

MEDIOBANCA

*Annual Accounts and Report
as at 30 June 2005*

MEDIOBANCA

LIMITED COMPANY

SHARE CAPITAL € 398,296,707.50 FULLY PAID UP - RESERVES € 3,337.7 million

HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

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

Annual General Meeting

28 October 2005

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BOARD OF DIRECTORS

		Term expires
* GABRIELE GALATERI di GENOLA	CHAIRMAN	2006
* CESARE GERONZI	DEPUTY CHAIRMAN	2007
* CARLO SALVATORI	DEPUTY CHAIRMAN	2008
* MATTEO ARPE	DIRECTOR	2006
JEAN AZEMA	"	2006
TARAK BEN AMMAR	"	2006
GILBERTO BENETTON	"	2008
ANTOINE BERNHEIM	"	2008
* VINCENT BOLLORE'	"	2006
* CARLO BUORA	"	2008
GIANCARLO CERUTTI	"	2008
ROBERTO COLANINNO	"	2007
ENNIO DORIS	"	2006
GIANLUIGI GABETTI	"	2007
BERARDINO LIBONATI	"	2007
JONELLA LIGRESTI	"	2007
* FABRIZIO PALENZONA	"	2008
CARLO PESENTI	"	2008
ALESSANDRO PROFUMO	"	2008
* ERIC STRUTZ	"	2008

* Member of Executive Committee

STATUTORY AUDITORS

ANGELO CASÒ	CHAIRMAN	2006
MARIO ARBUFFO	STANDING AUDITOR	2006
EUGENIO PINTO	"	2006
GUIDO CROCI	ALTERNATE AUDITOR	2006
ANTONIO IZZI	"	2006
ALESSANDRO TROTTER	"	2006

GENERAL MANAGEMENT

ALBERTO NAGEL	GENERAL MANAGER
RENATO PAGLIARO	Co-GENERAL MANAGER
	SECRETARY TO THE BOARD

CONSOLIDATED ACCOUNTS

REVIEW OF GROUP OPERATIONS

In the year ended 30 June 2005, the Mediobanca Group earned a net profit of € 540.3m, up slightly on the € 536.4m recorded twelve months previously. Moreover, last year's result was boosted by € 229.5m in dealing profits from treasury operations, compared with € 172.6m this year, and by € 132m in net writebacks to investment securities, as against € 56.1m at this year's balance-sheet date. The margin on ordinary operations rose from € 685.4m to € 687.1m, while the Group's investment portfolio generated gains on disposals amounting to € 39m (30/6/04: € 40.4m). Of the other items, writedowns to securities and derivatives held in treasury rose from € 7m to € 20.9m, while bad debt writeoffs increased from € 88.4m to € 99.2m as a result of the Compass group's higher lending volumes. The reduced tax burden this year is largely attributable to changes in the methods whereby income from shareholdings is taxed.

Profit from ordinary operations reflects an improvement in interest income, up 3.6% from € 799.1m to € 827.5m, chiefly due to growth in the Group's consumer credit business. Net of the reduction in trading income, profit from ordinary operations grew by 15%. Fee income, too, rose by 7.9%, from € 244.5m to € 263.8m, mostly as a result of Mediobanca's investment banking activities, while the rise in overheads from € 358.2m to € 404.2m is almost entirely due to the Compass group's geographical and commercial expansion.

The Group recorded revenues of € 1,091.3m, an increase of 4.6%. Of this total, 46% was generated from wholesale banking activities, and 37% from retail financial services, with the remainder being shared almost equally between investment portfolio management and private banking.

In terms of performance by individual division, wholesale banking recorded growth of 9% in fee income, from € 154.4m to € 168.3m, and a slight increase in costs, from € 141.7m to € 144.3m. However, earnings from operations declined overall, from € 408.5m to € 355.7m, due solely to the reduced trading profits referred to above. In retail financial services, the healthy business trend shown by the Compass group was borne out with a 16.9% rise in profit from ordinary operations, up from € 168.9m to

€ 197.5m, and growth of 20.5% in the bottom line, from € 47.3m to € 57m. In private banking, Compagnie Monégasque de Banque (CMB) contributed net profits of € 28.3m (€ 14m) following the buyout of minorities, plus € 5.4m earned by Banca Esperia attributable to the Group, which was booked under Gains stated on a net equity basis.

DEVELOPMENTS IN THE CAPITAL MARKET

In the twelve months ended 30 June 2005, amounts paid out to investors by way of dividends or as a result of public tender offers exceeded amounts received from issues and placements of shares and low-risk bonds, as had also been the case in the previous two financial years. The difference between the two, which came to € 21.3bn, falls midway between the two previous totals recorded:

	12 mths to 30/6/03	12 mths to 30/6/04	12 mths to 30/6/05
	€ m	€ m	€ m
Issues and placements ⁽¹⁾ of:			
ordinary and convertible savings shares	7,036	6,746	15,267
preference and non-convertible savings shares	18	430	1
convertible bonds and bonds with warrants attached	1,133	481	421
Total	<u>8,187</u>	<u>7,657</u>	<u>15,689</u>
<i>of which: rights issues: ⁽²⁾</i>			
<i>par value</i>	4,960	3,119	2,749
<i>premium</i>	1,039	5,999	3,623
Dividends paid	<u>16,899</u>	<u>21,703</u>	<u>22,754</u>
Public tender offers	<u>17,680</u>	<u>780</u>	<u>14,253</u>
Difference	(26,392)	(14,826)	(21,318)

⁽¹⁾ Excluding placements restricted to institutional investors.

⁽²⁾ Excluding initial and other public offers, which amounted to: € 524m in 2002/2003, € 126m in 2003/2004, and € 301m in 2004/2005), and those otherwise without voting rights.

Nonetheless capital raised more than doubled, with an increase of some € 8bn, four-fifths of which was due to higher placements, especially with regard to the Italian market due to the last two tranches of the ENEL

offering. Funds raised through new issues rose from € 5.4bn to € 6.4bn, and chiefly regarded the issue of banking securities, which accounted for 44% of the total, and telecoms companies, which represented 29%. The share premium component grew from 42% to 57% of the total amount raised. Issues reserved to staff members, including those deriving from exercise of stock options, amounted to € 1.2bn, virtually one-sixth of the total, against € 308m in the twelve months to 30 June 2004. Such issues involved a total of 50 companies.

Turning to the flow of funds to investors, dividends reached a new all-time high of € 22.8bn, up 4% on the figure recorded twelve months previously, which translates to a payout ratio of 58% (30/6/04: 65%). The largest volumes were again recorded by energy companies, utilities and telecoms, which together totalled € 10.6bn, accounting for virtually half the total. Banks and insurances constituted another 30%, and all other enterprises, mostly industrials, represented the remaining 23%. Of the 219 companies listed on the screen-based market, or MTA, 61 did not pay a dividend, which in terms of market capitalization represents 6% of the total, as in the previous year. Proceeds from takeover bids rose due to one transaction in particular, in the telecoms sector.

Net aggregate 2004 earnings by companies listed at 30 June 2005 totalled € 25.1bn, approx. € 7bn higher than the previous year. This 40% improvement involved (in order): banks, whose earnings rose by 60%, industrials, whose profits climbed 34%, and insurances, which increased by 28%. The banks' enhanced profits, which were some € 3bn higher, were due in part to a slight 1.1% improvement in the intermediation margin but more particularly to a sharp € 1.8bn, or 22%, reduction in loan losses. Staff costs also fell by approx. 3%, and along with general expenses and depreciation/amortization, accounted for 69.6% of income from operations, two percentage points less than the previous year. The return on equity (ROE) increased from 6.8% to 10.6%. The aggregate of industrials' earnings increased from € 10.5bn to € 14.1bn, chiefly as a result of a rise in the net operating margin of € 6.9bn, or 19%, and to a lesser extent, to a downturn in net interest charges equivalent to approximately € 1bn. However, the rise in profits also led to an increase in income tax of € 3.8bn and a rise of € 0.9bn in the share of earnings due to minorities. ROE for industrials rose from 9.2% to 12.7%. For companies listed on the MTA, this indicator increased from 10.4% to 13.6%, and for those in the STAR segment from 4.7% to 8.9%. Industrials listed on the Nuovo Mercato again recorded an aggregate loss, this time of € 356m, albeit half the total posted in

2003. Insurances recorded a further increase in profits to € 2.8bn, a rise of 27.7%, with ROE rising from 12.8% to 15.4%. This improvement is due as to € 0.8bn to underwriting profits, and as to € 0.4bn to a sizeable upturn in investment income net of € 0.3bn in higher taxation. Aggregate net worth for all listed companies rose by € 8.5bn, from € 254.9bn to € 263.4bn. For industrials, the debt/equity ratio remained virtually unchanged at around 150%. The level of intangible assets remains high, at 60% of aggregate net equity.

Share prices rose by an average of 19% during the period under review. The total return index, which includes dividends, increased by 24%. The result recorded by industrials and banks was slightly above average at some 25%, and 16% for insurances. Shares without voting rights returned 32%, those in the STAR segment 38%. The daily average value of stocks traded on the MTA during the period was € 3.1bn, up 12% on the previous twelve months, and € 76m for those traded on the Nuovo Mercato, up 1%. The free float rose from 54% to 57%, with a stable turnover rate of 19% and a further reduction in volatility, from 1.3% to 1.1%.

Dividends and earnings by blue chips on the main Western markets fell in relation to stock market prices, against a backdrop of slightly increasing prices:

	Dividend yield		Price/earnings ratio	
	%		%	
	2004	2005	2004	2005
Benelux (**)	3.1	3.5	7.0	8.5
France (*)	2.3	2.5	5.1	5.8
Germany (*)	2.0	2.3	5.7	6.1
Italy (*)	3.2	3.2	5.4	5.1
United Kingdom (*)	3.4	3.5	6.2	6.1
United States (*)	1.6	1.7	4.6	5.0
Switzerland (**)	1.4	1.7	5.0	5.3

(*) Top 50 dividend-paying companies by market capitalization.

(**) Top 20 dividend-paying companies by market capitalization.

N.B. – Mean indicators are based on share prices as at 1 April 2005. The year-on-year changes in the twelve months ended 30 June 2005 can be summarized in the following percentage increases on stock market indices: Italy up 24% (Mediobanca MTA), Switzerland up 9% (SMI), Holland up 12% (AAX), Germany up 12% (CDAX), United States up 4% (S&P 500), Belgium up 34% (BAS), France up 13% (SBF 250), United Kingdom up 12% (FTSE All-Share).

Assets managed by funds incorporated under Italian law (including funds of funds) declined from € 381bn at 30 June 2004 to € 372bn at 30 June 2005. This was chiefly due to redemptions outweighing subscriptions by € 25bn, partly offset by a healthy operating performance which generated returns of € 15bn, some 4%. Portfolio composition also reflects a reduction of 3.3 percentage points in Italian government securities, which was offset by increased holdings in non-Italian government and debt securities, up 3 points. Equities reduced from 23.4% of total applications of funds to 23%, representing the balance between a 1 point reduction in non-Italian equities and a 0.6 point increase in Italian equities. Assets in funds incorporated under European law owned by Italian fund managers (including funds of funds) reached € 159.5bn at 30 June 2005, compared with € 133bn twelve months previously. Over € 15bn of this increase is due to higher net deposits, and approx. € 11bn to performance.

The aggregate market capitalization of companies listed on the MTA rose from € 508bn to € 581bn, with the free float up from € 272bn to € 330bn. This is in large part due to the upturn in share prices, net of the € 34bn effect of removals from the list. The aggregate market capitalization of companies listed on the Nuovo Mercato rose from € 7bn to € 8bn.

* * *

The consumer credit market grew by 16% in 2004 in terms of new finance disbursed. The outlook for this year suggests another healthy increase, albeit with growth rates gradually slowing.

	2003		2004		2005 E	
	€ m	%	€ m	%	€ m	%
Vehicle credit	16,990	50.1	18,116	46.0	19,257	43.2
Personal loans	5,813	17.2	8,601	21.9	11,349	25.4
Specific loans	5,244	15.5	5,573	14.2	5,406	12.1
Credit cards	3,811	11.2	4,638	11.8	5,609	12.6
Other loans	2,029	6.0	2,413	6.1	2,981	6.7
	33,887	100.0	39,341	100.0	44,602	100.0

Source: Assofin

The mortgage lending market in Italy saw particularly buoyant growth. Bank of Italy figures show an increase of 17.4% in finance disbursed in the twelve months to 31 March 2005, from € 41.8bn to € 49.1bn.

The Italian leasing industry's performance in 2005 should confirm the trend reversal following the 14.4% reduction in 2003, which itself broke a period of more than five years' uninterrupted growth.

	2003		2004		2005 E	
	€ m	%	€ m	%	€ m	%
Finance leasing:						
- vehicles.....	7,448	23.2	8,575	22.6	9,304	22.2
- plant and equipment	9,576	29.8	11,026	29.0	11,853	28.3
- property	14,092	43.8	16,795	44.1	18,844	45.1
- aeronautical and rail- ways	1,042	3.2	1,645	4.3	1,851	4.4
	<u>32,158</u>	<u>100.0</u>	<u>38,041</u>	<u>100.0</u>	<u>41,852</u>	<u>100.0</u>

Source: Assilea

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated profit and loss account and balance sheet have been condensed and compared on a like-for-like basis with those of the previous two financial years, and are set out below along with a review of the key items. It should be noted that some items have been restated for ease of comparison. In particular, in the light of recent changes to reporting requirements, tax credit on dividends has been taken to Taxation for the year, and accelerated depreciation to General costs and expenses.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	12 mths to 30/6/03	12 mths to 30/6/04	12 mths to 30/6/05
	€ m	€ m	€ m
Interest income	573.8	799.1	827.5
Commissions received and other income.....	224.8	244.5	263.8
General costs and expenses	(298.5)	(358.2)	(404.2)
GROSS MARGIN FROM ORDINARY OPERATIONS	500.1	685.4	687.1
Net writedowns to securities and derivatives held in treasury	(70.6)	(7.0)	(20.9)
Net gains (losses) on disposal of investment securities.....	(51.1)	40.4	39.0
Net writebacks (writedowns) to investment securities	(181.0)	132.0	56.1
Bad debts written off	(69.2)	(88.4)	(99.2)
Gains (losses) on holdings stated on net equity basis	(4.0)	4.4	6.3
PROFIT BEFORE TAXES AND PROVISIONS	124.2	766.8	668.4
Depreciation and amortization	—	(4.4)	—
Changes to provisions for liabilities and charges/provisions for general banking risks	(5.1)	(1.5)	4.2
Taxation for the year	(56.7)	(207.1)	(122.7)
Profit attributable to minority shareholders ..	(8.8)	(17.4)	(9.6)
NET PROFIT.....	53.6	536.4	540.3

CONSOLIDATED BALANCE SHEET

	30/6/03	30/6/04	30/6/05
	€ m	€ m	€ m
Assets			
Net treasury funds employed	9,365.0	9,723.0	8,449.2
Loans and advances to customers	15,001.8	16,243.5	17,088.9
Investment securities	3,168.6	3,154.8	3,286.3
Intangible assets.....	1.5	1.5	1.3
Property	123.3	260.5	261.8
Furniture and fixtures.....	5.4	11.1	13.9
Other assets.....	2,176.7	2,407.2	2,313.8
Total assets	<u>29,842.3</u>	<u>31,801.6</u>	<u>31,415.2</u>
Liabilities			
Funding	23,070.3	24,596.6	24,085.4
Provisions for liabilities and charges	269.4	349.1	361.2
Other liabilities	1,537.3	1,476.9	1,428.0
Loan loss provisions	13.4	13.4	—
Equity attributable to minorities	61.5	184.3	77.5
Shareholders' equity	4,836.8	4,644.9	4,922.8
Profit for the year	53.6	536.4	540.3
Total liabilities	<u>29,842.3</u>	<u>31,801.6</u>	<u>31,415.2</u>

Key indices and financial ratios for the three-year period were as follows:

	30/6/03	30/6/04	30/6/05
Regulatory capital (€ m)	5,561.8	5,948.7	6,335.4
Solvency margin (%).....	19.39	20.05	19.56
Earnings per share (€)	0.07	0.69	0.68
Net asset value per share (€)	6.21	5.97	6.19
Price/earnings (%).....	n.s.	14.5	22.3
Price/book value (%)	1.4	1.7	2.8
Avg. no. staff in year ended 30/6.....	1,302 ⁽¹⁾	1,472	1,534
No. of shares in issue (millions).....	778.5	778.6	795.0
Cost/income ratio (%).....	37.4	34.3	37

⁽¹⁾ Does not include CMB.

REVIEW OF KEY ITEMS

CONSOLIDATED BALANCE SHEET

The following is a review of movements in the major balance-sheet items during the twelve months under review. Mediobanca accounts for approximately three-quarters of the Group's main asset and liability headings:

Funding – this item fell by 2.1%, from € 24,596.6m to € 24,085.4m, chiefly due to repayment of back-to-back loans to customers in an amount of € 962.1m, plus a slight reduction in debt securities and certificates of deposit, amounting to € 300.4m for the former and € 113.4m for the latter. Interbank funding rose by € 761.1m, attributable to the Compass group.

Loans and advances to customers – these rose by 5.2%, from € 16,243.5m to € 17,088.9m. Growth of 28% in consumer credit from € 2,732.3m to € 3,495.4m, and of 7.7% in leasing, from € 2,541.5m to € 2,736.8m, more than offset the 1.1% reduction in corporate finance from

€ 10,572.8m to € 10,452m, part of which in any case was due to the reduction in back-to-back loans mentioned above. As at 30 June 2005, 61% of the Group's loan book consisted of corporate lending and structured finance (30/6/04: 65%), 20% of consumer credit (17%), and 16% of leasing (16%), with the other 2% made up of loans disbursed by CMB (2%). At the same date, exposures in excess of 10% of consolidated regulatory capital, according to the permitted risk weightings, totalled € 10,820.6m (€ 10,368.9m), or 21.3% (21.8%) of the aggregate limit. The funds concerned were lent to ten groups of connected clients, unchanged from last year.

Investment securities – these rose by € 131.5m, after net writebacks of € 56.1m and gains on holdings stated on a net equity basis amounting to € 6.3m (30/6/04: € 4.4m), from € 3,154.8m to € 3,286.3m. The Group's strategic holdings in Assicurazioni Generali, RCS MediaGroup, Italmobiliare, Pirelli & C., Fiat, and Telecom Italia account for € 2,391.9m of the total. Movements during the twelve months under review involved purchases and subscriptions worth € 248.5m and divestments of € 174.2m. The former chiefly involved the Group's strategic portfolio, and include € 127.2m to acquire 3.77% of RCS MediaGroup from Gemina, € 75.1m to acquire Pirelli & C. shares and warrants, € 37.4m to acquire Telecom Italia shares, and € 8.3m to acquire shares in Assicurazioni Generali. During the year € 59m worth of Telecom Italia 1.5% bonds carried at a book value of € 73.7m were converted into equity. Divestments totalled € 174.2m, and involved the Group's non-strategic portfolio, chiefly its holdings in Capitalia, which was disposed of for € 26.2m, Lucchini (€ 12.5m), and part of its interests in Commerzbank (€ 52.7m) and Ciments Français (€ 79.1m), yielding an overall gain of € 39m. Other significant movements were as follows: the € 171m bond issue convertible into shares amounting to 7.5% of the equity of Ferrari, which expired in September 2004, was renewed until 30 September 2007; the Group's entire holding of Fondiaria-SAI warrants, amounting to € 12.6m, was transferred to treasury, as was part of its holding in Ciments Français worth € 32.1m, to cover partial conversion of a Mediobanca International bond issue. As at 30 June 2005, the portfolio reflected a surplus of market over book value totalling € 3,995.6m, € 3,819.2m of which was attributable to strategic holdings. Based on current prices, this rises to € 4,157.4m (strategic holdings: € 3,947.5m). At the same date, the Group's interest in Assicurazioni Generali stood at 14.12% (30/6/04: 14.09%) of that company's share capital. Of this, 12.8% is owned by Mediobanca and the

other 1.32% by Compass, MB Finstrutture - Intersomer and Spafid. The entire holding is carried at a book value of € 1,260.7m.

Treasury accounts – these fell by 13.1% from € 9,723m to € 8,449.2m as a result of the movements in the balance-sheet items referred to above. The heading includes € 9,644.6m in securities, over 85% of which are fixed-income, plus € 1,195.4m in deposits received chiefly as collateral in respect of derivatives contracts. Net writedowns of € 20.9m including to derivatives were charged at 30 June 2005, after which the treasury portfolio reflects an unrealized gain of € 207.6m (30/6/04: € 279.3m).

Property – at € 261.8m, this item was virtually unchanged compared with last year and comprises the following assets:

	sq.m	Book value at which carried in consolidated accounts	Book value at which carried in individual companies' accounts	Future redem- ption value
		€ '000	€ '000	€ '000
Milan:				
– Piazzetta Enrico Cuccia, 1	6,874	8,146.5	8,146.5	
– Via Filodrammatici, 3, 5, 7 - Piazzetta Bossi, 1 (*)	11,093	62,219.2	24,853.0	693.9
– Piazza Paolo Ferrari, 6	1,967	1,826.2	1,826.2	
– Foro Buonaparte, 10	2,932	5,606.8	3,432.0	
– Via Siusi, 1-7	5,300	3,918.9	1,096.0	
Rome:				
– Piazza di Spagna, 15	8,228	24,002.3	1,557.8	
– Via Nomentana, 146	3,202	7,215.4	534.0	
Vicenza:				
– Via Btg. Framarin, 4 (*)	4,239	5,226.7	4,258.4	56.0
Monaco	8,651	140,394.0 ⁽¹⁾	44,550.0	
Others	3,871	3,235.0	2,490.4	
	<u>56,357</u>	<u>261,791.0</u>	<u>92,744.3</u>	

(*) Properties acquired under leases.

(1) Due to attribution of surplus arising on consolidation, until current value starts to apply.

Provisions for liabilities and charges – these comprise the Provision for taxation, amounting to € 169.1m, the Staff termination indemnity provision totalling € 34.3m, and the Provision for liabilities and charges which stands at € 157.8m.

Shareholders' equity and regulatory capital – the rise in the Group's net worth from € 4,644.9m to € 4,922.8m chiefly reflects: allocation of profit for the year ended 30 June 2004, net of the € 220m dividend; a € 134.2m increase due to exercise of stock options; reduction of the € 22.3m difference arising on consolidation following acquisition of minority interests in CMB; and withdrawal of part of the Provision for general banking risks amounting to € 100.5m, against parallel withdrawal from the Provision for liabilities and charges. Regulatory capital rose from € 5,948.7m to € 6,335.4m, bearing in mind the proposed profit allocation for Mediobanca.

PROFIT AND LOSS ACCOUNT

Interest income

The 3.5% increase in this item from € 799.1m to € 827.5m, slightly under half of which is attributable to Mediobanca, is due to the 13.2% growth in interest receivable on lendings, up from € 450.2m to € 509.5m, connected to the increase in business volumes by the Compass group and to higher dividends, which were up from € 119.4m to € 145.3m. Conversely, dealing profits on treasury trading reduced from € 229.5m to € 172.6m.

Commissions received and other income

This item rose by 7.9% compared with the twelve months ended 30 June 2004, from € 244.5m to € 263.8m, reflecting a healthy performance by the Group's wholesale banking operations. The item comprises:

- € 162.8m in fees earned by Mediobanca (30/6/04: € 148.4m);
- € 46.5m (€ 44.3m) in income generated by the Compass group, chiefly comprised of € 21.6m in recovered financing expenses, € 17.6m in loans recovered, and € 7.3m in net income from leasing;
- € 54.5m (€ 51.8m) earned by other Group companies including CMB (€ 46m), Spafid (€ 3.6m), Prominvestment (€ 3.3m), and MB Finstrutture - Intersomer (€ 1.4m).

General costs and expenses

Growth in this item, from € 358.2m to € 404.2m, is chiefly due to expansion by the Compass group in the consumer credit segment, both in geographical terms, with the number of branches rising from 101 to 124, and commercial terms, where finance disbursed rose by 22.8%.

The most significant individual items under this heading are:

- labour costs of € 175.1m (30/6/04: € 166.3m), almost half of which is attributable to Mediobanca;
- bank charges and commissions of € 70.1m (€ 54.3m), including € 54.3m (€ 39.9m) in fees paid by the Compass group, which are charged to the profit and loss account in full as and when the underlying loan is disbursed;
- sundry items totalling € 159m (€ 137.6m), including € 134.5m (€ 112.2m) in administrative expenses, € 13.9m (€ 16.2m) in ordinary depreciation charges, and € 10.6m (€ 9.2m) in sundry other charges. The main items under administrative expenses, € 51.6m of which is attributable to Mediobanca, are as follows:
 - EDP and financial information subscriptions of € 25.8m (€ 23.9m);
 - outside service and consultancy fees of € 21.3m (€ 19.6m);
 - rent, equipment, leasing and maintenance charges of € 18m (€ 15.2m);
 - advertising costs of € 14.1m (€ 7.6m);
 - fees incurred in respect of recovering bad debt and legal fees, which amounted to € 12.9m (€ 11.7m);
 - stationery, publication costs and utilities of € 12.3m (€ 9.9m), and travel and entertainment expenses of € 6.4m (€ 5.9m).

Bad debts written off

This involves almost exclusively the Compass group, in particular consumer credit, with CMB's contribution in this regard being limited to just € 0.8m. The rise from € 88.4m to € 99.2m this year is due to the higher business volumes.

Changes to Provisions for liabilities and charges/Provision for general banking risks

These include: allocation of € 150m to the Provision for liabilities and charges, comprising € 100.5m withdrawn from the Provision for general banking risks, plus € 49.5m in deferred tax receivable; and other, minor transfers/provisions in connection with the Group's leasing businesses, amounting to € 4.2m.

* * *

REVIEW OF GROUP BUSINESSES

The Mediobanca Group operates in four main areas: wholesale banking, i.e. financial services for corporates, which in turn is divided into corporate and investment banking; equity investment; retail financial services, i.e. consumer credit and leasing; and private banking. A review of the Group's performance in its different areas of operation is given below. In providing a divisional split of the Group's results, it should be noted that the wholesale banking division comprises Mediobanca, MB Finstrutture - Intersomer (in the process of being merged into Mediobanca), Mediobanca International and Prominvestment; retail financial services are provided by the Compass group of companies; private banking includes CMB, the Group's 48.5% interest in Banca Esperia (pro-forma), and Spafid and Prudentia Fiduciaria, which carry out trustee business; while equity investment brings together all participating interests owned by the Group in other companies, whose contributions to the other aggregates are accordingly stated net of such items.

Wholesale banking

	12 mths to 30/6/03	12 mths to 30/6/04	12 mths to 30/6/05
	€ m	€ m	€ m
Net treasury funds employed.....	9,289.7	8,727.5	7,293.3
Loans and advances to customers	12,280.8	13,010.7	13,227.6
Funding.....	20,217.5	20,469.4	19,259.1
Interest income.....	151.4	143.3	146.4
Income from treasury and dividends....	122.4	252.4	185.3
Commissions received and other income	180.6	154.4	168.3
General costs and expenses	(136.5)	(141.7)	(144.3)
Gross margin on ordinary operations ...	317.8	408.5	355.7
Net profit.....	167.7	277.7	239.5
Cost/income ratio (%).	30.0	25.7	28.9

A gross margin of € 355.7m was earned on ordinary operations in the twelve months ended 30 June 2005, down from € 408.5m one year previously, due solely to the reduction in dealing profits from treasury operations, which declined from € 232.9m to € 167.1m. Net of this item the margin rose by 7.4%, chiefly on the back of fee income, which grew by 9%, from € 154.4m to € 168.3m, against a slight increase in interest receivable on lendings and general costs and expenses.

Corporate banking

Lending and structured finance

The Group's loan book reflects an increase of € 216.9m, from € 13,010.7m to € 13,227.6m, rising to € 1,179.1m net of repaid back-to-back loans, with this last item declining from € 2,560.3m to € 1,598.1m. There was a major increase in the area of syndicated loan arrangement, where Mediobanca is Italian market leader, with a total of 25 deals worth some € 52bn being completed (30/6/04: € 26bn). Outstanding deals attributable to the Group's Paris branch, which was opened in the course of the year, consist of committed credit lines amounting to € 2,895m, drawn as to € 339m.

Funding and treasury accounts

Funding declined from € 20,469.4m to € 19,259.1m, chiefly as a result of repayment of back-to-back loans. The heading comprises:

- € 2,254.2m in time deposits and current accounts, down € 959.2m;
- € 15,913.9m in bonds and other debt securities, down € 297.4m after new issues and interest accruals of € 2,809.5m, and conversions, redemptions (including early redemptions) and exchange rate adjustments of € 3,106.9m;
- € 1,091m in sundry other funds, virtually unchanged from last year.

Treasury accounts comprise:

- € 125.5m in cash and bank balances (30/6/04: € 134.6m), including € 56.8m held as compulsory reserve;
- € 7,197.2m (€ 4,223.1m) in fixed-income securities, net of € 1,557.6m in technical shortfalls; 57.4% of the portfolio is made up of government securities, 3.8% of Mediobanca bonds, and the balance of sundry other securities;
- € 1,116.5m (€ 2,513.3m) in equities, virtually all of which are in connection with arbitrage transactions now settled;
- € 1,261.7m in deposits received as security in respect of derivative contracts, in addition to the net surplus of € 115.8m (€ 1,856.5m) on repo transactions and time deposits.

Investment banking

Mediobanca's investment banking operations reflect a healthy performance on the equity side, boosted by the favourable market trend and the resumption in privatizations, compared with reduced M&A activity levels. Business volumes in the year under review were as follows:

- *equity capital market*: the Bank lead-managed fifteen underwriting and placing syndicates for equities and convertible bonds worth a total of € 18.9bn (30/6/04: € 6.2bn);
- *debt capital market*: Mediobanca led fourteen selling groups involving a total of € 6.4bn (€ 6.7bn);
- Mediobanca acted as advisor on M&A deals (some of which were takeover bids) worth a total of over € 40bn (€ 65bn);

— trading for clients' accounts involved securities worth a total of € 29.2bn (€ 15.2bn), € 18.6bn (€ 11.3bn) of which involved equities.

Equity investment portfolio

	12 mths to 30/6/03	12 mths to 30/6/04	12 mths to 30/6/05
	€ m	€ m	€ m
Securities held in portfolio	3,125.8	3,134.5	3,259.9
Dividends	73.6	99.9	127.1
Gains (losses) on disposals	(51.1)	40.4	39.0
Net writebacks (writedowns)	(180.9)	132.0	56.1
Net gain (loss) booked	(137.6)	198.4	210.0
Unrealized gain (loss) vs last year ⁽¹⁾ ...	(737.4)	422.1	835.1
Operating profit (loss)	(875.0)	620.5	1,045.1

⁽¹⁾ Based on average prices in the six months ended 30 June.

The Group's investment portfolio closed at € 3,259.9m, € 2,391.9m of which is made up of strategic holdings (see breakdown in Table A). The increase of € 125.4m reflects purchases and subscriptions of € 248.5m, almost all of which involved the strategic portfolio, against a € 218.5m reduction in the non-strategic portfolio, which yielded a € 39m gain. Net writebacks of € 56.1m were credited to earnings, based on average prices in the six months ended 30 June 2005, as follows:

	€ m
Writebacks	
Telecom Italia (ordinary)	30.7
Gemina	20.0
Commerzbank	8.0
Finmeccanica	7.5
Other securities	0.8
	<u>67.0</u>
Writedowns	
Fiat	(5.2)
Mediolanum	(3.5)
Other unlisted securities	(2.2)
	<u>(10.9)</u>
Total	<u><u>(10.9)</u></u>

Based on average prices of listed securities held in portfolio during the six months ended 30 June 2005, there was a surplus of market over book value amounting to € 3,798.1m (€ 4,157.4m based on prices and holdings at the time of writing), an increase of € 835.1m compared with 30 June 2004. Based on prices as at 30 June 2005, the surplus of market over book value was € 3,995.6m.

The main movements were as follows:

— *strategic holdings:*

RCS MediaGroup: we acquired 27.6 million shares for an outlay of € 121.7m, as part of a redistribution of holdings among the parties to the company's shareholders' agreement, and received a further one million bonus shares by way of a dividend, which were booked at par for a total of € 5.5m. This takes the Group's holding in RCS MediaGroup to 14.21% of this company's ordinary share capital and 13.66% of its total share capital. The holding is carried at a book value of € 253.7m.

Telecom Italia: we acquired 15.2 million shares in this company for an outlay of € 37.4m, and converted Telecom Italia 2010 bonds with a par value of € 59m into 27.8 million shares booked at the same carrying value as the bonds, i.e. € 73.7m. As at 30 June 2005, Mediobanca held 1.54% of the ordinary share capital and 1.06% of the total share capital of Telecom Italia, carried at a book value of € 550.3m.

Pirelli & C.: we purchased and subscribed for a total of 107.5 million shares in this company, for an overall outlay of € 75.1m. This takes the Group's holding in Pirelli & C. to 4.5% of its ordinary share capital and 4.38% of its total share capital, carried at a book value of € 171.6m.

Assicurazioni Generali: we acquired 397,000 shares in this company for an outlay of € 8.3m. As at 30 June 2005, the Group's holding in Generali amounted to 14.12% (30/6/04: 14.09%), and is carried at a book value of € 1,260.7m (€ 1,252.3m).

— *other holdings:*

Ferrari: the € 171m bond issue convertible into Ferrari shares equal to 7.5% of this company's equity 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 € 22.2m 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.

Lucchini: we sold our entire holding in Lucchini as part of the deal whereby control of the company was transferred to Russian steel group Severstal, involving a divestment of € 6.1m and yielding a gain of € 6.4m.

Ciments Français: we sold 1.2 million shares in this company, involving a divestment of € 52.7m and yielding a gain of € 26.4m. In addition, in order to service the partial early conversion of a bond issued by Mediobanca International maturing in September 2006, a total of 0.7 million shares carried at a book value of € 32.1m were transferred to treasury during the year.

GIM: we subscribed to a rights issue by this company, which involved us receiving 4 million shares and 2 million warrants for an outlay amounting to € 4m.

Regarding the Group's involvement in private equity and venture capital funds, the following amounts have been paid in as a result of capital calls by the funds concerned: € 2.8m to MB Venture Capital, € 2.4m to Clessidra Fund, and € 1.9m to Alice Lab. Athena Private Equity also made a partial repayment of € 12.2m.

Other movements in the portfolio gave rise to net gains of € 0.8m.

The main movements to have taken place since 30 June 2005 are as follows:

- we subscribed for 6% of the share capital of Delmi S.p.A., the investment vehicle through which Edison is jointly controlled by AEM and EdF, involving an outlay of € 88.2m.
- disposal of a 3.31% stake in the share capital of Ferrari, involving a divestment of some € 75m.
- exercise of an early redemption clause provided for under the terms of a Mediobanca International bond issue convertible into Ciments Fran-

gais shares, which will lead to the entire holding in this company being disposed of by the end of the new financial year, yielding a gain in the region of € 100m.

- subscription for 1.9 million Ratti shares under the terms of a rights issue implemented by this company, involving an outlay of € 0.9m; these shares were subsequently sold on the market for a profit of approx. € 60,000; the Group's holding in Ratti accordingly fell from 9.17% of the share capital to 5.64%.

Retail financial services

	12 mths to 30/6/03 € m	12 mths to 30/6/04 € m	12 mths to 30/6/05 € m
Loans to customers	4,665.8	5,301.4	6,259.2
Securitized lendings	1,112.2	1,112.2	1,112.2
Amounts disbursed	2,958.2	3,080.6	3,782.9
Interest income	236.4	291.6	354.6
Gross margin from ordinary operations	124.7	168.9	197.5
Net profit	22.1	47.3	57.0

The Compass group's consolidated highlights as at 30 June 2005 reflect a 16.9% increase in the gross margin earned on ordinary operations, up from € 168.9m to € 197.5m, on the back of higher interest income, which rose from € 291.6m to € 354.6m as a result of enhanced business volumes, in the consumer credit segment particularly. Overall the top line grew by 19.4%, from € 335.9m to € 401.1m, which in addition to interest income comprises income from recovered loans amounting to € 17.8m (30/6/04: € 17.3m), income and recovered financing costs from loans to households of € 21.5m (€ 18.9m), and net income from leasing totalling € 7.3m (€ 8.2m). The increase in overheads, from € 167m to € 203.6m, is chiefly due to higher fees paid to dealers and to growth in the branch network. In addition to bad debt writeoffs and transfers to provisions for risks and liabilities amounting to € 98.3m (€ 86.8m), and taxation of € 37.4m (€ 26.5m), the net profit of € 57m (€ 47.3m) reflects extraordinary gains of € 4.2m from the group's leasing operations.

At 30 June 2005, lendings to customers amounted to € 6,259.2m (30/06/04: € 5,301.4m), shared almost equally between leasing and

consumer credit. At the same date, the share of the Provision for liabilities and risks set aside to cover the loan books of Group companies operating in the leasing sector, which amounted to € 33.3m, was restated in adjustment of the item Loans and advances to customers.

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

- *Compass S.p.A. (consumer credit)*: this company's accounts for the year ended 30 June 2005 reflect a profit of € 41.3m (30/6/04: € 36.4m), after value adjustments to receivables amounting to € 78.8m (€ 63.9m), of which € 49.3m (€ 49.5m) consisted of accounts sold to Cofactor.

A total of 744,348 loans were outstanding at the balance-sheet date worth a principal amount of € 2,132m, compared with 597,979 loans worth € 1,679m at the equivalent juncture last year. This figure includes € 369.8m in loans sold on a non-recourse basis in order to reconstruct the € 511m portfolio securitized in April 2002. Finance disbursed during the twelve months totalled € 1,895.2m (€ 1,479.7m).

The company employs a total of 529 staff at its 93 branches.

- *Cofactor S.p.A. (non-recourse factoring)*: this company recorded a profit of € 47,000 (30/6/04: € 23,000), following value adjustments to receivables of € 13.8m (€ 14.5m).

As at 30 June 2005, the company's outstanding accounts were booked at cost at € 60.5m (€ 68.2m).

The company employs a total of 48 staff.

- *Micos Banca S.p.A. (mortgage lending)*: Micos Banca's accounts for the twelve months to 30 June 2005 reflect a net profit of € 3.7m (30/6/04: € 3.7m), after tax of € 1.6m (€ 1.3m) and adjustments to loans amounting to € 6m (€ 5.9m). During the period under review a total of 4,545 mortgages were executed, providing finance of € 432.2m, as against 4,322 mortgages worth € 334.9m during the previous twelve-month period. Mortgages outstanding as at 30 June 2005 amounted to € 1,302.5m (€ 984.9m).

The company employs 154 staff at its 21 branches.

- *SelmaBipiemme Leasing S.p.A.*, Milan (61.65% owned): this company earned a net profit of € 8.6m in the period under review (30/6/04: € 10.5m), after dividends of € 3.8m (€ 5.8m) and tax of € 4.2m (€ 4.4m).

During the twelve months, 8,138 leases were executed (not including renewals or sub-leases) in respect of goods worth a gross amount of € 719.6m, compared with 7,635 leases worth € 647m last year. At 30 June 2005, the net value of goods on or pending lease was € 1,772.9m (€ 1,687.4m).

The company's headcount numbered 126 staff, employed at its six branches.

- *Palladio Leasing S.p.A.*, Vicenza (95% owned via *SelmaBipiemme Leasing*, the remaining 5% being held by *Palladio* itself in the form of own shares): *Palladio Leasing* earned a net profit of € 5.6m in the year under review (30/6/04: € 5.3m), after transferring € 3m to the Provision for general financial risks, plus tax of € 3.5m (€ 3.4m).

During the period, the company executed 3,321 new leases covering goods worth a gross figure of € 484.6m, as against 3,125 leases in respect of € 418m worth of goods last year. The net value of goods on or pending lease as at 30 June 2005 was booked at € 1,101.3m (€ 988.7m).

The company employs 63 staff at its headquarters and four branches.

- *Teleleasing S.p.A.*, Milan (80% owned via *SelmaBipiemme Leasing*): this company earned a net profit of € 11.8m (30/6/04: € 11.4m), after extraordinary gains of € 7.2m as a result of reversal of provisions made solely to comply with tax regulations pursuant to Italian Legislative Decree 6/03, and tax of € 7.7m (€ 7.3m).

During the twelve months under review, the company executed 9,564 leases covering goods worth a gross amount of € 251.3m, compared with 6,125 leases worth € 201.1m. The net value of goods on or pending lease as at 30 June 2005 was booked at € 379.6m (€ 328.2m).

The company employs a total of 31 staff.

- *Creditech S.p.A.* (credit management), consolidated on a net equity basis: *Creditech* delivered a profit of € 357,000 during the twelve months under review (30/6/04: € 322,000), after tax of € 342,000

(€ 387,000) and non-recurring charges of € 210,000 (€ 645,000). The company generated income of € 6.2m (€ 6.6m), against accounts managed worth € 290m (€ 291m).

Creditech employs 38 staff.

Private banking

	12 mths to 30/6/03 (*)	12 mths to 30/6/04	12 mths to 30/6/05
	€ m	€ m	€ m
Assets under management/administration	1,776.6	9,378.7	10,781.7
Securities held in trust	1,215.3	1,008.7	1,031.8
Commissions received	15.1	68.2	75.5
Profit attributable to the Group	1.5	17.4	34.2

(*) Does not include CMB.

The aggregate figures include the Group's 48.5% share in the profits of Banca Esperia, and reflect a bottom line of € 34.2m, € 28.9m of which is attributable to CMB. This is virtually double the € 17.4m posted in the twelve months ended 30 June 2004, and is due in part to the buyout of minority interests in CMB, which is now 100% owned by the Group. Management fees of € 75.5m (€ 68.2m) were received. At 30 June 2005, assets under management/administration amounted to € 10.8bn (€ 9.4bn).

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

— *Compagnie Monégasque de Banque, Monaco*

CMB's consolidated accounts for the period to 31 December 2004 reflect a net profit of € 29.4m (31/12/03: € 22.5m), management fees of € 42.5m (€ 32.9m), customer lendings of € 717.6m (€ 916.5m), and deposits of € 1,222.5m (€ 1,170m).

In the first six months of 2005, the parent company earned a pre-tax profit of € 15m (30/6/04: € 11m), on management fees of € 15.4m (€ 11.5m). Assets under management/administration totalled € 7.1bn (€ 6.7bn).

The group employs a total of 134 staff.

— *Banca Esperia*, Milan (48.5% owned)

In the period ended 31 December 2004, the group headed up by Banca Esperia earned a consolidated profit of € 8.5m (31/12/03: € 2m), on management fees of € 45.1m (€ 28.4m). Total deposits amounted to € 7bn (€ 4.6bn), with growth rates among the highest in this sector.

In the six months ended 30 June 2005, a pre-tax profit of € 7.8m (30/6/04: € 2.5m) was earned, on management fees of € 24.7m (€ 16.3m). Assets under management/administration totalled € 7.7bn (€ 5.6bn).

The group employs a total of 145 staff.

— *Spafid - Società per Amministrazioni Fiduciarie S.p.A.*, Milan

In the twelve months ended 30 June 2005, Spafid earned a net profit of € 958,000 (30/6/04: € 954,000), after writebacks to securities totalling € 838,000. The company's net worth amounted to € 33.6m. Securities managed on a non-discretionary basis were worth a total of € 1,152.3m (€ 1,175m).

The company employs 23 staff.

— *Prudentia Fiduciaria*, Milan

In the twelve months ended 30 June 2005, this company earned a net profit of € 49,000 (30/6/04: € 44,000), after tax of € 143,000. Securities managed on a non-discretionary basis amounted to € 90.7m (€ 53m).

The company employs 27 staff.

* * *

With reference to other companies in the Mediobanca Banking Group:

— *Tradevco*: in accordance with the terms of the liquidation procedure agreed with the Central Bank of Liberia, the process of settling Tradevco's liabilities is now largely complete;

— *MB Finstrutture - Intersomer*: on 13 May 2005, the Board of Directors approved plans to merge this company into Mediobanca, with effect for accounting and tax purposes from 1 July 2005.

OTHER INFORMATION

Related party disclosure

Financial accounts outstanding as at 30 June 2005 between companies forming part of the Mediobanca Group and other related companies, and movements therein during the year under review, are summarized in the table below:

	12 mths to 30/6/04	12 mths to 30/6/05
	€ m	€ m
Assets	4,533.7	3,734.6
Liabilities	794.0	199.6
Guarantees and commitments	1,660.7	1,506.5
Interest received.....	180.2	144.4
Interest paid.....	(33.1)	(10.3)
Net fee income	50.0	29.6
Other income (expenses)	(23.2)	18.8

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

Outlook

The Group's performance in the next financial year is likely to be impacted by ongoing weakness in the economic scenario, which leaves little scope for large-scale improvement in wholesale banking. On the consumer credit side, growth in lendings should remain healthy, although possibly accompanied by a deterioration in asset quality. Against this backdrop, the Mediobanca Group's results, which will be drawn up in accordance with the new international financial reporting standards, or IFRS, should reflect higher interest income driven by ongoing growth in the Compass group's business, and a reduction in dealing profits from treasury operations reflecting the new mark-to-market requirement. The equity investment portfolio performance should benefit from the pro-rata inclusion of equity-consolidated companies' profits, and in private banking further growth in profits is anticipated.

Adoption of IFRS

The process of upgrading the Group's procedures to meet IT requirements linked to the new reporting standards is now virtually complete. The standards will be adopted on a consolidated basis with effect from 1 July 2005, and pursuant to Consob resolution 14990 issued on 14 April 2005, the Group's quarterly accounts for the three months to 30 September 2005 will be made up in accordance with the new standards. The opening balances as at 1 July 2005 will be subject to certification by the Group's external auditors.

Reconciliation of shareholders' equity and net profit

	Shareholders' equity € m	Net profit € m
Balance as at 30/6/05 as per Mediobanca accounts	4,527,964	440,054
Net surplus over book value for consolidated companies	16,379	109,503
Exchange differences arising from translation of accounts denominated in currencies other than the Euro	(5,685)	—
Other adjustments and restatements on consolidation, including those made for consistency with Group accounting policies	384,146	(5,154)
Dividends received during the year	—	(4,111)
TOTAL	4,922,804	540,292

Milan, 12 September 2005

THE BOARD OF DIRECTORS

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Pursuant to Article 156 of Legislative Decree n. 58 of 24 February 1998

(Translation from the original Italian text)

To the Shareholders of
Mediobanca S.p.A.

