MEDIOBANCA

Banca di Credito Finanziario

Full year 2004 results

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Milan, 17 September 2004

Contents

Mediobanca group

Section I

Mediobanca in mid-2003

Positives	Negatives
Key relations with Italian industrials	No focus, reporting or targets by or for different businesses
Focus on medium term lending and equity investment, strong presence in investment banking	Accounted profitability and capital management not perceived as priorities
Strong brand and corporate culture	Wholesale banking: potential value not fully exploited, organization based on boutique model leveraging on historical client base
Conservative accounting principles	Equity investment portfolio: undifferentiated strategy, MB as institutional investor
Excellence in cost control	Consumer credit: potential growth not actively supported
Outstanding asset quality	No presence outside Italy
Strong equity base	No relations with market and investors

What we have achieved in the past year

Achievements

- MB group view and strategy introduced
- Segmental reporting and allocation of capital by different businesses implemented
- Wholesale banking: new organizational structure and "market approach" introduced
- Equity investment portfolio: new rationale and more dynamic management
- Consumer credit and Private banking: more demanding targets set
- MB branch in Paris set up
- Stock option plan strengthened
- Relations with market and investors established

June 04 results

- Improved market positions and performances by all core business
- Group revenues stream more diversified and increased (up 32%)
- Superior cost control maintained (C/I=33%)
- Group GOP improved (up 38%)
- Outstanding asset quality maintained (NPLs/I= approx. 0%)
- Net profit € 536 m (June 03 € 54 m)
- ROE improved to 11.5%
- Dividend more than doubled at € 0.40 ps

Mediobanca group activities

Wholesale banking

- Coverage and corporate finance
- Lending and structured finance
- Capital markets

Equity investment portfolio

- Strategic holdings
- Non-strategic holdings

Retail financial services

- Consumer credit
- Mortgage lending
- Leasing

Private banking

- Asset management
- Trustee

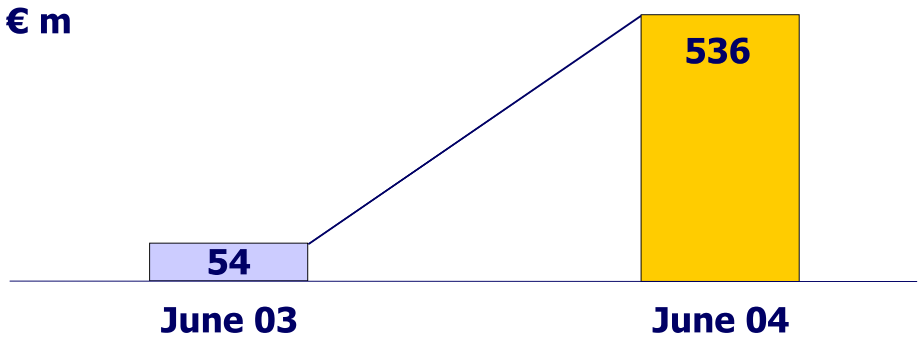
Mediobanca group: leveraging on four-business model

Advantages

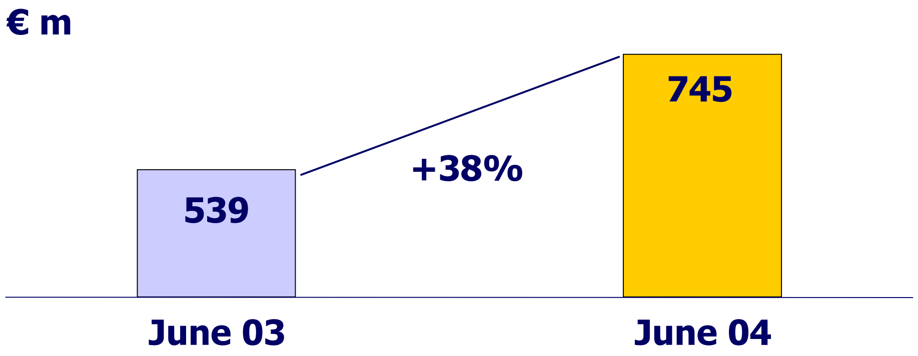
- Stabilizes revenues and balancing risks
- Exploits synergies between businesses
- Improves group capability to capture growth potential
- Increases capital allocation efficiency and flexibility
- Shares MB corporate culture

Mediobanca group: June 04 results

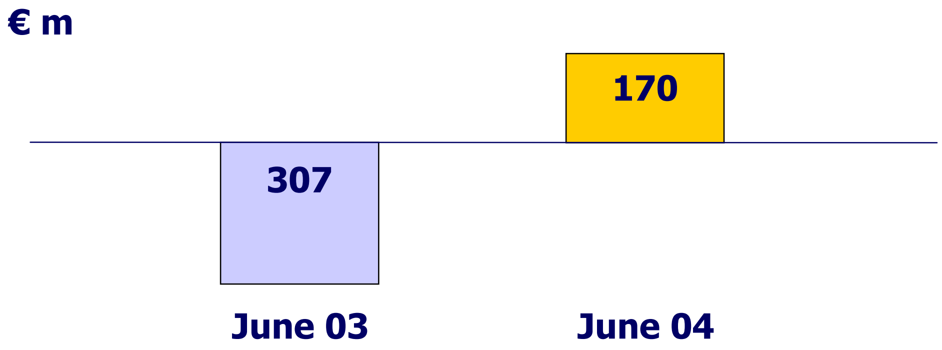
Net profit



Gross operating profit



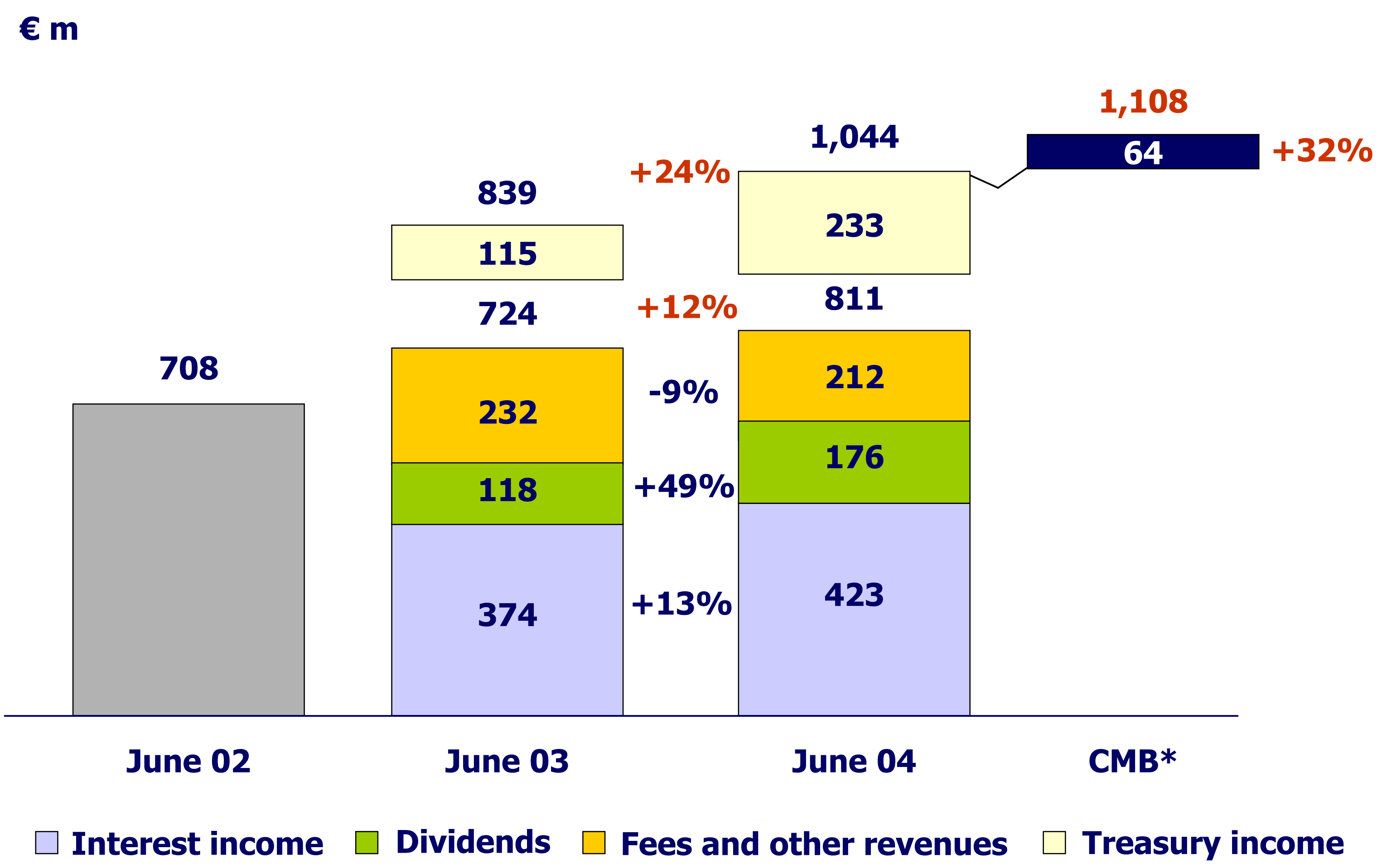
Net portfolio result *



* Net result after disposals, writedowns/backs to EIP /treasury ptf, equity accounted companies

Revenue stream growth

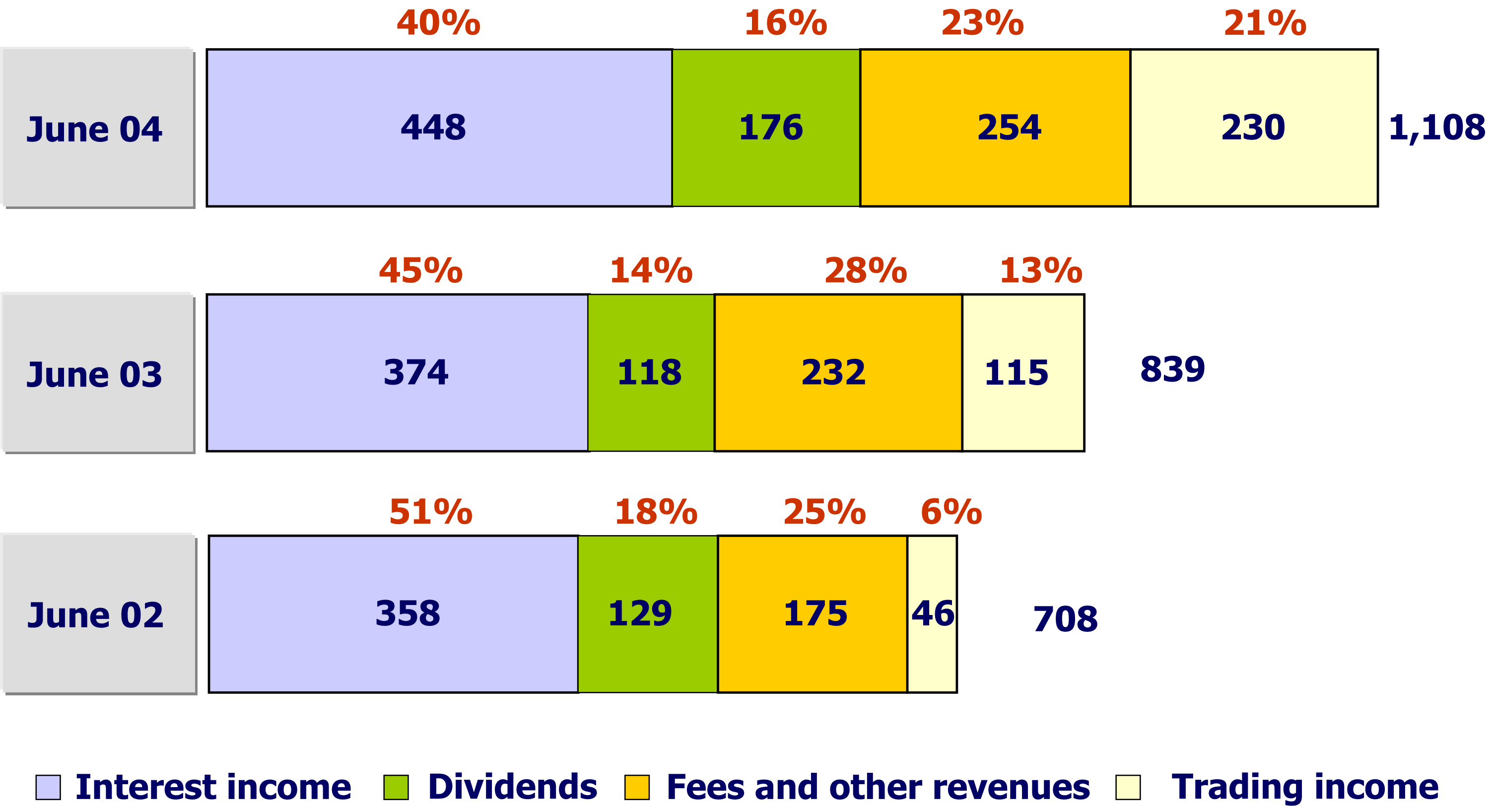
Double digit revenues increase even without trading income and CMB



* CMB revenues = interest income € 25 m + trading loss € 3 m + fees and other revenues € 42 m

