Banca Mediolanum S.p.A. The Internal Audit department is separate and independent from operational departments and reports directly to the Board of Directors and the Board of Statutory Auditors of the respective companies on the work done. For Mediolanum S.p.A., the department reports via the Chief Auditor to the Deputy Chairman, the Audit Committee and the Board of Statutory Auditors. Internal Audit provides independent and objective assessment and assurance of the efficiency and effectiveness of the organisation and detects possible areas for improvement. It assists operational departments in pursuing their goals through a systematic professional approach, which creates value since it is aimed at assessing and improving the control, risk management and corporate governance processes. Internal auditors monitor the overall respect of the rights of all categories of stakeholders (Customers, Employees, minority and majority Shareholders, etc.). As part of those activities, the Internal Audit staff review the efficiency and effectiveness of the internal control system and processes and prepare final reports that include the actions planned by senior management for the correction of any deficiencies, or the adoption of recommendations to improve the effectiveness of processes.

Internal Audit work

Internal audits were conducted on all Group companies and were particularly meticulous for those companies who represent the most significant portion of business.

No severe irregularities emerged from the work of

| Data on Italian companies (number) | 2010 | 2009 | % Change |
|------------------------------------|------|------|----------|
| Reports | 75 | 83 | (9.6) |
| Recommendations /Improvement areas | 285 | 333 | (14.4) |

the Internal Audit department, and for the vast majority of critical issues adequate measures were promptly scheduled. In the course of 2010, the number of issues raised and corrective measures decreased slightly compared to 2009.

RISK MANAGEMENT & CONTROL AND COMPLIANCE

Risk management and compliance are an integral part of the Group's internal control system. These functions were developed in compliance with the regulation set forth by Bank of Italy and CONSOB (for banking and financial activities) and ISVAP for the insurance business.

Since 2005, even before it became mandatory, the Group has taken steps to strengthen the risk management framework through the establishment of the specific "Risk Management and Compliance" function, which became operational in 2006. The risk management and compliance team verifies the adequacy of risk management procedures for financial, operational and credit risks as well as regulatory compliance, throughout the entire financial conglomerate.

The risk management department of Banca Mediolanum provides risk management and compliance services for all of the Italian companies in the Group through specific service agreements. It also coordinates the activity of the Risk Management and Compliance units established at Banco de Finanzas e Inversiones, the parent company of the Spanish banking subsidiary; at the Irish companies, Mediolanum International Funds, Mediolanum Asset Management and Mediolanum International Life; and at Bankhaus August Lenz in Germany.

The risk management and compliance models measure the risks the Group is exposed to, i.e.

financial, credit, operational, non-compliance, strategic and reputational risks.

Within the operational risk management framework, control activities with respect to the sales network are especially important: thus, the network, being the main distribution channel for the Group's products, is subject to strict monitoring by the Sales Network Inspection office and the Sales Network Commercial Control functions (the latter measures the quality of service). Control over HQ operational processes conducted by the Operational Risk Management function plays an equally important role.

The projects and actions undertaken to improve the internal control system in order to continuously refine risk control were aimed at enhancing the efficiency and improving some processes in the company by automating certain corporate processes that were deemed critical, by expanding automated processes in certain critical areas that were characterised by a high degree of manual work, as well as by blocking certain 'dangerous' transactions, and by establishing new checkpoints also in relation to officers' powers and delegated authorities and the proper exercise of this authority. With respect to the continuous improvement effort, an important part is played by training and informational sessions that were directed at spreading a culture oriented toward 'control' throughout the Group's companies some of which were developed by Mediolanum Corporate University, the subsidiary of the Group in charge of the professional training of the employees and the sales network.

In 2010, a basic compliance course entitled "The value of rules", was created and administered to the new hires and to all managers, in addition to other more specific courses aimed at those in the control department.

In 2010, activities mandated by ICAAP (Internal Capital Adequacy Assessment Process) continued

on and are disclosed in the final ICAAP statement. This statement confirms the significant stability of the assets of the Mediolanum Banking Group against the stress test scenarios.

Moreover, at the beginning of the year, the Mediolanum Group took part in the Basel III Impact Study, which verified the Mediolanum Banking Group's adequacy in terms of both capitalization and liquidity management with respect to the new requirements that will be enforced over the next few years.

With reference to the insurance component of the Mediolanum Group, the planning activity started in preparation for the new Solvency II framework is noteworthy. Within the scope of this activity, the insurance companies belonging to the Group took part in the fifth Quantitative Impact Study (QIS5) conducted in September on European companies. Furthermore, some fine-tuning was applied to the master plan for the implementation of Solvency II, including steps to adjust both the infrastructure and the documentation in order to reach full compliance by November 2012 as prescribed.

Protection of stakeholder interests

THROUGH ADEQUATE ACCOUNTING AND FINANCIAL REPORTING PROCEDURES

The environment in which listed issuers conduct their business is regulated by a vast number of statutory and regulatory provisions with a common denominator, i.e., the requirement to establish adequate policies and procedures for their main activities. Continuously monitoring the effectiveness of their organisational and management models to ensure that adequate controls are in place and that corporate targets are achieved in compliance with regulatory requirements has therefore become commonplace among issuers. Depending upon the category of stakeholders that regulators intend to protect, regulations take different forms and entail different operational processes. In broad strokes, there are two main macro-categories of stakeholders:

- customers who use the services provided by the company;
- the varied base of investors who contribute capital.

Lawmakers introduced the requirement for issuers to appoint an Officer responsible (art. 154-bis of the Consolidated Finance Act, as modified by L.262/2005 and by Law Decree n.303), for accounting and financial reporting documents precisely to protect this second macro-category of stakeholders. This Officer is responsible for the entire accounting and financial reporting system that produces the documents disclosed to the market and to supervisory authorities. Therefore this Officer is the guarantor of the information set out in accounting and financial reporting documents vis-à-vis third parties and is one of the various officers who collectively participate in shaping the governance system of the company, meaning the set of rules and functions that ensure the company is properly and efficiently run.

THE 262/05 GROUP GOVERNANCE MODEL

Mediolanum S.p.A. has always been committed to protecting stakeholder interests and as such created the position of 'Officer responsible for accounting and financial reporting documents' at the meeting of the Board of Directors on May 10, 2007. Luigi Del Fabbro was appointed to fill this position. To comply with statutory requirements relating to the Officer responsible for accounting and financial reporting documents, the company defined and adopted a governance model pursuant to Act 262/05, which sets out the role, duties and responsibilities of the various staff involved in the preparation of accounting and financial reporting procedures as well as their maintenance and assessment of their adequacy and effective application.

The new rules revolve around the effective application of accounting and financial reporting procedures. Consistent with this approach, the Officer responsible for accounting and financial reporting documents is in charge of:

- establishing well-structured organisational processes for the purpose of accurate accounting and financial reporting and related controls;
- assessing the adequacy of processes and controls as well as ensuring that operating units effectively perform their day-to-day control duties;
- defining and monitoring any corrective measures;
- confirming the effectiveness of the control system and its operation through responsibility statements and other statutory and regulatory disclosures.

Since Mediolanum foreign companies operate in different regulatory environments, the responsibility for ensuring Mediolanum foreign companies' compliance with the requirements of section 154-bis of Italy's Consolidated Finance Act was given to senior management officer who has the authority to put in place any required actions in collaboration with Unit 262, in order to enable the officer responsible for accounting and financial reporting

documents to fulfil his duties.

Compliance with statutory and regulatory changes has increased the transparency of the disclosures to investors made by Mediolanum S.p.A. and the other companies that appointed the Officer responsible for accounting and financial reporting documents. The appointment of this Officer, who acts as guarantor, and the adoption of the organizational and management model aimed at ensuring the adequacy of the accounting and financial reporting processes give greater protection to investors and the broader audience of stakeholders in relation to the reliability and accuracy of financial information disclosed by the company.

INDEPENDENT AUDITORS

Reconta Ernst & Young are the independent auditors responsible for auditing the separate and consolidated financial statements of Mediolanum S.p.A. for the financial years 2008, 2009 and 2010.

Rules of conduct

The Group has two Codes setting out conduct rules.

- **The Code of Ethics** is a binding set of principles for employees and anyone working for Mediolanum. Compliance with the Code is fundamental to the proper functioning, reliability and reputation of the Group; it lays out the general obligations of diligence, fairness and loyalty, which should characterise behaviour in the workplace and business conduct in general.
- **The Code of Business Conduct** is based on the general guidelines set out in the Code of Ethics, and further details the conduct rules for corporate governance officers, members of the Sales Network, employees and contract workers with specific reference to certain operational companies within the Group (Banca Mediolanum S.p.A. and

Mediolanum Gestione Fondi S.G.R.p.A.).

Rules of conduct are regularly updated to reflect changes in the regulatory environment, organisational models and processes in order to have common, clear and transparent rules which ensure the ethical conduct of all people within the organisation.

THE CODE OF ETHICS

Since 2002, the Group companies have adopted a Code of Ethics, i.e., a series of internal rules that exemplify the general duties of diligence, fairness and loyalty and that characterise the performance of work and behaviour in the workplace.

The Code also plays an essential part in the prevention of the crimes covered by Law 231/2001, as it contains a series of corporate ethics principles recommending, promoting or forbidding specific behaviours, independent from law provisions.

In the course of 2010, all the companies in the Group updated and supplemented the principles set forth in the Code of Ethics after consulting all stakeholders who were actively involved in the process.

The new Code of Ethics is organised into three sections:

1. general principles;
2. business conduct;
3. safety, health and the environment.

The Code of Ethics is inspired by the general principles of responsibility, fairness, confidentiality of employees and collaborators in the fulfilment of the work they have been assigned; these principles drive the execution of work and behaviour in the workplace.

In the course of business, the Code of Ethics requires each and every employee or collaborator to observe the principles of legality, loyalty and fairness, both inside and outside of the Group.

Within the scope of its activity, each Company

supports the broadening of each employee's professional capabilities, promoting their ambitions, their expectations for learning, and their professional and personal growth; each Company guarantees work conditions that respect individual dignity, along with a safe and healthy workplace, inspired by environmentally friendly principles.

The document is made available through the corporate intranet.

THE CODE OF BUSINESS CONDUCT

The Code of Business Conduct of Banca Mediolanum S.p.A. and the Code of Conduct of Mediolanum Gestione Fondi S.G.R.p.A. were both updated to include the regulatory changes made in 2008. These Codes detail the conduct rules those working for the Group have to comply with when performing their daily duties.

Key conduct rules are set out below:

1. any confidential or insider information either verbal or stored on any electronic medium shall be kept secret;
2. any confidential or insider information received from third parties or by virtue of the position held shall not be used for personal dealings including through third parties;
3. speculative investments are prohibited during working hours, especially intraday purchases and sales of the same security;
4. personal dealings, including via third parties, in trading derivatives, other derivatives (futures, options, swaps), short selling as well as dealings with a frequency that suggests speculative purposes are prohibited during working hours;
5. any personal activities or interests which may be in conflict with the interests of the Company, of customers/prospects and/or assets under management shall be fully disclosed;
6. acceptance of gifts that may potentially lead to a

behaviour that clashes with the interests of investors or the Company for their nature.

Business continuity

The services provided are hallmarked by high reliability and security of the technology infrastructure.

Business continuity and the provision of services to customers are dependent upon the proper operation of the business infrastructure and processes, including those based on IT and telecommunications technology.

This is particularly true for an organisation like the Mediolanum Banking Group in which the technology-based direct access channels (the Internet, the Banking Services Center, the television) for the customer are the keystones of the business model. The Group is equipped with adequate systems to ensure business continuity and constantly monitors the proper functioning of all components, making sure they are suitably scaled to ensure the delivery of services.

This entailed the establishment of reliable controls over critical business processes, and investment in technology to ensure service delivery continuity, the constant monitoring of the operation of processes as well as the establishment and the dissemination of proper alternative procedures that ensure business continuity in the event of failures or crises. Due to the close correlation between technology and operational processes, the Information Systems and Organisation department of Banca Mediolanum is responsible for the extensive business continuity plan and implemented a number of measures geared to achieve the objectives above.

It should be noted that Banca Mediolanum not only provides Information Technology services but also manages, via intercompany service agreements, the information system processes of the Group's Italian companies whose products are sold by the bank. The activities put in place to meet the objectives above were developed along two main lines:

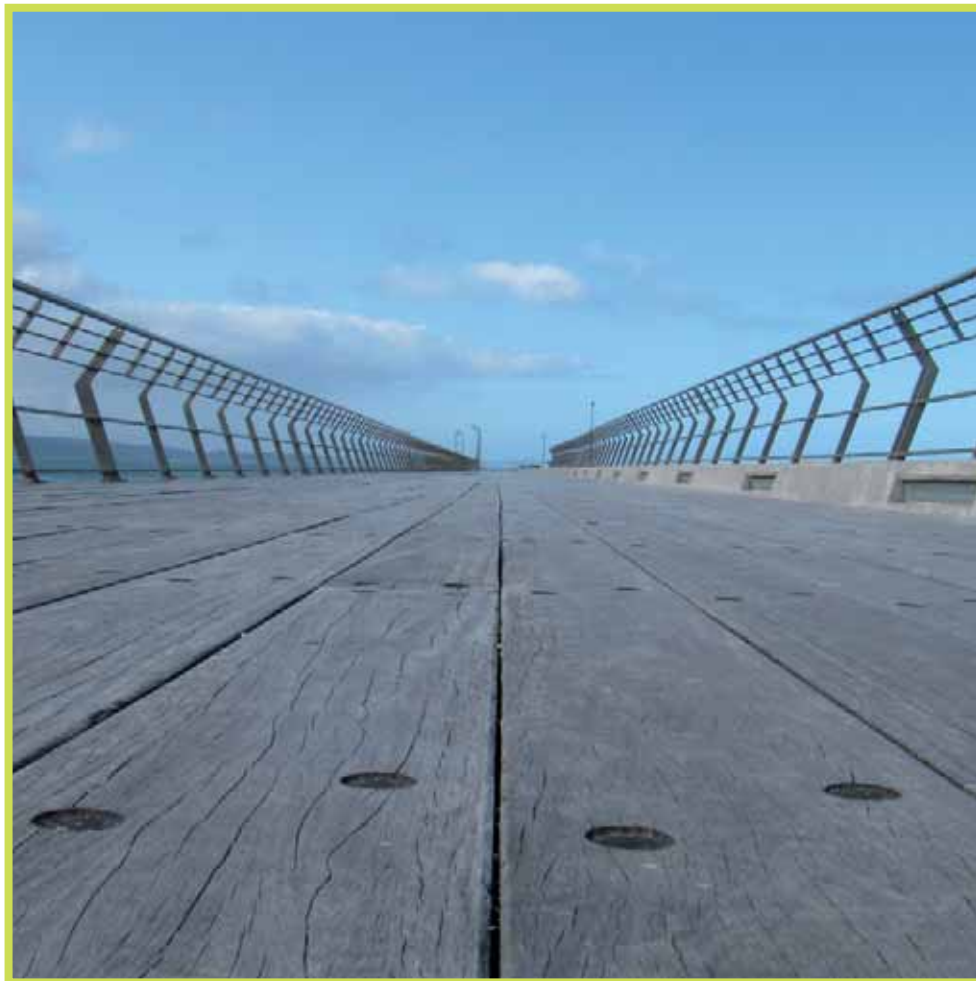
- technology. Review of all activities needed to ensure the efficiency and security of the infrastructure,

and a constant monitoring of the infrastructure and related equipment to ensure the delivery of services also in case of failures or disasters;

- processes. Development of operational procedures that ensure business continuity across a wide range of crisis scenarios (from temporary disruption to an emergency situation, severe crisis or catastrophe). The procedures were designed, tested and maintained in cooperation with the various users.

A Crisis Team was established to coordinate and manage the various stages in a crisis until business is resumed. The team is composed of the heads of various departments and is responsible for coordinating all steps taken in the management of the crisis. The Group carries out a variety of drills and tests annually as well as updates and upgrades of its processes and systems to reflect any changes in internal processes and product innovation and to ensure that the organisation's infrastructure keeps pace with the rapidly changing market environment and business needs of the company.

FINANCIAL INDICATORS

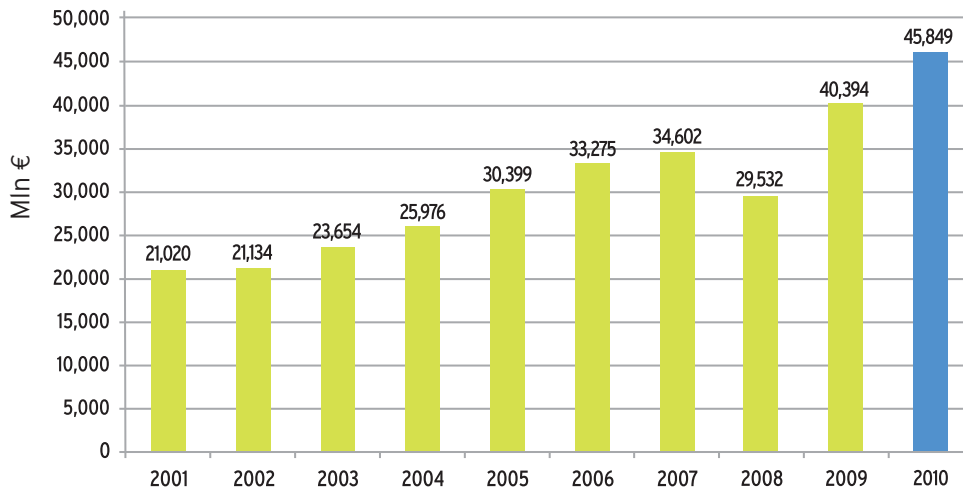


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Key financial data

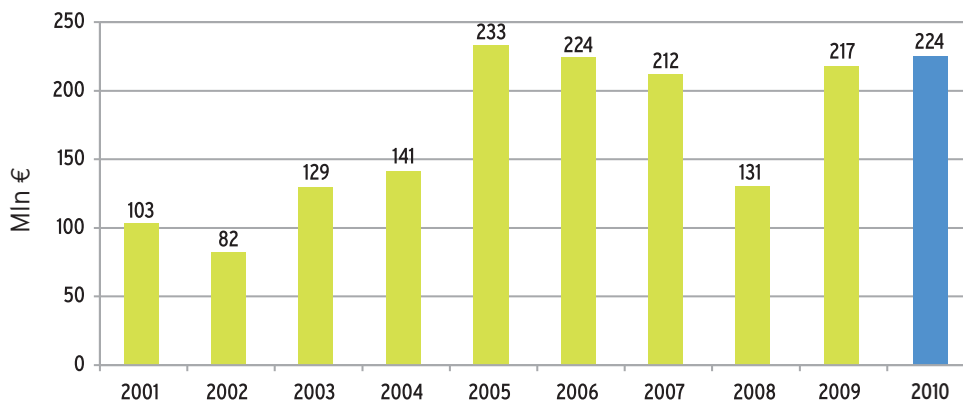
CONSOLIDATED DATA

Group assets under management & administration



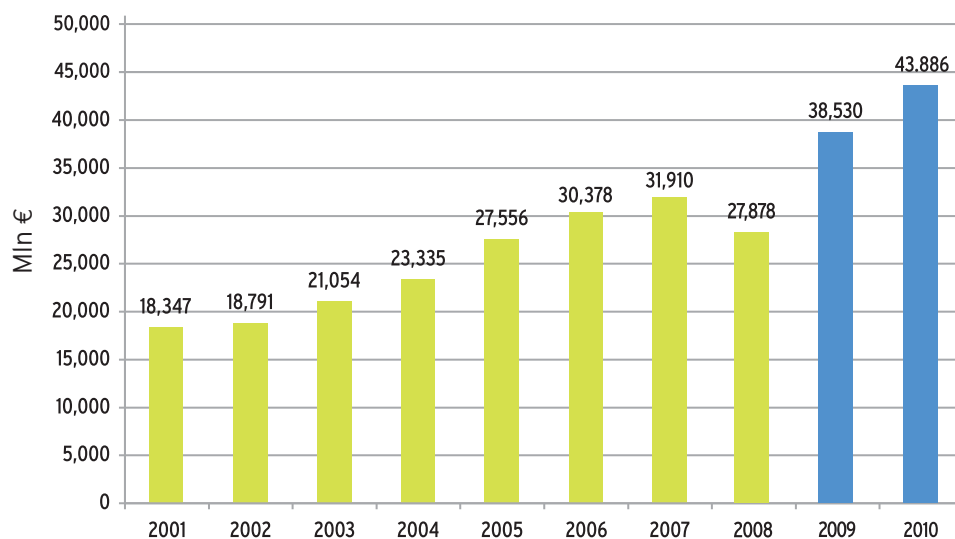
In 2010, assets under management and administration⁽¹⁾ increased, coming in at € 45,849 million.

Group net profit

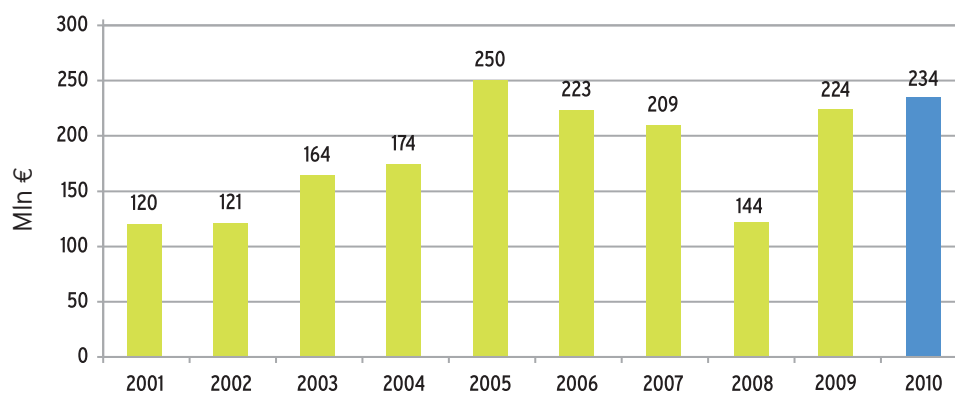


Consolidated net income from ordinary operations increased compared to 2009, coming in at € 224 million.

(1) Luigi Del Fabbro, Officer responsible for preparing Mediolanum S.p.A. accounting and financial reporting documents hereby certifies pursuant to section 154 bis, second paragraph, of the Consolidated Finance Act, that the financial information contained herein reflects the accounting entries, records and books."

DOMESTIC MARKET⁽²⁾**Assets under management & administration**

Assets under Administration increased compared to 2009, coming in at € 43,886 million.

Net Profit Domestic market

Net profit from ordinary operations in the domestic market increased, coming in at € 234 million (+ 4.4% compared to 2009).

(2) Figures relating to net profit, assets under management and administration and gross inflows of customer assets also include the results of Banca Esperia on a pro-rata basis (50%)

| Summary business and financial data | 2010 | 2009 | % Change |
|---|---------------|---------------|---------------|
| Ordinary Shares outstanding (number) | 732,879,960 | 731,400,579 | 0.20 |
| Group (€/m) | | | |
| Group Assets under Management & Administration | 45,849 | 40,394 | 13.5 |
| Gross Inflows* | 9,589 | 10,680 | (10.2) |
| Embedded Value post-acquisitions | 3,233 | 3,072 | 5.2 |
| Revenue | 10,117 | 10,504 | (3.7) |
| Profit before tax | 275 | 258 | 6.6 |
| Income tax | 51 | 40 | 27.5 |
| Net profit | 224 | 217 | 3.2 |
| Dividend | 114 | 110 | 3.5 |
| Dividend per share | 0.16 | 0.15 | 6.7 |
| Domestic Market Mediolanum | | | |
| Mediolanum | | | |
| Total Customers | 1,076,550 | 1,097,800 | (1.9) |
| Total Primary Account Holders | 897,160 | 921,330 | (2.6) |
| Sales Network | 4,816 | 5,303 | (9.2) |
| Assets under Management & Administration (€/m) | 37,514 | 32,939 | 13.9 |
| Total Gross Inflows, of which (€/m)* | 9,241 | 10,471 | (11.8) |
| Gross Life Premium Written* | 1,964 | 6,878 | (71.4) |
| Structured Bonds* | 858 | 45 | 1,806.7 |
| Gross Inflows to Mutual Funds & Managed Accounts | 4,997 | 3,197 | 56.3 |
| Gross Inflows to assets under administration* | 700 | (813) | (186.1) |
| Banca Esperia Gross Inflows* | 697 | 1,144 | (39.1) |
| other** | 26 | 21 | 23.8 |
| Total Net Inflows, of which (€/m) | 3,285 | 5,795 | (43.3) |
| Net Inflows to assets under management * | 1,727 | 6,563 | (73.7) |
| Structured Bonds* | 858 | 45 | 1,806.7 |
| Net Inflows to assets under administration* | 700 | (813) | (186.1) |
| Banca Esperia*** (€/m) | | | |
| Assets under Management & Administration* | 6,372 | 5,591 | 14.0 |
| International Markets (€/m) | | | |
| Assets under Management & Administration* | 1,963 | 1,864 | 5.3 |

* The data for 2009 differs from the data that was published last year due to a reclassification of the 2009 data

** Non-life policies and third-party insurance products (Skandia)

*** Mediolanum shareholding (50%)

Embedded value

Considering the importance of “embedded value” in analysing the Mediolanum Group performance, some key information on European Embedded Value prepared with the assistance of Towers Watson is provided below.

In 2009, the Mediolanum Group adopted the Market Consistent Embedded Value Principles established by the CFO Forum (the organisation comprised of all the CFOs of the European Insurance Groups) as far as the Life business (MCEV) is concerned, while for the other businesses (Asset Management and Banking), the Market Consistent European Embedded Value principles are applied. Embedded Value is the sum of Shareholders' Equity, adjusted to the market value of assets, plus the value of in-force business. For life business, the value of in-force business is the present value of the stream of future after-tax profits projected over the contract life and adjusted for the cost of maintaining a level of required capital and for the cost of non-hedgeable risk. Value of in-force business for mutual funds, managed accounts and the banking business is calculated, wherever possible, in a way similar to that of the Life policies in-force. The table below shows the analysis of “Embedded Value” at December 31, 2010 and comparative information at December 31, 2009.

