



## **Management and Supervisory Board**

**Milan, 18 September 2008**

### **Draft financial statements for period as at 30 June 2008 and proposed changes to Articles of Association approved**

#### **Business model strengthened**

**Net profit over €1bn**

#### **Innovative governance model adopted**

- /// **Net profit up 7% to €1,015m, despite crisis on financial markets.**
- /// **Total income up 8% to €1,735m, driven by net interest income (up 12% to €745m), net fee and commission income (up 7% to €398m), and profit from equity-accounted companies (up 14% to €478m); reduced contributions from dividends and net trading income (together down from €155m to €114m).**
- /// **Efficiency maintained (cost/income ratio: 31%) despite significant investments in distribution structures (non-Italian branches and launch of CheBanca!).**
- /// **Group liquidity bolstered: €13bn (vs €6bn) in new funds raised for the year; treasury €10 bn (vs €7bn).**
- /// **Solid capital base preserved: Tier 1 capital 10.3%.**
- /// **Proposals to shareholders in general meeting:**
  - /// **Dividend: €0.65 per share (stable)**
  - /// **New corporate governance model.**



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At a meeting held today with Renato PAGLIARO in the chair, the Management Board of Mediobanca approved the draft consolidated and individual financial statements as at 30 June 2008, illustrated by Chief Executive Officer Alberto NAGEL.

### **Consolidated results<sup>1 2</sup>**

The Mediobanca Group's results for the twelve months ended 30 June 2008 reflect net profit of €1,014.8m, up 6.5% on the €953.2m reported one year previously. Despite the major crisis affecting financial markets and the increasing economic downturn, total income was up 7.7% from €1,611.5m to €1,735.4m, driven by healthy performances from all the main items with the exception of net trading income, which fell from €82.8m to €70.8m, and dividends on available-for-sale securities, which totalled €43.5m, compared with €71.7m last year. In particular:

- ✦ net interest income rose by 11.8%, from €666.8m to €745.4m, reflecting 28.5% growth in corporate banking business driven by higher funding and lending volumes (up 25% and 12% respectively), while net interest income from retail financial services saw a smaller increase of 2.1%, due to the higher cost of funding;
- ✦ net fee and commission income grew by 7.2%, from €371.3m to €397.9m, partly due to a rise in the share originated by the retail segment; the contribution from corporate activities was also up slightly, from €281.9m to €286.2m, despite the extremely tough market conditions;
- ✦ income from companies accounted for on an equity basis posted a 14.1% increase, from €418.9m to €477.8m, reflecting a healthy overall earnings performance by Assicurazioni Generali, despite slowing in the second half of 2008.

On the back of this healthy earnings performance, the Group has chosen to continue and even accelerate some of its plans for expansion, including outside Italy, and bring forward the launch of new strategic initiatives. As a result, costs show a considerable increase, up 26%, from €430.4m to €542.5m, due to growth in the Group's operating presence in Italy and elsewhere, with 16 new retail branches added, and above all three new Mediobanca branch offices outside Italy (in Frankfurt, Madrid and London) as well as the launch of CheBanca! This strengthening of the Group's distribution network led to aggregate costs of some €80m. Profit from ordinary activities stood at €1,192.9m, up 1% compared with last year's €1,181.1m.

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<sup>1</sup> *The Linea acquisition completed on 27 June 2008 has no impact on profit and loss account, only the balance-sheet aggregates. Pro-forma Group aggregates including Linea have been also restated in line with the divisional structure unveiled in the new business plan, and are attached as an annex on pp. 19-20.*

<sup>2</sup> *Changes are year-on-year unless otherwise stated.*



Below the operating line:

- ⚡ bad debt writeoffs were up from €165m to €202.3m, in line with the growth in stock, with €179.1m (30/6/07: €159.8m) attributable to retail financial services (up 12.1%) and €22.8m (€5.2m) representing the collective provision for Mediobanca S.p.A.'s corporate loan book which continues to consist solely of performing accounts;
- ⚡ gains on disposals of securities amounting to €172.6m (€175.4m), due chiefly to disposals of equities held as available for sale carried out during the first half of the financial year;
- ⚡ one-off provisions amounting to €20m, to cover expenses incurred in connection with integrating the Linea Group, the consumer credit company acquired in June, into Compass.

Tax reflects a €76.1m positive effect, due to adjustment of deferred tax to the new IRES and IRAP tax rates introduced by the Budget Law for 2008 approved in December 2007 (Italian Law 244/07).

On the balance-sheet side, there was growth of 29% in loans and advances to customers, from €26.8bn to €34.6bn, €4.3bn of which deriving from the consolidation of Linea, and in treasury funds, from €7bn to €10.2bn, while AFS securities reduced considerably, from €5.6bn to €3.8bn, due to disposals of equities (amounting to €1.6bn including the Telco shareholding being reclassified as an equity-accounted investment) plus the reduction in stock market prices (adjustment of holdings to fair value as at the reporting date showed a reduction of €865.5m). Funding rose by 33.1%, from €34.2bn to €45.6bn, €3.9bn of which was attributable to Linea, boosted by over €13bn (€6bn) in new debt security issuance for the year.

