

MEDIOLANUM S.p.A.

**Interim report  
and accounts  
at September 30  
2009**

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The English version of the interim report is a translation of the Italian text provided for the convenience of international readers.

**MEDIOLANUM S.p.A.**

**Interim report  
and accounts  
at September 30  
2009**

Registered Office: Meucci Building, Via F. Sforza, 15 – Basiglio – Milano Tre (Milan)  
Share capital €73,114,707.90 – fully paid up  
Tax, VAT and Milan Register of Companies Registration No. 11667420159

# Corporate Governance Officers

## BOARD OF DIRECTORS

Ruozi Roberto	Chairman of the Board
Messina Alfredo	Deputy Chairman of the Board
Doris Massimo Antonio	Executive Deputy Chairman
Doris Ennio	Chief Executive Officer
Berlusconi Luigi	Director
Cannatelli Pasquale	Director
Carfagna Maurizio	Director
Ermolli Bruno	Director
Lombardi Edoardo	Director
Molteni Mario	Director
Pellegrino Danilo	Director
Renoldi Angelo	Director
Sciumè Paolo	Director
Zunino Antonio	Director

## BOARD OF STATUTORY AUDITORS

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

## BOARD SECRETARY

Rovere Luca Maria

## INDEPENDENT AUDITORS

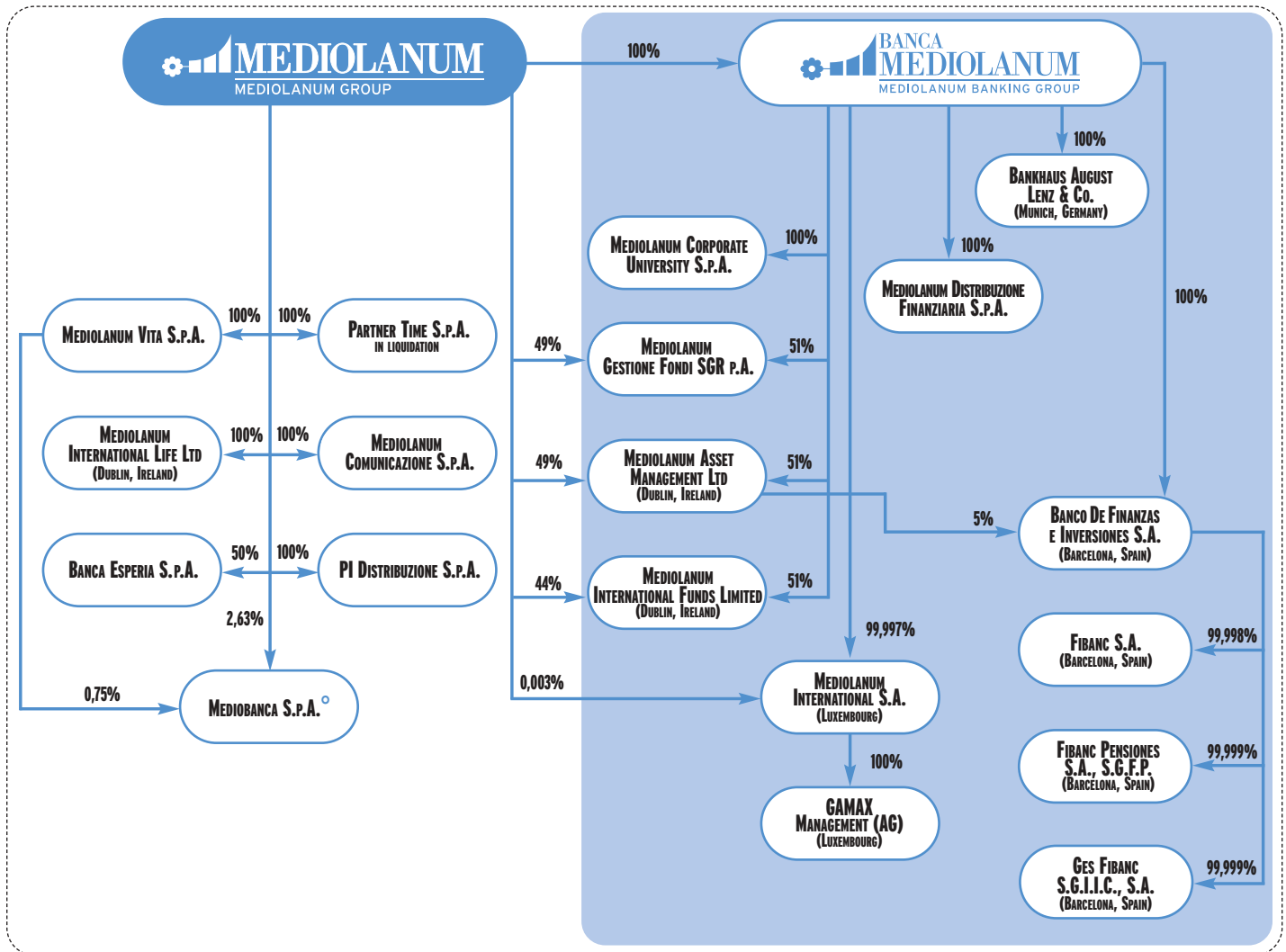
Reconta Ernst & Young S.p.A.

## OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

Del Fabbro Luigi

# Group structure

as of September 30, 2009



• THE MEDIOLANUM FINANCIAL CONGLOMERATE

• MEDIOLANUM BANKING GROUP

◦ Since Mediobanca holds treasury shares, total shareholding amounts to 3.45% of voting rights.

# Mediolanum Group's financial highlights

€/million	Sept. 30, 2009	Sept. 30, 2008	Change %	Dec. 31, 2008
Assets under management and administration (*)	36,894.0	30,729.9	20.06%	29,505.9
Gross Inflows	7,730.4	5,624.2	37.45%	7,709.8
Net Inflows	4,094.4	1,075.6	280.66%	2,499.0
Profit before tax (°)	233.6	133.7	74.72%	165.1
Income Tax (°)	(41.4)	(30.2)	37.09%	(33.8)
Net profit (°)	192.2	103.5	85.70%	131.3

€	Sept. 30, 2009	Sept. 30, 2008	Change %	Dec. 31, 2008
Earnings per share (#) (°)	0.263	0.142	85,2%	0.180

(\*) The figures relate to retail customers only.

(#) Net earnings attributable to holders of ordinary shares divided by the weighted average number of ordinary shares in issue.

(°) Dec. 31, 2008 comparative figures relate to ordinary activities, i.e. they do not include the operation put in place to safeguard the interests of customers after the default of Lehman Brothers. The Lehman Brothers operation was financed by the two Mediolanum S.p.A. key shareholders, Doris Group and Fininvest S.p.A., through a capital injection.

# Interim management report

The Mediolanum Group reported third-quarter 2009 consolidated net profit of €84,503 thousand, jumping 154% from €33,284 thousand in the same quarter of the prior year.

These excellent results took consolidated net profit at September 30, 2009 to €192,192 thousand, up 86% from €103,519 thousand in the first nine months of the prior year.

## The macroeconomic environment

Economic data released in the third quarter 2009 showed the first signs of easing in the global recession. Recovering from earlier collapse, the world's major economies began to stabilize and the OECD revised upwards its 2009 GDP growth estimates for G7 countries from -4.1% to -3.7%. Specifically, the OECD raised growth estimates from -4.8% to -3.9% for the Eurozone (from -6.1% to -4.8% for Germany and from -5.5% to -5.2% for Italy) and from -6.8% to -5.6% for Japan, while it revised them downwards from -4.3% to -4.7% for the UK and left them unchanged at -2.8% for the US.

The hallmarks of a more favourable cycle were internal demand growth in Asia, the implementation of fiscal stimulus packages, especially in the US and Germany, and the comeback of appetite for risk. The recent signs of recovery in the global economy and improvements in the manufacturing industry, however, were not strong enough to warrant an imminent rollback of monetary and fiscal stimulus measures.

In the US, albeit improving over the previous quarter (-6.4% in Q1 2009), economic growth continued to be negative at -0.7% (annualised) in the second quarter of 2009, which marked the fourth consecutive quarter of negative growth (-2.7% in Q3 08, -5.4% in Q4 08, -6.4% in Q1 09, -0.7% in Q2 09). In September, unemployment hit the highest level since June 1983 rising to 9.8% from 9.7% in August. Retail sales increased 2.2% in August but were down 1.5% in September. However, excluding car sales, retail sales grew both in August (up 1%) and in September (up 0.5%). On the supply side, industrial output was up 1.2% in August and up 0.7% in September, confirming the July turnaround (up 0.9%) after 8 consecutive months of shrinking. After posting a record low of 68.3% in June, the plant-use rate bounced back to 69% in July and 70.5% in September.

In the Eurozone, the second quarter of 2009 (-0.2% non annualised) marked the fifth consecutive quarter of negative growth (-0.3% in Q2 08, -0.4% in Q3 08, -1.8% in Q4 08, -2.5% in Q1 09, -0.2% in Q2 09). Specifically, Italy and Spain posted negative growth of -0.5% and -1.1% respectively, while France and Germany grew marginally by 0.3%.

Due to the economic downturn, contraction in consumer spending, rising unemployment and reduced plant use, inflation was likely to moderate. In September, consumer inflation was down to -0.3% in the Eurozone and -1.3% in the US, on an annual basis, while core inflation (ex food and energy) was 1.2% and 1.5%, respectively. Although inflation remained subdued, the Governing Council of the European Central Bank resolved to keep the main refinancing rate on hold at 1% at its July 2, August 6 and September 3 meetings.

3-month EURIBOR declined from 1.099% at June 30 to 0.753% at September 30, and US 3-month LIBOR was down from 0.595% at June 30 to 0.28688% at September 30.

In the third quarter 2009, the improvements in the economic environment dampened fears of a deep, prolonged recession and increased risk appetite among investors.

In the period under review, the world's major equity markets were on the upside. Since the beginning of the year, in the US, the S&P500 gained 17% and the Nasdaq Composite climbed 34.6%; in Europe the DJ Stoxx 600 rose 22.2%, in Italy the FTSE MIB was up 20.6%; in Japan the Nikkei 225 increased over 14%, and in emerging economies stock market growth averaged over 48% in local currency (MSCI EM Local Index). The main drivers of growth were financials and cyclical stocks.

In the period under review, the Vix volatility index, a popular measure of the implied volatility of S&P 500 index options, declined from 40 at the start of the year to 26.35 at June 30 and to 25.61 at September 30.

In the Eurozone, yields on 2-year and 10-year treasuries declined from 1.365% and 3.386%, respectively, at June 30, to 1.265% and 3.220% at September 30. In the US, for the same maturities treasury yields were down from 1.1091% and 3.5326%, respectively, at June 30, to 0.9446% and 3.3053% at September 30. The yield spread between 2-year and 10-year treasuries increased from 120 basis points at the beginning of the year to 195 basis points at September 30. The yield spread between Italian and German treasuries declined from 143 basis points at the start of the year to 105 bps at June 30 and to 79 bps at September 30, reflecting the growing risk appetite in the period.

The US treasury yield curve has steepened since the beginning of the year, and the yield spread between 2-year and 10-year maturities rose from 145 bps at the start of the year to 236 bps at September 30.

As risk aversion waned, in the quarter under review the yield spread between emerging countries' treasuries/corporate bonds and debt issued by governments with higher credit worthiness narrowed. The ITRAXX Europe Crossover index (Bloomberg ID ITRXEXE) declined from 1,030 at the beginning of the year to 709.5 at June 30 to 572 at September 30, and the ITRAXX Europe Investment Grade index (Bloomberg ID ITRXEBE) was down from 177 at the start of the year to 111.125 at June 30 to 88 at September 30.

Corporate bond issues in the primary market continued to be fully subscribed with greater spreads than in the secondary market. Although the economic outlook remains uncertain, the first signs that a gradual reversal of trend may be in the offing (late 2009/early 2010) prompted investors to step up their demand for corporate and emerging markets' bonds.

Finally, the reduced risk aversion led the euro to appreciate against the US dollar from 1.4033 at June 30 to 1.4640 at September 30. In the quarter under review the euro strengthened also against the sterling rising from 0.85241 at June 30 to 0.91590 at September 30. Conversely, after the Japanese elections the euro depreciated against the yen from 135.21 at June 30 to 131.33 at September 30.

## The insurance market

In the first nine months of 2009, new premiums written under individual life policies amounted to €41.3 billion, up 54.2% over the same period of the prior year. Specifically, new life premiums written in the third quarter 2009 amounted to €15 billion versus €7.9 billion in 2008 (up 90%).

Growth was mostly driven by premiums written under traditional, class I products that jumped 197% from €12.1 billion in 2008 to €36 billion at the end of September 2009. Conversely, linked policies (class III) posted a 73% decline in new premiums written to €3.7 billion from €13.9 in the first nine months of 2008.

New premiums written by EU companies conducting business in Italy (ANIA data) amounted to €2,879 million, down 42.2% over the prior year. Including these companies, new life premiums written in Italy since the beginning of the year amounted to €44.2 billion, growing by over 39% from €31.8 billion at September 30, 2008.



The analysis of distribution channels shows that premiums written through banks and post offices rose 54.6% taking the market share of these channels to 67.7% and premiums written through financial advisors climbed 190.9%, with a market share of 13.8% for this channel.

The excellent results recorded by Mediolanum Vita in terms of new business gave a notable contribution to growth. At September 30, 2009, Mediolanum Vita new business written amounted to €4,807.3 million (Q3 2009: €2,057.1 million) and was mainly generated by the new MEDIOLANUM PLUS policy associated with the Banca Mediolanum Freedom bank account. At the end of September 2009, new premiums written under this new product in the period amounted to €4,673.3 million (Q3 2009: €2,029.3 million).

## Mediolanum Group's performance

Boosted by the financial market upturn, the Mediolanum Group recorded excellent results in the third quarter 2009. Consolidated net profit came in at €84,503 thousand, up 154% over the same period of the prior year when it had amounted to €33,284 thousand.

Since a large portion of Mediolanum Group's managed assets are invested in equities, a notable contribution to growth was given by performance fees (€34.8 million) and investments at fair value (€9.6 million). Reversing the trend of previous months, management fees grew too, namely by €5.5 million over the previous quarter to €71.7 million, and returned to Q3 2008 levels.

Turning to the analysis of Banca Mediolanum, from January through September 2009, net inflows grew to €3.530 million from €2,610 million in financial year 2008 and €1,689 million in 2007.

Compared the same period of the prior year, net inflows climbed 110%, confirming expectations of remarkable growth for our Group.

Third quarter 2009 net inflows amounted to €1,521 million, up 179% over the same quarter of the prior year when they had come in at €545 million.

In the first nine months of 2009, Banca Mediolanum net inflows into managed assets progressively grew to €1,212 million, up 49% from €814 million at September 30, 2008.

Growth was largely focused on equity and flexible funds and partly offset by lower inflows into money market and balanced funds as well as class III life products.

The analysis of administered assets shows that, including net inflows into the Freedom product, Banca Mediolanum results surpassed even the rosier expectations since at the end of September 2009 net inflows grew 167% to €2,317.6 million.

The Freedom product brought true innovation to the Italian market and was a great success. By the end of October over 89,000 new accounts had been opened, of which 41% by new customers, for a total balance of €4,840 million, of which more than half deposited by new customers.

Another upside of the Freedom product is its ability to attract high-quality customers. In fact, deposits made upon opening the new Freedom account were 7 times higher than those attained with another successful product introduced in the past, the Riflex account, which took 2.5 years to reach those same levels.

The Freedom product is a launching pad for developing a high-potential customer base. There is already tangible evidence of growth in inflows into managed assets coming from Freedom account holders. Freedom accounts opened

by new customers from March through May 2009 delivered a 31% increase in customer deposits and 190% growth in managed assets just five months after these accounts were opened.

However, the huge success of the Freedom product in part cannibalised other banking products and services, e.g. securities accounts, custodian services and repurchase agreements, as well as other types of bank accounts, thus weighing on net interest income. Therefore, for the first year of life of this new product, net interest income earned on customer deposits is projected to be slightly negative for existing customer accounts, but this will be soon offset by net interest income on new customer deposits.

According to data released by the financial newspaper *Il Sole 24 ore* last October 31, Banca Mediolanum ranks first among top Italian sales networks with over 3.5 billion net inflows at September 30, 2009, a figure which is five times higher than the inflows reported by the competitor who came in second in the ranking.

According to data released by Assogestioni, in the January-October 09 period, Banca Mediolanum posted €1,364 million inflows into mutual funds, while the industry recorded in the aggregate net outflows of €6.3 billion. In that same period, Banca Mediolanum recorded net inflows of €934 million into equity funds versus €2.3 billion posted by the entire domestic industry.

The Assogestioni ranking of top asset managers in terms of volumes shows that the Mediolanum Group climbed to the seventh place from the eleventh place in June 2007, the tenth place in December 2007 and the eighth place in June 2008; and its market share grew from 2.79% in December 2007 to 3.56% in October 2009.

At September 30, 2009, the Mediolanum Group's total assets under management and administration hit the record high level of €36,894 million, up 20% from €30,729.9 million in the same period of the past year and up 25% from €29,505.9 million at December 31, 2008.

### Commercial initiative in the quarter

In September 2009, a new version of the "Mediolanum Freedom" account was launched paying new customers who open the Freedom account from October 1 through December 31, 2009, 2.5% net interest on any balances in excess of €15,000 and raising the maximum interest-earning balance to €1million from €500,000.

Thanks to the great success of the "Mediolanum Freedom" product, at the end of September total net inflows amounted to about 4.4 billion, of which €3.5 billion flowed into the new Mediolanum Plus policy.

