

MEDIOLANUM S.p.A.

**Third  
Quarter Report  
at September 30  
2007**

# Contents

<b>3</b>	Mediolanum Group - Financial Highlights
<b>4</b>	Group Structure
<b>5</b>	Mediolanum S.p.A. Corporate Governance Officers
	<b>● Third Quarter Report at September 30, 2007</b>
<b>8</b>	Directors' Report
	The macroeconomic environment
	Mediolanum Group's Performance
	Segment reporting
<b>30</b>	Consolidated Accounts
	Balance Sheet
	Income Statement
	Statement of Changes in Shareholders' Equity
	Cash Flow Statement
<b>36</b>	Notes to the Consolidated Financial Statements
	Accounting Basis and Scope of Consolidation
	Q3 main income statement data
	Main balance sheet data at September 30, 2007
<b>56</b>	Other information
	Post - Balance Sheet Date Events
	Outlook
<b>59</b>	Mediolanum S.p.A 2007- Interim Dividend
	Directors' Report pursuant to art. 2433 - bis Italian Civil Code
	Financial position, result of operations and cash-flows of Mediolanum S.p.A. and of the Mediolanum Group
<b>66</b>	Schedules
	Parent Company's Accounts at September 30, 2007
	Balance Sheet
	Income Statement
	Statement of Changes in Shareholders' Equity
	Cash Flow Statement
<b>74</b>	Statement of the Officer responsible for preparing corporate accounting and financial reporting documents

The financial statements and the consolidated financial statements have been translated from those issued in Italy, from the Italian into English language solely for the convenience of international readers.

MEDIOLANUM S.p.A.

**Third  
Quarter Report  
at September 30  
2007**

# Mediolanum Group - Financial Highlights

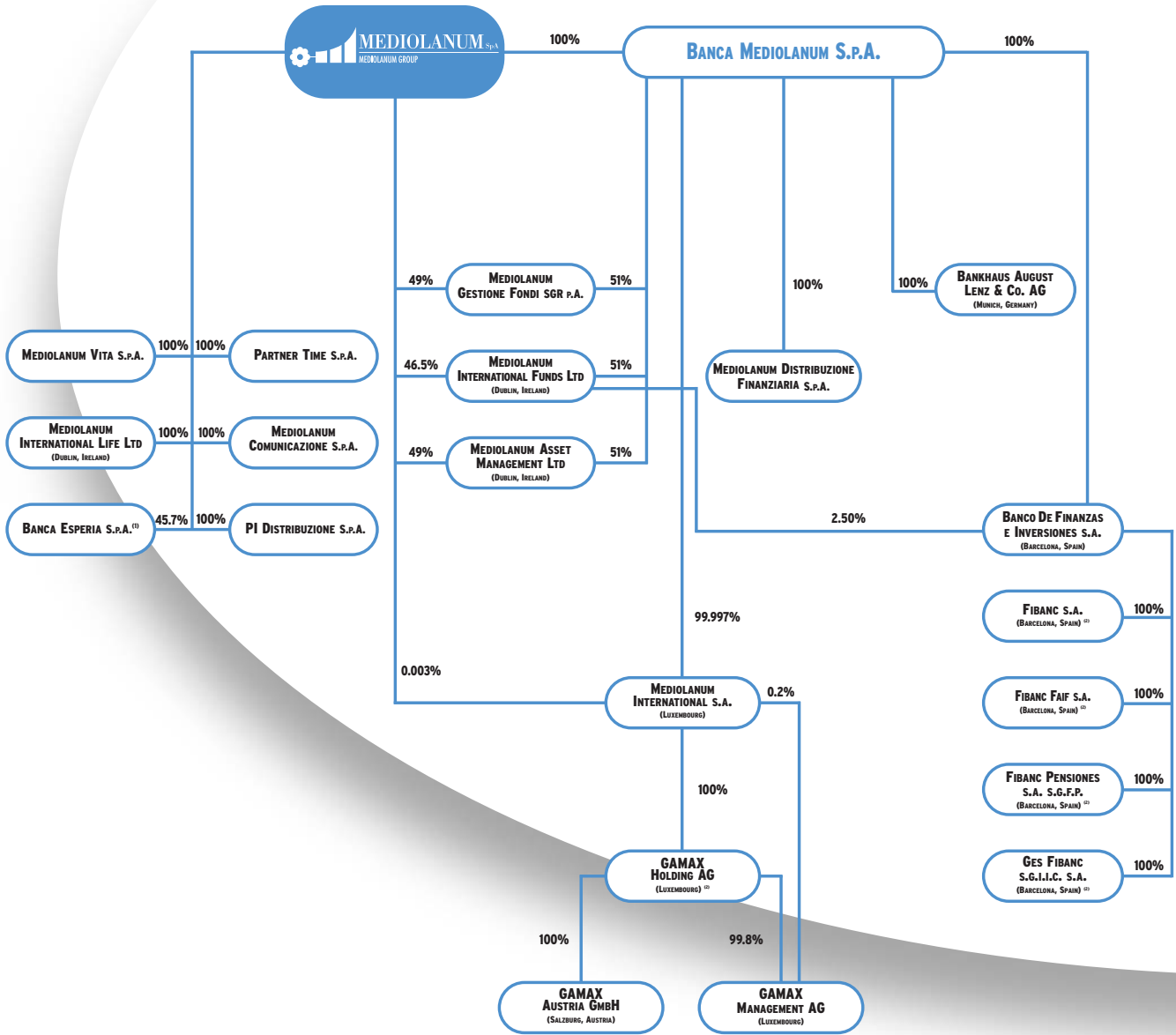
€/m	Sept. 30, 2007	Sept. 30, 2006	Change
Assets under management and administration <sup>(*)</sup>	35,036.1	31,994.6	+9.5%
Gross Inflow	7,293.2	5,660.3	+28.8%
Net Inflow	1,910.4	1,715.4	+11.4%
Profit before tax	201.0	215.4	-6.7%
Income Tax	(45.8)	(49.1)	-6.7%
Net profit	155.2	166.4	-6.7%
€			
Earnings per share <sup>(#)</sup>	0.213	0.228	-6.6%

(\*) The figures relate to retail customers only. For the sake of consistency, the figure at September 30, 2006 was restated.

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

# Group structure

AS OF SEPTEMBER 30, 2007



(1) Shareholding to be increased by 2.80% in connection with Banca Esperia Stock Options, under an irrevocable commitment to buy.  
 (2) Pursuant to regulations directors have a symbolic shareholding.

# Corporate Governance Officers

## BOARD OF DIRECTORS

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

## BOARD OF STATUTORY AUDITORS

Arnaldo Mauri	Chairman
Francesco Antonio Giampaolo	Standing Auditor
Francesco Vittadini	Alternate Auditor
Ferdinando Gatti	Alternate Auditor

## BOARD SECRETARY

Luca Maria Rovere

## INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

MEDIOLANUM S.p.A.

**Directors' Report  
at September 30  
2007**

# Directors' Report

At September 30, 2007 the Mediolanum Group reported net profit of €155,189 thousand versus €166,356 thousand in the same period of the prior year (-7%).

The decline in net profit over the same period of the prior year is due partly to lower non-recurring income, especially net income on other investments, and partly to the effects of the supplementary pension reform, which entailed lower loadings on recurring-premium policies.

In fact, *Tax Benefit New*, the new pension plan introduced following said reform, features lower upfront loadings vis-à-vis greater annual management fees. This had an adverse impact on the income statement in the first year of life of this new product. However, in the following years, the lower up-front loadings applied to new business will be offset by greater management fees on the in-force business.

At September 30, 2007 total assets under management and administration amounted to €35,036.1 million growing 9.5% over the same period of 2006 (€31,994.6 4 million) and 4.5% over December 31, 2006 (€33,516.4 million).

## ● The Macroeconomic Environment

In the summer, there was a sudden, though temporary, deterioration in the macroeconomic scenario.

At the end of July, the increase in US subprime mortgage insolvencies fuelled concerns about possible repayment difficulties in relation to a great number of real estate-related debt obligations.

The fears of a possible financial crisis propagated to all classes of debt instruments, irrespective of sectors, and brought about a market correction which reflected insolvency risk re-pricing, with the sole exception of government securities.

Fears of a liquidity crisis and a possible slowdown of the US economy, driven by the housing downturn, had an adverse impact on the global banking system, which resulted in a strong correction in global equity markets in August.

Central Banks across the globe repeatedly injected large amounts of liquidity into the market thus averting a financial crisis. The European Central Bank and the US Federal Reserve changed their monetary policy. Reversing previous expectations, the ECB kept interest rates unchanged, while the Fed cut both the discount rate and Fed Funds rate by 50 basis points.



The repeated interventions taken by Central Banks restored confidence and favoured the recovery of equity markets. In the third quarter, stock market indices were substantially positive in the US and in emerging markets, marginally weak in Europe and very feeble in Japan, as this market was impacted by political uncertainties related to the impending elections and the lack of economic recovery.

In the past few weeks, equity markets substantially returned to their late-July, pre-crisis levels. The same can be said for European medium/long-term bond markets, while the resolute interest rate cuts made by the Fed strengthened US bond markets. The US dollar continued its descent to the record low of 1.43 against the Euro.

Reflecting the possible slowdown of the US economy driven by the mortgage crisis and the housing market downturn, the International Monetary Fund recently revised its forecasts for global growth in 2008 from 5.2% to 4.8%.

Revising its previous estimate of a 2.8% growth, the IMF projected US growth to stand at 1.9%, propped by a weak dollar, with no risk of recession.

While emphasising that global growth remains strong, the IMF warned against the risk of inflation, as borne out by the recent surge in oil and food prices, and possible repercussions of last summer's financial turmoil.

## ● The insurance market

For the period January through August 2007, new life premiums written amounted to €30.3 billion, down 8.3% over the past year. Compared to the prior year, premiums written through banks and post offices, which account for 78% of sales, declined 5.9% to €23.6 billion, while premiums written through financial advisors were down 24.2% to €1.6 billion, especially as a result of lower sales of "linked" products (down 23.5%).

At August 31, premiums written for products in class I ("with profits" and "pure risk" products) and class V ("investment plans") amounted to €11.7 billion, declining 27.3% and 59.1%, respectively, over the prior year.

In the "linked" segment, new business written grew 21% over the prior year to €18.4 billion, and was equally distributed between unit-linked and index-linked policies. From the beginning of the year, premiums/contributions to pension funds open to individual subscriptions amounted to €161 million. Including also individual pension plans, this figure increases to about €314 million.

## ● Mediolanum Group's performance

For a better understanding of the Group's performance, the analysis is organised by business segment and distribution market.

### Life Insurance

For the first nine months of 2007, Mediolanum Vita S.p.A. reported premiums written of €1,379.2 million (€519 million in Q3 2007) down from €1,464.4 million at September 30, 2006 (€506.3 million in Q3 2006).

At September 30, 2007, new business amounted to €514.3 million (€234.5 million in Q3 2007) versus €647.1 million reported for the first nine months of 2006 (€240.6 million in Q3 2006).

At September 30, 2007, mathematical reserves and financial liabilities to policyholders amounted to €12,061.2 million, increasing 3.7% over the same period of the prior year (€11,633.6 million at September 30, 2006) and 2.4% over year end (€11,783.4 million at December 31, 2006).

Net profit for the third quarter amounted to €17.6 million, growing from €16.6 million in the third quarter of 2006.

Net profit for the period amounted to €36.9 million, slightly increasing from €36.8 million reported for the same period of the prior year.

For the first nine months of 2007, Mediolanum International Life Ltd reported premiums written of €1,121.7 million (€169 million in Q3 2007) versus €848.7 million at September 30, 2006 (€143.2 million in Q3 2006).

Mediolanum International Life Ltd policies are distributed in Italy, Spain and Germany. Premiums written in foreign markets (Spain and Germany) amounted to €105.5 million versus €119.4 million at September 30, 2006. At September 30, 2007, mathematical reserves and financial liabilities to policyholders amounted to €3,312.9 million, growing 33.9% from €2,473.5 million at December 31, 2006 and 63.5% from €2,025.8 million at September 30, 2006.

For the third quarter 2007 Mediolanum International Life Ltd reported a net loss of €1 million versus net profit of €4.1 million in the third quarter of 2006.

Net profit for the period amounted to €14.0 million, down from €17.1 million reported for the same period of the prior year.

#### Net profit (loss) of life insurance subsidiaries consolidated on a line-by-line basis:

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Mediolanum Vita S.p.A.	17,527	16,582	36,940	36,843
Partner Time S.p.A.	(216)	(140)	(536)	(225)
Mediolanum International Life Ltd	(996)	4,052	13,979	17,074

## Asset Management

For the first nine months of 2007 Mediolanum Gestione Fondi SGR p.A. reported net outflows of €122.4 million (net outflows of €34.3 million in Q3 2007) versus net inflows of €134.7 million at September 30, 2006 (net outflows of €17 million in Q3 2006), when the balance of this account had benefited from inflows of €220.3 million into the newly formed Mediolanum Real Estate fund.

At September 30, 2007, assets invested in open-end mutual funds amounted to €1,977.3 million, down 7.8% from €2,144.8 million at September 30, 2006 and down 8.2% from €2,153 million at December 31, 2006, while assets invested in the two real estate funds (Property and Real Estate) amounted to €353.6 million, up 14.6% from €308.5 million at September 30, 2006 and up 12.8% from €313.5 million at December 31, 2006.

At September 30, 2007, assets managed on mandates from fellow subsidiaries amounted to €12,991 million versus €13,457 million at September 30, 2006 and €13,514 million at December 31, 2006; while assets managed by fellow subsidiaries on behalf of Mediolanum Gestione Fondi SGR p.A amounted to €151 million versus €170 million at September 30, 2006 and €167 million at December 31, 2006.

For the first nine months of 2007 Mediolanum Gestione Fondi SGR p.A. reported net profit of €6,099 thousand down from €8,694 thousand at September 30, 2006. Net profit for the third quarter, amounting to €2,292 thousand, was up 6.5% from €2,152 thousand reported in the third quarter of 2006.

