

MEDIOBANCA

Interim Report

for the six months ended 31 December 2004

(as required under Articles 81 and 82 of
Consob Regulation 11971/99 as amended)

MEDIOBANCA

LIMITED COMPANY

SHARE CAPITAL € 394,229,582.50 FULLY PAID UP - RESERVES € 3,221.3m

HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

Registered as a Bank. Parent Company of the Mediobanca Banking Group

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for the six months ended 31 December 2004

(as required under Articles 81 and 82 of
Consob Regulation 11971/99 as amended)

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REVIEW OF GROUP OPERATIONS

The Group's interim accounts for the six months to 31 December 2004 reflect a profit from ordinary operations of € 313.6m, up 10% from the € 285.1m recorded one year previously. This was the result of a 16.1% increase in interest income from € 306.1m to € 355.3m, stable fee income of € 140.7m (31/12/03: € 143m), and costs up 11.2% from € 164m to € 182.4m, chiefly in connection with the Compass group's distribution network expansion and commercial development.

This healthy operating performance involved all the Group's main business areas. Despite the ongoing market stagnation, profit from ordinary operations in wholesale banking rose by 5.4%, from € 200.2m to € 211.1m, fee income of € 94m was in line with that recorded last year (€ 98m), and there was a sizeable contribution from the Group's trading activities, where net profits rose from € 77.8m to € 103.8m. In retail financial services, the Compass group saw its profit from ordinary operations rise by 20.9% from € 80.8m to € 97.7m, due to a 21.1% increase in interest income from € 139.2m to € 168.6m, chiefly reflecting growth in consumer credit, where finance disbursed during the six months was 26.9% higher. The Group's private banking operations added profits of some € 14m, plus € 3m attributable to Banca Esperia booked under gains on holdings stated on the net equity method, representing an overall gain of 37%.

Investment portfolio management during the period under review generated € 32m in gains on disposals of holdings (€ 19.1m), while net writedowns based on average prices recorded in the six months to 31 December 2004 were negligible at € 1.1m, compared with writebacks of € 126.1m at the same stage last year, and writedowns of € 271m as at 31 December 2002. Of the other main items, writedowns to equities and derivatives held in treasury amounted to € 11.7m (€ 7.9m), whereas bad debts written off, which involved only the Compass group's operations, rose by 8.2%, from € 41.4m to € 44.8m, as a result of higher lendings. Overall, a pre-tax profit of € 285.3m was earned, compared with € 371.6m at the same stage last year.

The performance recorded during the first half of the financial year bears out management policy of increasing the Group's core businesses' profitability: profit before tax and equity investment adjustments rose by 16.7%, from € 245.5m to € 286.4m.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's profit and loss account and balance sheet are given below in customary fashion, along with a review of the main items concerned. It should be noted that in the light of recent changes to reporting requirements, tax credit on dividends received in the year ended 30 June 2004 has been stated under provision for income tax, in order to provide a like-for-like basis for comparison.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	6 mths to 31/12/03	12 mths to 30/6/04	6 mths to 31/12/04
	€ m	€ m	€ m
Interest income	306.1	797.1	355.3
<i>of which: dividends</i>	<i>0.1</i>	<i>119.4</i>	<i>3.1</i>
Commissions received and other income	143.0	253.6	140.7
General costs and expenses	(164.0)	(362.6)	(182.4)
GROSS MARGIN FROM ORDINARY OPERATIONS	285.1	688.1	313.6
Net writedowns to securities and derivatives held in treasury	(7.9)	(7.0)	(11.7)
Net gains on disposal of investment securities	19.1	40.4	32.0
Net writebacks (writedowns) to investment securities	126.1	132.0	(1.1)
Bad debts written off	(41.4)	(88.4)	(44.8)
Gains on holdings stated on net equity basis	3.7	4.4	3.8
PROFIT BEFORE TAX AND PROVISIONS ...	384.7	769.5	291.8
Provisions for liabilities and charges	—	(1.5)	—
Depreciation and amortization	(4.0)	(7.1)	(0.8)
Profit attributable to minority shareholders ..	(9.1)	(17.4)	(5.7)
PROFIT (LOSS) BEFORE TAX ATTRIBUTABLE TO MEDIOBANCA	371.6	743.5	285.3
Transfer to provision for income taxes	—	(207.1)	—
NET PROFIT	—	536.4	—

CONSOLIDATED BALANCE SHEET

	31/12/03	30/6/04	31/12/04
	€ m	€ m	€ m
Assets			
Treasury funds employed	9,173.8	9,723.0	9,970.9
Loans and advances to customers	17,230.4	16,280.9	16,314.2
Investment securities.....	3,205.2	3,154.8	3,223.4
Intangible assets	2.2	1.5	1.2
Property	262.8	260.5	261.4
Furniture and fixtures	10.7	11.1	13.1
Other assets	2,292.5	2,407.3	2,157.9
Total assets	32,177.6	31,839.1	31,942.1
Liabilities			
Deposits and loans	25,271.1	24,596.6	25,061.3
Provision for liabilities and charges	180.1	386.6	142.8
Other liabilities	1,525.2	1,476.9	1,443.6
Loan loss provisions	13.4	13.4	—
Equity attributable to minority shareholders	176.0	184.3	72.5
Shareholders' equity	4,640.2	4,644.9	4,936.6
Profit for the period	371.6 ⁽¹⁾	536.4	285.3 ⁽¹⁾
Total liabilities	32,177.6	31,839.1	31,942.1

(1) Pre-tax.

Key indices and financial ratios for the period under review are as follows:

	31/12/03	30/6/04	31/12/04
Regulatory capital (€ m)	5,785.2	5,948.7	6,060.1
Solvency margin (%)	21.24	20.05	19.78
No. of shares in issue (millions)	778.6	778.6	784.8
Avg. no. of staff during period	1,468	1,472	1,517
Market capitalization (€ m)	6,772.0	7,784.3	9,315.5
Cost/income ratio (%)	36.5	34.5	36.8

REVIEW OF KEY ITEMS

BALANCE SHEET

The following is a review of the movements in the main balance sheet items during the six months (Mediobanca accounts for roughly three-quarters of the total):

Deposits and loans – these grew by 2% from € 24,596.6m to € 25,061.3m, after funding transactions to cover back-to-back loans worth € 481.8m were closed. The increase was due to debt securities, which rose from € 16,214.3m to € 16,785.3m, and to borrowings, which rose from € 4,848.5m to € 5,121.7m and were concentrated in the Compass group. Conversely, time deposits and current accounts fell by € 316.7m and CDs by € 62.8m.

Loans and advances to customers – these remained stable at € 16.3bn. During the six months under review, 11.1% growth in consumer credit and a 1.4% rise in leasing together more than offset a slight 2.8% reduction in lending to corporates, which was largely due to the transactions with back-to-back funding. As at 31 December 2004, 63% of the Group's loan book consisted of corporate lending and structured finance (30/6/04: 65%), 19% of consumer credit (17%), and 16% of leasing (16%). The other 2% is made up of finance disbursed by Compagnie Monégasque de Banque (CMB). At the same date, exposures in excess of 10% of consolidated regulatory capital involved ten groups of clients, unchanged since the balance sheet date, and according to the permitted risk weightings amounted to € 9,960.2m (30/6/04: € 10,368.9m), or 20.5% (21.8%) of the aggregate limit.

Investment securities – these rose by € 68.6m, after writedowns of € 1.1m and gains of € 3.8m on holdings stated on a net equity basis, in this case Banca Esperia and Athena Private Equity. Movements during the six months under review involved purchases totalling € 192m, notably € 121.7m to acquire a 3.77% stake in RCS Mediagroup, € 37.4m to acquire shares in Telecom Italia, € 20.8m to acquire Pirelli & C. shares and warrants (including exercise of warrants), € 8.3m to acquire shares in Assicurazioni Generali, and € 2.3m paid in following capital calls by Group subsidiaries operating in private equity and venture capital. Divestments amounted to € 158.2m, and involved Capitalia as to € 26.1m, plus part of the Group's holdings in Commerzbank and Ciments Français totalling € 52.7m and € 79.1m respectively. These movements generated gains of € 32m. The € 171m bond issue convertible into Ferrari shares worth 7.5% of that company's share capital was repaid at maturity on 13 September 2004, and replaced by a new issue, also convertible into Ferrari shares, falling due on 30 September 2007. At 31 December 2004, the portfolio reflected a surplus of market over book value amounting to € 3,806.1m (30/6/04: € 3,166.8m), which based on current prices rises to € 3,965.2m. At the same date, the Group's interest in Assicurazioni Generali amounted to 14.12% (30/6/04: 14.09%), 12.80% of which is owned by Mediobanca and the other 1.32% by Compass, MB Finstrutture - Intersomer and Spafid. The entire shareholding is carried at a book value of € 1,260.7m.

Treasury funds – these rose by € 247.9m from € 9,723m to € 9,970.9m. The funds comprise € 2.4bn in liquid assets and short-term lendings (including repos), and € 7.6bn in securities, virtually all of which are fixed income. Net writedowns charged on these securities at 31 December 2004, which include derivatives and securities denominated in currencies other than the Euro, amount to € 11.7m, after which the Group's treasury portfolio reflects an unrealized gain of € 215.7m.

Provision for liabilities and charges – these include the provision for taxation amounting to € 59.5m, the staff severance indemnity provision totalling € 33.9m, and the provision for liabilities and charges standing at € 49.4m, which is chiefly connected to the Compass group's activities.

Shareholders' equity and regulatory capital – the rise in the Group's net worth, from € 4,644.9m to € 4,936.6m, chiefly reflects: allocation of profit for the year net of the € 220m dividend payout; an increase in the share capital following exercise of stock options amounting to € 49.4m; and a reduction in the surplus arising on consolidation of € 22m, following

the acquisition of minority shareholdings in CMB. Regulatory capital rose from € 5,948.7m to € 6,060.1m.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Interest income

This rose by 16% to € 355.3m (31/12/03: € 306.1m), slightly less than half of which is attributable to Mediobanca. The increase reflects the higher income from treasury operations mentioned previously, up from € 77.2m to € 104.5m, and growing interest income on lendings, which was 8.3% higher, rising from € 228.8m to € 247.7m, due to higher volumes generated by the Compass group.

Commissions received and other income

This item remained virtually stable at € 140.7m (31/12/03: € 143m), despite the ongoing weakness affecting corporate and investment banking activities. The item comprises:

- € 92.5m in fees earned by Mediobanca (€ 94.2m);
- € 22.6m in income generated by the Compass group (€ 22.3m);
- € 25.6m (€ 26.5m) earned by other Group companies, including € 22.5m by CMB (€ 20.9m), € 0.2m by MB Finstrutture - Intersomer (€ 2.6m), and € 2m by Spafid (€ 2m).

General costs and expenses

The increase in this item from € 164m to € 182.4m is chiefly due to growth in the Compass group's consumer credit business, in terms both of geographical expansion (the number of branches grew from 101 to 111 during the period under review) and commercial development. The most significant items are comprised of:

- labour costs of € 82.8m (31/12/03: € 74.3m), chiefly reflecting the increase in headcount linked to expansion of the branch network, with

an average of 49 more staff on the books than at the same stage last year;

- bank charges and commissions of € 30.4m (€ 26.8m), including € 23.2m in fees paid to dealers by the Compass group (€ 19.1m), which are charged in full to profit and loss as and when the underlying loan is disbursed, rather than being amortized over its expected life;
- sundry items totalling € 69.2m (€ 62.9m), of which € 58.4m (€ 52.3m) in administrative expenses, € 6m (€ 6.2m) in ordinary depreciation charges, and € 4.8m (€ 4.4m) in sundry other charges. The key items under administrative expenses, € 19.9m of which are attributable to Mediobanca, are as follows:
 - EDP and financial information subscriptions of € 11.7m (€ 11m);
 - outside service and consultancy fees of € 9.5m (€ 6.8m);
 - rent, equipment leasing and maintenance charges of € 6.5m (€ 6.7m);
 - fees incurred in respect of bad debts recovered and legal expenses amounting to € 6.3m (€ 6.6m);
 - stationery, publication costs and utilities of € 4.8m (€ 3.7m);
 - advertising costs of € 4.8m (€ 2.8m), and travel and entertainment expenses of € 2.9m (€ 2.6m).

Bad debts written off

This item involves the Compass group almost exclusively, and rose from € 41.4m to € 44.8m as a result of higher business volumes.

REVIEW OF GROUP BUSINESSES

A review of the Group's performance in its various areas of operation during the six months under review is provided below, based on the same format as that adopted in presenting the annual report and accounts.

Wholesale banking

	6 mths to 31/12/03	12 mths to 30/6/04 ⁽¹⁾	6 mths to 31/12/04
	€ m	€ m	€ m
Treasury funds employed	8,731.7	8,727.5	8,936.7
Loans and advances to customers ..	13,522.9	13,010.7	12,770.9
Funding	21,203.6	20,469.4	20,649.6
Total revenues	258.3	550.1	274.1
General costs and expenses	(58.1)	(139.7)	(63.0)
Gross margin on ordinary operations	200.2	410.4	211.1
Pre-tax profit	190.8	398.5	195.1
Cost/income ratio (%)	22.5	25.4	23.0

(1) Net of tax credits on dividends.

A gross margin of € 211.1m was earned from ordinary operations during the six months under review, up from € 200.2m as at 31 December 2003. This was driven by a healthy performance from treasury activities, where profits rose from € 77.8m to € 103.8m, more than offsetting a reduction in interest earned on lending transactions from € 82.3m to € 73.1m which reflected lower interest rates and volumes, and a slight decline in fees from € 98m to € 94m, which is partly due to collection times for amounts due in respect of transactions being completed.

Corporate banking

Lending and structured finance

The Group's loan book reflects a reduction of 1.8% from € 13,010.7m to € 12,770.9m, mostly attributable to transactions with back-to-back funding, which declined from € 2,560.3m to € 2,078.5m. In syndicated loan arrangement, where Mediobanca is Italian market leader, levels of activity more than doubled versus this time last year, with a total of eleven deals worth some € 16bn (31/12/03: € 7.5bn). Worth noting are also new loans amounting to € 419m which have been disbursed during the period as a result of the new Paris branch's operations.

Funding and treasury accounts

Funding was virtually stable, rising from € 20.5bn to € 20.6bn, and comprised:

- € 2.7bn in time deposits and current accounts, down € 0.4bn due to transactions involving back-to-back funding as mentioned earlier;
- € 16.8bn in bonds and other debt securities, up € 0.6bn after new issues and interest accruals totalling € 1.4bn, redemptions (including early redemptions) and exchange rate adjustments amounting to € 0.8bn;
- € 1.1bn in sundry other funds, unchanged versus 30 June 2004.

Treasury accounts comprise:

- € 132.8m in cash and bank balances (30/6/04: € 134.6m), including € 70m held as compulsory reserve;
- € 8.5bn (€ 8.9bn) in securities, € 8bn of which are fixed income securities broken down as follows: 61.3% in government securities, 5.1% in Mediobanca bonds and the balance in sundry other securities;
- a € 0.3bn surplus on other applications of funds, made up of € 2bn in repo transactions, € 1.8bn in technical shortfalls and € 0.1bn in sundry other assets.

Investment banking

The equity capital market has been lively during the six months under review, while there has been a decline in the number of M&A deals recorded. Against this backdrop, Mediobanca's position in its various investment banking business areas has remained stable or even improved, with volumes during the period under review being summarized as follows:

- equity capital market: the Bank lead-managed two underwriting and placing syndicates in respect of shares and convertible bonds worth a total of € 11.2bn (31/12/03: € 5.1bn);
- debt capital market: Mediobanca led nine selling groups involving a total of € 4.5bn (€ 1.8bn);
- Mediobanca acted as advisor on M&A deals (some of which were takeover bids) worth a total of over € 3.6bn (€ 1.3bn);
- trading for clients' accounts involved securities worth a total of € 9bn (€ 5.7bn), € 7.4bn (€ 4.7bn) of which involved equities.

Equity investment portfolio

	31/12/03	30/6/04 ⁽¹⁾	31/12/04
	€ m	€ m	€ m
Securities held in portfolio	3,186.0	3,134.5	3,199.6
Dividends	—	99.9	—
Gains arising on disposal	19.1	40.4	32.0
Net writebacks (writedowns)	126.1	132.0	(1.1)
Profit before tax	138.7	257.1	24.3
Unrealized gain vs previous year ⁽²⁾	89.9	422.1	240.5
Operating profit	228.6	679.2	264.8

⁽¹⁾ Net of tax credits.

⁽²⁾ Based on average prices over preceding six-month period.

The Group's equity investment portfolio closed at € 3,199.6m (cf. the breakdown given in Table A), up € 65.1m after gains on holdings stated on a net equity basis amounting to € 0.6m and net writedowns of € 1.1m made up as follows:

	€ m
Writebacks	
Telecom Italia (equities and bonds)	7.5
Gemina	5.5
Fiat	0.3
	<u>13.3</u>
Writedowns	
Mediolanum	(8.1)
Finmeccanica	(4.0)
Commerzbank	(0.7)
Others	(1.6)
	<u>(14.4)</u>
	<u><u>(14.4)</u></u>

The book value of listed securities held in portfolio compared with average prices in the six months to 31 December 2004 reflects a net gain of € 3,203.5m (which rises to € 3,965.2m based on prices and holdings at the time of writing), up € 240.5m on the figure at 30 June 2004. Movements

during the period concerned consisted of purchases and subscriptions of € 192m, and divestments amounting to € 126.4m, yielding a net gain of € 32m which is almost entirely attributable to disposals by Mediobanca.

The main movements were as follows:

RCS Mediagroup: we acquired 27.6 million shares for an outlay of € 121.7m under a redistribution of stakes between parties to RCS Mediagroup's shareholder agreement. Mediobanca's interest in this company accordingly rose from 10.3% to 14.07% of its ordinary share capital, and from 9.9% to 13.53% of its total share capital. The holding is carried at a book value of € 248.1m.

Telecom Italia: we acquired 15.2 million shares for an outlay of € 37.4m. As at 31 December 2004, the Group's interest in Telecom Italia therefore stood at 1.73% of that company's ordinary share capital and at 1.11% of its total share capital, and was carried at a book value of € 452.8m. Telecom Italia bonds worth a nominal amount of € 59m were also converted into 27.8 million Telecom Italia shares subsequent to 31 December 2004.

Pirelli & C.: we acquired 8.6 million shares in this company and 6.5 million warrants for a total outlay of € 7.7m. At the end of the six months under review, the Group decided to exercise its entire holding of 100.6 million Pirelli & C. warrants by subscribing for 25.1 million Pirelli & C. shares for an outlay of € 13.1m. The Group's holding in Pirelli & C. therefore amounts to 4.35% of that company's ordinary share capital and 4.19% of its total share capital, and is carried at a book value of € 117.3m. In February 2005 a further 63.7 million shares were acquired for an outlay of € 44.6m.

Assicurazioni Generali: we acquired 397,000 shares in this company for € 8.3m. As at 31 December 2004, the Group's holding in Assicurazioni Generali amounted to 14.12% (30/6/04: 14.09%), and is carried at a book value of € 1,260.7m (€ 1,252.3m).

