MEDIOBANCA

Quarterly review of operations

for the period ended 31 March 2010

MEDIOBANCA
LIMITED COMPANY
SHARE CAPITAL € 430,550,899.50
HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY
Registered as a Bank. Parent Company of the Mediobanca Banking Group

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for the period ended 31 March 2010

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REVIEW OF GROUP OPERATIONS

The Group's results for the nine months show a net profit of €354.4m, representing a significant increase on the €39.3m recorded at the same stage last year. The results chiefly reflect 12.3% growth in income from banking activity, from €1,298.3m to €1,458.6m, with the main items performing as follows:

- net interest income continued to increase slightly, rising 1.4%, from €651.9m to €661.3m, driven by corporate and investment banking (up 13.7%), with greater stability in retail operations and private banking declining (from €25.8m to €17m) due to lower returns on portfolios;
- net trading income rose from €268.3m to €383m, on growth in treasury activity (from €98.6m to €184.3m) and gains on disposals of AFS securities (from €159.9m to €188.3m, €98.3m of which on equities);
- net fee and commission income rose by 9.6% (from €378.1m to €414.3m), reflecting the positive trend in capital market activity (up 38%) and a recovery in private banking (up from €26.1m to €28.8m).

The contribution from equity-accounted companies returned to positive territory, at €141.3m, compared with minus €21.6m last year which was heavily impacted by the €809m loss reported by Assicurazioni Generali in the fourth quarter of FY 2008.

Operating costs continued the trend seen last year, with an increase of 14%, from €515.7m to €588m, reflecting growth by CheBanca! and Mediobanca's international expansion.

Loan loss provisions increased by 19.1%, from €329.5m to €392.3m, reflecting the deterioration in the risk profile of businesses and households ongoing for more than twelve months. However, the signs of improvement recorded in the preceding two quarters have continued, this quarter the amount provided is 30% lower than that set aside in the fourth quarter of 2008/2009, compared with the quarters ended 31 December and 30 September 2009 where the provisions were respectively 26% and 19%

lower than in Q4 2008/2009. Of the total amount, €270.6m (31/3/09: €225.2m) involved retail finance, €96.2m (€74m) corporate banking, and €25.6m (€30.2m) leasing.

Despite the market recovery in these months, provisions for financial assets of €105.5m reflect the fact that the loss of value for these AFS equity investments has now exceeded 18 months, thus triggering automatic provisioning. However, following these provisions the net equity valuation reserve returned to positive territory at 31 March 2010, for both the equity component (€99.1m) and the bond and other debt securities component (€46.6m).

A pre-tax profit of €519.6m was recorded, compared with the €72.6m reported at the same stage last year (impacted by €358.9m in provisions for equity financial assets).

Turning to the individual areas of the Group's activities, corporate and investment banking showed a net profit of €258.9m (€203.4m), on total income up over 15% (from €750.2m to €869.8m) and provisions totalling €218.3m (€249m). Retail and private banking posted a net loss for the nine months of €27.5m (compared to a profit of €43.4m, though this did include a €45.9m one-off tax gain); of the main items, total income was up 10.2%, from €568.6m to €626.7m, but loan loss provisions also increased (from €206.9m to €253.7m), as did costs incurred by CheBanca! (from €107m to €136.6m). Principal investing returned to profit, with a net €121.4m earned in the first nine months (compared with a €207.2m loss last year) due to the upturn in profits by the Assicurazioni Generali group and the virtual lack of provisions (just €7.5m, compared with €207.6m).

On the balance-sheet side, treasury funds increased during the third quarter, from €13.5bn to €15.9bn, as did funding, from €52.9bn to €54.6bn, the latter boosted by a further increase in deposits raised by the CheBanca! retail channel (from €7.9bn to €9.1bn). AFS securities declined, from €7.8bn to €7.4bn, while loans and advances to customers were stable at €33.3bn (31/12/09: €33.5bn).

* * *

Significant events during the three months under review include the issue of a five-year bond convertible into the Group's entire shareholding in Mediolanum (14.3 million shares, equal to 1.96% of the company's share capital), at a conversion price of €5.28 at maturity.

Significant events subsequent to the reporting date include:

— the appointment of Renato Pagliaro as chairman of Mediobanca, following the resignation of Cesare Geronzi. The Board of Directors would like to thank Mr Geronzi for his contribution during the eighteen years in which he has held office in the Bank's governing bodies;

— Standard & Poor's decision, as part of an overall revision of its valuation of Italian banks, to amend Mediobanca's long-term credit rating from AA– to A+ and its short-term rating from A–1+ to A–1 with stable outlook.

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.

RESTATED PROFIT AND LOSS ACCOUNT

	9 mths to 31/3/09	6 mths to 31/12/09	9 mths to 31/3/10	Y.o.Y. chg.
	€m	€m	€m	%
Profit-and-loss figures				
Net interest income	651.9	441.7	661.3	+1.4
Net trading income	268.3	313.0	383.0	+42.8
Net fee and commission income	378.1	284.3	414.3	+9.6
Share in profits (losses) earned (incurred) by equity-accounted companies	(21.6)	106.3	141.3	n.m.
TOTAL INCOME	**1,276.7**	**1,145.3**	**1.599.9**	**+25.3**
Labour costs	(250.3)	(199.7)	(292.6)	+16.9
Administrative expenses	(265.4)	(194.7)	(295.4)	+11.3
OPERATING COSTS	**(515.7)**	**(394.4)**	**(588.0)**	**+14.0**
Loan loss provisions	(329.5)	(270.4)	(392.3)	+19.1
Provisions for other financial assets	(358.9)	(90.4)	(105.5)	–70.6
Other gains (losses)	—	5.6	5.5	n.m.
PROFIT BEFORE TAX	**72.6**	**395.7**	**519.6**	**n.m.**
Income tax for the period	(32.2)	(124.6)	(162.9)	n.m.
Minority interest	(1.1)	(1.0)	(2.3)	n.m.
NET PROFIT	**39.3**	**270.1**	**354.4**	**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

	30/6/09	31/12/09	31/3/10
	€m	€m	€m
Assets			
Treasury funds	12,753.5	13,502.7	15,853.3
AFS securities	6,653.4	7,807.1	7,359.5
of which: fixed-income	*4,923.4*	*6,051.1*	*5,725.2*
equities	*1,247.1*	*1,263.9*	*1,160.1*
Fixed financial assets (HTM & LR)	1,557.5	1,334.0	1,462.7
Loans and advances to customers	35,233.2	33,468.9	33,267.0
Equity investments	2,638.5	3,037.7	3,251.7
Tangible and intangible assets	764.2	762.9	762.9
Other assets	1,101.5	934.5	926.7
of which: tax assets	*830.1*	*700.3*	*720.0*
Total assets	60,701.8	60,847.8	62,883.8
Liabilities and net equity			
Funding	53,411.8	52,904.1	54,597.2
of which: debt securities in issue	*36,867.8*	*35,983.6*	*36,931.2*
retail deposits	*6,212.6*	*7,857.8*	*9,123.4*
Other liabilities	1,292.4	1,183.4	1,286.8
of which: tax liabilities	*653.7*	*541.4*	*594.5*
Provisions	188.3	183.8	183.5
Net equity	5,806.9	6,306.4	6,461.9
of which: share capital	*410.0*	*430.5*	*430.6*
reserves	*5,293.6*	*5,771.0*	*5,926.7*
minority interests	*103.3*	*104.9*	*104.6*
Profit for the period	2.4	270.1	354.4
Total liabilities and net equity	60,701.8	60,847.8	62,883.8