For the first nine months of 2007, Mediolanum International Funds Ltd reported net inflows of €844 million (vs. -€105.6 million in Q3 2007) versus net inflows of €674.2 million for the same period of the past year (vs. -€25.9 million in Q3 2006). Net inflows for the period include €694.7 million relating to the "Portfolio" Fund of Funds (€253.0 million at September 30, 2006).

At September 30, 2007 assets under management amounted to €14,553.6 million, growing 13.4% from €12,831.3 million at September 30, 2006, and 9.1% from €13,337.3 million at December 31, 2006.

At the end of the third quarter 2007, net profit amounted to €111,483 thousand, growing by €6,315 thousand from €105,168 thousand at September 30, 2006. Net profit for the third quarter 2007 amounted to €31,623 thousand versus €40,139 thousand in the same period of the past year. The decline in net profit is in connection with lower performance fees earned in the quarter.

On October 25, 2007 the company resolved to distribute a 2007 interim dividend of €103 million. In October of the past year the company had distributed an interim dividend of €100 million.

#### Net profit (loss) of asset management subsidiaries consolidated on a line-by-line basis:

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Mediolanum International Funds Ltd	31,623	40,139	111,483	105,168
Mediolanum Gestione Fondi SGR p.A.	2,292	2,152	6,099	8,694
Mediolanum Asset Management Ltd	2,557	2,504	8,374	7,512

## ● Distribution Markets

### ○ Domestic Market

Compared to the past year, in the first nine months of 2007 gross inflows grew 32% to €7,293.2 million (21% excluding Banca Esperia). Net inflows grew 21% to €1,910.4 million. Excluding Banca Esperia, net inflows amounted to €1,085 million, down 19% compared to the first nine months of 2006.

At September 30, 2007, total customer assets (banking, insurance and mutual funds) amounted to €32,097.3 million, growing 10% from €29,200.5 million reported at September 30, 2006.

At September 30, 2007, sales network members increased 6% over the prior year and consisted of 6,257 Family Bankers, of whom 4,677 licensed (vs. 3,996 at September 30, 2006) and 1,580 non-licensed (vs. 1,888 at September 30, 2006).

At September 30, 2007, there were 238 Punto Mediolanum as 16 new Punto Mediolanum opened in the year (222 at December 31, 2006).

## Banking

At September 30, 2007, the Bank's total assets and liabilities amounted to €7,461 million, growing €1,238 million over December 31, 2006. This was due partly to greater HFT financial liabilities (up €882 million) held to hedge any losses on HFT financial assets, which may arise in connection with interest rate hikes and, partly to greater customer deposits which increased €545 million from €4,145 million at December 31, 2006 to €4,691 million at September 30, 2007.

At September 30, 2007, the Bank's total assets under administration (bank accounts and securities accounts) increased to €5,252 million from €5,181 million at the end of the prior year.

Loans to customers increased from €1,090 million at December 31, 2006 to €1,553 million at the end of September 2007, growing 2.6% (€39 million) in the third quarter of 2007 (versus €259 million in Q3 2006). Direct mortgage lending contributed to this result as mortgage loans increased from €289.4 million at December 31, 2006 to €432.8 million at September 30, 2007.

Net financial income, resulting from net interest income plus profits on financial transactions, amounted to €81,032 thousand versus €54,996 thousand at September 30, 2006. The increase is in connection with greater inflows and customer loans as well as greater spreads resulting from interest rate hikes.

Dividends for the period declined from €40,706 thousand at September 2006 to €32,614 thousand at September 30, 2007 due to the lower net profit earned by the subsidiary MIF in 2006 compared to the prior year.

At September 30, 2007, net commission income amounted to €75,092 thousand versus €88,713 thousand in the prior year. The 15.4% decline is in connection with the different mix of products sold in the period under review, mainly as a result of lower fees earned on life products and, in particular, pension products since their commission structure changed significantly following the supplementary pension reform.

Administrative expenses increased from €131,329 thousand to €160,094 thousand at September 30, 2007. The increase is in connection with greater business and transaction volumes, as well as non-recurring expenses for communications, advertising and sales network training.

For the first nine months of 2007 Banca Mediolanum S.p.A. reported net profit of €11,431 thousand versus net profit of €30,044 thousand for the same period of the past year.

### Net profit (loss) of banking subsidiaries consolidated on a line-by-line basis:

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Banca Mediolanum S.p.A.	(8,437)	(7,526)	11,431	30,044
Mediolanum Distribuzione Finanziaria S.p.A.	80	(30)	276	(212)

## Other Businesses

Other businesses include the 48.5%-owned private banking associate Banca Esperia S.p.A., which heads a group made up of the fund manager Duemme SGR p.A., the hedge fund manager Duemme Hedge SGR p.A. the investment trust Duemme Servizi Fiduciari S.p.A., the trust company Duemme Trust Company S.p.A., and the London-based advisory firm Duemme Capital Ltd.

For the first nine months of 2007, net inflows into the Banca Esperia Group climbed 162% to €2,023 million from €772 million at September 30, 2006.

Total assets under management grew 41% from €6,466 million at September 30, 2006 to €9,103 million at the end of the third quarter.

At September 30, 2007, there were 54 private bankers versus 55 at December 31, 2006.

For the third quarter 2007 the Banca Esperia Group reported net profit of €3.9 million versus €2.2 million in the third quarter of 2006. At September 30, 2007, net profit amounted to €22.2 million climbing 124% from €9.9 million reported for the same period of the prior year. Performance fees earned on hedge fund management in the first half of 2007 contributed significantly to this result.

## ○ Foreign Markets

### Spain

Mediolanum conducts business in Spain through the Spanish Group Fibanc, a wholly-owned subsidiary of Banca Mediolanum.

At September 30, 2007 the Fibanc Group reported net profit of €1,285 thousand versus €349 thousand in the same period of the prior year.

At the end of the quarter under review the sales force consisted of 668 people (vs. 649 at September 30, 2006) of whom 516 tied financial advisors (vs. 472 at September 30, 2006).

At September 30, 2007 net inflows amounted to €98.3 million (of which €79.7 million into managed accounts) versus €42.4 million in the prior year (of which €83.5 million into managed accounts).

At September 30, 2007 total assets under management and administration amounted to €2,588.6 million, up 3.6% over June 30, 2007 (€2,684.2 million) and up 8.6% over September 30, 2006 (€2,384.5 million).

#### Net profit (loss) of Spanish subsidiaries consolidated on a line-by-line basis:

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Fibanc Group S.A.	(227)	241	1,285	349

### Germany

Mediolanum conducts business in Germany through Bankhaus August Lenz & Co AG and the Gamax Holding AG Group. Bankhaus August Lenz & Co AG is a Banca Mediolanum's wholly-owned bank, while the Gamax Holding AG Group is 99.997% owned by Mediolanum International S.A. and is made up of a holding company with shareholdings in a Luxembourg-based fund management company and in two distribution companies operating in Germany and Austria.

At September 30, 2007, our German operations reported total assets under management and administration of €350.3 million versus €409.5 million at September 30, 2006 (down 14.5%).

In the first nine months of 2007 **Bankhaus August Lenz** reported net inflows of €9.8 million (€8.2 million into managed accounts) versus €1.2 million in the prior year (€9.0 million into managed accounts). At September 30, 2007 the sales force consisted of 47 people versus 48 people at September 30, 2006.

For the quarter under review the German bank reported a loss of €2,085 thousand versus a loss of €1,672 thousand in the third quarter of 2006. At September 30, 2007 the loss amounted to €6,056 thousand, up from €5,207 thousand at September 30, 2006.

In September Banca Mediolanum contributed €20 million to Bankhaus August Lenz for future capital increases and loss coverage.

For the third quarter of 2007, the **Gamax Group** reported net profit of €904 thousand, down from €417 thousand in the past year. At September 30, 2007 the Group reported net profit for the period of €2,259 thousand versus €1,016 thousand in the prior year.

The Group reported gross inflows of €32.7 million versus €26.7 million in the prior year, but net inflows were in negative territory (-€67.4 million versus -€38.4 million at September 30, 2006).

#### Net profit (loss) of German subsidiaries consolidated on a line-by-line basis:

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Bankhaus August Lenz & Co. AG	(2,085)	(1,672)	(6,056)	(5,207)
Gamax Holding AG Group	904	417	2,259	1,016

## ● THE PARENT COMPANY

From January 1, 2007 the parent company Mediolanum S.p.A. is a pure holding company heading the Mediolanum Group financial conglomerate.

At September 30, 2007, the parent company Mediolanum S.p.A. reported net profit of €106,475 thousand versus €112,719 thousand at September 30, 2006. For the third quarter 2007 the parent company reported a loss of €4,956 thousand versus net profit of €2,180 thousand in the same quarter of the prior year.

The lower net profit reported at September 30, 2007 compared to the prior year is largely in connection with lower income from "Available-for-sale financial assets". Readers are reminded that the Group's accounts at September 30, 2006 had benefited from an extraordinary dividend distribution by Consortium Srl following the liquidation of that company (€11,922 thousand) as a result of which the carrying amount of that investment was written down and an impairment loss of €5,928 thousand was recognised in the income statement.

## ● SUMMARY KEY FINANCIALS

### ○ Inflows

€/m	Sept. 30, 2007	Sept. 30, 2006	Change %
<b>DOMESTIC MARKET</b>			
<b>Italy</b>			
- Life insurance products			
gross premiums written	2,383.1	2,193.7	+9
<i>of which:</i>			
New Business	1,532.2	1,396.1	+10
Portfolio	850.9	797.6	+7
- Mutual funds and managed accounts			
gross inflows	2,492.4 <sup>(*)</sup>	2,011.7	+24
net inflows	(469.7)	26.9	n.s.
- Bank accounts and securities in custody			
net inflows	501.2	244.8	+105
- Banca Esperia Group			
net inflows (48.5%)	2,023	772.0	+162
<b>FOREIGN MARKETS</b>			
<b>Spain</b>			
- Life insurance products			
gross premiums written	117.2	118.0	-1
- Mutual funds and managed accounts			
gross inflows	298.8	239.3	+25
net inflows	18.6	21.3	-13
- Bank accounts and securities in custody			
net inflows	(177.9)	(41.1)	n.s.
<b>Germany</b>			
- Life insurance products			
gross inflows	7.1	8.9	-20
- Mutual funds and managed accounts			
gross inflows	40.4	33,4 <sup>(#)</sup>	+21
net inflows	(65.2)	(37.2)	-75
- Bank accounts and securities in custody			
net inflows	1.6	(7.8)	n.s.

(\*) Of which €623 million switched from "Chorus" to "Portfolio".

(#) Mutual Funds and Managed Accounts do not include third-party assets under delegated management. For the sake of consistency comparative information at June 30, 2006 was restated.

## ○ Consolidated assets under management and under administration \*

€/m	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
Life products	14,989.4	13,345.4	13,922.0
Mutual funds and managed accounts	15,948.2	14,999.4	15,467.4
Banking products	5,236.4	4,919.0	5,181.4
Consolidation adjustments	(8,491.7)	(7,199.2)	(7,626.9)
Banca Esperia Group **	4,415.0	3,136.0	3,433.8
<b>Domestic market</b>	<b>32,097.3</b>	<b>29,200.5</b>	<b>30,377.7</b>
Life products	469.1	386.3	409.4
Mutual funds and managed accounts ***	1,067.0	1,111.0	1,115.0
Banking products	1,656.8	1,546.6	1,625.6
Other products	1.4	1.4	241.0
Consolidation adjustments	(255.5)	(251.2)	(252.3)
<b>Foreign markets</b>	<b>2,938.8</b>	<b>2,794.1</b>	<b>3,138.7</b>
<b>Mediolanum Group</b>	<b>35,036.1</b>	<b>31,994.6</b>	<b>33,516.4</b>

(\*) Consolidated assets under management and administration relate exclusively to retail customers. Comparative figures at September 30, 2006 were restated for the sake of consistency.

(\*\*) The figures relating to Banca Esperia are stated on a pro-rata basis according to the stake held in that entity (48.5%).

(\*\*\*) Mutual Funds and Managed Accounts do not include third-party assets under delegated management. For the sake of consistency comparative information at September 30, 2006 was restated.

## ○ The sales networks

Number	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
<b>Full Time</b>			
<b>Italy</b>			
Mediolanum Banking Group *			
- Licensed Financial Advisors	4,677	3,996	4,011
- Non-licensed FAs and Credit Executives **	1,580	1,888	2,089
<b>Spain</b>			
Fibanc	562	525	576
<b>Germany</b>			
Bankhaus August Lenz	47	48	42
<b>Total</b>	<b>6,866</b>	<b>6,457</b>	<b>6,718</b>
<b>Part-time</b>			
<b>Italy</b>			
Partner Time ***	176	67	163
<b>Spain</b>			
Fibanc Group	106	124	115
<b>Total</b>	<b>282</b>	<b>191</b>	<b>278</b>
<b>Total sales networks</b>	<b>7,148</b>	<b>6,648</b>	<b>6,996</b>

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

(\*\*) The item "Non Licensed Advisors" does not include traditional agencies. For the sake of consistency comparative information at September 30, 2006 and at December 31, 2006 was restated.

(\*\*\*) The Partner Time Sales Network figures relate to advisors and soliciting agents who regularly work for this organisation and have the required qualifications for registration in the Register of Insurance and Reinsurance Intermediaries.

Following the sale of Gamax Broker Pool AG, the sales network of this company was not included in the Group's sales networks.



MEDIOLANUM S.p.A.

**Segment  
reporting  
at September 30  
2007**

## SEGMENT REPORTING

This section presents consolidated financial data reported by segment. Segment reporting entailed certain reclassifications of financial information in comparison with the Consolidated Income Statement included in the Consolidated Accounts at September 30, 2007.

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.

This section presents consolidated financial results reported by business segment (primary format), i.e. Life Insurance, Banking, Asset Management and Other, and then by geographical segment (secondary segment) by reference to the Group markets, i.e. Domestic and Foreign markets.

The policies adopted in the reclassification of income and expense items include the presentation of balances by nature and the recognition of financial income/expense on policyholders' assets under "Amounts paid and change in technical reserves".

