



Board of Directors' Meeting

Milan, 28 October 2006

Quarterly accounts for period ended 30 September 2006 adopted¹

- **growth trends continue in first quarter: consolidated net profit up 13% to €367m, reflecting healthy performances by banking (net profit up 10% to €245m) and equity investment portfolio (net profit up 21% to €122m)**
- **substantial growth by various revenue sources: net interest income up 15% to €158m, net fee and commission income up 43% to €115m, profits earned by equity-accounted companies up 17% to €126m; reduced contribution from trading income of €26m, down from €82m in Q1 05/06**
- **results boosted by net profit of €131m from disposal of stake in Ferrari, against €116m² posted one year previously (proceeds from Ciments Français disposal); excluding such items, net profit from ordinary activities up 13%, to €236m**
 - **Wholesale banking:**
 - **corporate lendings up 11%, to €12.3bn³**
 - **total income down 8% to €165m, due to lower contribution from trading (down from €78m to €22m); further growth in net interest income, up 7% to €45m, and net fee income, up 58% to €94m**
 - **net profit up 10%, to €204m**
 - **Equity investment portfolio (AG and RCS)**
 - **NAV up 8%, from €5.3bn to €5.7bn**
 - **net profit up 21%, to €122m**
 - **Retail financial services**
 - **new loans up 12% to €1bn, of which consumer credit up 16%**
 - **total income up 17% to €118m, net profit up 7% to €24m**
 - **Private banking⁴**

¹ Percentage changes Y.o.Y.

² Ciments Français: €90m in gain on disposal of AFS holding plus approx. €26m in net profit on €41m trading income from transaction.

³ Excluding loans and advances to other Group companies.

⁴ Includes Compagnie Monégasque de Banque, plus the Group's 48.2% pro-forma share in the profits of Banca Esperia.



- **net profit up 8%, to €16m**
- **AUM up 4% to €11.4bn.**

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.

Consolidated results

The Mediobanca Group recorded a net profit of €366.5m in the first quarter, up 13.2% on the €323.7m posted at the same stage last year, following gains of €154.9m (30/9/05: €91m) on disposal of securities, basically attributable to sale of the Group's holding in Ferrari.

Profit from ordinary operations for the quarter improved from €326.4m to €333.9m, despite lower trading income, down to €26.1m from €81.9m reported one year earlier, which, however, was boosted by €40.8m in proceeds from disposal of the Group's interest in Ciments Français. Total income grew by 4.2%, from €407.5m to €424.8 m, due to:

- growth of 15% in net interest income, from €137.5m to €158.1m, reflecting higher business volumes in corporate banking and retail financial services;
- a 42.9% increase in net fee and commission income, from €80.5m to €115m, driven by a healthy contribution from corporate and investment banking which accounted for approx. three-quarters of the total;
- a 16.7% rise in income from companies accounted for on an equity basis, from €107.6m to €125.6m, attributable to a positive earnings performance by Assicurazioni Generali.

Operating costs rose by 12.1%, from €81.1m to €90.9m, due to strengthening in wholesale banking activities, and the geographical and operational expansion of the Compass group, reflected in the 61 new staff and the increase of 11 in new branches compared to this time last year.

Bad debt writeoffs, entirely attributable to retail financial services, rose from €25m to €33.6m, due to higher lendings in consumer credit and the related 22.2% increase in total income. Asset quality remains satisfactory, as shown by a doubtful loans/total loans ratio of 0.95%.



All areas of the Group's operations reported improvements in terms of the bottom line: net profit earned by the wholesale banking division rose by 10.2%, from €185.4m to €204.3m; the equity investment portfolio reflected a 21.2% increase, from €100.7m to €122m; retail financial services improved by 6.6%, from €22.6m to €24.1m; and private banking grew by 8%, from €15m to €16.2m. Overall, net profit from banking activity rose by 9.6%, from €223m to €244.5m.

