

SOCIAL REPORT 2012

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Letter to the Stakeholders

Although 2012 was a challenging year in which the global economy showed no signs of recovery or improvement and distrust remained high, the Mediolanum Group achieved record performance and delivered the best business results ever in its history. This year, the Group retained its principles, values, mission and vision and continued to run its business in a socially responsible manner, staying true to Chairman Ennio Doris' principle, i.e. putting customers at the center of the Bank's business model and attention.

Specifically, it provided tangible support to its customers and Family Bankers® affected by the earthquake that struck Emilia, Lombardy and Veneto and with the people who suffered severe financial loss due to the flooding that hit Central Italy this year. The Bank also helped the people affected by the earthquake that shook the towns of Potenza and Cosenza. Mediolanum put a number of measures in place to ease the burden on them, such as suspending mortgage and loan payments for 12 months, reducing, by 1%, current mortgage and loan rate spreads and providing zero-fee current accounts and securities deposit accounts for 24 months.

2012 represented a pivotal year for the development of Mutual Fund investment products, thanks to the launch of the New Opportunities Collection, a new Mediolanum Best Brands product line enabling customers to achieve long-term appreciation of their investment. Moreover, the Ognimese Mediolanum investment strategy, which was introduced this year, enjoyed great success. This new solution gives customers the opportunity to invest in funds and receive a monthly return up to 14 times a year, by doubling their January and July return. The bank also broadened its range of banking services: all those customers who choose Banca Mediolanum as their "primary bank" and have their wages or pensions paid directly into their account can take advantage of the no-fee Mediolanum Freedom One bank account and make key banking transactions free of charge. In Mediolanum deposit account holders, instead, receive, every three months, interest on 6- or 12-month tied-up deposits.

A great innovation was introduced in the insurance product range, i.e. the concept of Human Capital, to demonstrate that our employees and customers are a top priority for the Group. Human capital is the stock of competencies, innate skills and acquired knowledge, as well as working experience and education of an individual. As such, human capital stock is estimated as the present value of a person's future after-tax earnings or income over the course of their lifetime. Investing in human capital means improving a person's potential income earning capacity and standard of living. Therefore, it is a key asset that must be adequately protected with tailored insurance policies and considered in the asset allocation process with regard to both individuals and households.

In 2012, Banca Mediolanum continued to strengthen its Sales Network, by focusing on lifelong learning and vocational training to give its salespeople an opportunity for personal growth and career development. Traditional classroom as well as online courses were organized and handled via the corporate e-learning network. The Bank's ongoing commitment to its Sales Network is also shown by the slowdown in the turnover rate and by the Network's loyalty and overall satisfaction level, which remains very high especially in certain areas, such as 'marketing and communication support'.

A multitude of training courses and initiatives were held at MCU (Mediolanum Corporate University), which is the Bank's educational institution and a key point of reference for Group employees and Family Bankers® alike.

2012 was a year of great achievements that marked a big step forward and a giant leap toward achieving Banca Mediolanum CEO and General Manager Massimo Doris' mission, i.e. "moving into the future by being innovative while honoring tradition". In fact, in April the Bank turned its attention to social media: it is now on Facebook, Twitter, LinkedIn and YouTube.

Great news from the Mediolanum Foundation: the Foundation became a Non-Profit Organization in 2012 and continued to promote projects aimed at helping children in need via donations from the Group's companies as well as, for the first time ever, through independent fundraising campaigns. It also continued to organize initiatives aimed at supporting disadvantaged children and covering a multitude of areas, such as healthcare, assistance, education/vocational training, research and rights in many countries around the world, i.e. in Africa, Asia, South America and Europe.

Building close, collaborative relationships based on transparency and trust with all its stakeholders has always been Mediolanum's top priority and the key principle on which its *modus operandi* is based: Mediolanum received the "2012 CSR Best Practices Award" from Unioncamere Lombardia, standing out as a prime example of a company whose core value is Corporate Social Responsibility.

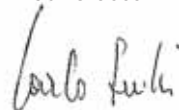
Also this year, the photos and images used in the layout of the 2012 Social Report were taken by employees who participated in a photo competition and award organized by the Bank on a very relevant theme: "Sustainability".

The Mediolanum Group attributes great value to its suppliers and the role they play, and builds strong and constructive long-term relationships with them. These relationships are based on ethical values and principles such as transparency, fairness and loyalty, in compliance with the Corporate Social Responsibility criteria contained in the Social Report and the Code of Ethics. The Bank is aware of the importance of curbing the environmental impact that all the activities undertaken by the Group and its employees generate at every level. Therefore, it implemented a number of concrete initiatives and projects aimed at reducing consumption and waste (e.g. energy, paper and water) as well as encouraging employees to adopt green, environmentally friendly behavior.

Long-term sustainability is key to Mediolanum, and it makes great efforts to raise awareness of the issue among its employees and make a positive contribution.

Our journey along the path to sustainability began many years ago and its success is driven by our people, who are the Bank's most valuable asset that needs to be treasured and valued. We have grown together over the past several years and we will continue to do so in the future.

Chairman
Carlo Secchi



Chief Executive Officer
Ennio Doris

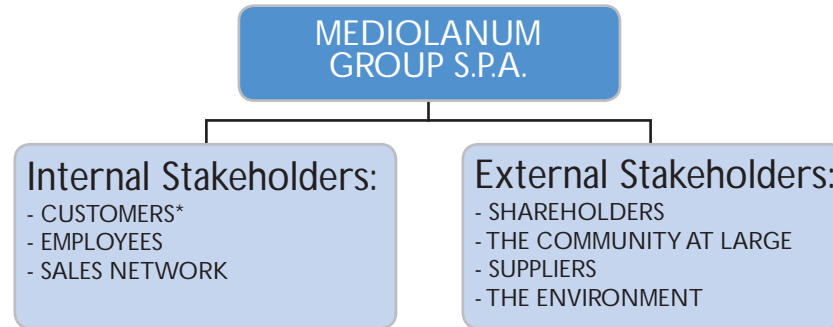


Introduction and note on methodology

The Mediolanum Group's 2012 Social Report – at its seventh run – summarizes the year's 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.

The Social Report identifies the link underlying the Group's values, the corporate strategies characterizing 2012 and how the Group manages the relationship with its key stakeholders.

STAKEHOLDERS



*Customer satisfaction is key to the company's soundness and profitability. This is why our philosophy is based on the "3 Yesses" principle.

The "3 Yesses" principle expresses the "convergence" between the interests of customers/savers, Family Bankers® and Banca Mediolanum. The Bank constantly focuses not only on customer satisfaction, but also on the satisfaction of its Family Bankers®. Actually, Banca Mediolanum designs and develops new products and initiatives based on the "3 Yesses" principle.

According to this principle, such products or initiatives are developed only if an answer in the affirmative is given to the following three questions:

Is it beneficial for our customers? Is it beneficial for our Family Bankers®? Is it beneficial for the company?

The three questions were listed in this order not by chance. Customers are a top priority and only if a product or initiative is deemed to be beneficial for them – and the answer to the first question is "yes" – such product or initiative passes to the next stage, i.e. the second and third points. If a negative reply is given to any of the questions listed above, such product/initiative is suspended or cancelled, even if it is ongoing or in the process of being implemented.

The Social Report was divided into three sections to provide a comprehensive overview of three issues that are key to the Mediolanum Group.

- **identity:** to provide information on the Group's organization, history, vision, mission, values, strategic guidelines and corporate governance;

- **financial indicators:** this section, in which the main link between the Consolidated Annual Report and the Social Report is found, illustrates the value created for the stakeholders, by also analyzing the financial results achieved;
- **social indicators:** this section outlines the results achieved in relation to the various programs implemented and their impact on individual stakeholders, by using qualitative and quantitative indicators.

The Social Report is issued on an annual basis and is submitted to the Board of Directors for approval alongside the Consolidated and Separate Annual Reports. Moreover, 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 Working Group on Social Reporting (Gruppo di Studio per il Bilancio Sociale - GBS), as they best comply with the approach that the Mediolanum Group intends to adopt, which is based on communication and dialogue with its stakeholders. It also contains qualitative information in line with the guidelines set by ABI (the Italian Banking Association) and the Global Reporting Initiative, to ensure greater information disclosure.

The Mediolanum Group's Social Report covers the main activities carried out in the period January 1 to December 31, 2012.

SCOPE

The Financial Indicators section covers the entire Mediolanum Group, while the Social Indicators section mainly focuses on the Group's Italian companies, which currently account for the largest share of the Group's business (employing 87.2% of its employees and Sales Network staff and representing over 95.2% of the reference market).

SYMBOLS

Readers will note certain symbols in this Social Report.

These symbols, which stand for the intangible capital components listed below, were included to highlight the fact that

Social Report indicators were gradually integrated with those typical of the Intangible Capital Report:



• **Relational capital:** it's the wealth of the Group's relationships with its stakeholders. It expresses the value of the company's reputation, as well as its ability to raise capital and attract investors, customers and contractors;



• **Human capital:** it expresses the skills, ideas, knowledge, behavior, talents and professional skills of the Mediolanum Group's workforce;



• **Structural capital:** it indicates the soundness of the company and of its investments, as well as the value of its brands, processes and methods that deliver financial benefits and make the organization more efficient.

These indicators will be provided along with traditional Social Report indicators for a more comprehensive analysis of reported data and information as well as for a better understanding and appreciation of the Mediolanum Group's Intangible Capital, thanks to concrete elements.



Dialogue with the stakeholders

Maintaining active dialogue with its stakeholders is key to Mediolanum. Therefore, it implemented programs aimed at assessing the degree of fulfillment of their expectations, to launch improvement projects and initiatives.

Specifically, targeted measures were adopted, such as, for example:

- customer satisfaction surveys;
- Sales Network satisfaction surveys;
- meetings held between the Group's executives and analysts and investors, coordinated by the Investor Relations team;
- market research and analysis, aimed at assessing brand awareness and the positioning of the Mediolanum Group with respect to its competitors, as perceived by the community;
 - dialogue with NPOs and other organizations engaged in the third sector, through which Mediolanum carries out social initiatives.

Distribution to the Stakeholders

The 2011 Social Report was distributed in May 2012; the Italian and English versions are available in electronic format and may be downloaded from the website www.mediolanum.com.

The corporate website had a significant number of visits: 3,775 hits were recorded for the Italian version and 630 for the English version, as of December 31, 2012.

CONTACTS

The Social Marketing Department is in charge of drafting the Social Report, together with all the other departments involved in the initiative. To foster dialogue on Corporate Social Responsibility issues, the Mediolanum Group's Social Marketing Department staff is available for any request or comment.

You may send your opinions on the Social Report via the online questionnaire available on the website www.mediolanum.com.

Contacts:

e-mail: marketingsociale@mediolanum.it

The photos used in the layout of this year's Social Report were taken by employees who participated in a photo competition and award organized by the Bank on a very relevant theme: "Sustainability".



IDENTITY



History of the Group

ORIGINS

1982

Partnering with the Fininvest Group, Ennio Doris founded Programma Italia S.p.A., the first organization to provide all-round financial advisory services in Italy.

1983

Mediolanum Gestione Fondi, an Italian fund management company, was set up.

1984

Mediolanum Vita was acquired to broaden the range of products offered.

1991

Programma Italia Investimenti, a stock brokerage firm, was set up.

1996

Mediolanum S.p.A., the new holding company of the various subsidiaries, was listed on the Italian Stock Exchange in Milan on June 3, 1996.

1997

Mediolanum International Funds, a product "factory", was established in Dublin. Banca Mediolanum, an innovative multi-channel bank combining technology innovation and assistance provided by a team of dedicated professionals, was set up.

1998

The Mediolanum stock was included in the MIB 30 index.

2000

Banca Mediolanum launched its online trading services. An extensive advertising campaign starring Mediolanum Chairman Ennio Doris, which subsequently became a typical "case study", was launched. Banca Mediolanum expanded into Spain to replicate its Italian

business model with the acquisition of the Fibanc Banking Group. Mediolanum acquired a stake in Mediobanca; they later formed the joint-venture Banca Esperia, which provides private banking services.

2001

With the acquisition of Bankhaus August Lenz & Co. in Germany and Gamax Holding AG in Luxembourg, Mediolanum continued its expansion into Europe.

2002

The Mediolanum Foundation was established and the "Piccolo Fratello" project was launched soon after.

2003

Mediolanum sponsored, for the first time ever, the Green Jersey of the Giro d'Italia cycling race. This sponsorship also continued in the following years.

2004

Mediolanum Channel, the Mediolanum Group digital satellite TV channel, launched new shows of great interest. The "PrimaFila" project for the management of high net-worth customers was launched.

RECENT PAST

2005

The "4Freedoms" project made its debut: a program geared to win new customers by launching the Riflex range of innovative products, which included several meetings with customers all across the country and enjoyed great success. The new multimedia advertising campaign starring customers reinforced the concept of Ennio Doris as the "face" of the bank.

2006

The Family Banker® was introduced: a qualified professional who brings services and advice directly into the homes of customers to help them find the

banking and financial solutions that best meet their needs.

2007

The Mediolanum Group celebrated its 25th anniversary and Banca Mediolanum turned 10: it was already a fast-growing and competitive leading player in the industry – with more than a million customers – and a company committed to retaining its focus, mission and values. The 5th year of the Mediolanum Foundation came to a close with excellent results and new objectives. “Customer satisfaction” was the star of the new communications campaign, featuring real customers who are at the center of the relationship with the bank and the banking model. In 2007, Italy passed a new law on supplementary pensions and the Mediolanum Group was the market leader, with a share of about one third of the individual pension plan market.

2008

The Mediolanum Market Forum, an interesting multimedia initiative aimed at promoting dialogue and exchanging information with the stakeholders, was held twice over the course of the year. Mediolanum Best Brands, the new mutual fund of Mediolanum International Funds, was launched. It was based on an agreement with the leading international asset management companies. The Group promoted significant projects to protect the interests of its customers and help them deal with the growing impact of mortgage rates on household budgets as well as with the global financial crisis.

2009

Mediolanum Corporate University became a reality: it's a top-quality training center combining cutting-edge technology with advanced training courses aimed at transferring the values as well as the personal and professional experience that have enriched the Group's corporate culture for more than 25 years. The range of next-generation banking products was extended with the new Freedom Account to meet customer needs in term of freedom and return.

2010

The Mediolanum Best Brands offer was broadened thanks

to new products developed together with international partners selected among the leading international asset management companies. In the fall, to re-launch the Freedom bank account, Banca Mediolanum S.p.A. covered, for each new current account opened, one month of schooling for a child in Haiti.

2011

InMediolanum, the new no-fee deposit account that is easy to open online and offers high rates was launched. The “Estote Parati” Conference dedicated to Family Bankers®, which was held in Rimini, for the first time ever opened its doors to customers. 6,000 people, including journalists, participated in the event. The Mediolanum Group undertook several initiatives to help the people affected by the severe flooding that hit Liguria and Tuscany in 2011.

2012

This year, the Group granted significant funds to its customers and Family Bankers® who suffered personal and financial loss due to the flooding that hit Liguria, Tuscany and Sicily last year. It also delivered financial support – including donations – and put special measures in place to ease the burden on its customers and Family Bankers® who live in the areas affected by the earthquake that hit Emilia Romagna, in the regions impacted by the severe flooding that hit Central Italy as well as the people affected by the earthquake that shook the towns of Potenza and Cosenza. The Mediolanum Foundation became a Non-Profit Organization in 2012 and independently raised funds for the first time, amounting to €104,538, via its text-message fundraising campaign.

VISION

We at Mediolanum are bringing change to the traditional banking market, which 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 committed to “Freedom in Banking”.

MISSION

For each and every one of us “Freedom in Banking” means giving families tailored, comprehensive, reassuring and transparent financial solutions through innovative yet easy-to-use technological solutions.

OUR VALUES

The concepts contained in our Vision and Mission are real values on which any external or internal daily activity carried out by the companies of the Group and its people is based.

FREEDOM

We work to “free” our customers, by offering them a wide range of opportunities. Thanks to the integration of the person-to-person and the online model, each customer can really choose, “here and now”, the best solution for his/her needs. We are committed to creating and promoting financial knowledge to free and reassure our customers, raise awareness and provide opportunities. “Freedom in Banking” is freedom made possible.

RELATIONS

We put our customers at the center of our model and attention. Everything is built around customer satisfaction, and we aim to enhance the value of customer resources over time. The Family Banker® – who is the heart of our business model and the market “benchmark” – is considered “the Bank” by our customers as well as at the local level. We believe in improving people’s skills and enhancing their potential; we believe in collaboration, teamwork and in building relationships based on mutual trust.

COMMITMENT

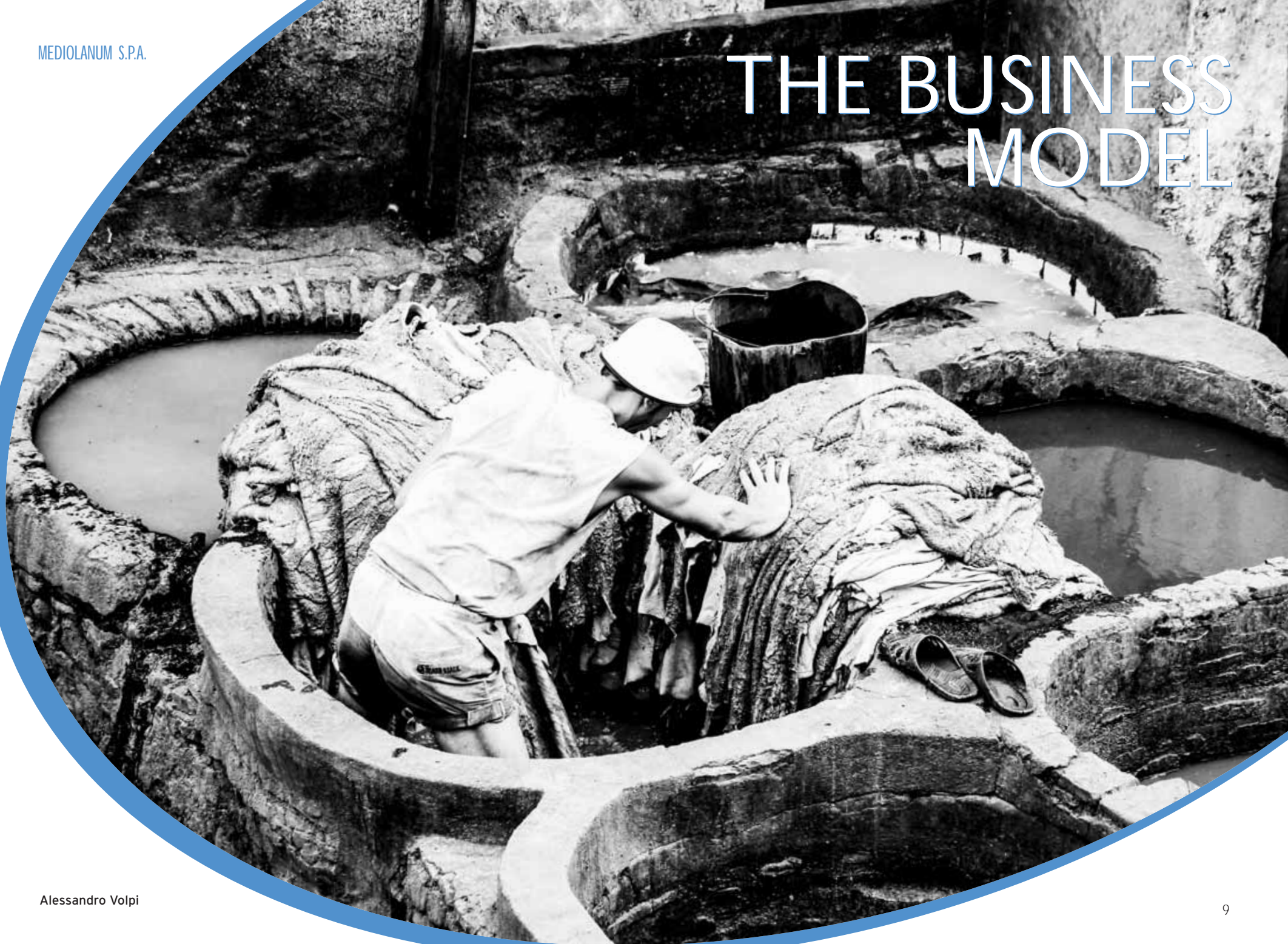
We intend to be market leaders but, above all, we want to set the benchmark in the banking sector. Therefore, we pursue excellence in terms of services, products, solutions, training and relationships. We foster ethical principles, responsibility, entrepreneurial spirit and knowledge to increase the value of the company and its people and promote a new way to consider opportunities. We invest in solidarity, relief and development projects by taking concrete and large-scale action.

INNOVATION

We can change, both in terms of technology and ideas, to anticipate market shifts and identify latent needs. We constantly assess and develop new tools, processes and behavior to ensure complete customer satisfaction for both internal and external customers. The use of financial, operational, and human resources is always geared toward efficiency.

The **Code of Ethics**, updated in March 2010, is a synthesis of the values and commitments of the Group towards its stakeholders in the carrying out of day-to-day business.

THE BUSINESS MODEL



The bank built around the customer

Since 2000, Banca Mediolanum's business model, which is built around the needs of each and every customer, has set the benchmark in the world of banking.

Thanks to the telephone, computers and television, customers can choose when and how to 'utilize' and communicate with 'their' Bank on a case-by-case basis. Banca Mediolanum is an accessible and easy-to-use bank that provides products and services that are built around the real needs of individuals and households, which are its target market.

The principles that have always driven Banca Mediolanum's business strategy are based on:

- **tradition**, thanks to years of experience and the professionalism of a Group that operates in the financial arena with authority, seriousness and transparency;
- **the future**, to anticipate market needs and make use of innovation, thus improving the services offered to customers;
- **technology**, to increase the number of tools and means at the fingertips of the customer, by providing innovative services;
- **humanity**, the main and fundamental aspect on which any true relationship between individuals is based and the starting point for building relationships based on collaboration and respect, in order to reach common goals successfully, by making careful and informed choices.

Through its multi-channel model, the Bank offers the same comprehensive service provided by traditional banks, as well as:

- **greater freedom** to the individual to choose when, where and how to enter the bank in a simple and secure way in order to make daily transactions;
- **assistance of a Family Banker®**, who has the key role of building professional relationships with customers and assisting families in making their investment and asset management choices.

The Family Banker® is a professional figure that was created by Banca Mediolanum. Family Bankers®

bring products, services and advice directly to the customer's home. Together they study the solutions that best meet the customer's savings, investment, retirement, insurance and financing needs, helping out if necessary with the first attempts at using the Bank's multi-channels.

MORE THAN A TRADITIONAL BANK, MUCH MORE THAN AN INTERNET BANK.

Thanks to Banca Mediolanum's multi-channel model, customers have no restrictions in terms of working hours and don't have to physically go into their bank to make transactions: they can make them anytime and anywhere they want. All they need is a computer connected to the Internet or a phone. Customers can either send an e-mail or call the Banking Services Center, where more than **300 Banking Specialists** are available Monday to Friday 8.00 a.m to 10.00 p.m. and Saturday till noon.

With the **B.Med Voice** service customers can get any information they need, while with **B.Med Mobile** they can make transactions in their account and check their investments right on their mobile phone, BlackBerry, iPhone, iPad, smartphone and Android phone. Moreover, Android devices allow customers to make **video calls and chat** with our Banking Center operators. Over **18.000 Post Office and Intesa Sanpaolo branches and ATMs** are available for cash withdrawal and deposit.

Additionally, Family Bankers® provide expert advice and assist customers in making key choices.

Asset management and advice

In addition to the products and services offered by the Bank itself, Banca Mediolanum also provides asset management and consultancy services in financial matters through its Family Bankers®, who are listed in the Register of Financial Advisors.

PROFILING

In order to ensure maximum customer protection, Banca Mediolanum provides “investment consultancy” services to its customers whenever a transaction is made through a Family Banker®.

In accordance with the EU MiFID Directive, which came into effect in 2007, advisory services require prior assessment of the suitability of the investment choices made by customers with respect to their investment objectives, specific financial situation, as well as knowledge and experience. This assessment entails mandatorily filling out a “**Personal Profile**” questionnaire, where customers provide all the information necessary for the Bank and the Family Banker® to get to know and understand them even better. Thanks to the information provided, each customer is assigned an “investor profile” according to their risk aversion/appetite and investment time horizon. Specifically, the investment assessment model also takes into account the customer’s existing financial product and service portfolio. Family Bankers® constantly update the information acquired and monitor the investments of their customers, providing advice to their customers on a regular basis.

In an effort to provide utmost protection, the Bank also assesses those transactions regarding asset management products handled directly by the customer through the various access channels (e.g. the Internet, telephone).

ASSISTANCE AND ADVICE

Providing **after-sale services** 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 global financial crisis.

Family Bankers® do not merely sell products, they offer solutions. This system allows Mediolanum to operate in the various areas of financial services applying the skills and flexibility needed to best respond to the constant economic, tax, financial and regulatory changes. The investment strategy is the result of a thorough analysis of global financial markets and the great expertise Mediolanum has developed in asset management. This is a strategy aimed at reducing risks associated with lack of investment diversification.



Sandra Ricco

"THE 5D STRATEGY "

This is the fundamental financial diversification principle that Mediolanum has always applied as a guideline to identify, within its range of products and services, the most appropriate tools/instruments to satisfy the needs of its customers. It 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

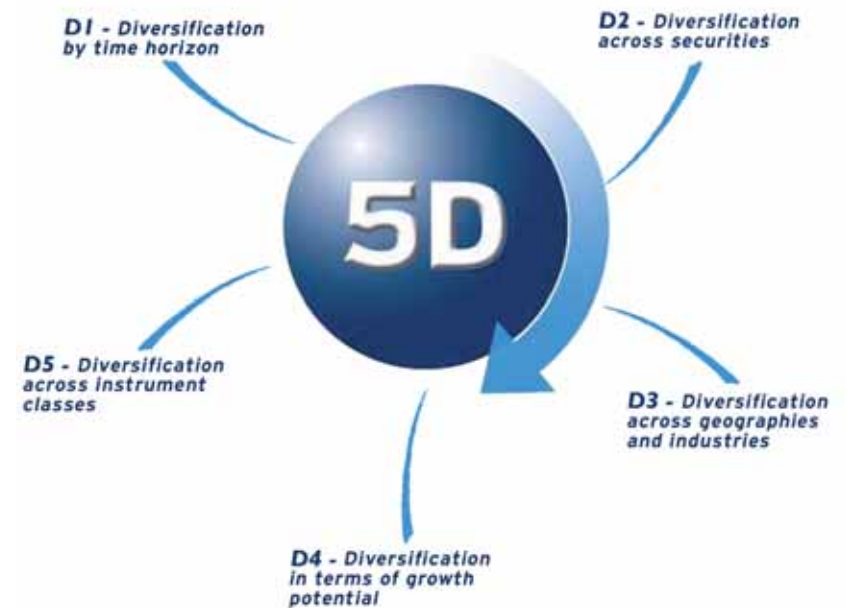
Diversifying investments across geographic areas increases security and return opportunities.