The reconciliation of the consolidated income statement at September 30, 2007 to the reclassified income statement prepared for segment reporting purposes is set out below.

## Reconciliation of the income statement at September 30, 2007 to the reclassified income statement for segment reporting purposes

€/'000	Consolidated income statements
<b>1. Revenues</b>	
1.1 Net premiums written	
1.1.1 Gross premiums written	2,494,288
1.1.2 Reinsurance premiums	(3,731)
<b>Total premiums written</b>	<b>2,490,557</b>
1.2 Commission income	436,960
1.3 Net income on financial instruments at fair value through profit and loss	68,024
1.4 Income on investments in subsidiaries, associates and jvs	11,477
1.5 Income on other financial instruments and investment property	
1.5.1 Interest income	167,989
1.5.2 Other income	2,271
1.5.3 Realised gains	6,413
1.5.4 Unrealised gains	3,793
<b>Total income on other financial instruments and investment property</b>	<b>180,466</b>
1.6 Other revenues	19,634
<b>Total revenues</b>	<b>3,207,118</b>
<b>2. Costs</b>	
2.1 Net claims and benefits	
2.1.1 Amounts paid and change in technical reserves	(2,397,859)
2.1.2 Reinsurers' share	3,910
<b>Net claims and benefits</b>	<b>(2,393,949)</b>
2.2 Commission expense	(150,096)
2.3 Losses on investments in subsidiaries, associates and jvs	-
2.4 Loss on other financial instruments and investment property	
2.4.1 Interest expense	(105,038)
2.4.2 Other expenses	(391)
2.4.3 Realised losses	(303)
2.4.4 Unrealised losses	(6,215)
<b>Loss on other financial instruments and investment property</b>	<b>(111,947)</b>
2.5 Operating expenses	
2.5.1 Agents' commissions and other acquisition costs	(90,224)
2.5.2 Investment management expenses	(142)
2.5.3 Other administrative expenses	(211,380)
<b>Total operating expenses</b>	<b>(301,746)</b>
2.6 Other costs	(48,528)
<b>Total costs</b>	<b>(3,006,266)</b>
Profit (loss) before tax for the period	200,852
<b>3. Income tax</b>	<b>(45,764)</b>
<b>4. Profit (loss) from discontinued operations</b>	<b>101</b>
Profit(loss) for the period	155,189

### RECLASSIFICATIONS

Interest income and expense on assets/liabilities pertaining to policyholders  
(including policies classified as financial contracts under IFRS4)

Other reclassifications

### TOTAL RECLASSIFIED AMOUNT

RECLASSIFIED INCOME STATEMENT - REVENUES							RECLASSIFIED INCOME STATEMENT - EXPENSES AND INCOME TAX							
Net premiums written	Commission income	Interest income and similar income	Interest expense and similar charges	Net income on investments at fair value	Net income on other investments	Other revenues	Amounts paid and change in technical reserves	Acquisition costs & other commission expense	Net impairment of financial investments	G&A expenses	Amortisation and depreciation	Provision for risks and charges	Income tax	Net profit
2,494,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3,731)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,490,557	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	436,960	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	208,551	(29,605)	(110,922)	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	11,477	-	-	-	-	-	-	-	-	-
-	-	167,989	-	-	-	-	-	-	-	-	-	-	-	-
-	-	2,134	-	-	137	-	-	-	-	-	-	-	-	-
-	-	-	-	-	6,413	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	3,793	-	-	-	-	-
-	-	170,123	-	-	6,550	-	-	-	3,793	-	-	-	-	-
-	-	-	-	-	-	19,634	-	-	-	-	-	-	-	-
2,490,557	436,960	378,674	(29,605)	(110,922)	18,027	19,634	-	-	3,793	-	-	-	-	-
-	-	-	-	-	-	-	(2,396,726)	-	-	(1,133)	-	-	-	-
-	-	-	-	-	-	-	3,910	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(2,392,816)	-	-	(1,133)	-	-	-	-
-	-	-	-	-	-	-	-	(150,096)	-	-	-	-	-	-
-	-	-	(105,038)	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(103)	-	(288)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(303)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(6,173)	-	(42)	-	-	-
-	-	-	(105,141)	-	(591)	-	-	-	(6,173)	-	(42)	-	-	-
-	-	-	-	-	-	-	-	(84,302)	-	(5,922)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(142)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(211,380)	-	-	-	-
-	-	-	-	-	-	-	-	(84,302)	-	(217,444)	-	-	-	-
-	-	-	-	-	-	-	-	-	(103)	(20,533)	(17,845)	(10,047)	-	-
-	-	-	(105,141)	-	(591)	-	(2,392,816)	(234,398)	(6,276)	(239,110)	(17,887)	(10,047)	-	-
2,490,557	436,960	378,674	(134,746)	(110,922)	17,436	19,634	(2,392,816)	(234,398)	(2,483)	(239,110)	(17,887)	(10,047)	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	(45,764)	-
-	-	-	-	-	101	-	-	-	-	-	-	-	-	-
2,490,557	436,960	378,674	(134,746)	(110,922)	17,537	19,634	(2,392,816)	(234,398)	(2,483)	(239,110)	(17,887)	(10,047)	(45,764)	155,189
-	-	(177,953)	29,461	113,008	-	-	35,484	-	-	-	-	-	-	-
-	-	(2,115)	-	-	(1,246)	-	(1,484)	-	-	4,845	-	-	-	-
2,490,557	436,960	198,606	(105,285)	2,086	16,291	19,634	(2,358,816)	(234,398)	(2,483)	(234,265)	(17,887)	(10,047)	(45,764)	155,189

## INCOME STATEMENT AT SEPTEMBER 30, 2007

### Segment reporting by business sector

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2007	2006	delta	2007	2006	delta
Net premiums written	2,490,557	2,296,032	194,525	-	-	-
Entry fees	-	-	-	39,640	43,329	(3,689)
Management fees	129,866	105,448	24,418	122,737	127,916	(5,179)
Performance fees	29,333	25,245	4,088	25,059	30,554	(5,495)
Banking service fees	-	-	-	824	636	188
Other fees	10,702	17,914	(7,212)	20,876	17,761	3,115
<b>Total commission income</b>	<b>169,901</b>	<b>148,607</b>	<b>21,294</b>	<b>209,136</b>	<b>220,196</b>	<b>(11,060)</b>
Interest income and similar income	20,466	15,008	5,458	3,617	2,137	1,480
Interest expense and similar charges	(3,459)	(3,544)	85	(110)	(340)	230
Net income on investments at fair value	(2,984)	(6,302)	3,318	75	67	8
<b>Net financial income</b>	<b>14,023</b>	<b>5,162</b>	<b>8,861</b>	<b>3,582</b>	<b>1,864</b>	<b>1,718</b>
Net income on other investments	1,459	9,769	(8,310)	1,219	(1,077)	2,296
Other revenues	12,610	12,606	4	228	539	(311)
<b>TOTAL REVENUES</b>	<b>2,688,550</b>	<b>2,472,176</b>	<b>216,374</b>	<b>214,165</b>	<b>221,522</b>	<b>(7,357)</b>
Amounts paid and change in technical reserves	(2,358,816)	(2,142,010)	(216,806)	-	-	-
Acquisition costs & other commission expense	(116,656)	(126,153)	9,497	(75,691)	(79,768)	4,077
Net impairment of financial investments	-	-	-	-	-	-
G&A expenses	(79,191)	(62,846)	(16,345)	(58,956)	(52,476)	(6,480)
Amortisation and depreciation	(6,043)	(5,105)	(938)	(3,471)	(3,928)	457
Provision for risks and charges	(5,512)	(5,808)	296	(2,939)	(2,959)	20
<b>PROFIT BEFORE TAX</b>	<b>122,332</b>	<b>130,254</b>	<b>(7,922)</b>	<b>73,108</b>	<b>82,391</b>	<b>(9,283)</b>
Income tax						
<b>NET PROFIT</b>						

BANKING			OTHER			CONSOLIDATION ADJUSTMENTS			TOTAL		
2007	2006	delta	2007	2006	delta	2007	2006	delta	2007	2006	delta
-	-	-	-	-	-	-	-	-	2,490,557	2,296,032	194,525
-	-	-	-	-	-	-	-	-	39,640	43,329	(3,689)
-	-	-	-	-	-	-	-	-	252,603	233,364	19,239
-	-	-	-	-	-	-	(1)	1	54,392	55,798	(1,406)
55,873	53,995	1,878	-	-	-	(668)	(1,033)	365	56,029	53,598	2,431
362	260	102	2,712	2,791	(79)	(356)	(517)	161	34,296	38,209	(3,913)
56,235	54,255	1,980	2,712	2,791	(79)	(1,024)	(1,551)	527	436,960	424,298	12,662
194,649	124,169	70,480	1,816	1,035	781	(21,942)	(14,882)	(7,060)	198,606	127,467	71,139
(113,437)	(66,330)	(47,107)	(10,222)	(7,471)	(2,751)	21,943	14,826	7,117	(105,285)	(62,859)	(42,426)
4,990	3,820	1,170	5	-	5	-	57	(57)	2,086	(2,358)	4,444
86,202	61,659	24,543	(8,401)	(6,436)	(1,965)	1	1	-	95,407	62,250	33,157
5,356	306	5,050	8,257	12,522	(4,265)	-	-	-	16,291	21,520	(5,229)
4,589	3,551	1,038	2,899	2,270	629	(692)	(648)	(44)	19,634	18,318	1,316
152,382	119,771	32,611	5,467	11,147	(5,680)	(1,715)	(2,198)	483	3,058,849	2,822,418	236,431
-	-	-	-	-	-	-	-	-	(2,358,816)	(2,142,010)	(216,806)
(40,097)	(35,402)	(4,695)	(2,314)	(2,071)	(243)	360	521	(161)	(234,398)	(242,873)	8,475
(2,483)	(946)	(1,537)	-	-	-	-	-	-	(2,483)	(946)	(1,537)
(96,004)	(77,044)	(18,960)	(1,469)	(2,801)	1,332	1,355	1,676	(321)	(234,265)	(193,491)	(40,774)
(8,263)	(8,152)	(111)	(110)	(117)	7	-	1	(1)	(17,887)	(17,301)	(586)
(1,485)	(1,489)	4	(111)	(93)	(18)	-	-	-	(10,047)	(10,349)	302
4,050	(3,262)	7,312	1,463	6,065	(4,602)	-	-	-	200,953	215,448	(14,495)
									(45,764)	(49,092)	3,328
									155,189	166,356	(11,167)

## INCOME STATEMENT AT SEPTEMBER 30, 2007

### Segment reporting by business sector / domestic market

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2007	2006	delta	2007	2006	delta
Net premiums written	2,376,930	2,180,774	196,156	-	-	-
Entry fees	-	-	-	34,451	39,471	(5,020)
Management fees	129,866	105,448	24,418	109,614	115,085	(5,471)
Performance fees	29,333	25,245	4,088	22,600	29,070	(6,470)
Banking service fees	-	-	-	-	-	-
Other fees	6,659	12,159	(5,500)	20,155	17,529	2,626
<b>Total commission income</b>	<b>165,858</b>	<b>142,852</b>	<b>23,006</b>	<b>186,820</b>	<b>201,155</b>	<b>(14,335)</b>
Interest income and similar income	19,589	14,512	5,077	3,004	1,844	1,160
Interest expense and similar charges	(3,438)	(3,544)	106	(97)	(91)	(6)
Net income on investments at fair value	(2,984)	(6,302)	3,318	2	3	(1)
<b>Net financial income</b>	<b>13,167</b>	<b>4,666</b>	<b>8,501</b>	<b>2,909</b>	<b>1,756</b>	<b>1,153</b>
Net income on other investments	1,459	9,769	(8,310)	324	214	110
Other revenues	12,610	12,606	4	121	215	(94)
<b>TOTAL REVENUES</b>	<b>2,570,024</b>	<b>2,350,667</b>	<b>219,357</b>	<b>190,174</b>	<b>203,340</b>	<b>(13,166)</b>
Amounts paid and change in technical reserves	(2,260,678)	(2,040,407)	(220,271)	-	-	-
Acquisition costs & other commission expense	(108,303)	(116,261)	7,958	(65,893)	(70,809)	4,916
Net impairment of financial investments	-	-	-	-	-	-
G&A expenses	(75,417)	(59,941)	(15,476)	(52,023)	(46,108)	(5,915)
Amortisation and depreciation	(4,721)	(4,577)	(144)	(2,933)	(3,393)	460
Provision for risks and charges	(5,512)	(5,808)	296	(2,919)	(2,919)	-
<b>PROFIT BEFORE TAX</b>	<b>115,393</b>	<b>123,673</b>	<b>(8,280)</b>	<b>66,406</b>	<b>80,111</b>	<b>(13,705)</b>
Income tax						
<b>NET PROFIT</b>						

