MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.
Head office: Boulevard Roosevelt 14, Luxembourg
Mediobanca Banking Group
Share capital: € 10,000,000 fully paid up

FINANCIAL SITUATION AT 31 DECEMBER 2008

BOARD OF DIRECTORS' REVIEW OF OPERATIONS

This statement of Mediobanca International (Luxembourg) S.A.'s finances for the period ended 31st December 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS) to enable parent company Mediobanca S.p.A. to draw up the consolidated semiannual accounts on a IFRS-compliant basis.

The six months under review reflect a net profit of € 25.782.000 after provision for taxes of € 6.152.000 (31/12/2007: € 2.494.000).

During the period under review, notes worth a total of € 215.426.000 against the company's Medium Term Note Program, while short term funding instruments worth a total of € 3.610.106.000 were issued against the Certificat de Dépôts Program/Commercial Paper Program. Customer lending amounted to € 3.689.699.000 while net fee and commission income for the period amounted to € 10.262.000.

Subsequent to the reporting date no significant events have occurred which might impact on the company's asset, earnings and financial situation.

Accounts outstanding between the company and the parent and other Group companies are financial in nature and may be summarized as follows:

Parent company:	
Loans & Advances to Mediobanca S.p.A.	€ 2.714.934.000
Due to Mediobanca S.p.A.	€ 3.898.152.000

The company does not own, nor has it acquired or disposed of during the period under review, any treasury shares or shares in the parent company.

pp. THE BOARD OF DIRECTORS
CHAIRMAN
(Mr M. Di Carlo)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

To the best of our knowledge, the financial statement of MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A. (the "Bank") gives a true and fair view of the assets, liabilities, financial position and profit & loss of the Bank in accordance with applicable accounting standards. The Director's report includes a fair view of (I) the Bank's development, (II) its position, and (III) a description of the opportunities and risks relevant to the Bank that arose during the period ended December 31st, 2008.

Luxembourg, February 12th 2009

The Board of Directors:

Massimo Di Carlo	Luca Maccari	Peter W Gerrard
Silvio Perazzini	Stefano Pellegrino	Alex Schmitt
Federico Potsios	Daniel Cardon de Lichtbuer	

BALANCE SHEET AS OF DECEMBER 31, 2008

(EUR/000)	ASSETS	31-Dec-08	30-Jun-08
010.	Cash and cash equivalents	-	-
020.	Financial assets held for trading	302.963	110.499
030.	Financial assets at fair value	-	-
040.	Financial assets available for sale	-	-
050.	Financial assets held to maturity	-	-
060.	Loans and advances to credit institutions	3.018.258	2.289.735
070.	Loans and advances to customers	3.689.699	3.074.471
080.	Hedging derivatives	34.694	20.878
090.	Value adjustments in respect of financial assets subject to generic hedging	-	-
100.	Participations	-	-
110.	Tangible assets	30	39
120.	Intangible assets	-	-
	of wich:		
	- goodwill	-	-
130.	Tax assets	19.100	30.224
	a) current	*1.140*	-
	b) deferred	*17.960*	*30.224*
140.	Non current assets held for sale and discontinued operations	-	-
150.	Other assets	3.227	610
	TOTAL ASSETS	**7.067.971**	**5.526.456**

(EUR/000)	LIABILITIES AND SHAREHOLDERS'EQUITY	31-Dec-08	30-Jun-08
010.	Amounts due to banks	3.995.115	3.450.720
020.	Amounts due to customers	48.418	35.214
030.	Debt securities in issue	2.689.438	1.751.774
040.	Trading liabilities	144.436	105.549
050.	Liabilities at fair value	-	-
060.	Hedging derivatives	29.998	36.956
070.	Value adjustments in respect of financial liabilities subject to generic hedging	-	-
080.	Tax liabilities	29.603	34.785
	a) current	*10.690*	*4.077*
	b) deferred	*18.913*	*30.708*
090.	Liabilities linked to assets held for sale	-	-
100.	Other liabilities	3.192	9.468
110.	Staff severance indemnity provision	-	-
120.	Provisions for liabilities and charges:	-	-
	a) post-employment and similar benefits	-	-
	b) other provisions	-	-
130.	Technical reserves	-	-
140.	Redeemable shares	-	-
150.	Equity instruments	-	-
160.	Reserves	91.990	77.620
170.	Share premium reserve	-	-
180.	Subscribed capital	10.000	10.000
190.	Preferencial shares	-	-
200.	Profit (loss) for the year	25.782	14.370
	TOTAL LIABILITIES	**7.067.971**	**5.526.456**