4. Diversification in terms of growth potential

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

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).

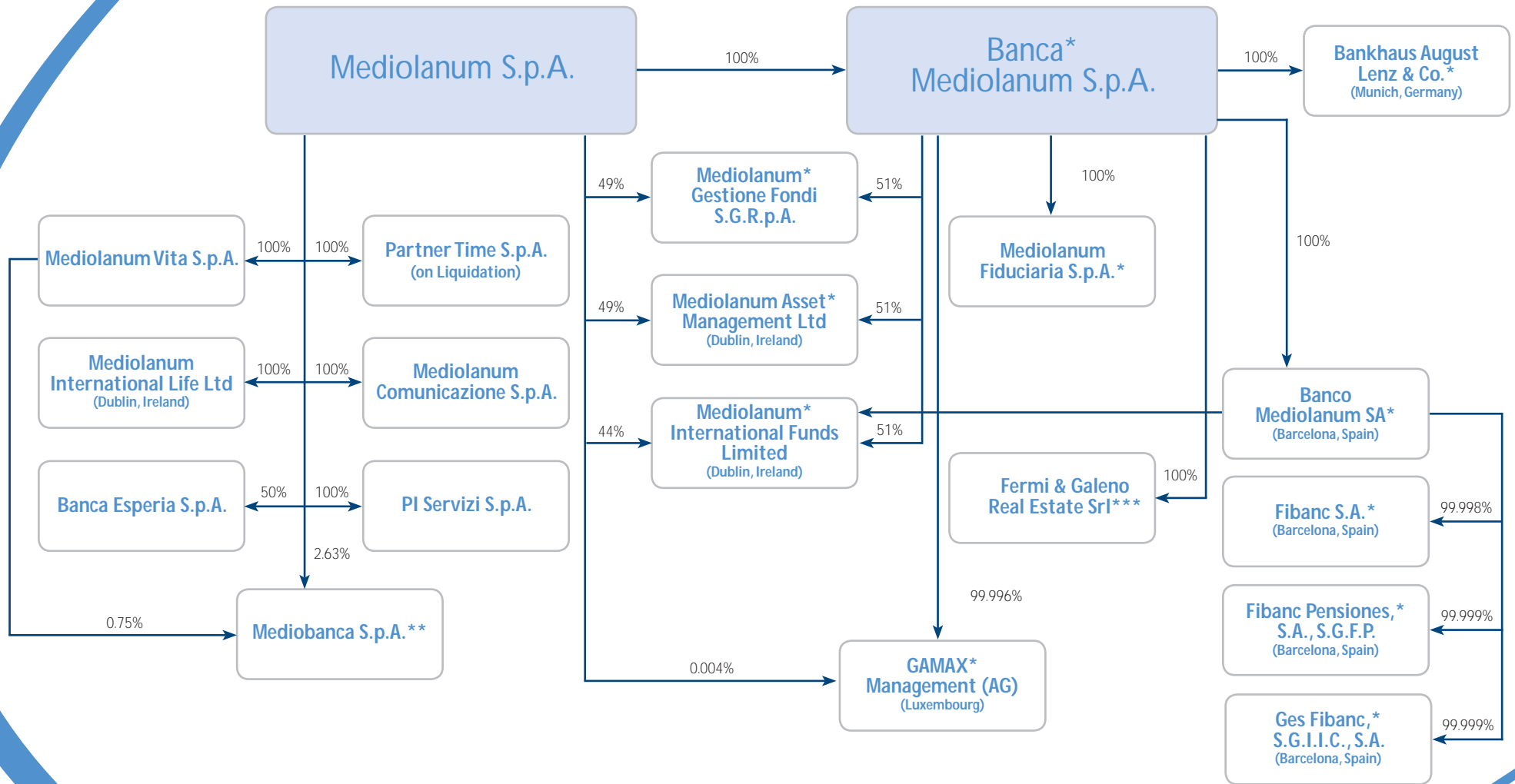


THE ORGANIZATIONAL SETUP



The Group Structure

As of December 31, 2012



* Company belonging to 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.

*** We are still awaiting a response from the Bank of Italy regarding the authorization for the company to join the Group.

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 – heads 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 that provide products and services to customers are:

- Banca Mediolanum S.p.A. based in Basiglio (Milano 3, Milan);
- Banco Mediolanum S.A. based in Barcelona (Spain);
- Bankhaus August Lenz & Co. AG based in Munich (Germany).

The Group companies that design and manage products are:

- Mediolanum Gestione Fondi S.G.R.p.A. based in Basiglio (Milano 3, Milan);
- Mediolanum Vita S.p.A. based in Basiglio (Milano 3, Milan);
- Mediolanum International Funds Ltd, Mediolanum Asset Management Ltd and Mediolanum International Life Ltd based in Dublin (Ireland);
- Gamax Management AG based in Luxembourg.

Management profiles

CARLO SECCHI

Chairman of Mediolanum S.p.A.



He was the Dean of the L. Bocconi University in Milan from 2000 to 2004 and a Professor Emeritus of European Economic Policy. He is a member of the executive boards of several technical and scientific foundations and bodies. He is the Deputy Chairman of the Institute for International Political Studies – ISPI – in Milan and the Chairman of the Italian Group of the Trilateral Commission. He is also the European coordinator for the trans-European transportation networks. He is the author of several books and articles on global trade, the international economy, economic integration and various European issues. He is also a member of the Board of Directors of Pirelli & C., Mediaset, Italcementi, and the Veneranda Fabbrica del Duomo in Milan.

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. In 1990 he joined Fininvest, first as General Manager and then, from February to July 1996, as Chief Executive Officer. He is a 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.

Massimo Doris started his career at Banca Mediolanum in 1999 as a financial advisor. Previously he was based in London where he worked as a sales assistant at UBS, Merrill Lynch and Credit Suisse Financial Products. Initially, he was the Marketing Manager in charge of the launch of the Group's Internet Banking website and 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 and General Manager of the Spanish banking group Banco de Finanzas e Inversiones. In July 2008, he returned to Italy as the Chief Executive Officer and General Manager of Banca Mediolanum S.p.A.. In May 2009, he became the Executive Deputy Chairman of Mediolanum S.p.A.. He is a Director of Banca Esperia 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 a 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 organization, together with the Fininvest Group. He was the CEO of Programma Italia since it was founded.

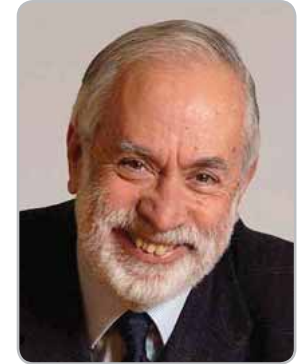


He and the Fininvest Group own an equal control shareholding in Mediolanum S.p.A., the company formed by the merger of Fininvest Italia S.p.A., Fintre S.p.A. and Programma Italia S.p.A..

He is the Chairman of Banca Mediolanum S.p.A.

EDOARDO LOMBARDI
Executive Deputy Chairman of Banca
Mediolanum S.p.A.
Chairman of Banca Esperia S.p.A.

He was the Corporate General Manager of Procter & Gamble Italia and the General Manager of the Sangemini/Ferrarelle Group. In 1987 he was the General Manager of Fininvest Italia S.p.A. and in 1989 he was appointed Executive Director of Mediolanum Vita S.p.A.. He is currently the Executive Deputy Chairman of Banca Mediolanum S.p.A., the Chairman of Banca Esperia S.p.A., the Chief Executive Officer of Mediolanum Vita S.p.A and a Director of Mediolanum S.p.A., of Fedrigoni and of IEO (the European Institute of Oncology) as well as the Chairman of I'M S.p.A..



Our people

The Mediolanum Group has more than 7,000 people classified into two main categories:

- employees;
- Sales Network members.

Our people are scattered across 5 countries (Italy, Spain, Germany, Ireland and Luxemburg).

TOTAL PEOPLE

Category (number)	2012	2011	2010	Change %
Employees	2,163	2,098	2,066	3.1%
Sales Network members	4,951	5,099	5,336	(2.9%)
TOTAL	7,114	7,197	7,402	(1.2%)

Category (number)	2012	2011	2010	Change %
Total employees in Italy	1,824	1,770	1,749	3.1%
Total employees abroad	338	328	317	3.0%
TOTAL EMPLOYEES	2,162	2,098	2,066	3.1%

Data on employees of foreign firms	338	328	317
Banco Mediolanum	217	213	213
Banklenz	64	59	58
MILL	13	13	12
MIF	13	13	10
MAM	29	28	23
GAMAX	2	2	1

MEDIOLANUM GROUP SALES NETWORK

Category (number)	2012	2011	2010	Change %
Full-time Sales Network members in Italy	4,315	4,508	4,816	(4.3%)
Full-time Sales Network members abroad	636	591	520	7.6%
TOTAL FULL-TIME EMPLOYEES	4,951	5,099	5,336	(2.9%)

Note regarding the Sales Network members abroad: this year, in concert with the Human Resources Department, we decided to adopt new criteria with respect to the previous years for calculating the number of people, in order to also take into account the different countries' local regulations. All the people working under an employment contract, including those employed under specific types of contracts available in the different countries and those on leave (e.g. leave of absence, etc.), as well as the employees of the various Branches, are considered in the calculation.



Giorgio Pisapia

QUALITY AND CORPORATE SOCIAL RESPONSIBILITY

Service quality and Corporate Social Responsibility

Service quality and Corporate Social Responsibility were a top priority for the Mediolanum Group also in 2012. Specifically, service quality is epitomized by the attention paid to customer satisfaction and experience through the efficient use of resources at hand, the effectiveness of all the processes regarding products and services and the efficiency of the organization as a whole.

During the course of 2012, the company strengthened its commitment to “socially responsible” behavior, which plays an increasingly important role in the business of the company. This strategy is expected to bring significant advantages in terms of image and brand reputation. It aims to change the way customers currently perceive Banca Mediolanum, by enhancing its value and giving it a new meaning, as well as building a closer, trust-based relationship with all its stakeholders.

To achieve these goals, teamwork is key. Therefore, several working groups and work improvement teams have been set up, which involve both Headquarters and the Sales Network, and where great importance is given to cross-departmental projects as well as employee initiative.

Corporate Governance

INTERNAL DEALING

The Board of Directors of Mediolanum S.p.A. – pursuant to Article 114, paragraph 7 of the Consolidated Finance Act (“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 regulatory requirements (summarized in the attachment to the Code), the Code regulates purchases and sales of the issuer's shares and related financial instruments exceeding € 5,000 per year, when made by insiders as defined by Article 152.6 of CONSOB's “Regulation for Issuers” (CONSOB Resolution no. 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 also be applicable to Mr. Luigi

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 abovementioned 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 Regulation 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 is 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 new procedure to manage the most significant transactions – and especially those with related parties. In 2010, Mediolanum S.p.A. took action to promptly comply with CONSOB Resolution no. 17221/2010 on transactions with related parties. More specifically, on November 10, 2010 the Board of Directors approved the “Procedures pursuant to Article 4 of CONSOB Resolution 17221” that were promptly transmitted to all companies in the Mediolanum Financial Conglomerate and were subsequently updated on November 9, 2011.

Such procedures were published on the website www.mediolanum.com in the following section: Investor Relations -> Corporate Governance -> Corporate Governance Documents.

GOVERNING AND SUPERVISORY BODIES

Board of Directors

The Board of Directors is vested with all powers for the ordinary and extraordinary management of the company – except for those that the law exclusively reserves to the General Meeting – as well as the authority to take any and all actions expedient to the achievement and fulfillment 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

an efficient and effective internal control system, which is to be consistent with the complexity of the business;

- the Board examines and approves all the strategic, business and financial plans of the issuer and the group it heads, the governance system of the issuer and the Group's organization;
- the Board assesses the adequacy of the organizational, management and accounting systems of the issuer and its strategic subsidiaries as organized by their Chief Executive Officers, especially in relation to the internal control system and the management of 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;
- the Board also determines the frequency of reporting (which shall be on a quarterly basis, maximum) to the Board by the relevant bodies on the work performed with respect to the duties conferred upon them;
- after examining the proposals submitted by the Nomination and Compensation Committee and the opinion of the Board of Statutory Auditors, the Board 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 the delegated bodies, as well as by periodically comparing actual results with expected results;
- the Board examines and gives prior approval to those transactions of the issuers and its subsidiaries that are 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 abovementioned Code of Conduct, including the number of Board of Directors meetings 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 Internal Audit plan on an annual basis.

In 2011, the mandate of the Board of Directors was renewed until the approval of the financial statements as of December 31, 2013.

Composition	14* members (of which 4 executive and 4 independent members) <i>13 Directors, since July 5, 2012, due to Director Bruno Ermolli resigning</i>
Meetings held in 2012	6

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 organizational structure and the management and accounting systems adopted by the company, as well as their operation.

In addition, pursuant to the new provisions set out in art. 159 of the Consolidated Finance Act, the Board of Statutory Auditors submits its proposal – along with the relevant reasons – for the appointment of the independent auditors and scope of their work to the General Meeting.

On April 21, 2011, the members of the Board of Statutory Auditors were appointed and will remain in office until the financial statements as of December 31, 2013 are approved.

Composition	3 standing auditors <i>2 alternate auditors</i>
Meetings held in 2012	9

Nomination and Compensation Committee (former Compensation Committee)

The Board of Directors, in its resolution of November 8, 2012, renamed the Compensation Committee to "Nomination and Compensation Committee", and conferred additional tasks on the new Committee, in addition to those already carried out by the former Compensation Committee, to be performed starting 2013.

Therefore, the Nomination and Compensation Committee, in accordance with the new Code of Conduct (December 2011 Edition), is in charge of the following duties:

- to submit proposals and express opinions regarding the compensation of Chief Executives and other directors holding special positions to the Board of Directors, as well as to monitor the implementation of resolutions passed by the Board of Directors;
- to periodically assess the compensation criteria adopted for executives having strategic roles, oversee their implementation (on the basis of the information provided by Chief Executive Officers) and submit general recommendations on the matter to the Board of Directors;
- to draw up the regulations 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 the objectives in terms of economic and/or financial performance, if any, that must be met for beneficiaries to be entitled to exercise the options that they were granted;
- to express opinions, to the Board of Directors, regarding the size and composition of the Board itself and recommending, when appropriate, the inclusion of professional figures whose presence on the Board is considered to be beneficial, as well as providing advice on the issues mentioned in art.1.C.3 (interlocking directorate) and art. 1.C.4 (interlocked positions) of the "Code";
 - to submit, to the Board of Directors, nomination proposals regarding candidates for directors in case of cooptation, i.e. when it is necessary to replace an independent member.

Composition	3* members (2 independent members and 1* non-executive member) * 13 Directors, since July 5, 2012, due to Director Bruno Ermolli resigning
Meetings held in 2012	4

Audit and Risk Committee (former Audit Committee)

The Board of Directors, in its resolution of November 8, 2012, renamed the Audit Committee to "Audit and Risk Committee", and conferred additional tasks on the new Committee, in accordance with the new version of the "Code" – updated in December 2011. The Committee is in charge of the following duties:

- 1) to assist the Board of Directors in defining internal control system and risk management guidelines, which ensure the proper identification, measurement, management and control of major risks for the issuer and its subsidiaries, as well as to assess whether those risks are compatible with a sound and proper management of the business that is consistent with its strategic targets;
- 2) to assist the Board of Directors in assessing, at least on an annual basis, the adequacy and effectiveness of the internal control and risk management system with respect to the company's characteristics and risk profile;
- 3) to approve, at least on an annual basis, the audit plan prepared by the Officer in charge of the Internal Audit, after consultation with the Board of Statutory Auditors and the Director in charge of the internal control and risk management system;
- 4) to assist the Board of Directors in specifying, in the corporate governance report, the key elements making up the internal control and risk management system and to express its opinion on the overall adequacy of the system;
- 5) to assist the Board of Directors in assessing, after consultation with the Board of Statutory Auditors, the results disclosed by the legal auditor in his suggestion letter, if any, and in his report on the key issues emerged during the legal audit;
- 6) to give its prior approval to the Board of Directors regarding the appointment of the officer in charge of Internal Audit and the resources made available to him, upon proposal by the Director in charge of the internal control and risk management system;
- 7) to verify – in conjunction with the officer responsible for the preparation of

- accounting and financial reporting documents and after consultation with the auditor and the Board of Statutory Auditors – the proper application of accounting standards and, as regards groups, their consistency for the purpose of consolidated financial reporting;
- 8) to express opinions on specific aspects that relate to the identification of main corporate risks;
 - 9) to review the periodic reports regarding the assessment of the internal control and risk management system and those of greater relevance prepared by the Internal Audit Department;
 - 10) to monitor the independence, adequacy, effectiveness and efficiency of the Internal Audit Department, by also requesting that it make inquiries in certain operating areas, and promptly informing the Chairman of the Board of Statutory Auditors of such inquiries;
 - 11) to report on work performed and the adequacy of the internal control and risk management system to the Board of Directors, at least every six months, concurrent with the approval of interim and annual financial statements.
- The Audit and Risk Committee will also work in coordination with the Board of Statutory Auditors in the performance of its duties. The Audit and Risk 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 and Risk Committee is authorized 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 and Risk 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 Officer in charge of the Internal Audit participate in the work of the Audit and Risk Committee.

Composition	3 members (2 independent members and 1 non-executive member)
Meetings held in 2012	7

Supervisory Board (pursuant to Legislative Decree no. 231/2001)

Upon the adoption of the “Organization, Management and Control Models” as required under art. 6 of Legislative Decree no. 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 2012	6

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, of which 4 independent (21%) and 4 executive members.

On April 26, 2012 Chairman Roberto Ruozi stepped down, to comply with the provision contained in art. 36 of Decree Law dated December 6, 2011, converted into Law no. 214 of December 22, 2011, which prohibits “members of governing, supervisory and controlling bodies and executives of companies or groups engaged in the credit, insurance and financial industry from holding a board seat in more than one financial institution operating in the same sector or market”. Therefore, in compliance with art. 2386, paragraph 1, of the Italian Civil Code, Carlo Secchi – who is an independent manager in accordance with the provisions set out in the Corporate Governance Code for Listed Companies and with art. 148, paragraph 3, of Legislative Decree no. 58/1998 – was appointed Director and Chairman on July 31, 2012.

Moreover, non-executive Director Bruno Ermolli, in a letter that was received on July 18, 2012, announced his resignation from office effective July 5, 2012 – to comply with the abovementioned regulation – and has not yet been replaced. In 2012, the Board of Directors of Mediolanum S.p.A. held 6 meetings and the average attendance rate was 94%.

COMPOSITION OF THE BOARD OF DIRECTORS

2012								
Position	Last name and first name	Independent	Executive	Female	Internal audit	Compensation Committee	Meetings attended	Attendance rate
Chairman of the Board <i>(resigned on April 26, 2012)</i>	Ruozzi Roberto (*)	●					2	100%
Chairman of the Board <i>(appointed on July 31, 2012)</i>	Secchi Carlo (*)	●					3	100%
Chief Executive Officer	Doris Ennio		●				6	100%
Deputy Chairman	Messina Alfredo		●				6	100%
Executive Deputy Chairman	Doris Massimo Antonio		●				6	100%
Director	Berlusconi Luigi						6	100%
Director	Cannatelli Pasquale						6	100%
Director	Carfagna Maurizio						4	67%
Director <i>(resigned on July 5, 2012)</i>	Ermolli Bruno					●	1	33%
Director	Lombardi Edoardo (*)		●				6	100%
Director	Molteni Mario (*)	●			●	●	6	100%
Director	Pellegrino Danilo						5	83%
Director	Renoldi Angelo (*)	●			●	●	6	100%
Director	Sciumè Paolo				●		6	100%
Director	Zunino De Pignier Maria Alessandra (*)	●		●			5	100%
Total	13	4	4	1	3	3	74	94%

(*) Independent director pursuant to the Corporate Governance Code and art. 147-ter of the Consolidated Finance Act.

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

Composition of the Board of Statutory Auditors

Position	Last name and first name	Meetings attended	Attendance rate %
Chairman	Simonelli Ezio Maria	9	100%
Standing Auditor	Perotta Riccardo	9	100%
Standing Auditor	Vittadini Francesco	9	100%
Alternate Auditor	Gatti Ferdinando	-	-
Alternate Auditor	Marchesi Antonio	-	-

The internal control system

The Boards of Directors of the Parent Company and of all the Group companies promote high ethical and integrity standards, as well as a 'culture of internal control' within the organization by raising awareness, among their personnel, of the importance of internal controls. Specifically, the Boards of Directors are responsible for the proper functioning of the internal control system; they set guidelines and assess the adequacy and effectiveness of the internal control system by also relying on other internal control structures. Pursuant to the Corporate Governance Code for Listed Companies, the Board of Directors of the Parent Company Mediolanum S.p.A. established the Audit and Risk Committee – the former Audit Committee – and confirmed the appointment of Massimo Rella as the Officer in charge of the Internal Audit – formerly the Chief Auditor. In their respective areas of remit, the Audit and Risk Committee and the Officer in charge of the Internal Audit assist the Board of Directors in:

- identifying main corporate risks;
- implementing the Internal Control System guidelines issued by the Board of Directors by planning and monitoring the internal control system.

Pursuant to the Corporate Governance Code, the Board of Directors appointed Deputy Chairman Mr. Alfredo Messina as the officer responsible for the internal control and risk management system.

Special importance is given to the solidity of the overall internal control system to ensure compliance with the Supervisory Authority's regulations, which the companies in the Mediolanum

Banking Group must comply with.

Under these regulations, banks must put in place adequate risk detection, measurement and control mechanisms, depending upon the complexity and size of their business.

For the Mediolanum Banking Group, a specific Audit and Risk Committee has been established within Banca Mediolanum S.p.A., whose members are non-executive directors with specific expertise, and most of whom are independent directors. The results of systematic control activities within the Banking Group are acquired and incorporated by the Audit and Risk Committee of the holding company Mediolanum S.p.A. in its overall assessment 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. Specifically, as regards Mediolanum S.p.A., the Department reports via its Head to the Deputy Chairman, the Audit and Risk Committee and the Board of Statutory Auditors. Internal Audit provides independent and objective assessment and assurance of the efficiency and effectiveness of the organization and detects possible areas for improvement.

It assists operational departments in pursuing their goals through a systematic professional approach, which creates value since it aims to assess and improve control, risk management and corporate governance processes. Internal auditors monitor that the rights of all the categories of stakeholders (e.g. customers, employees, minority and majority shareholders, etc.) are respected. As part of such activities, they assess the efficiency and effectiveness of the internal control system and processes and prepare final reports that include the actions planned by senior management to correct deficiencies or implement the recommendations made to improve process efficiency.

Internal Audit Work

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

No severe irregularities emerged from the work of the Internal Audit Department, and for the vast majority of critical issues adequate measures were promptly scheduled.

Audit on Italian companies	2012	2011	Change %
Reports	65	47	n/a (*)
Recommendations/Areas for improvement	137	149	n/a (*)

(*) The comparison is not meaningful, as in 2011 Internal Audit activities regarded a 9-month period (March - December 2011), while in 2012 a 12-month period (January - December 2012).

RISK MANAGEMENT & CONTROL AND COMPLIANCE

Risk management, risk monitoring and compliance are an integral part of the Group's internal control system. These functions were developed in compliance with the regulations and guidelines set forth by the Supervisory Authorities.

The Risk Management and Compliance Department is in charge of monitoring exposure to financial and credit risk throughout the entire financial conglomerate as well as of assessing the impact of operational, legal and reputational risks, by constantly monitoring capital adequacy with respect to each business.

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. As regards foreign companies, Banca Mediolanum works together with the Risk Management and Compliance units established at:

- Banco Mediolanum (former Banco de Finanzas e Inversiones), the parent company of the Spanish banking subsidiary;
- Irish companies Mediolanum International Funds, Mediolanum Asset Management and Mediolanum International Life, as well as Luxemburg-based company Gamax Management AG;
 - Bankhaus August Lenz in Germany.

The Risk Management Department also works together with other Control departments, specifically with the Sales Network Inspection and Anti-Money Laundering Office,

which is in charge of monitoring the Sales Network of Banca Mediolanum – the main distribution channel for the Group's products – as well as of monitoring compliance with the requirements imposed by the "Anti-Money Laundering and Terrorist Financing Prevention" regulation.

In 2012, the Risk Management and Compliance Department regularly and duly performed operational and non-compliance risk assessments and identified, where necessary, specific actions to be taken to mitigate risk and strengthen the existing risk management mechanism.

Improvement projects and actions were undertaken to gradually improve the risk management system. Specifically, these projects were designed to enhance efficiency, as well as improve and formalize some processes in the company, by expanding automated processes in certain critical areas that were characterized by a high degree of manual work, as well as by establishing new checkpoints and taking new initiatives into account. Moreover, risk dashboards were created to detect, well in advance, potential operational and non-compliance risks, and mechanisms were implemented to assess the effectiveness of the risk management measures adopted. With respect to the continuous improvement efforts made, training and information sessions designed to spread a control-oriented culture throughout the Group's companies play a key role. A basic compliance course entitled "The value of rules", dedicated to operational departments personnel, was created and other specialized courses dedicated to risk management and control departments were also made available.

The risk management and compliance policies adopted were updated, on a regular basis, by paying great attention to Banca Mediolanum's reputational risk management policy to further enhance monitoring as regards any behavior, event or factor that may negatively affect the Group's image as perceived by its customers, employees, partners, suppliers, Supervisory Authorities and, in general, by the public/community at large (i.e. the so-called stakeholders).

In 2012, 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

stress test scenarios. During the year, the Mediolanum Banking Group has continued to take part in the Basel III impact monitoring exercises, which were held on a quarterly basis and which verified the Group's adequacy and compliance with the new capitalization and liquidity management requirements that will be gradually enforced starting 2015. With reference to the Group's insurance business, the progress made in the planning activity to comply with the new Solvency II framework – which will soon come into effect – is noteworthy. Within the scope of this activity, the insurance companies belonging to the Group developed an implementation plan regarding the procedures and mechanisms needed for the calculation of the new capital requirements. An implementation project aimed at adjusting the documentation, methods and policies in order to comply with the new regulations – by the deadlines that will be set by the relevant European Authorities – is currently ongoing. The Mediolanum Vita S.p.A Risk Appetite document was finalized in November 2012, as scheduled.

Protection of stakeholder interests

ADEQUATE ACCOUNTING AND FINANCIAL REPORTING PROCEDURES

Within the complex internal control system, checking that accounting and financial reporting procedures are adequate is key. Lawmakers introduced the requirement for issuers to appoint an Officer responsible for accounting and financial reporting documents (art. 154-bis of the Consolidated Finance Act, as amended by Law no. 262/2005 and by Legislative Decree no. 303) to constantly protect all the investors who inject capital into the business.

