

**Translation of press release issued by Mediobanca  
pursuant to Consob Regulation 11971/99 as amended**

*Accounts for the year to 30 June 2003 approved:  
return to profitability; dividend increased  
Proposals to amend Articles of Association approved  
New Directors co-opted*

At a Board Meeting held today with Mr Gabriele GALATERI di GENOLA in the chair, the Directors of Mediobanca approved the consolidated accounts and provisional statutory accounts for the year ended 30 June 2003.

Full-year results

Mediobanca's consolidated accounts for the year ended 30 June 2003 show a profit of € 53.6m. This represents a major recovery compared with the € 206.2m loss recorded in the first nine months of the year, reflecting an especially good performance in terms of ordinary operations, where the € 539.2m gross margin earned was more than 20% higher than the figure recorded twelve months previously despite the tough market conditions. The improvement involved both the parent company's wholesale banking operations and retail financial services arm Compass Group, which contributed more than one-third of consolidated revenues. The *Interest margin* rose by 13.5% from € 550.4m to € 624.9m, and *Commissions and other income* went up 30.6% from € 177.6m to € 232m. The cost/income ratio fell again, from 39% to 37.2%. On the wholesale side, Mediobanca played a leading role in deals worth more than € 104bn (2001-02: € 90bn), of which € 70.5bn involved mergers and acquisitions (€ 60bn), € 25bn syndicated loans (€ 21.5bn), € 7.6bn debt capital market transactions (€ 4.1bn), and € 1.2bn equity capital market transactions (€ 5.4bn). For the Compass Group, there were significant increases of 22% in consumer credit disbursed and 36.8% in mortgage finance.

However, net profit was hit by the downturn in equity markets and also, as a consequence, the continued adoption of the Bank's customary accounting policies. The Group's investment portfolio recorded a loss of € 51.1m on disposal of securities, € 34.9m of which was attributable to the sale of the Bank's holding in *Fondiarria-SAI*, and

writedowns of € 181m, net of € 80.3m in deferred tax, based on average prices in the six months to 30 June 2003. Based on current prices, in view of the upturn in markets which has borne out the trend begun in the final months of 2002-03, some € 115m of these writedowns have been recouped. The accounting principles adopted also led to writedowns of € 70.6m (€ 58.3m) on securities and investments held in treasury, not including gains of € 224.5m accrued during the period under review, some € 30m of which derive from the *Fonditaria-SAI* equity swap alone. The higher tax burden is the result of amendments to existing legislation on the tax deductibility of writedowns in portfolios.

On the asset side, funding at the balance sheet date amounted to € 23,247.3m, a rise of 13.3% due *inter alia* to the Bank's credit rating. Customer loans stood at € 15,033.9m, more than two-thirds of which was attributable to the parent company's corporate banking business, and the balance to the Compass Group. The 9% reduction vis-à-vis last year, excluding securitizations, is due to the Bank's customary cautious approach to risk in a particularly challenging economic climate, and to exposures to several major clients being reduced. The investment securities portfolio declined from € 3,351.5m to € 3,168.6m, although based on current prices and holdings it reflects a gain of € 2,754.6m. The Group's net worth stands at € 4,750.3m net of the dividend proposed.

The Directors also approved Mediobanca's provisional statutory accounts for the year ended 30 June 2003. In the twelve months under review, Mediobanca earned a gross margin from ordinary operations of € 391.2m, up more than 20% on the figure recorded twelve months previously, benefiting from a 23.9% increase in commissions and other income despite the difficult market conditions, and a 14% increase in the interest margin, where the improvement was due to trading involving the Bank's treasury portfolio and higher spreads on loans. However, the poor performance of equity markets meant this translated to a net loss of € 14m, after writedowns of € 185.3m in investment securities based on average values recorded in the six months to 30 June 2003 (which reduce to € 98m at current prices), losses of € 37.8m on disposal of shareholdings, writedowns of € 57.9m in securities and derivatives held in treasury, and provisions, depreciation and amortization totalling € 55.2m, which includes € 45m transferred to *Credit risks provision*. At the balance sheet date funding amounted to € 20,364.1m, up 13.7% on the previous year. Loans and advances fell from € 14,861.8m to € 12,522m, while investment securities declined by € 265.1m.