PROFIT AND LOSS ACCOUNT AS OF DECEMBER 31, 2008

(EUR/000)	CAPTION	31-Dec-08	31-Dec-07
010.	Interests receivable and similar income	172.978	173.647
020.	Interests payable and similar charges	(149.152)	(165.530)
030.	**Net interest income**	**23.826**	**8.117**
040.	Fee and commission income	21.206	14.028
050.	Fee and commission expense	(10.944)	(7.563)
060.	**Net fee and commission income**	**10.262**	**6.465**
070.	Dividends and similar income	-	-
080.	Net trading income/expense	(265)	(464)
090.	Net hedging income/expense	(792)	1.670
100.	Gain or loss on disposal or repurchase of:	-	-
	a) loans and receivables	-	-
	b) Financial assets available for sale	-	-
	c) Financial assets held to maturity	-	-
	d) financial liabilities	-	-
110.	Net income from assets and liabilities at fair value	-	-
130.	Value adjustments in respect of:	-	-
	a) Loans and receivables	-	-
	b) Financial assets available for sale	-	-
	c) Financial assets held to maturity	-	-
	d) Other financial operations	-	-
140.	**Net income from the financial management**	**33.031**	**15.788**
150.	Net premium income	-	-
160.	Income less expense from insurance operations	-	-
170.	**Net income from financial and insurance operations**	**33.031**	**15.788**
180.	Administrative expenses:	(1.092)	(969)
	a) personnel costs	*(340)*	*(307)*
	b) other administrative expenses	*(752)*	*(662)*
190.	Net transfers to provisions for liabilities and charges	-	-
200.	Value adjustments in respect of tangible assets	(8)	(8)
210.	Value adjustements in respect of intangible assets	-	(33)
220.	Other operating income (expenses)	3	67
230.	**Operating income/expenses**	**(1.097)**	**(943)**
240.	Gains (losses) on equity investments	-	-
250.	Net gain (loss) on valuing tangible/intangible assets at fair value	-	-
260.	Net adjustments to goodwill	-	-
270.	Net gain (loss) upon disposal of investments	-	-
280.	**Profit (loss) of the ordinary activity before tax**	**31.934**	**14.845**
290.	Income tax on the ordinary activity	(6.152)	(2.494)
300.	**Profit (loss) on ordinary activities after tax**	**25.782**	**12.351**
310.	Net gain (loss) on groups of assets being sold after tax	-	-
320.	**Net profit (loss) for the year**	**25.782**	**12.351**
330.	Profit (loss) attributable to minorities	-	-
340.	**Profit (loss) for the year attributable to the Group**	**25.782**	**12.351**

GUARANTEES AND COMMITMENTS AS OF DECEMBER 31, 2008

(EUR/000)	CAPTION	31-Dec-08	30-Jun-08
10.	Guarantees given	33.008	36.094
	of which:		
	- Commercial guarantees	*2.086*	-
	- Financial guarantees	*30.992*	*36.094*
20.	Commitments	1.758.142	3.209.458
30.	Credit derivatives	300.444	220.000

CASH FLOW STATEMENT AS OF DECEMBER 31, 2008

		Amount (EUR/000)	
A.	CASH FLOW FROM OPERATING ACTIVITIES	**31 Dec 2008**	**30 June 2008**
1.	**Operating activities**	**75.209**	**42.102**
	– interest received	248.975	328.662
	– interest paid	-179.031	-295.051
	– net fee and commission received	4.807	10.927
	– cash payments to employees	-171	-702
	– other expenses paid	-1.144	-1.734
	– other earnings received	3	-
	– Tax	-210	-
2.	**Cash generated/(absorbed) by financial assets**	**-2.778.921**	**1.330.886**
	– financial assets held for trading	-312.177	-
	– amounts due from customers	-1.717.567	475.755
	– amounts due from banks: on demand	678	1.343.251
	– amounts due from banks: other	-792.364	-487.840
	– other assets	42.509	-280
3.	**Cash (generated)/absorbed by financial liabilities**	**2.706.412**	**-1.372.983**
	– amounts due to banks: on demand	1.888.674	-
	– amounts due to banks: other	-	-296.504
	– amounts due to clients	8.924	-30.552
	– debt securities in issue	841.589	-1.044.253
	– other liabilities	-32.775	-1.674
	Net cash flow (outflow) from operating activities	**-**	**5**
B.	CASH FLOW FROM INVESTMENT ACTIVITIES		
	Cash absorbed by	**-**	**-6**
	– acquisitions of tangible assets	-	-6
	– acquisitions of intangible assets	-	-
	Net cash flow (outflow) from investment activities	**-**	**-6**
C.	FUNDING ACTIVITIES		
	– issues/purchases of subordinated debt	-	-
	Net cash flow (outflow) from funding activities	**-**	**-**
	Net cash flow (outflow) during year	**-**	**-1**

RECONCILIATION	Amount (in EUR/000)	
	31 Dec 2008	**30 June 2008**
Cash and cash equivalents: balance at the begin of the period	-	1
Total cash flow (outflow) during year	-	-1
Cash and cash equivalents: exchange rate effect	-	-
Cash and cash equivalents: balance at the end of the period	-	-

EQUITY RECONCILIATION AS OF DECEMBER 31, 2008

(EUR/000)	BALANCE AS OF JUNE 2008	RE-OPENING CHANGES	BALANCE AT THE RE-OPENING	PROFIT ALLOCATION		PROFIT OF THE PERIOD	BALANCE AS OF DECEMBER 2008
				RESERVES	DIVIDENDS		
Share capital	**10.000**	-	**10.000**	**-**	-	-	**10.000**
a) ordinary shares	10.000	-	10.000	-	-	-	10.000
b) other shares	-	-	-	-	-	-	-
Profit brought forward	-	-	-	-	-	-	-
Reserves	**77.620**	-	**77.620**	**14.370**	-	-	**91.990**
a) Legal reserves	73.758	-	73.758	11.870	-	-	85.628
b) Free reserves	-	-	-	-	-	-	-
c) Special reserves (1)	3.862	-	3.862	2.500	-	-	6.362
d) FTA reserves	-	-	-	-	-	-	-
Own shares	-	-	-		-	-	-
Profit of the period	14.370	-	14.370	(14.370)	-	25.782	25.782
Net equity	**101.990**	**-**	**101.990**	**-**	**-**	**25.782**	**127.772**

(1) As of 30 June 2008 the Bank has opted for the exoneration of the net wealth tax charge provided that the following conditions have been respected:
- A reserve equivalent to 5 times the net wealth tax liability is recorded following the decision of the Shareholders meeting;
- The reserve will be maintained for a period at least of five years.