1. We have audited the consolidated financial statements of Mediobanca S.p.A. as of and for the year ended 30 June 2005. These financial statements are the responsibility of Mediobanca S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements 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 financial statements 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 financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the audit opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to our report dated 22 September 2004.

3. In our opinion, the consolidated financial statements of Mediobanca S.p.A. as of and for the year ended 30 June 2005 comply with Italian regulations governing financial statements; accordingly, they clearly present, and give a true and fair view of the financial position of Mediobanca S.p.A. as of 30 June 2005, and the results of its operations for the year then ended.

Milan, 22 September 2005

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

Table

TABLE A

MOVEMENTS IN EQUITY INVESTMENT PORTFOLIO

	Opening Balance			Purchased and subscribed		Sold		Other movements Amount (\$)	Gain (Loss) € '000	(Writedowns) Writebacks € '000	Closing Balance			Avg. price in six months to 30/6/05 € '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	4,496,621	3,235,962
Fiat, <i>ordinary</i>	21,152,587	2.64 ÷ 2.15	126,323	—	—	—	—	—	—	(5,246)	21,152,587	2.64 ÷ 2.15	121,077	121,077	—
Italmobiliare, <i>ordinary</i>	2,106,888	9.50 ÷ 5.47	34,593	—	—	—	—	—	—	—	2,106,888	9.50 ÷ 5.47	34,593	111,559	76,966
Pirelli & C., <i>ordinary</i>	125,513,500	3.77 ÷ 3.63	92,338	107,488,359	74,470	—	—	4,833	—	—	233,001,859	4.50 ÷ 4.38	171,641	216,319	44,678
Pirelli & C., 2003-2006 <i>warrants</i>	94,135,125	—	4,252	6,451,537	581	—	—	(4,833)	—	—	—	—	—	—	—
RCS MediaGroup, <i>ordinary</i>	75,478,851	10.30 ÷ 9.90	126,464	28,627,154	127,237	—	—	—	—	—	104,106,005	14.21 ÷ 13.66	253,701	511,681	257,980
Telecom Italia, <i>ordinary</i>	163,375,000	1.58 ÷ 1.01	408,471	15,250,000	37,429	—	—	73,700	—	30,668	206,464,069	1.54 ÷ 1.06	550,268	583,055	32,787
			<u>2,044,780</u>		<u>248,037</u>			<u>73,700</u>		<u>25,422</u>			<u>2,391,939</u>	<u>6,040,312</u>	<u>3,648,373</u>
NON-STRATEGIC															
Capitalia	9,500,000	0.43	22,145	—	—	9,500,000	26,152	—	4,007	—	—	—	—	—	—
Ciments Français, Paris	4,374,215	11.46	147,314	—	—	1,150,000	79,100	(32,062)	26,426	—	2,524,215	6.58	62,578	165,316	102,738
Commerzbank, Frankfurt	6,975,000	1.17	102,602	—	—	3,487,500	52,725	—	1,424	7,951	3,487,500	0.58	59,252	59,252	—
Finmeccanica	82,380,000	0.98	53,868	—	—	—	—	—	—	7,505	82,380,000	0.98	61,373	61,373	—
Fondiarria-SAI, <i>ordinary</i>	2,574,500	1.99 ÷ 1.51	34,189	—	—	—	—	—	—	—	2,574,500	1.98 ÷ 1.50	34,189	53,138	18,949
Fondiarria-SAI 2002-2008 <i>warrants</i>	5,115,600	—	12,603	—	—	—	—	(12,603)	—	—	—	—	—	—	—
Gemina, <i>ordinary</i>	46,132,781	12.66 ÷ 12.53	35,702	—	—	—	—	—	—	20,026	46,132,781	12.66 ÷ 12.53	55,728	55,728	—
Mediolanum	14,300,000	1.97	80,209	—	—	—	—	—	—	(3,518)	14,300,000	1.97	76,691	76,691	—
Others	—	—	18,563	—	4,046	—	—	—	—	325	—	—	22,934	29,530	6,596
			<u>507,195</u>		<u>4,046</u>		<u>157,977</u>	<u>(44,665)</u>	<u>31,857</u>	<u>32,289</u>			<u>372,745</u>	<u>501,028</u>	<u>128,283</u>
CONVERTIBLE BONDS AND OTHER SECURITIES ...	—	—	<u>81,223</u>	—	—	—	<u>3,763</u>	<u>(73,701)</u>	<u>207</u>	—	—	—	<u>3,966</u>	<u>25,442</u>	<u>21,476</u>
TOTAL LISTED SECURITIES			<u>2,633,198</u>		<u>252,083</u>		<u>161,740</u>	<u>(44,666)</u>	<u>32,064</u>	<u>57,711</u>			<u>2,768,650</u>	<u>6,566,782</u>	<u>3,798,132</u>
OTHER UNLISTED SECURITIES			<u>501,330</u>		<u>(3,554)</u>		<u>12,501</u>	<u>424</u>	<u>7,102</u>	<u>(1,570)</u>			<u>491,231</u>	<u>491,231</u>	<u>—</u>
TOTAL			<u>3,134,528</u>		<u>248,529</u>		<u>174,241</u>	<u>(44,242)</u>	<u>39,166</u>	<u>56,141</u>			<u>3,259,881</u>	<u>7,058,013</u>	<u>3,798,132</u>
								Other net income	(161)						
								Total net gain on disposal of investment securities	<u>39,005</u>						

(§) 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.

CONSOLIDATED ACCOUNTS

BALANCE SHEET

	Assets	30/6/05		30/6/04	
		€ '000	€ '000	€ '000	€ '000
10.	CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES		16,996		11,573
20.	GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS		3,691,533		2,971,583
30.	AMOUNTS DUE FROM BANKS:		2,941,198		5,655,944
	a) repayable on demand	716,086		1,733,488	
	b) other accounts	2,225,112		3,922,456	
40.	AMOUNTS DUE FROM CUSTOMERS		17,523,024		16,754,809
	<i>of which:</i>				
	- loans using funds managed for third parties	—		—	
50.	BONDS AND OTHER DEBT SECURITIES ISSUED BY:		6,229,851		3,900,908
	a) public agencies	1,434,322		935,031	
	b) banks	2,082,650		1,087,542	
	<i>of which:</i>				
	- own bonds	286,277		295,151	
	c) financial companies	2,101,958		1,259,070	
	<i>of which:</i>				
	- own bonds	—		—	
	d) other issuers	610,921		619,265	
60.	EQUITIES, PARTICIPATING INTERESTS AND OTHER CAPITAL SECURITIES		1,495,311		2,683,241
70.	EQUITY INVESTMENTS:		3,280,364		3,072,046
	a) stated on net equity basis	78,079		81,206	
	b) other equity investments	3,202,285		2,990,840	
80.	INVESTMENTS IN GROUP UNDERTAKINGS:		1,935		1,578
	a) stated on net equity basis	1,935		1,578	
	b) other investments in Group undertakings	—		—	
90.	POSITIVE DIFFERENCES ON CONSOLIDATION		—		17,463
110.	INTANGIBLE ASSETS		1,263		1,475
	<i>of which:</i>				
	- installation costs	61		148	
	- goodwill	—		—	
120.	TANGIBLE FIXED ASSETS		275,679		271,617
140.	OWN SHARES AND PARTICIPATING INTERESTS		970		970
150.	OTHER ASSETS		747,299		911,787
160.	ACCRUED INCOME AND PREPAID EXPENSES:		1,584,377		1,525,494
	a) accrued income	1,324,624		1,238,688	
	b) prepaid expenses	259,753		286,806	
	<i>of which:</i>				
	- issue discounts on bonds	68,399		69,347	
			37,789,800		37,780,488

GUARANTEES AND COMMITMENTS

	Guarantees and Commitments	30/6/05		30/6/04	
		€ '000	€ '000	€ '000	€ '000
10.	GUARANTEES GIVEN		620,966		933,826
	<i>of which:</i>				
	- acceptances	—		—	
	- other guarantees	620,966		933,826	
20.	COMMITMENTS		17,995,292		14,914,436
	<i>of which:</i>				
	- assets sold under repurchase agreements	—		—	
30.	CREDIT DERIVATIVES		1,244,147		534,996

Liabilities and Shareholders' equity		30/6/05		30/6/04	
		€ '000	€ '000	€ '000	€ '000
10.	AMOUNTS DUE TO BANKS:		7,883,467		6,719,192
	a) repayable on demand	1,791,236		1,193,860	
	b) term deposits and deposits under notice	6,092,231		5,525,332	
20.	AMOUNTS DUE TO CUSTOMERS:		3,547,617		3,978,155
	a) repayable on demand	1,982,923		2,266,502	
	b) term deposits and deposits under notice	1,564,694		1,711,653	
30.	DEBT SECURITIES IN ISSUE:		16,393,966		16,807,800
	a) bonds	14,835,575		15,221,726	
	b) certificates of deposit	479,856		593,280	
	c) other debt securities	1,078,535		992,794	
50.	OTHER LIABILITIES		3,258,846		3,658,557
60.	ACCRUED EXPENSES AND DEFERRED INCOME:		803,214		832,750
	a) accrued expenses	579,368		574,438	
	b) deferred income	223,846		258,312	
70.	PROVISION FOR STAFF TERMINATION INDEMNITIES		34,279		32,266
80.	PROVISIONS FOR LIABILITIES AND CHARGES:		326,872		354,332
	a) post-retirement and similar benefits	—		—	
	b) provision for taxation	169,103		303,678	
	c) consolidated provision for future liabilities and charges	—		—	
	d) other provisions	157,769		50,654	
90.	LOAN LOSS PROVISIONS		—		13,428
100.	PROVISION FOR GENERAL BANKING RISKS		219,930		317,430
120.	NEGATIVE DIFFERENCES ON CONSOLIDATION		16,379		—
140.	NET EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS		77,473		184,254
150.	SHARE CAPITAL		397,478		389,291
160.	SHARE PREMIUM RESERVE		1,933,331		1,807,340
170.	RESERVES:		2,343,142		2,135,799
	a) legal reserve	77,884		77,855	
	b) reserve for purchase of own shares and participating interests	970		970	
	c) statutory reserves	1,004,624		893,452	
	d) other reserves	1,259,664		1,163,522	
180.	REVALUATION RESERVES		13,514		13,514
190.	RETAINED EARNINGS (ACCUMULATED LOSSES)		—		—
200.	PROFIT (LOSS) FOR THE YEAR		540,292		536,380
			37,789,800		37,780,488

PROFIT AND LOSS ACCOUNT

	12 months ended 30/6/05		12 months ended 30/6/04	
	€ '000	€ '000	€ '000	€ '000
10. INTEREST RECEIVABLE AND SIMILAR INCOME		1,334,620		1,327,126
<i>of which interest on:</i>				
- loans and advances to customers	859,311		841,333	
- debt securities	249,322		252,121	
20. INTEREST PAYABLE AND SIMILAR EXPENSES		(851,568)		(894,198)
<i>of which interest on:</i>				
- customer deposits	(97,824)		(106,238)	
- debt securities	(565,772)		(599,384)	
30. DIVIDENDS ON AND OTHER INCOME FROM:		254,678		663,692
a) equities, participating interests and other capital securities	127,624		460,018	
b) equity investments	127,054		203,674	
c) investments in Group undertakings	—		—	
40. COMMISSIONS RECEIVABLE		234,169		226,105
50. COMMISSIONS PAYABLE		(90,573)		(80,443)
60. GAINS (LOSSES) ON DEALING TRANSACTIONS		21,591		(229,489)
70. OTHER INCOME FROM OPERATIONS		145,136		280,653
80. ADMINISTRATIVE EXPENSES:		(333,035)		(295,601)
a) personnel costs	(175,081)		(166,280)	
<i>of which:</i>				
- wages and salaries	(128,949)		(121,640)	
- social security charges	(32,566)		(30,559)	
- transfer to staff termination indemnity provision	(8,057)		(9,055)	
- post-retirement and similar benefits	(5,509)		(5,026)	
b) other administrative expenses	(157,954) ⁽¹⁾		(129,321)	
90. ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS		(13,908)		(20,620)
100. TRANSFER TO PROVISION FOR LIABILITIES AND CHARGES		(152,728)		(12,216)
110. OTHER OPERATING EXPENSES		(55,178)		(190,948)
120. ADJUSTMENTS TO LOANS AND PROVISIONS IN RESPECT OF GUARANTEES AND COMMITMENTS		(110,106)		(87,391)
130. WRITEBACKS OF LOANS AND PROVISIONS IN RESPECT OF GUARANTEES AND COMMITMENTS		13,636		9,733
150. ADJUSTMENTS TO FINANCIAL FIXED ASSETS		(10,969)		(26,255)
160. WRITEBACKS OF FINANCIAL FIXED ASSETS		67,110		158,227
170. GAIN (LOSS) ON INVESTMENTS STATED ON NET EQUITY BASIS		6,298		4,454
180. MARGIN (LOSS) ON ORDINARY OPERATIONS		459,173		832,829
190. EXTRAORDINARY INCOME		57,890		42,401
200. EXTRAORDINARY EXPENDITURE		(5,902)		(57,514)
210. EXTRAORDINARY PROFIT (LOSS)		51,988		(15,113)
230. CHANGE TO PROVISION FOR GENERAL BANKING RISKS		97,500		—
240. INCOME TAXES FOR THE YEAR		(58,793) ⁽²⁾		(263,945)
250. (PROFIT) LOSS FOR THE YEAR ATTRIBUTABLE TO MINORITY INTERESTS		(9,576)		(17,391)
260. PROFIT (LOSS) FOR THE YEAR		540,292		536,380

⁽¹⁾ Includes € 14,440,000 in “substitutive” tax for franking of loan loss provision.

⁽²⁾ Includes € 49,500,000 in deferred tax receivable on provision accounted for under Heading 100.

NOTES TO THE CONSOLIDATED ACCOUNTS

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A. ACCOUNTING POLICIES

1. Methods of consolidation and accounting policies

Scope of consolidation

The consolidated accounts comprise the results of MEDIOBANCA S.p.A. (the “Bank” or “Parent Company”) and those of its 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.

All other equities, rights, and participating interests are stated at book value, determined on the same basis as in the Parent Company’s accounts. In the case of exceptions to these principles, the reasons therefor are discussed in the Review of Operations and its accompanying schedules.

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 been recorded in the assets and liabilities of the companies concerned. Other negative net differences have been taken to the items *Negative differences arising on consolidation* or to the *Consolidated provision for future liabilities and charges*. Positive net differences have been taken to *Positive goodwill on consolidation* and have been amortized over a period of five years.

The portion of net equity and share of profits attributable to minorities 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 30 June. 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 annual or interim financial statements as at 30 June, 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 as prescribed by IASC No. 17.

Accounting policies

Accounting policies are the same as those used in presenting the Parent Company's accounts, with the exception of tangible and intangible fixed assets (excluding properties), which in some subsidiaries are depreciated or amortized over estimated useful lives.

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

B. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Accounts receivable

1.1 Heading 30: Amounts due from banks

	30/6/05 € '000	30/6/04 € '000
a) Deposits with central banks	56,752	79,516
b) Bills eligible for refinancing at central banks	—	—
c) Forward transactions	1,631,286	3,385,375
d) Securities lent	267,067	132,318

1.2a Analysis of cash amounts due from banks as at 30 June 2005

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	127	—	127
<i>a.1. Non-performing lendings ^(†)</i>	127	—	127
<i>of which: to countries at risk</i>	—	—	—
<i>a.2. Sub-standard lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	—	—	—
b) Performing loans	2,941,071	—	2,941,071

(†) This is a single item covered by SACE credit insurance.

1.2b Analysis of cash 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 ^(†)</i>	127	—	127
<i>of which: to countries at risk</i>	—	—	—
<i>a.2. Sub-standard lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	5,402	—	5,402
b) Performing loans	5,650,415	—	5,650,415

(†) This is a single item covered by SACE credit insurance.

1.3a *Movements in doubtful debts due from banks in year ended 30 June 2005*

	Gross exposure € '000	Sub-standard loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debts € '000
a) Gross exposure as at 30/6/04	127	—	—	—	5,402	5,529
<i>a.1. of which: interest in suspense</i>	—	—	—	—	—	—
<i>Adjustments due to change in companies consolidated</i>	—	—	—	—	—	—
<i>of which: interest in suspense</i>	—	—	—	—	—	—
A. <i>Pro-forma gross exposure as at 30/6/04</i>	127	—	—	—	5,402	5,529
<i>A.1. of which: interest in suspense</i>	—	—	—	—	—	—
b) Additions	—	—	—	—	—	—
<i>b.1. Transfers from performing loans</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 performing loans</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 30/6/05	127	—	—	—	—	127
<i>d.1. of which: interest in suspense</i>	—	—	—	—	—	—

1.3b *Movements in doubtful debts due from banks in year ended 30 June 2004*

	Gross exposure € '000	Sub-standard loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debts € '000
a) Gross exposure as at 30/6/03	127	—	—	—	4,440	4,567
<i>a.1. of which: interest in suspense</i>	—	—	—	—	—	—
<i>Adjustments due to change in companies consolidated</i>	—	—	—	—	—	—
<i>of which: interest in suspense</i>	—	—	—	—	—	—
<i>A. Pro-forma gross exposure as at 30/6/03</i>	127	—	—	—	4,440	4,567
<i>A.1. of which: interest in suspense</i>	—	—	—	—	—	—
b) Additions	—	—	—	—	2,487	2,487
<i>b.1. Transfers from performing loans</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>	—	—	—	—	2,487	2,487
c) Reductions	—	—	—	—	1,525	1,525
<i>c.1. Transfers to performing loans</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>	—	—	—	—	1,525	1,525
d) Gross exposure as at 30/6/04	127	—	—	—	5,402	5,529
<i>d.1. of which: interest in suspense</i>	—	—	—	—	—	—

1.5 Heading 40: Amounts due from customers

	30/6/05 € '000	30/6/04 € '000
a) Bills eligible for refinancing at central banks	—	—
b) Amounts due under finance leases	2,727,942	2,566,603
c) Forward transactions	590,373	422,493
d) Securities lent	44,438	69,563

1.6 Secured loans to customers

	30/6/05 € '000	30/6/04 € '000
a) Loans secured by mortgages	1,786,264	1,704,040
b) Loans secured by pledges on:		
1. cash deposits	1,682,313	1,935,020
2. securities	462,331	218,430
3. other assets	3,642	396,803
c) Loans secured by guarantees given by:		
1. governments	—	180,760
2. public agencies	—	—
3. banks	1,064,511	1,611,317
4. others	2,728,818	3,462,641

1.7a Analysis of cash amounts due from customers as at 30 June 2005

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	227,584	136,037	91,547
a.1. Non-performing lendings of which: to countries at risk	192,734	116,072	76,662 ⁽¹⁾
a.2. Sub-standard lendings of which: to countries at risk	28,744	19,649	9,095
a.3. Debt in process of restructuring of which: to countries at risk	5,320	—	5,320
a.4. Restructured debt of which: to countries at risk	500	30	470
a.5. Unsecured credits to countries at risk	286	286	—
b) Performing loans	17,496,720	65,243	17,431,477

⁽¹⁾ Of which: € 59,381,000 owned by Cofactor.

1.7b Analysis of cash 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
a.1. Non-performing lendings of which: to countries at risk	167,433 —	84,957 —	82,476 ⁽¹⁾ —
a.2. Sub-standard lendings of which: to countries at risk	31,650 —	11,317 —	20,333 —
a.3. Debt in process of restructuring of which: to countries at risk	7,118 —	— —	7,118 —
a.4. Restructured debt of which: to countries at risk	— —	— —	— —
a.5. Unsecured credits to countries at risk	284	284	—
b) Performing loans	16,664,564	19,682	16,644,882

(1) Of which: € 62,107,000 owned by Cofactor.

1.8a Movements in doubtful debts due from customers in year ended 30 June 2005

	Gross exposure € '000	Sub-standard loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debts € '000
a) Gross exposure as at 30/6/04	167,433	31,650	7,118	—	284	206,485
a.1. of which: interest in suspense	63,886	2,518	223	—	—	66,627
Adjustments due to change in companies consolidated	—	—	—	—	—	—
a.1. of which: interest in suspense	—	—	—	—	—	—
Initial gross exposure after adjustments	167,433	31,650	7,118	—	284	206,485
a.1. of which: interest in suspense	63,886	2,518	223	—	—	66,627
b) Additions	57,879	34,501	73,097	500	286	166,263
b.1. Transfers from performing loans	4,982	20,783	68,795	425	—	94,985
b.2. Interest in suspense	24,243	1,190	143	—	—	25,576
b.3. Transfers from other classes of doubtful debt	11,050	7,163	798	75	—	19,086
b.4. Other additions	17,604	5,365	3,361	—	286	26,616
c) Reductions	32,578	37,407	74,895	—	284	145,164
c.1. Transfers to performing loans	757	5,828	61,979	—	—	68,564
c.2. Amounts written off	20,014	10,612	8	—	—	30,634
c.3. Amounts collected	10,132	6,607	—	—	—	16,739
c.4. Proceeds of debt sold	—	—	—	—	—	—
c.5. Transfers from other classes of doubtful debt	19	11,923	7,144	—	—	19,086
c.6. Other reductions	1,656	2,437	5,764	—	284	10,141
d) Gross exposure as at 30/6/05	192,734	28,744	5,320	500	286	227,584
d.1. of which: interest in suspense	76,129	1,834	—	—	—	77,963

1.8b *Movements in doubtful debts due from customers in year ended 30 June 2004*

	Gross exposure € '000	Sub-standard loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debts € '000
a) Gross exposure as at 30/6/03	152,747	37,113	14,285	—	302	204,447
<i>a.1. of which: interest in suspense</i>	58,022	3,689	—	—	—	61,711
Adjustments due to change in companies consolidated	2,542	—	—	—	—	2,542
<i>a.1. of which: interest in suspense</i>	—	—	—	—	—	—
Initial gross exposure after adjustments	155,289	37,113	14,285	—	302	206,989
<i>a.1. of which: interest in suspense</i>	58,022	3,689	—	—	—	61,711
b) Additions	51,227	33,299	55,517	—	284	140,327
<i>b.1. Transfers from performing loans</i>	6,041	17,984	50,445	—	—	74,470
<i>b.2. Interest in suspense</i>	20,995	1,015	43	—	—	22,053
<i>b.3. Transfers from other classes of doubtful debt</i>	5,440	11,349	928	—	—	17,717
<i>b.4. Other additions</i>	18,751	2,951	4,101	—	284	26,087
c) Reductions	39,083	38,762	62,684	—	302	140,831
<i>c.1. Transfers to performing loans</i>	625	5,559	42,800	—	—	48,984
<i>c.2. Amounts written off</i>	28,164	16,378	6	—	—	44,548
<i>c.3. Amounts collected</i>	9,259	6,544	1,017	—	—	16,820
<i>c.4. Proceeds of debt sold</i>	—	—	—	—	—	—
<i>c.5. Transfers from other classes of doubtful debt</i>	76	6,336	11,305	—	—	17,717
<i>c.6. Other reductions</i>	959	3,945	7,556	—	302	12,762
d) Gross exposure as at 30/6/04	167,433	31,650	7,118	—	284	206,485
<i>d.1. of which: interest in suspense</i>	63,886	2,518	223	—	—	66,627

1.9a *Movements in value adjustments to cash amounts due from customers in year ended 30 June 2005*

	Gross exposure € '000	Sub-standard loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Performing € '000	Total adjustments € '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
Net increase due to change in companies consolidated	—	—	—	—	—	—	—
<i>A.1. of which: interest in suspense</i>	—	—	—	—	—	—	—
a) Pro-forma total adjustments as at 30/6/04	84,957	11,317	—	—	284	19,682	116,240
<i>a.1. of which: pro-forma interest in suspense</i>	63,875	2,517	—	—	—	—	66,392
b) Additions	55,401	72,597	—	30	286	59,734	188,048
<i>b.1. Value adjustments</i>	51,823	67,961	—	30	286	17,352	137,452
<i>b.1.1. of which: interest in suspense</i>	24,229	2,350	—	—	—	528	27,107
<i>b.2. Transfers from loan loss provision</i>	—	—	—	—	—	1,243	1,243
<i>b.3. Transfers from other classes of doubtful debt</i>	1,099	2,365	—	—	—	—	3,464
<i>b.4. Other additions</i>	2,479	2,271	—	—	—	41,139	45,889
c) Reductions	24,286	64,265	—	—	284	14,173	103,008
<i>c.1. Writebacks based on estimates</i>	246	—	—	—	—	8,606	8,852
<i>c.1.1. of which: interest in suspense</i>	—	—	—	—	—	—	—
<i>c.2. Writebacks of amounts collected</i>	2,152	1,533	—	—	—	1,099	4,784
<i>c.2.1. of which: interest in suspense</i>	553	354	—	—	—	29	936
<i>c.3. Amounts written off</i>	19,461	58,103	—	—	—	115	77,679
<i>c.4. Transfers to other classes of doubtful debt</i>	174	1,021	—	—	—	4,099	5,294
<i>c.5. Other reductions</i>	2,253	3,608	—	—	284	254	6,399
d) Total adjustments at 30/6/05	116,072	19,649	—	30	286	65,243	201,280
<i>d.1. of which: interest in suspense</i>	76,129	1,834	—	—	—	—	77,963

1.9b *Movements in value adjustments to cash amounts due from customers in year ended 30 June 2004*

	Gross exposure € '000	Sub-standard loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Performing € '000	Total adjustments € '000
a) Total adjustments at 30/6/03	74,804	20,217	116	—	302	4,860	100,299
<i>a.1. of which: interest in suspense</i>	58,053	3,689	—	—	—	—	61,742
Net increase (decrease) due to change in companies consolidated	1,854	—	—	—	—	—	1,854
<i>A.1. of which: interest in suspense</i>	—	—	—	—	—	—	—
a) Pro-forma total adjustments as at 30/6/03	76,658	20,217	116	—	302	4,860	102,153
<i>a.1. of which: pro-forma interest in suspense</i>	58,053	3,689	—	—	—	—	61,742
b) Additions	41,782	57,454	—	—	284	17,335	116,855
<i>b.1. Value adjustments</i>	41,229	57,432	—	—	284	12,504	111,449
<i>b.1.1. of which: interest in suspense</i>	21,442	2,562	—	—	—	753	24,757
<i>b.2. Transfers from loan loss provision</i>	—	—	—	—	—	1,579	1,579
<i>b.3. Transfers from other classes of doubtful debt</i>	548	9	—	—	—	—	557
<i>b.4. Other additions</i>	5	13	—	—	—	3,252	3,270
c) Reductions	33,483	66,354	116	—	302	2,513	102,768
<i>c.1. Writebacks based on estimates</i>	1,368	1,624	—	—	—	801	3,793
<i>c.1.1. of which: interest in suspense</i>	—	—	—	—	—	—	—
<i>c.2. Writebacks of amounts collected</i>	2,293	1,915	116	—	—	1,616	5,940
<i>c.2.1. of which: interest in suspense</i>	551	360	—	—	—	11	922
<i>c.3. Amounts written off</i>	27,348	56,842	—	—	—	91	84,281
<i>c.4. Transfers to other classes of doubtful debt</i>	5	546	—	—	—	5	556
<i>c.5. Other reductions</i>	2,469	5,427	—	—	302	—	8,198
d) Total adjustments at 30/6/04	84,957	11,317	—	—	284	19,682	116,240
<i>d.1. of which: interest in suspense</i>	63,875	2,517	—	—	—	—	66,392

Heading 10: *Cash and deposits with central banks and post offices*

	30/6/05 € '000	30/6/04 € '000
a) Cash and value items in hand	6,684	3,428
b) Deposits with the Bank of Italy and other central banks	—	—
c) Deposits with other institutions	10,312	8,145
	16,996	11,573

2. Securities

2.1 Investment securities

	Book value € '000		Market value € '000	
	30/6/05	30/6/04	30/6/05	30/6/04
1. DEBT SECURITIES	3,966	78,187	25,515	98,610
1.1 Government securities:	—	—	—	—
• listed	—	—	—	—
• unlisted	—	—	—	—
1.2 Other debt securities:	3,966	78,187	25,515	98,610
• listed	959	74,654	22,508	95,077
• unlisted	3,007	3,533	3,007	3,533
2. CAPITAL SECURITIES	—	3,036	—	3,334
• listed	—	3,036	—	3,334
• unlisted	—	—	—	—
	3,966	81,223	25,515	101,944

Differences between redemption value at maturity and book value:

	30/6/05 € '000	30/6/04 € '000
Surplus	20,185	16,268
Shortfall	—	—

2.2 Movements in investment securities

	30/6/05 € '000	30/6/04 € '000
A. HOLDING AT BEGINNING OF PERIOD	81,223	82,555
B. ADDITIONS	212	18,980
B1. Acquisitions	—	12,670
B2. Writebacks	—	6,310
B3. Transfers from holdings of non-investment securities	—	—
B4. Other movements	212	—
C. REDUCTIONS	77,469	20,312
C1. Disposals	3,763	13,713
C2. Redemptions	—	—
C3. Value adjustments	—	—
of which: permanent writedowns	—	—
C4. Transfers to holdings of non-investment securities	—	—
C5. Other movements	73,706 ⁽¹⁾	6,599
D. HOLDING AT END OF PERIOD	3,966	81,223

⁽¹⁾ Of which € 73,700,000 due to bond conversions.

2.3 Non-investment securities

	Book value € '000		Market value € '000	
	30/6/05	30/6/04	30/6/05	30/6/04
1. DEBT SECURITIES	9,917,418	6,794,304	9,982,399	6,835,203
1.1 Government securities	2,526,457	1,906,796	2,529,577	1,907,464
• listed	2,526,457	1,906,796	2,529,577	1,907,464
• unlisted	—	—	—	—
1.2 Other debt securities:	7,390,961	4,887,508	7,452,822	4,927,739
• listed	6,035,565	4,314,354	6,094,085	4,353,488
• unlisted	1,355,396	573,154	1,358,737	574,251
2. CAPITAL SECURITIES	1,495,311	2,680,205	1,550,300	2,720,629
• listed	1,490,311	2,680,205	1,544,338	2,720,629
• unlisted	5,000	—	5,962	—
	11,412,729	9,474,509	11,532,699	9,555,832

2.4 Movements in non-investment securities

	30/6/05 € '000	30/6/04 € '000
A. HOLDING AT BEGINNING OF PERIOD	9,474,509	8,662,391
Net reduction due to change in companies consolidated	—	477,011
PRO-FORMA HOLDING AT BEGINNING OF PERIOD	9,474,509	9,139,402
B. ADDITIONS	84,767,893	51,863,735
B1. Acquisitions:	84,465,355	51,559,785
1. Debt securities:	75,674,771	39,677,511
• government securities	46,290,548	23,394,047
• other debt securities	29,384,223	16,283,464
2. Capital securities	8,790,584	11,882,274
B2. Writebacks and revaluations	2,544	3,053
B3. Transfers from holdings of investment securities	44,665	—
B4. Other movements	255,329	300,897 ⁽¹⁾
C. REDUCTIONS	82,829,673	51,528,628
C1. Disposals and redemptions:	82,679,032	51,182,816
1. Debt securities:	72,702,163	40,745,608
• government securities	45,087,907	24,107,365
• other debt securities	27,614,256	16,638,243
2. Capital securities	9,976,869	10,437,208
C2. Value adjustments	19,100	32,104
C3. Transfers to holdings of investment securities	—	—
C4. Other movements	131,541	313,708
D. HOLDING AT END OF PERIOD	11,412,729	9,474,509

⁽¹⁾ Of which € 15,154,000 due to dividends collected in kind.

Securities intended for use on a continuing basis in the Group's operations are classified as *investment securities* and consist of debt securities, most of which are convertible into equities, or have been issued with warrants.

Securities maintained for use in treasury transactions are classified as *non-investment securities*.

3. Equity investments

3.1. Significant investments

	Share capital €	Par value of shares €	S/A (¹)	Shareholders' equity € '000 (²)	Profit (loss) € '000	Group interest		% voting shares at Ord. AGMs	Consolidated book value € '000
						Held by (³)	%		
A. CONSOLIDATED COMPANIES									
<i>A.1 Companies consolidated on line-by-line basis</i>									
1. MEDIOBANCA - Banca di Credito Finanziario S.p.A. - Milan	397,477,957.50	0.50	—	4,527,964	440,054	—	—	—	XXX
2. MB FINSTRUTTURE - INTERSOMER S.p.A. - Milan	6.5m	0.50	S	46,435	12,776	A.1.1	100.00	100.00	XXX
3. PROMINVESTMENT S.p.A. - Rome	743,000	0.52	S	1,614	61	A.1.1	70.00	70.00	XXX
4. PRUDENTIA FIDUCIARIA S.p.A. - Milan	100,000	5	S	518	50	A.1.1	100.00	100.00	XXX
5. SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A. - Milan	500,000	5	S	531	1	A.1.1	100.00	100.00	XXX
6. SPAFID S.p.A. - Milan	100,000	10	S	32,620	958	A.1.1	100.00	100.00	XXX
7. TECHNOSTART S.p.A. - Milan	1m	0.50	S	654	(37)	A.1.1	69.00	69.00	XXX
8. COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A. - Monte Carlo	111.1m	200	S	192,060	27,726	A.1.1	100.00	100.00	XXX
9. C.M.I. COMPAGNIE MONEGASQUE IMMOBILIERE SCI - Monte Carlo	2.4m	1,525	S	742	(410)	A.1.8	99.94	99.94	XXX
10. C.M.G. COMPAGNIE MONEGASQUE DE GESTION S.A.M. - Monte Carlo	160,000	160	S	197	10,127	A.1.8	99.70	99.70	XXX
11. SMEF SOCIETE MONEGASQUE DES ETUDES FINANCIERE S.A.M. - Monte Carlo	775,000	155	S	886	22	A.1.8	99.90	99.90	XXX
12. MONOECI SOCIETE CIVILE IMMOBILIERE - Monte Carlo	1,600	15.5	S	(126)	22	A.1.8	99.00	99.00	XXX
13. MONOIKOS 2000 SOCIETE CIVILE IMMOBILIERE - Monte Carlo	2,000	1	S	(489)	(123)	A.1.9	99.95	99.95	XXX
14. MOULINS 700 S.A.M. - Monte Carlo	160,000	160	S	53	(4)	A.1.9	99.90	99.90	XXX

	Share capital €	Par value of shares €	S/A (¹)	Shareholders' equity € '000 (²)	Profit (loss) € '000	Group interest		% voting shares at Ord. AGMs	Consolidated book value € '000
						Held by (³)	%		
15. MEDIOBANCA INTERNATIONAL Ltd - Grand Cayman	10m	1	S	67,088	6,042	A.1.1	100.00	100.00	XXX
16. COMPASS S.p.A. - Milan	87.5m	5	S	172,289	41,345	A.1.1	100.00	100.00	XXX
17. MICOS BANCA S.p.A. - Milan	35m	0.50	S	48,304	3,730	A.1.16	100.00	100.00	XXX
18. COFACTOR S.p.A. - Milan	7.5m	0.50	S	11,340	47	A.1.16	100.00	100.00	XXX
19. SELMABIPIEMME LEASING S.p.A. - Milan	40.2m	0.50	S	79,182	8,625	A.1.16	61.65	61.65	XXX
20. PALLADIO LEASING S.p.A. - Vicenza	8.7m	0.50	S	59,707	5,620	A.1.19 A.1.20	95.00 5.00	100.00	XXX
21. TELELEASING S.p.A. - Milan	9.5m	1	S	35,939	11,827	A.1.19	80.00	80.00	XXX
B. COMPANIES CONSOLIDATED ON NET EQUITY BASIS									
1. BANCA ESPERIA S.p.A. - Milan (⁴)	13m	0.52	A	38,865	7,867	A.1.1	48.50	48.50	XXX
2. SADE FINANZIARIA S.r.l. - Milan	25,000		S	25	—	A.1.1	100.00	100.00	XXX
3. RICERCHE E STUDI S.p.A. - Milan	100,000	5	S	103	—	A.1.1	100.00	100.00	XXX
4. CREDITECH S.p.A. - Milan (⁵)	250,000	1	S	1,450	357	A.1.16	100.00	100.00	XXX
5. MB VENTURE CAPITAL S.A. - Luxembourg	40,000	10	A	193	(19)	A.1.7	35.00	35.00	XXX
6. MB VENTURE CAPITAL FUND I PARTICIPATING COMPANY A N.V. - Amsterdam	50,000	1	A	16,351	(3)	A.1.1	45.00	45.00	XXX
7. FIDIA - Fondo Interbancario d'Investimento Azionario SGR S.p.A. - Milan	15.6m	520	A	15,214	(111)	A.1.1	25.00	25.00	XXX
8. ATHENA PRIVATE EQUITY S.A. - Luxembourg	50m	2	A	163,420	2,504	A.1.1	24.46	24.46	XXX

	Share capital €	Par value of shares €	S/A (¹)	Shareholders' equity € '000 (²)	Profit (loss) € '000	Group interest		% voting shares at Ord. AGMs	Consolidated book value € '000
						Held by (³)	%		
C. OTHER SIGNIFICANT INVESTMENTS									
1. CARTIERE BURGO S.p.A. - Verzuolo (CN)	205.4m	0.52	A	313,542	139,005	A.1.1	22.13	22.13	XXX
2. SCONTOFIN S.A. - Luxembourg	2.6m	516.5	A	(6,804)	(2,070)	A.1.2	20.00	20.00	XXX
3. ZAMBIA TANZANIA ROAD SERVICES Ltd (in liquidation) - Lusaka	Kwacha 4m	Kwacha 200	A	Kwacha —	Kwacha —	A.1.2	23.33	23.33	XXX
4. TRADEVCO Ltd (in liquidation) - Monrovia	LRD 80m	LRD 16,000	S	LRD —	LRD —	A.1.1 C.4	60.00 40.00	100.00	XXX

(¹) S = subsidiary as defined in Article 25/1 a) of Italian Decree Law 87/92. A = associated company.

(²) Determined without taking account of profit (loss) for period.

(³) See number in extreme left-hand column for holder of Group interest.

(⁴) Parent company of the Banca Esperia group.

(⁵) Not consolidated pursuant to Article 36/4 of Decree Law 87/92.

3.2 Amounts due from and to Group undertakings

	30/6/05 € '000	30/6/04 € '000
a) AMOUNTS DUE FROM GROUP UNDERTAKINGS	—	2,937
1. Amounts due from banks	—	2,468
<i>of which: subordinated</i>	—	—
2. Amounts due from financial companies	—	—
<i>of which: subordinated</i>	—	—
3. Amounts due from other clients	—	469
<i>of which: subordinated</i>	—	—
4. Bonds and other debt securities	—	—
<i>of which: subordinated</i>	—	—
b) AMOUNTS DUE TO GROUP UNDERTAKINGS	53	975
1. Amounts due to banks	—	—
2. Amounts due to financial companies	25	—
3. Amounts due to other clients	28	975
4. Debt securities	—	—
5. Subordinated liabilities	—	—
c) GUARANTEES AND COMMITMENTS	126	60
1. Guarantees given	126	—
2. Commitments	—	60

All financial accounts with Group undertakings are maintained on an arm's length basis and have been entered into in the interests of the individual companies making up the Mediobanca Banking Group.

3.3 Amounts due from and to associated undertakings

	30/6/05 € '000	30/6/04 € '000
a) AMOUNTS DUE FROM ASSOCIATED UNDERTAKINGS	1,961,529	2,897,261
1. Amounts due from banks	94,050	793,425
<i>of which: subordinated</i>	—	—
2. Amounts due from financial companies	5,964	395,964
<i>of which: subordinated</i>	—	—
3. Amounts due from other clients	1,785,568	1,483,459
<i>of which: subordinated</i>	400,000	400,000
4. Bonds and other debt securities	75,947	224,413
<i>of which: subordinated</i>	—	37,349
b) AMOUNTS DUE TO ASSOCIATED UNDERTAKINGS	677,445	692,247
1. Amounts due to banks	7,657	115,808
2. Amounts due to financial companies	578,541	490,236
3. Amounts due to other clients	91,247	86,203
4. Debt securities	—	—
5. Subordinated liabilities	—	—
c) GUARANTEES AND COMMITMENTS	630,386	1,019,607
1. Guarantees given	88,783	116,650
2. Commitments	541,603	902,957

3.4 Heading 70: Equity investments

	30/6/05 € '000	30/6/04 € '000
a) INVESTMENTS IN BANKS	83,731	143,519
1. <i>listed</i>	59,252	124,747
2. <i>unlisted</i>	24,479	18,772
b) INVESTMENTS IN FINANCIAL COMPANIES	363,547	278,182
1. <i>listed</i>	304,061	212,501
2. <i>unlisted</i>	59,486	65,681
c) OTHER EQUITY INVESTMENTS	2,833,086	2,650,345
1. <i>listed</i>	2,401,373	2,214,728
2. <i>unlisted</i>	431,713	435,617

3.5 Heading 80: Investments in Group undertakings

	30/6/05 € '000	30/6/04 € '000
a) INVESTMENTS IN BANKS	—	—
1. <i>listed</i>	—	—
2. <i>unlisted</i>	—	—
b) INVESTMENTS IN FINANCIAL COMPANIES	25	25
1. <i>listed</i>	—	—
2. <i>unlisted</i>	25	25
c) INVESTMENTS IN OTHER GROUP UNDERTAKINGS	1,910	1,553
1. <i>listed</i>	—	—
2. <i>unlisted</i>	1,910	1,553

3.6 Movements in investments

3.6.1 Movements in investments in Group undertakings

	30/6/05 € '000	30/6/04 € '000
A. HOLDING AT BEGINNING OF PERIOD	1,578	1,232
B. ADDITIONS	357	346
B1. Acquisitions	—	25
B2. Writebacks	—	—
B3. Revaluations	—	—
B4. Other movements	357	321
C. REDUCTIONS	—	—
C1. Disposals	—	—
C2. Value adjustments <i>of which: permanent writedowns</i>	—	—
C3. Other movements	—	—
D. HOLDING AT END OF PERIOD	1,935	1,578
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS	39	39

3.6.2 Movements in other investments

	30/6/05			30/6/04		
	Stated at cost € '000	Stated at net equity € '000	Total € '000	Stated at cost € '000	Stated at net equity € '000	Total € '000
A. HOLDING AT BEGINNING OF PERIOD	2,990,840	81,206	3,072,046	3,022,641	62,143	3,084,784
B. ADDITIONS	455,870	9,170	465,040	661,450	19,228	680,678
B1. Acquisitions	260,791	2,850	263,641	469,725	14,121	483,846
B2. Writebacks	67,110	—	67,110	151,917	—	151,917
B3. Revaluations	—	—	—	—	—	—
B4. Other movements	127,969	6,320	134,289	39,808	5,107	44,915
C. REDUCTIONS	244,425	12,297	256,722	693,251	165	693,416
C1. Disposals	182,739	12,219	194,958	244,276	—	244,276
C2. Value adjustments <i>of which: permanent writedowns</i>	10,969	—	10,969	26,255	—	26,255
C3. Other movements	50,717	78	50,795	422,720	165	422,885
D. HOLDING AT END OF PERIOD	3,202,285	78,079	3,280,364	2,990,840	81,206	3,072,046
E. TOTAL REVALUATIONS	—	—	—	—	—	—
F. TOTAL ADJUSTMENTS	447,394	—	447,394	677,523	—	677,523

4. Tangible and intangible fixed assets

4.1 Movements in tangible fixed assets

	30/6/05			30/6/04		
	Properties ⁽¹⁾	Furniture and equipment	Total	Properties	Furniture and equipment	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
A. HOLDING AT BEGINNING OF PERIOD	260,477	11,140	271,617	123,270	5,421	128,691
Net addition due to change in companies consolidated	—	—	—	45,500	6,816	52,316
PRO-FORMA ASSETS AT BEGINNING OF PERIOD	260,477	11,140	271,617	168,770	12,237	181,007
B. ADDITIONS	7,614	10,210	17,824	98,623	5,764	104,387
B1. Acquisitions	3,126	9,321	12,447	—	4,578	4,578
B2. Writebacks	—	—	—	—	—	—
B3. Revaluations	—	—	—	—	—	—
B4. Other movements	4,488	889	5,377	98,623 ⁽²⁾	1,186	99,809
C. REDUCTIONS	6,300	7,462	13,762	6,916	6,861	13,777
C1. Disposals and retirements from service	127	812	939	—	1,250	1,250
C2. Value adjustments:	6,173	6,650	12,823	6,916	5,611	12,527
a) <i>depreciation</i>	6,173	6,650	12,823	6,916	5,611	12,527
b) <i>permanent writedowns</i>	—	—	—	—	—	—
C3. Other movements	—	—	—	—	—	—
D. HOLDING AT END OF PERIOD	261,791	13,888	275,679	260,477	11,140	271,617
E. TOTAL REVALUATIONS	—	—	—	—	—	—
F. TOTAL ADJUSTMENTS:	44,415	43,994	88,409	38,242	37,344	75,586
a) <i>depreciation</i>	44,415	43,994	88,409	38,242	37,344	75,586
b) <i>permanent writedowns</i>	—	—	—	—	—	—

(¹) Comprises the following properties:	sq.m	sq.m	
MILAN - Piazzetta Enrico Cuccia, 1	6,874	CATANIA - Corso Sicilia, 43	300
MILAN - Via Filodrammatici / Piazzetta Bossi	11,093	FLORENCE - Via Lorenzo il Magnifico, 10	460
MILAN - Piazza Paolo Ferrari, 6	1,967	GENOA - Via XX Settembre, 36	251
MILAN - Foro Buonaparte, 6	2,932	MONACO - Monte Carlo	8,651
MILAN - Via Siusi, 1-7	5,300	VICENZA - Via Btg. Framarin, 14	620
MILAN - Via Murat, 84	1,367	VICENZA - Viale Europa	250
ROME - Piazza di Spagna, 15	8,228	VICENZA - Via Btg. Framarin, 4	4,239
ROME - Via Nomentana, 146	3,202	NOVARA - Piazza Martiri della Libertà, 4	214
NAPLES - Via Fiorentini, 21	140	PARMA - Via Garibaldi, 1	120
PALERMO - Piazza Castelnuovo, 26	149		

(²) Due to attribution of surplus arising on consolidation of CMB until current value starts to apply.