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

31 MARCH 2010	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
	€m	€m	€m	€m
Profit-and-loss figures				
Net interest income	313.9	(7.4)	374.3	661.3
Net trading income	295.0	—	68.3	383.0
Net fee and commission income	260.9	—	184.2	414.3
Share in profits (losses) earned (incurred) by equity-accounted companies	—	141.1	(0.1)	141.3
TOTAL INCOME	**869.8**	**133.7**	**626.7**	**1.599.9**
Labour costs	(163.2)	(4.1)	(134.9)	(292.6)
Administrative expenses	(71.1)	(2.0)	(245.2)	(295.4)
OPERATING COSTS	**(234.3)**	**(6.1)**	**(380.1)**	**(588.0)**
Loan loss provisions	(121.8)	—	(270.6)	(392.3)
Provisions for other financial assets	(96.5)	(7.5)	(1.2)	(105.5)
Other gains (losses)	—	—	5.5	5.5
PROFIT BEFORE TAX	**417.2**	**120.1**	**(19.7)**	**519.6**
Income tax for the period	(156.0)	1.3	(7.8)	(162.9)
Minority interest	(2.3)	—	—	(2.3)
NET PROFIT	**258.9**	**121.4**	**(27.5)**	**354.4**
Cost/income ratio (%)	26.9	4.6	60.7	36.8
Balance-sheet data				
Treasury funds	17,692.5	—	3,793.1	15,853.3
AFS securities	5,507.9	118.2	2,722.9	7,359.5
Fixed financial assets (HTM & LR)	1,461.9	—	2,489.2	1,462.7
Equity investments	397.7	2,794.7	1.4	3,251.7
Loans and advances to customers	24,434.9	—	12,267.9	33,267.0
of which: to Group companies	*3,429.0*	—	—	—
Funding	(46,197.6)	(259.8)	(20,576.6)	(54,597.2)
No. of staff	865	—	2,457 *	3,211

* Includes 111 staff employed by Banca Esperia pro-forma, not included in the Group total.

1) Divisions comprise:
- *CIB (Corporate and investment banking)*: comprises corporate and investment banking, including leasing, plus the Group's trading investments. The companies which form part of this division are Mediobanca, Mediobanca International, MB Securities USA, Consortium, Prominvestment, SelmaBipiemme Leasing, Palladio Leasing and Teleleasing;
- *Principal investing*: 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*: businesses targeting retail customers via consumer credit products, mortgages, deposit accounts, private banking and fiduciary activities. The companies which make up this division are: Compass, CheBanca!, Cofactor, Futuro and Creditech (consumer credit); and 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 business areas (€0.3m and €1.6m as at 31 March 2009 and 31 March 2010 respectively).

31 MARCH 2009	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
	€m	€m	€m	€m
Profit-and-loss figures				
Net interest income	276.0	(8.6)	384.6	651.9
Net trading income	261.3	0.2	10.4	268.3
Net fee and commission income	227.2	—	173.8	378.1
Share in profits (losses) earned (incurred) by equity-accounted companies	(14.3)	(6.5)	(0.2)	(21.6)
TOTAL INCOME	**750.2**	**(14.9)**	**568.6**	**1.276.7**
Labour costs	(134.7)	(3.9)	(117.7)	(250.3)
Administrative expenses	(70.3)	(1.8)	(213.5)	(265.4)
OPERATING COSTS	**(205.0)**	**(5.7)**	**(331.2)**	**(515.7)**
Loan loss provisions	(104.2)	—	(225.2)	(329.5)
Provisions for other financial assets	(144.8)	(207.6)	(6.4)	(358.9)
PROFIT BEFORE TAX	**296.2**	**(228.2)**	**5.8**	**72.6**
Income tax for the period	(91.7)	21.0	37.6	(32.2)
Minority interest	(1.1)	—	—	(1.1)
NET PROFIT	**203.4**	**(207.2)**	**43.4**	**39.3**
Cost/income ratio (%)	27.3	n.m.	58.2	40.4
Balance-sheet data				
Treasury funds	11,577.6	—	2,873.2	11,738.1
AFS securities	2,802.9	115.9	3,292.7	4,973.4
Fixed financial assets (HTM & LR)	1,165.0	—	1.8	1,165.9
Equity investments	86.3	2,292.2	0.6	2,432.7
Loans and advances to customers	28,159.6	—	12,135.6	36,332.5
of which: to Group companies	*3,952.6*	—	—	—
Funding	(41,759.9)	(259.8)	(17,502.4)	(51,705.0)
No. of staff	862	—	2,339 *	3,099

* Includes 102 staff employed by the Esperia group pro-forma, not included in the Group total.

BALANCE SHEET

The main balance-sheet items, of which Mediobanca contributed over half, showed the following trends for the three months (comparative data as at 31 December 2009):

Funding — this item increased by 3.2%, from €52,904.1m to €54,597.2m, boosted by a net increase of approx. €1.3bn in the retail component, from €7,857.8m to €9,123.4m, and of over €1.3bn in short-term funding (Euro CDs and commercial paper) from €172.2m to €1,526.5m. Debt securities in issue fell, from €35,811.3m to €35,404.6m, as did bank debt (from €9,062.7m to €8,542.6m).

Loans and advances to customers — these were virtually stable at €33,267m (down just 0.6% from the €33,468.9m reported at end-December 2009), chiefly due to a reduction in corporate demand, which fell 1.7%; conversely, retail and private banking grew by 1.4%.

	31/12/09	31/3/10	Change
	€m	€m	%
Corporate and investment banking	21,374.7	21,005.9	–1.7
– *of which: leasing*	*4,694.5*	*4,619.8*	*–1.6*
Retail and private banking	12,094.2	12,261.1	+1.4
– *of which: consumer credit*	*8,038.7*	*8,145.5*	*+1.3*
mortgage lending	*3,418.0*	*3,461.7*	*+1.3*
private banking	*637.6*	*654.0*	*+2.6*
TOTAL LOANS AND ADVANCES TO CUSTOMERS	33,468.9	33,267.0	–0.6

Equity investments — these increased in value, from €3,037.7m to €3,251.7m, due to profit for the period (€34.7m) and increases in net equity from the valuation reserves (€178.3m). The highest contribution was from Assicurazioni Generali, with the value of this investment increasing – including as a result of the merger with Alleanza – from €1,975.6m to €2,208.2m (on profit for the period totalling €44.8m and a contribution from the valuation reserves which was €187.8m higher). As for the other companies included in this portfolio, the investments in Burgo Group and Banca Esperia increased in value during the period under review, by €1.5m and €1m respectively, while those in RCS, Telco, Pirelli & C. and Gemina all fell, by €7.8m (due to losses for the period), €10.3m (€9m of which due to the value adjustments made to Telecom Italia shares), €2.7m and €1.1m respectively. Based on share prices at 31 March 2009, the surplus on the portfolio fell from €1,714.6m to €1,304.7m, which reduces to €552.3m based on current prices.

	Percentage shareholding*	Book value	Share prices as at 31/3/10	Surplus
	%	€m	€m	€m
LISTED INVESTMENTS				
Assicurazioni Generali	13.24	2,208.2	3,662.3	1,454.1
RCS MediaGroup. *ordinary*	14.36	194.7	144.8	(49.9)
Pirelli & C. S.p.A.	4.49	116.2	109.7	(6.5)
Gemina	12.53	211.2	118.2	(93.0)
		2,730.3	4,035.0	1,304.7
OTHER INVESTMENTS				
Telco	11.62	352.2		
Banca Esperia	50.00	58.1		
Burgo Group	22.13	84.9		
Athena Private Equity class A	24.27	23.5		
Fidia	25.00	1.1		
Other minor investments		1.6		
		521.4		
		3,251.7		

* Percentage of entire share capital.

