



Board of Directors' meeting

Milan, 24 February 2009

Financial statements for six months ended 31 December 2008 approved¹

Positive trend in banking activities

Equity portfolio strongly impacted by market crisis

Liquidity and capital solidity preserved

- /// **Trend in banking activities remains positive, despite unfavourable operating scenario:**
 - net interest and net fee and commission income together stable (down just 5%)
 - net contribution from dealing activity positive, albeit reduced (down from €78m to €7m)
 - ordinary costs down, both in CIB (by 3%) and in RPB (by 6%)
 - asset quality protected by higher provisioning (up 60%)
- /// **Net profit of €100m (down from €640m) reflects approx. €430m impact of markets on equities portfolio:**
 - writedowns of €281m (Telco €144m, RCS MediaGroup €63m, AFS securities €74m)
 - reduced profits from PI, down to €147m (of which Assicurazioni Generali €129m, RCS €15m)
- /// **Group liquidity stable at high levels: €4bn in new funding raised in the period, treasury assets at €10bn**
- /// **Loan/deposit ratio flat at 0.7x**
- /// **Capital solidity unchanged: Core Tier 1 ratio 10.2% (30/6/08: 10.3%)**

1) Results have been prepared: i) including Linea (figures as at 31/12/07 have been restated accordingly) ii) in line with business segmentation launched by new three-year business plan, i.e. Corporate & Investment Banking ("CIB"), Principal Investing ("PI"), Retail & Private Banking ("RPB").



At a Board meeting held today with Cesare GERONZI in the chair, the Directors of Mediobanca approved the Group's financial statements for the six months ended 31 December 2008, as illustrated by Chief Executive Officer Alberto NAGEL and General Manager Renato PAGLIARO.

Consolidated results

The Group's results for the six months are affected by two factors: first, the worsening market crisis; and second, an unfavourable comparison base, given the especially strong results posted in the corresponding period last year. Nonetheless, income from the Group's core banking activities held up well, recording a reduction of just 13%, in particular net interest and net fee and commission which together were stable, declining by just 5%.

The downturn impacted negatively on the Group's bottom-line results, with net profit for the six months falling from €639.9m to €100.3m, due to sizeable adjustments made to the Group's securities and investments portfolio (€281.2m) and the reduced contribution from equity-accounted companies, down €147m. The main revenue items performed as follows:

- /// net interest income rose by 3.2%, from €412.5m to €425.7m, boosted by the contribution from wholesale activity, up 18.5%, offsetting the reduction in the retail segment which is more exposed to the higher cost of funding;
- /// net trading income fell from €259.4m to €172.7m, reflecting reduced (but still positive) dealing profits, down from €77.8m to €7.2m, and lower income from gains on disposals of AFS securities, down from €181.7m to €165.4m;
- /// net fee and commission income declined by 17.8%, from €274.7m to €225.8m, reflecting 24% growth on the retail side and a slowdown in corporate and investment banking and private banking activities, which decreased by 34% and 24% respectively;
- /// income from equity-consolidated companies reduced from €262.1m to €115.1m, reflecting the sharp fall in profitability by Assicurazioni Generali which too is in part related to the reduced value of its financial assets.

Costs were up 15.1%, from €294.6m to €339.1m, shared equally between growth in the headcount (with 259 more staff) and the rise in operating costs (up from €147m to €170m). The increase includes costs associated with CheBanca! and Mediobanca's international expansion which together amounted to roughly €60m, net of which this heading would have shown a 5% reduction (3% in CIB and 6% in RPB).

Loan loss provisions reflect the deterioration in market conditions, up from €129.3m to €207.1m, €140.2m of which in retail financial services (up 22.7%), €44.8m (€10.2m) in wholesale banking, and €22.1m (€4.9m) in leasing.

Of the €281.2m in provisions for other financial assets, €144m involved the Group's investment in Telco/Telecom Italia and €63m in respect of the stake held in RCS MediaGroup, while the other €74.1m refers to shares held as available for sale. In addition, the AFS portfolio took a €450.3m adjustment, approx. €70m of which in respect of the fixed-income component, which was booked to the net equity reserve.