4.2 *Movements in intangible assets*

	30/6/05 € '000	30/6/04 € '000
A. ASSETS AT BEGINNING OF PERIOD	1,475	1,476
Net addition due to change in companies consolidated	—	1,021
PRO-FORMA ASSETS AT BEGINNING OF PERIOD	1,475	2,497
B. ADDITIONS	875	2,706
B1. Acquisitions	875	2,706
B2. Writebacks	—	—
B3. Revaluations	—	—
B4. Other movements	—	—
C. REDUCTIONS	1,087	3,728
C1. Disposals and retirements from service	2	1
C2. Value adjustments:	1,085	3,727
a) <i>amortization</i>	1,085	3,727
b) <i>permanent writedowns</i>	—	—
C3. Other movements	—	—
D. ASSETS AT END OF PERIOD	1,263	1,475
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS:	23,553	22,468
a) <i>amortization</i>	23,553	22,468
b) <i>permanent writedowns</i>	—	—

5. Other asset headings

5.1 Heading 150: *Other assets*

	30/6/05 € '000		30/6/04 € '000	
BILL FOR COLLECTION	8,038		6,981	
AMOUNTS DUE FROM REVENUE AUTHORITIES:				
• taxes withheld	8,364		9,037	
• advance tax paid, tax credits, taxes recoverable and interest thereon	195,769		425,785	
• advance tax prepaid	122,160	326,293	91,225	526,047
OTHER AMOUNTS DUE:				
• premiums, grants, indemnities and other items relating to lending transactions	11,899		12,005	
• futures and other securities transactions	2,328		641	
• advances on deposit commissions	5,137		5,041	
• invoices receivable and to be issued	8,876		10,570	
• other items in transit	105,769		64,119	
• exchange rate adjustments	—		116	
• funds deposited with clearing organizations	—	134,009	—	92,492
INTERBANK ACCOUNTS, DEFERRED VALUE DATES	28		5,008	
PREMIUMS PAID FOR OPTIONS PURCHASED	229,675		233,919	
VALUATION OF DERIVATIVE CONTRACTS	21,599		23,727	
DEPOSITS PAID ON DERIVATIVE CONTRACTS	17,358		16,599	
OTHER ITEMS	10,299		7,014	
	747,299		911,787	

5.2 Heading 160: *Accrued income and prepaid expenses*

	30/6/05 € '000		30/6/04 € '000	
ACCRUED INCOME				
Interest accrued on amounts due from banks	6,655		7,580	
Interest accrued on amounts due from customers	101,346		139,292	
Interest accrued on derivatives contracts	1,062,214		1,002,044	
Interest accrued on securities held	154,409	1,324,624	89,772	1,238,688
PREPAID EXPENSES				
Commissions prepaid	162,254		185,634	
Advances on forward transactions	7,026		11,167	
Discounts and expenses on bonds issued	68,399		69,347	
Other prepaid expenses	22,074	259,753	20,658	286,806
	1,584,377		1,525,494	

5.4 Subordinated assets

	30/6/05 € '000	30/6/04 € '000
a) Amounts due from banks	—	—
b) Amounts due from customers	405,964	405,964
c) Bonds and other debt securities	157,336	83,741
	563,300	489,705

6. Accounts payable

6.1 Heading 10: Amounts due to banks

	30/6/05 € '000	30/6/04 € '000
a) Forward transactions	1,514,946	1,034,503
b) Securities lent	17,979	76,150

6.2 Heading 20: Amounts due to customers

	30/6/05 € '000	30/6/04 € '000
a) Forward transactions	240,769	321,017
b) Securities lent	109,427	179,838

Heading 30: Debt securities in issue

	30/6/05		30/6/04	
	No. (1)	€ '000	No. (1)	€ '000
Bonds		14,835,575		15,221,726
• convertible	905,845	849,949	982,211	926,298
• with warrants	1,312	10	2,562	2,510
• other bonds	—	13,985,616	—	14,292,918
Certificates of deposit		479,856		593,280
Other securities	—	1,078,535	—	992,794
of which:				
• convertible	—	—	—	—
		16,393,966		16,807,800

(1) Actual number. Bonds in issue have varying nominal values.

7. Provisions (Headings 70, 80 and 90)

Provision for staff termination indemnities

	30/6/05 € '000	30/6/04 € '000
PROVISION AT BEGINNING OF PERIOD	32,266	34,268
<i>deduct:</i>		
• indemnities paid out and advances made under Law 297/82 during the year	6,044	11,057
<i>add:</i>		
• transfers to provision for year	8,057	9,055
PROVISION AT END OF PERIOD	34,279	32,266

7.1 Heading 90: *Loan Loss provisions*

	30/6/05 € '000	30/6/04 € '000
Loan loss provisions	—	13,428

7.2 *Movements in loan loss provisions*

	30/6/05 € '000	30/6/04 € '000
A. PROVISIONS AT BEGINNING OF PERIOD	13,428	13,428
B. ADDITIONS	—	—
B1. Transfers to provisions	—	—
B2. Other movements	—	—
C. REDUCTIONS	13,428	—
C1. Transfers from provisions	13,428 ⁽¹⁾	—
C2. Other movements	—	—
D. PROVISIONS AT END OF PERIOD	—	13,428

(1) Pursuant to Italian Legislative Decree.

Provision for taxation as at 30 June 2005

	Corporate income tax and regional production tax € '000	Municipal property tax € '000	“Substitutive” tax € '000	Other taxes € '000	Total € '000
PROVISION AT BEGINNING OF PERIOD	300,280	—	—	3,398	303,678
<i>deduct:</i>					
• transfers from provision during year	250,266	23	—	3,398	253,687
• writebacks to profit and loss account	—	—	—	—	—
• reductions	—	—	—	—	—
<i>add:</i>					
• transfers to provision during year	101,761	23	14,440	2,888	119,112
• additions	—	—	—	—	—
PROVISION AT END OF PERIOD	151,775	—	14,440	2,888	169,103

Provision for taxation as at 30 June 2004

	Corporate income tax and regional production tax € '000	Municipal property tax € '000	“Substitutive” tax on gain in equity investments € '000	Other taxes € '000	Total € '000
PROVISION AT BEGINNING OF PERIOD	221,210	—	—	4,794	226,004
<i>deduct:</i>					
• transfers from provision during year	141,720	23	—	4,794	146,537
• writebacks to profit and loss account	—	—	—	—	—
• reductions	21,171	—	—	—	21,171
<i>add:</i>					
• transfers to provision during year	241,961	23	—	3,398	245,382
• additions	—	—	—	—	—
PROVISION AT END OF PERIOD	300,280	—	—	3,398	303,678

7.3a Sub-heading 80d) *Provisions for liabilities and charges: other provisions at 30 June 2005*

	Legal costs € '000	Promotion expenses € '000	Specific and probable risks and commitments € '000	Total € '000
PROVISIONS AT BEGINNING OF PERIOD	1,949	220	48,485 ⁽¹⁾	50,654
<i>less:</i>				
• transfers from provisions during period	1,110	281	37,022 ⁽²⁾	38,413
• amounts credited back to earnings	—	—	7,200	7,200
<i>add:</i>				
• transfers to provisions for period	891	378	151,459	152,728
PROVISIONS AT END OF PERIOD	1,730	317	155,722	157,769

(1) Of which € 6,582,000 to cover possible charges arising in connection with the liquidation of Group subsidiary TRADEVCO.

(2) Of which € 25,482,000 transferred in direct adjustment of receivables.

7.3a Sub-Heading 80d) *Provisions for liabilities and charges: other provisions at 30 June 2004*

	Legal costs € '000	Promotion expenses € '000	Specific and probable risks and commitments € '000	Total € '000
PROVISIONS AT BEGINNING OF PERIOD	2,064	245	38,970	41,279
Net addition due to change in companies consolidated	—	—	949	949
PRO-FORMA PROVISION AT BEGINNING OF PERIOD	2,064	245	39,919	42,228
<i>less:</i>				
• transfers from provisions during period	912	296	2,582	3,790
• amounts credited back to earnings	—	—	—	—
<i>add:</i>				
• transfers to provisions for period	797	271	11,148	12,216
PROVISIONS AT END OF PERIOD	1,949	220	48,485 ⁽¹⁾	50,654

(1) Of which € 6,582,000 to cover possible charges arising in connection with the liquidation of Group subsidiary TRADEVCO.

7.4a Advance tax assets as at 30 June 2005

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	91,225	88,779	2,446	—
2. Additions	65,334	63,547	1,787	—
2.1 advance tax originating in period	65,334 ⁽¹⁾	63,547	1,787	—
2.2 other additions	—	—	—	—
<i>of which for new equipment</i>	—	—	—	—
3. Reductions	34,399	33,381	1,018	—
3.1 advance tax reversed in period	34,399	33,381	1,018	—
3.2 other reductions	—	—	—	—
4. BALANCE AT END OF PERIOD	122,160	118,945	3,215	—

(1) Of which € 49,500,000 relating to the provision accounted for under Heading 100.

Eligible offsets as at 30 June 2005

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	122,160	118,945	3,215	—
5. Transfers	—	—	—	—
5.1 to deferred taxation	—	—	—	—
5.2 from deferred taxation	—	—	—	—
6. AMOUNT CREDITED TO OTHER ASSETS (HEADING 150)	122,160	118,945	3,215	—

7.4b Advance tax assets as at 30 June 2004

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	148,991	143,177	5,814	—
2. Additions	10,948	10,209	739	—
2.1 advance tax originating in period	10,340	9,765	575	—
2.2 other additions	608	444	164	—
<i>of which for new equipment</i>	514	444	70	—
3. Reductions	68,714	64,607	4,107	—
3.1 advance tax reversed in period	66,316	62,210	4,106	—
3.2 other reductions	2,398	2,397	1	—
4. BALANCE AT END OF PERIOD	91,225	88,779	2,446	—

Eligible offsets as at 30 June 2004

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	91,225	88,779	2,446	—
5. Transfers	—	—	—	—
5.1 to deferred taxation	—	—	—	—
5.2 from deferred taxation	—	—	—	—
6. AMOUNT CREDITED TO OTHER ASSETS (HEADING 150)	91,225	88,779	2,446	—

7.5a Deferred tax liabilities as at 30 June 2005

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	51,953	46,915	5,038	—
2. Additions	6,346	5,515	831	—
2.1 deferred tax originating in period	6,346	5,515	831	—
2.2 other additions	—	—	—	—
3. Reductions	14,014	13,658	356	—
3.1 deferred tax reversed in period	14,014	13,658	356	—
3.2 other reductions	—	—	—	—
4. BALANCE AT END OF PERIOD	44,285	38,772	5,513	—

Eligible offsets as at 30 June 2005

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	44,285	38,772	5,513	—
5. Transfers	—	—	—	—
5.1 to advance taxation	—	—	—	—
5.2 from advance taxation	—	—	—	—
6. AMOUNT CREDITED TO PROVISION FOR TAXATION (HEADING 80b)	44,285	38,772	5,513	—

7.5b Deferred tax liabilities as at 30 June 2004

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	107,752	102,369	5,383	—
2. Additions	3,915	3,646	269	—
2.1 deferred tax originating in period	3,914	3,646	268	—
2.2 other additions	1	—	1	—
3. Reductions	59,714	59,100	614	—
3.1 deferred tax reversed in period	38,542	37,928	614	—
3.2 other reductions	21,172	21,172	—	—
4. BALANCE AT END OF PERIOD	51,953	46,915	5,038	—

Eligible offsets as at 30 June 2004

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	51,953	46,915	5,038	—
5. Transfers	—	—	—	—
5.1 to advance taxation	—	—	—	—
5.2 from advance taxation	—	—	—	—
6. AMOUNT CREDITED TO PROVISION FOR TAXATION (HEADING 80b)	51,953	46,915	5,038	—

Advance tax has been recognized in the accounts along with current and deferred tax since the financial year ended 30 June 2000.

Deductible timing differences, which include – in addition to those referred to in the notes to the accounts of Mediobanca – the surplus of adjustments to receivables stated in the accounts over those which are tax-deductible, are recognized in the accounts as Other assets to the extent that it is reasonably regarded as more likely than not that they will be recovered, on the basis, *inter alia*, of individual consolidated companies' ability to generate taxable income in the future.

8. Share capital, reserves, provision for general banking risks and subordinated liabilities

Heading 100: *Provision for general banking risks*

	30/6/05 € '000	30/6/04 € '000
• Loan loss provisions originally raised on provisionally tax-exempt basis under Article 71/1 of Presidential Decree 917/86, plus general portion of prior year loan loss provisions	317,029	317,029
• Withdrawal to cover parallel transfer to Provision for liabilities and charges	(100,500)	—
• Subsequent allocations	3,401	401
PROVISION AT END OF PERIOD	219,930	317,430

Heading 140: *Net equity attributable to minority shareholders*

	30/6/05 € '000	30/6/04 € '000
Net equity attributable to minority shareholders	184,254	61,508
Changes involving Compagnie Monégasque de Banque	(115,653)	106,627
Other changes	(704)	(1,272)
Profit (loss) for year attributable to minority shareholders	9,576	17,391
	77,473	184,254

Heading 150: *Share capital at 30 June 2005*

	30/6/05 € '000
SHARE CAPITAL AT BEGINNING OF PERIOD	
• 778,582,915 € 0.50 par value ordinary shares	389,291
Restricted rights issue of 16,373,000 shares subscribed by employees under stock option scheme	8,187
SHARE CAPITAL AT END OF PERIOD	397,478

Heading 150: *Share capital at 30 June 2004*

	30/6/04 € '000
SHARE CAPITAL AT BEGINNING OF PERIOD	
• 778,549,415 € 0.50 par value ordinary shares	389,275
Restricted rights issue of 33,500 shares subscribed by employees under share option scheme	16
SHARE CAPITAL AT END OF PERIOD	389,291

Heading 160: *Share premium reserve*

	30/6/05 € '000	30/6/04 € '000
SHARE PREMIUMS AT BEGINNING OF PERIOD	1,807,340	1,807,114
Increases:		
• due to share capital increases following exercise of stock options	125,991	226
SHARE PREMIUMS AT END OF PERIOD	1,933,331	1,807,340

Heading 170: *Reserves*

	30/6/05 € '000	30/6/04 € '000
Legal reserve ⁽¹⁾	77,884	77,855
Reserve for own shares and participating interests ⁽²⁾	970	970
Statutory reserve ⁽¹⁾	1,004,624	893,452
Other reserves ⁽³⁾	1,259,664	1,163,522
	2,343,142	2,135,799

⁽¹⁾ Parent company's reserve.

⁽²⁾ The Reserve for own shares covers such shares held by PALLADIO LEASING.

⁽³⁾ Includes € 5,685,000 (€ 1,809,000 relating to 30 June 2003) relating to negative exchange rate differences arising upon conversion of accounts of MEDIOBANCA INTERNATIONAL.

Heading 180: *Revaluation reserves*

	30/6/05 € '000	30/6/04 € '000
Revaluation reserve under Law 576/75	22	22
Revaluation reserve under Law 72/83	6,240	6,240
Revaluation reserve under Law 413/91	6,437	6,437
Revaluation reserve under Law 342/00	815	815
	13,514	13,514

8.1 *Regulatory capital and capital adequacy requirements*

	30/6/05 € '000	30/6/04 € '000
a) Regulatory capital		
a.1. Tier 1 capital	5,135,359	5,032,429
a.2. Tier 2 capital	1,333,819	1,049,962
a.3. Supervisory deductions	(133,806)	(133,666)
a.4. Regulatory capital	6,335,372	5,948,725
b) Capital adequacy requirements		
b.1. Credit risk	2,045,530	1,985,370
b.2. Market risk	524,513	366,007
• on non-investment securities	447,324	317,172
• on exchange rates	—	—
• on loan concentration	77,189	48,835
b.2.1 Tier 3 subordinated loans	—	—
b.3. Other capital adequacy requirements	21,710	21,710
b.4. Total capital adequacy requirements	2,591,753	2,373,087
c) Risk assets and capital adequacy ratios		
c.1. Risk weighted assets	32,396,913	29,663,588
c.2. Tier 1 capital as % of risk weighted assets	15.85%	16.97%
c.3. Regulatory capital as % of risk weighted assets	19.56%	20.05%

Heading 90: *Surplus arising on consolidation*

COMPANY	Balance at 30/6/04	Value recorded during period	Other movements	Goodwill amortized during 12 mths	Balance at 30/6/05
Compagnie Monégasque de Banque	17,463	—	(17,463) ⁽¹⁾	—	—

⁽¹⁾ Following buyout of minority interests.

9. Other liability headings

9.1 Heading 50: *Other liabilities*

	30/6/05 € '000		30/6/04 € '000	
BILLS FOR COLLECTION		18		18
AMOUNTS DUE TO REVENUE AUTHORITIES		32,188		21,544
AMOUNTS DUE IN RESPECT OF:				
• interest coupons and dividends awaiting collection and debt securities in the process of conversion		2,067		2,335
• commissions payable to banks		75		72
• commissions payable to placing and underwriting syndicates		2,725		12,666
• invoices pending settlement and receipt		149,505		100,219
• premiums, contributions and other amounts due to third parties in respect of financing transactions		56,077	210,449	138,167
FEES PAYABLE, AND SOCIAL SECURITY CONTRIBUTIONS AND AMOUNTS WITHHELD FROM STAFF AND PROVIDERS OF SERVICES DUE TO REVENUE AUTHORITIES		25,518		19,795
INTERBANK ACCOUNTS, DEFERRED VALUE DATES		85		5,243
VALUATION OF DERIVATIVE CONTRACTS		114,903		164,664
TECHNICAL SHORTFALLS ON SECURITIES LENDING TRANSACTIONS		1,768,195		2,184,865
PREMIUMS RECEIVED ON OPTIONS SOLD		216,204		220,315
DEPOSITS RECEIVED ON DERIVATIVES		859,806		754,304
OTHER ITEMS		31,480		34,350
		3,258,846		3,658,557

9.2 Heading 60: *Accrued expenses and deferred income*

	30/6/05 € '000		30/6/04 € '000	
ACCRUED EXPENSES				
Interest accrued on deposits and loans from banks		115,188		69,888
Interest and commissions accrued on Mediobanca certificates of deposit and debt securities, and on guarantees and treasury transactions		284,421		273,672
Interest accrued on derivatives		164,713		218,713
Amounts accrued on refinancings and subsidies		15,046	579,368	12,165
DEFERRED INCOME				
Prepaid interest, premiums and commissions		133,395		153,822
Actualization of derivatives contracts		9,690		24,944
Leasing charges		21,717		19,807
Commissions on bonds issued		9,989		16,674
Advances on forward transactions		44,710		37,633
Other items		4,345	223,846	5,432
		803,214		832,750

10. Guarantees and commitments

10.1 Heading 10: *Guarantees given*

	30/6/05			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Bills backed or endorsed	2,162	—	2,162	4,741	—	4,741
b) Letters of guarantee	578,250	40,554	618,804	574,748	213,725	788,473
c) Assets pledged as collateral	—	—	—	—	140,612	140,612
	580,412	40,554	620,966	579,489	354,337	933,826

10.2 Heading 20: *Commitments*

	30/6/05			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Commitments to lend specific funds:						
• securities to be received	1,697,475	125,691	1,823,166	1,458,972	1,539,866	2,998,838
• amounts undrawn under existing loan agreements	3,127,133	3,983,192	7,110,325	2,752,950	2,040,572	4,793,522
• other commitments and exposures	29,405	—	29,405	66,370	—	66,370
	4,854,013	4,108,883	8,962,896	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	3,021,716	5,506,060	8,527,776	1,420,619	4,268,127	5,688,746
• participations in underwriting syndicates	20,135	—	20,135	501,557	—	501,557
• other commitments and exposures	373,807	110,678	484,485	326,789	538,614	865,403
	3,415,658	5,616,738	9,032,396	2,248,965	4,806,741	7,055,706
	8,269,671	9,725,621	17,995,292	6,527,257	8,387,179	14,914,436

10.3 Assets posted as collateral for amounts due

	30/6/05 € '000	30/6/04 € '000
Securities held posted as collateral for forward funding transactions	1,195,673	990,067
Amounts due to customers posted as collateral for EIB loans	301,953	231,181

Credit derivatives (Heading 30 of Guarantees and Commitments)

	30/6/05			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Banking book hedge sales						
• with exchange of principal	—	110,000	110,000	—	218,333	218,333
• without exchange of principal	—	65,000	65,000	—	—	—
	—	175,000	175,000	—	218,333	218,333
b) Trading book hedge sales						
• with exchange of principal	935,012	134,135	1,069,147	261,663	55,000	316,663
• without exchange of principal	—	—	—	—	—	—
	935,012	134,135	1,069,147	261,663	55,000	316,663
	935,012	309,135	1,244,147	261,663	273,333	534,996

10.5 Forward transactions

Type of transaction	30/6/05			30/6/04		
	Hedging € '000	Trading € '000	Other € '000	Hedging € '000	Trading € '000	Other € '000
1. DEALING	—	4,140,382	324,339	—	8,139,364	323,292
1.1 Securities:	—	4,140,382	324,339	—	8,135,333	323,292
• <i>bought</i>	—	1,823,166	—	—	2,998,838	—
• <i>sold</i>	—	2,317,216	324,339	—	5,136,495	323,292
1.2 Foreign currency:	—	—	—	—	4,031	—
• <i>currency bought/sold for currency</i>	—	—	—	—	—	—
• <i>currency bought for Euros</i>	—	—	—	—	4,031	—
• <i>currency sold for Euros</i>	—	—	—	—	—	—
2. DEPOSITS AND LOANS	—	1,641,385	—	—	2,192,942	—
• <i>pending disbursement</i>	—	734,620	—	—	1,933,843	—
• <i>pending receipt</i>	—	906,765	—	—	259,099	—
3. DERIVATIVES CONTRACTS	17,385,967	23,277,747	14,342,463	18,311,462	24,286,034	14,728,823
3.1 With exchange of principal:	26,583	3,915,964	1,274,010	82,293	6,016,887	1,421,677
a) Securities ⁽¹⁾ :	—	3,213,157	1,274,010	—	4,904,264	1,421,677
• <i>bought</i>	—	734,808	424,134	—	2,854,104	459,832
• <i>sold</i>	—	2,478,349	849,876	—	2,050,160	961,845
b) Foreign currency:	26,583	702,807	—	82,293	1,112,623	—
• <i>currency bought/sold for currency</i>	—	—	—	—	5,129	—
• <i>currency bought for Euros</i>	26,583	219,799	—	26,526	366,469	—
• <i>currency sold for Euros</i>	—	483,008	—	55,767	741,025	—
c) Other value items:	—	—	—	—	—	—
• <i>bought</i>	—	—	—	—	—	—
• <i>sold</i>	—	—	—	—	—	—
3.2 Without exchange of principal:	17,359,384	19,361,783	13,068,453	18,229,169	18,269,147	13,307,146
a) Foreign currency:	—	—	270,758	—	—	—
• <i>currency bought/sold for currency</i>	—	—	—	—	—	—
• <i>currency bought for Euros</i>	—	—	135,379	—	—	—
• <i>currency sold for Euros</i>	—	—	135,379	—	—	—
b) Other value items ⁽¹⁾ ⁽²⁾ :	17,359,384	19,361,783	12,797,695	18,229,169	18,269,147	13,307,146
• <i>bought</i>	12,688,600	7,561,255	5,915,257	13,824,474	7,833,687	4,604,231
• <i>sold</i>	4,670,784	11,800,528	6,882,438	4,404,695	10,435,460	8,702,915

⁽¹⁾ Amounts bought and sold include derivatives incorporated in financial instruments in a total amount of € 8,495,988,000 (30/6/04: € 9,555,459,000).

⁽²⁾ Amounts bought and sold include basis swaps worth a nominal € 2,825,391,000 (30/6/04: € 2,444,478,000).

10.6 Credit derivatives

Type of transaction	30/6/05		30/6/04	
	Hedging € '000	Trading € '000	Hedging € '000	Trading € '000
1. HEDGE BUYS	315,000	1,163,429	75,000	465,614
1.1 With exchange of principal	155,000	1,163,429	75,000	465,614
– <i>credit default</i>	<i>155,000</i>	<i>1,163,429</i>	<i>75,000</i>	<i>465,614</i>
– <i>credit-linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
1.2 Without exchange of principal	160,000	—	—	—
– <i>credit default</i>	<i>160,000</i>	—	—	—
– <i>credit-linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
2. HEDGE SALES	175,000	1,069,147	218,333	316,663
2.1 With exchange of principal	110,000	1,069,147	218,333	316,663
– <i>credit default</i>	<i>110,000</i>	<i>1,069,147</i>	<i>218,333</i>	<i>316,663</i>
– <i>credit-linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
2.2 Without exchange of principal	65,000	—	—	—
– <i>credit default</i>	<i>65,000</i>	—	—	—
– <i>credit-linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—

11. Segmental information

11.1 Significant exposures

	30/6/05	30/6/04
a) Total risk-weighted amount	10,820,544	10,368,869
b) No. of exposures	10	10

11.2 Loans and advances to customers by category of borrower

	30/6/05 € '000	30/6/04 € '000
a) Governments	195,738	225,774
b) Other public agencies	114,033	103,091
c) Non-financial undertakings	10,843,652	9,861,208
d) Financial companies	1,967,605	3,073,357
e) Family firms	417,530	380,173
f) Other industries	3,984,466	3,111,206
	17,523,024	16,754,809

11.3 Loans and advances to domestic non-financial undertakings and family firms by industry

	30/6/05 € '000	30/6/04 € '000
a) Other sales services	3,222,039	2,620,620
b) Telecoms	1,482,056	1,654,716
c) Energy	1,114,500	859,528
d) Means of transport	695,301	537,442
e) Transport-related services	476,488	519,667
f) Other industries	3,353,843	3,424,465
	10,344,227	9,616,438

11.4 Guarantees given by category of counterparty

	30/6/05 € '000	30/6/04 € '000
a) Governments	—	—
b) Other public agencies	2,727	2,727
c) Banks	12,049	49
d) Non-financial undertakings	550,089	324,827
e) Financial companies	56,101	438,551
f) Family firms	—	—
g) Other counterparties	—	167,672
	620,966	933,826

Credit derivatives by type of counterparty

	30/6/05 € '000	30/6/04 € '000
Hedge buys	1,478,429	540,614
Banking book	315,000	75,000
<i>Banks</i>	165,000	60,000
<i>Financial companies</i>	150,000	15,000
Trading book	1,163,429	465,614
<i>Banks</i>	777,754	315,614
<i>Financial companies</i>	385,675	150,000
Hedge sales	1,244,147	534,996
Banking book	175,000	218,333
<i>Banks</i>	160,000	170,000
<i>Financial companies</i>	15,000	48,333
Trading book	1,069,147	316,663
<i>Banks</i>	854,147	296,663
<i>Financial companies</i>	215,000	20,000

11.5 Assets and liabilities by geographical area

11.5a Assets and liabilities by geographical area as at 30 June 2005

	Domestic € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS	22,680,390	8,435,814	764,713	31,880,917
1.1 Amounts due from banks	1,407,927	1,355,920	177,351	2,941,198
1.2 Amounts due from customers	15,744,133	1,582,809	196,082	17,523,024
1.3 Securities	5,528,330	5,497,085	391,280	11,416,695
2. LIABILITIES	22,282,515	3,886,601	1,655,934	27,825,050
2.1 Amounts due to banks	5,591,511	2,241,739	50,217	7,883,467
2.2 Amounts due to customers	1,822,936	1,644,862	79,819	3,547,617
2.3 Debt securities	14,868,068	—	1,525,898	16,393,966
2.4 Subordinated liabilities	—	—	—	—
2.5 Other accounts	—	—	—	—
3. GUARANTEES AND COMMITMENTS	9,784,672	7,252,934	2,822,799	19,860,405

11.5b Assets and liabilities by geographical area as at 30 June 2004

	Domestic € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS	23,588,329	7,587,405	790,751	31,966,485
1.1 Amounts due from banks	2,259,132	3,228,274	168,538	5,655,944
1.2 Amounts due from customers	15,469,020	1,061,559	224,230	16,754,809
1.3 Securities	5,860,177	3,297,572	397,983	9,555,732
2. LIABILITIES	21,602,174	4,119,817	1,783,156	27,505,147
2.1 Amounts due to banks	4,426,901	2,249,632	42,659	6,719,192
2.2 Amounts due to customers	2,018,985	1,870,185	88,985	3,978,155
2.3 Debt securities	15,156,288	—	1,651,512	16,807,800
2.4 Subordinated liabilities	—	—	—	—
2.5 Other accounts	—	—	—	—
3. GUARANTEES AND COMMITMENTS	7,362,412	7,585,614	1,435,232	16,383,258

11.6 Assets and liabilities by maturity

11.6a Assets and liabilities by maturity as at 30 June 2005

	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			
	€ '000	€ '000	€ '000	fixed rate € '000	floating rate € '000	fixed rate € '000	floating rate € '000	fixed rate € '000	floating rate € '000		
1. ASSETS	1,039,456	20,285,433	12,371,521	2,184,590	1,659,604	6,279,927	8,501,649	2,852,446	5,776,743	235,457	61,186,826
1.1 Government securities eligible for refinancing	174	14,412	24,833	22,342	101,943	915,210	1,238,245	963,902	410,472	—	3,691,533
1.2 Amounts due from banks	716,086	1,797,046	112,719	4,770	7,851	25,293	164,314	5,556	50,684	56,879	2,941,198
1.3 Amounts due from customers	323,196	2,397,711	2,240,054	936,539	1,369,010	1,683,011	4,863,385	174,055	3,357,485	178,578	17,523,024
1.4 Bonds and other fixed-income securities	—	319,114	2,019,145	268,537	10,611	816,404	335,312	1,181,244	1,279,484	—	6,229,851
1.5 Off-balance sheet instruments ⁽¹⁾	—	15,757,150	7,974,770	952,402	170,189	2,840,009	1,900,393	527,689	678,618	—	30,801,220
2. LIABILITIES	3,792,182	17,862,418	15,364,506	967,998	2,361,392	2,314,343	9,376,967	2,817,547	3,707,534	61,383	58,626,270
2.1 Amounts due to banks	1,791,236	2,810,309	1,408,375	—	491,510	—	760,763	—	621,274	—	7,883,467
2.2 Amounts due to customers	1,982,923	1,263,896	154,606	78,225	—	1,561	5,000	23	—	61,383	3,547,617
2.3 Debt securities in issue:	18,023	498,435	2,608,983	487,933	1,196,587	1,175,423	6,680,377	894,412	2,833,793	—	16,393,966
• bonds	207	324,198	2,390,486	372,120	1,044,401	893,368	6,570,578	756,437	2,483,780	—	14,835,575
• certificates of deposit	17,816	64,237	197,832	109,616	747	89,009	599	—	—	—	479,856
• other debt securities	—	110,000	20,665	6,197	151,439	193,046	109,200	137,975	350,013	—	1,078,535
2.4 Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—
2.5 Off-balance sheet instruments ⁽¹⁾	—	13,289,778	11,192,542	401,840	673,295	1,137,359	1,930,827	1,923,112	252,467	—	30,801,220

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

11.6b Assets and liabilities by maturity as at 30 June 2004

	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			
	€ '000	€ '000	€ '000	fixed rate € '000	floating rate € '000	fixed rate € '000	floating rate € '000	fixed rate € '000	floating rate € '000		
1. ASSETS	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	—	129,522	23,603	9,888	—	374,328	128,106	1,312,896	993,240	—	2,971,583
1.2 Amounts due from banks	1,733,488	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	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 fixed-income securities	—	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⁾	—	15,004,950	13,494,552	1,055,661	343,252	3,756,736	259,138	3,182,392	1,717,117	—	38,813,798
2. LIABILITIES	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	1,193,860	2,884,551	831,674	1,880	432,480	1,926	667,452	—	705,369	—	6,719,192
2.2 Amounts due to customers	2,266,502	1,435,224	138,199	271	—	79,522	5,000	59	53,362	16	3,978,155
2.3 Debt securities in issue:	26,608	335,010	2,456,675	198,246	473,846	3,550,133	6,432,153	986,231	2,348,898	—	16,807,800
• bonds	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	26,400	96,360	233,591	122,757	445	113,438	289	—	—	—	593,280
• other debt securities	—	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⁾	—	17,462,496	14,837,901	304,005	510,061	1,474,945	375,774	3,760,894	87,722	—	38,813,798

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

11.7 Assets and liabilities denominated in currencies other than Euros

	30/6/05 € '000	30/6/04 € '000
a) ASSETS		
1. Amounts due from banks	103,057	534,146
2. Amounts due from customers	511,684	405,509
3. Securities	441,334	143,911
4. Equity investments	227	514
5. Other accounts	141	191
	1,056,443	1,084,271
b) LIABILITIES		
1. Amounts due to banks	250,151	102,988
2. Amounts due to customers	476,370	472,928
3. Debt securities in issue	30,419	30,528
4. Other accounts	—	—
	756,940	606,444

11.8.1 Securities held as a result of securitizations by Group companies

11.8.1a As at 30 June 2005

Underlying asset	Asset quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
INVESTMENT SECURITIES					
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Leases		—	—	—	—
Securities		—	—	—	—
Amounts due from SACE in respect of non-Italian public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other receivables		—	—	—	—
		—	—	—	—
NON-INVESTMENT SECURITIES					
Home mortgage loans		—	—	—	—
Retail/industrial/agricultural mortgage loans		—	—	—	—
Lease instalments	Performing	90,832	—	8,410	99,242
Other receivables	Performing	32,496	5,990	7,310	45,796
Social security contributions		—	—	—	—
		123,328	5,990	15,720	145,038
		123,328	5,990	15,720	145,038

11.8.1b As at 30 June 2004

Underlying asset	Asset quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
INVESTMENT SECURITIES					
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Leases		—	—	—	—
Securities		—	—	—	—
Amounts due from SACE in respect of non-Italian public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other receivables		—	—	—	—
		—	—	—	—
NON-INVESTMENT SECURITIES					
Home mortgage loans		—	—	—	—
Retail/industrial/agricultural mortgage loans		—	—	—	—
Lease instalments	Performing	90,832	—	8,410	99,242
Other receivables	Performing	32,467	5,990	7,310	45,767
Social security contributions		—	—	—	—
		123,299	5,990	15,720	145,009
		123,299	5,990	15,720	145,009

Compass S.p.A.

During the twelve months ended 30 June 2005, Compass sold an additional € 369,773,000 worth of performing loans in connection with its securitization programme, under the terms of which revolving tranches are issued on a quarterly basis until October 2005. In its capacity as servicer, it collected a total of € 431,574,000 on behalf of Quarzo S.r.l., generating management fees of € 609,000.

SelmaBipiemme Leasing S.p.A.

In the year ended 30 June 2005, SelmaBipiemme sold performing receivables worth € 276,366,000 in connection with its securitization programme, under the terms of which revolving tranches were issued on a quarterly basis until April 2005. In its capacity as servicer, SelmaBipiemme collected a total of € 259,048,000 on behalf of Quarzo S.r.l., generating management fees of € 132,000.

11.8.2 *Securities held as a result of securitizations by third parties*

11.8.2a As at 30 June 2005

Underlying asset	Asset quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
INVESTMENT SECURITIES					
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Leases		—	—	—	—
Securities		—	—	—	—
Amounts due from SACE in respect of non-Italian public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other amounts due		—	—	—	—
		—	—	—	—
NON-INVESTMENT SECURITIES					
Home mortgage loans	Performing	3,065	—	—	3,065
Retail/industrial/agricultural mortgage loans		—	—	—	—
Properties	Performing	116,508	24,519	—	141,027
Lease instalments	Performing	32,506	13,843	—	46,349
Other receivables	Non-performing	29,964	—	—	29,964
Social security contributions	Performing	600,291	—	—	600,291
		—	—	—	—
		782,334	38,362	—	820,696
		782,334	38,362	—	820,696

11.8.2b As at 30 June 2004

Underlying asset	Asset quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
INVESTMENT SECURITIES					
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Leases		—	—	—	—
Securities		—	—	—	—
Amounts due from SACE in respect of non-Italian public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other amounts due		—	—	—	—
		—	—	—	—
NON-INVESTMENT SECURITIES					
Home mortgage loans	Performing	5,000	—	—	5,000
Retail/industrial/agricultural mortgage loans		—	—	—	—
Lease instalments	Performing	32,469	13,531	—	46,000
Other receivables	Non-performing	30,803	—	—	30,803
	Performing	64,692	—	—	64,692
Social security contributions		—	—	—	—
		132,964	13,531	—	146,495
		132,964	13,531	—	146,495

12. Assets managed and traded for third parties

12.1 Securities traded

	30/6/05 € '000	30/6/04 € '000
a) PURCHASES:	15,132,153	8,483,967
1. settled	14,349,355	7,823,100
2. pending settlement	782,798	660,867
b) SALES:	15,648,516	8,090,238
1. settled	14,865,718	7,424,466
2. pending settlement	782,798	665,772

12.2 Assets under management

	30/6/05 € '000	30/6/04 € '000
Assets managed on behalf of clients ⁽¹⁾	4,310,000	4,118,490

⁽¹⁾ The Banca Esperia group has assets worth € 6,487,000 under management (30/6/04: € 4,779,000).

12.3 Securities held under custody and administration

	30/6/05 € '000	30/6/04 € '000
a) THIRD PARTIES' SECURITIES HELD:	13,175,355	16,373,087
a/1) <i>under custody</i> ⁽¹⁾	8,770,594	11,303,017
a/2) <i>as trustees</i>	1,031,838	1,008,656
a/3) <i>as collateral</i>	3,372,923	4,061,414
b) THIRD PARTIES' SECURITIES HELD BY THIRD PARTIES	4,549,493	7,367,504
c) OWN SECURITIES HELD BY THIRD PARTIES	8,638,528	7,923,354

⁽¹⁾ The Banca Esperia group has € 1,128,000,000 in securities under administration (30/6/04: € 808,000,000).

C. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. Interest

1.1 Heading 10: *Interest receivable and similar income*

	2004/05 € '000	2003/04 € '000
a) Interest on amounts due from banks <i>of which: amounts due from central banks</i>	101,588 1,779	110,015 1,740
b) Interest on amounts due from customers <i>of which: on loans and advances using third party funds under administration</i>	859,311 —	841,333 —
c) Interest on debt securities	249,322	252,121
d) Other interest receivable	1,921	2,653
e) Surplus on hedging margins	122,478	121,004
	1,334,620	1,327,126

1.2 Heading 20: *Interest payable and similar expenses*

	2004/05 € '000	2003/04 € '000
a) Interest on amounts due to banks	187,925	188,494
b) Interest on amounts due to customers	97,824	106,238
c) Interest on debt securities in issue <i>of which: certificates of deposit</i>	565,772 13,437 ^(†)	599,384 ^(†) 20,110 ^(†)
d) Interest on third party funds held under administration	—	—
e) Interest on subordinated liabilities	—	—
f) Shortfall on hedging margins	—	—
g) Other interest payable	47	82
	851,568	894,198

^(†) Includes commission on deposits.

1.3 *Non-Euro interest and similar income receivable* under Heading 10

	2004/05 € '000	2003/04 € '000
a) Interest receivable and similar income on assets denominated in currencies other than Euros	20,103	27,621

1.4 *Non-Euro interest and similar expenses payable under Heading 20*

	2004/05 € '000	2003/04 € '000
a) Interest payable and similar expenses on liabilities denominated in currencies other than Euros	12,553	13,823

2. Commissions

2.1 Heading 40: *Commissions receivable*

	2004/05 € '000	2003/04 € '000
a) Guarantees given	3,228	3,695
b) Credit derivatives	4,153	3,984
c) Management, trading and advisory services:	124,956	102,610
1. securities dealing	32,869	21,732
2. currency dealing	72	30
3. asset management ⁽¹⁾	4,880	4,207
3.1 private individuals	4,880	4,207
3.2 groups	—	—
4. securities under custody and administration	3,621	3,333
5. bank deposits	—	—
6. securities placing	67,379	51,593
7. procurement of orders	—	6
8. advisory services	2,788	3,857
9. agency fees	13,347	17,852
9.1 asset management	13,347	17,852
9.1.1 private individuals	13,347	17,852
9.1.2 groups	—	—
9.2 insurance products	—	—
9.3 other	—	—
d) Collection and payment services	473	512
e) Securitization servicing	741	617
f) Tax collection and receipt services	—	—
g) Other services:	100,618	114,687
• commissions on loans to customers	57,495	54,482
• advisory fees from clients	37,040	54,822
• other commissions	6,083	5,383
	234,169	226,105

(1) The Banca Esperia group generated fees of € 48,630,000 (30/6/04: € 37,465,000).

2.2 Heading 40: Fees receivable in respect of product and service distribution

	2004/05 € '000	2003/04 € '000
a) On the Bank's own premises	85,606	73,652
1. Asset management ⁽¹⁾	4,880	4,207
2. Securities placing	67,379	51,593
3. Services and products provided by third parties	13,347	17,852
b) Elsewhere	—	—
1. Asset management	—	—
2. Securities placing	—	—
3. Services and products provided by third parties	—	—
	85,606	73,652

⁽¹⁾ The Banca Esperia group generated fees of € 48,630,000 (30/6/04: € 37,465,000).

2.3. Heading 50: Commissions payable

	2004/05 € '000	2003/04 € '000
a) Guarantees received	7	514
b) Credit derivatives	3,952	4,572
c) Management and trading services:	13,224	10,449
1. securities dealing	2,538	1,890
2. currency dealing	—	—
3. asset management	2	2
3.1 own portfolio	2	2
3.2 third parties' portfolios	—	—
4. securities custody and administration	2,535	1,272
5. securities placing	8,149	7,285
6. door-to-door sales of securities, products and services	—	—
d) Collection and payment services	189	182
e) Other services:	73,201	64,726
• commissions and fees on transactions with banks, the Bank of Italy and Ufficio Italiano Cambi	13,928	11,433
• commissions payable to brokers for securities and derivatives trading	3,488	4,086
• commissions payable on facilities	1,248	9,195
• commissions paid to agents ⁽¹⁾	54,537	40,012
	90,573	80,443

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

3. Gains and losses on dealing transactions

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

3.1a Gains (losses) on dealing transactions in the year ended 30 June 2005

	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	10,603 ⁽¹⁾	—	166	10,769
A.2 Writedowns	(21,428) ⁽²⁾	—	(26,201)	(47,629)
B. Other gains (losses)	128,368 ⁽³⁾ ⁽⁴⁾	12,405	(82,322)	58,451
	117,543	12,405	(108,357)	21,591
<i>of which:</i>				
1. <i>Government securities</i>	(22,484)			
2. <i>Other debt securities</i>	171,786			
3. <i>Capital securities</i>	(25,844)			
4. <i>Securities derivatives</i>	(5,915)			

⁽¹⁾ Includes € 6,615,000 relating to fixed-income securities and € 211,000 relating to capital securities.

⁽²⁾ Includes € 20,536,000 relating to fixed-income securities and € 298,000 relating to capital securities.

⁽³⁾ Comprises net gains of € 163,223,000 on fixed-income securities dealing, net losses of € 22,392,000 on capital securities, net negative margins of € 131,028,000 on derivative contracts, and net gains of € 119,867,000 on equities.

⁽⁴⁾ Covered by dividends of € 109,357,000 collected from arbitrage transactions of which € 45,613,000 by Mediobanca and € 63,744,000 by MB Finstrutture - Intersomer.

3.1b Gains (losses) on dealing transactions in the year ended 30 June 2004

	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	23,805 ⁽¹⁾	—	799	24,604
A.2 Writedowns	(51,432) ⁽²⁾	—	7,694	(43,738)
B. Other gains (losses)	(184,058) ⁽³⁾ ⁽⁴⁾	20,970	(47,267)	(210,355)
	(211,685)	20,970	(38,774)	(229,489)
<i>of which:</i>				
1. <i>Government securities</i>	7,834			
2. <i>Other debt securities</i>	(61,125)			
3. <i>Capital securities</i>	(2,836)			
4. <i>Securities derivatives</i>	(155,558)			

⁽¹⁾ Includes € 598,000 relating to fixed-income securities and € 909,000 relating to capital securities.

⁽²⁾ Includes € 22,583,000 relating to fixed-income securities and € 3,536,000 relating to capital securities.

⁽³⁾ Comprises net gains of € 27,548,000 on fixed-income securities dealing, net losses of € 1,244,000 on capital securities, net negative margins of € 171,394,000 on futures contracts, and net gains of € 14,602,000 on options.

⁽⁴⁾ Covered by dividends of € 430,751,000 collected from arbitrage transactions of which € 424,737,000 by Mediobanca and € 6,014,000 by MB Finstrutture - Intersomer.

4. Administrative expenses

4.1. Average number of employees by category

	2004/05 € '000	2003/04 € '000
a) Senior executives	99	89
b) Grade 3 and 4 managers	317	297
c) Other staff	1,118	1,086
	1,534	1,472

4.2 Heading 80: Administrative expenses

	2004/05 € '000	2003/04 € '000
a) PERSONNEL COSTS:		
• wages and salaries	128,949	121,640
• social security charges	32,566	30,559
• severance indemnities	8,057	9,055
• post-retirement benefits	5,509	5,026
	175,081	166,280
b) OTHER ADMINISTRATIVE EXPENSES:		
• outside consultants' fees	34,220	35,370
• share and bond administration	1,924	2,287
• insurances	1,266	976
• advertising	14,074	7,575
• research and publications	2,286	2,327
• donations to charities	496	417
• rent	6,214	5,814
• maintenance, repairs and refurbishment	11,746	10,155
• service lease instalments	1,208	1,047
• stationery	3,472	2,386
• membership subscriptions	625	614
• postal, telephone, fax and telex charges	6,910	5,710
• newspapers, magazines and library acquisitions	1,421	1,270
• travel and entertainment	473	497
• EDP services	6,368	5,858
• financial information subscriptions	17,386	15,946
• expenses in respect of staff employed outside headquarters	7,254	9,063
• sundry administrative expenses	91	213
• Others	11,151	7,514
	128,585	115,039
• indirect taxation and taxes:	—	—
• registration tax on rights issue, "substitutive" and other taxes	29,369 ⁽¹⁾	14,282
Total other administrative expenses	157,954	129,321
	333,035	295,601

(1) Of which € 14,440,000 relating to "substitutive" tax levied on franking of loan loss provision pursuant to Italian Law 342/00.

