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## Board of Directors' meeting

Milan, 15 September 2006

### Financial statements for year ended 30 June 2006 adopted<sup>1</sup>

- ahead of schedule on 2008 targets: 31% growth in income to € 1,512m, 40% growth in profit from ordinary activities to € 1,118m, and 36% growth in net profit to €858m, way in advance of targeted CAGR for the three years (13%, 15% and 10% respectively)
- net profit of €858m (30/6/05: €632m) already at level targeted for year 3 of the business plan (€840m)
- clear improvement in main profitability indicators: ROE up from 12% to 15%, cost/income ratio down from 31% to 26%
- asset quality unaltered
- proposed dividend: €0.58 per share, up 21% from €0.48 last year, representing 72% of net consolidated cashed profit
- increase in consolidated profit was concentrated in banking activities, which recorded 61% growth, from €365.3m to €588.9m, accounting for 69% of the total, boosted by gains of €114m (€41m) on disposals of securities, chiefly Ciments Français:
  - Wholesale banking
    - corporate lendings up 17% to €12.3bn<sup>2</sup>
    - total income up 52%, to €682m, of which: net interest income up 24% to €181m, net fee and commission income up 31% to €215m, net trading income of €205m
    - net profit up 77% to €467m, ROAC 21% (up from 13%)
  - Equity investment portfolio (Assicurazioni Generali/RCS MediaGroup)
    - NAV: €5.5bn (30/6/06: €5.2bn)
    - total income up 11%, to €311m
    - net profit: up 1% at €269m; ROAC 14% (vs 15%)
  - Retail financial services
    - new loans up 21% to €4.6bn

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<sup>1</sup> Percentage changes calculated as follows: vs figures at 30/6/05 for flows, vs figures at 1/7/05 for stock.

<sup>2</sup> Excluding loans and advances to other Group companies.



- **total income up 23% to €441m**
- **net profit up 19% to €79m; ROAC 17% (up from 15%)**
- **Private banking<sup>3</sup>**
  - **total income up 14% to €116m**
  - **net profit up 26% to €44m; ROAC 40% (up from 32%)**
  - **AUM up 4% to €11.2bn.**

At a Board meeting of held today with Gabriele GALATERI di GENOLA in the chair, the Directors of Mediobanca approved the Group's consolidated financial statements drawn up on a IAS/IFRS-compliant basis, and the parent company's draft statutory accounts for the twelve months to 30 June 2006, as illustrated by General manager Alberto NAGEL and Co-general manager Renato PAGLIARO.

### **Consolidated results**

The Mediobanca Group's results for the twelve months show a net profit of €858.4m, up 36% from the €632.4m recorded one year previously.

This was achieved on the back of a significant, 40% increase in profit from ordinary activities, from €799.6m to €1,118.3m, and gains of €87.8m (30/6/05: €40.7m) on disposal of securities (chiefly the Group's holding in Ciments Français).

There was strong growth in total income during the twelve months under review, which climbed 31%, from €1,156.6m to €1,511.7m, the chief items in which performed as follows:

- net interest income rose 23%, from €480.2m to €593m, driven by sustained growth in corporate lendings, which climbed 17%, from €10.5bn to €12.3bn, and retail financial services, where new loans were up 21% to €4.6bn;
- net fee and commission income rose 26%, from €241.1m to €302.7m, helped by a healthy performance from corporate and investment banking, which contributed some two-thirds of the total;
- net trading income virtually doubled, from €110.1m to €215.7m, and includes, in addition to dividends received on trading securities amounting to €22.2m, €40.8m in proceeds from the early redemption of the bond issue convertible into Ciments Français shares;
- income from companies accounted for on an equity basis rose by 18%, from €285m to €335.3m, reflecting the healthy earnings performance posted by Assicurazioni Generali;

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<sup>3</sup> Includes Compagnie Monégasque de Banque plus the Group's 48.5% pro-forma share in the profits of Banca Esperia.



- dividends on AFS securities were up 62%, from €40.2m to €65m.

Such growth in income, against a modest rise in operating costs of just 10% from €357m to €393.4m, which was chiefly attributable to development of the retail side's operations and expansion of its coverage in geographical terms, drove a further improvement in the Group's cost/income ratio, which reduced from 31% to 26%.