Ferrari: the € 171m bond issue convertible into Ferrari shares equal to 7.5% of that company's share capital was repaid at maturity on 13 September 2004, and was replaced by a new issue, also convertible into Ferrari shares, falling due on 30 September 2007.

Capitalia: we sold our remaining 9.5 million shares in Capitalia, involving a divestment of € 22.1m and yielding a gain of € 4m.

Commerzbank: we sold 3.5 million Commerzbank shares, involving a divestment of € 51.3m and yielding a gain of € 1.4m.

Ciments Français: we sold 1.2 million shares in this company, involving a divestment of € 52.7m and yielding a gain of € 26.4m. Since 31 December 2004, a like number of shares has been bought back as part of treasury management, in order to enable a Mediobanca International bond issue conversion falling due in September 2006 to be serviced.

Regarding the Group's interest in private equity and venture capital funds, the following amounts have been paid in as a result of capital calls by the funds concerned: € 3m to Clessidra Fund, € 2.8m to MB Venture Capital, and € 1.9m to Alice Lab. Athena Private Equity also made a partial repayment of € 5.4m.

Other movements in the portfolio gave rise to net gains of € 0.2m.

Retail financial services

	6 mths to 31/12/03	12 mths to 30/6/04	6 mths to 31/12/04
	€ m	€ m	€ m
Loans to customers.....	4,929.6	5,338.9	5,676.2
Securitized lendings	1,112.2	1,112.2	1,112.2
Amounts disbursed	1,459.6	3,080.6	1,793.5
Total revenues.....	161.5	342.9	191.2
General costs and expenses	(80.7)	(173.2)	(93.5)
Gross margin from ordinary operations	80.8	169.7	97.7
Pre-tax profit	34.1	73.9	47.1

The Compass group's consolidated highlights as at 31 December 2004 reflect a 20.9% increase in the gross margin earned on ordinary operations, from € 80.8m to € 97.7m, which is attributable to growth in interest income from € 139.2m to € 168.6m as a result of higher volumes in the consumer credit segment. At € 22.6m, commissions received and other income were substantially in line with those recorded last year (31/12/03: € 22.2m), and comprise € 9.1m (€ 8m) in income from recovered loans, € 10.2m (€ 9.1m) in income and recovered financing costs from loans to households, and € 3.3m (€ 5.1m) in net income from leasing. The increase in general costs and expenses from € 80.7m to € 93.5m reflects growth in

both administrative and labour costs resulting from higher volumes and the Compass group's branch network expansion, and also higher fees paid to dealers which rose from € 19.1m to € 23.2m. At € 47.1m, pre-tax profit was 38% higher than the € 34.1m recorded at 31 December 2003, after bad debt writeoffs and provisions for liabilities and charges amounting to € 44.7m (€ 41.1m).

Against a 23% increase in finance disbursed, as at 31 December 2004 customer lendings amounted to € 5,676.2m (30/6/04: € 5,338.9m), shared almost equally between the leasing and consumer credit segments.

Private banking

	6 mths to 31/12/03	12 mths to 30/6/04	6 mths to 31/12/04
	€ m	€ m	€ m
Assets under management/administration	8,475.6	9,378.7	10,151.6
Securities held in trust	965.1	1,008.7	1,069.2
Total revenues	44.4	91.5	50.7
Profit from ordinary operations	14.5	28.1	15.9
Pre-tax profit attributable to the Group ..	10.1	19.1	19.7

The aggregate figures include the Group's 48.5% share in the profits of Banca Esperia. Pre-tax profit for the six months under review amounts to € 19.7m, € 15m of which is attributable to CMB. This is virtually double the € 10.1m recorded at this stage last year. Management fees of € 38.8m (31/12/03: € 31.6m) were generated, and assets under management/administration as at 31 December 2004 amounted to € 10.2bn (€ 9.4bn). During the six months the Group bought out the remaining minority interests in CMB, which amounted to 38.36% of that company's share capital, involving an outlay of € 93.8m. CMB is now a wholly-owned subsidiary of the Mediobanca Banking Group.

The draft consolidated accounts of Banca Esperia and CMB for the year ended 31 December 2004 reflect profits of € 8.5m (31/12/03: € 2m) and € 29.4m (€ 22.5m) respectively.

* * *

REVIEW OF GROUP COMPANIES' PERFORMANCE

MEDIOBANCA

In the first half of its new financial year, Mediobanca earned a profit from ordinary operations of € 206.6m, up 8.1% from the € 191.2m recorded at the same stage last year. This was due to higher income from treasury operations, where dealing profits rose from € 77.1m to € 102.9m, against a stable flow of fee income at € 92.5m (31/12/03: € 94.8m). The cost/income ratio also remained near to last year's levels at 24.5%. Investment security portfolio management generated gains on disposals amounting to € 31.9m (€ 19.1m), and net writedowns of € 0.6m were charged on the basis of average prices during the six months ended 31 December 2004, compared with net writebacks of € 127m at the equivalent juncture one year previously. Other items included net writedowns to securities and derivatives held in treasury totalling € 16.5m (€ 10.7m), and depreciation and amortization amounting to € 0.5m (€ 0.7m). Pre-tax profit therefore stood at € 220.9m, against € 295.9m one year previously.

Turning now to the major balance sheet items, funding rose by € 188.1m, from € 20,561.2m to € 20,749.3m, while loans and advances to customers fell by € 333.1m from € 13,324.4m to € 12,991.3m, chiefly as a result of the reduction in transactions involving back-to-back funding. Investment securities rose by € 157.5m due to the movements described in the equity investment portfolio section, and the acquisition of minority interests in CMB involving an outlay of € 93.8m. Net applications of treasury funds rose by € 301.4m versus 30 June 2004, including repo transactions and movements in other assets and liabilities.

Proceedings are now underway relating to the claims brought against Mediobanca jointly and severally with the other parties involved for reimbursement of damages in respect of what is purported to be the said parties' failure to launch a full takeover bid for La Fondiaria in 2002. The Bank continues to be confident that it has legitimate grounds on which to defend itself against such claims, which amount to a total of € 157m.

FINANCIAL HIGHLIGHTS

The Bank's profit and loss account and balance sheet are given below in customary fashion, along with a review of the main items concerned. It should be noted that in the light of recent changes to reporting requirements, tax credit on dividends received in the year ended 30 June 2004 has been stated under provision for income tax, in order to provide a like-for-like basis for comparison.

Profit and loss account

	6 mths to 31/12/03	12 mths to 30/6/04	6 mths to 31/6/04
	€ m	€ m	€ m
Interest income	158.6	477.6	180.9
<i>of which: dividends</i>	<i>0.1</i>	<i>112.1</i>	<i>3.1</i>
Commissions received and other income	94.8	148.4	92.5
General expenses and sundry operating costs .	(62.2)	(148.3)	(66.8)
GROSS MARGIN FROM ORDINARY OPERATIONS . .	191.2	477.7	206.6
Net writedowns to securities and derivatives held in treasury.....	(10.7)	(7.3)	(16.5)
Net gains on disposal of investment securities.	19.1	39.1	31.9
Net writebacks (writedowns) to investment se- curities	127.0	134.3	(0.6)
MARGIN BEFORE TAXATION AND PROVISIONS . . .	326.6	643.8	221.4
Transfers to loan loss provisions	(30.0)	(33.0)	—
Depreciation and amortization	(0.7)	(1.9)	(0.5)
Loan loss provision written back ⁽¹⁾	—	—	319.6
Provision for general banking risks	—	—	(319.6)
PROFIT BEFORE TAX	295.9	608.9	220.9
Provision for income tax.....	—	(181.3)	—
NET PROFIT (LOSS)	—	427.6	—

(1) In application of measures pursuant to Italian Legislative Decree 6/03.

Balance sheet

	31/12/03	30/6/04	31/12/04
	€ m	€ m	€ m
Assets			
Treasury funds employed	8,483.4	8,427.8	8,729.2
Loans and advances to customers	13,772.1	13,324.4	12,991.3
Investment securities	3,055.1	2,987.7	3,145.2
Property	10.3	11.6	11.2
Other assets	2,011.5	2,188.4	1,914.7
Total assets	<u>27,332.4</u>	<u>26,939.9</u>	<u>26,791.6</u>
Liabilities			
Funding	21,277.2	20,561.2	20,749.3
Provision for liabilities and charges	66.2	244.4	29.5
Other liabilities	1,313.1	1,323.6	1,248.3
Shareholders' equity	4,380.0	4,383.1	4,543.6
Profit (loss) for the period	295.9	427.6	220.9
Total liabilities	<u>27,332.4</u>	<u>26,939.9</u>	<u>26,791.6</u>
Memorandum accounts	<u>70,254.7</u>	<u>84,319.5</u>	<u>76,347.8</u>

Loans and advances to customers

The € 333.1m reduction in this item reflects the fact that several transactions with back-to-back funding closed during the period, reducing from € 2,560.3m to € 2,078.5m accordingly. This bears out the Bank's conservative approach to risk management in a depressed environment, where corporates are still reluctant to take on further debt, and supply from the banking system is plentiful.

Total outstandings as at 31 December 2004 include:

- a single non-performing item of € 127,000 covered by SACE credit insurance, whom we are suing for the indemnity due;

- loans and advances to subsidiaries amounting to € 3,342.5m, down 7.5% and made up as follows:

	€ m
<i>MB Finstrutture - Intersomer</i>	844.6
<i>Palladio Leasing</i>	529.4
<i>Compass</i>	600.0
<i>Micos Banca</i>	619.0
<i>SelmaBipiemme Leasing</i>	396.7
<i>Teleleasing</i>	351.5
<i>Seteci</i>	0.9
<i>R. & S.</i>	0.4
	3,342.5
	3,342.5

As at 31 December 2004, there were ten significant exposures in terms of loan concentration, i.e. in excess of 10% of the Bank's regulatory capital, one less than at the balance sheet date. According to the permitted risk weightings, these exposures totalled € 9,459.1m (30/6/04: € 10,668m), or 21.1% (24.7%) of the aggregate limit.

Funding

This item comprises:

	31/12/03	30/6/04	31/12/04
	€ m	€ m	€ m
Time deposits and current accounts	3,171.2	3,069.8	2,643.8
Bonds and other debt securities	15,236.6	14,663.1	15,209.5
Other funds	2,869.4	2,828.3	2,896.0
	21,277.2	20,561.2	20,749.3
	21,277.2	20,561.2	20,749.3

Time deposits and current accounts fell from € 3,069.8m to € 2,643.8m, due to back-to-back transactions worth € 447.2m; and there was a € 62.8m decline in CDs, against a rise in ordinary current accounts of € 84m.

Bonds and other debt securities rose by € 546.4m, after € 1,321.8m in new issues and interest accruals, and redemptions (including early redemptions) and exchange rate adjustments amounting to € 775.4m.

Other funds grew by € 67.7m on the back of higher contributions from Mediobanca International, which rose from € 1,686.8m to € 1,710.5m, and EIB funds, which increased from € 710.8m to € 789.4m. Conversely, funds raised from banks and customers fell from € 430.7m to € 396.1m as a result of the reduction in back-to-back funding transactions for customer loans referred to earlier.

Treasury funds

This item comprises:

	31/12/03	30/6/04	31/12/04
	€ m	€ m	€ m
Cash and bank balances	147.7	131.0	126.1
Fixed income securities	7,127.2	6,128.6	7,936.6
Equities	264.4	2,565.0	449.3
Other treasury funds employed	944.1	(396.8)	217.2
	<u>8,483.4</u>	<u>8,427.8</u>	<u>8,729.2</u>

Cash and bank balances include € 56m in ordinary current account balances, plus € 70m constituting the Bank's compulsory reserve.

Fixed income securities rose by € 1,808m. As at 31 December 2004, 62.4% of the portfolio consisted of government securities, 4.3% of Mediobanca own bonds, and the balance of sundry other securities. Equities totalled € 449.3m.

Movement in the treasury securities portfolio are shown in Table B. Overall the portfolio, including derivatives and arbitrage transactions, delivered a gain of € 102.9m. As at 31 December 2004, net writedowns of € 12.8m were charged, and downward exchange rate adjustments of € 3.7m applied. Unrealized gains at the same date amounted to € 211.5m, € 109.5m of which were in derivatives and technical shortfalls. The total yield on treasury transactions (which takes into account writedowns but not changes in gains during the period) including derivatives was 4.7%, compared with 4.2% the previous year.

Other treasury funds employed includes reverse repurchases worth € 3,030m and repos amounting to € 988.4m, technical shortfalls of € 1,846.7m, and a net surplus of other deposits which totalled € 22.3m.

Investment securities

These consist of:

	31/12/03	30/6/04	31/12/04
	€ m	€ m	€ m
Bonds and other securities	86.6	76.7	77.4
Other investments	2,572.0	2,514.5	2,577.6
Investments in Group undertakings..	396.5	396.5	490.2
Total investment securities	3,055.1	2,987.7	3,145.2

Movements involved purchases and subscriptions amounting to € 284.3m and divestments totalling € 126.1m, yielding a net gain of € 31.9m. The composition of the Bank's equity investment portfolio, the movements therein during the period under review, and the relative write-downs charged at 31 December 2004 are set out in Table C. This shows a surplus of market over book value based on average prices in the six months ended 31 December 2004 of € 3,314.9m, which rises to € 4,026.5m based on prices and holdings at the time of writing.

Net fixed assets

These consist of:

- Property, carried at a book value of € 25.5m and depreciated as to € 14.3m. The group of buildings situated opposite Mediobanca's headquarters in Via Filodrammatici is leased to the Bank by Group subsidiary SelmaBipiemme. The amount outstanding on the lease is now € 27m, after improvements to the properties were capitalized as to € 4.5m. The lease expires in 57 months;
- Furniture and intangible assets consisting of furniture, office machinery, computer equipment and software owned by the Bank. As usual, the cost of these items is written off in the year in which it is incurred, resulting in a € 0.5m charge to profit and loss.

Provision for liabilities and charges

These consist of:

- Provision for taxation, amounting to € 15.1m;
- Staff termination indemnity provision, amounting to € 13.1m. This covers all indemnities due to Bank staff as at 31 December 2004;
- Provision for liabilities and charges covering group subsidiary Tradevco Ltd of Liberia in liquidation, now standing at € 1.3m, after € 3.8m was used to cover the partial writeoff of promissory notes issued by the Central Bank of Liberia and acquired by Tradevco under the terms of the liquidation procedure.

Shareholders' funds and net equity

The Bank's net worth of € 4,543.6m (30/6/04: € 4,383.1m) comprises:

- Share capital amounting to € 392.4m, up € 3.1m following exercise of stock options;
- Reserves and retained earnings of € 3,192.6m, up € 157.4m; these consist of the following items:
 - Legal reserve, unchanged at € 77.9m, and statutory reserve, now standing at € 1,004.6m, up € 111.2m following profit allocation approved by shareholders in Annual General Meeting on 28 October 2004;
 - Share premium reserve of € 1,853.5m, up € 46.2m following exercise of stock options;
 - Surplus arising on merger of € 249m, unchanged since 30 June 2004;
 - Revaluation reserves under Italian laws 72/83 and 413/91, unchanged at € 7.6m.

Tax offset measures implemented in pursuance of Italian Legislative Decree 6/03 have resulted in the loan loss provision as at 30 June 2004, which amounted to € 319.6m, being accounted for in profit and loss under extraordinary items. In order not to prejudice the Group's asset base, a

similar amount has been transferred to the provision for banking risks, which rose accordingly from € 638.9m to € 958.5m. In conformity with current practice, advance tax has not been recognized as a deferred tax asset as it is not believed there will be grounds for this amount to be taxed.

Regulatory capital rose to € 5,602.8m, up € 194.3m versus 30 June 2004.

Interest income

	6 mths to 31/12/03	12 mths to 30/6/04	6 mths to 31/12/04
	€ m	€ m	€ m
Interest on loans and advances to customers	189.9	364.8	173.8
Interest and other income from treasury operations	220.3	474.6	231.0
Dividends ⁽¹⁾	0.1	112.1	3.1
Loan interest	410.3	951.5	407.9
Less cost of funding	(251.7)	(473.9)	(227.0)
	<u>158.6</u>	<u>477.6</u>	<u>180.9</u>

⁽¹⁾ Net of tax credit.

In a persistently weak market rate environment, the rise in interest income largely reflects the results of treasury operations, where dealing profits increased from € 77.1m to € 102.9m, primarily in equities.

Commissions received and other income/General costs and expenses

The main items included under the first heading are € 89.3m in fees generated by corporate and investment banking activities (31/12/03: € 92.3m), € 2m in renting income and € 1.2m in expenses recovered from clients.

The main cost and expense items were:

- bank charges of € 1.4m (31/12/03: € 1.8m);
- labour costs of € 37.1m (€ 32.5m);

- sundry expenses of € 28.3m (€ 27.9m), € 3.5m of which represents charges relating to regular lease payments on the Bank's new premises on Via Filodrammatici in Milan.

RISK MANAGEMENT

Credit risk

The Bank's internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions originate from extensive knowledge of the borrower's business, assets and management, as well as the macro-economic background of its operations. In addition to suitable guarantees, covenants are incorporated into the documentation (having regard *inter alia* to the maturity and average size of the loans) to provide protection against any deterioration in creditworthiness. Applications for finance are processed through a set of tried and tested procedures requiring them to be scrutinized and validated in successive steps, while all loans outstanding are monitored on an ongoing basis. To gauge the effectiveness of such measures, the customary table covering Mediobanca's lending operations has been updated as follows:

	€ m
Loans outstanding as at 30 June 1991	6,772
Finance disbursed between 30 June 1991 and 31 December 2004	90,809
Total loans granted during the period (a)	97,581
Bad debts written off during the period (b)	2.6 (*)
% (b):(a)	0.003

(*) A single item arising from an action to revoke payments, taken more than four years after the loan was repaid by the borrower's special administrator operating under Italian Law 95/79.

It should be pointed out that all default interest is credited to the relevant provision, which since June 1991 has generated a net surplus of over € 8m.

Market risk

Mediobanca uses a risk management system that monitors market risk on a daily basis. This system calculates value at risk (VaR) ⁽¹⁾ for the Bank's entire trading and investment portfolio. VaR is based on expected volatility and the correlation between the risk factors concerned, to determine potential negative movements that can be expected within a 95% confidence level as a result of market movements within a single trading day. VaR is also calculated on the same assumptions using the Monte Carlo simulation ⁽²⁾ and historical simulation ⁽³⁾ models.

At 31 December 2004, VaR in respect of market risk amounted to € 7.3m, and the expected shortfall ⁽⁴⁾ was € 15.5m as detailed below.

Value at risk and expected shortfall

Risk factor	30/6/04 (€ '000)	31/12/04 (€ '000)
Interest rates	1,632	5,151
Equities	4,376	6,208
Exchange rates	461	843
<i>Diversification effect</i> (*).....	(1,703)	(4,880)
TOTAL	4,766	7,322
Expected shortfall	12,276	15,522

(*) Resulting from mismatch between risk factors.

