

# MEDIOBANCA

*Annual Report and  
Accounts at 30th June 2002*

# MEDIOBANCA

LIMITED COMPANY

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

HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

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

*Annual Ordinary General Meeting*

*held on 28th October 2002*

[www.mediobanca.it](http://www.mediobanca.it)

## BOARD OF DIRECTORS

		Term expires in
* FRANCESCO CÌNGANO	CHAIRMAN	2003
* CESARE GERONZI	DEPUTY CHAIRMAN	2004
* CARLO SALVATORI	DEPUTY CHAIRMAN	2005
* VINCENZO MARANGHI	MANAGING DIRECTOR	2003
* ANTOINE BERNHEIM	DIRECTOR	2005
GILBERTO BENETTON	”	2005
* GIORGIO BRAMBILLA	”	2003
CARLO BUORA	”	2005
GIANCARLO CERUTTI	”	2005
ROBERTO COLANINNO	”	2004
* ENNIO DORIS	”	2003
PAOLO FRESCO	”	2003
MARIO GRECO	”	2005
BERARDINO LIBONATI	”	2004
JONELLA LIGRESTI	”	2004
ACHILLE MARAMOTTI	”	2004
FABRIZIO PALENZONA	”	2004
CARLO PESENTI	”	2005
* ALESSANDRO PROFUMO	”	2005
VITTORIO RIPA DI MEANA	”	2005
* AXEL FREIHERR VON RUEDORFFER	”	2005

\* Member of the Executive Committee

## STATUTORY AUDITORS

MARIO ARBUFFO	CHAIRMAN	2003
ANGELO CASÒ	STANDING AUDITOR	2003
EUGENIO PINTO	”	2003
ANTONIO IZZI	ALTERNATE AUDITOR	2003
GIORGIO OGGIONI	”	2003
ALESSANDRO TROTTER	”	2003

## **REVIEW OF THE BANK'S OPERATIONS**

## REVIEW OF THE BANK'S OPERATIONS

### HIGHLIGHTS

Net profit for the year ended 30 June 2002 was € 117.6m (2000-01: € 151.3m), after charging € 87m (€ 82.6m) to *Credit Risks Provision* and € 26.1m to cover the substantial initial instalment on the lease for the premises the Group has recently acquired in Via Filodrammatici. Net gains on investment securities were € 460.7m, principally deriving from the sale of our holdings in *Montedison* and *Consortium*, as against net writedowns in securities and investments in subsidiaries and associated companies totalling € 600.1m (€ 88.1m), or € 537.4m net of advance tax. Writedowns in equities were conservatively based on stock prices at 30 June 2002, in the light of how the markets were performing. Indeed, share prices since the beginning of the new financial year have remained consistently below even the average values recorded in the six months to 30 June (the measure we have used in previous years), a fact which cannot be ascribed merely to high market volatility. The tough economic conditions impacted profits from ordinary operations, which declined from € 380.3m to € 325.4m, due to a fall of € 37m in the fee income generated by our investment banking business (despite a € 15bn increase in transaction volume) and a decline of € 24.9m in dividends received. Higher overheads were principally due to an increase of 29 people in our headcount and the ordinary instalment of € 5.8m on the Via Filodrammatici lease.

At the balance sheet date, funding amounted to € 17,911.3m, up 12.4% on the previous twelve months. All the main funding sources contributed to this increase, with fixed-term savings and current accounts rising by € 653.3m, bonds and other securities by € 311.2m, and funds raised through banks by € 1,013m. Loans and advances also rose from

€ 14,229.6m to € 14,861.8m, whereas investment securities were virtually unchanged even after the writedowns mentioned earlier. Taking into account forward transactions and movements in other assets and liabilities, the excess of funding over funds employed generated liquid assets of € 1,262.2m.

Turning to investment banking, your Bank acted as global co-ordinator or advisor for deals worth more than € 90bn, against approx. € 75bn last year, as described in more detail on pp. 15-16.

During the period under review, Standard & Poor's awarded your Bank a long-term credit rating of AA- and a short-term rating of A-1+, with a stable outlook.

Our financial highlights have been condensed and compared on a like-for-like basis with those of the previous two financial years. They are as follows:

### Balance Sheet

	30/6/00	30/6/01	30/6/02
	€ m	€ m	€ m
<b>Assets</b>			
Treasury funds employed .....	3,175.2	3,885.9	5,148.1
Loans and advances .....	14,764.6	14,229.6	14,861.8
Investment securities .....	2,801.7	3,025.6	3,031.4
Fixed assets, net .....	12.8	12.1	11.4
Other assets .....	1,344.0	1,491.4	1,881.1
Total assets	<u>22,098.3</u>	<u>22,644.6</u>	<u>24,933.8</u>
<b>Liabilities</b>			
Deposits and loans .....	15,660.6	15,933.8	17,911.3
Provisions .....	314.4	272.1	232.5
Other liabilities .....	2,372.1	2,212.2	2,213.8
Shareholders' equity .....	3,624.8	4,075.2	4,458.6
Profit for the year .....	126.4	151.3	117.6
Total liabilities	<u>22,098.3</u>	<u>22,644.6</u>	<u>24,933.8</u>
Memorandum accounts .....	<u>43,236.8</u>	<u>46,827.9</u>	<u>50,916.7</u>

## Profit and Loss Account

	12 mths to 30/6/00	12 mths to 30/6/01	12 mths to 30/6/02
	€ m	€ m	€ m
Interest margin .....	281.5	340.1	336.0
Commissions received and other income.....	206.5	173.2	136.2
General and operating expenses.....	(123.3)	(133.0)	(146.8)
GROSS MARGIN FROM ORDINARY OPERATIONS	364.7	380.3	325.4
Net gain/(loss) on sale of securities held .....	74.2	31.8	460.7
Writebacks/(writedowns) in securities and investments .....	(66.8)	(88.1)	(537.4) (*)
Gain (loss) on exchange and derivative transactions .....	(1.8)	4.1	(3.9)
Net overprovision for taxation .....	—	—	6.8
Initial lease instalment .....	—	—	(26.1)
MARGIN BEFORE TAXATION AND PROVISIONS ..	370.3	328.1	225.5
Extraordinary provisions .....	(113.2)	—	—
Transfers to credit risks provision .....	(72.0)	(82.6)	(87.0)
Accelerated depreciation and amortization ...	(3.7)	(4.7)	(3.6)
Advance taxation for prior years .....	19.4	—	—
Taxation for the year .....	(74.4)	(89.5)	(17.3)
NET PROFIT .....	126.4	151.3	117.6

(\*) Net of advance tax of € 62.7m.

Key indices and financial ratios for the three-year period were as follows:

	30/6/00	30/6/01	30/6/02
Regulatory capital (€ m) .....	4,219.2	4,795.8	5,579.8
Solvency margin (%) .....	18.14	20.96	21.92
Earnings per share (€) .....	0.21	0.24	0.15
Earnings per share, incl. transfer to credit risks provision (€) .....	0.33	0.36	0.26
Net asset value per share (€).....	6.29	6.58	5.88
Gross gain per share on investment securities listed on 30/6 (€) .....	7.48	7.22	4.35
Price/earnings ratio .....	49.9	51.2	55.1
Price/book value ratio .....	1.7	1.9	1.6
Market capitalization (€ m) .....	6,435.7	8,032.2	7,105.6
Average number of employees in year ended 30/6 .....	321	332	358
No. of shares in issue (m) .....	595.9	642.2	778.5



## DEVELOPMENTS IN THE CAPITAL MARKET

Equity issues in Italy during the year ended 30 June 2002 amounted to € 7.4bn, slightly below the total recorded in the previous twelve months. In contrast, funds returned to investors climbed to over € 25bn (€ 19.6bn), driven by both a major increase in dividends paid and the size of public tender offers. The balance of these movements led to a net transfer of funds to the market which was more than 50% up on the previous twelve months, rising from approximately € 12bn to some € 18bn:

	30/6/00	30/6/01	30/6/02
	(€ m)	(€ m)	(€ m)
Issues and placings of:			
Ordinary and convertible savings shares.....	30,782	6,574	4,902
Preference and unconvertible savings shares .....	33	1	9
Convertible bonds and bonds with warrants attached .....	428	1,442	2,530
Total .....	<u>31,243</u>	<u>8,017</u>	<u>7,441</u>
<i>of which rights issues: (*)</i>			
<i>par value</i> .....	646	1,211	2,015
<i>premium</i> .....	2,019	2,665	1,295
Dividends paid .....	<u>15,662</u>	<u>15,945</u>	<u>18,587</u>
Public tender offers .....	<u>13,262</u>	<u>3,679</u>	<u>6,773</u>
Difference .....	<u>2,319</u>	<u>(11,607)</u>	<u>(17,919)</u>

(\*) Excluding initial public offers, which amounted to € 2,562m in 1999-2000, € 2,245m in 2000-2001, and € 754m in 2001-2002.

### Points worth noting include:

- At around € 3bn, rights issues in Italian companies still accounted for barely a fraction of the market's total capitalization. Over three-quarters of the issues involved financial restructurings undertaken by major industrials at a time when share prices were weakening. Share premiums have also virtually halved in the space of two years, down from 76% in the twelve months ended 30 June 2000 to 39% in the period under review;
- the high volume of issues of convertible bonds with warrants, as part of steps to strengthen corporate asset bases;

- an increase in proceeds from takeover bids, almost four-fifths of which derive from *Italenergia's* bid for *Montedison/Edison*. This was offset by a decline in IPOs, which slid from € 3.7bn to € 1.7bn, partly as a result of the modest contribution of € 0.8bn from privatizations;
- dividends paid out, which reached an all-time high. Dividends rose primarily in the industrial sector, and the major State-controlled conglomerates in particular. The payout ratio rose from 43% to 56%, bearing out a deliberate policy of rewarding investors even when operating results deteriorate. Fifty-eight of the 235 listed Italian companies failed to pay dividends this year, which in terms of market capitalization accounts for 7% of the total, as against 4% in the preceding twelve months.

At € 15.7bn, net aggregate earnings in listed companies in 2001 were down 28% on the previous year's € 21.9bn. This decline was felt in every sector, with the exception of companies listed in the STAR segment, which have achieved an improvement of more than 40% in profits in the past two years. Aggregate earnings in the banking sector fell by some 29%, or € 2.2bn in absolute terms, from € 7.5bn to € 5.3bn. This is mainly attributable to a € 3bn increase in trading margins as against an almost € 5bn rise in costs, the largest single item in which was loan losses, which climbed from € 5.3bn to € 7.4bn. This translated into a return on equity of 8.2%, down from 12.9% in the preceding twelve months. There was a less pronounced decline of € 0.3bn, or 11%, in the insurance sector, which was due mostly to the effect of sharp movements on both the cost and income side tending to compensate each other, with a € 4.3bn drop in investment income being to some extent offset by a € 3.5bn underwriting profit. The figures for listed industrials show aggregate earnings down € 3.9bn from € 12.3bn to € 8.4bn, a decline which affected both companies listed on the MTA screen-based market and those on the *nuovo mercato*. Earnings in MTA companies were down from € 12.7bn to € 10.9bn, and ROE from 14.4% to 11%. This was principally due to interest charges rising from € 5.5bn to € 7.8bn, as debt soared by € 19bn, with interest rates edging downwards. Indeed, the average yield on listed bonds dropped by 50 basis points from 5.9% to 5.4%. The increased loss of € 2.4bn incurred by companies listed on the *nuovo mercato* was almost six times the previous year's shortfall of € 0.4bn, largely due to writedowns in fixed assets and intangibles, as well as non-recurring charges which increased an already negative result from ordinary operations yet further from € 0.1bn to € 0.6bn. The difficult economic conditions facing industrials clearly also had an impact

on their balance sheets, with the equity-to-debt ratio falling from 92% in 2000 to 82% in 2001. If intangibles are excluded, so-called “tangible” assets accounted for barely 35% of total borrowings, as against 46% in the previous year.

Share prices at 30 June 2002 were on average 21% lower than twelve months previously. Taking account of dividends paid out, the overall loss in the twelve-month period works out at 18%, with industrials outperforming the general index, posting a loss of 15%, and insurers and banks underperforming it, shedding 28% and 22% respectively. The loss on “pure” savings shares was only 4.5%, and that in the STAR segment a bare 0.9%. Share prices had tumbled a further 10% by mid-September, plummeting to 1998 levels. In the twelve months ended 30 June 2002, the average daily volume of stocks traded on the official list was € 2.4bn, down 14% on the previous twelve months, and on the *nuovo mercato* € 61m, off 30%. The free float was unchanged at around 51%, while turnover inched up from 14% to 15%, and price volatility from 2.1% to 2.2%.

The expected return on rights issued on the basis of the last dividend paid halved from 1.8% to 0.9%. A similar downward trend, albeit somewhat less marked, was seen in those companies which paid a dividend, where the return declined from 2.6% to 2.2%. Dividend yield on blue chips in the two main Western markets (i.e. the United Kingdom and the United States) was unchanged, but rose on continental European markets as price/earnings ratios tended to decline, falling back to 1999 levels:

	% Dividend yield		% P/e ratio	
	2001	2002	2001	2002
Benelux (**)	2.3	2.4	7.0	5.8
France (*)	1.5	1.8	4.9	5.1
Germany (*)	1.8	2.2	5.2	4.4
Italy (*)	2.1	2.5	4.9	4.3
United Kingdom (*)	2.8	2.8	5.8	4.4
United States (*)	1.4	1.4	4.8	3.5
Switzerland (**)	1.5	1.5	6.4	4.4

(\*) Top 50 companies measured by market capitalization.

(\*\*) Top 20 companies measured by market capitalization.

N.B. - Mean indicators are based on share prices on 2 April 2002. The year-on-year changes in the twelve months then ended can be measured by the following stock market indices: Belgium down 1% (Brussels All Share), France down 9% (SBF 250), Germany down 8% (Dax 100), Italy down 11% (Mediobanca MTA Index), Netherlands down 7% (CBS), United Kingdom down 7% (FTSE 100), United States down 1% (S&P 500), Switzerland down 5% (Swiss Market Index).

Assets managed by Italian mutual funds fell by 11% from € 425bn to € 376bn in the twelve months under review. Some € 30bn or two-thirds of this decline is due to an operating shortfall, which is estimated as having been in the region of 1% in bond and balanced funds and around 26% in equity funds. The remainder is due to redemptions of € 218bn exceeding new subscriptions of € 203bn. In terms of portfolio composition, equities fell from 37% to 28%, with non-Italian equities falling from 28% to 21% and Italian equities from 9% to 7%, whereas Italian government securities rose from 26% to 33%, and bonds were more or less stable, with non-Italian debt securities falling from 26% to 25% and Italian debt securities up from 3% to 4%.

At 30 June 2002, the aggregate market capitalization of companies listed on the MTA had fallen from € 661bn to € 520bn, with the free float down from € 335bn to € 265bn, chiefly due to prices weakening, while price falls on the *nuovo mercato* had wiped some € 6bn off its aggregate capitalization, which sank from € 14bn to € 8bn. By mid-September, the MTA's capitalization had dropped further to € 472bn, and that of the *nuovo mercato* to € 6bn.

## CORPORATE FINANCE

### *Lendings*

These comprise:

	30/6/00	30/6/01	30/6/02
	€ m	€ m	€ m
Loans .....	14,676.8	14,143.6	14,690.8
Advances .....	87.8	86.0	171.0
	14,764.6	14,229.6	14,861.8

Movements over the past three years have been as follows:

	1999-00		2000-01		2001-02	
	€ m	%	€ m	%	€ m	%
Balance of disbursed loans at beginning of year .....	13,176	100.0	14,765	100.0	14,230	100.0
Movements during the year:						
– Disbursements .....	7,927	60.2	8,901	60.3	9,334	65.6
– Repayments .....	6,338	48.1	9,436	63.9	8,702	61.2
– Net disbursements .....	1,589	12.1	(535)	(3.6)	632	4.4
Balance of disbursed loans at year-end ...	14,765	112.1	14,230	96.4	14,862	104.4

During the year, your Bank took a prominent role in major market deals and built up new business, especially with medium-size firms.

Total outstandings at 30 June 2002 include:

- a) a single non-performing item in an amount of € 193,000 covered by credit insurance from SACE, whom we are suing for the indemnity due;
- b) overdue instalments amounting to € 97,000, all of which have been collected since the balance sheet date (as against € 500 at 30 June 2001, also collected in full);
- c) loans and advances to subsidiaries amounting to € 3,013.7m, broken down as follows:

	€ m
<i>SelmaBipiemme Leasing</i> .....	842.4
<i>MB Finstrutture - Intersomer</i> .....	498.3
<i>Teleleasing</i> .....	496.7
<i>Palladio Leasing</i> .....	379.6
<i>Sade Finanziaria</i> .....	364.1
<i>Compass</i> .....	295.5
<i>Micos Banca</i> .....	135.0
<i>Seteci</i> .....	1.6
<i>R. &amp; S.</i> .....	0.5
	3,013.7

As at 30 June 2002, there were eight significant exposures in terms of loan concentration, i.e. in excess of 10% of consolidated regulatory capital under Bank of Italy regulations. According to the permitted risk weightings, these exposures totalled € 10,374.4m, or 20.8% of the aggregate limit. With one exception, they were all within the currently permitted individual threshold at the balance sheet date.

Loans and advances outstanding by maturity and amount lent at 30 June 2002 were as follows:

	€ m
By maturity:	
amounts due within 18 months .....	8,396.2
amounts due between 18 and 60 months .....	4,691.9
amounts due after 60 months .....	1,773.7
	<u>14,861.8</u>
	<u>€ m</u>
By amount lent per borrower:	
Up to € 2.5m .....	43.6
From € 2.5m to € 7.5m .....	162.8
From € 7.5m to € 25m.....	625.0
From € 25m to € 50m.....	841.6
From € 50m to € 150m .....	1,819.4
From € 150m to € 250m .....	1,178.2
Over € 250m.....	10,191.2
	<u>14,861.8</u>

The average interest rate paid over the twelve-month period by borrowers of euro facilities not linked to back-to-back funding was 4.56% (2000-01: 5.25%).

### ***Capital Markets***

In the year ended 30 June 2002, your bank lead-managed four underwriting and placing syndicates for equities and convertible bonds totalling

€ 5,441m, compared with eighteen handling € 8,804m in the preceding twelve months.

In the debt capital market, your bank led nineteen selling groups, as in the previous twelve months, which placed € 4,141m (€ 6,725m), including eleven involving notes issued by *Mediobanca International* totalling € 359m.

We also arranged eighteen syndicated loans (sixteen) in a total amount of € 21,492m (€ 29,752m), and acted in a senior management role in a further six (eleven), in which our participations totalled € 1,370m (€ 2,119m).

### ***Mergers and Acquisitions***

During the twelve months under review, Mediobanca acted as advisor for M&A deals (some of which involved takeover bids) worth around € 60bn (2000-01: € 29bn).

### ***Trading for Clients' Accounts***

During the period under review, such trading involved a total of € 9,599.7m, of which € 9,539.9m related to equities and € 59.8m fixed-interest securities. These transactions included 49.2m MEDIOBANCA shares worth a total of € 586.9m.

## **FUNDING AND TREASURY ACCOUNTS**

### ***Funding***

This heading covers:

	30/6/00	30/6/01	30/6/02
	€ m	€ m	€ m
Time deposits and current accounts . . . .	1,515.5	1,625.8	2,279.1
Debt securities . . . . .	11,072.7	10,890.9	11,202.1
Loans from banks . . . . .	3,072.4	3,417.1	4,430.1
	15,660.6	15,933.8	17,911.3
	15,660.6	15,933.8	17,911.3

*Time deposits and current accounts* rose by € 653.3m or 40%, with a reduction of € 209m in certificates of deposit being more than offset by an € 862.3m rise in current accounts, almost all of which was attributable to lending transactions. The average rate paid over the twelve months was 2.61%, as against 3.98% in the preceding financial year.

*Debt securities* in issue rose by € 311.2m, which represents the difference between € 1,897.7m in new issues and interest accruals and € 1,586.5m in conversions, redemptions and exchange adjustments. Over four-fifths of the new issues were bonds linked to financial indicators (share price baskets and stock indices) and inflation, while the remainder consisted of credit-linked notes and reverse convertibles. The average interest rate paid on our bonds over the twelve-month period, excluding those issued in respect of back-to-back loans, was 3.74%, as against 4.64% in the previous financial year. Debt securities in issue as at 30 June 2002 are listed in Table A. Following the credit rating awarded to your Bank, we launched a € 500m five-year Eurobond priced at 17.5 basis points over and above Euribor. The settlement date was in July, and the proceeds were booked to the accounts of the current financial year.

*Loans from banks* rose by € 1,013m. This item comprises interbank facilities amounting to € 3,896.6m (of which € 3,099.3m was raised through *Mediobanca International*) and EIB funds of € 533.5m. Loan accounts in non-EMU currencies have been translated into Euros at exchange rates ruling on the balance sheet date.

Funding by maturity as at 30 June 2002 was as follows:

	Time deposits and current accounts	Debt securities	EIB and bank funding	Total
	€ m	€ m	€ m	€ m
up to 18 months .....	2,087.6	1,196.0	2,494.2	5,777.8
from 18 to 60 months ..	191.5	7,653.4	1,529.8	9,374.7
over 60 months .....	—	2,352.7	406.1	2,758.8
	<u>2,279.1</u>	<u>11,202.1</u>	<u>4,430.1</u>	<u>17,911.3</u>



## Treasury

This heading covers:

	30/6/00	30/6/01	30/6/02
	€ m	€ m	€ m
Cash and bank balances.....	830.4	1,209.1	1,110.0
Fixed interest securities .....	2,469.3	3,016.0	3,734.6
- <i>nominal value</i> .....	2,614.8	3,164.7	3,908.4
Equities .....	75.3	169.3	1,147.4
Forward transactions less securities lent .....	(199.8)	(508.5)	(843.9)
	<u>3,175.2</u>	<u>3,885.9</u>	<u>5,148.1</u>

*Cash and bank balances* fell by € 99.1m. This item includes € 981.1m in short-term deposits and € 48.5m constituting our compulsory reserve at the Bank of Italy.

*Fixed-interest securities* increased by € 718.6m. As at 30 June 2002, 57% of the portfolio consisted of government securities, 11% of MEDIOBANCA bonds, and the balance of sundry other securities. The latter, broken down by rating, were as follows: AAA: 14%; AA: 8%; A: 20%; BBB: 43%; unrated: 15%. Bonds due for redemption within twelve months accounted for 14% of the total and 16% of our fixed-interest securities. A breakdown of the portfolio and the movements therein is given in Table B. After arbitrage and derivative transactions, there was a gain of € 29.6m. Unrealized gains of € 14.6m were made over average prices in June 2002 after net writedowns of € 4m (€ 15.2m after taking the above transactions into account) and negative exchange adjustments of € 2m. A total amount of € 500bn was traded during the financial year, of which € 250.5bn related to purchases and subscriptions, and € 249.5bn to sales and redemptions. The figures include purchases of € 220.6bn and sales of € 220.3bn involving forward investment and funding transactions. Total yield on treasury transactions (net of writedowns but not taking into account gains accumulated in the period under review) including derivative transactions was 4.72%, compared with 5.95% in the preceding twelve months.

Trading in *equities*, including stabilization deals undertaken as lead managers for share placings, involved purchases of € 7,130m and sales of € 5,935.1m. After arbitrage and derivative transactions are taken into

account, a net gain of € 3.4m was made. Holdings at the balance sheet date, including securities worth € 848.7m involved in “closed” arbitrage transactions completed in July, totalled € 1,147.4m, after writedowns of € 34.6m (€ 27.5m taking into account the above transactions) and negative exchange adjustments of € 2.8m, both calculated on the basis of prices at 30 June 2002.

Trading in repos and lent securities involved lendings of € 833m and borrowings of € 1,037.2m. Our counterparties in the repo transactions were banks as to € 613.7m and other dealers as to € 219.3m. Those involved in the borrowings were banks as to € 849.8m, market counterparties as to € 178.7m and other clients as to € 8.7m. The item includes lent securities worth € 552.1m and € 639.7m in technical shortfalls.

## INVESTMENT SECURITIES

These consist of:

	30/6/00	30/6/01	30/6/02
	€ m	€ m	€ m
Debt securities .....	74.8	24.1	77.4
Other investments .....	2,666.0	2,899.0	2,835.2
Investments in Group undertakings ..	60.9	102.5	118.8
Total investment securities	2,801.7	3,025.6	3,031.4

The composition of our investment portfolio and movements therein during the period under review are set out in Table C. This shows a surplus of market price over book value of € 3,385.8m based on prices at 28 June 2002, or € 1,518.2m on the basis of prices at the time of writing.

In addition to booking the additional *Generali* shares resulting from the *Euralux* merger, movements involved purchases and subscriptions of € 932.5m, and divestments for € 1,055.6m. These movements produced a net gain of € 460.7m, almost wholly due to the gains realized on the dis-

posal of our holdings in *Montedison* and *Consortium*. At the balance sheet date the portfolio was written down by € 561.5m, as detailed below:

	€ m
Olivetti .....	148.9
Commerzbank .....	112.7
Mediolanum .....	97.1
Capitalia .....	71.7
Intesa BCI .....	56.2
Finmeccanica .....	33.4
Gemina .....	17.1
Other listed securities .....	16.9
Other unlisted securities <sup>(1)</sup> .....	7.5
	561.5

<sup>(1)</sup> Net equity.

The book value of our investment portfolio compared with prices at the time of writing reflects a loss of € 229m of which € 193m relates to stocks which have been written down. Taking average prices between 1 April and the time of writing, or nine-tenths of the period on which the situation at 30 September is based, there are writebacks of some € 43m.

The additional writedowns entailed booking € 61.4m of advance tax, and their net impact on earnings was thus € 500.1m.

The main movements were as follows:

#### **Amounts bought and subscribed:**

*Assicurazioni Generali*: as a result of the *Euralux* merger, 48.9m shares were transferred to MEDIOBANCA at a book value of € 230.3m. As at 30 June 2002 our holding of 159,212,892 shares, carried at a book value of € 662.7m, represented 12.48% of the company's total share capital. At the same date, our subsidiaries *Compass*, *Sade Finanziaria* and *Spafid* together held a further 1%, bringing the Group's total interest to 13.48%.

*Athena Private Equity*: we increased our holding by € 13.7m as a result of payments made under the terms of our commitment in respect of investments by the fund.

*Commerzbank*: we bought 2.3m shares, involving an outlay of € 63m.

*Compagnie Monégasque de Banque*: we increased our holding in CMB from 15% to 17.3% by acquiring 12,721 shares for an outlay of € 7.9m. In May 2002, MEDIOBANCA entered into a put-and-call agreement with Commerzbank to buy its 34% stake in CMB. The deal has since received central bank clearance in both Italy and France, and forms part of our plans for growth in private banking operations *inter alia* by means of acquisitions. The controlling interest in CMB thus acquired will eventually be transferred to Banca Esperia, on terms to be decided, which however will not affect that bank's joint ownership structure. The consideration payable for the 34% stake is € 190.8m, which may take the form of newly-issued MEDIOBANCA shares. If this is the case, shareholder approval will be required.

*Burgo* (formerly *Dieci*): we acquired stock worth a nominal € 12.5m in *Dieci S.r.l.*, involving an outlay of € 18.8m. In December 2001 *Dieci* merged with *Burgo*, took on the latter's name and became a public limited company. This holding represents 23.04% of *Burgo*'s share capital, and is carried at a book value of € 42m.

*Ferrari*: we acquired 2,150 shares, or 21.5% of this company's share capital, for an outlay of € 490.2m, as members of a syndicate consisting of your Bank, Commerzbank, Banca Popolare dell'Emilia Romagna and Compagnie Monégasque de Banque, which purchased a 34% stake in Ferrari outright for subsequent placement on the market. It is planned that the flotation, led by MEDIOBANCA as sole global co-ordinator, will be launched at the most appropriate time within the next twelve months (which may be extended for a further year) so as to exploit the unique prestige of the Ferrari marque.

*Fiat*: we acquired 1.6m ordinary shares by subscribing for a rights issue, involving a net outlay of € 25.6m. Our holding accounts for 3.05% of the company's ordinary shares in issue, and 2.94% of those authorized.

*Koenig & Bauer*: we acquired 400,000 shares for an outlay of € 8.9m. This resulted in our holding rising from 4.5% of the company's share capital to 4.75%, since its outstanding savings shares have now been converted to ordinary shares.

*Olivetti*: we increased our holding by 124.8m ordinary shares and by a nominal amount of € 53.5m in bonds convertible in 2010, involving a total net outlay of € 237.7m. Our holding accounts for 2.40% of the company's issued stock, and 2.23% of its authorized capital.

### Disposals

*Consortium*: we sold our entire holding, involving a divestment of € 144.4m and yielding a gain of € 27.3m.

*Montedison*: we tendered our entire holding to *Italenergia* under the terms of its takeover bid, involving a divestment of € 403.1m and yielding a gain of € 428.6m.

Other movements in our portfolio, including premiums and arbitrage, resulted in net gains of € 4.8m.

Movements in **Investments in Group Undertakings** involved subscribing a capital call of € 15.5m for *Sade Finanziaria* and acquiring a controlling interest in *Prominvestment* for an outlay of € 690,000, resulting in this company being reclassified as a Group subsidiary.

Financial accounts with Group undertakings and other "related parties" as at 30 June 2002 are summarized below:

	Group undertakings	Other related parties
	€ m	€ m
Assets .....	3,064.0	2,744.1
Liabilities .....	3,178.6	107.3
Guarantees and commitments .....	6,668.3	1,018.8
Interest received .....	129.0	132.1
Interest paid .....	(94.1)	(21.9)
Fee income .....	(1.4)	(0.8)
Other expenses .....	(0.7)	17.8

Details of accounts maintained with consolidated companies are given in Table 3.2 of Part B of the notes to the accounts. All such accounts are maintained on an arm's length basis. No "atypical" or "unusual" transactions have been entered into with these companies, and there are no shareholders in your Bank in "a controlling position".

## GROUP SUBSIDIARIES

The following is a review of the performance of our main subsidiaries.

### *COMPASS S.p.A., Milan (100% owned)*

*Compass* is the parent company of all the MEDIOBANCA Group financial service subsidiaries. The *Compass* group's consolidated highlights reflect lendings totalling € 4,902m, 63% of which derives from leasing and 37% from consumer credit and mortgage loans, down from € 5,066m in 2000-01, due mainly to the securitization of lendings worth € 511m in April 2002. Its earnings from ordinary operations totalled € 84.2m (€ 86.2m), after losses of € 27.4m on listed investments (writedowns of € 2.7m). *Compass* earned a net profit of € 11.8m (€ 8.3m), attributable to the Group after writedowns and provisions totalling € 60m (€ 54.7m) and taxation of € 7.9m (€ 17.3m).

A review of the individual companies' results follows:

*Compass S.p.A., Milan:* the company's accounts for the year ended 30 June 2002 reflect a profit of € 1m, in line with the previous year, after losses of € 27.4m on listed investments (writedowns of € 2.7m), net writebacks of investments of € 3.1m (€ 0.8m), and value adjustments to receivables of € 37.3m (€ 34.1m), of which € 28.1m consisted of accounts sold to Cofactor (€ 23.1m).

The number of loans outstanding at 30 June 2002 was 478,143, worth a principal amount of € 1,262m, as against 546,719 worth € 1,658m in the preceding twelve months. This change reflects the sale without recourse of € 511m in loans current as to payment of principal and

interest under the securitization arrangements. The purpose of this transaction was to optimize the terms and conditions of the company's funding.

*Compass's* employees numbered 445 people as at 30 June 2002.

*Cofactor S.p.A.*, Milan (100% owned): this company recorded a profit of € 3.5m, as against a loss of € 11,000 at 30 June 2001, after tax of € 0.5m (€ 3.8m) and value adjustments to receivables of € 6.8m (€ 6.9m).

During the twelve months, *Cofactor* bought without recourse loans worth a nominal € 77.5m for an outlay of € 11.5m (2000-01: € 39.1m for an outlay of € 7.2m). As at 30 June 2002, the company's outstanding loans had a face value of € 336.2m (€ 348.4m) and a book value at cost of € 34.2m (€ 32.6m).

At the balance sheet date, the company's staff numbered 41.

*Creditech S.p.A.*, Milan (100% owned): this company was acquired during the period to extend the *Compass* group's range of services. Its principal business is collecting overdue credit instalments and telephone bills. *Creditech* delivered a profit of € 170,000 in the six months to 30 June 2002, as against € 498,000 in the calendar year 2001, after tax of € 143,000 (€ 374,000). It posted revenues of € 1.8m in the six months to 30 June 2002 and € 3.6m in the twelve months to 31 December 2001.