Following the signing into law of the 'Tax Shield' bill, Banca Mediolanum rolled out a number of dedicated campaigns offering its customers a suite of products designed to tap the full potential of this opportunity. The marketing campaigns were compounded with a major sales network education and training programme.

## ● Consolidated Inflows, Assets under Management and Assets under Administration

### ○ Gross Inflows

€/m	Sept. 30, 2009	Sept. 30, 2008	Change
<b>ITALY</b>			
- Life Insurance products	5,275.8	2,100.2	151.2%
- Mutual funds and managed accounts	1,908.5	1,698.4	12.4%
- Bank accounts and securities in custody	(1,196.1)	868.9	-237.7%
- Other products	15.2	11.4	33.3%
<b>Banca Mediolanum total</b>	<b>6,003.4</b>	<b>4,678.9</b>	<b>28.3%</b>
<b>Banca Esperia Group (*)</b>	<b>1,613.0</b>	<b>850.7</b>	<b>89.6%</b>
<b>SPAIN</b>			
- Life Insurance products	46.3	54.4	-14.9%
- Mutual funds and managed accounts	104.3	172.5	-39.5%
- Bank accounts and securities in custody (**)	(54.1)	(159.1)	-66.0%
<b>Total</b>	<b>96.5</b>	<b>67.8</b>	<b>42.3%</b>
<b>GERMANY</b>			
- Life Insurance products	9.1	6.2	46.6%
- Mutual funds and managed accounts	23.4	29.0	-19.3%
- Bank accounts and securities in custody	(15.0)	(8.4)	n.a.
<b>Total</b>	<b>17.5</b>	<b>26.8</b>	<b>-34.7%</b>
<b>TOTAL GROSS INFLOWS</b>	<b>7,730.4</b>	<b>5,624.2</b>	<b>37.4%</b>

(\*) The figures relating to the Banca Esperia Group are stated on a pro-rata basis according to the stake held by the Mediolanum Group in that entity, i.e. 50% at September 30, 2009 and 48.5% at September 30, 2008.

(\*\*) Inflows into bank accounts and securities in custody are stated net of outflows. For the sake of consistency, prior period's comparative figures were restated accordingly.

## Net Inflows

€/m	Sept. 30, 2009	Sept. 30, 2008	Change %
<b>ITALY</b>			
- Life Insurance products	4,012.7	807.5	397.0%
- Mutual funds and managed accounts	713.3	6.5	n.a.
- Bank accounts and securities in custody	(1,196.1)	868.9	-237.7%
<b>Banca Mediolanum total</b>	<b>3,529.8</b>	<b>1,682.9</b>	<b>109.7%</b>
<b>Banca Esperia Group (*)</b>	<b>600.5</b>	<b>(343.4)</b>	<b>n.a.</b>
<b>SPAIN</b>			
- Life Insurance products	15.7	29.1	-46.0%
- Mutual funds and managed accounts	20.8	(104.0)	n.a.
- Bank accounts and securities in custody	(54.1)	(159.1)	-66.0%
<b>Total</b>	<b>(17.6)</b>	<b>(234.0)</b>	<b>-92.5%</b>
<b>GERMANY</b>			
- Life Insurance products	6.2	4.0	57.3%
- Mutual funds and managed account	(9.5)	(25.5)	-62.7%
- Bank accounts and securities in custody	(15.0)	(8.4)	n.a.
<b>Total</b>	<b>(18.3)</b>	<b>(29.9)</b>	<b>n.a.</b>
<b>TOTAL NET INFLOWS</b>	<b>4,094.4</b>	<b>1,075.6</b>	<b>280.7%</b>

(\*) The figures relating to the Banca Esperia Group are stated on a pro-rata basis according to the stake held by the Mediolanum Group in that entity, i.e. 50% at September 30, 2009 and 48.5% at September 30, 2008.

## Consolidated Assets under Management and Assets under Administration (\*)

€/m	Sept. 30, 2009	Sept. 30, 2008	Dec. 31, 2008
- Life Insurance Products	18,028.3	12,987.9	12,313.4
- Mutual funds and managed accounts	14,423.0	13,070.0	11,704.7
- Banking Products	5,382.7	5,740.8	6,385.2
- Consolidation adjustments	(7,719.8)	(7,183.9)	(6,462.2)
- Banca Esperia Group (**)	4,955.2	4,196.2	3,911.5
<b>DOMESTIC MARKET</b>	<b>35,069.3</b>	<b>28,811.0</b>	<b>27,852.6</b>
- Life Insurance Products	378.6	342.9	305.0
- Mutual funds and managed accounts	869.0	901.1	768.8
- Banking Products	810.6	922.1	796.8
- Other Products	0.5	0.7	0.6
- Consolidation adjustments (***)	(234.2)	(247.8)	(218.0)
<b>FOREIGN MARKETS</b>	<b>1,824.7</b>	<b>1,918.9</b>	<b>1,653.2</b>
<b>MEDIOLANUM GROUP</b>	<b>36,894.0</b>	<b>30,729.9</b>	<b>29,505.9</b>

(\*) The figures relate to retail customers only.

(\*\*) The figures relating to the Banca Esperia Group are stated on a pro-rata basis according to the stake held by the Mediolanum Group in that entity, i.e. 50% at September 30, 2009; 48.5% at September 30, 2008 and at December 31, 2008.

(\*\*\*) Compared to the figure reported in prior year's periods, the balance of consolidation adjustments at September 30, 2008 and at December 31, 2008 reported herein show a €52 million increase due to the cancellation of those Mediolanum International Funds invested in funds managed by Fibanc.

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

## Life insurance

The analysis of new business and in-force business for the first nine months of the year shows exceptional growth especially thanks to the new Mediolanum Vita '*Mediolanum Plus*' policy. New premiums written under this product amounted to €4,673 which net of surrenders for the period amounting to €1,195 million, entailed an increase in technical reserves of about €3,515 million, including revaluations for the period.

Total life products grew from €12,618.4 million at year end 2008 to €18,406.9 million at the end of September 2009 (Q3 2008: €13,330.8 million).

The analysis of assets invested in life products, on a management basis, is set out in the table below.

€/m	Sept. 30, 2009	Sept. 30, 2008	Dec. 31, 2008
Unit-linked life products	7,745.7	7,035.4	6,306.7
Index-linked life products	5,840.8	5,001.6	4,985.5
Traditional life products	4,820.4	1,293.8	1,326.2
<b>Total Life Products</b>	<b>18,406.9</b>	<b>13,330.8</b>	<b>12,618.4</b>

The analysis of premiums written by class is set out in the table below.

€/000	Sept. 30, 2009	Sept. 30, 2008	Change %
<b>Insurance/reinsurance</b>			
Class I Traditional life policies	4,704,096	33,300	4,670,796
Class III Fund-related insurance	1,782,458	2,120,808	(338,350)
Class V Investment plans	3,581	4,100	(519)
Class VI Pension fund	590	1,100	(510)
<b>Total</b>	<b>6,490,725</b>	<b>2,159,308</b>	<b>4,331,417</b>

The €4,671 million increase in class I policies largely relates to the new product *Mediolanum Plus*.

Premiums written in the first nine months of the year climbed 201% to €6,484.1 million from €2,150.8 million at September 30, 2008.

New life business jumped 340% to €5,570.3 million from €1,266.5 million at September 30, 2008.

The analysis of premiums written, on a management basis, is set out in the table below.

€/000	Sept. 30, 2009	Sept. 30, 2008	Change
Recurring premiums	64,230	202,100	(137,870)
Single premiums and group policies	5,506,150	1,064,408	4,441,742
<b>Total new business</b>	<b>5,570,380</b>	<b>1,266,508</b>	<b>4,303,872</b>
<i>of which Mediolanum Plus</i>	<i>4,673,367</i>	<i>-</i>	<i>4,673,367</i>
Pension plans in-force	674,286	299,300	374,986
Other business in-force	246,059	593,500	(347,441)
<b>Total in-force business</b>	<b>920,345</b>	<b>892,800</b>	<b>27,545</b>
<b>Total gross premium written</b>	<b>6,490,725</b>	<b>2,159,308</b>	<b>4,331,417</b>
Ceded premiums	(3,376)	(3,500)	124
Premiums relating to financial contracts (IFRS4)	(3,226)	(5,000)	1,774
<b>Total net premiums written</b>	<b>6,484,123</b>	<b>2,150,808</b>	<b>4,333,315</b>

Recurring premiums declined 68% from 202.1 million at September 30, 2008 to €64.2 million at the end of September 2009.

Excluding *Mediolanum Plus*, single premiums and group policies were down 22% to €832.8 million from 1,064.4 million at September 30, 2008. The decline was largely in relation to index-linked policies.

Total in-force business amounted to €920.3 million, up 3% over the prior year.

At September 30, 2009, total amounts paid and change in reserves amounted to €6,410.5 million versus €2,067.1 million in the prior year.

€/000	Sept. 30, 2009	Sept. 30, 2008	Change
Surrenders	1,588,520	593,417	995,103
Maturities	842,894	675,279	167,615
Claims	57,737	46,225	11,513
Annuities	4,232	4,818	(586)
<b>Total amounts paid</b>	<b>2,493,384</b>	<b>1,319,738</b>	<b>1,173,646</b>
<b>Change in Technical Reserves</b>	<b>3,921,432</b>	<b>752,039</b>	<b>3,169,393</b>
Recoveries from reinsurers	(4,276)	(4,664)	388
<b>Total amounts paid and change in reserves</b>	<b>6,410,540</b>	<b>2,067,113</b>	<b>4,343,427</b>

The increase in total amounts paid in the period was largely due to *Mediolanum Plus* policy surrenders (€1,194.8 million). Excluding them, surrenders declined from €593.4 million at September 30, 2008 to €393.7 million at September 30, 2009.

## Asset Management

In the first nine months of 2009 assets under management increased to €15,292.0 million at September 30, 2009 from €12,473.5 million at December 31, 2008 and from €13,971.1 million at September 30, 2008.

€/m	Sept. 30, 2009	Sept. 30, 2008	Dec. 31, 2008
"Best of brands" funds of funds	2,194.2	1,673.4	1,470.8
"Portfolio" funds of funds	835.5	898.6	811.8
"Elite" funds of funds	105.2	109.3	90.3
Funds of hedge funds	433.5	523.2	453.1
<b>Total funds of funds</b>	<b>3,568.4</b>	<b>3,204.6</b>	<b>2,826.0</b>
"Challenge"	9,517.0	8,889.0	7,669.8
"Top Managers"	-	-	-
Other Italy-based mutual funds	1,642.6	1,418.5	1,302.0
Other internationally-based mutual funds	866.8	691.4	789.3
<b>Total other mutual funds</b>	<b>12,026.4</b>	<b>10,998.9</b>	<b>9,761.1</b>
"Chorus" managed accounts	141.1	170.3	135.8
Real estate funds and others	427.6	412.2	400.2
Duplications	(871.4)	(814.8)	(649.6)
<b>Total mutual funds and managed accounts</b>	<b>15,292.0</b>	<b>13,971.1</b>	<b>12,473.5</b>
of which:			
Equity	61%	60%	57%
Bond	15%	15%	17%
Money market	8%	10%	11%
Other	16%	15%	15%

For the period under review, total gross inflows, including both retail and institutional customers, amounted to €3,953.6 million versus €5,015.7 million in the same period of the prior year.

The higher balance reported in the prior year was in connection with the replacement of Top Managers funds with Challenge funds as life products' underlying for about €1.1 billion.

Total net inflows for the period rose from €486.7 million at September 30, 2008 to €1,203.7 million at September 30, 2009.

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

### Gross inflows

€/m	Sept. 30, 2009	Sept. 30, 2008	Change
"Best of brands" funds of funds	619.3	360.1	259.2
"Portfolio" funds of funds	53.5	110.8	(57.3)
"Elite" funds of funds	11.2	16.4	(5.2)
<b>Total funds of funds</b>	<b>684.0</b>	<b>487.3</b>	<b>196.7</b>
"Challenge"	654.6	592.4	62.2
"Top Managers"	-	360.5	(360.5)
Other Italy-based mutual funds	572.8	309.9	262.9
Other internationally-based mutual funds	59.9	88.7	(28.8)
<b>Total other mutual funds</b>	<b>1,287.3</b>	<b>1,351.5</b>	<b>(64.2)</b>
"Chorus" managed accounts	8.3	24.0	(15.7)
Real estate funds and others	56.6	37.1	19.4
<b>Total mutual funds and managed accounts</b>	<b>2,036.2</b>	<b>1,899.9</b>	<b>136.2</b>

### Net inflows

€/m	Sept. 30, 2009	Sept. 30, 2008	Change
"Best of brands" funds of funds	365.7	268.5	97.2
"Portfolio" funds of funds	(54.1)	(126.6)	72.5
"Elite" funds of funds	(1.3)	(10.7)	9.4
<b>Total funds of funds</b>	<b>310.3</b>	<b>131.2</b>	<b>179.1</b>
"Challenge"	195.0	(21.4)	216.4
"Top Managers"	-	49.0	(49.0)
Other Italy-based mutual funds	220.6	(78.5)	299.2
Other internationally-based mutual funds	(19.1)	(136.9)	117.8
<b>Total other mutual funds</b>	<b>396.5</b>	<b>(187.9)</b>	<b>584.3</b>
"Chorus" managed accounts	(8.7)	(84.4)	75.7
Real estate funds and others	26.5	18.1	8.4
<b>Total mutual funds and managed accounts</b>	<b>724.6</b>	<b>(123.0)</b>	<b>847.5</b>



## Banking

At the end of the first nine months of 2009, the Group reported net outflows in assets under administration of €1,265.2 million versus net inflows of €701.4 million at September 30, 2008.

The net outflows for the period are largely due to the transfer of balances out of existing customers' accounts into the *Mediolanum Plus* policy associated with the Banca Mediolanum 'Freedom' bank account.

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

€/m	Sept. 30, 2009	Sept. 30, 2008	Dec. 31, 2008
Customer deposits	3,864	3,794	4,072
Securities in custody	2,178	2,358	2,179
Repurchase agreements	151	511	931
<b>Total Assets under Administration</b>	<b>6,193</b>	<b>6,663</b>	<b>7,182</b>
of which:			
Banca Mediolanum	5,383	5,741	6,385

In the period under review the number of Banca Mediolanum bank accounts grew 3.3% to about 573,043 from about 554,783 at September 30, 2008. Primary bank account holders increased 2.8% to 552,500 from 537,500 in the same period of the prior year.

## The Sales Networks

Number	Sept. 30, 2009	Sept. 30, 2008	Dec. 31, 2008
<b>Italy</b>			
Licensed Financial Advisors	4,903	5,108	5,077
Non-licensed advisors / agents (*)	498	844	774
<b>Spain</b>	413	588	486
<b>Germany</b>	33	27	30
<b>Total</b>	<b>5,847</b>	<b>6,567</b>	<b>6,367</b>

(\*) Banca Mediolanum S.p.A. non-licensed advisors work also as financial agents under a mandate from Mediolanum Distribuzione Finanziaria S.p.A.

At September 30, 2008, the Mediolanum Group's sales networks of tied financial advisors who apply the Mediolanum business model consisted of 5,847 advisors down 520 over year end 2008 largely due to the exit of 276 Banca Mediolanum non-licensed advisors and 174 licensed advisors.

## Consolidated Income Statement at September 30, 2009

€/m	Sept. 30, 2009	Sept. 30, 2008	Q3 2009	Q3 2008
Net premiums written	6,484.1	2,150.8	2,563.1	646.6
Amounts paid and change in reserves	(6,410.5)	(2,067.1)	(2,539.6)	(634.2)
<b>Net life insurance revenues (ex. commissions)</b>	<b>73.6</b>	<b>83.7</b>	<b>23.5</b>	<b>12.4</b>
Entry fees	51.7	43.1	20.7	11.8
Management fees	197.0	222.1	71.7	71.3
Performance fees	121.6	45.9	48.4	13.6
Banking service fees	65.7	54.1	23.6	17.4
Other fees	19.7	25.1	5.4	4.8
<b>Total commission income</b>	<b>455.7</b>	<b>390.3</b>	<b>169.8</b>	<b>118.9</b>
Interest income and similar income	225.5	278.7	63.9	84.0
Interest expense and similar charges	(93.6)	(165.0)	(23.1)	(45.9)
Net income on investments at fair value	47.5	(8.9)	26.4	16.9
<b>Net financial income</b>	<b>179.4</b>	<b>104.8</b>	<b>67.2</b>	<b>54.9</b>
Realised gains/losses on other investments	18.5	5.4	9.4	1.5
Net impairment on other investments	(10.7)	(4.8)	(6.0)	(1.6)
Net income on other investments	7.9	0.6	3.5	(0.1)
Other revenues	16.1	16.0	6.2	5.1
<b>TOTAL REVENUES</b>	<b>732.6</b>	<b>595.5</b>	<b>270.1</b>	<b>191.3</b>
Commission expenses and acquisition costs	(219.3)	(201.1)	(81.7)	(60.9)
General and administrative expenses	(252.3)	(237.1)	(75.7)	(75.0)
Amortisation and depreciation	(13.7)	(12.7)	(4.9)	(4.7)
Provisions for risks and charges	(13.7)	(10.8)	(4.7)	(5.7)
<b>TOTAL COSTS</b>	<b>(499.0)</b>	<b>(461.8)</b>	<b>(167.0)</b>	<b>(146.4)</b>
<b>PROFIT BEFORE TAX</b>	<b>233.6</b>	<b>133.7</b>	<b>103.1</b>	<b>44.9</b>
Income tax	(41.4)	(30.2)	(18.6)	(11.7)
Minority interests	-	-	-	-
<b>NET PROFIT FOR THE PERIOD</b>	<b>192.2</b>	<b>103.5</b>	<b>84.5</b>	<b>33.2</b>

Net premiums written in the period amounted to €6,484.1 million (Q3 2009: €2,563.1 million), climbing 201% from €2,150.8 million in the prior year (Q3 2008: €646.6 million), thanks to the exceptional results of the new *Mediolanum Plus* policy (€4,673 million).