Embedded value at December 31

| €/m | 2010 | 2009 | % Change |
|---|--------------|--------------|------------|
| Net asset value (1) | 1,036 | 992 | 4.4 |
| Adjustments to net asset value (2) | (302) | (291) | 3,9 |
| Adjusted net asset value | 734 | 701 | 4.7 |
| Value of in-force business, life business | 1.710 | 1.763 | (3,0) |
| Value of in-force business asset management | 541 | 389 | 39,1 |
| Value of in-force business, banking | 248 | 218 | 13,7 |
| Value of in-force business | 2,499 | 2,371 | 5.4 |
| EMBEDDED VALUE | 3,233 | 3,072 | 5.2 |

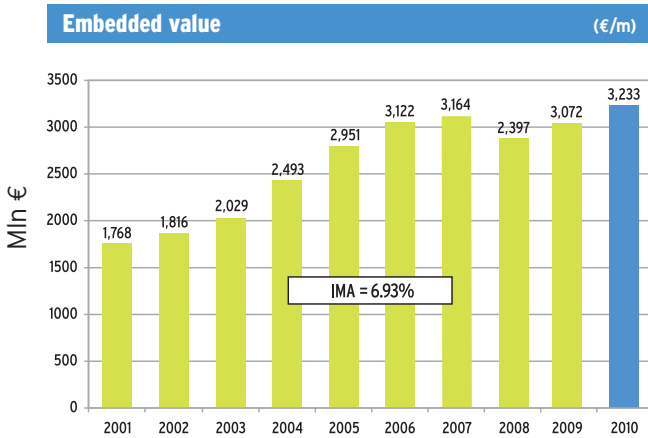
Embedded value totalled €3,233 million.

(1) On an IFRS (International Financial Reporting Standards) basis

(2) Consolidated shareholders' equity on an IFRS basis before distribution of dividends payable in the following year, is adjusted:

- I. to reflect the market value of any assets not measured at market value under IFRS,
- II. to eliminate the impact of goodwill arising in prior years, largely from the acquisitions of Fibanc, Gamax, B.A. Lenz and MILL,
- III. to eliminate gains on segregated funds which are included in the value of in-force life business as they are realised,
- IV. to eliminate the accounting balances relating to life contracts classified in accordance with IAS 39 for which the value of the in-force business is determined on a statutory basis,
- V. to eliminate the impact of taxation on life reserves

CALCULATION AND DISTRIBUTION



The principle components of European Embedded Value for the Group have been calculated internally since 2007, relying on the consultancy of Towers Watson for the review of the results of the calculation and for the calculation of all the other components of Embedded Value that are not calculated internally.

Value added for the stakeholders

CALCULATION AND DISTRIBUTION OF VALUE ADDED

Method

Value added expresses the value created by the company during the year, and is calculated as the difference between sales and costs and represents the bridge between the Annual Report and the Social Report.

For the calculation of value added, income statement items were reclassified to highlight the processes through which value is generated and distributed, and to quantify in monetary terms the relationship between the company and its social and business partners, especially some of its key stakeholders,

i.e.:

- dividends that are paid out to the shareholders;
- wages and salaries, social security contributions, completion-of-service entitlements, compensation paid to human resources (employees, contract workers and sales network);
- direct and indirect taxes paid to the Government and its agencies; fees paid to supervisory authorities and trade associations;
- charitable projects for the community;
- earnings retained by the company to be reinvested in the business to ensure that the business is efficient and keeps growing.

The tables below show the generation and distribution of value added in FY 2009 and FY 2008 for our domestic market (Italy) using the same classification of items as reported in Segmental Financial Information as at December 31, 2010 and as at December 31, 2009, under Part E of the Notes to the 2010 Annual Consolidated Financial Statements.


Formation of consolidated value added - Italian market

| amounts in thousands of € | FY 2010 | FY 2009 | % Change |
|--|------------------|------------------|--------------|
| Net sales | | | |
| Net premiums written | 9,003,188 | 9,545,971 | (5.7) |
| Amounts paid and charges in technical reserves | (8,977,543) | (9,457,085) | (5.1) |
| Commission income* | 746,664 | 580,145 | 28.7 |
| Commission expense ^{(1)*} | (26,839) | (24,007) | 11.8 |
| Net financial income* | 146,390 | 211,266 | (30.7) |
| Net income on other investments ^{(2)*} | 22,487 | 14,895 | 51.0 |
| Other revenues* | 22,823 | 23,590 | (3.3) |
| TOTAL NET SALES* | 937,170 | 894,775 | 4.7 |
| Costs | | | |
| General and administrative expenses ^{(3)*} | (134,557) | (134,809) | (0.2) |
| Net impairment | (17,532) | (35,506) | (50.6) |
| Provisions for risks and charges ^{(1)*} | (15,352) | (6,543) | 134.6 |
| TOTAL COSTS* | (167,441) | (176,858) | (5.3) |
| Gross value added from ordinary operations* | 769,729 | 717,917 | 7.2 |
| Profit/(loss) from discontinued operations | (55) | (389) | (85.9) |
| Profit/(loss) from disposal of investment ⁽²⁾ | 5,447 | 8,510 | (36.0) |
| Total gross value added* | 775,121 | 726,038 | 6.8 |
| Amortisation and depreciation ⁽³⁾ | (11,468) | (15,594) | (26.5) |
| Impairment of goodwill | 0 | (4,038) | (100.0) |
| Total net value added* | 763,653 | 706,405 | 8.1 |
| Cost of labour | | | |
| - employees ⁽³⁾ | (128,626) | (122,590) | 4.9 |
| - sales network ^{(1)*} | (304,759) | (272,706) | 11.8 |
| Gift and donations ⁽³⁾ | (7,232) | (5,292) | 36.7 |
| Direct and indirect taxation ⁽³⁾ | (36,415) | (39,346) | (7.4) |
| PROFIT BEFORE TAXES AND MINORITY INTERESTS | 286,620 | 266,472 | 7.6 |
| Income tax for the period* | (52,158) | (42,353) | 23.2 |
| Minority interests | - | - | - |
| NET PROFIT | 234,462 | 224,119 | 4.6 |

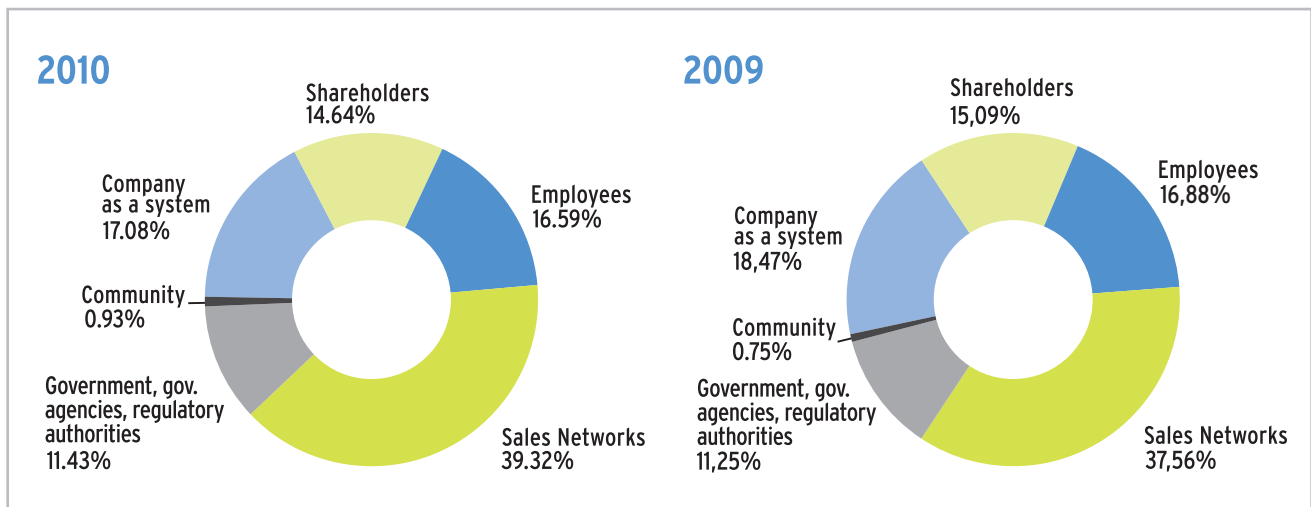
(1)-(2)-(3) The figure differs from the reported in the reclassified income statement due to the separate indication of the amounts relating to the items reported after Total Net Value Added

* The 2009 figure for these items differs from the one published last year due to a reclassification of data

 **Distribution of consolidated total gross value added - Italian market**

| amounts in thousands of € | FY 2010 | FY 2009 | % Change |
|--|----------------|----------------|--------------|
| Shareholders | 113,508 | 109,630 | 3.5 |
| - dividend to third party stakeholders | 113,508 | 109,630 | 3.5 |
| Employees | 128,626 | 122,590 | 4.9 |
| Sales Networks | 304,759 | 272,706 | 11.8 |
| Government, gov. agencies, regulatory authorities | 88,573 | 81,699 | 8.4 |
| - direct and indirect taxes | 36,415 | 39,346 | (7.4) |
| - income tax for the period | 52,158 | 42,353 | 23.2 |
| Community | 7,232 | 5,292 | 36.7 |
| - gifts and donations | 7,232 | 5,292 | 36.7 |
| Company as a system | 132,422 | 134,121 | (1.3) |
| - amortisation and depreciation | 11,468 | 15,594 | (26.5) |
| - impairment of goodwill | 0 | 4,038 | (100.0) |
| - foreign operations | 10,736 | 6,839 | 57.0 |
| - retained earnings | 110,218 | 107,650 | 2.4 |
| Total gross value added | 775,121 | 726,038 | 6.8 |

Value added distribution



SOCIAL INDICATORS



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SOCIAL INDICATORS

CUSTOMERS

SALES NETWORK

EMPLOYEES

SHAREHOLDERS AND INVESTORS

VENDORS

THE COMMUNITY AT LARGE

THE ENVIRONMENT

REGULATORY AND LEGAL AUTHORITIES,
TRADE ASSOCIATIONS

CUSTOMERS



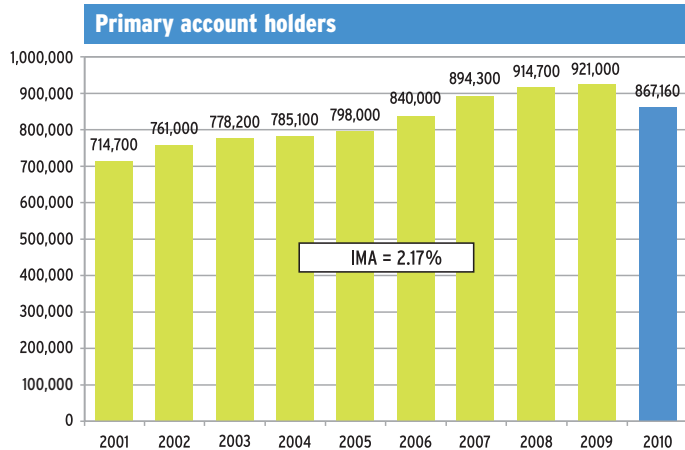
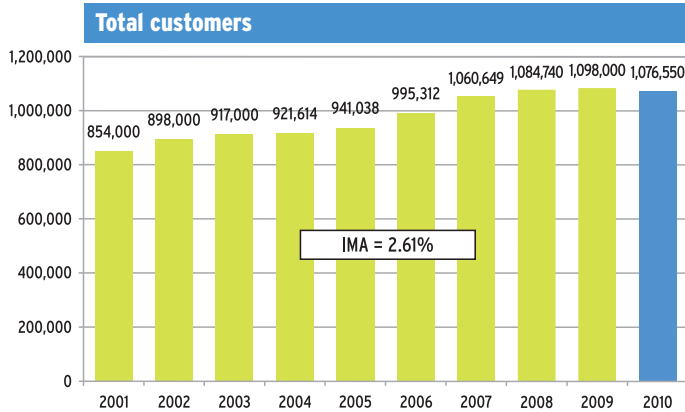
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Analysis of customers



NUMBERS OF CUSTOMERS

Over the last several years, the growth in the number of total customers and primary account holders has been remarkable; in 2010, however, the number decreased slightly compared to 2009.



CAGR: Compound Annual Growth Rate

| (number) | 2010 | 2009 | % Change |
|-------------------------|-----------|-----------|----------|
| Primary account holders | 897,160 | 921,330 | (2.6) |
| Total account Customers | 1,076,550 | 1,097,800 | (1.9) |



NUMBER OF CONTRACTS

The number of contracts too decreased by 20%, specifically in the banking business, due to the rationalisation of the portfolio via the closing of inactive accounts.

| (number) | 2010 | 2009 | % Change |
|------------|-----------|-----------|----------|
| Contracts* | 2,247,059 | 2,807,618 | (20.0) |

* Types of contract included in the analysis: Life policies, Mutual Funds, Managed Accounts, BankAccounts, Securities Accounts, Credit Cards, Mortgage Loans, Loans, Credit Facilities, Protection and Real Estate products (Timeshare Proper)

GEOGRAPHIC DISTRIBUTION OF PRIMARY ACCOUNT HOLDERS

The Group's customers are evenly distributed across Italy.

| Geographic area (number) | 2010 | 2009 | % Change | % out of total customers' Italy |
|--------------------------|----------------|----------------|--------------|---------------------------------|
| Northwest | 246,111 | 253,854 | (3.1) | 27.4 |
| Northeast | 265,012 | 268,458 | (1.3) | 29.5 |
| Central | 204,264 | 210,175 | (2.8) | 22.8 |
| South and Islands | 181,773 | 188,843 | (3.7) | 20.3 |
| TOTAL ITALY | 897,160 | 921,330 | (2.6) | 100.0 |

PRIMARY ACCOUNT HOLDERS BY GENDER

Breakdown by gender remained stable.

| Gender (%) | 2010 | 2009 |
|--------------|------------|------------|
| Men | 61 | 61 |
| Women | 39 | 39 |
| TOTAL | 100 | 100 |

PRIMARY ACCOUNT HOLDERS BY AGE GROUP

| Age group (%) | 2010 | 2009 |
|----------------|--------------|--------------|
| up to 25 years | 3.3 | 3.8 |
| 26-30 | 6.2 | 6.8 |
| 31-35 | 10.5 | 11.4 |
| 36-45 | 28.9 | 29.2 |
| 46-55 | 23.7 | 22.6 |
| 56-65 | 14.9 | 14.3 |
| > 65 | 12.5 | 11.9 |
| TOTAL | 100.0 | 100.0 |
| Average age | 48.3 | 47.7 |

The majority of Group customers are in the 36 - 55 age group (52.6%), with an average age of 48.3.

PRIMARY ACCOUNT HOLDERS BY PROFESSIONAL CATEGORY

| Professional category (%) | 2010 | 2009 |
|-----------------------------|--------------|--------------|
| Non-management employees | 33.8 | 34.2 |
| Entrepreneurs | 15.8 | 15.6 |
| Blue collar workers | 14.4 | 14.3 |
| Self-employed professionals | 10.4 | 11.1 |
| Retired | 13.7 | 12.8 |
| Homemakers | 6.2 | 6.4 |
| Students | 2.7 | 2.8 |
| Managers | 2.1 | 2.0 |
| Unemployed | 0.9 | 0.8 |
| TOTAL | 100.0 | 100.0 |

In 2010, no significant change was observed in the breakdown of customers by professional category with respect to the previous year.

PRIMARY ACCOUNT HOLDERS BY LEVEL OF EDUCATION

| Level of education (%) | 2010 | 2009 |
|-------------------------|--------------|--------------|
| Elementary School | 6.8 | 7.0 |
| Junior High School | 24.0 | 24.0 |
| High School | 51.1 | 51.6 |
| University/Postgraduate | 18.1 | 17.4 |
| TOTAL | 100.0 | 100.0 |

In 2010, the number of Group customers who held a high-school diploma or university/postgraduate degree increased.

- the multiple direct distribution channels and degree of customers' knowledge about their use, their frequency of use as well as the functions used;
- the level of service offered by the various channels of access;
- the customer-Family Banker® relationship.

The level of overall satisfaction (83.6% in the 2009 study) is always very high.

In 2010, the decision was made to review the contents of the research in question and a new, in-depth analytical project with a broader scope is currently being studied. The 2010 multi-client research **Retail Customer Satisfaction Survey promoted by ABI** and carried out in cooperation with GfK Eurisko confirmed the positive findings with respect to Customer Satisfaction. This analysis compared a sample of more than 600 Banca Mediolanum customers with a sample representative of the Italian banking market: the overall satisfaction index of the Mediolanum customers registered a higher level compared to the satisfaction level achieved by the entire sector (**76%** versus **60%**).

Customer loyalty is stable at very high levels - particularly where Average Customer Seniority, Cross-Selling rate and Retention rate are concerned.

Customer Satisfaction

For more than 15 years, Banca Mediolanum has carried out a Customer Satisfaction analysis on its customer base via a leading research institute. The purpose of the study is to verify the satisfaction level in terms of the relationship with the bank.

Each year, **10,000 customers** are contacted (selected by random sample) in order to examine areas such as:

- the products that were selected and the results obtained;

AVERAGE CUSTOMER SENIORITY

Average length of time as a customer increased, confirming customer loyalty.

| (years) | 2010 | 2009 | % Change |
|----------------------------|------|------|----------|
| Average customer seniority | 9.5 | 8.9 | 6.7 |

CROSS SELLING

Cross selling is an indicator of the degree of coverage of the customer's financial needs by the bank and actually represents the number of product lines that are actively used by a customer.

The average number of products held by each customer remained unchanged in 2010; the percentage of

customers holding just one product increased, as did the percentage of customers with at least 6 products.

| | 2010 | 2009 | % Change |
|---------------------------------|--------------|--------------|----------|
| Average number of products held | 2.8 | 2.8 | - |
| | | | |
| % out of total costumers | 2010 | 2009 | % Change |
| One product | 38.0 | 35.0 | 8.6 |
| 2-5 products | 50.6 | 54.7 | (7.5) |
| At least 6 products | 11.4 | 10.3 | 10.7 |
| TOTAL | 100.0 | 100.0 | |

(Product types: Bank Accounts, Credit Cards, Securities Accounts, Mutual Funds, Managed Accounts, Index-Linked Life products, Retirement Plans, Life Insurance and General Insurance products, Credit facilities /Loans/Mortgage products, Use of the multiple channels)

CUSTOMER RETENTION

The customer retention rate over the 12 month period, or rather the percentage of those who were active customers at the beginning of the year came to 92%.

| (%) | 2010 | 2009 | % Change |
|-----------|------|------|----------|
| Retention | 92.0 | 92.9 | (1.0) |

Banca Mediolanum PrimaFila

PrimaFila is a programme introduced in 2004 that was developed to reward the Group's most loyal customers with prizes and other advantages, fostering continuity in the relationship with customers. PrimaFila also provides additional opportunities to keep in touch with the Banca Mediolanum community by means of meetings, events, conventions and a variety of activities, all of which bring PrimaFila customers together in an effort to further develop a bond between the customers and the Group.



Advantages and services

Once inside the Club, the customers can access a series of initiatives and privileges via co-marketing activities and agreements with outside companies, as well as benefit from differentiated services, primarily banking services, like preferential access to the Banking Services Center, the possibility of increasing maximum balance on the credit card or ATM card and personalised bank checks.



There are a variety of activities that are carefully designed to involve customers, inviting them to exclusive events in the areas of art, culture, music, entertainment, but also sporting events and food and wine tasting. A review of the events and activities of the Club, like useful tips and information about topics of general interest (cultural outings and dining, travel, art objects, etc.) are available to the customers in the World PrimaFila magazine, which is distributed twice a year in both printed and electronic versions.



This interactive and animated magazine lets the reader browse through the gallery of photographs, view videos and send selected articles to external e-mail addresses. The magazine is also showcased on the public website www.primafilamediolanum.it, which allows customers and others to review all of the initiatives, access the photo archives and keep up-to-date with services and news.

In order to continue to broaden the opportunities

available to the customers belonging to the Club, the idea of increasing the special conditions relating to the products and services of the Group is currently being evaluated, which would give further value to the benefits provided to the PrimaFila customers as well as a sense of belonging to the Banca Mediolanum community.

Channels and Services

In 2010, **71%** of the customers who are bank account holders used Direct Channels, an increase of 2% compared to the previous year. **Total contacts** with the bank increased by **1.7%**, while the number of text messages sent by customers utilising text messaging service was up 11.7%.

A sign of the customer's increasing familiarity with the multi-channel platform is the increase registered in the number of **transactions (+8%)** made directly by customers.

USAGE RATE OF DIRECT CHANNELS 2010 VS. 2009

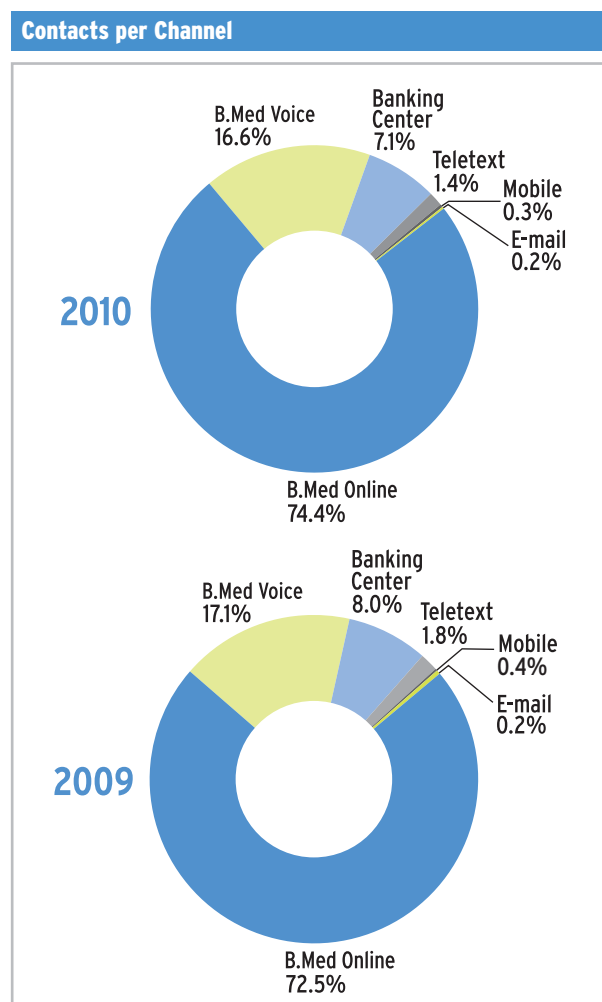
B.Med Online Contacts made via the Internet kept increasing (+5%) and represented **74.4%** of the total.

B.Med Voice The number of contacts made via the voice portal was in line with 2009, confirming the customer's preference to make transactions on their own, helped by the ever increasing level of information available on BMed Voice and the greater usage of feature to top-up mobile phone credit. Similarly, this tendency to use self-banking is demonstrated in the decreased use (9%) of the **Banking Services Centre**.

The level of service provided by the Banking Services Centre continues to reach very high levels: more than **95%** of the calls are responded to within 20 seconds,

and the average waiting time for all calls is about **3,5 seconds**.

To fully appreciate these results, it is helpful to make the comparison with the results from the fifth research study "Rapporto sui call center bancari" (Report on banks' call centers), conducted by the ABI Lab and by the Marketing and Customer Satisfaction Departments, where Banca Mediolanum is included, together with 23 other call centers that represent 84 banks: **65%** of the calls receive a response within 20 seconds with an average waiting time on all calls of around **40 seconds***.



To facilitate the knowledge of the multi-channel services offered by the Bank, a Welcome Kit was

* Source: "6th Report on Banks' Call Centers", ABI Lab and ABI Marketing and Customer Satisfaction Departments

developed: a kit filled with suggestions for the new account holders with the purpose of helping them better understand and use of the channels available at Banca Mediolanum, with good results in 2010 as well. At the first telephone contact, more than 14,000 new bank account holders received a personalised welcome message, and in most of the cases at the same time information on what functions are available through the multi-channels and how to access the Bank using Self Banking.

OTHER UPDATES IN 2010

For the Direct Channels, additional attention was given to Security in 2010:

- **alert messages via email:** customers can chose to receive an alert free of charge at their email address, which has a number of advantages such as easy storage of information received, clearly separated from security text messages;
- **Security text messages:** alerts for international wire transfers and for credit card charges were introduced, in addition to the automatic alerts sent for executed wire transfers.
- **Internal monitoring:** the technology and information supporting the Anti-Fraud Team were increased.

Additional improvements were made to the **B.Med Voice** portal to further enhance Customer satisfaction by making it more usable:

- introduction of the service for on-line RAV and MAV payments (utilities, traffic fines, tuition, condominium fees, etc);
- improvement in voice and pronunciation recognition of the VRU system thanks to the introduction and fine-tuning of a more advanced technological platform.

In the month of May, a new online video platform was launched for Mediolanum Channel, the satellite channel of the Mediolanum group, which went off air and now

has a new home at www.mediolanumchannel.tv. **B.MedTV** is an important step forward for giving the Bank an online presence, for sharing video content, both new productions and archived footage.

Additionally in 2010, in order to give constant attention to the quality of the service provided, an analysis was made internally on the perception of quality by the customers who use the Banking Services Center. The survey was conducted with a sample of 3,200 customers in the second and in the fourth quarter; the respondents were asked their opinion about the technical competence, response time, the professionalism and the kindness of the Banking Services Center representative (the reps who manage their requests).

On a scale of 1 (poor) to 4 (excellent), the overall rating was on average **3.8** and interesting customer feedback come out of the study, useful for further improvement and development of the services provided.

2010 PROJECTS

B.Med Mobile

Mobile access to Banca Mediolanum has been possible since 2007, the year when the Bank launched the service B.Med Mobile, the first in Italy to develop a dedicated Java application for the main brands of mobile smart phones, Nokia, HTC and Blackberry, guaranteeing the highest standards in terms of 'ease of use'. In the second half of 2010, new ways to access the Bank via mobile phones and smart phones were developed. The first result of this new effort was the introduction of the new, dedicated



Apple application for the iPhone, iPod Touch and iPad.

Available since January 2011, the application is downloadable from



AppStore free of charge and permits customers to access information about their bank account, make wire transfers and mobile phone top-ups and view the status of their mutual fund and stock investments.

The application also lets the customer verify credit card and ATM transactions made and related limits.

And finally, the application has a convenient research function that indicates on a map the nearest ATM, as well as the nearest Intesa SanPaolo and Post Office branch for the withdrawal of cash and Family Banker office. In the first 10 days from the launch, more than 5,000 downloads of the application were registered and more than 9,000 hits, demonstrating the enormous interest in the "mobile" channels. The new application for iPhone and iPod Touch represents yet one more technological building block that makes up the multi-channel model that has always set Banca Mediolanum apart. The effort on the mobile technology front continues on with the objective for 2011 to design solutions for the **Android and Windows Phone 7**, operating systems in the smartphone category, defining a new, rapidly growing segment of advanced users.