Divisional results

Wholesale banking. A net profit of €204.3m was recorded, up 10.2% on the €185.4m posted one year previously, after gains of €146.8m (30/9/05: €89.6m) on disposal of the stake in Ferrari. Profit from ordinary activities declined from €145.3m to €123.6m, due to the anticipated reduction in trading income, which stood at €22.3m compared with €78.2m. Conversely, net interest income rose 7.3%, from €42.3m to €45.4m, and net fee and commission income grew by 58.4%, from €59.4m to €94.1m, the former driven by the increase in loans, the latter by healthy performances in terms of business volumes by the lending, advisory and capital markets areas. The 19.7% increase in costs, from €34.6m to €41.4m, is due to growth in the headcount, with a total of 16 new staff, and one-off IT projects linked to business development.

The balance-sheet aggregates for the three months reflect growth in loans and advances to customers, up from €15,855.9m to €15,978.4m, and funding, up from €22,433.8m to €23,487.6m. Treasury funds also rose, from €6,112.6m to €7,993.7m, while the AFS portfolio declined from €4,065.8m to €3,506.4m.

Equity investment portfolio. The share in profits attributable to the Group for the period under review rose by 21%, from €104.8m to €121.2m, and comprised €113.6m in profits earned by Assicurazioni Generali and €7.6m by RCS MediaGroup.

Taking this into account the book value of these two holdings rises to €2,118m, up from €2,072m one year previously, €1,829m of which is attributable to Assicurazioni Generali and €289m to RCS MediaGroup. This reflects a surplus of book over market value based on current prices of €3,859.5m (30/9/06: €3,577m).

Retail financial services. The Compass group's consolidated highlights reflect a 20.6% improvement in profit from ordinary activities, from €66.1m to €79.7m. The 17.2% increase in total income, from €100.8m to €118.1m, reflects ongoing growth in lendings, in the consumer credit segment particularly. The rise in costs was less pronounced, up 10.7%, from €34.7m to €38.4m, and once again is linked to the group's expansion in geographical and operational terms, with 11 new branches compared to September 2005. The rise in bad debt writeoffs, from €24.3m to €33.6m, is almost entirely



attributable to consumer credit. Net profit rose by 6.6%, from €22.6m to €24.1m, while asset quality remained satisfactory, with a doubtful loans/total loans ratio of 0.95%.

With regard to the individual business segments:

- consumer credit (accounts for one-third of lendings and two-thirds of profits) posted new loans worth €586m, an increase of 16%, and profits up 10% to €18.8m;
- mortgage lending shows new loans worth €126m, up 13%, and net profit stable at € 1.6m, reflecting the start-up of activity in France;
- leasing recorded growth of 6% in new business, to €336m, despite a slowdown in real estate business following changes to legislation.

Private banking. The aggregate figures include Compagnie Monégasque de Banque plus the Group's 48.2% pro-forma share in the profits of Banca Esperia. Net profit was up 8%, from €15m to €16.2m, after non-recurring income of €8m deriving from disposal of the 1% holding in Ferrari and extraordinary provisions relating to a programme of long-term investment in the Principality of Monaco amounting to €4.5m. Profit from ordinary activities fell from €15.7m to €13.4m on the back of lower trading income, down €5.1m to €3.9m, and the absence of performance fees for Banca Esperia during the period, against income of €2.9m posted this time last year. The increase in operating costs, from €16m to €16.5m, is chiefly attributable to developing the operations facilities of Banca Esperia and to extraordinary IT charges booked by Compagnie Monégasque de Banque. Assets managed on a discretionary/non-discretionary basis rose by 1.9% for the period, from €11.2bn to €11.4bn, with €7.2bn attributable to CMB (up 1%) and €4.2bn (pro-rata) to Banca Esperia (up 3.9%).

