

MEDIOBANCA

*Annual Accounts and Report
as at 30 June 2009*

MEDIOBANCA
LIMITED COMPANY

SHARE CAPITAL € 430,529,224

HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

Registered as a Bank. Parent Company of the Mediobanca Banking Group

Annual General Meeting
28 October 2009

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BOARD OF DIRECTORS

		Term expires	
*	CESARE GERONZI	CHAIRMAN	2011
	DIETER RAMPL	DEPUTY CHAIRMAN	2011
	MARCO TRONCHETTI PROVERA	DEPUTY CHAIRMAN	2011
*	ALBERTO NAGEL	CHIEF EXECUTIVE OFFICER	2011
*	RENATO PAGLIARO	GENERAL MANAGER	2011
	JEAN AZEMA	DIRECTOR	2011
	TARAK BEN AMMAR	DIRECTOR	2011
	GILBERTO BENETTON	DIRECTOR	2011
	MARINA BERLUSCONI	DIRECTOR	2011
	ANTOINE BERNHEIM	DIRECTOR	2011
	ROBERTO BERTAZZONI	DIRECTOR	2011
*	VINCENT BOLLORE'	DIRECTOR	2011
*	ANGELO CASO'	DIRECTOR	2011
*	MAURIZIO CEREDA	DIRECTOR	2011
*	MASSIMO DI CARLO	DIRECTOR	2011
	ENNIO DORIS	DIRECTOR	2011
	PIETRO FERRERO	DIRECTOR	2011
	JONELLA LIGRESTI	DIRECTOR	2011
	FABRIZIO PALENZONA	DIRECTOR	2011
	MARCO PARLANGELI	DIRECTOR	2011
	CARLO PESENTI	DIRECTOR	2011
*	ERIC STRUTZ	DIRECTOR	2011
*	FRANCESCO SAVERIO VINCI	DIRECTOR	2011
*	Member of Executive Committee		

STATUTORY AUDIT COMMITTEE

MARCO REBOA	CHAIRMAN	2011
MAURIZIA ANGELO COMNENO	STANDING AUDITOR	2011
GABRIELE VILLA	STANDING AUDITOR	2011
GUIDO CROCI	ALTERNATE AUDITOR	2011
UMBERTO RANGONI	ALTERNATE AUDITOR	2011

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MASSIMO BERTOLINI	HEAD OF COMPANY FINANCIAL REPORTING
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CONSOLIDATED ACCOUNTS

REVIEW OF GROUP OPERATIONS

The twelve months under review coincided with the international financial crisis which subsequently developed into the current economic recession. The Mediobanca Group's performance for the year was thus impacted by the fall in stock market values. Despite the negative scenario, income from banking activity (that is, total income net of the contribution from equity-accounted companies) was up 11%, with all the main income sources contributing positively: net interest income was up 2.2%, net fee and commission income up 4.8%, and net trading income up 45.9%. However, the crisis strongly affected the other main profit-and-loss items: the contribution from equity-accounted companies declined from €177.8m to minus €18.8m; loan loss provisions rose sharply, from €73.7m to €103.8m; and hefty writedowns of €151.4m were made to the equity investment portfolio, part of which was due to the automatic effects of adopting IAS. As a result of the above, the Group's net profit for the year fell to €2.4m. The main profit-and-loss items in particular performed as follows:

- net interest income rose by 2.2%, from €42.3m to €61.2m, reflecting 13.3% growth in wholesale business, from €34.2m to €78.5m, which absorbed the 5.3% reduction in income from the retail segment, down from €22.5m to €194.9m, due to the launch in operations by CheBanca! and the rise in the cost of funding in the second and third quarters;
- net trading income rose from €89.1m to €121.7m, chiefly due to the significant contribution from dealing activity, up from €3m to €29.5m; income from AFS securities reduced, from €16.1m to €192m, due to dividend income decreasing from €13.5m to €7m;
- net fee and commission income grew by 4.8%, from €88.3m to €111.5m, chiefly due to increases in the contributions from retail operations and from corporate and investment banking, the former up 13.5%, the latter up 3.3%, which more than offset the slowdown in private banking (down 24.6%) as a result of the market downturn;
- companies accounted for on an equity basis contributed minus €18.8m, compared with income at the same stage last year of

€177.8m, largely due to the reduced contribution from Assicurazioni Generali, down from €155.7m to €3m, and significant reductions in the profitability of the other investee companies.

Costs were up 14%, from €39.8m to €729.6m, due to the growth in headcount (with 225 more staff on the books during the period) and the rise in operating costs, up from €19m to €69.5m. The increase reflects costs associated with the start of operations at CheBanca! and Mediobanca's international expansion, which amounted to some €100m, net of which this heading would have shown a 2.2% reduction.

Loan loss provisions reflect the widespread deterioration in the risk profile of businesses and households, virtually doubling from €73.7m to €103.8m, €24.7m of which (30/6/08: €37.9m) in retail financial services, €34.8m (€2.8m) in wholesale banking, and €4.2m (€3.2m) in leasing.

Of the €151.4m in provisions for financial assets, €144m involved the Group's investment in Telco/Telecom Italia, €93.8m was in respect of RCS MediaGroup, €25.5m for Pirelli & C., while the other €186.6m refers to securities held as available for sale. Following these adjustments, based on prices and holdings at the reporting date, the net equity valuation reserve was in negative territory for both equities (€28m) and debt and other securities (€104.7m).

Tax shows a one-off gain of approx. €16m, linked to the amount of goodwill booked in connection with the Linea group acquisition being released from taxation, as permitted by Article 15, paragraph 10 of Italian Legislative Decree 185/08. Gross tax of €34.7m reflects the fact that the provisions for equities and loan loss provisions are not tax deductible (the latter being deductible with respect only to IRAP).

Turning to the individual areas of the Group's activity:

- Corporate and Investment Banking (CIB) reported total income up 21.4% to over €1bn, boosted by higher net interest and trading income, with net fee and commission income holding up well. Net profit of €30.2m reflects over €380m in writedowns linked to the market crisis, €79.1m in respect of the loan book, €26.7m in connection with equity investments, and the other €176.1m on AFS securities (mostly equities);

- Principal Investing (PI) closed the twelve months with a loss of €36.3m, due to writedowns of €41m in respect of the Telco and RCS MediaGroup stakes, and downward equity adjustments amounting to €0.9m (compared with a €184.7m profit at the same time last year);
- Retail and Private Banking (RPB) showed stable revenue levels, with total income of €766.2m, compared with €781.7m twelve months previously, despite the slowdown in private banking (down 18.6%). The rise in costs, from €387.1m to €457.4m, reflects the start-up of CheBanca!, while loan loss provisions increased from €37.9m to €24.7m; nonetheless, this division still manage to deliver a net profit of €11m for the year, due in large part to the extraordinary tax effect of €45.9m referred to above.

On the balance-sheet side, funding increased by 17.3%, from €15.6bn to €33.4bn, boosted by €6.1bn in retail deposits at CheBanca!. AFS and held to maturity holdings in debt securities also increased, from €2.3bn in the aggregate to €6.6bn, as did treasury assets, from €10.2bn to €12.8bn; loans and advances to customers were virtually stable at €34.6bn, versus €35.2bn. In line with market trends and the provisions made for the period, the value of the AFS shares and equity investments declined, jointly amounting to €3.9bn, against €4.4bn last year. The Group still has no “toxic” assets on its books, i.e. positions in US subprime or Alt-A mortgages or in CDOs or CLOs. Assets under management in private banking operations fell from €13.5bn to €12.4bn, chiefly due to the fall in stock market prices.

Despite the sizeable reduction in the book value of the Group’s investment portfolio, the main capital ratios have remained at basically the same levels as one year previously, with the core Tier 1 ratio at 10.3% and the total capital ratio at 11.8%.

* * *

Significant events that have taken place during the twelve months under review include:

- approval of the new Articles of Association by shareholders in an extraordinary general meeting held on 28 October 2008, reflecting the return to a traditional model of corporate governance, with a Board of Directors and Statutory Audit Committee being appointed;

- approval of the corporate governance project required under supervisory regulations on the organization and corporate governance of banks issued last year by the Bank of Italy;
- completion of the merger of Linea and Equilon into Compass, in execution of the plans for integration; goodwill from the acquisition following purchase price allocation (i.e. €105m to other assets and liabilities) now stands at €65.9m;
- subscription for €47.3m in convertible and subordinated hybrid equity-linked securities (“CASHES”) issued by UniCredit and assigned to the AFS portfolio, as part of a €bn deal aimed at strengthening the group’s capital structure. Mediobanca acted as advisor on the offering and underwrote the capital increase. As a result of the transaction, as deposit bank for the securities used for the CASHES issued Mediobanca now holds 967.6 million UniCredit shares (equal to 6.75% of the group’s share capital), which are booked to the memorandum accounts given that all rights and obligations in respect of these shares are assigned to third parties on a pass-through basis);
- reassignment of holdings worth €42.5m in debt securities which are illiquid but have good quality underlying assets (mostly ABS tranches and bonds subscribed for via private placements) from the trading and AFS portfolios to loans and receivables;
- reassignment of the Group’s shareholdings in Gemina (€11.3m) and Pirelli & C. (€15.7m), both of which are syndicated to the shareholders’ agreements controlling the respective companies, from the AFS portfolio to equity-accounted investments;
- closure of all outstanding positions with Lehman Brothers (largely derivative contracts), which have been renegotiated with new counterparties with no significant impact on the profit and loss account;
- approval of the internal capital adequacy assessment process (ICAAP) required under Basel II regulations;
- adoption of consolidation for tax purposes for this and the next two financial year by Mediobanca S.p.A. (as the consolidating entity) and Group companies Compass, SelmaBipiemme Leasing, Palladio Leasing, CheBanca!, Cofactor and Futuro;
- approval of an increase in the annual fee payable to Reconta Ernst & Young for auditing the individual and Group financial statements, which has been granted chiefly in view of the higher workload involved following the increase in the Group’s basis of consolidation and the increase in its international operations.

DEVELOPMENTS IN CAPITAL MARKETS

In the year ended 30 June 2008, the risk capital market in Italy showed a substantial equivalence in terms of funds raised by companies through issuance and placement of securities and funds returned to investors by way of dividends and public tender offers. The former virtually doubled from the previous year, up from €8.6bn to €17.6bn, whereas the latter more than halved, down from €35.7bn to €17bn:

	12 mths to 30/6/07	12 mths to 30/6/08	12 mths to 30/6/09
	€m	€m	€m
Issues and placements of: ^o			
convertible ordinary and savings shares	4,970	8,554	16,759
non-convertible preference and savings shares	—	15	—
convertible bonds and bonds with warrants	477	50	890
	<u>5,447</u>	<u>8,619</u>	<u>17,649</u>
<i>of which, for rights issues:*</i>			
par value	1,102	4,103	6,275
share premium	1,952	3,713	7,418
	3,054	7,816	13,693
Dividends paid out **.....	<u>30,449</u>	<u>31,925</u>	<u>15,814</u>
Public tender offers	<u>6,253</u>	<u>3,803</u>	<u>1,179</u>
Balance	(31,255)	(27,109)	656

^o Excluding placements restricted to professional investors.

* Excluding initial and other public tender offers, which amounted to €549m in 2006/2007 and €361m in 2007/2008, while no such offers were made in 2008/2009, offers restricted to employees, and offers otherwise without option rights.

** For 2008/2009 does not include dividends paid as bonus share issues (which had a stock market value of €0.9bn measured as at the day on which they were awarded).

The most significant change involved dividends, which reduced by over €15bn from €31.9bn to €15.8bn, their lowest level for eight years, with the payout ratio falling from 57% to 39%. This is largely due to banks, whose dividends were down €9.9bn, or 88%; the percentage of the aggregate accounted for by them fell accordingly, from 35% to 9%, to the

benefit of energy companies and utilities, coming to account for 64% of the total (versus 36% in 2007/2008) despite paying €0.9bn less in dividends in absolute terms (down 8%). The share accounted for by insurance companies fell from 10% to 5%, while that represented by other companies (mostly industrials) remained at 18%. More than half of the companies listed in Italy (143 out of 282) failed to pay dividends, as compared with one-third last year; these companies representing 9% of the aggregate market capitalization at the reporting date (3% as at 30 June 2008).

Public tender offers, which were worth just over €1bn (down 69%), continued the downward trend in progress since 2004/2005, with ten companies delisted during the twelve months (the same number as last year).

Share issuance and placements largely involved rights issues, the proceeds from which were up from €7.8bn to €13.7bn, with the share premium component up from 48% to 54%; two-thirds of this was due to state-owned energy companies. A total of twenty companies made share issues restricted to staff, chiefly through exercise of stock options (as compared with 51 companies in 2007/2008), and for much lower amounts (down from €185m to €32m). No public tender offers were made on the MTA (as compared with nine worth a total of €0.6bn during the preceding twelve months). Convertible bond issuance was up, but still of negligible importance.

Net aggregate earnings by Italian companies in 2008 totalled €32.5bn, down over one-third on the €49.9bn recorded the previous year (group consolidated figures). The decline in profitability was felt most by banks, down 58%, and insurances, down 73%; and to a lesser extent, the industrials (down 14%).

Banking group profits fell from €18.7bn to €7.9bn (ROE down from 13.5% to 5.3%). The reduction is due largely to lower dealing profits and net fee and commission income (which were down €6.9bn and €2.4bn respectively); this was offset in part by higher net interest income (up €6.6bn) and dividends (up €1.1bn). However, the items which weighed heaviest were operating costs (up €2.3bn overall, including depreciation and amortization), loan loss provisions (up €4.1bn, up 75%), goodwill (up €2.1bn), other assets (up €3.5bn), and net losses on disposals (up €4.5bn);

while the lower tax burden (€7.6bn) mitigated the fall in net profit. Regulatory capital increased by 5.7%, against a 2.2% downturn in risk-weighted assets; the average solvency margin rose accordingly, from 9.6% to 10.4%.

Insurance companies achieved only one-quarter of the profits recorded one year previously (approx. €1bn, as against €3.8bn, with ROE declining from 19.4% to 6.2%). This was mostly due to the reduction in underwriting profit (€0.4bn), compounded by higher claims (up €1.1bn). The trend in underwriting profits reflects the downturn in gross premium income (€1.4bn) as well as the loss made at the investment income level, against changes in the premium and mathematical reserves. Overall this led to a net profit of approx. €1bn.

The decline in profits by industrial groups, from €7.4bn to €3.5bn despite a €0.7bn increase in net operating margin, is due to financial items, where net interest expense increased by €3.3bn, and extraordinary items (with an additional €3.6bn in net expense), which were only partly offset by the reduction in income tax (€3.8bn). ROE declined from 17.4% to 14.3%. Companies listed in the STAR segment saw their profits fall disproportionately (from €1bn to €0.6bn), with ROE also declining from 12.4% to 7.8%. Aggregate net equity for industrial companies increased by 2%, but was outpaced by aggregate net debt, which rose 7%. Accordingly, the debt/equity ratio increased from 109% in 2007 to 113% in 2008; while if this ratio is measured on the basis of tangible net equity, it would have risen from 395% to 429%.

The Mediobanca share price index retreated by 33% in the twelve months ended 30 June 2009 (down 30% if the change in total return is considered). The main contributors to this were banking stocks (down 39%) and insurances (down 34%), while the industrials' share prices fell 23% and shares in companies listed on the STAR segment by 15%. The average daily volume of stocks traded on the MTA for the twelve months ended 30 June 2009 was almost half that recorded for 2007/2008, at €2.8bn per session, compared with €5.4bn, while the free float remained constant at around 58%. The turnover ratio for shares fell from 26% to 23%, while volatility, despite being low in absolute terms, was still up sharply at 3.4% (compared with 1.8% for the previous 12-month period).

The marked reduction in share prices was accompanied by significant increases in the dividend yield and the price/earnings ratios for virtually all Western stock markets, as the following table shows:

	Price/dividend (%)		Price/earnings (%)	
	2008	2009	2008	2009
Benelux**	3.9	4.0	10.2	8.0
France*	3.0	3.8	7.9	9.4
Germany*	2.3	3.2	6.6	8.3
Italy*	4.1	5.4	7.9	9.0
United Kingdom*	3.4	4.4	7.8	7.0
United States*	2.1	3.1	5.6	7.9
Switzerland**	2.3	3.0	6.4	10.0

* Top 50 profitable, dividend-paying companies by market capitalization.

** Top 20 profitable, dividend-paying companies by market capitalization.

NB: Mean indicators based on share prices as at 1 April 2009. Year-on-year changes in stock market prices on the main financial markets in the twelve months ended 1 April 2009 were as follows (benchmark indexes in brackets): Italy down 50% (Mediobanca MTA), Switzerland down 33% (SMI), Netherlands down 51% (AEX), Germany down 43% (CDAX), United States down 41% (S&P 500), Belgium down 52% (BAS), France down 42% (SBF 250), United Kingdom down 33% (FTSE All-Share).

Assets managed by mutual funds incorporated under Italian law (including funds of funds, closed and hedge funds) again fell, from €268.9bn at 30 June 2008 to €206.3bn as at 30 June 2009. This was due once more to high levels of net redemptions (totalling €3bn) and operating losses (€bn, approx. 4%). Against this backdrop, the share of the portfolio composition accounted for by Italian and non-Italian debt securities remained unchanged, while net disposals of non-Italian equities fell (down 3 points), as did the aggregate share represented by Italian bonds and equities and non-Italian bonds, with the proceeds from such disposals being used to increase cash and cash equivalents (up 6 points). The reduction in roundtrip funds also continued, with assets managed by such funds falling from €172.3bn at end-June 2008 to €143.7bn at end-June 2009; over €4bn of this reduction is attributable to redemptions outweighing subscriptions, and €1bn to operating losses.

The aggregate market capitalization of companies listed on the MTA fell from €542bn to €91bn, with the free float falling from €15bn to €26bn. Taking into account the rights issues implemented with and without option rights (€7bn) and stocks previously listed in the Expandi segment being added to the MTA (€bn), a loss of €174bn attributable to the fall in stock prices emerges.

* * *

The financial markets crisis which took place in the 2008/2009 financial year was tackled by governments in many leading Western countries via stabilization schemes, which involved the states underwriting customers' deposits, providing liquidity for the banking system and subscribing for rights issues implemented by companies with weakened balance sheets. From January 2008 to 30 June 2009, these schemes involved 48 banks in Europe and 755 banks in the United States, resulting in aggregate commitments of approx. €1,200bn and USD 2,300bn respectively; with the share earmarked for recapitalizing companies (which in most cases constituted genuine rescue operations) totalled approx. €40bn and approx. USD 400bn. In Europe, 90% of the amount involved action taken by the United Kingdom and Germany, where new state-owned entities were set up: UK Financial Investments Ltd (UKFI), which has been operative since 1 December 2008; and *Sonderfonds Finanzmarktstabilisierung (SoFFin)*, operative since 27 October 2008. These policies have yet to bring markets back to their pre-crisis levels, but have contributed significantly to re-establishing confidence and restoring normality to operations. However, they have also generated major changes to the competitive scenario, with state-owned banks and banks saved with the help of public finances now a strong presence.

In Europe, nine of the eleven largest banking groups have been boosted by public aid, while in the United States, the five leading banks in the financial industry have all been helped by the federal aid schemes, including the three leading investment banks (one of which, Merrill Lynch, was merged into the Bank of America). Three of these five groups bought back the preferred shares subscribed for by the US government using the taxpayers' money in the first half of 2009. Against this backdrop, following unprecedented losses of approx. €1bn in the second half of 2008, the accounts of all sixteen of these companies showed a recovery in the first six months of 2009. Their financial structure also improved, with the ratio

between total assets and tangible net equity falling from 39 times in December 2007 to 28 times in June 2009, on the back of the massive rights issues subscribed for by the various governments (over 40% of the total amount) and mergers. In the twelve months coinciding with Mediobanca's financial year, the banking groups included in this sample reported an aggregate loss of over €61bn. In the first six months of 2009 the net result for these companies had returned to profit, albeit at a level equal to half that of the 2007 financial year on an annualized basis, due largely to the growing bad debt writeoffs reflecting the crisis faced by corporate customers and defaulting households in consumer credit.

	1H 2008	2H 2008	1H 2009
	€m	€m	€m
11 European banking groups ¹			
Net interest income	69,087	79,665	77,375
Loan loss provisions	19,161	50,433	54,482
Net profit (loss)	9,697	-50,552	2,636
5 US banking groups ²			
Net interest income	48,797	57,360	56,745
Loan loss provisions ³	23,030	35,102	46,754
Net profit (loss)	662	-30,001	16,714

¹ Barclays, BNP Paribas, Commerzbank (including Dresdner Bank, acquired in 2009), Crédit Agricole, Deutsche Bank, HSBC, ING (banking sector only), Lloyds Banking Group (pro-forma, including HBOS which was acquired in 2009), RBS, Société Générale and UBS.

² Bank of America (including Merrill Lynch, acquired in 2009), Citigroup, Goldman Sachs, JPM Chase, Morgan Stanley.

³ Excluding Goldman Sachs and Morgan Stanley, for which no data are available.

Figures in currencies other than the Euro have been translated into Euros based on exchange rates prevailing as at 30 June 2009.

* * *

The performance of the Italian consumer credit market in 2008 and the first six months of 2009 in particular was hit by the ongoing deterioration in the macro-economic framework. This penalized both demand and supply, due to a slowdown in consumption in the case of the former, and stricter lending policies in the case of the latter as a result of the worsening in asset quality.

Assofin data show new loans of €60.6bn for 2008, largely flat versus the €59.8bn recorded the previous year. However, in the first six months of 2009 an 8% reduction was posted, from €1.7bn to €9.1bn. Specific purpose loans, including the auto segment, showed a 20% decrease, due in particular to the reduction in new cars built. The other main driver of the sector's growth in recent years, personal loans, also reversed its trend, with an 8% reduction; while credit cards were up 12%, and salary-backed finance up 16%.

	2006		2007		2008	
	€n	%	€n	%	€n	%
Vehicle credit	20,461	38.7	21,538	36.0	18,642	30.7
Personal loans	14,122	26.7	19,588	32.7	21,718	35.8
Specific-purpose loans ..	5,762	10.9	5,628	9.4	5,054	8.3
Credit cards	8,668	16.4	9,264	15.5	9,928	16.4
Salary-backed finance ...	3,834	7.3	3,816	6.4	5,315	8.8
	52,847	100.0	59,834	100.0	60,657	100.0

Source: Assofin

The mortgage lending market in 2008 reflected a sharp downturn in the number of residential properties bought and sold, more than 15% down on the previous year's total (from 809,000 to 686,000). The residential mortgage market also saw a 10% reduction over the same period, down from €62bn to €56bn.

The negative trend on the Italian leasing market, which had slowed considerably even in 2008 (down 21%), continued and worsened during the first six months of 2009, showing a 41% reduction, in line with the economic recession and the marked deceleration in investments.

	2006		2007		2008	
	€n	%	€n	%	€n	%
Vehicles	9,171	19.1	9,312	19.1	8,465	21.8
Core goods	12,786	26.5	13,794	28.2	12,233	31.6
Property	23,554	49.0	22,665	46.4	15,061	38.8
Yachts	2,599	5.4	3,090	6.3	3,018	7.8
	48,110	100.0	48,861	100.0	38,777	100.0

Source: Assilea

CONSOLIDATED FINANCIAL STATEMENTS*

The consolidated profit and loss account and balance sheet have been restated – including by business area – in order to provide the most accurate reflection of the Group’s operations. The results are also presented in the format recommended by the Bank of Italy as an annex, along with further details on how the various items have been restated.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	12 mths to 30/6/08 pro-forma	12 mths to 30/6/09	Y.o.Y. chg.
	€m	€m	%
Net interest income	842.3	861.2	+2.2
Net trading income	289.1	421.7	+45.9
Net fee and commission income	488.3	511.5	+4.8
Equity-accounted companies	477.8	(18.8)	n.m.
TOTAL INCOME	2,097.5	1,775.6	-15.3
Labour costs.....	(320.8)	(360.1)	+12.3
Administrative expenses	(319.0)	(369.5)	+15.8
OPERATING COSTS	(639.8)	(729.6)	+14.0
Loan loss provisions	(273.7)	(503.8)	+84.1
Provisions for financial assets	(7.5)	(451.4)	n.m.
Extraordinary provisions	(22.7)	—	n.m.
Other profits (losses)	—	(0.1)	n.m.
PROFIT BEFORE TAX	1,153.8	90.7	n.m.
Income tax for the period.....	(130.9)	(88.8)	-32.2
Minority interest	(9.5)	0.5	n.m.
NET PROFIT	1,013.4	2.4	n.m.

* For a description of the methods by which data has been restated, see also the section entitled “Significant accounting policies”.

RESTATED BALANCE SHEET

	30/6/08	30/6/09
	€n	€n
Assets		
Treasury funds	10,247.1	12,753.5
AFS securities	3,778.7	6,653.4
<i>of which: fixed-income</i>	1,725.6	4,997.6
<i>equities</i>	1,588.3	1,247.1
Fixed assets (HTM & LR)	619.9	1,557.5
Loans and advances to customers	34,590.8	35,233.2
Equity investments	2,845.7	2,638.5
Tangible and intangible assets	753.2	764.2
Other assets	979.6	1,097.1
<i>of which: tax assets</i>	548.0	825.8
Total assets	53,815.0	60,697.4
Liabilities		
Funding	45,553.5	53,411.8
<i>of which: debt securities in issue</i>	32,192.9	36,867.8
<i>retail deposits</i>	51.2	6,212.6
Other liabilities	1,187.6	1,288.0
<i>of which: tax liabilities</i>	720.9	649.3
Provisions	210.1	188.3
Net equity	5,849.0	5,806.9
<i>of which: share capital</i>	410.0	410.0
<i>reserves</i>	5,319.1	5,293.6
<i>minority interest</i>	119.9	103.3
Profit for the period	1,014.8	2.4
Total liabilities	53,815.0	60,697.4
<i>Tier 1 capital</i>	5,669.8	5,431.4
<i>Regulatory capital</i>	6,536.0	6,231.9
<i>Tier 1 capital/risk-weighted assets</i>	10.29%	10.30%
<i>Regulatory capital/risk-weighted assets</i>	11.87%	11.82%
<i>No. of shares in issue (millions)</i>	820.1	820.1

BALANCE-SHEET/PROFIT-AND-LOSS DATA BY DIVISION

30 JUNE 2009	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
	€m	€m	€m	€m
Profit-and-loss figures				
Net interest income (expense)	378.5	(11.1)	494.9	861.2
Net trading income	398.2	0.2	31.7	421.7
Net fee and commission income	301.8	—	239.8	511.5
Equity-accounted companies	(17.1)	(0.9)	(0.2)	(18.8)
TOTAL INCOME	1,061.4	(11.8)	766.2	1,775.6
Labour costs	(201.1)	(4.6)	(163.0)	(360.1)
Administrative expenses.....	(100.5)	(2.2)	(294.4)	(369.5)
OPERATING COSTS	(301.6)	(6.8)	(457.4)	(729.6)
Loan loss provisions	(179.1)	—	(324.7)	(503.8)
Provisions for financial assets	(202.8)	(241.0)	(7.5)	(451.4)
Other gains (losses)	—	—	(0.1)	(0.1)
PROFIT BEFORE TAX	377.9	(259.6)	(23.5)	90.7
Income tax for the period	(148.1)	23.3	34.5	(88.8)
Minority interest	0.4	—	—	0.5
NET PROFIT	230.2	(236.3)	11.0	2.4
Cost/income ratio (%)	28.4	n.m.	59.7	41.1
Balance-sheet data				
Treasury funds	13,418.3	—	3,226.7	12,753.5
AFS securities	4,208.7	122.2	2,732.5	6,653.4
Fixed assets (HTM & LR)	1,556.7	—	1,021.7	1,557.5
Equity investments	405.1	2,175.5	0.6	2,638.5
Loans and advances to customers	26,315.0	—	12,140.0	35,233.2
<i>of which: to Group companies</i>	3,207.2	—	—	—
Funding.....	(43,250.2)	(259.8)	(18,334.4)	(53,411.8)
Risk-weighted assets	40,227.3	2,220.2	10,285.2	52,737.5
No. of staff	850	—	2,359 *	3,105

* Includes 104 staff employed by Banca Esperia pro-forma, not included in the Group total.

Notes:

1) Divisions comprise:

- *CIB (Corporate and Investment Banking)*: comprises corporate and investment banking activities, including leasing, plus the Group's AFS portfolio. The companies which contribute to this line of business are: Mediobanca S.p.A., Mediobanca International, MB Securities USA, Consortium, Prominvestment, SelmaBipiemme Leasing, Palladio Leasing and Teleleasing;
- *Principal investing*: this comprises the Group's shareholdings in Assicurazioni Generali, RCS MediaGroup and Telco, plus stakes acquired as part of merchant banking activity and investments in private equity funds;
- *Retail and Private Banking*: activities targeting retail clientèle via consumer credit products, mortgages, deposit accounts, private banking and fiduciary services. Companies forming part of this division include: Compass, CheBanca!, Cofactor, Futuro and Creditech (consumer credit) Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 50% of Banca Esperia pro-forma (private banking).

2) Sum of divisional data differs from Group total due to:

- Banca Esperia being consolidated pro-rata (50%) rather than equity-accounted;
- adjustments/differences arising on consolidation between different business areas, which gave rise to a surplus of €2.3m as at 30 June 2008 and €1.3m as at 30 June 2009).

30 JUNE 2008

	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
	€m	€m	€m	€m
Profit-and-loss figures				
Net interest income (expense)	334.2	(11.6)	522.5	842.3
Net trading income	269.6	3.1	19.0	289.1
Net fee and commission income	292.1	—	240.2	488.3
Equity-accounted companies	(21.5)	484.7	—	477.8
TOTAL INCOME	874.4	476.2	781.7	2,097.5
Labour costs	(172.2)	(5.8)	(155.7)	(320.8)
Administrative expenses	(104.5)	(2.6)	(231.4)	(319.0)
OPERATING COSTS	(276.7)	(8.4)	(387.1)	(639.8)
Loan loss provisions	(36.0)	—	(237.9)	(273.7)
Provisions for financial assets	—	(7.5)	—	(7.5)
Extraordinary provisions	—	—	(22.7)	(22.7)
PROFIT BEFORE TAX	561.7	460.3	134.0	1,153.8
Income tax for the period	(88.0)	26.8	(75.1)	(130.9)
Minority interest	(9.5)	—	—	(9.5)
NET PROFIT	464.2	487.1	58.9	1,013.4
Cost/income ratio (%)	31.6	1.8	49.5	30.5
Balance-sheet data				
Treasury funds	8,954.3	—	1,591.2	10,247.1
AFS securities	2,786.0	60.7	1,050.6	3,778.7
Fixed assets (HTM & LR)	619.2	—	0.7	619.9
Equity investments	119.0	2,670.4	0.4	2,845.7
Loans and advances to customers	26,936.0	—	11,937.4	34,590.8
<i>of which: to Group companies</i>	<i>4,180.2</i>	—	—	—
Funding	(36,180.0)	(259.8)	(13,736.6)	(45,553.5)
Risk-weighted assets	43,202.6	2,546.1	9,329.1	55,081.1
No. of staff	834	—	2,306 *	3,046

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

BALANCE SHEET

The main balance-sheet items, to which Mediobanca contributes over one-half, showed the following trends for the twelve months (comparative data as at 30 June 2008):

Funding — this item rose by 17.3%, from €45,553.5m to €53,411.8m, due to the contribution from CheBanca!, which raised funds of over €bn (with almost 200,000 current and deposit accounts); debt securities increased by approx. €bn (from €1,615.1m to €5,512.4m), and the Euro CDs and commercial paper aggregate by over €775m (from €77.9m to €1,355.4m). Conversely, the other items (current accounts and borrowings) fell as a result of reduced borrowing from other banks (down from €3.4bn to €1.5bn). The increase in the debt security component reflects new issuance worth €3,618m (€1.4bn of which was raised directly from institutional investors, and the remainder through third-party networks) against redemptions and market repurchases totalling €4,513.1m and other adjustments (exchange rates, amortized cost and hedges) amounting to €207.6m.

Loans and advances to customers — these showed a slight increase, from €4,590.8m to €5,233.2m, with positive contributions from retail mortgage lending (up from €2,706.6m to €3,227.9m), corporate finance (up from €17,985.7m to €18,273.9m) and leasing (up from €4,770.1m to €4,833.9m), with consumer credit slowing to €3,108.4m (compared with €3,373m twelve months earlier).

	30/6/08	30/6/09	Change
	€m	€m	%
Corporate and Investment Banking.....	22,755.8	23,107.8	+1.5
– of which: leasing	4,770.1	4,833.9	+1.3
Retail and Private Banking.....	11,835.0	12,125.4	+2.5
– of which: consumer credit.....	8,373.0	8,108.4	–3.2
mortgage lending ...	2,706.6	3,227.9	+19.3
private banking	755.4	789.1	+4.5
TOTAL LOANS AND ADVANCES TO CUSTOMERS	34,590.8	35,233.2	+1.9

The composition of the loan book is substantially unchanged: the share represented by corporate and structured finance accounts for 52% of the total, leasing for 14% and consumer finance for 34% (23% in the shape of consumer credit, 9% in mortgages, and the other 2% in private banking).

Impaired assets (i.e. non-performing, potential problem, restructured and overdue accounts) increased from €42.6m to €88.2m. However, with a coverage rate of over 50% asset quality remains strong. Impaired items accounted for 1.55% of total loans in the large corporate segment, 2.3% in leasing, 2.3% in consumer credit, and 1.7% in mortgage lending. Non-performing items represent just 0.40% of total loans.

At the reporting date there were a total of thirteen significant exposures to groups of customers (including market risk and equity investments), i.e. above 10% of regulatory capital, two more than at the same time last year, which at weighted values amount to a total of €2,032.2m (30/6/08: €0,810.3m). The growth in these positions chiefly reflects the reduction in regulatory capital from €5.5bn to €6.2bn.

Equity investments — these declined from €2,845.7m to €2,638.5m, reflecting the adjustments made to the value of the Group's holdings in Telco and RCS MediaGroup (€37.9m) and a €300.7m reduction upon consolidating the investments in Assicurazioni Generali (€45.2m, including €9.7m in dividends), Telco (€6.3m) and Burgo (€23.8m). As has already been mentioned, the Group's shareholdings in Gemina (€11.3m) and Pirelli & C. (€15.7m) have also been reallocated to this category; both investments are syndicated under the terms of the shareholders' agreements controlling these companies. Previously the investments were classified as AFS shares.

The pro-rata share in the results of the Group's equity-accounted investments shows a loss of €8.8m, reflecting the reduction in profits earned by Assicurazioni Generali (€3m, compared with €455.7m) and RCS MediaGroup (€3m, compared with €6.6m), as well as the losses incurred by Burgo (€17.1m) and Athena Private Equity (€2.5m). The adverse economic scenario recommended downward revision of earnings estimates, leading to writedowns in the Group's investments in RCS MediaGroup (to reflect a value in use of €1.9 per share, occasioning an adjustment of €3.8m) and Telco, which was written down by €144m to reflect impairment charged by the company to its Telecom Italia shares, now recognized at a value of €2.2 per share.

The Gemina and Pirelli & C. shareholdings were booked at the values at which they were originally recorded, adjusted to net equity in the case of Gemina (involving a writedown of €0.9m), and in the case of Pirelli & C. to its value in use, which was established as €0.48 per share, translating to a

loss of €25.5m. Based on share prices and holdings at 30 June 2009, the portfolio showed a surplus of €1,076.9m (€2,871.2m as at 30 June 2008), which rises to €1,676.6m based on current prices, reflecting the upturn on global stock markets. Apart from the Assicurazioni Generali investment, which shows an implicit gain of €1,358.7m, the other listed stocks show an implicit loss of €81.8m as at prices and holdings at 30 June 2009 (€09.1m based on current prices). The valuations used upon testing for impairment are set out in greater detail in section 10 of part B to the notes to the accounts (see p. 102).

	Percentage shareholding*	Book value	Market value as at 30/6/09	Gain (loss)
		€m		
LISTED INVESTMENTS				
Assicurazioni Generali	14.61	1,576.2	2,934.9	1,358.7
RCS MediaGroup, <i>ordinary</i>	14.36	208.5	96.8	(111.7)
Pirelli & C. S.p.A.	4.49	115.7	60.1	(55.6)
Gemina	12.53	211.3	96.8	(114.5)
		<u>2,111.7</u>	<u>3,188.6</u>	<u>1,076.9</u>
OTHER INVESTMENTS				
Telco	10.64	364.2		
Banca Esperia	50.00	57.2		
Burgo Group	22.13	78.1		
Athena Private Equity class A	24.27	25.1		
Fidia	25.00	1.4		
Other minor investments		0.8		
		<u>526.8</u>		
		<u>2,638.5</u>		

* Percentage of entire share capital.

Fixed financial assets — this portfolio consists of financial assets held to maturity totalling €74.4m (€78.1m) and unlisted debt securities (recognized at cost) worth €83.1m (€1.8m), including €42.5m in illiquid securities as mentioned above, which were reclassified from the AFS and trading portfolios as from 30 September 2008 based on their fair value at 1 July 2008 as permitted under IAS 39. Movements for the year involved net purchases of €389.2m and upward adjustments to amortized cost totalling €5.8m. Based on prices and holdings as at the reporting date, this portfolio showed an implicit loss of €105.2m (€0.1m), €46.8m of which in respect of the securities assigned, net of which a writedown of

€6.5m would have been made to the profit and loss account, with the other €0.3m coming from the AFS portfolio. None of the issuers of the securities finds itself in a situation that would warrant impairment.

AFS securities — this portfolio is made up of debt securities worth €1,997.6m (€1,725.6m), equities worth €1,247.1m (€1,588.3m), and other securities totalling €108.7m (€164.9m), €77.3m of which in stock units held by Compagnie Monégasque de Banque and €31.4m in Unicredit CASHES subscribed for by Mediobanca. The €3,272 m increase in the debt security component is largely due to applications of the funding raised by CheBanca!. Movements on the equity side include investments worth €45.8m, €61.7m in capital calls by Sintonia S.A., €0.2m in investments in the mid-corporate segment as part of merchant banking activity, and €9m in investments in private equity and venture capital funds operated by third parties. Disposals of €56.5m yielded gains of €59.1m (including use of the valuation reserves), and writedowns amounting to €79.3m were made at the reporting date. In particular, the negative reserves for investments which at 30 June 2009 had a fair value of less than half that at which they were initially recognized were charged to the profit and loss account. Following this adjustment to the portfolio, which reflects no situations of impairment, the net valuation reserve stood at minus €132.7m (compared with minus €76.7m last year), shared between equities totalling €8m (€16.6m), debt securities (€9.9m, compared with €5.3m) and other securities (€14.7m, versus a positive balance of €5.3m this time last year).

	Percentage shareholding*	Book value as at 30/06/09	Adjustments to fair value	Impairment recognized in P&L	Total AFS reserve
Fiat, <i>ordinary</i>	1.02 – 0.87	79.9	(36.3)	—	16.0
Italmobiliare	9.5 – 5.47	50.5	(54.8)	—	15.9
Other listed securities...		358.0	(27.3)	(168.4)	(109.6)
Sintonia S.A.	6.50	311.8	—	—	—
Delmi S.p.A., <i>ordinary</i> ..	6.00	110.0	(8.4)	—	—
Santé S.A.	9.99	83.0	—	—	—
Other unlisted equities ..		253.8	(0.3)	(10.9)	49.7
TOTAL EQUITIES.....		1,247.0	(127.1)	(179.3)	(28.0)

* First figure refers to percentage of shares held in respective category; second figure refers to percentage of total share capital held.

Hedges to the equity portfolio in the form of forward contracts show a surplus of €9.9m, which has been taken to the reserves.

As previously mentioned, the Group's shareholdings in Gemina worth €12.3m and in Pirelli & C. worth €41.2m have been reallocated as equity investments.

Subsequent to the reporting date, the following events have taken place:

- disposals of holdings in listed shares carried at a book value of €2.9m in connection with the hedging transactions referred to above, yielding a gain of €4.5m;
- investment of €15m to subscribe for a 19.2% interest in Ferretti Holding in connection with the process to recapitalize the group, plus a further approx. €1m in equity instruments deriving from partial conversion of loans.

Treasury funds — these rose from €0,247.1m to €2,753.5m, bolstering the Group's liquidity position. This heading comprises €96.2m (€79.2m) in cash and cash equivalents, €3,806.4m (€7,695.8m) in fixed-income securities, €66.6m (€25.5m) in equities, €37.2m (€96.8m) in positive value adjustments to derivatives contracts, and €347m (€1,049.8m) in net applications of treasury funds, such as repos, interbank deposits, etc. Movements during the twelve months under review and marking the portfolio, including derivatives, to market as at 30 June 2009, generated net gains of €29.5m (€73m). Holdings in asset-backed securities declined, from €06.9m to €24.6m, and continue to be linked to Italian domestic assets (cf. part E, section C of the Notes to the Accounts). All financial instruments have been recognized at their market value if this is meaningful, or alternatively using valuation models based solely on market data.

Tangible and intangible assets — the purchase price allocation process for the acquisition of Linea and its merger into Compass led to the €104.3m in goodwill recorded last year being divided as follows: €65.9m remaining as goodwill, €3m being recorded as brands, and €4.2m being recognized as intangible assets with a defined life (eight years). Deferred taxation of €2.1m on the latter was also recorded, driving an overall increase in this item from €753.2m to €764.2m. All the constituents of this heading passed an impairment test, with no writedowns necessary.

An updated list of the properties owned by the Group is provided below:

	squ. m	Book value	Book value per squ. m
		€000	€000
Milan:			
– Piazzetta Enrico Cuccia n. 1	6,874	16,184.5	2.3
– Via Filodrammatici n. 3, 5, 7 - Piazzetta Bossi n. 1	11,093	64,171.0	5.8
– Piazza Paolo Ferrari n. 6	1,967	4,213.6	2.1
– Foro Buonaparte n. 10	3,918	7,937.1	2.0
– Via Siusi n. 1-7	5,300	4,324.2	0.8
Rome:			
– Piazza di Spagna n. 15	8,228	28,215.1	3.4
– Via Nomentana n. 146	1,790	9,114.0	5.2
Vicenza:			
– Via Btg. Framarin n. 4, 14	4,239	5,025.1	1.2
Monaco	8,166	130,451.1	16.0
Other minor properties	6,627	4,241.3	0.6
	<u>58,202</u>	<u>273,877.0</u>	

Provisions — this comprises the provision for liabilities and charges, which stood at €159.4m (€180.9m), and the staff severance indemnity provision amounting to €28.9m (€29.2m); movements for the year include withdrawals made by Compass in connection with its acquisition of Linea (€9.7m), Compagnie Monégasque de Banque (€2m) and Prominvestment (€0.4m), while Cofactor made a provision of €0.6m.

Net equity — this fell by €25.5m (from €5,729.1m to €5,703.6 m), after last year's net profit of €492.3m was capitalized rather than being distributed. However, this was not sufficient to offset the reduction caused by the combined effect of application of the equity consolidation method (€250.3m) and the €275.6m reduction in the Group's valuation reserve. The AFS securities valuation reserve was in negative territory at minus €4.7m (down from minus €58.7 m), following increases of €11.6m – representing the balance between €1.2m in derecognition of gains following disposals and €202.8m in impairment charge writebacks and share reclassifications – and a €47.7m reduction due to downward adjustments to fair value as at the reporting date (€30.3m of which in

respect of bonds and other securities, €27.1m for equities, and €5m for the Unicredit CASHES), net of the related, €4.8m tax effect. The cash flow hedge reserve declined from €57.5m to minus €2m, after €71.1m in gains realized on profits made on equities sales hedges were taken to the profit and loss account, and a €68.4m downward adjustment was made to derivative valuations to reflect market price trends. Regulatory capital fell from €5,536m to €6,231.9m, reflecting the changes in net equity.

PROFIT AND LOSS ACCOUNT

Net interest income — this rose by 2.2%, from €342.3m to €361.2m, as a result of the higher corporate banking volumes (up 19%), which largely involved treasury activity. Around 58% of net interest income was generated by the retail area (down 5%), and the other 42% by corporate business.

Net trading income — this heading comprises €29.5m (30/6/08: €73m) in dealing profits, €175m (€172.6m) in gains on disposals of AFS securities, and €7m (€13.5m) in dividend income. The healthy trading result was boosted by a good performance in the fourth quarter in particular by the fixed income area, which delivered profits of €71.8m, and the equity area holding up well, with a profit of €22.4m (compared with €3.6m this time last year).

	12 mths to 30/6/08	12 mths to 30/6/09
	€m	€m
Dealing profits (losses)	136.1	245.5
Mark-to-market as at reporting date	(142.7)	(40.0)
Dividends	79.6	24.0
NET TRADING INCOME	<u>73.0</u>	<u>229.5</u>
	12 mths to 30/6/08	12 mths to 30/6/09
	€m	€m
Fixed income	26.2	171.8
Equities	63.6	22.4
Foreign exchange trading	(16.8)	35.3
TOTALE	<u><u>73.0</u></u>	<u><u>229.5</u></u>

Net fee and commission income — this item rose by 4.8%, from €88.3m to €111.5m, driven by corporate business (up 4%) which was boosted by capital market activity (up 20%, from €9m to €107m, €5m of which in the second half of the year) and lending (up from €78m to €101m), which more than offset the reduction in M&A volumes (down from €107m to €78m), in line with market trends. The contribution from retail operations was in line with last year, the reduction in fees from private banking (from €6.8m to €7m) absorbing the higher commissions from consumer credit (up from €145.4m to €160.5m).

Operating costs — this item rose by 14%, from €39.8m to €729.6m, mostly in connection with the Group's operating and geographical expansion, and the related growth in the employee headcount (which increased from 2,851 to 3,076 staff during the period). The various components performed as follows:

- labour costs totalled €60.1m (30/6/08: €20.8m); this includes €1.8m (€0.8m) in emoluments paid to directors, and €3.2m (€0.4m) in implicit expenses due to stock option schemes;
- other costs amounting to €69.5m (€19m), including €4.8m (€0.9m) in ordinary depreciation charges, €3.4m of which in connection with intangible assets booked in respect of acquisitions (Linea plus the Monégasque private banking assets acquired from Unicredit), transfers to provisions for risks and charges of €0.7m (€5.2m) plus administrative expenses totalling €34m (€92.9m), made up as follows:

	12 mths to 30/6/08	12 mths to 30/6/09
	€m	€m
Legal, tax and other professional services	38.1	33.0
Bad debt recovery	6.9	10.9
Marketing and communications	59.5	83.0
Rent and property maintenance charges	34.3	37.5
EDP	36.1	41.1
Financial information subscriptions	17.3	19.3
Banking services, collection and payment charges	16.8	20.5
Operating expenses	37.6	48.3
Other labour costs	23.7	22.1
Others	10.5	6.9
Direct and indirect taxes (net of withholding tax)	12.1	11.4
TOTAL	292.9	334.0

The trends in the main expense items reflect cost cutting efforts at Compass (down €14.7m following the integration with Linea) and Mediobanca (down €3.7m), along with the higher costs by CheBanca! (up €6.7m) which were concentrated in marketing and communications (up €0.3m), EDP (up €1m) and operating expenses (up €2.9m).

Loan loss provisions — the increase in this item, from €73.7m to €03.8m, reflects the general deterioration in the risk profile of households, with provisions in this area rising from €37.9m to €24.7m, plus the collective provisions to the corporate loan book (up from €2.8m to €79.1m) which include €9.2m in adjustments to specific potential problem or restructured exposures.

Provisions for financial assets — this item only regards equity investments and shares owned as part of the AFS portfolio: the €51.4m provision is divided between shares having a fair value of less than half their original cost (€86.6m) and adjustments to the value of shareholdings to bring them in line with their value in use (€64.8m).

Income tax — this item totalled €8.8m, against a pre-tax result only just in profit, after the positive €45.9m impact due to goodwill arising on the merger of Linea and Equilon into Compass being released from taxation. The total reflects the fact that the provisions for equities and loan loss provisions are not tax deductible (the latter deductible only with respect to IRAP). During the year under review, Mediobanca (as the consolidating entity), Compass, SelmaBipiemme Leasing, Palladio Leasing, CheBanca!, Cofactor and Futuro (as the consolidated entities) adopted consolidation for tax purposes for this and the next two financial years. Relations between the consolidating and consolidated entities are governed by individual bilateral agreements regulating cash flows, exchanges of information and the responsibilities of the single companies to the revenue authorities. This system allows the tax base for purposes of IRES to be calculated via the algebraic sum of the total net income for each entity, which has the benefit of enabling individual tax gains and losses and tax debts and credits to be set off. Interest payable on intercompany accounts may also be deducted entirely under tax consolidation.

Divisional results

A review of the Group's performance in its main areas of operation is provided below, according to the customary segmentation.

Corporate and Investment Banking

	12 mths to 30/6/08	12 mths to 30/6/09	Y.o.Y. chg.
	€m	€m	%
Profit-and-loss figures			
Net interest income	334.2	378.5	+13.3
Net trading income	269.6	398.2	+47.7
Net fee and commission income.....	292.1	301.8	+3.3
Equity-accounted companies	(21.5)	(17.1)	-20.5
TOTAL INCOME	874.4	1,061.4	+21.4
Labour costs	(172.2)	(201.1)	+16.8
Administrative expenses	(104.5)	(100.5)	-3.8
OPERATING COSTS	(276.7)	(301.6)	+9.0
Loan loss provisions	(36.0)	(179.1)	n.m.
Provisions for financial assets	—	(202.8)	n.m.
PROFIT BEFORE TAX	561.7	377.9	-32.7
Income tax for the period	(88.0)	(148.1)	+68.3
Minority interest	(9.5)	0.4	n.m.
NET PROFIT	464.2	230.2	-50.4
Cost/income ratio (%)	31.6	28.4	
	30/6/08	30/6/09	Change during period
	€m	€m	%
Treasury funds	8,954.3	13,418.3	+49.9
AFS securities.....	2,786.0	4,208.7	+51.1
Fixed financial assets (HTM & LR)	619.2	1,556.7	n.m.
Equity investments	119.0	405.1	n.m.
Loans and advances to customers	26,936.0	26,315.0	-2.3
<i>of which to Group companies</i>	<i>4,180.2</i>	<i>3,207.2</i>	<i>-21.8</i>
Funding.....	(36,180.0)	(43,250.2)	+19.5

Corporate and Investment Banking 30 June 2009	Wholesale	Leasing	Total
	€m	€m	€m
Net interest income	299.0	79.5	378.5
Net trading income	398.3	(0.1)	398.2
Net fee and commission income	296.1	5.7	301.8
Equity-accounted companies	(17.1)	—	(17.1)
TOTAL INCOME	976.3	85.1	1,061.4
Labour costs	(179.3)	(21.8)	(201.1)
Administrative expenses	(85.9)	(14.6)	(100.5)
OPERATING COSTS	(265.2)	(36.4)	(301.6)
Loan loss provisions	(134.9)	(44.2)	(179.1)
Provisions for financial assets	(202.8)	—	(202.8)
PROFIT BEFORE TAX	373.4	4.5	377.9
Income tax for the period	(143.8)	(4.3)	(148.1)
Minority interest	—	0.4	0.4
NET PROFIT	229.6	0.6	230.2
Cost/income ratio (%)	27.2	42.8	28.4
Other financial assets	17,969.7	62.4	18,032.1
Loans and advances to customers	21,481.2	4,833.8	26,315.0
<i>of which to Group companies</i>	3,207.2	—	3,207.2
New loans	—	1,413.7	—
No. of staff	636	214	850

Corporate and Investment Banking 30 June 2008	Wholesale	Leasing	Total
	€m	€m	€m
Net interest income	259.4	74.8	334.2
Net trading income	269.8	(0.2)	269.6
Net fee and commission income	286.0	6.1	292.1
Equity-accounted companies	(21.5)	—	(21.5)
TOTAL INCOME	793.7	80.7	874.4
Labour costs	(152.3)	(19.9)	(172.2)
Administrative expenses	(90.6)	(13.9)	(104.5)
OPERATING COSTS	(242.9)	(33.8)	(276.7)
Loan loss provisions	(22.8)	(13.2)	(36.0)
Provisions for financial assets	—	—	—
PROFIT BEFORE TAX	528.0	33.7	561.7
Income tax for the period	(73.9)	(14.1)	(88.0)
Minority interest	0.5	(10.0)	(9.5)
NET PROFIT	454.6	9.6	464.2
Cost/income ratio (%)	30.6	41.9	31.6
Other financial assets	12,258.9	103.7	12,362.6
Loans and advances to customers	22,166.0	4,770.0	26,936.0
<i>of which to Group companies</i>	4,180.2	—	4,180.2
New loans	—	1,812.4	—
No. of staff	601	233	834

Despite the crisis, total income showed a significant increase of 21.4%, helped by all the main items. The contribution from non-Italian customers was approx. 15% of divisional revenues, up 70%, from €37m to €150m. In more detail:

- net interest income rose by 13.3%, from €34.2m to €78.5m, with both segments contributing positively: wholesale banking was up 15% (from €59.4m to €99m), and leasing up 6%, from €74.8m to €9.5m;
- net trading income increased from €69.6m to €98.2m, boosted by dealing profits of €24.2m (against €7.6m last year), which offset the slowdown in income from the AFS portfolio (€174m, compared with €12m), which was also affected by the reduced dividends (€7m, versus €3.5m);
- net fee and commission income rose from €92.1m to €101.8m, an increase of 3.3%, despite the slowdown in investment banking activity and an unfavourable comparison base given the outstanding performance delivered last year.

The 9% increase in costs, from €76.7m to €101.6m, is entirely due to strengthening the headcount, in particular outside Italy; there were 62 more staff on average on the books in wholesale banking than at the same time last year, at a cost which rises from €52.3m to €79.3m.

The economic and market crisis led to an increase in adjustments to the securities portfolio of €102.8m, and to loans and receivables from €36m to €79.1m. Accordingly, net profit came in at €30.2m, compared to €164.2m one year previously, including due to the effect of higher tax (€48.1m, versus €38m) as a result of provisions for shareholdings and loans being non-tax-deductible, as mentioned earlier.

Lending and structured finance — growth, albeit modest, in lending to corporates has continued in what has been a period of great uncertainty, rising 1.6%, from €7,985.8m to €8,274m. Around 30% of the total exposure is to companies resident outside Italy, in particular in France (9% of total lendings), Spain (8.2%) and Germany (5.8%). During the year a total of three positions involving loans worth a total of €83.8m were classified as potential problem accounts, net of €1m in provisions made to cover them; impaired assets represent just 1.55% of the total loan book, while non-performing loans were virtually nil. In loan syndication, where

Mediobanca acts as bookrunner and arranges club deals, transactions worth a total of €5.4bn (€5bn) were arranged during the period, despite the contraction of this market. This area generated over 27% of the Group's CIB revenues.

Funding and treasury accounts — funding rose from €6,180m to €3,250.2m, and comprises: €8,243.9m (€2,290m) in debt securities in issue, €1,355.4m of which in short-term funding (CDs and commercial paper); €1,954.6m (€74.5m) in deposits and current accounts, and €3,051.7m (€3,315.5m), in other forms of funding, chiefly attributable to leasing activity. Treasury accounts consist of €24.8m (€80.4m) in cash and cash equivalents, €3,015.7m (€6,867.1m) in debt securities, €92.7m (€453.2m) in equities, €80.1m (€84.8m) in positive valuations on derivative contracts, and €1,705m (€1,168.8m) in net short-term applications, €1,179.1m of which with Group companies. The contribution from trading activity was significant, at €24.2m (€30m of which in the fourth quarter), helping this area to contribute 33% of the total income generated by CIB activities.

Fixed investments and AFS bonds — these include €73.6m (€77.4m) in securities held to maturity, €83.1m (€1.8m) in unlisted debt securities recognized at cost, and €2,774.6m (€1,280.4m) in AFS bonds. During the period under review, there were purchases worth a total of €2,577.5m, mostly in the AFS segment, transfers of securities from treasury totalling €12.6m, sales of €18.3m, adjustments to reflect amortized cost of €7.4m, and €7.8m in adjustments to fair value. Overall, writedowns of €34.7m were made to this portfolio as at the reporting date, €14.7m of which was booked to the net equity valuation reserves.

Equity investments and AFS shares — this portfolio brings together the Group's holdings in equities held as available for sale, plus its investments in Gemina, Pirelli & C. and Burgo. As at 30 June 2009, the portfolio was worth €1,507.9m (€1,624.3m), after charges to reflect impairment to investments totalling €202.8m, downward adjustments of €22.5m to reflect fair value at the reporting date, and pro-rata downward adjustments to net equity in an amount of €10.9m (€7.1m of which were taken to the profit and loss account. Purchases worth €76.2m were made during the period, and disposals of €55.1m yielding gains of €58m (including €2.2m in reserves accrued during previous years).

As for the equity-accounted companies:

Gemina: the 12.5% stake owned in this company is recognized in consolidated net equity at a value of €211.3m as at 31 March 2009, after being written down as to €0.9m.

Pirelli & C.: the 4.5% stake in this company is recognized at €115.7m, that is, its value in use calculated at €0.48 per share, as opposed to its net equity value of €0.38 per share; consolidation of this investment led to a writedown of €25.5m being charged versus prices as at 31 March, and goodwill of €24.3m being recorded.

Burgo Group: adjusting this investment to net equity generated a loss of €17.1m, in addition to €23.8m in asset adjustments in connection with the negative performance by the valuation reserves. As at 30 June 2009, this stake, which is equal to 22.13% of Burgo's share capital, was carried at €78.1m, pro-rata to net equity.

Investment banking — in a market which has contracted sharply, Mediobanca has strengthened its domestic leadership position as well as growing internationally through its non-Italian branches, as mentioned previously; total income was down just 6% compared to last year, when outstanding results were achieved. This area generated approx. 17% of the Group's total income from CIB activities.

Leasing — this activity showed a small profit for the period, of €0.6m, compared with €9.6m last year, after adjustments to receivables totalling €44.2m (€13.2m), €19.5m of which in connection with one exposure in particular. Total income improved, from €80.7m to €85.1m, on 6.3% growth in net interest income (from €74.8m to €79.5m). The upward trend in operating costs, which rose from €33.8m to €36.4m, reflect the (€3.3m in non-recurring charges due to staff leaving incentives and one securitization deal being implemented. Amounts leased to customers rose from €4,770.2m to €4,833.8m, on new leases for the period under review totalling €1,413.7m (€1,812.4m), which reflects the widespread contraction in the leasing market which has been measured at approx. 20% for the twelve months to 31 December 2008, and 40% for the first six months of 2009 (source: Assilea). Net impaired assets (i.e. non-performing, potential problem, restructured and overdue accounts) rose from €75.5m to €111m, equal to 2.3% (1.6%) of total lendings; this includes the outstanding balance of €17.6m on one single restructured exposure.

Turning now to the results of the individual group companies:

- *SelmaBipiemme Leasing S.p.A.*, Milan (60%-owned): this company made a loss of €7.7m in the year ended 30 June 2009, compared with €3.2m net profit last year, after dividends of €4.8m (unchanged) and €7.9m (€8m) in adjustments to receivables.

During the twelve months under review, 7,804 leases were executed for goods worth a total of €744.7m, compared with 9,690 leases worth €46.8m last year. As at the reporting date, amounts leased to customers totalled €2,715.3m, virtually flat versus the figure recorded at 30 June 2008 (€2,712.7m).

The company employs 122 staff.

- *Palladio Leasing S.p.A.*, Vicenza (95%-owned via *SelmaBipiemme Leasing*, the other shares being held by *Palladio* itself): *Palladio Leasing*'s accounts for the twelve months ended 30 June 2009 show a net profit of €2.5m, down sharply on the figure reported at the same time last year €7.7m, after adjustments to receivables totaling €4.9m and tax of €2m (€3.8m and €5.1m respectively at the same stage last year). The results reflect a major reduction in net interest income (€3.8m) attributable to the higher cost of funding and to higher adjustments of €1.1m.

During the period under review the company executed 1,968 leases in respect of goods worth a gross value of €400.8m, compared with 2,908 leases worth €64.3m one year previously. As at the reporting date, amounts leased to customers had grown by 2.7% compared to the same time last year, from €1,567.6m to €1,609.8m

The company employs 59 staff.

- *Teleleasing S.p.A.*, Milan (80%-owned via *SelmaBipiemme Leasing*): this company earned a net profit of €6.8m (€9.1m), after adjustments of €1.4m (€0.2m) and tax of €3.8m (€4.6m).

During the twelve months under review, the company executed 6,416 leases in respect of goods worth €268.3m, compared with 7,579 leases worth €301.3m the previous year. As at the reporting date, amounts leased to customers had grown by 1% compared to the same time last year, from €69.1m to €74.7m.

The company employs 35 staff.

Principal Investing

	12 mths to 30/6/08	12 mths to 30/6/09	Y.o.Y. chg.
	€m	€m	%
Profit-and-loss figures			
Net interest income	(11.6)	(11.1)	-4.3
Net trading income	3.1	0.2	n.m.
Equity-accounted investments	484.7	(0.9)	n.m.
TOTAL INCOME	476.2	(11.8)	n.m.
Labour costs.....	(5.8)	(4.6)	-20.7
Administrative expenses	(2.6)	(2.2)	-15.4
OPERATING COSTS	(8.4)	(6.8)	-19.0
Value adjustments to financial assets.....	(7.5)	(241.0)	n.m.
PROFIT BEFORE TAX	460.3	(259.6)	n.m.
Income tax for the period	26.8	23.3	n.m.
NET PROFIT	487.1	(236.3)	n.m.
	30/6/08	30/6/09	Change during period
	€m	€m	%
AFS securities.....	60.7	122.2	+101.3
Equity investments	2,670.4	2,175.5	-18.5

This division's results for the twelve months under review was impacted significantly by the market crisis, which meant that the Group's equity-accounted investments returned a virtually nil result, compared with a net profit of €184.7m last year, and writedowns of €241m being charged to reflect the reduction in estimated profit flows from these investments.

The profits realized on equity-accounting the Group's investments in Assicurazioni Generali, RCS MediaGroup and Telco (which amounted to €3m, €2.3m and €1.5m respectively) were not sufficient to offset the loss made on the holding in Athena Private Equity (€12.5m) which was linked to the writedown in the investment portfolio.

The value adjustments consist almost entirely of writedowns to bring the shareholdings in Telco and RCS MediaGroup into line with their value in use, which amounted to €144m in the case of the former and €93.8m in the case of the latter.

Taxation for the year showed a credit of €23.3m, after deferred tax liabilities were released to the profit and loss account. These were calculated based on the difference between the book value and the original acquisition cost of the shareholdings.

The balance-sheet aggregates include the item equity investments, which were booked at €1,175.5m, down from the €1,670.4m recorded twelve months previously, reflecting asset changes in respect of the equity-accounted investments totalling €55.8m in addition to the movements referred to previously, €29.7m of which in dividends collected during the year. The remainder of the portfolio, which consists of investments made in connection with merchant banking and private equity activities (recorded as AFS) shows a balance of €122.2m (€60.7m) following acquisitions totalling €8.9m, adjustments to the profit and loss account amounting to €3m, and downward adjustments to fair value of €4.7m.

With respect to the individual shareholdings:

- *Assicurazioni Generali*: at 30 June 2009 this investment, which represents 14.61% of the company's share capital (up from the 14.05% recorded last year, after bonus shares were awarded instead of a dividend) is carried at a book value of €1,576.2m (€1,813.5m) which includes the Group's pro-rata share in the profits earned by Generali for the period (€3m), net of the dividend collected (€29.7m) and asset adjustments of €15.5m in connection with changes in the valuation reserves.
- *Telco*: this investment, which represents 10.64% of the investee company's share capital, is carried at a book value of €64.2m, following gains arising upon equity method consolidation totalling €1.5m, asset adjustments of €3.3m, and writedowns of €144m reflecting the writedown to the Telecom Italia shareholding made in Telecom Italia's own accounts, to reflect a value in use of €2.2 per share; this figure has been calculated based on the prospects for Telecom Italia as presented to the financial community in December 2008, and is borne out by the results achieved in the first two quarters of 2009; given this scenario, no further impairment test has been made for the second half-year, even though Telco's net equity based on market prices as at end-June 2009 is theoretically nil.
- *RCS MediaGroup*: the Group holds an interest of 14.94% in the ordinary share capital of this company, and of 14.36% in its total share capital. This holding is carried at a book value of €208.5m, in line with a value in use that has been calculated at €1.9 per share, leading to a €3.8m charge being taken to the profit and loss account; this after profit for the period amounting to €2.3m, and downward asset adjustments totalling €3.8m.

- *Athena Private Equity*: the Group holds an interest of 24.27% in the fund, which is carried at a book value of €25.1m after losses totalling €12.5m due to writedowns in the Group's investment portfolio.

Retail and Private Banking

	12 mths to 30/6/08 pro-forma	12 mths to 30/6/09	Y.o.Y. chg.
	€m	€m	%
Profit-and-loss figures			
Net interest income	522.5	494.9	-5.3
Net trading income	19.0	31.7	+66.8
Net fee and commission income	240.2	239.8	-0.2
Equity-accounted companies	—	(0.2)	n.m.
TOTAL INCOME	781.7	766.2	-2.0
Labour costs	(155.7)	(163.0)	+4.7
Administrative expense	(231.4)	(294.4)	+27.2
OPERATING COSTS	(387.1)	(457.4)	+18.2
Loan loss provisions	(237.9)	(324.7)	+36.5
Net value adjustments to other financial assets	—	(7.5)	n.m.
Other gains (losses)	(22.7)	(0.1)	n.m.
PROFIT BEFORE TAX	134.0	(23.5)	n.m.
Income tax for the period	(75.1)	34.5	n.m.
NET PROFIT (LOSS)	58.9	11.0	-81.3
Cost/income ratio (%)	49.5	59.7	
	30/6/08	30/6/09	Change during period
	€m	€m	%
Treasury funds	1,591.2	3,226.7	+102.8
AFS securities	1,050.6	2,732.5	+160.1
Fixed financial assets (HTM & LR)	0.7	1,021.7	n.m.
Equity investments	0.4	0.6	+50.0
Loans and advances to customers	11,937.4	12,140.0	+1.7
Funding	(13,736.6)	(18,334.4)	+33.5

The year ended 30 June 2009 shows an operating loss of €23.5m (down over €150m), reflecting €75.1m in costs linked to the launch and consolidation of CheBanca!, an €6.8m increase in loan loss provisions (from €37.9m to €24.7m), and a €5.8m reduction from private banking. A one-off tax benefit of €45.9m, linked to goodwill recognized upon the consolidation of Linea being released from taxation, generated a net profit of €1m (€58.9m).

The top line reflects net interest income declining by 5.3%, from €22.5m to €194.9m, chiefly as a result of higher retail funding expenses, and lower private banking fees (down from €6.3m to €5.1m); but, helped by higher consumer credit commissions, up from €149.6m to €168.8m, fell by just 2% overall, from €781.7m to €766.2m.

The development programme underway at CheBanca! led to an increase in operating costs, from €87.1m to €157.4m.

Loan loss provisions grew by over one-third, from €37.9m to €24.7m, due to the deterioration in asset quality as a result of the decline in financial conditions for households. The negative trend on markets also occasioned €7.5m in writedowns to securities held by Compagnie Monégasque de Banque.

Income tax for the period reflects a surplus of €4.5m, boosted by the one-off effect of goodwill recorded upon the merger of Linea and Equilon into Compass being released from taxation (€45.9m) and to €6m in advance tax being recorded in respect of CheBanca!.

Loans and advances to customers rose from €1.9bn to €2.1bn, due to growth in mortgage lending (from €2.7bn to €3.2bn), which offset the reduced exposure to consumer credit (down from €3.4bn to €3.1bn) as a result of the Group's gradual exit from low-margin channels and the downturn in demand.

Funding, which increased overall from €3.7bn to €18.3bn, includes over €6bn in customer deposits raised by CheBanca!.

A breakdown of this division's results by business segment is provided below:

Retail and Private Banking 30 June 2009	Consumer credit	Retail Banking	Private Banking	Total
	€m	€m	€m	€m
Net interest income	436.6	23.6	34.7	494.9
Net trading income	0.1	17.1	14.5	31.7
Net fee and commission income	168.8	5.9	65.1	239.8
Equity-accounted companies	(0.2)	—	—	(0.2)
TOTAL INCOME	605.3	46.6	114.3	766.2
Labour costs	(78.4)	(38.2)	(46.4)	(163.0)
Administrative expense	(143.4)	(117.3)	(33.7)	(294.4)
OPERATING COSTS	(221.8)	(155.5)	(80.1)	(457.4)
Loan loss provisions	(297.7)	(27.0)	—	(324.7)
Net value adjustments to other financial assets	—	—	(7.5)	(7.5)
Other gains (losses)	—	—	(0.1)	(0.1)
PROFIT BEFORE TAX	85.8	(135.9)	26.6	(23.5)
Income tax for the period	(1.1)	36.0	(0.4)	34.5
NET PROFIT (LOSS)	84.7	(99.9)	26.2	11.0
Cost/income ratio (%)	36.6	333.7	70.0	59.7
Equity investments	0.5	—	0.1	0.6
Other financial assets	515.0	4,229.4	2,236.5	6,980.9
Loans and advances to customers	8,108.4	3,227.9	803.7	12,140.0
New loans	3,794.1	840.3	—	4,634.4
No. of branches	146	55	—	201
No. of staff	1,284	730	345	2,359

Retail and Private Banking 30 June 2008 (pro-forma)	Consumer credit	Retail Banking	Private Banking	Total
	€m	€m	€m	€m
Net interest income	438.5	44.8	39.2	522.5
Net trading income	4.0	—	15.0	19.0
Net fee and commission income	149.6	4.3	86.3	240.2
Equity-accounted companies	—	—	—	—
TOTAL INCOME	592.1	49.1	140.5	781.7
Labour costs	(87.0)	(22.8)	(45.9)	(155.7)
Administrative expense	(144.7)	(57.6)	(29.1)	(231.4)
OPERATING COSTS	(231.7)	(80.4)	(75.0)	(387.1)
Loan loss provisions	(224.2)	(13.3)	(0.4)	(237.9)
Net value adjustments to other financial assets	—	—	—	—
Extraordinary provisions	(20.0)	—	(2.7)	(22.7)
PROFIT BEFORE TAX	116.2	(44.6)	62.4	134.0
Income tax for the period	(84.6)	15.0	(5.5)	(75.1)
NET PROFIT (LOSS)	31.6	(29.6)	56.9	58.9
Cost/income ratio (%)	39.1	n.m.	53.2	49.5
Equity investments	0.3	—	0.1	0.4
Other financial assets	296.7	38.0	2,307.1	2,641.8
Loans and advances to customers	8,373.0	2,706.6	857.8	11,937.4
New loans	5,162.0	819.0	—	5,981.0
No. of branches	173	38	—	211
No. of staff	1,522	470	314	2,306

Consumer credit shows total income up from €92.1m to €605.3m, due to higher net income (up from €149.6m to €168.8m), chiefly insurance products, with net interest income holding up well at €36.6m (compared with €138.5m). Operating costs were down from €31.7m to €21.8m, on the back of savings achieved from the Compass/Linea integration. Net profit came in at €4.7m (€1.6m), after higher loan loss provisions of €97.7m (€24.2m) were partly offset by the one-off tax effect of €45.9m referred to earlier.

New loans disbursed in the twelve months totalled €3,794.1m (down 26% from the €5,162m recorded last year including Linea), reflecting the market slowdown as well as the Compass group's gradual repositioning post-integration. Total loans of €3,108.4m were down 3.2% on last year (€3,373m). Net impaired assets (i.e. non-performing, potential problem, restructured and overdue accounts) rose from €102.1m to €183.5m, equal to 2.2% (1.2%) of total loans.

Retail banking shows a net loss of €9.9m (€9.6m), after deferred tax assets of €6m (€15m) were recognized. Total income remained flat at €46.6m, compared with €49.1m, with the reduction in net interest income (from €44.8m to €23.6m) being almost entirely offset by gains of €17.1m on the securities portfolio, and an improvement in net fee and commission income, up from €4.3m to €5.9m. The full-year results were impacted by higher operating costs (€155.5m, as against €80.4m last year) and loan loss provisions (up from €13.3m to €27m).

Mortgage lending showed growth of 2.6% in new loans (from €19m to €40.3m) and of 19.3% in total loans (from €2,706.6m to €3,227.9m); net impaired assets (i.e. non-performing, potential problem, restructured and overdue accounts) increased from €33.9m to €56.4m, and represented 1.7% (1.2%) of total loans, in line with the deterioration in household risk. Retail funding was above €bn, with the portion in excess of the division's day-to-day requirements being transferred to Mediobanca S.p.A.

Private banking was hit by the crisis, in terms of reduced commission income (€5.1m, compared with €6.3m) and trading income (€14.5m, versus €15m). Accordingly, total income reported by Compagnie Monégasque de Banque fell from €92.1m to €82.1m, as did that posted by Banca Esperia, from €41.6m to €25.9m, the latter being more exposed to performance fees. The net profit earned from this activity reduced from €56.9m to €26.2m, due to operating costs rising from €75m to €80.1m, and adjustments to the AFS portfolio totalling €7.5m. Assets under management on a discretionary and non-discretionary basis amounted to €12.4bn (as opposed to €13.5bn as at end-June 2008), €3.1bn (€3.2bn) of which was attributable to Compagnie Monégasque de Banque, and €4.3bn (€5.3bn) to Banca Esperia.

The Group's shareholding in Banca Esperia rose from 48.5% to 50% during the year under review, Mediobanca and Mediolanum both acquiring 1.5% stakes respectively from the other shareholder.

Private Banking 30 June 2009	CMB	Banca Esperia 50%	Others	Total PB
	€m	€m	€m	€m
Net interest income	31.5	2.9	0.3	34.7
Net trading income (expense)	16.6	(2.0)	(0.1)	14.5
Net fee and commission income	34.0	25.0	6.1	65.1
TOTAL INCOME	82.1	25.9	6.3	114.3
Labour costs	(28.3)	(14.7)	(3.4)	(46.4)
Administrative expenses	(20.2)	(12.0)	(1.5)	(33.7)
OPERATING COSTS	(48.5)	(26.7)	(4.9)	(80.1)
Net value adjustments to other financial assetse	(7.5)	—	—	(7.5)
Other gains (losses)	—	—	(0.1)	(0.1)
PROFIT BEFORE TAX	26.1	(0.8)	1.3	26.6
Income tax for the period	—	0.2	(0.6)	(0.4)
NET PROFIT	26.1	(0.6)	0.7	26.2
Assets under management	8,063.0	4,289.5	—	12,352.5
Securities held on a fiduciary basis	N/A	N/A	1,139.0	1,139.0

Private Banking 30 June 2008	CMB	Banca Esperia 48.5%	Others	Total PB
	€m	€m	€m	€m
Net interest income	34.1	4.7	0.4	39.2
Net trading income (expense)	14.5	0.5	—	15.0
Net fee and commission income	43.5	36.4	6.4	86.3
TOTAL INCOME	92.1	41.6	6.8	140.5
Labour costs	(23.5)	(18.8)	(3.6)	(45.9)
Administrative expenses	(18.4)	(9.1)	(1.6)	(29.1)
OPERATING COSTS	(41.9)	(27.9)	(5.2)	(75.0)
Net value adjustments to other financial assetse	(0.3)	—	(0.1)	(0.4)
Extraordinary provisions	(2.7)	—	—	(2.7)
PROFIT BEFORE TAX	47.2	13.7	1.5	62.4
Income tax for the period	0.1	(5.1)	(0.5)	(5.5)
NET PROFIT	47.3	8.6	1.0	56.9
Assets under management	8,208.0	5,325.3	—	13,533.3
Securities held on a fiduciary basis	N/A	N/A	1,206.5	1,206.5

Turning now to the results of the individual Compass group companies:

- *Compass S.p.A., Milan (consumer credit)*: this company's accounts for the period ended 30 June 2009 show a pre-tax profit of €74.4m (€14.5m), after loan loss provisions totalling €95.8m (€23.1m). Net profit of €79.2m (€6m) reflects the one-off tax effect of €15.9m, linked to goodwill arising on the merger of Linea and Equilon, being released from taxation.

During the period under review, Compass disbursed 848,796 new loans worth €3,547.9m; this reflects a decrease of 26.2% in the number of contracts, and of 27.2% in terms of value, from the figures reported last year, when a total of 1,150,525 new loans were granted for €4,874.3m in new finance. This trend reflects the general downturn in demand for credit as a result of the recession scenario, as well as more stringent criteria in terms of risk selection, including a targeted clean-up of the former Linea loan book. Loans outstanding as at the reporting date were down on last year, from €3,500m (pro-forma including loans by Linea and Equilon) to €7,837.2m.

The company employs 1,126 staff at its head office and 146 branches.

- *CheBanca! S.p.A., Milan (retail banking)*: the company's accounts for the twelve months ended 30 June 2009 show a net loss of €9.9m (€29.5m), after advance tax of €5.8m (€14.8m). The operating loss of €35.7m (€14.3m) reflects higher costs of €75.3m (€15.5m of which in labour costs) due to launch of the new banking activity, which coincided substantially with the financial year under review, and a €3.7m increase in loan loss provisions (up from €13.3m to €27m) attributable to the downturn in mortgage lending business.

On 25 June 2009, in partial implementation of a resolution adopted at an extraordinary general meeting held on 23 April 2009, the Board of Directors increased the company's share capital by €130m, from €70m to €200m, subscribed for and paid up by the company's sole shareholder Compass.

During the period under review a total of 6,994 mortgages worth €40.3m were executed, compared with 6,665 mortgages worth €18.5m one year previously. Mortgages outstanding as at the

reporting date were up 19.3% on the figure recorded at 30 June 2008, from €2,706.6m to €3,228.3m.

The year under review saw the new banking operations soundly established, with funding volumes (chiefly raised from the twelve-month deposit accounts) exceeding €6bn by the reporting date. The retail funding was used chiefly to finance the company's core mortgage lending business, and to establish a portfolio of securities which as at 30 June 2009 was worth approx. €1.1bn; the remainder was transferred to Mediobanca S.p.A.

The company employs 728 staff at its head office and 55 branches, 26 of which under the CheBanca! brand, 24 under the CheBanca! Divisione Casa brand, and 5 in France under the Micos Crédit Immobilier brand.

- *Cofactor S.p.A., Milan (non-recourse factoring)*: this company recorded a net profit of €480,000 for the year (€13,000).

At the reporting date Cofactor's loan book was carried at a value of €4.2m (compared with €0.5m at 30 June 2008).

The company employs 49 staff.

- *Creditech S.p.A., Milan (credit management)*: Creditech delivered a profit of €1.9m (€2m) during the year, after tax of €2.4m (€1.3m). The company generated revenues of €20m (€12.3m) in the twelve months.

Creditech employs 46 staff.

- *Futuro S.p.A., Milan (salary-backed loans)*: this company posted a net profit of €2.1m (€3.3m, pro-forma), after one-off charges of €0.5m and tax of €1.5m (€2.3m).

Futuro granted 12,181 loans worth €204m, as against 7,787 loans worth €137m in the corresponding period last year. Its business is generated almost entirely through agents and brokers. Loans and advances outstanding at the reporting date were up 17% on the figure recorded at 30 June 2008, from €139.5m to €14.1m.

The company employs 64 staff.

- *Ducati Financial Services S.r.l.*, Milan (50:50 joint venture between Linea and Ducati Motor Holding; equity-accounted): this company's results show a loss of €186,000, compared with a pro-forma profit last year of €65,000, after adjustments totalling €1,190,000 (€143,900).

The company granted 6,340 loans worth €12.4m (compared with 5,263 loans worth €11.2m last year). Loans and advances to customers were up from €13.2m to €18.4m.

The company employs 5 staff.

- *Compagnie Monégasque de Banque*, Monaco: CMB's consolidated accounts for the year ended 31 December 2008 show a net profit of €33.2m (€17.2m), on net interest income of €28.4m (€2.2m), and net fee and commission income of €8.8m (€13m). Lendings totalled €72.8m (€80.0m) and deposits amounted to €2,491.2m (€1,723.6m). Assets under management on a discretionary/non-discretionary basis fell by 0.7% from €1.1bn to €1bn.

In the six months ended 30 June 2009, CMB posted a net profit of €2.7m (€24m) on management and brokerage fees of €6.1m (€2.7m); assets under management on a discretionary/non-discretionary basis totalled €1.1bn.

The company had 205 staff on its books as at 30 June 2009.

- *Banca Esperia S.p.A.*, Milan (50%-owned): in the year ended 31 December 2008, the Esperia group recorded a profit of €1.1m (€28.6m), on net fee and commission income of €8.9m (€5m); this reduction is due to lower performance fee income, in line with market trends.

In the six months ended 30 June 2009, a pre-tax profit of €2.2m (€6.9m) was earned, on management fees of €3.6m (€2.3m) and assets under management totalling €6bn.

The company employs 208 staff.

- *Spafid - Società per Amministrazioni Fiduciarie S.p.A.*, Milan: in the twelve months ended 30 June 2009, Spafid earned a net profit of €75,000 (€2m), on net fees of €1.1m (€1.2m). Securities and value items held on a fiduciary basis totalled €1,325 m (€1,372.4m).

The company employs 18 staff.

— *Prudentia Fiduciaria S.p.A.*, Milan: in the twelve months ended 30 June 2009, this company earned a profit of €4,000 (€5,000), after tax of €4,000 (€27,000). Securities held on a fiduciary basis amounted to €4.9m (€8.2m).

The company employs 25 staff.

OTHER INFORMATION

Related party disclosure

Financial accounts outstanding as at 30 June 2009 between companies forming part of the Mediobanca Group and related parties, and transactions undertaken between such parties during the financial year are illustrated in Part H of the Notes to the Consolidated Accounts.

All such accounts form part of the Group companies' ordinary operations, are maintained on an arm's length basis, and are entered into solely in the interests of the companies concerned. No atypical or irregular transactions have been entered into with such counterparties.

* * *

Article 36 of Consob's Market Regulations

With reference to Article 36 of Consob resolution no. 16191/07 (Market Regulations) on the subject of prerequisites for listing in respect of parent companies incorporated or regulated in accordance with the laws of EU member states and of significance in terms of preparing consolidated accounts, notice is hereby given that Compagnie Monégasque de Banque is covered by this regulatory provision, and that adequate procedures have already been adopted to ensure full compliance with the foregoing regulation.

* * *

Outlook

Prospects for the coming financial year continue to depend closely on developments in the current scenario, which is still critical in terms of the risk profile for companies and households. Against this backdrop, the Group's total income from banking activity is expected to be confirmed, with a positive contribution from the equity-accounted companies. Costs and loan loss provisions are estimated to rise once more, the former due to consolidating CheBanca! and strengthening Mediobanca's franchise outside Italy, the latter due to the ongoing difficulties facing companies and households in servicing their debt regularly. The values of the securities and equity investment portfolios will obviously remain closely linked to stock market trends. Save in the event of unforeseeable circumstances, net profit is expected to increase.

Reconciliation of shareholders' equity and net profit

	Shareholders' equity €n	Net profit €n
Balance as at 30/6/09 as per Mediobanca IAS/IFRS-compliant statements	4,620,422	20,808
Net surplus over book value for consolidated companies	14,855	48,673
Exchange rate differences arising from translation of accounts denominated in currencies other than the Euro	—	—
Other adjustments and restatements on consolidation, including effects of accounting for companies on an equity basis	1,068,357	(61,869)
Dividends received during the year	—	(5,203)
TOTAL	5,703,634	2,409

Milan, 18 September 2009

THE BOARD OF DIRECTORS

***Declaration in respect of consolidated financial statements
as required by Article 81-ter of Consob resolution
no. 11971 issued on 14 May 1999 as amended***

1. The undersigned Alberto Nagel and Massimo Bertolini, in their respective capacities as Chief Executive Officer and Head of Company Financial Reporting of Mediobanca, hereby declare and in view *inter alia* of the provisions contained in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58/98, that:
 - the company’s characteristics are adequate; and that
 - the administrative and accounting procedures required for the consolidated financial statements to be made up were effectively applied during the year ended 30 June 2009.
2. Assessment of the adequacy of said administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 June 2009 was based on a model defined by Mediobanca in accordance with benchmark standards for internal control systems which are widely accepted at an international level (i.e. the CoSO and CobiT frameworks).
3. It is further hereby declared that
 - 3.1 the consolidated financial statements:
 - have been drawn up in accordance with the International Financial Reporting Standards adopted by the European Union pursuant to CE regulation no. 1606/02 issued by the European Parliament and Council on 19 July 2002;
 - correspond to the data recorded in the company’s books and accounts ledgers;
 - are adequate for the purpose of providing a truthful and accurate representation of the capital, earnings and financial situation of the issuer and the group of companies included within its area of consolidation.
 - 3.2 the review of operations contains reliable analysis of the Group’s operating performance and results, and of the situation of Mediobanca S.p.A. and the group of companies comprised within its area of consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Milan, 18 September 2009

Chief Executive Officer

Alberto Nagel

Head of Financial Reporting

Massimo Bertolini

AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT
Pursuant to article 156 of Legislative Decree n. 58 of 24 February 1998
(Translation from the original Italian text)

To the Shareholders of
Mediobanca S.p.A.

1. We have audited the consolidated financial statements of Mediobanca S.p.A. and subsidiaries ("Mediobanca Group") as of and for the year ended 30 June 2009, comprising the balance sheet, the profit and loss account, the statement of changes in net equity, the cash flow statement and the related explanatory notes. These financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the standards issued in accordance with article 9 of Legislative Decree n. 38 of 28 February 2005, are the responsibility of Mediobanca S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards and procedures recommended by Consob (the Italian Companies and Stock Exchange Commission). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 19 September 2008.
3. In our opinion, the consolidated financial statements of Mediobanca S.p.A. as of and for the year ended 30 June 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the standards issued in accordance with article 9 of Legislative Decree n. 38 of 28 February 2005; accordingly, they present clearly and give a true and fair view of the consolidated financial position, results of operations, changes in net equity and cash flows of Mediobanca Group as of 30 June 2008 and for the year then ended.
4. Mediobanca S.p.A.'s directors are responsible for the preparation of the Review of Group Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Review of Group Operations with the financial statements as required by article 156, paragraph 4-bis, letter d) of Legislative Decree n. 58 of 24 February 1998. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the Review of Group Operations is consistent with the financial statements of Mediobanca S.p.A. as of 30 June 2009.