Bad debt writeoffs, which rose 30%, from €92.1m to €119.4m, are still largely linked to the retail area, and reflect growth in consumer credit new loans, up 23% to €2.3bn, an area which is increasingly geared towards higher-profit, higher-risk products such as personal loans and credit cards, in line with market trends.

Tax of €221.5m net of income exempt from and/or subject to reduced taxation (i.e. share of equity-accounted companies' profits attributable to Group, dividends and gains realized upon disposals) reflects a tax rate of approx. 39%.

Developments in the main balance-sheet items for the year under review include a sharp increase in loans and advances to customers, up 18% from €18.2bn to €21.4bn, well-balanced between the corporate side, which was up 17% to €12.3bn, and the Group's retail financial services operations, up 21% to €8.8bn. Growth in funding, from €24.5bn to €29.1bn, and the reduction in the AFS securities portfolio, from €7bn to €5.5bn, drove an expansion in net applications of treasury funds, which rose from €3.4bn to €6.3bn.

Net equity stood at €5,886.8m, up from €5,440m, not including profit for the period. ROE rose from 11.6% to 15.2%.

## **Divisional results**

**Wholesale banking:** contributes 45% of consolidated income and 54% of net profit. This division recorded a net profit for the twelve months of €467.2m, up 77% from the €264.4m recorded one year, previously owing to a significant, 72% increase in profit from ordinary activities, up from €294.5m to €505.8m, and gains on disposals of securities amounting to €88.1m (30/6/05: €38.5m) chiefly in connection with the Ciments Français disposal referred to above. Top-line growth of 52%, from €449.8m to €681.8m, was achieved on the back of healthy contributions from all the main income sources:

- net interest income was up 24%, from €145.5m to €180.6m, reflecting strong growth in lendings, which were up 19%, from €13.3bn to €15.9bn;
- net trading activity improved from €99.6m to €205.3m, and includes €40.8m in connection with early redemption of the bond issue convertible into Ciments Français shares;



- net fee and commission income rose 31%, from €164.1m to €215.2m, driven by advisory business which was up 82%, from €37m to €67.2m, and lending, up 58%, from €43.2m to €68.1m; there was also a sizeable contribution from capital markets of €79.9m, compared with €83.9m;
- dividends received on AFS securities rose by 62%, from €40.2m to €65m;
- income from companies accounted for on an equity basis totalled €15.7bn, reflecting the contribution of Burgo was boosted in part by non-recurring items.

An increase of 13% in operating costs, from €155.3m to €176m, drove a reduction in the cost/income ratio from 34% to 26%.

ROAC rose from 13% to 21%,<sup>4</sup> despite the major increase in risk-weighted assets which, in line with the Group's strategic objectives, grew by 23% to €30.2bn, mostly because of the increase in loans to corporates, which were up 17%, from €10.5bn to €12.3bn. Such growth in volumes, however, has been achieved without prejudice to asset quality. Overall the lending business contributed roughly one-third of the wholesale banking division's volumes.

Profit for the year attributable to the Group's **Equity investment portfolio**, which comprises the shareholdings in Assicurazioni Generali (14.11%) and RCS MediaGroup (13.66%), rose by 11%, from €278.6m to €310.5m,<sup>5</sup> €287.6m of which is attributable to Generali (30/6/05: €253.5m), and €22.9m (€25.1m) to RCS. Profit rose by just 1%, to €268.8m, and this stability reflects a €32.7m increase in taxation, €18.6m of which was due to booking the higher tax burden on the portfolio in advance, ahead of the increase in the PEX rate to 5.28% as from 1 January 2007.

Reflecting the valuation referred to above, the book value of the two holdings increased from €1,979.9m as at 30 June 2005 to €2,173.4m, €1,888.5m of which is attributable to the Generali holding and €284.9m to the RCS stake. At current values the portfolio reflects a surplus of market over book value amounting to €3,522.6m (30/6/06: €3,352.4m).

**Retail financial services:** this area contributes 29% of the Group's income and 9% of its profit. In the year ended 30 June 2006 this division posted 37% growth in profit before tax from ordinary activities, from €115.8m to €159.2m. Top-line growth of 23%, from €357.7m to €440.8m reflects the healthy market conditions generally, with new loans up 21%, and the consumer credit segment in particular. The rise in costs, from €149.8m to €166.4m, is due to the increased levels of operation and expansion of the distribution network, which now comprises a total of 135 branches after 11 new branches were added during the year, 10 of which in consumer credit and one in mortgage lending. Net profit was up 19%, to €78.6m,

<sup>4</sup> Excluding gains on disposal of AFS securities ROAC was 17% (30/6/05: 12%).