Fixed financial assets — these increased from €1,334m to €1,462.7m, following purchases of €151m, redemptions totalling €20.6m, and adjustments of €1.7m to reflect amortized cost. As at the reporting date, the portfolio showed an implicit loss of €11.9m (€31m).

AFS securities — this portfolio is made up of debt securities worth €5,725.2m (€6,051.1m), equities amounting to €1,160.1m (€1,263.9m) and other securities totalling €474.2m (€492.1m), €422.5m of which are convertible into shares, and €51.7m in stock units in funds held by Compagnie Monégasque de Banque. The debt securities component reduced by €325.9m, following net divestments worth €332.2m (resulting in a €41m gain being credited to the profit and loss account) and upward adjustments to reflect amortized cost and/or fair value at the period-end amounting to €6.3m; overall the net equity reserve for this component was in positive territory, at €74.6m (31/12/09: €73.2m). Movements on the equity side include investments worth €26.2m, disposals of €125.5m (including sale of the Group's entire shareholding in Fiat, plus the shares involved in the Mediolanum exchangeable bond issue being reallocated to the trading portfolio) yielding €16.9m in gains (including withdrawals from the valuation reserves), and writedowns totalling €14.8m due to the further reduction in stock market prices of shares already subject to impairment. Recognizing the assets at fair value as at the reporting-date added a further €36.9m (down €6.3m in the three months since end-December), with the equity component reserve, after €104m in impairment charges taken to the profit and loss account, in positive territory at €99.1m (compared with €105.8m at 31 December 2009).

	Percentage shareholding*	Book value at 31/3/10	Adjustments to fair value	Impairment charges taken to profit and loss account	Aggregate AFS reserve
Italmobiliare	9.5 – 5.47	65.1	14.5	—	30.5
Other listed shares ...		322.4	26.6	(93.0)	20.9
Sintonia S.A.	6.50	311.8	—	—	—
Delmi S.p.A., *ordinary*	6.00	105.6	(4.4)	—	(4.4)
Santè S.A.	9.90	84.0	—	—	—
Other unlisted shares .		271.2	0.2	(11.0)	52.1
TOTAL EQUITIES.......		1,160.1	36.9	(104.0)	99.1

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

Treasury funds — this item rose from €13,502.7m to €15,853.3m, and includes €637.6m (€826m) in cash and cash equivalents, €10,132.5m (€9,655.2m) in fixed-income securities, €1,331.3m (€860.3m) in equities, €220.4m (€31.2m) in upward adjustments to derivative contracts, and €3,531.5m (€2,130m) in net treasury funds repos, interbank deposits etc.). This performance bears out the Group's comfortable liquidity position. The ABS portfolio closed at €423.9m (€464.5m), reflecting €3.1m in adjustments for the period.

Tangible and intangible assets — these remained stable at €762.9m, including €365.9m in goodwill and brands worth €6.3m.

Provisions — this item consists of the provision for liabilities and charges amounting to €156.7m (€156.6m), and the staff severance indemnity provision totalling €26.8m (€27.2m), both of which fell as a result of withdrawals during the period.

Net equity — net equity rose by €155.8m, from €6,201.5m to €6,357.3m, boosted by the contribution made from equity-consolidating the investee companies (€178.3m). The AFS securities valuation reserve remained positive, at €117.2m (compared with €132.1m), whereas the cash flow hedge reserve was in negative territory, at minus €110.7m (as against minus €109.1m), while the share of the valuation reserves attributable to the equity-accounted investments was positive at €58.9m (compared with €58.8m).

PROFIT AND LOSS ACCOUNT

Net interest income — this item rose by 1.4%, from €651.9m to €661.3m, reflecting 13.7% growth in corporate and investment banking due to higher volumes (up 8.1%). Net interest income on the retail side was stable, at €356m. Private banking showed a reduction in this item of almost €9m, due to the reduction in interest rates.

Net trading income — this heading includes €184.3m (€98.6m) in net trading income, €188.3m (€159.9m) in gains on disposals of AFS securities, and €10.4m (€9.8m) in dividends.

	9 mths to 31/3/09	9 mths to 31/3/10
	€m	€m
Dealing profits (losses)	56.0	313.2
Mark-to-market as at reporting date	38.1	(130.0)
Dividends	4.5	1.1
TOTAL, net trading income	98.6	184.3

Net fee and commission income — this item rose from €378.1m to €414.3m, due to a higher contribution from corporate and investment banking (up from €227.2m to €260.9m), driven chiefly by capital market business (which grew from €75m to €104m) and corporate lending (which increased from €73m to €93m). Fees and commissions from consumer credit operations also improved, from €121m to 124.1m, as did fees earned by Compagnie Monégasque de Banque (up from €26.1m to €28.8m).

Operating costs — the 14% increase in this item, from €515.7m to €588m, is chiefly in connection with the Group's operating and geographical expansion in retail banking (with the number of branches increasing from 202 to 226) and the related growth in employee headcount (with the number of staff rising from 3,099 to 3,211). The various components performed as follows:

— labour costs amounted to €292.6m (€250.3m); these include €8.1m (€8m) in emoluments paid to directors, and €4m (€9.9m) in notional expenses due to stock option schemes;

— sundry costs and expenses amounting to €295.4m (€265.4m), which include €29.5m (€25m) in ordinary depreciation and amortization charges, €1.2m (€1.3m) in transfers to the provision for liabilities and charges, and administrative expenses totalling €264.7m (€239.1m), made up as follows:

	9 mths to 31/3/09	9 mths to 31/3/10
	€m	€m
Legal, tax and other professional services	28.1	26.8
Bad debt recovery	8.4	22.2
Marketing and communication	59.5	50.8
Rent and property maintenance charges	29.0	37.1
EDP	20.1	23.2
Financial information subscriptions	14.1	15.2
Banking services, collection and payment charges	16.2	15.2
Operating expenses	33.4	40.5
Other labour costs	18.2	19.3
Others	4.5	7.4
Direct and indirect taxes (net of withholding tax)	7.6	7.0
TOTAL	239.1	264.7

Trends in the main expense items show an increase in debt recovery costs in the retail segment, and growth in costs at CheBanca! as geographical coverage increases.

Loan loss provisions — in a scenario which is challenging for most borrowers, much of the increase in this item (from €329.5m to €392.3m) is due to the deterioration in households' risk profile, with provisions for this segment rising from €225.2m to €270.6m. The remainder is attributable to provisions for the corporate loan book, which were up from €104.2m to €121.8m, but the risk represented by this portfolio has gradually reduced in the course of the financial year (€48m for the three months ended 30 September 2009, €39.7m for the three months ended 31 December 2009, and €34m for the three months ended 31 March 2010) and shows no new potentially problematic items.

Provisions for other financial assets — this item regards only shares held as part of the AFS portfolio, consists of €89m in value adjustments for listed shares whose stock market value has been below the original cost of acquisition for a period of over 18 months, €11m in long-term losses in the value of holdings in private equity and venture capital funds, and the other €5.5m in additional reductions to the value of shares already subject to impairment in the past year.

Divisional results

A review of the Group's performance in its main areas of operation is provided below.