Milan, 29 September 2009

Reconta Ernst & Young S.p.A.
signed by: Riccardo Schioppo, partner

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

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Assets	30/6/09	30/6/08
		€000	€000
10.	Cash and cash equivalents	20,653	22,110
20.	Financial assets held for trading	13,137,610	11,774,390
40.	Financial assets available for sale	6,653,386	3,778,727
50.	Financial assets held to maturity	574,427	578,145
60.	Due from banks	5,001,711	7,055,943
70.	Due from customers	42,389,995	35,806,958
80.	Hedging derivatives	1,744,646	1,234,269
100.	Equity investments	2,638,502	2,845,706
120.	Property, plant and equipment	317,500	312,660
130.	Intangible assets	446,714	440,562
	<i>of which:</i>		
	<i>goodwill</i>	<i>365,934</i>	<i>404,277</i>
140.	Tax assets:	830,124	547,967
	<i>a) current</i>	<i>291,410</i>	<i>244,144</i>
	<i>b) advance</i>	<i>538,714</i>	<i>303,823</i>
160.	Other assets	135,212	70,648
	TOTAL ASSETS	73,890,480	64,468,085

	Liabilities and net equity	30/6/09	30/6/08
		€000	€000
10.	Due to banks	11,410,191	13,848,865
20.	Due to customers	13,148,204	6,096,542
30.	Debt securities in issue	37,416,198	30,427,380
40.	Trading liabilities	3,427,372	3,156,209
60.	Hedging derivatives	1,332,162	2,736,690
80.	Tax liabilities:	653,662	720,900
	<i>a) current</i>	<i>306,367</i>	<i>316,914</i>
	<i>b) deferred</i>	<i>347,295</i>	<i>403,986</i>
100.	Other liabilities	505,107	407,571
110.	Staff severance indemnity provision	28,898	29,172
120.	Provisions:	159,383	180,886
	<i>b) other provisions</i>	<i>159,383</i>	<i>180,886</i>
140.	Revaluation reserves	(163,300)	112,795
170.	Reserves	3,530,707	3,280,171
180.	Share premium reserve	2,140,043	2,140,043
190.	Share capital	410,028	410,028
200.	Treasury shares	(213,844)	(213,844)
210.	Minority interest	103,260	119,845
220.	Profit for the period	2,409	1,014,832
	TOTAL LIABILITIES AND NET EQUITY	73,890,480	64,468,085

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Item	12 mths to 30/6/09	12 mths to 30/6/08
		€000	€000
10.	Interest and similar income	3,051,138	2,615,209
20.	Interest expense and similar charges	(2,194,096)	(1,940,095)
30.	Net interest income	857,042	675,114
40.	Fee and commission income	483,631	390,045
50.	Fee and commission expense	(50,538)	(43,430)
60.	Net fee and commission income	433,093	346,615
70.	Dividends and similar income	40,978	123,094
80.	Net trading income	196,749	30,661
90.	Net hedging income (expense)	2,022	6,950
100.	Gain (loss) on disposal/repurchase of:	186,129	196,266
	<i>a) loans and advances</i>		555
	<i>b) AFS securities</i>	175,009	172,594
	<i>c) financial assets held to maturity</i>	112	(167)
	<i>d) financial liabilities</i>	11,008	23,284
120.	Total income	1,716,013	1,378,700
130.	Adjustments for impairment to:	(690,425)	(209,755)
	<i>a) loans and advances</i>	(476,322)	(202,652)
	<i>b) AFS securities</i>	(186,646)	(7,503)
	<i>c) financial assets held to maturity</i>	420	400
	<i>d) financial liabilities</i>	(27,877)	—
140.	Net income from financial operations	1,025,588	1,168,945
170.	Net profit from financial and insurance activities	1,025,588	1,168,945
180.	Administrative expenses:	(748,459)	(548,935)
	<i>a) personnel costs</i>	(360,075)	(280,157)
	<i>b) other administrative expenses</i>	(388,384)	(268,778)
190.	Net transfers to provisions	(736)	(27,474)
200.	Net adjustments to tangible assets	(15,416)	(10,813)
210.	Net adjustments to intangible assets	(19,357)	(6,072)
220.	Other operating income (expense)	132,697	74,757
230.	Operating costs	(651,271)	(518,537)
240.	Gain (loss) on equity investments	(283,516)	477,798
270.	Gain (loss) on disposal of investments in:	(83)	(25)
	<i>b) other assets</i>	(83)	(25)
280.	Profit (loss) on ordinary activities before tax	90,718	1,128,181
290.	Income tax for the year on ordinary activities	(88,766)	(103,871)
300.	Profit (loss) on ordinary activities after tax	1,952	1,024,310
320.	Net profit (loss) for the period	1,952	1,024,310
330.	Net profit (loss) for the period attributable to minorities	457	(9,478)
340.	Net profit (loss) for the period attributable to Mediobanca	2,409	1,014,832

STATEMENT OF CHANGES TO NET EQUITY

a) Group

	Previously reported balance at 30/6/08	Allocation of profit for previous period		Changes during the reference period							Balance at 30/6/09	
		Reserves	Dividends and other fund applications	Changes to reserves	Transactions involving net equity					Profit (loss) for the period		
					New shares issued	Treasury shares acquired	Extra-ordinary dividend payouts	Changes to equity instruments	Treasury share derivatives			Stock options
Share capital:	410,028	—	—	—	—	—	—	—	—	—	—	410,028
a) ordinary shares	410,028	—	—	—	—	—	—	—	—	—	—	410,028
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,140,043	—	—	—	—	—	—	—	—	—	—	2,140,043
Reserves:	3,280,171	492,330	—	(255,156)	—	—	—	—	—	13,362	—	3,530,707
a) retained earnings	3,280,171	492,330	—	(255,156)	—	—	—	—	—	13,362	—	3,530,707
b) others	—	—	—	—	—	—	—	—	—	—	—	—
Valuation reserves:	112,795	—	—	(276,095)	—	—	—	—	—	—	—	(163,300)
a) AFS securities	(58,661)	—	—	(36,088)	—	—	—	—	—	—	—	(94,749)
b) cash flow hedges	157,537	—	—	(239,558)	—	—	—	—	—	—	—	(82,021)
c) special laws	13,919	—	—	(449)	—	—	—	—	—	—	—	13,470
d) others	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(213,844)	—	—	—	—	—	—	—	—	—	—	(213,844)
Profit (loss) for the period	1,014,832	(492,330)	(522,502)	—	—	—	—	—	—	—	2,409	2,409
Net equity	6,744,025	—	(522,502)	(531,251)	—	—	—	—	—	13,362	2,409	5,706,043

b) Minorities

	Balance at 30/6/08	Allocation of profit from previous period		Changes during the reference period			Balance at 30/6/09
		Reserves	Changes to re- serves	Transactions involving net equity		Profit (loss) for the period	
				New shares issued			
Share capital:	25,346	—	(221)	—	—	25,125	
a) ordinary shares	25,346	—	(221)	—	—	25,125	
b) other shares	—	—	—	—	—	—	
Share premium reserve	7,355	—	(139)	—	—	7,216	
Reserves:	72,447	9,478	(2,690)	—	—	79,235	
a) retained earnings	72,447	9,478	(2,690)	—	—	79,235	
b) others	—	—	—	—	—	—	
Valuation reserves:	5,219	—	(13,078)	—	—	(7,859)	
a) AFS securities	—	—	—	—	—	—	
b) cash flow hedges	3,627	—	(13,078)	—	—	(9,451)	
c) special laws	1,592	—	—	—	—	1,592	
d) others	—	—	—	—	—	—	
Equity instruments	—	—	—	—	—	—	
Treasury shares	—	—	—	—	—	—	
Profit (loss) for the period	9,478	(9,478)	—	—	(457)	(457)	
Net equity	119,845	—	(16,128)	—	(457)	103,260	

STATEMENT OF CHANGES TO NET EQUITY FROM 1/7/07 TO 30/06/08

	Balance at 30/6/07	Allocation of profit for previous period		Changes during the reference period							Balance at 30/06/08	
				Changes to reserves	Transactions involving net equity					Profit (loss) for the period		
		Reserves	Dividends and other fund applications		New shares issued	Treasury shares acquired	Extra-ordinary dividend payouts	Changes to equity instruments	Treasury share derivatives			Stock options
Share capital:	408,781	—	—	—	1,247	—	—	—	—	—	—	410,028
a) ordinary shares	408,781	—	—	—	1,247	—	—	—	—	—	—	410,028
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,119,328	—	—	—	20,715	—	—	—	—	—	—	2,140,043
Reserves:	3,464,838	414,562	—	(608,706)	—	—	—	—	—	9,477	—	3,280,171
a) retained earnings	3,464,838	414,562	—	(608,706)	—	—	—	—	—	9,477	—	3,280,171
b) others	—	—	—	—	—	—	—	—	—	—	—	—
Valuation reserves:	837,130	—	—	(724,335)	—	—	—	—	—	—	—	112,795
a) AFS securities	818,509	—	—	(877,170)	—	—	—	—	—	—	—	(58,661)
b) cash flow hedges	5,151	—	—	152,386	—	—	—	—	—	—	—	157,537
c) special laws	13,470	—	—	449	—	—	—	—	—	—	—	13,919
d) others	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(434)	—	—	—	—	(213,410)	—	—	—	—	—	(213,844)
Profit (loss) for the period	953,248	(414,562)	(538,686)	—	—	—	—	—	—	—	1,014,832	1,014,832
Net equity	7,782,891	—	(538,686)	(1,333,041)	21,962	(213,410)	—	—	—	9,477	1,014,832	6,744,025
Net equity attributable to minorities	108,257	(4,419)	6,529	—	—	—	—	—	—	—	9,478	119,845

CONSOLIDATED CASH FLOW STATEMENT
Direct method

	Amounts	
	30/6/09	30/6/08
A Cash flow from operating activities		
1. Operating activities	1,593,123	1,165,781
– interest received	6,740,282	4,308,108
– interest paid	(5,022,986)	(3,160,310)
– dividends and similar income	48,089	126,290
– net fees and commission income	117,021	89,212
– cash payments to employees	(308,601)	(253,161)
– net premium income	—	—
– other income from insurance activities	(126,231)	(39,145)
– other expenses paid	(1,006,996)	(266,153)
– other income received	1,289,701	496,373
– income taxes paid	(137,156)	(135,433)
– net expense/income from groups of assets being sold	—	—
2. Cash generated/absorbed by financial assets	8,005,627	(4,228,971)
– financial assets held for trading	(1,568,942)	1,672,915
– financial assets recognized at fair value	—	—
– AFS securities	(5,738,540)	(726,851)
– due from customers	(8,216,350)	(2,185,579)
– due from banks: on demand	13,443,588	(1,745,933)
– due from banks: other	11,143,504	(1,213,662)
– other assets	(1,057,633)	(29,861)
3. Cash generated/absorbed by financial liabilities	(9,066,316)	3,969,680
– due to banks: on demand	(1,211,675)	5,178
– due to banks: other	(5,211,451)	(2,195,302)
– due to customers	6,520,592	129,408
– debt securities	(8,376,701)	5,857,929
– trading liabilities	158,298	295,325
– financial liabilities assets recognized at fair value	—	—
– other liabilities	(945,379)	(122,858)
Net cash flow (outflow) from operating activities	532,434	906,490
B. Investment activities		
1. Cash generated from	30,392	286,584
– disposals of shareholdings	1	—
– dividends received in respect of equity investments	29,725	200,435
– disposals/redemptions of financial assets held to maturity	637	85,863
– disposals of tangible assets	29	286
– disposals of intangible assets	—	—
– disposals of subsidiaries or business units	—	—
2. Cash absorbed by	(21,498)	(441,962)
– acquisitions of shareholdings	(3,241)	(424,967) ¹
– acquisitions of held-to-maturity investments	(920)	—
– acquisitions of tangible assets	(7,978)	(9,629)
– acquisitions of intangible assets	(9,359)	(7,366)
– acquisitions of subsidiaries or business units	—	—
Net cash flow (outflow) from investment/servicing of finance	8,894	(155,378)
C. Funding activities		
– issuance/acquisition of treasury shares	—	(191,448)
– issuance/acquisition of equity instruments	—	—
– dividend payouts and other applications of funds	(542,658)	(542,041)
Net cash flow (outflow) from funding activities	(542,658)	(733,489)
Net cash flow (outflow) during period	(1,330)	17,623

¹ Of which €107,004,000 relating to acquisition of Linea.

**RECONCILIATION OF MOVEMENTS IN CASH FLOW
DURING PERIOD**

	Amounts	
	30/6/09	30/6/08
Cash and cash equivalents: balance at start of period	22,110	4,487
Total cash flow (outflow) during period	(1,330)	17,623
Cash and cash equivalents: exchange rate effect	(127)	—
Cash and cash equivalents: balance at end of period	20,653	22,110

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PART A - ACCOUNTING POLICIES

Section 1

Statement of conformity with IAS/IFRS

The Mediobanca Group's consolidated financial statements for the period ended 30 June 2009 have, as required by Italian Legislative Decree 38/05, been drawn up in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), which were adopted by the European Commission in accordance with the procedure laid down in Article 6 of regulation CE 1606/02 issued by the European Council and Commission on 19 July 2002. Adoption of the new accounting standards with respect to financial reporting by banks was governed by Bank of Italy circular no. 262 issued on 22 December 2005.

Section 2

General principles

These consolidated financial statements comprise:

- balance sheet;
- profit and loss account;
- statement of changes in net equity;
- cash flow statement (direct method);
- notes to the accounts.

All the statements have been drawn up in conformity with the general principles provided for under IAS and the accounting policies illustrated in section 4, and show data for the period under review compared with that for the previous financial year in the case of balance-sheet figures or the corresponding period of the previous financial year in the case of profit-and-loss account data.

Section 3

Area and methods of consolidation

Subsidiaries are consolidated on the line-by-line basis, whereas investments in associates and jointly-controlled operations are consolidated and accounted for using the equity method.

When a subsidiary is fully consolidated, the carrying amount of the parent's investment and its share of the subsidiary's equity are eliminated against the addition of that company's assets and liabilities, income and expenses to the parent company's totals. Any surplus arising following allocation of asset and liability items to the subsidiary is recorded as goodwill. Intra-group balances, transactions, income and expenses are eliminated upon consolidation.

For equity-accounted companies, any differences in the carrying amount of the investment and investee company's net equity are reflected in the book value of the investment, the fairness of which is tested at the reporting date or when evidence emerges of possible impairment. The profit made or loss incurred by the investee company is recorded pro-rata in the profit and loss account under a specific heading.

Linea and Equilon have been merged into Compass; while full control has been achieved of both Prominvestment and APE Sgr (the latter having changed its name to Emmebi S.p.A.), both of which have been placed in liquidation.

1. *Subsidiaries and jointly-controlled companies (consolidated pro-rata)*

		Registered office	Type of relationship ¹	Shareholding		% voting rights ²
				Investee company	% interest	
A.	COMPANIES INCLUDED IN AREA OF CONSOLIDATION					
A.1	<i>Line-by-line</i>					
1.	MEDIOBANCA - Banca di Credito Finanziario S.p.A.	Milan	1	—	—	—
2.	PROMINVESTMENT S.p.A. -(in liquidation)	Rome	1	A.1.1	100.00	100.00
3.	PRUDENTIA FIDUCIARIA S.p.A	Milan	1	A.1.1	100.00	100.00
4.	SETECI - Società Consortile per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.c.p.A.	Milan	1	A.1.1	100.00	100.00
5.	SPAFID S.p.A.	Milan	1	A.1.1	100.00	100.00
6.	TECHNOSTART S.p.A.	Milan	1	A.1.1	69.00	69.00
7.	COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A.M.	Montecarlo	1	A.1.1	100.00	100.00
8.	C.M.I. COMPAGNIE MONEGASQUE IMMOBILIERE SCI	Montecarlo	1	A.1.7	99.94	99.94
				A.1.8	0.06	0.06
9.	C.M.G. COMPAGNIE MONEGASQUE DE GESTION S.A.M.	Montecarlo	1	A.1.7	99.95	99.95
10.	SMEF SOCIETE MONEGASQUE DES ETUDES FINANCIERE S.A.M.	Montecarlo	1	A.1.7	99.96	99.96
11.	CMB ASSET MANAGEMENT S.A.M.	Montecarlo	1	A.1.7	99.50	99.50
12.	MONOECI SOCIETE CIVILE IMMOBILIERE	Montecarlo	1	A.1.7	99.00	99.00
				A.1.9	1.00	1.00
13.	MOULINS 700 S.A.M.	Montecarlo	1	A.1.8	99.90	99.90
14.	CMB BANQUE PRIVÉE (Suisse) S.A.	Lugano	1	A.1.7	100.00	100.00
15.	MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	1	A.1.1	99.00	99.00
				A.1.16	1.00	1.00
16.	COMPASS S.p.A.	Milan	1	A.1.1	100.00	100.00
17.	CHEBANCA! S.p.A.	Milan	1	A.1.16	100.00	100.00
18.	COFACTOR S.p.A.	Milan	1	A.1.16	100.00	100.00
19.	SELMABIPIEMME LEASING S.p.A.	Milan	1	A.1.16	60.00	60.00
20.	PALLADIO LEASING S.p.A.	Vicenza	1	A.1.19	95.00	100.00
				A.1.20	5.00	
21.	TELELEASING S.p.A.	Milan	1	A.1.19	80.00	80.00
22.	SADE FINANZIARIA - INTERSOMER S.r.l.	Milan	1	A.1.1	100.00	100.00
23.	RICERCHE E STUDI S.p.A.	Milan	1	A.1.1	100.00	100.00
24.	CREDITECH S.p.A.	Milan	1	A.1.16	100.00	100.00
25.	MEDIOBANCA SECURITIES USA LLC	New York	1	A.1.1	100.00	100.00
26.	CONSORTIUM S.r.l.	Milan	1	A.1.1	100.00	100.00
27.	QUARZO S.r.l.	Milan	1	A.1.16	90.00	90.00
28.	QUARZO LEASE S.r.l.	Milan	1	A.1.19	90.00	90.00
29.	FUTURO S.P.A.	Milan	1	A.1.16	100.00	100.00
30.	JUMP S.r.l.	Milan	4	A.1.16	—	—
31.	MB COVERED BOND S.r.l.	Milan	1	A.1.17	90.00	90.00
32.	EMMEBI S.P.A. (in liquidation)	Milan	1	A.1.1	100.00	100.00

Legend

¹ Type of relationship:

1 = majority of voting rights in ordinary AGMs.

2 = dominant influence in ordinary AGMs.

3 = agreements with other shareholders.

4 = other forms of control.

5 = unity of direction as defined in Article 26, paragraph 1 of Italian Legislative Decree 87/92.

6 = unity of direction as defined in Article 26, paragraph 2 of Italian Legislative Decree 87/92.

7 = joint control.

² Effective and potential voting rights in ordinary AGMs.

Section 4

Significant accounting policies

Financial assets held for trading

This category comprises debt securities, equities, and the positive value of derivatives held for trading including those embedded in complex instruments such as structured bonds (recorded separately).

At the settlement date for securities and subscription date for derivatives, such assets are recognized at fair value not including any transaction expenses or income directly attributable to the asset concerned, which are taken through the profit and loss account.

After initial recognition they continue to be measured at fair value, which for listed instruments is calculated on the basis of market prices ruling at the reporting date. If no market prices are available, valuation methods and models are used based on market-derived data, e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions. Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost. If the assets suffer impairment, they are written down to their current value.

Gains and losses upon disposal and/or redemption and the positive and negative effects of changes in fair value over time are reflected in the profit and loss account under the heading *Net trading income*.

AFS securities

This category includes all financial assets apart from derivatives not booked under the headings *Financial assets held for trading*, *Financial assets held to maturity* or *Loans and receivables*.

AFS assets comprise equities held for non-trading purposes which do not qualify as controlling interests, investments in associates or jointly-controlled operations.

AFS assets are initially recognized at fair value, which includes transaction costs and income directly attributable to them. Thereafter they continue to be

measured at fair value. Changes are recognized in a separate net equity reserve, which is then eliminated against the corresponding item in the profit and loss account as and when an asset is disposed of or impairment is recognized. Fair value is measured on the same principles as described for trading instruments. Equities for which it is not possible to reliably determine fair value are stated at cost. For debt securities included in this category the value of amortized cost is also recognized against the corresponding item in the profit and loss account.

Assets are subjected to impairment tests at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. For shares, in particular, the criteria used to determine impairment are a reduction in fair value of over one half¹ or for longer than eighteen months, compared to the initial recognition value. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to the profit and loss account for debt securities to and net equity for shares.

Financial assets held to maturity

These comprise debt securities with fixed or otherwise determinable payments and fixed maturities which the Group's management has the positive intention and ability to hold to maturity.

Such assets are initially recognized at fair value, which is calculated as at the settlement date and includes any transaction costs or income directly attributable to them. Following their initial recognition they are measured at amortized cost using the effective interest method. Differences between the initial recognition value and the amount receivable at maturity are booked to the profit and loss account pro-rata.

Assets are tested for impairment at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. If the reasons which brought about the loss of value subsequently cease to apply, the impairment is written back to the profit and loss account up to the value of amortized cost.

¹ The quantitative limit has been established at this amount (rather than one-third) in view of the Bank's investment profile and given IASB's recent pronouncement (IFRIC, held on 7 May 2009).

Loans and receivables

These comprise loans to customers and banks which provide for fixed or otherwise determinable payments that are not quoted in an active market and which cannot therefore be classified as available for sale. Repos and receivables due in respect of finance leasing transactions are also included.

Loans and receivables are booked on disbursement at a value equal to the amount drawn plus (less) any income (expenses) directly attributable to individual transactions and determinable from the outset despite being payable at a later date. The item does not, however, include costs subject to separate repayment by the borrower, or which may otherwise be accounted for as ordinary internal administrative costs. Repos and reverse repos are booked as funding or lending transactions for the spot amount received or paid. Non-performing loans acquired are booked at amortized cost on the basis of an internal rate of return calculated using estimates of expected recoverable amounts.

Loans and receivables are stated at amortized cost, i.e. initial values adjusted upwards or downwards to reflect: repayments of principal, amounts written down/back, and the difference between amounts drawn at disbursement and repayable at maturity amortized on the basis of the effective interest rate. The latter is defined as the rate of interest which renders the discounted value of future cash flows deriving from the loan or receivable by way of principal and interest equal to the initial recognition value of the loan or receivable.

Individual items are tested at annual and interim reporting dates to show whether or not there is evidence of impairment. Items reflecting such evidence are then subjected to analytical testing, and, if appropriate, adjusted to reflect the difference between their carrying amount at the time of the impairment test (amortized cost), and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Future cash flows are estimated to take account of anticipated collection times, the presumed value of receivables upon disposal of any collateral, and costs likely to be incurred in order to recover the exposure. Cash flows from loans expected to be recovered in the short term are not discounted.

The original effective interest rate for each loan remains unchanged in subsequent years, even if new terms are negotiated leading to a reduction to below market rates, including non-interest-bearing loans. The relevant value adjustment is taken through the profit and loss account.

If the reasons which brought about the loss of value cease to apply, the original value of the loan is recovered in the profit and loss account in subsequent accounting periods up to the value of amortized cost.

Accounts for which there is objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subject to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the impairment date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to the profit and loss account, as appropriate. At each annual and interim reporting date, any writedowns or writebacks are remeasured on a differentiated basis with respect to the entire portfolio of loans deemed to be performing at that date.

Leasing

IAS 17 defines finance leases as transactions whereby risks and benefits involved in owning the asset concerned are transferred to the lessee, and stipulates the criteria for identifying whether or not a lease is a finance or operating lease. All leases entered into by the Group qualify as finance leases under the terms of IAS 17. Accordingly, a receivable is booked at an amount equal to the net outlay involved in the finance lease transaction, plus any costs directly incurred in respect of negotiating and/or performing the contract.

Hedges

There are two types of hedge:

- fair value hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in their fair value;
- cash flow hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in future cash flows attributable to specific risks relating to the items concerned.

For the process to be effective, the item must be hedged with a counterparty from outside the Group.

Hedge derivatives are recognized at fair value as follows:

- changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset, where a difference between the two emerges as a result of the partial ineffectiveness of the hedge;
- the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in net equity, while the gain or loss deriving from the ineffective portion is recognized through the

profit and loss account only as and when, with reference to the hedged item, the change in cash flow to be offset crystallizes.

Hedge accounting is permitted for derivatives where the hedging relationship is formally designated and documented and provided that the hedge is effective at its inception and is expected to be so for its entire life.

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of a hedge is assessed both *prospectively* and *retrospectively* at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under trading securities.

Equity investments

This heading consists of investments in:

- subsidiaries;
- associates, defined as companies in which at least 20% of the voting rights are held, and those in which the size of the investment is sufficient to ensure an influence in the governance of the investee company;
- jointly-controlled companies;
- other investments of negligible value.

All of these categories are stated at cost. Where there is objective evidence that the value of an investment may be impaired, estimates are made of its current value using market prices if possible, and of the present value of estimated cash flows generated by the investment, including its terminal value. Where the value thus calculated is lower than the asset's carrying amount, the difference is taken through the profit and loss account.

Property, plant and equipment

This heading comprises land, core and investment properties, plant, furniture, fittings, equipment and assets used under the terms of finance leases, despite the fact that such assets remain the legal property of the lessor rather than the lessee.

Assets held for investment purposes refer to investments in real estate, if any (whether owned or acquired under leases), which are not core to the Group's main activities and/or are chiefly leased out to third parties.

These are stated at historical cost, which in addition to the purchase price, includes any ancillary charges directly resulting from their acquisition and/or usage. Extraordinary maintenance charges are reflected by increasing the asset's value, while ordinary maintenance charges are recorded in the profit and loss account.

Fixed assets are depreciated over the length of their useful life on a straight-line basis, with the exception of land, which is not depreciated on the grounds that it has unlimited useful life. Properties built on land owned by the Group are recorded separately, on the basis of valuations prepared by independent experts.

At annual and interim reporting dates, where there is objective evidence that the value of an asset may be impaired, its carrying amount is compared to its current value, which is defined as the higher of its fair value net of any sales costs and its related value of use, and adjustments, if any, are recognized through the profit and loss account. If the reasons which gave rise to the loss in value cease to apply, the adjustment is written back to earnings with the proviso that the amount credited may not exceed the value which the asset would have had net of depreciation, which is calculated assuming no impairment took place.

Intangible assets

These chiefly comprise goodwill and long-term computer software applications.

Goodwill may be recognized where this is representative of the investee company's ability to generate future income. At annual and interim reporting dates assets are tested for impairment, which is calculated as the difference between the initial recognition value of the goodwill and its realizable value, the latter being equal to the higher of the fair value of the cash-generating unit concerned net of any sales costs and its assumed value of use. Any adjustments are taken through the profit and loss account.

Other intangible assets are recognized at cost, adjusted to reflect ancillary charges only where it is likely that future earnings will derive from the asset and the cost of the asset itself may be reliably determined. Otherwise the cost of the asset is booked to the profit and loss account in the year in which the expense was incurred.

The cost of intangible assets is amortized on the straight-line basis over the useful life of the asset concerned. If useful life is not determinable the cost of the asset is not amortized, but the value at which it is initially recognized is tested for impairment on a regular basis.

At annual and interim reporting dates, where there is evidence of impairment the realizable value of the asset is estimated, and the impairment is recognized in the profit and loss account as the difference between the carrying amount and the recoverable value of the asset concerned.

Derecognition of assets

Financial assets are derecognized as and when the Group is no longer entitled to receive cash flows deriving from them, or when they are sold and the related risks and benefits are transferred accordingly. Tangible and intangible assets are derecognized upon disposal, or when an asset is permanently retired from use and no further earnings are expected to derive from it.

Assets or groups of assets which are sold continue to be recognized if the risks and benefits associated with them continue to be attributable to the Group. A corresponding amount is then entered as a liability to offset any amounts received.

The main forms of activity currently carried out by the Group which do not require underlying assets to be derecognized are the securitization of receivables, repo trading and securities lending.

Conversely, items received as part of deposit bank activity, the return on which is collected in the form of a commission, are not recorded, as the related risks and benefits continue to accrue entirely to the end-investor.

Payables, debt securities in issue and subordinated liabilities

These include the items *Due to banks*, *Due to customers* and *Debt securities in issue* less any shares bought back. Amounts payable by the lessee under the terms of finance leasing transactions are also included.

Initial recognition takes place when funds raised are collected or debt securities are issued, and occurs at fair value, which is equal to the amount collected net of transaction costs incurred directly or indirectly in connection with the liability concerned. Thereafter liabilities are stated at amortized cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structured bonds are stripped out from the underlying contract and recognized at fair value. Subsequent changes in fair value are recognized through the profit and loss account.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the liabilities' carrying value and the amount paid to repurchase them is recorded through the profit and loss account.

The sale of treasury shares over the market following a buyback is treated as a new issue. The new sale price is recorded as a liability without passing through the profit and loss account.

Trading liabilities

This item includes the negative value of trading derivatives and any derivatives embedded in complex instruments. Liabilities in respect of technical shortfalls deriving from securities trading activity are also included. All trading liabilities are recognized at fair value.

Staff severance indemnity provision

This is stated to reflect the actuarial value of the provision as calculated in line with regulations used for defined benefit schemes. Future obligations are estimated on the basis of historical statistical analysis (e.g. staff turnover, retirements, etc.) and demographic trends. These are then discounted to obtain their present value on the basis of market interest rates. The values thus obtain are booked under labour costs as the net amount of contributions paid, prior years' contributions not yet capitalized, interest accrued, and actuarial gains and losses.

All actuarial profits and/or losses are included under labour costs.

Units accruing as from 1 January 2007 paid into complementary pension schemes or the Italian national insurance system are recorded on the basis of contributions accrued during the period.

Provisions for liabilities and charges

These regard risks linked with the Group's operations but not necessarily associated with failure to repay loans, and which could lead to expenses in the future. If the time effect is material, provisions are discounted using current market rates. Provisions are recognized in the profit and loss account.

Provisions are reviewed on a regular basis, and where the charges that gave rise to them are deemed unlikely to crystallize, the amounts involved are written back to the profit and loss account in part or in full.

Withdrawals are only made from provisions to cover the expenses for which the provision was originally made.

Foreign currency transactions

Transactions in foreign currencies are recorded by applying the exchange rates as at the date of the transaction to the amount in the foreign currency concerned.

Assets and liabilities denominated in currencies other than the Euro are translated into Euros using exchange rates ruling at the dates of the transactions. Differences on cash items due to translation are recorded through the profit and loss account, whereas those on non-cash items are recorded according to the valuation criteria used in respect of the category they belong to (i.e. at cost, through the profit and loss account or on an equity basis).

Tax assets and liabilities

Income taxes are recorded in the profit and loss account account, with the exception of tax payable on items debited or credited directly to net equity. Provisions for income tax are calculated on the basis of current, advance and deferred obligations. Advance and deferred tax is calculated on the basis of temporary differences – without time limits – between the carrying amount of an asset or liability and its tax base.

Advance tax assets are recognized in the balance sheet based on the likelihood of their being recovered.

Deferred tax liabilities are recognized in the balance sheet with the exception of tax-suspended reserves, if the size of the reserves available already subjected to taxation is such that it may be reasonably assumed that no transactions will be carried out on the Group's own initiative that might lead to their being taxed.

Deferred tax arising upon business combinations is recognized when this is likely to result in a charge for one of the companies concerned.

Tax assets and liabilities are adjusted as and when changes occur in the regulatory framework or in applicable tax rates, *inter alia* to cover charges that might arise in connection with inspections by or disputes with the tax revenue authorities.

Stock options

The stock option scheme operated on behalf of Group staff members and Directors is treated as a component of labour costs. The fair value of the options is measured and recognized in net equity at the grant date using an option pricing method adjusted to reflect historical series for previous financial years. The value thus determined is taken to the profit and loss account pro-rata to the vesting period for the individual awards.

Treasury shares

These are deducted from net equity, and any gains/losses realized on disposal are recognized in net equity.

Dividends and commissions

These are recognized as and when they are realized, provided there is reasonable likelihood that future benefits will accrue.

Fees included in amortized cost for purposes of calculating the effective interest rate are not included, but are recorded under net interest income.

**PART B - NOTES TO
CONSOLIDATED BALANCE SHEET***

Assets

Section 1

Heading 10: Cash and cash equivalents

1.1 Cash and cash equivalents

	30/6/09	30/6/08
a) Cash	20,206	22,110
b) Demand deposits held at central banks	447	—
Total	20,653	22,110

* Figures in €000 save in footnotes, where figures are provided in full. Information refers to the group of companies as a whole included in the consolidation basis. The contributions of the companies comprised within the “Banking Group” and the “other companies” to assets and earnings are shown as an annex (net of inter-company accounts).

Section 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: composition

Item/Value	30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted
A. Cash assets				
1. Debt securities	6,946,440	781,605	7,118,104	686,624
1.1 Structured	60,777	—	127,064	20,527
1.2 Other debt securities	6,885,663	781,605	6,991,040	666,097
2. Equities	273,844	—	587,297	656
3. OICR units	474,185	105,614	170,758	42,015
4. Loans and advances	—	—	—	—
4.1 Repos	—	—	—	—
4.2 Others	—	—	—	—
5. Impaired assets	—	—	—	—
6. Assets sold but not derecognized ¹	1,495,075	—	730,693	—
Total A	9,189,544	887,219	8,606,852	729,295
B. Derivative products				
1. Financial derivatives	32,275	2,575,530	12,898	2,162,980
1.1 trading	32,275	2,090,123	12,898	1,257,938
1.2 linked to fair value options	—	—	—	—
1.3 others	—	485,407	—	905,042
2. Credit derivatives	—	453,042	—	262,365
2.1 trading	—	447,281	—	258,269
2.2 linked to fair value options	—	—	—	—
2.3 others	—	5,761	—	4,096
Total B	32,275	3,028,572	12,898	2,425,345
Total (A+B)	9,221,819	3,915,791	8,619,750	3,154,640

¹ Securities sold under repo agreements.

The fair value of financial instruments is equal to their price as recorded on active markets, or is calculated using valuation techniques based on market-derived data. Only one position included among debt securities amounting to €12,282,000 has been recognized on the basis of data calculated internally.

2.2 Financial assets held for trading: by borrower/issuer

Item/Value	30/6/09	30/6/08
A. CASH ASSETS		
1. Debt securities	7,728,045	7,804,728
a. Governments and central banks	4,256,459	4,206,040
b. Other public agencies	167,696	15,093
c. Banks	1,778,627	2,039,264
d. Other issuers	1,525,263	1,544,331
2. Equities	273,844	587,953
a. Banks	75,335	213,825
b. Other issuers	198,509	374,128
- insurances	20,236	77,333
- financial companies	3,757	9,435
- non-financial companies	174,516	287,360
- others	—	—
3. OICR units	579,799	212,773
4. Loans and advances	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
5. Impaired assets	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
6. Assets sold but not derecognized ¹	1,495,075	730,693
a. Governments and central banks	1,495,075	533,586
b. Other public agencies	—	145,105
c. Banks	—	—
d. Other issuers	—	52,002
Total A	10,076,763	9,336,147
B. DERIVATIVE PRODUCTS		
a. Banks	2,014,840	1,825,878
b. Customers	1,046,007	612,365
Total B	3,060,847	2,438,243
Total A+B	13,137,610	11,774,390

¹ Securities sold under repo agreements.

2.3 Financial assets held for trading: derivative products

Type of derivatives / Underlying assets	Interest rates	Foreign currency/gold	Equities	Loans and advances	Other assets	30/6/09	30/6/08
A) Listed derivative products							
1) Financial derivatives:	3,252	—	29,023	—	—	32,275	12,898
– with exchange of principal	2,330	—	23,802	—	—	26,132	7,313
– options bought	—	—	23,731	—	—	23,731	—
– other derivatives	2,330	—	71	—	—	2,401	7,313
– without exchange of principal	922	—	5,221	—	—	6,143	5,585
– options bought	—	—	4,982	—	—	4,982	482
– other derivatives	922	—	239	—	—	1,161	5,103
2) Credit derivatives:	—	—	—	—	—	—	—
– with exchange of principal	—	—	—	—	—	—	—
– without exchange of principal	—	—	—	—	—	—	—
Total A	3,252	—	29,023	—	—	32,275	12,898
B) Unlisted derivative products							
1) Financial derivatives:	1,550,216	91,540	668,160	—	265,614	2,575,530	2,162,980
– with exchange of principal	18,252	88,904	85,736	—	—	192,892	192,010
– options bought	17,053	—	82,585	—	—	99,638	60,231
– other derivatives	1,199	88,904	3,151	—	—	93,254	131,779
– without exchange of principal	1,531,964	2,636	582,424	—	265,614	2,382,638	1,970,970
– options bought	65,992	900	551,448	—	—	618,340	827,518
– other derivatives	1,465,972	1,736	30,976	—	265,614	1,764,298	1,143,452
2) Credit derivatives:	—	—	—	453,042	—	453,042	262,365
– with exchange of principal	—	—	—	447,281	—	447,281	243,830
– without exchange of principal	—	—	—	5,761	—	5,761	18,535
Total B	1,550,216	91,540	668,160	453,042	265,614	3,028,572	2,425,345
Total (A+B)	1,553,468	91,540	697,183	453,042	265,614	3,060,847	2,438,243

2.4 *Cash assets held for trading (excluding assets sold but not derecognized/impaired assets): movements during the period*

	Debt securities	Equities	OICR units	Loans and advances	Total
A. Balance at start of period	7,804,728	587,953	212,773	—	8,605,453
B. Additions	47,741,641	3,510,193	2,408,264	—	53,660,099
B.1 Acquisitions	46,179,075	3,059,372	2,403,908	—	51,642,355
B.2 Increases in fair value	171,774	2,908	—	—	174,682
B.3 Other additions	1,390,792	447,913	4,356	—	1,843,062
C. Reductions	47,818,324	3,824,302	2,041,238	—	53,683,864
C.1 Disposals	41,760,650	3,504,883	2,037,202	—	47,302,735
C.2 Redemptions	3,089,209	—	—	—	3,089,209
C.3 Reductions in fair value	171,054	62,812	2,741	—	236,607
C.4 Other reductions	2,797,411 ¹	256,607	1,295	—	3,055,313
D. Balance at end of period	7,728,045	273,844	579,799	—	8,581,688

¹ Includes €09,634,000 in illiquid securities transferred from loans and receivables.

Section 4

Heading 40: Available for sale (AFS) securities

4.1 AFS securities: composition

Item/Value	30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted
1. Debt securities	3,725,107	781,052	1,253,948	471,609
1.1 Structured	74,218	—	114,995	—
1.2 Other debt securities	3,650,889	781,052	1,138,953	471,609
2. Equities	488,447	1,067,005	1,083,942	497,774
2.1 Recognized at fair value ¹	488,447	1,066,939	1,083,942	497,618
2.2 Recognized at cost	—	66	—	156
3. OICR units	77,259	23,057	464,882	6,572
4. Loans and advances	—	—	—	—
5. Impaired assets	—	—	—	—
6. Assets sold but not derecognized ²	491,459	—	—	—
Total	4,782,272	1,871,114	2,802,772	975,955

¹ Includes €31,416 related to Unicredit Cashes.

² Securities sold under repo agreements.

The fair value of financial instruments is equal to their prices as recorded on active markets, or to the value of recent comparable transactions or the result of valuation models based exclusively on market-derived data, with the exception of the Unicredit CASHES, the valuation of which includes data calculated internally.

4.2 AFS securities: by borrower/issuer

Item/Value	30/6/09		30/6/08
	Listed	Unlisted	
1. Debt securities	3,725,107	781,052	1,725,557
a. Governments and central banks	1,125,009	—	206,214
b. Other public agencies	—	—	—
c. Banks	1,462,890	691,052	988,051
d. Other issuers	1,137,208	90,000	531,292
2. Equities	488,447	1,067,005	1,581,716
a. Banks	12,932	331,416	22,279
b. Other issuers	475,515	735,589	1,559,437
- insurances	—	—	—
- financial companies	80,640	461,699	279,701
- non-financial undertakings	394,875	273,890	1,279,736
- others	—	—	—
3. OICR units	77,259	23,057	471,454
4. Loans and advances	—	—	—
a. Governments and central banks	—	—	—
b. Other public agencies	—	—	—
c. Banks	—	—	—
d. Other issuers	—	—	—
5. Impaired assets	—	—	—
a. Governments and central banks	—	—	—
b. Other public agencies	—	—	—
c. Banks	—	—	—
d. Other issuers	—	—	—
6. Assets sold but not derecognized ¹	491,459	—	—
a. Governments and central banks	491,459	—	—
b. Other public agencies	—	—	—
c. Banks	—	—	—
d. Other issuers	—	—	—
Total	4,782,272	1,871,114	3,778,727

¹ Securities sold under repo agreements.

4.3 AFS securities: hedged assets

Assets/Type of hedging	Hedging activity			
	30/6/09		30/6/08	
	<i>Fair value</i>	Cash flow	<i>Fair value</i>	Cash flow
1. Debt securities	7,031	—	—	—
2. Equities	76,371	60,937	63,262	197,205
3. OICR units	—	—	—	—
4. Loans and advances	—	—	—	—
5. Portfolio	—	—	—	—
Total	83,402	60,937	63,262	197,205

4.4 AFS securities: assets subject to specific hedging

Item/Value	30/6/09	30/6/08
1. Financial assets subject to specific fair value hedges:	83,402	63,262
a. interest rate risk	—	—
b. price risk	83,402	63,262
c. exchange rate risk	—	—
d. credit risk	—	—
e. more than one risk	—	—
2. Financial assets subject to specific cash flow hedges:	60,937	197,205
a. interest rate risk	—	—
b. exchange rate risk	—	—
c. other	60,937	197,205
Total	144,339	260,467

4.5 *AFS securities (excluding assets sold but not derecognized/impaired assets): movements during the period*

	Debt securities	Equities	OICR units	Loans and advances	Total
A. Balance at start of period	1,725,557	1,581,716	471,454	—	3,778,727
B. Additions	6,659,211	1,044,239	840,075	—	8,543,525
B.1 Acquisitions	6,505,664	676,391	832,980	—	8,015,035
B.2 Increases in fair value	86,126	37,173	815	—	124,114
B.3 Writebacks	1,899	97,193	—	—	99,092
- taken to profit and loss account	1,899	—	—	—	1,899
- taken to net equity	—	97,193	—	—	97,193
B.4 Transfers from other asset classes	—	—	—	—	—
B.5 Other additions	65,522	233,482	6,280	—	305,284
C. Reductions	3,878,609	1,070,503	1,211,213	—	6,160,325
C.1 Disposals	3,058,906	356,801	1,190,762	—	4,606,469
C.2 Redemptions	79,861	—	—	—	79,861
C.3 Reductions in fair value	105,926	180,837	11,080	—	297,843
C.4 Writedowns due to impairment	—	179,329	9,216	—	188,545
- taken to profit and loss account	—	179,329	9,216	—	188,545
- taken to net equity	—	—	—	—	—
C.5 Transfers to other asset classes ¹	332,939	353,488	—	—	686,427
C.6 Other reductions	300,977	48	155	—	301,180
D. Balance at end of period	4,506,159	1,555,452	100,316	—	6,161,927

¹ The debt securities are illiquid securities transferred to loans and receivables, while the equities are the stakes held in Gemina and Pirelli & C. which have been transferred to equity investments.

Section 5

Heading 50: Financial assets held to maturity

5.1 Financial assets held to maturity

Type of transactions/Group components	30/6/09		30/6/08	
	Book value	Fair value	Book value	Fair value
1. Debt securities	574,427	516,066	574,435	507,523
1.1 Structured	—	—	—	—
1.2 Other debt securities	574,427	516,066	574,435	507,523
2. Loans and advances	—	—	—	—
3. Impaired assets	—	—	—	—
4. Assets sold but not derecognized	—	—	3,710	3,174
Total	574,427	516,066	578,145	510,697

5.2 Financial assets held to maturity: by borrower/issuer

Type of transactions/Value	30/6/09	30/6/08
1. Debt securities	574,427	574,435
a. Governments and central banks	1,285	1,743
b. Other public agencies	—	—
c. Banks	25,404	25,407
d. Other entities	547,738	547,285
2. Loans and advances	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
3. Impaired assets	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
4. Assets sold but not derecognized	—	3,710
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	3,710
Total	574,427	578,145

5.4 *Assets held to maturity (excluding assets sold but not derecognized/impaired assets): movements during the period*

	Debt securities	Loans and advances	Total
A. Balance at start of period	574,435	—	574,435
B. Additions	4,793	—	4,793
B.1 Acquisitions	—	—	—
B.2 Writebacks	715	—	715
B.3 Transfers from other asset classes	—	—	—
B.4 Other additions	4,078	—	4,078
C. Reductions	4,801	—	4,801
C.1 Disposal	—	—	—
C.2 Redemptions	1,015	—	1,015
C.3 Value adjustments	295	—	295
C.4 Transfers to other asset classes	—	—	—
C.5 Other reductions	3,491	—	3,491
D. Balance at end of period	574,427	—	574,427

Section 6

Heading 60 - Due from banks

6.1 Due from banks

Type of transactions/Value	30/6/09	30/6/08
A. Due from central banks	137,325	89,681
1. Term deposits	—	—
2. Compulsory reserves	137,325	89,681
3. Amounts due under repo agreements	—	—
4. Other amounts due	—	—
B. Due from banks	4,864,386	6,966,262
1. Current accounts and demand deposits	1,236,322	1,830,283
2. Term deposits	656,408	525,661
3. Other receivables:	1,434,853	2,869,315
3.1 amounts due under repo agreements	561,483	1,628,491
3.2 amounts due under finance leases	11,448	2,175
3.3 other amounts due	861,922	1,238,649
4. Debt securities	198,128	—
4.1 structured	—	—
4.2 other debt securities ¹	198,128	—
5. Impaired assets	127	127
6. Assets sold but not derecognized ²	1,338,548	1,740,876
Total book value	5,001,711	7,055,943
Total fair value	5,003,195	7,054,777

¹ Illiquid securities transferred during this financial year.

² Assets forming part of securities lending transactions.

6.3 Due under finance leases

Loan term	Explicit receivables	Receivables in respect of assets under	Principal ¹	Interest	Gross investment	
						<i>of which outstanding amount not guaranteed</i>
Up to 3 months	402	—	755	249	1,050	45
Between 3 months and 1 year	—	—	1,994	510	3,405	626
Between 1 year and 5 years	—	—	7,668	1,170	9,621	141
Over 5 years	—	—	963	33	996	—
Unspecified	5	—	—	—	—	—
Total gross	407	—	11,380	1,962	15,072	812
Value adjustments	(2)	—	(337)	—	—	—
Total net	405	—	11,043	1,962	15,072	812

¹¹ Includes finance lease receivables underlying securitizations.

Section 7

Heading 70: Due from customers

7.1 Due from customers: composition

Type of transactions/amounts	30/6/09	30/6/08
1. Current accounts	203,268	43,786
2. Amounts due under repo agreements	5,434,885	958,825
3. Mortgages	20,375,778	19,437,500
4. Credit cards, personal loans and salary-guaranteed finance	7,090,622	6,736,610
5. Amounts due under finance leasing	4,007,619	4,164,079
6. Factoring	—	—
7. Other transactions	2,151,681	2,566,218
8. Debt securities	784,983	41,795
8.1 structured	—	—
8.2 other debt securities ¹	784,983	41,795
9. Impaired assets	679,807	239,555
10. Assets sold but not derecognized ²	1,661,352	1,618,589
Total book value	42,389,995	35,806,957
Total (fair value)	41,303,651	35,949,335

¹ Includes €349,945,000 in illiquid securities transferred during the financial year.

² Assets forming part of securities lending transactions and securitized assets

7.2 Due from customers: by borrower/issuer

Type of transactions/Value	30/6/09	30/6/08
1. Debt securities:	784,982	41,795
a) Governments	—	—
b) Other public agencies	—	—
c) Other issuers	784,982	41,795
- non-financial undertakings	—	—
- financial companies	741,520	—
- insurances	43,462	41,795
- other entities	—	—
2. Loans and advances to:	39,269,895	33,906,425
a) Governments	88,758	246,491
b) Other public agencies	192,219	138,421
c) Other issuers	38,988,918	33,521,513
- non-financial undertakings	14,848,235	14,728,273
- financial companies	9,883,137	5,319,010
- insurances	2,246,463	2,041,903
- other entities	12,011,083	11,432,327
3. Impaired assets:	673,766	240,148
a) Governments	—	—
b) Other public agencies	393	68
c) Other issuers	673,373	240,080
- non-financial undertakings	242,861	90,006
- financial companies	135,551	17
- insurances	—	—
- other entities	294,961	150,057
4. Assets sold but not derecognized ¹	1,661,352	1,618,589
a) Governments	—	—
b) Other public agencies	—	—
c) Other issuers	1,661,352	1,618,589
- non-financial undertakings	709,339	470,046
- financial companies	2,215	117,650
- insurances	—	—
- other entities	949,798	1,030,893
Total	42,389,995	35,806,957

¹ Assets forming part of securities lending transactions and securitized assets.

7.3 Due from customers: assets subject to specific hedging

Type of transactions/Value	30/6/09	30/6/08
1. Items subject to specific fair value hedges for :	254,445	347,543
a) interest rate risk	254,445	347,543
b) exchange rate risk	—	—
c) credit risk	—	—
d) more than one risk	—	—
2. Items subject to specific cash flow hedges:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	254,445	347,543

7.4 Due under finance leases

Loan term	Explicit receivables	Receivables in respect of assets under construction	Principal ¹	Interest	Gross investment	
Up to 3 months	82,314	565	248,679	51,214	218,449	<i>of which outstanding amount not guaranteed</i> 3,063
Between 3 months and 1 year	1,594	—	703,639	130,418	600,213	24,981
Between 1 year and 5 years	3,446	—	2,206,506	364,431	1,780,146	117,725
Over 5 years	—	—	1,223,709	241,049	791,868	194,486
Unspecified	50,333	247,513	126,376	6,565	83,861	6,284
Total gross	137,687	248,078	4,508,909	793,677	3,474,537	346,539
Value adjustments	(18,124)	—	(81,498)	—	—	—
Total net	119,563	248,078	4,427,411	793,677	3,474,537	346,539

¹ Includes finance lease receivables underlying securitizations.

Section 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives: by type of contract and underlying asset

Type of derivatives / Underlying assets	Interest rates	Foreign currency/gold	Equities	Loans and advances	Others	Total
A) Listed derivative products						
1) Financial derivatives:	—	—	—	—	—	—
– with exchange of principal	—	—	—	—	—	—
- options bought	—	—	—	—	—	—
- other derivative products	—	—	—	—	—	—
– without exchange of principal	—	—	—	—	—	—
- options bought	—	—	—	—	—	—
- other derivative products	—	—	—	—	—	—
2) Credit derivatives:	—	—	—	—	—	—
– with exchange of principal	—	—	—	—	—	—
– without exchange of principal	—	—	—	—	—	—
Total A	—	—	—	—	—	—
B) Unlisted derivative products						
1) Financial derivatives:	1,671,825	1,169	71,652	—	—	1,744,646
– with exchange of principal	—	1,169	71,652	—	—	72,821
- options bought	—	—	11,768	—	—	11,768
- other derivative products	—	1,169	59,884	—	—	61,053
– without exchange of principal	1,671,825	—	—	—	—	1,671,825
- options bought	—	—	—	—	—	—
- other derivative products	1,671,825	—	—	—	—	1,671,825
2) Credit derivatives:	—	—	—	—	—	—
– with exchange of principal	—	—	—	—	—	—
– without exchange of principal	—	—	—	—	—	—
Total B	1,671,825	1,169	71,652	—	—	1,744,646
Total 30/6/09	1,671,825	1,169	71,652	—	—	1,744,646
Total 30/6/08	1,062,196	704	171,369	—	—	1,234,269

8.2 Hedging derivatives: by portfolio hedged and hedge type

Operations/Type of hedging	Fair value hedges					Cash flow hedges		
	Specific					General	Specific	General
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk			
1. AFS securities	—	—	—	11,768	—	X	—	X
2. Loans and advances	2,556	—	—	X	—	X	—	X
3. Financial assets held to maturity	X	—	—	X	—	X	—	X
4. Portfolio	X	X	X	X	—	—	X	—
5. Non-Italian investments	X	X	X	X	X	X	—	X
Total assets	2,556	—	—	11,768	—	—	—	—
1. Financial liabilities	1,669,147	—	—	X	—	X	1,291	X
2. Portfolio	X	X	X	X	X	—	X	—
Total liabilities	1,669,147	—	—	X	—	—	1,291	—
1. Expected transactions	X	X	X	X	X	X	59,884	X

Section 10

Heading 100: Equity investments

10.1 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: disclosures on shareholdings

Name	Registered office	Type of relationship	Shareholding		% of voting rights
			Investor company	% interest	
1. EMMEBI S.p.A. (in liquidation)	Milan	3	Mediobanca	100.00	100.00
2. Banca Esperia S.p.A.	Milan	1	Mediobanca	50.00	50.00
3. Ducati Financial Services S.r.l.	Milan	1	Compass	50.00	50.00
4. Fidia SGR S.p.A.	Milan	2	Mediobanca	25.00	25.00
5. Athena Private Equity S.A.	Milan	2	Mediobanca	24.27	24.27
6. Burgo Group S.p.A.	Altavilla Vicentina near Vicenza	2	Mediobanca	22.13	22.13
7. RCS MediaGroup S.p.A.	Milan	2	Mediobanca	14.36	14.94
8. Assicurazioni Generali S.p.A.	Trieste	2	Mediobanca	13.51	13.51
			Spafid	0.10	0.10
			Compass	1.00	1.00
9. Gemina S.p.A.	Milan	2	Mediobanca	12.53	12.56
10. Telco S.p.A.	Milan	2	Mediobanca	10.64	10.64
11. Pirelli & C. S.p.A.	Milan	2	Mediobanca	4.49	4.61

Legend:

- 1 Joint control.
- 2 Subject to significant influence.
- 3 Exclusively controlled and not consolidated.

This year for the first time, equity investments in companies subject to significant influence include the Group's 12.6% holding in Gemina and the 4.6% stake owned by it in Pirelli & C., which previously were classified as AFS securities. This decision has been based on objective considerations, such as the Group's participation in shareholder agreements exercising a significant influence over the companies concerned and which entitle Mediobanca to be represented on the investee companies' governing bodies. This reclassification has been made based on the values recorded under IAS first-time adoption, namely €12.3m for Gemina and €41.2m for Pirelli & C. For adjustments to these values during the year, see the next section.

10.2 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: financial information

Name	Key financial data ¹		Data for consolidation ²		Book value	Fair value
	Total assets (€m)	Total income (€m)	Net profit (loss)	Net equity		
A.1 JOINTLY-CONTROLLED COMPANIES (IAS 31)						
1. Ducati Financial Services S.r.l.	70,340	5,000	(486)	1,136	568	—
2. Banca Esperia S.p.A.	875,105	91,501	(1,139)	111,897	57,212 ³	—
A.2. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE (IAS 28)						
1. Burgo Group S.p.A.	2,472,883	2,534,891	(77,444)	430,147	78,054	—
2. Assicurazioni Generali S.p.A.	383,938,400	70,554,600	54,309	10,652,282	1,576,225	2,934,874
3. RCS MediaGroup S.p.A.	3,745,500	2,673,900	16,183	1,073,719	208,467 ⁴	96,847
4. Fidia SGR S.p.A.	10,459	1,275	(706)	6,337	1,408	—
5. Athena Private Equity S.A.	111,745	61,462	(51,122)	153,796	25,124	—
6. Pirelli & C. S.p.A.	6,933,218	4,660,175	—	2,033,146	115,745 ⁵	60,141
7. Gemina S.p.A.	3,932,932	582,157	—	1,686,930	211,337	96,787
8. Telco S.p.A. ⁶	7,247,155	269,301	(1,519,328)	4,941,185	364,243	—
Other minor investments	—	—	—	—	119	—
Total					2,638,502	

¹ Based on most recent approved individual or consolidated financial statements, as applicable.

² Calculated pro-forma based on financial situation at 31/3/09 or 30/6/09.

³ Includes goodwill of €1,833,000.

⁴ Includes goodwill of €51,003,000.

⁵ Includes goodwill of €24,272,000.

⁶ Calculated based on financial statements as at 30/4/09.

The holding in Gemina was adjusted pro-rata to net equity, which largely coincides with historic cost, involving a writedown of €0.9m. The difference between this figure and the value based on stock market prices as at 30 June 2009 (reflecting an implicit loss of €14.5m) is justified by the decision to align the value of the holding to figures contained in audited financial statements, the size of the shareholding, and the potential offered by the airport system headed up by Aeroporti Di Roma, which is the main asset owned by the investee company.

The holding in Pirelli & C. showed an historic cost appreciably higher than either its net equity or market price. After testing, it was decided to charge impairment of €25.5m to this asset, which translates to a value in use of €0.48 per share. This was calculated on the basis of a discounted cash flow model which takes account of the potential implied in the Group's recently approved business plan, albeit in a prudential scenario and against a backdrop of difficulties in the automotive and real estate sectors. After this adjustment, the implicit loss on this holding based on prices at 30 June 2009 is €55.6m, which reduces to €28.9m based on current prices.

As part of the process of equity-accounting the Group's stake in Telco, the decision taken by Telco in preparing its IAS-compliant interim financial statements for the period ended 31 October 2008 to write down the value of its shares in Telecom Italia to €2.2 per share (which figure was confirmed in the full-year accounts as at 30 April 2009) has been reflected in these financial statements. Accordingly, a writedown of €144m has been charged, and given the changes in earnings and equity over the period, the book value at which the Telco stake is carried has been reduced from €113.1m to €64.2m. This value is not considered to be higher than its value in use as defined in paragraph 33 of IAS 28, for the following reasons:

- with a share of 24.5% in Telecom Italia, Telco is the largest shareholder in the Telecom Italia group;
- the time horizon of the investment is medium-/long-term;
- the value assigned to the Telecom Italia share price is consistent with the results of applying a discounted cash flow model based on the most recent business plan presented by Telecom Italia management in December 2008, featuring growth rates and returns on capital reflecting the present economic downturn;
- no loss events as defined in paragraph 59 of IAS 39 have occurred which would mean that the impairment test has to be repeated; in particular, Telecom Italia's quarterly and interim results are in line with the business plan, and stock market prices have not fallen.

Based on stock market prices as at 30 June 2009, the value of Telco's net equity would be virtually nil.

As for the Group's shareholding in RCS MediaGroup, this has been adjusted to reflect a value in use of €1.9 per share, which has led to a writedown of €3.8m being booked. The value in use has been calculated using a discounted cash flow model reflecting the negative earnings prospects in the publishing industry, which has worsened in the last six months, as well as the negative trend on financial markets. The higher value compared to stock market prices as at end-June (which show an implicit loss of €11.6m) is justified by the unique nature of some of the company's assets and the size of the Group's holding (which constitutes a relative majority).

10.3 Equity investments: movements during the period

Type of transactions/Value	30/6/09	30/6/08
A. Balance at start of period	2,845,706	2,632,738
B. Additions	369,601	1,013,706
B.1 Acquisitions	3,245	17,916
B.2 Value adjustments	—	—
B.3 Revaluations	—	—
B.4 Other adjustments	366,356 ¹	995,790 ²
C. Reductions	576,805	800,738
C.1 Disposals	1	—
C.2 Value adjustments for impairment	264,256	—
C.3 Other reductions	312,548	800,738
D. Balance at end of period	2,638,502	2,845,706
E. Total revaluations	—	—
F. Total adjustments	264,256	—

¹ €53,488,000 in connection with the transfer of the Gemina and Pirelli & C. holdings.

² €22,355,000 of which refer to the transfer of Telecom Italia shares to Telco which were previously booked as AFS securities.

Section 12

Heading 120: Property, plant and equipment

12.1 Tangible assets stated at cost

Assets/ Value	30/6/09	30/6/08
A. Core assets		
1.1 owned by the Group	288,842	283,573
a) land	83,636	83,636
b) buildings	161,628	164,435
c) furniture	23,732	17,862
d) electronic equipment	14,122	12,619
e) other assets	5,724	5,021
1.2 acquired under finance leases:	44	59
a) land	—	—
b) buildings	—	—
c) furniture	—	—
d) electronic equipment	—	—
e) other assets	44	59
Total A	288,886	283,632
B. Assets held for investment purposes		
2.1 owned by the Group:	28,614	29,028
a) land	20,350	20,350
b) buildings	8,264	8,678
2.2 acquired under finance leases:	—	—
a) land	—	—
b) buildings	—	—
Total B	28,614	29,028
Total (A+B)	317,500	312,660

12.3 Core tangible assets: movements during the period

	Land	Buildings	Furniture	Electronic equipment	Other assets	Total
A. Gross opening balance	83,636	185,263	30,898	33,350	17,205	350,352
A.1 Total net value reductions	—	(20,828)	(13,036)	(20,731)	(12,125)	(66,720)
A.2 Net opening balance	83,636	164,435	17,862	12,619	5,080	283,632
B. Additions:	—	386	10,842	7,819	3,932	22,979
B.1 Purchases	—	—	10,841	7,812	2,375	21,028
B.2 Improvement expenses, capitalized	—	384	—	—	—	384
B.3 Writebacks	—	—	—	—	—	—
B.4 Increases in fair value recognized in:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
B.5 Increases arising due to exchange rates	—	—	—	7	9	16
B.6 Transfers from properties held for investment purposes	—	—	—	—	—	—
B.7 Other additions	—	2	1	—	1,548	1,551
C. Reductions:	—	3,193	4,972	6,316	3,244	17,725
C.1 Disposals	—	—	644	13	582	1,239
C.2 Depreciation charges	—	3,193	4,328	5,066	2,415	15,002
C.3 Value adjustments for impairment taken to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.4 Reductions in fair value charged to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.5 Reductions due to exchange rates	—	—	—	—	—	—
C.6 Transfers to:	—	—	—	—	—	—
a) assets held for investment purposes	—	—	—	—	—	—
b) assets being sold	—	—	—	—	—	—
C.7 Other reductions	—	—	—	1,237	247	1,484
D. Net closing balance	83,636	161,628	23,732	14,122	5,768	288,886
D.1 Total net value reductions	—	(23,241)	(24,379)	(25,622)	(19,089)	(92,331)
D.2 Gross closing balance	83,636	184,869	48,111	39,744	24,857	381,217
E. Stated at cost	—	—	—	—	—	—

12.4 Tangible assets held for investment purposes: movements during the period

	Total	
	Land	Buildings
A. Gross opening balance	20,350	8,678
B. Additions	—	—
B.1 Purchases	—	—
B.2 Improvement expenses, capitalized	—	—
B.3 Net increases in fair value	—	—
B.4 Writebacks	—	—
B.5 Increases arising due to exchange rates	—	—
B.6 Transfers from core assets	—	—
B.7 Other additions	—	—
C. Reductions	—	414
C.1 Disposals	—	—
C.2 Depreciation charges	—	414
C.3 Reductions in fair value	—	—
C.4 Value adjustments for impairment	—	—
C.5 Reductions arising due to exchange rates	—	—
C.6 Transfers to other asset portfolios	—	—
a) core assets	—	—
b) non-current assets being sold	—	—
C.7 Other reductions	—	—
D. Closing balance	20,350	8,264
E. Stated at fair value	87,325	37,361

Section 13

Heading 130: Intangible assets

13.1 Intangible assets

Assets/ Amounts	30/6/09		30/6/08	
	Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life
A.1 Goodwill	—	365,934	—	404,277
A.1.1 attributable to the Group ¹	—	365,934	—	404,277
A.1.2 attributable to third parties	—	—	—	—
A.2 Other intangible assets	74,480	6,300	36,285	—
A.2.1 Recognized at cost:	74,480	6,300	36,285	—
a) intangible assets generated internally	—	—	—	—
b) other assets	74,480	6,300	36,285	—
A.2.2 Recognized at fair value:	—	—	—	—
a) intangible assets generated internally	—	—	—	—
b) other assets	—	—	—	—
Total	74,480	372,234	36,285	404,277

Upon conclusion of the purchase price allocation process for the Linea group (acquired at the end of the last financial year), intangible assets with a finite life (on average eight years) were recognized in an amount of €4,200,000, representing commercial agreements (€9,300,000), customer relationships (€24,900,000), brands worth €6,300,000 and residual goodwill of €365,934,000; amortization charges of €5.8m were recognized for the current financial year. For further details, please see Part G.

13.2 Intangible assets: movements during the period

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life	
A. Balance at start of period	404,277	—	—	43,021	—	447,298
A.1 Total net value reductions	—	—	—	(6,736)	—	(6,736)
A.2 Net opening balance	404,277	—	—	36,285	—	440,562
B. Additions	—	—	—	58,055	6,300	64,355
B.1 Purchases	—	—	—	50,872	6,300	57,172
B.2 Increases in internally generated assets	—	—	—	—	—	—
B.3 Revaluations	—	—	—	—	—	—
B.4 Increases in fair value taken to:	—	—	—	—	—	—
– net equity	—	—	—	—	—	—
– profit and loss account	—	—	—	—	—	—
B.5 Increases arising on exchange rates	—	—	—	—	—	—
B.6 Other additions	—	—	—	7,183	—	7,183
C. Reductions	38,343	—	—	19,860	—	58,203
C.1 Disposals	—	—	—	502	—	502
C.2 Value adjustments	—	—	—	19,357	—	19,357
– amortization	—	—	—	19,357	—	19,357
– writedowns	—	—	—	—	—	—
+ net equity	—	—	—	—	—	—
+ profit and loss account	—	—	—	—	—	—
C.3 Reductions in fair value charged to:	—	—	—	—	—	—
– net equity	—	—	—	—	—	—
– profit and loss account	—	—	—	—	—	—
C.4 Transfers to non-current assets being sold	—	—	—	—	—	—
C.5 Reductions due to exchange rate differences	—	—	—	—	—	—
C.6 Other reductions	38,343	—	—	1	—	38,344
D. Balance at end of period	365,934	—	—	74,480	6,300	446,714
D.1 Total net value adjustments	—	—	—	(25,289)	—	(25,289)
E. Gross closing balance	365,934	—	—	99,769	6,300	472,003
F. Stated at cost	—	—	—	—	—	—

Section 14

Asset heading 140 and Liability heading 80: Tax assets and liabilities

14.1 Advance tax assets

	30/6/09	30/6/08
Corporate income tax (IRES)	501,766	284,193
Regional production tax (IRAP)	36,948	19,630
Total	538,714	303,823

14.2 Deferred tax liabilities

	30/6/09	30/6/08
Corporate income tax (IRES)	336,244	378,878
Regional production tax (IRAP)	11,051	25,108
Total	347,295	403,986

14.3 *Changes in advance tax during the period*

	30/6/09	30/6/08
1. Opening balance	266,387	143,342
2. Additions	221,110	201,132
2.1 Advance tax originating during the period	221,013	95,973
a) for previous years	3,906	1,105
b) due to changes in accounting policies	—	—
c) amounts written back	101	69
d) other additions	217,006	94,799
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	97	105,159
3. Reductions	74,229	78,087
3.1 Advance tax reversed during the period	72,592	61,471
a) reclassifications	72,592	47,246
b) amounts written off as unrecoverable	—	166
c) due to changes in accounting policies	—	14,059
3.2 Reductions in tax rates	—	16,106
3.3 Other reductions	1,637	510
4. Balance at end of period	413,268	266,387

14.4 *Changes in deferred tax during the period*

	30/6/09	30/6/08
1. Opening balance	344,680	443,665
2. Additions	20,100	74,692
2.1 Deferred tax originating during period	20,061	73,905
a) relating to previous years	470	—
b) due to changes in accounting policies	—	—
c) others	19,591	73,905
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	39	787
3. Reductions	48,524	173,677
3.1 Deferred tax reversed during period	48,036	125,411
a) reclassifications	47,004	72,207
b) due to changes in accounting policies	—	23,372
c) others	1,032	29,832
3.2 Reductions in tax rates	—	47,414
3.3 Other reductions	488	852
4. Balance at end of period	316,256	344,680

14.5 Changes in advance tax during the period¹

	30/6/09	30/6/08
1. Opening balance	37,436	—
2. Additions	91,843	37,436
2.1 Advance tax originating during period	91,843	37,436
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) others	91,843	37,436
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	3,833	—
3.1 Advance tax reversed during period	3,833	—
a) reclassifications	3,833	—
b) due to changes in accounting policies	—	—
c) others	—	—
3.2 Reductions in tax rates	—	—
3.3 Other reductions	—	—
4. Balance at end of period	125,446	37,436

¹ Taxes on cash flow hedges and AFS securities valuations.

14.6 Changes in deferred tax during the period¹

	30/6/09	30/6/08
1. Opening balance	59,305	97,089
2. Additions	12,640	57,323
2.1 Deferred tax originating during period	12,640	43,154
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) others	12,640	43,154
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	14,169
3. Reductions	40,906	95,107
3.1 Advance tax reversed during the period	40,862	94,120
a) reclassifications	37,392	94,115
b) due to changes in accounting policies	—	—
c) others	3,470	5
3.2 Reductions in tax rates	—	361
3.3 Other reductions	44	626
4. Balance at end of period	31,039	59,305

¹ Taxes on cash flow hedges and AFS securities valuations.

Section 16

Heading 160: Other assets

16.1 Other assets

	30/6/09	30/6/08
1. Gold, silver and precious metals	687	—
2. Accrued income other than capitalized income from related financial assets	1,542	1,527
3. Working capital loans and invoices pending issue	7,960	18,737
4. Amounts due from tax revenue authorities (not reported under Heading 140)	10,745	—
5. Other items:	114,276	50,381
– bills for collection	20,061	117
– premiums, grants, indemnities and other items in respect of lending transactions	28,826	6,318
– futures and other securities transactions	400	497
– advance payments on deposit commissions	5,201	5,139
– other items in transit	19,160	18,129
– exchange rate adjustments on forex transactions	—	—
– due from staff	106	19
– sundry other items	40,522	20,162
6. Adjustments upon consolidation	2	3
Total	135,212	70,648

Liabilities

Section 1

Heading 10: Due to banks

1.1 Due to banks: composition

Type of transaction/amounts	30/6/09	30/6/08
1. Due to central banks	500,069	101,137
2. Due to banks	10,910,122	13,747,728
2.1 Current accounts and demand deposits	2,448,175	2,546,681
2.2 Term deposits	781,950	252,847
2.3 Borrowings	5,494,905	8,320,364
2.3.1 Leasing	—	—
2.3.2 Others	5,494,905	8,320,364
2.4 Amounts due under commitments to buy back own shares	—	—
2.5 Liabilities in respect of assets sold but not derecognized	1,873,730	1,936,753
2.5.1 Amounts due under reverse repo agreements	1,873,730	1,936,753
2.5.2 Others	—	—
2.6 Other amounts due	311,362	691,083
Total (book value)	11,410,191	13,848,865
Total (fair value)	11,410,191	13,848,865

1.2 Breakdown of Heading 10: “Due to banks”: subordinated debt

Subordinated liabilities included under the heading *Due to banks* amount to €65,742,000 and refer to amounts payable by Linea to its former shareholders.

1.4 Due to banks: items subject to specific hedges

	30/6/09	30/6/08
1. Items subject to specific fair value hedges for:	159,617	167,913
a) interest rate risk	159,617	167,913
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	3,377,768	6,484,660
a) interest rate risk	3,377,768	6,484,660
b) exchange rate risk	—	—
c) other	—	—

Section 2

Heading 20: Due to customers

2.1 Due to customers: composition

Type of transaction/amounts	30/6/09	30/6/08
1. Current accounts and demand deposits	1,375,009	938,986
2. Term deposits	7,638,641	1,985,109
3. Customers' funds managed on a non-discretionary basis	—	—
4. Borrowings	84,862	154,554
4.1 leasing	—	1
4.2 others	84,862	154,553
5. Amounts due under commitments to buy back own shares	—	—
6. Liabilities in respect of assets sold but not derecognized	3,282,961	2,258,333
6.1 Amounts due under reverse repo agreements	1,621,661	639,969
6.2 Others	1,661,300	1,618,364
7. Other amounts due	766,731	759,560
Total book value	13,148,204	6,096,542
Total fair value	13,148,204	6,096,542

2.2 Due to customers: items subject to specific hedges

	30/6/09	30/6/08
1. Items subject to specific fair value hedges for:	48,195	54,797
a) interest rate risk	48,195	54,797
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—

Section 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue : composition

Type of transaction/amounts	30/6/09		30/6/08	
	Book value	Fair Value ¹	Book value	Fair Value ¹
A. Listed securities	25,570,036	25,740,852	19,845,888	19,785,117
1. bonds	25,570,036	25,740,852	19,845,888	19,785,117
1.1 structured	9,020,219	9,034,380	6,986,928	6,988,706
1.2 others	16,549,817	16,706,472	12,858,960	12,796,411
2. other securities	—	—	—	—
2.1 structured	—	—	—	—
2.2 others	—	—	—	—
B. Unlisted securities	11,846,162	11,913,246	10,581,492	10,572,708
1. bonds	10,490,751	10,557,835	10,433,308	10,424,524
1.1 structured	2,846,866	2,859,950	2,547,994	2,547,994
1.2 others	7,643,885	7,697,885	7,885,314	7,876,530
2. other securities	1,355,411	1,355,411	148,184	148,184
2.1 structured	—	—	—	—
2.2 others	1,355,411	1,355,411	148,184	148,184
Total	37,416,198	37,654,098	30,427,380	30,357,825

¹ Fair value does not include issuer risk; if issuer risk is considered, the fair value of debt securities in issue would reduce by approximately €685m.

Subordinated liabilities included under the heading *Debt securities in issue* total €929,206,000.

3.3 Debt securities: items subject to specific hedging

	30/6/09	30/6/08
1. Securities subject to specific fair value hedges	28,228,381	22,861,746
a) interest rate risk	28,228,381	22,861,746
b) exchange rate risk	—	—
c) other	—	—
2. Securities subject to specific cash flow hedges	2,782,852	2,685,186
a) interest rate risk	2,782,852	2,685,186
b) exchange rate risk	—	—
c) other	—	—

Section 4

Heading 40: Trading liabilities

4.1 Trading liabilities: composition

Type of transaction/amounts	30/6/09			30/6/08		
	Nominal value	Fair Value		Nominal value	Fair Value	
		Listed	Unlisted		Listed	Unlisted
A. Cash liabilities						
1. Due to banks	116,860	109,859	—	187,917	166,266	—
2. Due to customers	497,023	493,587	—	862,662	847,666	—
3. Debt securities	378	289	—	1,223	2,228	—
3.1 Bonds	—	—	—	—	—	—
3.1.1 Structured	—	—	—	—	—	—
3.1.2 Other	—	—	—	—	—	—
3.2 Other securities	378	289	—	1,223	2,228	—
3.2.1 Structured	—	—	—	—	—	—
3.2.2 Other	378	289	—	1,223	2,228	—
Total A	614,261	603,735	—	1,051,802	1,016,160	—
B. Derivative products						
1. Financial derivatives		45,434	2,337,485		11,338	1,882,656
1.1 Trading	X	45,434	1,856,394	X	11,338	978,869
1.2 Linked to fair value options	X	—	—	X	—	—
1.3 Other	X	—	481,091	X	—	903,787
2. Credit derivatives	X	—	440,718	X	—	246,055
2.1 Trading	X	—	433,541	X	—	246,055
2.2 Linked to fair value options	X	—	—	X	—	—
2.3 Other	X	—	7,177	X	—	—
Total B	X	45,434	2,778,203	X	11,338	2,128,711
Total (A+B)	614,261	649,169	2,778,203	1,051,802	1,027,498	2,128,711

4.4 Trading liabilities: derivative products

Type of derivatives/underlying assets	Interest rates	Foreign currency/gold	Equities	Loans and advances	Others	30/6/09	30/6/08
A) Listed derivative products							
1. Financial derivatives:	1,807	—	43,627	—	—	45,434	11,338
– With exchange of principal	1,807	—	32,458	—	—	34,265	6,611
– options issued	32	—	32,142	—	—	32,174	—
– other derivatives	1,775	—	316	—	—	2,091	6,611
– Without exchange of principal	—	—	11,169	—	—	11,169	4,727
– options issued	—	—	7,930	—	—	7,930	153
– other derivatives	—	—	3,239	—	—	3,239	4,574
2. Credit derivatives:	—	—	—	—	—	—	—
– With exchange of principal	—	—	—	—	—	—	—
– Without exchange of principal	—	—	—	—	—	—	—
Total A	1,807	—	43,627	—	—	45,434	11,338
B) Unlisted derivative products							
1. Financial derivatives:	1,575,488	128,133	606,046	—	27,818	2,337,485	1,882,657
– With exchange of principal	76,675	127,352	51,901	—	—	255,928	117,279
– options issued	76,253	—	51,771	—	—	128,024	40,033
– other derivatives	422	127,352	130	—	—	127,904	77,246
– Without exchange of principal	1,498,813	781	554,145	—	27,818	2,081,557	1,765,378
– options issued	4,430	781	538,543	—	—	543,754	932,126
– other derivatives	1,494,383	—	15,602	—	27,818	1,537,803	833,252
2. Credit derivatives:	—	—	—	440,718	—	440,718	246,054
– With exchange of principal	—	—	—	433,541	—	433,541	245,526
– Without exchange of principal	—	—	—	7,177	—	7,177	528
Total B	1,575,488	128,133	606,046	440,718	27,818	2,778,203	2,128,711
Total (A+B)	1,577,295	128,133	649,673	440,718	27,818	2,823,637	2,140,049

Section 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of product/underlying asset

Type of derivatives/underlying assets	Interest rates	Foreign currency/gold	Equities	Loans and advances	Other	Total
A) Listed derivative products						
1. Financial derivatives:	—	—	—	—	—	—
– With exchange of principal	—	—	—	—	—	—
– options issued	—	—	—	—	—	—
– other derivatives	—	—	—	—	—	—
– Without exchange of principal	—	—	—	—	—	—
– options issued	—	—	—	—	—	—
– other derivatives	—	—	—	—	—	—
2. Credit derivatives:	—	—	—	—	—	—
– With exchange of principal	—	—	—	—	—	—
– Without exchange of principal	—	—	—	—	—	—
Total A	—	—	—	—	—	—
B) Unlisted derivative products						
1. Financial derivatives:	1,317,879	11,226	3,057	—	—	1,332,162
– With exchange of principal	—	11,226	3,057	—	—	14,283
– options issued	—	—	3,057	—	—	3,057
– other derivatives	—	11,226	—	—	—	11,226
– Without exchange of principal	1,317,879	—	—	—	—	1,317,879
– options issued	—	—	—	—	—	—
– other derivatives	1,317,879	—	—	—	—	1,317,879
2. Credit derivatives:	—	—	—	—	—	—
– With exchange of principal	—	—	—	—	—	—
– Without exchange of principal	—	—	—	—	—	—
Total B	1,317,879	11,226	3,057	—	—	1,332,162
Total 30/6/09	1,317,879	11,226	3,057	—	—	1,332,162
Total 30/6/08	2,712,148	24,542	—	—	—	2,736,690

6.2 Hedging derivatives: by portfolio hedged/hedge type

Transactions/Type of hedging	Fair value hedges					Cash flow hedges		
	Specific					General	Specific	General
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk			
1. AFS securities	—	—	—	3,057	—	X	—	X
2. Loans and advances	32,718	—	—	—	—	X	—	X
3. Financial assets held to maturity	—	—	—	—	—	X	—	X
4. Portfolio	—	—	—	—	—	—	—	—
5. Non-Italian investments	X	X	X	X	X	X	—	X
Total assets	32,718	—	—	3,057	—	—	—	—
1. Financial liabilities	1,120,546	—	—	—	—	X	175,841	X
2. Portfolio	X	X	X	X	X	—	X	—
Total liabilities	1,120,546	—	—	—	—	—	175,841	—
1. Expected transactions	X	X	X	X	X	X	—	—

Section 10

Heading 100: Other liabilities

10.1 Other liabilities

	30/6/09	30/6/08
1. Payment agreements (IFRS 2)	38	1,772
2. Impaired endorsements	53,189	15,533
3. Financial guarantees on CDS products (as required under IAS 37)	—	—
4. Working capital payables and invoices pending receipt	198,696	188,558
5. Prepaid expenses other than capitalized expenses on related financial assets	16	81
6. Amounts due to tax revenue authorities	36,764	—
7. Amounts due to staff	69,832	59,409
8. Other items:	146,565	142,218
- bills for collection	38	—
- coupons and dividends pending collection	2,210	2,136
- fees payable to banks	—	—
- underwriting syndicate commissions payable	2,413	2,404
- available sums payable to third parties	44,277	39,138
- premiums, grants and other items in respect of lending transactions	30,867	18,560
- credit notes	13,396	1,437
- other	53,364	78,543
9. Adjustments upon consolidation	7	—
Total	505,107	407,571

Section 11

Heading 110: Staff severance indemnity provision

11.1 Staff severance indemnity provision: changes during the period

	30/6/09	30/6/08
A. Balance at start of period	29,172	29,644
B. Additions	11,948	14,617
B.1 Transfers during period	10,561	10,059
B.2 Other additions	1,387	4,558
C. Reductions	12,222	15,089
C.1 Indemnities paid out	3,572	6,496
C.2 Other reductions ¹	8,650	8,593
D. Balance at end of period	28,898	29,172

¹ Includes €7,491,000 in transfers to external, defined contribution pension schemes.

Section 12

Heading 120: Provisions

12.1 Provisions: composition

Item/amounts	30/6/09	30/6/08
1. Company post-employment benefit provision	—	—
2. Other provisions	159,383	180,886
2.1 litigation	906	340
2.2 staff-related	—	—
2.3 other	158,477	180,546
Total	159,383	180,886

12.2 Provisions: movements during the period

	Post-employment benefit provision	Litigation	Other provisions	Total
A. Balance at start of period	—	340	180,546	180,886
B. Additions	—	566	172	738
B.1 Transfers during period	—	565	171	736
B.2 Changes due to passing of time	—	—	—	—
B.3 Additions due to changes in discount rate	—	—	—	—
B.4 Other additions	—	1	1	2
C. Reductions	—	—	22,241	22,241
C.1 Transfers during period	—	—	22,241	22,241
C.2 Reductions due to changes in discount rate	—	—	—	—
C.3 Other reductions	—	—	—	—
D. Balance at end of period	—	906	158,477	159,383

Section 15

Headings 140, 160, 170, 180, 190, 200 and 220: Net equity

15.1 Net equity

Item/amounts	30/6/09	30/6/08
1. Share capital	410,028	410,028
2. Share premium reserve	2,140,043	2,140,043
3. Reserves	3,530,707	3,280,171
4. Treasury shares	(213,844)	(213,844)
a. Mediobanca	(213,410)	(213,410)
b. other Group companies	(434)	(434)
5. Valuation reserves	(163,300)	112,795
6 Equity instruments	—	—
7. Profit (loss) for the period	2,409	1,014,832
Total	5,706,043	6,744,025

15.3 *Share capital: changes in no. of shares in issue during period*

Item/Type	Ordinary
A. Shares in issue at start of period	836,255,665
– entirely unrestricted	836,255,665
– with restrictions	—
A.1 Treasury shares	16,200,000
A.2 Shares in issue: balance at start of period	820,055,665
B. Additions	—
B.1 New share issuance as a result of:	—
– rights issues	—
– business combinations	—
– bond conversions	—
– exercise of warrants	—
– others	—
– bonus issues	—
– to staff members	—
– to Board members	—
– others	—
B.2 Treasury share disposals	—
B.3 Other additions	—
C. Reductions	—
C.1 Cancellations	—
C.2 Treasury share buybacks	—
C.3 Disposals of businesses	—
C.4 Other reductions	—
D. Shares in issue: balance at end of period	820,055,665
D.1 Add: treasury shares	16,200,000
D.2 Shares in issue at end of period	836,255,665
– entirely unrestricted	836,255,665
– with restrictions	—

15.5 Profit reserves: other information

Item	30/6/09	30/6/08
1. Legal reserve	82,006	81,910
2. Statutory reserves	976,063	876,087
3. Treasury shares	213,844	213,844
4. Others	2,258,794	2,108,330
Total	3,530,707	3,280,171

15.6 Valuation reserves: composition

Items/Components	30/6/09	30/6/08
1. AFS securities	(94,749)	(58,661)
2. Property, plant and equipment	—	—
3. Intangible assets	—	—
4. Foreign investment hedges	—	—
5. Cash flow hedges	(82,021)	157,537
6. Exchange rate differences	—	—
7. Non-current assets being sold	—	—
8. Special revaluation laws	13,470	13,919
Total	(163,300)	112,795

15.7 Valuation reserves: movements during the period

	AFS securities	Cash flow hedges	Special laws
A. Balance at start of period	(58,661)	157,537	13,919
B. Additions	360,787	42,137	—
B.1 Increases in fair value	117,152	16,044	—
B.2 Other additions	243,635	26,093	—
C. Reductions	396,875	281,695	449
C.1 Reductions in fair value	292,978	224,244	—
C.2 Other reductions	103,897	57,451	449
D. Balance at end of period	(94,749)	(82,021)	13,470

15.8 AFS securities valuation reserve: composition

Assets/Amounts	30/6/09		30/6/08	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	91,570	(143,454)	4,396	(48,215)
2. Equities	100,158	(139,532)	293,299	(313,399)
3. OICR units	2,151	(5,642)	5,258	—
4. Loans and advances	—	—	—	—
Total	193,879	(288,628)	302,953	(361,614)

15.9 AFS valuation reserve: movements during the period

	Debt securities	Equities	OICR units	Total
1. Opening balance	(43,819)	(20,100)	5,258	(58,661)
2. Additions	96,255	262,146	2,387	360,788
2.1 Increases in fair value	79,164	37,173	815	117,152
2.2 Negative reserves charged back to profit and loss as a result of	486	111,869	—	112,355
– impairment	—	97,193	—	97,193
– disposals	486	14,676	—	15,162
2.3 Other additions	16,605	113,104	1,572	131,281
3. Reductions	104,320	281,420	11,136	396,876
3.1 Reductions in fair value	103,811	178,087	11,080	292,978
3.2 Adjustments for impairment	—	—	—	—
3.3 Positive reserves credited back to profit and loss as a result of: disposals	509	101,714 ¹	56	102,279
3.4 Other reductions	—	1,619	—	1,619
4. Balance at end of period	(51,884)	(39,374)	(3,491)	(94,749)

¹ €4,834,000 of which linked to fair value hedges.

Section 16

Heading 210: Net equity attributable to minorities

16.1 Net equity attributable to minorities: composition

Item/amounts	30/6/09	30/6/08
1. Share capital	25,125	25,346
2. Share premium reserve	7,216	7,355
3. Reserves	79,235	72,447
4. Treasury shares	—	—
5. Valuation reserves ¹	(7,859)	5,219
6. Equity instruments	—	—
7. Profit (loss) for the period attributable to minorities	(457)	9,478
Total	103,260	119,845

¹ Relates to cash flow hedges.

Other information

1. Guarantees and commitments

Transactions	30/6/09	30/6/08
1. Financial guarantees given to:	397,516	1,025,761
a) Banks	2,727	100,049
b) Customers	394,789	925,712
2. Commercial guarantees given to:	1,863	36,094
a) Banks	—	—
b) Customers	1,863	36,094
3. Irrevocable commitments to lend funds to:	23,812,496	18,665,911
a) Banks	4,021,594	2,405,983
i) specific	1,213,997	930,938
ii) standby basis	2,807,597	1,475,045
b) Customers	19,790,902	16,259,928
i) specific	10,443,393	7,722,489
ii) standby basis	9,347,509	8,537,439
4. Commitments underlying credit derivatives: hedge sales	8,281,573	7,272,405
5. Assets pledged as collateral for customer obligations	41,513	43,098
6. Other commitments	407,047	313,292
Total	32,942,008	27,356,561

2. *Assets pledged as collateral for own liabilities and commitments*

Portfolios	30/6/09	30/6/08
1. Financial assets held for trading	1,495,075	730,693
2. Financial assets recognized at fair value	—	—
3. AFS securities	—	—
4. Financial assets held to maturity	—	3,710
5. Due from banks	—	—
6. Due from customers	1,005,815	722,968
7. Property, plant and equipment	—	—

5. *Assets managed and traded on behalf of customers: Banking Group*

Transactions	30/6/09	30/6/08
1. Securities traded on behalf of customers	33,730,085	29,915,610
a) Purchases	18,287,389	16,161,329
1. settled	13,221,624	15,602,178
2. pending settlement	5,065,765	559,151
b) Disposals	15,442,696	13,754,281
1. settled	10,376,931	13,205,971
2. pending settlement	5,065,765	548,310
2. Asset management ¹	2,945,000	2,954,000
a) individuals	834,000	1,038,000
b) groups	2,111,000	1,916,000
3. Securities under custody/managed on a non-discretionary basis	41,066,332	27,258,315
a) customers' securities held on deposit: in connection with the Bank's activity as deposit bank (not including asset management) ²	6,276,044	4,198,659
1. securities issued by bank drawing up consolidated financial statements	1,820,349	636,617
2. other securities	4,455,695	3,562,042
b) other customers' securities held on deposit (not including asset management): others	5,225,160	5,420,112
1. securities issued by bank drawing up consolidated financial statements	32	32
2. other securities	5,225,128	5,420,080
c) customers' securities held on deposit with customers	7,211,938	5,196,253
d) own securities held on deposit with customers ³	22,353,190	12,443,291
4. Other transactions	—	—

¹ The Esperia group has assets under management totalling €6,067,000 (8,960,000 at 30/6/08).

² The Esperia group manages assets on a non-discretionary basis worth €2,295,000 (1,570,000 at 30/6/08).

³ Includes nominal value of Unicredit shares (€483,782,000) bound in respect of the CASHES deal for which Mediobanca S.p.A. is depositor bank.