Overall, risk remains highest in equities at € 6.2m, up from the € 4.4m recorded at 30 June 2004 owing to temporary positions linked to market transactions. Even more marked was the increase in the interest rate component, which rose from € 1.6m to € 5.2m, chiefly as a result of the upturn in volatility on debt markets at year-end 2004. Conversely, the

(1) VaR: maximum potential loss over a specified time horizon and given confidence levels.

(2) Determines portfolio value based on random variations in risk factors.

(3) Determines portfolio value based on historic variations in risk factors.

(4) Expected shortfall: average potential loss over and above VaR, calculated by historical simulation.

diversification effect widened from € 1.7m to € 4.9m, helped by the stronger correlation between equity and bond markets.

However, during the six months under review risk levels remained low, partly as a result of reduced volatility on financial markets. Average daily VaR during the period was € 4m (30/6/04: € 6.2m), its high € 8m (€ 9.7m) and its low € 1.3m (€ 3.4m).

Table E as usual shows all our open positions at the year-end, together with information on their credit quality as required by Bank of Italy regulations. Volumes have remained virtually stable, against a reduction in notional amounts from € 56.8bn to € 54.3bn. This reflects a potential risk for our counterparties which has risen from € 431.8m to € 433.3m due to an increase in current exposures from € 312m to € 342.7m linked to equity market growth, and a reduction in future exposure from € 1,317.9m to € 1,314.4m directly attributable to volumes.

Counterparty risk

This is measured in terms of expected potential market value, thereby doing away with the need to set arbitrary weightings for each type of fund employed, and identifies a maximum potential exposure to the Bank's various counterparties based on a given confidence level and over a specified time horizon.

Asset and liability management

The sensitivity of the Bank's portfolio of assets and liabilities to interest rate movements is calculated on a daily basis, as is liquidity risk, based on the prospective timing of future cash flows. Both these instruments are used in treasury management, and enable strategic decisions on the Bank's operations to be taken at quarterly intervals by providing information on profit trends and the potential impact of market movements on any mismatches that could arise between maturities for asset items implied in future volume movements.

OTHER INFORMATION

Credit rating

Standard & Poor's rate Mediobanca as AA- for mid-/long-term debt, and A-1+ for short-term debt (unchanged). The outlook was upgraded from negative to stable in October 2004.

Related party disclosure

Financial accounts with such parties as at 31 December 2004 and movements therein during the period under review are summarized as follows:

	30/6/04		31/12/04	
	Directly and indirectly controlled subsidiaries	Other related parties	Directly and indirectly controlled subsidiaries	Other related parties
	€ m	€ m	€ m	€ m
Assets	3,667.2	4,397.7	3,348.0	4,043.6
Liabilities	1,851.8	244.3	1,874.1	92.1
Guarantees and commitments	4,860.8	1,660.6	4,205.3	2,774.8
Interest receivable ...	101.0	170.9	55.1	73.7
Interest payable	(96.7)	(14.9)	(41.4)	(3.5)
Net commissions received	(0.2)	51.9	(1.5)	11.7
Other income (costs)	(7.3)	(18.3)	(3.7)	18.5

The increase in guarantees and commitments is linked to the Bank's involvement in the Telecom Italia corporate restructuring programme.

All such accounts fall within the Bank's ordinary operations, are maintained on an arm's length basis, and are entered into in the interests of the Bank itself *inter alia* in its capacity as parent company of the Mediobanca Banking Group. In this regard, certain services provided by

Group subsidiaries, such as EDP, share and bond administration expenses, and research, are paid for at cost. No atypical or unusual transactions have been entered into with these counterparties. There are no shareholders in the Bank in a controlling position.

* * *

A review of the individual companies' results is given below (figures refer to the companies' statutory accounts):

- *Compass S.p.A.*: this company's accounts for the six months to 31 December 2004 reflect a pre-tax profit of € 38m (31/12/03: € 24.9m). Customer loans were 9.6% higher than at 30 June 2004, taking into account the sale on a non-recourse basis of € 177m in performing loans under the terms of the current securitization programme.
- *SelmaBipiemme Leasing S.p.A.*: this company earned a pre-tax profit of € 7m (31/12/03: € 9m), after non-recurring expenses of € 1m. As at 31 December 2004, the net value of goods on or pending lease amounted to € 1.7bn, in line with the figure recorded at 30 June 2004.
- *Palladio Leasing S.p.A.*: this company's accounts for the six months under review reflect a net profit of € 4.8m (31/12/03: € 4.3m). As at 31 December 2004, the net value of goods on or pending lease had increased by 4.8% since the balance-sheet date.
- *Teleleasing S.p.A.*: this company earned a pre-tax profit of € 10.4m (31/12/03: € 15.4m). As at 31 December 2004, the net value of goods on or pending lease had increased by 10% since the balance-sheet date.
- *Micos Banca SpA*: Micos recorded a pre-tax profit of € 1.8m, in line with last year. Loans outstanding at 31 December 2004 were 15.1% higher than at 30 June 2004.
- *Cofactor S.p.A.*: Cofactor recorded a profit of € 126,000 (31/12/03: € 114,000). As at 31 December 2004, its loan book was carried at adjusted cost at € 61.1m, compared with € 68.2m at 30 June 2004.

- *Creditech S.p.A.*: this company earned a pre-tax profit of € 258,000 during the six months under review. Receivables under management as at 31 December 2004 amounted to € 118.5m.
- *MB Finstrutture - Intersomer S.p.A.*: this company earned a net profit during the six months under review of € 9.3m, compared with a pro-forma loss of € 2.4m in the six months ended 31 December 2003, after extraordinary gains amounting to € 13m linked to tax offset measures, and commissions received and other income totalling € 1.4m (31/12/03: € 2.6m). At 31 December 2004, customer lendings amounted to € 647.2m (€ 899.1m), treasury funds employed totalled € 51.4m (€ 132.2m), and investment securities stood at € 197m (€ 197.6m).
- *Compagnie Monégasque de Banque, Monaco*: draft consolidated accounts for the period ended 31 December 2004 reflect a profit of € 29.4m (31/12/03: € 22.5m), management fees of € 42.5m (€ 32.9m), lendings of € 717.6m (€ 916.5m) and funding of € 1,222.5m (€ 1,170m). Assets under management/administration totalled € 6.7bn (€ 6.3bn).
- *Banca Esperia (48.5%-owned)*: draft consolidated accounts for the period ended 31 December 2004 reflect a profit of € 8.5m (31/12/03: € 2m), and management fees of € 45.3m (€ 28.4m). The increase is linked to strong growth in assets under management, which rose from € 4.6bn to € 7bn at rates which are among the highest in this sector.
- *Spafid - Società per Amministrazioni Fiduciarie S.p.A.*: this company recorded a pre-tax profit of € 1.5m in the six months ended 31 December 2004 (31/12/03: € 0.8m), after writebacks to securities amounting to € 0.6m. Spafid's net worth totalled € 33.5m. Securities held under trust stood at € 1,208.4m (€ 1,175m).
- *Mediobanca International Limited, Grand Cayman*: this company's share capital was converted into Euros during the six months under review, in which it earned a profit of € 2m (31/12/03: € 3.9m). Total deposits stood at € 1,815.5m (30/6/04: € 1,798.7m), and net worth amounted to € 67.1m (€ 60.9m).
- *Technostart S.p.A. (69%-owned)*: this company incurred a loss of € 13,000, unchanged from the result recorded at 31 December 2003.

Related party disclosure

Financial accounts between Group companies and parties related to them outstanding as at 31 December 2004 are summarized in the table below:

	30/6/04	31/12/04
	€ m	€ m
Assets	4,533.7	4,166.7
Liabilities	794.0	177.9
Guarantees and commitments	1,660.7	2,781.0
Interest receivable	180.2	76.9
Interest payable	(33.1)	(2.7)
Net commissions	50.0	11.7
Other income (costs)	(23.2)	17.8

All such accounts fall within the individual Group companies' ordinary operations, are maintained on an arm's length basis, and have been entered into in the interests of the individual companies concerned. No atypical or unusual transactions have been entered into with such counterparties.

Prospects

No substantial differences are expected in the second half of the year in terms of performance by the Group's main areas of operation. Trends in wholesale banking and leasing will continue to be impacted by the weak economic climate, whereas growth in consumer credit should continue to be strong. Against this backdrop, interest income should bear out the growing contribution by retail financial services, whereas the share generated by treasury income is expected to fall. Market trends ought to favour investment portfolio management's contribution to earnings, while private banking should confirm its progress in profitability and growth rates in AUM, in Italy especially.

IFRS adoption

A group-wide project is underway to bring internal procedures into line with the new reporting requirements linked to the imminent adoption of IFRS on a consolidated basis as from 1 July 2005.

RECONCILIATION OF SHAREHOLDERS' EQUITY AND PROFIT

	Shareholders' equity € m	Profit € m
Balance as at 31/12/04 as per Mediobanca accounts	4,543.6	220.9
Net surplus over book value of consolidated companies	16.4	78.6
Exchange rate differences arising on translation of accounts denominated in currencies other than the Euro	(5.7)	—
Other adjustments and restatements on consolidation, including those made for consistency with Group accounts	382.3	(10.1)
Dividends received from consolidated companies during the period	—	(4.1)
TOTAL	4,936.6	285.3

* * *

Achille Maramotti sadly passed away in January 2005. We are grateful to him for his valued contribution to the Board's deliberations during his time as director of Mediobanca.

Milan, 10 March 2005

THE BOARD OF DIRECTORS

Table

TABLE A

MOVEMENTS IN INVESTMENT SECURITIES IN SIX MONTHS ENDED 31 DECEMBER 2004

	Opening Balance			Purchased and subscribed			Sold			Closing Balance			Avg price in six months to 30/12/04 € '000	Gain € '000
	Number	% (*)	Amount € '000	Number	Amount € '000		Number	Amount € '000		Number	% (*)	Amount € '000		
STRATEGIC														
Assicurazioni Generali	179,755,905	14.09	1,252,339	397,167	8,320	—	—	—	—	180,153,072	14.12	1,260,659	4,089,474	2,828,815
Fiat, ordinary	21,152,587	2.64 + 2.15	126,323	—	—	—	—	—	296	2.64 + 2.15	126,619	126,619	126,619	—
Italmobiliare, ordinary	2,106,888	9.50 + 5.47	34,593	—	—	—	—	—	—	2,106,888	9.50 + 5.47	34,593	88,574	53,981
Pirelli & C., ordinary	125,513,500	3.77 + 3.63	92,338	33,748,713	20,173	—	—	—	—	159,262,213	4.35 + 4.19	117,344	137,252	19,908
Warrant Pirelli & C., 2003-2006	94,135,125	—	4,252	6,451,537	581	—	—	—	—	—	—	—	—	—
RCS Mediagroup, ordinary	75,478,851	10.30 + 9.90	126,464	27,596,403	121,677	—	—	—	—	103,075,254	14.07 + 13.53	248,141	383,955	135,814
Telecom Italia, ordinary	163,375,000	1.58 + 1.01	408,471	15,250,000	37,430	—	—	—	—	178,625,000	1.73 + 1.11	452,757	469,069	16,312
			2,044,780		188,181					2,240,113			5,294,943	3,054,830
NON-STRATEGIC														
Capitalia	9,500,000	0.43	22,145	—	—	9,500,000	22,145	—	—	—	—	—	—	—
Ciments Français, Paris	4,374,215	11.46	147,314	—	—	1,150,000	52,674	—	—	3,224,215	8.42	94,640	200,274	105,634
Commerzbank, Frankfurt	6,975,000	1.17	102,602	—	—	3,487,500	51,302	—	—	3,487,500	0.58	50,603	50,603	—
Fimeccanica	82,380,000	0.98	53,868	—	—	—	—	—	—	82,380,000	0.98	49,832	49,832	—
FondIaria - Sai, ordinary	2,574,500	1.99 + 1.51	34,189	—	—	—	—	—	—	2,574,500	1.99 + 1.51	34,189	46,753	12,564
FondIaria-Sai 2002-2008 warrants	5,115,600	—	12,603	—	—	—	—	—	—	5,115,600	—	12,603	19,383	6,780
Gemina, ordinary	46,132,781	12.66 + 12.53	35,702	—	—	—	—	—	—	46,132,781	12.66 + 12.53	41,233	41,233	—
Mediolanum	14,300,000	1.97	80,209	—	—	—	—	—	—	14,300,000	1.97	72,058	72,058	—
Others	—	—	18,563	—	—	—	—	—	—	—	—	18,013	22,544	4,531
			507,195		126,121		126,121			373,171		373,171	502,680	129,509
CONVERTIBLE BONDS AND OTHER SECURITIES	—	—	81,223	—	—	—	264	—	—	—	—	81,162	100,337	19,175
TOTAL LISTED SECURITIES	—	—	2,633,198	—	188,181	—	126,385	—	—	—	—	2,694,446	5,897,960	3,203,514
OTHER UNLISTED SECURITIES	—	—	501,330	—	3,855	—	—	—	—	—	—	505,120	505,120	—
TOTAL	—	—	3,134,528	—	192,036	—	126,385	—	—	—	—	3,199,566	6,403,080	3,203,514

(§) Includes portfolio movements not generating cash flow.

(*) Where more than one class of share is in issue, the first percentage relates to proportion of the class concerned, while the second gives proportion of the entire share capital. The percentages include swaps.

INTERIM CONSOLIDATED ACCOUNTS

BALANCE SHEET

	Assets	31/12/04	31/12/03	30/6/04
		€ '000	€ '000	€ '000
10.	CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES	15,785	15,031	11,573
20.	GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS	3,357,348	3,853,962	2,971,583
30.	AMOUNTS DUE FROM BANKS:	5,455,971	5,027,966	5,655,944
	a) deposits and loans repayable on demand	1,442,513	1,266,771	1,733,488
	b) other accounts	4,013,458	3,761,195	3,922,456
40.	AMOUNTS DUE FROM CUSTOMERS	17,112,800	17,081,357	16,754,809
	of which:			
	• loans using funds managed for third parties	—	—	—
50.	BONDS AND OTHER DEBT SECURITIES ISSUED BY:	5,584,841	4,060,949	3,900,908
	a) government and public agencies	1,685,618	622,792	935,031
	b) banks	1,703,594	1,308,688	1,087,542
	of which:			
	• own bonds	344,801	660,229	295,151
	c) financial companies	1,732,033	1,358,833	1,259,070
	of which:			
	• own bonds	—	—	—
	d) other issuers	463,596	770,636	619,265
60.	EQUITIES, PARTICIPATING INTERESTS AND OTHER CAPITAL SECURITIES	554,497	319,317	2,683,241
70.	EQUITY INVESTMENTS:	3,140,522	3,112,800	3,072,046
	a) stated on net equity basis	84,436	71,752	81,206
	b) other equity investments	3,056,086	3,041,048	2,990,840
80.	INVESTMENTS IN GROUP UNDERTAKINGS:	1,716	1,231	1,578
	a) consolidated on net equity basis	1,716	1,231	1,578
	b) other investments in group undertakings	—	—	—
90.	POSITIVE GOODWILL ON CONSOLIDATION	—	19,580	17,463
110.	INTANGIBLE ASSETS	1,215	2,223	1,475
	of which:			
	• installation costs	95	206	148
	• goodwill	—	—	—
120.	TANGIBLE FIXED ASSETS	274,506	273,576	271,617
140.	OWN SHARES	970	970	970
150.	OTHER ASSETS	705,434	830,587	911,787
160.	ACCRUED INCOME AND PREPAID EXPENSES:	1,470,919	1,483,608	1,525,494
	a) accrued income	1,202,889	1,200,785	1,238,688
	b) prepaid expenses	268,030	282,823	286,806
	of which:			
	• discounts on bonds issued	63,492	62,237	69,347
		37,676,524	36,083,157	37,780,488

GUARANTEES AND COMMITMENTS

		31/12/04	31/12/03	30/6/04
		€ '000	€ '000	€ '000
10.	GUARANTEES GIVEN	611,751	839,729	933,826
	of which:			
	• acceptances	—	—	—
	• other guarantees	611,751	839,729	933,826
20.	COMMITMENTS	13,507,234	8,627,746	14,914,436
	of which:			
	• assets sold under repurchase agreements	—	—	—
30.	CREDIT DERIVATIVES	1,039,204	643,557	534,996

Liabilities and shareholders' equity		31/12/04	31/12/03	30/6/04
		€ '000	€ '000	€ '000
10.	AMOUNTS DUE TO BANKS:	6,744,672	5,212,572	6,719,192
	a) repayable on demand	1,112,777	1,176,928	1,193,860
	b) term deposits and deposits under notice	5,631,895	4,035,644	5,525,332
20.	AMOUNTS DUE TO CUSTOMERS:	3,895,780	3,795,685	3,978,155
	a) repayable on demand	2,265,620	2,264,114	2,266,502
	b) term deposits and deposits under notice	1,630,160	1,531,571	1,711,653
30.	DEBT SECURITIES IN ISSUE:	17,315,941	17,580,173	16,807,800
	a) bonds	15,728,068	15,811,219	15,221,726
	b) certificates of deposit	530,462	638,752	593,280
	c) other debt securities	1,057,411	1,130,202	992,794
50.	OTHER LIABILITIES	3,423,450	3,186,958	3,658,557
60.	ACCRUED EXPENSES AND DEFERRED INCOME:	858,437	905,901	832,750
	a) accrued expenses	622,256	612,527	574,438
	b) deferred income	236,181	293,374	258,312
70.	PROVISION FOR STAFF SEVERANCE INDEMNITIES	33,910	31,400	32,266
80.	PROVISIONS FOR LIABILITIES AND CHARGES:	108,911	148,663	354,332
	a) post-retirement and similar benefits	—	—	—
	b) provision for taxation	59,529	100,181	303,678
	c) consolidated provision for future liabilities and charges	—	—	—
	d) other provisions	49,382	48,482	50,654
90.	LOAN LOSS PROVISION	—	13,428	13,428
100.	PROVISION FOR GENERAL BANKING RISKS	317,430	317,430	317,430
120.	NEGATIVE GOODWILL ON CONSOLIDATION	16,379	—	—
140.	NET EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS	72,501	176,004	184,254
150.	SHARE CAPITAL	392,391	389,285	389,291
160.	SHARE PREMIUM RESERVE	1,853,593	1,807,256	1,807,340
170.	RESERVES:	2,344,266	2,133,310	2,135,799
	a) legal reserves	77,884	77,855	77,855
	b) reserve for purchase of own shares and participating interests	970	970	970
	c) statutory reserves	1,004,624	893,452	893,452
	d) other reserves	1,260,788	1,161,033	1,163,522
180.	REVALUATION RESERVES	13,514	13,514	13,514
190.	RETAINED EARNINGS (ACCUMULATED LOSSES)	—	—	—
200.	PROFIT (LOSS) FOR THE PERIOD	285,349 ⁽¹⁾	371,578 ⁽¹⁾	536,380
		37,676,524	36,083,157	37,780,488

⁽¹⁾ Including provision for income taxes.

