

MEDIOBANCA

Interim Report

for the six months ended 31 December 2005

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

MEDIOBANCA

LIMITED COMPANY

SHARE CAPITAL € 399,030,457.50 FULLY PAID UP - RESERVES € 3,377m

HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

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

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Consob Regulation 11971/99 as amended)

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REVIEW OF GROUP OPERATIONS

As from the current financial year (i.e. beginning with the quarterly accounts and report for the three months ended 30 September 2005), the Mediobanca Group's consolidated financial statements have been drawn up in accordance with the recognition and measurement policies established by the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IAS), which were adopted at EU level under EC regulation 1606/02, and enacted in Italy under Italian Legislative Decree 38/05 and Bank of Italy circular 262/05 governing application of the new standards to banks' financial statements.

The consolidated balance sheet, profit and loss account and the respective schedules for the six months ended 31 December 2004 have been restated in compliance with all the new standards, with the exception of IAS 39 regarding treatment of financial instruments. IAS-compliant balance-sheet figures as at 1 July 2005 and pro-forma profit and loss figures reflecting the estimated impact of adopting IAS 39 have also been included in the review of operations, for ease of comparison.

In conformity with the new standards, securitization vehicle companies Quarzo and Quarzo Lease have been fully consolidated for the first time, as have subsidiaries Ricerche & Studi, Creditech and Sade Finanziaria which previously were accounted for using the equity method. Conversely, investments in associates Assicurazioni Generali, RCS Media-Group and Cartiere Burgo and other minor companies have been equity-accounted, as required by IAS 28, and the Group's share in the profits of these companies has been reflected in earnings.

The section entitled "Significant accounting policies" provides a summary of the new standards adopted by the Group. For information on the effects of first-time adoption, please see the annex to the quarterly accounts for the three months ended 30 September 2005, which contains all the reconciliations required in an FTA scenario, along with explanatory notes regarding the main changes to equity at 1 July 2005 and the profit

and loss account for the year ended 30 June 2005, as certified by the Group's external auditors.

* * *

In the six months to 31 December 2005 the Mediobanca Group earned a net profit of € 515.4m, virtually double the € 263.4m recorded one year previously, driven by sizeable growth in profit from ordinary activities, which rose from € 356.3m to € 562.7m, plus a € 117.7m gain on disposal of available for sale (AFS) assets (31/12/04: € 34.1m), chiefly involving Ciments Français. The growth trends witnessed during the first quarter were confirmed by the half-yearly performance:

- net interest income rose by 18.1%, from € 234.4m to € 276.8m, due to the increase in corporate finance, which was up 21%, and ongoing growth in retail financial services, where finance disbursed rose by 25%;
- net trading income of € 102m (€ 38.8m) includes € 40.8m in proceeds from the early redemption of a bond issue convertible into Ciments Français shares, and reflects the generally healthy market conditions;
- growth of over 23% in net fee and commission income, from € 133m to € 164.3m, is the result of higher business volumes in corporate and investment banking;
- income from equity-accounted companies amounted to € 180.7m, compared with € 113.1m at the same stage last year.

The consolidated results reflect robust performances by all the main areas of operation. Growth in wholesale banking drove increases in all the main revenue sources: net interest income rose 10.4%, fees were up 29.6%, and net trading income grew from € 36.6m to € 99.2m. The Compass group recorded growth of around 30% in both profit from ordinary activities, from € 100.9m to € 131m, and net profit, from € 31.1m to € 39.9m, on the increase in finance disbursed referred to above. Private banking also delivered growth in pre-tax operating profit, from € 17.8m to € 20.1m, chiefly due to the contribution of Banca Esperia.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated profit and loss account and balance sheet have been restated in order to provide the most accurate reflection of the Group's operations. The models proposed by the Bank of Italy are shown as an annex, along with further details about how the various items have been restated.

CONSOLIDATED PROFIT AND LOSS

| | 6 mths to 31/12/04 (excl. IAS 39) | 6 mths to 31/12/04 pro-forma (*) | 6 mths to 31/12/05 |
|--|--------------------------------------|-------------------------------------|-----------------------|
| | € m | € m | € m |
| Net interest income | 231.2 | 234.4 | 276.8 |
| Dividends and similar income | 3.1 | 3.1 | 17.6 |
| Net trading income | 91.3 | 38.8 | 102.0 |
| Net fee and commission income..... | 131.7 | 133.0 | 164.3 |
| Share of profits earned by equity-accounted companies | 113.1 | 113.1 | 180.7 |
| TOTAL INCOME | 570.4 | 522.4 | 741.4 |
| Operating costs | (166.1) | (166.1) | (178.7) |
| PROFIT FROM ORDINARY ACTIVITIES | 404.3 | 356.3 | 562.7 |
| Gain (loss) on disposal of AFS assets | 31.9 | 34.1 | 117.7 |
| Gain (loss) on disposal of other assets | — | (0.1) | 0.5 |
| Bad debt writeoffs | (43.6) | (40.4) | (51.5) |
| PROFIT BEFORE TAX | 392.6 | 349.9 | 629.4 |
| Income tax for the period | (97.2) | (83.0) | (110.5) |
| Minority interest | (3.3) | (3.5) | (3.5) |
| NET PROFIT | 292.1 | 263.4 | 515.4 |

(*) Includes estimated effects of adopting IAS 39.

RESTATED BALANCE SHEET

| | 1/7/05 | 31/12/05 |
|---|-----------------|-----------------|
| | € m | € m |
| Assets | | |
| Net applications of treasury funds | 3,359.8 | 758.7 |
| AFS assets | 7,037.2 | 4,882.6 |
| <i>of which: fixed income</i> | <i>4,445.0</i> | <i>2,456.5</i> |
| <i>equities</i> | <i>2,383.2</i> | <i>2,426.1</i> |
| Financial assets held to maturity | 239.0 | 594.1 |
| Loans and advances to customers | 18,171.7 | 21,146.6 |
| Equity investments | 2,137.6 | 2,318.5 |
| Tangible and intangible assets | 310.6 | 305.3 |
| Other assets | 524.5 | 464.9 |
| <i>of which: tax assets</i> | <i>133.3</i> | <i>141.9</i> |
| Total assets | <u>31,780.4</u> | <u>30,470.7</u> |
| Liabilities | | |
| Funding | 24,502.5 | 23,059.8 |
| <i>of which: debt securities in issue</i> | <i>15,173.6</i> | <i>14,964.6</i> |
| Other liabilities | 854.9 | 929.5 |
| <i>of which: tax liabilities</i> | <i>468.8</i> | <i>521.8</i> |
| Provisions for liabilities | 189.7 | 187.6 |
| Net equity | 5,519.3 | 5,778.4 |
| <i>of which: share capital</i> | <i>397.5</i> | <i>398.3</i> |
| <i>reserves</i> | <i>5,042.5</i> | <i>5,297.9</i> |
| <i>minority interest</i> | <i>79.3</i> | <i>82.2</i> |
| Profit for the period | 714.0 | 515.4 |
| Total liabilities | <u>31,780.4</u> | <u>30,470.7</u> |

REVIEW OF KEY ITEMS

CONSOLIDATED BALANCE SHEET

The most important development in the main asset items during the six months under review was a major increase in loans and advances to customers, which led to an appreciable decrease in treasury positions against a temporary reduction in funding (new issues have been made since the reporting date).

Funding — this item fell from € 24,502.5m to € 23,059.8m, chiefly due to current accounts, which virtually halved from € 2,777.5m to € 1,565.6m following repayment of various matched lending transactions with customers, and to debt securities in issue, which declined by € 209m, from € 15,173.6m to € 14,964.6m, representing the balance between redemptions and market acquisitions of € 1,384.5m, and new issues and adjustments to fair value/amortized cost totalling € 1,175.5m. Treasury shares repurchased and subsequently cancelled resulted in a gain of € 6.2m. A new € 2bn issue was launched in January 2006, € 1,250m of which maturing in five years and € 750m in ten years.

Loans and advances to customers — these rose by approx. € 3bn, from € 18,171.7m to € 21,146.6m, despite repayment of the matched lending transactions referred to above in an amount of € 1.3bn. Some three-quarters of the increase was attributable to Mediobanca's corporate banking activities, and the remainder to the Compass group. At the reporting date 59% of the Group's loan book consisted of corporate and structured finance (30/9/05: 58%), 21% of consumer credit (22%), 17% of leasing (18%), and the other 3% of finance disbursed by Compagnie Monégasque de Banque (2%).

Equity investments — accounting for investments in associates by the equity method, which involves reporting the Group's share in profits earned by associates and any changes to equity occurring during the period concerned, led to an increase of € 180.9m in this item, from € 2,137.6m to € 2,318.5m, € 147.3m of which is attributable to Assicurazioni Generali, € 19m to RCS MediaGroup, € 7.7m to Cartiere Burgo, and € 5.5m to Banca Esperia. At 31 December 2005 the portfolio reflected a gain of € 3,586.5m (30/6/05: € 3,258m), which based on current prices rises to € 3,961.3m. Portfolio composition as at the reporting date was as follows:

Investments accounted for using equity method

| | Percentage shareholding | Amount | Market value based on prices at 31/12/05 | Gain |
|--|----------------------------|----------------|---|----------------|
| LISTED INVESTMENTS | | | | |
| Assicurazioni Generali | 14.12 | 1,858.1 | 5,312.7 | 3,454.6 |
| RCS MediaGroup, <i>ordinary</i> | 13.66 | 288.1 | 420.0 | 131.9 |
| | | <u>2,146.2</u> | <u>5,732.7</u> | <u>3,586.5</u> |
| OTHER INVESTMENTS | | | | |
| Banca Esperia | 48.50 | 29.9 | | |
| Cartiere Burgo | 22.13 | 93.7 | | |
| Athena Private Equity Class A, Luxembourg | 24.46 | 35.2 | | |
| MB Venture Capital Fund I Parteci- pating Company ANV Class B, Amsterdam | 45.00 | 11.2 | | |
| Fidia | 25.00 | 2.3 | | |
| Scontofin | 20.00 | | | |
| | | <u>172.3</u> | | |
| | | <u>2,318.5</u> | | |

Financial assets held to maturity — this item grew by € 355.1m, from € 239m to € 594.1m, the increase being concentrated during the first quarter.

AFS assets — the reduction of € 2,154.6m in this item, from € 7,037.2m to € 4,882.6m, chiefly involved debt securities, which declined from € 4,445m to € 2,456.5m, and is linked to developments in the asset headings described above. In contrast equities rose slightly, from € 2,383.2m to € 2,426.1m, as a result of the following transactions:

- subscription for shares in Delmi (the investment vehicle through which AEM and EdF control Edison) equal to a 6% stake in that company, involving an outlay of € 110m;
- disposal of 3.1 million shares in Ciments Français following the early redemption of a bond issued by Mediobanca International, yielding a gain of € 103m;

- disposal of a 3.31% stake in Ferrari to Mubadala, implying a divestment of € 75.4m (book value);
- an € 86m net upward adjustment to the portfolio to reflect fair value based on prices at 31 December 2005; this has been recognized in a separate equity reserve. The principal items are as follows:

| | € m |
|--|--------|
| Commerzbank | 30.4 |
| Fiat | 28.1 |
| Gemina | 19.4 |
| Intesa | 19.0 |
| Fondiaria-SAI | 13.7 |
| Italmobiliare | 11.6 |
| Mediolanum..... | 5.1 |
| Telecom Italia (ordinary and savings)..... | (25.9) |
| Pirelli | (20.3) |
| Others | 4.9 |

Net applications of treasury funds — this item fell from € 3,359.8m to € 758.7m, due to the combined effect of higher lendings and reduced deposits. The heading comprises € 269.3m in cash and cash equivalents and securities worth € 4,512.6m, less € 4,023.3m in short-term interbank funds (repos, etc.). Gains of € 73.9m were realized during the half-year, € 40.8m of which in relation to bonds convertible into Ciments Français shares as described above, plus € 28.1m in net upward adjustments to reflect fair value and € 14.5m in dividends.

Tangible and intangible assets — a property owned by Compagnie Monégasque de Banque was sold during the period, implying a disinvestment of € 3m and yielding a gain of € 0.5m.

Provisions for liabilities — this heading comprises the provision for liabilities and charges, unchanged at € 153m, and the staff severance indemnity provision, which fell from € 36.3m to € 34.8m as a result of the reduction in headcount.

Net equity — the share of net equity attributable to the Group rose by € 256.2m, from € 5,440m to € 5,696.2m, following allocation of profit for the last financial year net of dividends. Reserves linked to valuation of the

Group's AFS portfolio fell from € 333m to € 238.2m during the period, representing the balance between € 164.2m in withdrawals linked to disposals, chiefly Ciments Français, and a € 69.4m upward adjustment to reflect fair value at the reporting date.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Net interest income

This rose by 18.1% during the period, from € 234.4m to € 276.8m, reflecting the higher lending volumes originated by the Compass group and Mediobanca's corporate banking operations, plus investment in held-to-maturity securities as opposed to short-term applications of funds, which generated enhanced returns on the portfolio.

Net trading income

A profit of € 102m was recorded, compared with € 38.8m at the same stage last year, which includes, in addition to the € 73.9m partly attributable to the early redemption of bonds convertible into Ciments Français yielding € 40.8m in proceeds, a further € 28.1m due to marking the trading book to prices and exchange rates as at the reporting date.

Net fee and commission income

The increase in this item, from € 133m to € 164.3m, is in large part attributable to corporate and investment banking fees earned by Mediobanca, which rose from € 93.3m to € 120.8m. The heading also includes € 19.1m in commissions earned by the Compass group (31/12/04: € 16.8m), and € 24.4m in fee income from the other Group companies, including € 22.4m by Compagnie Monégasque de Banque.

Operating costs

These rose from € 166.1m to € 178.7m, chiefly due to expansion in the Compass group's operations and coverage, with five new branches opened during the six months. The item comprises:

- labour costs of € 95m (31/12/04: € 97.2m), virtually half of which is attributable to Mediobanca;

- sundry costs and expenses amounting to € 83.7m (€ 68.9m), of which € 69.8m (€ 60.4m) in administrative expenses, € 6.7m (€ 6.7m) in depreciation and amortization, and € 7.2m (€ 1.8m) in sundry other charges, over two-thirds of which are non-recurring. The chief items in administrative expenses, less than one-third of which are attributable to Mediobanca, include:
 - EDP and financial information subscriptions amounting to € 15.7m (€ 12.8m);
 - bank charges of € 6.9m (€ 4.2m);
 - rent, equipment leasing and maintenance costs totalling € 6.5m (€ 6.8m);
 - outside service and consultancy fees amounting to € 6.5m (€ 6.2m);
 - stationery, publication costs and utilities of € 6m (€ 4.8m);
 - advertising costs of € 5.8m (€ 4.8m), and travel, transport and entertainment expenses amounting to € 3m (€ 3.1m);
 - expenses incurred in respect of loan recoveries and related legal charges for a total of € 5.2m (€ 5m).

Bad debt writeoffs

This again involved the Compass group almost exclusively. The increase, from € 40.4m to € 51.5m, is chiefly the result of higher business volumes, in the consumer credit especially.

REVIEW OF GROUP BUSINESSES

A review of the Group's performance in its main areas of operation is provided below, in the customary format. It should be noted that as from 1 July 2005, the equity investment portfolio includes only the Group's holdings in Assicurazioni Generali and RCS MediaGroup, as all other investments have been reallocated to wholesale banking.

Wholesale banking

| | 1/7/05 | 31/12/05 |
|--|---------------------------------|--------------------|
| | € m | € m |
| Funding..... | 18,247.4 | 16,535.3 |
| Net applications of treasury funds | 2,920.2 | 219.7 |
| AFS assets | 5,831.3 | 3,910.4 |
| <i>of which: equities</i> | 2,405.7 | 2,278.7 |
| Financial assets held to maturity | 239.0 | 594.1 |
| Loans and advances to customers | 13,288.0 | 15,616.5 |
| | 6 mths to 31/12/04 pro-forma | 6 mths to 31/12/05 |
| | € m | € m |
| Net interest income | 73.0 | 80.6 |
| Net trading income | 36.6 | 99.2 |
| Net fee and commission income..... | 94.0 | 121.8 |
| Other income | 3.9 | 24.9 |
| Operating costs | (71.1) | (74.1) |
| Profit from ordinary activities | 136.4 | 252.4 |
| Profit before tax..... | 168.3 | 366.4 |
| Net profit | 109.0 | 300.5 |

Profit before tax from ordinary activities totalled € 252.4m, compared with € 136.4m one year previously. This result was boosted by enhanced business volumes during the period, against a more favourable market backdrop which impacted positively on all major revenue sources. Net interest income rose from € 73m to € 80.6m, an increase of 10.4%, while net trading income soared from € 36.6m to € 99.2m, including gains of € 40.8m upon disposal of the Ciments Français shares. Fee and commission income also recorded a significant increase, from € 94m to € 121.8m, on the strength of a robust performance from both corporate and investment banking. There was a modest increase in costs, from € 71.1m to € 74.1m. A net profit of € 300.5m was earned during the six months under review (31/12/04: € 109m), reflecting € 113.6m in gains on disposal of AFS assets (€ 103m of which in relation to Ciments Français).

Lending and structured finance

The Group's loan book reflects an increase of 30.8% net of matched lending repayments, driven by an upturn in syndicated loan arrangement, where volumes increased fivefold versus last year, from € 16bn to € 80bn, due partly to improved coverage of the various customer segments at national and international levels.

Funding and treasury management

Funding declined from € 18,247.4m to € 16,535.3m, and comprises: € 514.7m in deposits and current accounts, down € 1,346.4m, due to matched lending transactions with customers being closed; € 15,070.4m in bonds and other debt securities, down € 224.4m after new issues of € 1,073.2m; and € 950.2m in sundry other funds raised (31/12/04: € 1,091.5m). Since the reporting date new bonds with five- and ten-year maturities have been issued, for a total amount of € 2bn. Treasury accounts comprise € 141m in cash and cash equivalents, € 4,510.5m in securities and € 4,431.8m in short-term funding (repos, etc.).

Investment banking

The favourable equity market trend continued during the six months under review, and M&A activity has picked up considerably. Mediobanca retains a leading position in all the main market segments with improved business volumes. On the equity capital market side the Bank lead-managed six placing and underwriting syndicates worth a total of € 11bn (31/12/04: € 11.2bn), while in terms of trading for clients' accounts, securities worth € 13bn (€ 9bn) were traded, € 10.5bn (€ 7.4bn) of which involved equities.

Retail financial services

| | 6 mths to 31/12/04 pro-forma | 6 mths to 31/12/05 |
|---------------------------------------|---------------------------------|-----------------------|
| | € m | € m |
| Finance disbursed | 1,793.5 | 2,244.6 |
| Net interest income | 155.5 | 189.2 |
| Total income | 172.3 | 209.3 |
| Operating costs | (71.3) | (78.3) |
| Profit from ordinary activities | 100.9 | 131.0 |
| Net profit | 31.1 | 39.9 |

The Compass group's consolidated highlights as at 31 December 2005 reflect an increase in profit from ordinary activities of 29.8%, to € 131m (31/12/04: € 100.9m). This was boosted by higher net interest income, which grew from € 155.5m to € 189.2m on the back of higher average volumes in consumer credit particularly. The increase in operating costs, from € 71.3m to € 78.3m, is attributable to expansion of the group's distribution network, and also to higher business volumes (finance disbursed rose by 25%). Net profit of € 39.9m (€ 31.1m) reflects tax and also bad debt writeoffs of € 52.3m (€ 40.4m), mostly the result of higher consumer credit volumes.

At 31 December 2005 lendings to customers, which includes securitized loans, amounted to € 8,058.1m (30/6/05: € 7,254.8m), shared virtually equally between leasing and consumer credit activities.

Private banking

| | 6 mths to 31/12/04 pro-forma | 6 mths to 31/12/05 |
|---|---------------------------------|-----------------------|
| | € m | € m |
| Assets under management | 10,781.7 (*) | 11,045.3 |
| Securities under trust | 1,031.8 (*) | 1,070.2 |
| Net fee and commission income | 35.9 | 40.7 |
| Total income | 49.9 | 54.7 |
| Profit from ordinary activities | 17.8 | 20.1 |
| Share of profit attributable to Group | 18.8 | 22.7 |

(*) At 30/6/05.

The aggregate figures include Compagnie Monégasque de Banque and the Group's 48.5% share in the profits of Banca Esperia pro-forma. A net profit of € 22.7m was recorded, up over 20% compared with the € 18.8m posted this time last year, mostly as a result of management fees, which rose from € 35.9m to € 40.7m, and gains on disposal of securities amounting to € 4m (€ 2.2m). Growth in assets managed on a discretionary and non-discretionary basis, from € 10.8bn to € 11.1bn, was shared equally between the two companies.

REVIEW OF GROUP COMPANIES

Interim results for the individual Group companies have been drawn up in accordance with Italian GAAP.

MEDIOBANCA

The Bank earned a net profit of € 253.6m during the six months under review, up over 70% compared with the € 148.3m recorded at 31 December 2004. This reflects improvement in ordinary activities, where profit rose 7% from € 206.1m to € 220.5m, and above all in the investment securities portfolio, where gains on disposal amounted to € 103.2m (31/12/04: € 31.9m), and writebacks calculated on the basis of average prices during the six-month period totalled € 31.2m, against net writedowns of € 0.6m at the same stage last year. The 20.7% increase in net interest income, from € 74.9m to € 90.4m, is chiefly due to higher customer lendings. Net treasury income (including dividends) reduced from € 106m to € 77.7m. Fees reflect the robust performance in investment and corporate banking described previously, rising by 34.3%, from € 92.5m to € 124.2m. The cost/income ratio remained basically stable, inching up from 24.6% to 24.8%. Below the operating line and apart from the gains on investment securities referred to above, securities and derivatives held in treasury were written down as to € 54.6m (€ 16.5m), more than offset by unrealized gains of € 227.5m, up € 23.9m from the figure recorded at 30 June 2005.