Revenue stream diversification

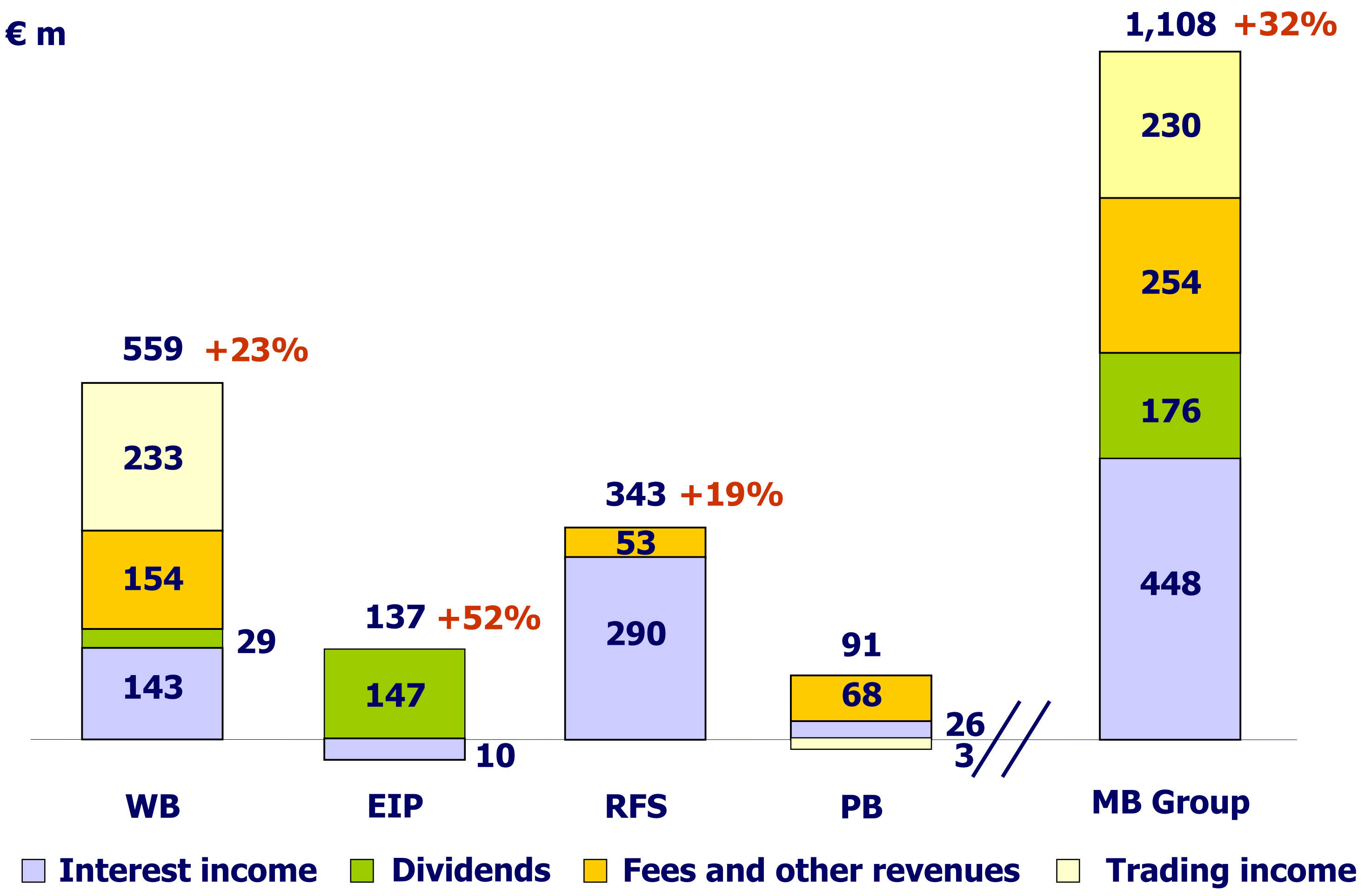
Breakdown of revenues



Steady growth by all revenue sources

Revenues by core businesses

Strong performance by all businesses

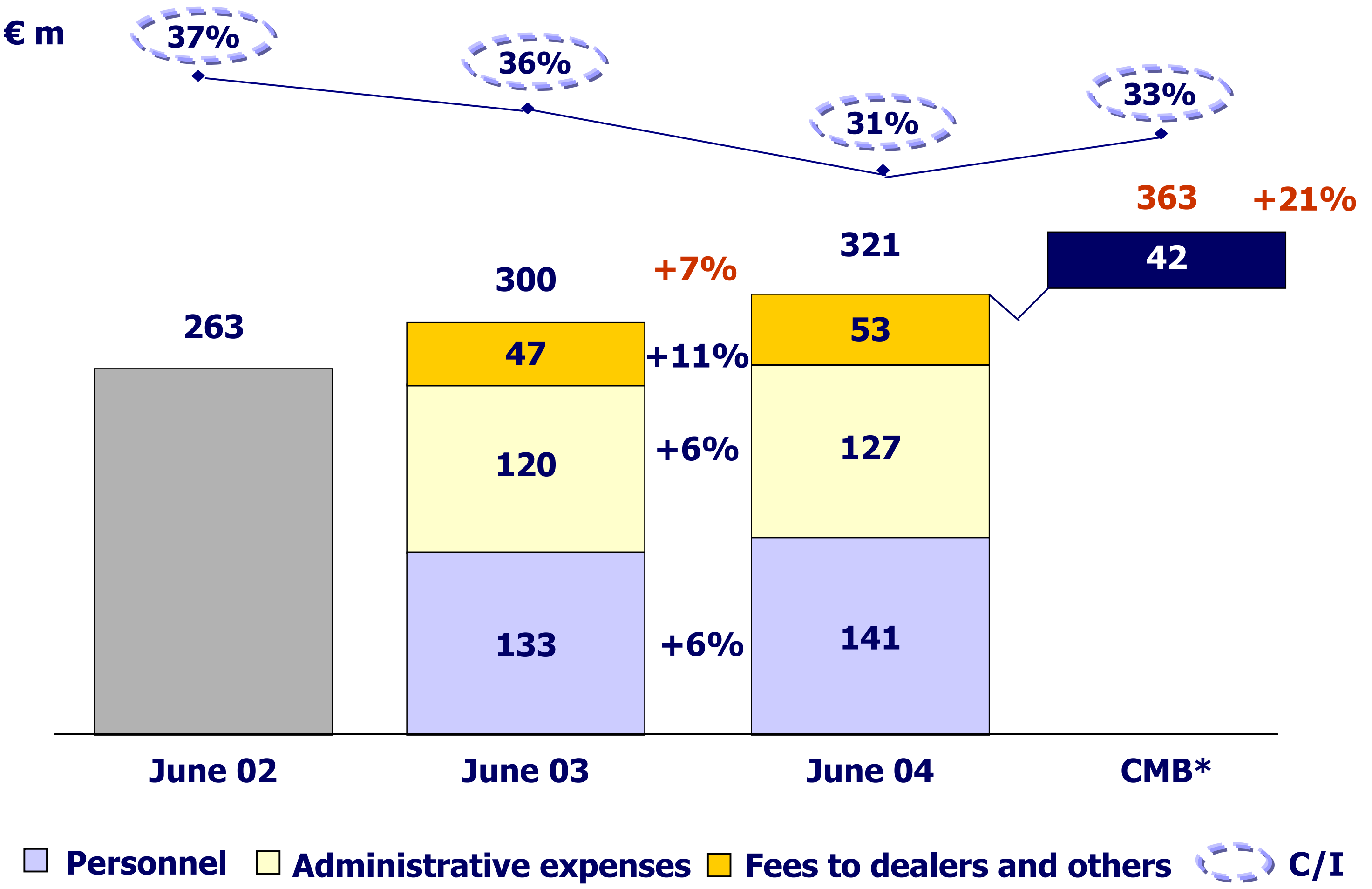


Differences between group and sum-of-parts figures due to:

- consolidation entries
- Banca Esperia: equity-accounted in group figures; here booked pro-rata

Cost trends

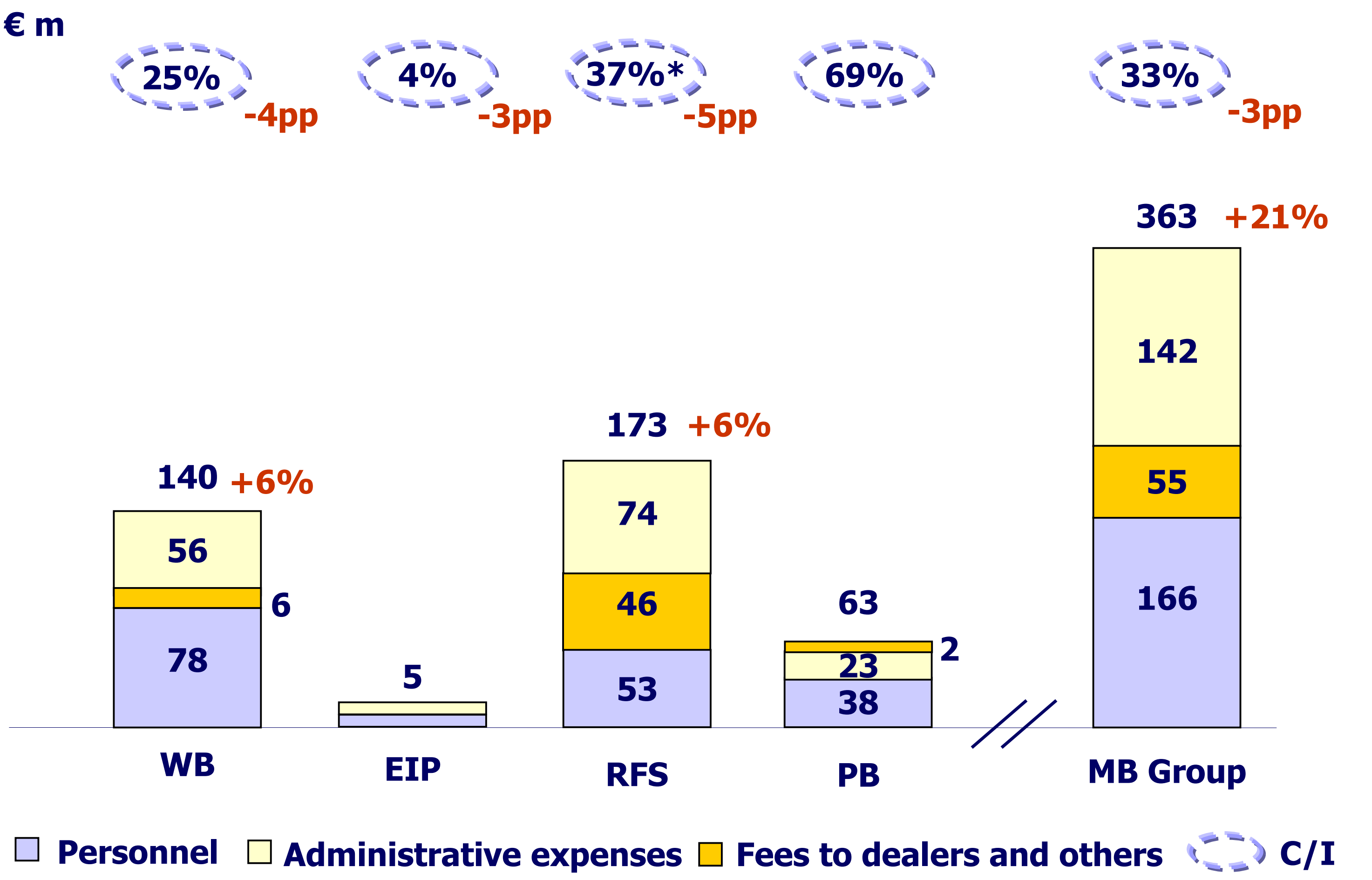
Superior cost control maintained



* CMB costs = personnel € 25 m + administrative expenses € 15 m + others € 2 m

Costs by core businesses

Cost/income ratio improved by all businesses



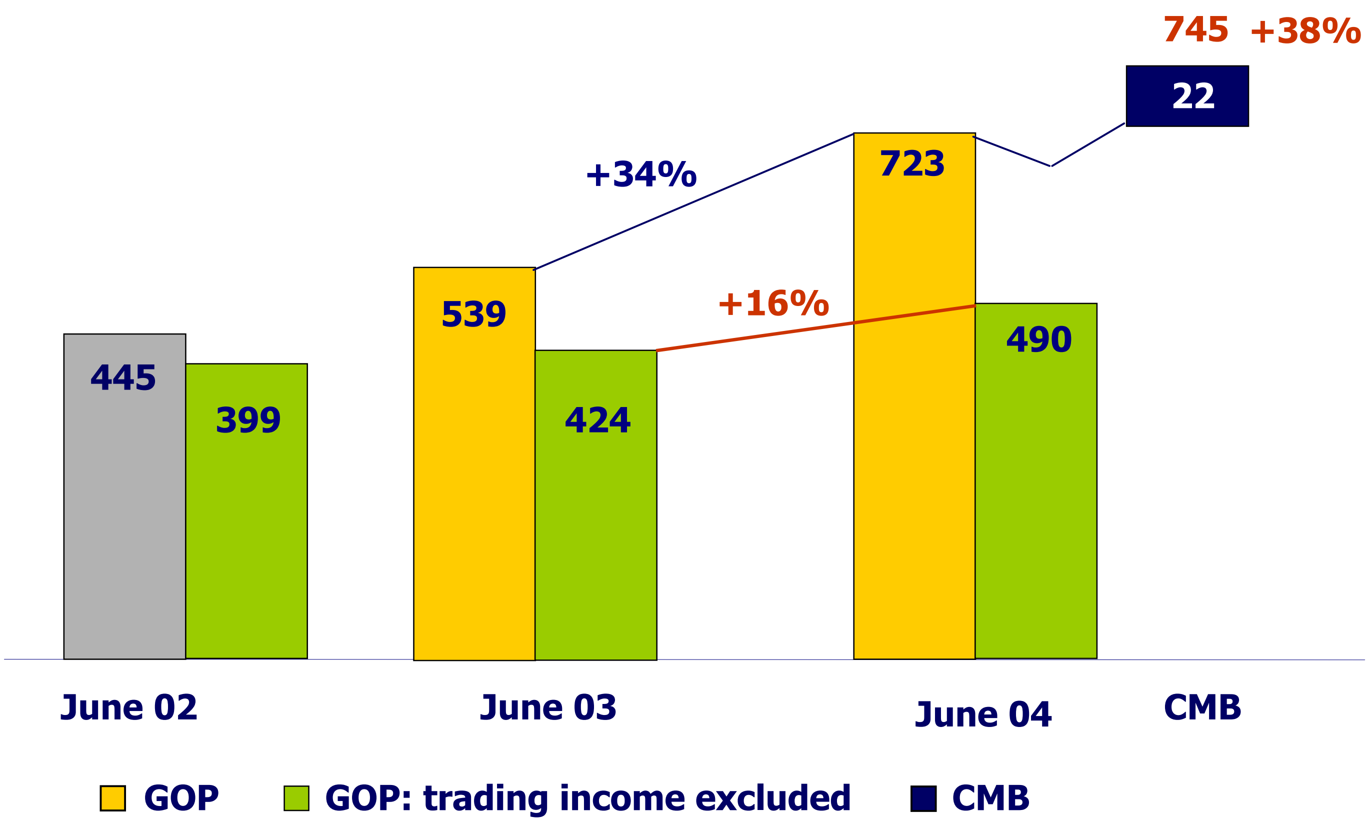
Differences between group and sum-of-parts figures due to:
- consolidation entries
- Banca Esperia: equity-accounted in group figures; here booked pro-rata