A.1 GENERAL

Section 1

Statement of compliance

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) adopted by the International Accounting Standards Board (IASB) as adopted for use in the European Union (EU).

A summary of the main accounting policies adopted by the Group is provided below.

Section 2

Significant accounting policies

The accounting policies adopted are consistent with those used in the previous financial periods; only accounting policies and disclosures applicable or potentially applicable to the Bank are mentioned below. The balance sheet, income statement, statement of changes in equity and the cash flow statement are presented in EUR. Notes to the accounts are presented in EUR unless otherwise stated.

The preparation of accounts in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

Financial assets other than derivatives

I - Classification

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and advances, held-to-maturity financial assets, and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Included in this category are debt securities and equities which have been acquired principally for the purpose of selling or repurchasing in the near term. As of 31 December 2008, the Bank did not apply the amended fair-value option of IAS 39.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity financial assets, the entire category would be required to be reclassified as available-for-sale.

As of 31 December 2008, the Bank did not use this category of financial assets.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable.

Available-for-sale financial assets

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

II – Initial recognition and subsequent measurement

Purchases of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on value-date. Loans are recognised when cash is advanced to the borrowers.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and advances and held-to-maturity investments are carried at amortized cost using the effective interest method less impairment. The interest calculated using the effective interest method is recognized in the income statement.

Gains and losses arising from changes in the fair value of the financial assets measured at fair value through profit or loss are included in the income statement in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

Changes in fair value of financial assets held for trading are included in the income statement.

III - Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired; or
- the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Bank has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Financial liabilities other than derivatives

I - Classification

The Bank classifies its financial liabilities other than derivatives in the following categories: Financial liabilities measured at amortised cost, and Financial liabilities at fair value through profit or loss.

II - Initial recognition and subsequent measurement

Interest-bearing liabilities – other than financial liabilities held for trading – are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Financial liabilities held for trading are measured at fair value through the income statement.

III - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Derivative financial instruments

I - Classification

Derivates, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains and losses on investments held for trading are recognised in the income statement. The Bank assesses whether embedded derivatives are required to be separated from the host contracts when the Bank becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

II - Initial recognition and subsequent measurement

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are restated at fair value. The method of recognising the resulting fair value gain or loss depends on whether the derivatives are designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

III - Trading

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments. The gain or loss on re-measurement to fair value of trading derivatives is recognised immediately in the income statement.

IV - Hedging

The Bank uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resulting gains and losses is set out below.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;

- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

Fair value hedge

Where a derivative financial instrument hedges the exposure to changes in the fair value of a recognised asset or liability, the hedged item is stated at fair value in respect of the risk being hedged. Gains or losses on re-measurement of both the hedging instrument and the hedged item are recognised in the income statement. These amounts are included in gains or losses from non trading financial instruments in the caption "Net gains and losses from hedge accounting".

Cash flow hedge

Where a derivative financial instrument hedges the exposure to variability in the cash flows of recognised assets or liabilities (or homogeneous groups/portfolios thereof) or anticipated transactions or firm commitments, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised in the income statement.

When a hedged anticipated transaction or firm commitment results in the recognition of an asset or liability, the cumulative gain or loss on the hedging instrument recognised in equity is removed from equity and included in the initial measurement of the asset or liability. Otherwise the cumulative gain or loss recognised in equity is transferred to the income statement at the same time that the hedged transaction affects net profit or loss and included in the same line item as the hedged transaction.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the income statement immediately.

As at 31 December 2008, the Bank has no cash flow hedged transactions.

Repurchase agreements and reverse repurchase agreements

The Bank enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The advances are shown as collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the category to which they relate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Bank assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.
Indicators of impairment include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Bank has granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

In addition, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

The recoverable amount of the Bank’s investments in held-to-maturity securities and loans and advances carried at amortised cost is estimated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Advances with a short duration are not discounted.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

An impairment loss in respect of an investment in an equity instrument classified as available- for-sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss shall be reversed, with the amount of the reversal recognised in the income statement.

In addition, the Bank proceeds with an estimation of a potential collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as deterioration in country risk, industry and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

As of 31 December 2008, the Bank has not recorded any collective impairment.

Tangible assets

The Bank recognizes the cost of replacing part of a property, plant and equipment item at incurrence in the carrying amount of this item if that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Bank and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The depreciation rate used is 20%.

The residual value, if not insignificant, and useful lives are reassessed annually and adjusted, if appropriate.

Intangible assets

Intangible assets, mainly composed of software acquired by the Bank, are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets comprise acquired software, including developments costs and are amortised from the date they are available for use over their estimated useful (5 years).

Other assets

Other assets are stated at cost less impairment.