Tax shows a one-off gain of approx. €46m, linked to release of the amount of goodwill booked by Compass following the merger of Linea and Equilon, as permitted by Article 15, paragraph 10 of Italian Legislative Decree 185/08.



Looking at the results by business area, total income for the six months was resilient in CIB, at €468.8m (compared with €588.3m last year), largely due to a good performance in net interest income, up 12.7% from €157.8m to €177.8m, and in RPB, at €381.3m (€385.1m), as a result of a 5.4% increase in net fee and commission income, from €114.5m to €120.7m. Principal Investing closed the six months with a loss of €97.7m, compared to a €250.7m profit this time last year, due to the writedowns to the Telco/Telecom Italia and RCS MediaGroup investments and the reduced contribution in profits from Assicurazioni Generali.

On the balance-sheet side, the Group's liquidity position continues to be strong on the back of a 5.9% increase in funding, from €45.6bn to €48.3bn, which financed the 5.8% increase in loans and advances to customers, from €34.6bn to €36.6bn. Treasury assets remained stable at €10.2bn, while AFS securities declined from €3.8bn to €3bn, and equity investments from €2.8bn to €2.6bn, owing to the reduction in stock market prices (as to €450.3m) and to writedowns (as to €281.2m). The Group still has no "toxic" assets, i.e. positions in US subprime or Alt-A mortgages or in CDOs or CLOs, on its books.

Net equity fell by €272.3m, from €5,729.1m to €5,456.8m, despite the transfer of €492.3m in retained earnings from the previous financial year, because of the €655m reduction in the Group's valuation reserves and the €111m negative contribution from applying the equity method of accounting.

These changes in the valuation reserves led to Tier 1 and regulatory capital declining, from €5,670m to €5,245m and from €6,536m to €6,062m respectively.

Nonetheless, reduction in risk-weighted assets has enabled the main capital ratios to remain basically unchanged: core Tier 1 ratio 10.2% (30/6/08: 10.3%), and total capital ratio 11.8% (11.9%).

Divisional results

Corporate & Investment Banking ("CIB")

- /// **Significant growth in balance-sheet aggregates since June 2008: loans and advances to customers up 8%, from €22.8bn to €24.5bn;² funding up 11%, from €36.2bn to €40.3bn; treasury funds up from €9bn to €9.3bn**
- /// **Total income resilient: ongoing growth in net interest income, up 13% to €178m; net fee and commission income down 34% to €123m (vs year-end 2007, when fee income recorded its highest six monthly figure in the past 5 years), but still higher than the most recent 5-year average figure; and positive (albeit reduced) contribution from dealing activity**
- /// **Ordinary costs down 3% (up 8% including non-domestic expansion initiatives)**
- /// **Loan loss provisions up from €15m to €67m**
- /// **Impairment charge of €74m booked to AFS securities**
- /// **Net profit down from €344m to €141m**

2) Excluding loans to Group companies.



Despite the ongoing market crisis which covered the whole six-month period, total income held up well, recording a decline of just approx. 20%. The main items performed as follows:

- /// net interest income rose by 12.7%, from €157.8m to €177.8m, driven by positive results from wholesale banking, up 18%, from €119.2m to €141.2m, offsetting the slowdown in leasing (€36.6m, versus €38.6m) which is more exposed to the increase in the cost of funding;
- /// net trading income fell from €249.9m to €168.4m, impacted by dealing activity, which still managed to deliver a profit (€3.2m, compared with €68.7m); whereas gains on disposals from the AFS portfolio remained virtually stable, at €158.4m (€169.6m);
- /// net fee and commission income fell from €185m to €122.6m, reflecting the widespread slowdown in investment banking activity, and in the capital markets segment in particular. Nonetheless, fees remained at healthy levels, higher than the most recent 5-year average (€115m).

