MEDIOBANCA INTERNATIONAL
(LUXEMBOURG) S.A.
A wholly-owned subsidiary of Mediobanca Group

Interim Report
for the six months ended December 31, 2010

MEDIOBANCA INTERNATIONAL (LUXEMBOURG)

SOCIÉTÉ ANONYME

SHARE CAPITAL € 10,000,000.00

HEAD OFFICE: 14, BOULEVARD ROOSEVELT – L-2450 LUXEMBOURG www.mediobancaint.lu

BOARD OF DIRECTORS

		Term expires	Location
MASSIMO DI CARLO	CHAIRMAN	2011	ITALY
LUCA MACCARI	MANAGING DIRECTOR	2011	LUXEMBOURG
PETER W. GERRARD	»	2011	LUXEMBOURG
DANIEL CARDON DE LICHTBUER	DIRECTOR	2011	BELGIUM
STEFANO PELLEGRINO	»	2011	ITALY
SILVIO PERAZZINI	»	2011	ITALY
FEDERICO POTSIOS	»	2011	ITALY
ALEX SCHMITT	»	2011	LUXEMBOURG

LEGAL ADVISOR

BONN SCHMITT STEICHEN	LUXEMBOURG

APPROVED STATUTORY AUDITOR

ERNST & YOUNG S.A.	LUXEMBOURG

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Mediobanca International (Luxembourg) S.A.
Head Office: 14, Boulevard Roosevelt, L-2450 Luxembourg
Mediobanca Banking Group
Share capital: € 10,000,000 fully paid up

FINANCIAL SITUATION AT 31 DECEMBER 2010
BOARD OF DIRECTORS' REVIEW OF OPERATIONS

The financial statements for the period ended 31 December 2010 have been prepared in accordance with International Financial Accounting Standards as adopted by the European Union. Data presented for purposes of comparison has also been compiled on an IFRS-compliant basis.

In the six months under review, the Bank earned a net profit of €18,294,000 (31/12/2009: €12,313,000).

During the period under review notes worth a total of €31,852,000 were issued against the Bank's Medium Term Notes Programme and €960,059,000 were issued against its Short Term Programme. Customer lending amounted to €3,741,457,000 (30/06/2010: €3,856,006,000). Net fee and commission income for the period totalled €10,230,000 (31/12/2009: €7,096,000).

No material risks relevant to the Bank arose during the course of the financial year.

No major events have occurred subsequent to the reporting date which could materially impact on the Bank's asset, earnings or financial situation.

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

With respect to reporting requirements regarding the direction and co-ordination of Mediobanca International (Luxembourg) S.A. it should be noted that accounts outstanding between the Bank its Parent and other group companies are financial in nature and may be summarized as follows:

Parent Company:	
Loans & Advances to Mediobanca S.p.A	€ 430,191,000
Due to Mediobanca S.p.A.	€1,926,829,000

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

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

Statement of Directors' responsibilities

To the best of our knowledge, the interim accounts of MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A. (the "Bank") give a true and fair view of the assets, liabilities, financial position and profit and loss of the Bank in accordance with applicable accounting standards. The Directors' 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 31 December 2010.

Luxembourg, 15 February 2011

The Board of Directors

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

SEMIANNUAL ACCOUNTS (*)

(*) *limited review audit procedures have been performed by the Independent Auditing Firm* Ernst&Young S.A.

BALANCE SHEET

	Assets	31/12/2010	30/06/2010
		€	€
10.	Cash and cash balances with Central Banks	14.252.268	25.450.327
20.	Financial assets held for trading	1.065.435.031	1.165.995.867
60.	Loans and advances to Credit Institutions	719.320.881	1.097.940.367
70.	Loans and advances to Customers	3.741.457.114	3.844.325.211
80.	Hedging derivatives	136.893.650	153.308.960
120.	Property, plant and equipment	2.741	3.474
130.	Tax assets	118.539.255	123.469.021
	a) current	-	-
	b) deferred	*118.539.255*	*123.469.021*
150.	Other assets	12.662.046	13.956.117
	TOTAL ASSETS	**5.808.562.986**	**6.424.449.344**

	Liabilities and equity	31/12/2010	30/06/2010
		€	€
10.	Amounts due to Credit Institutions	2.758.592.236	2.609.899.418
20.	Amounts due to Customers	511.843.010	539.805.788
30.	Debt securities in issue	1.910.933.805	2.635.071.353
40.	Trading liabilities	273.776.722	290.193.008
60.	Hedging derivatives	16.096.384	33.243.193
80.	Tax liabilities	141.703.606	144.196.217
	a) current	*22.675.454*	*19.456.196*
	b) deferred	*119.028.152*	*124.740.021*
100.	Other liabilities	10.804.898	5.521.843
160.	Reserves	156.518.524	121.226.578
190.	Share capital	10.000.000	10.000.000
200.	Profit of the period	18.293.801	35.291.946
	TOTAL LIABILITIES AND EQUITY	**5.808.562.986**	**6.424.449.344**

The accompanying notes form an integral part of the interim accounts.

STATEMENT OF COMPREHENSIVE INCOME

	CAPTION	31/12/2010	31/12/2009
		€	€
010.	Interests receivable and similar income	68.455.343	66.470.177
020.	Interests payable and similar charges	-53.113.817	-52.360.732
030.	**Net interest income**	**15.341.526**	**14.109.445**
040.	Fee and commission income	24.820.863	15.583.894
050.	Fee and commission expense	-15.790.925	-8.487.928
060.	**Net fee and commission income**	**9.029.938**	**7.095.966**
080.	Net trading income/expense	-1.588.276	-3.639.626
090.	Net hedging income/expense	-73.943	-293.207
100.	Gain or loss on disposal or repurchase of:	517.755	65.917
	a) loans and receivables	-	*65.917*
	b) financial assets available for sale	-	-
	c) financial assets held to maturity	-	-
	d) financial liabilities	*517.755*	-
120.	**Total income**	**23.227.000**	**17.338.496**
130.	Value adjustments in respect of:	106.270	-356.267
	a) loans and receivables	*245.392*	*-334.499*
	b) financial assets available for sale	-	-
	c) financial assets held to maturity	-	-
	d) other financial operations	*-139.122*	*-21.768*
140.	**Net income from the financial management**	**23.333.270**	**16.982.229**
180.	Administrative expenses:	-2.424.923	-1.275.397
	a) personnel costs	*-530.630*	*-450.920*
	b) other administrative expenses	*-1.894.293*	*-824.477*
200.	Value adjustments in respect of tangible assets	-732	-8.834
220.	Other operating income/expense	335.079	39.863
280.	**Profit (loss) of the ordinary activity before tax**	**21.242.694**	**15.737.861**
290.	Income tax on the ordinary activity	-2.948.893	-3.425.215
340.	**Profit (loss) for the year**	**18.293.801**	**12.312.646**
350.	Other comprehensive income, net of tax	-	-
360.	**Total comprehensive income for the year, net of tax**	**18.293.801**	**12.312.646**

The accompanying notes form an integral part of the interim accounts.