5. Adjustments, writebacks and transfers to provisions

Heading 90: *Adjustments to tangible and intangible assets*

	2004/05 € '000	2003/04 € '000
a) Intangible assets	1,085	8,093
<i>of which: goodwill</i>	—	4,366
b) Tangible assets:	12,823	12,527
• <i>premises</i>	6,173	6,916
• <i>equipment</i>	717	65
• <i>furniture</i>	5,933	5,546
	13,908	20,620

Heading 100: *Transfers to provision for liabilities and charges*

	2004/05 € '000	2003/04 € '000
Transfers to cover:		
• Legal costs	891	797
• Promotional expenses	378	271
• Specific and probable risks and commitments	151,459	11,148 ⁽¹⁾
	152,728	12,216 ⁽¹⁾

⁽¹⁾ Of which € 6,582,000 (30/6/03: € 5,090,000) to cover possible charges arising in connection with the liquidation of Tradevco.

5.1 Heading 120: *Adjustments to loans and provisions in respect of guarantees and commitments*

	2004/05 € '000	2003/04 € '000
a) Value adjustments to loans	110,106	87,391
<i>of which:</i>		
• <i>lump-sum adjustments for country risk</i>	—	—
• <i>other lump-sum adjustments</i>	38,880	1,970
b) Provisions for guarantees and commitments	—	—
<i>of which:</i>		
• <i>lump-sum provisions for country risk</i>	—	—
• <i>other lump-sum provisions</i>	—	—
	110,106	87,391

Heading 130: *Writebacks of loans and provisions in respect of guarantees and commitments*

	2004/05 € '000	2003/04 € '000
Writebacks of receivables written down in prior years	13,636	9,733

Heading 150: *Adjustments to financial fixed assets*

	2004/05 € '000	2003/04 € '000
a) Losses on investment securities	—	—
b) Losses on equity investments	10,969	26,255
c) Losses on investments in Group undertakings	—	—
	10,969	26,255

Heading 160: *Writebacks to financial fixed assets*

	2004/05 € '000	2003/04 € '000
Writebacks to:		
a) Investment securities	—	6,310
b) Equity investments	67,110	151,917
c) Investments in Group undertakings	—	—
	67,110	158,227

6. Other profit and loss headings

6.1 Heading 70: *Other income from operations*

	2004/05 € '000	2003/04 € '000
Rent received	4,637	3,510
Options exercised to hedge index-linked bonds	22,893	14,041
Tax recovered from clients	9,028	10,090
Income from finance leasing and factoring	50,630	51,882
Expenses recovered	9,628	9,713
Premiums collected on options issued	—	151,069
Other income	48,320	40,348
	145,136	280,653

6.2 Heading 110: *Other operating expenses*

	2004/05 € '000	2003/04 € '000
Premiums on index-linked bonds	22,893	14,041
Expenses incurred on goods on finance leases	32,251	23,633
Premiums paid on options issued	—	148,049
Sundry operating expenses	34	5,225
	55,178	190,948

6.3 Heading 190: *Extraordinary income*

	2004/05 € '000	2003/04 € '000
Gain on disposal of financial fixed assets	39,335	34,550
Gain on sale of tangible fixed assets	71	245
Writebacks of taxation provisions not utilized	—	2,303
Contingent assets and sundry other operating income	18,484	5,303 ⁽¹⁾
	57,890	42,401

⁽¹⁾ Of which € 514,000 in advance tax on new equipment.

6.4 Heading 200: *Extraordinary expenditure*

	2004/05 € '000	2003/04 € '000
Loss on disposal of equity investments and financial assets	330	53,902 ⁽¹⁾
Loss on disposal of tangible fixed assets	—	187
Adjustments on consolidation	—	261
Contingent liabilities and sundry other extraordinary expenditure	5,572	3,164
	5,902	57,514

(1) Covered by dividends received pre-sale amounting to € 56,685,000.

6.5 Heading 240: *Income taxes for the year*

6.5a Year ended 30 June 2005

	Corporate income tax € '000	Local production tax € '000	Other taxes € '000	Total € '000
Current taxes	(73,351)	(21,930)	(2,495)	(97,776)
Increase (decrease) in advance taxes	29,796	806	—	30,602 ⁽¹⁾
Increase (decrease) in deferred taxes	8,747	(366)	—	8,381
Income taxes for the year	(34,808)	(21,490)	(2,495)	(58,793)

(1) Includes € 49,500,000 in respect of the provision made under Heading 100.

6.5b Year ended 30 June 2004

	Corporate income tax € '000	Local production tax € '000	Other taxes € '000	Total € '000
Current taxes	(230,852)	(7,195)	(2,600)	(240,647)
Increase (decrease) in advance taxes	(54,842)	(3,438)	—	(58,280)
Increase (decrease) in deferred taxes	34,635	347	—	34,982
Income taxes for the year	(251,059)	(10,286)	(2,600)	(263,945)

7. Segmental information

7.1 *Income by geographical area*

7.1a Year ended 30 June 2005

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
Interest receivable and similar income	1,030,832	236,255	67,533	1,334,620
Dividends and other income	247,173	6,949	556	254,678
Commissions receivable	163,569	66,971	3,629	234,169
Gain (loss) on dealing transactions	56,940	(47,421)	12,072	21,591
Other operating income	138,579	6,546	11	145,136
	1,637,093	269,300	83,801	1,990,194

7.1b Year ended 30 June 2004

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
Interest receivable and similar income	983,274	314,005	29,847	1,327,126
Dividends and other income	598,490	65,193	9	663,692
Commissions receivable	168,072	54,025	4,008	226,105
Gain (loss) on dealing transactions	(292,399)	68,546	(5,636)	(229,489)
Other operating income	215,127	65,523	3	280,653
	1,672,564	567,292	28,231	2,268,087

D. OTHER INFORMATION

1. Directors and Statutory Auditors

	2004/05 € '000	2003/04 € '000
1.1 Emoluments:		
a) Directors	10,626	8,098
b) Statutory Auditors	120	120
1.2 Loans granted and guarantees given to:		
a) Directors ⁽¹⁾	840,408	319,779
b) Statutory Auditors	—	—

(1) Amounts include transactions with companies in which Directors of the Bank have a beneficial interest, as required by law.

ANNUAL GENERAL MEETING
28 OCTOBER 2005

BUSINESS TO BE TRANSACTED

1. Adoption of accounts for year to 30 June 2005, Directors' and Statutory Auditors' reports, and related resolutions.
2. Election of Directors, after determining their number.

ACCOUNTS OF THE BANK

REVIEW OF OPERATIONS

HIGHLIGHTS

The Bank earned a net profit of € 440.1m in the year under review (30/6/04: € 427.6m), after net writebacks to investment securities based on average prices in the six months ended 30 June 2005 totalling € 60.7m (€ 134.3m), gains on disposals of holdings of € 38.5m (€ 39.1m), and writedowns to derivatives and securities held in treasury amounting to € 28.5m (€ 7.3m). Profit from ordinary operations reflects a 4% rise in interest receivable on loans, from € 140.4m to € 146m, and 9.8% growth in fee income from € 148.4m to € 163m, while the reduced contribution from treasury income, which was down from € 225.1m to € 160.9m, led to a fall in the overall margin on ordinary operations, from € 475.8m to € 453.8m. The reduced tax burden largely reflects changes to the methods whereby income deriving from shareholdings is taxed.

With regard to the main balance-sheet items, loans and advances to customers rose from € 13,324.4m to € 13,995.6m, despite a reduction in back-to-back loans from € 2,560.3m to € 1,598.1m, which also led to a fall in deposits, from € 20,561.2m to € 19,374.6m. Investment securities rose by € 221.5m, after writebacks to the portfolio amounting to € 60.7m. In addition to the transactions listed in the Review of Group operations (see p. 18), minority interests in Compagnie Monégasque de Banque (CMB) were acquired for an outlay of € 93.8m. Net treasury funds employed fell by € 1,889.3m, including forward transactions and movements in other liabilities and assets.

* * *

FINANCIAL HIGHLIGHTS

The Bank's profit and loss account and balance sheet have been condensed and compared on a like-for-like basis with those of the previous two years, and are set out below. It should be noted that some items have been restated for ease of comparison. In particular, in the light of recent changes to reporting requirements, tax credit on dividends has been taken to Taxation for the year, and accelerated depreciation charges have been accounted for under General costs and expenses.

Profit and loss account

	12 mths to 30/6/03	12 mths to 30/6/04	12 mths to 30/6/05
	€ m	€ m	€ m
Interest income.....	334.3	477.6	444.6
Commissions received and other income	168.7	148.4	163.0
General costs and expenses	(148.3)	(150.2)	(153.8)
GROSS MARGIN FROM ORDINARY OPERATIONS ...	354.7	475.8	453.8
Net writedowns to securities and derivatives held in treasury.....	(57.9)	(7.3)	(28.5)
Net gain (loss) on disposal of investment securi- ties	(37.8)	39.1	38.5
Net writebacks (writedowns) to investment se- curities	(185.3) ⁽¹⁾	134.3	60.7
MARGIN BEFORE TAXATION AND PROVISIONS	73.7	641.9	524.5
Provisions for liabilities, charges and loan loss	(50.1)	(33.0)	— ⁽²⁾
Taxation for the year	(37.6)	(181.3)	(84.4)
NET PROFIT (LOSS)	(14.0)	427.6	440.1

⁽¹⁾ Net of advance tax.

⁽²⁾ Includes transfer of € 150m to Provision for liabilities and charges, covered by a parallel withdrawal of € 100.5m from the Provision for general banking risks plus € 49.5m in related deferred tax receivable.

Balance sheet

	30/6/03	30/6/04	30/6/05
	€ m	€ m	€ m
Assets			
Net treasury funds employed	8,796.6	8,427.8	6,538.5
Loans and advances to customers	12,522.0	13,324.4	13,995.6
Investment securities	2,766.3	2,987.7	3,209.2
Property	10.6	11.6	11.6
Other assets	1,964.7	2,188.4	2,032.6
Total assets	<u>26,060.2</u>	<u>26,939.9</u>	<u>25,787.5</u>
Liabilities			
Funding	20,042.6	20,561.2	19,374.6
Provision for liabilities and charges	183.3	244.4	242.6
Other liabilities	1,344.3	1,323.6	1,202.2
Shareholders' equity	4,504.0	4,383.1	4,528.0
Profit (loss) for the period	(14.0)	427.6	440.1
Total liabilities	<u>26,060.2</u>	<u>26,939.9</u>	<u>25,787.5</u>
Memorandum accounts	<u>79,162.0</u>	<u>84,319.5</u>	<u>81,192.6</u>

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

	30/6/03	30/6/04	30/6/05
Regulatory capital (€ m).....	5,144.4	5,408.5	5,799.5
Solvency margin (%).....	21.31	22.11	19.91
Earnings per share (€)	n.s.	0.55	0.55
Net asset value per share (€).....	5.79	5.63	5.70
Price/earnings (%).....	n.s.	18.2	27.4
Price/book value (%).....	1.5	1.6	2.5
Market capitalization (€ m).....	6,834.1	7,784.3	12,278.9
No. of shares in issue (millions).....	778.5	778.6	795.0
Avg. no. of employees in year ended 30/6 ..	379	386	385
Cost/income ratio (%)	29.5	24.0	25.3

REVIEW OF KEY ITEMS

Loans and advances to customers

These break down as follows:

	12 mths to 30/6/03		12 mths to 30/6/04		12 mths to 30/6/05	
	€ m	%	€ m	%	€ m	%
Balance of loans disbursed as at year-start	14,862	100.0	12,522	100.0	13,324	100.0
Movements during the year:						
– disbursements	10,350	69.6	13,375	106.8	11,182	83.9
– repayments	12,690	85.4	12,573	100.4	10,510	78.9
– net disbursements	(2,340)	(15.8)	802	6.4	672	5.0
Balance of loans disbursed as at year-end	12,522	84.2	13,324	106.4	13,996	105.0

The 5% increase in finance disbursed, from € 13,324.4m to € 13,995.6m, rises to 15.2% net of the repayment of several back-to-back loans, which accordingly reduces from € 2,560.3m to € 1,598.1m. Such growth reflects the enhanced contribution to the business by subsidiaries operating in the consumer credit segment, which increased from € 2,419.6m to € 2,781.3m, and the Bank's growing franchise outside Italy, notably France, where the efforts of the Mediobanca Paris branch generated € 339m in loans outstanding at the balance-sheet date.

Total outstandings as at 30 June 2005 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 totalling € 3,952.7m, up 9.4%, broken down as follows:

	€ m
<i>MB Finstrutture - Intersomer</i>	1,171.4
<i>Micos Banca</i>	780.0
<i>Compass</i>	670.0
<i>Palladio Leasing</i>	588.0
<i>Teleleasing</i>	373.5
<i>SelmaBipiemme Leasing</i>	369.8
	3,952.7

As at 30 June 2005, there were ten significant exposures in terms of loan concentration, i.e. above 10% of the Bank's regulatory capital, one fewer than at the same stage last year. According to the permitted risk weightings, these exposures totalled € 10,493m (30/6/04: € 10,688m), or 22.6% (24.7%) of the aggregate limit.

Funding

The € 1,186.6m reduction in deposits chiefly reflects the repayment of back-to-back loans referred to above, which item accordingly fell by € 962.1m.

The heading comprises:

	30/6/03	30/6/04	30/6/05
	€ m	€ m	€ m
Time deposits and current accounts	1,721.4	3,069.8	2,134.0
Bonds and other debt securities	14,653.6	14,663.1	14,491.3
Other funds	3,667.6	2,828.3	2,749.3
	<u>20,042.6</u>	<u>20,561.2</u>	<u>19,374.6</u>

Time deposits and current accounts fell from € 3,069.8m to € 2,134m as a result of the aforementioned € 927m reduction in back-to-back loans, plus a decrease of € 113.4m in certificates of deposit. Current accounts rose by € 104.6m.

Bonds and other debt securities rose from € 14,663.1m to € 14,491.3m after € 2,780.4m in new issues and interest accruals, and € 2,952.2m in conversions, redemptions (including early redemptions) and exchange rate adjustments. Almost three-quarters of the new issues involved securities linked to real and financial indicators, such as interest rates, share prices and stock indices, investment funds and inflation, and foreign currencies. The balance is made up of plain vanilla products.

Other funds fell by € 79m, following the reduction in funds raised by Mediobanca International from € 1,686.8m to € 1,561.6m, and the decline in funds raised from banks and customers, which reduced from € 430.7m to € 395.5m. Conversely, EIB funding rose from € 710.8m to € 792.2m.

Treasury accounts

This item comprises:

	30/6/03	30/6/04	30/6/05
	€ m	€ m	€ m
Cash and bank balances	195.5	131.0	124.4
Fixed-income securities	7,098.2	6,128.6	8,594.3
Equities	1,179.6	2,565.0	756.9
Other treasury funds employed	323.3	(396.8)	(2,937.1)
	<u>8,796.6</u>	<u>8,427.8</u>	<u>6,538.5</u>

The item Cash and bank balances includes € 67.5m in current account balances at banks, and € 56.8m in our compulsory reserve.

Fixed-income securities rose by € 2,465.7m from € 6,128.6m to € 8,594.3m. As at 30 June 2005, almost 60% of the portfolio consisted of government securities, 3.9% of Mediobanca bonds, and the balance of sundry other securities.

Equities totalled € 756.9m, down € 1,808.1m from last year, chiefly involving arbitrage transactions already settled.

The item Other treasury funds employed comprises repo trading involving lendings (including securities) amounting to € 2,541.4m and borrowings totalling € 1,890m, technical shortfalls of € 1,768.1m, and deposits of € 1,820.4m, € 1,279.4m of which were received as collateral in respect of derivative contracts.

Movements in the treasury securities portfolio are shown in Table B. Overall the portfolio, including derivatives and arbitrage transactions delivered a gain of € 160.9m. As at the balance-sheet date, net writedowns of € 28.5m were charged, including exchange rate adjustments, and unrealized gains at the same date amounted to € 203.6m, € 94.7m of which involved derivatives and technical shortfalls.

Investment securities

These consist of:

	30/6/03	30/6/04	30/6/05
	€ m	€ m	€ m
Bonds and other debt securities	77.3	76.7	—
Other investments	2,570.3	2,514.5	2,719.0
Investments in Group undertakings	118.7	396.5	490.2
Total investment securities	<u>2,766.3</u>	<u>2,987.7</u>	<u>3,209.2</u>

Movements involved purchases and subscriptions of € 340.8m and divestments of € 135.3m, yielding a net gain of € 38.5m. In addition to the movements described in the Review of Group operations, minority interests in CMB were bought out, involving an outlay of € 93.8m. The composition of the Bank's investment portfolio, the movements therein during the period under review, and the related writedowns charged at 30 June 2005, are set out in Table C. Based on average prices in the six months ended 30 June 2005, there was surplus of market over book value amounting to € 3,867.7m (€ 4,202m based on prices and holdings at the time of writing).

The performance of the other Group subsidiaries not mentioned in the Review of Group Operations is described briefly below:

— *MB Finstrutture - Intersomer S.p.A.*, Milan

This company earned a profit of € 12.8m (30/6/04: € 3.9m), after one-off gains of € 13m resulting from the reversal of provisions made solely to comply with tax regulations. In terms of ordinary operations, MB Finstrutture - Intersomer recorded treasury gains of € 4.2m (€ 4.7m), commissions and other income of € 2.5m (€ 4.2m), overheads of € 3.4m (€ 4.2m), and writedowns to holdings amounting to € 0.5m (€ 0.6m).

Lendings amounted to € 423.9m (€ 899.1m), applications of treasury funds to € 608.4m (€ 132.2m), and investment securities to € 196.6m (€ 197.6m).

The company employs 13 staff.

On 13 May 2005, the Board of Directors approved plans to merge MB Finstrutture - Intersomer into Mediobanca, with effect for accounting and tax purposes from 1 July 2005.

— *Mediobanca International Limited*, Grand Cayman

In the year ended 30 June 2005, Mediobanca International earned a profit of € 6m (30/6/04: € 6.2m). At the balance-sheet date, total deposits amounted to € 1,662.7m (€ 1,798.7m), while the company's net worth stood at € 67.1m (€ 60.9m).

Mediobanca International employs two staff.

— *Prominvestment S.p.A.*, Rome (70% owned)

This company's accounts for the year ended 30 June 2005 reflect a profit of € 61,000, compared with a loss of € 125,000 twelve months previously. Commissions received and other income rose from € 2.5m to € 3.3m.

The company employs eight staff.

— *R. & S. - Ricerche e Studi S.p.A.*, Milan

This subsidiary's accounts for the year to 30 April 2005 show an even balance, after charging Mediobanca € 1.6m (30/4/04: € 1.6m) for services and expenses.

In the year under review, R&S produced updated versions of all its annual works. Entries on all the leading Italian groups were published in electronic format via the internet, and those for the largest listed groups were included in the Annual Directory, now in its twenty-ninth edition. R&S also issued the tenth edition of its survey of industrial and service-sector multinationals, the third issue of its survey of leading international banks, plus its usual quarterly surveys of listed companies' accounts. On behalf of Unioncamere, it also developed a credit scoring model for small and medium-size Italian businesses.

R&S employs 13 staff.

— *Technostart S.p.A.*, Milan (69% owned)

This company's accounts for the twelve months ended 30 June 2005 reflect a loss of € 37,000 (30/6/04: € 29,000).

Technostart has no employees.

- *Tradevco*: in accordance with the terms of the liquidation procedure agreed with the Central Bank of Liberia, the process of settling Tradevco's liabilities is now largely complete.

Table E provides the restated accounts for each individual Group company.

Net fixed assets

These consist of:

- Property, carried at a book value of € 26.3m, and depreciated as to € 14.7m. Regarding the properties acquired under leases via Group subsidiary SelmaBipiemme, there are leases outstanding on the premises opposite the Bank's head offices in Via Filodrammatici in Milan, with principal outstanding of € 24.8m falling due in 51 months, and the garage below the same premises, with principal outstanding of € 2.1m expiring in 95 months;
- Furniture and intangible assets, consisting of furniture, office machines, 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, which this year has resulted in a € 1.6m charge to profit and loss.

Provisions for liabilities and charges

These comprise:

- the Provision for taxation, amounting to € 79.6m;
- the Staff termination indemnity provision, amounting to € 13m. This covers all indemnities due to our staff as at 30 June 2005;
- the Provision for liabilities and charges, which has been established in an amount of € 150m to cover hypothetical risks not connected to the Bank's lending activities, by means *inter alia* of a withdrawal from the Provision for general banking risks, as described below.

Shareholders' funds, regulatory capital and solvency margin

The Bank's net worth of € 4,528m (30/6/04: € 4,383.1m) includes:

- share capital amounting to € 397.5m, up € 8.2m following exercise of stock options;
- reserves and retained earnings amounting to € 3,272.4m, up € 237.2m. These consist of:
 - the Legal reserve, unchanged at € 77.9m, and the Statutory reserve now standing at € 1,004.6m, up € 111.2m to reflect the profit allocation approved by shareholders in Annual General Meeting on 28 October 2004;
 - the Share premium reserve of € 1,933.3m, up € 126m following exercise of stock options;
 - a Surplus arising on merger of € 249m, unchanged;
 - the Revaluation reserves pursuant to Italian Laws 72/83 and 413/91, both unchanged at € 7.6m;
 - the Provision for general banking risks, amounting to € 858.1m, up € 219.1m.

Measures implemented in pursuance of Italian Legislative Decree 6/03 (the so-called "Vietti law") have led to the loan loss provision as at 30 June 2004, which amounted to € 319.6m, being taken to profit and loss as an extraordinary item. In conformity with current regulations, potential deferred tax has not been recognized, on the grounds that such amounts are unlikely to be taxed in the future. In order to safeguard the Group's asset base adequately, an equivalent amount has been set aside to the Provision for general banking risks, less € 100.5m transferred to the Provision for Liabilities and charges, as referred to above.

Regulatory capital rose to € 5,799.5m, up € 391m from the figure recorded at 30 June 2004, after the proposed profit allocation for the year.

* * *

Assets included in the accounts being submitted to your approval which are subject to monetary revaluations are listed in Table G.

* * *

Interest income

	12 mths to 30/6/03	12 mths to 30/6/04	12 mths to 30/6/05
	€ m	€ m	€ m
Interest receivable.....	747.3	614.3	599.4
Less cost of funding	(595.8)	(473.9)	(453.4)
Interest receivable on loans	151.5	140.4	146.0
Income from treasury transactions ..	103.3	225.1	160.9
Dividends	79.5	112.1	137.7
Net interest income	334.3	477.6	444.6

Net interest income fell from € 477.6m to € 444.6m, as a result of the decline in treasury income referred to above, which reduced from € 225.1m to € 160.9m. Conversely, there was a sizeable increase in dividend income, from € 112.1m to € 137.7m, and despite the ongoing weakness in market rates, a rise of 4% in interest receivable on loans, from € 140.4m to € 146m, as a result of higher business volumes.

Commissions received and other income

The main items comprised under this heading are: € 154.5m (30/6/04: € 143m) in fee income generated from corporate and investment banking activities, € 4.2m (€ 3.1m) in rent received, € 2.7m (€ 1.6m) in expenses recovered from clients, and € 1.6m (€ 0.7m) in other income.

General expenses

The main items under this heading, which at € 153.8m was up slightly from last year (30/6/04: € 150.2m), were as follows:

- bank charges of € 3.5m (€ 4.3m);

- labour costs of € 80.3m (€ 79.1m);
- sundry expenses of € 70m (€ 66.8m), the main items in which were: EDP and financial information subscriptions of € 15.2m (€ 14.5m); outside service fees of € 14.9m (€ 13.9m), which includes fixed fees payable to members of the Board of Directors; rent, equipment leasing and maintenance charges of € 7.8m (€ 6.2m); ordinary lease instalments and ancillary charges on the Bank's premises in Via Filodrammatici in Milan amounting to € 7.1m (€ 10.4m); share and bond administration expenses of € 4.8m (€ 5.7m); sundry taxes net of rebates amounting to € 3.3m (€ 2.4m); stationery, printing and utility charges of € 3.1m (€ 1.8m); travel and entertainment expenses amounting to € 2.8m (€ 2.4m); ordinary depreciation charges of € 2.4m (€ 2.7m); research and publication costs of € 2.3m (€ 2.3m); and contingent and sundry liabilities of € 0.7m (€ 0.5m).

Taxation for the year

The reduction in the tax burden this year reflects the changes to the methods whereby income deriving from shareholdings is taxed, as mentioned above. As in previous years, deferred tax payable in respect of transfers to loan loss provision pursuant to Article 106 of the Italian Consolidated Income Tax Law has not been recognized, on the basis that such amounts are unlikely to be taxed in the future.

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 are based on individual analysis, which builds on adequate, and often extensive, knowledge of the borrower's business, assets and management, as well as the macro-economic background in which it operates. Where possible, covenants are incorporated into the terms and conditions of loans (on the basis *inter alia* of the maturity and average size of the facilities concerned) 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, and 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 30 June 2005	98,368
Total loans granted during the period (a)	105,140
Bad debts written off during the period (b)	2.6 (*)
% (b):(a)	<u>0.002</u>

(*) 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 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 calculated based on the same assumptions using both the Monte Carlo simulation ⁽²⁾ and historical simulation ⁽³⁾ models.

At the balance sheet date, VaR in respect of market risk was equivalent to € 5.2m, slightly higher than the € 4.8m recorded at 30 June 2004. Conversely, the expected shortfall ⁽⁴⁾ was down from over € 12m to under € 10m, reflecting the portfolio's reduced exposure to extreme events.

⁽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.

Value at risk and expected shortfall

Risk factor	30/6/05 (€ '000)	30/6/04 (€ '000)
Interest rates	2,237	1,633
Equities	4,487	4,376
Exchange rates	754	461
<i>Diversification effect</i> (*)	(2,309)	(1,703)
TOTAL	5,169	4,767
<i>Expected shortfall</i>	9,588	12,276

(*) Resulting from mismatch between risk factors.

The increase in the year-end figure is chiefly due to the interest rate component, which rose from € 1.6m to € 2.2m, as a result of the Bank's more widespread exposure to bond markets against a backdrop of low volatility. Risk linked to equities was stable, at € 4.5m (30/6/04: € 4.4m), while exchange rate risk remained low.

The Bank's prudent approach to portfolio management, allied to the low volatility levels recorded on markets, led to a fall in the average reading of VaR in the year under review, and also a reduction in the range of readings for this indicator. The average daily VaR reading in the twelve months went from € 6m to € 4.7m, while the high for the period was € 9.5m and the low € 1.3m, compared with € 9.7m and € 3.4m respectively one year previously.

Table F as usual shows all our open positions in derivatives at the balance-sheet date, together with information on their credit quality as required by Bank of Italy regulations. Gross positive fair value rose by 23.3%, from € 538.2m to € 663.7m, chiefly due to the upturn on equity markets and the reduction in interest rates; bearing in mind existing offset agreements, the Bank's current credit exposure in positions outstanding reduces to € 499.1m. The credit equivalent amount falls from € 431.8m to € 422.9m, owing to a redistribution of exposures to banking counterparties and to changes in methods of classifying certain categories of derivatives ahead of adoption of the new international financial reporting standards.

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

Regarding the claims brought against Mediobanca jointly and severally with the other parties involved for what is purported to be their failure to launch a full takeover bid for La Fondiaria in 2002, a first-degree ruling in respect of one such claim was issued in May 2005, ordering Mediobanca and Fondiaria-SAI to reimburse the sum of € 3.4m plus legal fees and interest. An appeal against this ruling is currently pending.

* * *

With regard to the Bank's securities trading operations, a total of 119.9 million Mediobanca shares were purchased on behalf of clients worth a total of € 1,464.5m.

Staff and stock option schemes

The Bank's staff, who deployed their skills with their customary diligence and professionalism during the period under review, numbered 383 at the balance-sheet date, three fewer than the 386 recorded as at 30 June 2004. The staff now comprise 60 senior executives, 140 grade 3 or 4 managers, and 183 clerical staff.

Details of the stock option schemes currently operated, which also include staff at other Group companies, are given below:

	No. of options	Avg. strike price €
Options outstanding at start of financial year ...	34,435,500	8.22
Options granted	9,135,000	9.95
Options lapsed	133,750	9.44
Options exercised	16,373,000	8.20
Options outstanding at end of financial year	27,063,750	8.82
<i>Of which: exercisable</i>	<i>3,682,500</i>	<i>8.48</i>

The schemes provide for options to be exercised over a period of ten years, vesting between twelve and thirty-six months.

Credit rating

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

Research

On the research side, work has continued as in the past on company and capital market surveys.

Related party disclosure

Financial accounts with such parties outstanding as at 30 June 2005 and movements therein during the period under review are summarized below:

	30 June 2004		30 June 2005	
	Group under-takings	Other related parties	Group under-takings	Other related parties
	€ m	€ m	€ m	€ m
Assets	3,667.2	4,397.7	3,977.2	3,624.1
Liabilities	1,851.8	244.3	1,717.9	129.5
Guarantees and commitments	4,860.8	1,660.6	4,284.7	1,400.8
Interest receivable	101.0	170.9	109.5	137.3
Interest payable.....	(96.7)	(14.9)	(71.6)	(7.8)
Net fee income.....	(0.2)	51.9	(1.6)	29.6
Other income (costs)	(7.3)	(18.3)	4.8	20.9

Further details of accounts maintained with consolidated companies are contained in Table 3.2 of Part B of the Notes to the Accounts. 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.

OUTLOOK

For the new financial year, the Bank's results from ordinary operations are expected to be in line with the performance recorded in the past twelve months, save for treasury operations and fee income from wholesale banking activities, which at this stage are difficult to predict. The Bank's equity investment portfolio will depend on the performance of stock markets, which as always is uncertain.

PROPOSALS TO SHAREHOLDERS

The net profit for the year was € 440,053,899.19. We propose the following allocation of profit:

- € 1,775,675.00: to the Legal reserve, taking this to € 79.7m, or 20% of the Bank's share capital;
- € 49,640,633.17: to the Statutory reserve, which accordingly will amount to € 1,054.3m;
- € 382,364,839.20: to be paid out by way of a dividend equal to € 0.48 per share on the 796,593,415 shares in issue as at 12 September 2005.

* * *

If such proposals are adopted, the Bank's net worth will amount to € 4,594.1m, and its regulatory capital to € 5,799.5m.

Accordingly, you are invited to approve the following appropriation of profit:

Net profit for the year	€	440,053,899.19
To the Legal reserve	€	1,775,675.00
To the Statutory reserve.....	€	49,640,633.17
Dividend of € 0.48 per share on 796,593,415 shares in issue	€	382,364,839.20

Directors' fees:

— fees due under Article 30 of the Bank's Articles of Association	7,772,751.82	
— less fixed fees due under Article 18 of the Bank's Articles of Association	1,500,000.00	€
		<u>6,272,751.82</u>

The shares will go ex-dividends on 21 November 2005, and the € 0.48 per share dividend will be payable as of 24 November 2005.

* * *

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.

Axel von RUEDORFFER has also left his post as director, and we should like to offer our thanks to him for the unswerving support he has given the Bank over the years.

The terms of office of directors Carlo SALVATORI, Gilberto BENETTON, Antoine BERNHEIM, Carlo BUORA, Giancarlo CERUTTI, Carlo PESENTI and Alessandro PROFUMO have expired, as have those of Fabrizio PALENZONA and Eric STRUTZ, who were co-opted to the Board in the course of the financial year.

You are invited to elect Directors accordingly.

* * *

Milan, 12 September 2005

THE BOARD OF DIRECTORS

STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT

as required by Article 153 of Italian Legislative Decree 58/98

The following is a review of the Statutory Audit Committee's activities in the year to 30 June 2005, in accordance with Article 153 of Italian Legislative Decree 58/98.

Inspection of Mediobanca's accounts and statutory and consolidated financial statements under the foregoing Legislative Decree is the responsibility of external auditors Reconta Ernst & Young S.p.A., and reference is made to their reports contained herein for further information in this regard.

The external auditors' reports raise no matters of major significance, and the report on the financial statement of Mediobanca contains a statement for information purposes regarding which we have no comment to make.

During the year under review, we have carried out our supervisory duties as required by law, in accordance with Bank of Italy and Consob regulations and in line with the guidance for Statutory Audit Committee members drawn up by the Italian association of chartered and ordinary accountants.

On the basis *inter alia* of instructions contained in a statement issued by Consob on 6 April 2001 as subsequently amended, we hereby inform you that we have:

- met on six occasions;
- taken part in seven Board meetings and eight Executive Committee meetings held in the course of the year under review;
- received from the Directors during the course of the above meetings the information contemplated under Article 26 of the Bank's Articles of Association concerning the business and most significant financial transactions carried out by the Company and its subsidiaries;

- ascertained that transactions involving potential conflicts of interest have all been approved in accordance with legal and statutory requirements;
- duly noted that no atypical or unusual transactions have taken place;
- noted that no ordinary intra-group transactions or transactions involving related parties have been entered into which are counter to, or otherwise not in accordance with, the interests of the Company (such transactions are illustrated in the operating reviews and accompanying schedules);
- noted that the instructions required by the second paragraph of Article 114 of Italian Legislative Decree 58/98 have duly been transmitted to all Group companies;
- appraised the Company's internal control, administrative and accounting systems, and found them to be adequate to ensure the smooth running of its business and accurately reflect the state of its operations, on the basis of information received from managerial staff, regular reports prepared by the Bank's internal audit function, regular meetings with the Bank's external auditors involving a two-way exchange of data and information, and participation in Internal control committee meetings;
- monitored the implementation of organizational measures linked to developments in the Company's business;
- noted the existence of a fairness opinion regarding the criteria for determining the issue price of shares in respect of increases in the company's share capital reserved to directors of the Bank vested with particular duties, which was issued by the external auditors in October 2004 pursuant to Article 158 of Italian Legislative Decree 58/98 in respect of a total amount of € 50,000;
- noted that no further mandates have been granted to the external auditors;
- noted that no mandates have been granted to parties linked on a permanent basis to the external auditors.

We have received no complaints or other similar statements of the kind contemplated under Article 2408 of the Italian Civil Code.

With regard to the question of corporate governance, we would point out that Mediobanca seeks to comply with guidance given in the Code of Conduct for Listed Companies on the terms set out in the Directors' statement, which has recently been updated and made available for your information.

As required by the second paragraph of Article 153 of Italian Legislative Decree 58/98, we recommend that the accounts for the year and the proposed dividend payout be adopted.

* * *

The terms of office of Directors Gilberto BENETTON, Antoine BERNHEIM, Carlo BUORA, Giancarlo CERUTTI, Carlo PESENTI, Alessandro PROFUMO and Carlo SALVATORI have all expired, as have those of Fabrizio PALENZONA and Eric STRUTZ, who were co-opted to the Board of Directors in the course of the financial year under review. You are invited to elect Directors accordingly.

Milan, 4 October 2005

STATUTORY AUDIT COMMITTEE

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Pursuant to Article 156 of Legislative Decree n. 58 of 24 February 1998

(Translation from the original Italian text)

To the Shareholders of
Mediobanca S.p.A.

1. We have audited the financial statements of Mediobanca S.p.A. as of and for the year ended 30 June 2005. These financial statements are the responsibility of Mediobanca S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements 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 financial statements 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 financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the audit opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to our report dated 22 September 2004.

3. In our opinion, the financial statements of Mediobanca S.p.A. as of and for the year ended 30 June 2005 comply with Italian regulations governing financial statements; accordingly, they clearly present, and give a true and fair view of the financial position of Mediobanca S.p.A. as of 30 June 2005, and the results of its operations for the year then ended.
4. During the year ended 30 June 2005, the Bank eliminated the effects of "tax interference" in compliance with Legislative Decree n. 6 of 17 January 2003, as further illustrated in the review of operations and in the notes to the financial statements.

Milan, 22 September 2005

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

Accompanying Schedules

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) Writebacks € '000	Holding at 30/6/05 € '000	Value based on avg. share prices in 1 month prior to 30/6/05 € '000	Gain € '000
Government securities denominated in currencies other than the Euro ⁽¹⁾	—	751,443	753,663	6,658	(1,766)	(2,672)	—	—	—
Euro-denominated government securities ⁽¹⁾	3,745,879	45,539,100	44,333,607	89,277	—	(10,676)	5,029,973	5,044,082	14,109
Bonds denominated in Euros and other Eurozone currencies	2,378,636	8,489,073	7,370,365	63,395	—	(589)	3,560,150	3,607,887	47,737
Bonds denominated in non-Eurozone currencies ...	4,114	32,602	32,628	25	22	—	4,135	4,597	462
	<u>6,128,629</u>	<u>54,812,218</u>	<u>52,490,263</u>	<u>159,355</u>	<u>(1,744)</u>	<u>(13,937)</u>	<u>8,594,258</u>	<u>8,656,566</u>	<u>62,308</u>
Arbitrage/derivative transactions and technical shortfalls				(197,012)		(31,083)			120,044
TOTAL (A)				<u>(37,657)</u>		<u>(45,020)</u>			<u>182,352</u>
Non-investment equities	<u>2,564,976</u>	<u>6,915,358</u>	<u>8,727,890</u>	<u>2,478</u>	<u>2,210</u>	<u>(211)</u>	<u>756,921</u>	<u>803,532</u>	<u>46,611</u>
Arbitrage/derivative transactions and technical shortfalls				196,054		11,392			(25,378)
TOTAL (B)				<u>198,532</u>		<u>11,181</u>			<u>21,233</u>
GRAND TOTAL (A+B)				<u>160,875</u>		<u>(33,839)</u>			<u>203,585</u>

⁽¹⁾ Issued by sovereign states.

TABLE C

MOVEMENTS IN INVESTMENT SECURITIES

	Opening balance			Purchased and subscribed		Sold		Other movements (§)			Closing balance			Avg price in six months to 30/6/05 (§) € '000	Gain € '000	
	Number	% (*)	Amount € '000	Number	Amount € '000	Number	Amount € '000	Number	Amount € '000	Gain (Loss) € '000	(Writedowns) Writebacks € '000	Number	% (*)			Amount € '000
BONDS (*) AND OTHER SECURITIES																
Telecom Italia 1.5% 2001-2010 convertibles with redemption premium	59,037	—	73,700	—	—	—	—	(59,037)	(73,700) (²)	—	—	—	—	—	—	
DueMme SICAV, Luxemburg	—	—	3,036	—	—	—	3,243	—	—	207	—	—	—	—	—	
			<u>76,736</u>		<u>—</u>		<u>3,243</u>		<u>(73,700)</u>	<u>207</u>	<u>—</u>			<u>—</u>	<u>—</u>	
EQUITY INTERESTS																
SHARES LISTED IN ITALY																
Assicurazioni Generali	162,937,892	12.77	741,469	397,167	8,320	—	—	—	—	—	—	163,335,059	12.80	749,789	4,076,843	3,327,054
Capitalia	9,500,000	0.43	22,145	—	—	9,500,000	26,152	—	—	4,007	—	—	—	—	—	
Fiat, ordinary	21,152,587	2.64 ÷ 2.15	126,323	—	—	—	—	—	—	—	(5,246)	21,152,587	2.64 ÷ 2.15	121,077	121,077	—
Finmeccanica	82,380,000	0.98	53,868	—	—	—	—	—	—	—	7,505	82,380,000	0.98	61,373	61,373	—
Fondiarria-SAI, ordinary	2,574,500	1.99 ÷ 1.51	34,189	—	—	—	—	—	—	—	—	2,574,500	1.98 ÷ 1.50	34,189	53,138	18,949
Fondiarria-SAI 2002-2008 warrants	5,115,600	—	12,603	—	—	—	—	(5,115,600)	(12,603) (³)	—	—	—	—	—	—	
Gemina, ordinary	46,132,781	12.66 ÷ 12.53	35,702	—	—	—	—	—	—	—	20,026	46,132,781	12.66 ÷ 12.53	55,728	55,728	—
GIM, ordinary	1,661,932	2.79 ÷ 2.27	1,855	4,046,262	4,046	—	—	—	(50) (⁴)	—	15	5,708,194	2.69 ÷ 2.53	5,866	5,954	88
GIM 2005-2008 warrants	—	—	—	—	—	—	—	2,023,146	50 (⁴)	—	70	2,023,146	—	120	474	354
Italmobiliare, ordinary	2,106,888	9.50 ÷ 5.47	34,593	—	—	—	—	—	—	—	—	2,106,888	9.50 ÷ 5.47	34,593	111,559	76,966
Mediolanum	14,300,000	1.97	80,209	—	—	—	—	—	—	—	(3,518)	14,300,000	1.97	76,691	76,691	—
Pininfarina	317,625	3.41	2,985	—	—	—	—	—	—	—	—	317,625	3.41	2,985	7,277	4,292
Pirelli & C., ordinary	125,513,500	3.77 ÷ 3.63	92,338	107,488,359	74,470	—	—	—	4,833 (⁵)	—	—	233,001,859	4.50 ÷ 4.38	171,641	216,319	44,678
Pirelli & C. 2003-2006 warrants	94,135,125	—	4,252	6,451,537	581	—	—	(100,586,662)	(4,833) (⁵)	—	—	—	—	—	—	—
Ratti	2,860,000	9.17	1,411	—	—	—	—	—	(115) (⁶)	—	240	2,860,000	9.17	1,536	1,536	—
Ratti rights	—	—	—	—	—	—	—	2,860,000	115 (⁶)	—	—	2,860,000	—	115	115	—
RCS MediaGroup, ordinary	75,478,851	10.30 ÷ 9.90	126,464	28,627,154	127,237	—	—	—	—	—	—	104,106,005	14.21 ÷ 13.66	253,701	511,681	257,980
Telecom Italia, ordinary	163,375,000	1.58 ÷ 1.01	408,471	15,250,000	37,429	—	—	27,839,069	73,700 (²)	—	30,668	206,464,069	1.54 ÷ 1.06	550,268	583,055	32,787
			<u>1,778,877</u>		<u>252,083</u>		<u>26,152</u>		<u>61,097</u>	<u>4,007</u>	<u>49,760</u>			<u>2,119,672</u>	<u>5,882,820</u>	<u>3,763,148</u>
SHARES LISTED OUTSIDE ITALY																
Ciments Français, Paris	4,374,215	11.46	147,314	—	—	1,150,000	79,100	(700,000)	(32,062) (³)	26,426	—	2,524,215	6.58	62,578	165,316	102,738
Commerzbank, Frankfurt	6,975,000	1.17	102,602	—	—	3,487,500	52,725	—	—	1,424	7,951	3,487,500	0.58	59,252	59,252	—
Koenig & Bauer Albert, Würzburg, ordinary	760,000	4.70	12,312	—	—	—	—	—	—	—	—	760,000	4.69	12,312	14,174	1,862
			<u>262,228</u>		<u>—</u>		<u>131,825</u>		<u>(32,062)</u>	<u>27,850</u>	<u>7,951</u>			<u>134,142</u>	<u>238,742</u>	<u>104,600</u>

TABLE C (cont.)

	Opening balance			Purchased and subscribed		Sold		Other movements (§)		Gain (Loss) € '000	(Writedowns) Writebacks € '000	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	—	—	—	—	—	—	—	3,606	12,125,000	48.50	22,665
Cartiere Burgo	87,442,365	22.13	54,630	—	—	—	—	—	—	—	—	87,442,365	22.13	54,630
Ferrari	1,120,000	14.—	319,200	—	—	—	—	—	—	—	—	1,120,000	14.—	319,200
Focus Gestioni	—	—	—	40,000	40	—	—	—	—	—	—	40,000	2.—	40
Clessidra Fund <i>stock units</i>	500	4.46	375	—	2,442 ⁽⁷⁾⁽⁸⁾	—	—	—	—	—	(440)	500	3.05	2,377
Fidia	7,500	25.—	3,803	—	—	—	—	—	—	—	(28)	7,500	25.—	3,775
Istituto Europeo di Oncologia	8,595	15.—	8,595	—	—	—	—	—	—	—	508	8,595	15.—	9,103
Lucchini	500,000	4.72	6,104	—	—	500,000	12,501	—	—	6,397	—	—	—	—
Lucchini <i>warrants</i>	763,889	—	—	—	—	—	—	(763,889)	— ⁽⁹⁾	—	—	—	—	—
Nomisma	100,000	0.69	29	—	—	—	—	—	—	—	—	100,000	0.69	29
Zetesis	49,400	10.—	49	—	—	—	—	(21,085)	— ⁽¹⁰⁾	—	(21)	28,315	10.—	28
Alice Lab Netherlands B.V., Amsterdam	75,000	8.19	620	—	1,875 ⁽⁷⁾	—	—	—	—	—	(592)	75,000	8.19	1,903
Athena Private Equity class A, Luxembourg	6,114,460	24.46	45,336	—	(12,219) ⁽⁸⁾	—	—	—	—	—	614	6,114,460	24.46	33,731
EuroQube S.A., Brussels	18,758	4.94	1,734	—	—	—	—	—	—	—	(397)	18,758	4.94	1,337
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.—	13,305	—	2,850 ⁽⁷⁾	—	—	—	—	—	(14)	22,500	45.—	16,141
Fondo Saturn Venture, New York in USD	1,508,144	5.35	483	(53,545)	(42) ⁽⁸⁾	—	—	—	—	—	(245)	1,454,599	5.35	196
Satif, Monte Carlo	1,850	3.87	3	—	—	—	—	—	—	—	—	1,850	3.87	3
S.W.I.F.T., La Hulpe	1	—	2	—	—	—	—	—	—	—	—	1	—	2
			<u>473,358</u>		<u>(5,054)</u>		<u>12,501</u>		<u>—</u>	<u>6,397</u>	<u>2,991</u>			<u>465,191</u>
INVESTMENTS IN GROUP UNDERTAKINGS														
Compagnie Monégasque de Banque, Monte Carlo	342,427	61.64	277,740	213,111	93,769	2	—	—	—	—	—	555,536	100.—	371,509
Technostart	1,380,000	69.—	451	—	—	—	—	—	—	—	(25)	1,380,000	69.—	426
Others (see Table D)	—	—	118,285	—	—	—	—	—	—	—	—	—	—	118,285
			<u>396,476</u>		<u>93,769</u>		<u>—</u>		<u>—</u>	<u>—</u>	<u>(25)</u>			<u>490,220</u>
GRAND TOTAL			<u>2,987,675</u>		<u>340,798</u>		<u>173,721</u>		<u>(44,665)</u>	<u>38,461</u>	<u>60,677</u>			<u>3,209,225</u>
									Other net income	—				
									Total net gain on sale of investment securities	38,461				

(§) 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) Nominal value in € '000.