Impairment of non financial assets

The carrying amounts of the Bank's assets, except deferred income tax assets and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

As of 31 December 2008, the Bank has not booked any impairment on non financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with central banks and short-term highly liquid investments with maturities of three months or less when purchased.

Credit institutions established in Luxembourg are required to hold minimum reserves with the Luxembourg Central Bank. These deposits represent 2% of some of their liabilities. Compliance with the reserve requirement is determined on the basis of the institutions' average daily reserve holdings over the maintenance period, thus reserves of credit institutions can vary from one day to another following their treasury management, the money market or their expectations in interest rates.

Defined benefit plans

As of 31 December 2008, the Bank has no defined benefit obligation regarding post employee benefit to be recognised under IAS 19.

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Where the Bank expects part or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

As of 31 December 2008, the Bank has not booked any provisions.

Other liabilities

Other liabilities are stated at cost.

Interest income and expenses

For all instruments measured at amortised cost, interest income and expenses are recognised in the income statement as they accrue, taking into account the effective yield of the asset and the liability or an applicable floating rate. Interest income and expenses include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fee and commission income

Fee and commission income arises on financial services provided by the Bank. Fee and commission income is recognised when the corresponding service is provided.

Net gains and losses on financial assets and liabilities held for trading

Gains and losses on financial instruments measured at fair value through profit or loss includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading or designated at fair value through profit and loss.

Taxes

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

I - Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

II - Deferred tax

Deferred income tax is provided using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currency translation

The annual accounts are presented in euro (EUR), which is the Bank's functional and presentation currency.

Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than in euro are translated into euro at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Reclassification of prior year figures

Where necessary, certain prior year figures have been reclassified to conform with changes to the current period’s presentation for comparative purpose.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of fair values of financial instruments

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

I - Securities

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

II - Derivatives

The fair value of derivatives is calculated, for listed instruments, on the basis of market prices ruling at the reporting date. When market prices are not available and/or reliable, valuation methods and models are used based on market-derived data (e.g. valuation of listed instruments with similar characteristics, discounted cash flow analysis, option price calculation methods, or valuation used in comparable transactions). Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above, are stated at cost.

When discounted cash flow techniques are used, estimated future cash flows are based on management’s best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

III - Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

IV - Other financial assets / liabilities

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Impairment

Assets are subjected to impairment tests at annual reporting dates. In determining whether an impairment loss should be recognised, the Bank makes judgements to ascertain whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in 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 instruments. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to profit and loss accounts.

Deferred taxes

Provisions for income taxes have been 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.

Deferred income tax assets and liabilities have been stated using the assumptions that the deferred income tax assets and liabilities are determined by reference to Luxembourg accounting principles.

NOTES TO THE BALANCE SHEET

Segmental information

Section 2

Heading 20: Financial assets held for trading

2.1 *Financial assets held for trading*

(EUR/000)	31/12/2008		30/06/2008	
	Listed	Unlisted	Listed	Unlisted
A. Liquid Assets				
1. Debt securities	144.942	-	4.950	-
2. Equities	-	-	-	-
3. OICR units	-	-	-	-
4. Loans and advances	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets sold but not derecognized	-	-	-	-
Total A	**144.942**	**-**	**4.950**	**-**
B. Derivative products				
1. Derivatives on interest rates	-	132.604	-	101.453
2. Interest rate swaps	-	-	-	-
3. Cross currency swaps	-	470	-	-
4. Credit derivatives	-	24.947	-	4.096
Total B	**-**	**158.021**	**-**	**105.549**
Total (A+B)	**144.942**	**158.021**	**4.950**	**105.549**

Section 6
Heading 60: Loans and advances to Credit Institutions

6.1 *Loans and advances to Credit Institutions*

(EUR/000)	31/12/2008	30/06/2008
A. Due from central banks	**33.398**	**19.584**
1. Term deposits	33.398	19.584
2. Compulsory reserves	-	-
3. Amounts due under repo agreements	-	-
4. Others	-	-
B. Due from banks	**2.984.860**	**2.270.151**
1. Current accounts	157	26.645
2. Term deposits	1.332.645	503.538
3. Other loans and advances:		
3.1 amounts due under repo agreements	1.999	-
3.2 amounts due under finance leases	-	-
3.3 others	1.650.059	1.739.968
4. Debt securities	-	-
5. Impaired assets	-	-
6. Assets sold but not derecognized	-	-
TOTAL	**3.018.258**	**2.289.735**

Section 7

Heading : Loans and advances to customers

7.1 *Loans and advances to customers*

(EUR/000)	**31/12/2008**	**30/06/2008**
1. Current accounts	-	-
2. Amounts due under repo transactions	-	-
3. Mortgages loans	-	-
4. Credit cards, personal loans and loans guaranteed by payrolls	-	-
5. Amounts due under finance leases	-	-
6. Factoring	-	-
7. Other transactions	3.689.699	3.074.471
8. Debt securities	-	-
9. Impaired assets	-	-
10. Assets sold but not derecognized	-	-
TOTAL	**3.689.699**	**3.074.471**