<sup>5</sup> Refers to period ended 31 March 2006.



despite 25% growth in bad debt writeoffs, from €92.1m to €115.2m, reflecting changes to the risk profile of the Compass group's loan book, which in line with market trends is increasingly geared towards personal loans (these now account from some 40% of new loans); credit quality however remained unchanged, with the bad loans/total loans ratio at 0.9%. The 69% rise in tax, to €69.8m, is chiefly due to loan losses no longer being tax-deductible with respect to IRAP (Italian regional production tax).

ROAC rose from 15% to 17%.

With regard to the individual segments:

- consumer credit (accounts for one-third of lendings and two-thirds of profits): new lendings worth €2.3bn were recorded, up 23%, and profits were up 18% to €57.1m
- mortgage lending posted new loans worth €0.5bn, up 20%, and net profits up 26%, to €7.8m
- leasing performed better than expected as a result of the ongoing contribution from the Banca Popolare di Milano network. New business grew by 19%, to €1.7bn, and profits were up 16%, from €11.8m to €13.7m.

**Private banking.** The aggregate figures include Compagnie Monégasque de Banque plus the Group's 48.5% share in the profits of Banca Esperia. A net profit of €44m was recorded (5.1% of the Group total), up 26% compared with the €34.8m recorded one year previously, on the back of higher management fees, up 17% from €70.5m to €82.8m, deriving in part from a healthy performance by the groups' client book as well as higher AUM. There was also a significant improvement in the cost/income ratio, which reduced by 5 percentage points to 60%. Assets under management on a discretionary and non-discretionary basis rose by 4%, from €10.8bn to €11.2bn, shared as to €7.1bn for CMB (up 1%), and €4.1bn (pro-rata) for Banca Esperia (up 10%).

ROAC for this division rose to 40%, compared with 32% last year.

### **Mediobanca S.p.A.<sup>6</sup>**

In the twelve months ended 30 June 2006, Mediobanca earned a net profit of €494.3m (30/6/05: €440.1m), after net writebacks to investment securities based on average prices in the previous six-month period amounting to €34.4m (€60.7m), gains on disposals of holdings totalling €106.6m (€38.5m), and writedowns to treasury securities and derivatives totalling €186m (€28.5m); this latter item is offset as usual by the increase in unrealized gains on the treasury portfolio. Profit from ordinary operations rose by more than 30%, from €453.8m to

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<sup>6</sup> Figures compiled in accordance with Italian Legislative Decree 87/92.



€590.2m, helped by a 23.6% rise in interest income, from €146m to €180.4m, and a 27.8% or €45.3m increase in fees, while treasury income fell from €160.9m to €150m.

With regard to the main balance-sheet items, loans and advances to customers rose from €14bn to €15.8bn, despite transactions with matched funding being largely wiped out, from €1,598.1m to €83.8m. Conversely, funding rose from €19.4bn to €23bn, with issuance during the twelve months of €8.5bn. Investment securities rose by €94.2m, after writebacks amounting to €34.4m, while net applications of treasury funds after the movements described above rose by €2,251.6m, taking this item back to previous years' levels.

### **Proposed dividend**

The Board approved a resolution to propose payment of a €0.58 per share dividend to shareholders at the Annual General Meeting scheduled to be held on 28 October 2006 in the first instance, or on 30 October thereafter if adjourned. This represents an increase of 21% on the €0.48 dividend paid last year. The dividend will be payable as from 23 November 2006 and the shares will go ex-rights on 20 November 2006.

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The Board also:

- ▲ duly noted the resignation of Carlo SALVATORI, and co-opted Dieter RAMPL in his stead as a non-independent, non-executive Director who was also appointed as Deputy Chairman and member of the Executive, Appointments and Remuneration Committees;
- ▲ approved the issue of a subordinated bond in an amount of up to €1-1.2bn;
- ▲ assessed whether the following are in possession of the requisites to stand as independent directors of the Bank stipulated under the Code of conduct in respect of listed companies: Tarak BEN AMMAR, Roberto COLANINNO, Gabriele GALATERI di GENOLA, Berardino LIBONATI and Fabrizio PALENZONA;
- ▲ approved the annual statement on corporate governance and compliance with the code of conduct in respect of listed companies, to be included in the Group's annual report as usual.

