

Translation of press release pursuant to Consob regulation 11971/99 as amended

At a Board meeting held today with Mr Gabriele Galateri di Genola in the Chair, the Directors of Mediobanca approved the Bank's accounts for the quarter ended 31 March 2003.

In the nine months to 31 March 2003, the Group earned a pre-tax profit from ordinary operations of € 350.3m, up 34.3% on the total recorded at the same juncture last year, due principally to a 46% increase in fee income achieved despite the ongoing stagnation in corporate and especially investment banking. The interest margin improved by 15.5%, benefiting from gains on trading involving the Bank's treasury portfolio. The 12% rise in costs was due to an increase in our headcount, as well as our customary policy of accounting for fees payable as and when contracts are entered into, given the 18.5% increase in business volumes by the Compass group. The difficult market conditions continue to take their toll on the Group's accounts, which for the nine months to 31 March 2003 reflect a loss attributable to the parent company of € 206.2m. This was after charging writedowns of € 351.2m in our equity and bond portfolios to profit and loss (€ 322.2m on our investment portfolio and € 29m on our treasury portfolio), and a € 49.3m loss on disposal of equity investments, some two-thirds of which relate to the sale of our holding in Fondiaria-SAI. This was offset by gains on the equity swaps entered into when this interest was sold, which amount to some € 30m based on current prices. In the same period last year the Group earned a profit of € 244m, after gains of € 465.4m on disposal of investment securities, € 429m of which related to Montedison, and interim net losses of € 419.8m on our securities portfolio.

The downturn which continues to affect financial markets, and which currently shows no sign of any significant, lasting recovery, has meant that for the third quarter's accounts too we have adopted the conservative principle of writing down our equity investment portfolio on the basis of prices at the end of the period concerned, rather than on their average values throughout the period as a whole. This has resulted in a charge to profit and loss which is some € 94m higher. After such writedowns, at 31 March 2003 our investment securities portfolio reflected a gain of € 2,241.8m, which rises to € 2,681.4m based on current prices (for securities held in treasury the figures are € 77.4m and € 146.9m respectively). The net loss of € 87.5m on exchange and derivative transactions was offset by € 60.2m in unrealized gains on these instruments, € 45.8m of which have been accumulated since the beginning of the Bank's financial year, plus the € 77.4m gains on treasury

securities mentioned earlier; such items are only booked as and when they are realized. Bad debt writeoffs as usual involve only *consumer credit* and *factoring*, and to a much lesser extent the Group's *leasing* activities. The higher writedowns are attributable to the rigour being applied in the light of a deterioration in the general risk environment.

As at 31 March 2003, funding had fallen by € 298m, or 1.3%, in comparison with 31 December 2002, loans and advances by € 180.7m, or 1.1%, and investment securities and equity investments by € 320.4m, or 9.5%. The Group's net worth stood at € 4,839.5m (31/12/02: € 4,841.8m), not including profits made in the quarter or the surplus of market over book value of listed securities.

The Parent Company's accounts for the first nine months of its financial year reflect a loss of € 297.2m, as compared with a profit of € 106.5m one year previously, after charging € 56m (€ 60m) to *Credit risks provision* and interim net writedowns of € 353.8m based on prices as at 31 March 2003 for equities and listed convertible bonds. Earnings from ordinary operations totalled € 226.1m, up 44% over the figure recorded at the same juncture last year. Such growth was attributable to both the interest margin, which rose by 21.6%, greatly helped by treasury transactions, and to fee income, which grew by 44.1% as a result of the Bank's involvement in several major market transactions.

Funding fell from € 19,809.8 at year-end 2002 to € 19,586.4m, and loans and advances from € 13,056.9m to € 12,981.8m. Cash and liquid assets grew marginally by € 34.6m, including forward transactions and changes in other assets and liabilities.

* * *

Attached hereto are the Group's condensed income statement and balance sheet as contained in the quarterly report.

14 May 2003

CONSOLIDATED FINANCIAL STATEMENT

	31/3/02	30/6/02	31/12/02	31/3/03
	<u>€ m</u>	<u>€ m</u>	<u>€ m</u>	<u>€ m</u>
Assets				
Treasury funds employed	3,542.3	5,614.5	8,737.2	8,820.5
Loans and advances	17,124.9	17,154.2	15,628.4	15,447.7
Investment securities	3,117.9	3,351.5	3,369.9	3,049.5
Intangible assets	1.3	1.9	1.7	1.5
Net fixed assets	127.4	126.2	124.7	124.0
Other assets	1,850.9	2,026.5	2,044.3	2,141.0
Total assets	<u>25,764.7</u>	<u>28,274.8</u>	<u>29,906.2</u>	<u>29,584.2</u>
Liabilities				
Deposits and loans	17,815.4	20,511.3	22,506.2	22,208.2
Provision for liabilities and charges	299.6	338.6	229.8	232.2
Consolidated provision for future liabilities and charges ..	6.6	5.8	5.6	5.3
Other liabilities	2,611.5	2,390.3	2,438.8	2,429.9
Credit risks provision	13.4	13.4	13.4	13.4
Shareholders' equity attributable to minorities	56.8	53.6	56.7	61.9
Shareholders' equity	4,717.4	4,706.7	4,841.8	4,839.5
Profit	244.0 ⁽¹⁾	255.1	(186.1) ⁽¹⁾	(206.2) ⁽¹⁾
Total liabilities	<u>25,764.7</u>	<u>28,274.8</u>	<u>29,906.2</u>	<u>29,584.2</u>

⁽¹⁾ Before tax.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	9 months to 31/3/02	12 months to 30/6/02	6 months to 31/12/02	9 months to 31/3/03
	€ m	€ m	€ m	€ m
INTEREST MARGIN	319.0	550.4	267.2	368.5
<i>of which: dividends</i>	<i>0.4</i>	<i>128.8</i>	<i>3.5</i>	<i>3.5</i>
Commissions received and other income	140.1	177.6	95.1	203.9
General expenses and sundry operating expenses	(198.3) (*)	(282.7) (*)	(147.6)	(222.1)
GROSS MARGIN FROM ORDINARY OPERATIONS	260.8	445.3	214.7	350.3
Net gain (loss) on sale of investment securities	465.4	463.7	(13.4)	(49.3)
Writedowns in securities and investments	(419.8)	(535.9)	(293.8)	(351.2)
Net loss on exchange and derivative transactions	(12.0) (*)	(19.8) (*)	(50.6)	(87.5)
Bad debts written off	(33.2)	(46.8)	(26.1)	(42.7)
Net provision for overtaxation (DIT)	6.8	6.8	—	—
Loss on investments stated on equity basis	—	(5.1)	(2.4)	(2.4)
MARGIN BEFORE TAXATION AND PROVISIONS	268.0	308.2	(171.6)	(182.8)
Transfer to provisions for liabilities and charges	(11.2)	(13.3)	(8.4)	(11.3)
Accelerated depreciation and amortization	(2.6)	(3.6)	(2.1)	(2.9)
Profit attributable to minority interests . .	(10.2)	(7.0)	(4.0)	(9.2)
PROFIT (LOSS) BEFORE TAX ATTRIBUTABLE TO THE PARENT COMPANY	244.0	284.3	(186.1)	(206.2)
Transfers to provision for taxes on income and assets	—	(29.2)	—	—
NET PROFIT	—	255.1	—	—

(*) Restated.