With regard to the main balance-sheet items:

- funding fell by € 1,362.6m, from € 19,374.6m to € 18,012m, after matched lending transactions worth € 1,271.6m were closed; bonds and other debt securities increased by € 482.5m, representing the

difference between new issues and interest accruals of € 1,138.1m, and redemptions and exchange rate adjustments amounting to € 655.6m;

- loans and advances to customers rose by € 1,555.5m, or 11.1%, from € 13,995.6m to € 15,551.1m, despite the repayment of matched lending transactions referred to above;
- investment securities rose by € 69.7m, from € 3,209.2m to € 3,278.9m; the chief movements here include: the merger of MB Finstrutture-Intersomer into Mediobanca, which among other things led to this company's shareholding in Assicurazioni Generali being booked by Mediobanca at a value of € 86.4m; subscribing for shares equal to a 6% stake in Delmi for € 110m; disposal of the Bank's interest in Ciments Français, which implied a divestment of € 62.6m, and yielded a gain of € 103m; and sale at cost of a 3.31% stake in Ferrari, for € 75.4m. Based on average prices in the six months ended 31 December 2005, the portfolio yielded a surplus of market over book value of € 3,982.8m (€ 4,870.5m based on prices and holdings at the time of writing);
- net applications of treasury funds fell from € 6,538.5m to € 3,358.4m in view of the developments in the other asset items referred to above, and include € 138.9m in cash and cash equivalents, € 7,692.4m in securities, and € 4,472.9 in short-term funding;
- net fixed assets declined slightly, from € 11.6m to € 11.2m, and consist of property carried at € 26.3m and depreciated as to € 15.1m. Furniture and intangible assets are written off entirely upon acquisition, which resulted in a € 0.7m charge to profit and loss;
- provisions for liabilities and charges include the provision for taxation, amounting to € 51.4m, the staff severance indemnity provision worth a total of € 14.1m, and the provision for liabilities and charges established in an amount of € 150m to cover risks not necessarily linked to the Bank's lending activity;
- net equity standing at € 4,621.5m (30/6/05: € 4,528m) which includes: share capital amounting to € 398.3m, reserves and retained earnings of € 3,365.1m, and the provision for general banking risks, which stood at € 858.1m; the changes reflect the € 51.4m profit allocation adopted by shareholders at the Annual General Meeting held on 28 October 2005, the € 26.6m surplus arising upon the merger of MB Finstrutture-Intersomer into Mediobanca, and € 15.5m in stock options exercised;

* * *

Regarding the claims brought against Mediobanca jointly and severally with the other parties involved in what is purported to be the failure to launch a full takeover bid for La Fondiaria in 2002, an appeal has been lodged with the Court of Milan against the ruling issued in May 2005. Two other claims for damages have since been filed, for an amount of € 2.8m, making an overall total of approx. € 160m.

RESTATED PROFIT AND LOSS ACCOUNT

| | 6 mths to 31/12/04 | 12 mths to 30/6/05 | 6 mths to 31/12/05 |
|---|--------------------|--------------------|--------------------|
| | € m | € m | € m |
| Net interest income | 74.9 | 146.0 | 90.4 |
| Dividends and similar income | 3.1 | 137.7 | 17.5 |
| Net trading and investment income | 102.9 | 160.9 | 61.3 |
| Net fee and commission income | 92.5 | 163.0 | 124.2 |
| TOTAL INCOME | 273.4 | 607.6 | 293.4 |
| Operating costs | (67.3) | (153.8) | (72.9) |
| PROFIT ON ORDINARY ACTIVITIES | 206.1 | 453.8 | 220.5 |
| Net writedowns to securities and derivatives held in treasury | (16.5) | (28.5) | (54.6) |
| Net gains on disposal of investment securities | 31.9 | 38.5 | 103.2 |
| Net (writedowns) writebacks to investment securities | (0.6) | 60.7 | 31.2 |
| PROFIT BEFORE TAX AND PROVISIONS .. | 220.9 | 524.5 | 300.3 |
| Transfers from provision for income tax | (72.6) | (84.4) | (46.7) |
| NET PROFIT | 148.3 | 440.1 | 253.6 |

BALANCE SHEET

| | 31/12/04 | 30/6/05 | 31/12/05 |
|--|-----------------|-----------------|-----------------|
| | € m | € m | € m |
| Assets | | | |
| Net applications of treasury funds | 8,729.2 | 6,538.5 | 3,358.4 |
| Loans and advances to customers | 12,991.3 | 13,995.6 | 15,551.1 |
| Investment securities | 3,145.2 | 3,209.2 | 3,278.9 |
| Property | 11.2 | 11.6 | 11.2 |
| Other assets | 1,914.7 | 2,032.6 | 1,979.7 |
| Total assets | <u>26,791.6</u> | <u>25,787.5</u> | <u>24,179.3</u> |
| Liabilities | | | |
| Funding | 20,749.3 | 19,374.6 | 18,012.0 |
| Provisions for liabilities | 29.5 | 242.6 | 215.5 |
| Other liabilities | 1,320.9 | 1,202.2 | 1,076.7 |
| Net equity | 4,543.6 | 4,528.0 | 4,621.5 |
| Profit for the period | 148.3 | 440.1 | 253.6 |
| Total liabilities | <u>26,791.6</u> | <u>25,787.5</u> | <u>24,179.3</u> |

Credit rating

Standard & Poor's continue to rate Mediobanca as AA- for medium-/long-term debt (A-1+ for short-term debt).

Related party disclosure

Financial accounts between Mediobanca and such parties outstanding at 31 December 2005 and movements therein during the period under review are summarized below:

| | 30/6/05 | | 31/12/05 | |
|----------------------------------|--------------------|-----------------------|--------------------|-----------------------|
| | Group undertakings | Other related parties | Group undertakings | Other related parties |
| | € m | € m | € m | € m |
| Assets | 3,977.2 | 3,502.1 | 3,094.2 | 3,659.5 |
| Liabilities | 1,717.9 | 7.5 | 1,531.4 | 6.6 |
| Guarantees and commitments | 4,284.7 | 1,400.8 | 2,120.5 | 2,841.8 |

| | 31/12/04 | | 31/12/05 | |
|-------------------------------------|--------------------|-----------------------|--------------------|-----------------------|
| | Group undertakings | Other related parties | Group undertakings | Other related parties |
| | € m | € m | € m | € m |
| Interest income | 55.1 | 73.7 | 42.4 | 73.7 |
| Interest expense | (41.4) | (3.5) | (28.6) | (10.9) |
| Net fee and commission income | (1.5) | 11.7 | 0.3 | 30.2 |
| Sundry other income (costs) | (3.7) | (2.5) | (12.9) | 4.9 |

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

* * *

A review of the other Group companies' performance is given below:

- *Compass S.p.A.*: this company's accounts for the six months ended 31 December 2005 reflect net profit of € 32.7m (31/12/04: € 22.6m); loans and advances to customers were up 13% compared with 30 June 2005, including € 197m in loans sold on a non-recourse basis in order to reconstruct the € 511m portfolio securitized in April 2002.
- *SelmaBipiemme Leasing S.p.A.*: this company earned a net profit of € 7.7m (€ 4.6m) during the half-year; as at 31 December 2005, the net value of goods on or pending lease had increased by 14% since the balance-sheet date.
- *Palladio Leasing S.p.A.*: Palladio Leasing's accounts for the six months under review reflect net profit of € 4m (€ 8m); the net value of goods on or pending lease had risen by 5% since the balance-sheet date.
- *Teleleasing S.p.A.*: this company earned a net profit of € 6.9m (€ 6.3m); the net value of goods on or pending lease had risen by 5.8% since the balance-sheet date.
- *Micos Banca S.p.A.*: Micos's accounts for the six months reflect net profit of € 2.6m (€ 1m), and loans outstanding at 31 December 2005 were 14.1% higher than at the balance-sheet date.
- *Cofactor S.p.A.*: Cofactor recorded a net profit of € 19,000 (€ 16,000); outstanding accounts as at 31 December 2005 were booked at cost for € 61.1m (30/6/05: € 60.5m).
- *Creditech S.p.A.*: this company earned a net profit of € 509,000 (€ 138,000) during the six months. Receivables under management at 31 December 2005 amounted to € 214m (€ 159m).
- *Compagnie Monégasque de Banque, Monaco*: the draft consolidated accounts as at 31 December 2005 reflect a profit of € 35.2m (€ 29.4m); net fee and commission income amounted to € 47.6m (€ 42.5m), lendings totalled € 814.1m (€ 717.6m), and funding stood at € 1,317.6m (€ 1,222.5m). Assets managed on a discretionary and non-discretionary basis amounted to € 7.2bn (€ 6.7bn).

- *Banca Esperia (48.5%-owned)*: draft consolidated accounts as at 31 December 2005 reflect a profit of € 15.5m (€ 8.5m), after management fees of € 56m (€ 45.3m). The increase is due to growth in assets under management, which rose from € 7bn to € 8bn.
- *Spafid - Società per Amministrazioni Fiduciarie S.p.A.*: this company recorded a net profit of € 130,000 (€ 0.9m), after writebacks to securities amounting to € 0.5m. Spafid's net worth stood at € 33.7m. Securities under trust totalled € 1,239.4m (€ 1,152.3m).
- *Mediobanca International S.A., Luxembourg*: during the six months under review, in which Mediobanca International transferred its registered office from the Cayman Islands to Luxembourg, the company recorded a profit of € 1.6m (€ 2m), following extraordinary charges of € 1.1m booked in connection with the aforementioned transfer. Total deposits stood at € 1,153.8m, compared with € 1,662.7m at 30 June 2005.

* * *

Group company Tradevco of Liberia has now been cancelled from the register of companies, following completion of the liquidation procedure.

RISK MANAGEMENT

Credit risk

Corporate banking (Mediobanca)

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 framework in which it operates. Where possible, covenants are incorporated into the terms and conditions of loans (having regard *inter alia* to the maturity

and average size of the facilities concerned) in order to provide for protection against impairment. Applications for finance are processed through the different operating levels, and if successful, are submitted for approval to the relevant bodies, i.e. the Risks or Executive Committee, depending on the amount required. After disbursement the account is monitored on an ongoing basis, via analysis of published financial statements and a series of other controls to ensure that the covenants are not breached. Any deterioration in the risk profile of a loan is brought swiftly to the attention of the operating unit and the Bank's management.

Leasing

Individual applications are processed using similar methods to those described above for corporate banking. Applications for leases below a predetermined limit received via banks with which Mediobanca has agreements in place are approved by the banks themselves, against written guarantees from them covering a portion of the risk. At Selmabipiemme, applications for assets worth less than € 50,000 are approved on the basis of a credit scoring system developed from historical series of data, tailored to both the type of asset concerned and the individual applicant's sector of operation.

Sub-standard accounts are managed in a variety of ways which prioritize either recovery of the amount owed or the asset under lease, according to the specific risk profile of the account. All non-performing or potential problem accounts are tested analytically in order to establish the relative estimated loss against the value of the security provided and/or any other form of real or personal guarantees issued. Other doubtful accounts are valued individually on the basis of statistics.

Consumer credit (Compass)

Applications for finance are approved on the basis of a credit scoring system tailored to individual products. The scoring grids have been developed from internal historical series, enhanced by data provided by central credit *bureaux*. Merchant outlets are linked electronically to the company's headquarters in order to ensure that applications and credit scoring results are processed and transmitted swiftly. Applications for finance above a

certain limit are approved by the relevant bodies at branch level, in accordance with the authorizations established by the company's Board of Directors.

From the first instance of non-payment accounts are managed using the entire range of recovery procedures, including postal and telephone reminders, external recovery agents, etc. After eight overdue instalments accounts are held to be officially in default, and the client is deemed to have lapsed from the time benefit allowed under Article 1186 of the Italian Civil Code. After nine overdue instalments such accounts are sold to Cofactor, for a fraction of the principal outstanding.

Mortgage lending (Micos Banca)

Mortgage applications are processed and approved centrally at Micos's head office. Approval depends partly on the outcome of a credit scoring system, which is largely determined through individual appraisal of the applicant's income and maximum borrowing levels, as well as the value of the property itself. Risks are monitored on monthly basis, ensuring the company's loan book is regularly appraised in view of a wide range of indicators, such as amount, sales channel, loan-to-value, etc.

All mortgage loans with four or more unpaid instalments are designated as potential problem accounts, and following the sixth unpaid instalment become non-performing and are handed over to the company's lawyers accordingly. Credit recovery is largely managed through property enforcement procedures.

Market risk

Of all the Group companies only Mediobanca has a trading book of sizeable proportions. Compass group companies monitor the performance of customer accounts and sources of funding solely with a view to the development of their own business, in order to protect themselves against unfavourable trends in market rates. Compagnie Monégasque de Banque has only limited trading and lending operations.

Mediobanca uses a risk management system that monitors market risk on a daily basis. This system calculates value at risk (VaR) ⁽¹⁾ for both the Bank's trading and banking books, to provide an indication of the exposure of its entire asset structure.

VaR is based on expected volatility and the correlation between the risk factors taken into consideration to determine possible negative movements anticipated within a 95% confidence level in the course of a single trading day. VaR is calculated based on the Monte Carlo ⁽²⁾ and historical simulation ⁽³⁾ models using the same assumptions, in order to reflect irregularities in exposures or abnormal distribution patterns between risk factors.

The daily readings are then back-tested on the basis of both actual gains/losses and theoretical values calculated using the full revaluation method, as applied to historically-recorded data for the different risk factors.

To evaluate possible repercussions from events of an extreme nature, the expected shortfall ⁽⁴⁾ is calculated daily via the historical simulation method, and the effects of certain historical and simulated stress scenarios are also measured.

During the six months under review, aggregate VaR averaged € 5.7m, up from the € 4.7m average figure for the whole of last year, and higher also than the € 4m recorded at 31 December 2004, due to the increasing volatility on financial markets and stock markets especially. A high of € 7.7m and a low of € 4.3m were recorded, relatively high readings which were almost entirely due to a larger proportion of the shareholdings being marked to market.

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

(2) Determines portfolio value by assuming random variations in risk factors and applying the full revaluation method.

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

(4) Expected shortfall: average potential loss over and above VaR.

Value at risk and expected shortfall (average six-monthly figures)

| Risk factor | 31/12/05 (€ '000) | 31/12/04 (€ '000) |
|---|----------------------|----------------------|
| Interest rates | 1,872 | 2,421 |
| Equities | 5,317 | 2,993 |
| Exchange rates | 834 | 741 |
| <i>Diversification effect</i> (*) | (2,358) | (2,190) |
| TOTAL | 5,665 | 3,965 |
| Expected shortfall | 11,765 | 10,061 |

(*) Resulting from mismatch between risk factors.

Analysis of the different risk factors shows that exposure to interest rate movements has reduced in comparison with the same time last year, with an average reading of € 1.9m during the period, compared with € 2.4m in the six months to 31 December 2004. Conversely exposure to equities rose, from € 3m to € 5.3m, while exchange rate risk remained low at an average of € 0.8m.

VaR readings recorded by Compagnie Monégasque de Banque using the same methodology as Mediobanca averaged € 12,000.

Asset and liability management

The sensitivity of Mediobanca's portfolio of assets and liabilities to interest rate movements is calculated daily with respect to both the banking and trading books. Liquidity risk is also calculated daily in view of the prospective timing of future cash flows, in order to establish the projected maturities for future cash requirements. The Bank's entire asset base is analysed on a quarterly basis, to help management in taking decisions of a strategic nature by providing indications of profit trends and mismatches, if any, between the maturities of asset items implied in projected volume trends. The expected distribution of Mediobanca's net interest income and its sensitivity to changes in different segments of the rate curve are also calculated as part of this analysis.

At 31 December 2005, the portfolio's sensitivity to interest rates, i.e. the impact of a 1 basis point rise on net interest income, was measured at € 2.3m. Conversely, Compass's sensitivity to interest rates under the same scenario would lead to an approx. € 100,000 reduction in net interest income.

Counterparty risk

For Mediobanca's trading operations this is measured in terms of expected market value, and identifies a maximum potential exposure to the various counterparties based on a given confidence level over a specified time horizon.

Hedging

Fair value hedges

Fair value hedges are used to neutralize exposure to interest rate or credit risk for particular asset or liability positions, via derivative contracts entered into with leading counterparties. All structured bond issues in the interest rate category are fair-value hedged, while index-linked issues are accounted for as part of the trading book. Fair value hedges are also used in corporate finance for certain bilateral fixed-rate transactions or in order to reduce credit risk.

Cash flow hedges

These are used chiefly as part of the Compass group's operations. The numerous, generally fixed-rate and relatively small transactions are hedged by floating-rate deposits made for large amounts. The hedge is intended to transform the latter into fixed-rate positions by correlating the relevant cash flows.

OTHER INFORMATION

Related party disclosure

Financial accounts outstanding at 31 December 2005 between companies forming part of the Mediobanca Group and other related parties are summarized in the table below:

| | 30/6/05 | 31/12/05 |
|-------------------------------------|----------|----------|
| | € m | € m |
| Assets | 3,612.6 | 3,708.7 |
| Liabilities | 77.6 | 81.9 |
| Guarantees and commitments | 1,506.5 | 2,846.9 |
| | 31/12/04 | 31/12/05 |
| Interest income | 76.9 | 75.3 |
| Interest expense | (2.7) | (11.8) |
| Net fee and commission income | 11.7 | 30.2 |
| Other income (expense) | (3.2) | (20.1) |

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.

* * *

Prospects

Earnings results under the new standards tend to be more erratic, as they are more firmly anchored to the vagaries of the market and the performance of companies accounted for on an equity basis. Given that the overall economic climate is still weak, the first-half performance may not necessarily be maintained in the full-year results. That said, growth in net interest income should be borne out in the third and fourth quarters on the back of high corporate banking and consumer credit volumes, whereas fee income could be less impressive, especially given the timing of various deals. Trading activity will obviously depend on how financial markets perform.

Milan, 8 March 2006

THE BOARD OF DIRECTORS

CONSOLIDATED BALANCE SHEET (IAS/IFRS compliant)

| Assets | IAS-compliant as at 1/7/05 | IAS-compliant as at 31/12/05 |
|---|-------------------------------|---------------------------------|
| 10. Cash and cash equivalents | 6.7 | 6.3 |
| 20. Financial assets held for trading | 7,084.1 | 7,858.2 |
| 30. Financial assets at fair value | — | — |
| 40. Financial assets available for sale | 7,037.2 | 4,882.6 |
| 50. Financial assets held to maturity | 239.0 | 594.1 |
| 60. Due from banks | 2,946.2 | 5,210.0 |
| <i>of which:</i> | | |
| <i>other trading items</i> | 2,484.0 | 4,420.4 |
| 70. Due from customers | 18,836.6 | 21,765.7 |
| <i>of which:</i> | | |
| <i>other trading items</i> | 1,102.2 | 1,387.2 |
| 80. Hedging derivatives | 1,427.8 | 1,336.2 |
| <i>of which:</i> | | |
| <i>funding hedge derivatives</i> | 1,010.5 | 1,276.1 |
| <i>lending hedge derivatives</i> | 351.1 | 4.4 |
| 90. Value adjustments to financial assets subject to general hedging | — | — |
| 100. Equity investments | 2,137.6 | 2,318.5 |
| 110. Total reinsurers' share of technical reserves ... | — | — |
| 120. Tangible assets | 305.0 | 300.9 |
| 130. Intangible assets | 5.6 | 4.4 |
| <i>of which:</i> | | |
| <i>goodwill</i> | — | — |
| 140. Tax assets | 133.3 | 141.9 |
| <i>a) current assets</i> | — | — |
| <i>b) advance assets</i> | 133.3 | 141.9 |
| 150. Other non-current and group assets being sold . | — | — |
| 160. Other assets | 347.4 | 285.6 |
| <i>of which:</i> | | |
| <i>other trading items</i> | 22.4 | 18.3 |
| TOTAL ASSETS | 40,506.5 | 44,704.4 |

The balance sheet provided on page 8 has been restated as follows:

- the item *Net applications of treasury funds* comprises asset headings 10 and 20 and liability heading 40, plus the “other trading items” amounts shown under asset headings 60, 70 and 160 and liability headings 10, 20 and 100, which chiefly consist of repos and margins on derivatives;
- the item *Funding* comprises the balances shown under liability headings 10, 20 (excluding amounts restated under *Net applications of treasury funds* by way of repos and inter-bank funds) and liability heading 30, plus the relevant amounts in respect of hedging derivatives;
- the item *Loans and advances to customers* comprises asset headings 60 and 70 (excluding amounts restated under *Net applications of treasury funds*) and the relevant amounts in respect of hedging derivatives.

| Liabilities and net equity | IAS-compliant at as at 1/7/05 | IAS-compliant as at 31/12/05 |
|--|----------------------------------|---------------------------------|
| 10. Due to banks | 7,921.3 | 13,099.8 |
| <i>of which:</i> | | |
| <i>other trading items</i> | 2,680.8 | 7,556.6 |
| 20. Due to customers | 4,767.5 | 3,729.7 |
| <i>of which:</i> | | |
| <i>other trading items</i> | 679.1 | 1,177.5 |
| 30. Debt securities in issue | 16,124.1 | 15,629.8 |
| 40. Trading liabilities | 3,106.0 | 3,320.8 |
| 50. Liabilities at fair value | — | — |
| 60. Hedging derivatives | 454.8 | 638.2 |
| <i>of which:</i> | | |
| <i>funding hedge derivatives</i> | 60.0 | 610.9 |
| <i>lending hedge derivatives</i> | 376.0 | 25.9 |
| 70. Value adjustments to financial liabilities subject to general hedging | — | — |
| 80. Tax liabilities | 468.8 | 521.8 |
| <i>a) current liabilities</i> | 102.9 | 110.4 |
| <i>b) deferred liabilities</i> | 365.9 | 411.4 |
| 90. Liabilities linked to Group assets being sold | — | — |
| 100. Other liabilities | 1,241.0 | 1,282.9 |
| <i>of which:</i> | | |
| <i>other trading items</i> | 873.7 | 876.8 |
| 110. Staff severance indemnity provision | 36.3 | 34.8 |
| 120. Provisions for liabilities and charges | 153.4 | 152.8 |
| <i>a) post-retirement and similar benefits</i> | — | — |
| <i>b) other provisions</i> | 153.4 | 152.8 |
| 130. Technical reserves | — | — |
| 140. Revaluation reserves | 377.3 | 287.0 |
| 150. Shares with right of withdrawal | — | — |
| 160. Equity instruments | — | — |
| 170. Reserves..... | 2,732.3 | 3,063.3 |
| 180. Share premium reserve | 1,933.3 | 1,948.0 |
| 190. Share capital..... | 397.5 | 398.3 |
| 200. Treasury shares | (0.4) | (0.4) |
| 210. Net equity attributable to minorities | 79.3 | 82.2 |
| 220. Profit (loss) for the year | 714.0 | 515.4 |
| TOTAL LIABILITIES AND NET EQUITY | 40,506.5 | 44,704.4 |

CONSOLIDATED PROFIT AND LOSS ACCOUNT
(IAS/IFRS-compliant)

