



MEDIOBANCA
Banca di Credito Finanziario

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

Q3-04 pre-tax profit € 414m, vs € 202m loss in Q3-03

EGM called to approve amendments to Articles of Association and restricted rights issue

At a Board meeting held today with Gabriele Galateri di Genola in the chair, the Directors of Mediobanca approved the consolidated quarterly accounts as at 31 March 2004.

Results

In the nine months to 31 March 2004, the Group earned a pre-tax profit of € 413.6m, against a € 206.2m loss at the same stage twelve months previously. Profit from ordinary operations increased from € 350m to € 362.3m, on the back of a 20.4% rise in interest income from € 354.5m to € 426.9m, due to the consolidation of Compagnie Monégasque de Banque as from 1 July 2003, a higher contribution from both consumer credit by Compass and mortgage lending by Micos Banca, and increased dealing profits from treasury activities. Costs and expenses remained virtually stable net of the CMB effect. The Group's equity investment portfolio was helped by the stock market performance, with net writebacks of € 152.9m being recorded on the basis of average prices in the six months to 31 March 2004, against writedowns of € 322.2m at the same time last year, and € 31.2m in gains on disposals, compared with losses of € 49.3m in the nine months to 31 March 2003. Bad debt writeoffs affected only the retail financial services side of the Group's operations, rising by 15% from € 54m to € 62.1m, due to the increase in lending and a higher degree of caution in assessing credit given the unfavourable market conditions.



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Funding at 31 March 2004 amounted to € 24,880.3m, down 1.6% versus 31 December 2003, chiefly due to a € 372.3m fall in Mediobanca's contribution following a reduction in debt securities in issue, while customer loans fell 1.7% to € 16,941.1m. The investment securities portfolio rose from € 3,205.2m to € 3,099.1m, and based on current prices reflects a surplus of market over book value of € 2,854m. Consolidated net equity stands at € 4,643.3m net of profit for the period.

Parent company Mediobanca S.p.A. earned a pre-tax profit of € 313.3m, compared with a € 297.2m loss at the same stage last year, after charging € 30m (€ 56m) to loan loss provision. Profit from ordinary operations totalled € 220.7m, in line with the € 226.1m earned in the equivalent period last year. Funding at 31 March 2004 totalled € 20,845.2m, down from € 21,277.2m at 31 December 2003, loans and advances € 13,546m (31/12/03: € 13,772.1m), while investment securities totalled € 2,948.1m (€ 3,055.1m).

At € 121.4m, the Compass group's gross profit from ordinary operations in the nine months to 31 March 2004 was up 27.9% on the € 94.9m recorded one year earlier, due to the lower cost of funding and the increase in lending. Pre-tax profit of € 51.2m (31/3/03: € 18.4m) includes a € 61.7m (€ 53.8m) charge for bad debts writeoffs and loan loss provision. Customer loans outstanding at 31 March 2004 totalled € 5,044.5m (31/12/03: € 4,929.7m), shared almost equally between consumer credit and leasing.

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At today's meeting the Board also called an Extraordinary General Meeting on 25 June 2004 in the first instance, and on 26 June 2004 if adjourned, to approve the following resolutions:

- to amend the company's Articles of Associations with a view to i) complying with changes to company law introduced pursuant to Italian Legislative Decree 6/2003, which took effect as of 1 January 2004, ii) changing the wording of Article 3 (corporate objects) to conform with current banking and financial services regulations, and iii) facilitating the operations of the Board and the various committees.
- to increase the company's share capital by up to € 7.5m via a rights issue restricted to group staff pursuant to Article 2441 paragraph 8 of the Italian Civil Code, under the terms of the bank's stock option scheme, involving the issue of 15 million new shares.

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Attached hereto are the Group's restated balance sheet and profit and loss account as at 31 March 2004, compared with the figures as at 31 March 2003 and 30 June 2003.

13 May 2004



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Consolidated Profit And Loss Account

	31/3/03 (€ m)	30/6/03 (€ m)	31/3/04 (€ m)
Interest income	354.5	607.4	426.9
<i>of which: dividend income</i>	<i>3.5</i>	<i>118.2</i>	<i>0.1</i>
Fees and commissions received	203.8	232.0	181.9
General costs and expenses	(208.3)	(300.2)	(246.5)
GROSS PROFIT FROM ORDINARY OPERATIONS	350.0	539.2	362.3
Net writedowns to securities and derivatives held in treasury	(116.2)	(70.6) ⁽¹⁾	(56.9)
Net gain (loss) on disposal of investment securities	(49.3)	(51.1)	31.2
Net writedowns (writebacks) to investment securities.....	(322.2)	(181.0) ⁽¹⁾	152.9
Provision for bad debts, loan losses and other charges	(54.0)	(69.2)	(62.1)
Gain (loss) on investments stated on net equity basis	(2.4)	(4.0)	4.5
PROFIT BEFORE TAX AND PROVISIONS	(194.1)	163.3	431.9
Provision for liabilities and charges	—	(5.1)	—
Depreciation and amortization	(2.9)	(5.1)	(4.8)
Profit attributable to minority shareholders .	(9.2)	(8.8)	(13.5)
PRE-TAX PROFIT (LOSS) ATTRIBUTABLE TO GROUP	(206.2)	144.3	413.6
Provision for income tax	—	(90.7)	—
NET PROFIT.....	—	53.6	—

⁽¹⁾ Net of advance tax.



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Consolidated Balance Sheet

	31/3/03	30/6/03	31/3/04
	(€ m)	(€ m)	(€ m)
Assets			
Treasury funds employed	8,023.5	9,365.0	9,238.7
Loans and advances to customers ...	15,447.7	15,033.9	16,941.1
Investment securities	3,049.5	3,168.6	3,099.1
Intangible assets	1.5	1.5	0.9
Property	118.5	123.3	260.6
Furniture and fixtures	5.5	5.4	10.4
Other assets	2,000.7	2,176.8	2,330.9
Total assets	28,646.9	29,874.5	31,881.7
Liabilities			
Deposits and loans	22,184.5	23,070.3	24,880.3
Provision for liabilities and charges	232.2	301.6	181.2
Consolidated provision for future liabilities and charges	5.3	—	—
Other liabilities	1,516.3	1,537.3	1,569.5
Loan loss provision	13.4	13.4	13.4
Equity attributable to minority shareholders	61.9	61.5	180.4
Shareholders' equity	4,839.5	4,836.8	4,643.3
Profit (loss)	(206.2) ⁽¹⁾	53.6	413.6 ⁽¹⁾
Total liabilities	28,646.9	29,874.5	31,881.7

⁽¹⁾ Pre-tax.