NEW PRODUCTS IN THE BANKING SERVICES RANGE

The new version of the **Mediolanum Freedom** bank account was launched in October 2010, maintaining the original features of the product, meaning the only banking solution that offers a current account with all the banking services and advantages together with a life insurance policy providing the highest return on cash deposits above a certain minimum threshold.



Other complementary products to Freedom were launched in October (Repurchase Agreements and bond issues) in order to provide a complete, personalised solution to the need to invest liquidity, generate good returns and diversify the customer's portfolio in the short term.

Banca Mediolanum furthered its commitment in the social sphere through the "**Freedom for the children of Haiti**" initiative that donates funds to the Francesca Rava NPH Italia non-profit foundation to cover the cost of one month of schooling for a child in Haiti for each Freedom account opened during the period October 1, 2010 - March 31, 2011. In 2010, Banca Mediolanum S.p.A guaranteed a year of schooling to more than 1,500 Haitian children through the opening of new Freedom bank accounts.

In 2010, Banca Mediolanum also showed its concern for its customers in the area of payments, further lowering the interest rate applied to installment payments, which are already well below the market average.

MedPlus Structured Bonds and **MedPlus Certificates** were offered to customers who were looking for advanced solutions to further develop and diversify their portfolio.

In the area of lending, "Linea Compact" ("Compact

Development of the range of products and services

The commitment of the Mediolanum Group in the products and services offered is based on the importance of **identifying the needs** of the customer, guaranteeing a high level of satisfaction, through solutions that are increasingly flexible and innovative and able to respond to their needs.

Line”) for loan consolidation was launched as part **Mediolanum Credit**.

Mediolanum Credit Compact, granting loans up to € 50,000, answers the needs of those customers who have active loans extended by different counterparties and who would like to “transform/consolidate” their loan into a new and unique line of financing, renegotiating the payments and/or the length and/or the interest rate with Banca Mediolanum, with the possibility of obtaining additional liquidity. In 2010, the **Mediolanum MaxiCredit** product line was broadened with the objective of providing a richer and more complete range of products to the customer. With this new type of loan the customer can obtain financing equal to the amount of the collateral securing the loan, up to a maximum of € 250,000.

WHAT'S NEW IN THE FINANCIAL AND INSURANCE SERVICES RANGE

2010 represented a pivotal year for the development of Mutual Fund investment products. A year during which significant changes and innovations were made - for the third year in a row - involving practically all the “families” of funds distributed by the Bank.

In particular, two main projects were carried out over the course of the year:


- The consolidation of the historic range of funds **Fondi Italiani** and **Sistema Mediolanum Elite** funds  into “**Sistema Mediolanum Fondi Italia**” of Mediolanum Gestione Fondi. A new family made up of 5 funds designed to be dynamic and flexible, adapted to the needs of a financially sophisticated customer looking for the added value of a highly qualified active management.
- The broadening of the **Mediolanum Best Brands** product line, launched in 2008 by Mediolanum International Funds, with the addition of three

truly innovative funds




of funds that were developed in conjunction with three leading international asset management companies, who joined the list of well-established partnerships:

- DWS, investing primarily in equity markets following an investment strategy that is aimed at capturing the main megatrends in the global economy,
- Franklin Templeton, through a flexible strategy that invests primarily in equity and bond markets in emerging markets,
- PIMCO, with a flexible strategy that invests in instruments (for example, bonds, commodities, equities) judged to be able to preserve capital from inflation risk.

Many customers in 2010 chose the **Double Chance** investment service to take advantage of opportunities presented by the  equity market.


In fact, this service lets the customer enter the global equity market in a systematic way via an installment plan, getting the advantages of a pre-defined, high yield on the liquidity initially put in the deposit account, waiting to be transferred to the investment.

Thanks to the new investment solutions and the advising capacity of Family Bankers, in 2010, the Mediolanum Group had Net Inflows into mutual funds of € 2.16 billion, double the mutual fund inflows of the entire industry in Italy (€ 1.09 billion, source Assogestioni).

In 2010, the line of insurance products was enhanced by a new Unit-linked policy from Mediolanum Vita, **Mediolanum New Generation**, an investment product designed specifically for parents and grandparents who intend to invest and save on behalf of their children and grandchildren. Mediolanum  New Generation is an

innovative investment service made up of:

- A life policy: to invest for the long term building up capital by reaping the benefits of the equity markets and optimizing the volatility of the investment through the “life cycle” methodology.
- A protection policy: to guarantee the achievement of the objective - completion of the plan - in the case of serious events that could happen to the policyholder.
- A pre-paid charge card: the Mediolanum New Generation Card is issued free of charge exclusively to the Mediolanum New Generation policyholders. Parents/grandparents can use it directly themselves or give it to the child to manage their ‘allowance’.

In the month of September, **Mediolanum Premium Plan New Edition** was launched, the new Unit-linked policy from Mediolanum International Life that lets the policyholder participate in the global equity markets through a selection of funds that invest in the Best Brands product line and that has an innovative bonus system that give back  the cost of the entry fees and continues on throughout the life of the investment.

Though originating from the existing product Premium Plan, this is a complete investment that should be considered in all respects a new product, suitable for every retail customer thanks to the simplicity and minimum level of investment required within the reach of everyone, the experience and professionalism of the highly qualified fund managers and the investment in the best selection of mutual funds of the leaders in the asset management industry. And with all the typical advantages of a life policy.

Supplementary **pension plans** have always been an importance focus of Banca Mediolanum.

Therefore, for this reason and for the ongoing effort to offer Customers flexible and personalised solutions, Banca Mediolanum has updated the **TaxBenefit New**

service, the Individual Pension Plan that is designed to integrate the public pension and respond to the needs of each individual customer.

Since 2010, **three new pre-defined investment profiles** are available that adjust the percentage of assets allocated to equities and bonds over time (the Lifecycle component), according to the total duration of the plan.

The “**Consolida i Rendimenti**” (“Gain Consolidation”) **service** was also updated. This is the automatic mechanism connected to Lifecycle that consolidates the capital gains obtained from increases in the market, only in the event of positive overall performance of the investment.

RESPONSES TO THE CRISIS: MEASURES IN SUPPORT OF FAMILIES AND BUSINESSES

In 2010, there were a number of projects where Banca Mediolanum, by its own initiative or proposed by the Italian Government, Ministries or Trade Associations, **supported its customers** as was the case in the past when the Bank - on a voluntary basis - unilaterally reduced the spread on mortgages or covered the losses on the polices with Lehman Brothers bonds as underlying.

Included in the main actions:

- The participation in the Initiative by the Presidency of the Council of Ministers’ Department for Family Welfare (**Fund for Newborns**) to provide access to funds over 2009 - 2010 - 2011 through loans secured by the Department for families with new-born or babies adopted during this three year period that affected around **300 families** over the course of the year;
- About 30 initiatives (such as the suspension of mortgage payments and repayment of loans of any kind) supporting customers residing in the area that was struck by the quake were undertaken by the bank in compliance with the April 9, 2009 ordinance by the Council of Ministers “Measures

supporting the residents of Abruzzo struck by the April 2009 earthquake in the city of L'Aquila and neighbouring areas". In 2010, funds totalling around **one million euro** were allocated to customers resident in the areas hit and damaged badly by the earthquake;

- The Bank provided support in about 30 cases under the agreement between Banca Mediolanum, Mediolanum Foundation, and San Bernardino Onlus (a non-profit belonging to Lombardy's Caritas organisation) to grant instalment loans to needy people indicated by Fondazione San Bernardino Onlus with the main objective of helping children and women (who need financial support to repay debts and to meet the costs of training and education for the family members);
- The participation by the Bank in the **Piano Famiglie** (Family Plan) promoted by ABI for the **suspension of mortgage payments relating to the purchase**, construction or renovation of the main residence of customers in economically difficult times (unemployed, living on unemployment or with annual income below € 40,000), offering the option of suspending mortgage payments (principal and interest included), totaling 44 cases;
- Banca Mediolanum also took part in the framework agreement between ABI (Italian Bankers' Association) and CEI (Italian Episcopal Conference of the Catholic Church), which provides **loans to large families**, or families burdened by illness or disability, who have lost any kind of earning power, but who have a plan to get back into the workforce or are on their way to launch an entrepreneurial business. These loans are secured by a fund instituted by CEI. The Bank also participated in the agreement for the **suspension of bank loans of small and medium enterprises** signed by the Ministry of Economy and Finance, ABI and business associations, whose objective is to give financial breathing room to companies that have adequate

economic prospects;

Among the projects in 2010, Banca Mediolanum decided - in line with the guidelines of the banking system - to suspend mortgage and loan payments for the customers who were victims of the November floods in **Veneto** that seriously damaged the region. Additionally, the Bank decided - on a voluntary basis - to support those members of the sales network and customers in the area who were affected by the flood through a **grant** totaling € 800,000.

Advertising

Advertising of the **Mediolanum Freedom** bank account was relaunched in 2010, with a variety of advertising flights featuring the President Ennio Doris.

Specifically, the ads in January promoted the interest rate paid of 2.5% net, valid for the first quarter of the year - thanks to the life policy Mediolanum Plus - highlighting the Freedom account as a complete current account, with the immediate availability of the liquidity, and all the payment instruments such as ATM card, checks and credit card. Highlighting the net rate paid, together with the gross rate, turned out to be greatly appreciated by the consumer



for its transparency and simplicity, according to surveys carried out for this purpose.

Television was the principle means of the advertising, accompanied by online ads and outdoor billboards (particularly at the local level).

The new advertising campaign for the Mediolanum Freedom Account with the new interest rate paid of

2% net, valid for the second quarter of the year, was launched March 28. In order to update the advertising message for the relaunch of the product, new 90 second spots were added to the traditional 30 second spots. This format was able to promote, in a single commercial, all the advantages of the bank Account - yield, transparency of the product, value of the Mediolanum Plus Policy, absence of constraints, interest paid daily - together with the unique points of the Mediolanum model. Above all, the message of the ads placed an emphasis on the ease of accessing the Bank - thanks to the multi-channel points of entry and the agreement with the more than 18,000 Italian Post Offices and Banca Intesa branches all over Italy - and on the value of the



advice of the Family Banker®, the fulcrum of the relationship between the customer and Banca Mediolanum. The television advertising was reinforced by the use of print, radio, internet and billboards.

In May, advertising communication promoted an important investment product of Banca Mediolanum, **Mediolanum Best Brands**. The campaign showcased the broadening of Best Brand partnerships, thanks to the entry of three new prestigious, leading asset management companies (in addition to the historic partners), and their new investment solutions that capture the growth opportunities the world economy will present over the next ten years.

This advertising campaign as well featured President Ennio Doris along with the top managers of Mediolanum's asset management partners. The TV advertising plan was supplemented by radio and internet.

In order to reinforce the importance of investing

systematically and entering the world markets gradually, a new television campaign dedicated to **Double Chance** was aired starting June 20. This service lets the customer gradually invest in equity markets through a well-established strategy, with a defined yield on the related deposit account for the amount not yet invested.

In June, a new flight dedicated to the Freedom Account offering 2% net for the third quarter of the year was put on air.



In September, in addition to the increase in the yield offered by the Freedom Account through the Mediolanum Plus Policy, an important **charity initiative** was promoted in support of the children in Haiti. This initiative sees that for every Freedom Account that is opened between October, 2010 and March 31, 2011, Banca Mediolanum will cover the costs of one month of schooling for a child in Haiti through the Francesca Rava N.P.H. non-profit foundation.

The promotion of the new interest rate paid of 2.2% net, corresponding to 3% gross (the rate in effect until December 31, 2010) as well as the Haiti initiative, were supported by a massive television campaign and a presence on radio, internet and outdoor billboards from September 28 to November 11.



“We can all grow together” was the slogan of the advertising campaign featuring President



Ennio Doris and expressing the value of sustainable growth if it brings a benefit to everyone.

With this project, Mediolanum put its mission into action.

In other words, you can be a bank, offering

your Customers extremely advantageous conditions, and at the same time be socially responsible.

In 2010, television was the most used medium for communication, with 73% of the advertising spend. All the advertising campaigns featuring the Freedom Account generated a great deal of visibility thanks to the extremely high levels of reach and frequency.

| Medium (%) | Media Mix | |
|--------------|------------|------------|
| | 2010 | 2009 |
| tv | 73 | 68 |
| internet | 8 | 9 |
| print | 5 | 6 |
| radio | 5 | 4 |
| cinema | 1 | 2 |
| billboards | 8 | 11 |
| TOTAL | 100 | 100 |

EFFICACY AND RECALL

All of the advertising efforts in 2010 kept Banca Mediolanum in 4th place for **brand awareness** in the area of retail banking, as well as 1st place in the category of **spontaneous recall** of banking brands advertising.

| 2010 | 2009 |
|---------------------------------|---------------------|
| 1. Banca Mediolanum | 1. Banca Mediolanum |
| 2. Conto Arancio/ING Direct | 2. Intesa SanPaolo |
| 3. Intesa SanPaolo - Che Banca! | 3. Che Banca! |

*source: GfK Eurisko - Multifintrack research, December 2010

The new reclassification for 2009 was brought about by how data for the Banca Intesa SanPaolo brand were compiled by the research company.

Communication directed at the customers

Many projects and activities were undertaken to involve customers and prospects utilizing efficient tools and means able to reinforce and increase the opportunities to get together and establish a relationship, as well as provide greater brand visibility all over the country.

MEDIOLANUM FREEDOM REWARDING

Banca Mediolanum launched a loyalty programme for its customers, which lets them accrue points when they use their bank account. There is a dedicated section on the website where customers can check on their point balance and choose a reward from the online catalogue.

Mediolanum Freedom Rewarding also allows customers to donate points to the charitable programme Piccolo Fratello (Little Brother); in 2010, a great number of customers



chose to give their points to the project supporting the children in Haiti.

SPONSORSHIPS

Since 2003, Banca Mediolanum has sponsored the **Green Jersey in the Giro d'Italia** and in doing so set the stage for get togethers between the Sales Network and customers in various parts of the country, always in different areas. In conjunction with the race, there were numerous entertaining and informative activities for the public at large, along with the opportunity to meet thousands of customers at dedicated dinners and events along the legs of the race course. The participation of prestigious personalities from the world of cycling and the experience gained over the years enhanced all aspects of the event, including associated amateur races, a hospitality zone and a stand at the start and finish of every leg. Moreover, in 2010, the Giro d'Italia organization was able to promote the Piccolo Fratello project benefitting the children of Haiti by raising significant funds to support the initiative, through the co-promotion with Banca Mediolanum.



On September 30, in conjunction with the launch of the project **Freedom for Haiti**, Banca Mediolanum S.p.A. sponsored **Andrea Bocelli's concert** in the prestigious Duomo di Milano to raise funds for Haiti that had been hit by the earthquake in January 2010.



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LOCAL EVENTS

Event sponsorships are not limited to national events, but are also carried out at the local level (fairs, meetings, sports events, exhibitions); the Family Bankers themselves identify the opportunities to meet up with current customers and prospects. The local events represent a chance for the Sales Network to meet with the public at fairs, cultural, artistic and sports events as well as acquire new customers and develop current ones. In 2010, more than **3,000 events** were carried out at the local level (+60% vs. 2009) and the number of customers and prospects was in **excess of 250,000**.

A Banca Mediolanum **promotional van** dedicated to pension products was added to support this initiative, which was positioned in high traffic public areas like town squares and markets in more than 150 cities.

Stands with Touch Screen monitors were put up inside busy shopping malls and trade fairs, providing a practical demonstration of the multi-channel integrated bank model.



Movie premieres of box office successes reserved exclusively for Mediolanum customers



were among the most important events made available to Family Bankers to recognise and strengthen the personal relationship with Private



Banking and Club Primafila customers: events that embrace the arts and culture, music and shows, sports and leisure time, arranged in collaboration with headquarters with great attention paid to logistics and organization and with a 'relationship-building capacity' able to create interesting opportunities to get together with the customers outside the work environment.

MEDIOLANUM PERSONAL MARKETING

In 2010 as well Mediolanum Personal Marketing (MPM) proved to be a tool that was highly utilised by the Sales Network to send personalised information to customers and prospects through a variety of methods:

- letters;
- e-mail;
- text messages;
- banners and dedicated notices within the Banca Mediolanum website.

Family Bankers, using the commercial messages made available by headquarters, can plan and develop communication activities for their own customers and prospects.

In 2010 there were intense training programmes and a gathering of feedback regarding Mediolanum

Personal Marketing (MPM) tool, carried out in the classrooms at Mediolanum Corporate University as well as in the offices of the Sales Network. The Family Bankers who use the tool went from 77% in 2009 to 90% in 2010.

In 2010, in addition to the improvement of the information available to the Family Bankers regarding promotional campaigns and the customers involved, there was an increase in the number of customers involved (from 8,980 to 13,200).

31 product and corporate campaigns were carried out, (49 in 2009) and 410,000 customers were contacted at least once (440,000 in 2009).

The MPM tool supported the Freedom Account campaign run on the major media, along with letters and e-mail the Family Banker® could send to prospects (who had given their consent in compliance with the Law on Privacy). There were a total of 160,000 prospects contacted in 2010 via Personal Marketing.

Guarantees and Protection

“COMMITMENTS TO QUALITY”

Banca Mediolanum was among the founders of the PattiChiari Consortium, a **self-regulating organization for the banking industry** founded in 2003, whose objective is the quality and efficiency of the market. PattiChiari develops programmes, tools and rules to promote a better bank-customer relationship founded on **simplicity, clarity, comparability and mobility**.

From the beginning, Banca Mediolanum has participated in the programme “Conti Correnti a confronto” “Comparing current accounts”, designed to give customers the capability to compare the features and costs of the accounts offered by the member banks, and “Cambio conto” “Switching bank accounts”, the programme that helps customers move easily from one bank to another.

As a form of self-regulation, the consortium subsequently introduced “**Impegni per la Qualità**” “Commitments to Quality”, which is a set of regulations and initiatives promoted by the Banking System that simplify the relationship between banks and customers.

Banca Mediolanum subscribed to “Commitments to Quality”, which are aimed at retail customers and address 4 areas of interest:

- 1) mobility of the customer;
- 2) simplicity and clarity of information;
- 3) customer assistance;
- 4) security

The main objective of “Commitments to Quality”, is to offer simple and exhaustive information on the diverse world of the economy, from financial education to investing options, in order to create a more balanced relationship with the bank and to offer simple and clear information to the customer, who would then be able to make more informed choices in terms of banking services.

The implementation of “Commitments to Quality”, builds a foundation for the joint efforts carried out by

the banks participating in the PattiChiari Consortium. The boards governing the Consortium include an Advisory Committee made up of representatives of consumers’ associations, academic and professional circles, which is in charge of supervising the fairness of the overall activity carried out by the Consortium as well as monitoring the implementation of the Commitments. Banca Mediolanum has taken steps to implement the individual Commitments based on the time schedule issued by the Consortium, focusing specifically on the commercial initiatives promoting easier customer mobility.

The website www.bancamediolanum.it has granted visibility to Commitments to quality “Patti Chiari” through a dedicated section, which can be accessed directly from the home page.

COMMITMENTS TO QUALITY

| AREAS OF INTERVENTION | ACTIVITY | ACTIVATED | TO BE ACTIVATE |
|------------------------------|--|--|----------------|
| CUSTOMER MOBILITY | Automatic transfer of account debiting orders | ✓ | |
| | Automatic transfer of mortgage payments (mortgage portability) | ✓ | |
| | Transfer of wire transfers | ✓ | |
| | Transfer of credit card statements | | ✓ |
| | Transfer cash orders | ✓ | |
| | Transfer of mortgage or loan payments not automatically debited to the account | ✓ | |
| | Transfer of securities in custody | starting Jan '11 | |
| SIMPLE AND CLEAR INFORMATION | Disclosure of average time to close an account | ✓ | |
| | Search engine for comparison of current account packages | ✓ | |
| | Search engine for comparison of current accounts | not applicable to the Mediolanum Model | |
| | Search engine for comparison of basic banking services | | ✓ |
| | Search engine for making informed investments | ✓ | |
| | Indicator of current account package features | ✓ | |
| | Indicator of current account features | not applicable to the Mediolanum Model | |
| | Indicator of basic banking service features | | ✓ |
| | "Cambio conto" guide for how to change accounts | ✓ | |
| | "Cambio mutuo" guide for how to change mortgages | ✓ | |
| "Guide to secure banking" | ✓ | | |
| CUSTOMER ASSISTANCE | Monitoring of average time to close an account | ✓ | |
| | Code of ethics of financial intermediaries | | ✓ |
| | Monitoring of ATM-FARO service quality | not applicable to the Mediolanum Model | |
| | Information provided by ATM on related fees | ✓ | |
| | FARO Call centre | not applicable to the Mediolanum Model | |
| SECURITY | Statement of tax deductability of mortgages | ✓ | |
| | Time to get refunds for wrong or unauthorised credit card debiting | | ✓ |
| | Protection against illegal credit card use | ✓ | |
| | Protection for secure home banking | ✓ | |

REVIEW OF CONTRACTUAL TERMS

Among the credit-related products offered to customers, some feature a high degree of flexibility. 'Mutuo Freedom' was launched in 2008 and is an example of a non-standard product that can be adapted to the customer's needs. The main feature is the option to modify several parameters (interest rate paid, amount of monthly payments, the length of the mortgage) over the life of the contract, without having to renegotiate the mortgage.

PERSONAL DATA PROTECTION

Legislative Decree 196 of June 30, 2003, also known as "The Personal Data Protection Code", unified the many amendments and addenda to the original Act 675/1996 into Italy's single statute on privacy legislation. The Personal Data Protection Code sets forth confidentiality requirements for identity and personal data as well as for their protection. The code requires that personal information be processed only for the purpose that it was originally collected for and in a manner that complies with the nature of the information itself. Processing of personal data is allowed only when minimum security requirements are met. To increase security of personal data and of the databases storing customer's and Group companies information, i.e., to mitigate the risk connected with the circulation and/or use of information by third-parties:

- a notice was sent to all Banca Mediolanum's personnel regarding the minimum data security requirements users must comply with when storing and processing data, including electronically;
- document shredders were installed on each floor at the HQ to destroy any confidential material;
- the Bank complied with the regulation issued on November 11, 2008 that laid out specific requirements to be met by the personnel in charge of the electronic processing of personal data, with specific reference to the role they play within the

administrative system.

Mediolanum has a **Personal Data Protection Office** that is responsible for:

- preparing information about deeds, contracts, contests etc. in accordance with the instructions issued by the Information Commissioner's Office (ICO);
- verifying compliance of the physical infrastructure and information technology systems that have an impact on personal data protection with security requirements;
- preparing the "Security Policy Documents" for the companies that are part of the Group, in collaboration with the Information Systems and Organisation Department;
- organising training sessions for data processors and individuals in charge of processing personal data.

Notices and Requests

The Personal Data Protection Office may receive the following notices and requests either directly from customers or from the ICO.

- **Notices of infringement:** set out a detailed account of facts, violated regulations and remedies sought. These claims can be filed without having to comply with specific official procedures.
- **Notices of investigation:** when infringement on the improper use of personal data is suspected, a complaint can be filed with the Information Commissioner's Office for further investigation.
- **Notices of official complaints:** when an individual seeks protection of his/her rights with the Information Commissioner's Office under the Personal Data Protection Code.
- **Requests for information:** requests to verify whether a company stores certain personal information in its databases.
- **Requests for cancellation of data:** are requests to block the use of data for purposes other than

those strictly related to the relationship in force with the bank.

Analysis of privacy protection notices and requests received

In 2010, requests for cancellation of personal data were lower than in the prior year.

| Type of notice/request (numbers) | 2010 | 2009 |
|----------------------------------|------------|------------|
| Notices of infringement | 8 | 8 |
| Notices of investigation | 0 | 0 |
| Notices of official complaints | 3 | 2 |
| Requests for information | 2 | 1 |
| Requests for cancellation | 193 | 787 |
| TOTAL | 206 | 798 |

COMPLAINTS

The complaints that are received are registered and analysed with an eye on providing an adequate response following the principles of timeliness, transparency, correctness and good faith, and additionally are used as an indicator of efficiency to discover other areas in need of improvement.

In 2010, there were significant changes in the regulatory framework that had an impact on the Mediolanum Group companies:

- new Banking Transparency regulations came into effect in January;
- new rules for the communication of data, news and the transmission of official documents to CONSOB;
- the establishment of the Arbitro Bancario e Finanziario (ABF) - the Banking and Finance Arbitrator - an alternative system for the resolution of disputes (Alternative Dispute Resolution - ADR) in the banking and finance sector;

In general, legislators took measures in the area of alternative dispute resolution, according to EU regulations. Legislative decree n. 68 dated March 4, 2010, introduced the requirement that those who

intend to take legal action relating to disputes concerning banking, financial and insurance contracts, make an attempt at mediation as a condition for the claim to be admissible in court. Specifically, with reference to banking and financial contracts, claimants are required to make prior use of the process put into effect by art. 128-bis of the Consolidated Banking Law.

Analysis of complaints categorised by 'filing means'

In 2010, the Group received 6,327 complaints. About 86% of them were addressed to Banca Mediolanum, which sells all the Group's products through its sales network.

| Company | Complaints | Distribution % 2010 |
|-------------------------------|--------------|---------------------|
| Banca Mediolanum | 5,436 | 85.9 |
| Mediolanum Gestione Fondi | 38 | 0.6 |
| Mediolanum International Life | 47 | 0.7 |
| Mediolanum SpA | 35 | 0.6 |
| Mediolanum Vita | 771 | 12.2 |
| Total | 6,327 | 100.0 |

The number of complaints received in 2010 increased 8.9%. Again in 2010, the channels most used by customers to file complaints were regular mail and e-mail. The use of fax increased (+30.4%) as well as email (+25.5%).

| Complaints by filing means (number) | 2010 | 2009 | % Change |
|---|--------------|--------------|-------------|
| Regular mail | 2,751 | 2,979 | (7.7) |
| Fax | 656 | 503 | 30.4 |
| E-mail | 2,920 | 2,327 | 25.5 |
| TOTAL CLAIMS | 6,327 | 5,809 | 8.9 |
| Total Customers | 1,076,550 | 1,097,800 | (1.9) |
| TOTAL CLAIMS/ TOTAL CUSTOMERS (%) | 0.59 | 0.53 | 11.3 |
| Total Active Contracts | 2,247,059 | 2,807,618 | (20.0) |
| TOTAL CLAIMS/ TOTAL ACTIVE CONTRACTS (%) | 0.28% | 0.21% | 33.3 |

Complaint Handling

A complaint can be closed by one of the following means:

- The complaint is rejected
- The complaint is accepted, meaning, the disservice given the customer is acknowledged
- The complaint reaches a friendly resolution through an out-of-court agreement

"Unresolved and expired complaints" out of "total complaints received" are equal to 4.8% just like in 2009 even though complaints increased by 8.9%, confirming that complaint processing improved.