Corporate and investment banking (wholesale banking and leasing)

	9 mths to 31/3/09	6 mths to 31/12/09	9 mths to 31/3/10	Y.o.Y. chg.
	€m	€m	€m	%
Profit-and-loss figures				
Net interest income	276.0	215.8	313.9	+13.7
Net trading income	261.3	263.9	295.0	+12.9
Net fee and commission income	227.2	178.5	260.9	+14.8
Share in profits (losses) earned (incurred) by equity-accounted companies	(14.3)	1.5	—	n.m.
TOTAL INCOME	**750.2**	**659.7**	**869.8**	**+15.9**
Labour costs	(134.7)	(111.3)	(163.2)	+21.2
Administrative expenses	(70.3)	(46.4)	(71.1)	+1.1
OPERATING COSTS	**(205.0)**	**(157.7)**	**(234.3)**	**+14.3**
Loan loss provisions	(104.2)	(87.7)	(121.8)	+16.9
Provisions for other financial assets	(144.8)	(82.6)	(96.5)	–33.4
PROFIT BEFORE TAX	**296.2**	**331.7**	**417.2**	**+40.9**
Income tax for the period	(91.7)	(122.2)	(156.0)	+70.1
Minority interest	(1.1)	(1.1)	(2.3)	n.m.
NET PROFIT	**203.4**	**208.4**	**258.9**	**+27.3**
Cost/income ratio (%)	27.3	23.9	26.9	

	30/6/09	31/12/09	31/3/10	Chg.
	€m	€m	€m	%
Treasury funds	13,418.3	14,496.8	17,692.5	+22.0
AFS securities	4,208.7	5,187.0	5,507.9	+6.2
Fixed financial assets (HTM & LR)	1,556.7	1,333.3	1,461.9	+9.6
Equity investments	405.1	414.9	397.7	–4.1
Loans and advances to customers	26,315.0	24,821.8	24,434.9	–1.6
of which to Group companies	*3,207.2*	*3,427.4*	*3,429.0*	—
Funding	(43,250.2)	(43,068.8)	(46,197.6)	+7.3

Corporate and investment banking 31 March 2010	Wholesale	Leasing	Total
	€m	€m	€m
Net interest income	257.8	56.1	313.9
Net trading income	295.2	(0.2)	295.0
Net fee and commission income	258.3	2.6	260.9
Share in profits (losses) earned (incurred) by equity-accounted companies	—	—	—
TOTAL INCOME	**811.3**	**58.5**	**869.8**
Labour costs	(149.9)	(13.3)	(163.2)
Administrative expenses	(61.9)	(9.2)	(71.1)
OPERATING COSTS	**(211.8)**	**(22.5)**	**(234.3)**
Loan loss provisions	(96.2)	(25.6)	(121.8)
Provisions for other financial assets	(96.5)	—	(96.5)
PROFIT BEFORE TAX	**406.8**	**10.4**	**417.2**
Income tax for the period	(150.1)	(5.9)	(156.0)
Minority interest	—	(2.3)	(2.3)
NET PROFIT	**256.7**	**2.2**	**258.9**
Cost/income ratio (%)	26.1	38.5	26.9
Other financial assets	24,999.0	61.0	25,060.0
Loans and advances to customers	19,815.1	4,619.8	24,434.9
of which to Group companies	*3,429.0*	—	*3,429.0*
New loans	—	835.7	—
No. of staff	655	210	865

Corporate and investment banking 31 March 2009	Wholesale	Leasing	Total
	€m	€m	€m
Net interest income	218.2	57.8	276.0
Net trading income	261.3	—	261.3
Net fee and commission income	222.6	4.6	227.2
Share in profits (losses) earned (incurred) by equity-accounted companies	(14.3)	—	(14.3)
TOTAL INCOME	**687.8**	**62.4**	**750.2**
Labour costs	(119.9)	(14.8)	(134.7)
Administrative expenses	(58.6)	(11.7)	(70.3)
OPERATING COSTS	**(178.5)**	**(26.5)**	**(205.0)**
Loan loss provisions	(74.0)	(30.2)	(104.2)
Provisions for other financial assets	(144.8)	—	(144.8)
PROFIT BEFORE TAX	**290.5**	**5.7**	**296.2**
Income tax for the period	(86.6)	(5.1)	(91.7)
Minority interest	—	(1.1)	(1.1)
NET PROFIT	**203.9**	**(0.5)**	**203.4**
Cost/income ratio (%)	26.0	42.5	27.3
Other financial assets	15,574.2	57.6	15,631.8
Loans and advances to customers	23,325.9	4,833.7	28,159.6
of which to Group companies	*3,952.6*	—	*3,952.6*
New loans	—	1,105.1	—
No. of staff	634	228	862

This division reported a net profit of €258.9m for the nine months, up approx. 30% on the €203.4m recorded at the same stage last year, driven by growth in total income (up 15.9%, from €750.2m to €869.8m), with all the main items contributing: net interest income rose by 13.7%, from €276m to €313.9m; net trading income grew 12.9%, from €261.3m to €295m (€174.2m of which in dealing profits); and net fee and commission income climbed 14.8%, from €227.2m to €260.9m. Operating costs rose from €205m to €234.3m, due to higher labour costs (up 21.2%, from €134.7m to €163.2m) due to the strengthening of the headcount, in particular at the Bank's international branches.

Loan loss provisions of €121.8m were higher than the €104.2m reported last year, due entirely to the corporate segment (€96.2m, compared with €74m). However, the size of this has gradually reduced in the course of the financial year (€40.5m for the three months ended 30 September 2009, €30m for the three months ended 31 December 2009, and €25.7m for the three months ended 31 March 2010). Writedowns to AFS shares totalling €96.5m involve equity holdings whose stock market value has been below the original cost of acquisition for a period of over 18 months; the €13.9m increase in the last three months reflects the reduction in stock market prices of shares already subject to adjustments for impairment.

On the balance-sheet side, there was growth during the quarter in funding, from €43,068.8m to €46,197.6m (due to short-term funding), which financed the increase in treasury transactions (€17,692.5m, as against with €14,496.8m), and AFS securities (€5,507.9m, versus €5,187m), loans and advances to customers having fallen from €24,821.8m to €24,434.9m: in particular the wholesale portfolio, net of intra-group accounts, declined from €16,699.9m to €16,386.1m.

Principal investing

	9 mths to 31/3/09	6 mths to 31/12/09	9 mths to 31/3/10	Chg.
	€m	€m	€m	%
Profit-and-loss figures				
Net interest income	(8.6)	(5.2)	(7.4)	–14.0
Net trading income	0.2	—	—	n.m.
Share in profits (losses) earned (incurred) by equity-accounted companies	(6.5)	105.6	141.1	n.m.
TOTAL INCOME	**(14.9)**	**100.4**	**133.7**	**n.m.**
Labour costs	(3.9)	(2.8)	(4.1)	+5.1
Administrative expenses	(1.8)	(1.3)	(2.0)	+11.1
OPERATING COSTS	**(5.7)**	**(4.1)**	**(6.1)**	**+7.0**
Provisions for other financial assets	(207.6)	(6.6)	(7.5)	n.m.
PROFIT BEFORE TAX	**(228.2)**	**89.7**	**120.1**	**n.m.**
Income tax for the period	21.0	(2.7)	1.3	n.m.
NET PROFIT	**(207.2)**	**87.0**	**121.4**	**n.m.**

	31/3/09	31/12/09	31/3/10
	€m	€m	€m
AFS securities	122.2	119.0	118.2
Equity investments	2,175.5	2,565.3	2,794.7

This division reported a net profit of €121.4m (compared with a loss of €207.2m at the same time last year), chiefly due to the positive contribution from Assicurazioni Generali, which earned a €161.2m profit (compared with a €7.3m loss) and to reduced provisioning (down from €207.6m to €7.5m).