PROFIT AND LOSS ACCOUNT

	6 months to 31/12/04	6 months to 31/12/03	12 months to 30/6/04
	€ '000	€ '000	€ '000
10. INTEREST RECEIVABLE AND SIMILAR INCOME	661,597	700,229	1,327,126
<i>of which:</i>			
• <i>loans and advances to customers</i>	420,098	426,068	841,333
• <i>debt securities</i>	117,709	160,121	252,121
20. INTEREST PAYABLE AND SIMILAR EXPENSES	(432,214)	(456,028)	(894,198)
<i>of which:</i>			
• <i>customer deposits</i>	(48,828)	(55,848)	(106,238)
• <i>securities issued</i>	(293,374)	(306,970)	(599,384)
30. DIVIDENDS FROM AND OTHER INCOME ON:	3,143	57,597	663,692
a) equities, participating interests and other capital securities	3,129	897	460,018
b) equity investments	14	56,700	203,674
c) investments in Group undertakings	—	—	—
40. COMMISSIONS RECEIVABLE	121,438	138,744	226,105
50. COMMISSIONS PAYABLE	(34,937)	(42,685)	(80,443)
60. GAINS (LOSSES) ON DEALING TRANSACTIONS	88,188	55,909	(229,489)
70. OTHER INCOME FROM OPERATIONS	63,794	113,744	280,653
80. ADMINISTRATIVE EXPENSES:	(145,528)	(132,928)	(295,601)
a) personnel costs	(82,761)	(74,278)	(166,280)
<i>of which:</i>			
• <i>wages and salaries</i>	(61,645)	(54,877)	(121,640)
• <i>social security contributions</i>	(15,014)	(14,245)	(30,559)
• <i>transfer to severance indemnity provision</i>	(3,570)	(3,665)	(9,055)
• <i>post-retirement and similar benefits</i>	(2,532)	(1,491)	(5,026)
b) other administrative expenses	(62,767)	(58,650)	(129,321)
90. ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS	(6,827)	(10,143)	(20,620)
100. TRANSFER TO PROVISIONS FOR LIABILITIES AND CHARGES	(7,141)	(8,089)	(12,216)
110. OTHER OPERATING EXPENSES	(20,084)	(92,900)	(190,948)
120. ADJUSTMENTS TO LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	(45,459)	(39,703)	(87,391)
130. WRITEBACKS OF LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	7,791	6,353	9,733
140. TRANSFERS TO LOAN LOSS PROVISION	—	—	—
150. ADJUSTMENTS TO FINANCIAL ASSETS	(14,713)	(60,071)	(26,255)
160. WRITEBACKS TO FINANCIAL ASSETS	13,613	129,535	158,227
170. PROFIT (LOSS) ON INVESTMENTS STATED ON NET EQUITY BASIS	3,832	3,653	4,454
180. PROFIT (LOSS) ON ORDINARY ACTIVITIES	256,493	363,217	832,829
190. EXTRAORDINARY INCOME	37,151	20,079	42,401
200. EXTRAORDINARY EXPENDITURE	(2,571)	(2,628)	(57,514)
210. EXTRAORDINARY PROFIT (LOSS)	34,580	17,451	(15,113)
240. INCOME TAXES	—	—	(263,945)
250. PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS	(5,724)	(9,090)	(17,391)
260. PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	285,349 ⁽¹⁾	371,578 ⁽¹⁾	536,380

⁽¹⁾ Including transfer to provision for income taxes.

ACCOUNTING POLICIES

Methods of consolidation and accounting policies

Scope of consolidation

The consolidated interim accounts comprise the results of Mediobanca S.p.A. (the “Bank” or “Parent Company”) and those of its directly or indirectly controlled subsidiaries engaged in banking or financial services or solely or principally in activities of a substantially similar nature. The Bank’s other significant equity investments have been consolidated using the net equity method.

Basis of consolidation

Group subsidiaries have been consolidated on the line-by-line basis, by combining their earnings, expenses, assets and liabilities, and by eliminating equity and intra-group accounts against the carrying value of the underlying investments.

Net differences arising when the accounts were first consolidated have, where possible, been recorded in the assets and liabilities of the companies concerned. Other negative net differences have been taken to the item *Negative goodwill on consolidation*, and positive net differences to *Positive goodwill on consolidation*, with the latter being amortized over a period of five years.

The portion of net equity and share of profit for the period attributable to minority interests has been stated as *Net equity attributable to minority shareholders*.

Currency

Amounts are expressed in thousands of Euros, unless otherwise indicated.

Accounts expressed in foreign currencies

Accounts of subsidiaries denominated in currencies other than the Euro have been translated into Euros at exchange rates ruling on 31 December. Exchange

differences against net equity arising when the accounts were first consolidated have been taken to *Other reserves* or the *Consolidated provision for future liabilities and charges*.

Accounts used for consolidation

The consolidated accounts have been prepared from the financial statements of the individual subsidiaries as at 31 December, restated where appropriate on a basis consistent with the format adopted for the Parent Company's accounts.

Leasing companies have been consolidated on the basis of their accounts prepared according to the finance lease method.

Loans and advances

Loans and advances including overdue interest are subject to specific analysis in order to determine their estimated realizable value, which in the six months under review coincides with face value. Where there is a reasonable probability of a loss being incurred, the item concerned is written down accordingly and charged to profit and loss account under *value adjustments*. If the loss does not eventually crystallize, the amount concerned is credited back to profit and loss account in a subsequent accounting period under *writebacks*.

All default interest accrued during the period under review is suspended in the relevant provision, and is credited to profit and loss account only when actually collected.

Fixed income securities

These are broken down as between:

- a) *non-investment securities*, held for use in treasury operations, and
- b) *investment securities*, which also include convertible bonds, and are held by the Bank on a long-term basis, being of the same nature as equity investments.

Listed securities, commitments to buy and sell such securities, and technical shortfalls are stated at the lower of cost and market value, based on the average price in December in the case of non-investment securities, and on the average price in the six months ended 31 December in the case of investment securities where this reflects their current market values.

Unlisted securities, commitments to buy and sell such securities, and technical shortfalls are stated at the lower of cost and estimated realization value based on specific criteria such as discounting future cash flows on the basis of expected returns, the issuer's degree of solvency, and market prices of similar listed shares.

Pursuant to Decree Law 250/95, an accrued "margin" is added to the cost of securities issued at below par value.

Exceptions to these principles are described in detail in the review of operations and accompanying schedules.

Writebacks in whole or in part of amounts written down in prior years are made only where the circumstances that gave rise to the original writedown no longer subsist.

On disposal, the proceeds of securities sold are credited to earnings using the weighted average cost method.

Non-investment equities

These are shares held for dealing purposes. Outstanding positions or technical shortfalls are stated at the lower of cost and market value on the basis of average prices in the month of December where this is representative of current value. Any other methods of calculating market value are reported on the review of operations and accompanying schedules.

On disposal, the proceeds of securities sold are credited to earnings using the weighted average cost method.

Stock units held in SICAVs

These are investment units included under the item *Equities, Participating Interests and Other Capital Securities*. They are stated at the lower of cost and net asset value at 31 December, consistent with this particular type of investment.

Equity investments

These comprise all equities, rights and participating interests the Bank has acquired over the years as long-term investments to safeguard its asset base in real terms and with the intention of contributing to a stable ownership structure in investee companies.

Equity investments are stated at cost ⁽¹⁾ adjusted, where appropriate, to reflect statutory monetary revaluations and writedowns (in the case of listed securities) to market value at the balance sheet date and (in the case of unlisted securities) to the net equity of the business concerned at that date. In the Bank's accounts for years up to and including that ended 30 June 1993, the market value taken for the purposes of determining such writedowns was average middle market price in the fourth quarter of the period. Starting from the year ended 30 June 1994, market value has been based on average market price in the last half, of the year, where this is representative of the value of the investment. Writebacks in whole or in part of amounts written down in prior years are made only where the circumstances that gave rise to the original writedown no longer subsist.

Unlisted stocks are adjusted pro-rata to net equity, bearing in mind factors relating to the asset value and profit forecasts for the companies concerned.

Exceptions to these principles are described in detail in the review of operations and accompanying schedules.

On disposal, the proceeds of equity investments sold are credited to earnings using the LIFO method.

Tangible and intangible assets

These are stated at cost.

Property values include statutory monetary revaluations and annual depreciation charges. The net book value of properties does not exceed their market value.

The capital cost of furniture, equipment and intangible assets is generally written off in the year of acquisition. However, this principle does not apply in the case of some companies which, owing to the nature of their business, write down the capital cost of these items gradually on the basis of their remaining useful life.

⁽¹⁾ Additions are made to the cost of investments in venture capital companies as and when payments are made into the funds managed by such companies.

Debt

This is stated at face value, except in the case of zero coupon and one coupon bonds, the stated total value of which corresponds to the amount due at the balance sheet date.

Provision for liabilities and charges

Allocations covering current and deferred income taxes are made to the *Provision for taxation* under current tax regulations. Following the official introduction into Italian accounting practice of the principle of deferring advance tax, as sanctioned by the Bank of Italy on 3 August 1999, advance tax was recognised in your Bank's accounts as a deferred tax asset as from the year ended 30 June 2000, provided there is a reasonable certainty of it being recovered. On a prudential basis, such tax is so recognized where, according to budget projections, taxable income will be such as to enable the temporary differences that led to the advance payment to be fully reversed.

Other provisions cover specific or likely risks, commitments and liabilities which could not be quantified at the year-end.

Guarantees and commitments

Guarantees and commitments which involve exposures are stated at the value of the underlying transactions using the same principles as accounts receivable.

Foreign currency translation

Assets and liabilities in currencies other than the Euro are expressed in Euros at rates of exchange ruling at the year-end, with the exception of:

- a) investments and stock units held in SICAVs, which are stated at historic exchange rates, unless they have been written down since acquisition;
- b) the portion of term loans formally denominated in currencies other than the Euro granted under intergovernmental agreements and special legislation is stated at its Euro equivalent ruling on the date of disbursement, since all exchange risks are covered by Italian state credit insurance policies or contractual guarantees.

Off-balance sheet transactions, including derivatives, in currencies other than the Euro are stated on the following basis:

- a) at the exchange rates ruling at 31 December, in the case of spot transactions pending settlement;
- b) at the price ruling at 31 December for maturities corresponding to those in the contract, in the case of forward contracts;
- c) in a manner consistent with the underlying on-and off-balance sheet assets and liabilities in the case of hedging transactions or deals related to them.

Off-balance sheet transactions

Off-balance sheet hedging transactions to cover off-and on-balance sheet assets and liabilities are stated on a basis consistent with the position hedged.

Other off-balance sheet transactions involving derivatives are stated at the lower of contract price and market value, with the proviso that all interlinked contracts are stated on a net basis.

Market value is defined as the present value of expected future cash flow, or replacement value, based on rates ruling at the balance sheet date for maturities corresponding to those in the contract, as recorded on information circuits in current international use.

Margins on swaps are accrued on a pro-rata basis.

Securities to be received or delivered under contracts pending settlement at 31 December are stated on the same basis as fixed-interest securities, equities held for trading purposes, stock held in SICAVs and investments in group companies, as the case may be.

Other items

Commissions paid to dealers and financial consultants in the Group's consumer credit and leasing businesses are charged to profit and loss in the accounting period during which the underlying contracts are executed.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Segmental information

1.a *Loans and advances to customers by category of borrower (Asset heading 40)*

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
a) Governments	210,395	241,550	225,774
b) Other public agencies	108,331	88,040	103,091
c) Non-financial undertakings	9,859,076	9,543,228	9,861,208
d) Financial companies	3,066,196	3,596,317	3,073,357
e) Family firms	400,601	642,534	380,173
f) Other borrowers	3,468,201	2,969,688	3,111,206
	17,112,800	17,081,357	16,754,809

2. *Loans and advances to domestic non-financial undertakings and family firms by industry (*)*

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
a) Other sales services	2,620,504	1,839,133	2,620,620
b) Telecoms	1,701,346	1,723,961	1,654,716
c) Transport	560,540	801,098	859,528
d) Energy	538,297	960,446	519,667
e) Commercial services	483,647	557,110	537,442
f) Other industries	3,438,291	3,722,559	3,424,465
	9,342,625	9,604,307	9,616,438

(*) Restated.

3. *Guarantees given by category of counterparty (Heading 10 under Guarantees and Commitments)*

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
a) Governments	—	—	—
b) Other public agencies	—	—	2,727
c) Banks	2,776	49	49
d) Non-financial undertakings	554,974	138,610	324,827
e) Financial companies	54,001	456,703	438,551
f) Family firms	—	—	—
g) Other borrowers	—	244,367	167,672
	611,751	839,729	933,826

4. Significant exposures

	31/12/04	31/12/03	30/6/04
a) Total risk-weighted amount (€ '000)	9,960,212	9,189,008	10,368,869
b) Exposures (no.)	10	9	10

5. Assets and liabilities by maturity

	Repayable									Perpetual	Total
	On demand	Not more than 3 months	Over 3 months but not more than one year	Over 1 year but not more than 18 months		Over 18 months but not more than 5 years		Over 5 years			
				Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate		
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
1. ASSETS											
as at 31/12/04	1,618,391	21,637,372	16,635,898	2,216,736	706,925	5,057,292	6,325,528	4,038,132	7,242,298	244,657	65,723,229
as at 31/12/03	1,637,232	20,576,618	21,763,601	1,453,413	875,045	6,832,136	5,258,509	4,430,237	4,736,480	284,809	67,848,080
as at 30/6/04	1,819,938	21,927,320	16,771,016	2,018,945	922,905	6,828,612	5,247,665	6,193,621	6,115,706	251,314	68,097,042
1.1 Government securities eligible for refinancing	—	49,956	82,252	—	241	243,926	386,872	1,278,119	1,315,982	—	3,357,348
	—	77,796	796,261	33,012	567	1,095,538	67,877	1,649,997	132,914	—	3,853,962
	—	129,522	23,603	9,888	—	374,328	128,106	1,312,896	993,240	—	2,971,583
1.2 Amounts due from banks	1,442,513	3,655,632	120,181	5,082	6,701	26,037	71,713	5,357	52,581	70,174	5,455,971
	1,266,771	3,521,481	56,583	4,433	5,216	26,393	29,668	7,043	22,042	88,336	5,027,966
	1,733,488	3,730,791	34,476	4,709	6,208	26,123	33,815	5,195	25,755	55,384	5,655,944
1.3 Amounts due from customers	175,878	2,375,030	2,339,777	1,270,683	669,656	1,698,244	5,048,529	133,630	3,226,890	174,483	17,112,800
	370,461	2,006,809	2,957,800	446,716	743,450	2,223,964	4,303,382	474,756	3,357,546	196,473	17,081,357
	86,450	2,595,044	2,459,087	863,851	476,650	2,068,545	4,710,925	448,974	2,849,353	195,930	16,754,809
1.4 Bonds and other debt securities	—	392,335	1,788,674	97,494	30,236	833,662	250,071	713,309	1,479,060	—	5,584,841
	—	589,732	574,201	144,524	77,572	896,709	309,458	791,220	677,533	—	4,060,949
	—	467,013	759,298	84,836	96,795	602,880	115,681	1,244,164	530,241	—	3,900,908
1.5 Off-balance sheet instruments ⁽¹⁾	—	15,164,419	12,305,014	843,477	91	2,255,423	568,343	1,907,717	1,167,785	—	34,212,269
	—	14,380,800	17,378,756	824,728	48,240	2,589,532	548,124	1,507,221	546,445	—	37,823,846
	—	15,004,950	13,494,552	1,055,661	343,252	3,756,736	259,138	3,182,392	1,717,117	—	38,813,798
2. LIABILITIES											
as at 31/12/04	3,404,847	21,924,638	15,149,184	2,178,284	1,266,036	2,616,659	8,384,643	4,186,742	3,057,620	9	62,168,662
as at 31/12/03	3,467,606	19,092,783	19,629,893	1,324,640	2,121,353	4,730,075	7,772,954	3,163,569	3,109,394	9	64,412,276
as at 30/6/04	3,486,970	22,117,281	18,264,449	504,402	1,416,387	5,106,526	7,480,379	4,747,184	3,195,351	16	66,318,945
2.1 Amounts due to banks	1,112,777	2,194,119	1,279,070	1,926	749,483	—	662,597	—	744,700	—	6,744,672
	1,176,928	1,361,778	1,067,445	10,361	231,653	9,175	322,590	—	1,032,642	—	5,212,572
	1,193,860	2,884,551	831,674	1,880	432,480	1,926	667,452	—	705,369	—	6,719,192
2.2 Amounts due to customers	2,265,620	1,204,344	280,264	455	—	79,321	5,000	48	60,719	9	3,895,780
	2,264,114	439,061	1,033,794	458	—	1,608	—	87	56,554	9	3,795,685
	2,266,502	1,435,224	138,199	271	—	79,522	5,000	59	53,362	16	3,978,155
2.3 Debt securities in issue:	26,450	603,292	2,259,610	2,144,486	238,393	1,633,732	6,579,344	1,685,282	2,145,352	—	17,315,941
	26,564	828,854	1,169,910	1,313,821	888,229	3,866,872	6,587,069	896,839	2,002,015	—	17,580,173
	26,608	335,010	2,456,675	198,246	473,846	3,550,133	6,432,153	986,231	2,348,898	—	16,807,800
• bonds	207	493,439	2,049,966	1,995,937	85,578	1,325,804	6,487,463	1,425,335	1,864,339	—	15,728,068
	208	667,297	827,524	1,167,684	861,920	3,540,978	6,379,855	635,438	1,730,315	—	15,811,219
	208	235,650	2,184,679	75,489	468,237	3,226,841	6,230,425	722,999	2,077,198	—	15,221,726
• certificates of deposit	26,243	79,359	181,569	133,049	1,376	108,685	181	—	—	—	530,462
	26,356	95,082	274,886	133,225	816	107,777	610	—	—	—	638,752
	26,400	96,360	233,591	122,757	445	113,438	289	—	—	—	593,280
• other debt securities	—	30,494	28,075	15,500	151,439	199,243	91,700	259,947	281,013	—	1,057,411
	—	66,475	67,500	12,912	25,493	218,117	206,604	261,401	271,700	—	1,130,202
	—	3,000	38,405	—	5,164	209,854	201,439	263,232	271,700	—	992,794
2.4 Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—
2.5 Off-balance sheet instruments ⁽¹⁾	—	17,922,883	11,330,240	31,417	278,160	903,606	1,137,702	2,501,412	106,849	—	34,212,269
	—	16,463,090	16,358,744	—	1,001,471	852,420	863,295	2,266,643	18,183	—	37,823,846
	—	17,462,496	14,837,901	304,005	510,061	1,474,945	375,774	3,760,894	87,722	—	38,813,798

⁽¹⁾ Mainly involving treasury transactions relating to securities and foreign currency dealing, and derivative contracts involving securities, interest rates and exchange rates.

