

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

Interim accounts for six months to 31 December 2003 approved

Major improvement in pre-tax profit

Branch office opening in France approved

At a Board meeting held today with Gabriele Galateri di Genola in the chair, the Directors of Mediobanca approved the Group's interim accounts and report for the six months to 31 December 2003. These include Compagnie Monégasque de Banque (CMB) for the first time, which has been consolidated on a line-by-line basis.

Results

The group earned a pre-tax profit during the period of € 371.6m, compared with a loss of € 186.1m at the equivalent juncture one year previously. This represents a particularly good performance in operating terms, with the gross margin from ordinary operations up more than 30% from last year's € 217.1m at € 285.1m. The improvement involved both the parent company's wholesale banking operations and the Compass group's retail financial services, which contributed roughly one-third of consolidated revenues and lendings. Interest income rose by 17.9% from € 259.7m to € 306.1m, and commissions and other income by 51.2% from € 94.6m to € 143m. The latter item was helped by € 20.9m from CMB, as well as healthy performances in both corporate and investment banking. Costs and expenses remained virtually stable, net of the CMB contribution.

The stock market upturn boosted our equity investment portfolio performance. Based on average prices in the six months to 31 December 2003, net writebacks of € 126.1m were recorded, as against writedowns of € 271m at the same time last year. There were also gains of € 19.1m arising on disposal, compared with a loss of € 13.4m at 31 December 2002. Bad debt writeoffs, which mostly involved the Group's consumer credit and factoring, and to a lesser extent leasing, activities rose by 20% from € 34.5m to € 41.4m, due to growth in these business areas and a higher degree of caution in assessing credit in view of the unfavourable market conditions.

On the balance sheet side, as at 31 December 2003 funding amounted to € 25,271.1m, an increase of 9.5% due to € 1.9bn in back-to-back funding for customer loans, which themselves rose by 14.6% to €17,230.4m. The equity investment portfolio rose from € 3,168.6m to € 3,205.2m, and

based on current share prices expresses an unrealized gain of € 3,092.4m. Consolidated shareholders' equity stood at € 4,640.2m, net of profit for the six months.

CMB contributed 3.6% to the balance of ordinary operations, 1.7% to pre-tax profit and 4.5% to total assets.

In the six months to 31 December 2003, parent company Mediobanca S.p.A. earned a pre-tax profit of € 295.9m, as against a loss of € 237.9m at the same time last year, after setting aside € 30m (31/12/02: € 38m) to loan loss provisions. Ordinary operations improved by approximately one-third with respect to last year, rising from € 144m to € 191.2m on the back primarily of an improved contribution from treasury portfolio management and higher fees and other income. At 31 December 2003 funding amounted to € 21,277.2m, up 6.2%, loans and advances had risen from € 12,522m to € 13,772.1m, and investments in securities rose by €288.8m, mostly as a result of the controlling stake in CMB acquired in July 2003.

The gross margin from ordinary operations earned by the Compass group improved by 37% from € 57.3m to € 78.2m, driven by higher volumes in mortgage lending, where the increase was 13.5% vis-à-vis the same stage last year, and consumer credit, which was up 6.4%. Our leasing operations were hit by the challenging economic climate and the end of benefits provided for under Law 383/01 (the so-called "Tremonti-bis" law). A pre-tax profit of € 31.6m (31/12/02: € 5.3m) includes the bad debt writeoffs referred to previously and € 41.1m (€ 35m) in transfers to provisions for liabilities and charges. Loans outstanding as at 31 December 2003 totalled € 4,929.7m (30/6/03: € 4,697.9m), shared almost equally between leasing and consumer credit.

Branch office in France

In line with the bank's 2002-2005 three-year business plan, the Board has approved plans to open a branch office in Paris aimed at providing Mediobanca products and services to French clientèle, in particular advisory services to companies operating in the financial sector. The new unit will become operative as soon as clearance is received from the Bank of Italy and Bank of France.

The Board also approved the bank's new organizational model pursuant to Legislative Decree 231/01 and amendments to its internal code of conduct.

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Attached hereto are the Group's restated balance sheet and profit and loss account as contained in the interim report. The figures given therein have been sent to the Bank's Statutory Audit Committee for review, and to its external auditors, who will issue the requisite report in due course.

11 March 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	6 mths to 31/12/02	12 mths to 30/6/03	6 mths to 31/12/03
	(€ m)		
INTEREST INCOME	259.7	607.4	306.1
<i>of which: dividends</i>	0.6	118.2	0.1
Commissions received and other income .	94.6	232.0	143.0
Costs and expenses	(137.2)	(300.2)	(164.0)
GROSS MARGIN FROM ORDINARY OPERATIONS.....	217.1	539.2	285.1
Writedowns to securities and derivatives held in treasury	(75.8)	(70.6) (1)	(7.9)
Net gain (loss) on sale of securities held .	(13.4)	(51.1)	19.1
(Writedowns) writebacks to investment securities	(271.0)	(181.0) (1)	126.1
Net writeoffs, transfers to loan loss provision, and other expenses	(34.5)	(69.2)	(41.4)
Gain (loss) on investments stated on net equity basis	(2.4)	(4.0)	3.7
MARGIN BEFORE TAXATION AND PROVISIONS.....	(180.0)	163.3	384.7
Transfer to provisions for liabilities and charges	—	(5.1)	—
Depreciation and amortization	(2.1)	(5.1)	(4.0)
Profit attributable to shareholders	(4.0)	(8.8)	(9.1)
PROFIT (LOSS) BEFORE TAX ATTRIBUTABLE TO MEDIOBANCA....	(186.1)	144.3	371.6
Transfer to provisions for income taxes.....	—	(90.7)	—
NET PROFIT	—	53.6	—

(1) Net of advance tax.

CONSOLIDATED BALANCE SHEET

31 December 2002

30 June 2003

31 December 2003

(€ m)

Assets

Treasury funds employed	7,441.5	9,365.0	9,173.8
Loans and advances	15,611.8	15,033.9	17,230.4
Investment securities.....	3,372.8	3,168.6	3,205.2
Intangible assets	1.7	1.5	2.2
Property	119.6	123.3	262.8
Furniture and fixtures	5.1	5.4	10.7
Other assets	1,896.5	2,176.8	2,292.5
Total assets	28,449.0	29,874.5	32,177.6

Liabilities

Deposits and loans	22,068.1	23,070.3	25,271.1
Provisions for liabilities and charges	229.8	301.6	180.1
Consolidated provision for future liabilities and charges.....	5.6	—	—
Other liabilities	1,419.7	1,537.3	1,525.2
Loan loss provisions.....	13.4	13.4	13.4
Equity attributable to minority shareholders	56.7	61.5	176.0
Shareholders' equity	4,841.8	4,836.8	4,640.2
Profit (loss)	(186.1) ⁽¹⁾	53.6	371.6 ⁽¹⁾
Total liabilities	28,449.0	29,874.5	32,177.6

⁽¹⁾ Pre-tax.