The 8.5% increase in costs, from €129.4m to €140.4m, is entirely due to strengthening the headcount, outside Italy in particular; there were a total of 87 more staff on the books in wholesale banking than at the same time last year, at a cost which rises from €69.5m to €82.8m. Net of this effect the increase in ordinary costs would have recorded just a 3% fall.

The ongoing economic crisis and the sharp deterioration in financial markets led to an increase in adjustments to the securities portfolio (from €1m to €73.6m), and to loans and receivables (from €15.1m to €66.9m). Accordingly, net profit came in at €141.2m, compared to €343.6m one year previously.

Principal Investing ("PI")

- /// **Pre-tax loss of €102m, compared with €248m profit in December 2007, due to:**
 - **reduced earnings contributions from Assicurazioni Generali and RCS MediaGroup (below €129m and €15m respectively)**
 - **value of Telco investment written down by €144m**
 - **value of RCS MediaGroup investment written down by €63m**
- /// **Market value of shareholdings €4.0bn at the reporting date (€5.1bn at 30/6/08)**

The share in earnings attributable to Mediobanca for the period declined by 47.9%, from €261m to €116m, €111.5m (€240.7m) of which was attributable to Assicurazioni Generali and €5.6m (€20.7m) to RCS MediaGroup.

Retail & Private Banking ("RPB")

- /// **Total income stable, at €381m: positive contribution from Consumer Credit (up 2%, to €297m), and Retail Banking (up 15%, to €25m); Private Banking revenues down 17%, to €59m**
- /// **Division continues to "self-finance" expansion of CheBanca! (€54m in costs), recording a pre-tax profit of €29m**



/// **Consumer credit:**

- **Compass-Linea integration quicker and more incisive than anticipated**
- **Cost of risk under control (bad loans/total loans 3.1% on an annualized basis), but households' financial profiles deteriorating further**

/// **Retail banking:**

- **Excellent commercial results by CheBanca!**
- **More selective growth in mortgage lending (new loans up 6%)**

/// **Private banking:**

- **AUM down 9% to €12.7bn**
- **Net profit down 28% to €21m**

The division reported total income virtually flat versus the previous year, at €381.3m (compared with €385.1m). This was despite the reduced contribution from private banking, down from €70.9m to €58.6m, this segment being more exposed to the financial market crisis. Net interest income was almost stable at €256.1m (€261.2m) despite the higher cost of funding, while net fee and commission income's contribution to consumer credit increased from €67.8m to €84.1m. Operating costs incurred in connection with CheBanca!, which increased from €21.2m to €67.1m as a result of consolidation of the new banking activity, and the widespread increase in the cost of risk (loan loss provisions rose from €114.3m to €140.2m) impacted strongly on profit before tax, which reduced from €95.7m to €29.4m. A net profit of €61m (compared with 48.5m) was earned, due to the €45.9m one-off effect of amounts which had been provided upon the merger of Linea and Equilon into Compass being released from taxation.

Turning now to the individual business segments, consumer credit shows new loans of €1,951m for the period, down 25.9% on last year (€2,633m), partly due to the general slowdown in the market, and partly to the scheduled aligning of Linea's operating standards with those of the Group. As at 31 December 2008 loans and advances to customers totalled €8,317m, virtually flat versus the figure recorded at the balance-sheet date.

Retail banking had €3bn in mortgage loans on its books at the reporting date (€2.7bn), and disbursed €421.6m (€397.2m) in new loans in the six months. The segment reported a loss for the half-year of €39.2m (€2.3m), after booking the cost incurred by CheBanca! (which amounted to €54.3m for the period), and higher bad debt writeoffs (up from €3.9m to €11.6m).

In private banking, assets under management on a discretionary/non-discretionary basis in the period totalled €12.7bn, €8bn of which was attributable to CMB and €4.7bn to Banca Esperia.