6. Assets and liabilities by geographical area

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS				
as at 31/12/04	23,179,629	8,240,711	645,117	32,065,457
<i>as at 31/12/03</i>	<i>19,906,266</i>	<i>8,176,135</i>	<i>2,261,150</i>	<i>30,343,551</i>
<i>as at 30/6/04</i>	<i>23,588,329</i>	<i>7,587,405</i>	<i>790,751</i>	<i>31,966,485</i>
1.1 Amounts due from banks	3,054,363	2,273,463	128,145	5,455,971
	<i>2,395,478</i>	<i>1,981,131</i>	<i>651,357</i>	<i>5,027,966</i>
	<i>2,259,132</i>	<i>3,228,274</i>	<i>168,538</i>	<i>5,655,944</i>
1.2 Amounts due from customers	15,322,005	1,619,906	170,889	17,112,800
	<i>13,060,271</i>	<i>2,890,190</i>	<i>1,130,896</i>	<i>17,081,357</i>
	<i>15,469,020</i>	<i>1,061,559</i>	<i>224,230</i>	<i>16,754,809</i>
1.3 Securities	4,803,261	4,347,342	346,083	9,496,686
	<i>4,450,517</i>	<i>3,304,814</i>	<i>478,897</i>	<i>8,234,228</i>
	<i>5,860,177</i>	<i>3,297,572</i>	<i>397,983</i>	<i>9,555,732</i>
2. LIABILITIES				
as at 31/12/04	22,323,994	3,815,655	1,816,744	27,956,393
<i>as at 31/12/03</i>	<i>21,418,299</i>	<i>2,055,726</i>	<i>3,114,405</i>	<i>26,588,430</i>
<i>as at 30/6/04</i>	<i>21,602,174</i>	<i>4,119,817</i>	<i>1,783,156</i>	<i>27,505,147</i>
2.1 Amounts due to banks	4,463,664	2,224,053	56,955	6,744,672
	<i>3,625,962</i>	<i>1,516,672</i>	<i>69,938</i>	<i>5,212,572</i>
	<i>4,426,901</i>	<i>2,249,632</i>	<i>42,659</i>	<i>6,719,192</i>
2.2 Amounts due to customers	2,223,436	1,591,602	80,742	3,895,780
	<i>2,015,514</i>	<i>539,054</i>	<i>1,241,117</i>	<i>3,795,685</i>
	<i>2,018,985</i>	<i>1,870,185</i>	<i>88,985</i>	<i>3,978,155</i>
2.3 Debt securities	15,636,894	—	1,679,047	17,315,941
	<i>15,776,823</i>	—	<i>1,803,350</i>	<i>17,580,173</i>
	<i>15,156,288</i>	—	<i>1,651,512</i>	<i>16,807,800</i>
2.4 Subordinated liabilities	—	—	—	—
	—	—	—	—
	—	—	—	—
3. GUARANTEES AND COMMITMENTS				
as at 31/12/04	8,902,372	4,965,753	1,290,064	15,158,189
<i>as at 31/12/03</i>	<i>5,476,669</i>	<i>3,157,507</i>	<i>1,476,856</i>	<i>10,111,032</i>
<i>as at 30/6/04</i>	<i>7,362,412</i>	<i>7,585,614</i>	<i>1,435,232</i>	<i>16,383,258</i>

7. Assets and liabilities denominated in currencies other than the Euro

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
a) ASSETS			
1. Amounts due from banks	267,007	373,221	534,146
2. Amounts due from customers	439,234	566,380	405,509
3. Securities	324,263	301,545	143,911
4. Equity investments	205	893	514
5. Other accounts	215	74	191
	1,030,924	1,242,113	1,084,271
b) LIABILITIES			
1. Amounts due to banks	167,191	183,824	102,988
2. Amounts due to customers	451,807	413,151	472,928
3. Debt securities in issue	27,608	105,186	30,528
4. Other accounts	—	—	—
	646,606	702,161	606,444

8. Analysis of amounts due from banks as at 31 December 2004

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	127	—	127
<i>a.1. Non-performing lendings ⁽¹⁾</i>	127	—	127
<i>a.2. Potential problem lendings</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	—	—	—
b) Loans current as to payment of principal and interest	5,455,844	—	5,455,844
	5,455,971	—	5,455,971

(1) This is a single item fully covered by a SACE credit insurance policy.

Analysis of amounts due from banks as at 31 December 2003

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	5,342	—	5,342
<i>a.1. Non-performing lendings ⁽¹⁾</i>	127	—	127
<i>a.2. Potential problem lendings</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	5,215	—	5,215
b) Loans current as to payment of principal and interest	5,022,624	—	5,022,624
	5,027,966	—	5,027,966

(1) This is a single item fully covered by a SACE credit insurance policy.

Analysis of amounts due from banks as at 30 June 2004

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	5,529	—	5,529
<i>a.1. Non-performing lendings ⁽¹⁾</i>	127	—	127
<i>a.2. Potential problem lendings</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	5,402	—	5,402
b) Loans current as to payment of principal and interest	5,650,415	—	5,650,415
	5,655,944	—	5,655,944

(1) This is a single item fully covered by a SACE credit insurance policy.

8.2. Movements in doubtful debts

	Non-performing lendings € '000	Potential problem loans € '000	Debts in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debt € '000
a) Gross exposure as at 30/6/04	127	—	—	—	5,402	5,529
<i>a.1. of which: interest in suspense</i>	—	—	—	—	—	—
b) Additions	—	—	—	—	—	—
<i>b.1. Transfers from loans current as to payment of principal and interest</i>	—	—	—	—	—	—
<i>b.2. Interest in suspense</i>	—	—	—	—	—	—
<i>b.3. Transfers from other classes of doubtful debt</i>	—	—	—	—	—	—
<i>b.4. Other additions</i>	—	—	—	—	—	—
c) Reductions	—	—	—	—	5,402	5,402
<i>c.1. Transfers to loans current as to payment of principal and interest</i>	—	—	—	—	—	—
<i>c.2. Amounts written off</i>	—	—	—	—	—	—
<i>c.3. Amounts collected</i>	—	—	—	—	—	—
<i>c.4. Proceeds of debt sold</i>	—	—	—	—	—	—
<i>c.5. Transfers from other classes of doubtful debt</i>	—	—	—	—	—	—
<i>c.6. Other reductions</i>	—	—	—	—	5,402	5,402
d) Gross exposure as at 31/12/04	127	—	—	—	—	127
<i>d.1. of which: interest in suspense</i>	—	—	—	—	—	—

9. Amounts due from customers

9.1. Analysis of amounts due from customers as at 31 December 2004

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	232,486	107,479	125,007
<i>a.1. Non-performing lendings</i>	179,759	94,718	85,041 ⁽¹⁾
<i>a.2. Potential problem lendings</i>	38,691	12,507	26,184
<i>a.3. Debt in process of restructuring</i>	13,782	—	13,782
<i>a.4. Restructured debt</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	254	254	—
b) Loans current as to payment of principal and interest	17,028,442	40,649	16,987,793
	17,260,928	148,128	17,112,800

⁽¹⁾ € 60,056,000 of which owned by Cofactor.

Analysis of amounts due from customers as at 31 December 2003

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	215,327	93,110	122,217
<i>a.1. Non-performing lendings</i>	164,169	81,775	82,394 ⁽¹⁾
<i>a.2. Potential problem lendings</i>	36,660	11,055	25,605
<i>a.3. Debt in process of restructuring</i>	13,164	—	13,164
<i>a.4. Restructured debt</i>	1,060	6	1,054
<i>a.5. Unsecured credits to countries at risk</i>	274	274	—
b) Loans current as to payment of principal and interest	16,973,882	14,742	16,959,140
	17,189,209	107,852	17,081,357

⁽¹⁾ € 64,614,000 of which owned by Cofactor.

Analysis of amounts due from customers as at 30 June 2004

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	206,485	96,558	109,927
<i>a.1. Non-performing lendings</i>	167,433	84,957	82,476 ⁽¹⁾
<i>a.2. Potential problem lendings</i>	31,650	11,317	20,333
<i>a.3. Debt in process of restructuring</i>	7,118	—	7,118
<i>a.4. Restructured debt</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	284	284	—
b) Loans current as to payment of principal and interest	16,664,564	19,682	16,644,882
	16,871,049	116,240	16,754,809

⁽¹⁾ € 65,036,000 of which owned by Cofactor.

9.2. Movements in doubtful debts

	Non-performing lendings € '000	Potential problem loans € '000	Debts in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debt € '000
a) Gross exposure as at 30/6/04	167,433	31,650	7,118	—	284	206,485
<i>a.1. of which: interest in suspense</i>	63,886	2,518	223	—	—	66,627
Adjustments due to change in companies consolidated	167,433	31,650	7,118	—	284	206,485
<i>a.1. of which: interest in suspense</i>	63,886	2,518	223	—	—	66,627
b) Additions	28,702	27,543	40,040	—	254	96,539
<i>b.1. Transfers from loans current as to payment of principal and interest</i>	2,708	17,877	37,641	—	—	58,226
<i>b.2. Interest in suspense</i>	11,634	617	15	—	—	12,266
<i>b.3. Transfers from other classes of doubtful debt</i>	4,520	3,881	416	—	—	8,817
<i>b.4. Other additions</i>	9,840	5,168	1,968	—	254	17,230
c) Reductions	16,376	20,502	33,376	—	284	70,538
<i>c.1. Transfers to loans current as to payment of principal and interest</i>	533	2,972	26,618	—	—	30,123
<i>c.2. Amounts written off</i>	9,875	7,452	7	—	—	17,334
<i>c.3. Amounts collected</i>	5,567	4,396	—	—	—	9,963
<i>c.4. Proceeds of debt sold</i>	—	—	—	—	—	—
<i>c.5. Transfers from other classes of doubtful debt</i>	—	4,936	3,881	—	—	8,817
<i>c.6. Other reductions</i>	401	746	2,870	—	284	4,301
d) Gross exposure as at 31/12/04	179,759	38,691	13,782	—	254	232,486
<i>d.1. of which: interest in suspense</i>	74,189	2,776	166	—	—	77,131

9.3. Movements in value adjustments

	Non-performing lendings	Potential problem loans	Debt in process of restructuring	Restructured debts	Unsecured credits to countries at risk	Loans current as to payment of principal and interest	Total adjustments
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
a) Total adjustments at 30/6/04	84,957	11,317	—	—	284	19,682	116,240
<i>a.1. of which: interest in suspense</i>	63,875	2,517	—	—	—	—	66,392
<i>Total initial pro-forma adjustments</i>	84,957	11,317	—	—	284	19,682	116,240
<i>a.1. of which: interest in suspense</i>	63,875	2,517	—	—	—	—	66,392
b) Additions	21,358	27,860	—	—	254	29,795	79,267
<i>b.1. Value adjustments</i>	20,164	22,325	—	—	254	15,614	58,357
<i>b.1.1. of which: interest in suspense</i>	11,623	1,086	—	—	—	309	13,018
<i>b.2. Transfers from loan loss provision</i>	—	—	—	—	—	753	753
<i>b.3. Transfers from other classes of doubtful debt</i>	387	5,292	—	—	—	13,428	19,107
<i>b.4. Other additions</i>	807	243	—	—	—	—	1,050
c) Reductions	11,597	26,670	—	—	284	8,828	47,379
<i>c.1. Writebacks based on estimates</i>	333	2,497	—	—	—	2,373	5,203
<i>c.1.1. of which: interest in suspense</i>	—	—	—	—	—	28	28
<i>c.2. Writebacks of amounts collected</i>	1,210	1,261	—	—	—	117	2,588
<i>c.2.1. of which: interest in suspense</i>	281	215	—	—	—	—	496
<i>c.3. Amounts written off</i>	9,620	22,406	—	—	—	68	32,094
<i>c.4. Transfers to other classes of doubtful debt</i>	—	341	—	—	—	6,027	6,368
<i>c.5. Other reductions</i>	434	165	—	—	284	243	1,126
d) Total adjustments at 31/12/04	94,718	12,507	—	—	254	40,649	148,128
<i>d.1. of which: interest in suspense</i>	70,247	2,774	—	—	—	—	73,021

10. Secured loans to customers

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
a) Loans secured by mortgages	1,556,098	1,624,752	1,704,040
b) Loans secured by pledges on:			
1. cash deposits	2,156,764	1,889,493	1,935,020
2. securities	2,750	1,137,501	218,430
3. other assets	413,034	33,649	396,803
c) Loans secured by guarantees given by:			
1. governments	51,646	284,051	180,760
2. public agencies	—	671	—
3. banks	1,105,758	1,241,291	1,611,317
4. others	2,576,086	3,213,475	3,462,641

11. Amounts due from central banks (included under asset heading 30)

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
	95,784	88,209	79,516

12. Securities

12.a *Investment securities*

	Book value		
	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
1. DEBT SECURITIES	78,132	88,158	78,187
1.1 Government securities:	—	—	—
• listed	—	—	—
• unlisted	—	—	—
1.2 Other securities:	78,132	88,158	78,187
• listed	75,218	84,508	74,654
• unlisted	2,914	3,650	3,533
2. CAPITAL SECURITIES:	3,030	3,028	3,036
• listed	3,030	3,028	3,036
• unlisted	—	—	—
	81,162	91,186	81,223

12.b *Non-investment securities*

	Book value		
	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
1. DEBT SECURITIES	8,864,057	7,826,753	6,794,304
1.1 Government securities:	2,680,997	2,623,944	1,906,796
• listed	2,680,997	2,623,944	1,906,796
• unlisted	—	—	—
1.2 Other securities:	6,183,060	5,202,809	4,887,508
• listed	4,929,930	4,254,924	4,314,354
• unlisted	1,253,130	947,885	573,154
2. CAPITAL SECURITIES:	551,467	316,289	2,680,205
• listed	551,467	315,637	2,680,205
• unlisted	—	652	—
	9,415,524	8,143,042	9,474,509

12.c *Securities arising from debt securitizations at 31 December 2004*

Underlying asset	Credit quality	Book value			
		“Senior” securities	“Mezzanine” securities	“Junior” securities	Total
INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Credit cards		—	—	—	—
• Leasing		—	—	—	—
• Securities		—	—	—	—
• Sovereign loans guaranteed by SACE		—	—	—	—
• Health care receivables		—	—	—	—
• Other debt		—	—	—	—
Total		—	—	—	—
NON-INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Commercial, industrial and agricultural mortgages		—	—	—	—
• Leasing instalments	Current as to payment of principal and interest	90,832	—	8,410	99,242
• Other debt	Current as to payment of principal and interest	32,496	5,990	7,310	45,796
• Social security contributions		—	—	—	—
Total		123,328	5,990	15,720	145,038
TOTAL		123,328	5,990	15,720	145,038

12.d *Securities arising from debt securitizations* at 30 June 2004

Underlying asset	Credit quality	Book value			
		“Senior” securities	“Mezzanine” securities	“Junior” securities	Total
INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Credit cards		—	—	—	—
• Leasing		—	—	—	—
• Securities		—	—	—	—
• Sovereign loans guaranteed by SACE		—	—	—	—
• Health care receivables		—	—	—	—
• Other debt		—	—	—	—
Total		—	—	—	—
NON-INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Commercial, industrial and agricultural mortgages		—	—	—	—
• Leasing instalments	Current as to payment of principal and interest	90,832	—	8,410	99,242
• Other debt	Current as to payment of principal and interest	32,467	5,990	7,310	45,767
• Social security contributions		—	—	—	—
Total		123,299	5,990	15,720	145,009
TOTAL		123,299	5,990	15,720	145,009

12.e *Securities arising from debt securitizations* at 31 December 2003

Underlying asset	Credit quality	Book value			
		“Senior” securities	“Mezzanine” securities	“Junior” securities	Total
INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Credit cards		—	—	—	—
• Leasing		—	—	—	—
• Securities		—	—	—	—
• Sovereign loans guaranteed by SACE		—	—	—	—
• Health care receivables		—	—	—	—
• Other debt		—	—	—	—
Total		—	—	—	—
NON-INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Commercial, industrial and agricultural mortgages		—	—	—	—
• Leasing instalments	Current as to payment of principal and interest	156,896	—	8,410	165,306
• Other debt	Current as to payment of principal and interest	30,490	5,990	7,310	43,790
• Social security contributions		—	—	—	—
Total		187,386	5,990	15,720	209,096
TOTAL		187,386	5,990	15,720	209,096

Compass S.p.A.

During the period under review, Compass sold a further € 177,136,000 in performing loans as part of a securitization on the same terms as the original issue, i.e. quarterly revolving until October 2005. In its capacity as servicer to Quarzo S.r.l., it also collected a total of € 213,485,000, for which it earned fees of € 293,000.

SelmaBipiemme Leasing S.p.A.

During the period under review, SelmaBipiemme sold € 161,499,000 in performing loans as part of a securitization on the same terms as the original issue, i.e. quarterly revolving until April 2005. In its capacity as servicer to Quarzo S.r.l., it also collected a total of € 133,171,000, for which it earned fees of € 68,000.