Section 8

Hedging derivatives

8.1 *Asset hedge derivatives by type of product and underlying asset*

Type of derivative/underlying asset (EUR/000)	**Interest rates**	**Foreign currency/gold**	**Equities**	**Loans**	**Other**	**Total**
A) Listed derivative products						
1) Financial derivatives:	-	-	-	-	-	-
– with exchange of principal	-	-	-	-	-	-
– options bought						
– other derivatives						
– without exchange of principal	-	-	-	-	-	-
– options bought						
– other derivatives						
b) Credit derivatives:	-	-	-	-	-	-
– with exchange of principal	-	-	-	-	-	-
– without exchange of principal	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted derivatives						
1) Financial derivatives:	-	-	-	-	-	-
– with exchange of principal	-	-	-	-	-	-
– options bought						
– other derivatives						
– without exchange of principal	**34.694**	-	-	-	-	**34.694**
– options bought	-	-	-	-	-	-
– other derivatives	34.694	-	-	-	-	34.694
2) Credit derivatives	-	-	-	-	-	-
– with exchange of principal	-	-	-	-	-	-
– without exchange of principal	-	-	-	-	-	-
Total B	**34.694**	**-**	**-**	**-**	**-**	**34.694**
Total 31/12/2008	**34.694**	**-**	**-**	**-**	**-**	**34.694**
Total 30/06/2008	**20.878**	**-**	**-**	**-**	**-**	**20.878**

8.2 *Asset hedge derivatives by portfolio hedged and hedge type*

(EUR/000)	Fair value						Cash flow	
	Specific risks					General risk	Specific risks	General risk
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risks			
1. AFS securities	-	-	-	-	-	-	-	-
2. Loans and receivables	-	-	-	-	-	-	-	-
3. Financial assets held to maturity	-	-	-	-	-	-	-	-
4. Collective	-	-	-	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	34.694	-	-	-	-	-	-	-
2. Collective	-	-	-	-	-	-	-	-
Total liabilities	**34.694**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Section 12

Heading 120: Tangible assets

12.1 *Tangible assets at cost (gross values)*

(EUR/000)	31/12/2008	30/06/2008
A. Core assets		
1.1 owned	**88**	**88**
a) land	-	-
b) buildings	-	-
c) furniture	38	38
d) electronic equipment	50	50
e) other	-	-
1.2 acquired under finance leases	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total A	**88**	**88**
B. Assets held for investment purposes		
2.1 owned	-	-
a) land	-	-
b) buildings	-	-
2.2 acquired under finance leases	-	-
a) land	-	-
b) buildings	-	-
Total B	**-**	**-**
Total (A+B)	**41**	**49**

12.2 *Core tangible assets: year-to-year changes*

(EUR/000)	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	**-**	**-**	**38**	**50**	**-**	**88**
A.1 Total net value reductions	-	-	-20	-29	-	-49
A.2 Net opening balance	**-**	**-**	**18**	**21**	**-**	**39**
B. Additions:	-	-	-	-	-	-
B.1 Purchases	-	-	-	-	-	-
B.2. Capitalized improvement expenses	-	-	-	-	-	-
B.3 Amounts recovered	-	-	-	-	-	-
B.4 Increases in fair value taken to:	-	-	-	-	-	-
a) net equity						
b) profit and loss						
B.5 Increases arising on exchange rates	-	-	-	-	-	-
B.6 Transfers from properties held for investment purposes	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Reductions	**-**	**-**	**-4**	**-5**	**-**	**-9**
C.1 Disposals	-	-	-	-	-	-
C.2 Depreciation charges	-	-	-4	-5	-	-9
C.3 Value adjustments for impairment taken to:	-	-	-	-	-	-
a) net equity						
b) profit and loss						
C.4 Reductions in fair value taken to:	-	-	-	-	-	-
a) net equity						
b) profit and loss						
C.5 Redactions due to exchange rate differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) tangible assets held for investment purposes						
b) assets being sold						
C.7 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**14**	**16**	**-**	**30**

Section 15

Heading 150: Other assets

15.1 *Other assets*

(EUR/000)	**31/12/2008**	**30/06/2008**
1. Bills for collection	-	-
2. Amounts due from revenue authorities	**117**	**374**
– taxes withheld	117	343
– advance payments	-	-
– tax credits	-	-
– VAT	-	31
– taxes recoverable	-	-
– interest on tax credit	-	-
3. Other amounts due	**850**	-
– securities drawn by lot, bonds and dividend coupons receivable	-	-
– guarantees overpaid on lending transactions	850	-
– futures and other securities transactions	-	-
– advance payments on deposit commissions	-	-
– invoices to be collected or issued	-	-
4. Deferred expenses	**52**	**48**
5. Other items	**2.208**	**188**
6. Deposits paid on derivative products	-	-
TOTALE	**3.227**	**610**

Liabilities

Section 1

Heading 10: Amounts due to Banks

1.1 *Amount due to Banks*

(EUR/000)	31/12/2008	30/06/2008
1. Due to central banks	**-**	**-**
2. Due to banks	**3.995.115**	**3.450.720**
2.1 Current accounts and demand deposits	2.658.578	-
2.2 Term deposits	-	-
2.3 Borrowings	1.239.553	3.341.376
2.4 Amounts due under commitments to buy back own shares	-	-
2.5 Liabilities in respect of assets sold but not written off	-	-
2.6 Other amounts due to banks	96.984	109.344
TOTAL	**3.995.115**	**3.450.720**