The shareholdings in RCS MediaGroup and Telco have been booked at values which are higher than their respective market prices as at the period-end, leading to implicit losses of €144.7m on the former and €422.3m on the latter. Both investments were also subjected to impairment tests as required under IAS 28, the outcomes of which were positive.

The Group's capital solidity is still one of the best in the sector (Tier 1 10.3%), despite net equity falling by approx. €1bn, from €6.9bn to €5.8bn, largely due to the adverse impact of market price reductions on the valuation reserves for Mediobanca S.p.A. (over €700m) and on those of the equity-accounted companies (in particular Assicurazioni Generali, for over €600m), plus the outlay in connection with the share buyback (€213m).

The results achieved during the period were far ahead of the targets set in the 2005-2008 business plan, which forecast net profit of €840m. Over the three years total income and profit from ordinary activities have increased by more than 50%, from €1,156.6m to €1,735.4m (CAGR: 14%) in the case of the former, and from €799.6m to €1,192.9m (CAGR: 14%) in the



case of the latter, while net profit has risen by 60%, from €632.4m to €1,014.8m (CAGR: 16%).

Significant events during the period included:

- /// approval of the Group's 2008-2011 three-year business plan in March 2008;<sup>3</sup>
- /// acquisition by Compass of 100% of Linea for a consideration of €405m, completed on 27 June 2008 in execution of an agreement entered into in December 2007;
- /// launch in May of CheBanca!, the new retail distribution platform comprising remote channels and branches (featuring a new concept in branch design), and a product offering initially including current accounts, deposit accounts and mortgages, which is distinguished by pricing and the high degree of transparency and standardization; the venture will also allow the Group to have access to funding in the form of retail deposits and has already met with an extremely positive response from customers;
- /// start-up of operations at the Bank's branches in Frankfurt and Madrid, and launch of the London branch office specializing in capital markets and structured finance;
- /// completion of the share buyback programme, with 1.98% of the share capital of Mediobanca, or 16.2 million Mediobanca shares, repurchased for a total outlay of €213.4m;
- /// amendment to the provisions for regulatory requirements for banks, which means that the Group's shareholding in Assicurazioni Generali no longer has to be deducted from regulatory capital, but at the same time rules out the possibility of including unrealized gains on this investment;
- /// application starting from 1 January 2008 of the new regulations on capital requirements for banks ("Basel II"), adopting the standardized methodology to calculate credit risk, pending completion of the internal project for ratifying advanced models; at the same time work has begun on analysing the economic capital requirements (the so-called "Second Pillar"), the first statement of which will be made by October.

## Divisional results

### Wholesale banking

- /// Loans and advances to corporates stable versus end-December 2007, at €18bn;<sup>4</sup>

<sup>3</sup> *Pro-forma Group aggregates including Linea have been restated in line with the new business plan, and are attached as an annex on pp. 19-20.*

<sup>4</sup> *Not including loans to Group companies.*



- /// Sharp, 25% acceleration in funding to €33.6bn, and consequent 41% increase in treasury funds to €8.8bn;
- /// Significant, 28% rise in net interest income offsetting the 21% reduction in net trading income and the 39% fall in dividends; net fee and commission income up slightly at high values, from €282m to €286m;
- /// Operating structure strengthened, with 82 more staff on the books, nearly half of whom are employed at the recently-opened non-Italian branches;
- /// Net profit stable at €454m, on comparable gains on AFS securities (€172m),

Wholesale banking confirmed last year's results with a net profit of €453.5m, versus €459.6m. The result reflects a slowdown in the items most sensitive to the adverse market conditions: net trading income fell from €69.6m to €54.8m, and dividends on AFS shares from €71.7m to €43.5m (in part due to "conversion" of the Group's investment in Telecom Italia to Telco). Below the operating line there were collective provisions of €22.8m to cover performing loans, and one-off tax benefits of €60.5m, due to the changes in legislation mentioned above.

#### **Equity investment portfolio (AG and RCS)**

- /// Total income up 24%, to €482m;
- /// NAV: €5.0bn (down 21%).

The Group's share in the profits earned by Assicurazioni Generali and RCS MediaGroup rose by 24.4% during the period, from €387.7m to €482.3m, consisting of €455.7m from Generali (up 26.9%) and €26.6m from RCS (down 6.3%). This result was boosted by upward adjustments of €21.7m on deferred taxes linked to the change in participation exemption rates, and calculated on the basis of the difference between book value and the original cost of acquisition.

The reduction in NAV is attributable, insofar as Generali is concerned, to the reductions in both unrealized gains and book value, the latter of which due to the fall in Generali's net equity as a result of lower valuation reserves.

#### **Retail financial services**

- /// 100% of Linea acquired for a cash outlay of €405m;
  - /// CheBanca! operations launched in May 2008: first commercial results extremely positive;
  - /// New loans up 9% to €5.2bn, consumer credit up 5% to €2.6bn and mortgages up 32% to €0.8bn due to new branches in France;
  - /// Total income up 7% to €534m, on major growth in net fee and commission income;
  - /// Net profit down from €80m to €15m due to costs linked to new initiatives;
  - /// Bad loans/total loans ratio stable for over a year now.
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Total income grew from €500.8m to €534m, an increase of 6.6%, on the back of higher net fee and commission income, up from €45.6m to €69.6m, linked to distribution of insurance products. Growth posted by net interest income during the period was modest, up 2.1%, from €455.2m to €464.9m, impacted by the increased cost of funding and the higher competitive pressure. However, profit from ordinary activities declined, from €323.2m to €280.8m, due to the increase in operating costs, from €177.6m to €253.2m, some three-quarters, or €54m, of which was due to the CheBanca! initiative. Net profit came in at €15m, after bad debt writeoffs totalling €179.1m (€159.8m) and extraordinary provisions of €20m to cover the cost of integrating Linea.