Amounts paid and change in reserves amounted to €6,410.5 million (up 210%; Q3 2009: €2,539.6 million) versus €2,067.1 million at September 30, 2008 (Q3 2008: €634.2 million).

Net life insurance revenues before acquisition costs amounted to €73.6 million (Q3 2009: €23.5 million) versus €83.7 million in the prior year (Q3 2008: €12.4 million). The €10.1 million decline reflects falling loadings for the period due to lower sales of index-linked policies. In addition, reduced surrenders for the period, net of surrenders relating to *Mediolanum Plus*, entailed the decrease in net income from the release of technical reserves.

**Commission income** for the period amounted to €455.7 million (Q3 2009: €169.8 million) versus €390.3 million in the first nine months of 2008 (Q3 2008: €118.9 million). The €65.4 million increase in commission income was due to the growth in performance fees (€75.7 million). Conversely, management fees declined from €222.1 million at September 30, 2008 to €197 million at the end of the period under review. This was in connection with the decline in the value of assets under management during the crisis that hit financial markets in 2008 and the first months of 2009.

**Net financial income and net income on other investments** in the aggregate rose €81.8 million to €187.2 million (Q3 2009: €70.6 million) from €105.4 million at September 30, 2008 (Q3 2008: €54.8 million). Specifically, net income on investments at fair value amounted to €47.5 million versus a net loss of €8.9 million in the prior year, thanks to good trading results and the recovery of value of financial instruments at fair value in the insurance segment.

Net interest income grew €18.2 million from €113.7 million at September 30, 2008 to €131.9 million at September 30, 2009, largely due to greater spreads, especially on investments in corporate bonds.

Net income on other investments grew from €0.6 million at September 30, 2008 to €7.8 million at the end of September 2009, largely benefitting from income on available-for-sale financial assets.

At September 30, 2009, **commission expenses and acquisition costs** amounted to €219.3 million (Q3 2009: €60.9 million) versus €201.1 million at September 30, 2008 (Q3 2008: €81.7 million).

**Other expenses** (general and administrative expenses, amortisation, depreciation and provisions for risks and charges) were up 7% to €279.7 million (Q3 2009: €85.3 million) from €260.6 million in the prior year (Q3 2008: €85.4 million). The €19.1 million increase was largely in connection with growth in retail banking, greater advertising spending and provisions for risks and charges.

**Income tax** for the period increased to €41.4 million (Q3 2009: €18.6 million) from €30.2 million at September 30, 2008 (Q3 2008: €11.7 million). The median tax rate was 18%.

## ● Key corporate events and performance of companies within the Group

In the quarter under review there were no significant corporate events.

### ○ The Parent Company

At September 30, 2009, the parent company Mediolanum S.p.A. reported net profit of €32.5 million (Q3 2009: -€2.9 million) versus €124.9 million at September 30, 2008 (Q3 2008: -€6.5 million).

The greater net profit reported in the first nine months of 2008 reflected the gain (€25.2 million) generated from the sale of the 2.5% shareholding in the subsidiary Mediolanum International Funds Ltd to the indirect subsidiary Banco de Finanzas e Inversiones S.A, as well as greater dividends from subsidiaries (€80.9 million).

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

### ○ Life Insurance Companies

**Mediolanum Vita S.p.A.** – At the end of the third quarter 2009, this company reported net profit of €35.5 million up from €25.8 million at September 30, 2008. Third quarter net profit amounted to €15.8 million versus €10 million in the same quarter of the prior year.

In the first nine months of 2009, the company reported premiums written of €5,682.2 million (Q3 2009: €2,342.2 million) versus €1,412.0 million in the same period of the prior year (Q3 2008: €364.8 million).

New business increased from €523 million in the first nine months of 2008 (Q3 2008: €68.1 million) to €4,807.3 million at September 30, 2009 (Q3 2009: €2,057.1 million), especially thanks to the exceptional success of the new *MEDIOLANUM PLUS* policy associated with the Banca Mediolanum 'Freedom' bank account. New premiums written in the period under this new product amounted to €4,673 million.

In-force business premiums stood at €878.3 million (Q3 2009: €286 million) versus €892.6 million reported in the same period of the prior year (Q3 2008: €298 million).

At September 30, 2009, mathematical reserves and financial liabilities to policyholders amounted to €14,440.1 million, growing 43% over the comparative period (September 30, 2008: €10,094.9 million; December 31, 2008: €9,410.8 million).

**Mediolanum International Life Ltd** – At the end of the third quarter 2009, the Irish company reported net profit of €30.8 million versus €8.1 million in the same period of the prior year. For the third quarter 2009, the company posted net profit of €12 million versus €2 million in the same quarter of the prior year.

For the period under review, the company reported premiums written of €803 million versus €740.6 million at September 30, 2008.

At September 30, 2009, mathematical reserves and financial liabilities to policyholders amounted to €4,062 million, up from €3,224 million at December 31, 2008.

Mediolanum International Life Ltd policies are distributed in Italy by Banca Mediolanum, in Spain by Fibanc and in Germany through Bankhaus August Lenz.

On October 29, 2009, the company resolved to distribute a 2009 interim dividend for a total amount of €20 million.

## ○ Asset Management Companies

**Mediolanum International Funds Ltd** – At September 30, 2009, the company reported net profit of €156.9 million (Q3 2009: €59.3 million), up €53.3 million from €103.6 million at September 30, 2008 (Q3 2008: €31.4 million), largely benefitting from the performance fees earned in the period (€70.1 million).

For the first nine months of 2009, the company reported net inflows of €941.3 million (Q3 2009: €376 million) versus €760.3 million for the same period in the prior year (Q3 2008: €256.2 million).

At September 30, 2009, total assets under management amounted to €12,995 million up 25% from €10,421 million at December 31, 2008.

The funds managed by Mediolanum International Funds are distributed in Italy, Spain and Germany. Specifically, in the Retail segment, funds are distributed through the sales networks of the Mediolanum Banking Group's banks, while, in the Institutional segment, they are distributed largely to the fellow subsidiaries Mediolanum Vita S.p.A. and Mediolanum International Life Ltd. On October 29, 2009, the company resolved to distribute a 2009 interim dividend for a total amount of €155 million. In October of the prior year the company had distributed interim dividend for a total amount of €100 million.

**Mediolanum Gestione Fondi SGR p.A.** – For the first nine months of 2009, the company reported net profit of €4.8 million (Q3 2009: €2.4 million) up from €3.4 million in the same period of the prior year (Q3 2008: €1.5 million).

For the first nine months of 2009, the company reported net inflows of €239 million (Q3 2009: €65.9 million) versus net outflows of €76.4 million at September 30, 2008 (Q3 2008: net outflows of €16.1 million).

At September 30, 2009, assets under management grew to €2,161.4 million from €1,792.6 million at December 31, 2008. Assets managed on mandates from fellow subsidiaries amounted to €15,288.2 million versus €9,960.6 million at December 31, 2008 and €10,801 million at September 30, 2008.

**Gamax Management A.G.** – For the first nine months of 2009, the Luxembourg-based company reported net profit of €6.1 million (Q3 2009: €1.9 million) versus €1.2 million in the same period of the prior year (Q3 2008: €0.5 million).

At September 30, 2009, the company reported net outflows of €10.1 million (Q3 2009: net outflows of €4.1 million) versus net outflows of €26.9 million at September 30, 2008 (Q3 2008: net outflows of €3.7 million). At September 30, 2009 assets under management (retail and institutional segments) amounted to €460 million versus €385 million at December 31, 2008.

## ○ Banking operations (including Group product distribution)

**Banca Mediolanum S.p.A.** – At September 30, 2009, the bank reported a net loss of €16.4 million (Q3 2009: loss of €8 million) versus net profit of €2.1 million for the same period of the prior year (Q3 2008: loss of €6 million). In the first nine months of the year there was significant growth in net financial income that rose to €137.6 million (Q3 2009: €48.3 million) from €102 million in the same period of the prior year (Q3 2008: €42.1 million), reflecting performance in customer lending, greater spreads on investments in corporate bonds and improved gross income.

On the other hand, commission income for the first nine months of the year declined to €38.5 million (Q3 2009: €9.5 million) from €55.7 million in the same period of the prior year (Q3 2008: €13.4 million). This was due to

the lower level of management fees earned in the period as a result of the decline in the value of assets under management during the financial market downturn in 2008, that, however, in the last two quarters of the current year have progressively recovered.

At the end of the period under review, direct funding from customers amounted to €5,256 million, down €325 million from the 2008 year end balance of €5,581 million. At September 30, 2009, there were 573,043 bank accounts versus 565,476 at December 31, 2008 (554,783 at September 30, 2008).

At September 30, 2009, the balance on retail customers' securities accounts amounted to €1,583 million versus €1,586 million at the end of the prior year.

At the end of the period under review, loans to customers declined to €2,885 million from €3,206 million at December 31, 2008. This reflects the decrease in repurchase agreements (down €349 million) and short-term financing facilities (down €708 million). On the other hand, residential mortgage loans grew significantly by €678 million to €1,891 million from €1,213 million at December 31, 2008.

**Banco de Finanzas e Inversiones S.A. (Fibanc)** – For the first nine months of 2009, the Spanish bank reported net outflows of €17.6 million (Q3 2009: net inflows of €11 million) versus net outflows of €233.9 million in the same period of the prior year (Q3 2008: net outflows of €73.2 million). At the end of the period under review, the sales force consisted of 413 people (vs. 486 at December 31, 2008), of whom 367 licensed advisors (vs. 448 at December 31, 2008).

At September 30, 2009, the bank reported consolidated net loss of €5.3 million (Q3 2009: loss of €2.5 million) versus a net loss of €3 million in the same period of the prior year (Q3 2008: loss of €2.5 million).

At September 30, 2009, total assets under administration amounted to €1,563 million versus €1,458 million at December 31, 2008.

**Bankhaus August Lenz & Co.** – At September 30, 2009, the German bank reported a net loss of €5.8 million (Q3 2009: loss of €1.7 million), essentially in line with the €5.3 million loss reported for the same period of the prior year (Q3 2008: loss of €1.4 million).

For the period under review, Bankhaus August Lenz reported net outflows of €8.1 million (Q3 2009: inflows of €2.6 million) versus net outflows of €3.0 million in the same period of prior year (Q3 2008: net outflows of €9.9 million). At September 30, 2009, assets under administration amounted to €67.4 million versus €67.2 million at September 30, 2008.

At September 30, 2009, the sales network consisted of 33 people (vs. 27 at September 30, 2008).

## Associates and joint ventures

This account relates exclusively to the investments in Banca Esperia S.p.A. (50% stake) and in Mediobanca S.p.A. (3.38% of share capital; 3.45% of voting rights).

**Banca Esperia** – For the first nine months of 2009 the Banca Esperia Group reported consolidated net profit of €1.6 million versus €8.3 million at September 30, 2008.

For the period under review the Group reported net inflows of €1,201 million (Q3 2009: inflows of €896 million) versus net outflows of €708 million in the same period of the prior year (Q3 2008: outflows of €139 million).

At the end of the period under review, total assets under management and administration amounted to €9,910 million versus €8,065 million at December 31, 2008 and €8,652 million at September 30, 2008.

At September 30, 2009 Banca Esperia had 58 private bankers versus 50 at September 30, 2008.

**Mediobanca S.p.A** – You are reminded that, at December 31, 2008, the investment in **Mediobanca S.p.A.**, was reclassified to ‘Investments in Associates and Joint Ventures’.

For financial year ended June 30, 2009, the Mediobanca Group reported net profit of €2.4 million versus €1,014.8 million in the prior year. Specifically, in the six months from January through June 2009, the Group reported a net loss of €97.9 million compared to outstanding results in the same period of the prior year when it had recorded net profit of €714.4 million.

For the first quarter of the current financial year (July-September 2009) the Mediobanca Group reported net profit of €200.6 million versus €309.9 million in Q1 2008 (ended September 30, 2008). The decline reflects the significant increase in write-downs of loans and equity investments (grown, in the aggregate, from €75.9 million to €214.4 million), only partly offset by greater commissions and income from securities.

At September 30, 2009, consolidated shareholders’ equity after minority interests and net profit for the year amounted to €5,959.5 million versus €5,703.6 million at June 30, 2009 and €5,456.8 million at December 31, 2008.

In September 2009, pursuant to article 2433 of the Italian Civil Code, the Board of Directors of Mediobanca resolved to effect a bonus share issue granting shareholders 1 share for every 20 shares held and 1 warrant for each share held. The warrants entitle holders to subscribe to newly issued shares, namely 1 share every 7 warrants, at a price of €9, between January 1, 2010 and March 18, 2011. If fully exercised, share capital will increase by about €1 billion.

At September 30, 2009, the impact on the income statement of investments accounted for by the equity method was positive for €4.3 million (Q3 2009: positive for €5.5 million) versus a positive impact of €4.0 million in the first nine months of 2008 (Q3 2008: positive for €1.2 million).

## ● Post balance sheet date events

In October 2009, another two subordinated notes were issued, namely "Banca Mediolanum Lower Tier II 19/10/09-19/10/15 (floating rate) with periodic amortisation" and "Banca Mediolanum Lower Tier II 28/10/09-28/10/19 (floating rate) with periodic amortisation" amounting to €66,990 thousand and €3,840 thousand, respectively. These subordinated issues entail an overall increase in the Bank's Tier II capital of €70,830 thousand and improve solvency ratios of the Mediolanum financial conglomerate accordingly.

After September 30, 2009, there was no other event which could have a significant impact on the financial position, result of operations and cash flows of the Mediolanum Group.

## ● Outlook

The policy responses of the world's main governments and central banks are proving to be effective in easing the recession. Improved confidence on both the demand and supply sides, the gradual recovery from the financial crisis and the heavy fiscal stimulus packages adopted by national governments could finally end the recession by 2010.

In the light of the positive results recorded so far in terms of both net inflows and net earnings, the outlook for the final part of the year is positive for our Group.

Basiglio, November 11, 2009

For the Board of Directors  
The Chairman  
(Roberto Ruozi)



# Schedules



## **Note on the method applied to the income statement reclassification**

The income statement set out herein was prepared by reclassifying income and expense items before tax by nature and recognising financial income/expense on policyholders' assets/liabilities relating to contracts under which the investment risk is born by the policyholder under "Amounts paid and change in technical reserves".

The reclassified income statement reflects the management reporting system of the Mediolanum Group.

The reconciliation of the consolidated income statement prepared on a statutory basis to the reclassified income statement at September 30, 2009 is set out below.