**PART C - NOTES TO CONSOLIDATED
PROFIT AND LOSS ACCOUNT**

Section 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income: composition

Line items/Technical forms	Performing assets		Impaired assets	Other assets	12 mths to 30/6/09	12 mths to 30/6/08
	Debt securities	Loans and advances				
1. Financial assets held for trading	423,478	—	—	—	423,478	281,968
2. Financial assets recognized at fair value	—	—	—	—	—	—
3. AFS securities	125,026	—	—	—	125,026	133,719
4. Financial assets held to maturity	25,969	—	—	—	25,969	26,944
5. Due from banks	21,172	47,679	—	84,963	153,814	245,436
6. Due from customers	17,553	2,077,809	38,029	69,741	2,203,132	1,899,413
7. Hedge derivatives	—	—	—	86,328	86,328	—
8. Financial assets sold but not derecognized	5,381	25,235	—	1,066	31,682	26,002
9. Other assets	—	—	—	1,709	1,709	1,727
Total	618,579	2,150,723	38,029	243,807	3,051,138	2,615,209

1.2 *Interest and similar income: differences arising on hedging transactions*

Items/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
A. Positive differences on transactions involving:		
A.1 Specific fair value hedges of assets	13,785	—
A.2 Specific fair value hedges of liabilities	399,775	—
A.3 General interest rate risk hedges	—	—
A.4 Specific cash flow hedges of assets	—	—
A.5 Specific cash flow hedges of liabilities	—	—
A.6 General cash flow hedges	13,732	—
Total positive differences (A)	427,292	—
B. Negative differences on transactions involving:		
B.1 Specific fair value hedges of assets	(16,186)	—
B.2 Specific fair value hedges of liabilities	(278,158)	—
B.3 General interest rate risk hedges	—	—
B.4 Specific cash flow hedges of assets	—	—
B.5 Specific cash flow hedges of liabilities	—	—
B.6 General cash flow hedges	(46,620)	—
Total negative differences (B)	(340,964)	—
C. Balance of differences arising on hedges (A – B)	86,328	—

1.3 *Interest and similar income: other information*

Items/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
1.3.1 Interest receivable on financial assets denominated in currencies other than the Euro	221,280	298,437
1.3.2 Interest receivable in respect of finance leasing transactions	259,223	272,569
1.3.3 Interest income on receivables involving customers' funds held on a non-discretionary basis	—	—
Total	480,503	571,006

1.4 *Interest expense and similar charges: composition*

Line items/Technical forms	Accounts payable	Securities	Other liabilities	12 mths to 30/6/09	12 mths to 30/6/08
1. Due to banks	(264,872)	—	(69,492)	(334,364)	(420,626)
2. Due to customers	(170,385)	—	(16,573)	(186,958)	(112,530)
3. Debt securities in issue	—	(1,539,575)	—	(1,539,575)	(1,280,044)
4. Trading liabilities	—	—	—	—	—
5. Financial liabilities recognized at fair value	—	—	—	—	—
6. Financial liabilities in respect of assets sold but not derecognized	(94,460)	—	(38,651)	(133,111)	(94,197)
7. Other liabilities	—	—	(88)	(88)	(473)
8. Hedging derivatives	—	—	—	—	(32,225)
Total	(529,717)	(1,539,575)	(124,804)	(2,194,096)	(1,940,095)

1.5 Interest expense and similar charges: margins on hedging transactions

Items/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
A. Positive differences on transactions involving:		
A.1 Specific fair value hedges of assets	—	15,917
A.2 Specific fair value hedges of liabilities	—	269,590
A.3 General interest rate risk hedges	—	—
A.4 Specific cash flow hedges of assets	—	—
A.5 Specific cash flow hedges of liabilities	—	—
A.6 General cash flow hedges	—	21,457
Total positive differences (A)	—	306,964
B. Negative differences on transactions involving:		
B.1 Specific fair value hedges of assets	—	(21,235)
B.2 Specific fair value hedges of liabilities	—	(317,415)
B.3 General interest rate risk hedges	—	—
B.4 Specific cash flow hedges of assets	—	—
B.5 Specific cash flow hedges of liabilities	—	—
B.6 General cash flow hedges	—	(539)
Total negative differences (B)	—	(339,189)
C. Balance of differences arising on hedges (A – B)	—	(32,225)

1.6 Interest expense and similar charges: other information

Items/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
1.6.1 Interest payable on liabilities denominated in currencies other than the Euro	(147,912)	(217,652)
1.6.2 Interest payable on liabilities in respect of finance leasing transactions	(25)	(71)
1.6.3 Interest payable on customers' funds held on a non-discretionary basis	—	—
Total	(147,937)	(217,723)

Section 2

Headings 40 and 50: Net fee and commission income

2.1 Net fee and commission income: composition

Type of service/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
a) guarantees given	4,258	4,588
b) credit derivatives	—	263
c) management, trading and advisory services:	194,617	170,029
1. securities trading	16,218	26,800
2. foreign currency trading	138	104
3. asset management ⁽¹⁾	6,865	10,339
3.1 individuals	6,865	10,339
3.2 groups	—	—
4. securities under custody and non-discretionary management	4,077	4,064
5. deposit bank services	—	—
6. securities placement	53,425	87,466
7. procurement of orders	5,037	3,622
8. advisory services	30	29
9. agency fees	108,827	37,605
9.1 asset management	11,328	16,711
9.1.1 individuals	11,328	16,711
9.1.2 groups	—	—
9.2 insurance products	97,499	20,894
9.3 other products	—	—
d) collection and payment services	876	541
e) securitization services	120	271
f) factoring services	—	—
g) tax collection and receipt services	—	—
h) multilateral exchange systems management	—	—
i) other services	283,760	214,353
1. penalties and refunds of expenses for early repayment	6,611	4,372
2. commissions on loans and advances to customers	107,815	76,497
3. advisory services and assistance to customers	122,472	106,550
4. other services	46,862	26,934
Total	483,631	390,045

¹ Banca Esperia recorded net fee and commission income of €50,161,000 (30/6/08: €78,192,000).

2.2 Fee and commission income: by product/service distribution channel

Channels/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
a) on the Bank's own premises:	169,117	114,516
1. asset management ⁽¹⁾	6,865	10,339
2. securities placement	53,425	87,466
3. agency fees	108,827	16,711
b) elsewhere:	—	—
1. asset management	—	—
2. securities placement	—	—
3. agency fees	—	—
c) other distribution channels:	—	—
1. asset management	—	—
2. securities placement	—	—
3. agency fees	—	—
Total	169,117	114,516

¹ Banca Esperia recorded net fee and commission income of €50,161,000 (30/6/08: €78,192,000).

2.3 Fee and commission expense

Services/amounts	12 mths to 30/6/09	12 mths to 30/6/08
a) guarantees received	—	—
b) credit derivatives	—	(426)
c) management and trading services:	(5,778)	(17,614)
1. securities trading	(3,046)	(4,860)
2. foreign currency trading	—	—
3. asset management:	(1)	(1)
3.1 proprietary	(1)	(1)
3.2 on behalf of customers	—	—
4. securities under custody/held on a non-discretionary basis	(2,281)	(2,346)
5. securities placement	(450)	(10,407)
6. door-to-door sales of securities, products and services	—	—
d) collection and payment services	(2,858)	(3,019)
e) other services	(41,902)	(22,371)
Total	(50,538)	(43,430)

Section 3

Heading 70: Dividends and similar income

3.1 Dividends and similar income: composition

Line items/Income	12 mths to 30/6/09		12 mths to 30/6/08	
	Dividends	Income from OICR units	Dividends	Income from OICR units
A. Financial assets held for trading	23,983	—	79,611	—
B. AFS securities	16,995	—	43,483	—
C. Financial assets recognized at fair value	—	—	—	—
D. Equity investments	—	—	—	—
Total	40,978	—	123,094	—

Section 4

Heading 80: Net trading income

4.1 Net trading income: composition

Transactions/Income elements	Gains (A)	Dealing profits (B)	Value reductions (C)	Dealing losses (D)	Net trading income [(A+B)-(C+D)]
1. Trading assets	188,025	501,411	(249,632)	(237,556)	202,248
1.1 Debt securities	168,532	220,987	(183,925)	(122,121)	83,473
1.2 Equities	19,493	276,636	(65,707)	(113,329)	117,093
1.3 OICR units	—	3,788	—	(290)	3,498
1.4 Loans and advances	—	—	—	—	—
1.5 Others	—	—	—	(1,816)	(1,816)
2. Trading liabilities	—	—	—	—	—
2.1 Debt securities	—	—	—	—	—
2.2 Debts	—	—	—	—	—
2.3 Others	—	—	—	—	—
3. Other assets and liabilities: differences arising on exchange rates	780,259	—	(802,579)	—	(22,320)
4. Derivative products	3,680,591	1,150,737	(3,747,239)	(1,067,268)	16,821
4.1 Financial derivatives:	3,327,229	845,212	(3,397,821)	(804,921)	(30,301)
– debt securities and interest rates ¹	1,694,963	267,693	(1,620,774)	(322,753)	19,129
– equities and stock market indexes	1,371,724	485,222	(1,437,917)	(481,117)	(62,088)
– foreign currency and gold	126,082	90,094	(192,144)	(1,051)	22,981
– others	134,460	2,203	(146,986)	—	(10,323)
4.2 Credit derivatives	353,362	305,525	(349,418)	(262,347)	47,122
Total	4,648,875	1,652,148	(4,799,450)	(1,304,824)	196,749
Total 30/6/08	3,119,422	1,533,315	(3,165,295)	(1,456,781)	30,661

¹ Of which €39,000 000 in margins on interest rate derivatives (30/6/08: €61,207,000 000).

Section 5

Heading 90: Net hedging income (expense)

5.1 Net hedging income (expense): composition

Income elements/amounts	12 mths to 30/6/09	12 mths to 30/6/08
A. Income from:		
A.1 Fair value hedge derivatives	2,383,421	485,361
A.2 Financial assets hedged (fair value)	30,818	3,289
A.3 Financial liabilities hedged (fair value)	44,974	569,533
A.4 Cash flow hedge derivatives	5	7
A.5 Assets and liabilities in foreign currencies	—	—
Total hedging income (A)	2,459,218	1,058,190
B. Expense related to:		
B.1 Fair value hedge derivatives	(179,864)	(598,873)
B.2 Financial assets hedged (fair value)	(1,267)	(24,564)
B.3 Financial liabilities hedged (fair value)	(2,275,926)	(427,803)
B.4 Cash flow hedge derivatives	(139)	—
B.5 Assets and liabilities in foreign currencies	—	—
Total hedging expense (B)	(2,457,196)	(1,051,240)
Net hedging income (A-B)	2,022	6,950

Section 6

Heading 100: Gains (losses) on disposals/repurchases

6.1 Gains (losses) on disposals/repurchases: composition

Line items/Income elements	12 mths to 30/6/09			12 mths to 30/6/08		
	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
Financial assets						
1. Due from banks	—	—	—	—	—	—
2. Due from customers	—	—	—	555	—	555
3. AFS securities	179,654	(4,645)	175,009	200,900	(28,306)	172,594
3.1 Debt securities	20,532	(4,615)	15,917	732	(2,450)	(1,718)
3.2 Equities	159,122	(30)	159,092	200,168	(25,856)	174,312
3.3 OICR units	—	—	—	—	—	—
3.4 Loans and advances	—	—	—	—	—	—
4. Financial assets held to maturity	190	(78)	112	26	(193)	(167)
Total assets	179,844	(4,723)	175,121	201,481	(28,499)	172,982
Financial liabilities						
1. Due to banks	—	—	—	—	—	—
2. Due to customers	—	—	—	—	—	—
3. Debt securities in issue	26,930	(15,922)	11,008	23,350	(66)	23,284
Total liabilities	26,930	(15,922)	11,008	23,350	(66)	23,284

Section 8

Heading 130: Adjustments for impairment

8.1 Adjustments for impairment: composition

Transactions/Income elements	Value adjustments			Amounts recovered				12 mths to 30/6/09	12 mths to 30/6/08
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Due from banks	—	—	—	—	—	—	612	612	1,600
B. Due from customers	(145,431)	(502,626)	(115,526)	1,192	237,387	1,216	46,854	(476,934)	(204,252)
C. Total	(145,431)	(502,626)	(115,526)	1,192	237,387	1,216	47,466	(476,322)	(202,652)

Legend

A = interest

B = other amounts recovered

8.2 Net value adjustments for impairment to AFS securities: composition

Transactions/Income elements	Value adjustments		Amounts recovered		12 mths to 30/6/09	12 mths to 30/6/08
	Specific		Specific			
	Writeoffs	Others	A	B		
A. Debt securities	—	—	—	1,899	1,899	—
B. Equities	—	(179,329)	—	—	(179,329)	(7,503)
C. OICR units	—	(9,216)	—	—	(9,216)	—
D. Loans and advances to banks	—	—	—	—	—	—
E. Loans and advances to customers	—	—	—	—	—	—
F. Total	—	(188,545)	—	1,899	(186,646)	(7,503)

Legend

A = interest

B = other amounts recovered

8.3 Adjustments for impairment to financial assets held to maturity: composition

Transactions/Income elements	Value adjustments			Amounts recovered				12 mths to 30/6/09	12 mths to 30/6/08
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Debt securities	—	(295)	—	281	434	—	—	420	400
B. Loans and advances to banks	—	—	—	—	—	—	—	—	—
C. Loans and advances to customers	—	—	—	—	—	—	—	—	—
D. Total	—	(295)	—	281	434	—	—	420	400

Legend

A = interest

B = other amounts recovered

8.4 Adjustments for impairment to other financial transactions: composition

Transactions/Income-linked components	Value adjustments			Amounts recovered				12 mths to 30/6/09	12 mths to 30/6/08
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Guarantees given	—	(17,290)	—	—	—	—	1,350	(15,940)	—
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments	—	—	(15,145)	—	—	—	3,208	(11,937)	—
D. Other transactions	—	—	—	—	—	—	—	—	—
E. Total	—	(17,290)	(15,145)	—	—	—	4,558	(27,877)	—

Legend

A = interest

B = other amounts recovered

Section 11

Heading 180: Administrative expenses

11.1 Personnel costs: composition

Type of expense/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
1. Employees	(342,571)	(266,084)
a) wages and salaries	(243,539)	(187,243)
b) social security contributions	(56,349)	(45,671)
c) severance indemnities	—	—
d) pension contributions	—	—
e) transfers to severance indemnity provisions	(11,406)	(10,953)
f) transfers to post-employment and similar benefits provisions:	—	—
– defined contribution	—	—
– defined benefit	—	—
g) amounts paid to external complementary pension schemes:	(10,550)	(9,686)
– defined contribution	—	—
– defined benefit	(10,550)	(9,686)
h) expenses incurred in connection with share payment schemes	(13,233)	(9,473)
i) other staff benefits	(4,082)	(3,058)
l) expenses incurred in connection with staff retiring	(3,412)	—
2. Other staff	(5,722)	(4,318)
3. Board members	(11,782)	(9,755)
Total	(360,075)	(280,157)

11.2 Average number of staff by category

	12 mths to 30/6/09	12 mths to 30/6/08
Employees:		
a) Senior executives	170	173
b) Executives	966	888
<i>of which grade 3 and 4</i>	467	425
c) Other employees	1,940	1,790
Other staff	168	152
Total	3,244	3,003

11.5 Other administrative expenses: composition

	12 mths to 30/6/09	12 mths to 30/6/08
OTHER ADMINISTRATIVE EXPENSES		
– legal, tax and professional services	(35,611)	(36,174)
– loan recovery activity	(40,867)	(22,800)
– marketing and communications	(82,945)	(43,160)
– property	(37,537)	(26,085)
– EDP	(41,120)	(33,520)
– info provider	(19,248)	(13,918)
– bank charges, collection and payment fees	(20,522)	(15,711)
– operating expenses	(48,297)	(26,725)
– other staff expenses	(22,077)	(17,746)
– other costs	(9,106)	(9,243)
– indirect and other taxes	(31,054)	(23,696)
Total other administrative expenses	(388,384)	(268,778)

Section 12

Heading 190: Net transfers to provisions

12.1 Net transfers to provisions: composition

	12 mths to 30/6/08	12 mths to 30/6/07
TRANSFERS MADE TO COVER:		
– litigation	(565)	—
– advertising expenses	—	—
– certain or probable exposures or commitments ¹	(171)	(27,474)
Total net transfers to provisions	(736)	(27,474)

¹ Includes the effect of discounting such items.

Section 13

Heading 200: Net adjustments to tangible assets

13.1 Net adjustments to tangible assets: composition

Assets/Income elements	Depreciation	Value adjustments for impairment	Amounts recovered	Net result
A. Tangible assets				
A.1 Owned	(15,416)	—	—	(15,416)
– core	(15,002)	—	—	(15,002)
– for investment purposes	(414)	—	—	(414)
A.2 Acquired under finance leases	—	—	—	—
– core	—	—	—	—
– for investment purposes	—	—	—	—
Total	(15,416)	—	—	(15,416)

Section 14

Heading 210: Net adjustments to intangible assets

14.1 Net adjustments to intangible assets

Assets/Income elements	Amortization	Value adjustments for impairment	Amounts recovered	Net result
A. Intangible assets				
A.1 Owned	(19,357)	—	—	(19,357)
– software	(10,925)	—	—	(10,925)
– other	(8,432)	—	—	(8,432)
A.2 Goodwill	—	—	—	—
Total	(19,357)	—	—	(19,357)

Section 15

Heading 220: Other operating income (expense)

15.1 Other operating income (expense): composition

Income-based components/Values	12 mths to 30/6/09	12 mths to 30/6/08
a) Leasing activity	6,879	6,639
b) Amounts recovered from customers	53,342	26,705
c) Other Income	74,777	44,675
d) Other expenses	(2,301)	(3,262)
Total	132,697	74,757

Section 16

Heading 240: Gains (losses) on equity investments

16.1 Gains (losses) on equity investments: composition

Income-based components/Values	12 mths to 30/6/09	12 mths to 30/6/08
1. Jointly-controlled companies		
A. Income	—	—
1. Revaluations	—	—
2. Gains on disposals	—	—
3. Amounts recovered	—	—
4. Other increases	—	—
B. Expenses	—	—
1. Writedowns	—	—
2. Adjustments for impairment	—	—
3. Losses from disposals	—	—
4. Other reductions	—	—
Net income	—	—
2. Companies subject to significant influence		
A. Income	11,867	500,226
1. Revaluations	—	—
2. Gains on disposals	—	—
3. Amounts recovered	—	—
4. Other increases	11,867	500,226
B. Expenses	(295,383)	(22,428)
1. Writedowns	—	—
2. Adjustments for impairment	(264,398)	—
3. Losses from disposals	—	—
4. Other reductions	(30,985)	(22,428)
Net income	(283,516)	477,798
Total	(283,516)	477,798

Section 19

Heading 270: Net gain (loss) upon disposal of investments

19.1 Net gain (loss) upon disposal of investments: composition

Income elements/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
A. Properties	—	—
– gains on disposals	—	—
– losses on disposals	—	—
B. Other assets	(83)	(25)
– gains on disposals	3	62
– losses on disposals	(86)	(87)
Net gain (loss)	(83)	(25)

Section 20

Heading 290: Income tax on ordinary activities

20.1 Income tax on ordinary activities: composition

Income elements/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
1. Current taxes	(293,844)	(265,759)
2. Changes in current taxes for previous financial years	747	(1,964)
3. Reductions in current tax for the period	382	—
4. Changes in advance tax	143,554	19,543
5. Changes in deferred tax	60,395	144,309
Income tax for the year	(88,766)	(103,871)

20.2 Reconciliation between theoretical and effective tax burden

	12 mths to 30/6/09	
	% values	Absolute values
Profit before tax	100.00%	90,718
Theoretical tax rate applicable	27.50%	—
Theoretical taxes	-27.50%	(52,396)
Dividends (-)	17.96%	16,297
Gains on disposals of equity investments (PEX) (-)	45.52%	41,296
Gains on equity-accounted investments (-)	22.70%	20,596
Changes in deferred tax for previous years (-)	0.55%	501
Different tax rates (non-Italian companies) (-)	3.94%	3,573
10% deductibility for IRAP (-)	2.02%	1,836
Interest on exempt securities (-)	2.10%	1,909
Tax losses (-)	0.06%	53
Tax sparing credit	10.85%	9,841
Non-deductible interest expense 3% (+)	-27.34%	(24,799)
Benefit from tax consolidation (-)	4.84%	4,394
Impairment (+/-)	-125.84%	(114,163)
Extraordinary items (withholding tax on goodwill, etc.)	50.57%	45,878
Other changes	15.01%	13,620
TOTAL ITALIAN CORPORATE INCOME TAX (IRES)	-34.79%	(31,564)
ITALIAN REGIONAL PRODUCTION TAX (IRAP)	-63.05%	(57,202)
TOTAL FOR HEADING 1	-97.85%	(88,766)

¹ Compared with a tax rate of 19.73% in the previous financial year.

Section 22

Heading 330: Net profit (loss) attributable to minorities

22.1 Breakdown of profit for the year attributable to minorities

	30/6/09	30/6/08
Palladio Leasing S.p.A.	1,008	3,885
SelmaBipiemme Leasing S.p.A.	(3,064)	3,266
Teleleasing S.p.A.	3,528	4,747
Other companies	(13)	(504)
Adjustments on consolidation	(1,916)	(1,916)
Total	(457)	9,478

Section 24

Earnings per share

24.1 Average number of ordinary shares on a diluted basis

	12 mths to 30/6/09	12 mths to 30/6/08
Net profit	2,409	1,014,832
Avg. no. of shares in issue	803,855,665	812,304,621
Avg. no. of potentially diluted shares	25,985,750	5,850,794
Avg. no. of diluted shares	829,841,415	818,155,415
Earnings per share	0.003	1.25
Earnings per share, diluted	0.003	1.24

PART D - SEGMENT REPORTING

A. PRIMARY SEGMENT REPORTING

A.1 Profit-and-loss figures by business segment (net contributions)

	Corporate & Investment Banking	Principal Investing	Retail & Private banking	Other	Adjustments ¹	Group
<i>Profit-and-loss figures</i>	€m	€m	€m	€m	€m	€m
Net interest income	378.5	(11.1)	494.9	(0.1)	(1.0)	861.2
Dividends and similar income	398.2	0.2	31.7	—	(8.4)	421.7
Net trading income	301.8	—	239.8	18.9	(49.0)	511.5
Net fee and commission income	(17.1)	(0.9)	(0.2)	—	(0.6)	(18.8)
Share in profits earned by equity-accounted companies	1,061.4	(11.8)	766.2	18.8	(59.0)	1,775.6
TOTAL INCOME	(201.1)	(4.6)	(163.0)	(4.0)	12.6	(360.1)
OPERATING COSTS	(100.5)	(2.2)	(294.4)	(13.1)	40.7	(369.5)
PROFIT FROM ORDINARY ACTIVITIES	(301.6)	(6.8)	(457.4)	(17.1)	53.3	(729.6)
Gain (loss) on disposal of AFS securities	(179.1)	—	(324.7)	—	—	(503.8)
Bad debt writeoffs	(202.8)	(241.0)	(7.5)	—	—	(459.4)
Others	—	—	(0.1)	—	—	(0.1)
PROFIT BEFORE TAX	377.9	(259.6)	(23.5)	1.7	(5.7)	90.7
Income tax for the period	(148.1)	23.3	34.5	(0.2)	1.7	(88.8)
Minority interest	0.4	—	—	—	0.1	0.5
NET PROFIT	230.2	(236.3)	11.0	1.5	(3.9)	2.4
<i>Cost/Income (%)</i>	28.4	n.m.	59.7	n.m.	n.m.	41.1

Business divisions comprise:

- *CIB (Corporate and Investment Banking)*: comprises corporate and investment banking activities, including leasing, plus the Group's AFS portfolio, The companies which contribute to this line of business are: Mediobanca, Mediobanca International, MB Securities USA, Consortium, Prominvest, SelmaBipiemme Leasing, Palladio Leasing and Teleleasing;
- *Principal Investing*: this comprises the Group's shareholdings in Assicurazioni Generali, RCS MediaGroup and Telco, plus stakes acquired as part of merchant banking activity and investments in private equity funds;
- *Retail and Private Banking*: this division comprises activities targeting retail customers through consumer credit products, mortgages, deposit accounts, private banking and fiduciary business. The companies which form part of this division are Compass, CheBanca!, Cofactor, Futuro and Creditech (consumer finance), Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria plus 50% of Banca Esperia (private banking).

¹ The column headed "Adjustments" includes the contribution of Banca Esperia, which for operating purposes is consolidated pro-rata, plus any adjustments made upon consolidation (including elimination of inter-company positions) between the different business areas.

A.2 Balance-sheet data by business segment (net contributions)

	Corporate & Investment Banking	Principal Investing	Retail & Private banking	Other	Adjustments ¹	Group
<i>Balance-sheet data</i>	€m	€m	€m	€m	€m	€m
Treasury funds	13,418.3	—	3,226.7	0.7	(3,892.2)	12,753.5
AFS securities	4,208.7	122.2	2,732.5	—	(410.0)	6,653.4
Fixed assets (HTM & LR)	1,556.7	—	1,021.7	—	(1,020.9)	1,557.5
Equity investments	405.1	2,175.5	0.6	—	57.3	2,638.5
Loans and advances to customers	26,315.0	—	12,140.0	—	(3,221.8)	35,233.2
Funding	(43,250.2)	(259.8)	(18,334.4)	(1.4)	8,434.0	(53,411.8)

B. SECONDARY SEGMENT REPORTING

B.1 Profit-and-loss figures by geographical region (net contributions)

	Italy	Europe ¹	Group
<i>Profit-and-loss figures</i>	€m	€m	€m
Net interest income	795.2	66.0	861.2
Dividends and similar income.....	413.4	8.3	421.7
Net trading income	438.0	73.5	511.5
Net fee and commission income	(18.8)	—	(18.8)
Share in profits earned by equity-accounted companies ..	1,627.8	147.8	1,775.6
TOTAL INCOME	(286.5)	(73.6)	(360.1)
OPERATING COSTS	(338.8)	(30.7)	(369.5)
PROFIT FROM ORDINARY ACTIVITIES	(625.3)	(104.3)	(729.6)
Gain (loss) on disposal of AFS securities	(473.8)	(30.0)	(503.8)
Bad debt writeoffs.....	(443.9)	(7.5)	(451.4)
Others	(0.1)	—	(0.1)
PROFIT BEFORE TAX	84.7	6.0	90.7
Income tax for the period	(79.4)	(9.4)	(88.8)
Minority interest	0.5	—	0.5
NET PROFIT	5.8	(3.4)	2.4
<i>Cost income ratio (%)</i>	40.9	42.1	41.1

B.2 Balance-sheet data by geographical region (net contributions)

	Italy	Europe ¹	Group
<i>Balance-sheet data</i>	€m	€m	€m
Treasury funds.....	10,873.8	1,879.7	12,753.5
AFS securities	6,088.5	564.9	6,653.4
Fixed assets (HTM & LR).....	1,557.5	—	1,557.5
Equity investments	2,638.4	0.1	2,638.5
Loans and advances to customers.....	30,626.8	4,606.4	35,233.2
Funding.....	(48,391.6)	(5,020.2)	(53,411.8)

¹ This heading includes Mediobanca International, Compagnie Monegasque de Banque plus the non-Italian branches of Mediobanca (Paris, Frankfurt, Madrid and London).

PART E - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

Section 1

Banking Group risks

1.1 Credit risk

QUALITATIVE INFORMATION

Basel II project

In compliance with the Basel II New Capital Accord transposed into the Italian regulatory framework under Bank of Italy circular no. 263 issued on 27 December 2006 (“New regulations on capital requirements for banks”), the Mediobanca Group has set itself the objective of measuring credit risk using internal ratings.

A specific project has therefore been launched with a view to obtaining ratification by the Bank of Italy of the internal rating models to be used in calculating the capital requirements for credit risk starting from the 2010/11 financial year. The Group has used standardized methodology since 1 January 2008 and will continue to do so until ratification is obtained.

The internal rating models regard the following customer segments: Banks, Large corporate, Specialized lending (customers mostly targeted by Mediobanca S.p.A.), Mid corporate and Small businesses (customers targeted mostly by the leasing companies) and Private individuals (targeted by Compass for consumer credit and CheBanca! for mortgage lending). In addition, a plan is being implemented to comply with the experience requirement for the models to be ratified, which will involve the existing procedures for approving, monitoring and renewing loans (described in Section 1 hereunder) being gradually revised to incorporate the risk parameters calculated via the internal models that have been developed.

Corporate banking (Mediobanca)

The Group’s internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions are based on individual analysis, which builds on

adequate and often extensive knowledge of the borrower's business, assets and management, as well as the macro-economic framework in which it operates. Where possible, covenants are incorporated into the terms and conditions of the loan (having regard *inter alia* to the maturity and average size of the facilities concerned) in order to provide for protection against impairment. Applications for finance are processed through the different operating levels, and, if successful, are submitted for approval to the relevant bodies, i.e. the Risks Committee and Executive Committee, depending on the amount required and the credit rating of the counterparty involved, including both internal and external ratings. Once the finance has been disbursed the account is monitored on an ongoing basis, via analysis of published financial statements and a series of other controls to ensure that the covenants have not been breached. Any deterioration in the risk profile of a loan is brought swiftly to the attention of head of the operating unit and management.

Leasing

Individual applications are processed using similar methods to those described above for corporate banking. Applications for leases below a predetermined limit received via banks with which Mediobanca has agreements in place are approved by the banks themselves, against written guarantees from them covering a portion of the risk. At SelmaBipiemme and Teleleasing, applications for assets worth less than €75,000 are approved using a credit scoring system developed on the basis of historical series of data, tailored to both asset type and the individual applicant's sector of operation.

Sub-standard accounts are managed in a variety of ways which prioritize either recovery of the amount owed or the asset under lease, according to the specific risk profile of the account concerned. All non-performing or potential problem accounts are tested analytically to establish the relative estimated loss against the value of the security provided and/or any other form of real or personal guarantees issued. Other doubtful accounts are measured individually on the basis of statistics.

Consumer credit (Compass)

Applications for finance are approved on the basis of a credit scoring system tailored to individual products. The scoring grids have been developed from internal historical series, enhanced by data provided by central credit *bureaux*. Points of sale are linked electronically to the company's headquarters, in order to ensure that applications and credit scoring results are processed and transmitted swiftly. Applications for finance above a certain limit are approved by the

relevant bodies at headquarters, in accordance with the authorization levels established by the company's Board of Directors.

From the first instance of non-payment, accounts are managed using the entire range of recovery procedures, including postal and telephone reminders, external recovery agents, etc. After five overdue instalments accounts are held to be officially in default, and the client is deemed to have lapsed from the time benefit allowed under Article 1186 of the Italian Civil Code. After nine overdue instalments such accounts are sold to Cofactor or to other factoring companies for a percentage of the value of the principal outstanding, which reflects their estimated realizable value

Mortgage lending (CheBanca!)

Mortgage applications are processed and approved centrally at head office. Approval depends partly on the outcome of a credit scoring system, which is largely determined through individual appraisal of the applicant's income and maximum borrowing levels, as well as the value of the property itself. Risks are monitored on a monthly basis, ensuring the company's loan book is regularly appraised in view of a wide range of indicators, such as amount, sales channel, loan-to-value, etc.

Irregular accounts are managed through monthly reports analysing the commercial, personal and financial aspects of the accounts in order to flag up promptly any potential problem areas. Procedurally mortgage loans with four or more unpaid instalments are designated as potential problem accounts, and following the seventh/eighth unpaid instalment become non-performing and are handed over to the company's lawyers accordingly. Credit recovery is largely managed through property enforcement procedures.

* * *

Information on the Group's capital adequacy and risk exposure (the so-called "Third Pillar" of the Basel II regulations) will be published on the Bank's website at www.mediobanca.it within the term set for the annual report to be published.

QUANTITATIVE INFORMATION

CREDIT QUALITY

A.1 *Impaired and performing accounts: amounts, adjustments, trends, segmentation by performance and geography*

A.1.1 *Financial assets by portfolio and credit quality (book value)*

Portfolio/Quality	Non-performing	Potential problem	Restructured	Overdue	Other assets	Total
1. Financial assets held for trading	—	—	—	—	13,137,610	13,137,610
2. AFS securities	—	—	—	—	6,653,386	6,653,386
3. Financial assets held to maturity	—	—	—	—	574,427	574,427
4. Due from banks	127	—	—	—	4,999,015	4,999,142
5. Due from customers	140,473	430,740	19,082	97,817	41,696,767	42,384,879
6. Financial assets recognized at fair value	—	—	—	—	—	—
7. Financial assets being sold	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	1,744,646	1,744,646
Total 30/6/09	140,600	430,740	19,082	97,817	68,805,851	69,494,090
Total 30/6/08	121,950	41,369	2,759	76,548	59,975,611	60,218,237

A.1.2 Financial assets by portfolio/credity quality (gross/net values)

Portfolio/Quality	Impaired assets				Other assets			Total
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Financial assets held for trading	—	—	—	—	X	X	13,137,610	13,137,610
2. AFS securities	—	—	—	—	6,653,386	—	6,653,386	6,653,386
3. Financial assets held to maturity	—	—	—	—	579,035	(4,608)	574,427	574,427
4. Due from banks	127	—	—	127	5,002,000	(2,985)	4,999,015	4,999,142
5. Due from customers	1,333,671	(645,559)	—	688,112	41,897,586	(200,819)	41,696,767	42,384,879
6. Financial assets recognized at fair value	—	—	—	—	X	X	—	—
7. Financial assets being sold	—	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	X	X	1,744,646	1,744,646
Total 30/6/09	1,333,798	(645,559)	—	688,239	54,132,007	(208,412)	68,805,851	69,494,090
Total 30/6/08	725,385	(77,818)	(404,941)	242,626	47,181,784	(214,832)	59,975,611	60,218,237

A.1.3 Cash and off-balance-sheet exposures: gross/net values

Type of exposure/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	127	—	—	127
b) Potential problem	—	—	—	—
c) Restructured	—	—	—	—
d) Overdue	—	—	—	—
ef) Other assets	9,379,663	—	(2,984)	9,376,679
Total A	9,379,790	—	(2,984)	9,376,806
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	—	—	—	—
b) Other assets	14,891,422	—	—	14,891,422
Total B	14,891,422	—	—	14,891,422

A.1.4 Cash exposures to banks: trends in gross impaired positions and accounts subject to country risk

Description/Category	Non-performing	Potential problem	Restructured	Overdue
A. Gross exposure at start of period	127	—	—	—
<i>of which: accounts sold but not derecognized</i>	—	—	—	—
B. Additions	—	—	—	—
B.1 transfers from performing loans	—	—	—	—
B.2 transfers from other categories of impaired assets	—	—	—	—
B.3 other additions	—	—	—	—
C. Reductions	—	—	—	—
C.1 transfers to performing loans	—	—	—	—
C.2 amounts written off	—	—	—	—
C.3 amounts collected	—	—	—	—
C.4 gains realized on disposals	—	—	—	—
C.5 transfers to other categories of impaired assets	—	—	—	—
C.6 other reductions	—	—	—	—
D. Gross exposure at end of period	127	—	—	—
<i>of which: accounts sold but not derecognized</i>	—	—	—	—

A.1.6 Cash and off-balance-sheet exposures to customers: gross/net values

Type of exposure/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	538,986	(398,513)	—	140,473
b) Potential problem	638,283	(207,543)	—	430,740
c) Restructured	27,013	(7,931)	—	19,082
d) Overdue	129,389	(31,572)	—	97,817
e) Other assets	54,829,125	—	(205,446)	54,623,679
Total A	56,162,796	(645,559)	(205,446)	55,311,791
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	84,550	(18,883)	—	65,667
b) Other assets	29,950,450	—	—	29,950,450
Total B	30,035,000	(18,883)	—	30,016,117

A.1.7 Cash exposures to customers: trends in gross impaired positions/accounts subject to country risk

Description/Category	Non-performing	Potential problem	Restructured	Overdue
A. Gross exposure at start of period	493,522	109,904	5,360	116,474
<i>of which: accounts sold but not derecognized</i>	2,713	1,013	48	1,507
B. Additions	327,653	742,120	118,217	186,941
B.1 transfers from performing loans	113,479	435,396	69,889	109,557
B.2 transfers from other categories of impaired assets	78,463	85,993	241	2,053
B.3 other additions	135,711	220,731	48,087	75,331
C. Reductions	(282,189)	(213,741)	(96,564)	(174,026)
C.1 transfers to performing loans	(55,936)	(59,481)	(26,796)	(39,062)
C.2 amounts written off	(162,953)	(43,604)	(13,818)	(20,003)
C.3 amounts collected	(40,230)	(22,585)	(2,229)	(12,799)
C.4 gains realized on disposals	(13,382)	(4,447)	—	(2,021)
C.5 transfers to other categories of impaired assets	(2,564)	(39,062)	(34,368)	(90,753)
C.6 other reductions	(7,124)	(44,562)	(19,353)	(9,388)
D. Gross exposure at end of period	538,986	638,283	27,013	129,389
<i>of which: accounts sold but not derecognized</i>	18,748	18,932	18	5,844

A.1.8 Cash exposures to customers: trends in value adjustments

Description/Category	Non-performing	Potential problem	Restructured	Overdue
A. Adjustments at start of period	(371,699)	(68,535)	(2,601)	(39,926)
<i>of which: accounts sold but not derecognized</i>	<i>(2,703)</i>	<i>(661)</i>	<i>(12)</i>	<i>(591)</i>
B. Additions	(438,641)	(208,210)	(8,486)	(44,322)
B.1 value adjustments	(307,834)	(176,010)	(2,282)	(24,820)
B.2 transfers from other categories of impaired assets	(29,268)	(7,627)	(291)	(2,579)
B.3 other additions	(101,539)	(24,573)	(5,913)	(16,923)
C. Reductions	411,827	69,202	3,156	52,676
C.1 writebacks based on valuations	221,511	2,142	7	138
C.2 writebacks due to amounts collected	9,611	3,474	21	1,812
C.3 amounts written off	161,728	43,548	170	18,992
C.4 transfers to other categories of impaired assets	4,941	11,834	2,515	16,781
C.5 other reductions	14,036	8,204	443	14,953
D. Adjustments at end of period	(398,513)	(207,543)	(7,931)	(31,572)
<i>of which: accounts sold but not derecognized</i>	<i>(17,574)</i>	<i>(9,681)</i>	<i>—</i>	<i>(1,942)</i>

A.2 Exposures by internal and external ratings

A.2.1 Cash and off-balance-sheet exposures by external rating category

Esposizioni	External rating category		Unrated
	Investment grade	Speculative grade	
A. Cash exposures	40.60%	15.65%	43.75%
B. Other exposures	65.40%	7.44%	27.16%

A.3.3 Secured impaired cash exposures to banks and customers

	Value of exposure	Amount secured	Guarantees (fair value)																	Total (1) + (2)	Amount exceeding fair value and security		
			Real guarantees (1)			Personal guarantees (2)																	
						Credit derivatives							Endorsements										
			Properties	Securities	Other assets	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial undertakings	Other entities	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial undertakings	Other entities				
1. Exposures to banks secured:																							
1.1 over 150%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.2 between 100% and 150%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.3 between 50% and 100%	127	127	—	—	—	—	—	—	—	—	—	—	—	—	127	—	—	—	—	—	—	127	—
1.4 up to 50%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Exposures to customers secured:																							
2.1 over 150%	32,006	32,006	18,125	—	—	—	—	—	—	—	—	—	—	—	—	932	—	2,824	10,125	32,006	—	—	—
2.2 between 100% and 150%	50,832	50,832	46,565	—	1,433	—	—	—	—	—	—	—	—	—	382	—	2,196	5,547	56,123	—	—	—	—
2.3 between 50% and 100%	365,814	274,092	5,928	221,579	474	—	—	—	—	—	—	—	—	—	1,716	800	—	2,403	41,563	274,463	—	—	—
2.4 up to 50%	4,665	3,905	—	—	46	—	—	—	—	—	—	—	—	—	633	2,927	—	21	288	3,915	—	—	—

B.1 Cash and off-balance-sheet exposure to customers by sector

	Governments and Central Banks	Other Public agencies	Financial companies	Insurances	Non-financial undertakings	Other entities
A. Cash exposures						
A.1 Non-performing						
Gross exposure	—	—	11,472	—	39,012	488,502
Value adjustments to gross exposure	—	—	(11,472)	—	(21,506)	(363,995)
Value adjustments to portfolio	—	—	—	—	—	(1,540)
Net exposure	—	—	—	—	17,506	122,967
A.2 Potential problem						
Gross exposure	—	366	152,672	—	195,055	290,191
Value adjustments to gross exposure	—	(1)	(17,195)	—	(19,897)	(170,439)
Value adjustments to portfolio	—	(12)	—	—	—	—
Net exposure	—	353	135,477	—	175,158	119,752
A.3 Restructured						
Gross exposure	—	—	—	—	21,450	5,563
Value adjustments to gross exposure	—	—	—	—	(2,650)	(5,266)
Value adjustments to portfolio	—	—	—	—	—	(15)
Net exposure	—	—	—	—	18,800	282
A.4 Overdue						
Gross exposure	—	41	75	—	43,462	85,810
Value adjustments to gross exposure	—	(1)	—	—	(5,109)	(26,456)
Value adjustments to portfolio	—	—	(1)	—	(3)	(1)
Net exposure	—	40	74	—	38,350	59,353
A.5 Other exposures						
Gross exposure	7,462,678	363,626	13,602,776	2,434,137	17,773,738	13,192,150
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	(4,632)	(3,712)	(39,092)	(1,044)	(121,409)	(35,537)
Net exposure	7,458,046	359,914	13,563,684	2,433,093	17,652,329	13,156,613
Total A						
Gross exposure	7,462,678	364,033	13,766,995	2,434,137	18,072,717	14,062,216
Value adjustments to gross exposure	—	(2)	(28,667)	—	(49,162)	(566,156)
Value adjustments to portfolio	(4,632)	(3,724)	(39,093)	(1,044)	(121,412)	(37,093)
Net exposure	7,458,046	360,307	13,699,235	2,433,093	17,902,143	13,458,967
B. Off-balance sheet exposures						
B.2 Potential problem						
Gross exposure	—	—	8,000	—	75,716	834
Value adjustments to gross exposure	—	—	(1,334)	—	(17,549)	—
Value adjustments to portfolio	—	—	—	—	—	—
Net exposure	—	—	6,666	—	58,167	834
B.4 Other exposures						
Gross exposure	462,960	9,845	12,501,962	267,370	14,539,647	2,168,666
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	—	—	—	—	—	—
Net exposure	462,960	9,845	12,501,962	267,370	14,539,647	2,168,666
Total B						
Gross exposure	462,960	9,845	12,509,962	267,370	14,615,363	2,169,500
Value adjustments to gross exposure	—	—	(1,334)	—	(17,549)	—
Value adjustments to portfolio	—	—	—	—	—	—
Net exposure	462,960	9,845	12,508,628	267,370	14,597,814	2,169,500
Total 30/6/09:						
Gross exposure	7,925,638	373,878	26,276,957	2,701,507	32,688,080	16,231,716
Value adjustments to gross exposure	—	(2)	(30,001)	—	(66,711)	(566,156)
Value adjustments to portfolio	(4,632)	(3,724)	(39,093)	(1,044)	(121,412)	(37,093)
Net exposure	7,921,006	370,152	26,207,863	2,700,463	32,499,957	15,628,467
Total 30/6/08:	4,824,143	298,687	13,308,342	2,927,914	27,585,757	14,485,928

B.3 Cash and off-balance-sheet exposures to customers by geography (book value)

Exposure/Geographical areas	Italy		Other European countries		United States		Asia		Rest of world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Cash exposures										
A.1 Non-performing	524,209	138,708	14,777	1,765	—	—	—	—	—	—
A.2 Potential problem	476,235	288,985	162,048	141,755	—	—	—	—	—	—
A.3 Restructured	27,013	19,082	—	—	—	—	—	—	—	—
A.4 Overdue	121,032	89,460	8,357	8,357	—	—	—	—	—	—
A.5 Other exposures	38,683,161	38,542,924	14,471,443	14,409,408	1,567,776	1,564,750	37,967	37,932	68,778	68,665
Total A	39,831,650	39,079,159	14,656,625	14,561,285	1,567,776	1,564,750	37,967	37,932	68,778	68,665
B) Off-balance-sheet exposures										
B.1 Non-performing	—	—	—	—	—	—	—	—	—	—
B.2 Potential problem	75,787	58,238	763	(571)	—	—	—	—	—	—
B.3 Other impaired assets	—	—	8,000	8,000	—	—	—	—	—	—
B.4 Other exposures	22,530,261	22,530,261	7,171,684	7,171,684	248,363	248,363	142	142	—	—
Total B	22,606,048	22,588,499	7,180,447	7,179,113	248,363	248,363	142	142	—	—
Total 30/6/09	62,437,698	61,667,658	21,837,072	21,740,398	1,816,139	1,813,113	38,109	38,074	68,778	68,665
Total 30/6/08	41,871,503	41,209,081	20,782,215	20,751,595	1,437,613	1,436,348	19,152	19,125	14,624	14,622

B.4 Cash and off-balance-sheet exposures to banks by geography (book value)

Exposure/Geographical areas	Italy		Other European countries		United States		Asia		Rest of world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Cash exposures										
A.1 Non-performing	—	—	127	127	—	—	—	—	—	—
A.2 Potential problem	—	—	—	—	—	—	—	—	—	—
A.3 Restructured	—	—	—	—	—	—	—	—	—	—
A.4 Overdue	—	—	—	—	—	—	—	—	—	—
A.5 Other exposures	4,248,677	4,248,208	4,562,141	4,562,057	155,393	155,393	413,452	411,021	—	—
Total A	4,248,677	4,248,208	4,562,268	4,562,184	155,393	155,393	413,452	411,021	—	—
B) Off-balance-sheet exposures										
B.1 Non-performing	—	—	—	—	—	—	—	—	—	—
B.2 Potential problem	—	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	—	—	—	—	—	—	—	—	—	—
B.4 Other exposures	2,705,205	2,705,205	10,798,658	10,798,658	161,968	161,968	1,125,591	1,125,591	100,000	100,000
Total B	2,705,205	2,705,205	10,798,658	10,798,658	161,968	161,968	1,125,591	1,125,591	100,000	100,000
Total 30/6/09	6,953,882	6,953,413	15,360,926	15,360,842	317,361	317,361	1,539,043	1,536,612	100,000	100,000
Total 30/6/08	7,331,945	7,331,786	14,571,708	14,571,603	114,147	114,147	1,480,075	1,477,082	100,000	100,000

B.5a Credit risk indicators

	30/6/09	30/6/08
a) Gross NPLs/total loans	1.53%	1.43%
b) Irregular items/total loans	3.79%	2.10%
c) Net NPLs/regulatory capital	2.26%	1.87%

B.5b Large risks

	30/6/09	30/6/08
a) Total weighted amount	12,032,200	10,810,306
b) No. of exposures	13	11
c) Large risks/regulatory capital	1.9	1.7

Leveraged finance transactions

As part of its corporate lending activity, the Mediobanca Group takes an active part in buyout transactions promoted or sponsored almost entirely by private equity funds in order to take over companies with promising growth prospects, low debt levels and stable cash flow over time. Activity in this area reduced in the year under review, with volumes declining to €2.6bn, from €2.9bn in the twelve months ended 30 June 2009. Such transactions have a sub-investment grade rating, a non-recourse contractual structure, and borrowing is commensurate with future cash flow levels. The purpose of such transactions is never for Mediobanca to acquire target companies, as the majority stakes are held directly by the private equity funds.

As at 30 June 2009, deals of this nature amounted to €2,658m, or approx. 14.3% of the entire loan book, slightly under half of which in relation to domestic transactions, with the remainder for deals within the confines of the Eurozone.

During the twelve months, two accounts worth approx. €275m showed signs of financial difficulties, chiefly due to the liquidity crisis. Debt restructuring activities were launched promptly, and are progressing towards a swift resolution.

C. Securitizations and asset disposals

C.1 Securitizations

Qualitative information

The Group makes limited use of securitizations, and such use as it does make involves only performing accounts in the leasing portfolio (through vehicle company Quarzo Lease) and the consumer credit loan book (through Quarzo and Jump). Three new deals were launched in the year, with a view to accessing direct financing from EU institutions:

- two deals were executed by Compass for a total of €2,150m (€460m of which in junior tranches), subscribed for exclusively by Group companies, with the objective of providing the Group with instruments eligible for use in refinancing with the European Central Bank;
- one deal by SelmaBipiemme worth a total of €450m (€100m of which in junior tranches), with the senior notes subscribed for by the European Investment Bank.

Given the specific objectives of these issues and the nature of the contracts between the parties, none of the securities subscribed for by Group companies of any category has been recorded as assets, as the underlying receivables are still on the books.

In addition to its traditional activity as sponsor and lead manager, Mediobanca also invests in securities originating from securitizations by other issuers. As at the reporting date these totalled €524.6m (30/6/08: €606.9m). The main movements during the period involved repayments totalling €154.6m, purchases and disposals worth €75.4m, and downward adjustments as at the reporting date amounting to €3.2m. The Kimono and Scip issues were repaid during the year, the former involving healthcare receivables for the Lazio region, the latter with state-owned properties as the underlying assets.

On 30 September 2009, following an exemption granted under IAS 39, €322.7m of securities previously been recognized as assets held for trading (€211m) and available for sale (€111.7m) were reclassified as assets stated at amortized cost based on their fair value as at 1 July 2008. Interest income of €1.9m was released to the profit and loss account during the year in connection with the valuation reserves from previous years, while the implicit loss on these securities calculated on the basis of market prices (although these are still unreliable) would be €47.2m.

Holdings in junior and mezzanine tranches are limited, and involve one securitization of mortgage receivables (Bpm Securitisation Srl), plus one exposure to a leading leasing group (Locat).

Mediobanca does not have on its books, and indeed never has had, any credit exposures backed by US subprime or Alt-A (Alternative – A, i.e. positions with underlying mortgages featuring incomplete documentation that does not allow them to be classified). Neither does it have any exposures to monoline insurers, i.e. insurance companies specializing in covering default risk on public and corporate bond issues with the exception of one credit default swap worth a nominal USD 30m entered into with MBIA (Municipal Bond Insurance Association), with a negative fair value of €2.3m (minus €3.4m as at 30 June 2008). The recent market turbulence has affected the entire ABS bonds sector, leading to a sharp reduction in prices owing to the lack of underlying liquidity. Nonetheless, the credit quality of the securities owned by the Mediobanca Group has shown no signs of deterioration. Moreover, the majority of the securities (over 60%) is eligible for financing transactions with the European Central Bank. At the reporting date, the overall portfolio was written down as to €3.2m, representing the difference between €3.5m taken directly to the profit and loss account, and €0.3m in higher net equity reserves. These valuations have been made based on prices supplied by the leading financial information providers, i.e. Reuters, Bloomberg and Mark-it, giving priority to marked-to-market data rather than fair value models (which have been used only for certain unlisted positions), and for the most part made using a pricing model supplied by the main rating agencies. To this should be added the implicit losses of €47.2m on the transferred securities referred to above, which have suffered most from the lack of liquidity on the market.

Virtually the entire portfolio involves securities with domestic underlying assets, and is concentrated chiefly on three main sectors: mortgage lending (approx. 50%), state-owned properties (approx. 20%), and leasing receivables (approx. 10%). The other deals involve securitizations of corporate receivables (Entasi - Capitalia) and synthetic securities (ELM and Alpha Sires).

Approx. 70% of the portfolio has a rating consistent with securities of high credit standing attributed by at least one of the three leading credit rating agencies (Standard&Poors, Moody's and Fitch). During the period under review no particular action was taken by any of the rating agencies, reflecting the solidity and the conservative nature of these transactions which have always been a feature of the Italian domestic market.

The only positions which are either unrated or which have non-performing assets underlying them are in deals where Mediobanca played an active role in the securitization, e.g. as sponsor, manager, etc.

Now the crisis of confidence brought about by the collapse of Lehman Brothers has passed, which led to prices recording all-time lows in the second half of 2008, the first half of 2009 has seen an upturn in prices, boosted by the reduction in forced selling (linked to changes in accounting rules of transfers between portfolios) and buyback schemes instituted by the leading issuers. These factors have offset the widespread decline in underlying assets in terms of delinquency and default rates. The Italian ABS segment, which has always shown high returns and low risk levels, has derived extra benefit from this scenario, especially issues of high standing for which a kind of “scarcity effect” has been created, partly due to the shortage of new securitizations on the primary market.

The main individual areas of activity underlying the securities held by the Group performed as follows during the twelve months under review:

- mortgage loans on Italian properties: these continue to be among the best in Europe due to the defensive nature of the collateral in the portfolios, with house prices retreating only slightly. The reduction in interest rates may also help an improvement in default and delinquency rates in the next few quarters. Transactions have continued to meet repayment schedules, albeit with a slight year-on-year reduction in the level of prepayment. Even the extraordinary event of the earthquake in Abruzzo seems to have been overcome through geographical diversification of the properties underlying the issues;
- Italian state-owned properties: this sector too was helped by the resilience of the Italian domestic property market, which, along with the Ministry for the Economy and Finance’s standing, have enabled the value of the underlying assets to remain virtually unchanged. The FIP Fund has shown a slowdown in sales, which are at 40% compared to the business plan and this has had an impact on market prices, but the value of the portfolio continues to be stable;
- leasing receivables: the Italian leasing market too is relatively unscathed, although some deals (e.g. Locat 2006) have experienced particularly high levels of delinquency in the last quarter; but even this indicator should improve in the future, due to the moratorium on loans to small and medium-sized enterprises which the Italian government and Italian Bankers’ Association (ABI) recently signed.

Quantitative information

C.1.1 Exposures deriving from securitizations by underlying asset

Type of underlying asset/Exposures	Cash exposure ¹					
	Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Using own underlying assets	62,984	62,984	—	—	—	—
a) Impaired	—	—	—	—	—	—
b) Other	62,984	62,984	—	—	—	—
B) Using customers' underlying assets	515,713	515,713	4,557	4,557	4,306	4,306
a) Impaired	223,008	223,008	—	—	—	—
b) Other	292,705	292,705	4,557	4,557	4,306	4,306
Total at 30/6/09	578,697	578,697	4,557	4,557	4,306	4,306

¹ Includes a commitment of €123.2m to subscribe for Zeus F07-25 A FRN, and a refinancing credit line to Island in an amount of €30.3m.

C.1.2 Exposures deriving from main proprietary securitizations by asset type/exposure

	Cash exposures ¹					
	Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Fully derecognized	—	—	—	—	—	—
B) Partly derecognized	—	—	—	—	—	—
C) Not derecognized						
C.1 Quarzo-13 CLI FRN IT0003487011	15,013	15,013	—	—	—	—
C.2 Jump-05/06 A FRN IT0003834386	38,878	38,878	—	—	—	—
C.3 Jump 2 - 06 A IT0004125636	9,094	9,094	—	—	—	—
Total at 30/6/09	62,984	62,984	—	—	—	—

¹ No off-balance-sheet exposures.

C.1.3 Exposures deriving from main customer securitizations by asset type/exposure

	Cash exposures ¹					
	Senior		Mezzanine		Junior	
	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks
A. Mortgage loans on property						
A.1 Zeus F07-25 A FRN IT0004306186 (NPL)	78,176	—	—	—	—	—
A.2 Island REF-25 A FRN IT0004293558 (NPL)	69,400	—	—	—	—	—
A.3 Tower Fin. float Nov27 IT0004386683 (NPL)	35,089	—	—	—	—	—
A.4 Velah 4 A2 Immob.res IT0004102007	26,514	—	—	—	—	—
A.5 Cassa 2007 – 1 A1 07-43 IT0004247687	10,419	(20)	—	—	—	—
A.6 BCC MRTG-38 A FRN XS0256813048	7,500	(57)	—	—	—	—
A.7 Cordusio -33 A2 FRN IT0003844948	6,849	(92)	—	—	—	—
A.8 Cordusio 3 06-42 TV A2 IT0004144892	5,355	(398)	—	—	—	—
A.9 Others	5,346	131	4,557	483	630	(681)
TOTAL Mortgage loans on property	244,648	(436)	4,557	483	630	(681)
B. State-owned properties						
B.1 Fip Fund-23 A2 FRN IT0003872774	100,423	—	—	—	—	—
TOTAL State-owned properties	100,423	—	—	—	—	—
C. Leasing receivables						
C.1 Agri 2006.1 A2 IT0004137417	25,496	(180)	—	—	—	—
C.2 Locat 12/12/2028 IT0004153679	17,851	(559)	—	—	—	—
C.3 Locat MTGE 04-24 FLT IT0003733083	10,531	(238)	—	—	—	—
C.4 Locat 2 CLASS B FRN IT0003733091	—	—	—	—	3,676	(1,408)
C.5 Italfinance 07-26 TV IT0004197254	6,583	(600)	—	—	—	—
C.6 Split 2-18 A FRN IT0003763882	5,745	(81)	—	—	—	—
C.7 Others	44	1	—	—	—	—
TOTAL Leasing receivables	66,250	(1,657)	—	—	3,676	(1,408)
D. Other credits						
D.1 Entasi Srl 17/01/2013 IT0003142996	40,344	—	—	—	—	—
D.2 Alpha Sires 18/12/2009 XS0140068189	33,860	591	—	—	—	—
D.3 Elm BB.V. FL XS0247902587	29,632	—	—	—	—	—
D.4 Others	556	(29)	—	—	—	—
TOTAL Other credits	104,392	562	—	—	—	—
Total at 30/6/09	515,713	(1,531)	4,557	483	4,306	(2,089)
Total at 30/6/08	579,969	(23,949)	2,485	(529)	24,494	(749)

¹ Includes a commitment of €123.2m to subscribe for Zeus F07-25 A FRN, and a refinancing credit line to Island in an amount of €30.3m.

C.1.4 Exposures to securitizations by asset/portfolio type

Exposure/Portfolio	Held for trading	Recognized at fair value	Available for sale	Held to maturity	Loans and advances	30/6/09	30/6/08
1. Cash exposures	130,708	—	77,725	29,632	349,945	587,560	729,338
- Senior	121,845	—	77,725	29,632	349,945	578,697	650,487
- Mezzanine	4,557	—	—	—	—	4,557	2,485
- Junior	4,306	—	—	—	—	4,306	76,366
2. Off-balance-sheet exposures	—	—	—	—	153,475	153,475	—
- Senior	—	—	—	—	153,475	153,475	—
- Mezzanine	—	—	—	—	—	—	—
- Junior	—	—	—	—	—	—	—
Total at 30/6/09	130,708	—	77,725	29,632	503,420	741,035	729,338

C.1.5 Total amount of securitized assets underlying junior securities or other forms of financing

Assets/Amounts	Traditional securitizations	Synthetic securitizations
A. Own underlying assets:		
A.1 Fully derecognized	—	
1. Non-performing	—	X
2. Potential problem	—	X
3. Restructured	—	X
4. Overdue	—	X
5. Other assets	—	X
A.2 Partly derecognized	—	
1. Non-performing	—	X
2. Potential problem	—	X
3. Restructured	—	X
4. Overdue	—	X
5. Other assets	—	—
A.3 Not derecognized	—	—
1. Non-performing	—	—
2. Potential problem	—	—
3. Restructured	—	—
4. Overdue	—	—
5. Other assets	—	—
B. Customer underlying assets:		
B.1 Non-performing	—	—
B.2 Potential problem	—	—
B.3 Restructured	—	—
B.4 Overdue	—	—
B.5 Other assets	4,306	—
Total 30/6/09	4,306	—

C.1.6 Interests in vehicle companies

Name	Registered office	Percentage shareholding
Quarzo S.r.l.	Milan	90%
Quarzo Lease S.r.l.	Milan	90%
Jump S.r.l.	Milan	n.n

C.1.7 Servicing – collecting securitized receivables and redeeming securities issued by vehicle companies

Servicer	Vehicle company	Securitized assets 30/6/09		Receivables collected during the year		Percentage share of securities repaid 30/6/09					
		Impaired	Performing	Impaired	Performing	Senior		Mezzanine		Junior	
						Impaired assets	Performing assets	Impaired assets	Performing assets	Impaired assets	Performing assets
Selma BPM S.p.A.	Quarzo Lease S.r.l.	—	341,615	998	139,552	—	—	—	—	—	—
Selma BPM S.p.A.	Quarzo Lease S.r.l.	—	334,917	—	16,920	—	—	—	—	—	—
Compass S.p.A.	Jump S.r.l.	8,307	1,067,112	4,000	504,319	—	34%	—	—	—	—
Compass S.p.A.	Quarzo S.r.l.	7,296	2,204,614	27	656,918	—	—	—	—	—	—

Quarzo Lease S.r.l. (SelmaBipiemme Leasing)

This special purpose vehicle, following the early repayment of the 2003 deal, currently has two securitizations outstanding, both with SelmaBipiemme receivables as its underlying assets, with the senior part of both subscribed for by the European Investment Bank:

- the first, completed during the year under review (on 25 July 2007), involved the issue of 350 million senior securities subscribed for by the European Investment Bank and 36.9 million junior securities subscribed for by Selma itself, against €386.9m in performing receivables; the securitization is revolving until July 2016; and at the reporting date a further €142m in receivables was sold;
- the second deal, completed on 19 May 2009, involved the issue of 350 million senior securities and 100 million junior securities subscribed for by SelmaBipiemme itself, issued against performing leases worth €450m; the deal has a revolving period until July 2013 which will become active starting from 27 July 2010.

Accounts between SelmaBipiemme and vehicle company Quarzo Lease for the year were as follows:

October 2002 transaction (closed on 27 April 2009):

Amounts collected on behalf of Quarzo Lease	€	50m
Servicing fees	€	0.03m
Interest accruing on loan to Quarzo Lease	€	0.2m
Interest accruing on junior notes – fixed amount	€	0.3m
Interest accruing on junior notes – additional amount	€	2.4m

July 2007 transaction:

Amounts collected on behalf of Quarzo Lease	€	165.5m
Servicing fees	€	0.10m
Interest accruing on junior notes – fixed amount	€	1.45m
Interest accruing on junior notes – additional amount	€	8.1m

May 2009 transaction:

Amounts collected on behalf of Quarzo Lease	€	21m
Servicing fees	€	12m
Interest accruing on junior notes – fixed amount	€	0.2m

Quarzo s.r.l. (Compass)

This vehicle company currently has two deals outstanding, both of which are subscribed for directly by Group companies. The rationale for the deals is to widen the Group's sources of funding, leveraging on the possibility of refinancing the senior notes with the European Central Bank:

- the first deal was completed on 13 August 2008, with the issue of 1 billion senior securities and 250 million junior securities, against performing receivables worth a total of €1,250m; the deal involves a revolving period until February 2010; at 30 June 2009 a further €475m in receivables was assigned;
- the second deal, which was completed on 26 February 2009, involved a portfolio of performing receivables worth €900m, against which 690 million senior and 210 million junior securities were issued; the deal has a revolving period until August 2010; at 30 June 2009 a further €104m in receivables was assigned.

Accounts between Compass and vehicle company Quarzo for the year were as follows:

Amounts collected on behalf of Quarzo:	€	807,1m
Servicing fees (net of VAT):	€	7.8m
Interest accruing on class B notes:	€	177.7m

Jump s.r.l. (formerly Linea)

This special purpose vehicle issued two series of notes against two disposals of performing receivables by Linea:

- on 18 April 2005 a total of 102,696 receivables were sold by Linea for €572.6m (equal to their nominal value), revolving until 18 April 2009; Jump

issued class A securities worth €526.8m, class B securities worth €40.1m, and junior notes worth €5.7m (subscribed for by Linea), all maturing on 27 April 2026; the repayment stage commenced on 17 April 2009 (approx. €30m);

- on 27 October 2006 Linea sold 61,751 receivables for €400m (equal to their nominal value), revolving until 27 October 2010, against which class A bonds worth €368.6m, class B bonds worth €30.6m and junior notes worth €0.8m were issued, subscribed for by Linea and maturing on 27 April 2026.

Under the terms of the sale contract, Linea has an option to buy back the receivables sold to Jump as part of the programme.

Accounts between Linea and Jump for the year were as follows:

Amounts collected on behalf of Jump:	€	605.5m
Servicing fees:	€	4.8m
Interest accruing on junior notes:	€	32.4m

C.2 Asset disposals

C.2.1 Financial assets sold but not derecognized

Type/Portfolio	Financial assets held for trading	AFS securities	Financial assets held to maturity	Due from banks	Due from customers	Total
	Financial assets sold and fully recognized (book value)					
A. Cash assets						
1. Debt securities	1,495,075	491,459	—	1,338,548	—	3,325,082
2. Equities	—	—	—	—	—	—
3. OICR units	—	—	—	—	—	—
4. Loans and advances	—	—	—	—	1,652,994	1,652,994
5. Impaired assets	—	—	—	—	8,306	8,306
B. Derivative products	—	—	—	—	—	—
Total 30/6/09	1,495,075	491,459	—	1,338,548	1,661,300	4,986,382
Total 30/6/08	730,693	—	3,710	1,740,840	1,618,364	4,093,607

C.2.2 Financial liabilities in respect of financial assets sold but not derecognized

Liabilities/Assets portfolios	Financial assets held for trading	AFS securities	Financial assets held to maturity	Due from banks	Due from customers	Total
1. Cash assets	1,451,497	—	—	—	1,661,300	3,112,797
a) in respect of fully recognized assets	1,451,497	—	—	—	1,661,300	3,112,797
b) in respect of partly recognized assets	—	—	—	—	—	—
2. Due to banks	43,578	491,459	—	1,338,548	—	1,873,585
a) in respect of fully recognized assets	43,578	491,459	—	1,338,548	—	1,873,585
b) in respect of partly recognized assets	—	—	—	—	—	—
Total 30/6/09	1,495,075	491,459	—	1,338,548	1,661,300	4,986,382
Total 30/6/08	730,693	—	3,710	1,740,840	1,618,364	4,093,607

1.2 MARKET RISK

1.2.1 INTEREST RATE RISK – TRADING BOOK

QUALITATIVE INFORMATION

Mediobanca uses a risk management system that monitors market risk in general, and interest rate risk on the trading book in particular, on a daily basis. The system calculates sensitivity to movements in the interest rate curve, and value at risk (VaR).¹ VaR is measured for the Bank's entire asset structure, i.e. both trading and banking books. Such global measurement is made possible by concentrating all financial risks (i.e. share price fluctuations plus interest and exchange rate movements), including those relating to lending and funding activities, at the Bank's Financial Markets division. Interest rate risk for the trading book includes risks deriving from movements in market curves and those linked to the credit ratings of individual borrowers.

The authorization structure governing the Bank's operations is based on the VaR values for the various organizational units. This structure was updated to include the new activities launched recently under a Board resolution approved on 28 October 2008.

VaR is based on expected volatility and the correlation between risk factors concerned, and determines possible negative movements that may be expected as a result of market movements within a single trading day based on a 99% confidence level. VaR is calculated using the Monte Carlo and historical simulation methods, as well as the parametric method.² Historical simulation is also used to calculate the expected shortfall, which measures average loss in 1% of the most unfavourable scenarios. The main risk factors on which the analysis is based are exchange rates, share prices and interest rates, with the general market component separated from specific issuer risk. Inflation and volatility trends are also factored into calculations of VaR.

In addition to these indicators, stress tests are also carried out on the main risk factors each week, to show the impact of historical crisis scenarios being repeated and of significant movements in the main market data on the Bank's risk positions.

¹ VaR: maximum potential loss over a specified time horizon.

² Determines portfolio value based on random and historical variations in risk factors respectively.

QUANTITATIVE INFORMATION

The extreme volatility which distinguished the 2008/2009 financial year impacted on the Bank's risk indicators as well, especially the interest rate component as a result of an increase in the size of the portfolio.

The VaR for the largest aggregate, which includes equities and debt securities classified as available for sale as well as the trading book, recorded an increase for the twelve months under review, to reach almost €35m (30/6/08: €24m). Unlike last year, when the increase was largely due to the higher equity markets contribution, the crisis which exploded following the collapse of Lehman Brothers affected the specific risk inherent in the debt security portfolio, leading the average value to triple and driving up the contribution of the interest rate component, the average figure for which rose from just under €6m to over €12m.

Table 1 - Value at risk and expected shortfall of asset structure

Risk factors (€'000)	12 mths to 30/6/09				12 mths to 30/6/08
	30/6	Min.	Max.	Avg.	Avg.
Interest rates	8,053	2,877	21,898	12,282	5,769
- of which: specific risk	5,969	2,167	18,226	8,567	2,429
Share prices	18,282	10,444	52,862	26,269	24,004
Exchange rates	1,673	119	5,926	2,416	2,445
Diversification effect*.....	(4,793)	(2,246)	(12,426)	(6,215)	(8,231)
TOTAL	23,215	19,476	59,878	34,752	23,987
Expected shortfall	49,515	19,803	63,130	37,865	30,044

* Due to mismatches between risk factors.

Analysis of VaR for the trading book (cf. Table 2) shows that the risk profiles of the various operating desks confirm the indications to emerge from the overall data:

- i) net growth in risk, with the average figure rising from €7.9m to over €12.4m;
- ii) the highest single contribution comes from interest rate risk, the measurement of which rose from €6.3m to €9.9m, again fuelled by specific risk. The other components were more stable: exchange rate risk stayed at just over €2m, whereas share price risk increased from €4m to €4.4m, more due to the higher volatility levels than to an increase in exposure.

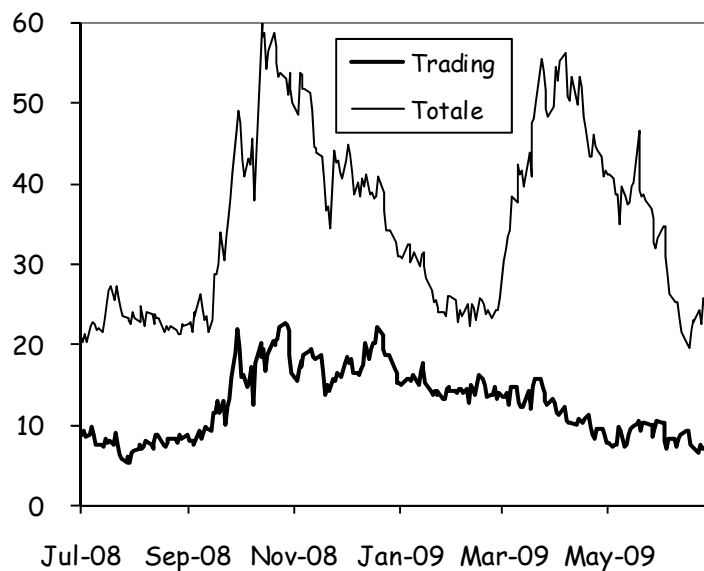
Table 2 - Value at risk and expected shortfall: trading book

Risk factors (€'000)	12 mths to 30/6/09			12 mths to 30/6/08	
	30/6	Min.	Max.	Avg.	Avg.
Interest rates	5,840	2,437	18,340	9,909	6,347
- of which: specific risk	3,161	1,693	14,675	6,304	2,459
Share prices	1,887	1,347	13,956	4,412	4,092
Exchange rates	1,429	214	5,556	2,326	2,206
Diversification effect*.....	(2,519)	(1,152)	(9,922)	(4,207)	(4,761)
TOTAL	6,638	5,092	22,627	12,441	7,885
Expected shortfall	15,089	5,309	22,734	13,510	10,702

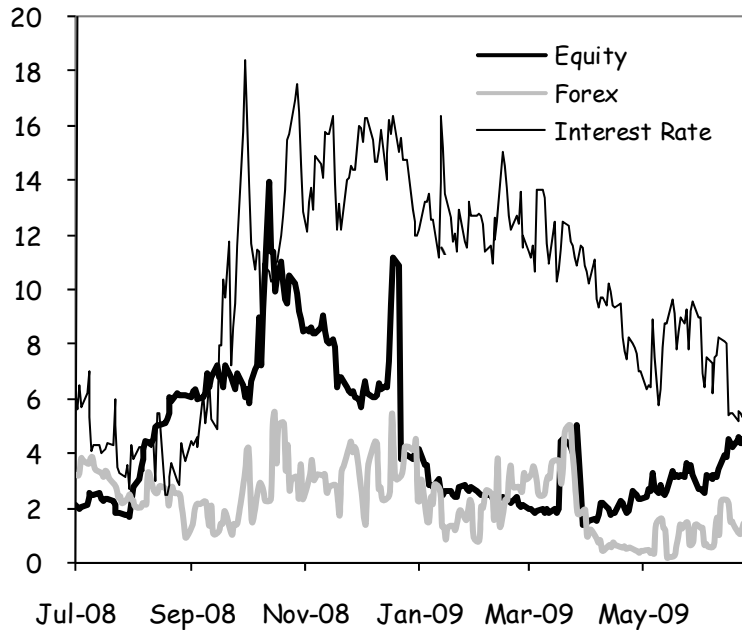
* Due to mismatches between risk factors.

However, by way of confirming the strong impact which the market crisis had on the figures for the year ending 30 June 2009, the sharp reduction in risk levels as at end-June should be noted, with VaR at just over €6.6m, and the various components at around half their average values.

Trends in VaR



Trends in VaR constituents



The market risks faced by the other Group companies are negligible. The most significant is that of Compagnie Monégasque de Banque, whose average VaR for the period based on a 99% confidence level was just €0.3m, with a high of slightly over €0.5m.

The effectiveness of VaR as a tool for managing risk is measured by means of daily back-testing, which is based on the calculation of implied profit and loss.³ Unlike last year, when the limit was breached four times, i.e. more than the theoretical level of two to three implied by a 99% VaR, this year only one breach was recorded, in October 2008, which coincided with the market being at its most volatile. This result, helped by the increase in VaR readings referred to above which in turn was the result of the high volatility, confirms the validity of this calculation methodology, and shows that there are virtually no risk factors that are not covered.

³ Based on repricing the previous day's positions using data from the following business day, in order to eliminate intraday trading items.

QUANTITATIVE INFORMATION

1. Regulatory trading book by outstanding maturity (repricing date) of cash assets and liabilities and financial derivative products - Currency of denomination: EURO

Type/Residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	378,772	1,936,800	1,287,766	1,546,265	1,244,425	521,602	779,772	—
1.1 Debt securities	378,772	1,936,800	1,287,766	1,546,265	1,244,425	521,602	779,772	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	378,772	1,936,800	1,287,766	1,546,265	1,244,425	521,602	779,772	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	3,859	18,538	7,568	130,915	157,983	97,831	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	3,859	18,538	7,568	130,915	157,983	97,831	—
3. Financial derivatives	2,231,318	60,677,456	30,337,381	14,542,510	31,873,509	21,288,269	4,566,979	—
3.1 With underlying securities	2,231,318	7,371,055	369,241	1,046,554	3,953,307	2,361,053	616,258	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	2,231,318	7,371,055	369,241	1,046,554	3,953,307	2,361,053	616,258	—
+ long positions	1,531,847	5,219,569	160,218	447,849	283,415	976,714	354,780	—
+ short positions	699,471	2,151,486	209,023	598,705	3,669,892	1,384,339	261,478	—
3.2 Without underlying securities	—	53,306,401	29,968,140	13,495,956	27,920,202	18,927,216	3,950,721	—
– Options	—	462,111	2,216,988	3,300,000	800,000	—	190,131	—
+ long positions	—	239,943	1,108,494	1,650,000	400,000	—	86,178	—
+ short positions	—	222,168	1,108,494	1,650,000	400,000	—	103,953	—
– Others	—	52,844,290	27,751,152	10,195,956	27,120,202	18,927,216	3,760,590	—
+ long positions	—	27,718,014	15,036,302	3,807,228	11,906,388	9,933,681	1,898,090	—
+ short positions	—	25,126,276	12,714,850	6,388,728	15,213,814	8,993,535	1,862,500	—

Currency of denomination: US DOLLAR

Type/Residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	16,773	29,236	1,266	198,590	292,193	22,220	—
1.1 Debt securities	—	16,773	29,236	1,266	198,590	292,193	22,220	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	16,773	29,236	1,266	198,590	292,193	22,220	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	—	3,050,998	308,062	2,682,893	290,678	549,737	—	—
3.1 With underlying securities	—	1,413	—	—	—	1,413	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	1,413	—	—	—	1,413	—	—
+ long positions	—	708	—	—	—	705	—	—
+ short positions	—	705	—	—	—	708	—	—
3.2 Without underlying securities	—	3,049,585	308,062	2,682,893	290,678	548,324	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	3,049,585	308,062	2,682,893	290,678	548,324	—	—
+ long positions	—	1,202,474	141,913	1,730,579	81,799	283,006	—	—
+ short positions	—	1,847,111	166,149	952,314	208,879	265,318	—	—

Currency of denomination: OTHER

Type/Residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	786,956	96,810	174	82,428	1,072	—	—
1.1 Debt securities	—	786,956	96,810	174	82,428	1,072	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	786,956	96,810	174	82,428	1,072	—	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	9,172	1,230,994	193,276	—	219,980	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	9,172	1,230,994	193,276	—	219,980	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	9,172	1,230,994	193,276	—	219,980	—	—	—
+ long positions	4,586	542,756	104,922	—	174,447	—	—	—
+ short positions	4,586	688,238	88,354	—	45,533	—	—	—

1.2.2 INTEREST RATE RISK – BANKING BOOK

QUALITATIVE INFORMATION

Interest rate risk management for the banking book as well as the trading book being focused on the Bank's Financial Markets division allowed the liquidity crisis which exploded in the autumn of 2008 to be tackled effectively. The size of the trading book, which already served as a liquidity buffer, was strengthened during the course of the year, with bonds eligible for refinancing with the monetary authorities targeted in particular. However, this increased the mismatch between assets and liabilities on the banking book, accentuating the gap between an increase/decrease in interest rates on the banking book alone as opposed to the entire asset base.

Thus a 100 basis point increase in interest rates would generate a reduction of almost €78m in estimated net interest income from the banking book in the next twelve months. However, if trading securities are included, this would be virtually wiped out, with the reduction just €8.7m. This difference of approx. €70m is higher than the equivalent figure of €60m recorded at the same time last year, precisely due to the increase in the Group's proprietary debt security portfolio. The substantial linearity of Mediobanca's exposure to interest rates is borne out by the effects of the opposite scenario, where a 100 basis point reduction in interest rates leads to a gain of €77.5m on the banking book, which reduces to just €8.5m if all assets are included.

As for Compass, the only other Group company with a banking book which has a significant exposure to interest rate movements, a 100 basis point rise in interest rates would generate the opposite effect to that for Mediobanca, driving an increase of €21.1m, while the loss would be €17.6m in the event of a similar reduction.

In addition to the sensitivity of net interest income to interest rates, the impact which a 100 basis point shock would have on the discounted value of future cash flows from the banking book has also been estimated (in this case VaR measures the risk for the trading book). Despite the fact that assets were below the level of liabilities, their longer duration generates a loss of approx. €52m for Mediobanca in the event of a 100 basis point rise in interest rates, compared with a gain of nearly €60m in the opposite scenario.

Starting from this financial year, a significant portion of the securities portfolio, which is managed like a banking book, is held at CheBanca! as a result of the growth in the new forms of funding. The effect of a 100 bps increase in interest rates on this portfolio replicates that for Mediobanca, generating a loss of over €52m, whereas the equivalent gain in the opposite scenario would be just under of approx. €55m.

Hedging

Fair value hedges

Fair value hedges are used to neutralize exposure to interest rate or price risk for particular asset or liability positions, via derivative contracts entered into with leading counterparties. All structured bond issues are fair-value hedged as to the interest rate component, while index-linked issues are accounted for as part of the trading book. Fair value hedges are also used in corporate finance for certain bilateral, fixed-rate transactions and to mitigate price risk on equity investments held as available for sale.

Cash flow hedges

These are used chiefly as part of the Compass group's operations. The numerous, generally fixed-rate and relatively small-sized transactions are hedged by floating-rate deposits for large amounts. The hedge is made in order to transform floating-rate deposits into fixed rate positions by correlating the relevant cash flows. Mediobanca implemented some cash flow hedges of future transaction flows during the period under review (AFS securities disposals hedged through forward contracts).

Counterparty risk

This is measured in terms of expected potential market value, thus doing away with the need to set arbitrary weightings for each type of fund employed, and identifies a maximum potential exposure to groups of the Bank's counterparties based on a given confidence level and over a specific time horizon.

QUANTITATIVE INFORMATION

1. Banking book by outstanding maturity (repricing date) of cash assets and liabilities - Currency of denomination: EURO

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	4,811,413	22,967,065	5,955,676	2,783,216	7,046,320	1,301,520	928,362	1,879,592
1.1 Debt securities	50,546	1,470,834	484,809	365,527	1,630,386	697,283	569,726	776,506
– with early repayment option	—	—	—	—	920	924	—	—
– others	50,546	1,470,834	484,809	365,527	1,629,466	696,359	569,726	776,506
1.2 Loans to banks	1,986,957	529,955	61,837	211,014	85,571	16,213	3,905	59,594
1.3 Loans to customers	2,773,910	20,966,276	5,409,030	2,206,675	5,330,363	588,024	354,731	1,043,492
– current accounts	28,851	47,416	—	—	—	—	—	4,760
– other loans	—	—	—	—	—	—	—	—
– with early repayment option	95,472	2,654,333	75,746	139,459	420,261	79,664	295,451	1,302
– others	2,649,587	18,264,527	5,333,284	2,067,216	4,910,102	508,360	59,280	1,037,430
2. Cash liabilities	4,192,455	18,687,952	2,720,790	14,119,515	12,181,348	5,198,076	336,509	19,189
2.1 Due to customers	960,646	3,241,782	522,035	4,522,790	549,937	400,210	30,362	11,125
– current accounts	317,760	—	—	—	—	—	—	—
– other amounts due	642,886	3,241,782	522,035	4,522,790	549,937	400,210	30,362	11,125
2.2 Due to banks	2,616,638	5,393,194	152,190	203,458	499,987	—	185,882	8,005
– current accounts	2,130,585	—	—	—	—	—	—	—
– other amounts due	486,053	5,393,194	152,190	203,458	499,987	—	185,882	8,005
2.3 Debt securities	615,171	10,052,976	2,046,565	9,393,267	11,131,424	4,797,866	120,265	59
– with early repayment option	—	—	—	—	—	—	—	—
– others	615,171	10,052,976	2,046,565	9,393,267	11,131,424	4,797,866	120,265	59
2.4 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivative products	10,000	35,021,240	6,083,596	12,517,552	11,884,777	2,233,797	422,344	—
3.1 With underlying securities	—	6,364	—	—	6,364	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	6,364	—	—	6,364	—	—	—
+ long positions	—	6,364	—	—	—	—	—	—
+ short positions	—	—	—	—	6,364	—	—	—
3.2 Without underlying securities	10,000	35,014,876	6,083,596	12,517,552	11,878,413	2,233,797	422,344	—
– Options	—	—	—	—	302,404	180,000	200,000	—
+ long positions	—	—	—	—	151,202	90,000	100,000	—
+ short positions	—	—	—	—	151,202	90,000	100,000	—
– Other derivatives	10,000	35,014,876	6,083,596	12,517,552	11,576,009	2,053,797	222,344	—
+ long positions	—	9,681,159	1,612,454	11,365,676	9,033,657	1,823,797	222,344	—
+ short positions	10,000	25,333,717	4,471,142	1,151,876	2,542,352	230,000	—	—

Currency of denomination: US DOLLAR

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	65,377	643,729	90,917	4,822	4,713	254	308	87
1.1 Debt securities	—	618	—	17	3,962	254	308	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	618	—	17	3,962	254	308	—
1.2 Loans to banks	63,664	112,801	3,808	69	—	—	—	—
1.3 Loans to customers	1,713	530,310	87,109	4,736	751	—	—	87
– current accounts	—	—	—	—	—	—	—	—
– other loans	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	1,713	530,310	87,109	4,736	751	—	—	87
2. Cash liabilities	57,224	246,571	300,221	27,911	7,075	11,209	—	119
2.1 Due to customers	5	—	—	—	—	—	—	90
– current accounts	5	—	—	—	—	—	—	—
– other amounts due	—	—	—	—	—	—	—	90
2.2 Due to banks	57,215	84,010	—	—	—	—	—	29
– current accounts	—	—	—	—	—	—	—	—
– other amounts due	57,215	84,010	—	—	—	—	—	29
2.3 Debt securities	4	162,561	300,221	27,911	7,075	11,209	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	4	162,561	300,221	27,911	7,075	11,209	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivative products	—	20,720	—	10,224	17,536	35	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	20,720	—	10,224	17,536	35	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	20,720	—	10,224	17,536	35	—	—
+ long positions	—	—	—	6,686	17,536	35	—	—
+ short positions	—	20,720	—	3,538	—	—	—	—

Currency of denomination: OTHER

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	29,584	508,009	69,599	516,962	789,096	—	—	—
1.1 Debt securities	—	—	—	506,220	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	506,220	—	—	—	—
1.2 Loans to banks	18,614	103,549	—	—	—	—	—	—
1.3 Loans to customers	10,970	404,460	69,599	10,742	789,096	—	—	—
– current accounts	—	—	—	—	789,096	—	—	—
– other loans	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	10,970	404,460	69,599	10,742	—	—	—	—
2. Cash liabilities	84	3,147,407	257,635	5,747	10,621	—	—	—
2.1 Due to customers	84	2,142,407	—	—	—	—	—	—
– current accounts	84	2,142,407	—	—	—	—	—	—
– other amounts due	—	—	—	—	—	—	—	—
2.2 Due to banks	—	662,979	—	—	—	—	—	—
– current accounts	—	273,612	—	—	—	—	—	—
– other amounts due	—	389,367	—	—	—	—	—	—
2.3 Debt securities	—	342,021	257,635	5,747	10,621	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	342,021	257,635	5,747	10,621	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivative products	—	254,137	—	8,802	245,335	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	254,137	—	8,802	245,335	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	254,137	—	8,802	245,335	—	—	—
+ long positions	—	—	—	8,802	245,335	—	—	—
+ short positions	—	254,137	—	—	—	—	—	—

1.2.3 PRICE RISK – REGULATORY TRADING BOOK

For qualitative information, see section 1.2.1 INTEREST RATE RISK – TRADING BOOK

1. *Regulatory trading book: cash exposure in equities/OICR units*

Type of exposure/Amounts	Book value	
	Listed	Unlisted
A. Equities		
A.1 Shares	273,844 ¹	—
A.2 Innovative equity instruments	—	—
A.3 Other equity instruments	—	—
B. OICR units		
B.1 Italian	—	105,614
- harmonized open	—	—
- non-harmonized open	—	—
- closed	—	—
- reserved	—	—
- speculative	—	105,614
B.2 Other EU states	474,185	—
- harmonized	—	—
- non-harmonized open	474,185	—
- non-harmonized closed	—	—
B.3 Non-EU states	—	—
- open	—	—
- closed	—	—
Total	748,029	105,614

¹ Of which more than 76% Italian

1.2.4 PRICE RISK – BANKING BOOK

For qualitative information, see section 1.2.2 INTEREST RATE RISK – BANKING BOOK

1. Banking book: cash exposure in equities/OICR units

Type of exposure/Amounts	Book value	
	Listed	Unlisted
A. Equities		
A.1 Shares	488,447 ¹	735,597
A.2 Innovative equity instruments	—	—
A.3 Other equity instruments	—	331,416
B. OICR units		
B.1 Italian	—	23,057
- harmonized open	—	—
- non-harmonized open	—	—
- closed	—	23,057 ²
- reserved	—	—
- speculative	—	—
B.2 Other EU states	77,259	—
- harmonized	77,259	—
- non-harmonized open	—	—
- non-harmonized closed	—	—
B.3 Non-EU states	—	—
- open	—	—
- closed	—	—
Total	565,706	1,090,070

¹ Of which more than 69% Italian.

² Of which 3/4 reserved.

1.2.5 EXCHANGE RATE RISK

As is the case with interest rates, movements in exchange rates are managed for all the Bank's positions by the Financial Markets division. The VaR measurements shown on page 179 thus reflect the extent of the aggregate exposures entered into for both the banking and trading books on the foreign exchange market.

As mentioned above, the extent of such risk was stable at last year's levels (the average VaR reading rose from €2.2m to €2.3m), despite the increase in volatility recorded on the foreign exchange markets as well; further confirmation of the prudent approach adopted by Mediobanca in taking positions on these markets.