(2) Bonds converted into shares.

(3) Securities transferred to treasury portfolio.

(4) Ex-rights following subscription to rights issue.

(5) Exercise of warrants.

(6) Ex-rights following subscription to rights issue.

(7) Capital call on shares held.

(8) Redemption.

(9) Securities cancelled.

(10) Share capital reduced to cover losses incurred.

TABLE D

INVESTMENTS IN GROUP UNDERTAKINGS
(figures in Euros unless otherwise stated)

	Share capital	Par value per share	No. of shares held	Equity interest %	Par value € '000 LRD'000	Book value € '000
(*) COMPASS S.p.A., Milan	87,500,000	5	17,500,000	100	87,500	77,985
(*) COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A. Monte Carlo	111,100,000	200	555,536	100	111,107	371,508
(*) MB FINSTRUTTURE - INTERSOMER S.p.A., Milan	6,500,000	0.50	13,000,000	100	6,500	32,700
(*) MEDIOBANCA INTERNATIONAL LTD, Grand Cayman	10,000,000	1	10,000,000	100	10,000	6,002
(*) PROMINVESTMENT S.p.A., Rome	743,000	0.52	1,000,000	70	520	819
(*) PRUDENTIA FIDUCIARIA S.p.A., Milan.....	100,000	5	20,000	100	100	103
RICERCHE E STUDI S.p.A., Milan	100,000	5	20,000	100	100	103
SADE FINANZIARIA S.r.l., Milan	25,000		1	100	25	25
(*) SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A., Milan	500,000	5	100,000	100	500	522
(*) SPAFID S.p.A., Milan	100,000	10	10,000	100	100	26
(*) TECHNOSTART S.p.A., Milan	1,000,000	0.50	1,380,000	69	690	426
(*) TRADEVCO LTD, Monrovia, in liquidation	LRD 80,000,000	LRD 16,000	3,000 ⁽¹⁾	60	LRD 48,000 ⁽²⁾
						<u>490,219</u>

(*) Member of the Mediobanca Banking Group.

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

⁽²⁾ Written down to a token value of € 1.

TABLE D (cont.)

	Parent company	Share capital	Par value per share	No. of shares held	Equity interest %	Par value € '000
INDIRECT INVESTMENTS HELD THROUGH SUBSIDIARIES						
(*) COFACTOR S.p.A., Milan	Compass S.p.A.	7,500,000	0.50	15,000,000	100	7,500
CREDITECH S.p.A., Milan	Compass S.p.A.	250,000	1	250,000	100	250
(*) MICOS BANCA S.p.A., Milan	Compass S.p.A.	35,000,000	0.50	70,000,000	100	35,000
(*) PALLADIO LEASING S.p.A., Vicenza	SelmaBipiemme Leasing S.p.A.	8,700,000	0.50	16,482,500	95 ⁽¹⁾	8,241
(*) SELMABIPIEMME LEASING S.p.A., Milan	Compass S.p.A.	40,200,000	0.50	49,564,777	61.65	24,782
(*) TELELEASING S.p.A., Milan	SelmaBipiemme Leasing S.p.A.	9,500,000	1	7,600,000	80	7,600
(*) C.M.I. Compagnie Monégasque Immobilière SCI - Monte Carlo	Compagnie Monégasque de Banque S.A.	2,400,000	1,525	1,599	99.94	2,438
(*) C.M.G. Compagnie Monégasque de Gestion S.A.M. - Monte Carlo	Compagnie Monégasque de Banque S.A.	160,000	160	997	99.7	160
(*) SMEF Soc. Monégasque des Etudes Financières S.A.M. - Monte Carlo	Compagnie Monégasque de Banque S.A.	775,000	155	4,995	99.90	774
(*) MONOECI Soc. Civile Immobilière - Monte Carlo	Compagnie Monégasque de Banque S.A.	1,600	15.5	99	99.00	2
MONOIKOS 2000 Soc. Civile Immobilière - Monte Carlo	C.M.I. Compagnie Monégasque Immobilière SCI	2,000	1	1,999	99.95	2
MOULINS 700 S.A.M. - Monte Carlo	C.M.I. Compagnie Monégasque Immobilière SCI	160,000	160	999	99.90	160

(*) Member of the Mediobanca Banking Group.

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

TABLE E

GROUP BANKING AND FINANCIAL UNDERTAKINGS: BALANCE SHEETS

	COMPASS	MICOS BANCA	COFACTOR	SELMABIPIEMME LEASING	PALLADIO LEASING	TELELEASING	MEDIOBANCA INTERNATIONAL	MB FINSTRUTTURE - INTERSOMER	TECHNOSTART	PROMINVESTMENT	SADE FINANZIARIA	COMPAGNIE MONEGASQUE DE BANQUE	COMPAGNIE MONEGASQUE DE GESTION
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
ASSETS													
10. Cash in hand	10,694	3,524	23	34	6	1	—	3	1	—	—	28,803	10,318
20. Amounts due from banks	26,436	—	439	1,789	42	332	1,633,503	43,411	6	1,004	25	327,383	—
30. Amounts due from financial companies	46,762	—	1	10,495	—	163,989	—	38,659	126	—	—	—	—
40. Trade accounts receivable	2,132,402	1,302,535	60,468	21,163	11,997	33,103	—	365,527	—	6,506	—	390,270	—
50. Debt securities and other fixed-income securities	13,300	—	959	8,410	—	—	131,561	133,693	495	—	—	785,366	109
60. Equities, participating interests and other floating-rate securities	—	—	—	—	—	—	—	570,200	—	—	—	106,695	—
70. Equity investments	259,749	—	—	2,035	—	—	—	91,802	14	—	—	17,827	8
80. Investments in Group undertakings	89,347	—	—	51,040	—	—	—	—	—	—	—	60,505	—
90. Intangible fixed assets	—	—	—	29	—	45	—	—	—	49	—	590	10
100. Tangible fixed assets	8,137	1,033	108	1,773,178	1,101,269	379,626	—	—	—	27	—	4,115	10
120. Own shares and stock units	—	—	—	—	970	—	—	—	—	—	—	—	—
130. Other assets	23,424	5,375	128	107,246	73,578	11,927	23	28,383	—	62	—	4,318	2,755
140. Accrued income and prepaid expenses	15,697	6,763	58	18,893	1,847	4,006	74,011	2,910	10	6	—	5,389	9
	<u>2,625,948</u>	<u>1,319,230</u>	<u>62,184</u>	<u>1,994,312</u>	<u>1,189,709</u>	<u>593,029</u>	<u>1,839,098</u>	<u>1,274,588</u>	<u>652</u>	<u>7,654</u>	<u>25</u>	<u>1,731,261</u>	<u>13,219</u>
LIABILITIES													
10. Amounts due to banks	2,328,885	1,227,660	961	1,080,433	1,024,552	489,595	—	1,178,301	—	—	—	247,004	—
20. Amounts due to financial companies	838	—	46,762	695,055	142	4,880	41,404	—	1	—	—	—	—
30. Trade accounts payable	—	25,000	—	14,910	5,244	189	136,817	—	—	—	—	1,234,016	—
40. Debt securities in issue	—	—	—	—	—	—	1,525,898	—	—	—	—	—	—
50. Other liabilities	29,984	7,195	925	64,679	51,802	11,627	25	33,592	34	4,602	—	18,450	1,595
60. Accrued expenses and deferred income	11,556	3,853	10	29,232	24,986	16,143	61,824	3,336	—	666	—	11,106	—
70. Provision for staff termination indemnities	10,013	1,267	974	2,856	1,166	218	—	50	—	100	—	—	—
80. Provisions for liabilities and charges	31,038	2,221	1,165	19,340	16,490	22,611	—	98	—	611	—	900	1,300
90. Loan loss provisions	—	—	—	—	—	—	—	—	—	—	—	—	—
100. Provision for general financial risks	4,648	10,212	—	10,329	11,500	—	—	—	—	—	—	—	—
110. Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—
120. Share capital	87,500	35,000	7,500	40,200	8,675	9,500	10,000	6,500	1,000	743	25	111,110	160
130. Share premium reserve	—	—	—	6,254	—	—	—	—	—	462	—	4,573	—
140. Reserves	77,451	3,092	427	22,399	38,670	24,004	57,051	39,934	—	409	—	76,376	16
150. Revaluation reserves	2,677	—	—	—	816	2,435	—	—	—	—	—	—	—
160. Retained earnings (accumulated loss)	13	—	3,413	—	46	—	37	1	(346)	—	—	27,726	21
170. Profit (loss) for the year	41,345	3,730	47	8,625	5,620	11,827	6,042	12,776	(37)	61	—	—	10,127
	<u>2,625,948</u>	<u>1,319,230</u>	<u>62,184</u>	<u>1,994,312</u>	<u>1,189,709</u>	<u>593,029</u>	<u>1,839,098</u>	<u>1,274,588</u>	<u>652</u>	<u>7,654</u>	<u>25</u>	<u>1,731,261</u>	<u>13,219</u>
GUARANTEES AND COMMITMENTS													
10. Guarantees given	153,534	—	—	—	2,100	—	—	—	—	2,727	—	—	—
20. Commitments	323,945	139,181	—	23,303	139,476	—	—	1,659,590	—	—	—	—	—
30. Credit derivatives	—	—	—	—	—	—	100,000	—	—	—	—	—	—
	<u>477,479</u>	<u>139,181</u>	<u>—</u>	<u>23,303</u>	<u>141,576</u>	<u>—</u>	<u>100,000</u>	<u>1,659,590</u>	<u>—</u>	<u>2,727</u>	<u>—</u>	<u>—</u>	<u>—</u>
SHAREHOLDERS' EQUITY													
(LIABILITY HEADINGS 100, 110, 120, 130, 140, 150, 160 and 170)	213,634	52,034	11,387	87,807	65,327	47,766	73,130	59,211	617	1,675	25	219,785	10,324

TABLE E (cont.)

**GROUP BANKING AND FINANCIAL UNDERTAKINGS:
PROFIT AND LOSS ACCOUNTS**

	MICOS BANCA	COMPAGNIE MONEGASQUE DE BANQUE	COMPAGNIE MONEGASQUE DE GESTION
	(€'000)	(€'000)	(€'000)
10. Interest receivable and similar income	54,029	44,934	—
20. Interest payable and similar expenses	(29,589)	(18,556)	—
30. Dividends and other income	—	6,576	—
40. Commissions receivable	5,299	28,751	15,590
50. Commissions payable	(3,988)	(3,461)	(15)
60. Gains (losses) on dealing transactions	—	4,002	5
70. Other operating income	3,001	—	—
80. Administrative expenses	(15,949)	—	(3,983)
90. Adjustments to intangible and tangible fixed assets	(198)	(919)	—
100. Provisions for liabilities and charges	(858)	—	—
110. Other operating expenses	(940)	(31,728)	(1,490)
120. Value adjustments on receivables and provisions for guarantees and commitments ..	(5,994)	—	—
130. Writebacks of receivables and provisions for guarantees and commitments	339	—	—
140. Transfers to loan loss provisions	—	—	—
170. Profit (loss) on ordinary activities	<u>5,152</u>	<u>29,599</u>	<u>10,107</u>
180. Extraordinary income	10,542	—	1,340
190. Extraordinary expenditure	(165)	(1,873)	(1,320)
200. Extraordinary profit (loss)	<u>10,377</u>	<u>(1,873)</u>	<u>20</u>
210. Changes to provision for general banking risks	(10,212)	—	—
220. Income taxes for the year	(1,587)	—	—
230. Profit (loss) for the year	<u><u>3,730</u></u>	<u><u>27,726</u></u>	<u><u>10,127</u></u>

TABLE E (cont.)

GROUP UNDERTAKINGS: PROFIT AND LOSS ACCOUNTS

	COMPASS	COFACTOR	SELMABIPIEMME LEASING	PALLADIO LEASING	TELELEASING	MEDIOBANCA INTERNATIONAL	MB FINSTRUTTURE - INTERSOMER	TECHNOSTART	PROMINVESTMENT	SADE FINANZIARIA
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
EXPENSES										
10. Interest payable and similar expenses	(50,312)	(1,063)	(34,797)	(25,073)	(13,783)	(71,244)	(27,418)	—	—	—
20. Commissions payable	(50,013)	(24)	(7,835)	(1,919)	(2,425)	(66)	(211)	(2)	(1,827)	—
30. Loss on dealing transactions	—	—	(147)	—	—	—	(59,089)	(3)	—	—
40. Administrative expenses	(65,937)	(4,607)	(15,955)	(7,366)	(4,810)	(405)	(3,861)	(54)	(1,216)	(1)
50. Adjustments to intangible and tangi- ble fixed assets	(1,772)	(24)	(592,702)	(277,496)	(160,749)	(26)	(24)	—	(72)	—
60. Other operating expenses	(28,265)	—	(46,124)	(1,781)	(34,394)	(17,306)	—	—	—	—
70. Transfers to provisions for liabilities and charges	(240)	(171)	(8,322)	(2,761)	(100)	—	—	—	(34)	—
80. Transfers to loan loss provisions	—	—	—	—	—	—	—	—	—	—
90. Adjustments to accounts receivable and provisions for guarantees and commitments	(78,802)	(13,821)	(2,051)	(793)	(280)	—	—	—	(32)	—
100. Adjustments to financial fixed assets .	—	—	—	—	—	—	(510)	—	—	—
110. Extraordinary expenses	(41)	(22)	(28)	(5)	(175)	—	(1)	—	(23)	—
120. Increase in provision for general financial risks	—	—	(10,329)	(11,500)	—	—	—	—	—	—
130. Income tax for the year	(25,337)	(235)	(4,213)	(3,532)	(7,690)	—	(227)	—	(100)	—
140. Profit for the year	41,345	47	8,625	5,620	11,827	6,042	12,776	—	61	—
INCOME										
10. Interest receivable and similar income	273,833	1,186	3,821	444	4,332	75,679	22,408	22	10	1
20. Dividends and other income	7,070	—	3,854	—	—	—	65,461	—	—	—
30. Commissions receivable	9,826	210	—	—	—	—	2,555	—	3,337	—
40. Gain on dealing transactions	—	11	—	114	—	2,103	—	—	—	—
50. Writebacks on accounts receivable and provisions for guarantees and commit- ments	9,910	1,037	836	1,591	29	—	—	—	—	—
60. Writebacks on financial fixed assets	467	—	—	—	—	—	—	—	—	—
70. Other operating income	40,837	17,263	711,975	327,154	224,644	17,307	629	—	1	—
80. Extraordinary income	121	307	10,642	8,543	7,228	—	13,064	—	17	—
100. Loss for the year	—	—	—	—	—	—	—	(37)	—	—

TABLE E (cont.)

OTHER GROUP UNDERTAKINGS: BALANCE SHEETS

	PRUDENTIA FIDUCIARIA	RICERCHE E STUDI (*)	SETECI	SPAFID	CREDITECH	COMPAGNIE MONEGASQUE IMMOBILIERE	SOCIETE MONEGASQUE D'ETUDES FINANCIERES	MONOECI SOC. CIVILE IMMOBILIERE	MONOIKOS 2000	MOULINS 700 S.A.M.
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
ASSETS										
B) Fixed assets:										
I) Intangible assets	—	14	433	85	—	694	—	—	—	—
II) Tangible assets	—	24	2,804	93	130	17,208	3	785	2,087	—
III) Financial fixed assets	18	—	20	22,210	—	162	9	—	—	—
	18	38	3,257	22,388	130	18,064	12	785	2,087	—
C) Current assets:										
I) Inventories	—	202	—	—	—	—	—	—	—	32,354
II) Accounts receivable	326	1,020	1,248	3,946	2,269	18	583	—	394	2,367
III) Financial assets other than fixed assets	996	—	—	11,927	—	—	—	—	—	16
IV) Cash	184	255	54	6,270	1,191	665	221	106	9	246
	1,506	1,477	1,302	22,143	3,460	683	804	106	403	34,983
D) Accrued income and prepaid expenses	8	30	654	59	33	79	224	—	—	—
	1,532	1,545	5,213	44,590	3,623	18,826	1,040	891	2,490	34,983
LIABILITIES										
A) Shareholders' equity:										
I) Share capital	100	100	500	100	250	2,440	775	2	2	160
III) Revaluation reserves	—	—	—	—	—	—	—	—	—	—
IV) Legal reserve	24	3	18	778	50	—	—	—	—	—
VI) Statutory reserve	—	—	—	—	—	—	11	—	—	16
VII) Other reserves	394	—	13	31,740	—	—	—	—	—	(123)
VIII) Retained earnings (accumulated loss)	—	—	—	2	1,150	(1,698)	100	(128)	(491)	—
IX) Profit (loss) for the year	50	—	1	958	357	(410)	22	22	(123)	(4)
	568	103	532	33,578	1,807	332	908	(104)	(612)	49
B) Provisions for liabilities and charges	—	—	—	2,817	22	614	—	—	—	—
C) Provision for staff termination indemnities	487	588	434	1,185	247	—	—	—	—	—
D) Accounts payable:										
3) Amounts due to banks	—	—	—	—	—	17,791	—	991	3,100	—
4) Amounts due to other lenders	—	—	—	—	—	—	—	—	—	34,892
5) Advances from customers	—	—	—	—	—	—	—	—	—	—
6) Trade accounts payable	42	31	800	77	818	21	—	—	—	—
8) Amounts due to subsidiaries	—	—	—	633	—	—	—	—	—	—
9) Amounts due to associated companies	—	—	—	—	—	—	—	—	—	—
10) Amounts due to parent companies	—	419	1,356	—	—	—	—	—	—	—
11) Taxes payable	27	196	281	4,509	442	—	—	—	—	—
12) Amounts due to social security institutions	117	115	111	240	85	—	—	—	—	—
13) Other accounts payable	291	85	262	1,551	72	68	132	3	2	42
	477	846	2,810	7,010	1,417	17,880	132	994	3,102	34,934
E) Accrued expenses and deferred income	—	8	1,437	—	130	—	—	1	—	—
	1,532	1,545	5,213	44,590	3,623	18,826	1,040	891	2,490	34,983
MEMORANDUM ACCOUNTS										
Assets held by third parties	—	—	—	—	—	—	—	—	—	—
Commitments	—	—	—	—	155	—	—	—	—	—
Value items pledged as collateral or held for safekeeping	14,165	—	500	197,059	—	—	—	—	—	—
Depositors for value items	91,720	—	—	1,160,042	—	—	—	—	—	—
Other accounts	—	—	—	20,890	—	—	—	—	—	—
	105,885	—	500	1,377,991	155	—	—	—	—	—
Securities and value items held on trustee basis	76,565	—	—	955,273	—	—	—	—	—	—

(*) 12 months ended 30/4/05.

TABLE E (cont.)

OTHER GROUP UNDERTAKINGS: PROFIT AND LOSS ACCOUNTS

	PRUDENTIA FIDUCIARIA	RICERCHE E STUDI ⁽¹⁾	SETECI	SPAFID	CREDITECH	COMPAGNIE MONEGASQUE IMMOBILIERE	SOCIETE MONEGASQUE D'ETUDES FINANCIERES	MONOECI SOC. CIVILE IMMOBILIERE	MONOIKOS 2000	MOULINS 700 S.A.M.
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
A) Value of production	2,216	1,756	9,878	4,585	6,236	1,317	961	98	86	—
B) Costs of production:										
6) Raw materials, secondary materials consum- ables, semi-finished and finished goods	(2)	(29)	(94)	(65)	(22)	—	—	—	—	—
7) Services	(266)	(283)	(3,057)	(617)	(3,029)	(263)	(697)	(9)	(22)	(3)
8) Use of third parties' assets	—	(137)	(1,131)	(491)	(191)	—	—	—	—	—
9) Personnel	(1,774)	(1,117)	(2,518)	(2,885)	(2,203)	—	(226)	—	(60)	—
10) Depreciation, amortization and writedowns	—	(30)	(1,921)	(232)	(73)	(624)	(5)	(26)	—	—
12) Provision for liabilities	—	—	—	—	—	—	—	—	—	—
13) Other provisions	—	—	—	(228)	—	—	(2)	—	—	—
14) Sundry operating expenses	(10)	(20)	(987)	(270)	(39)	—	—	—	—	—
	(2,052)	(1,616)	(9,708)	(4,788)	(5,557)	(887)	(930)	(35)	(82)	(3)
Value of production less costs of production ...	164	140	170	(203)	679	430	31	63	4	(3)
C) Interest income (charges)	31	(4)	(26)	743	20	(717)	100	(41)	(127)	—
D) Value adjustments to financial fixed assets	(2)	—	—	836	—	—	—	—	—	—
E) Extraordinary income (expenses)	—	(31)	45	4	—	(123)	(98)	—	—	(1)
Profit (loss) before tax	193	105	189	1,380	699	(410)	33	22	(123)	(4)
Income taxes for the year	(143)	(105)	(188)	(422)	(342)	—	(11)	—	—	—
Profit (loss) for the year	50	—	1	958	357	(410)	22	22	(123)	(4)

⁽¹⁾ 12 months ended 30/4/05.

TABLE F

OPEN POSITIONS IN DERIVATIVES
AS AT 30 JUNE 2005

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>	27,780,577	766,605	—	28,547,182
<i>Options purchased</i>	200,000	145,554	10,215,552	10,561,106
<i>Options written</i>	521,300	135,379	11,445,253	12,101,932
Exchange traded contracts				
<i>Futures (long positions)</i>	—	—	1,007,333	1,007,333
<i>Futures (short positions)</i>	—	—	1,874,519	1,874,519
<i>Options purchased</i>	—	—	1,426	1,426
<i>Options written</i>	—	—	1,426	1,426
Total derivatives	28,501,877	1,047,538	24,545,509	54,094,924
<i>of which:</i>				
– <i>trading</i>	14,502,632	750,197	9,453,163	24,705,992

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	463,777	338,324	761,690	245,093
Other intermediaries	199,918	160,747	155,775	177,847
Total	663,695	499,071	917,465	422,940
<i>of which:</i>				
– <i>interest rate contracts</i>	433,509	326,797	435,205	245,064
– <i>exchange rate contracts</i>	5,038	4,888	16,835	7,594
– <i>equity and equity index- linked contracts</i>	225,148	167,386	465,425	170,282

(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 G

ASSET REVALUATION STATEMENT AS REQUIRED BY
ARTICLE 10 OF LAW No. 72 OF 19 MARCH 1983

Revaluations effected under Law 576/75:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
Property in Piazzetta Enrico Cuccia 1 (formerly in Via Filodrammatici 6, 8 and 10), Milan	2,609,651.24	—	2,609,651.24
Property in Piazza Paolo Ferrari 6, Milan	815,743.67	—	815,743.67
			<u>3,425,394.91</u>

Revaluations effected under Law 72/83:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
6,375,000 shares in <i>Assicurazioni Generali S.p.A.</i> , Trieste	21,174,732.86	—	21,174,732.86
2,574,500 shares in <i>Fondiarìa-SAI S.p.A.</i> (formerly <i>La Fondiarìa Assicurazioni</i>), Florence	1,766,071.64	—	1,766,071.64
Property in Piazzetta Enrico Cuccia 1 (formerly in Via Filodrammatici 6, 8 and 10), Milan	11,620,280.23	—	11,620,280.23
Property in Piazza Paolo Ferrari 6, Milan	4,389,883.64	—	4,389,883.64
			<u>38,950,968.37</u>

Revaluation effected under Law 413/91:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
Property in Piazzetta Enrico Cuccia 1 (formerly in Via Filodrammatici 6, 8 and 10), Milan	4,174,707.04	—	4,174,707.04

ASSOCIATED INSURANCE UNDERTAKINGS

TABLE H

BALANCE SHEETS

	ASSICURAZIONI GENERALI 31/12/04 (€ '000)		ASSICURAZIONI GENERALI 31/12/04 (€ '000)
ASSETS		LIABILITIES AND SHAREHOLDERS' EQUITY	
B) Total intangible assets	68,106	A) Shareholders' equity	
C) Investments		I) Share capital or equivalent fund	1,275,999
I) Land and buildings (total)	491,812	II-VII) Reserves (total)	6,287,774
II) Investments in Group and other undertakings (total)	15,732,805	IX) Profit (loss) for year	1,012,112
III) Other financial investments		Total shareholders' equity (A)	8,575,885
1) Shares and stock units	846,156	B) Subordinated liabilities	750,000
2) Mutual fund units	89,950	C) Technical reserves	
3) Bonds and other fixed-income securities	2,557,479	I) General business (total)	7,315,380
4) Loans	42,412	II) Life business (total)	11,949,224
6) Deposits with banks	56,719	Total technical reserves (C)	19,264,604
7) Other financial investments	1,356	D) Technical reserves where investment risk is carried by policyholders and reserves arising from pension fund management (total)	149,814
Total other financial investments	3,594,072	E) Provision for risks and charges (total)	68,558
IV) Deposits with reinsurers	11,091,921	F) Deposits received from reinsurers	43,391
Total investments (C)	30,910,610	G) Accounts payable and other liabilities	
D) Investments for the benefit of life policyholders who carry the risk and deriving from pension fund management (total)	151,360	I) Amounts payable in respect of primary insurances	101,613
Db) Reinsurers' share of technical reserves		II) Amounts payable in respect of reinsurances	207,674
I) General business (total)	995,070	III) Bond issues	2,500,000
II) Life business (total)	167,412	IV) Amounts payable to banks and financial institutions	55,091
Total reinsurers' share of technical reserves (Db)	1,162,482	V) Secured debt	1
E) Accounts receivable		VI) Loans and other debt	2,239,479
I) Amounts due in respect of primary insurances (total)	912,274	VII) Staff termination indemnity provision	21,959
II) Amount due in respect of reinsurances (total)	354,619	VIII) Other accounts payable	301,529
III) Other accounts receivable	595,860	IX) Other liabilities	498,497
Total accounts receivable (E)	1,862,753	Total accounts payable and other liabilities (G)	5,925,843
F) Other assets		H) Accruals and deferrals (total)	243,299
I) Tangible assets and inventories (total)	2,325	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	
II) Cash (total)	416,596	(A+B+C+D+E+F+G+H)	35,021,394
III) Own shares or stock units	9,999		
IV) Other assets (total)	374,619	GUARANTEES, COMMITMENTS AND OTHER CONTRA ACCOUNTS (TOTAL) ...	10,201,510
Total other assets (F)	803,539		
G) Accruals and prepayments (total)	62,544		
TOTAL ASSETS (B+C+D+Db+E+F+G)	35,021,394		

TABLE H (cont.)

STATEMENT OF EARNINGS (NON-TECHNICAL ACCOUNTS)

	ASSICURAZIONI GENERALI 31/12/04
	(€ '000)
1) Underwriting profit (loss) from general business	305,578
2) Underwriting profit (loss) from life business	116,740
3) Investment income in general business	
a) Dividends	279,695
b) Other investment income (total)	145,329
c) Writebacks in book value of investments	303,292
d) Gain on disposal of investments	47,629
Total investment income in general business	775,945
4) Portion of investment income transferred from technical accounts of life business	294,913
5) Operating and financial expenses in general business	
a) Investment management expenses and interest paid	(32,188)
b) Writedowns to investments	(58,324)
c) Loss on disposal of investments	(31,476)
Total operating and financial expenses in general business	(121,988)
6) Portion of investment income transferred from technical accounts of general business	(431,265)
7) Other income	253,061
8) Other expenditure	(643,272)
9) Profit (loss) on ordinary operations	549,712
10) Extraordinary income	487,189
11) Extraordinary expenditure	(124,402)
12) Net extraordinary income (expenditure) (10-11)	362,787
13) Earnings before tax	912,499
14) Taxation for the year	99,613
15) Profit (loss) for the year (13-14)	1,012,112

TABLE H (cont.)

ASSOCIATED FINANCIAL UNDERTAKINGS: BALANCE SHEETS

	FIDIA S.p.A. 31/12/04	MB VENTURE CAPITAL FUND I PARTECIPATING COMPANY A N.V. 31/12/04	BANCA ESPERIA S.p.A. 31/12/04	ATHENA PRIVATE EQUITY S.A. 30/9/04
	(€ '000)	(€ '000)	(€ '000)	(€ '000)
ASSETS				
10. Cash in hand	1	17	28	26,900
20. Amounts due from banks	1,811	—	—	—
30. Amounts due from financial companies	—	—	163,240	—
40. Trade accounts receivable	—	—	139,977	—
50. Debt securities and other fixed-income securities	—	—	—	4,099
60. Equities, participating interests and other floating rate securities	14,186	—	11,306	—
70. Equity investments	—	16,331	1	139,114
80. Investments in Group undertakings	—	—	18,495	—
90. Intangible fixed assets	1	—	1,294	—
100. Tangible fixed assets	11	—	1,000	—
110. Unpaid call on capital	—	—	—	—
130. Other assets	96	—	19,940	108
140. Accrued income and prepaid expenses	53	—	324	—
	<u>16,159</u>	<u>16,348</u>	<u>355,605</u>	<u>170,221</u>
LIABILITIES				
10. Amounts due to banks	—	—	—	—
20. Amounts due to financial companies	—	—	13,482	—
30. Trade accounts payable	—	—	279,260	—
50. Other liabilities	720	—	12,922	4,297
60. Accrued expenses and deferred income	—	—	193	—
70. Provision for staff termination indemnities	238	—	1,067	—
80. Provisions for liabilities and charges	98	—	1,949	—
90. Loan loss provisions	—	—	—	—
120. Share capital	15,600	50	13,000	50,000
130. Share premium reserve	—	16,312	38,646	—
140. Reserves	—	—	70	118,889
160. Retained earnings (accumulated loss)	(386)	(11)	(12,851)	(5,469)
170. Profit (loss) for the year	(111)	(3)	7,867	2,504
	<u>16,159</u>	<u>16,348</u>	<u>355,605</u>	<u>170,221</u>
GUARANTEES AND COMMITMENTS				
10. Guarantees given	—	—	12,251	—
20. Commitments	—	—	72,067	—
	<u>—</u>	<u>—</u>	<u>84,318</u>	<u>—</u>

TABLE H (cont.)

**ASSOCIATED FINANCIAL UNDERTAKINGS:
PROFIT AND LOSS ACCOUNTS**

	FIDIA S.p.A. 31/12/04	MB VENTURE CAPITAL FUND I PARTECIPATING COMPANY A N.V. 31/12/04	BANCA ESPERIA S.p.A. 31/12/04	ATHENA PRIVATE EQUITY S.A. 30/9/04
	(€ '000)	(€ '000)	(€ '000)	(€ '000)
EXPENSES				
10. Interest payable and similar expenses	—	—	2,834	36
20. Commissions payable	557	—	1,760	—
30. Loss on dealing transactions	3	—	—	—
40. Administrative expenses	2,523	3	23,132	—
50. Adjustments to intangible and tangible fixed assets	6	—	1,219	693
60. Other operating expenses	16	—	136	7,049
70. Transfer to provisions for liabilities and charges ..	—	—	—	—
80. Transfer to loan loss provisions	—	—	—	—
90. Adjustments to accounts receivable and provisions for guarantees and commitments	—	—	270	—
100. Adjustments to financial fixed assets	—	—	—	9
110. Extraordinary expenses	3	—	11	—
130. Income tax for the year	99	—	1,110	—
140. Profit for the year	—	—	7,867	2,504
	<u>3,207</u>	<u>3</u>	<u>38,339</u>	<u>10,291</u>
INCOME				
10. Interest receivable and similar income	59	—	4,915	690
20. Dividends and other income	—	—	—	—
30. Commissions receivable	3,032	—	31,033	—
40. Gain on dealing transactions	—	—	202	—
70. Other operating income	—	—	1,825	3
80. Extraordinary income	5	—	364	9,598
100. Loss for the year	111	3	—	—
	<u>3,207</u>	<u>3</u>	<u>38,339</u>	<u>10,291</u>

TABLE H (cont.)

OTHER ASSOCIATED UNDERTAKINGS: BALANCE SHEETS

	RCS MEDIA GROUP S.p.A. 31/12/04	CARTIERE BURGO S.p.A. 31/12/04	GEMINA S.p.A. 31/12/04
ASSETS	(€ '000)	(€ '000)	(€ '000)
B) Fixed assets:			
I) Intangible assets	85	9,927	452
II) Tangible assets	91,190	882,688	48
III) Financial fixed assets	847,602	646,494	485,248
Total (B)	938,877	1,539,109	485,748
C) Current assets:			
I) Inventories	—	173,473	—
II) Accounts receivable:			
1) Trade receivables	330	304,244	4,003
2) Amounts due from subsidiaries	46,450	144,732	8,809
3) Amounts due from associated companies	286	5,087	2,504
5) Other accounts	103,175	39,855	5,764
6) Deferred tax credits	—	—	—
	150,241	493,918	21,080
III) Financial assets other than fixed assets	288,748	80,496	13,783
IV) Cash	427	20,058	27,785
Total (C)	439,416	767,945	62,648
D) Accrued income and prepaid expenses	738	2,528	703
TOTAL ASSETS (B+C+D)	1,379,031	2,309,582	549,099
LIABILITIES			
A) Shareholders' equity:			
I) Share capital	762,019	205,443	368,240
II-VII) Reserves	308,682	106,761	143,058
VIII) Retained earnings (accumulated loss)	—	1,338	29,821
IX) Profit (loss) for the year	58,151	139,005	2,692
Total (A)	1,128,852	452,547	543,811
B) Provisions for liabilities and charges	19,123	27,323	1,526
C) Provision for staff termination indemnities	2,377	82,640	293
D) Accounts payable:			
1) Bonds	—	—	—
3) Amounts due to banks	59,202	1,260,581	—
4) Amounts due to other lenders	—	—	—
5) Advances and deposits	—	—	—
6) Trade accounts payable	7,947	317,692	311
8) Amounts due to subsidiaries	94,497	98,500	232
9) Amounts due to associated companies	49,071	11,193	175
11) Taxes payable	765	9,758	2,048
12) Amounts due to social security institutions	430	9,141	86
13) Other debt	15,874	18,510	558
Total (D)	227,786	1,725,375	3,410
E) Accrued expenses and deferred income	893	21,697	59
TOTAL LIABILITIES (A+B+C+D+E)	1,379,031	2,309,582	549,099
MEMORANDUM ACCOUNTS			
Personal guarantees given	208,119	40,168	74,666
Collateral given	—	—	—
Commitments, contingencies and other memorandum accounts ..	425,864	269,671	6,001
	633,983	309,839	80,667

TABLE H (cont.)

OTHER ASSOCIATED UNDERTAKINGS: PROFIT AND LOSS ACCOUNTS

	RCS MEDIA GROUP S.p.A. 31/12/04	CARTIERE BURGO S.p.A. 31/12/04	GEMINA S.p.A. 31/12/04
	(€ '000)	(€ '000)	(€ '000)
A) Value of production:			
1) Revenue from sales and services	9,492	1,543,897	388
2) Increase (decrease) in work-in-progress, semi-finished and finished products	—	(13,121)	—
4) Internal additions to fixed assets	—	311	—
5) Other income	18,175	48,559	149
Total (A)	27,667	1,579,646	537
B) Costs of production:			
6) Raw materials, secondary materials, consumables, semi-finished and finished goods	(403)	(865,415)	—
7) Services	(17,906)	(407,237)	(5,542)
8) Assets leased or rented	(9,089)	(1,784)	(245)
9) Personnel	(13,438)	(165,638)	(1,398)
10) Depreciation, amortization and writedowns.....	(2,464)	(99,502)	(932)
11) Increase (decrease) in raw materials, secondary materials, consumables, semi-finished and finished goods	—	(5,185)	—
12) Provisions for liabilities	(26)	(603)	—
13) Other provisions	(197)	(65)	—
14) Sundry operating expenses	(2,367)	(10,697)	(420)
Total (B)	(45,890)	(1,556,126)	(8,537)
Value of production less cost of production	(18,223)	23,520	(8,000)
C) Interest income (charges):			
15) Dividends from investments	57,966	65,440	47,026
16) Other interest income	8,358	4,839	6,059
17) Interest and other financial charges	(5,222)	(71,600)	(7,707)
Total (C)	61,102	(1,321)	45,378
D) Value adjustments to financial fixed assets:			
18) Revaluations	—	—	3,226
19) Writedowns	(14,260)	—	(40,583)
Total (D)	(14,260)	—	(37,357)
E) Extraordinary income (expenses):			
20) Extraordinary income	15,960	189,786	1,243
21) Extraordinary expenses	(22,389)	(78,422)	(40)
Total (E)	(6,429)	111,364	1,203
Profit (loss) before tax (A–B+C+D+E).....	22,190	133,563	1,224
22) Income taxes for the year	35,961	5,442	1,468
26) Profit (loss) for the year	58,151	139,005	2,692

TABLE I

**BENEFICIAL INTERESTS OF DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS IN
THE SHARE CAPITAL OF THE BANK**

Disclosure required under Article 79 of CONSOB resolution 11971/99

Name	Company in which interest held	No. of shares held at end of previous financial year	No. of shares acquired during year	No. of shares sold during year	No. of shares held at end of financial year
Antoine BERNHEIM	MEDIOBANCA	60,000	—	—	60,000
Vincent BOLLORE ⁷	MEDIOBANCA	38,925,230	—	—	38,925,230
Giancarlo CERUTTI	MEDIOBANCA	5,500	—	2,750	2,750
Jonella LIGRESTI	MEDIOBANCA	6,750	—	6,750	—
Antonio IZZI	MEDIOBANCA	1,000	—	—	1,000
Alberto NAGEL	MEDIOBANCA	1,000	215,000 (*)	—	216,000

N.B. Holdings of Directors and Statutory Auditors who were appointed or who resigned during the course of the financial year are stated as at the date on which the person concerned took up or relinquished his position.

(*) Representing reinvestment of part of gains realized upon exercise of 1,145,000 stock options.

TABLE L

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

	Share capital € '000	Par value per share €	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	87,500	5	17,500,000	100.00	—	—	—
COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A., MONTE CARLO	111,100	200	555,536	100.00	—	—	—
MB FINSTRUTTURE - INTERSOMER S.p.A., Milan	6,500	0.50	13,000,000	100.00	—	—	—
MEDIOBANCA INTERNATIONAL LTD, Grand Cayman	10,000	1	10,000,000	100.00	—	—	—
PROMINVESTMENT S.p.A., Rome	743	0.52	1,000,000	70.00	—	—	—
PRUDENTIA FIDUCIARIA S.p.A., Milan	100	5	20,000	100.00	—	—	—
RICERCHE E STUDI S.p.A., Milan	100	5	20,000	100.00	—	—	—
SADE FINANZIARIA S.r.l., Milan	25		1	100.00	—	—	—
SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A., Milan	500	5	100,000	100.00	—	—	—
SPAFID S.p.A., Milan	100	10	10,000	100.00	—	—	—
TECHNOSTART S.p.A., Milan	1,000	0.50	1,380,000	69.00	—	—	—
TRADEVCO LTD, Monrovia (in liquidation)	LRD 80m	LRD 16,000	3,000	60.00	2,000	40.00	Tradevco
INDIRECTLY CONTROLLED SUBSIDIARIES							
COFACTOR S.p.A., Milan	7,500	0.50	—	—	15,000,000	100.00	Compass
CREDITECH S.p.A., Milan	250	1	—	—	250,000	100.00	Compass
MICOS BANCA S.p.A., Milan	35,000	0.50	—	—	70,000,000	100.00	Compass
PALLADIO LEASING S.p.A., Vicenza	8,700	0.50	—	—	16,482,500 867,500	95.00 5.00	SelmaBipiemme Palladio Leasing
SELMABIPIEMME LEASING S.p.A., Milan	40,200	0.50	—	—	49,564,777	61.65	Compass

(*) Shares owned.

TABLE L (cont.)

	Share capital € '000	Par value per share €	No. of shares held directly	Direct interest (*) %	No. of shares held indirectly	Indirect interest (*) %	Shares held by
TELELEASING S.p.A., Milan	9,500	1	—	—	7,600,000	80.00	SelmaBipiemme
C.M.I. Compagnie Monégasque Immobilière - SCI, Monte Carlo	2,400	1,525	—	—	1,599	99.94	CMB S.A.
C.M.G. Compagnie Monégasque de Gestion S.A.M., Monte Carlo	160	160	—	—	997	99.70	CMB S.A.
SMEF - Soc. Monégasque des Etudes Financières S.A.M., Monte Carlo	775	155	—	—	4,995	99.90	CMB S.A.
MONOECI Soc. Civile Immobilière, Monte Carlo	1,6	15.5	—	—	99	99.00	CMB S.A.
MONOIKOS 2000 Soc. Civile Immobilière, Monte Carlo	2	1	—	—	1,999	99.95	C.M.I. SCI
MOULINS 700 S.A.M., Monte Carlo	160	160	—	—	999	99.90	C.M.I. SCI

(*) Shares owned.

TABLE L (cont.)

	Share capital € '000	Par value per share €	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	50,000	2	6,114,460	24.46	—	—	—
BANCA ESPERIA S.p.A., Milan	13,000	0.52	12,125,000	48.50	—	—	—
CARTIERE BURGO S.p.A., Verzuolo	205,400	0.52	87,442,365	22.13	—	—	—
FERRARI S.p.A., Modena	20,000	2.50	1,120,000	14.00	80,000	1.00	CMB S.A.
FIDIA - Fondo Interbancario d'Inve- stimento Azionario SGR S.p.A., Milan	15,600	520	7,500	25.00	—	—	—
ISTITUTO EUROPEO DI ONCOLOGIA S.r.l., Milan	57,300	—	1	15.00	—	—	—
MB VENTURE CAPITAL FUND I PARTICIPATING CO. A N.V., Amsterdam	50	1	22,500	45.00	—	—	—
MB VENTURE CAPITAL S.A., Luxembourg	40	10	—	—	1,400	35.00	Technostart
SINTERAMA S.p.A., Sandigliano	72,800	0.51	—	—	15,000,000	10.51	MB Finstrutture - Intersomer
SCONTOFIN S.A., Luxembourg	2,600	516.5	—	—	1,000	20.00	MB Finstrutture - Intersomer
ZAMBIA TANZANIA ROAD SERVICES Ltd, Lusaka (in liquidation)	Kwacha 4,000	Kwacha 200	—	—	4,667	23.33	MB Finstrutture - Intersomer

(*) Shares owned.

ACCOUNTS OF THE BANK

BALANCE SHEET

	Assets	30/6/05	30/6/04
10.	CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES	103,512	93,619
20.	GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS	2,792,995,947	2,962,922,067
30.	AMOUNTS DUE FROM BANKS:	3,585,451,242	5,653,672,432
	a) repayable on demand	614,646,233	1,675,301,893
	b) other accounts	2,970,805,009	3,978,370,539
40.	AMOUNTS DUE FROM CUSTOMERS	13,666,864,367	13,299,724,429
	<i>of which:</i>		
	- loans using funds managed for third parties	—	—
50.	BONDS AND OTHER DEBT SECURITIES ISSUED BY:	5,801,261,860	3,239,407,473
	a) public agencies	2,271,748,401	848,493,754
	b) banks	1,038,741,091	697,743,820
	<i>of which:</i>		
	- own bonds	286,380,545	294,590,841
	c) financial companies	2,029,694,317	1,093,630,502
	<i>of which:</i>		
	- own bonds	—	—
	d) other issuers	461,078,051	599,539,397
60.	EQUITIES, PARTICIPATING INTERESTS AND OTHER CAPITAL SECURITIES	756,920,466	2,568,012,140
70.	EQUITY INVESTMENTS	2,719,006,166	2,514,462,131
80.	INVESTMENTS IN GROUP UNDERTAKINGS	490,219,381	396,476,206
100.	TANGIBLE FIXED ASSETS	11,550,456	11,561,328
130.	OTHER ASSETS	518,624,297	748,308,356
140.	ACCRUED INCOME AND PREPAID EXPENSES:	1,531,893,376	1,470,158,987
	a) accrued income	1,283,684,831	1,196,768,920
	b) prepaid expenses	248,208,545	273,390,067
	<i>of which:</i>		
	- issue discounts on bonds	58,096,272	55,924,068
		31,874,891,070	32,864,799,168

GUARANTEES AND COMMITMENTS

	Guarantees and Commitments	30/6/05	30/6/04
10.	GUARANTEES GIVEN	3,003,847,163	3,582,601,396
	<i>of which:</i>		
	- acceptances	—	—
	- other guarantees	3,003,847,163	3,582,601,396
20.	COMMITMENTS	18,750,091,593	16,343,589,850
	<i>of which:</i>		
	- assets sold under repurchase agreements	—	—
30.	CREDIT DERIVATIVES	1,244,147,016	534,995,772

	Liabilities and Shareholders' equity	30/6/05	30/6/04
10.	AMOUNTS DUE TO BANKS:	5,788,144,027	5,620,446,826
	a) repayable on demand	1,217,928,757	823,989,744
	b) term deposits and deposits under notice	4,570,215,270	4,796,457,082
20.	AMOUNTS DUE TO CUSTOMERS:	2,068,459,941	2,594,627,595
	a) repayable on demand	1,470,555,369	1,984,508,009
	b) term deposits and deposits under notice	597,904,572	610,119,586
30.	DEBT SECURITIES IN ISSUE:	14,971,359,579	15,256,579,155
	a) bonds	14,164,070,193	14,473,871,678
	b) certificates of deposit	479,856,455	593,280,410
	c) other debt securities	327,432,931	189,427,067
50.	OTHER LIABILITIES	3,071,979,644	3,540,240,109
60.	ACCRUED EXPENSES AND DEFERRED INCOME:	764,303,685	797,845,317
	a) accrued expenses	563,437,413	561,375,369
	b) deferred income	200,866,272	236,469,948
70.	PROVISION FOR STAFF TERMINATION INDEMNITIES	12,985,896	11,958,826
80.	PROVISIONS FOR LIABILITIES AND CHARGES:	229,640,722	232,453,369
	a) post-retirement and similar benefits	—	—
	b) provision for taxation	79,640,722	227,363,369
	c) other provisions	150,000,000	5,090,000
90.	LOAN LOSS PROVISIONS	—	319,627,196
100.	PROVISION FOR GENERAL BANKING RISKS	858,061,848	638,934,653
120.	SHARE CAPITAL	397,477,957	389,291,457
130.	SHARE PREMIUM RESERVE	1,933,330,922	1,807,339,811
140.	RESERVES:	1,331,506,187	1,220,305,245
	a) legal reserve	77,883,666	77,854,941
	b) reserve for purchase of own shares and participating interests	—	—
	c) statutory reserves	1,004,624,330	893,452,113
	d) other reserves	248,998,191	248,998,191
150.	REVALUATION RESERVES	7,586,763	7,586,763
160.	RETAINED EARNINGS (ACCUMULATED LOSSES)	—	—
170.	PROFIT (LOSS) FOR THE YEAR	440,053,899	427,562,846
		31,874,891,070	32,864,799,168

PROFIT AND LOSS ACCOUNT

		12 months ended 30/6/05	12 months ended 30/6/04
10.	INTEREST RECEIVABLE AND SIMILAR INCOME	914,577,045	972,941,708
	<i>of which interest on:</i>		
	- loans and advances to customers	457,204,488	505,063,497
	- debt securities	222,289,324	217,621,494
20.	INTEREST PAYABLE AND SIMILAR EXPENSES	(753,761,701)	(812,517,913)
	<i>of which interest on:</i>		
	- customer deposits	(75,461,710)	(85,803,290)
	- debt securities	(514,800,851)	(533,545,854)
30.	DIVIDENDS ON AND OTHER INCOME FROM:	183,356,723	646,523,146
	a) equities, participating interests and other capital securities	63,449,234	451,163,866
	b) equity investments	119,907,489	195,359,280
	c) investments in Group undertakings	—	—
40.	COMMISSIONS RECEIVABLE	167,129,026	166,535,776
50.	COMMISSIONS PAYABLE	(20,041,350)	(28,271,542)
60.	GAINS (LOSSES) ON DEALING TRANSACTIONS	67,608,424	(226,493,601)
70.	OTHER INCOME FROM OPERATIONS	14,944,021	166,916,298
80.	ADMINISTRATIVE EXPENSES:	(155,944,658)	(137,101,823)
	a) personnel costs	(80,257,226)	(79,144,585)
	<i>of which:</i>		
	- wages and salaries	(57,126,248)	(56,863,070)
	- social security charges	(15,894,922)	(15,455,627)
	- transfer to staff termination indemnity provision	(3,780,673)	(3,649,520)
	- post-retirement and similar benefits	(3,455,383)	(3,176,368)
	b) other administrative expenses	(75,687,432) ⁽¹⁾	(57,957,238)
90.	ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS	(2,384,810)	(2,685,502)
100.	TRANSFER TO PROVISION FOR LIABILITIES AND CHARGES	(150,000,000)	—
110.	OTHER OPERATING EXPENSES	(12,644,353)	(165,463,751)
140.	TRANSFER TO LOAN LOSS PROVISIONS	—	(33,000,000)
150.	ADJUSTMENTS TO FINANCIAL FIXED ASSETS	(10,525,742)	(25,727,460)
160.	WRITEBACKS OF FINANCIAL FIXED ASSETS	71,203,235	159,993,629
170.	MARGIN (LOSS) ON ORDINARY OPERATIONS	313,515,860	681,648,965
180.	EXTRAORDINARY INCOME	367,008,565 ⁽²⁾	34,625,584
190.	EXTRAORDINARY EXPENDITURE	(884,273)	(54,355,138)
200.	EXTRAORDINARY PROFIT (LOSS)	366,124,292	(19,729,554)
210.	CHANGE TO PROVISION FOR GENERAL BANKING RISKS	(219,127,196)	—
220.	INCOME TAXES FOR THE YEAR	(20,459,057) ⁽³⁾	(234,356,565)
230.	PROFIT (LOSS) FOR THE YEAR	440,053,899	427,562,846

⁽¹⁾ Includes € 14,440,000 in “substitutive” tax for franking of loan loss provision.

