

MEDIOBANCA

Interim Report

for the six months ended 31 December 2002

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

MEDIOBANCA

LIMITED COMPANY

SHARE CAPITAL € 389,274,707.50 FULLY PAID UP - RESERVES € 3,189.1m

HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

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

Interim Report

for the six months ended 31 December 2002

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

www.mediobanca.it

C O N T E N T S

	page
REVIEW OF GROUP OPERATIONS	5
CONSOLIDATED ACCOUNTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2002	
Consolidated balance sheet	32
Consolidated profit and loss account	34
ACCOUNTING POLICIES	35
NOTES TO THE CONSOLIDATED BALANCE SHEET	42
NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT	59
OTHER INFORMATION	63
CONSOLIDATED COMPANIES	64
MEDIOBANCA'S ACCOUNTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2002	
Balance sheet	68
Profit and loss account	70
Auditors' report	71
MEDIOBANCA: Supplementary schedules	
I - MEDIOBANCA debt securities in issue	77
II - Movements in treasury securities as at 31 December 2002	83
III - Movements in investment securities as at 31 December 2002	85
IV - Investments in group undertakings	89
V - Open positions in derivatives as at 31 December 2002 ..	91
VI - Significant equity investments	92

REVIEW OF GROUP OPERATIONS

In the six months to 31 December 2002, the Group made a pre-tax profit from ordinary operations of € 214.7m, up 16.8% on the total recorded one year previously, due to a 21.6% rise in the interest margin, which benefited from gains on trading involving the Bank's treasury portfolio. Fee income remained at roughly the same levels as last year, despite the ongoing stagnation in investment banking. The increase in costs was principally due to the rise in our headcount. The difficult market conditions continued to impact heavily on the Group's accounts, which for the six months to 31 December 2002 reflect a loss attributable to the parent company of € 186.1m, after charging writedowns of € 293.8m in our equity and bond portfolios to profit and loss. These include a € 34.8m loss on our holding in *Fondiarria-SAI*, which was sold after 31 December 2002. In the equivalent period last year, the Group made a profit of € 272m, after a € 462m gain on disposal of investment securities and interim net losses of € 319.3m on our securities portfolio.

The downturn which continues to affect financial markets, and currently shows no signs of recovery, has meant that for the interim accounts too we have adopted the conservative principle of writing down our equity investment portfolio on the basis of prices as at the end of the period under review, rather than their average values recorded throughout the period as a whole. This has resulted in us booking a charge which is some € 93m higher. After such writedowns, as at 31 December 2002 the securities portfolio reflected a gain of € 2,412.6m, which rises to € 2,478.9m based on current prices. The net loss of € 50.6m on derivative transactions does not take account of the € 30.3m gains on these instruments accumulated since the beginning of the Bank's financial year, in accordance with our policy of only booking such gains as and when they are realized. Bad debt writeoffs as usual involved 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 general deterioration in risk. MEDIOBANCA accounts for some 80% of the Group's total assets.

A consolidated financial statement and profit and loss account are set out below in the usual restated format:

CONSOLIDATED FINANCIAL STATEMENT

	31/12/01	30/6/02	31/12/02
	€m	€m	€m
Assets			
Treasury funds employed	4,366.3	5,614.5	8,737.2
Loans and advances	16,974.9	17,154.2	15,628.4
Investment securities	3,111.6	3,351.5	3,369.9
Intangible assets	1.5	1.9	1.7
Net fixed assets	128.8	126.2	124.7
Other assets	1,710.2	2,026.5	2,044.3
Total assets	<u>26,293.3</u>	<u>28,274.8</u>	<u>29,906.2</u>
Liabilities			
Deposits and loans	18,485.2	20,511.3	22,506.2
Provision for liabilities and charges	297.9	338.6	229.8
Consolidated provision for future liabilities and charges	6.7	5.8	5.6
Other liabilities	2,448.3	2,390.3	2,438.8
Credit risks provisions	13.4	13.4	13.4
Shareholders' equity attributable to minorities	53.1	53.6	56.7
Shareholders' equity	4,716.7	4,706.7	4,841.8
Profit (loss)	272.0 ⁽¹⁾	255.1	(186.1) ⁽¹⁾
Total liabilities	<u>26,293.3</u>	<u>28,274.8</u>	<u>29,906.2</u>

(1) Pre-tax.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	6 months to 31/12/01	12 months to 30/6/02	6 months to 31/12/02
	€m	€m	€m
INTEREST MARGIN	219.8	550.4	267.2
<i>of which: dividends</i>	<i>0.3</i>	<i>128.8</i>	<i>3.5</i>
Commissions received and other income ..	100.4	177.6	95.1
General expenses and sundry operating costs	(136.4) (*)	(282.7) (*)	(147.6)
GROSS MARGIN FROM ORDINARY OPERATIONS	183.8	445.3	214.7
Net gain (loss) on sale of investment securities	462.0	463.7	(13.4)
Writedowns in securities and investments	(319.3)	(535.9)	(293.8)
Net loss on exchange and derivative transactions ⁽¹⁾	(19.4) (*)	(19.8) (*)	(50.6)
Bad debts written off	(19.7)	(46.8)	(26.1)
Net provision for overtaxation	—	6.8	—
Loss on investments stated on equity basis	—	(5.1)	(2.4)
MARGIN BEFORE TAXATION AND PROVISIONS	287.4	308.2	(171.6)
Transfers to provisions for liabilities and charges	(7.6)	(13.3)	(8.4)
Accelerated depreciation and amortization	(1.3)	(3.6)	(2.1)
Loss attributable to minority interests ...	(6.5)	(7.0)	(4.0)
PROFIT (LOSS) BEFORE TAX ATTRIBUTABLE TO THE PARENT COMPANY ..	272.0	284.3	(186.1)
Transfers to provision for income taxes ...	—	(29.2)	—
NET PROFIT	—	255.1	—

(*) Restated.

(1) Does not include gains on derivative transactions of € 13.9m (of which € 3.3m in the period concerned), € 14.4m (€ 3.8m) and € 44.7m (€ 30.3m) respectively.

Key indices and financial ratios were as follows:

	31/12/01	30/6/02	31/12/02
Regulatory capital (€m)	6,048.9	6,227.0	5,395.9 ⁽¹⁾
Risk-weighted assets as % of regulatory capital	24.31	23.71	19.43
Gross gain per share on listed investment securities (€)	6.08	4.19	3.04
Market capitalization (€m)	9,854.6	7,105.6	6,103.0
Mediobanca share price (€)	12.66	9.13	7.84
Average number of employees	1,205	1,234	1,320

⁽¹⁾ Reduction principally due to lower gains on our investment portfolio.

* * *

The following is a review of trends in major asset headings during the period under review:

Funding – This rose by some € 2bn, or 9.7%, mostly due to an increase in funds raised through bonds and other debt securities. *Mediobanca International's* contribution to the aggregate was € 3,311.7m (30/6/02: € 3,148.9m).

Customer loans – These fell by € 1.5bn, or 8.9%, due *inter alia* to securitizations by SelmaBipiemme Leasing and Compass during the six months worth a total of € 737.9m. At 31 December 2002, 70% of the Group's loan book consisted of *customer lendings* and structured finance, 17% *leasing* transactions, and 13% *consumer credit*. At the year-end, significant exposures in terms of loan concentration according to the permitted risk weightings (i.e. in excess of 10% of consolidated regulatory capital as determined under Bank of Italy regulations), totalled € 11,256m, or 26.1% of the aggregate limit of € 43,167.5m. The funds concerned were lent to eleven "groups of connected clients", two of which at one point exceeded the permitted individual threshold, but which have both now been reduced to comply with this limit.

Investment securities – These rose by € 18.4m, naturally after net interim writebacks of € 271m.

Liquid assets – These rose by € 3.1bn in the six months under review, from € 5,614.5m to € 8,737.2m, including forward transactions. This increase is the result of a policy to keep a large proportion of our assets in highly liquid form. The total includes € 1,672m in cash, and € 4,491.9m in marketable securities written down by € 22.8m on a net interim basis. After such writedowns, the treasury portfolio shows a gain of € 86.2m based on current prices, to which should be added € 58m in gains accumulated on derivatives, of which € 43.6m since the start of our financial year.

* * *

A review of the main developments in Group companies is given below, with particular reference to the Parent Company's operations.

MEDIOBANCA

HIGHLIGHTS

The Bank's accounts for the first six months of its new financial year reflect a loss of € 237.9m, as against a profit of € 169.4m one year previously, after charging € 38m (€ 40m) to credit risks provision, and writedowns in securities and investments of € 298.7m based on prices (for equities and listed convertible bonds) as at 31 December 2002. The writedowns include € 34.8m resulting from the disposal of 11.5m *Fondiarria-SAI* shares in February 2003.

Earnings from ordinary operations totalled € 144m, up 27% over 31 December 2001, entirely as a result of the interest margin, which was greatly boosted by treasury transactions during the six months. The decline in fee income is linked to the way in which the Bank's mandates are spread out through the year. Higher general expenses were largely due to the increase in our headcount, with an average of 23 more staff employed over the half-year.

Funding at the year-end amounted to € 19,809.8m, up € 1.9bn on the figure recorded at 30 June 2002. In contrast, loans and advances fell from last year's € 14,861.8m to € 13,056.9m, and the decline in the investment portfolio from € 3,031.4m to € 2,959.4m was due to interim net writedowns of € 275.8m being charged during the period under review. Taking into account forward transactions and changes in other assets and liabilities, liquid assets rose accordingly by € 3.4bn.

Turning to investment banking, your Bank lead-managed deals worth a total of € 28bn, as against € 60bn during the equivalent period last year.

Our financial highlights have been condensed and compared on a like-for-like basis with the figures at 31 December 2001 and 30 June 2002. They are as follows:

Balance Sheet

	31/12/01	30/6/02	31/12/02
	€m	€m	€m
Assets			
Treasury funds employed	4,039.2	5,148.1	8,552.1
Loans and advances	14,315.1	14,861.8	13,056.9
Investment securities	2,728.6	3,031.4	2,959.4
Net fixed assets	11.7	11.4	11.0
Other assets	1,554.3	1,881.1	1,780.0
Total assets	<u>22,648.9</u>	<u>24,933.8</u>	<u>26,359.4</u>
Liabilities			
Funding	15,689.2	17,911.3	19,809.8
Deposits and loans	208.1	232.5	128.8
Other liabilities	2,170.6	2,213.8	2,161.7
Shareholders' equity	4,411.6	4,458.6	4,497.0
Profit for the year	169.4 ⁽¹⁾	117.6	(237.9) ⁽¹⁾
Total liabilities	<u>22,648.9</u>	<u>24,933.8</u>	<u>26,359.4</u>

(1) Pre-tax.

Profit and Loss Account

	6 months to 31/12/01	12 months to 30/6/02	6 months to 31/12/02
	€m	€m	€m
Interest margin	104.8	336.0	149.7
<i>of which: dividends</i>	<i>0.3</i>	<i>121.9</i>	<i>3.5</i>
Commissions received and other income ..	75.0	136.2	64.1
General expenses and sundry operating costs	(66.3)	(146.8)	(69.8)
GROSS MARGIN FROM ORDINARY OPERATIONS	113.5	325.4	144.0
Net gain (loss) on sale of securities held ..	456.3	460.7	—
Writedowns in securities and investments	(318.8)	(537.4)	(298.7)
Net loss on exchange and derivative transactions ⁽¹⁾	(14.2)	(3.9)	(43.1)
Net provision for overtaxation.....	—	6.8	—
Extraordinary charges (initial leasing instalment)	(26.1)	(26.1)	—
MARGIN BEFORE TAXATION AND PROVISIONS	210.7	225.5	(197.8)
Transfers to credit risks	(40.0)	(87.0)	(38.0)
Accelerated depreciation and amortization	(1.3)	(3.6)	(2.1)
PRE-TAX PROFIT	169.4	134.9	(237.9)
Provision for income taxes	—	(17.3)	—
NET PROFIT	—	117.6	—

(1) Does not include gains of € 13.9m (of which € 3.3m in the period concerned), € 14.4m (€ 3.8m), and € 44.7m (€ 30.3m) respectively.

CORPORATE FINANCE

Lendings

These comprise:

	31/12/01	30/6/02	31/12/02
	€m	€m	€m
Loans	14,253.4	14,690.8	12,713.7
Advances	61.7	171.0	343.2
	<u>14,315.1</u>	<u>14,861.8</u>	<u>13,056.9</u>

New loans of € 6,085.4m were contracted during the half-year (31/12/01: € 6,588.9m), whereas disbursements totalled € 4,504.4m (€ 6,912m) and repayments € 6,309.4m (€ 6,826.5m).

There were no overdue items. Total outstandings included:

- a) a single non-performing item in an amount of € 193,000 covered by SACE credit insurance, whom we are suing for the indemnity due; roughly one-third of the amount in question, or € 66,000, should be collected within the next few weeks;
- b) loans and advances to subsidiaries amounting to € 2,716.3m, broken down as follows:

	€m
<i>MB Finstrutture - Intersomer</i>	631.1
<i>SelmaBipiemme Leasing</i>	500.3
<i>Teleleasing</i>	451.0
<i>Palladio Leasing</i>	407.0
<i>Compass</i>	308.6
<i>Sade Finanziaria</i>	215.1
<i>Micos Banca</i>	201.5
<i>Seteci</i>	1.2
<i>R. & S.</i>	0.5
	2,716.3
	2,716.3

The € 1,868.4m lent to the Compass group companies operating in the financial services industry covers loans and advances to some 500,000 private-sector clients, comprising households and small and medium-sized companies. At group level, this represents roughly one-third of customer loans.

Loans and advances outstanding were as follows:

	<u>€m</u>
<i>By maturity</i>	
Amounts due within 18 months	7,167.3
Amounts due between 18 and 60 months	3,954.5
Amounts due after 60 months	1,935.1
	<u>13,056.9</u>
	<u><u>13,056.9</u></u>
	<u>€m</u>
<i>By amount lent per borrower</i>	
Up to € 2.5m	42.5
From € 2.5m to € 7.5m	156.5
From € 7.5m to € 25m	594.9
From € 25m to € 50m	703.6
From € 50m to € 150m	1,320.3
From € 150m to € 250m	1,640.0
Over € 250m	8,599.1
	<u>13,056.9</u>
	<u><u>13,056.9</u></u>

The average interest rate paid over the six-month period by borrowers of facilities not linked to back-to-back funding was 4.35% (2001-02: 4.92%).

Capital markets

Your Bank lead-managed four underwriting and placing syndicates for equities and convertible bonds totalling € 1,087m (€ 4,552m), including two

rights issues of € 453m. We led thirteen selling groups which placed € 2,194m (€ 200m) of debt securities, and co-managed a further two selling groups for non-Italian issuers of debt securities totalling € 68m (€ 122m). We also arranged ten syndicated loans in a total amount of € 14,136m (€ 15,047m).

Mergers and acquisitions

MEDIOBANCA acted as financial advisor for M&A deals (some of which involved takeover bids) worth € 10.5bn (31/12/01: € 40bn) during the six months under review.

Trading for clients' accounts

During the six months, such trading involved a total of € 5,084.3m, of which € 2,882.3m related to equities and € 2,202m to fixed-interest securities. These transactions included 23.7m MEDIOBANCA shares worth a total of € 173.7m.

FUNDING AND TREASURY

Funding

This heading covers:

	31/12/01	30/6/02	31/12/02
	€m	€m	€m
Time deposits and current accounts ..	1,413.5	2,279.1	2,118.2
Debt securities	11,213.6	11,202.1	13,263.8
Loans from banks	3,062.1	4,430.1	4,427.8
	15,689.2	17,911.3	19,809.8
	15,689.2	17,911.3	19,809.8

Time deposits and current accounts fell by € 160.9m, € 72.7m of which was attributable to certificates of deposit. The average gross rate paid to customers during the half-year ended 31 December 2002 was 3.12% (2001-02: 3.52%).

The € 2,061.7m increase in *debt securities in issue* is due to new issues of € 3,084.6m and interest accruals of € 59.5m, as against conversions and redemptions (including pre-payments) of € 1,074.4m and exchange adjustments of € 8m. Over two-thirds of the new issues were bonds linked to market indicators (market rates, funds, equities and stock indices) and inflation, whereas the remainder involved credit-linked notes and other debt securities. The average interest rate paid on our bonds and other debt securities over the half-year, excluding those issued in respect of back-to-back loans, was 3.45%, as against 4.11% in the previous financial year. Debt securities in issue as at 31 December 2002 are listed in Table I.

Loans from banks comprise interbank facilities amounting to € 3,744.3m (of which € 3,274.2m was raised through *Mediobanca International*) and *EIB funds* of € 683.5m.

Funding by maturity as at 31 December 2002 was as follows:

Maturity	Time deposits and current accounts	Bonds and other debt securities	EIB and bank funding	Total
	€m	€m	€m	€m
Up to 18 months	1,953.0	1,656.0	2,262.2	5,871.2
18-60 months	165.2	8,603.0	1,466.9	10,235.1
Over 60 months	—	3,004.8	698.7	3,703.5
	<u>2,118.2</u>	<u>13,263.8</u>	<u>4,427.8</u>	<u>19,809.8</u>

Treasury securities

This heading covers:

	31/12/01	30/6/02	31/12/02
	€m	€m	€m
Cash and bank balances	607.5	1,110.0	1,637.0
Fixed-interest securities	3,872.0	3,734.6	4,189.5
Equities	202.9	1,147.4	145.8
Forward transactions less securities lending transactions and technical shortfalls	(643.2)	(843.9)	2,579.8
	<u>4,039.2</u>	<u>5,148.1</u>	<u>8,552.1</u>

Cash and bank balances decreased by € 527m. This item includes € 935m in short-term deposits and € 54.9m constituting our compulsory reserve at the Bank of Italy.

Fixed-interest securities rose by € 454.9m. As at 31 December 2002, 46.8% of the portfolio consisted of Italian government securities, 11.3% of Mediobanca debt securities, and the balance of securities by various other issuers. The latter, broken down by rating, were as follows: AAA: 25.2%; AA: 6.4%; A: 19.8%; BBB: 25.3%; others (including unrated): 23.3%. Bonds due for redemption within twelve months accounted for 12.3% of the total and 12.8% of the Bank's fixed-interest portfolio.