Analysis of complaints by status

| Status of complaints (number) | 2010 | 2009 | % Change |
|---|--------------|--------------|------------|
| Not upheld/baseless | 4,584 | 4,254 | 7.8 |
| Upheld | 865 | 743 | 16.4 |
| TOTAL COMPLAINTS RESOLVED AT YEAR END | 5,449 | 4,997 | 9.0 |
| Unresolved but not expired | 570 | 544 | 4.8 |
| Unresolved and expired | 308 | 268 | 14.9 |
| - Of which legal actions* | 304 | 183 | 66.1 |
| TOTAL COMPLAINTS UNRESOLVED AT YEAR END | 878 | 812 | 8,1 |
| TOTAL COMPLAINTS RECEIVED | 6,327 | 5,809 | 8.9 |
| TOTAL COMPLAINTS UNRESOLVED AND EXPIRED/ TOTAL COMPLAINTS RECEIVED (%) | 4.9 | 4.6 | 6.5 |

* legal actions' refer to complaints falling under the jurisdiction of Legal Affairs (reports to the authorities, lawsuits, out-of-court settlements), and have not been classified as complaints since 2008

Average time taken to resolve complaints

There has been a reduction in the number of days it takes to resolve complaints since the introduction of the Banking and Finance Arbitrator (BFA), considering the fact that complaints submitted to the BFA must be responded to within 30 days from being presented.

| Time-to-resolution (days) | 2010 | 2009 | % Change |
|--|------|------|----------|
| Average time-to-resolution | 34 | 42 | (19.0) |
| <i>Average time-to-resolution without legal action</i> | 32 | 42 | (23.8) |
| Average time-to-resolution (for unresolved complaints) | 44 | 80 | (45.0) |

Claims (Cases referred to BFA) and Conciliation

In the banking and financial services industry, the Alternative Dispute Resolution system is organised in such a way that the deciding body is impartial and the interested parties are fully represented. The Banking and Financial Arbitrator (BFA) works in 3 areas: mediation, arbitration and Banking Ombudsman.

In 2010, the number of claims decreased.

| Resolution Method (number) | 2010 | 2009 | Distribution %2010 | % Change |
|----------------------------------|-----------|-----------|--------------------|-------------|
| Ombudsman | 23 | 45 | 57.5 | 48.9 |
| Conciliation/Arbitration | 2 | 0 | 5.0 | 100.0 |
| Banking and Financial Arbitrator | 15 | 1 | 37.5 | 86.7 |
| TOTAL | 40 | 46 | 100.0 | 13,0 |

The **Banking and Financial Arbitrator (BFA)** resolves disputes between customers and banks or other intermediaries in connection with banking and financial transactions and services. This technique is referred to as 'out-of-court' or alternative dispute resolution since it is an easier, quicker, cheaper alternative compared to litigation, which often entails complex and lengthy procedures. BFA is independent and impartial and decides who is in the right and who is in the wrong in a few months time. Customers can refer to the Arbitrator by filing a complaint once they have made an effort to solve the problem directly with the bank or the intermediary. If they are not satisfied with the decision of the Arbitrator either, they can still present their case to a judge. The Bank of Italy provides the facilities and technical support for the BFA.

| Outcome of Complaints (number) | 2010 | 2009 | Distribution % 2010 |
|--|-----------|----------|---------------------|
| Upheld | 5 | 0 | 33.3 |
| Not upheld | 3 | 0 | 20.0 |
| Dismissed | 0 | 0 | 0.0 |
| Resolved by mediation | 1 | 1 | 0.0 |
| TOTAL COMPLAINTS RESOLVED | 9 | 1 | 60 |
| TOTAL COMPLAINTS AWAITING DELIBERATION BY THE BOARD | 6 | 0 | 40 |
| TOTAL COMPLAINTS RECEIVED | 15 | 1 | 100.0 |

Customers of banking intermediaries that are members of the **Ombudsman Service** can refer their cases to the Ombudsman in connection with disputes relating to investment services and activities as well as other types of transactions that are excluded from this out-of-court dispute resolution system currently referred to as BFA (Banking and Financial Arbitrator) as long as:

a) the circumstances relating to the dispute occurred within two years from the day the complaint

was filed;

- b) the complaint has not been already submitted to the judicial authority or a board of arbitrators nor is a conciliation already under way;
- c) the case concerns the verification of rights and obligations regardless of the compensation requested when a cash settlement is involved, the case falls under the Ombudsman jurisdiction only when the compensation requested is lower than €100,000; the same claim cannot be resubmitted at a lower amount in order to be heard by the Ombudsman;
- d) the case has already been submitted to the intermediary's Complaint Office, but
- i) the response of the intermediary did not comply with article 2, paragraph 4;
 - ii) a part or all of the response was not made in favour of the customer ;
 - iii) the complaint was accepted by the intermediary, but no action was taken as per the aforementioned article;
- e) it has been less than a year since the complaint was made.

Complaints filed with the Banking Ombudsman and with the Banking and Financial Arbitrator

| Outcome of Complaints (number) | 2010 | 2009 | Distribution % 2010 | % Change |
|----------------------------------|-----------|-----------|---------------------|---------------|
| Upheld | 2 | 1 | 18.2 | 100.0 |
| Not upheld | 3 | 13 | 27.3 | (76.9) |
| Resolved by mediation | 3 | 13 | 27.3 | (76.9) |
| Dismissed | 0 | 5 | 0.0 | (100.0) |
| Outside jurisdiction | 3 | 9 | 27.3 | (66.7) |
| The Bank decision was confirmed | 0 | 0 | 0.0 | |
| TOTAL COMPLAINTS RESOLVED | 11 | 41 | 100.0 | (73.2) |
| TOTAL COMPLAINTS RECEIVED | 23 | 45 | | (48.9) |

SALES NETWORK



Andrea Todini

Size and Composition

In 2010, a significant number of changes relating to the structure and the composition of the Sales Network were set into place, focusing in particular on the selection of competent and specialised professionals.

As at December 31, 2010, the number of licensed Financial Advisors (those with a greater number of years of experience and expertise) decreased somewhat, while the number of non-licensed advisors dropped significantly, following the new recruitment method instituted last year that is based on recruiting only licensed Financial Advisors, effectively no longer adding non-licensed advisors at all, technically referred to as Financial Agents.

In fact, since 2010 Banca Mediolanum takes on only those who are already members of the professional association of licensed financial advisors, having passed the CONSOB state licensing exam, and provides help in obtaining the professional title, if needed, through a dedicated training course at the Banca Mediolanum and MCU facilities, and no longer recruits those without a licence.

| Sales Network composition (units) | 2010 | 2009 | % Change |
|--|--------------|--------------|--------------|
| Family Banker® (Licensed Financial Advisor) | 4,772 | 4,945 | (3.5) |
| Junior Family Banker® (Insurance Agents and Financial Agents) | 44 | 358 | (87.7) |
| SALES NETWORK ITALY | 4,816 | 5,303 | (9.2) |

The **Mediolanum Private Banking** division of the Sales Network is made up of qualified professional advisors with significant experience, offering quality and the best banking and financial services solutions to high or very high net worth customers.

Personalised financial solutions are designed for these customers, as well as a series of exclusive activities and events through the Primafila Club.

In the following sections we will analyse the characteristics of the Banca Mediolanum S.p.A. Sales Network, since the 4,800 Family Bankers make it the largest and most representative sales network in the Italian market.



GEOGRAPHIC AND GENDER ANALYSIS

53% of the Sales Network is concentrated in the regions of Northern Italy, where the Mediolanum Group has its origins.

| Geographic area | Total number of Family Banker® | % of total | % of female | M | F | Total | M | F | Total |
|---------------------------------|--------------------------------|--------------|-------------|-------------|-------------|-------------|---------------------------|------------|-------------|
| | | | | Average age | | | Average length of service | | |
| Piedmont and Liguria | 519 | 10.9 | 22.5 | 43.1 | 41.1 | 42.7 | 10.1 | 7.3 | 9.5 |
| Lombardy | 616 | 13.0 | 15.9 | 45.3 | 41.5 | 44.7 | 12.1 | 7.4 | 11.3 |
| Northwestern Regions | 1,135 | 23.9 | 18.9 | 44.4 | 41.2 | 43.8 | 11.2 | 7.4 | 10.5 |
| Emilia Romagna | 586 | 12.3 | 20.1 | 44.4 | 40.9 | 43.7 | 11.0 | 8.4 | 10.5 |
| Triveneto | 798 | 16.8 | 12.0 | 43.0 | 40.0 | 42.6 | 11.2 | 7.6 | 10.7 |
| Northeastern Regions | 1,384 | 29.1 | 15.5 | 43.5 | 40.5 | 43.1 | 11.1 | 8.0 | 10.6 |
| Tuscany/Umbria | 432 | 9.1 | 20.1 | 43.0 | 41.3 | 42.7 | 10.4 | 8.5 | 10.0 |
| Marches/Abruzzi/Molise | 253 | 5.3 | 19.0 | 43.6 | 39.5 | 42.9 | 11.1 | 7.1 | 10.4 |
| Northern Central Regions | 685 | 14.4 | 19.7 | 43.3 | 40.6 | 42.7 | 10.6 | 8.0 | 10.1 |
| Latium/Sardinia | 606 | 12.8 | 23.4 | 42.8 | 39.3 | 42.0 | 10.1 | 6.8 | 9.3 |
| Apulia | 110 | 2.3 | 19.1 | 41.3 | 39.0 | 40.8 | 9.0 | 5.7 | 8.4 |
| Southern Central Regions | 716 | 15.1 | 22.8 | 42.6 | 39.3 | 41.8 | 9.9 | 6.6 | 9.2 |
| Campania/Calabria/Basilicata | 314 | 6.6 | 23.2 | 38.8 | 37.2 | 38.4 | 7.9 | 6.0 | 7.5 |
| Sicily | 518 | 10.9 | 23.7 | 40.4 | 37.6 | 39.7 | 7.9 | 5.7 | 7.4 |
| Southern Regions | 832 | 17.5 | 23.6 | 39.8 | 37.5 | 39.2 | 7.9 | 5.8 | 7.4 |
| SALES NETWORK ITALY* | 4,752 | 100.0 | 19.4 | 42.9 | 39.8 | 42.3 | 10.4 | 7.1 | 9.7 |

* The Headquarters Sales Network (51 Managers and Family Bankers) as well as Expatriates to international Group companies (13 Managers and Family Bankers) are not included in the table showing the total Sales Network broken down by geographic area

Women account for about 19.4% of the total Sales Network, a percentage higher than the average for Italy in Central Southern, Central Northern, and Southern regions. The average age in the Sales Network is 42.3 years.

ANALYSIS BY COMMERCIAL ROLE

Family Bankers can be classified into the following 4 main subcategories:

1. Managers
2. Supervisors
3. Global Family Bankers
4. Family Bankers

Managers and Supervisors are part of Banca Mediolanum and coordinate other resources of the Sales Network structure (financial advisors, non licensed financial advisors and/or other Supervisors) and are differentiated according to the number of advisors supervised, number of customers, assets under management per capita, turnover and sales. Global Family Bankers and Family Bankers of Banca Mediolanum have no Sales Network members reporting to them (financial advisors or non-licensed financial advisors) and they are categorised according to certain parameters such as assets managed and sales, in addition to the size of their customer portfolio as well as loyalty of their customers.

| Category (Units) | 2010 | 2009 | % Change |
|--|--------------|--------------|---------------|
| Manager (from Group to Region) | 315 | 306 | 2.9 |
| Supervisors | 878 | 989 | (11.2) |
| Global Family Bankers | 695 | 531 | 30.9 |
| Family Bankers | 2,884 | 3,119 | (7.5) |
| Total Family Bankers | 4,772 | 4,945 | (3.5) |
| Of which Private Bankers | 216 | 176 | 22.7 |
| Total Junior Family Bankers (non-licensed advisors) | 44 | 358 | (87.7) |
| TOTAL SALES ITALY | 4,816 | 5,303 | (9.2) |

The Sales Network numbers decreased somewhat in the licensed segment (the more experienced advisors) while there was a strong decrease in the non-licensed segment (the younger, less-experienced advisors), as a result of the aforementioned strategic decision regarding the composition of the Sales Network.

Annual turnover

The annual turnover is calculated as follows:

Annual turnover = Number of Resignations/Average number of Sales Network members where: Average number of Sales Network members = [(Family Banker® total number at December 31 of the prior year) + (Family Banker® total number at December 31 of the current year)]/2

ANNUAL TURNOVER BY GEOGRAPHIC AREA

The lowest turnover rate is in the Centre North, while the number for the national average stood at 14.4%, a decrease compared to 2009 (17.8%).

| Region (%) | Turnover | |
|----------------------------|-------------|-------------|
| | 2010 | 2009 |
| Northwest | 16.0 | 18.1 |
| Northeast | 11.7 | 14.8 |
| Centre North | 9.8 | 15.2 |
| Centre South | 14.9 | 18.5 |
| South | 18.8 | 20.9 |
| Sales Network Italy | 14.4 | 17.8 |

Customers per Family Banker®

The average number of customers per Family Banker® increased compared to previous years as well as the level of assets in their portfolio.

| | 2010 | 2009 | % Change |
|---|-------|-------|----------|
| Average customers per Family Banker® (No.) | 180 | 171 | 5.5 |
| Average assets per Family Banker® (€/1,000) | 7,507 | 6,013 | 24.8 |

In 2010, there was another increase in the average assets managed per Family Banker®, which is surely attributable to the more favourable performance of the markets, but also to the deliberate focus on the growth in net inflows through sales and marketing

initiatives launched during the course of the year. And this was supported by the investment strategy that has always guided the Banca Mediolanum Sales Network, in other words, the capacity to foresee market upturns and to work alongside the customer in the more difficult moments, and to help manage the emotional aspect of their investment choices.

Incentives and promotion

The members of our Sales Network are self-employed, entrepreneurial in spirit, have a variable income, and they bear all the costs of their business. These costs include office-related costs, travel to visit customers, many local commercial initiatives and out-of-pocket expenses for training activities. The Family Banker® can choose between alternative career paths based on their personal inclinations:

- the **development and the management of customers' portfolios** - the portfolio can be sold for a significant amount when the Family Banker® ceases his or her activity;
- a **managerial career** - building a hierarchy of Family Bankers within the Banca Mediolanum Sales Network structure, with compensation being awarded in the form of commissions.

The Mediolanum Group appraises the business the "entrepreneur" has built up at a premium compared to other commercial organisations in the same sector.

The incentive system takes various quantitative and qualitative factors into account: part of the compensation is linked to **quality parameters** that are measured annually, with the main ones measuring whether regular payments are made into recurring policies and instalment plans, customer retention, and the number of active banking accounts. Incentive plans with a variety of objectives are underway. This applies to the entire structure up to top management.

Moreover, the incentive plan is also characterised by:

- consistency between personal objectives and the

requirements of the Group;

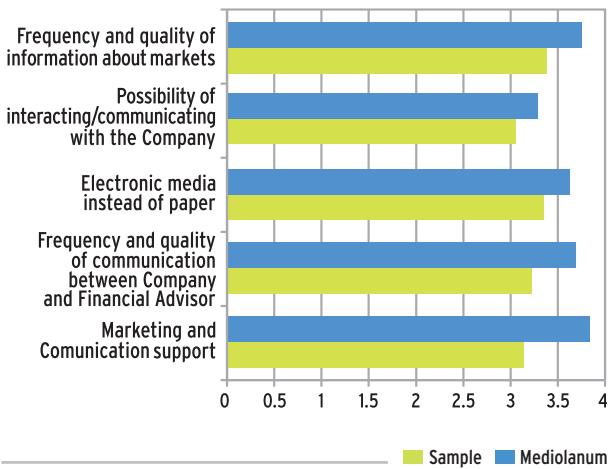
- the reward of particularly positive results through contests;
- granting of stock options to the most qualified part of the Sales Network.



Satisfaction of the Sales Network

In 2010, an independent research company (GfK Eurisko) conducted a multi-client survey on the satisfaction level of Financial Advisors working for the main players in Italy's banking and asset management industry*. The survey showed a very high degree of overall satisfaction for the Banca Mediolanum Sales Network (3.37 on a scale from 1-4, where 4 is the highest score), placing Banca Mediolanum among the top in the ranking. 96% of Banca Mediolanum interviewees responded they were fairly or completely satisfied, in line with the 2009 figure. Banca Mediolanum came up with the same positive results as in previous years' surveys, scoring higher than average on most of the areas surveyed. An overview of some of the topics analysed follows, along with the ranking of Banca Mediolanum S.p.A. which frequently came in above average.

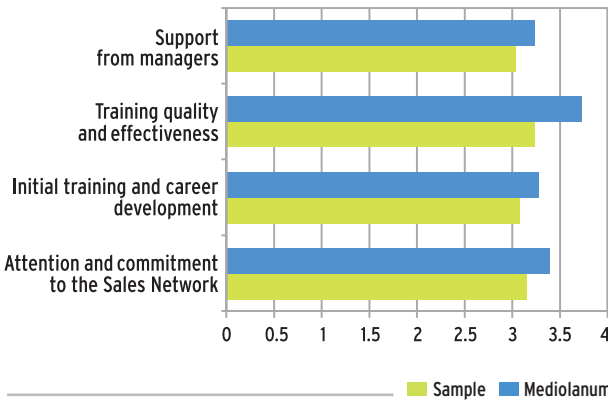
Communication



In this area, Mediolanum was judged to be 'excellent' along all parameters, particularly in the areas of communication and marketing; the frequency and the quality of communication with the company and the information about the markets were also very much appreciated.

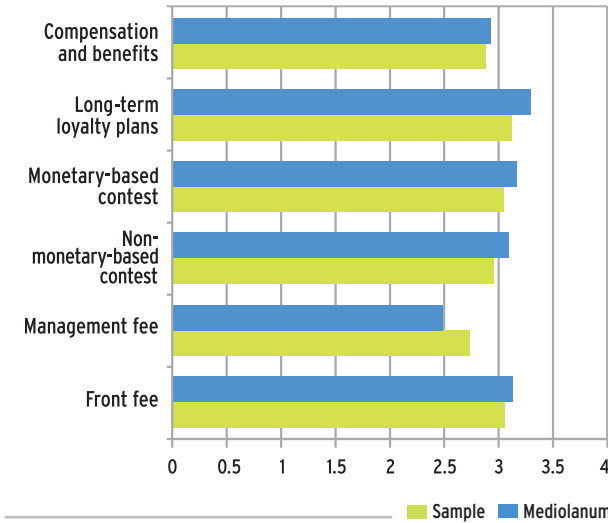
* Source: GfK Eurisko - PF Monitor 2010
 The 2010 survey included a sample of 1,520 Financial Advisors from the following companies: Banca Mediolanum, Azimut, S. Paolo Invest, Banca Sara, Finanza & Futuro, Banca Fideuram, Allianz Bank, Banca Generali, Fineco, MPS Banca Personale

Career



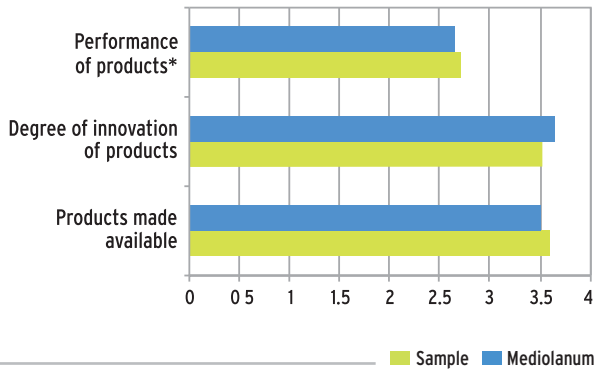
The 'career path' model is appreciated in all points measured, especially for quality and effectiveness of training in addition to the attention and efforts dedicated to the Sales Network.

Compensation



The aspects relating to compensation show a good level of overall satisfaction by the Sales Network.

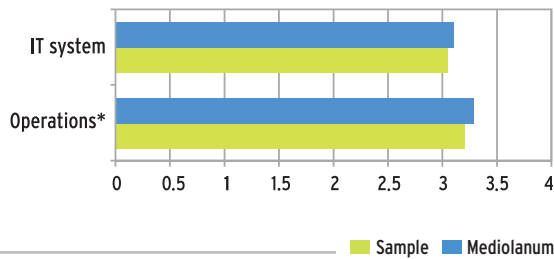
Products



* In terms of customer returns

The satisfaction of the Sales Network with the Group's products was in line with the industry average: appreciation of the level of innovation of the products was indicated, as well as a slight decrease in the area of the range of products at their disposal.

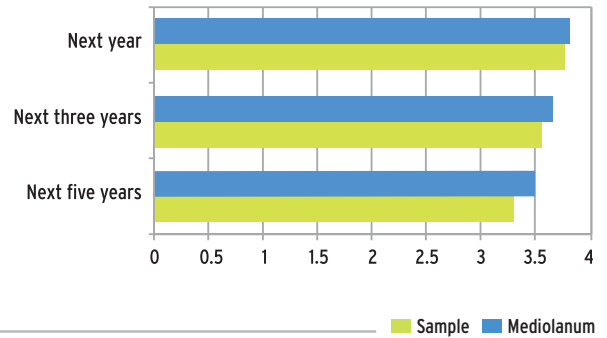
Support



* Time required to open contracts, deliver material, etc.

A good level of satisfaction was expressed for the infrastructures supporting the Family Bankers, higher than the market average.

Propensity to remain in the network



The indicators demonstrate a good propensity for the members of the Sales Network to remain with the network for the coming years, suggesting an above average level of loyalty.

Supports of commercial activities

The Group has significant communication tools for the members of the Sales Network: an Intranet portal, the corporate TV and the sales conventions.

BMEDNET: AN INTEGRATED PORTAL

The important change launched in 2009 led to the creation of BMedNet, the portal that contains all of the main information meant for the Sales Network. The portal consolidates all of the various facets of the activities of the Sales Network in one place, unquestionably benefitting the work of the Family Bankers, who have the possibility to move freely from one section to the next, all in the same place, correlating all of the information available regarding the subject of their search.

Now, all of the devices that have to do with training, information, tools, commercial initiatives and incentives are available on the portal: an important tool that permits the Family Bankers to best prepare and plan their work in order to meet the needs of the customers in an ever more timely manner.

THE CORPORATE TV

The corporate TV transmits a variety of TV programmes on training and updates, centring on products and commercial initiatives. The Mediolanum Group was the first Italian company to use this innovative means of communication, having developed the first corporate TV in 1989, based on the experience of some American companies. Conceived with the objective of generating horizontal communication, programmes have been transmitted **via the Internet** since 2006 (through IP frequencies), reaching all of the Sales Network. The Family Bankers can watch these programmes at any time on their portable PCs via ADSL or using a regular modem. In 2010, the corporate TV underwent major changes:



the integration with BmedNet allowed for viewing the shows directly on the portal in streaming; the programming was enriched by shows aimed at fulfilling the needs of the Family Banker with shows that were developed ad hoc, also for specific segments of the network.

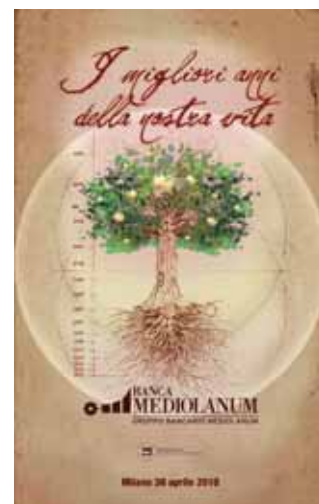
In addition to the programmes for the Italian Sales Network, shows adapted for the foreign subsidiaries TV were added.

THE CONVENTION

The sharing of values and strategies, the presentation of new products and commercial initiatives and much more are presented to our Family Bankers during the Banca Mediolanum convention, an irreplaceable instrument that permits an authentic, close-range meeting between the Sales Network and top management.

In 2010, the convention “The best days of our lives” was held, that sealed the important agreements with the three important asset managers: DWS, Franklin Templeton, PIMCO.

The Banca Mediolanum conventions are produced in-house, and are organised in different ways for all the clusters of the Sales Network: in fact, some are dedicated to managerial segments (supervisors and managers) and others are held at the national level for the entire network of Family Bankers. The same organisational model is adopted and produced for the subsidiaries in Spain and in Germany.



SALES NETWORK SUPPORT: A DEDICATED TOLL-FREE NUMBER

A toll-free number staffed by 50 provides support and assistance for the Network and has been active at headquarters since 2008.

Over the course of 2010, there were about 230,000 telephone calls coming from the Family Bankers and in 75% of the cases the request was managed within the same phone call. The main objective of this set-up is to give the best support possible, in real time, to the Family Banker in their work.

Litigation and disputes

Outstanding lawsuits with the Sales Network mainly involve legal actions initiated by the Bank in response to unacceptable behaviour or in any event behaviour that is not compliant with the regulations governing sales in the financial services area: in this event the Bank takes measures to protect customers who were harmed.

To limit these risks, the Sales Network Inspectors Unit performs regular checks on the sales activity of the Network with the objective of ensuring full and continuous compliance with the regulations applicable to sales of financial products and services in the field. Checks and audits were conducted at Family Bankers' offices in the field as well as at those at corporate Headquarters. Additional checks were conducted via ad-hoc quantitative and statistical indicators that monitor potential operational and reputational risks related to the Sales Network activities. To further protect the bank, in 2010 the insurance policy was renewed that covers potential illegal actions by the members of the Sales Network that could come to the detriment of customers.

Training & Learning

MEDIOLANUM CORPORATE UNIVERSITY

Mediolanum Corporate University is the educational institution of Banca Mediolanum, developed to protect and reaffirm the values that have made the company great. Mediolanum Corporate University is a company within the company to train professionals in the area of Excellence in Customer Relationships, in financial advice and in the management of household assets. MCU has 134 professors, all of whom are managers who personally contributed to 'making Banca Mediolanum's history'. They work side-by-side with university professors and renowned corporate consultants chosen from among the best both nationally and internationally.

Mediolanum Corporate University aims to be a main point of reference for:

- Banca Mediolanum Family Bankers and employees during their professional development and personal growth;
- Banca Mediolanum customers or small investors to improve their economic and financial literacy;
- universities and the academic world as the ideal counterpart for discussing issues relating to securities trading, sales and the management of the relationship with customers;
- all the partners the company works with and all those who are near the Mediolanum Community.