Retail and private banking

	9 mths to 31/3/09	6 mths to 31/12/09	9 mths to 31/3/10	Y.o.Y. chg.
	€m	€m	€m	(%)
Profit-and-loss figures				
Net interest income	384.6	243.3	374.3	–2.7
Net trading income	10.4	37.2	68.3	n.m.
Net fee and commission income	173.8	125.7	184.2	+6.0
Share in profits (losses) earned (incurred) by equity-accounted companies	(0.2)	(0.2)	(0.1)	+50.0
TOTAL INCOME	**568.6**	**406.0**	**626.7**	**+10.2**
Labour costs	(117.7)	(92.4)	(134.9)	+14.6
Administrative expenses	(213.5)	(162.1)	(245.2)	+14.8
OPERATING COSTS	**(331.2)**	**(254.5)**	**(380.1)**	**+14.8**
Loan loss provisions	(225.2)	(182.7)	(270.6)	+20.2
Provisions for other financial assets	(6.4)	(0.9)	(1.2)	n.m.
Other gains (losses)	—	5.6	5.5	n.m.
PROFIT BEFORE TAX	**5.8**	**(26.5)**	**(19.7)**	**n.m.**
Income tax for the period	37.6	0.3	(7.8)	n.m.
Minority interest	—	—	—	n.m.
NET PROFIT	**43.4**	**(26.2)**	**(27.5)**	**n.m.**
Cost/income ratio (%)	58.2	62.7	60.7	

	30/6/09	31/12/09	31/3/10	Y.o.Y. chg.
	€m	€m	€m	%
Treasury funds	3,226.7	3,745.7	3,793.1	+1.3
AFS securities	2,732.5	3,156.4	2,722.9	–13.7
Fixed financial assets (HTM & LR)	1,021.7	1,021.7	2,489.2	n.m.
Equity investments	0.6	0.5	1.4	n.m.
Loans and advances to customers	12,140.0	12,104.3	12,267.9	+1.4
Funding	(18,334.4)	(19,331.3)	(20,576.6)	+6.4

This division showed a top-line improvement of 10.2% for the nine months, from €568.6m to €626.7m, driven by higher net trading income (up from €10.4m to €68.3m – chiefly due to the CheBanca! trading book, which hedges part of the deposits) and net fee and commission income (up from €173.8m to €184.2m); net interest income was stable at €374.3m (compared with €384.6m), due to growth in consumer credit (from €325m to €347.2m). The increase in operating costs (from €331.2m to €380.1m) was driven by the operating and geographical expansion of CheBanca! (with deposits of €9.1bn and 68 branches, compared with €4.4bn and 44 branches last year), and higher credit recovery expenses for Compass. Loan loss provisions totalled €270.6m (compared with €225.2m at the same stage last year), up €87.9m in the third quarter. Overall, a net loss of €27.5m was reported for the nine months by this division, compared with a €43.4m profit during the corresponding period last year, which, however, was boosted by a one-off €45.9m tax effect.

Turning to the individual segments, consumer credit showed an increase in total income from €446m to €471m, due to the improvement in net interest income (from €325m to €347.2m) boosted by the lower cost of funding and by net fee and commission income holding up well at €124.1m (compared with €121m). Pre-tax profit of €37.3m was barely half that reported at the same stage last year, due to €253.7m (€206.9m) in loan loss provisions.

Retail banking posted a net loss of €60.8m for the nine months, a slight improvement on the €65.7m loss reported one year previously, driven by higher total income (up from €35.4m to €71.2m), which fully offset the increase in operating costs (from €107m to €136.6m). At end-March 2010, retail deposits totalled €9,123.4m, up €1,265.6m in the third quarter alone.

Private banking delivered a net profit of €23.5m, in line with the €23.5m profit reported last year, despite a reduction in total income (from €87.2m to €84.5m) due to lower net interest income generated by Compagnie Monégasque de Banque (down from €25.5m to €16.9m). The bottom line was boosted by non-recurring income of €5.5m, and lower loan loss provisions of €2.2m (compared with €6.5m). Assets under management for the three months amounted to €11.4bn (31/12/09: €10.9bn), €5.4bn (€5.3bn) of which was attributable to CMB and €6bn (€5.6bn) to Banca Esperia.

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

Retail and private banking 31 March 2010	Consumer credit	Retail banking	Private banking	Total
	€m	€m	€m	€m
Net interest income	347.2	8.8	18.3	374.3
Net trading income	—	58.0	10.3	68.3
Net fee and commission income	124.1	4.4	55.7	184.2
Share in profits (losses) earned (incurred) by equity-accounted companies	(0.3)	—	0.2	(0.1)
TOTAL INCOME	**471.0**	**71.2**	**84.5**	**626.7**
Labour costs	(56.3)	(40.1)	(38.5)	(134.9)
Administrative expenses	(123.7)	(96.5)	(25.0)	(245.2)
OPERATING COSTS	**(180.0)**	**(136.6)**	**(63.5)**	**(380.1)**
Loan loss provisions	(253.7)	(15.9)	(1.0)	(270.6)
Provisions for other financial assets	—	—	(1.2)	(1.2)
Other gains (losses)	—	—	5.5	5.5
PROFIT BEFORE TAX	**37.3**	**(81.3)**	**24.3**	**(19.7)**
Income tax for the period	(27.5)	20.5	(0.8)	(7.8)
NET PROFIT	**9.8**	**(60.8)**	**23.5**	**(27.5)**
Cost/income ratio (%)	38.2	n.m.	75.1	60.7
Equity investments	1.4	—	—	1.4
Other financial assets	431.9	6,979.6	1,593.7	9,005.2
Loans and advances to customers	8,141.4	3,461.7	664.8	12,267.9
New loans	2,948.3	599.3	—	3,547.6
No. of branches	146	68	—	214
No. of staff	1,275	850	332	2,457

Retail and private banking 31 March 2009	Consumer credit	Retail banking	Private banking	Total
	€m	€m	€m	€m
Net interest income	325.0	31.1	28.5	384.6
Net trading income	0.2	0.4	9.8	10.4
Net fee and commission income	121.0	3.9	48.9	173.8
Share in profits (losses) earned (incurred) by equity-accounted companies	(0.2)	—	—	(0.2)
TOTAL INCOME	**446.0**	**35.4**	**87.2**	**568.6**
Labour costs	(57.4)	(27.4)	(32.9)	(117.7)
Administrative expenses	(109.1)	(79.6)	(24.8)	(213.5)
OPERATING COSTS	**(166.5)**	**(107.0)**	**(57.7)**	**(331.2)**
Loan loss provisions	(206.9)	(18.2)	(0.1)	(225.2)
Provisions for other financial assets	—	—	(6.4)	(6.4)
Other gains (losses)	—	—	—	—
PROFIT BEFORE TAX	**72.6**	**(89.8)**	**23.0**	**5.8**
Income tax for the period	13.0	24.1	0.5	37.6
NET PROFIT	**85.6**	**(65.7)**	**23.5**	**43.4**
Cost/income ratio (%)	37.3	n.m.	66.2	58.2
Equity investments	0.6	—	—	0.6
Other financial assets	412.2	3,059.8	2,696.3	6,168.3
Loans and advances to customers	8,338.2	3,053.0	744.4	12,135.6
New loans	2,840.0	540.0	—	3,380.0
No. of branches	146	44	—	190
No. of staff	1,319	672	348	2,339

Private banking 31 March 2010	CMB	Banca Esperia 50%	Others	Total PB
	€m	€m	€m	€m
Net interest income	16.9	1.3	0.1	18.3
Net trading income	9.5	0.5	0.3	10.3
Net fee and commission income	28.8	21.7	5.2	55.7
Share in profits (losses) earned (incurred) by equity-accounted companies	0.2	—	—	0.2
TOTAL INCOME	**55.4**	**23.5**	**5.6**	**84.5**
Labour costs	(20.5)	(15.1)	(2.9)	(38.5)
Administrative expenses	(16.0)	(8.0)	(1.0)	(25.0)
OPERATING COSTS	**(36.5)**	**(23.1)**	**(3.9)**	**(63.5)**
Loan loss provisions	(1.0)	—	—	(1.0)
Provisions for other financial assets	(1.2)	—	—	(1.2)
Other gains (losses)	5.5	—	—	5.5
PROFIT BEFORE TAX	**22.2**	**0.4**	**1.7**	**24.3**
Income tax for the period	—	(0.1)	(0.7)	(0.8)
NET PROFIT	**22.2**	**0.3**	**1.0**	**23.5**
Assets under management	5,437.0	5,982.0	—	11,419.0
Securities held on a fiduciary basis	N/A	N/A	1,571.6	1,571.6