15 September 2006



### Consolidated profit and loss account

	12 mths to 30/6/05 (Italian GAAP)	12 mths to 30/6/05 pro-forma *	30/6/06	Change 2005/2006
	€m	€m	€m	%
Net interest income .....	509.6	480.2	593.0	+23
Net trading income .....	169.6	110.1	215.7	+96
Net fee and commission income .....	207.8	241.1	302.7	+26
Dividends on AFS securities .....	127.4	40.2	65.0	+62
Share of profits earned by equity-accounted companies .....	6.3	285.0	335.3	+18
<b>TOTAL INCOME .....</b>	<b>1,020.7</b>	<b>1,156.6</b>	<b>1,511.7</b>	<b>+31</b>
Operating costs .....	(348.2)	(357.0)	(393.4)	+10
<b>PROFIT FROM ORDINARY ACTIVITIES .....</b>	<b>672.5</b>	<b>799.6</b>	<b>1,118.3</b>	<b>+40</b>
Gain (loss) on disposal of AFS securities ...	39.0	40.7	87.8	n.m.
Gain (loss) on disposal of other securities .	4.2	—	2.6	n.m.
Bad debt writeoffs .....	(99.2)	(92.1)	(119.4)	+30
Net writebacks to investment securities....	56.1	—	—	—
<b>PRE-TAX PROFITS .....</b>	<b>672.6</b>	<b>748.2</b>	<b>1,089.3</b>	<b>+46</b>
Income tax for the period .....	(122.7)	(107.4)	(221.5)	n.m.
Minority interest .....	(9.6)	(8.4)	(9.4)	+12
<b>NET PROFIT .....</b>	<b>540.3</b>	<b>632.4</b>	<b>858.4</b>	<b>+36</b>
<i>of which: banking</i>		<i>365.3</i>	<i>588.9</i>	<i>+61</i>
<i>equity investment portfolio</i>		<i>267.1</i>	<i>268.8</i>	<i>+1</i>

\* Includes estimated impact of adopting IAS 39.



## Consolidated balance sheet

	1/7/05	30/6/06
	€m	€m
<b>Assets</b>		
Treasury funds .....	3,359.8	6,320.6
AFS securities .....	7,037.2	5,502.7
<i>of which: fixed-income</i>	<i>4,445.0</i>	<i>2,833.9</i>
<i>equities</i>	<i>2,426.2</i>	<i>2,423.0</i>
Financial assets held to maturity .....	239.0	626.5
Loans and advances to customers .....	18,171.7	21,388.1
Equity investments .....	2,137.6	2,354.9
Tangible and intangible assets .....	310.6	305.7
Other assets .....	524.5	510.2
<i>of which: tax assets</i>	<i>133.3</i>	<i>321.5</i>
Total assets .....	31,780.4	37,008.7
<b>Liabilities</b>		
Funding .....	24,502.5	29,067.7
<i>of which: debt securities in issue</i>	<i>15,173.6</i>	<i>21,118.0</i>
Other liabilities .....	854.9	915.3
<i>of which: tax liabilities</i>	<i>468.8</i>	<i>645.6</i>
Provisions .....	189.7	191.3
Net equity .....	5,519.3	5,976.0
<i>of which: share capital</i>	<i>397.5</i>	<i>406.0</i>
..... <i>reserves</i>	<i>5,042.5</i>	<i>5,480.8</i>
..... <i>minority interest</i>	<i>79.3</i>	<i>89.2</i>
Profit for the year .....	714.0 <sup>1</sup>	858.4
Total liabilities .....	31,780.4	37,008.7
<i>Tier 1 capital</i> .....	<i>5,135.4</i>	<i>5,742.6</i>
<i>Regulatory capital</i> .....	<i>6,335.4</i>	<i>6,953.1</i>
<i>Tier 1 capital/risk-weighted assets</i> .....	<i>15.85%</i>	<i>14.24%</i>
<i>Regulatory capital/risk-weighted assets</i> .....	<i>19.56%</i>	<i>17.24%</i>
<i>No. of shares in issue (millions)</i> .....	<i>795</i>	<i>812</i>

<sup>1</sup> Difference from profit including estimated impact of adopting IAS 39 (i.e. €632.4m) accounted for in net equity reserves.