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 (excl. IAS 39) |
|---|--------------------|--------------------------------------|
| 10. Interest and similar income | 932.7 | 756.2 |
| 20. Interest expense and similar charges | (732.7) | (521.8) |
| 30. Net interest income | 200.0 | 234.4 |
| 40. Fee and commission income | 157.1 | 121.2 |
| 50. Fee and commission expense | (11.9) | (26.0) |
| 60. Net fee and comission income | 145.2 | 95.2 |
| 70. Dividends and similar income | 17.6 | 3.1 |
| 80. Net trading income | 100.8 | 88.0 |
| 90. Net hedging income | 71.7 | — |
| 100. Gain (loss) on disposal or repurchase of: | 123.9 | 31.9 |
| a) loans and receivables | — | — |
| b) financial assets available for sale | 117.7 | 31.9 |
| c) financial assets held to maturity | — | — |
| d) financial liabilities | 6.2 | — |
| 120. Total income | 659.2 | 452.6 |
| 130. Adjustments for impairment to: | (51.5) | (43.6) |
| a) loans and receivables | (51.5) | (42.4) |
| b) financial assets available for sale | — | — |
| c) financial assets held to maturity | — | — |
| d) other financial assets | — | (1.2) |
| 140. Net income from financial operations | 607.7 | 409.0 |
| 150. Net premium income | — | — |
| 160. Income less expense from insurance operations | — | — |
| 170. Net income from financial and insurance operations | 607.7 | 409.0 |
| 180. Administrative expenses: | (173.2) | (162.9) |
| a) personnel costs | (95.0) | (97.0) |
| b) other administrative expenses | (78.2) | (65.9) |
| 190. Net transfers to provisions for liabilities and charges | (0.5) | (0.6) |
| 200. Net adjustments to tangible assets | (5.0) | (5.1) |
| 210. Net adjustments to intangible assets | (1.7) | (1.5) |
| <i>of which: goodwill</i> | — | — |
| 220. Other operating income (expenses) | 20.9 | 40.6 |
| 230. Operating costs | (159.5) | (129.5) |
| 240. Gains (losses) on investments | 180.7 | 113.1 |
| 270. Net gain (loss) upon disposal of investments | 0.5 | (0.1) |
| 280. Profit (loss) on ordinary activities before tax | 629.4 | 392.5 |
| 290. Income tax for the period on ordinary activities | (110.5) | (97.1) |
| 300. Profit (loss) on ordinary activities after tax | 518.9 | 295.4 |
| 310. Gain (loss) on non-current assets being sold net of tax | — | — |
| 330. Gain (loss) for the period attributable to minorities | (3.5) | (3.3) |
| 340. Profit (loss) for the period attributable to Mediobanca | 515.4 | 292.1 |

The profit and loss account reported on page 7 reflects the following restatements:

- *Net interest income* includes the totals reported under Headings 30 and 90, plus gains (losses) on disposals of financial liabilities under Heading 100 and margins on swaps included under Heading 80, for € 1.2m and € 3.2m respectively;
- amounts under Heading 220 have been treated as *Net fee and commission income*, save for redemptions/amounts recovered totalling € 1.8m and € 4.2m respectively which have been taken to *Operating costs*.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

| | Assets | 31/12/05 | 30/6/05 (*) |
|------|--|-------------------|-------------------|
| | | €'000 | €'000 |
| 10. | Cash and cash equivalents | 6,321 | 6.689 |
| 20. | Financial assets held for trading | 7,858,178 | 11.721.069 |
| 30. | Financial assets at fair value | — | — |
| 40. | Financial assets available for sale | 4,882,553 | 1.736.891 |
| 50. | Financial assets held to maturity | 594,124 | — |
| 60. | Due from banks | 5,209,978 | 2.946.147 |
| 70. | Due from customers | 21,765,702 | 17.668.205 |
| 80. | Hedging derivatives | 1,336,164 | 965.695 |
| 90. | Value adjustments to financial assets subject to general hedging | — | — |
| 100. | Equity investments | 2,318,519 | 2.137.569 |
| 110. | Total reinsurers' share of technical reserves | — | — |
| 120. | Tangible assets | 300,850 | 304.982 |
| 130. | Intangible assets | 4,377 | 5.557 |
| | <i>of which:</i> | | |
| | – <i>goodwill</i> | — | — |
| 140. | Tax assets | 141,934 | 132.000 |
| | a) current | — | — |
| | b) advance | 141,934 | 132.000 |
| 150. | Other non-current and group assets being sold | — | — |
| 160. | Other assets | 285,663 | 600.394 |
| | TOTAL ASSETS | 44,704,363 | 38,225,198 |

(*) Figures as at 30 June 2005 have been restated in compliance with IAS/IFRS (except for IAS 39 in respect of treatment of financial instruments). In the light of new interpretations of the principles and for the purpose of facilitating comparison, certain items have been classified differently from the guidance issued in the Annex to the quarterly accounts and report for the three months ended 30 September 2005 ("IAS/IFRS First-Time Adoption"). This has had no impact on equity or earnings.

| Liabilities and shareholders' equity | | 31/12/05 | 30/6/05 |
|---|---|-------------------|-------------------|
| | | €'000 | €'000 |
| 10. | Amounts due from banks | 13,099,718 | 7,926,914 |
| 20. | Amounts due from clients | 3,729,585 | 3,618,024 |
| 30. | Debt securities in issue | 15,629,828 | 16,719,818 |
| 40. | Trading liabilities | 3,320,760 | 1,838,903 |
| 50. | Liabilities at fair value | — | — |
| 60. | Hedging derivatives | 638,307 | 58,239 |
| 70. | Value adjustments to financial liabilities subject to general hedging | — | — |
| 80. | Tax liabilities | 521,832 | 416,647 |
| | a) current | 110,447 | 103,783 |
| | b) deferred | 411,385 | 312,864 |
| 90. | Liabilities linked to assets being sold | — | — |
| 100. | Other liabilities | 1,282,942 | 1,609,604 |
| 110. | Staff severance indemnity provision | 34,785 | 36,252 |
| 120. | Provisions for liabilities and charges: | 152,839 | 153,369 |
| | a) post-employment and similar benefits | — | — |
| | b) other provisions | 152,839 | 153,369 |
| 130. | Technical reserves | — | — |
| 140. | Revaluation reserves | 286,920 | 13,514 |
| 150. | Shares with right of withdrawal | — | — |
| 160. | Equity instruments | — | — |
| 170. | Reserves | 3,063,300 | 2,708,792 |
| 180. | Share premium reserve | 1,948,033 | 1,933,331 |
| 190. | Share capital | 398,345 | 397,478 |
| 200. | Treasury shares | (434) | (434) |
| 210. | Net equity attributable to minority shareholders | 82,227 | 80,794 |
| 220. | Profit (loss) for the period | 515,376 | 713,953 |
| TOTAL LIABILITIES AND NET EQUITY | | 44,704,363 | 38,225,198 |

CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|-------------|---|-----------------------|-----------------------|
| 10. | Interest and similar income | 932,676 | 756,188 |
| 20. | Interest expense and similar charges | (732,612) | (521,785) |
| 30. | Net interest income | 200,064 | 234,403 |
| 40. | Fee and commission income | 157,073 | 121,328 |
| 50. | Fee and commission expense | (11,902) | (25,986) |
| 60. | Net fee and commission income | 145,171 | 95,342 |
| 70. | Dividends and similar income | 17,553 | 3,143 |
| 80. | Net trading income | 100,803 | 88,041 |
| 90. | Net hedging income | 71,765 | — |
| 100. | Gain (loss) on disposal or repurchase of: | 123,879 | 31,857 |
| | a) loans and receivables | — | — |
| | b) financial assets available for sale | 117,653 | 31,857 |
| | c) financial assets held to maturity | — | — |
| | d) financial liabilities | 6,226 | — |
| 110. | Net income from assets and liabilities at fair value | — | — |
| 120. | Total income | 659,235 | 452,786 |
| 130. | Adjustments for impairment to: | (51,513) | (43,635) |
| | a) loans and receivables | (51,507) | (42,432) |
| | b) financial assets available for sale | — | — |
| | c) financial assets held to maturity | (6) | — |
| | d) other financial operations | — | (1,203) |
| 140. | Net profit from financial operations | 607,722 | 409,151 |
| 150. | Net premium income | — | — |
| 160. | Income less expense from insurance operations | — | — |
| 170. | Net income from financial and insurance operations | 607,722 | 409,151 |
| 180. | Administrative expenses: | (173,269) | (163,062) |
| | a) personnel costs | (95,038) | (97,184) |
| | b) other administrative expenses | (78,231) | (65,878) |
| 190. | Net transfers to provisions for liabilities and charges | (504) | (563) |
| 200. | Net adjustments to tangible assets | (4,974) | (5,206) |
| 210. | Net adjustments to intangible assets | (1,707) | (1,495) |
| 220. | Other operating income (expenses) | 20,858 | 40,642 |
| 230. | Operating costs | (159,596) | (129,684) |
| 240. | Gains (losses) on equity investments | 180,715 | 113,099 |
| 250. | Net gain (loss) from valuing tangible/intangible assets at fair value | — | — |
| 260. | Net adjustments to goodwill | — | — |
| 270. | Net gain (loss) upon disposal of investments | 529 | (52) |
| | a) Gain (loss) on disposal of investments – property | 517 | 5 |
| | b) Gain (loss) on disposal of investments – other assets | 12 | (57) |
| 280. | Profit (loss) on ordinary activities before tax | 629,370 | 392,514 |
| 290. | Income tax on ordinary activities | (110,529) | (97,174) |
| 300. | Profit (loss) on ordinary activities after tax | 518,841 | 295,340 |
| 310. | Gain (loss) on groups of assets being sold after tax | — | — |
| 320. | Net profit (loss) for the period | 518,841 | 295,340 |
| 330. | Net profit (loss) attributable to minority interest | (3,465) | (3,264) |
| 340. | Profit (loss) for the period attributable to Mediobanca | 515,376 | 292,076 |

A.1 GENERAL

Section 1

Statement of conformity to IAS/IFRS

Pursuant to Italian Legislative Decree 38/05, as from the current financial year the Mediobanca Group's consolidated statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB). These were adopted by the European Commission in accordance with the procedure laid down under Article 6 of EC regulation 1606/02 issued by the European Parliament and Council on 19 July 2002. Application of the new international standards to banks' financial statements is governed by Bank of Italy circular 262 issued on 22 December 2005. A summary of the main accounting policies adopted by the Group is provided below. The interim report has been drawn up in compliance with Consob resolution 11971/99 as amended.

Section 2

Significant accounting policies

Financial assets held for trading

This category comprises debt securities, equities, and the positive value of derivatives held for trading including those embedded in complex instruments such as structured bonds (recorded separately).

At the settlement date for securities and subscription date for derivatives, such assets are recognized at fair value through profit and loss not including any transaction expenses or income directly attributable to the asset concerned.

After initial recognition they continue to be measured at fair value, which for listed instruments is calculated on the basis of market prices ruling at the reporting date. If no market prices are available, valuation methods and models are used based on market-derived data, e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions. Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost. If the assets suffer impairment, they are written down to their current value.

Gains and losses upon disposal and/or redemption and the positive and negative effects of changes in fair value over time are reflected in earnings under the heading *Net trading income*.

AFS assets

This category includes all financial assets apart from derivatives not booked under the headings *Financial assets held for trading*, *Financial assets held to maturity* or *Loans and receivables*.

AFS assets comprise equities held for non-trading purposes which do not qualify as controlling interests, investments in associates or jointly-controlled operations, plus investments in private equity funds.

AFS assets are initially recognized at fair value, which includes transaction costs and income directly attributable to them. Thereafter they continue to be measured at fair value. Changes are suspended in a separate equity reserve, which is then eliminated against the corresponding item in profit and loss as and when an asset is disposed of or impairment is recognized. Fair value is measured on the same principles as described for trading instruments. Equities for which it is not possible to reliably determine fair value are stated at cost. Debt securities included in this category are recognized at amortized cost, against the corresponding item in earnings.

Assets are subjected to impairment tests at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in earnings on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. If the reasons for which the loss was recorded cease to apply, the impairment is recovered in profit and loss for debt securities and in equity for shares, up to the value of amortized cost.

Financial assets held to maturity

These comprise debt securities with fixed or otherwise determinable payments and fixed maturities which the Group's management has the positive intention and ability to hold to maturity.

Such assets are initially recognized at fair value, which is calculated as at the settlement date and includes any transaction costs or income directly

attributable to them. Following their initial recognition they are measured at amortized cost using the effective interest method. Differences between the initial recognition value and the amount receivable at maturity are booked to earnings pro-rata.

Assets are tested for impairment at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in earnings on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. If the reasons which brought about the loss of value cease to apply, writebacks are credited to profit and loss up to the value of amortized cost.

Loans and receivables

These comprise loans to customers and banks which provide for fixed or otherwise determinable payments that are not quoted in an active market and which cannot therefore be classified as available for sale. Repos and receivables due in respect of finance leasing transactions are also included.

Loans and receivables are booked on disbursement at a value equal to the amount drawn plus (less) any income (expenses) directly attributable to individual transactions and determinable from the outset despite being payable at a later date. The item does not, however, include costs subject to separate repayment by the borrower, or which may otherwise be accounted for as ordinary internal administrative costs. Repos and reverse repos are booked as funding or lending transactions for the spot amount received or paid. Non-performing loans acquired are booked at amortized cost on the basis of an internal rate of return calculated using estimates of expected recoverable amounts.

Loans and receivables are stated at amortized cost, i.e. initial values adjusted upwards or downwards to reflect: repayments of principal, amounts written down/back, and the difference between amounts drawn at disbursement and repayable at maturity amortized on the basis of the effective interest rate. The latter is defined as the rate of interest which renders the discounted value of future cash flows deriving from the loan or receivable by way of principal and interest equal to the initial recognition value of the loan or receivable.

Individual items are tested at annual and interim reporting dates to show whether or not there is evidence of impairment. Items reflecting such evidence are then subjected to analytical testing, and, if appropriate, adjusted to reflect the difference between their carrying amount at the time of the impairment test (amortized cost), and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Future cash flows are estimated to

take account of anticipated collection times, the presumed value of receivables upon disposal of any collateral, and costs likely to be incurred in order to recover the exposure. Cash flows from loans expected to be recovered in the short term are not discounted.

The original effective interest rate for each loan remains unchanged in subsequent years, even if new terms are negotiated leading to a reduction to below market rates, including non-interest-bearing loans. The relevant value adjustment is taken through earnings.

If the reasons which brought about the loss of value cease to apply, the original value of the loan is recovered in earnings in subsequent accounting periods up to the value of amortized cost.

Accounts for which there is objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subjected to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the test date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to earnings, as appropriate. At each annual and interim reporting date, any writedowns or writebacks are remeasured on a different basis from the entire portfolio of loans deemed to be performing at that date.

Leasing

IAS 17 defines finance leases as transactions whereby risks and benefits involved in owning the asset concerned are transferred to the lessee, and stipulates the criteria for identifying whether or not a lease is a finance or operating lease. All leases entered into by the Group qualify as finance leases under the terms of IAS 17. Accordingly, a receivable is booked at an amount equal to the net outlay involved in the finance lease transaction, plus any costs directly incurred in respect of negotiating and/or performing the contract.

Hedges

There are two types of hedge:

- fair value hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in their fair value;
- cash flow hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in future cash flows attributable to specific risks relating to the items concerned.

For the process to be effective, the item must be hedged with a counterparty from outside the Group.

Hedge derivatives are recognized at fair value as follows:

- changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement together with any changes in the fair value of the hedged asset, where a difference between the two emerges as a result of the partial ineffectiveness of the hedge;
- the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity, while the gain or loss deriving from the ineffective portion is recognized through profit and loss only as and when, with reference to the hedged item, the change in cash flow to be offset crystallizes.

Hedge accounting is permitted for derivatives where the hedging relationship is formally designated and documented and provided that the hedge is effective at its inception and is expected to be so for its entire life.

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of a hedge is assessed both prospectively and retrospectively at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under trading securities.

Equity investments

This heading comprises:

- investments in associates, which are accounted for using the equity method. Associates are defined as companies in which at least 20% of the voting rights are held, and those in which the size of the investment (which may not be less than 10%) is sufficient to ensure an influence in the governance of the investee company;
- jointly controlled companies, which are also recognized using the equity method;
- other investments of negligible value, which are stated at cost.

Where there is objective evidence that the value of an investment may be impaired, estimates are made of its current value using market prices where possible, and of the present value of estimated cash flows generated by the investment, including its terminal value. Where the value thus calculated is lower than the asset's carrying amount, the difference is taken through profit and loss.

Tangible assets

These comprise land, core and investment properties, plant, furniture, fittings, equipment and assets used under the terms of finance leases, despite the fact that such assets remain the legal property of the lessor rather than the lessee.

These are stated at historical cost, which in addition to the purchase price, includes any ancillary charges directly resulting from their acquisition and/or usage. Extraordinary maintenance charges are reflected by increasing the asset's value, while ordinary maintenance charges are recorded in profit and loss.

Fixed assets are depreciated over the length of their useful life on a straight-line basis, with the exception of land, which is not depreciated on the grounds that it has unlimited useful life. Properties built on land owned by the bank are recorded separately, on the basis of valuations prepared by independent experts.

At annual and interim reporting dates, where there is objective evidence that the value of an asset may be impaired, its carrying amount is compared to its current value, which is defined as the higher of its fair value net of any sales costs and its related value of use, and adjustments, if any, are recognized through profit and loss. If the reasons which gave rise to the loss in value cease to apply, the adjustment is written back to earnings with the proviso that the amount credited may not exceed the value which the asset would have had net of depreciation, which is calculated assuming no impairment took place.

Intangible assets

These chiefly comprise goodwill and long-term computer software applications.

Goodwill may be recognized where this is representative of the investee company's ability to generate future income. At annual and interim reporting dates assets are tested for impairment, which is calculated as the difference between the initial recognition value of the goodwill and its realizable value, the latter being equal to the higher of the fair value of the cash-generating unit

concerned net of any sales costs and its assumed value of use. Any adjustments are taken through profit and loss.

Other tangible assets are recognized at cost, adjusted to reflect ancillary charges only where it is likely that future earnings will derive from the asset and the cost of the asset itself may be reliably determined. Otherwise the cost of the asset is booked through profit and loss in the year in which the expense was incurred.

The cost of intangible assets is amortized on the straight-line basis over the useful life of the asset concerned. If useful life is not determinable the cost of the asset is not amortized, but the value at which it is initially recognized is tested for impairment on a regular basis.

At annual and interim reporting dates, where there is evidence of impairment the realizable value of the asset is estimated, and the impairment is recognized in profit and loss as the difference between the carrying amount and the recoverable value of the asset concerned.

Derecognition of assets

Financial assets are derecognized as and when the Group is no longer entitled to receive cash flows deriving from them, or when they are sold and the related risks and benefits are transferred accordingly. Tangible and intangible assets are derecognized upon disposal, or when an asset is permanently retired from use and no further earnings are expected to derive from it.

Payables, debt securities in issue and subordinated liabilities

These include the items *Due to banks*, *Due to customers* and *Debt securities in issue* less any shares bought back. Amounts payable by the lessee under the terms of finance leasing transactions are also included.

Initial recognition takes place when funds raised are collected or debt securities are issued, and occurs at fair value, which is equal to the amount collected net of transaction costs incurred directly or indirectly in connection with the liability concerned. Thereafter liabilities are stated at amortized cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structured bonds are stripped out from the underlying contract and recognized at fair value. Subsequent changes in fair value are recognized through profit and loss.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the liabilities' carrying value and the amount paid to repurchase them is recorded through profit and loss.

The sale of treasury shares over the market following a buyback is treated as a new issue. The new sale price is recorded as a liability without passing through profit and loss.

Trading liabilities

This item includes the negative value of trading derivatives and any derivatives embedded in complex instruments. Liabilities in respect of technical shortfalls deriving from securities trading activity are also included. All trading liabilities are recognized at fair value.

Staff severance indemnity provision

This is stated to reflect the actuarial value of the deferred benefit obligation, which is calculated using the projected unit credit method. Future obligations are estimated on the basis of historical statistical analysis (e.g. staff turnover, retirements, etc.) and demographic trends. These are then discounted to obtain their present value on the basis of market interest rates. Such values are accounted for among staff costs as the net amount of contributions paid, prior year contributions not yet capitalized, interest accrued, and actuarial gains and losses.

Provisions for liabilities and charges

This heading comprises amounts set aside to cover risks not necessarily associated with defaults on loans or advances that could lead to future expenses. If the time effect is material, provisions are discounted using current market rates. Provisions are recognized through the income statement.

Provisions are reviewed on a regular basis, and where the charges that gave rise to them are deemed unlikely to crystallize, the amounts involved are written back to profit and loss in part or in full.

Foreign currency transactions

Assets and liabilities denominated in currencies other than the Euro are translated into Euros using exchange rates ruling at the dates of the transactions. Differences on cash items due to translation are recorded through profit and loss, whereas those on non-cash items are taken through earnings or to equity depending on their category.

Tax assets and liabilities

Income taxes are recorded in the income statement, with the exception of tax payable on items debited or credited directly to equity. Provisions for income tax are calculated on the basis of current, advance and deferred obligations. Advance and deferred tax is calculated on the basis of temporary differences – without time limits – between the carrying amount of an asset or liability and its tax base.

Advance tax assets are recognized in the balance sheet to the degree to which it is likely that they will be recovered.

Deferred tax liabilities are recognized in the balance sheet with the exception of tax-suspended reserves, if the size of the reserves available already subjected to taxation is such that it may be reasonably assumed that no transactions will be carried out on the Group's own initiative that might lead to their being taxed.

Deferred tax arising on business combinations is recognized when this is likely to result in a charge for one of the companies concerned.

Tax assets and liabilities are adjusted as and when changes occur in the regulatory framework or in applicable tax rates, *inter alia* to cover charges that might arise in connection with inspections by or disputes with the tax revenue authorities.

Stock options

Stock options are treated as expenses. The fair value of the options is measured and recognized in equity at the grant date using an option pricing method adjusted to reflect historical series for previous financial years. The value thus determined is taken to earnings pro-rata to the vesting period for the individual awards.

Treasury shares

These are deducted from equity, and any gains/losses realized on disposal are recognized in equity.

Section 3

Area and method of consolidation

Subsidiaries are consolidated on the line-by-line basis, whereas investments in associates and jointly-controlled operations are consolidated and accounted for using the equity method.

When a subsidiary is fully consolidated, the carrying amount of the parent's investment and its share of the subsidiary's equity are eliminated against the addition of that company's assets and liabilities, income and expenses to the parent company's totals. Any surplus arising following allocation of asset and liability items to the subsidiary is recorded as goodwill. Intra-group balances, transactions, income and expenses are eliminated upon consolidation.