* Cost/income ratio does not include fees to dealers

GOP development

Double digit GOP growth even without trading income and CMB

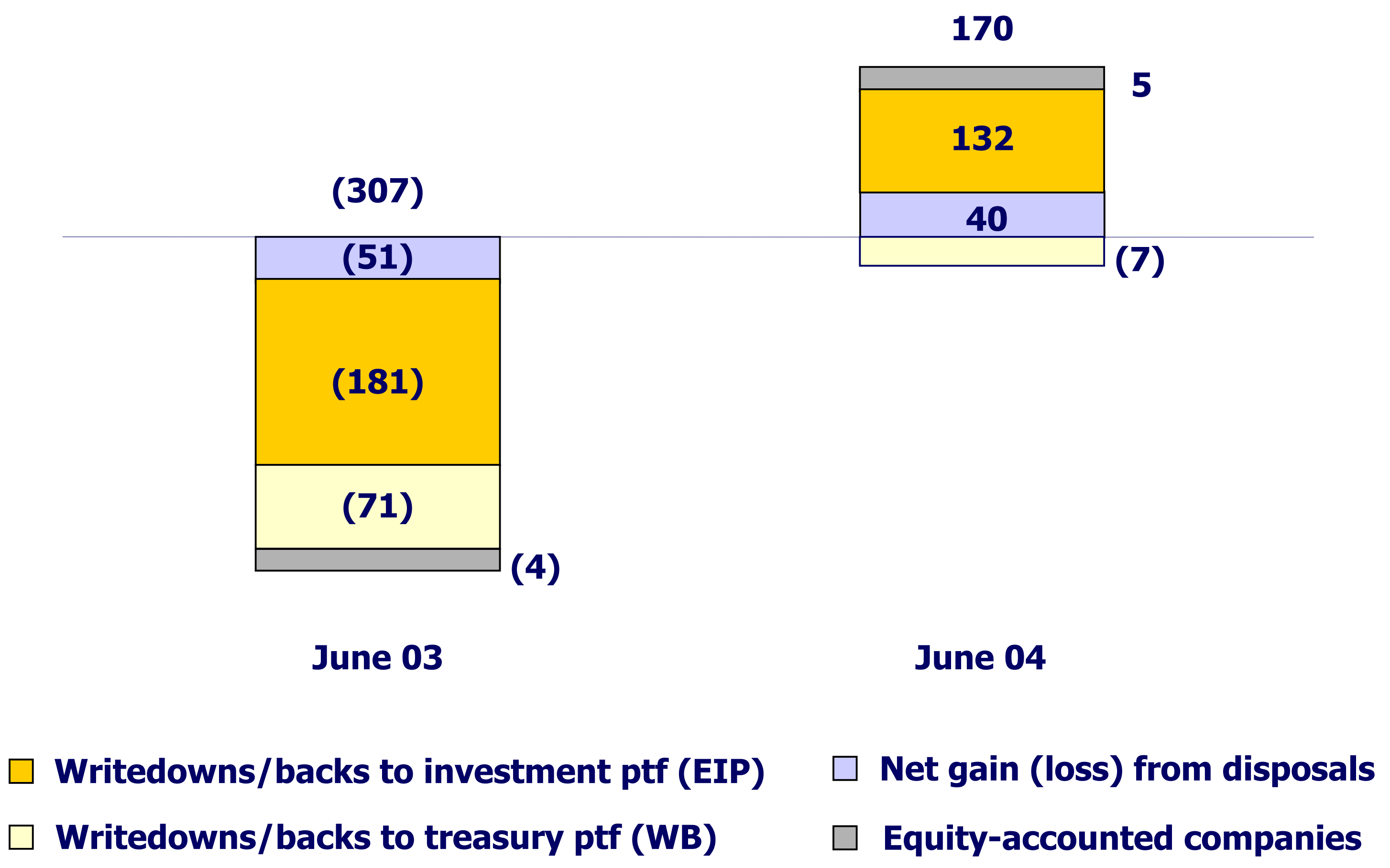
€ m



Net portfolio result

Equity market recovery and earnings from disposals

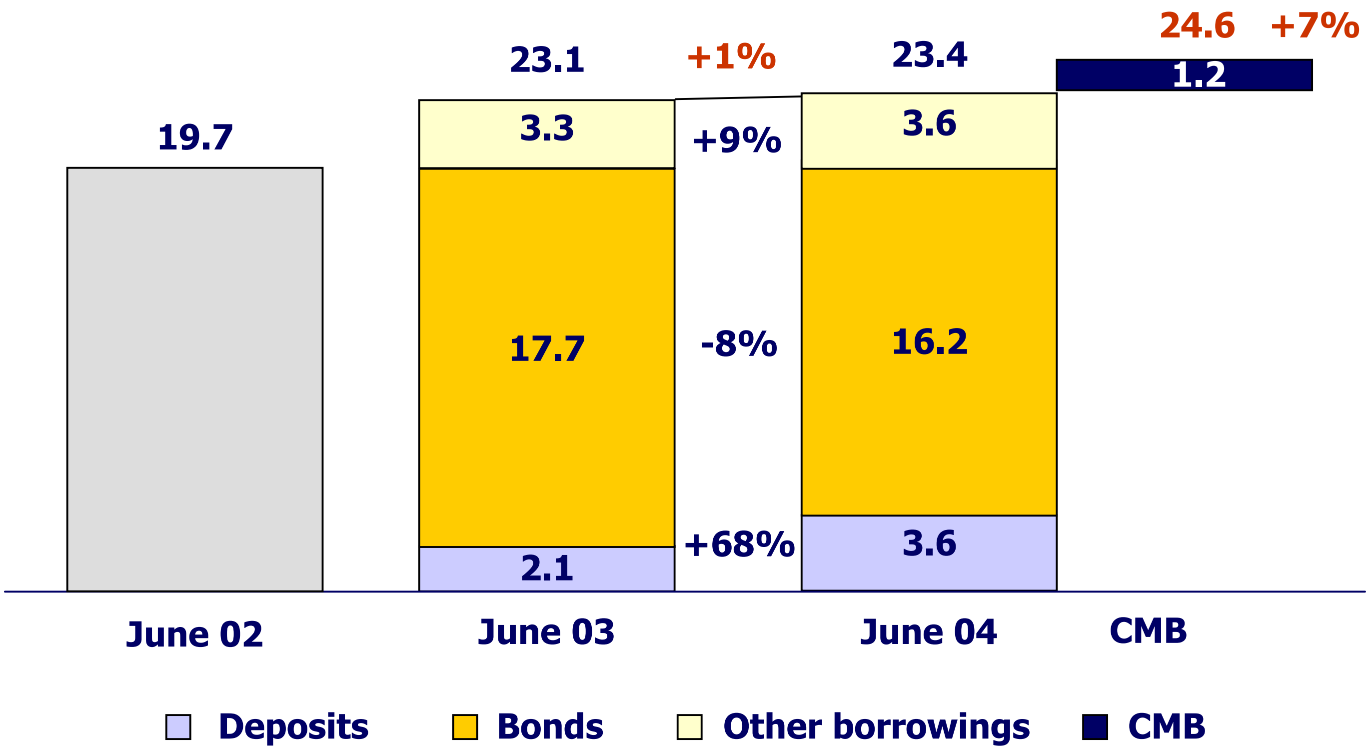
€ m



Funding

No major movements

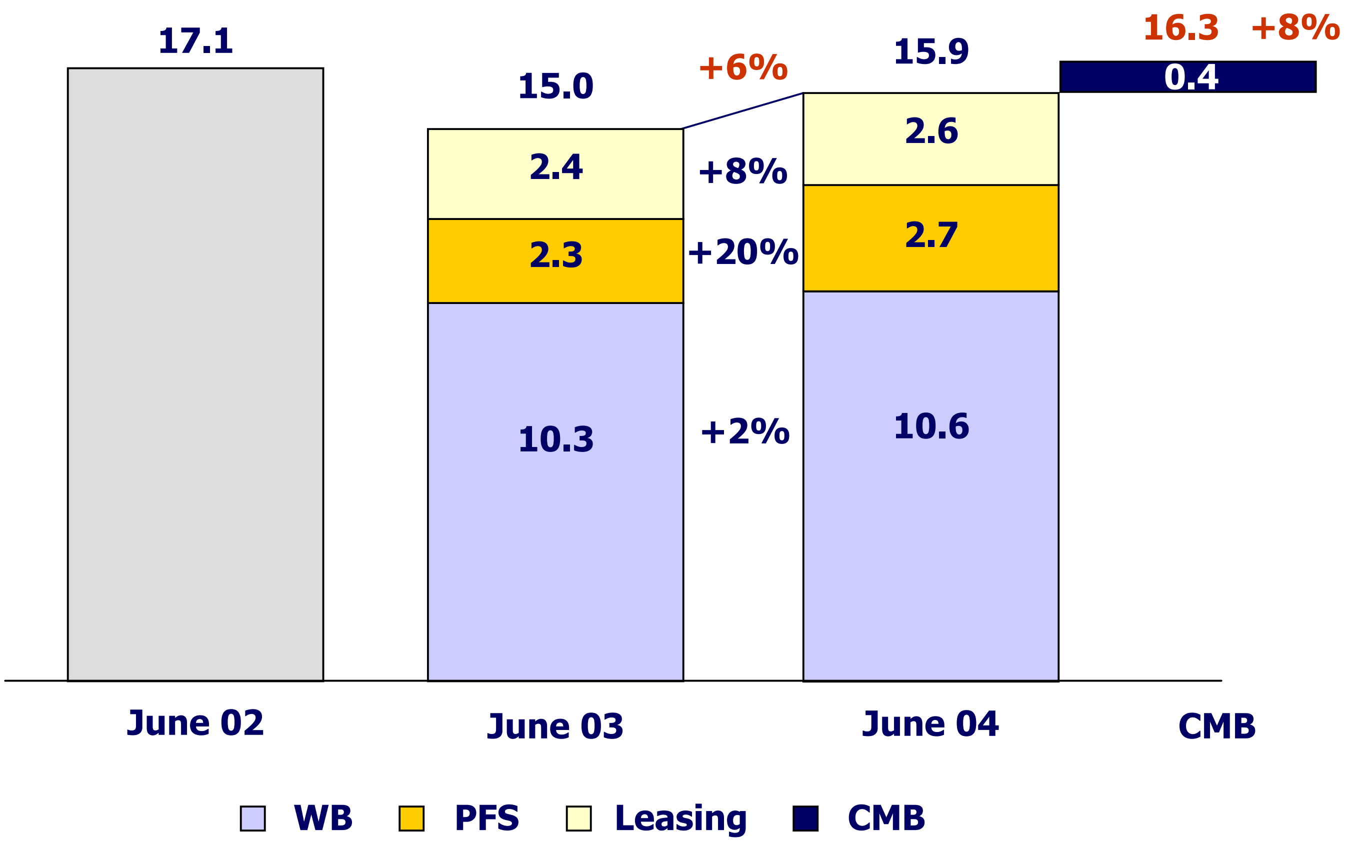
€ bn



Loan book

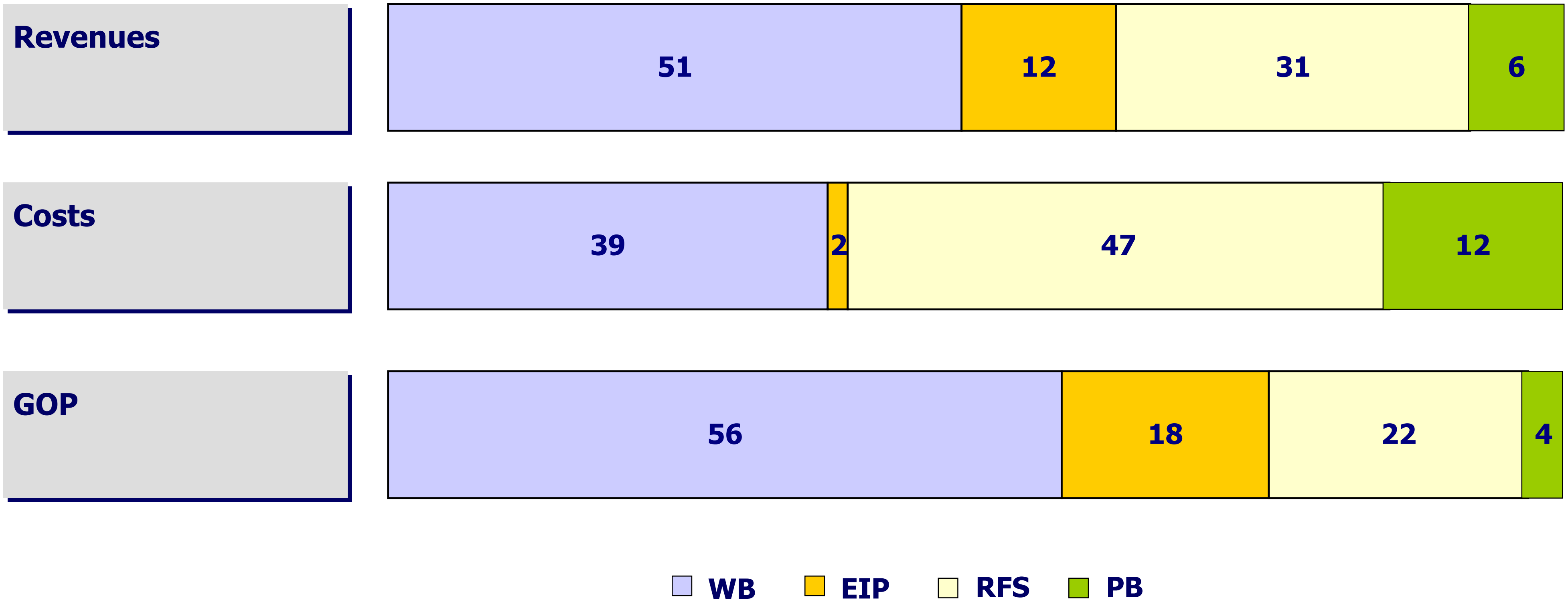
Corporate	65%
PFS	17%
Leasing	16%
CMB	2%

€ bn



Results by businesses

Breakdown of results by business unit (%)



Segmental analysis: introduction

Section II

Segmental analysis: introduction

Mediobanca group

Wholesale banking	Equity investment portfolio	Retail financial services	Private banking
MB Spa MB Finstrutture MB International Prominvestment (70%)	All group equity investments	PFS Compass Micos Banca Cofactor Leasing SelmaBPM (61.65%) Teleleasing (80%) Palladio	CMB (61.64%) Banca Esperia (48.5%) Spafid Prudentia

- Unless otherwise indicated, companies are 100% owned
- All companies are included in their own business units net of equity investments, which are all accounted for in the EIP
- All central costs have been allocated between WB, RFS and EIP
- Differences between group and sum-of-parts figures due to: (i) consolidation entries (ii) Banca Esperia: equity-accounted in group figures; here booked pro-rata

Segmental analysis: Wholesale banking

Section II.A

What we have achieved in the past year

Achievements

- Greater integration between corporate and investment banking: global customer approach
- Cross selling between C&CF, L&SF and CapMkt improved
- More aggressive marketing efforts
- Coverage unit created, 7 industry teams
- Customers concentration reduced
- Range of products/activities increased
- MB presence in Paris set up

June 04 results

- Revenues stream increased (up 23%) despite adverse market conditions
- Tight cost control maintained (C/I=25%)
- GOP improved by 29%
- Outstanding asset quality maintained (NPLs/l=0%)
- Net profit to € 278 m (up 66%)
- ROAC to 17.2%

Description and key figures

Corporate and investment banking

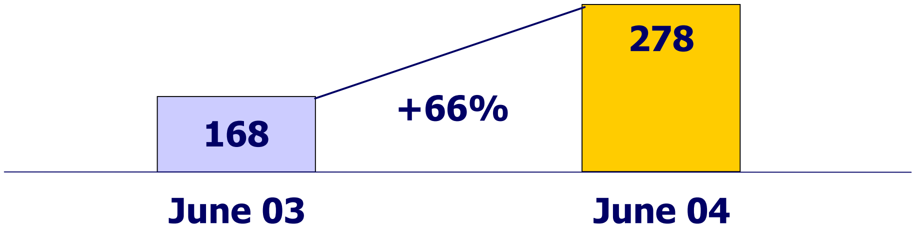
	Coverage and corporate finance	Lending and structured finance	Capital markets
Products and services	Coverage, origination Advisory M&A Corporate restructuring	Corporate lending Structured finance Export finance Credit analysis	Equities Fixed income ALM and treasury
Transaction volumes	€ 65 bn	€ 26 bn	€ 13 bn
Transaction no.	40	15	25
Personnel front office no.	65	57	69
∆ no. 99/04	+35	+18	+30
MB ranking	#1	#1	#1 ECM #1 DCM