1. *Assets, liabilities and derivatives by currency*

Line items	Currency				
	US dollars	Pounds sterling	Japanese yen	Swiss francs	Other
A. Financial assets					
A.1 Debt securities	776,394	231,130	222	44,759	10,286
A.2 Equities	16,734	—	—	—	8,417
A.3 Loans and advances to banks	119,565	12,395	309	9,721	4,312
A.4 Loans and advances to customers	748,950	448,788	762	13,229	19,193
A.5 Other financial assets	201,128	1,709	—	—	—
B. Financial liabilities					
B.1 Due to banks	(41,083)	(1,273)	—	(52,826)	(1)
B.2 Due to customers	(573,609)	(426,373)	—	(28)	—
B.3 Debt securities	(509,430)	(554,478)	—	(51,492)	(17,387)
B.4 Other financial liabilities	—	—	—	—	—
C. Financial derivatives					
- Options	—	(47)	—	—	—
+ long positions	—	—	—	—	—
+ short positions	—	(47)	—	—	—
- Others	(552,158)	310,147	—	(66,820)	(10,845)
+ long positions	862,895	498,240	—	—	17,387
+ short positions	(1,415,053)	(188,093)	—	(66,820)	(28,232)
Total assets	2,725,666	1,192,262	1,293	67,709	59,595
Total liabilities	(2,539,175)	(1,170,264)	—	(171,166)	(45,620)
Difference (+/-)	186,491	21,998	1,293	(103,457)	13,975

1.2.6 FINANCIAL DERIVATIVE PRODUCTS

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading book: average and reporting-date notional values

Type of transaction/Unerlyings	Debt securities/interest rates		Equities/share indexes		Exchange rates/gold		Other assets		30 /6/09		30 /6/08	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	—	7,550,000	—	—	—	—	—	—	—	7,550,000	—	2,550,000
2. Interest rate swaps	—	54,198,562	—	—	—	—	—	1,098,561	—	55,297,123	—	29,798,878
3. Domestic currency swaps	—	—	—	—	—	2,278,442	—	—	—	2,278,442	—	2,789,944
4. Currency interest rate swap	—	—	—	—	—	591,118	—	—	—	591,118	—	619,851
5. Basis swaps	—	7,840,365	—	—	—	—	—	—	—	7,840,365	—	2,466,786
6. Share index swaps	—	—	—	182,880	—	—	—	—	—	182,880	—	156,887
7. Inflation rate swaps	—	—	—	—	—	—	—	—	—	—	—	—
8. Futures	3,481,403	—	166,677	—	—	—	—	—	3,648,080	—	9,828,628	—
9. Cap options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
10. Floor options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
11. Other options	17,775	—	894,292	7,133,492	—	1,330,662	—	—	912,067	8,464,154	943,057	8,449,072
- bought	17,775	—	347,228	3,770,463	—	665,331	—	—	365,003	4,435,794	329,896	4,330,360
- plain vanilla	17,775	—	347,228	3,720,463	—	665,331	—	—	365,003	4,385,794	329,896	4,230,360
- exotic	—	—	—	50,000	—	—	—	—	—	50,000	—	100,000
- written	—	—	547,064	3,363,029	—	665,331	—	—	547,064	4,028,360	613,161	4,118,712
- plain vanilla	—	—	547,064	3,313,029	—	665,331	—	—	547,064	3,978,360	613,161	4,018,712
- exotic	—	—	—	50,000	—	—	—	—	—	50,000	—	100,000
12. Repo agreements	5,772,136	1,785,709	20,433	154,650	—	44,255	—	—	5,792,569	1,984,614	1,105,164	1,633,530
- bought	673,619	1,705,045	14,724	153,465	—	—	—	—	688,343	1,858,510	658,975	401,637
- sold	5,098,517	80,664	5,709	1,185	—	44,255	—	—	5,104,226	126,104	446,189	1,229,364
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	2,529
13. Other derivative products	—	2,136,178	—	—	—	—	—	—	—	2,136,178	—	963,203
Total	9,271,314	73,510,814	1,081,402	7,471,022	—	4,244,477	—	1,098,561	10,352,716	86,324,874	11,876,849	49,428,151
Average values	14,588,912	51,657,860	479,393	8,076,432	—	3,716,878	—	999,548	15,068,305	64,450,718	21,593,131	43,730,482

A.2. *Banking book: average and reporting-date notional values*

A.2.1 *Hedge derivatives*

Type of transaction/Unerlyings	Debt securities/interest rates		Equities/share indexes		Exchange rates/gold		Other assets		30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	—	25,000	—	—	—	—	—	—	—	25,000	—	240,000
2. Interest rate swaps	—	28,121,080	—	—	—	—	—	—	—	28,121,080	—	27,067,414
3. Domestic currency swaps	—	—	—	—	—	—	—	—	—	—	—	—
4. Currency interest rate swap	—	—	—	—	—	36,994	—	—	—	36,994	—	57,305
5. Basis swaps	—	5,814,493	—	—	—	—	—	—	—	5,814,493	—	4,564,501
6. Share index swaps	—	—	—	—	—	—	—	—	—	—	—	—
7. Inflation rate swaps	—	—	—	—	—	—	—	—	—	—	—	—
8. Futures	—	—	—	—	—	—	—	—	—	—	—	—
9. Cap options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
10. Floor options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
11. Other options	—	—	—	102,000	—	—	—	—	—	102,000	—	391,167
- bought	—	—	—	70,000	—	—	—	—	—	70,000	—	131,922
- plain vanilla	—	—	—	70,000	—	—	—	—	—	70,000	—	131,922
- exotic	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	32,000	—	—	—	—	—	32,000	—	259,245
- plain vanilla	—	—	—	32,000	—	—	—	—	—	32,000	—	259,245
- exotic	—	—	—	—	—	—	—	—	—	—	—	—
12. Repo agreements	19,914	6,364	—	101,865	—	—	—	—	19,914	108,229	—	312,500
- bought	19,914	—	—	—	—	—	—	—	19,914	—	—	—
- sold	—	6,364	—	101,865	—	—	—	—	—	108,229	—	312,500
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
13. Other derivative products	—	200,000	—	—	—	—	—	—	—	200,000	—	—
Total	19,914	34,166,937	—	203,865	—	36,994	—	—	19,914	34,407,796	—	32,632,387
Average values	1,660	34,541,482	—	178,107	—	67,277	—	—	1,660	34,786,866	—	23,896,285

A.2.2 Other derivatives

Type of transaction/Unerlyings	Debt securities/interest rates		Equities/share indexes		Exchange rates/gold		Other assets		30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	—	—	—	—	—	—	—	—	—	—	—	—
2. Interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—
3. Domestic currency swaps	—	—	—	—	—	—	—	—	—	—	—	—
4. Currency interest rate swap	—	—	—	—	—	—	—	—	—	—	—	—
5. Basis swaps	—	—	—	—	—	—	—	—	—	—	—	—
6. Share index swaps	—	—	—	—	—	—	—	—	—	—	—	—
7. Inflation rate swaps	—	—	—	—	—	—	—	—	—	—	—	—
8. Futures	—	—	—	—	—	—	—	—	—	—	—	—
9. Cap options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
10. Floor options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
11. Other options	—	—	—	24,257,567	—	141,202	—	—	—	24,398,769	—	22,411,193
- bought	—	—	—	12,038,877	—	70,601	—	—	—	12,109,478	—	10,950,768
- plain vanilla	—	—	—	1,933,596	—	—	—	—	—	1,933,596	—	805,627
- exotic	—	—	—	10,105,281	—	70,601	—	—	—	10,175,882	—	10,145,141
- written	—	—	—	12,218,690	—	70,601	—	—	—	12,289,291	—	11,460,425
- plain vanilla	—	—	—	2,045,141	—	—	—	—	—	2,045,141	—	914,598
- exotic	—	—	—	10,173,549	—	70,601	—	—	—	10,244,150	—	10,545,827
12. Repo agreements	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- sold	—	—	—	—	—	—	—	—	—	—	—	—
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
13. Other derivative products	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	24,257,567	—	141,202	—	—	—	24,398,769	—	22,411,193
Average values	—	—	—	22,058,389	—	228,039	—	—	—	22,286,428	—	18,356,116

A.3 *Financial derivatives: underlying assets bought and sold*

Type of transactions/Underlyings	Debt securities/interest rates		Equities/share indexes		Exchange rates/gold		Other assets		30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
A. Regulatory trading book:	9,271,314	65,670,449	1,081,402	7,288,142	—	4,244,477	—	1,098,561	10,352,716	78,301,629	11,876,849	46,882,939
1. With exchange of principal	7,207,871	1,951,887	618,435	1,050,962	—	2,913,815	—	—	7,826,306	5,916,664	3,084,681	5,713,765
- bought	931,742	1,828,134	252,145	644,276	—	1,272,063	—	—	1,183,887	3,744,473	734,950	2,466,223
- sold	6,276,129	123,753	366,290	406,686	—	1,488,285	—	—	6,642,419	2,018,724	2,349,731	3,105,622
- currency bought/sold for currency	—	—	—	—	—	153,467	—	—	—	153,467	—	141,920
2. Without exchange of principal	2,063,443	63,718,562	462,967	6,237,180	—	1,330,662	—	1,098,561	2,526,410	72,384,965	8,792,168	41,169,174
- bought	1,366,182	31,831,569	115,422	3,188,012	—	665,331	—	323,848	1,481,604	36,008,760	6,958,528	20,048,460
- sold	697,261	31,886,993	347,545	3,049,168	—	665,331	—	774,713	1,044,806	36,376,205	1,833,640	21,120,714
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
B. Banking book	19,914	28,352,444	—	24,461,432	—	178,196	—	—	19,914	52,992,072	—	50,479,580
B.1 Hedges	19,914	28,352,444	—	203,865	—	36,994	—	—	19,914	28,593,303	—	28,068,386
1. With exchange of principal	19,914	106,364	—	203,865	—	36,994	—	—	19,914	347,223	—	760,973
- bought	19,914	—	—	32,000	—	36,994	—	—	19,914	68,994	—	57,306
- sold	—	106,364	—	171,865	—	—	—	—	—	278,229	—	703,667
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
2. Without exchange of principal	—	28,246,080	—	—	—	—	—	—	—	28,246,080	—	27,307,413
- bought	—	21,634,352	—	—	—	—	—	—	—	21,634,352	—	19,772,509
- sold	—	6,611,728	—	—	—	—	—	—	—	6,611,728	—	7,534,904
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
B.2 Other derivatives	—	—	—	24,257,567	—	141,202	—	—	—	24,398,769	—	22,411,194
1. With exchange of principal	—	—	—	26	—	—	—	—	—	26	—	109
- bought	—	—	—	26	—	—	—	—	—	26	—	29
- sold	—	—	—	—	—	—	—	—	—	—	—	80
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
2. Without exchange of principal	—	—	—	24,257,541	—	141,202	—	—	—	24,398,743	—	22,411,085
- bought	—	—	—	12,017,204	—	70,601	—	—	—	12,087,805	—	10,912,047
- sold	—	—	—	12,240,337	—	70,601	—	—	—	12,310,938	—	11,499,038
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—

A.4 OTC financial derivatives: positive fair value – counterparty risk

Counterparties/Underlyings	Debt securities/interest rates			Equities/share indexes			Exchange rates/gold			Other assets			Other underlying assets	
	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Netted ¹	Future exposure
A. Regulatory trading book														
A.1 Governments and central banks	151	—	—	—	—	—	—	—	—	—	—	—	—	—
A.2 Other public agencies	3,819	—	350	—	—	—	—	—	—	—	—	—	—	—
A.3 Banks	110,295	543,379	27,954	71,281	469,453	79,387	67,600	13,140	9,180	—	—	—	91,945	200,317
A.4 Financial companies	49,150	55,283	6,787	152,635	22,989	52,851	—	4,766	—	—	—	—	24,650	37,501
A.5 Insurances	66,335	—	19,250	—	—	733	—	—	—	—	—	—	—	—
A.6 Non-financial undertakings	235,199	—	40,710	196,946	—	42,758	129	—	115	—	—	—	—	—
A.7 Other counterparties	—	—	—	180	—	28	—	—	—	—	—	—	—	—
Total 30/6/09	464,949	598,662	95,051	421,042	492,442	175,757	67,729	17,906	9,295	—	—	—	116,595	237,818
Total 30/6/08	162,373	369,740	35,988	491,614	1,073,082	209,072	75,436	28,622	21,568	—	—	—	55,285	112,063
B. Banking book														
B.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.2 Other public agencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.3 Banks	101,260	1,362,053	5,294	3,362	61,565	1,200	—	—	—	—	—	—	54,988	99,884
B.4 Financial companies	2,050	13,354	600	—	6,725	—	—	—	—	—	—	—	16,513	21,495
B.5 Insurances	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.6 Non-financial undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.7 Other counterparties	—	—	—	—	—	1	—	—	—	—	—	—	—	—
Total 30/6/09	103,310	1,375,407	5,894	3,362	68,290	1,201	—	—	—	—	—	—	71,501	121,379
Total 30/6/08	106,975	592,444	23,361	113,977	57,392	18,757	—	—	—	—	—	—	107,758	237,742

¹ Includes offset agreement with main counterparties.

A.5 OTC financial derivatives: negative fair value – financial risk

Counterparties/Underlyings	Debt securities/interest rates			Equities/share indexes			Exchange rates/gold			Other assets			Other underlying assets	
	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Netted ¹	Future exposure
A. Regulatory trading book														
A.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
A.2 Other public agencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
A.3 Banks	(118,293)	(890,427)	29,774	(8,249)	(281,330)	15,634	(8,899)	(70,587)	5,822	—	—	—	(100,925)	136,030
A.4 Financial companies	(1,297)	(78,466)	75	(5,968)	(61,762)	5,157	—	(810)	—	—	—	—	(10,359)	14,380
A.5 Insurances	(3,366)	—	116	(7,869)	—	733	—	—	—	—	—	—	—	—
A.6 Non-financial undertakings	(11,950)	—	12,078	(16,213)	—	13,071	(43,143)	—	14,444	—	—	—	—	—
A.7 Other counterparties	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total 30/6/09	(134,906)	(968,893)	42,043	(38,299)	(343,092)	34,595	(52,042)	(71,397)	20,266	—	—	—	(111,284)	150,410
Total 30/6/08	(243,417)	(169,558)	64,604	(98,930)	(349,465)	80,151	(25,811)	(45,398)	12,546	—	—	—	(103,674)	325,395
B. Banking book														
B.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.2 Other public agencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.3 Banks	(267,284)	(850,410)	19,200	—	—	—	(3,927)	(6,119)	531	—	—	—	(180,334)	484,922
B.4 Financial companies	(10,923)	(52,685)	1,962	—	(3,057)	—	—	(10)	—	—	—	—	(367)	34
B.5 Insurances	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.6 Non-financial undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.7 Other counterparties	—	—	—	(5)	—	1	—	—	—	—	—	—	—	—
Total 30/6/09	(278,207)	(903,095)	21,162	(5)	(3,057)	1	(3,927)	(6,129)	531	—	—	—	(180,701)	484,956
Total 30/6/08	(687,855)	(1,696,997)	51,397	—	—	—	(10,958)	(12,883)	1,459	—	—	—	(142,976)	61,170

¹ Includes offset agreement with main counterparties.

A.6 *OTC financial derivatives by maturity: notional values*

	Up to 1 year	From 1 to 5 years	Over 5 years	Total
A. Regulatory trading book				
A.1 Financial derivatives on debt securities and interest rates	19,675,895	30,042,973	23,791,946	73,510,814
A.2 Financial derivatives on equities and share indexes	2,746,964	4,484,058	240,000	7,471,022
A.3 Financial derivatives on foreign currency and gold	3,653,360	432,228	158,889	4,244,477
A.4 Financial derivatives on other assets	826,909	271,652	—	1,098,561
B. Banking book:				—
B.1 Financial derivatives on debt securities and interest rates	4,789,652	21,667,501	7,709,784	34,166,937
B.2 Financial derivatives on equities and share indexes	2,198,054	13,553,862	8,709,516	24,461,432
B.3 Financial derivatives on foreign currency and gold	—	178,161	35	178,196
B.4 Financial derivatives on other assets	—	—	—	—
Total 30/6/09	33,890,834	70,630,435	40,610,170	145,131,439
Total 30/6/08	22,986,251	43,990,671	37,495,311	104,472,233

B. CREDIT DERIVATIVES

B.1 Credit derivatives: average and reporting-date notional values

Transaction categories	Regulatory trading book		Other transactions	
	Individual assets	Baskets	Individual assets	Baskets
1. Hedge buys				
1.1 With exchange of principal	2,159,237	6,673,421	—	—
– <i>credit default</i>	2,159,237	6,673,421	—	—
– <i>credit linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
1.2 Without exchange of principal	—	—	311,425	—
– <i>credit default</i>	—	—	311,425	—
– <i>credit linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
Total 30/6/09	2,159,237	6,673,421	311,425	—
Total 30/6/08	1,952,230	5,814,030	—	—
Average values	2,162,805	6,319,691	108,563	—
2. Hedge sales				
2.1 With exchange of principal	1,127,537	7,034,422	—	—
– <i>credit default</i>	1,127,537	7,034,422	—	—
– <i>credit linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
2.2 Without exchange of principal	—	—	119,615	—
– <i>credit default</i>	—	—	119,615	—
– <i>credit linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
Total 30/6/09	1,127,537	7,034,422	119,615	—
Total 30/6/08	997,405	6,275,000	—	—
Average values	1,519,788	6,822,095	13,939	—

B.2 Credit derivatives: positive fair value – counterparty risk

Type of transaction/Amounts	Notional value	Positive fair value	Future exposure
A. REGULATORY TRADING			
BOOK	8,489,610	437,841	429,766
A.1 Hedge buys with counterparties			
1. Governments and central banks	—	—	—
2. Other public agencies	—	—	—
3. Banks	5,722,116	344,944	287,917
4. Financial companies	966,558	46,412	49,078
5. Insurances	—	—	—
6. Non-financial undertakings	—	—	—
7. Other counterparties	—	—	—
A.2 Hedge sales with counterparties			
1. Governments and central banks	—	—	—
2. Other public agencies	—	—	—
3. Banks	1,586,936	42,479	82,071
4. Financial companies	214,000	4,006	10,700
5. Insurances	—	—	—
6. Non-financial undertakings	—	—	—
7. Other counterparties	—	—	—
B. Banking book	—	—	—
B.1 Hedge buys with counterparties			
1. Governments and central banks	—	—	—
2. Other public agencies	—	—	—
3. Banks	—	—	—
4. Financial companies	—	—	—
5. Insurances	—	—	—
6. Non-financial undertakings	—	—	—
7. Other counterparties	—	—	—
B.2 Hedge sales with counterparties			
1. Governments and central banks	—	—	—
2. Other public agencies	—	—	—
3. Banks	—	—	—
4. Financial companies	—	—	—
5. Insurances	—	—	—
6. Non-financial undertakings	—	—	—
7. Other counterparties	—	—	—
Total 30/6/09	8,489,610	437,841	429,766
Total 30/6/08	12,662,432	239,367	90,800

B.3 Credit derivatives: negative fair value – financial risk

Type of transaction/Amounts	Notional value	Negative fair value
A. Regulatory trading book		
1. Hedge buys with counterparties:		
1.1 Governments and central banks	—	—
1.2 Other public agencies	—	—
1.3 Banks	1,606,889	(41,111)
1.4 Financial companies	471,205	(14,521)
1.5 Insurances	—	—
1.6 Non-financial undertakings	—	—
1.7 Other counterparties	—	—
Total 30/6/09	2,078,094	(55,632)
Total 30/6/08	2,056,233	(72,570)

B.4 Credit derivatives: outstanding life – notional values

Underlying/Residual maturity	Up to 1 year	From 1 year to 5 years	Over 5 years	Total
A. Regulatory trading book	935,526	15,507,991	982,140	17,425,657
A.1 Credit derivatives with “qualified” reference obligation	794,913	15,047,990	912,140	16,755,043
A.2 Credit derivatives with “unqualified” reference obligation	140,613	460,001	70,000	670,614
B. Banking book	—	—	—	—
B.1 Credit derivatives with “qualified” reference obligation	—	—	—	—
B.2 Credit derivatives with “unqualified” reference obligation	—	—	—	—
Total 30/6/09	935,526	15,507,991	982,140	17,425,657
Total 30/6/08	714,702	13,176,925	1,147,039	15,038,666

1.3 LIQUIDITY RISK

QUALITATIVE INFORMATION

Liquidity risk is measured through indicators based on definite cash inflows and outflows to take place in the months to come, and also on the basis of data which includes estimates of:

- new loans/repayments/renewals for the Lending division;
- new issues/early redemptions for funding;
- any significant extraordinary items (e.g. purchase/sale of equity investments, payment of dividends, etc.).

These are used to generate a time profile for future cash requirements, which is produced daily for measurements based on definite cash flows (i.e. not including possible renewals/early redemptions), and is supplemented weekly with readings incorporating the estimate component. This analysis is then used as the basis for comparison with the amount of cash actually available, both defined narrowly (as the aggregate of securities that may be allocated for refinancing transactions with the monetary authorities), and including more illiquid assets (undeliverable bonds, deliverable shares, deliverable receivables), to which major haircuts are applied.

In addition to the prudential approach adopted in estimating future cash flows (e.g. not assuming automatic renewal upon expiry of interbank funds), weekly stress tests are also carried out assuming extraordinary drawdowns on committed lines granted to customers and major reductions in all new types of funding.

In addition, a steering committee analyses the Bank's asset structure and portfolio sensitivity, plus any mismatches between the maturities implied in future volume trends, on a fortnightly basis, to help management in taking strategic decisions for the Group's operations by providing indications of trends in profitability.

1. *Financial assets and liabilities by outstanding life Currency of denomination: EURO*

Type	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	5,060,810	2,558,248	1,921,147	1,627,569	1,653,498	3,761,966	5,860,148	17,556,545	13,606,267	1,911,583
A.1 Government securities	351,727	2,872	—	—	445,408	675,122	1,832,791	1,190,034	2,319,293	—
A.2 Listed debt securities	—	42,104	1,049	9,245	85,012	201,736	191,780	2,920,562	1,508,341	—
A.3 Other debt securities	—	—	1,685	206,461	2,174	231,061	203,611	75,529	616,133	776,506
A.4 OICR units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	4,709,083	2,513,272	1,918,413	1,411,863	1,120,904	2,654,047	3,631,966	13,370,420	9,162,500	1,135,077
– to banks	1,987,196	209,478	39	101,692	17,961	13,078	32,537	513,159	20,311	59,594
– to customers	2,721,887	2,303,794	1,918,374	1,310,171	1,102,943	2,640,969	3,599,429	12,857,261	9,142,189	1,075,483
Cash liabilities	3,270,981	1,957,810	334,426	2,286,738	2,608,874	2,786,991	7,105,717	26,810,293	10,691,511	19,189
B.1 Deposits	3,265,212	1,951,727	226,927	2,110,000	1,774,150	708,001	5,399,005	2,889,538	953,293	19,130
– to banks	2,315,402	745,752	190,118	1,405,719	468,620	186,156	876,192	2,339,411	522,721	8,005
– to customers	949,810	1,205,975	36,809	704,281	1,305,530	521,845	4,522,813	550,127	430,572	11,125
B.2 Debt securities	4,428	5,972	107,499	176,738	830,976	2,078,103	1,705,462	23,772,271	9,476,086	59
B.3 Other liabilities	1,341	111	—	—	3,748	887	1,250	148,484	262,132	—
Off-balance-sheet transactions	4,537,706	5,538,774	1,614,860	922,215	2,816,912	1,116,116	1,719,610	15,935,838	1,994,303	—
C.1 Financial derivatives with exchange of principal	2,240,802	3,380,552	1,614,860	743,922	1,733,182	603,548	195,894	434,051	206,092	—
– long positions	707,118	1,317,434	19,933	610,283	438,685	299,182	84,904	181,917	63,003	—
– short positions	1,533,684	2,063,118	1,594,927	133,639	1,294,497	304,366	110,990	252,134	143,089	—
C.2 Deposits and loans for collection	503,608	1,013,907	—	—	420,566	130,312	447,432	30,955	488,249	—
– long positions	503,608	1,013,907	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	420,566	130,312	447,432	30,955	488,249	—
C.3 Irrevocable commitments to disburse funds	1,793,296	1,144,315	—	178,293	663,164	382,256	1,076,284	15,470,832	1,299,962	—
– long positions	—	—	—	178,293	648,164	337,256	871,284	8,032,561	1,075,462	—
– short positions	1,793,296	1,144,315	—	—	15,000	45,000	205,000	7,438,271	224,500	—

Currency of denomination: US DOLLAR

Type	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	65,377	17,747	31,146	11,650	23,932	135,068	5,487	627,512	452,481	87
A.1 Government securities	—	5	1,344	—	16	11,312	507	193	155,603	—
A.2 Listed debt securities	—	9,015	107	—	2,649	847	2	183,952	65,592	—
A.3 Other debt securities	—	—	834	—	2,108	263	1,360	19,135	110,594	—
A.4 OICR units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	65,377	8,727	28,861	11,650	19,159	122,646	3,618	424,232	120,692	87
– to banks	63,664	—	—	5,546	646	51,517	829	57,252	889	—
– to customers	1,713	8,727	28,861	6,104	18,513	71,129	2,789	366,980	119,803	87
Cash liabilities	57,224	—	5,660	70,841	92,674	54,182	27,932	330,488	11,209	119
B.1 Deposits	57,220	—	5,660	70,841	7,508	—	—	—	—	119
– to banks	57,215	—	5,660	70,841	7,508	—	—	—	—	29
– to customers	5	—	—	—	—	—	—	—	—	90
B.2 Debt securities	4	—	—	—	85,166	54,182	27,932	330,488	11,209	—
B.3 Other liabilities	—	—	—	—	—	—	—	—	—	—
Off-balance-sheet transactions	—	132,467	72,103	9,265	700,771	145,451	966,463	561,070	187,527	—
C.1 Financial derivatives										
with exchange of principal	—	132,467	72,103	9,265	700,771	141,913	952,313	156,372	141,538	—
– long positions	—	116,285	69,867	—	369,881	128,223	175,463	17,537	35	—
– short positions	—	16,182	2,236	9,265	330,890	13,690	776,850	138,835	141,503	—
C.2 Deposits and loans										
for collection	—	—	—	—	—	—	—	—	—	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	—	—	—	—	—	—
C.3 Irrevocable commitments										
to disburse funds	—	—	—	—	—	3,538	14,150	404,698	45,989	—
– long positions	—	—	—	—	—	3,538	14,150	170,511	45,989	—
– short positions	—	—	—	—	—	—	—	234,187	—	—

Currency of denomination: *OTHER*

Type	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	442,416	265,492	230,388	266,277	114,392	102,525	137,847	1,272,944	48,409	—
A.1 Government securities	—	214,605	154,480	—	—	—	—	15,065	—	—
A.2 Listed debt securities	—	46,103	57,221	203,628	106,191	5,593	104,710	459,050	7,428	—
A.3 Other debt securities	—	—	—	—	64	96,771	—	2,751	—	—
A.4 OICR units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	442,416	4,784	18,687	62,649	8,137	161	33,137	796,078	40,981	—
– to banks	72,598	—	—	49,565	—	—	—	—	—	—
– to customers	369,818	4,784	18,687	13,084	8,137	161	33,137	796,078	40,981	—
Cash liabilities	889,889	69,261	—	1,556,494	339,862	8,925	—	308,352	248,710	—
B.1 Deposits	795,267	36,506	—	1,555,588	323,487	—	—	—	—	—
– to banks	178,990	36,506	—	29,374	323,487	—	—	—	—	—
– to customers	616,277	—	—	1,526,214	—	—	—	—	—	—
B.2 Debt securities	—	32,755	—	906	16,375	8,925	—	308,352	248,710	—
B.3 Other liabilities	94,622	—	—	—	—	—	—	—	—	—
Off-balance-sheet transactions	5,622	43,401	152,517	55,307	2,106	61,331	—	312,816	17,387	—
C.1 Financial derivatives										
with exchange of principal	5,622	43,401	152,517	55,307	2,106	61,331	—	312,816	17,387	—
– long positions	1,036	41,523	117,357	—	1,053	30,513	—	304,014	17,387	—
– short positions	4,586	1,878	35,160	55,307	1,053	30,818	—	8,802	—	—
C.2 Deposits and loans for collection	—	—	—	—	—	—	—	—	—	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	—	—	—	—	—	—
C.3 Irrevocable commitments to disburse funds	—	—	—	—	—	—	—	—	—	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	—	—	—	—	—	—

2. *Financial liabilities by sector*

Exposures/Counterparties	Governments and central banks	Financial companies	Insurances	Non-financial undertakings	Others
1. Due to customers	—	1,760,057	37,256	2,847,358	8,417,396
2. Debt securities in issue	—	—	—	—	37,741,502
3. Trading liabilities	341,912	100,841	88,831	166,431	2,404,034
4. Financial liabilities at fair value	—	—	—	—	—
Total 30/6/09	341,912	1,860,898	126,087	3,013,789	48,562,932
Total 30/6/08	734,434	3,654,074	160,039	1,459,378	33,672,027

3. *Financial liabilities by geographical region*

Exposures/Counterparties	Italy	Rest of Europe	United States	Asia	Rest of world
1. Due to banks	10,597,614	2,550,561	29	—	—
2. Due to customers	7,215,329	4,156,271	38,591	—	—
3. Debt securities in issue	34,952,060	2,464,138	—	—	—
4. Trading liabilities	1,325,525	2,042,293	59,554	—	—
5. Financial liabilities at fair value	—	—	—	—	—
Total 30/6/09	54,090,528	11,213,263	98,174	—	—
Total 30/6/08	42,782,455	10,691,315	55,205	—	—

1.4 OPERATING RISK

QUALITATIVE INFORMATION

Definition

Operating risk is the risk of incurring losses as a result of external events or the inadequacy or malfunctioning of procedures, staff and internal systems. Operating risk includes legal risk, but does not include strategic or reputational risk.

Capital requirements for operating risk

Mediobanca has decided to adopt the Basic Indicator Approach (“BIA”) in order to calculate the capital requirement for covering operating risk, applying a margin of 15% to the average of the last three annual readings of total income. Based on this method of calculation the capital requirement as at 30 June 2009 would be €222.3m (30/6/08: €196.4m).

Risk mitigation

In the review of its internal procedures as part of the “Head of Company Financial Reporting” project, the Bank has sought to identify the majority of the sources of possible risk and the relevant measures to be taken to control and mitigate them, by formulating company procedures in order to deal with them, and focusing mitigation activity on the most serious aspects.

With reference to the possibility of losses caused by interruptions in operations or due to systems being unavailable, the Group has drawn up operating continuity and disaster recovery plans to ensure that activity is able to continue and to limit the operating losses in the event of prolonged interruptions. The Group regularly reviews the operating continuity and disaster recovery plans with a view to ensuring that they are consistent with its activities and current operating strategies.

Control of internal access (individual system users) and external access (IT attacks) is carried out using the relevant computer and observation instruments.

Insurance policies have been taken out to cover the most valuable staff members and assets and to cover management of cash.

As for the possibility of risk deriving from outsourcing activities, the Group has implemented a continuous monitoring and regular review system to assess the care taken in performing these activities by the various service providers.

Litigation risk: risks deriving from litigation pending

Apart from the claim pending against Mediobanca S.p.A. for the alleged failure to launch a full takeover bid for La Fondiaria in 2002 (see p. 239), the Group faces no litigation risk worthy of note.

PART F - INFORMATION ON CONSOLIDATED CAPITAL

Section 1

CONSOLIDATED CAPITAL

A. Qualitative information

Capital is the first and most important safeguard of a bank's stability. For this reason, the international and domestic supervisory bodies have established rigorous rules for calculating regulatory capital and the minimum capital requirements with which banks are bound to comply. In particular, the ratio between risk-weighted assets and regulatory capital must not fall below 8%. The Bank of Italy has established a prudential level of 10%, which falls to 6% if only Tier 1 capital is considered (the core Tier 1 ratio).

Since its inception one of the distinguishing features of Mediobanca has been the solidity of its financial structure, with capital ratios that have been consistently and significantly higher than those required by the regulatory guidelines. Such surplus capital is justified by the nature of the Bank's operations on corporate markets, and has allowed it to tackle the financial and liquidity crisis in this last year more confidently, taking advantage of the opportunities that have arisen on the investment banking market.

B. Quantitative information

See section 15 "Consolidated capital – Headings 140, 160, 170, 180, 190, 200, and 220".

Section 2

REGULATORY AND SUPERVISORY CAPITAL REQUIREMENTS FOR BANKS

2.1 Scope of application of regulations

Regulatory capital has been calculated on the basis of Bank of Italy circulars no. 263 issued on 27 December 2006 (second update issued on 17 March 2008) and no. 155 (twelfth update issued on 5 February 2008), which transpose the new prudential guidelines for banks and banking groups introduced by the New Basel Capital Accord (Basel II) into the Italian regulatory framework.

2.2 *Regulatory capital requirements for banks*

A. Qualitative information

Tier 1 capital consists of the share attributable to the Group and to minority shareholders of capital paid up, reserves, and profit for the period net of treasury shares (€213.8m), intangible assets (€68.5m), goodwill (€466m), and the negative reserves on AFS securities (€177.1m), plus 50% of the book value of the Bank's investments in banks and financial services companies (equal to €16.3m).

Tier 2 capital includes the positive valuation reserves (€15.1m), Tier 2 subordinated liabilities (€951.5m) less unrealized losses on investments (€149.7m) and the remaining share of the book value of investments in banks and financial companies (€16.3m).

The following should be noted with respect to this year:

- inclusion of the shareholding in Banca Esperia in the basis of consolidation for the first time, meaning it is no longer deducted from regulatory capital;
- conclusion of the purchase price allocation process for Linea, with intangible assets being identified and goodwill reduced accordingly;
- transfer of the shareholdings in Gemina and Pirelli & C., and the subsequent impact on both goodwill and implicit charges to equity investments;
- writedowns to some equity investments and AFS securities, with a positive impact on valuation reserves and a reduction in goodwill;
- in line with Bank of Italy guidance, application of the prudential filter to the contingency arising upon goodwill being released from taxation (with an impact of €22.9m) and calculation of intangible assets acquire net of the relative deferred tax (giving rise to a benefit of €12.3m).

B. Quantitative information

	30/6/09	30/6/08
A. Tier 1 capital prior to application of prudential filters	5,647,796	5,903,393
B. Tier 1 prudential filters:		
B.1 IAS/IFRS positive filters	—	—
B.2 IAS/IFRS negative filters	(200,014)	(182,108)
C. Tier 1 capital gross of items to be deducted	5,447,782	5,721,285
D. Items for deduction from Tier 1 capital	(16,336)	(51,502)
E. Total Tier 1 capital	5,431,445	5,669,783
F. Tier 2 capital prior to application of prudential filters	816,816	917,673
G. Tier 2 prudential filters:		
G.1 IAS/IFRS positive filters	—	—
G.2 IAS/IFRS negative filters	—	—
H. Tier 2 capital gross of items to be deducted	816,816	917,673
I. Items for deduction from Tier 2 capital	(16,336)	(51,502)
L. Total Tier 2 capital	800,480	866,171
M. Items for deduction from Total Tier 1 and Tier 2 capital ¹	—	—
N. Regulatory capital	6,231,925	6,535,954
O. Total Tier 3 capital	—	—
P. Total regulatory capital including Tier 3	6,231,925	6,535,954

2.3 Capital adequacy

A. Qualitative information

As at 30 June 2009, the Bank's total core ratio, calculated as regulatory capital as a percentage of risk-weighted assets, stood at 11.8%, while the core Tier 1 ratio, calculated as Tier 1 capital as a percentage of risk-weighted assets, amounted to 10.3%, both in line with the figures last year, when they stood at 11.9% and 10.3% respectively. The reduction in regulatory capital was accompanied by a decline in risk-weighted assets (from €55.1bn to €52.7bn), due to careful management of the committed lines in particular (with the item *Guarantees and commitments* declining from €11.2bn to €5bn). The requirement for operating risk rose from €196.4m to €222.3m, while the pro-rata share in Banca Esperia's assets is approx. €300m, this company having been consolidated pro-rata for the first time.

B. Quantitative information

	Unweighted amounts		Weighted amounts/ requirements	
	30/6/09	30/6/08	30/6/09	30/6/08
A. RISK ASSETS				
A.1 Credit and Counterpart risk	90,661,074	81,868,853	44,462,612	47,794,708
1. Standard methodology	90,267,695	81,735,725	44,281,221	47,698,593
2. Internal Rating methodology	—	—	—	—
2.1 Based	—	—	—	—
2.2 Advanced	—	—	—	—
3. Securitisation	393,379	133,128	181,391	96,115
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and Counterpart risk			3,557,009	3,823,577
B.2 Market risk			439,679	386,479
1. Standard methodology			437,007	384,968
3. Concentration risk			2,672	1,512
B.3 Operational Risk			222,310	196,436
1. Basic indicator approach (BIA)			222,310	196,436
B.5 Total prudential requirements			4,218,998	4,406,492
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			52,737,482	55,081,146
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)			10.30%	10.29%
C.3 Regulatory capital/risk-weighted assets (total capital ratio)			11.82%	11.87%

PART C - COMBINATIONS INVOLVING GROUP COMPANIES OR BUSINESS UNITS

Section 1

Transactions completed during the year

At the end of the last financial year, Compass acquired 100% of the share capital of Linea for a consideration of €405m. Linea, a leading operator in consumer credit, had the following, fully-owned subsidiaries: Futuro, whose business is salary-backed finance, and Equilon (internet banking); it also has a 50:50 joint venture with Ducati to provide finance for purchasing motorcycles; and exercises *de facto* control over securitization vehicle company Jump .

The aggregate net equity of the companies acquired totals €22.5m, €19.8m of which from the cash flow hedge reserve established in connection with hedge derivative contracts. Given that Compass booked the investment at a value of €407m, including acquisition costs (legal and consultancy expenses totalling €2m), goodwill of €404.3m was originally recorded. During the year, the purchase price allocation process required under IFRS 3 has been completed, resulting in residual goodwill of €365.9m after determining the fair value of specific intangible assets recorded separately and not recognized in the accounts of the companies acquired. The following values in particular have been established:

	(€'000)
Intangible assets with defined life	44,200
<i>of which: – commercial agreements</i>	<i>19,300</i>
<i>– customer relationships</i>	<i>24,900</i>
Brands	6,300
Mismatch between other assets/liabilities ...	2,729
Tax effects	(12,155)
Goodwill	365,934
Consideration paid	407,008
<i>of which: ancillary charges</i>	<i>2,008</i>

The intangible assets with defined lives have an average duration of 7.8 years (up to a maximum of ten years), with an impact on the profit and loss account for the year under review amounting to €5.8m. All the brands have been considered as having indefinite lives. The goodwill has been allocated to the following cash generating units:

	€m
Consumer credit	280.6
Credit cards	73.4
Salary-backed finance	11.9
Goodwill	365.9

The impairment test was passed successfully for all three segments, as the value in use (calculated using dividend discount model) was higher than the carrying values. The calculation is based on the most up-to-date financial flows projected over a time horizon of five years, while reflecting the most recent market scenarios and the company's competitive potential (3.8% of new loans in consumer credit, 10.5% of credit cards, and 11.8% of salary-backed finance); the weighted cost of capital (Ke) and growth rate (g) were 11% and 2% respectively.

The merger of Linea and Equilon into Compass was completed on 20 October 2008 with effect from 1 July 2008. In application of Article 15, para. 10 of Italian Legislative Decree 185, withholding tax has been provided in an amount equal to 16% of the highest values emerging (€398.9m), which comes to €63.8m, and advance tax amounting to €109.7m has been recorded against the corresponding amount in the profit and loss account with respect only to IRES. The result is a positive effect of €45.9m which has been taken to the profit and loss account.

PART H - RELATED PARTY DISCLOSURE

1. *Board member and senior management retribution*

See part H of the Notes to the Individual Accounts.

2. *Related party disclosure*

Accounts with related parties fall within the ordinary operations of the Group companies, are maintained on an arm's length basis, and are entered into in the interests of the individual companies concerned. No atypical or unusual transactions have been entered into with these counterparties. Related parties for the purposes hereof include directors and any companies owned by them, and strategic management whose payment details are provided in the relevant table. Comparison with the situation at the same stage last year shows a reduction in the aggregate exposure to such parties (assets plus guarantees and commitments), down from €7.8bn to €6.2bn. Overall, accounts with related parties represent approx. 10% of the total balance-sheet aggregates, and approx. 10% of net interest income.

Situation at 30 June 2009

	Directors, statutory auditors and strategic management	Associates	Other related parties	Total	12 mths to 30/6/08
	(€ mln)	(€ mln)	(€ mln)	(€ mln)	(€ mln)
Assets	282.5	1,841.3	3,431.2	5,555.–	6,216.9
<i>of which: other assets....</i>	<i>77.4</i>	<i>133.0</i>	<i>362.7</i>	<i>573.1</i>	<i>1,390.6</i>
<i>loans and advances ...</i>	<i>205.1</i>	<i>1,708.3</i>	<i>3,068.5</i>	<i>4,981.9</i>	<i>4,826.3</i>
Liabilities	3.7	2.7	141.4	147.8	650.5
Guarantees and commitments	133.9	35.8	508.2	677.9	1,627.5
Interest income	9.7	85.–	218.9	313.6	426.6
Interest expense	(0.3)	(6.5)	(52.5)	(59.3)	(224.0)
Net fee income	0.3	12.2	69.6	82.1	44.8
Other income (costs)	(17.3) ¹	209.6	0.9	193.2	(404.9)

¹ Of which: short-term benefits amounting to €18m, and stock option worth €1.8m.

PART I - SHARE-BASED PAYMENT SCHEMES

A. QUALITATIVE INFORMATION

1. Description

Information on the increases in the Bank's share capital as a result of stock option schemes approved pursuant to Article 2441, paragraphs 8 and 5, of the Italian Civil Code, is as follows:

Extraordinary general meeting held on	No. of shares approved	Awards expire on	Deadline for exercising options	No. of shares awarded
29 March 1999	3,130,000	Expired	31 December 2011	3,130,000
30 July 2001	50,000,000	Expired	1 July 2015	49,634,000
28 October 2004	15,000,000	28 October 2009	1 July 2020	14,296,000
<i>of which to directors¹</i>	<i>4,000,000</i>	<i>28 October 2009</i>	<i>1 July 2020</i>	<i>3,375,000²</i>
27 June 2007	40,000,000	27 June 2012	1 July 2022	—
TOTAL	108,130,000			67,060,000

The schemes provide for a maximum duration of ten years and a vesting period of thirty-six months.

The schemes were launched with the dual purpose of encouraging loyalty retention among key staff members, i.e. persuading employees with essential and/or critical roles within the Group to stay with Mediobanca, and making the remuneration package offered to them more diversified and flexible.

The choice of beneficiaries and decisions as to the number of options to be allotted are taken in view of the role performed by the person concerned with the company's organization and their importance in terms of creating value.

During the period, a total of 10,311,000 options were awarded from the maximum amount approved by shareholders in general meeting on 28 October 2004, 1,375,000 of which to directors, at a price of €11.043 per share with a three-year vesting period (expiring on 1 July 2011) and an exercise period of eight years.

¹ At a general meeting held on 27 June 2007, shareholders approved a proposal to grant stock options to Management Board members.

² Granted to one former director.

Subsequent to the reporting date, on 15 July 2009 a total of 310,000 options were awarded (79,000 of which from the maximum amount approved by shareholders in general meeting on 28 October 2004, and the remainder against the amount approved on 27 June 2007, at a price of €8.401 per share, with a three-year vesting period and eight-year exercise period.

Mediobanca, along with Mediolanum, also participates in the stock option scheme operated by Banca Esperia for its staff, reserving a portion of its investment in the company for use in connection with this scheme. As at 30 June 2009, following the reduction in the fair value of Banca Esperia (in connection with market trends), a contingent asset of €1.7m was recorded after part of the provision (which is measured at the fair value of the commitments) was released.

B. QUANTITATIVE INFORMATION

1. Changes during the period

	30/6/08			30/6/09		
	No. of options	Avg. price	Avg. expiry	No. of options	Avg. price	Avg. expiry
A. Balance at start of period	15,022,500	13.52	December 2013	14,299,750	14.55	June 2014
B. Additions						
B.1 New issues	1,770,000	15.14	November 2015	10,311,000	11.04	June 2016
B.2 Other additions	—	—	—	—	—	—
C. Reductions						
C.1 Options cancelled	—	—	—	—	—	—
C.2 Options exercised	2,492,750	8.81	—	—	—	—
C.3 Options expired	—	—	—	—	—	—
C.4 Other reductions	—	—	—	—	—	—
D. Balance at end of period	14,299,750	14.55	June 2014	24,610,750	13.08	April 2015
E. Options exercisable as at reporting date	1,234,750	9.90	May 2012	12,154,750	9.83	February 2013

ANNUAL GENERAL MEETING
28 OCTOBER 2009

AGENDA

1. Adoption of financial statements for the year ended 30 June 2009, along with the Board of Directors' Review of Operations, the external auditors' report and the Statutory Audit Committee's report; associated resolutions.
2. Approval of staff remuneration policies document.

ACCOUNTS OF THE BANK

REVIEW OF OPERATIONS

OVERVIEW

In the twelve months ended 30 June 2009, Mediobanca earned a net profit of €20.8m, down sharply on the €22.6m reported at the same time last year, with writedowns of over €50m charged to reflect the adverse trends in share markets and the real economy. Total income was virtually stable at €80m (30/6/08: €79.9m), with the growth in trading profits (from €5.3m to €27.5m), net interest income (up 8.4%, from €46.7m to €67.5m) and net fee and commission income (from €75.9m to €83.3m) offsetting the reductions in dividends collected from investments (which totalled €7.5m, compared with €187m last year; see below) and gains on disposals of AFS securities (down from €71.8m to €57.1m). The increase in operating costs, which were up 7.6%, from €54.9m to €74.3m, reflect both the increase in headcount, with 26 more staff on the books (mostly at the Bank's international branches), and a reduction in operating expenses, which fell from €4.9m to €8.1m. Loan loss provisions were made as follows: €34.9m in respect of the loan book; €179.1m to cover AFS shareholdings with a fair value significantly below that of original cost; and €36.8m for the Bank's equity investments (in particular Telco, RCS MediaGroup and Pirelli & C.) to reflect their value in use, on which see below. Tax increased from €72.1m to €134m despite gross operating profit falling, due to the fact that the aforementioned writedowns were largely non-tax-deductible.

It should be noted that in formal adherence to the accounting standards adopted (which is questionable), the dividend distributed by Assicurazioni Generali, which consisted of 7.3 million shares being awarded along with payment of withholding tax, has not been included in the results. These shares have a value of €115.2m, which, if added to the Bank's earnings for the period, would increase dividends on equity investments to €42.7m, total income to €1,095.2m, and net profit to €136m.

The main balance-sheet aggregates show rises in treasury funds (from €3.8bn to €3.1bn), equity investments (from €2.7bn to €2.8bn, partly due to certain items in the AFS portfolio being reclassified), investments in AFS debt securities and fixed assets (from €1.9bn to €4.3bn), and funding (from €3.7bn to €10.2bn). Conversely, AFS equities fell from €1.6bn to

€1.2bn, chiefly as a result of reclassifications, as did loans and advances to customers, albeit only slightly (from €4.2bn to €3.3bn).

FINANCIAL HIGHLIGHTS

The profit and loss account and balance sheet have been restated to provide the most accurate reflection of the Bank's operations. The results are also presented in the format recommended by the Bank of Italy in the annex hereto, along with further details on how the various items have been restated.

RESTATED PROFIT AND LOSS ACCOUNT

	12 mths to 30/6/08	12 mths to 30/6/09	Y.o.Y. chg.	12 mths to 30/6/08 pro-forma*
	€m	€m	%	€m
Net interest income	246.7	267.5	+8.4	267.5
Net trading income	270.3	401.7	+48.6	401.7
Net fee and commission income	275.9	283.3	+2.7	283.3
Dividends on equity investments.....	187.0	27.5	n.m.	142.7
TOTAL INCOME	979.9	980.0	—	1,095.2
Labour costs	(160.0)	(186.2)	+16.4	(186.2)
Other administrative expenses	(94.9)	(88.1)	-7.2	(88.1)
OPERATING COSTS.....	(254.9)	(274.3)	+7.6	(274.3)
Loan loss provisions	(22.8)	(134.9)	n.m.	(134.9)
Provisions for financial assets	(7.5)	(416.0)	n.m.	(416.0)
PROFIT BEFORE TAX.....	694.7	154.8	n.m.	270.0
Income tax for the period.....	(72.1)	(134.0)	+85.9	(134.0)
NET PROFIT	622.6	20.8	n.m.	136.0

* Including value of Assicurazioni Generali shares received by way of dividend.

RESTATED BALANCE SHEET

	30/6/08	30/6/09
	€m	€m
Assets		
Treasury funds	8,845.4	13,059.4
AFS securities	2,846.7	4,330.9
Fixed financial assets	619.2	1,556.7
Loans and advances to customers	24,235.2	23,282.5
Equity investments	2,722.4	2,845.2
Tangible and intangible assets	121.6	122.5
Other assets	420.6	555.5
Total assets	39,811.1	45,752.7
Liabilities and net equity		
Funding	33,740.9	40,248.6
Other liabilities	658.7	702.3
Provisions	161.5	160.6
Net equity	4,627.4	4,620.4
Profit for the period	622.6	20.8
Total liabilities	39,811.1	45,752.7

Key indices and financial ratios for the period are as follows:

	30/6/08	30/6/09
Regulatory capital (€m)	5,468.4	5,390.6
Solvency margin (%)	14.86	14.32
Market capitalization (€m)	8,755.7	6,950.8
No. of shares in issue (millions)	820.1	820.1
Avg. no. of staff in year ended 30/6/08	548	564

REVIEW OF KEY ITEMS

Loans and advances to customers

The Bank's loan book has shown the following trends in the past three years:

	2006-07		2007-08		2008-09	
	€m	%	€m	%	€m	%
Balance disbursed at start of period ...	15,871	100.0	20,306	100.0	24,235	100.0
Movements during the twelve months:						
– net new loans	4,326	27.3	4,030	19.8	(773)	(3.2)
– adjustments to amortized cost	109	0.6	(101)	(0.5)	(179)	(0.7)
Balance at end of period	20,306	127.9	24,235	119.3	23,283	96.1

Loans and advances to customers fell slightly during the period under review, from €24,235.2m to €23,282.5m due chiefly to the reduction in loans granted to Group companies, in particular CheBanca!, which now has its own direct funding channel. Corporate finance remained largely stable, at €14,448.5m (30/6/08: €14,637.8m), with the lack of growth due largely to the drastic reduction in demand for medium-term credit. Non-Italian residents accounted for approx. 20% of the loan book, chiefly in countries where Mediobanca has offices, namely France, Spain and Germany. Domestic and international syndication activity focused primarily on secondary market opportunities, given the contraction in the primary market witnessed this year.

The heading includes loans and advances to Group companies totalling €8,834m, down from last year due to CheBanca! now having access to its own source of direct funding as mentioned above:

	30/6/08	30/6/09
	€m	€m
Mediobanca International	3,341.5	3,115.2
CheBanca!.....	1,802.1	510.6
Compass (including Linea).....	2,375.0	2,170.5
Futuro (Compass group)	—	479.5
Palladio Leasing	995.2	1,113.1
SelmaBipiemme Leasing	649.0	1,023.0
Teleleasing	430.2	374.1
Cofactor	—	45.1
Seteci	3.1	1.5
MB Securities USA (subordinated)	1.3	1.4
	9,597.4	8,834.0

Impaired assets (i.e. non-performing, potential problem, restructured and overdue accounts) involved, in addition to single, non-performing item in an amount of €127,000 covered by SACE insurance, whom we are suing for the indemnity due, three new positions with a total cash exposure of €62.1m (0.75% of the total loan book) plus endorsements for a further €30m. Standstill agreements were signed for these items, and the restructuring process is still underway, with provisions of approx. €50m having been set aside to cover them. Since the reporting date, the restructuring process for one of the three positions has been finalized, as a result of which Mediobanca has subscribed for 19.1% of the company's share capital and converted €1.3m worth of loans into equity instruments.

As at 30 June 2009, there were a total of sixteen significant exposures, i.e. above 10% of the Bank's regulatory capital (including market risks and equity investments), two less than at end-June 2008, worth a total amount of €3,747m (€4,950.9m).

Funding

	30/6/08	30/6/09
	€m	€m
Deposits and current accounts	440.6	1,852.9
Bonds and other debt securities	30,355.2	35,779.5
Other funds	2,945.1	2,616.2
	33,740.9	40,248.6
	33,740.9	40,248.6

Deposits and current accounts rose from €440.6m to €1,852.9m, on the back of €1,461m in liquidity provided to Mediobanca by Group company CheBanca!. This offset the entrenched downward trend in certificates of deposit, which declined from €97.6m to €30.8m.

Bonds and other debt securities also rose from €30,355.2m to €35,779.5m as a result of new issuance worth €1,172.5m, redemptions and repayments (including early redemptions) of €5,597.9m, and downward adjustments (to reflect amortized cost, exchange rates and hedging effects) of €150.3m.

Conversely, other funds fell from €2,945.1m to €2,616.2m, due to a reduction in funds raised by Mediobanca International, from €1,976.1m to €1,718.4m, and a decrease in EIB funding, from €25m to €750.2m.

Treasury accounts

	30/6/08	30/6/09
Cash and bank balances	142.4	169.5
Fixed-income securities	6,836.0	7,769.5
Equities	453.2	192.7
Other trading items	1,413.8	4,927.7
	<u>8,845.4</u>	<u>13,059.4</u>

Treasury operations during the period were managed with a view to consolidating the Bank's comfortable liquidity position by investing in debt securities and other short-term items, and trimming holdings in equities.

Cash and bank balances include €16.5m in current account balances held at banks, plus €2.7m in compulsory reserves.

Fixed-income securities grew from €6,836m to €7,769.5m, with over three-quarters by issuers rated AA- or higher. Unrated bonds accounted for 4.25% (€30.5m), and sub-investment grade paper for 3% (€207.5m). The Bank has no positions in securities that might directly or indirectly contain risks relating to US sub-prime mortgages. Holdings in ABS are limited, at €44.1m (compared with €77.5m last year) and refer to domestic assets; for further details, please see section C, part E of the Notes to the Accounts.

Equities totalled €192.7m, below the €453.2m reported last year, due to a gradual unwinding of directional positions.

Other trading items comprise: repo trades (including securities lending) worth €5,514.6m (€4,443.4m) and reverse repos totalling €3,978m (€3,939.5m); deposits amounting to €1,987.5m (€2,165.1m) and shortfalls of €2,877.7m (€1,533.4m); and positive valuations of derivative contracts totalling €81.3m (€78.1m); the repos include trades with Group companies worth a total of €1,688.1m.

Treasury management and adjustments to prices at the reporting date generated net trading income of €27.5m, a sharp increase on the €5.3m achieved last year. All financial instruments have been marked to market if active, or valued on the basis solely of market-derived data.

Equity investments

	Percentage shareholding*	Book value	Market value based on prices at 30/6/09	Gain
	%	€m	€m	€m
LISTED INVESTMENTS				
Assicurazioni Generali	13.51	836.2	2,821.5	1,985.3
RCS MediaGroup, ordinary ...	14.36	208.5	96.8	(111.7)
Gemina, ordinary	12.53	211.3	96.8	(114.5)
Pirelli & C., ordinary	4.49	115.7	60.1	(55.6)
		<u>1,371.7</u>	<u>3,075.2</u>	<u>1,703.5</u>
OTHER INVESTMENTS				
Telco	10.64	378.2		
Banca Esperia	50.00	29.1		
Burgo Group	22.13	54.6		
Athena Private Equity class A	24.27	38.2		
Fidia	25.00	1.9		
		<u>502.0</u>		
TOTAL ASSOCIATES		<u>1,873.7</u>		
TOTAL SUBSIDIARIES		<u>971.6</u>		
TOTAL INVESTMENTS		<u>2,845.3</u>		

* Of entire share capital.

The main movements during the year involved:

- the Bank's shareholdings in Gemina and Pirelli & C. being transferred from the AFS portfolio at their initial recognition values, before being adjusted to reflect net equity in the case of Gemina (in an amount of €211.3m with €0.9m charged to the profit and loss account) and value in use in the case of Pirelli & C. (which was calculated at €0.48 per share), leading to a writedown of €25.5m;

- adjustments of €144.1m, €63.9m and €1.2m to the Bank's holdings in Telco, RCS MediaGroup and Fidia respectively, to bring them in line with their value in use (cf. p. 296);
- award of 7.3 million Assicurazioni Generali shares already held by the company by way of a dividend, with no income being recorded and the carrying value of the investment reducing accordingly;
- acquisition of a 1.5% stake in Banca Esperia, involving an outlay of €3.5m.

Comparison of the book value and fair value of the listed securities, i.e. Assicurazioni Generali, RCS MediaGroup, Gemina and Pirelli & C.) as at the reporting date reflects a net surplus of €1,703.5m (€2,283.1m based on current prices and holdings). Further explanation of the criteria adopted for the valuations and impairment charges, plus the reasons why the above holdings were reclassified from AFS securities, are provided in section 10, part B of the Notes to the Accounts.

The performances of the other Group companies not mentioned in the Review of Group Operations are described below:

- *Mediobanca International (Luxembourg) S.A., Luxembourg (99% Mediobanca; 1% Compass)*

This company's financial statements as at 30 June 2009 reflect a net profit of €29.2m (30/6/08: €14.4m), on total income of €53.9m (€20.3m). Loans and advances to customers increased from €3,074.5m to €3,561.4m.

Mediobanca International (Luxembourg) S.A. employs 8 staff at its offices in Luxembourg, two of whom are seconded from Mediobanca S.p.A.

- *Prominvestment S.p.A., Rome*

Prominvestment was placed in liquidation on 24 September 2008, as the company's mission had become increasingly obsolete. Its accounts for the year ended 30 June 2009 reflect a loss of €367,000 (€1,634,000), after transferring €961,000 to the provision for risks and liabilities.

— *R. & S. - Ricerche e Studi S.p.A.*, Milan

This company's accounts for the twelve months ended 30 June 2009 show an even balance, after charging Mediobanca €1.4m (€1.6m) for expenses and services.

R&S produced updated versions of all its main works during the period, including its Annual Directory with entries on the 50 leading Italian companies, its customary analysis of the quarterly accounts of listed companies, its survey of the world's leading industrial and service-sector multinationals (which now includes groups of all nationalities), and its survey of leading international banks. It also analysed the stabilization schemes implemented by the leading countries to tackle the financial markets crisis, and work on updating the R&S-Unioncamere scoring models for small and medium-sized companies continued. R&S also contributed to drawing up the profiles of the companies shortlisted for the Mediobanca Prize.

The company employs 11 staff.

— *Technostart S.p.A.*, Milan (69%-owned)

The accounts of this company for the year ended 30 June 2009 reflect a loss of €15,000 (30/6/08: €14,000).

Technostart employs no staff.

At a general meeting held on 28 July 2009, a resolution was approved to place the company in voluntary liquidation, with the sole shareholding possessed being divided among the shareholders.

— *MB Securities USA LLC.*, New York

MB Securities USA performs securities brokerage activities on the New York market. The company recorded a loss for the twelve months of USD 970,000 (USD 410,000) on fee income of USD 1.2m (USD 1.7m).

Table B provides the restated accounts (balance sheet and profit and loss account) of the Bank's investee companies.

Fixed financial assets

This heading comprises financial assets held to maturity totalling €73.6m (€77.4m), and unlisted debt securities recognized at cost worth €83.1m (€1.8m). The latter include €42.5m in illiquid securities (ABS or bonds subscribed for via private placements) which have been transferred from the trading and AFS portfolios (in an amount of €209.6m and €32.9m respectively based on their fair value as at 1 July 2008, as permitted by the new IAS 39. During the period acquisitions of €23.7m, redemptions of €4.1m and adjustments to amortized cost of €.4m were made, €.9m of the latter being upward adjustments in respect of the securities transferred. The implicit loss on this asset class based on prices at 30 June 2009 totalled €19.9m (€3.4m), €6.8m of which in respect of the transferred securities (net of which, the impact on the profit and loss account would have been €6.5m, the other €0.3m deriving from the AFS portfolio). No situations arose among issuers of securities which would warrant impairment charges being recorded.

AFS securities

	30/6/08	30/6/09
Fixed-income securities	1,280.7	2,774.6
Equities	1,566.0	1,224.9
Other securities (Unicredit CASHES)	—	331.4
	<u>2,846.7</u>	<u>4,330.9</u>

Holdings in bonds rose from €1,280.7m to €2,774.6m, following purchases worth €1,153.8m, disposals and redemptions of €284.2m, and other downward adjustments (to reflect amortized cost and/or fair value) totalling €45.8m. Overall, there was a €14.7m deficit on the valuation reserve, after downward adjustments for the year amounting to €7.8m.

Investment in equities fell from €1,566m to €1,224.9m, after purchases worth €45.2m and disposals of €708.6m, approximately half of which was due to the holdings in Gemina and Pirelli & C. being accounted for as equity investments (€53.5m). Gains on disposal of €58.3m were realized during the period (€2.2m of which from previous years' reserves, and €0.3m in other income), along with downward adjustments to reflect

fair value as at the period-end totalling €27.1m and €79.1m in writedowns charged to the profit and loss account, €10.7m of which on the portfolio of unlisted securities and the remainder on listed shares whose stock market price was less than one-half of their original acquisition cost.

Accordingly, the AFS securities portfolio as at 30 June 2009 was made up as follows:

	Percentage shareholding*	Book value at 30/6/09	Adjustments to fair value	Impairment recognized in P&L	Aggregate AFS reserve
Fiat, ordinary	1.02 – 0.87	79.9	(36.3)	—	16.0
Italmobiliare	9.5 – 5.47	50.5	(54.8)	—	15.9
Other listed securities...		358.0	(27.3)	(168.4)	(109.6)
Sintonia S.A.	6.50	311.8	—	—	—
Delmi S.p.A., ordinary ..	6.00	110.0	(8.4)	—	—
Santè S.A.	10.26	83.0	—	—	—
Other unlisted securities		231.7	(0.3)	(10.7)	49.7
TOTAL		1,224.9	(127.1)	(179.1)	(28.0)

* First figure refers to percentage of shares held in respective category; second figure refers to percentage of total share capital held.

The main movements in this portfolio during the year under review include capital calls made by Sintonia S.A. (involving an outlay of €61.7m), investments made in the mid-corporate segment in connection with merchant banking activity (€30.2m), and investments made in private equity and venture capital initiatives for a total of €38.5m.

Hedges were made to the portfolio during the year, in the form of forward contracts. These show a surplus of €9.9m, taken to the reserves as from 30 June 2009.

Other securities include the €31.4m invested in UniCredit CASHES worth a nominal €47.3m, subscribed for as part of a €bn deal aimed at strengthening the group's capital structure. Mediobanca acted as advisor on the offering and underwrote the capital increase. As a result of the transaction, in its capacity as deposit bank for the securities used for the CASHES Mediobanca now holds 967.6 million UniCredit shares (equal to 6.75% of the group's share capital), booked to the memorandum accounts given that all rights and obligations in respect of these shares are assigned to third parties on a pass-through basis.

Net fixed assets

These comprise:

- *Property*, carried at a book value of €12.8m, which includes properties acquired under leases (€9.9m) as well as land (€1.2m); depreciation charges for the year totalled €1.2m;
- *Furniture and Intangible assets*, consisting of furniture, office equipment, computers and software owned by the Bank worth a total of €9.7m, amortized as to €4.6m over the period.

Other liabilities and provisions

These comprise:

- provision for taxation, current and deferred, amounting to €76.1m, including €42.9m in amounts payable on behalf of Group companies involved in tax consolidation;
- staff severance indemnity provision, down from €10.7m to €9.8m;
- provision for liabilities and charges, unchanged at €50.8m.

Net equity, subordinated liabilities, regulatory capital and solvency margin

The Bank's net equity of €4,620.4m (30/6/08: €4,627.4m) includes:

- share capital amounting to €10m, unchanged;
- reserves and retained earnings of €4,210.4m, down €7m; these consist of the following:
 - *Legal reserve*, €2m, up €0.1m;
 - *Share premium reserve*, €2,140m, unchanged;
 - *Other reserves*, €2,051.1m, up €13.3m, due to allocation of the profit earned during the previous year (€9.9m) and increases relating to the cost of stock options, including the share payable to employees of other Group companies, amounting to €3.4m;
 - *Valuation reserves*, minus €2.7m, versus €120.4m last year, due to adjustment of AFS securities to fair value.

The number of treasury shares held by Mediobanca remained unchanged at 16.2 million, equal to 1.98% of the Bank's share capital. These were carried in the accounts at €13.4m.

Regulatory capital remained largely stable at €390.6m (compared with €468.4m last year), with the reduction in the AFS equity valuation reserve being offset by the allocation of last year's profit.

* * *

Assets subject to revaluation included in the financial statements submitted to your approval are listed in Table A.

* * *

Net interest income

	12 mths to 30/6/08	12 mths to 30/6/09
	€m	€m
Interest income	1,860.3	1,987.7
(Interest expense)	(1,613.6)	(1,720.2)
Net interest income	<u>246.7</u>	<u>267.5</u>

Growth of 8.4% in net interest income reflects the higher lending volumes, which were up over 15%.

Net trading income

This heading, which totals €401.7m, includes €27.5m (€55.3m) in trading profits, €74.2m (€15.3m) in gains on AFS securities, €57.2m of which in gains on disposals, and €7m in dividends. The healthy trading result reflects a good performance by the fixed-income area (€168.3m) in the fourth quarter particularly, equity trading holding up well (at €22.4m), and positive exchange rate differences which added €36.8m.

A breakdown of net trading income by its various constituents is provided below:

	12 mths to 30/6/08	12 mths to 30/6/09
	€m	€m
Dealing profits (losses)	126.7	249.2
Mark-to-market as at reporting date	(151.0)	(45.7)
Dividends on shares held for trading	79.6	24.0
TOTAL	<u>55.3</u>	<u>227.5</u>

Net fee and commission income

This heading includes €272.1m (30/6/08: €263m) in corporate and investment banking fees, reflecting growth despite the particularly difficult market conditions. Other items include €1.2m (€1.3m) in renting income, and €7m (€8.6m) in other income, including €1.7m in contingent assets arising in connection with the stock option scheme operated for Banca Esperia staff.

Operating costs

The growth in operating costs, which were up from €54.9m to €74.3m, is due to higher labour costs, which rose from €160m to €186.2m, including fees paid to directors totalling €8m (€7.9m) and stock option costs amounting to €12.3m (€8.8m). This growth reflects an increase in the employee headcount, with 564 staff on the books as opposed to 538 last year, with most of the additions concentrated at Mediobanca's international branches.

Sundry costs and expenses declined from €4.9m to €3.1m, and include €5.8m (€5m) in depreciation and amortization, €0.8m (€3.9m) in other expenses, and €1.6m in administrative expenses net of amounts recovered (totalling €6.1m) made up as follows:

	12 mths to 30/6/08	12 mths to 30/6/09
	€m	€m
Legal, tax and professional services	21.9	18.0
Marketing and communications	5.5	5.7
Rent and property maintenance	4.0	5.4
EDP and financial information subscriptions	15.4	15.7
Bank services, collection and payment commissions ...	4.8	3.9
Operating expenses	14.0	16.3
Other labour costs	2.9	3.2
Others	11.4	9.7
Direct and indirect taxation	6.2	3.7
TOTAL	86.1	81.6

Loan loss provisions

The increase in loan loss provisions, from €22.8m to €134.9m, reflects analytical adjustments to impaired positions totalling approx. €40m and the general deterioration in the risk profile for the rest of the corporate portfolio.

Provisions for financial assets

This item only regards equity investments and shares owned as part of the AFS portfolio: the €416m provision is divided between AFS securities with a fair value significantly below their original cost (€179.1m) and equity investments adjusted in line with their value in use totalling €236.8m, chiefly Telco (€144.1m), RCS MediaGroup (€63.9m) and Pirelli & C. (€25.5m).

Income tax for the period

Income tax for the period amounted to €134m, reflecting the fact that the provisions for equities and loan loss provisions are not tax deductible and interest payable can only be deducted in part, as well as changes to the tax base for IRAP.

* * *

A total of twelve claims against Mediobanca, jointly with the other parties involved in what is alleged to be their failure to launch a full takeover bid for La Fondiaria in 2002, are still pending for damages amounting to €153m. The present status of these trials in respect of these claims is as follows:

- the court of appeals in Milan has ruled in favour of Mediobanca on two claims, and both rulings have been challenged in the Court of Cassation;
- the court of Milan has ruled against Mediobanca on eight claims, in respect of which six appeals have been submitted;
- the court of Florence has ruled in favour of Mediobanca on one claim, which has been appealed by the plaintiff;
- one claim is still pending at the court of Milan.

It should also be noted that in its ruling issued on 12 May 2009, the Italian Council of State upheld an appeal submitted by Mediobanca against the Italian antitrust authority's decision in 2002, and that the regional court of Lazio ruled similarly in 2003 on the Fondiaria-SAI merger. In particular, the Council of State held that the exception whereby the European authority rather than the Italian body was deemed to have jurisdiction over the transaction was groundless.

* * *

With regard to securities trading, a total of 34.1 million Mediobanca shares were traded on behalf of customers worth a total of €91.5m.

* * *

Significant events during the period under review include:

- closure of all outstanding positions with Lehman Brothers (largely derivative contracts), which have been renegotiated with new counterparties with no significant impact on the profit and loss account;
- Mediobanca (as the consolidating entity), Compass, SelmaBipiemme Leasing, Palladio Leasing, CheBanca!, Cofactor and Futuro (as the consolidated entities) adopting consolidation for tax purposes for this and the next two financial years. Relations between the consolidating and consolidated entities are governed by individual bilateral agreements regulating cash flows, exchanges of information and the responsibilities of the single companies to the revenue authorities. This system allows the tax base for purposes of IRES to be calculated via the algebraic sum of the total net income for each entity, which has the benefit of enabling individual tax gains and losses and tax debts and credits to be offset. Interest payable on intercompany accounts may also be deducted entirely under tax consolidation.

* * *

The Security Planning Document required under Italian Legislative Decree 196/03 was updated during the year, and the Bank's Internal Control System pursuant to Italian Legislative Decree 231/01 was approved.

* * *

Information regarding the Bank's ownership structure as required under Article 123 of Italian Legislative Decree 58/98 is contained in the

annual report attached hereto and available on the Bank's website under *Investor Relations*.

Credit rating

Standard & Poor's continue to rate Mediobanca as AA- for medium-/long-term debt and A-1+ for short-term debt. The outlook has declined from stable to negative.

Research

On the research side, work has continued as in the past on company and capital market surveys (see p. 233), carried out by both Mediobanca's Research Department and Group research arm R&S.

Related party disclosure

Financial accounts with such parties at 30 June 2009 and intra-group and other related party transactions during the year are described in part H of the notes to the accounts.

All such accounts fall within the Bank's ordinary operations, are maintained on an arm's length basis, and are entered into in the interests of the Bank itself, including in its capacity as parent company to the Mediobanca Banking Group. In this connection, certain services provided by Group companies, such as EDP, share and bond administration, and research are paid for at cost. No atypical or unusual transactions have been entered into with these counterparties.

There are no shareholders in the Bank in a controlling position.

* * *

OUTLOOK

Prospects for the current year are still closely dependent on developments in the wider scenario which continues to be weak. Against this backdrop, net interest income is expected to grow due to higher lending volumes, with net fee and commission declining as a result of the downturn. Net trading income is expected to remain volatile, for similar reasons. Save in the event of unforeseeable circumstances net profit is expected to improve, despite higher costs linked to the Bank's plans for international development.

Proposed allocation of profit for the year ended 30 June 2009

Dear Shareholders,

The net profit for the year was €20,807,707.74 to be allocated as follows:

€ 4,100,278.30 to the *Legal reserve*;
€ 16,707,429.44 to the *Statutory reserve*;

Accordingly, you are invited to approve the following profit allocation:

Net profit for the year	€	20,807,707.74
To the <i>Legal reserve</i>	€	4,100,278.30
To the <i>Statutory reserve</i>	€	16,707,429.44
	€	<u> —</u>

Milan, 18 September 2009

THE BOARD OF DIRECTORS

***Declaration in respect of consolidated financial statements
as required by Article 81-ter of Consob resolution
no. 11971 issued on 14 May 1999 as amended***

1. The undersigned Alberto Nagel and Massimo Bertolini, in their respective capacities as Chief Executive Officer and Head of Company Financial Reporting of Mediobanca, hereby declare and in view *inter alia* of the provisions contained in Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree 58/98, that:
 - the company’s characteristics are adequate; and that
 - the administrative and accounting procedures required for the individual financial statements to be made up were effectively applied during the year ended 30 June 2009.
2. Assessment of the adequacy of said administrative and accounting procedures for the preparation of the individual financial statements as at 30 June 2009 was based on a model defined by Mediobanca in accordance with benchmark standards for internal control systems which are widely accepted at an international level (i.e. the CoSO and CobiT frameworks).
3. It is further hereby declared that
 - 3.1 the individual financial statements:
 - have been drawn up in accordance with the International Financial Reporting Standards adopted by the European Union pursuant to CE regulation no. 1606/02 issued by the European Parliament and Council on 19 July 2002;
 - correspond to the data recorded in the company’s books and accounts ledgers;
 - are adequate for the purpose of providing a truthful and accurate representation of the capital, earnings and financial situation of the issuer.
 - 3.2 the review of operations contains reliable analysis of Mediobanca’s operating performance and results and its situation, along with a description of the main risks and uncertainties to which the Bank is exposed.

Milan, 18 September 2009

Chief Executive Officer
Alberto Nagel

Head of Company Financial Reporting
Massimo Bertolini

STATUTORY AUDIT COMMITTEE'S REPORT

STATUTORY AUDIT COMMITTEE'S REPORT

(as required under Article 153 of Italian Legislative Decree 58/98)

Dear Shareholders,

This report, which has been prepared as required under Article 153 of Italian Legislative Decree 58/98 (the "Italian Consolidated Finance Act"), refers to the activities carried out by the Statutory Audit Committee of Mediobanca S.p.A. ("Mediobanca", or the "Bank") during the financial year ended 30 June 2009.

1. In performing its duties of supervision and control, the Statutory Audit Committee has:
 - a. monitored compliance with the provisions of the law, the Company's Articles of Association and deed of incorporation;
 - b. received from the directors, at the established regular intervals, information on the activities and the most significant transactions in earnings, financial and capital terms carried out by the Bank and the other Group companies, including in compliance with Article 150, paragraph 1 of the Italian Consolidated Finance Act. The following events in particular are recorded:
 - i) completion of the merger of Linea and Equilon into Compass, in implementation of the integration plan subsequent to their acquisition;
 - ii) subscription for €47.3m in UniCredit CASHES as part of this group's capital strengthening exercise which the Bank underwrote and advised on;
 - iii) the ongoing international expansion, with the London branch opening for business on 1 July 2008.

Based on the information available, the Statutory Audit Committee can provide reasonable assurance that these transactions have been carried out in compliance with the provisions of the law and the Company's Articles of Association, and are not manifestly imprudent or risky or such as may compromise the integrity of the Company's assets. Furthermore, all transactions giving rise to potential conflicts of interest have been approved in compliance with the provisions of the law and the Articles of Association;

- c. noted that no atypical or unusual transactions with Group companies, third parties or related parties have taken place. In its Review of Operations, the Board of Directors has provided an exhaustive illustration of the effects of the most significant of the ordinary transactions carried out by the Bank in earnings, financial and capital terms with other Group companies and related parties on an arm's length basis. The Statutory Audit Committee noted that no intra-group transactions or transactions

with related parties have been entered into that are in conflict with the interests of the Company. Based on the activity carried out by the Internal Audit unit, the Statutory Audit Committee also believes that relations with related parties have been monitored appropriately;

- d. been informed regarding and has monitored the adequacy of the Bank's organizational structure, its compliance with the principles of proper management, and the adequacy of the instructions given by the Company to its subsidiaries as required by Article 114, paragraph 2 of Italian Legislative Decree 58/98, by acquiring information from the heads of the relevant Company divisions and meetings with the external auditors involving the mutual exchange of relevant data and information. No major issues emerged from our review of the annual reports by the Statutory Audit Committees of the main Group companies;
- e. monitored the adequacy of the internal control and administrative/ accounting systems in place, and the reliability of the latter in particular in respect of its ability to accurately represent operations, by:
 - i) review of the statements issued by the Chief Executive Officer and the Head of Company Financial Reporting as required by the provisions of Article 154-*bis* of the Italian Consolidated Finance Act;
 - ii) review of the Internal Audit unit's reports and of information on the outcome of monitoring activity for the corrective action highlighted as a result of its audits;
 - iii) review of reports prepared by the Compliance unit;
 - iv) receiving information from the heads of the various divisions of the Company;
 - v) meetings with the heads of the supervisory bodies of the Group companies, in accordance with the provisions of Article 151, paragraphs 1 and 2, of the Italian Consolidated Finance Act;
 - vi) discussing the results of the external auditors' activity;
 - vii) taking part in meetings of the Internal Control Committee, and dealing with issues in conjunction with it where necessary.No irregularities emerged from our activity such as may be considered as indicative of major inadequacies in the internal control system;
- f. met regularly with the heads of the external auditors, including with reference to Article 150, paragraph 2 of the Italian Consolidated Finance Act, during the course of which no facts or situations emerged that would require inclusion in this report;
- g. monitored the methods utilized in complying with the Code of Conduct issued by Borsa Italiana and adopted by Mediobanca as illustrated in the Annual Report on Corporate Governance and Ownership Structure attached hereto. The Statutory Audit Committee also checked that the procedures established by the Board of Directors for ascertaining the

independence of its members have been applied, and checked the criteria laid down by the Code of Conduct in respect of its own members' independence have been complied with;

- h. viewed and obtained information regarding the organizational and procedural activity implemented in compliance with Italian Legislative Decree 231/01 regarding corporate administrative liability. The supervisory body set up by the Board of Directors at its meeting held on 19 December 2008 reported on the activities performed by it during the year ended 30 June 2009;
- i. ascertained that the flows provided by the Group's non-EU companies are sufficient to carry out supervision of the annual and interim accounting situations, as required by Article 36 of the Regulations for Markets;
- j. issued a positive opinion on the activities described in the Mediobanca Group's Programme of Guaranteed Bank Bond Issuance and their compliance with the regulatory provisions in force;
- k. monitored the organizational measures implemented as a result of developments in the Company's activities and to guidance provided by the Bank of Italy following the inspection carried out by it during the course of the financial year, the outcome of which is considered to be satisfactory.

Since its appointment on 28 October 2008, the Statutory Audit Committee has met on a total of 20 occasions, 6 of which in conjunction with the Internal Control Committee. It has taken part in 6 meetings of the Board of Directors, 9 meetings of the Executive Committee, and has met with the Statutory Audit Committees of the other Group companies and the supervisory body established pursuant to Italian Legislative Decree 231/01. The Chairman of the Statutory Audit Committee has also taken part in one meeting of the Remunerations Committee.

With regard to the information it has received, the Statutory Audit Committee considers that the Group's activities have been conducted in compliance with the principles of proper management, and that its organizational structure, its internal control system and accounting/administrative procedures as a whole are adequate for the Company's requirements.

- 2. With reference to relations with the external auditors, the Statutory Audit Committee reports that:
 - a. at an ordinary general meeting held on 28 October 2006, the shareholders of Mediobanca adopted a resolution whereby the duties of auditing the Company's individual and consolidated financial statements and book-keeping and checking that operations have been correctly recorded in the Company's books pursuant to Article 155 of the Italian Consolidated Finance Act would be assigned to external auditors Reconta Ernst & Young S.p.A.;

- b. on 29 September 2009, external auditors Reconta Ernst & Young S.p.A. issued the reports required by Article 156 of the Italian Consolidated Finance Act, which state that the individual and consolidated financial statements for the financial year ended 30 June 2009 have been drawn up transparently and constitute a truthful and proper reflection of the Company's and Group's capital and financial situation, their earnings results, changes to their net equity and cash flows during the year under review;
- c. in addition to the duties prescribed by regulations for listed companies, external auditors Reconta Ernst & Young S.p.A. and the other companies forming part of its network have also received other mandates, the fees paid in respect of which have been taken to the profit and loss account:

Service type	Reconta Ernst & Young	Reconta Ernst & Young network
Statements	80	—
Other services:	—	249
<i>Examination and analysis of administrative/ accounting internal control system</i>	—	166
<i>Other</i>	—	83
Total	80	249

Given the mandates conferred on Reconta Ernst & Young S.p.A. and its network by Mediobanca S.p.A. and the other Group companies, the Statutory Audit Committee does not consider that there are any critical issues arising with respect to its independence;

- d. no opinions have been expressed by the external auditors as required by law in the course of the financial year under review, as no grounds for such opinions have materialized;
- e. on 25 June 2009, the Board of Directors, with the approval of the Statutory Audit Committee and the Internal Control Committee, approved an increase of €154,000 in the annual fee payable to Reconta Ernst & Young S.p.A. to audit the Group's accounts for the year ended 30 June 2009, based on an increase of 1,050 hours in the time worked for the audit compared with those worked during 2006, due to changes in the regulatory framework and to the Group's operations (increased international dimension, expansion of the Group's basis of consolidation, presence of other external auditors). The total number of hours worked and the total cost shall be notified to shareholders at the general meeting to be held on 28 October 2009.
3. During the twelve months under review, a total of four complaints pursuant to Article 2408 of the Italian Civil Code have been received, three of which were made during the annual general meeting held on 28 October 2008 and the fourth received subsequently.

The fact deemed in the first complaint to be “censurable” as defined in Article 2408 of the Italian Civil Code was the provision contained in Article 7, paragraph 2 of the Bank’s Articles of Association, which, in the opinion of the shareholder making the complaint, would create an obstacle to shareholders participating in general meetings. The Statutory Audit Committee noted that the purpose of the clause in question was to facilitate shareholder participation in general meetings while requiring them nonetheless to identify themselves; accordingly, it chose not to pursue the complaint any further. Indeed, the increasing levels of shareholder attendance at general meetings is concrete proof that the provisions of the Articles of Association are not perceived as an obstacle to participation.

The fact deemed to be “censurable” in the second complaint was the proposal to pay a dividend from the profit earned for the year ended 30 June 2008, which the shareholder making the complaint considered to be contrary to the provisions of Article 2357-ter of the Italian Civil Code in respect of allocation of profits deriving from treasury shares. Supported by the opinion of an expert in this matter, the Statutory Audit Committee considered that the proposed distribution was not counter to any regulatory principle or provision, and not harmful to the interests of shareholders in practice, and accordingly chose not to pursue the complaint any further.

The fact deemed to be “censurable” in the third complaint was the right attributed to the Board of Directors under Article 14 of the Company’s Articles of Association to submit lists for the appointment of directors; the shareholder in question considering this clause to be against the law. The Statutory Audit Committee reviewed the provisions of Article 14 of the Articles of Association of Mediobanca, and considering them to be in line with regulations in force and in conformity with the provisions of the Code of Conduct, chose not to pursue the complaint further.

Finally, the fact deemed to be “censurable” in the fourth complaint, contained in a letter sent by the shareholder in question on 29 December 2008, was the Mr Marco Reboa’s alleged incompatibility with the office of standing auditor of Mediobanca, pursuant to the Articles of Association, Mr Reboa having been appointed as Chairman of the Statutory Audit Committee by shareholders in the general meeting held on 28 October 2008, as the member of the supervisory body chosen from the minority list submitted by shareholder Fondazione Cassa di Risparmio di Bologna. The shareholder making the complaint argued, on the basis of a Chamber of Commerce certificate updated to 2 November 2008, that as at the date on which this certificate was issued Mr Reboa still held managerial positions that would have precluded him from being appointed as Chairman of the Statutory Audit Committee. Accordingly, the shareholder requested that a general meeting of shareholders be called to declare the appointment and all actions performed by the Statutory Audit Committee during the period in which it had been chaired by Mr Reboa null and void.

After made the necessary enquiries and sought expert advice, the Statutory Audit Committee considered the grounds on which Mr Reboa would be ineligible for the post he took up on 28 October 2008 to be non-existent, and accordingly pursued the complaint no further. The Statutory Audit Committee also informed the supervisory and regulatory authorities of the complaint received and the enquiries carried out.

The Statutory Audit Committee is not aware of any facts or complaints other than those referred to above to be reported on to shareholders in general meeting. No omissions, “censurable” facts, irregularities or other significant circumstances such as would require the supervisory authorities to be notified or would warrant inclusion in this report have come to the Statutory Audit Committee’s attention in the course of its activities or on the basis of the information it has received.

4. Lastly, in view of the specific duties assigned to the external auditors in terms of auditing the Group’s accounts and appraising the reliability of its financial statements, the Statutory Audit Committee has no observations to make to shareholders in general meeting regarding approval of the financial statements for the year ended 30 June 2009 and the Review of Operations as presented by the Board of Directors, or on the proposed profit allocation formulated by the Board.

Milan, 2 October 2009

THE STATUTORY AUDIT COMMITTEE

Annex - List of posts held by members of the Statutory Audit Committee

Member	Posts held in other companies	Term of office expires on	No. of posts held in issuers	Total number of posts held
Marco REBOA CHAIRMAN	Standing Auditor, Big S.r.l. Director, Blu Holding S.p.A. Standing Auditor, Egidio Galbani S.p.A. Director, Eni S.p.A. Standing Auditor, Lactalis Italia S.p.A. group Director, Interpump Group S.p.A. Director, Luxottica Group S.p.A.	31/12/09 31/12/10 31/12/10 31/12/10 31/12/10 31/12/10 31/12/12	3	7
Maurizia ANGELO COMNENO STATUTORY AUDITOR	Director, Conciliatore Bancario Finanziario	25/9/11	—	1
Gabriele VILLA STATUTORY AUDITOR	Chairman of Statutory Audit Committee, Credito Artigiano S.p.A. Standing Auditor, FinecoBank S.p.A. Standing Auditor, Otis S.r.l. Chairman of Statutory Audit Committee, Otis Servizi S.r.l. Standing Auditor, SO.FI.CE S.p.A. Deputy Chairman of Board of Directors, Calcestruzzi S.p.A. Sole Director, Immobiliare Cinca S.r.l. Sole Director, Immobiliare Delvin S.r.l.	31/12/09 31/12/10 30/11/09 30/11/11 31/12/09 31/12/10 Until dismissed Until dismissed	1	8

AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT
Pursuant to article 156 of Legislative Decree n. 58 of 24 February 1998
(Translation from the original Italian text)

To the Shareholders of
Mediobanca S.p.A.

1. We have audited the financial statements of Mediobanca S.p.A. as of and for the year ended 30 June 2009, comprising the balance sheet, the profit and loss account, the statement of changes in net equity, the cash flow statement and the related explanatory notes. These financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the standards issued in accordance with article 9 of Legislative Decree n. 38 of 28 February 2005, are the responsibility of Mediobanca S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards and procedures recommended by Consob (the Italian Companies and Stock Exchange Commission). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 19 September 2008.
3. In our opinion, the financial statements of Mediobanca S.p.A. as of and for the year ended 30 June 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the standards issued in accordance with article 9 of Legislative Decree n. 38 of 28 February 2005; accordingly, they present clearly and give a true and fair view of the financial position, results of operations, changes in net equity and cash flows of Mediobanca S.p.A. as of 30 June 2009 and for the year then ended.
4. Mediobanca S.p.A.'s directors are responsible for the preparation of the Review of Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Review of Operations with the financial statements as required by article 156, paragraph 4-bis, letter d) of Legislative Decree n. 58 of 24 February 1998. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the Review of Operations is consistent with the financial statements of Mediobanca S.p.A. as of 30 June 2009.

Milan, 29 September 2009

Reconta Ernst & Young S.p.A.
signed by: Riccardo Schioppa, partner

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

Reconta Ernst & Young S.p.A.
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INDIVIDUAL FINANCIAL STATEMENTS*

(*) Figures in €.