## Reconciliation of the income statement prepared on a statutory basis to the reclassified income statement at September 30, 2009

€/000	Consolidated income statement
<b>1.1 Premiums written, net of reinsurance</b>	
1.1.1 Gross premiums written	6,487,499
1.1.2 Reinsurance premiums	(3,376)
<b>Total premiums written, net of reinsurance</b>	<b>6,484,123</b>
<b>1.2 Commission income</b>	<b>455,700</b>
<b>1.3 Income on financial instruments at fair value through profit/loss</b>	<b>1,936,669</b>
<b>1.4 Income on investments in subsidiaries, associates and joint ventures</b>	<b>4,336</b>
<b>1.5 Income on other financial instruments and investment property</b>	
1.5.1 Interest income	224,095
1.5.2 Other income	5,775
1.5.3 Realized gains	19,872
1.5.4 Unrealized gains	8,512
<b>Total income on other financial instruments and investment property</b>	<b>258,254</b>
<b>1.6 Other revenues</b>	<b>18,023</b>
<b>Total revenues and other income</b>	<b>9,157,105</b>
<b>2. Costs</b>	
<b>2.1 Claims incurred</b>	
2.1.1 Claims paid and change in technical reverses	(8,330,489)
2.1.2 Reinsurers' share	4,276
<b>Total claims incurred, net of reinsurance</b>	<b>(8,326,213)</b>
<b>2.2 Commission expense</b>	<b>(158,457)</b>
<b>2.3 Loss on investments in subsidiaries, associates and joint ventures</b>	<b>-</b>
<b>2.4 Loss on other financial instruments and investment property</b>	
2.4.1 Interest expense	(72,678)
2.4.2 Other expense	(321)
2.4.3 Realized losses	(5,821)
2.4.4 Unrealized losses	(19,663)
<b>Loss on the other financial instruments and investment property</b>	<b>(98,483)</b>
<b>2.5 Operating expenses</b>	
2.5.1 Agents' commissions and other acquisition costs	(65,195)
2.5.2 Investment management costs	(317)
2.5.3 Other administrative expenses	(231,109)
<b>Total operating expenses</b>	<b>(296,621)</b>
<b>2.6 Other costs</b>	<b>(43,625)</b>
<b>Total costs</b>	<b>(8,923,399)</b>
<b>Pre-tax profit (loss) for the year</b>	<b>233,706</b>
<b>3. Income taxes</b>	<b>(41,402)</b>
<b>4. Profit (loss) of discontinued operations</b>	<b>(112)</b>
<b>Consolidated profit (loss) for the year</b>	<b>192,192</b>

### RECLASSIFICATIONS

Interest income and expenses on assets/liabilities pertaining to policyholders  
(including policies classified as financial contracts under IFRS 14)

Other reclassifications	-
<b>TOTAL RECLASSIFICATIONS</b>	<b>-</b>

## RECLASSIFIED INCOME STATEMENT - REVENUES

net premiums written	amounts paid an change in reserves	commission income	interest income and similar income	net income on investments at fair value	gains (losses) on investments at fair value	net income on other investments	other revenues
6,487,499	-	-	-	-	-	-	-
(3,376)	-	-	-	-	-	-	-
6,484,123	-	-	-	-	-	-	-
-	-	455,700	-	-	-	-	-
-	-	-	206,515	(25,934)	1,756,088	-	-
-	-	-	-	-	-	4,336	-
-	-	-	224,095	-	-	-	-
-	-	-	2,819	-	-	2,956	-
-	-	-	-	-	-	19,872	-
-	-	-	-	-	-	-	-
-	-	-	226,914	-	-	22,828	-
-	-	-	-	-	-	-	18,023
6,484,123	-	455,700	433,429	(25,934)	1,756,088	27,164	18,023
-	(8,329,560)	-	-	-	-	-	-
-	4,276	-	-	-	-	-	-
-	(8,325,284)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(72,678)	-	-	-
-	-	-	-	(9)	-	(312)	-
-	-	-	-	-	-	(5,821)	-
-	-	-	-	-	-	-	-
-	-	-	-	(72,687)	-	(6,133)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(8,325,284)	-	-	(72,687)	-	(6,133)	-
6,484,123	(8,325,284)	455,700	433,429	(98,621)	1,756,088	21,031	18,023
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(112)	-
6,484,123	(8,325,284)	455,700	433,429	(98,621)	1,756,088	20,919	18,023
-	1,915,824	-	(205,134)	5,039	(1,708,620)	(7,109)	-
-	(1,080)	-	(2,819)	-	-	4,738	(1,927)
6,484,123	(6,410,540)	455,700	225,476	(93,582)	47,468	18,548	16,096

## Reconciliation of the income statement prepared on a statutory basis to the reclassified income statement at September 30, 2009

€/’000

1.1	Premiums written, net of reinsurance
1.1.1	Gross premiums written
1.1.2	Reinsurance premiums
	<b>Total premiums written, net of reinsurance</b>
1.2	Commission income
1.3	Income on financial instruments at fair value through profit/loss
1.4	Income on investments in subsidiaries, associates and joint ventures
1.5	Income on other financial instruments and investment property
1.5.1	Interest income
1.5.2	Other income
1.5.3	Realized gains
1.5.4	Unrealized gains
	<b>Total income on other financial instruments and investment property</b>
1.6	Other revenues
	<b>Total revenues and other income</b>
2.	Costs
2.1	Claims incurred
2.1.1	Claims paid and change in technical reverses
2.1.2	Reinsurers’ share
	<b>Total claims incurred, net of reinsurance</b>
2.2	Commission expense
2.3	Loss on investments in subsidiaries, associates and joint ventures
2.4	Loss on other financial instruments and investment property
2.4.1	Interest expense
2.4.2	Other expense
2.4.3	Realized losses
2.4.4	Unrealized losses
	<b>Loss on the other financial instruments and investment property</b>
2.5	Operating expenses
2.5.1	Agents’ commissions and other acquisition costs
2.5.2	Investment management costs
2.5.3	Other administrative expenses
	<b>Total operating expenses</b>
2.6	Other costs
	<b>Total costs</b>
	<b>Pre-tax profit (loss) for the year</b>
3.	Income taxes
4.	Profit (loss) of discontinued operations
	<b>Consolidated profit (loss) for the year</b>

### RECLASSIFICATIONS

Interest income and expenses on assets/liabilities pertaining to policyholders  
(including policies classified as financial contracts under IFRS 14)

Other reclassifications

**TOTAL RECLASSIFICATIONS**

## RECLASSIFIED INCOME STATEMENT - EXPENSES AND INCOME TAX

acquisition costs and commission expenses	net impairment on financial assets	G&A expenses	amortisation and depreciation	provisions for risk and charges	income tax	Net profit
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	8,512	-	-	-	-	-
-	8,512	-	-	-	-	-
-	-	-	-	-	-	-
-	8,512	-	-	-	-	-
-	-	(929)	-	-	-	-
-	-	-	-	-	-	-
-	-	(929)	-	-	-	-
(158,457)	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(19,207)	-	(456)	-	-	-
-	(19,207)	-	(456)	-	-	-
(60,806)	-	(4,389)	-	-	-	-
-	-	(317)	-	-	-	-
-	-	(231,109)	-	-	-	-
(60,806)	-	(235,815)	-	-	-	-
-	-	(16,669)	(13,248)	(13,708)	-	-
(219,263)	(19,207)	(253,413)	(13,704)	(13,708)	-	-
(219,263)	(10,695)	(253,413)	(13,704)	(13,708)	-	-
-	-	-	-	-	(41,402)	-
-	-	-	-	-	-	-
(219,263)	(10,695)	(253,413)	(13,704)	(13,708)	(41,402)	-
-	-	-	-	-	-	-
-	-	1,088	-	-	-	-
(219,263)	(10,695)	(252,325)	(13,704)	(13,708)	(41,402)	192,192





MEDIOLANUM S.p.A.

**Consolidated  
balance sheet  
as at September 30  
2009**

# Balance sheet

## Assets

€/000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
<b>1. Intangible assets</b>			
1.1 Goodwill	161,302	161,302	161,302
1.2 Other intangible assets	15,821	15,738	16,427
<b>Total intangible assets</b>	<b>177,123</b>	<b>177,040</b>	<b>177,729</b>
<b>2. Tangible assets</b>			
2.1 Property	62,380	62,740	63,443
2.2 Other tangible assets	21,440	22,302	22,422
<b>Total tangible assets</b>	<b>83,820</b>	<b>85,042</b>	<b>85,865</b>
<b>3. Reinsurers' share of technical reserves</b>	<b>100,018</b>	<b>99,674</b>	<b>100,328</b>
<b>4. Investments</b>			
4.1 Investment property	87,803	88,309	4,777
4.2 Investments in subsidiaries, associates and JVs	421,983	390,907	396,140
4.3 Held to maturity investments	1,588,316	1,588,929	1,351,960
4.4 Loans and receivables	4,574,891	4,928,187	5,415,734
4.5 Available for sale financial assets	2,536,047	2,134,844	1,524,602
4.6 Financial assets at fair value through profit and loss	16,834,375	14,744,021	12,884,997
<b>Total investments</b>	<b>26,043,415</b>	<b>23,875,197</b>	<b>21,578,210</b>
<b>5. Receivables</b>			
5.1 Arising out of direct reinsurance business	8,946	8,143	10,657
5.2 Arising out of reinsurance business	-	-	127
5.3 Other receivables	2,494	3,008	3,376
<b>Total receivables</b>	<b>11,440</b>	<b>11,151</b>	<b>14,160</b>
<b>6. Other assets</b>			
6.1 Non current assets or assets of discontinued operations, held for sale	1,530	1,560	448
6.2 Deferred acquisition costs	-	-	-
6.3 Deferred tax assets	108,363	91,628	80,239
6.4 Current tax assets	164,978	165,134	168,691
6.5 Other assets	288,946	304,231	258,838
<b>Total other assets</b>	<b>563,817</b>	<b>562,553</b>	<b>508,216</b>
<b>7. Cash and cash equivalents</b>	<b>120,182</b>	<b>234,381</b>	<b>185,865</b>
<b>TOTAL ASSETS</b>	<b>27,099,815</b>	<b>25,045,038</b>	<b>22,650,372</b>

## Liabilities

€/’000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
<b>1. Capital and reserves</b>			
1.1 Group shareholders’ equity			
1.1.1 Share capital	73,111	73,091	73,010
1.1.2 Other equity instruments	-	-	-
1.1.3 Capital reserves	53,128	52,901	51,960
1.1.4 Retained earnings and other equity reserves	694,039	667,828	696,921
1.1.5 (Treasury shares)	(2,045)	(2,045)	(2,045)
1.1.6 Exchange difference reserves	-	-	-
1.1.7 Gains or losses on available for sale financial assets	(6,908)	(16,258)	(30,004)
1.1.8 Other gains or losses recognised directly in equity	-	-	-
1.1.9 Profit (loss) for the year attributable to the group	192,192	107,689	23,675
<b>Total capital and reserves attributable to the group</b>	<b>1,003,517</b>	<b>883,206</b>	<b>813,517</b>
1.2 Attributable to minority interest			
1.2.1 Capital and reserves attributable to minority interests	-	-	-
1.2.2 Gains (losses) recognised directly in equity	-	-	-
1.2.3 Net profit (loss) for the year attributable to minority interests	-	-	-
<b>Total capital and reserves attributable to minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital and reserves</b>	<b>1,003,517</b>	<b>883,206</b>	<b>813,517</b>
<b>2. Provisions</b>	<b>103,346</b>	<b>101,017</b>	<b>95,833</b>
<b>3. Technical reserves</b>	<b>18,394,441</b>	<b>15,911,222</b>	<b>12,380,981</b>
<b>4. Financial liabilities</b>			
4.1 Financial liabilities at fair value through profit and loss	647,951	666,232	1,020,288
4.2 Other financial liabilities	6,565,812	7,129,448	7,945,685
<b>Total financial liabilities</b>	<b>7,213,763</b>	<b>7,795,680</b>	<b>8,965,973</b>
<b>5. Payables</b>			
5.1 Arising out of direct insurance business	2,641	9,468	10,850
5.2 Arising out of reinsurance business	516	671	252
5.3 Other payables	145,158	154,272	234,988
<b>Total payables</b>	<b>148,315</b>	<b>164,411</b>	<b>246,090</b>
<b>6. Other liabilities</b>			
6.1 Liabilities of disposal groups held for sale	744	747	1,106
6.2 Deferred tax liabilities	47,984	22,772	11,540
6.3 Current tax liabilities	41,270	23,492	18,842
6.4 Other liabilities	146,435	142,491	116,490
<b>Total other liabilities</b>	<b>236,433</b>	<b>189,502</b>	<b>147,978</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY</b>	<b>27,099,815</b>	<b>25,045,038</b>	<b>22,650,372</b>

# Consolidated Income Statement

€/’000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
<b>1. Revenues</b>				
1.1 Net premiums written				
1.1.1 Gross premium written	2,564,265	647,860	6,487,499	2,154,305
1.1.2 Reinsurance premiums	(1,149)	(1,230)	(3,376)	(3,497)
<b>Net premiums written</b>	<b>2,563,116</b>	<b>646,630</b>	<b>6,484,123</b>	<b>2,150,808</b>
1.2 Commission income	169,727	119,008	455,700	390,334
1.3 Net income on financial instruments at fair value through profit and loss	1,038,498	(1,116,842)	1,936,669	(2,684,420)
1.4 Income on investments in subsidiaries, associates and JVs	3,437	1,219	4,336	4,030
1.5 Income on other financial instruments and investment property				
1.5.1 Interest income	70,215	90,119	224,095	236,870
1.5.2 Other income	2,695	314	5,775	1,651
1.5.3 Realised gains	8,528	39	19,872	2,954
1.5.4 Unrealised gains	3,985	1,853	8,512	4,138
<b>Total income on other financial instruments and investment property</b>	<b>85,423</b>	<b>92,325</b>	<b>258,254</b>	<b>245,613</b>
1.6 Other revenues	6,186	5,061	18,023	15,989
<b>Total revenues</b>	<b>3,866,387</b>	<b>(252,599)</b>	<b>9,157,105</b>	<b>122,354</b>
<b>2. Costs</b>				
2.1 Net claims and benefits				
2.1.1 Amounts paid and change in technical reserves	(3,569,890)	497,256	(8,330,489)	626,126
2.1.2 Reinsurers’ share/recoveries from reinsurers	1,332	1,456	4,276	4,664
<b>Net claims and benefits</b>	<b>(3,568,558)</b>	<b>498,712</b>	<b>(8,326,213)</b>	<b>630,790</b>
2.2 Commission expense	(61,648)	(43,712)	(158,457)	(141,711)
2.3 Loss on other investments in subsidiaries, associates and JVs	2,116	-	-	-
2.4 Loss on other financial instruments and investment property				
2.4.1 Interest expense	(17,108)	(50,812)	(72,678)	(144,845)
2.4.2 Other expenses	(94)	(1)	(321)	(110)
2.4.3 Realised losses	(2,851)	112	(5,821)	(2,962)
2.4.4 Unrealised losses	(10,112)	(3,456)	(19,663)	(9,016)
<b>Loss on other financial instruments and investment property</b>	<b>(30,165)</b>	<b>(54,157)</b>	<b>(98,483)</b>	<b>(156,933)</b>
2.5 Operating expenses				
2.5.1 Agents’ commissions and other acquisition costs	(21,369)	(18,854)	(65,195)	(63,818)
2.5.2 Investment management costs/expenses	(100)	(97)	(317)	(296)
2.5.3 Other administrative expense	(69,314)	(68,228)	(231,109)	(215,678)
<b>Total operating expenses</b>	<b>(90,783)</b>	<b>(87,179)</b>	<b>(296,621)</b>	<b>(279,792)</b>
2.6 Other costs	(14,316)	(16,074)	(43,625)	(41,004)
<b>Total costs</b>	<b>(3,763,354)</b>	<b>297,590</b>	<b>(8,923,399)</b>	<b>11,350</b>
<b>Profit (loss) before tax for the period</b>	<b>103,033</b>	<b>44,991</b>	<b>233,706</b>	<b>133,704</b>
<b>3. Income tax</b>	<b>(18,503)</b>	<b>(11,707)</b>	<b>(41,402)</b>	<b>(30,185)</b>
<b>Profit (loss) for the period</b>	<b>84,530</b>	<b>33,284</b>	<b>192,304</b>	<b>103,519</b>
<b>4. Profit (loss) from discontinued operations</b>	<b>(27)</b>	<b>-</b>	<b>(112)</b>	<b>-</b>
<b>Group net profit (loss) for the period</b>	<b>84,503</b>	<b>33,284</b>	<b>192,192</b>	<b>103,519</b>
<b>Earning per share (in euro)</b>	<b>0.116</b>	<b>0.046</b>	<b>0.263</b>	<b>0.142</b>

## Statement of Comprehensive Income

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Net profit (loss) for the period	84,503	33,284	192,192	103,519
Other comprehensive income, net of income tax				
Available-for-sale financial assets	9,350	(35,465)	23,096	(145,685)
Share of equity accounted associates & JVs revaluation reserve	25,522	-	18,008	-
Total other comprehensive income, net of income tax	34,872	(35,465)	41,104	(145,685)
Total comprehensive income for the period	119,375	(2,181)	233,296	(42,166)

# Statement of changes in equity

€/’000	Balance at Dec. 31, 2007	Adjustment to closing balance	Amount credit	Transferred to the Income Statement	Other Movements	Balance at Sept. 30, 2008
<b>Shareholders’ equity pertaining to the Group</b>						
Share Capital	72,948	-	62	-	-	73,010
Other Equity Instrument	-	-	-	-	-	-
Capital reserves	51,277	-	683	-	-	51,960
Retained earnings and other equity reserves	523,613	-	130,948	-	-	654,561
(Treasury shares)	(2,045)	-	-	-	-	(2,045)
Exchange difference reserve	-	-	-	-	-	-
Gains (losses) on available-for-sale financial assets	36,997	-	(145,693)	8	-	(108,688)
Other gains (losses) recognized directly in equity						
Gains (losses) on cash flow hedges	-	-	-	-	-	-
Gains (losses) on hedges of a net investment in a foreign operation	-	-	-	-	-	-
Reserve relating to changes in the equity of investees	-	-	-	-	-	-
Intangible assets revaluation reserve	-	-	-	-	-	-
Tangible assets revaluation reserve	-	-	-	-	-	-
Gains (losses) on non-current assets or disposal groups held for sale	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Net profit (loss) for the year	212,243	-	(24,879)	-	(83,845)	103,519
<b>Total shareholders’ equity pertaining to the Group</b>	<b>895,033</b>	<b>-</b>	<b>(38,879)</b>	<b>8</b>	<b>(83,845)</b>	<b>772,317</b>
<b>Shareholders’ equity pertaining to minority interest</b>						
Share capital and reserves	-	-	-	-	-	-
Gains (losses) recognized directly in equity	-	-	-	-	-	-
Net profit (loss) for the year	-	-	-	-	-	-
<b>Total shareholders’ equity pertaining to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>895,033</b>	<b>-</b>	<b>(38,879)</b>	<b>8</b>	<b>(83,845)</b>	<b>772,317</b>