Table II lists the movements in our treasury securities portfolio during the period under review, which shows a gain of € 48.9m, including arbitrage and derivative transactions. A gain of € 39.4m was made over average market prices in December 2002, after net writedowns of € 3.8m and negative exchange adjustments of € 3.5m. Taking the Bank's positions in derivatives into account, the gain rises to € 76.5m and the writedowns to € 51.3m. A total of € 548bn of securities were traded in the six months under review, of which € 276bn related to purchases and subscriptions, and € 272bn to sales and redemptions. The figures include purchases of € 257bn and sales of € 254bn involving forward transactions. The overall yield on treasury transactions (net of writedowns and excluding gains of € 48m accumulated during the period under review) was 4.09%, compared with 4.96% in the six months to 31 December 2001.

Trading in *equities* involved purchases of € 3,730.8m and sales (at cost) of € 4,712.5m. Taking arbitrage and derivative transactions into account, a gain of € 10.5m was made. Holdings at the end of the six months totalled € 145.8m, representing a gain of € 1.8m after interim net write-downs of € 19m and downward exchange adjustments of € 0.8m, based on prices at 30 December 2002. Taking the Bank's positions in derivatives into account, the gain rises to € 9.4m and the writedowns fall to € 15.3m.

Trading in repos involved lending transactions of € 3,588.7m and borrowings of € 667.2m. Our counterparties in the lending transactions were banks as to € 2,694.7m and financial companies as to € 894m. Those involved in the borrowings were banks as to € 220.4m, financial companies as to € 331.3m, and customers as to € 115.5m. This item includes lent securities worth € 101.2m and € 341.8m in technical shortfalls. The large forward position stems from a bid to minimize risk on the treasury side too.

INVESTMENT SECURITIES

These consist of:

	31/12/01	30/6/02	31/12/02
	€m	€m	€m
Debt securities	108.7	77.4	76.5
Other investments	2,501.9	2,835.2	2,764.4
Investments in Group undertakings	118.0	118.8	118.5
Total investment securities	<u>2,728.6</u>	<u>3,031.4</u>	<u>2,959.4</u>

Table III lists the movements in our investment securities portfolio during the period under review, which shows a surplus of market price over book value of € 2,554.6m based on average prices in the six months ended 31 December 2002, or € 2,562.7m based on prices and holdings as at 14 March 2003, and taking into account the interim writedowns charged on 31 December 2002.

Movements during the half-year involved purchases and subscriptions of € 203.8m. Details are as follows:

Assicurazioni Generali – we transferred 1.7m shares from our treasury to our investment portfolio at a book value of € 40.4m, with effect from 1 July 2002. This was partly due to the strategic nature of our holding in this company, and partly to the length of time these shares (which had been written down on the basis of prices as at 30 June 2002) had been held. At 31 December 2002, our 160.9m Generali shares, carried at a book value of € 703.2m, represented 12.61% of that company. At the same date, our subsidiaries Compass, Sade Finanziaria and Spafid held a further 1.32%, bringing the Group's total interest in Generali up to 13.93%. On 17 December 2002, the Italian antitrust authority ruled that Mediobanca held a dominant position in the insurance market, and froze a proportion of the voting rights equivalent to 2% of Generali's share capital.

Athena Private Equity – the book value of our 6.1m shares was increased by € 7.2m as a result of a capital call.

Eurofind – we acquired 2.8m shares in this company for € 155.1m. This outlay, which forms part of the IFIL group's public tender offer for La Rinascente, involves the Bank having a put option and IFIL a call option for a period of 24 months.

Fondiarria-SAI 2002-2008 warrants – we received a total of 5.1m bonus shares carried at a book value of € 12.6m. This entitles the Bank to subscribe for one € 2.08 *Fondiarria-SAI* share for every four warrants as of 2005.

Fondiarria-SAI – following the merger between *La Fondiarria* and *SAI*, which took effect as of 31 December 2002, a total of 14.1m shares in the new company, or 10.96% of its share capital, were booked at a value of € 187.4m. This coincides exactly with the value of our holdings in the two companies pre-merger.

Interim adjustments were made to the stocks listed below as follows:

Writedowns

	31/12/02	Total vs historic cost
	€m	€m
<i>Commerzbank</i>	66.9	179.7
<i>Banca Intesa</i> ordinary	54.7	110.9
<i>Fondiaria-SAI</i> ⁽¹⁾ ordinary	41.1	41.1
<i>Finmeccanica</i>	18.5	69.4
<i>Capitalia</i>	18.2	119.4
<i>Olivetti</i>	16.3	192.5
<i>Mediolanum</i>	14.7	169.7
<i>Fiat</i> ordinary	10.5	10.5
<i>Allianz</i>	6.9	6.9
<i>Pirelli & C.</i> ordinary	5.6	5.6
<i>AMB</i>	4.6	7.3
<i>Banca Esperia</i>	3.6	7.6
<i>Koenig & Bauer</i>	2.3	2.3
<i>Others</i>	12.3	76.3
	<u>276.2</u>	<u>999.2</u>

Writebacks

	31/12/02
	€m
<i>Olivetti 2004 convertible bonds</i>	0.4
	<u>0.4</u>

⁽¹⁾ Of which € 34.8m booked as a result of the sale of 11.5m shares in February 2003, and € 6.3m on the remainder based on pre-merger prices as at 30 December 2002.

Financial accounts with Group undertakings and other “related parties” as at 31 December 2002 are summarized below:

	Companies controlled directly and indirectly by the Bank	Other “related parties” ⁽¹⁾
	€m	€m
Accounts receivable	2,761.8	3,146.6
Accounts payable	3,358.0	172.5
Guarantees given and commitments	6,905.0	1,255.3
Interest received	57.0	259.0
Interest paid	(68.6)	(15.8)
Fee income	0.2	7.8
Other costs and expenses	(3.4)	2.5

(1) Mainly companies in which Mediobanca has a stake of over 10%.

All such accounts are maintained on an arm’s length basis. No “atypical” or “unusual” transactions have been entered into with these companies. There are no shareholders in your Bank in a “controlling position”.

OTHER INFORMATION

Provisions consist of:

- The *Provision for taxation*, amounting to € 116.4m;
- The *Staff termination indemnity provision*, amounting to € 12.4m, which covers all indemnities due to our staff as at 31 December 2002.

Shareholders’ equity comprises:

- *Share capital* amounting to € 389.3m, which reflects an increase of € 10,000 as a result of the exercise of stock options.

- *Reserves and retained earnings*, amounting to € 3,189.1m, an increase of € 0.3m. The balance is made up of the following items:
 - the *Legal reserve*, amounting to € 77.8m, and the *Statutory reserve*, which now stands at € 1,033.6m. These increased by € 2,450 and € 262,000 respectively, pursuant to resolutions approved at the Bank's Annual General Meeting on 28 October 2002;
 - the *Share premium reserve*, amounting to € 1,807.1m. This reflects an increase of € 0.1m due to the exercise of stock options;
 - an unchanged *Merger surplus* of € 262.9m;
 - *Revaluation reserves under Laws 72/83 and 413/91*, unchanged at € 7.6m;
 - *Retained earnings* of € 81,000.
- *The General banking risks provision*, amounting to € 638.9m.
- *The Credit risks provision*, amounting to € 279.6m, after an interim provision of € 38m.

RISK MANAGEMENT

Credit risk

The Bank's internal control system for identifying, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions originate from extensive knowledge of the borrower's business, assets and management, as well as the macroeconomic background of its operations, and in the case of countries at risk, facilities are backed by fees received to cover the portion of the loan not covered by credit insurance provided by State agencies. In addition to suitable guarantees, covenants are incorporated into documentation (having regard *inter alia* to the maturity and size of the loan concerned) to provide protection against any deterioration in creditworthiness. Applications for finance are processed through a set of tried and tested procedures requiring them to be scrutinized and validated in successive

steps, while all loans outstanding are monitored on an ongoing basis. To gauge the effectiveness of these measures, the customary table covering MEDIOBANCA's lending operations has been updated as follows:

	€m
Loans outstanding as at 30 June 1991	6,772
Loans disbursed between 30 June 1991 and 31 December 2002	68,047
Total loans granted during period (a)	<u>74,819</u>
Bad debts written off during period..... (b)	<u>2.6 (*)</u>
<i>% (b):(a)</i>	<u>0.003</u>

(*) A single item arising from an action to revoke repayments taken more than four years after the loan was repaid by the borrower's special administrator operating under Law No. 95/79.

It should be pointed out that all default interest is credited to the relevant provision, which since 30 June 1991 has generated a net surplus of over € 8m.

Market risk

MEDIOBANCA uses a risk management system that monitors market risk on a daily basis. In operation since 1 January 2002, this system calculates value at risk (VaR) on the Bank's entire trading and structural portfolio. VaR is based on expected volatility and the correlation between the risk factors concerned, to determine potential negative movements that can be expected within a 95% confidence level as a result of market movements in a single trading day. It is also calculated on the same assumptions using the Monte Carlo simulation ⁽¹⁾ and historical simulation ⁽²⁾ models. As at 31 December 2002, VaR on market risk worked out at a total of € 1.5m (30/6/2002: € 2.9m), and the expected shortfall ⁽³⁾ was € 2.2m (€ 5.5m), as detailed below.

⁽¹⁾ Determines portfolio value based on random variations in risk factors.

⁽²⁾ Determines portfolio value based on historic variations in risk factors.

⁽³⁾ Expected shortfall: average potential loss over and above VaR, calculated by historical simulation.

Table 1 – *Value at risk and expected shortfall*

Risk factor	Amount € '000
Interest rates	697
Equities	1,303
Exchange rates	363
Diversification effect (*)	(912)
TOTAL	1,451
Expected shortfall	2,193

(*) Resulting from mismatch between risk factors.

At € 1.3m, value at risk is still highest in equities (30/6/02: € 3.3m), whereas for interest and exchange rates it is lower and close to levels at the beginning of our financial year, at € 0.7m and € 0.4m respectively.

At € 4.2m, the average trend in VaR in the second half of 2002 was much higher than the figure recorded at the end of June, reflecting the high market volatility which characterized the period between August and November. Its high over the six months was € 6.9m, and its low € 1.5m, the figure recorded at the end of the period. In both cases, this was due primarily to equities.

Table V, as usual, shows all our open positions as at 31 December 2002, together with information on their credit quality as required by Bank of Italy regulations. This reflects a potential risk for our counterparties (which are highly rated banks and financial companies) of € 359.6m, as against € 262.4m at 30 June 2002, and a market risk of € 919.3m (€ 659.7m), the increase being due to the rise in volumes traded. Our current exposure is € 262.2m (€ 254.7m), taking into account deposits made by our counterparties.

Counterparty risk

This is measured in terms of expected potential market value, thereby doing away with the need to set arbitrary weightings for each type of fund employed, while arriving at a maximum potential exposure to the Bank's various counterparties within a given confidence interval and over a specified time horizon.

Asset and liability management

The sensitivity of the Bank's portfolio of assets and liabilities to interest rate movements is calculated on a daily basis, as is liquidity risk, based on the prospective timing of future cash flows. Both these instruments are used in treasury management, and enable strategic decisions on the Bank's operations to be taken at quarterly intervals by providing information on profit trends and the potential impact of market movements on any mismatches that could arise.

* * *

PROFIT AND LOSS ACCOUNT

Interest margin

	31/12/01	30/6/02	31/12/02
	€m	€m	€m
Loan interest	313.2	588.9	269.6
Interest and other income from treasury transactions	111.8	200.6	187.0
Dividends and tax credits thereon ...	0.3	121.9 ⁽¹⁾	3.5 ⁽²⁾
	<u>425.3</u>	<u>911.4</u>	<u>460.1</u>
Less cost of funding	(320.5)	(575.4)	(310.4)
	<u>104.8</u>	<u>336.0</u>	<u>149.7</u>

⁽¹⁾ Excludes € 106.3m in arbitrage transactions, which have been reclassified under *Interest and other income from treasury transactions* net of charges of € 73m thereon.

⁽²⁾ Excludes € 33.9m in arbitrage transactions, which have been reclassified under *Interest and other income from treasury transactions* net of charges of € 23.4m thereon.

The interest margin is significantly higher than that recorded in the same period last year, boosted by gains in treasury securities trading and higher volumes traded.

	6 months to 31/12/01		12 months to 30/6/02		6 months to 31/12/02	
	Average balance (€m)	Rate (*) %	Average balance (€m)	Rate (*) %	Average balance (€m)	Rate (*) %
<i>Interest-earning assets</i>	<u>21,350.7</u>	4.58	<u>21,092.9</u>	4.31	<u>23,045.1</u>	4.31
Interest-bearing liabilities	16,828.7	3.88	16,349.1	3.59	18,436.7	3.45
Non-interest bearing funds	4,522.0	—	4,743.8	—	4,608.4	—
<i>Total sources of funds</i> ...	<u>21,350.7</u>	3.06	<u>21,092.9</u>	2.78	<u>23,045.1</u>	2.76
Margin on rates		0.70		0.72		0.86
Gross effective margin on interest-earning assets ..		1.52		1.53		1.55

(*) Excludes gains on securities, derivatives and bank commissions. Dividends for the half-year periods have been estimated on a pro-rata basis.

Commissions received and general expenses

The main items under the heading of *commissions and other income received* were securities placing fees of € 13.9m (31/12/01: € 28.7m), commissions on guarantees of € 28.7m (€ 21.9m), fees earned from corporate advisory services of € 16m (€ 16.2m) and securities trading commissions of € 2.6m (€ 4.4m) received from clients. This item also includes extraordinary gains of € 0.6m, € 1.3m in rent received and € 1.3m in expenses recovered from clients.

The main items under the heading of *general expenses* were:

- *bank charges* of € 11.2m (€ 10.7m), consisting almost entirely of commissions on funding instruments;
- *labour costs* of € 29.3m (€ 25m), reflecting an increase in the headcount from an average of 356 to an average of 379;
- *sundry expenses* of € 28.1m (€ 30.6m), of which € 5.5m represent charges relating to the regular lease on the premises in Milan and Rome, and € 0.6m in interest paid on instalments of our substitutive tax liability arising from the franking of the credit risks provision.

* * *

A brief review of the performance of Mediobanca's main subsidiaries during the period is given below.

THE COMPASS GROUP

Compass is the parent company of all Mediobanca's financial service subsidiaries. The Compass group's consolidated highlights as at 31 December 2002 reflect lendings of € 4,730m, 57% of which derive from *leasing* and 43% from *consumer credit*, down from € 4,902m as at 30 June 2002 following loan securitizations of € 601m by SelmaBipiemme Leasing and € 136.9m by Compass during the six months under review. Earnings

from ordinary operations amounted to € 57.2m (€ 57.5m), representing a net profit attributable to your Bank of € 5.3m (€ 20.8m) after writedowns and provisions of € 34.5m (€ 27.1m) and interim losses on listed securities of € 13.4m (€ 5.3m). The period under review saw growth in business volumes over the previous year, with total funds of € 1,521.3m being disbursed, as against € 1,286.9m at 31 December 2001, representing an increase of 18%.

A review of the individual companies' results follows:

- *COMPASS S.p.A.*: profit before tax was € 0.8m (31/12/01: € 12.7m), after losses on listed securities of € 13.4m (€ 5.3m). Loans outstanding at 31 December 2002 totalled € 1,367m, compared with € 1,262m at 30 June 2002, reflecting the sale of € 136.9m in loans current as to principal and interest on a non-recourse basis.
- *COFACTOR S.p.A.*: Cofactor recorded a pre-tax profit of € 1.5m (31/12/01: € 1.7m). At the year-end, receivables under management totalled € 435.1m, carried at a book value of € 43.7m (compared with € 336.2m at 30 June 2002 carried at a book value of € 34.2m).
- *MICOS BANCA SpA*: Micos Banca's profit before tax was € 1.8m, as against € 0.6m in the six months ended 31 December 2001, after extraordinary income of € 0.7m. Loans outstanding at 31 December 2001 amounted to € 635m (30/06/02: € 522m).
- *CREDITECH S.p.A.*: this company made a pre-tax profit of € 124,000, as against € 313,000 in the six months to 30 June 2002, with revenues totalling € 2m (30/06/02: € 1.8m) in the period under review.
- *SELMABIPIEMME LEASING S.p.A.*: a pre-tax profit of € 3.2m (31/12/01: € 8.8m) was earned during the period, after a non-recurring charge of € 2.6m to cover the securitization referred to earlier. At 31 December 2002, the net value of goods on or pending lease was € 1,638.3m, as against € 1,533.7m at 30 June 2002.
- *PALLADIO LEASING S.p.A.*: a pre-tax profit of € 4.2m (31/12/01: € 5.1m) was earned in the first half of the financial year. At 31 December 2002, the net value of goods on or pending lease was € 790.3m (30/06/02: € 702.5m).

- *TELELEASING S.p.A.*: a pre-tax profit of € 12.7m was earned (31/12/01: € 7.2m). At 31 December 2002, the net value of goods on or pending lease was € 663.1m, as against € 690.4m at 30 June 2002.

The performance of Mediobanca's other main subsidiaries is briefly reviewed below:

- *SPAFID - Società per Amministrazioni Fiduciarie S.p.A.*, Milan (100% owned): Spafid recorded a pre-tax profit of € 145,000 for the half-year, compared with € 268,000 in the six months ended 31 December 2001, after writedowns in securities held of € 952,000.
- *MB FINSTRUTTURE - INTERSOMER S.p.A.*, Milan (100% owned): this company recorded a loss of € 877,000 in the six months ended 31 December 2002, as against a profit of € 2,000, after writedowns in securities held of € 1.6m. Its lendings amounted to € 620m at the year-end, compared with € 487m at 30 June 2002.
- *SADE FINANZIARIA S.p.A.*, Milan (100% owned): this company's accounts for the half-year reflect a loss of € 1.1m, as against a profit of € 1.8m at 31 December 2001.
- *TECHNOSTART S.p.A.*, Milan (69% owned): the company's accounts for the six months ended 31 December 2002 reflect a loss of € 8,000 (31/12/01: € 26,000).
- *MEDIOBANCA INTERNATIONAL LIMITED*, Grand Cayman (100% owned): Mediobanca International earned a profit of USD 5.4m in the six months, compared with USD 1.7m in the six months to 31 December 2001. Total deposits amounted to USD 3,482m, as against USD 3,141m at 30 June 2002.
- *TRADEVCO - The Liberian Trading and Development Bank Ltd*, Monrovia (Liberia) (60% owned, with the remaining 40% held by Tradevco in the form of treasury shares): pre-tax profit for the six months under review was LRD 1.7m. Compared to 30 June 2002, lendings fell from LRD 134.6m to LRD 126.2m, while deposits were up from LRD 346.5m to LRD 402.2m.