During the year the Compass Group disbursed a total of €5,199m in new finance (€4,778.6m), which does not include the Linea Group's commercial activity (€2,671m in new loans for FY 2007 and €1,186m during 1H 2008). A substantial contribution was made by mortgage lending activity in France, with €183m (€23m). As at 30 June 2008 total loans and advances to customers (including those for the Linea Group amounting to €4,280.6m which were consolidated as at the reporting date) amounted to €15,858.1m (€10,122.9m).

#### **Private banking \***

- /// Total income up 7% to €139m
- /// Net profit up 4% to €57m
- /// AUM: €13.5bn, down slightly by 2%, chiefly due to a reduction in the value of assets linked to market trends.

This division reported improved results compared with last year. Net profit was up 4% to €56.9m, total income up 7.1% from €130.1m to €139.3m, reflecting higher interest income from CMB which offset the increasing slowdown in net fee and commission income due to market conditions. During the period under review assets under management declined from €13.9bn to €13.5bn, with CMB bucking this trend, up from €8.1bn to €8.2bn, having acquired the Monégasque assets of Unicredit, while the pro-rata share attributable to Banca Esperia was down from €5.8bn to €5.3bn, owing to the reduction in market values.

#### **Mediobanca S.p.A.**

In the twelve months ended 30 June 2008, Mediobanca earned a net profit of €622.6m, up 11%, from €561.1m, after gains on disposals of AFS securities totalling €171.8m (30/6/07: €166.7m), bad debt writeoffs and adjustments to securities amounting to €30.3m (€9.4m), and tax of

\* *Figure includes Compagnie Monégasque de Banque, plus 48.5% of Banca Esperia pro-forma.*



€76.8m (€127.2m). Total income was up 8.1%, on the back of a 27.9% rise in net interest income, from €192.9m to €246.7m, 7.9% growth in dividends collected, from €213.5m to €230.4m; and net fee and commission income holding up well at €275.9m, compared with €275.6m one year previously, while net trading income was down from €65.7m to €55.3m. Profit from ordinary activities rose from €531.1m to €558.1m, despite the 15.5% increase in operating costs, from €216.6m to €250.2m, due to the increase in the Bank's headcount from 459 to 538 and development of domestic and international activities.

The main balance-sheet aggregates show increases in loans and advances, from €20.3bn to €24.2bn, treasury funds, from €6.4bn to €8.8bn, equity investments, from €1.7bn to €2.7bn, and funding, from €27.1bn to €33.7bn. Conversely, AFS securities fell from €4.8bn to €2.8bn, as a result of the decline in stock market prices and disposals carried out during the year.

### **Proposed dividend**

The Management Board resolved to submit a proposal to the approval of shareholders in a general meeting to be held on 28 October 2008 to pay a dividend per share of €0.65, the same as last year. The dividend will be payable as from 27 November 2008, having gone ex-rights on 24 November 2008.

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### **Adoption of Articles of Association based on "traditional" governance model**

The Management Board also adopted a resolution to submit a proposal to shareholders in a general meeting to be held on 28 October 2008 to approve new Articles of Association for the company, based on the so-called "traditional" model of corporate governance, and subject to receipt of the requisite authorizations.

Since the Supervisory Board meeting held on 30 July 2008, a series of critical issues have been analysed that had arisen in connection with the functioning of the dualistic system. Accordingly, it has also been considered appropriate to review the entire governance system, including in view of the deadline set by the Bank of Italy to this end of 30 June 2009.

In this light, a proposal has been developed to adopt the so-called traditional system of governance based on Articles of Association offering significant innovation compared to the model adopted by Mediobanca prior to the dualistic system, and to common practice. The system of governance being proposed should therefore be seen as a natural development which incorporates the positive aspects of the Bank's experience under the dualistic system, while at the same time helping to resolve various difficulties encountered in application of them.



The main points of the new Articles to be submitted to the approval of shareholders in general meeting are as follows:

- ✦ The Board of Directors ("BoD"), to be appointed by shareholders in general meeting via a voting list in line with provisions currently in force, comprises up to twenty-three members, one of whom shall be reserved to minority shareholders. Of the Directors thus appointed, five are managers with at least three years' experience of the Mediobanca Banking Group, two qualify as independent as defined by the Code of Conduct for Listed Companies issued by Borsa Italiana, and another three as independent as defined by Article 148, paragraph 3 of Italian Legislative Decree 58/98.
- ✦ The BoD is responsible for management of the company, and exercises such management through the Executive Committee ("EC"), the Chief Executive Officer ("CEO") and the General Manager ("GM").
- ✦ In addition to matters which cannot be delegated to other bodies either by law or by secondary regulations, the BoD also has sole responsibility for trading involving equity investments in excess of 15% of the holdings owned at the start of each financial year in Assicurazioni Generali, RCS MediaGroup and Telco; and acquisition or disposal of stakes that lead to changes in the Banking Group's area of consolidation in amounts of over €500m, or otherwise of investments worth in excess of €750m.
- ✦ In addition, it is responsible for appointing the EC, the CEO and GM, the head of company financial reporting, and the heads of the internal audit and compliance units.
- ✦ The BoD normally adopts resolutions at the proposal of the EC or the CEO, with a majority of those in attendance voting in favour, while a majority of all directors in office is required for resolutions on appointments to the EC or to the posts of CEO or GM.
- ✦ The BoD establishes three committees from among its own number:
  - ✦ an Internal Control Committee, made up of three independent members, which has powers of consultation and enquiry with respect to the Bank's systems of internal control and risk management, and the structure of its IT and financial reporting organization;
  - ✦ a Remunerations Committee, made up of seven non-executive members, with powers of consultation and enquiry to determine the remuneration of directors vested with particular duties and the GM; the committee also give its opinion on the guidelines for the remuneration and staff retention policies operated by the Group;
  - ✦ an Appointments Committee, made up of six members and including *de jure* the Chairman of the BoD, the Deputy Chairman of the EC and the CEO, adopts decisions, based on the CEO's proposal having sought the Chairman's opinion,





with respect to appointments to the governing bodies of Assicurazioni Generali, RCS MediaGroup and Telco to be taken in general meeting. The Committee has also powers of enquiry in respect of proposals for submission of lists for the BoD, and for the appointment of the EC, CEO and GM of Mediobanca.

- ⚡ The EC comprises a total of nine members, including *de jure* the Chairman of the BoD and the five directors from the Mediobanca Group management. The EC appoints a Deputy Chairman from among its own number, and is responsible for managing the activities of the Bank. In particular the EC is responsible for operating performance, approves credit policy and trading involving the Group's interests in Assicurazioni Generali, RCS MediaGroup and Telco, as well as the other shareholdings for amounts and percentage values not to exceed those for which the BoD alone is competent. The EC adopts resolutions with a majority of its members voting in favour.
- ⚡ The CEO, who is chosen from among the Mediobanca Group's senior management, has executive powers and is responsible for staff management, and for execution of resolutions adopted by the BoD and EC. He is empowered to make proposals to both of the latter, in particular with reference to management direction, strategic plans and budgets, draft financial statements and interim accounts and decisions to be taken in general meetings of Assicurazioni Generali, RCS MediaGroup and Telco
- ⚡ The Statutory Audit Committee comprises three standing and three alternate auditors. Appointments to the Statutory Committee too are made on the basis of lists submitted by shareholders in general meeting representing at least the percentage of the company's share capital stipulated in regulatory provisions in force at the time (currently one percent). The mechanism for appointments provides that the Chairman of the Statutory Audit Committee shall be chosen from the minority list.

At the general meeting called for 28 October 2008, shareholders will also be invited to appoint the new governing bodies.

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At a meeting held today with Cesare GERONZI in the chair, the Supervisory Board of Mediobanca duly noted the draft financial statements to be adopted at a meeting to be held on 7 October 2008, and approved the Management Board's proposals for submission to shareholders in general meeting.

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**MEDIOBANCA**  
*Banca di Credito Finanziario S.p.A.*

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Lastly, the Management and Supervisory Boards noted the resignation of Carlo Pesenti, and wish to place on record their thanks to him for his much-appreciated work on behalf of the Bank.

Milan, 18 September 2008

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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	12 mths to 30/6/07	12 mths to 30/6/08	Year-on-year change
	€m	€m	%
Net interest income	666.8	745.4	+11.8
Net trading income	82.8	70.8	-14.5
Net fee and commission income	371.3	397.9	+7.2
Dividends on AFS shares	71.7	43.5	-39.3
Share of profits earned by equity-accounted companies	418.9	477.8	+14.1
<b>TOTAL INCOME</b>	<b>1,611.5</b>	<b>1,735.4</b>	<b>+7.7</b>
Labour costs	(236.4)	(280.2)	+18.5
Administrative expenses	(194.0)	(262.3)	+35.2
<b>OPERATING COSTS</b>	<b>(430.4)</b>	<b>(542.5)</b>	<b>+26.0</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>1,181.1</b>	<b>1,192.9</b>	<b>+1.0</b>
Gain (loss) on disposal of AFS securities	175.4	172.6	-1.6
Gain (loss) on disposal of other securities	(0.1)	(0.1)	n.m.
Bad debt writeoffs	(165.0)	(202.3)	+22.6
Writebacks (writedowns) to AFS securities	(4.2)	(7.5)	+78.6
Extraordinary provisions	(6.0)	(22.7)	n.m.
<b>PROFIT BEFORE TAX</b>	<b>1,181.2</b>	<b>1,132.9</b>	<b>-4.1</b>
Income tax for the period	(215.2)	(108.6)	-49.5
<i>of which: one-off effect of 2008 Budget Law</i>	—	76.1	—
Minority interest	(12.8)	(9.5)	-25.8
<b>NET PROFIT</b>	<b>953.2</b>	<b>1,014.8</b>	<b>+6.5</b>
<i>of which: from banking activity</i>	<i>590.2</i>	<i>524.6</i>	<i>-11.1</i>
<i>from equity investment portfolio</i>	<i>363.0</i>	<i>490.2</i>	<i>+35.0</i>