New customer approach

WB: June 04 results

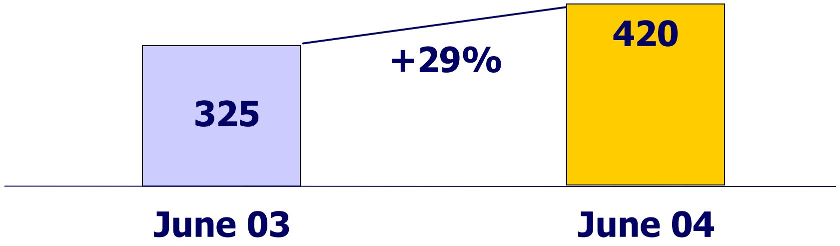
Net profit

€ m



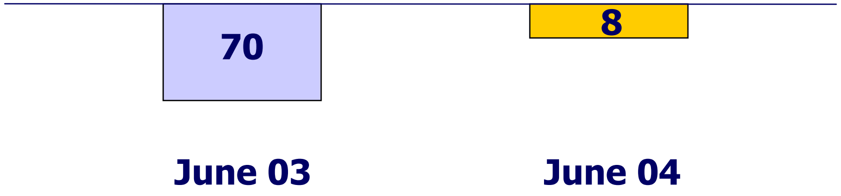
Gross operating profit

€ m



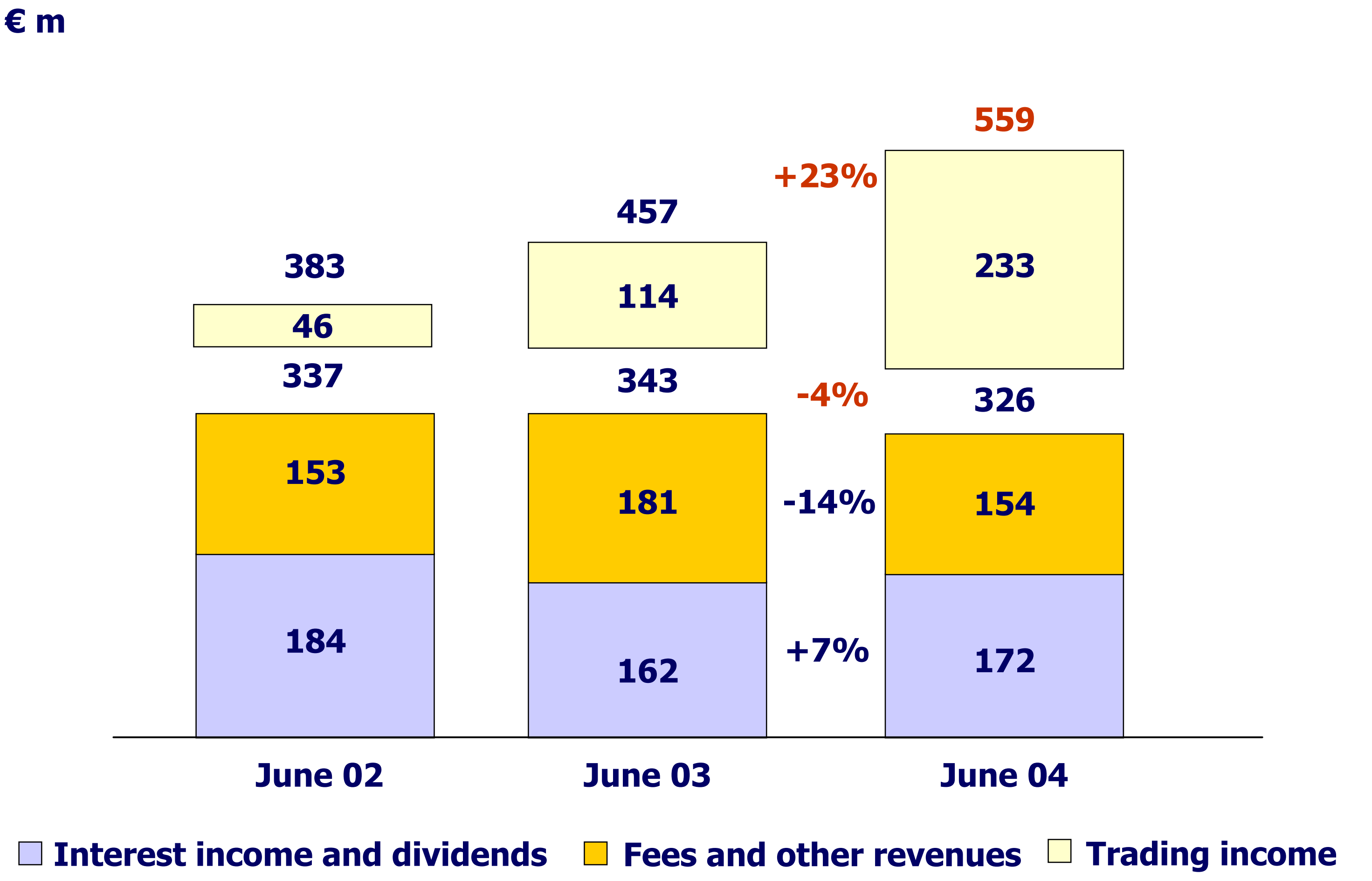
Writedowns to treasury portfolio

€ m



Revenues stream growth

Revenues up despite difficult market conditions



MB as a market player

Segmental analysis: Wholesale banking

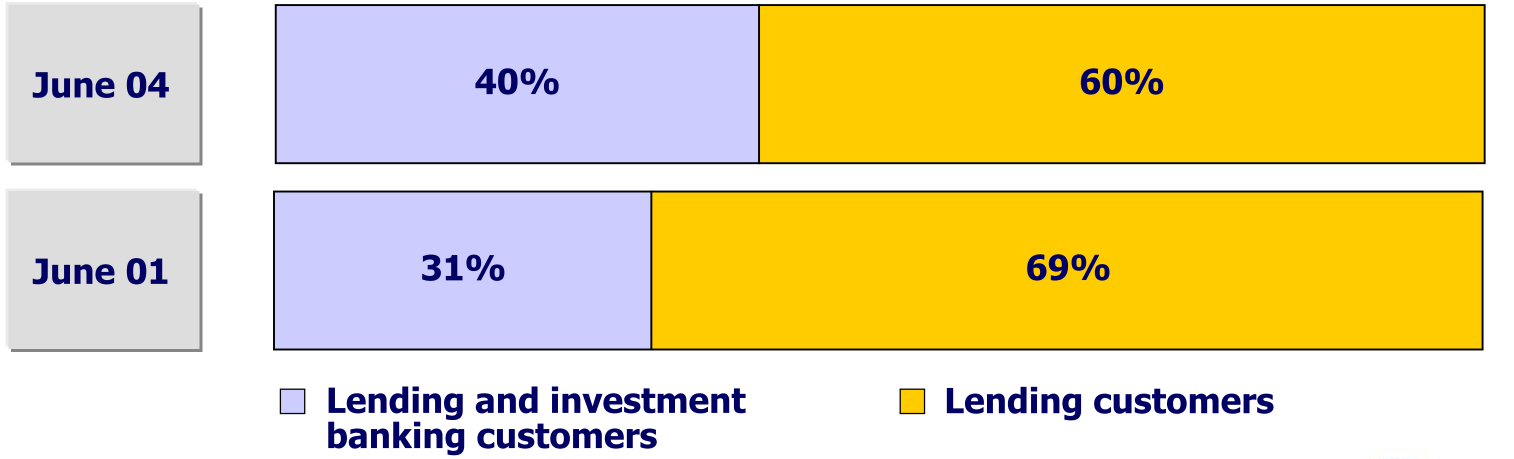
Section II.A

No significant link between WB revenues and EIP business

Breakdown of WB revenues by class of customer (%)

Cross selling improved

Breakdown of WB customers (%)

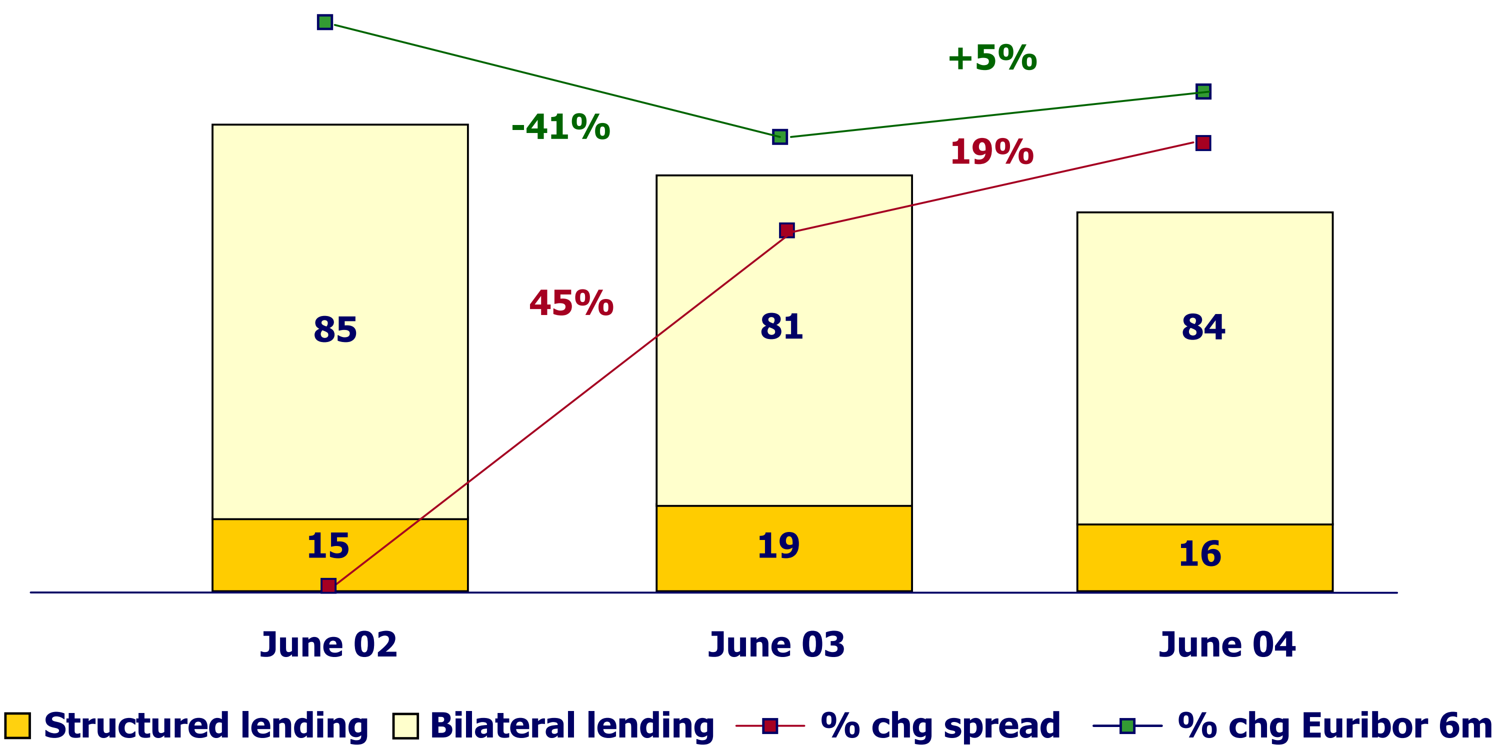


Revenues: interest income

Spreads up despite interest rate decrease

NPLs/I = 0%

Loan book composition, spread and interest rate development (%)

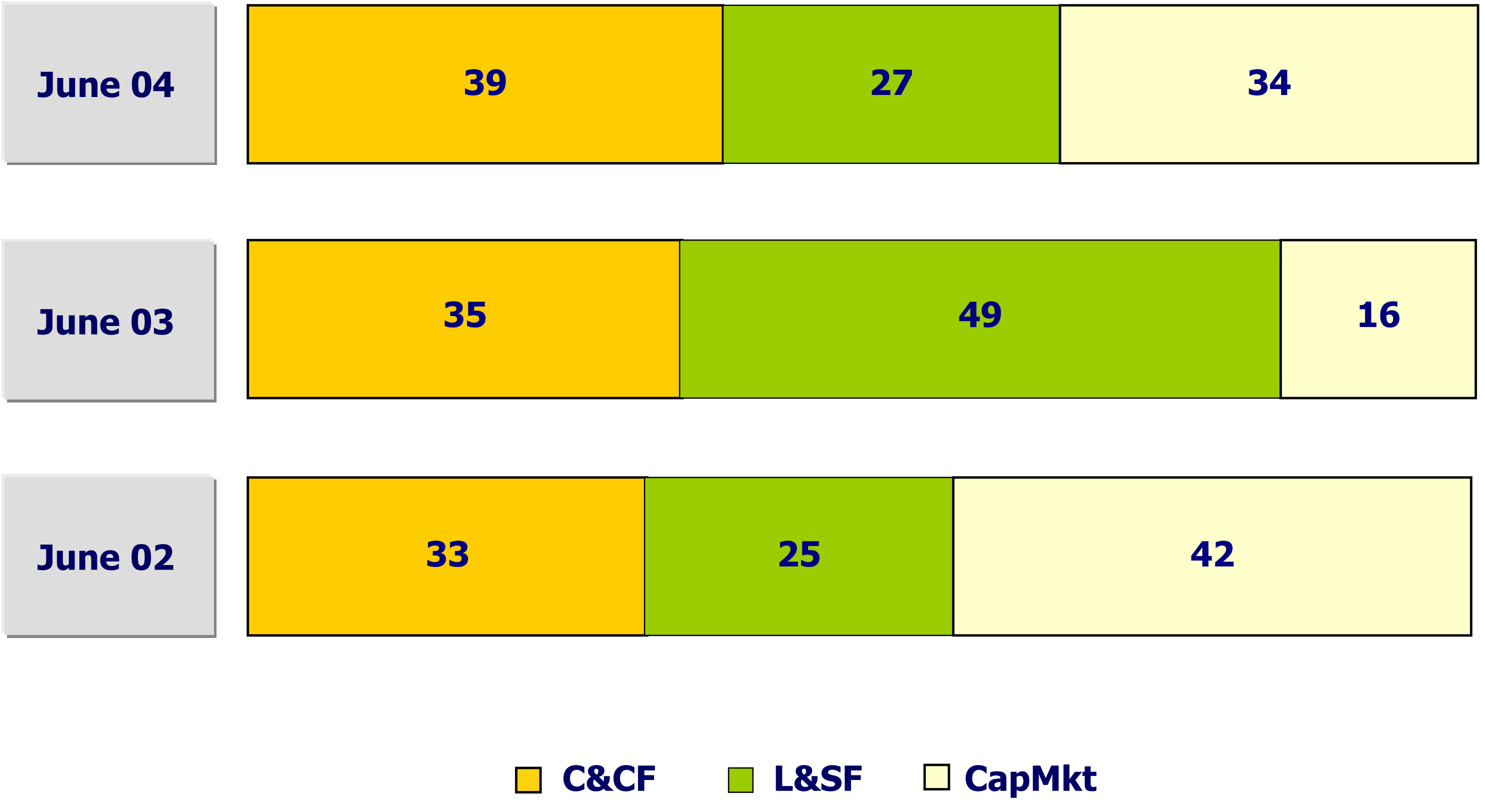


Revenues: fees by product

Segmental analysis: Wholesale banking — **Section II.A**

More balanced structure

Breakdown WB fees (%)

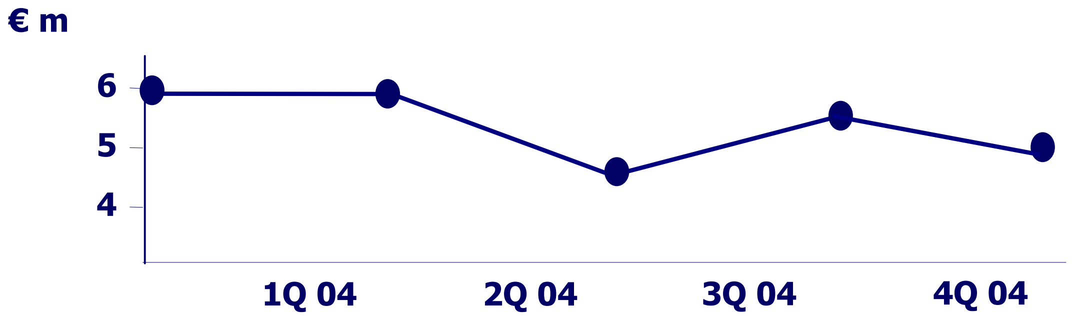


Revenues: trading income

Market conditions favourable for trading activity

- Rationale:
  - MB balance sheet (avg treasury volume € 9 bn plus € 6 bn of NAV)
  - strong correlation with the corporate-investment banking activities
  - strict risk-control systems: Var equal to € 5 m
- In 2004 € 230 m of trading revenues
- Existing unrealized gains on treasury portfolio improved: € 264 m (€ 259 m in 2003)