For equity-accounted companies, any differences in the carrying amount of the investment and investee company's net equity are reflected in the book value of the investment, the fairness of which is tested at the reporting date or when evidence emerges of possible impairment. The profit made or loss incurred by the investee company is recorded pro-rata in the income statement under a specific heading.

1. *Subsidiaries and jointly-controlled companies (consolidated pro-rata)*

| | | Headquarters | Type of relationship ⁽¹⁾ | Shareholding | | Voting rights (%) ⁽²⁾ |
|-----|---|--------------|-------------------------------------|------------------|---------------|----------------------------------|
| | | | | Investor company | Interest (%) | |
| A. | COMPANIES | | | | | |
| A.1 | <i>Consolidated line-by-line</i> | | | | | |
| 1. | MEDIOBANCA - Banca di Credito Finanziario S.p.A. | Milan | 1 | — | — | — |
| 2. | PROMINVESTMENT S.p.A. | Rome | 1 | A.1.1 | 70.00 | 70.00 |
| 3. | PRUDENTIA FIDUCIARIA S.p.A. | Milan | 1 | A.1.1 | 100.00 | 100.00 |
| 4. | SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A. | Milan | 1 | A.1.1 | 100.00 | 100.00 |
| 5. | SPAFID S.p.A. | Milan | 1 | A.1.1 | 100.00 | 100.00 |
| 6. | TECHNOSTART S.p.A. | Milan | 1 | A.1.1 | 69.00 | 69.00 |
| 7. | COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A. | Monte Carlo | 1 | A.1.1 | 100.00 | 100.00 |
| 8. | C.M.I. COMPAGNIE MONEGASQUE IMMOBILIERE SCI | Monte Carlo | 1 | A.1.7 | 99.94 | 99.94 |
| 9. | C.M.G. COMPAGNIE MONEGASQUE DE GESTION S.A.M. | Monte Carlo | 1 | A.1.7 | 99.70 | 99.70 |
| 10. | SMEF SOCIETE MONEGASQUE DES ETUDES FINANCIERE S.A.M. | Monte Carlo | 1 | A.1.7 | 99.90 | 99.90 |
| 11. | MONOECI SOCIETE CIVILE IMMOBILIERE | Monte Carlo | 1 | A.1.7 | 99.00 | 99.00 |
| 12. | MONOIKOS 2000 SOCIETE CIVILE IMMOBILIERE | Monte Carlo | 1 | A.1.8 | 99.95 | 99.95 |
| 13. | MOULINS 700 S.A.M. | Monte Carlo | 1 | A.1.8 | 99.90 | 99.90 |
| 14. | MEDIOBANCA INTERNATIONAL (Luxembourg) S.A. | Luxembourg | 1 | A.1.1 | 100.00 | 100.00 |
| 15. | COMPASS S.p.A. | Milan | 1 | A.1.1 | 100.00 | 100.00 |
| 16. | MICOS BANCA S.p.A. | Milan | 1 | A.1.15 | 100.00 | 100.00 |
| 17. | COFACTOR S.p.A. | Milan | 1 | A.1.15 | 100.00 | 100.00 |
| 18. | SELMABIPIEMME LEASING S.p.A. | Milan | 1 | A.1.15 | 61.65 | 61.65 |
| 19. | PALLADIO LEASING S.p.A. | Vicenza | 1 | A.1.18 A.1.19 | 95.00 5.00 | 100.00 |
| 20. | TELELEASING S.p.A. | Milan | 1 | A.1.18 | 80.00 | 80.00 |
| 21. | SADE FINANZIARIA S.r.l. | Milan | 1 | A.1.1 | 100.00 | 100.00 |
| 22. | RICERCHE E STUDI S.p.A. | Milan | 1 | A.1.1 | 100.00 | 100.00 |
| 23. | CREDITECH S.p.A. | Milan | 1 | A.1.15 | 100.00 | 100.00 |
| 24. | QUARZO S.r.l. | Milan | 4 | A.1.15 | 7.00 | 7.00 |
| 25. | QUARZO LEASE S.r.l. | Milan | 4 | A.1.18 | 10.00 | 10.00 |

Legend

⁽¹⁾ Type of relationship:

1 = majority of voting rights in ordinary AGMs

2 = dominant influence in ordinary AGMs

3 = agreements with other shareholders

4 = other forms of control

5 = unity of direction as defined in Article 26 paragraph 1 of Italian Legislative Decree 87/92

6 = unity of direction as defined in Article 26 paragraph 2 of Italian Legislative Decree 87/92

7 = jointly controlled

⁽²⁾ Effective and potential voting rights in ordinary AGMs.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Previously reported balance at 30/6/05 | Adjustments to opening balance | Balance at 1 July 2005 | Allocation of previous year's profit | | Changes to reserves | Changes during accounting period | | | | | Profit (loss) for period ended 31/12/05 (*) | Net equity at 31/12/05 | |
|------------------------------|--|--------------------------------|------------------------|--------------------------------------|----------------------------------|---------------------|----------------------------------|--------------------------|---------------------------------|---------------------|----------------------------|---|------------------------|---------------|
| | | | | Reserves | Dividends and other applications | | New shares issued | Treasury share purchases | Extra-ordinary dividend payouts | Changes in equities | Treasury share derivatives | | | Stock options |
| | | | | | | | | | | | | | | |
| Share capital: | | | | | | | | | | | | | | |
| a) ordinary shares | 397,478 | — | 397,478 | — | — | — | — | — | — | — | 867 | — | 398,345 | |
| b) other shares | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Share premium reserve | 1,933,331 | — | 1,933,331 | — | — | — | — | — | — | — | 14,702 | — | 1,948,033 | |
| Reserves: | | | | | | | | | | | | | | |
| a) retained earnings | 2,708,792 | 23,547 | 2,732,339 | 325,315 | — | 5,646 | — | — | — | — | — | — | 3,063,300 | |
| b) others | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Revaluation reserves: | | | | | | | | | | | | | | |
| a) AFS securities | — | 332,965 | 332,965 | — | — | (94,721) | — | — | — | — | — | — | 238,244 | |
| b) cash flow hedges | — | 30,821 | 30,821 | — | — | 4,455 | — | — | — | — | — | — | 35,276 | |
| c) special laws | 13,514 | — | 13,514 | — | — | (114) | — | — | — | — | — | — | 13,514 | |
| d) others | — | — | — | — | — | — | — | — | — | — | — | — | (114) | |
| Equities | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Treasury shares | (434) | — | (434) | — | — | — | — | — | — | — | — | — | (434) | |
| Net profit (loss) for period | 713,953 | — | 713,953 | (325,315) | (388,638) | — | — | — | — | — | — | 515,376 | 515,376 | |
| Net equity | 5,766,634 | 387,333 | 6,153,967 | — | (388,638) | (84,734) | — | — | — | — | 15,569 | 515,376 | 6,211,540 | |

(*) Earnings per share during the period amounted to 0.647

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Previously reported balance at 30/6/04 | Adjustments to opening balance | Balance at 1 July 2004 | Allocation of previous year's profit | | Changes to reserves | Changes during accounting period | | | | | Profit (loss) for period ended 31/12/04 (*) | Net equity at 31/12/04 | |
|------------------------------|--|--------------------------------|------------------------|--------------------------------------|----------------------------------|---------------------|----------------------------------|--------------------------|---------------------------------|---------------------|----------------------------|---|------------------------|---------------|
| | | | | Reserves | Dividends and other applications | | New shares issued | Treasury share purchases | Extra-ordinary dividend payouts | Changes in equities | Treasury share derivatives | | | Stock options |
| | | | | | | | | | | | | | | |
| Share capital: | | | | | | | | | | | | | | |
| a) ordinary shares | 389,291 | — | 389,291 | — | — | — | — | — | — | — | — | — | 392,391 | |
| b) other shares | — | — | — | — | — | — | — | — | — | — | 3,100 | — | — | |
| Share premium reserve | 1,807,340 | — | 1,807,340 | — | — | — | — | — | — | — | 46,253 | — | 1,853,593 | |
| Reserves: | | | | | | | | | | | | | | |
| a) retained earnings | 2,435,766 | (305,318) | 2,130,448 | 220,018 | — | (15,921) | — | — | — | — | — | — | 2,334,545 | |
| b) others | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Revaluation reserves: | | | | | | | | | | | | | | |
| a) AFS securities | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| b) cash flow hedges | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| c) special laws | 13,514 | — | 13,514 | — | — | — | — | — | — | — | — | — | 13,514 | |
| d) others | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Equities | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Treasury shares | (970) | 536 | (434) | — | — | — | — | — | — | — | — | — | (434) | |
| Net profit (loss) for period | 536,380 | — | 536,380 | (220,018) | (316,362) | — | — | — | — | — | — | 292,076 | 292,076 | |
| Net equity | 5,181,321 | (304,782) | 4,876,539 | — | (316,362) | (15,921) | — | — | — | — | 49,353 | 292,076 | 4,885,685 | |

(*) Earnings per share during the period amounted to 0.372

CONSOLIDATED CASH FLOW STATEMENT
Direct method

| | Amount | |
|---|--------------------|--------------------|
| | 31 December 2005 | 31 December 2004 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| 1. OPERATING ACTIVITIES | 298,560 | 234,396 |
| – interest received | 870,920 | 757,740 |
| – interest paid | (527,086) | (447,829) |
| – dividends and similar income | 17,547 | 3,138 |
| – net fee and commission received | 60,932 | 29,678 |
| – cash payments to employees | (62,317) | (47,113) |
| – other expenses paid | 323 | 632 |
| – other income received | (9,142) | (6,420) |
| – net premium income | (57,811) | (73,804) |
| – other income from insurance activities | 38,400 | 40,235 |
| – income taxes paid | (33,206) | (21,861) |
| – net expenses/income from groups of assets being sold | — | — |
| 2. Cash generated/absorbed by financial assets | (1,836,517) | (1,236,537) |
| – trading securities | (1,023,402) | 1,082,627 |
| – financial assets at fair value | — | — |
| – AFS securities | 2,773,685 | — |
| – amounts due to customers | (3,719,746) | (906,803) |
| – amounts due to banks: on demand | 59,542 | 310,587 |
| – amounts due to banks: other | (277) | (1,686,649) |
| – other assets | 73,681 | (36,299) |
| 3. Cash generated/absorbed by financial liabilities | 2,059,154 | 1,238,138 |
| – amounts due to banks: on demand | 24,427 | 8,263 |
| – amounts due to banks: other | 3,552,297 | 942,904 |
| – amounts due to clients | (1,439,969) | (40,919) |
| – debt securities in issue | (30,529) | 351,841 |
| – trading liabilities | (2,174) | — |
| – financial liabilities at fair value | — | — |
| – other liabilities | (44,898) | (23,951) |
| Net cash flow (outflow) from operating activity | 521,197 | 235,997 |
| B. INVESTMENT ACTIVITIES | | |
| 1. Cash generated from | 9,828 | 414 |
| – disposals of shareholdings | — | — |
| – dividends received in respect of shareholdings | — | — |
| – disposals/redemptions of held-to-maturity investments | — | — |
| – disposals of tangible assets | 9,817 | 414 |
| – disposals of intangible assets | 11 | — |
| – disposals of subsidiaries or business units | — | — |
| 2. Cash absorbed by | (352,377) | (99,496) |
| – acquisitions of shareholdings | — | (95,268) |
| – acquisitions of held-to-maturity investments | (343,188) | — |
| – acquisitions of tangible assets | (8,651) | (3,333) |
| – acquisitions of intangible assets | (538) | (895) |
| – acquisitions of subsidiaries or business units | — | — |
| Net cash flow (outflow) from investment/servicing of finance | (342,549) | (99,082) |
| C. FUNDING ACTIVITIES | | |
| – issues/purchases of treasury shares | 1,513 | 333 |
| – issues/purchases of equity instruments | — | — |
| – dividend payouts and other applications | (180,500) | (136,367) |
| Net cash flow (outflow) from funding activities | (178,987) | (136,034) |
| NET CASH FLOW (OUTFLOW) DURING PERIOD | (339) | 881 |

**RECONCILIATION OF MOVEMENTS IN CASH FLOW
DURING THE PERIOD**

| | Amount | |
|--|------------------|------------------|
| | 31 December 2005 | 31 December 2004 |
| Cash and cash equivalents: balance at 1 July 2005 | 6,689 | 3,450 |
| Total cash flow (outflow) during period | (339) | 881 |
| Cash and cash equivalents: exchange rate effect | (29) | — |
| Cash and cash equivalents: balance at 31 December 2005 | 6,321 | 4,331 |

NOTES TO THE CONSOLIDATED BALANCE SHEET (*)

Segmental information

Section 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading

| | 31/12/05 | | 30/6/05 | |
|-------------------------------------|-----------|-----------|------------|-----------|
| | Listed | Unlisted | Listed | Unlisted |
| A. Cash assets | | | | |
| 1. Debt securities | 5,097,476 | 204,334 | 9,670,864 | 1,195,240 |
| 2. Equities | 1,293,189 | — | 748,388 | 58,464 |
| 3. OICR units | — | — | — | — |
| 4. Loans and advances | — | — | — | — |
| 5. Impaired assets | — | — | — | — |
| 6. Assets sold but not derecognized | — | — | — | — |
| Total A | 6,390,665 | 204,334 | 10,419,252 | 1,253,704 |
| B. Derivative products | | | | |
| 1. Financial derivatives | 4,852 | 1,231,977 | 1,966 | 28,693 |
| 2. Credit derivatives | — | 26,350 | — | 17,454 |
| Total B | 4,852 | 1,258,327 | 1,966 | 46,147 |
| Total (A+B) | 6,395,517 | 1,462,661 | 10,421,218 | 1,299,851 |

(*) Figures in € '000, save for footnotes where figures are provided in full.

2.3 Financial assets held for trading: derivative products

| Type of derivative/underlying asset | Interest rates | Foreign currency/gold | Equities | Loans | Other | 31/12/05 | 30/6/05 |
|-------------------------------------|----------------|-----------------------|----------|--------|--------|-----------|---------|
| A) Listed derivative products | | | | | | | |
| 1) Financial derivatives: | 2,343 | — | 2,509 | — | — | 4,852 | 1,966 |
| - with exchange of principal | | | | | | | |
| - options bought | — | — | — | — | — | — | — |
| - other derivative products | 2,144 | — | 978 | — | — | 3,122 | 395 |
| - without exchange of principal | | | | | | | |
| - options bought | 92 | — | — | — | — | 92 | 36 |
| - other derivative products | 107 | — | 1,531 | — | — | 1,638 | 1,535 |
| 2) Credit derivatives: | — | — | — | — | — | — | — |
| - with exchange of principal | — | — | — | — | — | — | — |
| - without exchange of principal | — | — | — | — | — | — | — |
| Total A | 2,343 | — | 2,509 | — | — | 4,852 | 1,966 |
| B) Unlisted derivative products | | | | | | | |
| 1) Financial derivatives: | 242,320 | 8,966 | 954,029 | — | 26,662 | 1,231,977 | 28,693 |
| - with exchange of principal | | | | | | | |
| - options bought | 524 | — | 38,337 | — | — | 38,861 | — |
| - other derivative products | — | 7,697 | — | — | 43 | 7,740 | — |
| - without exchange of principal | | | | | | | |
| - options bought | 2,326 | 1,269 | 915,659 | — | — | 919,254 | — |
| - other derivative products | 239,470 | — | 33 | — | 26,619 | 266,122 | 28,693 |
| 2) Credit derivatives: | — | — | — | 26,350 | — | 26,350 | 17,454 |
| - with exchange of principal | — | — | — | 26,350 | — | 26,350 | 17,454 |
| - without exchange of principal | — | — | — | — | — | — | — |
| Total B | 242,320 | 8,966 | 954,029 | 26,350 | 26,662 | 1,258,327 | 46,147 |
| Total (A+B) | 244,663 | 8,966 | 956,538 | 26,350 | 26,662 | 1,263,179 | 48,113 |

Section 4

Heading 40: Financial assets available for sale

4.1 Financial assets available for sale

| | 31/12/05 | | 30/6/05 | |
|-------------------------------------|-----------|-----------|-----------|----------|
| | Listed | Unlisted | Listed | Unlisted |
| 1. Debt securities | 1,540,321 | 916,189 | — | — |
| 2. Equities | 1,847,296 | 578,747 | 1,254,290 | 482,601 |
| 3. OICR units | — | — | — | — |
| 4. Loans and advances | — | — | — | — |
| 5. Impaired assets | — | — | — | — |
| 6. Assets sold but not derecognized | — | — | — | — |
| | 3,387,617 | 1,494,936 | 1,254,290 | 482,601 |

Section 5

Heading 50: Financial assets held to maturity

5.1 Financial assets held to maturity

| | 31/12/05 | | 30/6/05 | |
|-------------------------------------|------------|------------|------------|------------|
| | Book value | Fair value | Book value | Fair value |
| 1. Debt securities | 594,124 | 592,135 | — | — |
| 2. Loans and advances | — | — | — | — |
| 3. Impaired assets | — | — | — | — |
| 4. Assets sold but not derecognized | — | — | — | — |
| | 594,124 | 592,135 | — | — |

Section 6

Heading 60: Due from banks

6.1 Due from banks

| | 31/12/05 | 30/6/05 |
|---|-----------|-----------|
| A. Deposits at central banks | | |
| 1. Term deposits | — | — |
| 2. Compulsory reserves | 98,326 | 85,439 |
| 3. Amounts due under repo agreements | — | — |
| 4. Others | — | — |
| B. Deposits at banks | | |
| 1. Current accounts and demand deposits | 132,374 | 93,913 |
| 2. Term deposits | 1,935,804 | 404,024 |
| 3. Other loans and advances: | | |
| 3.1 amounts due under repo agreements | 2,253,867 | 1,900,573 |
| 3.2 amounts due under finance leases | 1,771 | 3,330 |
| 3.3 other | 787,709 | 458,741 |
| 4. Debt securities | — | — |
| 5. Impaired assets | 127 | 127 |
| 6. Assets sold but not derecognized | — | — |
| | 5,209,978 | 2,946,147 |

Section 7

Due from customers

7.1 Due from customers

| | 31/12/05 | 30/6/05 |
|--|------------|------------|
| 1. Current accounts | 14,978 | 10,263 |
| 2. Amounts due under repo transactions | 431,382 | 589,335 |
| 3. Mortgages | 13,785,415 | 11,808,896 |
| 4. Credit cards, personal loans and loans guaranteed by payrolls | 2,508,216 | 2,132,578 |
| 5. Amounts due under finance leases | 3,132,589 | 2,737,469 |
| 6. Factoring | — | — |
| 7. Other transactions | 749,085 | 305,138 |
| 8. Debt securities | — | — |
| 9. Impaired assets | 104,138 | 84,526 |
| 10. Assets sold but not derecognized | 1,039,899 | — |
| | 21,765,702 | 17,668,205 |

Section 8

Hedging derivatives

8.1 Asset hedge derivatives by type of product and underlying asset

| Type of derivative/underlying asset | Interest rates | Foreign currency/gold | Equities | Loans | Other | Total |
|-------------------------------------|----------------|-----------------------|----------|-------|-------|-----------|
| A) Listed derivative products | | | | | | |
| 1) Financial derivatives: | — | — | — | — | — | — |
| - with exchange of principal | | | | | | |
| - options bought | — | — | — | — | — | — |
| - other derivative products | — | — | — | — | — | — |
| - without exchange of principal | | | | | | |
| - options bought | — | — | — | — | — | — |
| - other derivative products | — | — | — | — | — | — |
| b) Credit derivatives: | — | — | — | — | — | — |
| - with exchange of principal | — | — | — | — | — | — |
| - without exchange of principal | — | — | — | — | — | — |
| Total A | — | — | — | — | — | — |
| B) Unlisted derivative products | | | | | | |
| 1) Financial derivatives: | 1,334,507 | 210 | — | — | — | 1,334,717 |
| - with exchange of principal | | | | | | |
| - options bought | — | — | — | — | — | — |
| - other derivative products | — | 210 | — | — | — | 210 |
| - without exchange of principal | | | | | | |
| - options bought | — | — | — | — | — | — |
| - other derivative products | 1,334,507 | — | — | — | — | 1,334,507 |
| 2) Credit derivatives: | — | — | — | 1,447 | — | 1,447 |
| - with exchange of principal | — | — | — | 118 | — | 118 |
| - without exchange of principal | — | — | — | 1,329 | — | 1,329 |
| Totale B | 1,334,507 | 210 | — | 1,447 | — | 1,336,164 |
| Total at 31/12/05 | 1,334,507 | 210 | — | 1,447 | — | 1,336,164 |
| Total at 30/6/05 | 965,064 | 631 | — | — | — | 965,695 |

8.2 Asset hedge derivatives by portfolio hedged and hedge type

| | Fair value hedges | | | | | Cash flow hedges | | |
|--|--------------------|--------------------|--------------|------------|--------------------|------------------|----------------|--------------|
| | Specific risks | | | | | General risk | Specific risks | General risk |
| | Interest rate risk | Exchange rate risk | Credit risk | Price risk | More than one risk | | | |
| 1. Financial assets available for sale | — | — | — | — | — | — | — | — |
| 2. Loans and receivables | 1,014 | — | 118 | — | — | — | 40,386 | — |
| 3. Financial assets held to maturity | — | — | — | — | — | — | — | — |
| 4. Collective | — | — | — | — | — | — | — | — |
| Total assets | 1,014 | — | 118 | — | — | — | 40,386 | — |
| 1. Financial liabilities | 1,277,941 | — | 1,329 | — | — | — | 15,286 | — |
| 2. Collective | — | — | — | — | — | — | — | — |
| Total liabilities | 1,277,941 | — | 1,329 | — | — | — | 15,286 | — |