12.f *Securities arising from debt securitizations* at 31 December 2004

Underlying asset	Credit quality	Book value			
		“Senior” securities	“Mezzanine” securities	“Junior” securities	Total
INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Credit cards		—	—	—	—
• Leasing		—	—	—	—
• Securities		—	—	—	—
• Sovereign loans guaranteed by SACE		—	—	—	—
• Health care receivables		—	—	—	—
• Other debt		—	—	—	—
Total		—	—	—	—
NON-INVESTMENT SECURITIES					
• Residential mortgages	Current as to payment of principal and interest	4,203	—	—	4,203
• Commercial, industrial and agricultural mortgages		—	—	—	—
• Leasing instalments	Current as to payment of principal and interest	32,502	13,835	—	46,337
• Other debt	Non-performing	30,065	—	—	30,065
	Current as to payment of principal and interest	602,513	—	—	602,513
• Social security contributions		—	—	—	—
Total		669,283	13,835	—	683,118
TOTAL		669,283	13,835	—	683,118

12.g *Securities arising from debt securitizations* at 30 June 2004

Underlying asset	Credit quality	Book value			
		“Senior” securities	“Mezzanine” securities	“Junior” securities	Total
INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Credit cards		—	—	—	—
• Leasing		—	—	—	—
• Securities		—	—	—	—
• Sovereign loans guaranteed by SACE		—	—	—	—
• Health care receivables		—	—	—	—
• Other debt		—	—	—	—
Total		—	—	—	—
NON-INVESTMENT SECURITIES					
• Residential mortgages	Current as to payment of principal and interest	5,000	—	—	5,000
• Commercial, industrial and agricultural mortgages		—	—	—	—
• Leasing instalments	Current as to payment of principal and interest	32,469	13,531	—	46,000
• Other debt	Non-performing	30,803	—	—	30,803
	Current as to payment of principal and interest	64,692	—	—	64,692
• Social security contributions		—	—	—	—
Total		132,964	13,531	—	146,495
TOTAL		132,964	13,531	—	146,495

12.h *Securities arising from debt securitizations* at 31 December 2003

Underlying asset	Credit quality	Book value			
		“Senior” securities	“Mezzanine” securities	“Junior” securities	Total
INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Credit cards		—	—	—	—
• Leasing		—	—	—	—
• Securities		—	—	—	—
• Sovereign loans guaranteed by SACE		—	—	—	—
• Health care receivables		—	—	—	—
• Other debt		—	—	—	—
Total		—	—	—	—
NON-INVESTMENT SECURITIES					
• Residential mortgages	Current as to payment of principal and interest	4,998	—	—	4,998
• Commercial, industrial and agricultural mortgages		—	—	—	—
• Leasing instalments	Current as to payment of principal and interest	100,930	13,031	—	113,961
• Other debt	Non-performing	31,568	—	—	31,568
	Current as to payment of principal and interest	60,819	—	—	60,819
• Social security contributions		—	—	—	—
Total		198,315	13,031	—	211,346
TOTAL		198,315	13,031	—	211,346

13. Guarantees and commitments

13.1. Guarantees given (Heading 10 under Guarantees and Commitments)

	31/12/04			31/12/03			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Bills backed or endorsed	2,871	—	2,871	6,868	—	6,868	4,741	—	4,741
b) Letters of guarantee	587,929	20,951	608,880	448,941	383,920	832,861	574,748	213,725	788,473
c) Assets pledged as collateral security	—	—	—	—	—	—	—	140,612	140,612
	590,800	20,951	611,751	455,809	383,920	839,729	579,489	354,337	933,826

13.2. Commitments (Heading 20 under Guarantees and Commitments)

	31/12/04			31/12/03			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Commitments to lend specific funds:									
• securities to be received	1,031,742	845,247	1,876,989	705,408	134,691	840,099	1,458,972	1,539,866	2,998,838
• amounts undrawn under existing loan agreements	3,254,985	2,049,261	5,304,246	1,884,078	1,568,293	3,452,371	2,752,950	2,040,572	4,793,522
• other commitments and exposures	53,765	—	53,765	29,544	—	29,544	66,370	—	66,370
	4,340,492	2,894,508	7,235,000	2,619,030	1,702,984	4,322,014	4,278,292	3,580,438	7,858,730
b) Commitments to provide funds on a stand-by basis:									
• loans agreed on a conditional basis	2,821,768	2,792,506	5,614,274	1,836,384	1,459,186	3,295,570	1,420,619	4,268,127	5,688,746
• participations in underwriting syndicates	20,135	—	20,135	20,135	—	20,135	501,557	—	501,557
• other commitments and exposures	256,640	381,185	637,825	186,253	803,774	990,027	326,789	538,614	865,403
	3,098,543	3,173,691	6,272,234	2,042,772	2,262,960	4,305,732	2,248,965	4,806,741	7,055,706
	7,439,035	6,068,199	13,507,234	4,661,802	3,965,944	8,627,746	6,527,257	8,387,179	14,914,436

Credit derivatives (Heading 20 under Guarantees and Commitments)

	31/12/04			31/12/03			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Protection sales in banking book:									
• with exchange of principal	—	151,667	151,667	—	155,000	155,000	—	168,333	168,333
• without exchange of principal	—	50,000	50,000	—	50,000	50,000	—	50,000	50,000
	—	201,667	201,667	—	205,000	205,000	—	218,333	218,333
b) Protection sales in trading book:									
• with exchange of principal	772,537	65,000	837,537	259,057	179,500	438,557	261,663	55,000	316,663
• without exchange of principal	—	—	—	—	—	—	—	—	—
	772,537	65,000	837,537	259,057	179,500	438,557	261,663	55,000	316,663
	772,537	266,667	1,039,204	259,057	384,500	643,557	261,663	273,333	534,996

15. Forward transactions

	31/12/04			31/12/03			30/6/04		
	Hedging transactions € '000	Trading transactions € '000	Other transactions € '000	Hedging transactions € '000	Trading transactions € '000	Other transactions € '000	Hedging transactions € '000	Trading transactions € '000	Other transactions € '000
1. DEALING	—	4,971,279	323,556	—	4,501,003	322,800	—	8,139,364	323,292
1.1 Securities:	—	4,971,279	323,556	—	4,271,390	322,800	—	8,135,333	323,292
• bought	—	1,876,989	—	—	860,657	—	—	2,998,838	—
• sold	—	3,094,290	323,556	—	3,410,733	322,800	—	5,136,495	323,292
1.2 Foreign currency: ⁽¹⁾	—	—	—	—	229,613	—	—	4,031	—
• currency bought/sold for currency	—	—	—	—	—	—	—	—	—
• currency bought for Euros	—	—	—	—	130,931	—	—	4,031	—
• currency sold for Euros	—	—	—	—	98,682	—	—	—	—
2. DEPOSITS AND LOANS	—	218,773	100,000	—	831,385	145,000	—	2,192,942	—
• pending disbursement	—	—	100,000	—	755,608	100,000	—	1,933,843	—
• pending receipt	—	218,773	—	—	75,777	45,000	—	259,099	—
3. DERIVATIVE CONTRACTS	18,409,384	22,553,861	14,167,360	19,526,191	23,997,761	16,082,250	18,311,462	24,286,034	14,728,823
3.1 With exchange of principal:	79,229	6,069,025	1,350,274	455,099	4,954,516	1,759,757	82,293	6,016,887	1,421,677
a) Securities: ⁽²⁾	—	5,374,445	1,350,274	375,095	4,088,260	1,759,757	—	4,904,264	1,421,677
• bought	—	1,882,345	424,133	—	1,585,239	608,355	—	2,854,104	459,832
• sold	—	3,492,100	926,141	375,095	2,503,021	1,151,402	—	2,050,160	961,845
b) Foreign currency:	79,229	694,580	—	80,004	866,256	—	82,293	1,112,623	—
• currency bought/sold for currency	—	—	—	—	36,260	—	—	5,129	—
• currency bought for Euros	24,138	198,976	—	25,444	221,961	—	26,526	366,469	—
• currency sold for Euros	55,091	495,604	—	54,560	608,035	—	55,767	741,025	—
c) Other value items:	—	—	—	—	—	—	—	—	—
• bought	—	—	—	—	—	—	—	—	—
• sold	—	—	—	—	—	—	—	—	—
3.2 Without exchange of principal:	18,330,155	16,484,836	12,817,086	19,071,092	19,043,245	14,322,493	18,229,169	18,269,147	13,307,146
a) Foreign currency:	—	—	—	—	—	—	—	—	—
• currency bought/sold for currency	—	—	—	—	—	—	—	—	—
• currency bought for Euros	—	—	—	—	—	—	—	—	—
• currency sold for Euros	—	—	—	—	—	—	—	—	—
b) Other value items: ^{(1) (2)}	18,330,155	16,484,836	12,817,086	19,071,092	19,043,245	14,322,493	18,229,169	18,269,147	13,307,146
• bought	13,772,666	6,435,512	4,631,994	14,151,507	9,436,982	5,203,799	13,824,474	7,833,687	4,604,231
• sold	4,557,489	10,049,324	8,185,092	4,919,585	9,606,263	9,118,694	4,404,695	10,435,460	8,702,915

⁽¹⁾ Amounts bought and sold include contract which provide for the exchange of two floating exchange rates (basis swaps) in a nominal amount of € 2,438,871,000 (31/12/03: € 3,389,734,000; 30/6/04: € 2,444,478,000).

⁽²⁾ Amounts bought and sold include derivatives incorporated into financial instruments worth a total amount of € 9,757,353,000 (31/12/03: € 10,633,215,000; 30/6/04: € 9,555,459,000).

15.1 Credit derivatives

	31/12/04		31/12/03		30/6/04	
	Hedging transactions € '000	Trading transactions € '000	Hedging transactions € '000	Trading transactions € '000	Hedging transactions € '000	Trading transactions € '000
1. HEDGE BUYS	200,000	786,512	95,000	349,609	75,000	465,614
1.1 With exchange of principal	120,000	786,512	45,000	349,609	25,000	465,614
• <i>credit default</i>	120,000	786,512	45,000	349,609	25,000	465,614
• <i>credit linked notes</i>	—	—	—	—	—	—
• <i>credit spread options</i>	—	—	—	—	—	—
• <i>total rate of return swaps</i>	—	—	—	—	—	—
1.2 Without exchange of principal	80,000	—	50,000	—	50,000	—
• <i>credit default</i>	80,000	—	50,000	—	50,000	—
• <i>credit linked notes</i>	—	—	—	—	—	—
• <i>credit spread options</i>	—	—	—	—	—	—
• <i>total rate of return swaps</i>	—	—	—	—	—	—
2. HEDGE SALES	201,667	837,537	205,000	438,557	218,333	316,663
2.1 With exchange of principal	151,667	837,537	155,000	438,557	168,333	316,663
• <i>credit default</i>	151,667	837,537	155,000	438,557	168,333	316,663
• <i>credit linked notes</i>	—	—	—	—	—	—
• <i>credit spread options</i>	—	—	—	—	—	—
• <i>total rate of return swaps</i>	—	—	—	—	—	—
2.2 Without exchange of principal	50,000	—	50,000	—	50,000	—
• <i>credit default</i>	50,000	—	50,000	—	50,000	—
• <i>credit linked notes</i>	—	—	—	—	—	—
• <i>credit spread options</i>	—	—	—	—	—	—
• <i>total rate of return swaps</i>	—	—	—	—	—	—

16. Amounts due from and to group undertakings

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
a) AMOUNTS DUE FROM GROUP UNDERTAKINGS	392	2,886	2,937
1. Amounts due from banks <i>of which: subordinated</i>	— —	2,375 —	2,468 —
2. Amounts due from financial companies <i>of which: subordinated</i>	— —	— —	— —
3. Amounts due from other customers <i>of which: subordinated</i>	392 —	511 —	469 —
4. Bonds and other debt securities <i>of which: subordinated</i>	— —	— —	— —
b) AMOUNTS DUE TO GROUP UNDERTAKINGS	237	310	975
1. Amounts due to banks	—	—	—
2. Amounts due to financial companies	—	—	—
3. Amounts due to other customers	237	310	975
4. Debt securities	—	—	—
5. Subordinated liabilities	—	—	—
c) GUARANTEES AND COMMITMENTS	283	5	60
1. Guarantees given	126	—	—
2. Commitments	157	5	60

17. Assets under management

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
Securities under management for clients	4,131,900 ⁽¹⁾	3,790,000 ⁽¹⁾ ⁽²⁾	4,118,490 ⁽¹⁾

⁽¹⁾ For information purposes only the Banca Esperia group had total AuM of € 5,957,000,000 compared with € 3,912,000,000 at 31 December 2003 and € 4,779,000,000 at 30 June 2004.

⁽²⁾ Restated.

Securities held for safekeeping and as collateral

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
a) THIRD PARTY SECURITIES HELD:	13,390,021	7,832,858	16,373,087
<i>a/1) for safekeeping</i>	8,395,345	1,446,268	11,303,017
<i>a/2) as trustees</i>	1,069,157	965,641	1,008,656
<i>a/3) as collateral</i>	3,925,519	5,420,949	4,061,414
b) THIRD PARTY SECURITIES HELD BY THIRD PARTIES	4,542,849	4,355,529	7,367,504
c) OWN SECURITIES HELD BY THIRD PARTIES	9,164,651	9,892,927	7,923,354

18. Regulatory capital and capital adequacy requirements

	31/12/04 € '000	31/12/03 € '000	30/6/04 € '000
a) Regulatory capital			
a.1. Tier 1 capital	5,074,219	4,974,292	5,032,429
a.2. Tier 2 capital	1,125,660	936,049	1,049,962
a.3. Supervisory deductions	(139,757)	(125,170)	(133,666)
a.4. Regulatory capital	6,060,122	5,785,171	5,948,725
b) Capital adequacy requirements			
b.1. Credit risk	1,970,194	1,827,353	1,985,370
b.2. Market risk	458,573	325,173	366,007
• on non-investment securities	364,841	239,353	317,172
• on exchange rates	—	10,439	—
• on loan concentrations	93,732	75,381	48,835
b.2.1 Tier 3 subordinated loans	—	—	—
b.3. Other capital adequacy requirements	21,710	26,475	21,710
b.4. Total capital adequacy requirements	2,450,477	2,179,001	2,373,087
c) Risk assets and capital adequacy ratios			
c.1. Risk-weighted assets	30,630,963	27,237,513	29,663,588
c.2. Tier 1 capital as % of risk-weighted assets	16.57%	18.26%	16.97%
c.3. Regulatory capital as % of risk-weighted assets	19.78%	21.24%	20.05%

Positive goodwill on consolidation (Asset heading 90: breakdown and movements)

COMPANY	Balance at 30/06/2004	Values recorded during period	Other movements	Goodwill amortized during period	Balance at 31/12/2004
Compagnie Monégasque de Banque	17,463	—	(17,463) ⁽¹⁾	—	—

⁽¹⁾ Following acquisition of shares owned by Banca Intesa and Banca Regionale Europea.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. Interest

1.1. Interest and similar income receivable (Heading 10)

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
a) Interest on amounts due from banks <i>of which: deposits with central banks</i>	57,284 902	57,480 630	110,015 1,740
b) Interest on amounts due from customers <i>of which: on loans made with third party funds under management</i>	420,098 —	426,068 —	841,333 —
c) Interest on debt securities	117,709	160,121	252,121
d) Other interest receivable	932	1,345	2,653
e) Surplus on hedging margins	65,574	55,215	121,004
	661,597	700,229	1,327,126

1.2. Interest and similar expenses payable (Heading 20)

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
a) Interest on amounts due to banks	89,982	93,171	188,494
b) Interest on amounts due to customers	48,828	55,848	106,238
c) Interest on debt securities in issue <i>of which: certificates of deposit</i>	293,374 ^(†) 7,427 ^(†)	306,970 11,042	599,384 20,110
d) Interest on third parties' funds under management	—	—	—
e) Interest on subordinated liabilities	—	—	—
f) Shortfall on hedging margins	—	—	—
g) Other interest payable	30	39	82
	432,214	456,028	894,198

^(†) Includes commission on deposits.

2. Interest

2.1. Interest and similar income receivable

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
On non-Euro assets	8,534	15,785	27,621

2.2. Interest and similar expenses payable

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
On non-Euro liabilities	5,174	14,400	13,823

3. Commissions

3.1. Heading 40: *Commissions receivable*

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
a) Guarantees given	1,322	2,258	3,695
b) Credit derivatives	2,136	1,703	3,984
c) Management, trading and consulting services:	62,764	52,235	102,610
1. securities dealing	15,799	9,178	21,732
2. currency dealing	30	—	30
3. asset management	2,256 ⁽¹⁾	2,077 ⁽¹⁾	4,207 ⁽¹⁾
3.1 private individuals	2,256	2,077	4,207
3.2 groups	—	—	—
4. securities safekeeping and administration	1,704	1,867	3,333
5. bank deposits	—	—	—
6. securities placing	35,675	29,212	51,593
7. procurement of orders	—	6	6
8. consultancy	903	795	3,857
9. agency fees	6,397	9,100	17,852
9.1 asset management	6,397	9,100	17,852
9.1.1 private individuals	6,397	9,100	17,852
9.1.2 groups	—	—	—
9.2 insurance products	—	—	—
9.3 other	—	—	—
d) Collection and payment services	231	812	512
e) Securitization servicing	361	284	617
f) Tax collection services	—	—	—
g) Other services:	54,624	81,452	114,687
• commissions on loans to customers	32,193	42,533	54,482
• customer advice and assistance	19,921	36,613	54,822
• other	2,510	2,306	5,383
	121,438	138,744	226,105

⁽¹⁾ For information purposes only, the Banca Esperia group generated fees of € 21,093,000, compared with € 18,445,000 at 31 December 2003 and € 37,465,000 at 30 June 2004).

3.2. Heading 40: *Fees receivable for distributing products and services*

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
a) On the Bank's own premises	44,438	40,389	73,652
1. asset management	2,256	2,077	4,207
2. securities placing	35,785	29,212	51,593
3. services and products	6,397	9,100	17,852
b) Provided by third parties	—	—	—
1. asset management	—	—	—
2. securities placing	—	—	—
3. services and products	—	—	—
	44,438	40,389	73,652

3.3 Heading 50: *Commissions payable*

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
a) Guarantees received	5	2	514
b) Credit derivatives	656	1,237	4,572
c) Management and trading services:	2,358	7,349	10,449
1. securities dealing	1,291	839	1,890
2. currency dealing	—	—	—
3. asset management	1	1	2
3.1 own portfolio	1	1	2
3.2 third parties' portfolios	—	—	—
4. securities safekeeping and administration	1,001	339	1,272
5. securities placing	65	6,170	7,285
6. door-to-door sales of securities, products and services	—	—	—
d) Collection and payment services	100	200	182
e) Other services:	31,818	33,897	64,726
• commissions on transactions with banks, the Bank of Italy and Ufficio Italiano Cambi	6,465	5,530	11,433
• Commissions payable to brokers for securities and derivatives trading	1,452	1,383	4,086
• commissions payable on facilities	669	7,913	9,195
• commissions paid to agents	23,232 ⁽¹⁾	19,071 ⁽¹⁾	40,012 ⁽¹⁾
	34,937	42,685	80,443

⁽¹⁾ Mainly related to leasing and consumer credit operations.

4. Gains and losses on dealing transactions

4.1. Heading 60: *Gains (losses) on dealing transactions*

	6 months to 31/12/04				6 months to 31/12/03				12 months to 30/6/04			
	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	18,664 ⁽¹⁾	—	75,848	94,512	2,173	—	(2,943)	(770)	23,805	—	799	24,604
A.2 Writedowns	(15,077) ⁽²⁾	—	(67,442)	(82,519)	(33,959)	—	24,193	(9,766)	(51,432)	—	7,694	(43,738)
B. Other gains (losses)	155,337 ⁽³⁾	(17,624)	(61,518)	76,195	65,272	1,224	(51)	66,445	(184,058)	20,970	(47,267)	(210,355)
	158,924	(17,624)	(53,112)	88,188	33,486	1,224	21,199	55,909	(211,685)	20,970	(38,774)	(229,489)
<i>of which:</i>												
1. Government securities	(23,978)				4,305				7,834			
2. Other debt securities	101,020				(27,481)				(61,125)			
3. Capital securities	(13,522)				(20,030)				(2,836)			
4. Derivatives	95,404				76,692				(155,558)			

⁽¹⁾ Includes € 8,000,000 relating to fixed income securities and € 698,000 relating to capital securities.

⁽²⁾ Includes € 14,730,000 relating to fixed income securities and € 328,000 relating to capital securities.

⁽³⁾ Comprises net gains of € 83,772 on fixed income securities dealing; net losses of € 13,892,000 on capital securities; positive net margins on futures contracts of € 122,207, and net gains on options of € 36,750.

5. Extraordinary items

5.1. Heading 190: *Extraordinary income*

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
Gain on sale of financial assets	32,212	17,510	34,550
Adjustments on consolidation	77	29	245
Gain on disposal of tangible assets	15	933	—
Overprovision for taxation credited back to earnings	274	—	2,303
Other extraordinary income	4,573 ⁽¹⁾	1,607	5,303
	37,151	20,079	42,401

⁽¹⁾ € 2,597,000 of which related to commissions received in previous years.