BANKING			OTHER			CONSOLIDATION ADJUSTMENTS			TOTAL		
2007	2006	delta	2007	2006	delta	2007	2006	delta	2007	2006	delta
-	-	-	-	-	-	-	-	-	2,376,930	2,180,774	196,156
-	-	-	-	-	-	-	-	-	34,451	39,471	(5,020)
-	-	-	-	-	-	-	-	-	239,480	220,533	18,947
-	-	-	-	-	-	-	-	-	51,933	54,315	(2,382)
32,815	30,546	2,269	-	-	-	(663)	(1,028)	365	32,152	29,518	2,634
24	4	20	2,712	2,791	(79)	-	-	-	29,550	32,483	(2,933)
32,839	30,550	2,289	2,712	2,791	(79)	(663)	(1,028)	365	387,566	376,320	11,246
176,056	110,780	65,276	1,816	1,035	781	(15,549)	(9,360)	(6,189)	184,916	118,811	66,105
(103,503)	(59,669)	(43,834)	(10,222)	(7,471)	(2,751)	15,549	9,360	6,189	(101,711)	(61,415)	(40,296)
5,315	3,886	1,429	5	-	5	-	-	-	2,338	(2,413)	4,751
77,868	54,997	22,871	(8,401)	(6,436)	(1,965)	-	-	-	85,543	54,983	30,560
4,822	130	4,692	8,257	12,522	(4,265)	-	-	-	14,862	22,635	(7,773)
3,632	2,513	1,119	2,899	2,270	629	-	-	-	19,262	17,604	1,658
119,161	88,190	30,971	5,467	11,147	(5,680)	(663)	(1,028)	365	2,884,163	2,652,316	231,847
-	-	-	-	-	-	-	-	-	(2,260,678)	(2,040,407)	(220,271)
(20,899)	(18,491)	(2,408)	(2,314)	(2,071)	(243)	-	-	-	(197,409)	(207,632)	10,223
(2,742)	(270)	(2,472)	-	-	-	-	-	-	(2,742)	(270)	(2,472)
(73,888)	(56,449)	(17,439)	(1,469)	(2,801)	1,332	663	1,028	(365)	(202,134)	(164,271)	(37,863)
(7,071)	(7,056)	(15)	(110)	(117)	7	-	-	-	(14,835)	(15,143)	308
(735)	(972)	237	(111)	(93)	(18)	-	-	-	(9,277)	(9,792)	515
13,826	4,952	8,874	1,463	6,065	(4,602)	-	-	-	197,088	214,801	(17,713)
									(44,385)	(48,037)	3,652
									152,703	166,764	(14,061)



## INCOME STATEMENT AT SEPTEMBER 30, 2007

### Segment reporting by business sector / foreign market

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2007	2006	delta	2007	2006	delta
Net premiums written	113,627	115,258	(1,631)	-	-	-
Entry fees	-	-	-	5,189	3,858	1,331
Management fees	-	-	-	13,123	12,831	292
Performance fees	-	-	-	2,459	1,484	975
Banking service fees	-	-	-	824	636	188
Other fees	4,043	5,755	(1,712)	721	232	489
<b>Total commission income</b>	<b>4,043</b>	<b>5,755</b>	<b>(1,712)</b>	<b>22,316</b>	<b>19,041</b>	<b>3,275</b>
Interest income and similar income	877	496	381	613	293	320
Interest expense and similar charges	(21)	-	(21)	(13)	(249)	236
Net income on investments at fair value	-	-	-	73	64	9
<b>Net financial income</b>	<b>856</b>	<b>496</b>	<b>360</b>	<b>673</b>	<b>108</b>	<b>565</b>
Net income on other investments	-	-	-	895	(1,291)	2,186
Other revenues	-	-	-	107	324	(217)
<b>TOTAL REVENUES</b>	<b>118,526</b>	<b>121,509</b>	<b>(2,983)</b>	<b>23,991</b>	<b>18,182</b>	<b>5,809</b>
Amounts paid and change in technical reserves	(98,138)	(101,603)	3,465	-	-	-
Acquisition costs & other commission expense	(8,353)	(9,892)	1,539	(9,798)	(8,959)	(839)
Net impairment of financial investments	-	-	-	-	-	-
G&A expenses	(3,774)	(2,905)	(869)	(6,933)	(6,368)	(565)
Amortisation and depreciation	(1,322)	(528)	(794)	(538)	(535)	(3)
Provision for risks and charges	-	-	-	(20)	(40)	20
<b>PROFIT BEFORE TAX</b>	<b>6,939</b>	<b>6,581</b>	<b>358</b>	<b>6,702</b>	<b>2,280</b>	<b>4,422</b>
Income tax						
<b>NET PROFIT</b>						

BANKING			OTHER			CONSOLIDATION ADJUSTMENTS			TOTAL		
2007	2006	delta	2007	2006	delta	2007	2006	delta	2007	2006	delta
-	-	-	-	-	-	-	-	-	113,627	115,258	(1,631)
-	-	-	-	-	-	-	-	-	5,189	3,858	1,331
-	-	-	-	-	-	-	-	-	13,123	12,831	292
-	-	-	-	-	-	-	-	-	2,459	1,484	975
23,058	23,449	(391)	-	-	-	-	-	-	23,882	24,085	(203)
338	256	82	-	-	-	-	-	-	5,102	6,243	(1,141)
23,396	23,705	(309)	-	-	-	-	-	-	49,755	48,501	1,254
18,593	13,389	5,204	-	-	-	-	-	-	20,083	14,178	5,905
(9,934)	(6,661)	(3,273)	-	-	-	-	-	-	(9,968)	(6,910)	(3,058)
(325)	(66)	(259)	-	-	-	-	-	-	(252)	(2)	(250)
8,334	6,662	1,672	-	-	-	-	-	-	9,863	7,266	2,597
534	176	358	-	-	-	-	-	-	1,429	(1,115)	2,544
957	1,038	(81)	-	-	-	(115)	(200)	85	949	1,162	(213)
33,221	31,581	1,640	-	-	-	(115)	(200)	85	175,623	171,072	4,551
-	-	-	-	-	-	-	-	-	(98,138)	(101,603)	3,465
(19,198)	(16,911)	(2,287)	-	-	-	-	-	-	(37,349)	(35,762)	(1,587)
259	(676)	935	-	-	-	-	-	-	259	(676)	935
(22,116)	(20,595)	(1,521)	-	-	-	115	200	(85)	(32,708)	(29,668)	(3,040)
(1,192)	(1,096)	(96)	-	-	-	-	-	-	(3,052)	(2,159)	(893)
(750)	(517)	(233)	-	-	-	-	-	-	(770)	(557)	(213)
(9,776)	(8,214)	(1,562)	-	-	-	-	-	-	3,865	647	3,218
									(1,379)	(1,055)	(324)
									2,486	(408)	2,894

MEDIOLANUM S.p.A.

**Consolidated  
Accounts  
at September 30  
2007**

# Balance sheet

## Assets

€/000	Sept. 30, 2007	June 30, 2006	Dec. 31, 2006
<b>1. Intangible assets</b>			
1.1 Goodwill	161,502	161,502	162,414
1.2 Other intangible assets	13,526	13,779	19,327
<b>Total intangible assets</b>	<b>175,028</b>	<b>175,281</b>	<b>181,741</b>
<b>2. Tangible assets</b>			
2.1 Property	56,752	57,065	57,680
2.2 Other tangible assets	16,612	16,708	17,180
<b>Total tangible assets</b>	<b>73,364</b>	<b>73,773</b>	<b>74,860</b>
<b>3. Reinsurers' share of technical reserves</b>	<b>100,896</b>	<b>100,757</b>	<b>103,176</b>
<b>4. Investments</b>			
4.1 Investment property	4,773	5,083	6,967
4.2 Investments in subsidiaries, associates and jvs	50,803	48,935	39,326
4.3 Held to maturity investments	604,767	607,265	567,544
4.4 Loans and receivables	4,309,379	3,799,435	3,311,815
4.5 Available for sale financial assets	1,130,470	1,143,013	959,715
4.6 Financial assets at fair value through profit and loss	16,786,371	17,178,577	15,233,145
<b>Total investments</b>	<b>22,886,563</b>	<b>22,782,308</b>	<b>20,118,512</b>
<b>5. Receivables</b>			
5.1 Arising out of direct insurance business	10,169	19,472	13,806
5.2 Arising out of reinsurance business	-	305	-
5.3 Other receivables	1,876	1,898	1,214
<b>Total receivables</b>	<b>12,045</b>	<b>21,675</b>	<b>15,020</b>
<b>6. Other assets</b>			
6.1 Non current assets or assets of disposal groups, held for sale	-	-	414
6.2 Deferred acquisition costs	-	-	-
6.3 Deferred tax assets	49,480	46,610	45,181
6.4 Current tax assets	117,532	120,530	145,208
6.5 Other assets	202,409	288,124	191,989
<b>Total other assets</b>	<b>369,420</b>	<b>455,264</b>	<b>382,792</b>
<b>7. Cash and cash equivalents</b>	<b>291,560</b>	<b>440,525</b>	<b>441,012</b>
<b>TOTAL ASSETS</b>	<b>23,908,877</b>	<b>24,049,583</b>	<b>21,317,113</b>

## Shareholders' equity and liabilities

€/000	Sept. 30, 2007	June 30, 2006	Dec. 31, 2006
<b>1. Shareholders' equity</b>			
1.1 Group shareholders' equity			
1.1.1 Share capital	72,942	72,889	72,884
1.1.2 Other equity instruments	-	-	-
1.1.3 Capital reserves	53,303	52,799	52,561
1.1.4 Retained earnings and other equity reserves	582,436	581,467	439,761
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	77,052	97,826	117,465
1.1.8 Other gains or losses recognised directly in equity	-	-	-
1.1.9 Net profit (loss) for the year attributable to the Group	155,189	112,872	223,678
<b>Total capital and reserves attributable to the Group</b>	<b>938,877</b>	<b>915,808</b>	<b>904,304</b>
1.2 Attributable to minority interests			
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 interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>938,877</b>	<b>915,808</b>	<b>904,304</b>
<b>2. Provisions</b>	<b>75,543</b>	<b>73,408</b>	<b>67,598</b>
<b>3. Technical reserves</b>	<b>14,537,065</b>	<b>14,363,533</b>	<b>13,306,917</b>
<b>4. Financial liabilities</b>			
4.1 Financial liabilities at fair value through profit and loss	1,864,296	1,980,107	1,100,993
4.2 Other financial liabilities	6,097,435	6,301,774	5,489,093
<b>Total financial liabilities</b>	<b>7,961,731</b>	<b>8,281,881</b>	<b>6,590,086</b>
<b>5. Payables</b>			
5.1 Arising out of direct insurance business	9,170	21,339	13,489
5.2 Arising out of reinsurance business	944	366	1,663
5.3 Other payables	168,700	190,720	248,461
<b>Total payables</b>	<b>178,814</b>	<b>212,425</b>	<b>263,613</b>
<b>6. Other liabilities</b>			
6.1 Liabilities of disposal groups held for sale	-	-	-
6.2 Deferred tax liabilities	19,462	20,303	19,630
6.3 Current tax liabilities	51,101	33,761	40,570
6.4 Other liabilities	146,283	148,464	124,395
<b>Total other liabilities</b>	<b>216,846</b>	<b>202,528</b>	<b>184,595</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>23,908,877</b>	<b>24,049,583</b>	<b>21,317,113</b>

# Income statement

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
<b>1. Revenues</b>				
1.1 Net premiums written				
1.1.1 Gross premiums written	686,777	644,789	2,494,288	2,299,879
1.1.2 Reinsurance premiums	(1,264)	(1,216)	(3,731)	(3,847)
<b>Total premiums written</b>	<b>685,513</b>	<b>643,573</b>	<b>2,490,557</b>	<b>2,296,032</b>
1.2 Commission income	135,823	135,228	436,960	424,298
1.3 Net income on financial instruments at fair value through profit and loss	(234,445)	414,450	68,024	197,903
1.4 Income on investments in subsidiaries, associates and jvs	1,868	1,577	11,477	4,755
1.5 Income on other financial instruments and investment property				
1.5.1 Interest income	58,630	40,255	167,989	110,414
1.5.2 Other income	737	12,170	2,271	16,586
1.5.3 Realised gains	3,415	144	6,413	10,657
1.5.4 Unrealised gains	601	416	3,793	3,038
<b>Total income on other financial instruments and investment property</b>	<b>63,383</b>	<b>52,985</b>	<b>180,466</b>	<b>140,695</b>
1.6 Other revenues	6,280	5,812	19,634	18,317
<b>Total revenues</b>	<b>658,422</b>	<b>1,253,626</b>	<b>3,207,118</b>	<b>3,082,001</b>
<b>2. Costs</b>				
2.1 Net claims and benefits				
2.1.1 Amounts paid and change in technical reserves	(407,049)	(1,001,733)	(2,397,859)	(2,331,617)
2.1.2 Reinsurers' share	1,171	1,536	3,910	5,130
<b>Net claims and benefits</b>	<b>(405,878)</b>	<b>(1,000,197)</b>	<b>(2,393,949)</b>	<b>(2,326,487)</b>
2.2 Commission expense	(47,613)	(46,631)	(150,096)	(159,511)
2.3 Losses on investments in subsidiaries, associates and jvs	-	-	-	-
2.4 Loss on other financial instruments and investment property				
2.4.1 Interest expense	(36,823)	(24,489)	(105,038)	(62,725)
2.4.2 Other expenses	(136)	(162)	(391)	(775)
2.4.3 Realised losses	(144)	(27)	(303)	(118)
2.4.4 Unrealised losses	(1,534)	(6,691)	(6,215)	(9,869)
<b>Loss on other financial instruments and investment property</b>	<b>(38,637)</b>	<b>(31,369)</b>	<b>(111,947)</b>	<b>(73,487)</b>
2.5 Operating expenses				
2.5.1 Agents' commissions and other acquisition costs	(25,184)	(23,900)	(90,224)	(86,266)
2.5.2 Investment management expenses	(33)	(130)	(142)	(349)
2.5.3 Other administrative expenses	(70,423)	(56,570)	(211,380)	(174,987)
<b>Total operating expenses</b>	<b>(95,640)</b>	<b>(80,600)</b>	<b>(301,746)</b>	<b>(261,602)</b>
2.6 Other costs	(12,580)	(18,019)	(48,528)	(44,174)
<b>Total costs</b>	<b>(600,348)</b>	<b>(1,176,816)</b>	<b>(3,006,266)</b>	<b>(2,865,261)</b>
Profit (loss) before tax for the period	58,074	76,809	200,852	216,739
<b>3. Income tax</b>	<b>(15,757)</b>	<b>(15,658)</b>	<b>(45,764)</b>	<b>(49,092)</b>
Profit(loss) for the period	42,317	61,151	155,088	167,647
<b>4. Profit (loss) from discontinued operations</b>	<b>-</b>	<b>(314)</b>	<b>101</b>	<b>(1,291)</b>
<b>Consolidated profit (loss) for the period</b>	<b>42,317</b>	<b>60,837</b>	<b>155,189</b>	<b>166,356</b>
<b>Earnings per share (in euro)</b>	<b>0.058</b>	<b>0.083</b>	<b>0.213</b>	<b>0.228</b>