MEDIOBANCA S.p.A. BALANCE SHEET

	Assets	30/6/09	30/6/08
10.	Cash and cash equivalents	37,795	47,577
20.	Financial assets held for trading	11,596,965,641	10,656,890,087
40.	Financial assets available for sale	4,330,945,009	2,846,738,282
50.	Financial assets held to maturity	573,633,353	577,419,019
60.	Due from banks	8,470,160,760	11,676,293,813
70.	Due from customers	28,397,135,999	20,460,779,609
80.	Hedging derivatives	1,762,353,488	1,188,338,586
100.	Equity investments	2,845,233,357	2,722,389,713
110.	Property, plant and equipment	117,995,605	118,959,447
120.	Intangible assets	4,453,257	2,614,995
130.	Tax assets:	323,488,528	183,322,061
	<i>a) current</i>	<i>178,574,067</i>	<i>45,475,830</i>
	<i>b) advance</i>	<i>144,914,461</i>	<i>137,846,231</i>
150.	Other assets	28,531,845	8,889,721
	TOTAL ASSETS	58,450,934,637	50,442,682,910

	Liabilities and net equity	30/6/09	30/6/08
10.	Due to banks	8,800,626,555	7,620,476,491
20.	Due to customers	3,214,808,800	2,148,434,466
30.	Debt securities in issue	36,349,849,640	28,790,296,140
40.	Trading liabilities	3,353,413,966	3,089,616,205
60.	Hedging derivatives	1,247,256,613	2,754,422,486
80.	Tax liabilities:	476,100,997	525,392,555
	<i>a) current</i>	<i>216,997,813</i>	<i>217,019,428</i>
	<i>b) deferred</i>	<i>259,103,184</i>	<i>308,373,127</i>
100.	Other liabilities	207,036,408	102,602,384
110.	Staff severance indemnity provision	9,835,962	10,676,094
120.	Provisions:	150,776,000	150,776,000
	<i>a) post-employment and similar benefits</i>	—	—
	<i>b) other provisions</i>	<i>150,776,000</i>	<i>150,776,000</i>
130.	Revaluation reserves	(62,695,782)	57,728,186
160.	Reserves	2,346,457,008	2,233,022,479
170.	Share premium reserve	2,140,043,291	2,140,043,291
180.	Share capital	410,027,832	410,027,832
190.	Treasury shares	(213,410,361)	(213,410,361)
200.	Profit for the period	20,807,708	622,578,662
	TOTAL LIABILITIES AND NET EQUITY	58,450,934,637	50,442,682,910

MEDIOBANCA S.p.A. PROFIT AND LOSS ACCOUNT

	Item	12 mths to 30/6/09	12 mths to 30/6/08
10.	Interest and similar income	1,972,289,104	1,804,691,803
20.	Interest expense and similar charges	(1,725,536,563)	(1,624,419,685)
30.	Net interest income	246,752,541	180,272,118
40.	Fee and commission income	281,232,176	281,766,676
50.	Fee and commission expense	(9,136,527)	(18,752,043)
60.	Net fee and commission income	272,095,649	263,014,633
70.	Dividends and similar income	68,448,500	310,041,388
80.	Net trading income	204,634,436	12,537,212
90.	Net hedging income (expense)	1,263,843	7,193,609
100.	Gain (loss) on disposal/repurchase of:	175,578,122	194,001,017
	<i>a) loans and advances</i>	—	—
	<i>b) AFS securities</i>	157,110,172	171,797,011
	<i>c) financial assets held to maturity</i>	111,979	(166,655)
	<i>d) financial liabilities</i>	18,355,971	22,370,661
110.	Net result from assets/liabilities recognized at fair value	—	—
120.	Total income	968,773,091	967,059,977
130.	Adjustments for impairment to:	(313,977,692)	(30,284,614)
	<i>a) loans and advances</i>	(77,021,189)	(22,781,404)
	<i>b) AFS securities</i>	(179,113,678)	(7,503,210)
	<i>c) financial assets held to maturity</i>	—	—
	<i>d) financial liabilities</i>	(57,842,825)	—
140.	Net income from financial operations	654,795,399	936,775,363
150.	Administrative expenses:	(270,700,405)	(246,627,653)
	<i>a) personnel costs</i>	(186,227,411)	(160,021,565)
	<i>b) other administrative expenses</i>	(84,472,994)	(86,606,088)
170.	Net adjustments to tangible assets	(3,003,796)	(3,043,079)
180.	Net adjustments to intangible assets	(2,749,360)	(1,911,102)
190.	Other operating income (expense)	13,313,481	9,550,899
200.	Operating costs	(263,140,080)	(242,030,935)
210.	Gain (loss) on equity investments	(236,830,969)	—
240.	Gain (loss) on disposal of investments in:	(16,642)	(82,105)
	<i>a) property</i>	—	—
	<i>b) other assets</i>	(16,642)	(82,105)
250.	Profit (loss) on ordinary activities before tax	154,807,708	694,662,323
260.	Income tax for the year on ordinary activities	(134,000,000)	(72,083,661)
270.	Profit (loss) on ordinary activities after tax	20,807,708	622,578,662
290.	Net profit (loss) for the period	20,807,708	622,578,662

STATEMENT OF CHANGES TO AVERAGE MEDIOBANCA NET EQUITY

	Previously reported balance at 30/6/08	Allocation of profit for previous period		Changes during the reference period								Balance at 30/6/09	
		Reserves	Dividends and other fund applications	Changes to reserves	Transactions involving net equity						Profit (loss) for the period		
					New shares issued	Treasury shares acquired	Extra-ordinary dividend payouts	Changes to equity instruments	Treasury share derivatives	Stock options			
Share capital:	410,027,832	—	—	—	—	—	—	—	—	—	—	—	410,027,832
a) ordinary shares	410,027,832	—	—	—	—	—	—	—	—	—	—	—	410,027,832
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,140,043,291	—	—	—	—	—	—	—	—	—	—	—	2,140,043,291
Reserves:	2,233,022,479	100,072,480	—	—	—	—	—	—	—	13,362,049	—	—	2,346,457,008
a) retained earnings	2,233,022,479	100,072,480	—	—	—	—	—	—	—	13,362,049	—	—	2,346,457,008
b) others	—	—	—	—	—	—	—	—	—	—	—	—	—
Valuation reserves:	57,728,186	—	—	(120,423,968)	—	—	—	—	—	—	—	—	(62,695,782)
a) AFS securities	(65,143,891)	—	—	(52,833,810)	—	—	—	—	—	—	—	—	(117,977,701)
b) cash flow hedges	115,285,314	—	—	(67,590,158)	—	—	—	—	—	—	—	—	47,695,156
c) special laws	7,586,763	—	—	—	—	—	—	—	—	—	—	—	7,586,763
d) others	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(213,410,361)	—	—	—	—	—	—	—	—	—	—	—	(213,410,361)
Profit (loss) for the period	622,578,662	(100,072,480)	(522,506,182)	—	—	—	—	—	—	—	20,807,708	—	20,807,708
Net equity	5,249,990,089	—	(522,506,182)	(120,423,968)	—	—	—	—	—	13,362,049	20,807,708	—	4,641,229,696

STATEMENT OF CHANGES TO MEDIOBANCA NET EQUITY FROM 1/7/07 TO 30/6/08

	Previously reported balance at 30/6/07	Allocation of profit for previous period		Changes during the reference period								Balance at 30/06/08
				Changes to reserves	Transactions involving net equity						Profit (loss) for the period	
		Reserves	Dividends and other fund applications		New shares issued	Treasury shares acquired	Extra-ordinary dividend payouts	Changes to equity instruments	Treasury share derivatives	Stock options		
Share capital:	408.781.457	—	—	—	1.246.375	—	—	—	—	—	—	410.027.832
a) ordinary shares	408.781.457	—	—	—	1.246.375	—	—	—	—	—	—	410.027.832
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2.119.327.526	—	—	—	20.715.765	—	—	—	—	—	—	2.140.043.291
Reserves:	2.201.122.973	22.423.843	—	—	—	—	—	—	—	9.475.663	—	2.233.022.479
a) retained earnings	2.201.122.973	22.423.843	—	—	—	—	—	—	—	9.475.663	—	2.233.022.479
b) others	—	—	—	—	—	—	—	—	—	—	—	—
Valuation reserves:	808.537.878	—	—	(750.809.692)	—	—	—	—	—	—	—	57.728.186
a) AFS securities	808.858.125	—	—	(874.002.016)	—	—	—	—	—	—	—	(65.143.891)
b) cash flow hedges	(7.907.010)	—	—	123.192.324	—	—	—	—	—	—	—	115.285.314
c) special laws	7.586.763	—	—	—	—	—	—	—	—	—	—	7.586.763
d) others	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	—	—	—	—	—	(213.410.361)	—	—	—	—	—	(213.410.361)
Profit (loss) for the period	561.110.402	(22.423.843)	(538.686.559)	—	—	—	—	—	—	—	622.578.662	622.578.662
Net equity	6.098.880.236	—	(538.686.559)	(750.809.692)	21.962.140	(213.410.361)	—	—	—	9.475.663	622.578.662	5.249.990.089

MEDIOBANCA CASH FLOW STATEMENT
Direct method

	Amounts	
	30/6/09	30/6/08
A Cash flow from operating activities		
1. Operating activities	871,264,133	1,112,196,371
– interest received	4,322,312,806	3,542,236,236
– interest paid	(3,724,323,858)	(2,786,248,517)
– dividends and similar income	40,969,578	119,171,417
– net fees and commission income	204,265,867	84,034,700
– cash payments to employees	(147,090,272)	(128,916,792)
– net premium income	—	—
– other income from insurance activities	—	—
– other expenses paid	(746,375,657)	(116,816,747)
– other income received	921,924,564	399,248,574
– income taxes paid	(418,895)	(512,500)
– net expense/income from groups of assets being sold	—	—
2. Cash generated/absorbed by financial assets	(4,391,608,625)	(2,903,991,410)
– financial assets held for trading	(1,850,917,724)	786,487,436
– financial assets recognized at fair value	—	—
– AFS securities	(2,206,652,400)	531,259,959
– due from customers	(6,556,401,029)	(3,267,763,471)
– due from banks: on demand	231,851,319	(334,135,034)
– due from banks: other	6,212,682,871	(566,044,964)
– other assets	(222,171,662)	(53,795,336)
3. Cash generated/absorbed by financial liabilities	4,035,140,924	2,807,543,694
– due to banks: on demand	(1,262,056,740)	(1,241,200,537)
– due to banks: other	(703,079,691)	(2,754,843,254)
– due to customers	1,057,142,707	(329,543,362)
– debt securities	4,968,358,195	6,902,182,331
– trading liabilities	158,288,174	295,333,639
– financial liabilities assets recognized at fair value	—	—
– other liabilities	(183,511,721)	(64,385,123)
Net cash flow (outflow) from operating activities	514,796,433	1,015,748,655
B. Investment activities		
1. Cash generated from	28,117,688	227,538,121
– disposals of shareholdings	1,040	—
– dividends received in respect of equity investments	27,478,365	186,954,444
– disposals/redemptions of financial assets held to maturity	619,137	40,568,770
– disposals of tangible assets	19,146	14,907
– disposals of intangible assets	—	—
– disposals of subsidiaries or business units	—	—
2. Cash absorbed by	(9,887,721)	(519,435,932)
– acquisitions of shareholdings	(3,241,000)	(517,916,951)
– acquisitions of held-to-maturity investments	—	—
– acquisitions of tangible assets	(2,059,099)	(777,676)
– acquisitions of intangible assets	(4,587,622)	(741,305)
– acquisitions of subsidiaries or business units	—	—
Net cash flow (outflow) from investment/servicing of finance	18,229,967	(291,897,811)
C. Funding activities		
– issuance/acquisition of treasury shares	—	(191,448,221)
– issuance/acquisition of equity instruments	—	—
– dividend payouts and other applications of funds	(533,036,182)	(532,418,522)
Net cash flow (outflow) from funding activities	(533,036,182)	(723,866,743)
Net cash flow (outflow) during period	(9,782)	(15,899)

**RECONCILIATION OF MOVEMENTS IN CASH FLOW
DURING PERIOD**

	Amounts	
	30/6/09	30/6/08
Cash and cash equivalents: balance at start of period	47,577	63,476
Total cash flow (outflow) during period	(9,782)	(15,899)
Cash and cash equivalents: exchange rate effect	—	—
Cash and cash equivalents: balance at end of period	37,795	47,577

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PART A - ACCOUNTING POLICIES

Section 1

Statement of conformity with IAS/IFRS

The financial statements of Mediobanca S.p.A. for the period ended 30 June 2009 have, as required by Italian Legislative Decree 38/05, been drawn up in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), which were adopted by the European Commission in accordance with the procedure laid down in Article 6 of regulation CE 1606/02 issued by the European Council and Commission on 19 July 2002. Adoption of the new accounting standards with respect to financial reporting by banks was governed by Bank of Italy circular no. 262 issued on 22 December 2005.

Section 2

General principles

These consolidated financial statements comprise:

- balance sheet;
- profit and loss account;
- statement of changes in net equity;
- cash flow statement (direct method);
- notes to the accounts.

All the statements have been drawn up in conformity with the general principles provided for under IAS and the accounting policies illustrated in section 3, and show data for the period under review compared with that for the previous financial year.

Section 3

Significant accounting policies

Financial assets held for trading

This category comprises debt securities, equities, and the positive value of derivatives held for trading including those embedded in complex instruments such as structured bonds (recorded separately).

At the settlement date for securities and subscription date for derivatives, such assets are recognized at fair value not including any transaction expenses or income directly attributable to the asset concerned, which are taken through the profit and loss account.

After initial recognition they continue to be measured at fair value, which for listed instruments is calculated on the basis of market prices ruling at the reporting date. If no market prices are available, valuation methods and models are used based on market-derived data, e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions. Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost. If the assets suffer impairment, they are written down to their current value.

Gains and losses upon disposal and/or redemption and the positive and negative effects of changes in fair value over time are reflected in the profit and loss account under the heading *Net trading income*.

AFS securities

This category includes all financial assets apart from derivatives not booked under the headings *Financial assets held for trading*, *Financial assets held to maturity* or *Loans and receivables*.

AFS assets comprise equities held for non-trading purposes which do not qualify as controlling interests, investments in associates or jointly-controlled operations.

AFS assets are initially recognized at fair value, which includes transaction costs and income directly attributable to them. Thereafter they continue to be

measured at fair value. Changes are recognized in a separate net equity reserve, which is then eliminated against the corresponding item in the profit and loss account as and when an asset is disposed of or impairment is recognized. Fair value is measured on the same principles as described for trading instruments. Equities for which it is not possible to reliably determine fair value are stated at cost. For debt securities included in this category the value of amortized cost is also recognized against the corresponding item in the profit and loss account.

Assets are subjected to impairment tests at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. For shares, in particular, the criteria used to determine impairment are a reduction in fair value of over one half¹ or for longer than eighteen months, compared to the initial recognition value. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to the profit and loss account for debt securities to and net equity for shares.

Financial assets held to maturity

These comprise debt securities with fixed or otherwise determinable payments and fixed maturities which the Bank's management has the positive intention and ability to hold to maturity.

Such assets are initially recognized at fair value, which is calculated as at the settlement date and includes any transaction costs or income directly attributable to them. Following their initial recognition they are measured at amortized cost using the effective interest method. Differences between the initial recognition value and the amount receivable at maturity are booked to the profit and loss account pro-rata.

Assets are tested for impairment at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. If the reasons which brought about the loss of value subsequently cease to apply, the impairment is written back to the profit and loss account up to the value of amortized cost.

¹ The quantitative limit has been established at this amount (rather than one-third) in view of the Bank's investment profile and given the IASB's recent pronouncements (IFRIC held on 7 May 2009).

Loans and receivables

These comprise loans to customers and banks which provide for fixed or otherwise determinable payments that are not quoted in an active market and which cannot therefore be classified as available for sale. Repos and receivables due in respect of finance leasing transactions are also included.

Loans and receivables are booked on disbursement at a value equal to the amount drawn plus (less) any income (expenses) directly attributable to individual transactions and determinable from the outset despite being payable at a later date. The item does not, however, include costs subject to separate repayment by the borrower, or which may otherwise be accounted for as ordinary internal administrative costs. Repos and reverse repos are booked as funding or lending transactions for the spot amount received or paid. Non-performing loans acquired are booked at amortized cost on the basis of an internal rate of return calculated using estimates of expected recoverable amounts.

Loans and receivables are stated at amortized cost, i.e. initial values adjusted upwards or downwards to reflect: repayments of principal, amounts written down/back, and the difference between amounts drawn at disbursement and repayable at maturity amortized on the basis of the effective interest rate. The latter is defined as the rate of interest which renders the discounted value of future cash flows deriving from the loan or receivable by way of principal and interest equal to the initial recognition value of the loan or receivable.

Individual items are tested at annual and interim reporting dates to show whether or not there is evidence of impairment. Items reflecting such evidence are then subjected to analytical testing, and, if appropriate, adjusted to reflect the difference between their carrying amount at the time of the impairment test (amortized cost), and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Future cash flows are estimated to take account of anticipated collection times, the presumed value of receivables upon disposal of any collateral, and costs likely to be incurred in order to recover the exposure. Cash flows from loans expected to be recovered in the short term are not discounted.

The original effective interest rate for each loan remains unchanged in subsequent years, even if new terms are negotiated leading to a reduction to below market rates, including non-interest-bearing loans. The relevant value adjustment is taken through the profit and loss account.

If the reasons which brought about the loss of value cease to apply, the original value of the loan is recovered in the profit and loss account in subsequent accounting periods up to the value of amortized cost.

Accounts for which there is objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subject to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the impairment date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to the profit and loss account, as appropriate. At each annual and interim reporting date, any writedowns or writebacks are remeasured on a differentiated basis with respect to the entire portfolio of loans deemed to be performing at that date.

Leasing

IAS 17 defines finance leases as transactions whereby risks and benefits involved in owning the asset concerned are transferred to the lessee, and stipulates the criteria for identifying whether or not a lease is a finance or operating lease. All leases entered into by the Bank qualify as finance leases under the terms of IAS 17. Accordingly, a receivable is booked at an amount equal to the net outlay involved in the finance lease transaction, plus any costs directly incurred in respect of negotiating and/or performing the contract.

Hedges

There are two types of hedge:

- fair value hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in their fair value;
- cash flow hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in future cash flows attributable to specific risks relating to the items concerned.

For the process to be effective, the item must be hedged with a counterparty from outside the Group.

Hedge derivatives are recognized at fair value as follows:

- changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset, where a difference between the two emerges as a result of the partial ineffectiveness of the hedge;
- the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in net equity, while

the gain or loss deriving from the ineffective portion is recognized through the profit and loss account only as and when, with reference to the hedged item, the change in cash flow to be offset crystallizes.

Hedge accounting is permitted for derivatives where the hedging relationship is formally designated and documented and provided that the hedge is effective at its inception and is expected to be so for its entire life.

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of a hedge is assessed both *prospectively* and *retrospectively* at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under trading securities.

Equity investments

This heading consists of investments in:

- subsidiaries;
- associates, defined as companies in which at least 20% of the voting rights are held, and those in which the size of the investment is sufficient to ensure an influence in the governance of the investee company;
- jointly-controlled companies;
- other investments of negligible value.

All of these categories are stated at cost. Where there is objective evidence that the value of an investment may be impaired, estimates are made of its current value using market prices if possible, and of the present value of estimated cash flows generated by the investment, including its terminal value. Where the value thus calculated is lower than the asset's carrying amount, the difference is taken through the profit and loss account.

Property, plant and equipment

This heading comprises land, core and investment properties, plant, furniture, fittings, equipment and assets used under the terms of finance leases, despite the fact that such assets remain the legal property of the lessor rather than the lessee.

Assets held for investment purposes refer to investments in real estate, if any (whether owned or acquired under leases), which are not core to the Bank's main activities and/or are chiefly leased out to third parties.

These are stated at historical cost, which in addition to the purchase price, includes any ancillary charges directly resulting from their acquisition and/or usage. Extraordinary maintenance charges are reflected by increasing the asset's value, while ordinary maintenance charges are recorded in the profit and loss account.

Fixed assets are depreciated over the length of their useful life on a straight-line basis, with the exception of land, which is not depreciated on the grounds that it has unlimited useful life. Properties built on land owned by the Bank are recorded separately, on the basis of valuations prepared by independent experts.

At annual and interim reporting dates, where there is objective evidence that the value of an asset may be impaired, its carrying amount is compared to its current value, which is defined as the higher of its fair value net of any sales costs and its related value of use, and adjustments, if any, are recognized through the profit and loss account. If the reasons which gave rise to the loss in value cease to apply, the adjustment is written back to earnings with the proviso that the amount credited may not exceed the value which the asset would have had net of depreciation, which is calculated assuming no impairment took place.

Intangible assets

These chiefly comprise goodwill and long-term computer software applications.

Goodwill may be recognized where this is representative of the investee company's ability to generate future income. At annual and interim reporting dates assets are tested for impairment, which is calculated as the difference between the initial recognition value of the goodwill and its realizable value, the latter being equal to the higher of the fair value of the cash-generating unit concerned net of any sales costs and its assumed value of use. Any adjustments are taken through the profit and loss account.

Other intangible assets are recognized at cost, adjusted to reflect ancillary charges only where it is likely that future earnings will derive from the asset and the cost of the asset itself may be reliably determined. Otherwise the cost of the asset is booked to the profit and loss account in the year in which the expense was incurred.

The cost of intangible assets is amortized on the straight-line basis over the useful life of the asset concerned. If useful life is not determinable the cost of the asset is not amortized, but the value at which it is initially recognized is tested for impairment on a regular basis.

At annual and interim reporting dates, where there is evidence of impairment the realizable value of the asset is estimated, and the impairment is recognized in the profit and loss account as the difference between the carrying amount and the recoverable value of the asset concerned.

Derecognition of assets

Financial assets are derecognized as and when the Bank is no longer entitled to receive cash flows deriving from them, or when they are sold and the related risks and benefits are transferred accordingly. Tangible and intangible assets are derecognized upon disposal, or when an asset is permanently retired from use and no further earnings are expected to derive from it.

Assets or groups of assets which are sold continue to be recognized if the risks and benefits associated with them continue to be attributable to the Bank. A corresponding amount is then entered as a liability to offset any amounts received.

The main forms of activity currently carried out by the Bank which do not require underlying assets to be derecognized are the securitization of receivables, repo trading and securities lending.

Conversely, items received as part of deposit bank activity, the return on which is collected in the form of a commission, are not recorded, as the related risks and benefits continue to accrue entirely to the end-investor.

Payables, debt securities in issue and subordinated liabilities

These include the items *Due to banks*, *Due to customers* and *Debt securities in issue* less any shares bought back. Amounts payable by the lessee under the terms of finance leasing transactions are also included.

Initial recognition takes place when funds raised are collected or debt securities are issued, and occurs at fair value, which is equal to the amount collected net of transaction costs incurred directly or indirectly in connection with the liability concerned. Thereafter liabilities are stated at amortized cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structured bonds are stripped out from the underlying contract and recognized at fair value. Subsequent changes in fair value are recognized through the profit and loss account.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the liabilities' carrying value and the amount paid to repurchase them is recorded through the profit and loss account.

The sale of treasury shares over the market following a buyback is treated as a new issue. The new sale price is recorded as a liability without passing through the profit and loss account.

Trading liabilities

This item includes the negative value of trading derivatives and any derivatives embedded in complex instruments. Liabilities in respect of technical shortfalls deriving from securities trading activity are also included. All trading liabilities are recognized at fair value.

Staff severance indemnity provision

This is stated to reflect the actuarial value of the provision as calculated in line with regulations used for defined benefit schemes. Future obligations are estimated on the basis of historical statistical analysis (e.g. staff turnover, retirements, etc.) and demographic trends. These are then discounted to obtain their present value on the basis of market interest rates. The values thus obtain are booked under labour costs as the net amount of contributions paid, prior years' contributions not yet capitalized, interest accrued, and actuarial gains and losses.

All actuarial profits and/or losses are included under labour costs.

Units accruing as from 1 January 2007 paid into complementary pension schemes or the Italian national insurance system are recorded on the basis of contributions accrued during the period.

Provisions for liabilities and charges

These regard risks linked with the Bank's operations but not necessarily associated with failure to repay loans, and which could lead to expenses in the future. If the time effect is material, provisions are discounted using current market rates. Provisions are recognized in the profit and loss account.

Provisions are reviewed on a regular basis, and where the charges that gave rise to them are deemed unlikely to crystallize, the amounts involved are written back to the profit and loss account in part or in full.

Withdrawals are only made from provisions to cover the expenses for which the provision was originally made.

Foreign currency transactions

Transactions in foreign currencies are recorded by applying the exchange rates as at the date of the transaction to the amount in the foreign currency concerned.

Assets and liabilities denominated in currencies other than the Euro are translated into Euros using exchange rates ruling at the dates of the transactions. Differences on cash items due to translation are recorded through the profit and loss account, whereas those on non-cash items are recorded according to the valuation criteria used in respect of the category they belong to (i.e. at cost, through the profit and loss account or on an equity basis).

Tax assets and liabilities

Income taxes are recorded in the profit and loss account account, with the exception of tax payable on items debited or credited directly to net equity. Provisions for income tax are calculated on the basis of current, advance and deferred obligations. Advance and deferred tax is calculated on the basis of temporary differences – without time limits – between the carrying amount of an asset or liability and its tax base.

Advance tax assets are recognized in the balance sheet based on the likelihood of their being recovered.

Deferred tax liabilities are recognized in the balance sheet with the exception of tax-suspended reserves, if the size of the reserves available already subjected to taxation is such that it may be reasonably assumed that no transactions will be carried out on the Group's own initiative that might lead to their being taxed.

Tax assets and liabilities are adjusted as and when changes occur in the regulatory framework or in applicable tax rates, *inter alia* to cover charges that might arise in connection with inspections by or disputes with the tax revenue authorities.

Stock options

The stock option scheme operated on behalf of Group staff members and Directors is treated as a component of labour costs. The fair value of the options is measured and recognized in net equity at the grant date using an option pricing method adjusted to reflect historical series for previous financial years. The value thus determined is taken to the profit and loss account pro-rata to the vesting period for the individual awards.

Treasury shares

These are deducted from net equity, and any gains/losses realized on disposal are recognized in net equity.

Dividends and commissions

These are recognized as and when they are realized, provided there is reasonable likelihood that future benefits will accrue.

Fees included in amortized cost for purposes of calculating the effective interest rate are not included, but are recorded under net interest income.

PART B - NOTES TO BALANCE SHEET*

Segmental information

Assets

Section 1

Heading 10: Cash and cash equivalents

1.1 *Cash and cash equivalents*

	30/6/09	30/6/08
a) Cash	38	48
b) Demand deposits held at central banks	—	—
Total	38	48

* Figures in €'000 save in footnotes, where figures are provided in full.

Section 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: composition

Item/Value	30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted
A. Cash assets				
1. Debt securities	5,909,541	781,605	6,307,911	634,752
1.1 Structured	60,777	—	127,064	20,527
1.2 Other debt securities	5,848,764	781,605	6,180,847	614,225
2. Equities	273,844	—	587,119	656
3. OICR units	—	105,614	—	42,015
4. Loans and advances	—	—	—	—
4.1 Repos	—	—	—	—
4.2 Others	—	—	—	—
5. Impaired assets	—	—	—	—
6. Assets sold but not derecognized ¹	1,495,075	—	730,693	—
Total A	7,678,460	887,219	7,625,723	677,423
B. Derivative products				
1. Financial derivatives	32,275	2,522,736	12,898	2,078,481
1.1 trading	32,275	2,189,807	12,898	1,269,902
1.2 linked to fair value options	—	—	—	—
1.3 others	—	332,929	—	808,579
2. Credit derivatives	—	476,276	—	262,365
2.1 trading	—	476,276	—	262,365
2.2 linked to fair value options	—	—	—	—
2.3 others	—	—	—	—
Total B	32,275	2,999,012	12,898	2,340,846
Total (A+B)	7,710,735	3,886,231	7,638,621	3,018,269

¹ Securities sold under repo agreements.

The fair value of financial instruments is equal to their price as recorded on active markets, or is calculated using valuation techniques based on market-derived data. Only one position included among debt securities amounting to €212,282,000 has been recognized on the basis of data calculated internally.

2.2 Financial assets held for trading: by borrower/issuer

Item/Value	30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted
A. CASH ASSETS				
1. Debt securities	5,909,541	781,605	6,307,911	634,752
a. Governments and central banks	3,826,942	54,460	3,856,248	1
b. Other public agencies	167,696	—	15,093	—
c. Banks	819,201	560,610	1,174,172	416,908
d. Other issuers	1,095,702	166,535	1,262,398	217,843
2. Equities	273,844	—	587,119	656
a. Banks	75,335	—	213,825	—
b. Other issuers	198,509	—	373,294	656
- insurances	20,236	—	77,333	—
- financial companies	3,757	—	9,257	—
- non-financial companies	174,516	—	286,704	656
- others	—	—	—	—
3. OICR units	—	105,614	—	42,015
4. Loans and advances	—	—	—	—
a. Governments and central banks	—	—	—	—
b. Other public agencies	—	—	—	—
c. Banks	—	—	—	—
d. Other entities	—	—	—	—
5. Impaired assets	—	—	—	—
a. Governments and central banks	—	—	—	—
b. Other public agencies	—	—	—	—
c. Banks	—	—	—	—
d. Other entities	—	—	—	—
6. Assets sold but not derecognized ¹	1,495,075	—	730,693	—
a. Governments and central banks	1,495,075	—	533,586	—
b. Other public agencies	—	—	145,105	—
c. Banks	—	—	—	—
d. Other issuers	—	—	52,002	—
Total A	7,678,460	887,219	7,625,723	677,423
B. DERIVATIVE PRODUCTS				
a. Banks	4,104	1,914,526	1,597	1,727,968
b. Customers	28,171	1,084,486	11,301	612,878
Total B	32,275	2,999,012	12,898	2,340,846
Total A+B	7,710,735	3,886,231	7,638,621	3,018,269

¹ Securities sold under repo agreements.

2.3 Financial assets held for trading: derivative products

Type of derivatives / Underlying assets	Interest rates	Foreign currency/gold	Equities	Loans and advances	Other assets	30/6/09	30/6/08
A) Listed derivative products							
1) Financial derivatives:	3,252	—	29,023	—	—	32,275	12,898
– with exchange of principal	2,330	—	23,802	—	—	26,132	7,313
– options bought	—	—	23,731	—	—	23,731	—
– other derivatives	2,330	—	71	—	—	2,401	7,313
– without exchange of principal	922	—	5,221	—	—	6,143	5,585
– options bought	—	—	4,982	—	—	4,982	482
– other derivatives	922	—	239	—	—	1,161	5,103
2) Credit derivatives:	—	—	—	—	—	—	—
– with exchange of principal	—	—	—	—	—	—	—
– without exchange of principal	—	—	—	—	—	—	—
Total A	3,252	—	29,023	—	—	32,275	12,898
B) Unlisted derivative products							
1) Financial derivatives:	1,619,387	120,316	517,419	—	265,614	2,522,736	2,078,481
– with exchange of principal	78,365	119,416	85,736	—	—	283,517	192,010
– options bought	77,166	—	82,585	—	—	159,751	60,231
– other derivatives	1,199	119,416	3,151	—	—	123,766	131,779
– without exchange of principal	1,541,022	900	431,683	—	265,614	2,239,219	1,886,471
– options bought	5,879	900	400,707	—	—	407,486	826,740
– other derivatives	1,535,143	—	30,976	—	265,614	1,831,733	1,059,731
2) Credit derivatives:	—	—	—	476,276	—	476,276	262,365
– with exchange of principal	—	—	—	476,276	—	476,276	247,926
– without exchange of principal	—	—	—	—	—	—	14,439
Total B	1,619,387	120,316	517,419	476,276	265,614	2,999,012	2,340,846
Total (A+B)	1,622,639	120,316	546,442	476,276	265,614	3,031,287	2,353,744

2.4 *Cash assets held for trading (excluding assets sold but not derecognized/impaired assets): movements during the period*

	Debt securities	Equities	OICR units	Loans and advances	Total
A. Balance at start of period	6,942,663	587,775	42,015	—	7,572,453
B. Additions	28,278,382	3,508,626	92,808	—	31,879,816
B.1 Acquisitions	26,791,045	3,057,827	92,240	—	29,941,112
B.2 Increases in fair value	146,819	2,908	—	—	149,727
B.3 Other additions	1,340,518	447,891	568	—	1,788,977
C. Reductions	28,259,899	3,822,557	29,209	—	32,111,665
C.1 Disposals	22,643,090	3,503,272	25,500	—	26,171,862
C.2 Redemptions	3,080,799	—	—	—	3,080,799
C.3 Reductions in fair value	168,323	62,812	2,741	—	233,876
C.4 Other reductions	2,637,687 ¹	256,473	968	—	2,895,128
D. Balance at end of period	6,961,146	273,844	105,614	—	7,340,604

¹ Includes €209,634,000 in illiquid securities transferred from loans and receivables.

Section 4

Heading 40: Available for sale (AFS) securities

4.1 AFS securities: composition

Item/Value	30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted
1. Debt securities	2,062,076	712,512	809,142	471,609
1.1 Structured	74,218	—	114,995	—
1.2 Other debt securities	1,987,858	712,512	694,147	471,609
2. Equities	488,447	1,044,853	1,083,058	476,357
2.1 Recognized at fair value ¹	488,447	1,044,853	1,083,058	476,357
2.2 Recognized at cost	—	—	—	—
3. OICR units	—	23,057	—	6,572
4. Loans and advances	—	—	—	—
5. Impaired assets	—	—	—	—
6. Assets sold but not derecognized	—	—	—	—
Total	2,550,523	1,780,422	1,892,200	954,538

¹ Securities sold under repo agreements.

The fair value of financial instruments is equal to their prices as recorded on active markets, or to the value of recent comparable transactions or the result of valuation models based exclusively on market-derived data, with the exception of the Unicredit CASHES, the valuation of which includes data calculated internally.

4.2 AFS securities: by borrower/issuer

Item/Value	30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted
1. Debt securities	2,062,076	712,512	809,142	471,609
a. Governments and central banks	473,179	—	186,077	—
b. Other public agencies	—	—	—	—
c. Banks	770,966	645,846	300,639	313,747
d. Other issuers	817,931	66,666	322,426	157,862
2. Equities	488,447	1,044,853	1,083,058	476,357
a. Banks	12,932	331,416	22,279	—
b. Other issuers	475,515	713,437	1,060,779	476,357
- insurances	—	—	—	—
- financial companies	80,640	461,685	91,755	187,645
- non-financial undertakings	394,875	251,752	969,024	288,712
- others	—	—	—	—
3. OICR units	—	23,057	—	6,572
4. Loans and advances	—	—	—	—
a. Governments and central banks	—	—	—	—
b. Other public agencies	—	—	—	—
c. Banks	—	—	—	—
d. Other entities	—	—	—	—
5. Impaired assets	—	—	—	—
a. Governments and central banks	—	—	—	—
b. Other public agencies	—	—	—	—
c. Banks	—	—	—	—
d. Other entities	—	—	—	—
6. Assets sold but not derecognized ¹	—	—	—	—
a. Governments and central banks	—	—	—	—
b. Other public agencies	—	—	—	—
c. Banks	—	—	—	—
d. Other entities	—	—	—	—
Total	2,550,523	1,780,422	1,892,200	954,538

¹ Securities sold under repo agreements.

4.3 AFS securities: hedged assets

Assets/Type of hedging	Hedging activity			
	30/6/09		30/6/08	
	<i>Fair value</i>	Cash flow	<i>Fair value</i>	Cash flow
1. Debt securities	7,031	—	—	—
2. Equities	76,371	60,937	63,262	197,205
3. OICR units	—	—	—	—
4. Loans and advances	—	—	—	—
5. Portfolio	—	—	—	—
Total	83,402	60,937	63,262	197,205

4.4 AFS securities: assets subject to specific hedging

Item/Value	30/6/09	30/6/08
1. Financial assets subject to specific fair value hedges:	83,402	63,262
a. interest rate risk	—	—
b. price risk	83,402	63,262
c. exchange rate risk	—	—
d. credit risk	—	—
e. more than one risk	—	—
2. Financial assets subject to specific cash flow hedges:	60,937	197,205
a. interest rate risk	—	—
b. exchange rate risk	—	—
c. other	60,937	197,205
Total	144,339	260,467

4.5 *AFS securities (excluding assets sold but not derecognized/impaired assets): movements during the period*

	Debt securities	Equities	OICR units	Loans and advances	Total
A. Balance at start of period	1,280,751	1,559,415	6,572	—	2,846,738
B. Additions	2,215,873	1,042,445	17,000	—	3,275,318
B.1 Acquisitions	2,153,774	675,422	17,000	—	2,846,196
B.2 Increases in fair value	46,687	37,173	—	—	83,860
B.3 Writebacks	—	97,193	—	—	97,193
- taken to profit and loss account	—	—	—	—	—
- taken to net equity	—	97,193	—	—	97,193
B.4 Transfers from other asset classes	—	—	—	—	—
B.5 Other additions	15,412	232,657	—	—	248,069
C. Reductions	722,036	1,068,560	515	—	1,791,111
C.1 Disposals	224,692	355,121	—	—	579,813
C.2 Redemptions	57,600	—	—	—	57,600
C.3 Reductions in fair value	104,502	180,837	515	—	285,854
C.4 Writedowns due to impairment	—	179,114	—	—	179,114
- taken to profit and loss account	—	179,114	—	—	179,114
- taken to net equity	—	—	—	—	—
C.5 Transfers to other asset classes ¹	332,939	353,488	—	—	686,427
C.6 Other reductions	2,303	—	—	—	2,303
D. Balance at end of period	2,774,588	1,533,300	23,057	—	4,330,945

¹ The debt securities are illiquid securities transferred to loans and receivables, while the equities are the stakes held in Gemina and Pirelli & C. which have been transferred to equity investments.

Section 5

Heading 50: Financial assets held to maturity

5.1 Financial assets held to maturity

Type of transactions/Group components	30/6/09		30/6/08	
	Book value	Fair value	Book value	Fair value
1. Debt securities	573,633	500,519	573,709	490,875
1.1 Structured	—	—	—	—
1.2 Other debt securities	573,633	500,519	573,709	490,875
2. Loans and advances	—	—	—	—
3. Impaired assets	—	—	—	—
4. Assets sold but not derecognized	—	—	3,710	3,174
Total	573,633	500,519	577,419	494,049

5.2 Financial assets held to maturity: by borrower/issuer

Type of transactions/Value	30/6/09	30/6/08
1. Debt securities	573,633	573,709
a. Governments and central banks	495	1,017
b. Other public agencies	—	—
c. Banks	25,400	25,407
d. Other entities	547,738	547,285
2. Loans and advances	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
3. Impaired assets	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
4. Assets sold but not derecognized	—	3,710
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	3,710
Total	573,633	577,419

5.4 *Assets held to maturity (excluding assets sold but not derecognized/impaired assets): movements during the period*

	Debt securities	Loans and advances	Total
A. Balance at start of period	573,709	—	573,709
B. Additions	3,753	—	3,753
B.1 Acquisitions	—	—	—
B.2 Writebacks	—	—	—
B.3 Transfers from other asset classes	—	—	—
B.4 Other additions	3,753	—	3,753
C. Reductions	3,829	—	3,829
C.1 Disposal	—	—	—
C.2 Redemptions	619	—	619
C.3 Value adjustments	—	—	—
C.4 Transfers to other asset classes	—	—	—
C.5 Other reductions	3,210	—	3,210
D. Balance at end of period	573,633	—	573,633

Section 6

Heading 60 – Due from banks

6.1 Due from banks

Type of transactions/Value	30/6/09	30/6/08
A. Due from central banks	52,741	27,407
1. Term deposits	—	—
2. Compulsory reserves	52,741	27,407
3. Amounts due under repo agreements	—	—
4. Other amounts due	—	—
B. Due from banks	8,417,420	11,648,887
1. Current accounts and demand deposits	1,026,422	1,522,462
2. Term deposits	543,046	632,407
3. Other receivables:	5,311,149	7,753,015
3.1 amounts due under repo agreements	1,053,087	1,628,491
3.2 amounts due under finance leases	—	—
3.3 other amounts due	4,258,062	6,124,524
4. Debt securities	198,128	—
4.1 structured	—	—
4.2 other debt securities ¹	198,128	—
5. Impaired assets	127	127
6. Assets sold but not derecognized ²	1,338,548	1,740,876
Total book value	8,470,161	11,676,294
Total fair value	8,471,275	11,675,093

¹ Illiquid securities transferred during this financial year.

² Assets forming part of securities lending transactions.

Section 7

Heading 70: Due from customers

7.1 Due from customers: composition

Type of transactions/amounts	30/6/09	30/6/08
1. Current accounts	284,763	263,210
2. Amounts due under repo agreements	7,122,946	958,825
3. Mortgages	18,751,596	17,892,558
4 Credit cards, personal loans and salary-guaranteed finance	—	—
5. Amounts due under finance leasing	—	—
6. Factoring	—	—
7. Other transactions	1,304,495	1,189,222
8. Debt securities	784,983	41,795
8.1 structured	—	—
8.2 other debt securities ¹	784,983	41,795
9. Impaired assets	148,353	—
10. Assets sold but not derecognized ²	—	115,169
Total book value	28,397,136	20,460,779
Total (fair value)	27,487,483	20,299,324

¹ Includes €34,945,000 in illiquid securities transferred during the financial year.

² Assets forming part of securities lending transactions and securitized assets.

7.2 Due from customers: by borrower/issuer

Type of transactions/Value	30/6/09	30/6/08
1. Debt securities:	784,982	41,795
a) Governments	—	—
b) Other public agencies	—	—
c) Other issuers	784,982	41,795
- non-financial undertakings	—	—
- financial companies	741,520	—
- insurances	43,462	41,795
- other entities	—	—
2. Loans and advances to:	27,463,801	20,303,815
a) Governments	88,705	246,397
b) Other public agencies	—	—
c) Other issuers	27,375,096	20,057,418
- non-financial undertakings	10,389,188	10,383,161
- financial companies	14,662,515	7,587,445
- insurances	2,245,654	2,007,880
- other entities	77,739	78,932
3. Impaired assets:	148,353	—
a) Governments	—	—
b) Other public agencies	—	—
c) Other issuers	148,353	—
- non-financial undertakings	148,353	—
- financial companies	—	—
- insurances	—	—
- other entities	—	—
4. Assets sold but not derecognized ¹	—	115,169
a) Governments	—	—
b) Other public agencies	—	—
c) Other issuers	—	115,169
- non-financial undertakings	—	—
- financial companies	—	115,169
- insurances	—	—
- other entities	—	—
Total	28,397,136	20,460,779

¹ Assets forming part of securities lending transactions and securitized assets.

7.3 *Due from customers: assets subject to specific hedging*

Type of transactions/Value	30/6/09	30/6/08
1. Items subject to specific fair value hedges for :	254,441	347,545
a) interest rate risk	254,441	347,545
b) exchange rate risk	—	—
c) credit risk	—	—
d) more than one risk	—	—
2. Items subject to specific cash flow hedges:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	254,441	347,545

Section 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives by type of contract and underlying asset

Type of derivatives / Underlying assets	Interest rates	Foreign currency/gold	Equities	Loans and advances	Others	Total
A) Listed derivative products						
1) Financial derivatives:	—	—	—	—	—	—
– with exchange of principal	—	—	—	—	—	—
– options bought	—	—	—	—	—	—
– other derivative products	—	—	—	—	—	—
– without exchange of principal	—	—	—	—	—	—
– options bought	—	—	—	—	—	—
– other derivative products	—	—	—	—	—	—
2) Credit derivatives:	—	—	—	—	—	—
– with exchange of principal	—	—	—	—	—	—
– without exchange of principal	—	—	—	—	—	—
Total A	—	—	—	—	—	—
B) Unlisted derivative products						
1) Financial derivatives:	1,687,617	3,084	71,652	—	—	1,762,353
– with exchange of principal	—	3,084	71,652	—	—	74,736
– options bought	—	—	11,768	—	—	11,768
– other derivative products	—	3,084	59,884	—	—	62,968
– without exchange of principal	1,687,617	—	—	—	—	1,687,617
– options bought	—	—	—	—	—	—
– other derivative products	1,687,617	—	—	—	—	1,687,617
2) Credit derivatives:	—	—	—	—	—	—
– with exchange of principal	—	—	—	—	—	—
– without exchange of principal	—	—	—	—	—	—
Total B	1,687,617	3,084	71,652	—	—	1,762,353
Total at 30/6/09	1,687,617	3,084	71,652	—	—	1,762,353
Total at 30/6/08	1,014,026	2,944	171,369	—	—	1,188,339

8.2 Hedging derivatives: by portfolio hedged and hedge type

Operations/Type of hedging	Fair value hedges					Cash flow hedges		
	Specific					General	Specific	General
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk			
1. AFS securities	—	—	—	11,768	—	X	—	X
2. Loans and advances	2,556	—	—	X	—	X	—	X
3. Financial assets held to maturity	X	—	—	X	—	X	—	X
4. Portfolio	X	X	X	X	—	—	X	—
5. Non-Italian investments	X	X	X	X	X	X	—	X
Total assets	2,556	—	—	11,768	—	—	—	X
1. Financial liabilities	1,687,944	—	—	X	—	X	201	X
2. Portfolio	X	X	X	X	X	—	X	—
Total liabilities	1,687,944	—	—	X	—	—	201	X
1. Expected transactions	X	X	X	X	X	X	59,884	X

Section 10

Heading 100: Equity investments

10.1 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: disclosures on shareholdings

Name	Registered office	Percentage shareholding	Percentage voting rights
A. SUBSIDIARIES			
Directly held investments			
1. Compass S.p.A. Share capital €587.5m, in par value €5 shares	Milan	100.00	—
2. Prominvestment S.p.A. (in liquidation) Share capital €743,000, in par value €0.52 shares	Rome	100.00	—
3. Prudentia Fiduciaria S.p.A. Share capital €100,000, in par value €5 shares	Milan	100.00	—
4. Ricerche e Studi S.p.A. Share capital €100,000, in par value €5 shares	Milan	100.00	—
5. Sade Finanziaria - Intersomer S.r.l. Share capital €25,000	Milan	100.00	—
6. Seteci - Società Consortile per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.c.p.A. Share capital €500,000, in par value €5 shares	Milan	99.99	—
7. Spafid S.p.A. Share capital €100,000, in par value €10 shares	Milan	100.00	—
8. Technostart S.p.A. Share capital €600,000, in par value €0.50 shares	Milan	69.00	—
9. Compagnie Monegasque de Banque - CMB S.A.M. Share capital €111.1m, in par value €200 shares	Monte Carlo	100.00	—
10. Mediobanca International (Luxembourg) S.A. Share capital €10m, in par value €10 shares	Luxembourg	99.00	—
11. MB Securities USA LLC Share capital \$2.25m	New York	100.00	—
12. Consortium S.r.l. Share capital €8.6m	Milan	100.00	—
13. Emmebi S.p.A. (in liquidation) Share capital €1.1m in par value €1 shares	Milan	100.00	—
B. JOINTLY-CONTROLLED COMPANIES			
1. Banca Esperia S.p.A. Share capital €13m, in par value €0.52 shares	Milan	50.00	—
C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE			
1. Athena Private Equity S.A. Share capital €151.1m, in par value €2 shares	Luxembourg	24.27	—
2. Burgo Group S.p.A. Share capital €205.4m, in par value €0.52 shares	Altavilla Vicentina (VI)	22.13	—
3. Fidia - Fondo Interbancario d'Investimento Azionario SGR S.p.A. Share capital €6.8m, in par value €520 shares	Milan	25.00	—
4. Assicurazioni Generali S.p.A. Share capital €1,410m, in par value €1 shares	Trieste	13.51	—
5. RCS MediaGroup S.p.A. Share capital €762m, in par value €1 shares	Milan	14.36	14,94
6. Pirelli & C. S.p.A. Share capital €1,556m, in par value €0.29 shares	Milan	4.49	4,61
7. Gemina S.p.A. Share capital €1,473m, in par value €1 shares	Milan	12.53	12,56
8. Telco S.p.A. Share capital €4,849m, in par value €2.5 shares	Milan	10.64	—

This year for the first time, equity investments in companies subject to significant influence include the Group's 12.6% holding in Gemina and the 4.6% stake owned by it in Pirelli & C., which previously were treated as AFS securities. This is based on objective considerations, such as the Group's participation in shareholder agreements which exercise a significant influence over the companies concerned and entitle Mediobanca to be represented on the investee companies' governing bodies. This reclassification has been made based on the values recorded under IAS first-time adoption, namely €212.3m for Gemina and €141.2m for Pirelli & C. For adjustments to these values during the year, see the next section.

10.2 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: financial information

	Total assets	Total income	Net equity (€'000) (For. curr. '000)	Net profit (loss) (€'000) (For. curr. '000)	Book value (€'000)
A. SUBSIDIARIES (IAS 27)					
DIRECTLY OWNED					
1. Compass S.p.A. Share capital €587.5m, in par value €5 shares	9,604,617	1,010,958	810,855	79,226	580,030
2. Prominvestment S.p.A. (in liquidation) Share capital €743,000, in par value €0.52 shares	8,031	1,296	233	(367)	—
3. Prudentia Fiduciaria S.p.A. Share capital €100,000, in par value €5 shares	1,776	2,037	733	65	103
4. Ricerche e Studi S.p.A. Share capital €100,000, in par value €5 shares	857	1,666	126	(3)	103
5. Sade Finanziaria - Intersomer S.r.l. Share capital €25,000	16	—	19	(3)	25
6. Seteci - Società Consortile per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.c.p.A. Share capital €500,000, in par value €5 shares	12,885	15,552	3,178	1	522
7. Spafid S.p.A. Share capital €100,000, in par value €10 shares	43,452	4,986	39,087	975	160
8. Technostart S.p.A. Share capital €600,000, in par value €0.50 shares	470	19	483	(45)	396
9. Compagnie Monegasque de Banque - CMB S.A.M. Share capital €111.1m, in par value €200 shares	2,869,197	151,503	367,104	27,325	371,509
10. Mediobanca International (Luxembourg) S.A. Share capital €10m, in par value €10 shares	6,246,949	312,932	101,990	34,313	5,943
11. MB Securities USA L.L.C. Share capital \$2.25m	1,620	1,169	754	(971)	1,913
12. Consortium S.r.l. Share capital €8.6m	11,072	256	10,857	191	10,651
13. Emmebi S.p.A. (in liquidation) Share capital €1.1m in par value €1 shares	53	8	90	37	181
Total subsidiaries					971,536

	Significant data ¹				Book value	Fair value
	Total assets	Total income	Net profit (loss)	Net equity		
B. COMPANIES SUBJECT TO JOINT CONTROL (IAS 31)						
1. Banca Esperia S.p.A.	875,105	91,501	4,118	101,504	29,129	—
C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE (IAS 28)						
1. Burgo Group S.p.A.	2,472,883	2,534,891	(88,632)	478,563	54,628	—
2. Assicurazioni Generali S.p.A.	383,938,400	70,554,600	860,900	10,451,900	836,151	2,821,552
3. RCS MediaGroup S.p.A.	3,745,500	2,673,900	44,700	1,094,600	208,467	96,847
4. Fidia SGR S.p.A.	10,459	1,275	(552)	7,346	1,759	—
5. Athena Private Equity S.A.	111,745	61,462	(57,476)	167,875	38,231	—
6. Gemina S.p.A.	3,932,932	582,157	(33,855)	1,730,826	211,337	96,787
7. Pirelli & C. S.p.A.	6,933,218	4,660,175	(347,502)	2,519,306	115,749	60,141
8. Telco S.p.A.	7,247,155	269,301	(1,661,976)	5,292,455	378,246	—
Total					1,873,697	

¹ From most recent approved consolidated financial statements.

The holding in Gemina was adjusted pro-rata to net equity, which largely coincides with historic cost, involving a writedown of €0.9m. The difference between this figure and that implied by stock market prices as at 30 June 2009 (implicit loss of €114.5m) is justified by the decision to align the value of the holding to figures contained in audited financial statements, the size of the shareholding, and the potential offered by the airport system headed up by Aeroporti Di Roma, which is the main asset owned by the investee company.

The holding in Pirelli & C. showed a historic cost that was appreciably higher than either its net equity or market price. After testing, it was decided to charge impairment of €25.5m to this asset, which translates to a value in use of €0.48 per share. This was calculated based on a discounted cash flow model which takes account of the potential implied in the group's recently approved business plan, albeit in a prudential scenario and against a backdrop of difficulties in the automotive and real estate sectors. Compared with share prices at 30 June 2009, the implicit loss on this holding is €55.6m, which reduces to €28,9m based on current prices.

The decision taken by Telco in preparing its IAS-compliant interim financial statements for the period ended 31 October 2008 to write down the value of its shares in Telecom Italia to €2.2 per share has been reflected (resulting in a €144m charge being taken), hence the book value at which the Telco stake is carried has been reduced from €522.4m to €378.2m. This value is not considered

to be higher than its value in use as defined in paragraph 33 of IAS 28, for the following reasons:

- with a share of 24.5% in Telecom Italia, Telco is the largest shareholder in the Telecom Italia group;
- the time horizon of the investment is medium/long-term;
- the value assigned to the Telecom Italia share price is consistent with the results of applying a discounted cash flow model based on the most recent business plan presented by Telecom Italia management in December 2008, featuring growth rates and returns on capital reflecting the present economic downturn;
- no loss events as defined in paragraph 59 of IAS 39 have occurred which would mean that the impairment test has to be repeated; in particular, Telecom Italia's quarterly and interim results are in line with the business plan, and stock market prices have not fallen.

Based on stock market prices as at 30 June 2009, the value of Telco's net equity would be virtually nil.

As for the Bank's shareholding in RCS MediaGroup, this has been adjusted to reflect a value in use of €1.9 per share, which has led to a writedown of €63.9m being booked. The value in use has been calculated using a discounted cash flow model reflecting in the negative earnings prospects in the publishing industry, which has worsened in the last six months, as well as the negative trend on financial markets. The higher value compared to stock market prices as at end-June (which show an implicit loss of €111.6m) is justified by the unique nature of some of the company's assets and the size of the Group's holding (which constitutes a relative majority).

10.3 Equity investments: movements during the period

Type of transactions/Value	30/6/09	30/6/08
A. Balance at start of period	2,722,390	1,680,777
B. Additions	359,675	1,041,613
B.1 Acquisitions	5,139	517,917
B.2 Value adjustments	—	—
B.3 Revaluations	—	—
B.4 Other adjustments	354,536 ¹	523,696 ²
C. Reductions	236,832	—
C.1 Disposals	1	—
C.2 Value adjustments for impairment	236,831	—
C.3 Other reductions	—	—
D. Balance at end of period	2,845,233	2,722,390
E. Total revaluations	—	—
F. Total adjustments	236,831	—

¹ € 353,488,000 of which refer to the transfer of the Gemina and Pirelli & C stakes.

² €522,355,000 of which refer to the transfer of Telecom Italia shares to Telco which were previously booked as AFS securities.

Section 11

Heading 110: Property, plant and equipment

11.1 Tangible assets stated at cost

Assets/ Value	30/6/09	30/6/08
A. Core assets		
1.1 owned by the Group	25,610	25,423
a) land	16,567	16,567
b) buildings	3,830	3,716
c) furniture	1,638	1,480
d) electronic equipment	3,559	3,627
e) other assets	16	33
1.2 acquired under finance leases:	64,171	64,924
a) land	44,291	44,291
b) buildings	19,880	20,633
c) furniture	—	—
d) electronic equipment	—	—
e) other assets	—	—
Total A	89,781	90,347
B. Assets held for investment purposes		
2.1 owned by the Group:	28,215	28,612
a) land	20,350	20,350
b) buildings	7,865	8,262
2.2 acquired under finance leases:	—	—
a) land	—	—
b) buildings	—	—
Total B	28,215	28,612
Total (A+B)	117,996	118,959

11.3 Core tangible assets: movements during the period

	Land	Buildings	Furniture	Electronic equipment	Other assets	Total
A. Gross opening balance	60,858	34,068	3,199	17,273	72	115,470
A.1 Total net value reductions	—	(9,719)	(1,719)	(13,645)	(39)	(25,122)
A.2 Net opening balance	60,858	24,349	1,480	3,628	33	90,348
B. Additions:	—	384	506	1,169	—	2,059
B.1 Purchases	—	—	506	1,169	—	1,675
B.2 Improvement expenses, capitalized	—	384	—	—	—	384
B.3 Writebacks	—	—	—	—	—	—
B.4 Increases in fair value recognized in:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
B.5 Increases arising due to exchange rates	—	—	—	—	—	—
B.6 Transfers from properties held for investment purposes	—	—	—	—	—	—
B.7 Other additions	—	—	—	—	—	—
C. Reductions:	—	1,023	348	1,238	17	2,626
C.1 Disposals	—	—	—	5	14	19
C.2 Depreciation charges	—	1,023	348	1,233	3	2,607
C.3 Value adjustments for impairment taken to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.4 Reductions in fair value charged to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.5 Reductions due to exchange rates	—	—	—	—	—	—
C.6 Transfers to:	—	—	—	—	—	—
a) assets held for investment purposes	—	—	—	—	—	—
b) assets being sold	—	—	—	—	—	—
C.7 Other reductions	—	—	—	—	—	—
D. Net closing balance	60,858	23,710	1,638	3,559	16	89,781
D.1 Total net value reductions	—	(10,742)	(2,056)	(14,514)	(24)	(27,336)
D.2 Gross closing balance	60,858	34,452	3,694	18,073	40	117,117
E. Stated at cost	—	—	—	—	—	—

11.4 Tangible assets held for investment purposes: movements during the period

	Total	
	Land	Buildings
A. Gross opening balance	20,350	8,262
B. Additions	—	—
B.1 Purchases	—	—
B.2 Improvement expenses, capitalized	—	—
B.3 Net increases in fair value	—	—
B.4 Writebacks	—	—
B.5 Increases arising due to exchange rates	—	—
B.6 Transfers from core assets	—	—
B.7 Other additions	—	—
C. Reductions	—	397
C.1 Disposals	—	—
C.2 Depreciation charges	—	397
C.3 Reductions in fair value	—	—
C.4 Value adjustments for impairment	—	—
C.5 Reductions arising due to exchange rates	—	—
C.6 Transfers to other asset portfolios	—	—
a) core assets	—	—
b) non-current assets being sold	—	—
C.7 Other reductions	—	—
D. Closing balance	20,350	7,865
E. Stated at fair value	87,325	37,361

Section 12

Heading 120: Intangible assets

12.1 Intangible assets stated at cost

Assets/ Amounts	30/6/09		30/6/08	
	Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life
A.1 Goodwill	—	—	—	—
A.2 Other intangible assets	4,453	—	2,615	—
A.2.1 Recognized at cost:	4,453	—	2,615	—
a) intangible assets generated internally	—	—	—	—
b) other assets	4,453	—	2,615	—
A.2.2 Recognized at fair value:	—	—	—	—
a) intangible assets generated internally	—	—	—	—
b) other assets	—	—	—	—
Total	4,453	—	2,615	—

12.2 Core intangible assets: movements during the period

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life	
A. Balance at start of period	—	—	—	6,333	—	6,333
A.1 Total net value reductions	—	—	—	(3,718)	—	(3,718)
A.2 Net opening balance	—	—	—	2,615	—	2,615
B. Additions	—	—	—	4,587	—	4,587
B.1 Purchases	—	—	—	4,587	—	4,587
B.2 Increases in internally generated assets	—	—	—	—	—	—
B.3 Revaluations	—	—	—	—	—	—
B.4 Increases in fair value taken to:	—	—	—	—	—	—
– net equity	—	—	—	—	—	—
– profit and loss account	—	—	—	—	—	—
B.5 Increases arising on exchange rates	—	—	—	—	—	—
B.6 Other additions	—	—	—	—	—	—
C. Reductions	—	—	—	2,749	—	2,749
C.1 Disposals	—	—	—	—	—	—
C.2 Value adjustments	—	—	—	2,749	—	2,749
– amortization	—	—	—	2,749	—	2,749
– writedowns	—	—	—	—	—	—
+ net equity	—	—	—	—	—	—
+ profit and loss account	—	—	—	—	—	—
C.3 Reductions in fair value charged to:	—	—	—	—	—	—
– net equity	—	—	—	—	—	—
– profit and loss account	—	—	—	—	—	—
C.4 Transfers to non-current assets being sold	—	—	—	—	—	—
C.5 Reductions due to exchange rate differences	—	—	—	—	—	—
C.6 Other reductions	—	—	—	—	—	—
D. Balance at end of period	—	—	—	4,453	—	4,453
D.1 Total net value adjustments	—	—	—	(6,468)	—	(6,468)
E. Gross closing balance	—	—	—	10,921	—	10,921
F. Stated at cost	—	—	—	—	—	—

Section 13

Asset heading 130 and Liability heading 80: Tax assets and liabilities

13.1 Advance tax assets

	30/6/09	30/6/08
Corporate income tax (IRES)	118,940	119,272
Regional production tax (IRAP)	25,974	18,574
Total	144,914	137,846

13.2 Deferred tax liabilities

	30/6/09	30/6/08
Corporate income tax (IRES)	250,073	287,836
Regional production tax (IRAP)	9,030	20,536
Total	259,103	308,372

13.3 Changes in advance tax during the period

	30/6/09	30/6/08
1. Opening balance	100,410	109,948
2. Additions	40,382	56,313
2.1 Advance tax originating during the period	40,382	56,313
a) for previous years	17	178
b) due to changes in accounting policies	—	—
c) amounts written back	—	—
d) other additions	40,365	56,135
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	57,226	65,851
3.1 Advance tax reversed during the period	57,074	54,123
a) reclassifications	57,074	39,908
b) amounts written off as unrecoverable	—	162
c) due to changes in accounting policies	—	14,053
3.2 Reductions in tax rates	—	11,650
3.3 Other reductions	152	78
4. Balance at end of period	83,566	100,410

13.4 Changes in deferred tax during the period

	30/6/09	30/6/08
1. Opening balance	277,906	367,867
2. Additions	7,885	71,161
2.1 Deferred tax originating during period	7,885	71,161
a) relating to previous years	374	—
b) due to changes in accounting policies	—	—
c) others	7,511	71,161
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	44,911	161,122
3.1 Deferred tax reversed during period	44,911	117,517
a) reclassifications	44,911	65,642
b) due to changes in accounting policies	—	23,372
c) others	—	28,503
3.2 Reductions in tax rates	—	43,605
3.3 Other reductions	—	—
4. Balance at end of period	240,880	277,906

13.5 Changes in advance tax during the period¹

	30/6/09	30/6/08
1. Opening balance	37,436	—
2. Additions	27,745	37,436
2.1 Advance tax originating during period	27,745	37,436
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) others	27,745	37,436
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	3,833	—
3.1 Advance tax reversed during period	3,833	—
a) reclassifications	3,833	—
b) due to changes in accounting policies	—	—
c) others	—	—
3.2 Reductions in tax rates	—	—
3.3 Other reductions	—	—
4. Balance at end of period	61,348	37,436

¹ Taxes relating to cash flow hedges and AFS securities valuations.

13.6 Changes in deferred tax during the period¹

	30/6/09	30/6/08
1. Opening balance	30,467	85,781
2. Additions	—	30,467
2.1 Deferred tax originating during period	—	30,467
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) others	—	30,467
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	12,244	85,781
3.1 Advance tax reversed during the period	12,244	85,781
a) reclassifications	12,244	85,781
b) due to changes in accounting policies	—	—
c) others	—	—
3.2 Reductions in tax rates	—	—
3.3 Other reductions	—	—
4. Balance at end of period	18,223	30,467

¹ Taxes relating to cash flow hedges and AFS securities valuations.

Section 15

Heading 150: Other assets

15.1 Other assets

	30/6/09	30/6/08
1. Gold, silver and precious metals	—	—
2. Accrued income other than capitalized income from related financial assets	9,658	177
3. Working capital loans and invoices pending issue	476	231
4. Amounts due from tax revenue authorities (not reported under Heading 150)	8,158	—
5. Other items:	10,240	8,481
- bills for collection	—	—
- premiums, grants, indemnities and other items in respect of lending transactions	—	—
- futures and other securities transactions	245	510
- advance payments on deposit commissions	479	258
- due from exercise of bond hedging options	—	—
- other items in transit	—	—
- exchange rate adjustments on forex transactions	—	—
- due from staff	44	—
- sundry other items	9,472	7,713
Total	28,532	8,889

Liabilities

Section 1

Heading 10: Due to banks

1.1 Due to banks: composition

Type of transaction/amounts	30/6/09	30/6/08
1. Due to central banks	500,069	101,137
2. Due to banks	8,300,558	7,519,339
2.1 Current accounts and demand deposits	3,263,582	1,837,026
2.2 Term deposits	2,446,835	756,385
2.3 Borrowings	949,565	2,444,425
2.3.1 Leasing	—	—
2.3.2 Others	949,565	2,444,425
2.4 Amounts due under commitments to buy back own shares	—	—
2.5 Liabilities in respect of assets sold but not derecognized	1,382,126	1,936,753
2.5.1 Amounts due under reverse repo agreements	1,382,126	1,936,753
2.5.2 Others	—	—
2.6 Other amounts due	258,450	544,750
Total (book value)	8,800,627	7,620,476
Total (fair value)	8,800,627	7,620,476

1.4 Due to banks: items subject to specific hedges

	30/6/09	30/6/08
1. Items subject to specific fair value hedges for:	—	58,569
a) interest rate risk	—	58,569
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—

Section 2

Heading 20: Due to customers

2.1 Due to customers: composition

Type of transaction/amounts	30/6/09	30/6/08
1. Current accounts and demand deposits	315,543	352,429
2. Term deposits	434,518	242,385
3. Customers' funds managed on a non-discretionary basis	—	—
4. Borrowings	76,356	38,924
4.1 leasing	1,731	8,424
4.2 others	74,625	30,500
5. Amounts due under commitments to buy back own shares	—	—
6. Liabilities in respect of assets sold but not derecognized	1,621,661	755,137
6.1 Amounts due under reverse repo agreements	1,621,661	755,137
6.2 Others	—	—
7. Other amounts due	766,731	759,559
Total book value	3,214,809	2,148,434
Total fair value	3,214,809	2,148,434

Section 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue: composition

Type of transaction/amounts	30/6/09		30/6/08	
	Book value	Fair Value ¹	Book value	Fair Value ¹
A. Listed securities	25,854,220	26,008,971	18,804,355	18,746,436
1. bonds	25,854,220	26,008,971	18,804,355	18,746,436
1.1 structured	8,709,152	8,720,126	6,754,657	6,756,435
1.2 others	17,145,068	17,288,845	12,049,698	11,990,001
2. other securities	—	—	—	—
2.1 structured	—	—	—	—
2.2 others	—	—	—	—
B. Unlisted securities	10,495,630	10,545,988	9,985,941	9,976,067
1. bonds	10,414,862	10,465,220	9,788,215	9,778,341
1.1 structured	2,579,572	2,583,020	2,456,529	2,456,529
1.2 others	7,835,290	7,882,200	7,331,686	7,321,812
2. other securities	80,768	80,768	197,726	197,726
2.1 structured	—	—	—	—
2.2 others	80,768	80,768	197,726	197,726
Total	36,349,850	36,554,959	28,790,296	28,722,503

¹ Fair value does not include issuer risk; if issuer risk is considered, the fair value of debt securities in issue would reduce by approximately €663m.

Subordinated liabilities included under the heading *Debt securities in issue* total €929,206,000.

3.3 Debt securities: items subject to specific hedging

	30/6/09	30/6/08
1. Securities subject to specific fair value hedges	27,854,437	22,494,208
a) interest rate risk	27,854,437	22,494,208
b) exchange rate risk	—	—
c) other	—	—
2. Securities subject to specific cash flow hedges	672,852	685,186
a) interest rate risk	672,852	685,186
b) exchange rate risk	—	—
c) other	—	—

Section 4

Heading 40: Trading liabilities

4.1 Trading liabilities: composition

Type of transaction/amounts	30/6/09			30/6/08		
	Nominal value	Fair Value		Nominal value	Fair Value	
		Listed	Unlisted		Listed	Unlisted
A. Cash liabilities						
1. Due to banks	116,860	109,859	—	187,917	166,266	—
2. Due to customers	497,023	493,587	—	862,662	847,666	—
3. Debt securities	—	—	—	—	—	—
3.1 Bonds	—	—	—	—	—	—
3.1.1 Structured	—	—	—	—	—	—
3.1.2 Other	—	—	—	—	—	—
3.2 Other securities	—	—	—	—	—	—
3.2.1 Structured	—	—	—	—	—	—
3.2.2 Other	—	—	—	—	—	—
Total A	613,883	603,446	—	1,050,579	1,013,932	—
B. Derivative products						
1. Financial derivatives		45,434	2,220,518		11,338	1,818,291
1.1 Trading	X	45,434	1,888,919	X	11,338	1,009,586
1.2 Linked to fair value options	X	—	—	X	—	—
1.3 Other	X	—	331,599	X	—	808,705
2. Credit derivatives		—	484,016		—	246,055
2.1 Trading	X	—	484,016	X	—	246,055
2.2 Linked to fair value options	X	—	—	X	—	—
2.3 Other	X	—	—	X	—	—
Total B	X	45,434	2,704,534	X	11,338	2,064,346
Total (A+B)	613,883	648,880	2,704,534	1,050,579	1,025,270	2,064,346

4.4 Trading liabilities: derivative products

Type of derivatives/underlying assets	Interest rates	Foreign currency/gold	Equities	Loans and advances	Others	30/6/09	30/6/08
A) Listed derivative products							
1. Financial derivatives:	1,807	—	43,627	—	—	45,434	11,338
– With exchange of principal	1,807	—	32,458	—	—	34,265	6,611
– options issued	32	—	32,142	—	—	32,174	—
– other derivatives	1,775	—	316	—	—	2,091	6,611
– Without exchange of principal	—	—	11,169	—	—	11,169	4,727
– options issued	—	—	7,930	—	—	7,930	153
– other derivatives	—	—	3,239	—	—	3,239	4,574
2. Credit derivatives:	—	—	—	—	—	—	—
– With exchange of principal	—	—	—	—	—	—	—
– Without exchange of principal	—	—	—	—	—	—	—
Total A	1,807	—	43,627	—	—	45,434	11,338
B) Unlisted derivative products							
1. Financial derivatives:	1,605,099	131,047	456,554	—	27,818	2,220,518	1,818,292
– With exchange of principal	76,675	130,266	51,901	—	—	258,842	117,279
– options issued	76,253	—	51,771	—	—	128,024	40,033
– other derivatives	422	130,266	130	—	—	130,818	77,246
– Without exchange of principal	1,528,424	781	404,653	—	27,818	1,961,676	1,701,013
– options issued	4,430	781	389,051	—	—	394,262	849,940
– other derivatives	1,523,994	—	15,602	—	27,818	1,567,414	851,073
2. Credit derivatives:	—	—	—	484,016	—	484,016	246,054
– With exchange of principal	—	—	—	484,016	—	484,016	245,526
– Without exchange of principal	—	—	—	—	—	—	528
Total B	1,605,099	131,047	456,554	484,016	27,818	2,704,534	2,064,346
Total (A+B)	1,606,906	131,047	500,181	484,016	27,818	2,749,968	2,075,684

Section 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of product/underlying asset

Type of derivatives/underlying assets	Interest rates	Foreign currency/gold	Equities	Loans and advances	Other	Total
A) Listed derivative products						
1. Financial derivatives:	—	—	—	—	—	—
– With exchange of principal	—	—	—	—	—	—
– options issued	—	—	—	—	—	—
– other derivatives	—	—	—	—	—	—
– Without exchange of principal	—	—	—	—	—	—
– options issued	—	—	—	—	—	—
– other derivatives	—	—	—	—	—	—
2. Credit derivatives:	—	—	—	—	—	—
– With exchange of principal	—	—	—	—	—	—
– Without exchange of principal	—	—	—	—	—	—
Total A	—	—	—	—	—	—
B) Unlisted derivative products						
1. Financial derivatives:	1,232,974	11,226	3,057	—	—	1,247,257
– With exchange of principal	—	11,226	3,057	—	—	14,283
– options issued	—	—	3,057	—	—	3,057
– other derivatives	—	11,226	—	—	—	11,226
– Without exchange of principal	1,232,974	—	—	—	—	1,232,974
– options issued	—	—	—	—	—	—
– other derivatives	1,232,974	—	—	—	—	1,232,974
2. Credit derivatives:	—	—	—	—	—	—
– With exchange of principal	—	—	—	—	—	—
– Without exchange of principal	—	—	—	—	—	—
Total B	1,232,974	11,226	3,057	—	—	1,247,257
Total 30/6/09	1,232,974	11,226	3,057	—	—	1,247,257
Total 30/6/08	2,729,762	24,660	—	—	—	2,754,422

6.2 Hedging derivatives: by portfolio hedged/hedge type

Transactions/Type of hedging	Fair value hedges					Cash flow hedges		
	Specific					General	Specific	General
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk			
1. AFS securities	—	—	—	3,057	—	X	—	X
2. Loans and advances	32,718	—	—	—	—	X	—	X
3. Financial assets held to maturity	—	—	—	—	—	X	—	X
4. Portfolio	—	—	—	—	—	—	—	—
5. Non-Italian investments	X	X	X	X	X	X	—	X
Total assets	32,718	—	—	3,057	—	—	—	—
1. Financial liabilities	1,198,380	—	—	—	—	X	13,102	X
2. Portfolio	X	X	X	X	X	—	X	—
Total liabilities	1,198,380	—	—	—	—	—	13,102	—
1. Expected transactions	X	X	X	X	X	X	—	—

Section 10

Heading 100: Other liabilities

10.1 Other liabilities

	30/6/09	30/6/08
1. Payment agreements (IFRS 2)	38	1,772
2. Impaired endorsements	94,934	27,311
3. Financial guarantees on CDS products (as required under IAS 37)	—	—
4. Working capital payables and invoices pending receipt	16,501	12,955
5. Prepaid expenses other than capitalized expenses on related financial assets	111	521
6. Amounts due to tax revenue authorities	31,746	—
7. Amounts due to staff	41,979	36,362
8. Other items:	21,727	23,683
- bills for collection	—	—
- coupons and dividends pending collection	2,210	2,136
- fees payable to banks	—	—
- underwriting syndicate commissions payable	2,413	2,404
- available sums payable to third parties	17,104	19,143
- premiums, grants and other items in respect of lending transactions	—	—
- other	—	—
Total	207,036	102,604

Section 11

Heading 110: Staff severance indemnity provision

11.1 Staff severance indemnity provision

	30/6/09	30/6/08
A. Balance at start of period	10,676	11,657
B. Additions	4,878	6,094
B.1 Transfers during period	4,878	5,771
B.2 Other additions	—	323
C. Reductions	5,718	7,075
C.1 Indemnities paid out	929	1,728
C.2 Other reductions ¹	4,789	5,347
D. Balance at end of period	9,836	10,676

¹ Includes €4,740,000 in transfers to external, defined contribution pension schemes.

11.2 Other information

The staff severance indemnity provision, calculated according to the provisions of the Italian Civil Code, amounts to €12,125,000. Following regulatory changes, new interest accrued during the year has not been included (service cost).

In order to determine the actuarial value, the provision has been revalued assuming a return of 2% for the current year and discounted using the government bonds interest rate curve as at 30 June 2009, which shows an interest cost of €392,000.

Section 12

Heading 120: Provisions

12.1 Provisions

Item/amounts	30/6/09	30/6/08
1. Company post-employment benefit provision	—	—
2. Other provisions	150,776	150,776
2.1 litigation	—	—
2.2 staff-related	—	—
2.3 other	150,776	150,776
Total	150,776	150,776

12.4 Other provisions

	Post-employment benefit provision	Litigation	Other provisions	Total
A. Balance at start of period	—	—	150,776	150,776
B. Additions	—	—	—	—
B.1 Transfers during period	—	—	—	—
B.2 Changes due to passing of time	—	—	—	—
B.3 Additions due to changes in discount rate	—	—	—	—
B.4 Other additions	—	—	—	—
C. Reductions	—	—	—	—
C.1 Transfers during period	—	—	—	—
C.2 Reductions due to changes in discount rate	—	—	—	—
C.3 Other reductions	—	—	—	—
D. Balance at end of period	—	—	150,776	150,776

Section 14

Headings 130, 150, 160, 170, 180, 190 and 200: Net equity

14.1 Net equity

Item/amounts	30/6/09	30/6/08
1. Share capital	410,028	410,028
2. Share premium reserve	2,140,043	2,140,043
3. Reserves	2,346,457	2,233,022
4. Treasury shares	(213,410)	(213,410)
5. Valuation reserves	(62,696)	57,728
6. Equity instruments	—	—
7. Profit (loss) for the period	20,808	622,579
Total	4,641,230	5,249,990

14.3 Share capital: changes in no. of shares in issue during period

Item/Type	Ordinary
A. Shares in issue at start of period	836,255,665
– entirely unrestricted	836,255,665
– with restrictions	—
A.1 Treasury shares	16,200,000
A.2 Shares in issue: balance at start of period	820,055,665
B. Additions	—
B.1 New share issuance as a result of:	—
– rights issues	—
– business combinations	—
– bond conversions	—
– exercise of warrants	—
– others	—
– bonus issues	—
– to staff members	—
– to Board members	—
– others	—
B.2 Treasury share disposals	—
B.3 Other additions	—
C. Reductions	—
C.1 Cancellations	—
C.2 Treasury share buybacks	—
C.3 Disposals of businesses	—
C.4 Other reductions	—
D. Shares in issue: balance at end of period	820,055,665
D.1 Add: treasury shares	16,200,000
D.2 Shares in issue at end of period	836,255,665
– entirely unrestricted	836,255,665
– with restrictions	—

14.5 Profit reserves – other information

Item	30/6/09	30/6/08
1. Legal reserve	82,006	81,910
2. Statutory reserves	976,063	876,087
3. Treasury shares	213,410	213,410
4. Others	1,074,978	1,061,615
Total	2,346,457	2,233,022

14.7 Valuation reserves

Items/Components	30/6/09	30/6/08
1. AFS securities	(117,978)	(65,144)
2. Property, plant and equipment	—	—
3. Intangible assets	—	—
4. Foreign investment hedges	—	—
5. Cash flow hedges	47,695	115,285
6. Exchange rate differences	—	—
7. Non-current assets being sold	—	—
8. Special revaluation laws	7,587	7,587
Total	(62,696)	57,728

14.8 Valuation reserves: movements during the period

	AFS securities	Cash flow hedges	Special laws
A. Balance at start of period	(65,144)	115,285	7,587
B. Additions	332,070	25,077	—
B.1 Increases in fair value	88,435	17,033	—
B.2 Other additions	243,635	8,044	—
C. Reductions	384,904	92,667	—
C.1 Reductions in fair value	281,110	24,889	—
C.2 Other reductions	103,794	67,778	—
D. Balance at end of period	(117,978)	47,695	7,587

14.9 AFS securities valuation reserve

Assets/Amounts	30/6/09		30/6/08	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	63,369	(143,029)	3,218	(48,215)
2. Equities	100,158	(139,532)	293,252	(313,399)
3. OICR units	1,056	—	—	—
4. Loans and advances	—	—	—	—
Total	164,583	(282,561)	296,470	(361,614)

14.10 AFS valuation reserve: movements during the period

	Debt securities	Equities	OICR units	Total
1. Opening balance	(44,997)	(20,147)	—	(65,144)
2. Additions	68,354	262,145	1,571	332,070
2.1 Increases in fair value	51,262	37,173	—	88,435
2.2 Negative reserves charged back to profit and loss as a result of	486	111,869	—	112,355
– impairment	—	97,193	—	97,193
– disposals	486	14,676	—	15,162
2.3 Other additions	16,606	113,103	1,571	131,280
3. Reductions	103,017	281,372	515	384,904
3.1 Reductions in fair value	102,508	178,087	515	281,110
3.2 Adjustments for impairment	—	—	—	—
3.3 Positive reserves credited back to profit and loss as a result of: disposals	509	101,714 ¹	—	102,223
3.4 Other reductions	—	1,571	—	1,571
4. Balance at end of period	(79,660)	(39,374)	1,056	(117,978)

¹ €54,834,000 of which linked to fair value hedges.

Other information

1. Guarantees and commitments

Transactions	30/6/09	30/6/08
1. Financial guarantees given to:	11,333,117	11,822,916
a) Banks	9,896,827	10,285,362
b) Customers	1,436,290	1,537,554
2. Commercial guarantees given to:	7,263	26,917
a) Banks	370	370
b) Customers	6,893	26,547
3. Irrevocable commitments to lend funds to:	23,129,829	17,650,467
a) Banks	3,601,715	5,271,700
i) specific	701,840	3,636,870
ii) standby basis	2,899,875	1,634,830
b) Customers	19,528,114	12,378,767
i) specific	12,434,768	6,680,297
ii) standby basis	7,093,346	5,698,470
4. Commitments underlying credit derivatives: hedge sales	8,445,673	7,272,405
5. Assets pledged as collateral for customer obligations	—	—
6. Other commitments	1,091,470	313,292
Total	44,007,352	37,085,997

2. Assets pledged as collateral for own liabilities and commitments

Portfolios	30/6/09	30/6/08
1. Financial assets held for trading	1,495,075	730,693
2. Financial assets recognized at fair value	—	—
3. AFS securities	—	—
4. Financial assets held to maturity	—	3,710
5. Due from banks	—	—
6. Due from customers	1,005,815	722,968
7. Property, plant and equipment	—	—

4. *Assets managed and traded on behalf of customers*

Transactions	30/6/09	30/6/08
1. Securities traded on behalf of customers	33,730,085	29,916,346
a) Purchases	18,287,389	16,161,697
1. settled	13,221,624	15,602,178
2. pending settlement	5,065,765	559,519
b) Disposals	15,442,696	13,754,649
1. settled	10,376,931	13,205,971
2. pending settlement	5,065,765	548,678
2. Asset management	—	—
a) individuals	—	—
b) groups	—	—
3. Securities under custody/managed on a non-discretionary basis	36,764,697	21,183,805
a) customers' securities held on deposit: in connection with the Bank's activity as deposit bank (not including asset management)	7,493,608	4,198,659
1. securities issued by bank drawing up consolidated financial statements	1,820,349	636,617
2. other securities	5,673,259	3,562,042
b) other customers' securities held on deposit (not including asset management): others	—	—
1. securities issued by bank drawing up consolidated financial statements	—	—
2. other securities	—	—
c) customers' securities held on deposit with customers	7,146,601	3,814,274
d) own securities held on deposit with customers ¹	22,124,488	13,170,872
4. Other transactions	—	—

¹ Includes nominal value of Unicredit shares (€483,782,000) bound in respect of the CASHES deal for which Mediobanca S.p.A. is depositor bank.

PART C - NOTES TO PROFIT AND LOSS ACCOUNT

Section 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income

Line items/Technical forms	Performing assets		Impaired assets	Other assets	12 mths to 30/6/09	12 mths to 30/6/08
	Debt securities	Loans and advances				
1. Financial assets held for trading	381,827	—	—	—	381,827	278,693
2. Financial assets recognized at fair value	—	—	—	—	—	—
3. AFS securities	68,884	—	—	—	68,884	71,329
4. Financial assets held to maturity	24,405	—	—	—	24,405	25,491
5. Due from banks	8,189	239,303	—	77,722	325,214	476,332
6. Due from customers	17,553	928,218	8,991	105,766	1,060,528	952,837
7. Hedge derivatives	—	—	—	111,419	111,419	—
8. Financial assets sold but not derecognized	—	—	—	—	—	—
9. Other assets	—	—	—	12	12	10
Total	500,858	1,167,521	8,991	294,919	1,972,289	1,804,692

1.2 *Interest and similar income: differences arising on hedging transactions*

Items/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
A. Positive differences on transactions involving:		
A.1 Specific fair value hedges of assets	13,785	—
A.2 Specific fair value hedges of liabilities	407,921	—
A.3 General interest rate risk hedges	—	—
A.4 Specific cash flow hedges of assets	—	—
A.5 Specific cash flow hedges of liabilities	—	—
A.6 General cash flow hedges	—	—
Total positive differences (A)	421,706	—
B. Negative differences on transactions involving:		
B.1 Specific fair value hedges of assets	(16,186)	—
B.2 Specific fair value hedges of liabilities	(294,101)	—
B.3 General interest rate risk hedges	—	—
B.4 Specific cash flow hedges of assets	—	—
B.5 Specific cash flow hedges of liabilities	—	—
B.6 General cash flow hedges	—	—
Total negative differences (B)	(310,287)	—
C. Balance of differences arising on hedges (A – B)	111,419	—

1.3 *Interest and similar income: other information*

Items/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
1.3.1 Interest receivable on financial assets denominated in currencies other than the Euro	73,897	79,148
1.3.2 Interest receivable in respect of finance leasing transactions	—	—
1.3.3 Interest income on receivables involving customers' funds held on a non-discretionary basis	—	—
Total	73,897	79,148

1.4 *Interest expense and similar charges*

Line items/Technical forms	Accounts payable	Securities	Other liabilities	12 mths to 30/6/09	12 mths to 30/6/08
1. Due to banks	(146,336)	—	(69,533)	(215,869)	(282,468)
2. Due to customers	(23,788)	—	(16,573)	(40,361)	(49,185)
3. Debt securities in issue	—	(1,430,531)	—	(1,430,531)	(1,164,860)
4. Trading liabilities	—	—	—	—	—
5. Financial liabilities recognized at fair value	—	—	—	—	—
6. Financial liabilities in respect of assets sold but not derecognized	—	—	(38,732)	(38,732)	(68,759)
7. Other liabilities	—	—	(44)	(44)	(197)
8. Hedging derivatives	—	—	—	—	(58,951)
Total	(170,124)	(1,430,531)	(124,882)	(1,725,537)	(1,624,420)

1.5 Interest expenses and similar charges: margins on hedges

Items/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
A. Positive differences on transactions involving:		
A.1 Specific fair value hedges of assets	—	15,917
A.2 Specific fair value hedges of liabilities	—	279,890
A.3 General interest rate risk hedges	—	—
A.4 Specific cash flow hedges of assets	—	—
A.5 Specific cash flow hedges of liabilities	—	—
A.6 General cash flow hedges	—	—
Total positive differences (A)	—	295,807
B. Negative differences on transactions involving:		
B.1 Specific fair value hedges of assets	—	(21,235)
B.2 Specific fair value hedges of liabilities	—	(333,523)
B.3 General interest rate risk hedges	—	—
B.4 Specific cash flow hedges of assets	—	—
B.5 Specific cash flow hedges of liabilities	—	—
B.6 General cash flow hedges	—	—
Total negative differences (B)	—	(354,758)
C. Balance of differences arising on hedges (A – B)	—	(58,951)

1.6 Interest expense and similar charges: other information

Items/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
1.6.1 Interest payable on liabilities denominated in currencies other than the Euro	(59,416)	(147,807)
1.6.2 Interest payable on liabilities in respect of finance leasing transactions	(374)	(715)
1.6.3 Interest payable on customers' funds held on a non-discretionary basis	—	—
Total	(59,790)	(148,522)

Section 2

Headings 40 and 50: Net fee and commission income

2.1 Net fee and commission income

Type of service/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
a) guarantees given	3,018	5,684
b) credit derivatives	—	263
c) management, trading and advisory services:	63,927	104,746
1. securities trading	9,362	17,677
2. foreign currency trading	—	—
3. asset management	—	—
3.1 individuals	—	—
3.2 groups	—	—
4. securities under custody and non-discretionary management	—	—
5. deposit bank services	—	—
6. securities placement	53,269	86,966
7. procurement of orders	1,296	103
8. advisory services	—	—
9. agency fees	—	—
9.1 asset management	—	—
9.1.1 individuals	—	—
9.1.2 groups	—	—
9.2 insurance products	—	—
9.3 other products	—	—
d) collection and payment services	—	—
e) securitization services	—	—
f) factoring services	—	—
g) tax collection and receipt services	—	—
h) multilateral exchange systems management	—	—
i) other services	214,287	171,074
1. penalties and refunds of expenses for early repayment	—	—
2. commissions on loans and advances to customers	89,668	62,446
3. advisory services and assistance to customers	123,622	106,550
4. other services	997	2,078
Total	281,232	281,767

2.2 Fee and commission income: by product/service distribution channel

Channels/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
a) on the Bank's own premises:	53,269	86,966
1. asset management	—	—
2. securities placement	53,269	86,966
3. agency fees	—	—
b) elsewhere:	—	—
1. asset management	—	—
2. securities placement	—	—
3. agency fees	—	—
c) other distribution channels:	—	—
1. asset management	—	—
2. securities placement	—	—
3. agency fees	—	—
Total	53,269	86,966

2.3 Fee and commission expense

Services/amounts	12 mths to 30/6/09	12 mths to 30/6/08
a) guarantees received	—	—
b) credit derivatives	—	(426)
c) management and trading services:	(3,326)	(14,714)
1. securities trading	(1,784)	(3,623)
2. foreign currency trading	—	—
3. asset management:	—	—
3.1 proprietary	—	—
3.2 on behalf of customers	—	—
4. securities under custody/held on a non-discretionary basis	(1,092)	(1,084)
5. securities placement	(450)	(10,007)
6. door-to-door sales of securities, products and services	—	—
d) collection and payment services	(3,639)	(1,352)
e) other services	(2,172)	(2,260)
Total	(9,137)	(18,752)

Section 3

Heading 70: Dividends and similar income

3.1 Dividends and similar income

Line items/Income	12 mths to 30/6/09		12 mths to 30/6/08	
	Dividends	Income from OICR units	Dividends	Income from OICR units
A. Financial assets held for trading	23,976	—	79,604	—
B. AFS securities	16,995	—	43,482	—
C. Financial assets recognized at fair value	—	—	—	—
D. Equity investments	27,478	—	186,955	—
Total	68,449	—	310,041	—

Section 4

Heading 80: Net trading income

4.1 Net trading income

Transactions/Income elements	Gains (A)	Dealing profits (B)	Value reductions (C)	Dealing losses (D)	Net trading income [(A+B)-(C+D)]
1. Trading assets	171,716	464,992	(245,428)	(207,438)	183,842
1.1 Debt securities	152,223	188,378	(179,721)	(94,243)	66,637
1.2 Equities	19,493	276,614	(65,707)	(113,195)	117,205
1.3 OICR units	—	—	—	—	—
1.4 Loans and advances	—	—	—	—	—
1.5 Others	—	—	—	—	—
2. Trading liabilities	—	—	—	—	—
2.1 Debt securities	—	—	—	—	—
2.2 Others	—	—	—	—	—
3. Other assets and liabilities: differences arising on exchange rates	34,025	—	(79,018)	—	(44,993)
4. Derivative products	3,790,735	1,201,088	(3,842,482)	(1,083,556)	65,785
4.1 Financial derivatives:	3,414,774	859,674	(3,449,442)	(820,962)	4,044
– debt securities and interest rates ¹	1,674,710	279,139	(1,652,407)	(339,354)	(37,912)
– equities and stock market indexes	1,451,897	485,222	(1,453,574)	(480,557)	2,988
– foreign currency and gold	153,707	93,110	(196,475)	(1,051)	49,291
– others	134,460	2,203	(146,986)	—	(10,323)
4.2 Credit derivatives	375,961	341,414	(393,040)	(262,594)	61,741
Total	3,996,476	1,666,080	(4,166,928)	(1,290,994)	204,634
Total 30/6/08	2,890,882	1,496,789	(2,938,793)	(1,436,341)	12,537

¹ Of which €18,252,000 in positive margins on interest rate derivatives (30/6/08: €57,757,000).

