



Mediobanca
Board of Directors' Meeting
Milan, 28 October 2004

Consolidated accounts for three months to 30 September 2004
approved

- **First quarter results bear out growth recorded in previous financial year:**
 - revenues up 20% to € 260m
 - profit from ordinary operations up 17% to € 176m
- **Significant contribution by each business division, in particular consumer credit and private banking:**
 - **Wholesale banking**
 - Revenues up 10% to € 150m
 - Pre-tax profit up 27% from € 77m to € 98m
 - **Equity investment portfolio**
 - € 11m downward adjustment based on average prices in six months to 30 September 2004, compared with writebacks of € 70m this time last year
 - Net surplus of market over book value approx. € 3.3bn based on current prices, up some € 300m since 30 June 2004
 - **Retail financial services**
 - 25% increase in personal finance¹ disbursed, plus 24% upturn in leasing
 - gross profit from ordinary operations up 20% to € 51m; pre-tax profit up 45% to € 30m
 - **Private banking²**
 - Revenues € 24m (30/9/03: € 7m) and pre-tax profit € 7m (€ 3m)
 - AUM € 9.6bn; net funds raised during quarter approx. € 200m
- **Pre-tax profit € 119.4m (€ 164.5m), after writedowns to investment securities referred to above and to treasury securities and derivatives amounting to € 19m (€ 33.4m)**
- **Quarterly results in line with earnings targets set for current year.**

¹ Consumer credit and mortgage lending.

² Figures to 30 September 2004 include Compagnie Monégasque de Banque and 48.5% of Banca Esperia pro-forma.



Press release pursuant to Consob resolution 11971/99 as amended

At a Board meeting held today with Gabriele GALATERI di GENOLA in the chair, the Directors of Mediobanca approved the Group's quarterly report for the three months ended 30 September 2004, as outlined by General Manager Alberto NAGEL and Co-General Manager Renato PAGLIARO.

Consolidated results

In the first three months of its new financial year, the Mediobanca Banking Group recorded **top-line growth** in excess of 20% from € 214.2m to € 259.7m, and earned a **profit from ordinary operations** of € 175.5m, up 17.3% from the € 149.6m posted in the quarter ended 30 September 2003. Writedowns of € 19m were charged to securities and derivatives held in treasury (30/9/03: € 33.4m), while value adjustments to receivables totalled € 17.6m (€ 18.6m), and depreciation and amortization € 1.5m (€ 0.4m). This translates to a **pre-tax profit** for the Group of € 119.4m (€ 164.5m).

Deposits and loans totalled € 24,725.6m, around the same levels recorded at the balance sheet date. The Bank's loan book amounted to some € 16,322.1m, largely unchanged from the figure recorded at 30 June 2004, and was made up as to 64% of lendings to corporates and structured finance, as to 18% of consumer credit, and as to 16% of leasing, with the other 2% consisting of finance disbursed by CMB. **Investment securities** rose by € 159.4m, and at current prices reflect a market over book value of € 3,284.5m.

Wholesale banking

Revenues increased by 9.7% from € 136.3m to € 149.5m, and **profit from ordinary operations** rose by 8.4% from € 110.4m to € 119.7m. Income from treasury operations grew from € 37.2m to € 81.8m, enabling the Group to stabilize profits despite the generally sluggish scenario, which affected corporate banking activities in particular. The slight decline in the value of the loan book from € 13,010.7m to € 12,827.7m chiefly involved facilities with back-to-back funding.

Equity investment portfolio

The Group's equity investment portfolio reflects a slight downward adjustment of € 11.1m based on average prices in the six months to 30 September 2004, representing the balance between writedowns of € 16.3m to non-core holdings, chiefly Commerzbank, Finmeccanica and



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Mediolanum, and € 5.2m in writebacks to holdings in Fiat, Gemina and Capitalia. This compares with net writebacks of € 70.3m booked at 30 September 2003. Major outlays during the quarter involved € 121.7m to acquire shares in RCS, € 43.9m to acquire shares in Pirelli-Telecom Italia, and € 8.3m to acquire shares in Generali. Over the next three quarters, further disposals of holdings in the Group's non-strategic portfolio are anticipated subject to market prices, with a view to reducing the capital allocated to this business area.