## CONSOLIDATED BALANCE SHEET

	30/6/07	30/6/08
	€m	€m
<b>Assets</b>		
Treasury funds	6,993.0	10,247.1
AFS securities	5,573.2	3,778.7
<i>of which: fixed-income</i>	<i>1,622.4</i>	<i>1,725.6</i>
<i>equities</i>	<i>3,335.7</i>	<i>1,588.3</i>
Financial assets held to maturity	622.5	578.1
Loans and advances to customers	26,811.6	34,590.8
Equity investments	2,632.7	2,845.7
Tangible and intangible assets	310.5	753.2
Other assets	588.6	1,021.4
<i>of which: tax assets</i>	<i>372.0</i>	<i>548.0</i>
<b>Total assets</b>	<b>43,532.1</b>	<b>53,815.0</b>
<b>Liabilities</b>		
Funding	34,227.7	45,553.5
<i>of which: debt securities in issue</i>	<i>25,702.6</i>	<i>32,192.9</i>
Other liabilities	1,227.9	1,187.6
<i>of which: tax liabilities</i>	<i>787.1</i>	<i>720.9</i>
Provisions	185.4	210.1
Net equity	6,937.9	5,849.0
<i>of which: share capital</i>	<i>408.8</i>	<i>410.0</i>
<i>reserves</i>	<i>6,420.9</i>	<i>5,319.1</i>
<i>minority interest</i>	<i>108.3</i>	<i>119.9</i>
Profit for the period	953.2	1,014.8
<b>Total liabilities</b>	<b>43,532.1</b>	<b>53,815.0</b>
<i>Tier 1 capital</i>	<i>6,202.2</i>	<i>5,669.8</i>
<i>Regulatory capital</i>	<i>8,106.1</i>	<i>6,536.0</i>
<i>Tier 1 capital/risk-weighted assets</i>	<i>12.28%</i>	<i>10.29%</i>
<i>Regulatory capital/risk-weighted assets</i>	<i>16.18%</i>	<i>11.87%</i>
<i>No. of shares in issue (millions)</i>	<i>817.6</i>	<i>820.1</i>



## Balance-sheet data and profit-and-loss figures by division

30 JUNE 2008	Wholesale banking	Retail financial services	Private banking	Equity investment portfolio	Group
	€m	€m	€m	€m	€m
<b>Profit-and-loss figures</b>					
Net interest income (expense)	257.6	464.9	39.1	(11.6)	745.4
Net trading income (expense)	54.8	(0.5)	13.9	—	70.8
Net fee and commission income	286.2	69.6	86.3	—	397.9
Dividends on AFS securities	43.5	—	—	—	43.5
Share in profits earned by equity-accounted companies	(13.0)	—	—	482.3	477.8
<b>TOTAL INCOME</b>	<b>629.1</b>	<b>534.0</b>	<b>139.3</b>	<b>470.7</b>	<b>1,735.4</b>
Labour costs	(152.6)	(89.1)	(45.8)	(5.8)	(280.2)
Administrative expenses	(85.9)	(164.1)	(29.1)	(2.6)	(262.3)
<b>OPERATING COSTS</b>	<b>(238.5)</b>	<b>(253.2)</b>	<b>(74.9)</b>	<b>(8.4)</b>	<b>(542.5)</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>390.6</b>	<b>280.8</b>	<b>64.4</b>	<b>462.3</b>	<b>1,192.9</b>
Gain (loss) on disposal of AFS securities	171.8	—	1.0	—	172.6
Gain (loss) on disposal of equity investments	—	—	—	—	—
Gain (loss) on disposal of other assets	(0.3)	—	0.1	—	(0.1)
Extraordinary provisions	—	(20.0)	(2.7)	—	(22.7)
Bad debt writeoffs	(22.8)	(179.1)	(0.4)	—	(202.3)
Writebacks (writedowns) to AFS securities	(7.5)	—	—	—	(7.5)
<b>PROFIT BEFORE TAX</b>	<b>531.8</b>	<b>81.7</b>	<b>62.4</b>	<b>462.3</b>	<b>1,132.9</b>
Income tax for the period	(78.8)	(56.7)	(5.5)	27.9	(108.6)
Minority interest	0.5	(10.0)	—	—	(9.5)
<b>NET PROFIT</b>	<b>453.5</b>	<b>15.0</b>	<b>56.9</b>	<b>490.2</b>	<b>1,014.8</b>
<b>Balance-sheet data</b>					
AFS securities	2,846.7	0.1	1,050.4	—	3,778.7
Equity investments	672.2	0.2	—	2,117.2	2,845.7
Loans and advances to customers	24,240.4	15,858.1	857.8	—	34,590.8
<i>of which: to Group companies</i>	<i>6,254.6</i>	—	—	—	—
Risk-weighted assets	40,017.8	11,634.3	1,453.4	1,972.3	55,081.1
No. of employees	555	2,225	269 *	—	3,046
Cost/income ratio (%)	38	47	53	2	31

\* Includes 101 staff employed by the Esperia Group pro-forma not included in the total.