Section 5

Heading 90: Net hedging income

5.1 Net hedging income

Income elements/amounts	12 mths to 30/6/09	12 mths to 30/6/08
A. Income from:		
A.1 Fair value hedge derivatives	2,358,206	504,951
A.2 Financial assets hedged (fair value)	30,818	3,289
A.3 Financial liabilities hedged (fair value)	44,974	541,752
A.4 Cash flow hedge derivatives	—	—
A.5 Assets and liabilities in foreign currencies	—	—
Total hedging income (A)	2,433,998	1,049,992
B. Expense related to:		
B.1 Fair value hedge derivatives	(234,422)	(612,650)
B.2 Financial assets hedged (fair value)	(1,267)	(24,564)
B.3 Financial liabilities hedged (fair value)	(2,197,045)	(405,584)
B.4 Cash flow hedge derivatives	—	—
B.5 Assets and liabilities in foreign currencies	—	—
Total hedging expense (B)	(2,432,734)	(1,042,798)
Net hedging income (A–B)	1,264	7,194

Section 6

Heading 100: Gains (losses) on disposals/repurchases

6.1 Gains (losses) on disposals/repurchases

Line items/Income elements	12 mths to 30/6/09			12 mths to 30/6/08		
	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
Financial assets						
1. Due from banks	—	—	—	—	—	—
2. Due from customers	—	—	—	—	—	—
3. AFS securities	158,934	(1,824)	157,110	200,103	(28,306)	171,797
3.1 Debt securities	637	(1,794)	(1,157)	732	(2,450)	(1,718)
3.2 Equities	158,297	(30)	158,267	199,371	(25,856)	173,515
3.3 OICR units	—	—	—	—	—	—
3.4 Loans and advances	—	—	—	—	—	—
4. Financial assets held to maturity	190	(78)	112	26	(193)	(167)
Total assets	159,124	(1,902)	157,222	200,129	(28,499)	171,630
Financial liabilities						
1. Due to banks	—	—	—	—	—	—
2. Due to customers	—	—	—	—	—	—
3. Debt securities in issue	18,356	—	18,356	22,372	(1)	22,371
Total liabilities	18,356	—	18,356	22,372	(1)	22,371

Section 8

Heading 130: Adjustments for impairment

8.1 Adjustments for impairment

Transactions/Income elements	Value adjustments			Amounts recovered				12 mths to 30/6/09	12 mths to 30/6/08
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Due from banks	—	—	—	—	—	—	471	471	1,600
B. Due from customers	—	(7,728)	(69,764)	—	—	—	—	(77,492)	(24,382)
C. Total	—	(7,728)	(69,764)	—	—	—	471	(77,021)	(22,782)

Legend

A = interest

B = other amounts recovered

8.2 Net adjustments for impairment to AFS securities

Transactions/Income elements	Value adjustments		Amounts recovered		12 mths to 30/6/09	12 mths to 30/6/08
	Specific		Specific			
	Writeoffs	Others	A	B		
A. Debt securities	—	—	—	—	—	—
B. Equities	—	(179,114)	—	—	(179,114)	(7,503)
C. OICR units	—	—	—	—	—	—
D. Loans and advances to banks	—	—	—	—	—	—
E. Loans and advances to customers	—	—	—	—	—	—
F. Total	—	(179,114)	—	—	(179,114)	(7,503)

Legend

A = interest

B = other amounts recovered

8.4 Adjustments for impairment to other financial transactions: composition

Transactions/Income-linked components	Value adjustments			Amounts recovered				12 mths to 30/6/09	12 mths to 30/6/08
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Guarantees given	—	(32,505)	(13,903)	—	—	—	503	(45,905)	—
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments	—	—	(15,145)	—	—	—	3,207	(11,938)	—
D. Other transactions	—	—	—	—	—	—	—	—	—
E. Total	—	(32,505)	(29,048)	—	—	—	3,710	(57,843)	—

Legend

A = interest

B = other amounts recovered

Section 9

Heading 150: Administrative expenses

9.1 Personnel costs

Type of expense/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
1. Employees	(172,879)	(147,772)
a) wages and salaries	(122,663)	(101,346)
b) social security contributions	(24,146)	(23,687)
c) severance indemnities	—	—
d) pension contributions	—	—
e) transfers to severance indemnity provisions	(4,877)	(6,094)
f) transfers to post-employment and similar benefits provisions:	—	—
– defined contribution	—	—
– defined benefit	—	—
g) amounts paid to external complementary pension schemes:	(5,143)	(5,705)
– defined contribution	—	—
– defined benefit	(5,143)	(5,705)
h) expenses incurred in connection with share payment schemes	(12,313)	(8,763)
i) other staff benefits	(1,748)	(2,177)
l) expenses incurred in connection with staff retiring	(1,989)	—
2. Other staff	(5,376)	(4,343)
3. Board members	(7,972)	(7,907)
Total	(186,227)	(160,022)

9.2 Average number of staff by category

	12 mths to 30/6/09	12 mths to 30/6/08
Employees:		
a) Senior executives	106	88
b) Executives	302	278
<i>of which grade 3 and 4</i>	<i>197</i>	<i>179</i>
c) Other employees	144	134
Other staff	53	48
Total	605	548

9.5 Other administrative expenses

	12 mths to 30/6/09	12 mths to 30/6/08
OTHER ADMINISTRATIVE EXPENSES		
– legal, tax and professional services	(20,576)	(21,860)
– loan recovery activity	—	—
– marketing and communications	(5,718)	(5,503)
– property	(5,454)	(4,019)
– EDP	(15,745)	(15,408)
– info provider	(10,185)	(8,142)
– bank charges, collection and payment fees	(3,891)	(4,839)
– operating expenses	(6,102)	(5,823)
– other staff expenses	(3,209)	(2,890)
– other costs	(9,683)	(11,401)
– indirect and other taxes	(3,910)	(6,721)
Total other administrative expenses	(84,473)	(86,606)

Section 11

Heading 170: Net adjustments to tangible assets

11.1 Net adjustments to tangible assets

Assets/Income elements	Depreciation	Value adjustments for impairment	Amounts recovered	Net result
A. Tangible assets				
A.1 Owned	(3,004)	—	—	(3,004)
– core	(2,607)	—	—	(2,607)
– for investment purposes	(397)	—	—	(397)
A.2 Acquired under finance leases	—	—	—	—
– core	—	—	—	—
– for investment purposes	—	—	—	—
Total	(3,004)	—	—	(3,004)

Section 12

Heading 180: Net adjustments to intangible assets

12.1 Net adjustments to intangible assets

Assets/Income elements	Amortization	Value adjustments for impairment	Amounts recovered	Net result
A. Intangible assets				
A.1 Owned	(2,749)	—	—	(2,749)
– software	(2,749)	—	—	(2,749)
– other	—	—	—	—
A.2 Goodwill	—	—	—	—
Total	(2,749)	—	—	(2,749)

Section 13

Heading 130: Other operating income (expense)

13.1 Other operating expense: composition

Income-based components/Values	12 mths to 30/6/09	12 mths to 30/6/08
a) Leasing activity	—	—
d) Sundry costs and expenses	(760)	(3,882)
Total	(760)	(3,882)

13.2 Other operating income: composition

Income-based components/Values	12 mths to 30/6/09	12 mths to 30/6/08
a) Amounts recovered from customers	2,861	511
b) Other income	11,212	12,923
Total	14,073	13,434

Section 14

Heading 210: Gains (losses) on equity investments

14.1 Gains (losses) on equity investments: composition

Income-based components/Values	12 mths to 30/6/09	12 mths to 30/6/08
A. Income	—	—
1. Revaluations	—	—
2. Gains on disposals	—	—
3. Amounts recovered	—	—
4. Other increases	—	—
B. Expenses	(236,831)	—
1. Writedowns	—	—
2. Adjustments for impairment	(236,831)	—
3. Losses from disposals	—	—
4. Other reductions	—	—
Net income	(236,831)	—

Section 17

Heading 240: Net gain (loss) upon disposal of investments

17.1 Net gain (loss) upon disposal of investments

Income elements/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
A. Properties	—	—
– gains on disposals	—	—
– losses on disposals	—	—
B. Other assets	(17)	(82)
– gains on disposals	—	4
– losses on disposals	(17)	(86)
Net gain (loss)	(17)	(82)

Section 18

Heading 260: Income tax on ordinary activities

18.1 Income tax on ordinary activities

Income elements/Sectors	12 mths to 30/6/09	12 mths to 30/6/08
1. Current taxes	(154,181)	(170,000)
2. Changes in current taxes for previous financial years	—	—
3. Reductions in current tax for the period	—	—
4. Changes in advance tax	(16,844)	(9,537)
5. Changes in deferred tax	37,025	107,453
Income tax for the year	(134,000)	(72,084)

18.2 Reconciliation between theoretical and effective tax burden

	12 mths to 30/6/09	
	% values	Absolute values
Profit before tax	100.00%	154,808
Theoretical tax rate applicable	27.50%	—
Theoretical taxes	-27.50%	(42,572)
Dividends (-)	7.51%	11,619
Gains on disposals of equity investments (PEX) (-)	26.68%	41,296
Gains on equity-accounted investments (-)	—	—
Changes in deferred tax for previous years (-)	—	—
Different tax rates (non-Italian companies) (-)	—	—
10% deductibility for IRAP (-)	0.76%	1,176
Interest on exempt securities (-)	1.23%	1,909
Tax losses (-)	—	—
Tax sparing credit	6.36%	9,841
Non-deductible interest expense 3% (+)	-9.20%	(14,236)
Benefit from tax consolidation (-)	—	—
Impairment (+/-)	-73.89%	(114,383)
Other changes	3.95%	6,118
TOTAL ITALIAN CORPORATE INCOME TAX (IRES)	-64.10%	(99,232)
ITALIAN REGIONAL PRODUCTION TAX (IRAP)	-22.46%	(34,768)
TOTAL FOR HEADING ¹	-86.56%	(134,000)

¹ Compared with a tax rate of 10.38% for the previous year.

Section 21

Earnings per share

21.1 Average number of ordinary shares on a diluted basis

	12 mths to 2008/09	12 mths to 2007/08
Net profit	20,808	622,579
Avg. no. of shares in issue	803,855,665	812,304,621
Avg. no. of potentially diluted shares	25,985,750	5,850,794
Avg. no. of diluted shares	829,841,415	818,155,415
Earnings per share	0.03	0.77
Earnings per share, diluted	0.03	0.76

PART E - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

Section 1

Credit risk

QUALITATIVE INFORMATION

Basel II project

In compliance with the Basel II New Capital Accord transposed into the Italian regulatory framework under Bank of Italy circular no. 263 issued on 27 December 2006 (“New regulations on capital requirements for banks”), the Mediobanca Group has set itself the objective of measuring credit risk using internal models.

A specific project has therefore been launched with a view to obtaining ratification by the Bank of Italy of the internal rating models to be used in calculating the capital requirements for credit risk starting from the 2010/11 financial year. The Group has used standardized methodology since 1 January 2008 and will continue to do so until ratification is obtained.

The internal rating models regard the following customer segments: Banks, Large corporate, Specialized lending and Mid corporate. In addition, a plan is being implemented to comply with the experience requirement for the models to be ratified, which will involve the existing procedures for approving, monitoring and renewing loans (described in Section 1 hereunder) being gradually revised to incorporate the risk parameters calculated via the internal models developed.

1. General issues

The Bank's internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions are based on individual analysis, which builds on adequate and often extensive knowledge of the borrower's business, assets and management, as well as the macro-economic framework in which it operates. Where possible, covenants are incorporated into the terms and conditions of the loan (having regard *inter alia* to the maturity and average size of the facilities concerned) in order to provide for protection against impairment. Applications for finance are processed through the different operating levels, and, if successful, are submitted for approval to the relevant bodies, i.e. the Risks Committee and Executive Committee, depending on the amount required and the credit rating of the counterparty involved, including both internal and external ratings. Once the finance has been disbursed the account is monitored on an ongoing basis, via analysis of published financial statements and a series of other controls to ensure that the covenants have not been breached. Any deterioration in the risk profile of a loan is brought swiftly to the attention of head of the operating unit and the Bank's management.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Impaired and performing accounts: amounts, value adjustments, trends, segmentation by performance and geography

A.1.1 Financial assets by portfolio/credit quality (book value)

Portfolio/Quality	Non-performing	Potential problem	Restructured	Overdue	Other assets	Total
1. Financial assets held for trading	—	—	—	—	11,596,966	11,596,966
2. AFS securities	—	—	—	—	4,330,945	4,330,945
3. Financial assets held to maturity	—	—	—	—	573,633	573,633
4. Due from banks	127	—	—	—	8,470,034	8,470,161
5. Due from customers	—	148,353	—	—	28,248,783	28,397,136
6. Financial assets recognized at fair value	—	—	—	—	—	—
7. Financial assets being sold	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	1,762,353	1,762,353
Total at 30/6/09	127	148,353	—	—	54,982,714	55,131,194
Total at 30/6/08	127	—	—	—	47,406,333	47,406,460

A.1.2 Financial assets by portfolio/credit quality (gross/net values)

Portfolio/Quality	Impaired assets				Other assets			Total
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Financial assets held for trading	—	—	—	—	X	X	11,596,966	11,596,966
2. AFS securities	—	—	—	—	4,330,945	—	4,330,945	4,330,945
3. Financial assets held to maturity	—	—	—	—	573,633	—	573,633	573,633
4. Due from banks	127	—	—	127	8,472,639	(2,605)	8,470,034	8,470,161
5. Due from customers	173,620	(25,267)	—	148,353	28,362,669	(113,886)	28,248,783	28,397,136
6. Financial assets recognized at fair value	—	—	—	—	X	X	—	—
7. Financial assets being sold	—	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	X	X	1,762,353	1,762,353
Total at 30/6/09	173,747	(25,267)	—	148,480	41,739,886	(116,491)	54,982,714	55,131,194
Total at 30/6/08	127	—	—	127	35,610,019	(48,915)	47,406,333	47,406,460

A.1.3 Cash and off-balance-sheet exposures: gross/net values

Type of exposure/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	127	—	—	127
b) Potential problem	—	—	—	—
c) Restructured	—	—	—	—
d) Overdue	—	—	—	—
ef) Other assets	11,714,838	—	(2,605)	11,712,233
Total A	11,714,965	—	(2,605)	11,712,360
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	—	—	—	—
b) Other assets	25,696,705	—	—	25,696,705
Total B	25,696,705	—	—	25,696,705

A.1.4 Cash exposures to banks: trends in gross impaired positions and accounts subject to country risk

Description/Category	Non-performing	Potential problem	Restructured	Overdue
A. Gross exposure at start of period	127	—	—	—
<i>of which: accounts sold but not derecognized</i>	—	—	—	—
B. Additions	—	—	—	—
B.1 transfers from performing loans	—	—	—	—
B.2 transfers from other categories of impaired assets	—	—	—	—
B.3 other additions	—	—	—	—
C. Reductions	—	—	—	—
C.1 transfers to performing loans	—	—	—	—
C.2 amounts written off	—	—	—	—
C.3 amounts collected	—	—	—	—
C.4 gains realized on disposals	—	—	—	—
C.5 transfers to other categories of impaired assets	—	—	—	—
C.6 other reductions	—	—	—	—
D. Gross exposure at end of period	127	—	—	—
<i>of which: accounts sold but not derecognized</i>	—	—	—	—

A.1.6 Cash and off-balance-sheet exposures to customers: gross/net values

Type of exposure/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	11,472	(11,472)	—	—
b) Potential problem	162,148	(13,795)	—	148,353
c) Restructured	—	—	—	—
d) Overdue	—	—	—	—
e) Other assets	38,590,727	—	(113,886)	38,476,841
Total A	38,764,347	(25,267)	(113,886)	38,625,194
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	229,616	(36,078)	—	193,538
b) Other assets	36,611,223	—	—	36,611,223
Total B	36,840,839	(36,078)	—	36,804,761

A.1.7 Cash exposures to customers: trends in gross impaired positions/accounts subject to country risk

Description/Category	Non-performing	Potential problem	Restructured	Overdue
A. Gross exposure at start of period	—	—	—	—
<i>of which: accounts sold but not derecognized</i>	—	—	—	—
B. Additions	11,472	162,148	—	—
B.1 transfers from performing loans	—	162,148	—	—
B.2 transfers from other categories of impaired assets	—	—	—	—
B.3 other additions	11,472	—	—	—
C. Reductions	—	—	—	—
C.1 transfers to performing loans	—	—	—	—
C.2 amounts written off	—	—	—	—
C.3 amounts collected	—	—	—	—
C.4 gains realized on disposals	—	—	—	—
C.5 transfers to other categories of impaired assets	—	—	—	—
C.6 other reductions	—	—	—	—
D. Gross exposure at end of period	11,472	162,148	—	—
<i>of which: accounts sold but not derecognized</i>	—	—	—	—

A.1.8 Cash exposures to customers: trends in value adjustments

Description/Category	Non-performing	Potential problem	Restructured	Overdue
A. Adjustments at start of period	—	—	—	—
<i>of which: accounts sold but not derecognized</i>	—	—	—	—
B. Additions	(11,472)	(13,795)	—	—
B.1 value adjustments	—	(7,728)	—	—
B.2 transfers from other categories of impaired assets	—	(1,717)	—	—
B.3 other additions	(11,472)	(4,350)	—	—
C. Reductions	—	—	—	—
C.1 writebacks based on valuations	—	—	—	—
C.2 writebacks due to amounts collected	—	—	—	—
C.3 amounts written off	—	—	—	—
C.4 transfers to other categories of impaired assets	—	—	—	—
C.5 other reductions	—	—	—	—
D. Adjustments at end of period	(11,472)	(13,795)	—	—
<i>of which: accounts sold but not derecognized</i>	—	—	—	—

A.2 Exposures by internal and external ratings

A.2.1 Cash and off-balance-sheet exposures by external rating category

	External rating category		Unrated
	Investment grade	Speculative grade	
A. Cash exposures	77.91%	9.33%	12.76%
B. Other exposures	79.78%	8.21%	12.01%

A.3 Secured exposures by type of security

A.3.1 Secured cash exposures to banks and customers

	Amount	Real guarantees (1)			Personal guarantees (2)								Total (1) + (2)	
		Properties	Securities	Other assets	Credit derivatives				Endorsements					
					Governments	Other public agencies	Banks	Others	Governments	Other public agencies	Banks	Others		
1. Secured exposures to banks:														
1.1 completely secured	167,379	—	—	—	—	—	—	—	—	—	170,391	402	179,931	350,724
1.2 partly secured	80,397	—	—	—	—	—	—	—	—	—	—	—	76,258	76,258
2. Secured exposures to customers:														
2.1 completely secured	2,722,567	1,417,618	1,161,733	8,495	—	—	—	—	—	—	—	8,254	2,832,486	5,428,586
2.2 partly secured	1,622,303	—	539,608	3,705	—	—	—	—	—	—	—	43,053	25,992	612,358

B. Loan distribution and concentration

B.1 Cash and off-balance-sheet exposure to customers by sector

	Governments and Central Banks	Other Public agencies	Financial companies	Insurances	Non-financial undertakings	Other entities
A. Cash exposures						
A.1 Non-performing						
Gross exposure	—	—	11,472	—	—	—
Value adjustments to gross exposure	—	—	(11,472)	—	—	—
Value adjustments to portfolio	—	—	—	—	—	—
Net exposure	—	—	—	—	—	—
A.2 Potential problem						
Gross exposure	—	—	—	—	162,148	—
Value adjustments to gross exposure	—	—	—	—	(13,795)	—
Value adjustments to portfolio	—	—	—	—	—	—
Net exposure	—	—	—	—	148,353	—
A.3 Restructured						
Gross exposure	—	—	—	—	—	—
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	—	—	—	—	—	—
Net exposure	—	—	—	—	—	—
A.4 Overdue						
Gross exposure	—	—	—	—	—	—
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	—	—	—	—	—	—
Net exposure	—	—	—	—	—	—
A.5 Other exposures						
Gross exposure	5,938,382	167,696	17,499,024	2,423,415	12,322,502	239,709
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	(22)	—	(23,993)	(1,044)	(88,738)	(90)
Net exposure	5,938,360	167,696	17,475,031	2,422,371	12,233,764	239,619
Total A						
Gross exposure	5,938,382	167,696	17,510,496	2,423,415	12,484,650	239,709
Value adjustments to gross exposure	—	—	(11,472)	—	(13,795)	—
Value adjustments to portfolio	(22)	—	(23,993)	(1,044)	(88,738)	(90)
Net exposure	5,938,360	167,696	17,475,031	2,422,371	12,382,117	239,619
B. Off-balance sheet exposures						
B.4 Other exposures						
Gross exposure	462,960	3,819	21,965,226	267,370	13,911,628	220
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	—	—	—	—	—	—
Net exposure	462,960	3,819	21,965,226	267,370	13,911,628	220
Total 30/6/09:						
Gross exposure	6,401,342	171,515	39,475,722	2,690,785	26,396,278	239,929
Value adjustments to gross exposure	—	—	(11,472)	—	(13,795)	—
Value adjustments to portfolio	(22)	—	(23,993)	(1,044)	(88,738)	(90)
Net exposure	6,401,320	171,515	39,440,257	2,689,741	26,293,745	239,839
Total 30/6/08:	4,823,325	160,198	17,367,916	2,908,398	22,087,668	280,799

B.3 Cash and off-balance-sheet exposures to customers by geography (book value)

Exposure/Geographical areas	Italy		Other European countries		United States		Asia		Rest of world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Cash exposures										
A.1 Non-performing	—	—	11,472	—	—	—	—	—	—	—
A.2 Potential problem	162,148	148,353	—	—	—	—	—	—	—	—
A.3 Restructured	—	—	—	—	—	—	—	—	—	—
A.4 Overdue	—	—	—	—	—	—	—	—	—	—
A.5 Other exposures	28,642,993	28,563,637	8,844,162	8,810,157	1,014,968	1,014,476	37,472	37,439	51,132	51,132
Total A	28,805,141	28,711,990	8,855,634	8,810,157	1,014,968	1,014,476	37,472	37,439	51,132	51,132
B) Off-balance-sheet exposures										
B.1 Non-performing	—	—	—	—	—	—	—	—	—	—
B.2 Potential problem	121,616	103,538	108,000	90,000	—	—	—	—	—	—
B.3 Other impaired assets	—	—	—	—	—	—	—	—	—	—
B.4 Other exposures	29,972,654	29,972,654	6,404,410	6,404,410	234,159	234,159	—	—	—	—
Total B	30,094,270	30,076,192	6,512,410	6,494,410	234,159	234,159	—	—	—	—
Total at 30/6/09	58,899,411	58,788,182	15,368,044	15,304,567	1,249,127	1,248,635	37,472	37,439	51,132	51,132
Total at 30/6/08	30,460,695	30,427,804	15,937,453	15,925,084	1,247,323	1,246,770	19,032	19,006	9,641	9,641

B.4 Cash and off-balance-sheet exposures to banks by geography (book value)

Exposure/Geographical areas	Italy		Other European countries		United States		Asia		Rest of world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Cash exposures										
A.1 Non-performing	—	—	127	127	—	—	—	—	—	—
A.2 Potential problem	—	—	—	—	—	—	—	—	—	—
A.3 Restructured	—	—	—	—	—	—	—	—	—	—
A.4 Overdue	—	—	—	—	—	—	—	—	—	—
A.5 Other exposures	4,909,666	4,909,576	6,527,223	6,527,139	121,547	121,547	155,907	153,476	495	495
Total A	4,909,666	4,909,576	6,527,350	6,527,266	121,547	121,547	155,907	153,476	495	495
B) Off-balance-sheet exposures										
B.1 Non-performing	—	—	—	—	—	—	—	—	—	—
B.2 Potential problem	—	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	—	—	—	—	—	—	—	—	—	—
B.4 Other exposures	2,810,306	2,810,306	21,498,840	21,498,840	161,968	161,968	1,125,591	1,125,591	100,000	100,000
Total B	2,810,306	2,810,306	21,498,840	21,498,840	161,968	161,968	1,125,591	1,125,591	100,000	100,000
Total at 30/6/09	7,719,972	7,719,882	28,026,190	28,026,106	283,515	283,515	1,281,498	1,279,067	100,495	100,495
Total at 30/6/08	9,047,997	9,047,838	29,084,126	29,084,022	113,145	113,145	1,193,335	1,190,523	100,000	100,000

B.5 Large risks

	30/6/09	30/6/08
a) Overall weighted amount	13,747,033	14,950,926
b) No. of exposures	16	18

Leveraged finance transactions

This term is used to describe lending transactions to special purpose vehicle companies set up by private equity funds to acquire target companies with promising growth prospects, low debt levels and stable cash flow over time. Activity in this area reduced in the year under review, with volumes declining to €2.6bn, from €2.9bn in the twelve months ended 30 June 2008. Such transactions have a sub-investment-grade rating, a non-recourse contractual structure, and borrowing is commensurate with future cash flow levels. The purpose of such transactions is never for Mediobanca to acquire target companies, as the majority stakes are held by the private equity funds themselves.

As at 30 June 2009, deals of this nature amounted to €2,658m, down slightly on the €2,727m recorded one year previously, representing approx. 14.25% of the entire loan book, slightly under half of which in relation to domestic transactions, with the remainder for deals within the confines of the Eurozone.

During the twelve months, two accounts worth a total of €275m showed signs of financial difficulties, chiefly due to the liquidity crisis. Debt restructuring activities were launched promptly, and are progressing towards a swift resolution.

C. Securitizations and asset disposals

C.1 Securitizations

Qualitative information

In addition to its traditional activity as sponsor and lead manager, Mediobanca also invests in securities originating from securitizations by other issuers. As at the reporting date these totalled €544.1m (30/6/08: €677.4m) involved repayments totalling €164m, purchases and disposals worth €35m and downward adjustments as at the reporting date amounting to €3.8m. The Kimono and Scip issues were repaid during the year, the former involving healthcare receivables for the Lazio region, the latter with state-owned properties as the underlying assets. The share represented by Group company issuance (by Quarzo and Jump) fell from €70.5m to €63m.

On 30 September 2009, following an exemption granted under IAS 39, €322.7m of securities previously been recognized as assets held for trading (€211m) and available for sale (€111.7m) were reclassified as assets stated at amortized cost based on their fair value as at 1 July 2008. Interest income of €1.9m was released to the profit and loss account during the year in connection with the valuation reserves from previous years, while the implicit loss on these securities calculated on the basis of market prices (although these are still unreliable) would be €47.2m.

Holdings in junior and mezzanine tranches are limited, and involve one securitization of mortgage receivables (Bpm Securitisation Srl), plus one exposure to a leading leasing group (Locat).

Mediobanca does not have on its books, and indeed never has had, any credit exposures backed by US subprime or Alt-A (Alternative – A, i.e. positions with underlying mortgages featuring incomplete documentation that does not allow them to be classified). Neither does it have any exposures to monoline insurers, i.e. insurance companies specializing in covering default risk on public and corporate bond issues with the exception of one credit default swap worth a nominal USD 30m entered into with MBIA (Municipal Bond Insurance Association), with a negative fair value of €2.3m (minus €3.4m as at 30 June 2008). The recent market turbulence has affected the entire ABS bonds sector, leading to a sharp reduction in prices owing to the lack of underlying liquidity. Nonetheless, the credit quality of the securities owned by the Mediobanca Group has shown no signs of deterioration. Moreover, the majority of the securities (over 60%) is eligible for financing transactions with the European Central Bank. Overall the portfolio was written down as to €3.8m, representing the difference between €4.3m taken directly to the profit and loss account, and €0.5m in higher net equity reserves. These valuations have been made based on prices supplied by the leading financial information providers, i.e. Reuters, Bloomberg and Mark-it, giving priority to marked-to-market data rather than fair value models (which have been used only for certain unlisted positions), and for the most part made using a pricing model supplied by the main rating agencies. To this should be added the implicit losses of €47.2m on the transferred securities referred to above, which have suffered most from the lack of liquidity on the market.

Virtually the entire portfolio includes securities with domestic underlying assets, and is concentrated chiefly on three main sectors: mortgage lending (approx. 50%), state-owned properties (approx. 20%), and leasing receivables (approx. 10%). The other deals involve securitizations of corporate receivables (Entasi – Capitalia) and synthetic securities (ELM and Alpha Sires).

Approx. 70% of the portfolio has a rating consistent with securities of high credit standing attributed by at least one of the three leading credit rating

agencies (Standard&Poors, Moody's and Fitch). During the period under review no particular action was taken by any of the rating agencies, reflecting the solidity and the conservative nature of these transactions which have always been a feature of the Italian domestic market.

The only positions which are either unrated or which have non-performing assets underlying them are in deals where Mediobanca played an active role in the securitization, e.g. as sponsor, manager, etc.

Now the crisis of confidence brought about by the collapse of Lehman Brothers has passed, which led to prices recording all-time lows in the second half of 2008, the first half of 2009 has seen an upturn in prices, boosted by the reduction in forced selling (linked to changes in accounting rules of transfers between portfolios) and by buyback schemes instituted by the leading issuers. These factors have offset the widespread decline in underlying assets in terms of delinquency and default rates. The Italian ABS segment, which has always shown high returns and low risk levels, has derived extra benefit from this scenario, especially issues of high standing for which a kind of "scarcity effect" has been created, partly due to the shortage of new securitizations on the primary market.

The main individual areas of activity underlying the securities held by the Group performed as follows during the twelve months under review:

- mortgage loans on Italian properties: these continue to be among the best in Europe due to the defensive nature of the collateral in the portfolios, with house prices retreating only slightly. The reduction in interest rates may also help an improvement in default and delinquency rates in the next few quarters. Transactions have continued to meet repayment schedules, albeit with a slight year-on-year reduction in the level of prepayment. Even the extraordinary event of the earthquake in Abruzzo seems to have been overcome through geographical diversification of the properties underlying the issues;
- Italian state-owned properties: this sector too was helped by the resilience of the Italian domestic property market, which, along with the Ministry for the Economy and Finance's standing, have enabled the value of the underlying assets to remain virtually unchanged. The FIP Fund showed a slowdown in sales, which are at 40% compared to the business plan, and this has had an impact on market prices, but the value of the portfolio continues to be stable;
- leasing receivables: the Italian leasing market too is relatively unscathed, although some deals (e.g. Locat 2006) have experienced particularly high levels of delinquency in the last quarter; but even this indicator should improve in the future, due to the moratorium on loans to small and medium-sized enterprises which the Italian government and Italian Bankers' Association (ABI) recently signed.

Quantitative information

C.1.1 Exposures deriving from securitizations by underlying asset

Type of underlying asset/Exposures	Cash exposure ¹					
	Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Using own underlying assets	—	—	—	—	—	—
a) Impaired	—	—	—	—	—	—
b) Other	—	—	—	—	—	—
B) Using customers' underlying assets	535,282	535,282	4,557	4,557	4,306	4,306
a) Impaired	223,008	223,008	—	—	—	—
b) Other	312,274	312,274	4,557	4,557	4,306	4,306
Total at 30/6/09	535,282	535,282	4,557	4,557	4,306	4,306

¹ Includes a €123.2m commitment to subscribe for the Zeus F97-25 A FRN issue and a refinancing credit line to Island in an amount of €30.3m.

C.1.3 Exposures deriving from main customer securitizations by asset type/exposure

	Cash exposures ¹					
	Senior		Mezzanine		Junior	
	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks
A. Mortgage loans on property						
A.1 Zeus F07-25 A FRN IT0004306186 (NPL)	78,176	—	—	—	—	—
A.2 Island REF-25 A FRN IT0004293558 (NPL)	69,400	—	—	—	—	—
A.3 Tower Fin. float Nov27 IT0004386683 (NPL)	35,089	—	—	—	—	—
A.4 Velah 4 A2 Immob.res IT0004102007	26,514	—	—	—	—	—
A.5 Cordusio -33 A2 FRN IT0003844948	6,849	(92)	—	—	—	—
A.6 Cordusio 3 06-42 TV A2 IT0004144892	5,355	(398)	—	—	—	—
A.7 Others	5,346	131	4,557	483	630	(681)
TOTAL A Mortgage loans on property	226,729	(359)	4,557	483	630	(681)
B. State-owned properties						
B.1 Fip Fund-23 A2 FRN IT0003872774	100,423	—	—	—	—	—
TOTAL B State-owned properties	100,423	—	—	—	—	—
C. Leasing receivables						
C.1 Agri 2006-1 A1 IT0004137409	—	—	—	—	—	—
C.2 Locat MTGE 04-24 FLT IT0003733083	10,531	(238)	—	—	—	—
C.3 Locat 12/12/2028 IT0004153679	17,851	(559)	—	—	—	—
C.4 Locat 2 CLASS B FRN IT0003733091	—	—	—	—	3,676	(1,408)
C.5 SPLIT 2-18 A FRN IT0003763882	5,745	(81)	—	—	—	—
C.6 Italfinance 07-26 TV IT0004197254	6,583	(600)	—	—	—	—
C.7 Others	44	1	—	—	—	—
TOTAL C Leasing receivables	40,754	(1,477)	—	—	3,676	(1,408)
D. Other receivables						
D.1 Entasi Srl 17/01/2013 IT0003142996	40,344	—	—	—	—	—
D.2 Alpha Sires 18/12/2009 XS0140068189	33,860	591	—	—	—	—
D.3 ELM BB.V. FL XS0247902587	29,632	—	—	—	—	—
D.4 Others	556	(29)	—	—	—	—
TOTAL D Other receivables	104,392	562	—	—	—	—
E. Own securitizations						
E.1 Quarzo-13 CL1 FRN	15,012	(1)	—	—	—	—
E.2 Jump-05/26 A FRN	38,878	(479)	—	—	—	—
E.3 Jump 2 – 06 A IT0004125636	9,094	(432)	—	—	—	—
TOTAL E Own securitizations	62,984	(912)	—	—	—	—
Total at 30/6/09	535,282	(2,186)	4,557	483	4,306	(2,089)
Total at 30/6/08	650,487	(23,762)	2,485	(529)	24,494	(749)

¹ Includes a €123.2m commitment to subscribe for the Zeus F97-25 A FRN issue and a refinancing credit line to Island in an amount of €30.3m.

C.1.4 Exposures to securitizations by asset/portfolio type

Exposure/Portfolio	Held for trading	Recognized at fair value	Available for sale	Held to maturity	Loans and advances	30 giugno 2009	30 giugno 2008
1. Cash exposures	130,708	—	33,860	29,632	349,945	544,145	677,466
- Senior	121,845	—	33,860	29,632	349,945	535,282	650,487
- Mezzanine	4,557	—	—	—	—	4,557	2,485
- Junior	4,306	—	—	—	—	4,306	24,494
2. Off-balance-sheet exposures	—	—	—	—	153,475	153,475	—
- Senior	—	—	—	—	153,475	153,475	—
- Mezzanine	—	—	—	—	—	—	—
- Junior	—	—	—	—	—	—	—
Total at 30/6/09	130,708	—	33,860	29,632	503,420	697,620	677,466

C.1.5 Total amount of securitized assets underlying junior securities or other forms of financing

Assets/Amounts	Traditional securitizations	Synthetic securitizations
A. Own underlying assets:		
A.1 Fully derecognized	—	X
1. Non-performing	—	X
2. Potential problem	—	X
3. Restructured	—	X
4. Overdue	—	X
5. Other assets	—	X
A.2 Partly derecognized	—	X
1. Non-performing	—	X
2. Potential problem	—	X
3. Restructured	—	X
4. Overdue	—	X
5. Other assets	—	—
A.3 Not derecognized	—	—
1. Non-performing	—	—
2. Potential problem	—	—
3. Restructured	—	—
4. Overdue	—	—
5. Other assets	—	—
B. Customer underlying assets:		
B.1 Non-performing	—	—
B.2 Potential problem	—	—
B.3 Restructured	—	—
B.4 Overdue	—	—
B.5 Other assets	4,306	—
Total at 30/6/09	4,306	—

C.2 Asset disposals

C.2.1 Financial assets sold but not derecognized

Type/Portfolio	Financial assets held for trading	AFS securities	Financial assets held to maturity	Due from banks	Due from customers	Total
	Financial assets sold and fully recognized (book value)					
A. Cash assets						
1. Debt securities	1,495,075	—	—	1,338,548	—	2,833,623
2. Equities	—	—	—	—	—	—
3. OICR units	—	—	—	—	—	—
4. Loans and advances	—	—	—	—	—	—
5. Impaired assets	—	—	—	—	—	—
B. Derivative products	—	—	—	—	—	—
Total at 30/6/09	1,495,075	—	—	1,338,548	—	2,833,623
Total at 30/6/08	730,693	—	3,710	1,740,840	115,168	2,590,411

C.2.2 Financial liabilities in respect of financial assets sold but not derecognized

Liabilities/Assets portfolios	Financial assets held for trading	AFS securities	Financial assets held to maturity	Due from banks	Due from customers	Total
1. Cash assets	1,451,497	—	—	—	—	1,451,497
a) in respect of fully recognized assets	1,451,497	—	—	—	—	1,451,497
b) in respect of partly recognized assets	—	—	—	—	—	—
2. Due to banks	43,578	—	—	1,338,548	—	1,382,126
a) in respect of fully recognized assets	43,578	—	—	1,338,548	—	1,382,126
b) in respect of partly recognized assets	—	—	—	—	—	—
Total at 30/6/09	1,495,075	—	—	1,338,548	—	2,833,623
Total at 30/6/08	730,693	—	3,710	1,740,840	115,168	2,590,411

Section 2

Market risk

2.1 INTEREST RATE RISK - TRADING BOOK

QUALITATIVE INFORMATION

Mediobanca uses a risk management system that monitors market risk in general, and interest rate risk on the trading book in particular, on a daily basis. The system calculates sensitivity to movements in the interest rate curve, and value at risk (VaR).¹ VaR is measured for the Bank's entire asset structure, i.e. both trading and banking books. Such global measurement is made possible by concentrating all financial risks (i.e. share price fluctuations plus interest and exchange rate movements), including those relating to lending and funding activities, at the Bank's Financial Markets division. Interest rate risk for the trading book includes risks deriving from movements in market curves and those linked to the credit ratings of individual borrowers.

The authorization structure governing the Bank's operations is based on the VaR values for the various organizational units. This structure was updated to include the new activities launched recently under a Board resolution approved on 28 October 2008.

VaR is based on expected volatility and the correlation between risk factors concerned, and determines possible negative movements that may be expected as a result of market movements within a single trading day based on a 99% confidence level. VaR is calculated using the Monte Carlo and historical simulation methods, as well as the parametric method.² Historical simulation is also used to calculate the expected shortfall, which measures average loss in 1% of the most unfavourable scenarios. The main risk factors on which the analysis is based are exchange rates, share prices and interest rates, with the general market component separated from specific issuer risk. Inflation and volatility trends are also factored into to calculations of VaR.

In addition to these indicators, stress tests are also carried out on the main risk factors each week, to show the impact of historical crisis scenarios being repeated and of significant movements in the main market data on the Bank's risk positions.

¹ VaR: maximum potential loss over a specified time horizon.

² Determines portfolio value based on random and historical variations in risk factors respectively.

QUANTITATIVE INFORMATION

The extreme volatility which distinguished the 2008/2009 financial year impacted on the Bank's risk indicators as well, especially the interest rate component as a result of an increase in the size of the portfolio.

The VaR for the largest aggregate, which includes equities and debt securities classified as available for sale as well as the trading book, recorded an increase for the twelve months under review, to reach almost €35m (30/6/08: €24m). Unlike last year, when the increase was largely due to the higher equity markets contribution, the crisis which exploded following the collapse of Lehman Brothers affected the specific risk inherent in the debt security portfolio, leading the average value to triple. If share prices were by far the main source of risk in the 2007/2008 financial year, the twelve months under review saw the contribution of the interest rate component increase sharply, the average figure for which rose from just under €6m to over €12m.

Table 1 - Value at risk and expected shortfall of asset structure

Risk factors (€'000)	12 mths to 30/6/09				12 mths to 30/6/08
	30/6	Min.	Max.	Avg.	Avg.
Interest rates	8,053	2,877	21,898	12,282	5,769
- of which: specific risk	5,969	2,167	18,226	8,567	2,429
Share prices	18,282	10,444	52,862	26,269	24,004
Exchange rates	1,673	119	5,926	2,416	2,445
Diversification effect*	(4,793)	(2,246)	(12,426)	(6,215)	(8,231)
TOTAL	23,215	19,476	59,878	34,752	23,987
Expected shortfall	49,515	19,803	63,130	37,865	30,044

* Due to mismatches between risk factors.

An equilibrium was re-established between risk weightings, which was maintained until the year-end albeit at lower levels, due to strengthening of the bond portfolio undertaken with a view to broadening the potential sources of liquidity.

Analysis of VaR for the trading book (cf. Table 2) shows that the risk profiles of the various operating desks confirm the indications to emerge from the overall data:

- i) net growth in risk, with the average figure rising from €7.9m to over €12.4m;
- ii) the highest single contribution comes from interest rate risk, the measurement of which rose from €6.3m to €9.9m, again fuelled by specific risk. The other components were more stable: exchange rate risk stayed at just over €2m,

whereas share price risk increased from €4m to €4.4m, more due to the higher volatility levels than to an increase in exposure.

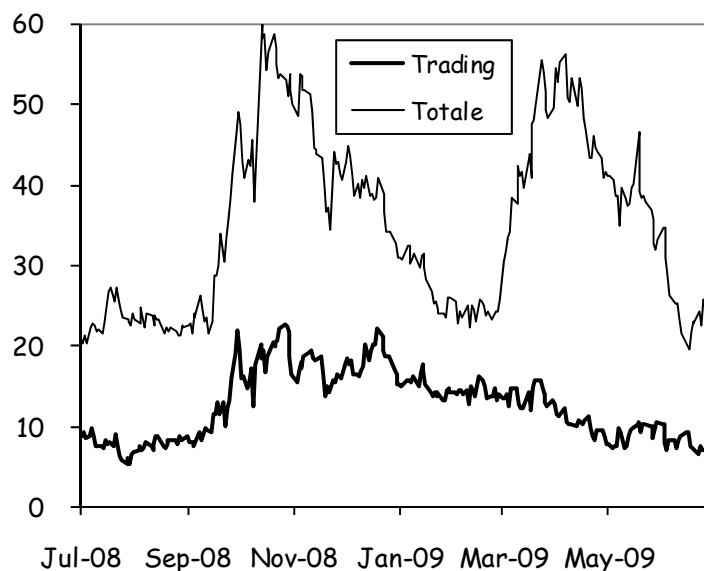
Table 2 - Value at risk and expected shortfall: trading book

Risk factors (€'000)	12 mths to 30/6/09				12 mths to 30/6/08
	30/6	Min.	Max.	Avg.	Avg.
Interest rates	5,840	2,437	18,340	9,909	6,347
- of which: specific risk	3,161	1,693	14,675	6,304	2,459
Share prices	1,887	1,347	13,956	4,412	4,092
Exchange rates	1,429	214	5,556	2,326	2,206
Diversification effect*.....	(2,519)	(1,152)	(9,922)	(4,207)	(4,761)
TOTAL	6,638	5,092	22,627	12,441	7,885
Expected shortfall	15,089	5,309	22,734	13,510	10,702

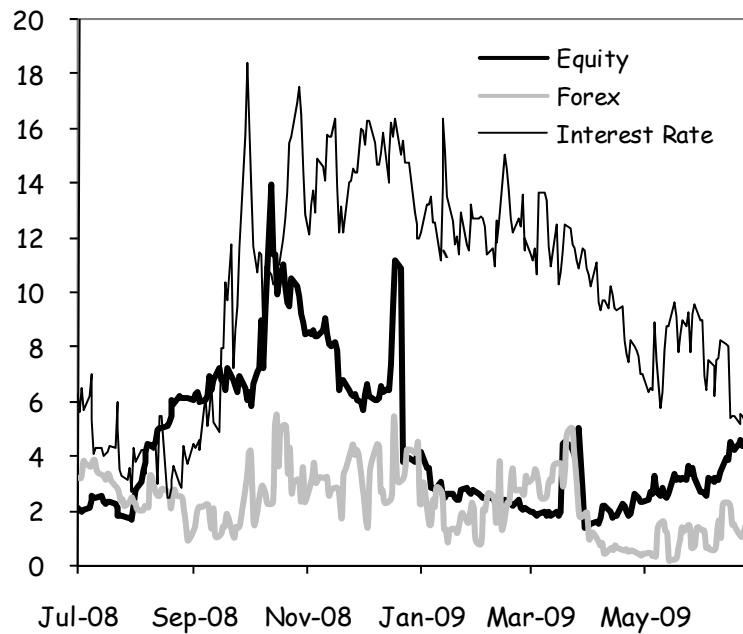
* Due to mismatches between risk factors.

However, by way of confirming the strong impact which the market crisis had on the figures for the year ending 30 June 2009, the sharp reduction in risk levels as at end-June should be noted, with VaR at just over €6.6m, and the various components at around half their average values.

Trends in VaR



Trends in VaR constituents



The effectiveness of VaR as a tool for managing risk is measured by means of daily back-testing, which is based on the calculation of implied profit and loss.³ Unlike last year, when the limit was breached four times, i.e. more than the theoretical level of two to three implied by a 99% VaR, this year only one breach was recorded, in October 2008, which coincided with the market being at its most volatile. This result, helped by the increase in VaR readings referred to above which in turn was the result of the high volatility, confirms the validity of this calculation methodology, and shows that there are virtually no risk factors that are uncovered.

³ Based on repricing the previous day's positions using data from the following business day, in order to eliminate intraday trading items.

2.1 INTEREST RATE RISK – REGULATORY TRADING BOOK

1. Regulatory trading book by outstanding maturity (repricing date) of cash assets and liabilities and financial derivative products

Currency of denomination: EURO

Type/Residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	378,772	1,914,217	1,264,119	1,532,572	1,150,045	516,826	779,772	—
1.1 Debt securities	378,772	1,914,217	1,264,119	1,532,572	1,150,045	516,826	779,772	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	378,772	1,914,217	1,264,119	1,532,572	1,150,045	516,826	779,772	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	3,859	18,538	7,568	130,915	157,983	97,831	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	3,859	18,538	7,568	130,915	157,983	97,831	—
3. Financial derivatives	2,233,264	65,087,511	30,412,681	17,914,110	35,934,726	21,718,804	9,654,651	—
3.1 With underlying securities	2,233,264	8,578,140	369,241	4,023,154	5,434,902	2,749,588	5,670,230	—
– Options	—	—	—	1,984,400	1,369,236	—	3,353,636	—
+ long positions	—	—	—	1,984,400	684,618	—	684,618	—
+ short positions	—	—	—	—	684,618	—	2,669,018	—
– Others	2,233,264	8,578,140	369,241	2,038,754	4,065,666	2,749,588	2,316,594	—
+ long positions	1,533,793	6,426,654	160,218	1,440,049	283,415	976,714	354,780	—
+ short positions	699,471	2,151,486	209,023	598,705	3,782,251	1,772,874	1,961,814	—
3.2 Without underlying securities	—	56,509,371	30,043,440	13,890,956	30,499,824	18,969,216	3,984,421	—
– Options	—	462,111	2,216,988	3,300,000	800,000	—	190,131	—
+ long positions	—	239,943	1,108,494	1,650,000	400,000	—	86,178	—
+ short positions	—	222,168	1,108,494	1,650,000	400,000	—	103,953	—
– Others	—	56,047,260	27,826,452	10,590,956	29,699,824	18,969,216	3,794,290	—
+ long positions	—	27,946,196	15,111,602	4,202,228	14,296,502	9,975,681	1,931,790	—
+ short positions	—	28,101,064	12,714,850	6,388,728	15,403,322	8,993,535	1,862,500	—

Currency of denomination: US DOLLARS

Type/Residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	16,773	29,236	1,266	96,349	292,193	22,220	—
1.1 Debt securities	—	16,773	29,236	1,266	96,349	292,193	22,220	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	16,773	29,236	1,266	96,349	292,193	22,220	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	—	3,765,940	308,062	2,682,893	418,384	549,737	—	—
3.1 With underlying securities	—	1,413	—	—	—	1,413	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	1,413	—	—	—	1,413	—	—
+ long positions	—	708	—	—	—	705	—	—
+ short positions	—	705	—	—	—	708	—	—
3.2 Without underlying securities	—	3,764,527	308,062	2,682,893	418,384	548,324	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	3,764,527	308,062	2,682,893	418,384	548,324	—	—
+ long positions	—	1,496,092	141,913	1,730,579	209,505	283,006	—	—
+ short positions	—	2,268,435	166,149	952,314	208,879	265,318	—	—

Currency of denomination: OTHERS

Type/Residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	11,377	96,810	174	82,428	1,072	—	—
1.1 Debt securities	—	11,377	96,810	174	82,428	1,072	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	11,377	96,810	174	82,428	1,072	—	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	9,172	1,230,994	193,276	—	219,980	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	9,172	1,230,994	193,276	—	219,980	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	9,172	1,230,994	193,276	—	219,980	—	—	—
+ long positions	4,586	542,756	104,922	—	174,447	—	—	—
+ short positions	4,586	688,238	88,354	—	45,533	—	—	—

2.2 INTEREST RATE RISK – BANKING BOOK

QUALITATIVE INFORMATION

Interest rate risk management for the banking book as well as the trading book being focused on the Bank's Financial Markets division allowed the liquidity crisis which exploded in the autumn of 2008 to be tackled effectively. The size of the trading book, which already served as a liquidity buffer, was strengthened during the course of the year, with bonds eligible for refinancing with the monetary authorities targeted in particular. However, this increased the mismatch between assets and liabilities on the banking book, accentuating the gap between an increase/decrease in interest rates on the banking book alone as opposed to the entire asset base.

Thus a 100 basis point increase in interest rates would generate a reduction of almost €78m in estimated net interest income from the banking book in the next twelve months. However, if trading securities are included, this would be virtually wiped out, with the reduction just €8.7m. This difference of approx. €70m is higher than the equivalent figure of €60m recorded at the same time last year, precisely due to the increase in the Group's proprietary debt security portfolio. The substantial linearity of Mediobanca's exposure to interest rates is borne out by the effects of the opposite scenario, where a 100 basis point reduction in interest rates leads to a gain of €77.5m on the banking book, which reduces to just €8.5m if all assets are included.

Hedging

Fair value hedges

Fair value hedges are used to neutralize exposure to interest rate or price risk for particular asset or liability positions, via derivative contracts entered into with leading counterparties. All structured bond issues are fair-value hedged as to the interest rate component, while index-linked issues are accounted for as part of the trading book. Fair value hedges are also used in corporate finance for certain bilateral, fixed-rate transactions and to mitigate price risk on equity investments held as available for sale.

Cash flow hedges

These are used chiefly as part of the Compass group's operations. The numerous, generally fixed-rate and relatively small-sized transactions are hedged by floating-rate deposits for large amounts. The hedge is made in order to transform floating-rate deposits into fixed rate positions by correlating the relevant cash flows. Mediobanca implemented some cash flow hedges of future transaction flows during the period under review (AFS securities disposals hedged through forward contracts).

Counterparty risk

This is measured in terms of expected potential market value, thus doing away with the need to set arbitrary weightings for each type of fund employed, and identifies a maximum potential exposure to groups of the Bank's counterparties based on a given confidence level and over a specific time horizon.

QUANTITATIVE INFORMATION

1. Banking book by outstanding maturity (repricing date) of cash assets and liabilities: EURO

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	6,486,896	19,574,898	4,551,148	1,824,124	2,033,258	619,074	565,560	964,711
1.1 Debt securities	—	776,511	49,829	351,035	1,207,633	603,794	561,653	776,506
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	776,511	49,829	351,035	1,207,633	603,794	561,653	776,506
1.2 Loans to banks	3,988,330	1,352,973	98,363	50,876	78,447	15,280	3,905	87,999
1.3 Loans to customers	2,498,566	17,445,414	4,402,956	1,422,213	747,178	—	2	100,206
– current accounts	7,478	—	—	—	—	—	2	—
– other loans	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	2,491,088	17,445,414	4,402,956	1,422,213	747,178	—	—	100,206
2. Cash liabilities	4,922,521	12,641,408	1,836,850	9,401,712	11,361,879	4,797,866	146,530	125,554
2.1 Due to customers	423,870	1,934,800	4,634	10,026	35	—	—	74,521
– current accounts	315,454	—	—	—	—	—	—	—
– other amounts due	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	108,416	1,934,800	4,634	10,026	35	—	—	74,521
2.2 Due to banks	3,883,480	1,915,662	122,850	—	551,715	—	26,265	50,974
– current accounts	3,263,555	—	—	—	—	—	—	—
– other amounts due	619,925	1,915,662	122,850	—	551,715	—	26,265	50,974
2.3 Debt securities	615,171	8,790,946	1,709,366	9,391,686	10,810,129	4,797,866	120,265	59
– with early repayment option	—	—	—	—	—	—	—	—
– others	615,171	8,790,946	1,709,366	9,391,686	10,810,129	4,797,866	120,265	59
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	10,000	27,611,898	5,667,388	11,376,552	9,699,862	2,131,958	742,750	—
3.1 With underlying securities	—	6,364	—	—	6,364	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	6,364	—	—	6,364	—	—	—
+ long positions	—	6,364	—	—	—	—	—	—
+ short positions	—	—	—	—	6,364	—	—	—
3.2 Without underlying securities	10,000	27,605,534	5,667,388	11,376,552	9,693,498	2,131,958	742,750	—
– Options	—	—	—	—	282,404	—	400,000	—
+ long positions	—	—	—	—	141,202	—	200,000	—
+ short positions	—	—	—	—	141,202	—	200,000	—
– Other derivatives	10,000	27,605,534	5,667,388	11,376,552	9,411,094	2,131,958	342,750	—
+ long positions	—	4,076,682	1,608,246	11,355,676	9,211,657	1,803,883	216,494	—
+ short positions	10,000	23,528,852	4,059,142	20,876	199,437	328,075	126,256	—

Currency of denomination: US DOLLARS

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	554,450	182,045	13,050	1,719	4,920	—	—	87
1.1 Debt securities	—	602	—	—	3,769	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	602	—	—	3,769	—	—	—
1.2 Loans to banks	552,897	56,442	3,808	69	—	—	—	—
1.3 Loans to customers	1,553	125,001	9,242	1,650	1,151	—	—	87
– current accounts	—	—	—	—	—	—	—	—
– other loans	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	1,553	125,001	9,242	1,650	1,151	—	—	87
2. Cash liabilities	56,610	156,009	54,184	3,148	7,075	11,209	—	132
2.1 Due to customers	5	—	—	—	—	—	—	103
– current accounts	5	—	—	—	—	—	—	—
– other amounts due	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	103
2.2 Due to banks	56,601	155,620	54,184	—	—	—	—	29
– current accounts	—	—	—	—	—	—	—	—
– other amounts due	56,601	155,620	54,184	—	—	—	—	29
2.3 Debt securities	4	389	—	3,148	7,075	11,209	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	4	389	—	3,148	7,075	11,209	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	20,720	—	3,148	17,536	35	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	20,720	—	3,148	17,536	35	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	20,720	—	3,148	17,536	35	—	—
+ long positions	—	—	—	3,148	17,536	35	—	—
+ short positions	—	20,720	—	—	—	—	—	—

Currency of denomination: OTHERS

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	447,655	62,585	—	—	—	—	—	—
1.1 Debt securities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
1.2 Loans to banks	436,685	—	—	—	—	—	—	—
1.3 Loans to customers	10,970	62,585	—	—	—	—	—	—
– current accounts	—	—	—	—	—	—	—	—
– other loans	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	10,970	62,585	—	—	—	—	—	—
2. Cash liabilities	113	730,115	257,635	—	10,621	—	—	—
2.1 Due to customers	84	—	—	—	—	—	—	—
– current accounts	84	—	—	—	—	—	—	—
– other amounts due	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Due to banks	29	437,224	—	—	—	—	—	—
– current accounts	29	—	—	—	—	—	—	—
– other amounts due	—	437,224	—	—	—	—	—	—
2.3 Debt securities	—	292,891	257,635	—	10,621	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	292,891	257,635	—	10,621	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	262,939	—	17,604	245,335	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	262,939	—	17,604	245,335	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Other derivatives	—	262,939	—	17,604	245,335	—	—	—
+ long positions	—	8,802	—	8,802	245,335	—	—	—
+ short positions	—	254,137	—	8,802	—	—	—	—

2.3 PRICE RISK – REGULATORY TRADING BOOK

For qualitative information, see section 2.1 INTEREST RATE RISK – TRADING BOOK

1. Regulatory trading book: cash exposure in equities/OICR units

Type of exposure/Amounts	Book value	
	Listed	Unlisted
A. Equities		
A.1 Shares	273,844 ¹	—
A.2 Innovative equity instruments	—	—
A.3 Other equity instruments	—	—
B. OICR units		
B.1 Italian		105,614
- harmonized open	—	—
- non-harmonized open	—	—
- closed	—	—
- reserved	—	—
- speculative	—	105,614
B.2 Other EU states	—	—
- harmonized	—	—
- non-harmonized open	—	—
- non-harmonized closed	—	—
B.3 Non-EU states	—	—
- open	—	—
- closed	—	—
Total	273,844	105,614

¹ Of which 76% Italian.

2.4 PRICE RISK – BANKING BOOK

For qualitative information, see section 2.2 INTEREST RATE RISK – BANKING BOOK

QUANTITATIVE INFORMATION

2. *Regulatory banking book: cash exposure in equities/OICR units*

Type of exposure/Amounts	Book value	
	Listed	Unlisted
A. Equities		
A.1 Shares	488.447 ¹	713.436
A.2 Innovative equity instruments	—	—
A.3 Other equity instruments	—	331.416
B. OICR units		
B.1 Italian	—	23.057
- harmonized open	—	—
- non-harmonized open	—	—
- closed	—	23.057 ²
- reserved	—	—
- speculative	—	—
B.2 Other EU states	—	—
- harmonized	—	—
- non-harmonized open	—	—
- non-harmonized closed	—	—
B.3 Non-EU states	—	—
- open	—	—
- closed	—	—
Total	488.447	1.067.909

¹ Of which 69% Italian.

² Of which more than 3/4 reserved.

2.5 EXCHANGE RATE RISKS

As is the case with interest rates, movements in exchange rates are managed for all the Bank's positions by the Financial Markets division. The VaR measurements shown on page 344 thus reflect the extent of the aggregate exposures entered into for both the banking and trading books on the foreign exchange market.

As mentioned above, the extent of such risk was stable at last year's levels (the average VaR reading rose from €2.2m to €2.3m), despite the increase in volatility recorded on the foreign exchange markets as well; further confirmation of the prudent approach adopted by Mediobanca in taking positions on these markets.

QUANTITATIVE INFORMATION

1. Assets, liabilities and derivatives by currency

Line items	Currency				
	US dollars	Pounds sterling	Japanese yen	Swiss francs	Other
A. Financial assets					
A.1 Debt securities	460,370	194,778	222	259	10,286
A.2 Equities	16,734	—	—	—	8,417
A.3 Loans and advances to banks	552,421	399,945	1,045	14,596	20,707
A.4 Loans and advances to customers	203,573	60,177	—	—	2,469
A.5 Other financial assets	—	—	—	—	—
B. Financial liabilities					
B.1 Due to banks	(138,962)	—	—	(49,130)	(29)
B.2 Due to customers	(127,447)	(388,150)	—	(28)	—
B.3 Debt securities	(22,274)	(548,731)	—	(2,362)	(17,387)
B.4 Other financial liabilities	—	—	—	—	—
C. Financial derivatives					
- Options	—	—	—	—	—
+ long positions	—	—	—	—	—
+ short positions	—	—	—	—	—
- Others	(767,949)	301,345	—	(66,820)	(10,845)
+ long positions	940,722	498,240	—	—	17,387
+ short positions	(1,708,671)	(196,895)	—	(66,820)	(28,232)
Total assets	2,173,820	1,153,140	1,267	14,855	59,266
Total liabilities	(1,997,354)	(1,133,776)	—	(118,340)	(45,648)
Difference (+/-)	176,466	19,364	1,267	(103,485)	13,618

2.6 FINANCIAL DERIVATIVE PRODUCTS

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading book: average and reporting-date notional values

Type of transaction/Unerlyings	Debt securities/interest rates		Equities/share indexes		Exchange rates/gold		Other assets		30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	—	7,550,000	—	—	—	—	—	—	—	7,550,000	—	2,550,000
2. Interest rate swaps	—	57,383,696	—	—	—	—	—	1,098,561	—	58,482,257	—	30,696,078
3. Domestic currency swaps	—	—	—	—	—	2,278,442	—	—	—	2,278,442	—	2,789,944
4. Currency interest rate swap	—	—	—	—	—	991,217	—	—	—	991,217	—	619,851
5. Basis swaps	—	7,840,753	—	—	—	—	—	—	—	7,840,753	—	2,467,249
6. Share index swaps	—	—	—	182,880	—	—	—	—	—	182,880	—	156,887
7. Inflation rate swaps	—	—	—	—	—	—	—	—	—	—	—	—
8. Futures	3,481,403	—	166,677	—	—	—	—	—	3,648,080	—	9,828,628	—
9. Cap options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
10. Floor options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
11. Other options	17,775	3,353,636	894,292	7,133,492	—	1,330,662	—	—	912,067	11,817,790	943,057	8,449,072
- bought	17,775	1,676,818	347,228	3,770,463	—	665,331	—	—	365,003	6,112,612	329,896	4,330,360
- plain vanilla	17,775	1,676,818	347,228	3,720,463	—	665,331	—	—	365,003	6,062,612	329,896	4,230,360
- exotic	—	—	—	50,000	—	—	—	—	—	50,000	—	100,000
- written	—	1,676,818	547,064	3,363,029	—	665,331	—	—	547,064	5,705,178	613,161	4,118,712
- plain vanilla	—	1,676,818	547,064	3,313,029	—	665,331	—	—	547,064	5,655,178	613,161	4,018,712
- exotic	—	—	—	50,000	—	—	—	—	—	50,000	—	100,000
12. Repo agreements	5,772,136	3,986,940	20,433	154,650	—	44,255	—	—	5,792,569	4,185,845	1,105,164	1,645,525
- bought	673,619	1,705,045	14,724	153,465	—	—	—	—	688,343	1,858,510	658,975	413,632
- sold	5,098,517	2,281,895	5,709	1,185	—	44,255	—	—	5,104,226	2,327,335	446,189	1,229,364
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	2,529
13. Other derivative products	—	2,136,178	—	—	—	—	—	—	—	2,136,178	—	963,203
Total	9,271,314	82,251,203	1,081,402	7,471,022	—	4,644,576	—	1,098,561	10,352,716	95,465,362	11,876,849	50,337,809
Average values	14,588,912	60,592,537	479,393	8,322,705	—	4,116,977	—	999,548	15,068,305	74,031,767	21,593,131	44,715,140

A.2 Banking book: average and reporting-date notional values

A.2.1 Hedge derivatives

Type of transaction/Underlyings	Debt securities/interest rates		Equities/share indexes		Exchange rates/gold		Other assets		30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	—	—	—	—	—	—	—	—	—	—	—	—
2. Interest rate swaps	—	22,696,007	—	—	—	—	—	—	—	22,696,007	—	20,794,825
3. Domestic currency swaps	—	—	—	—	—	—	—	—	—	—	—	—
4. Currency interest rate swap	—	—	—	—	—	45,796	—	—	—	45,796	—	66,772
5. Basis swaps	—	5,814,493	—	—	—	—	—	—	—	5,814,493	—	4,564,501
6. Share index swaps	—	—	—	—	—	—	—	—	—	—	—	—
7. Inflation rate swaps	—	—	—	—	—	—	—	—	—	—	—	—
8. Futures	—	—	—	—	—	—	—	—	—	—	—	—
9. Cap options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
10. Floor options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
11. Other options	—	—	—	102,000	—	—	—	—	—	102,000	—	391,167
- bought	—	—	—	70,000	—	—	—	—	—	70,000	—	131,922
- plain vanilla	—	—	—	70,000	—	—	—	—	—	70,000	—	131,922
- exotic	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	32,000	—	—	—	—	—	32,000	—	259,245
- plain vanilla	—	—	—	32,000	—	—	—	—	—	32,000	—	259,245
- exotic	—	—	—	—	—	—	—	—	—	—	—	—
12. Repo agreements	—	6,364	—	101,865	—	—	—	—	—	108,229	—	312,500
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- sold	—	6,364	—	101,865	—	—	—	—	—	108,229	—	312,500
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
13. Other derivative products	—	200,000	—	—	—	—	—	—	—	200,000	—	—
Total	—	28,716,864	—	203,865	—	45,796	—	—	—	28,966,525	—	26,129,765
Average values	—	26,805,116	—	178,107	—	76,079	—	—	—	27,059,302	—	21,621,279

A.2.2 Other derivatives

Type of transaction/Underlying assets	Debt securities/interest rates		Equities/share indexes		Exchange rates/gold		Other assets		30/6/09		30/6/08	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	—	—	—	—	—	—	—	—	—	—	—	—
2. Interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—
3. Domestic currency swaps	—	—	—	—	—	—	—	—	—	—	—	—
4. Currency interest rate swap	—	—	—	—	—	—	—	—	—	—	—	—
5. Basis swaps	—	—	—	—	—	—	—	—	—	—	—	—
6. Share index swaps	—	—	—	—	—	—	—	—	—	—	—	—
7. Inflation rate swaps	—	—	—	—	—	—	—	—	—	—	—	—
8. Futures	—	—	—	—	—	—	—	—	—	—	—	—
9. Cap options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
10. Floor options	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- written	—	—	—	—	—	—	—	—	—	—	—	—
11. Other options	—	—	—	24,226,491	—	141,202	—	—	—	24,367,693	—	22,345,763
- bought	—	—	—	12,023,339	—	70,601	—	—	—	12,093,940	—	10,918,053
- plain vanilla	—	—	—	1,933,596	—	—	—	—	—	1,933,596	—	805,627
- exotic	—	—	—	10,089,743	—	70,601	—	—	—	10,160,344	—	10,112,426
- written	—	—	—	12,203,152	—	70,601	—	—	—	12,273,753	—	11,427,710
- plain vanilla	—	—	—	2,045,141	—	—	—	—	—	2,045,141	—	914,598
- exotic	—	—	—	10,158,011	—	70,601	—	—	—	10,228,612	—	10,513,112
12. Repo agreements	—	—	—	—	—	—	—	—	—	—	—	—
- bought	—	—	—	—	—	—	—	—	—	—	—	—
- sold	—	—	—	—	—	—	—	—	—	—	—	—
- currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
13. Other derivative products	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	24,226,491	—	141,202	—	—	—	24,367,693	—	22,345,763
Average values	—	—	—	22,167,534	—	228,039	—	—	—	22,395,573	—	18,522,740

A.4 OTC financial derivatives: positive fair value - counterparty risk

Counterparties/Underlying assets	Debt securities/interest rates			Equities/share indexes			Exchange rates/gold			Other assets			Other underlying assets	
	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Netted ¹	Future exposure
A. Regulatory trading book														
A.1 Governments and central banks	151	—	—	—	—	—	—	—	—	—	—	—	—	—
A.2 Other public agencies	3,819	—	350	—	—	—	—	—	—	—	—	—	—	—
A.3 Banks	110,295	543,379	27,954	71,249	469,453	78,907	67,600	13,140	9,180	—	—	—	91,945	200,317
A.4 Financial companies	49,150	55,283	6,787	152,632	22,989	52,219	—	4,766	—	—	—	—	24,650	37,501
A.5 Insurances	66,335	—	19,250	—	—	733	—	—	—	—	—	—	—	—
A.6 Non-financial undertakings	235,199	—	40,710	196,946	—	42,758	129	—	115	—	—	—	—	—
A.7 Other counterparties	—	—	—	180	—	28	—	—	—	—	—	—	—	—
Total at 30/6/09	464,949	598,662	95,051	421,007	492,442	174,645	67,729	17,906	9,295	—	—	—	116,595	237,818
Total at 30/6/08	161,771	369,740	35,913	490,673	1,073,082	206,806	75,436	28,622	21,568	—	—	—	55,285	112,063
B. Banking book														
B.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.2 Other public agencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.3 Banks	100,409	1,362,053	4,831	3,362	61,565	1,200	—	—	—	—	—	—	54,988	99,884
B.4 Financial companies	2,050	13,354	600	—	6,725	—	—	—	—	—	—	—	16,513	21,495
B.5 Insurances	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.6 Non-financial undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.7 Other counterparties	—	—	—	—	—	1	—	—	—	—	—	—	—	—
Total at 30/6/09	102,459	1,375,407	5,431	3,362	68,290	1,201	—	—	—	—	—	—	71,501	121,379
Total at 30/6/08	28,692	592,444	3,361	113,977	57,392	18,757	—	—	—	—	—	—	107,758	237,742

¹ Includes offset agreement with main counterparties.

A.5 OTC financial derivatives: negative fair value - financial risk

Counterparties/Underlying assets	Debt securities/interest rates			Equities/share indexes			Exchange rates/gold			Other assets			Other underlying assets	
	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Gross not netted	Gross netted	Future exposure	Netted ¹	Future exposure
A. Regulatory trading book														
A.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
A.2 Other public agencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
A.3 Banks	(118,293)	(890,427)	29,774	(8,249)	(281,330)	15,634	(8,899)	(70,587)	5,822	—	—	—	(100,925)	136,030
A.4 Financial companies	(1,297)	(78,466)	75	(5,968)	(61,762)	5,157	—	(810)	—	—	—	—	(10,359)	14,380
A.5 Insurances	(3,366)	—	116	(7,869)	—	733	—	—	—	—	—	—	—	—
A.6 Non-financial undertakings	(11,950)	—	12,078	(16,213)	—	13,071	(43,143)	—	14,444	—	—	—	—	—
A.7 Other counterparties	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total at 30/6/09	(134,906)	(968,893)	42,043	(38,299)	(343,092)	34,595	(52,042)	(71,397)	20,266	—	—	—	(111,284)	150,410
Total at 30/6/08	(243,417)	(169,558)	64,604	(98,930)	(349,465)	80,151	(25,811)	(45,398)	12,546	—	—	—	(103,674)	325,395
B. Banking book														
B.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.2 Other public agencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.3 Banks	(126,558)	(850,410)	5,117	—	—	—	(3,927)	(6,119)	531	—	—	—	(180,334)	484,922
B.4 Financial companies	(10,783)	(52,685)	1,932	—	(3,057)	—	—	(10)	—	—	—	—	(367)	34
B.5 Insurances	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.6 Non-financial undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.7 Other counterparties	—	—	—	(5)	—	1	—	—	—	—	—	—	—	—
Total at 30/6/09	(137,341)	(903,095)	7,049	(5)	(3,057)	1	(3,927)	(6,129)	531	—	—	—	(180,701)	484,956
Total at 30/6/08	(685,588)	(1,696,997)	51,234	—	—	—	(10,958)	(12,883)	1,459	—	—	—	(142,976)	61,170

¹ Includes offset agreement with main counterparties.

A.6 OTC financial derivatives by maturity: notional values

	Up to 1 year	From 1 to 5 years	Over 5 years	Total
A. Regulatory trading book				
A.1 Financial derivatives on debt securities and interest rates	24,421,526	33,961,643	23,868,034	82,251,203
A.2 Financial derivatives on equities and share indexes	2,746,964	4,484,058	240,000	7,471,022
A.3 Financial derivatives on foreign currency and gold	3,653,360	832,327	158,889	4,644,576
A.4 Financial derivatives on other assets	826,909	271,652	—	1,098,561
B. Banking book:				—
B.1 Financial derivatives on debt securities and interest rates	1,272,551	19,494,048	7,950,265	28,716,864
B.2 Financial derivatives on equities and share indexes	2,192,054	13,528,786	8,709,516	24,430,356
B.3 Financial derivatives on foreign currency and gold	—	186,963	35	186,998
B.4 Financial derivatives on other assets	—	—	—	—
Total at 30/6/09	35,113,364	72,759,477	40,926,739	148,799,580
Total at 30/6/08	19,934,886	41,095,477	37,782,976	98,813,339

B. CREDIT DERIVATIVES

B.1 Credit derivatives: average and reporting-date notional values

Transaction categories	Regulatory trading book		Other transactions	
	Individual assets	Baskets	Individual assets	Baskets
1. Hedge buys				
1.1 With exchange of principal	2,336,846	6,708,797	—	—
– credit default	2,336,846	6,708,797	—	—
– credit linked notes	—	—	—	—
– credit spread options	—	—	—	—
– total rate of return swaps	—	—	—	—
1.2 Without exchange of principal	—	—	—	—
– credit default	—	—	—	—
– credit linked notes	—	—	—	—
– credit spread options	—	—	—	—
– total rate of return swaps	—	—	—	—
Total at 30/6/09	2,336,846	6,708,797	—	—
Total at 30/6/08	1,952,230	5,814,030	—	—
Average values	2,276,913	6,308,351	—	—
2. Hedge sales				
2.1 With exchange of principal	1,411,252	7,034,422	—	—
– credit default	1,411,252	7,034,422	—	—
– credit linked notes	—	—	—	—
– credit spread options	—	—	—	—
– total rate of return swaps	—	—	—	—
2.2 Without exchange of principal	—	—	—	—
– credit default	—	—	—	—
– credit linked notes	—	—	—	—
– credit spread options	—	—	—	—
– total rate of return swaps	—	—	—	—
Total at 30/6/09	1,411,252	7,034,422	—	—
Total at 30/6/08	997,405	6,275,000	—	—
Average values	1,408,554	6,846,129	—	—

B.2 Credit derivatives: positive fair value - counterparty risk

Type of transaction/Amounts	Notional value	Positive fair value	Future exposure
A. REGULATORY TRADING			
BOOK	8,489,610	437,841	429,766
A.1 Hedge buys with counterparties			
1. Governments and central banks	—	—	—
2. Other public agencies	—	—	—
3. Banks	5,722,116	344,944	287,917
4. Financial companies	966,558	46,412	49,078
5. Insurances	—	—	—
6. Non-financial undertakings	—	—	—
7. Other counterparties	—	—	—
A.2 Hedge sales with counterparties			
1. Governments and central banks	—	—	—
2. Other public agencies	—	—	—
3. Banks	1,586,936	42,479	82,071
4. Financial companies	214,000	4,006	10,700
5. Insurances	—	—	—
6. Non-financial undertakings	—	—	—
7. Other counterparties	—	—	—
B. Banking book	—	—	—
B.1 Hedge buys with counterparties			
1. Governments and central banks	—	—	—
2. Other public agencies	—	—	—
3. Banks	—	—	—
4. Financial companies	—	—	—
5. Insurances	—	—	—
6. Non-financial undertakings	—	—	—
7. Other counterparties	—	—	—
B.2 Hedge sales with counterparties			
1. Governments and central banks	—	—	—
2. Other public agencies	—	—	—
3. Banks	—	—	—
4. Financial companies	—	—	—
5. Insurances	—	—	—
6. Non-financial undertakings	—	—	—
7. Other counterparties	—	—	—
Total at 30/6/09	8,489,610	437,841	429,766
Total at 30/6/08	12,662,432	239,367	90,800

B.3 Credit derivatives: negative fair value – financial risk

Type of transaction/Amounts	Notional value	Negative fair value
A. Regulatory trading book		
1. Hedge buys with counterparties:		
1.1 Governments and central banks	—	—
1.2 Other public agencies	—	—
1.3 Banks	1,606,889	(41,111)
1.4 Financial companies	471,205	(14,521)
1.5 Insurances	—	—
1.6 Non-financial undertakings	—	—
1.7 Other counterparties	—	—
Total at 30/6/09	2,078,094	(55,632)
Total at 30/6/08	2,056,233	(72,570)

B.4 Credit derivatives: outstanding life – notional values

Underlying/Residual maturity	Up to 1 year	From 1 year to 5 years	Over 5 years	Total
A. Regulatory trading book	935,526	15,573,650	982,140	17,491,316
A.1 Credit derivatives with “qualified” reference obligation	794,913	14,955,422	912,140	16,662,475
A.2 Credit derivatives with “unqualified” reference obligation	140,613	618,228	70,000	828,841
B. Banking book	—	—	—	—
B.1 Credit derivatives with “qualified” reference obligation	—	—	—	—
B.2 Credit derivatives with “unqualified” reference obligation	—	—	—	—
Total at 30/6/09	935,526	15,573,650	982,140	17,491,316
Total at 30/6/08	714,702	13,176,925	1,147,039	15,038,666

Section 3

Liquidity risk

QUALITATIVE INFORMATION

Liquidity risk is measured through indicators based on definite cash inflows and outflows to take place in the months to come, and also on the basis of data which includes estimates of:

- new loans/repayments/renewals for the Lending division;
- new issues/early redemptions for funding;
- any significant extraordinary items (e.g. purchase/sale of equity investments, payment of dividends, etc.).

These are used to generate a time profile for future cash requirements, which is produced daily for measurements based on definite cash flows (i.e. not including possible renewals/early redemptions), and is supplemented weekly with readings incorporating the estimate component. This analysis is then used as the basis for comparison with the amount of cash actually available, both defined narrowly (as the aggregate of securities that may be allocated for refinancing transactions with the monetary authorities), and including more illiquid assets (undeliverable bonds, deliverable shares, deliverable receivables), to which major haircuts are applied.

In addition to the prudential approach adopted in estimating future cash flows (e.g. not assuming automatic renewal upon expiry of interbank funds), weekly stress tests are also carried out assuming extraordinary drawdowns on committed lines granted to customers and major reductions in all new types of funding.

In addition, a steering committee analyses the Bank's asset structure and portfolio sensitivity, plus any mismatches between the maturities implied in future volume trends, on a fortnightly basis, to help management in taking strategic decisions for the Group's operations by providing indications of trends in profitability.

1. *Financial assets and liabilities by outstanding life – Currency of denomination: EUROS*

Type	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	6,788,076	2,360,263	1,910,594	1,094,867	2,964,998	2,852,816	6,088,151	10,613,217	8,518,297	964,711
A.1 Government securities	301,181	2,872	—	—	445,398	674,704	1,829,047	785,308	1,644,539	—
A.2 Listed debt securities	—	42,104	1,049	9,245	94,831	111,636	167,214	2,131,613	1,404,025	—
A.3 Other debt securities	—	—	1,685	206,461	2,174	231,061	203,611	214,093	582,926	776,506
A.4 OICR units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	6,486,895	2,315,287	1,907,860	879,161	2,422,595	1,835,415	3,888,279	7,482,203	4,886,807	188,205
– to banks	3,988,329	71,457	336	101,593	509,275	12,621	31,276	814,658	58,628	87,999
– to customers	2,498,566	2,243,830	1,907,524	777,568	1,913,320	1,822,794	3,857,003	6,667,545	4,828,179	100,206
Cash liabilities	4,034,531	1,204,054	160,126	1,002,831	1,314,085	1,867,388	1,745,767	24,246,662	9,950,018	125,554
B.1 Deposits	4,030,103	1,197,584	157,595	983,567	1,032,909	61,535	54,070	1,036,568	319,407	125,495
– to banks	3,607,301	15,001	157,595	402,150	862,109	56,761	43,901	1,035,748	319,407	50,974
– to customers	422,802	1,182,583	—	581,417	170,800	4,774	10,169	820	—	74,521
B.2 Debt securities	4,428	6,359	2,531	19,264	277,428	1,804,966	1,690,447	23,061,528	9,368,479	59
B.3 Other liabilities	—	111	—	—	3,748	887	1,250	148,566	262,132	—
Off-balance-sheet transactions	4,324,851	5,558,688	1,625,601	922,215	4,189,398	1,803,415	6,083,127	17,605,324	4,860,182	—
C.1 Financial derivatives with exchange of principal	2,242,748	3,400,466	1,625,601	743,922	2,909,612	603,548	3,172,494	1,803,287	286,178	—
– long positions	707,118	1,317,434	19,933	610,283	438,685	299,182	84,904	866,535	143,089	—
– short positions	1,535,630	2,083,032	1,605,668	133,639	2,470,927	304,366	3,087,590	936,752	143,089	—
C.2 Deposits and loans for collection	503,608	1,013,907	—	—	420,566	130,312	447,432	30,995	488,249	—
– long positions	503,608	1,103,907	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	420,566	130,312	447,432	30,995	488,249	—
C.3 Irrevocable commitments to disburse funds	1,578,495	1,144,315	—	178,293	859,220	1,069,555	2,463,201	15,771,042	4,085,755	—
– long positions	—	—	—	178,293	155,921	337,256	871,284	8,170,891	3,861,255	—
– short positions	1,578,495	1,144,315	—	—	703,299	732,299	1,591,917	7,600,151	224,500	—

Currency of denomination: US DOLLARS

Type	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	554,450	17,747	16,502	1,817	10,533	63,269	6,294	211,495	332,116	87
A.1 Government securities	—	5	1,344	—	—	11,312	490	—	155,041	—
A.2 Listed debt securities	—	9,015	107	—	2,649	847	2	81,711	65,592	—
A.3 Other debt securities	—	—	834	—	2,108	263	1,360	19,135	110,594	—
A.4 OICR units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	554,450	8,727	14,217	1,817	5,776	50,847	4,442	110,649	889	87
– to banks	552,897	—	—	226	646	478	829	57,252	889	—
– to customers	1,553	8,727	14,217	1,591	5,130	50,369	3,613	53,397	—	87
Cash liabilities	56,610	—	—	70,841	85,167	54,184	3,148	7,075	11,209	132
B.1 Deposits	56,606	—	—	70,841	84,778	54,184	—	—	—	132
– to banks	56,601	—	—	70,841	84,778	54,184	—	—	—	29
– to customers	5	—	—	—	—	—	—	—	—	103
B.2 Debt securities	4	—	—	—	389	—	3,148	7,075	11,209	—
B.3 Other liabilities	—	—	—	—	—	—	—	—	—	—
Off-balance-sheet transactions	—	132,467	72,103	9,265	700,771	145,451	966,463	1,153,613	208,752	—
C.1 Financial derivatives	—	132,467	72,103	9,265	700,771	141,913	952,313	556,471	141,538	—
with exchange of principal	—	132,467	72,103	9,265	700,771	141,913	952,313	556,471	141,538	—
– long positions	—	116,285	69,867	—	369,881	128,223	175,463	46,191	35	—
– short positions	—	16,182	2,236	9,265	330,890	13,690	776,850	510,280	141,503	—
C.2 Deposits and loans for collection	—	—	—	—	—	—	—	—	—	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	—	—	—	—	—	—
C.3 Irrevocable commitments	—	—	—	—	—	3,538	14,150	597,142	67,214	—
to disburse funds	—	—	—	—	—	3,538	14,150	256,120	67,214	—
– long positions	—	—	—	—	—	3,538	14,150	256,120	67,214	—
– short positions	—	—	—	—	—	—	—	341,022	—	—

2. *Financial liabilities by sector*

Exposures/Counterparties	Governments and central banks	Financial companies	Insurances	Non-financial undertakings	Others
1. Due to customers	—	1,084,422	2,537	2,114,196	13,654
2. Debt securities in issue	—	—	—	—	36,349,850
3. Trading liabilities	341,912	432,799	88,831	166,053	2,323,800
4. Financial liabilities at fair value	—	—	—	—	—
Total at 30/6/09	341,912	1,517,221	91,368	2,280,249	38,687,304
Total at 30/6/08	734,434	2,104,224	86,364	543,943	30,559,202

3. *Financial liabilities by geographical region*

Exposures/Counterparties	Italy	Rest of Europe	United States	Asia	Rest of world
1. Due to banks	2,836,374	378,393	42	—	—
2. Due to customers	3,356,297	5,405,739	38,591	—	—
3. Debt securities in issue	36,349,850	—	—	—	—
4. Trading liabilities	1,332,179	1,961,681	59,554	—	—
5. Financial liabilities at fair value	—	—	—	—	—
Total at 30/6/09	43,874,700	7,745,813	98,187	—	—
Total at 30/6/08	33,403,091	8,190,489	55,242	—	—

1.4 OPERATING RISK

QUALITATIVE INFORMATION

Definition

Operating risk is the risk of incurring losses as a result of external events or the inadequacy or malfunctioning of procedures, staff and internal systems. Operating risk includes legal risk, but does not include strategic or reputational risk.

Capital requirements for operating risk

Mediobanca has decided to adopt the Basic Indicator Approach (“BIA”) in order to calculate the capital requirement for covering operating risk, applying a margin of 15% to the average of the last three annual readings of total income. Based on this method of calculation the capital requirement as at 30 June 2009 would be €110.9m (30/6/08: €101.5m).

Risk mitigation

In the review of its internal procedures as part of the “Head of Company Financial Reporting” project, the Bank has sought to identify the majority of the sources of possible risk and the relevant measures to be taken to control and mitigate them, by formulating company procedures in order to deal with them, and focusing mitigation activity on the most serious aspects.

With reference to the possibility of losses caused by interruptions in operations or due to systems being unavailable, the Group has drawn up operating continuity and disaster recovery plans to ensure that activity is able to continue and to limit the operating losses in the event of prolonged interruptions. The Group regularly reviews the operating continuity and disaster recovery plans with a view to ensuring that they are consistent with its activities and current operating strategies.

Control of internal access (individual system users) and external access (IT attacks) is carried out via the relevant computer and observation tools.

Insurance policies have been taken out to cover the most valuable staff members and assets and to cover management of cash.

As for the possibility of risk deriving from outsourcing activities, the Group has implemented a continuous monitoring and regular review system to assess the care taken in performing these activities by the various service providers.

Litigation risk: risks deriving from litigation pending

The only claim pending worthy of note is that made for the alleged failure to launch a full takeover bid for La Fondiaria in 2002 (see p. 239).

PART F - CAPITAL ADEQUACY

Section 1

Regulatory and supervisory capital requirements for banks

1.1 Regulatory capital requirements for banks

	Amount	Possible uses	Portion available	Summary of uses over three previous years	
				To cover losses	Other
Share capital	410,028	—	—	—	—
Share premium reserve	2,140,043	A – B – C	2,140,043	—	—
Reserves:					
- Legal reserve	82,006	B	82,006	—	—
- Statutory reserve	976,063	A – B – C	976,063	—	—
- Treasury share reserve	213,410	A – B – C	213,410	—	—
- Other reserves	1,074,978	A – B – C	1,074,978	—	—
Valuation reserves:					
- AFS securities	(117,978)	—	—	—	—
- Cash flow hedges	47,695	—	—	—	—
- Special laws	7,587	A – B – C	7,587	—	—
- Treasury shares	(213,410)	—	—	—	—
Total	4,620,422	—	4,494,087	—	—
Portion unavailable	—	—	295,416	—	—
Remainder distributable	—	—	4,198,671	—	—

Legend:

A: due to rights issues

B: to cover losses

C: due to distribution to shareholders

For further information, see section 14 “Capital of the company – Headings 130, 150, 160, 170, 180, 190, and 200”.