Section 10

Equity investments

10.1 Investments in jointly-controlled companies (equity-accounted) and companies subject to significant influence: disclosure on shareholdings

| Name | Head office | Type of relationship | Extent of relationship | | % voting rights available |
|---|----------------------|----------------------|------------------------|---------|---------------------------|
| | | | Investor company | % share | |
| B. Companies | | | | | |
| 1. Cartiere Burgo S.p.A. | Verzuolo, near Cuneo | 2 | Mediobanca | 22.13 | 22.13 |
| 2. Scontofin S.A. | Luxembourg | 2 | Mediobanca | 20.00 | 20.00 |
| 3. Assicurazioni Generali S.p.A. | Trieste | 2 | Mediobanca | 13.05 | 13.05 |
| | | | Spafid | 0.10 | 0.10 |
| | | | Compass | 0.97 | 0.97 |
| 4. RCS MediaGroup S.p.A. | Milan | 2 | Mediobanca | 13.66 | 14.21 |
| 5. Banca Esperia S.p.A. | Milan | 2 | Mediobanca | 48.50 | 48.50 |
| 6. MB Venture Capital S.A. | Luxembourg | 2 | Mediobanca | 35.00 | 35.00 |
| 7. MB Venture Capital Fund I Participating Co. A.N.V. | Amsterdam | 2 | Technostart | 45.00 | 45.00 |
| 8. Fidia SGR S.p.A. | Milan | 2 | Mediobanca | 25.00 | 25.00 |
| 9. Athena Private Equity S.A. | Luxembourg | 2 | Mediobanca | 24.46 | 24.46 |

Legend:

- (1) Jointly-controlled
 (2) Subject to significant influence

10.2 Investments in jointly-controlled companies (equity-accounted) and companies subject to significant influence: accounting information

| Name | Consolidated book value | Fair value |
|---|-------------------------|------------|
| A. Equity-accounted companies | | |
| A.2 Subject to significant influence | | |
| 1. Cartiere Burgo S.p.A. | 93,723 | — |
| 2. Scontofin S.A. | — | — |
| 3. Assicurazioni Generali S.p.A. | 1,858,133 | 5,312,714 |
| 4. RCS MediaGroup S.p.A. | 288,103 | 419,963 |
| 5. Banca Esperia S.p.A. | 29,909 | — |
| 6. MB Venture Capital S.A. | 14 | — |
| 7. MB Venture Capital Fund I Participating Co. A.N.V. | 11,225 | — |
| 8. Fidia SGR S.p.A. | 2,318 | — |
| 9. Athena Private Equity S.A. | 35,094 | — |
| | 2,318,519 | |

Section 12

Heading 120: Tangible assets

12.1 *Tangible assets at cost*

| | 31/12/05 | 30/6/05 |
|--|----------|---------|
| A. Core assets | | |
| 1.1 owned by the Group | | |
| a) land | 83,637 | 79,147 |
| b) buildings | 170,032 | 178,255 |
| c) furniture | 9,423 | 9,771 |
| d) electronic equipment | 5,383 | 5,423 |
| e) other | 2,314 | 2,150 |
| 1.2 acquired under finance leases | | |
| a) land | — | — |
| b) buildings | — | — |
| c) furniture | — | — |
| d) electronic equipment | — | — |
| e) other | — | — |
| Total A | 270,789 | 274,746 |
| B. Assets held for investment purposes | | |
| 2.1 owned by the Group: | | |
| a) land | 20,350 | 20,350 |
| b) buildings | 9,711 | 9,886 |
| 2.2 acquired under finance leases | | |
| a) land | — | — |
| b) buildings | — | — |
| Total B | 30,061 | 30,236 |
| Total (A+B) | 300,850 | 304,982 |

12.2 Core tangible assets: year-on-year changes

| | Land | Buildings | Furniture | Electronic equipment | Other | Total |
|--|--------|-----------|-----------|----------------------|-------|---------|
| A. Gross opening balance | 79,147 | 191,468 | 17,596 | 8,415 | 3,210 | 299,836 |
| A.1 Total net value reductions | — | 13,213 | 7,825 | 2,992 | 1,060 | 25,090 |
| A.2 Net opening balance | 79,147 | 178,255 | 9,771 | 5,423 | 2,150 | 274,746 |
| B. Additions: | 4,490 | 630 | 6,695 | 1,263 | 1,015 | 14,093 |
| B.1 Purchases | — | 51 | 6,632 | 1,061 | 907 | 8,651 |
| B.2 Capitalized improvement expenses | — | — | — | — | — | — |
| B.3 Amounts recovered | — | — | — | — | — | — |
| B.4 Increases in fair value taken to: | | | | | | |
| a) net equity | — | — | — | — | — | — |
| b) profit and loss | — | — | — | — | — | — |
| B.5 Increases arising on exchange rates | — | — | — | — | — | — |
| B.6 Transfers from properties held for investment purposes | — | — | — | — | — | — |
| B.7 Other changes | 4,490 | 579 | 63 | 202 | 108 | 5,442 |
| C. Reductions | — | 8,853 | 7,043 | 1,303 | 851 | 18,050 |
| C.1 Disposals | — | 3,515 | 6,143 | 16 | 143 | 9,817 |
| C.2 Depreciation charges | — | 1,833 | 900 | 1,287 | 708 | 4,728 |
| C.3 Value adjustments for impairment taken to: | | | | | | |
| a) net equity | — | — | — | — | — | — |
| b) profit and loss | — | — | — | — | — | — |
| C.4 Reductions in fair value taken to: | | | | | | |
| a) net equity | — | — | — | — | — | — |
| b) profit and loss | — | — | — | — | — | — |
| C.5 Reductions due to exchange rate differences | — | — | — | — | — | — |
| C.6 Transfers to: | | | | | | |
| a) tangible assets held for investment purposes | — | — | — | — | — | — |
| b) assets being sold | — | — | — | — | — | — |
| C.7 Other changes | — | 3,505 | — | — | — | 3,505 |
| D. Net closing balance | 83,637 | 170,032 | 9,423 | 5,383 | 2,314 | 270,789 |
| D.1 Total net value reductions | — | 15,046 | 8,725 | 4,279 | 1,768 | 29,818 |
| D.2 Gross closing balances | 83,637 | 185,078 | 18,148 | 9,662 | 4,082 | 300,607 |
| E. Stated at cost | — | — | — | — | — | — |

Section 13

Intangible assets

13.1 *Intangible assets by type*

| | 31/12/05 | | 30/6/05 | |
|------------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | Limited useful life | Unlimited useful life | Limited useful life | Unlimited useful life |
| A.1 Goodwill | — | — | — | — |
| A.1.1 attributable to Group | — | — | — | — |
| A.1.2 attributable to minorities | — | — | — | — |
| A.2 Other intangible assets | 4,377 | — | 5,557 | — |
| A.2.1 Assets stated at cost: | | | | |
| a) assets generated internally | — | — | — | — |
| b) other assets | 4,377 | — | 5,557 | — |
| A.2.2 Assets stated at fair value: | | | | |
| a) assets generated internally | — | — | — | — |
| b) other assets | — | — | — | — |
| | 4,377 | — | 5,557 | — |

13.2 Intangible assets: year-on-year changes

| | Goodwill | Other assets generated internally | | Other intangible assets | | Total |
|---|----------|-----------------------------------|-----------------------|-------------------------|-----------------------|--------|
| | | Limited useful life | Unlimited useful life | Limited useful life | Unlimited useful life | |
| A. Gross opening balance | — | — | — | 21,202 | — | 21,202 |
| A.1 Total net value reductions | — | — | — | 15,645 | — | 15,645 |
| A.2 Net opening balance | — | — | — | 5,557 | — | 5,557 |
| B. Increases: | — | — | — | 538 | — | 538 |
| B.1 Purchases | — | — | — | 538 | — | 538 |
| B.2 Increases in internally generated assets | — | — | — | — | — | — |
| B.3 Writebacks | — | — | — | — | — | — |
| B.4 Increases in fair value taken to: | | | | | | |
| a) net equity | — | — | — | — | — | — |
| b) profit and loss | — | — | — | — | — | — |
| B.5 Increases arising on exchange rates | — | — | — | — | — | — |
| B.6 Other changes | — | — | — | — | — | — |
| C. Reductions | — | — | — | 1,718 | — | 1,718 |
| C.1 Disposals | — | — | — | 11 | — | 11 |
| C.2 Value adjustments | — | — | — | 1,707 | — | 1,707 |
| – Amortization | — | — | — | — | — | — |
| – Writedowns | — | — | — | — | — | — |
| + Net equity | — | — | — | — | — | — |
| + Profit and loss | — | — | — | — | — | — |
| C.3 Reductions in fair value taken to: | | | | | | |
| a) net equity | — | — | — | — | — | — |
| b) profit and loss | — | — | — | — | — | — |
| C.4 Transfers to non-current assets being sold | — | — | — | — | — | — |
| C.5 Reductions due to exchange rate differences | — | — | — | — | — | — |
| C.6 Other changes | — | — | — | — | — | — |
| D. Net closing balance | — | — | — | 4,377 | — | 4,377 |
| D.1 Total net value adjustments | — | — | — | 17,352 | — | 17,352 |
| E. Gross closing balance | — | — | — | 21,729 | — | 21,729 |
| F. Stated at cost | — | — | — | — | — | — |

Section 14

Asset heading 140 and liability heading 80: Tax assets and liabilities

14.1 *Advance tax assets*

| | 31/12/05 | 30/6/05 |
|--------------------------------|----------|---------|
| Corporate income tax (IRES) | 138,095 | 128,785 |
| Regional production tax (IRAP) | 3,839 | 3,215 |
| | 141,934 | 132,000 |

14.3 *Changes in advance tax*

| | 31/12/05 | 30/6/05 |
|--|----------|---------|
| 1. Balance at start of period | 132,000 | 91,225 |
| IAS 39 first time adoption | 1,300 | — |
| 1. Opening balance | 133,300 | 91,225 |
| 2. Additions | | |
| 2.1 Advance tax originating in period | | |
| a) relating to previous years | 622 | — |
| b) due to changes in accounting policies | — | 9,840 |
| c) amounts recovered | — | — |
| d) other | 14,290 | 65,334 |
| 2.2 New taxes or increases in tax rates | 562 | — |
| 2.3 Other additions | 134 | — |
| 3. Reductions | | |
| 3.1 Advance tax reversed during period | | |
| a) reclassifications | 5,553 | 34,399 |
| b) amounts written off as unrecoverable | — | — |
| c) due to changes in accounting policies | — | — |
| 3.2 Reductions in tax rates | — | — |
| 3.3 Other reductions | 1,421 | — |
| 4. Balance at end of period | 141,934 | 132,000 |

14.4 *Current tax liabilities*

| | 31/12/05 | 30/6/05 |
|--------------------------------|----------|---------|
| Corporate income tax (IRES) | 79,485 | 62,963 |
| Regional production tax (IRAP) | 20,160 | 23,492 |
| Others | 10,802 | 17,328 |
| Total | 110,447 | 103,783 |

14.5 *Deferred tax liabilities*

| | 31/12/05 | 30/6/05 |
|--------------------------------|----------|---------|
| Corporate income tax (IRES) | 404,178 | 308,939 |
| Regional production tax (IRAP) | 7,207 | 3,925 |
| Total | 411,385 | 312,864 |

14.6 *Changes in deferred tax*

| | 31/12/05 | 30/6/05 |
|---|----------|---------|
| 1. Balance at start of period | 312,864 | 282,856 |
| IAS 39 first time adoption | 53,041 | — |
| 1. Opening balance | 365,905 | 282,856 |
| 2. Additions | | |
| 2.1 Deferred tax originating in period | | |
| a) relating to previous years | — | — |
| b) due to changes in accounting policies | — | — |
| c) other | 45,370 | 25,329 |
| 2.2 New taxes or increases in tax rates | 6,510 | — |
| 2.3 Transfers from deferred tax in equity | — | — |
| 2.4 Other additions | 200 | 6,599 |
| 3. Reductions | | |
| 3.1 Deferred tax reversed during period | | |
| a) reclassifications | — | — |
| b) due to changes in accounting policies | — | — |
| c) other | 6,600 | 1,307 |
| 3.2 Reductions in tax rates | — | — |
| 3.3 Transfers to deferred tax in equity | — | — |
| 3.4 Other reductions | — | 613 |
| 4. Balance at end of period | 411,385 | 312,864 |

Section 16

Heading 160: Other assets

16.1 Other assets

| | 31/12/05 | 30/6/05 |
|--|----------|---------|
| 1. Bills for collection | 64 | 8,038 |
| 2. Amounts due from revenue authorities | | |
| – taxes withheld | 8,357 | 8,432 |
| – advance payments | 54,087 | 58,897 |
| – tax credits | 3,442 | 8,824 |
| – VAT | 60,828 | 87,809 |
| – taxes recoverable | 21 | 28,428 |
| – interest on tax credit | 2,796 | 12,178 |
| Total amount due from revenue authorities | 129,531 | 204,568 |
| 3. Other amounts due | | |
| – securities drawn by lot, bonds and dividend coupons receivable | — | 488 |
| – premiums, grants, indemnities and other items relating to lending transactions | 13,084 | 11,899 |
| – futures and other securities transactions | 2,704 | 2,328 |
| – advance payments on deposit commissions | 4,991 | 4,722 |
| – other items in transit | 76,123 | 70,988 |
| – invoices to be collected or issued | 20,349 | 10,850 |
| Total other amounts due | 117,251 | 101,275 |
| 4. Interbank accounts, deferred value dates | 148 | 28 |
| 5. Other items | 20,449 | 269,127 |
| 6. Deposits paid on derivative products | 18,220 | 17,358 |
| 7. Adjustments on consolidation | — | — |
| | 285,663 | 600,394 |

Liabilities

Section 1

Heading 10: Due to banks

1.1 Due to banks

| | 31/12/05 | 30/6/05 |
|--|------------|-----------|
| 1. Due to central banks | 840,187 | 768,567 |
| 2. Due to banks | 12,259,531 | 7,158,347 |
| 2.1 Current accounts and demand deposits | 983,261 | 932,233 |
| 2.2 Term deposits | 3,021,611 | 1,147,737 |
| 2.3 Borrowings | 4,534,954 | 4,200,768 |
| 2.4 Amounts due under commitments to buy back treasury shares | — | — |
| 2.5 Liabilities in respect of assets sold but not derecognized | — | — |
| 2.6 Other amounts due to banks | 3,719,705 | 877,609 |
| | 13,099,718 | 7,926,914 |

Section 2

Heading 20: Due to customers

2.1 Due to customers

| | 31/12/05 | 30/6/05 |
|---|-----------|-----------|
| 1. Current accounts and demand deposits | 582,315 | 1,843,897 |
| 2. Term deposits | 1,324,424 | 1,354,187 |
| 3. Customers' funds managed on non-discretionary basis | — | — |
| 4. Borrowings | 11,170 | 66,252 |
| 5. Amounts due under commitments to buy back treasury shares | — | — |
| 6. Liabilities in respect of assets sold but not derecognized | 1,039,899 | — |
| 7. Other amounts due to customers | 771,777 | 353,688 |
| | 3,729,585 | 3,618,024 |

Section 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue

| | 31/12/05 | 30/6/05 |
|--------------------------|------------|------------|
| | Book value | Book value |
| A. Listed securities | 12,537,886 | 13,322,822 |
| 1. bonds | 12,537,886 | 13,322,822 |
| 2. other debt securities | — | — |
| B. Unlisted securities | 3,091,942 | 3,396,996 |
| 1. bonds | 2,678,971 | 2,916,443 |
| 2. other debt securities | 412,971 | 480,553 |
| | 15,629,828 | 16,719,818 |

Section 4

Heading 40: Trading liabilities

4.1 Trading liabilities

| | 31/12/05 | | 30/6/05 | |
|--------------------------|------------|-----------|------------|----------|
| | Fair value | | Fair value | |
| | Listed | Unlisted | Listed | Unlisted |
| A. Cash liabilities | | | | |
| 1. Due to banks | 141,320 | — | — | — |
| 2. Due to customers | 1,691,058 | 250,000 | 1,792,580 | — |
| 3. Debt securities | — | — | — | — |
| 3.1 Bonds | — | — | — | — |
| 3.2 Other | — | — | — | — |
| Total A | 1,832,378 | 250,000 | 1,792,580 | — |
| B. Derivative products | | | | |
| 1. Financial derivatives | 15,609 | 1,207,007 | 3,158 | 28,323 |
| 2. Credit derivatives | — | 15,766 | — | 14,842 |
| Total B | 15,609 | 1,222,773 | 3,158 | 43,165 |
| Total (A+B) | 1,847,987 | 1,472,773 | 1,795,738 | 43,165 |

4.4. Trading liabilities: derivative products

| Type of derivative/underlying asset | Interest rates | Foreign currency/gold | Equities | Loans | Other | 31/12/05 | 30/6/05 |
|--|----------------|-----------------------|----------------|---------------|---------------|------------------|---------------|
| A. Listed derivative products | | | | | | | |
| 1. Financial derivatives: | 10,673 | — | 4,936 | — | — | 15,609 | — |
| – with exchange of principal | | | | | | | |
| – options issued | — | — | — | — | — | — | — |
| – other derivatives | 3,991 | — | 4,936 | — | — | 8,927 | — |
| – without exchange of principal | | | | | | | |
| – options issued | — | — | — | — | — | — | — |
| – other derivatives | 6,682 | — | — | — | — | 6,682 | 3,158 |
| 2. Credit derivatives: | — | — | — | — | — | — | — |
| – with exchange of principal | — | — | — | — | — | — | — |
| – without exchange of principal | — | — | — | — | — | — | — |
| Total A | 10,673 | — | 4,936 | — | — | 15,609 | 3,158 |
| B. Unlisted derivative products | | | | | | | |
| 1. Financial derivatives: | 190,479 | 9,349 | 928,555 | — | 78,624 | 1,207,007 | 28,323 |
| – with exchange of principal | | | | | | | |
| – options issued | — | — | 26,922 | — | — | 26,922 | — |
| – other derivatives | — | 8,250 | — | — | 28,121 | 36,371 | — |
| – without exchange of principal | | | | | | | |
| – options issued | 2,091 | 1,099 | 896,682 | — | — | 899,872 | 28,323 |
| – other derivatives | 188,388 | — | 4,951 | — | 50,503 | 243,842 | — |
| 2. Credit derivatives: | — | — | — | 15,766 | — | 15,766 | 14,842 |
| – with exchange of principal | — | — | — | 14,546 | — | 14,546 | 14,842 |
| – without exchange of principal | — | — | — | 1,220 | — | 1,220 | — |
| Total B | 190,479 | 9,349 | 928,555 | 15,766 | 78,624 | 1,222,773 | 43,165 |
| Total (A+B) | 201,152 | 9,349 | 933,491 | 15,766 | 78,624 | 1,238,382 | 46,323 |

Section 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives by type of product and underlying asset

| Type of derivative/underlying asset | Interest rates | Foreign currency/gold | Equities | Loans | Others | Total |
|-------------------------------------|----------------|-----------------------|----------|-------|--------|---------|
| A) Listed derivative products | | | | | | |
| 1) Financial derivatives: | — | — | — | — | — | — |
| – with exchange of principal | | | | | | |
| – options issued | — | — | — | — | — | — |
| – other derivatives | — | — | — | — | — | — |
| – without exchange of principal | | | | | | |
| – options issued | — | — | — | — | — | — |
| – other derivatives | — | — | — | — | — | — |
| 2) Credit derivatives: | — | — | — | — | — | — |
| – with exchange of principal | — | — | — | — | — | — |
| – without exchange of principal | — | — | — | — | — | — |
| Total A | — | — | — | — | — | — |
| B) Unlisted derivative products | | | | | | |
| 1) Financial derivatives: | 627,691 | 4,143 | — | — | 2,143 | 633,977 |
| – with exchange of principal | | | | | | |
| – options issued | — | — | — | — | — | — |
| – other derivatives | — | 4,143 | — | — | — | 4,143 |
| – without exchange of principal | | | | | | |
| – options issued | — | — | — | — | 2,143 | 2,143 |
| – other derivatives | 627,691 | — | — | — | — | 627,691 |
| 2) Credit derivatives: | — | — | — | 4,330 | — | 4,330 |
| – with exchange of principal | — | — | — | 3,270 | — | 3,270 |
| – without exchange of principal | — | — | — | 1,060 | — | 1,060 |
| Total B | 627,691 | 4,143 | — | 4,330 | 2,143 | 638,307 |
| Total at 31/12/05 | 627,691 | 4,143 | — | 4,330 | 2,143 | 638,307 |
| Total at 30/6/05 | 55,211 | 2,802 | — | 45 | 181 | 58,239 |

6.2 Liability hedge derivatives by portfolio hedged and hedge type

| | Fair value hedges | | | | | Cash flow hedges | | |
|--|--------------------|--------------------|--------------|------------|--------------------|------------------|------------|----------|
| | Specific | | | | | General | Specific | General |
| | Interest rate risk | Exchange rate risk | Credit risk | Price risk | More than one risk | | | |
| 1. Financial assets available for sale | — | — | — | — | — | — | — | — |
| 2. Loans and receivables | 22,119 | — | 1,417 | — | — | — | 228 | — |
| 3. Financial assets held to maturity | — | — | — | — | — | — | — | — |
| 4. Collective | — | — | — | — | — | — | — | — |
| Total assets | 22,119 | — | 1,417 | — | — | — | 228 | — |
| 1. Financial liabilities | 612,606 | — | 1,937 | — | — | — | — | — |
| 2. Collective | — | — | — | — | — | — | — | — |
| Total liabilities | 612,606 | — | 1,937 | — | — | — | — | — |

Section 10

Other liabilities

10.1 Other liabilities

| | 31/12/05 | 30/6/05 |
|---|------------------|------------------|
| 1. Bills for collection | 15 | 18 |
| 2. Amounts payable in respect of: | | |
| – coupons and dividends awaiting collection | 2,134 | 2,067 |
| – commissions payable to banks | 60 | 75 |
| – commissions payable to participants in underwriting syndicates | 2,179 | 2,725 |
| – sums available to pay third parties | 27,977 | 22,273 |
| – invoices pending collection or issue | 176,225 | 149,779 |
| – premiums, grants, and other items relating to lending transactions | 13,207 | 25,337 |
| 3. Amounts due to revenue authorities | 28,145 | 32,431 |
| 4. Wages accrued, contributions and amounts withheld from staff and third parties for payment | 26,253 | 32,125 |
| 5. Interbank accounts, deferred value dates | 6 | 85 |
| 6. Deposits paid on derivative products (marked to market) | 856,481 | 859,806 |
| 7. Other items | 150,260 | 482,883 |
| 8. Adjustments on consolidation | — | — |
| | 1,282,942 | 1,609,604 |

Section 11

Heading 110: Staff severance indemnity provision

11.1 *Staff severance indemnity provision: year-on-year changes*

| | 31/12/05 | 30/6/05 |
|---------------------------------|----------|---------|
| A. Balance at start of period | 36,252 | 33,139 |
| B. Additions | 4,680 | 9,239 |
| B.1 Transfers during the period | 4,528 | 8,101 |
| B.2 Other additions | 152 | 1,138 |
| C. Reductions | 6,147 | 6,126 |
| C.1 Indemnities paid | 4,783 | 6,126 |
| C.2 Other reductions | 1,364 | — |
| D. Balance at end of period | 34,785 | 36,252 |