Section 3

Heading 30: Debt securities in issue

3.1 *Debt securities in issue*

(EUR/000)	31/12/2008	30/06/2008
	Fair value	**Fair value**
A. Listed securities	**1.166.959**	**1.196.677**
Bonds		
1. Structured	242.084	294.422
2. Other	924.875	902.255
Other		
1. Structured	-	-
2. Other	-	-
B. Unlisted securities	**1.522.479**	**555.097**
Bonds		
1. Structured	167.450	17.314
2. Other	110.351	107.911
Other		
1. Structured	-	-
2. Other	1.244.678	429.872
TOTAL	**2.689.438**	**1.751.774**

Section 4

Heading 40: Trading liabilities

4.1 *Trading liabilities*

(EUR/000)	31/12/2008		30/06/2008	
	Listed	Unlisted	Listed	Unlisted
A. Liquid Liabilities				
1. Amount due to Banks	-	-	-	-
2. Amount due to customers	-	-	-	-
3. Debt securities	-	-	-	-
Total A	**-**	**-**	**-**	**-**
B. Derivative products				
1. Derivatives on interest rates	-	133.254	-	101.453
2. Interest rate swaps	-	-	-	-
3. Cross currency swaps	-	2.501	-	-
4. Credit derivatives	-	8.681	-	4.096
Total B	**-**	**144.436**	**-**	**105.549**
Total (A+B)	**-**	**144.436**	**-**	**105.549**

Section 6

Heading 60: Hedging derivatives

6.1 *Hedging derivatives by type of product and underlying asset*

Type of derivative/underlying asset	Interest rates	Foreign currency/ gold	Equities	Loans	Others	**Total**
A) Listed derivative products	-	-	-	-	-	-
1) Financial derivatives:	-	-	-	-	-	-
– with exchange of principal	-	-	-	-	-	-
– options issued						
– other derivatives						
– without exchange of principal	-	-	-	-	-	-
– options issued						
– other derivatives						
2) Credit derivatives:	-	-	-	-	-	-
– with exchange of principal	-	-	-	-	-	-
– without exchange of principal	-	-	-	-	-	-
Total A	**-**	**-**	**-**	**-**	**-**	**-**
B) Unlisted derivative products						
1) Financial derivatives:	-	-	-	-	-	-
– with exchange of principal	-	3.497	-	-	-	-
– options issued	-	-	-	-	-	-
– other derivatives	-	3.497	-	-	-	**3.497**
– without exchange of principal	26.501	-	-	-	-	-
– options issued	-	-	-	-	-	-
– other derivatives	26.501	-	-	-	-	**26.502**
2) Credit derivatives:						
– with exchange of principal	-	-	-	-	-	-
– without exchange of principal	-	-	-	-	-	-
Total B	**26.501**	**3.497**	**-**	**-**	**-**	**29.998**
Total 31/12/2008	**26.501**	**3.497**	**-**	**-**	**-**	**29.998**
Total 30/06/2008	**34.834**	**2.122**	**-**	**-**	**-**	**36.956**

6.2 *Liability hedge derivatives by portfolio hedged and hedge type*

	Fair value hedges						Cash flow hedges	
	Specific risks					General risk	Specific risks	General risk
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk			
1. AFS securities	-	-	-	-	-	-	-	-
2. Loans and receivables	-	-	-	-	-	-	-	-
3. Financial assets held to maturity	-	-	-	-	-	-	-	-
4. Collective	-	-	-	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	26.501	3.497	-	-	-	-	-	-
2. Collective	-	-	-	-	-	-	-	-
Total Liabilities	**26.501**	**3.497**	**-**	**-**	**-**	**-**	**-**	**-**

Section 8

Tax liabilities

8.1 *Current tax liabilities*

(EUR/000)	31/12/2008	30/06/2008
IRC –Impot sur le revenu des collectivités	8.245	3.077
ICC – Impot commercial le sur bénéfice	2.445	1.000
Other	-	-
Total	**10.690**	**4.077**

8.2 *Deferred tax liabilities*

(EUR/000)	31/12/2008	30/06/2008
Deferred income tax assets	17.960	30.224
Deferred income tax liabilities	-18.913	-30.708
Other	-	-
Total	**-953**	**-484**

Section 10

Other liabilities

10.1 *Other liabilities*

(EUR/000)	31/12/2008	30/06/2008
1. Bills for collection	-	-
2. Amounts payable in respect of:	126	184
– coupons and dividends pending collection	-	-
– commissions payable to banks	-	-
– commissions payable to participants in underwriting syndicates	-	-
– sums available for payments to third parties	-	-
– invoices pending settlement or issue	*126*	*184*
– premiums, grants, and other items relating to lending transactions	-	-
3. Amounts due to revenue authorities	-	-
4. Wages accrued, contributions and amounts withheld from staff for payment	10	9
5. Inter-bank accounts, deferred value dates	-	-
6. Deposits paid on derivative products (marked to market)	-	-
7. Deferred income	899	1.675
8. Other items	2.157	7.600
9. Adjustments on consolidation	-	-
Total	**3.192**	**9.468**

Section 15

EQUITY

Subscribed Capital

On 21 December 2005, the shareholders of the Bank decided to transfer the registered office and the principal establishment of the Bank from the Cayman Islands to the Grand-Duchy of Luxembourg and declared that the Bank had accordingly adopted the Luxembourg nationality.