*Creditech* employs 23 people.

*Micos Banca SpA*, Milan (100% owned): *Micos Banca's* accounts for the twelve months to 30 June 2002 show a loss of € 403,000, as against a profit of € 132,000 in the previous year, after tax of € 451,000 (€ 250,000) and a transfer of € 2.6m (€ 1.1m) to *Credit Risks Provision*. During the period, the company completed 2,965 mortgage contracts (1,802) providing finance of € 197.2m (€ 124.5m). Mortgages outstanding as at 30 June 2002 totalled € 522.2m (€ 360.2m). This performance reflects the adoption throughout the *Compass* group as a whole of a more conservative accounting policy, whereby the cost of commissions paid to merchant outlets is fully

written down in the year in which they are incurred (rather than amortizing them over the term of the facility, according to generally applied accounting principles), and transfers are made to *Credit Risks Provision* up to the maximum limit permitted under tax law, although forecast losses on the loan book represent only a fraction of the provision.

At the balance sheet date, the company's staff numbered 99.

*SelmaBipiemme Leasing S.p.A.*, Milan (61.65% owned): the company earned a profit of € 8.1m (€ 4.9m) during the period under review, after tax of € 4.7m (€ 3.5m).

During the period, 9,415 (14,112) leases were executed covering goods worth € 673m (€ 671m). As at 30 June 2002, the net value of goods leased or pending lease was € 1,533.7m (€ 1,479.7m).

At the balance sheet date, *SelmaBipiemme Leasing's* employees totalled 131 people.

*Palladio Leasing S.p.A.*, Vicenza (95% owned through *SelmaBipiemme Leasing*. The remaining 5% is held by *Palladio* in the form of own shares): *Palladio Leasing* recorded a profit of € 5.7m (€ 6.4m) in the year ended 30 June 2002, after tax of € 3.7m (€ 4.4m).

During the period the company entered into 3,227 (3,249) new leases covering equipment worth a gross figure of € 325m (€ 288m). The net value of goods on or pending lease at 30 June 2002 is carried at a book value of € 702.5m (€ 585.8m).

At the balance sheet date the company employed 50 people.

*Teleleasing S.p.A.*, Milan (80% owned through *SelmaBipiemme Leasing*): this company earned a profit of € 1.7m (€ 0.1m) after a transfer to *Credit Risks Provision* of € 3.4m (€ 3.6m) and tax of € 1.2m (€ 0.6m).

During the period, the company entered into 7,670 (5,645) contracts worth € 184m (€ 133m). The net value of goods on or pending lease at 30 June 2002 was € 690.4m (€ 790.5m).

At the balance sheet date the company employed 27 people.



The performance of the MEDIOBANCA Group's other main subsidiaries is briefly reviewed below:

*MB Finstrutture - Intersomer S.p.A.*, Milan (100% owned): this company's accounts for the year ended 30 June 2002 reflect a profit of € 8,000 (€ 11,000), after placing € 2.6m to *Credit Risks Provision* (€ 3.2m). Lendings amounted to € 487m (€ 536m).

At the balance sheet date the company employed 13 people.

*Mediobanca International Limited*, Grand Cayman (100% owned): in the year to 30 June 2002, this company earned a profit of USD 5.6m (USD 4.7m). At the balance sheet date total funding amounted to USD 3,141m (USD 2,632.6m), while net assets have increased from USD 58.2m to USD 63.8m.

At the balance sheet date the company employed two people.

*Prominvestment S.p.A.*, Rome (100% owned): this company's accounts showed a profit for the six months to 30 June 2002 of € 2,000, as against € 193,000 for the twelve months to 31 December 2001, after tax of € 50,000 (€ 196,000). The company acts principally as an agent of the Italian Ministries of Industry and Education in providing technical and administrative services involved in processing applications for government subsidies under Law 488/92 (Industry, Tourism and Business), Article 14 of Law 46/82 (Fund for Innovation and Technology), Decree Law 297/99 (Industrial Research) and Law 215/92 (Women in Business).

At the balance sheet date the company employed eight people.

*R. & S. - Ricerche e Studi S.p.A.*, Milan (100% owned): this subsidiary's accounts for the year ended 30 April 2002 show an even balance after charging MEDIOBANCA € 1.1m for its services and expenses.

During the period under review, R&S published and distributed the twenty-sixth edition of its Annual Directory and the ninth edition of the R&S-MEDIOBANCA CD-ROM. It also launched a quarterly survey of the accounts of listed companies in conjunction with *Il Sole 24 Ore*.

At 30 April 2002 the company employed 12 people.

*Sade Finanziaria S.p.A.*, Milan (100% owned): in the year ended 30 June 2002, *Sade Finanziaria* recorded a profit of € 486,000 (€ 1.2m), after writebacks of € 1.4m to securities in its portfolio, as against writedowns of € 23.6m in the previous twelve months.

At the balance sheet date the company employed four people.

*Spafid - Società per Amministrazioni Fiduciarie S.p.A.*, Milan (100% owned): in the year ended 30 June 2002 *Spafid* earned a net profit of € 260,000 (€ 2.9m), after writing down securities for € 1.8m. The company's net worth totalled € 31.4m.

At the balance sheet date the company employed 24 people.

*Technostart S.p.A.*, Milan (69% owned): this company's accounts for the twelve months ended 30 June 2002 showed a loss of € 57,000 (€ 145,000).

*Technostart* has no employees.

*Tradevco - The Liberian Trading and Development Bank Ltd.*, Monrovia, Liberia (60% owned. The remaining 40% is held by *Tradevco* in the form of treasury shares): this bank's accounts for the year ended 30 June 2002 reflect a profit of LRD 1.4m (LRD 2.2m). Lendings amounted to LRD 134.6m (LRD 176.3m) and deposits to LRD 346.5m (LRD 436.5m).

At the balance sheet date the company employed 37 people.

## OTHER INFORMATION

**Net fixed assets** consist of:

- *Property*, carried at a book value of € 23.8m, which has been depreciated as to € 12.4m. During the course of the financial year, a group of buildings situated in Via Filodrammatici opposite your Bank's Head Office was purchased under a lease through our subsidiary *SelmaBipiemme*. The buildings provide floor space of some 11,000 sq.m. The principal amount of the lease is € 62.7m, and it expires in 2009 at a redemption price of € 627,000. Payment of a substantial initial instalment of € 26.1m has entailed a charge of € 8.9m in advance tax, which will be recovered over the next seven financial years.
- *Furniture, equipment and intangible assets*, consisting of furniture, office machines, computer equipment and software owned by the Bank. As usual, the cost of these items has been written off in the year in which it is incurred, resulting in a charge of € 3.6m to the profit and loss account.

**Provisions** consist of:

- The *Provision for taxation* amounting to € 220.2m;
- The *Staff termination indemnity provision*, amounting to € 12.3m. The provision covers all indemnities due to our staff as at 30 June 2002.

**Shareholders' equity** comprises:

- *Share capital* amounting to € 389.3m, reflecting an increase of € 57.6m as a result of:
  - the share capital being rounded down on its conversion into Euros, with the resulting surplus of € 10.6m being credited to *Legal Reserve*;
  - the issue of 136.4m new shares, of which 136.2m when *Euralux* was merged into MEDIOBANCA, and 177,000 upon stock options being exercised;

- *Reserves and retained earnings* amounting to € 3,188.8m, an increase of € 238.8m. This heading comprises the following items:
  - the *Legal Reserve*, amounting to € 77.9m, and the *Statutory Reserve*, which now stands at € 1,033.3m. These reserves increased by € 16.1m and € 44.4m respectively, following the increases to the Bank's share capital detailed above and the appropriations approved at the Annual General Meeting held on 29 October 2001.
  - the *Share Premium Reserve* amounting to € 1,807m. This reflects an increase of € 1.2m due to the exercise of stock options;
  - a *Surplus arising on Merger* amounting to € 262.9m, up € 177.1m, deriving from the *Euralux* merger;
  - *Revaluation Reserves under Laws 72/83 and 413/91* totalling € 7.6m;
  - *Retained Earnings* of € 99,000.
- *General Banking Provisions* amounting to € 638.9m.
- *Credit Risks Provision* amounting to € 241.6m, after allocating € 87m for the year.

## **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 30 June 2002 .....	63,543
Total loans granted during period ..... (a)	<u>70,315</u>
Bad debts written off during period ..... (b)	2.6 (*)
	<u>0.004</u>
	% (b):(a)

(\*) 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) <sup>(1)</sup> 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 <sup>(2)</sup> and historical simulation <sup>(3)</sup> models.

At the balance sheet date, VaR on market risk worked out at a total of € 2.9m, and the expected shortfall <sup>(4)</sup> was € 5.5m, as detailed below.

(1) VaR: maximum potential loss over a specified time horizon and given confidence levels.

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

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

(4) 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 .....	846
Equities .....	3,274
Exchange rates .....	373
Diversification effect (*) .....	(1,624)
TOTAL .....	2,869
Expected shortfall .....	5,478

(\*) Resulting from mismatch between risk factors.

At € 3.3m, value at risk is highest in equities, with the end-June figure already reflecting the significant volatility which affected markets in the summer months. VaR on interest rates is lower, at € 0.8m, while that on exchange rates is € 0.4m.

At € 2.9m, the average trend in VaR in the first half of 2002 was roughly in line with the figure recorded at the end of our financial year. Its high during the period under review was € 4.6m, compared with a low of € 1.9m, both of which were primarily attributable to equities.

Table F, as usual, shows all our open positions at the balance sheet date, 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 € 262.4m (2000-01: € 158.2m), and a market risk of € 659.7m (€ 396.6m). Our current exposure is € 254.7m (€ 187.4m), taking into account deposits made by our counterparties, the increase being due to the rise in volumes traded and the high levels of market volatility.

### ***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.

\* \* \*

Assets which have been revalued in the accounts submitted to your approval are listed in Table G.

## **PROFIT AND LOSS ACCOUNT**

### ***Interest Margin***

	30/6/00	30/6/01	30/6/02
	€ m	€ m	€ m
Loan interest .....	494.6	717.7	588.9
Interest and other income from treasury transactions .....	183.7	143.5	200.6
Dividends and tax credits thereon .....	127.3	146.8	121.9 (*)
	<u>805.6</u>	<u>1,008.0</u>	<u>911.4</u>
<i>Less</i> cost of funding .....	(524.1)	(667.9)	(575.4)
	<u><u>281.5</u></u>	<u><u>340.1</u></u>	<u><u>336.0</u></u>

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

Interest margin as a percentage of total income was at its highest level for five years. With the aggregate margin remaining fundamentally stable, the fall in the cost of funding proved to be higher in percentage terms than that in income from funds employed, which grew as a result of a greater contribution from treasury transactions.

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
Interest margin as % of total income from funds employed .....	22.0	32.58	34.95	33.74	36.87

The 10 basis point reduction in the gross margin against a backdrop of falling rates primarily reflects the decrease in dividends, which was only partially offset by growth in business volume and non-interest-bearing funds:

	<u>1999-00</u>		<u>2000-01</u>		<u>2001-02</u>	
	Average balance (€ m)	Rate <sup>(1)</sup> %	Average balance (€ m)	Rate <sup>(1)</sup> %	Average balance (€ m)	Rate <sup>(1)</sup> %
<i>Interest-earning assets</i>	<u>19,976.6</u>	4.04	<u>19,770.4</u>	5.09	<u>21,092.9</u>	4.31
Interest-bearing liabilities .....	16,113.8	3.36	15,831.6	4.32	16,349.1	3.59
Non-interest-bearing funds .....	3,862.8	—	3,938.8	—	4,743.8	—
<i>Total sources of funding</i>	<u>19,976.6</u>	2.71	<u>19,770.4</u>	3.46	<u>21,092.9</u>	2.78
Margin on rates .....		0.68		0.77		0.72
Gross effective margin on interest-earning assets		1.33		1.63		1.53

(1) Excludes gains on securities dealing and commission on CDs.

### ***Commissions received***

The main items under the heading of *Commissions and other items received* were securities placing fees of € 50.3m (2000-01: € 71.5m), corporate advisory fees of € 39.5m (€ 51.5m), commissions on guarantees



of € 33.1m (€ 39.3m), and securities trading commissions of € 7m (€ 3.6m). The heading also includes € 2.7m in rent received, € 2.2m in expenses recovered from clients, and € 1.5m in non-recurring and other items.

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

- *bank charges* of € 20m (€ 26.5m), consisting almost entirely of commissions on funding instruments;
- *labour costs* of € 58.6m (€ 48.6m), the higher figure in part reflecting the increase of 29 in our headcount;
- *sundry expenses* of € 68.2m (€ 57.9m), the principal items in which were: EDP and financial information subscriptions of € 14.2m; outside consultants' fees of € 13.7m (including the fixed fees payable to the Board of Directors); ordinary leasing and additional charges of € 9.5m on the Bank's offices in Rome and those recently acquired in Via Filodrammatici; rent, equipment leasing and maintenance charges of € 5.5m; share and bond administration expenses of € 5.1m; contingent and sundry liabilities of € 3.6m; sundry taxes of € 2.8m (net of amounts recovered); stationery, postage, telephone and fax charges of € 2.5m; interest of € 2.5m paid on instalments of our substitutive tax liability arising from the franking of the *Credit Risks Provision*; research and publication costs of € 2.4m; travel and entertainment expenses of € 2.2m; charges on guarantees received of € 1.3m; and ordinary depreciation charges of € 0.7m.

### ***Significant developments since the balance sheet date***

After initially alleging that a shareholder pact had existed between SAI and Mediobanca, CONSOB issued a press release on 17 May 2002 to the effect that such a pact, if indeed it had ever existed, was no longer in force. Despite this, the authority levied fines on the Chairman and Managing Director for failing to give notice of the alleged pact. An appeal has been lodged in the courts against these fines, which have already been paid by those concerned out of their own pockets.

As part of the enquiry by the Italian antitrust authority into the merger between SAI S.p.A. and La Fondiaria S.p.A., the authority has carried out an inspection of the Bank's offices with a view to collecting relevant information.

Since the balance sheet date, Mediobanca has entered into a transaction with a leading international financial institution aimed at reducing our stake in Ferrari below 15%. Mediobanca has reserved the right to repurchase the stock that has been sold on the same terms as the sale by subscribing for a convertible bond issue.

### ***Prospects***

Results in the first two months of our current financial year point to an interest margin which is basically in line with that of the previous twelve months. The ongoing slowdown in *investment banking* will continue to affect our *fee income*, and the writedowns to our investment portfolio described above will affect *extraordinary operations*.

\* \* \*

On the research side, work has continued as in the past on company and capital market surveys.

\* \* \*

Your Bank's staff, who deployed their usual skills and hard work during the period under review, totalled 372 people at the balance sheet date, compared with 343 at 30 June 2001. The staff now comprises 38 senior executives, 209 managers and 125 clerical staff.

Details of the current status of the stock options plan are given below.

	No. of options	Avg. exercise price
		€
Options at beginning of financial year .....	1,916,000	8.99
Options allotted .....	12,485,000	10.52
Options exercised .....	177,000	7.23
Options at end of financial year .....	14,224,000	10.35
<i>Of which exercisable</i>	<i>320,000</i>	<i>7.23</i>

A further 9,855,000 options at a price of € 7.84 per share have been allotted since 30 June 2002. The plan, which provides for options to be exercised over a period of ten years, and vested at between two and four years, aims to secure employee loyalty, *inter alia* in the light of remuneration policies adopted by our main competitors.

\* \* \*

The net profit for the year was € 117,646,086.53, after writedowns of € 600,090,681.22 in our securities portfolio and transfers of € 87,000,000 to *Credit Risks Provision*.

We propose:

- a) to appropriate € 2,450.01 to the *Legal Reserve*, taking it to € 77.9m or 20% of your Bank's share capital;
- b) to appropriate € 11,762,158.64 to the *Statutory Reserve*, which will take it to € 1,045.1m;
- c) to declare a dividend of € 0.15 per share on the 778,549,415 shares in issue as at 23 September 2002, amounting to a total of € 116,782,412.25 following the withdrawal of € 11.5m from the *Statutory Reserve* which would thus subsequently stand at € 1,033.6m.

\* \* \*

If these proposals are adopted, your Bank's net worth will amount to € 4,458.9m, including the *Credit Risks Provision* but excluding the potential gain arising on the surplus of market over book value of our securities and property. Our regulatory capital will amount to € 5,579.8m.

You are accordingly invited to approve the following appropriation of profits:

	€
Net profit for the year .....	117,646,086.53
Retained earnings from prior years .....	99,298.44
	<hr/> 117,745,384.97
To the <i>Legal Reserve</i> .....	2,450.01
To the <i>Statutory Reserve</i> .....	11,762,158.64
	<hr/> 105,980,776.32
Profit available for distribution .....	105,980,776.32
From <i>Statutory Reserve</i> .....	11,500,000.00
Dividend of € 0.15 per share on 778,549,415 shares .....	116,782,412.25
Directors' fees:	
• fees under Article 30 of the Bank's Articles of Association .....	2,117,629.56
• less fixed fees under Article 19 of the Bank's Articles of Association ..	1,500,000.00
	<hr/> 617,629.56
Retained earnings .....	<hr/> <hr/> 80,734.51

The dividend of € 0.15 per share, which entitles shareholders to a tax credit of 56.25% thereon, will be payable as from 21 November 2002.

\* \* \*

Your Directors record with great regret Mr Marco TRONCHETTI PROVERA's decision to tender his resignation from the Board in view of the pressure of his commitments in the Pirelli and Olivetti-Telecom groups. We are confident we shall continue to be able to count on the unstinting friendship and support he has shown us in the past.

We are most grateful to Mr Angelo MARCHIÒ for his services in his five-year term of office. Mr Francesco CESARINI also deserves our thanks for his contribution to our deliberations during his time, albeit brief, as a Director of your Bank.

The terms of office of your Directors Mr Antoine BERNHEIM, Mr Pietro FERRERO, Mr Alberto PECCI, Mr Carlo PESENTI, Mr Alessandro PROFUMO and Mr Axel von RUEDORFFER have all expired, as have those of Mr Carlo BUORA, Mr Mario GRECO and Mr Carlo SALVATORI who were co-opted to the Board in the course of the financial year.

You are invited to elect Directors accordingly.

Milan, 23 September 2002

THE BOARD OF DIRECTORS

TABLE A

## MEDIOBANCA DEBT SECURITIES IN ISSUE

	Outstanding at 30/6/01	Outstanding at 30/6/02
	€ '000	€ '000
OUTSTANDING		
13% 1991-2001 (*) .....	4,941	— <sup>(1)</sup>
1994-2002 floating rate .....	361,520	— <sup>(1)</sup>
1994-2004 floating rate .....	413,166	413,165 <sup>(2)</sup>
11.2% 1995-2001 (*) .....	27,353	— <sup>(1)</sup>
1996-2003 floating rate (formerly 7% convertible) .....	103,291	103,291
6.4% 1997-2002 .....	20,658	— <sup>(1)</sup>
6.55% 1997-2003 .....	20,658	20,658
6.7% 1997-2004 .....	20,658	20,658
6.8% 1997-2005 .....	20,658	20,658
6.95% 1997-2006 .....	20,658	20,658
7.05% 1997-2007 .....	10,329	10,329
7.25% 1997-2007 (*) .....	20,361	18,031 <sup>(2)</sup>
1997-2004 floating rate .....	258,228	258,228
1997-2004 floating rate <i>Issue II</i> .....	51,646	51,646
1997-2007 floating rate .....	382,178	382,177 <sup>(2)</sup>
1998-2008 convertible rate .....	671,394	671,393 <sup>(2)</sup>
1999-2002 corridor floating rate .....	100,000	— <sup>(1)</sup>
1999-2002 floating rate .....	40,000	— <sup>(1)</sup>
1999-2009 floating rate .....	70,000	70,000
1999-2004 capped floating rate .....	75,000	75,000
2000-2003 floating rate .....	171,000	171,000
2001-2006 floating rate .....	60,000	60,000
4.69% 1998-2003 .....	129,114	129,114
6.4% 1998-2008 Russia issue with guaranteed principal amount .....	387,343	387,342 <sup>(2)</sup>
4% 1998-2005 .....	51,646	51,646
3.25% 1999-2004 <i>Issue I</i> .....	20,000	20,000
3% 1999-2004 .....	25,000	25,000
2.6% 1999-2002 .....	25,000	— <sup>(1)</sup>
5.02% 1999-2004 special series convertible into Banca di Legnano shares .....	5,000	5,000
4.9% 2000-2005 .....	50,000	50,000
4.75% 2000-2003 .....	50,000	50,000
5% 2000-2004 .....	50,000	50,000
4.25% 2001-2004 .....	50,000	50,000
5% 2001-2006 .....	50,000	50,000
4.75% 2001-2004 .....	50,000	50,000
6.15% 2001-2011 .....	—	3,025

TABLE A (cont.)

	Outstanding at 30/6/01	Outstanding at 30/6/02
	€ '000	€ '000
5.25% 2002-2010 .....	—	2,100
5.25% 2002-2010 <i>Issue II</i> .....	—	570
5.25% 2002-2010 <i>Issue III</i> .....	—	5,390
5.25% 2002-2010 <i>Issue IV</i> .....	—	5,700
1997-2001 linked to European Telecoms .....	103,291	— <sup>(1)</sup>
1997-2001 linked to Italian blue chips <i>Issue II</i> .....	258,228	— <sup>(1)</sup>
1997-2002 linked to World Telecoms .....	516,457	516,456 <sup>(c)</sup>
1998-2002 linked to European media companies .....	51,646	— <sup>(1)</sup>
1998-2002 linked to European pharmaceutical companies .....	51,646	— <sup>(1)</sup>
1998-2002 linked to European utilities .....	51,646	— <sup>(1)</sup>
1998-2001 linked to European pharmaceutical companies - <i>Issue II</i> .....	18,076	— <sup>(1)</sup>
1998-2006 callable linked to DJ Euro Stoxx 50 index ..	90,380	90,380
1999-2014 stepdown linked to Euro 10-year swap rate <i>Issue I</i> .....	25,000	25,000
1999-2004 callable linked to MIB 30 index .....	175,000	175,000
1999-2004 USD linked to Nikkei 225 index .....	117,925	100,251 <sup>(a)</sup>
2.15% 1999-2007 linked to European equity basket Banca Popolare dell'Etruria e del Lazio Special Series .....	20,000	20,000
1999-2003 USD callable linked to Dow Jones index .....	58,962	50,125 <sup>(b)</sup>
1999-2019 stepdown linked to 30-year Euro swap rate ..	75,000	75,000
1999-2004 callable linked to Nikkei 225 .....	110,000	110,000
1999-2004 Euro Best of Basket .....	75,000	75,000
1999-2004 linked to basket of banks and insurance companies with inflation protected principal .....	30,000	30,000
2002-2007 Pure value 2 linked to DJ Euro Stoxx 50 index with European inflation protected principal ..	—	398,100
2002-2005 linked to European inflation rate .....	—	258,000
5% 2002-2006 linked to European inflation rate .....	—	10,000
2.45% 2002-2007 linked to European inflation rate ...	—	25,000
3.15% 1998-2005 with redemption premium linked to European insurance companies .....	568,103	568,102 <sup>(c)</sup>
3.05% 1998-2005 with redemption premium linked to international blue chips .....	387,343	387,342 <sup>(c)</sup>
2% 1998-2005 with redemption premium linked to export-oriented Japanese equities .....	36,152	36,152

TABLE A (cont.)

	Outstanding at 30/6/01	Outstanding at 30/6/02
	€ '000	€ '000
1.75% 1999-2006 with redemption premium linked to World Telecoms .....	130,000	130,000
1998-2018 callable reverse floater .....	258,228	258,228
1999-2008 callable stepdown <i>Issue I</i> .....	20,000	20,000
2000-2005 hi-tech basket with crash protection.....	575,000	575,000
2000-2002 linked to Euro/dollar exchange rate.....	75,000	— <sup>(1)</sup>
2000-2005 Telecoms reverse cliquet .....	25,000	25,000
2000-2005 Media & Internet bond .....	75,000	75,000
2000-2005 index - linked .....	25,000	25,000
2000-2004 Euro Best in Sector .....	50,000	50,000
2000-2002 linked to Euro/dollar exchange rate <i>Issue II</i> .....	30,000	30,000
2001-2004 Geographic linked to Pioneer Funds .....	276,000	276,000
2001-2004 Geographic linked to Plurifond Funds .....	70,000	70,000
1.75% 2001-2006 Downside Protected Basket .....	50,000	50,000
2001-2005 linked to Nikkei 225 index .....	100,000	100,000
2% 2001-2006 convertible into ENI ordinary shares ..	115,000	115,000
2001-2004 Geographic linked to Pioneer Funds <i>Issue II</i> .....	22,000	22,000
2001-2006 Triple option .....	—	726,800
0.50% 2001-2004 linked to Nikkei 225 index .....	—	50,000
5.12% 2001-2006 credit linked notes .....	—	60,000
5.42% 2001-2008 credit linked notes .....	—	30,000
2002-2005 Range coupon basket .....	—	147,000
1996-2002 9.45% zero coupon .....	8,112	— <sup>(1)</sup>
1996-2006 9.9% zero coupon .....	966,340	1,061,969 <sup>(2)</sup>
1996-2011 7.3% zero coupon .....	571,111	612,770 <sup>(2)</sup>
1996-2006 5.91% zero coupon.....	126,781	134,274 <sup>(2)</sup>
1997-2002 6.3% USD zero coupon.....	155,314	— <sup>(1)</sup>
1998-2008 4.1% one coupon with options .....	167,915	168,151 <sup>(2)</sup>
6% 1995-2002 Special Series convertible into SAI savings shares.....	71,237	71,167 <sup>(2)</sup>
5.5% 2000-2003 Tirrenia Special Series.....	41,454	41,454
2% 1998-2002 with warrants to purchase <i>Antinori Brunello di Montalcino</i> wine.....	5,165	2,582 <sup>(2)</sup>
2% 1998-2004 with warrants to purchase <i>Castel Giocondo Frescobaldi Brunello di Montalcino</i> wine ..	10,000	7,500 <sup>(2)</sup>
2000-2001 knock-in reverse convertible into ENEL S.p.A. shares <i>Issue II</i> .....	10,208	— <sup>(1)</sup>



TABLE A (cont.)

	Outstanding at 30/6/01	Outstanding at 30/6/02
	€ '000	€ '000
2000-2001 knock-in reverse convertible into ENI S.p.A. shares .....	10,076	— <sup>(1)</sup>
2000-2001 knock-in reverse convertible into Fiat S.p.A. shares <i>Issue III</i> .....	10,045	— <sup>(1)</sup>
2000-2001 knock-in reverse convertible into Telecom Italia savings shares <i>Issue II</i> .....	53,000	— <sup>(1)</sup>
2000-2001 knock-in reverse convertible into Alleanza ordinary shares .....	10,000	— <sup>(1)</sup>
2000-2002 knock-in reverse convertible into Olivetti S.p.A. ordinary shares .....	19,999	— <sup>(1)</sup>
2000-2001 knock-in reverse convertible into Telecom Italia Mobile S.p.A. ordinary shares <i>Issue II</i> .....	20,001	— <sup>(1)</sup>
2000-2001 knock-in reverse convertible into Telecom Italia S.p.A. ordinary shares <i>Issue III</i> .....	25,800	— <sup>(1)</sup>
2000-2001 knock-in reverse convertible into ENI S.p.A. shares <i>Issue II</i> .....	10,500	— <sup>(1)</sup>
2000-2001 knock-in reverse convertible into Telecom Italia Mobile S.p.A. <i>Issue III</i> .....	15,000	— <sup>(1)</sup>
6.20% 2002-2010 Nikkei 225 notes .....	—	7,500
2002-2010 Nikkei Notes <i>Issue II</i> .....	—	8,000
	10,890,941	11,202,082

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

<sup>(1)</sup> Following redemption.

<sup>(2)</sup> Reduction due to redemption.

<sup>(3)</sup> Reduction due to conversion.

<sup>(4)</sup> Increase due to capitalization of accrued interest and partial advance redemption.

<sup>(5)</sup> Increase due to conversion to Euros.

<sup>(a)</sup> Euro equivalent of USD 100,000,000 at exchange rate ruling on 28/6/02.

<sup>(b)</sup> Euro equivalent of USD 50,000,000 at exchange rate ruling on 28/6/02.

<sup>(c)</sup> Increase due to capitalization of accrued interest. Principal amount at maturity € 1,549.4m.

<sup>(d)</sup> Increase due to capitalization of accrued interest. Principal amount at maturity € 1,239.5m.

<sup>(e)</sup> Increase due to capitalization of accrued interest. Principal amount at maturity € 178.9m.

TABLE A (cont.)

MATURED OR DRAWN BY LOT	Outstanding at 30/6/01	Outstanding at 30/6/02
	€	€
6% 1970-1980 .....	15.49	15.49
7% 1972-1987 <i>Fingest</i> Special Series .....	6,982.50	6,982.50
7% 1973-1988 <i>Sip</i> Special Series .....	18,075.99	18,075.99
7% 1973-1988 <i>Snia Viscosa</i> Special Series .....	4,330.49	4,330.49
7% 1973-1988 <i>Montefibre</i> Special Series .....	29,089.95	29,089.95
7% 1973-1988 <i>Banco di Santo Spirito</i> Special Series ..	11,207.11	11,207.11
7% 1973-1988 <i>Carlo Erba</i> Special Series .....	27,248.27	27,248.27
9.75% 1977-1987 .....	516.46	516.46
12% 1979-1989 <i>Olivetti</i> Special Series .....	300.06	300.06
13% 1980-1990 <i>Snia Viscosa</i> Special Series .....	334.15	334.15
13% 1981-1991 <i>Beni Immobili Italia</i> Special Series ...	294.38	294.38
13% 1981-1991 <i>La Metalli Industriale</i> Special Series ..	1,032.91	1,032.91
13% 1981-1991 <i>Fidis</i> Special Series .....	18,024.35	18,024.35
14% 1982-1992 <i>Selm</i> Special Series .....	516.46	516.46
14% 1982-1988 .....	2,148.46	2,148.46
8% 1985-1995 Special Series convertible into <i>Cir</i> (formerly <i>Buitoni</i> ) ordinary shares .....	48.03	48.03
10% 1985-1995 Special Series convertible into <i>Cir</i> (formerly <i>Buitoni</i> ) savings shares .....	40.28	40.28
7% 1985-1995 <i>Italcementi</i> Special Series .....	1,446.08	1,446.08
7% 1986-1993 <i>Linificio</i> Special Series .....	1,505.47	1,505.47
7% 1986-1993 <i>Marzotto</i> Special Series .....	446.22	446.22
7% 1986-1993 <i>Snia Tecnopolimeri</i> Special Series .....	1,291.14	1,291.14
6% 1986-1995 <i>Snia Fibre</i> Special Series .....	6,584.83	6,584.83
6% 1986-1995 <i>Italgas</i> Special Series .....	692.69	692.69
7% 1986-1995 <i>Italmobiliare</i> Special Series .....	413.17	413.17
6.5% 1986-1996 <i>Pirelli &amp; C.</i> Special Series .....	612.00	601.67
7% 1986-1996 <i>Cir</i> Special Series .....	116.20	116.20
7% 1986-1996 <i>Cir</i> (formerly <i>Sabaudia</i> ) Special Series .	243.64	243.64
7% 1986-1996 <i>Unicem</i> Special Series .....	4,815.44	4,815.44
7% 1986-1997 <i>Franco Tosi</i> Special Series .....	14,977.25	13,944.34
5% 1987-1995 <i>Cementerie Siciliane</i> Special Series ex- warrants .....	5.68	5.68
8.5% 1989-1994 Special Series ex-warrants convertible into <i>Cofide</i> shares .....	629.04	629.04
13.5% 1989-1999 .....	14,235.58	14,235.58
10% 1990-1996 ex-warrants convertible into <i>Italgas</i> shares .....	596.51	596.51

TABLE A (cont.)