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Consolidated profit and loss account

	3 mths to 30/9/05	12 mths to 30/6/06	3 mths to 30/9/06	Y.o.Y. chg.
	€m	€m	€m	(%)
Net interest income.....	137.5	593.0	158.1	+15.0
Net trading income	81.9	215.7	26.1	-68.1
Net fee and commission income	80.5	302.7	115.0	+42.9
Dividends on AFS securities	—	65.0	—	n.m.
Share of profits earned by equity- accounted companies	107.6	335.3	125.6	+16.7
Total income	407.5	1,511.7	424.8	+4.2
Operating costs	(81.1)	(393.4)	(90.9)	+12.1
Profits from ordinary activities	326.4	1,118.3	333.9	+2.3
Gain (loss) on disposal of AFS securities ..	91.0	87.8	154.9	+70.2
Gain (loss) on disposal of other assets ...	0.6	2.6	—	n.m.
Bad debt writeoffs	(25.0)	(119.4)	(33.6)	+34.4
Extraordinary provisions	—	—	(4.5)	n.m.
Pre-tax profits.....	393.0	1,089.3	450.7	+14.7
Income tax for the period	(66.6)	(221.5)	(81.6)	+22.5
Minority interest	(2.7)	(9.4)	(2.6)	-3.7
Net profit	323.7	858.4	366.5	+13.2



Consolidated balance sheet

	30/9/05	30/6/06	30/9/06
	€m	€m	€m
Assets			
Treasury funds	2,602.2	6,320.6	8,172.8
AFS securities	5,223.9	5,502.7	4,884.5
<i>of which: fixed-income</i>	2,654.7	2,833.9	2,380.1
<i>equities</i>	2,444.4	2,423.0	2,106.0
Financial assets held to maturity	534.6	626.5	630.6
Loans and advances to customers ...	19,055.1	21,388.1	21,768.4
Equity investments	2,231.2	2,354.9	2,300.8
Tangible and intangible assets	306.4	305.7	303.0
Other assets	461.0	510.2	466.3
<i>of which: tax assets</i>	207.8	321.5	325.3
Total assets	30,414.4	37,008.7	38,526.4
Liabilities			
Funding	22,713.3	29,067.7	30,156.6
<i>of which: debt securities in issue</i> ..	15,865.3	21,118.0	22,297.2
Other liabilities	1,344.5	915.3	1,502.3
<i>of which: tax liabilities</i>	560.4	645.6	734.9
Provisions	186.8	191.3	192.8
Net equity	5,368.1	5,976.0	6,308.2
<i>of which: share capital</i>	398.3	406.0	407.8
<i>reserves</i>	5,846.1	5,480.8	5,810.2
<i>minority interest</i>	79.7	89.2	90.2
Profit for the year	323.7	858.4	366.5
Total liabilities	30,414.4	37,008.7	38,526.4



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

30/9/06	Wholesale banking	Retail financial services	Private banking	Equity investment portfolio	Group
	€m	€m	€m	€m	€m
Profit-and-loss figures					
Net interest income	45.4	109.2	6.1	(2.0)	158.1
Dividends	—	—	—	—	—
Net trading income	22.3	(0.1)	3.9	—	26.1
Net fee and commission income	94.1	9.0	19.9	—	115.0
Share of profits earned by equity- accounted companies	3.2	—	—	121.2	125.6
TOTAL INCOME	165.0	118.1	29.9	119.2	424.8
Labour costs	(27.4)	(16.1)	(9.8)	(0.8)	(51.8)
Administrative expenses	(14.0)	(22.3)	(6.7)	(0.6)	(39.1)
OPERATING COSTS	(41.4)	(38.4)	(16.5)	(1.4)	(90.9)
PROFIT FROM ORDINARY ACTIVITIES	123.6	79.7	13.4	117.8	333.9
Gain (loss) on disposal of AFS securities ..	146.8	—	8.1	—	154.9
Extraordinary provisions	—	—	(4.5)	—	(4.5)
Bad debt writeoffs	—	(33.6)	—	—	(33.6)
PRE-TAX PROFIT	270.4	46.1	17.0	117.8	450.7
Income tax for the period	(66.1)	(19.4)	(0.8)	4.2	(81.6)
Minority interest	—	(2.6)	—	—	(2.6)
NET PROFIT	204.3	24.1	16.2	122.0	366.5
Balance-sheet data					
AFS securities	3,506.4	—	1,397.9	—	4,884.5
Equity investments	146.4	—	—	2,118.1	2,300.8
Loans and advances to customers	15,978.4	9,051.5	509.9	—	21,768.4
<i>of which to Group companies</i>	<i>3,649.0</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>

