MEDIOBANCA
Banca di Credito Finanziario S.p.A.

Mediobanca Board of Directors' meeting

Milan, 9 November 2005

IAS-compliant results for three months to 30/9/05 approved

Results for three months ended 30 September 2005

- **Net profit totalled € 324m, more than triple the € 98m earned in the three months to 30 Sept. 2004 (restated pro-forma in accordance with IAS/IFRS)**
- **Sound performance by all the Group's main areas of operations: ordinary net profit more than doubled, from € 98m to € 224m, plus a further approx. € 100m in non-recurring net profits linked to the early redemption of a bond issue convertible into Ciments Français shares**
- **Key consolidated results include:**
  - **revenues up 87%, to € 409m**
  - **operating profit up from € 142m to € 327m, approx. 70% of which generated by banking activity**
  - **loan book worth € 19.1bn (up 5%), reflecting significant growth in corporate finance of 19%, to € 10.5bn net of cash collateral**
  - **RFS new loans up 9%, to € 934 m**
- **All business areas reflect growth at top- and bottom-line levels:**
  - **Wholesale banking:**
    - **interest income up 25%, to € 41m**
    - **fee income up 60%, to € 59m**
    - **net profit up € 8m, to € 185m**
  - **Equity investment portfolio (Assicurazioni Generali/RCS MediaGroup):**
    - **NAV: € 5.3bn**
    - **pro-rata profit for quarter up 59%, to € 105m**
  - **Retail financial services**
    - **revenues up 21%, to € 103m**
    - **net profit up 15%, to € 23m**
  - **Private banking[1]**
    - **net profit up 36%, to € 15m**
    - **AUM up 2%, to € 11.1bn.**

[1] Includes Compagnie Monégasque de Banque and the Group's 48.5% share in the profits of Banca Esperia pro-forma.

At a Board meeting held today with Gabriele GALATERI di GENOLA in the chair, the Directors of Mediobanca approved the Group's quarterly accounts as illustrated by General Manager Alberto NAGEL and Co-General Manager Renato PAGLIARO, which for the first time have been drawn up in compliance with the new international accounting and financial reporting standards (IAS/IFRS).

Consolidated results[2]

In the first three months of the new financial year, the Group earned a net profit of € 323.7m, compared with € 98.3m during the equivalent period last year. Operating profit rose from € 142.1m to € 326.8m, due to huge growth in revenues (up 87.1% to € 409.5m) against a limited increase in overheads (up 7.8% to € 82.7m) attributable to the Compass group's operations.

The top-line result reflects:

- a 23.5% increase in interest income, from € 111m to € 137.1m, involving both wholesale banking (up 25% to € 41.4m) and consumer credit (up 24.3% to 91.5m);
- improved trading income of € 80.6m (€ 18.2m loss), which includes non recurrent € 40m in revenue from the early redemption of a bond issue convertible into Ciments Français shares, plus a buoyant valuation of the trading portfolio reflecting the healthy performance of equity markets during the period under review;
- an increase of 39% in fee and other income (from € 59m to € 82.1m), due to significant growth in the Group's corporate and investment banking activities (up 60% to € 59.3m);
- gains of € 107.6m on investments stated on an equity basis (€ 66.5m), over three-quarters of which is attributable to Assicurazioni Generali.

Below the operating line, there was a gain of € 91m on disposal of financial assets available for sale (chiefly regarding Ciments Français).

All the Group's main areas of operation recorded healthy performances. In addition to the contribution from equity investments referred to above, wholesale banking posted increases

[2] The profit and loss account for the three months ended 30 September 2004 has been restated on a IAS/IFRS-compliant basis, with the exception of IAS 39 in relation to recognition and measurement of financial assets. For ease of comparison a pro-forma version has also been provided which includes an estimate of the impact adoption of this standard would have had on the accounts for the quarter. The balance sheet as at 30 September 2005 has been compared with the figures at 1 July 2005, also made up in accordance with the new accounting standards.

in all its main revenue items, with interest income up 25% and fee income up 60%, along with income from trading. The Compass group, which saw new loans rise by 9.4%, recorded a 25% increase in operating profit, while in private banking, the gross margin earned on ordinary operations also grew significantly, from € 11.5m to € 15.7m, chiefly due to Banca Esperia.

Results by division

As from 1 July 2005, the Group's **equity investment portfolio** includes only the holdings in Assicurazioni Generali and RCS MediaGroup, while the other investments have been reallocated to wholesale banking.
The share of net profits attributable to Mediobanca rose from € 66m to € 105m.[3]
The book value of these investments, which includes changes to net equity, rose by € 92m (from € 1,980m to € 2,072m) € 76.4m of which is attributable to Assicurazioni Generali and € 15.6m to RCS MediaGroup. The portfolio as at 30 September 2005 reflected a gain of € 3,187m (30/6/05: € 3,258m).