The Mediolanum Corporate University Campus is



located in Milano Tre, Basiglio, Milan, on the headquarter premises of Banca Mediolanum. There are more than 4,000 square meters of space entirely dedicated to students with spacious classrooms, a Museum where the roots of Banca Mediolanum are preserved, and a Medioteca, which is the video library where an ample international selection of books and videos is available, thanks to the advanced multi-media equipment.

And to let new information acquired during the day sink in and help students get ready for the upcoming tasks, the Mens Sana room was created: a place that promotes an inner-look at the body and mind in order to find balance. The Mediolanum Corporate University Campus includes a Residence with 75 fully-appointed rooms to host the guests of MCU during the training sessions.



The training activities in 2010 dedicated to the Sales Network mainly involved the planning and implementation of new courses.

In fact, the number of courses increased from 51 to 73, with constant updates and reviews of the courses already in place since 2009. Moreover, a breakdown of the courses was launched for use in modules at the local level.

An intense training activity was initiated in 2010 with the goal of bringing in-house some personal development courses that were previously held by external professionals, accompanied by constant

quality monitoring by the MCU staff. An equally intense effort that has to do with Empowerment at the local level was also started, consisting of as many as 38 courses and 546 people in the classrooms.

There was an increase in the number of Family Bankers who underwent specific training on mortgage loans, increasing from 23 in 2009, to 50 in 2010, for a total of 6 classroom days.

Besides traditional training, MCU also designs and produces software training tools that are more practical and operational in nature. The number of these tools available to the Sales Network went from 8 to 15 during 2010.

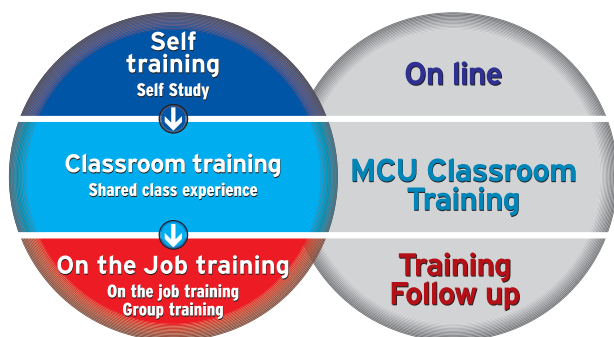
Mediolanum Corporate University, in the wake of the successful series of conferences organised in 2009, decided to repeat the efforts for the Sales Network in the area of structured bonds & certificates, and P&C insurance. There were 21 conferences, with 2,353 Family Bankers participating on a voluntary basis.

In an effort to emphasise its role as a “Financial Educator”, Mediolanum Corporate University has chosen to organise **educational events**, aimed at Banca Mediolanum customers and retail investors in general, dealing with topics such as financial planning, protection of the family and its assets, the achievement of economic stability, since real crises are generated by not knowing the rules that govern the financial universe.

So the “Conoscere & Investire” (“knowing & investing”) project was born, with the goal of creating opportunities to meet and exchange opinions for those interested in financial culture and other topics related to the economy. About 100 customers attended these events in 2010.

LEARNING: AN INTEGRATED PROCESS

The training courses are developed based on an approach that integrates different teaching methods and tools in order to make learning as effective and as practical as possible. An advanced Learning



Management System supports and facilitates self-directed learning.

Self-study provides fundamental preparation prior to entering the classroom where all the ideas and knowledge acquired during the self-study phase turn into a shared experience. On-the-job training follows the training phase so that what was learned in the structured training sessions is then put to practice in the field.

MEDBRAIN: KNOWLEDGE AT-HAND AT ANY MOMENT

MedBrain projects continued in 2010: this technologically advanced, innovative system guarantees each student online access to their personalised training plan. This website is mainly dedicated to the Banca Mediolanum Sales Network and provides an updated status of each study plan in terms of coursework and exams passed as well as data analysis and reports.

Through multi-media technology, MedBrain allows students to choose the learning mode best-suited to each individual: online courses in video, written and audio versions, all of which are downloadable and available for use at any time.

This MCU system provides a place for the students to get together, converse with each other and share their results. MedBrain connects all the “Menti della Rete” (‘Minds of the Sales Network’) in just one place, for a new way of learning, where relationships can be built, know-how and knowledge can be shared. A single portal called **BMedNet.it** was launched at the beginning of 2010 and integrates the four main areas that bring together in one place all of the information intended for the Sales Network (Med-Intranet, Family Bankers, MedBrain, Corporate TV).

TRAINING AND DRILLING: DIALOGUE AND SHARING

Training took on greater importance in 2010, and the range of courses offered in the training modules covered a variety of categories..

| Courses offered (hours) | 2010 | 2009 | % Change |
|-------------------------|----------------|----------------|--------------|
| Insurance | 227,761 | 290,500 | (21.6) |
| Banking | 132,654 | 135,540 | (2.1) |
| Behavioural - oriented | 58,527 | 56,987 | 2.7 |
| Managerial | 51,285 | 32,085 | 59.8 |
| Financial | 23,792 | 14,884 | 59.8 |
| Information technology | 5,632 | 15,680 | (64.1) |
| Total | 499,650 | 545,676 | (8.4) |

The increase in managerial training in 2010 reflects the effort to bring all categories of managers in various departments up to speed in a very short time, which resulted in an increase in the number of courses for all categories.

The decrease in training regarding IT supports is due to the fact that in 2009, the migration to the new portal required a number of mandatory courses for the entire Sales Network.

The increase in the “Financial Products” area is attributable to the number of conferences held at a local level centring on structured bonds & certificates, and to the courses revolving around the newly

launched funds in the “Best Brands” family and the new partnerships with Asset Management companies.

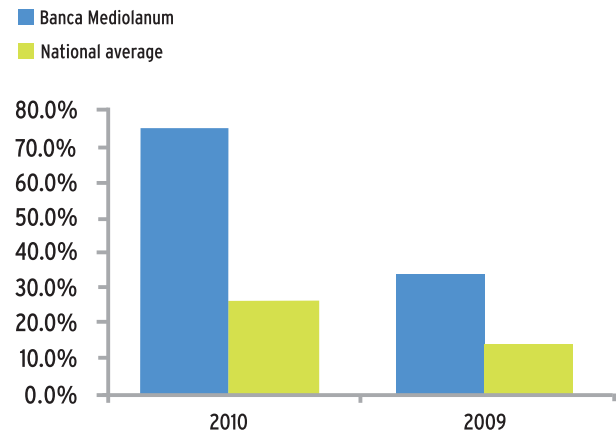
| | 2010 | 2009 | % Change |
|------------------------------|---------|--------|----------|
| Total number of participants | 129,578 | 88,178 | 47.0 |

Total number of participants increased 47% compared to 2009 thanks to the investment in behavioural and managerial training (an area referred to as “I Am”), the dedicated training for supervisors, and conferences held at a local level.

In 2010, Mediolanum Corporate University, true to its vision (“Excellence in relationships”) promoted a series of cultural **events** designed to support both the professional and personal development of managers, Family Bankers and Private Bankers in Banca Mediolanum’s Sales Network, as well as headquarters employees and other Mediolanum stakeholders. Renowned personalities in finance, economics and culture took part in these events.

methodology, coupled with the presentation of specific situations in the financial markets, made it harder for the entire industry to add new licensed advisors, although the number of candidates increased 23% in 2010. It should be noted that MCU’s effective support in preparing for the licensing exam resulted in a 75% success rate for Banca Mediolanum, compared to 26.3% for the whole industry.

Percentage passing the exam/ Total number of participants



PREPARATION FOR THE STATE EXAM FOR REGISTRATION IN THE FINANCIAL ADVISOR REGISTER

In 2009, a **new legislation** came into effect regulating inclusion in the register of Licensed Financial Advisors, introducing an exam that is stricter and more selective than in the past. The test is computer-based and consists in a series of multiple-choice questions on both theory and practice; questions are randomly selected from a database of 5,000; they are different for each candidate, and must be answered in a very short time. The difficulty is increased by the fact that at least 500 questions are updated or replaced each year, reflecting new or amended laws and regulations. The new exam

Family Banker Recruiting

The growth in size of the Sales Network represents one of the strategic objectives of the Mediolanum Group and continues to be the central focus of its efforts. Consequently, the decision was made to put to work the experience of the Family Bankers through the creation of a dedicated category of managers working full-time on this activity at headquarters as well as the local level. Over the years, the best recruiters within the sales network have been spotted and were given the task of applying their knowledge and experience to the design of new recruitment strategies that better fit the current job market situation. On the other hand, those with the best skills in human resource management were put in charge of developing programmes to strengthen the sales network, in order to achieve a satisfactory level of productivity and results.

The “Web Recruiting” programme is the core of the new recruiting effort, impacting both the search for new potential candidates and the training of all those involved in the process via automatic pre-screening mechanisms designed to reduce costs and optimise qualitative as well as quantitative results. In 2010 there was a radical change in the recruitment strategy: since July 2010, the company only takes on licensed financial advisors, effectively eliminating the previous non-licensed “financial agent”. This new strategic vision resulted in a completely new selection process, and a change in perspective in the way the job of Family Banker is approached, creating synergies among different corporate functions. This immediately resulted in an increase in the quality of candidates, in terms of both their past work experience and average age.

These results were achieved by the use of two new recruitment methodologies:

The Family Banker Forum, a new updated format for the first meeting with candidates, has been given a more corporate tone, and is reserved for candidates

with a high profile / potential.

The contents of this presentation have been carefully studied, leveraging the entire company’s expertise, which were then professionally packaged and presented, with the aid of new videos.

Presenters at these events were specifically trained by Mediolanum Corporate University in cooperation with external consultants.

The Recruiting Forum is a panel discussion on the job market, with a country-wide audience with the participation of qualified experts. Last November’s session was attended by about a thousand candidates, and was made possible by the joint effort of dozens of managers and supervisors. This type of event will be repeated in 2011.

In line with the developments of the past few years, two key profiles have been singled out and given greater emphasis:

High Potential Candidates, who have to learn the basics of the job, and High Profiles, currently working in the banking industry or as financial advisors for other networks. For the recruitment of the latter profile, the Bank is now able to offer better financial terms, tailored to their skills and experience.

The Customer-Family Banker® Relationship at the local level

THE "FAMILY BANKER OFFICE®"

Banca Mediolanum and its Family Bankers are present in all Italian regions and main cities in Italy with offices that are located at street level and offices located on higher floors. The street level premises - "Banca Mediolanum - Family Banker Office®" - are a point of contact where everyone can obtain information or an opinion on financial, banking or pension matters.

| Number | 2010 | 2009 | % Change |
|--------------------------------------|------------|------------|--------------|
| Family Banker Offices | 239 | 237 | 0.8 |
| Sales Network Traditional Offices | 266 | 280 | (5.0) |
| Banca Mediolanum branches | 6 | 6 | 0.0 |
| TOTAL | 511 | 523 | (2.3) |

The Family Banker Office® is the place where customers can find out about Banca Mediolanum and, with the help of the Family Banker®, they can also learn how to use the bank's multiple channels via the workstations that connect directly to the Internet and to Tele-text or they can access the Banking Services Center directly. Both Family Banker Offices and the traditional Sales Network

offices are Family Bankers' administrative offices. Besides the headquarters' branch in Basiglio, the only branches of Banca Mediolanum are in Assago, Milan, Padua, Bologna and Rome.

The Family Banker Offices of Banca Mediolanum are distributed so that practically the entire country of Italy is covered. The regions with the greatest number of offices are: Lombardy, Veneto, Sicily and Emilia Romagna.





DEDICATED MEETINGS

During the year, the Sales Network organises thousands of local events all over Italy; many are meetings with customers and prospects and take place in the Family Banker Offices.

In 2010, a number of info-training days dedicated to customers and prospects were organised at Banca Mediolanum Family Banker Offices with special hours on Saturday. More specifically, training activities were scheduled during the first week of the "Giro D'Italia" bike race (May 11, 2010); on June 30 to promote insurance coverage for families, and on October 31, in conjunction with the World Savings Day.

Moreover, Family Banker Offices along the "Giro d'Italia 2010" course turned into meeting points for local customers interested in meeting those cycling champions who take part in the Bank's promotional activities associated with the Race.

2010 "Open Day" themes

- January 30: "Checking out your checking account" (the costs of other banks' current accounts)
- March 27: "Drop by for a retirement plan check-up" (pension plans)
- May 8: "Win the Giro" (sponsorship of "Giro d'Italia" & new "Best Brands" funds of branded funds)
- June 30: "Family Protection Day" (P&C insurance for the family)
- Oct 30: "World Savings Day" (management of household assets)



EMPLOYEES



Stefano Malvestio

Analysis of employees

The following tables provide a picture of the Mediolanum Group's personnel. The figures refer to the number of employees at the end of the year.

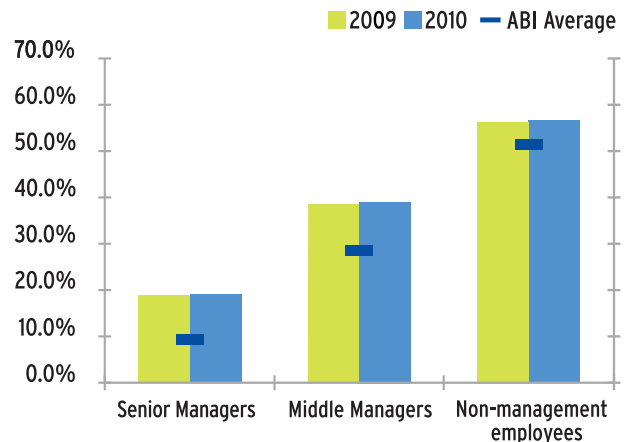
ANALYSIS OF EMPLOYEES BY CATEGORY AND GENDER

| Category | 2010 | | | |
|--------------------------------|------------|------------|--------------|--------------|
| | Number | | | % of total |
| | M | F | Totale | |
| Senior Management ^o | 69 | 16 | 85 | 4.9 |
| Middle Management ^o | 136 | 88 | 224 | 12.8 |
| Non-management employees | 615 | 825 | 1,440 | 82.3 |
| TOTAL | 820 | 929 | 1,749 | 100.0 |
| Men/Women (%) | 47 | 53 | | 100.0 |
| Category | 2009 | | | |
| | Number | | | % of total |
| | M | F | Totale | |
| Senior Management ^o | 73 | 16 | 89 | 5.1 |
| Middle Management ^o | 128 | 82 | 210 | 12.0 |
| Non-management employees | 624 | 825 | 1,449 | 82.9 |
| TOTAL | 825 | 923 | 1,748 | 100.0 |
| Men/Women (%) | 47 | 53 | | 100.0 |
| Category | Variazione | | | |
| | Number | | | % of total |
| | M | F | Totale | |
| Senior Management ^o | (4) | - | (4) | (4.5) |
| Middle Management ^o | 8 | 6 | 14 | 6.7 |
| Non-management employees | (9) | - | (9) | (0.6) |
| TOTAL | (5) | 6 | 1 | 0.1 |

^o Data do not take into account 7 senior managers and 5 middle managers in 2009 and 5 senior managers in 2010 hired on a temporary basis for a specific project underway in the Banca Mediolanum Sales Network Area

There were no substantial changes in the employee numbers in 2010 with respect to 2009, also due to the company's projects focusing on optimisation and efficiency. In 2010, **53%** of the employees were women, in line with previous years. The figure is significant if compared to the industry average of **42.7%***.

Women



The percentage of female employees was stable in the last two years. In 2010, **female executives** accounted for **1.7%** of all women employees, compared to the average of **0.5%** in the Banking and Finance industry according to ABI (Italian Bankers' Association)*. Out of total executives, **18.8%** were women, well above the ABI* average percentage of **9.3%**. The same can be said of other professional categories.

ANALYSIS OF EMPLOYEES BY COLLECTIVE LABOUR AGREEMENT TYPE

| Collective Labour Agreement type | 2010 | | | | |
|----------------------------------|-----------|------------|--------------|--------------|------------|
| | Category | | | Total | % of total |
| | SM | MM | NME | | |
| Banking | - | 193 | 1,331 | 1,524 | 87.1 |
| Insurance | 2 | 4 | 23 | 29 | 1.7 |
| Commerce | 83 | 23 | 53 | 159 | 9.1 |
| Manufacturing | - | - | - | 0 | 0.0 |
| Private Radio & TV Networks | - | 4 | 33 | 37 | 2.1 |
| TOTAL | 85 | 224 | 1,440 | 1,749 | 100.0 |
| Collective Labour Agreement type | 2009 | | | | |
| | Category | | | Total | % of total |
| | SM | MM | NME | | |
| Banking | - | 176 | 1,325 | 1,501 | 85.9 |
| Insurance | 2 | 5 | 31 | 38 | 2.2 |
| Commerce | 86 | 25 | 56 | 167 | 9.6 |
| Manufacturing | 1 | - | - | 1 | 0.1 |
| Private Radio & TV Networks | - | 4 | 37 | 41 | 2.3 |
| TOTAL | 89 | 210 | 1,449 | 1,748 | 100.0 |

* ABI "Report on Employee Statistics", December 31, 2009"

The distribution of employees by collective labour agreement type reflects the weight of the different components of the Group's business. Since the Group includes Mediolanum Comunicazione S.p.A., a company active in the communications business, some employees are covered under the "Private Radio & TV Networks" agreement. All other employees are covered under the banking, insurance and commerce agreements.

ANALYSIS OF EMPLOYEES BY CONTRACT

| Type of contract | 2010 | 2009 | % Change |
|---|--------------|--------------|---------------|
| | Number | Number | |
| Permanent employment | 1,684 | 1,561 | 7.9 |
| Total fixed-term contracts | 70 | 199 | (64.8) |
| Trainee contracts | 38 | 111 | (65.8) |
| Fixed term contracts* | 32 | 88 | (63.6) |
| TOTAL STANDARD CONTRACTS | 1,754 | 1,760 | (0.3) |
| TOTAL FLEXIBLE CONTRACTS AND OTHER CONTRACTS | 35 | 65 | (46.2) |
| TOTAL | 1,789 | 1,825 | (2.0) |

* Data do not take into account 7 senior managers and 5 middle managers in 2009 and 5 senior managers in 2010 hired on a temporary basis for a specific project underway in the Banca Mediolanum Sales Network Area

In terms of the total workforce, there was more stability in terms of both standard and flexible contracts, due to an increase in permanent contracts and decreased use of the fixed-term employment.

ANALYSIS OF EMPLOYEES BY AGE

| Age group | 2010 | | | | |
|--------------|-----------|------------|--------------|--------------|--------------|
| | Category | | | Total | % of total |
| | SM | MM | NME | | |
| 18-25 | - | - | 55 | 55 | 3.1 |
| 25-35 | - | 14 | 805 | 819 | 46.8 |
| 35-45 | 32 | 135 | 485 | 652 | 37.3 |
| 45-55 | 39 | 66 | 83 | 188 | 10.7 |
| over 55 | 14 | 9 | 12 | 35 | 2.0 |
| TOTAL | 85 | 224 | 1,440 | 1,749 | 100.0 |
| Age group | 2009 | | | | |
| | Category | | | Total | % of total |
| | SM | MM | NME | | |
| 18-25 | - | - | 77 | 77 | 4.4 |
| 25-35 | 1 | 19 | 850 | 870 | 49.8 |
| 35-45 | 34 | 126 | 432 | 592 | 33.9 |
| 45-55 | 39 | 58 | 74 | 171 | 9.8 |
| over 55 | 15 | 7 | 16 | 38 | 2.2 |
| TOTAL | 89 | 210 | 1,449 | 1,748 | 100.0 |

In 2010, 50.0% of total employees were younger than 35.

AVERAGE AGE

| Category (Age) | 2010 | | | 2009 | | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | M | F | Total | M | F | Total |
| Senior Management | 47.4 | 49.1 | 47.8 | 47.1 | 48.1 | 47.3 |
| Middle Management | 42.5 | 42.1 | 42.4 | 42.1 | 41.4 | 41.8 |
| Non-management employees | 33.6 | 34.8 | 34.3 | 33.1 | 34.2 | 33.7 |
| TOTALE | 36.3 | 35.7 | 36.0 | 35.7 | 35.1 | 35.4 |

The average age (around **36**) is considerably lower than the ABI average* (about 42.8). Despite a slight change in overall workforce with respect to previous years, growth in average age is modest.

* ABI, "Report on Employee Statistics December 31, 2009"

ANALYSIS OF EMPLOYEES BY LENGTH OF SERVICE**

| Length of service | 2010 | | | | |
|-------------------|-----------|------------|--------------|--------------|--------------|
| | Category | | | Total | % of total |
| | SM | MM | NME | | |
| 0-2 years | 2 | 4 | 82 | 88 | 5.0 |
| 2-5 years | 11 | 28 | 523 | 562 | 32.1 |
| 5-10 years | 25 | 40 | 306 | 371 | 21.2 |
| 10-15 years | 27 | 107 | 436 | 570 | 32.6 |
| over 15 years | 20 | 45 | 93 | 158 | 9.0 |
| TOTAL | 85 | 224 | 1,440 | 1,749 | 100.0 |
| Length of service | 2009 | | | | |
| | Category | | | Total | % of total |
| | SM | MM | NME | | |
| 0-2 years | 6 | 11 | 237 | 254 | 14.5 |
| 2-5 years | 9 | 23 | 442 | 474 | 27.1 |
| 5-10 years | 31 | 75 | 511 | 617 | 35.3 |
| 10-15 years | 24 | 57 | 157 | 238 | 13.6 |
| over 15 years | 19 | 44 | 102 | 165 | 9.4 |
| TOTAL | 89 | 210 | 1,449 | 1,748 | 100.0 |

** Length of Service relates to service within the Group

The most visible change is a decrease in the '0-2 years' category, as a consequence of the slowdown of hiring with respect to the previous years.

The opposite dynamic relating to the range of 5-10 years and 10-15 years of service was mainly due to passage from one stage to another by significant portion of employees who had joined the Company when the Bank was first established.

EDUCATION LEVEL

| Category (%) | 2010 | | | | |
|--------------------------|--------------|-------------------|---------------------|--------------------|--------------|
| | Gender | University degree | High School diploma | Vocation at school | Total |
| Senior Management | M | 83.3 | 16.7 | 0.0 | 100.0 |
| | F | 55.6 | 44.4 | 0.0 | 100.0 |
| | Total | 77.8 | 22.2 | 0.0 | 100.0 |
| Middle Management | M | 57.4 | 39.0 | 3.6 | 100.0 |
| | F | 42.0 | 52.3 | 5.7 | 100.0 |
| | Total | 51.3 | 44.2 | 4.5 | 100.0 |
| Non-management employees | M | 38.2 | 54.3 | 7.5 | 100.0 |
| | F | 33.8 | 61.2 | 5.0 | 100.0 |
| | Total | 35.7 | 58.3 | 6.0 | 100.0 |
| TOTAL | | 39.9 | 54.6 | 5.5 | 100.0 |
| Category (%) | 2009 | | | | |
| | Gender | University degree | High School diploma | Vocation at school | Total |
| Senior Management | M | 82.2 | 17.8 | - | 100.0 |
| | F | 56.3 | 43.8 | - | 100.0 |
| | Total | 77.5 | 22.5 | - | 100.0 |
| Middle Management | M | 53.9 | 43.0 | 3.1 | 100.0 |
| | F | 40.2 | 51.2 | 8.5 | 100.0 |
| | Total | 48.6 | 46.2 | 5.2 | 100.0 |
| Non-management employees | M | 36.3 | 55.2 | 8.5 | 100.0 |
| | F | 33.3 | 61.1 | 5.6 | 100.0 |
| | Total | 34.6 | 58.6 | 6.8 | 100.0 |
| TOTAL | | 38.4 | 55.2 | 6.4 | 100.0 |

The employees have a high level of education. Those with a university degree account for almost **40%** of all employees (ABI average: 34.3%*) and **77%** of executives and **51%** of middle managers.

EDUCATION LEVEL OF NEW HIRES

| Educational level | 2010 | | 2009 | |
|---------------------|-----------|--------------|------------|--------------|
| | Number | % | Number | % |
| Postgraduate | 2 | 3.3 | 3 | 2.6 |
| University degree | 26 | 43.3 | 54 | 47.4 |
| High School diploma | 15 | 25.0 | 38 | 33.3 |
| Other | 17 | 28.4 | 19 | 16.7 |
| TOTAL | 60 | 100.0 | 114 | 100.0 |

New hires also have a high level of education. **47%** of them hold a university or a postgraduate degree.

*ABI, "Report Dati Statistici del Personale al 31 dicembre 2009"

BREAKDOWN OF HOURS ABSENT BY LEAVE-TYPE IN TERMS OF HOURS AVAILABLE

| Live-type | 2010 | |
|-----------------------------|------------------|--------------|
| | Hours | %*** |
| Holiday/ Maternity leave | 391,973 | 12.6 |
| Sick leave | 123,073 | 3.9 |
| Paid leave | 75,628 | 2.4 |
| Other* | 49,583 | 1.6 |
| TOTAL HOURS ABSENT | 640,257 | 20.5 |
| REGULAR HOURS WORKED | 2,479,239 | 79.5 |
| AVAILABLE HOURS** | 3,119,496 | 100.0 |
| Live-type | 2009 | |
| | Hours | %*** |
| Holiday/ Maternity leave | 369,221 | 12.5 |
| Sick leave | 109,413 | 3.7 |
| Paid leave | 78,175 | 2.7 |
| Other* | 39,291 | 1.3 |
| TOTAL HOURS ABSENT | 596,100 | 20.2 |
| REGULAR HOURS WORKED | 2,352,744 | 79.8 |
| AVAILABLE HOURS** | 2,948,844 | 100.0 |

* Coursework, medical visits, family leave and work-related leave

** Available hours are calculated as number of work-days in a year multiplied by the number of work hours according to the related labour agreement

*** The percentage is calculated as the ratio to the total number of available hours

Managers are not included in the table above due to the different way in which their presence at work is accounted for. Vacation and maternity leave are contractually **obligatory** and account for more than **61%** of the total of hours absent.

EQUAL OPPORTUNITIES

This section highlights the relationship between average compensation for men and women, calculated as a ratio between the average compensation for men and the average compensation for women.

| Category | Length of service 2010 | | | | | Average |
|--------------------------|---------------------------|--------------|---------------|----------------|---------------|-------------|
| | < 2 years | 2-5 years | 5-10 years | 10-15 years | > 15 years | |
| Senior management | n.a* | 1.77 | 1.41 | 1.04 | 1.32 | 1.24 |
| Middle management | 1.05 | 1.09 | 1.00 | 1.13 | 1.13 | 1.11 |
| Non-management employees | 1.03 | 1.05 | 1.00 | 1.05 | 0.99 | 0.99 |
| Category | Length of service 2009 | | | | | Average |
| | < 2 years | 2-5 years | 5-10 years | 10-15 years | > 15 years | |
| Senior management | 1.48 | n.a* | 0.90 | 1.21 | 1.58 | 1.28 |
| Middle management | 1.02 | 1.09 | 0.99 | 1.21 | 1.17 | 1.12 |
| Non-management employees | 1.02 | 1.04 | 1.09 | 1.05 | 1.04 | 1.01 |

* This cannot be calculated because there are no female employees in this category and with this length of service

There was an overall reduction in the difference in average pay for men and women compared to the previous year.