# Consolidated Statement of changes in shareholders' equity

€/000	Balance at Dec. 31, 2005	Adjustment to closing balance	Amount credited	Transferred to the Income Statement	Other movements	Balance at Sept. 30, 2006
<b>Shareholders' equity attributable to the Group</b>						
Share capital	72,738	-	143	-	-	72,881
Other equity instruments	-	-	-	-	-	-
Capital reserves	50,358	-	2,117	-	-	52,475
Retained earnings and other equity reserves (Treasury shares)	349,518	-	151,535	-	-	501,053
Exchange difference reserve	(2,045)	-	-	-	-	(2,045)
Gains (losses) on available-for-sale financial assets	-	-	-	-	-	-
Gains (losses) on available-for-sale financial assets	104,105	-	5,462	(2,877)	-	106,690
Other gains (losses) recognised 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	-	-	-	-	-	-
<b>Net profit (loss) for the period</b>	<b>233,312</b>	<b>-</b>	<b>16,648</b>	<b>-</b>	<b>(83,604)</b>	<b>166,356</b>
<b>Total shareholders' equity attributable to the Group</b>	<b>807,986</b>	<b>-</b>	<b>175,905</b>	<b>(2,877)</b>	<b>(83,604)</b>	<b>897,410</b>
<b>Shareholders' equity attributable to minority interest</b>						
Share capital and reserves	-	-	-	-	-	-
Gains (losses) recognised directly in equity	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-
<b>Total shareholders' equity attributable to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>807,986</b>	<b>-</b>	<b>175,905</b>	<b>(2,877)</b>	<b>(83,604)</b>	<b>897,410</b>

€/000	Balance at Dec. 31, 2006	Adjustment to closing balance	Amount credited	Transferred to the Income Statement	Other movements	Balance at Sept. 30, 2007
<b>Shareholders' equity attributable to the Group</b>						
Share capital	72,884	-	58	-	-	72,942
Other equity instruments	-	-	-	-	-	-
Capital reserves	52,561	-	742	-	-	53,303
Retained earnings and other equity reserves (Treasury shares)	439,761	-	142,675	-	-	582,436
Exchange difference reserve	(2,045)	-	-	-	-	(2,045)
Gains (losses) on available-for-sale financial assets	-	-	-	-	-	-
Gains (losses) on available-for-sale financial assets	117,465	-	(36,052)	(4,361)	-	77,052
Other gains (losses) recognised 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	-	-	-	-	-	-
<b>Net profit (loss) for the period</b>	<b>223,678</b>	<b>-</b>	<b>15,282</b>	<b>-</b>	<b>(83,771)</b>	<b>155,189</b>
<b>Total shareholders' equity attributable to the Group</b>	<b>904,304</b>	<b>-</b>	<b>122,705</b>	<b>(4,361)</b>	<b>(83,771)</b>	<b>938,877</b>
<b>Shareholders' equity attributable to minority interest</b>						
Share capital and reserves	-	-	-	-	-	-
Gains (losses) recognised directly in equity	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-
<b>Total shareholders' equity attributable to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>904,304</b>	<b>-</b>	<b>122,705</b>	<b>(4,361)</b>	<b>(83,771)</b>	<b>938,877</b>

# Consolidated cash flow statement

## Indirect method

€/’000	Sept. 30, 2007	Sept. 30, 2006
Profit (loss) before tax for the period	200,852	215,448
Changes in non-monetary items	1,187,266	1,524,085
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)	1,232,428	1,452,515
Change in deferred acquisition costs	-	-
Change in provisions	7,945	6,222
Non-monetary income (losses) on financial instruments, investment property and equity investments	(53,107)	65,348
Other changes	-	-
<b>Changes in receivables and payables arising out of operating activities</b>	<b>(50,974)</b>	<b>4,206</b>
Changes in receivables and payables arising out of direct insurance and reinsurance operations	(1,401)	27,536
Changes in other receivables and payables	(49,573)	(23,330)
Income tax paid	(30,889)	(35,330)
<b>Net cash from monetary items relating to investment and financial activities</b>	<b>363,940</b>	<b>410,209</b>
Liabilities on financial contracts issued by insurance companies	763,303	89,833
Amounts due to banks and banking customers	608,342	391,645
Loans to and receivables from banks and banking customers	(998,657)	(44,131)
Other financial instruments at fair value through profit or loss	(9,048)	(27,138)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,670,195</b>	<b>2,118,618</b>
Net cash from investment property	2,194	15,291
Net cash from subsidiaries, associates and <i>joint ventures</i>	(11,477)	(4,752)
Net cash from loans and receivables	1,093	1,110
Net cash from held-to-maturity investments	(37,223)	168,448
Net cash from available-for-sale financial assets	(170,755)	(75,238)
Net cash from tangible and intangible assets	8,209	2,965
Other cash flows from investment activities	(1,491,071)	(2,175,174)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1,699,031)</b>	<b>(2,067,350)</b>
Net cash from equity instruments attributable to the Group	(36,845)	6,669
Net cash from treasury shares	-	-
Distribution of dividends attributable to the Group	(83,771)	(83,604)
Net cash from capital and reserves attributable 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>(120,616)</b>	<b>(76,935)</b>
Effect of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE OF THE PERIOD	441,012	522,869
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(149,452)	(25,667)
CASH AND CASH EQUIVALENTS AT END OF THE OF THE PERIOD	291,560	497,202



MEDIOLANUM S.p.A.

**Notes to the  
Consolidated  
Financial Statements  
at September 30  
2007**

# Notes to the consolidated financial statements at September 30, 2007

## ACCOUNTING BASIS AND SCOPE OF CONSOLIDATION

The report for the quarter ended September 30, 2007 was prepared applying the international accounting standards as set out in article 82 of Consob Regulation No. 11971 of May 14, 1999, as subsequently amended by Consob Regulation No. 14990 of April 14, 2005, and in accordance with the requirements set out in Annex 3D of said Regulation.

The accounting standards and policies as well as the scope and method of consolidation applied in the preparation of the third quarter accounts are consistent with those applied in the preparation of the consolidated financial statements for the year 2006 except for Completion-of-Service Entitlements.

Pursuant to the new supplementary pension legislation (Legislative Decree 252/2005) completion-of-service entitlements accrued up until December 31, 2006 remain with the employer, while from January 1, 2007 the employee may decide to either leave them with the employer, that, in turn will transfer them to INPS (Italian Social Security and Pension Agency) or allocate them to a private supplementary pension plan.

The introduction of the new supplementary pension legislation entails certain changes in accounting for completion-of-service entitlements, i.e.

- entitlements accrued up until December 31, 2006 are accounted for based on actuarial values,
- entitlements accrued from January 1, 2007, allocated either to INPS or private pension plans, are accounted for on the basis of contributions due for each year.

Entitlements accrued up until December 31, 2006 are defined benefit payment obligations. The change in accounting policy over reporting periods prior to December 31, 2006, relates to actuarial assumptions, which are to include assumptions for pay hikes pursuant to section 2120 of the Italian Civil Code (application of a fixed rate of 1.5 percent and a rate equal to 75 percent of ISTAT inflation rate) and can no longer be based on the company's assumptions.

To determine the present value of benefit obligations the Projected Unit Credit Method is used, applying a discount rate, which is determined on the basis of market yields and reflects the estimated timing of benefit payments.

Entitlements accrued from January 1, 2007 allocated to either INPS or private pension plans are defined contribution payment obligations, since the company's obligation is limited to the amount it agrees to contribute to the fund.

The difference resulting from the change in accounting policy over the amounts reported in the financial statements at December 31, 2006 is posted to the income statement as a single entry.

## ● Accounting Basis

The third quarter report consists of the Balance Sheet, the Income Statement, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and Explanatory Notes in addition to the Directors' Report.

The report for the quarter ended September 30, 2007 was prepared using the formats indicated in the "Instructions for the preparation of IFRS consolidated accounts" issued by ISVAP under Regulation No. 2404 of December 22, 2005, exercising its authority pursuant to art. 9 of Legislative Decree No. 38/2005.

The accounts include comparative information at September 30, 2006 and at December 31, 2006.

In accordance with IFRS 5, following the sale of the shareholding in Gamax Broker Pool AG in 2007, comparative income statement information was restated. For a more accurate presentation of balance sheet and income statement information at September 30, 2007, certain reclassifications were made with respect to prior reporting periods. When significant, those reclassifications are detailed in the notes.

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

## ● Use of estimates

The preparation of interim financial statements generally requires a greater use of estimation methods than annual financial statements in relation to certain items of assets and liabilities as well as certain effects on income of measurement processes. That does not affect the reliability of the financial statements.

## ● Scope of consolidation

The consolidated accounts include the accounts of Mediolanum S.p.A. and those of its directly or indirectly controlled subsidiaries, including subsidiaries whose business activities are dissimilar from those of the Parent Company, as expressly required by the international accounting standards.

Gamax Broker Pool AG was excluded from consolidation following its sale on April 1, 2007.

The subsidiaries which are consolidated on a line-by-line basis in accordance with the international accounting standards are set out in the table below.

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

€/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.	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.	371,000	100.00	Basiglio	Banking
Mediolanum Gestione Fondi SGR p.A.	5,165	49.00	Basiglio	Fund Management
Mediolanum International Funds Ltd	150	46.50	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	49.00	Dublin	Asset management and advice

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

€/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	53.50	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	51.00	Dublin	Asset management and advice
Banco de Finanzas e Inversiones S.A.	66,032	100.00	Barcelona	Banking
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
Fibanc Faif S.A.	60	100.00	Barcelona	Financial Advice
Mediolanum International S.A.	71,500	99.997	Luxemburg	Sub-holding company
Gamax Holding AG	5,618	100.00	Luxemburg	Sub-holding company
Gamax Management AG	125	100.00	Luxemburg	Fund Management
Gamax Austria GmbH	40	100.00	Salzburg	Fund Distribution
Bankhaus August Lenz & Co. AG	20,000	100.00	Munich	Banking

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

€/000 Company	Share capital	% holding	Registered Office	Business
Banca Esperia S.p.A.	13,000	48.50	Milan	Banking

### Q3 MAIN INCOME STATEMENT DATA

#### ● TECHNICAL ACCOUNT - LIFE INSURANCE

##### Analysis of the account at September 30, 2007

€/000	Gross	Reinsurance	Net
Gross premiums written less reinsurance premiums			
- Premiums written	2,494,288	(3,731)	2,490,557
<b>Total premiums written</b>	<b>2,494,288</b>	<b>(3,731)</b>	<b>2,490,557</b>
Gross amounts paid less recoveries from reinsurers			
- Amounts paid	(1,293,683)	6,190	(1,287,493)
- Change in reserve for outstanding claims	4,361	(1,119)	3,242
- Change in mathematical reserves	(42,411)	(1,161)	(43,572)
- Change in other technical reserves	3,868	-	3,868
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(1,069,994)	-	(1,069,994)
<b>Total amounts paid and change in technical reserves</b>	<b>(2,397,859)</b>	<b>3,910</b>	<b>(2,393,949)</b>
<b>Life Insurance net income (expense)</b>	<b>96,429</b>	<b>179</b>	<b>96,608</b>

##### Analysis of the account at September 30, 2006

€/000	Gross	Reinsurance	Net
Gross premiums written less reinsurance premiums			
- Premiums written	2,299,879	(3,847)	2,296,032
<b>Total premiums written</b>	<b>2,299,879</b>	<b>(3,847)</b>	<b>2,296,032</b>
Gross amounts paid less recoveries from reinsurers			
- Amounts paid	(867,794)	7,575	(860,219)
- Change in reserve for outstanding claims	(3,410)	(733)	(4,143)
- Change in mathematical reserves	(25,148)	(1,712)	(26,860)
- Change in other technical reserves	(1,815)	-	(1,815)
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(1,433,450)	-	(1,433,450)
<b>Total amounts paid and change in technical reserves</b>	<b>(2,331,617)</b>	<b>5,130</b>	<b>(2,326,487)</b>
<b>Life Insurance net income (expense)</b>	<b>(31,738)</b>	<b>1,283</b>	<b>(30,455)</b>

## Q3 September, 2007

€/000	Gross	Reinsurance	Net
Gross premiums written less reinsurance premiums			
- Premiums written	686,777	(1,264)	685,513
<b>Total premiums written</b>	<b>686,777</b>	<b>(1,264)</b>	<b>685,513</b>
Gross amounts paid less recoveries from reinsurers			
- Amounts paid	(424,435)	1,032	(423,403)
- Change in reserve for outstanding claims	10,645	118	10,763
- Change in mathematical reserves	(13,489)	21	(13,468)
- Change in other technical reserves	1,138	-	1,138
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	19,092	-	19,092
<b>Total amounts paid and change in technical reserves</b>	<b>(407,049)</b>	<b>1,171</b>	<b>(405,878)</b>
<b>Life Insurance net income (expense)</b>	<b>279,728</b>	<b>(93)</b>	<b>279,635</b>

## Q3 September, 2006

€/000	Gross	Reinsurance	Net
Gross premiums written less reinsurance premiums			
- Premiums written	644,789	(1,216)	643,573
<b>Total premiums written</b>	<b>644,789</b>	<b>(1,216)</b>	<b>643,573</b>
Gross amounts paid less recoveries from reinsurers			
- Amounts paid	(230,217)	2,053	(228,164)
- Change in reserve for outstanding claims	(7,321)	89	(7,232)
- Change in mathematical reserves	(11,022)	(606)	(11,628)
- Change in other technical reserves	(1,554)	-	(1,554)
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(751,619)	-	(751,619)
<b>Total amounts paid and change in technical reserves</b>	<b>(1,001,733)</b>	<b>1,536</b>	<b>(1,000,197)</b>
<b>Life Insurance net income (expense)</b>	<b>(356,944)</b>	<b>320</b>	<b>(356,624)</b>

## ● COMMISSION INCOME

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Management, brokerage and consulting services	123,960	118,079	389,276	369,756
Collection and payment services	7,165	6,304	20,264	18,475
Loadings on investment contracts	2,132	4,972	9,503	17,758
Other services	2,566	5,873	17,917	18,309
<b>Total</b>	<b>135,823</b>	<b>135,228</b>	<b>436,960</b>	<b>424,298</b>