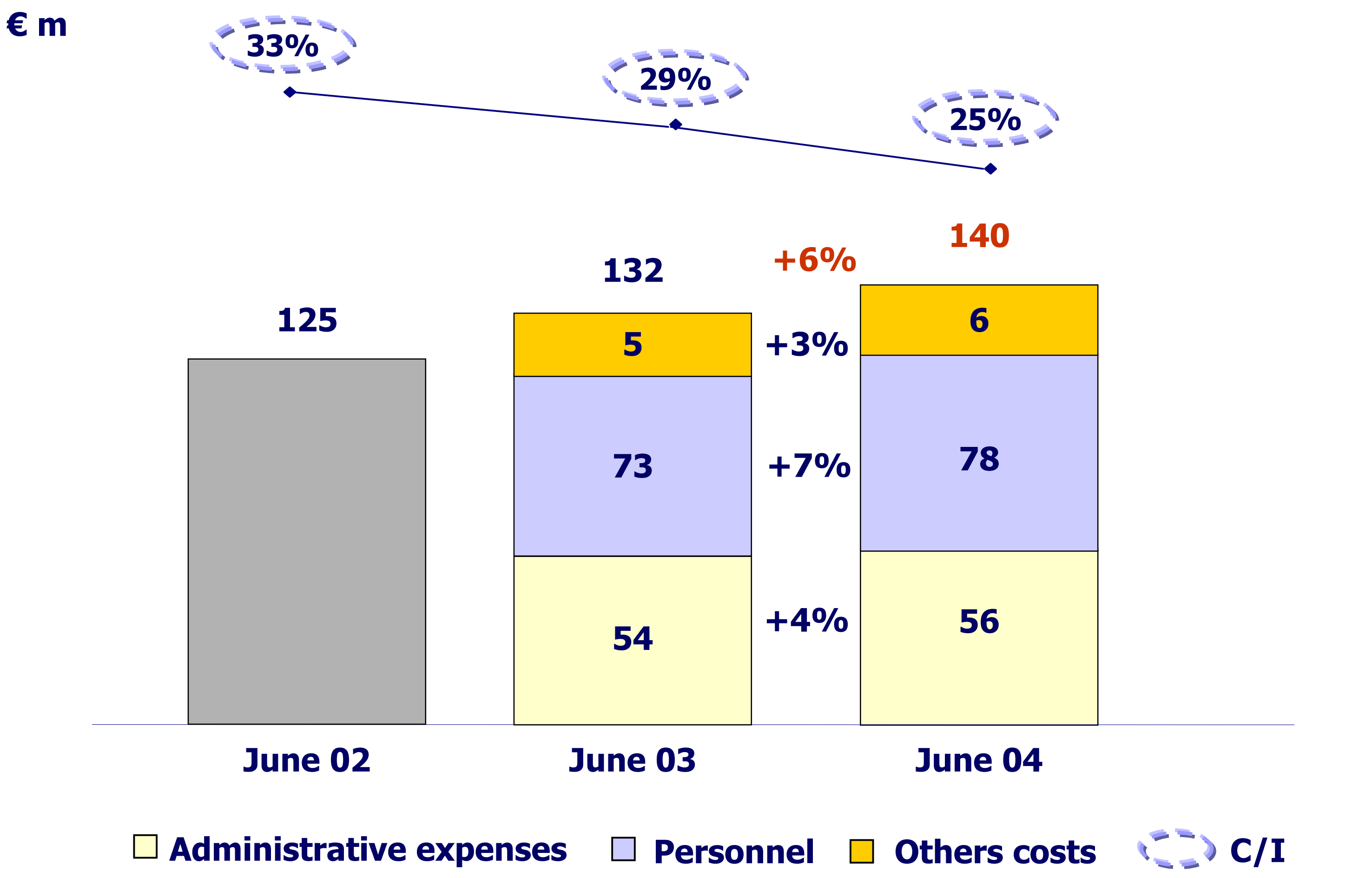
MB treasury portfolio: treasury income and VAR (1-day 95% Var)



Costs trends

Segmental analysis: Wholesale banking

Superior cost control maintained



Building selective presence outside Italy

MB branch in Paris set up

- **Mission:**
  - origination and execution of M&A/advisory deals
  - coverage and origination on French corporates for L&SF and CapMkt activities
- **Marc Vincent hired as head of MB France**
- **What we have achieved in the past year**
  - office opened and fully operative by the end of June
  - 4 bankers and 2 staff already hired
  - large-scale marketing campaign mounted
  - lending: no. 6 transactions completed for over € 1.3 bn
  - M&A: no. 9 ongoing transactions

Segmental analysis: Equity investment portfolio

Section II.B

What we have achieved in the past year

Achievements

- New rationale introduced; more dynamic portfolio management
- Non-strategic portfolio reduced by € 359 m
- Strategic portfolio:
  - Assicurazioni Generali
    - new corporate governance
    - results ahead of business plan targets
  - RCS Mediagroup
    - stake increased
    - new management team
  - Telecom Italia
    - stake increased
    - corporate restructuring
    - dividend stream improved

June 04 results

- Dividend stream increased by 39%
- Stock market recovery
- Net profit to € 198 m
- Accounted ROAC to 6.3%
- Adjusted ROAC to 19.8%

EIP management rationale

Points of strength

- Indepth knowledge of Italian system
- Key relations with Italian industrials
- Capability to understand industrial prospective

+

Key targets

- Generate value and return over medium term
- Expected average total return: 3Y ROAC 15%

EIP segmentation

Strategic

- Market leaders
- Significant growth / turnaround potential
- Mediobanca as active shareholder

Non-strategic

- Turnover / disposal

EIP: composition

Segmental analysis: Equity investment portfolio — **Section II.B**

€ m	% ord. June 04	Book value June 03	Investments/ disposals	Writedowns/ writebacks	Book value June 04	Unrealized gains June 04
Assicurazioni Generali	14.09	1,210	42		1,252	2,636
Telecom Italia, *ord.*	1.58	209	155	45	409	9
Pirelli & C., *ord. + warrants*	3.77	85		12	97	17
RCS Mediagroup, *ord.*	10.30	126			126	98
Fiat, *ord.*	2.64	93	39	-6	126	
Italmobiliare, *ord.*	9.50	35			35	43
Strategic		1,758	236	51	2,045	2,803
Ciments Français	11.46	147			147	114
Commerzbank	1.17	69	(12)	46	103	
Mediolanum	1.97	65		15	80	
Finmeccanica	0.98	43		11	54	
Fondiaria-SAI, *ord. + warrants*	1.99	39		8	47	19
Gemina, *ord.*	12.66	34		2	36	
Capitalia	0.43	35	(23)	10	22	
Others		17		2	19	6
Non-strategic		449	(35)	94	508	139
Convertible bonds and other securities		83	(8)	6	81	21
Total listed shares		2,290	193	151	2,634	2,963
Other unlisted shares		836	(316)	(19)	501	
Total		3,126	(123)	132	3,135	

After June 04

- **RCS:** € 121 m invested → % ord. 14.07 → BV € 248 m
- **Telecom Italia:** € 24 m invested → % ord. 1.68 → BV € 433 m

EIP: major movements

Segmental analysis: Equity investment portfolio

Section II.B

	Dec 03-June 03		June 03-June 04		Post June 04		Total	
	Investment	Disposal	Investment	Disposal	Investment	Disposal	Investment	Disposal
Strategic	49		236		161		446	
Generali			42		8			
Telecom Italia			155		24			
Pirelli & C.	49				8			
RCS Mediagroup					121			
Fiat			39					
Non-strategic	21	(154)	36	(395)	1	(5)	58	(554)
Capitalia				(23)				
Commerzbank				(12)				
Eurofind				(170)				
Fondiaria - SAI		(153)						
Ferrari				(149)				
Monaco Telecom			18					
Tirrenia				(34)				
Others	21	(1)	18	(7)	1	(5)		

EIP: June 04 results

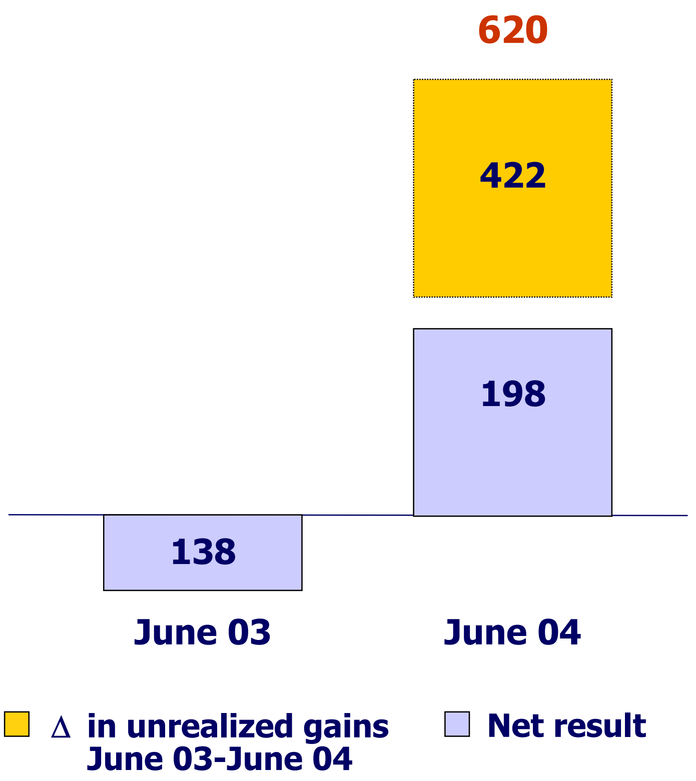
Segmental analysis: Equity investment portfolio