STATEMENT OF CHANGES IN EQUITY FROM 01/07/2010 TO 31/12/2010 (in €)

	Balance as of June 30, 2010	Allocation of the profit for the previous period		Changes during the reference period					Balance as of Dec 31, 2010
					Transactions involving equity				
		Reserves	Dividends and other fund applications	Changes to valuation reserves	New shares issued	Treasury shares derivatives	Stock options and others	Profit (loss) of the period	
Share capital	**10.000.000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10.000.000**
a) ordinary shares	10.000.000	-	-	-	-	-	-	-	10.000.000
b) other shares	-	-	-	-	-	-	-	-	-
Profit brought forward	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves	**121.226.578**	**35.291.946**	**-**	**-**	**-**	**-**	**-**	**-**	**156.518.524**
a) legal reserve	1.000.000	-	-	-	-	-	-	-	1.000.000
b) free reserve	111.047.828	32.041.946	-	-	-	-	-	-	143.089.774
c) special reserve[1]	8.961.750	3.250.000	-	-	-	-	-	-	12.211.750
d) FTA reserve	217.000	-	-	-	-	-	-	-	217.000
Valuation reserves	-	-	-	-	-	-	-	-	-
a) AFS securities	-	-	-	-	-	-	-	-	-
b) cash flow hedges	-	-	-	-	-	-	-	-	-
c) special laws – others	-	-	-	-	-	-	-	-	-
Own shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Comprehensive income of the period	**35.291.946**	**-35.291.946**	**-**	**-**	**-**	**-**	**-**	**18.293.801**	**18.293.801**
Total equity	**166.518.524**	**-**	**-**	**-**	**-**	**-**	**-**	**18.293.801**	**184.812.325**

[1] As of 30 June 2010 and 2009 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 charge is recorded following the decision of the Shareholders meeting;
- The reserve will be maintained for a period at least of five years.

The accompanying notes form an integral part of the interim accounts.

CASH FLOW STATEMENT
(Amount expressed in € k)

		Amount	
A.	**Cash flow from operating activities**	**31/12/2010**	**31/12/2009**
1.	**Operating activities**	**584.567**	**563.675**
	– interest received	744.531	123.476
	– interest paid	-165.061	-60.618
	– dividends and similar income	-	-
	– net fees and commission income	8.691	6.804
	– cash payments to employees	-388	-209
	– net premium income	-	-
	– other premium from insurance activities	-	-
	– premium received	-	494.766
	– other expenses paid	-2.703	-429
	– other income received	61	144
	– income taxes paid	-564	-259
	– net expense/income from groups of assets being sold	-	-
2.	**Cash generated/absorbed by financial assets**	**431.672**	**2.949.042**
	– financial assets held for trading	100.785	1.987
	– financial recognised at fair value	-	-
	– AFS securities	-	-
	– due from customers	-484.145	1.539.908
	– due from banks: on demand	724.508	79.945
	– due from banks: other	89.526	520.579
	– other assets	998	806.623
3.	**Cash generated/absorbed by financial liabilities**	**-1.016.239**	**-3.512.716**
	– due to banks: on demand	-625.247	-15.042
	– due to banks: other	-2.528	-
	– due to customers	48.473	-3.072.817
	– debt securities	-370.204	-396.518
	– trading liabilities	-65.668	-28.204
	– financial liabilities assets recognized at fair value	-	-
	– other liabilities	-1.065	-135
	Net cash flow (outflow) from operating activities	**-**	**1**
B.	**Cash flow from investing activities**		
	Cash absorbed by	**-**	**-**
	– acquisitions of tangible assets	-	-
	– acquisitions of intangible assets	-	-
	Net cash flow (outflow) from investing activities	**-**	**-**
C.	**Financing activities**		
	– issues/purchases of subordinated debts	-	-
	Net cash flow (outflow) from financing activities	**-**	**-**
	Net cash flow (outflow) during year	**-**	**-**

	Amount	
RECONCILIATION	**31/12/2010**	**31/12/2009**
Cash and cash equivalents: balance at 1 July	1	-
Total cash flow (outflow) during year	-	1
Cash and cash equivalents: exchange rate effect	-	-
Cash and cash equivalents: balance at 31 December	1	1

The accompanying notes form an integral part of the interim accounts.

NOTES TO THE SEMIANNUAL ACCOUNTS

PART A – CORPORATE INFORMATION

Corporate matters

Mediobanca International (Luxembourg) S.A. (the "Bank") was incorporated under the name of "Mediobanca International Limited" on 13 September 1990 under the Companies Law of the Cayman Islands, with its registered office at Ugland House, South Church Street, P.O. Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies.

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" and to change the name of the Bank into Mediobanca International (Luxembourg) S.A..

Nature of the Bank's business

Mediobanca International (Luxembourg) S.A. is mostly focused on structured lending transactions and the related activity of buying and selling on the secondary market.

Corporate lending: the business handles loans to corporate, which are generally medium-to-long term, and are granted with a view to meeting our clients' needs for financing in relation either to specific investments or to structural needs generated by growth. Loans may be disbursed to all kinds of corporate clients, whether industrial or service-oriented, European or non-European, large or mid-size. Larger facilities may be syndicated to a select number of trusted banking counterparties or with the broader involvement of international banks.

Structured finance: the business is focused on transactions involving a considerable degree of financial leverage and limited recourse to the originator. Such deals usually arise as a result of industrial or infrastructure capital spending requirements, or of acquisitions of listed or non-listed companies launched inter alia with the backing of institutional investors. Such facilities are often structured in complex fashion, including in terms of contracts and guarantees, in order to maintain the risk profile of the transaction within limits that are acceptable to the banking community. Because of their size, such loans are often syndicated.

Export finance: this chiefly involves providing financial support to Italian exporters of goods and services to non-Italian counterparties usually located in emerging markets. It may take the form of financing with the benefit of insurance covers and interest rate subsidies from SIMEST, SACE or other European export credit agencies. The structuring of these transactions, which are often part-syndicated to other banking counterparties, goes hand-in-hand with advisory services provided to clients in respect of commercial negotiations with government organizations granting the insurance cover and/or interest rate subsidy.

The Bank raises funds on international markets, via the issuance of medium-long term or short term financial instruments under the terms of specific programs (Notes, Certificats de Dépôt, Commercial Papers) fully guaranteed by the Parent Company. Mediobanca S.p.A. guarantees a plafond of funding which could be drawn in different ways (i.e. overdraft on current accounts, medium-long term loans, money-market transactions) and provides as well treasury services.

Outsourcing

Since inception, the Bank has outsourced a significant part of its activities to the Parent company under the terms of a servicing contract.

Annual accounts

The Bank's financial year runs from 1 July to 30 June.

Parent company

The Bank is a wholly-owned subsidiary of Mediobanca – Banca di Credito Finanziario S.p.A. (hereafter "Mediobanca S.p.A."), having its registered office in Piazzetta Enrico Cuccia n.1, Milan, Italy. The semiannual accounts of the Bank are included in the consolidated financial statements of Mediobanca S.p.A..

Mediobanca S.p.A. is the leading investment bank in Italy and helped for over 60 years clients grow, offering high-quality advisory services and providing finance in all its various forms, from more traditional bank credit to the most sophisticated solutions available on capital markets.

PART B – ACCOUNTING POLICIES

Section 1

Statement of conformity with IAS/IFRS

The Bank's interim accounts for the period ended 31 December 2010 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standard (IAS) issued by the International Accounting Standards Board (IASB) which were adopted by the European Commission in accordance with the procedure laid down in Article 6 of Regulation CE 1606/02 issued by the European Council and Commission on 19 July 2002.