* * *

Significant developments since 31 December 2002

In pursuance of Consob's ruling of joint and several liability with regard to MEDIOBANCA and Premafin, the Bank disposed of 11.5m *Fonditaria-SAI* shares, representing 8.9% of that company's share capital, and entered into several equity swap agreements in respect of an equivalent number of shares, which enabled it to keep its exposure to *Fonditaria-SAI*'s stock market performance unchanged. This resulted in a loss of € 34.8m, which as previously stated was charged to the interim accounts.

Prospects

The interest margin is likely to show a similar trend in the second half of our financial year to that seen in the first half, save for trading involving treasury securities, which is obviously difficult to predict. The stock market downturn and the general economic recession will continue to have a major impact on investment banking volumes, the size of dividends due to be collected towards the end of our financial year, and the extent of writedowns in the Group's securities portfolio.

* * *

Reconciliation of shareholders' equity and profit

	Shareholders' equity (€m)	Profit for the year (€m)
Balance as at 31 December 2002 as per interim accounts of Mediobanca S.p.A.	4,217.4 ⁽¹⁾	(237.9)
Net surplus over book value of consolidated companies	84.6	10.6
Exchange differences arising from translation of accounts denominated in currencies other than the Euro	3.2	—
Other adjustments and reclassifications on consolidation, including those made to comply with group accounting policies	536.6	43.6
Dividends received during the period from consolidated companies	—	(2.4)
Total	4,841.8 ⁽²⁾	(186.1)

⁽¹⁾ Excluding € 279.6m relating to *Credit risks provision*.

⁽²⁾ Excluding € 13.4m relating to subsidiaries' taxed *Credit risk provisions*.

Milan, 14 March 2003

THE BOARD OF DIRECTORS

INTERIM CONSOLIDATED ACCOUNTS

BALANCE SHEET

	Assets	31/12/02	31/12/01	30/6/02
		€ '000	€ '000	€ '000
10.	CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES	5,857	10,536	5,663
20.	GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS	1,691,674 ⁽¹⁾	2,026,381	1,159,969
30.	AMOUNTS DUE FROM BANKS:	4,855,157	2,410,011	2,474,577
	a) deposits and loans repayable on demand	682,700	170,911	916,455
	b) other accounts	4,172,457	2,239,100	1,558,122
40.	AMOUNTS DUE FROM CUSTOMERS	16,571,081	16,640,355	17,439,435
	<i>of which:</i>			
	• <i>loans using funds managed for third parties</i>	—	—	—
50.	BONDS AND OTHER DEBT SECURITIES ISSUED BY:	2,735,703 ⁽²⁾	2,243,480	3,058,894
	a) government and public agencies	273,353	753,670	968,298
	b) banks	678,151	382,911	708,569
	<i>of which:</i>			
	• <i>own bonds</i>	479,242	71,098	423,313
	c) financial companies	1,207,477	595,180	765,083
	<i>of which:</i>			
	• <i>own bonds</i>	—	—	—
	d) other issuers	576,722	511,719	616,944
60.	EQUITIES, PARTICIPATING INTERESTS AND OTHER CAPITAL SECURITIES	152,608 ⁽³⁾	210,654	1,154,378
70.	EQUITY INVESTMENTS:	3,280,723 ⁽⁴⁾	2,993,995	3,265,278
	a) stated on net equity basis	57,372	186,639	52,548
	b) other equity investments	3,223,351	2,807,356	3,212,730
80.	INVESTMENTS IN GROUP UNDERTAKINGS:	1,134	941	2,160
	a) consolidated on net equity basis	1,134	941	2,160
	b) other investments in group undertakings	—	—	—
110.	INTANGIBLE ASSETS	1,653	1,469	1,932
	<i>of which:</i>			
	• <i>installation costs</i>	2	240	4
	• <i>goodwill</i>	—	—	—
120.	TANGIBLE FIXED ASSETS	124,728	128,723	126,276
140.	OWN SHARES	1,216	1,216	1,216
150.	OTHER ASSETS	770,516	557,952	702,331
160.	ACCRUED INCOME AND PREPAID EXPENSES:	1,185,067	1,100,858	1,113,053
	a) accrued income	946,238	952,271	956,116
	b) prepaid expenses	238,829	148,587	156,937
	<i>of which:</i>			
	• <i>discounts on bonds issued</i>	42,563	7,138	11,122
		31,377,117	28,326,571	30,505,162

GUARANTEES AND COMMITMENTS

		31/12/02	31/12/01	30/6/02
		€ '000	€ '000	€ '000
10.	GUARANTEES GIVEN	490,323	1,122,393	844,510
	<i>of which:</i>			
	• <i>acceptances</i>	—	—	—
	• <i>other guarantees</i>	490,323	1,122,393	844,510
20.	COMMITMENTS	13,563,714	7,862,195	8,770,715
	<i>of which:</i>			
	• <i>assets sold under repurchase agreements</i>	—	—	—
30.	CREDIT DERIVATIVES	339,500	10,000	215,038

	Liabilities and shareholders' equity	31/12/02	31/12/01	30/6/02
		€ '000	€ '000	€ '000
10.	AMOUNTS DUE TO BANKS:	5,538,248	5,976,349	6,685,060
	a) repayable on demand	1,372,929	333,773	1,615,067
	b) term deposits and deposits under notice	4,165,319	5,642,576	5,069,993
20.	AMOUNTS DUE TO CUSTOMERS:	1,369,364	435,419	773,997
	a) repayable on demand	513,028	71,012	357,705
	b) term deposits and deposits under notice	856,336	364,407	416,292
30.	DEBT SECURITIES IN ISSUE:	17,014,169	13,955,637	15,088,756
	a) bonds	13,853,370	11,916,326	12,049,171
	b) certificates of deposit	758,406	919,905	831,066
	c) other debt securities	2,402,393	1,119,406	2,208,519
50.	OTHER LIABILITIES	1,659,919	1,622,543	1,715,747
60.	ACCRUED EXPENSES AND DEFERRED INCOME:	833,051	975,640	867,130
	a) accrued expenses	532,646	719,205	616,674
	b) deferred income	300,405	256,435	250,456
70.	PROVISION FOR STAFF TERMINATION INDEMNITIES	28,804	28,341	28,621
80.	PROVISIONS FOR LIABILITIES AND CHARGES:	206,532	276,178	315,817
	a) post-retirement and similar benefits	—	—	—
	b) provision for taxation	160,077	235,962	274,270
	c) consolidated provision for future liabilities and charges	5,550	6,676	5,810
	d) other provisions	40,905	33,540	35,737
90.	CREDIT RISKS PROVISION	13,428	13,428	13,428
100.	PROVISION FOR GENERAL BANKING RISKS	317,430	317,430	317,430
120.	SURPLUS ON CONSOLIDATION	84,568	84,568	84,568
140.	NET EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS	56,714	53,137	53,616
150.	SHARE CAPITAL	389,275	389,262	389,265
160.	SHARE PREMIUM RESERVE	1,807,114	1,806,949	1,806,980
170.	RESERVES:	2,231,017	2,106,058	2,096,018
	a) legal reserves	77,854	77,852	77,852
	b) reserve for purchase of own shares and participating interests	1,216	1,216	1,216
	c) statutory reserves	1,033,591	1,033,329	1,033,329
	d) other reserves	1,118,356	993,661	983,621
180.	REVALUATION RESERVES	13,514	13,514	13,514
190.	RETAINED EARNINGS (ACCUMULATED LOSSES)	81	99	99
200.	PROFIT (LOSS) FOR THE PERIOD	(186,111) ^(f)	272,019 ^(g)	255,116
		31,377,117	28,326,571	30,505,162

^(f) Net of interim adjustments amounting to € 1,977,000, including interim writebacks of € 56,000.

^(g) Net of interim adjustments amounting to € 7,970,000, including interim writebacks of € 6,130,000.

^(h) Net of interim adjustments amounting to € 20,128,000.

⁽ⁱ⁾ Net of interim adjustments amounting to € 270,037,000.

^(j) Including provision for income taxes.

PROFIT AND LOSS ACCOUNT

	6 months to 31/12/02	6 months to 31/12/01	12 months to 30/6/02
	€ '000	€ '000	€ '000
10. INTEREST RECEIVABLE AND SIMILAR INCOME	696,421	668,800	1,263,964
<i>of which:</i>			
• <i>loans and advances to customers</i>	467,158	495,986	953,781
• <i>debt securities</i>	144,219	83,454	156,067
20. INTEREST PAYABLE AND SIMILAR EXPENSES	(475,993)	(475,744)	(883,796)
<i>of which:</i>			
• <i>customer deposits</i>	(16,239)	(16,478)	(27,011)
• <i>securities issued</i>	(335,215)	(342,557)	(625,799)
30. DIVIDENDS FROM AND OTHER INCOME ON:	37,419	350	244,712
a) equities, participating interests and other capital securities	37,399	—	121,375
b) equity investments	20	350	123,337
c) investments in Group undertakings	—	—	—
40. COMMISSIONS RECEIVABLE	81,201	81,304	164,211
50. COMMISSIONS PAYABLE	(34,942)	(26,185)	(61,906)
60. GAINS (LOSSES) ON DEALING TRANSACTIONS	(84,166)	(20,963)	(151,630)
70. OTHER INCOME FROM OPERATIONS	307,743	119,488	175,131
80. ADMINISTRATIVE EXPENSES:	(110,714)	(100,334)	(221,454)
a) personnel costs	(55,802)	(48,747)	(109,354)
<i>of which:</i>			
• <i>wages and salaries</i>	(40,438)	(35,743)	(78,822)
• <i>social security contributions</i>	(11,837)	(9,861)	(22,341)
• <i>transfer to termination indemnity provision</i>	(2,681)	(2,506)	(6,073)
• <i>post-retirement and similar benefits</i>	(846)	(637)	(2,118)
b) other administrative expenses	(54,912)	(51,587)	(112,100)
90. ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS	(6,054)	(4,826)	(11,288)
100. TRANSFER TO PROVISIONS FOR LIABILITIES AND CHARGES	(8,401)	(7,562)	(13,352)
110. OTHER OPERATING EXPENSES	(283,414)	(96,740)	(137,296)
120. ADJUSTMENTS TO LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	(29,974)	(21,081)	(49,580)
130. WRITEBACKS OF LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS	3,836	1,389	2,714
140. TRANSFERS TO CREDIT RISKS PROVISION	—	—	—
150. ADJUSTMENTS TO FINANCIAL ASSETS	(271,384)	(305,722)	(558,737)
160. WRITEBACKS TO FINANCIAL ASSETS	434	2,250	—
170. PROFIT (LOSS) ON INVESTMENTS STATED ON NET EQUITY BASIS	(2,389)	—	(5,080)
180. PROFIT (LOSS) ON ORDINARY ACTIVITIES	(180,377)	(185,576)	(243,387)
190. EXTRAORDINARY INCOME	2,351	467,359	478,170
200. EXTRAORDINARY EXPENDITURE	(4,086)	(3,281)	(6,227)
210. EXTRAORDINARY PROFIT (LOSS)	(1,735)	464,078	471,943
230. CHANGE IN PROVISION FOR GENERAL BANKING RISKS	—	—	—
240. INCOME TAXES	—	—	33,522
250. PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS	(3,999)	(6,483)	(6,962)
260. PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	(186,111) ⁽¹⁾	272,019 ⁽¹⁾	255,116

(1) Including transfer to provision for income taxes.

ACCOUNTING POLICIES

Methods of consolidation and accounting policies

Scope of consolidation

The consolidated interim accounts comprise the results of MEDIOBANCA S.p.A. (the “Bank” or “Parent Company”) and those of its directly or indirectly controlled subsidiaries engaged in banking or financial services or solely or principally in activities of a substantially similar nature. The Bank’s other significant equity investments have been consolidated using the net equity method. A controlling interest was acquired in *Prominvestment* during the past financial year; accordingly, this company has been consolidated on the line-by-line basis for the first time.

All other equities, rights and participating interests are stated at book value, determined on the same basis as in the Bank’s accounts. Exceptions to these principles are explained in detail in the review of the Bank’s operations and the accompanying schedules.

Basis of consolidation

Group subsidiaries have been consolidated on the line-by-line basis, by combining their earnings, expenses, assets and liabilities, and by eliminating equity and intra-group accounts against the carrying value of the underlying investments.

Net differences arising when the accounts were first consolidated as at 30 June 1994, have been recorded in the item *Negative goodwill on consolidation* or *Consolidated provision for future liabilities and charges*. No positive goodwill on consolidation has been attributed to any assets.

The portion of net equity and share of profit for the period attributable to minority interests has been stated as *Net equity attributable to minority shareholders*.

Currency

Amounts are expressed in thousands of Euros, unless otherwise indicated.

Accounts expressed in foreign currencies

Accounts of subsidiaries denominated in currencies other than the Euro have been translated into Euros at exchange rates ruling on 31 December. Exchange differences against net equity arising when the accounts were first consolidated as at 30 June 1994 have been taken to *Other reserves* or the *Consolidated provision for future liabilities and charges*.

Accounts used for consolidation

The consolidated accounts have been prepared from the financial statements of the individual subsidiaries as at 31 December, restated where appropriate on a basis consistent with the format adopted for the Parent Company's accounts, and also adjusted to eliminate amounts charged to the profit and loss account solely to achieve tax benefits.

Leasing companies have been consolidated on the basis of their accounts prepared according to the finance lease method as prescribed by IASC No. 17.

Loans and advances

Loans and advances are stated at their estimated realizable value. Where there is a reasonable probability of a loss being incurred, the item concerned is written down accordingly and charged to profit and loss account under *value adjustments*. If the loss does not eventually crystallize, the amount concerned is credited back to profit and loss account in a subsequent accounting period under *writebacks*.

All default interest accrued during the period under review is suspended in the relevant provision, and is credited to profit and loss account only when actually collected.

Fixed-interest securities

These are broken down as between:

- a) *non-investment securities*, held for use in treasury operations, and
- b) *investment securities*, which also include convertible bonds, and are held by the Bank on a long-term basis, being of the same nature as equity investments.

Listed securities and commitments to buy and sell such securities are stated at the lower of cost and market value, based on the average price in December in the case of non-investment securities, and on the average price in the six months ended 31 December in the case of investment securities where this reflects their current market values. If any other method of determining market value is adopted, this is stated in the review of the Bank's operations and the accompanying schedules.

Unlisted securities are stated at the lower of cost and estimated realization value based on specific criteria such as discounting future cash flows on the basis of expected returns, the issuer's degree of solvency, and market prices of similar listed shares.

Pursuant to Decree Law 250/95, an accrued "margin" is added to the cost of securities issued at below par value.

Exceptions to these principles are described in detail in the review of the Bank's operations and the accompanying schedules.

Writebacks in whole or in part of amounts written down in prior years are made only where the circumstances that gave rise to the original writedown no longer subsist.

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

Non-investment equities

These are shares held for dealing purposes, which are stated at the lower of cost and market value on the basis of average prices in the month of December. Any other methods of calculating market value are reported on the review of the Bank's operations and the accompanying schedules.

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

Stock units held in SICAVs

These are investment units included under the item *Equities, Participating Interests and Other Capital Securities*. They are stated at the lower of cost and net asset value at the balance sheet date, consistent with this particular type of investment.

Equity investments

These comprise all equities, rights and participating interests the Bank has acquired over the years as long-term investments to safeguard its asset base in real terms and with the intention of contributing to a stable ownership structure in investee companies.

Equity investments are stated at cost ⁽¹⁾ adjusted, where appropriate, to reflect statutory monetary revaluations and writedowns (in the case of listed securities) to market value at the balance sheet date and (in the case of unlisted securities) to the net equity of the business concerned at that date. In the Bank's accounts for years up to and including that ended 30 June 1993, the market value taken for the purposes of determining such writedowns was average middle market price in the fourth quarter of the period. Starting from the year ended 30 June 1994, market value has been based on average market price in the last half. Writebacks in whole or in part of amounts written down in prior years are made only where the circumstances that gave rise to the original writedown no longer subsist.

Exceptions to these principles are described in detail in the review of the Bank's operations and the accompanying schedules.

On disposal, the proceeds of equity investments sold are credited to earnings using the LIFO method.

Tangible and intangible assets

These are stated at cost.

Property values include statutory monetary revaluations and annual depreciation charges. The net book value of properties does not exceed their market value.

The capital cost of furniture, equipment and intangible assets is generally written off in the year of acquisition, since once acquired, their market value becomes insignificant. However, this principle does not apply in the case of some companies which, owing to the nature of their business, write down the capital cost of these items gradually on the basis of their remaining useful life.

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

Debt

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

Provision for liabilities and charges

Allocations covering current and deferred income taxes are made to the *Provision for taxation* under current tax regulations. Following the official introduction into Italian accounting practice of the principle of deferring advance tax, as sanctioned by the Bank of Italy on 3 August 1999, advance tax was recognised in your Bank's accounts as a deferred tax asset as from the year ended 30 June 2000, provided there is a reasonable certainty of it being recovered. On a prudential basis, such tax is so recognized where, according to budget projections, taxable income will be such as to enable the temporary differences that led to the advance payment to be fully reversed. Details of the items and amounts concerned can be found in Part B of the Notes to the Accounts.

Other provisions cover specific or likely risks, commitments and liabilities which could not be quantified at the year-end.

Guarantees and commitments

Guarantees and commitments which involve exposures are stated at the value of the underlying transactions using the same principles as accounts receivable.

Foreign currency translation

Assets and liabilities in currencies other than the Euro are expressed in Euros at rates of exchange ruling at the year-end, with the exception of:

- a) investments, which are stated at historic exchange rates, unless they have been written down since acquisition;
- b) the portion of term loans formally denominated in currencies other than the Euro granted under intergovernmental agreements and special legislation is stated at its Euro equivalent ruling on the date of disbursement, since all exchange risks are covered by Italian State credit insurance policies or contractual guarantees.

Off-balance sheet transactions, including derivatives, in currencies other than the Euro are stated on the following basis:

- a) at the exchange rates ruling at the year-end, in the case of spot transactions pending settlement;
- b) at the price ruling at the year-end for maturities corresponding to those in the contract, in the case of forward contracts;
- c) in a manner consistent with the underlying on-and off-balance sheet assets and liabilities in the case of hedging transactions or deals related to them.

Off-balance sheet transactions

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

Other off-balance sheet transactions involving derivatives are stated at the lower of contract price and market value, with the proviso that all interlinked contracts are stated on a net basis.

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

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

Securities to be received or delivered under contracts pending settlement at the year-end are stated on the same basis as fixed-interest securities, equities held for trading purposes, stock held in SICAVs and investments in group companies, as the case may be.

Other items

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

On a conservative basis, interest on securities arising from the restructuring of sovereign debt is taken to profit and loss account as and when received.