Section 2

Regulatory and supervisory capital requirements for banks

Capital is the first and most important safeguard of a bank's stability. For this reason, the international and domestic supervisory bodies have established rigorous rules for calculating regulatory capital and the minimum capital requirements with which banks are bound to comply. In particular, the ratio between risk-weighted assets and regulatory capital must not fall below 8%. The Bank of Italy has established a prudential level of 10%, which falls to 6% if only Tier 1 capital is considered (the core Tier 1 ratio).

Since its inception one of the distinguishing features of Mediobanca has been the solidity of its financial structure, with capital ratios that have been consistently and significantly higher than those required by the regulatory guidelines. Such surplus capital is justified by the nature of the Bank's operations on corporate markets.

2.1 *Scope of application of regulations*

Regulatory capital has been calculated on the basis of Bank of Italy circulars no. 263 issued on 27 December 2006 and no. 155 (twelfth update) issued on 5 February 2008, which transpose the new prudential guidelines for banks and banking groups introduced by the New Basel Capital Accord (Basel II) into the Italian regulatory framework.

2.2 *Regulatory capital requirements for banks*

A. QUALITATIVE INFORMATION

Tier 1 capital consists of capital paid up, reserves, and profit for the period net of treasury shares (€213.4m), intangible assets (€4.5m) and the negative reserves on AFS debt securities (€53.5m), plus 50% of the book value of the Bank's investments in banks and financial services companies (equal to €23.1m). Tier 2 capital includes the positive valuation reserves (€39.2m, including €31.6m on AFS equities), Tier 2 subordinated liabilities (€908.5m) less unrealized losses on investments (€140.9m) and the remaining share of the book value of investments in banks and financial companies.

During the year Banca Esperia was included for the first time within the Group's area of consolidation, and accordingly is no longer deducted from the regulatory capital.

B. QUANTITATIVE INFORMATION

	30/6/09	30/6/08
A. Tier 1 capital prior to application of prudential filters	4,699,472	4,666,662
B. Tier 1 prudential filters:		
B.1 IAS/IFRS positive filters	—	—
B.2 IAS/IFRS negative filters	(53,549)	(36,308)
C. Tier 1 capital gross of items to be deducted	4,645,923	4,630,354
D. Items for deduction from Tier 1 capital	(23,122)	(47,200)
E. Total Tier 1 capital	4,622,801	4,583,154
F. Tier 2 capital prior to application of prudential filters	806,769	982,465
G. Tier 2 prudential filters:		
G.1 IAS/IFRS positive filters	(15,804)	(50,024)
G.2 IAS/IFRS negative filters	—	—
H. Tier 2 capital gross of items to be deducted	790,965	932,441
I. Items for deduction from Tier 2 capital	(23,122)	(47,200)
L. Total Tier 2 capital	767,843	885,241
M. Items for deduction from Total Tier 1 and Tier 2 capital ¹	—	—
N. Regulatory capital	5,390,644	5,468,395
O. Total Tier 3 capital	—	—
P. Total regulatory capital including Tier 3	5,390,644	5,468,395

Two Tier 2 subordinate bonds have also been issued, namely:

- XS50270002669 MB GBP 200.000.000 Lower Tier II Subordinate Fixed/Floating Rate Notes Due 2018
- XS0270008864 MB EURO 900.000.000 Lower Tier II Subordinate Floating Rate Notes Due 2016.

2.3 Capital adequacy

A. QUALITATIVE INFORMATION

As at 30 June 2009, the Bank's total core ratio, calculated as regulatory capital as a percentage of risk-weighted assets, stood at 14.32%, while the core Tier 1 ratio, calculated as Tier 1 capital as a percentage of risk-weighted assets, amounted to 12.28%. These figures were in line with those recorded last year, confirming the Bank's solidity.

B. QUANTITATIVE INFORMATION

	Unweighted amounts		Weighted amounts/ requirements	
	30/6/09	30/6/08	30/6/09	30/6/08
A. RISK ASSETS				
A.1 Credit and counterpart risk	61,495,060	55,789,457	30,934,560	30,459,651
1. Standard methodology	61,145,095	55,656,328	30,761,852	30,363,536
2. Internal rating methodology	—	—	—	—
2.1 Based	—	—	—	—
2.2 Advanced	—	—	—	—
3. Securitizations	349,965	133,129	172,708	96,115
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterpart risk			1,856,074	1,827,579
B.2 Market risk			296,589	279,220
1. Standard methodology			296,589	279,220
2. Internal rating methodology			—	—
3. Concentration risk			—	—
B.3 Operational risk			106,556	101,464
1. Basic method			106,556	101,464
2. Standard method			—	—
3. Advanced method			—	—
4. Other prudential requirements			—	—
B.5 Total prudential requirements			2,259,218	2,208,263
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			37,653,640	36,804,383
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)			12.28%	12.45%
C.3 Regulatory capital/risk-weighted assets (total capital ratio)			14.32%	14.86%

PART H - RELATED PARTY DISCLOSURE

1. Board member and senior management remuneration

Remuneration paid to Directors, Statutory Auditors and other management with strategic responsibilities

Disclosure required under Article 78 of CONSOB Resolution 11971/99

Name	Description			Remuneration			
	Position	Period during which position held	Term expires	Fee €'000	Fringe benefits	Bonuses and other incentives	Other compensation €'000
BOARD OF DIRECTORS							
Cesare GERONZI ^{1 2 3}	Chairman*	28/10/08 - 30/06/09	30/06/2011	3,282	24		
Dieter RAMPL ²	Deputy Chairman*	28/10/08 - 30/06/09	30/06/2011	266			
Marco TRONCHETTI PROVERA ² ..	Deputy Chairman*	28/10/08 - 30/06/09	30/06/2011	217			
Alberto NAGEL ^{1 2}	Chief Executive Officer [§]	28/10/08 - 30/06/09	30/06/2011	150	4		2,410
Renato PAGLIARO ^{1 2}	General Manager [§]	28/10/08 - 30/06/09	30/06/2011	150	4		2,410
Jean AZEMA	Director*	28/10/08 - 30/06/09	30/06/2011	150			
Tarak BEN AMMAR ^{3 4}	Director*	28/10/08 - 30/06/09	30/06/2011	234			
Gilberto BENETTON	Director*	28/10/08 - 30/06/09	30/06/2011	150			
Marina BERLUSCONI	Director	28/10/08 - 30/06/09	30/06/2011	101			
Antoine BERNHEIM	Director*	28/10/08 - 30/06/09	30/06/2011	150			
Roberto BERTAZZONI ^{2 3 4}	Director*	28/10/08 - 30/06/09	30/06/2011	217			
Vincent BOLLORE ^{1 2 3}	Director*	28/10/08 - 30/06/09	30/06/2011	251			
Angelo CASO ^{1 3 4}	Director*	28/10/08 - 30/06/09	30/06/2011	284			
Maurizio CEREDA ¹	Director [§]	28/10/08 - 30/06/09	30/06/2011	150	4		1,577
Massimo DI CARLO ¹	Director [§]	28/10/08 - 30/06/09	30/06/2011	150	4		1,654
Ennio DORIS	Director*	28/10/08 - 30/06/09	30/06/2011	150			
Pietro FERRERO	Director*	28/10/08 - 30/06/09	30/06/2011	150			
Jonella LIGRESTI ³	Director*	28/10/08 - 30/06/09	30/06/2011	183			
Fabrizio PALENZONA	Director*	28/10/08 - 30/06/09	30/06/2011	150			
Marco PARLANGELLI	Director	28/10/08 - 30/06/09	30/06/2011	101			
Carlo PESENTI ³	Director*	28/10/08 - 30/06/09	30/06/2011	151			
Eric STRUTZ ¹	Director*	28/10/08 - 30/06/09	30/06/2011	217			
Francesco Saverio VINCI ¹	Director [§]	28/10/08 - 30/06/09	30/06/2011	150	5		1,654
MANAGEMENT with strategic responsibilities ⁵		=	=		4	260	280
STATUTORY AUDIT COMMITTEE							
Marco REBOA	Chairman	28/10/08 - 30/06/09	30/06/2011	81			
Maurizia ANGELO COMNENO	Standing Auditor	28/10/08 - 30/06/09	30/06/2011	61			
Gabriele VILLA	Standing Auditor*	28/10/08 - 30/06/09	30/06/2011	126			

* Members of Supervisory Board from 1/7/08 to 28/10/08, with the exception of Carlo Pesenti, who served as Supervisory Board member from 1/7/08 to 29/8/08.

§ Members of Management Board from 1/7/08 to 28/10/08.

¹ Members of Executive Committee. The executive directors who are members of this committee do not receive fees for this position.

² Members of Appointments Committee. The executive directors who are members of this committee do not receive fees for this position. The independent member does receive a fee in relation to his/her participation in committee meetings pursuant to Article 18 of the company's Articles of Association.

³ Members of Remunerations Committee.

⁴ Members of Internal Control Committee.

⁵ Aggregate data.

N.B. The fees of directors Jean AZEMA, Marco PARLANGELLI, Carlo PESENTI and Marco TRONCHETTI PROVERA are paid directly to their companies.

Name	Description			Remuneration			
	Position	Period during which position held	Term expires	Fee €'000	Fringe benefits	Bonuses and other incentives	Other compensation €'000
SUPERVISORY BOARD							
Giancarlo CERUTTI	Board member	01/07/08 - 28/10/08	28/10/2008	49			
Francesco DENOZZA	Board member	01/07/08 - 28/10/08	28/10/2008	66			
Eugenio PINTO	Board member	01/07/08 - 28/10/08	28/10/2008	66			
Luigi ZUNINO	Board member	01/07/08 - 28/10/08	28/10/2008	49			
MANAGEMENT BOARD							
Alessandro TROTTER	Board member	01/07/08 - 28/10/08	28/10/2008	49			

**STOCK OPTIONS GRANTED TO DIRECTORS, GENERAL MANAGERS AND OTHER MANAGEMENT
WITH STRATEGIC RESPONSIBILITY**

Disclosure required under Article 78 of CONSOB Resolution 11971/99

Name	Position	Options at beginning of financial year			Options granted			Options exercised			Options expiring	Options at end of financial year		
		No. of options	Avg. strike price	Avg. expiry	No. of options	Avg. strike price	Avg. expiry	No. of options	Avg. strike price	Avg. market price	No. of options	No. of options	Avg. strike price	Avg. expiry
Alberto NAGEL	Chief Executive Officer	300,000	15.261	> 5 years	275,000	11.043	> 5 years	—	—	—	—	575,000	13.244	> 5 years
Renato PAGLIARO	General Manager and executive director	300,000	15.261	> 5 years	275,000	11.043	> 5 years	—	—	—	—	575,000	13.244	> 5 years
Maurizio CEREDA	Executive director	300,000	15.261	> 5 years	275,000	11.043	> 5 years	—	—	—	—	575,000	13.244	> 5 years
Massimo DI CARLO	Executive director	300,000	15.261	> 5 years	275,000	11.043	> 5 years	—	—	—	—	575,000	13.244	> 5 years
Francesco Saverio VINCI	Executive director	300,000	15.261	> 5 years	275,000	11.043	> 5 years	—	—	—	—	575,000	13.244	> 5 years
MANAGEMENT with strategic responsibilities*		140,000	15.261	> 5 years	100,000	11.043	> 5 years	—	—	—	—	240,000	13.504	> 5 years

* Aggregate data.

**BENEFICIAL INTEREST OF BOARD MEMBERS, STATUTORY AUDITORS, GENERAL MANAGERS
AND MANAGEMENT WITH STRATEGIC RESPONSIBILITIES**

Disclosure required under Article 79 of Consob resolution 11971/99

Name	Investee company	No. of shares owned at end of previous financial years	No. of shares acquired	No. of shares sold	No. of shares held at end of current financial year
Gilberto BENETTON	MEDIOBANCA	536,000	—	—	536,000
Antoine BERNHEIM	MEDIOBANCA	60,000	—	—	60,000
Roberto BERTAZZONI	MEDIOBANCA	1,000,000	—	—	1,000,000
Vincent BOLLORE ¹	MEDIOBANCA	40,954,907	—	—	40,954,907
Maurizio CEREDA	MEDIOBANCA	590,000	—	—	590,000
Massimo DI CARLO	MEDIOBANCA	530,000	—	—	530,000
Ennio DORIS	MEDIOBANCA	1,732,273	—	—	1,732,273
Alberto NAGEL	MEDIOBANCA	2,501,000	—	—	2,501,000
Renato PAGLIARO	MEDIOBANCA	2,600,000	—	—	2,600,000
Marco PARLANGELI ¹	MEDIOBANCA	300	—	—	300
Francesco Saverio VINCI	MEDIOBANCA	900,000	—	—	900,000
Luigi ZUNINO ²	MEDIOBANCA	25,531,765	—	16,340,765	9,191,000
MANAGEMENT with strategic responsibilities *	MEDIOBANCA	92,500	—	—	92,500

N.B. Holdings for Directors who were appointed or who resigned during the course of the financial year are stated as at the date on which the person concerned took up or relinquished their position.

¹ Appointed by shareholders at the annual general meeting held on 28 October 2008.

² Relinquished upon the occasion of the annual general meeting held on 28 October 2008.

* Aggregate data.

2. Related party disclosure

Accounts with related parties fall within the Bank's ordinary operations of the Group companies, are maintained on an arm's length basis, and are entered into in the interests of the individual companies concerned. No atypical or unusual transactions have been entered into with these counterparties. Related parties for the purposes hereof include directors, statutory auditors and strategic management, data in respect of whose payment is provided in the relevant table. Comparison with last year shows a reduction in exposures (assets plus guarantees and commitments) to entities other than Group companies, which reduces from €6.8bn to €5.9bn; overall accounts with related parties (excluding Group companies) represent around 9% of the balance-sheet aggregates, approx. 16% of net interest income and approx. 30% of net fee and commission income.

Situation as 30 June 2009

	Subsidiaries	Directors, statutory auditors and strategic management	Associates	Other related parties	Total	12 mths to 30/6/08
€m						
Assets	11,233.1	278.5	1,841.1	3,144.3	16,497.0	14,935.7
<i>of which: other assets ...</i>	<i>2,399.0</i>	<i>73.4</i>	<i>132.9</i>	<i>338.8</i>	<i>2,944.1</i>	<i>776.4</i>
<i>loans and</i>						
<i>advances</i>	<i>8,834.1</i>	<i>205.1</i>	<i>1,708.2</i>	<i>2,805.5</i>	<i>13,552.9</i>	<i>14,159.3</i>
Liabilities	3,253.3	0.3	2.7	134.7	3,391.0	2,569.6
Guarantees and						
commitments	14,959.1	133.8	35.8	505.0	15,633.7	16,874.5
Interest income	471.5	9.7	84.9	218.2	784.3	796.9
Interest expense	(180.5)	(0.3)	(6.5)	(52.5)	(239.8)	(345.1)
Net fee income	8.6	0.3	12.2	69.6	90.7	42.5
Other income (costs)	190.5	(17.3) ¹	208.1	0.8	382.1	(410.5)

¹ Includes short-term benefits amounting to €18m and stock options worth €1.8.

PART I - SHARE-BASED PAYMENT SCHEMES

A. QUALITATIVE INFORMATION

1. Description

Information on the increases in the Bank's share capital as a result of stock option schemes approved pursuant to Article 2441, paragraphs 8 and 5, of the Italian Civil Code, is as follows:

Extraordinary General Meeting held on	No. of shares approved	Awards expire on	Deadline for exercising options	No. of shares awarded
29 March 1999	3,130,000	Expired	31 December 2011	3,130,000
30 July 2001	50,000,000	Expired	1° July 2015	49,634,000
28 October 2004	15,000,000	28 October 2009	1° July 2020	3,985,000
<i>of which to Board members¹</i>	<i>4,000,000</i>	<i>28 October 2009</i>	<i>1° July 2020</i>	<i>3,375,000²</i>
27 June 2007	40,000,000	27 June 2012	1° July 2022	—
TOTAL	108,130,000			67,060,000

The schemes provide for a maximum duration of ten years and a vesting period of thirty-six months.

The schemes were launched with the dual purpose of encouraging loyalty retention among key staff members, i.e. persuading employees with essential and/or critical roles within the Group to stay, and making the remuneration package offered to them more diversified and flexible.

The choice of beneficiaries and decisions as to the number of options to be allotted are taken in view of the role performed by the person concerned with the company's organization and their importance in terms of creating value.

During the year a total of 9,411,000 options were awarded at a price of €11.043 per share, vesting in three years (1 July 2011) and exercisable within eight years, from the total number of options approved by shareholders in general meeting on 28 October 2004, 1,375,000 of which were awarded to directors.

¹ At a general meeting held on 27 June 2007, shareholders approved a proposal to grant stock options to Management Board members.

² Granted to one former director.

Subsequent to the reporting date, on 15 July 2009 a total of 310,000 options were awarded (79,000 of which from the maximum amount approved by shareholders in general meeting on 28 October 2004, and the remainder against the amount approved on 27 June 2007), at a price of €8.401 per share, with a three-year vesting period and an eight-year exercise period.

Mediobanca, along with Mediolanum, also participates in the stock option scheme operated by Banca Esperia for its staff, reserving a portion of its investment in the company for use in connection with this scheme. As at 30 June 2009, following the reduction in the fair value of Banca Esperia (in connection with market trends), a contingent asset of €1.7m was recorded after part of the provision (which is measured at the fair value of the commitments) was released.

B. QUANTITATIVE INFORMATION

1. Changes during the period

	30/6/08			30/6/09		
	No. of options	Avg. price	Avg. expiry	No. of options	Avg. price	Avg. expiry
A. Balance at start of period	13,591,250	13,52	December 2013	13,306,000	14.52	June 2014
B. Additions						
B.1 New issues	1,770,000	15,14	November 2015	9,411,000	11.04	June 2016
B.2 Other additions	—	—	—	—	—	—
C. Reductions						
C.1 Options cancelled	—	—	—	—	—	—
C.2 Options exercised	2,055,250	8,86	—	—	—	—
C.3 Options expired	—	—	—	—	—	—
C.4 Other reductions	—	—	—	—	—	—
D. Balance at end of period	13,306,000	14,52	June 2014	22,717,000	13.08	April 2015
E. Options exercisable as at reporting date	1,136,000	9,94	March 2012	11,276,000	9,85	January 2013

ANNEXES

CONSOLIDATED BALANCE SHEET (IAS/IFRS-compliant)

Assets	IAS-compliant 30/6/08	IAS-compliant 30/6/09
10. Cash and cash equivalents	22.1	20.7
20. Financial assets held for trading	11,774.4	13,137.6
30. Financial assets recognized at fair value	—	—
40. AFS securities	3,778.7	6,653.4
50. Financial assets held to maturity	578.1	574.4
60. Due from banks	7,055.9	5,001.7
<i>of which:</i>		
<i>other trading items</i>	5,820.8	3,936.1
<i>securities</i>	—	198.1
<i>other items</i>	6.2	1.6
70. Due from customers	35,807.0	42,390.0
<i>of which:</i>		
<i>other trading items</i>	2,306.1	7,072.2
<i>securities</i>	41.8	785.0
<i>other items</i>	124.9	82.2
80. Hedging derivatives	1,234.3	1,744.6
<i>of which:</i>		
<i>funding hedge derivatives</i>	947.4	1,669.6
<i>lending hedge derivatives</i>	15.0	2.6
90. Value adjustments to financial assets subject to general hedging	—	—
100. Equity investments	2,845.7	2,638.5
110. Total reinsurers' share of technical reserves	—	—
120. Property, plant and equipment	312.7	317.5
130. Intangible assets	440.6	446.7
<i>of which:</i>		
<i>goodwill</i>	404.3	365.9
140. Tax assets	548.0	830.1
<i>a) current</i>	244.1	291.4
<i>b) advance</i>	303.9	538.7
150. Other non-current and Group assets being sold	—	—
160. Other assets	70.6	135.3
<i>of which:</i>		
<i>other trading items</i>	0.2	20.1
TOTAL ASSETS	64,468.1	73,890.5

The balance sheet provided on p. 21 reflects the following restatements:

- *Treasury funds* comprises asset headings 10 and 20 and liability heading 40, plus the “other trading items” shown under asset headings 60, 70 and 160 and liability headings 10, 20 and 100, which chiefly consist of repos, interbank accounts and margins on derivatives;
- *Funding* comprises the balances shown under liability headings 10, 20 and 30 (excluding amounts restated as trading items in respect of repos and interbank accounts), plus the relevant amounts in respect of hedging derivatives;
- *Loans and advances to customers* comprise asset headings 60 and 70 (excluding amounts restated as *Treasury funds*) plus the relevant amounts of asset heading 80 and liability heading 60 in respect of hedging derivatives.

Liabilities and net equity	IAS-compliant 30/6/08	IAS-compliant 30/6/09
10. Due to banks	13,848.9	11,410.2
<i>of which:</i>		
<i>other trading items</i>	4,591.2	5,170.9
<i>other liabilities</i>	49.3	0.6
20. Due to customers	6,096.5	13,148.2
<i>of which:</i>		
<i>other trading items</i>	1,929.1	2,834.9
<i>other liabilities</i>	15.4	8.0
30. Debt securities	30,427.4	37,416.2
40. Trading liabilities	3,156.2	3,427.4
50. Liabilities recognized at fair value	—	—
60. Hedging derivatives	2,736.7	1,332.2
<i>of which:</i>		
<i>funding hedge derivatives</i>	2,713.1	1,121.2
<i>lending hedge derivatives</i>	13.6	32.7
70. Value adjustments to financial liabilities subject to general hedging	—	—
80. Tax liabilities	720.9	653.7
<i>a) current</i>	316.9	306.4
<i>b) deferred</i>	404.0	347.3
90. Liabilities in respect of Group assets being sold	—	—
100. Other liabilities	407.6	505.0
<i>of which:</i>		
<i>Adjustment to L & R</i>	15.5	53.2
110. Staff severance indemnity provision	29.2	28.9
120. Provisions	180.9	159.4
<i>a) post-employment and similar benefits</i>	—	—
<i>b) other provisions</i>	180.9	159.4
130. Technical reserves	—	—
140. Valuation reserves	112.8	(163.3)
150. Shares with right of withdrawal	—	—
160. Equity instruments	—	—
170. Reserves	3,280.2	3,530.7
180. Share premium reserve	2,140.0	2,140.0
190. Share capital	410.0	410.0
200. Treasury shares	(213.8)	(213.8)
210. Net equity attributable to minorities	119.8	103.3
220. Profit (loss) for the year	1,014.8	2.4
TOTAL LIABILITIES AND NET EQUITY	64,468.1	73,890.5

CONSOLIDATED PROFIT AND LOSS ACCOUNTS (IAS/IFRS-compliant)

	12 mths to 30/6/08	12 mths to 30/6/09
10. Interest and similar income	2,615.2	3,051.1
20. Interest expense and similar charges	(1,940.1)	(2,194.1)
30. Net interest income	675.1	857.0
40. Fee and commission income	390.0	483.6
50. Fee and commission expense	(43.4)	(50.5)
60. Net fee and commission income	346.6	433.1
70. Dividends and similar income	123.1	41.0
80. Net trading income	30.7	196.7
90. Net hedging income (expense)	7.0	2.0
100. Gain (loss) on disposal of:	196.3	186.1
<i>a) loans and receivables</i>	0.6	—
<i>b) AFS securities</i>	172.6	175.0
<i>c) financial assets held to maturity</i>	(0.2)	0.1
<i>d) other financial liabilities</i>	23.3	11.0
120. Total income	1,378.8	1,715.9
130. Adjustments for impairment to:	(209.8)	(690.4)
<i>a) loans and receivables</i>	(202.7)	(476.3)
<i>b) AFS securities</i>	(7.5)	(186.6)
<i>c) financial assets held to maturity</i>	0.4	0.4
<i>d) other financial liabilities</i>	—	(27.9)
140. Net income from financial operations	1,169.0	1,025.5
150. Net premium income	—	—
160. Income less expense from insurance operations	—	—
170. Net income from financial and insurance operations	1,169.0	1,025.5
180. Administrative expenses:	(549.0)	(748.5)
<i>a) personnel costs</i>	(280.2)	(360.1)
<i>b) other administrative expenses</i>	(268.8)	(388.4)
190. Net transfers to provisions for liabilities and charges	(27.5)	(0.7)
200. Net adjustments to property, plant and equipment	(10.8)	(15.4)
210. Net adjustments to intangible assets	(6.1)	(19.4)
<i>of which: goodwill</i>	—	—
220. Other operating income (expenses)	74.8	132.7
230. Operating costs	(518.6)	(651.3)
240. Profit (loss) from equity-accounted companies	477.8	(283.5)
270. Gain (loss) on disposal of investments	—	—
280. Profit (loss) before tax on ordinary activities	1,128.2	90.7
290. Income tax on ordinary activities for the year	(103.9)	(88.8)
300. Profit (loss) after tax on ordinary activities	1,024.3	1.9
310. Net gain (loss) on non-current assets being sold	—	—
320. Profit (loss) for the year	1,024.3	1.9
330. Profit (loss) for the year attributable to minorities	(9.5)	0.5
340. Net profit (loss) for the year attributable to Mediobanca	1,014.8	2.4

The profit and loss account reported on p. 20 reflects the following restatements:

- *Net interest income* includes the total reported under Heading 90, plus margins on swaps reported under Heading 80 amounting to €61.3m and €0.9m respectively, net of €0.9m in interest expense on securities lending accounted for as *Net trading income*;
- Amounts under Heading 220 have been restated as *Net fee and commission income*, save for amounts refunded/recovered amounting to €23.5m and €78.4m respectively which net operating costs;
- In addition to the items already stated, *Net trading income* also includes dividends from trading and the gains (losses) on financial liabilities reported under Heading 100.

MEDIOBANCA S.p.A. BALANCE SHEET

Assets	IAS-compliant 30/6/08	IAS-compliant 30/6/09
10. Cash and cash equivalents	—	—
20. Financial assets held for trading	10,656.9	11,597.0
40. AFS securities	2,846.7	4,330.9
50. Financial assets held to maturity	577.4	573.6
60. Due from banks	11,676.3	8,470.2
<i>of which:</i>		
<i>other trading items</i>	5,557.6	4,020.9
<i>securities</i>	—	198.1
<i>other items</i>	13.5	28.2
70. Due from customers	20,460.8	28,397.1
<i>of which:</i>		
<i>other trading items</i>	2,232.6	8,324.1
<i>securities</i>	41.8	785.0
<i>other items</i>	30.6	103.4
80. Hedging derivatives	1,188.3	1,762.4
<i>of which:</i>		
<i>funding hedge derivatives</i>	988.9	1,687.9
<i>lending hedge derivatives</i>	15.0	2.6
100. Equity investments	2,722.4	2,845.2
110. Property, plant and equipment	119.0	118.0
120. Intangible assets	2.6	4.5
130. Tax assets	183.3	323.5
<i>a) current</i>	45.5	178.6
<i>b) advance</i>	137.8	144.9
150. Other assets	9.0	28.5
TOTAL ASSETS	50,442.7	58,450.9

The balance sheet provided on p. 227 reflects the following restatements:

- *Treasury funds* comprises asset headings 10 and 20 and liability heading 40, plus the “other trading items” shown under asset headings 60, 70 and 150 and liability headings 10, 20 and 100, which chiefly consist of repos, interbank accounts and margins on derivatives;
- *Funding* comprises the balances shown under liability headings 10, 20 and 30 (excluding trading items in respect of repos and interbank accounts), plus the relevant amounts in respect of hedging derivatives;
- *Loans and advances to customers* comprise asset headings 60 and 70 (excluding amounts restated as *Treasury funds* and other items) and the relevant amounts of asset heading 80 and liability heading 60 in respect of hedging derivatives.

Liabilities and net equity	IAS-compliant 30/6/08	IAS-compliant 30/6/09
10. Due to banks	7,620.5	8,800.6
<i>of which:</i>		
<i>other trading items</i>	4,591.1	4,695.8
<i>other liabilities</i>	49.2	27.0
20. Due to customers	2,148.4	3,214.8
<i>of which:</i>		
<i>other trading items</i>	1,921.0	2,833.4
<i>other liabilities</i>	8.1	70.8
30. Debt securities	28,790.3	36,349.9
40. Trading liabilities	3,089.6	3,353.4
60. Hedging derivatives	2,754.4	1,247.3
<i>of which:</i>		
<i>funding hedge derivatives</i>	2,740.2	1,198.4
<i>lending hedge derivatives</i>	13.6	32.7
80. Tax liabilities	525.4	476.1
a) current	217.0	217.0
b) deferred	308.4	259.1
100. Other liabilities	102.6	207.0
<i>of which:</i>		
<i>Adjustment to L & R</i>	27.2	95.0
110. Staff severance indemnity provision	10.7	9.8
120. Provisions	150.8	150.8
a) <i>post-employment and similar benefits</i>	—	—
b) <i>other provisions</i>	150.8	150.8
130. Valuation reserves	57.7	(62.7)
160. Reserves	2,233.1	2,346.5
170. Share premium reserve	2,140.0	2,140.0
180. Share capital	410.0	410.0
190. Treasury shares (–)	(213.4)	(213.4)
200. Profit (loss) for the period	622.6	20.8
TOTAL LIABILITIES AND NET EQUITY	50,442.7	58,450.9

MEDIOBANCA S.p.A. PROFIT AND LOSS ACCOUNT

Profit and loss account	12 mths to 30/6/08	12 mths to 30/6/09
10. Interest and similar income.....	1,804.6	1,972.3
20. Interest expense and similar charges	(1,624.4)	(1,725.6)
30. Net interest income	180.2	246.7
40. Fee and commission income	281.8	281.2
50. Fee and commission expense	(18.8)	(9.1)
60. Net fee and commission income	263.0	272.1
70. Dividends and similar income	310.0	68.5
80. Net trading income	12.5	204.6
90. Net hedging income (expense)	7.2	1.3
100. Gain (loss) on disposal of:	194.0	175.6
<i>a) loans and receivables</i>	—	—
<i>b) AFS securities</i>	171.8	157.1
<i>c) financial assets held to maturity</i>	(0.2)	0.1
<i>d) other financial liabilities</i>	22.4	18.4
120. Total income	966.9	968.8
130. Adjustments for impairment to:	(30.3)	(314.0)
<i>a) loans and receivables</i>	(22.8)	(77.0)
<i>b) AFS securities</i>	(7.5)	(179.1)
<i>c) financial assets held to maturity</i>	—	—
<i>d) other financial liabilities</i>	—	(57.9)
140. Net income from financial operations	936.6	654.8
150. Administrative expenses:	(246.6)	(270.7)
<i>a) personnel costs</i>	(160.0)	(186.2)
<i>b) other administrative expenses</i>	(86.6)	(84.5)
160. Net transfers to provisions for liabilities and charges	—	—
170. Net adjustments to property, plant and equipment	(3.0)	(3.0)
180. Net adjustments to intangible assets.....	(1.9)	(2.7)
<i>of which: goodwill</i>	—	—
190. Other operating income (expenses)	9.6	13.3
200. Operating costs	(241.9)	(263.1)
210. Profit (loss) from equity investments	—	(236.9)
240. Gain (loss) on disposal of investments	—	—
250. Profit (loss) before tax on ordinary activities	694.7	154.8
260. Income tax on ordinary activities for the year	(72.1)	(134.0)
270. Profit (loss) after tax on ordinary activities	622.6	20.8
290. Net profit (loss) for the period	622.6	20.8

The profit and loss account reported on p. 226 reflects the following restatements:

- *Net interest income* includes the total reported under Heading 90, plus margins on swaps reported under Heading 80 amounting to €57.8m and €18.3m respectively, net of €0.9m in interest expense on securities lending accounted for as *Net trading income*;
- Amounts under Heading 190 have been restated as *Net fee and commission income*, save for amounts refunded/recovered amounting to €12.9m and €11.2m respectively which net operating costs;
- In addition to the items already stated, *Net trading income* also includes dividends from trading (amounting to €187m and €27.5m), and the gains (losses) on financial liabilities reported under Heading 100.

BALANCE-SHEET DATA AND PROFIT-AND-LOSS FIGURES CONTRIBUTIONS¹

CONSOLIDATED BALANCE SHEET*

	Assets	30/6/09		30/6/08	
		Banking Group	Others ²	Banking Group	Others ²
10.	Cash and cash equivalents	20,648	5	22,106	4
20.	Financial assets held for trading	13,137,610	—	11,774,390	—
40.	Financial assets available for sale	6,653,386	—	3,778,727	—
50.	Financial assets held to maturity	574,427	—	578,145	—
60.	Due from banks	4,999,142	2,569	7,050,646	5,297
70.	Due from customers	42,384,879	5,116	35,805,137	1,821
80.	Hedging derivatives	1,744,646	—	1,234,269	—
100.	Equity investments	2,638,502	—	2,845,706	—
120.	Property, plant and equipment	317,263	237	312,533	127
130.	Intangible assets	446,701	13	440,553	9
140.	Tax assets	830,074	50	547,952	15
160.	Other assets	135,061	151	70,528	120
	TOTAL ASSETS	73,882,339	8,141	64,460,692	7,393

* Figures are in Euro'000.

¹ All figures are net of intercompany amounts.

² Includes Creditech, R&S and Sade Finanziaria Intersomer.

	Liabilities and net equity	30/6/09		30/6/08	
		Banking Group	Others ²	Banking Group	Others ²
10.	Due to banks	11,410,190	1	13,848,864	1
20.	Due to customers	13,148,196	8	6,096,540	2
30.	Debt securities in issue	37,416,198	—	30,427,380	—
40.	Trading liabilities	3,427,372	—	3,156,209	—
60.	Hedging derivatives	1,332,162	—	2,736,690	—
80.	Tax liabilities:	652,211	1,451	720,154	746
100.	Other liabilities	502,079	3,028	405,730	1,841
110.	Staff severance indemnity provision	28,208	690	28,561	611
120.	Provisions:	159,361	22	180,864	22
140.	Revaluation reserves	(163,300)	—	112,795	—
170.	Reserves	3,519,808	10,899	3,268,201	11,970
180.	Share premium reserve	2,140,043	—	2,140,043	—
190.	Share capital	410,028	—	410,028	—
200.	Treasury shares	(213,844)	—	(213,844)	—
210.	Minority interest	103,260	—	119,845	—
220.	Profit for the period	10,367	(7,958)	1,022,632	(7,800)
	TOTAL LIABILITIES AND NET EQUITY	73,882,339	8,141	64,460,692	7,393

² Includes Creditech, R&S and Sade Finanziaria Intersomer.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		30/6/09		30/6/08	
		Banking Group	Others ²	Banking Group	Others ²
10.	Interest and similar income	3,051,071	67	2,615,178	31
20.	Interest expense and similar charges	(2,194,093)	(3)	(1,940,091)	(4)
30.	Net interest income	856,978	64	675,087	27
40.	Fee and commission income	475,392	8,239	386,057	3,988
50.	Fee and commission expense	(43,290)	(7,248)	(38,497)	(4,933)
60.	Net fee and commission income	432,102	991	347,560	(945)
70.	Dividends and similar income	40,978	—	123,094	—
80.	Net trading income	196,749	—	30,661	—
90.	Net hedging income (expense)	2,022	—	6,950	—
100.	Gain (loss) on disposal/repurchase of:	186,129	—	196,266	—
120.	Total income	1,714,958	1,055	1,379,618	(918)
130.	Adjustments for impairment to:	(690,425)	—	(209,755)	—
140.	Net income from financial operations	1,024,533	1,055	1,169,863	(918)
180.	Administrative expenses:	(741,771)	(6,688)	(543,414)	(5,521)
190.	Net transfers to provisions	(736)	—	(27,474)	—
200.	Net adjustments to tangible assets	(15,350)	(66)	(10,763)	(50)
210.	Net adjustments to intangible assets	(19,352)	(5)	(6,065)	(7)
220.	Other operating income (expense)	132,489	208	74,615	142
230.	Operating costs	(644,720)	(6,551)	(513,101)	(5,436)
240.	Gain (loss) on equity investments	(283,516)	—	477,798	—
270.	Gain (loss) on disposal of investments in:	(83)	—	(25)	—
280.	Profit (loss) on ordinary activities before tax	96,214	(5,496)	1,134,535	(6,354)
290.	Income tax for the year on ordinary activities	(86,304)	(2,462)	(102,425)	(1,446)
300.	Profit (loss) on ordinary activities after tax	9,910	(7,958)	1,032,110	(7,800)
320.	Net profit (loss) for the period	9,910	(7,958)	1,032,110	(7,800)
330.	Net profit (loss) for the period attributable to minorities	457	—	(9,478)	—
340.	Net profit (loss) for the period attributable to Mediobanca	10,367	(7,958)	1,022,632	(7,800)

TABLE A

ASSET REVALUATION STATEMENTS REQUIRED BY ARTICLE 10
OF LAW No. 72 OF 19 MARCH 1983

Revaluations effected under Law 576/75:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
– Property in Piazzetta Enrico Cuccia 1 (formerly Via Filodrammatici 6-8-10)	2,609,651.24	—	2,609,651.24
– Property in Piazza Paolo Ferrari 6 ...	815,743.67	—	815,743.67
			<u>3,425,394.91</u>

Revaluations effected under Law 72/83:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
– ASSICURAZIONI GENERALI S.p.A., Trieste			
– 6,375,000 shares	21,174,732.86	—	21,174,732.86
– FONDIARIA-SAI S.p.A., Florence (formerly La Fondiaria Assicurazioni)			
– 2,500,000 shares*	1,766,071.64	51,105.98	1,714,965.66
– Property in Piazzetta Enrico Cuccia 1 (formerly Via Filodrammatici 6-8-10)	11,620,280.23	—	11,620,280.23
– Property in Piazza Paolo Ferrari 6....	4,389,883.64	—	4,389,883.64
			<u>38,899,862.39</u>

* Due to disposal of 74,500 shares.

Revaluations effected under Law 413/91:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
– Property in Piazzetta Enrico Cuccia 1 (formerly Via Filodrammatici 6-8-10)	4,174,707.04	—	4,174,707.04

BANKS AND FINANCIAL COMPANIES (IAS/IFRS)

TABLE B

BALANCE SHEETS

	COMPASS	CHEBANCAI	COFACTOR	CREDITTECH	SELMABIPIEMME LEASING	PALLADIO LEASING	TELELEASING	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)	TECHNOSTART	PROMINVESTMENT	SADE FINANZIARIA- INTERSOMER
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
ASSETS											
10. Cash and cash equivalents	1,292	11,044	2	2	7	6	—	35,019	—	1	—
20. Financial assets held for trading	—	—	—	—	3	—	—	533,386	437	—	—
40. AFS securities	—	2,081,643	—	—	—	—	—	—	14	—	—
50. Financial assets held to maturity	—	—	787	—	—	—	—	—	—	—	—
60. Due to banks	173,097	2,634,340	57	2,586	20,549	2,840	12,163	1,976,199	—	1,155	16
70. Due to customers	7,901,116	3,231,159	84,234	12,266	2,720,792	1,609,847	582,337	3,561,390	16	6,690	—
80. Hedging derivatives	1,285	—	—	—	1,155	—	—	80,499	—	—	—
100. Equity investments	680,481	9	—	—	51,049	—	—	—	—	—	—
120. Property, plant and equipment	24,329	13,961	126	232	2,230	6,913	34	21	—	—	—
130. Intangible assets	395,257	3,464	85	9	1,349	—	202	—	—	—	—
140. Tax assets	381,809	17,801	191	21	81,364	4,088	14,144	96,533	—	53	—
160. Other assets	45,951	33,056	860	66	4,648	1,572	295	18,159	2	132	—
TOTAL ASSETS	9,604,617	8,026,477	86,342	15,182	2,883,146	1,625,266	609,175	6,301,206	469	8,031	16
LIABILITIES											
10. Due to banks	7,365,534	1,600,121	46,527	1	1,952,463	1,457,997	488,895	3,278,768	—	—	—
20. Due to customers	943,186	6,115,257	2,571	8	754,638	25,723	988	25,842	—	—	—
30. Debt securities in issue	—	—	—	—	—	—	—	2,469,214	—	—	—
40. Financial liabilities	—	—	—	—	—	—	129	257,360	—	—	—
60. Hedging derivatives	179,784	—	—	—	22,192	—	12,431	13,189	—	—	—
70. Value adjustments to financial assets subject to general hedging	—	—	—	—	—	—	—	—	—	—	—
80. Tax liabilities	104,194	16,787	250	1,354	8,664	6,464	9,620	108,154	—	788	—
100. Other liabilities	111,158	66,471	979	2,710	39,421	40,913	10,865	17,452	31	6,682	—
110. Staff severance indemnity provision ...	9,898	1,480	1,176	427	2,266	989	296	—	—	84	—
120. Provisions	782	292	565	22	429	113	—	—	—	611	—
130. Valuation reserves	(108,134)	25,299	—	—	(13,480)	816	(5,370)	—	—	—	—
170. Reserves	331,489	703	1,294	5,538	64,867	81,491	75,034	91,990	(117)	(510)	(6)
180. Share premium reserve	—	—	—	—	18,040	—	—	—	—	—	—
190. Share capital	587,500	300,000	32,500	250	41,305	8,675	9,500	10,000	600	743	25
200. Treasury shares	—	—	—	—	—	(434)	—	—	—	—	—
220. Profit (loss) for the period	79,226	(99,933)	480	4,872	(7,659)	2,519	6,787	29,237	(45)	(367)	(3)
TOTAL LIABILITIES	9,604,617	8,026,477	86,342	15,182	2,883,146	1,625,266	609,175	6,301,206	469	8,031	16

TABLE B (cont.)

PROFIT AND LOSS ACCOUNTS

	COMPASS	CHEBANCA	COFACTOR	CREDITTECH	SELMABIPIEMME LEASING	PALLADIO LEASING	TELELEASING	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)	TECHNOSTART	PROMINVESTMENT	SADE FINANZIARIA- INTERSOMER
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
10. Interest and similar income	788,706	207,485	9,571	126	155,879	75,112	43,720	324,315	17	12	—
20. Interest and similar expense	(380,499)	(184,109)	(1,086)	(2)	(112,931)	(59,197)	(26,136)	(253,252)	—	(1)	—
30. Net interest income	408,207	23,376	8,485	124	42,948	15,915	17,584	71,063	17	11	—
40. Fee and commission income	114,341	6,480	—	20,032	120	—	—	24,955	—	1,283	—
50. Fee and commission expense	(10,373)	(1,571)	—	(7,249)	(1,415)	(61)	(504)	(42,140)	(1)	(422)	—
60. Net fee and commission income	103,968	4,909	—	12,783	(1,295)	(61)	(504)	(17,185)	(1)	861	—
70. Dividends and similar income	4,377	—	—	—	4,789	—	—	—	—	—	—
80. Net trading income (expense)	—	—	160	—	18	(29)	(288)	(7,791)	1	—	—
90. Net hedging income (expense)	—	—	—	—	(129)	—	(113)	383	—	—	—
100. Gain (loss) on disposal/repurchase of financial assets	—	17,073	—	—	—	—	—	(7,461)	—	—	—
110. Net income from financial assets and liabilities	—	—	—	—	—	—	—	—	—	—	—
120. Total income	516,552	45,358	8,645	12,907	46,331	15,825	16,679	39,009	17	872	—
130. Adjustments for impairment	(295,840)	(27,012)	(573)	—	(37,937)	(4,871)	(1,397)	—	—	(25)	—
140. Net income from financial operations	220,712	18,346	8,072	12,907	8,394	10,954	15,282	39,009	17	847	—
150. Administrative expenses	(240,094)	(153,969)	(6,081)	(5,581)	(21,715)	(7,787)	(5,967)	(2,278)	(63)	(1,147)	(3)
160. Net transfers to provisions	—	—	(565)	—	(60)	—	—	—	—	—	—
170. Net income (expense) from financial operations	(2,882)	(3,112)	(38)	(64)	(268)	(330)	(22)	(18)	—	(3)	—
180. Net adjustments to intangible assets	(7,970)	(2,148)	(103)	(4)	(1,305)	—	(353)	—	—	(1)	—
190. Other operating income (expense)	104,176	5,124	(572)	30	5,931	1,725	1,625	4	1	(43)	—
200. Operating costs	(146,770)	(154,105)	(7,359)	(5,619)	(17,417)	(6,392)	(4,717)	(2,292)	(62)	(1,194)	(3)
210. Gain (loss) on equity investments	480	—	—	—	—	—	—	—	—	—	—
220. Net gain (loss) on recognizing tangible/intangible assets at fair value	—	—	—	—	—	—	—	—	—	—	—
230. Adjustments to goodwill	—	—	—	—	—	—	—	—	—	—	—
240. Gain (loss) on disposal of investments	—	—	2	—	—	—	—	—	—	—	—
250. Profit (loss) on ordinary activities before tax	74,422	(135,759)	715	7,288	(9,023)	4,562	10,565	36,717	(45)	(347)	(3)
260. Income tax on ordinary activities for the year	4,804	35,826	(235)	(2,416)	1,364	(2,043)	(3,778)	(7,480)	—	(20)	—
270. Profit (loss) on ordinary activities after tax	79,226	(99,933)	480	4,872	(7,659)	2,519	6,787	29,237	(45)	(367)	(3)
280. Gain (loss) on groups of assets being sold	—	—	—	—	—	—	—	—	—	—	—
290. Net profit (loss) for the period	79,226	(99,933)	480	4,872	(7,659)	2,519	6,787	29,237	(45)	(367)	(3)

BANKS

TABLE B (cont.)

BALANCE SHEETS

	COMPAGNIE MONEGASQUE DE BANQUE	COMPAGNIE MONEGASQUE DE GESTION
	(€'000)	(€'000)
ASSETS		
10. Cash and cash equivalents	61,849	8,301
20. Due from banks	132,067	—
30. Due from financial institutions	—	—
40. Due from customers	772,847	—
50. Bonds and other debt securities	1,279,386	410
60. Equities, stock units and other floating-rate securities ..	618,529	—
70. Equity investments	21,097	8
80. Investments in Group undertakings	74,274	—
90. Intangible fixed assets	24,707	—
100. Tangible fixed assets	2,429	75
120. Treasury shares and stock units	—	—
130. Other assets	18,449	2,107
140. Accrued income and deferred expenses	7,409	73
TOTAL ASSETS	<u>3,013,043</u>	<u>10,974</u>
LIABILITIES		
10. Due to banks	47,346	—
20. Due to financial institutions	—	—
30. Due to customers	2,500,011	—
40. Debt securities	21,642	—
50. Other liabilities	41,124	1,262
60. Accrued expenses and deferred income	12,954	—
70. Staff severance indemnity provision	—	—
80. Provision for liabilities and charges	4,568	—
120. Share capital	111,110	600
130. Share premium reserve	4,573	—
140. Reserves	230,210	16
150. Valuation reserves	—	—
160. Retained earnings (accumulated loss)	3	265
170. Profit (loss) for the period	39,502	8,831
TOTAL LIABILITIES	<u>3,013,043</u>	<u>10,974</u>

TABLE B (cont.)

PROFIT AND LOSS ACCOUNTS

	COMPAGNIE MONEGASQUE DE BANQUE	COMPAGNIE MONEGASQUE DE GESTION
	(€'000)	(€'000)
10. Interest and similar income	71,228	—
20. Interest and similar expense	(85,155)	(4)
30. Dividends and similar income	11,309	—
40. Fee and commission income	29,519	11,821
50. Fee and commission expense	(2,757)	—
60. Gain (loss) on dealing transactions	55,512	—
70. Other operating income	(456)	—
80. Administrative expenses	(35,876)	(3,313)
90. Value adjustments to tangible/intangible assets	(3,434)	(17)
100. Provisions for liabilities and charges	(3,674)	—
110. Other operating expenses	—	—
120. Value adjustments to receivables and provisions for guarantees and commitments	—	—
130. Writebacks on receivables and transfers in respect of guarantees and commitments	—	—
140. Transfers to loan loss provision	—	—
170. Profit (loss) on ordinary activities	36,216	8,487
180. Extraordinary income	3,286	344
190. Extraordinary expense	—	—
200. Net extraordinary income (expense)	3,286	344
210. Changes to provision for general banking risks	—	—
220. Income tax for the period	—	—
230. Net profit (loss) for the period	39,502	8,831

OTHER FINANCIAL COMPANIES (IAS/IFRS)

TABLE B (cont.)

BALANCE SHEETS

	CONSORTIUM	QUARZO SRL	QUARZO LEASE	SPAFID	PRUDENTIA FIDUCIARIA	MEDIOBANCA SECURITIES LLC
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(\$'000)
ASSETS						
10. Cash and cash equivalents	1	—	—	8	—	2,015
20. Financial assets held for trading	—	—	—	8,186	999	—
40. AFS securities	—	—	—	—	—	—
50. Financial assets held to maturity	—	—	—	925	1	—
60. Due from banks	10,910	10	—	2,076	667	65
70. Due from customers	—	—	—	1,988	36	2
80. Hedging derivatives	—	—	—	—	—	—
100. Equity investments	—	—	—	29,478	—	—
120. Property, plant and equipment	—	—	—	1	—	158
130. Intangible assets	—	—	—	6	—	—
140. Tax assets	161	4	—	59	70	—
160. Other assets	—	50	43	725	3	50
TOTAL ASSETS	11,072	64	43	43,452	1,776	2,290
LIABILITIES						
10. Due to banks	—	—	—	32	—	2,006
20. Due to customers	—	—	—	—	—	—
30. Debt securities in issue	—	—	—	—	—	—
40. Financial liabilities	—	—	—	—	—	—
60. Hedging derivatives	—	—	—	—	—	—
70. Value adjustments to financial assets subject to general hedging	—	—	—	—	—	—
80. Tax liabilities	—	2	33	1,336	139	—
100. Other liabilities	23	52	—	1,318	365	141
110. Staff severance indemnity provision	—	—	—	704	474	49
120. Provisions	—	—	—	—	—	—
130. Valuation reserves	—	—	—	—	—	—
170. Reserves	2,227	—	—	38,987	633	(1,185)
180. Share premium reserve	—	—	—	—	—	—
190. Share capital	8,631	10	10	100	100	2,250
200. Treasury shares	—	—	—	—	—	—
220. Profit (loss) for the period	191	—	—	975	65	(971)
TOTAL LIABILITIES	11,072	64	43	43,452	1,776	2,290

TABLE B (cont.)

PROFIT AND LOSS ACCOUNTS

	CONSORTIUM	QUARZO SRL	QUARZO LEASE	SPAFID	PRUDENTIA FIDUCIARIA	MEDIOBANCA SECURITIES LLC
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(\$'000)
10. Interest and similar income	257	—	—	381	47	—
20. Interest and similar expense	—	—	—	—	—	(60)
30. Net interest income	257	—	—	381	47	(60)
40. Fee and commission income	—	—	—	4,123	1,987	1,169
50. Fee and commission expense	—	—	—	(16)	—	—
60. Net fee and commission income	—	—	—	4,107	1,987	1,169
70. Dividends and similar income	—	—	—	200	—	—
80. Net trading income (expense)	—	—	—	(153)	2	—
90. Net hedging income (expense)	—	—	—	—	—	—
100. Gain (loss) on disposal/repurchase of financial assets	—	—	—	—	—	—
110. Net income from financial assets and liabilities ..	—	—	—	—	—	—
120. Total income	257	—	—	4,535	2,036	1,109
130. Adjustments for impairment	—	—	—	(20)	—	—
140. Net income from financial operations	257	—	—	4,515	2,036	1,109
150. Administrative expenses	(56)	(66)	(17)	(3,194)	(1,885)	(2,080)
160. Net transfers to provisions	—	—	—	—	—	—
170. Net adjustments to tangible assets	—	—	—	(4)	—	—
180. Net adjustments to intangible assets	—	—	—	(108)	—	—
190. Other operating income (expense)	—	66	17	249	(2)	—
200. Operating costs	(56)	—	—	(3,057)	(1,888)	(2,080)
210. Gain (loss) on equity investments	—	—	—	—	—	—
220. Net gain (loss) on recognizing tangible/intangible assets at fair value	—	—	—	—	—	—
230. Adjustments to goodwill	—	—	—	—	—	—
240. Gain (loss) on disposal of investments	—	—	—	—	—	—
250. Profit (loss) on ordinary activities before tax ...	201	—	—	1,458	148	(971)
260. Income tax on ordinary activities for the year ..	(10)	—	—	(483)	(84)	—
270. Profit (loss) on ordinary activities after tax	191	—	—	975	65	(971)
280. Gain (loss) on groups of assets being sold	—	—	—	—	—	—
290. Net profit (loss) for the period	191	—	—	975	65	(971)

BALANCE SHEETS

	FUTURO	DUCATI FINANCIAL SERVICES	MEDIOBANCA COVERED BOND	JUMP	QUARZO	QUARZO LEASE
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
ASSETS						
10. Cash and cash equivalents	—	1	—	—	—	—
20. Financial assets held for trading	—	—	—	—	—	—
40. AFS securities	—	—	—	—	—	—
50. Financial assets held to maturity	—	—	—	—	—	—
60. Due from banks	3,615	1,005	10	10	94	15
70. Due from customers	514,084	68,371	—	—	—	—
80. Hedging derivatives	—	—	—	—	—	—
100. Equity investments	—	—	—	—	—	—
120. Property, plant and equipment	109	—	—	—	—	—
130. Intangible assets	74	19	—	—	—	—
140. Tax assets	4,697	825	—	22	182	319
160. Other assets	636	119	—	13	79	52
TOTAL ASSETS	523,215	70,340	10	45	355	386
LIABILITIES						
10. Due to banks	482,735	3,079	—	—	—	—
20. Due to customers	9	60,249	—	—	—	—
30. Debt securities in issue	—	—	—	—	—	—
40. Financial liabilities	—	—	—	—	—	—
60. Hedging derivatives	13,807	1,669	—	—	—	—
70. Value adjustments to financial assets subject to general hedging	—	—	—	—	—	—
80. Tax liabilities	569	94	—	4	—	—
100. Other liabilities	9,095	4,099	10	31	342	376
110. Staff severance indemnity provision ...	660	13	—	—	—	—
120. Provisions	268	—	—	—	—	—
130. Valuation reserves	(8,744)	(1,042)	—	—	—	—
170. Reserves	17,938	65	—	—	3	—
180. Share premium reserve	—	—	—	—	—	—
190. Share capital	4,800	2,600	10	10	10	10
200. Treasury shares	—	—	—	—	—	—
220. Profit (loss) for the period	2,078	(486)	(10)	—	—	—
TOTAL LIABILITIES	523,215	70,340	10	45	355	386

TABLE B (cont.)

PROFIT AND LOSS ACCOUNTS

	FUTURO	DUCATI FINANCIAL SERVICES	QUARZO	MEDIOBANCA COVERED BOND	JUMP	QUARZO LEASE
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
10. Interest and similar income	29,854	3,232	1	—	—	—
20. Interest and similar expense.....	(21,267)	(2,432)	—	—	—	—
30. Net interest income	8,587	800	1	—	—	—
40. Fee and commission income.....	21,265	1,361	—	—	—	—
50. Fee and commission expense	(19,686)	—	—	—	—	—
60. Net fee and commission income	1,579	1,361	—	—	—	—
70. Dividends and similar income.....	—	—	—	—	—	—
80. Net trading income (expense).....	—	—	—	—	—	—
90. Net hedging income (expense).....	—	—	—	—	—	—
100. Gain (loss) on disposal/repurchase of financial assets	—	—	—	—	—	—
110. Net income from financial assets and liabilities	—	—	—	—	—	—
120. Total income	10,166	2,161	1	—	—	—
130. Adjustments for impairment	(59)	(1,190)	—	—	—	—
140. Net income from financial operations..	10,107	971	1	—	—	—
150. Administrative expenses	(6,731)	(1,809)	(33)	(10)	(40)	(35)
160. Net transfers to provisions	(111)	—	—	—	—	—
170. Net adjustments to tangible assets	—	—	—	—	—	—
180. Net adjustments to intangible assets...	(172)	(20)	—	—	—	—
190. Other operating income (expense)	494	298	32	—	43	35
200. Operating costs	(6,520)	(1,531)	(1)	(10)	3	—
210. Gain (loss) on equity investments	—	—	—	—	—	—
220. Net gain (loss) on recognizing tangible/ intangible assets at fair value	—	—	—	—	—	—
230. Adjustments to goodwill	—	—	—	—	—	—
240. Gain (loss) on disposal of investments	—	—	—	—	—	—
250. Profit (loss) on ordinary activities before tax	3,587	(560)	—	(10)	3	—
260. Income tax on ordinary activities for the year.....	(1,509)	74	—	—	(3)	—
270. Profit (loss) on ordinary activities after tax	2,078	(486)	—	(10)	—	—
280. Gain (loss) on groups of assets being sold	—	—	—	—	—	—
290. Net profit (loss) for the period	2,078	(486)	—	(10)	—	—

OTHER GROUP COMPANIES

BALANCE SHEETS

TABLE B (cont.)

	COMPAGNIE MONEGASQUE IMMOBILIERE	SOCIETE MONEGASQUE D'ETUDES FINANCIERES	MONOECI SOC. CIVILE IMMOBILIERE	MOULINS 700 S.A.M.	CMB ASSET MANAGEMENT S.A.M.	CMB BANQUE PRIVEE S.A.
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(SFR/000)
ASSETS						
B) Fixed assets:						
I) Intangible assets	3,064	—	—	—	—	—
II) Tangible assets	18,858	67	691	38,556	4	549
III) Financial fixed assets	160	7	—	—	—	70
Total B	22,082	74	691	38,556	4	619
C) Current assets:						
I) Inventories	—	—	—	—	—	—
II) Accounts receivable	927	1,864	—	2,367	—	3,652
III) Financial assets other than fixed assets	—	—	—	—	—	—
IV) Cash	70	1,326	325	—	176	—
Total C	997	3,190	325	2,367	176	3,652
D) Accrued income and prepaid expenses	8	19	—	—	—	9
TOTAL ASSETS	23,087	3,283	1,016	40,923	180	4,280
LIABILITIES						
A) Shareholders' equity:						
I) Share capital	2,440	775	2	160	150	5,000
III) Revaluation reserves	—	—	—	—	—	—
IV) Legal reserve	—	—	—	—	—	—
VI) Statutory reserve	—	21	—	16	—	—
VII) Other reserves	—	—	—	—	—	—
VIII) Retained earnings (accumulated loss)	(3,071)	286	(13)	(173)	—	—
IX) Profit (loss) for the year	(1,167)	48	28	(6)	4	(1,293)
Total A	(1,798)	1,130	17	(3)	154	3,707
B) Provisions for liabilities and charges	—	—	—	—	—	—
C) Provision for staff termination indemnities	—	—	—	—	—	—
D) Accounts payable:						
3) Amounts due to banks	24,591	110	991	40,921	10	—
4) Amounts due to other lenders	—	—	—	—	—	—
5) Advances from customers	—	—	—	—	—	—
6) Trade accounts payable	33	17	—	—	2	—
8) Amounts due to subsidiaries	250	—	—	—	—	122
9) Amounts due to associated companies	—	—	—	—	—	—
10) Amounts due to parent companies	—	—	—	—	—	—
11) Taxable payable	—	—	—	—	—	—
12) Amounts due to social security institutions	—	—	—	—	4	—
14) Other accounts payable	11	2,026	7	5	10	8
Total D	24,885	2,153	998	40,926	26	130
E) Accrued expenses and deferred income	—	—	1	—	—	443
TOTAL LIABILITIES	23,087	3,283	1,016	40,923	180	4,280
MEMORANDUM ACCOUNTS						
Assets held by third parties	—	—	—	—	—	—
Commitments	—	—	—	—	—	—
Value items pledged as collateral or held for safekeeping	—	—	—	—	—	—
Depositors for value items	—	—	—	—	—	—
Other accounts	—	—	—	—	—	—
TOTAL MEMORANDUM ACCOUNTS	—	—	—	—	—	—
Securities and value items held on trustee basis	—	—	—	—	—	—

TABLE B (cont.)

PROFIT AND LOSS ACCOUNTS

	COMPAGNIE MONEGASQUE IMMOBILIERE	SOCIETE MONEGASQUE D'ETUDES FINANCIERES	MONOECI SOC. CIVILE IMMOBILIERE	MOULINS 700 S.A.M.	CMB ASSET MANAGEMENT S.A.M.	CMB BANQUE PRIVEE S.A..
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(SFR/000)
A) Value of production	1,384	1,034	115	—	—	91
B) Costs of production:						
6) Raw materials, secondary materials consumables, semi-finished and finished goods	—	—	—	—	—	(15)
7) Services	—	(121)	—	—	—	(38)
8) Use of third parties' assets	—	—	—	—	—	(94)
9) Personnel	—	(178)	—	—	(37)	(898)
10) Depreciation, amortization and writedowns	(1,214)	(9)	(29)	—	(1)	(21)
12) Provision for liabilities	—	(3)	—	—	—	—
13) Other provisions	—	—	—	—	—	—
14) Sundry operating expenses	(281)	(1,150)	(9)	(5)	(48)	(233)
Total B	(1,495)	(1,461)	(38)	(5)	(86)	(1,299)
Value of production less costs of production	(111)	(427)	77	(5)	(86)	(1,208)
C) Interest income (charges)	(1,056)	—	(49)	(2)	—	(4)
D) Value adjustments to financial fixed assets	—	—	—	—	—	—
E) Extraordinary income (expenses)	—	499	—	1	90	—
Profit (loss) before tax	(1,167)	72	28	(6)	4	(1,212)
Income taxes for the year	—	(24)	—	—	—	(81)
Profit (loss) for the year	(1,167)	48	28	(6)	4	(1,293)

OTHER NON-FINANCIAL UNDERTAKINGS (IAS/IFRS)

BALANCE SHEETS

TABLE B (cont.)

	RICERCHE E STUDI S.p.A 30/06/09 (€'000)	SETECI S.p.A. 30/06/09 (€'000)		RICERCHE E STUDI S.p.A.30/06/09 (€'000)	SETECI S.p.A. 30/06/09 (€'000)
ASSETS			LIABILITIES		
Non-current assets			A) Net equity:		
Intangible assets	3	1,001	Share capital	100	500
Tangible assets	5	—	Other financial instruments representing equity	—	—
Property, plant and equipment	—	9,354	- of which to related parties	—	—
Investments in subsidiaries	—	—	Reserves	3	2,677
Investments in associate companies	—	—	Treasury shares	—	—
- of which to related parties	—	—	Hedge reserves	—	—
AFS securities	—	—	Other reserves	—	—
Real estate assets	—	—	Profit (loss) for previous years	—	—
Other non-current assets	—	20	Profit (loss) for period	—	1
Financial assets in the form of derivative instruments	—	—	Total net equity	103	3,178
Advance tax assets	—	196			
Total non-current assets	8	10,571	NON-CURRENT LIABILITIES		
CURRENT ASSETS			Staff benefits	—	—
Accounts receivable	—	1,037	Provisions for liabilities and charges	—	—
- of which to related parties	—	—	Staff-related provisions	305	441
Other receivables	—	—	Deferred tax liabilities	—	1,035
Sundry receivables and other current assets	724	1,217	Borrowings net of current borrowings	—	—
- of which to related parties	—	—	Other non-current liabilities	—	—
Current tax assets	—	—	Total non-current liabilities	305	1,476
- of which to related parties	—	—			
Current financial receivables	—	—	CURRENT LIABILITIES		
- of which to related parties	—	—	Due to banks	—	—
Financial derivative products	—	—	Accounts payable	—	1,434
Other current financial assets	—	—	- of which to related parties	—	—
Cash and liquid assets	126	58	Current tax liabilities	—	179
Total current assets	850	2,312	- of which to related parties	—	—
AFS securities	—	—	Financial liabilities in the form of derivative products	—	—
TOTAL ASSETS	858	12,883	Current financial liabilities	—	1,387
			- of which to related parties	—	—
			Provisions for liabilities and charges	—	393
			Other current liabilities	450	—
			Sundry payables and other current assets	—	4,836
			- of which to related parties	—	—
			Total current liabilities	450	8,229
			Liabilities in respect of AFS securities	—	—
			TOTAL LIABILITIES	858	12,883

TABLE B (cont.)

PROFIT AND LOSS ACCOUNT

	RICERCHE E STUDI S.p.A 30/6/09 (€'000)	SETECI S.p.A. 30/6/09 (€'000)
Net income	1.651	16.587
- of which to related parties	—	—
Consumption of raw materials and services	(517)	(5.187)
- of which to related parties	—	—
- of which non-recurring	—	—
Personnel costs	(1.081)	(4.048)
- of which to related parties	—	—
- of which non-recurring	—	—
Other operating income	—	—
Other operating costs	—	—
Other operating income and costs	—	—
- of which to related parties	—	—
Sundry operating expenses	(17)	(4.821)
Provisions for various risks	—	—
Depreciation and amortization	(1)	(562)
Depreciation on property, plant and equipment	(2)	(1.783)
Amortization of real estate investments	—	—
Operating profit (loss)	33	186
Financial income (expense)		
Financial income	7	1
- of which to related parties	7	—
- of which non-recurring	—	—
Financial expense	(1)	(81)
- of which to related parties	—	—
Other income (expense) from financial assets and liabilities	—	—
- of which to related parties	—	—
- of which non-recurring	—	—
Extraordinary expense	8	20
Net profit before tax	47	126
Income tax	(47)	(125)
Net profit for the period	—	1

ASSOCIATE COMPANIES

BALANCE SHEETS

TABLE C

	ASSICURAZIONI GENERALI 31/12/08 (€'000)		ASSICURAZIONI GENERALI 31/12/08 (€'000)
ASSETS		LIABILITIES AND SHAREHOLDERS' EQUITY	
B) Total intangible assets	164,890	A) Shareholders' equity	
C) Investments		I) Share capital or equivalent fund	1,410,114
I) Land and buildings (total)	1,452,003	II-VII) Reserves (total)	8,388,788
II) Investments in Group and other undertakings (total)	24,785,495	IX) Profit (loss) for year	828,336
III) Other financial investments		Total shareholders' equity (A)	10,627,238
1) Shares and stock units	1,986,459	B) Subordinated liabilities	3,918,301
2) Mutual fund units	2,246,721	C) Technical reserves	
3) Bonds and other fixed-income securities	16,847,598	I) General business (total)	8,688,703
4) Loans	285,025	II) Life business (total)	31,310,629
6) Deposits with banks	93,792	Total technical reserves (C)	39,999,332
7) Other financial investments	43,480	D) Technical reserves where investment risk is carried by policyholders and reserves arising from pension fund management (total)	852,717
Total other financial investments	21,503,075	E) Provision for risks and charges (total)	49,616
IV) Deposits with reinsurers	9,479,453	F) Deposits received from reinsurers	185,918
Total investments (C)	57,220,026	G) Accounts payable and other liabilities	
D) Investments for the benefit of life policyholders who carry the risk and deriving from pension fund management (total) ..	867,304	I) Amounts payable in respect of primary insurances	191,678
Db) Reinsurers' share of technical reserves		II) Amounts payable in respect of reinsurances	286,699
I) General business (total)	1,392,365	III) Bond issues	2,500,000
II) Life business (total)	219,111	IV) Amounts payable to banks and financial institutions	261,445
Total reinsurers' share of technical reserves (Db)	1,611,476	V) Secured debt	—
E) Accounts receivable		VI) Loans and other debt	6,031,930
I) Amounts due in respect of primary insurances (total)	1,470,956	VII) Staff termination indemnity provision	25,305
II) Amount due in respect of reinsurances (total)	578,329	VIII) Other accounts payable	606,897
III) Other accounts receivable	1,191,594	IX) Other liabilities	847,528
Total accounts receivable (E)	3,240,879	Total accounts payable and other liabilities (G)	10,751,482
F) Other assets		H) Accruals and deferrals (total)	459,553
I) Tangible assets and inventories (total)	1,506	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D+E+F+G+H)	66,844,157
II) Cash (total)	1,283,404	GUARANTEES, COMMITMENTS AND OTHER CONTRA ACCOUNTS (TOTAL)	47,042,897
III) Own shares or stock units	1,699,935		
IV) Other assets (total)	289,873		
Total other assets (F)	3,274,718		
G) Accruals and prepayments (total)	464,864		
TOTAL ASSETS (B+C+D+Db+E+F+G)	66,844,157		

TABLE C (cont.)

STATEMENT OF EARNINGS (NON-TECHNICAL ACCOUNTS)

	ASSICURAZIONI GENERALI 31/12/08
	(€'000)
1) Underwriting profit (loss) from general business	252,290
2) Underwriting profit (loss) from life business	200,120
3) Investment income in general business	
a) Dividends	776,746
b) Other investment income (total)	169,478
c) Writebacks in book value of investments	122,181
d) Gain on disposal of investments	212,338
Total investment income in general business	1,280,743
4) Portion of investment income transferred from technical accounts of life business	320,692
5) Operating and financial expenses in general business	
a) Investment management expenses and interest paid	(58,484)
b) Writedowns to investments	(405,461)
c) Loss on disposal of investments	(155,437)
Total operating and financial expenses in general business	(619,382)
6) Portion of investment income transferred from technical accounts of general business	(350,197)
7) Other income	1,023,133
8) Other expenditure	(1,714,484)
9) Profit (loss) on ordinary operations	392,915
10) Extraordinary income	276,103
11) Extraordinary expenditure	(64,351)
12) Net extraordinary income (expenditure) (10-11)	211,752
13) Earnings before tax	604,667
14) Taxation for the year	223,669
15) Profit (loss) for the year (13-14)	828,336

OTHER ASSOCIATED UNDERTAKINGS

BALANCE SHEET

TABLE C (cont.)

	RCS Media Group S.p.A. 31/12/08 (€'000)	GEMINA S.p.A. 31/12/08 (€'000)		RCS Media Group S.p.A. 31/12/08 (€'000)	GEMINA S.p.A. 31/12/08 (€'000)
ASSETS			LIABILITIES		
Non-current assets			A) Net equity:		
Intangible assets	55	16	Share capital	762,019	1,472,960
Tangible assets	—	63	Other financial instruments representing equity	6,819	—
Property, plant and equipment	10,731	—	- of which to related parties	5,581	—
Equity investments	1,529,484	1,853,647	Reserves	222,816	200,057
AFS securities	12,754	—	Treasury shares	(14,543)	—
Real estate assets	101,453	—	Hedge reserves	—	(93)
Other non-current assets	339	5,667	Other reserves	—	82,064
- of which to related parties	—	1,400	Profit (loss) for previous years	209,189	65,374
Financial assets in the form of derivative instruments	583	—	Profit (loss) for period	79,344	13,855
Advance tax assets	9,272	2,711	Total net equity	1,265,644	1,834,217
Total non-current assets	1,664,671	1,862,104	Non-current liabilities		
CURRENT ASSETS			Staff benefits	—	162
Account receivable	3,412	4,420	Provisions for liabilities and charges	332	6,000
- of which to related parties	3,273	424	Staff-related provisions	2,326	—
Other receivables	—	24,591	Deferred tax liabilities	7,321	—
- of which to related parties	—	21,263	Borrowings net of current borrowings	625,842	46,688
Sundry receivables and other current assets	7,713	—	Other non-current liabilities	—	46,688
- of which to related parties	834	—	Total non-current liabilities	8,161	—
Current tax assets	5,653	—	CURRENT LIABILITIES	643,982	52,850
- of which to related parties	5,243	—	Due to banks	31,771	—
Current financial receivables	457,527	—	Accounts payable	6,898	561
- of which to related parties	457,527	—	- of which to related parties	2,059	66
Financial derivative products	12	—	Current tax liabilities	16,823	—
Other current financial assets	—	287	- of which to related parties	14,434	—
- of which to related parties	—	49	Financial liabilities in the form of derivative products	230	129
Cash and cash equivalents	960	1,745	Current financial liabilities	167,585	3,846
Total current assets	475,277	31,043	- of which to related parties	166,567	2,146
Financial assets held for sale	—	—	Provisions for liabilities and charges	3,203	176
TOTAL ASSETS	2,139,948	1,893,147	Other current liabilities	—	1,368
			- of which to related parties	—	13
			Sundry payables and other current assets	3,812	—
			- of which to related parties	115	—
			Total current liabilities	230,322	6,080
			Liabilities in respect of AFS securities	—	—
			TOTAL LIABILITIES	2,139,948	1,893,147

TABLE C (cont.)

PROFIT AND LOSS ACCOUNT

	RCS Media Group S.p.A. 31/12/08	GEMINA S.p.A. 31/12/08
	(€'000)	(€'000)
Net income	8,924	281
- of which to related parties	8,909	274
Consumption of raw materials and services	(23,199)	—
- of which to related parties	(6,573)	—
- of which non-recurring	(393)	—
Personnel costs	(15,656)	(1,236)
- of which to related parties	929	—
- of which non-recurring	1,378	—
Other operating income	—	226
- of which to related parties	—	183
Other operating costs	—	(3,344)
Other operating income and cost	17,300	—
- of which to related parties	15,750	—
Sundry operating expenses	(2,159)	—
- of which non-recurrent	(200)	—
Provisions for various risks	(140)	—
Writebacks (writedowns) to non-recurring assets	(11)	—
Depreciation and amortization	(83)	(34)
Depreciation on property, plant and equipment	(1,311)	—
Amortization of real estate investments	(1,332)	—
Writedowns to fixed assets:	(527)	—
- of which: non-recurrent	—	—
Operating profit (loss)	(18,194)	(4,107)
Income (expense) from equity investments		
Dividends from subsidiaries	—	—
Dividends from associates	—	204
Dividends from other companies	—	—
Other income (expense) from equity investments	—	20,823
Interest income (expense)		
Interest income	26,860	1,311
- of which to related parties	23,869	216
- of which non-recurring	—	—
Interest expense	(42,480)	(5,434)
- of which to related parties	(6,053)	(3,617)
Other income (expense) from financial assets and liabilities	105,787	—
- of which to related parties	116,193	—
- of which non-recurring	—	—
Net profit before tax	71,973	12,797
Income tax	7,371	1,058
Profit (loss) from assets to be retained	79,344	13,855
Profit (loss) from assets to be sold/ sold	—	—
Net profit for the period	79,344	13,855

BALANCE SHEET

TABLE C (*cont.*)

	Burgo Group S.p.A. 31/12/08 (€'000)
ASSETS	
Non-current assets	
Intangible assets	29,856
Tangible assets	1,069,984
Property, plant and equipment	1,068,003
Real estate assets	1,981
Other non-current assets	346,378
Investments in subsidiaries	320,160
Investments in associated companies	6,150
Investments in other companies	8
Securities not qualifying as equity investments	6,500
Financial receivables and other non-current financial assets	13,248
Other non-current assets	312
Advance tax assets	2,553
Current assets	
Inventory stocks	239,372
Trade receivables	475,677
Sundry receivables and other current assets	23,146
Equity investments	59,375
Securities not qualifying as equity investments	89
Financial receivables and other non-current financial assets	54,605
Cash and cash equivalents	28,956
TOTAL ASSETS	2,329,991
LIABILITIES	
Net equity	
Share capital	205,443
Reserves	105,753
Retained earnings (losses)	233,203
Profit (loss) for the year	(64,385)
Total net equity	480,014
Non-current liabilities	
Non-current financial liabilities	984,845
Staff-related provisions	74,587
Deferred tax liabilities	—
Provisions for liabilities and charges	29,471
Other non-current liabilities	—
Total non-current liabilities	1,088,903
Current liabilities	
Current financial liabilities	222,021
Trade payables	471,868
Current tax liabilities	6,198
Other current liabilities	60,987
Total current liabilities	761,074
TOTAL LIABILITIES	2,329,991

PROFIT AND LOSS ACCOUNT

TABLE C (cont.)

	Burgo Group S.p.A. 31/12/08
	(€'000)
Revenues	2,018,551
Other revenues and income	84,863
Total revenues and income from operations	2,103,414
Cost of materials and external services	(1,821,828)
Labour costs	(194,444)
Other operating costs	(15,246)
Changes to stocks	(37,137)
Capitalized cost of work carried out internally	2,112
Profit before depreciation, amortization and non-recurring expenses	36,871
Depreciation and amortization	(84,663)
Gain (loss) on disposal of non-current assets	3,842
Writebacks (writedowns) to non-recurring assets	(13,734)
Non-recurring expenses, net	(2,474)
Restructuring charges, net	(11,831)
Operating profit (loss)	(71,989)
Interest income	87,884
Interest expense	(102,004)
Profit before tax	(86,109)
Taxation for the period	21,724
Profit for the period	(64,385)

BALANCE SHEETS

TABLE C (cont.)

	Telco S.p.A. 30/4/09 (€'000)	LUVE S.p.A. 31/12/08 (€'000)	GB Holding S.r.l. 31/12/08 (€'000)
B) Fixed assets:			
I) Intangible assets	—	28,216	—
II) Tangible assets	—	43,259	—
III) Financial fixed assets	7,213,146	25,740	13,666
Total (B)	7,213,146	97,215	13,666
C) Current assets:			
I) Inventories	—	6,391	—
II) Accounts receivable:			
1) from customers	—	11,197	—
2) from group companies	—	8,036	—
3) from associate companies	—	—	—
4) from parent companies	—	—	—
4 bis) from tax authorities	53	2,622	8
4 ter) advance tax	—	1,877	—
5) from others	—	110	—
Total accounts receivable	53	23,842	8
III) Financial assets other than fixed assets	—	—	—
IV) Cash	3,456	5,614	6
Total C	3,509	35,847	14
D) Accrued income	30,500	520	—
TOTAL ASSETS (B+C+D)	7,247,155	133,582	13,680
LIABILITIES			
A) Shareholders' equity:			
I) Share capital	4,849,038	9,000	97
II) Share premium reserve	296,153	13,440	13,597
IV) Legal reserve	9,718	—	—
VIII) Retained earnings (accumulated loss)	137,546	—	(10)
IX) Profit (loss) for the period	(1,661,976)	5,766	(12)
Total A	3,630,479	28,206	13,672
B) Provisions for liabilities and charges	—	—	—
For tax (including deferred tax)	—	7,175	—
Other provisions	—	2,785	—
Total B	—	9,960	—
C) Provision for staff termination indemnities	—	1,669	—
D) Accounts payable:			
4) Amounts due to banks	3,565,571	69,093	—
5) Amounts due to other lenders	—	414	—
7) Amounts due to suppliers	593	15,829	8
9) Amounts due to group companies	—	4,230	—
12) Amounts due to tax authorities	2	507	—
13) Amounts due to pension and social security institutions	—	893	—
14) Other amounts due	357	2,659	—
Total D	3,566,523	93,625	8
E) Accrued expenses and deferred income	50,153	122	—
TOTAL LIABILITIES (A+B+C+D+E)	7,247,155	133,582	13,680
MEMORANDUM ACCOUNTS			
Securities under pledge	1,803,286	—	—
Endorsements made	—	6,994	—
Commitments, risks and other memorandum accounts	—	43,519	—
TOTAL MEMORANDUM ACCOUNTS	1,803,286	50,513	—

PROFIT AND LOSS ACCOUNTS

TABLE C (cont.)

	Teleco S.p.A. 30/4/09	LUVE S.p.A. 31/12/08	GB Holding S.r.l. 31/12/08
	(€'000)	(€'000)	(€'000)
A) Value of production:			
1) Income from sales and services rendered	—	80,537	—
2) Changes in stocks of products being completed, semi-finished and finished products	—	857	—
3) Increase in fixed assets due to internal work	—	—	—
4) Other revenue and income	—	1,691	—
Total value of production (A)	—	83,085	—
B) Costs of production:			
6) Raw materials, secondary materials, consumables and merchandise	—	(42,468)	—
7) Services	(1,444)	(13,860)	(12)
8) Use of third parties' assets	—	(1,385)	—
9) Personnel	—	—	—
a) Salaries and wages	—	(8,521)	—
b) Social security expenses	—	(2,570)	—
c) Staff severance indemnity provision	—	(504)	—
d) Other costs	—	(27)	—
Total personnel costs	—	(11,622)	(12)
10) Depreciation, amortization and writedowns	—	—	—
a) Amortization	—	(731)	—
b) Depreciation	—	(3,022)	—
c) Other writedowns to fixed assets	—	—	—
d) Value adjustments to receivables included in calculation of working	—	(87)	—
Total depreciation, amortization and writedowns	—	(3,840)	—
11) Changes in stocks of raw materials, secondary materials, consumables and merchandise	—	(701)	—
12) Provisions for liabilities	—	(1,900)	—
13) Other provisions	—	—	—
14) Sundry operating expenses	(76)	(353)	—
Total costs of production (B)	(1,520)	(76,129)	(12)
Difference between value and cost of production (A-B)	(1,520)	6,956	(12)
C) Interest income (charges):			
15) Income from investments	163,935	2,249	—
16) Other financial income	105,366	108	—
17) Interest and other financial expenses	(307,095)	(1,239)	—
17bis) Gains (losses) on exchange rates	—	(583)	—
Total C	(37,794)	535	—
D) Value adjustments to financial assets:			
18) Writebacks	—	—	—
19) Writedowns	(1,622,553)	(10)	—
Total D	(1,622,553)	(10)	—
E) Extraordinary income (expenses):			
20) Income	108	26	—
21) Expenses	(217)	(28)	—
Total E	(109)	(2)	—
Profit (loss) before tax (A-B+C+D+E)	(1,661,976)	7,479	(12)
22) Income tax for the period			
- current tax	—	(2,729)	—
- deferred tax	—	1,016	—
Total income tax for the period	—	(1,713)	—
23) Profit (loss) for the period	(1,661,976)	5,766	(12)

BALANCE SHEET

TABLE C (cont.)

	FIDIA SGR S.p.A. 31/12/08	Banca Esperia S.p.A. 31/12/08
	(€'000)	(€'000)
ASSETS		
10. Cash and cash equivalents	1	93
20. Financial assets held for trading	—	126,772
30. Financial assets recognized at fair value	—	—
40. AFS securities	3,086	55,829
50. Financial assets held to maturity	—	—
60. Due from banks	7,189	329,917
70. Due from customers	—	295,115
80. Hedging derivatives	—	—
90. Value adjustments subject to general hedging	—	—
100. Equity investments	—	19,772
110. Property, plant and equipment	5	729
120. Intangible assets	—	90
130. Tax assets	24	14,229
140. Non-current and groups of assets being sold	—	—
150. Other assets	153	31,222
TOTAL ASSETS	10,458	873,768
LIABILITIES		
10. Due to banks	28	—
20. Due to customers	—	621,660
30. Debt securities in	—	55,319
40. Trading liabilities	—	—
50. Financial liabilities recognized at fair value	—	—
60. Hedging derivatives	—	—
80. Tax liabilities	—	1,186
a) current	—	—
b) deferred	—	1,186
90. Liabilities linked to assets being sold	—	—
100. Other liabilities	418	110,853
110. Staff severance indemnity provision	87	1,418
120. Provisions	3,131	—
130. Valuation reserves	(645)	(5,703)
140. Redeemable shares	—	—
150. Equity instruments	—	—
160. Reserves	(3,449)	28,136
170. Share premium reserve	—	38,646
180. Share capital	11,440	13,000
190. Treasury shares	—	—
200. Profit (loss) for the period	(552)	9,253
TOTAL LIABILITIES	10,458	873,768

PROFIT AND LOSS ACCOUNT

TABLE C (cont.)

	FIDIA SGR S.p.A. 31/12/08	Banca Esperia S.p.A. 31/12/08
	(€'000)	(€'000)
10. Interest and similar income	253	27,583
20. Interest and similar expense	(2)	(21,354)
30. Net interest income	251	6,229
40. Fee and commission income	1,017	28,436
50. Fee and commission expense	(16)	(2,410)
60. Net fee and commission income	1,001	26,026
70. Dividends and similar income	—	15,220
80. Net trading income	—	(1,726)
90. Net hedging income	—	—
100. Gain (loss) on disposal/repurchase of:	—	—
a) loans and advances	—	—
b) financial assets AFS	—	—
c) financial assets held to maturity	—	—
d) financial liabilities	—	—
110. Net income from financial assets/liabilities recognized at fair value	—	—
120. Total income	1,252	42,433
130. Adjustments for impairment to:	—	—
a) loans and advances	—	—
b) AFS securities	—	(3,316)
c) financial assets held to maturity	—	—
d) other financial transactions	—	—
140. Net income from financial operations	1,252	42,433
150. Administrative expenses	(1,654)	(33,038)
a) labour costs	—	(21,763)
b) other administrative expenses	—	(11,275)
160. Net transfers to provisions	—	—
170. Net adjustments to tangible assets	(3)	(311)
180. Net adjustments to intangible assets	—	(118)
190. Other operating income (expense)	(114)	(285)
200. Operating costs	(1,771)	(33,752)
210. Net gain (loss) on equity investments	—	—
220. Net gain (loss) on recognizing tangible/intangible assets at fair value	—	—
230. Adjustments to goodwill	—	—
240. Gain (loss) on disposal of investments	—	—
250. Profit (loss) on ordinary activities before tax	(519)	8,681
260. Income tax on ordinary activities for the period	(33)	572
270. Profit (loss) on ordinary activities after tax	(552)	9,253
280. Net gain (loss) on groups of assets being sold	—	—
290. Net profit (loss) for the period	(552)	9,253

TABLE C (cont.)

BALANCE SHEET

	MB Venture Capital Fund I Part.Co. A N.V. 31/12/08	Athena Private Equity S.A. 31/12/08
	(€'000)	(€'000)
ASSETS		
10. Cash in hand	11	12,913
20. Amounts due from banks	—	—
30. Amounts due from financial companies	—	—
40. Trade accounts receivable	—	—
50. Bonds and other fixed-income securities	—	2,605
60. Equities, participating interests and other floating rate securities	—	—
70. Equity investments	18,706	84,921
80. Investments in Group undertakings	—	11,220
90. Intangible fixed assets	—	—
100. Tangible fixed assets	—	—
110. Unpaid call on capital	—	—
130. Other assets	—	86
140. Accrued income and prepaid expenses	—	—
TOTAL ASSETS	18,717	111,745
LIABILITIES		
10. Amounts due to banks	—	—
20. Amounts due to financial companies	—	—
30. Trade accounts payable	—	—
50. Other liabilities	—	6,742
60. Accrued expenses and deferred income	—	—
70. Provision for staff termination indemnities	—	—
80. Provisions for liabilities and charges	—	—
90. Loan loss provisions	—	—
120. Share capital	50	51,200
130. Share premium reserve	18,687	—
140. Reserves	—	111,279
160. Retained earnings (accumulated loss)	(18)	—
170. Profit (loss) for the year	(2)	(57,476)
TOTAL LIABILITIES	18,717	111,745

TABLE C (cont.)

PROFIT AND LOSS ACCOUNT

	MB Venture Capital Fund I Part.Co. A N.V. 31/12/08	Athena Private Equity S.A. 31/12/08
	(€'000)	(€'000)
EXPENSES		
10. Interest payable and similar expenses	—	28
20. Commissions payable	—	—
30. Loss on dealing transactions	—	1,025
40. Administrative expenses	2	4,835
50. Adjustments to intangible and tangible fixed assets	—	—
60. Other operating expenses	—	—
70. provisions for liabilities and charges	—	—
80. Transfer to loan loss provisions	—	—
90. Adjustments to receivableS and provisions for guarantees and commitments	—	—
100. Adjustments to financial fixed assets	—	54,606
110. Extraordinary expenses	—	968
130. Net transfers to provisions for liabilities and charges	—	—
140. Profit (loss) for the year	—	—
TOTAL EXPENSES	<u>2</u>	<u>61,462</u>
INCOME		
10. Interest receivable and similar income	—	1,222
20. Dividends and other income	—	2,764
30. Commissions receivable	—	—
40. Gain on dealing transactions	—	—
70. Other operating income	—	—
80. Extraordinary income	—	—
100. Loss for the year	2	57,476
TOTAL INCOME	<u>2</u>	<u>61,462</u>

TABLE D

**SIGNIFICANT EQUITY INVESTMENTS AS DEFINED IN ARTICLE 120/3 OF
DECREE LAW 58/98 AND ARTICLE 126 OF CONSOB REGULATION 11971/99**

	Share capital €m	Par value per share €	No. of shares held directly	Direct interest* %	No. of shares held indirectly	Indirect interest* %	Shares held by
DIRECTLY CONTROLLED SUBSIDIARIES							
COMPASS S.p.A., Milan	587.5	5	117,500,000	100.00	—	—	—
COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A., Monte Carlo	111.1	200	555,539	100.00	—	—	—
CONSORTIUM S.R.L. – Milan	8.6	—	1	100.00	—	—	—
EMMEBI S.P.A. in liquidation – Milan	1.1	1	1.100,000	100.00	—	—	—
MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A. - Luxembourg	10.0	10	990,000	99.00	10,000	1.00	Compass
MEDIOBANCA SECURITIES USA LLC. - New York	0.2	—	1	100.00	—	—	—
PROMINVESTMENT S.p.A., in liquidation - Rome	0.7	0.52	1,428,571	100.00	—	—	—
PRUDENTIA FIDUCIARIA S.p.A., Milan	0.1	5	20,000	100.00	—	—	—
RICERCHE E STUDI S.p.A., Milan	0.1	5	20,000	100.00	—	—	—
SADE FINANZIARIA - INTERSOMER S.r.l., Milan ¹	25	—	1	100.00	—	—	—
SETECI - Società Consortile per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.c.p.A. - Milan	0.5	5	99,995	100.00	1	n.m.	CheBanca!
					1	n.m.	Compass
					1	n.m.	Cofactor
					1	n.m.	Futuro
SPAFID S.p.A., Milan	0.1	10	10,000	100.00	—	—	—
TECHNOSTART S.p.A., Milan	0.6	0.50	828,000	69.00	—	—	—
INDIRECTLY CONTROLLED SUBSIDIARIES							
CHEBANCA! S.p.A., Milan	300.0	0.50	—	—	600,000,000	100.00	Compass
COFACTOR S.p.A., Milan	32.5	0.50	—	—	65,000,000	100.00	Compass
CREDITECH S.p.A., Milan	0.25	1	—	—	250,000	100.00	Compass

* Shares owned.