With reference to senior managers, there is a significant difference in compensation in certain length-of-service categories, but this is attributed in large part to the different roles and levels of responsibility.

PROTECTED CATEGORIES

Current laws require hiring personnel belonging to what are termed “protected categories”. Some Group companies have signed special **agreements** with the Provincial Government of Milan to plan the hiring of these individuals over the next few years, in compliance with the limits of the law. A possible

channel for finding those belonging to the protected categories has also been activated through an agreement with an agency recognised by the Provincial Government, which is specialised in helping the disabled enter the world of work.

| | 2010 | 2009 | % Change |
|--------------------------|-----------|-----------|-------------|
| Senior Management | - | - | 0.0 |
| Middel Management | 1 | 1 | 0.0 |
| Non-management employees | 40 | 36 | 11.1 |
| TOTAL | 41 | 37 | 10.8 |

The agency the Group collaborates with has a team of psychologists who recruit, select and train these individuals beforehand, according to the characteristics of the job they will have and in close collaboration with the Human Resources Department of the Group. These employees are helped to settle into the company by the presence of a **dedicated and specialised tutor** who works for the external agency. This tutor follows the individual for the first 6 months of internal training. At the end of this period the tutor, the team of psychologists and the company assess whether the activities of the job are suited to the individual, in order to guarantee the job is in line with the person's psychological and physical characteristics. At the Mediolanum Group Headquarters, the infrastructure necessary to guarantee the disabled employees and visitors access is in place: in fact, 13 **special entryways** and 22 **reserved parking spots** were constructed for this purpose. There are 8 restrooms dedicated to the disabled.

LITIGATIONS AND DISPUTES

In 2010, there were no pending lawsuits or disputes with employees.

Care for our people

PERFORMANCE MANAGEMENT AND DEVELOPMENT TOOLS

Many tools have been adopted within the Group to support HR in the management and development of employee performance, in terms of both meeting targets and behaviours and attitudes displayed while carrying out their work activities. In 2010, the project revolving around the **Management Appraisal** of company Managers was put into effect at both headquarters and foreign subsidiaries.

The project has brought about the redefinition of a process introduced company-wide in 2010 that includes the setting of targets both in terms of results, and development of managerial skills. The tools adopted in different offices, although consistent with one another when it comes to the areas of performance and competence observed, are differentiated according to specific characteristics of the work environment. For example, Banking Services Center representatives are evaluated on a grid based on different skills, measuring both the operational performance (e.g. management of inbound calls in terms of duration), and teamwork capabilities (e.g. interaction with colleagues and knowledge sharing). The recognition of any given skill is based on competence and merits, and comes after a dedicated training period.

Employees who acquire specific skills and employ them with positive results are granted a wage increase.

CAREER PATH AND TURNOVER

There were no variations in the headcount of the Group as the policy to promote and develop from within continued to be pursued, which starts with the process of recruiting and selecting young high school and university graduates.

The selection process entails inviting candidates,

who are chosen on the basis of their curricula vitae, to spend an entire day at the company. They are given a full description of the organisation and its values as well as the induction and development processes. The candidates also take part in group assessments and have individual interviews with Human Resources personnel.

The next step in the induction process is the sharing of company values and the acquisition of the base skills about the products and tools serving the customers.

The first phase of socialisation in the company, in fact, takes place over a 2-month training period in the classroom, followed by a period alongside senior call centre representatives who manage the relationships with the customers and the sales network. At the end of this training period, the new-hires are then ready to work autonomously, within a specialised work group.

Depending upon personal characteristics, educational background, and individual aspirations, the new-hires continue to be followed in their work path, in order to be able to identify the best possibilities for development of their potential, whether it be in the area of customer care, or in other departments.

Then, there are specific training and development courses to acquire technical and managerial skills that are designed in cooperation with the Corporate University of the Group.

The search for personnel with specialised know-how or specific managerial experience is carried out with the assistance of headhunters, with the objective of finding individuals who are capable of bringing added value to the 'human capital' that is already within the organization.

The policy of job-rotation aimed at job enlargement or job enrichment, in addition to the ongoing acquisition of skills, is characterised by the mobility of personnel inside the Group, with time spent

abroad as well with the foreign subsidiaries.

NET NEW JOBS

| (Number) | 2010 | | | |
|----------------------|------------|------------|------------|------------|
| | SM | MM | NME | Total |
| Hires | 1 | 2 | 57 | 60 |
| Terminations | 5 | 6 | 48 | 59 |
| Resignations | 3 | 5 | 38 | 46 |
| Retirement | 2 | 1 | 4 | 7 |
| End of contract | - | - | 6 | 6 |
| Death | - | - | - | 0 |
| NET NEW JOBS* | (4) | (4) | 9 | 1 |
| (Number) | 2009 | | | |
| | SM | MM | NME | Total |
| Hires | 1 | 2 | 111 | 114 |
| Terminations | 2 | 2 | 21 | 25 |
| Resignations | 2 | 2 | 11 | 15 |
| Retirement | - | - | 1 | 1 |
| End of contract | - | - | 8 | 8 |
| Death | - | - | - | - |
| NET NEW JOBS* | (1) | 0 | 90 | 89 |

* Where Net New Jobs = Hires - Terminations

NOTE: Please note that the figures shown in the table above do not coincide with those shown in the table 'Analysis of Employees by Category' as they do not include the effects of promotions to higher positions. The senior management category does not include the executives hired with a fixed-term contract, people joining/leaving the Group's foreign operations, nor new personnel resulting from acquisitions

In 2010, there was a slowdown in the number of new-hires due to an internal reorganisation aimed at optimizing and increasing the efficiency of the organisational structure.

 **TURNOVER**

| Turnover (%) | 2010 | | | |
|-----------------------------|------------|------------|------------|------------|
| | SM | MM | NME | Total |
| New Hires* total | 1.1 | 1.0 | 3.9 | 3.4 |
| Resignations** total | 5.6 | 2.9 | 3.3 | 3.4 |
| Turnover TI*** | 4.5 | 2.8 | 3.0 | 3.1 |
| Turnover (%) | 2009 | | | |
| | SM | MM | NME | Total |
| New Hires* total | 1.3 | 0.9 | 8.1 | 6.9 |
| Resignations** total | 2.5 | 0.9 | 1.5 | 1.5 |
| Turnover TI*** | 2.5 | 0.9 | 0.8 | 0.9 |

* New hires = No. of individuals hired in the category/total personnel in that category at the start of the year

** Resignations = No. of resignations in the category/total personnel in that category at the start of the year

*** Resignations calculated on permanent employment contracts

In 2010, the number of incoming and leaving employees was substantially the same. Although the number of leaving executives and middle-managers increased with respect to the previous year, turnover was in line, considering the fact that some of those leaving had reached retirement age.

 **PROMOTIONS**

The table below confirms **equal career development** for men and women, and the extensive use of internal promotion to fill higher positions.

| Promotions (Number) | 2010 | | | |
|--|------------|------------|--------------|---------------------|
| | M | F | Total | %standard contracts |
| Middle to Senior Management | - | - | 0 | 0.0 |
| Middle to Middle Management | 4 | 7 | 11 | 0.6 |
| Non-management employees to Middle Management | 7 | 11 | 18 | 1.0 |
| Non-management employees to Non-management employees | 60 | 57 | 117 | 6.7 |
| TOTAL PROMOTIONS | 71 | 75 | 146 | 8.3 |
| TOTAL STANDARD CONTRACT | | | 1,749 | |
| Promotions (Number) | 2009 | | | |
| | M | F | Total | %standard contracts |
| Middle to Senior Management | 7 | 1 | 8 | 0.5 |
| Middle to Middle Management | 8 | 3 | 11 | 0.6 |
| Non-management employees to Middle Management | 3 | 4 | 7 | 0.4 |
| Non-management employees to Non-management employees | 111 | 106 | 217 | 12.4 |
| TOTAL PROMOTIONS | 129 | 114 | 243 | 13.9 |
| TOTAL STANDARD CONTRACT | | | 1,748 | |

EMPLOYEE BENEFITS

Over the years, the Mediolanum Group has put special conditions, services and activities into place for the work and private lives of the employees. Some of these stemmed from employee suggestions. We believe caring for people as a concrete application of the corporate values, as well as a way of improving the quality of our professional relationships.

Company day care centre

Since 2004, the company day care centre "Baby Med" has been operational just 50 meters from the Group's headquarters; a structure built by Banca Mediolanum and managed by specialists to respond

to the lack of maternity-related services, which can be penalising for female workers and is even more relevant considering how “young” Mediolanum is, and how many women there are in the workforce. The structure, which has been enlarged over the years due to increasing demand, occupies **1,000 sq m** of space and can accommodate **127 children** ranging from 0 to 3 years of age. Baby Med is probably one of the largest company day care centres in Italy contained in one space designed to take care of employees’ children.

There is a 300 sq m **outdoor playground** protected by a video-surveillance system.

The monthly fee for the day care centre paid for by the employee is reasonable, much less than the average.

There is also a positive impact on the **local community**. The Lombardy Region contributed funds to the project thanks to the high quality of the day care centre, and about 10% of the places available were reserved for families living in Basiglio where the Group’s headquarters is located.

The day care centre is open from 8:30 a.m. to 6:30



p.m., including August: short programmes are available during the summer months in order to offer the service to other mothers when there are vacancies during summer holidays.

In order to meet the needs of the employees and

their families when other day care centres close for the summer holidays, Baby Med functions as a “**campus**” for pre-school age children as well.

There are a multitude of events centred on the children and their families, such as the parties celebrating Carnival and Christmas during the holiday season, to name a few.

Flex-time

Under the Flex-time scheme which allows employees to arrive up until 9.30 a.m., Mediolanum also meets its employees half-way through the adoption of flexible, **part-time** contracts. In 2010, 74 employees have taken advantage of part-time schedules, with 20 different hour schemes.

Shuttle bus service

A private shuttle bus service has been active for some time, with frequent runs between headquarters and Milan. This service is appreciated: the flexible shuttle hours respond to the needs of the employees in terms of both hours and runs that cover the main Underground stops. This leads to considerable savings in terms of travel time, costs, as well as reducing pollution and traffic.

Company-sponsored supplementary pension

Some time ago the Group established a **Pension Fund** all employees could contribute to. Participation in the fund is incentivised because for those who opt to pay their production bonus into the fund, the bonus is then increased. At the end of 2010, 93% of middle managers and 89% of non-management employees were members of the Fund.

Protection: supplementary health insurance

Optional supplementary health care is a benefit offered free of charge to employees (middle managers and non-management employees covered under the banking and commerce labour agreement who have permanent employment or trainee contracts) and includes coverage for a range of medical expenses, with the possibility of extending it to the employee's family for an additional amount.

| Insured | 2010 | | 2009 | |
|---|--------------|--------------|--------------|--------------|
| | Number | % of total | Number | % of total |
| Employee beneficiaries (middle managers and non-management employees) | 1,600 | 82.9 | 1,586 | 74.3 |
| No. of family member with extended health insurance | 330 | 17.1 | 550 | 25.7 |
| TOTAL NO. OF INSURED | 1,930 | 100.0 | 2,136 | 100.0 |

Since 2008, **supplementary health coverage** is also granted to senior managers, completing the range of services already offered.

Tax Assistance

In 2010, a free tax assistance service was offered to employees, which has been the case for a few years now, providing assistance in the preparation of the annual tax filings. In 2010, **1,042** employees took advantage of this service.

Special terms for products and services

Other benefits for employees concern special terms for access to the products and services offered by the group, for example:

- mortgages;
- bank accounts;
- credit and personal loans;
- financial products and services (e.g. investment funds, supplementary pension plans).

Moreover, a service is available for employees offering information and practical support in terms of investment in the Group's products and is staffed by colleagues called 'Supporter di Sede' (headquarters support service).

Commercial agreements

The Mediolanum Group signs commercial agreements for discounts and/or special terms for its employees and for the Family Bankers. These agreements cover sectors ranging from furniture to clothes, from well-being to leisure time and travel. An updated list of the agreements is published on the Innova portal and through an internal communication service.

Internal participation

The Mediolanum Group has always made an effort so that the concept of Continuous Improvement becomes part of the worklife of the entire organization. The employees of the Mediolanum Group actively take part in improving the efficiency of the corporate processes, including those via the Teams for Improvement, the Projects for Improvement and, since the end of 2009, the participation in Kaizen Weeks.

TEAMS FOR IMPROVEMENT

The Teams for Improvement were introduced in the company in the 90s and are 5-8 person teams made up of employees who had asked to participate in this activity. The groups meet regularly to identify and study critical areas or improvable work processes in the company, and all of the participants follow an ad hoc learning process.

Ideas can be submitted by any employee, and work teams develop the most valid and significant projects, proposing workable solutions that are based on improvement and optimisation using the Teams for Improvement method.



Teams for Improvement are always under the guidance of a **Tutor**, a high-level manager within the company who has experience and specific knowledge in the area related to the project and has the role of assisting all the team members during all phases of the project.

The Teams for Improvement last about five months and follow four steps:

- identification of the problem;
- data collection;
- writing up of one or more proposals for improvements;
- implementation (and follow up).

Moreover, all ideas are presented to Top Management and an award (travel-related) is given to the team with the best proposal in terms of concrete benefits to the company. All winning team members are also invited to attend a special dinner along with some members of Top Management. The Teams for Improvement have led to results that substantially

improve the workplace climate and gain active involvement of employees in company life, as well as obtain economic benefits and improvements in processes. This year, **13 Teams for Improvement** were put together with **92** employees participating. The need to bring the projects to life that were planned by the Teams for Improvement and turn them into real corporate projects led to the creation of the idea of 'Follow up' in February 2006. The constant behind every single project is the Tutor, who stays in contact with the Teams at the beginning and afterwards, with the 'technicians' in charge of implementation to make sure that the project is realised. Thanks to this new approach to the Teams for Improvement, **44 projects** were implemented involving **132 people**. There are currently 23 in the 'Follow up' stage.

IMPROVEMENT PROJECTS

The **Progetti di Miglioramento (PdM)** (Improvement Projects) are also very important: these have to do with "continuous improvement" and do not normally require interaction with other employees, as they have to do with individual work. Everyone is encouraged to give their contribution by doing their best to optimise daily practices and operations in whatever processes they are involved in, which are often without cost, and result in time savings and the streamlining of procedures. **92 Improvement Projects** have been started since 2007 and have involved different areas of the company, resulting in significant economic and qualitative benefits. The Quality Department at Headquarters makes sure that proper visibility is given to the projects and to the creators of the projects. In fact, some of the more worthwhile projects that are replicable all over the company were presented during important company events. Starting this year, the Improvement Projects are included in the training and learning plan dedicated to the Groups for Improvement.

KAIZEN

Il kaizen (改善) is a Japanese methodology for step-by-step, continuous improvement. The word Kaizen is the combination of 2 Japanese words: 'kai' (change) and 'zen' (better).

The Kaizen Week (or week for rapid improvement) is based on this philosophy and represents a very concrete instrument with quick implementation, where in the space of 5 days, an office of 5-9 employees can obtain considerable results in terms of efficiency and quality. The characteristics that set this activity apart can be summarised in the slogan: "fast and rough", "not slow and elegant" and "do it and do it now".

This new initiative was introduced in November 2009 and runs alongside the Teams for Improvement and the Improvement Projects. Three Kaizen Weeks have been carried out and involved the following offices: Incassi e Pagamenti (Payment Collection), Logistica MCU (MCU Logistics) and Commissions.

The main results obtained in this activity are: the recovery of productivity (20-30%), the right balance in the workload, the immediate identification of operational problems, the catching up on backlogs and the reduction of operational risks.

Training and personal growth

The main project for 2010 for the team at MCU dedicated to training coursework for employees was the design of the new catalogue for the employees of the Mediolanum Group.

EMPLOYEE TRAINING COURSES

The catalogue is designed to be consistent with how the Sales Network already works and subdivides the coursework into 3 major areas:

1. **The behavioural area (I AM)** looks at the being

with the idea of improving the individual as well as the professional;

2. **the technical-commercial area (I WORK)** has to do with understanding the products and tools needed for the job;

3. **the technical-regulatory area (I KNOW)** refers to the knowledge of the regulations, which is indispensable in order to guarantee professionalism and transparency.

There are 3 different levels to the coursework: the individual job level, the departmental level, and the company level.

In 2010, 14 courses were designed in the 'I AM' area, with 53 sessions lasting an average of 2 days. The subjects covered ranged from communication to coaching, as well as ethics.

In 2010, the coursework dedicated to the Banking Services Centre were thoroughly reviewed and completely redesigned, to increase their efficiency. Today, the Banking Services Centre Representative can count on life-long learning that starts with a course about "the basics of communication" that lasts one day and takes place at the end of the first phase of classroom training. Then the 'telephone communication' course lasts two days and takes place at the end of the internship and includes thoughts on their job as well as an in-depth look at the main tools of efficient communication. In 2011, two advanced courses on communication will be planned for senior BSC representatives and for those representatives covering the phone line dedicated to assisting the Family Bankers; In keeping with the topic of communication, specialised courses dedicated to Securities Trading and Operations were carried out with the involvement of these departments and in cooperation with leading consultants in the industry. Another project in the area of training had to do with issues brought up by management during dedicated interviews as well as their recommendations underscoring the importance of Coaching (involving all levels of management in the company, from

coordinators up to executives). An in-depth look at the value of regulations in the banking area, resulted in two courses dedicated to Regulations and internal codes that prompted discussion on corporate values and ethics via storytelling and shared personal experiences.

Furthermore in 2010, 10 courses dedicated to team-work were carried out, just as in the past.

With respect to the 'I WORK' area, the following topics were set forth: structured bonds and certificates, training about insurance products and their technical aspects, the technical aspects of banking and the management of bad debt, adherence to compliance issues and measuring models for products, involving more than 800 individuals for the updating of the professional skills required by their work.

With respect to the 'I KNOW' area, in-depth training courses aimed at learning the technical aspects of topics such as Compliance and Privacy protection were set up.

This department also manages the participation in courses outside MCU designed to increase technical skills of the employees of the Group with the aim of educating the person and the professional.

| 2010 | | 2009 | | % Change | |
|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| No. of Participants | Total hours | No. of Participants | Total hours | No. of Participants | Total hours |
| 12,605 | 62,204 | 3,155 | 31,359 | 299 | 98 |

Due to the new re-classification of the Sales Network courses according to the three areas ('I AM', 'I WORK' 'I KNOW) , a comparison with 2009 is not meaningful.

The most significant data relates to the number of participants and the number of hours involved, which show a strong increase in both variables. The increase in number of hours and participants can be attributed to two factors: in 2009, the focusing of the team's efforts primarily on the development of courses, and in 2010, the carrying out of all of

the courses planned in 2009 that were emphasising the behavioural and managerial aspects.

| Training Courses | | |
|------------------------------|---------------|---------------|
| Category of Training Courses | Participants | Total hours |
| Behavioural | 2,916 | 14,886 |
| Managerial | 232 | 3,852 |
| Insurance Products | 4,481 | 17,029 |
| Banking Products | 3,010 | 14,833 |
| Financial Products | 1,241 | 6,835 |
| IT courses | 671 | 3,999 |
| Off-campus Technical courses | 54 | 771 |
| Total | 12,605 | 62,204 |

The most revealing data is found in the behavioural area of training. The datum reflects the great planning effort given to the courses offered, as requested by management, in order to support the change in the cultural approach to ethics and regulations as well as the dissemination of knowledge regarding compliance with everyone in the company through online training tools.

Another topic relating to the behavioural area 'I AM' in the new training catalogue was communication. The courses contained material that would help develop the capacity to build excellent relationships with the customer, referring to both fellow employees and customers of Banca Mediolanum.

In order to enrich the role of “boss” in Mediolanum, MCU added a new course based on coaching methods, with the aim to increase the competency of middle and top management and to render them more able to manage their direct reports, helping them to grow.

TRAINING COURSES FOR NEW HIRES

| | 2010 | 2009 | % Change |
|---------------------------------------|------------|------------|-------------|
| No. of sessions | 4 | 8 | (50.0) |
| No. of participants (1) | 44 | 101 | (56.4) |
| Total hours (2) | 16,104 | 30,464 | (47.1) |
| TOTAL HOURS PER CAPITA (2)/(1) | 366 | 302 | 21.2 |

As far as training for the new hires is concerned, there was a sharp decrease in the number of sessions and participants, reflecting the company hiring policy in 2010. The training given to the new hires, however, increased (366 hours per capita vs. 302 per capita) thanks to the addition of training modules dedicated to training on customer passwords, to communication and to the increase in on-the-job training alongside a more experienced co-worker.

Regarding the activities planned for 2011, a new programme called Alta Formazione (‘Advanced Training’) will be offered along with the launch of a 2-year “Executive Master’s Degree in Business & Banking Administration” (2011-2012) and that will host a maximum of thirty participants for a total of 70 classroom days.

Developed and planned in concert with SDA Bocconi, the Master’s degree programme will be supported by a group of professors from one of the most important Business Schools in the world and will grant the degree of Executive Master to the candidates who pass the final exams.

Health & Safety - the Safety project

In 2010, the Mediolanum Group continued to work on the Safety Project to minimise accidents in the workplace, and thus create a culture of safety in the workplace. Safety protection activities are conducted to ensure the safety of people and of the workplace in compliance with statutory and regulatory requirements, specifically with the Consolidated Finance Act (Testo Unico, T.U.) - Law Decree, passed on April 8, 2008, - which replaced Act 626/94 - encompassing all the laws regarding safety. Mediolanum has the objective of achieving excellence in the area of Safety as well. Over the course of 2010 many specialised support activities were carried out for the Prevention & Protection Service, represented by the two figures mandated by the above mentioned law: the “Employer in charge of Safety” (DdL) and the “Prevention & Protection Manager” (RSPP):

Among the updates in 2010, an evaluation of work-related stress was conducted, as is required by the ‘Documento della Valutazione del Rischio’ (DVR Risk Evaluation Document).

Starting in 2010, meetings and activities were conducted to set up the evaluation according to a methodology that reflects the latest indications included in the recent regulations and guidelines. However, the new legislation postponed the deadline for risk evaluation (art. 28) to January 1, 2011, with on-going evaluation to be carried out by the ‘Employer in charge of Safety’ in conjunction with the Prevention & Protection Manager’ and the competent medical doctor, with a consultation from the workers’ health and safety representative and, at the conclusion, registered in the Risk Evaluation Document.

The Mediolanum Group continued on with its ‘intent to develop the habit of safety’ by offering ad hoc training courses for employees and to stay attuned to the latest information aimed at bettering conditions and behaviour in terms of safety.

Therefore, other than the presence of a First Aid kits all over Headquarters, 3 Semi-Automatic External

Defibrillators (AEDs) (Schiller Medical FRED® easy OnlineDAE) machines were installed in the reception areas of the Meucci, Galeno and Archimede buildings. It is important to note that in order to use a defibrillator, a Basic Life Support Defibrillation (BLS-D) course must be taken that is given by a 118 emergency response specialist, who certifies the ability to use the machine. Thus, training specific to this purpose was proposed to those in the



company entrusted with the responsibility of safety, and there was a good number of sign-ups (26, all voluntary). The course took place in June, 2010 in Mediolanum Corporate University's classrooms. Currently, there are 80 employees assigned to first aid and 70 to the fight against fire.

A training course for workers' health and safety representative was organised in order to designate a new representative and for those already present, an annual refresher course was held. In 2010, training courses for new hires and interns were held.

In compliance with the organisational and managerial model, periodic meetings called "Safety Meetings" are held and "Hazard Survey" inspections regarding the work environment to detect any non-compliant situations and to suggest corrective actions.

The practice of office evacuation fire drills continued as well as the monitoring of the adequacy of the infrastructure, of the microclimate in the offices and of the carrying out of the environmental analysis through recurring and strengthened initiatives, such as:

- the sanitation of the workstations and equipment;
- the substitution of air filters;

- the periodic and preventative disinfestation

The programme regarding health care received greater attention with respect to prior years, based on the increased number of medical visits for employees. Moreover, in 2010, a seasonal flu vaccination campaign was carried out, and together with Avis, two blood drives were organised at the Group's headquarters. The section on the company's Innova portal dedicated to Safety was updated, where all of the information regarding the safety of employees and the buildings was reported, including first aid procedures, the emergency number, accident tables, the listing of the safety team members and the location of first aid materials.

| | 2010 | 2009 | % Change |
|---|------|------|----------|
| Industrial accident index | 28 | 19 | 47.4 |
| Of which driving to/from work | 26 | 17 | 52.9 |
| No. of days of work lost for industrial accidents | 513 | 268 | 91.4 |
| Severity index* | 0.20 | 0.11 | 75.6 |

* The severity index is defined as the ratio between days absent due to industrial accidents and thousands of hours worked

Total industrial accidents - i.e., those recognised by INAIL (National Insurance Institute for Industrial Accidents) - recorded by the Human Resources Department (TIME LOST DUE TO ACCIDENTS) - increased 53% with respect to 2009 for the most part due to a strong increase in accidents driving to/from work (93% of the total). The most frequent industrial accidents when driving to or from work are bumper-to-bumper collisions, whereas accidents in the workplace are mainly falls.

Company-employee relations



EMPLOYEE CLIMATE SURVEYS

With an eye on valuing and caring for the employee, since 1999 the Group has carried out - every two years - an anonymous company climate survey to measure the level of overall satisfaction of the employees of the Group and the possible areas needing improvement.

The most recent survey was conducted in 2009 in cooperation with Towers Watson, a company specialising in this kind of survey, and Human Resources in general.

Just like before, the latest survey showed a high level of participation: **86%** of employees filled out the questionnaire. The level of engagement was also high at **77%**: this figure is calculated based on answers to 8 questions regarding the sharing of company's strategy, commitment and motivation, and compares to an average **59%** for Europe.

The overall level of satisfaction remains substantially stable compared to past surveys.

The results that came out of this analysis in 2010 formed the basis for a series of surveys and in-depth analyses within the company that identified areas with potential for improvement.

In particular, critical areas and possible solutions were explored through individual and group interviews that were open and constructive, involving both the employees and their direct supervisors in order to overcome any problems that came out and improve the organization of the department and the company climate.