2. Tax adjustments and provisions

2.1. *Value adjustments made solely to comply with tax regulations*

No such adjustments have been made.

2.2. *Provisions made solely to comply with tax regulations*

No such provisions have been made.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Segmental information

1.a *Loans and advances to customers by category of borrower (Asset heading 40)*

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
a) Governments	275,264	300,283	286,521
b) Other public agencies	95,335	119,604	88,529
c) Non-financial undertakings	8,031,667	6,556,252	7,425,528
d) Financial companies	4,783,186	6,017,901	6,298,928
e) Family firms	220,097	247,468	261,152
f) Other borrowers	3,165,532	3,398,847	3,078,777
	16,571,081	16,640,355	17,439,435

1.b *Loans and advances to domestic non-financial undertakings and family firms by industry (*)*

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
a) Other services for sale	2,896,030	927,567	1,814,870
b) Energy	832,066	1,048,596	959,402
c) Communications	741,721	881,987	802,630
d) Food	588,954	55,555	43,469
e) Paper and publishing	451,303	359,186	467,534
f) Other industries	1,965,102	2,631,112	2,534,504
	7,475,176	5,904,003	6,622,409

(*) Restated.

1.c *Guarantees given by category of counterparty (Heading 10 under Guarantees and Commitments)*

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
a) Governments	2,066	—	—
b) Other public agencies	103	—	—
c) Banks	49	—	111,087
d) Non-financial undertakings	95,196	605,785	152,696
e) Financial companies	392,909	516,591	580,700
f) Family firms	—	—	—
g) Other borrowers	—	17	27
	490,323	1,122,393	844,510

2. Significant exposures

	31/12/02	31/12/01	30/6/02
a) Total risk-weighted amount (€ '000)	11,256,005	9,778,847	10,374,370
b) Exposures (No.)	11	9	8

3. Assets and liabilities by maturity

	Repayable									Perpetual	Total
	On demand	Not more than 3 months	Over 3 months but not more than one year	Over 1 year but not more than 18 months		Over 18 months but not more than 5 years		Over 5 years			
				Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate		
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
1. ASSETS											
as at 31/12/02	799,091	23,263,743	16,150,846	2,158,965	1,533,895	5,299,796	4,647,528	4,555,514	3,483,585	235,145	62,128,108
as at 31/12/01	600,280	9,841,643	10,336,879	781,627	1,771,849	5,623,687	6,533,292	4,438,956	2,645,594	202,524	42,776,331
as at 30/6/02	2,359,104	11,289,211	12,759,820	948,732	1,362,678	6,038,238	5,557,753	4,400,965	2,079,375	226,707	47,022,583
1.1 Government securities eligible for refinancing	—	51,490	240,578	270,745	—	481,014	125,086	485,945	36,816	—	1,691,674
	311,617	34,698	295,165	—	145,381	544,820	155,960	181,092	357,648	—	2,026,381
	—	82,620	79,201	19,310	455	559,738	197,312	160,549	60,784	—	1,159,969
1.2 Amounts due from banks	682,700	3,935,682	41,866	3,056	29,989	20,207	55,951	22,815	5,866	57,025	4,855,157
	170,911	1,832,467	204,676	2,888	44,991	19,290	72,722	28,043	—	34,023	2,410,011
	916,455	1,349,903	20,667	2,955	5,701	19,757	77,963	25,181	4,022	51,973	2,474,577
1.3 Amounts due from customers	116,391	3,093,198	3,922,107	521,641	966,890	1,887,553	3,368,643	591,563	1,924,975	178,120	16,571,081
	106,392	2,627,074	3,046,443	645,939	1,100,507	2,766,834	4,230,297	394,021	1,554,347	168,501	16,640,355
	369,504	3,026,898	4,064,450	828,630	920,597	1,952,819	3,779,380	817,231	1,505,192	174,734	17,439,435
1.4 Bonds and other debt securities	—	25,123	232,640	295,596	22,089	726,300	288,933	556,535	588,487	—	2,735,703
	11,360	29,899	134,856	117,800	970	431,933	390,836	627,275	498,551	—	2,243,480
	3,245	131,207	322,659	48,681	25,875	1,052,177	225,066	916,985	332,999	—	3,058,894
1.5 Off-balance sheet instruments ⁽¹⁾	—	16,158,250	11,713,655	1,067,927	514,927	2,184,722	808,915	2,898,656	927,441	—	36,274,493
	—	5,317,505	6,655,739	15,000	480,000	1,860,810	1,683,477	3,208,525	235,048	—	19,456,104
	1,069,900	6,698,583	8,272,843	49,156	410,050	2,453,747	1,278,032	2,481,019	176,378	—	22,889,708
2. LIABILITIES											
as at 31/12/02	1,915,418	19,209,423	14,719,987	2,036,908	1,255,917	9,671,620	4,001,387	4,725,461	2,660,140	13	60,196,274
as at 31/12/01	542,333	11,515,051	10,625,901	1,673,761	736,826	7,672,249	2,382,352	3,311,754	1,331,252	30	39,791,509
as at 30/6/02	3,740,512	11,300,049	11,536,670	1,986,365	391,462	9,217,867	2,490,310	3,231,118	1,543,132	36	45,437,521
2.1 Amounts due to banks	1,372,929	2,239,334	387,260	5,008	366,462	30,022	670,392	—	466,841	—	5,538,248
	333,773	2,823,696	892,973	6,441	474,582	49,042	897,512	—	498,330	—	5,976,349
	1,615,067	2,987,495	835,679	6,698	261,977	41,373	610,697	983	325,091	—	6,685,060
2.2 Amounts due to customers	513,028	561,493	126,334	13,033	—	150,311	—	165	5,000	—	1,369,364
	71,012	220,666	140,765	444	—	2,319	—	183	—	30	435,419
	357,705	295,261	114,837	614	—	2,170	—	188	3,200	22	773,997
2.3 Debt securities in issue:	29,461	309,444	2,026,258	1,082,358	389,966	6,765,747	2,995,719	2,412,147	1,003,056	13	17,014,169
	137,548	860,758	1,354,938	1,085,843	172,244	6,654,303	1,068,703	1,790,895	830,405	—	13,955,637
	178,741	276,048	1,461,481	1,511,934	104,316	7,565,419	1,559,614	1,923,740	507,449	14	15,088,756
• bonds	211	197,449	463,601	685,120	309,874	6,481,402	2,830,742	1,931,915	953,056	—	13,853,370
	268	539,735	1,017,705	256,506	171,000	6,273,482	1,036,330	1,790,895	830,405	—	11,916,326
	140,182	7,583	1,038,521	46,640	103,291	7,007,654	1,497,216	1,759,856	448,228	—	12,049,171
• certificates of deposit	29,250	109,495	278,487	173,745	2,263	164,148	1,018	—	—	—	758,406
	40,491	153,560	332,068	192,914	1,244	198,242	1,386	—	—	—	919,905
	38,559	109,854	302,795	187,333	1,025	189,700	1,800	—	—	—	831,066
• other debt securities	—	2,500	1,284,170	223,493	77,829	120,197	163,959	480,232	50,000	13	2,402,393
	96,789	167,463	5,165	636,423	—	182,579	30,987	—	—	—	1,119,406
	—	158,611	120,165	1,277,961	—	368,065	60,598	163,884	59,221	14	2,208,519
2.4 Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—
2.5 Off-balance sheet instruments ⁽¹⁾	—	16,099,152	12,180,135	936,509	499,489	2,725,540	335,276	2,313,149	1,185,243	—	36,274,493
	—	7,609,931	8,237,225	581,033	90,000	966,585	416,137	1,520,676	2,517	—	19,424,104
	1,588,999	7,741,245	9,124,673	467,119	25,169	1,608,905	319,999	1,306,207	707,392	—	22,889,708

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

4. Assets and liabilities by geographical area

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS				
as at 31/12/02	19,258,606	5,764,700	982,917	26,006,223
<i>as at 31/12/01</i>	<i>20,388,808</i>	<i>2,244,035</i>	<i>898,038</i>	<i>23,530,881</i>
<i>as at 30/6/02</i>	<i>21,445,310</i>	<i>2,968,482</i>	<i>873,461</i>	<i>25,287,253</i>
1.1 Amounts due from banks	2,147,330	2,621,830	85,997	4,855,157
	<i>1,480,590</i>	<i>843,558</i>	<i>85,863</i>	<i>2,410,011</i>
	<i>1,647,110</i>	<i>737,769</i>	<i>89,698</i>	<i>2,474,577</i>
1.2 Amounts due from customers	14,483,525	1,625,066	462,490	16,571,081
	<i>15,257,412</i>	<i>836,504</i>	<i>546,439</i>	<i>16,640,355</i>
	<i>15,572,895</i>	<i>1,376,104</i>	<i>490,436</i>	<i>17,439,435</i>
1.3 Securities	2,627,751	1,517,804	434,430	4,579,985
	<i>3,650,806</i>	<i>563,973</i>	<i>265,736</i>	<i>4,480,515</i>
	<i>4,225,305</i>	<i>854,609</i>	<i>293,327</i>	<i>5,373,241</i>
2. LIABILITIES				
as at 31/12/02	18,537,773	2,120,914	3,263,094	23,921,781
<i>as at 31/12/01</i>	<i>17,072,949</i>	<i>1,226,869</i>	<i>2,067,587</i>	<i>20,367,405</i>
<i>as at 30/6/02</i>	<i>17,219,723</i>	<i>2,267,767</i>	<i>3,060,323</i>	<i>22,547,813</i>
2.1 Amounts due to banks	4,022,311	1,462,258	53,679	5,538,248
	<i>4,865,107</i>	<i>1,009,949</i>	<i>101,293</i>	<i>5,976,349</i>
	<i>4,793,088</i>	<i>1,849,707</i>	<i>42,265</i>	<i>6,685,060</i>
2.2 Amounts due to customers	632,851	658,656	77,857	1,369,364
	<i>164,802</i>	<i>216,920</i>	<i>53,697</i>	<i>435,419</i>
	<i>277,659</i>	<i>418,060</i>	<i>78,278</i>	<i>773,997</i>
2.3 Debt securities	13,882,611	—	3,131,558	17,014,169
	<i>12,043,040</i>	—	<i>1,912,597</i>	<i>13,955,637</i>
	<i>12,148,976</i>	—	<i>2,939,780</i>	<i>15,088,756</i>
2.4 Subordinated liabilities	—	—	—	—
	—	—	—	—
	—	—	—	—
3. GUARANTEES AND COMMITMENTS				
as at 31/12/02	9,232,387	3,355,131	1,806,019	14,393,537
<i>as at 31/12/01</i>	<i>5,234,301</i>	<i>1,345,611</i>	<i>2,414,676</i>	<i>8,994,588</i>
<i>as at 30/6/02</i>	<i>5,384,372</i>	<i>2,446,307</i>	<i>1,999,584</i>	<i>9,830,263</i>

5. Assets and liabilities denominated in currencies other than the Euro

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
a) ASSETS			
1. Amounts due from banks	55,160	50,794	99,100
2. Amounts due from customers	603,895	773,313	792,657
3. Securities	100,350	112,909	31,614
4. Equity investments	984	747	1,465
5. Other accounts	1,575	2,161	1,979
	761,964	939,924	926,815
b) LIABILITIES			
1. Amounts due to banks	202,578	463,394	429,989
2. Amounts due to customers	7,670	7,371	64,900
3. Debt securities in issue	238,115	475,356	240,560
4. Other accounts	—	—	—
	448,363	946,121	735,449

8. Analysis of amounts due from banks as at 31 December 2002

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	14,085	—	14,085
<i>a.1. Non-performing lendings ⁽¹⁾</i>	193	—	193
<i>a.2. Potential problem lendings</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>a.4. Restructured debt</i>	12,592	—	12,592
<i>a.5. Unsecured credits to countries at risk</i>	1,300	—	1,300
b) Loans current as to payment of principal and interest	4,841,072	—	4,841,072
	4,855,157	—	4,855,157

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

Analysis of amounts due from banks as at 31 December 2001

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	15,765	—	15,765
<i>a.1. Non-performing lendings</i>	193	—	193
<i>a.2. Potential problem lendings</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>a.4. Restructured debt</i>	15,048	—	15,048
<i>a.5. Unsecured credits to countries at risk</i>	524	—	524
b) Loans current as to payment of principal and interest	2,394,246	—	2,394,246
	2,410,011	—	2,410,011

Analysis of amounts due from banks as at 30 June 2002

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	14,350	—	14,350
<i>a.1. Non-performing lendings</i>	193	—	193
<i>a.2. Potential problem lendings</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>a.4. Restructured debt</i>	13,444	—	13,444
<i>a.5. Unsecured credits to countries at risk</i>	713	—	713
b) Loans current as to payment of principal and interest	2,460,227	—	2,460,227
	2,474,577	—	2,474,577

8.2. Movements in doubtful debts

	Gross exposure € '000	Potential problem loans € '000	Debts in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debt € '000
a) Gross exposure as at 30/6/02	193	—	—	13,444	713	14,350
<i>a.1. of which: interest in suspense</i>	—	—	—	—	—	—
b) Additions	—	—	—	—	587	587
<i>b.1. Transfers from loans current as to payment of principal and interest</i>	—	—	—	—	—	—
<i>b.2. Interest in suspense</i>	—	—	—	—	—	—
<i>b.3. Transfers from other classes of doubtful debt</i>	—	—	—	—	—	—
<i>b.4. Other additions</i>	—	—	—	—	587	587
c) Reductions	—	—	—	852	—	852
<i>c.1. Transfers to loans current as to payment of principal and interest</i>	—	—	—	—	—	—
<i>c.2. Amounts written off</i>	—	—	—	—	—	—
<i>c.3. Amounts collected</i>	—	—	—	—	—	—
<i>c.4. Proceeds of debt sold</i>	—	—	—	—	—	—
<i>c.5. Transfers from other classes of doubtful debt</i>	—	—	—	—	—	—
<i>c.6. Other reductions</i>	—	—	—	852	—	852
d) Gross exposure as at 31/12/02	193	—	—	12,592	1,300	14,085
<i>d.1. of which: interest in suspense</i>	—	—	—	—	—	—

9. Amounts due from customers

9.1. Analysis of amounts due from customers as at 31 December 2002

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	186,901	95,962	90,939
<i>a.1. Non-performing lendings</i>	132,713	79,845	52,868
<i>a.2. Potential problem lendings</i>	38,821	15,788	23,033
<i>a.3. Debt in process of restructuring</i>	15,038	—	15,038
<i>a.4. Restructured debt</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	329	329	—
b) Loans current as to payment of principal and interest	16,488,903	8,761	16,480,142
	16,675,804	104,723	16,571,081

Analysis of amounts due from customers as at 31 December 2001

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	181,044	105,941	75,103
<i>a.1. Non-performing lendings</i>	128,140	87,017	41,123
<i>a.2. Potential problem lendings</i>	35,398	18,532	16,866
<i>a.3. Debt in process of restructuring</i>	17,114	—	17,114
<i>a.4. Restructured debt</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	392	392	—
b) Loans current as to payment of principal and interest	16,567,508	2,256	16,565,252
	16,748,552	108,197	16,640,355

Analysis of amounts due from customers as at 30 June 2002

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts	172,894	94,805	78,089
<i>a.1. Non-performing lendings</i>	118,439	77,509	40,930
<i>a.2. Potential problem lendings</i>	37,868	16,950	20,918
<i>a.3. Debt in process of restructuring</i>	16,241	—	16,241
<i>a.4. Restructured debt</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	346	346	—
b) Loans current as to payment of principal and interest	17,364,864	3,518	17,361,346
	17,537,758	98,323	17,439,435

9.2. Movements in doubtful debts

	Gross exposure € '000	Potential problem loans € '000	Debts in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debt € '000
a) Gross exposure as at 30/6/02	118,439	37,868	16,241	—	346	172,894
<i>a.1. of which: interest in suspense</i>	63,474	6,177	—	—	—	69,651
b) Additions	27,320	20,248	21,742	—	329	69,639
<i>b.1. Transfers from loans current as to payment of principal and interest</i>	1,813	11,315	21,234	—	—	34,362
<i>b.2. Interest in suspense</i>	7,482	669	28	—	—	8,179
<i>b.3. Transfers from other classes of doubtful debt</i>	3,549	6,744	480	—	—	10,773
<i>b.4. Other additions</i>	14,476	1,520	—	—	329	16,325
c) Reductions	13,046	19,295	22,945	—	346	55,632
<i>c.1. Transfers to loans current as to payment of principal and interest</i>	815	3,658	15,410	—	—	19,883
<i>c.2. Amounts written off</i>	9,031	583	1	—	—	9,615
<i>c.3. Amounts collected</i>	2,627	1,031	—	—	—	3,658
<i>c.4. Proceeds of debt sold</i>	—	—	—	—	—	—
<i>c.5. Transfers from other classes of doubtful debt</i>	—	4,029	6,744	—	—	10,773
<i>c.6. Other reductions</i>	573	9,994	790	—	346	11,703
d) Gross exposure as at 31/12/02	132,713	38,821	15,038	—	329	186,901
<i>d.1. of which: interest in suspense</i>	63,779	6,983	—	—	—	70,762

9.3. Movements in value adjustments

	Gross exposure	Potential problem loans	Debt in process of restructuring	Restructured debts	Unsecured credits to countries at risk	Loans current as to payment of principal and interest	Total adjustments
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
a) Total adjustments at 30/6/02	77,509	16,950	—	—	346	3,518	98,323
<i>Net variations due to changes in scope of consolidation</i>	—	—	—	—	—	37	37
<i>Total initial pro-forma adjustments</i>	77,509	16,950	—	—	346	3,555	98,360
<i>a.1. of which: interest in suspense (*)</i>	63,472	6,177	—	—	—	—	69,649
b) Additions	18,634	27,806	667	—	329	7,347	54,783
<i>b.1. Value adjustments</i>	11,685	23,258	—	—	329	6,316	41,588
<i>b.1.1. of which: interest in suspense</i>	7,475	626	—	—	—	3,519	11,620
<i>b.2. Transfers from credit risk provision</i>	—	—	—	—	—	—	—
<i>b.3. Transfers from other classes of doubtful debt</i>	6,160	4,548	221	—	—	1,031	11,960
<i>b.4. Other additions</i>	789	—	446	—	—	—	1,235
c) Reductions	16,298	28,968	667	—	346	2,141	48,420
<i>c.1. Writebacks based on estimates</i>	457	1,906	—	—	—	—	2,363
<i>c.1.1. of which: interest in suspense</i>	—	—	—	—	—	—	—
<i>c.2. Writebacks of amounts collected</i>	856	654	—	—	—	553	2,063
<i>c.2.1. of which: interest in suspense</i>	299	50	—	—	—	540	889
<i>c.3. Amounts written off</i>	9,901	526	—	—	—	73	10,500
<i>c.4. Transfers to other classes of doubtful debt</i>	4,141	6,422	667	—	—	712	11,942
<i>c.5. Other reductions</i>	943	19,460	—	—	346	803	21,552
d) Total adjustments at 31/12/02	79,845	15,788	—	—	329	8,761	104,723
<i>d.1. of which: interest in suspense</i>	63,777	4,064	—	—	—	—	67,841

(*) Restated.