In addition, the shareholders of the Bank decided to adopt the form of “Société Anonyme”, to change the name of the Bank to Mediobanca International (Luxembourg) S.A. and to restructure the capital of the Bank by replacing the 10 million shares with a par value of EUR 1 with 1 million shares with a par value of EUR 10, all of the shares being fully subscribed by Mediobanca Group. As of 21 December 2005, the share capital of the Bank amounted to EUR 10.000.000 and was divided into 1 million shares of a par value of EUR 10 each.

As of 31 December 2008, the share capital of the Bank amounts to EUR 10.000.000 and is divided into 1 million shares with a par value of EUR 10 each.

Reserves and profit brought forward

Profit brought forward as of 30 June 2007 has been fully allocated to reserves by the general shareholders meetings held on October 2007.

Under Luxembourg law an amount equal to at least 5% of the net profit must be allocated to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution. The full allocation of 10% of share capital was effected in the allocation of profits following the Board of Directors resolution of 16 October 2006.

As of 30 June 2008 the Bank has opted for the exoneration of the net wealth tax charge provided that the following conditions have been respected:

- A reserve equivalent to 5 times the net wealth tax liability is recorded following the decision of the Shareholders meeting;
- The reserve will be maintained for a period at least of five years.

NOTES TO PROFIT AND LOSS ACCOUNT

Section 1

Headings 10 and 20: Net interest income

1.1 *Interest and similar income*

(EUR/000)	Performing assets		Impaired assets	Other assets	6 mths to 31/12/08	6 mths to 31/12/07
	Debt securities	Loans and advances				
1. Financial assets held for trading	1.263	-	-	-	1.263	153
2. Financial assets at fair value	-	-	-	-	-	-
3. AFS securities	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
5. Due from banks	-	-	-	27.627	27.267	78.362
6. Due from customers	-	128.642	-	-	128.642	85.384
7. Hedging derivatives	-	-	-	15.806	15.806	9.748
8. Financial assets sold but not derecognized	-	-	-	-	-	-
9. Other assets	-	-	-	-	-	-
Total	**1.263**	**128.642**	**-**	**43.073**	**172.978**	**173.647**

1.2 *Interest expense and similar charges*

EUR/000	Payables	Securities	Other liabilities	6 mths to 31/12/08	6 mths to 31/12/07
1. Due to banks	-78.286	-	-	-78.286	-88.074
2. Due to customers	-	-	-3.693	-3.693	-395
3. Debt securities	-	-54.727	-	-54.727	-70.823
4. Trading liabilities	-	-	-	-	-
5. Liabilities at fair value	-	-	-	-	-
6. Liabilities in respect of assets sold but not yet derecognized	-	-	-	-	-
7. Other liabilities	-	-	-	-	-
8. Hedging derivatives	-	-	-12.446	-12.446	-6.238
Total	**-78.286**	**-54.727**	**-16.139**	**-149.152**	**-165.530**

Section 2

Headings 40 and 50: Net fee income

2.1 *Fee and commission income*

(EUR/000)	6 mths to 31/12/08	6 mths to 31/12/07
a) guarantees given	145	62
b) credit derivates	-	-
c) management, trading and advisory services:	-	-
1. securities dealing	-	-
2. currency dealing	-	-
3. asset management	-	-
3.1 private individuals	-	-
3.2 groups	-	-
4. securities under custody and non - discretionary	-	-
5. bank deposits	-	-
6. securities placing	-	500
7. procurement of orders	-	-
8. advisory services	-	-
9. agency fees	-	-
9.1 asset management	-	-
9.1.1 private individuals	-	-
9.1.2 groups	-	-
9.2 insurance products	-	-
9.3 other products	-	-
d) collection and payment services	-	-
e) securitization servicing	-	-
f) factoring servicing	-	-
g) tax collection and receipt services	-	-
h) other services	21.061	13.466
Total	**21.206**	**14,028**

2.3 *Fee and commission expense*

(EUR/000)	6 mths to 31/12/08	6 mths to 31/12/07
a) guarantees received	-123	-
b) credit derivatives	-	-
c) management and services:	-	-
1. securities dealing	-	-
2. currency dealing	-	-
3. asset management:	-	-
3.1 own portfolio	-	-
3.2 clients' portfolios	-	-
4. securities custody and non-discretionary management	-	-
5. securities placing	-	-400
6. door-to-door sales of securities, products and services	-	-
d) collection and payment services	-	-
e) other services	-10.821	-7.163
Total	**-10.944**	**-7.563**

Section 4

Heading 80: Net trading income

4.1 *Net trading income*

(EUR/000)	Gains	Dealing profits	Adjustments	Dealing losses	31/12/2008	31/12/2007
1. Trading assets						
1.1 Debt securities	-	56	-2.699	-	**-2.643**	**-141**
1.2 Equities	-	-	-	-	-	-
1.3 OICR units	-	-	-	-	-	-
1.4 Loans and receivables	-	-	-	-	-	-
1.5 Others	-	-	-	-	-	-
2. Other financial assets – exchange rate difference	-	-	-446.656	-	**-446.656**	-
3. Trading liabilities	-	-	-	-	-	-
3.1 Debt securities	5.106	-	-	-	**5.106**	-
3.2 Payables	-	-	-	-	-	-
3.3 Other	-		-	-	-	-
4. Other financial liabilities: exchange rate differences	438.569	-	-	-	**438.569**	**-551**
5. Derivative products	45.700	9.561	-40.173	-9.729	**5.359**	-
5.1 Financial derivatives:	37.392	9.561	-39.618	-9.509	**-2.174**	-
– on debt securities/interest rates	-	3.096	-	-	**3.096**	-
– on equities/share indexes	-	-	-	-	-	-
– on foreign currency/gold	2.447	-	-2.306	-	**141**	**228**
– others	34.945	6.465	-37.312	-9.509	**-5.411**	-
5.2 Credit derivatives	8.308	-	-555	-220	**7.533**	-
Total	**489.375**	**9.617**	**-489.528**	**-9.729**	**-265**	**-464**