	Outstanding at 30/6/01	Outstanding at 30/6/02
	€	€
7% 1990-1996 ex-warrants convertible into <i>La Fondiaria Assicurazioni</i> shares .....	400.25	400.25
9% 1991-1996 ex-warrants convertible into <i>Banca di Roma</i> (formerly <i>Banco di Santo Spirito</i> ) shares .....	4,338.24	4,338.24
10.75% 1991-1996 ex-warrants convertible into <i>BBC</i> and <i>ASEA</i> shares .....	1,652.66	1,652.66
8% 1992-1998 ex-warrants convertible into <i>Italcementi</i> savings shares .....	1,807.60	1,807.60
6% 1993-1999 Special Series convertible into <i>Italmobiliare</i> savings shares .....	9.30	9.30
4% 1993-1999 <i>Alleanza Assicurazioni</i> ordinary Special Series .....	701.81	701.81
4.5% 1994-2000 Special Series convertible into <i>Buzzi Unicem</i> (formerly <i>Unicem</i> ) ordinary shares .....	7.23	7.23
4.5% 1994-2000 with warrants convertible into <i>La Rinascente</i> ordinary savings shares .....	603.22	603.22
1997-1999 reviewable rate .....	80,050.82	—
1997-2000 linked to Latin American Telecoms .....	5,164.57	—
1996-1998 6% and 7.50% in tranches with annual coupons and one coupon .....	4,482.84	4,482.84
1999-2001 floating rate .....	40,000,000.00	—
1999-2002 corridor floating rate .....	—	100,000,000.00
1999-2002 floating rate .....	—	40,000,000.00
	40,268,034.82	140,181,776.19

TABLE B

## MOVEMENTS IN TREASURY SECURITIES

	Holding at 30/6/01 € '000	Amounts bought and subscribed € '000	Sales and redemptions € '000	Gain/Loss € '000	Exchange adjustments € '000	Writedowns € '000	Holding at 30/6/02 € '000	Value based on share prices at 28/6/02 € '000 <sup>(1)</sup>	Gain € '000
Government securities denominated in currencies other than the Euro <sup>(2)</sup> .....	—	61,639	(61,035)	49	(653)	—	—	—	—
Euro-denominated government securities <sup>(2)</sup> .....	2,006,139	25,228,777	(25,108,373)	(5,597)	—	(1,708)	2,119,238	2,123,299	4,061
Bonds denominated in Euros and other Eurozone currencies .....	981,272	4,583,913	(3,973,768)	21,236	—	(2,301)	1,610,352	1,620,753	10,401
Bonds denominated in non-Eurozone currencies .....	28,560	65,685	(88,673)	738	(1,297)	—	5,013	5,121	108
	<u>3,015,971</u>	<u>29,940,014</u>	<u>(29,231,849)</u>	<u>16,426</u>	<u>(1,950)</u>	<u>(4,009)</u>	<u>3,734,603</u>	<u>3,749,173</u>	<u>14,570</u>
Arbitrage/derivative transactions and technical shortfalls .....				13,197		(11,249)			
TOTAL .....				<u>29,623</u>		<u>(15,258)</u>			
Non-investment securities .....									
Arbitrage/derivative transactions and technical shortfalls .....	<u>169,320</u>	<u>7,129,955</u>	<u>(5,935,064)</u>	<u>(179,443)</u>	<u>(2,756)</u>	<u>(34,631)</u>	<u>1,147,381</u>	<u>1,151,938</u>	<u>4,557</u>
TOTAL .....				<u>182,852</u>		<u>7,147</u>			
				<u>3,409</u>		<u>(27,484)</u>			

<sup>(1)</sup> Underlying value in the case of securities involved in asset swaps.

<sup>(2)</sup> Issued by sovereign states.

## MOVEMENTS IN INVESTMENT SECURITIES IN YEAR ENDED 30 JUNE 2002

	Opening Balance			Purchased and subscribed		Sold		Other movements (§)				Closing Balance			Value based on prices at 28/6/02(*)	Gain € '000
	Number	% (*)	Amount € '000	Number	Amount € '000	Number	Amount € '000	Number	Amount € '000	Gain (Loss) € '000	(Writedowns) Writebacks € '000	Number	% (*)	Amount € '000		
<b>BONDS (*) AND OTHER SECURITIES</b>																
Olivetti 1.5% 2001-2004 convertibles .....	13,188	—	14,044	—	—	—	—	—	(562) (²)	—	(413)	13,188	—	13,069	13,069	—
Olivetti 1.5% 2001-2010 convertibles with redemption premium .....	—	—	—	83,487	83,487	30,000	41,948	—	26,924 (²)	2,135	(9,334)	53,487	—	61,264	61,264	—
Pirelli & C. 2.5% 1998-2003 convertibles .....	7,429	—	7,445	—	—	—	—	(7,429)	(7,445) (²)	—	—	—	—	—	—	—
DueMme SICAV (formerly Compagnie Groupe Mediobanca SICAV), Luxembourg .....	—	—	2,630	—	3,061	—	3,061	—	—	430	(15)	—	—	3,045	3,045	—
			<u>24,119</u>		<u>86,548</u>		<u>45,009</u>		<u>18,917</u>	<u>2,565</u>	<u>(9,762)</u>			<u>77,378</u>	<u>77,378</u>	<u>—</u>
<b>EQUITY INTERESTS</b>																
<b>SHARES LISTED IN ITALY</b>																
Assicurazioni Generali .....																
Banca Nazionale del Lavoro, ordinary .....	110,350,000	9.12	432,480	48,862,892 (²)	230,264	—	—	—	—	—	—	159,212,892	12.48	662,744	3,786,083	3,123,339
Capitalia (formerly Banca di Roma) .....	506,000	0.02 + 0.02	1,842	—	—	—	—	—	—	—	(957)	506,000	0.02 + 0.02	885	885	—
Cofide, ordinary .....	26,616,250	1.94	121,763	—	—	—	—	—	—	—	(71,698)	26,616,250	1.21	50,065	50,065	—
ENEL .....	14,426,771	2.55 + 2.01	7,263	—	—	—	—	—	—	—	(184)	14,426,771	2.01	7,079	7,079	—
Fiat, ordinary .....	1,300,000	0.01	4,763	—	—	—	—	(650,000) (²)	—	—	(1,060)	650,000	0.01	3,703	3,703	—
Fiat ordinary 2007, warrants .....	11,603,900	3.16 + 2.11	86,654	1,616,468	25,650	—	—	—	—	—	—	13,220,368	3.05 + 2.14	112,304	167,092	54,788
Finmeccanica .....	—	—	—	1,416,468	439	1,416,468	817	—	—	378	—	—	—	—	—	—
Gemina, ordinary .....	82,380,000	0.98	95,388	—	—	—	—	—	—	—	(33,389)	82,380,000	0.98	61,999	61,999	—
GIM, ordinary .....	46,132,781	12.66 + 12.53	55,776	—	—	—	—	—	—	—	(17,038)	46,132,781	12.66 + 12.53	38,738	38,738	—
HdP, ordinary .....	4,154,832	2.79 + 2.56	4,457	—	—	—	—	—	—	—	(357)	4,154,832	2.79 + 2.56	4,100	4,100	—
Immobiliare Lombarda 1999/2003, warrants .....	75,478,851	10.32 + 9.92	126,463	—	—	—	—	—	—	—	—	75,478,851	10.32 + 9.92	126,463	170,205	43,742
Intesa-BCI, ordinary .....	1,910,646	—	—	—	—	1,910,646	24	—	—	24	—	—	—	—	—	—
Intesa-BCI, put warrants .....	53,011,780	0.90 + 0.79	216,902	—	—	—	—	—	—	—	(56,223)	53,011,780	0.90 + 0.77	160,679	160,679	—
Italmobiliare, ordinary .....	1,540,577	—	2,019	—	—	1,540,577	2,872	—	—	853	—	—	—	—	—	—
La Fondiaria Assicurazioni, ordinary .....	2,106,888	9.50 + 5.47	34,593	—	—	—	—	—	—	—	—	2,106,888	9.50 + 5.47	34,593	76,164	41,571
Mediolanum .....	51,156,000	13.29 + 12.84	180,037	—	—	—	—	—	—	—	—	51,156,000	13.29 + 12.84	180,037	201,248	21,211
Montedison, ordinary .....	14,273,900	1.97	182,593	26,100	162	—	—	—	—	—	(97,127)	14,300,000	1.97	85,628	85,628	—
Olivetti .....	263,184,163	15.00 + 13.69	403,077	—	—	263,184,163	831,662	—	—	428,585	—	—	—	—	—	—
Olivetti 2001-2002, warrants .....	85,886,224	1.18	203,818	124,837,730	193,987	—	—	—	(26,362) (²)	—	(148,919)	210,723,954	2.40	222,524	222,524	—
Pininfarina, ordinary .....	23,010	—	9	—	—	—	—	—	—	—	(8)	23,010	—	1	1	—
Pininfarina, convertible savings .....	121,000	1.33 } 3.41	879	65,800	1,157	300	7	131,125	952 (²)	4	—	317,625	3.43 + 3.41	2,985	6,094	3,109
Pirelli & C., ordinary .....	196,625	89.78 }	1,451	—	—	65,500	1,214	(131,125)	(952) (²)	715	—	—	—	—	—	—
Ratti .....	28,181,601	4.77 + 4.51	40,195	—	—	—	—	3,196,774	7,445 (²)	—	—	31,378,375	5.08 + 4.81	47,640	59,211	11,571
SAI, ordinary .....	2,860,000	9.17	3,984	—	—	—	—	—	—	—	(2,040)	2,860,000	9.17	1,944	1,944	—
Stefanel, ordinary .....	1,325,000	2.16 + 1.36	19,995	—	—	—	—	—	—	—	—	1,325,000	2.16 + 1.36	19,995	25,468	5,473
	2,458,000	2.27 + 2.27	3,179	10,000	16	10,000	17	(1,229,000) (²)	—	1	(1,082)	1,229,000	2.27 + 2.27	2,097	2,097	—
			<u>2,229,580</u>		<u>451,675</u>		<u>836,613</u>		<u>(18,917)</u>	<u>430,560</u>	<u>(430,082)</u>			<u>1,826,203</u>	<u>5,131,007</u>	<u>3,304,804</u>
<b>SHARES LISTED OUTSIDE ITALY</b>																
Allianz AG, Munich .....	119,888	0.05	17,686	—	—	—	—	—	—	—	—	119,888	0.05	17,686	24,313	6,627
AMB Generali Holding, Aachen .....	96,100	0.18	10,924	—	—	—	—	—	—	—	(1,448)	96,100	0.18	9,476	9,476	—
Ciments Français, Paris .....	4,374,215	11.52	147,314	42,679	2,245	42,679	2,262	—	—	17	—	4,374,215	11.50	147,314	217,705	70,391
Commerzbank, Frankfurt .....	6,204,874	1.15	180,936	2,343,400	63,012	—	—	—	—	—	(112,732)	8,548,274	1.58	131,216	131,216	—
Koenig & Bauer Albert, Würzburg, ordinary .....	360,000	4.50 + 2.25	3,392	400,000	8,920	—	—	—	—	—	—	760,000	4.75	12,312	16,340	4,028
			<u>360,252</u>		<u>74,177</u>		<u>2,262</u>			<u>17</u>	<u>(114,180)</u>			<u>318,004</u>	<u>399,050</u>	<u>81,046</u>

TABLE C (cont.)

	Opening Balance			Purchased and subscribed		Sold		Other movements (§)		Gain (Loss) € '000	(Writedowns) Writebacks € '000	Closing Balance		
	Number	% (*)	Amount € '000	Number	Amount € '000	Number	Amount € '000	Number	Amount € '000			Number	% (*)	Amount € '000
UNLISTED SHARES AND STOCK UNITS (†)														
Banca Esperia .....	12,125,000	48.50	25,172	—	—	—	—	—	—	—	(3,502)	12,125,000	48.50	21,670
Cartiere Burgo (formerly Dieci) .....	23,241	15.00	23,241	12,514	18,771	—	—	33,476 (‡)	—	—	—	69,230,769	23.04	42,012
Casaclick .....	—	—	—	—	—	8,184	6	8,184 (‡)	305	(299)	—	—	—	—
Consortium .....	111,555	20.00	144,370	—	—	111,555	171,682	—	—	27,312	—	—	—	—
Ferrari .....	—	—	—	2,150	490,200	—	—	—	—	—	—	2,150 (‡)	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	12,723	—	—	—	—	—	—	—	(1,584)	12,235	14.83	11,139
Lucchini .....	500,000	6.17	25,823	—	—	—	—	—	—	—	—	500,000	6.17	25,823
Nomisma .....	100,000	0.80	30	—	—	—	—	—	—	—	(1)	100,000	0.69	29
Prominvestment .....	250,000	25.00	129	500,000	439	—	—	(750,000) (10)	(568)	—	—	—	—	—
Tirrenia di Navigazione .....	3,150,000	15.00	34,380	—	—	—	—	—	—	—	—	3,150,000	15.00	34,380
Zetesis .....	40,000	10.00	41	30,000	31	—	—	—	—	—	(15)	70,000	10.00	57
Alice Lab Netherlands B.V., Amsterdam .....	—	—	—	10,550	1,511	—	—	—	—	—	—	10,550	8.19	1,511
Athena Private Equity class A, Luxembourg .....	2,711,399	24.44	8,554	3,403,061	13,659	—	—	—	—	—	(1,185)	6,114,460	24.46	21,028
Compagnie Monégasque de Banque, Monte Carlo .....	83,332	15.00	18,551	12,721	7,887	—	—	—	—	—	—	96,053	17.29	26,438
EuroQube SA, Brussels .....	9,387	5.95	2,347	10,591 (11)	663	—	—	(1,220) (‡)	(305)	—	(866)	18,758	4.94	1,839
Iran & Italy Industrial Promotion Co., Tehran .....	2,000	50.00	29	—	—	—	—	—	—	—	(26)	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 Company A NV class B, Amsterdam .....	22,500	45.00	9,523	—	—	—	—	—	—	—	(5)	22,500	45.00	9,518
Saturn Venture Fund, New York in USD .....	114,366	5.35	128	1,340,232	1,508	—	—	—	—	—	(205)	1,454,598	5.35	1,431
Sadim, Monte Carlo, (in liquidation) .....	1,850	3.70	131	—	—	1,850	45	—	—	(86)	—	—	—	—
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>309,079</u>		<u>534,671</u>		<u>171,733</u>		<u>(568)</u>	<u>26,927</u>	<u>(7,389)</u>			<u>690,987</u>
INVESTMENTS IN GROUP UNDERTAKINGS														
Sade Finanziaria .....	13,000,000	100.00	10,238	—	15,494	—	—	—	—	—	—	13,000,000	100.00	25,732
Prominvestment .....	—	—	—	250,000	251	—	—	750,000 (10)	568	—	—	1,000,000	100.00	819
Technostart .....	1,380,000	69.00	519	—	—	—	—	—	—	—	(39)	1,380,000	69.00	480
Others (see Table D) .....	—	—	91,748	—	—	—	—	—	—	—	—	—	—	91,748
			<u>102,505</u>		<u>15,745</u>		<u>—</u>		<u>568</u>	<u>—</u>	<u>(39)</u>			<u>118,779</u>
GRAND TOTAL			<u>3,025,535</u>		<u>1,162,816</u>		<u>1,055,617</u>		<u>—</u>	<u>460,069</u>	<u>(561,452)</u>			<u>3,031,351</u>
								Other net income	619					
								Total net gain on sale of investment securities	460,688					

(§) 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.

(‡) Shares in DueMme SICAV are stated at their market price and at the exchange rate prevailing on 28 June 2002.

(†) Nominal value in € '000.

(‡) Ex-rights to subscribe for convertible bonds under terms of rights issue.

(‡) Bonds converted into shares.

(4) Increase due to Euralux merger completed on 17 December 2001.

(‡) Redenomination into Euros and/or consolidation.

(‡) Conversion of savings shares into ordinary shares at par.

(‡) Following Dieci S.r.l. becoming a public limited company (S.p.A.).

(‡) 1,220 fully paid up EuroQube shares cancelled in exchange for 352,064 Casaclick shares, of which 343,880 were cancelled following a reduction in this company's share capital to absorb loss.

(‡) Subject to buy-back rights by Fiat.

(10) The company became a subsidiary on 24 January 2002.

(11) Partly paid shares.

TABLE D

**INVESTMENTS IN GROUP UNDERTAKINGS**  
(figures in Euros unless otherwise stated)

	Share Capital	Par Value per Share	No. of Shares held	Equity Interest %	Par Value € '000 USD/LRD'000	Book Value € '000
(*) COMPASS S.p.A., Milan .....	87,500,000	5	17,500,000	100	87,500	77,985
(*) MB FINSTRUTTURE - INTERSOMER S.p.A., Milan .....	6,500,000	0.50	13,000,000	100	6,500	6,968
(*) MEDIOBANCA INTERNATIONAL LTD, Grand Cayman .....	\$ 10,000,000	\$ 1	10,000,000	100	10,000	6,002
(*) PROMINVESTMENT S.p.A., Rome .....	520,000	0.52	1,000,000	100	520	819
(*) PRUDENTIA FIDUCIARIA S.p.A., Milan .....	100,000	5	20,000	100	100	103
RICERCHE E STUDI S.p.A., Milan .....	100,000	5	20,000	100	100	103
(*) SADE FINANZIARIA S.p.A., Milan .....	6,500,000	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 .....	500,000	5	100,000	100	500	522
(*) SPAFID S.p.A., Milan .....	100,000	10	10,000	100	100	26
(*) TECHNOSTART S.p.A., Milan .....	1,000,000	0.50	1,380,000	69	1,380	480
(*) TRADEVCO LTD, Monrovia .....	LRD 80,000,000	LRD 16,000	3,000 <sup>(1)</sup>	60	48,000	39
						<u>118,779</u>

(\*) Member of the Mediobanca Banking Group.

<sup>(1)</sup> The remaining shares are held by the company itself.

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

(\*) Member of the Mediobanca Banking Group.

<sup>(1)</sup> The remaining shares are held by the company itself.

TABLE E

## GROUP BANKING AND FINANCIAL UNDERTAKINGS: BALANCE SHEETS

	COMPASS	MEDIOBANCA INTERNATIONAL	MICOS BANCA	SADE FINANZIARIA	TRADEVCO	COFACTOR	PALLADIO LEASING	SELMABIPIEMME LEASING	TELELEASING	MB FINSTRUTTURE - INTERSOMER	TECHNOSTART	PROMINVESTMENT
	€ '000	\$'000	€ '000	€ '000	LRD'000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
<b>ASSETS</b>												
10. Cash in hand .....	2,880	2,455	4	2	73,242	18	2	15	1	3	—	1
20. Amounts due from banks .....	86,801	3,091,580	1,280	297	841,620	—	583	287	11,845	32,514	12	524
30. Amounts due from financial companies .....	31,064	—	—	3,099	—	—	—	118	192	—	—	—
40. Trade accounts receivable .....	1,261,940	—	522,190	—	134,573	34,247	25,405	38,813	40,795	470,011	—	2,672
50. Debt securities and other fixed-interest securities .....	113,300	102,298	—	312,833	—	1,162	—	—	—	5,525	692	—
60. Equities, participating interests and other floating rate securities .....	—	711	—	14,013	—	24	—	—	—	—	—	—
70. Equity investments .....	175,737	—	—	76,080	—	—	—	—	—	7,747	14	—
80. Investments in Group undertakings ...	84,804	—	—	—	—	—	—	51,580	—	—	—	—
90. Intangible fixed assets .....	2,050	—	—	6	—	—	—	116	373	—	3	3
100. Tangible fixed assets .....	7,073	—	434	6	13,727	46	702,575	1,533,955	690,124	—	—	26
120. Own shares .....	—	—	—	—	—	—	970	—	—	—	—	—
130. Other assets .....	16,911	11,094	1,498	5,269	18,455	1,152	29,945	78,939	2,049	964	—	89
140. Accrued income and prepaid expenses .....	3,275	49,033	4,001	4,193	—	18	1,722	6,447	6,833	3,293	11	192
	<u>1,785,835</u>	<u>3,257,171</u>	<u>529,407</u>	<u>415,798</u>	<u>1,081,617</u>	<u>36,667</u>	<u>761,202</u>	<u>1,710,270</u>	<u>752,212</u>	<u>520,057</u>	<u>732</u>	<u>3,507</u>
<b>LIABILITIES</b>												
10. Amounts due to banks .....	1,563,322	—	466,030	379,576	265,510	115	649,005	1,417,756	650,313	498,276	13	—
20. Amounts due to financial companies ....	38,319	34,816	—	—	—	21,992	—	3	—	—	1	—
30. Trade accounts payable .....	—	173,780	16,000	—	496,477	—	4,208	16,649	431	—	—	—
40. Debt securities in issue .....	—	2,932,417	—	—	—	—	10,000	107,950	—	—	—	—
50. Other liabilities .....	14,115	—	4,271	213	26,517	585	20,678	53,123	39,976	476	23	1,340
60. Accrued expenses and deferred income .....	12,515	52,319	1,847	3,687	—	—	17,654	25,393	25,211	3,531	—	594
70. Provision for staff termination indemnities .....	8,280	—	677	56	—	888	815	2,896	148	38	—	78
80. Provisions for liabilities and charges ..	2,072	—	783	11	—	1,828	14,507	12,413	19,766	966	—	422
90. Credit risks provision .....	13,428	—	5,701	—	—	—	3,615	10,329	—	9,200	—	—
100. General financial risks provision .....	4,648	—	—	—	—	—	—	—	—	—	—	—
120. Share capital .....	87,500	10,000	35,000	6,500	80,000	7,500	8,675	40,200	9,500	6,500	1,000	520
130. Share premium reserve .....	—	—	—	—	—	—	—	6,254	—	—	—	—
140. Reserves .....	37,922	48,200	548	25,269	166,884	247	25,470	9,193	2,703	1,061	33	551
150. Revaluation reserves .....	2,677	—	—	—	—	—	816	—	2,435	1	—	—
160. Retained earnings (accumulated loss) ..	14	28	(1,047)	—	44,847	(11)	27	—	—	—	(281)	—
170. Profit (loss) for the year .....	1,023	5,611	(403)	486	1,382	3,523	5,732	8,111	1,729	8	(57)	2
	<u>1,785,835</u>	<u>3,257,171</u>	<u>529,407</u>	<u>415,798</u>	<u>1,081,617</u>	<u>36,667</u>	<u>761,202</u>	<u>1,710,270</u>	<u>752,212</u>	<u>520,057</u>	<u>732</u>	<u>3,507</u>
<b>GUARANTEES AND COMMITMENTS</b>												
10. Guarantees given .....	148,876	—	—	—	—	—	—	—	—	—	—	2,169
20. Commitments .....	57,083	2,058,905	47,118	233,708	740	—	60,527	16,048	63,717	549,769	—	—
	<u>205,959</u>	<u>2,058,905</u>	<u>47,118</u>	<u>233,708</u>	<u>740</u>	<u>—</u>	<u>60,527</u>	<u>16,048</u>	<u>63,717</u>	<u>549,769</u>	<u>—</u>	<u>2,169</u>
<b>SHAREHOLDERS' EQUITY</b>												
(LIABILITY HEADINGS 100, 120, 130, 140, 150, 160 and 170) .....	133,784	63,839	34,098	32,255	293,113	11,259	40,720	63,758	16,367	7,570	695	1,073



TABLE E (cont.)

**GROUP BANKING AND FINANCIAL UNDERTAKINGS:  
PROFIT AND LOSS ACCOUNTS**

	MICOS BANCA
	€ '000
10. Interest receivable and similar income .....	29,657
20. Interest payable and similar expenses .....	(17,110)
40. Commissions receivable .....	1,716
50. Commissions payable.....	(2,198)
70. Other operating income .....	717
80. Administrative expenses .....	(9,071)
90. Adjustments to intangible and tangible fixed assets .....	(152)
100. Provision for credit risks and contingencies .....	(427)
110. Other operating expenses .....	(43)
120. Value adjustments on receivables and provisions for guarantees and commitments .....	(541)
130. Writebacks of receivables and provisions for guarantees and commitments .....	91
140. Transfers to credit risk provisions .....	(2,595)
170. Profit (loss) on ordinary activities .....	44
180. Extraordinary income .....	33
190. Extraordinary expenditure .....	(29)
200. Extraordinary profit (loss) .....	4
220. Income taxes for the year .....	(451)
230. Profit (loss) for the year .....	(403)

TABLE E (cont.)

## GROUP UNDERTAKINGS: PROFIT AND LOSS ACCOUNTS

	COMPASS	MEDIOBANCA INTERNATIONAL	SADE FINANZIARIA	TRADEVCO	COFACTOR	PALLADIO LEASING	SELMABIPIEMME LEASING	TELELEASING	MB FINSTRUTTURE - INTERSOMER	TECHNOSTART	PROMINVESTMENT
	€ '000	\$ '000	€ '000	LRD '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
<b>EXPENSES</b>											
10. Interest payable and similar expenses	(84,398)	(87,722)	(12,878)	(35,984)	(627)	(25,441)	(67,082)	(31,981)	(22,612)	—	—
20. Commissions payable .....	(22,853)	(4,954)	(25)	—	(22)	(1,833)	(6,428)	(380)	(969)	(2)	(2)
30. Loss on dealing transactions .....	(26,876)	(289)	(7,804)	—	(214)	—	(1)	(59)	(137)	—	—
40. Administrative expenses .....	(48,687)	(1,262)	(531)	—	(3,630)	(4,489)	(18,701)	(4,190)	(2,373)	(46)	(1,092)
50. Adjustments to intangible and tangible fixed assets .....	(1,743)	—	(11)	—	(53)	(193,348)	(530,569)	(165,468)	(24)	(3)	(6)
60. Other operating expenses .....	(16,742)	—	(77)	—	—	(2,366)	(8,666)	(27,473)	—	(43)	—
70. Transfer to provisions for liabilities and charges .....	(387)	—	—	—	—	(3,684)	(5,681)	(3,400)	—	—	(18)
80. Transfer to credit risks provision .....	—	—	—	—	—	—	—	—	(2,577)	—	—
90. Adjustments to accounts receivable and provisions for guarantees and commitments .....	(37,316)	—	—	—	(6,836)	(396)	(3,782)	(276)	—	—	(7)
100. Adjustments to financial fixed assets ..	(403)	—	(519)	—	—	—	—	—	—	—	—
110. Extraordinary expenses .....	(71)	(4,049)	(4)	—	(9)	(1)	(28)	(196)	(1,113)	—	(3)
120. Increase in provision for general financial risks .....	—	—	—	—	—	—	—	—	—	—	—
130. Income tax for the year .....	2,329	—	—	(886)	(468)	(3,713)	(4,748)	(1,230)	(952)	—	(50)
140. Profit for the year .....	1,023	5,611	486	1,382	3,523	5,732	8,111	1,729	8	—	2
<b>INCOME</b>											
10. Interest receivable and similar income	208,557	94,868	9,339	—	1,519	660	4,729	1,041	24,865	33	7
20. Dividends and other income .....	7,745	—	11,052	—	—	—	1,596	—	—	—	—
30. Commissions receivable .....	2,694	4,878	—	38,252	—	—	—	—	5,693	—	1,169
40. Gain on dealing transactions .....	—	—	—	—	—	188	—	—	—	4	—
50. Writebacks on accounts receivable and provisions for guarantees and commit- ments .....	626	—	—	—	1,103	375	846	—	—	—	—
60. Writebacks on financial fixed assets ..	3,523	—	1,908	—	—	—	—	—	—	—	—
70. Other operating income .....	12,296	—	36	—	12,378	239,748	646,389	234,932	100	—	—
80. Extraordinary income .....	2,729	4,141	—	—	382	32	237	409	107	—	4
100. Loss for the year .....	—	—	—	—	—	—	—	—	—	(57)	—

TABLE E (cont.)

## OTHER GROUP UNDERTAKINGS: BALANCE SHEETS

	PRUDENTIA FIDUCIARIA	RICERCHE E STUDI <sup>(1)</sup>	SETECI	SPAFID	CREDITECH
	€ '000	€ '000	€ '000	€ '000	€ '000
<b>ASSETS</b>					
B) Fixed assets:					
I) Intangible assets .....	—	17	122	716	—
II) Tangible assets .....	—	24	2,509	122	47
III) Financial fixed assets .....	26	4	21	22,290	4
	<u>26</u>	<u>45</u>	<u>2,652</u>	<u>23,128</u>	<u>51</u>
C) Current assets:					
I) Inventories .....	—	534	—	—	—
II) Accounts receivable .....	153	623	940	4,254	2,301
III) Financial assets other than fixed assets .....	908	—	—	7,210	—
IV) Cash .....	301	124	229	1,535	2
	<u>1,362</u>	<u>1,281</u>	<u>1,169</u>	<u>12,999</u>	<u>2,303</u>
D) Accrued income and prepaid expenses .....	12	25	249	80	9
	<u>1,400</u>	<u>1,351</u>	<u>4,070</u>	<u>36,207</u>	<u>2,363</u>
<b>LIABILITIES</b>					
A) Shareholders' equity:					
I) Share capital .....	100	100	500	100	250
III) Revaluation reserves .....	—	—	—	—	—
IV) Legal reserve .....	24	3	17	778	36
VI) Statutory reserve .....	—	—	—	—	—
VII) Other reserves .....	269	—	11	30,231	—
VIII) Retained earnings (accumulated loss) .....	—	—	—	2	529
IX) Profit (loss) for the year .....	40	—	1	260	170
	<u>433</u>	<u>103</u>	<u>529</u>	<u>31,371</u>	<u>985</u>
B) Provisions for liabilities and charges .....	—	17	42	—	—
C) Provision for staff termination indemnities .....	565	454	351	1,615	282
D) Accounts payable:					
3) Amounts due to banks .....	—	—	—	—	142
4) Amounts due to other lenders .....	—	—	—	—	—
5) Advances from customers .....	—	—	—	—	—
6) Trade accounts payable .....	40	54	651	123	688
8) Amounts due to subsidiaries .....	—	—	—	—	—
9) Amounts due to associated companies .....	—	—	—	—	—
10) Amounts due to parent companies .....	—	428	1,706	919	—
11) Taxes payable .....	35	89	59	135	147
12) Amounts due to social security institutions .....	102	89	64	209	22
13) Other accounts payable .....	225	106	50	1,835	65
	<u>402</u>	<u>766</u>	<u>2,530</u>	<u>3,221</u>	<u>1,064</u>
E) Accrued expenses and deferred income .....	—	11	618	—	32
	<u>1,400</u>	<u>1,351</u>	<u>4,070</u>	<u>36,207</u>	<u>2,363</u>
<b>MEMORANDUM ACCOUNTS</b>					
Assets held by third parties .....	—	—	—	—	—
Commitments .....	—	—	—	—	55
Value items pledged as collateral or held for safekeeping .....	681,190	—	500	134,214	—
Depositors for value items .....	721,294	—	—	1,321,895	—
Other accounts .....	—	—	—	45,010	—
	<u>1,402,484</u>	<u>—</u>	<u>500</u>	<u>1,501,119</u>	<u>55</u>
Securities and value items held on trustee basis .....	39,200	—	—	1,184,177	—

(1) 12 months ended 30/4/02.

TABLE E (cont.)

## OTHER GROUP UNDERTAKINGS: PROFIT AND LOSS ACCOUNTS

	PRUDENTIA FIDUCIARIA	RICERCHE E STUDI <sup>(1)</sup>	SETECI	SPAFID	CREDITECH
	€ '000	€ '000	€ '000	€ '000	€ '000
A) Value of production .....	2,106	1,672	8,588	5,343	1,770
B) Costs of production:					
6) Raw materials, consumables, semi-finished and finished goods .....	(2)	(124)	(274)	(65)	(13)
7) Services .....	(298)	(288)	(2,530)	(459)	(854)
8) Use of third parties' assets .....	—	(118)	(1,259)	(449)	(47)
9) Personnel .....	(1,674)	(1,003)	(1,652)	(2,616)	(517)
10) Depreciation, amortization and writedowns ....	—	(21)	(1,310)	(370)	(19)
12) Credit risks provision .....	—	—	—	—	—
13) Other provisions .....	—	—	—	—	—
14) Sundry operating expenses .....	(9)	(17)	(1,331)	(107)	(8)
	(1,983)	(1,571)	(8,356)	(4,066)	(1,458)
Value of production less costs of production ...	123	101	232	1,277	312
C) Interest income (charges) .....	48	(15)	(82)	996	(3)
D) Value adjustments to financial fixed assets .....	—	—	—	(1,785)	—
E) Extraordinary income (expenses) .....	—	(40)	(10)	31	4
Profit (loss) before tax .....	171	46	140	519	313
Income taxes for the year .....	(131)	(46)	(139)	(259)	(143)
Profit (loss) for the year .....	40	—	1	260	170

<sup>(1)</sup> 12 months ended 30/4/02.

