



Management Board

Milan, 7 March 2008

Interim financial statements for six months ended 31 December 2007 approved

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Profitability improved despite worsening market conditions

Frankfurt/Madrid branch offices opened

Linea acquired

Share buyback programme completed

- /// Net profit and operating profit both up 22%, to €641m and €700m respectively, driven by strong performance in total income (up 23% to €946m)
- /// Disposals of over €1bn from AFS portfolio, yielding gains of €170m (in line with last year)
- /// Double-digit growth in all the main income components: net interest income up 10% (to €365m), net fee and commission income up 22% (to €231m), share in profits earned by equity-accounted companies up 23% (to €262m); net trading income doubled to €76m
- /// Cost/income ratio kept at 26%, despite hefty investment in distribution structures on domestic and international markets
- /// Asset quality unaltered
- /// Frankfurt and Madrid branch offices opened
- /// Compass acquires Linea to become third-ranking specialist Italian consumer credit player
- /// Share buyback programme initiated and completed, with €213m in shares repurchased

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At a meeting held today with Renato PAGLIARO in the chair, the Management Board of Mediobanca approved the Group's quarterly report for the six months ended 31 December 2007, as presented by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Mediobanca Group's results for the six months ended 31 December 2007 show a net profit of €640.5m. Year-on-year growth of 21.8% reflects further improvement in profit from ordinary activities, up 22% from €574m to €700.2m, on the back of good performances by all the Group's main revenue sources and despite the sharp downturn on financial markets. The main revenue items performed as follows:

- /// net interest income rose almost 10%, from €332m to €364.6m, on higher volumes managed;
- /// net trading income showed gains of €76.1m (31/12/06: €29.9m), in strongly challenging market conditions;
- /// net fee and commission income rose by 22%, from €189.6m to €231.3m, on healthy contributions from all corporate and investment banking activities;
- /// income from equity-accounted companies rose by 22.6%, from €213.8m to €262.1m, reflecting positive earnings performances by Assicurazioni Generali and RCS MediaGroup.

Costs grew by 26.3%, from €194.5m to €245.6m, due to expansion in the Group's operating profile within and outside Italy, which involved 16 new retail branches being opened during the period, including 5 in France, plus two new Mediobanca branch offices in Frankfurt and Madrid, with an extra 255 staff employed at Group level compared to December 2006. The figure includes costs of more than €9m linked to plans to expand the banking activity of Micos Banca, approximately half of which was due to new staff, with 115 more personnel on the books.

Bad debt writeoffs were up 22%, from €78.2m to €95.4m, €85.2m of which was in retail financial services (up 12%), reflecting growth in line with the increase in lendings, with bad loans stable as a percentage of total loans over the past four quarters. The other €10.2m represents an adjustment made to the collective provision for the corporate portfolio which contains performing loans only.

Gains on disposals of securities totalled €170m (€169.3m), arising on disposals of over €1bn of AFS securities carried out during the period.



Tax reflects the benefit of a one-off, €30.4m adjustment of deferred taxes to the new IRES and IRAP tax rates introduced by the Budget Law for 2008 (244/07) approved in December last year.

Improvement at the net profit level was shown by the following of the Group's main business areas: wholesale banking, which grew by 20.7%, from €276.7m to €333.9m; the equity investment portfolio, which returned growth of 32.9%, from €190.9m to €253.8m; and private banking, up 21.6%, from €24.1m to €29.3m. Retail financial services declined from €40.2m to €26.5m, reflecting the cost of developing new product ventures referred to above.

On the balance-sheet side there was growth of 10.8% in loans, from €26.8bn to €29.7bn, and of 6.4% in funding, from €34.2bn to €36.4bn, while treasury funds decreased slightly from €7bn to €6.8bn, and AFS securities recorded a heavier decline, from €5.6bn to €4.5bn, partly due to the fall in stock market prices, as adjustments to the fair value of investments as at the period-end resulted in a charge of €275.5m being taken.