Section II.B

Dividend stream increased, stock market recovering

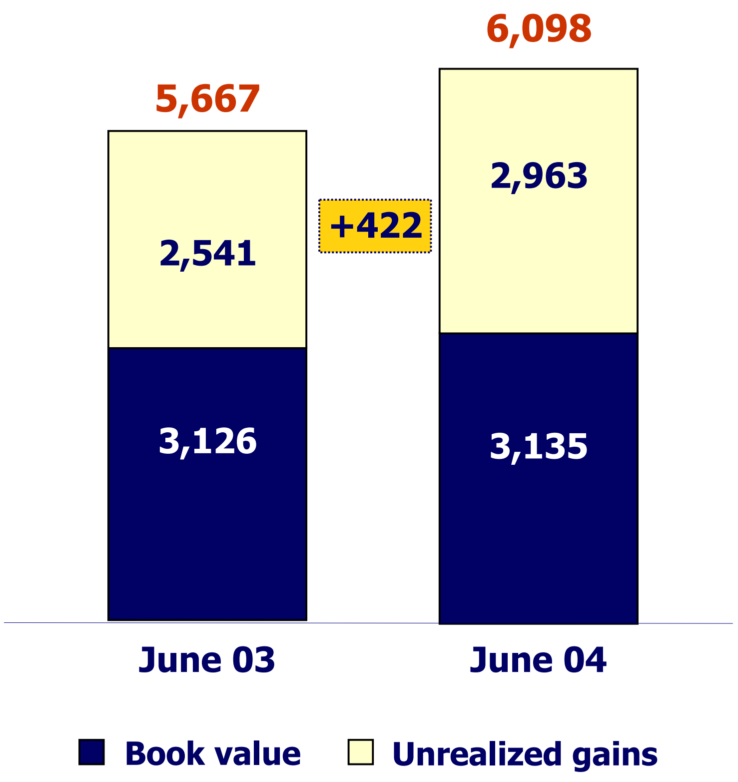
Net profit

€ m



Net asset value

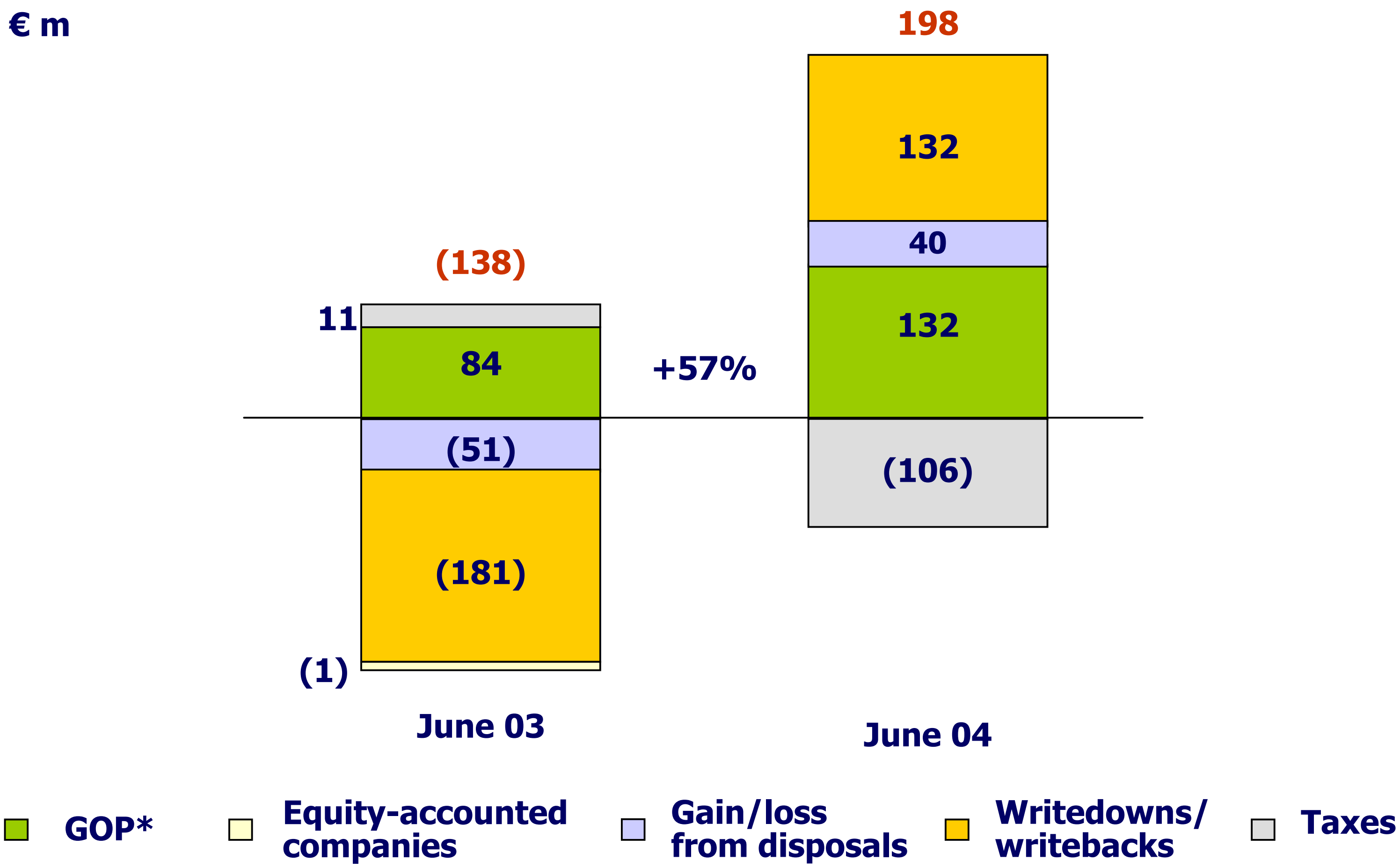
€ m



EIP: June 04 results

Segmental analysis: Equity investment portfolio — Section II.B

Unrealized gains € 3 bn

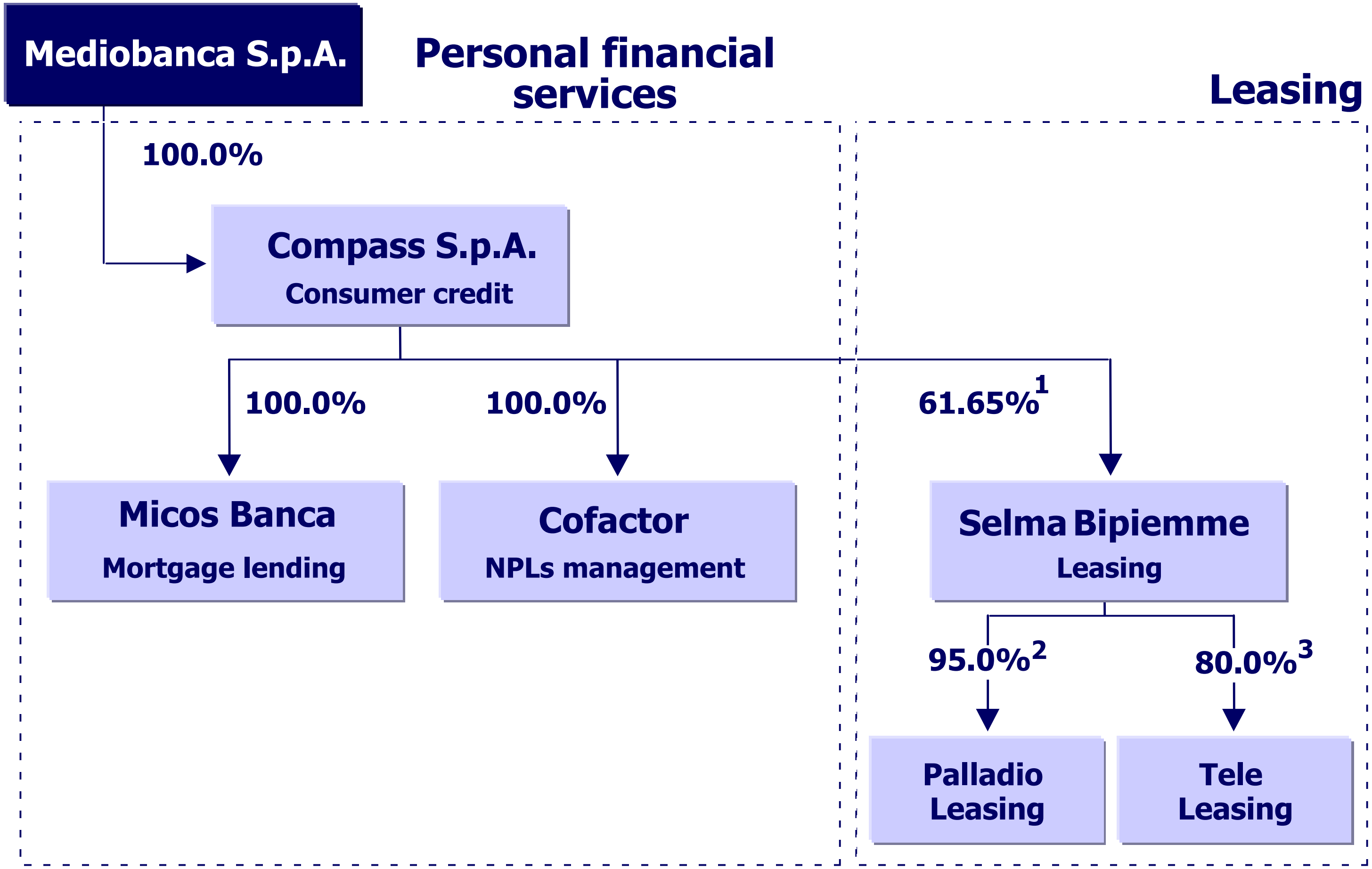


* GOP = Interest income less costs where:
- Interest income = dividends less cost of funding (1.3% AG stake held by Compass, Spafid and MB Fin.)
- Costs = labour costs and administrative expenses

Segmental analysis: Retail financial services

Section II.C

Retail financial services



Fully consolidated

1) 38.35% owned by BPM Group   2) 5% owned by Palladio Leasing   3) 20% owned by Telecom Italia

RFS: Personal financial services – branch network

COMPASS GRUPPO BANCARIO MEDIOBANCA

North	20
Centre	21
South	32
Italy	**73**

MICOS BANCA GRUPPO BANCARIO MEDIOBANCA

North	6
Centre	5
South	7
Italy	**18**

RFS: Personal financial services – description

	COMPASS (Gruppo Bancario Mediobanca)	MICOS BANCA (Gruppo Bancario Mediobanca)	COFACTOR
Products[1]	Auto loans (46%) Personal loans (28%) Instalment loans (21%) Revolving credit cards (5%)	Residential mortgages	NPL management
Commercial agreements signed in 03/04	Sony Bosch Argoclima CR San Miniato CR Savigliano Others 15	Finagen (Generali Group) Cattolica Sim	
Main commercial agreements existing	Expert Magneti Marelli Michelin Enel.SI		

1) Mix product percentages are calculated on new loans

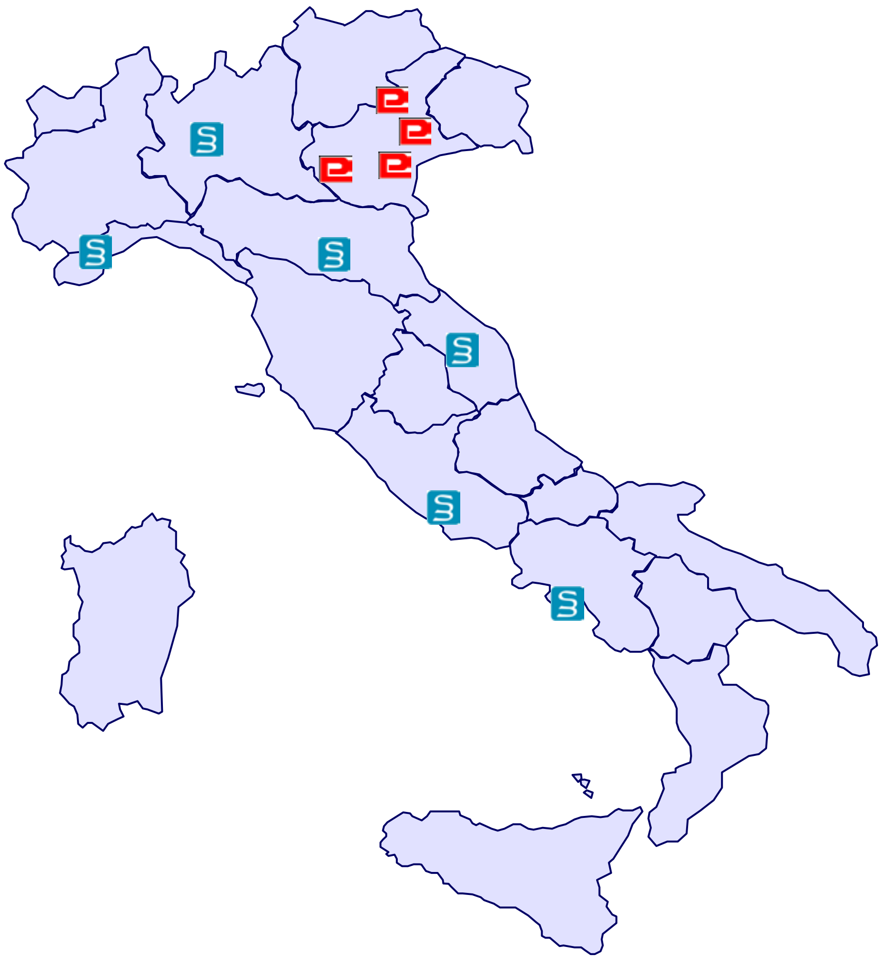
RFS: Personal financial services – key figures

Key figures June 2004

	Branches no.	Employees no.	Loans € m	New loans € m	NPLs € m	Revenues € m	PBT € m
Compass	73	458	1,679[2]	1,480	6	214	45
Micos	18	127	985	335	8	27	8
Cofactor		42	68		24[1]	18	1
PFS	91	627	2,732[2]	1,815	38	259	54
% of RFS	90%	73%	51%	59%	87%	76%	65%

1) Formerly Compass
2) Securitizations excluded

RFS: Leasing – branch network



SELMABIPIEMME LEASING SpA
GRUPPO BANCARIO MEDIOBANCA

North	3
Centre	2
South	1
Italy	**6**

+

BPM branches

PALLADIO LEASING
GRUPPO BANCARIO MEDIOBANCA

North	4
Centre	
South	
Italy	**4**

+

Popolare Vicenza branches

RFS: Leasing – description

	SELMABIPIEMME LEASING SpA GRUPPO BANCARIO MEDIOBANCA	PALLADIO LEASING GRUPPO BANCARIO MEDIOBANCA	Teleleasing
Products[1]	**Finance leasing** Real estate (31%) Equipment (29%) Shipping & yachts (21%) Automotive (19%)	**Finance leasing** Real estate (53%) Equipment (34%) Automotive (13%)	**Operating leasing**
Commercial agreements signed in 03/04	**Pirelli Real Estate** **CR Alessandria** **BCP Torre del Greco** **Others 4**		
Main commercial agreements existing	**Banca Pop. Milano** **CR Prato** **Banca Nuova** **Banca Passadore**	**Banca Pop. Vicenza**	**Telecom Italia** **ECS**

1) Product mix calculated as % of new loans

RFS: Leasing – key figures

Key figures June 2004

	Branches no.	Employees no.	Loans € m	New loans € m	Bad L[1] € m	Revenues € m	PBT € m
Selma BPM	6	146	1,227[2]	647	11	50	11
Palladio	4	63	983	418	6	22	12
Teleleasing		26	397	201	1	12	6
Leasing	10	235	2,607[2]	1,266	18	84	29
% of RFS	10%	27%	49%	41%		24%	35%

1) Non-performing plus doubtful loans
2) Securitizations excluded

What we have achieved in the past year

Achievements

- Mediobanca senior management actively supporting RFS growth
- New and more demanding business plans for Compass and Micos
- Compass Spa: focus on new commercial agreements and branch network expansion
- Micos Spa: focus on new loans growth and territorial presence development

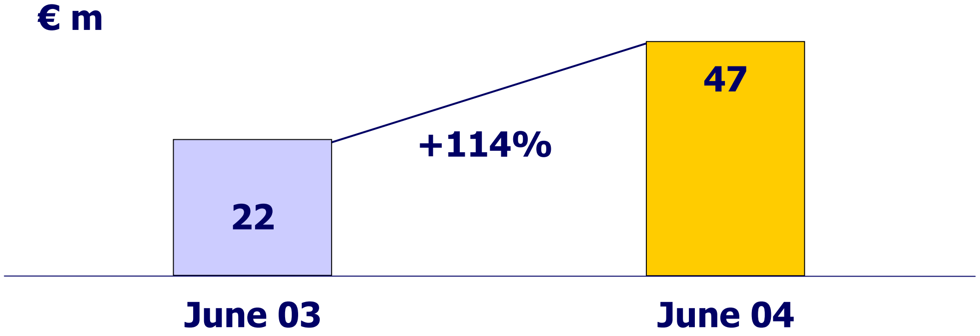
June 04 results

- Significant growth in PFS volumes:
  - new loans up 13%
  - loans outstanding up 17%
- Tight cost control maintained (C/I 37%)
- GOP up 36%
- Net profit € 47 m (up 114%)
- Superior asset quality maintained (NPLs/l 0.8%)
- ROAC 25%

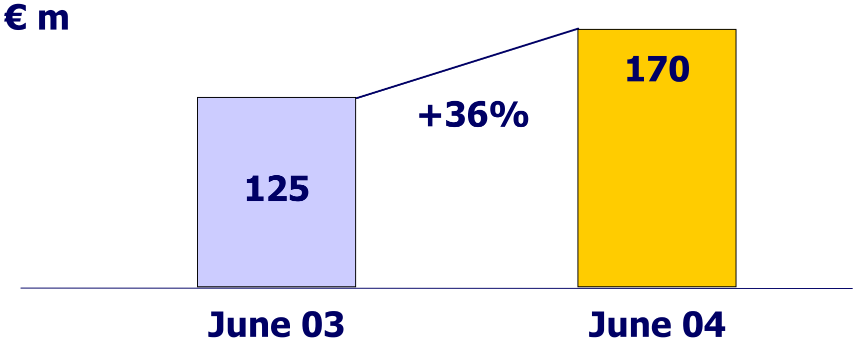
RFS: June 04 results

Segmental analysis: Retail financial services

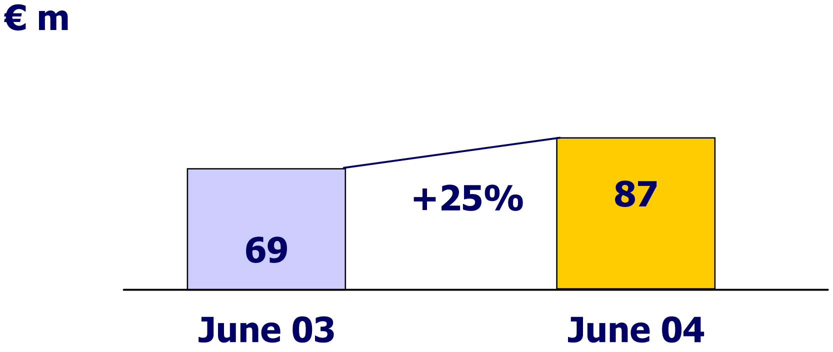
Net profit



Gross operating profit



Loans losses and provisions



RFS: June 04 results

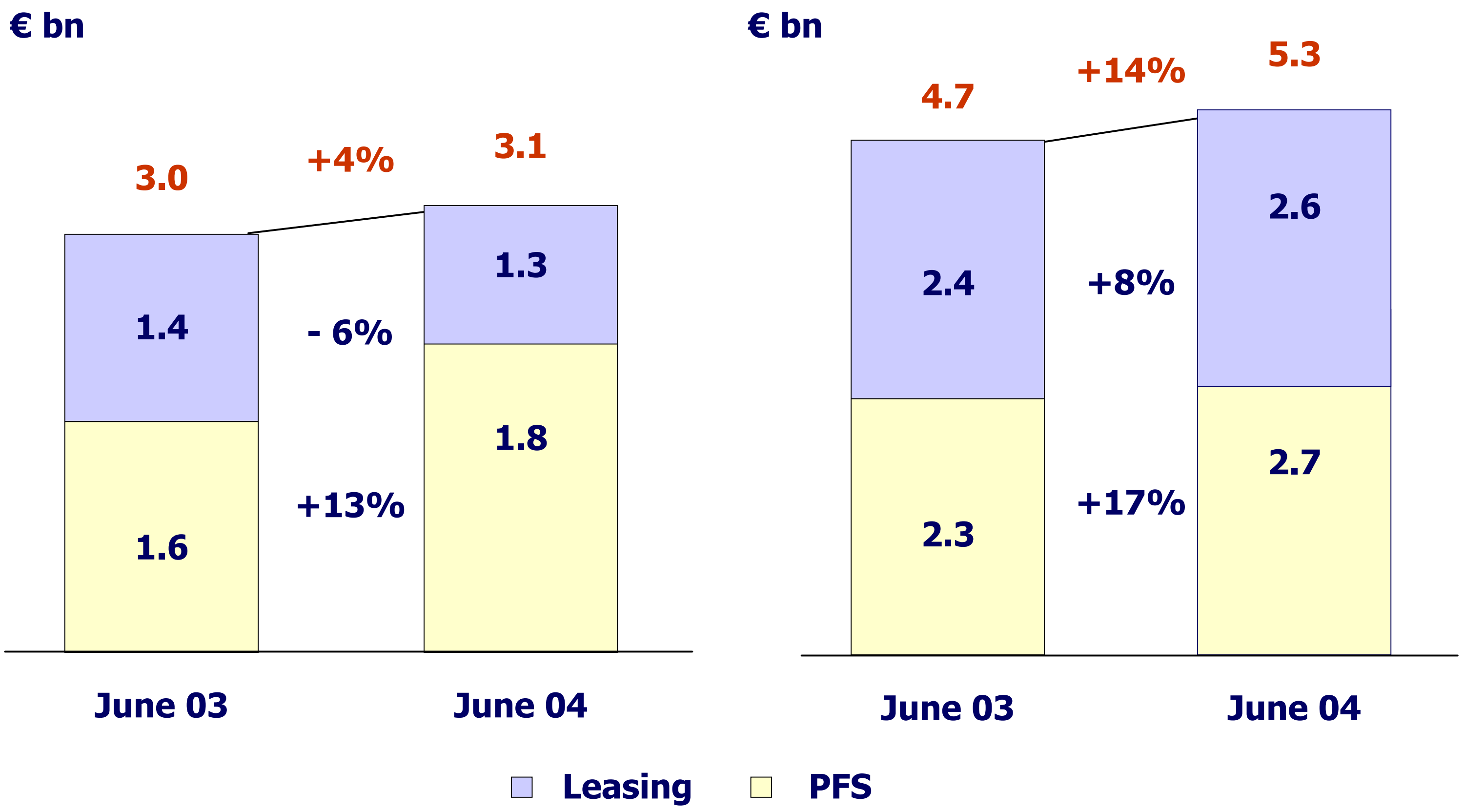
Segmental analysis: Retail financial services