Private banking 31 March 2009	CMB	Banca Esperia 48.5%	Others	Total PB
		(€ m)		
Net interest income	25.5	2.7	0.3	28.5
Net trading income	12.6	(2.3)	(0.5)	9.8
Net fee and commission income	26.1	18.3	4.5	48.9
TOTAL INCOME	**64.2**	**18.7**	**4.3**	**87.2**
Labour costs	(19.8)	(10.5)	(2.6)	(32.9)
Administrative expenses	(15.0)	(8.8)	(1.0)	(24.8)
OPERATING COSTS	**(34.8)**	**(19.3)**	**(3.6)**	**(57.7)**
Loan loss provisions	(0.1)	—	—	(0.1)
Provisions for other financial assets	(6.4)	—	—	(6.4)
PROFIT BEFORE TAX	**22.9**	**(0.6)**	**0.7**	**23.0**
Income tax for the period	—	0.8	(0.3)	0.5
NET PROFIT	**22.9**	**0.2**	**0.4**	**23.5**
Assets under management	5,899.0	4,013.0	—	9,912.0
Securities held on a fiduciary basis	N/A	N/A	1,198.3	1,198.3

Review of Group company performances

Mediobanca

In the nine months ended 31 March 2010, Mediobanca made a net profit of €205.1m (compared with a net loss of €3m, which reflected the impact of over €300m in provisions for shares), boosted by a 20.1% increase in total income from €650m to €780.7m, with all the main income items contributing: net interest income rose by 17.9%, from €187.3m to €220.8m, net trading income climbed 23.6%, from €254m to €313.7m, €173.7m of which in dealing profits, while net fee and commission income was up 18%, from €208.7m to €246.2m.

The 21.2% increase in operating costs, from €186.3m to €218.9m, was entirely due to the labour component (up 23.5%, from €125.7m to €155.3m) linked to the Bank strengthening operations at its international branches.

Loan loss provisions amounted to €94.3m, higher than the €74.1m reported at the same stage last year, but down quarter-on-quarter.

Provisions for other financial assets fell from €315.6m last year to €121.4m, €104m of which in respect of AFS equities and €17.4m in respect of unlisted equity investments recognized at cost.

With regard to the main balance-sheet items, loans and advances to customers reduced in the third quarter, from €20,919.1m to €19,942.5m, whereas treasury funds increased, from €14,114.1m to €17,467.3m, as did investments in AFS securities (from €5,306m to €5,626.1m). Funding rose from €39,173.4m to €41,878.2m) due to liquidity provided by CheBanca! (up €1,923m).

* * *

RESTATED PROFIT AND LOSS ACCOUNT

	9 mths to 31/3/09	6 mths 31/12/09	9 mths to 31/3/10	Y.o.Y. chg.
	€m	€m	€m	%
Net interest income	187.3	155.4	220.8	+17.9
Net trading income	254.0	278.8	313.7	+23.6
Net fee and commission income	208.7	169.7	246.2	+18.0
TOTAL INCOME	**650.0**	**603.9**	**780.7**	**+20.1**
Labour costs	(125.7)	(106.1)	(155.3)	+23.5
Administrative expenses	(60.6)	(40.8)	(63.6)	+5.0
OPERATING COSTS	**(186.3)**	**(146.9)**	**(218.9)**	**+21.2**
Loan loss provisions	(74.1)	(70.2)	(94.3)	+27.3
Provisions for financial assets	(315.6)	(106.7)	(121.4)	–61.5
PROFIT BEFORE TAX	**74.0**	**280.1**	**346.1**	**n.m.**
Income tax for the period	(77.0)	(113.0)	(141.0)	+83.1
NET PROFIT	**(3.0)**	**167.1**	**205.1**	**n.m.**

RESTATED BALANCE SHEET

	30/6/09	31/12/09	31/3/10
	€m	€m	€m
Assets			
Treasury funds	13,059.4	14,114.1	17,467.3
AFS securities	4,330.9	5,306.0	5,626.1
Fixed financial assets(HTM & LR)	1,556.7	1,333.3	1,462.0
Loans and advances to customers	23,282.5	20,919.1	19,942.5
Equity investments	2,845.2	2,828.1	2,828.1
Tangible and intangible assets	122.5	127.9	130.3
Other assets	555.5	302.1	293.9
Total assets	45,752.7	44,930.6	47,750.2
Liabilities and net equity			
Funding	40,248.6	39,173.4	41,878.2
Other liabilities	702.3	622.9	696.3
Provisions	160.6	160.8	160.7
Net equity	4,620.4	4,806.4	4,809.9
Profit for the period	20.8	167.1	205.1
Total liabilities and net equity	45,752.7	44,930.6	47,750.2

* * *

A review of the other Group companies' performance is provided below:

— *Compass S.p.A.,* Milan *(consumer credit; 100%-owned by Mediobanca)*: this company's accounts for the nine months ended 31 March 2010 show a pre-tax profit of €1.7m (31/3/09: €80.7m, which, however, included a €45.9m one-off tax gain), after loan loss provisions of €250m (€206.4m). The €10.8m increase in operating costs, almost all of which in respect of credit recovery expenses, more than offset the top-line increase from €422m to €438m, which was driven by the lower cost of funding. Loans and advances to customers were up slightly compared to 31 December 2009, at €7,766.2m (compared with €7,685.2m).

— *Futuro S.p.A.*, Milan *(salary-backed finance; 100%-owned by Compass)*: Futuro recorded a net profit of €3.3m for the nine months (€1.9m), after loan loss provisions of €0.5m, transfers to provisions for risks and liabilities amounting to €1.2m (€0.1m) and tax of €2.1m (€1.1m). Loans outstanding at the reporting date were up 3.3% on the total recorded at 31 December 2009, from €581.9m to €601.3m.

— *Ducati Financial Services S.r.l.*, Milan *(50:50 joint venture between Compass and Ducati Motor Holding)*: in the first nine months of the year, this company incurred a loss of €712,000 (€387,000), after adjustments to receivables totalling €1.5m (€875,000). Customer loans had decreased by 5% since 31 December 2009, from €64.8m to €61.5m.

— *CheBanca! S.p.A.*, Milan *(retail banking; 100%-owned by Compass)*: in the first nine months of the year, CheBanca! reported a net loss of €61.7m (€65.7m), after net adjustments to receivables totalling €15.9m (€18.2m) and advance tax of €20.5m (€24m). An operating loss of €82.2m was posted, 8.4% lower than the €89.7m loss reported at the same stage last year. Growth in total income, which virtually doubled from €34.8m to €70.2m (€58m of which is attributable to dealing profits earned on securities trading) was almost entirely absorbed by the increase in operating costs, from €106.7m to €136.8m. At 31 March 2010 lendings were up 1.3%, from €3,418.3m to €3,461.9m, and funding totalled €9.1bn (€7.9bn).

— *SelmaBipiemme Leasing S.p.A.*, Milan *(leasing; 60%-owned by Compass)*: in the first nine months of the year, this company made a loss of €900,000, less than half the €2m loss reported last year, after dividends of €2.7m (€4.8m) and loan loss provisions of €20.2m (€26.5m); amounts on lease to clients at the reporting date were down 3.3% on the figure reported at 31 December 2009 (from €2,605.3m to €2,526.6m).