## ● COMMISSION EXPENSE

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Management, brokerage and consulting services	33,806	33,589	102,805	116,142
Collection and payment services	7,123	6,442	19,535	17,654
Commissions on the acquisition of investment contracts	559	1,892	3,658	6,131
Other services	6,125	4,708	24,098	19,584
<b>Total</b>	<b>47,613</b>	<b>46,631</b>	<b>150,096</b>	<b>159,511</b>

## ● NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
<b>Investment income</b>				
Financial assets				
Interest income and other investment income:				
- from financial assets held for trading	19,582	13,663	54,083	40,970
- from financial assets at fair value through profit or loss	43,741	38,112	154,468	137,556
Net income from financial assets held for trading	14,763	13,730	(6,912)	(5,528)
Net income from financial assets at fair value through profit or loss	(250,207)	373,936	(62,155)	29,210
<b>Financial liabilities</b>				
Interest expense and similar charges:				
- on financial liabilities at fair value through profit or loss	(10,271)	(11,588)	(29,605)	(39,660)
Net loss on financial liabilities held for trading	(12,062)	(5,323)	8,925	3,106
Net loss on financial liabilities at fair value through profit or loss	(39,991)	(8,080)	(50,780)	32,249
<b>Total</b>	<b>(234,445)</b>	<b>414,450</b>	<b>68,024</b>	<b>197,903</b>

## Analysis of net income from financial assets held for trading

## Analysis of the account at September 30, 2007

€/'000	Unrealised gains (A)	Realised trading profits (B)	Unrealised losses (C)	Realised losses (D)	Net income [(A+B)-(C+D)]
<b>Financial assets held for trading</b>					
Debt securities	6,452	19,786	(18,458)	(20,613)	(12,833)
Equities	-	311	(2)	(196)	113
Holdings in UCITS	142	859	(24)	(16)	961
<b>Other financial assets and liabilities:</b>					
exchange differences	-	-	-	-	112
<b>Derivatives</b>					
Financial derivatives:					
- debt securities and interest rates	247	37,934	(481)	(34,641)	3,059
- equities and stock indices	-	10	-	(6)	4
- other	57,745	52	(56,097)	(28)	1,672
<b>Total</b>	<b>64,586</b>	<b>58,952</b>	<b>(75,062)</b>	<b>(55,500)</b>	<b>(6,912)</b>

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

## Analysis of the account at September 30, 2007

€/'000	Unrealised gains (A)	Realised trading profits (B)	Unrealised losses (C)	Realised losses (D)	Net income [(A+B)-(C+D)]
Debt Securities	115,276	29,722	(257,837)	(792)	(113,631)
Holdings in UCITS	158,357	9,106	(68,903)	(47,084)	51,476
<b>Total</b>	<b>273,633</b>	<b>38,828</b>	<b>(326,740)</b>	<b>(47,876)</b>	<b>(62,155)</b>

## ● INVESTMENT INCOME AND EXPENSE

€/'000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Interest income and other income	59,367	52,425	170,260	127,000
Realised gains	3,415	144	6,413	10,657
Unrealised gains	601	416	3,793	3,038
<b>Total income</b>	<b>63,383</b>	<b>52,985</b>	<b>180,466</b>	<b>140,695</b>
Interest expense and other charges	(36,959)	(24,651)	(105,429)	(63,500)
Realised losses	(144)	(27)	(303)	(118)
Unrealised losses	(1,534)	(6,691)	(6,215)	(9,869)
<b>Total expense</b>	<b>(38,637)</b>	<b>(31,369)</b>	<b>(111,947)</b>	<b>(73,487)</b>
<b>Total net investment income</b>	<b>24,746</b>	<b>21,616</b>	<b>68,519</b>	<b>67,208</b>

*Net investment income from:*

Investment property	124	(83)	1,556	7,072
Held-to-maturity investments	6,191	5,022	17,593	14,881
Available-for-sale financial assets	8,740	10,412	20,063	26,397
Loans and receivables	46,040	31,110	133,543	81,585
Financial liabilities	(36,349)	(24,845)	(104,236)	(62,727)
<b>Total net investment income</b>	<b>24,746</b>	<b>21,616</b>	<b>68,519</b>	<b>67,208</b>



**Investment property**

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Realised gains	202	-	1,749	7,673
Other income	59	76	137	174
Other expenses	(126)	(159)	(288)	(775)
Unrealised losses	(11)	-	(42)	-
<b>Total</b>	<b>124</b>	<b>(83)</b>	<b>1,556</b>	<b>7,072</b>

**Held-to-maturity investments**

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Interest income and other income	6,191	5,022	17,593	14,881
<b>Total</b>	<b>6,191</b>	<b>5,022</b>	<b>17,593</b>	<b>14,881</b>

**Available-for-sale financial assets**

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Interest income and other income	5,671	16,223	15,702	29,448
Realised gains	3,213	144	4,664	2,984
Realised losses	(144)	(27)	(303)	(107)
Unrealised losses	-	(5,928)	-	(5,928)
<b>Total</b>	<b>8,740</b>	<b>10,412</b>	<b>20,063</b>	<b>26,397</b>

**Loans and receivables**

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Interest income and other income	46,961	31,536	135,922	82,499
Realised gains	3,793	-	3,793	-
Unrealised gains	(3,192)	416	-	3,038
Realised losses	-	-	-	(11)
Unrealised losses	(1,522)	(842)	(6,172)	(3,941)
<b>Total</b>	<b>46,040</b>	<b>31,110</b>	<b>133,543</b>	<b>81,585</b>

**Interest income and other income**

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Loans to banks	26,280	18,832	77,100	49,304
Loans to customers	20,681	12,221	58,822	32,712
Other miscellaneous activities	-	483	-	483
<b>Total</b>	<b>46,961</b>	<b>31,536</b>	<b>135,922</b>	<b>82,499</b>

**Financial liabilities**

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Interest expense and other charges	(36,349)	(24,845)	(104,236)	(62,727)
<b>Total financial liabilities</b>	<b>(36,349)</b>	<b>(24,845)</b>	<b>(104,236)</b>	<b>(62,727)</b>

## ● OPERATING EXPENSES

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Commissions and other expenses relating to the acquisition of insurance contracts	25,184	23,900	90,224	86,266
Investment management expenses	33	130	142	349
Other administrative expenses				
Employees	28,363	23,895	88,982	79,572
Advertising and promotions	7,062	3,301	18,865	11,762
Advisory services and collaborations	7,645	6,561	23,448	18,306
IT systems	8,545	6,733	26,656	20,407
Miscellaneous communications services	5,069	4,081	16,403	12,601
Other general expenses	13,739	11,999	37,026	32,339
<b>Total other administrative expenses</b>	<b>70,423</b>	<b>56,570</b>	<b>211,380</b>	<b>174,987</b>
<b>Total operating expenses</b>	<b>95,640</b>	<b>80,600</b>	<b>301,746</b>	<b>261,602</b>

## ● OTHER EXPENSES

€/000	Q3 2007	Q3 2006	Sept. 30, 2007	Sept. 30, 2006
Employees	866	924	3,468	2,900
Amortisation of intangible assets	3,230	4,487	12,220	11,538
Depreciation of investment property and other assets	1,843	1,810	5,625	5,662
Provisions for risks and charges	2,277	4,385	10,047	10,349
Other miscellaneous expenses	4,364	6,413	17,168	13,725
<b>Total</b>	<b>12,580</b>	<b>18,019</b>	<b>48,528</b>	<b>44,174</b>

## MAIN BALANCE SHEET DATA AT SEPTEMBER 30, 2007

### ACTIVITIES

#### ● INTANGIBLE ASSETS

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Goodwill	161,502	161,502	162,414
Other intangible assets	13,526	13,779	19,327
<b>Total</b>	<b>175,028</b>	<b>175,281</b>	<b>181,741</b>

In accordance with IAS 36 goodwill is not amortised but tested for impairment at least annually. To that end goodwill is allocated to a cash-generating unit (CGU) which is not larger than a business segment based on the primary reporting format determined in accordance with IAS 14.

The smallest CGU was identified to be the individual company which always coincides with a single business segment.

The carrying amounts of goodwill as allocated to the individual cash-generating units are as follows:

€/000	Sept. 30, 2007
CGU Fibanc	122,809
CGU Gamax	30,589
Other CGU	8,104
<b>Total</b>	<b>161,502</b>

#### Analysis of intangible assets

€/000	Sept. 30, 2007		June 30, 2007		Dec. 31, 2006	
	Finite life	Indefinite life	Finite life	Indefinite life	Finite life	Indefinite life
<b>Goodwill</b>						
- Group	-	161,502	-	161,502	-	162,414
- Minorities	-	-	-	-	-	-
<b>Other intangible assets</b>						
Measured at cost:						
- Internally generated intangible assets	-	-	-	-	-	-
- Other intangible assets	13,526	-	13,779	-	19,327	-
<b>Total</b>	<b>13,526</b>	<b>161,502</b>	<b>13,779</b>	<b>161,502</b>	<b>19,327</b>	<b>162,414</b>

## ● TANGIBLE ASSETS

### ○ Property

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Land	20,100	20,100	20,100
Buildings	36,652	36,965	37,580
<b>Total</b>	<b>56,752</b>	<b>57,065</b>	<b>57,680</b>

### ○ Other tangible assets

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Furnishings	3,230	3,290	3,019
Electronic equipment	10,061	9,935	10,713
Other	3,321	3,483	3,448
<b>Total</b>	<b>16,612</b>	<b>16,708</b>	<b>17,180</b>

## ● ANALYSIS OF REINSURERS' SHARE OF TECHNICAL RESERVES

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
<b>Life business reserves</b>			
Mathematical reserves	100,199	100,177	101,360
Reserve for outstanding claims	697	580	1,816
<b>Total reinsurers' share of life technical reserves</b>	<b>100,896</b>	<b>100,757</b>	<b>103,176</b>

## ● INVESTMENTS

### ○ Investment property

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Land	3,757	3,993	5,454
Buildings	1,016	1,090	1,513
<b>Total</b>	<b>4,773</b>	<b>5,083</b>	<b>6,967</b>

At September 30, 2007 the market value of investment property was €8,780 thousand.

## ○ Investments in subsidiaries, associates and joint ventures

Investments in associates amounted to €34,333 thousand and relate to the 48.5% shareholding in Banca Esperia S.p.A., which is accounted for under the equity method.

## ○ Held-to-maturity investments

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Debt securities	381,772	350,989	367,748
Investments sold but not derecognised	222,995	256,276	199,796
<b>Book value</b>	<b>604,767</b>	<b>607,265</b>	<b>567,544</b>
<b>Fair value</b>	<b>600,496</b>	<b>598,774</b>	<b>570,706</b>

The time to maturity of held-to-maturity investments is set out in the table below:

€/000	Sept. 30, 2007
<b>Time to maturity</b>	
1-5 years	386,099
5-10 years	89,921
over 10 years	128,747
<b>Held-to-maturity investments</b>	<b>604,767</b>

## ○ Loans and receivables

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Banks	2,548,266	2,060,658	1,976,514
Banking customers	1,750,871	1,728,215	1,323,966
Other	10,242	10,562	11,335
<b>Total</b>	<b>4,309,379</b>	<b>3,799,435</b>	<b>3,311,815</b>

Loans and receivables: banks

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
<b>Deposits with Central Banks</b>			
- for reserve requirements	124,813	17,355	25,548
<b>Loans to banks</b>			
- time deposits	1,678,780	1,432,335	1,726,331
- other loans	744,673	610,968	224,635
<b>Totale</b>	<b>2,548,266</b>	<b>2,060,658</b>	<b>1,976,514</b>
<b>Fair value</b>	<b>2,548,266</b>	<b>2,060,658</b>	<b>1,976,514</b>

## Loans and receivables: banking customers

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Current accounts	265,515	253,996	206,870
Repurchase agreements	475,627	584,831	100,538
Mortgage loans	492,740	440,797	351,739
Credit cards, personal loans and salary-guaranteed loans	68,345	65,681	84,165
Finance leases	1,402	1,390	1,504
Other	430,282	367,350	562,567
Impaired assets	16,960	14,170	16,583
<b>Total</b>	<b>1,750,871</b>	<b>1,728,215</b>	<b>1,323,966</b>
<b>Fair value</b>	<b>1,750,871</b>	<b>1,728,215</b>	<b>1,353,703</b>

## ○ Available-for-sale financial assets

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Debt securities	616,324	605,414	481,381
Equities	271,655	293,623	308,882
Holdings in UCITS	217,928	220,122	169,452
Investments sold but not derecognised	24,563	23,854	-
<b>Total</b>	<b>1,130,470</b>	<b>1,143,013</b>	<b>959,715</b>

## ○ Financial assets at fair value through profit or loss

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
<b>Financial assets held for trading</b>			
Debt securities	1,974,345	2,235,930	1,594,286
Equities	39	411	421
Holdings in UCITS	6,117	6,239	56,100
Trading derivatives	31,710	23,832	14,628
Investments sold but not derecognised	881,447	1,156,624	831,047
<b>Total</b>	<b>2,893,658</b>	<b>3,423,036</b>	<b>2,496,482</b>

## Financial assets at fair value

Debt securities	4,918,648	4,989,715	4,842,369
Holdings in UCITS	8,165,939	7,994,618	7,296,832
Trading derivatives	808,126	771,208	597,462
<b>Total</b>	<b>13,892,713</b>	<b>13,755,541</b>	<b>12,736,663</b>

<b>Total financial assets at fair value through profit or loss</b>	<b>16,786,371</b>	<b>17,178,577</b>	<b>15,233,145</b>
--------------------------------------------------------------------	-------------------	-------------------	-------------------

## Financial assets held for trading: trading derivatives

€/000	Interest rate	Currencies and gold	Equities	Other	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
<b>Listed derivatives</b>							
<i>Financial derivatives</i>							
• Without exchange of principal							
- Options purchased	7,885	-	-	16,194	24,079	16,187	8,791
- Other derivatives	236	-	-	-	236	205	9
<b>Total listed derivatives</b>	<b>8,121</b>	<b>-</b>	<b>-</b>	<b>16,194</b>	<b>24,315</b>	<b>16,392</b>	<b>8,800</b>
<b>Unlisted derivatives</b>							
<i>Financial derivatives</i>							
• With exchange of principal							
- Options purchased	-	-	443	21	464	496	-
- Other derivatives	3,813	41	-	-	3,854	3,372	2,813
• Without exchange of principal							
- Options purchased	890	-	-	-	890	770	1,500
- Other derivatives	2,187	-	-	-	2,187	2,802	1,515
<b>Total unlisted derivatives</b>	<b>6,890</b>	<b>41</b>	<b>443</b>	<b>21</b>	<b>7,395</b>	<b>7,440</b>	<b>5,828</b>
<b>Total derivatives</b>	<b>15,011</b>	<b>41</b>	<b>443</b>	<b>16,215</b>	<b>31,710</b>	<b>23,832</b>	<b>14,628</b>

## ● ANALYSIS OF OTHER ASSETS

### ○ Other Assets

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Items in transit relating to lending	109,885	139,778	92,114
Counterparties for transactions to be settled	-	56,957	-
Due from tax authorities	20,457	20,958	32,338
Security deposits	11,226	9,991	18,177
Investment contracts Deferred Acquisition Costs (DAC)	6,682	7,229	10,303
Other	54,159	53,211	39,057
<b>Total</b>	<b>202,409</b>	<b>288,124</b>	<b>191,989</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

### ● SHAREHOLDERS' EQUITY

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Share capital	72,942	72,889	72,884
Capital reserves	53,303	52,799	52,561
Retained earnings and other equity reserves	582,436	581,467	439,761
Treasury shares	(2,045)	(2,045)	(2,045)
Gains (losses) on available-for-sale financial assets	77,052	97,826	117,465
Group's profit (loss) for the year	155,189	112,872	223,678
<b>Group's capital and reserves</b>	<b>938,877</b>	<b>915,808</b>	<b>904,304</b>

Share capital is fully paid up and amounts to €72,942,120.40 divided into 729,421,204 shares.