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

30/6/06	Wholesale banking	Retail financial services	Private banking	Equity investment portfolio	Group
	€m	€m	€m	€m	€m
<b>Profit-and-loss figures</b>					
Net interest income .....	180.6	398.3	22.1	(6.8)	593.0
Dividends on AFS securities .....	65.0	—	—	—	65.0
Net trading income .....	205.3	1.4	10.7	—	215.7
Net fee and commission income .....	215.2	41.1	82.8	—	302.7
Share of profits earned by equity- accounted companies .....	15.7	—	—	310.5	335.3
<b>TOTAL INCOME .....</b>	<b>681.8</b>	<b>440.8</b>	<b>115.6</b>	<b>303.7</b>	<b>1,511.7</b>
Labour costs .....	(105.4)	(66.2)	(41.8)	(3.1)	(208.7)
Administrative expenses .....	(70.6)	(100.2)	(27.6)	(2.3)	(184.7)
<b>OPERATING COSTS .....</b>	<b>(176.0)</b>	<b>(166.4)</b>	<b>(69.4)</b>	<b>(5.4)</b>	<b>(393.4)</b>
<b>PROFIT FROM ORDINARY ACTIVITIES .....</b>	<b>505.8</b>	<b>274.4</b>	<b>46.2</b>	<b>298.3</b>	<b>1,118.3</b>
Gain (loss) on disposal of AFS securities	85.9	—	1.9	—	87.8
Gain (loss) on disposal of other securities	2.2	—	—	—	2.2
Gain (loss) on disposal of other assets ...	(0.2)	—	0.6	—	0.4
Bad debt writeoffs .....	(4.5)	(115.2)	0.2	—	(119.4)
<b>PRE-TAX PROFIT .....</b>	<b>589.2</b>	<b>159.2</b>	<b>48.9</b>	<b>298.3</b>	<b>1,089.3</b>
Income tax for the year .....	(122.5)	(69.8)	(4.9)	(29.5)	(221.5)
Minority interest .....	0.5	(10.8)	—	—	(9.4)
<b>NET PROFIT .....</b>	<b>467.2</b>	<b>78.6</b>	<b>44.0</b>	<b>268.8</b>	<b>858.4</b>
<b>Balance-sheet data</b>					
AFS securities .....	4,065.8	—	1,456.7	—	5,502.7
Equity investments .....	146.8	—	—	2,173.4	2,354.9
Loans and advances to customers .....	15,855.9	8,799.4	452.5	—	21,388.1
<i>of which: to Group companies .....</i>	<i>3,608.4</i>	—	—	—	—
Risk-weighted assets .....	30,226.3	7,305.8	831.1	1,973.9	40,337.2
No. of employees .....	418	1,026	274*	—	1,684
Cost/income ratio (%) .....	26	38	60	2	26

\* Includes 83 staff employed by Banca Esperia not included in the total.

### Notes:

- 1) Divisions comprise:
  - *wholesale banking*: Mediobanca S.p.A., Mediobanca International and Prominvestment;
  - *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% of Banca Esperia pro-forma;
  - *equity investment*: shareholdings owned by the Group in Assicurazioni Generali and RCS MediaGroup.
- 2) Data included in the table have been compiled on a IAS/IFRS-compliant basis.
- 3) Sum of divisional data differs from Group total due to:
  - Banca Esperia being consolidated pro-rata (48.5%) rather than equity-accounted;
  - adjustments/differences arising on consolidation between different business areas.