TABLE F

OPEN POSITIONS IN DERIVATIVES  
AS AT 30 JUNE 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>	12,921,766	1,213,161	—	14,134,927
<i>Options purchased</i>	756,394	46,115	6,943,679	7,746,188
<i>Options written</i>	903,927	51,128	7,171,126	8,126,181
Exchange traded contracts				
<i>Futures (long positions)</i>	273,530	—	8,834	282,364
<i>Futures (short positions)</i>	—	—	1,211,797	1,211,797
<i>Options purchased</i>	—	—	1,540	1,540
<i>Options written</i>	—	—	15,085	15,085
<b>Total derivatives</b>	<b>14,855,617</b>	<b>1,310,404</b>	<b>15,352,061</b>	<b>31,518,082</b>
<i>of which:</i>				
– <i>trading</i>	4,961,450	122,305	2,888,030	7,971,785

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 <sup>(1)</sup> € '000	Current credit exposure <sup>(2)</sup> € '000	Potential credit exposure <sup>(3)</sup> € '000	Credit equivalent amount <sup>(4)</sup> € '000
Banks	341,646	139,079	510,230	129,863
Other intermediaries	133,991	115,656	149,461	132,559
<b>Total</b>	<b>475,637</b>	<b>254,735</b>	<b>659,691</b>	<b>262,422</b>
<i>of which:</i>				
– <i>interest rate contracts</i>	173,431	75,891	59,991	50,183
– <i>exchange rate contracts</i>	53,308	49,454	61,630	45,808
– <i>equity and equity index- linked contracts</i>	248,898	129,390	538,070	166,431

<sup>(1)</sup> Represents the cost of replacing the contract in the event of a counterparty default.

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

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

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

TABLE G

ASSET REVALUATION STATEMENT AS REQUIRED BY  
ARTICLE 10 OF LAW No. 72 OF 19 MARCH 1983

*Revaluations effected under Law 576/75:*

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
Property in Piazzetta Enrico Cuccia 1 (formerly in Via Filodrammatici 6, 8 and 10), Milan .....	2,609,651.24	—	2,609,651.24
Property in Piazza Paolo Ferrari 6, Milan	815,743.67	—	815,743.67
			<u>3,425,394.91</u>

*Revaluations effected under Law 72/83:*

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
6,375,000 shares of <i>Assicurazioni Generali S.p.A.</i> , Trieste .....	21,174,732.86	—	21,174,732.86
2,856,080 (*) shares of <i>La Fondiaria Assicurazioni S.p.A.</i> (formerly <i>Fondiaria</i> ), Florence .....	11,000,531.95	—	11,000,531.95
Property in Piazzetta Enrico Cuccia 1 (formerly in Via Filodrammatici 6, 8 and 10), Milan .....	11,620,280.23	—	11,620,280.23
Property in Piazza Paolo Ferrari 6, Milan	4,389,883.64	—	4,389,883.64
			<u>48,185,428.68</u>

(\*) After split of 1,142,432 original shares.

*Revaluation effected under Law 413/91:*

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
	€	€	€
Property in Piazzetta Enrico Cuccia 1 (formerly in Via Filodrammatici 6, 8 and 10), Milan .....	4,174,707.04	—	4,174,707.04

## ASSOCIATED INSURANCE UNDERTAKINGS

TABLE H

## BALANCE SHEETS

	ASSICURAZIONI GENERALI 31.12.2001	LA FONDIARIA ASSICURAZIONI 31.12.2001		ASSICURAZIONI GENERALI 31.12.2001	LA FONDIARIA ASSICURAZIONI 31.12.2001
	(€ '000)	(€ '000)		(€ '000)	(€ '000)
<b>ASSETS</b>			<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
B) Total intangible assets .....	21,965	341,079	A) Shareholders' equity		
C) Investments			I) Share capital or equivalent fund .....	1,275,283	207,126
I) Land and buildings (total) .....	1,207,836	486,973	II-VII) Reserves (total) .....	5,845,578	1,328,374
II) Investments in Group and other undertakings (total)	13,769,900	1,460,263	IX) Profit (loss) for year .....	442,099	82,065
III) Other financial investments			Total shareholders' equity (A) .....	7,562,960	1,617,565
1) Shares and stock units .....	1,292,540	1,040,234	B) Subordinated liabilities .....	750,000	—
2) Mutual fund units .....	69,996	70,550	C) Technical reserves		
3) Bonds and other fixed-interest securities .....	3,073,126	2,625,614	I) General Business (total) .....	7,260,029	2,439,409
4) Loans .....	52,663	15,269	II) Life Business (total) .....	10,648,670	2,266,832
6) Deposits with banks .....	42,455	—	Total technical reserves (C) .....	17,908,699	4,706,241
7) Other financial investments .....	72,780	60,878	D) Technical reserves where investment risk is carried by policyholders and reserves arising from pension fund management (total) .....	248,149	248,298
Total other financial investments .....	4,603,560	3,812,545	E) Provision for risks and charges (total) .....	86,952	29,491
IV) Deposits with reinsurers .....	9,503,410	41,750	F) Deposits received from reinsurers .....	43,954	98,119
Total investments (C) .....	29,084,706	5,801,531	G) Accounts payable and other liabilities		
D) Investments for the benefit of life policyholders who carry the risk and deriving from pension fund management (total) .....	267,157	248,300	I) Amounts payable in respect of primary insurances .....	46,161	52,088
Db) Reinsurers' share of technical reserves			II) Amounts payable in respect of reinsurances .....	271,855	66,493
I) General Business (total) .....	1,364,117	304,014	III) Bond issues .....	2,500,000	—
II) Life Business (total) .....	123,434	67,132	IV) Amounts payable to banks and financial institutions .....	573,729	—
Total reinsurers' share of technical reserves (Db) .....	1,487,551	371,146	V) Secured debt .....	5	—
E) Accounts receivable			VI) Loans and other debt .....	2,273,270	577,946
I) Amounts due in respect of primary insurances (total)	672,293	388,699	VII) Staff termination indemnity provision .....	20,911	19,015
II) Amount due in respect of reinsurances (total) .....	407,742	91,386	VIII) Other accounts payable .....	358,105	115,153
III) Other accounts receivable .....	431,038	235,562	IX) Other liabilities .....	480,874	353,829
Total accounts receivable (E) .....	1,511,073	715,647	Total accounts payable and other liabilities (G) .....	6,524,910	1,184,524
F) Other assets			H) Accruals and deferrals (total) .....	186,902	11,443
I) Tangible assets and inventories (total) .....	9,413	4,901	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D+E+F+G+H) .....	33,312,526	7,895,681
II) Cash (total) .....	376,933	95,664	GUARANTEES, COMMITMENTS AND OTHER CONTRA ACCOUNTS (TOTAL) .....	13,534,155	8,391,057
III) Own shares or stock units .....	10,016	—			
IV) Other assets (total) .....	430,403	279,148			
Total other assets (F) .....	826,765	379,713			
G) Accruals and prepayments (total) .....	113,309	38,265			
TOTAL ASSETS (B+C+D+Db+E+F+G) .....	33,312,526	7,895,681			

TABLE H (cont.)

## STATEMENT OF EARNINGS (NON-TECHNICAL ACCOUNTS)

	ASSICURAZIONI GENERALI 2001	LA FONDIARIA ASSICURAZIONI 2001
	(€ '000)	(€ '000)
1) Underwriting profit (loss) from General Business .....	55,805	31,874
2) Underwriting profit (loss) from Life Business .....	140,412	24,286
3) Investment income in General Business		
a) Dividends .....	418,173	104,526
b) Other investment income (total) .....	291,834	52,096
c) Writebacks in book value of investments .....	3,228	353
d) Gain on disposal of investments .....	264,602	11,909
Total investment income in General Business .....	977,837	168,884
4) Portion of investment income transferred from technical accounts of Life Business .....	75,573	14,737
5) Operating and financial expenses in General Business		
a) Investment management expenses and interest paid .....	(85,236)	(24,808)
b) Writedowns in investments .....	(108,203)	(95,455)
c) Loss on disposal of investments .....	(140,157)	(23,293)
Total operating and financial expenses in General Business ....	(333,596)	(143,556)
6) Portion of investment income transferred from technical account of General Business .....	(421,623)	(17,952)
7) Other income .....	383,644	103,663
8) Other outgo .....	(600,691)	(100,530)
9) Profit (loss) from ordinary operations .....	277,361	81,406
10) Extraordinary income .....	428,590	85,212
11) Extraordinary outgo .....	(128,899)	(25,712)
12) Net extraordinary income (outgo) (10-11) .....	299,691	59,500
13) Earnings before tax .....	577,052	140,906
14) Taxation for the year .....	(134,953)	(58,841)
15) Profit (loss) for the year (13-14) .....	442,099	82,065



TABLE H (cont.)

## ASSOCIATED FINANCIAL UNDERTAKINGS: BALANCE SHEETS

	FIDIA S.p.A. 31.12.2001	MB VENTURE CAPITAL FUND I PARTICIPATING COMPANY A N.V. 31.12.2001	BANCA ESPERIA S.p.A. 31.12.2001	ATHENA PRIVATE EQUITY FUND S.A. 30.09.2001
ASSETS	Lit.m	€ '000	€ '000	€ '000
10. Cash in hand .....	—	26	1	24,936
20. Amounts due from banks .....	2,227	—	—	26
30. Amounts due from financial companies	—	—	17,068	—
40. Trade accounts receivable .....	—	—	—	—
50. Debt securities and other fixed-interest securities .....	5,455	—	—	—
60. Equities, participating interests and other floating rate securities .....	25,532	—	19,050	—
70. Equity investments .....	—	9,614	—	1,517
80. Investments in Group undertakings ....	—	—	13,484	—
90. Intangible fixed assets .....	12	—	693	—
100. Tangible fixed assets .....	70	—	696	—
110. Unpaid call on capital .....	—	—	—	18,850
130. Other assets .....	429	—	1,480	—
140. Accrued income and prepaid expenses	86	—	6	—
	<u>33,811</u>	<u>9,640</u>	<u>52,478</u>	<u>45,329</u>
LIABILITIES				
10. Amounts due to banks .....	—	—	—	—
20. Amounts due to financial companies ..	—	—	—	—
30. Trade accounts payable .....	—	—	2,814	—
50. Other liabilities .....	1,930	—	4,857	351
60. Accrued expenses and deferred income	18	—	—	—
70. Provision for staff termination indemnities .....	270	—	125	—
80. Provisions for liabilities and charges ...	389	—	—	—
90. Credit risks provision .....	—	—	—	—
120. Share capital .....	30,206	50	13,000	22,189
130. Share premium reserve .....	—	9,595	38,646	—
140. Reserves .....	995	—	—	27,610
160. Retained earnings (accumulated loss) ...	—	(3)	(942)	—
170. Profit (loss) for the year .....	3	(2)	(6,022)	(4,821)
	<u>33,811</u>	<u>9,640</u>	<u>52,478</u>	<u>45,329</u>
GUARANTEES AND COMMITMENTS				
10. Guarantees given .....	—	—	1,033	—
20. Commitments .....	—	—	9,701	—
	<u>—</u>	<u>—</u>	<u>10,734</u>	<u>—</u>

TABLE H (cont.)

ASSOCIATED FINANCIAL UNDERTAKINGS:  
PROFIT AND LOSS ACCOUNTS

	FIDIA S.p.A. 31.12.2001	MB VENTURE CAPITAL FUND I PARTICIPATING COMPANY A N.V. 31.12.2001	BANCA ESPERIA S.p.A. 31.12.2001	ATHENA PRIVATE EQUITY FUND S.A. 30.09.2001
	Lit.m	€' 000	€' 000	€' 000
<b>EXPENSES</b>				
10. Interest payable and similar expenses	—	—	18	45
20. Commissions payable .....	1,778	—	12	—
30. Losses on financial transactions .....	—	—	498	—
40. Administrative expenses .....	5,642	2	7,511	—
50. Adjustments to intangible and tangible fixed assets .....	75	—	430	—
60. Other operating expenses .....	—	—	111	5,362
70. Provision for risks and charges .....	—	—	—	—
80. Provision for credit risks .....	—	—	—	—
90. Value adjustments to receivables and provisions for guarantees and commitments .....	—	—	—	—
100. Value adjustments to financial assets ..	—	—	—	—
110. Extraordinary expenditure .....	9	—	39	—
130. Income taxes for the year .....	389	—	—	296
140. Profit for the year .....	3	—	—	—
	<u>7,896</u>	<u>2</u>	<u>8,619</u>	<u>5,703</u>
<b>INCOME</b>				
10. Interest receivable and similar income	390	—	1,014	732
20. Dividends and other income .....	—	—	—	—
30. Commissions receivable .....	7,495	—	779	—
40. Gains on dealing transactions .....	10	—	—	—
70. Other operating income .....	—	—	798	150
80. Extraordinary income .....	1	—	6	—
100. Loss for the year .....	—	2	6,022	4,821
	<u>7,896</u>	<u>2</u>	<u>8,619</u>	<u>5,703</u>

TABLE H (cont.)

## OTHER ASSOCIATED UNDERTAKINGS: BALANCE SHEETS

	HOLDING DI PARTECIPAZIONI INDUSTRIALI 31.12.2001	CARTIERE BURGO S.p.A.	IRAN & ITALY IND. PROM. CO. 20.3.2002	CIMENTS FRANÇAIS 31.12.2001	GEMINA S.p.A. 31.12.2001	FERRARI S.p.A. 31.12.2001
ASSETS	€ '000	€ '000	Rials '000	€ m	€ '000	€'000
B) Fixed assets:						
I) Intangible assets .....	2,488	28,045	10,100	—	3,054	50,547
II) Tangible assets .....	1,649	1,037,907	140,310	2	230	155,520
III) Financial fixed assets .....	901,964	741,106	22,708	3,595	883,153	44,588
Total (B) .....	906,101	1,807,058	173,118	3,597	886,437	250,655
C) Current assets:						
I) Inventories .....	—	179,131	—	—	—	97,512
II) Accounts receivable						
1) Trade .....	335	422,583	—	23	266	27,457
2) Amounts due from parent company .....	4,403	26,166	—	—	2,986	37,392
3) Amounts due from associated companies .....	—	3,889	—	—	148	—
5) Other accounts .....	92,018	102,264	71,401	136	23,795	30,174
6) Deferred tax credits .....	—	—	—	—	—	—
III) Financial assets other than fixed assets .....	96,756	554,902	71,401	159	27,195	95,023
IV) Cash .....	243,731	2	—	—	10,637	147,695
Total (C) .....	21,963	16,652	130,310	—	1,377	12
D) Accrued income and prepaid expenses .....	362,450	750,687	201,711	159	39,209	340,242
TOTAL ASSETS (B+C+D) .....	62,330	1,393	23,639	—	2,711	15,613
	1,330,881	2,559,138	398,468	3,756	928,357	606,510
LIABILITIES						
A) Shareholders' equity:						
I) Share capital .....	760,560	156,279	400,000	152	368,240	516
II-VII) Reserves .....	419,340	13,109	1,610	1,012	142,902	71,907
VIII) Retained earnings (accumulated loss) .....	92,642	—	—	792	25,120	98,931
IX) Profit (loss) for the year .....	(123,710)	814	(89,340)	90	3,132	24,310
Total (A) .....	1,148,832	170,202	312,270	2,046	539,394	195,664
B) Provisions for liabilities and charges .....	79,484	9,887	—	73	53,721	29,045
C) Provision for staff termination indemnities .....	2,593	88,666	28,447	—	190	25,159
D) Accounts payable:						
1) Bonds .....	—	200,000	—	191	—	—
3) Amounts due to banks .....	24	1,496,308	—	760	306,747	511
4) Amounts due to other lenders .....	57,998	—	—	665	—	35,245
5) Advances and deposits .....	—	—	—	—	—	8,157
6) Trade accounts payable .....	3,046	419,040	—	—	582	215,156
8) Amounts due to subsidiaries .....	18,237	82,058	—	—	140	11,089
9) Amounts due to associated companies .....	—	8,075	—	—	58	—
11) Taxes payable .....	18,131	7,763	—	—	2,032	31,100
12) Amounts due to social security institutions .....	186	6,849	—	—	59	3,626
13) Other debt .....	2,323	29,425	57,751	21	21,994	21,938
Total (D) .....	99,945	2,249,518	57,751	1,637	331,612	326,822
E) Accrued expenses and deferred income .....	27	40,865	—	—	3,440	29,820
TOTAL LIABILITIES (A+B+C+D+E) .....	1,330,881	2,559,138	398,468	3,756	928,357	606,510
MEMORANDUM ACCOUNTS						
Personal guarantees given .....	52,124	47,035	—	—	328,566	—
Collateral given .....	—	—	—	—	—	—
Commitments, contingencies and other memorandum accounts .....	1,488,117	517,972	—	—	296	1,187,818
	1,540,241	565,007	—	—	328,862	1,187,818

TABLE H (cont.)

## OTHER ASSOCIATED UNDERTAKINGS: PROFIT AND LOSS ACCOUNTS

	HOLDING DI PARTECIPAZIONI INDUSTRIALI 31.12.01	CARTIERE BURGO S.p.A. 31.12.01	IRAN & ITALY IND. PROM. CO. 20.3.02	CIMENTS FRANÇAIS 31.12.01	GEMINA S.p.A. 31.12.01	FERRARI S.p.A. 31.12.2001
	€ '000	€ '000	Rials '000	€ m	€'000	€'000
A) Value of production:						
1) Revenue from sales and services .....	5,958	1,582,449	48,500	9	233	800,136
2) Increase (decrease) in work-in-progress, semi-finished and finished products .....	—	11,942	—	—	—	(2,191)
4) Internal additions to fixed assets .....	—	538	—	—	—	2,404
5) Other income .....	4,647	16,835	180,350	55	498	52,406
Total (A) .....	10,605	1,611,764	228,850	64	731	852,755
B) Costs of production:						
6) Raw materials, consumables, semi-finished and finished goods	(144)	(868,425)	—	—	—	(364,414)
7) Services .....	(11,060)	(337,250)	(57,451)	(56)	(1,679)	(232,551)
8) Assets leased or rented .....	(10,896)	(1,748)	(55,333)	—	(165)	(5,911)
9) Personnel .....	(10,938)	(175,947)	(149,968)	(19)	(1,349)	(102,126)
10) Depreciation, amortization and writedowns.....	(1,063)	(195,076)	(30,172)	(1)	(1,260)	(70,451)
11) Increase (decrease) in raw materials, consumables, semi-finished and finished goods .....	—	14,141	—	—	—	4,553
12) Risks provisions .....	—	—	—	—	(313)	(7,025)
13) Other provisions .....	(357)	(324)	—	—	—	—
14) Sundry operating expenses .....	(2,239)	(13,160)	(33,086)	(4)	(541)	(14,558)
Total (B) .....	(36,697)	(1,577,789)	(326,010)	(80)	(5,307)	(792,483)
Value of production less cost of production .....	(26,092)	33,975	(97,160)	(16)	(4,576)	60,272
C) Financial income (charges):						
15) Dividends from investments .....	135,407	59,517	—	117	11,734	6,900
16) Other financial income .....	39,083	33,711	—	—	14,312	51,645
17) Interest and other financial charges .....	(8,907)	(123,291)	—	(56)	(16,645)	(43,114)
Total (C) .....	165,583	(30,063)	—	61	9,401	15,431
D) Value adjustments to financial fixed assets:						
18) Revaluations .....	—	534	—	—	—	—
19) Writedowns .....	(199,674)	(36)	—	10	(2,706)	(27,103)
Total (D) .....	(199,674)	498	—	10	(2,706)	(27,103)
E) Extraordinary income (expenses):						
20) Extraordinary income .....	5,165	—	7,820 <sup>(1)</sup>	—	19	—
21) Extraordinary expenses .....	(80,470)	—	—	5	(9)	(255)
Total (E) .....	(75,305)	—	7,820	5	10	(255)
Profit (loss) before tax (A-B+C+D+E).....	(135,488)	4,410	(89,340)	60	2,129	48,345
22) Income taxes for the year .....	11,778	(3,596)	—	30	1,003	(24,035)
26) Profit (loss) for the year .....	(123,710)	814	(89,340)	90	3,132	24,310

(1) Reserves drawn to cover losses.

TABLE I

**BENEFICIAL INTERESTS OF DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS IN  
THE SHARE CAPITAL OF THE BANK**

Disclosure required under Article 79 of CONSOB Resolution 11971/99

Name	Company in which interest held	No. of shares held at end of previous financial year	No. of shares acquired during year	No. of shares sold during year	No. of shares held at end of financial year
Antoine BERNHEIM	MEDIOBANCA	—	60,000	—	60,000
Peppino FUMAGALLI	MEDIOBANCA	1,100,000	—	—	1,100,000
Gianfranco GUTTY	MEDIOBANCA	3,000	—	3,000	—
Alberto PECCI	MEDIOBANCA	1,237,600	5,078,776	197,500	6,118,876
Antonio IZZI	MEDIOBANCA	1,000	—	—	1,000

N.B. Holdings of Directors and Statutory Auditors who were appointed or who resigned during the course of the financial year are stated as at the date on which the person concerned took up or relinquished his position.

TABLE L

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

	Share Capital € '000	Par Value per Share €	No. of Shares held directly	Direct Interest %	No. of Shares held indirectly	Indirect Interest %	Shares held by
COMPASS S.p.A., Milan	87,500	5	17,500,000	100.00	—	—	—
MB FINSTRUTTURE - INTERSOMER S.p.A., Milan	6,500	0.50	13,000,000	100.00	—	—	—
MEDIOBANCA INTERNATIONAL LTD., Grand Cayman	\$ 10m	\$ 1	10,000,000	100.00	—	—	—
PROMINVESTMENT S.p.A., Rome	520	0.52	1,000,000	100.00	—	—	—
PRUDENTIA FIDUCIARIA S.p.A., Milan	100	5	20,000	100.00	—	—	—
RICERCHE E STUDI S.p.A., Milan	100	5	20,000	100.00	—	—	—
SADE FINANZIARIA S.p.A., Milan	6,500	0.50	13,000,000	100.00	—	—	—
SETECI - Società per l'Elaborazione, Trasmissione Dati, Engineering e Consulenza Informatica S.p.A., Milan	500	5	100,000	100.00	—	—	—
SPAFID S.p.A., Milan	100	10	10,000	100.00	—	—	—
TECHNOSTART S.p.A., Milan	1,000	0.50	1,380,000	69.00	—	—	—
TRADEVCO LTD., Monrovia	LRD 80m	LRD 16,000	3,000	60.00	2,000	40.00	Tradevco
<b>INDIRECTLY CONTROLLED SUBSIDIARIES</b>							
COFACTOR S.p.A., Milan	7,500	0.50	—	—	15,000,000	100.00	Compass
CREDITECH S.p.A., Milan	250	1	—	—	250,000	100.00	Compass
MICOS BANCA SpA, Milan	35,000	0.50	—	—	70,000,000	100.00	Compass
PALLADIO LEASING S.p.A., Vicenza	8,700	0.50	—	—	16,482,500 867,500	95.00 5.00	SelmaBipiemme Palladio Leasing
SELMABIPIEMME LEASING S.p.A., Milan	40,200	0.50	—	—	49,564,777	61.65	Compass
TELELEASING S.p.A., Milan	9,500	1	—	—	7,600,000	80.00	SelmaBipiemme

TABLE L (cont.)

	Share Capital € '000	Par Value per Share €	No. of Shares held directly	Direct Interest %	No. of Shares held indirectly	Indirect Interest %	Shares held by
<b>OTHER SIGNIFICANT EQUITY INVESTMENTS</b>							
ATHENA PRIVATE EQUITY S.A., Luxembourg	50,000	2	6,114,460	24.46	—	—	—
CIMENTS FRANÇAIS S.A., Paris	152,100	4	4,374,215	11.50	—	—	—
COMPAGNIE MONEGASQUE DE BANQUE, Monte Carlo	111.100	200	96,053	17.29	—	—	—
CARTIERE BURGO S.p.A., (formerly Dieci), Verzuolo	156,300	0.52	69,342,769	23.07	—	—	—
BANCA ESPERIA S.p.A., Milan	13,000	0.52	12,125,000	48.50	—	—	—
FERRARI S.p.A., Modena	516.2	51.62	2,150	21.50	—	—	—
FIDIA - Fondo Interbancario d'Inve- stimento Azionario S.p.A., Milan	15,600	520	7,500	25.00	—	—	—
ISTITUTO EUROPEO DI ONCOLOGIA S.r.l., Milan	82,500	—	1	14.83	—	—	—
IRAN AND ITALY INDUSTRIAL PROMOTION CO., Tehran	Rials 400,000,000	Rials 100,000	2,000	50.00	—	—	—
MB VENTURE CAPITAL FUND I PARTICIPATING CO. A N.V., Amsterdam	50	1	22,500	45.00	—	—	—
TIRRENIA DI NAVIGAZIONE S.p.A., Rome	108,400	5.16	3,150,000	15.00	—	—	—
MB VENTURE CAPITAL S.A., Luxembourg	40	10	—	—	1,400	35.00	Technostart
SINTERAMA S.p.A., Sandigliano	72,800	0.51	—	—	15,000,000	10.51	MB Finstrutture - Intersomer
SCONTOFIN S.A., Luxembourg	2,582.5	516.5	—	—	1,000	20.00	Sade Finanziaria
ZAMBIA TANZANIA ROAD SERVICES Ltd., Lusaka (in liquidation)	Kwacha 4,000	Kwacha 200.00	—	—	4,667	23.33	MB Finstrutture - Intersomer

## **AUDITORS' REPORT**



**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF DECREE  
LAW 58/98**

To the shareholders of  
MEDIOBANCA – BANCA DI CREDITO FINANZIARIO SPA

- 1 We have audited the financial statements of MEDIOBANCA – BANCA DI CREDITO FINANZIARIO SPA as at 30 June, 2002. These financial statements are the responsibility of MEDIOBANCA – BANCA DI CREDITO FINANZIARIO SPA's directors. Our responsibility is to express an opinion on these financial statements based on our audit.
  
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinion we express in this report as to the amounts of the item *Investments in Group companies* representing 0,4% of total assets is also based on the audit performed by other auditors.

  

For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 2 October 2001.

  
- 3 In our opinion, the financial statements of MEDIOBANCA – BANCA DI CREDITO FINANZIARIO SPA as at 30 June 2002 comply with the laws governing the criteria for their preparation. Accordingly, they give a true and fair view of the financial position and of the results of operations of the Company.

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. 07136881 – **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 Montevicchio 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 Without qualifying our opinion, we wish to draw your attention to the following:
- a) The Bank holds investments in subsidiaries and has therefore prepared consolidated financial statements for the year ended 30 June 2002 in accordance with Decree Law 87/92. The consolidated financial statements, prepared to complement the Bank's financial statements in order to give adequate information on the financial position and results of operations of the Bank and the Group, have been audited by us and reference should be made to our report thereon, also issued today.
  - b) As described in the notes to the financial statements, the balance in the *Credit Risk Provision* reflects the accruals made applying tax regulations.

Milan, 27 September 2002

PricewaterhouseCoopers SpA

Signed by: Antonio Taverna  
(Partner)

*This report has been translated from the original which has been issued in accordance with Italian legislation. We have not checked the translation of the consolidated financial statements.*

**ACCOUNTS OF THE BANK**

## BALANCE SHEET

	Assets	30/6/02	30/6/01
10.	CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES	74,836	66,337
20.	GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS	1,158,368,199	993,195,232
30.	AMOUNTS DUE FROM BANKS:	2,549,328,138	2,625,522,726
	a) repayable on demand	878,592,849	1,119,720,207
	b) other accounts	1,670,735,289	1,505,802,519
40.	AMOUNTS DUE FROM CUSTOMERS	15,018,639,275	14,075,394,942
	<i>of which:</i>		
	- loans using funds managed for third parties	—	—
50.	BONDS AND OTHER DEBT SECURITIES ISSUED BY:	2,650,567,525	2,044,264,108
	a) public agencies	967,136,073	1,016,452,664 <sup>(1)</sup>
	b) banks	582,740,703	334,497,652 <sup>(1)</sup>
	<i>of which:</i>		
	- own bonds	405,184,053	149,768,434
	c) financial companies	544,979,450	360,484,424 <sup>(1)</sup>
	<i>of which:</i>		
	- own bonds	—	—
	d) other issuers	555,711,299	332,829,368 <sup>(1)</sup>
60.	EQUITIES, PARTICIPATING INTERESTS AND OTHER CAPITAL SECURITIES	1,150,425,852	171,950,227
70.	EQUITY INVESTMENTS	2,835,193,920	2,898,910,637
80.	INVESTMENTS IN GROUP UNDERTAKINGS	118,778,590	102,505,434
100.	TANGIBLE FIXED ASSETS	11,361,202	12,075,203
130.	OTHER ASSETS	572,415,006	466,037,750
140.	ACCRUED INCOME AND PREPAID EXPENSES:	1,097,612,028	1,014,246,259
	a) accrued income	953,867,920	883,681,353
	b) prepaid expenses	143,744,108	130,564,906
	<i>of which:</i>		
	- issue discounts on bonds	—	1,354
		<b>27,162,764,571</b>	<b>24,404,168,855</b>

(1) Restated.

## GUARANTEES AND COMMITMENTS

	Guarantees and Commitments	30/6/02	30/6/01
10.	GUARANTEES GIVEN	4,917,312,258	6,119,302,810
	<i>of which:</i>		
	- acceptances	—	—
	- other guarantees	4,917,312,258	6,119,302,810
20.	COMMITMENTS	10,595,097,404	10,278,695,671
	<i>of which:</i>		
	- assets sold under repurchase agreements	—	—
30.	CREDIT DERIVATIVES	215,037,594	50,000,000

	Liabilities and Shareholders' Equity	30/6/02	30/6/01
10.	AMOUNTS DUE TO BANKS:	7,132,130,793	5,691,212,095
	a) repayable on demand	1,321,040,532	40,597,198
	b) term deposits and deposits under notice	5,811,090,261	5,650,614,897
20.	AMOUNTS DUE TO CUSTOMERS:	642,326,615	596,446,125
	a) repayable on demand	414,655,314	346,940,020
	b) term deposits and deposits under notice	227,671,301	249,506,105
30.	DEBT SECURITIES IN ISSUE:	12,173,330,155	11,971,244,323
	a) bonds	11,326,763,764	10,746,580,390
	b) certificates of deposit	831,066,391	1,040,035,302
	c) other debt securities	15,500,000	184,628,631
50.	OTHER LIABILITIES	1,589,105,604	835,231,769
60.	ACCRUED EXPENSES AND DEFERRED INCOME:	817,070,178	811,573,586
	a) accrued expenses	599,368,731	588,636,474
	b) deferred income	217,701,447	222,937,112
70.	PROVISION FOR STAFF TERMINATION INDEMNITIES	12,291,801	12,554,783
80.	PROVISIONS FOR LIABILITIES AND CHARGES:	220,244,592	259,489,434
	a) post-retirement and similar benefits	—	—
	b) provision for taxation	220,244,592	259,489,434
	c) other provisions	—	—
90.	CREDIT RISKS PROVISION	241,627,196	154,627,196
100.	PROVISION FOR GENERAL BANKING RISKS	638,934,653	638,934,653
120.	SHARE CAPITAL	389,264,708	331,649,829
130.	SHARE PREMIUM RESERVE	1,806,979,756	1,805,790,835
140.	RESERVES:	1,374,126,372	1,136,524,096
	a) legal reserve	77,852,491	61,783,743
	b) reserve for purchase of own shares and participating interests	—	—
	c) statutory reserves	1,033,329,029	988,913,736
	d) other reserves	262,944,852	85,826,617
150.	REVALUATION RESERVES	7,586,763	7,586,763
160.	RETAINED EARNINGS (ACCUMULATED LOSSES)	99,298	42,318
170.	PROFIT (LOSS) FOR THE YEAR	117,646,087	151,261,050
		<b>27,162,764,571</b>	<b>24,404,168,855</b>

## PROFIT AND LOSS ACCOUNT

	12 months ended 30/6/02	12 months ended 30/6/01
10. INTEREST RECEIVABLE AND SIMILAR INCOME	938,312,655	956,012,645
<i>of which interest on:</i>		
- loans and advances to customers	624,342,080	710,632,802
- debt securities	140,107,554	133,691,583
20. INTEREST PAYABLE AND SIMILAR EXPENSES	(770,193,240)	(812,728,885)
<i>of which interest on:</i>		
- customer deposits	(17,270,013)	(14,118,380)
- debt securities	(557,999,255)	(642,605,622)
30. DIVIDENDS ON AND OTHER INCOME FROM:	228,180,036	146,847,718
a) equities, participating interests and other capital securities	110,072,410	5,092,880
b) equity investments	118,107,626	141,754,838
c) investments in Group undertakings	—	—
40. COMMISSIONS RECEIVABLE	155,825,347	174,353,207
50. COMMISSIONS PAYABLE	(32,014,258)	(17,092,454)
60. GAINS (LOSSES) ON DEALING TRANSACTIONS	(121,538,689)	13,122,539
70. OTHER INCOME FROM OPERATIONS	107,690,409	143,661,243
80. ADMINISTRATIVE EXPENSES:	(115,642,244)	(96,197,058)
a) personnel costs	(58,590,825)	(48,607,657)
<i>of which:</i>		
- wages and salaries	(42,152,274)	(33,487,746)
- social security charges	(11,443,767)	(9,893,029)
- transfer to termination indemnity provision	(2,933,261)	(2,464,132)
- post-retirement and similar benefits	(2,061,523)	(2,762,750)
b) other administrative expenses	(57,051,419)	(47,589,401)
90. ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS	(4,300,712)	(5,432,153)
110. OTHER OPERATING EXPENSES	(135,615,635)	(138,660,769)
140. TRANSFER TO CREDIT RISKS PROVISIONS	(87,000,000)	(82,633,104)
150. ADJUSTMENTS TO FINANCIAL FIXED ASSETS	(561,451,504)	(124,325,930)
160. WRITEBACKS OF FINANCIAL FIXED ASSETS	—	52,891,861
170. <b>PROFIT (LOSS) ON ORDINARY ACTIVITIES</b>	<b>(397,747,835)</b>	<b>209,818,860</b>
180. EXTRAORDINARY INCOME	470,713,791	666,990,045
190. EXTRAORDINARY EXPENDITURE	(720,728)	(307,295,236)
200. <b>EXTRAORDINARY PROFIT (LOSS)</b>	<b>469,993,063</b>	<b>359,694,809</b>
210. INCREASE (DECREASE) IN GENERAL BANKING RISK PROVISION	—	(328,724,816)
220. INCOME TAXES FOR THE YEAR	45,400,859	(89,527,803)
230. <b>PROFIT (LOSS) FOR THE YEAR</b>	<b>117,646,087</b>	<b>151,261,050</b>

## NOTES TO THE ACCOUNTS OF THE BANK

	page
<b>A. Accounting Policies</b>	
1. Description of accounting policies	83
2. Tax adjustments and provisions	87
<b>B. Notes to the Balance Sheet</b>	
1. Accounts receivable	88
2. Securities	91
3. Equity investments	93
4. Tangible and intangible fixed assets	97
5. Other asset headings	98
6. Accounts payable	99
7. Provisions	100
8. Share capital, reserves, provision for general banking risks and subordinated liabilities	105
9. Other liability headings	108
10. Guarantees and commitments	109
11. Segmental information	112
12. Securities managed and traded for third parties	116
<b>C. Notes to the Profit and Loss Account</b>	
1. Interest	117
2. Commissions	118
3. Gains and losses on dealing transactions	120
4. Administrative expenses	121
5. Adjustments, writebacks and transfers to provisions	122
6. Other profit and loss headings	123
7. Segmental information	125
<b>D. Other information</b>	
1. Directors and Statutory Auditors	126
2. Parent company or parent bank in European Union	128

## A. ACCOUNTING POLICIES

### 1. Description of accounting policies

#### *Loans and advances*

Loans and advances are stated at their estimated realizable value, which in this financial year coincides with face 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 crystallise, 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 consist chiefly of convertible bonds and are accordingly 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 June in the case of non-investment securities, and on the average price in the last six months of the financial year in the case of investment securities.