Section II.C

Growth in PFS

New loans

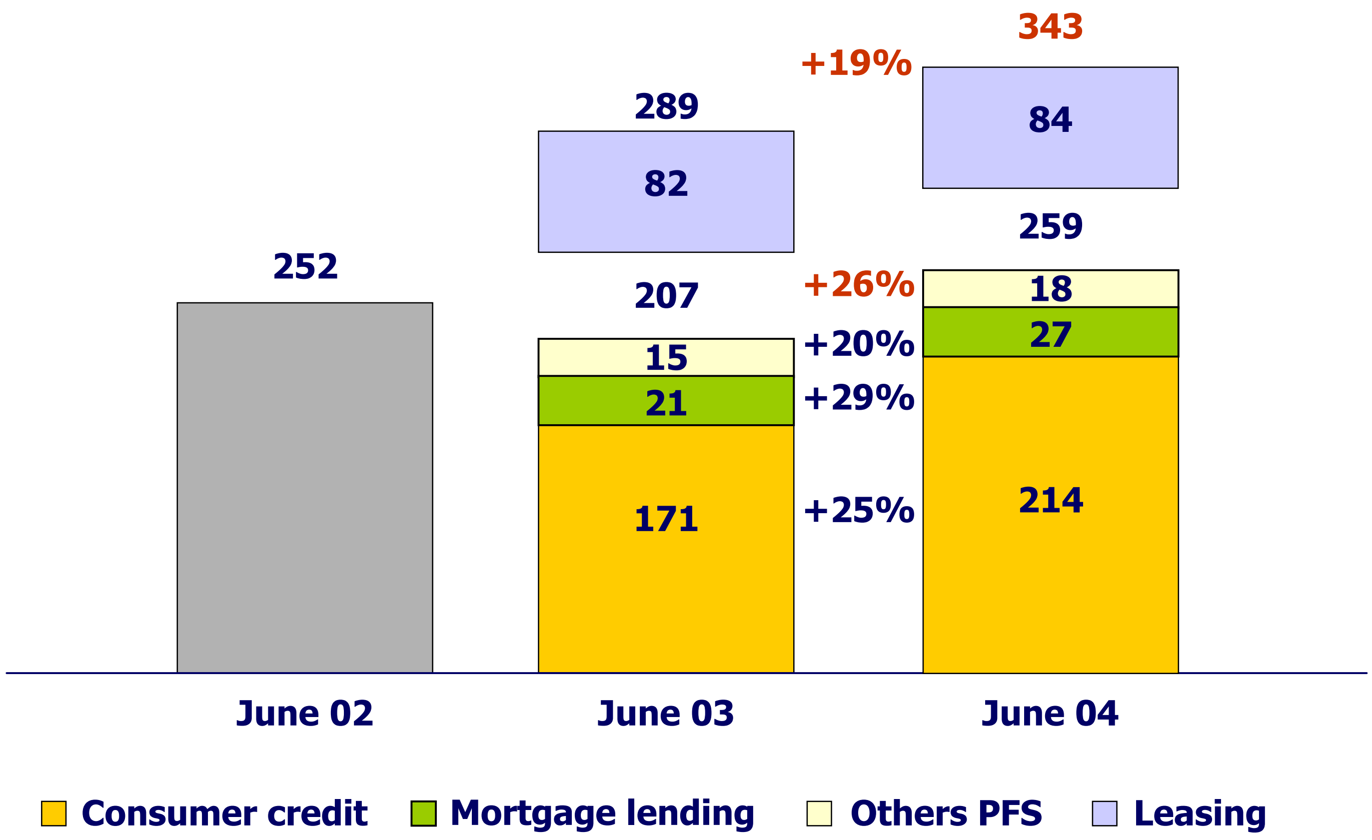
Loans outstanding



Revenue streams

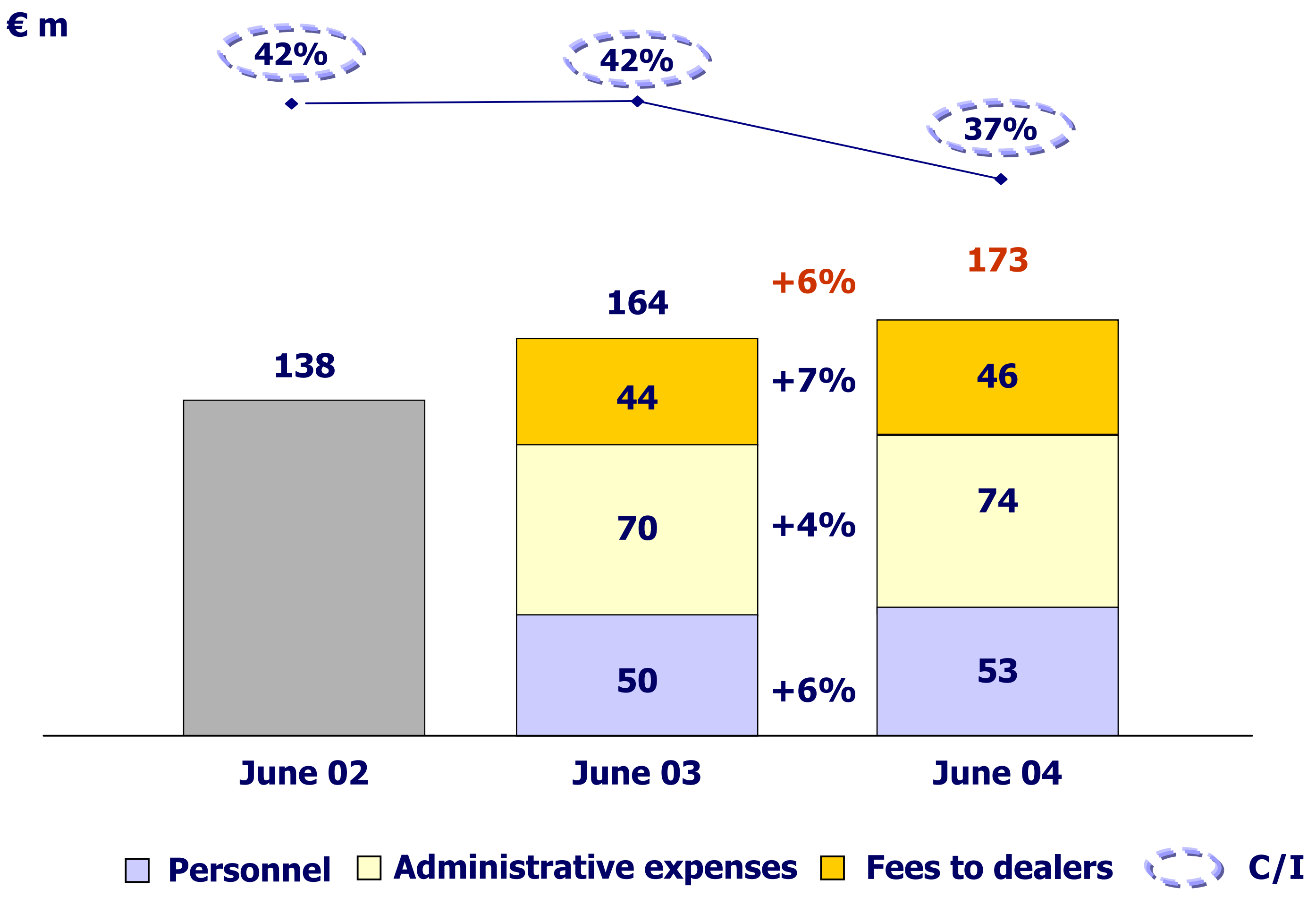
Sound growth in PFS, consumer credit in particular

€ m



Cost trends

Material cost/income improvement



Cost/income does not include fees to dealers

Segmental analysis: Private banking

Section II.D

PB: Compagnie Monégasque de Banque

CMB
- C.ie Monégasque de gestion

- Set up in 1976; Mediobanca shareholder since 1989
- MB acquired control in July 2003. Current shareholder structure: MB 61.6% - Banca Intesa 33.9% – Banca Regionale Europea 4.5%
- Mission: to reinforce leadership position in Monaco (AUM market share 11.4%)
- Over 12,000 customers and more than 30 bankers
- Products:
  - retail: portfolio management, GPM, mutual funds, banking services, personal lending, mortgage lending
  - corporate: lending, trade assistance, property investments
- 3 branches in Monaco, 1 office in Milan

Key figures June 04*

Branches no.	Employees no.	Loans € m	AUM € m	BV € m	Revenues € m	Net profit € m	ROE %
3	136	398	6,672	205	64	25	12

* 12 months consolidated figure to 30 June 04

PB: Banca Esperia

Banca Esperia
- Duemme SGR
- Duemme Hedge SGR

- Operative since October 2001
- Shareholders: Mediobanca and Mediolanum both own 48.5%; 3.0% owned by chairman
- Mission: to become the leading private bank in Italy for HNWIs
- Key features: independence, focus on private banking, highly-motivated staff, total quality approach, no conflicts of interest
- Products: discretionary portfolio management, advisory services (legal and tax), lending, GPM, mutual and hedge funds, real estate funds
- 8 branches: Bologna, Brescia, Florence, Genoa, Milan, Naples, Rome, Turin
- First in Italy for net inflow (€ 1.8 bn) in 2003

Key figures June 04*

Branches no.	Employees no.	Loans € m	AUM € m	BV € m	Revenues € m	Net profit € m	ROE %
8	120	127	5,600	40	39	7	17

* 12 months to 30 June 04

What we have achieved in the past year

Achievements

- Contribution to consolidated figures starting to become significant
- CMB
  - control acquired
  - new business plan under review
- Banca Esperia
  - first in Italy for net inflow (€ 1.8 bn)
  - Duemme Hedge:
    - first for AUM (€ 1.3bn) - mkt share 12.5%
    - best AUM growth rate: last 2Y monthly AUM CAGR 13.3% (mkt 8.3%)
  - new business plan under review

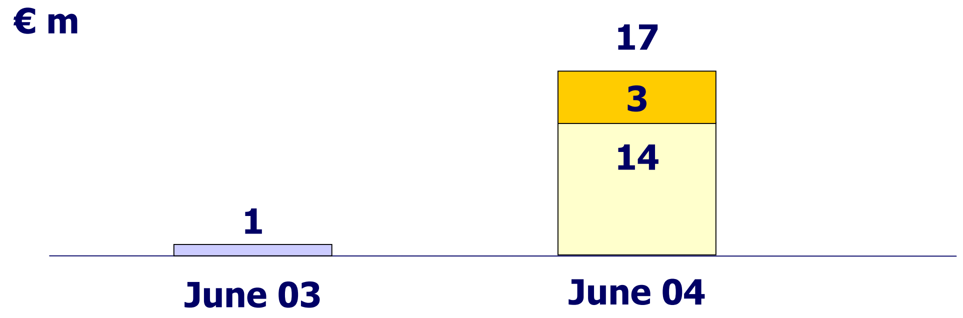
June 04 results

- AUM at € 9.4 bn (up 16% on pro-forma base)
- CMB
  - Revenues +4%
  - ROE 12%
- Banca Esperia
  - Revenues up 120%
  - ROE 17%
- ROAC to 6% (from 2%)

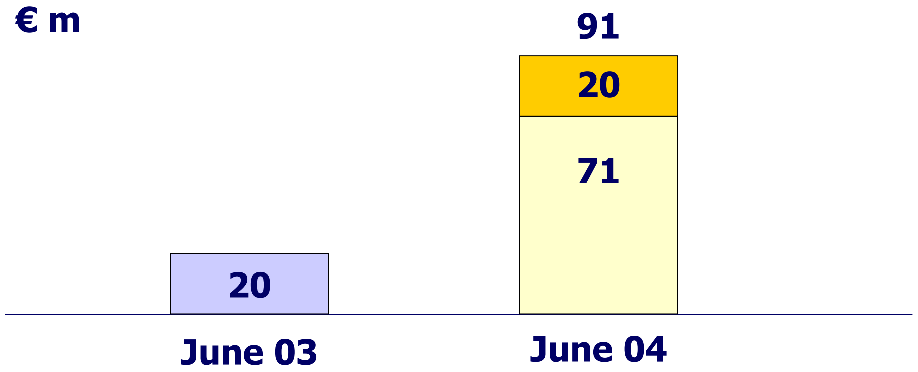
PB: June 04 results

Segmental analysis: Private banking

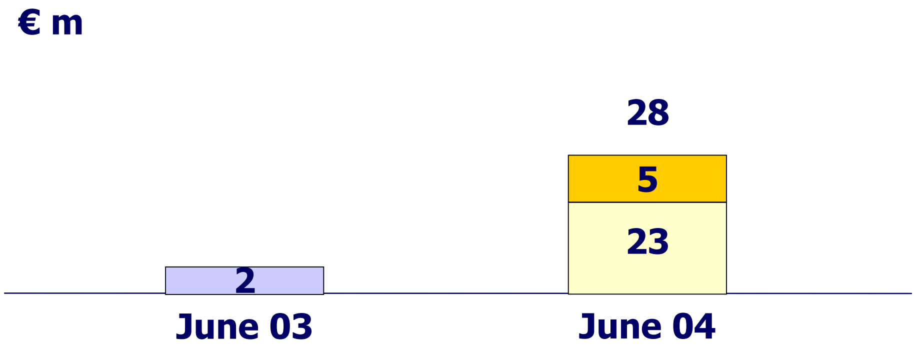
Net profit



Revenues



GOP



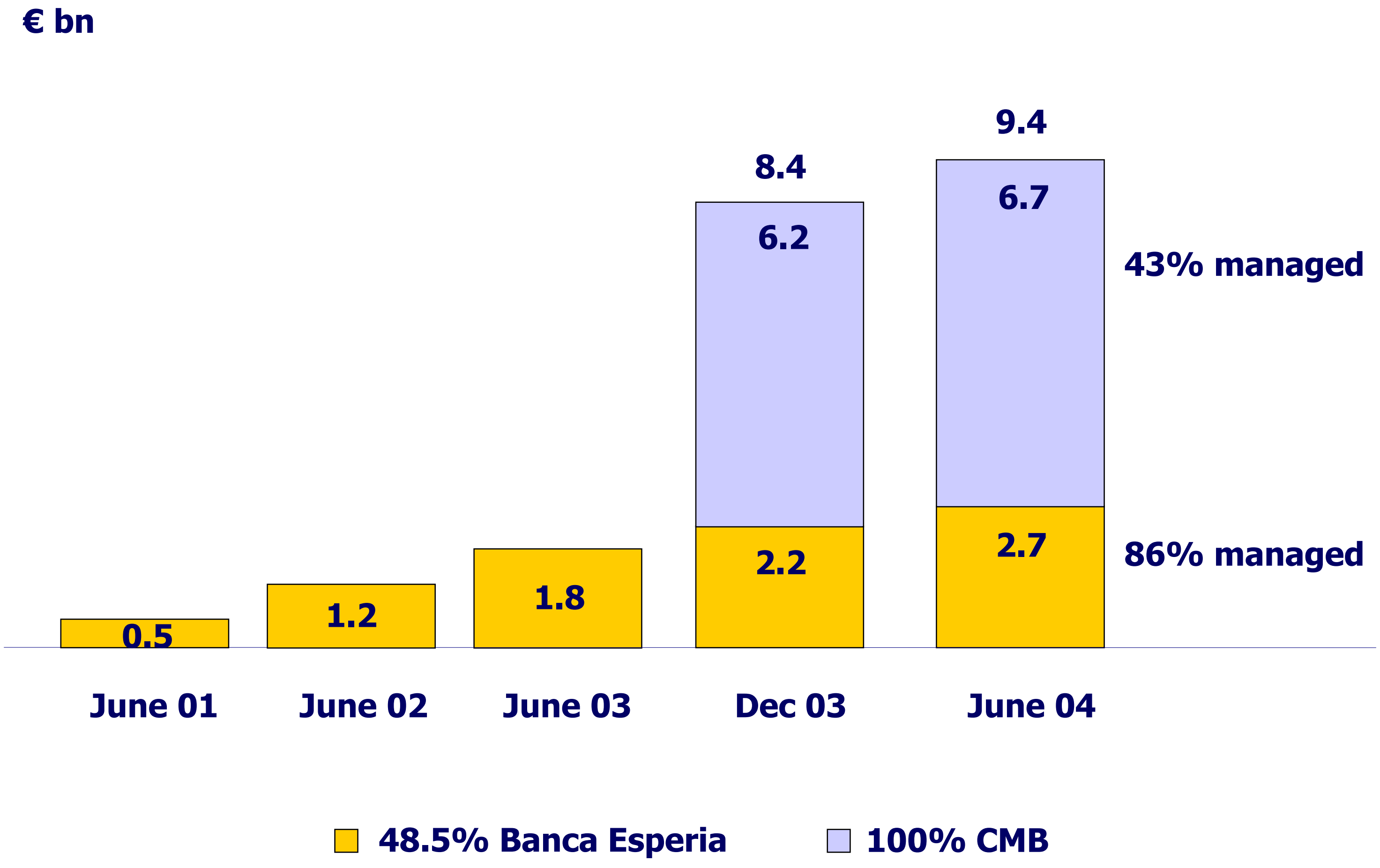
48.5% Banca Esperia ▢ CMB and others

All figures refer to 12 m ending June 04 (CMB fully consolidated, BE 48.5% accounted)