⁽²⁾ Of which € 319,627,000 resulting from the reversal of provisions made solely to comply with tax regulations pursuant to Italian Legislative Decree 6/03.

⁽³⁾ Includes € 49,500,000 in deferred tax receivable on provision accounted for under Heading 100.

NOTES TO THE ACCOUNTS OF THE BANK

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N.B. - Figures are in € '000 unless otherwise stated.

A. ACCOUNTING POLICIES

1. Description of accounting policies

Loans and advances

Loans and advances are stated at their estimated realizable value, which in this financial year 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 consist chiefly of convertible bonds and are accordingly 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 June in the case of non-investment securities, and on the average price in the last six months of the financial year in the case of investment securities.

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 the Bank's operations and its 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, which are stated (including any technical shortfalls) at the lower of cost and market value on the basis of average prices in the month of June where this reflects their current market value. Any other methods of calculating market value are reported in the Review of the Bank's operations and its accompanying schedules.

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

Holdings 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 the balance-sheet date, consistent with this particular type of investment.

Equity interests

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 Bank's accounts for years up to and including that ended 30 June 1993, writedowns were charged on a permanent basis. Since then, amounts written down have been written back

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

where the circumstances that gave rise to the writedown no longer subsist. Listed instruments are marked to market at the average middle market price in the second half of the financial year, or the last quarter in respect of adjustments made up to 30 June 1993. 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 the Bank's operations and its 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 written off in the year of acquisition, since once acquired, their market value becomes insignificant.

Debt

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

Provisions for liabilities and charges

Allocations covering current and deferred income taxes are made to the *Provisions 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 has been recognised in your Bank's accounts as a deferred tax asset as from the year ended 30 June 2000, provided there is 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 timing differences that led to the advance payment to be fully reversed. Details of the items and amounts concerned can be found in Part B of the Notes to the Accounts.

Other provisions cover specific or likely risks, commitments and liabilities which could not be quantified when the accounts were made up.

Guarantees and commitments

Guarantees and commitments involving credit risk are stated at the value of the underlying transactions, on the basis of the same principles used to state 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 balance-sheet date, with the exception of:

- a) holdings which are stated at historic exchange rates, unless these 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 in currencies other than the Euro, including derivatives, are stated as follows:

- at the price ruling at the balance-sheet date, in the case of spot transactions pending settlement;
- at the price ruling at the balance-sheet date for maturities corresponding to those in the contract, in the case of forward transactions;
- on a basis consistent with on- and off-balance sheet assets and liabilities, in the case of hedges or transactions related thereto.

Off-balance sheet transactions

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

Other off-balance sheet transactions involving derivatives are stated at the lower of contract price and market value, with the proviso that estimated gains over market value in linked derivatives are netted off against losses actually incurred.

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

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

Securities to be received or delivered under agreements entered into but still pending settlement at the balance sheet date are stated on the same basis as *Fixed income securities*, *Non-investment securities*, *Holdings in SICAVs*, and *Equity investments*, as the case may be.

B. NOTES TO THE BALANCE SHEET OF THE BANK

1. Accounts receivable

1.1 Heading 30: Amounts due from banks

	30/6/05 € '000	30/6/04 € '000
a) Deposits with central banks	56,752	55,257
b) Bills eligible for refinancing at central banks	—	—
c) Forward transactions	1,632,623	3,390,366
d) Securities lent	267,067	132,318

1.2a Analysis of cash amounts due from banks as at 30 June 2005

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	127	—	127
a.1. Non-performing lendings ⁽¹⁾ of which: to countries at risk	127	—	127
a.2. Sub-standard lendings of which: to countries at risk	—	—	—
a.3. Debt in process of restructuring of which: to countries at risk	—	—	—
a.4. Restructured debt of which: to countries at risk	—	—	—
a.5. Unsecured credits to countries at risk	—	—	—
b) Performing loans	3,585,324	—	3,585,324

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

1.2a Analysis of cash amounts due from banks as at 30 June 2004

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	3,042	—	3,042
a.1. Non-performing lendings ⁽¹⁾ of which: to countries at risk	127	—	127
a.2. Sub-standard lendings of which: to countries at risk	—	—	—
a.3. Debt in process of restructuring of which: to countries at risk	—	—	—
a.4. Restructured debt of which: to countries at risk	—	—	—
a.5. Unsecured credits to countries at risk	2,915	—	2,915
b) Performing loans	5,650,631	—	5,650,631

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

1.3 Movements in doubtful debts due from banks in year ended 30 June 2005

	Gross exposure	Sub-standard loans	Debts in process of restructuring	Restructured debts	Unsecured credits to countries at risk	Total gross doubtful debt
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
a) Gross exposure as at 30/6/04	127	—	—	—	2,915	3,042
<i>a.1. of which: interest in suspense</i>	—	—	—	—	—	—
b) Additions	—	—	—	—	—	—
<i>b.1. Transfers from performing loans</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	—	—	—	—	2,915	2,915
<i>c.1. Transfers to performing loans</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>	—	—	—	—	2,915	2,915
d) Gross exposure as at 30/6/05	127	—	—	—	—	127
<i>d.1. of which: interest in suspense</i>	—	—	—	—	—	—

1.5 Heading 40: Amounts due from customers

	30/6/05 € '000	30/6/04 € '000
a) Bills eligible for refinancing at central banks	—	—
b) Forward transactions	597,293	422,493
c) Securities lent	44,438	69,563

1.6 Secured loans to customers

	30/6/05 € '000	30/6/04 € '000
a) Loans secured by mortgages	483,690	719,064
b) Loans secured by pledges on:		
1. cash deposits	1,277,659	1,807,900
2. securities	459,422	—
3. other assets	—	358,953
c) Loans secured by guarantees given by:		
1. governments	—	180,760
2. public agencies	—	—
3. banks	374,157	477,541
4. others	1,461,071	2,273,170

1.7a *Analysis of cash amounts due from customers as at 30 June 2005*

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	—	—	—
<i>a.1. Non-performing lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.2. Sub-standard lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	—	—	—
b) Performing loans	13,666,864	—	13,666,864

1.7a *Analysis of cash amounts due from customers as at 30 June 2004*

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	—	—	—
<i>a.1. Non-performing lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.2. Sub-standard lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	—	—	—
b) Performing loans	13,299,724	—	13,299,724

Heading 10: *Cash and deposits with central banks and post offices*

	30/6/05 € '000	30/6/04 € '000
Cash and value items in hand	104	94
	104	94

2. Securities

2.1 Investment securities

	Book value € '000		Market value € '000	
	30/6/05	30/6/04	30/6/05	30/6/04
1. DEBT SECURITIES	—	73,700	—	74,541
1.1 Government securities:	—	—	—	—
• <i>listed</i>	—	—	—	—
• <i>unlisted</i>	—	—	—	—
1.2 Other debt securities:	—	73,700	—	74,541
• <i>listed</i>	—	73,700	—	74,541
• <i>unlisted</i>	—	—	—	—
2. CAPITAL SECURITIES	—	3,036	—	3,334
• <i>listed</i>	—	3,036	—	3,334
• <i>unlisted</i>	—	—	—	—
	—	76,736	—	77,875

Differences between redemption value at maturity and book value:

	30/6/05 € '000	30/6/04 € '000
Surplus	—	—
Shortfall	—	3,813

2.2 Movements in investment securities

	30/6/05 € '000	30/6/04 € '000
A. HOLDING AT BEGINNING OF PERIOD	76,736	77,236
B. ADDITIONS	207	18,980
B1. Acquisitions	—	12,670
B2. Writebacks	—	6,310
B3. Transfers from holdings of non-investment securities	—	—
B4. Other movements	207	—
C. REDUCTIONS	76,943	19,480
C1. Disposals	3,243	13,188
C2. Redemptions	—	—
C3. Value adjustments <i>of which: permanent writedowns</i>	—	—
C4. Transfers to holdings of non-investment securities	—	—
C5. Other movements	73,700 ⁽¹⁾	6,292
D. HOLDING AT END OF PERIOD	—	76,736

(1) Bonds converted into equities.

2.3 Non-investment securities

	Book value € '000		Market value € '000	
	30/6/05	30/6/04	30/6/05	30/6/04
1. DEBT SECURITIES	8,594,258	6,128,629	8,656,566	6,152,523
1.1 Government securities:	2,466,305	1,898,135	2,469,401	1,898,802
• listed	2,466,305	1,898,135	2,469,401	1,898,802
• unlisted	—	—	—	—
1.2 Other debt securities:	6,127,953	4,230,494	6,187,165	4,253,721
• listed	4,809,260	3,694,621	4,865,131	3,716,751
• unlisted	1,318,693	535,873	1,322,034	536,970
2. CAPITAL SECURITIES	756,921	2,564,976	803,531	2,605,163
• listed	751,921	2,564,976	797,569	2,605,163
• unlisted	5,000	—	5,962	—
	9,351,179	8,693,605	9,460,097	8,757,686

2.4 Movements in non-investment securities

	30/6/05 € '000	30/6/04 € '000
A. HOLDING AT BEGINNING OF PERIOD	8,693,605	8,277,780
B. ADDITIONS	62,019,804	51,393,880
B1. Acquisitions:	61,727,576	51,097,424
1. Debt securities:	54,812,218	39,399,448
• government securities	46,290,544	23,387,322
• other debt securities	8,521,674	16,012,126
2. Capital securities	6,915,358	11,697,976
B2. Writebacks and revaluations	—	1,507
B3. Transfers from holdings of investment securities	44,665	—
B4. Other movements	247,563	294,949 ⁽¹⁾
C. REDUCTIONS	61,362,230	50,978,055
C1. Disposals and redemptions:	61,218,153	50,645,837
1. Debt securities:	52,490,263	40,319,445
• government securities	45,087,270	24,106,641
• other debt securities	7,402,993	16,212,804
2. Capital securities	8,727,890	10,326,392
C2. Value adjustments	14,141	26,119
C3. Transfers to holdings of investment securities	—	—
C4. Other movements	129,936	306,099
D. HOLDING AT END OF PERIOD	9,351,179	8,693,605

(1) Of which € 15,154,000 due to dividends collected in kind.

Securities intended for use on a continuing basis in the Bank's operations are classified as *investment securities* and consist of debt securities, most of which are convertible into equities, or have been issued with warrants.

Securities maintained for use in treasury transactions are classified as *non-investment securities*.

3. Equity investments

3.1 Significant investments

	Share capital € '000	Par value of shares €	Shareholders' equity € '000	Profit (loss) ⁽¹⁾ € '000	Equity interest %	Book value € '000
A. INVESTMENTS IN GROUP UNDERTAKINGS (Heading 80)						
<i>Italy</i>						
1. COMPASS S.p.A., Milan	87,500	5	213,634	41,345	100.00	77,985
2. MB FINSTRUTTURE - INTERSOMER S.p.A., Milan	6,500	0.50	59,211	12,776	100.00	32,700
3. PROMINVESTMENT S.p.A., Rome	743	0.52	1,675	61	70.00	819
4. PRUDENTIA FIDUCIARIA S.p.A., Milan	100	5	568	50	100.00	103
5. RICERCHE E STUDI S.p.A., Milan	100	5	103	—	100.00	103
6. SADE FINANZIARIA S.r.l., Milan	25		25	—	100.00	25
7. SETECI - Società per l'Elaborazione, Trasmissione Dati, Engineering e Consulenza Informatica S.p.A., Milan	500	5	532	1	100.00	522
8. SPAFID S.p.A., Milan	100	10	33,578	958	100.00	26
9. TECHNOSTART S.p.A., Milan	1,000	0.50	617	(37)	69.00	426
<i>Outside Italy</i>						
10. COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A., Monte Carlo	111,100	200	219,786	27,726	100.00	371,508
11. MEDIOBANCA INTERNATIONAL Ltd Grand Cayman	€ 10m	€ 1	73,130	6,042	100.00	6,002
12. TRADEVCO Ltd - Monrovia, Liberia (in liquidation)	LRD 80m	LRD 16,000	LRD —	LRD —	60.00 ⁽²⁾ ⁽³⁾
						490,219
B. COMPANIES SUBJECT TO CONSIDERABLE INFLUENCE						
1. ATHENA PRIVATE EQUITY S.A., Luxembourg	50,000	2	165,924	2,504	24.46	33,731
2. BANCA ESPERIA S.p.A., Milan	13,000	0.52	46,732	7,867	48.50	22,665
3. CARTIERE BURGO S.p.A., Verzuolo	205,400	0.52	452,547	139,005	22.13	54,630
4. FIDIA - Fondo Interbancario d'Investimento Azionario SGR S.p.A., Milan	15,600	520	15,103	(111)	25.00	3,775
5. MB VENTURE CAPITAL FUND I PARTICIPATING COMPANY A N.V., Amsterdam	50	1	16,348	(3)	45.00	16,141
						130,942
						621,161

⁽¹⁾ Profit (loss) is included in shareholders' equity.

⁽²⁾ The remaining shares are held by TRADEVCO as treasury shares.

⁽³⁾ Carried at at token book value of € 1.

3.2 Amounts due from and to Group undertakings

	30/6/05 € '000	30/6/04 € '000
a) AMOUNTS DUE FROM GROUP UNDERTAKINGS	4,027,682	3,667,173
1. Amounts due from banks <i>of which: subordinated</i>	788,977 —	514,903 —
2. Amounts due from financial companies <i>of which: subordinated</i>	3,186,924 —	3,106,575 —
3. Amounts due from other clients <i>of which: subordinated</i>	1,333 —	1,522 —
4. Bonds and other debt securities <i>of which: subordinated</i>	50,448 —	44,713 —
b) AMOUNTS DUE TO GROUP UNDERTAKINGS	1,718,885	1,851,821
1. Amounts due to banks	1,689,050	1,846,979
2. Amounts due to financial companies	28,836	3,892
3. Amounts due to other clients	999	950
4. Debt securities	—	—
5. Subordinated liabilities	—	—
c) GUARANTEES AND COMMITMENTS	4,283,715	4,860,754
1. Guarantees given	2,422,705	2,855,467
2. Commitments	1,861,010	2,005,287

3.3 Amounts due from and to associated undertakings

	30/6/05 € '000	30/6/04 € '000
a) AMOUNTS DUE FROM ASSOCIATED UNDERTAKINGS	1,933,855	2,869,587
1. Amounts due from banks <i>of which: subordinated</i>	94,050 —	793,425 —
2. Amounts due from financial companies <i>of which: subordinated</i>	— —	390,000 —
3. Amounts due from other clients <i>of which: subordinated</i>	1,785,568 400,000	1,483,459 400,000
4. Bonds and other debt securities <i>of which: subordinated</i>	54,237 —	202,703 15,639
b) AMOUNTS DUE TO ASSOCIATED UNDERTAKINGS	145,856	210,008
1. Amounts due to banks	7,657	115,808
2. Amounts due to financial companies	46,952	7,997
3. Amounts due to other clients	91,247	86,203
4. Debt securities	—	—
5. Subordinated liabilities	—	—
c) GUARANTEES AND COMMITMENTS	597,386	986,607
1. Guarantees given	55,783	83,650
2. Commitments	541,603	902,957

3.4 Heading 70: *Equity investments*

	30/6/05 € '000	30/6/04 € '000
a) INVESTMENTS IN BANKS	81,948	143,837
1. <i>listed</i>	59,252	124,747
2. <i>unlisted</i>	22,696	19,090
b) INVESTMENTS IN FINANCIAL COMPANIES	363,563	278,159
1. <i>listed</i>	304,061	212,501
2. <i>unlisted</i>	59,502	65,658
c) OTHER EQUITY INVESTMENTS	2,273,495	2,092,467
1. <i>listed</i>	1,890,502	1,703,857
2. <i>unlisted</i>	382,993	388,610

3.5 Heading 80: *Investments in Group undertakings*

	30/6/05 € '000	30/6/04 € '000
a) INVESTMENTS IN BANKS	377,510	283,742
1. <i>listed</i>	—	—
2. <i>unlisted</i>	377,510	283,742
b) INVESTMENTS IN FINANCIAL COMPANIES	112,084	112,109
1. <i>listed</i>	—	—
2. <i>unlisted</i>	112,084	112,109
c) INVESTMENTS IN OTHER GROUP UNDERTAKINGS	625	625
1. <i>listed</i>	—	—
2. <i>unlisted</i>	625	625

3.6 *Movements in investments*

3.6.1 Movements in investments in Group undertakings

	30/6/05 € '000	30/6/04 € '000
A. HOLDING AT BEGINNING OF PERIOD	396,476	118,731
B. ADDITIONS	93,768	277,765
B1. Acquisitions	93,768	277,765
B2. Writebacks	—	—
B3. Revaluations	—	—
B4. Other movements	—	—
C. REDUCTIONS	25	20
C1. Disposals	—	—
C2. Value adjustments	25	20
<i>of which: permanent writedowns</i>	25	20
C3. Other movements	—	—
D. HOLDING AT END OF PERIOD	490,219	396,476
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS	3,847	3,822

3.6.2 Movements in other investments

	30/6/05 € '000	30/6/04 € '000
A. HOLDING AT BEGINNING OF PERIOD	2,514,463	2,570,321
B. ADDITIONS	451,442	635,519
B1. Acquisitions	259,291	442,685
B2. Writebacks	71,203	153,683
B3. Revaluations	—	—
B4. Other movements	120,948 ⁽¹⁾	39,151
C. REDUCTIONS	246,899	691,377
C1. Disposals	182,739	242,963
C2. Value adjustments <i>of which: permanent writedowns</i>	10,501 —	25,707 —
C3. Other movements	53,659	422,707
D. HOLDING AT END OF PERIOD	2,719,006	2,514,463
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS	447,394	677,523

⁽¹⁾ Of which € 73,700,000 due to conversion of bonds.

4. Tangible and intangible fixed assets

4.1 Movements in tangible fixed assets

	30/6/05			30/6/04		
	Properties	Furniture and equipment	Total	Properties	Furniture and equipment	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
A. HOLDING AT BEGINNING OF PERIOD	11,561	—	11,561	10,647	—	10,647
B. ADDITIONS	777	972	1,749	1,678	798	2,476
B1. Acquisitions	777	972	1,749	1,678	580	2,258
B2. Writebacks	—	—	—	—	—	—
B3. Revaluations	—	—	—	—	—	—
B4. Other movements	—	—	—	—	218 ⁽¹⁾	218
C. REDUCTIONS	788	972	1,760	764	798	1,562
C1. Disposals and retirements from service	—	—	—	—	218	218
C2. Value adjustments:	788	972	1,760	764	580	1,344
a) <i>depreciation</i>	788	972 ⁽²⁾	1,760	764	580 ⁽²⁾	1,344
b) <i>permanent writedowns</i>	—	—	—	—	—	—
C3. Other movements	—	—	—	—	—	—
D. HOLDING AT END OF PERIOD	11,550	—	11,550	11,561	—	11,561
E. TOTAL REVALUATIONS	23,610	—	23,610	23,610	—	23,610
F. TOTAL ADJUSTMENTS:	14,705	15,143	29,848	13,917	14,171	28,088
a) <i>depreciation</i>	14,705	15,143	29,848	13,917	14,171	28,088
b) <i>permanent writedowns</i>	—	—	—	—	—	—

⁽¹⁾ Released from accumulated depreciation following disposals and retirements from service.

⁽²⁾ Cost of all assets acquired during the financial year written off.

4.2 Movements in intangible assets

	30/6/05 € '000	30/6/04 € '000
A. ASSETS AT BEGINNING OF PERIOD	— ⁽¹⁾	— ⁽¹⁾
B. ADDITIONS	624	1,341
B1. Acquisitions	624	1,341
B2. Writebacks	—	—
B3. Revaluations	—	—
B4. Other movements	—	—
C. REDUCTIONS	624	1,341
C1. Disposals and retirements from service	—	—
C2. Value adjustments:	624	1,341
a) <i>amortization</i>	624	1,341
b) <i>permanent writedowns</i>	—	—
C3. Other movements	—	—
D. ASSETS AT END OF PERIOD	—	—
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS:	13,983	13,359
a) <i>amortization</i>	13,983	13,359
b) <i>permanent writedowns</i>	—	—

⁽¹⁾ Cost fully written off.

5. Other asset headings

5.1 Heading 130: *Other assets*

	30/6/05 € '000		30/6/04 € '000	
AMOUNTS DUE FROM REVENUE AUTHORITIES:				
• taxes withheld	7,156		8,547	
• advance tax paid, tax credits, taxes recoverable and interest thereon	69,822		303,305	
• prepaid tax	109,183	186,161	84,883	396,735
OTHER AMOUNTS DUE:				
• premiums, grants, indemnities and other items relating to lending transactions	7,867		8,463	
• futures and other securities transactions	2,328		641	
• advances on deposit commissions	415		441	
• invoices receivable and to be issued	6,836		8,695	
• other items in transit	36,112	53,558	52,752	70,992
INTERBANK ACCOUNTS, DEFERRED VALUE DATES		28		5,008
PREMIUMS PAID FOR OPTIONS PURCHASED		235,626		234,409
VALUATION OF DERIVATIVE CONTRACTS		21,156		23,322
DEPOSITS PAID ON DERIVATIVE CONTRACTS		17,358		16,599
OTHER ITEMS		4,737		1,243
		518,624		748,308

5.2 Heading 140: *Accrued income and prepaid expenses*

	30/6/05 € '000		30/6/04 € '000	
ACCRUED INCOME				
Interest accrued on amounts due from banks	9,273		7,907	
Interest accrued on amounts due from customers	95,195		137,774	
Interest accrued on derivative contracts	1,063,959		997,531	
Interest accrued on securities held	115,258	1,283,685	53,557	1,196,769
PREPAID EXPENSES				
Commissions prepaid	160,310		183,480	
Advances on forward transactions	7,484		11,173	
Discounts and expenses on bonds issued	58,096		55,924	
Other prepaid expenses	22,319	248,209	22,813	273,390
		1,531,894		1,470,159

5.4 *Subordinated assets*

	30/6/05 € '000	30/6/04 € '000
a) Amounts due from banks	—	—
b) Amounts due from customers	400,000	400,000
c) Bonds and other debt securities	135,476	62,031
	535,476	462,031

6. Accounts payable

6.1 Heading 10: *Amounts due to banks*

	30/6/05 € '000	30/6/04 € '000
a) Forward transactions	1,514,946	1,034,503
b) Securities lent	17,979	76,150

6.2 Heading 20: *Amounts due to customers*

	30/6/05 € '000	30/6/04 € '000
a) Forward transactions	240,769	321,017
b) Securities lent	116,347	179,838

Heading 30: *Debt securities in issue*

	30/6/05		30/6/04	
	No. (1)	€ '000	No. (1)	€ '000
Bonds	—	14,164,070	—	14,473,872
• <i>convertible</i>	131,049	75,153	131,066	75,153
• <i>with warrants</i>	1,312	10	2,562	2,510
• <i>other bonds</i>	—	14,088,907	—	14,396,209
Certificates of deposit	—	479,856	—	593,280
Others	—	327,433	—	189,427
		14,971,359		15,256,579

(1) Actual number. Bonds in issue have varying nominal values.

7. Provisions (Headings 70, 80 and 90)

Provision for staff termination indemnities

	30/6/05 € '000	30/6/04 € '000
PROVISION AT BEGINNING OF PERIOD	11,959	14,885
<i>deduct:</i>		
• indemnities paid out and advances made under Law 297/82 during the year	490	4,529
• transfer to pension fund	2,233	2,012
• tax on revaluation of indemnities	31	35
<i>add:</i>		
• transfer to provision for year	3,781	3,650
PROVISION AT END OF PERIOD	12,986	11,959

7.1 Heading 90: *Loan loss provisions*

	30/6/05 € '000	30/6/04 € '000
SPECIFIC AND GENERAL CREDIT RISKS	—	319,627
LOAN LOSS PROVISION FOR DEFAULT INTEREST	—	—
	—	319,627

7.2 *Movements in loan loss provisions*

	30/6/05 € '000	30/6/04 € '000
A. PROVISIONS AT BEGINNING OF PERIOD	319,627	286,627
B. ADDITIONS	—	33,000
B1. Transfers to provisions	—	33,000
B2. Other movements	—	—
C. REDUCTIONS	319,627	—
C1. Transfers from provisions	319,627 ⁽¹⁾	—
C2. Other movements	—	—
D. PROVISIONS AT END OF PERIOD	—	319,627

⁽¹⁾ Resulting from reversal of provisions made solely to comply with tax regulations pursuant to Italian Legislative Decree 6/03.

Provision for taxation as at 30 June 2005

	Corporate income tax and regional production tax € '000	“Substitutive” CGT € '000	“Substitutive” tax on franking loan loss provision € '000	“Substitutive” tax on lendings € '000	Others ⁽¹⁾ € '000	Total € '000
PROVISION AT BEGINNING OF PERIOD	223,964	—	—	799	2,600	227,363
<i>deduct:</i>						
• transfers from provision during year	215,452	—	—	799	2,600	218,851
• writeback to profit and loss account	—	—	—	—	—	—
• other decreases	—	—	—	—	—	—
<i>add:</i>						
• transfers to provision during year	53,801	—	14,440	528	2,360	71,129
• other increases	—	—	—	—	—	—
PROVISION AT END OF PERIOD	62,313	—	14,440	528	2,360	79,641

(1) “Substitutive” tax on non-Italian subsidiaries.

Provision for taxation as at 30 June 2004

	Corporate income tax and regional production tax € '000	“Substitutive” CGT € '000	“Substitutive” tax on franking loan loss provision € '000	“Substitutive” tax on lendings € '000	Others € '000	Total € '000
PROVISION AT BEGINNING OF PERIOD	137,698	—	20,819	1,994	2,800	163,311
<i>deduct:</i>						
• transfers from provision during year	120,497	—	20,819	1,994	2,800	146,110
• writeback to profit and loss account	—	—	—	—	—	—
• other decreases	—	—	—	—	—	—
<i>add:</i>						
• transfers to provision during year	206,763	—	—	799	2,600	210,162
• other increases	—	—	—	—	—	—
PROVISION AT END OF PERIOD	223,964	—	—	799	2,600	227,363

(1) “Substitutive” tax on non-Italian subsidiaries.

7.3 Heading 80)c: Provisions for liabilities and charges: other provisions

	30/6/05 € '000	30/6/04 € '000
Transfer to cover possible charges arising in connection with liquidation of Group company Tradevco	—	5,090
Provision to cover possibility of charges not necessarily connected to the Bank's lending activities	150,000	—
	150,000	5,090

7.4a Changes in advance tax assets over the twelve months to 30 June 2005

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	84,883	82,905	1,978	—
2. Additions	55,606	54,767	839	—
2.1 Advance tax originating in period	55,606	54,767	839	—
2.2 Other additions	—	—	—	—
3. Reductions	31,306	30,558	748	—
3.1 Advance tax reversed in period	31,306	30,558	748	—
3.2 Other reductions	—	—	—	—
4. BALANCE AT END OF PERIOD	109,183	107,114	2,069	—

Eligible offsets as at 30 June 2005

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	109,183	107,114	2,069	—
5. Transfers	—	—	—	—
5.1 to deferred taxation	—	—	—	—
5.2 from deferred taxation	—	—	—	—
6. AMOUNT CREDITED TO OTHER ASSETS (HEADING 150)	109,183	107,114	2,069	—

7.4b Changes in advance tax assets over the twelve months to 30 June 2004

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	143,165	137,832	5,333	—
2. Additions	7,257	6,912	345	—
2.1 Advance tax originating in period	7,257	6,912	345	—
2.2 Other additions	—	—	—	—
3. Reductions	65,539	61,839	3,700	—
3.1 Advance tax reversed in period	63,236	59,536	3,700	—
3.2 Other reductions	2,303	2,303	—	—
4. BALANCE AT END OF PERIOD	84,883	82,905	1,978	—

Eligible offsets as at 30 June 2004

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	84,883	82,905	1,978	—
5. Transfers	—	—	—	—
5.1 to deferred taxation	—	—	—	—
5.2 from deferred taxation	—	—	—	—
6. AMOUNT CREDITED TO OTHER ASSETS (HEADING 150)	84,883	82,905	1,978	—

7.5a Changes in deferred tax liabilities over the twelve months to 30 June 2005

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	13,134	13,134	—	—
2. Additions	—	—	—	—
2.1 Advance tax originating in period	—	—	—	—
2.2 Other additions	—	—	—	—
3. Reductions	11,402	11,402	—	—
3.1 Advance tax reversed in period	11,402	11,402	—	—
3.2 Other reductions	—	—	—	—
4. BALANCE AT END OF PERIOD	1,732	1,732	—	—

Eligible offsets as at 30 June 2005

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	1,732	1,732	—	—
5. Transfers	—	—	—	—
5.1 to advance taxation	—	—	—	—
5.2 from advance taxation	—	—	—	—
6. AMOUNT CREDITED TO PROVISION FOR TAXATION (HEADING 80b)	1,732	1,732	—	—

7.5b Changes in deferred tax liabilities over the twelve months to 30 June 2004

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	44,459	44,459	—	—
2. Additions	1,964	1,964	—	—
2.1 Deferred tax originating in period	1,964	1,964	—	—
2.2 Other additions	—	—	—	—
3. Reductions	33,289	33,289	—	—
3.1 Deferred tax reversed in period	32,950	32,950	—	—
3.2 Other reductions	339	339	—	—
4. BALANCE AT END OF PERIOD	13,134	13,134	—	—

Eligible offsets as at 30 June 2004

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	13,134	13,134	—	—
5. Transfers	—	—	—	—
5.1 to advance taxation	—	—	—	—
5.2 from advance taxation	—	—	—	—
6. AMOUNT CREDITED TO PROVISION FOR TAXATION (HEADING 80b)	13,134	13,134	—	—

As noted earlier, advance tax has been recognized in the accounts as from the year ended 30 June 2000 in addition to current and deferred tax.

This tax is provided on the liability method, whereby deferred tax liabilities are charged to the accounts save where there is little chance they will actually be incurred.

Deductible timing differences on the basis of which advance tax is calculated mainly involve:

- depreciation on furniture and fixtures and amortization of intangible assets which is written off when incurred;
- entertainment expenses;
- excess maintenance expenses;
- non-deductible losses on securities and investments held;
- unrealized losses on investments, which where the provisions of Decree Law 209/02 Article 1 Clause 2 b) apply, are deductible on the straight-line basis in the year in which they are incurred and the following four years;
- the substantial initial leasing instalments;
- provisions for liabilities and charges.

Taxable timing differences on the basis of which deferred tax is calculated relate to capital gains on which (in applicable cases under Article 54/4 of Presidential Decree 917/86) may be taxed on the straight-line basis over up to four years from the accounting period in which it was incurred.

Where advance or deferred tax has been provided in the accounts, it has been determined separately in respect of corporate income tax which is charged at the nominal rate of 33%, and regional production tax, charged at the rate applicable at the balance-sheet date.

8. Share capital, reserves, provision for general banking risks and subordinated liabilities

Heading 100: *Provision for general banking risks*

	30/6/05 € '000	30/6/04 € '000
Loan loss provision originally raised on provisionally tax-exempt basis under Article 71/1 of Presidential Decree 917/86	234,210	310,210
Additions during the year	219,127	—
Addition resulting from the franking of the loan loss provision under Article 22 of Law 342/00	404,725	328,725
	858,062	638,935

Heading 120: *Share capital at 30 June 2005*

	30/6/05 € '000
SHARE CAPITAL AT BEGINNING OF PERIOD	
• 778,582,915 € 0.50 par value ordinary shares	389,291
Restricted rights issue of 16,373,000 shares subscribed by employees under stock option scheme	8,187
SHARE CAPITAL AT END OF PERIOD	397,478

Heading 120: *Share capital at 30 June 2004*

	30/6/04 € '000
SHARE CAPITAL AT BEGINNING OF PERIOD	
• 778,529,415 € 0.50 par value ordinary shares	389,275
Restricted rights issue of 20,000 shares subscribed by employees under share option scheme	16
SHARE CAPITAL AT END OF PERIOD	389,291

Heading 130: *Share premium reserve*

	30/6/05 € '000	30/6/04 € '000
SHARE PREMIUMS AT BEGINNING OF PERIOD	1,807,340	1,807,114
Increases:		
• share options	125,991	226
SHARE PREMIUMS AT END OF PERIOD	1,933,331	1,807,340

Heading 140: *Reserves*

	30/6/05 € '000	30/6/04 € '000
RESERVES AT BEGINNING OF PERIOD:		
Legal reserve	77,855	77,855
Statutory reserve	893,452	1,033,591
Other reserves	248,998	262,945
Allocations under profit appropriation (fund allocation) approved at Annual General Meeting:		
• to Legal reserve	29	—
• to Statutory reserve	111,172	—
• from Statutory reserve	—	(140,139)
• from Other reserves	—	(13,947)
RESERVES AT END OF PERIOD:		
Legal reserve	77,884	77,855
Statutory reserve	1,004,624	893,452
Other reserves	248,998	248,998

Heading 150: *Revaluation reserves*

	30/6/05 € '000	30/6/04 € '000
Revaluation reserve under Law 72/83 ⁽¹⁾	4,080	4,080
Revaluation reserve under Law 413/91	3,507	3,507
	7,587	7,587

⁽¹⁾ Net of € 17,560,000 taken to equity pursuant to Extraordinary Resolution adopted at AGM on 28/10/93.

8.1 *Regulatory capital and capital adequacy requirements*

	30/6/05 € '000	30/6/04 € '000
a) Regulatory capital		
a.1. Tier 1 capital	4,571,793	4,167,072
a.2. Tier 2 capital	1,359,775	1,375,948
a.3. Supervisory deductions	(132,041)	(134,479)
a.4. Regulatory capital	5,799,527	5,408,541
b) Capital adequacy requirements		
b.1. Credit risk	1,651,785	1,449,141
b.2. Market risk	387,644	263,131
• on non-investment securities	387,644	263,131
• on exchange rates	—	—
• on loan concentration	—	—
b.2.1. Tier 3 subordinated loans	—	—
b.3. Other capital adequacy requirements	—	—
b.4. Total capital adequacy requirements	2,039,429	1,712,272
c) Risk assets and capital adequacy ratios		
c.1. Risk weighted assets	29,134,700	24,461,029
c.2. Tier 1 capital as % of risk-weighted assets	15.69%	17.04%
c.3. Regulatory capital as % of risk-weighted assets	19.91%	22.11%

	Amount (€)	Possible uses	Amount available (€)	Summary of withdrawals from reserves in previous year	
				Other	To cover losses
Share capital	397,478	—	—	—	—
Capital reserves:					
- Share premium	1,933,331	A – B – C	1,933,331	—	—
- Other reserves	256,585	A – B – C	256,585	—	—
Earnings reserves:					
- Legal reserve	77,884	B	—	—	—
- Statutory reserve	1,004,624	A – B – C	1,004,624	—	140,139
- Other reserves	858,062	A – B – C	858,062	13,947	—
- Surplus	—	A – B – C	—	81	—
Total	4,527,964	—	4,052,602	14,028	140,139
Total unavailable	—	—	—	—	—
Amount available for distribution	—	—	4,052,602	—	—

Legenda:

A: for rights issues

B: for cover losses

C: to be distributed to shareholders

	Share capital	Share premium	Legal reserve	Statutory reserve	Other reserves	Revaluation reserves	Retained earnings (accumulated losses)	Profit (loss) for the year	Provision for banking risks	Total
30/06/2002	389,265	1,806,980	77,852	1,033,329	262,945	7,587	99	117,646	638,935	4,334,638
Additions	10	134	3	262	—	—	—	—	—	409
Reductions	—	—	—	—	—	—	(18)	(131,673)	—	(131,691)
30/06/2003	389,275	1,807,114	77,855	1,033,591	262,945	7,587	81	(14,027)	638,935	4,203,356
Additions	16	226	—	—	—	—	—	427,563	—	427,805
Reductions	—	—	—	(140,139)	(13,947)	—	(81)	14,027	—	(140,140)
30/06/2004	389,291	1,807,340	77,855	893,452	248,998	7,587	—	427,563	638,935	4,491,021
Additions	8,187	125,991	29	111,172	—	—	—	440,054	319,627	1,005,060
Reductions	—	—	—	—	—	—	—	(427,563)	(100,500)	(528,063)
30/06/2005	397,478	1,933,331	77,884	1,004,624	248,998	7,587	—	440,054	858,062	4,968,018

	12 mths to 30/6/05		12 mths to 30/6/04	
	Profit for the year		Profit for the year	Share capital and reserves
Balance prior to provision reversals	120,427 (*)		427,563	4,063,458
Tax interference gross of deferred tax:				
1. Loan loss provision	319,627		33,000	286,627
Total gross interference	319,627		33,000	286,627
Related deferred tax	—		—	—
Total interference net of deferred tax	319,627		33,000	286,627
Balance after provision reversals	440,054		460,563	4,350,085

(*) Amount includes transfers to Provision for general banking risks and Provision for liabilities and charges in an amount of € 319.6m as counter-item to Loan loss provision being relieved to profit and loss as a result of requirements under Italian Legislative Decree 6/03.