The following developments should also be noted:

- /// growth in the consumer credit segment through the **acquisition of Linea** for a consideration of €405m. This deal, which will be completed in the coming months, will give rise to the third player in this sector in Italy, and will enable the combined entity to generate economies of scale and maximize cross-selling opportunities by optimizing operating processes and risk management. The industrial rationale for the acquisition is based on the significant areas of complementarity between the two companies in terms of products and channels. Major synergies are expected (approx. €60m gross, roughly €40m of which on the cost side) to be generated from increased efficiency in the operating platforms and improved cross selling. In 2007 Linea disbursed a total of €2,649m¹ in new loans, against €1,816m in 2006, while at 30 June 2007 it had net loans of €3,547m outstanding on its books. The corresponding data for Compass show new loans of €2,500m (in the twelve months to year-end 2007), and net loans outstanding of €3,722m.
- /// start-up of operations at the branch office in **Frankfurt**, and authorization to start operations in **Madrid**.
- /// launch and completion of the **share buyback programme** approved by shareholders in general meeting on 27 October 2007, with the acquisition of 16.2m Mediobanca shares for an outlay of €213.4m.

¹ Source: Assofin



Divisional results

Wholesale banking

- /// corporate loans² of €18.3bn, up 14% vs end-Dec. 2006
- /// total income up 33%, to €379m, with net interest income up 15% and net fee and commission income up 25%
- /// profit from ordinary activities up 32%, to €268m
- /// net profit up 21%, to €334m, on comparable gains from disposals (€170m, vs €161m)

A net profit of €333.9m was recorded, up from €276.7m at the same stage last year, on the back of strong contributions from all the main revenue sources. Net interest income was up 14.9%, from €104.2m to €119.7m, due to growth in lending to corporates. Net fee and commission income grew by 24.6%, from €147.1m to €183.3m, on the strength of significant activity levels in corporate and investment banking. Net trading income rose from €23.4m to €68.4m, despite difficult market trends.

The 34.9% rise in operating costs, from €82.2m to €110.9m, is entirely due to strengthening the employee headcount, with a total of 86 more staff on the books than at this stage last year, and related overheads. During the period gains of €169.6m (31/12/06: €160.9m) on disposals of AFS securities were recorded, plus the €10.2m (€2.1m) provision to cover performing loans already referred to.

On the balance-sheet side, there was growth in lending to corporates during the period, up 14.2%, from €15,995m to €18,268.3m, and in funding, up from €26,918.8m to €28,784.1m, while treasury funds and the AFS securities portfolio recorded reductions, from €6,292.6m to €5,797m and from €4,788m to €3,911.2m respectively.

Equity investment portfolio

- /// NAV: stable, at €6.4bn
- /// Total income: up 33%, to €254m

The share in profits attributable to Mediobanca for the period rose by 29.5%, from €201.8m to €261.4m, €240.7m of which was due to Assicurazioni Generali, up 21.3%, and €20.7m to RCS MediaGroup, up 40%.

Retail financial services

- /// geographical presence strengthened, with 16 new branches opened, 5 of which in France
- /// new loans up 11%, to €2.5bn, with consumer credit up 4% and mortgages up 32%

² Excluding loans to Group companies.



- /// total income up 7%, to €261m
- /// net profit down 34%, to €26m, largely due to costs linked to new initiatives
- /// bad loans/total loans ratio stable over last four quarters

The Compass group's consolidated highlights for the six months ended 31 December 2007 reflect total income up 7%, from €244.3m to €261.3m, despite an increase in the cost of funding. However, profit from ordinary activities declined slightly, from €159m to €154.5m, given the growth in operating costs, up from €85.3m to €106.8m, due largely to the Group's ongoing geographical expansion (with 16 new branches being added) and costs involved in the plans to expand the activity of Micos Banca. After bad debt writeoffs, which were up from €76.1m to €85.2m, almost entirely attributable to consumer credit activity, net profit for the six months fell from €40.2m to €26.5m.