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 its 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 June where this reflects their current market value. Any other methods of calculating market value are reported in the Review of Operations and accompanying Notes to the Accounts.

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

### ***Holdings 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 <sup>(1)</sup> 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 purposes of determining such writedowns was average middle market

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<sup>(1)</sup> Additions are made to the cost of the investments in *MB Venture Capital I Participating Company A N.V.* as and when payments are made into the fund concerned.

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 second half of the financial year where this reflects the value of the investment. Any other methods of calculating market value are reported in the Review of Operations and accompanying Notes to the Accounts. 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 its 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 written off in the year of acquisition, since once acquired, their market value becomes insignificant.

### ***Debt***

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

### ***Provisions for liabilities and charges***

Allocations covering current and deferred income taxes are made to the *Provisions 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 has been recognised in your Bank's accounts as a deferred tax asset as from the year ended 30 June 2000, provided there is reasonable certainty of it being recovered. On a prudential basis, such tax is so recognised where, according to budget projec-

tions, 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 when the accounts were made up.

### ***Guarantees and commitments***

Guarantees and commitments involving credit risk are stated at the value of the underlying transactions, on the basis of the same principles used to state accounts receivable.

### ***Foreign currency translation***

Assets and liabilities in non-Eurozone currencies are expressed in Euros at rates of exchange ruling at the balance sheet date, with the exception of:

- a) equity investments and holdings in SICAVs held for investment purposes, which are stated at historic exchange rates, unless they have been written down since acquisition;
- b) the portion of term loans formally denominated in non-EMU currencies 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 in non-Eurozone currencies, including derivatives, are stated as follows:

- at the price ruling at the balance sheet date, in the case of spot transactions pending settlement;
- at the price ruling at the balance sheet date for maturities corresponding to those in the contract, in the case of forward transactions;
- on a basis consistent with on- and off-balance sheet assets and liabilities, in the case of hedges or transactions related thereto.

### ***Off-balance sheet transactions***

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

Other off-balance sheet transactions involving derivatives are stated at the lower of contract price and market value, with the proviso that estimated gains over market value in linked derivatives are netted off against losses actually incurred.

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

Margins on swaps are accrued on a pro rata basis.

Securities to be received or delivered under agreements entered into but still pending settlement at the balance sheet date are stated on the same basis as *Fixed-interest securities*, *Non-investment securities*, *Holdings in SICAVs*, and *Equity investments*, as the case may be.

## **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*

The transfer of € 87m which has been made to the credit risks provision to cover general risks constitutes such a provision. In the event of a distribution of assets, which is not anticipated at the time of writing, the entire provision of € 241.6m would form part of the Bank's taxable income.

## B. NOTES TO THE BALANCE SHEET OF THE BANK

### 1. Accounts receivable

#### 1.1 Heading 30: Amounts due from banks

	30/6/02 € '000	30/6/01 € '000
a) Deposits with central banks	49,946	34,293
b) Bills eligible for refinancing at central banks	—	—
c) Forward transactions	670,230	480,078
d) Securities lent	354,723	527,298

#### 1.2a Analysis of cash amounts due from banks as at 30 June 2002

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	906	—	906
<i>a.1. Non-performing lendings <sup>(1)</sup></i>	193	—	193
<i>of which: to countries at risk</i>	193	—	193
<i>a.2. Potential problem lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	713	—	713
b) Loans current as to payment of principal and interest	2,548,422	—	2,548,422

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

#### 1.2b Analysis of cash amounts due from customers as at 30 June 2001

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	491	—	491
<i>a.1. Non-performing lendings <sup>(1)</sup></i>	193	—	193
<i>of which: to countries at risk</i>	193	—	193
<i>a.2. Potential problem lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	298	—	298
b) Loans current as to payment of principal and interest	2,625,032	—	2,625,032

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

### 1.3 Movements in doubtful debts due from banks in year ended 30 June 2002

	Gross exposure	Potential problem loans	Debts in process of restructuring	Restructured debts	Unsecured credits to countries at risk	Total gross doubtful debt
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
a) Gross exposure as at 30/6/01	193	—	—	—	298	491
<i>a.1. of which: interest in suspense</i>	—	—	—	—	—	—
b) Additions	—	—	—	—	415	415
<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>	—	—	—	—	415	415
c) Reductions	—	—	—	—	—	—
<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>	—	—	—	—	—	—
d) Gross exposure as at 30/6/02	193	—	—	—	713	906
<i>d.1. of which: interest in suspense</i>	—	—	—	—	—	—

### 1.5 Heading 40: Amounts due from customers

	30/6/02 € '000	30/6/01 € '000
a) Bills eligible for refinancing at central banks	—	—
b) Forward transactions	355,918	243,776
c) Securities lent	4,261	—

### 1.6 Secured loans to customers

	30/6/02 € '000	30/6/01 € '000
a) Loans secured by mortgages	323,732	318,598
b) Loans secured by pledges on:		
1. cash deposits	8,131	368,466
2. securities	1,257,554	1,754,147
3. other assets	—	—
c) Loans secured by guarantees given by:		
1. Governments	516,457	599,090
2. public agencies	3,345	5,689
3. banks	914,852	1,133,492
4. others	3,172,148	4,139,239

1.7a *Analysis of cash amounts due from customers as at 30 June 2002*

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	—	—	—
a.1. <i>Non-performing lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
a.2. <i>Potential problem lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
a.3. <i>Debt in process of restructuring</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
a.4. <i>Restructured debt</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
a.5. <i>Unsecured credits to countries at risk</i>	—	—	—
b) Loans current as to payment of principal and interest	15,018,639	—	15,018,639

1.7b *Analysis of cash amounts due from customers as at 30 June 2001*

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	—	—	—
a.1. <i>Non-performing lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
a.2. <i>Potential problem lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
a.3. <i>Debt in process of restructuring</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
a.4. <i>Restructured debt</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
a.5. <i>Unsecured credits to countries at risk</i>	—	—	—
b) Loans current as to payment of principal and interest	14,075,395	—	14,075,395

Heading 10: *Cash and deposits with central banks and post offices*

	30/6/02 € '000	30/6/01 € '000
Cash and value items in hand	75	66
	75	66

## 2. Securities

### 2.1 Investment securities

	Book value € '000		Market value € '000	
	30/6/02	30/6/01	30/6/02	30/6/01
1. DEBT SECURITIES	74,333	21,489	74,333	25,016
1.1 Government securities:	—	—	—	—
• <i>listed</i>	—	—	—	—
• <i>unlisted</i>	—	—	—	—
1.2 Other debt securities:	74,333	21,489	74,333	25,016
• <i>listed</i>	74,333	21,489	74,333	25,016
• <i>unlisted</i>	—	—	—	—
2. CAPITAL SECURITIES	3,045	2,630	3,045	3,116
• <i>listed</i>	3,045	2,630	3,045	3,116
• <i>unlisted</i>	—	—	—	—
	77,378	24,119	77,378	28,132

### Differences between redemption value on maturity and book value

	30/6/02 € '000	30/6/01 € '000
Surplus	2,841	—
Shortfall	—	872

### 2.2 Movements in investment securities

	30/6/02 € '000	30/6/01 € '000
A. HOLDING AT BEGINNING OF PERIOD	24,119	74,768
B. ADDITIONS	116,062	18,162
B1. Acquisitions	86,548	13,187
B2. Writebacks	—	—
B3. Transfers from holdings of non-investment securities	—	—
B4. Other movements	29,514	4,975
C. REDUCTIONS	62,803	68,811
C1. Disposals	45,009	67,404
C2. Redemptions	—	—
C3. Value adjustments	9,762 <sup>(1)</sup>	288
<i>of which: permanent writedowns</i>	—	—
C4. Transfers to holdings of non-investment securities	—	—
C5. Other movements	8,032	1,119
D. HOLDING AT END OF PERIOD	77,378	24,119

<sup>(1)</sup> Based on prices as at 28 June 2002.



### 2.3 Non-investment securities

	Book value € '000		Market value € '000	
	30/6/02	30/6/01	30/6/02	30/6/01
1. DEBT SECURITIES	3,734,603	3,015,971	3,749,173	3,026,544
1.1 Government securities:	1,970,891	1,942,380	1,974,527	1,943,911
• listed	1,970,891	1,942,380	1,974,527	1,943,911
• unlisted	—	—	—	—
1.2 Other debt securities:	1,763,712	1,073,591	1,774,646	1,082,633
• listed	1,357,452	825,473	1,367,575	834,515
• unlisted	406,260	248,118	407,071	248,118
2. CAPITAL SECURITIES	1,147,381	169,320	1,151,938	171,303
• listed	1,147,310	169,320	1,151,867	171,303
• unlisted	71	—	71	—
	4,881,984	3,185,291	4,901,111	3,197,847

### 2.4 Movements in non-investment securities

	30/6/02 € '000	30/6/01 € '000
A. HOLDING AT BEGINNING OF PERIOD	3,185,291	2,544,608
B. ADDITIONS	37,210,028	22,431,695
B1. Acquisitions:	37,069,969	22,400,923
1. Debt securities:	29,940,014	17,699,327
• Government securities	25,290,416	14,040,251
• other debt securities	4,649,598	3,659,076
2. Capital securities	7,129,955	4,701,596
B2. Writebacks and revaluations	3,514	2,696
B3. Transfers from holdings of investment securities	—	—
B4. Other movements	136,545	28,076
C. REDUCTIONS	35,513,335	21,791,012
C1. Disposals and redemptions:	35,166,913	21,763,093
1. Debt securities:	29,231,849	17,180,533
• Government securities	25,169,408	13,663,151
• other debt securities	4,062,441	3,517,382
2. Capital securities	5,935,064	4,582,560
C2. Value adjustments	42,154 <sup>(1)</sup>	19,326
C3. Transfers to holdings of investment securities	—	8,593
C4. Other movements	304,268	—
D. HOLDING AT END OF PERIOD	4,881,984	3,185,291

<sup>(1)</sup> Equities based on prices at 28 June 2002.

Securities intended for use on a continuing basis in the Bank's operations are classified as *investment securities* and consist of debt securities, most of which are convertible into equities, or have been issued with warrants. Also included are stock units of *DueMme SICAV*.

Securities maintained for use in treasury transactions are classified as *non-investment securities*.

### 3. Equity investments

#### 3.1 Significant investments

	Share capital € '000 (*)	Par value of shares € (*)	Shareholders' equity € '000 (*)	Profit (loss) (1) € '000 (*)	Equity interest %	Book value € '000
<b>A. SUBSIDIARIES (Heading 80)</b>						
<i>Italy</i>						
1. COMPASS S.p.A. - Milan	87,500	5	133,784	1,023	100	77,985
2. MB FINSTRUTTURE - INTERSOMER S.p.A. - Milan	6,500	0.50	7,570	8	100	6,968
3. PROMINVESTMENT S.p.A. - Milan	520	0.52	1,073	2	100	819
4. PRUDENTIA FIDUCIARIA S.p.A. - Milan	100	5	433	40	100	103
5. RICERCHE E STUDI S.p.A. - Milan	100	5	103	—	100	103
6. SADE FINANZIARIA S.p.A. - Milan	6,500	0.50	32,255	486	100	25,732
7. SETECI - Società per l'Elaborazione, Trasmissione Dati, Engineering e Consulenza Informatica S.p.A. - Milan	500	5	529	1	100	522
8. SPAFID S.p.A. - Milan	100	10	31,371	260	100	26
9. TECHNOSTART S.p.A. - Milan	1,000	0.50	695	(57)	69	480
<i>Outside Italy</i>						
10. MEDIOBANCA INTERNATIONAL Ltd. Grand Cayman	\$ 10m	\$ 1	\$ 63,839	\$ 5,611	100	6,002
11. TRADEVCO Ltd. - Monrovia, Liberia	LRD 80m	LRD 16,000	LRD 293,113	1,382	60 (2)	39
						118,779
<b>B. COMPANIES SUBJECT TO CONSIDERABLE INFLUENCE</b>						
1. ATHENA PRIVATE EQUITY S.A. - Luxembourg	50,000	2	44,978	(4,821)	24.46	21,028
2. BANCA ESPERIA S.p.A. - Milan	13,000	0.52	44,682	(6,022)	48.50	21,670
3. CARTIERE BURGO S.p.A. - Milan	156,300	0.52	170,202	814	23.04	42,012
4. FERRARI S.p.A. - Modena	516.2	51.62	195,664	24,310	21.50	490,200
5. FIDIA - Fondo Interbancario d'Investimento Azionario S.p.A. - Milan	15,600	520	31,204	3	25.00	3,873
6. IRAN AND ITALY INDUSTRIAL PROMOTION COMPANY - Tehran	Rials 400m	Rials 100,000	Rials 321,270	Rials (89,340)	50.00	3
7. MB VENTURE CAPITAL FUND I PARTICIPATING COMPANY A N.V. Amsterdam	500	1	9,640	(2)	45.00	9,518
						588,304
						707,083

(\*) Unless otherwise stated.

(1) Profit (loss) is included in shareholders' equity.

(2) The remaining shares are held by TRADEVCO as treasury shares.

(3) Lit.m.

### 3.2 Amounts due from and to Group undertakings

	30/6/02 € '000	30/6/01 € '000
a) AMOUNTS DUE FROM GROUP UNDERTAKINGS	3,063,986	2,815,477
1. Amounts due from banks <i>of which: subordinated</i>	138,015 —	85,160 —
2. Amounts due from financial companies <i>of which: subordinated</i>	2,876,571 —	2,728,170 —
3. Amounts due from other companies <i>of which: subordinated</i>	2,155 —	2,147 —
4. Bonds and other debt securities <i>of which: subordinated</i>	47,245 —	— —
b) AMOUNTS DUE TO GROUP UNDERTAKINGS	3,178,595	2,673,717
1. Amounts due to banks	3,100,114	2,666,898
2. Amounts due to financial companies	77,762	6,818
3. Amounts due to other companies	719	1
4. Debt securities	—	—
5. Subordinated liabilities	—	—
c) GUARANTEES AND COMMITMENTS	6,668,285	6,698,923
1. Guarantees given	4,221,705	3,867,201
2. Commitments	2,446,580	2,831,722

### 3.3 Amounts due from and to associated undertakings

	30/6/02 € '000	30/6/01 € '000
a) AMOUNTS DUE FROM ASSOCIATED UNDERTAKINGS	3,421,552	4,377,636
1. Amounts due from banks <i>of which: subordinated</i>	26,652 —	928,378 —
2. Amounts due from financial companies <i>of which: subordinated</i>	1,350,558 —	2,128,412 —
3. Amounts due from other companies <i>of which: subordinated</i>	1,822,763 —	1,165,122 —
4. Bonds and other debt securities <i>of which: subordinated</i>	221,579 41,390	155,724 38,399
b) AMOUNTS DUE TO ASSOCIATED UNDERTAKINGS	429,456	374,543
1. Amounts due to banks	428,072	231,515
2. Amounts due to financial companies	—	141,500
3. Amounts due to other companies	1,384	1,528
4. Debt securities	—	—
5. Subordinated liabilities	—	—
c) GUARANTEES AND COMMITMENTS	794,508	1,561,647
1. Guarantees given	49	354,591
2. Commitments	794,459	1,207,056

### 3.4 Heading 70: *Equity investments*

	30/6/02 € '000	30/6/01 € '000
a) INVESTMENTS IN BANKS	476,613	749,810
1. <i>listed</i>	428,474	706,056
2. <i>unlisted</i>	48,139	43,754
b) INVESTMENTS IN FINANCIAL COMPANIES	174,670	295,270
1. <i>listed</i>	93,457	103,234
2. <i>unlisted</i>	81,213	192,036
c) OTHER EQUITY INVESTMENTS	2,183,911	1,853,830
1. <i>listed</i>	1,622,276	1,780,541
2. <i>unlisted</i>	561,635	73,289

### 3.5 Heading 80: *Investments in Group undertakings*

	30/6/02 € '000	30/6/01 € '000
a) INVESTMENTS IN BANKS	6,042	6,042
1. <i>listed</i>	—	—
2. <i>unlisted</i>	6,042	6,042
b) INVESTMENTS IN FINANCIAL COMPANIES	112,112	95,839
1. <i>listed</i>	—	—
2. <i>unlisted</i>	112,112	95,839
c) INVESTMENTS IN OTHER GROUP UNDERTAKINGS	625	625
1. <i>listed</i>	—	—
2. <i>unlisted</i>	625	625

### 3.6 *Movements in investments*

#### 3.6.1 Movements in investments in Group undertakings

	30/6/02 € '000	30/6/01 € '000
A. HOLDING AT BEGINNING OF PERIOD	102,506	60,875
B. ADDITIONS	16,312	54,126
B1. Acquisitions	15,744	51,646
B2. Writebacks	—	—
B3. Revaluations	—	—
B4. Other movements	568 <sup>(1)</sup>	2,480
C. REDUCTIONS	39	12,495
C1. Disposals	—	12,395
C2. Value adjustments	39	100
<i>of which: permanent writedowns</i>	39	100
C3. Other movements	—	—
D. HOLDING AT END OF PERIOD	118,779	102,506
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS	3,755	3,715

<sup>(1)</sup> Transferred from Other equity investments.

### 3.6.2 Movements in other investments

	30/6/02 € '000	30/6/01 € '000
A. HOLDING AT BEGINNING OF PERIOD	2,898,911	2,666,070
B. ADDITIONS	1,527,111	2,075,412
B1. Acquisitions	830,257	1,363,731
B2. Writebacks	—	52,892
B3. Revaluations	—	—
B4. Other movements	696,854	658,789
C. REDUCTIONS	1,590,828	1,842,571
C1. Disposals	1,010,606	976,496
C2. Value adjustments <i>of which: permanent writedowns</i>	551,651 <sup>(1)</sup> —	123,938 —
C3. Other movements	28,571 <sup>(2)</sup>	742,137
D. HOLDING AT END OF PERIOD	2,835,194	2,898,911
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS	707,735	159,820

<sup>(1)</sup> Based on prices as at 28 June 2002.

<sup>(2)</sup> Of which € 568,000 transferred to Investments in Group undertakings.

## 4. Tangible and intangible fixed assets

### 4.1 Movements in tangible fixed assets

	30/6/02			30/6/01		
	Properties € '000	Furniture and equipment € '000	Total € '000	Properties € '000	Furniture and equipment € '000	Total € '000
A. HOLDING AT BEGINNING OF PERIOD	12,075	—	12,075	12,789	—	12,789
B. ADDITIONS	—	2,195	2,195	—	1,590	1,590
B1. Acquisitions	—	1,821	1,821	—	1,409	1,409
B2. Writebacks	—	—	—	—	—	—
B3. Revaluations	—	—	—	—	—	—
B4. Other movements	—	374 <sup>(1)</sup>	374	—	181 <sup>(1)</sup>	181
C. REDUCTIONS	714	2,195	2,909	714	1,590	2,304
C1. Disposals and retirements from service	—	374	374	—	181	181
C2. Value adjustments:	714	1,821 <sup>(2)</sup>	2,535	714	1,409 <sup>(2)</sup>	2,123
a) <i>depreciation</i>	714	1,821	2,535	714	1,409	2,123
b) <i>permanent writedowns</i>	—	—	—	—	—	—
C3. Other movements	—	—	—	—	—	—
D. HOLDING AT END OF PERIOD	11,361	—	11,361	12,075	—	12,075
E. TOTAL REVALUATIONS	23,610	—	23,610	23,610	—	23,610
F. TOTAL ADJUSTMENTS:	12,439	11,961	24,400	11,725	10,514	22,239
a) <i>depreciation</i>	12,439	11,961	24,400	11,725	10,514	22,239
b) <i>permanent writedowns</i>	—	—	—	—	—	—

<sup>(1)</sup> Released from accumulated depreciation following disposals and retirements from service.

<sup>(2)</sup> Cost of all assets acquired during the financial year written off.

### 4.2 Movements in intangible assets

	30/6/02 € '000	30/6/01 € '000
A. ASSETS AT BEGINNING OF PERIOD	— <sup>(1)</sup>	— <sup>(1)</sup>
B. ADDITIONS	1,766	3,309
B1. Acquisitions	1,766	3,309
B2. Writebacks	—	—
B3. Revaluations	—	—
B4. Other movements	—	—
C. REDUCTIONS	1,766	3,309
C1. Disposals and retirements from service	—	—
C2. Value adjustments:	1,766	3,309
a) <i>amortization</i>	1,766	3,309
b) <i>permanent writedowns</i>	—	—
C3. Other movements	—	—
D. ASSETS AT END OF PERIOD	— <sup>(1)</sup>	— <sup>(1)</sup>
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS:	9,163	7,397
a) <i>amortization</i>	9,163	7,397
b) <i>permanent writedowns</i>	—	—

<sup>(1)</sup> Cost fully written off.

## 5. Other asset headings

### 5.1 Heading 130: *Other assets*

	30/6/02 € '000		30/6/01 € '000	
BILLS FOR COLLECTION	—		29	
AMOUNTS DUE FROM REVENUE AUTHORITIES:				
• taxes withheld	12,508		14,154	
• advance tax paid, tax credits, taxes recoverable and interest thereon	188,024		152,683	
• prepaid tax	85,482	286,014	8,641	175,478
OTHER AMOUNTS DUE:				
• premiums, grants, indemnities and other items relating to lending transactions	5,229		4,940	
• futures and other securities transactions	3,728		7,796	
• advances on deposit commissions	801		1,372	
• invoices receivable and to be issued	36,714		1,575	
• other items in transit	1,786	48,258	28	15,711
INTERBANK ACCOUNTS, DEFERRED VALUE DATES	82		195	
PREMIUMS PAID FOR OPTIONS PURCHASED	90,403		123,257	
VALUATION OF DERIVATIVES CONTRACTS	58,391		57,754	
DEPOSITS PAID ON DERIVATIVES CONTRACTS	87,365		86,925	
OTHER ITEMS	1,902		6,688	
	572,415		466,037	

### 5.2 Heading 140: *Accrued income and prepaid expenses*

	30/6/02 € '000		30/6/01 € '000	
ACCRUED INCOME				
Interest accrued on amounts due from banks	5,519		7,021	
Interest accrued on amounts due from customers	133,250		161,030	
Interest accrued on derivatives contracts	778,833		675,293	
Interest accrued on securities held	36,266	953,868	40,338	883,682
PREPAID EXPENSES				
Commissions prepaid	111,130		103,963	
Advances on forward transactions	20,390		25,831	
Discounts and expenses on bonds issued	—		2	
Other prepaid expenses	12,224	143,744	770	130,566
	1,097,612		1,014,248	

### 5.4 *Subordinated assets*

	30/6/02 € '000	30/6/01 € '000
a) Amounts due from banks	—	—
b) Amounts due from customers	—	—
c) Bonds and other debt securities	78,665	71,963
	78,665	71,963

## 6. Accounts payable

### 6.1 Heading 10: *Amounts due to banks*

	30/6/02 € '000	30/6/01 € '000
a) Forward transactions	1,204,573	1,507,018
b) Securities lent	56,477	3,212

### 6.2 Heading 20: *Amounts due to customers*

	30/6/02 € '000	30/6/01 € '000
a) Forward transactions	191,635	107,928
b) Securities lent	136,670	141,500

### Heading 30: *Debt securities*

	30/6/02		30/6/01	
	No. (1)	€ '000	No. (1)	€ '000
Bonds	—	11,326,764	—	10,746,580
• <i>convertible</i>	19,361,650	112,621	19,377,426	112,690
• <i>with warrants</i>	8,750	10,083	15,000	15,164
• <i>other bonds</i>	—	11,204,060	—	10,618,726
Certificates of deposit	—	831,066	—	1,040,035
Others:	—	15,500	—	184,629
<i>of which:</i>				
• <i>reverse convertibles</i>	—	—	35,466	184,629
• <i>credit linked notes</i>	—	15,500	—	—
		12,173,330		11,971,244

(1) Actual number. Bonds in issue have varying nominal values.



## 7. Provisions (Headings 70, 80 and 90)

### *Provision for staff termination indemnities*

	30/6/02 € '000	30/6/01 € '000
PROVISION AT BEGINNING OF PERIOD	12,555	12,744
<i>deduct:</i>		
• indemnities paid out and advances made under Law 297/82 during the year	1,826	1,717
• transfer to pension fund	1,330	910
• tax on revaluation of indemnities	40	26
<i>add:</i>		
• transfer to provision for year	2,933	2,464
PROVISION AT END OF PERIOD	12,292	12,555

### 7.1 Heading 90: *Credit risks provisions*

	30/6/02 € '000	30/6/01 € '000
SPECIFIC AND GENERAL CREDIT RISKS	241,627	154,627
CREDIT RISKS PROVISION FOR DEFAULT INTEREST	—	—
	241,627	154,627

### 7.2 *Movements in credit risks provisions*

	30/6/02 € '000	30/6/01 € '000
A. PROVISIONS AT BEGINNING OF PERIOD	154,627	400,719
B. ADDITIONS	87,000	82,633
B1. Transfers to provisions	87,000	82,633
B2. Other movements	—	—
C. REDUCTIONS	—	328,725
C1. Transfers from provisions	—	—
C2. Other movements	—	328,725
D. PROVISIONS AT END OF PERIOD	241,627	154,627

Provision for taxation as at 30 June 2002

	Corporate income tax and regional production tax € '000	“Substitutive” CGT € '000	“Substitutive” tax on franking credit risks provision € '000	“Substitutive” tax on lendings € '000	Others € '000	Total € '000
PROVISION AT BEGINNING OF PERIOD	195,826	—	62,458	1,205	—	259,489
<i>deduct:</i>						
• transfers from provision during year	85,474	—	20,820	1,205	—	107,499
• writeback to profit and loss account	—	—	—	—	—	—
• other decreases	17,365	—	—	—	—	17,365
<i>add:</i>						
• transfers to provision during year	3,204	81,429	—	988	—	85,621
• other increases	—	—	—	—	—	—
PROVISION AT END OF PERIOD	96,191	81,429	41,638	988	—	220,246

Provision for taxation as at 30 June 2001

	Corporate income tax and regional production tax € '000	Municipal property tax € '000	“Substitutive” tax € '000	Franking of reserves € '000	Others € '000	Total € '000
PROVISION AT BEGINNING OF PERIOD	181,875	12	2,687	2,214	30	186,818
<i>deduct:</i>						
• transfers from provision during year	75,784	12	2,687	2,214	30	80,727
• writeback to profit and loss account	—	—	—	—	—	—
• other reductions	5,381	—	—	—	—	5,381
<i>add:</i>						
• transfers to provision during year	95,116	—	1,205	—	—	96,321
• other increases	—	—	62,458	—	—	62,458
PROVISION AT END OF PERIOD	195,826	—	63,663	—	—	259,489

#### 7.4a Changes in advance tax assets over the twelve months to 30 June 2002

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	8,642	7,619	1,023	—
2. Additions	80,146	78,440 <sup>(1)</sup>	1,706	—
2.1 Advance tax arising in period	80,068	78,440	1,628	—
2.2 Other additions	78	—	78	—
3. Reductions	3,306	2,852	454	—
3.1 Advance tax eliminated in period	3,297	2,843	454	—
3.2 Other reductions	9	9	—	—
4. BALANCE AT END OF PERIOD	85,482	83,207 <sup>(1)</sup>	2,275	—

<sup>(1)</sup> Of which € 5,049,000 in tax losses.

#### Eligible offsets as at 30 June 2002

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	85,482	83,207	2,275	—
5. Transfers	—	—	—	—
5.1 to deferred taxation	—	—	—	—
5.2 from deferred taxation	—	—	—	—
6. AMOUNT CREDITED TO OTHER ASSETS (HEADING 150)	85,482	83,207	2,275	—

#### 7.4b Changes in advance tax assets over the twelve months to 30 June 2001

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	50,800	49,808	992	—
2. Additions	3,324	2,930	394	—
2.1 Advance tax arising in period	3,324	2,930	394	—
2.2 Other additions	—	—	—	—
3. Reductions	45,482	45,119	363	—
3.1 Advance tax eliminated in period	44,038	43,707	331	—
3.2 Other reductions	1,444	1,412	32	—
4. BALANCE AT END OF PERIOD	8,642	7,619	1,023	—

#### Eligible offsets as at 30 June 2001

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	8,642	7,619	1,023	—
5. Transfers	—	—	—	—
5.1 to advance taxation	—	—	—	—
5.2 from advance taxation	—	—	—	—
6. AMOUNT CHARGED TO PROVISION FOR TAXATION (HEADING 150)	8,642	7,619	1,023	—

#### 7.5a Changes in deferred tax liabilities over the twelve months to 30 June 2002

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	140,448	140,448	—	—
2. Additions	1,104	1,104	—	—
2.1 Advance tax arising in period	1,104	1,104	—	—
2.2 Other additions	—	—	—	—
3. Reductions	53,194	53,194	—	—
3.1 Advance tax eliminated in period	53,194	53,194	—	—
3.2 Other reductions	—	—	—	—
4. BALANCE AT END OF PERIOD	88,358	88,358	—	—

#### Eligible offsets as at 30 June 2002

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	88,358	88,358	—	—
5. Transfers	—	—	—	—
5.1 to deferred taxation	—	—	—	—
5.2 from deferred taxation	—	—	—	—
6. AMOUNT CREDITED TO OTHER ASSETS (HEADING 80b)	88,358	88,358	—	—

#### 7.5b Changes in deferred tax liabilities over the twelve months to 30 June 2001

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	142,687	142,687	—	—
2. Additions	45,507	45,507	—	—
2.1 Advance tax arising in period	45,507	45,507	—	—
2.2 Other additions	—	—	—	—
3. Reductions	47,746	47,746	—	—
3.1 Advance tax eliminated in period	42,365	42,365	—	—
3.2 Other reductions	5,381	5,381	—	—
4. BALANCE AT END OF PERIOD	140,448	140,448	—	—

#### Eligible offsets as at 30 June 2001

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	140,448	140,448	—	—
5. Transfers	—	—	—	—
5.1 to advance taxation	—	—	—	—
5.2 from advance taxation	—	—	—	—
6. AMOUNT CHARGED TO PROVISION FOR TAXATION (HEADING 80b)	140,448	140,448	—	—

As noted earlier, advance tax has been recognised in the accounts as from the year ended 30 June 2000 in addition to current and deferred tax.