— *Palladio Leasing S.p.A.*, Vicenza *(leasing; 95%-owned by SelmaBipiemme, the other shares being owned by Palladio itself)*: Palladio's accounts for the period under review reflect a net profit of

€2.8m (€2m) after value adjustments of €4.1m and tax of €2m (€3.2m and €1.7m last year respectively); amounts on lease to clients at the reporting date were flat versus the figure reported at 31 December 2009, at €1,616.8m.

— *Teleleasing S.p.A.*, Milan *(leasing; 80%-owned by SelmaBipiemme)*: this company earned a net profit of €5.2m (€5.8m) for the nine months, after value adjustments of €1.3m (€0.5m) and tax of €2.9m (€3.1m). Amounts on lease to clients at the reporting date were down 1.5% on the figure reported at 31 December 2009 (from €549m to €541m).

— *Cofactor S.p.A.*, Milan *(factoring; 100%-owned by Compass)*: Cofactor reported a net profit for the period of €940,000 (€573,000), after value adjustments of €653,000 and tax of €315,000 (€1.3m and €170,000 respectively last year). Accounts outstanding as at the reporting date were booked at a value of €90.1m (€84.8m at 31 December 2009).

— *Creditech S.p.A.*, Milan *(credit management; 100%-owned by Compass)*: this company reported a net profit for the period of €3.1m (€3m), after tax of €1.6m (€1.5m).

— *Compagnie Monégasque de Banque*, Monaco *(100%-owned by Mediobanca)*: CMB posted a net profit of €8m (€4.7m) in the first quarter of its financial year, on management fees of €8.5m (€8.4m) and assets under management on a discretionary/non-discretionary basis worth €5.4bn (€5.3bn at 31 December 2009).

— *Mediobanca International (Luxembourg) S.A.*, Luxembourg *(99%-owned by Mediobanca; 1%-owned by Compass)*: during the period under review, this company earned a net profit of €21.3m (€41.6m), on net interest income of €18.3m (€30.5m) and net fee and commission income linked to lending activity totalling €11m (€13m). In the third quarter loans and advances to customers increased by 3%, from €3,645.7m to €3,756.6m).

* * *

Outlook

Results in the fourth quarter of the financial year are likely to be affected by the recent tensions on financial markets as a result of the deterioration in the sovereign risk of certain EU member states, as well as the ongoing economic slowdown. This scenario may also impact significantly on the values of the Group's asset portfolios, and accordingly on the results of trading activity. The trends in the other main income items are likely to continue, as is the ongoing stabilization in the cost of risk for households and companies.

Milan, 10 May 2010

THE BOARD OF DIRECTORS

ACCOUNTING POLICIES

Section 1

Statement of conformity with IAS/IFRS

The Mediobanca Group's consolidated financial statements for the period ended 31 March 2010 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 (as amended on 19 December 2009). These financial statements have been prepared in compliance with Consob resolution no. 11971/99 governing regulations for issuers.

Section 2

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.

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	*Line-by-line*					
1.	MEDIOBANCA - Banca di Credito Finanziario S.p.A.	Milan	1	—	—	—
2.	PROMINVESTMENT S.p.A. - in liquidation	Roma	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. – in liquidation	Milan	1	A.1.1	69.00	69.00
7.	COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A.M.	Monte Carlo	1	A.1.1	100.00	100.00
8.	C.M.I. COMPAGNIE MONEGASQUE IMMOBILIERE SCI	Monte Carlo	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.	Monte Carlo	1	A.1.7	99.95	99.95
10.	SMEF SOCIETE MONEGASQUE DES ETUDES FINANCIERE S.A.M.	Monte Carlo	1	A.1.7	99.96	99.96
11.	CMB ASSET MANANGEMENT S.A.M.	Monte Carlo	1	A.1.7	99.50	99.50
12.	MONOECI SOCIETE CIVILE IMMOBILIERE	Monte Carlo	1	A.1.7	99.00	99.00
				A.1.9	1.00	1.00
13.	MOULINS 700 S.A.M.	Monte Carlo	1	A.1.8	99.90	99.90
14.	CMB BANQUE PRIVÈE (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
			1	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.	MEDIOBANCA COVERED BOND S.r.l.	Milan	1	A.1.17	90.00	90.00
32.	COMPASS RE S.A. (Luxembourg)	Luxembourg	1	A.1.16	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 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 (Level 1 assets). If no market prices are available, other valuation methods and models are used (Level 2 assets) 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, or alternatively valuations based on internal estimates (Level 3 assets). Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost (these too qualify as Level 3 assets). 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 half 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.

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 reference 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 financial assets held for trading.

Equity investments

This heading consists of investments in:

– associates, which are equity-accounted. These are 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, also equity-accounted;
– other investments of negligible value, which are recognized 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 (in the relevant technical form) continue to be attributable to the Group. A corresponding amount is then entered as a liability to offset any amounts received (as "other amounts due" or "amounts due under repo transactions").

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, 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 are 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.

Related parties (IAS 24)

Related parties are defined by IAS 24 as:

a) Individuals or entities which directly or indirectly:
   1. are subject to joint control by the Bank (including parent companies, subsidiaries and associates);
   2. own an interest in Mediobanca which enables them to exert a significant influence over it: “significant influence” is presumed to exist in cases where an individual or entity owns a shareholding of more than 5% of the share capital of Mediobanca, along with the entitlement to appoint at least one member of the Board of Directors;

b) Associate companies;

c) management with strategic responsibility, that is, those individuals vested with powers and responsibilities, directly or indirectly, in respect of the planning, management and control of the activities of the parent company, including directors and members of the statutory audit committee;

d) subsidiaries, companies controlled jointly and/or subject to significant influence by one of the individuals referred to under the foregoing letter c), or in which the said individuals hold, directly or indirectly, a significant share of the voting rights or are shareholders or hold strategic positions such as Chairman or Managing Director;

e) close relations of the individuals referred to under the foregoing letter c), that is, individuals who might be expected to be able to influence or be influenced by them in their relations with Mediobanca (this category includes partners, children, partners' children, dependents and partners' dependents), and the entities controlled or controlled jointly or otherwise subject to significant influence by one of these individuals, or in which they directly or indirectly hold a significant share of the voting rights;

f) staff pension schemes operated by the parent company or by any other entity related to it.

CONSOLIDATED BALANCE SHEET (IAS/IFRS-compliant)*

	Assets	IAS-compliant 31/3/10	IAS-compliant 31/12/09	IAS-compliant 31/3/09
10.	Cash and cash equivalents	28.9	28.9	44.5
20.	Financial assets held for trading	16,972.2	15,692.0	14,060.6
30.	Financial assets recognized at fair value	—	—	—
40.	AFS securities	7,359.5	7,807.1	4,973.4
50.	Financial assets held to maturity	726.1	577.8	578.6
60.	Due from banks	4,752.3	4,690.7	6,103.6
	of which:			
	other trading items	*4,032.7*	*3,927.1*	*4,893.5*
	securities	—	—	*196.5*
	other items	*2.5*	*3.4*	*9.6*
70.	Due from customers	39,755.5	39,385.2	39,596.4
	of which:			
	other trading items	*6,364.3*	*5,751.5*	*3,723.8*
	securities	*736.6*	*756.2*	*390.8*
	other items	*45.7*	*76.3*	*77.6*
80.	Hedging derivatives	1,931.3	1,840.5	1,791.8
	of which:			
	funding hedge derivatives	*1,930.1*	*1,837.6*	*1,715.3*
	lending hedge derivatives	*0.4*	*1.2*	*1.1*
90.	Value adjustments to financial assets subject to general hedging	—	—	—
100.	Equity investments	3,251.7	3,037.7	2,432.7
110.	Total reinsurers' share of technical reserves	—	—	—
120.	Property, plant and equipment	319.1	318.7	315.5
130.	Intangible assets	443.9	444.2	450.4
	of which:			
	goodwill	*365.9*	*365.9*	*365.9*
140.	Tax assets	720.0	700.3	768.4
	a) current	*173.2*	*177.7*	*203.4*
	b) advance	*546.8*	*522.5*	*564.9*
150.	Other non-current and groups of assets being sold	—	—	—
160.	Other assets	169.1	158.6	170.9
	of which:			
	other trading items	*11.5*	*5.9*	*4.5*
	TOTAL ASSETS	76,429.6	74,681.7	71,286.8

* **Figures in €m**

The balance sheet provided on p. 9 reflects the following restatements:

- *Treasury funds* comprise 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 and 20, 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*), the relevant amounts of asset heading 80 and liability heading 60 in respect of hedging derivatives, plus the relevant share of liability heading 100.