Notes:

- 1) Divisions comprise:
  - /// *wholesale banking*: Mediobanca S.p.A., Mediobanca International, MB Securities USA, Consortium and Prominvestment;
  - /// *retail financial services*: Compass, CheBanca!, Cofactor, Linea, Futuro, Equilon and Creditech (consumer credit), SelmaBipiemme Leasing, Palladio Leasing and Teleleasing (leasing);
  - /// *private banking*: Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 48.5% of Banca Esperia pro-forma;
  - /// *equity investment portfolio*: shareholdings owned by the Group in Assicurazioni Generali and RCS MediaGroup.
- 2) Sum of divisional data differs from Group total due to:
  - /// Banca Esperia being consolidated pro-rata (48.5%) rather than equity-accounted;
  - /// adjustments/differences arising on consolidation between different business areas, which gave rise to a surplus of approx. €2.5m as at 30 June 2007 and €2.3m as at 30 June 2008;
  - /// implicit expenses attributable to Mediobanca in respect of stock option scheme operated by Banca Esperia, which amount to €3m (30/6/07: €7.8m).



## Balance-sheet data and profit-and-loss figures by division

30 JUNE 2007	Wholesale banking	Retail financial services	Private banking	Equity investment portfolio	Group
	€m	€m	€m	€m	€m
<b>Profit-and-loss figures</b>					
Net interest income (expense)	200.5	455.2	23.6	(9.1)	666.8
Net trading income	69.6	—	14.6	—	82.8
Net fee and commission income	281.9	45.6	91.9	—	371.3
Dividends on AFS securities	71.7	—	—	—	71.7
Share in profits earned by equity-accounted companies	18.0	—	—	387.7	418.9
<b>TOTAL INCOME</b>	<b>641.7</b>	<b>500.8</b>	<b>130.1</b>	<b>378.6</b>	<b>1,611.5</b>
Labour costs	(130.3)	(70.0)	(42.3)	(3.8)	(236.4)
Administrative expenses	(72.9)	(107.6)	(25.6)	(1.5)	(194.0)
<b>OPERATING COSTS</b>	<b>(203.2)</b>	<b>(177.6)</b>	<b>(67.9)</b>	<b>(5.3)</b>	<b>(430.4)</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>438.5</b>	<b>323.2</b>	<b>62.2</b>	<b>373.3</b>	<b>1,181.1</b>
Gain (loss) on disposal of AFS securities	166.7	—	8.8	—	175.4
Gain (loss) on disposal of equity investments	—	—	—	—	—
Gain (loss) on disposal of other assets	(0.1)	—	—	—	(0.1)
One-off provisions	—	—	(6.0)	—	(6.0)
Bad debt writeoffs	(5.2)	(159.8)	(0.2)	—	(165.0)
Writebacks (writedowns) to AFS securities	(4.2)	—	—	—	(4.2)
<b>PROFIT BEFORE TAX</b>	<b>595.7</b>	<b>163.4</b>	<b>64.8</b>	<b>373.3</b>	<b>1,181.2</b>
Income tax for the period	(136.1)	(70.2)	(10.1)	(9.5)	(215.2)
Minority interest	—	(12.9)	—	—	(12.8)
<b>NET PROFIT</b>	<b>459.6</b>	<b>80.3</b>	<b>54.7</b>	<b>363.8</b>	<b>953.2</b>
<b>Balance-sheet data</b>					
AFS securities	4,788.1	—	808.1	—	5,573.2
Equity investments	176.7	—	0.1	2,407.4	2,632.7
Loans and advances to customers	20,313.9	10,122.9	868.1	—	26,811.6
<i>of which: to Group companies</i>	<i>4,318.9</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>
Risk-weighted assets	39,033.7	8,190.8	1,151.3	1,737.7	50,113.5
No. of employees	473	1,072	280 *	—	1,783
Cost/income ratio (%)	32	35	52	1	27

\* Includes 89 staff employed by the Esperia Group pro-forma not included in the Group total.



## Retail financial services

Retail financial services 30 June 2008	Consumer credit	Retail banking <sup>1</sup>	Total consumer finance	Leasing	Total RFS
	€m	€m	€m	€m	€m
Total income	402.3	49.1	451.4	82.6	534.0
Operating costs	(139.3)	(80.3)	(219.6)	(33.6)	(253.2)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>263.0</b>	<b>(31.2)</b>	<b>231.8</b>	<b>49.0</b>	<b>280.8</b>
Bad debt writeoffs	(152.6)	(13.3)	(165.9)	(13.2)	(179.1)
Extraordinary provisions	(20.0)	—	(20.0)	—	(20.0)
Minority interest	—	—	—	(10.0)	(10.0)
Income tax for the period	(57.6)	15.0	(42.6)	(14.1)	(56.7)
<b>NET PROFIT</b>	<b>32.8</b>	<b>(29.5)</b>	<b>3.3</b>	<b>11.7</b>	<b>15.0</b>
New loans	2,568.0	819.0	3,387.0	1,812.0	5,199.0
Loans and advances to customers	8,372.9	2,706.6	11,079.5	4,778.6	15,858.1
Of which: Linea	4,280.6	—	4,280.6	—	4,280.6
No. of branches	121	38	159	14	173
No. of staff	1,522 <sup>2</sup>	470	1,992	233	2,225

<sup>1</sup> Includes mortgage lending activity.