€/’000	Balance at Dec. 31, 2008	Adjustment to closing balance	Amount credit	Transferred to the Income Statement	Other Movements	Balance at Sept. 30, 2009
<b>Shareholders’ equity pertaining to the Group</b>						
Share Capital	73,010	-	101	-	-	73,111
Other Equity Instrument	-	-	-	-	-	-
Capital reserves	51,960	-	1,168	-	-	53,128
Retained earnings and other equity reserves	696,921	-	(2,882)	-	-	694,039
(Treasury shares)	(2,045)	-	-	-	-	(2,045)
Exchange difference reserve	-	-	-	-	-	-
Gains (losses) on available-for-sale financial assets	(30,004)	-	36,488	(13,392)	-	(6,908)
Other gains (losses) recognized directly in equity						
Gains (losses) on cash flow hedges	-	-	-	-	-	-
Gains (losses) on hedges of a net investment in a foreign operation	-	-	-	-	-	-
Reserve relating to changes in the equity of investees	-	-	-	-	-	-
Intangible assets revaluation reserve	-	-	-	-	-	-
Tangible assets revaluation reserve	-	-	-	-	-	-
Gains (losses) on non-current assets or disposal groups held for sale	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Net profit (loss) for the year	23,675	-	215,947	-	(47,430)	192,192
<b>Total shareholders’ equity pertaining to the Group</b>	<b>813,517</b>	<b>-</b>	<b>250,822</b>	<b>(13,392)</b>	<b>(47,430)</b>	<b>1,003,517</b>
<b>Shareholders’ equity pertaining to minority interest</b>						
Share capital and reserves	-	-	-	-	-	-
Gains (losses) recognized directly in equity	-	-	-	-	-	-
Net profit (loss) for the year	-	-	-	-	-	-
<b>Total shareholders’ equity pertaining to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>813,517</b>	<b>-</b>	<b>250,822</b>	<b>(13,392)</b>	<b>(47,430)</b>	<b>1,003,517</b>

# Consolidated cash flow statement

## Indirect method

€/000	Sept. 30, 2009	Sept. 30, 2008
Pre-tax profit (loss) for the year	233,706	133,704
Changes in non-monetary items	7,698,903	(3,664,205)
Change in unearned premiums reserve (general business)	-	-
Change in outstanding claims reserve and other technical reserves (general business)	-	-
Change in mathematical reserves and other technical reserves (life business)	6,013,770	(1,445,929)
Change in deferred acquisition costs	-	-
Change in provisions	7,513	7,998
Non-monetary income (losses) on financial instruments, investment property and equity investments	1,677,620	(2,226,274)
Other changes	-	-
<b>Changes in receivables and payables arising out of operating activities</b>	<b>(79,701)</b>	<b>(36,765)</b>
Changes in receivables and payables arising out of direct insurance and reinsurance operations	(6,107)	5,809
Changes in other receivables and payables	(73,594)	(42,574)
Income taxes paid	(24,014)	(33,203)
<b>Net cash from monetary items relating to investment and financial activities</b>	<b>(941,902)</b>	<b>(230,424)</b>
Liabilities on financial contracts issued by insurance companies	(372,337)	(123,197)
Amounts due to banks and banking customers	(1,379,873)	662,687
Loans to and receivables from banks and banking customers	844,938	(300,085)
Other financial instruments at fair value through profit or loss	(34,630)	(469,829)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>6,886,992</b>	<b>(3,830,893)</b>
Net cash from investment property	(83,026)	(74)
Net cash from subsidiaries, associates and joint ventures	(25,843)	(1,568)
Net cash from loans and receivables	(4,095)	(25,252)
Net cash from held-to-maturity investments	(236,356)	67,660
Net cash from available-for-sale financial assets	(1,011,445)	(498,518)
Net cash from tangible and intangible assets	2,650	(11,868)
Other cash flows from investment activities	(5,592,368)	4,535,061
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(6,950,482)</b>	<b>4,065,442</b>
Net cash from equity instruments pertaining to the Group	45,238	(142,390)
Net cash from treasury shares	-	-
Distribution of dividends pertaining to the Group	(47,430)	(83,845)
Net cash from capital and reserves pertaining to minority interests	-	-
Net cash from subordinated liabilities and quasi-equity instruments	-	-
Net cash from miscellaneous financial liabilities	-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2,192)</b>	<b>(226,235)</b>
Effect of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	185,865	245,370
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,683)	8,314
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	120,182	253,684





MEDIOLANUM S.p.A.

# **Notes to the financial statements**

# Notes to the financial statement

## ACCOUNTING POLICIES

### General

The Mediolanum Group's interim report and accounts at September 30, 2009 were prepared in compliance with section 154-ter of Legislative Decree 58/98 (Consolidated Finance Act) entitled "*Relazioni finanziarie*" (Financial Reporting), as amended by Legislative Decree 195/2007 (Transparency), and Consob Regulations for Issuers.

### General principles

The consolidated interim financial statements consist of:

- a **balance sheet** for the relevant interim period (ended September 30, 2009) and a comparative balance sheet for the prior financial year (ended December 31, 2008) and for the first half of the current year (ended June 30, 2009);
- an **income statement** for the relevant interim periods (third quarter 2009 and nine months ended September 30, 2009) and a comparative income statement for the same interim periods of the prior year (third quarter 2008 and nine months ended September 30, 2008);
- a **statement of comprehensive income** for the relevant interim periods (third quarter 2009 and nine months ended September 30, 2009) and a comparative statement of comprehensive income for the same interim periods of the prior year (third quarter 2008 and nine months ended September 30, 2008);
- a **statement of changes in shareholders' equity** for the period spanning from the beginning of the financial year to the end of the relevant interim period as well as a comparative statement of changes in shareholders' equity for the same period of the prior year;
- a **cash flow statement** for the period spanning from the beginning of the financial year to the end of the relevant interim period as well as a comparative cash flow statement for the same period of the prior year;
- **notes**, comprising a summary of significant accounting policies and other explanatory notes.

### Accounting standards

These consolidated interim financial statements were prepared applying international accounting and financial reporting standards (IAS/IFRS) and accounting policies that are consistent with those applied in the preparation of the consolidated financial statements for the year ended December 31, 2008.

A number of amendments were made to international accounting standards in force, new IAS/IFRS and related interpretations (IFRIC) were issued and entered into effect on January 1, 2009.

The revised version of IAS 1 'Presentation of Financial Statements' introduced a new primary statement, 'the statement of comprehensive income', to present all valuation gains and losses arising on transactions with parties other than owners that are recognised in equity separately from income and expenses for the period.

The recently issued international accounting standards and interpretations do not have a material impact on Mediolanum Group operations.

In the preparation of the consolidated interim accounts the requirements set out in ISVAP regulation No. 7 of July 13, 2007 were also applied.

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

With respect to comparative information at September 30, 2008 and at December 31, 2008, certain reclassifications were made, where necessary, for the sake of consistency of financial information.

In accordance with art. 5 of Legislative Decree No. 38 of February 28, 2005 these financial statements were prepared using the euro as reporting currency. Except where otherwise stated the amounts set out herein are presented in thousands of euro.

## Scope of consolidation

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

*Group companies directly owned by Mediolanum S.p.A. consolidated on a line-by-line basis are set out in the table below.*

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Vita S.p.A.	87,720	100.00%	Basiglio	Life Insurance
Partner Time S.p.A. (in liquidation)	520	100.00%	Basiglio	Life Insurance distribution
Mediolanum Comunicazione S.p.A.	775	100.00%	Basiglio	Audio/film/TV production
PI Distribuzione S.p.A.	517	100.00%	Basiglio	Real estate brokerage
Mediolanum International Life Ltd	1,395	100.00%	Dublin	Life Insurance
Banca Mediolanum S.p.A.	450,000	100.00%	Basiglio	Banking
Mediolanum Gestione Fondi SGR p.A.	5,165	49.00%	Basiglio	Fund Management
Mediolanum International Funds Ltd	150	44.00%	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	49.00%	Dublin	Asset management and advice

Group companies indirectly owned by Mediolanum S.p.A. through Banca Mediolanum S.p.A. consolidated on a line-by-line basis are set out in the table below.

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Distribuz. Finanz. S.p.A.	1,000	100.00%	Basiglio	Financial Brokerage
Mediolanum Gestione Fondi SGR p.A.	5,165	51.00%	Basiglio	Fund Management
Mediolanum International Funds Ltd	150	51.00%	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	51.00%	Dublin	Asset management and advice
Banco de Finanzas e Inversiones S.A.	86,032	100.00%	Barcelona	Banking
Mediolanum International S.A.	71,500	99.997%	Luxembourg	Sub-holding company
Bankhaus August Lenz & Co. AG	20,000	100.00%	Munich	Banking
Mediolanum Corp. University S.p.A.	20,000	100.00%	Basiglio	Education and Training

Group companies indirectly owned by Banca Mediolanum S.p.A. through Banco de Finanzas e Inversiones S.A., consolidated on a line-by-line basis are set out in the table below.

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

Group companies indirectly owned by Mediolanum S.p.A. through Mediolanum International S.A., consolidated on a line-by-line basis are set out in the table below.

€/000 Company	Share capital	% holding	Registered Office	Business
Gamax Management AG	7,161	100.00%	Luxembourg	Fund Management

Mediolanum S.p.A. associates and joint ventures accounted for using the equity method are set out in the table below.

€/000 Company	Share capital	% holding	Registered Office	Business
Banca Esperia S.p.A.	13,000	50.00%	Milan	Banking
Mediobanca S.p.A.	430,529	3.450%	Milan	Banking

## KEY BALANCE SHEET INFORMATION

### Investment, cash and cash equivalents

€/000	Sept. 30, 2009	%	June 30, 2009	%	Dec. 31, 2008	%
Investment property	87,803	0.3	88,309	0.4	4,777	0.0
Investments in subsidiaries, associates and JVs	421,983	1.6	390,907	1.6	396,140	1.8
Held to maturity investments	1,588,316	6.1	1,588,929	6.6	1,351,960	6.2
Loans and receivables	4,574,891	17.4	4,928,187	20.4	5,415,734	24.8
Available for sale financial assets	2,536,047	9.7	2,134,844	8.8	1,524,602	7.0
Financial assets at fair value through profit or loss	16,834,375	64.1	14,744,021	60.9	12,884,997	59.0
<b>Total investments</b>	<b>26,043,415</b>	<b>99.2</b>	<b>23,875,197</b>	<b>98.7</b>	<b>21,578,210</b>	<b>98.8</b>
Tangible assets: property and other tangible assets	83,820	0.3	85,042	0.4	85,865	0.4
Cash and cash equivalents	120,182	0.5	234,381	1.0	185,865	0.9
<b>Total investments, cash and cash equivalents</b>	<b>26,247,417</b>	<b>100.0</b>	<b>24,194,620</b>	<b>100.0</b>	<b>21,849,940</b>	<b>100.0</b>

#### Investments in subsidiaries, associates and joint ventures

€/000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
Mediobanca S.p.A.	365,798	334,818	344,913
Banca Esperia S.p.A.	56,185	56,089	51,227
<b>Total</b>	<b>421,983</b>	<b>390,907</b>	<b>396,140</b>

The change in the balance of this account for the quarter under review mostly relates to the valuation of investments in Mediobanca and Banca Esperia according to the Group's share in the equity of those entities at September 30, 2009.

The impact on the income statement at September 30, 2009 was a positive balance of €4.3 million versus a positive balance of €4.0 million in the same period of the prior year.

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

€/000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
<b>Banks</b>	1,504,161	1,673,455	2,011,406
Time deposits	433,262	755,663	1,426,315
Repurchase agreements	339,056	319,859	316,463
Debt securities	596,222	362,630	-
Reserve requirements	21,363	69,573	107,387
Other loans and receivables	114,258	165,730	161,241
<b>Banking customers</b>	3,030,950	3,215,295	3,368,643
Current accounts	336,095	350,526	322,653
Repurchase agreements	165,207	276,381	514,184
Mortgage loans	1,944,818	1,802,907	1,269,733
Other loans and receivables	584,830	785,481	1,262,073
<b>Others</b>	39,780	39,437	35,685
<b>Total</b>	4,574,891	4,928,187	5,415,734

Total Loans and Receivables declined from €5,415.7 million at December 31, 2008 to €4,574.9 million at September 30, 2009, especially due to reduced lending to banks (down €507 million).

The analysis of loans to customers again shows growth in mortgage lending by €675 million, while other movements in the period (down €1,013 million) relate to reduced repurchase agreements and hot money transactions.

“Others” amounted to €39.8 million and largely consisted of debt securities which totalled €29.8 million (vs. €26 million at December 31, 2008).

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

€/’000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
<b>Held to maturity investments</b>	1,588,316	1,588,929	1,351,960
Debt securities	1,332,385	1,107,951	626,657
Assets sold but not derecognised (debt securities)	255,931	480,978	725,303
<b>Available-for-sale financial assets</b>	2,536,046	2,134,844	1,524,602
Debt securities	2,235,607	1,635,057	898,863
Assets sold but not derecognised (debt securities)	83,735	282,218	398,290
Equities	34,368	32,752	32,430
Holdings in UCITS	182,336	184,817	195,019
<b>Financial assets at fair value through profit or loss</b>	16,834,375	14,744,021	12,884,997
Debt securities	3,318,405	2,315,849	1,307,036
Assets sold but not derecognised (debt securities)	14,036	33,011	398,051
Equities	51	121	17
Holdings in UCITS	27,110	26,564	16,167
Trading derivatives	9,127	8,063	13,414
Hedging derivatives	119	3,636	-
Contracts under which the investment risk is borne by the policyholder	13,465,527	12,356,777	11,150,312

At September 30, 2009, financial assets at fair value through profit or loss amounted to €16,834 million versus €12,885 million at the end of the prior year.

Debt securities in the ‘Financial Assets at fair value through profit or loss’, ‘Available-for-sale financial assets’ and ‘Held-to-maturity investments’ increased in the aggregate by €2,886 million, mainly due to investments in the ‘*MEDIOLANUM FREEDOM FUND*’ segregated funds associated with the new *Mediolanum Plus* policy.

### Net technical reserves

€/’000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
Mathematical reserves	4,796,800	3,483,859	1,281,334
Reserve for outstanding claims	79,379	117,689	83,387
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	13,416,420	12,276,762	10,991,259
Other reserves	101,842	32,912	25,001
<b>Total Life Business reserves</b>	18,394,441	15,911,222	12,380,981

At September 30, 2009, technical reserves net of reinsurers' share amounted to €18,394 million versus €12,381 million at year end 2008. The €6,013 million increase for the period was largely due to the increase in "Mathematical Reserves" in connection with the sales of the new *MEDIOLANUM PLUS* policy (€3,515 million). The increase also reflects the revaluation of 'Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management' (€2,425 million), closely connected to underlying investments recognised as 'Financial assets at fair value through profit or loss' and 'Financial liabilities at fair value through profit or loss'.

## Financial liabilities

### Financial liabilities at fair value through profit or loss

€/000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
<b>Financial liabilities at fair value through profit or loss - Total</b>	<b>647,951</b>	<b>666,232</b>	<b>1,020,288</b>
Short positions on debt securities	487,389	486,457	730,061
Trading derivatives	32,645	32,973	15,296
Other financial liabilities	851	1,383	2,686
Hedging derivatives	19,583	12,567	18,428
Financial liabilities on contracts under which the investment risk is borne by the policyholder and pension fund management	107,483	132,852	253,817

At September 30, 2009, financial liabilities at fair value through profit or loss amounted to €647.9 million, down €372 million from €1,020.2 million at December 31, 2008.

The decrease was mainly in connection with the decline in short positions on debt securities held by Banca Mediolanum at the end of the period (down €243 million).

The decline in 'Financial liabilities arising on contracts under which the investment risk is borne by the policyholder and pension fund management' was in connection with policy maturities in the period.



The analysis of Other Financial Liabilities is set out below.

€/000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
<b>Banks</b>	1,595,168	1,818,155	2,290,780
Central Banks	135,000	280,034	400,116
Bank accounts and demand deposits	171,814	399,860	524,992
Time deposits	853,166	626,777	434,513
Loans	425,000	425,000	425,000
Liabilities for assets that were sold but not derecognised (repos)	10,188	86,484	506,159
<b>Banking customers</b>	4,870,874	5,211,913	5,555,093
Bank accounts	4,481,350	4,455,645	4,529,608
Interest-free financing facility	12,400	12,400	12,400
Securities issued	74,032	74,353	13,537
Liabilities for assets that were sold but not derecognised (repos)	286,411	650,616	989,720
Other	16,681	18,899	9,828
<b>Other liabilities</b>	99,770	99,380	99,812
<b>Total</b>	6,565,812	7,129,448	7,945,685

At September 30, 2009, Other Financial Liabilities were down €1,379.9 million to €6,565.8 million from €7,945.7 million at December 31, 2008.

The €696 million decline in amounts due to banks was due to reduced interbank transactions, especially repurchase agreements (down €496 million), in the period.

Amounts due to banking customers declined from €5,555.1 million at December 31, 2008 to €4,870.8 million at September 30, 2009, mainly in connection with the decrease in repurchase agreements (down €703 million).

The increase over December 31, 2008 in 'securities issued' was in connection with the issue of three subordinated notes by the subsidiary Banca Mediolanum S.p.A.

## Shareholders' equity

€/000	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008
Share capital	73,111	73,091	73,010
Equity reserves	53,128	52,901	51,960
Retained earnings and other equity reserves	694,039	667,828	696,921
Treasury shares	(2,045)	(2,045)	(2,045)
Gains (losses) on available for sale financial assets	(6,908)	(16,258)	(30,004)
Net profit (loss) for the year attributable to the Group	192,192	107,689	23,675
<b>Total capital and reserves attributable to the Group</b>	1,003,517	883,206	813,517

At September 30, 2009, total capital and reserves attributable to the Group amounted to €1,003.5 million versus €813.5 million at the end of the prior year.

Losses on available-for-sale financial assets improved by €23.1 million from €30 million at year end 2008 to €6.9 million at the end of the period under review. Losses are stated net of the share of valuation gains recognised to policyholders amounting to €42.3 million (Shadow accounting Reserve) and the related taxation.