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 work together on shaping an effective Corporate Governance system, meaning the set of rules and functions that ensure the company is properly and efficiently run.

Therefore, this Officer is in charge of signing the accounting reports that are disclosed to the market and of declaring that the information disclosed is consistent with the company's accounting figures.

Within this context, Mediolanum S.p.A., as part of its ongoing commitment to protecting stakeholder interests, created the position of 'Officer responsible for

accounting and financial reporting documents' and Luigi Del Fabbro was appointed Officer Responsible. To comply with the regulatory requirements relating to the duties of the Officer Responsible, the company deemed it necessary **to define and adopt the 262/05 Corporate Governance model** in order to determine the role, duties and responsibilities of the various staff members involved in accounting and financial reporting procedures. On the matter, the new rules revolve around assessing the effectiveness and proper application of accounting and financial reporting procedures.

In compliance with these regulations, the Officer responsible for accounting and financial reporting documents is in charge of:

- establishing well-structured organizational processes to ensure accurate accounting and financial reporting and related controls;
- assessing the adequacy of processes and controls as well as ensuring that operating units effectively and constantly perform their control duties;
- defining and monitoring any corrective measures to be implemented;
- confirming the effectiveness of the control system and its operation through responsibility statements and other information disclosure obligations imposed by the regulations.

The 262/05 Corporate Governance model is part of the existing complex internal control system of Mediolanum S.p.A and the other consolidated subsidiaries. As regards Group companies based abroad – taking into account that local regulations may vary from country to country – an executive officer in charge of taking, together with Unit 262, any action considered necessary – in accordance with the requirements set out in art. 154-bis of Italy's Consolidated Finance Act – to enable the officer responsible for accounting and financial reporting documents to fulfill his duties was appointed. By complying with the new regulations, Mediolanum S.p.A. and the other companies that adopted such models improved transparency of the information disclosed to investors. The appointment of the Officer responsible for accounting and financial reporting documents, who acts as guarantor, and the adoption of an 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

In 2011, Deloitte & Touche S.p.A were appointed independent auditors responsible for auditing the separate and consolidated financial statements of Mediolanum S.p.A. for nine financial years (2011-2019), in accordance with the regulations.

Rules of conduct

The Group has two Codes setting out rules of conduct.

- The Code of Ethics is a binding set of principles for employees and anyone working for Mediolanum, which must be complied with in order to ensure the proper functioning of the Group, as well as its reliability and reputation. It lays out the general obligations of due diligence, fairness and loyalty which should characterize behavior in the workplace and business conduct in general.
- The Code of Conduct is based on the general guidelines set out in the Code of Ethics, and further details the rules of conduct for governing and supervisory body members, Sales Network staff, employees and contract workers, with specific reference to certain operational companies within the Group (e.g. Banca Mediolanum S.p.A. and Mediolanum Gestione Fondi S.G.R.p.A.).

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

CODE OF ETHICS

Since 2002, the Group companies have adopted a Code of Ethics, i.e. a set of internal rules that lay out the general duties of due diligence, fairness and loyalty characterizing the performance of work and behavior in the workplace. The Code also plays a key role in the prevention of the crimes covered by Legislative Decree 231/2001, as it contains a series of corporate ethics principles recommending, promoting or forbidding specific behavior, regardless of 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 the stake-

holders who were actively involved in the process.

The new Code of Ethics is divided 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 and confidentiality of employees and contract workers in the fulfillment of the work they have been assigned; these principles drive the execution of work and behavior 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 aims to broaden each employee's professional skills, by supporting their ambitions, meeting their learning expectations, and promoting their professional and personal growth. Moreover, 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.

CODE OF CONDUCT

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

The key conduct rules are set out below:

1. any confidential or insider information either verbal or stored on any electronic medium shall not be disclosed;
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 via third parties;
3. speculative investments are prohibited during working hours, especially intraday trading, i.e. purchasing and selling the same security on the same day;
4. personal dealings – including via or on behalf of third parties

– in trading derivatives, other derivatives (futures, options, swaps), short selling, as well as dealings with a frequency that suggests speculative purposes other than those associated with normal investment transactions, are prohibited during working hours;

5. any activity or transaction in which those working for the Group may have significant personal interests or interests which may be in conflict with those of the Company, of customers/prospects and/or assets under management shall be fully disclosed;

6. any gift that, due to its nature or value, may potentially lead to behavior that clashes with the interests of investors or the Company shall not be accepted.

Business continuity

The Mediolanum Group stands out for its high service reliability and IT security. Business continuity and the provision of services to customers are dependent upon the proper operation of the communications and information technology infrastructure and processes.

This is particularly true for an organization like the Mediolanum Banking Group in which technology-based channels allowing customers direct access to services (e.g. the Internet, the Banking Services Center, Mobile Banking and television) are the keystones of its business model.

The Group is equipped with adequate systems to ensure business continuity and to constantly monitor the proper functioning of all components, making sure they are suitably scaled to ensure the delivery of services. This entails developing reliable control mechanisms regarding critical business processes, by investing in technology to ensure service delivery continuity, by constantly monitoring processes, as well as by establishing and disseminating alternative procedures to those currently in use in order to ensure business continuity in the event of failures or crises.

Due to the close correlation between technology and operational processes, the Information Systems Department and the Organization Department of Banca Mediolanum work together on the company's extensive business continuity plan, by identifying the measures that must be taken in order to achieve the targets and by focusing on two key lines of action.

From a technology standpoint, they analyzed all the activities needed to ensure infrastructure efficiency and security, by also constantly monitoring infrastructure-related equipment. This was done to ensure the delivery of services also in case of failures or any kind of problem.

From an organizational standpoint, they developed 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. Banca Mediolanum not only provides Information Technology services but also manages, via intercompany service agreements, business continuity of the Group's Italian companies whose products are sold by the Bank. The Group carries out a variety of tests on an annual basis 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 organization's infrastructure keeps pace with the rapidly changing market environment and business needs of the company.

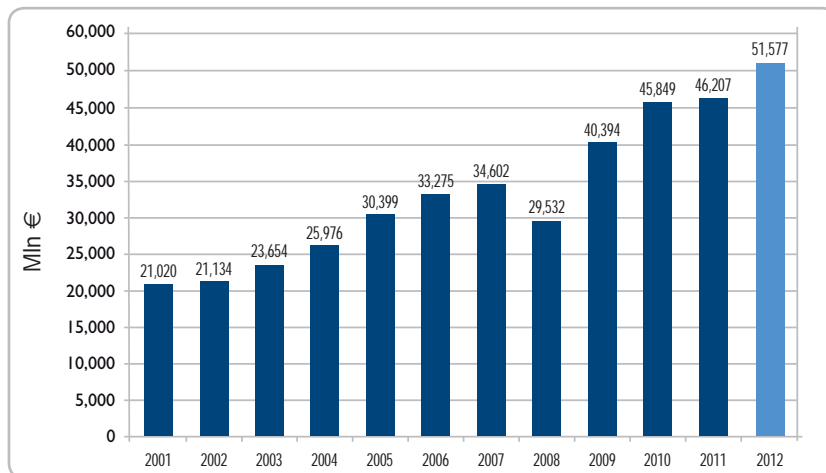
FINANCIAL INDICATORS



Key financial data

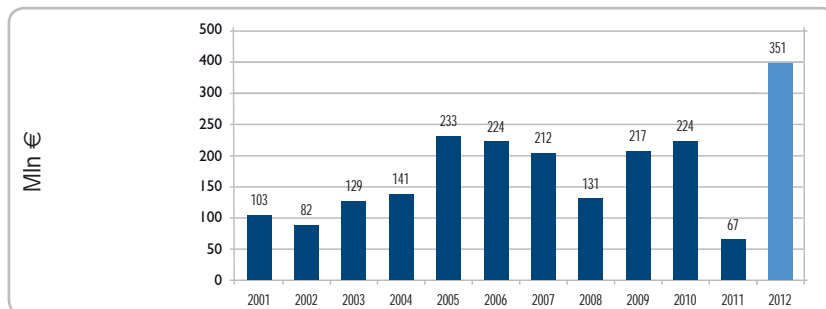
CONSOLIDATED DATA⁽¹⁾

GROUP ASSETS UNDER MANAGEMENT & ADMINISTRATION⁽²⁾



Assets under management and administration increased also in 2012, reaching € 51,577 million.

GROUP NET PROFIT⁽³⁾



In 2012, consolidated net income from ordinary operations increased vs. 2011 and was € 351 million.

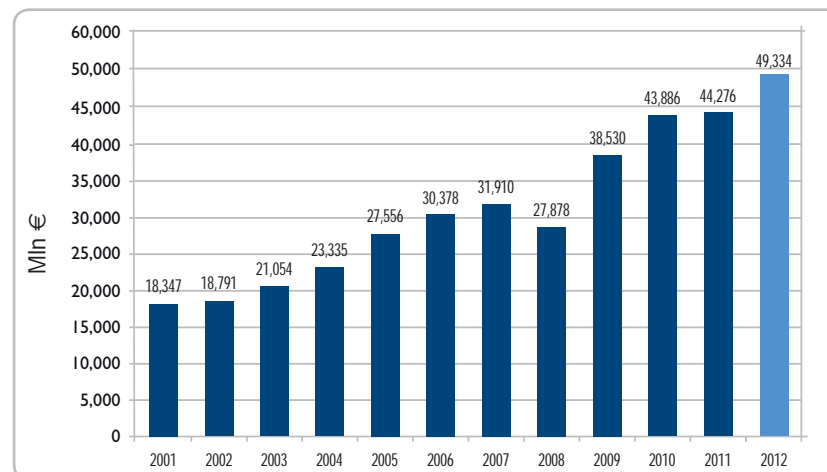
(1) Luigi Del Fabbro, the Officer responsible for preparing Mediolanum S.p.A. accounting and financial reporting documents hereby certifies pursuant to art. 154-bis, second paragraph, of the Consolidated Finance Act, that the financial information contained herein reflects the accounting entries, records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

(2) Figures relating to group assets under management & administration also include the results of Banca Esperia on a pro-rata basis (50%).

(3) 2008 and 2010 figures relating to net profit were adjusted to take the Lehman Brother transaction into account.

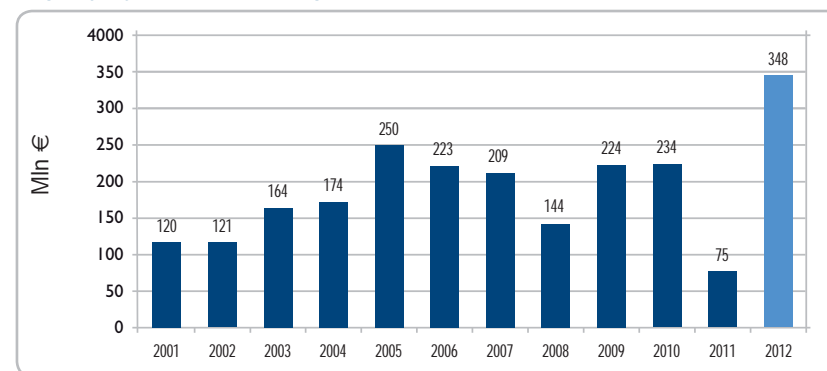
DOMESTIC MARKET⁽⁴⁾

DOMESTIC MARKET ASSETS UNDER MANAGEMENT & ADMINISTRATION



Assets under management and administration increased compared to 2011, coming in at € 49,334 million.

DOMESTIC MARKET NET PROFIT⁽⁵⁾



This year, there was an increase in net profit from ordinary operations in the domestic market compared to 2011, reaching € 348 million.

(4) Figures relating to domestic market assets under management & administration also include the results of Banca Esperia on a pro-rata basis (50%).

(5) 2008 and 2010 figures relating to net profit were adjusted to take the Lehman Brother transaction into account.

Embedded value

Taking into account the “embedded value” is key to better understanding the evolution of Mediolanum Group’s performance: therefore, information prepared with the assistance and supervision of Towers Watson is provided below.

As regards the Market Consistent Embedded Value (MCEV) of the life business, the Mediolanum Group adopts the principles established by the CFO Forum (the organization comprising all the CFOs of the leading European insurance groups), while for the other businesses (Asset Management and Banking) the Market Consistent European Embedded Value principles.

“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 certain level of required capital and for the cost of non-hedgeable risk. The 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” as of December 31, 2012, compared to 2011 and 2010 restated figures. 2010 figures were restated to enable readers to compare them to 2011 figures due to certain methodological changes that were introduced this year.

Embedded value as of December 31

€/m	2012	2011	2010	Change %
Net asset value ⁽¹⁾	1,420	762	1,036	86%
Adjustments to net asset value	(103)	8	(132)	n.s.
Adjusted net asset value ⁽²⁾	1,317	770	904	71%
Value of in-force business, life business	1,335	1,263	1,698	6%
Value of in-force business, asset management	711	581	541	22%
Value of in-force business, banking	114	133	248	(14%)
Value of in-force business	2,160	1,977	2,486	9%
EMBEDDED VALUE	3,478	2,747	3,390	27%

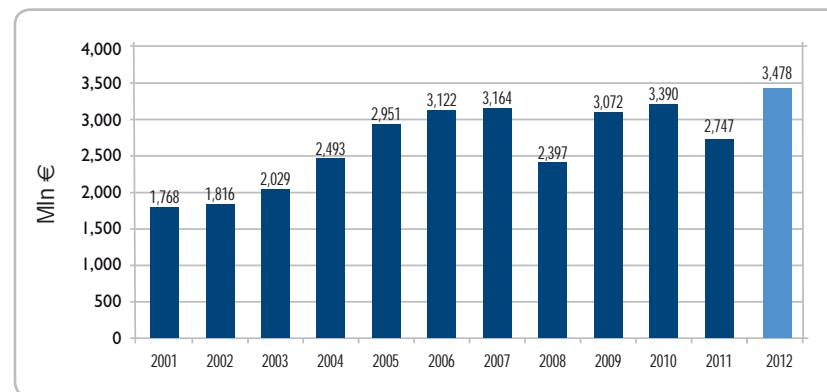
Embedded value totaled €3,478 million.

(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 to:

- I. reflect the market value of any assets not measured at market value under IFRS;
- II. eliminate the impact of goodwill arising in prior years, largely from the acquisitions of Fibanc, Gamax, B.A. Lenz and MILL;
- III. eliminate gains on segregated funds which are included in the value of in-force life business as they are realized;
- IV. 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. eliminate the impact of taxation on life reserves.

CALCULATION AND DISTRIBUTION



2005, 2008 and 2010 figures provided in the table above were restated to take into account certain methodological changes that were introduced over the past few years.

The key components of the Mediolanum Group’s Embedded Value 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 Embedded Value components that are calculated externally.

Summary business and financial data

Group business	2012	2011	Change %
Asset management			
Ordinary Shares outstanding (number)	734,337,919	733,819,366	0.07%
Group (€/m)			
Group Assets under Management & Administration	51,577	46,207	11.62%
Embedded Value Post-Acquisitions	3,478	2,747	26.60%
Revenue	9,345	10,325	(9.49%)
Profit Before Tax	501	84	494.38%
Income Tax	150	17	782.26%
Net Profit	351	67	421.83%
Dividend	132	81	63.75%
Dividend per Share	0.18	0.11	63.64%
Domestic Market			
Mediolanum			
Total Customers	1,040,448	1,066,420	(2.44%)
Total Primary Account Holders	879,200	885,620	(0.72%)
Bank Accounts*	707,609	627,365	12.79%
Sales Network	4,315	4,508	(4.28%)
Assets under Management & Administration (€/m)	42,434	37,867	12.06%
Total Net Inflows (€/m), of which:	2,258	2,280	(0.95%)
Net Inflows to Assets under Management	1,352	590	129.05%
Structured Bonds	201	141	41.85%
Net Inflows to Assets under Administration	705	1,548	(54.43%)
Banca Esperia*** (€/m)			
Assets under Management & Administration	6,900	6,408	7.67%
International Markets (€/m)			
Assets under Management & Administration	2,242	1,931	16.12%

* Figures include the InMediolanum deposit account

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

*** Mediolanum shareholding (50%)

Value added for the stakeholders

CALCULATION AND DISTRIBUTION OF VALUE ADDED

Method

Value added expresses the value created by the company during the year (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 are reclassified to highlight the processes through which value is generated and distributed, and the relationship between the company and its social and business partners, especially some of its key stakeholders, is quantified in monetary terms as follows:

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

The tables below show the creation and distribution of value added for our domestic market (Italy) using the same classification of items as reported in Segmental Financial Information as of December 31, 2012 and as of December 31, 2011, under Part E of the Notes to the 2012 Annual Consolidated Financial Statements.

GENERATION OF CONSOLIDATED VALUE ADDED - ITALIAN MARKET

Amounts in thousands of €	FY 2012	FY 2011	FY 2010
NET SALES			
Net premiums written	7,922,819	9,400,919	9,003,188
Amounts paid and changes in technical reserves	(7,908,540)	(9,381,508)	(8,977,543)
Commission income	850,228	702,428	746,664
Commission expense ⁽¹⁾	(29,615)	(27,903)	(26,839)
Net financial income	395,154	152,960	146,390
Net income on other investments ⁽²⁾	(45,799)	(24,270)	22,487
Other revenues	25,183	21,157	22,823
TOTAL NET SALES	1,209,430	843,793	937,170
COSTS			
General and administrative expenses ⁽³⁾	(161,260)	(143,744)	(134,557)
Net impairment	(11,501)	(131,904)	(17,532)
Provisions for risks and charges ⁽¹⁾	(13,603)	(12,420)	(15,352)
TOTAL COSTS	(186,364)	(288,068)	(167,441)
GROSS VALUE ADDED FROM ORDINARY OPERATIONS	1,023,066	555,715	769,729
Profit/(loss) from discontinued operations	(26)	(320)	(55)
Profit/(loss) from disposal of investment ⁽²⁾	(1,969)	3,231	5,447
TOTAL GROSS VALUE ADDED	1,021,071	558,626	775,121
Amortization and depreciation ⁽³⁾	(9,950)	(12,112)	(11,468)
Impairment of goodwill	0	0	0
TOTAL NET VALUE ADDED	1,011,121	546,515	763,653
Cost of labor			
- Employees ⁽³⁾	(134,189)	(124,678)	(128,626)
- Sales network ⁽¹⁾	(342,646)	(283,961)	(304,759)
Gifts and donations ⁽³⁾	(8,525)	(7,674)	(7,232)
Direct and indirect taxes ⁽³⁾	(36,494)	(38,372)	(36,415)
PROFIT BEFORE TAXES AND MINORITY INTERESTS	489,266	91,829	286,620
Income tax for the period	(140,714)	(16,898)	(52,158)
Minority interests	0	0	0
NET PROFIT	348,552	74,931	234,462

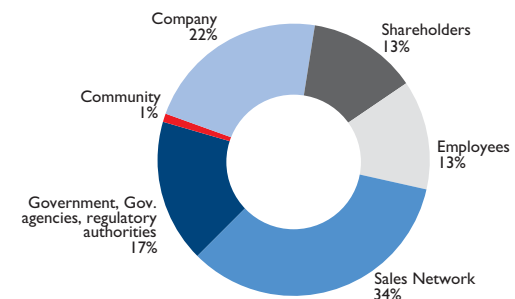
(1) - (2) - (3) The figure differs from that reported in the reclassified income statement due to the separate indication of the amounts relating to the items reported after Total Net Value Added.

DISTRIBUTION OF CONSOLIDATED TOTAL GROSS VALUE ADDED - ITALIAN MARKET

Amounts in thousands of €	FY 2012	FY 2011	FY 2010
DISTRIBUTION OF TOTAL GROSS VALUE ADDED			
Shareholders	132,104	80,674	113,508
- dividend to third party stakeholders	132,104	80,674	113,508
Employees	134,189	124,678	128,626
Sales Network	342,646	283,961	304,759
Government, gov. agencies, regulatory authorities	177,208	55,270	88,573
- direct and indirect taxes	36,494	38,372	36,415
- income tax for the period	140,714	16,898	52,158
Community	8,525	7,674	7,232
- gifts and donations	8,525	7,674	7,232
Company	226,398	6,369	132,422
- amortization and depreciation	9,950	12,112	11,468
- impairment of goodwill	0	0	0
- foreign operations	(2,468)	7,664	10,736
- retained earnings	218,916	(13,407)	110,218
TOTAL GROSS VALUE ADDED	1,021,071	558,626	775,121

Amounts in thousands of €	FY 2012	FY 2011	FY 2010
DISTRIBUTION OF TOTAL GROSS VALUE ADDED			
Shareholders	132,104	80,674	113,508
Employees	134,189	124,678	128,626
Sales Network	342,646	283,961	304,759
Government, gov. agencies, regulatory authorities	177,208	55,270	88,573
Community	8,525	7,674	7,232
Company	226,398	6,369	132,422
Total Gross Value Added	1,021,071	558,626	775,121

Distribution of Global Value Added - FY 2012



SOCIAL INDICATORS

CUSTOMERS

SALES NETWORK

EMPLOYEES

SHAREHOLDERS
AND INVESTORS

SUPPLIERS

THE COMMUNITY
AT LARGE

THE ENVIRONMENT

REGULATORY AND
LEGAL AUTHORITIES,
TRADE ASSOCIATIONS

CUSTOMERS



Analysis of customers

NUMBER OF CUSTOMERS

The number of total customers and primary account holders had steadily increased over the last several years until 2009, when it started decreasing; the figures show a slight drop in the number of customers also in 2012.

Number of total customers (natural and legal persons)	2012	2011
TOTAL (no overlap)	1,040,448	1,048,338

Number of primary account holders (natural and legal persons)	2012	2011
TOTAL (no overlap)	879,200	880,059

NUMBER OF CONTRACTS

The number of contracts slightly increased.

Number of contracts (natural and legal persons) (funds, life policies, managed accounts, bank accounts, securities accounts, protection, mortgage loans, loans, credit facilities, credit and debit cards, certificates, deposit accounts and time deposits)	2012	2011
TOTAL	3,266,982	3,230,526

PRIMARY ACCOUNT HOLDERS BY GEOGRAPHY

The Group's customers are evenly distributed across Italy.

Breakdown of primary account holders by geography (natural and legal persons, Mediolanum Group customers)	2012	2011	Change %	% out of total account holders in Italy
Northwest	27.0%	27.3%	(1.7)	27.3
Northeast	29.6%	29.7%	(0.9)	29.7
Central	22.6%	22.7%	(1.7)	22.7
South and Islands	20.7%	20.3%	(1)	20.3
TOTAL ITALY	100.0%	100.0%	(1.30)	100

PRIMARY ACCOUNT HOLDERS BY GENDER

Breakdown by gender remained stable.

Breakdown by gender % (natural persons, Mediolanum Group customers)	2012	2011
Men	60.1%	60.6%
Women	39.9%	39.4%
TOTAL	100.0%	100.0%

PRIMARY ACCOUNT HOLDERS BY AGE GROUP

The majority of Group customers are in the 36-55 age group (53%), with an average age – on the rise – of 49.2.

Breakdown by age group % (natural persons, Mediolanum Group customers)	2012	2011
Up to 25 years	3.2%	3.2%
26-30	5.5%	5.8%
31-35	9.1%	9.6%
36-45	27.6%	28.4%
46-55	25.1%	24.6%
56-65	15.8%	15.5%
>65	13.6%	12.9%
TOTAL	100.0%	100.0%
Average Age	49.2	48.8

PRIMARY ACCOUNT HOLDERS BY PROFESSIONAL CATEGORY

In 2012, no significant change was observed in the breakdown of customers by professional category with respect to the previous year.

Breakdown by professional category % (natural persons, Mediolanum Group customers)	2012	2011
Non-management employees	33.5%	33.4%
Entrepreneurs	15.8%	16.0%
Blue collar workers	14.7%	14.6%
Self-employed professionals	8.7%	9.5%
Retired	15.2%	14.8%
Homemakers	5.8%	5.9%
Students	2.6%	2.5%
Managers	2.2%	2.2%
Unemployed	1.4%	1.2%
TOTAL	100.0%	100.0%

PRIMARY ACCOUNT HOLDERS BY LEVEL OF EDUCATION

In 2012, the number of customers holding a university or postgraduate degree increased.

Breakdown by level of education % (natural persons, Mediolanum Group customers)	2012	2011
Elementary school	6.5%	6.7%
Junior high school	23.8%	24.0%
High school	49.9%	50.2%
University/postgraduate degree	19.8%	19.1%
TOTAL	100.0%	100.0%

Customer Satisfaction

Banca Mediolanum assessed the level of customer satisfaction in terms of the relationship with the Bank and in terms of customer expectations also in 2012, by participating, also this year, in the annual multi-client Retail Customer Satisfaction Survey conducted by ABI and carried out in cooperation with GfK Eurisko. This analysis compared a sample of more than 600 Banca Mediolanum customers with a sample representative of the Italian banking market in order to examine different areas regarding the provision of services and the bank-customer relationship, such as:

- reception/attitude of the Financial Advisor/Family Banker® (and Office staff);
- efficiency of the Financial Advisor/Family Banker® (and Office staff);
- routine work done by the Financial Advisor/Family Banker®;
- key areas for the Financial Advisor/Family Banker®;
- quality and accessibility of information;
- service offered;
- investment management;
- provision of products and services;
- cost/benefit ratio.

The overall level of satisfaction is always very high and, also this year, the overall satisfaction index of Mediolanum customers was higher than the satisfaction level achieved by the entire sector (87% vs. 59%). Specifically, this figure has significantly improved with respect to 2011 – although the level of customer satisfaction was high also last year – due to the sample average remaining more or less stable (Banca Mediolanum's figure was 82 versus a sample average of 60).

 AVERAGE CUSTOMER SENIORITY

Average customer seniority (natural and legal persons, primary account holders) Years	2012	2011
Average customer seniority	10.2	10.0

 CROSS-SELLING

Cross-selling is an indicator of the degree of coverage of the customer's financial needs by the Bank. It actually represents the number of products held by a customer.

Cross selling (natural persons, primary account holders) Product types: Bank Accounts, Credit Cards, Securities Accounts [excluding Medplus Bonds], Systematic Investment Plans (SIP) and Managed Accounts, Unit Cost Averaging, Structured Products [Medplus Synergy and Index Bonds], Retirement Plans, Life Systematic Investment Plans (SIP), Life Unit Cost Averaging, Insurance products, Financing, Direct Debit, Emoluments	2012	2011
Average number of products held	2.814	2.772
% out of total customers		
One product	11.7%	11.3%
2-5 products	50.6%	50.2%
At least 6 products	37.7%	38.5%

 CUSTOMER RETENTION

The customer retention rate is the percentage of retained customers over a 12-month period, i.e. the percentage of those who were active customers at the beginning and at the end of the year.