10. Secured loans to customers

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
a) Loans secured by mortgages	946,331	448,886	845,922
b) Loans secured by pledges on:			
1. cash deposits	15,570	401,102	8,501
2. securities	1,079,259	1,436,387	1,258,437
3. other assets	34,001	64,703	61,446
c) Loans secured by guarantees given by:			
1. governments	464,811	573,267	516,457
2. public agencies	2,324	4,557	3,345
3. banks	1,839,868	1,378,313	1,720,995
4. others	3,771,033	4,014,148	4,285,574

11. Amounts due from central banks (included under asset heading 30)

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
	69,424	50,966	85,757

12. Securities

12.a *Investment securities*

	Book value		
	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
1. DEBT SECURITIES	88,050 ⁽¹⁾	113,582	81,020
1.1 Government securities:	—	—	—
• listed	—	—	—
• unlisted	—	—	—
1.2 Other securities:	88,050	113,582	81,020
• listed	74,664	107,006	75,495
• unlisted	13,386	6,576	5,525
2. CAPITAL SECURITIES:	2,907	3,053	3,045
• listed	2,907	3,053	3,045
• unlisted	—	—	—
	90,957	116,635	84,065

⁽¹⁾ Net of interim adjustments of € 1,347,000 and writebacks of € 434,000 based on prices as at 30 December 2002.

12.b *Non-investment securities*

	Book value		
	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
1. DEBT SECURITIES	4,339,327 ⁽¹⁾	4,156,279	4,137,843
1.1 Government securities:	1,170,230	2,026,381	1,972,492
• listed	1,170,230	2,026,381	1,972,492
• unlisted	—	—	—
1.2 Other securities:	3,169,097	2,129,898	2,165,351
• listed	978,876	1,694,412	1,483,054
• unlisted	2,190,221	435,486	682,297
2. CAPITAL SECURITIES:	149,701	207,601	1,151,333
• listed	149,592	202,754	1,151,206
• unlisted	109	4,847	127
	4,489,028	4,363,880	5,289,176

⁽¹⁾ Net of interim adjustments of € 28,728,000 and writebacks of € 5,752,000, which in the case of equities were based on prices as at 30 December 2002.

12.c *Securities arising from debt securitizations*

Underlying asset	Credit quality	Book value			
		“Senior” securities	“Mezzanine” securities	“Junior” securities	Total
INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Credit cards		—	—	—	—
• Leasing	Current as to payment of principal and interest	—	—	8,410	8,410
• Securities		—	—	—	—
• Sovereign loans guaranteed by SACE		—	—	—	—
• Health care receivables		—	—	—	—
• Other debt		—	—	—	—
Total		—	—	8,410	8,410
NON-INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Commercial, industrial and agricultural mortgages		—	—	—	—
• Leasing instalments		—	—	—	—
• Other debt	Current as to payment of principal and interest	50,490	5,990	7,310	63,790
• Social security contributions		—	—	—	—
Total		50,490	5,990	7,310	63,790
TOTAL		50,490	5,990	15,720	72,200

Compass S.p.A.

After last year's securitization, Compass sold a further € 136,918,000 in loans current as to payment of principal and interest during the period, on the same terms as the original issue, i.e. quarterly revolving until October 2005. In its capacity as servicer, Compass also collected a further € 180,055,139 on behalf of *Quarzo Lease S.r.l.*, entitling it to a fee of € 213,536.

SelmaBipiemme Leasing S.p.A.

During the six months under review, SelmaBipiemme completed the securitization of a portfolio of loans arising from performing leases worth a nominal amount of € 600,870,000. These were sold on a non-recourse basis to vehicle company *Quarzo Lease S.r.l.*, in which SelmaBipiemme has a 10% stake.

Quarzo Lease S.r.l. used the loans thus acquired to issue three classes of asset-backed notes:

Class	Tranche	Moody's rating	S & P rating	Amount
A	94.0%	Aaa	AAA	564,820
B	4.6%	A2	A	27,640
C	1.4%	Unrated	Unrated	8,410
Total	100.0%			600,870

Tranches A e B were placed on the market, whereas all the class C notes were subscribed by SelmaBipiemme. The transaction is structured on a quarterly revolving basis, and will mature in April 2005.

SelmaBipiemme is servicing the transaction on behalf of *Quarzo Lease S.r.l.*, and group company MB Finstrutture - Intersomer is acting as arranger.

12.d *Securities arising from debt securitizations*

Underlying asset	Credit quality	Book value			
		“Senior” securities	“Mezzanine” securities	“Junior” securities	Total
INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Credit cards		—	—	—	—
• Leasing		—	—	—	—
• Securities		—	—	—	—
• Sovereign loans guaranteed by SACE		—	—	—	—
• Health care receivables		—	—	—	—
• Other debt		—	—	—	—
Total		—	—	—	—
NON-INVESTMENT SECURITIES					
• Residential mortgages		—	—	—	—
• Commercial and industrial mortgages		—	—	—	—
• Leasing instalments	Current as to payment of principal and interest	28,008	11,780	—	39,788
• Other debt	Non-performing	34,964	—	—	34,964
• Social security contributions		—	—	—	—
Total		62,972	11,780	—	74,752
TOTAL		62,972	11,780	—	74,752

13. Guarantees and commitments

13.1. Guarantees given (Heading 10 under Guarantees and Commitments)

	31/12/02			31/12/01			30/6/02		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Bills backed or endorsed	—	—	—	—	—	—	—	—	—
b) Letters of guarantee	427,498	62,825	490,323	1,107,960	14,433	1,122,393	830,006	14,504	844,510
c) Assets pledged as collateral security	—	—	—	—	—	—	—	—	—
	427,498	62,825	490,323	1,107,960	14,433	1,122,393	830,006	14,504	844,510

13.2. Commitments (Heading 20 under Guarantees and Commitments)

	31/12/02			31/12/01			30/6/02		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Commitments to lend specific funds:									
• securities to be received	5,091,528	1,105,420	6,196,948	1,012,461	402,845	1,415,306	1,903,091	968,740	2,871,831
• amounts undrawn under existing loan agreements	2,339,976	1,476,289	3,816,265	1,786,070	1,350,758	3,136,828	1,107,220	1,312,121	2,419,341
• other commitments and exposures	19,680	—	19,680	25,643	—	25,643	18,232	—	18,232
	7,451,184	2,581,709	10,032,893	2,824,174	1,753,603	4,577,777	3,028,543	2,280,861	5,309,404
b) Commitments to provide funds on a stand-by basis:									
• loans agreed on a conditional basis	1,118,833	1,396,652	2,515,485	434,588	1,739,510	2,174,098	775,849	1,414,092	2,189,941
• participations in underwriting syndicates	58,635	—	58,635	—	—	—	591,433	17,441	608,874
• other commitments and exposures	176,237	780,464	956,701	867,679	242,641	1,110,320	172,759	489,737	662,496
	1,353,705	2,177,116	3,530,821	1,302,267	1,982,151	3,284,418	1,540,041	1,921,270	3,461,311
	8,804,889	4,758,825	13,563,714	4,126,441	3,735,754	7,862,195	4,568,584	4,202,131	8,770,715

Credit derivatives (Heading 20 under Guarantees and Commitments)

	31/12/02			31/12/01			30/6/02		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Protection sales in banking book:									
• with exchange of principal	—	190,000	190,000	—	—	—	—	145,000	145,000
• without exchange of principal	—	—	—	—	—	—	—	—	—
	—	190,000	190,000	—	—	—	—	145,000	145,000
b) Protection sales in trading book:									
• with exchange of principal	—	149,500	149,500	—	10,000	10,000	—	70,038	70,038
• without exchange of principal	—	—	—	—	—	—	—	—	—
	—	149,500	149,500	—	10,000	10,000	—	70,038	70,038
	—	339,500	339,500	—	10,000	10,000	—	215,038	215,038

15. Forward transactions

	31/12/02			31/12/01			30/6/02		
	Hedging transactions € '000	Trading transactions € '000	Other transactions € '000	Hedging transactions € '000	Trading transactions € '000	Other transactions € '000	Hedging transactions € '000	Trading transactions € '000	Other transactions € '000
1. DEALING	148,200	14,358,646	490,809	20,246	2,460,174	364,432	—	5,465,409	364,432
1.1 Securities:	148,200	14,358,646	490,809	20,246	2,460,174	364,432	—	5,465,409	364,432
• bought	148,200	6,048,748	—	20,246	1,395,060	—	—	2,912,378	—
• sold	—	8,309,898	490,809	—	1,065,114	364,432	—	2,553,031	364,432
1.2 Foreign currency: ⁽¹⁾	—	—	—	—	—	—	—	—	—
• currency bought/sold for currency	—	—	—	—	—	—	—	—	—
• currency bought for Euros	—	—	—	—	—	—	—	—	—
• currency sold for Euros	—	—	—	—	—	—	—	—	—
2. DEPOSITS AND LOANS	—	—	390	—	—	32,000	—	—	—
• pending disbursement	—	—	—	—	—	32,000	—	—	—
• pending receipt	—	—	390	—	—	—	—	—	—
3. DERIVATIVE CONTRACTS	19,004,037	11,406,760	13,540,046	13,769,032	7,335,769	8,394,925	18,375,064	8,037,279	12,139,996
3.1 With exchange of principal:	3,244,749	3,667,500	2,642,486	1,176,504	3,120,101	249,997	3,779,318	2,254,682	3,584,133
a) Securities: ⁽²⁾	2,031,000	3,465,345	2,642,486	54,378	2,860,652	249,997	2,591,219	2,132,377	3,584,133
• bought	1,595,095	1,250,721	463,421	—	886,340	134,997	2,310,452	748,389	495,727
• sold	435,905	2,214,624	2,179,065	54,378	1,974,312	115,000	280,767	1,383,988	3,088,406
b) Foreign currency:	1,213,749	202,155	—	1,122,126	259,449	—	1,188,099	122,305	—
• currency bought/sold for currency	—	—	—	—	4,167	—	—	—	—
• currency bought for Euros	582,380	23,839	—	561,063	222,415	—	565,179	76,190	—
• currency sold for Euros	631,369	178,316	—	561,063	32,867	—	622,920	46,115	—
c) Other value items:	—	—	—	—	—	—	—	—	—
• bought	—	—	—	—	—	—	—	—	—
• sold	—	—	—	—	—	—	—	—	—
3.2 Without exchange of principal:	15,759,288	7,739,260	10,897,560	12,592,528	4,215,668	8,144,928	14,595,746	5,782,597	8,555,863
a) Foreign currency:	—	—	—	—	—	—	—	—	—
• currency bought/sold for currency	—	—	—	—	—	—	—	—	—
• currency bought for Euros	—	—	—	—	—	—	—	—	—
• currency sold for Euros	—	—	—	—	—	—	—	—	—
b) Other value items: ⁽¹⁾ ⁽²⁾	15,759,288	7,739,260	10,897,560	12,592,528	4,215,668	8,144,928	14,595,746	5,782,597	8,555,863
• bought	10,652,118	3,175,807	4,590,683	8,863,165	1,891,661	2,818,843	9,539,942	2,512,921	3,644,925
• sold	5,107,170	4,563,453	6,306,877	3,729,363	2,324,007	5,326,085	5,055,804	3,269,676	4,910,938

⁽¹⁾ Excludes contracts which provide for the exchange of two floating exchange rates (basis swaps) in a nominal amount of € 3,027,177,000.

⁽²⁾ Amounts bought and sold include derivatives incorporated into financial instruments worth a total amount at € 11,171,444,000.

15.1 Credit derivatives

	31/12/02		31/12/01		30/6/02	
	Hedging transactions € '000	Trading transactions € '000	Hedging transactions € '000	Trading transactions € '000	Hedging transactions € '000	Trading transactions € '000
1. HEDGE BUYS	100,000	106,000	—	80,000	100,000	—
1.1 With exchange of principal	100,000	106,000	—	80,000	100,000	—
• <i>credit default</i>	100,000	106,000	—	80,000	100,000	—
• <i>credit linked notes</i>	—	—	—	—	—	—
• <i>credit spread option</i>	—	—	—	—	—	—
• <i>total rate of return swap</i>	—	—	—	—	—	—
1.2 Without exchange of principal	—	—	—	—	—	—
• <i>credit default</i>	—	—	—	—	—	—
• <i>credit linked notes</i>	—	—	—	—	—	—
• <i>credit spread option</i>	—	—	—	—	—	—
• <i>total rate of return swap</i>	—	—	—	—	—	—
2. HEDGE SALES	190,000	149,500	—	10,000	145,000	70,038
2.1 With exchange of principal	190,000	149,500	—	10,000	145,000	70,038
• <i>credit default</i>	190,000	149,500	—	10,000	145,000	70,038
• <i>credit linked notes</i>	—	—	—	—	—	—
• <i>credit spread option</i>	—	—	—	—	—	—
• <i>total rate of return swap</i>	—	—	—	—	—	—
2.2 Without exchange of principal	—	—	—	—	—	—
• <i>credit default</i>	—	—	—	—	—	—
• <i>credit linked notes</i>	—	—	—	—	—	—
• <i>credit spread option</i>	—	—	—	—	—	—
• <i>total rate of return swap</i>	—	—	—	—	—	—

16. Amounts due from and to group undertakings

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
a) AMOUNTS DUE FROM GROUP UNDERTAKINGS	513	256	513
1. Amounts due from banks <i>of which: subordinated</i>	— —	— —	— —
2. Amounts due from financial companies <i>of which: subordinated</i>	— —	— —	— —
3. Amounts due from other customers <i>of which: subordinated</i>	513 —	256 —	513 —
4. Bonds and other debt securities <i>of which: subordinated</i>	— —	— —	— —
b) AMOUNTS DUE TO GROUP UNDERTAKINGS	87	1	719
1. Amounts due to banks	—	—	—
2. Amounts due to financial companies	—	—	—
3. Amounts due to other customers	87	1	719
4. Debt securities	—	—	—
5. Subordinated liabilities	—	—	—
c) GUARANTEES AND COMMITMENTS	3	261	3
1. Guarantees given	—	—	—
2. Commitments	3	261	3

17. Assets under management

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
Securities under management for clients	— ⁽¹⁾	—	—

(1) For information purposes only the Banca Esperia group has a total AuM of € 2,080,159,000 (30/6/02: € 1,826,088,000).

Securities held for safekeeping and as collateral

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
a) THIRD PARTY SECURITIES HELD:	3,971,369	5,487,555	5,778,571
a/1) <i>for safekeeping</i>	1,585,498	761,130	1,725,718
a/2) <i>as trustees</i>	1,285,041	2,054,337	1,223,377
a/3) <i>as collateral</i>	1,100,830	2,672,088	2,829,476
b) THIRD PARTY SECURITIES HELD BY THIRD PARTIES	3,783,862	4,739,587	4,292,379
c) OWN SECURITIES HELD BY THIRD PARTIES	8,076,388	5,039,832	4,310,068

18. Regulatory capital and capital adequacy requirements

	31/12/02 € '000	31/12/01 € '000	30/6/02 € '000
a) Regulatory capital			
a.1. Tier 1 capital	4,697,268	4,748,335	4,881,968
a.2. Tier 2 capital	839,519	1,444,349	1,485,561
a.3. Supervisory deductions	(140,851)	(143,756)	(140,534)
a.4. Regulatory capital	5,395,936	6,048,928	6,226,995
b) Capital adequacy requirements			
b.1. Credit risk	1,973,879	1,868,525	1,842,179
b.2. Market risk	214,787	122,346	230,413
• on non-investment securities	166,500	119,530	183,823
• on exchange rates	—	—	—
• on loan concentrations	42,287	2,816	46,590
b.2.1 Tier 3 subordinated loans	—	—	—
b.3. Other capital adequacy requirements	33,489	—	28,695
b.4. Total capital adequacy requirements	2,222,155	1,990,871	2,101,287
c) Risk assets and capital adequacy ratios			
c.1. Weighted risk assets	27,776,938	24,885,888	26,266,088
c.2. Tier 1 capital as % of risk weighted assets	16.91%	19.08%	18.59%
c.3. Regulatory capital as % of risk weighted assets	19.43%	24.31%	23.71%

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. Interest

1.1. Interest and similar income receivable (Heading 10)

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
a) Interest on amounts due from banks <i>of which: deposits with central banks</i>	55,029 834	53,739 601	88,491 1,085
b) Interest on amounts due from customers <i>of which: on loans made with third party funds under management</i>	467,158 —	495,986 —	953,781 —
c) Interest on debt securities	144,219	83,454	156,067
d) Other interest receivable	1,899	1,682	3,552
e) Surplus on hedging margins	28,116	33,939	62,073
	696,421	668,800	1,263,964

1.2. Interest and similar expenses payable (Heading 20)

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
a) Interest on amounts due to banks	119,015	116,059	227,905
b) Interest on amounts due to customers	16,239	16,478	27,011
c) Interest on debt securities in issue <i>of which: certificates of deposit</i>	335,215 ^(†) 14,813 ^(†)	342,557 ^(†) 19,325 ^(†)	625,799 ^(†) 35,157 ^(†)
d) Interest on third parties' funds under management	—	—	—
e) Interest on subordinated liabilities	—	—	—
f) Shortfall on hedging margins	—	—	—
g) Other interest payable	5,524	650	3,081
	475,993	475,744	883,796

^(†) Includes commission on deposits.