<b>30/6/05</b>	Wholesale banking	Retail financial services	Private banking	Equity investment	Group
	€m	€m	€m	€m	€m
<b>Profit-and-loss (pro-forma)</b>					
Net interest income .....	145.5	326.3	18.8	(8.8)	480.2
Dividends on AFS securities .....	40.2	—	—	—	40.2
Net trading income .....	99.6	—	11.0	—	110.1
Net fee and commission income .....	164.1	31.4	70.5	—	241.1
Share of profits earned by equity- accounted companies .....	0.4	—	0.8	278.6	285.0
<b>TOTAL INCOME .....</b>	<b>449.8</b>	<b>357.7</b>	<b>101.1</b>	<b>269.8</b>	<b>1,156.6</b>
Labour costs .....	(100.5)	(61.4)	(42.0)	(3.0)	(200.7)
Administrative expenses .....	(54.8)	(88.4)	(23.6)	(2.9)	(156.3)
<b>OPERATING COSTS .....</b>	<b>(155.3)</b>	<b>(149.8)</b>	<b>(65.6)</b>	<b>(5.9)</b>	<b>(357.0)</b>
<b>PROFIT FROM ORDINARY ACTIVITIES .....</b>	<b>294.5</b>	<b>207.9</b>	<b>35.5</b>	<b>263.9</b>	<b>799.6</b>
Gain (loss) on disposal of AFS securities ..	38.5	—	2.2	—	40.7
Gain (loss) on disposal of other securities ..	—	—	—	—	—
Bad debt writeoffs .....	—	(92.1)	—	—	(92.1)
<b>PRE-TAX PROFIT .....</b>	<b>333.0</b>	<b>115.8</b>	<b>37.7</b>	<b>263.9</b>	<b>748.2</b>
Income tax for the year .....	(68.6)	(41.3)	(2.9)	3.2	(107.4)
Minority interest .....	—	(8.3)	—	—	(8.4)
<b>NET PROFIT .....</b>	<b>264.4</b>	<b>66.2</b>	<b>34.8</b>	<b>267.1</b>	<b>632.4</b>
<b>Balance-sheet data</b>					
AFS securities .....	5,831.3	—	1,306.6	—	7,037.2
Equity investments .....	133.1	—	—	1,979.9	2,137.6
Loans and advances to customers .....	13,288.0	7,287.8	528.7	—	18,171.7
<i>of which: to Group companies ...</i>	<i>2,813.2</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>
Risk-weighted assets .....	24,535.3	6,158.2	814.5	1,835.1	33,343.1
No. of employees .....	409	989	262*	—	1,636
Cost/income ratio (%) .....	34	42	65	2	31

\* Includes 70 staff employed by Banca Esperia not included in the total.



## Retail financial services

Retail financial services 30/6/06	Consumer credit	Mortgage lending	Total consumer finance	Leasing	Total RFS
	€m	€m	€m	€m	€m
Total income .....	321.9	37.1	359.0	81.8	440.8
Operating costs .....	(117.2)	(18.3)	(135.5)	(30.9)	(166.4)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>204.7</b>	<b>18.8</b>	<b>223.5</b>	<b>50.9</b>	<b>274.4</b>
Provisions and loan losses .....	(101.9)	(4.9)	(106.8)	(8.4)	(115.2)
Profit attributable to minorities .....	—	—	—	(10.8)	(10.8)
Taxation for the period .....	(45.7)	(6.1)	(51.8)	(18.0)	(69.8)
<b>NET PROFIT</b> .....	<b>57.1</b>	<b>7.8</b>	<b>64.9</b>	<b>13.7</b>	<b>78.6</b>
New loans .....	2,324.2	517.8	2,842.0	1,737.7	4,579.7
Loans and advances to customers .....	3,277.2	1,683.4	4,960.6	3,838.8	8,799.4
No. of branches .....	103	22	125	10	135
No. of employees .....	650	170	820	206	1,026

Retail financial services 30/6/05	Consumer credit	Mortgage lending	Total consumer finance	Leasing	Total RFS
	€m	€m	€m	€m	€m
Total income .....	258.4	27.3	285.7	72.0	357.7
Operating costs .....	(104.7)	(15.4)	(120.1)	(29.7)	(149.8)
<b>PROFIT FROM ORDINARY ACTIVITIES</b> .....	<b>153.7</b>	<b>11.9</b>	<b>165.6</b>	<b>42.3</b>	<b>207.9</b>
Provisions and loan losses .....	(79.3)	(3.7)	(83.0)	(9.1)	(92.1)
Profit attributable to minorities .....	—	—	—	(8.3)	(8.3)
Taxation for the period .....	(26.2)	(2.0)	(28.2)	(13.1)	(41.3)
<b>NET PROFIT</b> .....	<b>48.2</b>	<b>6.2</b>	<b>54.4</b>	<b>11.8</b>	<b>66.2</b>
New loans .....	1,895.2	432.2	2,327.4	1,455.5	3,782.9
Loans and advances to customers .....	2,648.3	1,311.1	3,959.4	3,326.7	7,286.1
No. of branches .....	93	21	114	10	124
No. of employees .....	615	154	769	220	989