With reference to the individual segments:

- /// consumer credit recorded new loans of €1,225m, up 4%, on the back of a more selective market approach; the increase in profit from ordinary activities, from €125.5m to €129.5m, was completely swallowed up by the rise in bad debt writeoffs, from €68m to €76.4m, and higher taxes, up from €26.8m to €30.9m, largely due to adjusting provisions for deferred tax receivable to the new IRES tax rates.
- /// mortgage lending saw new loans of €397m, up 32% partly as a result of the new activities launched in France; Micos recorded a 13.5% increase in total income, from €19.2m to €21.8m, but still incurred a €2.3m net loss for the period, compared with a €3m net profit at the same time last year, due solely to costs of €9m linked to expansion of its activities
- /// leasing, new loans of €887m reflect 13% growth, partly due to the regulatory difficulties in the real estate sector last year having been overcome. Net profit was in line with the result posted last year, at €6.6m, despite a €2.2m rise in costs linked to expansion and strengthening of the network, with two branches added.

Private banking³

- /// total income up 19%, to €71m, operating profit up 27% to €33m
- /// net profit up 29%, to €22m
- /// AUM: €13.9bn, up 13% vs end-Dec. 2006, stable vs June/Sept. 2007

During the six months under review net profit attributable to the Group climbed 21.6%, from €24.1m to €29.3m, reflecting growth of 27.7% in profit from ordinary activities, up from €25.6m to €32.7m. Total income rose by 18.7%, from €59.5m to €70.6m, on higher net fee

³ Includes Compagnie Monégasque de Banque plus the Group's 48.5% pro-forma share in the profits of Banca Esperia.



and commission income, up from €41.8m to €44.9m, earned chiefly by Banca Esperia (up 29.6%), and on higher net interest income, up from €10.2m to €17.7m, due mostly to the business of Compagnie Monégasque de Banque. Assets managed on a discretionary and non-discretionary basis remained stable at €13.9bn, €8.1bn of which by CMB and €5.8bn by Banca Esperia.

On 7 February 2008 CMB acquired the Unicredit group's Monaco-based private banking activities. The deal, which will enable the company to acquire €500m in AUM and over 1,600 customers, represents a new step in the process of consolidating its leadership position in the Principality.

Mediobanca S.p.A.

In the six months ended 31 December 2007 Mediobanca recorded a 22.9% increase in net profit, from €259.2m to €318.6m, driven by the result of ordinary activities, up 36% from €183.4m to €249.5m, and gains on disposals of AFS securities, which rose from €160.9m to €169.6m. The increase in profit from ordinary activities reflects a healthy contribution from net interest income, up 9.5%, from €100.4m to €109.9m, and net fee and commission income, up 19.3%, from €147.9m to €176.5m. Operating costs rose by 31.3%, from €91.2m to €119.7m, chiefly due to the rise in employee headcount, with staff numbers climbing from 414 to 497, and to expansion of the Bank's domestic and international businesses.

Below the operating line, in addition to gains on disposals of over €1bn worth of equities held in the AFS portfolio, a collective adjustment to performing loans of €10.2m was booked, chiefly in connection with the increase in volumes, plus tax for the period of €86m (31/12/06: €83m), which benefited from the one-off effect on deferred tax following the reduction in the IRES tax rate from 33% to 27.5%.