EMPLOYEE RELATIONS

In 2002, the Employee Relations unit was set up within the Human Resources department with the aim of improving and optimising the quality of work life.

Every suggestion was carefully considered, and reviewed with a positive attitude, paying attention to the requests and to the ideas of the employees.

The initiatives undertaken always took the importance of the people and their needs into account and dealt with a variety of areas:

- projects to balance work and family life;
- healthcare;
- cultural and sports activities.

BALANCING WORK AND FAMILY LIFE

In 2010, the company offered a number of services to all employees in order to balance work with private and everyday life. In addition to the main service provided by the Day Care Centre Baby Med, other simple services to help out employees with their daily life were organised. A variety of services that help the employee save time and money were offered:

- a service for the filing and processes of administrative documents, consultancy on and processing of the renewal and duplication of driver's licenses and passports, the transfer of car title and plate number registration;
- the "Answers from the Condominium administrator" service
- a shoe repair service;
- a tailoring, mending and dry cleaning service;
- a variety of services offering high-quality, biological foods;
- agreements with mechanics and tyre shops for the maintenance of employees' automobiles;
- recreational activities for the children of employees during the summer months.

HEALTHCARE

To raise awareness in the area of health, specific projects were implemented. Two **blood drives** were organised in 2010 in coordination with Avis Milano, with an ever-increasing number of donors.

Donating blood, aside from demonstrating altruism, means prevention and early diagnosis in



order to take care of the health of the donor and perhaps even direct the donor in a timely manner to

specialised health centres. And to look after the health of the employees, a **flu vaccination campaign** was carried out at the end of the year.

Employees can use the space dedicated to sports activities, where changing rooms and showers are available and where fitness courses are organised, such as yoga, total body workout and pilates, or simply go jogging.

The company continues on with its anti-smoking campaign emphasising the health damage it causes. In keeping with the promotion of a healthy lifestyle, bicycles are also available to use during work breaks and at the end of the work day, even for just a short ride.

RECREATIONAL ACTIVITIES

In 2010, the participation of the employees in recreational activities increased significantly thanks to a continuous search for new ideas with the objective of responding as best as possible to the requests of all employees.

In particular:

- athletics and sports;
- recreational activities;

- cultural initiatives and courses (visits to exhibitions, concerts, theatres, conferences, employee photography exhibits on the company premises, fitness activities, yoga, Pilates);
- purchases at discount prices (books, gym memberships, etc.);
- baby and wedding gifts;
- services and co-marketing activities.

In November 2010, a photography exhibit with three distinct themes was organised exclusively for employees.



Some of these photos were included in the layout of this Social Report.



Foto vincitrice del concorso fotografico di Alessandro Berghella

The employees' interest to attend shows and events with special prices resulted in agreements that provided reduced-price tickets for performances at Milan's Scala Theatre and the major theatres in the city.

New cooking classes with a professional



chef were organised and were highly appreciated by the employees. Especially for the younger employees and based on expressed interest, basic sewing courses were organised.

A sound proof room was set up at corporate headquarters and made available to music lovers. There were **167** initiatives carried out in 2010, excluding ongoing services and agreements with external entities, an increase of **29%** with respect to the previous year. In 2010, the activities organised involved more than **1,400 employees** of the Group, who involved also family members in some of the cases.



INNOVA PORTAL

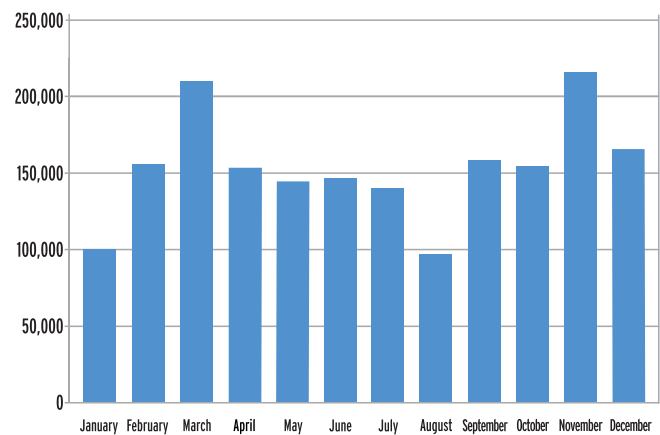
The Innova intranet portal is an extraordinary opportunity to showcase communication and information directed at the employees of the Group in addition to all of other suggestions and initiatives. It was upgraded in 2007 and is the gateway to all the information, tools, rules and procedures that are relevant to working and “living” at Mediolanum. Specifically:

- information about the Group, its organisation, values, rules, results, events, activities, facts and new developments;
- a tool for employees to manage work life, to check the accuracy of the record of the employee’s presence, time bank (time-off hours available), employee pay statement, benefits and vacation or leave requests are electronically authorised by the employee supervisor, thus savings paper;
- information on opportunities for personal growth through online training;
- information on teamwork opportunities (Teams

for Improvement, collaboration and exchange of information);

- a tool for employees to carry out their specific work (software applications and work tools);
- information on services and activities available to employees (leisure time activities, balance of work and private life, special terms for Group products and services, discounts and special offers, tax advice);
- an area to communicate and exchange information, proposals and various and sundry items via the online marketplace, and to post employee improvement ideas and proposals.

Number of accesses to the Portal



Excluding accesses to just the Home Page, there were over 165,000 visitors per month, with a peak of 226,000 hits in the month of November.

SHAREHOLDERS AND INVESTORS



Stefano Malvestio

The Mediolanum stock

HISTORY

The Mediolanum stock has been traded on the Italian Stock Exchange since June 1996 and is part of the FTSE/MIB index.

The following are the main events in the history of the Mediolanum stock:

- June 3, 1996: the Mediolanum stock is first traded on the Italian Stock Exchange in Milan at ITL 12,000 (€ 6.197) per share;
- November 1997: 1:5 stock split with ordinary shares divided by 5. Recalculating the IPO stock price after the split, the price is equal to ITL 2,400 (€1.239).

The Mediolanum S.p.A. stock is listed on the Italian Stock Exchange in Milan and is a part of the FTSE/MIB Index, the Italian Blue Chip stock index, including the most liquid and large-cap companies in each industry. The stock is also a component of other major international stock indices, e.g., the S&P Euro 350 and the S&P Euro Index.

In 2010 a € 0.16 dividend will be paid out.

HISTORICAL DATA IN EURO

| | 2010* | 2009* | 2008* | 2007* | 2006* | 2005* | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|-----|-------|-------|--------|-------|-------|-------|------|------|------|------|------|------|------|------|
| EPS | 0.31 | 0.30 | 0.18** | 0.29 | 0.31 | 0.32 | 0.19 | 0.18 | 0.11 | 0.14 | 0.16 | 0.12 | 0.10 | 0.06 |
| DPS | 0.16 | 0.15 | 0.15 | 0.20 | 0.20 | 0.20 | 0.14 | 0.11 | 0.10 | 0.10 | 0.09 | 0.07 | 0.06 | 0.05 |

* International Accounting and Financial Reporting Standards (IAS/IFRS)

** On pro forma net profit

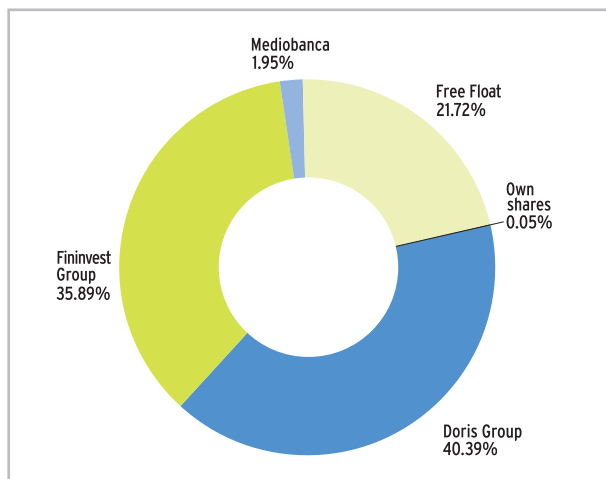
EPS= Earning per Share

DPS= Dividend per Share

Share capital

As at December 31, 2010 the share capital of Mediolanum S.p.A. was made up of 732.879.960 ordinary shares with par value of € 0.10. The main shareholders of Mediolanum S.p.A. are the Doris Group (40.39%) and the Fininvest S.p.A. Group (35.89%). Mediobanca holds a 1,95% interest with no voting rights. The free float is 21,72% and 0.05% is treasury shares held by Mediolanum S.p.A.. The company is equally controlled via a Shareholders' Agreement (representing 51.034% of share capital), which will remain in force until September 13, 2013, by Fininvest S.p.A. (25.517%) and by Doris Group, which includes Mr. Ennio Doris, Fin. Prog. Italia S.a.p.a. owned by Ennio Doris & C. and Herule Finance S.p.A. (25.517%).

2010 Shareholdings



Investor Relations

The Mediolanum Group is committed to an ongoing dialogue with the Italian and international financial community, which has always recognised its transparency and reliability.

Mediolanum S.p.A., listed on the Italian Stock

Exchange in Milan since 1996 and included in the FTSE-MIB index, has more than **53,000** shareholders **from 41 countries** with a significant number from pension funds, mutual funds and insurance groups.

The Investor Relations Team's objective, in line with guidelines provided by top management, is to promote a line of communication dedicated to shareholders, institutional investors and financial analysts through a timely and thorough flow of information about the management and the strategies adopted by the company - in addition to the financial and business results. All of this in compliance with the regulations laid out by CONSOB and Borsa Italiana for the dissemination of price sensitive information, which could influence the stock's performance on the market.

The Investor Relations Team uses a variety of means to keep in touch with the stakeholders in the financial community such as telephone calls, one-on-one and group meetings, as well as technological channels: e-mail, conference calls and video conferences.

Moreover, over the course of the year, there are a number of opportunities that take the Team to the major international markets, such as the participation in conferences organised by the major brokers and the organization of roadshows in Europe and North America, with and without the participation of top management.

In the table below, the main communication activities carried out over the course of 2010 are reported. The increase in the number of meetings with analysts reflects the commitment the Investor Relations Team has in rekindling the financial communities' interest in the Mediolanum stock after the fall caused by the market crisis during the previous two years. Similarly, the number of group presentations to investors that had reached a peak in 2009 in

line with a strategic choice to intensify the participation in broker conferences, went back to the usual levels in 2010. More emphasis was given to one-on-one meetings during roadshows, which are generally characterised by specific interest in Mediolanum.

| | 2010 | 2009 | % Change |
|--|------|------|----------|
| Analyst presentations | 6 | 5 | 20 |
| Presentations to Investor | 9 | 14 | (36) |
| Roadshow days in Italy | 1 | 1 | - |
| Roadshow days abroad | 21 | 13 | 62 |
| One-on-One Analyst meetings* | 13 | 5 | 160 |
| Number of One-on-One Investor meetings | 159 | 172 | (8) |

* due to their high number, telephone calls or e-mails were not included

Moreover, the Investor Relations Team guarantees that up-to-date information is available to investors and the markets on a dedicated section on the website www.mediolanum.com.

The webcasts of the earnings releases can also be accessed here: both the live, interactive presentations that give the viewers the opportunity to ask questions, as well as past events on demand.

Additionally, the Team plays a support and consultancy role for all company departments that need to communicate economic and financial information to external parties for any given reason.

VENDORS



Stefano Malvestio

Procurement policy

The Mediolanum Group attributes great value to its vendors, considering them to be important stakeholders, with whom it is fundamental to build solid and constructive relationships that are based on values and principles such as lawfulness, transparency, correctness and honesty, in compliance with the criteria of social responsibility shared and reported in the Code of Ethics.

As at December 31, 2010, there are more than 2,300 vendors of the Mediolanum Group, particularly concentrated in the procurement of information technology, marketing and communication services. In evaluating the vendors, greater emphasis is placed on qualities such as reliability, quality, value, the guarantee of assistance and timeliness in their services and respect for responsible behaviour and ethics, also concerning the environment and the community.

The Procurement Department presides over the processes of the acquisition of goods and services and is the department that the entire organization refers to, actively participating in the identification of the most efficient and effective solution.

The internal procedures used by the Procurement Department are constantly compared to those adopted by the market, and are updated, particularly following those activities promoted by the **SIRF Project** (Sustainability and Integrity in Relationships with Vendors), which is an initiative that the heads of the Procurement departments of many Italian companies belong to and that has the objective of incentivizing “best practices” in the relationship with vendors.

Banca Mediolanum joined ABC (Asset Banking Consortium), the consortium that provides support to banking institutions for the identification of ‘best practices’ and for a better management of the purchasing process.

PURCHASING PROCEDURE AND SUPPLIER SATISFACTION

For greater efficiency in the procurement process, a web-based portal for the electronic management of requests for quotes (RFQ) and auctions as well as for contractor eligibility and evaluation has been active for quite some time. This **Vendor Management** system is accessed directly from the corporate website in the ‘Social Responsibility with Vendors’ section. The portal permits participation in the bidding process to supply goods and services to the Group in compliance with corporate procedures as well as the signing and uploading of a general vendor contract, including three important clauses that must be accepted, regarding:

- disclosure in compliance with Law Decree 231 dated June 8, 2001;
- the obligation of confidentiality relative to the data and information concerning the purpose of the contract or the information acquired in the course of business, and the obligation of compliance with the Privacy Law Decree 196/2003;
- the obligation to comply with safety rules in the workplace.

Having ascertained that vendors fulfill the fundamental requirements, the Procurement department selects vendors following the Regulations for the management of the procurement process and its own internal rules aimed at selecting those who best adhere to the requirements of efficiency, effectiveness, innovation and eco-compatibility, who possess the proper certifications (ISO 9001, ISO 14001, EMAS, etc.) and work according to the principles of “sustainability”.

The entire process of the procurement of goods and services was automated so that all phases of the activity could be monitored (initial request, quote,

ordering, billing and payment); moreover, all paper documents used in the negotiation process and vendor management are filed electronically.

The Vendor Section Albo Fornitori contains a questionnaire whose objective is the qualification of the vendor according to economic-financial, technical and organizational parameters, along with the analysis of aspects such as health and safety of the workers and respect for the environment.

Additionally, there is a **supplier satisfaction** section where vendors can indicate how satisfied they are with the relationship they established with the Mediolanum Group.

The evaluation that is based on a scale from 1 to 5 (where 5 represents the highest score) showed a level of overall satisfaction equal to **4.14**.

The following items scored higher than 4.14:

- transparency in the negotiation terms;
- the manner in which corporate policy, principles and procedures guaranteeing the principles of quality, sustainability and respect for the environment are communicated;
- on-time payment;
- degree of cooperation among Headquarters departments.

MEDIOLANUM
GRUPPO MEDIOLANUM

Chi siamo | Contattaci | www.mediolanum.com

• Richiesta di iscrizione
• Primo accesso
• Recupero password perso
• Contattaci

Area Riservata

User id:

Password:

Accedi ▶

Richiesta di iscrizione

Per iscriversi all'Albo Fornitori del Gruppo Mediolanum, gestito da i-Faber S.p.A., è necessario compilare i campi sotto riportati.

Vi verranno assegnate username e password con cui potrete accedere al servizio tramite il link "Primo Accesso". Il portale è ad accesso riservato. Per visualizzare il regolamento del servizio premete il link sottostante.

L'iscrizione al servizio è gratuita.

SCARICA IL REGOLAMENTO DEL SERVIZIO

Scarica Acrobat Reader

Dati Aziendali

Regione sociale (*):

Partita IVA (*):

Codice Fiscale (*):

Tipo di operatività (*):

Dati Personali

Nome (*):

Cognome (*):

Ruolo aziendale (*):

Telefono (*):

Email (*):

Fornitore attuale:

Analysis of vendors by business category

The distribution of vendors by business category reflects the composition of the Mediolanum Group's activities and services and is characterised by a large number of IT vendors.

| Business Category (%) | % of sales | | |
|--------------------------------------|--------------|--------------|----------|
| | 2010 | 2009 | % Change |
| EDP and Databanks | 31.5 | 28.0 | 12.8 |
| General expenses | 17.2 | 18.2 | (5.6) |
| Promotion, Advertising and Marketing | 16.7 | 15.3 | 9.2 |
| Professional services | 11.1 | 12.2 | (9.2) |
| Insurance | 6.6 | 5.6 | 16.3 |
| Property management | 4.8 | 5.3 | (8.5) |
| Utilities | 4.4 | 5.4 | (17.7) |
| Other | 4.1 | 5.5 | (26.3) |
| Trasportation and shipment | 3.6 | 4.5 | (19.7) |
| TOTAL | 100.0 | 100.0 | |

Analysis of vendors by sales level

In order to benefit from economies of scale and the simplification of corporate processes (administrative, legal, etc.), the Mediolanum Group implemented a rationalisation and optimisation policy for Vendors, whose number declined by 18%.

As a consequence, 10.1% of the vendors account for 88.2% of what is spent with vendors.

| Annual sales (€) | % of concentration | |
|------------------|--------------------|--------------|
| | % Vendors | % of sales |
| 0 - 10.000 | 67.3 | 1.9 |
| 10.001 - 100.000 | 22.6 | 9.9 |
| > 100.001 | 10.1 | 88.2 |
| TOTAL | 100.0 | 100.0 |

Geographic analysis of vendors

47% of the suppliers are concentrated in Lombardy, the region where the Mediolanum Group is headquartered. More than 89 vendors who supply the Italian subsidiaries of the Group have registered offices abroad.

| Region | N. of vendors | | |
|-----------------------|---------------|--------------|---------------|
| | 2010 | 2009 | % Change |
| Lombardy | 1,090 | 1,302 | (16.3) |
| Latium | 222 | 262 | (15.3) |
| Emilia Romagna | 149 | 178 | (16.3) |
| Veneto | 144 | 201 | (28.4) |
| Piedmont | 125 | 137 | (8.8) |
| Sicily | 99 | 120 | (17.5) |
| Abroad | 89 | 78 | 14.1 |
| Tuscany | 87 | 139 | (37.4) |
| Campania | 66 | 75 | (12.0) |
| The Marches | 42 | 61 | (31.1) |
| Umbria | 36 | 36 | 0.0 |
| Sardinia | 30 | 40 | (25.0) |
| Apulia | 30 | 40 | (25.0) |
| Liguria | 26 | 25 | 4.0 |
| Abruzzi | 19 | 34 | (44.1) |
| Calabria | 18 | 26 | (30.8) |
| Trentino Alto Adige | 18 | 15 | 20.0 |
| Friuli Venezia Giulia | 18 | 37 | (51.4) |
| Molise | 4 | 12 | (66.7) |
| Valle d'Aosta | 3 | 7 | (57.1) |
| Basilicata | 1 | 2 | (50.0) |
| TOTAL | 2,316 | 2,827 | (18.0) |

Claims and Disputes

Against a portfolio including over 2,300 vendors, pending disputes in 2010 were limited in terms of both the number and amounts involved. This result reflects the attention devoted by the Mediolanum Group to fulfil its contractual obligations and to carefully select its vendors

THE COMMUNITY AT LARGE



Francesca Marconcini

Mediolanum Group charitable programmes

The Mediolanum Group is directly and actively involved in important social initiatives in Italy and abroad through ongoing, targeted activities concentrated in the following four areas:

- commitment to service quality through the partnership with Bocconi University;
- medical and healthcare research through a share holding in IEO (Istituto Europeo di Oncologia - European Oncological Institute);
- humanitarian works promoted and carried out by the Mediolanum Foundation;
- financial literacy through a variety of events and the educational activities of Mediolanum Corporate University which is covered in the section dedicated to Sales Network and Employees.

The common pattern underlying the strategy of all these projects by the Mediolanum Group is the focus on and the enrichment of the individual and the community with a long-term view.

Abruzzo and Veneto: two operations in support of the local communities and customers



In 2010, Mediolanum brought to a successful end an initiative that contributed one million euro to more than 120 families

consisting of customers and financial advisors, who had been seriously damaged by the earthquake that shook **Abruzzo** on April 6, 2009 in order to help them to get back to daily life and work. In the month of November, following the flood that hit **Veneto** very hard, Banca Mediolanum donated € 800,000 to help financial advisors and customers badly damaged by the water and, in December, embarked on the distribution of free grants to more than 100 families

to cover the damages that resulted from the disaster. At the same time, funds that will be invested in public works are being raised to support the flood victims.

COMMITMENT TO SERVICE QUALITY

Banca Mediolanum S.p.A. has always considered "service excellence" to be a key success factor. Since 2006, Banca Mediolanum and Bocconi University entered an agreement that established the 'Customer Centre & Service Science Lab' and set up the "Customer & Service Science" chair. Both the chair and the centre are headed by Enrico Valdani, director of Marketing department at the Bocconi University, who will work alongside a scientific committee including, among others, Edoardo Lombardi, Executive Deputy Chairman of Banca Mediolanum S.p.A.. Every year an analysis is conducted to identify the most innovative processes in the service industry across the country and an award is presented to the most innovative companies.

On November 17, 2010, at the Aula Magna of Bocconi University, the third "**Mediolanum Award for Service, Quality & Innovation**" award was presented to companies who excelled in Customer Service Quality based on an annual research conducted by the University and promoted by Banca Mediolanum. In the previous years, the research centred on hotels in the tourism industry (2008) and senior citizens health-care service (2009).

In 2010, the research focused on companies who have been able to create excellent customer experience and relationship, such as the Feltrinelli Group, the winner of the 2010 award.

In the 2008/2009 academic year, the Mediolanum Customer & Service Science chair established at the



Bocconi University became part of the curriculum of undergraduate students. The course introduces and discusses 'service-dominant logic' that places service at the centre of every exchange. This mindset interprets service as an offer of a competence that customers buy to obtain a solution to their needs.

MEDICAL RESEARCH

The Mediolanum Group has a shareholding of about 4.6% in Istituto Europeo di Oncologia (IEO), a non-profit organisation formed to achieve excellence in cancer prevention, diagnosis and treatment through scientific research, clinical trials, innovation in organisation and management and an emphasis on superior patient care.

OTHER INITIATIVES IN 2010

As always, in 2010 two blood drives at Mediolanum's headquarters were organised together with AVIS mobile unit, along with the participation of many employees. Aside from the important social aspect, the event was a chance to have a personalised consultation regarding lifestyle and nutrition and to build awareness of disease prevention and a healthy way of living .

During the year, the company engaged in a number of charitable activities, some of which were suggested and managed directly by the employees.

In lieu of corporate gifts for the holiday season, the company chose exclusively to donate to the projects helping out the children of Haiti.

Once again in 2010, "Christmas packages" were donated to a "soup kitchen" for the poor of Milan, continuing on with a tradition that has been in place for quite a few years.

The Mediolanum Group has supported the activities of **FAI Fondo Ambiente Italiano** (Fund for the Italian environment) through its participation in "I 200 del FAI" (the "FAI 200") which looks after and protects Italy's historical, artistic and natural resource heritage.

Since 2002, the Mediolanum Foundation has carried out programmes in the social sphere on behalf of the Group.

Humanitarian work - The Mediolanum Foundation

OBJECTIVES

The Mediolanum Foundation's goal as an institution is to assist and aid children living in disadvantaged conditions, giving these children, who are often the weakest and most vulnerable part of society, the chance to aspire to the knowledge and values that will give them freedom and independence in facing life, enabling them to contribute to the progress their local communities.

The Mediolanum Foundation intends to work towards helping today's children become the free adults of tomorrow.

In addition to basic education intended to liberate and give hope for a life as a free individual, an enormous amount of effort is given to the fulfilment of primary needs such as food, a place to stay, vaccinations and medical care. In addition to all this, teenagers are given a chance to learn the basics of a job.

This allows the Foundation to help dozens of teens to reach a level of autonomy that allows them to become free adults that respect the universal values of the individual. All of this is done in line with local cultural and religious traditions.

In order to reach this objective, the Mediolanum Foundation pursues:

- long-term commitments in order to verify the efficacy of the project and the significance of the change brought about;
- concrete and lasting projects to develop and create added value in the local areas where it operates;
- transparency in the activities carried out and a

continuous verification of the advancement of the projects.

2010 PROJECTS

The Foundation's projects in 2010 involved **assistance and training** for children and teenagers, in cooperation with leading non-profit organisations.

The following are among the most significant activities carried out in 2010:

- a dining hall able to accommodate the children who attend the neighboring schools and sports center was built in Ecuador;
- 2 of the 4 shelters for little orphans or abandoned children were completed in the areas around Oaxaca, Mexico;
- 2 wells of drinkable water and a schoolroom were built in Kenya to give the children easy access to this important resource and to practice the correct rules of hygiene in order to prevent sickness and infection;
- a project to teach tailoring to the street girls of Nairobi, Kenya, was put in place, developing a small tailoring business to provide economic and social support and to promote a 'Fair Trade' brand of clothing in Western markets;
- in Garoua, Cameroun, the Mediolanum Foundation completed a shelter where street children can stay and be looked after in an environment that also provides scholastic, recreational, and sports activities, in addition to those regarding self-sufficiency;
- a project was supported in Tegucigalpa, Honduras,



- to build a nursery school in a village where needy and poor families can get a job and a place to stay;
- a project was launched in Scutari, Albania, for the vocational training of young citizens in order to stem unemployment and emigration.

These projects are concrete in nature and are built to be sustainable over time and have positive repercussions on the local population and not just on the children and the teenagers directly involved. The projects and activities taken on are described on the foundation's website www.fondazionemediolanum.it, which was launched during 2010.

The principle role of the Mediolanum Foundation's works is carried out under the Piccolo Fratello project,



which has been active for years and has the aim of giving concrete help to underprivileged children, particularly in developing countries.

"Piccolo Fratello"

Over the course of the years, the Piccolo Fratello project took on an increasingly important role in activities carried out by the Mediolanum Foundation. Piccolo Fratello was set up in 2005 to promote a number of humanitarian projects geared to improve the quality of life and the education of children in developing countries and has to its credit two important

projects in the interest of the children in Kenya and Haiti.

Kenya

A project was launched in Nairobi in collaboration with "Associazione Amani Onlus" for the protection of infants and the social integration and recuperation of emotional stability of the children abandoned in the streets of the slums in Kibera, a suburb of the capital. The primary objective of this project was the development of a **drop-in centre** (first point of contact with the street children where they can go in times of emergency and where they can find a trouble-free, warm environment, a hot meal and shelter the company of other children in a protective environment) and a **family foster home** called "Ndugu Mdogo" (Piccolo Fratello) which is able to host three couples



of foster parents and 40 children entrusted to their care. Here the children can find warmth, security and taste the experience of real family life. The Mediolanum Foundation also contributed to setting up a **permanent education centre** to host and train local teachers who prepare the street children to deal with life in a self-sufficient way and, to guarantee self-sufficiency and autonomy of the project, the Mediolanum Foundation also donated a **water truck** for the distribution of water. The proceeds originating from the sale of the water (micro-business) contribute to covering the expenses of the projects.