Section 2

General principles

The semiannual accounts comprise:

- balance sheet;
- statement of comprehensive income;
- statement of changes in equity;
- cash flow statement (direct method);
- notes to the semiannual accounts.

All the statements have been drawn up in conformity with the general principles provided for under IAS and the accounting policies illustrated in section 4, and show data for the period under review compared with that for the previous financial period.

Section 3

Basis of preparation

The semiannual accounts are prepared on the historical cost basis except for financial instruments held for trading, for derivatives concluded for hedging purposes, which are measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

The balance sheet, statement of comprehensive income and the statement of changes in equity are presented in Euro (€). Cash flow statement and notes to the semiannual accounts are presented in € k unless otherwise stated.

The preparation of semiannual accounts in accordance with IFRS as adopted by the European Union 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 recognised 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.

Section 4

Accounting policies

Summary of significant accounting policy

Financial assets other than derivatives

Loans and advances

These comprise loans to customers and banks which provide for fixed or otherwise determinable payments that are not quoted in an active market and which cannot therefore be classified as available for sale.

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

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

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

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

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

Accounts for which there are no objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subject to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the impairment date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to the comprehensive income, as appropriate. At each annual and interim reporting date, any writedowns or writebacks are remeasured on a differentiated basis with reference to the entire portfolio of loans deemed to be performing at that date.

Held for trading financial assets

These comprise debt securities with fixed or otherwise determinable payments and fixed maturities. At the settlement date such assets are recognized at fair value not including any transaction expenses or income directly attributable to the asset concerned, which are taken through the comprehensive income.

After initial recognition they continue to be measured at fair value, which for listed instruments is calculated on the basis of market prices ruling at the reporting date (Level 1 assets). If no market prices are available, other valuation methods and models are used based on market-derived data (Level 2 assets), e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions, or alternatively valuations based on internal estimates (Level 3 assets). Equities and other complex instruments for which it is not possible to reliably determine fair value using the methods described above are stated at cost (these too qualify as Level 3 assets). If the assets suffer impairment, they are written down to their current value.

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

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

Effective from 1 July 2008, the Bank may reclassify, in certain circumstances, non-derivative financial assets out of the held for trading category and into the available-for-sale, loans and advances, or held-to-maturity categories. From this date it may also reclassify, in certain circumstances, financial instruments out of the available-for-sale category and into the loans and advances category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

The Bank may reclassify a non-derivative trading asset out of the held for trading category and into the loans and advances category if it meets the definition of loans and advances and the Bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to comprehensive income over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the comprehensive income.

Reclassification is at the election of Management, and is determined on an instrument by instrument basis. The Bank did not reclassify any financial instrument as of 31 December 2010.

Financial liabilities other than derivatives

The Bank classifies its financial liabilities other than derivatives in the following category: Financial liabilities measured at amortised cost.

<u>Financial liabilities measured at amortised cost</u>

These include the items Due to banks, Due to customers and Debt securities in issue less any shares bought back.

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

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

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

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 comprehensive income.

Derivative financial instruments

Derivatives, including separated embedded derivatives, are 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 comprehensive income. 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.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are restated at fair value. The method of recognizing the resulting fair value gain or loss depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the items 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 comprehensive income. These embedded derivatives are measured at fair value with changes in fair value recognized in the comprehensive income.

(I) 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 comprehensive income.

(II) 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 hedged 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 comprehensive income. These amounts are included in the caption “Net hedging income/expense”.

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 comprehensive income.

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 comprehensive income at the same time that the hedged transaction affects comprehensive income 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 comprehensive income immediately.

As at 31 December 2010 and 2009 the Bank does not hold any cash flow hedged transactions.

Cash and cash equivalents

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

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 the interest caption.

As at 31 December 2010 and 2009 the Bank did not enter into repurchase agreements or reverse repurchase agreements.

Tangible assets

The Bank recognises 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 comprehensive income 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 comprehensive income 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. Taken into consideration the nature of the Bank's tangible assets, depreciation rate used is 20%.

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

Other assets

Other assets are stated at cost less impairment.

Pension plans

The Bank operates a defined contribution pension plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under Administrative expenses. The Bank has no defined benefit obligation regarding post employee benefit to be recognised under IAS 19.

Provisions

Provisions are recognised 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 comprehensive income 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.

Other liabilities

Other liabilities are stated at cost.

Tax assets and liabilities

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

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

"Day1" profit or loss

When the transaction price is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in Net trading income/expense. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the comprehensive income when the inputs become observable, or when the instrument is derecognised.

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.

Transfer and derecognition of financial assets

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

Assets or group of assets which are sold continue to be recognized if the risks and benefits associated with them (in the relevant technical form) continue to be attributable to the Bank. A corresponding amount is then entered as a liability to offset any amounts received (as "other amounts due" or "amounts due under repo transactions").

The main forms of activity carried out by the bank which require underlying assets to be derecognized refer to items received as a part of the depositary bank activity, the return on which is collected in the form of a commission; these items are not recorded as long as the related risks and benefits continue to accrue entirely to the end-investor.

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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.

For financial assets carried at amortised cost (such as loans and advances), the Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). 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 comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Interest and similar income". Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new effective interest rate determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors (financial, budget and business analysis are performed taking into consideration most recent data).

Future cash flows of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with similar credit risk characteristics. Estimates of changes in future cash flows reflect changes in related observable data from year to year and certain components of expected loss models (Probability of default, Loss Given Default, etc) are used to determine the amount charged to comprehensive income.

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 comprehensive income. 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. .

Interest income and expenses

For all instruments measured at amortised cost, interest income and expenses are recognised in the comprehensive income 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 and expenses

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

Fee and commission expenses arise on financial services received by the Bank in relation to its lending activity. They are recognized when the corresponding service is received or on an accrued basis for guarantees received on loans.

Net trading income/expense

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 or loss.

Taxes

Income tax on the comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the comprehensive income 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 at 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.

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 semiannual accounts are presented in euro (€), which is the Bank's functional and presentational currency.

Foreign currency transactions are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than euro are re-translated into euro at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such conversion is recorded in the comprehensive income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the balance sheet date.

Reclassifications of prior year figures

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

More specifically in order to better represent the Bank's business and its effective profit worthiness, costs due for guarantees received on lending portfolio have been reclassified from caption "050. Fee and commission expenses" into caption "02. Interest payable and similar charges".

Related parties

Related parties are defined by IAS 24 as:

a) Individuals or entities which directly or indirectly:

1. are subject to joint control by the Bank (including parent companies, subsidiaries and associates);

2. own an interest in the Bank which enables them to exert a significant influence over it: "significant influence" is presumed to exist in cases where an individual or entity owns a shareholding of more than 5% of the share capital of Mediobanca International (Luxembourg) S.A., along with the entitlement to appoint at least one member of the Board of Directors;

b) associate companies;

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

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

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

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

Section 5

Significant accounting estimates and judgement

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Going concern

The Bank's Board of Directors has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the semiannual accounts continue to be prepared on the going concern basis.

PART C – NOTES TO THE BALANCE SHEET

ASSETS

Section 1

Heading 10: Cash and cash balances with Central Banks

1.1 Cash and cash balances with Central Banks (in € k)

	31/12/2010	30/06/2010
a) Cash	1	1
b) Demand deposit held at Central Banks	14.251	25.449
Total	**14.252**	**25.450**

Credit institutions established in Luxembourg are required to hold a minimum reserve 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.