Section 12

Heading 120: Provisions for liabilities and charges

12.1 *Provisions for liabilities and charges*

| | 31/12/05 | 30/6/05 |
|--|----------|---------|
| 1. Company post-employment benefit provisions | — | — |
| 2. Other provisions for liabilities and charges: | 152,839 | 153,369 |
| 2.1 litigation | 40 | 41 |
| 2.2 staff-related | — | — |
| 2.3 others | 152,799 | 153,328 |
| | 152,839 | 153,369 |

12.2 *Provisions for liabilities and charges: year-on-year changes*

| | Post-employment benefits | Other provisions |
|---|--------------------------|------------------|
| A. Balance at start of period | — | 153,369 |
| B. Additions: | — | 814 |
| B.1 Transfers during the period | — | 814 |
| B.2 Additions due to passing of time | — | — |
| B.3 Additions due to variations in discount rate | — | — |
| B.4 Other additions | — | — |
| C. Reductions | — | 1,344 |
| C.1 Amounts withdrawn during period | — | 161 |
| C.2 Reductions due to variations in discount rate | — | — |
| C.3 Other reductions | — | 1,183 |
| D. Balance at end of period | — | 152,839 |

12.4 *Provisions for liabilities and charges: other provisions*

| | Litigation | Staff-related | Other provisions | Total |
|--|------------|---------------|------------------|---------|
| A. Balance at start of period | 41 | — | 153,328 | 153,369 |
| Net difference due to changes in area of consolidation | — | — | — | — |
| Pro-forma opening balance | 41 | — | 153,328 | 153,369 |
| B. Additions | 15 | — | 799 | 814 |
| B.1 Transfers during period | 15 | — | 799 | 814 |
| B.2 Additions due to passing of time | — | — | — | — |
| B.3 Additions due to variations in discount rate | — | — | — | — |
| B.4 Other additions | — | — | — | — |
| C. Reductions | 16 | — | 1,328 | 1,344 |
| C.1 Amounts withdrawn during period | 16 | — | 145 | 161 |
| C.2 Reductions due to variations in discount rate | — | — | — | — |
| C.3 Other reductions | — | — | 1,183 | 1,183 |
| Differences arising upon conversion | — | — | — | — |
| D. Balance at end of period | 40 | — | 152,799 | 152,839 |

Section 15

Headings 140, 160, 170, 180, 190, 200 and 220: Net equity

15.1 Consolidated net equity

| | 31/12/05 | 30/6/05 |
|---|-----------|-----------|
| 1. Share capital | 398,345 | 397,478 |
| 2. Share premium reserve | 1,948,033 | 1,933,331 |
| 3. Reserves | 3,063,300 | 2,708,792 |
| 4. Treasury shares | (434) | (434) |
| a) Mediobanca | — | — |
| b) Group companies | (434) | (434) |
| 5. Revaluation reserves | 286,920 | 13,514 |
| 6. Equity instruments | — | — |
| 7. Profit (loss) for the period attributable to Group | 515,376 | 713,953 |
| | 6,211,540 | 5,766,634 |

15.6 Revaluation reserves

| | 31/12/05 | 30/6/05 |
|--|----------|---------|
| 1. Financial assets available for sale | 238,244 | — |
| 2. Tangible assets | — | — |
| 3. Intangible assets | — | — |
| 4. Foreign investment hedges | — | — |
| 5. Cash flow hedges | 35,276 | — |
| 6. Exchange rate differences | — | — |
| 7. Non-current assets being sold | — | — |
| 8. Special revaluation laws | 13,514 | 13,514 |
| 9. Staff severance indemnity provision actuarial reserve | (114) | — |
| | 286,920 | 13,514 |

15.7 *Revaluation reserves: year-on-year changes*

| | Financial assets available for sale | Cash flow hedges | Exchange rate differences | SSIP actuarial reserve | Special revaluation reserves |
|-------------------------------|-------------------------------------|------------------|---------------------------|------------------------|------------------------------|
| A. Balance at start of period | — | — | — | — | 13,514 |
| IAS 39 first time adoption | 332,965 | 30,821 | — | — | — |
| A. Opening balance | 332,965 | 30,821 | — | — | 13,514 |
| B. Additions | 162,005 | 20,187 | — | 94 | — |
| B.1 Increases in fair value | 162,005 | 20,187 | — | — | — |
| B.2 Other additions | — | — | — | 94 | — |
| C. Reductions | 256,726 | 15,732 | — | 208 | — |
| C.1 Reductions in fair value | 92,478 | 15,732 | — | — | — |
| C.2 Other reductions | 164,248 | — | — | 208 | — |
| D. Closing balance | 238,244 | 35,276 | — | (114) | 13,514 |

15.8 *Revaluation reserves for financial assets available for sale*

| | 31/12/05 | |
|--------------------|----------|---------|
| | Surplus | Deficit |
| 1. Debt securities | 51,547 | 16,522 |
| 2. Equities | 293,335 | 90,116 |
| 3. OICR units | — | — |
| 4. Loans | — | — |
| | 344,882 | 106,638 |

15.9 *Revaluation reserves for financial assets available for sale: year-on-year changes*

| | Debt securities | Equities |
|---|-----------------|----------|
| 1. Balance at start of period | — | — |
| IAS 39 first time adoption | 35,543 | 297,422 |
| 1. Opening balance | 35,543 | 297,422 |
| 2. Additions | 21,371 | 140,634 |
| 2.1 Increases in fair value | 21,371 | 140,634 |
| 2.2 Shortfalls taken to profit and loss | — | — |
| – from impairment | — | — |
| – from disposals | — | — |
| 2.3 Other additions | — | — |
| 3. Reductions | 21,889 | 234,837 |
| 3.1 Reductions in fair value | 10,664 | 81,814 |
| 3.2 Impairment adjustments | — | — |
| 3.3 Surplus reserves taken to profit and loss: from disposals | 11,225 | 153,023 |
| 3.4 Other reductions | — | — |
| 4. Closing balance | 35,025 | 203,219 |

Other information

1. *Guarantees and commitments*

| | 31/12/05 | 30/6/05 |
|--|------------|------------|
| 1. Financial guarantees given to: | 1,523,180 | 618,804 |
| a) banks | 809,460 | 12,049 |
| b) customers | 713,720 | 606,755 |
| 2. Commercial guarantees given to: | — | 2,162 |
| a) banks | — | — |
| b) customers | — | 2,162 |
| 3. Irrevocable commitments to lend funds to: | 22,949,439 | 17,874,580 |
| a) banks | 7,078,128 | 4,578,088 |
| i) specific | 5,104,658 | 2,605,007 |
| ii) stand-by basis | 1,973,470 | 1,973,081 |
| b) customers | 15,871,311 | 13,296,492 |
| i) specific | 9,191,501 | 6,357,889 |
| ii) stand-by basis | 6,679,810 | 6,938,603 |
| 4. Commitments underlying credit derivatives: hedge sales | 294,238 | 1,244,147 |
| 5. Assets pledged as collateral for third parties' obligations | — | — |
| 6. Other commitments | 113,029 | 120,712 |
| | 24,879,886 | 19,860,405 |

2. Assets pledged as collateral for own obligations and commitments

| | 31/12/05 | 30/6/05 |
|--|-----------|-----------|
| 1. Financial assets held for trading | 3,609,062 | 1,195,673 |
| 2. Financial assets at fair value | — | — |
| 3. Financial assets available for sale | — | — |
| 4. Financial assets held to maturity | — | — |
| 5. Due to banks | — | — |
| 6. Due to customers | 78,100 | 86,900 |
| 7. Tangible assets | — | — |

5. Assets managed and traded for clients

| | 31/12/05 | 30/6/05 |
|--|------------|------------|
| 1. Securities traded for clients | 27,027,497 | 30,780,669 |
| a) purchases | 13,055,385 | 15,132,153 |
| 1. settled | 12,215,687 | 14,349,355 |
| 2. pending settlements | 839,698 | 782,798 |
| b) disposals | 13,972,112 | 15,648,516 |
| 1. settled | 13,132,414 | 14,865,718 |
| 2. pending settlement | 839,698 | 782,798 |
| 2. Asset management ⁽¹⁾ | 4,334,000 | 4,310,000 |
| a) individuals | 4,334,000 | 4,310,000 |
| b) groups | — | — |
| 3. Securities managed on a discretionary/non-discretionary basis | 20,163,438 | 26,363,376 |
| a) clients' securities held on deposit in connection with the Bank's activity as deposit bank (excluding assets under management) ⁽²⁾ | 8,148,134 | 13,175,355 |
| 1. securities issued by consolidated companies | 445,716 | 388,835 |
| 2. other securities | 7,702,418 | 12,786,520 |
| b) other clients' securities held on deposit (excluding assets under management): others | — | — |
| 1. securities issued by consolidated companies | — | — |
| 2. other securities | — | — |
| c) clients' securities deposited with clients | 6,233,098 | 4,549,493 |
| d) shares owned on deposit with clients | 5,782,206 | 8,638,528 |
| 4. Other transactions | — | — |

⁽¹⁾ For information purposes only, the Banca Esperia group had assets under management totalling € 7,982,000,000 (30/6/05: € 6,487,000,000).

⁽²⁾ For information purposes only, the Banca Esperia group managed securities on a non-discretionary basis worth € 1,258,000,000 (30/6/05: € 1,128,000,000).

NOTES TO THE PROFIT AND LOSS ACCOUNT

Section 1

Headings 10 and 20: Net interest income

1.1 *Interest and similar income*

| | Performing assets | | Impaired assets | Other assets | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|---|-------------------|--------------------|-----------------|--------------|--------------------|--------------------|
| | Debt securities | Loans and advances | | | | |
| 1. Financial assets held for trading | 82,638 | — | — | — | 82,638 | 114,953 |
| 2. Financial assets at fair value | — | — | — | — | — | — |
| 3. Financial assets available for sale | 36,106 | — | — | — | 36,106 | 9,427 |
| 4. Financial assets held to maturity | 10,710 | — | — | — | 10,710 | — |
| 5. Due from banks | — | 5,402 | — | 21,712 | 27,114 | 67,513 |
| 6. Due from customers | — | 445,080 | 661 | 20,599 | 466,340 | 408,954 |
| 7. Hedging derivatives | — | — | — | 277,742 | 277,742 | 155,295 |
| 8. Financial assets sold but not derecognized | — | — | — | 31,753 | 31,753 | — |
| 9. Other assets | — | — | — | 273 | 273 | 46 |
| | 129,454 | 450,482 | 661 | 352,079 | 932,676 | 756,188 |

1.4 *Interest expense and similar charges*

| | Payables | Securities | Other liabilities | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|---|----------|------------|-------------------|--------------------|--------------------|
| 1. Due to banks | (60,715) | — | — | (60,715) | (56,218) |
| 2. Due to customers | (15,252) | — | (15,989) | (31,241) | (43,729) |
| 3. Debt securities | — | (410,491) | — | (410,491) | (293,369) |
| 4. Trading liabilities | — | — | (54,018) | (54,018) | (38,873) |
| 5. Liabilities at fair value | — | — | — | — | — |
| 6. Liabilities in respect of assets being sold but not yet derecognized | — | — | (25,491) | (25,491) | — |
| 7. Other liabilities | — | — | (12) | (12) | (22) |
| 8. Hedging derivatives | — | — | (150,644) | (150,644) | (89,574) |
| | (75,967) | (410,491) | (246,154) | (732,612) | (521,785) |

Section 2

Headings 40 and 50: Net fee income

2.1 Fee and commission income

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|--|--------------------|--------------------|
| a) guarantees given | 1,911 | 1,322 |
| b) credit derivatives | 755 | 2,136 |
| c) management, trading and advisory services: | 151,714 | 114,779 |
| 1. securities dealing | 20,165 | 15,926 |
| 2. currency dealing | 35 | 30 |
| 3. asset management ⁽¹⁾ | 2,778 | 2,256 |
| 3.1 private individuals | 2,778 | 2,256 |
| 3.2 groups | — | — |
| 4. securities under custody and non-discretionary management | 1,892 | 1,705 |
| 5. bank deposits | — | — |
| 6. securities placing | 19,048 | 35,675 |
| 7. procurement of orders | — | — |
| 8. advisory services | 101,215 | 52,790 |
| 9. agency fees | 6,581 | 6,397 |
| 9.1 asset management | — | — |
| 9.1.1 private individuals | 6,581 | 6,397 |
| 9.1.2 groups | — | — |
| 9.2 insurance products | — | — |
| 9.3 other products | — | — |
| d) collection and payment services | 269 | 231 |
| e) securitization servicing | 329 | 361 |
| f) factoring services | — | — |
| g) tax collection and receipt services | — | — |
| h) other services | 2,095 | 2,499 |
| | 157,073 | 121,328 |

⁽¹⁾ For information purposes only, the Banca Esperia group generated management fees of € 31,306,000 (31/12/04; € 26,641,000).

2.2 Fee and commission income: product/service distribution channels

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|------------------------------------|--------------------|--------------------|
| a) on the Bank's own premises: | 28,407 | 44,328 |
| 1. asset management ⁽¹⁾ | 2,778 | 2,256 |
| 2. securities placing | 19,048 | 35,675 |
| 3. agency fees | 6,581 | 6,397 |
| b) elsewhere: | — | — |
| 1. asset management | — | — |
| 2. securities placing | — | — |
| 3. agency fees | — | — |
| c) other distribution channels: | — | — |
| 1. asset management | — | — |
| 2. securities placing | — | — |
| 3. agency fees | — | — |
| | 28,407 | 44,328 |

⁽¹⁾ For information purposes only, the Banca Esperia group generated management fees of € 31,306,000 (31/12/04: € 26,641,000).

2.3 Fee and commission expense

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|--|--------------------|-------------------------|
| a) guarantees received | — | — |
| b) credit derivatives | (34) | (656) |
| c) management and services: | (4,301) | (2,465) |
| 1. securities dealing | (3,040) | (1,398) |
| 2. currency dealing | — | — |
| 3. asset management: | (1) | (1) |
| 3.1 own portfolio | — | — |
| 3.2 clients' portfolios | (1) | (1) |
| 4. securities custody and non-discretionary management | (1,051) | (1,001) |
| 5. securities placing | (209) | (65) |
| 6. door-to-door sales of securities, products and services | — | — |
| d) collection and payment services | (4,218) | (132) |
| e) other services | (3,349) | (22,733) ⁽¹⁾ |
| | (11,902) | (25,986) |

⁽¹⁾ € 17,529,000 of which in dealers' fees.

Section 3

Heading 70: Dividends and similar income

3.1 Dividends and similar income

| | 6 mths to 31/12/05 | | 6 mths to 31/12/04 | |
|--|--------------------|------------------------|--------------------|------------------------|
| | Dividends | Income from OICR units | Dividends | Income from OICR units |
| A. Financial assets held for trading | 14,465 | — | 3,129 | — |
| B. Financial assets available for sale | 3,088 | — | 14 | — |
| C. Financial assets at fair value | — | — | — | — |
| D. Equity investments | — | — | — | — |
| | 17,553 | — | 3,143 | — |

Section 4

Heading 80: Net trading income

4.1 Net trading income

| | Gains | Dealing profits | Adjustments | Dealing losses | Net income |
|--|---------|-----------------|-------------|----------------|------------|
| 1. Trading assets | | | | | |
| 1.1 Debt securities | 21,487 | 80,258 | (30,437) | (35,310) | 35,998 |
| 1.2 Equities | 63,259 | 30,146 | (3,406) | (54,960) | 35,039 |
| 1.3 OICR units | — | — | — | — | — |
| 1.4 Loans and receivables | — | — | — | — | — |
| 1.5 Others | — | — | — | — | — |
| 2. Trading liabilities | | | | | |
| 2.1 Debt securities | — | — | — | — | — |
| 2.2 Payables | 6,130 | — | (51,360) | — | (45,230) |
| 2.3 Other | — | — | — | — | — |
| 3. Other financial assets and liabilities: exchange rate differences | 19,542 | — | (3,325) | — | 16,217 |
| 4. Derivative products | | | | | |
| 4.1 Financial derivatives: | | | | | |
| – on debt securities/interest rates | 57,602 | 152,075 | (6,782) | (153,452) | 49,443 |
| – on equities/share indexes | 54,642 | 354,841 | (84,015) | (301,315) | 24,153 |
| – on foreign currency/gold | 22,347 | — | (35,922) | — | (13,575) |
| – others | — | — | — | — | — |
| 4.2 Credit derivatives | — | 1,767 | (1,530) | (1,479) | (1,242) |
| | 245,009 | 619,087 | (216,777) | (546,516) | 100,803 |
| | 106,270 | 528,124 | (93,397) | (452,956) | 88,041 |

Section 5

Heading 90: Net hedging income

5.1 *Net hedging income*

| | 6 mths to 31/12/05 |
|--|--------------------|
| A. Income from: | |
| A.1 Fair value hedge derivatives | 717,544 |
| A.2 Financial assets hedged (fair value) | 113,785 |
| A.3 Financial liabilities hedged (fair value) | 2,332,342 |
| A.4 Cash flow hedge financial derivatives | — |
| A.5 Assets and liabilities in foreign currency | — |
| Total hedging income (A) | 3,163,671 |
| B. Expenses relating to: | |
| B.1 Fair value hedge derivatives | (896,153) |
| B.2 Financial assets hedged (fair value) | (120,494) |
| B.3 Financial liabilities hedged (fair value) | (2,075,259) |
| B.4 Cash flow hedge financial liabilities | — |
| B.5 Assets and liabilities in foreign currency | — |
| Total hedging expenses (B) | (3,091,906) |
| C. Net hedging income (A-B) | 71,765 |

Section 6

Heading 100: Gains (losses) on disposals/repurchases

6.1 Gains (losses) on disposals/repurchases

| | 6 mths to 31/12/05 | | | 6 mths to 31/12/04 | | |
|--|--------------------|-----------------|-------------------|--------------------|----------|-------------------|
| | Gains | Losses | Net profit (loss) | Gains | Losses | Net profit (loss) |
| Financial assets | | | | | | |
| 1. Due from banks | — | — | — | — | — | — |
| 2. Due from customers | — | — | — | — | — | — |
| 3. Financial assets available for sale | 191,707 | (74,054) | 117,653 | 31,857 | — | 31,857 |
| 3.1 Debt securities | 17,899 | (12,153) | 5,746 | — | — | — |
| 3.2 Equities | 173,808 | (61,901) | 111,907 | 31,857 | — | 31,857 |
| 3.3 OICR units | — | — | — | — | — | — |
| 3.4 Loans and receivables | — | — | — | — | — | — |
| 4. Financial assets held to maturity | — | — | — | — | — | — |
| Total assets | 191,707 | (74,054) | 117,653 | 31,857 | — | 31,857 |
| Financial liabilities | | | | | | |
| 1. Due to banks | — | — | — | — | — | — |
| 2. Due to customers | — | — | — | — | — | — |
| 3. Securities in issue | 8,454 | (2,228) | 6,226 | — | — | — |
| Total liabilities | 8,454 | (2,228) | 6,226 | — | — | — |

Section 8

Heading 130: Adjustments for impairment

8.1 Adjustments for impairment to loans and advances

| | Charges | | | Amounts recovered | | | | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|-----------------------|------------------------|----------|------------|-------------------|-------|------------|-----|-----------------------|-----------------------|
| | Individual | | Collective | Individual | | Collective | | | |
| | Amounts written off | Other | | A | B | A | B | | |
| A. Due from banks | — | — | — | — | — | — | — | — | |
| B. Due from customers | (27,621) | (12,593) | (20,055) | 85 | 7,758 | — | 919 | (51,507) | |
| C. Total | (27,621) | (12,593) | (20,055) | 85 | 7,758 | — | 919 | (42,432) | |

Legend

A = interest

B = other amounts recovered

8.3 Adjustments for impairment to financial assets held to maturity

| | Charges | | | Amounts recovered | | | | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|-----------------------|-------------|-------|------------|-------------------|---|------------|---|-----------------------|-----------------------|
| | Individual | | Collective | Individual | | Collective | | | |
| | Written off | Other | | A | B | A | B | | |
| A. Debt securities | — | (293) | — | 287 | — | — | — | (6) | |
| B. Due from banks | — | — | — | — | — | — | — | — | |
| C. Due from customers | — | — | — | — | — | — | — | — | |
| D. Total | — | (293) | — | 287 | — | — | — | (6) | |

Legend

A = interest

B = other amounts recovered

8.4 Adjustments for impairment from other financial transactions

| | Amounts charged | | | Amounts recovered | | | | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|-------------------------------------|------------------------|--------|------------|-------------------|---|------------|---|-----------------------|-----------------------|
| | Individual | | Collective | Individual | | Collective | | | |
| | Amounts written off | Others | | A | B | A | B | | |
| A. Guarantees given | — | — | — | — | — | — | — | — | |
| B. Credit derivatives | — | — | — | — | — | — | — | — | |
| C. Commitments to disburse funds | — | — | — | — | — | — | — | — | |
| D. Other transactions | — | — | — | — | — | — | — | (1,203) | |
| E. Total | — | — | — | — | — | — | — | (1,203) | |

Legend

A = interest

B = other amounts recovered

Section 11

Heading 180: Administrative expenses

11.1 *Personnel costs*

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|---|--------------------|--------------------|
| 1. Employees | | |
| a) wages and salaries | (66,274) | (70,117) |
| b) social security charges | (16,536) | (15,301) |
| c) severance indemnities | — | — |
| d) pension contributions | — | — |
| e) transfers to severance indemnity provision | (4,528) | (3,736) |
| f) transfers to post-employment and similar benefits provision: | — | — |
| – defined contribution | — | — |
| – defined benefit | — | — |
| g) payments to outside complementary pension schemes: | (3,168) | (2,532) |
| – defined contribution | (3,168) | (2,532) |
| – defined benefit | — | — |
| h) expenses incurred in connection with share payment schemes | — | — |
| i) other staff benefits | — | — |
| 2. Other staff | (638) | (925) |
| 3. Directors | (3,894) | (4,573) |
| | (95,038) | (97,184) |

11.2 *Average number of staff*

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|--------------------|--------------------|--------------------|
| Employees: | | |
| a) Managerial | 104 | 103 |
| b) Supervisory | 644 | 575 |
| of which: senior | 334 | 332 |
| c) Other employees | 888 | 887 |
| Other staff | 56 | 50 |
| | 1,692 | 1,615 |