Please note that there are no equity holders other than the Group. For information on movements in the period readers are referred to the Statement of Changes in Shareholders' Equity herein.

### ○ Earnings

#### Earnings per share

€/000	Sept. 30, 2007	Sept. 30, 2006
Profit for the year	155,189	166,356
Weighted average number of shares outstanding	729,156	728,096
<b>Earnings per share (in euro)</b>	<b>0.213</b>	<b>0.228</b>

#### Diluted earnings per share

€/000	Sept. 30, 2007	Sept. 30, 2006
Profit for the year	155,189	166,356
Weighted average number of shares outstanding	729,156	728,096
Adjustments for stock options with potential dilution effect	1,760	1,167
Weighted average number of shares outstanding for diluted earnings per share	730,916	729,263
<b>Diluted earnings per share (in euro)</b>	<b>0.212</b>	<b>0.228</b>



## ● Reconciliation of the parent company's shareholders' equity to consolidated shareholders' equity

€/000	Capital and reserves	Net Profit	Shareholders' equity
<b>Parent Company Accounts at September 30, 2007</b>	428,859	106,475	535,334
Successive changes in carrying amount and equity of companies consolidated on a line-by-line basis	188,364	194,459	382,823
Differences on investments accounted for by the equity method	13,514	11,477	24,991
Intercompany dividends	154,833	(154,833)	-
Elimination of intercompany transactions	(453)	(1,427)	(1,880)
Amortisation of greater value attributed to property on the date of acquisition of investments consolidated on a line-by-line basis	(966)	(117)	(1,083)
Other	(463)	(845)	(1,308)
<b>Consolidated accounts at June 30, 2007</b>	<b>783,688</b>	<b>155,189</b>	<b>938,877</b>

## ○ Gains (losses) on available-for-sale financial assets

€/000	Sept. 30, 2007		June 30, 2007		Dec. 31, 2006	
	Gains	Losses	Gains	Losses	Gains	Losses
Debt securities	-	(8,662)	-	(11,478)	-	(5,029)
Equities	83,801	-	105,023	-	120,564	-
Holdings in UCITS	2,883	(970)	4,484	(203)	1,955	(25)
<b>Total</b>	<b>86,684</b>	<b>(9,632)</b>	<b>109,507</b>	<b>(11,681)</b>	<b>122,519</b>	<b>(5,054)</b>

## ● PROVISIONS

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Provision for tax claims	153	153	153
Other provisions	75,390	73,255	67,445
<b>Total</b>	<b>75,543</b>	<b>73,408</b>	<b>67,598</b>

### Analysis of other provisions

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Provision for other completion-of-service entitlements and similar obligations	1,736	1,688	1,695
Provision for sales network benefits	41,156	40,195	38,530
Provision for risks related to sales network's illegal actions	19,074	17,448	17,274
Other provisions for risks and charges	13,424	13,924	9,946
<b>Total</b>	<b>75,390</b>	<b>73,255</b>	<b>67,445</b>

## ● TECHNICAL RESERVES

€/’000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Mathematical reserves	1,273,623	1,293,560	1,255,651
Reserve for outstanding claims	78,086	84,368	78,039
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	13,155,500	12,954,604	11,939,212
Other reserves	29,856	31,001	34,015
<b>Total</b>	<b>14,537,065</b>	<b>14,363,533</b>	<b>13,306,917</b>

## ● FINANCIAL LIABILITIES

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

€/’000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
<b>Financial liabilities held for trading</b>			
Short positions on debt securities	997,406	1,053,806	120,278
Trading derivatives	26,670	24,409	28,425
Other financial liabilities	225	438	1,149
<b>Total Financial liabilities held for trading</b>	<b>1,024,301</b>	<b>1,078,653</b>	<b>149,852</b>
<b>Financial liabilities at fair value through profit or loss</b>			
Liabilities arising on financial contracts issued by insurance companies:			
- under which the investment risk is borne by the policyholder	823,840	886,020	938,285
- in connection with pension fund management	13,181	13,152	11,703
Securities issued	2,974	2,282	1,153
<b>Total financial liabilities at fair value through profit or loss</b>	<b>839,995</b>	<b>901,454</b>	<b>951,141</b>
<b>Total financial liabilities at fair value through profit or loss</b>	<b>1,864,296</b>	<b>1,980,107</b>	<b>1,100,993</b>

## Financial assets held for trading: trading derivatives

€/000	Interest rate	Currencies and gold	Equities	Other	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
<b>Listed derivatives</b>							
<i>Financial derivatives</i>							
• Without exchange of principal							
- Options purchased	-	-	-	202	202	275	-
- Other derivatives	20,140	-	-	-	20,140	20,430	26,344
<b>Total listed derivatives</b>	<b>20,140</b>	<b>-</b>	<b>-</b>	<b>202</b>	<b>20,342</b>	<b>20,705</b>	<b>26,344</b>
<b>Unlisted derivatives</b>							
<i>Financial derivatives</i>							
• With exchange of principal							
- Option issued	-	-	280	21	301	327	-
- Other derivatives	4,638	41	-	-	4,679	1,860	798
• Without exchange of principal							
- Option issued	-	-	-	-	-	-	735
- Other derivatives	1,348	-	-	-	1,348	1,517	548
<b>Total unlisted derivatives</b>	<b>5,986</b>	<b>41</b>	<b>280</b>	<b>21</b>	<b>6,328</b>	<b>3,704</b>	<b>2,081</b>
<b>Total derivatives</b>	<b>26,126</b>	<b>41</b>	<b>280</b>	<b>223</b>	<b>26,670</b>	<b>24,409</b>	<b>28,425</b>

### Other financial liabilities

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Banks	1,243,319	1,246,232	1,123,420
Banking customers	4,753,936	4,955,383	4,264,332
Securities outstanding	100,180	100,159	101,341
<b>Total</b>	<b>6,097,435</b>	<b>6,301,774</b>	<b>5,489,093</b>

## Financial liabilities: Banks

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
<b>Central Banks</b>	<b>-</b>	<b>350,120</b>	<b>560,172</b>
<b>Other banks</b>			
- Current accounts and demand deposits	534,641	289,860	186,113
- Time deposits	209,948	216,871	152,135
- Loans	478,324	275,000	225,000
- Liabilities for assets that were sold but not derecognised	20,406	114,381	-
<b>Total</b>	<b>1,243,319</b>	<b>1,246,232</b>	<b>1,123,420</b>

**Financial liabilities: Banking customers**

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
- Current accounts	3,609,271	3,875,636	3,619,336
- Liabilities for assets that were sold but not derecognised (Repurchase agreements)	1,086,973	1,021,244	575,113
- Other liabilities	57,692	58,503	69,883
<b>Total</b>	<b>4,753,936</b>	<b>4,955,383</b>	<b>4,264,332</b>

## ● PAYABLES

### ○ Other payables

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Employee completion-of-service entitlements	12,461	13,713	14,772
Payables to suppliers	95,629	104,446	129,442
Due to tax authorities	23,089	31,209	51,212
Other payables	37,521	41,352	53,035
<b>Total</b>	<b>168,700</b>	<b>190,720</b>	<b>248,461</b>

## ● OTHER LIABILITIES

### ○ Other liabilities

€/000	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Deferred liabilities relating to investment contracts (DIR)	13,703	15,781	23,044
Items in transit relating to lending	99,688	109,885	78,146
Other	32,892	22,798	23,205
<b>Total</b>	<b>146,283</b>	<b>148,464</b>	<b>124,395</b>

MEDIOLANUM S.p.A.

# **Other information**

## OTHER INFORMATION

### ● Post Balance Sheet Date Events

Last October 25, the Board of Directors of Banca Mediolanum resolved to establish an instrumental company within the Mediolanum Banking Group. This company will provide ancillary services to Banca Mediolanum and the Banking Group and will focus on the provision and overall management of sales network training, including ownership of a dedicated hotel complex located in Milano 3. In November, Banca Mediolanum, as sole shareholder, will apply for the Bank of Italy's authorization to form said company.

On October 26, 2007, a 2007 interim dividend was distributed by the subsidiaries Mediolanum International Funds Ltd. (€103 million), Mediolanum Asset Management Ltd. (€7.5 million) and Mediolanum International Life Ltd (€8 million).

Finally, you are informed that an agreement was reached for the sale of the Austrian company Gamax Austria (a wholly-owned subsidiary of Gamax Holding A.G., a Mediolanum International S.A subsidiary) to the German company Aragon, for a consideration of €400 thousand, which reflects the value of that company's net worth amounting to about €150 thousand. Banca Mediolanum S.p.A. expressed its favourable opinion on the sale, which is to be formalized in the coming days.

There were no other post-balance sheet date events which could have a material impact on the Group's financial position, result of operation or cash flows.

### ● Outlook

In the light of results recorded in the first nine months of 2007, the outlook for the current year is positive.

MEDIOLANUM S.p.A.

**Interim Dividend**  
**2007**

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

This report was prepared for the purpose of voting on the distribution of a 2007 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 2006 annual financial statements;
- no losses were reported by the company in its financial statements neither for financial year ended December 31, 2006, 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 disclosed in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A. and of the Mediolanum Group" below, in assessing the limit above, the €59,570 thousand interim dividend received from the subsidiaries Mediolanum International Funds Ltd, Mediolanum International Life Ltd and Mediolanum Asset Management Ltd on October 26, 2007 was added to net profit at September 30, 2007, as reported in the 2007 third quarter report.



The assessment of the limit above was based on the following financial data:

€/000	
<b>Mediolanum S.p.A. - Net profit at September 30, 2007 as reported in the 2007 Third Quarter Report</b>	106,475
2007 Interim dividend after tax (received)	58,587
<b>Pro forma net profit (a)</b>	165,062
<b>Net profit to be appropriated to the Legal Reserve (b)*</b>	-
<b>Distributable pro forma net profit (a-b)</b>	165,062

€/000	
<b>Distributable reserves at September 30, 2007</b>	
Equity reserves (Share Premium Account)	51,226
Retained earnings (Extraordinary Reserve - FTA Reserve)	203,806
<b>Distributable reserves at September 30, 2007</b>	255,032
<b>Distributable Interim Dividend</b>	165,062

(\*) The Legal Reserve is fully provided and no other reserve is required under the Bylaws.

Therefore, the 2007 interim dividend shall not exceed €165,062 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 September 30, 2007 prepared in accordance with international accounting and reporting standards IAS/IFRS. Those accounting and reporting standards have been applied by the Company since January 1, 2005 and will therefore be applied also in the preparation of the company's 2007 annual financial statements.

In consideration of the foregoing and in the light of the information set out in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A. and of the Mediolanum Group" below, the Board of Directors recommends the distribution of an interim dividend of 8.5 eurocents per share outstanding on November 22, 2007 (the ex-dividend date), except for treasury shares held after the close of business on November 19, 2007.

Considering the number of shares outstanding at present (729,475,929 shares), the total interim dividend amounts to €62,005,453.97.

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

In accordance with art. 2433-bis, paragraph 5, of the Italian Civil Code, Mediolanum S.p.A. prepared pro forma accounts applying the same accounting standards and policies adopted in the preparation of the third quarter report at September 30, 2007. In the pro forma accounts the interim dividend received from subsidiaries on October 26, 2007 was added to net profit as reported at September 30, 2007. After September 30, 2007 there were no other events which had a material impact on the financial position, result of operations and cash-flows of the Company.

The pro forma accounts show pro forma net profit of €165,062 thousand.

Pro forma cash and cash equivalents at September 30, 2007 (which includes exclusively the aforesaid interim dividend received from subsidiaries) is as follows:

€/000	
Net cash at September 30, 2007	43,452
Interim dividend received	59,570
<b>Pro forma net cash</b>	<b>103,022</b>

Considering that Mediolanum S.p.A. is a Holding Company, readers are referred to the Third Quarter Report at September 30, 2007, as approved by the Board of Directors today, for full details on the performance of the Mediolanum Group in the period.