Mandatory reserve deposits with the central bank are not used in the Bank’s day to day operations.

Section 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: breakdown (in € k)

Item/Value	31/12/2010			30/06/2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	225.104	—	—	282.651	—	—
1.1 Structured	5.318	—	—	—	—	—
1.2 Other debt securities	219.786	—	—	282.651	—	—
2. Equities	—	—	—	—	—	—
3. OICR units	—	—	—	—	—	—
4. Loans and advances	—	—	—	—	—	—
4.1 Repos	—	—	—	—	—	—
4.2 Others	—	—	—	—	—	—
Total A	**225.104**	**—**	**—**	**282.651**	**—**	**—**
B. Derivative products						
1. Financial derivatives	—	376.028	136.355	—	414.351	141.928
1.1 Trading	—	376.028	—	—	322.044	—
1.2 Linked to FV options	—	—	—	—	—	—
1.3 Others	—	—	136.355	—	92.307	141.928
2. Credit derivatives	—	327.948	—	—	325.696	1.370
2.1 Trading	—	259.302	—	—	294.875	—
2.2 Linked to FV options	—	—	—	—	—	—
2.3 Others	—	68.646	—	—	30.821	1.370
Total B	**—**	**703.976**	**136.355**	**—**	**740.047**	**143.298**
Total (A+B)	**225.104**	**703.976**	**136.355**	**282.651**	**740.047**	**143.298**

Level 1: fv is calculated on the basis of market prices ruling at the reporting date.

Level 2: fv is calculated on the basis of valuation methods or models based on market-derived data (e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions).

Level 3: fv is calculated on the basis of internal estimates.

2.2 Cash assets held for trading (excluding assets sold but not derecognized/impaired assets): movements during the period (in € k)

	Debt securities	Equities	OICR units	Loans and advances	Total
A. Balance at start of period	**282.651**	**—**	**—**	**—**	**282.651**
B. Additions	83.911	—	—	—	83.911
B.1 Acquisitions	—	—	—	—	—
B.2 Increases in fair value	57.787	—	—	—	57.787
B.3 Other increases	26.124	—	—	—	26.124
C. Reductions	141.458	—	—	—	141.458
C.1 Disposals	—	—	—	—	—
C.2 Redemptions	39.848	—	—	—	39.848
C.3 Reductions in fair value	67.332	—	—	—	67.332
C.4 Transfers to other portfolios	—	—	—	—	—
C.5 Other reductions	34.278	—	—	—	34.278
D. Balance at end of period	**225.104**	**—**	**—**	**—**	**225.104**

Section 6

Heading 60 – Loans and advances to credit institutions

6.1 Loans and advances to credit institutions: breakdown (in € k)

Type of transactions/Value	31/12/2010	30/06/2010
1. Current accounts and demand deposits	144.791	655.513
1.1 current accounts	80.450	577.684
1.2 stock lending deposits[1]	64.341	77.829
1.3 others deposits on demand	—	—
2. Term deposits	285.457	96.029
3. Other receivables:	289.073	346.398
3.1 amounts due under repo agreements	—	—
3.2 amounts due under finance leases	—	—
3.3 amounts due under stock lending transactions	88.460	92.097
3.4 other amounts due	200.613	254.301
4. Debt securities	—	—
4.1 structured	—	—
4.2 other debt securities	—	—
Total book value	**719.321**	**1.097.940**
Total fair value	**718.131**	**1.097.173**

None of the loans and borrowings of the Bank is hedged with financial instruments. The Bank does not book any receivable under the terms of finance lease (IAS 17).

[1] As a part of the securities lending agreement, the Bank has received cash as collateral.

Section 7

Heading 70: Loans and advances to customers

7.1 Loans and advances to customers: breakdown (in € k)

Type of transactions/Value	31/12/2010		30/06/2010	
	Performing	Non performing	Performing	Non performing
1. Current accounts	—	—	—	—
2. Amounts due under repo agreements	—	—	—	—
3. Loans	3.663.198	78.259	3.733.165	111.160
4. Credit cards, personal loans and salary – guaranteed finance	—	—	—	—
5. Amounts due under finance leasing	—	—	—	—
6. Factoring	—	—	—	—
7. Other transactions	—	—	—	—
8. Debt securities	—	—	—	—
8.1 structured	—	—	—	—
8.2 other debt securities	—	—	—	—
9. Assets sold but not derecognized	—	—	—	—
Total book value	**3.663.198**	**78.259**	**3.733.165**	**111.160**
Total fair value	**3.643.897**	**78.259**	**3.694.817**	**111.160**

7.2 Loans and advances to customers: assets subject to specific hedging (in € k)

Type of transactions/Value	31/12/2010	30/06/2010
1. Items subject to specific fair value hedges for:	—	—
a) interest rate risk	424.056	441.256
b) exchange rate risk	—	—
c) credit risk	—	—
d) more than one risk	—	—
2. Items subject to specific cash flow hedges:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	**424.056**	**441.256**

The Bank does not book any receivable under the terms of finance lease (IAS 17).

Section 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives: by type of hedging and levels (in € k)

	31/12/2010 Fair value				30/06/2010 Fair value			
	level 1	**level 2**	**level 3**	**Notional value**	**level 1**	**level 2**	**level 3**	**Notional value**
A. Financial derivatives	—	136.894	—	344.975	—	153.309	—	341.497
1) Fair value	—	136.894	—	344.975	—	153.309	—	341.497
2) Cash flow	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	**—**	**136.894**	**—**	**344.975**	**—**	**153.309**	**—**	**341.497**

8.2 Hedging derivatives: by portfolio hedged and hedge type (in € k)

31/12/2010 Operations/Type of hedging	Fair Value Hedge					Cash Flow Hedge	
	Specific				Generic	Specific	Generic
	Interest risk	Currency risk	Credit risk	Other risks			
1. Financial assets available-for-sale	—	—	—	—	—	—	—
2. Lending portfolio	—	—	—	—	—	—	—
3. Financial assets held-to-maturity	—	—	—	—	—	—	—
4. Portfolio	—	—	—	—	—	—	—
TOTAL ASSETS	**—**	**—**	**—**	**—**	**—**	**—**	**—**
1. Amounts due to Banks/Customers	119.274	—	—	—	—	—	—
2. Debt securities in issue	17.620	—	—	—	—	—	—
3. Portfolio	—	—	—	—	—	—	—
TOTAL LIABILITIES	**136.894**	**—**	**—**	**—**	**—**	**—**	**—**
TOTAL	**136.894**	**—**	**—**	**—**	**—**	**—**	**—**

30/06/2010 Operations/Type of hedging	Fair Value Hedge					Cash Flow Hedge	
	Specific				Generic	Specific	Generic
	Interest risk	Currency risk	Credit risk	Other risks			
1. Financial assets available-for-sale	—	—	—	—	—	—	—
2. Lending portfolio	—	—	—	—	—	—	—
3. Financial assets held-to-maturity	—	—	—	—	—	—	—
4. Portfolio	—	—	—	—	—	—	—
TOTAL ASSETS	**—**	**—**	**—**	**—**	**—**	**—**	**—**
1. Amounts due to Banks/Customers	129.802	—	—	—	—	—	—
2. Debt securities in issue	20.795	2.712	—	—	—	—	—
3. Portfolio	—	—	—	—	—	—	—
TOTAL LIABILITIES	**150.597**	**2.712**	**—**	**—**	**—**	**—**	**—**
TOTAL	**150.597**	**2.712**	**—**	**—**	**—**	**—**	**—**