<sup>2</sup> Of which 798 staff employed by Linea.

Retail financial services 30 June 2007	Consumer credit	Mortgage lending	Total consumer finance	Leasing	Total RFS
	€m	€m	€m	€m	€m
Total income	378.7	41.5	420.2	80.6	500.8
Operating costs	(124.4)	(24.0)	(148.4)	(29.2)	(177.6)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>254.3</b>	<b>17.5</b>	<b>271.8</b>	<b>51.4</b>	<b>323.2</b>
Bad debt writeoffs	(144.5)	(6.6)	(151.1)	(8.7)	(159.8)
Minority interest	—	—	—	(12.9)	(12.9)
Income tax for the period	(50.6)	(5.3)	(55.9)	(14.3)	(70.2)
<b>NET PROFIT</b>	<b>59.2</b>	<b>5.6</b>	<b>64.8</b>	<b>15.5</b>	<b>80.3</b>
New loans	2,448.2	619.1	3,067.3	1,711.3	4,778.6
Loans and advances to customers	3,721.9	2,138.0	5,859.9	4,263.0	10,122.9
No. of branches	118	29	147	10	157
No. of staff	660	206	866	206	1,072



## Private banking

Private banking 30 June 2008	CMB	Banca Esperia 48.5%	Others	Total PB
	€m	€m	€m	€m
Total income	91.3	41.4	6.6	139.3
<i>of which: net fee and commission income</i>	43.5	36.8	6.3	86.3
Operating costs	(41.9)	(27.8)	(5.2)	(74.9)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>49.4</b>	<b>13.6</b>	<b>1.4</b>	<b>64.4</b>
Other income (expenses)	(2.1)	0.1	—	(2.0)
Income tax for the period	—	(5.0)	(0.5)	(6.0)
<b>NET PROFIT</b>	<b>47.3</b>	<b>8.7</b>	<b>0.9</b>	<b>56.9</b>
AUM	8,208.0	5,325.3	—	13,533.3

Private banking 30 June 2007	CMB	Banca Esperia 48.5%	Others	Total PB
	€m	€m	€m	€m
Total income	77.7	45.6	6.8	130.1
<i>of which: net fee and commission income</i>	44.5	40.9	6.5	91.9
Operating costs	(38.8)	(23.7)	(5.4)	(67.9)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>38.9</b>	<b>21.9</b>	<b>1.4</b>	<b>62.2</b>
Other income (expenses)	2.8	(0.2)	—	2.6
Income tax for the period	(0.2)	(9.2)	(0.7)	(10.1)
<b>NET PROFIT</b>	<b>41.5</b>	<b>12.5</b>	<b>0.7</b>	<b>54.7</b>
AUM	8,081.5	5,784.1	—	13,865.6





## Mediobanca S.p.A. profit and loss account

	12 mths to 30/6/07	12 mths to 30/6/08	Y.o.Y. chg.
	€m	€m	%
Net interest income	192.9	246.7	+27.9
Net trading income	65.7	55.3	-15.8
Net fee and commission income	275.6	275.9	+0.1
Dividends on equity investments and AFS securities	213.5	230.4	+7.9
<b>TOTAL INCOME</b>	<b>747.7</b>	<b>808.3</b>	<b>+8.1</b>
Labour costs	(134.4)	(160.0)	+19.0
Other administrative expenses	(82.2)	(90.2)	+9.7
<b>OPERATING COSTS</b>	<b>(216.6)</b>	<b>(250.2)</b>	<b>+15.5</b>
<b>PROFIT FROM ORDINARY ACTIVITIES . . . .</b>	<b>531.1</b>	<b>558.1</b>	<b>+5.1</b>
Gains on disposals of AFS securities	166.7	171.8	+3.1
Gains on disposals of other assets	(0.1)	(0.2)	n.m.
Bad debt writeoffs	(5.2)	(22.8)	n.m.
Writedowns to AFS securities	(4.2)	(7.5)	n.m.
<b>PROFIT BEFORE TAX</b>	<b>688.3</b>	<b>699.4</b>	<b>+1.6</b>
Income tax for the period	(127.2)	(76.8)	-39.6
Of which: <i>one-off effect of 2008 Budget Law</i>	—	60.5	n.m.
<b>NET PROFIT</b>	<b>561.1</b>	<b>622.6</b>	<b>+11.0</b>
Cost/income ratio (%)	29.0	31.0	



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### Mediobanca S.p.A. balance sheet

	30/6/07	30/6/08
	€m	€m
<b>Assets</b>		
Treasury funds	6,379.4	8,845.4
AFS securities	4,788.0	2,846.7
Financial assets held to maturity	621.6	577.4
Loans and advances to customers	20,306.5	24,235.2
Equity investments	1,680.8	2,722.4
Tangible and intangible assets	121.3	121.6
Other assets	251.6	462.4
Total assets	<u>34,149.2</u>	<u>39,811.1</u>
<b>Liabilities</b>		
Funding	27,105.1	33,740.9
Provisions	162.4	161.5
Other liabilities	782.8	658.7
Net equity	5,537.8	4,627.4
Profit for the period	561.1	622.6
Total liabilities	<u>34,149.2</u>	<u>39,811.1</u>
Memorandum accounts	<u>43,168.3</u>	<u>66,999.8</u>

\* \* \*

As required by Article 154-bis, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the financial information contained in this press release conforms to that contained in the company's documents, account ledgers and book entries.