This tax is provided on the liability method, whereby deferred tax liabilities are charged to the accounts even though there is little chance they will actually be incurred.

*Deductible temporary differences* on the basis of which advance tax is calculated mainly involve:

- depreciation on furniture and fixtures and amortization of intangible assets which is written off when incurred;
- entertainment expenses;
- maintenance expenses in excess of 5%;
- non-deductible losses on equities held and investments;
- tax losses in period under review less tax credits for subsequent period;
- substantial initial instalment on Via Filodrammatici lease.

*Taxable temporary differences* on the basis of which advance tax is calculated relate to capital gains on which (in applicable cases under Article 54/4 of Presidential Decree 917/86) deferred tax may be written off on the straight-line basis over up to four years from the accounting period in which it was incurred.

Where advance or deferred tax has been provided in the accounts, it has been determined separately in respect of corporate income tax which is charged at the nominal rate of 35%, and regional production tax, charged at the rate applicable at the balance sheet date.

## 8. Share capital, reserves, provision for general banking risks and subordinated liabilities

### Heading 100: *Provision for general banking risks*

	30/6/02 € '000	30/6/01 € '000
Credit risks provision originally raised on provisionally tax-exempt basis under Article 71/1 of Presidential Decree 917/86	310,210	310,210
Addition resulting from the franking of the credit risk provision under Article 22 of Law 342/00	328,725	328,725
	638,935	638,935

### Heading 120: *Share capital at 30 June 2002*

	30/6/02 € '000
SHARE CAPITAL AT BEGINNING OF PERIOD	
• 642,163,615 Lit. 1,000 par value ordinary shares	331,650
Conversion of share capital to Euros at € 0.50 nominal per share	(10,570)
Increase of 136,188,800 shares following merger by amalgamation of Euralux S.p.A.	68,094
Capital increase under EGM Resolution of 28/3/98:	
• Restricted rights issue of 177,000 shares subscribed by employees under stock option scheme	91
SHARE CAPITAL AT END OF PERIOD	389,265

### Heading 120: *Share capital at 30 June 2001*

	30/6/01 € '000
SHARE CAPITAL AT BEGINNING OF PERIOD	
• 595,946,350 Lit. 1,000 par value ordinary shares	307,780
Capital increase under EGM Resolution of 28/3/98:	
• Restricted rights issue of 298,000 shares subscribed by employees exercising stock options	154
• 91,838,530 warrants exchanged for 45,919,265 shares at Lit. 16,000 per share of which Lit. 15,000 representing premium	23,716
SHARE CAPITAL AT END OF PERIOD	331,650

### Heading 130: *Share premium reserve*

	30/6/02 € '000	30/6/01 € '000
SHARE PREMIUMS AT BEGINNING OF PERIOD	1,805,791	1,447,368
Increases:		
• stock options and conversion of warrants	1,189	358,423
SHARE PREMIUMS AT END OF PERIOD	1,806,980	1,805,791

### Heading 140: *Reserves*

	30/6/02 € '000	30/6/01 € '000
RESERVES AT BEGINNING OF PERIOD:		
Legal reserve	61,784	59,075
Statutory reserve	988,914	1,006,181
Other reserves	85,827	85,827
Allocations under profit appropriation approved at Annual General Meeting:		
• to Legal Reserve	5,498	2,708
• to Statutory Reserve	44,415	45,190
Surplus on merger of Promotex S.r.l.	177,118	—
Surplus on conversion of share capital to Euros	10,570	—
19% “substitutive” tax transferred from statutory reserve following franking of credit risks provision as at 30 June 1999 to provision for general banking risks under Article 22 of Law 324/00	—	62,458
RESERVES AT END OF PERIOD:		
Legal reserve	77,852	61,784
Statutory reserve	1,033,329	988,914
Other reserves	262,945	85,827

### Heading 150: *Revaluation reserves*

	30/6/02 € '000	30/6/01 € '000
Revaluation reserve under Law 72/83 <sup>(1)</sup>	4,080	4,080
Revaluation reserve under Law 413/91	3,507	3,507
	7,587	7,587

(1) Net of € 17,560,000 taken to capital pursuant to Extraordinary Resolution adopted at AGM on 28/10/93.

### 8.1 *Regulatory capital and capital adequacy requirements*

	30/6/02 € '000	30/6/01 € '000
a) Regulatory capital		
a.1. Tier 1 capital	4,209,651	3,962,912
a.2. Tier 2 capital	1,511,966	1,345,586
a.3. Supervisory deductions	(141,857)	(512,753)
a.4. Regulatory capital	5,579,760	4,795,745
b) Capital adequacy requirements		
b.1. Credit risk	1,592,748	1,477,379
b.2. Market risk	173,714	124,379
• on non-investment securities	149,339	109,540
• on exchange rates	—	14,839
• on loan concentration	24,375	—
b.2.1. Tier 3 subordinated loans	—	—
b.3. Other capital adequacy requirements	15,395	—
b.4. Total capital adequacy requirements	1,781,857	1,601,758
c) Risk assets and capital adequacy ratios		
c.1. Weighted risk assets	25,455,100	22,882,258
c.2. Tier 1 capital as % of weighted risk assets	16.54%	17.32%
c.3. Regulatory capital as % of weighted risk assets	21.92%	20.96%



## 9. Other liability headings

### 9.1 Heading 50: *Other liabilities*

	30/6/02 € '000		30/6/01 € '000	
BILLS FOR COLLECTION	—		29	
DUE TO REVENUE AUTHORITIES	25,963		25,865	
AMOUNTS DUE IN RESPECT OF:				
• interest coupons and dividends awaiting collection and debt securities in the process of conversion	21,683		18,953	
• commissions payable to banks	643		661	
• commissions payable to placing and underwriting syndicates	—		7,813	
• invoices pending settlement and receipt	8,097		8,892	
• premiums, contributions and other amounts due to third parties in respect of financing transactions	40,942	71,365	8,067	44,386
FEES PAYABLE, AND SOCIAL SECURITY CONTRIBUTIONS AND AMOUNTS WITHHELD FROM STAFF AND PROVIDERS OF SERVICES DUE TO REVENUE AUTHORITIES	6,997		5,280	
INTERBANK ACCOUNTS, DEFERRED VALUE DATES	21		1,264	
PREMIUMS RECEIVED ON OPTIONS SOLD	69,750		90,207	
VALUATION OF DERIVATIVES CONTRACTS	108,206		50,814	
AMOUNT OUTSTANDING ON SECURITIES LENT	639,710		1,592	
DEPOSITS RECEIVED ON DERIVATIVES CONTRACTS	667,092		615,794	
OTHER ITEMS	—		—	
	1,589,104		835,231	

### 9.2 Heading 60: *Accrued expenses and deferred income*

	30/6/02 € '000		30/6/01 € '000	
ACCRUED EXPENSES				
Interest accrued on deposits and loans from banks	53,894		44,017	
Interest and commissions accrued on Mediobanca certificates of deposit and debt securities, and on guarantees and treasury transactions	250,815		259,055	
Interest accrued on derivatives	292,373		283,338	
Amounts accrued on refinancings and subsidies	2,287	599,369	2,227	588,637
DEFERRED INCOME				
Actualization of derivatives contracts	49,862		60,781	
Commissions on bond issues	31,856		37,528	
Advances on forward transactions	62,020		76,311	
Prepaid interest and commissions	73,963	217,701	48,317	222,937
	817,070		811,574	

## 10. Guarantees and commitments

### 10.1 Heading 10: *Guarantees given*

	30/6/02			30/6/01		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Bills backed or endorsed	—	—	—	—	—	—
b) Letters of guarantee	1,988,377	2,928,935	4,917,312	2,334,764	3,784,538	6,119,302
c) Assets pledged as collateral	—	—	—	—	—	—
	1,988,377	2,928,935	4,917,312	2,334,764	3,784,538	6,119,302

### 10.2 Heading 20: *Commitments*

	30/6/02			30/6/01		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Commitments to lend specific funds:						
• securities to be received	1,943,638	968,740	2,912,378	1,271,486	1,140,476	2,411,962
• amounts undrawn under existing loan agreements	2,725,050	1,020,880	3,745,930	3,572,543	1,448,072	5,020,615
• other commitments and exposures	48,048	—	48,048	19,648	5,870	25,518
	4,716,736	1,989,620	6,706,356	4,863,677	2,594,418	7,458,095
b) Commitments to provide funds on a stand-by basis:						
• loans agreed on a conditional basis	734,049	1,413,317	2,147,366	289,393	1,771,667	2,061,060
• participations in underwriting syndicates	591,433	17,441	608,874	92,700	56,227	148,927
• other commitments and exposures	586,014	546,487	1,132,501	466,408	144,206	610,614
	1,911,496	1,977,245	3,888,741	848,501	1,972,100	2,820,601
	6,628,232	3,966,865	10,595,097	5,712,178	4,566,518	10,278,696

### 10.3 *Assets posted as collateral for amounts due by the Bank*

	30/6/02 € '000	30/6/01 € '000
Securities held posted as collateral for forward funding transactions	960,869	1,042,883
Amounts due to customers posted as collateral for EIB loans	369,799	413,040

*Credit derivatives (Heading 30 of Guarantees and Commitments)*

	30/6/02			30/6/01		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Banking book hedge sales						
• with exchange of principal	—	145,000	145,000	—	—	—
• without exchange of principal	—	—	—	—	—	—
	—	145,000	145,000	—	—	—
b) Trading book hedge sales						
• with exchange of principal	—	70,038	70,038	—	50,000	50,000
• without exchange of principal	—	—	—	—	—	—
	—	70,038	70,038	—	50,000	50,000
	—	215,038	215,038	—	50,000	50,000

10.5 *Forward transactions*

Type of transaction	30/6/02			30/6/01		
	Hedging € '000	Trading € '000	Other € '000	Hedging € '000	Trading € '000	Other € '000
1. DEALING	—	5,465,432	364,432	—	4,306,734	216,901
1.1 Securities:	—	5,465,432	364,432	—	4,306,734	216,901
• bought	—	2,912,378	—	—	2,411,962	—
• sold	—	2,553,054	364,432	—	1,894,772	216,901
1.2 Foreign currency:	—	—	—	—	—	—
• currency bought/sold for currency	—	—	—	—	—	—
• currency bought for Euros	—	—	—	—	—	—
• currency sold for Euros	—	—	—	—	—	—
2. DEPOSITS AND LOANS	—	—	—	—	—	79,328
• pending disbursement	—	—	—	—	—	18,076
• pending receipt	—	—	—	—	—	61,252
3. DERIVATIVES CONTRACTS	13,486,683	7,996,785	10,034,614	13,014,930	5,118,533	8,168,387
3.1 With exchange of principal:	1,715,253	2,214,188	1,520,068	1,166,576	2,011,085	605,864
a) Securities <sup>(1)</sup> :	527,154	2,091,883	1,520,068	62,178	1,471,580	605,864
• bought	246,387	740,642	495,727	—	571,897	331,984
• sold	280,767	1,351,241	1,024,341	62,178	899,683	273,880
b) Foreign currency:	1,188,099	122,305	—	1,104,398	539,505	—
• currency bought/sold for currency	—	—	—	—	—	—
• currency bought for Euros	565,179	76,190	—	558,036	290,684	—
• currency sold for Euros	622,920	46,115	—	546,362	248,821	—
c) Other value items:	—	—	—	—	—	—
• bought	—	—	—	—	—	—
• sold	—	—	—	—	—	—
3.2 Without exchange of principal:	11,771,430	5,782,597	8,514,546	11,848,354	3,107,448	7,562,523
a) Foreign currency:	—	—	—	—	—	—
• currency bought/sold for currency	—	—	—	—	—	—
• currency bought for Euros	—	—	—	—	—	—
• currency sold for Euros	—	—	—	—	—	—
b) Other value items <sup>(1)</sup> <sup>(2)</sup> :	11,771,430	5,782,597	8,514,546	11,848,354	3,107,448	7,562,523
• bought	8,968,621	2,512,921	3,644,925	9,651,570	1,589,006	2,678,604
• sold	2,802,809	3,269,676	4,869,621	2,196,784	1,518,442	4,883,919

<sup>(1)</sup> Amounts bought and sold include basis swaps in a principal amount of € 1,305,589,000.

<sup>(2)</sup> Amounts bought and sold include derivatives incorporated in financial instruments in a total amount of € 7,041,988,000.

## 10.6 Credit derivatives

Type of transaction	30/6/02 € '000		30/6/01 € '000	
	Hedging	Trading	Hedging	Trading
1. HEDGE BUYS	365,000	—	20,000	30,000
1.1 With exchange of principal	365,000	—	20,000	30,000
– <i>credit default</i>	<i>365,000</i>	—	<i>20,000</i>	<i>30,000</i>
– <i>credit linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
1.2 Without exchange of principal	—	—	—	—
– <i>credit default</i>	—	—	—	—
– <i>credit linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
2. HEDGE SALES	145,000	70,038	—	50,000
2.1 With exchange of principal	145,000	70,038	—	50,000
– <i>credit default</i>	<i>145,000</i>	<i>70,038</i>	—	<i>50,000</i>
– <i>credit linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—
2.2 Without exchange of principal	—	—	—	—
– <i>credit default</i>	—	—	—	—
– <i>credit linked notes</i>	—	—	—	—
– <i>credit spread options</i>	—	—	—	—
– <i>total rate of return swaps</i>	—	—	—	—

## 11. Segmental information

### 11.1 Significant exposures

	30/6/02	30/6/01
a) Total risk-weighted amount (€ '000)	10,589,881	8,785,812
b) Exposures (No.)	9	10

### 11.2 Loans and advances to customers by category of borrower

	30/6/02 € '000	30/6/01 € '000
a) Governments	285,109	315,264
b) Other public agencies	—	—
c) Non-financial undertakings	5,154,548	4,144,274
d) Financial companies	8,919,159	9,528,292
e) Family firms	—	—
f) Other borrowers	659,823	87,565
	15,018,639	14,075,395

### 11.3 Loans and advances to domestic non-financial undertakings and family firms by industry

	30/6/02 € '000	30/6/01 € '000
a) Sales services	1,294,944	121,260
b) Energy	959,402	1,200,944
c) Telecoms	403,862	351,353
d) Paper and publishing	310,414	359,570
e) Retail services	232,413	234,995
f) Other industries	911,041	1,131,904
	4,112,076	3,400,026

### 11.4 Guarantees given by category of counterparty

	30/6/02 € '000	30/6/01 € '000
a) Governments	—	—
b) Other public agencies	—	—
c) Banks	2,914,507 <sup>(1)</sup>	2,657,741 <sup>(2)</sup>
d) Non-financial undertakings	147,858	762,724
e) Financial companies	1,854,947	2,698,837
f) Family firms	—	—
g) Other counterparties	—	—
	4,917,312	6,119,302

<sup>(1)</sup> Includes € 2,914,458,000 relating to funding transactions by MEDIOBANCA INTERNATIONAL.

<sup>(2)</sup> Relating to funding transactions by MEDIOBANCA INTERNATIONAL.

*Credit derivatives by type of counterparty*

	30/6/02 € '000	30/6/01 € '000
Hedge buys	365,000	50,000
Banking book	365,000	20,000
<i>Banks</i>	345,000	20,000
<i>Financial companies</i>	20,000	—
Trading book	—	30,000
<i>Banks</i>	—	10,000
<i>Financial companies</i>	—	20,000
Hedge sales	215,038	50,000
Banking book	145,000	—
<i>Banks</i>	135,000	—
<i>Financial companies</i>	10,000	—
Trading book	70,038	50,000
<i>Banks</i>	15,038	30,000
<i>Financial companies</i>	55,000	20,000

11.5 *Assets and liabilities by geographical area*

11.5a *Assets and liabilities by geographical area as at 30 June 2002*

	Domestic € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS	19,014,021	2,841,368	671,940	22,527,329
1.1 Amounts due from banks	1,735,724	737,431	76,173	2,549,328
1.2 Amounts due from customers	13,240,384	1,363,721	414,534	15,018,639
1.3 Securities	4,037,913	740,216	181,233	4,959,362
2. LIABILITIES	14,685,422	2,135,209	3,127,157	19,947,788
2.1 Amounts due to banks	2,193,072	1,836,907	3,102,152	7,132,131
2.2 Amounts due to customers	319,020	298,302	25,005	642,327
2.3 Debt securities	12,173,330	—	—	12,173,330
2.4 Other accounts	—	—	—	—
3. GUARANTEES AND COMMITMENTS	8,616,609	2,255,335	4,855,503	15,727,447

11.5b *Assets and liabilities by geographical area as at 30 June 2001*

	Domestic € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS	17,631,167	1,915,436	363,722	19,910,325
1.1 Amounts due from banks	2,118,895	458,632	47,995	2,625,522
1.2 Amounts due from customers	12,850,453	975,208	249,734	14,075,395
1.3 Securities <sup>(1)</sup>	2,661,819	481,596	65,993	3,209,408
2. LIABILITIES	14,456,730	1,134,779	2,667,393	18,258,902
2.1 Amounts due to banks	1,941,939	1,082,376	2,666,897	5,691,212
2.2 Amounts due to customers	544,109	52,337	—	596,446
2.3 Debt securities	11,970,682	66	496	11,971,244
2.4 Other accounts	—	—	—	—
3. GUARANTEES AND COMMITMENTS	8,295,071	3,737,079	4,845,722	16,877,872

<sup>(1)</sup> Restated on like-for-like basis.

## 11.6 Assets and liabilities by maturity

### 11.6a Assets and liabilities by maturity as at 30 June 2002

	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	€ '000
1. ASSETS	2,401,819	10,308,004	12,843,160	625,570	990,290	5,144,336	4,442,884	3,676,141	1,570,261	50,140	42,052,605
1.1 Government securities eligible for refinancing	—	82,541	78,847	19,310	—	559,333	197,004	160,549	60,784	—	1,158,368
1.2 Amounts due from banks	878,593	1,349,153	17,349	2,955	4,077	19,757	76,588	11,737	138,979	50,140	2,549,328
1.3 Loans and advances to customers	460,556	2,732,879	4,116,050	525,525	965,298	1,129,368	3,466,194	802,195	820,574	—	15,018,639
1.4 Debt securities and other fixed-interest securities	3,099	130,759	221,380	28,624	20,865	957,131	225,066	730,645	332,999	—	2,650,568
1.5 Off-balance sheet instruments <sup>(1)</sup>	1,059,571	6,012,672	8,409,534	49,156	50	2,478,747	478,032	1,971,015	216,925	—	20,675,702
2. LIABILITIES	3,503,436	10,282,232	10,405,940	631,258	1,075,173	8,377,085	2,142,048	3,446,070	760,248	—	40,623,490
2.1 Deposits and loans from banks	1,321,041	2,349,825	204,524	375,164	945,688	1,222,258	307,533	250,919	155,179	—	7,132,131
2.2 Customer deposits	414,655	227,621	9	2	—	40	—	—	—	—	642,327
2.3 Debt securities in issue:	178,741	117,437	1,341,316	233,973	104,316	6,345,859	1,514,516	1,888,944	448,228	—	12,173,330
• bonds	140,182	7,583	1,038,521	46,640	103,291	6,156,159	1,497,216	1,888,944	448,228	—	11,326,764
• certificates of deposit	38,559	109,854	302,795	187,333	1,025	189,700	1,800	—	—	—	831,066
• other debt securities	—	—	—	—	—	—	15,500	—	—	—	15,500
2.4 Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—
2.5 Off-balance sheet instruments <sup>(1)</sup>	1,588,999	7,587,349	8,860,091	22,119	25,169	808,928	319,999	1,306,207	156,841	—	20,675,702

<sup>(1)</sup> Mainly involved in treasury transactions relating to securities and foreign currency dealing, and derivative contracts involving securities, interest rates and exchange rates.

### 11.6b Assets and liabilities by maturity as at 30 June 2001

	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	€ '000
1. ASSETS	2,127,288	8,316,198	7,494,799	511,079	2,244,729	4,566,745	6,519,969	4,174,387	1,965,996	175,986	38,097,176
1.1 Government securities eligible for refinancing	10,010	33,992	209,928	—	84,562	166,888	386,899	100,917	—	—	993,196
1.2 Amounts due from banks	1,119,720	531,342	685,317	2,436	82,574	16,068	62,211	11,575	79,793	34,486	2,625,522
1.3 Loans and advances to customers	7,248	2,068,255	2,702,645	349,768	1,218,707	2,156,071	3,610,957	470,778	1,349,465	141,500	14,075,394
1.4 Debt securities and other fixed-interest securities	—	157,142	463,986	3,875	157,640	347,486	384,995	313,158	215,981	—	2,044,263
1.5 Off-balance sheet instruments <sup>(1)</sup>	990,310	5,525,467	3,432,923	155,000	701,246	1,880,232	2,074,907	3,277,959	320,757	—	18,358,801
2. LIABILITIES	1,686,644	9,883,656	10,325,672	843,382	658,484	6,700,218	2,339,697	2,836,778	1,158,496	141,500	36,574,527
2.1 Deposits and loans from banks	40,597	1,498,004	1,891,016	97,567	75,380	1,284,586	337,467	230,326	236,269	—	5,691,212
2.2 Customer deposits	346,940	107,928	78	—	—	—	—	—	—	141,500	596,446
2.3 Debt securities in issue:	83,767	602,122	1,528,740	286,779	547,799	4,423,685	1,615,825	2,339,971	542,558	—	11,971,246
• bonds	40,268	391,950	967,894	78,821	546,457	4,224,444	1,614,218	2,339,971	542,558	—	10,746,581
• certificates of deposit	43,499	149,842	436,547	207,958	1,342	199,241	1,607	—	—	—	1,040,036
• other debt securities	—	60,330	124,299	—	—	—	—	—	—	—	184,629
2.4 Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—
2.5 Off-balance sheet instruments <sup>(1)</sup>	1,215,340	7,675,602	6,905,838	459,036	35,305	991,947	386,405	266,481	379,669	—	18,315,623

<sup>(1)</sup> Mainly involved in treasury transactions relating to securities and foreign currency dealing, and derivative contracts involving securities, interest rates and exchange rates.

### 11.7 Assets and liabilities denominated in currencies other than the Euro

	30/6/02 € '000	30/6/01 € '000
a) ASSETS		
1. Amounts due from banks	84,919	266,388
2. Amounts due from customers	794,954	615,849
3. Securities	23,220	51,183
4. Equity investments	7,506	6,229
5. Other accounts	8	51
	910,607	939,700
b) LIABILITIES		
1. Amounts due to banks	550,802	727,052
2. Amounts due to customers	57,953	—
3. Debt securities in issue	151,714	334,015
4. Other accounts	—	—
	760,469	1,061,067

### 11.8 Securitization: Securities held representing third-party securitizations

Underlying asset	Credit quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
<b>INVESTMENT SECURITIES</b>					
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Lease		—	—	—	—
Securities		—	—	—	—
Amounts due to SACE from foreign public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other amounts due		—	—	—	—
		—	—	—	—
<b>NON-INVESTMENT SECURITIES</b>					
Home mortgage loans		—	—	—	—
Retail/industrial/farming mortgage loans		—	—	—	—
Lease instalments	Current as to payment of principal and interest	25,208	11,385	—	36,593
Other amounts due	Current as to payment of principal and interest	50,070	—	—	50,070
	Non-performing	34,970	57,283	—	92,253
Social security contributions		—	—	—	—
		110,248	68,668	—	178,916
		110,248	68,668	—	178,916



## 12. Securities managed and traded for third parties

### 12.1 Securities traded

	30/6/02 € '000	30/6/01 € '000
a) PURCHASES	4,955,062	14,379,822
1. settled	4,685,631	14,166,438
2. pending settlement	269,431	213,384
b) SALES	5,307,450	12,056,047
1. settled	5,038,019	11,842,663
2. pending settlement	269,431	213,384

### 12.3 Securities held for safekeeping and as collateral

	30/6/02 € '000	30/6/01 € '000
a) THIRD PARTIES' SECURITIES HELD:	3,733,290	3,812,938
1. Securities issued by MEDIOBANCA	233,068	198,306
a/1) for safekeeping	226,660	191,898
a/2) as collateral	6,408	6,408
2. Other securities	3,500,222	3,614,632
a/1) for safekeeping	677,154	588,459
a/2) as collateral	2,823,068	3,026,173
b) THIRD PARTIES' SECURITIES HELD BY THIRD PARTIES	2,253,599	3,178,272
c) OWN SECURITIES HELD BY THIRD PARTIES	4,297,912	3,771,823

## C. NOTES TO THE PROFIT AND LOSS ACCOUNT OF THE BANK

### 1. Interest

#### 1.1 Heading 10: *Interest receivable and similar income*

	2001/02 € '000	2000/01 € '000
a) Interest on amounts due from banks <i>of which: amounts due from central banks</i>	92,798 1,085	50,847 1,949
b) Interest on amounts due from customers <i>of which: on loans and advances made with third parties' funds under management</i>	624,342 —	710,633 —
c) Interest on debt securities	140,107	133,692
d) Other interest receivable	—	440
e) Surplus on hedging margins	81,066	60,402
	938,313	956,014

#### 1.2 Heading 20: *Interest payable and similar expenses*

	2001/02 € '000	2000/01 € '000
a) Interest on amounts due to banks	194,925	156,005
b) Interest on amounts due to customers	17,269	14,119
c) Interest on debt securities in issue <i>of which: certificates of deposit</i>	557,999 <sup>(1)</sup> 35,157 <sup>(1)</sup>	642,605 <sup>(1)</sup> 56,716 <sup>(1)</sup>
d) Interest on funds under management	—	—
e) Interest on subordinated liabilities	—	—
f) Shortfall on hedging margins	—	—
	770,193	812,729

<sup>(1)</sup> Includes commission on deposits.

#### 1.3 *Non-Euro interest and similar income receivable under Heading 10*

	2001/02 € '000	2000/01 € '000
a) Interest receivable and similar income on assets denominated in currencies other than the Euro	37,480	28,553

#### 1.4 *Non-Euro interest and similar expenses payable under Heading 20*

	2001/02 € '000	2000/01 € '000
a) Interest payable and similar expenses on liabilities denominated in currencies other than the Euro	34,979	37,117

## 2. Commissions

### 2.1 Heading 40: *Commissions receivable*

	2001/02 € '000	2000/01 € '000
a) Guarantees given	1,676	3,474
b) Credit derivatives	657	—
c) Management, trading and consulting services:	78,430	83,452
1. securities dealing	7,122	5,997
2. currency dealing	—	—
3. asset management	—	—
3.1 private individuals	—	—
3.2 groups	—	—
4. securities safekeeping and administration	—	—
5. bank deposits	—	—
6. securities placing	71,298	77,309
7. procurement of orders	10	146
8. advisory services	—	—
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	—	—
e) Securitization servicing	—	—
f) Tax collection services	—	—
g) Other services:	75,062	87,427
• commissions on loans to customers	33,081	35,803
• advisory fees from clients	41,910	51,559
• other commissions	71	65
	155,825	174,353

### 2.2 Heading 40: *Fees receivable for distributing products and services*

	2001/02 € '000	2000/01 € '000
a) On the Bank's own premises	71,298	77,309
1. Asset management	—	—
2. Securities placing <sup>(1)</sup>	71,298	77,309
3. Services and products provided by third parties	—	—
b) Elsewhere	—	—
1. Asset management	—	—
2. Securities placing	—	—
3. Services and products provided by third parties	—	—
	71,298	77,309

<sup>(1)</sup> Mainly fees received for acting as global co-ordinator and from sales to institutional investors.

## 2.2 Heading 50: *Commissions payable*

	2001/02 € '000	2000/01 € '000
a) Guarantees received	1,312	4,248
b) Credit derivatives	1,304	—
c) Management and trading services:	21,437	9,613
1. securities dealing	—	3,270
2. currency dealing	—	—
3. asset management	—	—
3.1 own portfolio	—	—
3.2 third parties' portfolios	—	—
4. securities safekeeping and administration	484	458
5. securities placing	20,953	5,885
6. door-to-door sales of securities, products and services	—	—
c) Collection and payment services	—	—
d) Other services:	7,961	3,231
• commissions on transactions with banks, the Bank of Italy and Ufficio Italiano Cambi	4,101	1,556
• Commissions payable to brokers for securities and derivatives trading	1,849	501
• Commissions on loans	1,709	741
• other commissions	302	433
	32,014	17,092

### 3. Gains and losses on dealing transactions

#### 3.1 Heading 60: *Gains (losses) on dealing transactions*

##### 3.1a Gains (losses) on dealing transactions in the year ended 30 June 2002

	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	3,868 <sup>(1)</sup>	—	678	4,546
A.2 Writedowns	(81,522) <sup>(2)</sup>	—	(9,757)	(91,279)
B. Other gains (losses)	(39,436) <sup>(3)</sup>	4,892	(261)	(34,805)
	(117,090)	4,892	(9,340)	(121,538) <sup>(4)</sup>
<i>of which:</i>				
1. <i>Government securities</i>	(7,909)			
2. <i>Other debt securities</i>	18,374			
3. <i>Capital securities</i>	(216,830)			
4. <i>Securities derivatives</i>	89,275			

<sup>(1)</sup> Includes € 3,494,000 relating to treasury securities and € 21,000 to capital securities.

<sup>(2)</sup> Includes € 7,502,000 relating to treasury securities and € 34,652,000 to capital securities.

<sup>(3)</sup> Comprises net gains of € 14,474,000 on treasury securities dealing, net losses of € 182,199,000 on capital securities, net negative margins of € 117,551,000 on futures contracts, and premiums of € 10,738,000 received on options.

<sup>(4)</sup> Partially covered by dividends collected from arbitrage transactions of € 106,322,000.

##### 3.1b Gains (losses) on dealing transactions in the year ended 30 June 2001

	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	5,499 <sup>(1)</sup>	—	48	5,547
A.2 Writedowns	(19,326) <sup>(2)</sup>	—	(6,551)	(25,877)
B. Other gains (losses)	40,123 <sup>(3)</sup>	(38)	(6,631)	33,454
	26,296	(38)	(13,134)	13,124
<i>of which:</i>				
1. <i>Government securities</i>	7,267			
2. <i>Other debt securities</i>	20,651			
3. <i>Capital securities</i>	(16,472)			
4. <i>Securities derivatives</i>	14,850			

<sup>(1)</sup> Includes € 2,696,000 relating to treasury securities.

<sup>(2)</sup> Includes € 13,179,000 relating to treasury securities and € 6,147,000 to capital securities.

<sup>(3)</sup> Comprises net gains of € 38,401,000 on treasury securities dealing, negative net margins of € 140,000 on futures contracts, and premiums received of € 11,906,000 on options issued.

## 4. Administrative expenses

### 4.1. Average number of employees by category

	2001/02 € '000	2000/01 € '000
a) Senior executives	36	31
b) Grade 3 and 4 managers	110	97
c) Other staff	212	204
	358	332

### Heading 80: Administrative expenses

	2001/02 € '000	2000/01 € '000
a) PERSONNEL COSTS:		
• wages and salaries	42,152	33,488
• social security charges	11,444	9,893
• severance indemnities	2,933	2,464
• post-retirement benefits	2,062	2,763
	58,591	48,608
b) OTHER ADMINISTRATIVE EXPENSES:		
• outside consultants' fees	13,724	12,881
• equity and bond administration	5,109	6,414
• insurance	182	83
• research and publications	2,432	1,952
• donations to charities	300	342
• rent	1,280	1,104
• maintenance, repairs and refurbishment	3,920	4,089
• service lease instalments	251	107
• financial information subscriptions	4,135	2,575
• stationery	1,038	564
• membership subscriptions	756	481
• postal, telephone, fax and telex charges	1,093	996
• utilities	398	420
• newspapers, magazines and library acquisitions	348	390
• travel and entertainment	2,249	1,843
• EDP services	10,052	7,926
• reimbursements in respect of employees seconded to the Bank	384	258
• sundry administrative expenses	3,972	792
	51,623	43,217
• indirect taxation:		
• "substitutive" and other taxes	5,428	4,371
	5,428	4,371
Total other administrative expenses	57,051	47,588
	115,642	96,196

## 5. Adjustments, writebacks and transfers to provisions

### Heading 90: *Adjustments to tangible and intangible assets*

	2001/02 € '000	2000/01 € '000
a) Intangible assets	1,766	3,309
b) Tangible assets	2,535	2,123
• premises	714	714
• plant	252	126
• furniture	1,569	1,283
	4,301 <sup>(1)</sup>	5,432 <sup>(1)</sup>

(1) Depreciation on premises has been charged at the rates prescribed in the Ministerial Decree dated 31/12/88. As in the past, the cost of plant and furniture acquired during the period has been fully written off.