## KEY INCOME STATEMENT INFORMATION

### Technical account - Life Insurance

€/000	Gross	Reinsurance	Net Sept. 30, 2009	Net Sept. 30, 2008
Gross premiums written less reinsurance premiums				
- Premiums written	6,487,499	(3,376)	6,484,123	2,150,808
<b>Total premiums written</b>	<b>6,487,499</b>	<b>(3,376)</b>	<b>6,484,123</b>	<b>2,150,808</b>
Gross amounts paid less recoveries from reinsurers				
- Amounts paid	(2,320,975)	4,580	(2,316,395)	(1,094,965)
- Change in reserve for outstanding claims	23,925	(264)	23,661	64,295
- Change in mathematical reserves	(3,506,642)	(40)	(3,506,682)	(16,948)
- Change in other technical reserves	(34,857)	-	(34,857)	3,863
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(2,491,940)	-	(2,491,940)	(1,674,545)
	(8,330,489)	4,276	(8,326,213)	(630,790)
<b>Life Insurance net income (expense)</b>	<b>(1,842,990)</b>	<b>900</b>	<b>(1,842,090)</b>	<b>2,781,598</b>

€/000	Gross	Reinsurance	Net Q3 2009	Net Q3 2008
Gross premiums written less reinsurance premiums				
- Premiums written	2,564,265	(1,149)	2,563,116	646,630
<b>Total premiums written</b>	<b>2,564,265</b>	<b>(1,149)</b>	<b>2,563,116</b>	<b>646,630</b>
Gross amounts paid less recoveries from reinsurers				
- Amounts paid	(1,088,191)	988	(1,087,203)	(336,802)
- Change in reserve for outstanding claims	38,282	(47)	38,235	7,822
- Change in mathematical reserves	(1,305,393)	391	(1,305,002)	(15,594)
- Change in other technical reserves	(36,491)	-	(36,491)	2,221
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(1,178,097)	-	(1,178,097)	841,065
	(3,569,890)	1,332	(3,568,558)	498,712
<b>Life Insurance net income (expense)</b>	<b>(1,005,625)</b>	<b>183</b>	<b>(1,005,442)</b>	<b>1,145,342</b>

Net premiums written in the first nine months of the year amounted to €6,484.1 million versus €2,150.8 million in the same period of the prior year. The increase was due to the success of the new *Mediolanum Plus* policy (€4,673.3 million).

At September 30, 2009, premiums written in class III amounted to €1,779,809 thousand versus €2,116,892 thousand at September 30, 2008. The decline was in connection with the sharp reduction in index-linked policies.

## Commission income

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Management, brokerage and consulting services	151,942	105,957	406,024	348,217
Collection and payment services	9,446	6,356	23,559	19,097
Loadings on investment contracts	305	891	1,672	3,932
Other services	8,034	5,804	24,445	19,088
<b>Total</b>	<b>169,727</b>	<b>119,008</b>	<b>455,700</b>	<b>390,334</b>

At September 30, 2009, commission income amounted to €455,700 thousand versus €390,334 thousand in the prior year. The €65,366 thousand increase was mainly due to the positive contribution of performance fees (€75,681 thousand), partly offset by lower management fees for the period as a result of the decline in the value of managed assets during the financial market downturn.

## Commission expense

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Management, brokerage and consulting services	47,367	32,195	120,381	102,580
Collection and payment services	9,220	6,941	23,156	20,374
Loadings on investment contracts	159	326	638	1,276
Other services	4,902	4,250	14,282	17,481
<b>Total</b>	<b>61,648</b>	<b>43,712</b>	<b>158,457</b>	<b>141,711</b>

At the end of the period under review commission expense amounted to €158,457 thousand, up €16,746 thousand over September 30, 2008.

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

€/000	Q3 2009	Q2 2008	Sept. 30, 2009	Sept. 30, 2008
<b>Financial assets</b>				
Interest income and other investment income:				
- from financial assets held for trading	20,698	2,082	50,592	66,549
- from financial assets at fair value through profit or loss	46,595	42,007	155,923	121,843
Net income (loss) from financial assets held for trading	74,139	37,159	101,410	(18,198)
Net income (loss) from financial assets at fair value through profit or loss	899,887	(1,073,043)	1,642,990	(2,696,103)
<b>Financial liabilities</b>				
Interest expense and similar charges:				
- on financial liabilities held for trading	(5,990)	4,830	(20,897)	(20,126)
- on financial liabilities at fair value through profit or loss	(2,819)	(7,850)	(5,037)	(28,231)
Net income (loss) from financial liabilities held for trading	(3,727)	(20,345)	(7,023)	9,349
Net income (loss) on financial liabilities at fair value through profit or loss	9,715	(101,682)	18,711	(119,503)
<b>Total</b>	<b>1,038,498</b>	<b>(1,116,842)</b>	<b>1,936,669</b>	<b>(2,684,420)</b>

At September 30, 2009, the Group reported net income from financial instruments at fair value through profit or loss of €1,936,669 thousand benefitting from the financial market upturn that started in the second quarter 2009. In the same period of the prior year the Group had recorded a net loss of €2,684,420 thousand. Specifically, the Group reported net income from financial assets/liabilities held for trading of €94,387 thousand versus a net loss of €8,849 thousand at September 30, 2008, improving by €85,538 thousand, largely on debt securities. For the period under review the Group recorded valuation gains of €138,109 thousand (€162,935 thousand at September 30, 2008) and valuation losses of €73,075 thousand (€172,115 thousand at September 30, 2008).

## ● Analysis of net income from financial assets through profit or loss

### September 30, 2009

€/000	Unrealised gains (A)	Realised gains (B)	Unrealised losses (C)	Realised losses (D)	Net Income [(A+B)-(C+D)]
Debt securities	866,729	54,505	(99,911)	(33,557)	787,766
Holdings in UCITS	956,847	29,952	(43,912)	(85,530)	857,357
Loans	-	-	(1,098)	-	(1,098)
Hedging derivatives	120	-	(1,155)	-	(1,035)
<b>Total</b>	<b>1,823,696</b>	<b>84,457</b>	<b>(146,076)</b>	<b>(119,087)</b>	<b>1,642,990</b>

### September 30, 2008

€/000	Unrealised gains (A)	Realised gains (B)	Unrealised losses (C)	Realised losses (D)	Net Income [(A+B)-(C+D)]
Debt securities	22,017	15,970	(1,086,172)	(27,899)	(1,076,084)
Holdings in UCITS	36,110	3,167	(1,198,229)	(461,067)	(1,620,019)
<b>Total</b>	<b>58,127</b>	<b>19,137</b>	<b>(2,284,401)</b>	<b>(488,966)</b>	<b>(2,696,103)</b>

Thanks to the positive performance of financial markets, at September 30, 2009, the Group recorded net unrealised gains of €1,677,620 thousand versus net unrealised losses of €2,226,274 thousand at September 30, 2008.

### Investment income and expense

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Interest income and other income	72,910	90,433	229,870	238,521
Realised gains	8,528	39	19,872	2,954
Unrealised gains	3,985	1,853	8,512	4,138
<b>Total income</b>	<b>85,423</b>	<b>92,325</b>	<b>258,254</b>	<b>245,613</b>
Interest expense and other charges	(17,202)	(50,813)	(72,999)	(144,955)
Realised losses	(2,851)	112	(5,821)	(2,962)
Unrealised losses	(10,112)	(3,456)	(19,663)	(9,016)
<b>Total expense</b>	<b>(30,165)</b>	<b>(54,157)</b>	<b>(98,483)</b>	<b>(156,933)</b>
<b>Total net investment income</b>	<b>55,258</b>	<b>38,168</b>	<b>159,771</b>	<b>88,680</b>

**Net investment income from:**

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Investment property	1,683	113	2,428	117
Held-to-maturity investments	16,460	6,152	53,283	18,147
Available-for-sale financial assets	25,257	22,046	61,817	37,944
Loans and receivables	28,969	60,659	114,930	177,321
Financial liabilities	(17,111)	(50,802)	(72,687)	(144,849)
<b>Total net investment income</b>	<b>55,258</b>	<b>38,168</b>	<b>159,771</b>	<b>88,680</b>

**Net income from investment property**

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Realised gains	240	-	240	-
Other income	1,686	142	2,956	268
Other expense	(91)	(11)	(312)	(106)
Unrealised losses	(152)	(18)	(456)	(45)
<b>Total</b>	<b>1,683</b>	<b>113</b>	<b>2,428</b>	<b>117</b>

**Net income from held-to-maturity investments**

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Interest income and other income	16,504	6,152	52,768	18,147
Realised gains	(44)	-	515	-
<b>Total</b>	<b>16,460</b>	<b>6,152</b>	<b>53,283</b>	<b>18,147</b>

**Net income from available-for-sale financial assets**

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Interest income and other income	19,954	22,811	48,603	38,868
Realised gains	8,332	39	19,117	2,954
Realised losses	(2,851)	112	(5,725)	(2,962)
Unrealised losses	(178)	(916)	(178)	(916)
<b>Total</b>	<b>25,257</b>	<b>22,046</b>	<b>61,817</b>	<b>37,944</b>

**Net income from loans and receivables**

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Interest income and other income	34,766	61,328	125,543	181,238
Unrealised gains	3,985	1,853	8,512	4,138
Realised losses	-	-	(96)	-
Unrealised losses	(9,782)	(2,522)	(19,029)	(8,055)
<b>Total</b>	<b>28,969</b>	<b>60,659</b>	<b>114,930</b>	<b>177,321</b>

### Interest income and other income

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Loans to banks	12,720	27,935	41,035	95,516
Loans to customers	21,802	32,753	83,998	84,269
Other assets	244	640	510	1,453
<b>Total</b>	<b>34,766</b>	<b>61,328</b>	<b>125,543</b>	<b>181,238</b>

### Net expense from financial liabilities

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Interest expense and other charges	(17,111)	(50,802)	(72,687)	(144,849)
<b>Total</b>	<b>(17,111)</b>	<b>(50,802)</b>	<b>(72,687)</b>	<b>(144,849)</b>

### Interest expense and other charges

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Due to banks	8,200	17,693	22,185	49,632
Due to customers	6,786	27,420	42,191	78,624
Other liabilities	2,125	5,689	8,311	16,593
<b>Total</b>	<b>17,111</b>	<b>50,802</b>	<b>72,687</b>	<b>144,849</b>

## Operating expenses

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
<b>Commissions and other expenses relating to the acquisition of insurance contracts</b>	<b>21,369</b>	<b>18,854</b>	<b>65,195</b>	<b>63,818</b>
Investment management expenses	100	97	317	296
<b>Other administrative expenses</b>				
Employees	31,332	30,369	103,378	98,339
Advertising and promotions	2,595	2,805	16,721	11,671
Advisory services and collaborations	5,689	7,325	19,644	19,938
IT systems	9,784	8,854	29,222	27,521
Miscellaneous communications services	5,760	5,398	17,957	16,744
Other general expenses	14,154	13,477	44,187	41,465
<b>Total other administrative expenses</b>	<b>69,314</b>	<b>68,228</b>	<b>231,109</b>	<b>215,678</b>
<b>Total</b>	<b>90,783</b>	<b>87,179</b>	<b>296,621</b>	<b>279,792</b>

In the period under review staff costs increased (€5,039 thousand) in connection with growth in retail banking and related reinforcement of the organisational structure, especially in the second half of 2009. Advertising spending also increased in the period (€5,050 thousand).

## Other costs

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Employees	873	906	3,043	3,224
Amortisation of intangible assets	2,353	2,732	6,588	6,782
Depreciation of investment property and other assets	2,349	1,917	6,660	5,841
Provisions for risks and charges	4,771	5,719	13,708	10,843
Other miscellaneous expenses	3,970	4,800	13,626	14,314
<b>Total</b>	<b>14,316</b>	<b>16,074</b>	<b>43,625</b>	<b>41,004</b>

Provisions for risk and charges increased €2,865 thousand to €13,708 thousand from €10,843 thousand at September 30, 2008, mostly due to the greater provision for risks related to financial advisors' illegal actions (up €2,695 thousand).

Out of the €1 million set aside to provide for customers and staff hit by the earthquake in the Abruzzi, an amount of €250 thousand has already been paid out.

## Income tax

€/000	Q3 2009	Q3 2008	Sept. 30, 2009	Sept. 30, 2008
Current tax	(19,217)	(12,608)	(46,739)	(35,681)
Deferred tax	714	901	5,337	5,496
<b>Total</b>	<b>(18,503)</b>	<b>(11,707)</b>	<b>(41,402)</b>	<b>(30,185)</b>

## SEGMENT REPORTING

This section presents consolidated financial data reported by segment.

In compliance with IAS 14, segment reporting reflects the management reporting system of the Mediolanum Group, and is consistent with the information disclosed to the market and to the various stakeholders.

Segment reporting of consolidated financial data for the period enables readers and users to assess the quality and sustainability over time of the financial results generated by the Mediolanum Group in its different business segments.

### Note on the method applied to segment reporting

In compliance with IAS 14, segment reporting presents consolidated income statement data by business segment (primary format), i.e. Life Insurance, Banking, Asset Management and Other, and then by geographic segment (secondary segment) by reference to the Group markets, i.e. Domestic market and Foreign market. Financial information is reported according to the management reporting system of the Mediolanum Group and is consistent with the information disclosed to the market and to the various stakeholders.

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

## CONSOLIDATED INCOME STATEMENT AS AT SEPTEMBER 30, 2009

### Segment report by line of business/Mediolanum Group

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta
Net premiums written	6,484,123	2,150,808	4,333,315	-	-	-
Amounts paid & change in technical reserves	(6,410,540)	(2,067,113)	(4,343,427)	-	-	-
Life revenues ex-commission	73,583	83,695	(10,112)	-	-	-
Entry fees	-	-	-	51,693	43,113	8,580
Management fees	112,780	124,932	(12,152)	84,358	97,227	(12,869)
Performance fees	72,661	24,442	48,219	48,966	21,504	27,462
Banking service fees	-	-	-	367	375	(8)
Other fees	1,681	4,023	(2,342)	14,328	18,124	(3,796)
<b>Total commission income</b>	<b>187,122</b>	<b>153,397</b>	<b>33,725</b>	<b>199,712</b>	<b>180,343</b>	<b>19,369</b>
Interest income and similar income	19,640	21,441	(1,801)	1,096	3,539	(2,443)
Interest expense and similar charges	(3,372)	(3,381)	9	(10)	(52)	42
Net income on investments at fair value	25,606	(15,858)	41,464	46	(35)	81
<b>Net financial income</b>	<b>41,874</b>	<b>2,202</b>	<b>39,672</b>	<b>1,132</b>	<b>3,452</b>	<b>(2,320)</b>
Realized profit on other investments	5,328	(1,018)	6,346	247	-	247
Net impairment of financial investments	-	(916)	916	-	-	-
<b>Net income on other investments</b>	<b>5,328</b>	<b>(1,934)</b>	<b>7,262</b>	<b>247</b>	<b>-</b>	<b>247</b>
Other revenues	10,342	10,315	27	249	206	43
<b>TOTAL REVENUES</b>	<b>318,249</b>	<b>247,675</b>	<b>70,574</b>	<b>201,340</b>	<b>184,001</b>	<b>17,339</b>
Acquisition costs & other commission expenses	(95,200)	(92,098)	(3,103)	(74,795)	(62,813)	(11,982)
G&A expenses	(68,757)	(76,759)	8,002	(56,276)	(56,679)	403
Amortisation and depreciation	(3,085)	(3,268)	183	(2,544)	(2,727)	183
Provision for risks and charges	(6,648)	(5,592)	(1,056)	(5,274)	(3,739)	(1,535)
<b>TOTAL COST</b>	<b>(173,690)</b>	<b>(177,716)</b>	<b>4,026</b>	<b>(138,890)</b>	<b>(125,958)</b>	<b>(12,931)</b>
<b>PROFIT/ (LOSS) BY SEGMENT before tax</b>	<b>144,559</b>	<b>69,959</b>	<b>74,600</b>	<b>62,450</b>	<b>58,043</b>	<b>4,408</b>
Income Tax	-	-	-	-	-	-
<b>NET PROFIT / (LOSS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



BANKING			OTHER			Consolidation Adjustments			TOTAL		
Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta
-	-	-	-	-	-	-	-	-	6,484,123	2,150,808	4,333,315
-	-	-	-	-	-	-	-	-	(6,410,540)	(2,067,113)	(4,343,427)
-	-	-	-	-	-	-	-	-	73,583	83,695	(10,112)
-	-	-	-	-	-	-	-	-	51,693	43,113	8,580
-	-	-	-	-	-	(143)	(87)	(56)	196,995	222,072	(25,077)
-	-	-	-	-	-	-	-	-	121,627	45,946	75,681
65,848	53,922	11,926	-	317	(317)	(498)	(546)	48	65,717	54,068	11,649
926	265	661	2,733	2,732	1	-	(9)	9	19,668	25,135	(5,467)
66,774	54,187	12,587	2,733	3,049	(316)	(641)	(642)	1	455,700	390,334	65,366
211,303	269,773	(58,470)	1,952	2,540	(588)	(8,515)	(18,609)	10,094	225,476	278,684	(53,208)
(93,552)	(166,472)	72,920	(5,163)	(13,690)	8,527	8,515	18,610	(10,095)	(93,582)	(164,985)	71,403
21,792	7,050	14,742	23	(8)	31	1	1	-	47,468	(8,850)	56,318
139,543	110,351	29,192	(3,188)	(11,158)	7,970	1	2	(1)	179,362	104,849	74,513
6,408	1,947	4,461	6,565	4,499	2,066	-	-	-	18,548	5,428	13,120
(10,695)	(3,911)	(6,784)	-	(8)	8	-	-	-	(10,695)	(4,835)	(5,860)
(4,287)	(1,964)	(2,323)	6,565	4,491	2,074	-	-	-	7,853	593	7,260
5,237	4,513	724	834	1,609	(775)	(566)	(654)	88	16,096	15,989	107
207,267	167,087	40,180	6,944	(2,009)	8,953	(1,206)	(1,294)	88	732,594	595,460	137,134
(47,073)	(42,329)	(4,744)	(2,341)	(3,989)	1,648	147	103	44	(219,263)	(201,126)	(18,137)
(126,676)	(103,574)	(23,101)	(1,675)	(1,298)	(377)	1,059	1,191	(132)	(252,325)	(237,119)	(15,206)
(7,985)	(6,602)	(1,383)	(90)	(71)	(19)	-	-	-	(13,704)	(12,668)	(1,036)
(1,531)	(1,259)	(272)	(255)	(253)	(2)	-	-	-	(13,708)	(10,843)	(2,865)
(183,265)	(153,764)	(29,501)	(4,361)	(5,611)	1,250	1,206	1,294	(88)	(499,000)	(461,756)	(37,244)
24,002	13,323	10,679	2,583	(7,620)	10,203	-	-	-	233,594	133,704	99,890
-	-	-	-	-	-	-	-	-	(41,402)	(30,185)	(11,217)
-	-	-	-	-	-	-	-	-	192,192	103,519	88,673