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RESTATED CONSOLIDATED PROFIT AND LOSS ACCOUNT

€m	6 mths to 31/12/07 pro-forma	12 mths to 30/6/08 pro-forma	6 mths to 31/12/08	Y.o.Y. chg
Profit-and-loss figures				
Net interest income	412.5	842.3	425.7	+3.2
Net trading income	259.4	289.1	172.7	-33.4
Net fee and commission income	274.7	488.3	225.8	-17.8
Equity-accounted companies	262.1	477.8	115.1	-56.1
TOTAL INCOME	1,208.7	2,097.5	939.3	-22.3
Labour costs	(147.9)	(320.8)	(169.1)	+14.3
Administrative expenses	(146.7)	(319.0)	(170.0)	+15.9
OPERATING COSTS	(294.6)	(639.8)	(339.1)	+15.1
Loan loss provisions	(129.3)	(273.7)	(207.1)	+60.2
Provisions for financial assets	(4.2)	(7.5)	(281.2)	n.m.
Extraordinary provisions	—	(22.7)	—	n.m.
PROFIT BEFORE TAX	780.6	1,153.8	111.9	-85.6
Income tax for the period	(135.2)	(130.9)	(12.1)	-91.0
Minority interest	(5.5)	(9.5)	0.5	n.m.
NET PROFIT	639.9	1,013.4	100.3	-84.3



RESTATED CONSOLIDATED BALANCE SHEET

€m	31/12/07 ¹	30/6/08	31/12/08
Assets			
Treasury funds	6,781.3	10,247.1	10,174.4
AFS securities	4,027.0	3,778.7	2,985.6
<i>of which: fixed income</i>	<i>1,593.3</i>	<i>1,725.6</i>	<i>1,770.8</i>
<i>equities</i>	<i>1,976.9</i>	<i>1,588.3</i>	<i>1,120.5</i>
Financial assets held to maturity	585.7	578.1	582.7
Loans and advances to customers	29,718.2	34,590.8	36,604.5
Equity investments	3,165.3	2,845.7	2,642.3
Tangible and intangible assets	313.3	753.2	767.1
Other assets	527.5	1,021.4	1,562.1
<i>of which: tax assets</i>	<i>288.3</i>	<i>548.0</i>	<i>696.4</i>
TOTAL ASSETS	45,118.3	53,815.0	55,318.7
Liabilities			
Funding	36,414.5	45,553.5	48,254.6
<i>of which: debt securities in issue</i>	<i>27,488.5</i>	<i>32,192.9</i>	<i>34,457.7</i>
Other liabilities	1,117.6	1,187.6	1,198.1
<i>of which: tax liabilities</i>	<i>703.2</i>	<i>720.9</i>	<i>527.9</i>
Provisions	184.9	210.1	203.5
Net equity	6,760.8	5,849.0	5,562.2
<i>of which: share capital</i>	<i>409.5</i>	<i>410.0</i>	<i>410.0</i>
<i>reserves</i>	<i>6,240.0</i>	<i>5,319.1</i>	<i>5,046.8</i>
<i>minority interest</i>	<i>111.3</i>	<i>119.9</i>	<i>105.4</i>
Profit for the period	640.5	1,014.8	100.3
TOTAL LIABILITIES	45,118.3	53,815.0	55,318.7
<i>Tier 1 capital</i>	<i>6,466.6</i>	<i>5,669.8</i>	<i>5,245.1</i>
<i>Regulatory capital</i>	<i>7,257.5</i>	<i>6,536.0</i>	<i>6,061.8</i>
<i>Tier 1 capital/risk-weighted assets</i>	<i>14.05%</i>	<i>10.29%</i>	<i>10.18%</i>
<i>Regulatory capital/risk-weighted assets</i>	<i>15.76%</i>	<i>11.87%</i>	<i>11.76%</i>
<i>No. of shares in issue (millions)</i>	<i>819.1</i>	<i>820.1</i>	<i>820.1</i>

¹ Not including Linea.