### Dividend declared

The Board also resolved to declare a dividend of € 0.18 per share, which represents an increase of 20% in line with the improvement in operations. This proposal will be submitted to the approval of the Bank's shareholders at the Annual General Meeting, to be held on 28 October 2003 in the first instance and thereafter on 29 October if adjourned. The shares go ex-rights as of 24 November 2003 and the dividend will be payable as of 27 November 2003, entitling shareholders to a full tax credit thereon of 51.51%.

### Proposed Amendments to the Bank's Articles of Association

The Board further resolved to submit several amendments to the Bank's Articles of Association to the approval of shareholders at an Extraordinary General Meeting, also to be held on 28 October 2003. These provide *inter alia* for the Board to have sole responsibility for all decisions relating to the acquisition, increase or reduction of equity investments deemed to be strategic or permanent which involve an outlay in excess of € 500m, for all proposals to increase the company's share capital, issue convertible bonds, and for all proposed break-ups or non-intra-group mergers and spin-offs. On such matters the Board, which under the proposed amendments will also be able to hold meetings by video-or tele-conference, will retain the existing quorum requiring two-thirds of Directors to vote in favour of a resolution for it to be adopted, whereas on all other matters a simple majority will be sufficient. The same quorum will extend to resolutions made by the Bank's Executive Committee, whose powers will be amended especially with regard to delegating to the Bank's management decisions to buy or sell securities where such purchases or sales do not constitute treasury transactions. As is well known, Decree Law 6/2003, commonly referred to as the "Vietti law", will be enacted in January 2004. This will result in several major changes, some of which will introduce new models for the organization of limited companies. Given that these regulations may yet be further supplemented or amended, and given also that the precise ways in which the new regulations will be reconciled with existing legislation have still to be determined, the Board has resolved to postpone any action it may take in compliance with these requirements, and any changes to the organizational structure of the Bank, until next year.

New Directors co-opted

The Board duly noted the resignations of Mr Fabrizio PALENZONA and Mr Vittorio RIPA di MEANA, and co-opted M. Jean AZEMA and Mr Tarak BEN AMMAR to take their place.

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The Board also:

- judged that the requirements of independence as defined in the Code of Conduct for Listed Companies continue to be satisfied by the following Directors: Mr Roberto COLANINNO, Mr Paolo FRESCO, Mr Gabriele GALATERI di GENOLA, Mr Berardino LIBONATI, Mr Achille MARAMOTTI and Mr Tarak BEN AMMAR.
- approved the Bank's annual Annual Statement on Corporate Governance and Compliance with Code of Conduct for Listed Companies.

15 September 2003

THE BOARD OF DIRECTORS

**MEDIOBANCA BANKING GROUP**

## Consolidated balance sheet

	<b>30/6/01</b>	<b>30/6/02</b>	<b>30/6/03</b>
	€ m	€ m	€ m
<b>Assets</b>			
Treasury funds employed .....	4,601.7	5,614.5	10,231.4
Loans and advances .....	16,998.1	17,154.2	15,033.9
Investment securities .....	3,333.7	3,351.5	3,168.6
Intangible assets .....	1.5	1.9	1.5
Property .....	63.3	122.0	123.3
Furniture and fixtures .....	3.9	4.2	5.4
Other assets .....	1,648.4	2,026.5	2,205.5
Total assets .....	<u>26,650.6</u>	<u>28,274.8</u>	<u>30,769.6</u>
<b>Liabilities</b>			
Deposits and loans .....	19,170.9	20,511.3	23,247.3
Provision for liabilities and charges .....	375.5	338.6	301.6
Consolidated provision for future liabilities and charges .....	6.8	5.8	—
Other liabilities .....	2,460.2	2,390.3	2,255.4
Credit risks provision .....	13.4	13.4	13.4
Equity attributable to minority shareholders .....	49.0	53.6	61.5
Shareholders' equity .....	4,277.6	4,706.7	4,836.8
Profit for the year .....	297.2	255.1	53.6
Total liabilities .....	<u>26,650.6</u>	<u>28,274.8</u>	<u>30,769.6</u>