2. Non-Euro interest

2.1. Non-Euro interest and similar income receivable

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
On non-Euro assets	14,807	22,151	40,072

2.2. Non-Euro interest and similar expenses payable

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
On non-Euro liabilities	9,262	19,239	33,426

3. Commissions

3.1. Heading 40: *Commissions receivable*

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
a) Guarantees given	870	564	1,503
b) Collection and payment services	2,412	—	457
c) Management, trading and consulting services:	18,105	37,866	76,762
1. securities dealing	2,786	4,402	7,104
2. currency dealing	—	—	—
3. asset management	— ⁽¹⁾	—	—
3.1 private individuals	—	—	—
3.2 groups	—	—	—
4. securities safekeeping and administration	458	348	767
5. securities placing	—	—	—
6. consultancy	14,141	33,107	67,409
7. door-to-door sales of securities, products and services	—	9	10
8. procurement of orders	720	—	1,472
9. agency fees	—	—	—
9.1 asset management	—	—	—
9.1.1 private individuals	—	—	—
9.1.2 groups	—	—	—
9.2 insurance products	—	—	—
9.3 other	—	—	—
d) Tax collection services	108	154	240
e) Securitization servicing	214	—	—
f) Tax collection services	—	—	—
g) Other services:	59,492	42,720	85,249
• commissions on loans to customers	40,725	24,242	38,634
• customer advice and assistance	15,860	16,541	42,831
• other	2,907	1,937	3,784
	81,201	81,304	164,211

⁽¹⁾ For information purposes only, the Banca Esperia group generated fees of € 5,504,000.

3.2. Heading 40: *Fees receivable for distributing products and services*

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
a) On the Bank's own premises	14,141	33,107	67,409
1. asset management	—	—	—
2. securities placing	14,141	33,107	67,409
3. services and products	—	—	—
b) Provided by third parties	—	—	—
1. asset management	—	—	—
2. securities placing	—	—	—
3. services and products	—	—	—
	14,141	33,107	67,409

3.3 Heading 50: *Commissions payable*

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
a) Guarantees received	113	1,312	1,291
b) Credit derivatives	1,737	6,028	793
c) Management and trading services:	1,730	4,890	17,849
1. securities dealing	—	181	—
2. currency dealing	—	—	—
3. asset management	1	1	2
3.1 own portfolio	1	—	2
3.2 third parties' portfolios	—	—	—
4. securities safekeeping and administration	166	224	492
5. securities placing	1,563	4,484	17,355
6. door-to-door sales of securities, products and services	—	—	—
d) Collection and payment services	84	62	134
e) Other services:	31,278	13,893	41,839
• commissions on transactions with banks, the Bank of Italy and Ufficio Italiano Cambi	8,021	6,655	15,280
• Commissions payable to brokers for securities and derivatives trading	911	498	1,849
• other	22,346 ⁽¹⁾	6,740 ⁽¹⁾	24,710 ⁽¹⁾
	34,942	26,185	61,906

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

4. Gains and losses on dealing transactions

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

	6 months to 31/12/02				6 months to 31/12/01				12 months to 30/6/02			
	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	42,616 ⁽¹⁾	—	20,793	63,409	5,479	—	1,584	7,063	5,043	—	500	5,543
A.2 Writedowns	(36,543) ⁽²⁾	—	(62,123)	(98,666)	(28,592)	—	(9,503)	(38,095)	(82,483)	—	(11,729)	(94,212)
B. Other gains (losses)	(38,169) ⁽³⁾	83	(10,823)	(48,909)	12,781	(3,517)	805	10,069	(53,604)	(10,154)	797	(62,961)
	(32,096)	83	(52,153)	(84,166) ⁽⁴⁾	(10,332)	(3,517)	(7,114)	(20,963)	(131,044)	(10,154)	(10,432)	(151,630)
<i>of which:</i>												
1. Government securities	10,428				(4,875)				(7,877)			
2. Other debt securities	46,135				15,188				35,584			
3. Capital securities	(249,103)				(31,841)				(252,543)			
4. Security derivatives	160,444				11,196				93,792			

⁽¹⁾ Includes € 5,752,000 relating to treasury securities.

⁽²⁾ Includes € 8,738,000 relating to treasury securities and € 19,990,000 to capital securities.

⁽³⁾ Comprises net gains of € 59,549,000 on trading in treasury securities, losses of € 229,113,000 on trading in capital securities, a positive net margin of € 98,487,000 on futures contracts, and gains of € 32,908,000 on options.

⁽⁴⁾ Partly covered by dividends from arbitrage transactions collected worth € 33,901,000.

5. Extraordinary items

5.1. Heading 190: *Extraordinary income*

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
Gain on sale of financial assets	—	464,885	466,204
Adjustments on consolidation	393	36	44
Overprovision for taxation	2	1,465	—
Overprovision for liabilities and charges credited back to earnings	—	—	9,738
Other extraordinary income	1,956	973	2,184
	2,351	467,359	478,170

5.2. Heading 200: *Extraordinary expenditure*

	6 months to 31/12/02 € '000	6 months to 31/12/01 € '000	12 months to 30/6/02 € '000
Loss on disposal of financial assets	1	26	3,106
Adjustments on consolidation	3,627	—	1,273
Loss on disposal of tangible assets	3	12	126
Other extraordinary expenditure	455	3,243	1,722
	4,086	3,281	6,227

OTHER INFORMATION

1. Average number of employees by category

	6 months to 31/12/02 No.	6 months to 31/12/01 No.	12 months to 30/6/02 No.
a) Senior executives	74	63	64
b) Grade 3 and 4 managers	252	234 (*)	231 (*)
c) Other staff	1,004	908 (*)	939 (*)
	1,330	1,205	1,234

(*) Restated.

CONSOLIDATED COMPANIES

	Head office	Share capital €	Par value per share €	Group interest		% voting shares at Ord. AGMs
				Held by (¹)	Equity interest %	
A. CONSOLIDATED COMPANIES						
<i>A.1 Companies consolidated on line-by-line basis</i>						
1. MEDIOBANCA - Banca di Credito Finanziario S.p.A.	Milan	389,274,707.50	0.50	—	—	—
2. MB FINSTRUTTURE - INTERSOMER S.p.A.	Milan	6,500,000	0.50	A.1.1	100.00	100.00
3. PROMINVESTMENT S.p.A. (²)	Rome	520,000	0.52	A.1.1	100.00	100.00
4. PRUDENTIA FIDUCIARIA S.p.A.	Milan	100,000	5	A.1.1	100.00	100.00
5. SADE FINANZIARIA S.p.A.	Milan	6,500,000	0.50	A.1.1	100.00	100.00
6. SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A.	Milan	500,000	5	A.1.1	100.00	100.00
7. SPAFID S.p.A.	Milan	100,000	10	A.1.1	100.00	100.00
8. TECHNOSTART S.p.A.	Milan	1,000,000	0.50	A.1.1	69.00	69.00
9. MEDIOBANCA INTERNATIONAL Ltd.	Grand Cayman	USD 10m	USD 1	A.1.1	100.00	100.00
10. TRADEVCO Ltd	Monrovia, Liberia	LRD 80m	LRD 16,000	A.1.1 A.1.10	60.00 40.00	100.00
11. COMPASS S.p.A.	Milan	87,500,000	5	A.1.1	100.00	100.00
12. MICOS BANCA SpA	Milan	35,000,000	0.50	A.1.11	100.00	100.00
13. COFACTOR S.p.A.	Milan	7,500,000	0.50	A.1.11	100.00	100.00
14. SELMABIPIEMME LEASING S.p.A.	Milan	40,200,000	0.50	A.1.11	61.65	61.65
15. PALLADIO LEASING S.p.A.	Vicenza	8,700,000	0.50	A.1.14 A.1.15	95.00 5.00	100.00
16. TELELEASING S.p.A.	Milan	9,500,000	1	A.1.14	80.00	80.00

(¹) See number in extreme left-hand column for holder of Group interest.

(²) Prominvestment has been consolidated on the line-by-line method for the first time, a controlling interest in this company having been acquired during the past financial year.

cont.: Consolidated companies

	Head office	Share capital €	Par value per share €	Group interest		% voting shares at Ord. AGMs
				Held by (¹)	Equity interest %	
B. COMPANIES CONSOLIDATED ON NET EQUITY BASIS						
1. BANCA ESPERIA S.p.A.	Milan	13,000,000	0.52	A.1.1	48.50	48.50
2. CREDITECH S.p.A.	Milan	250,000	1	A.1.11	100.00	100.00
3. RICERCHE E STUDI S.p.A.	Milan	100,000	5	A.1.1	100.00	100.00
4. MB VENTURE CAPITAL S.A.	Luxembourg	40,000	10	A.1.8	35.00	35.00
5. MB VENTURE CAPITAL FUND I PARTICIPATING COMPANY A N.V.	Amsterdam	50,000	1	A.1.1	45.00	45.00
6. FIDIA - Fondo Interbancario d'Investimento Azionario SGR S.p.A.	Milan	15,600,000	520	A.1.1	25.00	25.00
C. OTHER SIGNIFICANT INVESTMENTS						
1. ATHENA PRIVATE EQUITY S.A.	Luxembourg	50,000,000	2	A.1.1	24.46	24.46
2. CARTIERE BURGO S.p.A.	Verzuolo (CN)	156,300,000	0.52	A.1.1	23.04	23.04
3. FERRARI S.p.A.	Modena	20,000,000	2.50	A.1.1	21.50	21.50
4. IRAN AND ITALY INDUSTRIAL PROMOTION COMPANY	Tehran	Rials 400m	Rials 100,000	A.1.1	50.00	50.00
5. SCONTOFIN S.A.	Luxembourg	2,600,000	516.5	A.1.5	20.00	20.00
6. ZAMBIA TANZANIA ROAD SERVICES Ltd. (in liquidation)	Lusaka	Kwacha 4m	Kwacha 200	A.1.2	23.33	23.33

(¹) See number in extreme left-hand column for holder of Group interest.

INTERIM ACCOUNTS OF THE BANK

BALANCE SHEET

Assets		31/12/02	31/12/01	30/6/02
		€ '000	€ '000	€ '000
10.	CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES	55	24	75
20.	GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS	1,689,099 ^(f)	2,020,858	1,158,368
30.	AMOUNTS DUE FROM BANKS:	5,009,462	2,515,143	2,549,328
	a) deposits and loans repayable on demand	647,008	161,007	878,593
	b) other accounts	4,362,454	2,354,136	1,670,735
40.	AMOUNTS DUE FROM CUSTOMERS	13,824,605	13,847,663	15,018,639
	<i>of which:</i>			
	• <i>loans using funds managed for third parties</i>	—	—	—
50.	BONDS AND OTHER DEBT SECURITIES ISSUED BY:	2,573,993 ^(g)	1,956,854	2,650,568
	a) government and public agencies	272,247	752,354	967,136
	b) banks	654,397	346,160	582,741
	<i>of which:</i>			
	• <i>own bonds</i>	461,672	199,842	405,184
	c) financial companies	1,112,468	383,068	544,980
	<i>of which:</i>			
	• <i>own bonds</i>	—	—	—
	d) other issuers	534,881	475,272	555,711
60.	EQUITIES, PARTICIPATING INTERESTS AND OTHER CAPITAL SECURITIES	148,669 ^(h)	205,943	1,150,426
70.	EQUITY INVESTMENTS	2,764,388 ⁽ⁱ⁾	2,501,865	2,835,194
80.	INVESTMENTS IN GROUP UNDERTAKINGS	118,504 ^(j)	117,981	118,779
90.	INTANGIBLE ASSETS	—	—	—
	<i>of which:</i>			
	• <i>installation costs</i>	—	—	—
	• <i>goodwill</i>	—	—	—
100.	TANGIBLE FIXED ASSETS	11,004	11,718	11,361
130.	OTHER ASSETS	541,380	418,930	572,415
140.	ACCRUED INCOME AND PREPAID EXPENSES:	1,150,055	1,083,972	1,097,612
	a) accrued income	926,436	946,426	953,868
	b) prepaid expenses	223,619	137,546	143,744
	<i>of which:</i>			
	• <i>discounts on bonds issued</i>	24,658	—	—
		27,831,214	24,680,951	27,162,765

GUARANTEES AND COMMITMENTS

		31/12/02	31/12/01	30/6/02
		€ '000	€ '000	€ '000
10.	GUARANTEES GIVEN	4,769,070	4,601,531	4,917,312
	<i>of which:</i>			
	• <i>acceptances</i>	—	—	—
	• <i>other guarantees</i>	4,769,070	4,601,531	4,917,312
20.	COMMITMENTS	15,480,996	9,695,071	10,595,097
	<i>of which:</i>			
	• <i>assets sold under repurchase agreements</i>	—	—	—
30.	CREDIT DERIVATIVES	339,500	10,000	215,038

	Liabilities and shareholders' equity	31/12/02	31/12/01	30/6/02
		€ '000	€ '000	€ '000
10.	AMOUNTS DUE TO BANKS:	6,006,648	5,262,206	7,132,131
	a) repayable on demand	951,340	37,737	1,321,041
	b) term deposits and deposits under notice	5,055,308	5,224,469	5,811,090
20.	AMOUNTS DUE TO CUSTOMERS:	1,198,283	175,449	642,327
	a) repayable on demand	498,336	64,979	414,655
	b) term deposits and deposits under notice	699,947	110,470	227,672
30.	DEBT SECURITIES IN ISSUE:	14,022,415	12,133,825	12,173,330
	a) bonds	13,129,973	11,193,921	11,326,764
	b) certificates of deposit	758,406	919,905	831,066
	c) other debt securities	134,036	19,999	15,500
50.	OTHER LIABILITIES	1,433,503	1,414,190	1,589,104
60.	ACCRUED EXPENSES AND DEFERRED INCOME:	782,399	906,200	817,070
	a) accrued expenses	518,887	691,260	599,369
	b) deferred income	263,512	214,940	217,701
70.	PROVISION FOR STAFF TERMINATION INDEMNITIES	12,372	12,303	12,292
80.	PROVISIONS FOR LIABILITIES AND CHARGES:	116,439	195,784	220,246
	a) post-retirement and similar benefits	—	—	—
	b) provision for taxation	116,439	195,784	220,246
	c) other provisions	—	—	—
90.	CREDIT RISKS PROVISION	279,627	194,627	241,627
100.	PROVISION FOR GENERAL BANKING RISKS	638,935	638,935	638,935
120.	SHARE CAPITAL	389,275	389,262	389,265
130.	SHARE PREMIUM RESERVE	1,807,114	1,806,949	1,806,980
140.	RESERVES:	1,374,390	1,374,126	1,374,126
	a) legal reserves	77,854	77,852	77,852
	b) reserve for purchase of own shares and participating interests	—	—	—
	c) statutory reserves	1,033,591	1,033,329	1,033,329
	d) other reserves	262,945	262,945	262,945
150.	REVALUATION RESERVES	7,587	7,587	7,587
160.	RETAINED EARNINGS (ACCUMULATED LOSSES)	81	99	99
170.	PROFIT (LOSS) FOR THE PERIOD	(237,854) ⁽¹⁾	169,409 ⁽²⁾	117,646
		27,831,214	24,680,951	27,162,765

⁽¹⁾ Net of interim adjustments amounting to € 1,976,000, including interim writebacks of € 56,000.

⁽²⁾ Net of interim adjustments amounting to € 7,668,000, including interim writebacks of € 5,014,000.

⁽³⁾ Net of interim adjustments amounting to € 19,192,000.

⁽⁴⁾ Net of interim adjustments amounting to € 274,623.

⁽⁵⁾ Net of interim adjustments amounting to € 275,000.

⁽⁶⁾ Including transfer to provision for income taxes.

PROFIT AND LOSS ACCOUNT

	6 months to 31/12/02	6 months to 31/12/01	12 months to 30/6/02
	€ '000	€ '000	€ '000
10. INTEREST RECEIVABLE AND SIMILAR INCOME	543,126	493,389	938,313
<i>of which:</i>			
• <i>loans and advances to customers</i>	322,888	320,917	624,342
• <i>debt securities</i>	116,837	75,289	140,107
20. INTEREST PAYABLE AND SIMILAR EXPENSES	(434,363)	(406,664)	(770,193)
<i>of which:</i>			
• <i>customer deposits</i>	(13,347)	(9,866)	(17,269)
• <i>securities issued</i>	(291,625)	(303,792)	(557,999)
30. DIVIDENDS FROM AND OTHER INCOME ON:	37,419	350	228,180
a) equities, participating interests and other capital securities	37,399	—	110,072
b) equity investments	20	350	118,108
c) investments in group undertakings	—	—	—
40. COMMISSIONS RECEIVABLE	75,512	79,549	155,825
50. COMMISSIONS PAYABLE	(16,759)	(11,544)	(32,014)
60. GAINS (LOSSES) ON DEALING TRANSACTIONS	(71,153)	(22,946)	(121,538)
70. OTHER INCOME FROM OPERATIONS	270,890	86,478	107,690
80. ADMINISTRATIVE EXPENSES:	(53,298)	(48,373)	(115,642)
a) personnel costs	(29,320)	(25,014)	(58,591)
<i>of which:</i>			
• <i>wages and salaries</i>	(21,436)	(18,451)	(42,152)
• <i>social security contributions</i>	(5,989)	(5,016)	(11,444)
• <i>transfer to termination indemnity provision</i>	(1,100)	(924)	(2,933)
• <i>post-retirement and similar benefits</i>	(795)	(623)	(2,062)
b) other administrative expenses	(23,978)	(23,359)	(57,051)
90. ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS	(2,501)	(1,709)	(4,301)
110. OTHER OPERATING EXPENSES	(273,100)	(112,463)	(135,616)
140. TRANSFERS TO CREDIT RISKS PROVISION (*)	(38,000)	(40,000)	(87,000)
150. ADJUSTMENTS TO FINANCIAL ASSETS	(276,245)	(305,222)	(561,452)
160. WRITEBACKS TO FINANCIAL ASSETS	434	2,250	—
170. PROFIT (LOSS) ON ORDINARY ACTIVITIES	(238,038)	(286,905)	(397,748)
180. EXTRAORDINARY INCOME	217	459,405	470,714
190. EXTRAORDINARY EXPENDITURE	(33)	(3,091)	(721)
200. EXTRAORDINARY PROFIT (LOSS)	184	456,314	469,993
210. CHANGE IN PROVISION FOR GENERAL BANKING RISKS	—	—	—
220. INCOME TAXES	—	—	45,401
230. PROFIT (LOSS) FOR THE PERIOD	(237,854) ^(†)	169,409 ^(†)	117,646

(*) Made solely to comply with tax regulations.

(†) Before transfer to provision for income taxes.

AUDITORS' REPORT

AUDITORS' REPORT

To the Shareholders of
Mediobanca – Banca di Credito Finanziario SpA

- 1 We have audited the Interim Report of Mediobanca – Banca di Credito Finanziario SpA for the six months ended 31st December 2002, made up of the consolidated accounts (balance sheet and income statement) and notes thereto. The preparation of the Interim Report is the responsibility of the Directors of Mediobanca – Banca di Credito Finanziario SpA. Our responsibility is to express an opinion on the Interim Report based on our audit.

- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. These standards and criteria require that we plan and perform the audit to ascertain whether the Interim Report is free of material misstatement and, taken as a whole, is presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Interim Report. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

The six-month figures of certain subsidiaries subject to considerable influence, which represent about 20% of Mediobanca's consolidated assets and about 32% of its consolidated interest income and similar revenues respectively, have been examined by other auditors who have supplied us with audit opinions thereon. The opinion we express in this report as to the accounts of the above companies is also based on audits performed by other auditors.

- 3 For an opinion on the consolidated financial statements and the Interim Report of the prior period reference is made to our reports dated 27 September 2002 and 28 March 2002 respectively.

Sede legale: Milano 20124 Via Vittor Pisani 20 Tel. 0267831 Fax 0266981433 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P. IVA e Reg. Imp. Milano 12979880155 Iscritta all'Albo Consob – Altri uffici: **Ancona** 60123 Via Corridoni 2 Tel. 07136681 – **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25124 Via Cefalonia 70 Tel. 0302219811 – **Firenze** 50129 Viale Milton 65 Tel. 0554627100 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Milano** 20122 Corso Europa 2 Tel. 0277851 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 0817644441 – **Padova** 35137 Largo Europa 16 Tel. 0498762677 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 V.le Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Manzoni 16 Tel. 0461237004 – **Treviso** 31100 Piazza Crispi 8 Tel. 0422542726 – **Udine** 33100 Via Marinoni 12 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel. 0458002561

- 4 In our opinion, the consolidated accounts and notes thereto identified in paragraph 1 of this report present fairly the consolidated financial position and the consolidated results of operations of Mediobanca – Banca di Credito Finanziario SpA for the six months ended 31st December 2002, in accordance with the criteria set by CONSOB in its regulations covering the presentation of interim reports under article 81 of its Resolution No. 11971 of 14th May 1999 as amended (the “Regulations”).
- 5 Without qualifying our opinion, we wish to draw your attention to the fact that, as allowed by Article 81/7 of the Regulations, the Bank has presented the result for the period gross of income taxes.

Milan 15th March 2003

PricewaterhouseCoopers SpA

Signed by: Antonio Taverna
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not checked the translation of the Interim Report.

**ACCOMPANYING SCHEDULES TO THE
ACCOUNTS OF THE BANK**

TABLE I

MEDIOBANCA DEBT SECURITIES IN ISSUE

	Outstanding at 30/6/02	Outstanding at 31/12/02
	€ '000	€ '000
OUTSTANDING		
1994-2004 floating rate	413,165	413,165
6% 1995-2002 Special Series convertible into SAI saving shares	71,167	— ⁽¹⁾
1996-2003 floating rate (formerly 7% convertible)	103,291	103,291
1996-2006 9.9% zero coupon	1,061,969	1,061,969
1996-2006 5.91% zero coupon	134,274	142,209 ^(a)
1996-2011 7.3% zero coupon	612,770	657,470 ^(b)
1997-2002 linked to World Telecoms	516,456	— ⁽¹⁾
6.55% 1997-2003	20,658	20,658
1997-2004 floating rate	258,228	258,228
1997-2004 floating rate <i>Issue II</i>	51,646	51,646
6.7% 1997-2004	20,658	20,658
6.8% 1997-2005	20,658	20,658
6.95% 1997-2006	20,658	20,658
1997-2007 floating rate	382,177	382,177
7.05% 1997-2007	10,329	10,329
7.25% 1997-2007 (*)	18,031	— ⁽²⁾
2% 1998-2002 with warrants to purchase <i>Brunello di Montalcino Antinori</i> wine	2,582	— ⁽¹⁾
4.69% 1998-2003	129,114	129,114
2% 1998-2004 with warrants to purchase <i>Castelgiocondo Frescobaldi Brunello di Montalcino</i> wine	7,500	5,000 ⁽³⁾
3.15% 1998-2005 with redemption premium linked to European insurance companies	568,102	568,102
3.05% 1998-2005 with redemption premium linked to international blue chips	387,342	381,924 ⁽²⁾
4% 1998-2005	51,646	51,646
2% 1998-2005 with redemption premium linked to export-oriented Japanese equities	36,152	36,152
1998-2006 callable linked to DJ Euro Stoxx 50 index	90,380	69,001 ⁽²⁾
1998-2008 convertible rate	671,393	650,593 ⁽²⁾
6.4% 1998-2008 Russia issue with guaranteed principal amount	387,342	387,342
1998-2008 4.1% one coupon with options	168,151	111,367 ⁽²⁾
1998-2018 callable reverse floater	258,228	258,228
1999-2003 callable in USD linked to Dow Jones index	50,125	47,678 ⁽⁴⁾
1999-2004 callable linked to MIB 30	175,000	175,000

TABLE I (cont.)

	Outstanding at 30/6/02	Outstanding at 31/12/02
	€ '000	€ '000
1999-2004 callable Nikkei 225	110,000	110,000
1999-2004 linked to Nikkei 225 index in USD	100,251	95,356 ^(e)
1999-2004 Euro Best Basket	75,000	75,000
1999-2004 capped floating rate	75,000	75,000
1999-2004 linked to basket of banks and insurance companies with inflation protected principal	30,000	30,000
3% 1999-2004	25,000	25,000
3.25% 1999-2004 Issue I	20,000	20,000
5.02% 1999-2004 Special Series convertible into <i>Banca di Legnano</i> shares	5,000	5,000
1.75% 1999-2006 with redemption linked to World Telecoms	130,000	114,000 ^(e)
2.15% 1999-2007 linked to European share basket Special Series convertible into <i>Banca Popolare dell'Etruria e del Lazio</i> shares	20,000	20,000
1999-2008 callable step down Issue I	20,000	11,325 ^(e)
1999-2009 floating rate	70,000	70,000
1999-2014 step down linked to Euro 10-year swap rate Issue I	25,000	25,000
1999-2019 step down linked to Euro 30-year swap rate	75,000	44,566 ^(e)
2000-2002 linked to Euro-Dollar exchange rate Issue II	30,000	— ^(f)
2000-2003 floating rate	171,000	171,000
4.75% 2000-2003	50,000	50,000
5.5% 2000-2003 Special Series convertible into <i>Tirrenia</i> shares	41,454	41,454
5% 2000-2004	50,000	50,000
2000-2004 Euro Best Sector	50,000	25,650 ^(e)
2000-2005 high tech basket with “crash protection” option	575,000	398,206 ^(e)
2000-2005 Media & Internet Bond	75,000	75,000
4.9% 2000-2005	50,000	50,000
2000-2005 reverse cliquet telecoms	25,000	25,000
2000-2005 index - linked	25,000	714 ^(e)
2001-2004 “Geographic” linked to Pioneer Funds	276,000	252,462 ^(e)
2001-2004 “Geographic” linked to Plurifond Funds ..	70,000	70,000
0.50% 2001-2004 linked to Nikkei 225 index	50,000	50,000
4.25% 2001-2004	50,000	50,000
4.75% 2001-2004	50,000	50,000
2001-2004 “Geographic” linked to Pioneer Funds Issue II	22,000	22,000
2001-2005 linked to Nikkei 225 index	100,000	100,000
5% 2001-2006	50,000	50,000

TABLE I (cont.)

	Outstanding at 30/6/02	Outstanding at 31/12/02
	€ '000	€ '000
2001-2006 "Triple option"	726,800	726,800
5.12% 2001-2006 Credit linked notes	60,000	60,000
2% 2001-2006 exchangeable into ENI ordinary shares	115,000	115,000
2001-2006 floating rate	60,000	60,000
1.75% 2001-2006 Downside Protected Basket	50,000	32,500 ^(*)
5.42% 2001-2008 credit linked notes	30,000	30,000
6.15% 2001-2011	3,025	3,025
2002-2005 linked to European inflation rate	258,000	258,000
2002-2005 range coupon basket	147,000	147,000
Dynamic Index 1 2005	—	80,897
2002-2005 Indexed to Dow Jones Euro Stoxx 50 Napoleon Cliquet - Series 8	—	65,000
2002-2005 3-year August 2002 dual centre	—	54,930
2002-2005 3-year July 2002 dual centre	—	45,900
2002-2005 3-year September 2002 dual centre	—	35,627
2002-2005 Indexed to Dow Jones Euro Stoxx 50 Napoleon Cliquet - Series 4	—	35,000
2002-2005 Indexed to Dow Jones Euro Stoxx 50 Napoleon Cliquet - Series 3	—	25,000
12.45% 2002-2005 World Napoleon - Series 12	—	25,000
11.45% 2002-2005 World Napoleon - Series 13	—	25,000
2002-2005 3-year November 2002 dual centre.....	—	22,200
2002-2005 3-year October 2002 dual centre.....	—	15,961
2002-2005 World Indices Euro Cliquet Notes - Series 46	—	13,000
2002-2005 World Napoleon - Series 32	—	12,000
2002-2005 World Napoleon - Series 31	—	8,000
2002-2005 World Indices Euro Cliquet Notes - Series 39	—	5,000
Bond Protection 2002-2005	—	3,000
2002-2005 indexed to Dow Jones Euro Stoxx 50 Napoleon Cliquet - Series 7	—	800
2002-2006 Dual call back	—	79,100
2002-2006 Call back coupon	—	73,000
2002-2006 World basket coupon	—	66,500
2002-2006 linked to performance of World Funds index	—	20,000
5% 2002-2006 linked to European inflation rate	10,000	10,000
2.15% 2002-2006 linked to European inflation rate ..	—	10,000
2002-2006 zero coupon - Series 43	—	3,000
2002-2007 floating rate - Series 6	—	500,000

TABLE I (cont.)

	Outstanding at 30/6/02	Outstanding at 31/12/02
	€ '000	€ '000
2002-2007 pure value 2 linked to DJ Euro Stoxx 50 index with European inflation protected principal ..	398,100	398,100
2002-2007 step-up double range coupon basket	—	350,000
Discount Dynamic Index 2 2007	—	250,000
2002-2007 Step-up 3	—	180,000
2002-2007 dual performance linked to basket of 15 international equities	—	116,500
2% 2002-2007 funds linked notes - Series 27	—	75,000
2002-2007 funds linked notes - Series 10	—	70,000
2.45% 2002-2007 linked to European exchange rate ..	25,000	25,000
2002-2007 5-year August 2002 dual centre.....	—	20,320
2002-2007 floored global index basket 15 - Series 42...	—	20,000
2002-2007 5-year September 2002 dual centre	—	12,640
2002-2007 5-year July 2002 dual centre	—	11,900
2002-2007 5-year November 2002 dual centre.....	—	9,580
2002-2007 World Indices Euro Cliquet notes - Series 36	—	5,000
2002-2007 World Napoleon - Series 30	—	4,500
2002-2007 5-year October 2002 dual centre.....	—	3,710
2002-2007 indexed to EuroStoxx 50 Napoleon Cliquet - Series 37	—	1,000
2002-2007 indexed to EuroStoxx 50 Napoleon Cliquet - Series 45	—	1,000
2002-2008 Step-up	—	200,000
2002-2008 Conditional 9% fixed rate notes - Series 38	—	50,000
2002-2008 Altipiano Global Basket - Series 9	—	30,000
2002-2008 Step-up 2	—	30,000
2002-2008 Best Indices Performance - Series 29	—	25,000
2002-2008 World Napoleon - Series 22	—	16,500
2002-2008 linked to a selection of 6 funds - Series 47 ..	—	15,500
13.10% 2002-2008 World Napoleon - Series 14	—	13,000
2002-2008 World indices weighted basket - Series 17..	—	12,000
2002-2008 World Napoleon - Series 21	—	10,500
2.50% 2002-2008 linked to Dow Jones Euro Stoxx 50 - Series 28	—	9,000
2002-2008 World indices weighted basket - Series 16	—	8,000
2002-2008 World indices Euro Cliquet Notes - Series 44	—	8,000
12.10% 2002-2008 World Napoleon - Series 15	—	7,000
Coupon Dynamic Index 3 2009	—	144,937
5.60% 2002-2010 Nikkei Notes - Series 40	—	16,000

TABLE I (cont.)

	Outstanding at 30/6/02	Outstanding at 31/12/02
	€ '000	€ '000
5.65% 2002-2010 Reverse Convertible Nasdaq 100 - Series 48	—	13,000
6.25% 2002-2010 Nikkei 225 Notes - Series 5	—	10,000
5.95% 2002-2010 Nikkei 225 Notes - Series 19	—	10,000
6.20% 2002-2010 Nikkei 225 Notes - Series 20	—	10,000
6.12% 2002-2010 Nikkei 225 Notes - Series 24	—	10,000
2002-2010 Reverse convertible Nasdaq 100 - Series 25	—	10,000
2002-2010 Reverse convertible Nasdaq 100 - Series 26	—	10,000
5.76% 2002-2010 Nikkei 225 Notes - Series 35	—	10,000
6.10% 2002-2010 reverse convertible Nasdaq 100 - Series 11 in USD	—	9,536 ^(f)
2002-2010 Nikkei Notes Issue II	8,000	8,000
6.20% 2002-2010 Nikkei 225 Notes	7,500	7,500
5.25% 2002-2010 Issue IV	5,700	5,344 ^(e)
5.25% 2002-2010 Issue III	5,390	5,053 ^(e)
5.99% 2002-2010 Nikkei 225 Notes - Series 34	—	5,000
6.01% 2002-2010 Nikkei 225 Notes - Series 41	—	5,000
5.25% 2002-2010	2,100	1,969 ^(e)
5.25% 2002-2010 Issue II	570	534 ^(e)
2002-2011 floating rate linked to CMS spread Notes - Series 33	—	15,000
5.80% 2002-2012 linked to European inflation rate - Series 18	—	10,000
2002-2012 zero coupon - Series 23	—	5,940
	11,202,082	13,263,799

(*) Under Article 10 of Law 64/86.

(1) Following redemption.

(2) Following cancellation of nominal working capital on 23 December 2002.

(3) Reduction due to redemption.

(4) Increase due to capitalization of accrued interest. Nominal principal amount at maturity € 178.9m.

(b) Increase due to capitalization of accrued interest. Nominal principal amount at maturity € 1,239.5m.

(c) Reduction due to cancellation of nominal working capital on 23 December 2002 and capitalization of accrued interest.

(d) Euro equivalent of USD 50m at exchange rate ruling on 31/12/02.

(e) Euro equivalent of USD 100m at exchange rate ruling on 31/12/02.

(f) Euro equivalent of USD 10m at exchange rate ruling on 31/12/02.

TABLE II

MOVEMENTS IN TREASURY SECURITIES

	Holding at 30/6/02 € '000	Amounts bought and subscribed € '000	Sales and redemptions € '000	Gain/Loss € '000	Exchange adjustments € '000	Writedowns € '000 ⁽¹⁾	Holding at 31/12/02 € '000	Value based on share prices at 31/12/02 € '000 ⁽¹⁾	Gain € '000
Government securities denominated in currencies other than the Euro ⁽²⁾	—	39,161	—	—	(1,027)	—	38,134	38,154	20
Euro-denominated government securities ⁽²⁾	2,119,238	14,422,238	14,634,941	18,629	—	(1,954)	1,923,210	1,935,788	12,578
Bonds denominated in Euros	1,610,352	4,087,614	3,546,570	38,702	—	(1,079)	2,189,019	2,215,425	26,406
Bonds denominated in non-Eurozone currencies ..	5,013	39,238	1,871	23	(2,466)	(766)	39,171	39,576	405
	<u>3,734,603</u>	<u>18,588,251</u>	<u>18,183,382</u>	<u>57,354</u>	<u>(3,493)</u>	<u>(3,799)</u>	<u>4,189,534</u>	<u>4,228,943</u>	<u>39,409</u>
Arbitrage/derivative transactions and technical shortfalls				(8,468)		(47,467)			37,067
TOTAL				<u>48,886</u>		<u>(51,266)</u>			<u>76,476</u>
Non-investment securities	<u>1,147,381</u>	<u>3,730,767</u>	<u>4,483,964</u>	<u>(228,543)</u>	<u>(825)</u>	<u>(19,054)</u>	<u>145,762</u>	<u>147,525</u>	<u>1,763</u>
Arbitrage/derivative transactions and technical shortfalls				239,011		3,733			7,593
TOTAL				<u>10,468</u>		<u>(15,321)</u>			<u>9,356</u>

⁽¹⁾ For non-investment securities based on prices at 30/12/02, and for others on average prices on the month of December.

⁽²⁾ Issued by sovereign states.