5.2. Heading 200: *Extraordinary expenditure*

	6 months to 31/12/04 € '000	6 months to 31/12/03 € '000	12 months to 30/6/04 € '000
Loss on disposal of financial assets	161	145	53,902
Adjustments on consolidation	—	—	261
Loss on disposal of tangible assets	69	3	187
Other extraordinary expenditure	2,341	2,480	3,164
	2,571	2,628	57,514

OTHER INFORMATION

1. Average number of employees by category

	6 months to 31/12/04 No.	6 months to 31/12/03 No.	12 months to 30/6/04 No.
a) Senior executives	100	90	89
b) Grade 3 and 4 managers	326	304	297
c) Other staff	1,091	1,074	1,086
	1,517	1,468	1,472

CONSOLIDATED COMPANIES

	Head office	Share capital €	Par value per share €	Group interest		% voting shares at Ord. AGMs
				Held by (¹)	Equity interest %	
A. CONSOLIDATED COMPANIES						
<i>A.1 Companies consolidated on line-by-line basis</i>						
1. MEOBANCA - Banca di Credito Finanziario S.p.A.	Milan	392,400,000	0.50	—	—	—
2. MB FINSTRUTTURE - INTERSOMER S.p.A.	Milan	6,500,000	0.50	A.1.1	100.00	100.00
3. PROMINVESTMENT S.p.A.	Rome	743,000	0.52	A.1.1	70.00	70.00
4. PRUDENTIA FIDUCIARIA S.p.A.	Milan	100,000	5	A.1.1	100.00	100.00
5. SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A.	Milan	500,000	5	A.1.1	100.00	100.00
6. SPAFID S.p.A.	Milan	100,000	10	A.1.1	100.00	100.00
7. TECHNOSTART S.p.A.	Milan	1,000,000	0.50	A.1.1	69.00	69.00
8. COMPAGNIE MONEGASQUE DE BANQUE	Monte Carlo	111,100,000	200	A.1.1	100.00	100.00
9. C.M.I. Compagnie Monégasque Immobilière - SCI	Monte Carlo	2,400,000	1,525	A.1.8	99.94	99.94
10. C.M.G. Compagnie Monégasque de Gestion - S.A.M.	Monte Carlo	160,000	160	A.1.8	99.70	99.70
11. SMEF Société Monégasque des Etudes Financière - S.A.M.	Monte Carlo	775,000	155	A.1.8	99.90	99.90
12. MONOECI Soc. Civile Immobilière	Monte Carlo	1,6000	15.5	A.1.8	99.00	99.00
13. MONOIKOS 2000 Soc. Civile Immobilière	Monte Carlo	2,000	1	A.1.9	99.95	99.95
14. MOULINS 700 S.A.M.	Monte Carlo	160,000	160	A.1.9	99.90	99.90
15. MEOBANCA INTERNATIONAL Ltd	Grand Cayman	USD 10m	USD 1	A.1.1	100.00	100.00
16. COMPASS S.p.A.	Milan	87,500,000	5	A.1.1	100.00	100.00
17. MICOS BANCA SpA	Milan	35,000,000	0.50	A.1.16	100.00	100.00

(¹) See number in extreme left-hand column for holder of Group interest.

cont.: Consolidated companies

	Head office	Share capital €	Par value per share €	Group interest		% voting shares at Ord. AGMs
				Held by (¹)	Equity interest %	
18. COFACTOR S.p.A.	Milan	7,500,000	0.50	A.1.16	100.00	100.00
19. SELMABIPIEMME LEASING S.p.A.	Milan	40,200,000	0.50	A.1.16	61.65	61.65
20. PALLADIO LEASING S.p.A.	Vicenza	8,700,000	0.50	A.1.19 A.1.20	95.00 5.00	100.00
21. TELELEASING S.p.A.	Milan	9,500,000	1	A.1.119	80.00	80.00
B. COMPANIES CONSOLIDATED ON NET EQUITY BASIS						
1. BANCA ESPERIA S.p.A. (²)	Milan	13,000,000	0.52	A.1.1	48.50	48.50
2. SADE FINANZIARIA S.r.l.	Milan	25,000	—	A.1.1	100.00	100.00
3. RICERCHE E STUDI S.p.A.	Milan	100,000	5	A.1.1	100.00	100.00
4. CREDITECH S.p.A.	Milan	250,000	1	A.1.17	100.00	100.00
5. MB VENTURE CAPITAL S.A.	Luxembourg	40,000	10	A.1.7	35.00	35.00
6. MB VENTURE CAPITAL FUND I PARTICIPATING COMPANY A N.V.	Amsterdam	50,000	1	A.1.1	45.00	45.00
7. FIDIA - Fondo Interbancario d'Investimento Azionario SGR S.p.A.	Milan	15,600,000	520	A.1.1	25.00	25.00
8. ATHENA PRIVATE EQUITY S.A.	Luxembourg	50,000,000	2	A.1.1	24.46	24.46
C. OTHER SIGNIFICANT INVESTMENTS						
1. CARTIERE BURGO S.p.A.	Verzuolo (CN)	205,400,000	0.52	A.1.1	22.13	22.13
2. SCONTOFIN S.A.	Luxembourg	2,600,000	516.5	A.1.2	20.00	20.00

(¹) See number in extreme left-hand column for holder of Group interest.

(²) Parent company of Banca Esperia banking group.

INTERIM ACCOUNTS OF THE BANK

BALANCE SHEET

	Assets	31/12/04	31/12/03	30/6/04
		€ '000	€ '000	€ '000
10.	CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES	52	49	94
20.	GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS	3,348,786	3,847,267	2,962,922
30.	AMOUNTS DUE FROM BANKS:	5,735,588	4,959,154	5,653,673
	a) deposits and loans repayable on demand	1,337,446	1,225,894	1,675,302
	b) other accounts	4,398,142	3,733,260	3,978,371
40.	AMOUNTS DUE FROM CUSTOMERS	13,176,062	13,797,308	13,299,724
	<i>of which:</i>			
	• <i>loans using funds managed for third parties</i>		—	—
50.	BONDS AND OTHER DEBT SECURITIES ISSUED BY:	4,662,210	3,363,539	3,239,407
	a) government and public agencies	1,643,982	511,239	848,493
	b) banks	969,874	1,083,989	697,744
	<i>of which:</i>			
	• <i>own bonds</i>	344,801	659,670	294,591
	c) financial companies	1,604,734	1,218,637	1,093,631
	<i>of which:</i>			
	• <i>own bonds</i>	—	—	—
	d) other issuers	443,620	549,674	599,539
60.	EQUITIES, PARTICIPATING INTERESTS AND OTHER CAPITAL SECURITIES	452,313	267,461	2,568,012
70.	EQUITY INVESTMENTS	2,577,604	2,571,998	2,514,463
80.	INVESTMENTS IN GROUP UNDERTAKINGS	490,244	396,471	396,476
90.	INTANGIBLE ASSETS	—	—	—
	<i>of which:</i>			
	• <i>installation costs</i>	—	—	—
	• <i>goodwill</i>	—	—	—
100.	TANGIBLE FIXED ASSETS	11,179	10,290	11,561
130.	OTHER ASSETS	521,418	602,174	748,308
140.	ACCRUED INCOME AND PREPAID EXPENSES:	1,411,672	1,431,132	1,470,159
	a) accrued income	1,155,665	1,147,347	1,196,769
	b) prepaid expenses	256,007	283,785	273,390
	<i>of which:</i>			
	• <i>discounts on bonds issued</i>	51,628	62,237	55,924
		32,387,128	31,246,843	32,864,799

GUARANTEES AND COMMITMENTS

		31/12/04	31/12/03	30/6/04
		€ '000	€ '000	€ '000
10.	GUARANTEES GIVEN	3,032,700	3,310,080	3,582,601
	<i>of which:</i>			
	• <i>acceptances</i>	—	—	—
	• <i>other guarantees</i>	3,032,700	3,310,080	3,582,601
20.	COMMITMENTS	14,393,204	10,437,873	16,343,590
	<i>of which:</i>			
	• <i>assets sold under repurchase agreements</i>	—	—	—
30.	CREDIT DERIVATIVES	1,039,204	643,557	534,996

	Liabilities and shareholders' equity	31/12/04	31/12/03	30/6/04
		€ '000	€ '000	€ '000
10.	AMOUNTS DUE TO BANKS:	5,231,374	4,263,870	5,620,447
	a) repayable on demand	574,571	776,171	823,990
	b) term deposits and deposits under notice	4,656,803	3,487,699	4,796,457
20.	AMOUNTS DUE TO CUSTOMERS:	2,535,001	2,484,517	2,594,628
	a) repayable on demand	1,900,624	1,945,629	1,984,508
	b) term deposits and deposits under notice	634,377	538,888	610,120
30.	DEBT SECURITIES IN ISSUE:	15,740,185	15,875,614	15,256,579
	a) bonds	14,980,219	15,047,744	14,473,872
	b) certificates of deposit	530,462	638,752	593,280
	c) other debt securities	229,504	189,118	189,427
50.	OTHER LIABILITIES	3,273,553	3,010,694	3,540,240
60.	ACCRUED EXPENSES AND DEFERRED INCOME:	812,959	870,086	797,845
	a) accrued expenses	600,900	599,265	561,375
	b) deferred income	212,059	270,821	236,470
70.	PROVISION FOR STAFF SEVERANCE INDEMNITIES	13,056	12,036	11,959
80.	PROVISIONS FOR LIABILITIES AND CHARGES:	16,435	54,126	232,453
	a) post-retirement and similar benefits	—	—	—
	b) provision for taxation	15,133	49,036	227,363
	c) other provisions	1,302	5,090	5,090
90.	LOAN LOSS PROVISION	—	316,627	319,627
100.	PROVISION FOR GENERAL BANKING RISKS	958,562	638,935	638,935
120.	SHARE CAPITAL	392,391	389,285	389,291
130.	SHARE PREMIUM RESERVE	1,853,593	1,807,256	1,807,340
140.	RESERVES:	1,331,506	1,220,305	1,220,305
	a) legal reserves	77,884	77,855	77,855
	b) reserve for purchase of own shares and participating interests	—	—	—
	c) statutory reserves	1,004,624	893,452	893,452
	d) other reserves	248,998	248,998	248,998
150.	REVALUATION RESERVES	7,587	7,587	7,587
160.	RETAINED EARNINGS (ACCUMULATED LOSSES)	—	—	—
170.	PROFIT (LOSS) FOR THE PERIOD	220,926 ⁽¹⁾	295,905 ⁽¹⁾	427,563
		32,387,128	31,246,843	32,864,799

⁽¹⁾ Including transfer to provision for income taxes.

PROFIT AND LOSS ACCOUNT

	6 months to 31/12/04	6 months to 31/12/03	12 months to 30/6/04
	€ '000	€ '000	€ '000
10. INTEREST RECEIVABLE AND SIMILAR INCOME	551,369	508,520	972,942
<i>of which:</i>			
• <i>loans and advances to customers</i>	227,809	259,146	505,063
• <i>debt securities</i>	104,682	126,181	217,622
20. INTEREST PAYABLE AND SIMILAR EXPENSES	(474,128)	(416,750)	(812,518)
<i>of which:</i>			
• <i>customer deposits</i>	(37,805)	(45,420)	(85,804)
• <i>securities issued</i>	(259,948)	(269,487)	(533,548)
30. DIVIDENDS FROM AND OTHER INCOME ON:	3,138	57,586	646,523
a) equities, participating interests and other capital securities	3,129	897	451,164
b) equity investments	9	56,689	195,359
c) investments in group undertakings	—	—	—
40. COMMISSIONS RECEIVABLE	91,146	109,041	166,535
50. COMMISSIONS PAYABLE	(5,978)	(18,985)	(28,272)
60. GAINS (LOSSES) ON DEALING TRANSACTIONS	83,737	55,658	(226,494)
70. OTHER INCOME FROM OPERATIONS	8,042	80,974	166,916
80. ADMINISTRATIVE EXPENSES:	(62,017)	(58,096)	(137,101)
a) personnel costs	(37,083)	(32,519)	(79,145)
<i>of which:</i>			
• <i>wages and salaries</i>	(26,363)	(23,070)	(56,863)
• <i>social security contributions</i>	(7,091)	(6,193)	(15,456)
• <i>transfer to severance indemnity provision</i>	(1,916)	(1,810)	(3,650)
• <i>post-retirement and similar benefits</i>	(1,713)	(1,446)	(3,176)
b) other administrative expenses	(24,934)	(25,577)	(57,956)
90. ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS	(912)	(1,016)	(2,685)
100. PROVISIONS FOR LIABILITIES AND CHARGES	—	—	—
110. OTHER OPERATING EXPENSES	(7,221)	(78,819)	(165,463)
140. TRANSFERS TO LOAN LOSS PROVISION (*)	—	(30,000)	(33,000)
150. ADJUSTMENTS TO FINANCIAL ASSETS	(14,713)	(60,112)	(25,727)
160. WRITEBACKS TO FINANCIAL ASSETS	14,100	130,409	159,993
170. PROFIT (LOSS) ON ORDINARY ACTIVITIES	186,563	278,410	681,649
180. EXTRAORDINARY INCOME	354,421 ⁽¹⁾	17,705	34,626
190. EXTRAORDINARY EXPENDITURE	(431)	(210)	(54,355)
200. EXTRAORDINARY PROFIT (LOSS)	353,990	17,495	(19,729)
210. CHANGES TO PROVISION FOR GENERAL BANKING RISKS	(319,627)	—	—
220. INCOME TAXES	—	—	(234,357)
230. PROFIT (LOSS) FOR THE PERIOD	220,926 ⁽²⁾	295,905 ⁽²⁾	427,563

(*) Made solely to comply with tax regulations.

⁽¹⁾ Including € 319,627,000 in tax offset measures pursuant to Italian Legislative Decree 6/03.

⁽²⁾ Gross of provision for income tax.

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT
(Translation from the original Italian text)

To the Shareholders
of Mediobanca S.p.A.

1. We have audited the consolidated accounts and explanatory notes included in the Interim Report of Mediobanca S.p.A. for the six months ended December 31, 2004. These consolidated accounts and explanatory notes are the responsibility of Mediobanca S.p.A.'s directors. Our responsibility is to express an opinion on the above-mentioned consolidated accounts and explanatory notes based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Companies and Stock Exchange Commission). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the consolidated accounts and explanatory notes are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated accounts and explanatory notes, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

With respect to the comparative amounts related to the same period of the prior year and those related to the prior year end consolidated financial statements, reference should be made to the reports issued by us, dated respectively March 16, 2004 and September 22, 2004.

3. In our opinion, the consolidated accounts and explanatory notes indicated in the first paragraph of this report give a true and fair view of the consolidated financial position of Mediobanca S.p.A. at December 31, 2004 and the consolidated results of its operations for the six-month period then ended in conformity with the criteria indicated by article 81 of the CONSOB Regulation as approved in its resolution No. 11971 of May 14, 1999 and subsequent modifications.
4. As permitted by the same article 81 of the specified CONSOB Regulation, Mediobanca S.p.A. has presented the consolidated results of its operations for the six months ended December 31, 2004 gross of income taxes.

Milan, March 11, 2005

Reconta Ernst & Young S.p.A.
signed by: Riccardo Schioppo, Partner

**ACCOMPANYING SCHEDULES TO THE
ACCOUNTS OF THE BANK**

TABLE B

MOVEMENTS IN TREASURY SECURITIES

	Holding at 30/6/04 € '000	Amounts bought and subscribed € '000	Sales and redemptions € '000	Gain/Loss € '000	Exchange adjustments € '000	(Writedowns) Writedowns € '000	Holding at 31/12/04 € '000	Value based on share prices at 31/12/04 € '000	Gain € '000
Government securities denominated in currencies other than the Euro (1).....	—	645,339	643,324	6,617	(2,118)	(3,787)	2,527	2,527	—
Euro-denominated government securities (1).....	3,745,879	18,134,591	16,970,354	42,062	—	(6,491)	4,945,687	4,968,729	23,042
Bonds denominated in Euros and other Eurozone currencies	2,378,636	4,087,823	3,516,022	36,281	—	(1,974)	2,984,744	3,031,393	46,649
Bonds denominated in non-Eurozone currencies ...	4,114	30,878	30,896	18	(443)	—	3,671	4,092	421
	<u>6,128,629</u>	<u>22,898,631</u>	<u>21,160,796</u>	<u>84,978</u>	<u>(2,561)</u>	<u>(12,252)</u>	<u>7,936,629</u>	<u>8,006,741</u>	<u>70,112</u>
Arbitrage/derivative transactions and technical shortfalls				(94,774)		(20,196)			95,805
TOTAL (A)				<u>(9,796)</u>		<u>(28,661) (2)</u>			<u>165,917</u>
Non-investment securities	<u>2,564,976</u>	<u>1,459,500</u>	<u>3,557,665</u>	<u>(13,643)</u>	<u>(3,371)</u>	<u>(514)</u>	<u>449,283</u>	<u>481,198</u>	<u>31,915</u>
Arbitrage/derivative transactions and technical shortfalls				126,371		16,357			13,687
TOTAL (B).....				<u>112,728</u>		<u>15,843</u>			<u>45,602</u>
GRAND TOTAL (A+B)				<u>102,932</u>		<u>(12,818)</u>			<u>211,519</u>

(1) Issued by sovereign states.

(2) Includes € 3,787,000 in writedowns to promissory notes issued by the Central Bank of Liberia, as counter-item to Provision for liabilities and charges.