Head of Company Financial Reporting  
*Massimo Bertolini*



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**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**with Linea Group pro-forma**

	12 mths to 30/6/08 approved	Linea Group contribution	12 mths to 30/6/08 pro-forma
	€m	€m	€m
<b>Profit-and-loss figures</b>			
Net interest income	745.4	95.2	840.6
Net trading income	286.9	4.1	290.9
Net fee and commission income	397.9	78.4	476.3
Equity-accounted investments	470.3	—	470.3
<b>TOTAL INCOME</b>	<b>1,900.5</b>	<b>177.7</b>	<b>2,078.1</b>
Labour costs	(280.2)	(40.5)	(320.7)
Administrative expenses	(262.3)	(40.0)	(302.3)
<b>OPERATING COSTS</b>	<b>(542.5)</b>	<b>(80.5)</b>	<b>(623.0)</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>1,358.0</b>	<b>97.2</b>	<b>1,455.1</b>
Bad debt writeoffs	(202.3)	(71.5)	(273.8)
Extraordinary provisions	(22.7)	—	(22.7)
<b>PROFIT BEFORE TAX</b>	<b>1,132.9</b>	<b>25.6</b>	<b>1,158.5</b>
Income tax for the period	(108.6)	(27.1)	(135.7)
Minority interest	(9.5)	—	(9.5)
<b>NET PROFIT</b>	<b>1,014.8</b>	<b>(1.4)</b>	<b>1,013.4</b>



**BALANCE-SHEET DATA AND PROFIT-AND-LOSS FIGURES BY DIVISION**  
based on structure and outline of 2009-2011 business plan

30/6/08	Corporate & investment banking	Principal investing	Retail & private banking <sup>1</sup>	Group
	€m	€m	€m	€m
<b>Profit-and-loss figures</b>				
Net interest income (expense)	334.2	(11.6)	522.5	840.6
Net trading income	269.7	3.2	19.0	290.9
Net fee and commission income	292.1	—	228.2	476.3
Share in profits earned by equity-accounted companies	(21.5)	483.3	—	470.3
<b>TOTAL INCOME</b>	<b>874.4</b>	<b>474.8</b>	<b>769.7</b>	<b>2,078.1</b>
Labour costs	(172.2)	(5.8)	(155.7)	(320.7)
Administrative expenses	(99.8)	(2.6)	(219.4)	(302.3)
<b>OPERATING COSTS</b>	<b>(272.0)</b>	<b>(8.4)</b>	<b>(375.1)</b>	<b>(623.0)</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>602.4</b>	<b>466.4</b>	<b>394.6</b>	<b>1,455.1</b>
Bad debt writeoffs	(36.0)	—	(237.9)	(273.8)
Extraordinary provisions	—	—	(22.7)	(22.7)
<b>PROFIT BEFORE TAX</b>	<b>566.4</b>	<b>466.4</b>	<b>134.0</b>	<b>1,158.6</b>
Income tax for the period	(92.7)	26.8	(75.1)	(135.7)
Minority interest	(9.5)	—	—	(9.5)
<b>NET PROFIT</b>	<b>464.2</b>	<b>493.2</b>	<b>58.9</b>	<b>1,013.4</b>
<b>Balance-sheet data</b>				
Treasury funds	8,691.1	1,591.2	—	10,247.1
AFS securities	2,786.0	1,050.6	60.7	3,778.7
Equity investments	632.5	0.4	2,156.9	2,845.7
Loans and advances to customers	27,199.3	11,937.4	—	34,590.8
of which: to Group companies	4,185.4	—	—	—
Funding	(36,178.8)	(259.8)	(13,736.3)	(45,553.5)
Risk-weighted assets	43,675.9	2,072.8	9,322.5	55,081.1
No. of staff	788	—	2,261*	3,046

<sup>1</sup> Includes profit-and-loss figures for Linea pro-forma.

\* Includes 101 staff employed by the Esperia Group pro-forma.

Divisions comprise:

- ⚡ *CIB (Corporate and investment banking)*: includes, in addition to corporate and investment banking activities, also leasing plus the Group's AFS portfolio. The companies which contribute to this business line are: Mediobanca S.p.A., Mediobanca International, MB Securities USA, Consortium, Prominvestment, SelmaBipiemme Leasing, Palladio Leasing and Teleleasing;
- ⚡ *Retail and private banking*: this division focuses on developing business with clientèle in the affluent segment through private banking activities, and with mass market clients through consumer credit products, mortgages and deposit accounts. The companies which form part of this division are: Compass, CheBanca!, Cofactor, Linea, Futuro, Equilon and Creditech (consumer credit); and Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 48.5% of Banca Esperia pro-forma;
- ⚡ *Principal investing portfolio*: this comprises the Group's shareholdings in Assicurazioni Generali and RCS MediaGroup, plus stakes acquired as part of merchant banking activity and investments in private equity funds.