TABLE III

MOVEMENTS IN INVESTMENT SECURITIES IN THE SIX MONTHS ENDED 31 DECEMBER 2002

	Opening Balance			Purchased and subscribed		Sold		Other movements (§)		Interim (writedowns) writebacks € '000	Balance at 31/12/02			Average price in 6 months to 30/12/02 € '000	Gain € '000
	Number	% (*)	Amount € '000	Number	Amount € '000	Number	Amount € '000	Number	Amount € '000		Number	% (*)	Amount € '000		
BONDS (*) AND OTHER SECURITIES															
Olivetti 1.5% 2001-2004 convertibles	13,188	—	13,069	—	—	—	—	—	—	434	13,188	—	13,503	13,503	—
Olivetti 1.5% 2001-2010 convertibles with redemption premium	53,487	—	61,264	—	—	—	—	—	—	(1,209)	53,487	—	60,055	60,055	—
DueMme SICAV, Luxembourg	—	—	3,045	—	—	—	—	—	—	(138)	—	—	2,907	2,995	88
			<u>77,378</u>		<u>—</u>		<u>—</u>		<u>—</u>	<u>(913)</u>			<u>76,465</u>	<u>76,553</u>	<u>88</u>
EQUITY INTERESTS															
– SHARES LISTED IN ITALY															
Assicurazioni Generali	159,212,892	12.48	662,744	1,700,000	40,426 (²)	—	—	—	—	—	160,912,892	12.61	703,170	3,112,860	2,409,690
Banca Intesa, ordinary	53,011,780	0.90 ÷ 0.77	160,679	—	—	—	—	—	—	(54,708)	53,011,780	0.90 ÷ 0.77	105,971	105,971	—
Banca Nazionale del Lavoro, ordinary	506,000	0.02 ÷ 0.02	885	—	—	—	—	—	—	(354)	506,000	0.02 ÷ 0.02	531	531	—
Capitalia	26,616,250	1.21	50,065	—	—	—	—	—	—	(18,152)	26,616,250	1.21	31,913	31,913	—
Cofide, ordinary	14,426,771	2.01	7,079	—	—	—	—	—	—	(1,776)	14,426,771	2.01 ÷ 2.01	5,303	5,303	—
ENEL	650,000	0.01	3,703	—	—	—	—	—	—	(492)	650,000	0.01	3,211	3,211	—
Fiat, ordinary	13,220,368	3.05 ÷ 2.14	112,304	—	—	—	—	—	—	(10,454)	13,220,368	3.05 ÷ 2.14	101,850	101,850	—
Finmeccanica	82,380,000	0.98	61,999	—	—	—	—	—	—	(18,503)	82,380,000	0.98	43,496	43,496	—
Gemina, ordinary	46,132,781	12.66 ÷ 12.53	38,738	—	—	—	—	—	—	(1,241)	46,132,781	12.66 ÷ 12.53	37,497	37,497	—
GIM, ordinary	4,154,832	2.79 ÷ 2.56	4,100	—	—	—	—	—	—	(236)	4,154,832	2.79 ÷ 2.56	3,864	3,864	—
HdP, ordinary	75,478,851	10.32 ÷ 9.92	126,463	—	—	—	—	—	—	—	75,478,851	10.32 ÷ 9.92	126,463	155,486	29,023
Italmobiliare, ordinary	2,106,888	9.50 ÷ 5.47	34,593	—	—	—	—	—	—	—	2,106,888	9.50 ÷ 5.47	34,593	71,360	36,767
La Fondiaria Assicurazioni, ordinary	51,156,000	13.29 ÷ 12.84	180,037	—	—	—	—	(51,156,000)	(180,037) (³)	—	—	—	—	—	—
Fondiaria-Sai, ordinary (formerly SAI ordinary)	1,325,000	2.16 ÷ 1.36	19,995	—	—	—	—	12,789,000	167,435 (³)	(41,144) (⁴)	14,114,000	10.96 ÷ 8.28	146,286	146,286	—
Fondiaria-Sai 2002-2008 warrants	—	—	—	—	—	—	—	5,115,600	12,602 (²)	(1,916)	5,115,600	—	10,686	10,686	—
Mediolanum	14,300,000	1.97	85,628	—	—	—	—	—	—	(14,700)	14,300,000	1.97	70,928	70,928	—
Olivetti	210,723,954	2.40	222,524	—	—	—	—	—	—	(16,373)	210,723,954	2.38	206,151	206,151	—
Olivetti 2001-2002 warrants	23,010	—	1	—	—	23,010	1	—	—	—	—	—	—	—	—
Pininfarina, ordinary	317,625	3.43 ÷ 3.41	2,985	—	—	—	—	—	—	—	317,625	3.43 ÷ 3.41	2,985	5,352	2,367
Pirelli & C., ordinary	31,378,375	5.08 ÷ 4.81	47,640	—	—	—	—	—	—	(5,625)	31,378,375	5.07 ÷ 4.81	42,015	42,015	—
Ratti	2,860,000	9.17	1,944	—	—	—	—	—	—	(476)	2,860,000	9.17	1,468	1,468	—
Stefanel, ordinary	1,229,000	2.27 ÷ 2.27	2,097	—	—	—	—	—	—	(603)	1,229,000	2.27 ÷ 2.27	1,494	1,494	—
			<u>1,826,203</u>		<u>40,426</u>		<u>1</u>		<u>—</u>	<u>(186,753)</u>			<u>1,679,875</u>	<u>4,157,722</u>	<u>2,477,847</u>
– SHARES LISTED OUTSIDE ITALY															
Allianz AG, Munich	119,888	0.05	17,686	—	—	—	—	—	—	(6,884)	119,888	0.05	10,802	10,802	—
AMB Generali Holding, Aachen	96,100	0.18	9,476	—	—	—	—	—	—	(4,574)	96,100	0.18	4,902	4,902	—
Ciments Français, Paris	4,374,215	11.50	147,314	—	—	—	—	—	—	—	4,374,215	11.48	147,314	223,960	76,646
Commerzbank, Frankfurt	8,548,274	1.58	131,216	—	—	—	—	—	—	(66,933)	8,548,274	1.58	64,283	64,283	—
Koenig & Bauer Albert, Würzburg, ordinary ...	760,000	4.75	12,312	—	—	—	—	—	—	(2,318)	760,000	4.73	9,994	9,994	—
			<u>318,004</u>		<u>—</u>		<u>—</u>		<u>—</u>	<u>(80,709)</u>			<u>237,295</u>	<u>313,941</u>	<u>76,646</u>

TABLE III (cont.)

	Opening Balance			Purchased and subscribed		Sold		Other movements (§)		Interim (writedowns) writebacks € '000	Balance at 31/12/02		
	Number	% (*)	Amount € '000	Number	Amount € '000	Number	Amount € '000	Number	Amount € '000		Number	% (*)	Amount € '000
– UNLISTED SHARES AND STOCK UNITS (1)													
Banca Esperia	12,125,000	48.50	21,670	—	—	—	—	—	—	(3,630)	12,125,000	48.50	18,040
Cartiere Burgo	69,230,769	23.04	42,012	—	—	—	—	—	—	—	69,230,769	23.04	42,012
Ferrari	2,150	21.50	490,200	—	—	—	—	1,717,850 (5)	—	—	1,720,000 (6)	21.50	490,200
Fidia	7,500	25.00	3,873	—	—	—	—	—	—	—	7,500	25.00	3,873
Istituto Europeo di Oncologia	12,235	14.83	11,139	—	—	—	—	—	—	(1,854)	12,235	14.83	9,285
Lucchini	500,000	6.17	25,823	—	—	—	—	—	—	—	500,000	6.17	25,823
Nomisma	100,000	0.69	29	—	—	—	—	—	—	—	100,000	0.69	29
Tirrenia di Navigazione	3,150,000	15.00	34,380	—	—	—	—	—	—	—	3,150,000	15.00	34,380
Zetesis	70,000	10.00	57	—	—	—	—	—	—	(17)	70,000	10.00	40
Alice Lab Netherlands BV, Amsterdam	10,550	8.19	1,511	—	—	—	—	—	—	(146)	10,550	8.19	1,365
Athena Private Equity (Class B), Luxembourg .	6,114,460	24.46	21,028	—	7,173 (7)	—	—	—	—	(1,033)	6,114,460	24.46	27,168
Compagnie Monégasque de Banque, Monte Carlo	96,053	17.29	26,438	—	—	—	—	—	—	—	96,053	17.29	26,438
Eurofind S.A. (Class D), Luxembourg	—	—	—	2,758,985	155,138	—	—	—	—	—	2,758,985	8.68 (8)	155,138
EuroQube SA, Brussels	18,758	4.94	1,839	—	1,081 (9)	—	—	—	—	—	18,758	4.94	2,920
Iran & Italy Industrial Promotion Co., Tehran ..	2,000	50.00	3	—	—	—	—	—	—	—	2,000	50.00	3
MBCA Holdings Limited, Harare	785,717	2.25	31	—	—	—	—	—	—	—	785,717	2.25	31
MB Venture Capital Fund I Participating Com- pany A NV B, Amsterdam	22,500	45.00	9,518	—	—	—	—	—	—	—	22,500	45.00	9,518
Saturn Venture Fund, New York in USD	1,454,598	5.35	1,431	—	—	—	—	—	—	(481)	1,454,598	5.35	950
Satif, Monte Carlo	1,850	3.70	3	—	—	—	—	—	—	—	1,850	3.70	3
S.W.I.F.T., La Hulpe	1	—	2	—	—	—	—	—	—	—	1	—	2
			<u>690,987</u>		<u>163,392</u>		<u>—</u>		<u>—</u>	<u>(7,161)</u>			<u>847,218</u>
– INVESTMENTS IN GROUP UNDERTAKINGS													
MB Finstrutture - Intersomer	13,000,000	100.00	6,968	—	—	—	—	—	—	(275)	13,000,000	100.00	6,693
Others (see Table IV)	—	—	111,811	—	—	—	—	—	—	—	—	—	111,811
			<u>118,779</u>		<u>—</u>		<u>—</u>		<u>—</u>	<u>(275)</u>			<u>118,504</u>
GRAND TOTAL			<u><u>3,031,351</u></u>		<u><u>203,818</u></u>		<u><u>1</u></u>		<u><u>—</u></u>	<u><u>(275,811)</u></u>			<u><u>2,959,357</u></u>

(§) Includes portfolio movements not generating cash flow.

(*) Where more than one class of share is in issue, the first percentage relates to proportion of the class concerned, while the second gives proportion of the entire share capital. The percentages include swaps and lent securities.

(1) Nominal value in € '000.

(2) Transferred from treasury.

(3) Ex-rights following receipt of bonus shares arising on La Fondiaria warrants; La Fondiaria merged by amalgamation into SAI.

(4) Writedown based on sale price of € 10.25 per share for 11,500,000 shares sold on February 2003, and for the remainder on SAI and La Fondiaria share prices pre-merger.

(5) Bonus rights issue after 10,000 par value € 51.65 shares in circulation were cancelled and 8m par value € 2.5 new shares were issued.

(6) Subject to buy-back rights by third parties.

(7) Capital call.

(8) Without voting rights.

(9) Partly-paid shares.

TABLE IV

INVESTMENTS IN GROUP UNDERTAKINGS

(figures in Euros unless otherwise stated)

	No. of Shares held	Equity Interest %	Par Value '000	Book Value € '000
(*) COMPASS S.p.A., Milan Share capital € 87,500,000 par value per share € 5	17,500,000	100	€ 87,500	77,985
(*) MB FINSTRUTTURE - INTERSOMER S.p.A., Milan Share capital € 6,500,000 par value per share € 0.50	13,000,000	100	» 6,500	6,693
(*) MEDIOBANCA INTERNATIONAL LTD, Grand Cayman Share capital \$ 10,000,000 par value per share \$ 1	10,000,000	100	\$ 10,000	6,002
(*) PROMINVESTMENT S.p.A., Rome Share capital € 520,000 par value per share € 0.52	1,000,000	100	€ 520	819
(*) PRUDENTIA FIDUCIARIA S.p.A., Milan Share capital € 100,000 par value per share € 5	20,000	100	» 100	103
RICERCHE E STUDI S.p.A., Milan Share capital € 100,000 par value per share € 5	20,000	100	» 100	103
(*) SADE FINANZIARIA S.p.A., Milan Share capital € 6,500,000 par value per share € 0.50	13,000,000	100	» 6,500	25,732
(*) 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	» 500	522
(*) SPAFID S.p.A., Milan Share capital € 100,000 par value per share € 10	10,000	100	» 100	26
(*) TECHNOSTART S.p.A., Milan Share capital € 1,000,000 par value per share € 0.50	1,380,000	69	» 690	480
(*) TRADEVCO LTD, Monrovia Share capital LRD 80,000,000 par value per share LRD 16,000	3,000 ⁽¹⁾	60	LRD 48,000	39
				€ 118,504

(*) Member of the Mediobanca Banking Group.

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

TABLE IV (cont.)

	Parent Company	No. of Shares held	Equity Interest %	Par Value € '000
INDIRECT INVESTMENTS HELD THROUGH SUBSIDIARIES				
(*) COFACTOR S.p.A., Milan Share capital € 7,500,000 par value per share € 0.50	Compass S.p.A.	15,000,000	100	7,500
CREDITECH S.p.A., Milan Share capital € 250,000 par value per share € 1	Compass S.p.A.	250,000	100	250
(*) MICOS BANCA SpA, Milan Share capital € 35,000,000 par value per share € 0.50	Compass S.p.A.	70,000,000	100	35,000
(*) PALLADIO LEASING S.p.A., Vicenza Share capital € 8,700,000 par value per share € 0.50	SelmaBipiemme Leasing S.p.A.	16,482,500	95 ⁽¹⁾	8,241
(*) SELMABIPIEMME LEASING S.p.A., Milan Share capital € 40,200,000 par value per share € 0.50	Compass S.p.A.	49,564,777	61.65	24,782
(*) TELELEASING S.p.A., Milan Share capital € 9,500,000 par value per share € 1	SelmaBipiemme Leasing S.p.A.	7,600,000	80	7,600

(*) Member of the Mediobanca Banking Group.

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

TABLE V

OPEN POSITIONS IN DERIVATIVES
AS AT 31 DECEMBER 2002

A. NOTIONAL PRINCIPAL AMOUNTS BY UNDERLYING EXPOSURE

	Interest rate contracts € '000	Foreign exchange contracts € '000	Index-linked contracts € '000	Total € '000
Over-the-counter (OTC) traded contracts				
– <i>Forwards</i>	—	—	—	—
– <i>Swaps</i>	17,098,681	1,415,904	—	18,514,585
– <i>Options purchased</i>	700,593	—	9,474,849	10,175,442
– <i>Options written</i>	878,126	—	9,800,106	10,678,232
Exchange traded contracts				
– <i>Futures (long positions)</i>	—	—	—	—
– <i>Futures (short positions)</i>	644,406	—	686,909	1,331,315
– <i>Options purchased</i>	—	—	990	990
– <i>Options written</i>	—	—	19,618	19,618
Total derivatives	19,321,806	1,415,904	19,982,472	40,720,182
<i>of which:</i>				
– <i>trading</i>	8,422,559	202,155	3,888,717	12,513,431

N.B. - Notional principal amounts are amounts corresponding to the assets and liabilities underlying contracts held for trading and hedging purposes. These amounts are given solely for reference purposes, since the Bank's effective exposure is limited to the net margins on individual transactions.

B. INFORMATION ON CREDIT QUALITY OF OTC CONTRACTS

Counterparty type	Gross positive market value ⁽¹⁾ € '000	Current credit exposure ⁽²⁾ € '000	Potential credit exposure ⁽³⁾ € '000	Credit equivalent amount ⁽⁴⁾ € '000
Banks	424,008	100,621	669,893	154,103
Other intermediaries	225,842	161,608	249,359	205,483
Total	649,850	262,229	919,252	359,586
<i>of which:</i>				
– <i>interest rate contracts</i>	251,588	115,580	65,637	70,087
– <i>exchange rate contracts</i>	66,072	62,417	62,947	50,562
– <i>equity and equity index- linked contracts</i>	332,190	84,232	790,668	238,937

⁽¹⁾ Represents the cost of replacing the contract in the event of a counterparty default.

⁽²⁾ Gross positive market value less reduction in credit exposure under netting arrangements.

⁽³⁾ Approximate valuation of the "add-on" risk inherent in market volatility.

⁽⁴⁾ Current credit exposure plus potential credit exposure, risk-weighted by counterparty category under Bank of Italy regulations.

TABLE VI

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

	No. of Shares held directly	Direct Interest % (*)	No. of Shares held indirectly	Indirect Interest % (*)	Shares held by
COMPASS S.p.A., Milan Share capital € 87,500,000 par value per share € 5	17,500,000	100.00	—	—	—
MB FINSTRUTTURE - INTERSOMER S.p.A., Milan Share capital € 6,500,000 par value per share € 0.50	13,000,000	100.00	—	—	—
MEDIOBANCA INTERNATIONAL Ltd, Grand Cayman Share capital \$ 10,000,000 par value per share \$ 1	10,000,000	100.00	—	—	—
PROMINVESTMENT S.p.A., Rome Share capital € 520,000 par value per share € 0.52	1,000,000	100.00	—	—	—
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 S.p.A., Milan Share capital € 6,500,000 par value per share € 0.50	13,000,000	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 € 1,000,000 par value per share € 0.50	1,380,000	69.00	—	—	—
TRADEVCO Ltd, Monrovia Share capital LRD 80,000,000 par value per share LRD 16,000	3,000	60.00	2,000	40.00	Tradevco
INDIRECTLY CONTROLLED SUBSIDIARIES					
COFACTOR S.p.A., Milan Share capital € 7,500,000 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 € 35,000,000 par value per share € 0.50	—	—	70,000,000	100.00	Compass
PALLADIO LEASING S.p.A., Vicenza Share capital € 8,700,000 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 € 40,200,000 par value per share € 0.50	—	—	49,564,777	61.65	Compass
TELELEASING S.p.A., Milan Share capital € 9,500,000 par value per share € 1	—	—	7,600,000	80.00	SelmaBipiemme

(*) Own shares.

TABLE VI (cont.)

	No. of Shares held directly	Direct Interest % (*)	No. of Shares held indirectly	Indirect Interest % (*)	Shares held by
OTHER SIGNIFICANT EQUITY INVESTMENTS					
ATHENA PRIVATE EQUITY S.A., Luxembourg Share capital € 50,000,000 par value per share € 2	6,114,460	24.46	—	—	—
CIMENTS FRANÇAIS S.A., Paris Share capital € 152,400,000 par value per share € 4	4,374,215	11.48	—	—	—
COMPAGNIE MONEGASQUE DE BANQUE, Monte Carlo Share capital € 111,100,000 par value per share € 200	96,053	17.29	—	—	—
CARTIERE BURGO S.p.A., Verzuolo Share capital € 156,300,000 par value per share € 0.52	69,342,769	23.07	—	—	—
BANCA ESPERIA S.p.A., Milan Share capital € 13,000,000 par value per share € 0.52	12,125,000	48.50	—	—	—
FERRARI S.p.A., Modena Share capital € 20,000,000 par value per share € 2.50	1,720,000	21.50	—	—	—
FIDIA - Fondo Interbancario d'Investimento Azionario SGR S.p.A., Milan Share capital € 15,600,000 par value per share € 520	7,500	25.00	—	—	—
ISTITUTO EUROPEO DI ONCOLOGIA S.r.l., Milan Share capital € 82,500,000	1	14.83	—	—	—
IRAN AND ITALY IND. PROM. CO., Tehran Share capital Rials 400,000,000 par value per share Rials 100,000	2,000	50.00	—	—	—
MB VENTURE CAPITAL FUND I PART. CO. A N.V., Amsterdam Share capital € 50,000 par value per share € 1	22,500	45.00	—	—	—
TIRRENIA DI NAVIGAZIONE S.p.A., Rome Share capital € 108,400,000 par value per share € 5.16	3,150,000	15.00	—	—	—
MB VENTURE CAPITAL S.A., Luxembourg Share capital € 40,000 par value per share € 10	—	—	1,400	35.00	Technostart
SINTERAMA S.p.A., Sandighiano Share capital € 72,800,000 par value per share € 0.51	—	—	15,000,000	10.51	MB Finstrutture - Intersomer
SCONTOFIN S.A., Luxembourg Share capital € 2,600,000 par value per share € 516.5	—	—	1,000	20.00	Sade Finanziaria
ZAMBIA TANZANIA ROAD SERVICES Ltd, Lusaka (in liquidation) Share capital Kwacha 4,000,000 par value per share Kwacha 200	—	—	4,667	23.33	MB Finstrutture - Intersomer

(*) Own shares.

OttavioCapriolo - Milan