Year	Mediolanum Group
2001	95.6%
2002	94.8%
2003	94.4%
2004	94.1%
2005	94.1%
2006	93.9%
2007	93.0%
2008	93.4%
2009	92.9%
2010	92.0%
2011	92.2%
2012	91.9%



Margherita Barchitta



To reward the Group's most loyal customers, PrimaFila was launched in 2004: it's a program that rewards customer loyalty, 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, and a variety of activities that help strengthen the bond between customers and the Group.

Advantages and services

PrimaFila customers can access a number of banking and non-banking services and initiatives. As regards the former, customers can benefit from dedicated services, like preferential access to the Banking Services Center, the possibility of increasing maximum balance on their credit card or ATM card and receiving personalized bank checks.

As regards the latter, i.e. non-banking services and initiatives, there are a variety of premium activities that are designed to involve customers, inviting them to exclusive events in the areas of art, culture, music and entertainment, but also sporting events, leisure time activities and food and wine tasting. These events give Family Bankers® the opportunity to socialize with their customers outside of work and strengthen their relationship with them.

Approximately 370 events were held in Italy in 2012. Over 12,000 customers participated in these events, some of which are mentioned below:

- "Alle corti di Bacco" – a food and wine tasting tour offering customers the opportunity to visit Italy's top winemakers, taste excellent wines and enjoy gourmet cuisine;
- "I luoghi dell'incanto: il Tour del Gusto" – a unique tour offering Banca Mediolanum's most loyal customers the opportunity to learn more about Italian culinary traditions thanks to traditional food manufacturers



and their products;

- "Tour dell'Arte" – an entertaining journey through the Italian art scene offering PrimaFila customers the opportunity to enjoy a private tour of the most prestigious art galleries and museums in Italy with a personal tour guide;



- concerts and shows held at the Mediolanum Forum in Milan, PalaLottomatica in Rome and PalaOlimpico in Turin;



- "Tour delle Eccellenze" – an exciting new PrimaFila tour offering customers the opportunity to discover the leading, internationally recognized Italian brands.

A review of the events and activities of the Club, as well as useful tips and information about topics of general interest are available to customers in the "Banca Mediolanum World PrimaFila magazine", which is distributed twice a year.



The exclusive magazine dedicated to this prestigious Club is also showcased on the website www.primafilamediolanum.it, which allows customers and others to view all the initiatives, browse through the gallery of photographs and keep up-to-date with services and news.



In order to offer more and more opportunities to PrimaFila customers, we are currently evaluating the idea of broadening the range of special terms and conditions relating to the products and services provided by the Group, which would give further value to the benefits enjoyed by these customers and reinforce a sense of belonging to the Banca Mediolanum community.

Channels and Services

In 2012, 79% of the customers who are bank account holders used direct channels (a 4.4% increase compared to 2011), with approximately 30 million contacts (a 10.6% increase with respect to 2011).

The increased use of direct channels confirms, once again, that customers are becoming more and more familiar with the bank's multi-channel platform. Moreover, the fact that approximately 93% of contacts were made via the automated services provided by the Bank, specifically the Internet, the voice portal (B.Med Voice), and Mediolanum's mobile applications for Apple, Android and Windows Phone 7 devices, also confirms that customers tend to prefer direct channels for their transactions.

71% of contacts were made via the website, with an 8.1% increase with respect to 2011, while more than 2,600,000 people accessed the Bank's services through mobile applications, with a hike of 128% versus 2011. However, the number of contacts made via the voice portal slightly decreased (-6%), due to a sort of "substitution effect" with respect to other channels, such as the Internet and mobile applications, regarding some information requests and simple transactions (such as, for example, customers checking their bank balance or topping up their mobile phone). The use of the Banking Services Center was not, however, negatively affected by the increased use of self-service banking: the number of contacts via the Banking Services Center actually increased by 3.8% compared to 2011, thus confirming that customers still prefer using this channel to deal with complex requests. Moreover, the text messaging service has become increasingly popular, with over 47.5 million alerts sent in 2012 (+10.6% with respect to the previous year); this service was particularly appreciated by customers because it enhances safety, by enabling them to keep track of transactions made (alert texts are sent when customers make ATM withdrawals, POS transactions, bank transfers or when they log in to the website).

The increased use of direct channels was accompanied by a significant increase in the number of transactions made by customers (approximately 6.5 million transactions, +12.3%).

The Banking Services Center continues to maintain a very high level of service: over 89% of the calls are responded to within 20 seconds (the average waiting time for all calls being 9.3 seconds).

MOBILE

2,614,000 customers accessed the Bank's services through mobile applications in 2012 (versus 1,089,027 in 2011), with a 140% hike compared to last year; 69% of contacts were made via iOS and 28% via Android devices.

228,242 transactions were made via mobile in 2012, versus 88,701 in 2011: a 157% increase.

Specifically, the following transactions were made:

- 117,924 mobile top-ups: +102%;
- 88,726 bank transfers: +212%;
- 13,602 trading transactions;
- 3,057 purchases/sales of fund units;
- 1,926 utility bill payments.

Several new mobile services were introduced in 2012, among which those offering customers the opportunity to:

- buy/sell fund units;
- receive information about and manage their card accounts;
- receive information about life insurance policies and investment products;
- pay their utility bills by simply taking a picture of them with their mobile phones or by entering codes manually.

Moreover, a Mediolanum application for Windows Phone 7 devices developed together with Microsoft – which therefore perfectly runs on the Windows platform – was made available on Windows Marketplace in April.



SOCIAL NETWORKING

In 2012, the Bank turned its attention to social media: Banca Mediolanum is now on Facebook (its fan page was created on April 23), Twitter, LinkedIn and YouTube.

The Bank decided to create a fan page on Facebook to share its values with the community at large and strengthen the bond between customers and the Group, by listening to the opinions of its fans. In addition to its @Banca-Mediolanum account, the bank has other accounts on Twitter: @MedEventi, regarding the key events sponsored by Banca Mediolanum, including the Giro d'Italia; @FondazioneMed, providing information about all the humanitarian projects promoted by the Mediolanum Foundation; and @MediolanumMCU, which is Mediolanum Corporate University's official account. The Bank is also on LinkedIn, the most powerful tool for professional networking, and YouTube, where you can find videos of events and financial literacy presentations. At the end of 2012, only a few months after the Bank's fan page on Facebook was created, it already had more than 16,000 fans; moreover, the Bank also has over 3,000 followers on Twitter, 3,300 on LinkedIn and 770 subscribers on YouTube.

OTHER UPDATES IN 2012

Banca Mediolanum now gives customers the opportunity to buy or sell government securities, bonds, as well as **ETFs, ETCs, and ETNs** on the ETFPlus market. Moreover, customers can choose when and how to make their transactions: they can either make them via the website www.bmedonline.it or by calling the **Banking Services Center** at 800.107.107.

The Bank continues to broaden its range of services, by offering a **new, easy-to-use** and safe method for signing contracts and documents online: the **digital signature**. It is an electronic signature having the same force as a written signature: it has legal significance and is a **safe and reliable** method.

Development of the range of products and services

The Mediolanum Group's commitment to the products and services offered is based on the importance of identifying customer needs and ensuring a high level of customer satisfaction, by providing solutions that are increasingly flexible and innovative and able to respond to their needs.

CREDIT PRODUCTS

In 2012, there was a significant increase in lending versus 2011 (€1.5 billion this year versus €1 billion in 2011: +51%) due to the credit rationing policy adopted by competitors and to the fact that the Group is well-positioned in terms of pricing and offers favorable lending rates.

Moreover, the Bank applied a different index (i.e. 3-month Euribor rate) to variable interest rate credit facilities and loans with respect to previous years (when the Banca Mediolanum Prime Rate was used).

NEW PRODUCTS IN THE BANKING SERVICES RANGE

As part of the efforts made to broaden the range of accounts made available to customers and continue to offer a current account providing all-round banking services, free-of-charge key banking transactions and offering the highest return on cash deposits (above a minimum threshold of 15,000€) in the market, in March 2012 the Mediolanum Freedom bank account (no longer available) "evolved" into the **Mediolanum Freedom Più bank account**.

In September 2012, the **Mediolanum Freedom One bank** account was launched: all those customers who choose Banca Mediolanum as their "primary bank" have the opportunity to take advantage of this new account free of charge as well as of a €10 discount on the annual fee charged for any card in the Freedom Card product line. In 2012, the bank made new significant changes to the **InMediolanum deposit account** – launched two years ago – including the payment, every three months, of interest on 6- or 12-month tied-up deposits, in the form of quarterly net advances against interest accrued at the end of the tied-up period.

Moreover, a new mechanism was introduced to **automatically calculate the “New Liquidity” deposited by customers on single Mediolanum Freedom Più bank accounts and InMediolanum deposit accounts**. The “New Liquidity” is calculated on a daily basis, as the difference between incoming and outgoing cash flows and offers customers the opportunity to enjoy a higher return than that offered by 12-month tied-up deposits thanks to special offers on “12-month New Cash tied-up deposits”.

The Bank rewards its best customers by applying, to their 12-month tied-up deposits, the same interest rate offered on “New Liquidity”.

Additionally, with the Freedom range of accounts, Banca Mediolanum also confirms its social commitment by enabling its customers to turn the points earned with the Freedom Rewarding program into tangible help for the disadvantaged, by participating in the Piccolo Fratello project promoted by the Mediolanum Foundation.

As part of the efforts made to meet the needs of its customers, Banca Mediolanum launched two securities portfolio special offers in 2012. Firstly, the stamp duty on securities remained unchanged for customers who decided to transfer their securities from an account held at another bank to Banca Mediolanum (which means that they only paid €34.20, whatever the value of their portfolio), and, secondly, they did not pay any safekeeping charges.

WHAT'S NEW IN THE INVESTMENT SERVICES RANGE

Specifically, the **Mediolanum Best Brands** product line was broadened in February thanks to the launch of the **New Opportunities Collection**, a new Multi-brand range of products enabling customers to achieve long-term appreciation of their investment and seize the specific opportunities offered by global markets, by actively and flexibly investing in those market areas showing, at any given time, the greatest investment growth potential. This product adopts a flexible strategy to dynamically invest in a number of Mutual Funds and SICAV open-ended collective investment schemes offered by a variety of internationally renowned investment companies, accurately selected from the global financial arena.

At the same time, the Challenge Total Return product line was renamed “**Challenge Solidity & Return**” and the “**B**” **income distribution unit class** was introduced. This range

of products enables customers to invest in bonds and enjoy a higher return than the one they would receive from a monetary investment, regardless of market trends, which gives it an extra edge with respect to traditional products. This product line is designed to achieve, over a specific investment horizon, a positive return in any market condition and regardless of the composition of the investment.

In mid-2012, following the great success enjoyed by the **Double Chance** service – which enables customers to gradually invest in global stock markets by initially putting the amount to be invested in a dedicated deposit account offering an attractive interest rate – the Bank decided to broaden the range of funds in which customers can invest by adding the **Challenge Flexible** product line.

As regards the **Mediolanum Real Estate fund**, in September the Bank requested Borsa Italiana, the Italian stock market operator, that the fund's “A” and “B” unit classes be listed on the Electronic Market for Investment Vehicles (MIV). Borsa Italiana answered in the affirmative and the transactions began on October 1, 2012.

Moreover, the **Ognimese Mediolanum investment strategy** was introduced in October: this new solution gives customers the opportunity to invest in funds by choosing at least four different types of funds among those made available and to receive a monthly return up to 14 times a year. At the same time, customers can also greatly diversify their investments in terms of sectors, geography, currencies and time horizon.

Ognimese Mediolanum offers the advantage of actively managing funds and receiving tangible and reliable support in the form of an extra income every month.

To provide a comprehensive overview of the Group's investment products, structured products are worthy of note: **MedPlus** (structured bonds) and **MedPlus Certificate** are financial instruments that provide customers with advanced solutions to create a diversified portfolio.

Thanks to the new investment solutions and the advising skills of Family Bankers®, in 2012, the Mediolanum Group had net inflows into mutual funds of over €2.3 billion (vs. €1.4 billion in 2011).

Additionally, by taking advantage of favorable market conditions during the

year, the Group introduced the **Unit-Linked Mediolanum Synergy** and **Mediolanum Più** solutions, which are designed to protect investments and offer a high return.

Lastly, Banca Mediolanum – which is the parent company's main distribution channel – sold €98 million worth of Mediolanum S.p.A. bonds to its customers.

PROTECTION INSURANCE PRODUCTS

The Group had significant net inflows of approximately **€51 million in 2012, with a 59% increase with respect to 2011.**

This is the basis on which Banca Mediolanum can build on, achieving its mission in terms of protection and offering a comprehensive range of products designed to meet all the needs of its customers in terms of insurance.

In the first half of the year, the Bank broadened its insurance product line by introducing a new tool that enables customers to access the insurance market with an initial "basic" insurance coverage that can be subsequently broadened and turned into a "major event" coverage: 4Assistance.

This product provides protection against "major events" significantly affecting a person's life – which is Banca Mediolanum's mission in terms of protection – together with "casualty" coverage, as life is unpredictable and accidents can happen at any time.

Actually, with this product customers can rest easy, as they can get help and assistance 24 hours a day should unforeseeable accidents occur to their house, car, health or during a trip, and really feel that their lifestyle and that of their family is effectively protected. A great innovation was introduced in the insurance product range, i.e. the concept of Human Capital: an individual is an income earner and, as such, can improve his standard of living, both in financial and social terms, and that of his family. That is why he must be protected against unforeseeable major events that could affect his income earning capacity and standard of living.



Stefano Zanoncelli

Advertising

In 2012 Banca Mediolanum's advertising campaign continued to focus on the InMediolanum deposit account, in line with the previous year.

Specifically, many communications initiatives dedicated to the new offers were carried out in March, and a new "member get a member" campaign was launched, which offers customers who introduce one or more friends (and such friends if they become new customers) the opportunity to enjoy higher returns.

An advertising campaign featuring Chairman Ennio Doris and Sales Manager Stefano Volpato, as well as a Family Banker®, was launched in April. The campaign promoted the role of Family Bankers® and invited banking professionals to learn more about this new customer-oriented job. The ads reran in newspapers, magazines and radio programs in August.

A new campaign dedicated to the InMediolanum deposit account kicked off on July 8. It focused, once again, on the concept of the circle – the symbol of the Bank's customer-oriented model – which is passed from hand to hand, while different people explain, to the public, why Banca Mediolanum is "built around them". To attest to the reliability of the services offered, Chairman Ennio Doris was once again the "face" of the ad campaign.



The Bank made extensive use of TV, radio, the press and the Internet (with direct marketing initiatives aimed at attracting new customers), as well as outdoor adver-

tising (referring customers to the local Family Banker® Office).

The InMediolanum campaign ran parallel to the Bank's branded YouTube channel. Ennio Doris launched the new channel on TV and the Internet, by introducing the Bank's top executives and by inviting the public to use the new channel to get to know them better. Once again, Mediolanum's strategy was to "put itself on the line" thanks to its managers.

The second InMediolanum ad ran in November, sequel to the one broadcasted in July, but featuring a new setting and new people.



In 2012, television was the most used communication medium, with 51% of the advertising spend. Thanks to the InMediolanum campaign, the web ad spend also remained high (23%). The many advertising campaigns launched during the year generated a great deal of visibility, due to extremely high levels of reach and frequency.



Media Mix		
Medium (%)	2012	2011
TV	47	51
Internet	28	26
Print	10	6
Radio	9	9
Cinema	0	0
Billboards	6	8
TOTAL	100	100

EFFECTIVENESS AND RECALL

All of the advertising efforts made in 2012 kept Banca Mediolanum in the forefront of consumers' minds, as well as in 2nd place in the category of spontaneous recall of banking brands advertising.

Spontaneous recall of banking brands advertisement	
2012	2011
1. ING Direct/Conto Arancio	1. Banca Mediolanum
2. Banca Mediolanum	2. ING Direct/Conto Arancio
3. Intesa SanPaolo	3. CheBanca!

Customer-oriented communication

MEDIOLANUM FREEDOM REWARDING.

Mediolanum Freedom Rewarding- I Love Mediolanum.

In 2009, Banca Mediolanum launched a loyalty program called Mediolanum Freedom Rewarding: primary account holders can introduce a friend or someone they know, so that the Bank staff can illustrate the features and advantages of the account to them. The moment they become primary account holders, the customer who introduced them will earn points that he/she can use to choose a reward from the catalog. Moreover, Freedom* account holders wishing to participate in the initiative can also accrue points when they use their bank account.



The "I Love Mediolanum" special offer ended in August 2012: customers introducing 3 friends who became new customers by opening a Freedom or Standard account, in accordance with the terms set out in the offer regulations, had the opportunity to win an iPad2 with WI-FI+3G 32GB or earn 180,000 Freedom Rewarding points that they could use to pick a gift from the reward catalog. The "Freedom Rewarding – I Love Mediolanum" initiative was a great success and significantly contributed to the Piccolo Fratello charitable project promoted by the Mediolanum Foundation together with the Francesca Rava NPH Italia Non-Profit Foundation.

* The complete rewarding program regulations are deposited at Testoni & Testoni Promotion s.a.s. - Via Martiri di Belfiore, 3 20090 Opera (MI) - and are available on the website www.bancamediolanum

SPONSORSHIPS

In 2012, Banca Mediolanum sponsored, once again, the King of the Mountains of the Giro d'Italia with the blue jersey - a symbol of Italy. The Bank has sponsored the event since 2003, and also this year, thanks to the participation of some of the biggest names in cycling, it organized a multitude of entertaining and informative activities for the public at large, and had the opportunity to meet thousands of customers at dedicated dinners and events along the stages of the race route, including amateur races and reception areas and booths at the start and finish of every stage. Moreover, as always, the Piccolo Fratello project aimed at helping the children of Haiti was promoted at the Giro d'Italia and significant funds were raised to support the initiative.



LOCAL EVENTS

The sponsorship events organized by the Bank are not limited to national events, but are also carried out at the local level (e.g. fairs, conferences, sporting events, art exhibitions).

The Sales Network people have the chance to meet up with current customers and prospects at these local fairs, art exhibitions and cultural and sporting events.

In 2012, more than 5,286 events, in which over 200,000 current customers and prospects participated, were carried out at the local level (+5% vs. 2011).

To promote these initiatives, Banca Mediolanum's promotional van travelled across Italy and was positioned in high traffic public areas, such as squares and markets, in several cities across the country. A booth equipped with touch screen monitors where staff provided a practical demonstration of the multi-channel integrated bank model was placed in busy shopping malls and trade fairs.

The key events organized by the Bank to strengthen the bond with its customers include exclusive movie premieres and the initiatives dedicated to Mediolanum Private Banking and Club

Primafila customers, which enjoyed great success. They are prestigious events in the areas of art, culture, music, entertainment, but also sporting events and leisure time activities that give Family Bankers® a great opportunity to socialize with customers outside of work.

MEDIOLANUM PERSONAL MARKETING

Mediolanum Personal Marketing (MPM) is the Marketing Automation platform enabling Family Bankers® to plan communication activities for their customers and prospects.

The 2012 figures were the following:

- 73 campaigns were carried out versus 48 marketing initiatives;
- 93% of Family Bankers® used this tool (out of a total of 4,315);
- 323,000 existing customers were contacted at least once;
- more than 288,700 prospects were contacted at least once.

The key marketing initiatives organized this year were designed to encourage customers to increasingly use their current accounts, broaden the range of services offered to deposit account holders and promote the Ognimese Mediolanum initiative.

Moreover, the MPM tool greatly supported the corporate advertising campaign regarding the InMediolanum deposit account – which ran on all media – with e-mail that Family Bankers® could send to customers.

The range of tools that Family Bankers® can use to communicate with their customers – e.g. e-mail, text messages, letters and banners on the corporate website – was enhanced with a new communication channel, i.e. the telephone, to also carry out outbound and inbound campaigns.

This gives Family Bankers® another tool to keep in touch with the people and promote and strengthen their relationship with existing and potential customers.

Protection and Guarantees

COMMITMENTS TO QUALITY

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

As a form of self-regulation, the Consortium subsequently introduced “Impegni per la Qualità” (Commitments to Quality), i.e. a set of regulations and initiatives promoted by the banking system that simplify the relationship between banks and customers.

Banca Mediolanum participates in the “Commitments to Quality” project, which targets retail customers and addresses 4 areas of interest:

- customer mobility;
- assistance in borrowing;
- online banking security;
- comparing bank accounts.

The project mainly aims 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 provide simple and clear information to customers, enabling them to make more informed choices in terms of banking services.

The joint efforts made by the PattiChiari Consortium member banks are based on the “Commitments to Quality” and their implementation. The Boards governing the Consortium include an Advisory Committee, which is made up of representatives from consumers’ associations and academic and professional circles, and is in charge of supervising the fairness of the overall activity carried out by the Consortium as well as of monitoring the implementation of the

Commitments. Specifically, Banca Mediolanum continues to strengthen its commercial initiatives aimed at making customer mobility easier.

For example, PortaConto, an easy-to-use and user-friendly service that enables customers to easily switch bank

without having to personally fulfill any bureaucratic requirements: Banca Mediolanum, upon request from the customer, closes all the bank accounts that the customer holds at another bank and opens new accounts.

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



Simone Lisoni

COMMITMENTS TO QUALITY		
Macro-areas of intervention	Commitments	Activated
CUSTOMER MOBILITY	Average time to close a bank account	●
	Transfer of payment services: Direct Debit	●
	Transfer of bank transfers	●
	Transfer of securities portfolios	●
	Transfer of cash orders	●
	Mortgage portability	This commitment was suspended due to the amendments made to art. 120 quater of the Consolidated Banking Act
ASSISTANCE IN BORROWING	Certification of mortgage interest and expenses	●
	SME Lending	not applicable to the Mediolanum model
ONLINE BANKING & CARD SECURITY	Payment Card Security	●
	Online Banking Security	●
COMPARING BANK ACCOUNTS	Comparing bank accounts	●
	Search engine - comparing packaged bank accounts	●
	Search engine - comparing bank accounts	●
	Search engine - comparing basic bank accounts	●
	Financial inclusion services	Banca Mediolanum already offers the Basic Account, in accordance with Law 214/2011, therefore it is not required to provide these types of services.

REVIEW OF CONTRACTUAL TERMS

Among the credit products offered to customers, there are some highly flexible options. 'Mutuo Freedom' is an example of a non-standard mortgage loan product that can be adapted to meet customer needs and that allows to modify certain parameters (including the interest rate paid and the length of the mortgage) over the life of the contract, without having to renegotiate the mortgage.

PERSONAL DATA PROTECTION

Legislative Decree no. 196 of June 30, 2003, also known as the "Personal Data Protection Code", unified the many amendments and addenda to the original Act no. 675/1996 into a single Data Protection Act. The Personal Data Protection Code addresses confidentiality of information as well as identity and personal data 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. Moreover, to increase security of personal data and of the databases storing information on customers and Mediolanum Group companies, (i.e. to mitigate the risk associated with the circulation and/or use of information by third parties) **specific actions** were taken:

- a notice was sent to all Banca Mediolanum's personnel regarding the minimum data security and confidentiality requirements users must comply with when storing and processing data and documents, including electronically;
- document shredders were installed on each floor at the HQ to destroy any confidential material;
- the Bank met the specific requirements imposed by the regulation issued on November 27, 2008 regarding the personnel in charge of the electronic processing of personal

data, with specific reference to the role they play within the administrative system;

- the Bank complied with the provisions contained in the “2011 Development Decree” aimed at streamlining procedures.

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

- preparing information about deeds, contracts, contests etc. in accordance with the guidelines issued by the Italian Data Protection Authority;
- verifying compliance with the regulations on physical and information technology security affecting personal data protection;
- preparing “Security Policy Documents” for the companies that are part of the Group, in collaboration with the Information Systems and Organization Department;
- organizing training sessions for data processors and individuals in charge of processing personal data.

Claims and Requests

The Personal Data Protection Office may receive the following claims and requests either directly from customers or from the Italian Data Protection Authority:

- **complaints:** complaints must contain a detailed account of facts, violated regulations and remedies sought. They can be filed without having to comply with specific official procedures;
- **requests for investigation:** when it is impossible to file a complaint containing the abovementioned information, a request for further investigation by the Data Protection Authority can be filed;
- **claims:** claims are filed when an individual intends to protect his/her rights under the Personal Data Protection Code;
- **requests for production of information:** requests for production of information are requests filed to verify whether a company stores certain personal information in its databases;
 - **requests for cancellation of data:** requests for cancellation of data are requests filed to block the use of data for purposes other than those strictly related to the relationship in force with the bank.

Analysis of claims and requests received

In 2012, the number of requests for cancellation of personal data decreased versus the prior year

Type of claim/request (Number)	2012	2011
Complaints	18	23
Requests for investigation	3	0
Claims	1	4
Requests for production of information	1	1
Requests for cancellation of data	911	1,161
TOTAL	934	1,189

Outstanding lawsuits with the Sales Network mainly regard legal actions initiated by the Bank in response to unacceptable behavior or in any case behavior that is not compliant with the regulations governing off-premises sales of financial services: in this case the Bank takes measures to protect customers who suffered damage. To mitigate these risks, the Sales Network Inspectors and the Anti-Money Laundering Unit perform checks on the sales activity of the Network on a regular basis, with the objective of ensuring full and continuous compliance with the regulations applicable to off-premises sales of financial products and services. Checks and audits were conducted at Financial Advisors' offices as well as at corporate Headquarters, by using remote monitoring and analysis tools. In addition to such checks, potential operational and reputational risks related to the Sales Network activities were assessed by using specific quantitative and statistical indicators.

To further protect the Bank, the insurance policy covering potential illegal actions by Sales Network members that could come to the detriment of customers was also renewed in 2012.

COMPLAINTS

In accordance with existing regulations, the Mediolanum Group adopted a structured and regulated approach to complaint handling, as regards both existing and potential customers. The Group is aware that customer satisfaction – which is a top priority for the Group – is also a key element in developing a successful corporate image with respect to the market.

Therefore, the complaint handling procedure is not only designed to comply with existing regulations, but also to obtain relevant information that allows the company to constantly improve service quality.

That is why the Customer Relationship Management Department was set up within Banca Mediolanum at the beginning of the year. Among other things, the CRM Department is in charge of ensuring that the Bank provides high-quality services and has a good relationship with its customers.

Specifically, this department carries out a complaint analysis and enters customer complaints in the Complaint Registry, by classifying them in accordance with existing regulations and depending on the specific needs to be met in terms of marketing analysis; it then forwards the complaints to the departments in charge of the preliminary investigation and of complaint handling. This department also monitors complaint schedules, in compliance with existing regulations and internal policies, and analyzes the Bank's responses to customer complaints, to ensure that they are comprehensive and clear and to detect possible areas for improvement.