TABLE C

MOVEMENTS IN INVESTMENT SECURITIES IN SIX MONTHS ENDED 31 DECEMBER 2004

	Opening Balance		Purchased and subscribed		Sold		Other movements (\$)		(Writedowns) writebacks € '000	Closing Balance		Avg price in six months to 30/12/04 (\$) € '000	Gain € '000
	Number	% (*)	Number	Amount € '000	Number	Amount € '000	Number	Amount € '000		Number	% (*)		
BONDS (*) AND OTHER SECURITIES													
SHARES LISTED IN ITALY													
Telecom Italia 1.5% 2001-2010 convertibles with redemption premium (formerly Olivetti)	59,037	—	—	73,700	—	—	—	—	667	59,037	74,367	75,355	988
DueMme SICAV, Luxembourg	—	—	—	3,036	—	—	—	—	(6)	—	3,030	3,490	460
				76,736					661		77,397	78,845	1,448
EQUITY INTERESTS													
SHARES LISTED IN ITALY													
Assicurazioni Generali	162,937,892	12.77	397,167	741,469	8,320	—	—	—	—	163,335,059	749,789	3,707,706	2,957,917
Capitalia	9,500,000	0.43	—	22,145	—	9,500,000	22,145	—	—	—	—	—	—
Fiat, ordinary	21,152,587	2.64 + 2.15	—	126,323	—	—	—	—	296	21,152,587	126,619	126,619	—
Finmeccanica	82,380,000	0.98	—	53,868	—	—	—	—	(4,036)	82,380,000	49,832	49,832	—
Fondiarria-SAI, ordinary	2,574,500	1.99 + 1.51	—	34,189	—	—	—	—	—	2,574,500	34,189	46,753	12,564
Fondiarria-SAI 2002-2008 warrants	5,115,600	—	—	12,603	—	—	—	—	—	5,115,600	12,603	19,383	6,780
Gemina, ordinary	46,132,781	12.66 + 12.53	—	35,702	—	—	—	—	5,531	46,132,781	41,233	41,233	—
GM, ordinary	1,661,932	2.79 + 2.27	—	1,855	—	—	—	—	(435)	1,661,932	1,420	1,420	—
Italmobiliare, ordinary	2,106,888	9.50 + 5.47	—	34,593	—	—	—	—	—	2,106,888	34,593	88,574	53,981
Mediolanum	14,300,000	1.97	—	80,209	—	—	—	—	(8,151)	14,300,000	72,058	72,058	—
Pninfarina, ordinary	317,625	3.41	—	2,985	—	—	—	—	—	317,625	2,985	7,159	4,174
Pirelli & C., ordinary	125,513,500	3.77 + 3.63	33,748,713	92,338	20,173	—	—	4,833 (2)	—	159,262,213	117,344	137,252	19,908
Pirelli & C., 2003-2006 warrants	94,135,125	—	6,451,537	4,252	581	—	(100,586,662)	(4,833) (2)	—	—	—	—	—
Ratti	2,860,000	9.17	—	1,411	—	—	—	—	(115)	2,860,000	1,296	1,296	—
RCS Mediagroup, ordinary	75,478,851	10.30 + 9.90	27,596,403	126,464	121,677	—	—	—	—	103,075,254	248,141	383,955	135,814
Telecom Italia, ordinary	163,375,000	1.58 + 1.01	15,250,000	408,471	37,430	—	—	—	6,856	178,625,000	452,757	469,069	16,312
				1,778,877	188,181		22,145		(54)		1,944,859	5,152,309	3,207,450
SHARES LISTED OUTSIDE ITALY													
Ciments Français, Paris	4,374,215	11.46	—	147,314	—	1,150,000	52,674	—	—	3,224,215	94,640	200,274	105,634
Commerzbank, Frankfurt	6,975,000	1.17	—	102,602	—	3,487,500	51,302	—	(697)	3,487,500	50,603	50,603	—
Koenig & Bauer Albert, Würzburg, ordinary	760,000	4.70	—	12,312	—	—	—	—	—	760,000	12,312	12,669	357
				262,228			103,976		(697)		157,555	263,546	105,991

TABLE C (cont.)

	Opening Balance		Purchased and subscribed		Sold		Other movements (§)		(Writedowns) writebacks		Closing Balance	
	Number	% (*)	Amount € '000	Number	Amount € '000	Number	Amount € '000	Number	Amount € '000	Number	% (*)	Amount € '000
UNLISTED SHARES AND STOCK UNITS (1)												
Banca Esperia	12,125,000	48.50	19,059	—	—	—	—	—	—	12,125,000	48.50	19,059
Carriere Burgo	87,442,365	22.13	54,630	—	—	—	—	—	—	87,442,365	22.13	54,630
Ferrari	1,120,000	14.00	319,200	—	—	—	—	—	—	1,120,000	14.00	319,200
Clessidra Fund stock units	500	4.46	375	—	3,037 (3)	—	—	—	(482)	500	4.46	2,930
Fidia	7,500	25.00	3,803	—	—	—	—	—	—	7,500	25.00	3,803
Istituto Europeo di Oncologia	8,595	15.00	8,595	—	—	—	—	—	135	8,595	15.00	8,730
Lucchini	500,000	4.72	6,104	—	—	—	—	—	—	500,000	4.50	6,104
Lucchini <i>uzarrants</i>	763,889	—	—	—	—	—	—	—	—	763,889	—	—
Nomisma	100,000	0.69	29	—	—	—	—	—	—	100,000	0.69	29
Zetesis	49,400	10.00	49	—	—	—	—	—	(21)	49,400	10.00	28
Alice Lab Netherlands B.V., Amsterdam	75,000	8.19	620	—	1,875 (3)	—	—	—	(502)	75,000	8.19	1,993
Athena Private Equity class A, Luxembourg	6,114,460	24.46	45,336	—	(5,365) (4)	—	—	—	609	6,114,460	24.46	40,580
EuroQube S.A., Brussels	18,758	4.94	1,734	—	—	—	—	—	—	18,758	4.94	1,734
MBCA Holdings Limited, Harare	785,717	1.38	31	—	—	—	—	—	—	785,717	1.32	31
MB Venture Capital Fund I Participating Company ANV class B, Amsterdam	22,500	45.00	13,305	—	2,850 (3)	—	—	—	5	22,500	45.00	16,160
Satum Venture Fund, New York in USD	1,508,144	5.35	483	(53,545)	(42) (4)	—	—	—	(267)	1,454,599	5.35	174
Satif, Monte Carlo	1,850	3.87	3	—	—	—	—	—	—	1,850	3.87	3
S.W.I.F.T., La Hulpe	1	—	—	—	—	—	—	—	—	1	—	2
			473,358		2,355				(523)			475,190
INVESTMENTS IN GROUP UNDERTAKINGS												
Compagnie Monégasque de Banque, Monte Carlo	342,427	61.64	277,740	213,110	93,768	1	—	—	—	555,536	100.00	371,508
Others (see Table D)	—	—	118,736	—	—	—	—	—	—	—	—	118,736
			396,476		93,768							490,244
			2,987,675		284,304		126,121		(613)			3,145,245
GRAND TOTAL												

(§) Includes portfolio movements not generating cash flow.

(*) Where more than one class of share is in issue, the first percentage relates to proportion of the class concerned, while the second gives proportion of the entire share capital. The percentages include swaps.

(1) Shares in DueMine SICAV are stated at their market price and at the exchange rate prevailing on 30 December 2004; for US bonds, the historic 0.92 exchange rate has been used.

(2) Nominal value in € '000.

(3) Warrants exercised.

(4) Capital call on stock units held.

(5) Repayment.

TABLE D

INVESTMENTS IN GROUP UNDERTAKINGS

(figures in Euros unless otherwise stated)

	No. of Shares held	Equity Interest %	Par Value '000	Book Value € '000
(*) COMPASS S.p.A., Milan Share capital € 87,500,000 par value per share € 5	17,500,000	100	€ 87,500	77,985
(*) COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A., Monte Carlo Share capital € 111,100,000 par value per share € 200	555,536	100	» 111,107	371,508
(*) MB FINSTRUTTURE - INTERSOMER S.p.A., Milan Share capital € 6,500,000 par value per share € 0.50	13,000,000	100	» 6,500	32,700
(*) MEDIOBANCA INTERNATIONAL LTD, Grand Cayman Share capital \$ 10,000,000 par value per share \$ 1	10,000,000	100	» 10,000	6,002
(*) PROMINVESTMENT S.p.A., Rome Share capital € 743,000 par value per share € 0.52	1,000,000	70	» 520	819
(*) PRUDENTIA FIDUCIARIA S.p.A., Milan Share capital € 100,000 par value per share € 5	20,000	100	» 100	103
RICERCHE E STUDI S.p.A., Milan Share capital € 100,000 par value per share € 5	20,000	100	» 100	103
SADE FINANZIARIA S.r.l., Milan Share capital € 25,000	1	100	» 25	25
(*) SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A., Milan Share capital € 500,000 par value per share € 5	100,000	100	» 500	522
(*) SPAFID S.p.A., Milan Share capital € 100,000 par value per share € 10	10,000	100	» 100	26
(*) TECHNOSTART S.p.A., Milan Share capital € 1,000,000 par value per share € 0.50	1,380,000	69	» 690	451
				490,244

(*) Member of the Mediobanca Banking Group.

TABLE D (cont.)

	Parent Company	No. of Shares held	Equity Interest %	Par Value € '000
INDIRECT INVESTMENTS HELD THROUGH SUBSIDIARIES				
(*) COFACTOR S.p.A., Milan Share capital € 7,500,000 par value per share € 0.50	Compass S.p.A.	15,000,000	100	7,500
CREDITECH S.p.A., Milan Share capital € 250,000 par value per share € 1	Compass S.p.A.	250,000	100	250
(*) MICOS BANCA SpA, Milan Share capital € 35,000,000 par value per share € 0.50	Compass S.p.A.	70,000,000	100	35,000
(*) PALLADIO LEASING S.p.A., Vicenza Share capital € 8,700,000 par value per share € 0.50	SelmaBipiemme Leasing S.p.A.	16,482,500	95 ⁽¹⁾	8,241
(*) SELMABIPIEMME LEASING S.p.A., Milan Share capital € 40,200,000 par value per share € 0.50	Compass S.p.A.	49,564,777	61.65	24,782
(*) TELELEASING S.p.A., Milan Share capital € 9,500,000 par value per share € 1	SelmaBipiemme Leasing S.p.A.	7,600,000	80	7,600
C.M.I. Compagnie Monégasque Immobilière SCI, Monte Carlo Share capital € 2,400,000 par value per share € 1,525	Compagnie Monégasque de Banque S.A.	1,599	99.94	2,438
C.M.G. Compagnie Monégasque de Gestion S.A.M., Monte Carlo Share capital € 160,000 par value per share € 160	Compagnie Monégasque de Banque S.A.	997	99.70	160
SMEF Soc. Monégasque des Etudes Financière S.A.M., Monte Carlo Share capital € 775,000 par value per share € 155	Compagnie Monégasque de Banque S.A.	4,995	99.90	774

(*) Member of the Mediobanca Banking Group.

⁽¹⁾ The remaining shares are held by the company itself.

TABLE D (cont.)

Parent Company	No. of Shares held	Equity	Par Value	
		Interest %	€ '000	
INDIRECT INVESTMENTS HELD THROUGH SUBSIDIARIES				
MONOECI SCI, Monte Carlo Share capital € 1,600,000 par value per share € 15.5	Compagnie Monégasque de Banque S.A.	99	99.00	2
MONOIKOS 2000 SCI, Monte Carlo Share capital € 2,000 par value per share € 1	Compagnie Monégasque de Banque S.A.	1,999	99.95	2
MOULINS 700 S.A.M., Monte Carlo Share capital € 160,000 par value per share € 160	Compagnie Monégasque de Banque S.A.	999	99.90	160

TABLE E

OPEN POSITIONS IN DERIVATIVES
AS AT 31 DECEMBER 2004

A. NOTIONAL PRINCIPAL AMOUNTS BY UNDERLYING EXPOSURE

	Interest rate contracts € '000	Foreign exchange contracts € '000	Index-linked contracts € '000	Total € '000
Over-the-counter (OTC) traded contracts				
– <i>Forwards</i>	—	—	—	—
– <i>Swaps</i>	23,753,304	806,846	—	24,560,150
– <i>Options purchased</i>	—	163,700	12,708,074	12,871,774
– <i>Options written</i>	198,637	163,000	12,429,351	12,790,988
Exchange traded contracts				
– <i>Futures (long positions)</i>	—	—	1,221,755	1,221,755
– <i>Futures (short positions)</i>	—	—	2,814,720	2,814,720
– <i>Options purchased</i>	—	—	18,000	18,000
– <i>Options written</i>	—	—	1,554	1,554
Total derivatives	23,951,941	1,133,546	29,193,454	54,278,941
<i>of which:</i>				
– <i>trading</i>	12,754,730	727,617	10,445,273	23,927,620

N.B. - Notional principal amounts are amounts corresponding to the assets and liabilities underlying contracts held for trading and hedging purposes. These amounts are given solely for reference purposes, since the Bank's effective exposure is limited to the net margins on individual transactions.

B. INFORMATION ON CREDIT QUALITY OF OTC CONTRACTS

Counterparty type	Gross positive market value ⁽¹⁾ € '000	Current credit exposure ⁽²⁾ € '000	Potential credit exposure ⁽³⁾ € '000	Credit equivalent amount ⁽⁴⁾ € '000
Banks	408,976	192,086	1,123,530	263,123
Other intermediaries	209,508	150,576	190,853	170,217
Total	618,484	342,662	1,314,383	433,340
<i>of which:</i>				
– <i>interest rate contracts</i>	279,757	217,140	84,493	83,527
– <i>exchange rate contracts</i>	36,644	30,586	32,156	24,591
– <i>equity and equity index- linked contracts</i>	302,083	94,936	1,197,734	325,720

⁽¹⁾ Represents the cost of replacing the contract in the event of a counterparty default.

⁽²⁾ Gross positive market value less reduction in credit exposure under netting arrangements.

⁽³⁾ Approximate valuation of the "add-on" risk inherent in market volatility.

⁽⁴⁾ Current credit exposure plus potential credit exposure, risk-weighted by counterparty category under Bank of Italy regulations.

TABLE F

SIGNIFICANT EQUITY INVESTMENTS AS DEFINED IN ARTICLE 120/3 OF
DECREE LAW 58/98 AND ARTICLE 126 OF CONSOB REGULATION 11971/99

	No. of Shares held directly	Direct Interest % (*)	No. of Shares held indirectly	Indirect Interest % (*)	Shares held by
DIRECTLY CONTROLLED SUBSIDIARIES					
COMPASS S.p.A., Milan Share capital € 87,500,000 par value per share € 5	17,500,000	100.00	—	—	—
COMPAGNIE MONEGASQUE DE BANQUE, Monte Carlo Share capital € 111,100,000 par value per share € 200	555,536	100.00	—	—	—
MB FINSTRUTTURE - INTERSOMER S.p.A., Milan Share capital € 6,500,000 par value per share € 0.50	13,000,000	100.00	—	—	—
MEDIOBANCA INTERNATIONAL Ltd, Grand Cayman Share capital \$ 10,000,000 par value per share \$ 1	10,000,000	100.00	—	—	—
PROMINVESTMENT S.p.A., Rome Share capital € 743,000 par value per share € 0.52	1,000,000	70.00	—	—	—
PRUDENTIA FIDUCIARIA S.p.A., Milan Share capital € 100,000 par value per share € 5	20,000	100.00	—	—	—
RICERCHE E STUDI S.p.A., Milan Share capital € 100,000 par value per share € 5	20,000	100.00	—	—	—
SADE FINANZIARIA S.r.l., Milan Share capital € 6,500,000	1	100.00	—	—	—
SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A., Milan Share capital € 500,000 par value per share € 5	100,000	100.00	—	—	—
SPAFID S.p.A., Milan Share capital € 100,000 par value per share € 10	10,000	100.00	—	—	—
TECHNOSTART S.p.A., Milan Share capital € 1,000,000 par value per share € 0.50	1,380,000	69.00	—	—	—
TRADEVCO Ltd, Monrovia Share capital LRD 80,000,000 par value per share LRD 16,000	3,000	60.00	2,000	40.00	Tradevco
INDIRECTLY CONTROLLED SUBSIDIARIES					
COFACTOR S.p.A., Milan Share capital € 7,500,000 par value per share € 0.50	—	—	15,000,000	100.00	Compass
CREDITECH S.p.A, Milan Share capital € 250,000 par value per share € 1	—	—	250,000	100.00	Compass
MICOS BANCA SpA, Milan Share capital € 35,000,000 par value per share € 0.50	—	—	70,000,000	100.00	Compass

(*) Own shares.

TABLE F (cont.)

	No. of Shares held directly	Direct Interest % (*)	No. of Shares held indirectly	Indirect Interest % (*)	Shares held by
PALLADIO LEASING S.p.A., Vicenza Share capital € 8,700,000 par value per share € 0.50	—	—	16,482,500 867,500	95.00 5.00	SelmaBipiemme Palladio Leasing
SELMABIPIEMME LEASING S.p.A., Milan Share capital € 40,200,000 par value per share € 0.50	—	—	49,564,777	61.65	Compass
TELELEASING S.p.A., Milan Share capital € 9,500,000 par value per share € 1	—	—	7,600,000	80.00	SelmaBipiemme
C.M.I. Compagnie Monégasque Immobilière - SCI, Monte Carlo Share capital € 2,400,000 par value per share € 1,525	—	—	1,599	99.94	CMB S.A.
C.M.G. Compagnie Monégasque de Gestion S.A.M., Monte Carlo Share capital € 160,000 par value per share € 160	—	—	997	99.70	CMB S.A.
SMEF Soc. Monégasque des Etudes Financière S.A.M., Monte Carlo Share capital € 775,000 par value per share € 155	—	—	4,995	99.90	CMB S.A.
MONOECI SCI, Monte Carlo Share capital € 1,600,000 par value per share € 15.5	—	—	99	99.00	CMB S.A.
MONOIKOS 2000 SCI, Monte Carlo Share capital € 2,000 par value per share € 1	—	—	1,999	99.95	C.M.I. SCI
MOULINS 700 S.A., Monte Carlo Share capital € 160,000 par value per share € 160	—	—	999	99.90	C.M.I. SCI

(*) Own shares.

TABLE F (cont.)

	No. of Shares held directly	Direct Interest % (*)	No. of Shares held indirectly	Indirect Interest % (*)	Shares held by
OTHER SIGNIFICANT EQUITY INVESTMENTS					
ATHENA PRIVATE EQUITY S.A., Luxembourg Share capital € 50,000,000 par value per share € 2	6,114,460	24.46	—	—	—
BANCA ESPERIA S.p.A., Milan Share capital € 13,000,000 par value per share € 0.52	12,125,000	48.50	—	—	—
CARTIERE BURGO S.p.A., Verzuolo Share capital € 205,400,000 par value per share € 0.52	87,442,365	22.13	—	—	—
FERRARI S.p.A., Modena Share capital € 20,000,000 par value per share € 2.50	1,120,000	14.00	80,000	1.00	CMB S.A.
FIDIA - Fondo Interbancario d'Investimento Azionario SGR S.p.A., Milan Share capital € 15,600,000 par value per share € 520	7,500	25.00	—	—	—
ISTITUTO EUROPEO DI ONCOLOGIA S.r.l., Milan Share capital € 57,300,000	1	15.00	—	—	—
MB VENTURE CAPITAL FUND I PART. CO. A N.V., Amsterdam Share capital € 50,000 par value per share € 1	22,500	45.00	—	—	—
MB VENTURE CAPITAL S.A., Luxembourg Share capital € 40,000 par value per share € 10	—	—	1,400	35.00	Technostart
SINTERAMA S.p.A., Sandigliano Share capital € 72,800,000 par value per share € 0.51	—	—	15,000,000	10.51	MB Finstrutture - Intersomer
SCONTOFIN S.A., Luxembourg Share capital € 2,600,000 par value per share € 516.5	—	—	1,000	20.00	MB Finstrutture - Intersomer
ZAMBIA TANZANIA ROAD SERVICES Ltd, Lusaka (in liquidation) Share capital Kwacha 4,000,000 par value per share Kwacha 200	—	—	4,667	23.33	MB Finstrutture - Intersomer

(*) Own shares.

OttavioCapriolo - Milan