Section 12

Heading 120: Property, plant and equipment

12.1 Movements in tangible assets (in € k)

Tangible assets	Gross value at the beginning of the financial year	Additions	Disposals	Gross value at the end of the financial year	Accumulated depreciation	Net carrying amount as at 31/12/2010	Net carrying amount as at 30/06/2010
Tangible assets	88	—	—	88	-85	3	3
<u>of which</u>:							
Other fixtures and fittings, tools and equipment	88	—	—	88	-85	3	3

12.2 Breakdown of tangible assets (in € k)

	31/12/2010			30/06/2010		
A. Core assets	**Gross**	**Amortisation**	**Net**	**Gross**	**Amortisation**	**Net**
1.1 owned	**88**	**-85**	**3**	**88**	**-85**	**3**
a) lands	—	—	—	—	—	—
b) buildings	—	—	—	—	—	—
c) furniture	38	-36	2	38	-36	2
d) electronic equipments	50	-49	1	50	-49	1
e) others	—	—	—	—	—	—
1.2 acquired under finance leases	**—**	**—**	—	**—**	**—**	—
a) lands	—	—	—	—	—	—
b) buildings	—	—	—	—	—	—
c) furniture	—	—	—	—	—	—
d) electronic equipments	—	—	—	—	—	—
e) others	—	—	—	—	—	—
TOTAL A	**88**	**-85**	**3**	**88**	**-85**	**3**
B. Assets held for investment purposes						
2.1 owned	**—**	—	—	**—**	—	—
a) lands	—	—	—	—	—	—
b) buildings	—	—	—	—	—	—
2.2 acquired under finance leases	**—**	—	—	**—**	—	—
a) lands	—	—	—	—	—	—
b) buildings	—	—	—	—	—	—
TOTAL B	—	—	—	—	—	—
TOTAL (A+B)	**88**	**-85**	**3**	**88**	**-85**	**3**

Section 13

Heading 130: Tax assets

13.1 Changes in deferred tax assets during the period (in € k)

Deferred tax assets	31/12/2010	30/06/2010
1. Initial amount	123.469	96.533
1.1 Initial amount	123.469	96.533
2. Additions	118.539	123.469
2.1 Deferred tax originating during the period	118.539	123.469
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) amounts written back	—	—
d) other addition	118.539	123.469
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	123.469	96.533
3.1 Deferred tax reversed during the period	123.469	96.533
a) amounts written off as unrecoverable	—	—
b) reverse to comprehensive income	123.469	96.533
c) due to changes in accounting policies	—	—
3.2 Reduction in tax rates	—	—
3.3 Other reductions	—	—
Total	**118.539**	**123.469**

Section 15

Heading 150: Other assets

15.1 Other assets (in € k)

	31/12/2010	30/06/2010
- Withholding tax	—	—
- Value added tax	—	—
- Upfront premiums	3.805	7.476
- Commissions receivable	7.847	6.429
- Other	1.010	51
Total	**12.662**	**13.956**

Upfront premiums refer to payments made on derivatives negotiated on the trading portfolio of the Bank, which have been capitalized and will be reversed on a *prorata* basis to the comprehensive income.

Commissions receivable refer to amounts due from third parties in connection with the corporate lending and the depositary bank activities.

Liabilities

Section 1

Heading 10: Amounts due to credit institutions

1.1 Amounts due to credit institutions: breakdown (in € k)

Type of transaction/amounts	31/12/2010	30/06/2010
1. Due to central banks	—	—
2. Due to banks	2.758.592	2.609.899
2.1 Current accounts and demand deposits	212.039	620.287
2.2 Term deposits	471.171	153.329
2.3 Borrowings	2.075.382	1.836.283
2.3.1 Leasing & stock lending	88.460	92.097
2.3.2 Others	1.986.922	1.744.186
2.4 Amounts due under commitments to buy back own shares	—	—
2.5 Other amounts due	—	—
Total book value	**2.758.592**	**2.609.899**
Total fair value	**2.758.592**	**2.609.899**

1.2 Breakdown of Heading 10: "Amounts due to credit institutions" - *subordinated debt*

Subordinated liabilities included - under the heading *Due to banks* – nominal amount of € 39.250.000 referring to subordinated debt assimilated to Tier2 capital.

1.3 Amounts due to credit institutions: items subject to specific hedges (in € k)

	31/12/2010	30/06/2010
1. Items subject to specific fair value hedges for:	182.579	187.673
a) interest rate risk	182.579	187.673
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	**182.579**	**187.673**

Items subject to micro fair value hedge are Schuldscheins subscribed by third credit institutions.

Section 2

Heading 20: Amounts due to customers

2.1 Amounts due to customers: composition (in € k)

Type of transaction/amounts	31/12/2010	30/06/2010
1. Current accounts and demand deposits	—	—
2. Term deposits	442.248	467.129
3. Customers' funds managed on a non-discretionary basis	—	—
4. Borrowings	69.595	72.677
4.1 leasing	—	—
4.2 others	69.595	72.677
5. Amounts due under commitments to buyback own shares	—	—
6. Liabilities in respect of assets sold but not derecognized	—	—
6.1 Amounts due under reverse repo agreements	—	—
6.2 Others	—	—
7. Other amounts due	—	—
Total book value	**511.843**	**539.806**
Total fair value	**511.843**	**539.806**

2.2 Amounts due to customers: items subject to specific hedges (in € k)

	31/12/2010	30/06/2010
1. Items subject to specific fair value hedges for:	69.595	72.677
a) interest rate risk	69.595	72.677
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	**69.595**	**72.677**

Items subject to micro fair value hedge are Schuldscheins subscribed by non-financial corporate entities.

Section 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue: composition (in € k)

Type of transaction/amounts	31/12/2010		30/06/2010	
	Book value	**Fair Value[1]**	**Book value**	**Fair Value[1]**
A. Listed securities	1.598.704	1.611.110	2.206.019	2.187.729
1. notes	1.391.364	1.403.770	1.464.579	1.446.289
1.1 structured	954.556	964.887	955.856	935.979
1.2 others	436.808	438.883	508.723	510.310
2. other securities [A]	207.340	207.340	741.440	741.440
2.1 structured	—	—	—	—
2.2 others	207.340	207.340	741.440	741.440
B. Unlisted securities	312.230	315.351	429.052	420.349
1. notes	312.230	315.351	429.052	420.349
1.1 structured	312.230	315.351	290.494	290.872
1.2 others	—	—	138558	129.477
2. other securities	—	—	—	—
2.1 structured	—	—	—	—
2.2 others	—	—	—	—
Total	**1.910.934**	**1.926.461**	**2.635.071**	**2.608.078**

[1] Fair value does not include issuer risk; if issuer risk is considered, the fair value of debt securities issued would reduce by € 20,6m approximately.
[A] “Certificats de dépôt” and commercial papers programs obtained the Step Market (short-term euro commercial paper) label.