### Heading 140: *Transfers to credit risks provisions*

	2001/02 € '000	2000/01 € '000
Transfer under Article 71/1 of Presidential Decree 917/86	87,000	82,633
Transfer under Article 71/5 of Presidential Decree 917/86	—	—
	87,000	82,633

### Heading 150: *Adjustments to financial fixed assets*

	2001/02 € '000	2000/01 € '000
a) Losses on investment securities	9,762	288
b) Losses on equity investments	551,651	123,938
c) Losses on investments in Group undertakings	39	100
	561,452	124,326

### Heading 160: *Writebacks of financial fixed assets*

	2001/02 € '000	2000/01 € '000
Writebacks of:		
a) Investment securities	—	—
b) Equity investments	—	52,892
c) Investments in Group undertakings	—	—
	—	52,892

## 6. Other profit and loss headings

### 6.1 Heading 70: *Other operating income*

	2001/02 € '000	2000/01 € '000
Options exercised to hedge index-linked bonds	95,572	133,348
Tax recovered from clients	1,139	2,518
Expenses recovered	5,191	2,158
Directors' fees	202	214
Rent received	2,717	1,965
Premiums received on options issued	619	2,667
Other operating income	2,250	790
	107,690	143,660

### 6.2 Heading 110: *Other operating expenses*

	2001/02 € '000	2000/01 € '000
Additional charges on index-linked bonds	95,322	133,348
Leasing instalments paid on properties and additional charges	35,802	5,313
Other expenses	4,492	—
	135,616	138,661

### 6.3 Heading 180: *Extraordinary income*

	2001/02 € '000	2000/01 € '000
Gain on sale of financial assets	460,480	212,312
Gain on sale of equity interests in Group undertakings	—	2,479
Gain on sale of tangible fixed assets	4	13
Default interest received	9,738	114,787
Transfers from credit risks provision credited back to earnings under Article 22 of Law 342/00	—	328,725
Extraordinary gains on back-to-back transactions	—	5,940
Other extraordinary income	492	2,735
	470,714	666,991

### 6.4 Heading 190: *Extraordinary expenditure*

	2001/02 € '000	2000/01 € '000
Loss on disposal of financial fixed assets	411	300,398
Extraordinary losses on back-to-back transactions	—	5,940
Other extraordinary expenditure	310	957
	721	307,295



6.5a Heading 220: *Income taxes as at 30 June 2002*

	Corporate income tax € '000	Local production tax € '000	Other taxes € '000	Total € '000
Current taxes	—	(2,100)	(81,429)	(83,529)
Increase (decrease) in advance taxes	75,587	1,253	—	76,840
Increase (decrease) in deferred taxes	52,090	—	—	52,090
Income taxes for the year	127,677	(847)	(81,429)	45,401

6.5b Heading 220: *Income taxes as at 30 June 2001*

	Corporate income tax € '000	Local production tax € '000	Other taxes € '000	Total € '000
Current taxes	(40,127)	(9,482)	—	(49,609)
Increase (decrease) in advance taxes	(42,189)	31	—	(42,158)
Increase (decrease) in deferred taxes	2,239	—	—	2,239
Income taxes for the year	(80,077)	(9,451)	—	(89,528)

## 7. Segmental information

### 7.1 *Income by geographical area*

#### 7.1a Income by geographical area in the year ended 30 June 2002

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
Interest receivable and similar income	747,071	158,538	32,704	938,313
Dividends and other income	211,347	12,963	3,870	228,180
Commissions receivable	134,485	19,997	1,343	155,825
Gain (loss) on dealing transactions	(101,559)	(24,074)	4,095	(121,538)
Other operating income	7,054	96,144	4,492	107,690
	998,398	263,568	46,504	1,308,470

#### 7.1b Income by geographical area in the year ended 30 June 2001

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
Interest receivable and similar income	847,218	122,228	(13,433)	956,013
Dividends and other income	124,999	21,790	58	146,847
Commissions receivable	160,952	12,411	990	174,353
Gain (loss) on dealing transactions	492	(1,919)	14,549	13,122
Other operating income	25,479	41,266	76,916	143,661
	1,159,140	195,776	79,080	1,433,996

## D. OTHER INFORMATION

### 1. Directors and Statutory Auditors

	2001/02 € '000	2000/01 € '000
1.1 Emoluments:		
a) Directors	2,783	2,046
b) Statutory Auditors	83	83
1.2 Loans granted and guarantees given:		
a) Directors <sup>(1)</sup>	—	376,747
b) Statutory Auditors	—	—

<sup>(1)</sup> Amounts include transactions with companies in which Directors of the Bank have a beneficial interest within the meaning of legal regulations.

## Remuneration paid to Directors, Statutory Auditors and General Manager

Disclosure required under Article 78 of CONSOB Resolution 11971/99

Name	Position	Term expires	Fee € '000 <sup>(1)</sup>	Fringe benefits	Bonuses and other incentives	Other compensa- tion € '000
Francesco CINGANO .....	Chairman (*)	30/06/2003	795	1 <sup>(4)</sup>		
Francesco CESARINI .....	Deputy Chairman (*)	06/05/2002	71			
Cesare GERONZI .....	Deputy Chairman (*)	30/06/2004	101			
Carlo SALVATORI .....	Deputy Chairman (*)	28/10/2002	14			
Vincenzo MARANGHI .....	Managing Director (*)	30/06/2003	93			
	General Manager	=	=			1,007
Antoine BERNHEIM .....	Director (*)	30/06/2002	132			
Paolo BIASI .....	Director	18/07/2001	5			
Giorgio BRAMBILLA .....	Director (*)	30/06/2003	13 <sup>(2)</sup>			
Carlo BUORA .....	Director	28/10/2002	12			
Roberto COLANINNO.....	Director	30/06/2004	99			
Ennio DORIS.....	Director (*)	30/06/2003	102			
Pietro FERRERO.....	Director	30/06/2002	102			
Paolo FRESCO .....	Director	30/06/2003	96			
Peppino FUMAGALLI.....	Director	29/10/2001	32			
Mario GRECO .....	Director	28/10/2002	= <sup>(2)</sup>			
Gianfranco GUTTY .....	Director	30/06/2004	98			
Berardino LIBONATI .....	Director	30/06/2004	90			
Jonella LIGRESTI .....	Director	30/06/2004	62			
Luigi LUCCHINI .....	Director	29/10/2001	33			
Achille MARAMOTTI .....	Director	30/06/2004	64			
Angelo MARCHIO' .....	Director	07/05/2002	79			
Fabrizio PALENZONA .....	Director	30/06/2004	99			
Alberto PECCI .....	Director	30/06/2002	98			
Carlo PESENTI .....	Director	30/06/2002	= <sup>(2)</sup>			
Alessandro PROFUMO.....	Director	30/06/2002	= <sup>(2)</sup>			
Marco TRONCHETTI PROVERA	Director	29/04/2002	= <sup>(2)</sup>			
Axel von RUEDORFFER.....	Director (*)	30/06/2002	123			
Mario Andrea ARBUFFO.....	Chairman of the Statutory Audit Committee	30/06/2003	31			
Angelo CASÓ.....	Standing Statutory Auditor	30/06/2003	26			
Eugenio PINTO.....	Standing Statutory Auditor	30/06/2003	26			

(\*) Member of Executive Committee.

<sup>(1)</sup> Based on appropriation of profits as recommended to the Bank's shareholders at the AGM.

<sup>(2)</sup> The fees of Mr Giorgio BRAMBILLA (until 16 May 2002), Mario GRECO, Carlo PESENTI, Alessandro PROFUMO and Marco TRONCHETTI PROVERA will be paid direct to their companies.

<sup>(4)</sup> Flight insurance policy.

## **2. Parent company or parent bank in European Union**

The requirement to give particulars of any such parent does not apply to MEDIOBANCA since it is a parent company in its own right and prepares Group consolidated accounts.

## **GROUP ACCOUNTS**

## **REVIEW OF GROUP OPERATIONS**

## REVIEW OF GROUP OPERATIONS

The Group's consolidated accounts as at 30 June 2002 reflect a net profit of € 255.1m (30/6/2001: € 297.2m) and shareholders' equity of € 4,706.7m (€ 4,277.6m), in both cases attributable to the Parent Company, which accounts for some 75% of Group activities as reflected in the consolidated figures.

Earnings from ordinary operations amounted to € 444.1m, down by € 38.2m compared with the previous twelve months. Our interest margin was € 20.3m higher, despite a decline of € 23.4m in dividends. The fall in fee income was attributable as to € 41.4m to the general decline in investment banking, reflecting weaker capital markets, lower corporate growth and a slowdown in privatizations, and to € 17.1m to the increase in overheads, which reflects the adoption of our usual prudential principles to account for agents' commissions on our consumer credit and leasing businesses, as well as the recruitment of additional front office staff.

As far as extraordinary items are concerned, net gains on the sale of investment securities amounted to € 463.7m, virtually the same as those for the parent company, as were net writedowns in our securities portfolio, which totalled € 535.9m (€ 109m). Writedowns in the loan book were once again attributable to the consumer credit and factoring businesses, and to a very limited extent to our leasing operations.

\* \* \*

The scope and basis of consolidation, and the accounting policies used in presenting the consolidated accounts, are described on pp. 151-152.

\* \* \*



The consolidated financial highlights have been condensed and compared on a like-for-like basis with those of the previous two financial years. They are as follows:

### Consolidated balance sheet

	30/6/00	30/6/01	30/6/02
	€ m	€ m	€ m
<b>Assets</b>			
Treasury funds employed .....	3,489.1	4,601.7	5,614.5
Loans and advances .....	16,595.5	16,998.1	17,154.2
Investment securities.....	3,139.0	3,333.7	3,351.5
Intangible assets .....	1.8	1.5	1.9
Property .....	64.2	63.3	122.0
Furniture and fixtures .....	4.9	3.9	4.2
Other assets .....	1,497.2	1,648.4	2,026.5
Total assets	<u>24,791.7</u>	<u>26,650.6</u>	<u>28,274.8</u>
<b>Liabilities</b>			
Deposits and loans .....	17,810.6	19,170.9	20,511.3
Provision for liabilities and charges .....	433.3	375.5	338.6
Consolidated provision for future liabilities and charges .....	6.0	6.8	5.8
Other liabilities .....	2,527.1	2,460.2	2,390.3
Credit risks provision .....	13.4	13.4	13.4
Subordinated liabilities.....	4.8	—	—
Equity attributable to minority shareholders..	29.7	49.0	53.6
Shareholders' equity .....	3,684.8	4,277.6	4,706.7
Profit for the year .....	282.0	297.2	255.1
Total liabilities	<u>24,791.7</u>	<u>26,650.6</u>	<u>28,274.8</u>

## Profit and Loss Account

	12 mths to 30/6/00	12 mths to 30/6/01	12 mths to 30/6/02
	€ m	€ m	€ m
Interest margin .....	457.9	530.1	550.4
Commissions received and other income ....	250.6	219.0	177.6
General expenses .....	(236.5)	(266.8)	(283.9)
<b>GROSS MARGIN FROM ORDINARY OPERATIONS</b> .....	<b>472.0</b>	<b>482.3</b>	<b>444.1</b>
Net gain (loss) on sale of securities held ....	204.2	101.7	463.7
Writebacks (writedowns) in securities and investments .....	(91.7)	(109.0)	(535.9)
Gain (loss) on exchange and derivative transactions .....	(0.2)	14.4	(18.6)
Bad debts written off .....	(45.8)	(42.7)	(46.8)
Net overprovision for taxation .....	—	—	6.8
Gain (loss) on investments stated on equity basis .....	4.9	0.2	(5.1)
<b>MARGIN BEFORE TAXATION AND PROVISION</b> .....	<b>543.4</b>	<b>446.9</b>	<b>308.2</b>
Extraordinary provisions.....	(114.9)	—	—
Transfers to provisions for liabilities and charges .....	(17.3)	(12.5)	(13.3)
Accelerated depreciation and amortization ..	(3.7)	(4.7)	(3.6)
Advance taxation for prior years .....	23.9	—	—
Taxation for the year .....	(143.0)	(126.2)	(29.2)
Profit attributable to minority shareholders ..	(6.4)	(6.3)	(7.0)
<b>NET PROFIT</b> .....	<b>282.0</b>	<b>297.2</b>	<b>255.1</b>

Key indices and financial ratios for the two-year period were as follows:

	30/6/00	30/6/01	30/6/02
Regulatory capital (€ m).....	4,773.8	5,410.2	6,227.0
Solvency margin (%) .....	19.49	20.83	23.71
Earnings per share (€) .....	0.47	0.46	0.33
Net asset value per share (€) .....	6.66	7.12	6.37
Gross gain per share on investment securities (€) ...	7.64	7.25	4.19
Price/earnings ratio .....	22.4	26.1	25.4
Price/book value ratio .....	1.6	1.8	1.5
Average number of employees in year ended 30/6 ...	1,155	1,214	1,234
No. of shares in issue (m).....	595.9	642.2	778.5

\* \* \*

The consolidated accounts reflect:

- a) a 7% increase of € 1,340.4m in funding from € 19,170.9m to € 20,511.3m, chiefly attributable to the parent company;
- b) a modest 0.9% increase of € 156.1m in loans from € 16,998.1m to € 17,154.2m. If account is taken of the securitization by *Compass* of loans current as to payment of principal and interest worth € 511m, the increase would be 3.9%. Outstandings at 30 June 2002 consisted of lending and structured finance as to 71%, consumer credit as to 11%, and leasing transactions as to 18%;
- c) an increase of € 1,012.8m in liquid assets, mainly attributable to MEDIOBANCA's treasury operations.

\* \* \*

Details of the Group's main properties are given in the table below:

	sq.m	Book value ( <sup>1</sup> )	Future redemption value
		€ '000	€ '000
Milan:			
• Piazzetta Enrico Cuccia, 1 .....	6,874	18,428.9	—
• Piazza Paolo Ferrari, 6 .....	1,967	5,371.2	—
• Via Filodrammatici, 3, 5, 7; Piazzetta Bossi, 1 (*)	11,000	33,719.9	626.8
• Foro Buonaparte, 6 .....	2,932	210.0	—
• Via Siusi, 1-7 .....	5,300	1,206.3	—
Rome:			
• Piazza di Spagna, 15 (*).....	6,280	9,009.1	1,678.5
• Via Nomentana, 146 .....	2,460	584.6	—
	<u>36,813</u>	<u>68,530.0</u>	

(<sup>1</sup>) Properties being acquired under the terms of a lease are marked with an asterisk. Their book value corresponds to the outstanding principal amount of the lease.

\* \* \*

The review of the Bank's operations outlines the general background of its activities during the period under review, and also describes the performance of the companies forming the Compass Group and our other main subsidiaries, together with their key operating figures. The following is a segmental overview of the main activities of Group undertakings.

## CONSUMER CREDIT

The two Group companies in this segment are *Compass* and *Cofactor*. The market grew by 14% as against 22% in the previous year, with this slowdown reflecting a decline in consumer demand and a more judicious approach by households to credit. The outlook for the current year, with economic stagnation persisting, points to moderate growth. Trends in the business volume of the Group's consumer credit business have been as follows:

	2000		2001		2002 E	
	€ '000	%	€ '000	%	€ '000	%
Vehicle credit .....	19,398	57.0	20,095	52.0	21,250	50.0
Personal loans .....	13,603	40.0	17,160	44.4	19,550	46.0
Other loans .....	1,033	3.0	1,390	3.6	1,700	4.0
	<u>34,034</u>	<u>100.0</u>	<u>38,645</u>	<u>100.0</u>	<u>42,500</u>	<u>100.0</u>

The Group's share of the Italian consumer credit market continues to be roughly stable at 3.2%.

## MORTGAGE FINANCE

With a booming property market, the Italian mortgage lending sector has continued to experience considerable growth, improving further on the sound progress achieved in the previous year. Bank of Italy figures show a 8.3% increase in mortgage lending for the twelve months to 31 March 2002 from € 28.2m to € 30.6m.

*Micos Banca*'s lending climbed by 45% to € 522.2m as at the balance sheet date.

## FINANCE LEASING

The Group's leasing business enjoyed favourable trading conditions, with turnover rising by 18.6% in the year to 31 December 2001, a growth rate expected to slow to 6.7% in the current year.

	2000		2001		2002E	
	€ m	%	€ m	%	€ m	%
Finance leasing:						
• Vehicles .....	7,800	23.8	8,600	22.1	9,000	21.7
• Capital goods .....	14,400	43.9	15,700	40.4	16,100	38.8
• Property .....	10,600	32.3	14,600	37.5	16,400	39.5
	<u>32,800</u>	<u>100.0</u>	<u>38,900</u>	<u>100.0</u>	<u>41,500</u>	<u>100.0</u>

The share of the *SelmaBipiemme Leasing* group (including *Teleleasing*) of the Italian market for finance leasing is around 3.1%.

## TRUST BUSINESS

At the balance sheet date, the value of assets and nominal value of securities held on a trustee basis and in custody deposits by *Spafid* and *Prudentia Fiduciaria* amounted to € 2,038.8m, as against € 2,288.3m as at 30 June 2001.

\* \* \*

## SHARES OF GROUP UNDERTAKINGS INCLUDED IN THE CONSOLIDATED ACCOUNTS

The Group subsidiary *Tradevco* has held 2,000 of its own shares, representing 40% of its capital stock, since 1977. There has been no movement in these shares since that time.

The Group subsidiary *Palladio Leasing* holds 5% of its capital, consisting of 867,500 shares. There was no movement in this holding during the period under review.

\* \* \*

No events have occurred since the balance sheet date which are likely to have any material effect on the prospects for the Group undertakings' activities as described in the review of the Bank's operations.

\* \* \*

### RECONCILIATION OF SHAREHOLDERS' EQUITY AND PROFIT

	Shareholders' equity € m	Profit for the year € m
Balance as at 30/6/02 as per the accounts of the parent company	4,216,992 <sup>(1)</sup>	117,646
Net surplus over book value of consolidated companies	84,568	17,954
Exchange differences arising from translation of accounts denominated in currencies other than the Euro	6,324	—
Other adjustments and reclassifications on consolidation, including those made for consistency with Group accounting policies	398,774	121,934
Dividends received during the year	—	(2,418)
Balance as at 30/6/02 as per the consolidated accounts	4,706,658 <sup>(2)</sup>	255,116

<sup>(1)</sup> Excluding € 241,627,000 relating to credit risks provision.

<sup>(2)</sup> Excluding € 13,428,000 relating to subsidiaries' taxed credit risks provisions.

Milan, 23 September 2002

THE BOARD OF DIRECTORS

## **AUDITORS' REPORT**

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF DECREE  
LAW 58/98**

To the shareholders of  
MEDIOBANCA – BANCA DI CREDITO FINANZIARIO SPA

- 1 We have audited the consolidated financial statements of the MEDIOBANCA GROUP as at 30 June, 2002. These financial statements are the responsibility of MEDIOBANCA – BANCA DI CREDITO FINANZIARIO SPA's directors. Our responsibility is to express an opinion on these financial statements based on our audit.
  
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 financial statements of the subsidiaries and associated companies, representing 21% of the consolidated assets and 38% of the item *Net interest income and similar revenues* respectively, have been examined by other auditors who supplied us with the related audit reports. The opinion we express in our report regarding the amounts related to the above companies and included in the consolidation is also based on the audit performed by other auditors.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 2 October 2001.

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. 07136881 – Bari 70125 Viale della Repubblica 110 Tel. 0805429863 – Bologna 40122 Via delle Lanze 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 Montevicchio 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





- 3 In our opinion, the consolidated financial statements of the MEDIOBANCA – BANCA DI CREDITO FINANZIARIO SPA as at 30 June 2002 comply with the laws governing the criteria for their preparation. Accordingly, they give a true and fair view of the consolidated financial position and of the consolidated results of operations of the Group.

Milan, 27 September 2002

PricewaterhouseCoopers SpA

Signed by: Antonio Taverna  
(Partner)

*This report has been translated from the original which has been issued in accordance with Italian legislation. We have not checked the translation of the consolidated financial statements.*

## **CONSOLIDATED ACCOUNTS**

## BALANCE SHEET

Assets		30/6/02		30/6/01	
		€ '000	€ '000	€ '000	€ '000
10.	CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES		5,663		6,639
20.	GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS		1,159,969		998,830
30.	AMOUNTS DUE FROM BANKS:		2,474,577		2,984,005
	a) repayable on demand	916,455		1,126,003	
	b) other accounts	1,558,122		1,858,002	
40.	AMOUNTS DUE FROM CUSTOMERS		17,439,435		16,915,830
	<i>of which:</i>				
	- <i>loans using funds managed for third parties</i>	—		—	
50.	BONDS AND OTHER DEBT SECURITIES ISSUED BY:		3,058,894		2,320,615
	a) public agencies	968,298		1,069,014	
	b) banks	708,569		366,984	
	<i>of which:</i>				
	- <i>own bonds</i>	423,313		22,453	
	c) financial companies	765,083		519,051	
	<i>of which:</i>				
	- <i>own bonds</i>	—		—	
	d) other issuers	616,944		365,566	
60.	EQUITIES, PARTICIPATING INTERESTS AND OTHER CAPITAL SECURITIES		1,154,378		177,366
70.	EQUITY INVESTMENTS:		3,265,278		3,300,913
	a) stated on net equity basis	52,548		186,641	
	b) other equity investments	3,212,730		3,114,272	
80.	INVESTMENTS IN GROUP UNDERTAKINGS:		2,160		103
	a) stated on net equity basis	2,160		103	
	b) other investments in Group undertakings	—		—	
110.	INTANGIBLE ASSETS		1,932		1,485
	<i>of which:</i>				
	- <i>installation costs</i>	4		295	
	- <i>goodwill</i>	—		—	
120.	TANGIBLE FIXED ASSETS		126,276		67,243
140.	OWN SHARES AND PARTICIPATING INTERESTS		1,216		1,216
150.	OTHER ASSETS		702,331		590,519
160.	ACCRUED INCOME AND PREPAID EXPENSES:		1,113,053		1,046,695
	a) accrued income	956,116		895,332	
	b) prepaid expenses	156,937		151,363	
	<i>of which:</i>				
	- <i>issue discounts on bonds</i>	11,122		14,069	
			<b>30,505,162</b>		<b>28,411,459</b>

## GUARANTEES AND COMMITMENTS

Guarantees and Commitments		30/6/02		30/6/01	
		€ '000	€ '000	€ '000	€ '000
10.	GUARANTEES GIVEN		844,510		2,252,290
	<i>of which:</i>				
	- <i>acceptances</i>	—		—	
	- <i>other guarantees</i>	844,510		2,252,290	
20.	COMMITMENTS		8,770,715		8,521,381
	<i>of which:</i>				
	- <i>assets sold under repurchase agreements</i>	—		—	
30.	CREDIT DERIVATIVES		215,038		455,000

Liabilities and Shareholders' Equity		30/6/02		30/6/01	
		€ '000	€ '000	€ '000	€ '000
10.	AMOUNTS DUE TO BANKS:		6,685,060		6,379,739
	a) repayable on demand	1,615,067		389,256	
	b) term deposits and deposits under notice	5,069,993		5,990,483	
20.	AMOUNTS DUE TO CUSTOMERS:		773,997		891,764
	a) repayable on demand	357,705		354,768	
	b) term deposits and deposits under notice	416,292		536,996	
30.	DEBT SECURITIES IN ISSUE:		15,088,756		14,224,455
	a) bonds	12,049,171		10,616,570	
	b) certificates of deposit	831,066		1,040,035	
	c) other debt securities	2,208,519		2,567,850	
50.	OTHER LIABILITIES		1,715,747		1,006,445
60.	ACCRUED EXPENSES AND DEFERRED INCOME:		867,130		888,335
	a) accrued expenses	616,674		621,618	
	b) deferred income	250,456		266,717	
70.	PROVISION FOR STAFF TERMINATION INDEMNITIES		28,621		28,573
80.	PROVISIONS FOR LIABILITIES AND CHARGES:		315,817		353,681
	a) post-retirement and similar benefits	—		—	
	b) provision for taxation	274,270		316,813	
	c) consolidated provision for future liabilities and charges	5,810		6,797	
	d) other provisions	35,737		30,071	
90.	CREDIT RISKS PROVISION		13,428		13,428
100.	PROVISION FOR GENERAL BANKING RISKS		317,430		317,430
120.	SURPLUS ON CONSOLIDATION		84,568		84,568
140.	NET EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS		53,616		49,032
150.	SHARE CAPITAL		389,265		331,650
160.	SHARE PREMIUM RESERVE		1,806,980		1,805,791
170.	RESERVES:		2,096,018		1,725,786
	a) legal reserve	77,852		61,784	
	b) reserve for purchase of own shares and participating interests	1,216		1,216	
	c) statutory reserves	1,033,329		988,914	
	d) other reserves	983,621		673,872	
180.	REVALUATION RESERVES		13,514		13,514
190.	RETAINED EARNINGS (ACCUMULATED LOSSES)		99		42
200.	PROFIT (LOSS) FOR THE YEAR		255,116		297,226
			<b>30,505,162</b>		<b>28,411,459</b>

## PROFIT AND LOSS ACCOUNT

	12 months ended 30/6/02		12 months ended 30/6/01	
	€ '000	€ '000	€ '000	€ '000
10. INTEREST RECEIVABLE AND SIMILAR INCOME		1,263,964		1,295,264
<i>of which interest on:</i>				
- loans and advances to customers	953,781		1,011,772	
- debt securities	156,067		151,627	
20. INTEREST PAYABLE AND SIMILAR EXPENSES		(883,796)		(961,785)
<i>of which interest on:</i>				
- customer deposits	(27,011)		(29,608)	
- debt securities	(625,799)		(695,445)	
30. DIVIDENDS ON AND OTHER INCOME FROM:		244,712		152,131
a) equities, participating interests and other capital securities	121,375		5,118	
b) equity investments	123,337		147,013	
c) investments in Group undertakings	—		—	
40. COMMISSIONS RECEIVABLE		164,211		186,573
50. COMMISSIONS PAYABLE		(61,906)		(56,617)
60. GAINS (LOSSES) ON DEALING TRANSACTIONS		(151,630)		20,932
70. OTHER INCOME FROM OPERATIONS		175,131		204,810
80. ADMINISTRATIVE EXPENSES:		(221,454)		(195,617)
a) personnel costs	(109,354)		(96,740)	
<i>of which:</i>				
- wages and salaries	(78,822)		(68,038)	
- social security charges	(22,341)		(20,185)	
- transfer to termination indemnity provision	(6,073)		(5,700)	
- post-retirement and similar benefits	(2,118)		(2,817)	
b) other administrative expenses	(112,100)		(98,877)	
90. ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS		(11,288)		(11,635)
100. TRANSFER TO PROVISION FOR LIABILITIES AND CHARGES		(13,352)		(12,494)
110. OTHER OPERATING EXPENSES		(137,296)		(161,910)
120. ADJUSTMENTS TO LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS		(49,580)		(45,546)
130. WRITEBACKS OF LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS		2,714		2,825
150. ADJUSTMENTS TO FINANCIAL FIXED ASSETS		(558,737)		(159,761)
160. WRITEBACKS OF FINANCIAL FIXED ASSETS		—		52,900
170. GAIN (LOSS) ON INVESTMENTS STATED ON NET EQUITY BASIS		(5,080)		126
180. <b>PROFIT (LOSS) ON ORDINARY ACTIVITIES</b>		<b>(243,387)</b>		<b>310,196</b>
190. EXTRAORDINARY INCOME		478,170		398,192
200. EXTRAORDINARY EXPENDITURE		(6,227)		(278,715)
210. <b>EXTRAORDINARY PROFIT (LOSS)</b>		<b>471,943</b>		<b>119,477</b>
230. CHANGE IN GENERAL BANKING RISK PROVISION		—		—
240. INCOME TAXES FOR THE YEAR		33,522		(126,172)
250. (PROFIT) LOSS FOR THE YEAR ATTRIBUTABLE TO MINORITY INTERESTS		(6,962)		(6,275)
260. <b>PROFIT (LOSS) FOR THE YEAR</b>		<b>255,116</b>		<b>297,226</b>

## NOTES TO THE ACCOUNTS OF THE BANK

	page
<b>A. Accounting Policies</b>	
1. Description of accounting policies	151
2. Tax adjustments and provisions	152
<b>B. Notes to the Balance Sheet</b>	
1. Accounts receivable	153
2. Securities	159
3. Equity investments	161
4. Tangible and intangible fixed assets	166
5. Other asset headings	168
6. Accounts payable	169
7. Provisions	170
8. Share capital, reserves, provision for general banking risks and subordinated liabilities	175
9. Other liability headings	178
10. Guarantees and commitments	179
11. Segmental information	183
12. Securities managed and traded for third parties	189
<b>C. Notes to the Profit and Loss Account</b>	
1. Interest	190
2. Commissions	191
3. Gains and losses on dealing transactions	193
4. Administrative expenses	194
5. Adjustments, writebacks and transfers to provisions	195
6. Other profit and loss headings	196
7. Segmental information	198
<b>D. Other information</b>	
1. Directors and Statutory Auditors	200

## A. ACCOUNTING POLICIES

### 1. Methods of consolidation and accounting policies

#### *Scope of consolidation*

The consolidated accounts comprise the results of MEDIOBANCA S.p.A. (the “Bank” or “Parent Company”) and those of its 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. For this year alone Prominvestment has also been consolidated using this method, a controlling interest in this company having been acquired by the Bank in the first half of 2002.

All other equities, rights, and participating interests are stated at book value, determined on the same basis as in the parent company’s accounts. In the case of exceptions to these principles, the reasons therefor are discussed in the review of operations and its 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 as at 30 June 1994, when the accounts were first consolidated, have been taken to the items *Surplus on consolidation* or *Consolidated provision for future liabilities and charges*. No goodwill on consolidation has been attributed to any assets.

The portion of net equity and share of profits attributable to minorities 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 non-Eurozone currencies have been translated into Euros at exchange rates ruling on 30 June. Exchange differences against net equity arising when the accounts were first consolidated 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 annual or interim financial statements as at 30 June, 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 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.

### *Accounting policies*

Accounting policies are the same as those used in presenting the Parent Company's accounts, with the exception of tangible and intangible fixed assets (excluding properties), which in some subsidiaries are depreciated or amortized over estimated useful lives.