## Life Insurance Business Segment

€/000	Sept. 30, 2009	Sept. 30, 2008	Q3 2009	Q3 2008
Net premiums written	6,484,123	2,150,808	2,563,116	646,630
Net amounts paid and change in reserves	(6,410,540)	(2,067,113)	(2,539,642)	(634,199)
<b>Net life insurance revenues (ex. commissions)</b>	<b>73,583</b>	<b>83,695</b>	<b>23,474</b>	<b>12,431</b>
Commission income	187,122	153,397	68,559	48,879
Interest income and similar income	19,640	21,441	19,640	21,441
Interest expense and similar charges	(3,372)	(3,381)	(3,372)	(3,381)
Net income on investments at fair value	25,606	(15,858)	25,606	(15,858)
<b>Net financial income</b>	<b>41,874</b>	<b>2,202</b>	<b>20,391</b>	<b>12,110</b>
Net income on other investments	5,328	(1,934)	413	(582)
Other revenues	10,342	10,315	3,346	3,539
<b>TOTAL REVENUES</b>	<b>318,249</b>	<b>247,675</b>	<b>116,182</b>	<b>76,377</b>
Commission expenses and acquisition costs	(95,200)	(92,098)	(33,037)	(26,253)
General and administrative expenses	(68,757)	(76,759)	(18,667)	(25,292)
Amortisation, depreciation & provisions	(9,733)	(8,860)	(4,059)	(4,039)
<b>TOTAL COSTS</b>	<b>(173,690)</b>	<b>(177,716)</b>	<b>(55,762)</b>	<b>(55,584)</b>
<b>PROFIT BEFORE TAX</b>	<b>144,559</b>	<b>69,959</b>	<b>60,421</b>	<b>20,793</b>

Net life insurance revenues before acquisition costs amounted to €73.6 million (Q3 2009 €23.5 million) versus €83.7 million in the prior year (Q3 2008: €12.4 million). The decline of €10.1 million over the same period of the prior year was due to different reasons. On the one hand, the drastic decline in index-linked policies issued entailed lower loadings for the period. On the other hand, the decline in maturities, net of *Mediolanum Plus* maturities, entailed lower net income from the release of technical reserves.

Commission income grew €33.7 million to €187.1 million (Q3 2009: €68.6 million) from €153.4 million at September 30, 2008 (Q3 2008: €48.9 million). This was mostly due to the positive contribution of performance fees in the Life Insurance segment (€48.2 million), partly offset by lower management fees (down €12.2 million) that in the first two quarters of the year were adversely affected by the decline in the value of managed assets during the 2008 financial market downturn. In the third quarter management fees were up 5% over the second quarter of the year.

To give readers a clearer, more appropriate view of results by segment, certain reclassifications were made. Specifically, an amount of €647 thousand in 'commission income' for the same period of the prior year was reclassified from the Asset Management segment to the Life Insurance segment.

For the period under review, net financial income amounted to €41.9 million (Q3 2009: €20.4 million) versus €2.2 million in the prior year (Q3 2008: €12.1 million). The improvement was due to greater income from trading and gains from financial assets at fair value at September 30, 2009.

Costs for the period were down to €173.7 million (Q3 2009: €55.8 million) from €177.7 million in the prior year (Q3 2008: €55.6 million).

### ● Asset Management Business Segment

€/000	Sept. 30, 2009	Sept. 30, 2008	Q3 2009	Q3 2008
Entry fees	51,693	43,113	20,779	11,829
Management fees	84,358	97,227	31,577	31,026
Performance fees	48,966	21,504	20,265	6,079
Banking service fees	367	375	111	86
Other fees	14,328	18,124	3,977	2,951
<b>Total commission income</b>	<b>199,712</b>	<b>180,343</b>	<b>76,709</b>	<b>51,971</b>
Net financial income	1,132	3,452	351	1,433
Net income on other investments	247	-	247	-
Other revenues	249	206	150	95
<b>TOTAL REVENUES</b>	<b>201,340</b>	<b>184,001</b>	<b>77,457</b>	<b>53,499</b>
Commission expenses & acquisition costs	(74,795)	(62,813)	(28,800)	(19,451)
General and administrative expenses	(56,276)	(56,679)	(16,203)	(15,028)
Amortisation, depreciation and provisions	(7,818)	(6,466)	(2,051)	(2,889)
<b>TOTAL COSTS</b>	<b>(138,890)</b>	<b>(125,958)</b>	<b>(47,055)</b>	<b>(37,368)</b>
<b>PROFIT BEFORE TAX</b>	<b>62,450</b>	<b>58,043</b>	<b>30,402</b>	<b>16,131</b>

Commission income for the period amounted to €199.7 million (Q3 2009: €76.7 million), up €19.4 million from €180.3 million at September 30, 2008 (Q3 2008: €52 million). The growth in performance fees (€27.5 million) was partly offset by lower management fees (down €12.9 million) that in the first two quarters of the year were adversely affected by the decline in the value of assets under management during the 2008 financial market downturn.

To give readers a clearer, more appropriate view of results by segment certain reclassifications were made. Specifically, an amount of €647 thousand in 'commission income' for the same period of the prior year was reclassified from the Asset Management segment to the Life Insurance segment.

Costs for the period in this segment amounted to €138.9 million (Q3 2009: €47.1 million) versus €126 million in the prior year (Q3 2008: €37.4 million). The €12.9 million increase was due to the greater weight of commission expense in connection with the different mix of products sold in the period.

The ratio of commission expense to commission income (ex. performance fees) was 49.6% versus 39.6% at September 30, 2008.

### Banking Business Segment

€/000	Sept. 30, 2009	Sept. 30, 2008	Q3 2009	Q3 2008
Banking service fees	65,848	53,922	23,578	17,331
Other fees	926	265	247	117
<b>Commission income</b>	66,774	54,187	23,825	17,448
Interest income and similar income	211,303	269,773	58,897	80,065
Interest expense and similar charges	(93,552)	(166,472)	(22,459)	(45,520)
Net income on investments at fair value	21,792	7,050	10,924	10,588
<b>Net financial income</b>	139,543	110,351	47,362	45,133
Net income on other investments	(4,287)	(1,964)	(2,522)	(650)
Other revenues	5,237	4,513	2,624	1,231
<b>TOTAL REVENUES</b>	207,267	167,087	71,289	63,162
Commission expense & acquisition costs	(47,073)	(42,329)	(19,348)	(12,737)
General and administrative expenses	(126,676)	(103,574)	(40,515)	(34,665)
Amortisation, depreciation and provisions	(9,516)	(7,861)	(305)	(728)
<b>TOTAL COSTS</b>	(183,265)	(153,764)	(63,230)	(50,647)
<b>PROFIT BEFORE TAX</b>	24,002	13,323	8,059	12,515

At the end of the period under review, net financial income amounted to €139.5 million (Q3 2009: €47.4 million) versus €110.4 million at September 30, 2008 (Q3 2008: €45.1 million), growing by €29.1 million thanks to greater spreads earned on investments in corporate bonds (up 14%) and remarkable trading results (up 209%).

Commission income increased €12.6 million (23%) from €54.2 million at September 30, 2008 (Q3 2008: €17.4 million) to €66.8 million at the end of the period under review (Q3 2009: €23.8 million), mainly owing to greater banking service fees.

Costs for the period amounted to €183.3 million (Q3 2009: €63.2 million) versus €153.8 million in the prior year (Q3 2008: €50.6 million). The €29.5 million increase was in connection with greater advertising spending and staff costs largely due to growth in retail banking and the related reinforcement of the organisational structure.

## CONSOLIDATED INCOME STATEMENT AS AT SEPTEMBER 30, 2009

### Segment report by line of business/Domestic market

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta
Net premiums written	6,431,299	2,094,936	4,336,363	-	-	-
Amounts paid & change in technical reserves	(6,365,917)	(2,013,762)	(4,352,155)	-	-	-
Life revenues ex-commission	65,382	81,174	(15,792)	-	-	-
Entry fees	-	-	-	49,990	40,047	9,943
Management fees	111,953	124,285	(12,332)	75,761	86,893	(11,132)
Performance fees	72,661	24,442	48,219	46,559	20,670	25,889
Banking service fees	-	-	-	-	-	-
Other fees	1,059	2,963	(1,904)	13,869	17,646	(3,777)
<b>Total commission income</b>	<b>185,673</b>	<b>151,690</b>	<b>33,983</b>	<b>186,179</b>	<b>165,256</b>	<b>20,923</b>
Interest income and similar income	19,547	21,304	(1,757)	820	2,974	(2,154)
Interest expense and similar charges	(3,356)	(3,369)	13	(10)	(51)	41
Net income on investments at fair value	25,185	(14,209)	39,394	(5)	(6)	1
<b>Net financial income</b>	<b>41,376</b>	<b>3,726</b>	<b>37,650</b>	<b>805</b>	<b>2,917</b>	<b>(2,112)</b>
Realized profit on other investments	5,328	(1,018)	6,346	247	-	247
Net impairment of financial investments	-	-	-	-	-	-
<b>Net income on other investments</b>	<b>5,328</b>	<b>(1,018)</b>	<b>6,346</b>	<b>247</b>	<b>-</b>	<b>247</b>
Other revenues	10,342	10,313	29	242	199	43
<b>TOTAL REVENUES</b>	<b>308,101</b>	<b>245,885</b>	<b>62,216</b>	<b>187,473</b>	<b>168,372</b>	<b>19,101</b>
Acquisition costs & other commission expenses	(89,661)	(87,796)	(1,865)	(69,730)	(56,970)	(12,760)
G&A expenses	(64,184)	(72,677)	8,493	(48,720)	(48,169)	(551)
Amortisation and depreciation	(2,873)	(3,050)	177	(2,169)	(2,346)	177
Provision for risks and charges	(8,367)	(5,592)	(2,775)	(5,274)	(3,739)	(1,535)
<b>TOTAL COST</b>	<b>(165,085)</b>	<b>(169,115)</b>	<b>4,030</b>	<b>(125,893)</b>	<b>(111,224)</b>	<b>(14,669)</b>
<b>PROFIT/ (LOSS) BY SEGMENT before tax</b>	<b>143,016</b>	<b>76,770</b>	<b>66,246</b>	<b>61,580</b>	<b>57,148</b>	<b>4,432</b>
Income Tax	-	-	-	-	-	-
<b>NET PROFIT / (LOSS)</b>	<b>143,016</b>	<b>76,770</b>	<b>66,246</b>	<b>61,580</b>	<b>57,148</b>	<b>4,432</b>

BANKING			OTHER			Consolidation Adjustments			TOTAL		
Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta
-	-	-	-	-	-	-	-	-	6,431,299	2,094,936	4,336,363
-	-	-	-	-	-	-	-	-	(6,365,917)	(2,013,762)	(4,352,155)
-	-	-	-	-	-	-	-	-	65,382	81,174	(15,792)
-	-	-	-	-	-	-	-	-	49,990	40,047	9,943
-	-	-	-	-	-	-	-	-	187,714	211,178	(23,464)
-	-	-	-	-	-	-	-	-	119,220	45,112	74,108
45,037	36,141	8,896	-	317	(317)	(494)	(541)	47	44,543	35,917	8,626
774	8	766	2,733	2,732	1	-	-	-	18,435	23,349	(4,914)
45,811	36,149	9,662	2,733	3,049	(316)	(494)	(541)	47	419,902	355,603	64,299
201,197	249,840	(48,643)	1,906	2,187	(281)	(7,225)	(13,458)	6,233	216,245	262,847	(46,602)
(89,368)	(155,667)	66,299	(5,163)	(13,690)	8,527	7,225	13,458	(6,233)	(90,672)	(159,319)	68,647
21,753	7,099	14,654	23	(8)	31	-	-	-	46,956	(7,124)	54,080
133,582	101,272	32,310	(3,234)	(11,511)	8,277	-	-	-	172,529	96,404	76,125
5,869	1,680	4,189	6,813	4,499	2,314	-	-	-	18,257	5,161	13,096
(10,489)	(4,573)	(5,916)	-	(8)	8	-	-	-	(10,489)	(4,581)	(5,908)
(4,620)	(2,893)	(1,727)	6,813	4,491	2,322	-	-	-	7,768	580	7,188
4,679	3,460	1,219	805	1,522	(717)	-	-	-	16,068	15,494	574
179,452	137,988	41,464	7,117	(2,449)	9,566	(494)	(541)	47	681,649	549,255	132,394
(30,062)	(27,777)	(2,285)	(2,340)	(3,987)	1,647	-	-	-	(191,793)	(176,530)	(15,263)
(108,291)	(84,871)	(23,420)	(1,574)	(1,010)	(564)	494	541	(47)	(222,275)	(206,186)	(16,089)
(6,640)	(5,487)	(1,153)	(90)	(71)	(19)	-	-	-	(11,772)	(10,954)	(818)
(1,408)	(1,132)	(276)	(255)	(253)	(2)	-	-	-	(15,304)	(10,716)	(4,588)
(146,401)	(119,267)	(27,134)	(4,259)	(5,321)	1,062	494	541	(47)	(441,144)	(404,386)	(36,758)
33,051	18,721	14,330	2,858	(7,770)	10,628	-	-	-	240,505	144,869	95,636
-	-	-	-	-	-	-	-	-	(43,004)	(31,959)	(11,045)
33,051	18,721	14,330	2,858	(7,770)	10,628	-	-	-	197,501	112,910	84,591

## CONSOLIDATED INCOME STATEMENT AS AT SEPTEMBER 30, 2009

### Segment report by line of business/Foreign markets

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta
Net premiums written	52,824	55,872	(3,048)	-	-	-
Amounts paid & change in technical reserves	(44,623)	(53,351)	8,728	-	-	-
Life revenues ex-commission	8,201	2,521	5,680	-	-	-
Entry fees	-	-	-	1,703	3,066	(1,363)
Management fees	827	647	180	8,597	10,334	(1,737)
Performance fees	-	-	-	2,407	834	1,573
Banking service fees	-	-	-	367	375	(8)
Other fees	622	1,060	(438)	459	478	(19)
<b>Total commission income</b>	<b>1,449</b>	<b>1,707</b>	<b>(258)</b>	<b>13,533</b>	<b>15,087</b>	<b>(1,554)</b>
Interest income and similar income	93	137	(44)	276	565	(289)
Interest expense and similar charges	(16)	(12)	(4)	-	(1)	1
Net income on investments at fair value	421	(1,649)	2,070	51	(29)	80
<b>Net financial income</b>	<b>498</b>	<b>(1,524)</b>	<b>2,022</b>	<b>327</b>	<b>535</b>	<b>(208)</b>
Realized profit on other investments	-	-	-	-	-	-
Net impairment of financial investments	-	(916)	916	-	-	-
<b>Net income on other investments</b>	<b>-</b>	<b>(916)</b>	<b>916</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other revenues	-	2	(2)	7	7	-
<b>TOTAL REVENUES</b>	<b>10,148</b>	<b>1,790</b>	<b>8,358</b>	<b>13,867</b>	<b>15,629</b>	<b>(1,762)</b>
Acquisition costs & other commission expenses	(5,539)	(4,302)	(1,238)	(5,065)	(5,843)	778
G&A expenses	(4,573)	(4,082)	(491)	(7,556)	(8,510)	954
Amortisation and depreciation	(212)	(218)	6	(375)	(381)	6
Provision for risks and charges	1,719	-	1,719	-	-	-
<b>TOTAL COST</b>	<b>(8,605)</b>	<b>(8,601)</b>	<b>(4)</b>	<b>(12,997)</b>	<b>(14,734)</b>	<b>1,738</b>
<b>PROFIT/ (LOSS) BY SEGMENT before tax</b>	<b>1,543</b>	<b>(6,811)</b>	<b>8,354</b>	<b>870</b>	<b>895</b>	<b>(24)</b>
Income Tax	-	-	-	-	-	-
<b>NET PROFIT / (LOSS)</b>	<b>1,543</b>	<b>(6,811)</b>	<b>8,354</b>	<b>870</b>	<b>895</b>	<b>(24)</b>



BANKING			OTHER			Consolidation Adjustments			TOTAL		
Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta	Sept. 30, 2009	Sept. 30, 2008	delta
-	-	-	-	-	-	-	-	-	52,824	55,872	(3,048)
-	-	-	-	-	-	-	-	-	(44,623)	(53,351)	8,728
-	-	-	-	-	-	-	-	-	8,201	2,521	5,680
-	-	-	-	-	-	-	-	-	1,703	3,066	(1,363)
-	-	-	-	-	-	-	-	-	9,424	10,981	(1,557)
-	-	-	-	-	-	-	-	-	2,407	834	1,573
20,811	17,781	3,030	-	-	-	-	-	-	21,178	18,156	3,022
152	257	(105)	-	-	-	-	(9)	9	1,233	1,786	(553)
20,963	18,038	2,925	-	-	-	-	(9)	9	35,945	34,823	1,122
10,106	19,933	(9,827)	46	353	(307)	-	-	-	10,521	20,988	(10,467)
(4,184)	(10,805)	6,621	-	-	-	-	-	-	(4,200)	(10,818)	6,618
39	(49)	88	-	-	-	-	-	-	511	(1,727)	2,238
5,961	9,079	(3,118)	46	353	(307)	-	-	-	6,832	8,443	(1,611)
539	267	272	(248)	-	(248)	-	-	-	291	267	24
(206)	662	(868)	-	-	-	-	-	-	(206)	(254)	48
333	929	(596)	(248)	-	(248)	-	-	-	85	13	72
558	1,053	(495)	29	87	(58)	(70)	(135)	65	524	1,014	(490)
27,815	29,099	(1,284)	(173)	440	(613)	(70)	(144)	74	51,587	46,814	4,773
(17,011)	(14,552)	(2,459)	(1)	(2)	1	-	9	(9)	(27,617)	(24,690)	(2,927)
(18,385)	(18,703)	319	(101)	(288)	187	70	135	(65)	(30,545)	(31,448)	903
(1,345)	(1,115)	(230)	-	-	-	-	-	-	(1,932)	(1,714)	(218)
(123)	(127)	4	-	-	-	-	-	-	1,596	(127)	1,723
(36,864)	(34,497)	(2,367)	(102)	(290)	188	70	144	(74)	(58,498)	(57,979)	(519)
(9,049)	(5,398)	(3,651)	(275)	150	(425)	-	-	-	(6,911)	(11,165)	4,254
-	-	-	-	-	-	-	-	-	1,602	1,774	(172)
(9,049)	(5,398)	(3,651)	(275)	150	(425)	-	-	-	(5,309)	(9,391)	4,254



MEDIOLANUM S.p.A.