Nonetheless, the Risk Management and Compliance Department is in charge of monitoring overall complaint handling, as well as of evaluating, based on the results of the analysis of reported problems and deficiencies, if actions should be taken to mitigate risk with respect to the company's processes or procedures. Moreover, the Risk Management and Compliance Department reports to the Board of Directors and the Board of Statutory Auditors on complaint handling on an annual basis, pointing out any deficiencies detected in terms of procedures, organization or behavior.

Number of complaints received

The overview of complaints received in 2012 provided below takes into account all the written complaints regarding banking, investment and insurance services provided by the Group that were sent by fax, mail, e-mail or telegram by customers or prospects.

In 2012, the Group received 5,694 complaints (approximately 24% less than in 2011), of which 5,592 could be handled and 102 could not, as they failed to contain the necessary information. For example, complaints that fail to provide information about the person filing the complaint or the product that is the subject of

the complaint fall within the latter category. To provide a comprehensive overview of the complaints received, it is worth mentioning that, in 2012, 626 old complaints were reopened, since the initial response was felt to be unsatisfactory by the customers (out of these, 624 could be handled and 2 could not).

Out of 5,694 total complaints received, 5,189 (approximately 91%) were addressed to Banca Mediolanum, Banco Mediolanum and Bankhaus August Lenz, which sell the Group's products through their Sales Network.

The most frequently used channel to file complaints was by e-mail: approximately 70% of complaints were sent by e-mail.

Number of complaints	Complaints			Old complaints reopened	
	That could be handled	That could not be handled	% of tot.	That could be handled	That could not be handled
Banca Mediolanum S.p.A.	4,846	35	86%	572	1
Banco Mediolanum S.A.	112	6	2%	0	0
Bankhaus August Lenz & Co. AG	190	0	3%	0	0
Mediolanum Gestione Fondi SGR p.A.	27	1	0%	1	0
Mediolanum International Fund Ltd	0	0	0%	-	-
Mediolanum International Life Ltd	33	2	1%	4	0
Mediolanum S.p.A.	0	42	1%	0	0
Mediolanum Vita S.p.A.	384	16	7%	47	1
TOTAL	5,592	102	100%	624	2
OVERALL TOTAL	5,694		100%	626	

BREAKDOWN OF COMPLAINTS

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

- the complaint is rejected, as it is deemed to be "groundless";
- the complaint is accepted, meaning the disservice given the customer is acknowledged and customer requests are accepted;
- the complaint reaches a friendly resolution through an out-of-court agreement.

The analysis of the preliminary investigation results reveals that out of 5,592

complaints that could be handled, 5,082 were resolved in 2012, of which 1,025 were deemed to be well-grounded (approximately 20%); out of these, 23 were settled by agreement with the customers.

In 2012, the average response time (30 days) and the ratio between “unresolved and expired complaints” and “total complaints received” at the end of the year (equal to 0.9%) remained unchanged with respect to the previous year.

Complaints that could be handled	2012	2011	Change %
Complaints received	5,592	7,319	(24%)
Complaints resolved of which	5,082	6,698	(24%)
Upheld	1,025	1,140	(10%)
Groundless	4,057	5,558	(27%)
Complaints under investigation - not expired at year end	476	555	(14%)
Complaints under investigation - expired at year end	49	65	(25%)

Claims, conciliation and mediation

Disputes with customers are also resolved through mediation or claims filed with neutral and impartial dispute resolution organizations.

In 2012, the number of disputes resolved through mediation significantly increased, while the number of disputes settled through other dispute resolution mechanisms decreased.

Number of claims	2012	2011
Banking and Financial Arbitrator (BFA)	11	16
Ombudsman	11	12
Mediation	156	128
TOTAL CLAIMS FILED	178	156

The Banking and Financial Arbitrator (BFA) is an independent and impartial dispute settlement mechanism that was set up by the Bank of Italy to resolve disputes between customers and banks 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 and cheaper alternative compared

to litigation, which often entails complex and lengthy procedures. Customers can refer to the Arbitrator by filing a complaint once they have made an effort to solve the problem directly with the bank. If they are not satisfied with the decision of the Arbitrator, they can still present their case to a judge.

An overview of the decisions taken by the BFA with respect to complaints filed by Banca Mediolanum customers is provided in the chart below.

Claims filed with the BFA	2012		2011	
	Number of claims	% of tot.	Number of claims	% of tot.
Discontinuance of the matter in dispute	1	9%	1	6%
Dismissed claims	0	0%	0	0
Upheld customer claims	0	0%	5	31%
Not upheld customer claims	0	0%	4	25%
Partially upheld customer claims	1	9%	2	13%
Unacceptable claims	2	18%	1	6%
Time-barred claims	0	0%	3	19%
Total claims resolved	4	36%	16	100%
Total claims pending arbitration	7	64%	0	0
TOTAL CLAIMS FILED	11	100%	16	100%

Customers of PattiChiari Consortium member banks 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 the out-of-court dispute resolution mechanism currently referred to as BFA (Banking and Financial Arbitrator) as long as the requirements set out in the regulations are met.

An overview of the decisions made by the Ombudsman with respect to complaints filed by Banca Mediolanum customers is provided in the chart below.

Claims filed with the Banking and Financial Ombudsman	2012		2011	
	Number of claims	% of tot.	Number of claims	% of tot.
Discontinuance of the matter in dispute	2	18%	1	8%
Dismissed claims	0	0%	1	8%
Upheld customer claims	0	0%	0	0%
Not upheld customer claims	1	9%	1	8%
Unacceptable claims	5	45%	8	67%
Time-barred claims	0	0%	1	8%
Partially upheld customer claims	0	0%	0	0%
Total claims resolved	8	75%	12	100%
Total claims pending arbitration	3	25%	0	0%
TOTAL CLAIMS FILED	11	100%	12	100%

Legislative Decree no. 28/2010 regulating mediation aimed at resolving civil and commercial disputes came into effect on March 20, 2011 in Italy.

In its judgment no. 272/2012, the Italian Constitutional Court stated that art. 5, paragraph 1 (and related provisions) of the abovementioned Legislative Decree is unconstitutional as it constitutes excessive delegation of legislative powers. Therefore, starting December 13, 2012, the provisions of the Decree that were deemed to be unconstitutional ceased to have effect. As a consequence, the parties will no longer have the obligation to make an attempt at mediation first to resolve disputes, as a prerequisite for presenting their case to a judge.

However, the parties may still opt for mediation to settle their disputes on a voluntary or contractual basis or upon request from a judge.

An overview of the results of the mediation requests submitted by Banca Mediolanum customers is provided in the chart below.

Requests for mediation Reasons	2012		2011	
	Number of requests	% of tot.	Number of requests	% of tot.
Failure to participate in the mediation meeting	123	78.85%	83	64.84%
Settled after the mediation meeting	5	3.21%	7	5.47%
Settled by mediation	15	9.62%	25	19.53%
Not settled by mediation	9	5.77%	13	10.16%
Under investigation	4	2.56%	0	0.00%
Total	156	100%	128	100%



Luca Di Taranto

SALES NETWORK



Size and Composition

In 2012, the global economy showed no signs of recovery or improvement and remained weak.

Despite the challenging market scenario, Banca Mediolanum continued to strengthen its Sales Network, as shown by the slowdown in the turnover rate (i.e. the ratio between the number of resignations and the average number of Sales Network members): 14.4% in 2010, 12.2% in 2011 and 8.3% in 2012.

Specifically, the 2012 performance is, on the one hand, attributable to the increased retention of those advisors who specifically focus on high net-worth customers and, on the other hand, to a lower number of hires with respect to previous years. This trend is due to the continued implementation of a recruitment method based on which the Group takes on more experienced and qualified advisors; this strategy – due to the ongoing banking crisis in Italy and the many qualified candidates now available – will enable the Bank to get its Sales Network growing again next year.

Banca Mediolanum Sales Network

Sales Network composition (number)	2012	2011	Change %
Financial Advisors	4,315	4,507	(4.3%)
Insurance Agents (non-licensed financial advisors)	0	1	(100.0%)
SALES NETWORK ITALY	4,315	4,508	(4.3%)



BREAKDOWN BY GEOGRAPHY AND GENDER

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 Bankers [®]	% of total	% of Female	Average age			Average length of service		
				M	F	Total	M	F	Total
Piedmont	289	6.8%	21.1%	46.7	43.9	46.1	13.4	9.3	12.6
Liguria	155	3.6%	22.6%	43.5	43.1	43.4	10.2	8.4	9.8
Lombardy	547	12.9%	16.8%	46.9	43.0	46.2	13.5	9.2	12.8
Eastern Triveneto	333	7.8%	9.9%	45.2	43.4	45.0	13.2	9.6	12.8
Western Triveneto	418	9.8%	12.2%	44.3	42.8	44.2	12.4	9.3	12.0
Eastern Emilia	207	4.9%	22.7%	48.6	45.8	47.9	14.3	11.8	13.7
Western Emilia	301	7.1%	18.6%	44.8	42.4	44.3	12.1	9.6	11.6
Tuscany/Umbria	372	8.7%	21.0%	45.1	43.3	44.8	12.0	10.3	11.6
Marches/Abruzzi/Molise	228	5.4%	16.7%	45.1	42.7	44.7	12.7	9.6	12.2
Lazio/Sardinia	547	12.9%	23.2%	44.8	41.2	43.9	11.7	8.4	11.0
Campania	163	3.8%	20.3%	40.7	40.5	40.7	10.2	9.1	10.0
Apulia/Calabria/Basilicata	253	5.9%	19.8%	41.8	38.1	41.1	9.0	6.6	8.5
Sicily	443	10.4%	23.3%	42.6	40.6	42.1	9.7	7.5	9.2
SALES NETWORK ITALY*	4,256	100.0%	18.9%	44.8	42.2	44.3	12.0	9.0	11.4

* The Headquarters Sales Network (49 Managers and Family Bankers[®]) as well as expatriates to international Group companies (10 Managers and Family Bankers[®]) are not included in the table showing the 2012 breakdown of the Sales Network by geographic area.

Women account for about 19% of the total Sales Network, with figures exceeding 23% in certain areas. The average age in the Sales Network is 44.3 years. The figures are in line with the previous year's figures (taking the normal aging process factor into account).

BREAKDOWN BY COMMERCIAL ROLE

Financial Advisors can be classified into the following 4 main sub-categories:

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

Managers and Supervisors are part of Banca Mediolanum; they are in charge of coordinating Sales Network staff (financial advisors, insurance agents, i.e. non-licensed financial advisors, and/or other Supervisors) and their roles are differentiated based on 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 and are categorized according to their expertise and professional skills, which are assessed based on certain parameters, such as assets managed, sales, the size of their customer base and the loyalty of their customers. The abovementioned categories also include those advisors who specifically focus on high net-worth customers. These advisors are part of the **Mediolanum Private Banking Department**, which is composed of qualified professionals and advisors and provides the best banking and financial solutions in terms of quality to high net-worth and affluent customers.

In 2012, the number of advisors in the Private Banking Department increased versus 2011 (+30%), confirming the ongoing efforts made by the Group to take on more experienced and qualified advisors (Private Bankers) and attract high net-worth customers (Affluent Customers).

Category (units)	2012	2011	Change %
Managers (from Group to Region)	294	303	(3.0%)
Supervisors	754	827	(8.8%)
Global Family Bankers®	973	708	37.4%
Family Bankers®	2294	2669	(14.1%)
Total Financial Advisors	4,315	4,507	(4.3%)
Of which: Private Bankers	322	247	30.4%
Junior Family Bankers	0	1	(100.0%)
TOTAL ITALY	4,315	4,508	(4.3%)

Due to the aforementioned strategic decision regarding the composition of the Sales Network, there was a decrease in the number of less experienced advisors while there was an increase in the number of more experienced and qualified advisors who deal with high net-worth customers.



BREAKDOWN OF ANNUAL TURNOVER BY GEOGRAPHIC AREA

The annual turnover is the ratio between Number of Resignations and the Average number of Sales Network members*.

In 2012, there was a drop in the turnover rate with respect to the previous year: 8.3% in 2012 vs. 12.2% in 2011. This figure confirms the ongoing positive trend since 2008, which is mainly due to a reduction in the number of resignations.

Regions	2012	2011
Piedmont	8.1%	17.0%
Liguria	13.9%	14.8%
Lombardy	8.4%	9.2%
Eastern Triveneto	6.8%	8.6%
Western Triveneto	9.9%	7.9%
Eastern Emilia	4.9%	16.4%
Western Emilia	4.9%	15.3%
Tuscany/Umbria	9.6%	11.2%
Marches/Abruzzi/Molise	9.5%	11.3%
Lazio/Sardinia	8.8%	12.9%
Campania	6.7%	5.0%
Apulia/ Basilicata/Calabria	4.1%	15.1%
Sicily	10.4%	13.7%
Sales Network Italy	8.3%	12.2%

CUSTOMERS PER FAMILY BANKER®

The average number of customers per Family Banker® slightly increased compared to the previous year, and so did the average number of assets in their portfolio.

There was also an increase in the average number of customers per Private Banker and in the average number of assets in their portfolio versus 2011.

	2012	2011
Average customers per Family Banker®	198	191
Average assets per Family Banker® (€/1,000)	9,482	8,037

	2012	2011
Average customers per Private Banker	186	181
Average assets per Private Banker (€/1,000)	25,044	23,154

*Average number of Sales Network members = [(Sales Network total number as of December 31 of the prior year) + (Sales Network total number as of December 31 of the current year)]/2

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 expenses incurred to visit customers, costs incurred for local marketing initiatives and out-of-pocket expenses for training activities.

Family Bankers® can choose between alternative career paths based on their personal inclinations:

- **developing and handling a strong customer base**, which can be sold for a significant amount when the Family Banker® ceases his or her activity;
- **a managerial career**, by building a hierarchy of Family Bankers® within the Banca Mediolanum Sales Network structure, with compensation being awarded in the form of commissions.

Moreover, the Mediolanum Group appraises the business the “entrepreneur” has built up at a premium compared to other businesses in the same sector.

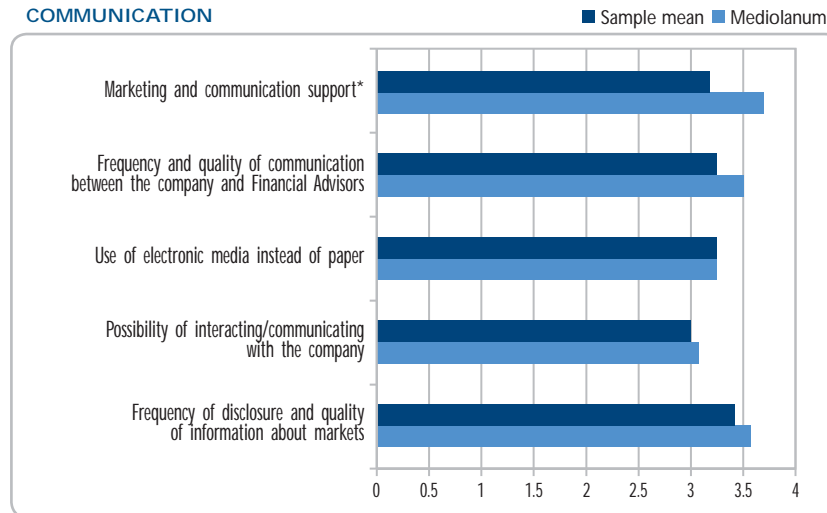
The incentive system takes various quantitative and qualitative factors into account: part of the compensation is linked to **quality parameters** that are measured on an annual basis, such as parameters aimed at assessing whether regular payments are made into recurring policies and installment plans, the number of bank accounts opened and customer retention. Incentive plans with a variety of objectives are underway. This applies to the entire organization up to senior executives. Moreover, the incentive plan is also characterized by:

- consistency between personal objectives and the requirements of the Group;
- rewarding salespeople for particularly positive results through contests;
- granting stock options to the most qualified salespeople.

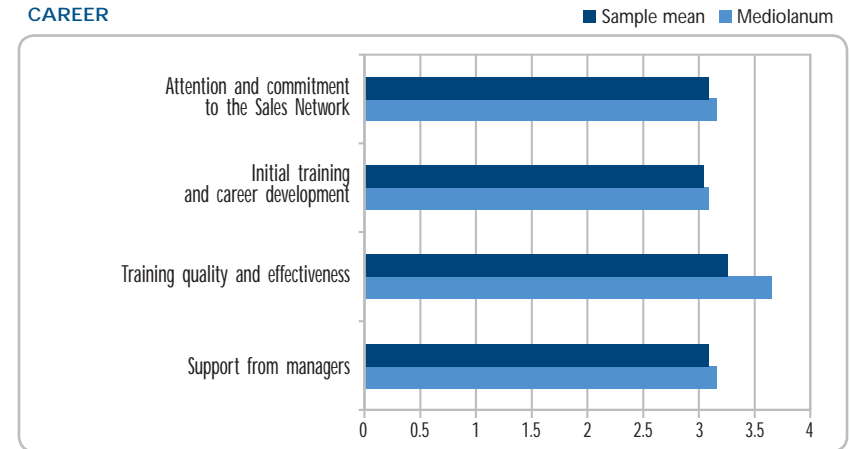
Satisfaction of the Sales Network

The overall satisfaction level of Banca Mediolanum's Sales Network remains very high, in line with 2011, i.e. at 3.26 on a scale of 1-4, where 4 is the highest score. The figure therefore remains stable, although there was an increase in the number of Banca Mediolanum interviewees who responded they were fairly or completely satisfied, from 92% to 96%, and the satisfaction level peaked to 100% in certain areas, such as 'marketing and communication support'.

COMMUNICATION

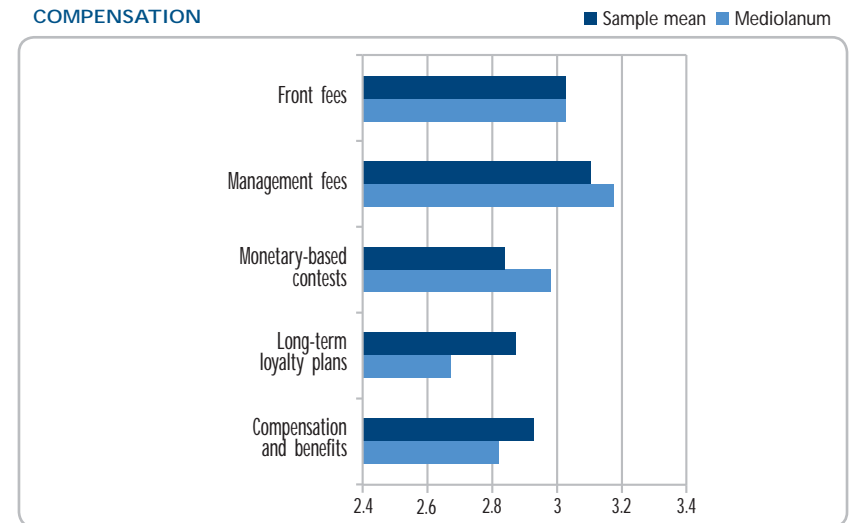


CAREER



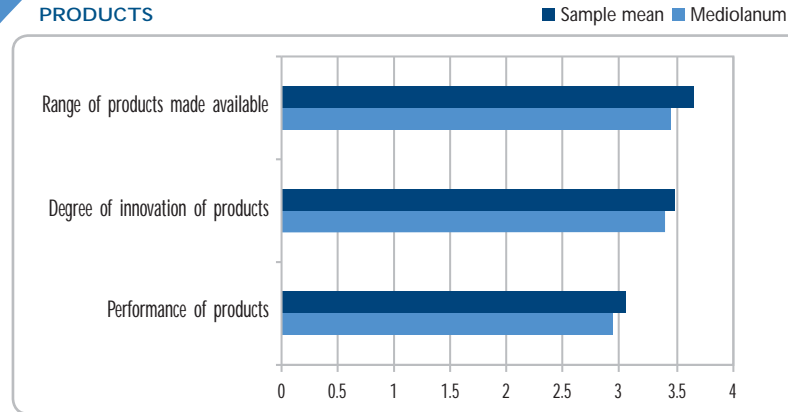
The Bank registered an extremely high level of satisfaction in the area of 'training quality and effectiveness' (99%) and 'initial training and career development' was also much appreciated (87%).

COMPENSATION



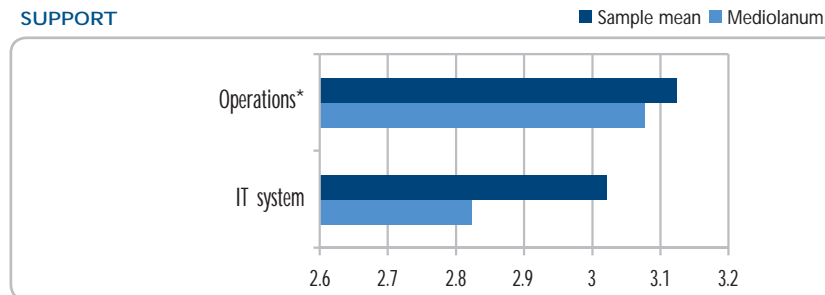
As regards compensation, the level of satisfaction remained stable with respect to previous years, except for a slight increase in the area of 'management fees' and a slight decrease in the area of 'long-term loyalty plans'.

PRODUCTS



The satisfaction of the Sales Network with the Group's products was slightly lower than the industry average.

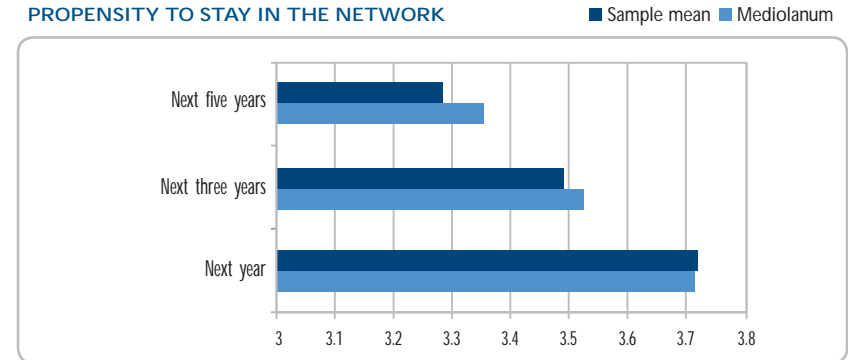
SUPPORT



A good level of satisfaction, in line with 2011, was expressed for the infrastructure supporting Financial Advisors.

* Source: PF Monitor 2012 GfK Eurisko.
The 2012 survey included a sample of 1,810 Financial Advisors from the following companies: Banca Mediolanum, Azimut, S. Paolo Invest, Finanza & Futuro, Banca Fideuram, Allianz Bank, Banca Generali, Fineco, MPS Banca Personale, Banca Euromobiliare and UBI Banca Private.

PROPENSITY TO STAY IN THE NETWORK



The indicators show a good propensity for the members of the Sales Network to remain in the network for the next five years, confirming an above average level of loyalty.



Alessandro Volpi

Tools supporting sales activities

The Group has significant communications tools dedicated to the members of the Sales Network: an Intranet portal, the corporate TV and commercial brochures and tools.

BMEDNET: AN INTEGRATED PORTAL

The BMedNet portal contains all the key 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 delivering benefits to Family Bankers® and making work easier for them, as they can find, all in one place, the information available regarding the subject of their search.

Moreover, all the devices that have to do with training, information, tools, commercial initiatives and incentives are available on the portal. It is a key tool (which is constantly updated and features enriched content) that permits Family Bankers® to best prepare and plan their work in order to meet customer needs in an even more timely manner.

A new project designed to review the portal and add new tools was launched in 2012 and will produce the first results in 2013.

THE CORPORATE TV

The corporate TV transmits a variety of programs on training and refresher courses, which focus on products, marketing initiatives and strategies. The Mediolanum Group was the first Italian company to use this innovative means of communication, having developed the first corporate TV channel in 1989, based on the experience of some American companies. The corporate TV, which was conceived to create horizontal communication, has transmitted programs via the Internet since 2006, reaching the entire Sales Network. Family Bankers® can watch these programs at any time on their laptops.

In 2010, the corporate TV was integrated with BmedNet, allowing for stream viewing of the shows directly on the portal. Starting this year, viewers will have the opportunity to also view the shows by using multiple devices.

In 2012, the formats of the weekly shows were reviewed.

MBedNews is a current affairs show providing updated

information to the Sales Network, while Med App delves into a variety of specific technical issues – on a case-by case basis – regarding banking matters, investments, pensions, technology and the markets. The “Mercati che fare” show (which is also available to the public – i.e. customers and prospects – on the Banca Mediolanum website and the All News TGCOM 24 digital channel) provides a comprehensive overview of the current financial situation, welcoming esteemed guests, including columnists, economists, university professors, entrepreneurs and journalists.

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

TOOLS AND COMMERCIAL BROCHURES

To provide unique, tailored and highly professional consultancy services, Banca Mediolanum supports Family Bankers® by providing them with commercial tools designed to help them illustrate specific products and services and to plan their sales activity. These tools:

- contain certified data and information;
- have strong appeal to customers and Family Bankers®;
- are constantly updated and adapted to reflect the changing market conditions and needs of the customers and the Sales Network;
- are extremely flexible, to enable Family Bankers® to adapt their sales presentations to the selling situation.

These tools, which are jointly developed by certain Headquarters Departments and the Sales Network, build on real success cases and include:

- **tools:** i.e. multimedia tools (which are integrated with BMedNet and connected to the customer database) containing certified and constantly updated information and data; moreover, there is a single sales approach and a common thread running along the entire range of tools.
- **commercial brochures:** i.e. paper versions of the tools, which are usually brochures also containing separate technical data sheets integrating the multimedia tools to enable flexible use of such tools and meet a wider range of customer and Family Banker® needs.

These tools are designed to respond to specific customer needs in terms of banking,

pension, investment and credit services. The Sales Network uses these devices more than 25,000 times per month on average.

A DEDICATED TOLL-FREE NUMBER

A toll-free number staffed by more than 80 operators – who may be contacted by phone or e-mail – providing support and assistance to the Network has been active at Headquarters since 2008. Over the course of 2012, operators received over 380,000 requests from Family Bankers® and Private Bankers, of which 240,000 by phone. In 77% of the cases, the request was managed within the same phone call. The main objective of this set-up is to provide the best possible support, in real time, to Family Bankers® in their work.

LITIGATION AND DISPUTES

Outstanding lawsuits with the Sales Network mainly involve legal actions initiated by the Bank in response to unacceptable behavior or in any case behavior that is not compliant with the regulations governing off-premises sales of financial services: in this case the Bank takes measures to protect customers who suffered damage. To mitigate these risks, the Sales Network Inspectors Unit performs checks on the sales activity of the Network on a regular basis, with the objective of ensuring full and continuous compliance with the regulations applicable to off-premises sales of financial products and services. Checks and audits were conducted at Financial Advisors' offices as well as at corporate Headquarters. In addition to such checks, potential operational and reputational risks related to the Sales Network activities were assessed by using specific quantitative and statistical indicators.