Milan, 7 March 2008

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	6 mths to 31/12/06	12 mths to 30/6/07	6 mths to 31/12/07	Y.o.Y. chg.
	€m	€m	€m	%
Net interest income	332.0	666.8	364.6	+9.8
Net trading income	29.9	82.8	76.1	n.m.
Net fee and commission income	189.6	371.3	231.3	+22.0
Dividends on AFS securities	3.2	71.7	11.7	n.m.
Share of profits earned by equity-accounted companies	213.8	418.9	262.1	+22.6
TOTAL INCOME	768.5	1,611.5	945.8	+23.1
Labour costs	(103.1)	(236.4)	(127.6)	+23.8
Administrative expenses	(91.4)	(194.0)	(118.0)	+29.1
OPERATING COSTS	(194.5)	(430.4)	(245.6)	+26.3
PROFIT FROM ORDINARY ACTIVITIES	574.0	1,181.1	700.2	+22.0
Gain (loss) on disposal of AFS securities	169.3	175.4	170.0	+0.4
Gain (loss) on disposal of other securities	—	(0.1)	(0.2)	n.m.
Bad debt writeoffs	(78.2)	(165.0)	(95.4)	+22.0
Writebacks (writedowns) to AFS securities	—	(4.2)	(4.2)	n.m.
Extraordinary provisions	(6.0)	(6.0)	—	n.m.
PROFIT BEFORE TAX	659.1	1,181.2	770.4	+16.9
Income tax	(127.7)	(215.2)	(124.4)	-2.6
<i>of which: one-off effect of 2008 Budget Law</i>	—	—	30.4	n.m.
Minority interest	(5.4)	(12.8)	(5.5)	+1.9
NET PROFIT	526.0	953.2	640.5	+21.8



RESTATED BALANCE SHEET

	31/12/06	30/6/07	31/12/07
	€m	€m	€m
Assets			
Treasury funds	7,628.8	6,993.0	6,781.3
AFS securities	5,183.3	5,573.2	4,549.4
<i>of which: fixed-income</i>	<i>2,485.1</i>	<i>1,622.4</i>	<i>1,593.3</i>
<i>equities</i>	<i>2,285.9</i>	<i>3,335.7</i>	<i>2,499.3</i>
Financial assets held to maturity	629.9	622.5	585.7
Loans and advances to customers	23,130.3	26,811.6	29,718.2
Equity investments	2,484.7	2,632.7	2,642.9
Tangible and intangible assets	314.0	310.5	313.3
Other assets	448.4	588.6	527.5
<i>of which: tax assets</i>	<i>284.4</i>	<i>372.0</i>	<i>288.3</i>
Total assets	39,819.4	43,532.1	45,118.3
Liabilities			
Funding	31,477.4	34,227.7	36,414.5
<i>of which: debt securities in issue</i>	<i>23,090.3</i>	<i>25,702.6</i>	<i>27,488.5</i>
Other liabilities	1,001.8	1,227.9	1,117.6
<i>of which: tax liabilities</i>	<i>697.7</i>	<i>787.1</i>	<i>703.2</i>
Provisions	197.9	185.4	184.9
Net equity	6,616.3	6,937.9	6,760.8
<i>of which: share capital</i>	<i>408.8</i>	<i>408.8</i>	<i>409.5</i>
<i>reserves</i>	<i>6,106.6</i>	<i>6,420.9</i>	<i>6,240.0</i>
<i>minority interest</i>	<i>100.9</i>	<i>108.3</i>	<i>111.3</i>
Profit for the period	526.0	953.2	640.5
Total liabilities	39,819.4	43,532.1	45,118.3



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

31 DECEMBER 2007	Wholesale banking	Retail financial services	Private banking	Equity investment portfolio	Group
	€m	€m	€m	€m	€m
Profit-and-loss figures					
Net interest income (expense)	119.7	233.6	17.7	(5.7)	364.6
Net trading income (expense)	68.4	(0.3)	8.0	—	76.1
Net fee and commission income	183.3	28.0	44.9	—	231.3
Dividends on AFS securities	11.7	—	—	—	11.7
Share in profits earned by equity-accounted companies	(4.3)	—	—	261.4	262.1
TOTAL INCOME	378.8	261.3	70.6	255.7	945.8
Labour costs	(69.6)	(40.1)	(21.4)	(2.9)	(127.6)
Administrative expenses	(41.3)	(66.7)	(16.5)	(1.3)	(118.0)
OPERATING COSTS	(110.9)	(106.8)	(37.9)	(4.2)	(245.6)
PROFIT FROM ORDINARY ACTIVITIES	267.9	154.5	32.7	251.5	700.2
Gain (loss) on disposal of AFS securities	169.6	—	0.4	—	170.0
Gain (loss) on disposal of equity investments	—	—	—	—	—
Gain (loss) on disposal of other securities	(0.1)	—	—	—	(0.2)
Extraordinary provisions	—	—	—	—	—
Bad debt writeoffs	(10.2)	(85.2)	—	—	(95.4)
Writebacks (writedowns) to AFS securities	(4.2)	—	—	—	(4.2)
PROFIT BEFORE TAX	423.0	69.3	33.1	251.5	770.4
Income tax for the period	(89.2)	(37.2)	(3.8)	2.3	(124.4)
Minority interest	0.1	(5.6)	—	—	(5.5)
NET PROFIT	333.9	26.5	29.3	253.8	640.5
Balance-sheet data					
AFS securities	3,911.2	—	735.1	—	4,549.4
Equity investments	167.2	—	—	2,421.8	2,642.9
Loans and advances to customers	22,981.5	10,885.5	837.1	—	29,718.2
<i>of which: to Group companies</i>	<i>4,713.2</i>	—	—	—	—
Risk-weighted assets	35,179.0	8,655.6	977.5	1,225.4	46,039.7
No. of employees	510	1,222	291 *	—	1,974
Cost/income ratio	29.3	40.9	53.7	1.6	26.0