9. Other liability headings

9.1 Heading 50: *Other liabilities*

	30/6/05 € '000		30/6/04 € '000	
DUE TO REVENUE AUTHORITIES	29,045		30,815	
AMOUNTS DUE IN RESPECT OF:				
• interest coupons and dividends awaiting collection and debt securities in the process of conversion	2,067		2,335	
• commissions payable to banks	75		72	
• commissions payable to placing and underwriting syndicates	2,725		12,666	
• invoices pending settlement and receipt	13,071		12,972	
• premiums, contributions and other amounts due to third parties in respect of financing transactions	55,359	73,297	121,407	149,452
FEES PAYABLE, AND SOCIAL SECURITY CONTRIBUTIONS AND AMOUNTS WITHHELD FROM STAFF AND PROVIDERS OF SERVICES DUE TO REVENUE AUTHORITIES	13,697		13,273	
INTERBANK ACCOUNTS, DEFERRED VALUE DATES	85		5,143	
PREMIUMS RECEIVED ON OPTIONS SOLD	228,509		237,705	
VALUATION OF DERIVATIVE CONTRACTS	99,399		164,683	
TECHNICAL SHORTFALLS ON SECURITIES LENDING TRANSACTIONS	1,768,142		2,184,865	
DEPOSITS RECEIVED ON DERIVATIVE CONTRACTS	859,806		754,304	
OTHER ITEMS	—		—	
	3,071,980		3,540,240	

9.2 Heading 60: *Accrued expenses and deferred income*

	30/6/05 € '000		30/6/04 € '000	
ACCRUED EXPENSES				
Interest accrued on deposits and loans from banks	159,458		111,514	
Interest and commissions accrued on Mediobanca certificates of deposit and debt securities, and on guarantees and treasury funding transactions	230,188		221,066	
Interest accrued on derivatives	170,906		226,314	
Amounts accrued on refinancings and subsidies	2,886	563,438	2,481	561,375
DEFERRED INCOME				
Actualization of derivative contracts	9,690		25,403	
Commissions on bond issues	9,989		16,674	
Advances on forward transactions	44,710		37,633	
Prepaid interest and commissions	136,477	200,866	156,760	236,470
	764,304		797,845	

10. Guarantees and commitments

10.1 Heading 10: *Guarantees given*

	30/6/05			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Bills backed or endorsed	25,662	—	25,662	28,241	—	28,241
b) Letters of guarantee	1,302,636	1,675,549	2,978,185	1,707,316	1,847,044	3,554,360
c) Assets pledged as collateral	—	—	—	—	—	—
	1,328,298	1,675,549	3,003,847	1,735,557	1,847,044	3,582,601

10.2 Heading 20: *Commitments*

	30/6/05			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Commitments to lend specific funds:						
• securities to be received	1,697,475	125,691	1,823,166	1,458,972	1,539,866	2,998,838
• amounts undrawn under existing loan agreements	3,648,951	3,982,936	7,631,887	3,819,045	1,975,415	5,794,460
• other commitments and exposures	29,402	—	29,402	29,215	—	29,215
	5,375,828	4,108,627	9,484,455	5,307,232	3,515,281	8,822,513
b) Commitments to provide funds on a stand-by basis:						
• loans agreed on a conditional basis	2,710,881	5,505,130	8,216,011	1,486,749	4,266,955	5,753,704
• participations in underwriting syndicates	20,135	—	20,135	501,557	—	501,557
• other commitments and exposures	866,319	162,294	1,028,613	674,715	591,101	1,265,816
	3,597,335	5,667,424	9,264,759	2,663,021	4,858,056	7,521,077
	8,973,163	9,776,051	18,749,214	7,970,253	8,373,337	16,343,590

10.3 *Assets posted as collateral for amounts due by the Bank*

	30/6/05 € '000	30/6/04 € '000
Securities held posted as collateral for forward funding transactions	1,195,673	990,067
Amounts due to customers posted as collateral for EIB loans	301,953	231,181

Credit derivatives (Heading 30 of Guarantees and commitments)

	30/6/05			30/6/04		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Banking book hedge sales						
• with exchange of principal	—	110,000	110,000	—	218,333	218,333
• without exchange of principal	—	65,000	65,000	—	—	—
	—	175,000	175,000	—	218,333	218,333
b) Trading book hedge sales						
• with exchange of principal	935,012	134,135	1,069,147	261,663	55,000	316,663
• without exchange of principal	—	—	—	—	—	—
	935,012	134,135	1,069,147	261,663	55,000	316,663
	935,012	309,135	1,244,147	261,663	273,333	534,996

10.5 *Forward transactions*

Type of transaction	30/6/05			30/6/04		
	Hedging € '000	Trading € '000	Other € '000	Hedging € '000	Trading € '000	Other € '000
1. DEALING	—	4,141,687	324,339	—	8,144,302	323,292
1.1 Securities:	—	4,141,687	324,339	—	8,140,271	323,292
• <i>bought</i>	—	1,823,166	—	—	2,998,838	—
• <i>sold</i>	—	2,318,521	324,339	—	5,141,433	323,292
1.2 Foreign currency:	—	—	—	—	4,031	—
• <i>currency bought/sold for currency</i>	—	—	—	—	—	—
• <i>currency bought for Euros</i>	—	—	—	—	4,031	—
• <i>currency sold for Euros</i>	—	—	—	—	—	—
2. DEPOSITS AND LOANS	—	1,641,385	5,000	—	2,192,942	12,587
• <i>pending disbursement</i>	—	734,620	—	—	1,933,843	2,468
• <i>pending receipt</i>	—	906,765	5,000	—	259,099	10,119

10.6 Credit derivatives

Type of transaction	30/6/05 € '000		30/6/04 € '000	
	Hedging	Trading	Hedging	Trading
1. HEDGE BUYS	425,000	1,163,429	185,000	465,614
1.1 With exchange of principal	265,000	1,163,429	185,000	465,614
– <i>credit default</i>	<i>265,000</i>	<i>1,163,429</i>	<i>185,000</i>	<i>465,614</i>
– <i>credit-linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
1.2 Without exchange of principal	160,000	—	—	—
– <i>credit default</i>	<i>160,000</i>	—	—	—
– <i>credit-linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
2. HEDGE SALES	175,000	1,069,147	218,333	316,663
2.1 With exchange of principal	110,000	1,069,147	218,333	316,663
– <i>credit default</i>	<i>110,000</i>	<i>1,069,147</i>	<i>218,333</i>	<i>316,663</i>
– <i>credit-linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
2.2 Without exchange of principal	65,000	—	—	—
– <i>credit default</i>	<i>65,000</i>	—	—	—
– <i>credit-linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—

10.7 Financial derivatives by type (notional principal amounts)

Type underlying exposure	Debt securities and interest rates			Capital securities and equity indices			Exchange rates and gold			Others		
	Hedging	Trading	Other	Hedging	Trading	Other	Hedging	Trading	Other	Hedging	Trading	Other
DERIVATIVES CONTRACTS	9,716,364	14,489,565	—	3,556,182	7,396,821	14,110,167	26,583	750,197	270,758	—	—	—
1. Forward rate agreements	—	110,000	—	—	—	—	—	—	—	—	—	—
2. I.R.S.	8,424,711	8,698,064	—	—	—	—	—	—	—	—	—	—
3. Domestic currency swaps	—	—	—	—	—	—	—	—	—	—	—	—
4. Currency interest rate swaps	—	—	—	—	—	—	26,583	750,197	—	—	—	—
5. Basics swaps	1,291,653	2,486,634	—	—	—	—	—	—	—	—	—	—
6. Equity index swaps	—	—	—	3,409,282	520,606	—	—	—	—	—	—	—
7. Real indicator swaps	—	—	—	—	—	—	—	—	—	—	—	—
8. Futures	—	2,473,567	—	—	408,286	—	—	—	—	—	—	—
9. Cap options	—	—	—	—	—	—	—	—	—	—	—	—
9.1 Bought	—	—	—	—	—	—	—	—	—	—	—	—
9.2 Sold	—	—	—	—	—	—	—	—	—	—	—	—
10. Floor options	—	—	—	—	—	—	—	—	—	—	—	—
10.1 Bought	—	—	—	—	—	—	—	—	—	—	—	—
10.2 Sold	—	—	—	—	—	—	—	—	—	—	—	—
11. Other options	—	521,300	—	146,900	6,467,929	14,110,167	—	—	270,758	—	—	—
11.1 Bought	—	521,300	—	145,500	3,200,191	6,716,642	—	—	135,379	—	—	—
Plain vanilla	—	521,300	—	145,500	3,070,191	4,105,685	—	—	135,379	—	—	—
Exotic	—	—	—	—	130,000	2,610,957	—	—	—	—	—	—
11.2 Sold	—	—	—	1,400	3,267,738	7,393,525	—	—	135,379	—	—	—
Plain vanilla	—	—	—	1,400	3,137,738	4,672,494	—	—	135,379	—	—	—
Exotic	—	—	—	—	130,000	2,721,031	—	—	—	—	—	—
12. Others	—	200,000	—	—	—	—	—	—	—	—	—	—

10.8 Financial derivatives: underlying exposures bought and sold (notional principal amounts)

Type underlying exposure	Debt securities and interest rates			Capital securities and equity indices			Exchange rates and gold			Others		
	Hedging	Trading	Other	Hedging	Trading	Other	Hedging	Trading	Other	Hedging	Trading	Other
DERIVATIVES CONTRACTS	11,008,017	16,976,199	—	3,556,182	7,396,821	14,110,167	26,583	750,197	270,758	—	—	—
1. With exchange of principal:	—	2,548,667	—	—	420,076	1,324,472	26,583	740,022	—	—	—	—
Bought	—	386,778	—	—	225,823	424,134	26,583	257,014	—	—	—	—
Sold	—	2,161,889	—	—	194,253	900,338	—	483,008	—	—	—	—
Currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—
2. Without exchange of principal:	11,008,017	14,427,532	—	3,556,182	6,976,745	12,785,695	—	10,175	270,758	—	—	—
Bought	8,688,853	5,720,892	—	3,554,782	3,303,365	6,292,508	—	10,175	135,379	—	—	—
Sold	2,319,164	8,706,640	—	1,400	3,673,380	6,493,187	—	—	135,379	—	—	—
Currency bought/sold for currency	—	—	—	—	—	—	—	—	—	—	—	—

10.9 OTC financial derivatives: counterparty risk ⁽¹⁾

Counterparty/ underlying exposure	Debt securities and interest rates				Capital securities and equity indexes				Exchange rates and gold				Debt securities and interest rates			
	Notional principal amount	Positive fair value		Potential exposure	Notional principal amount	Positive fair value		Potential exposure	Notional principal amount	Positive fair value		Potential exposure	Notional principal amount	Positive fair value		Potential exposure
		Gross	Netted			Gross	Netted			Gross	Netted			Gross	Netted	
A. TRADING	11,705,304	134,274	117,761	92,991	7,196,089	292,227	222,810	507,812	740,022	5,070	4,922	17,158	—	—	—	—
A.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
A.2 Other public agencies	113,160	1,320	—	2,290	—	—	—	—	—	—	—	—	—	—	—	—
A.3 Banks	5,346,503	25,968	21,281	38,428	6,202,721	252,157	188,233	444,384	533,274	5,070	4,922	6,821	—	—	—	—
A.4 Financial companies	3,829,543	15,640	11,028	23,384	863,276	31,890	26,397	55,297	206,748	—	—	10,337	—	—	—	—
A.5 Insurances	32,668	6,475	6,475	1,270	93,668	4,005	4,005	5,620	—	—	—	—	—	—	—	—
A.6 Non-financial undertakings	2,383,430	84,871	78,977	27,619	36,424	4,175	4,175	2,511	—	—	—	—	—	—	—	—
A.7 Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B. HEDGING	12,873,147	360,372	268,403	379,071	399,400	10,835	10,634	9,152	26,583	789	—	1,536	—	—	—	—
B.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.2 Other public agencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.3 Banks	10,686,952	311,206	241,089	353,368	382,500	8,459	8,258	7,800	18,707	789	—	1,142	—	—	—	—
B.4 Financial companies	2,186,195	49,166	27,314	25,703	16,900	2,376	2,376	1,352	7,876	—	—	394	—	—	—	—
B.5 Insurances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.6 Non-financial undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
B.7 Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C. OTHER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C.1 Governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C.2 Other public agencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C.3 Banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C.4 Financial companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C.5 Insurances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C.6 Non-financial undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C.7 Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

(1) Of which to Group undertakings: notional principal amount € 2,282,253,000, positive net value € 139,872,000, netted to € 125,458,000, potential exposure € 90,254,000.

10.10 OTC financial derivatives: financial risks

Counterparty/ underlying exposure	Debt securities and interest rates		Capital securities and equity indexes		Exchange rates and gold		Other	
	Negative fair value		Negative fair value		Negative fair value		Negative fair value	
	Gross ⁽¹⁾	Netted	Gross	Netted	Lordo	Netted	Lordo	Netted
A. TRADING	(98,439)	(62,401)	(14,453)	(2,950)	(12,484)	(12,409)	—	—
A.1 Governments and central banks	—	—	—	—	—	—	—	—
A.2 Other public agencies	(8,323)	(7,003)	—	—	—	—	—	—
A.3 Banks	(37,240)	(16,424)	(14,453)	(2,950)	(75)	—	—	—
A.4 Financial companies	(17,495)	(9,487)	—	—	(12,409)	(12,409)	—	—
A.5 Insurances	—	—	—	—	—	—	—	—
A.6 Non-financial undertakings	(35,381)	(29,487)	—	—	—	—	—	—
A.7 Others	—	—	—	—	—	—	—	—
B. HEDGING	(241,528)	(112,536)	(2,015)	(1,813)	(2,890)	(662)	—	—
B.1 Governments and central banks	—	—	—	—	—	—	—	—
B.2 Other public agencies	—	—	—	—	—	—	—	—
B.3 Banks	(155,907)	(49,795)	(2,015)	(1,813)	(1,820)	(662)	—	—
B.4 Financial companies	(85,621)	(62,741)	—	—	(1,070)	—	—	—
B.5 Insurances	—	—	—	—	—	—	—	—
B.6 Non-financial undertakings	—	—	—	—	—	—	—	—
B.7 Others	—	—	—	—	—	—	—	—
C. OTHER	—	—	—	—	—	—	—	—
C.1 Governments and central banks	—	—	—	—	—	—	—	—
C.2 Other public agencies	—	—	—	—	—	—	—	—
C.3 Banks	—	—	—	—	—	—	—	—
C.4 Financial companies	—	—	—	—	—	—	—	—
C.5 Insurances	—	—	—	—	—	—	—	—
C.6 Non-financial undertakings	—	—	—	—	—	—	—	—
C.7 Others	—	—	—	—	—	—	—	—

⁽¹⁾ Of which to Group undertakings: (€ 14,413,000).

10.11 Credit derivatives: counterparty risk

Type / asset	Notional principal amount ⁽¹⁾	Positive fair value ⁽²⁾	Potential exposure ⁽³⁾
A. NON-INVESTMENT PORTFOLIO			
A.1. Hedge buys with counterparties			
- Governments and central banks	—	—	—
- Other public agencies	—	—	—
- Banks	991,024	5,697	5,662
- Financial companies	472,405	3,041	3,112
- Insurances	115,000	—	500
- Non-financial undertakings	10,000	—	50
- Others	—	—	—
A.2. Hedge sales with counterparties			
- Governments and central banks	—	—	—
- Other public agencies	—	—	—
- Banks	1,014,147	4,082	5,046
- Financial companies	70,000	801	450
- Insurances	—	—	—
- Non-financial undertakings	160,000	27	320
- Others	—	—	—
B. OTHERS			
B.1. Hedge sales with counterparties			
- Governments and central banks	—	—	—
- Other public agencies	—	—	—
- Banks	—	—	—
- Financial companies	—	—	—
- Insurances	—	—	—
- Non-financial undertakings	—	—	—
- Others	—	—	—
Total	2,832,576	13,648	15,140

⁽¹⁾ Of which to Group undertakings: € 160,000,000.

⁽²⁾ Of which to Group undertakings: € 3,062,000.

⁽³⁾ Of which to Group undertakings: € 800,000.

10.12 Credit derivatives: financial risks

Type / asset	Negative fair value ⁽¹⁾
NON-INVESTMENT PORTFOLIO	
1.1. Hedge buys with counterparties	
- Governments and central banks	—
- Other public agencies	—
- Banks	(10,887)
- Financial companies	(4,170)
- Insurances	(193)
- Non-financial undertakings	(13)
- Others	—
Total	(15,263)

⁽¹⁾ Of which to Group undertakings: (€ 1,683,000).

11. Segmental information

11.1 Significant exposures

	30/6/05	30/6/04
a) Total risk-weighted amount (€ '000)	10,492,962	10,688,011
b) No. of exposures	10	11

11.2 Loans and advances to customers by category of borrower

	30/6/05 € '000	30/6/04 € '000
a) Governments	195,652	224,805
b) Other public agencies	—	—
c) Non-financial undertakings	7,997,516	7,192,826
d) Financial companies	5,018,830	5,426,294
e) Family firms	—	—
f) Other borrowers	454,866	455,799
	13,666,864	13,299,724

11.3 Loans and advances to domestic non-financial undertakings and family firms by industry

	30/6/05 € '000	30/6/04 € '000
a) Other sales services	2,066,698	1,838,576
b) Telecoms	1,482,056	1,654,716
c) Energy	1,114,500	859,528
d) Means of transport	695,301	527,482
e) Transport-related services	465,958	519,667
f) Other industries	1,554,308	1,538,296
	7,378,821	6,938,265

11.4 Guarantees given by category of counterparty

	30/6/05 € '000	30/6/04 € '000
a) Governments	—	—
b) Other public agencies	—	—
c) Banks	1,647,044 ⁽¹⁾	1,660,428 ⁽¹⁾
d) Non-financial undertakings	548,093	321,534
e) Financial companies	808,710	1,600,639
f) Family firms	—	—
g) Other counterparties	—	—
	3,003,847	3,582,601

⁽¹⁾ Includes € 1,634,995,000 relating to funding transactions by MEDIOBANCA INTERNATIONAL (€ 1,660,379,000 as at 30 June 2004).

Credit derivatives by type of counterparty

	30/6/05 € '000	30/6/04 € '000
Hedge buys	1,588,429	650,614
Banking book	425,000	185,000
<i>Banks</i>	275,000	170,000
<i>Financial companies</i>	150,000	15,000
Trading book	1,163,429	465,614
<i>Banks</i>	777,754	315,614
<i>Financial companies</i>	385,675	150,000
Hedge sales	1,244,147	534,996
Banking book	175,000	218,333
<i>Banks</i>	160,000	170,000
<i>Financial companies</i>	15,000	48,333
Trading book	1,069,147	316,663
<i>Banks</i>	854,147	296,663
<i>Financial companies</i>	215,000	20,000

11.5 *Assets and liabilities by geographical area*

11.5a Assets and liabilities by geographical area as at 30 June 2005

	Domestic € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS	19,460,877	6,453,354	689,263	26,603,494
1.1 Amounts due from banks	2,215,746	1,189,078	180,627	3,585,451
1.2 Amounts due from customers	12,340,707	1,131,872	194,285	13,666,864
1.3 Securities	4,904,424	4,132,404	314,351	9,351,179
2. LIABILITIES	19,034,347	2,080,627	1,712,989	22,827,963
2.1 Amounts due to banks	2,227,299	1,859,495	1,701,350	5,788,144
2.2 Amounts due to customers	1,835,689	221,132	11,639	2,068,460
2.3 Debt securities	14,971,359	—	—	14,971,359
2.4 Other accounts	—	—	—	—
3. GUARANTEES AND COMMITMENTS	11,236,473	7,251,375	4,509,360	22,997,208

11.5a Assets and liabilities by geographical area as at 30 June 2004

	Domestic € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS	20,910,152	6,079,057	734,529	27,723,738
1.1 Amounts due from banks	2,734,423	2,746,285	172,965	5,653,673
1.2 Amounts due from customers	12,468,429	640,691	190,604	13,299,724
1.3 Securities	5,707,300	2,692,081	370,960	8,770,341
2. LIABILITIES	18,902,012	2,699,700	1,869,942	23,471,654
2.1 Amounts due to banks	1,638,831	2,134,637	1,846,979	5,620,447
2.2 Amounts due to customers	2,006,602	565,063	22,963	2,594,628
2.3 Debt securities	15,256,579	—	—	15,256,579
2.4 Other accounts	—	—	—	—
3. GUARANTEES AND COMMITMENTS	9,961,986	7,416,291	3,082,910	20,461,187

11.6 Assets and liabilities by maturity

11.6a Assets and liabilities by maturity as at 30 June 2005

	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	897,787	21,053,345	11,017,695	698,964	2,144,698	3,539,237	7,687,497	2,753,516	4,784,956	56,879	54,634,574
1.1 Government securities eligible for refinancing	—	14,412	24,593	21,343	101,943	913,978	1,232,873	963,900	410,472	—	3,683,514
1.2 Amounts due from banks	614,646	1,765,719	111,562	4,264	7,693	24,361	233,596	5,553	761,178	56,879	3,585,451
1.3 Amounts due from customers	283,141	2,587,824	2,211,561	57,779	1,854,262	407,335	3,991,315	108,439	2,165,208	—	13,666,864
1.4 Debt securities and other fixed-income securities	—	304,994	821,670	263,176	10,611	753,554	329,320	1,147,935	1,279,484	—	4,910,744
1.5 Off-balance sheet instruments ⁽¹⁾	—	16,380,396	7,848,309	352,402	170,189	1,440,009	1,900,393	527,689	168,614	—	28,788,001
2. LIABILITIES	2,706,506	16,514,824	14,144,956	961,576	1,168,181	2,398,697	7,695,635	2,259,672	3,704,534	61,383	51,615,964
2.1 Deposits and loans from banks	1,217,929	1,664,046	1,061,614	185,858	49,738	174,347	534,431	81,857	818,324	—	5,788,144
2.2 Amounts due to customers	1,470,554	440,624	17,881	78,000	—	18	—	—	—	61,383	2,068,460
2.3 Debt securities in issue:	18,023	498,435	1,999,380	295,878	1,045,148	1,085,668	6,630,377	764,707	2,633,743	—	14,971,359
• bonds	207	324,198	1,801,548	186,262	1,044,401	996,659	6,570,578	756,437	2,483,780	—	14,164,070
• certificates of deposit	17,816	64,237	197,832	109,616	747	89,009	599	—	—	—	479,856
• other debt securities	—	110,000	—	—	—	—	59,200	8,270	149,963	—	327,433
2.4 Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—
2.5 Off-balance sheet instruments ⁽¹⁾	—	13,911,719	11,066,081	401,840	73,295	1,138,664	530,827	1,413,108	252,467	—	28,788,001

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

11.6a Assets and liabilities by maturity as at 30 June 2004

	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	2,024,143	22,174,122	15,175,897	840,377	1,078,321	5,690,156	4,501,892	6,126,199	5,140,554	55,384	62,807,045
1.1 Government securities eligible for refinancing	—	129,386	22,924	9,888	—	372,103	125,548	1,312,894	990,179	—	2,962,922
1.2 Amounts due from banks	1,675,302	3,287,085	32,759	3,752	6,084	23,869	69,424	5,196	494,818	55,384	5,653,673
1.3 Amounts due from customers	348,841	2,379,330	2,352,856	92,793	657,545	1,194,847	3,940,282	414,506	1,918,724	—	13,299,724
1.4 Debt securities and other fixed-income securities	—	466,880	251,772	58,283	71,440	542,601	107,500	1,211,211	529,720	—	3,239,407
1.5 Off-balance sheet instruments ⁽¹⁾	—	15,911,441	12,515,586	675,661	343,252	3,556,736	259,138	3,182,392	1,207,113	—	37,651,319
2. LIABILITIES	2,835,106	21,112,450	16,494,949	504,131	650,366	5,190,434	7,050,439	4,186,830	3,098,268	—	61,122,973
2.1 Deposits and loans from banks	823,990	1,941,204	214,191	1,880	51,623	1,040,108	643,951	80,214	823,286	—	5,620,447
2.2 Amounts due to customers	1,984,508	475,187	3,553	—	—	78,018	—	—	53,362	—	2,594,628
2.3 Debt securities in issue:	26,608	332,010	2,418,270	198,246	468,682	2,592,425	6,230,714	855,726	2,133,898	—	15,256,579
• bonds	208	235,650	2,184,679	75,489	468,237	2,478,987	6,230,425	722,999	2,077,198	—	14,473,872
• certificates of deposit	26,400	96,360	233,591	122,757	445	113,438	289	—	—	—	593,280
• other debt securities	—	—	—	—	—	—	—	132,727	56,700	—	189,427
2.4 Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—
2.5 Off-balance sheet instruments ⁽¹⁾	—	18,364,049	13,858,935	304,005	130,061	1,479,883	175,774	3,250,890	87,722	—	37,651,319

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

11.7 Assets and liabilities denominated in currencies other than Euros

	30/6/05 € '000	30/6/04 € '000
a) ASSETS		
1. Amounts due from banks	65,470	202,060
2. Amounts due from customers	457,445	381,112
3. Securities	73,607	30,180
4. Equity investments	227	514
5. Other accounts	26	75
	596,775	613,941
b) LIABILITIES		
1. Amounts due to banks	226,492	137,760
2. Amounts due to customers	24,520	9,760
3. Debt securities in issue	30,419	30,528
4. Other accounts	—	—
	281,431	178,048

11.8 Securities held as a result of securitizations by third parties

11.8a As at 30 June 2005

Underlying asset	Asset quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
INVESTMENT SECURITIES		—	—	—	—
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Leases		—	—	—	—
Securities		—	—	—	—
Amounts due to SACE from foreign public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other receivables		—	—	—	—
		—	—	—	—
NON-INVESTMENT SECURITIES					
Home mortgage loans	Performing	3,065	—	—	3,065
Retail/industrial/farming mortgage loans		—	—	—	—
Property	Performing	116,508	24,519	—	141,027
Lease instalments	Performing	32,506	13,843	—	46,349
Other receivables	Performing	600,291	—	—	600,291
Social security contributions	Non-performing	29,964	—	—	29,964
		—	—	—	—
		782,334	38,362	—	820,696
		782,334	38,362	—	820,696

11.8b As at 30 June 2004

Underlying asset	Asset quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
INVESTMENT SECURITIES		—	—	—	—
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Leases		—	—	—	—
Securities		—	—	—	—
Amounts due to SACE from foreign public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other amounts due		—	—	—	—
		—	—	—	—
NON-INVESTMENT SECURITIES					
Home mortgage loans	Performing	5,000	—	—	5,000
Retail/industrial/farming mortgage loans		—	—	—	—
Lease instalments	Performing	123,301	13,531	—	136,832
Other amounts due	Performing	97,159	—	—	97,159
	Non-performing	30,803	—	—	30,803
Social security contributions		—	—	—	—
		256,263	13,531	—	269,794
		256,263	13,531	—	269,794

12. Assets managed and traded for third parties

12.1 Securities traded

	30/6/05 € '000	30/6/04 € '000
a) PURCHASES	15,132,153	8,483,967
1. settled	14,349,355	7,823,100
2. pending settlement	782,798	660,867
b) SALES	15,648,516	8,090,238
1. settled	14,865,718	7,424,466
2. pending settlement	782,798	665,772

12.3 Securities under custody and administration

	30/6/05 € '000	30/6/04 € '000
a) THIRD PARTIES' SECURITIES HELD:	4,844,593	5,905,267
1. Securities issued by MEDIOBANCA	365,591	507,501
a/1) <i>under custody</i>	365,591	507,501
a/2) <i>as collateral</i>	—	—
2. Other securities	4,479,002	5,397,766
a/1) <i>under custody</i>	1,106,079	1,336,352
a/2) <i>as collateral</i>	3,372,923	4,061,414
b) THIRD PARTIES' SECURITIES HELD BY THIRD PARTIES	3,306,431	3,586,584
c) OWN SECURITIES HELD BY THIRD PARTIES	8,487,638	7,822,784

C. NOTES TO THE PROFIT AND LOSS ACCOUNT OF THE BANK

1. Interest

1.1 Heading 10: *Interest receivable and similar income*

	2004/05 € '000	2003/04 € '000
a) Interest on amounts due from banks <i>of which: amounts due from central banks</i>	112,462 1,285	113,488 1,220
b) Interest on amounts due from customers <i>of which: on loans and advances using third parties' funds under management</i>	457,204 —	505,063 —
c) Interest on debt securities	222,289	217,622
d) Other interest receivable	—	—
e) Surplus on hedging margins	122,622	136,769
	914,577	972,942

1.2 Heading 20: *Interest payable and similar expenses*

	2004/05 € '000	2003/04 € '000
a) Interest on amounts due to banks	165,125	193,166
b) Interest on amounts due to customers	73,835	85,804
c) Interest on debt securities in issue <i>of which: certificates of deposit</i>	514,802 ⁽¹⁾ 13,437 ⁽¹⁾	533,548 ⁽¹⁾ 20,110 ⁽¹⁾
d) Interest on funds under management	—	—
e) Interest on subordinated liabilities	—	—
f) Shortfall on hedging margins	—	—
	753,762	812,518

⁽¹⁾ Includes commission on deposits.

1.3 *Non-Euro interest and similar income receivable under Heading 10*

	2004/05 € '000	2003/04 € '000
a) Interest receivable and similar income on assets denominated in currencies other than Euros	18,694	25,740

1.4 *Non-Euro interest and similar expenses payable under Heading 20*

	2004/05 € '000	2003/04 € '000
a) Interest payable and similar expenses on liabilities denominated in currencies other than Euros	13,835	15,226

2. Commissions

2.1 Heading 40: *Commissions receivable*

	2004/05 € '000	2003/04 € '000
a) Guarantees given	2,703	2,767
b) Credit derivatives	4,153	4,522
c) Management, trading and advisory services:	80,852	61,036
1. securities dealing	13,473	9,397
2. currency dealing	—	—
3. asset management	—	—
3.1 private individuals	—	—
3.2 groups	—	—
4. securities under custody and administration	—	—
5. bank deposits	—	—
6. securities placing	67,379	51,633
7. procurement of orders	—	6
8. advisory services	—	—
9. agency fees	—	—
9.1 asset management	—	—
9.1.1 private individuals	—	—
9.1.2 groups	—	—
9.2 insurance products	—	—
9.3 other	—	—
d) Collection and payment services	53	94
e) Securitization servicing	—	—
f) Tax collection and receipt services	—	—
g) Other services:	79,368	98,116
• commissions on loans to customers	42,294	43,228
• advisory fees from clients	37,040	54,822
• other commissions	34	66
	167,129	166,535

2.2 Heading 40: *Fees receivable in respect of product and service distribution*

	2004/05 € '000	2003/04 € '000
a) On the Bank's own premises	67,379	51,633
1. Asset management	—	—
2. Securities placing ⁽¹⁾	67,379	51,633
3. Services and products provided by third parties	—	—
b) Elsewhere	—	—
1. Asset management	—	—
2. Securities placing	—	—
3. Services and products provided by third parties	—	—
	67,379	51,633

(1) Mainly fees received for acting as global co-ordinator and from sales to institutional investors.

2.3 Heading 50: *Commissions payable*

	2004/05 € '000	2003/04 € '000
a) Guarantees received	—	506
b) Credit derivatives	3,952	4,572
c) Management and trading services:	9,554	8,024
1. securities dealing	—	—
2. currency dealing	—	—
3. asset management	—	—
3.1 own portfolio	—	—
3.2 third parties' portfolios	—	—
4. securities under custody and administration	1,405	739
5. securities placing	8,149	7,285
6. door-to-door sales of securities, products and services	—	—
d) Collection and payment services	—	—
e) Other services:	6,535	15,170
• commissions on transactions with banks, the Bank of Italy and Ufficio Italiano Cambi	955	1,022
• commissions payable to brokers for securities and derivatives trading	3,047	3,700
• commissions on loans	2,533	10,448
• other commissions	—	—
	20,041	28,272

3. Gains and losses on dealing transactions

3.1 Heading 60: *Gains (losses) on dealing transactions*

3.1a Gains (losses) on dealing transactions in the year ended 30 June 2005

	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	4,694 ⁽¹⁾	—	166	4,860
A.2 Writedowns	(15,660) ⁽²⁾	—	(26,201)	(41,861)
B. Other gains (losses)	180,400 ⁽³⁾ ⁽⁴⁾	4,824	(80,615)	104,609
	169,434	4,824	(106,650)	67,608
<i>of which:</i>				
1. <i>Government securities</i>	(22,475)			
2. <i>Other debt securities</i>	166,141			
3. <i>Capital securities</i>	4,474			
4. <i>Securities derivatives</i>	21,294			

⁽¹⁾ Includes € 4,282,000 relating to fixed-income securities.

⁽²⁾ Includes € 18,219,000 relating to fixed-income securities and € 211,000 to capital securities.

⁽³⁾ Comprises net gains of € 159,348,000 on fixed-income securities dealing, net gains of € 2,478,000 on capital securities, net negative margins of € 131,028,000 on exchange rate derivatives, and € 150,441,000 in net positive margins on equity derivatives.

⁽⁴⁾ Covered by dividends of € 45,613,000 collected from arbitrage transactions.

3.1b Gains (losses) on dealing transactions in the year ended 30 June 2004

	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	21,700 ⁽¹⁾	—	—	21,700
A.2 Writedowns	(45,462) ⁽²⁾	—	7,675	(37,787)
B. Other gains (losses)	(183,265) ⁽³⁾ ⁽⁴⁾	18,214	(45,356)	(210,407)
	(207,027)	18,214	(37,681)	(226,494)
<i>of which:</i>				
1. <i>Government securities</i>	7,854			
2. <i>Other debt securities</i>	(57,387)			
3. <i>Capital securities</i>	(1,552)			
4. <i>Securities derivatives</i>	(155,942)			

⁽¹⁾ Includes € 598,000 relating to fixed-income securities and € 909,000 to capital securities.

⁽²⁾ Includes € 22,583,000 relating to fixed-income securities and € 3,536,000 to capital securities.

⁽³⁾ Comprises net gains of € 27,548,000 on fixed-income securities dealing, net losses of € 1,244,000 on capital securities, net negative margins of € 171,394,000 on futures contracts, and premiums of € 14,602,000 received on options.

⁽⁴⁾ Covered by dividends of € 424,647,000 collected from arbitrage transactions.

4. Administrative expenses

4.1. Average number of employees by category

	2004/05 € '000	2003/04 € '000
a) Senior executives	58	51
b) Grade 3 and 4 managers	134	127
c) Other staff	193	208
	385	386

Heading 80: Administrative expenses

	2004/05 € '000	2003/04 € '000
a) PERSONNEL COSTS:		
• wages and salaries	57,126	56,863
• social security charges	15,895	15,456
• severance indemnities	3,781	3,650
• post-retirement benefits	3,455	3,176
	80,257	79,145
b) OTHER ADMINISTRATIVE EXPENSES:		
• outside consultants' fees	14,958	13,855
• share and bond administration	4,834	5,707
• insurance	537	228
• research and publications	2,258	2,292
• donations to charities	446	398
• rent	1,306	1,269
• maintenance, repairs and refurbishment	6,481	4,883
• service lease instalments	466	461
• financial information subscriptions	5,054	5,165
• stationery and publication costs	1,717	443
• membership subscriptions	477	504
• postal, telephone, fax and telex charges	857	774
• utilities	539	594
• newspapers, magazines and library acquisitions	263	289
• travel and entertainment	2,796	2,424
• EDP services	9,673	8,857
• reimbursements in respect of employees seconded to the Bank	887	1,073
• sundry administrative expenses	3,017	1,639
	56,566	50,855
• indirect taxation:		
• "substitutive" and other taxes	19,122 ⁽¹⁾	7,101
	19,122	7,101
Total other administrative expenses	75,688	57,956
	155,945	137,101

(1) Of which €14,440,000 relating to "substitutive" tax in respect of franking of loan loss provision pursuant to Law 342/00.

5. Adjustments, writebacks and transfers to provisions

Heading 90: *Adjustments to tangible and intangible assets*

	2004/05 € '000	2003/04 € '000
a) Intangible assets	624	1,341
b) Tangible assets	1,760	1,344
• premises	788	764
• plant	717	65
• furniture	255	515
	2,384	2,685

(¹) Depreciation on premises has been charged at the rates prescribed in the Ministerial Decree dated 31/12/88. As in the past, the cost of plant and furniture acquired during the period has been fully written off.

Heading 140: *Transfers to loan loss provisions*

	2004/05 € '000	2003/04 € '000
Transfer under Article 71/1 of Presidential Decree 917/86	—	33,000
	—	33,000

Heading 150: *Adjustments to financial fixed assets*

	2004/05 € '000	2003/04 € '000
Losses on:		
a) Investment securities	—	—
b) Equity investments	10,501	25,707
c) Investments in Group undertakings	25	20
	10,526	25,727

Heading 160: *Writebacks of financial fixed assets*

	2004/05 € '000	2003/04 € '000
Writebacks of:		
a) Investment securities	—	6,310
b) Equity investments	71,203	153,683
c) Investments in Group undertakings	—	—
	71,203	159,993

6. Other profit and loss headings

6.1 Heading 70: *Other income from operations*

	2004/05 € '000	2003/04 € '000
Options exercised to hedge index-linked bonds	5,587	6,005
Tax recovered from clients	1,401	4,688
Expenses recovered	231	1,616
Directors' fees	1,006	221
Rent received	4,220	3,105
Premiums received on options issued	—	151,069
Other operating income	2,499	212
	14,944	166,916

6.2 Heading 110: *Other operating expenses*

	2004/05 € '000	2003/04 € '000
Additional charges on index-linked bonds	5,587	6,005
Leasing instalments paid on properties and additional charges	7,057	10,397
Premiums paid on options acquired	—	148,049
Other expenses	—	1,012
	12,644	165,463

6.3 Heading 180: *Extraordinary income*

	2004/05 € '000	2003/04 € '000
Gain on sale of financial fixed assets	38,630	33,319
Gain on sale of tangible fixed assets	8	3
Contingent assets and sundry other income	8,744	1,304
Tax offset measures	319,627	—
	367,009	34,626

6.4 Heading 190: *Extraordinary expenditure*

	2004/05 € '000	2003/04 € '000
Loss on disposal of financial fixed assets	169	53,880 ⁽¹⁾
Other extraordinary expenditure	715	475
	884	54,355

⁽¹⁾ Covered by dividends received pre-sale amounting to € 56,685,000.

6.5a Heading 220: *Income taxes as at 30 June 2005*

	Corporate income tax € '000	Local production tax € '000	Other taxes € '000	Total € '000
Current taxes	(40,308)	(13,493)	(2,360)	(56,161)
Increase (decrease) in advance taxes	24,210	90	—	24,300
Increase (decrease) in deferred taxes	11,402	—	—	11,402
Income taxes for the year	(4,696)	(13,403)	(2,360)	(20,459)

6.5b Heading 220: *Income taxes as at 30 June 2004*

	Corporate income tax € '000	Local production tax € '000	Other taxes € '000	Total € '000
Current taxes	(204,800)	—	(2,600)	(207,400)
Increase (decrease) in advance taxes	(54,927)	(3,355)	—	(58,282)
Increase (decrease) in deferred taxes	31,325	—	—	31,325
Income taxes for the year	(228,402)	(3,355)	(2,600)	(234,357)

Reconciliation between ordinary and effective tax rate

	30/6/05
	Corporate income tax
Ordinary applicable tax rate	33.00%
Withdrawal from Provision for general banking risks	(7.20%)
Transfer to loan loss provision (0.6%)	(5.45%)
Dividends, writebacks and gains on shareholdings	(18.90%)
Other permanent differences	0.09%
Effective tax rate	1.54%

Last year the effective and ordinary tax rates were largely identical.

7. Segmental information

7.1 Income by geographical area

7.1a Income by geographical area in the year ended 30 June 2005

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
Interest receivable and similar income	650,492	227,702	36,383	914,577
Dividends and other income	175,858	6,943	556	183,357
Commissions receivable	140,823	22,671	3,635	167,129
Gain (loss) on dealing transactions	117,362	(63,705)	13,951	67,608
Other operating income	10,113	4,806	25	14,944
	1,094,648	198,417	54,550	1,347,615

7.1b Income by geographical area in the year ended 30 June 2004

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
Interest receivable and similar income	648,106	299,796	25,040	972,942
Dividends and other income	581,332	65,182	9	646,523
Commissions receivable	148,594	13,477	4,464	166,535
Gain (loss) on dealing transactions	(290,602)	66,564	(2,456)	(226,494)
Other operating income	103,164	63,739	13	166,916
	1,190,594	508,758	27,070	1,726,422

D. OTHER INFORMATION

1. Directors and Statutory Auditors

	2004/05 € '000	2003/04 € '000
1.1 Emoluments:		
a) Directors	10,626	8,098
b) Statutory Auditors	120	120
1.2 Loans granted and guarantees given to:		
a) Directors ⁽¹⁾	840,408	319,779
b) Statutory Auditors	—	—

⁽¹⁾ Amounts include transactions with companies in which Directors of the Bank have a beneficial interest within the terms provided for by law.

Remuneration paid to Directors, Statutory Auditors and General Manager

Disclosure required under Article 78 of CONSOB Resolution 11971/99

Name	Position	Period during which position held	Term expires (8)	Fee € '000 (1)	Fringe benefits	Bonuses and other incentives	Other compensation € '000
Gabriele GALATERI di GENOLA	Chairman (*)	01/07/04 - 30/06/05	30/06/2006	1,907	32	1,200	
Cesare GERONZI	Vice Chairman (*)	01/07/04 - 30/06/05	30/06/2007	397			
Carlo SALVATORI	Vice Chairman (*)	01/07/04 - 30/06/05	30/06/2005	391			
Matteo ARPE	Director (*)	01/07/04 - 30/06/05	30/06/2006	395			
Jean AZEMA.....	Director	01/07/04 - 30/06/05	30/06/2006	397			
Tarak BEN AMMAR.....	Director	01/07/04 - 30/06/05	30/06/2006	395			
Gilberto BENETTON	Director	01/07/04 - 30/06/05	30/06/2005	395			
Antoine BERNHEIM	Director	01/07/04 - 30/06/05	30/06/2005	401			
Vincent BOLLORE'	Director (*)	01/07/04 - 30/06/05	30/06/2006	404			
Carlo BUORA.....	Director (*)	01/07/04 - 30/06/05	30/06/2005	391			
Giancarlo CERUTTI.....	Director	01/07/04 - 30/06/05	30/06/2005	404			
Roberto COLANINNO	Director	01/07/04 - 30/06/05	30/06/2007	404			
Ennio DORIS	Director (**)	01/07/04 - 30/06/05	30/06/2006	401			
Gianluigi GABETTI	Director	01/07/04 - 30/06/05	30/06/2007	404			
Berardino LIBONATI.....	Director	01/07/04 - 30/06/05	30/06/2007	406			
Jonella LIGRESTI.....	Director	01/07/04 - 30/06/05	30/06/2007	391			
Achille MARAMOTTI.....	Director (*)	01/07/04 - 12/01/05	12/01/2005	210			
Fabrizio PALENZONA.....	Director (*)	10/03/05 - 30/06/05	28/10/2005	133			
Carlo PESENTI	Director	01/07/04 - 30/06/05	30/06/2005	404			
Alessandro PROFUMO	Director	01/07/04 - 30/06/05	30/06/2005	391			
Eric STRUTZ	Director (*)	28/10/04 - 30/06/05	28/10/2005	273			
Axel von RUEDORFFER	Director	01/07/04 - 28/10/04	28/10/2004	132			
Alberto NAGEL	General Manager	01/07/04 - 30/06/05	=		4	1,200	800
Angelo CASÓ	Chairman of Statutory Audit Committee	01/07/04 - 30/06/05	30/06/2006	50			
Mario Andrea ARBUFFO.....	Standing Statutory Auditor	01/07/04 - 30/06/05	30/06/2006	35			
Eugenio PINTO	Standing Statutory Auditor	01/07/04 - 30/06/05	30/06/2006	35			

(8) Term expires at AGM to approve accounts for year ended at date indicated.

(*) Member of Executive Committee.

(**) Member of Executive Committee until 28 October 2004.

(1) The fees of Matteo ARPE, Jean AZEMA, Carlo BUORA, Carlo PESENTI and Alessandro PROFUMO will be paid direct to their companies.

DIRECTORS' AND GENERAL MANAGERS' STOCK OPTION SCHEME

Name	Position	Options at beginning of financial year			Options granted			Options exercised			Options at end of financial year		
		No. of options	Avg. strike price	Avg. expiry	No. of options	Avg. strike price	Avg. expiry	No. of options	Avg. strike price	Avg. expiry	No. of options	Avg. strike price	Avg. expiry
Gabriele GALATERI	Chairman	=	=	=	2,000,000	10.865	5 years	=	=	=	2,000,000	10.865	5 years
Alberto NAGEL	General Manager	3,820,000	8.158	Over 5 years	500,000	9.691	Over 5 years	1,145,000	8.287	14.541	3,175,000	8.352	Over 5 years

2. Parent company or parent bank in European Union

The requirement to give particulars of any such parent does not apply to MEDIOBANCA since it is a parent company in its own right and prepares Group consolidated accounts.

**ANNUAL STATEMENT ON CORPORATE GOVERNANCE
IN COMPLIANCE WITH THE CODE OF CONDUCT
FOR LISTED COMPANIES**

**ANNUAL STATEMENT ON CORPORATE GOVERNANCE
IN COMPLIANCE WITH THE CODE OF CONDUCT
FOR LISTED COMPANIES**

THE COMPANY

Mediobanca was set up in 1946. Its core businesses are medium-term lending and investment banking, helping its clients, which include leading Italian corporates as well as numerous medium-size businesses and several international groups, to grow by providing them with professional advisory services as well as traditional medium-term bank credit. Over the years, the advisory and lending sides have been complemented by equity investment, consumer credit (via Group subsidiaries Compass and Micos Banca) and leasing (via the SelmaBipiemme group). In recent years a private banking venture has also been launched with the establishment of Banca Esperia and the acquisition of Compagnie Monégasque de Banque. Mediobanca shares have been listed on the Milan stock exchange since 1956.

SHARE CAPITAL AND OWNERSHIP

The Bank's share capital at 30 June 2005 totalled € 397,477,957.50, made up of 794,955,915 par value € 0.50 ordinary shares.

At an Extraordinary General Meeting held on 30 July 2001, the Board of Directors was authorized to increase the Bank's share capital prior to the fifth anniversary of the date of such resolution in an amount not to exceed € 250m nominal value by creating up to 500 million ordinary new shares, and to issue on or prior to the fifth anniversary of the date of such resolution, bonds convertible into ordinary shares in an amount not to exceed € 5bn nominal value, fixing the maximum number of shares that may be created under the terms of the issue at 500 million.

Resolutions have also been adopted by shareholders in General Meeting to increase the Bank's share capital under the terms of rights issues to be set aside for employees of the Mediobanca Group; a total of 23,716,750 stock options in respect of a like number of shares have yet to be allotted.

Mediobanca has approximately 51,000 shareholders. Shareholders representing just over half the Bank's share capital have entered into an agreement aimed at preserving a stable shareholder base combined with a representative Board of

Directors in order to ensure consistent management objectives. The agreement is filed with the Milan Register of Companies, and an excerpt from it may be found on the Bank's institutional website at www.medioBANCA.it.

CORPORATE GOVERNANCE BODIES

- General Meetings
- Board of Directors
- Executive Committee
- Chairman of Board
- General Manager
- Statutory Audit Committee

BOARD OF DIRECTORS: COMPOSITION AND FUNCTION

The Bank is governed by a Board of Directors, comprising 20 members who meet at least five times a year, which is organized and functions in such a way as to ensure that its duties are discharged effectively. The Board met on a total of seven occasions last year, and at least another six meetings have been scheduled for 2004-2005.

The Articles of Association currently in force provide that the Board has exclusive responsibility for the following areas:

- approval of the Bank's strategic guidelines and risk management policies;
- identifying equity investments deemed to be strategic or permanent; acquiring equity investments deemed to be strategic or permanent involving aggregate outlay in excess of € 500m; authorizing the increase or reduction of such holdings;
- acquisition or disposal of equity interests which would alter the composition of the Banking Group; determining principles in respect of the co-ordination and management of the Banking Group, and decisions to be adopted in carrying out instructions from the Bank of Italy;
- appointment and removal of the General Manager and, at the recommendation of the General Manager, of other members of the Bank's managerial staff, determining their powers;
- proposals to increase the Company's share capital, or issue convertible bonds or otherwise involving break-ups, non-intra-group mergers and spin-offs;
- approval of amendments to internal codes of conduct.

The Articles also provide for the Board to pass resolutions concerning mergers in the cases provided for under Articles 2505 and 2505-bis of the Italian Civil Code; the institution or removal of branch offices; reductions to the Company's share capital as a result of shareholders exercising their right of withdrawal; amendments to the Articles themselves in compliance with regulatory requirements; and transfer of the Company's headquarters within Italian territory.

The Board of Directors currently in office is made up as follows:

Name	Office	Date appointed (*)	Term expires (**)
Gabriele GALATERI di GENOLA	Chairman	28/10/2003	30/6/2006
Cesare GERONZI	Deputy Chairman	29/10/2004	30/6/2007
Carlo SALVATORI	Deputy Chairman	28/10/2002	30/6/2005
Matteo ARPE	Director	28/10/2003	30/6/2006
Jean AZEMA	Director	28/10/2003	30/6/2006
Tarak BEN AMMAR	Director	28/10/2003	30/6/2006
Gilberto BENETTON	Director	28/10/2002	30/6/2005
Antoine BERNHEIM	Director	28/10/2002	30/6/2005
Vincent BOLLORE'	Director	28/10/2003	30/6/2006
Carlo BUORA	Director	28/10/2002	30/6/2005
Giancarlo CERUTTI	Director	28/10/2002	30/6/2005
Roberto COLANINNO	Director	28/10/2004	30/6/2007
Ennio DORIS	Director	28/10/2003	30/6/2006
Gianluigi GABETTI	Director	28/10/2004	30/6/2007
Berardino LIBONATI	Director	28/10/2004	30/6/2007
Jonella LIGRESTI	Director	28/10/2004	30/6/2007
Fabrizio PALENZONA	Director	10/03/2005	(***)
Carlo PESENTI	Director	28/10/2002	30/6/2005
Alessandro PROFUMO	Director	28/10/2002	30/6/2005
Eric STRUTZ	Director	28/10/2004	(***)

(*) Refers to term currently in progress.

(**) Term expires at AGM to approve accounts for year ended on date indicated.

(***) Next AGM.

Alberto NAGEL, General Manager, and Renato PAGLIARO, Co-General Manager and Secretary to the Board of Directors and Executive Committee, also take part in Board meetings.

With the partial exception of the Chairman, the Board is made up of non-executive Directors, in the sense that they have no executive powers or management functions in respect of the Bank's operations, to ensure their opinion carries due weight in the decision-making process. The Directors' independence is assessed annually by the Board on the occasion of approval of the Bank's annual draft accounts, based on information provided by the Directors themselves, and on appointment each Director makes a statement regarding his/her ability to qualify as independent. Of the Directors currently in office, the following qualify as independent: Tarak BEN AMMAR, Roberto COLANINNO, Berardino LIBONATI and Fabrizio PALENZONA, plus the Chairman Gabriele GALATERI di GENOLA, despite his being vested with certain executive powers.

The Chairman is responsible for convening meetings of the Board of Directors and Executive Committee, for setting the agenda thereat, and for ensuring that all Board and Committee members are supplied in advance with adequate material regarding items on the agenda, insofar as this is possible in respect of matters of urgency and/or obligations of confidentiality.

In accordance with the principles laid down by the Code and despite the fact that the Bank's Articles of Association do not explicitly require it to do so, proposals for appointment to the position of Director, along with information regarding the candidates' professional qualifications and fitness to hold such office including their ability to qualify as independent Directors where this is appropriate, are insofar as is possible lodged at the Company's headquarters at least ten days prior to the date on which the Annual General Meeting is due to be held. No provision is made in the Articles of Association for voting lists in respect of the appointment of Directors.

A list of Directorships or posts on Statutory Audit Committees held by members of Mediobanca's Board of Directors in other companies listed on regulated markets in Italy or elsewhere, in financial service companies, banks or insurance companies, or in other large corporates, is attached as an annex hereto.