11.5 Other administrative expenses

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|---|--------------------|--------------------|
| OTHER ADMINISTRATIVE EXPENSES | | |
| – outside consultants' fees | (6,504) | (6,297) |
| – legal fees due in respect of credit recovery | (7,448) | (6,715) |
| – share and bond administration | (982) | (689) |
| – advertising | (5,830) | (4,813) |
| – research and publications | (637) | (1,259) |
| – charitable donations | (450) | (331) |
| – rent | (3,258) | (3,342) |
| – maintenance, repairs and refurbishment | (3,206) | (3,436) |
| – service lease instalments | (660) | (852) |
| – financial information subscriptions | (2,761) | (4,669) |
| – stationery and printing | (1,296) | (911) |
| – membership subscriptions | (133) | (121) |
| – postal, telephone, fax and telex charges | (3,349) | (2,998) |
| – newspapers, magazines and library acquisitions | (240) | (223) |
| – travel and entertainment | (2,985) | (3,082) |
| – other staff expenses | (3,064) | (3,499) |
| – utilities | (1,108) | (621) |
| – EDP costs | (12,231) | (7,324) |
| – bank charges | (6,855) | (4,055) |
| – transport | (188) | (144) |
| – outsourced activities | (1,169) | (615) |
| – expensed assets | (303) | (232) |
| – other expenses | (5,391) | (2,924) |
| Total other expenses | (70,048) | (59,152) |
| – indirect and other taxes | | |
| - asset tax | — | — |
| - substitutive and registration taxes, franking of reserves | — | — |
| - substitutive tax and sundry other taxes | (8,183) | (6,726) |
| Total indirect tax | (8,183) | (6,726) |
| Total other administrative expenses | (78,231) | (65,878) |

Section 13

Heading 200: Net adjustments to tangible assets

13.1 *Net adjustments to tangible assets*

| | Depreciation | Adjustments for impairment | Amounts recovered | Net amount |
|------------------------------------|--------------|-------------------------------|----------------------|------------|
| A. Tangible assets | | | | |
| A.1 Owned: | | | | |
| – core | (4,728) | — | — | (4,728) |
| – investment | (246) | — | — | (246) |
| A.2 Acquired under finance leases: | | | | |
| – core | — | — | — | — |
| – investment | — | — | — | — |
| | (4,974) | — | — | (4,974) |

Section 14

Heading 210: Net adjustments to intangible assets

14.1 *Net adjustments to intangible assets*

| | Depreciation | Adjustments for impairment | Amounts recovered | Net amount |
|----------------------|--------------|-------------------------------|----------------------|------------|
| A. Intangible assets | | | | |
| A.1 Owned: | | | | |
| – software | (1,707) | — | — | (1,707) |
| – other | — | — | — | — |
| A.2 Goodwill | — | — | — | — |
| | (1,707) | — | — | (1,707) |

Section 15

Heading 220: Other operating income (expenses)

15.1 Other operating income (expenses)

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|------------------------------|--------------------|--------------------|
| a) Income from leasing | 2,650 | 3,187 |
| b) Recovered expenses | 8,418 | 5,448 |
| c) Other income | 16,463 | 33,138 |
| d) Sundry costs and expenses | (6,673) | (1,131) |
| | 20,858 | 40,642 |

Section 16

Heading 240: Gains (losses) on equity investments

16.1 Gains (losses) on equity investments

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|---|--------------------|--------------------|
| 1. Jointly-controlled operations | | |
| A. Income | | |
| 1. Revaluations | — | — |
| 2. Gains on disposal | — | — |
| 3. Amounts recovered | — | — |
| 4. Other increases | — | — |
| B. Expenses | | |
| 1. Charges | — | — |
| 2. Adjustments for impairment | — | — |
| 3. Losses on disposal | — | — |
| 4. Other reductions | — | — |
| Net income | — | — |
| 2. Companies subject to significant influence | | |
| A. Income | | |
| 1. Revaluations | 180,856 | 113,170 |
| 2. Gains on disposal | — | — |
| 3. Amounts recovered | — | — |
| 4. Other increases | — | — |
| B. Expenses | | |
| 1. Charges | (141) | (71) |
| 2. Adjustments for impairment | — | — |
| 3. Losses on disposal | — | — |
| 4. Other reductions | — | — |
| Net gain (loss) on equity investments | 180,715 | 113,099 |
| | 180,715 | 113,099 |

Section 19

Heading 270: Net gain (loss) upon disposal of investments

19.1 *Net gain (loss) upon disposal of investments*

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|----------------------|--------------------|--------------------|
| A. Property | | |
| – gains on disposal | 517 | — |
| – losses on disposal | — | — |
| B. Other investments | | |
| – gains on disposal | 12 | 5 |
| – losses on disposal | — | (57) |
| Net gain (loss) | 529 | (52) |

Section 20

Heading 290: Income tax on ordinary activities

20.1 *Income tax on ordinary activities*

| | 6 mths to 31/12/05 | 6 mths to 31/12/04 |
|--|--------------------|--------------------|
| 1. Current taxes | (75,567) | (94,563) |
| 2. Changes in current tax for previous financial years | — | (4,046) |
| 3. Decrease in current tax for period | — | — |
| 4. Changes in advance tax | (22,935) | (313) |
| 5. Changes in deferred tax | (12,027) | 1,748 |
| | (110,529) | (97,174) |

SEGMENTAL INFORMATION

CREDIT QUALITY

A.1 *Performing loan impairment: amounts, adjustments, movements, breakdown by performance/geographical region*

A.1.1 *Financial assets by portfolio and credit quality (book value)*

| | Non-performing | Potential problem | Restructured | Overdue | To countries at risk | Other assets | Total |
|--|----------------|-------------------|--------------|---------|----------------------|--------------|------------|
| 1. Financial assets held for trading | — | — | — | — | — | 7,858,178 | 7,858,178 |
| 2. Financial assets available for sale | — | — | — | — | — | 4,882,553 | 4,882,553 |
| 3. Financial assets held to maturity | — | — | — | — | — | 594,124 | 594,124 |
| 4. Due from banks | 127 | — | — | — | — | 5,209,851 | 5,209,978 |
| 5. Due from customers | 79,620 | 15,018 | 2,511 | 6,989 | 19,574 | 21,641,990 | 21,765,702 |
| 6. Financial assets at fair value | — | — | — | — | — | — | — |
| 7. Financial assets being sold | — | — | — | — | — | — | — |
| 8. Hedging derivatives | — | — | — | — | — | 1,336,164 | 1,336,164 |
| Total at 31/12/05 | 79,747 | 15,018 | 2,511 | 6,989 | 19,574 | 41,522,860 | 41,646,699 |
| Total at 30/6/05 | 75,372 | 5,217 | 1,252 | 2,685 | — | 34,953,454 | 35,037,980 |

A.1.2 *Financial assets by portfolio and credit quality (gross/net values)*

| | Impaired assets | | | | Other assets | | | Total net exposure |
|--|-----------------|------------------------|------------------------|--------------|----------------|------------------------|--------------|--------------------|
| | Gross exposure | Individual adjustments | Collective adjustments | Net exposure | Gross exposure | Collective adjustments | Net exposure | |
| 1. Financial assets held for trading | — | — | — | — | 7,858,178 | — | 7,858,178 | 7,858,178 |
| 2. Financial assets available for sale | — | — | — | — | 4,882,553 | — | 4,882,553 | 4,882,553 |
| 3. Financial assets held to maturity | — | — | — | — | 594,124 | — | 594,124 | 594,124 |
| 4. Due from banks | 127 | — | — | 127 | 5,209,851 | — | 5,209,851 | 5,209,978 |
| 5. Due from customers | 197,142 | 59,814 | 33,190 | 104,138 | 21,757,442 | 95,878 | 21,661,564 | 21,765,702 |
| 6. Financial assets at fair value | — | — | — | — | — | — | — | — |
| 7. Financial assets being sold | — | — | — | — | — | — | — | — |
| 8. Hedging derivatives | — | — | — | — | 1,336,164 | — | 1,336,164 | 1,336,164 |
| Total at 31/12/05 | 197,269 | 59,814 | 33,190 | 104,265 | 41,638,312 | 95,878 | 41,542,434 | 41,646,699 |
| Total at 30/6/05 | 159,550 | 49,792 | 25,232 | 84,526 | 35,034,111 | 80,657 | 34,953,454 | 35,037,980 |

A.1.3 Due from banks: cash amounts and off-balance-sheet items (gross/net values)

| | Gross exposure | Individual adjustments | Collective adjustments | Net exposure |
|----------------------------------|----------------|------------------------|------------------------|--------------|
| A. Cash amounts due | | | | |
| a) Non-performing | 127 | — | — | 127 |
| b) Potential problem | — | — | — | — |
| c) Restructured | — | — | — | — |
| d) Overdue | — | — | — | — |
| e) To countries at risk | — | — | — | — |
| f) Other assets | 5,209,851 | — | — | 5,209,851 |
| Total A | 5,209,978 | — | — | 5,209,978 |
| B. Off-balance-sheet items | | | | |
| a) Impaired | — | — | — | — |
| b) Other off-balance-sheet items | — | — | — | — |
| Total B | — | — | — | — |

A.1.4 Cash amounts due from banks: movements in gross impaired loans and loans to countries at risk

| | Non-performing | Potential problem | Restructured | Overdue | To countries at risk |
|---|----------------|-------------------|--------------|---------|----------------------|
| A. Gross exposure at 30/6/05 | 127 | — | — | — | — |
| – of which: | | | | | |
| accounts sold but not written off | — | — | — | — | — |
| B. Additions | — | — | — | — | — |
| B.1 Transfers from performing loans | — | — | — | — | — |
| B.2 Transfers from other categories of impaired asset | — | — | — | — | — |
| B.3 Other additions | — | — | — | — | — |
| C. Reductions | — | — | — | — | — |
| C.1 Transfers to performing loans | — | — | — | — | — |
| C.2 Amounts written off | — | — | — | — | — |
| C.3 Amounts collected | — | — | — | — | — |
| C.4 Proceeds from receivables sold | — | — | — | — | — |
| C.5 Transfers to other categories of impaired asset | — | — | — | — | — |
| C.6 Other reductions | — | — | — | — | — |
| D. Gross exposure at 31/12/05 | 127 | — | — | — | — |
| – of which: | | | | | |
| accounts sold but not written off | — | — | — | — | — |

A.1.6 Due from customers: cash amounts and off-balance-sheet items (gross/net values)

| | Gross exposure | Individual adjustments | Collective adjustments | Net exposure |
|----------------------------------|----------------|------------------------|------------------------|--------------|
| A. Cash amounts due | | | | |
| a) Non-performing | 148,881 | 51,957 | 17,304 | 79,620 |
| b) Potential problem | 31,799 | 4,260 | 12,521 | 15,018 |
| c) Restructured | 2,627 | 54 | 62 | 2,511 |
| d) Overdue | 13,835 | 3,543 | 3,303 | 6,989 |
| e) To countries at risk | 19,574 | — | — | 19,574 |
| f) Other assets | 21,737,868 | — | 95,878 | 21,641,990 |
| Total A | 21,954,584 | 59,814 | 129,068 | 21,765,702 |
| B. Off-balance-sheet items | | | | |
| a) Impaired | — | — | — | — |
| b) Other off-balance-sheet items | — | — | — | — |
| Total B | — | — | — | — |

A.1.7 Cash amounts due from customers: movements in gross impaired loans and loans to countries at risk

| | Non-performing | Potential problem | Restructured | Overdue | To countries at risk |
|---|----------------|-------------------|--------------|---------|----------------------|
| A. Gross exposure at 30/6/05 | 131,175 | 19,072 | 1,307 | 12,115 | — |
| – of which: | | | | | |
| accounts sold but not written off | — | — | — | — | — |
| FTA adjustments under IAS 39 | 3,025 | 2,660 | — | — | — |
| A. Initial gross exposure | 134,200 | 21,732 | 1,307 | 12,115 | — |
| B. Additions | 48,011 | 24,132 | 2,508 | 23,718 | — |
| B.1 Transfers from performing loans | 29,695 | 19,699 | 1,948 | 15,525 | 19,574 |
| B.2 Transfers from other categories of impaired asset | 3,651 | 3,474 | 213 | 6,963 | — |
| B.3 Other additions | 14,665 | 959 | 347 | 1,230 | — |
| C. Reductions | 33,310 | 14,065 | 1,188 | 21,998 | — |
| C.1 Transfers from performing loans | 21,235 | 786 | — | 4,813 | — |
| C.2 Amounts written off | 962 | 7,002 | — | 3,277 | — |
| C.3 Amounts collected | 8,731 | 1,978 | 9 | — | — |
| C.4 Proceeds from debt sold | — | — | — | — | — |
| C.5 Transfers from other categories of impaired asset | 1,173 | 3,721 | 638 | 9,464 | — |
| C.6 Other reductions | 1,209 | 578 | 541 | 4,444 | — |
| D. Gross exposure at 31/12/05 | 148,901 | 31,799 | 2,627 | 13,835 | 19,574 |
| – of which: | | | | | |
| accounts sold but not written off | 18,682 | 3,259 | 119 | 2,967 | — |

A.1.8 *Cash amounts due from customers: movements in total adjustments*

| | Non-performing | Potential problem | Restructured | Overdue | To countries at risk |
|---|----------------|-------------------|--------------|---------|----------------------|
| A. Total adjustments at | 55,929 | 9,732 | 55 | 9,305 | — |
| – of which: | | | | | |
| accounts sold but not written off | — | — | — | — | — |
| FTA adjustments under IAS 39 | 5,257 | 2,055 | — | — | — |
| A. Initial gross exposure | 61,186 | 11,787 | 55 | 9,305 | — |
| B. Additions | 13,738 | 35,420 | 151 | 2,344 | — |
| B.1 adjustments | 12,254 | 32,848 | 23 | 2,117 | — |
| B.2 transfers from other categories of impaired asset | 965 | 148 | 112 | 55 | — |
| B.3 other additions | 519 | 2,424 | 16 | 172 | — |
| C. Reductions | 5,663 | 30,426 | 90 | 4,803 | — |
| C.1 amounts recovered based on estimates | 247 | 57 | 11 | 110 | — |
| C.2 amounts recovered following collection | 2,059 | 473 | 79 | 628 | — |
| C.3 amounts written off | 600 | 27,286 | — | 59 | — |
| C.4 transfers to other categories of impaired asset | 12 | 690 | — | 1,448 | — |
| C.5 other reductions | 2,745 | 1,920 | — | 2,558 | — |
| D. Total adjustments at 31/12/05 | 69,261 | 16,781 | 116 | 6,846 | — |
| – of which: | | | | | |
| accounts sold but not written off | 17,705 | 2,642 | 4 | 854 | — |

FINANCIAL DERIVATIVE PRODUCTS

A.1 Regulatory trading book: average and reporting-date notional amounts

| Type of derivative/ underlying asset | Debt securities/ interest rates | | Equities/share indexes | | Exchange rates/gold | | Other assets | | 31/12/05 | | 30/6/05 | |
|---|------------------------------------|------------|------------------------|-----------|---------------------|----------|--------------|------------|------------|-----------|------------|-----------|
| | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted |
| 1. Forward rate agreements | — | 55,000 | — | — | — | — | — | — | — | 55,000 | — | — |
| 2. Interest rate swaps | — | 8,524,127 | — | — | — | — | — | — | — | 8,524,127 | — | 8,573,145 |
| 3. Domestic currency swaps | — | — | — | — | — | 424,632 | — | — | — | 424,632 | — | 265,283 |
| 4. Currency interest rate swaps | — | — | — | — | — | 404,832 | — | — | — | 404,832 | — | 437,524 |
| 5. Basis swaps | — | 3,315,553 | — | — | — | — | — | — | — | 3,315,553 | — | 3,051,231 |
| 6. Share index swaps | — | — | — | 1,459,402 | — | — | — | — | — | 1,459,402 | — | 432,901 |
| 7. Inflation rate swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 8. Futures | 8,311,617 | — | 356,896 | — | — | — | — | 8,668,513 | — | — | 2,435,652 | — |
| 9. Cap options | — | — | — | — | — | — | — | — | — | — | — | — |
| – bought | — | — | — | — | — | — | — | — | — | — | — | — |
| – written | — | — | — | — | — | — | — | — | — | — | — | — |
| 10. Floor options | — | — | — | — | — | — | — | — | — | — | — | — |
| – bought | — | — | — | — | — | — | — | — | — | — | — | — |
| – written | — | — | — | — | — | — | — | — | — | — | — | — |
| 11. Other options | 650,450 | 30,000 | — | 5,013,739 | — | 9,450 | — | 650,450 | 5,053,189 | — | 449,052 | 7,142,726 |
| – bought | 650,450 | 30,000 | — | 2,577,371 | — | 9,450 | — | 650,450 | 2,616,821 | — | 447,626 | 3,849,461 |
| – plain vanilla | 650,450 | 30,000 | — | 2,447,371 | — | 9,450 | — | 650,450 | 2,486,821 | — | 447,626 | 3,719,461 |
| – exotic | — | — | — | 130,000 | — | — | — | — | 130,000 | — | — | 130,000 |
| – written | — | — | — | 2,436,368 | — | — | — | — | 2,436,368 | — | 1,426 | 3,293,265 |
| – plain vanilla | — | — | — | 2,306,368 | — | — | — | — | 2,306,368 | — | 1,426 | 3,163,265 |
| – exotic | — | — | — | 130,000 | — | — | — | — | 130,000 | — | — | 130,000 |
| 12. Repo agreements | 6,310,895 | 505,653 | 158,539 | — | — | — | — | 6,469,434 | 505,653 | 4,137,908 | 2,474 | — |
| – bought | 4,531,065 | 505,573 | 127,569 | — | — | — | — | 4,658,634 | 505,573 | 1,821,855 | 1,311 | — |
| – written | 1,779,830 | 80 | 30,970 | — | — | — | — | 1,810,800 | 80 | 2,316,053 | 1,163 | — |
| – currency bought/ sold for currency | — | — | — | — | — | — | — | — | — | — | — | — |
| 13. Other derivatives | — | 281,000 | — | — | — | — | — | — | — | 281,000 | — | — |
| Total | 15,272,962 | 12,711,333 | 515,435 | 6,473,141 | — | 838,914 | — | 15,788,397 | 20,023,388 | 7,022,612 | 19,905,284 | — |
| Average values | 19,294,932 | 11,751,951 | 634,944 | 5,598,436 | — | 851,877 | — | 19,929,876 | 18,202,264 | 8,864,725 | 18,094,901 | — |

A.2 Banking book: average and reporting-date notional amounts

A.2.1 Hedging derivatives

| Type of derivative/ underlying asset | Debt securities/ interest rates | | Equities/share indexes | | Exchange rates/gold | | Other assets | | 31/12/05 | | 30/6/05 | |
|---|------------------------------------|------------|------------------------|----------|---------------------|----------|--------------|----------|----------|------------|---------|------------|
| | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted |
| 1. Forward rate agreement | — | — | — | — | — | — | — | — | — | — | — | — |
| 2. Interest rate swaps | — | 14,650,988 | — | — | — | — | — | — | — | 14,650,988 | — | 14,609,180 |
| 3. Domestic currency swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 4. Currency interest rate swaps | — | — | — | — | 26,923 | — | — | — | — | 26,923 | — | 26,583 |
| 5. Basis swaps | — | 248,882 | — | — | — | — | — | — | — | 248,882 | — | 188,882 |
| 6. Share index swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 7. Inflation rate swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 8. Futures | — | — | — | — | — | — | — | — | — | — | — | — |
| 9. Cap options | — | — | — | — | — | — | — | — | — | — | — | — |
| – bought | — | — | — | — | — | — | — | — | — | — | — | — |
| – written | — | — | — | — | — | — | — | — | — | — | — | — |
| 10. Floor options | — | — | — | — | — | — | — | — | — | — | — | — |
| – bought | — | — | — | — | — | — | — | — | — | — | — | — |
| – written | — | — | — | — | — | — | — | — | — | — | — | — |
| 11. Other options | — | — | — | — | — | — | — | — | — | — | — | — |
| – bought | — | — | — | — | — | — | — | — | — | — | — | — |
| – plain vanilla | — | — | — | — | — | — | — | — | — | — | — | — |
| – exotic | — | — | — | — | — | — | — | — | — | — | — | — |
| – written | — | — | — | — | — | — | — | — | — | — | — | — |
| – plain vanilla | — | — | — | — | — | — | — | — | — | — | — | — |
| – exotic | — | — | — | — | — | — | — | — | — | — | — | — |
| 12. Repo agreements | — | — | — | — | — | — | — | — | — | — | — | — |
| – bought | — | — | — | — | — | — | — | — | — | — | — | — |
| – written | — | — | — | — | — | — | — | — | — | — | — | — |
| – currency bought/ sold for currency products | — | — | — | — | — | — | — | — | — | — | — | — |
| 13. Other derivative products | — | — | — | — | — | — | — | — | — | — | — | — |
| Total | — | 14,899,870 | — | — | — | 26,923 | — | — | — | 14,926,793 | — | 14,824,645 |
| Average values | — | 14,812,738 | — | — | — | 26,648 | — | — | — | 14,839,386 | — | 14,737,837 |

A.2.2 Other derivative products

| Type of derivative/ underlying asset | Debt securities/ interest rates | | Equities/share indexes | | Exchange rates/gold | | Other assets | | 31/12/05 | | 30/6/05 | |
|---|------------------------------------|----------|------------------------|----------|---------------------|----------|--------------|----------|----------|----------|---------|----------|
| | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted |
| 1. Forward rate agreements | — | — | — | — | — | — | — | — | — | — | — | — |
| 2. Interest rate swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 3. Domestic currency swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 4. Currency interest rate swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 5. Basis swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 6. Share index swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 7. Inflation rate swaps | — | — | — | — | — | — | — | — | — | — | — | — |
| 8. Futures | — | — | — | — | — | — | — | — | — | — | — | — |
| 9. Cap options | — | — | — | — | — | — | — | — | — | — | — | — |
| — bought | — | — | — | — | — | — | — | — | — | — | — | — |
| — written | — | — | — | — | — | — | — | — | — | — | — | — |
| 10. Floor options | — | — | — | — | — | — | — | — | — | — | — | — |
| — bought | — | — | — | — | — | — | — | — | — | — | — | — |
| — written | — | — | — | — | — | — | — | — | — | — | — | — |
| 11. Other options | — | — | — | — | — | — | — | — | — | — | — | — |
| — bought | — | — | — | — | — | — | — | — | — | — | — | — |
| — plain vanilla | — | — | — | — | — | — | — | — | — | — | — | — |
| — exotic | — | — | — | — | — | — | — | — | — | — | — | — |
| — written | — | — | — | — | — | — | — | — | — | — | — | — |
| — plain vanilla | — | — | — | — | — | — | — | — | — | — | — | — |
| — exotic | — | — | — | — | — | — | — | — | — | — | — | — |
| 12. Repo agreements | — | — | — | — | — | — | — | — | — | — | — | — |
| — bought | — | — | — | — | — | — | — | — | — | — | — | — |
| — written | — | — | — | — | — | — | — | — | — | — | — | — |
| — currency bought/ sold for currency products | — | — | — | — | — | — | — | — | — | — | — | — |
| 13. Other derivative products | — | — | — | — | — | — | — | — | — | — | — | — |
| Total | — | — | — | — | — | — | — | — | — | — | — | — |
| Average values | — | — | — | — | — | — | — | — | — | — | — | — |