To further protect the Bank, the insurance policy covering potential illegal actions by Sales Network members that could come to the detriment of customers was renewed also in 2012.

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. It is "a company within the company" that aims to train professionals to achieve excellence in customer relationship, 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 negotiation, sales and customer relationship management;
- the company's partners and all those who are close to the Mediolanum Community.

The MCU Campus is located in Milano Tre, Basiglio, Milan, on the Headquarters 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 hybrid, where an ample selection of international books and videos is available, thanks to advanced multimedia equipment. Moreover, 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: it's the ideal place to find body/mind balance.

The Mediolanum Corporate University Campus comprises a dorm with 75 fully-appointed rooms to host the guests of MCU during the various training sessions.

In 2012, new optional courses – with a high technical and professional content – dedicated to Private Bankers were added to the normal training activities, with the contribution of companies not belonging to the Group. Moreover, a program comprising a number of training days was introduced for the first time this year to delve into a winning business model based on the concept of the bank at the service of customer management departments. In general, the Bank's training activities dedicated to the Sales Network are characterized by a highly specialized content and a limited number of classroom hours.



In addition to the normal training activities, Mediolanum Business Meetings – held every 15 days and in which the entire Sales Network participates – also continued in 2012.

Moreover, this year specific Mediolanum Business Meetings were held for Global Bankers®, i.e. those professionals who choose a career path specifically dedicated to developing their customer base.

Global Mediolanum Business Meetings deliver targeted training programs and are held on a monthly basis; additionally, to further enhance the quality and effectiveness of training activities, a specialized course for trainers was launched, with the participation of some of the best trainers in the industry.

As regards other trainer courses – i.e. apart from the activities included in the Mediolanum Business Meetings – the “Train the Trainer” course was introduced in 2012: it is based on last year's blueprint, focuses on performance and is designed to put skills into practice and give participants hands-on experience.

Training activities for Supervisors, aimed at strengthening the operating skills necessary to deliver significant business

results, were also launched across Italy. As regards activities dedicated to the Teaching Manager Community, programs designed to strengthen teaching skills and improve teachers' classroom practice were introduced, considering the key role played by the teaching community and the skills and competences needed for such role.

In mid-2012, to respond to the increased use and popularity of Social Media and considering how they affect all aspects of people's daily lives, MCU designed a series of conferences called “Share the Bank” and dedicated to the main social media. At the “Share the Bank” conferences, labs were made available to enhance the social skills of Family Bankers®.

In an effort to emphasize its role as a “Financial Educator”, Mediolanum Corporate University has chosen to organize educational events to improve the financial literacy of Banca Mediolanum customers and savers in general, addressing topics such as financial planning, protecting households and their assets and achieving financial stability, since real crises are generated by not knowing the rules that govern the financial universe.

Therefore, the “Investire per il mio Futuro” (Investing for my Future) project was launched to create opportunities for those interested in finance and economics to meet and share their views. Six courses, in which approximately 200 customers participated, were held in 2012.

MCU, true to its vision (i.e. “Providing a Way to Excellence”), proposed, also in 2012, a series of events called “MCU incontra l'Eccellenza” (MCU meets Excellence), which were introduced in 2011 and are designed to promote professional development and personal growth among managers and customers.

MCU firmly believes that today what really makes a difference is wanting to make a difference; it's the only way to create a better working and living environment and the only response to an increasingly challenging market environment where things may seem “difficult” or even “impossible” to many people.

Over 1,000 customers attended the 8 events, starring highly-esteemed speakers, such as Tara Gandhi, Jim O'Neill, Miloud Oukili and Paolo Nespoli, as well as other renowned scholars and representatives from the financial world.

To support the Francesca Rava NPH Italia Non-Profit Foundation, Mediolanum Corporate University and the Mediolanum Foundation promoted an educational project dedicated to 8 Haitian young people, who stayed in Milano Tre in July 2012. This tailored internship is divided into three key topics, i.e. self-awareness, theory and practice, and includes computer labs and real “mini-internships” within Banca Mediolanum, where interns are provided with on-the-job-training in the Investor Relations and the Media Relations Departments.

LEARNING: AN INTEGRATED PROCESS

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. On-the-job training follows the training phase to put into practice what was learned in the training sessions.

TRAINING AND DRILLING: DIALOGUE AND SHARING

MedBrain enables the Banca Mediolanum Sales Network to access their study plan – containing constantly updated information about specific courses and tests passed – as well as data analyses and reports.

2012 figures are provided in the chart below:

Hours of Training - Classroom and Online		
TOTAL NUMBER OF HOURS OF TRAINING	Hours of credit 2012	Hours of credit 2011
Total number of hours - classroom	273,643	314,216
Of which: hours spent in the MCU lecture hall	57,075	65,164
Total number of hours - online	137,514	242,288
TOTAL	411,157	556,504
TOTAL NUMBER OF HOURS OF TRAINING PER CATEGORY	Hours of credit 2012	Hours of credit 2011
Refresher training	150,308	165,848
Behavioral	34,164	46,510
Managerial	16,290	17,590
Regulations – Compliance with regulatory requirements	134,119	160,181
Insurance products	26,710	30,564
Banking products	18,854	111,155
Financial products	10,625	18,134
IT systems	20,088	6,522
TOTAL	411,157	556,504



Anna Gelmetti

Participants - Classroom and Online		
TOTAL NUMBER OF PARTICIPANTS	Participants 2012	Participants 2011
Total number of participants - classroom	48,947	55,603
Of which: Number of participants at MCU lecture hall	3,377	3,094
Total number of participants - online	53,382	105,918
TOTAL	102,329	161,521
TOTAL NUMBER OF PARTICIPANTS BY CATEGORY	Participants 2012	Participants 2011
Refresher training	36,091	42,014
Behavioral	1,299	1,776
Managerial	1,301	1,403
Regulations – Compliance with regulatory requirements	30,760	35,469
Insurance products	10,454	13,296
Banking products	7,876	55,573
Financial products	8,489	10,244
IT systems	6,059	1,746
ND	-	-
TOTAL	102,329	161,521
Number of courses		
TOTAL NUMBER OF COURSES	Courses 2012	Courses 2011
Number of courses - classroom	58	49
Number of courses - online	123	111
TOTAL	181	160

In 2012, the institution continued to mostly focus on the area of 'refresher training', in the MBM version, while the number of hours dedicated to behavioral and managerial topics – especially the latter – was reduced. Although there was a decrease in the number of participants in the Mediolanum Business Meeting course and in the hours dedicated to it, the number of hours per participant increased.

In 2012, a highly specialized hands-on course called "Scelti per Vincere" (Chosen to Win) was introduced and tested across the country in three areas of the Sales Network. It is designed to improve managers' skills and help them deliver significant business results.

This year, there was a significant increase in the hours dedicated to 'IT systems' compared to previous years, due to the launch of the digital signature, a new method for signing contracts and documents online, which required a specific training program dedicated to the Sales Network.

As regards time-to-market initiatives, more than fifteen conferences on various topics, ranging from fiscal issues, to protection, up to Real Estate Investment Trusts, and open to participation on a voluntary basis, were held this year.

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

As regards the number of people who took the exam in the three exam sessions that were held in 2012, there was an increase in the number of candidates from other businesses and a decrease in the number of candidates from Banca Mediolanum. 198 BM candidates took the exam, versus 246 in 2011 (48 less than last year, i.e. -19.5%). The number of candidates from other businesses who took the exam, instead, increased, reaching 3,163 versus 2,564 in 2011 (+23.4%).

155 candidates from Banca Mediolanum passed the exam, versus 192 in 2011 (37 less than last year, i.e. -19.3%), with a 78.3% success rate, substantially in line with the previous year (78.0%).

956 candidates from other businesses passed the exam, versus 694 in 2011, with a 30.2% success rate, slightly better than in 2011 (27.1%) and in 2010 (26.2%).

Family Banker® Recruiting

The Family Banker® Recruiting Department – thanks to a dedicated team of managers working at Headquarters as well as on-site – is in charge of supporting the work done by the network of Local Managers, who are responsible for growth of the Bank.

Specifically, the Headquarters Team is in charge of developing new recruitment strategies and tools designed to ensure an efficient recruiting system, as well as of training Hiring Managers and all the recruiters in general.

In 2012 the Bank strongly focused on bankers: a recruitment campaign comprising television ads was aired during the European Football Championship, which also continued in the following months with radio spots and print ads. Video conferences were held, in which Chairman Ennio Doris as well as some of the biggest names in finance participated.

The Bank organized these events having two goals in mind: firstly, to promote financial culture among an audience of qualified professionals and, secondly, to talk about the opportunities available to Family Bankers®.

The official website www.familybanker.it, dedicated to potential candidates, was renewed and a significant number of surveys were carried out at the local level. The training tours, that are carried out by Headquarters managers on a regular basis, strengthened the skills of the best recruiters in selecting candidates.

Moreover, the best Supervisors were also given the task of developing start-up programs aimed at helping new Family Bankers® improve their performance and be on their own sooner.

The Customer – Family Banker® relationship at the local level

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, i.e. “Banca Mediolanum - Family Banker Offices®”, are a point of contact where customers and prospects can obtain information or an opinion on financial, banking or pension matters.

Office type	2012	2011	Change %
Family Banker® Office	230	234	(5.35)
Sales Network Traditional Offices	247	261	(5.36)
Branches	5	6	(16.67)
TOTAL	482	501	(3.79)

The Family Banker Office® is the place where customers can find out about Banca Mediolanum and, with the help of Family Bankers®, 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 other branches of Banca Mediolanum are in Milan, Rome, Bologna and Assago.

The regions with the greatest number of Family Banker® Offices are: Lombardy, Veneto, Emilia Romagna, Sicily, Tuscany, Lazio and Piedmont.

Network of
Family Banker® Offices
across Italy

REGION	No. FBOs
Valle D'Aosta	2
Piedmont	16
Lombardy	37
Trentino Alto Adige	4
Friuli Venezia Giulia	3
Veneto	37
Emilia Romagna	24
Liguria	5
Tuscany	19
Marches	13
Umbria	6
Abruzzi	3
Lazio	19
Molise	5
Campania	8
Apulia	5
Sardinia	2
Calabria	1
Sicily	21
TOTAL	230



EMPLOYEES



Analysis of employees

An overview of the Mediolanum Group's personnel at the end of the year is provided on the following pages. 2012 figures are compared with 2011 figures.

BREAKDOWN OF EMPLOYEES BY CATEGORY AND GENDER

Category	2012			% of total
	Number			
	M	F	Total	
Senior Managers (*)	68	13	81	4.4%
Middle Managers	148	97	245	13.4%
Non-management employees	646	852	1,498	82.1%
TOTAL	862	962	1,824	
Men/Women (%)	47.3%	52.7%		
Category	2011			% of total
	Number			
	M	F	Total	
Senior Managers (*)	71	14	85	4.8%
Middle Managers	138	93	231	13.1%
Non-management employees	624	830	1,454	82.1%
TOTAL	833	937	1,770	
Men/Women (%)	47.1%	52.9%		
Category	Change %			% of total
	Number			
	M	F	Total	
Senior Managers (*)	3	1	4	(4.7%)
Middle Managers	10	4	14	6.1%
Non-management employees	22	22	44	3.0%
TOTAL	29	25	54	3.1%
Men/Women (%)	53.7%	46.3%		

* This data does not take into account certain senior managers hired on a temporary basis for a specific project underway in the Banca Mediolanum Sales Network Area (5 senior managers in 2011 and 1 senior manager in 2012).

In 2012, there was an increase in employee numbers, specifically due to the InMediolanum project, and the men/women ratio remained more or less unchanged.

This year, approximately 53% of the employees were women, in line with previous years.

The Mediolanum Group registered a 3.1% increase in 2012, which is a significant figure if compared to the employment trend in the industry, which, instead, slightly decreased by 0.7% (ABI** data).

BREAKDOWN OF FEMALE EMPLOYEES BY CATEGORY

	2012	2011
Senior Managers	16.05%	16.47%
Middle Managers	39.59%	40.26%
Non-management employees	56.88%	57.08%

The breakdown of Mediolanum Group female employees by category was stable. In 2012, female executives accounted for 1.35% of all women employees, compared to an average of 0.6% in the banking and finance industry according to ABI (Italian Banking Association)**. Out of total executives, 16.05% were women, and the percentage was high also for other professional categories.

** ABI *Report on Personnel Statistical Data as of December 31, 2011*.

BREAKDOWN OF EMPLOYEES BY COLLECTIVE LABOR AGREEMENT TYPE

Collective Labor Agreement type	2012				
	Number by category			Total	% of total
	SM	MM	NME		
Banking		216	1,428	1,644	90.1%
Insurance	1	5	22	28	1.5%
Commerce	80	21	34	135	7.4%
Private Radio & TV Networks		3	14	17	0.9%
TOTAL	81	245	1,498	1,824	
Collective Labor Agreement type	2011				
	Number by category			Total	% of total
	SM	MM	NME		
Banking		201	1,366	1,567	88.5%
Insurance	1	5	22	28	1.6%
Commerce	84	21	39	144	8.1%
Private Radio & TV Networks		4	27	31	1.8%
TOTAL	85	231	1,454	1,770	

The breakdown of employees by collective labor 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 engaged 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.

BREAKDOWN OF EMPLOYEES BY LABOR AGREEMENT TYPE

Type of contract	2012	2011	Change %
	Number	Number	
Permanent employment	1,769	1,704	3.8%
<i>Apprenticeship</i>	45		
Fixed-term contracts	55	66	(16.7%)
<i>Trainee contracts</i>	35	46	(23.9%)
<i>Fixed-term contracts (*)</i>	20	20	0.0%
TOTAL STANDARD CONTRACTS	1,824	1,770	3.1%
TOTAL FLEXIBLE CONTRACTS AND OTHER CONTRACTS	44	31	41.9%
TOTAL	1,868	1,801	3.7%

(*) This data does not take into account certain senior managers hired on a temporary basis for a specific project underway in the Banca Mediolanum Sales Network Area (5 senior managers in 2011 and 1 senior manager in 2012).

In 2012 there was a nearly 42% increase in the number of flexible contracts versus the previous year, although such contracts only account for 2.4% of the total workforce.

This year, unlike the majority of companies in the industry – where there was a 0.7% decrease in the number of apprentices hired – the Bank tended to mostly hire apprentices: in fact, 52% of new hires obtained an apprenticeship contract. Mediolanum Corporate University delivers a specific vocational training program dedicated to new apprentices.

There was, instead, a significant 24% drop in the number of trainee contracts versus 2011.

BREAKDOWN OF EMPLOYEES BY AGE GROUPS

2012					
Age group	Number by category			Total	% of total
	SM	MM	NME		
18-25			42	42	2.3%
25-35		7	702	709	38.9%
35-45	26	151	616	793	43.5%
45-55	41	76	124	241	13.2%
over 55	14	11	14	39	2.1%
TOTAL	81	245	1,498	1,824	

2011					
Age group	Number by category			Total	% of total
	SM	MM	NME		
18-25			45	45	2.5%
25-35		10	760	770	43.5%
35-45	33	144	533	710	40.1%
45-55	38	67	104	209	11.8%
over 55	14	10	12	36	2.0%
TOTAL	85	231	1,454	1,770	

In 2012, 41.1% of total employees were younger than 35, versus 46% in 2011. The majority of employees now fall within the 35-45 age group (43.5%), mainly due to the normal aging process factor and to a significant portion of employees moving up to the next age group.

The breakdown of employees by category and age shows that the majority of senior managers are in the 45-44 age group (50%) and most middle managers in the 35-45 age group (62%), while 50% of non-management employees are younger than 35.

It is also worth noting that there are no senior managers who are younger than 35 and that only very few middle managers fall within the 25-35 age group (3%).

AVERAGE AGE

Category (Age)	2012			2011		
	M	F	Total	M	F	Total
Senior managers	48.7	51.61	49.17	47.74	51.13	48.30
Middle managers	49.85	43.84	43.85	43.16	42.93	43.07
Non-management employees	34.89	36.17	35.61	34.28	35.63	35.03
TOTAL	37.52	37.17	37.32	36.90	36.59	36.74

In 2012, the average age of Mediolanum employees remained basically unchanged with respect to 2011: it was approximately 37 years. The breakdown of employees by category and gender shows that the average age for women was more or less the same as that for men; moreover, the average age for women senior managers slightly increased (by 3 years).

This figure is considerably lower than the industry average, as shown in ABI's "2011 Report on Personnel Statistical Data"*. According to this Report, in 2011 the average age of banking employees was 43.8: 50.4 for senior managers, 47.2 for middle managers and 41.3 for other categories.

* ABI "Report on Personnel Statistical Data as of December 31, 2011".

BREAKDOWN OF EMPLOYEES BY LENGTH OF SERVICE (*)

2012					
Length of service	Number per category			Total	% of total
	SM	MM	NME		
0-2 years	2	7	83	92	5.0%
2-5 years	6	15	313	334	18.3%
5-10 years	13	40	543	596	32.7%
10-15 years	32	121	449	602	33.0%
over 15 years	28	62	111	201	11.0%
TOTAL	81	245	1,498	1,825	

2011					
Length of service	Number per category			Total	% of total
	SM	MM	NME		
0-2 years	3	9	77	89	5.0%
2-5 years	9	18	404	431	24.4%
5-10 years	20	37	436	493	27.9%
10-15 years	29	120	441	590	33.3%
over 15 years	24	47	96	167	9.4%
TOTAL	85	231	1,454	1,770	

(*) Length of Service relates to service within the Group.

The analysis shows that in 2012 approximately 66% of employees fell within the '5-15 years' length of service range, with a 4.4% increase versus last year, mainly due to a significant portion of employees – who joined the Group in past years, when the Group enjoyed excellent growth – moving up to the next length of service group.

It is worth noting that the majority of managers show a good propensity to remain in the Group for many years: over 70% of senior and middle managers have more than 10 years of service.

EDUCATION LEVEL

2012					
Category	Gender	Number per category %			Total %
		University degree	High school diploma	Vocational school	
Senior managers	M	83.8%	16.2%	0.0%	100%
	F	53.8%	46.2%	0.0%	100%
	Total	79.0%	21.0%	0.0%	100%
Middle managers	M	58.1%	39.2%	2.7%	100%
	F	45.4%	51.5%	3.1%	100%
	Total	53.1%	44.1%	2.9%	100%
Non-management employees	M	43.3%	52.0%	4.6%	100%
	F	38.5%	58.9%	2.6%	100%
	Total	40.6%	55.9%	3.5%	100%
TOTAL		44.0%	52.8%	3.2%	100%

2011					
Category	Gender	Number per category %			Total %
		University degree	High school diploma	Vocational school	
Senior managers	M	84.5%	15.5%	0.0%	100%
	F	50.0%	50.0%	0.0%	100%
	Total	78.8%	21.2%	0.0%	100%
Middle managers	M	58.7%	38.4%	2.9%	100%
	F	44.1%	52.7%	3.2%	100%
	Total	52.8%	44.2%	3.0%	100%
Non-management employees	M	42.8%	52.4%	4.8%	100%
	F	38.2%	59.4%	2.4%	100%
	Total	40.2%	56.4%	3.4%	100%
TOTAL		43.7%	53.1%	3.2%	100%

The Group's personnel have an overall high level of education: 44% of non-management employees (versus an ABI average of 35.3%), 79% of senior managers and 53% of middle managers hold a university degree.

EDUCATION LEVEL OF NEW HIRES

Education level	2012		2011	
	Number	% of total	Number	% of total
Postgraduate	3	3.5%	5	7.5%
University degree	51	59.3%	40	59.7%
High school diploma	32	37.2%	21	31.3%
Other	0	0.0%	1	1.5%
TOTAL	86	100.0%	67	100.0%

New hires had a high level of education also in 2012: 62.8% of them hold a university degree. This figure is higher than the industry average, as shown in ABI's "2011 Report on Personnel Statistical Data". According to this Report, 60% of new hires hold a university degree.

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

Leave-type	2012		2011	
	Hours	Incidence %***	Hours	Incidence %***
Holiday/Maternity leave	416,057.94	13.28%	380,097.54	12.80%
Sick leave	116,859.65	3.73%	112,841.46	3.80%
Paid leave	74,251.30	2.37%	65,329.26	2.20%
Other*	47,934.39	1.53%	47,512.19	1.60%
TOTAL HOURS ABSENT	654,789.98	20.90%	607,749.96	20.50%
REGULAR HOURS WORKED	2,478,176.43	79.10%	2,360,762.04	79.50%
AVAILABLE HOURS **	3,132,966.00	100.00%	2,969,512.00	100.0%

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

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

*** Incidence is calculated as the ratio between hours absent and 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 approximately 63% of total hours absent.

EQUAL OPPORTUNITIES

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

Category (%)	2012					Average
	<2 years	2-5 years	5-10 years	10-15 years	>15 years	
Senior managers	n.a.*	n.a.*	1.64	0.94	1.33	1.21
Middle managers	1.00	0.93	0.98	1.10	1.15	1.09
Non-management employees	0.94	1.02	1.02	1.06	1.00	1.00
Category (%)	2011					Average
	<2 years	2-5 years	5-10 years	10-15 years	>15 years	
Senior managers	n.a.*	n.a.*	1.34	0.97	1.41	1.20
Middle managers	0.97	1.08	0.98	1.11	1.16	1.11
Non-management employees	0.97	1.03	1.04	1.05	1.00	1.00

* This data is not available, as it cannot be calculated: there are no female employees in this category and with this length of service.

In 2012 there were no significant changes in the average compensation for men and that for women, compared to 2011. 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, as well as to the great number of employees falling within these length-of-service groups.

PROTECTED CATEGORIES

As 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 regulatory requirements. A possible channel for finding candidates belonging to the protected categories has also been activated through an agreement with an agency recognized by the Provincial Government, which is specialized in helping the disabled enter the world of work.

	2012	2011	Change %
Senior managers	-	0	0.0%
Middle managers	5	6	(17%)
Non-management employees	40	38	5%
TOTAL	45	44	2%

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 a dedicated and specialized 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 tasks are suited to the individual, in order to make sure that the job is in line with the person's psychological and physical characteristics. At the Mediolanum Group Headquarters, accessible infrastructure ensuring that the building is accessible to disabled employees and visitors is in place: 13 wheelchair-accessible entryways and 23 reserved parking spaces were constructed for this purpose. Moreover, there are 8 accessible restrooms.

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 meeting targets and in terms of behavior and attitudes displayed while carrying out their work activities.

In 2012, strategies were devised which will become the benchmarks for the staff's professional development for years to come. Moreover, the concept of coaching was developed, which is essential for head managers when it comes to interacting with collaborators.

Even if we maintained a consistent approach, as regards the relevant areas of performance and skills assessed, instruments vary within the Group to better reflect the different professional skills needed for each role. For example, the Banking Services Center adopts a skill assessment scheme which assesses both operational performance (e.g. handling phone calls within an appropriate amount of time), as well as the ability to collaborate (e.g. interact with colleagues, share information and knowledge, etc.).

Mastering a certain skill is subject to ability and merits and preceded by targeted training. Anyone who acquires and effectively uses a specific skill will be rewarded with a salary increase.

CAREER PATH AND TURNOVER

There was an increase in the headcount of the Group in 2012. The human resources development policy, which starts with targeted recruitment and the selection of young high school and university graduates, continued to be pursued. The selection process entails inviting candidates to spend an entire day at the company, where they are given a full description of the organization and its values as well as the induction and development processes. Candidates also take part in group assessments and have individual interviews with Human Resources personnel.

The induction process includes a training period in the classroom, followed by a period alongside senior call center 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 specialized working group. Depending upon personal characteristics, educational background, and individual aspirations, the new hires continue to be followed in their work path, in order to identify the best opportunities for their professional development and to unlock their potential, whether it be in the area of customer care, or in other departments. Moreover, there are specific training and development courses to acquire or strengthen technical and managerial skills that are designed in close cooperation with the Corporate University of the Group. The search for personnel with specialized know-how or specific managerial experience is carried out with the assistance of external recruiters (i.e. headhunters), which enables the firm to find individuals who can add value to the business. The job rotation policy aimed at job enlargement or job enrichment, i.e. motivating employees by expanding job responsibilities, is characterized by the mobility of personnel inside the Group, also internationally, with time spent abroad working for foreign subsidiaries..

NET NEW JOBS

	2012			
Category (Number)	SM	MM	NME	Total
Hires	0	6	80	86
Terminations	4	1	27	32
Resignations	4	1	24	29
Retirement			1	1
End of contract			2	2
Death				0
NET NEW JOBS (*)	(4)	5	53	54
	2011			
Category (Number)	SM	MM	NME	Total
Hires	3	7	57	67
Terminations	5	3	38	46
Resignations	4	2	32	38
Retirement	1			1
End of contract		1	5	6
Death			1	1
NET NEW JOBS (*)	(2)	4	19	21

* Where Net New Jobs = Hires – Terminations

NOTE: Please note that the figures regarding net new hires by category – shown in the table above – do not coincide with those shown in the table 'Breakdown of Employees by Category' as they do not include the effects of promotions to higher positions. Moreover, the senior management category does not include executives hired with a fixed-term contract, people joining/leaving the Group's foreign operations, or new personnel resulting from acquisitions.

In 2012, there was a 30% increase in the number of new hires in the Group versus 2011, which is mostly associated with the customer service for the InMediolanum project.

 **TURNOVER**

	2012			
Turnover (%)	SM	MM	NME	Total
New Hires (*) total	0.0%	2.6%	5.5%	4.9%
Resignations (**) total	4.7%	0.4%	1.9%	1.8%
Turnover TI (***)	4.8%	0.4%	1.7%	1.7%
	2011			
Turnover (%)	SM	MM	NME	Total
New Hires (*) total	3.5%	3.1%	4.0%	3.8%
Resignations (**) total	5.9%	1.3%	2.6%	2.6%
Turnover TI (***)	4.7%	0.9%	1.9%	1.9%

(*) 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 2012, the turnover further decreased with respect to the previous year. As regards senior managers, this decrease was partly due to some executives having reached retirement age.

 **PROMOTIONS**

The figures provided in the chart below confirm, in absolute terms, equal career development for men and women, and the extensive use of internal promotion to fill higher positions.

	2012			
Promotions (Number)	M	F	Total	% standard contracts
Middle > Senior managers			0	0.0%
Middle > Middle managers	4	1	5	0.3%
Non-management employees > Middle managers	3	3	6	0.3%
Non-management employees > Non-management employees	19	15	34	1.9%
TOTAL PROMOTIONS	26	19	45	2.5%
TOTAL STANDARD CONTRACTS			1,825	

	2011			
Promotions (Number)	M	F	Total	% standard contracts
Middle > Senior managers	2	0	2	0.1%
Middle > Middle managers	8	0	8	0.5%
Non-management employees > Middle managers	2	3	5	0.3%
Non-management employees > Non-management employees	46	61	107	6.0%
TOTAL PROMOTIONS	58	64	122	6.9%
TOTAL STANDARD CONTRACTS			1,770	

EMPLOYEE BENEFITS

Over the past several years, the Mediolanum Group has put special services and activities in place to help its employees create personal life-work balance. Most of these stemmed from employee suggestions. We believe caring for our people is a concrete way to apply corporate values, as well as improve the quality of our professional relationships.