EXECUTIVE COMMITTEE

The Board appoints an Executive Committee, which consists of eight members including the Chairman and Deputy Chairmen, who are members *ex-officio*. The Committee:

- lays down guidelines for the organization and supervision of the Company's business, where necessary drawing up suitable internal regulations to this end, which it submits to the Board for approval;
- examines the General Manager's business proposals with a view to keeping the Company's affairs under review and taking decisions on the granting of loans or any other aspect of Company operations on the basis of such propos-

als within the limits laid down by the Board, if any, and without prejudice to those decisions for which the Board has sole responsibility and its right to delegate pursuant to Article 15 of the Company's Articles of Association. In urgent cases, the Executive Committee may take resolutions upon any matter or transaction, save those in respect of strategic or permanent equity investments, and report to the Board thereon at its next successive meeting.

As laid down in the Company's Articles of Association, the Executive Committee reports to the Board of Directors every three months on the general operating performance, expected future trends and most significant transactions carried out by the Company and/or any of its subsidiaries in terms of amount or importance. Executive Committee meetings in the normal course of events are held once a month, with eight meetings having been held during the past financial year and a further eight meetings scheduled for the coming twelve months.

Members of the Executive Committee currently in office are: Gabriele GALATERI di GENOLA, Cesare GERONZI, Carlo SALVATORI, Matteo ARPE, Vincent BOLLORE', Carlo BUORA, Fabrizio PALENZONA and Eric STRUTZ.

Alberto NAGEL, General Manager, and Renato PAGLIARO, Co-General Manager, also take part in Executive Committee meetings.

OTHER COMMITTEES

Under the powers vested in it by the Company's Articles of Association, the Board has set up three further committees with particular duties and responsibilities:

- *Internal control committee*: currently made up of Carlo BUORA (Chairman), Vincent BOLLORE', Berardino LIBONATI and Fabrizio PALENZONA. Internal control committee meetings are also attended by the Chairman of the Board, the Chairman of the Statutory Audit Committee (or another Statutory Auditor delegated by the Chairman), the General Manager and Co-General Manager, and, at the committee's invitation, the head of the Bank's internal audit unit and other members of the Bank's senior management.

The committee:

- a) assists the Board of Directors in setting the strategic guidelines for the Bank's internal control system and regular review of its adequacy and effective performance, identifying corporate risks facing the Bank and deciding how best to manage them;
- b) assesses the annual working plan, and reviews the regular reports, drawn up by the unit responsible for internal control;
- c) is kept informed by the Bank's heads of administrative staff and by the external auditors of any changes to the accounting policies adopted by the

Bank, and assesses their suitability and compatibility in view of the drawing up of the Bank's accounts;

- d) reviews applications submitted by auditing companies to obtain mandates to act as the Bank's external auditors, working plans drawn up in respect of the auditing process, and the results thereof, as contained in the external auditors' report and accompanying letter of suggestions, if any;
- e) carries out any further duties assigned to it by the Board of Directors, including with regard to the Bank's relations with the external auditors.

The committee reports to the Board every six months, on the occasion of review of the annual and interim accounts and report, on the activities it has carried out in the period concerned, the adequacy of the Bank's internal control system, and relations with the Bank's external auditors.

The committee was established by the Board of Directors on 28 October 2003, and met on a total of five occasions last year.

- *Remuneration committee*: this consists of the Chairman, the two Deputy Chairmen, and Directors Tarak BEN AMMAR, Berardino LIBONATI and Fabrizio PALENZONA, all of whom qualify as independent. The General Manager and Co-General Manager also take part in committee meetings in an advisory capacity and put forward proposals. The Remuneration committee's purpose is to:
 - a) determine remuneration packages for the Chairman, in agreement with the Statutory Audit Committee, the General Manager and the Co-General Manager;
 - b) determine the criteria for remuneration of senior Bank management, including in respect of granting stock options, if any, based on proposals made by the General Manager in agreement with the Chairman.

Although not expressly required to do so, the committee takes decisions in respect of the foregoing areas with the persons concerned absent.

The Remuneration committee met on a total of two occasions last year.

- *Appointments committee*: this consists of the Chairman and two Deputy Chairmen. The General Manager and Co-General Manager also take part in meetings in an advisory capacity.

The committee adopts decisions to be taken at general meetings of companies in which the Bank has permanent or strategic equity interests in respect of appointments to corporate governance bodies, based on proposals made by the Chairman, the General Manager and the Co-General Manager. Decisions are taken with a view to: maintaining the operational independence of the investee companies; giving priority to the professional qualifications of the candidates; and maximizing creation of shareholder value. Decisions are taken on a simple majority basis.

This committee met on a total of five occasions last year.

The Board has not assigned duties to the Remuneration committee in respect of proposals for candidates to appointment as Directors of Mediobanca. Such tasks fall within the jurisdiction of the Bank's shareholders, who have always put forward candidates in possession of the requisite characteristics to act as bank representatives in terms of professional and personal attributes. Effective possession of such requisites by the candidate is subsequently reviewed by the Board at its first meeting following his or her appointment and, without prejudice to the foregoing, within the term set by law.

RELATED PARTY DISCLOSURE

The Board of Directors has resolved that accounts with related parties, maintained on an arm's length basis and entered into in the interests of the Bank itself, including with Group undertakings, should in the normal course of events be approved by the relevant corporate governance body pursuant to:

- Articles 15 and 20 of the Company's Articles of Association, which lay down the respective powers of the Board of Directors and Executive Committee
- the Board resolution in respect of powers
- the provisions of Article 136 of the consolidated Italian law on banking regarding undertakings entered into directly and/or indirectly by representatives of the Group.

In application of such resolution, an internal procedure has been set in place to evaluate the terms of transactions falling into the above category, even if such transactions are carried out via subsidiaries. Submissions for approval to the relevant corporate governance body state that a transaction has been carried out with a related party and that the terms thereof do not diverge from those usually applied by the Bank in transactions of a similar nature.

Atypical transactions or accounts not maintained on an arm's length basis are subject to resolution by the Board. Although not expressly required to do so, the Board may choose to avail itself of independent experts in assessing any such transaction.

Atypical transactions, if not approved by the Board itself, must be reported to the Board.

Each Director is bound to inform the Bank in a timely manner of any transactions entered into by the Bank with related parties through his or her agency, and in the event of his/her being in attendance at the meeting where the said transaction is due to be approved, he/she shall leave the meeting immediately while the matter is discussed.

INTERNAL DEALING

The Board of Directors has also approved a code of conduct in respect of internal dealing, i.e. dealing transactions involving financial instruments with capital content issued by Mediobanca carried out by persons defined as “relevant”. Such relevant persons have all subscribed to the code, and undertake to inform Mediobanca by the second calendar day following each respective ten-day period of all such transactions effected within the said ten-day period which individually or in the aggregate amount to or exceed the limit of € 5,000. Relevant persons are also bound to notify the Bank in a timely manner of all such transactions carried out but not disclosed during the preceding ten-day period which individually or in the aggregate exceed the amount of € 25,000 (“large transactions”). Mediobanca then discloses all such information to the market, within the terms and according to the methods laid down by the regulations governing markets operated and run by Borsa Italiana S.p.A. and related instructions. Relevant persons may not effect such transactions in the 30 days prior to the date on which the Board’s approval of the Bank’s draft annual and interim accounts is made public, nor in the 15 days prior to the date on which the Board’s approval of the Bank’s quarterly accounts is made public. Disclosure is not required in the case of exercise of share options, provided that the disposal of shares arising therefrom is disclosed.

CONFIDENTIAL AND PRICE-SENSITIVE INFORMATION

The Bank releases information on its and the Banking Group’s performance, and information otherwise required by regulatory authorities to be disclosed to the market, in ways that enable it to have the widest possible circulation in the briefest possible period of time, without prejudice to obligations of confidentiality. Price-sensitive information is released only upon receipt of approval from the Board of Directors or General Management, save where otherwise provided by regulatory requirement or by law.

The Board of Mediobanca has also approved an internal code of conduct, which sets out principles and restrictions for Directors, Statutory Auditors, employees, advisors, outside staff and suppliers on how confidential information should be processed and how to avoid its use in personal transactions and/or transactions carried out on behalf of others.

SHAREHOLDER AND INVESTOR RELATIONS

Mediobanca is fully aware of the importance of maintaining good relations with its shareholders, encouraging them to attend General Meetings, and sending shareholders with a recent record of attendance copies of annual reports and other relevant information at home. Material of this kind is also made available on the Bank’s institutional website at www.mediobanca.it in English and Italian.

Relations with institutional investors, financial analysts and journalists are handled by the relevant units, i.e. the Investor relations unit and the Press office, which report to the General Management and Chairman respectively.

The Bank has not adopted a specific set of regulations for holding General Meetings, as its Articles of Association ensure that proceedings are conducted in an orderly manner, providing for the Chairman to be responsible for ascertaining that proxies and rights to attend are in order and for presiding over the proceedings, a task that includes determining the order in which items on the agenda are to be put to the vote. In all cases, votes are taken by a show of hands.

INTERNAL AUDIT AND CONTROL

As required by Bank of Italy regulations, Mediobanca maintains an internal audit function which reports directly to the Chairman. This function is organized so as to ensure that the Bank's internal control system is fully effective at all times, and that major risk areas are monitored on an ongoing basis. Control is extended to the other companies in the Banking Group both by the function itself and via its co-ordination of the corresponding subsidiaries' units. The function also provides control over the activity of securities brokerage, as required by Consob regulations. The head of internal audit also carries out the task of monitoring internal control as envisaged by the organizational model pursuant to Italian Legislative Decree 231/01, adopted by Mediobanca under a Board resolution approved on 11 March 2004. The internal audit function has regular meetings with the Statutory Audit Committee with a view to keeping it informed of the activities it has carried out, and to providing the Statutory Auditors with support for their own supervisory activities. The internal audit function reports to the Internal control committee and to the Board on a six-monthly basis, submitting its review of the status and adequacy of the Bank's internal control system, and a report the workings and observation of the organizational model implemented pursuant to Italian Legislative Decree 231/01. The function also prepares an annual report on securities brokerage activity as required by Consob regulations. The head of the internal audit function also usually takes part in meetings of the Internal control committee.

STATUTORY AUDIT COMMITTEE AND EXTERNAL AUDITORS

The Statutory Audit Committee comprises three Standing Auditors and three Alternate Auditors, who are elected from lists that must be lodged at least fifteen days prior to the date set for the General Meeting in the first instance, accompanied by a *curriculum vitae* for each of the candidates, together with a declaration by the candidates themselves stating acceptance of their nomination and attesting under their own responsibility that they are qualified to stand for election under the law and the Bank's Articles of Association. The Articles in particular stipulate

that candidates already serving as Standing Auditors in five other companies listed on regulated markets in Italy, or as Directors, senior executives or managers of companies or entities or in any way involved in the management of enterprises directly or indirectly or through controlled companies engaged in business in the same fields as Mediobanca may not be elected as Standing Auditors. The Articles also provide that lists may be submitted by shareholders holding in the aggregate not less than 3% of the Company's share capital, provided they have been registered in the Company's books as holding such aggregate percentage of the Company's shares for at least six months prior to the date on which the General Meeting to which the list is to be submitted has been convened. In this connection, a single list was submitted to the Annual General Meeting held on 28 October 2003, convened *inter alia* with a view to appointing Statutory Auditors.

The Statutory Audit Committee in office until the Annual General Meeting to be held to adopt the accounts for the financial year ending 30 June 2006 is made up as follows:

Angelo CASO'	Chairman
Mario Andrea ARBUFFO	Standing Auditor
Eugenio PINTO	Standing Auditor
Guido CROCI	Alternate Auditor
Antonio IZZI	Alternate Auditor
Alessandro Ludovico TROTTER	Alternate Auditor

The Statutory Audit Committee monitors compliance with the law and the Bank's memorandum of incorporation, respect of sound management principles, and in particular the adequacy of the organizational, administrative and accounting systems operated by the Bank and their functioning. The Statutory Audit Committee is kept informed of the business and most significant financial transactions carried out by the Company and its subsidiaries, with particular reference to transactions where the Directors or related third parties have an interest, by attending all meetings of the Board of Directors and Executive Committee. Information given to the Statutory Audit Committee outside meetings of the Board of Directors and Executive Committee is conveyed to the Chairman of the Committee in writing.

During the financial year ended 30 June 2004, the Statutory Audit Committee met on a total of six occasions, and several times met with representatives of the Bank's external auditors who are responsible for inspection of the Company's accounts pursuant to Article 155 of the Italian Consolidated Law on Finance.

At an Annual General Meeting held on 28 October 2003, Reconta Ernst & Young were appointed to act as external auditor to the Bank and Banking Group in respect of its annual and interim accounts, and to perform other duties provided for under Article 155 of the Italian Consolidated Law on Finance.

Milan, 12 September 2005

Table 1: BOARD OF DIRECTORS/COMMITTEES - COMPOSITION

BOARD OF DIRECTORS							Executive Committee		Internal control committee		Remuneration committee		Appointments committee	
Post	Name	Executive	Non executive	Independent	**** §	No. of other posts	***	**** §	***	**** §	***	**** §	***	**** §
Chairman	Gabriele Galateri di Genola	X		YES	100%	8	X	100%			X	100%	X	100%
Deputy Chairman	Cesare Geronzi		X	NO	42.9%	2	X	0			X	100%	X	100%
Deputy Chairman	Carlo Salvatori		X	NO	85.7%	3	X	87.5%			X	100%	X	100%
Director	Matteo Arpe		X	NO	42.9%	5	X	50%						
Director	Jean Azema		X	NO	42.9%	4								
Director	Tarak Ben Ammar		X	YES	57.1%	1					X	100%		
Director	Gilberto Benetton		X	NO	42.9%	9								
Director	Antoine Bernheim		X	NO	100%	10								
Director	Vincent Bolloré		X	NO	100%	9	X	100%	X	60%				
Director	Carlo Buora		X	NO	57.1%	6	X	62.5%	X	80%				
Director	Giancarlo Cerutti		X	NO	85.7%	6								
Director	Roberto Colaninno		X	YES	85.7%	5								
Director	Ennio Doris		X	NO	71.4%	4	X ⁽¹⁾	100%						
Director	Gianluigi Gabetti		X	NO	100%	2								
Director	Berardino Libonati		X	YES	85.7%	4			X	80%	X	100%		
Director	Jonella Ligresti		X	NO	85.7%	6								
Director	Fabrizio Palenzona		X ⁽²⁾	YES	100%	4	X ⁽²⁾	100%	X	100%	X	100%		
Director	Carlo Pesenti		X	NO	57.1%	6								
Director	Alessandro Profumo		X	NO	28.6%	8								
Director	Eric Strutz		X ⁽³⁾	NO	80%	3	X ⁽³⁾	100%						

NO. OF MEETINGS HELD DURING THE YEAR

Board of Directors:	7	Executive Committee:	8	Internal control committee:	5	Remuneration committee:	2	Appointments committee:	5
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NOTES

** Indicates number of positions as Director or Statutory Auditor held by person concerned in companies listed on regulated markets in Italy and elsewhere, in financial service companies, banks and insurance companies, or in large corporates. Details are given in full in the Directors' Statement on Corporate Governance.

*** "X" indicates that Director is also a member of the Executive Committee.

**** Percentage indicates Directors' attendance record at BoD and Executive Committee meetings.

§ Refers to proportion of term already served.

⁽¹⁾ Ceased to be member of Executive Committee with effect from 28/10/04.

⁽²⁾ Took up post on 10/3/05.

⁽³⁾ Took up post on 28/10/04.

Table 2: STATUTORY AUDIT COMMITTEE

Post	Name	% attendance record	No. of other posts held **
Chairman	Angelo CASO'	83.3%	3
Standing Auditor	Mario Andrea ARBUFFO	100%	—
Standing Auditor	Eugenio PINTO	83.3%	3
Alternate Auditor	Guido CROCI	—	
Alternate Auditor	Antonio IZZI	—	
Alternate Auditor	Alessandro Ludovico TROTTER	—	

No. of meetings held during the year:	6
Quorum required for minority shareholders to submit lists of candidates for election as Standing or Alternate Auditors:	aggregate holding of not less than 3% of the Bank's share capital

** Indicates number of positions as Director or Statutory Auditor held by person concerned in companies listed on regulated markets in Italy.

Table 3: OTHER REQUIREMENTS UNDER CODE OF CONDUCT FOR LISTED COMPANIES

	YES	NO	Reasons for any departures from Code provisions
Power to represent the Bank and related party disclosure			
Has the Board authorized parties to represent the Bank and laid down:			
a) limits	X		
b) methods of execution	X		
c) reporting requirements?	X		
Has the Board reserved for itself the right to inspect and approve all major financial transactions including those with related parties?	X		
Has the Board set guidelines and criteria for identifying “large” transactions?	X		
If so, have such guidelines/criteria been set out in the statement on corporate governance?	X		
Has the Board implemented procedures for reviewing and approving transactions with related parties?	X		
If so, have such procedures been set out in the statement on corporate governance?	X		
Procedure for most recent appointment of Directors and Statutory Auditors			
Were candidates’ applications for the post of Director lodged at least ten days in advance?	X		
Were they accompanied by appropriately detailed documentation?	X		
Were they also accompanied by declarations regarding the candidates’ ability to qualify as independent Directors?	X		
Were candidates’ applications for the post of Statutory Auditor lodged at least ten days in advance?	X		
Were they accompanied by appropriately detailed documentation?	X		
General Meetings			
Has the Bank adopted specific regulations in respect of holding General Meetings?		X	Orderly proceedings are ensured by the powers vested in the Chairman under law and the Company’s Articles of Association.
Are such regulations attached as an annex hereto, or is indication given of where they may be obtained or downloaded?		X	
Internal control			
Has the Company designated staff to take charge of the area of internal control?	X		
If so, are such staff independent in operational terms from heads of individual operating units?	X		
Organizational unit responsible for internal control pursuant to Article 9.3 of the Code	X		Internal Audit
Investor relations			
Has the Company appointed a head of investor relations?	X		
If so, what are the head of IR’s contact details?	Jessica Spina tel. no. +39 02 8829.860 - fax no. +39 02 8829.819 e-mail investor.relations@mediobanca.it		

Annex - Posts held in other companies by Directors of Mediobanca

Name	Position in Mediobanca	Other posts held
Gabriele GALATERI di GENOLA	Chairman and member of Executive Committee	Deputy Chairman Assicurazioni Generali Deputy Chairman RCS MediaGroup Director IFI Director Pirelli & C. Director Italmobiliare Director Banca Cassa di Risparmio di Savigliano Member of Supervisory Board Accor Director Banca Esperia
Cesare GERONZI	Deputy Chairman and member of Executive Committee	Chairman Capitalia Director RCS MediaGroup
Carlo SALVATORI	Deputy Chairman and member of Executive Committee	Chairman UniCredito Italiano Director Riunione Adriatica di Sicurtà - RAS Director Enìa
Matteo ARPE	Director and member of Executive Committee	Managing Director Capitalia Managing Director MCC Director Banca di Roma Director FinecoGroup Director Fineco-Vita
Jean AZEMA	Director	General Manager Groupama Director Société Générale Director Bolloré Investissement Director Véolia Environnement
Tarak BEN AMMAR	Director	Chairman and General Manager, Quinta Communications
Gilberto BENETTON	Director	Chairman Edizione Holding Chairman Autogrill Deputy Chairman Telecom Italia Director Autostrade Director Benetton Group Director Pirelli & C. Deputy Chairman Olimpia Director Aldeasa Director Lloyd Adriatico
Antoine BERNHEIM	Director	Chairman Assicurazioni Generali Deputy Chairman Alleanza Assicurazioni Deputy Chairman LVMH Deputy Chairman Bolloré Investissement Director AMB Generali Holding Director Banca Intesa Director Banco Santander Central Hispano Director Ciments Français Director Christian Dior Member of Supervisory Board Eurazeo

Name	Position in Mediobanca	Other posts held
Vincent BOLLORE'	Director and member of Executive Committee	Chairman and General Manager Bolloré Chairman Bolloré Investissement Chairman and General Manager Bolloré Participations Chairman Bolloré Media Chairman Financière de l'Odet Director Financière Moncey Director Havas Director Chemins de Fer et Tramways du Var et Du Gard Director Industrielle et Financière De l'Artois
Carlo BUORA	Director and member of Executive Committee	Managing Director Pirelli & C. Managing Director Telecom Italia Director Pirelli & C. Real Estate Director Olimpia Director RCS MediaGroup Director Riunione Adriatica di Sicurtà - RAS
Giancarlo CERUTTI	Director	Managing Director Officine Meccaniche Giovanni Cerutti Director Toro Assicurazioni Deputy Chairman Il Sole 24 Ore Director Hachette Rusconi Editore Director Juventus FC Director Fondazione Cassa di Risparmio di Alessandria
Roberto COLANINNO	Director	Chairman Immsi Chairman Piaggio & C. Chairman Aprilia Director Capitalia Director Efibanca
Ennio DORIS	Director	Managing Director Mediolanum Chairman Banca Mediolanum Managing Director Mediolanum Assicurazioni Director Banca Esperia
Gianluigi GABETTI	Director	Chairman IFI Chairman and Managing Director IFIL
Berardino LIBONATI	Director	Chairman Banca di Roma Chairman Swiss Re Italia Director Pirelli & C. Director Acotel

Name	Position in Mediobanca	Other posts held
Jonella LIGRESTI	Director	Chairman Fondiaria - SAI Director Milano Assicurazioni Deputy Chairman Premafin Finanziaria Deputy Chairman Atahotels Director Capitalia Director RCS MediaGroup
Fabrizio PALENZONA	Director and member of Executive Committee	Deputy Chairman UniCredito Italiano Chairman Commercial Union Italia Director Fondazione Cassa di Risparmio di Alessandria Director AMGA group - Azienda Mediterranea Gas e Acqua
Carlo PESENTI	Director	Director and General Manager Italmobiliare Managing Director Italcementi Director Ciments Français Director RCS MediaGroup Director UniCredito Italiano Director BPU Banca
Alessandro PROFUMO	Director	Managing Director UniCredito Italiano Chairman UniCredit Banca Mobiliare Director UniCredit Banca Director UniCredit Banca d'Impresa Deputy Chairman UniCredit Xelion Banca Director UniCredit Private Banking Director Olimpia Member of Supervisory Board Deutsche Borse
Eric STRUTZ	Director and member of Executive Committee	Member of Supervisory Board Commerzbank International Member of Supervisory Board Comdirect Bank Director Banca Intesa

**RESOLUTIONS PASSED BY SHAREHOLDERS
IN ORDINARY AND EXTRAORDINARY
GENERAL MEETINGS HELD ON 28 OCTOBER 2005**

The Annual General Meeting of Mediobanca was held at its head office on 28 October 2005. Resolutions were approved to:

- adopt the accounts for the year ended 30 June 2005 and the Board of Directors' Review of operations;
- appropriate € 1,775,675 to the Legal reserve and € 49,640,633.17 to the Statutory reserve;
- pay a dividend of € 0.48 per share on all the company's 796,593,415 shares in issue;
- reappoint Gilberto BENETTON, Antoine BERNHEIM, Carlo BUORA, Giancarlo CERUTTI, Carlo PESENTI, Alessandro PROFUMO, Fabrizio PALENZONA, Carlo SALVATORI and Eric STRUTZ for a term of three years to expire upon the occasion of the Annual General Meeting held to adopt the accounts for the year ended 30 June 2008.

**BALANCE SHEET
AND
FUND ALLOCATION ANALYSES**

BALANCE SHEET ANALYSIS

ASSETS

As at 30th June	Liquid assets	Bills discounted advances, repurchase and forward transactions, and loans	Investment securities (excluding investments in Group undertakings)	Investments in Group undertakings	Investments in consortium companies	Property	Furniture, equipment and intangible assets	Other assets	Total assets	Contra accounts	GRAND TOTAL
1947	1,536	398	—	—	—	—	6	33	1,973	387	2,360
1948	1,344	1,900	—	—	—	—	6	33	3,283	465	3,748
1949	2,830	3,569	—	1	—	24	—	32	6,456	264	6,720
1950	3,532	5,315	889	3	—	—	—	35	9,774	853	10,627
1951	3,751	6,760	546	25	—	—	—	31	11,113	315	11,428
1952	3,706	9,779	464	38	—	—	—	31	14,018	176	14,194
1953	5,395	12,654	263	—	—	—	—	35	18,347	8,841	27,188
1954	7,804	15,909	763	1	—	—	—	137	24,614	553	25,167
1955	10,294	18,690	971	58	—	—	—	85	30,098	1,644	31,742
1956	14,713	23,573	1,283	5	—	—	—	484	40,058	12,272	52,330
1957	17,670	28,648	1,540	—	—	—	—	245	48,103	10,394	58,497
1958	18,727	31,577	1,798	—	—	—	—	439	52,541	4,799	57,340
1959	31,724	40,713	4,131	—	—	—	—	1,391	77,959	16,828	94,787
1960	45,099	49,813	4,286	—	—	—	—	227	99,425	7,622	107,047
1961	48,464	66,669	6,412	110	—	—	—	244	121,899	7,974	129,873
1962	29,895	100,913	9,027	39	—	—	—	435	140,309	32,419	172,728
1963	39,529	124,090	9,282	142	—	—	—	626	173,669	28,175	201,844
1964	49,714	153,282	9,337	90	—	—	—	1,332	213,755	23,277	237,032
1965	67,815	157,552	13,417	5	—	—	—	1,273	240,062	37,932	277,994
1966	100,651	191,935	15,115	—	—	—	—	2,385	310,086	100,762	410,848
1967	107,097	245,565	17,396	5	—	—	—	3,342	373,405	112,502	485,907
1968	121,745	305,666	17,317	—	—	—	—	4,569	449,297	122,695	571,992
1969	104,636	374,711	19,877	—	—	—	—	6,028	505,252	179,385	684,637
1970	108,075	513,117	19,759	5	—	—	—	5,512	646,468	148,926	795,394
1971	296,325	533,281	19,833	21	—	—	—	4,804	854,264	220,019	1,074,283
1972	211,681	644,004	22,501	541	—	26	—	6,373	885,126	248,839	1,133,965
1973	219,061	768,777	23,083	671	—	26	79	7,999	1,019,696	317,492	1,337,188
1974	725,455	1,091,712	29,243	755	—	190	102	16,095	1,863,552	283,551	2,147,103
1975	898,375	1,243,559	32,603	755	—	190	108	24,963	2,200,553	270,792	2,471,345
1976	842,638	1,394,824	27,159	1,573	—	190	133	27,826	2,294,343	260,533	2,554,876
1977	930,863	1,526,989	32,255	4,042	—	3,615	190	31,666	2,529,620	266,527	2,796,147
1978	931,722	1,719,338	34,759	4,137	—	3,615	198	72,125	2,765,894	414,045	3,179,939
1979	506,795	1,703,992	78,140	4,173	—	3,615	228	74,652	2,371,595	312,152	2,683,747
1980	520,954	1,834,527	55,983	4,174	7,230	3,615	251	75,576	2,502,310	385,483	2,887,793
1981	446,588	2,215,915	73,762	4,008	14,977	3,615	423	174,332	2,933,620	618,841	3,552,461
1982	638,435	2,540,960	165,104	4,008	14,993	3,615	438	174,142	3,541,695	714,778	4,256,473
1983	839,289	2,773,956	170,991	4,008	16,217	3,615	481	231,585	4,040,142	575,962	4,616,104
1984	859,764	3,002,978	225,314	8,088	16,217	19,625	511	224,145	4,356,642	650,010	5,006,652
1985	1,257,350	3,138,244	284,891	8,088	8,986	19,625	700	292,367	5,010,251	685,879	5,696,130
1986	1,697,370	3,388,523	379,210	8,088	1,239	19,625	666	227,820	5,722,541	1,575,268	7,297,809
1987	1,578,922	4,271,623	416,752	8,088	—	19,625	1,153	242,919	6,539,082	1,031,762	7,570,844
1988	1,569,877	4,540,865	565,933	4,213	—	19,625	1,803	208,692	6,911,008	1,827,254	8,738,262
1989	1,403,579	5,465,846	640,118	12,606	—	19,625	2,050	244,208	7,788,032	1,532,042	9,320,074
1990	1,860,248	6,841,257	709,335	9,495	—	19,625	2,353	348,524	9,790,837	2,458,501	12,249,338
1991	2,471,961	6,772,063	926,197	15,652	—	19,625	2,815	407,693	10,616,006	1,914,503	12,530,509
1992	2,245,473	7,356,291	1,149,728	17,897	—	23,800	3,539	516,359	11,313,087	4,974,896	16,287,983
1993	3,104,631	7,933,550	1,187,565	51,589	—	23,800	4,410	532,248	12,837,793	5,464,451	18,302,244
1994	3,347,387	8,961,303	1,389,176	49,085	—	23,800	4,690	522,005	14,297,446	3,851,623	18,149,069
1995	3,150,896	9,609,949	1,618,928	47,725	—	23,800	4,571	478,176	14,934,045	3,103,192	18,037,237
1996	2,571,335	10,717,159	1,793,785	46,491	—	23,800	4,739	484,943	15,642,252	4,114,659	19,756,911
1997	4,337,359	12,058,402	1,820,638	51,422	—	23,800	5,046	582,619	18,879,286	9,531,224	28,410,510
1998	4,789,102	14,115,689	2,106,078	58,298	—	23,800	6,013	856,681	21,955,661	24,883,375	46,839,036
1999	5,201,164	13,175,891	2,602,245	129,792	—	23,800	7,477	1,120,409	22,260,778	33,863,092	56,123,870
2000	4,578,652	14,764,593	2,740,839	60,875	—	23,800	9,286	1,344,067	23,522,112	43,236,774	66,758,886
2001	5,645,521	14,229,607	2,923,030	102,505	—	23,800	10,515	1,491,431	24,426,409	46,827,877	71,254,286
2002	7,377,119	14,861,758	2,912,572	118,779	—	23,800	11,961	1,881,176	27,187,165	50,916,657	78,103,822
2003	8,796,562	12,521,995	2,647,557	118,731	—	23,800	13,810	1,964,690	26,087,145	79,162,015	105,249,160
2004	8,427,864	13,324,382	2,591,198	396,476	—	25,479	14,171	2,188,463	26,968,033	84,319,470	111,287,503
2005	6,538,471	13,995,593	2,719,006	490,219	—	26,255	14,730	2,032,674	25,816,948	81,192,618	107,009,566

BALANCE SHEET ANALYSIS

LIABILITIES

As at 30th June	Shareholders' equity			Specific credit risks provision	Provision for discounts and expenses on bonds issued	Securities fluctuation allowance	Provision for writedowns in investments	Time deposits and current accounts	Debt securities	Due to banks and EIB funds	Accumulated depreciation on furniture and equipment	Accumulated depreciation on property	Other liabilities and provisions	Profit for the year	Total liabilities	Contra accounts	GRAND TOTAL
	Share capital	Reserves, provi- sions qualifying as reserves (*) and retained earnings	TOTAL														
1947	516	—	516	—	—	—	—	1,448	—	—	—	—	24	(15)	1,973	387	2,360
1948	516	—	516	—	—	—	—	2,729	—	—	—	—	30	8	3,283	465	3,748
1949	516	2	518	—	—	—	—	5,746	—	—	—	—	143	49	6,456	264	6,720
1950	1,033	26	1,059	—	—	—	—	8,325	—	—	—	—	303	87	9,774	853	10,627
1951	1,549	54	1,603	—	—	—	—	8,985	—	—	—	—	335	190	11,113	315	11,428
1952	1,549	109	1,658	—	—	—	—	11,745	—	—	—	—	405	210	14,018	176	14,194
1953	1,549	169	1,718	—	—	—	—	15,623	—	—	—	—	791	215	18,347	8,841	27,188
1954	1,549	273	1,822	—	—	—	—	21,681	—	—	—	—	898	213	24,614	553	25,167
1955	1,549	322	1,871	—	—	—	—	26,945	—	—	—	—	1,045	237	30,098	1,644	31,742
1956	2,066	365	2,431	—	—	—	—	35,586	—	—	—	—	1,764	277	40,058	12,272	52,330
1957	3,099	446	3,545	—	—	—	—	41,798	—	—	—	—	2,437	323	48,103	10,394	58,497
1958	3,099	522	3,621	—	—	—	—	45,287	—	—	—	—	3,245	388	52,541	4,799	57,340
1959	3,099	607	3,706	—	—	—	—	68,934	—	—	—	—	4,923	396	77,959	16,828	94,787
1960	5,165	747	5,912	—	—	—	—	87,472	—	—	—	—	5,323	718	99,425	7,622	107,047
1961	5,165	1,127	6,292	—	—	—	—	107,712	—	—	—	—	6,929	966	121,899	7,974	129,873
1962	5,165	1,562	6,727	—	—	—	—	125,489	—	—	—	—	7,089	1,004	140,309	32,419	172,728
1963	6,197	2,285	8,482	—	—	—	—	155,196	—	—	—	—	9,276	715	173,669	28,175	201,844
1964	6,197	2,901	9,098	—	—	—	—	189,266	—	—	—	—	14,618	773	213,755	23,277	237,032
1965	7,230	3,607	10,837	—	—	—	—	211,506	—	—	—	—	16,943	776	240,062	37,932	277,994
1966	7,230	4,484	11,714	—	—	—	—	274,589	—	—	—	—	22,862	921	310,086	100,762	410,848
1967	7,230	5,933	13,163	—	—	—	—	336,544	—	—	—	—	22,742	956	373,405	112,502	485,907
1968	8,263	7,307	15,570	—	—	—	—	402,293	—	—	—	—	30,377	1,057	449,297	122,695	571,992
1969	8,263	8,994	17,257	—	—	—	—	449,103	—	—	—	—	37,439	1,453	505,252	179,385	684,637
1970	8,263	11,326	19,589	—	—	—	—	534,360	41,317	—	—	—	50,034	1,168	646,468	148,926	795,394
1971	8,263	13,500	21,763	—	—	—	—	726,356	41,317	—	—	—	63,113	1,715	854,264	220,019	1,074,283
1972	8,263	16,462	24,725	—	—	—	541	745,717	41,317	—	—	26	71,605	1,195	885,126	248,839	1,133,965
1973	11,569	19,698	31,267	—	—	—	516	839,113	40,284	—	79	26	106,559	1,852	1,019,696	317,492	1,337,188
1974	11,569	24,879	36,448	—	—	—	669	832,133	240,371	597,632	102	26	153,960	2,211	1,863,552	283,551	2,147,103
1975	16,527	33,840	50,367	—	—	—	755	1,171,053	215,581	580,034	108	26	179,651	2,978	2,200,553	270,792	2,471,345
1976	16,527	41,766	58,293	—	—	—	755	1,073,975	213,284	771,016	133	26	166,756	10,105	2,294,343	260,533	2,554,876
1977	20,658	58,793	79,451	—	—	—	1,572	1,254,227	268,556	748,283	190	26	162,642	14,673	2,529,620	266,527	2,796,147
1978	26,856	67,217	94,073	—	—	—	4,039	1,449,198	396,572	601,809	198	3,615	200,652	15,738	2,765,894	414,045	3,179,939
1979	43,382	83,667	127,049	2,622	—	—	4,137	1,531,093	423,029	62,443	228	3,615	200,944	16,435	2,371,595	312,152	2,683,747
1980	43,382	107,496	150,878	3,300	3,873	—	4,173	1,622,873	445,639	41,851	251	3,615	207,623	18,234	2,502,310	385,483	2,887,793
1981	52,679	139,245	191,924	1,265	5,087	—	4,174	1,842,966	589,210	28,807	423	3,615	221,450	44,699	2,933,620	618,841	3,552,461
1982	70,238	167,753	237,991	650	7,308	—	4,008	2,390,742	662,617	27,385	438	3,615	187,644	19,297	3,541,695	714,778	4,256,473
1983	70,238	186,693	256,931	2,755	8,806	—	4,008	2,753,902	738,830	23,558	481	3,615	208,464	38,792	4,040,142	575,962	4,616,104
1984	87,798	269,265	357,063	3,267	9,684	—	4,008	2,987,681	698,842	5,404	511	4,204 ^(*)	241,537	44,441	4,356,642	650,010	5,006,652
1985	87,798	321,361	409,159	2,556	10,823	—	4,008	3,445,663	756,640	27,346	700	1,178	285,170	67,008	5,010,251	685,879	5,696,130
1986	87,798	416,625	504,423	1,275	8,163	—	4,008	3,559,090	1,170,955	98,190	666	1,766	284,740	89,265	5,722,541	1,575,268	7,297,809
1987	87,798	533,608	621,406	620	6,219	—	8,088	3,456,058	1,928,005	191,501	1,153	2,355	265,317	58,360	6,539,082	1,031,762	7,570,844
1988	105,357	609,693	715,050	440	1,727	—	4,213	3,799,239	1,872,357	229,658	1,803	2,944	221,321	62,256	6,911,008	1,827,254	8,738,262
1989	105,357	684,026	789,383	416	735	—	2,253	4,160,423	2,195,808	285,071	2,050	3,533	264,500	83,860	7,788,032	1,532,042	9,320,074
1990	175,595	1,037,632	1,213,227	192	7,031	—	12,606	4,679,784	3,160,657	247,347	2,353	4,121	343,651	119,868	9,790,837	2,458,501	12,249,338
1991	175,595	1,142,463	1,318,058	15,900	7,370	75,806	9,495	5,029,104	3,108,092	474,942	2,815	4,710	455,885	113,829	10,616,006	1,914,503	12,530,509
1992	175,595	1,252,575	1,428,170	5,872 ^(†)	6,137 ^(*)	131,073 ^(†)	15,652	5,489,100	2,803,155	752,917	3,539	5,299	536,812	135,361	11,313,087	4,974,896	16,287,983
1993	175,595	1,418,593	1,594,188	13,039	—	—	—	6,393,007	3,063,153	1,096,146	4,410	6,013	564,478	103,359	12,837,793	5,464,451	18,302,244
1994	245,833	1,983,409	2,229,242	13,763	—	—	—	5,366,489	4,461,893	1,601,089	4,690	6,727	502,025	111,528	14,297,446	3,851,623	18,149,069
1995	245,833	2,070,559	2,316,392	36,735	—	—	—	6,097,985	4,625,946	1,283,946	4,571	7,441	480,929	80,100	14,934,045	3,103,192	18,037,237
1996	245,833	2,152,495	2,398,328	35,201	—	—	—	6,432,396	4,783,236	1,441,434	4,739	8,155	476,621	62,142	15,642,252	4,114,659	19,756,911
1997	245,833	2,252,872	2,498,705	—	—	—	—	5,773,044	7,787,176	2,047,681	5,046	8,869	686,944	71,821	18,879,286	9,531,224	28,410,510
1998	295,059	2,972,222	3,267,281	—	—	—	—	4,082,396	10,297,074	2,707,852	6,013	9,583	1,455,901	129,561	21,955,661	24,883,375	46,839,036
1999	295,366	3,100,762	3,396,128	—	—	—	—	3,452,177	10,286,779	3,283,081	7,477	10,297	1,711,361	113,478	22,260,778	33,863,092	56,123,870
2000	307,780	3,317,037	3,624,817	—	—	—	—	2,918,920	11,072,736	3,072,363	9,286	11,011	2,686,566	126,413	23,522,112	43,236,774	66,758,886
2001	331,650	3,743,506	4,075,156	—	—	—	—	3,385,422	10,890,941	3,417,142	10,515	11,725	2,484,247	151,261	24,426,409	46,827,877	71,254,286
2002	389,265	4,069,354	4,458,619	—	—	—	—	4,508,208	11,202,082	4,430,055	11,961	12,439	2,446,155	117,646	27,187,165	50,916,657	78,103,822
2003	389,275	4,114,735	4,504,010	—	—	—	—	1,721,391	14,653,555	3,667,641	13,810	13,153	1,527,612	(14,027)	26,087,145	79,162,015	105,249,160
2004	389,291	3,993,794	4,383,085	—	—	—	—	3,069,781	14,663,091	2,828,314	14,171	13,917	1,568,111	427,563	26,968,033	84,319,470	111,287,503
2005	397,478	4,130,486	4,527,964	—	—	—	—	2,133,993	14,491,296	2,749,348	14,730	14,705	1,444,858	440,054	25,816,948	81,192,618	107,009,566

(*) Provision for general banking risks, general credit risks provision and securities fluctuation allowance (between 1967 and 1984, when this allowance was taken to Reserve).

(†) Taken to Reserve.

(*) Of which € 3.6m taken to Reserve.

(†) Of which € 12.5m taken to Reserve and the balance to write down the book value of securities.

FUND ALLOCATION ANALYSIS

For years ended 30th June	Gross profit for year	Allocation to credit risks provision	Net profit	APPROPRIATION OF NET PROFIT							
				Amount taken to Reserve	Amount taken to Special Reserve ⁽¹⁾	Writedowns in securities and investments, depreciation on furniture and equipment, and amortization of discounts on bonds issued	Total dividend paid	Percent dividend paid	Directors' remuneration ⁽²⁾	Increase (decrease) in retained earnings	
1947	(15)	—	(15)	—	—	—	—	—	—	—	—
1948	23	—	23	2	—	21 ⁽³⁾	—	—	—	—	—
1949	49	—	49	24	—	24	—	—	—	1	—
1950	87	—	87	26	—	3	54	7	2	2	2
1951	190	—	190	52	—	25	108	7	2	3	3
1952	210	—	210	52	—	38	108	7	3	9	9
1953	215	—	215	103	—	—	108	7	3	1	1
1954	213	—	213	52	—	52	108	7	3	(2)	(2)
1955	237	—	237	52	—	84	108	7	3	(10)	(10)
1956	277	—	277	77	—	57	135	7.50	3	5	5
1957	323	—	323	77	—	52	194	7.50	3	(3)	(3)
1958	388	—	388	77	—	52	248	8	3	8	8
1959	396	—	396	129	—	—	248	8	8	11	11
1960	718	—	718	387	—	—	331	8	8	(8)	(8)
1961	966	—	966	439	—	109	413	8	8	(3)	(3)
1962	1,004	—	1,004	413	—	116	465	9	9	1	1
1963	1,025	310	715	103	—	142	465	9	9	(4)	(4)
1964	1,289	516	773	103	—	90	558	9	12	10	10
1965	1,370	594	776	155	—	5	604	9	12	—	—
1966	1,644	723	921	181	—	—	723	10	14	3	3
1967	1,911	955	956	207	—	5	723	10	15	6	6
1968	2,219	1,162	1,057	258	—	—	775	10	16	8	8
1969	2,873	1,420	1,453	516	—	—	909	11	19	9	9
1970	2,976	1,808	1,168	258	—	5	909	11	18	(22)	(22)
1971	3,652	1,937	1,715	258	—	537	909	11	19	(8)	(8)
1972	3,390	2,195	—	258	—	—	909	11	19	9	9
1973	4,822	2,970	1,852	387	—	155	1,273	11	26	11	11
1974	6,988	4,777	2,211	511	—	395	1,273	11	26	6	6
1975	11,112	8,134	2,978	775	—	155	1,983	12	41	24	24
1976	17,077	6,972	10,105	1,808	4,132	2,109	1,983	12	41	32	32
1977	22,549	7,876	14,673	5,165	178	6,059	3,223	12	66	(18)	(18)
1978	25,034	9,296	15,738	6,197	6,197	98	3,223	12	65	(42)	(42)
1979	29,346	12,911	16,435	7,747	—	2,489	6,074	14	124	1	1
1980	33,728	15,494	18,234	7,747	3,099	1,214	6,074	14	123	(23)	(23)
1981	67,940	23,241	44,699	17,043	17,560	2,571	7,375	14	150	—	—
1982	29,720	10,423	19,297	7,747	—	1,498	9,833	14	201	18	18
1983	52,450	13,658	38,792	10,329	17,560	878	9,833	14	200	(8)	(8)
1984	60,560	16,119	44,441	27,372	—	3,476	13,170	15	272	151	151
1985	87,848	20,840	67,008	51,646	—	—	14,926	17	307	129	129
1986	124,380	35,115	89,265	67,139	—	4,080	17,560	20	361	125	125
1987	89,906	31,546	58,360	40,800	—	—	17,560	20	351	(351)	(351)
1988	84,324	22,068	62,256	40,800	—	—	21,071	20	429	(44)	(44)
1989	110,642	26,782	83,860	38,734	—	16,649	28,095	20	311	71	71
1990	153,577	33,709	119,868	83,912	—	339	35,119	20	454	44	44
1991	147,192	33,363	113,829	59,450	—	18,666	35,119	20	456	138	138
1992	171,152	35,791	135,361	99,852	—	—	35,119	20	452	(62)	(62)
1993	141,654	38,295	103,359	64,041	—	—	38,631	20	528	159	159
1994	154,910	43,382	111,528	61,975	—	—	49,167	20	733	(347)	(347)
1995	126,220	46,120	80,100	30,213	—	—	49,167	20	740	(20)	(20)
1996	110,692	48,550	62,142	12,137	—	—	49,167	20	742	97	97
1997	128,026	56,205	71,821	21,949	—	—	49,167	20	739	(34)	(34)
1998	191,858	62,297	129,561	62,090	—	—	66,401	22.50	1,091	(20)	(20)
1999	175,711	62,233	113,478	45,914	—	—	66,460	22.50	1,093	11	11
2000	198,407	71,994	126,413	47,898	—	—	77,230	25	1,312	(27)	(27)
2001	233,894	82,633	151,261	49,913	—	—	99,522	30	1,769	57	57
2002	204,646	87,000	117,646	265	—	—	116,782	30	618	(19)	(19)
2003	30,973	45,000	(14,027)	(154,166) ⁽⁴⁾	—	—	140,139	36	—	(81)	(81)
2004	460,563	33,000	427,563	111,201	—	—	311,535	80	4,827	—	—
2005	440,054	—	440,054	51,416	—	—	382,365	96	6,273	—	—

⁽¹⁾ Allocations to Special Reserve were used to fund bonus issues of € 4.1m in October 1976, € 6.2m (together with € 6,019,000 from the Revaluation Reserve) in October 1977, € 6.2m in October 1978, € 3.1m in October 1980, € 17.6m in October 1981 and € 17.6m in October 1983.

⁽²⁾ Plus fixed fee of € 258,000 as from 30/6/89 and € 1.5m as of 30/6/02.

⁽³⁾ Of which € 15,000 to absorb prior year loss.

⁽⁴⁾ Of which € 14,027,000 to cover loss for the year, and € 140,139,000 for payment of dividend.