AUM growth

Segmental analysis: Private banking

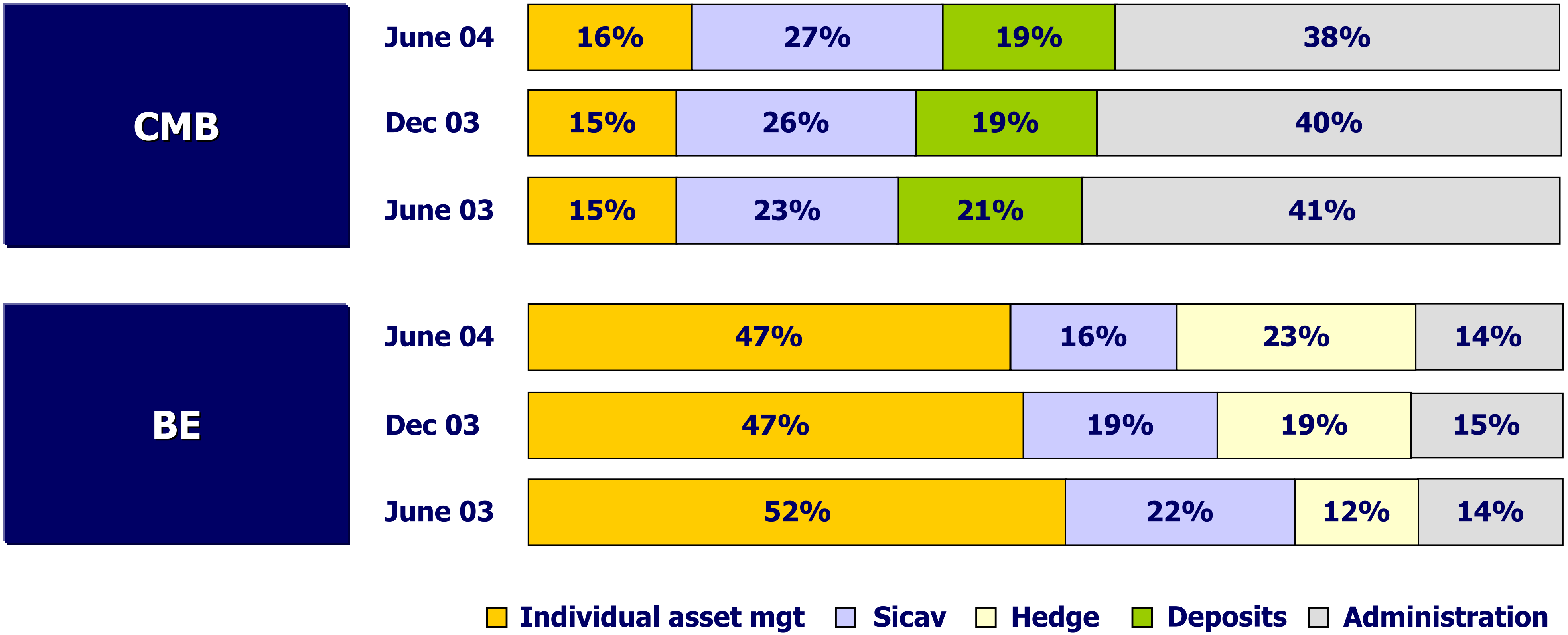
AUM: sound growth



AUM composition

Segmental analysis: Private banking — **Section II.D**

Breakdown AUM (%)



PB: revenues by type

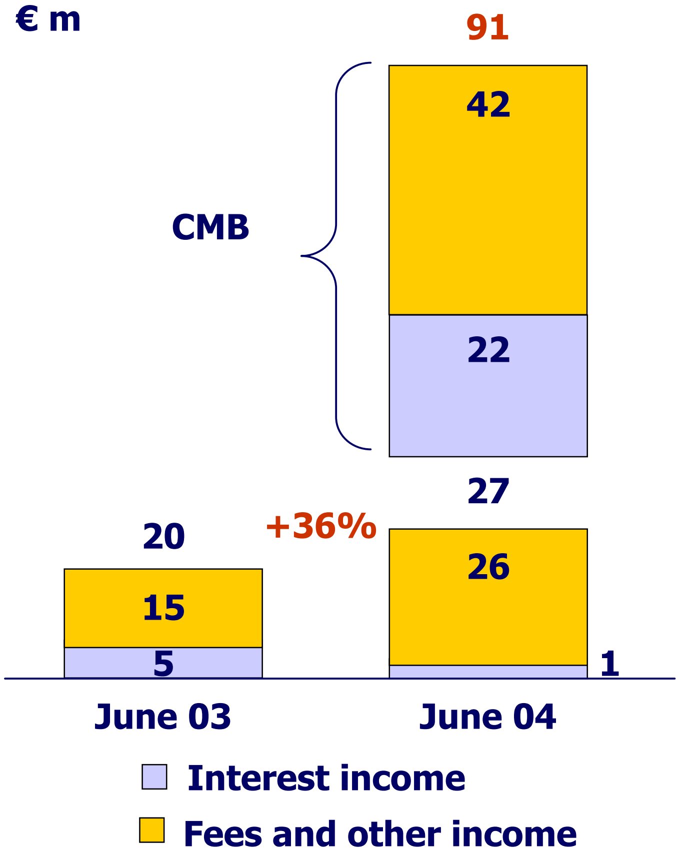
Segmental analysis: Private banking

Section II.D

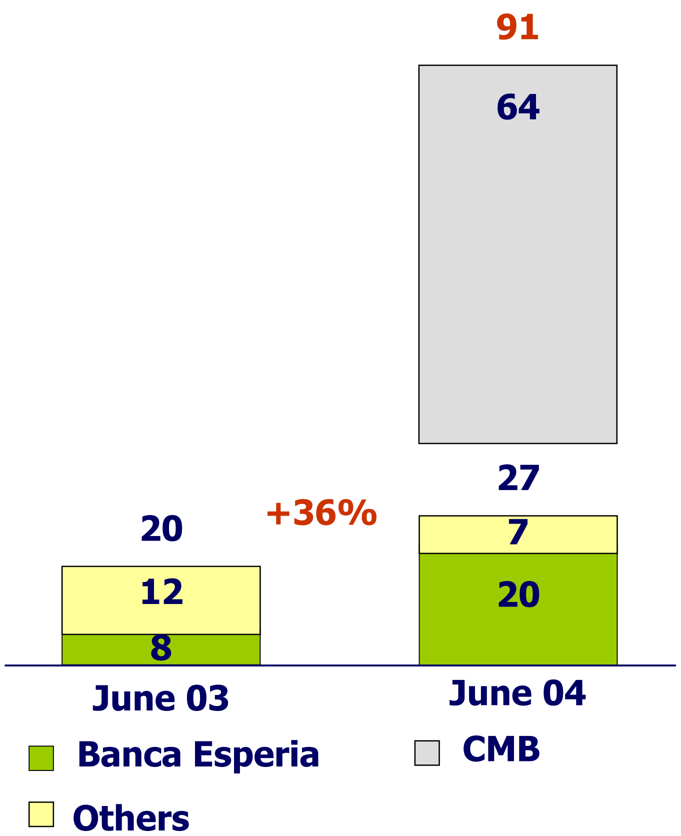
CMB acquired

Sound growth by Banca Esperia

Revenues by typology



Revenues by company



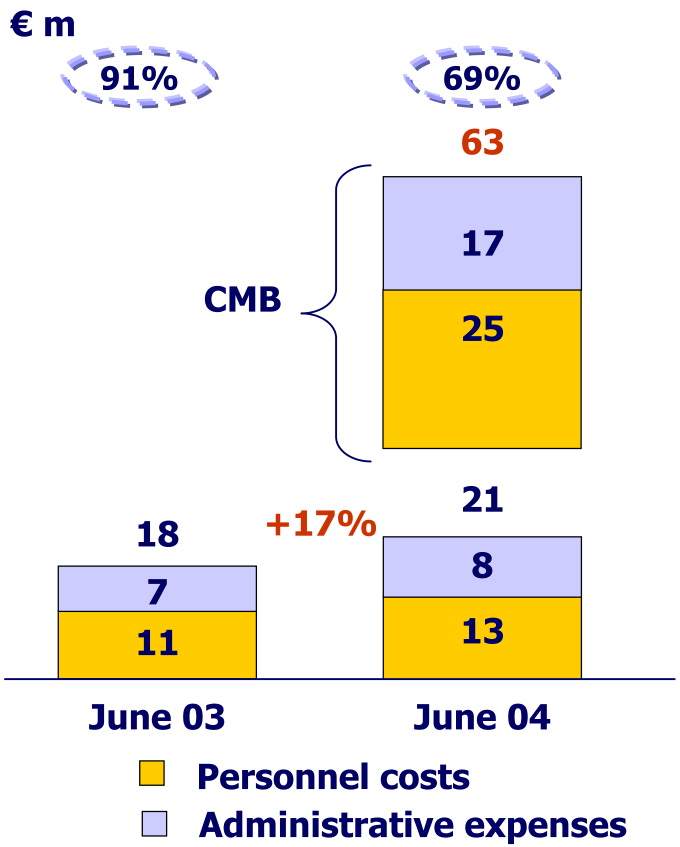
PB: costs by type

Segmental analysis: Private banking

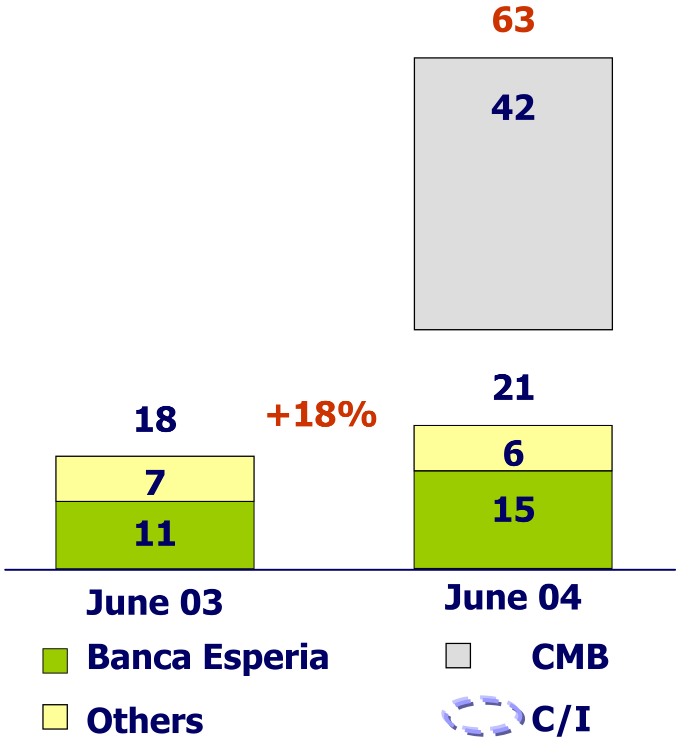
Section II.D

C/I ratio improved

Costs by typology



Costs by company



Capital allocation and profitability indicators

Section III

Segmental analysis

June 2004 - €	Net profit	Risk weighted assets	Allocated capital	Shareholders' funds
Wholesale banking	278 m	20.2 bn	1.6 bn	
Equity investment ptf	198 m / 620 m[1]	3.2 bn	3.1 bn	
Retail financial services	47 m	5.6 bn	189 m	
Private banking	17 m	0.7 bn	303 m	
MB Group	536 m	29.7 bn		4.6 bn

1) Including € 422 m in changes to unrealized gains June 03-04

- **WB. Allocated capital reflects capital adequacy requirements regarding credit risk, market risk and risk linked to investment banking activities**
- **EIP. Allocated capital reflects regulatory requirements for bank's interests (K=BV)**
- **RFS. Allocated capital equal to Compass group shareholders' funds**
- **PB. Allocated capital equal to total capital invested in Banca Esperia (€ 25m) and CMB (€ 278 m)**

Profitability indicators

	June 2004			June 2003		
	RORWA %	ROAC %	ROE %	RORWA %	ROAC %	ROE %
Wholesale banking	1.4	17.2		0.8	10.2	
Equity investment ptf	6.2 / 19.5	6.3 / 19.8		neg	neg	
Retail financial services	0.8	24.9		0.4	11.6	
Private banking	2.4	5.6		2.3	1.9	
MB Group	1.8		11.5	0.2		1.1

Outlook for 2004/2005

Section IV

Wholesale banking: highlights for 2004/2005

Objectives and targets

- C&CF:
  - more aggressive marketing efforts
  - product innovations
- L&SF:
  - improve interest and fee income despite average loans being flat
  - maintain outstanding asset quality
  - reduce portfolio concentration
- CapMkt:
  - further development of equity sales, ECM and DCM activities
  - treasury income in reduction
- Develop mid-corporate segment
- Build up French operations
- Expected ROAC ~ 15%

Equity investment portfolio: highlights for 2004/2005

Objectives and targets

- Focus on profitability and growing value of strategic holdings
- Dividend stream increase
- Progressive disposal of non-strategic investments
- Dynamic portfolio management
- Expected 3Y average ROAC ~ 15%

Retail financial services: highlights for 2004/2005

Objectives and targets

- **Consumer credit:**
  - **expand branches around 100 (currently 73)**
  - **increase number of commercial agreements with suppliers, banks and insurance companies**
  - **expected new loans growth: 20%**
- **Mortgage lending:**
  - **add 3 branches to existing 18**
  - **expected new loans growth: 20%**
- **Leasing: expected new loans growth: 8%**
- **Improve profitability, even after charging expected increase in costs due to organic growth**
- **Keep C/I ratio below 40%**
- **Maintain current good asset quality (NPLs/I < 1%)**
- **Expected GOP growth at least 10%**

Private banking: highlights for 2004/2005

Objectives and targets

- Demanding new business plans for both CMB and BE
- Increasing contribution to consolidated results
- Product synergies between CMB and Esperia
- Compagnie Monégasque de Banque
  - consolidate CMB's role in Monégasque financial community
  - widening of product portfolio (hedge funds under Monégasque law)
  - selected international development
- Banca Esperia:
  - consolidation of leadership in HNWI private banking services
  - consolidation of leadership in hedge funds industry
  - AUM over € 7 bn
  - ROE 20%

MEDIOBANCA

Banca di Credito Finanziario