## Private banking

Private banking 30/6/06	CMB	Banca Esperia 48.5% *	Others	Total PB
	€m	€m	€m	€m
Total income .....	75.0	34.2	6.4	115.6
<i>of which: net fee and commission income</i>	<i>45.6</i>	<i>31.0</i>	<i>6.2</i>	<i>82.8</i>
Operating costs .....	(40.5)	(22.8)	(6.1)	(69.4)
<b>PROFIT FROM ORDINARY ACTIVITIES .....</b>	<b>34.5</b>	<b>11.4</b>	<b>0.3</b>	<b>46.2</b>
Other income (costs) .....	3.2	(0.1)	(0.4)	2.7
Income tax for the period .....	—	(4.6)	(0.3)	(4.9)
<b>NET PROFIT .....</b>	<b>37.7</b>	<b>6.7</b>	<b>(0.4)</b>	<b>44.0</b>
AUM .....	7,140.0	4,076.9	—	11,216.9

\* Includes €3.3m in costs incurred in connection with the stock option scheme attributable to Mediobanca.

Private banking 30/6/05	CMB	Banca Esperia 48.5%	Others	Total PB
	€m	€m	€m	€m
Total income .....	69.7	24.7	6.7	101.1
<i>of which: net fee and commission income</i>	<i>41.4</i>	<i>22.6</i>	<i>6.5</i>	<i>70.5</i>
Operating costs .....	(42.0)	(17.1)	(6.5)	(65.6)
<b>PROFIT FROM ORDINARY ACTIVITIES .....</b>	<b>27.7</b>	<b>7.6</b>	<b>0.2</b>	<b>35.5</b>
Other income (costs) .....	2.3	—	(0.1)	2.2
Income tax for the period .....	(0.2)	(2.1)	(0.6)	(2.9)
<b>NET PROFIT .....</b>	<b>29.8</b>	<b>5.5</b>	<b>(0.5)</b>	<b>34.8</b>
AUM .....	7,071.0	3,710.7	—	10,781.7



## Mediobanca S.p.A.: profit and loss account

	12 mths to 30/6/04 *	12 mths to 30/6/05	12 mths to 30/6/06
	€m	€m	€m
Interest income .....	477.6	444.6	562.2
Commissions received and other income .....	148.4	163.0	208.3
General costs and expenses .....	(150.2)	(153.8)	(180.3)
GROSS MARGIN FROM ORDINARY OPERATIONS .....	475.8	453.8	590.2
Net writedowns to treasury securities and derivatives .....	(7.3)	(28.5)	(186.0)
Net gain (loss) on disposal of investment securities .....	39.1	38.5	106.6
Net writebacks (writedowns) to investment securities .....	134.3	60.7	34.4
MARGIN BEFORE TAXATION AND PROVISIONS .....	641.9	524.5	545.2
Provisions for liabilities, charges and loan loss	(33.0)	—	— <sup>1</sup>
Taxation for the year .....	(181.3)	(84.4)	(50.9)
NET PROFIT (LOSS) .....	427.6	440.1	494.3

\* Tax credit on dividends has been included in the item taxation for the year, and accelerated depreciation and amortization charges have been taken to general costs and expenses.

<sup>1</sup> Balance between provision for liabilities and charges and extraordinary income.



## Mediobanca S.p.A.: balance sheet

	30/6/04	30/6/05	30/6/06
	€m	€m	€m
<b>Assets</b>			
Treasury funds .....	8,427.8	6,538.5	8,790.1
Loans and advances to customers .....	13,324.4	13,995.6	15,823.8
Investment securities .....	2,987.7	3,209.2	3,303.4
Property .....	11.6	11.6	11.7
Other assets .....	2,188.4	2,032.6	1,835.3
<b>Total assets .....</b>	<b>26,939.9</b>	<b>25,787.5</b>	<b>29,764.3</b>
<b>Liabilities</b>			
Funding .....	20,561.2	19,374.6	23,016.3
Provisions for liabilities and charges .....	244.4	242.6	234.2
Other liabilities .....	1,323.6	1,202.2	1,267.1
Shareholders' equity .....	4,383.1	4,528.0	4,752.4
Profit (loss) for the year .....	427.6	440.1	494.3
<b>Total liabilities .....</b>	<b>26,939.9</b>	<b>25,787.5</b>	<b>29,764.3</b>
Memorandum accounts .....	84,319.5	81,192.6	107,987.3

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