Workplace day care center

The company's day care center "Baby Med", which is located just 50 meters away from the Group's Headquarters and is managed by specialists, has been operational since 2004. It was created by Banca Mediolanum to respond to the lack of maternity-related services, a problem that can significantly affect working mothers 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 square meters of space and can accommodate 127 children ranging from 0 to 3 years of age. Baby Med is probably one of the largest workplace day care centers in Italy that is located on the same premises and is designed to take care of employees' children. There is a 300 square-meter outdoor playground protected by a video-surveillance system. The monthly fee paid by employees for the day care center is reasonable and below aver-

age fees in Milan, due to the fact that it is a non-profit initiative.

There is also a positive impact on the local community. Due to the high-quality child care services provided, the Lombardy Region contributed funds to the project, and about 10% of the places available were reserved for families living in Basiglio where the Group's Headquarters is located. The day care center is open year-round, including August, from 8:30 a.m. to 6:30 p.m.: short programs are available during the summer months in order to offer the service to other mothers when there are vacancies during summer holidays. Moreover, in order to meet the needs of employees and their families when other day care centers close for the summer holidays, Baby Med functions as a "campus" for pre-school age children as well.

A multitude of events are organized for families and their children, such as Christmas parties or costume parties during Carnival.



Flexitime

The Flexitime scheme allows employees to arrive at work any time between 8:00 a.m. and 9:30 a.m.; moreover, Mediolanum also meets employee needs by adopting flexible, part-time working schemes. In 2012, 50 employees took advantage of part-time schedules, with 18 different hour schemes.

Shuttle bus service

A private shuttle bus service is available, with frequent runs between Headquarters and Milan. The flexible shuttle hours respond to the needs of employees in terms of both hours and runs that cover the main subway stops. This service delivers considerable benefits, in terms of reducing commuting time and costs, as well as pollution and traffic.

Employer-sponsored supplementary pension

Some time ago the Group established a Pension Fund, which is available to all employees. The mechanism incentivizes

employees to enroll in the scheme: those who opt to pay their productivity bonus into the fund will see their bonus increase. At the end of 2012, 91% of middle managers and 87% of non-management employees were members of the Fund.

Protection: supplementary health insurance

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

Insured	2012		2011	
	Number	% of total	Number	% of total
Employee beneficiaries (middle managers and non-management employees)	1,691	87%	1,628	83.9%
No. of family members with extended health insurance	262	13%	313	16.1%
TOTAL NO. OF INSURED	1,953	100%	1,941	100%
No. of employees who extended the health coverage to their family members	153	9.0%	182	11.2%

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

Tax Assistance

A tax assistance service – which was introduced several years ago – was offered free of charge to employees also in 2012, to help them file their annual individual income tax return. This year, 1,164 employees took advantage of this service.

Special terms for products and services

Employees may also take advantage of special terms for the products and services offered by the Group, such as:

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

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

	2012	2011	2010	Change %
Total no. of accidents	30	21	19	42.9%
Of which: commuting accidents*	23	19	17	21.05%
No. of days of work lost for industrial accidents	354	290	268	22.07%
Severity index**	0.14	0.12	0.11	16.67%

* Commuting accidents are those accidents that occur during commutes to and from work.

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

Workplace safety

Safety protection activities are conducted to ensure employee and workplace safety, in compliance with statutory and regulatory requirements, specifically with the Consolidated Act on Health and Safety at the Workplace, i.e. Legislative Decree no. 81 of April 8, 2008, which replaced Law no. 626/94, encompassing all the laws regarding safety. The Group's Safety Project aims to minimize the risk of accidents at work, and thus create a culture of safety in the workplace, by taking preventive measures.

Many specialized support activities were carried out this year for the Prevention & Protection Service (PPS), which is handled by the "Employer in charge of Safety" together with "Prevention & Protection Managers" and employees.

As of December 31, 2012, the PPS was composed of 7 worker health and safety representatives (WHSR), 74 staff members trained and qualified to give first aid and 60 fire wardens. In December, 20 additional people attended the

vocational training courses for the roles mentioned above. Moreover, in addition to the First Aid kits available at Headquarters, 4 Semi-Automated External Defibrillators (AEDs) (Schiller's FRED easy Online AEDs) were installed in the reception areas of the various Mediolanum buildings. It is worth noting that in order to use a defibrillator, a Basic Life Support Defibrillation (BLS-D) course certifying the ability to use the machine must be taken. This year, 23 people volunteered to attend this course.

The Risk Assessment Document ('Documento della Valutazione del Rischio' - DVR) – in accordance with the Consolidated Act on Health and Safety at the Workplace, i.e. Legislative Decree no. 81/2008 – was updated also in 2012. The new activities implemented this year include an assessment of work-related stress, based on a method that reflects ISPESL guidelines (National Institute for Occupational Prevention and Safety).

In accordance with the guidelines contained in the Organization and Management Model (Modello Organizzativo di Gestione – MOG), 10 Safety Meetings – in which the entire Safety team participates – were held on a regular basis this year. Moreover, 10 Hazard Surveys were conducted, i.e. inspections of the workplace to detect any non-compliant situations and suggest corrective actions. Additionally, specific safety training courses for new hires were organized this year, and the annual training course for workers' health and safety representatives was held in November 2012.

The "Innova" intranet portal – which is the communication channel that the company uses to communicate with its people – contains a Safety section where employees can find everything they need to know about workplace safety, including the following information: first aid procedures, emergency phone numbers, industrial accident charts, staff members in charge of workplace health and safety and where to find first aid kits in case of emergencies.

A seasonal flu vaccination campaign was carried out also this year and two blood donation campaigns were organized in collaboration with AVIS.

Moreover, the Bank continued to constantly monitor infrastructure adequacy and microclimate in the workplace as well as to perform work environment analyses.

Company - employee relations

EMPLOYEE RELATIONS

The Employee Relations Unit was set up to maximize the quality of work life and improve workplace climate.

The initiatives undertaken have always taken employee needs into account and have dealt with a multitude of areas:

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

BALANCING WORK AND FAMILY LIFE

In addition to the service provided by the Baby Med day care center, the Group also provides other services to meet employee needs and help them solve their problems, such as:

- a service for the filing and handling of administrative procedures, driving license and passport renewal and duplication and consultancy, transfer of car title and plate number registration, and the "Answers from a building superintendent" service;
- shoe repair, tailoring, mending and laundry services;
- a variety of services offering high-quality, organic foods;
- agreements with mechanics and tire shops for employee car maintenance;
- recreational activities for the children of employees during the summer months.

HEALTHCARE

Several projects were implemented in 2012 to raise awareness in the area of health:

- two blood drives were organized in cooperation with Avis Milano, with an ever-increasing number of donors;
 - an annual flu vaccination campaign was carried out.

Moreover, to promote a healthy lifestyle, bicycles are also available for use during work breaks and at the end of the work day, even for just a short ride.

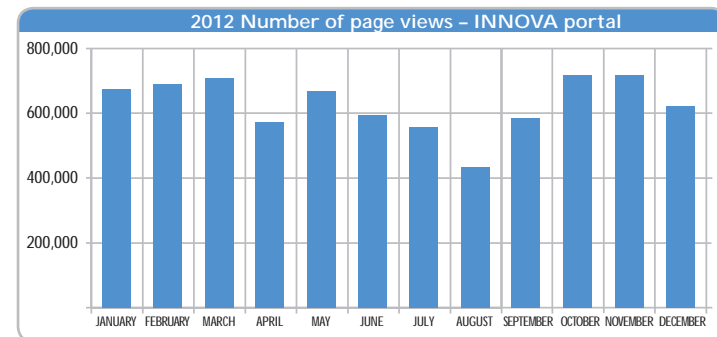
RECREATIONAL ACTIVITIES

As regards recreational activities organized by the Bank, employees can currently choose from a wide range of options, such as:

- athletics, sports tournaments for employees, fitness classes, such as yoga, total body and Pilates workout, and spaces where employees may simply go jogging are available (employees can use the space dedicated to sports activities, where changing rooms and showers are available);
- recreational activities;
- cultural initiatives and shows, such as exhibitions, concerts, theater shows, conferences, employee photography exhibits;
- a cycling team called "Mediolanum che pedala" (Mediolanum goes bike riding);
- Christmas presents for children at Baby Med;
- moreover, a soundproof room was set up at corporate Headquarters and made available to music lovers.

"INNOVA" PORTAL

The Innova intranet portal is the communication channel that the company uses to communicate with its employees. It is the gateway to all the information, tools, rules and procedures that are relevant to working and "living" at Mediolanum, including: information about the Group, its organization, values, rules, results, events, activities, facts as well as new developments and opportunities. In 2012 there were over 600,000 page views per month on average, with a peak of 710,000 hits in the months of October and November.



N.B. The figure shows the number of page views in the period.

Employee involvement

Work Improvement Teams

Work Improvement Teams (WIT) are composed of 6-8 employees who participate on a voluntary basis in this activity. Participants in WITs analyze the operational micro processes involved in their daily activities to enhance and improve them and come up with spontaneous ideas on how to make their daily work more effective and efficient. The most interesting projects are then further developed to find solutions to improve or optimize work issues.

This year, 8 WITs were put together with 52 employees participating.

All the participants follow an ad hoc training/learning process and WITs are always under the guidance of a Tutor, i.e. a 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 the phases of the project. Projects last approximately five months and teams meet regularly to identify critical areas in specific work processes, analyze the problem, come up with one or more proposals for improvements and then, among these, select the best possible solution.

All the proposals for improvements are submitted to senior executives, who evaluate them.

The best 3 projects are selected based on the following criteria: project management, savings/value added, benefits delivered to the company, customer satisfaction, level of innovation and versatility (i.e. whether the proposals can also be implemented elsewhere). Winning team members receive an award. The teams are constantly in touch with the relevant departments, so they can follow every step of the project until it is fully implemented.

Employee Training

In 2012, the Mediolanum Group organized a multitude of employee training activities, such as those provided in the chart below.

TRAINING HOURS				
Total training hours	2012	2011	2010	Change % 2011/2012
Total Hours - MCU lecture hall	41,430	41,619	41,969	0%
Off-campus – Technical courses	1,785	1,618	n.a.	10%
Total Hours - Classroom	43,214	43,237	41,969	0%
Hours per capita	13,450	19,108	20,235	(30%)

Total training hours by category	Hours of credit 2012	Hours of credit 2011	Hours of credit 2010	Change % 2011/2012
Refresher training	3,129	2,605	n.a.	20%
Behavioral	6,356	8,776	14,886	(28%)
Managerial	5,487	4,989	3,852	10%
Regulations – Compliance with regulatory requirements	14,651	13,804	n.a.	6%
Insurance products	4,744	4,704	17,029	1%
Banking products	15,155	17,723	14,833	(14%)
Financial products	4,223	5,447	6,835	(22%)
IT systems	1,135	2,680	3,999	(58%)
Off-campus – Technical courses	1,785	1,618	771	10%
Total	56,665	62,345	62,204	(9%)

NUMBER OF COURSES				
Total number of courses	Courses 2012	Courses 2011	Courses 2010	Change % 2011/2012
Courses - MCU lecture hall	79	74	59	7%
Courses - online	68	63	71	8%
Total	147	137	130	7%

The number of classroom hours was in line with last year. Among the most relevant results was the remarkable increase in training activities on managerial topics (+10%) dedicated to senior and middle managers and supervisors, as well as the hike in on-site (+20%) and off-site (+10%) refresher training courses. There was, instead, a decrease in the number of hours dedicated to insurance, banking and financial products, as these topics are closely linked to new-hire training.

Online training, which is mostly used for areas associated with regulations, dropped versus 2011 (-30%), due to the fact that most of the mandatory topics (e.g. those concerning MiFiD, anti-money laundering, personal data protection and safety regulations) have already been covered. Currently, such topics are dealt with online mainly to train new hires or inform the personnel of changes in the existing regulations.

The increase in the number of courses held this year reflects the Group's commitment to developing and broadening its range of training courses (i.e. the training "catalog"): +7% vs. 2011 and +13% vs. 2010. Moreover, the significant number of courses organized in 2011 (i.e. 147) also confirms the great efforts made by the Group over the past several years to build and develop its "training heritage".

In terms of individual initiatives, the following are worthy of note: the first Executive Master's Degree in Business & Banking Administration – which was organized in collaboration with SDA Bocconi – ended in November. Thanks to this project, 25 Group employees, including senior and middle managers, finished their financial and management training.

The second Master's Degree – in which 21 Group employees will participate over the next two years – was launched practically at the same time as the first one. Out of these 21 employees, 5 were selected among all the Group's people through an announcement of selection open to everyone who meets the eligibility criteria (e.g. level of education, length of service and so on).

The initiative enjoyed great success in terms of employee participation, confirming the fact that Group employees are willing to invest in their personal growth and professional development and to unlock their potential.

Another innovation in the second Master's Degree is the fact that a Mediolanum Faculty was set up: it comprises highly qualified managers and professionals who are in charge of planning and teaching specific courses, the contents of which are SDA Bocconi recognized and will be an integral part of the training program. This innovative and original method on the one hand enables participants to better understand the various economic and financial topics and, on the other hand, allows for the development of know-how and skills that can be used and applied again to other future initiatives.

Moreover, the high-quality projects organized in collaboration with major institutions (e.g. Bocconi/SDA University, Cattolica University via CeTIF, MIP-Business School of the Politecnico of Milan) continued also this year. Training programs dedicated to new Banking Specialists and new hires in the Customer Service Department in general, continue to be a top priority for the Group, both in terms of number of courses and investments made, and are constantly improved. High-quality training is provided, due to the fact that the range of courses offered is constantly broadened and new multi-skills programs aimed at enhancing operators' basic skills are launched and constantly improved. Investment in training programs aimed at supporting and developing Service Quality, and specifically WITs, remains stable.



Iolanda Amighetti

SHAREHOLDERS AND INVESTORS



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 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 Bloomberg European 500 and the S&P Global BMI 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).

In 2012 a €0.18 dividend will be paid out.

HISTORICAL DATA IN EURO

	2012*	2011*	2010*	2009*	2008*	2007*	2006*	2005*	2004	2003	2002	2001	2000	1999	1998
EPS	0.48	0.09	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
DPS	0.18	0.11	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

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

** On pro forma net profit

EPS= Earning per Share

DPS= Dividend per Share

Share capital

As of December 31, 2012 the share capital of Mediolanum S.p.A. was made up of 734,337,919 ordinary shares with par value of € 0.10.

The main shareholders of Mediolanum S.p.A. are the Doris Group (40.5176%) and the Fininvest S.p.A. Group (35.91507%). Mediobanca holds a 1.94733% interest with no voting rights. The free float is 21.56754% and 0.05243% is treasury shares held by Mediolanum S.p.A.

A Shareholders' Agreement was signed between the "Doris Group", i.e. Mr. Ennio Doris and Fin. Prog. Italia S.p.a. owned by Ennio Doris & C., and Fininvest S.p.A., representing at least 51% of share capital, the shares being equally divided among shareholders. The agreement was renewed on September 14, 2010 and will remain in force for three years.

Investor Relations

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

Mediolanum S.p.A. has several thousands of shareholders from many different countries, including significant shareholders, such as pension funds, mutual funds and insurance groups.

The Investor Relations Team, in line with the guidelines provided by senior executives, aims to promote a line of communication dedicated to shareholders, institutional investors and financial analysts by providing, in a timely manner, accurate information about the management and the strategies adopted by the company – in addition to 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: telephone calls, one-on-one and group meetings, as well as technological channels (e.g. e-mail, conference calls and video conferences).

Moreover, over the course of the year, there

are a number of opportunities that take the IR Team to the major international markets, such as conferences organized by the major brokers and roadshows in Europe and North America, with and without the participation of senior executives.

Key communications activities	2012	2011	Change %
No. of presentations to analysts	5	6	(17%)
No. of presentations to investors	6	8	(25%)
No. of roadshow days in Italy	2	4	(50%)
No. of roadshow days abroad	27	20	35%
No. of meeting with analysts (*)	79	26	n.s.
No. of meetings with investors	151	123	23%

* Contacts via e-mail were not included in the figures. However, starting 2012, telephone calls lasting more than 30' were included.

This year, there was a significant increase in the number of meetings with analysts and investors versus 2011, which reflects the great general interest raised in the first half of 2012 by Banca Mediolanum's participation in the LTRO program, as well as the increased interest shown by the financial community in the country in general and, specifically, in Italian 'Asset Gatherers' in the second half of the year.

It is worth noting that the ratio between the number of activities autonomously carried out by the IR Team (i.e. without the participation of senior executives) and overall contacts with investors and analysts increased from 35% in 2011 to 58% in 2012.

Moreover, the Investor Relations Team ensures that up-to-date information is available to investors and the markets on a dedicated section of the website www.mediolanum.com. In this section, users can find past and recent financial information as well as the webcasts of the earnings releases (both the live, interactive presentations that give viewers the opportunity to ask questions, as well as past events on demand).

Additionally, the IR Team provides assistance and advice to all the company departments that need to disclose economic and financial information to external parties for any given reason.

SUPPLIERS



Procurement policy

The Mediolanum Group attributes great value to its suppliers, and the role they play. Therefore, it makes great efforts to build strong and constructive long-term relationships with current and potential suppliers; these relationships are based on values and principles such as lawfulness, transparency, fairness and loyalty, in compliance with the Corporate Social Responsibility criteria contained in the Social Report and the requirements imposed by Model 231/01 (i.e. the Organization and Management Model) and the Code of Ethics.

As of December 31, 2012, there were approximately 2,204 suppliers of the Mediolanum Group. The provision of services was particularly concentrated in the following areas: information technology, marketing and communications, consultancy, systems and maintenance.

Suppliers are accurately selected and closely monitored, so as to find the best option available on the market. Moreover, the Group selects (or confirms) its suppliers based on their financial solidity as well as other criteria, such as:

- service quality;
- reliability;
- assistance and timeliness in their services;
- responsible and ethical behavior, also concerning the environment and the community at large.

PURCHASING PROCEDURE AND METHOD

The **Procurement Department** assists the entire organization in purchasing the goods and services needed to run the business. The Department is in charge of keeping the **Register of Suppliers**, which provides a list of those suppliers who currently hold contracts with the Group for the provision of goods or services. It is also responsible for monitoring and assessing supplier performance on a regular basis, both in terms of commercial and technical performance and based on Key Performance Indicators. Moreover, it finds alternatives and other suppliers based on market surveys.

To purchase goods and services, the Department uses procurement tools such as e-tendering and e-auctions and complies with internal policies (approved by the Board of

Directors) and Operations Regulations. The entire process of the procurement of goods and services was automated so that all phases of the activity could be monitored; it includes carefully analyzing and assessing the technical and financial offers based on a Scoring Model containing technical, financial and contractual criteria to identify the best option.

The Procurement Department, together with the other relevant departments in charge under the internal regulations, also carries out those activities aimed at drafting contracts, including, in order to meet existing regulatory requirements, signing certain papers and accepting the terms contained thereof:

- information disclosure in compliance with Legislative Decree no. 231 dated June 8, 2001;
- obligation of confidentiality relative to the data and information concerning the object of the contract or the information acquired in the course of business, and the obligation of compliance with Legislative Decree no. 196/2003 regarding data protection;
- the obligation to comply with safety rules in the workplace.

Lastly, the Banca Mediolanum Procurement Department joined ABC (Asset Banking Consortium), the Consortium that assists banks in identifying best practices and in better managing their purchasing process.

Breakdown of suppliers by business category

The breakdown of suppliers by business category reflects the composition of the Mediolanum Group's activities and services and is characterized by a large number of IT suppliers. To save money, in 2012 the company decided to outsource less often as regards professional services.

Business category	% of sales			Change %
	2010	2011	2012	
EDP and databases	31.50%	33.70%	30.60%	(9.20%)
General expenses	17.20%	18.30%	17.20%	(6.01%)
Promotion, Advertising and Marketing	16.70%	16.60%	16.40%	(1.20%)
Professional services	11.10%	8.60%	8.90%	3.49%
Other	4.10%	5.20%	3.70%	(28.85%)
Property management	4.80%	4.20%	4.70%	11.90%
Utilities	4.40%	3.00%	2.60%	(13.33%)
Transportation and shipment	3.60%	3.80%	3.50%	(7.89%)
Insurance	6.60%	6.60%	12.40%	87.88%
TOTAL	100.00%	100.00%	100.00%	100.00%

Breakdown of suppliers by sales level

In 2012, there was a 3.57% increase in the number of suppliers versus 2011.

Total annual sales (Euro)	% of concentration	
	% of suppliers	% of sales
0 – 10,000	68.00%	1.50%
10,001 – 100,000	21.50%	7.40%
> 100,001	10.50%	91.10%
TOTAL	100.00%	100.00%



Massimiliano Saraceni

Breakdown of suppliers by geography

In 2012, Lombardy was once again the region with the highest number of suppliers, with a 4.68% increase versus the previous year.

Region	Number of suppliers			Change %
	2010	2011	2012	
Lombardy	1,090	877	918	4.68%
Lazio	222	210	214	1.90%
Emilia Romagna	149	165	142	(13.94%)
Veneto	144	156	183	17.31%
Sicily	99	127	133	4.72%
Piedmont	125	104	118	13.46%
Abroad	89	88	79	(10.23%)
Tuscany	87	67	99	47.76%
Campania	66	65	58	(10.77%)
The Marches	42	47	47	0.00%
Sardinia	30	37	27	(27.03%)
Apulia	30	32	26	(18.75%)
Umbria	36	29	31	6.90%
Calabria	18	28	36	28.57%
Friuli Venezia Giulia	18	24	21	(12.50%)
Liguria	26	23	16	(30.43%)
Trentino Alto Adige	18	21	22	4.76%
Abruzzi	19	20	19	(5.00%)
Molise	4	6	7	16.67%
Valle d'Aosta	3	2	4	100.00%
Basilicata	1	-	4	100.00%
TOTAL	2,316	2,128	2,204	3.57%



Alessandro Borracino

THE COMMUNITY AT LARGE



Corporate Social Responsibility

In 2012, Banca Mediolanum reaffirmed and demonstrated its ongoing commitment to running its business in accordance with ethical principles and confirmed its customer-oriented model by always being ready to provide tangible support to its customers and Family Bankers® in need, as well as to the community at large. The Bank also showed its commitment to Corporate Social Responsibility by paying great attention to all its stakeholders and focusing on their needs.



2012 emergency situations

After the emergency relief initiatives undertaken to help the people affected by the earthquake that struck Abruzzi in 2009, those impacted by the heavy floods in Veneto in 2010, and those affected by the severe flooding that hit Tuscany, Liguria and Sicily in 2011, Banca Mediolanum has continued to be there also in 2012, by helping and providing support in emergency situations. It expressed solidarity with the people

who live in the areas impacted by the earthquake that struck Emilia, Lombardy and Veneto and, in fall, with those who suffered severe financial loss due to the flooding that hit Central Italy. The Bank also helped the people affected by the earthquake that shook the towns of Potenza and Cosenza.

Banca Mediolanum took prompt action and allocated €1,500,000 to help its customers and Family Bankers® who suffered financial loss and material damage to their family homes due to the earthquake that hit Emilia, Lombardy and Veneto. The Bank also announced its intention to assess, at its expense, damage caused to their primary residences.

Additionally, it put a number of measures in place to ease the burden on them, such as:

- giving the opportunity to suspend mortgage and loan payments for 12 months;
- granting soft loans;
- reducing, by 1%, current mortgage and loan rate spreads for 24 months;
- providing zero-fee current accounts and securities deposit accounts for 24 months.

The Bank also set up a bank account to accept donations for the people living in the affected areas: funds will be given to local Caritas charity organizations.

Moreover, as the earthquake also caused damage to the Family Banker® Offices in affected areas, Banca Mediolanum promptly sent two trucks equipped with mobile offices to enable Family Bankers® to carry out their daily tasks.

As regards the flooding that hit Central Italy and the earthquake that shook the towns of Potenza and Cosenza, Banca Mediolanum allocated €500,000 to help its customers and Family Bankers® living in the affected areas, who suffered financial loss and material damage to their family homes and put a number of measures in place to ease the burden on them, such as:

- giving the opportunity to suspend mortgage and loan payments for 12 months;
- granting soft loans;
- reducing, by 1%, current mortgage and loan rate spreads for 24 months;
- providing zero-fee current accounts and securities deposit accounts for 24 months.

It is also worth noting that, as regards

donations granted to the Bank's customers and Family Bankers® affected by natural disasters in past years, in 2012 the Bank donated significant funds – disbursed in two installments of 770,300 € and 76,700 €, respectively – to the people who suffered financial loss due to the severe flooding that hit Liguria and Tuscany in 2011.

The Mediolanum Foundation NPO: 2012 results

The Mediolanum Foundation became a Non-Profit Organization in 2012 and continued to promote projects aimed at helping children in need via donations from the Group's companies as well as through independent fundraising campaigns. The Mediolanum Foundation NPO received several funding requests this year, and each project was carefully assessed based on the following criteria:

1. number of children helped;
2. unit cost;
3. geographic diversification;
4. self-sustainability;
5. cost/investment ratio: i.e. how much money, out of total funds raised, will be actually spent to cover management costs.

The range of areas covered by the projects selected was broadened with respect to last year:

- Aid/assistance;
- Healthcare;
- Education/vocational training and hands-on projects aimed at helping individuals enter the world of work;
- Research;
- Rights.



A BRIEF OVERVIEW OF PROJECTS SELECTED

In 2012, the Foundation assessed **80 projects** overall and granted funds, amounting to **€428,600.00** and disbursed in two installments – one in June and the other in November – to **20** of them. A brief overview of the projects to which funds were granted, divided by geography, is provided in the chart below.