**Interim dividend**  
**2009**

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

This report was prepared for the purpose of voting on the distribution of a 2009 interim dividend in accordance with art. 2433-bis of the Italian Civil Code. Mediolanum S.p.A. meets all the requirements of said article of the Italian Civil Code for the distribution of an interim dividend for the current year, specifically:

- As required by the law, the company's financial statements are audited by independent auditors, namely Reconta Ernst & Young S.p.A.;
- Article 31 of the company's Bylaws allows the distribution of interim dividends;
- In their report, the independent auditors stated their positive opinion on the 2008 annual financial statements;
- No losses were reported by the company in its financial statements neither for financial year ended December 31, 2008, nor for previous financial years.

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

As set out below in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A.", the basis for assessing the limit above were the accounts at October 31, 2009. Therefore the assessment was based on the following financial data:

€/000

Mediolanum S.p.A. – Net profit at October 31, 2009 as reported in its Accounts at October 31, 2009 (a)	117,883
Net profit to be appropriated to the Legal Reserve (b) (*)	-
Distributable net profit (a-b)	117,883
<b>Distributable reserves at October 31, 2009</b>	
Equity reserves (Share Premium Account)	53,173
Retained earnings (Extraordinary Reserve – FTA Reserve)	293,410
<b>Distributable reserves at October 31, 2009</b>	<b>346,583</b>
<b>Distributable Interim Dividend</b>	<b>117,883</b>

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

Based on the foregoing, the 2009 interim dividend shall not exceed €117,883 thousand.

The calculation of the proposed interim dividend was based on the balance sheet, income statement and cash flow statement of Mediolanum S.p.A. at October 31, 2009 prepared in accordance with international accounting and financial reporting standards (IAS/IFRS) that were consistent with those applied by the Company in the preparation of the financial statements for the year ended December 31, 2008 and with those that will be applied in the preparation of the company's financial statements for the year ending December 31, 2009.

A number of amendments were made to international accounting standards in force, new IAS/IFRS and related interpretations (IFRIC) were issued and entered into effect on January 1, 2009. The recently issued international accounting standards and interpretations do not have a material impact on the financial position or the result of operations of Mediolanum S.p.A. and of the Mediolanum Group.

The distribution of the interim dividend is also allowed by the availability of adequate net cash. As shown in the

accounts at October 31, 2009, the net cash as of that date, amounting to €55,454 thousand, grows to €146,124 thousand following the addition of the interim dividend received from subsidiaries in early November for a total amount of €89,670 thousand:

€/000	
Net cash at October 31, 2009	56,454
Interim dividend received from subsidiaries	89,670
<b>Total net cash</b>	<b>146,124</b>

In consideration of the foregoing and in the light of the information set out below in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A.", the Board of Directors recommends the distribution of an interim dividend of 8.5 eurocents per share outstanding on November 23, 2009 (the ex-dividend date), except for treasury shares held after the close of business on November 20, 2009.

Considering that there are 731,147,079 outstanding shares, interim dividend totals €62,147,501.72.

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

In accordance with art. 2433-bis, paragraph 5, of the Italian Civil Code, the accounts prepared as of October 31, 2009 show net profit of €117,883 thousand.

The accounts consist of:

- a **balance sheet** at October 31, 2009 and a comparative balance sheet at the end of the prior financial year (December 31, 2008);
- an **income statement** for the period spanning from the beginning of the financial year to October 31, 2009 (10 months) and a comparative income statement for the prior financial year (12 months);
- a **statement of comprehensive income** for the period spanning from the beginning of the financial year to October 31, 2009 (10 months) and a comparative statement of comprehensive income for the prior financial year (12 months);
- a **statement of changes in shareholders' equity** for the period spanning from the beginning of the financial year to October 31, 2009 and a comparative statement of changes in shareholders' equity for the prior financial year.

## Business review

The accounts at October 31, 2009 show net profit of €117,883 thousand. For the prior financial year the Company reported net profit of €179,333 thousand and resolved to distribute and paid out 2008 dividends for a total of €109,457 thousand. You are reminded that net profit for financial year 2008 benefitted from €25,272 thousand gains on the sale of shareholdings to Group companies.

During 2009, the capital of the subsidiary Banca Mediolanum was increased in the aggregate by €20 million through new rights issues, and a capital contribution of €1.47 million was made to the subsidiary Mediolanum Asset Management Ltd., to strengthen their capital base. In addition €1 million was contributed to the subsidiary Mediolanum Comunicazione S.p.A. to cover prior years' losses.

In May, Mediolanum S.p.A. and Mediobanca equally increased their stake in Banca Esperia from 48.5% to 50%, each acquiring 375,000 shares for €3.5 million.

Investments in associates and joint-ventures consist of the investments in Banca Esperia and Mediobanca. You are reminded that the investment in Mediobanca S.p.A. was reclassified to 'Investments in Associates and Joint Ventures' effective from December 31, 2008. Pursuant to the relevant resolution passed by Mediobanca Board of Directors last September 18, on October 1, 2009, the Company received 1,078,319 Mediobanca bonus shares and 21,566,393 Mediobanca warrants.

At October 31, 2009 amounts due to banks stood at €425,159 thousand in line with the balance of €425,450 thousand at December 31, 2008.

At October 31, 2009 dividends from subsidiaries amounted to €130,199 thousand, down €37,371 thousand over year end 2008. This was mainly due to lower dividends from subsidiaries in the insurance segment as a result of the non-recurring costs borne by them in connection with the operation that was put in place to protect customers holding index-linked policies with Lehman Brothers bonds as underlying assets.

You are reminded this operation was made possible through the capital injection made by the two Mediolanum S.p.A. majority shareholders, Doris Group and Fininvest S.p.A. that provided Mediolanum S.p.A. with €120 million, of which €107.6 million recognised under a specific equity reserve, without any disbursements by minority shareholders.

At the end of October 2009, dividends from other investments recognised as 'available-for-sale financial assets' amounted to €383 thousand. At December 31, 2008 the balance of this account had amounted to €14,461 thousand largely due to the notable dividend paid out by Mediobanca last year for a total amount of €14,018 thousand. At October 31, 2009 interest expense amounted to €5,573 thousand benefitting from the general decline in interest rates (€18,603 thousand at December 31, 2008). Interest income fell to €1,888 thousand (€2,990 thousand at December 31, 2008).

At October 31, 2009, staff costs and other administrative expenses, in the aggregate, amounted to €10,730 thousand essentially in line with the balance reported at the end of the prior year (€13,665 thousand at December 31, 2008).

For the period under review the company reported other income of €2,211 thousand (€2,471 thousand at December 31, 2008).

For information on the performance of the companies that are part of the Mediolanum Group, readers are referred to the interim report and accounts at September 30, 2009.

### ● Significant events post October 31, 2009

After October 31, 2009, there was no event which could have a significant impact on the financial position, result of operations and cash flows of the company.

### ● Outlook

In the light of the results recorded at October 31, 2009 and the performance of the Mediolanum Group companies at September 30, 2009 the result of operations for financial year 2009 is expected to be positive.

The strength of the financial position and result of operations of Mediolanum S.p.A. and of the Mediolanum Group, as reported in the interim report and accounts at September 30, 2009, as of today allows for the distribution of an interim dividend.

### ● Independent auditors' opinion

The independent auditors Reconta Ernst & Young S.p.A. (the auditors responsible for auditing the company's accounts under art. 155 of Legislative Decree No. 58 of February 24, 1998) expressed their opinion on this report and the accounts attached hereto pursuant to article 2433-bis, paragraph 5, of the Italian Civil Code.

Basiglio, November 11, 2009

For the Board of Directors  
The Chairman  
(Roberto Ruozi)

# Balance sheet

## Assets

€	Oct. 31, 2009	Dec. 31, 2008
<b>NON CURRENT ASSETS</b>		
Intangible assets	6,292	9,162
Tangible assets	117,194	147,130
Investments in subsidiaries and associates	927,572,919	901,602,919
Available-for-sale financial assets	20,763,490	21,029,856
<b>TOTAL NON CURRENT ASSETS</b>	<b>948,459,895</b>	<b>922,789,067</b>
<b>CURRENT ASSETS</b>		
Receivables		
Subsidiaries	90,393,509	755,916
Related parties	7,310	3,940
Others	2,981,004	2,024,741
<b>TOTAL - Receivables</b>	<b>93,381,823</b>	<b>2,784,597</b>
Cash and cash equivalents		
Bank deposits	56,437,952	107,617,848
Cash	16,134	10,018
<b>TOTAL - Cash and cash equivalents</b>	<b>56,454,086</b>	<b>107,627,866</b>
Tax Assets		
Current	31,312,296	29,855,031
Deferred	6,740,158	4,661,239
<b>TOTAL - Tax Assets</b>	<b>38,052,453</b>	<b>34,516,270</b>
Other assets	132,819	83,115
<b>TOTAL CURRENT ASSETS</b>	<b>188,021,181</b>	<b>145,011,848</b>
<b>TOTAL ASSETS</b>	<b>1,136,481,077</b>	<b>1,067,800,915</b>



## Shareholders' equity and liabilities

€	Oct. 31, 2009	Dec. 31, 2008
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Share capital	73,114,708	73,009,611
Treasury shares	(2,045,116)	(2,045,116)
Share premium account	53,173,448	51,959,505
Lehman Brothers operation equity reserve	107,599,550	107,599,550
Retained earnings	316,122,730	183,792,880
Valuation reserve for AFS financial instruments	(1,889,040)	(1,622,674)
Net profit (loss) for the period	117,882,937	179,333,313
<b>TOTAL CAPITAL AND RESERVES</b>	<b>663,959,217</b>	<b>592,027,069</b>
<b>Non current liabilities</b>		
Completion-of-service entitlements	972,187	1,292,074
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>972,187</b>	<b>1,292,074</b>
<b>CURRENT LIABILITIES</b>		
Due to banks	425,159,193	425,450,142
Other financial liabilities at amortised cost	12,400,450	12,400,450
Due to suppliers	484,088	667,238
Other payables	1,315,785	2,034,686
<b>Tax liabilities</b>		
Current	31,524,445	32,690,135
Other liabilities	665,711	1,239,121
<b>TOTAL CURRENT LIABILITIES</b>	<b>471,549,672</b>	<b>474,481,772</b>
<b>TOTAL LIABILITIES</b>	<b>472,521,859</b>	<b>475,773,846</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,136,481,077</b>	<b>1,067,800,915</b>

# Income Statement

€	Oct. 31, 2009	Dec. 31, 2008
<b>Dividends and similar income</b>		
from subsidiaries	130,199,438	167,570,444
from available for sale financial assets	383,314	14,460,787
<b>Interest income and similar income</b>	1,887,813	2,990,342
<b>Interest expense and similar charges</b>	(5,573,184)	(18,602,788)
<b>Gains (losses) on sale or buyback of:</b>		
Available for sale financial assets	-	-
Loans and financial instruments	-	-
<b>Impairment/reversal of impairment of:</b>		
Available-for-sale financial assets	-	-
Loans and financial instruments	-	(7,980)
<b>Net income from financial operations</b>	126,897,381	166,410,805
<b>Staff costs</b>	(5,503,633)	(7,603,237)
<b>Other administrative expenses</b>	(5,226,280)	(6,061,315)
<b>Amortisation and depreciation</b>		
intangible assets	(2,869)	(23,241)
tangible assets	(29,936)	(85,251)
<b>Other income (expenses)</b>	2,210,847	2,470,826
<b>OPERATING EXPENSES</b>	(8,551,871)	(11,302,218)
<b>Profit (loss) on investments in subsidiaries, associates and joint-ventures</b>	-	22,955,173
<b>Profit (loss) on disposal of investments</b>	-	-
<b>PROFIT (LOSS) BEFORE TAX ON CONTINUING OPERATIONS</b>	118,345,510	178,063,760
<b>Income tax</b>	(462,573)	1,269,553
<b>PROFIT (LOSS) AFTER TAX ON CONTINUING OPERATIONS</b>	117,882,937	179,333,313
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	117,882,937	179,333,313

## Statement of Comprehensive Income

€/’000	Oct. 31, 2009	Dec. 31, 2008
Net profit (loss) for the period	117,883	179,333
Other comprehensive income, net of income tax		
Available-for-sale financial assets	(266)	(59,454)
Total other comprehensive income, net of income tax	(266)	(59,454)
Total comprehensive income for the period	117,617	119,879

## Statement of changes in shareholders' equity

€	Balance at Jan 1, 2008	Appropriation of prior year's profit	
		Reserves	Dividends and other
Share capital	72,947,593	-	-
Share premium account	51,277,388	-	-
Reserves:			
a) retained earnings	161,436,788	83,718,631	-
b) other	-	-	-
Valuation reserves:			
a) AFS fin. instruments	57,831,234	-	-
Treasury shares	(2,045,116)	-	-
Net profit (loss)	167,564,088	(83,718,631)	(83,845,457)
<b>Shareholders' equity</b>	<b>509,011,975</b>	<b>-</b>	<b>(83,845,457)</b>

€	Balance at Jan 1, 2009	Appropriation of prior year's profit	
		Reserves	Dividends and other
Share capital	73,009,611	-	-
Share premium account	51,959,505	-	-
Reserves:			
a) retained earnings	291,392,430	131,902,121	-
b) other	-	-	-
Valuation reserves:			
a) AFS fin. instruments	(1,622,674)	-	-
Treasury shares	(2,045,116)	-	-
Net profit (loss)	179,333,313	(131,902,121)	(47,431,192)
<b>Shareholders' equity</b>	<b>592,027,069</b>	<b>-</b>	<b>(47,431,192)</b>

Movements in the year							
Shareholders' Equity							
Change in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options	Net profit for the year Dec. 31, 2008	Shareholder's equity at Dec. 31, 2008
-	62,018	-	-	-	-	-	73,009,611
-	682,117	-	-	-	-	-	51,959,505
107,599,550	-	-	(62,025,444)	-	662,905	-	291,392,430
-	-	-	-	-	-	-	-
							Total
(59,453,908)	-	-	-	-	-	-	(1,622,674)
							Total
-	-	-	-	-	-	-	(2,045,116)
-	-	-	-	-	-	179,333,313	179,333,313
48,145,642	744,135	-	(62,025,444)	-	662,905	179,333,313	592,027,069

Movements in the year							
Shareholders' Equity							
Change in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options	Net profit for the year Dec. 31, 2009	Shareholder's equity at Dec. 31, 2009
-	105,097	-	-	-	-	-	73,114,708
-	1,213,944	-	-	-	-	-	53,173,449
-	-	-	-	-	427,729	-	423,722,280
-	-	-	-	-	-	-	-
							Total
(266,366)	-	-	-	-	-	-	(1,889,040)
							Total
-	-	-	-	-	-	-	(2,045,116)
-	-	-	-	-	-	117,882,937	117,882,937
(266,366)	1,319,041	-	-	-	427,729	117,882,937	663,959,217



MEDIOLANUM S.p.A.

# **Responsibility Statement**

## Responsibility Statement

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

HEREBY CONFIRM

that the financial information contained in the Consolidated Interim Report and Accounts at September 30, 2009, and in the Mediolanum S.p.A.'s accounts at October 31, 2009, reflects the accounting entries, records and books.

Basiglio, November 11, 2009

The Chief Financial Officer  
(Luigi Del Fabbro)



