

TRANSLATION OF PRESS RELEASE ISSUED BY MEDIOBANCA ON 29<sup>TH</sup>  
OCTOBER 2001

At a Board Meeting held today with Mr Francesco Cingano in the chair, the Directors of Mediobanca approved the Bank's quarterly report for the three months ended 30<sup>th</sup> September 2001.

The Group's consolidated accounts for the quarter reflect a profit before tax of € 347.9m, compared with € 175.3m in the first quarter of the previous financial year. Profit from ordinary operations was € 77.3m (€ 93m), a decrease of € 15.7m. This is mainly attributable to a reduction of € 17.5m in fee income due to the adverse market conditions, only partially offset by a € 3.1m increase in the interest margin which occurred despite dividends received falling by € 6.6m. Extraordinary operations reflect a) the gain of € 428.6m on the sale of our holding in Montedison (**all of which is taxable** at a rate of 19%), as against bad debt writeoffs of € 11.1m in line with the previous financial year, again mainly involving consumer credit and factoring, as well as to a lesser extent the Group's leasing activities, and b) interim net writedowns of € 99.6m (or € 225.7m if based on the three months to 30<sup>th</sup> September) in our securities portfolio based on average prices in September in the case of investment securities and in the six months ended 30<sup>th</sup> September in the case of non-investment securities. This compares with writebacks of € 42.4m last year..

As at 30<sup>th</sup> September 2001 funding amounted to € 19,647.9m, an increase of 1.5% compared with 30<sup>th</sup> June, while loans and advances stood at €16,263.6m, down by 4.3%, and equity investments (including interim adjustments) were 6.9% lower at €3,103.2m. The Group's net worth rose to € 4,469.8m (30/6/01: € 4,277.6m). This does not take account of profit for the period or the surplus of market over book value of investment securities, which was € 3.145,2m based on our holdings and share prices as at 26<sup>th</sup> October 2001.

Mediobanca's pre-tax profit for the period before provisions was € 336.7m (€ 161m), after net gains on the disposal of investment securities amounting to € 430.2m. In our ordinary operations, the interest margin was down by € 14.9m from €64.3m to €49.4m, due to the unsettled market conditions following the events of September 11. These conditions also affected fee income, which fell from €33.9m to €17.8m.

Funding (including loans from banks and EIB funds) grew by €665m during the quarter, whereas loans and advances fell by € 668.6m. Liquid assets thus increased by € 1,786.8m, taking account of forward transactions.

29<sup>th</sup> October 2001

## CONSOLIDATED FINANCIAL STATEMENT

	30/9/00	30/6/01	30/9/01
	€m	€m	€m
<b>Assets</b>			
Treasury funds employed.....	2,012.8	4,601.7	6,022.0
Loans and advances .....	17,334.4	16,998.1	16,263.6
Investment securities .....	3,416.4	3,333.7	3,103.2
Intangible assets .....	1.9	1.5	1.4
Net fixed assets .....	68.3	67.2	66.4
Other assets .....	1,611.0	1,648.4	1,978.8
Total assets .....	<u>24,444.8</u>	<u>26,650.6</u>	<u>27,435.4</u>
<b>Liabilities</b>			
Deposits and loans .....	17,691.2	19,170.9	19,467.9
Provision for liabilities and charges.....	459.0	375.5	377.8
Consolidated provision for future liabilities and charges .....	6.6	6.8	6.4
Other liabilities .....	2,157.1	2,460.2	2,699.4
Credit risks provisions.....	13.4	13.4	13.4
Shareholders' equity attributable to minorities .....	45.7	49.0	52.8
Shareholders' equity.....	3,896.5	4,277.6	4,469.8
Profit .....	175.3 <sup>(1)</sup>	297.2	347.9 <sup>(1)</sup>
Total liabilities .....	<u>24,444.8</u>	<u>26,650.6</u>	<u>27,435.4</u>

(1) Before tax.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	3 months to 30/9/00	12 months to 30/6/01	3 months to 30/9/01
	€ m	€ m	€ m
Interest margin .....	106.2	530.1	109.3
<i>Of which: dividends</i> .....	6.9	152.1	0.3
Commissions received and other income	46.0	219.0	28.5
General expenses .....	(59.2)	(266.8)	(60.5)
<b>GROSS MARGIN FROM ORDINARY OPERATIONS</b> .....	<b>93.0</b>	<b>482.3</b>	<b>77.3</b>
Net gain (loss) on sale of investment securities .....	43.6	101.7	432.4
Net writebacks (writedowns) in securities and investments .....	42.4 (A)	(109.0)	(99.6) (A)
Gain (loss) on exchange and derivative contracts .....	9.6	14.4	(45.0)
Bad debts written off.....	(6.8)	(42.7)	(11.1)
Gain on investments stated on equity basis..	—	0.2	—
<b>MARGIN BEFORE TAXATION AND PROVISIONS</b> .....	<b>181.8</b>	<b>446.9</b>	<b>354.0</b>
Transfer to provision for liabilities and charges .....	(2.4) (A)	(12.5)	(1.7) (A)
Accelerated depreciation and amortization.	(0.7) (A)	(4.7)	(0.6) (A)
(Profit)/loss attributable to minority interests .....	(3.4)	(6.3)	(3.8)
<b>PROFIT BEFORE TAX</b> .....	<b>175.3</b>	<b>423.4</b>	<b>347.9</b>
Transfers to provisions for income taxes and asset tax .....	—	(126.2)	—
<b>NET PROFIT</b> .....	<b>—</b>	<b>297.2</b>	<b>—</b>

(A) Interim provisions.