Retail financial services

An increase of approximately 25% was recorded in **finance disbursed**, which contributed to approx. 19.8% growth for both **revenues** and **profit from ordinary operations**, from € 78.4m to € 93.4m in the case of the former, and from € 42.5m to € 50.9m in the case of the latter. Healthy growth of 19.3% in interest income and of 18.3% in commissions and other income enabled the Compass group to absorb growth of 18.4% in costs and expenses due to its operational and geographical expansion and to higher fees paid to agents in connection with the increase in lending volumes. Bad debt writeoffs were in line with their performance last year, declining slightly from € 18.6m to € 17.6m. A total of six new Compass branches were opened during the quarter, with another three scheduled to open by the end of December.

Private banking

The performance recorded by this division reflects the inclusion of Compagnie Monégasque de Banque (CMB), which was not consolidated at this stage last year, and which added € 18.3m in **revenues** and € 7.6m in **profit from ordinary operations**, plus € 0.6m earned by Banca Esperia. Assets under management rose by approx. € 200m, chiefly due to the contribution of Banca Esperia.



Mediobanca S.p.A.

Mediobanca earned a **gross profit from ordinary operations of** € 116m during the three months under review, up 11.4% versus the same stage last year (30/9/03: € 104.1m). Growth in income from treasury operations from € 36.4m to € 81.1m more than offset the reduction in commissions and other income from € 54.4m to € 34.1m, the latter reflecting the sluggish corporate banking segment referred to earlier. **Pre-tax profit** for the quarter stood at € 83.3m (€ 129.1m), after net writedowns³ to investment securities amounting to € 11.2m, compared with net writebacks of € 70.3m this time last year, plus a further € 21.3m in writedowns to securities and derivatives held in treasury (€ 33.9m).

Stable **funding** levels also reflected this reduction in back-to-back loans, offset by new issues amounting to € 419m. **Loans and advances** to customers remained virtually flat over levels recorded at the balance sheet date, posting a slight 0.9% increase.

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³ Based on average prices in the six months to 30 September 2004.



CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<u>3 mths to 30/9/03</u>	<u>12 mths to 30/6/04 ⁽¹⁾</u>	<u>3 mths to 30/9/04</u>
	€ m	€ m	€ m
Interest income	145.6	797.1	198.6
<i>of which: dividends</i>	<i>0.1</i>	<i>119.4</i>	<i>0.5</i>
Commissions received and other income	68.6	253.6	61.1
General costs and expenses	(64.6)	(362.6)	(84.2)
GROSS MARGIN FROM ORDINARY OPERATIONS	149.6	688.1	175.5
Net writedowns to securities and derivatives held in treasury	(33.4)	(7.0)	(19.0)
Net gain (loss) on disposal of investment securities	—	40.4	—
Net writebacks (writedowns) to investment securities	70.3	132.0	(11.0)
Bad debts written off	(18.6)	(88.4)	(17.6)
Gain (loss) on investments stated on net equity basis	—	4.4	0.5
PROFIT BEFORE TAX AND PROVISIONS ...	167.9	769.5	128.4
Provision for liabilities and charges ...	—	(1.5)	—
Depreciation and amortization	(0.4)	(7.1)	(1.5)
Profit attributable to minority shareholders	(3.0)	(17.4)	(7.5)
PRE-TAX PROFIT	164.5	743.5	119.4
Provision for income tax	—	(207.1)	—
NET PROFIT	—	536.4	—

⁽¹⁾ Tax credit on dividends taken to *Provision for income tax*.



CONSOLIDATED BALANCE SHEET

	30/9/03	30/6/04	30/9/04
	€ m	€ m	€ m
<u>Assets</u>			
Treasury funds employed	9,848.2	9,723.0	9,756.4
Loans and advances to customers	16,544.9	16,280.9	16,322.1
Investment securities	3,593.8	3,154.8	3,314.2
Intangible assets	1.4	1.5	1.3
Property	122.1	260.5	263.2
Furniture and fixtures	5.0	11.1	13.2
Other assets	2,230.6	2,407.3	2,399.1
Total assets	<u>32,346.0</u>	<u>31,839.1</u>	<u>32,069.5</u>
<u>Liabilities</u>			
Deposits and loans	25,439.5	24,596.6	24,725.6
Provisions for liabilities and charges	307.5	386.6	390.4
Other liabilities	1,609.4	1,476.9	1,764.1
Loan loss provisions	13.4	13.4	13.4
Equity attributable to minority shareholders	62.7	184.3	189.4
Shareholders' equity	4,749.0	4,644.9	4,867.2
Profit for the year	164.5 ⁽¹⁾	536.4	119.4 ⁽¹⁾
Total liabilities	<u>32,346.0</u>	<u>31,839.1</u>	<u>32,069.5</u>

(¹) Pre-tax.