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

31 DECEMBER 2008 (€m)	Corporate & investment banking	Principal investing	Retail & private banking	Group
Profit-and-loss figures				
Net interest income (expense)	177.8	(6.0)	256.1	425.7
Net trading income	168.4	—	4.5	172.7
Net fee and commission income	122.6	—	120.7	225.8
Equity-accounted companies	—	115.5	—	115.1
TOTAL INCOME	468.8	109.5	381.3	939.3
Labour costs	(92.8)	(2.6)	(78.3)	(169.1)
Administrative expenses	(47.6)	(1.2)	(133.4)	(170.0)
OPERATING COSTS	(140.4)	(3.8)	(211.7)	(339.2)
Loan loss provisions	(66.9)	—	(140.2)	(207.1)
Provisions for financial assets	(73.6)	(207.6)	—	(281.2)
PROFIT BEFORE TAX	187.9	(101.9)	29.4	111.9
Income tax for the period	(47.2)	4.2	31.6	(12.1)
Minority interest	0.5	—	—	0.5
NET PROFIT	141.2	(97.7)	61.0	100.3
Loans and advances to customers ¹	24,487.8	—	12,196.8	36,604.5
Equity investments	111.3	2,463.4	0.9	2,642.3
Risk-weighted assets	39,171.5	2,470.1	9,880.0	51,527.7
No. of staff	868	—	2,328*	3,095

¹ Excluding loans to Group companies.

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

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, 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 focuses on developing business with clientèle in the affluent segment through private banking activities, and with mass-market clients through consumer credit products, mortgages and deposit accounts. The companies which form part of this division are Compass, CheBanca!, Cofactor, Futuro, and Creditech (consumer credit); and Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 48.5% of Banca Esperia pro-forma (private banking).



31 December 2007 (€m)	Corporate & investment banking	Principal investing	Retail & private banking	Group
Profit-and-loss figures				
Net interest income (expense)	157.8	(5.7)	261.2	412.5
Net trading income	249.9	—	9.4	259.4
Net fee and commission income	185.0	—	114.5	274.7
Equity-accounted companies	(4.4)	261.4	—	262.1
TOTAL INCOME	588.3	255.7	385.1	1,208.7
Labour costs	(79.0)	(2.9)	(72.3)	(147.9)
Administrative expenses	(50.4)	(1.3)	(102.8)	(146.7)
OPERATING COSTS	(129.4)	(4.2)	(175.1)	(294.6)
Loan loss provisions	(15.1)	—	(114.3)	(129.3)
Provisions for financial assets	(1.0)	(3.2)	—	(4.2)
PROFIT BEFORE TAX	442.8	248.3	95.7	780.6
Income tax for the period	(93.7)	2.4	(47.2)	(135.2)
Minority interest	(5.5)	—	—	(5.5)
NET PROFIT	343.6	250.7	48.5	639.9
Loans and advances to customers	22,755.8	—	7,173.9	29,718.2
Equity investments	137.4	2,973.9	—	3,165.3
Risk-weighted assets	38,011.9	2,843.3	6,234.0	47,091.3
No. of staff	781	—	2,151*	2,836

¹ Excluding loans to Group companies; does not include Linea.

* Includes 96 staff employed by the Esperia group pro-forma, not included in the Group total.