Notes:

- 1) Divisions comprise:
 - *wholesale banking*: Mediobanca S.p.A., Mediobanca International and omnivestment;
 - *retail financial services*: Compass, Micos Banca, Cofactor and Creditech (consumer credit), SelmaBipiemme Leasing, Palladio Leasing and Teleleasing (leasing);
 - *private banking*: Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 48.5% (48.2% from september 2006) of Banca Esperia pro-forma;
 - *equity investment portfolio*: shareholdings owned by the Group in Assicurazioni Generali and RCS MediaGroup.
- 2) Data included in the table have been compiled on an IAS/IFRS-compliant basis.
- 3) Sum of divisional data differs from Group total due to:
 - Banca Esperia being consolidated pro-rata (48.5%, now 48.2%) rather than equity-accounted;
 - adjustments/differences arising on consolidation between different business areas.



30/9/05	Wholesale banking	Retail financial services	Private banking	Equity investment portfolio	Group
	€m	€m	€m	€m	€m
Profit and loss (pro-forma)					
Net interest income	42.3	91.1	6.7	(2.2)	137.5
Dividends	—	—	—	—	—
Net trading income	78.2	0.4	5.1	0.1	81.9
Net fee and commission income	59.4	9.3	19.9	—	80.5
Share of profits earned by equity- accounted companies	—	—	—	104.8	107.6
TOTAL INCOME	179.9	100.8	31.7	102.5	407.5
Labour costs	(22.8)	(14.7)	(10.2)	(0.8)	(47.0)
Administrative expenses	(11.8)	(20.0)	(5.8)	(0.5)	(34.1)
OPERATING COSTS	(34.6)	(34.7)	(16.0)	(1.3)	(81.1)
PROFIT FROM ORDINARY ACTIVITIES	145.3	66.1	15.7	101.2	326.4
Gain (loss) on disposal of AFS securities ..	89.6	—	1.4	—	91.0
Gain (loss) on disposal of other securities ..	—	—	0.6	—	0.6
Bad debt writeoffs	—	(24.3)	(0.7)	—	(25.0)
PRE-TAX PROFIT	234.9	41.8	17.0	101.2	393.0
Income tax for the period	(49.5)	(16.4)	(2.0)	(0.5)	(66.6)
Minority interest	—	(2.8)	—	—	(2.7)
NET PROFIT	185.4	22.6	15.0	100.7	323.7
Balance-sheet data					
AFS securities	4,113.9	—	1,119.1	—	5,223.9
Equity investments	132.0	—	—	2,072.0	2,231.2
Loans and advances to customers	13,935.2	7,499.5	578.1	—	19,055.1
<i>of which to Group companies</i> ..	<i>2,797.4</i>	—	—	—	—



Retail financial services (consumer credit and leasing)

	3 mths to 30/9/05	12 mths to 30/6/06	3 mths to 30/9/06	Y.o.Y. chg.
	€m	€m	€m	%
Total income	100.8	440.8	118.1	+17.2
Operating costs	(34.7)	(166.4)	(38.4)	+10.7
PROFIT FROM ORDINARY ACTIVITIES	66.1	274.4	79.7	+20.6
Bad debt writeoffs	(24.3)	(115.2)	(33.6)	+38.3
Income tax for the period	(16.4)	(69.8)	(19.4)	+18.3
Minority interest	(2.8)	(10.8)	(2.6)	-7.1
NET PROFIT	22.6	78.6	24.1	+6.6
Loans and advances to customers	7,499.5	8,799.4	9,051.5	+2.9
New loans	934.2	4,579.7	1,048.0	+12
No. of branches	124	135	135	—
Costi/income ratio (%)	34	38	33	—
Doubtful loans/total loans (%)	0.82	0.91	0.95	—