Gross operating profit earned by the Group's **wholesale banking** operations totalled € 145.2m (€ 15m in the three months ended 30 September 2004 if the reductions in gains on the treasury portfolio are included). The result includes non-recurring gains of € 40m linked to the early redemption of the Ciments Français convertible bond, as previously mentioned. Treasury management was also boosted by the healthy performance of equity markets in terms of portfolio valuation. Interest income rose from € 33.1m to € 41.4m (up 25%), due to higher customer lending volumes compared with June, which net of matched funding transactions amounting to € 0.6bn (€ 1.7bn as at 30 June 2005) rose by 15%, to € 13.3bn. Fee income also rose considerably (from € 37m to € 59.3m), on the back of good results posted both by corporate and investment banking. A net profit of € 185.4m was earned (€ 7.8m), after gains of € 89.6m on disposal of financial assets available for sale, € 82.8m of which in connection with Ciments Français.

Retail financial services. The Compass group's consolidated accounts show a 24.7% increase in gross operating profit (from € 53.2m to € 66.4m), helped by higher interest income (up from € 73.6m to € 91.5m) due to higher average volumes, especially in consumer credit. Growth in operating costs and expenses (from € 31.8m to € 36.1m) is attributable to expansion of the group's distribution network, with 18 new branches added in twelve

months. The net profit of € 22.6m (€ 19.7m) reflects bad debt writeoffs amounting to € 24.6m (€ 15.9m), which were also higher as a result of the enhanced business volumes.
At 30 September 2005, customer lendings including securitized items amounted to € 7,499.2m (30/6/05: € 7,254.8m), shared virtually equally between leasing and consumer credit.

Private banking. The Group's private banking operations, which include its 48.5% share in the profits of Banca Esperia pro-forma, reflect aggregate net income of € 15m, up over one-third on the figure recorded at 30 September 2004 (€ 11.2m including 100% of Compagnie Monégasque de Banque). This improved performance was due to higher management fees, which rose from € 16.9m to € 19.9m. Assets under management grew from € 10.8bn to € 11.1bn.

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The Board also duly examined a document relating to the IAS/IFRS first-time adoption, which will be certified by the Group's external auditors. IAS-compliant group net equity as at 30 June 2005 stood at € 5.4bn, up from € 4.9bn, chiefly as a result of recognizing the securities and derivatives portfolio at fair value, which added € 444m, and accounting for investments in associates on an equity basis, which contributed € 299m net of € 288m in tax effects. The restated profit and loss account for the twelve months ended 30 June 2005, not including the impact of adopting IAS 39 regarding the recognition and measurement of financial assets,[4] reflects a net profit of € 714m, up approx. € 170m compared with the figures disclosed under national GAAP, also largely due to the pro-rata inclusion of net profits earned by investee companies net of dividends received from them.

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[3] For the three months ended 30 June 2005.

[4] Estimated at approx. € 100m.

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	3 mths ended 30/9/04 (excl. IAS 39)	3 mths ended 30/9/04 pro-forma (*)	3 mths ended 30/9/05
	€ m	€ m	€ m
Interest income	117.0	111.0	137.1
Dividends	0.5	0.5	2.1
Profit (loss) on trading activity	60.0	(18.2)	80.6
Fees and other income (charges), net	59.0	59.0	82.1
Investments stated on net equity basis	66.5	66.5	107.6
OPERATING MARGIN	**303.0**	**218.8**	**409.5**
Operating costs and expenses	(84.7)	(76.7)	(82.7)
PROFIT FROM ORDINARY OPERATIONS	**218.3**	**142.1**	**326.8**
Gain (loss) on financial assets available for sale .	—	—	91.0
Gain (loss) on disposal of other securities	—	—	0.6
Bad debts written off	(16.7)	(15.9)	(25.3)
Writedowns to securities and derivatives held in treasury	(11.3)	—	—
PRE-TAX PROFIT	**190.3**	**126.2**	**393.1**
Income taxes	(53.8)	(21.6)	(66.6)
Profit (loss) attributable to minorities	(6.2)	(6.3)	(2.8)
NET PROFIT	**130.3**	**98.3**	**323.7**

(*) Includes estimated effects of adoption of IAS 39.

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RESTATED BALANCE SHEET

	1/7/05	30/9/05
	€ m	€ m
Assets		
Net treasury funds employed	3,338.3	2,602.2
Financial assets available for sale	7,037.2	5,223.9
of which: fixed income	*4,445.0*	*2,654.7*
equities	*2,383.2*	*2,404.6*
Financial assets held to maturity	239.0	534.6
Loans and advances to customers	18,138.4	19,055.1
Equity investments	2,137.6	2,231.2
Tangible and intangible assets	310.5	306.4
Other assets	521.9	461.0
of which: tax assets	*132.0*	*207.8*
Total assets	31,722.9	30,414.4
Liabilities		
Funding	24,450.7	22,713.3
of which: securities in issue	*16,266.6*	*15,865.3*
Other liabilities	849.3	1,344.5
of which: tax liabilities	*465.2*	*560.4*
Provisions for liabilities	189.6	186.8
Net equity	5,519.3	5,846.1
of which: share capital	*397.5*	*398.3*
reserves	*5,042.5*	*5,368.1*
minorities	*79.3*	*79.7*
Profit for the period	714.0	323.7
Total liabilities	31,722.9	30,414.4