Corporate and investment banking

Wholesale (€ m)	6 mths to 31/12/07	6 mths to 31/12/08	Y.o.Y. chg.
TOTAL INCOME	548.2	430.0	-21.6%
<i>of which net interest income</i>	<i>119.2</i>	<i>141.2</i>	<i>18.5%</i>
<i>of which net fee and commission income</i>	<i>183.2</i>	<i>120.3</i>	<i>-34.3%</i>
OPERATING COSTS	(113.5)	(123.5)	8.8%
<i>of which labour costs</i>	<i>(69.5)</i>	<i>(82.8)</i>	<i>19.1%</i>
Loan loss provisions	(10.2)	(44.8)	n.m.
Provisions for financial assets	(1.0)	(73.6)	n.m.
Income tax for the period	(86.6)	(44.9)	-48.2%
Minority interest	0.1	-	n.m.
NET PROFIT	337.0	143.2	-57.5%
Loans and advances to customers	18,268.4	19,611.1	+7.3%
Bad loans/total loans (%)	—	0.47	
No. of staff	557	635	+78
Leasing (€ m)	6 mths to 31/12/07	6 mths to 31/12/08	Y.o.Y. chg.
TOTAL INCOME	40.1	38.8	-3.2%
<i>of which net interest income</i>	<i>38.5</i>	<i>36.6</i>	<i>-4.9%</i>
<i>of which net fee and commission income</i>	<i>1.8</i>	<i>2.3</i>	<i>27.8%</i>
OPERATING COSTS	(15.9)	(16.9)	6.3%
<i>of which labour costs</i>	<i>(9.5)</i>	<i>(10.0)</i>	<i>5.3%</i>
Loan loss provisions	(4.9)	(22.1)	n.m.
Provisions for financial assets	-	-	n.m.
Income tax for the period	(7.1)	(2.3)	-67.6%
Minority interest	(5.6)	0.5	n.m.
NET PROFIT	6.6	(2.0)	n.m.
Loans and advances to customers	4,537.1	4,876.9	+7.5%
New loans	887	794	-10.4%
Bad loans/total loans (%)	0.66	1.75	
No. of staff	224	233	+9
No. of branches	12	14	+2



Retail & private banking

Consumer credit (€m)	6 mths to 31/12/07	6 mths to 31/12/08	Y.o.Y. chg.
TOTAL INCOME	292.3	297.5	1.8%
<i>of which net interest income</i>	223.4	213.2	-4.6%
<i>of which net fee and commission income</i>	67.8	84.1	24.0%
OPERATING COSTS	(116.0)	(106.7)	-8.0%
<i>of which labour costs</i>	(41.7)	(39.0)	-6.5%
Loan loss provisions	(110.4)	(128.6)	16.5%
Income tax for the period	(44.4)	16.8	n.m.
NET PROFIT	21.5	79.0	n.m.
Loans and advances to customers	3,822.1 ¹	8,317.-	n.m.
New loans	2,633.2	1,951.-	-25.9%
No. of branches	167	146	-21
No. of staff	1,570	1,371	-199
Retail banking (€m)	6 mths to 31/12/07	6 mths to 31/12/08	Y.o.Y. chg.
TOTAL INCOME	21.9	25.2	15.1%
<i>of which net interest income</i>	20.1	22.8	13.4%
<i>of which net fee and commission income</i>	1.8	2.4	33.3%
OPERATING COSTS	(21.2)	(67.1)	n.m.
<i>of which labour costs</i>	(9.2)	(17.7)	92.4%
Loan loss provisions	(3.9)	(11.6)	n.m.
Income tax for the period	0.9	14.3	n.m.
NET PROFIT	(2.3)	(39.2)	n.m.
Loans and advances to customers	2,454.7	3,011.8	+22.7%
New loans	397.2	421.6	+6.1%
No. of branches	29	43	+14
No. of staff	290	620	+330
Private banking (€m)	6 mths to 31/12/07	6 mths to 31/12/08	Y.o.Y. chg.
TOTAL INCOME	70.9	58.6	-17.3%
<i>of which net interest income</i>	17.7	20.1	13.6%
<i>of which net fee and commission income</i>	44.9	34.2	-23.8%
OPERATING COSTS	(37.9)	(37.9)	0.0%
<i>of which labour costs</i>	(21.4)	(21.6)	0.9%
Loan loss provisions	-	-	
Income tax for the period	(3.7)	0.5	n.m.
NET PROFIT	29.3	21.2	-27.6%
No. of staff	291	337	+46
Discretionary/non-discretionary AUM	13,948.-	12,691.1	-9.0%

¹ Does not include Linea.



MEDIOBANCA
Banca di Credito Finanziario S.p.A.

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

Head of Company Financial Reporting

Massimo Bertolini