**MEDIOBANCA BANKING GROUP**

## Consolidated profit and loss account

	<b>12 mths to 30/6/01</b>	<b>12 mths to 30/6/02</b>	<b>12 mths to 30/6/03</b>
	€ m	€ m	€ m
Interest margin .....	530.1	550.4	624.9
Commissions received and other income .	219.0	177.6	232.0
General expenses .....	(266.8)	(282.7) <sup>(1)</sup>	(317.7)
<b>GROSS MARGIN FROM ORDINARY OPERATIONS.....</b>	<b>482.3</b>	<b>445.3</b>	<b>539.2</b>
Writedowns in securities and derivatives held in treasury <sup>(1)</sup> <sup>(2)</sup> .....	(4.7)	(58.3)	(70.6)
Net gain (loss) on sale of securities held .	101.7	463.7	(51.1)
Writedowns in investment securities <sup>(1)</sup> <sup>(2)</sup>	(89.9)	(497.4)	(181.0)
Bad debts written off .....	(42.7)	(46.8)	(61.0)
Net overprovision for taxation .....	—	6.8	—
Gain/(loss) on investments stated on equity basis .....	0.2	(5.1)	(4.0)
<b>MARGIN BEFORE TAXATION AND PROVISION</b>	<b>446.9</b>	<b>308.2</b>	<b>171.5</b>
Transfers to provision for liabilities and charges .....	(12.5)	(13.3)	(13.3)
Accelerated depreciation and amortization	(4.7)	(3.6)	(5.1)
Taxation for the year .....	(126.2)	(29.2)	(90.7)
Profit attributable to minority shareholders .....	(6.3)	(7.0)	(8.8)
<b>NET PROFIT .....</b>	<b>297.2</b>	<b>255.1</b>	<b>53.6</b>

<sup>(1)</sup> Restated.<sup>(2)</sup> Net of deferred tax receivable.

**MEDIOBANCA S.p.A.**

## Balance sheet

	<b>30/6/01</b>	<b>30/6/02</b>	<b>30/6/03</b>
	€ m	€ m	€ m
<b>Assets</b>			
Treasury funds employed .....	3,885.9	5,148.1	9,807.6
Loans and advances .....	14,229.6	14,861.8	12,522.0
Investment securities .....	3,025.6	3,031.4	2,766.3
Fixed assets, net .....	12.1	11.4	10.6
Other assets .....	1,491.4	1,881.1	1,993.4
Total assets .....	<u>22,644.6</u>	<u>24,933.8</u>	<u>27,099.9</u>
<b>Liabilities</b>			
Deposits and loans .....	15,933.8	17,911.3	20,364.1
Provisions .....	272.1	232.5	183.3
Other liabilities .....	2,212.2	2,213.8	2,062.5
Shareholders' equity .....	4,075.2	4,458.6	4,504.0
Profit (loss) for the year .....	151.3	117.6	(14.0)
Total liabilities .....	<u>22,644.6</u>	<u>24,933.8</u>	<u>27,099.9</u>
Memorandum accounts .....	<u>46,827.9</u>	<u>50,916.7</u>	<u>79,162.0</u>

**MEDIOBANCA S.p.A.**

## Profit and loss account

	12 mths to 30/6/01	12 mths to 30/6/02	12 mths to 30/6/03
	€ m	€ m	€ m
Interest margin .....	340.1	336.0	383.1
Commissions received and other income.....	173.2	136.2	168.8
General expenses and sundry operating costs.....	(133.0)	(146.8)	(160.7)
<b>GROSS MARGIN FROM ORDINARY OPERATIONS .....</b>	<b>380.3</b>	<b>325.4</b>	<b>391.2</b>
Writedowns in treasury securities and derivatives ( <sup>1</sup> ) .....	(12.5)	(41.2)	(57.9)
Net gain/(loss) on sale of securities held .....	31.8	460.7	(37.8)
Writedowns in investment securities ( <sup>1</sup> ) .....	(71.5)	(500.1)	(185.3)
Net overprovision for taxation .....	—	6.8	—
Initial leasing instalment .....	—	(26.1)	—
<b>MARGIN BEFORE TAXATION AND PROVISIONS .....</b>	<b>328.1</b>	<b>225.5</b>	<b>110.2</b>
Provision for risks and charges .....	—	—	(5.1)
Transfers to credit risks provision .....	(82.6)	(87.0)	(45.0)
Accelerated depreciation and amortization .....	(4.7)	(3.6)	(5.1)
Taxation for the year.....	(89.5)	(17.3)	(69.0)
<b>NET PROFIT (LOSS) .....</b>	<b>151.3</b>	<b>117.6</b>	<b>(14.0)</b>

(<sup>1</sup>) Net of advance tax.