	Liabilities and net equity	IAS-compliant 31/3/10	IAS-compliant 31/12/09	IAS-compliant 31/3/09
10.	Due to banks	9,459.0	10,317.2	12,574.7
	of which:			
	other trading items	*4,062.3*	*4,544.6*	*6,812.8*
	other liabilities	*0.4*	*0.4*	*0.3*
20.	Due to customers	14,494.7	13,368.4	10,061.3
	of which:			
	other trading items	*2,214.8*	*2,212.9*	*1,391.4*
	other liabilities	*10.1*	*7.1*	*7.2*
30.	Debt securities in issue	38,207.8	36,944.5	37,293.6
40.	Trading liabilities	5,287.9	5,145.2	3,459.4
50.	Liabilities recognized at fair value	—	—	—
60.	Hedging derivatives	831.6	1,049.1	1,254.7
	of which:			
	funding hedge derivatives	*653.6*	*876.8*	*1,027.3*
	lending hedge derivatives	*50.9*	*27.5*	*22.8*
70.	Value adjustments to financial liabilities subject to general hedging	—	—	—
80.	Tax liabilities	594.4	541.4	549.3
	a) current	*274.4*	*189.6*	*222.7*
	b) deferred	*320.0*	*351.8*	*326.6*
90.	Liabilities in respect of groups of assets being sold	—	—	—
100.	Other liabilities	554.2	555.6	529.3
	of which:	—		
	other trading items	—	—	*0.4*
	loan loss provisions	*(8.4)*	*66.0*	*54.0*
110.	Staff severance indemnity provision	26.8	27.2	28.9
120.	Provisions	156.8	156.6	167.5
	a) post-retirement and similar benefits	—	—	—
	b) other provisions	*156.8*	*156.6*	*167.5*
130.	Technical reserves	—	—	—
140.	Valuation reserves	78.9	95.8	(703.5)
150.	Shares with right of withdrawal	—	—	—
160.	Equity instruments	—	—	—
170.	Reserves	3,941.8	3,769.5	3,592.8
180.	Share premium reserve	2,119.9	2,119.5	2,140.0
190.	Share capital	430.6	430.5	410.0
200.	Treasury shares	(213.8)	(213.8)	(213.8)
210.	Net equity attributable to minorities	104.6	104.9	103.3
220.	Profit (loss) for the period	354.4	270.1	39.3
	TOTAL LIABILITIES AND NET EQUITY	**76,429.6**	**74,681.7**	**71,286.8**

CONSOLIDATED PROFIT AND LOSS ACCOUNT (IAS/IFRS-compliant)*

		9 mths to 31/3/10	6 mths to 31/12/09	9 mths to 31/3/09
10.	Interest and similar income	2,094.6	1,389.2	2,342.8
20.	Interest expense and similar charges	(1,319.2)	(893.1)	(1,716.0)
30.	**Net interest income**	**775.4**	**496.1**	**626.8**
40.	Fee and commission income	396.7	269.9	358.9
50.	Fee and commission expense	(38.7)	(25.1)	(42.3)
60.	**Net fee and commission income**	**358.1**	**244.8**	**316.6**
70.	Dividends and similar income	11.5	9.6	14.2
80.	Net trading income	71.9	120.7	101.2
90.	Net hedging income (expense)	(15.5)	(12.9)	6.1
100.	Gain (loss) on disposal of:	201.1	141.2	171.8
	a) loans and receivables	—	—	—
	b) AFS securities	*188.3*	*131.1*	*159.9*
	c) financial assets held to maturity	—	—	*0.2*
	d) financial liabilities	*12.8*	*10.1*	*11.8*
120.	**Total income**	**1,402.4**	**999.5**	**1,236.9**
130.	Adjustments for impairment to:	(497.8)	(360.8)	(481.3)
	a) laons and receivables	*(345.1)*	*(228.7)*	*(310.1)*
	b) AFS securities	*(105.5)*	*(90.4)*	*(151.8)*
	c) financial assets held to maturity	*0.8*	*0.3*	*0.7*
	d) other financial transactions	*(48.0)*	*(42.0)*	*(20.1)*
140.	**Net income from financial operations**	**904.6**	**638.7**	**755.6**
150.	Net premium income	—	—	—
160.	Income less expense from insurance operations	—	—	—
170.	**Net income from financial and insurance operations**	**904.6**	**638.7**	**755.6**
180.	Administrative expenses:	(590.1)	(395.3)	(527.0)
	a) personnel costs	*(292.6)*	*(199.7)*	*(250.4)*
	b) other administrative expenses	*(297.5)*	*(195.6)*	*(276.6)*
190.	Net transfers to provisions for liabilities and charges	4.3	(0.7)	(1.3)
200.	Net adjustments to property, plant and equipment	(12.7)	(8.4)	(11.1)
210.	Net adjustments to intangible assets	(16.8)	(11.5)	(13.9)
	of which: goodwill	—	—	—
220.	Other operating income (expense)	89.0	66.5	99.0
230.	**Operating costs**	**(526.3)**	**(349.4)**	**(454.3)**
240.	Profit (loss) from equity-accounted companies	141.3	106.3	(228.7)
270.	Gain (loss) on disposal of investments	—	—	—
280.	**Profit (loss) before tax on ordinary activities**	**519.6**	**395.6**	**72.6**
290.	Income tax on ordinary activities for the period	(162.9)	(124.6)	(32.2)
300.	**Profit (loss) after tax on ordinary activities**	**356.7**	**271.0**	**40.4**
310.	Net gain (loss) on non-current assets being sold	—	—	—
320.	**Profit (loss) for the period**	**356.7**	**271.0**	**40.4**
330.	Profit (loss) for the period attributable to minorities	(2.3)	(0.9)	(1.1)
340.	**Profit (loss) for the period attributable to Mediobanca**	**354.4**	**270.1**	**39.3**

* **Figures in €m**

The profit and loss account reported on p. 8 reflects the following restatements:

— *Net interest income* includes the totals reported under Heading 90 and margins on swaps reported under Heading 80 amounting to minus €111.3m, minus €54.1m and €18.2m, net of interest expense on securities lending transactions amounting to €0.5m, €0.4m and €0.7m accounted for as *Net trading income*;

— Amounts reported under Heading 220 have been treated as *Net fee and commission income*, save for redemptions/amounts recovered totalling €32.8m, €21.4m and €37.7m 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.

Declaration by Head of Company Financial Reporting

As required by Article 154-*bis*, para. 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the accounting information contained in this quarterly review of operations conforms to the documents, account ledgers and book entries kept by the company.

Head of
Company Financial Reporting

Massimo Bertolini