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

Notes:

1) Divisions comprise:

- *wholesale banking*: Mediobanca S.p.A., Mediobanca International, MB Securities USA, Consortium and Prominvestment;
- *retail financial services*: Compass, Micos Banca, Cofactor and Creditech (consumer credit), SelmaBipiemme Leasing, Palladio Leasing and Teleleasing (leasing);
- *private banking*: Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 48.5% of Banca Esperia pro-forma;
- *equity investment portfolio*: shareholdings owned by the Group in Assicurazioni Generali and RCS MediaGroup.

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

- Banca Esperia being consolidated pro-rata (48.5%) rather than equity-accounted;
- adjustments/differences arising upon consolidation between different business areas;
- notional expenses attributable to Mediobanca in respect of stock option schemes operated by Banca Esperia amounting to €3.7m (31/12/06: € 5.5m).



31 DECEMBER 2006	Wholesale banking	Retail financial services	Private banking	Equity investment portfolio	Group
	€m	€m	€m	€m	€m
Profit-and-loss figures					
Net interest income (expense)	104.2	223.7	10.2	(4.6)	332.0
Net trading income (expense)	23.4	—	7.5	—	29.9
Net fee and commission income	147.1	20.6	41.8	—	189.6
Dividends on AFS securities	3.2	—	—	—	3.2
Share in profits earned by equity-accounted companies	7.5	—	—	201.8	213.8
TOTAL INCOME	285.4	244.3	59.5	197.2	768.5
Labour costs	(52.9)	(32.5)	(20.1)	(1.9)	(103.1)
Administrative expenses	(29.3)	(52.8)	(13.8)	(0.6)	(91.4)
OPERATING COSTS	(82.2)	(85.3)	(33.9)	(2.5)	(194.5)
PROFIT FROM ORDINARY ACTIVITIES	203.2	159.0	25.6	194.7	574.0
Gain (loss) on disposal of AFS securities	160.9	—	8.3	—	169.3
Gain (loss) on disposal of equity investments	—	—	—	—	—
Gain (loss) on disposal of other securities	—	—	(6.0)	—	(6.0)
Extraordinary provisions	(2.1)	(76.1)	(0.1)	—	(78.2)
Bad debt writeoffs	362.0	82.9	27.8	194.7	659.1
Writebacks (writedowns) to AFS securities	(85.3)	(37.3)	(3.7)	(3.8)	(127.7)
PROFIT BEFORE TAX	—	(5.4)	—	—	(5.4)
Income tax for the period	276.7	40.2	24.1	190.9	526.0
Minority interest					
NET PROFIT	4,103.3	—	1,100.1	—	5,183.3
Balance-sheet data	152.8	—	—	2,147.7	2,484.7
AFS securities	17,135.9	9,389.5	608.5	—	23,130.3
Equity investments	3,882.3	—	—	—	—
Loans and advances to customers	32,228.4	7,617.0	900.4	1,647.8	42,393.6
<i>of which: to Group companies</i>	424	1,055	277 *	—	1,719
Risk-weighted assets	28.8	34.9	58.2	1.3	25.3
No. of employees					
Cost/income ratio					

* Includes 92 staff employed by the Esperia group pro-forma not included in the Group total.