Section 4

Heading 40: Financial liabilities held for trading

4.1 Financial liabilities held for trading: composition (in € k)

Type of transaction/amounts	31/12/2010			30/06/2010		
	FV			FV		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash liabilities	—	—	—	—	—	—
1. Amount due to banks	—	—	—	—	—	—
2. Amount due to customers	—	—	—	—	—	—
3. Debt securities	—	—	—	—	—	—
B. Derivatives instruments	—	137.670	136.107	—	146.895	143.298
1. Financial derivatives	—	112.105	136.107	—	117.327	141.928
1.1 Trading derivatives	—	112.105	—	—	25.020	—
1.2 Linked to FV option	—	—	—	—	—	—
1.3 Other	—	—	136.107	—	92.307	141.928
2. Credit derivatives	—	25.565	—	—	29.568	1.370
2.1 Trading derivatives	—	19.528	—	—	15.033	—
2.2 Linked to FV option	—	—	—	—	—	—
2.3 Other	—	6.037	—	—	14.535	1.370
Total	**—**	**137.670**	**136.107**	**—**	**146.895**	**143.298**

Level 1: fair value is calculated on the basis of market prices ruling at the reporting date.

Level 2: fair value is calculated on the basis of valuation methods or models based on market-derived data (e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions).

Level 3: fair value is calculated on the basis of internal estimates.

Section 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of hedging/underlying levels (in € k)

	31/12/2010				30/06/2010			
	Fair value			Notional value	*Fair value*			Notional value
	level 1	level 2	level 3		level 1	level 2	level 3	
A. Financial derivates	—	16.096	—	723.198	—	33.243	—	1.159.790
1) *Fair value*	—	16.096	—	723.198	—	33.243	—	1.159.790
2) Cash flow	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) *Fair value*	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	**—**	**16.096**	**—**	**723.198**	**—**	**33.243**	**—**	**1.159.790**

Level 1: fair value is calculated on the basis of market prices ruling at the reporting date.

Level 2: fair value is calculated on the basis of valuation methods or models based on market-derived data (e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions).

Level 3: fair value is calculated on the basis of internal estimates.

6.2 Hedging derivatives: by portfolio hedged/hedge type (in € k)

Hedged items	Fair value hedges					Cash flow hedge			
	Specific								
	Interest Risk	Exchange rate	Credit risk	Other	Generic	Specific	General	31/12/2010	30/06/2010
1. AFS Securities	—	—	—	—	—	—	—	—	—
2. Loans and advances	7.240	—	—	—	—	—	—	7.240	23.558
3. Financial assets HTM	—	—	—	—	—	—	—	—	—
4. Portfolio	—	—	—	—	—	—	—	—	—
TOTAL ASSETS	**7.240**	**—**	**—**	**—**	**—**	**—**	**—**	**7.240**	**23.558**
1. Amounts due	—	—	—	—	—	—	—	—	—
2. Financial liabilities	7.575	1.281	—	—	—	—	—	8.856	9.685
3. Portfolio	—	—	—	—	—	—	—	—	—
TOTAL LIABILITIES	**7.575**	**1.281**	**—**	**—**	**—**	**—**	**—**	**8.856**	**9.685**
TOTAL	**14.815**	**1.281**	**—**	**—**	**—**	**—**	**—**	**16.096**	**33.243**

Section 8

Heading 80: Tax liabilities

8.1 Tax liabilities: current tax liabilities (in € k)

	31/12/2010	**30/06/2010**
Corporate income tax (IRC)	17.422	14.894
Municipal business tax (ICC)	5.253	4.562
Other	—	—
Total	**22.675**	**19.456**

The Bank is liable for all taxes to which the credit institutions are subject to in Luxembourg. The Bank opts for the exoneration of the net wealth tax charge of € 645.000 provided the following conditions have been fulfilled:

(1) A reserve equivalent to 5 times the net wealth tax liability is created. A new reserve has to be created each year. This requires a decision of the general shareholders' meeting and this reserve has to appear in the balance sheet. If the profit of the year is not sufficient to create the reserve, it is possible to transfer the profit of the preceding years to create such reserve.

(2) This reserve is maintained for a period of at least 5 years after the year of the credit.

The amount of net wealth tax that can be reduced is the lower of net wealth tax and corporate income tax before tax credits, and the reduction will be equalled to one fifth of the reserve booked.

8.2 Current tax liabilities: composition (in € k)

	IRC	ICC	total
Balance at the beginning of the year			
A. Current fiscal liabilities (+)	16.314	4.912	21.226
B. Advances paid (-)	1.420	350	1.770
A.1 Movements in provisions	2.388	741	3.129
- provision of the year	2.851	880	3.731
- transfers	—	—	—
- others	-463	-139	-602
B.1 Movements in advances	-140	50	-90
- payments/advances	160	50	210
- transfers	—	—	—
- others	-300	—	-300
Total A. Provisions (+)	18.702	5.653	24.355
Total B. Advances paid (-)	1.280	400	1.680
Current fiscal liabilities (A-B)	17.422	5.253	22.675

8.3 Changes in deferred tax liabilities during the period (in € k)

Deferred tax liabilities	**31/12/2010**	**30/06/2010**
1. Initial amount	124.740	96.577
1.1 Initial amount	124.740	96.577
2. Additions	119.028	124.740
2.1 Deferred tax originating during the period	119.028	124.740
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) amounts written back	—	—
d) other addition	119.028	124.740
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	124.740	96.577
3.1 Deferred tax reversed during the period	124.740	96.577
a) amounts written off as unrecoverable	—	—
b) reverse to comprehensive income	124.740	96.577
c) due to changes in accounting policies	—	—
3.2 Reduction in tax rates	—	—
3.3 Other reductions	—	—
Total	**119.028**	**124.740**

Section 10

Heading 100: Other liabilities

10.1 Other liabilities (in € k)

	31/12/2010	30/06/2010
1. Pending invoices and invoices receivables	1.211	47
2. Wages accrued, contributions and amounts withheld from staff for payment	—	2
3. Impairment guarantees and commitments	527	388
4. Financial guarantees on CDS products (as required under IAS 37)	—	—
5. Deferred income	—	350
6. Upfront premiums	3.718	4.557
7. Amounts payable on loans and receivables	3.548	21
8. Other items	1.801	157
Total	**10.805**	**5.522**

Upfront premiums refer to payments received on derivatives negotiated among the trading portfolio of the Bank, which have been capitalized and will be reversed on a prorate basis to the comprehensive income.

Section 16

Heading 160: Reserves

16.1 Reserves (in € k)

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 dividends distribution and has been already fully provisioned on the previous exercises.

As of June 30, 2010 the Bank has taken up the option to credit net wealth tax against the tax itself, provided that the following conditions have been respected:

- The IRC (corporate income tax) charge must be at least equal to the IF (net wealth tax) charge in order to credit the entire amount of the IF, if not only the amount of IF equivalent to the IRC charge can be credited;
- By June 2010 the company has to book a reserve for an amount at least 5 times the IF tax charge due for the financial year 2009;
- This reserve will be maintained for a minimum period of 5 years.

(in € k)	**31/12/2010**	**30/06/2010**
A. Reserves	156.519	121.227
A.1 legal reserve	1.000	1.000
A.2 free reserve	143.090	111.048
A.3 special reserve(1)	12.212	8.962
A.4 FTA reserve	217	217

(1) Reserve linked to the exoneration of net wealth tax charge.

Section 19

Heading 190: Share capital

19.1 Share capital

As of 31 December 2010 the issued 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.

Authorised capital and issue share capital coincide.