Section 5

Heading 90: Net hedging income

5.1 *Net hedging income/expense*

(EUR/000)	6 mths to 31/12/2008	6 mths to 31/12/2007
A. Income from::		
A.1 Fair value hedge derivatives	23.293	3.793
A.2 Financial assets hedged (fair value)	-	-
A.3 Financial liabilities hedged (fair value)	6.472	2.993
A.4 Cash flow hedge financial derivatives	-	-
A.5 Assets and liabilities in foreign currency	-	-
Total hedging income (A)	**29.765**	**6.786**
B. Expenses relating to:		
B.1 Fair value hedge derivatives	-48	-1.727
B.2 Financial assets hedged (fair value)	-	-
B.3 Financial liabilities hedged (fair value)	-30.509	-3.389
B.4 Cash flow hedge financial liabilities	-	-
B.5 Assets and liabilities in foreign currency	-	-
Total hedging expenses (B)	**-30.557**	**(5.116)**
C. Net hedging income (A-B)	**-792**	**1.670**

Section 11

Heading 180: Administrative expenses

11.1 *Personnel costs*

(EUR/000)	6 mths to 31/12/08	6 mths to 31/12/07
1. Employees		
a) wages and salaries	-134	-72
b) social security charges	-16	-8
c) severance indemnities	-	-
d) pension contributions	-	-
e) transfers to severance indemnity provision	-	-
f) transfers to post-employment and similar benefits:	-	-
– defined contribution	-14	-
– defined benefit	-	-
g) payments to outside complementary pension schemes:	-	-
– defined contribution	-	-
– defined benefit	-	-
h) expenses incurred in connection with share payment schemes	-	-
i) other staff benefits	-	-
2. Other staff	-123	-172
3. Directors	-53	-55
Total	**-340**	**-307**

11.5 *Other administrative expenses*

EUR/000	6 mths to 31/12/08	6 mths to 31/12/07
OTHER ADMINISTRATIVE EXPENSES		
– outside consultants' fees	-111	-150
– legal fees due in respect of credit recovery		
– share and bond administration	-12	-37
– advertising		-1
- insurance		
– research and publications		
– charitable donations		
– rent	-72	-75
– maintenance, repairs and refurbishment	-3	-4
– service lease instalments		
– financial information subscriptions		
– stationery and printing	-2	-3
– membership subscriptions		
– postal, telephone, fax and telex charges	-5	-8
– newspapers, magazines and library acquisitions		
– travel and entertainment	-16	-11
– other staff expenses	-12	-3
– utilities		
– EDP costs	-196	-140
– bank charges	-10	-7
– transport		
– outsourced activities	-130	-130
– expensed assets		
– other expenses	-61	
Total other expenses	**-630**	**-569**
– indirect and other taxes		
- asset tax		
- substitutive and registration taxes, franking of reserves		
- substitutive tax and sundry other taxes	-122	-93
Total indirect tax	**-122**	**-93**
Total other administrative expenses	**-752**	**-662**

Section 13

Heading 200: Net adjustments to tangible assets

13.1 *Net adjustments to tangible assets*

(EUR/000)	Depreciation	Adjustments for impairment	Amounts recoveres	Net amount
A. Tangible assets				
A.1 Owned:				
– Core	-8			-8
– Investment				
A.2 Acquired under finance leases:				
– Core				
– Investment				
Total	**-8**			**-8**

Section 15

Heading 220: Other operating income (expenses)

15.1 *Other operating income (expenses)*

	(EUR/000)	6 mths to 31/12/08	6 mths to 31/12/07
a)	OTHER INCOME (EXPENSES) – OTHER		
	Reminder expense reimbursements		
	Sundry other expense reimbursements		
	Communications expense reimbursements		
	Direct debit expense reimbursements		
	Sundry operating expenses debited		
	Other income	3	67
	Extraordinary income		
	Extraordinary charges		
	Total	3	67
b)	OTHER INCOME (EXPENSES) – AMOUNTS RECOVERED		
	– Stamp duty substitutive tax		
	– Amounts recovered from staff		
	– Amounts recovered from clients		
	– Other amounts recovered		
	Total	**3**	**67**

Section 20

Heading 290: Income tax on ordinary activities

20.1 *Income tax on ordinary activities*

(EUR/000)	6 mths to 31/12/08	6 mths to 31/12/06
1. Current taxes	-5.864	-3.143
2. Changes in current tax for previous financial years		
3. Decrease in current tax for period		
4. Changes in advance tax		649
5. Changes in deffered tax	-468	
Total	**-6.152**	**-2.494**