

Translation of press release issued by Mediobanca on 23 September 2002

At a Board Meeting held today with Mr Francesco Cingano in the chair, the Directors of Mediobanca approved the Bank's accounts for the year ended 30 June 2002. Net profit for the year was € 117.6m (2000-01: € 151.3m), after charging € 87m (€ 82.6m) to *Credit Risks Provision* and € 26.1m to cover the substantial initial instalment of the lease on the premises the Group has recently acquired in Via Filodrammatici. Net gains from the disposal of equity investments were € 460.7m, principally deriving from the sale of the Bank's holdings in *Montedison* and *Consortium*, as against net writedowns in securities and investments in securities and associated companies totalling € 600.1m, or € 537.4m net of advance tax (€ 88.1m). Equities were written down conservatively on the basis of stock prices at 30 June, rather than the average over the six months then ended, in the light of how the markets were performing. Indeed, share prices since the balance sheet date have remained consistently below even the six-month average, a fact which cannot merely be ascribed to high market volatility. The tough economic conditions impacted profits from ordinary operations, which declined from € 380.3m to € 325.4m, due to a fall of € 37m in fee income generated by the investment banking business (despite a € 15bn increase in transaction volume) and a decline of € 24.9m in dividends received.

At the balance sheet date, funding amounted to € 17,911.3m, up 12.4% on the previous twelve months. Loans and advances also rose to € 14,861.8m, 4.4% higher, whereas investment securities were virtually unchanged even after the writedowns mentioned earlier.

After the accounts have been adopted and the recommended dividend paid, Mediobanca's net worth will be € 4,458.9m. The net surplus of market over book value of its investment securities, based on share prices on 23 September 2002, was over € 1.5bn.

The Board also approved the consolidated accounts as at 30 June 2002, which reflect earnings from ordinary operations of €444.1m (€482.3m) and a profit of €255.1m (€297.2m). Shareholders' equity reached €4,706.7m (€4,277.6m).

The Board will be recommending a dividend of €0.15 (as against Lit. 300 last year) to the shareholders at the Annual General Meeting, which has been called in the first instance on 28 October 2002, or, if required to be adjourned, on 29 October. The dividend will be payable as from 21 November, with shareholders being entitled to a full tax credit (56.25%) thereon, and the shares will go ex-rights on 18 November.

23 September 2002

**CONDENSED BALANCE SHEET
MEDIOBANCA S.p.A.**

(€m)

	30/6/01	30/6/02
Assets		
Treasury funds employed	3,885.9	5,148.1
Loans and advances	14,229.6	14,861.8
Investment securities	3,025.6	3,031.4
Fixed assets, net	12.1	11.4
Other assets	1,491.4	1,881.1
Total assets	<u>22,644.6</u>	<u>24,933.8</u>
Liabilities		
Deposits and loans	15,933,8	17,911,3
Provisions	272,1	232,5
Other liabilities	2,212,2	2,213,8
Shareholders' equity	4,075,2	4,458,6
Profit for the year	151,3	117,6
Total liabilities	<u>22,644,6</u>	<u>24,933,8</u>
Memorandum accounts	<u>46,827,9</u>	<u>50,916,7</u>

CONDENSED PROFIT AND LOSS ACCOUNT
MEDIOBANCA S.p.A.

(€m)

	12 mths. to 30/6/01	12 mths. to 30/6/02	
Interest margin	340.1	336.0	
Commissions received and other income.....	173.2	136.2	
General and operating expenses	(133.0)	(146.8)	
GROSS MARGIN FROM ORDINARY OPERATIONS	380.3	325.4	
Net gain (loss) on sale of investment securities	31.8	460.7	
Writebacks (writedowns) in securities and investments	(88.1)	(537.4)	(*)
Gain (loss) on exchange and derivative transactions	4.1	(3.9)	
Net overprovision for taxation	—	6.8	
Initial lease instalment	—	(26.1)	
MARGIN BEFORE TAXATION AND PROVISIONS	328.1	225.5	
Extraordinary provisions	—	—	
Transfers to credit risk provisions	(82.6)	(87.0)	
Accelerated depreciation and amortization ...	(4.7)	(3.6)	
Advance taxation for prior years	—	—	
Taxation for the year	(89.5)	(17.3)	
NET PROFIT.....	151.3	117.6	

(*) Net of advance tax of €62.7m.

**CONDENSED BALANCE SHEET
MEDIOBANCA GROUP**

(€m)

	30/6/01	30/6/02
Assets		
Treasury funds employed	4,601.7	5,614.5
Loans and advances	16,998.1	17,154.2
Investment securities	3,333.7	3,351.5
Intangible assets	1.5	1.9
Property	63.3	122.0
Furniture and fixtures	3.9	4.2
Other assets	1,648.4	2,026.5
Total assets	26,650.6	28,274.8
Liabilities		
Deposits and loans	19,170.9	20,511.3
Provisions for liabilities and charges	375.5	338.6
Consolidated provision for future liabilities and charges	6.8	5.8
Other liabilities	2,460.2	2,390.3
Credit risk provisions	13.4	13.4
Subordinated liabilities	—	—
Equity attributable to minority shareholders	49.–	53.6
Shareholders' equity	4,277.6	4,706.7
Profit for the year	297.2	255.1
Total liabilities	26,650.6	28,274.8

CONDENSED PROFIT AND LOSS ACCOUNT MEDIOBANCA GROUP

(€m)

	<u>12 mths. to 30/6/01</u>	<u>12 mths. to 30/6/02</u>
Interest margin.....	530.1	550.4
Commissions received and other income.....	219.0	177.6
General expenses.....	(266.8)	(283.9)
GROSS MARGIN FROM ORDINARY OPERATIONS.....	482.3	444.1
Net gain on sale of securities held.....	101.7	463.7
Writedowns in securities and investments.....	(109.0)	(535.9)
Gain (loss) on exchange and derivative transactions.....	14.4	(18.6)
Bad debts written off.....	(42.7)	(46.8)
Net overprovision for taxation.....	—	6.8
Gains (losses) on investments stated on an equity basis.....	0.2	(5.1)
MARGIN BEFORE TAXATION AND PROVISIONS.....	446.9	308.2
Extraordinary provisions.....	—	—
Transfers to provisions for liabilities and charges.....	(12.5)	(13.3)
Accelerated depreciation and amortization.....	(4.7)	(3.6)
Advance taxation for prior years.....	—	—
Taxation for the year.....	(126.2)	(29.2)
Profit attributable to minority shareholders.....	(6.3)	(7.0)
NET PROFIT.....	297.2	255.1