

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

FINANCIAL SITUATION AT 30 JUNE 2007

BOARD OF DIRECTORS' REVIEW OF OPERATIONS

The previous financial period's financial statements were prepared in accordance with Luxembourg Laws and Generally Accepted Accounting Principles ('Lux GAAP'). Pursuant to authorization received from the CSSF on 8 January 2007, the financial statements for the year ended 30 June 2007 have been prepared in accordance with International Financial Accounting Standards. Data presented for purposes of comparison has also been compiled on an IFRS-compliant basis.

In the period ended 30 June 2007, the Bank earned a net profit of €8,996,701 (21 December 2005 to 30/06/2006: €3,408,624 restated from Luxembourg GAAP to IFRS).

During the year under review bonds worth a total of €612,000,000 were issued against the Bank's Medium Term Notes Programme, and bonds worth €1,935,889,000 were issued against its Short Term Programme. Customer lending amounted to €3,420,068,449 (2006: €433,574,936). Net fee and commission income during the year totalled €5,432,823 (2006: €3,082,902).

No major events have occurred subsequent to the reporting date which could materially impact on the company's asset, earnings or financial situation. No provision was made in relation to the AGDL as the Bank does not have any private clients nor does it undertake any transaction or asset management activity for or on behalf of private clients.

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

In June of 2007, the Bank issued a perpetual subordinated note in the amount of €39,250,000 entirely taken up by Mediobanca S.p.A. Milan. This amount is included in the Bank's Tier II capital for capital adequacy calculations.

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:	
Due From Mediobanca S.p.A	€2,945,051,702
Due to Mediobanca S.p.A.	€3,681,537,364

In the forthcoming financial year and in the light of recent global economic developments, the Bank will carefully continue to develop its activities in the loan sector while keeping costs under control.