A.3 Hedging derivatives: underlying exposures bought and sold

| Type of derivative/ underlying asset | Debt securities/ interest rates | | Equities/share indexes | | Exchange rates/gold | | Other assets | | 31/12/05 | | 30/6/05 | |
|---|------------------------------------|------------|------------------------|------------|---------------------|-----------|--------------|----------|------------|------------|-----------|------------|
| | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted | Listed | Unlisted |
| A. Regulatory trading book: | 15,272,962 | 9,395,780 | 515,435 | 6,263,701 | — | 838,914 | — | — | 15,788,397 | 16,498,395 | 7,022,613 | 16,854,052 |
| 1. With exchange of principal | 10,577,362 | 535,653 | 158,539 | 589,608 | — | 829,464 | — | — | 10,735,901 | 1,954,725 | 5,973,124 | 1,643,804 |
| – bought | 6,590,875 | 505,573 | 127,569 | 234,639 | — | 246,189 | — | — | 6,718,444 | 986,401 | 2,210,059 | 445,506 |
| – written | 3,986,487 | 30,080 | 30,970 | 354,969 | — | 404,832 | — | — | 4,017,457 | 789,881 | 3,763,065 | 1,198,298 |
| – currency bought/ sold for currency | — | — | — | — | — | 178,443 | — | — | — | 178,443 | — | — |
| 2. Without exchange of principal | 4,695,600 | 8,860,127 | 356,896 | 5,674,093 | — | 9,450 | — | — | 5,052,496 | 14,543,670 | 1,049,489 | 15,210,248 |
| – bought | 3,713,390 | 2,489,496 | 180,419 | 2,736,725 | — | 9,450 | — | — | 3,893,809 | 5,235,671 | 174,355 | 5,065,721 |
| – written | 982,210 | 6,370,631 | 176,477 | 2,937,368 | — | — | — | — | 1,158,687 | 9,307,999 | 875,134 | 10,144,527 |
| – currency bought/ sold for currency | — | — | — | — | — | — | — | — | — | — | — | — |
| B. Banking book | — | 14,650,988 | — | — | — | 26,923 | — | — | — | 14,677,911 | — | 14,555,763 |
| 1. With exchange of principal | — | — | — | — | — | 26,923 | — | — | — | 26,923 | — | 26,583 |
| – bought | — | — | — | — | — | 26,923 | — | — | — | 26,923 | — | 26,583 |
| – written | — | — | — | — | — | — | — | — | — | — | — | — |
| – currency bought/sold for currency | — | — | — | — | — | — | — | — | — | — | — | — |
| 2. Without exchange of principal | — | 14,650,988 | — | — | — | — | — | — | — | 14,650,988 | — | 14,529,180 |
| – bought | — | 11,835,111 | — | — | — | — | — | — | — | 11,835,111 | — | 11,766,438 |
| – written | — | 2,815,877 | — | — | — | — | — | — | — | 2,815,877 | — | 2,762,742 |
| – currency bought/ sold for currency | — | — | — | 12,661,439 | — | 365,224 | — | — | — | 13,026,663 | — | 13,226,131 |
| B.2 Other derivatives | — | — | — | — | — | — | — | — | — | — | — | — |
| 1. With exchange of principal | — | — | — | 823,640 | — | — | — | — | — | 823,640 | — | 499,214 |
| – bought | — | — | — | 424,133 | — | — | — | — | — | 424,133 | — | 424,134 |
| – written | — | — | — | 399,507 | — | — | — | — | — | 399,507 | — | 75,080 |
| – currency bought/ sold for currency | — | — | — | — | — | — | — | — | — | — | — | — |
| 2. Without exchange of principal | — | — | — | 11,837,799 | — | 365,224 | — | — | — | 12,203,023 | — | 12,726,917 |
| – bought | — | — | — | 5,903,169 | — | 179,112 | — | — | — | 6,082,281 | — | 6,277,508 |
| – written | — | — | — | 5,934,630 | — | 186,112 | — | — | — | 6,120,742 | — | 6,449,409 |
| – currency bought/ sold for currency | — | — | — | — | — | — | — | — | — | — | — | — |
| Total | 15,272,962 | 24,046,768 | 515,435 | 18,925,140 | — | 1,231,061 | — | — | 15,788,397 | 44,202,969 | 7,022,613 | 44,635,946 |

A.4 OTC financial derivatives: positive fair value - counterparty risk

| Counterparty/underlying asset | Debt securities/interest rates | | | Equities/share indexes | | | Exchange rates/gold | | | Other assets | | | Other underlying assets | |
|-----------------------------------|--------------------------------|---------------|-----------------|------------------------|---------------|-----------------|---------------------|---------------|-----------------|-------------------|---------------|-----------------|-------------------------|-----------------|
| | Gross, not netted | Gross, netted | Future exposure | Gross, not netted | Gross, netted | Future exposure | Gross, not netted | Gross, netted | Future exposure | Gross, not netted | Gross, netted | Future exposure | Netted | Future exposure |
| A. Regulatory trading book | | | | | | | | | | | | | | |
| A.1 Governments and central banks | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| A.2 Other public agencies | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| A.3 Banks | 42,410 | 76,315 | 3,520 | 192,624 | 750,387 | 13,009 | — | — | — | — | — | 117,937 | — | 96,178 |
| A.4 Financial companies | 69,488 | — | 1,074 | 382 | — | 1,164 | — | — | — | — | — | 257 | — | — |
| A.5 Insurances | 498 | — | 318 | 9,833 | — | 6,688 | — | — | — | — | — | — | — | — |
| A.6 Non-financial undertakings | 13,876 | — | 16,747 | 8,064 | — | 27,207 | — | — | — | — | — | — | — | — |
| A.7 Other counterparties | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total at 31/12/05 | 126,272 | 76,315 | 21,659 | 210,903 | 750,387 | 48,068 | — | — | — | — | — | 118,194 | — | 96,178 |
| Total at 30/6/05 | 114,311 | 29,815 | 25,067 | 148,760 | 436,038 | 64,922 | — | 6,591 | — | — | — | 271,838 | — | 36,831 |
| B. Banking book | | | | | | | | | | | | | | |
| B.1 Governments and central banks | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| B.2 Other public agencies | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| B.3 Banks | 805,340 | 225,581 | 12,895 | — | — | — | — | — | — | — | — | 152,307 | — | 9,809 |
| B.4 Financial companies | 1,708 | — | 1,500 | — | — | — | — | — | — | — | — | — | — | — |
| B.5 Insurances | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| B.6 Non-financial undertakings | 40,176 | — | 8,760 | — | — | — | — | — | — | — | — | — | — | — |
| B.7 Other counterparties | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total at 31/12/05 | 847,224 | 225,581 | 23,155 | — | — | — | — | — | — | — | — | 152,307 | — | 9,809 |
| Total at 30/6/05 | 284,896 | 1,034,310 | 24,836 | 2,375 | 23,991 | 1,240 | — | — | — | — | — | 227,233 | — | 30,701 |

A.5 OTC financial derivatives: negative fair value - financial risk

| Counterparty/underlying asset | Debt securities/interest rates | | | Equities/share indexes | | | Exchange rates/gold | | | Other assets | | | Other underlying assets | |
|-----------------------------------|--------------------------------|---------------|-----------------|------------------------|---------------|-----------------|---------------------|---------------|-----------------|-------------------|---------------|-----------------|-------------------------|-----------------|
| | Gross, not netted | Gross, netted | Future exposure | Gross, not netted | Gross, netted | Future exposure | Gross, not netted | Gross, netted | Future exposure | Gross, not netted | Gross, netted | Future exposure | Netted | Future exposure |
| A. Regulatory trading book | | | | | | | | | | | | | | |
| A.1 Governments and central banks | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| A.2 Other public agencies | (4,150) | — | 1,500 | — | — | — | — | — | — | — | — | — | — | — |
| A.3 Banks | (27,921) | (20,382) | 11,760 | (41,268) | (4,390) | 68,227 | — | — | — | — | — | (5,372) | 113,524 | — |
| A.4 Financial companies | (210) | — | 1,311 | — | — | — | — | — | — | — | — | — | — | — |
| A.5 Insurances | — | — | — | (1,848) | — | 1,389 | — | — | — | — | — | — | — | — |
| A.6 Non-financial undertakings | (4,032) | — | 3,227 | (19,418) | — | 18,408 | — | — | — | — | — | (19,562) | — | — |
| A.7 Other counterparties | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total at 31/12/05 | (36,313) | (20,382) | 17,798 | (62,534) | (4,390) | 88,024 | — | — | — | — | — | (24,934) | 113,524 | — |
| Total at 30/6/05 | (95,634) | (32,695) | 43,827 | (1,296) | (12,375) | — | — | (3,771) | — | — | — | (77,760) | 12,336 | — |
| B. Banking book | | | | | | | | | | | | | | |
| B.1 Governments and central banks | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| B.2 Other public agencies | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| B.3 Banks | (189,103) | (387,860) | 28,321 | (434) | — | 55 | — | — | — | — | — | (250,767) | 29,238 | — |
| B.4 Financial companies | (3,639) | — | 1,195 | — | — | — | — | — | — | — | — | — | — | — |
| B.5 Insurances | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| B.6 Non-financial undertakings | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| B.7 Other counterparties | — | — | — | (11) | — | 1 | — | — | — | — | — | — | — | — |
| Total at 31/12/05 | (192,742) | (387,860) | 29,516 | (445) | — | 56 | — | — | — | — | — | (250,767) | 29,238 | — |
| Total at 30/6/05 | (147,639) | (203,173) | 31,868 | — | — | — | (1,819) | (2,302) | 522 | — | — | (115,011) | 55,937 | — |

B. CREDIT DERIVATIVES

B.1 *Credit derivatives: average and reporting-date notional amounts*

| | Regulatory trading book | | Other transactions | |
|-----------------------------------|-------------------------|---------|--------------------|---------|
| | Individual assets | Baskets | Individual assets | Baskets |
| 1. Hedge buys | | | | |
| 1.1 With exchange of principal | | | | |
| Credit default | 1,020,291 | 175,000 | 140,000 | — |
| Credit-linked notes | — | — | — | — |
| Credit spread options | — | — | — | — |
| Total rate of return swaps | — | — | — | — |
| 1.2 Without exchange of principal | — | — | — | — |
| Total at 31/12/05 | 1,020,291 | 175,000 | 140,000 | — |
| Total at 30/6/05 | 1,113,429 | 175,000 | 140,000 | — |
| AVERAGE VALUES | 1,034,927 | 175,000 | 140,000 | — |
| 2. Hedge sales | | | | |
| 2.1 With exchange of principal | | | | |
| Credit default | 79,238 | 40,000 | 110,000 | — |
| Credit-linked notes | — | — | — | — |
| Credit spread options | — | — | — | — |
| Total rate of return swaps | — | — | — | — |
| 2.2 Without exchange of principal | | | | |
| Credit default | 15,000 | — | — | 50,000 |
| Credit-linked notes | — | — | — | — |
| Credit spread options | — | — | — | — |
| Total rate of return swaps | — | — | — | — |
| Total at 31/12/05 | 94,238 | 40,000 | 110,000 | 50,000 |
| Total at 30/6/05 | 269,135 | 40,000 | 110,000 | 50,000 |
| AVERAGE VALUES | 232,505 | 40,000 | 110,000 | 50,000 |

B.2 *Credit derivatives: positive fair value - counterparty risk*

| | Notional amount | Positive fair value | Future exposure |
|--------------------------------------|-----------------|---------------------|-----------------|
| A. REGULATORY TRADING BOOK | | | |
| A.1 Hedge buys with counterparties: | | | |
| 1. Governments and central banks | — | — | — |
| 2. Other public agencies | — | — | — |
| 3. Banks | 789,099 | 1,894 | 4,272 |
| 4. Financial companies | 386,192 | 1,893 | 2,381 |
| 5. Insurances | 15,000 | 971 | 225 |
| 6. Non-financial undertakings | 5,000 | 2 | — |
| 7. Other counterparties | — | — | — |
| A.2 Hedge sales with counterparties: | | | |
| 1. Governments and central banks | — | — | — |
| 2. Other public agencies | — | — | — |
| 3. Banks | 229,238 | 2,379 | 1,696 |
| 4. Financial companies | 65,000 | 505 | 575 |
| 5. Insurances | — | — | — |
| 6. Non-financial undertakings | — | — | — |
| 7. Other counterparties | — | — | — |
| B. BANKING BOOK | | | |
| B.1 Hedge buys with counterparties: | | | |
| 1. Governments and central banks | — | — | — |
| 2. Other public agencies | — | — | — |
| 3. Banks | 115,000 | 69 | 775 |
| 4. Financial companies | 25,000 | 49 | 125 |
| 5. Insurances | — | — | — |
| 6. Non-financial undertakings | — | — | — |
| 7. Other counterparties | — | — | — |
| B.2 Hedge sales with counterparties: | | | |
| 1. Governments and central banks | — | — | — |
| 2. Other public agencies | — | — | — |
| 3. Banks | — | — | — |
| 4. Financial companies | — | — | — |
| 5. Insurances | — | — | — |
| 6. Non-financial undertakings | — | — | — |
| 7. Other counterparties | — | — | — |
| Total at 31/12/05 | 1,629,529 | 7,762 | 10,049 |
| Total at 30/6/05 | 2,832,576 | 13,648 | 15,140 |

B.3 *Credit derivatives: negative fair value - financial risk*

| | Notional amount | Negative fair value |
|------------------------------------|-----------------|---------------------|
| A. REGULATORY TRADING BOOK | | |
| 1. Hedge buys with counterparties: | | |
| 1.1 Governments and central banks | — | — |
| 1.2 Other public agencies | — | — |
| 1.3 Banks | 663,477 | (6,572) |
| 1.4 Financial companies | 325,000 | (3,711) |
| 1.5 Insurances | — | — |
| 1.6 Non-financial companies | — | — |
| 1.7 Other counterparties | — | — |
| Total at 31/12/05 | 988,477 | (10,283) |
| Total at 30/6/05 | 937,080 | (15,262) |

INDEPENDENT AUDITORS' REPORT

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

To the Shareholders of
Mediobanca S.p.A.

1. We have audited the interim consolidated financial statements (balance sheet, profit and loss account, cash flow statement and changes in equity) and explanatory notes included in the Interim Report of Mediobanca S.p.A. for the six months ended 31 December 2005. These interim consolidated financial statements and explanatory notes are the responsibility of Mediobanca S.p.A.'s directors. Our responsibility is to express an opinion on the above-mentioned interim consolidated financial statements and explanatory notes based on our audit.
2. Our audit was conducted 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 interim consolidated financial statements and explanatory notes are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and explanatory notes, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

With respect to the comparative amounts at 30 June 2005, restated in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union, reference should be made to our report dated 11 November 2005. The comparative amounts for the six months ended 31 December 2004, which were also restated in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union, are based on the interim consolidated financial statements prepared in accordance with the preceding Italian regulations and accounting principles that were previously audited by us and upon which we issued our report dated 11 March 2005.

3. In our opinion, the interim consolidated financial statements and explanatory notes indicated in the first paragraph of this report give a true and fair view of the consolidated financial position of Mediobanca S.p.A. at 31 December 2005 and the consolidated results of its operations, cash flows and changes in equity for the six months then ended in conformity with the criteria indicated by article 81 of the CONSOB Regulation as approved in its resolution No. 11971 of 14 May 1999 and subsequent modifications.

Milan, 17 March 2006

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

Annex: Significant equity investments

TABLE

SIGNIFICANT EQUITY INVESTMENTS AS DEFINED IN ARTICLE 120/3 OF ITALIAN LEGISLATIVE
DECREE 58/98 AND ARTICLE 126 OF CONSOB RESOLUTION 11971/99

| | Shareholding | | | | |
|--|----------------------|--------|------------------------|---------------|-----------------------------------|
| | Shares held directly | | Shares held indirectly | | Shares held by: |
| | No. of shares/units | % | No. of shares/units | % | |
| <i>Directly controlled subsidiaries</i> | | | | | |
| COMPASS S.p.A. - Milan Share capital € 87.5m, par value per share € 5 | 17,500,000 | 100.00 | — | — | — |
| COMPAGNIE MONECASQUE DE BANQUE - CMB S.A. - Monte Carlo Share capital € 111.1m, par value per share € 200 | 555,536 | 100.00 | — | — | — |
| MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A. - Luxembourg Share capital € 10m, par value per share € 10 | 1,000,000 | 100.00 | — | — | — |
| PROMINVESTMENT S.p.A. - Rome Share capital € 743,000, par value per share € 0.52 | 1,000,000 | 70.00 | — | — | — |
| PRUDENTIA FIDUCIARIA S.p.A. - Milan Share capital € 100,000, par value per share € 5 | 20,000 | 100.00 | — | — | — |
| RICERCHE E STUDI S.p.A. - Milan Share capital € 100,000, par value per share € 5 | 20,000 | 100.00 | — | — | — |
| SADE FINANZIARIA - INTERSOMER S.r.l. - Milan Capital € 25,000 | 1 | 100.00 | — | — | — |
| SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A. - Milan Share capital € 500,000, par value per share € 5 | 100,000 | 100.00 | — | — | — |
| SPAFID S.p.A. - Milan Share capital € 100,000, par value per share € 10 | 10,000 | 100.00 | — | — | — |
| TECHNOSTART S.p.A. - Milan Share capital € 600,000, par value per share € 0.50 | 828,000 | 69.00 | — | — | — |
| <i>Indirectly controlled subsidiaries</i> | | | | | |
| COFACTOR S.p.A. - Milan Share capital € 7.5m, par value per share € 0.50 | — | — | 15,000,000 | 100.00 | Compass |
| CREDITECH S.p.A - Milan Share capital € 250,000, par value per share € 1 | — | — | 250,000 | 100.00 | Compass |
| MICOS BANCA SpA - Milan Share capital € 70m, par value per share € 0.50 | — | — | 140,000,000 | 100.00 | Compass |
| PALLADIO LEASING S.p.A. - Vicenza Share capital € 8.7m, par value per share € 0.50 | — | — | 16,482,500 867,500 | 95.00 5.00 | SelmaBipiemme Palladio Leasing |
| SELMABIPIEMME LEASING S.p.A. - Milan Share capital € 40.2m, par value per share € 0.50 | — | — | 49,564,777 | 61.65 | Compass |
| TELELEASING S.p.A. - Milan Share capital € 9.5m, par value per share € 1 | — | — | 7,600,000 | 80.00 | SelmaBipiemme |

cont. TABLE

| | Shareholding | | | | Shares held by |
|--|----------------------|---|------------------------|-------|----------------|
| | Shares held directly | | Shares held indirectly | | |
| | No. of shares/units | % | No. of shares/units | % | |
| C.M.I. Compagnie Monégasque Immobilière - SCI Monte Carlo Share capital € 2.4m, par value per share € 1,525 | — | — | 1,599 | 99.94 | CMB S.A. |
| C.M.G. Compagnie Monégasque de Gestion S.A.M. - Monte Carlo Share capital € 160,000, par value per share € 160 | — | — | 997 | 99.70 | CMB S.A. |
| SMEF Soc. Monégasque des Etudes Financière S.A.M. - Monte Carlo Share capital € 775,000, par value per share € 155 | — | — | 4,995 | 99.90 | CMB S.A. |
| MONOECI Soc. Civile Immobilière - Monte Carlo Share capital € 1,600, par value per share € 15.5 | — | — | 99 | 99.00 | CMB S.A. |
| MONOIKOS 2000 Soc. Civile Immobilière - Monte Carlo Share capital € 2,000, par value per share € 1 | — | — | 1,999 | 99.95 | C.M.I. SCI |
| MOULINS 700 S.A. - Monte Carlo Share capital € 160,000, par value per share € 160 | — | — | 999 | 99.90 | C.M.I. SCI |

cont. TABLE

| | Shareholding | | | | |
|--|----------------------|-------|------------------------|-------|-----------------|
| | Shares held directly | | Shares held indirectly | | Shares held by: |
| | No. of shares/units | % | No. of shares/units | % | |
| <i>Other significant shareholdings</i> | | | | | |
| ATHENA PRIVATE EQUITY S.A. - Luxembourg Share capital € 50m, par value per share € 2 | 6,114,460 | 24.46 | — | — | — |
| BANCA ESPERIA S.p.A. - Milan Share capital € 13m, par value per share € 0.52 | 12,125,000 | 48.50 | — | — | — |
| CARTIERE BURGO S.p.A. - Verzuolo Share capital € 205.4m, par value per share € 0.52 | 87,442,365 | 22.13 | — | — | — |
| FERRARI S.p.A. - Modena Share capital € 20m, par value per share € 2.50 | 855,294 | 10.69 | 80,000 | 1.00 | CMB S.A. |
| FIDIA - Fondo Interbancario d'Investimento Azionario SGR S.p.A. - Milan Share capital € 15.6m, par value per share € 520 | 7,500 | 25.00 | — | — | — |
| ISTITUTO EUROPEO DI ONCOLOGIA S.r.l. - Milan Capital € 79.1m | 1 | 15.06 | — | — | — |
| MB VENTURE CAPITAL FUND I PART. CO. A N.V. - Amsterdam Share capital € 50,000, par value per share € 1 | 22,500 | 45.00 | — | — | — |
| MB VENTURE CAPITAL S.A. - Luxembourg Share capital € 40,000, par value per share € 10 | — | — | 1,400 | 35.00 | Technostart |
| SINTERAMA S.p.A. - Sandigliano Share capital € 72.8m, par value per share € 0.51 | 15,000,000 | 10.51 | — | — | — |
| SCONTOFIN S.A. - Luxembourg Share capital € 2.6m, par value per share € 516.5 | 1,000 | 20.00 | — | — | — |
| ZAMBIA TANZANIA ROAD SERVICES Ltd. - Lusaka (in liquidation) Share capital 4m Kwacha, par value per share 200 Kwacha | 4,667 | 23.33 | — | — | — |

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