¹ Figures €'000.

TABLE D (cont.)

	Share capital €m	Par value per share €	No. of shares held directly	Direct interest* %	No. of shares held indirectly	Indirect interest* %	Shares held by
DUCATI FINANCIAL SERVICES - Milan	2.6	—	—	—	1	50.00	Compass
QUARZO S.R.L. - Milan ¹	10	1	—	—	9,000	90.00	Compass
FUTURO S.p.A. – Milan	4.8	0.60	—	—	8,000,000	100.00	Compass
SELMABIPIEMME LEASING S.p.A., Milan	41.3	0.50	—	—	49,564,777	60.00	Compass
PALLADIO LEASING S.p.A., Vicenza	8.7	0.50	—	—	16,482,500	95.00	SelmaBipiemme
	—	—	—	—	867,500	5.00	Palladio Leasing
MB COVERED BOND S.R.L. - Milan ¹	10	1	—	—	9,000	90.00	CheBanca!
QUARZO LEASE S.R.L. - Milan ¹	10	1	—	—	9,000	90.00	SelmaBipiemme
TELELEASING S.p.A. - Milan	9.5	1	—	—	7,600,000	80.00	SelmaBipiemme
C.M.B. Asset Management S.A.M. – Monte Carlo	0.2	150	—	—	995	99.50	CMB S.A.M.
C.M.I. Compagnie Monégasque Immobilière - SCI, Monte Carlo	2.4	1,525	—	—	1,599	99.94	C.M.B S.A.
			—	—	1	0.06	CMG S.A.M.
C.M.G. Compagnie Monégasque de Gestion S.A.M., Monte Carlo	0.6	160	—	—	3,748	99.95	CMB S.A.M.
CMB Banque Privée (Suisse) S.A. - Lugano	Fr.Sv. 25,000	Fr. Sv. 1,000	—	—	25,000	100.00	CMB S.A.M.
SMEF - Soc. Monégasque des Etudes Financières S.A.M., Monte Carlo	0.8	155	—	—	4,998	99.96	CMB S.A.M.
MONOECI Soc. Civile Immobilière, Monte Carlo ¹	1,6	15,5	—	—	99,00	99.00	C.M.B. S.A.M.
			—	—	1,00	1.00	C.M.G.S.A.M.
MOULINS 700 S.A.M., Monte Carlo	0.2	160	—	—	999	99.90	C.M.I. SCI

* Shares owned.

¹ Figures €'000.

TABLE D (cont.)

	Share capital €m	Par value per share €	No. of shares held directly	Direct interest* %	No. of shares held indirectly	Indirect interest* %	Shares held by
OTHER SIGNIFICANT EQUITY INVESTMENTS							
ATHENA PRIVATE EQUITY S.A., Luxembourg	151.1	2	18,343,380	24.27	—	—	—
BANCA ESPERIA S.p.A., Milan	13.0	0.52	12,125,000	50.00	—	—	—
BURGO GROUP S.p.A., Altavilla Vicentina	205.4	0.52	87,442,365	22.13	—	—	—
TELCO S.p.A. - Milan ¹	4.8	2.5	206,464,495	10.64	—	—	—
FERRETTI HOLDING S.p.A., Milan	0.1	1	22,920	19.10	—	—	—
FIDIA - Fondo Interbancario d'Inve- stimento Azionario SGR S.p.A., Milan	6.8	520	3,266	25.00	—	—	—
GB HOLDING S.R.L. – MONTECCHIO MAGGIORE (VI)	1.0	—	48,394	49.90	—	—	—
ISTITUTO EUROPEO DI ONCOLOGIA S.r.l., Milan	79.1	—	1	15.06	—	—	—
LU-VE S.p.A. - VARESE	9.0	360	5,000	20.00	—	—	—
MB VENTURE CAPITAL FUND I PARTICIPATING CO. A N.V., Amsterdam	0.5	1	22,500	45.00	—	—	—
SINTERAMA S.p.A., Sandigliano	45.2	0.51	9,324,456	10.51	—	—	—
MB VENTURE CAPITAL S.A., Luxembourg	0.4	10	—	—	1,400	35.00	Technostart

* Shares owned.

¹ This company's share capital was reduced to €3,588m in July 2009 to cover losses, with the percentage shareholding remaining unchanged.

TABLE E

FEEs PAID FOR AUDITING AND SUNDRY OTHER SERVICES
(pursuant to Article 149-*duodecies* of Consob resolution 11971/99)

Type of service	Mediobanca S.p.A.		Group companies*	
	Reconta Ernst & Young	Reconta Ernst & Young network	Reconta Ernst & Young	Reconta Ernst & Young network
Auditing	325	—	520	—
Statements	80	—	17	—
Other services:	—	249	71	225
– <i>Observation/analysis of administrative/accounting internal control system</i>	—	166	—	—
– <i>other</i>	—	83	71	225
Total	405	249	608	225

* Group companies and other companies consolidated line-by-line.

REMUNERATION POLICIES ADOPTED BY MEDIOBANCA

Item no. 2 on the agenda

BOARD OF DIRECTORS' REPORT ON STAFF REMUNERATION POLICIES

Dear Shareholders,

We have called you together in general meeting to submit to your approval the document on “Remuneration Policies adopted by Mediobanca” approved by the Board of Directors on 18 September 2009 and prepared in compliance with the “Supervisory Regulations in respect of Banks’ Organization and Corporate Governance” issued by the Bank of Italy on 4 March 2008 as clarified on 19 February 2009.

1. General principles of Mediobanca remuneration policy

The remuneration policy operated by Mediobanca is based on the following principles:¹

- attracting and retaining high-quality professional staff in particular for key positions and roles within the company organization, commensurate with the complexity and specialization of the business, and based on a rationale of prudent management and sustainable costs and results over time;
- incentives are linked to the Group’s overall results in the medium/long term; this approach is also followed in structuring individual remuneration packages;
- variable compensation is often not the largest component in the overall remuneration; it reflects proper risk assessment, and is based on a rationale of prudent management to ensure that operating units and individual staff do not take on risks exceeding the limits set by the governing bodies;
- areas and staff with responsibility for control, risk monitoring and financial reporting processes do not benefit from incentive mechanisms based on financial targets;

¹ In June 2008, on the proposal of the Remunerations Committee and Management Board, the Supervisory Board had approved the guidelines of the remuneration system for senior management and the Group’s staff loyalty retention and incentivization policy, in line with previous years, considering these to be largely consistent with the Bank of Italy guidance issued in March 2008.

- particular attention is paid to reputational issues in selecting and seeking to retain high-quality staff, against a competitive market backdrop and to international standards;
- achievement of targets and performances is appraised over several years, with the payment of bonuses being deferred over time;
- performance is assessed primarily on the basis of qualitative criteria and using structured processes, but with considerable scope for management to use discretion and flexibility in seeking to reward merit.

The instruments via which these principles are applied are as follows:

- criteria for determining variable components of remuneration package which are clearly identified, objective and easy to assess, using systems for weighting risk and compensation mechanisms which are linked to enduring results actually achieved;
- balance between fixed component (which forms the majority) and variable component in remuneration for various professional positions which require ongoing assessment;
- for the heads of the various control bodies and the Head of Company Financial Reporting, the variable component is limited and is not linked to the achievement of earnings results; the use of financial instruments for such figures is also limited;
- gradual increase in the use of deferred annual bonuses, which are subject to restrictions and to assessment of the risk time horizon involved in performances;
- forms of remuneration which are based on financial instruments (e.g. stock options) or linked to the company's performance, which avoid producing incentives in conflict with the interests of the company over the long term, and allow economic benefits to be released gradually over time;
- introduction of caps on bonuses and floors in terms of performance below which the variable component is not payable;
- for all new contracts, guaranteed bonuses are excluded (which are reserved occasionally for the recruitment stage only).

As well as supervisory guidelines, these policies and instruments reflect the reference market which is constantly monitored through specific comparison with competitors (chiefly the leading international investment banks), with a view to ensuring that the remuneration system operated by Mediobanca remains competitive.

2. Governance structures

Under the current Articles of Association:

- shareholders in general meeting determine the fixed annual remuneration payable to members of the Board of Directors, upon their appointment for the entire duration of their term of office, to be shared between the individual Board members in accordance with the decisions of the Board of Directors itself (Article 12)
- shareholders in general meeting also approve remunerations policies and compensation schemes based on financial instruments operated for Directors and Group staff (Article 12)
- the Board of Directors determines the Managing Director's and General Manager's remuneration (Article 17)

the Remunerations Committee has powers of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager. The Remunerations Committee also gives its opinion on the staff remuneration and retention policies operated by the Group and presented by the Managing Director (Article 18)

- the Managing Director presents the staff remuneration and retention policies to the governing bodies (Article 18), and is responsible for operating them (Article 24).

3. Structure of Mediobanca staff remuneration package

Mediobanca staff remuneration comprises three components, with the aim of diversifying financial benefits accruing over time: a fixed salary, a variable component established annually on the basis of individual and company performance, and for some figures, a long-term incentive (generally stock options awarded every two years to senior staff with key roles, or alternatively a cash bonus scheme spread over several years to encourage staff retention among more junior figures with high potential).

In detail:

- fixed salary: this is generally determined on the basis of specialization, role carried out in the organization and related responsibilities;
- variable remuneration (annual bonus): this recognizes and rewards the achievement of targets set and results achieved, and is an important motivational factor in their achievement. Variable remuneration is

established collectively by use of a bonus pool system reflecting the company's results, and is based on qualitative (see below, section 8) and quantitative criteria. For some business figures, this may still form the majority of their annual pay, in line with market practice;

- long-term incentive (LTI): Mediobanca currently operates two types of long-term incentive, equity or cash.
 - stock options: stock option schemes were first introduced in 1999, and soon proved to be effective in retaining the loyalty of senior management and ensuring Mediobanca's overall remuneration package remains competitive over time. Despite changes to tax regulations introduced in 2006, this instrument continues to be effective. The last award to key staff was made on 1 July 2008 (previously in 2004 and 2006, on a two-year basis), when 10,311,000 options were awarded at a strike price of €11.043 per share. At an extraordinary general meeting held on 27 June 2007, shareholders of Mediobanca approved a rights issue involving 40,000,000 new shares (to be awarded by and no later than June 2012) for use in connection with a stock option scheme. At an ordinary general meeting held on 27 October 2007, as required by legal and regulatory provisions, shareholders of Mediobanca approved the adoption of the stock option scheme and also the methods for implementing it. Subsequently, in June 2008 the Management Board of Mediobanca approved the terms and conditions of the stock option scheme approved by shareholders in general meeting, considering its features to be consistent with the guidance issued by the Bank of Italy on this issue. All essential information on the stock option schemes operated has been disclosed in accordance with the requirements laid down by Consob in its Regulations for Issuers (resolution no. 15915 issued on 3 May 2007) on Mediobanca's own website.
 - The main features of the current scheme, which is intended for staff with roles considered to be strategic with a view to achieving the Group's objectives (such as executive members of the Mediobanca Board of Directors, key management figures in Group companies, key management figures in Mediobanca both in Italy and elsewhere, professionals with highly-specialized expertise in particular business areas, and some staff with responsibilities for co-ordination and/or support within Mediobanca), and which was approved by shareholders in general meeting (see section 10 below) are as follows: vesting period of three years starting from the date on which the options are actually awarded; exercise period within eight years (three years' vesting plus five years' exercise), obligation to reinvest 50% of any capital gains achieved upon disposal of shares, and lock-up period of 18 months. Stock options are usually awarded every two years.

Deferred cash: a bonus which currently accrues over three years and is paid in the following two years. This is in addition to the annual bonus and is payable to a restricted number of young staff with high potential, who are not eligible for the stock option schemes but occupy key positions and on a fast-track career plan. This instrument was introduced in June 2006.

This remuneration system has provided excellent staff retention levels, with an annual exit rate of just 2% over the last four years.

4. Structure of executive directors' remuneration package

The remuneration system applied to executives forming part of the Board of Directors appears to be already in line with the Bank of Italy's guidance. Their remuneration package is structured as follows:

- fixed salary, in line with the reference market;
- an annual bonus, payable at the Bank's discretion, in relation to the quality of the services provided and the results achieved by the Bank and the Group; may also be paid via stock options or other instruments;
- an MBO defined every three years, and for the first three years linked to the quantitative and qualitative earnings targets set for the Mediobanca Group in its 2008-11 business plan being substantially achieved.

As provided in the company's Articles of Association, non-executive Directors do not receive variable compensation or participate in stock option or other financial schemes.

5. Remuneration structure for persons with responsibilities of control

The Bank of Italy instructions issued on 4 March 2008 under point 4. B state that "for heads of internal control units (heads of internal audit, compliance and risk management) and the Head of Company Financial Reporting, remuneration should be commensurate with the significant responsibilities and commitment which such roles entail. Incentivization mechanisms should be consistent with the duties required of such figures; and save where there are valid and proven reasons for providing to the contrary, bonuses linked to earnings performances should be avoided. Moreover, the provisos contained under the foregoing letter a) in respect of compensation based on financial instruments should be complied with particularly closely".

As from this year, the remuneration for staff in this category has been structured as follows:

- majority fixed component, which is subject to approval by the Board of Directors on the proposal of the Remunerations committee, and reviewed annually, in a range of between 75% and 85% of the total compensation;
- a smaller variable component of between 15% and 25% has been retained, which is also reviewed annually based on quality and efficiency criteria.

This structure may also be gradually extended to include the other most senior figures in the areas concerned.

6. Fixed/variable weighting in remuneration package

In a reference market which traditionally assigned the majority of the remuneration package to the short-term and long-term variable component (annual bonus in the case of the former and deferred bonus, stock options and/or other equity component in the case of the latter), Mediobanca pays constant attention to the value of the fixed salaries it pays which are monitored in relation to those offered by its competitors. For the most senior figures, those engaged in activities which involve risks being taken and those in positions of control tend to have a higher fixed component, which avoids relying on annual bonuses excessively, but at the same time care is taken not to make the overall remuneration package too rigid, which would burden the Bank with fixed costs.

7. Relation to company performance: variable component and bonus pool

The variable component is set *inter alia* in view of the company's performance during the year, and is paid on a rationale of prudent management and sustainable results over the medium term, with close attention given to qualitative issues and to risk assessment.

Defining the criteria for determining the annual bonus pool is at the discretion of the competent governing bodies (Managing Director, Remunerations committee and Board of Directors) and is based on the following principles:

- the reference parameters are easily identified and reflect the profits actually earned by the Bank and the Group;
- in order to normalize financial years reflecting especially positive or negative performances, an average of recent years' results (which may also be weighted) and the budget for the following year may be used. Without prejudice to the foregoing, a clause will be added to govern extraordinary

and/or unforeseen situations and to manage key staff retention in optimal fashion;

- the criteria used for calculating the bonus pool also reflect risk profile and the sustainability of results over time;
- based on the foregoing criteria, determining the precise amount of the overall bonus pool and that for the individual areas of the Bank is the responsibility of the Managing Director.

8. Assessment of quantitative/qualitative performance in awarding annual bonus

The sharing of the bonus pool between the individual areas and individual staff is linked to an annual performance assessment process which stresses the importance of merit and professional quality with a view to retaining the best key staff.

For front office business units the following considerations are taken into account:

- purely qualitative criteria: development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency, and co-operation with other areas of the Bank;
- earnings results achieved, such as achievement or otherwise of budget targets and/or year-on-year improvements with regard to the risk/return and cost/income indicators.

For staff and support units, including profiles which involve positions of control, the variable component is assigned on the basis of qualitative objectives, such as effectiveness, efficiency, transparency and reliability, and with a view to controlling cost; the link to the Bank's earnings performance is merely indicative.

In all these cases, the remuneration package offered to staff is assessed carefully in comparison with the reference market. Overall, management discretion in staff assessment continues to play an important role.

9. Deferred cash payment systems

The use of systems which involve deferring payment of part of the annual bonus within a time frame of over one year is now becoming standard practice. This system has been in operation in Mediobanca for several years already, for certain senior management staff with at present a two-year time horizon.

This system of deferring payment of bonuses over more than one financial year, and relating it to positive earnings results being achieved in the years after the bonuses accrue, will gradually be extended to cover a higher proportion of Mediobanca staff, in particular those areas or desks that are subject to risks to be measured over the medium term, such as the Financial Markets and Lending divisions, but without prejudice to the foregoing, and jointly and severally with the previous statement, if the value of the annual bonus payable to such staff is high in absolute terms.

It is also envisaged that the deferred payment, long-term incentive system (an alternative to participation in stock option schemes) will be kept with a view to retaining younger, high potential and/or talented staff, which has proved to be very effective in this regard.

10. Equity compensation

Mediobanca has used stock options as an instrument for long-term compensation since 1999, and it is still seen as a valid method of staff retention. The stock option scheme is intended for executive directors of Mediobanca and senior management of other Group companies, as well as staff who have roles within Mediobanca that are considered strategic in terms of achieving the company's objectives, including:

- senior management figures in Italy and elsewhere;
- highly specialized professional staff involved in business activities;
- some staff involved in co-ordinating operations and support activities.

Stock option schemes are approved by shareholders in general meeting. The scheme currently in force, which was approved by shareholders at a general meeting held in October 2007 and described in the press releases issued on 17 September 2007 and 10 October 2007 (which are available on the Bank's website) conforms to the Bank of Italy guidance issued in that provision is made in it for:

- a vesting period of adequate duration: three years from the date on which the options are actually assigned;
- a long exercise period: by the eighth year (three years' vesting, plus five years' exercise);
- benefits deriving from stock options are deferred over time, given the obligation for the most senior beneficiaries to reinvest 50% of any capital gains made on disposal in Mediobanca shares, with a lock-up period of 18 months, irrespective of the tax regime in place at the time.

The Board of Directors is responsible for determining the overall quantity of each award, having sought the opinion of the Remunerations Committee and at the proposal of the Managing Director; the Managing Director is responsible for deciding the awards to be made to individual beneficiaries from this total and awards to be made upon the occasion of key staff being recruited which may exceed the quantitative limits assigned for each award.

Sector practice and leading competitors have recently confirmed the use of other equity instruments for defining part of the variable remuneration in order to align management and shareholder interest, such as stock grants. Mediobanca will review the possibility of introducing some of these instruments in addition or as an alternative to stock options, which in any case will be subject to the approval of shareholders in general meeting.

11. Other issues and comments

Caps on the variable component: the compensation schemes in Mediobanca generally do not include arithmetical formulae for calculating bonuses. Only in certain business segments is there a close correlation with the results of a team rather than strictly individual results, which correlation may, however, include a cap as a precautionary measure.

Guaranteed bonuses: provision is not normally made for these, but they may be considered on occasion with reference in particular to the recruitment stage or for an employee's first years in Mediobanca (exclusively for key staff hired externally if necessary).

12. Fringe benefits

The remuneration package offered to Mediobanca staff also includes certain fringe benefits which constitute an integral part thereof. These mainly include participation in pension, insurance and healthcare schemes, and company cars for the most senior roles, in line with sector practice. Use of them is monitored constantly against reference benchmarks.

ANNEXES

The table below shows the structured of the remuneration packages offered by Mediobanca, showing the fixed and annual variable cash, with long-term variable components of total compensation, as at 30 June 2008 and 30 June 2009, by division and role.

	2007/2008				2008/2009			
	Cash compensation		Total compensation		Cash compensation		Total compensation	
	FIXED	ANNUAL CASH	CASH	STOCK OPTIONS ¹	FIXED	ANNUAL CASH	CASH	STOCK OPTIONS ¹
Directors	100%	0%	100%	0%	100%	0%	100%	0%
Executive Directors	31%	69%	89%	11%	100%	0%	100%	0%
Heads of Division	32%	68%	82%	18%	38%	62%	100%	0%
of which Advisory	31%	69%	80%	20%	41%	59%	100%	0%
of which Lending	40%	60%	82%	18%	48%	52%	100%	0%
of which Financial markets	28%	72%	83%	17%	30%	70%	100%	0%
Other divisional staff	53%	47%	100%	0%	55%	45%	100%	0%
of which Advisory	48%	52%	100%	0%	51%	49%	100%	0%
of which Lending	57%	43%	100%	0%	65%	35%	100%	0%
of which Financial markets	53%	47%	100%	0%	49%	51%	100%	0%
Heads of control units ²	43%	57%	83%	17%	49%	51%	100%	0%
Heads of staff and support units	59%	41%	82%	18%	64%	36%	100%	0%
Other staff and support staff	72%	28%	100%	0%	74%	26%	100%	0%

NOTES

¹ Percentage of total compensation. Stock options awarded on 1 July 2008, measured and recognized in accordance with IAS/IFRS 2.

² Heads of Internal Audit and Compliance, Head of Company Financial Reporting, Head of Risk Management.

Dear Shareholders,

We invite you to adopt the following resolution:

“At an ordinary general meeting, having heard the Board of Directors’ proposal, the shareholders of Mediobanca

hereby resolve

- to approve the document entitled “Remuneration Policies adopted by Mediobanca”;
- to confer on the Board of Directors and the Managing Director the broadest powers to execute all deeds and perform all measures and formalities necessary in order to implement this resolution.”

Milan, 18 September 2009

THE BOARD OF DIRECTORS

STATEMENT ON CORPORATE GOVERNANCE

ANNUAL STATEMENT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE¹

At an Annual General Meeting held on 28 October 2008, the shareholders of Mediobanca approved a resolution to adopt a traditional model of corporate governance based on the presence of Board of Directors and a Statutory Audit Committee, both of which are appointed by shareholders in general meeting, considering this model to be better suited to combining maximum efficiency in terms of operations with effective control, at the same time satisfying shareholders' interests and leveraging fully on the Bank's management. The system of corporate governance thus adopted offers significantly innovative aspects compared to the traditional model adopted by Mediobanca prior to its experience with the dualistic system and compared to common practice.

In particular, the Articles of Association now in force provide for a significant number of executives (five) to be represented on the Banking Group's Board of Directors, in a system of corporate governance based on wide-ranging powers being granted to the Executive Committee (made up by a majority of executive members) and the Managing Director for the day-to-day running of the company. This allows the management's professional capabilities to be leveraged, and ensures their independence with respect to situations of potential conflicts of interest with shareholders. At the same time, under the provisions of the Articles, the Board of Directors has the traditional, non-delegable powers, both primary (e.g. approval of draft financial statements, rights issues pursuant to Article 2443 of the Italian Civil Code, etc.) and secondary (decisions concerning strategic direction and business and financial plans, acquisition and disposal of significant equity investments, appointments to the post of General Manager, etc.). Hence the duties of strategic supervision and management have their own clearly-defined, balanced limits, thus avoiding the uncertainties over the respective responsibilities of the governing bodies raised by the previous dualistic system with respect to strategic analysis and decision-making.

The fact that the bodies responsible for managing the Bank's day-to-day activities are empowered to do so by the body responsible for strategic supervision, on which they themselves are represented and to which they report, also improves the flow of information and facilitates relations between the two bodies.

The presence of a Statutory Audit Committee, which is responsible for duties of control, also introduces a clear distinction between the various governing bodies' responsibilities and duties.

¹ Prepared in accordance with the guidelines laid down in the Code of Conduct for Listed Companies issued by Borsa Italiana in March 2006 pursuant to Italian Legislative Decree 58/98 (the Italian Finance Act) and Consob's Regulations for Issuers.

COMPANY

Mediobanca was set up in 1946. Its core businesses are lending and investment banking, helping its clients, which include leading Italian corporates as well as numerous medium-sized businesses and international groups, to grow by providing them with professional advisory services in addition to traditional medium-term bank credit. Over the years, the advisory and lending sides have been complemented by equity investment, consumer credit (via Group companies Compass and Linea), leasing (via the SelmaBipiemme group), private banking (via Compagnie Monégasque de Banque and Banca Esperia), and most recently, retail banking (via CheBanca!). In the meantime it has also developed a valuable presence outside Italy, with branch offices opening in Paris, Frankfurt, Madrid, and London. Mediobanca shares have been listed on the Milan stock market since 1956.

SHARE CAPITAL AND OWNERSHIP

The Bank's share capital at 30 June 2009 totalled €410,027,832.50, made up of 820,055,665 par value €0.50 shares. The shares are bearer shares, and entitle shareholders to one vote per share in general meeting.

Pursuant to Article 2443 of the Italian Civil Code, the Board of Directors was authorized by shareholders in a general meeting held on 27 June 2007:

- to increase the Bank's share capital by means of rights or bonus issues, on or prior to the fifth anniversary of the date of the relevant resolution, in an amount of up to €100m via the issuance of 200 million new ordinary shares, to be offered in option or otherwise allotted to shareholders, and to establish the issue price and ranking of such new shares from time to time; and to issue bonds convertible into ordinary shares in a nominal amount of up to €2bn also to be offered to shareholders; provided that exercise of such resolution should not lead to the issue of a total number of ordinary shares in excess of 200 million;
- to increase the Bank's share capital by means of rights or bonus issues, on or prior to the fifth anniversary of the date of the relevant resolution, in a nominal amount of up to Euro 40m, via the issuance of up to 80 million new ordinary shares, to reserved for subscription by Italian and non-Italian professional investors, with option rights excluded under Article 2441, paragraph 4 of the Italian Civil Code.

At a general meeting held on 27 October 2007, the shareholders of Mediobanca authorized a buyback of par value €0.50 ordinary shares issued by the company for up to 2% of its share capital, at a minimum price not to be below the shares' nominal value, and a maximum price not to exceed by more than 5% the reference price recorded at close of business on the trading day prior to the completion of each individual purchase. Upon completion of the transaction a total of 16,200,000 shares had been bought back at an average price of €13.17 per share, repurchased for a total outlay of €213.4m.

Since 1998 shareholders in general meeting have adopted resolutions to increase the company's share capital under the terms of the stock option schemes restricted to company chief executives and to Mediobanca Group management (cf. Article 4, paras. IV, V and VIII of the company's Articles of Association). As at 30 June 2009 the number of stock options still unassigned totalled 40,704,000 in respect of a like number of shares (press releases regarding schemes in force as at 30 June 2009 and awards made are available at www.mediobanca.it/investor-relations/stock-options).

According to the company's register of shareholders, as amended in the light of statements received pursuant to Article 120 of the Italian Consolidated Finance Act, as at 30 June 2009 the following shareholders own more than 2% of the share capital of Mediobanca, either in their own right or through subsidiaries:

Shareholder	No. of shares	% of share capital
Unicredito group	71,031,976	8.67
Bolloré group	40,954,907	4.99
Groupama group	40,714,677	4.96
Fondiaria-Sai group	31,447,510	3.83
Mediolanum group	27,709,629	3.38
Fondaz. CARIVERONA	25,718,671	3.14
Fondazione Ca.Ris.Bo	23,340,617	2.85
Italmobiliare group	21,494,278	2.62
Benetton group	17,738,123	2.16
Berlusconi group	16,870,271	2.06
Tassara group*	16,500,000	2.01

* On 29 July 2009, the Tassara gave notice that it owned 16,000,000 shares in Mediobanca (1.95% of the company's share capital).

Mediobanca has approximately 56,000 shareholders. Shareholders representing approximately 46% of the Bank's share capital have entered into an agreement expiring on 31 December 2009. The agreement is filed with the Milan companies' register, and an excerpt from it may be found on the Bank's institutional website (www.mediobanca.it/investor-relations/our-shareholders).

GOVERNING BODIES

- Shareholders in general meeting
- Board of Directors
- Chairman of Board of Directors
- Executive Committee
- Managing Director
- General Manager
- Head of Company Financial Reporting
- Statutory Audit Committee

GENERAL MEETINGS

The general meeting gives expression to the wishes of the body of the company's shareholders, and decisions taken in such meetings, which are adopted in conformity with the provisions of both the law and the company's Articles of Association, are binding on all shareholders. Issues which fall within the jurisdiction of shareholders in general meeting include the following:

- approval of financial statements and allocation of profits;
- appointment and/or dismissal of the Board of Directors and Statutory Audit Committee;
- responsibilities of members of the Board of Directors and Statutory Audit Committee;
- engagement of, and termination of agreements with, external auditors;
- transactions required by law to be approved by shareholders in extraordinary general meeting;
- remuneration policies and compensation schemes based on financial instruments adopted for directors and employees of the Bank.

The right to attend and vote at General Meetings is governed by the Articles of Association, which require shareholders, purely for the purpose of facilitating ordered flows of access to the meetings), to present a copy of the notification issued by their authorized agent to the Company at its Head Office as required by legal provisions in force, which notification must be received by the company no later than two working days prior to the date set for such meeting.

BOARD OF DIRECTORS: COMPOSITION AND ROLE

The Board of Directors consists of between fifteen and twenty-three members, with one place reserved for minority shareholders. Of the directors thus appointed, five are managers with at least three years' experience of working for the Mediobanca Banking Group, three qualify as independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98, and two, who may coincide with the three qualifying as independent referred to above, qualify as independent based on the Code of Conduct for Listed Companies issued by Borsa Italiana.

The Board of Directors of Mediobanca was appointed by shareholders in a general meeting held 28 October 2008 for the 2009-11 three-year period. In accordance with the Articles of Association, directors are appointed on the basis of lists of candidates who are in possession of the requisite professional credentials, qualify as fit and proper persons to hold such office and as independent in accordance with the law and the company's Articles of Association. Such lists are submitted by shareholders representing in the aggregate at least the percentage of the company's share capital established under regulations in force at the time

(currently 1%). Please see Article 14 of the Articles of Association for the procedures relating to the appointment and dismissal of directors, which may be found on the Bank's website at [www.mediobanca.it/investor relations/corporate governance/governance documents](http://www.mediobanca.it/investor%20relations/corporate%20governance/governance%20documents)).

The Board of Directors appointed on 28 October 2008 for the 2009, 2010 and 2011 financial years consists of 23 members, 16 of whom qualify as independent pursuant to Article 148, para. 3 of Italian Legislative Decree 58/98, 5 of whom also qualify as independent pursuant to the Code of Conduct operated by Borsa Italiana:

Members	Post Held	Date of birth	Independent*	Independent**	Manager
Cesare Geronzi •	Chairman	15/02/1935			
Dieter Rampf •	Deputy Chairman	05/09/1947		X	
Marco Tronchetti Provera •	Deputy Chairman	18/01/1948		X	
Alberto Nagel •	CEO	07/06/1965			X
Renato Pagliaro •	General Manager	20/02/1957			X
Jean Azema •	Director	23/02/1953		X	
Tarak Ben Ammar •	Director	12/06/1949	X	X	
Gilberto Benetton •	Director	19/06/1941			
Marina Berlusconi •	Director	10/08/1966		X	
Antoine Bernheim •	Director	04/09/1924		X	
Roberto Bertazzoni •	Director	10/12/1942	X	X	
Vincent Bolloré •	Director	01/04/1952		X	
Angelo Casò •	Director	11/08/1940	X	X	
Maurizio Cereda •	Director	07/01/1964			X
Massimo Di Carlo •	Director	25/06/1963			X
Ennio Doris •	Director	03/07/1940		X	
Pietro Ferrero •	Director	11/09/1963		X	
Jonella Ligresti •	Director	23/03/1967		X	
Fabrizio Palenzona •	Director	01/09/1953	X	X	
Marco Parlangeli Ø	Director	20/02/1960	X	X	
Carlo Pesenti •	Director	30/03/1963		X	
Eric Strutz •	Director	13/12/1964		X	
Francesco Saverio Vinci •	Director	10/11/1962			X

* Independent as required in Code of conduct for listed companies.

** Independent as required by Article 148, para. 3 of Italian Legislative Decree 58/98.

• Appointed from the list submitted by shareholder "Capitalia Partecipazioni S.p.A." (UniCredit group) which holds 8.66% of the company's share capital.

Ø Appointed from the minority list submitted by shareholder "Fondazione dei Monti di Paschi di Siena" which holds 1.93% of the company's share capital.

The representatives of the minority list have issued a statement to the effect that no links exist, as defined in Article 144-quinquies of Consob regulation 11971/99, with shareholders owning, including jointly between themselves, a controlling or majority shareholding in Mediobanca.

The Board includes prominent figures from the banking, insurance and industrial sectors, which ensures an appropriate degree of professionalism as required by the complexity of the Bank's operations, and given the Board's role in strategic supervision.

All the Directors have made statements to the effect that no cause exists for them to be disqualified from office under legislation currently in force on the grounds of their being incompatible, ineligible or otherwise having lapsed from office, and further statements to the effect that they are fit and proper persons in possession of the requisite qualifications to hold such office and that they qualify as independent where this is required by legislation currently in force and in particular Article 148, paragraph three of the Italian Consolidated Finance Act, which the Supervisory Board has duly noted. The Articles of Association do not provide for any further requirements in terms of professional qualifications than those stipulated by Article 26 of the Italian Consolidated Banking Act

The independence of each Director is assessed annually on the basis of information provided by him/her, and any relations which might compromise, or appear to compromise, the Director's independence of judgement are assessed accordingly.

The independent directors meet at least once a year on their own without the other directors present.

Curricula vitae for individual Board members submitted in conjunction with lists for appointments to the Board of Directors and a list of posts held by them in other companies as at 30 June 2009 are available on the Mediobanca website (www.mediobanca.it/investor-relations/corporate-governance).

As approved by shareholders in a general meeting held on 28 October 2008, directors holding posts in other banking companies are allowed to serve as directors pursuant to Article 2390 of the Italian Civil Code. The Board of Directors reviews the posts held by its members in such companies annually, reporting on any critical issues at the next successive annual general meeting. To this end, each director is bound to inform the Board of any activities he/she might have taken on in the course of his/her term of office that could be in competition with Mediobanca.

The following matters fall within the remit of the Board of Directors:

- 1) approval of strategic guidelines and directions, business and financial plans, budgets, and risk management and internal control policies;
- 2) approval of quarterly and interim accounts and of draft individual and consolidated financial statements;

- 3) decisions concerning the acquisition or disposal of equity investments which alter the composition of the Banking Group for amounts of over €500m or otherwise of investments worth in excess of €750m;
- 4) trading involving equity investments in excess of 15% of the holdings owned at the start of each financial year in Assicurazioni Generali S.p.A., RCS MediaGroup S.p.A. and Telco S.p.A.;
- 5) appointment and dismissal of the Executive Committee with the powers provided for in the Articles of Association, under Article 22, and establishment of any additional powers to be vested in it;
- 6) appointment and dismissal of the Managing Director with the powers described in the Articles of Association, and establishment of any additional powers to be vested in him as well as his remuneration;
- 7) appointment and dismissal of the General Manager and establishment of any additional powers to be vested in him as well as his remuneration;
- 8) appointment of the Head of company financial reporting and of persons responsible for internal audit and compliance duties;
- 9) proposals to be submitted to shareholders in ordinary and extraordinary general meetings;
- 10) approval of or amendment to an internal regulations;
- 11) ascertaining that Directors and members of the Statutory Audit Committee upon their appointment, or without prejudice to the foregoing on at least an annual basis, are in possession of the requisite professional credentials and qualify as fit and proper persons and as independent as required by regulations in force and the Articles of Association.

The Board normally adopts resolutions on proposals from the Executive Committee or Managing Director, 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 Executive Committee or to the posts of Managing Director or General Manager. The same majority is required where the Board is to take resolutions in respect of transactions which fall within the jurisdiction of the appointed governing bodies.

Meetings of the Board of Directors are called by the Chairman or Acting Chairman, on his own initiative or when requisitioned by at least three Directors. As a rule, the Board of Directors meets at least five times a year, and a quorum is established when a majority of the directors in office is in attendance. Board meetings may also be called by the Statutory Audit Committee or one of its members, provided the Chairman of the Board has been notified to such effect in advance.

A total of six meetings are scheduled for the present financial year (six meetings took place in the period from 28 October 2008 to 30 June 2009).

The Board of Directors also assesses the adequacy of the Bank's organizational, administrative and accounting structure annually, with particular attention being paid to the internal control system and management of conflicts of interest.

The executive directors' remuneration is structured in such a way as to ensure their interests are aligned with the main objective of value creation for shareholders over the medium and long term. The compensation package is structured into three components so that the economic benefits accruing to executive directors are diversified over time:

- fixed salary;
- annual bonus payable at the Bank's discretion based on performance and results achieved; this may also take the form of stock option grants or other financial instruments. No such bonuses were paid for the year ended 30 June 2009;
- MBO: calculated quarterly, and linked to the earnings targets set in the 2008-11 three-year plan being substantially met.

Non-executive directors' remuneration is set by shareholders in annual general meeting, and does not include incentives linked to the Bank's performance.

CHAIRMAN OF BOARD OF DIRECTORS

The Chairman of the Board of Directors calls, chairs and directs proceedings at general meetings, Board and Executive Committee meetings, and ensures that all the other directors are provided with adequate information regarding the items on the agenda. The Chairman of the Board of Directors is currently also the Chairman of the Appointments and Remunerations committees.

The Chairman is responsible for ensuring that the corporate governance system runs smoothly in practice, guaranteeing due balance between the powers of the Managing Director and the other executive directors; he is the counterparty for dialogue with the internal control bodies and internal committees; and co-ordinates with the Managing Director in supervising relations with externals and institutions.

COMMITTEES

The Board of Directors has established three committees:

Internal control committee

Internal control committee	Auditor•	Independent(Code)*	Independent (Finance Act)**
Angelo Casò (Chairman)	X	X	X
Tarak Ben Ammar		X	X
Roberto Bertazzoni		X	X

• Registered auditor.

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

The Committee is made up of three directors who qualify as independent as defined by the Code of Conduct for Listed Companies, which has duties of consultation and enquiry in particular with respect to the Bank's system of internal control and risk management, and the structure of its IT and financial reporting organization.

In particular, with reference to the internal control system, the committee:

- gives its non-binding opinion on appointment and dismissal of staff responsible for internal control and compliance activities, their remuneration, powers and means for them to carry out their duties;
- reviews the adequacy of the internal control structures and procedures and the adequacy of the information flows required for internal control procedures to be carried out;
- reviews the plan of activity prepared by the head of internal control and his report on activities carried out, at least twice a year.

With reference to risk management, the committee:

- performs monitoring, instruction and support activities to the Board of Directors with respect to the supervision of risk management policies, including compliance with applicable regulations, and ensuring these are consistent with the strategic guidance set;
- regularly reviews the functioning and efficiency of the system and procedures for controlling and managing risks, reporting back to the Board on these issues;
- reviews plans for calculating the adequacy of the Bank's aggregate capital, current and estimated, at the consolidated level in view of the large risks to which the Bank and Group are exposed (ICAAP) reporting back to the Board on this issue;

With reference to the structure of the Bank's IT and financial reporting organization, the Internal control committee assesses the compliance of decisions taken by the Head of Company Financial Reporting, the external auditors and the Board of Directors in respect of the correct application of accounting standards with primary and secondary regulations, their consistency for purposes of drawing up individual and consolidated financial statements, and generally serves in an advisory capacity to assist the Board of Directors in taking the decisions for which it has responsibility on matters of financial documents.

The Statutory Audit Committee takes part in meetings of the Internal Control Committee.

The Committee met on a total of seven occasions in the period from 28 October 2008 to 30 June 2009.

Remunerations committee

Remunerations committee	Independent(Code)*	Independent (Finance Act)**
Cesare Geronzi (Chairman)		
Tarak Ben Ammar	X	X
Roberto Bertazzoni	X	X
Vincent Bollorè		X
Angelo Casò	X	X
Jonella Ligresti		X
Carlo Pesenti		X

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

The Committee is made up seven non-executive members, with duties of consultation and enquiry to determine the remuneration of directors vested with particular duties and the General Manager, as well as on the remuneration and staff retention policies operated by the Group.

Although the “independent” component of the committee is not in line with the Code of conduct’s recommendations, this is not considered to be an obstacle to objective, balanced assessment of the activities performed by the company’s management and their subsequent remuneration.

The Chairman of the Statutory Audit Committee, the Managing Director and the General Manager take part in meetings of the Remunerations Committee (the latter two in an advisory capacity, and who leave the meeting in the event of decisions to be taken involving them).

The Committee met once in the period from 28 October 2008 to 30 June 2009.

Appointments committee

Appointments committee	Independent (Code)*	Independent (Finance Act)**
Cesare Geronzi (Chairman)		
Alberto Nagel (CEO)		
Renato Pagliaro (GM)		
Roberto Bertazzoni•	X	X
Vincent Bollorè		X
Dieter Rampl		X
Marco Tronchetti Provera		X

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

- Independent as defined in the Articles of Association, who takes part in committee meetings for certain resolutions.

The Appointments committee is made up of six members and including *de jure* the Chairman of the Board of Directors, the General Manager/Deputy Chairman of the Executive Committee and the Managing Director. Based on proposals made by the Managing Director and having first sought the Chairman's opinion, the Appointments Committee approves the decisions to be adopted in the general meetings of Assicurazioni Generali, RCS MediaGroup and Telco with respect to appointments to these companies' governing bodies. The Appointments Committee also has duties of enquiry in respect of proposals of submission of lists for the Board of Directors and for the appointment of the Executive Committee, Managing Director and General Manager, in this case with the addition of an independent member.

The fact that only one member of the committee qualifies as independent under the Code of conduct for listed companies, whereas the Code recommends that such members should be in the majority, is justified by the different responsibilities: i.e., appointments to posts in strategic investee companies, rather than identifying candidates for the post of director.

Minutes are taken of committee meetings which are kept in specific registers.

The Committee met once in the period from 28 October 2008 to 30 June 2009.

EXECUTIVE COMMITTEE

The Board of Directors appoints an Executive Committee to comprise a total of nine members, establishing their powers in accordance with the provisions of the Articles of Association.

The Chairman of the Board of Directors and the five directors who are members of the management of Mediobanca Group companies are members of the Executive Committee *de jure*. Members of the Executive Committee who are part of the Mediobanca Group's management are bound to devote themselves exclusively to the performance of activities relating to their post, and unless permitted otherwise by the Board of Directors, may not carry out duties of management, direction, control or of any other nature for companies or entities other than those owned by Mediobanca. The other Executive Committee members, again unless permitted otherwise by the Board of Directors, may not carry out duties of management, direction, control or of any other nature for other banking or insurance groups.

Directors who are also part of the Banking Group's management, and who in such capacity are called to form part of the Executive Committee, cease to be Directors upon their ceasing to be employed by the company belonging to the Banking Group.

Members of the Executive Committee shall also be disqualified from the office of Director upon the occasion of any breach on their part of the restriction on not accepting positions of administration, management, control or of any other kinds for banking groups or insurance companies. Disqualification is pronounced by the Board of Directors.

The Executive Committee is chaired by the Chairman of the Board of Directors.

The Executive Committee appoints a Deputy Chairman of the Executive Committee from among those of its number who have been part of the Mediobanca Group management for at least three years.

The Committee remains in office for the entire duration of the office of the Board of Directors which appointed it.

The Statutory Audit Committee takes part in Executive Committee meetings.

The Executive Committee is currently made up as follows:

Members	Post	Executive
Cesare Geronzi	Chairman	
Alberto Nagel	Managing Director	X
Renato Pagliaro	Deputy Chairman, Executive Committee	X
Vincent Bollorè •	Director	
Maurizio Cereda	Director	X
Massimo Di Carlo	Director	X
Angelo Casò* •	Director	
Eric Strutz •	Director	
Francesco Saverio Vinci	Director	X

* Independent as defined in Code of conduct for listed companies.

• Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

Pursuant to the Bank's Articles of Association, the Executive Committee is responsible for managing the ordinary activities of the bank and for co-ordinating and directing the Group companies without prejudice to those issues for which the Board of Directors has sole jurisdiction. In particular the Executive Committee is responsible for the Bank's operating performance, approving resolutions to grant loans and trading involving the Group's interests in Assicurazioni Generali, RCS MediaGroup and Telco as well as other shareholdings for amounts and percentage values not to exceed those for which the Board of Directors itself has jurisdiction. It also draws up internal regulations, to be submitted to the approval of the Board of Directors, and establishes the principles for co-ordination and management of the Group companies in execution of the strategic guidelines approved by the Board of Directors.

Resolutions are approved by the Executive Committee with the majority of its members in attendance and voting in favour.

Executive Committee meetings are called on the initiative of the Chairman based on the requirements of the business, as a rule meeting once a month.

A total of twelve meetings are scheduled for the present financial year (nine meetings took place in the period from 28 October 2008 to 30 June 2009).

MANAGING DIRECTOR

The Board of Directors appoints a Managing Director from among the directors who have been members of the Banking Group's management for at least three years.

The Board of Directors establishes the powers of the Managing Director. The Managing Director in particular:

- 1) has executive powers, and is responsible for implementing resolutions adopted by the Board of Directors and the Executive Committee and – in accordance with the powers attributed to him – the plans and strategic directions established by the Board of Directors and Executive Committee;
- 2) is empowered to make proposals to the Board of Directors and Executive Committee, with reference in particular to management direction, proposed strategic plans and budgets, draft financial statements and interim accounts;
- 3) is responsible for staff management, and having sought the opinions of the General Manager, if appointed, appoints managerial staff;
- 4) ensures that the organizational, administrative and accounting systems of the bank are adequate for its operations and the size of the Company;
- 5) reports, with the General Manager, if appointed, to the Board of Directors and Executive Committee each quarter on the Bank's operating performance and prospects, and on the most significant transactions carried out by the Company and its subsidiaries.

At a Board meeting held on 28 October 2008, Mr Alberto Nagel was appointed Managing Director of Mediobanca.

GENERAL MANAGER

The Board of Directors may, at the Managing Director's proposal, appoint a General Manager from among the directors who have members of the Banking Group's management for at least three years.

The Board of Directors shall authorize the General Manager to sign jointly or severally on behalf of the Company as laid down in the Articles of Association in respect of powers to sign on behalf of the company, and thereby vest him with powers to carry out the day-to-day business of the company and to implement resolutions passed by the Board of Directors and Executive Committee in accordance with the directions issued by, and based on the individual remit of, the Board of Directors, Executive Committee and Managing Director.

At a Board meeting held on 28 October 2008, Mr Renato Pagliaro was appointed General Manager of Mediobanca.

HEAD OF COMPANY FINANCIAL REPORTING

On the proposal of the Executive Committee and having sought the opinion of the Statutory Audit Committee, the Board of Directors appoints one person to act as head of financial reporting, who shall be chosen from among the Bank's management and who has held management positions for a period of at least three years in the field of accounting administration at the Bank itself or at other leading banks. Currently the post is held by Massimo Bertolini who was appointed Head of Company Financial Reporting on 4 July 2007.

The head of company financial reporting is responsible for putting in place adequate administrative and accounting procedures for the preparation of the individual and consolidated accounts, plus all other reporting which is financial in nature. The appointed bodies and the Head of Company Financial Reporting issue the statements on the company's capital, earnings and finances required by law.

The Board of Directors has assigned a budget to this office in terms of funding and staff, and exerts supervision to ensure that the Head of Company Financial Reporting is vested with suitable powers and means to carry out the duties entrusted to him, and to ensure that the administrative and accounting procedures are complied with in practice.

Audit of the company's full-year financial statements and interim accounts, and other activities provided for under Article 155 of the Italian Consolidated Finance Act are the responsibility of Reconta Ernst & Young S.p.A., appointed as external auditors for the 2007-2012 period.

STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee consists of three standing auditors and two alternate auditors. Appointment to the Statutory Audit Committee is made on the basis of lists deposited at least fifteen calendar days prior to the date scheduled for the general meeting to be held in the first instance along with professional

CVs for the individual candidates and statements by them agreeing to stand as candidates and confirming that they are in possession of the qualifications required under law and the Articles of Association. The Articles in particular provide that members of the Statutory Audit Committee may not hold posts in governing bodies other than those with responsibility for control of other Group companies or in companies in which Mediobanca holds, including indirectly, an investment which is deemed to be strategic under supervisory requirements laid down by the Bank of Italy, hold the post of managing director, manager or officer in companies or entities, or who otherwise work with the management of companies operating directly or indirectly (including through subsidiaries) in the same sectors as Mediobanca. The Articles of Association further provide that lists may only be submitted by shareholders representing in the aggregate at least the percentage of the company's share capital established under regulations in force at the date of the general meeting (currently 1%).

The mechanism for appointments provides that the Chairman of the Statutory Audit Committee shall be chosen from the minority list.

The Statutory Audit Committee is made up as follows:

Member	Position
Marco Reboa*	Chairman
Maurizia Angelo Comneno •	Standing Auditor
Gabriele Villa •	Standing Auditor
Guido Croci •	Alternate Auditor
Umberto Ranganoni*	Alternate Auditor

• Appointed from the list submitted by shareholder "Capitalia Partecipazioni S.p.A." (UniCredit group) which holds 8.66% of the company's share capital.

* Appointed from the minority list submitted by shareholder "Fondazione Cassa di Risparmio in Bologna" which holds 2.59% of the company's share capital.

The CVs of the Statutory Auditors appointed by shareholders in the general meeting held on 28 October 2008 and the list of posts held by them in other companies as at 30 June 2009 may be found on the Bank's website at (www.mediobanca.it/investor-relations/corporate-governance).

In particular, the Statutory Audit Committee:

- is responsible for monitoring compliance with the provisions of law and the Company's memorandum of incorporation, with the principles of proper management, and in particular the adequacy of the organizational, administrative and accounting arrangements set in place by the company and their functioning in practice;

- monitors the risk management and control system and the internal control system, assessing the effectiveness of all units and departments involved and their co-ordination;
- checks at least twice a year that the plan of activity established by the head of the internal audit unit has been implemented;
- monitors the process of calculating the adequacy of the Bank's aggregate capital, current and estimated, at the consolidated level in view of the large risks to which the Bank and Group are exposed (ICAAP);
- reviews the proposal submitted by audit companies with a view to securing a mandate to act as the Bank's external auditors, and reviews the plan of activity prepared by the audit company and the results shown in the auditors' report and their letter containing suggestions;
- monitors the effectiveness of the external auditing process;
- gives its opinion on the appointment and dismissal of the heads of internal audit and compliance;
- gives its opinion on appointments to the role of Head of Company Financial Reporting;
- reports any operating irregularities or breaches of regulations noted to the supervisory authorities.

The statutory auditors are vested with the broadest powers provided for by legal and regulatory provisions in force.

The Statutory Audit Committee is kept informed of the activities carried out and the most significant transactions in earnings, financial and capital terms, executed by the Company or its subsidiaries, and in particular transactions in which the Directors have an interest either in their own right or by means of third parties, through participating in the meetings of the Board of Directors and Executive Committee. Information is also provided to the Statutory Audit Committee outside of meetings of the Board of Directors and Executive Committee in writing, addressed to the Chairman of the Statutory Audit Committee.

The Statutory Audit Committee receives information flows organized and channelled via the internal control units, i.e. Internal audit and Compliance, takes part in all Internal control committee meetings, and maintains regular relations, with a view to reciprocal exchanges of information, with the external auditors, the supervisory unit established pursuant to Italian Legislative Decree 231/01, and with other Group companies' Statutory Audit Committees.

The Statutory Audit Committee monitors the independence of the external auditors annually, checking that they comply with regulatory requirements in this

connection, and the nature and scope of the services other than those of auditing provided to Mediobanca and the Mediobanca Group companies by it and other entities forming part of the same network.

As part of their duties, the Statutory Auditors may ask the Internal Audit unit to perform specific checks on areas of activity or the company's operations.

The Statutory Audit Committee checks that the criteria and procedures adopted by the Board of Directors for assessing the independence of its members are applied correctly.

Any Statutory Auditor who has an interest, either in his/her own right or via third parties, in a particular transaction in which Mediobanca is involved informs the other Statutory Auditors and the Chairman of the Board of Directors promptly and exhaustively regarding the nature, terms, origin and scope of such interest.

A total of twenty meetings of the Statutory Audit Committee were held in the last financial year, six of which jointly with the Internal Control Committee, and met on several occasions with representatives of the external auditors engaged to audit the company's financial statements pursuant to Article 155 of the Italian Consolidated Act (nine meetings took place in the period from 28 October 2008 to 30 June 2009).

RELATED PARTY DISCLOSURE

The Board of Directors has established that accounts with related parties, including with Group companies, which are typical and/or usual in nature, maintained on an arm's length basis, and entered into in the interests of the company itself, should in the normal course of events be approved by the relevant governing bodies pursuant to the Articles of Association or the powers delegated by the Board itself. All other transactions with related parties are submitted, subject to prior approval from the Internal control committee, to the jurisdiction of the Board of Directors, which is also kept informed of such transactions when approved by the competent governing bodies. In application of such resolution, the terms of transactions falling into the above category are evaluated even if they are carried out by subsidiaries. Applications to the relevant governing body for approval state that a transaction has been carried out with a related party and that the terms thereof do not diverge from those usually applied by the Bank in transactions of a similar nature. Each director is bound to inform the Bank in a timely manner of any transactions entered into by the Bank with related parties through his or her agency, and in the event of his/her being in attendance at the meeting where the said transaction is due to be approved, he/she shall leave the meeting while the matter is discussed.

INTERNAL DEALING

At a Board meeting held on 28 October 2008, the directors of Mediobanca approved a code of conduct for reporting requirements in respect of internal dealing, i.e. dealing transactions involving equity instruments issued by Mediobanca (shares, convertible bonds, warrants, equity derivatives, etc.) carried out by persons defined as “relevant”. Such relevant persons (chiefly directors, statutory auditors and key management) have all subscribed to the code, and notify Mediobanca of each such transaction involving said equity instruments within three days of their completion. Transactions involving sums of less than €5,000 in the course of the year are not considered (the underlying amount is used in the case of linked derivative products). Mediobanca then discloses all such information to the market and Consob by the next successive day, according to the methods laid down under regulations in force. Relevant persons may not effect such transactions in the thirty days prior to the date on which the Management Board’s approval of the Bank’s annual and interim accounts is made public, or in the fifteen days prior to approval of the quarterly results. Disclosure is not required for exercise of stock options, provided that the disposal of shares arising from such exercise is disclosed.

INTERNAL CONTROL SYSTEM PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/01: CONFIDENTIAL INFORMATION

At a Board meeting held on 12 May 2009, an updated version of the internal control system implemented pursuant to Italian Legislative Decree 231/01 was approved, reflecting new legislation introduced in respect of electronic crime, money-laundering and health and safety in the work place, as well as the changes to the Bank’s corporate governance that had taken place.

The system includes a code of conduct with rules and policies that are binding on directors, employees, advisors, outside staff and suppliers in respect of the treatment of confidential information, to avoid such information being used for personal interests or on behalf of others. In transposing the regulations on market abuse, the system adopted also makes provision for the drawing up of various lists, in which persons in possession of privileged information in respect of Mediobanca and its customers are recorded. In execution of the powers and duties assigned to it under the internal control system, the supervisory body prepares an annual report to the Board of Directors via the Internal control committee and the Statutory Audit Committee on the functioning of, and compliance with, the internal control system adopted pursuant to Italian Legislative Decree 231/01.

INTERNAL AUDIT AND CONTROL

As required by Bank of Italy regulations, Mediobanca maintains an internal audit unit which is organized so as to monitor and ensure on an ongoing basis that the company's internal control system functions effectively and efficiently. Control is extended to the other companies in the Banking Group both by the unit itself and via its co-ordination of the corresponding subsidiaries' units. The unit has direct access to all useful information, and has adequate means to perform all its duties. The head of internal audit is also part of the supervisory committee set up as part of the internal control system established pursuant to Italian Legislative Decree 231/01, and takes part in meetings of the Internal control committee to report on the activities carried out and to support the committee in its own supervisory activities. The Internal audit unit prepares a six-monthly report on its activities and on the status and adequacy of the Bank's internal control system for the internal control committee, and hence also the Board of Directors.

In accordance with the application criteria laid down in the Code of conduct for listed companies on the issue of internal control, the person responsible for internal control is the head of the Internal audit unit, Piero Pezzati. His term of office expires in conjunction with that of the present Board of Directors, namely the annual general meeting to approve the company's financial statements for the period ending 30 June 2011.

In performing his duties, the head of internal control:

- a) checks that the internal control system is adequate, fully operative and functioning at all times;
- b) reports on his/her activities to the Internal control committee and Statutory Audit Committee, in particular with respect to the issue of risk management;
- c) ensures the internal control system is appropriate to achieve an acceptable overall risk profile.

COMPLIANCE UNIT

Mediobanca has had a compliance unit in operation since 2001. On 27 October 2007 this unit took up the responsibilities required of it by Bank of Italy provisions issued on 10 July 2007: to manage the regulatory and reputational risks of the Bank, and to monitor in particular that the internal procedures set in place are consistent with the objective of preventing breaches of regulations applicable to the Bank. As required by the joint Consob-Bank of Italy resolution issued on 29 October 2007, the Compliance unit also manages risks of non-compliance linked to the provision of investment services and activities and ancillary services governed by the MiFID directive.

The compliance unit reports to the Board of Directors at least once a year on the activities it has carried out.

SHAREHOLDERS AND INVESTOR RELATIONS

Mediobanca seeks to maintain good relations with its shareholders, encouraging them to attend general meetings, and sending shareholders with a record of recent attendance copies of annual reports and other relevant information. Material of this kind is also available on the company's website at www.mediobanca.it, in English and Italian. Relations with institutional investors, financial analysts and journalists are handled by the relevant units, i.e. the Investor relations and Media relations offices.

The Bank has not adopted a specific set of regulations for holding general meetings, as its Articles of Association ensure that proceedings are conducted in an orderly manner, providing for the Chairman of the meeting – who, under Article 9 of the Articles of Association, is the Chairman of the Board of Directors – to have the duty of establishing that a quorum has been reached, ascertaining the identity of those in attendance and assessing their entitlement to be so present, chairing and conducting the proceedings, and checking and announcing the results of any votes taken.

OTHER INFORMATION REQUIRED UNDER ARTICLE 123-BIS OF THE ITALIAN CONSOLIDATED FINANCE ACT: SEVERANCE PAY AGREEMENTS

Under the terms of the agreements updating in 2008, in the event of the executive members of the Board of Directors leaving the Bank by mutual consent or being dismissed without just cause or by tendering their resignations with just cause, limitation of their roles, or the Mediobanca shareholders' agreement being wound up in advance, are entitled to receive an indemnity equal to four years' annual fixed and variable salary and the emoluments due to them as directors, and to retain the rights held by them to subscribe for shares in Mediobanca at the date on which their employment by Mediobanca ceases.

CHANGE OF CONTROL CLAUSES

Mediobanca is a party to shareholder agreements in respect of listed and unlisted companies. Such agreements may make provision, in the event of substantial changes to the controlling structure of party, for the other parties to exclude it from the agreement and oblige it to sell its shareholding.

Milan, 18 September 2009

Table 1: BOARD OF DIRECTORS/COMMITTEES AS AT 30 JUNE 2009

BOARD OF DIRECTORS							Executive Committee		Internal Control Committee		Remunerations Committee		Appointments Committee	
Member****	Executive	Non executive	Ind. (Code)	Ind. (Fin. Act)	*** §	No. other posts*	**	*** §	**	*** §	**	*** §	**	*** §
Cesare Geronzi		X	NO	NO	100%	0	X	100%			X	100%	X	100%
Dieter Rampl		X	NO	YES	83%	6							X	100%
Marco Tronchetti Provera		X	NO	YES	100%	6							X	100%
Alberto Nagel	X		NO	NO	100%	2	X	100%					X	100%
Renato Pagliaro	X		NO	NO	100%	4	X	100%					X	100%
Jean Azema		X	NO	YES	0%	5								
Tarak Ben Ammar		X	YES	YES	83%	8			X	86%	X	0%		
Gilberto Benetton		X	NO	NO	67%	7								
Marina Berlusconi		X	NO	YES	100%	3								
Antoine Bernheim		X	NO	YES	50%	12								
Roberto Bertazzoni		X	YES	YES	100%	4			X	86%	X	100%	X	Ø
Vincent Bollorè		X	NO	YES	67%	12	X	67%			X	100%	X	100%
Angelo Casò		X	YES	YES	100%	9	X	100%	X	100%	X	100%		
Maurizio Cereda	X		NO	NO	100%	2	X	100%						
Massimo Di Carlo	X		NO	NO	100%	0	X	100%						
Ennio Doris		X	NO	YES	67%	5								
Pietro Ferrero		X	NO	YES	83%	2								
Jonella Ligresti		X	NO	YES	100%	8					X	100%		
Fabrizio Palenzona		X	YES	YES	100%	4								
Marco Parlangeli		X	YES	YES	100%	2								
Carlo Pesenti		X	NO	YES	50%	6					X	0%		
Eric Strutz		X	NO	YES	67%	8	X	56%						
Francesco Saverio Vinci	X		NO	NO	100%	5	X	100%						

NUMBER OF MEETINGS HELD DURING THE YEAR

Board of Directors:	6	Executive Committee:	9	Internal Control Committee:	7	Remunerations Committee:	1	Appointments Committee:	1
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NOTES

* Indicates number of positions as director or statutory auditor held by the person concerned in companies listed on regulated markets in Italy and elsewhere, in financial services companies, banks and insurances, or large corporates. Details are provided in full in the annex to the statement on corporate governance.

** "X" indicates that the director belongs to the relevant committee.

*** Percentage indicates the director's attendance record at Board and committee meetings.

**** The *curricula vitae* of the directors and a list of the posts held by them in other companies as at 30 June 2009 is available on the Bank's website at [www.mediobanca.it/investor-relations/corporate-governance/Board of Directors](http://www.mediobanca.it/investor-relations/corporate-governance/Board-of-Directors).

Ø Only for fees payable pursuant to point i) of Article 18 of the Bank's Articles of Association.

§ Reference period is from 28/10/08 to 30/6/09. In the period from 1 July 2008 to 28 October 2008, the following meetings were held: Supervisory Board: 4 meetings; Management Board: 5 meetings; Internal Control Committee: 2 meetings; Remunerations Committee: 1 meeting; Governance Committee: 2 meetings.

Table 2: STATUTORY AUDIT COMMITTEE

Position held	Member	Percentage attendance record at Statutory Audit Committee meetings	Number of other posts held*
Chairman	Marco REBOA	100%	3
Standing Auditor	Maurizia ANGELO COMNENO	85%	
Standing Auditor	Gabriele VILLA	100%	1
Alternate Auditor	Guido CROCI		
Alternate Auditor	Umberto RANGONI		

No. of meetings held during the reference period: §	20**
Quorum for submission of lists by minority shareholders to appoint one or more standing auditors:	at least 1% of the share capital

* Indicates number of positions as director or statutory auditor held by the person concerned in companies listed on regulated markets in Italy and elsewhere.

§ Reference period is from 28/10/08 to 30/6/09.

** Six of which held in conjunction with the Internal Control Committee.

Table 3: OTHER REQUIREMENTS UNDER CODE OF CONDUCT FOR LISTED COMPANIES

	YES	NO	Reasons for any departures from recommendations made in the code
Power to represent the Bank and related party disclosure			
Has the Board of Directors authorized parties to represent the Bank and established:			
a) limits	X		
b) methods for exercising such powers	X		
c) regular reporting requirements?	X		
Has the Board of Directors reserved for itself the right to inspect and approve all significant transactions in terms of earnings, capital and finances (including transactions with related parties)?	X		
Has the Board of Directors set guidelines and established criteria for identifying “significant” transactions?	X		
If so, have such guidelines/criteria been set out in the statement on corporate governance?	X		
Has the Board of Directors implemented procedures for reviewing and approving transactions with related parties?	X		
If so, have such procedures been set out in the statement on corporate governance?	X		
Procedures for most recent appointments to Board of Directors/Statutory Audit Committee			
Were candidates’ applications for the post of director lodged at least fifteen days in advance?	X		
Were they accompanied by appropriately detailed documentation?	X		
Were they accompanied by statements regarding the candidates’ eligibility to stand as independent Board members?	X		
Were candidates’ applications for the post of statutory auditor lodged at least ten days in advance?	X		
Were they accompanied by appropriately detailed documentation?	X		
General meetings			
Has the Bank adopted specific regulations in respect of the holding of general meetings?		X	Orderly proceedings are ensured by the powers vested in the Chairman under law and the company’s Articles of Association.
If so, are such regulations attached as an annex hereto, or is indication provided in the annual report as to where they may be obtained or downloaded?		X	
Internal control			
Has the company designated staff to take charge of internal control?	X		
If so, are such staff independent in operational terms from the various heads of the individual operating units?	X		
Organizational unit responsible for internal control pursuant to Article 9.3 of the code)	X		Internal audit unit
Investor relations			
Has the company appointed a head of investor relations?			
If so, what are the head of the IR unit’s contact details?			Jessica Spina Tel. no.: (0039) 02-8829.860 Fax no.: (0039) 02-8829.819 Email: investor.relations@mediobanca.it

Annex - Posts held in other financial companies, banks, insurances or other companies of significant size by members of the Board of Directors of Mediobanca

Name	Position held in Mediobanca	Posts held in other companies
Cesare GERONZI	Chairman and Executive Committee member	
Dieter RAMPL	Deputy Chairman	Chairman ,UniCredit Chairman of Supervisory Board, Koenig & Bauer Chairman of Supervisory Board, Bayerische Börse Member of Supervisory Board, FC Bayern München Independent Director, KKR Guernsey GP Limited Chairman of Managing Board, HYPO-KULTURSTIFTUNG
Marco TRONCHETTI PROVERA	Deputy Chairman	Chairman, Pirelli & C. Chairman, Camfin Chairman, Pirelli & C. Real Estate Chairman, Gruppo Partecipazioni Industriali Director, ALITALIA Director, F.C. Internazionale Milano
Alberto NAGEL	Chief Executive Officer and Executive Committee member	Director and Executive Committee member, Assicurazioni Generali Director, Banca Esperia
Renato PAGLIARO	General Manager and Executive Committee member	Director, Pirelli & C. Deputy Chairman and Executive Committee member, RCS MediaGroup Director and Executive Committee member, Telecom Italia Director, Burgo Group
Jean AZEMA	Director	General Manager, Groupama General Manager, Fédération Nationale Groupama Director, Société Générale <i>Représentant permanent</i> , Bolloré BoD Director, Véolia Environnement
Tarak BEN AMMAR	Director	Director, Telecom Italia Chief Executive Officer (Ceo) Quinta Communications Chairman, Europa Tv Chairman and Chief Executive Officer (Ceo), Prima Tv Chief Executive Officer (Ceo), Carthago Film Chief Executive Officer (CEO), Andromeda Tunisie S.A. Chairman, Eagle Pictures S.p.A. Chairman, Promotions et Participations International S.A.

Name	Position held in Mediobanca	Posts held in other companies
Gilberto BENETTON	Director	Chairman, Edizione Holding Chairman, Autogrill Director, Sintonia Director, Benetton Group Director, Pirelli & C. Director, Atlantia Director, Allianz
Marina BERLUSCONI	Director	Chairman, Finanziaria d'Investimento Fininvest Chairman, Arnoldo Mondadori Editore Director, Mediaset
Antoine BERNHEIM	Director	Chairman, Assicurazioni Generali Deputy Chairman, Alleanza Assicurazioni Deputy Chairman, Supervisory Board, IntesaSanpaolo Deputy Chairman, LVMH Director, Generali Deutschland Holding A.G. Director, Ciments Français Director, Christian Dior Member of Supervisory Board, Eurazeo Deputy Chairman, Bollorè Director B.S.I (Banca della Svizzera Italiana) Assicurazioni Generali <i>représentant</i> in Banco Santander S.A. Director, Havas
Roberto BERTAZZONI	Director	Chairman, Smeg Director, RCS MediaGroup Chairman and, Managing Director Erfin - Eridano Finanziaria Chairman and Managing Director, Cofiber
Vincent BOLLORE'	Director and Executive Committee member	Chairman and General Manager, Bollorè Chairman and General Manager, Bollorè Participations Chairman, Financière De L'Odet Chairman, Havas Director, Matin Plus Director, Direct Soir Supervisory Director, Natixis Chairman and Managing Director Financiere du Champ de Mars <i>Représentant permanent</i> , Chemins De Fer Et Tramways du Var et Du Gard <i>Représentant permanent</i> , Société Industrielle et Financiere De L'Artois Director, Financière Privée Director. Societ� Financiere Luxembourgeoise – Socfinal

Name	Position held in Mediobanca	Posts held in other companies
Angelo CASO'	Director and Executive Committee member	Chairman, Statutory Audit Committee, Benetton Group Chairman, Statutory Audit Committee, Edizione Chairman, Statutory Audit Committee, Vittoria Assicurazioni Chairman, Statutory Audit Committee, Indesit Company Chairman, Statutory Audit Committee, Fidelity Chairman, Statutory Audit Committee, Bracco Chairman, Statutory Audit Committee, Bracco Imaging Chairman, Statutory Audit Committee, Vestal Capital Partners Italia Standing Auditor, Barclays Private Equity
Maurizio CEREDA	Director and Executive Committee member	Director, Ansaldo STS Director, Enervit
Massimo DI CARLO	Director and Executive Committee member	
Ennio DORIS	Director	Managing Director, Mediolanum Chairman, Banca Mediolanum Director, Banca Esperia Director, Safilo Group Director, Safilo
Pietro FERRERO	Director	Chairman, Ferrero S.p.A. Director, Italcementi
Jonella LIGRESTI	Director	Chairman and Executive Committee member, Fondiaria-SAI Chairman, SAI Holding Italia Deputy Chairman, Fondazione Fondiaria-SAI Deputy Chairman, Premafin Finanziaria Director, Milano Assicurazioni Director, RCS MediaGroup Director, Italmobiliare Director, Finadin
Fabrizio PALENZONA	Director	Deputy Chairman, Unicredit Group Chairman, Aeroporti di Roma Chairman, Aviva Italia Director, Fondazione Cassa Di Risparmio di Alessandria
Marco PARLANGELI	Director	General Manager, Fondazione Monte dei Paschi di Siena Director, F2I- Fondi italiani per le infrastrutture società di gestione del risparmio

Name	Position held in Mediobanca	Posts held in other companies
Carlo PESENTI	Director	<p>General Manager, Director and Executive Committee member, Italmobiliare</p> <p>Managing Director and Executive Committee member, Italcementi</p> <p>Deputy Chairman, Ciments Français</p> <p>Director, UniCredit</p> <p>Director and Executive Committee member, RCS MediaGroup</p> <p>Director, Ambienta Società di Gestione del Risparmio</p>
Eric STRUTZ	Director and Executive Committee member	<p>Member of Board of Managing Directors, Commerzbank</p> <p>Member of Supervisory Board, ABB</p> <p>Deputy Chairman, Commerzbank Auslandsbanken Holding</p> <p>Member of Supervisory Board, Commerzbank Auslandsbanken Holding Nova</p> <p>Member of Supervisory Board, RWE Power</p> <p>Member of Board of Directors, SdB Sicherungseinrichtungsgesellschaft deutscher Banken</p> <p>Member of Board of Directors, WM-Gruppe Wertpapier-Mitteilungen, Keppler, Lehmann</p> <p>Chairman of Supervisory Board, Commerzbank Inlandsbanken Holding</p>
Francesco Saverio VINCI	Director and Executive Committee member	<p>Director, Banca Esperia</p> <p>Director, Duemme Hedge Società di gestione del risparmio</p> <p>Director, Duemme Sicav</p> <p>Director, Italmobiliare</p> <p>Director, Perseo</p>

**RESOLUTIONS ADOPTED BY SHAREHOLDERS
IN AN ANNUAL GENERAL MEETING
HELD ON 28 OCTOBER 2009**

The Annual General Meeting of Mediobanca was held on 28 October 2009. Resolutions were approved to:

- adopt the financial statements for the year ended 30 June 2009 and the Board of Directors' Review of Operations;
- allocate the net profit of €20,807,707.74 as follows: €4,100,278.30 to the *Legal Reserve* and €16,707,429.44 to the *Statutory Reserve*;
- adopt the “Staff remuneration policies” document.

**BALANCE-SHEET
AND
FUND ALLOCATION ANALYSES**

BALANCE SHEET ANALYSIS

ASSETS

As at 30 June	Liquid assets	Bills discounted advances, repurchase and forward transactions, and loans	Investment securities (excluding investments in Group undertakings)	Investments in Group undertakings	Investments in consortium companies	Property	Furniture, equipment and intangible assets	Other assets	Total assets	Contra accounts	GRAND TOTAL
1947	1,536	398	—	—	—	—	6	33	1,973	387	2,360
1948	1,344	1,900	—	—	—	—	6	33	3,283	465	3,748
1949	2,830	3,569	—	1	—	24	—	32	6,456	264	6,720
1950	3,532	5,315	889	3	—	—	—	35	9,774	853	10,627
1951	3,751	6,760	546	25	—	—	—	31	11,113	315	11,428
1952	3,706	9,779	464	38	—	—	—	31	14,018	176	14,194
1953	5,395	12,654	263	—	—	—	—	35	18,347	8,841	27,188
1954	7,804	15,909	763	1	—	—	—	137	24,614	553	25,167
1955	10,294	18,690	971	58	—	—	—	85	30,098	1,644	31,742
1956	14,713	23,573	1,283	5	—	—	—	484	40,058	12,272	52,330
1957	17,670	28,648	1,540	—	—	—	—	245	48,103	10,394	58,497
1958	18,727	31,577	1,798	—	—	—	—	439	52,541	4,799	57,340
1959	31,724	40,713	4,131	—	—	—	—	1,391	77,959	16,828	94,787
1960	45,099	49,813	4,286	—	—	—	—	227	99,425	7,622	107,047
1961	48,464	66,669	6,412	110	—	—	—	244	121,899	7,974	129,873
1962	29,895	100,913	9,027	39	—	—	—	435	140,309	32,419	172,728
1963	39,529	124,090	9,282	142	—	—	—	626	173,669	28,175	201,844
1964	49,714	153,282	9,337	90	—	—	—	1,332	213,755	23,277	237,032
1965	67,815	157,552	13,417	5	—	—	—	1,273	240,062	37,932	277,994
1966	100,651	191,935	15,115	—	—	—	—	2,385	310,086	100,762	410,848
1967	107,097	245,565	17,396	5	—	—	—	3,342	373,405	112,502	485,907
1968	121,745	305,666	17,317	—	—	—	—	4,569	449,297	122,695	571,992
1969	104,636	374,711	19,877	—	—	—	—	6,028	505,252	179,385	684,637
1970	108,075	513,117	19,759	5	—	—	—	5,512	646,468	148,926	795,394
1971	296,325	533,281	19,833	21	—	—	—	4,804	854,264	220,019	1,074,283
1972	211,681	644,004	22,501	541	—	26	—	6,373	885,126	248,839	1,133,965
1973	219,061	768,777	23,083	671	—	26	79	7,999	1,019,696	317,492	1,337,188
1974	725,455	1,091,712	29,243	755	—	190	102	16,095	1,863,552	283,551	2,147,103
1975	898,375	1,243,559	32,603	755	—	190	108	24,963	2,200,553	270,792	2,471,345
1976	842,638	1,394,824	27,159	1,573	—	190	133	27,826	2,294,343	260,533	2,554,876
1977	930,863	1,526,989	32,255	4,042	—	3,615	190	31,666	2,529,620	266,527	2,796,147
1978	931,722	1,719,338	34,759	4,137	—	3,615	198	72,125	2,765,894	414,045	3,179,939
1979	506,795	1,703,992	78,140	4,173	—	3,615	228	74,652	2,371,595	312,152	2,683,747
1980	520,954	1,834,527	55,983	4,174	7,230	3,615	251	75,576	2,502,310	385,483	2,887,793
1981	446,588	2,215,915	73,762	4,008	14,977	3,615	423	174,332	2,933,620	618,841	3,552,461
1982	638,435	2,540,960	165,104	4,008	14,993	3,615	438	174,142	3,541,695	714,778	4,256,473
1983	839,289	2,773,956	170,991	4,008	16,217	3,615	481	231,585	4,040,142	575,962	4,616,104
1984	859,764	3,002,978	225,314	8,088	16,217	19,625	511	224,145	4,356,642	650,010	5,006,652
1985	1,257,350	3,138,244	284,891	8,088	8,986	19,625	700	292,367	5,010,251	685,879	5,696,130
1986	1,697,370	3,388,523	379,210	8,088	1,239	19,625	666	227,820	5,722,541	1,575,268	7,297,809
1987	1,578,922	4,271,623	416,752	8,088	—	19,625	1,153	242,919	6,539,082	1,031,762	7,570,844
1988	1,569,877	4,540,865	565,933	4,213	—	19,625	1,803	208,692	6,911,008	1,827,254	8,738,262
1989	1,403,579	5,465,846	640,118	12,606	—	19,625	2,050	244,208	7,788,032	1,532,042	9,320,074
1990	1,860,248	6,841,257	709,335	9,495	—	19,625	2,353	348,524	9,790,837	2,458,501	12,249,338
1991	2,471,961	6,772,063	926,197	15,652	—	19,625	2,815	407,693	10,616,006	1,914,503	12,530,509
1992	2,245,473	7,356,291	1,149,728	17,897	—	23,800	3,539	516,359	11,313,087	4,974,896	16,287,983
1993	3,104,631	7,933,550	1,187,565	51,589	—	23,800	4,410	532,248	12,837,793	5,464,451	18,302,244
1994	3,347,387	8,961,303	1,389,176	49,085	—	23,800	4,690	522,005	14,297,446	3,851,623	18,149,069
1995	3,150,896	9,609,949	1,618,928	47,725	—	23,800	4,571	478,176	14,934,045	3,103,192	18,037,237
1996	2,571,335	10,717,159	1,793,785	46,491	—	23,800	4,739	484,943	15,642,252	4,114,659	19,756,911
1997	4,337,359	12,058,402	1,820,638	51,422	—	23,800	5,046	582,619	18,879,286	9,531,224	28,410,510
1998	4,789,102	14,115,689	2,106,078	58,298	—	23,800	6,013	856,681	21,955,661	24,883,375	46,839,036
1999	5,201,164	13,175,891	2,602,245	129,792	—	23,800	7,477	1,120,409	22,260,778	33,863,092	56,123,870
2000	4,578,652	14,764,593	2,740,839	60,875	—	23,800	9,286	1,344,067	23,522,112	43,236,774	66,758,886
2001	5,645,521	14,229,607	2,923,030	102,505	—	23,800	10,515	1,491,431	24,426,409	46,827,877	71,254,286
2002	7,377,119	14,861,758	2,912,572	118,779	—	23,800	11,961	1,881,176	27,187,165	50,916,657	78,103,822
2003	8,796,562	12,521,995	2,647,557	118,731	—	23,800	13,810	1,964,690	26,087,145	79,162,015	105,249,160
2004	8,427,864	13,324,382	2,591,198	396,476	—	25,479	14,171	2,188,463	26,968,033	84,319,470	111,287,503
2005	6,538,471	13,995,593	2,719,006	490,219	—	26,255	14,730	2,032,674	25,816,948	81,192,618	107,009,566
2006	8,790,079	15,823,797	2,845,923	457,429	—	27,214	17,252	1,835,453	29,797,147	157,987,333	187,784,480

BALANCE SHEET ANALYSIS §
ASSETS

At year-end	Net treasury fund applications	AFS securities	Financial assets held to maturity	Loans and advances to customers	Investments in Group companies	Other investments	Properties	Tangible and intangible assets	Other assets	Total assets	Memorandum accounts	GRAND TOTAL
2006	5,580,560	4,042,970	625,544	15,870,533	457,429	1,219,525	116,656	6,256	267,649	28,187,122	73,415,149	101,602,271
2007	6,379,384	4,788,039	621,634	20,306,484	468,270	1,212,507	115,237	6,059	251,591	34,149,205	43,168,344	77,317,549
2008	8,845,365	2,846,738	619,214	24,235,221	969,612	1,752,778	113,818	7,756	420,591	39,811,093	37,085,997	76,897,090
2009	13,059,370	4,330,945	1,556,744	23,282,523	971,536	1,873,697	112,783	9,666	555,412	45,752,676	44,007,352	89,760,028

§ IAS/IFRS-compliant.

BALANCE SHEET ANALYSIS §
LIABILITIES

At year-end	Capital		TOTAL	Provisions	Debt securities in issue	Other funding forms	Other liabilities	Profit for the year	Total liabilities	Memorandum accounts	GRAND TOTAL
	Share capital	Reserves, other provisions with capital content* and retained earnings									
2006	405,999	4,527,856	4,933,855	165,712	20,192,077	1,811,063	538,895	545,520	28,187,122	73,415,149	101,602,271
2007	408,781	5,128,989	5,537,770	162,433	23,027,454	4,077,662	782,776	561,110	34,149,205	43,168,344	77,317,549
2008	410,028	4,217,383	4,627,411	161,452	30,541,427	3,199,445	658,779	622,579	39,811,093	37,085,997	76,897,090
2009	410,028	4,210,394	4,620,422	160,612	35,860,227	4,388,413	702,194	20,808	45,752,676	44,007,352	89,760,028

§ IAS/IFRS-compliant.

* Provision for general banking risks, risk provisions (share not committed), Provision for writedowns to securities (years from 1966/67 to 1983/84, when the provision was transferred to reserves).

FUND ALLOCATION ANALYSIS

APPROPRIATION OF NET PROFIT

For years ended 30 June	Gross profit for year	Allocation to credit risks provision	Net profit	Amount taken to Reserve	Amount taken to Special Reserve ¹	Writedowns in securities and investments, depreciation on furniture and equipment, and amortization of discounts on bonds issued	Total dividend paid	Percent dividend paid	Directors' remuneration ²	Increase (decrease) in retained earnings
1947	(15)	—	(15)	—	—	—	—	—	—	—
1948	23	—	23	2	—	21 ³	—	—	—	—
1949	49	—	49	24	—	24	—	—	1	—
1950	87	—	87	26	—	3	54	7	2	2
1951	190	—	190	52	—	25	108	7	2	3
1952	210	—	210	52	—	38	108	7	3	9
1953	215	—	215	103	—	—	108	7	3	1
1954	213	—	213	52	—	52	108	7	3	(2)
1955	237	—	237	52	—	84	108	7	3	(10)
1956	277	—	277	77	—	57	135	7.50	3	5
1957	323	—	323	77	—	52	194	7.50	3	(3)
1958	388	—	388	77	—	52	248	8	3	8
1959	396	—	396	129	—	—	248	8	8	11
1960	718	—	718	387	—	—	331	8	8	(8)
1961	966	—	966	439	—	109	413	8	8	(3)
1962	1,004	—	1,004	413	—	116	465	9	9	1
1963	1,025	310	715	103	—	142	465	9	9	(4)
1964	1,289	516	773	103	—	90	558	9	12	10
1965	1,370	594	776	155	—	5	604	9	12	—
1966	1,644	723	921	181	—	—	723	10	14	3
1967	1,911	955	956	207	—	5	723	10	15	6
1968	2,219	1,162	1,057	258	—	—	775	10	16	8
1969	2,873	1,420	1,453	516	—	—	909	11	19	9
1970	2,976	1,808	1,168	258	—	5	909	11	18	(22)
1971	3,652	1,937	1,715	258	—	537	909	11	19	(8)
1972	3,390	2,195	1,195	258	—	—	909	11	19	9
1973	4,822	2,970	1,852	387	—	155	1,273	11	26	11
1974	6,988	4,777	2,211	511	—	395	1,273	11	26	6
1975	11,112	8,134	2,978	775	—	155	1,983	12	41	24
1976	17,077	6,972	10,105	1,808	4,132	2,109	1,983	12	41	32
1977	22,549	7,876	14,673	5,165	178	6,059	3,223	12	66	(18)
1978	25,034	9,296	15,738	6,197	6,197	98	3,223	12	65	(42)
1979	29,346	12,911	16,435	7,747	—	2,489	6,074	14	124	1
1980	33,728	15,494	18,234	7,747	3,099	1,214	6,074	14	123	(23)
1981	67,940	23,241	44,699	17,043	17,560	2,571	7,375	14	150	—
1982	29,720	10,423	19,297	7,747	—	1,498	9,833	14	201	18
1983	52,450	13,658	38,792	10,329	17,560	878	9,833	14	200	(8)
1984	60,560	16,119	44,441	27,372	—	3,476	13,170	15	272	151
1985	87,848	20,840	67,008	51,646	—	—	14,926	17	307	129
1986	124,380	35,115	89,265	67,139	—	4,080	17,560	20	361	125
1987	89,906	31,546	58,360	40,800	—	—	17,560	20	351	(351)
1988	84,324	22,068	62,256	40,800	—	—	21,071	20	429	(44)
1989	110,642	26,782	83,860	38,734	—	16,649	28,095	20	311	71
1990	153,577	33,709	119,868	83,912	—	339	35,119	20	454	44
1991	147,192	33,363	113,829	59,450	—	18,666	35,119	20	456	138
1992	171,152	35,791	135,361	99,852	—	—	35,119	20	452	(62)
1993	141,654	38,295	103,359	64,041	—	—	38,631	20	528	159
1994	154,910	43,382	111,528	61,975	—	—	49,167	20	733	(347)
1995	126,220	46,120	80,100	30,213	—	—	49,167	20	740	(20)
1996	110,692	48,550	62,142	12,137	—	—	49,167	20	742	97
1997	128,026	56,205	71,821	21,949	—	—	49,167	20	739	(34)
1998	191,858	62,297	129,561	62,090	—	—	66,401	22.50	1,091	(20)
1999	175,711	62,233	113,478	45,914	—	—	66,460	22.50	1,093	11
2000	198,407	71,994	126,413	47,898	—	—	77,230	25	1,312	(27)
2001	233,894	82,633	151,261	49,913	—	—	99,522	30	1,769	57
2002	204,646	87,000	117,646	265	—	—	116,782	30	618	(19)
2003	30,973	45,000	(14,027)	(154,166) ⁴	—	—	140,139	36	—	(81)
2004	460,563	33,000	427,563	111,201	—	—	311,535	80	4,827	—
2005	440,054	—	440,054	51,416	—	—	382,365	96	6,273	—
2006	494,334	—	494,334	15,058	—	—	473,003	116	6,273	—

¹ Allocations to Special Reserve were used to fund bonus issues of €4.1m in October 1976, €6.2m (together with €6,019,000 from the Revaluation Reserve) in October 1977, €6.2m in October 1978, €3.1m in October 1980, €17.6m in October 1981 and €17.6m in October 1983.

² Plus fixed fee of €258,000 as from 30/6/89 and €1.5m as of 30/6/02.

³ Of which €15,000 to absorb prior year loss.

⁴ Of which €14,027,000 to cover loss for the year, and €140,139,000 for payment of dividend.

FUND ALLOCATION ANALYSIS §

FINANCIAL YEAR	Profit before tax for the year	Transfers to risk provisions	Net profit	ALLOCATION OF NET PROFIT				Changes in retained earnings
				To reserves	Dividends paid out	%	Remuneration due to Board ¹	
2006	545,520	—	545,520	66,244	473,003	116	6,273	—
2007	561,110	—	561,110	22,423	532,414	130	6,273	—
2008	622,579	—	622,579	89,543	533,036	130	—	—
2009	20,808	—	20,808	20,808	—	—	—	—

§ IAS/IFRS-compliant.

¹ Plus fixed fee of €258,000 as from 30/6/89 and €1.5m as of 30/6/02.