Retail financial services (consumer credit and leasing)

Retail financial services 31 December 2007	Consumer credit	Mortgage lending	Total consumer finance	Leasing	Total RFS
	€m	€m	€m	€m	€m
Total income	199.2	21.8	221.0	40.3	261.3
Operating costs	(69.7)	(21.1)	(90.8)	(16.0)	(106.8)
PROFIT FROM ORDINARY ACTIVITIES	129.5	0.7	130.2	24.3	154.5
Provisions and bad debt writeoffs	(76.4)	(3.9)	(80.3)	(4.9)	(85.2)
Profit attributable to minorities	—	—	—	(5.6)	(5.6)
Income tax for the period	(30.9)	0.9	(30.0)	(7.2)	(37.2)
<i>of which: one-off effect of 2008 Budget Law</i>	<i>(3.1)</i>	<i>0.6</i>	<i>(2.5)</i>	<i>1.5</i>	<i>(1.0)</i>
NET PROFIT	22.2	(2.3)	19.9	6.6	26.5
New loans	1,225.4	397.2	1,622.6	886.6	2,509.2
Loans and advances to customers	3,882.1	2,454.7	6,336.8	4,548.7	10,885.5
No. of branches	119	29	148	12	160
No. of staff	708	290	998	224	1,222

Retail financial services 31 December 2006	Consumer credit	Mortgage lending	Total consumer finance	Leasing	Total RFS
	€m	€m	€m	€m	€m
Total income	186.4	19.2	205.6	38.7	244.3
Operating costs	(60.9)	(10.6)	(71.5)	(13.8)	(85.3)
PROFIT FROM ORDINARY ACTIVITIES	125.5	8.6	134.1	24.9	159.0
Provisions and bad debt writeoffs	(68.0)	(3.1)	(71.1)	(5.0)	(76.1)
Profit attributable to minorities	—	—	—	(5.4)	(5.4)
Income tax for the period	(26.8)	(2.5)	(29.3)	(8.0)	(37.3)
NET PROFIT	30.7	3.0	33.7	6.5	40.2
New loans	1,178.0	301.2	1,479.2	784.8	2,264.0
Loans and advances to customers	3,518.7	1,912.1	5,430.8	3,958.7	9,389.5
No. of branches	112	22	134	10	144
No. of staff	669	175	844	211	1,055



Private banking

Private Banking 31 December 2007	CMB	Banca Esperia 48.5%	Others	Total PB
	€m	€m	€m	€m
Total income	44.8	22.5	3.3	70.6
<i>of which: net fee and commission income</i>	20.8	21.0	3.1	44.9
Operating costs	(21.4)	(14.2)	(2.3)	(37.9)
PROFIT FROM ORDINARY ACTIVITIES	23.4	8.3	1.0	32.7
Other income (expenses)	0.4	—	—	0.4
Income tax for the period	0.1	(3.6)	(0.3)	(3.8)
NET PROFIT	23.9	4.7	0.7	29.3
Assets under management	8,094.0	5,854.0	—	13,948.0

Private Banking 31 December 2006	CMB	Banca Esperia 48.5%	Others	Total PB
	€m	€m	€m	€m
Total income	37.1	18.8	3.6	59.5
<i>of which: net fee and commission income</i>	22.1	16.2	3.5	41.8
Operating costs	(19.9)	(11.2)	(2.8)	(33.9)
PROFIT FROM ORDINARY ACTIVITIES	17.2	7.6	0.8	25.6
Other income (expenses)	2.3	(0.1)	—	2.2
Income tax for the period	—	(3.0)	(0.7)	(3.7)
NET PROFIT	19.5	4.5	0.1	24.1
Assets under management	7,749.6	4,608.5	—	12,358.1

* * *

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