CONTINENT	COUNTRY	NPO	AREA	PROJECT	FUNDS GRANTED
AFRICA	CAMERON	COE	VOCATIONAL TRAINING / ASSISTANCE/ HEALTHCARE	Helping young people in jail	€ 22,000
	NAMIBIA	KETUKO NPO	EDUCATION / VOCATIONAL TRAINING	Building a kindergarten and a vocational training school	€ 20,000
	KENYA	AMANI	ASSISTANCE/ EDUCATION	Supporting shelters for street children	€ 30,000
	TANZANIA	ACRA	EDUCATION / VOCATIONAL TRAINING	Supporting schools and vocational training facilities	€ 20,000
	BENIN	ALEMAR	ASSISTANCE / VOCATIONAL TRAINING	Supporting schools and vocational training facilities	€ 18,750
	ETHIOPIA	HOPE AND SMILE	ASSISTANCE / EDUCATION	Building a multipurpose facility	€ 5,000
ASIA	INDIA	TIBETAN CHILDREN'S VILLAGE	ASSISTANCE	Financially supporting a shelter for little orphans	€ 37,000
	VIETNAM	CIAI	ASSISTANCE	Implementing a nutrition program for children	€ 23,000
SOUTH AMERICA	DOMINICAN REPUBLIC	R. KENNEDY FOUNDATION	RIGHTS	Promoting the acknowledgment of Italian children's rights	€ 19,750
	ECUADOR	AIUTARE I BAMBINI ASSOCIATION	EDUCATION / VOCATIONAL TRAINING	Supporting schools and vocational training facilities	€ 25,500
	HAITI	F. RAVA NPH ITALIA FOUNDATION	EDUCATION / VOCATIONAL TRAINING	Supporting schools and vocational training facilities	€ 10,000
EUROPE	ROMANIA	PARADA	ASSISTANCE	Building a shelter for street children	€ 30,000
	ALBANIA	IMELDA LAMBERTINI CENTER	EDUCATION / VOCATIONAL TRAINING	Paying tuition fees for disadvantaged children	€ 15,000
	ITALY	AMRI NPO	HEALTHCARE	Providing homes for rent to families whose children are in hospital	€ 10,000
		BENEDETTA D'INTINO NPO	RESEARCH	Helping children suffering from brain injury learn to communicate	€ 50,000
		CROCE BIANCA NPO	ASSISTANCE	Purchasing equipment for disabled children	€ 5,000
		COMUNITA' DI SANT'EGIDIO	EDUCATION	Encouraging Roma children to go to school	€ 35,000
		C.I.A.O. ASSOCIATION	ASSISTANCE / RIGHTS	Building a shelter for mothers in jail and their children	€ 30,000
		ATIPICA	RESEARCH	Funding a project aimed at detecting externalizing behavior disorders in preadolescents	€ 17,600
J. PETER ASSOCIATION	HEALTHCARE	Purchasing medical equipment for rare heart diseases in children	€ 5,000		
TOTAL					€ 428,600

The “Piccolo Fratello” Project

The Mediolanum Foundation not only made donations to the Rava Foundation, but it also made great efforts to help raise funds by creating synergy between the different companies belonging to the Mediolanum Group. In 2012, the fundraising projects promoted by the Bank generated €135,049.00 in donations.

The **Mediolanum Freedom Rewarding** program was the initiative that raised the most funds: it is a loyalty program enabling Bank customers to turn the points earned into donations for the disadvantaged. This year, significant funds - amounting to €69,007 - were given to the Rava Foundation thanks to this initiative. The **“I Love Mediolanum”** initiative, instead, generated €3,825 in donations. It is a “member get a member” special offer that gives customers who introduce three friends – who open a bank account and use it as their primary account – the opportunity to win an iPad2. For each iPad received by customers, Banca Mediolanum donated funds to the Francesca Rava NPH Italia Non-Profit Foundation to cover the cost of one month of schooling for a street child in Haiti.

In 2012, the Bank confirmed its ongoing commitment to projects aimed at providing much-needed healthcare to people in Haiti: it donated part of the proceeds made from **merchandise sales** – amounting to €33,865 – to the Piccolo Fratello project geared to provide healthcare for children – and their mothers – at the Saint Damien Hospital.

Additionally, the Mediolanum Group donated €3,107.10 to the Francesca Rava Foundation’s “Street Schools” in Haiti; the funds were raised by replacing Family Bankers® and employees’ lost identification badges.

INDEPENDENT FUNDRAISING ACTIVITIES

Text message donations

Now that the Mediolanum Foundation has become a Non-Profit Organization, it set up a number to text for donations with the leading Italian mobile service providers and then launched a mobile giving campaign that ran from October 1 to 20, 2012. The initiative, which was renamed “Un Respiro per Haiti” (A Breath for Haiti), was designed to raise funds for the Saint Damien Children’s Hospital in



Haiti – which is supported by the Francesca Rava NPH Italia Non-Profit Foundation – to purchase oxygen therapy equipment.

The advertising campaign promoting the initiative and starring Andrea Pellizzari – who has been engaged in charity activities aimed at helping children in Haiti for many years – ran on the leading national and local TV networks. The amount of money donated to charity via text message hit €104,538.

The “Merry Xmas to All” Initiative

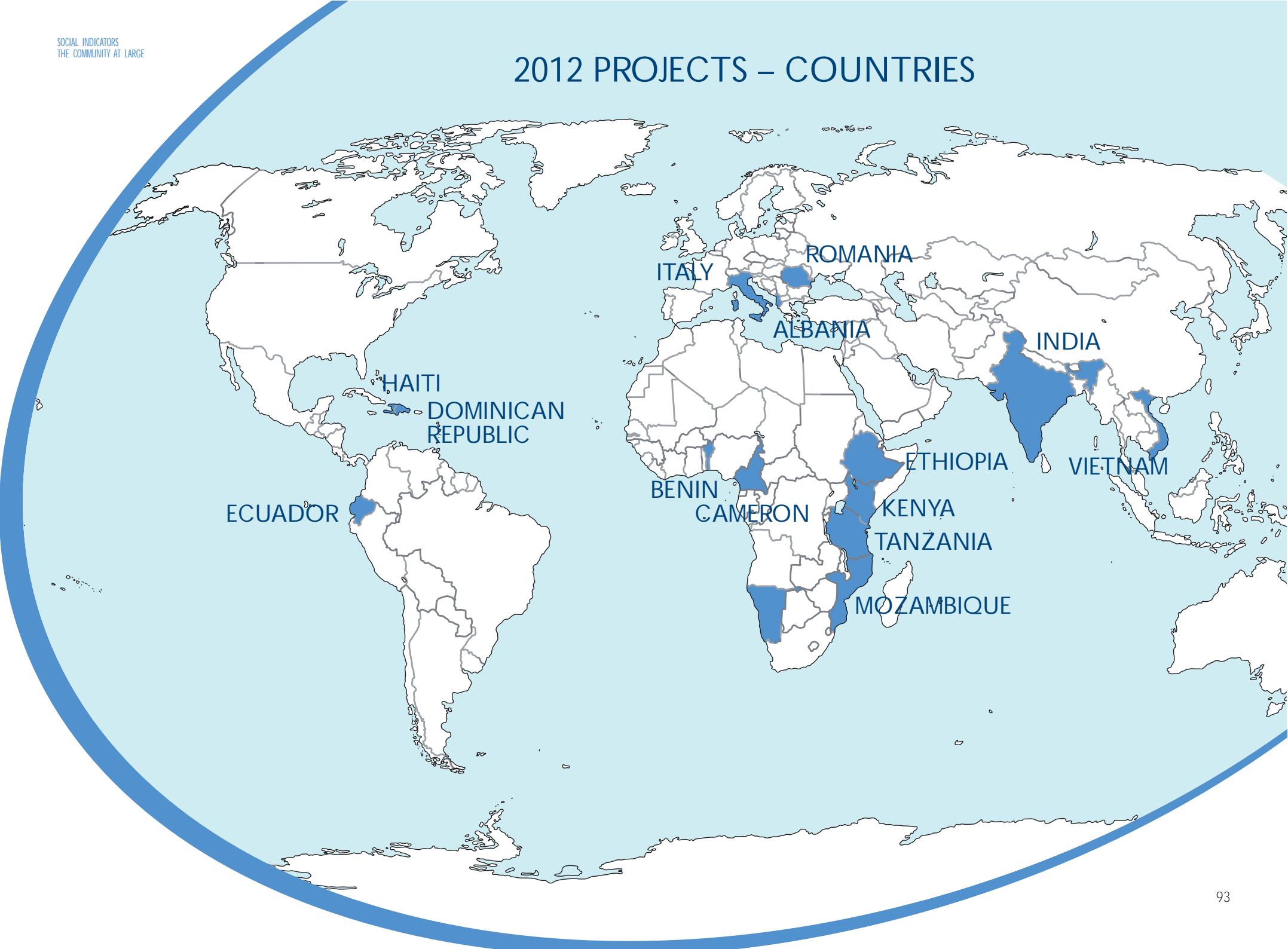
The Mediolanum Foundation NPO also organized a variety of fundraising activities among Group employees and Family Bankers® at Christmas time to support the “Merry Xmas to All” initiative designed to provide food and basic necessities to the children of the Francesca Rava Foundation’s “Street Schools” in Haiti. Funds raised amounted to €19,415.90.

However, thanks to Banca Mediolanum Chairman Ennio Doris’ personal contribution, the amount donated doubled, reaching €38,831.80.

Fundraising activities by the Sales Department and Network

In 2012, the Sales Department collected donations from Family Bankers® to support a project promoted by the Fratelli Senza Frontiere NPO in Mozambique. Funds raised and donations amounted to €3,000.00.

2012 PROJECTS – COUNTRIES



THE ENVIRONMENT



Environmental protection

The Bank is aware of the importance of curbing the environmental impact that all the activities undertaken by the Group and its employees generate at every level. Therefore, it implemented a number of concrete initiatives and projects aimed at reducing consumption and waste (e.g. energy, paper and water) as well as encouraging employees to adopt environmentally friendly behavior.

RAISING EMPLOYEE AWARENESS

The Group's eco-friendly approach is a daily reality at Headquarters through a series of simple practices, which have allowed the Group to significantly cut costs and reduce its environmental impact, as well as help employees acquire more environmentally aware, greener habits in the workplace. Specifically, here are some of the deeply-rooted practices that have been continuously improved over the years:

- using the copiers' energy-saving features, i.e. the auto shut-off mode;
- reducing paper consumption by using copiers as centralized printers and scanners as well as e-mail (sending documents directly via e-mail);
- setting multifunction copiers to print front and back by default to reduce paper use;
- placing toner cartridges and paper recycling bins on all floors;
- encouraging employees to use electronic alternatives to paper-based forms of communication.

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 (e.g. lighting, PCs, motive power, etc.). Covering the needs of four buildings, the system is made up of two separate and independent devices, located on the roof of each building. In 2012, the tri-generation system met the following needs:

- it supplied approximately 59% of the current energy consumption;
- it covered the total heat demand, while it only partially covered the cooling demand.



Anna Macrì

Moreover, the tri-generation system enabled the company to request "White certificates" (Energy Efficiency Credits) in 2012 and at the end of the year the National Regulatory Authority for Electricity and Gas (AEEG) accepted its request, finalizing the necessary procedure to obtain white certificates.

This year, the Archimede and Galilei buildings, as well as the company's day care center, were connected to the tri-generation system. Apart from providing self-generated energy, covering 90% of workstations, it will also provide emergency power (UPS and engine-generators).

ENERGY CONSUMPTION

The information contained in this section relates only to the Milano 3 Headquarters.

In 2012, the total area was 44,362 sq. m. in the first semester and 48,301 in the second semester. This

year, there was a 4.4% increase in average square meters with respect to last year. The corresponding headcount – including employees and contract workers, e.g. interns, project contractors and advisors who are regularly present at Headquarters – came to 2,710 in 2012 versus 2,480 in 2011 (+9.3%). This year's figure includes 2,350 employees, 200 professors at **Mediolanum Corporate University**, 17 at the Department in Lombardy and **143 people at the company's day care center** (126 children and 17 teachers).

 **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 environmental impact. In February 2006, the Group joined the "ABI Energia" Consortium through its membership in the Italian Association of Private Bankers (ASSBANK).

ABI Energia provides services to its members for optimal energy procurement and use. Thanks to agreements made with energy companies, consortium members can benefit from below market energy prices and other favorable contractual terms.

Thanks to the tri-generation system, in 2012, approximately 5,070 MW of electricity were produced, i.e. 59% of total consumption.

Electricity	2012	2011	Change % vs. 2011
Total consumption (MW)	8,590	8,498	1.1%
Total consumption (KW)	8,590,198	8,497,701	1.1%
Yearly consumption/sq. m [kW/sq. m]	0.19	0.19	(0.81%)
Yearly per-capita consumption (MW/employee)	3.17	3.43	(7.6%)

HEATING

In 2012, thanks to the tri-generation system, only maintenance costs relating to the centralized system in the Milano 3 Headquarters were borne by the Group, while total heat demand for the buildings at Headquarters was covered by self-generated energy. In 2011, heat meters were installed on the tri-generation system to accurately measure the number of Mega calories consumed; therefore, the figures regarding certain buildings (e.g. Meucci-Galvani and Fermi-Galeno) are actual figures, while those regarding other buildings (e.g. Archimede, Pitagora and Galilei) are estimated figures.

Heating (in MCal)	2012	2011	Change % vs. 2011
Total consumption (Mcal)	5,518,333*	3,669,297**	50.40%
Yearly consumption/sq. m [MCal/sq. m]	114.25	82.71	38.13%
Yearly per-capita consumption [MCal/employee]	2,036.3	1,479.6	37.63%

* The increase in consumption is due to a particularly cold winter and to additional 4,000 square meters of office space.
** The figures were adjusted to reflect actual data, as 2011 figures were estimated figures.

WATER

Estimated water consumption in 2012 was 21,211 cubic meters (m3) for personal use and 37,711 cubic meters (m3) for water-cooled machines (cooling towers).

Water	2012	2011	Change % vs. 2011
Total consumption (m3)	58,922 *	63,230**	(5.32%)
Per-capita consumption (m3/employee)	21.7	25.5	(14.90%)

* 2012 consumption figures are estimated figures, as we are still awaiting for the final balance adjustment.
** 2011 consumption figures were adjusted to take into account the final balance adjustment received in 2012.

PAPER

The amount of white and recycled paper used in 2012 was further reduced both in absolute terms as well as average per capita consumption thanks to the Bank's continued commitment to raising awareness of the importance of scanning documents, using photocopiers as centralized printers and scanners, using e-mail and setting printers to print front and back by default.

Paper (consumption)	2012	2011	Change % vs. 2011
Letterhead and blank paper [tons]	4.7	4.8	(2.08%)
Recycled paper [tons]	32.5	36.3	(10.5%)
Per-capita consumption [Kg/employee]	13.7	16.7	(18%)

WASTE SORTING AND DISPOSAL

The following waste is sorted:

- paper;
- packaging (cardboard, Styrofoam, wood);
- printer and copier toner cartridges;
- PCs and electronic equipment;
- batteries;
- plastic and aluminum;
- glass;
- metal.

To properly sort and dispose of waste, there are dedicated waste collection areas: toner cartridges and paper recycling bins are placed on all floors and plastic and aluminum recycling bins in the cafeteria and snack bars. As regards glass and metal, instead, there are two waste collection areas for all the buildings.



Simona Amato

SUSTAINABLE MOBILITY

Headquarters in Basiglio is connected to Milan (Famagosta and San Donato subway stops) by an efficient shuttle service. This service was used by 286 employees on average per day in 2012.

The use of public transportation to get to work was incentivized by an agreement with ATM – Azienda Trasporti Milanesi, the public company responsible for public transportation in Milan – regarding special rates for annual passes. Mediolanum Group employees purchased 98 ATM passes this year.

A carpooling program is also available to employees, enabling them to share rides. Interested employees can get in touch with other co-workers who take the same route to work via the company's Innova portal.

The Mediolanum Group reinforced its commitment to sustainable mobility by appointing 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 below are related to long-term rental costs and costs for fuel. The latter is reimbursed to employees who have a company car as part of their benefits.

Travel expenses (€)	2012	2011	Change % vs. 2011
Fuel	376,977	354,679	6.3%
Car rental	1,476,090	1,579,943	(6.6%)
Bus (shuttle)	477,034	526,991	(9.5%)

In 2012, the number of cars in the Mediolanum Group's fleet decreased with respect to the previous year (107 cars this year versus 113 in 2011).

Thanks to the fleet's decreased size and to the adoption of a new corporate policy requiring that car fleets meet certain parameters, there was also a decrease in car rental costs.

Despite the Group's car fleet comprises vehicles with low CO2 emission latest-generation DPF diesel engines and cars running on alternative fuels, there was an increase in fuel costs (due to greater consumption and rising raw material prices). However, the Group continues to show its ongoing commitment to environmental protection and to pay great attention to reducing consumption and waste. Actually, the new corporate policy requires fleet cars not to exceed certain levels in terms of CO2 emissions and mileage.

The cost of the shuttle is paid for by the company and is provided by a private transportation service that connects Headquarters in Basiglio with Milan and S. Donato. In August 2011, the Group decided to reduce the number of journeys after having carefully analyzed the issue, and as a result, there was a reduction in mileage.

WORKPLACE HEALTH

The smoke-free programs adopted by Group companies several years ago are included in workplace health projects: smoking is prohibited in the offices and in common areas.

REGULATORY AND LEGAL AUTHORITIES, TRADE ASSOCIATIONS

Regulatory Authorities

The Mediolanum Group operates in heavily regulated sectors (statutes and other industry regulations) and must comply with specific regulations; moreover, companies are subject to inspections by the competent supervisory authorities on a regular basis.

The main regulatory bodies for the Italian companies of the Mediolanum Group are listed in the table below.

COMPANY	TYPE OF BUSINESS	ITALIAN REVENUE AGENCY	ANTITRUST AUTHORITY	REGULATORY AUTHORITY FOR ELECTRICITY AND GAS	COMMUNICATIONS AUTHORITY	BANK OF ITALY	BORSA ITALIANA	CONSOB	COVIP	DATA PROTECTION AUTHORITY	IVASS	ENSARCO	UIF	MINISTRY OF ECONOMIC DEVELOPMENT
Mediolanum S.p.A.	Holding company	●	●	●			●	●		●	●		●	
Banca Mediolanum S.p.A.	Banking	●	●	●	●	●	●	●	●	●	●	●	●	
Mediolanum Gestione Fondi S.G.R.p.A.	Asset Management	●	●	●		●		●	●	●			●	
Mediolanum Vita S.p.A.	Life insurance	●	●	●					●	●	●		●	
Mediolanum Comunicazione S.p.A.	Communications	●	●	●	●					●			●	
Mediolanum Fiduciaria S.p.A.	Provision of fiduciary heading services regarding personal property (as set out in Law no. 1966 of November 23, 1939 and the following implementation regulations)	●	●	●						●			●	●

Inspections conducted by the various regulatory authorities in 2012 (according to each authority's 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 Banking Association;
- Ania - Association of Italian Insurers;
- ASSBB - Association for Development of Banking and Stock Exchange Studies;
- Assogestioni - Asset Management Association;
- Assonime - Association of Italian Joint-Stock Companies;
- Assoreti - National Association of Financial Products and Investment Services Placing Firms.

Mediolanum, as an active member of the trade associations above, constantly exchanges information with them and participates in various activities. Moreover, some Group officers are also members of the governing bodies of certain trade associations. Just to mention a few: the 'Knight of Labor' Mr. Ennio Doris is Vice President of Assoreti, Mr. Giovanni Pirovano (Executive Deputy Chairman of Banca Mediolanum S.p.A.), is Vice President of ABI and is a Board member of Assbank; Mr. Walter Ottolenghi (Chairman of Mediolanum Gestione Fondi S.G.R.p.A.), sits on the Executive Board of Assogestioni; while Mr. Edoardo Lombardi (Director of Mediolanum S.p.A., Chief Executive Officer of Mediolanum Vita S.p.A and Mediolanum Assicurazioni S.p.A.) is a member of the Executive Committee of Ania.

The activities carried out include:

- participation in workgroups regarding specific issues and technical committees requiring specific expertise or specializing in specific areas;
- participation in taskforces that are geared to monitor developments in the relationship with customers, regulatory and legal authorities, etc. on an regular basis;
- surveys and questionnaires.

In the course of its 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 preparing and providing documents and information expressly requested by the bodies mentioned above.



Massimiliano Saraceni

TABLE OF INDICATORS



Indicator	Standard	Coverage	Type of data (N/Q)	Coverage (I/G)	Page
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VALUE ADDED CREATION	*		N	I	33
VALUE ADDED BREAKDOWN	*		N	I	34
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Public Administration remuneration	*		N	I	34
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Return on Equity	*		N	I	34
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COMMON DENOMINATOR IN THE RELATIONS WITH STAKEHOLDERS					
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Surveys, legitimate expectations and level of satisfaction/agreement	*		N & Q	I	38, 58, 78
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Litigation and disputes	*		N & Q	I	38, 58, 78

Legend

Type of data: N: Number Q: Qualitative information
Coverage: I: Italian companies G: Mediolanum group

Indicator	Standard Coverage	Type of data (N/Q)	Coverage (I/G)	Page
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1. Analysis of personnel	*	N & Q	I	55,68
2. Breakdown by age, gender, education level, category, job title, length of service, geography, nationality and agreement type	*	N & Q	I	55,68
3. Work organization	*	N & Q	I	55,68
4. Turnover	*	N & Q	I	57,77
5. Social initiatives	*	N & Q	I	75,78
6. Recruitment policy	*	N & Q	I	73
7. Equal opportunities policy	*	N & Q	I	72
8. Employee training	*	N & Q	I	61, 79
9. Compensation and incentives	*	N & Q	I	57, 73
10. Workplace health and safety	*	N & Q	I	76, 77
11. Industrial relations	n.a.			
Shareholders				
1. Analysis of shareholders by status and nationality	*	N & Q	I	83
2. Shareholders' benefits	n.a.			
3. Return on invested capital	*	N & Q	I	82
4. Shareholders' participation in corporate governance and protection of minority shareholders	*	N & Q	I	81
5. Investor relations	*	N & Q	I	83
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1. Characteristics and analysis of customers and markets	*	N & Q	I	37
2. Quality systems	*	N & Q	I	19, 28
3. Assessment of customer satisfaction	*	N & Q	I	38
4. Customer contractual terms and conditions	*	N & Q	I	49
Suppliers				
1. Characteristics and analysis of suppliers	*	N & Q	I	85
2. Quality systems	*	Q	I	85
3. Supplier contractual terms and conditions	*	Q	I	85
4. Local economic benefits	*	N	I	87
5. Compliance with consistent standards along the supply chain	*	Q	I	87

* Personnel data includes Sales Network staff and employees

Legend

Type of data: N: Number Q: Qualitative information

Coverage: I: Italian companies G: Mediolanum group

Indicator	Standard Coverage	Type of data (N/Q)	Coverage (I/G)	Page
Public Administration				
1. Income tax, other taxes and contributions paid	*	Q	I	33, 34
2. Subsidies, tax reliefs and/or soft loans received by segment	n.a.			
3. Preferential rates	n.a.			
4. Contractual relationships with the Public Administration	n.a.			
5. Internal rules and control systems to ensure regulatory and statutory compliance	*	Q	I	24
The community at large				
(a) Initiatives in the social sphere	*	Q	I	88
(a.1) Improvement of the quality of life in program areas:	*	Q	I	89
1. Education	*	Q	I	91
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4. Culture	*	Q	I	78, 91
5. Solidarity	*	N & Q	I	92
(a.2) Relations with associations and organizations	*	Q	I	99
(b) The environment	*	Q	I	95
1. Environmental and risk management systems	*	Q	I	95, 97, 98
2. Education and training	*	Q	I	95
3. Environmental performance indicators	*	N & Q	I	96
4. Use and consumption of energy and non-recyclable materials	*	N & Q	I	96
<i>SUPPLEMENTARY SECTIONS</i>				
OPINIONS AND JUDGMENTS OF STAKEHOLDERS	*	N & Q	I	4, 38, 58, 78
COMMENTS AND STATEMENTS MADE BY THE COMPANY	*	Q	I	2
SOCIAL REPORT IMPROVEMENT	*	Q	I	3, 4

Legend

Type of data: N: Number Q: Qualitative information
Coverage: I: Italian companies G: Mediolanum group

INDEPENDENT AUDITORS' REPORT

REVIEW REPORT ON THE SOCIAL REPORT

To the Board of Directors of MEDIOLANUM S.p.A.

1. We have reviewed the Social Report of Mediolanum Group (the "Group") as of 31st December 2011. The Directors of Mediolanum S.p.A. are responsible for the preparation of the Social Report in accordance with "Principi di redazione del Bilancio Sociale", issued in 2001 by GBS ("Gruppo di Studio per il Bilancio Sociale"), as stated in the paragraph "Introduction and note on methodology". The Directors are also responsible for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. The Directors are also responsible for the identification of *stakeholders* and of significant aspects to report, as well as for the implementation and maintenance of appropriate management and internal control processes with reference to data and information presented in the Social Report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for review engagements established by the "International Standards Engagement 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. That standard requires the compliance with ethical principles ("Code of Ethics of Professional Accountants" issued by the International Federation of Accountants, IFAC), including independence requirements. A limited assurance engagement on the Social Report consists of making inquiries, primary with company personnel responsible for the preparation of the information included in the Social Report, analysing the Social Report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
 - comparing the economic and financial information and data included in the chapter "Financial Indicators", paragraphs "Key Financial Data" and "Value added for the stakeholders" of the Social Report with those included in the Group Consolidated Financial Statements as of 31st December 2011, on Deloitte & Touche S.p.A. issued the auditor's report dated March 27th, 2012 pursuant to articles 14 and 16 of Legislative Decree n. 39 of January 27th, 2010);
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the Social Report operate. In particular, we have performed the following procedures:
 - interviews and discussions with delegates of Mediolanum Group, to gather information on the information, accounting and reporting systems used in preparing the Social Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Social Report;

- analysis, on a sample basis, of the documentation supporting the preparation of the Social Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Social Report;
- analysing the compliance of the qualitative information included in the Social Report and its overall consistency in relation to the guidelines referred to in paragraph 1 of this review report, in particular with reference to the sustainable strategy and policies and the determination of significant aspects for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of personnel involved, through analysis of the minutes of the meetings or any other available information about the significant features identified in the stakeholder involvement process;
- obtaining the representation letter signed by the Legal Representative of Mediolanum S.p.A. on the compliance of the Social Report with the guidelines referred to in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in an audit.

For the data and information relating to the Social Report of the prior year presented for comparative purposes, reference should be made to "attestazione di conformità", dated May 31st, 2011 issued by another auditors.


3. Based on the procedures performed, nothing has come to our attention that causes us to believe that the Social Report of Mediolanum Group as of 31st December 2011 is not prepared, in all material respects, in accordance with the "Principi di redazione del Bilancio Sociale", issued in 2001 by GBS ("Gruppo di Studio per il Bilancio Sociale"), as stated in the paragraph "Introduction and note on methodology".
4. This review report has been prepared for the Group in accordance with the engagement terms. We conducted our work with the solely aim to report to the Group the topics within this report scope. Therefore, we do not assume any responsibility towards any subject except the Group, regarding our work, this review report or results of it.

DELOITTE & TOUCHE S.p.A.

Signed By
Paolo Gibello Ribatto
Partner

Milan, April 27th, 2012

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



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