Other information

1. Guarantees and commitments (in € k)

	31/12/2010	30/06/2010
1. Financial guarantees given to:	46.709	44.980
a) Banks	-	-
b) Customers	46.709	44.980
2. Commercial guarantees given to:	-	-
a) Banks	-	-
b) Customers	-	-
3. Irrevocable commitments to lend funds:	1.850.560	1.286.621
a) Banks	-	-
b) Customers	1.850.560	1.286.621
4. Commitment underlying credit derivatives: hedge sales	1.187.982	1.217.217
Total	**3.085.251**	**2.548.818**

Amounts are shown net of collective impairment booked at the reporting date.

The Bank is a member of the non-profit making organisation “Association pour la Garantie des Dépôts, Luxembourg” (AGDL) that was established on 25 September 1989. The AGDL has as its sole objective the establishment of a mutual system for the guarantee of cash deposits for the benefit of customers of the member credit institutions of the Association and for claims arising from investment transactions in favour of investors with the credit institutions and investment firms which are members of the Association.

The guarantee of cash deposits and of claims arising from investment transactions in favour of clients, individuals and certain companies as defined by the regulations is limited to a maximum amount fixed at the equivalent value in all currencies of € 100.000 per cash deposit and € 20.000 per claim arising out of investment transactions. If the guarantee is called, the annual payment to be made by each member is limited to 5% of Shareholders’ equity.

PART D – NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Section 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income: breakdown (in € k)

	Performing assets			6 mths to 31/12/2010	6 mths to 31/12/2009
	Debt securities	Loans	Other financial assets		
1. Financial assets held for trading	10.539	—	—	10.539	12.338
2. Financial assets at fair value	—	—	—	—	—
3. AFS securities	—	—	—	—	—
4. Financial assets held to maturity	—	—	—	—	—
5. Loans and advances to credit institutions	—	3.792	—	3.792	6.780
6. Loans and advances to customers	—	40.483	—	40.483	29.771
7. Hedging derivatives	—	—	13.641	13.641	17.581
8. Financial assets sold but not derecognized	—	—	—	—	—
9. Other assets	—	—	—	—	—
Total	**10.539**	**44.275**	**13.641**	**68.455**	**66.470**

1.2 Interest and similar income: differences arising on hedging transactions (in € k)

	6 mths to 31/12/2010	6 mths to 31/12/2009
A. Positive differences on transactions involving:	13.641	17.581
A.1 Specific fair value hedge of assets	1.925	—
A.2 Specific fair value hedge of liabilities	11.716	17.581
A.3 General interest rate risk hedges	—	—
A.4 Specific cash flow hedge of assets	—	—
A.5 Specific cash flow hedge of liabilities	—	—
A.6 General cash flow hedge	—	—

1.3 Interest and similar income: other information (in € k)

	6 mths to 31/12/2010	6 mths to 31/12/2009
1.3.1 Interests receivable on financial assets denominated in currencies other than Euro	15.909	15.654
1.3.2 Interests receivable in respect of financial leasing transactions	—	—
1.3.3 Interests income on receivables involving customers' funds held on a non discretionary basis	—	—

1.4 Interest expense and similar charges: breakdown (in € k)

	Payables	Notes	Other liabilities	6 mths to 31/12/2010	6 mths to 31/12/2009
1. Amount due to Banks	-18.110	—	—	-18.110	-18.334
2. Amount due to customers	-1.449	—	—	-1.449	-1.072
3. Debt securities	—	-24.538	—	-24.538	-29.043
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	—	—	-9.017	-9.017	-3.912
Total	**-19.559**	**-24.538**	**-9.017**	**-53.114**	**-52.361**

1.5 Interest expense and similar charges: differences arising on hedging transactions (in € k)

	6 mths to 31/12/2010	6 mths to 31/12/2009
A. Negative differences on transactions involving:	-9.017	-3.912
A.1 Specific fair value hedge of assets	-4.480	-19
A.2 Specific fair value hedge of liabilities	-4.537	-3.893
A.3 General interest rate risk hedges	—	—
A.4 Specific cash flow hedge of assets	—	—
A.5 Specific cash flow hedge of liabilities	—	—
A.6 General cash flow hedge	—	—

1.6 Interest expense and similar charges: other information (in € k)

	6 mths to 31/12/2010	**6 mths to 31/12/2009**
1.6.1 Interests payable on financial liabilities denominated in currencies other than Euro	-10.037	-10.118
1.6.2 Interests payable on liabilities in respect of financial leasing transactions	—	—
1.6.3 Interests payable on customers' funds held on a non discretionary basis	—	—

Section 2

Headings 40 and 50: Net fee and commission income

2.1 Fee and commission income: breakdown (in € k)

	6 mths to 31/12/2010	**6 mths to 31/12/2009**
a) guarantees given	383	184
b) credit derivates	—	—
c) management, trading and advisory services:	—	—
1. securities dealing	—	—
2. currency dealing	—	—
3. asset management	—	—
4. securities under custody and non-discretionary	—	—
5. depositary services	665	200
6. securities placing	—	—
7. procurement of orders	—	—
8. advisory services	—	—
9. agency fees	—	—
9.1 asset management	—	—
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) lending services	23.773	15.200
Total	**24.821**	**15.584**

2.2 Fee and commission expense (in € k)

	6 mths to 31/12/2010	6 mths to 31/12/2009
a) guarantees received	-1.200	—
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	—	—
6. door-to-door sales of securities, products and services	—	—
d) collection and payment services	—	—
e) lending services	-14.591	-8.488
Total	**-15.791**	**-8.488**

Section 3

Heading 80: Net trading income (expense)

3.1 Net trading income (expense): breakdown (in € k)

	Value increases	Dealing profits	Value reductions	Dealing losses	6 mths to 31/12/2010	6 mths to 31/12/2009
1. Trading assets	845	—	-7.672	-8.079	**-14.906**	**10.529**
1.1 Debt securities	845	—	-7.672	-8.079	**-14.906**	**10.529**
1.2 Equities	—	—	—	—	—	—
1.3 OICR units	—	—	—	—	—	—
1.4 Loans and receivables	—	—	—	—	—	—
1.5 Others	—	—	—	—	—	—
2. Trading liabilities	—	—	—	—	—	—
2.1 Debt securities	—	—	—	—	—	—
2.2 Payables	—	—	—	—	—	—
2.3 Other	—	—	—	—	—	—
3. Other financial assets and liabilities: difference arising on exchange rates	104.239	—	-74.284	—	**29.955**	**4.286**
4. Derivative products	819.713	1.072	-834.896	-2.526	**-16.637**	**-18.455**
4.1 Financial derivatives:	494.985	1.072	-518.653	-685	**-23.281**	**3.370**
– on debt securities/interest rates	369.578	1.072	-374.743	—	**-4.093**	**4.630**
– on equities/share indexes	114.618	—	-114.927	—	**-309**	**-404**
– on foreign currency/gold	10.789	—	-28.983	-685	**-18.879**	**-856**
– others	—	—	—	—	—	—
4.2 Credit derivatives	324.728	—	-316.243	-1.841	**6.644**	**-21.825**
Total	**924.797**	**1.072**	**-916.852**	**-10.605**	**-1.588**	**-3.640**

Section 4

Heading 90: Net hedging income (expense)