Retail financial services 30/9/06	Consumer credit	Mortgage lending	Total consumer finance	Leasing	Total RFS
	€m	€m	€m	€m	€m
Total income	89.7	9.6	99.3	18.8	118.1
Operating costs	(27.0)	(5.2)	(32.2)	(6.2)	(38.4)
PROFIT FROM ORDINARY ACTIVITIES	62.7	4.4	67.1	12.6	79.7
Provisions and writeoffs	(30.2)	(1.6)	(31.8)	(1.8)	(33.6)
Minority interest	—	—	—	(2.6)	(2.6)
Income tax for the period	(13.7)	(1.2)	(14.9)	(4.5)	(19.4)
NET PROFIT	18.8	1.6	20.4	3.7	24.1
New loans	586.4	125.7	712.1	335.9	1,048.0
Loans and advances to customers	3,413.0	1,770.2	5,183.2	3,868.3	9,051.5
No. of branches	103	22	125	10	135
No. of staff	656	169	825	207	1,032

Retail financial services 30/9/05	Consumer credit	Mortgage lending	Total consumer finance	Leasing	Total RFS
	€m	€m	€m	€m	€m
Total income	73.4	8.2	81.6	19.2	100.8
Operating costs	(24.4)	(4.1)	(28.4)	(6.2)	(34.7)
PROFIT FROM ORDINARY ACTIVITIES	49.0	4.1	53.1	13.0	66.1
Provisions and writeoffs	(21.3)	(1.2)	(22.5)	(1.9)	(24.3)
Minority interest	—	—	—	(2.8)	(2.8)
Income tax for the period	(10.6)	(1.3)	(11.9)	(4.5)	(16.4)
NET PROFIT	17.1	1.6	18.8	3.8	22.6
New loans	506.7	111.4	618.1	316.1	934.2
Loans and advances to customers	2,764.7	1,395.9	4,160.6	3,338.9	7,499.5
No. of branches	93	21	114	10	124
No. of staff	614	164	778	213	991



Private banking

	3 mths to 30/9/05	12 mths to 30/6/06	3 mths to 30/9/06	Y.o.Y. chg.
	€m	€m	€m	%
Total income	31.7	115.6	29.9	-5.7
<i>of which net fee and commission income</i> ..	19.9	82.8	19.9	—
Operating costs	(16.0)	(69.4)	(16.5)	+3.1
Profit from ordinary activities	15.7	46.2	13.4	-14.6
Other income/expenses	1.3	2.7	3.6	n.m.
Taxation for the period	(2.0)	(4.9)	(0.8)	-60.0
Net profit attributable to Group	15.0	44.0	16.2	+8.0
AUM	11,052.4	11,216.9	11,434.8	+1.9
Securities under trust	1,030.6	1,077.6	1,048.2	-2.7

Private banking 30/9/06	CMB	Banca Esperia 48.2%*	Others	Total PB
	€m	€m	€m	€m
Total income	21.3	7.0	1.6	29.9
<i>of which net fee and commission income</i> ..	11.9	6.5	1.5	19.9
Operating costs	(9.6)	(5.5)	(1.4)	(16.5)
PROFIT FROM ORDINARY ACTIVITIES	11.7	1.5	0.2	13.4
Other income (expenses)	3.6	—	—	3.6
Income tax for the period	—	(0.6)	(0.2)	(0.8)
NET PROFIT	15.3	0.9	—	16.2
AUM	7,197.6	4,237.2	—	11,434.8

* Includes €0.2m in costs linked to stock option scheme attributable to Mediobanca.

Private banking 30/9/05	CMB	Banca Esperia 48.5%	Others	Total PB
	€m	€m	€m	€m
Total income	20.8	9.3	1.6	31.7
<i>of which net fee and commission income</i> ..	11.2	7.3	1.4	19.9
Operating costs	(9.9)	(4.6)	(1.5)	(16.0)
PROFIT FROM ORDINARY ACTIVITIES	10.9	4.7	0.1	15.7
Other income (expenses)	1.3	—	—	1.3
Income tax for period	—	(1.9)	(0.1)	(2.0)
NET PROFIT	12.2	2.8	—	15.0
AUM	7,203.0	3,849.4	—	11,052.4