The strength of Mediolanum S.p.A. and of the Mediolanum Group, as indicated by their financial position and result of operations as reported in the 2007 Third Quarter Report, as of today enables the distribution of an interim dividend.

The Company and the Group it heads are expected to report further earnings growth for the full year 2007.

## ● 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.

# Pro forma Balance sheet

## Assets

€	Sept. 30, 2007 *	Dividend received	Pro forma
<b>Non current assets</b>			
Receivables from shareholders for unpaid calls	-	-	
<b>Fixed assets</b>			
Intangible assets	54,625	-	54,625
Tangible assets	174,306	-	174,306
Investments in subsidiaries and associates	550,809,118	-	550,809,118
Available-for-sale financial assets	260,018,812	-	260,018,812
<b>Total Non current assets</b>	<b>811,056,861</b>	<b>-</b>	<b>811,056,861</b>
<b>Current assets</b>			
<b>Current assets</b>			
Subsidiaries	701,323	-	701,323
Related parties	11,964	-	11,964
Others	18,310,314	-	18,310,314
<b>Total Receivables</b>	<b>19,023,601</b>	<b>-</b>	<b>19,023,601</b>
<b>Cash and cash equivalents</b>			
Bank deposits	43,451,584	59,570,000	103,021,584
Cash	16,667	-	16,667
<b>Total Cash and cash equivalents</b>	<b>43,468,251</b>	<b>59,570,000</b>	<b>103,038,251</b>
<b>Tax Assets</b>			
Current	9,351,138	-	9,351,138
Deferred	113,622	-	113,622
<b>Total Tax Assets</b>	<b>9,464,760</b>	<b>-</b>	<b>9,464,760</b>
<b>Other assets</b>	<b>95,651</b>	<b>-</b>	<b>95,651</b>
<b>Total Current assets</b>	<b>72,052,263</b>	<b>59,570,000</b>	<b>131,622,263</b>
<b>TOTAL ASSETS</b>	<b>883,109,124</b>	<b>59,570,000</b>	<b>942,679,124</b>

(\*) Accounts at September 30, 2007 included in the Group's Quarterly Report at September 30, 2007.

## Shareholders' equity and liabilities

€	Sept. 30, 2007 *	Dividend received	Pro forma
<b>Shareholders' equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	72,942,120	-	72,942,120
Treasury shares	(2,045,116)	-	(2,045,116)
Share premium account	51,226,249	-	51,226,249
Retained earnings	223,214,615	-	223,214,615
Valuation reserve for AFS financial instruments	83,521,244	-	83,521,244
Net profit (loss) for the period	106,474,795	58,587,095	165,061,890
<b>Total Capital and reserves</b>	<b>535,333,907</b>	<b>58,587,095</b>	<b>593,921,002</b>
<b>Non current liabilities</b>			
Completion-of-service entitlements	1,346,166	-	1,346,166
<b>Total Non current liabilities</b>	<b>1,346,166</b>	<b>-</b>	<b>1,346,166</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Due to banks	278,032,021	-	278,032,021
Other financial liabilities at amortised cost	43,620,518	-	43,620,518
Due to suppliers	1,124,324	-	1,124,324
Other payables	1,890,173	-	1,890,173
<b>Tax liabilities</b>			
Current	3,644,417	-	3,644,417
Deferred	4,655,745	982,905	5,638,650
<b>Other liabilities</b>			
	13,461,853	-	13,461,853
<b>Current liabilities</b>	<b>346,429,051</b>	<b>982,905</b>	<b>347,411,956</b>
<b>TOTAL LIABILITIES</b>	<b>347,775,217</b>	<b>982,905</b>	<b>348,758,122</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>883,109,124</b>	<b>59,570,000</b>	<b>942,679,124</b>

(\*) Accounts at September 30, 2007 included in the Group's Quarterly Report at September 30, 2007.

## Pro forma Income Statement

€	Sept. 30, 2007 *	Dividend received	Pro forma
Commission income	-	-	-
Commission expense			
acquisition of insurance contracts	-	-	-
other	-	-	-
Interest income and similar income	1,742,027	-	1,742,027
Interest expense and similar charges	(10,430,619)	-	(10,430,619)
Gains/losses from trading	429	-	429
Income from equity investments			
dividends from subsidiaries	123,693,073	59,570,000	183,263,073
gains on sale of equity investments	12,035	-	12,035
Income from other financial instruments			
dividends from available-for-sale financial assets	453,094	-	453,094
gains from available-for-sale financial assets	-	-	-
Impairment			
equity investments	(700,000)	-	(700,000)
Other income	650,531	-	650,531
Staff costs	(4,962,653)	-	(4,962,653)
Other administrative expenses	(5,642,049)	-	(5,642,049)
Other expenses			
losses on disposal of property, plant and equipment	(11,924)	-	(11,924)
other expenses	(3,360,489)	-	(3,360,489)
Amortisation and depreciation			
intangible assets	(72,955)	-	(72,955)
tangible assets	(155,176)	-	(155,176)
Tax expense			
Current	5,312,326	-	5,312,326
Deferred	(52,855)	(982,905)	(1,035,760)
Total tax expense	5,259,471	(982,905)	4,276,566
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>106,474,795</b>	<b>58,587,095</b>	<b>165,061,890</b>

(\*) Accounts at September 30, 2007 included in the Group's Quarterly Report at September 30, 2007.

Basiglio, November 8, 2007

For the Board of Directors  
The Chairman  
(Roberto Ruozi)

MEDIOLANUM S.p.A.

SCHEDULES  
**Parent  
Company's  
Accounts  
at September 30  
2007**

# Balance sheet

## Assets

€	Sept. 30, 2007	Dec. 31, 2006
<b>Non current assets</b>		
Receivables from shareholders for unpaid calls	-	-
<b>Fixed assets</b>		
Intangible assets	54,625	124,735
Tangible assets	174,306	302,004
Investments in subsidiaries and associates	550,809,118	550,809,118
Available-for-sale financial assets	260,018,812	299,465,421
<b>Total Non current assets</b>	<b>811,056,861</b>	<b>850,701,278</b>
<b>Current assets</b>		
<b>Current assets</b>		
Subsidiaries	701,323	37,995,253
Related parties	11,964	264,086
Others	18,310,314	17,377,027
<b>Total Receivables</b>	<b>19,023,601</b>	<b>55,636,366</b>
<b>Cash and cash equivalents</b>		
Bank deposits	43,451,584	27,664,748
Cash	16,667	12,817
<b>Total Cash and cash equivalents</b>	<b>43,468,251</b>	<b>27,677,565</b>
<b>Tax Assets</b>		
Current	9,351,138	56,474,713
Deferred	113,622	166,477
<b>Total Tax Assets</b>	<b>9,464,760</b>	<b>56,641,190</b>
<b>Other assets</b>	<b>95,651</b>	<b>60,069</b>
<b>Total Current assets</b>	<b>72,052,263</b>	<b>140,015,190</b>
<b>TOTAL ASSETS</b>	<b>883,109,124</b>	<b>990,716,468</b>

## Shareholders' equity and liabilities

€	Sept. 30, 2007	Dec. 31, 2006
<b>Shareholders' equity and liabilities</b>		
<b>Capital and reserves</b>		
Share capital	72,942,120	72,883,532
Treasury shares	(2,045,116)	(2,045,116)
Share premium account	51,226,249	50,484,670
Retained earnings	223,214,615	112,648,114
Valuation reserve for AFS financial instruments	83,521,244	120,485,331
Net profit (loss) for the period	106,474,795	193,739,971
<b>Total Capital and reserves</b>	<b>535,333,907</b>	<b>548,196,502</b>
<b>Non current liabilities</b>		
Completion-of-service entitlements	1,346,166	1,679,544
<b>Total Non current liabilities</b>	<b>1,346,166</b>	<b>1,679,544</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Due to banks	278,032,021	226,999,684
Other financial liabilities at amortised cost	43,620,518	93,620,518
Due to suppliers	1,124,324	919,371
Other payables	1,890,173	47,881,821
<b>Tax liabilities</b>		
Current	3,644,417	54,924,506
Deferred	4,655,745	6,716,243
<b>Other liabilities</b>		
	13,461,853	9,778,279
<b>Current liabilities</b>	<b>346,429,051</b>	<b>440,840,422</b>
<b>TOTAL LIABILITIES</b>	<b>347,775,217</b>	<b>442,519,966</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>883,109,124</b>	<b>990,716,468</b>



# Income Statement

€	Sept. 30, 2007	Sept. 30, 2006
Commission income	-	124,733,018
Commission expense		
acquisition of insurance contracts	-	(122,059,746)
other	-	(34,997)
Interest income and similar income	1,742,027	989,673
Interest expense and similar charges	(10,430,619)	(7,503,752)
Gains/losses from trading	429	1,416
Income from equity investments		
dividends from subsidiaries	123,693,073	117,481,038
gains on sale of equity investments	12,035	69,706
Income from other financial instruments		
dividends from available-for-sale financial assets	453,094	16,144,406
gains from available-for-sale financial assets	-	-
Impairment		
equity investments	(700,000)	(5,927,819)
Other income	650,531	553,041
Staff costs	(4,962,653)	(5,029,403)
Other administrative expenses	(5,642,049)	(5,310,665)
Other expenses		
losses on disposal of property, plant and equipment	(11,924)	-
other expenses	(3,360,489)	(4,239,500)
Amortisation and depreciation		
intangible assets	(72,955)	(195,930)
tangible assets	(155,176)	(254,967)
Tax expense		
current	5,312,326	-
deferred	(52,855)	3,303,386
Total tax expense	5,259,471	3,303,386
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>106,474,795</b>	<b>112,718,905</b>

# Cash flow statement

## Indirect method

€/000	Sept. 30, 2007	Sept. 30, 2006
Profit (loss) before tax for the period	101,215	109,416
Changes in non-monetary items		
Completion-of-service entitlements	(334)	(26)
Amortisation and depreciation	228	451
Stock Options	598	539
Changes in receivables and payables relating to operating activities		
Changes in other receivables and payables	(3,053)	29,334
Income tax paid	(1,320)	(7,922)
Net cash from monetary items relating to investment and financial activities	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>97,334</b>	<b>131,792</b>
Net cash from subsidiaries, associates and joint ventures	-	(30,000)
Net cash from available-for-sale financial assets	422	(14,575)
Net cash from tangible and intangible assets	9	(52)
Other cash flows from investment activities	-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>431</b>	<b>(44,627)</b>
Net cash from equity instruments	800	2,260
Net cash from treasury shares	-	-
Distribution of dividends	(83,772)	(83,604)
Net cash from subordinated liabilities	-	-
Net cash from other financial liabilities	1,032	4,403
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(81,940)</b>	<b>(76,941)</b>
Effect of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	27,678	13,873
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,468	10,224
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	71,146	24,097

## Statement of changes in shareholders' equity

€	Balance at Jan. 1, 2006	Appropriation of prior year's profit	
		Reserves	Dividends and other
Share capital	72,737,993	-	-
Share premium account	48,313,300	-	-
Reserves:			
a) retained earnings	65,893,705	107,960,466	-
b) other	-	-	-
Valuation reserves:			
a) AFS fin. instruments	102,948,811	-	-
Treasury shares	(2,045,116)	-	-
Net profit (loss)	191,564,883	(107,960,466)	(83,604,417)
<b>Shareholders' equity</b>	<b>479,413,576</b>	<b>-</b>	<b>(83,604,417)</b>

€	Balance at Jan. 1, 2007	Appropriation of prior year's profit	
		Reserves	Dividends and other
Share capital	72,883,532	-	-
Share premium account	50,484,670	-	-
Reserves:			
a) retained earnings	112,648,114	109,968,185	-
b) other	-	-	-
Valuation reserves:			
a) AFS fin. instruments	120,485,331	-	-
Treasury shares	(2,045,116)	-	-
Net profit (loss)	193,739,971	(109,968,185)	(83,771,786)
<b>Shareholders' equity</b>	<b>548,196,502</b>	<b>-</b>	<b>(83,771,786)</b>

Movements in the year								
Shareholders' Equity							Net profit for the year Dec. 31, 2006	Shareholders' equity at Dec. 31, 2006
Change in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instru-ments	Stock options			
-	145,539	-	-	-	-	-	-	72,883,532
-	2,171,370	-	-	-	-	-	-	50,484,670
-	-	-	(61,917,513)	-	711,456	-	-	112,648,114
-	-	-	-	-	-	-	-	-
17,536,520	-	-	-	-	-	-	-	120,485,331
-	-	-	-	-	-	-	-	(2,045,116)
-	-	-	-	-	-	-	193,739,971	193,739,971
17,536,520	2,316,909	-	(61,917,513)	-	711,456	193,739,971		548,196,502

Movements in the year								
Shareholders' Equity							Net profit for the period Sept. 30, 2007	Shareholders' equity at Sept. 30, 2007
Change in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instru-ments	Stock options			
-	58,588	-	-	-	-	-	-	72,942,120
-	741,579	-	-	-	-	-	-	51,226,249
-	-	-	-	-	598,316	-	-	223,214,615
-	-	-	-	-	-	-	-	-
(36,964,087)	-	-	-	-	-	-	-	83,521,244
-	-	-	-	-	-	-	-	(2,045,116)
-	-	-	-	-	-	-	106,474,795	106,474,795
(36,964,087)	800,167	-	-	-	598,316	106,474,795		535,333,907

MEDIOLANUM S.p.A.

**Statement  
of the Officer  
responsible for  
preparing corporate  
accounting and  
financial reporting  
documents**

# Statement of the Officer responsible for preparing corporate accounting and financial reporting documents,

**pursuant to section 154-bis, second paragraph of Legislative Decree 58  
of February 24, 1998**

The undersigned, Luigi Del Fabbro, Officer responsible for preparing Mediolanum S.p.A. accounting and financial reporting documents hereby

CERTIFIES

pursuant to section 154 bis, second paragraph, of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act), that the financial information contained in the Consolidated Quarterly Report at September 30, 2007, including schedules and annexes, reflects the accounting entries, records and books.

Basiglio, November 8, 2007

The Officer responsible  
for preparing corporate accounting  
and financial reporting documents  
(Luigi Del Fabbro)