4.1 Net hedging income (expense): breakdown (in € k)

	6 mths to 31/12/2010	6 mths to 31/12/2009
A. Income from:		
A.1 Fair value hedge derivatives	163.430	16.343
A.2 Financial assets hedged (fair value)	1.271	—
A.3 Financial liabilities hedged (fair value)	19.478	6.849
A.4 Cash flow hedge financial derivatives	—	—
A.5 Assets and liabilities in foreign currency	—	—
Total hedging income (A)	**184.179**	**23.192**
B. Expenses relating to:		
B.1 Fair value hedge derivatives	-161.292	-4.061
B.2 Financial assets hedged (fair value)	-17.303	-611
B.3 Financial liabilities hedged (fair value)	-5.658	-18.813
B.4 Cash flow hedge financial liabilities	—	—
B.5 Assets and liabilities in foreign currency	—	—
Total hedging expenses (B)	**-184.253**	**-23.485**
C. Net hedging income (A-B)	**-74**	**-293**

Section 5

Heading 100: Gain or loss on disposal or repurchase

5.1 Gain or loss on disposal or repurchase: breakdown (in € k)

	6 mths to 31/12/2010			6 mths to 31/12/2009		
	Gains	**Losses**	**Net profit (loss)**	**Gains**	**Losses**	**Net profit (loss)**
Financial assets						
1. Due from banks	—	—	—	—	—	—
2. Due from customers	—	—	—	—	—	—
3. AFS securities	—	—	—	—	—	—
3.1 Debt securities	—	—	—	—	—	—
3.2 Equities	—	—	—	—	—	—
3.3 UCITS units	—	—	—	—	—	—
3.4 Loans and advances	—	—	—	—	—	—
4. Financial assets held to maturity	—	—	—	—	—	—
Total assets	**—**	**—**	**—**	**—**	**—**	**—**
Financial liabilities						
1. Due to banks	—	—	—	—	—	—
2. Due to customers	—	—	—	—	—	—
3. Debt securities in issue	1.371	-853	518	394	-328	66
Total liabilities	**1.371**	**-853**	**518**	**394**	**-328**	**66**

Section 6

Heading 130: Adjustments for impairment

6.1 Adjustments for impairment: lending portfolio (in € k)

Transactions/Income-linked components	Value adjustments			Amounts recovered				6 mths to 31/12/2010	6 mths to 31/12/2009
	Specific		Portfolio	Specific		Portfolio			
	Write offs	Others		A	B	A	B		
A. Due from banks	—	—	—	—	—	—	—	—	—
B. Due from customers	—	—	-1.472	—	—	—	1.717	245	-334
C. Total	**—**	**—**	**-1.472**	**—**	**—**	**—**	**1.717**	**245**	**-334**

Legend

A = interests

B = other amounts recovered

6.2 Adjustments for impairment: other financial transactions (in € k)

Transactions/Income-linked components	Value adjustments			Amounts recovered				6 mths to 31/12/2010	6 mths to 31/12/2009
	Specific		Portfolio	Specific		Portfolio			
	Write offs	Others		A	B	A	B		
A. Guarantees given	—	—	-31	—	—	—	22	-9	—
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments	—	—	-496	—	—	—	366	-130	-22
D. Other transactions	—	—	—	—	—	—	—	—	—
E. Total	**—**	**—**	**-527**	**—**	**—**	**—**	**388**	**-139**	**-22**

Legend

A = interest

B = other amounts recovered

Section 7

Heading 180: Administrative expenses

7.1 Personnel cost: breakdown (in € k)

Type of expense/sectors	**6 mths to 31/12/2010**	**6 mths to 31/12/2009**
1. Employees	-186	-247
a) wages and salaries	-166	-221
b) social security contributions	-20	-22
c) severance indemnities	—	—
d) pension contributions	—	—
e) transfers to severance indemnity provisions	—	—
f) transfers to post-employment and similar benefits provisions:	—	—
– defined benefit	—	—
– defined contribution	—	—
g) amounts paid to external complementary pension schemes:	—	-4
– defined benefit	—	-4
– defined contribution	—	—
h) expenses incurred in connection with share payment schemes	—	—
i) other staff benefits	—	—
2. Other staff	-265	-124
3. Board members	-80	-80
4. Expenses incurred in connection with staff retiring	—	—
Total	**-531**	**-451**

7.2 Other administrative expenses: breakdown (in € k)

	6 mths to 31/12/2010	**6 mths to 31/12/2009**
– outside consultants' fees	-122	-98
– legal fees due in respect of credit recovery	—	—
– share and bond administration	-29	-27
– advertising	—	—
– insurance	-1	-6
– research and publications	—	—
– software	-77	-91
– charitable donations	—	—
– rent	-77	-77
– maintenance, repairs and refurbishment	-1	-1
– service lease installments	—	—
– financial information subscriptions	—	—
– stationery and printing	-2	-3
– membership subscriptions	-1	-4
– postal, telephone, fax and telex charges	-10	-16
– newspapers, magazines and library acquisitions	—	-1
– legal fees	-7	14
– other staff expenses	-8	-32
– utilities	—	—
– EDP costs	-199	-205
– bank charges	-7	-9
– travel and transfert	-16	-1
– outsourced activities	-1.249	-130
– expensed assets	-1	—
– other expenses	-4	-13
Total other expenses	**-1.811**	**-700**
– indirect and other taxes	—	—
– asset tax	—	—
– substitutive and registration taxes, franking of reserves	—	—
– substitutive tax and sundry other taxes	-83	-124
Total indirect tax	**-83**	**-124**
Total other administrative expenses	**-1.894**	**-824**

Section 8

Heading 200: Net adjustments to tangible assets

8.1 Net adjustments to tangible assets: breakdown (in € k)

	Depreciation	Adjustments for impairment	Amounts recoveries	6 mths to 31/12/2010	6 mths to 31/12/2009
A. Tangible assets					
A.1 Owned:	-1	—	—	-1	-8
– Core	-1	—	—	-1	-8
– Investment	—	—	—	—	—
A.2 Acquired under finance leases:	—	—	—	—	—
– Core	—	—	—	—	—
– Investment	—	—	—	—	—
Total	**-1**	**—**	**—**	**-1**	**-8**

Section 9

Heading 220: Other operating income (expenses)

9.1 Other operating income (expenses): breakdown (in € k)

	6 mths to 31/12/2010	6 mths to 31/12/2009
A. Other income (expenses) – other	335	40
– Sundry other expense reimbursements	—	—
– Direct debit expense reimbursements	—	—
– Release provision	—	—
– Other income	335	40
– Other charges	—	—
B. Other income (expenses) – amounts recovered	—	—
– withholding tax	—	—
– Amounts recovered from staff	—	—
– Amounts recovered from clients	—	—
–Other amounts recovered	—	—
Total	**335**	**40**

Section 10

Heading 290: Income tax on the ordinary activity

10.1 Income tax on the ordinary activity: breakdown (in € k)

	6 mths to 31/12/2010	6 mths to 31/12/2009
1. Current taxes	-3.731	-3.469
2. Changes in current tax for previous financial years	—	—
3. Decrease in current tax for period	—	—
4. Changes in deferred tax assets	-4.930	—
4.1 related to previous fiscal exercise (reverse to the comprehensive income)	-123.469	—
4.2 generated in the fiscal exercise	118.539	—
5. Changes in deferred tax liabilities	5.712	44
5.1 related to previous fiscal exercise (reverse to the comprehensive income)	124.740	44
5.2 generated in the fiscal exercise	-119.028	—
Total	**-2.949**	**-3.425**