Haiti

The project, in collaboration with the Francesca Rava NPH Italia Onlus Foundation, helping the children in tough circumstances in Haiti, was launched in 2007 in a very difficult social and political environment.

Piccolo Fratello Haiti set an objective of building **4 street schools** in the slums of Port au Prince, where Father Rick Frechette, an active American Catholic priest has been cooperating with the N.P.H. association for years.

Every year, the 4 schools provide 600 children access to primary education as well as a daily hot meal, vaccination and medical care when needed. The Mediolanum Foundation aims to render the projects it supports self-sufficient and autonomous. With this in mind, the Foundation created a parallel self-funding project by buying a **water truck**, i.e., a vehicle that distributes water to the areas where this resource is not readily available.

The proceeds from the sale of the water are also used to fund the school activities and the work of the older children. The same objective was pursued with the launch of



the **mechanics shop** under the 'Francisville, the city of jobs' project, whose objective is to teach a vocation to the teenagers leaving the street schools.

A **walk-in clinic** for women **Timoun Petit** (Piccolo Fratello in Creole) was completed in the slums of Wharf Jeremy in Port au Prince in 2010 and is able



to care for the women before, during and after pregnancy via medical check-ups, medicines and tests on the condition of the foetus as well as post-natal care. Each day the centre handles more than 50 patients and is open from 9:00 a.m. to 5:00 p.m. Fund raising efforts in 2010 were concentrated on the emergency of the **earthquake** that hit the island early in the year.

Funds collected via a dedicated current accounts (more than 200,000 euro) were initially directed to emergency efforts following the quake and after to getting back to scholastic activities, even though in emergency conditions - to give faith in the future back to the kids as well as a sense of daily life.

In order to repair the damaged structures and get new scholastic buildings up and running, a **text-message campaign for donations** was implemented with the major telephone companies and was met with significant success.

The Mediolanum community quickly responded to the requests for help on behalf of the victims of the earthquake; the sales network organised events to

collect funds and customers responded to the appeals for assistance also donating the value of the prizes they won through the Mediolanum Freedom Rewarding programme to the Piccolo Fratello project, totaling over € 30,000.

In October 2010, Banca Mediolanum launched **Freedom for Haiti**, a project with enormous social value, which covers the cost of one month of school for a child in Haiti with every Freedom Account opened. The initiative, valid from October 2010 to March 2011, at the end of December 2010 has covered the costs of schooling for an entire year for more than 1,500 children.

The details of the Piccolo Fratello project can be found on the dedicated website, www.piccolofratello.it,



a concrete account of the progress the project is making and an ongoing source of information.

THE 2011 OBJECTIVE

The project supporting the population of Haiti will continue into the first half of 2011.

Over the course of the year, the works of Piccolo Fratello are planned to be extended to new international concerns with projects supporting the children.

THE ENVIRONMENT



Stefano Malvestio

Protecting the environment

The recognition of the importance of the environmental impact that all the activities undertaken by the Group and its employees generate at every level resulted in a series of concrete initiatives and projects aimed at the reduction of consumption and the wasting of resources (energy, paper and water) as well as encouraging employees to adopt environmentally friendly behavior.

RAISING EMPLOYEE AWARENESS

The Group's environmentally-friendly approach is a daily reality at Headquarters through a series of simple practices, which have led to a tangible containment of both costs and environmental impact in addition to helping employees acquire more environmentally-aware, eco-compatible "habits" at the workplace. In particular, here are some of the deeply-rooted practices that have been continuously improved over the years:

- reduction of electricity consumption by changing copier settings to 'automatic switch-off' ;
- reduction of paper consumption by enabling photocopiers to be used as centralised printers, scanners and e-mail (sending documents directly via e-mail) and by setting the multi-function copiers to automatically print front and back;
- presence of recycle centers on all floors for used toners and paper;
- campaign for the use of electronic forms of communication instead of paper-based ones.

In 2010, the awareness campaign continued that focused on the reduction of energy consumption through the practice of turning off PCs and all other electronic devices at the end of the workday. The monitoring of required eco-friendly behavior is ongoing and notifications are sent requesting greater attention when not followed.

In 2010, the company's Improvement Groups concentrated on the areas of ethics with respect to the environment and the reduction of costs relating to energy waste with an emphasis on awareness, progress and efficiency; the projects the groups took on mainly had to do with energy consumption, recycling and waste in general. Employees and contract workers were directly involved through a questionnaire designed to map the current company behaviour, and the related expectations and objectives.

TARGETED MEASURES

In 2009, a **tri-generation system** was installed at headquarters in Milano 3 for the simultaneous production of electricity, heat and refrigeration through the use of co-generators, heat pumps and absorption chillers. The system is fuelled with methane gas, and provides self-generated energy for daily consumption (lighting, personal computers, motive power...). Covering the needs of four buildings, the system is made up by two separate and independent devices, located on the roof. Fully functional since September 2009, the system underwent constant savings analyses and tests to ascertain that it functioned adequately.

The tri-generation system meets the following needs:

- supplies ca. 51% of the current electricity requirement;
- provides total coverage of the heating system and partial coverage of the air conditioning system.

Moreover, the tri-generation system can obtain "White certificates" (Energy Efficiency Credits) that can be used on the energy market.

In terms of technical projects, multi-function inter-

connected printers were installed on all floors of the buildings at headquarters; the main objective is to reduce the number of local and/or personal printers and the related costs. The new printers are equipped to read employee badges to authorise printing in line with company policy.

The substitution of existing lighting with long-life and energy-saving LED lights (these last 10-12 years compared to 1 year for a fluorescent bulb) will take place over the course of 2011 in those areas still using 'old generation' lights.

Energy consumption

The information presented in this section relates only to the **Milano 3 Headquarters**. In 2010, the surface consumption was equal to 44,362 sq. m. The corresponding headcount came to 2,485 in 2009 and 2,474 in 2010 (0.4%). This number includes employees and contract workers, e.g. interns, project contractors and advisors who are typically present at Headquarters.

ELECTRICITY

The Mediolanum Group devotes a great deal of attention to energy consumption since this is an area where direct actions can be taken to reduce the environmental impact. In February 2006, the Group joined the "ABI Energia" Consortium through its membership in the Association Italian Private Bankers. ABI Energia provides services to its member for optimal energy procurement and use. Thanks to agreements made with energy companies, the members of the consortium can benefit from below-market energy prices and other advantageous contractual terms.

| | 2010* | 2009** | % Change |
|---|-------|--------|----------|
| Total consumption (MW) | 9,717 | 9,546 | 1.8 |
| Yearly consumption/sq. m (MW/sq. m) | 0.219 | 0.215 | 1.8 |
| Yearly per-capita consumption (MW/employee) | 3.9 | 3.8 | 2.2 |

* estimate based on actual expenses accrued, awaiting final balance

** 2009 figures are higher than published last year, due to a reclassification, to better reflect actual consumption

After the start of the tri-generation system, in 2010, ca. 4.995 MW of electricity were produced (51.4% of total consumption).

HEATING

Thanks to the tri-generation system that was fully functioning in 2010, only maintenance costs coming from the centralised system in the Milano 3 headquarters were covered, while all heating required for the buildings at headquarters were produced on a self-sufficient basis.

| | 2010 | 2009 | % Change |
|---|-----------|-----------|----------|
| Total consumption (Mcal) | 3,071,920 | 3,071,920 | - |
| Yearly consumption/sq. m (MCal/sq. m) | 71.24 | 71.24 | - |
| Yearly per-capita consumption (Mcal/employee) | 1,259.0 | 1,253.3 | 0.5 |

Thanks to the use of the tri-generation system in 2010, around 2,047,000 MCal were produced, or 66.7% of total consumption.

WATER

Water consumption in 2010 remained substantially in line with the previous year.

| | 2010* | 2009 | % Change |
|--------------------------------------|--------|--------|----------|
| Total consumption (m3) | 32,000 | 32,606 | (1.9) |
| Per-capita consumption (m3/employee) | 12.9 | 13.1 | (1.4) |

* estimated figures based on the past usage pending actual usage figures

PAPER

The amount of white and recycled paper used in 2010 was reduced both in absolute terms as well as average per capita consumption thanks to the continued focus on awareness, the commitment to the scanning of documents and the use of the photocopiers as centralised printers, scanners, email and front and back copying by default.

| | 2010 | 2009 | % Change |
|--------------------------------------|------|------|----------|
| Letterhead and blank paper (tons) | 5.2 | 14.0 | (62.9) |
| Recycled paper (tons) | 50.0 | 60.6 | (17.5) |
| Per-capita consumption (kg/employee) | 22.6 | 30.4 | (25.7) |

Creating awareness for the careful use of paper touched the customers as well. The project **"Piantala con la carta"** ("No More Paper!"), promoted to incentivise customers to receive documents concerning their bank account in electronic format rather than by mail, was met with increasing acceptance.

More than **55%** of the bank accounts were managed via electronic format. In 2010, this format was extended to documents relating to insurance and financial products; in fact, the customers can choose this format at the time of underwriting or anytime thereafter.

All documents can be received directly via email or by accessing the Banca Mediolanum S.p.A website, saving paper and making the saving of correspondence easier and more timely.

Waste collection and disposal

The following waste is source separated:

- paper;
- packaging (cardboard, styrofoam, wood);
- toner and cartridges for printers and copiers;
- PCs and electronic equipment;
- batteries;
- plastic and aluminium.

There are dedicated collection areas for this kind of waste, and they are clearly indicated to the employees.

The programme for waste collection and disposal resulted in 15.7 tons of paper being recycled in 2010.



Environmental impact of transportation

SUSTAINABLE MOBILITY

Headquarters in Basiglio is connected to Milan (Famagosta and San Donato underground stops) by an efficient **shuttle service**. This service was used by 268 employees in 2010. The use of public transportation to get to work was incentivised by an agreement with ATM - the transportation authority of Milan - for special rates for the annual passes. A **car pooling** programme was launched for employees to share rides with each other. Interested employees can get in touch with other co-workers with the same route to work via the company's portal Innova. The Mediolanum Group's commitment to sustainable mobility was reinforced by nomination of a **Mobility Manager** responsible for this activity.

TRAVEL EXPENSES

Travel expenses come under a variety of headings, in particular, the two that have to do with the company's car fleet and are reported in the table are related to long term rental costs and to costs for **petrol**. The latter is reimbursed to employees who have a company car as part of their benefits.

| | 2010 | 2009 | % Change |
|---------------|-----------|-----------|----------|
| Fuel | 317,731 | 290,100 | 9.5 |
| Car rental | 1,507,618 | 1,412,860 | 6.7 |
| Bus (shuttle) | 582,008 | 486,711 | 19.6 |

Both expenses - covering an average of 115 cars - increased with respect to the previous year. Regarding fuel costs, the increase is due to greater consumption and the increase in raw material prices, whereas for 2009 rental costs, the company enjoyed a bonus thanks to the extension of the contracts from 3 to 4 years. In 2010, the Mediolanum Group concentrated on company cars that were even more environmentally

friendly with lower CO2 emission, diesel engines with new generation DPF and alternative forms of petrol. Currently, 25% of the cars in the Mediolanum Group's fleet have emissions that are less than 130 g/km of CO2. Within the fleet, 5 of the cars run on alternative fuels (lpg or methane gas) and one is a hybrid (electric/petrol).

The cost of the **shuttle** is paid for by the company and is provided by a private transport service that connects headquarters in Basiglio with Milan. The move of the shuttle stop from Famagosta to Assago will be studied in 2011, since the final stop of the M2 underground line has been moved.

In 2011, the current number of shuttle routes will be evaluated for a possible reduction in the kilometres travelled through the study of alternative routes.



Workplace health

Included in the workplace health projects is the smoke free programme adopted by Group companies several years ago: smoking is prohibited in the offices and in common areas.

In 2010, a new system for the purification of the air in parts of the company (the day care centre) was installed, and in 2011 will be extended to the remaining areas in the company.

REGULATORY AND LEGAL AUTHORITIES, TRADE ASSOCIATIONS



Stefano Malvestio

Regulatory Authorities

The industries in which the Mediolanum Group operates are heavily regulated (statutes and other industry regulations) and companies are subject to inspections by the competent supervisory authorities. The main regulatory bodies for the Italian Companies of the Mediolanum Group are listed in the table below.

| COMPANY | BUSINESS TYPE | Tax Authority | Antitrust | Electricity and Gas Regulator | Communications Authority | Bank of Italy | Borsa Italiana | CONSOB | COVIP | Information Commissioners' Office | ISVAP | ENSARCO | UIF |
|--|--|---------------|-----------|-------------------------------|--------------------------|---------------|----------------|--------|-------|-----------------------------------|-------|---------|-----|
| Mediolanum S.p.A. | Holding company | ✓ | ✓ | ✓ | | | ✓ | ✓ | | ✓ | ✓ | | ✓ |
| Banca Mediolanum S.p.A. | Bank | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mediolanum Gestione Fondi S.G.R.p.A. | Asset Management | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | | | ✓ |
| Mediolanum Vita S.p.A. | Life Insurance | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | ✓ | | ✓ |
| Mediolanum Corporate University S.p.A. | Training and Education | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Mediolanum Comunicazione S.p.A. | Communications | ✓ | ✓ | ✓ | ✓ | | | | | ✓ | | | ✓ |
| Mediolanum Distribuzione Finanziaria S.p.A. | Financial Services (section 196 of the Consolidated Banking Act) | ✓ | ✓ | ✓ | | ✓ | | ✓ | | ✓ | | ✓ | ✓ |

Inspections conducted by the various regulatory authorities in 2010 according to each authorities jurisdiction did not bring about any significant sanctions that had any impact on the business.

Trade Associations

The companies within the Mediolanum Group are members of a variety of trade associations based on the type of business they conduct.

These memberships include:

- ABI (Italian Bankers' Association);
- Assoreti (National Association of Sales Networks in the Financial Services Industry);
- Assogestioni (Asset Managers Association);
- Assofin (Association of Consumer Credit and Mortgage Lenders);
- Ania (Association of Italian Insurers);
- Assonime (Association of Italian Joint-Stock Companies);
- Assbank (National Association of Private Banks);
- ASSBB (Association for Development of Banking and Stock Exchange Studies)

Mediolanum as an active member of the trade associations above constantly exchanges information with them. This entails, inter alia:

- membership of the Group officers in the governance bodies of certain trade associations (the 'Knight of Labour' Mr. Ennio Doris is Vice President of Assoreti, Mr. Giovanni Pirovano Deputy General Manager of Banca Mediolanum S.p.A., is Vice President of ABI and is a board member of Assbank, the Chief Executive Officer of Mediolanum Gestione Fondi S.G.Rp.A., Mr. Walter Ottolenghi, sits on the Executive Board of Assogestioni, while Edoardo Lombardi is a member of the Executive Committee of Ania);
- participation in workgroups regarding specific issues and technical committees requiring specific expertise or specialising in specific areas;
- participation in initiatives that are geared to monitor developments in the relationship with customers, regulatory and legal authorities, etc. on a regular basis;
- research studies and surveys.

In the course of business, the Mediolanum Group also interacts with the Judiciary and the Tax Authority through the Group's Legal Affairs Department, which is responsible, among other things, for the preparation and delivering of documents expressly requested by the bodies mentioned above.

Standards

TABLE OF INDICATORS

| Indicators | Standard | Type of data (N/Q) | Coverage (I/G) | Reference to Mediolanum Social Report |
|--|----------|--------------------|----------------|---------------------------------------|
| CORPORATE IDENTITY | | | | |
| CORPORATE GOVERNANCE STRUCTURE | ✓ | N e Q | G | 17 |
| PRINCIPLES | ✓ | Q | G | 9, 10 |
| MISSION | ✓ | Q | G | 9 |
| STRATEGIES | ✓ | Q | G | 3, 13, 21 |
| POLICIES | ✓ | Q | G | 3, 13, 21 |
| VALUE ADDED CREATION AND DISTRIBUTION | | | | |
| RECONCILIATION WITH FINANCIAL REPORTING | ✓ | N | I | 39 |
| VALUE ADDED FORMATION | ✓ | N | I | 40 |
| VALUE ADDED DISTRIBUTION | ✓ | N | I | 41 |
| Personnel | ✓ | N | I | 41 |
| Public Administration | ✓ | N | I | 41 |
| Financing Parties | n.d. | | | |
| Return on Equity | ✓ | N | I | 41 |
| Company Return | ✓ | N | I | 41 |
| Donations | ✓ | N | I | 41 |
| SOCIAL INDICATORS | | | | |
| <i>KEY SECTIONS</i> | | | | |
| CONTENT | ✓ | Q | I | 1, 21, 43 |
| Indication of commitments, goals, rules of conduct | ✓ | Q | I | 3, 21, 31 |
| Identification of the stakeholders | ✓ | Q | I | 3, 21 |
| Policies relating to each stakeholder category, expected results, consistency with stated values | ✓ | Q | I | 44, 64, 80, 98, 102, 106, 112, 118 |
| Opinions and judgments of the stakeholders | ✓ | N e Q | I | 5, 46, 69, 95, 104, 121 |
| Objectives to improve process design and process substance | ✓ | Q | I | 3, 21 |
| Opinions of third parties requested to assess process quality and compliance with standards | ✓ | Q | I | 121 |
| IDENTIFICATION OF THE STAKEHOLDERS | ✓ | Q | I | 3, 4 |
| MAIN ASSUMPTIONS BY STAKEHOLDER CATEGORY | ✓ | Q | I | 44, 64, 80, 98, 102, 106, 112, 118 |
| COMMON DENOMINATOR IN THE RELATIONS WITH STAKEHOLDERS | | | | |
| Policies and expected results consistent with corporate values and mission | ✓ | Q | I | 44, 64, 80, 98, 102, 106, 112, 118 |
| Measurement process, legitimate expectations and level of satisfaction/agreement | ✓ | N e Q | I | 46, 69, 95, 104 |
| Disclosures and communications | ✓ | N e Q | I | 5 |
| Litigations and disputes | ✓ | N e Q | I | 61, 72, 85, 105 |
| <i>RECOMMENDED DETAILED INFORMATION</i> | | | | |
| Personnel* | | | | |
| 1. Analysis of personnel | ✓ | N e Q | I | 65, 81 |
| 2. Analysis by age, gender, level of education, category, job title, length of service, origin, nationality and type of contract | ✓ | N e Q | I | 66, 81 |
| 3. Work organisation | ✓ | N e Q | I | 65, 81 |
| 4. Turnover | ✓ | N e Q | I | 67, 87 |
| 5. Social initiatives | ✓ | N e Q | I | 87, 95 |
| 6. Recruitment policy | ✓ | N e Q | I | 85 |
| 7. Equal opportunities policy | ✓ | N e Q | I | 84 |
| 8. Training policy | ✓ | N e Q | I | 72, 91 |
| 9. Compensation and incentives | ✓ | N e Q | I | 68, 85 |
| 10. Workplace Health & Safety | ✓ | N e Q | I | 89, 93 |
| 11. Relations with trade unions | n.d. | | | |

* Personnel includes Employees and Sales Network members

TABLE OF INDICATORS

| Indicators | Standard | Type of data (N/Q) | Coverage (I/G) | Reference to Mediolanum Social Report |
|--|----------|--------------------|----------------|---------------------------------------|
| Shareholders | | | | |
| 1. Analysis of shareholders by status and nationality | ✓ | N e Q | I | 100 |
| 2. Shareholders' benefits | n.d. | | | |
| 3. Return on invested capital | ✓ | N e Q | I | 99 |
| 4. Shareholders' participation in corporate governance and protection of minority shareholders | ✓ | Q | I | 98 |
| 5. Investor relations | ✓ | N e Q | I | 100 |
| Financing parties | n.d. | | | |
| Customers/Users | | | | |
| 1. Characteristics and analysis of customers and markets | ✓ | N e Q | I | 45 |
| 2. Quality systems | ✓ | N e Q | I | 21, 33 |
| 3. Assessment of customer satisfaction | ✓ | N e Q | I | 46 |
| 4. Customer contractual terms and conditions | ✓ | N e Q | I | 60 |
| Vendors | | | | |
| 1. Characteristics and analysis of vendors | ✓ | N e Q | I | 103 |
| 2. Quality systems | ✓ | Q | I | 103 |
| 3. Vendor contractual terms and conditions | ✓ | Q | I | 103 |
| 4. Local economic benefits | ✓ | N | I | 105 |
| 5. Compliance with consistent standards along the supply chain | ✓ | Q | I | 105 |
| Public Administration | | | | |
| 1. Income tax, other taxes and contributions paid | ✓ | Q | I | 40, 41 |
| 2. Subsidies, tax reliefs and/or soft loans received by segment | n.d. | | | |
| 3. Preferential rates | n.d. | | | |
| 4. Contractual relationships with the Public Administration | n.d. | | | |
| 5. Internal rules and control systems to ensure regulatory and statutory compliance | ✓ | Q | I | 27 |
| The community at large | | | | |
| (a) Initiatives in the social sphere | ✓ | Q | I | 106 |
| (a.1) Improvement of the quality of life in programme areas: | ✓ | Q | I | 107 |
| 1. Education | ✓ | Q | I | 107 |
| 2. Sports | ✓ | Q | I | 56, 96 |
| 3. Healthcare | ✓ | Q | I | 108 |
| 4. Culture | ✓ | Q | I | 96 |
| 5. Research | ✓ | Q | I | 108 |
| 6. Solidarity | ✓ | N e Q | I | 108 |
| (a.2) Relations with associations and organisations | ✓ | Q | I | 118 |
| (b) The environment | ✓ | Q | I | 113 |
| 1. Environmental and risk management systems | ✓ | Q | I | 113 |
| 2. Education and training | ✓ | Q | I | 113 |
| 3. Environmental performance indicators | ✓ | N e Q | I | 114 |
| 4. Use and consumption of energy and non-recyclable materials | ✓ | N e Q | I | 114 |
| SUPPLEMENTARY SECTIONS | | | | |
| OPINIONS AND JUDGMENTS OF STAKEHOLDERS | ✓ | N e Q | I | 5, 46, 69, 95, 104 |
| COMMENTS AND STATEMENTS MADE BY THE COMPANY | ✓ | Q | I | 1 |
| SOCIAL REPORT IMPROVEMENT | ✓ | Q | I | 3, 4, 5 |

Legenda

type of data: N: number Q: qualitative information

Coverage: I: Italian companies G: Mediolanum group

AUDITORS' REPORT

(Translation from the original Italian text)

To the Board of Directors
of Mediolanum S.p.A.

1. We have carried out the compliance procedures and analyses on the Social Report of Mediolanum Group as of December 31, 2010, described in paragraph 2 of this report.

The procedures were carried out to evaluate the Board of Directors' statements included in the paragraph "Introduction and Note on Methodology" of the Social Report as of December 31, 2010, that such report has been prepared in compliance with the guidelines issued by the Gruppo di Studio per il Bilancio Sociale ("GBS"). The preparation of the Social Report in accordance with the above mentioned guidelines is the responsibility of Mediolanum S.p.A.'s management. It is also responsibility of Mediolanum S.p.A.'s management the identification of the stakeholders and of the significant issues to report, as well as the implementation and the maintenance of adequate management and internal control processes related to the data and information presented in the Social Report.

2. In order to evaluate the Board of Directors' statements mentioned in paragraph 1, we have performed certain procedures as recommended by the Research Document n. 1 issued by GBS and in accordance with the criteria stated by the "Audit Standard International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standard Board ("IAASB"), which are summarized as follows:

- verified that the financial data and information are consistent with those included in the financial statements of Mediolanum S.p.A. and the consolidated financial statements of Mediolanum Group as of December 31, 2010 with respect to which we issued our audit report dated March 30, 2011;
- analyzed the operation of the processes underlying the generation, recording and management of quantitative data. In particular, we have performed the following procedures:
 - interviews and discussions with Mediolanum S.p.A.'s management and personnel to obtain a general understanding of the Mediolanum Group business, to gather information on the technology, accounting and reporting systems used in preparing the Social Report, and on processes, procedures and internal control system used to gather, combine, manage and transmit data and information from the operating units and functions of Mediolanum Group to the function responsible for preparing the Social Report;

- sample-based analysis of supporting documentation used in preparing the Social Report to confirm the reliability of the information collected through interviews and the effectiveness of the processes, their adequacy in relation to the objectives described in the Social Report and the operation of the internal control system in managing the data and information;
- analyzed the consistency of the qualitative information included in the Social Report and their compliance with the guidelines mentioned in the paragraph 1 of this Auditors' Report;
- verified the process of the stakeholders' involvement, in terms of the methods used, completeness of the stakeholders and the analysis of the significant findings in this respect, compared with the information reported in the Social Report;
- obtained the representation letter signed by the legal representative of Mediolanum S.p.A. on the compliance of the Social Report with the guidelines mentioned in paragraph 1 and on the reliability and completeness of information and data contained therein.

The Social Report shows, for comparative purposes, data and information of the prior year, for which reference should be made to our Auditors' Report dated May 28, 2010.

3. In the section "Financial Indicators", paragraph "Embedded Value", the management report the Mediolanum Group's embedded value on the basis of the Market Consistent Embedded Value principles ("MCEV") for the business Life and on the basis of the European Embedded Value principles ("EEV") for the business Asset Management and Banking. The verify of the consistency of the data and information included in the above mentioned paragraph was not performed since those data and information are not reported in the financial statements of Mediolanum S.p.A. and in the consolidated financial statements of Mediolanum Group as of December 31, 2010.
4. Based on the procedures performed, we believe that the Social Report of Mediolanum Group as of December 31, 2010 complies with the guidelines and principles which form the basis of preparation and which are described in the paragraph "Introduction and Note on Methodology" of the Social Report. Moreover, the financial data included in the Social Report, except for the matter referred to in the paragraph 3, are consistent with the data and information included in the financial statements of Mediolanum S.p.A. and in the consolidated financial statements of Mediolanum Group as of December 31, 2010 and the other data and information are consistent with the documentation and meet the content requirements established by the guidelines and principles governing the preparation of the Social Report.

Milan, May 31, 2011

Reconta Ernst & Young S.p.A.
Signed by: Daniele Zamboni (Partner)

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

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Archivio Mediolanum

Printed by
Grafiche Milani

Printed on Fedrigoni Freelifel Vellum paper
belonging the european ecological mark Ecolabel
- Ref. n. IT/011/04, certified CoC-FSC 000010 CQ
Mixed Sources



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CHLORINE
FREE