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

## **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.



## B. NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. Accounts receivable

#### 1.1 Heading 30: Amounts due from banks

	30/6/02 € '000	30/6/01 € '000
a) Deposits with central banks	85,757	52,400
b) Bills eligible for refinancing at central banks	—	—
c) Forward transactions	670,242	480,078
d) Securities lent	354,723	527,298

#### 1.2a Analysis of cash 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 <sup>(1)</sup></i>	193	—	193
<i>of which: to countries at risk</i>	193	—	193
<i>a.2. Potential problem lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	13,444	—	13,444
<i>of which: countries at risk</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

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

#### 1.2b Analysis of cash amounts due from banks as at 30 June 2001

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	16,101	—	16,101
<i>a.1. Non-performing lendings <sup>(1)</sup></i>	193	—	193
<i>of which: to countries at risk</i>	193	—	193
<i>a.2. Potential problem lendings</i>	—	—	—
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	15,610	—	15,610
<i>of which: countries at risk</i>	15,610	—	15,610
<i>a.5. Unsecured credits to countries at risk</i>	298	—	298
b) Loans current as to payment of principal and interest	2,967,904	—	2,967,904

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

1.3a *Movements in doubtful debts due from banks in year ended 30 June 2002*

	Gross exposure	Potential problem loans	Debt in process of restructuring	Restructured debts	Unsecured credits to countries at risk	Total gross doubtful debts
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
a) Gross exposure as at 30/6/01	193	—	—	15,610	298	16,101
<i>a.1. of which: interest in suspense</i>	—	—	—	—	—	—
b) Additions	—	—	—	174	415	589
<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>	—	—	—	174	415	589
c) Reductions	—	—	—	2,340	—	2,340
<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>	—	—	—	2,340	—	2,340
d) Gross exposure as at 30/6/02	193	—	—	13,444	713	14,350
<i>d.1. of which: interest in suspense</i>	—	—	—	—	—	—

1.3b *Movements in doubtful debts due from banks in year ended 30 June 2001*

	Gross exposure	Potential problem loans	Debt in process of restructuring	Restructured debts	Unsecured credits to countries at risk	Total gross doubtful debts
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
a) Gross exposure as at 30/6/00	193	—	—	14,193	30,387	44,773
<i>a.1. of which: interest in suspense</i>	—	—	—	—	156	156
b) Additions	—	—	—	1,801	298	2,099
<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>	—	—	—	1,801	298	2,099
c) Reductions	—	—	—	384	30,387	30,771
<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>	—	—	—	384	30,387	30,771
d) Gross exposure as at 30/6/01	193	—	—	15,610	298	16,101
<i>d.1. of which: interest in suspense</i>	—	—	—	—	—	—

### 1.5 Heading 40: Amounts due from customers

	30/6/02 € '000	30/6/01 € '000
a) Bills eligible for refinancing at central banks	—	—
b) Amounts due under finance leases	3,030,234	2,998,641
c) Forward transactions	355,918	243,776
d) Securities lent	4,261	—

### 1.6 Secured loans to customers

	30/6/02 € '000	30/6/01 € '000
a) Loans secured by mortgages	845,922	689,178
b) Loans secured by pledges on:		
1. cash deposits	8,501	368,893
2. securities	1,258,437	1,990,391
3. other assets	61,446	1,154
c) Loans secured by guarantees given by:		
1. Governments	516,457	599,090
2. public agencies	3,345	5,747
3. banks	1,720,995	1,747,138
4. others	4,285,574	5,134,746

### 1.7a Analysis of cash 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
a.1. Non-performing lendings	118,439	77,509	40,930
of which: to countries at risk	859	859	—
a.2. Potential problem lendings	37,868	16,950	20,918
of which: to countries at risk	—	—	—
a.3. Debt in process of restructuring	16,241	—	16,241
of which: countries at risk	—	—	—
a.4. Restructured debt	—	—	—
of which: countries at risk	—	—	—
a.5. Unsecured credits to countries at risk	346	346	—
b) Loans current as to payment of principal and interest	17,364,864	3,518	17,361,346

1.7b *Analysis of amounts due from customers as at 30 June 2001*

	Gross exposure € '000	Total adjustment € '000	Net exposure € '000
a) Doubtful debts:	171,981	101,907	70,074
<i>a.1. Non-performing lendings</i>	128,027	85,580	42,447
<i>of which: to countries at risk</i>	505	505	—
<i>a.2. Potential problem lendings</i>	31,117	15,920	15,197
<i>of which: to countries at risk</i>	—	—	—
<i>a.3. Debt in process of restructuring</i>	12,430	—	12,430
<i>of which: countries at risk</i>	—	—	—
<i>a.4. Restructured debt</i>	—	—	—
<i>of which: countries at risk</i>	—	—	—
<i>a.5. Unsecured credits to countries at risk</i>	407	407	—
b) Loans current as to payment of principal and interest	16,850,405	4,649	16,845,756

1.8a *Movements in doubtful debts due from customers in year ended 30 June 2002*

	Gross exposure € '000	Potential problem loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debts € '000
a) Gross exposure as at 30/6/01	128,027	31,117	12,430	—	407	171,981
<i>a.1. of which: interest in suspense</i>	72,010	4,319	149	—	—	76,478
b) Additions	30,325	41,873	74,846	—	346	147,390
<i>b.1. Transfers from loans current as to payment of principal and interest</i>	2,324	18,020	67,303	—	—	87,647
<i>b.2. Interest in suspense</i>	14,061	2,621	711	—	—	17,393
<i>b.3. Transfers from other classes of doubtful debt</i>	3,460	17,463	1,907	—	—	22,830
<i>b.4. Other additions</i>	10,480	3,769	4,925	—	346	19,520
c) Reductions	39,913	35,122	71,035	—	407	146,477
<i>c.1. Transfers to loans current as to payment of principal and interest</i>	293	6,461	48,005	—	—	54,759
<i>c.2. Amounts written off</i>	30,000	4,643	78	—	—	34,721
<i>c.3. Amounts collected</i>	7,443	6,798	—	—	—	14,241
<i>c.4. Proceeds of debt sold</i>	—	—	—	—	—	—
<i>c.5. Transfers from other classes of doubtful debt</i>	161	5,309	17,360	—	—	22,830
<i>c.6. Other reductions</i>	2,016	11,911	5,592	—	407	19,926
d) Gross exposure as at 30/6/02	118,439	37,868	16,241	—	346	172,894
<i>d.1. of which: interest in suspense</i>	63,474	6,177	—	—	—	69,651

1.8b *Movements in doubtful debts due from customers in year ended 30 June 2001*

	Gross exposure € '000	Potential problem loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Total gross doubtful debts € '000
a) Gross exposure as at 30/6/00	129,588	29,189	9,498	—	—	168,275
<i>a.1. of which: interest in suspense</i>	74,093	6,507	198	—	—	80,798
b) Additions	41,799	29,702	57,666	—	407	129,574
<i>b.1. Transfers from loans current as to payment of principal and interest</i>	2,773	14,997	48,097	—	407	66,274
<i>b.2. Interest in suspense</i>	21,800	3,106	142	—	—	25,048
<i>b.3. Transfers from other classes of doubtful debt</i>	9,614	8,652	2,667	—	—	20,933
<i>b.4. Other additions</i>	7,612	2,947	6,760	—	—	17,319
c) Reductions	43,360	27,774	54,734	—	—	125,868
<i>c.1. Transfers to loans current as to payment of principal and interest</i>	60	4,701	34,921	—	—	39,682
<i>c.2. Amounts written off</i>	32,284	587	2,152	—	—	35,023
<i>c.3. Amounts collected</i>	8,905	7,218	5,297	—	—	21,420
<i>c.4. Proceeds of debt sold</i>	—	3,636	—	—	—	3,636
<i>c.5. Transfers from other classes of doubtful debt</i>	145	10,359	10,429	—	—	20,933
<i>c.6. Other reductions</i>	1,966	1,273	1,935	—	—	5,174
d) Gross exposure as at 30/6/01	128,027	31,117	12,430	—	407	171,981
<i>d.1. of which: interest in suspense</i>	72,010	4,319	149	—	—	76,478

1.9a *Movements in value adjustments to amounts due from customers in year ended 30 June 2002*

	Gross exposure € '000	Potential problem loans € '000	Debt in process of restructuring € '000	Restructured debts € '000	Unsecured credits to countries at risk € '000	Loans current as to payment of principal and interest € '000	Total adjustments € '000
a) Total adjustments at 30/6/01	85,580	15,920	—	—	407	4,649	106,556
<i>a.1. of which: interest in suspense</i>	72,007	4,319	—	—	—	2,006	78,332
b) Additions	27,585	38,542	—	—	346	3,555	70,028
<i>b.1. Value adjustments</i>	25,687	40,575	—	—	346	2,852	69,460
<i>b.1.1. of which: interest in suspense</i>	14,020	3,805	—	—	—	2,063	19,888
<i>b.2. Transfers from credit risk provision</i>	—	(9,761)	—	—	—	—	(9,761)
<i>b.3. Transfers from other classes of doubtful debt</i>	776	5,637	—	—	—	703	7,116
<i>b.4. Other additions</i>	1,122	2,091	—	—	—	—	3,213
c) Reductions	35,656	37,512	—	—	407	4,686	78,261
<i>c.1. Writebacks based on estimates</i>	866	—	—	—	407	795	2,068
<i>c.1.1. of which: interest in suspense</i>	—	—	—	—	—	795	795
<i>c.2. Writebacks of amounts collected</i>	1,459	633	—	—	—	255	2,347
<i>c.2.1. of which: interest in suspense</i>	864	70	—	—	—	255	1,189
<i>c.3. Amounts written off</i>	27,493	31,787	—	—	—	—	59,280
<i>c.4. Transfers to other classes of doubtful debt</i>	5,202	4,862	—	—	—	762	10,826
<i>c.5. Other reductions</i>	636	230	—	—	—	2,874	3,740
d) Total adjustments at 30/6/02	77,509	16,950	—	—	346	3,518	98,323
<i>d.1. of which: interest in suspense</i>	63,472	6,177	—	—	—	217	69,866

1.9b *Movements in value adjustments to amounts due from customers in year ended 30 June 2001*

	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 30/6/00	85,615	21,154	4,861	—	—	5,818	117,448
<i>a.1. of which: interest in suspense</i>	74,090	6,506	198	—	—	382	81,176
b) Additions	36,525	30,629	—	—	407	4,617	72,178
<i>b.1. Value adjustments</i>	32,156	37,090	—	—	407	1,357	71,010
<i>b.1.1. of which: interest in suspense</i>	21,804	3,106	—	—	—	1,357	26,267
<i>b.2. Transfers from credit risk provision</i>	—	(6,559)	—	—	—	—	(6,559)
<i>b.3. Transfers from other classes of doubtful debt</i>	4,359	30	—	—	—	1,098	5,487
<i>b.4. Other additions</i>	10	68	—	—	—	2,162	2,240
c) Reductions	36,560	35,863	4,861	—	—	5,786	83,070
<i>c.1. Writebacks based on estimates</i>	1,505	—	—	—	—	—	1,505
<i>c.1.1. of which: interest in suspense</i>	852	—	—	—	—	—	852
<i>c.2. Writebacks of amounts collected</i>	1,953	1,090	—	—	—	198	3,241
<i>c.2.1. of which: interest in suspense</i>	1,069	633	—	—	—	—	1,702
<i>c.3. Amounts written off</i>	30,023	1,414	—	—	—	3,674	35,111
<i>c.4. Transfers to other classes of doubtful debt</i>	—	114	4,861	—	—	513	5,488
<i>c.5. Other reductions</i>	3,079	33,245	—	—	—	1,401	37,725
d) Total adjustments at 30/6/01	85,580	15,920	—	—	407	4,649	106,556
<i>d.1. of which: interest in suspense</i>	72,007	4,319	—	—	—	2,006	78,332

Heading 10: *Cash and deposits with central banks and post offices*

	30/6/02 € '000	30/6/01 € '000
a) Cash and value items in hand	2,919	4,702
b) Deposits with the Bank of Italy and other central banks	502	354
c) Deposits with other institutions	2,242	1,582
	5,663	6,638

## 2. Securities

### 2.1 Investment securities

	Book value € '000		Market value € '000	
	30/6/02	30/6/01	30/6/02	30/6/01
1. DEBT SECURITIES	81,020	30,018	97,894	46,020
1.1 Government securities:	—	—	—	—
• listed	—	—	—	—
• unlisted	—	—	—	—
1.2 Other debt securities:	81,020	30,018	97,894	46,020
• listed	75,495	22,856	92,369	38,858
• unlisted	5,525	7,162	5,525	7,162
2. CAPITAL SECURITIES	3,045	2,630	3,045	3,116
• listed	3,045	2,630	3,045	3,116
• unlisted	—	—	—	—
	84,065	32,648	100,939	49,136

### Differences between redemption value on maturity and book value

	30/6/02 € '000	30/6/01 € '000
Surplus	27,311	28,784
Shortfall	—	872

### 2.2 Movements in investment securities

	30/6/02 € '000	30/6/01 € '000
A. HOLDING AT BEGINNING OF PERIOD	32,648	82,896
B. ADDITIONS	116,454	30,447
B1. Acquisitions	86,548	13,188
B2. Writebacks	—	—
B3. Transfers from holdings of non-investment securities	—	—
B4. Other movements	29,906	17,259
C. REDUCTIONS	65,037	80,695
C1. Disposals	45,643	68,035
C2. Redemptions	—	9,605
C3. Value adjustments	9,762 <sup>(1)</sup>	—
of which: permanent writedowns	—	—
C4. Transfers to holdings of non-investment securities	—	—
C5. Other movements	9,632	3,055
D. HOLDING AT END OF PERIOD	84,065	32,648

<sup>(1)</sup> Based on share prices as at 28 June 2002.

### 2.3 Non-investment securities

	Book value € '000		Market value € '000	
	30/6/02	30/6/01	30/6/02	30/6/01
1. DEBT SECURITIES	4,137,843	3,289,427	4,152,207	3,300,503
1.1 Government securities	1,972,492	1,948,016	1,975,437	1,949,587
• <i>listed</i>	1,972,492	1,948,016	1,975,437	1,949,587
• <i>unlisted</i>	—	—	—	—
1.2 Other debt securities:	2,165,351	1,341,411	2,176,770	1,350,916
• <i>listed</i>	1,483,054	917,674	1,493,962	927,179
• <i>unlisted</i>	682,297	423,737	682,808	423,737
2. CAPITAL SECURITIES	1,151,333	174,736	1,171,658	177,005
• <i>listed</i>	1,151,206	174,661	1,171,531	176,930
• <i>unlisted</i>	127	75	127	75
	5,289,176	3,464,163	5,323,865	3,477,508

### 2.4 Movements in non-investment securities

	30/6/02 € '000	30/6/01 € '000
A. HOLDING AT BEGINNING OF PERIOD	3,464,163	2,813,797
Net reduction due to change in companies consolidated	—	(10,080)
PRO-FORMA HOLDING AT BEGINNING OF PERIOD	3,464,163	2,803,717
B. ADDITIONS	37,889,749	23,073,446
B1. Acquisitions:	37,693,170	22,947,719
1. Debt securities:	30,270,653	18,122,762
• <i>Government securities</i>	25,291,124	14,045,665
• <i>other debt securities</i>	4,979,529	4,077,097
2. Capital securities	7,422,517	4,824,957
B2. Writebacks and revaluations	4,689	3,064
B3. Transfers from holdings of investment securities	38,071	—
B4. Other movements	153,819	122,663
C. REDUCTIONS	36,064,736	22,413,000
C1. Disposals and redemptions:	35,681,394	22,241,115
1. Debt securities:	29,449,947	17,552,291
• <i>Government securities</i>	25,174,182	13,670,618
• <i>other debt securities</i>	4,275,765	3,881,673
2. Capital securities	6,231,447	4,688,824
C2. Value adjustments	44,612 <sup>(1)</sup>	22,185
C3. Transfers to holdings of investment securities	—	55,032
C4. Other movements	338,730	94,668
D. HOLDING AT END OF PERIOD	5,289,176	3,464,163

(1) Based on share prices as at 28 June 2002 in the case of equities.

Securities intended for use on a continuing basis in the Bank's operations are classified as *investment securities* and consist of debt securities, most of which are convertible into equities, or have been issued with warrants.

Securities maintained for use in treasury transactions are classified as *non-investment securities*.



### 3. Equity investments

#### 3.1. Significant investments

	Share capital		S/A ( <sup>1</sup> )	Shareholders' equity € '000 (*) ( <sup>2</sup> )	Profit (loss) € '000 (*)	Group interest		% voting shares at Ord. AGMs	Consolidated book value € '000
	€ (*)	€ (**)				Held by ( <sup>3</sup> )	%		
A. CONSOLIDATED COMPANIES									
A.1 Companies consolidated on line-by-line basis									
1. MEOBANCA - Banca di Credito Finanziario S.p.A. - Milan	389,274,707.5	0.50	—	4,216,992	117,646	—	—	—	XXX
2. MB FINSTRUTTURE - INTERSOMER S.p.A. - Milan	6.5m	0.50	S	7,562	8	A.1.1	100.00	100.00	XXX
3. PRUDENTIA FIDUCIARIA S.p.A. - Milan	100,000	5	S	393	40	A.1.1	100.00	100.00	XXX
4. SADE FINANZIARIA S.p.A. - Milan	6.5m	0.50	S	31,769	486	A.1.1	100.00	100.00	XXX
5. SETECI - Società per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.p.A. - Milan	500,000	5	S	528	1	A.1.1	100.00	100.00	XXX
6. SPAFID S.p.A. - Milan	100,000	10	S	31,111	260	A.1.1	100.00	100.00	XXX
7. TECHNOSTART S.p.A. - Milan	1m	0.50	S	752	(57)	A.1.1	69.00	69.00	XXX
8. MEOBANCA INTERNATIONAL Ltd. - Grand Cayman	USD 10m	USD 1	S	USD 58,228	USD 5,611	A.1.1	100.00	100.00	XXX
9. TRADEVCO Ltd. - Monrovia, Liberia	LRD 80m	LRD 16,000	S	LRD 291,731	LRD 1,382	A.1.1 A.1.9	60.00 40.00	100.00	XXX
10. COMPASS S.p.A. - Milan	87.5m	5	S	132,761	1,023	A.1.1	100.00	100.00	XXX
11. MICOS BANCA SpA - Milan	35m	0.50	S	34,501	(403)	A.1.10	100.00	100.00	XXX
12. COFACTOR S.p.A. - Milan	7.5m	0.50	S	7,736	3,523	A.1.10	100.00	100.00	XXX
13. SELMABPIEMME LEASING S.p.A. - Milan	40.2m	0.50	S	55,647	8,111	A.1.10	61.65	61.65	XXX
14. PALLADIO LEASING S.p.A. - Vicenza	8.7m	0.50	S	35,027	5,693	A.1.13 A.1.14	95.00 5.00	100.00	XXX
15. TELELEASING S.p.A. - Milan	9.5m	1	S	50,012	4,080	A.1.13	80.00	80.00	XXX

	Share capital € (*)	Par value of shares €	S/A ( <sup>1</sup> )	Shareholders' equity € '000 (*) ( <sup>2</sup> )	Profit (loss) € '000 (*)	Group interest		% voting shares at Ord. AGMs	Consolidated book value € '000
						Held by ( <sup>3</sup> )	%		
<b>B. COMPANIES CONSOLIDATED ON NET EQUITY BASIS</b>									
1. BANCA ESPERIA S.p.A. - Milan ( <sup>4</sup> )	13m	0.52	A	50,704	(6,022)	A.1.1	48.50	48.50	XXX
2. PROMINVESTMENT S.p.A. - Rome	520,000	0.52	A	1,071	2	A.1.1	100.00	100.00	XXX
3. RICERCHE E STUDI S.p.A. - Milan	100,000	5	S	103	—	A.1.1	100.00	100.00	XXX
4. MB VENTURE CAPITAL S.A. - Luxembourg	40,000	10	A	269	(25)	A.1.7	35.00	35.00	XXX
5. MB VENTURE CAPITAL FUND I PARTICIPATING COMPANY A N.V. - Amsterdam	50,000	1	A	9,642	(2)	A.1.1	45.00	45.00	XXX
6. FIDIA - Fondo Interbancario d'Investimento Azionario S.p.A. - Milan	Lit. 15.6m	520	A	( <sup>5</sup> ) 31,201	( <sup>5</sup> ) 3	A.1.1	25.00	25.00	XXX
7. CREDITECH S.p.A. - Milan	250,000	1		815	170	A.1.10	100.00	100.00	XXX
<b>C. OTHER SIGNIFICANT INVESTMENTS</b>									
1. ATHENA PRIVATE EQUITY S.A. - Luxembourg	50m	2	A	49,799	(4,821)	A.1.1	24.46	24.46	XXX
2. CARTIERE BURGO S.p.A. - Verzuolo (CN)	156.3m	0.52		169,388	814	A.1.1	23.04	23.04	XXX
3. FERRARI S.p.A. - Modena	516,200	51.62		171,354	24,310	A.1.1	21.50	21.50	
4. IRAN AND ITALY INDUSTRIAL PROMOTION COMPANY - Tehran ( <sup>6</sup> )	Rials 400m	100,000	A	401,610	(89,340)	A.1.1	50.00	50.00	XXX
5. SCONTOFIN S.A. - Luxembourg	2.6m	516.5	A	2,632	335	A.1.4	20.00	20.00	XXX
6. ZAMBIA TANZANIA ROAD SERVICES Ltd (in liquidation) - Lusaka	Kwacha 4m	Kwacha 200	A	Kwacha —	Kwacha —	A.1.2	23.33	23.33	XXX

(<sup>1</sup>) S = subsidiary as defined in Article 25/1 a) of Italian Legislative Decree 87/92. A = associated company.

(<sup>2</sup>) Determined without taking account of profit (loss) for period.

(<sup>3</sup>) See number in extreme left-hand column for holder of Group interest.

(<sup>4</sup>) During the period under review, this bank was officially recognized by the Bank of Italy as the parent company of the Banca Esperia group.

(<sup>5</sup>) Figures in Lit.m.

(<sup>6</sup>) This company has not been consolidated pursuant to Article 36/4 of Decree Law 87/92.

## Changes in companies consolidated on line-by-line basis in year ended 30 June 2002

Company name and principal place of business	Reason for change
Newly consolidated companies: CREDITECH S.p.A. - Milan	Acquisition
Deconsolidated companies: CONSORTIUM S.r.l. - Milan	Disposal

### 3.2 Amounts due from and to Group undertakings

	30/6/02 € '000	30/6/01 € '000
a) AMOUNTS DUE FROM GROUP UNDERTAKINGS	513	503
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 companies	513	503
<i>of which: subordinated</i>	—	—
4. Bonds and other debt securities	—	—
<i>of which: subordinated</i>	—	—
b) AMOUNTS DUE TO GROUP UNDERTAKINGS	719	1
1. Amounts due to banks	—	—
2. Amounts due to financial companies	—	—
3. Amounts due to other companies	719	1
4. Debt securities	—	—
5. Subordinated liabilities	—	—
c) GUARANTEES AND COMMITMENTS	3	13
1. Guarantees given	—	—
2. Commitments	3	13

### 3.3 Amounts due from and to associated undertakings

	30/6/02 € '000	30/6/01 € '000
a) AMOUNTS DUE FROM ASSOCIATED UNDERTAKINGS	3,447,023	4,376,599
1. Amounts due from banks	26,652	928,378
<i>of which: subordinated</i>	—	—
2. Amounts due from financial companies	1,362,729	2,148,864
<i>of which: subordinated</i>	—	—
3. Amounts due from other companies	1,822,763	1,165,122
<i>of which: subordinated</i>	—	—
4. Bonds and other debt securities	234,879	134,235
<i>of which: subordinated</i>	41,390	38,399
b) AMOUNTS DUE TO ASSOCIATED UNDERTAKINGS	437,446	374,542
1. Amounts due to banks	428,072	231,514
2. Amounts due to financial companies	7,990	141,500
3. Amounts due to other companies	1,384	1,528
4. Debt securities	—	—
5. Subordinated liabilities	—	—
c) GUARANTEES AND COMMITMENTS	827,508	1,561,647
1. Guarantees given	33,049	354,591
2. Commitments	794,459	1,207,056

### 3.4 Heading 70: *Equity investments*

	30/6/02 € '000	30/6/01 € '000
a) INVESTMENTS IN BANKS	514,414	749,810
1. <i>listed</i>	469,986	706,056
2. <i>unlisted</i>	44,428	43,754
b) INVESTMENTS IN FINANCIAL COMPANIES	175,200	299,360
1. <i>listed</i>	93,457	103,234
2. <i>unlisted</i>	81,743	196,126
c) OTHER EQUITY INVESTMENTS	2,575,664	2,251,742
1. <i>listed</i>	2,007,623	2,170,186
2. <i>unlisted</i>	568,041	81,556

### 3.5 Heading 80: *Investments in Group undertakings*

	30/6/02 € '000	30/6/01 € '000
a) INVESTMENTS IN BANKS	—	—
1. <i>listed</i>	—	—
2. <i>unlisted</i>	—	—
b) INVESTMENTS IN FINANCIAL COMPANIES	1,072	—
1. <i>listed</i>	—	—
2. <i>unlisted</i>	1,072	—
c) INVESTMENTS IN OTHER GROUP UNDERTAKINGS	1,088	103
1. <i>listed</i>	—	—
2. <i>unlisted</i>	1,088	103

### 3.6 *Movements in investments*

#### 3.6.1 Movements in investments in Group undertakings

	30/6/02 € '000	30/6/01 € '000
A. HOLDING AT BEGINNING OF PERIOD	103	35,898
B. ADDITIONS	3,153	—
B1. Acquisitions	2,331	—
B2. Writebacks	—	—
B3. Revaluations	—	—
B4. Other movements	822	—
C. REDUCTIONS	1,096	35,795
C1. Disposals	—	—
C2. Value adjustments	—	—
<i>of which: permanent writedowns</i>	—	—
C3. Other movements	1,096	35,795 <sup>(1)</sup>
D. HOLDING AT END OF PERIOD	2,160	103
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS	1,189	93

(1) Attributable to subsidiary previously included on net equity basis being consolidated on line-by-line basis.

### 3.6.2 Movements in other investments

	30/6/02			30/6/01		
	Stated at cost € '000	Stated at net equity € '000	Total € '000	Stated at cost € '000	Stated at net equity € '000	Total € '000
A. HOLDING AT BEGINNING OF PERIOD	3,114,272	186,641	3,300,913	2,993,784	26,438	3,020,222
B. ADDITIONS	1,547,856	22,224	1,570,080	2,030,780	160,203	2,190,983
B1. Acquisitions	879,458	13,659	893,117	1,236,028	160,069	1,396,097
B2. Writebacks	—	—	—	52,892	8	52,900
B3. Revaluations	—	—	—	—	—	—
B4. Other movements	668,398	8,565	676,963	741,860	126	741,986
C. REDUCTIONS	1,449,397	156,317	1,605,714	1,910,292	—	1,910,292
C1. Disposals	872,069	147,694	1,019,763	1,047,166	—	1,047,166
C2. Value adjustments	548,975	—	548,975 <sup>(1)</sup>	150,156	—	150,156
<i>of which: permanent     writedowns</i>	519	—	519	26,121	—	26,121
C3. Other movements	28,353	8,623	36,976	712,970	—	712,970
D. HOLDING AT END OF PERIOD	3,212,731	52,548	3,265,279	3,114,272	186,641	3,300,913
E. TOTAL REVALUATIONS	—	—	—	—	—	—
F. TOTAL ADJUSTMENTS	705,059	—	705,059	159,820	—	159,820

<sup>(1)</sup> Based on share prices as at 28 June 2002.

## 4. Tangible and intangible fixed assets

### 4.1 Movements in tangible fixed assets

	30/6/02			30/6/01		
	Properties (*) € '000	Furniture and equipment € '000	Total € '000	Properties € '000	Furniture and equipment € '000	Total € '000
A. HOLDING AT BEGINNING OF PERIOD	63,315	3,928	67,243	64,231	4,928	69,159
Net addition due to change in companies consolidated	—	—	—	—	177	177
PRO-FORMA ASSETS AT BEGINNING OF PERIOD	63,315	3,928	67,243	64,231	5,105	69,336
B. ADDITIONS	65,313	8,568	73,881	1,722	9,293	11,015
B1. Acquisitions	64,621	5,182	69,803	670	3,569	4,239
B2. Writebacks	—	—	—	—	—	—
B3. Revaluations	—	—	—	1,007	—	1,007
B4. Other movements	692	3,386	4,078	45	5,724	5,769
C. REDUCTIONS	6,586	8,262	14,848	2,638	10,470	13,108
C1. Disposals and retirements from service	2,609	3,522	6,131	—	5,795	5,795
C2. Value adjustments:	3,949	4,710	8,659	2,638	4,655	7,293
a) <i>depreciation</i>	3,949	4,710	8,659	2,638	4,655	7,293
b) <i>permanent writedowns</i>	—	—	—	—	—	—
C3. Other movements	28	30	58	—	20	20
D. HOLDING AT END OF PERIOD	122,042	4,234	126,276	63,315	3,928	67,243
E. TOTAL REVALUATIONS	—	—	—	24,690	—	24,690
F. TOTAL ADJUSTMENTS:	27,589	28,975	56,564	24,332	27,651	51,983
a) <i>depreciation</i>	27,589	28,975	56,564	24,332	27,651	51,983
b) <i>permanent writedowns</i>	—	—	—	—	—	—

( <sup>1</sup> ) Comprises the following properties:	sq.m	sq.m	
MILAN - Piazzetta Enrico Cuccia, 1	6,874	BARI - Piazza Umberto 1°, 58	294
MILAN - Via Filodrammatici / Piazzetta Bossi	11,000	FLORENCE - Via Lorenzo il Magnifico, 10	460
MILAN - Piazza Paolo Ferrari, 6	1,967	GENOA - Via XX Settembre, 36	251
MILAN - Foro Buonaparte, 6	2,931	NOVARA - Piazza Martiri della Libertà, 4	215
MILAN - Via Siusi, 1-7	5,300	PARMA - Via Garibaldi, 1	120
MILAN - Via Murat, 84	1,367	PALERMO - Piazza Castelnuovo, 26	149
ROME - Piazza di Spagna, 15	6,280	VICENZA - Via Btg. Framarin, 14	620
ROME - Via Nomentana, 146	2,460	VICENZA - Viale Europa	250
MONROVIA, LIBERIA - 69, Ashmun Street	2,000		

#### 4.2 *Movements in intangible assets*

	30/6/02 € '000	30/6/01 € '000
A. ASSETS AT BEGINNING OF PERIOD	1,485	1,671
Net addition due to change in companies consolidated	—	2
PRO-FORMA ASSETS AT BEGINNING OF PERIOD	1,485	1,673
B. ADDITIONS	3,528	4,362
B1. Acquisitions	740	4,129
B2. Writebacks	—	—
B3. Revaluations	—	—
B4. Other movements	2,788	233
C. REDUCTIONS	3,081	4,550
C1. Disposals and retirements from service	164	208
C2. Value adjustments:	2,629	4,342
a) <i>amortization</i>	2,629	4,342
b) <i>permanent writedowns</i>	—	—
C3. Other movements	288	—
D. ASSETS AT END OF PERIOD	1,932	1,485
E. TOTAL REVALUATIONS	—	—
F. TOTAL ADJUSTMENTS:	15,070	12,604
a) <i>amortization</i>	15,070	12,604
b) <i>permanent writedowns</i>	—	—

## 5. Other asset headings

### 5.1 Heading 150: *Other assets*

	30/6/02 € '000		30/6/01 € '000	
BILLS FOR COLLECTION		—		29
AMOUNTS DUE FROM REVENUE AUTHORITIES:				
• taxes withheld		14,377		15,131
• advance tax paid, tax credits, taxes recoverable and interest thereon		284,835		257,192
• advance tax prepaid		93,057	392,269	13,910
				286,233
OTHER AMOUNTS DUE:				
• premiums, grants, indemnities and other items relating to lending transactions		6,465		6,300
• futures and other securities transactions		3,728		3,611
• advances on deposit commissions		801		1,372
• invoices receivable and to be issued		40,268		3,466
• other items in transit		16,639		5,373
• exchange rate adjustments		449		935
• funds deposited with clearing organisations		—	68,350	—
				21,057
INTERBANK ACCOUNTS, DEFERRED VALUE DATES		82		195
PREMIUMS PAID FOR OPTIONS PURCHASED		90,293		123,257
VALUATION OF DERIVATIVES CONTRACTS		58,391		57,754
DEPOSITS PAID ON DERIVATIVES CONTRACTS		87,365		86,873
OTHER ITEMS		5,580		15,121
		702,330		590,519

### 5.2 Heading 160: *Accrued income and prepaid expenses*

	30/6/02 € '000		30/6/01 € '000	
ACCRUED INCOME				
Interest accrued on amounts due from banks		5,074		18,837
Interest accrued on amounts due from customers		129,556		144,735
Interest accrued on derivatives contracts		779,091		686,308
Interest accrued on securities held		42,395	956,116	45,452
				895,332
PREPAID EXPENSES				
Commissions prepaid		111,508		103,446
Advances on forward transactions		27,686		26,760
Discounts and expenses on bonds issued		11,122		14,069
Other prepaid expenses		6,621	156,937	7,088
				151,363
		1,113,053		1,046,695



#### 5.4 Subordinated assets

	30/6/02 € '000	30/6/01 € '000
a) Amounts due from banks	—	—
b) Amounts due from customers	—	—
c) Bonds and other debt securities	78,665	71,963
	78,665	71,963

## 6. Accounts payable

### 6.1 Heading 10: Amounts due to banks

	30/6/02 € '000	30/6/01 € '000
a) Forward transactions	1,204,573	1,507,018
b) Securities lent	56,477	3,212

### 6.2 Heading 20: Amounts due to customers

	30/6/02 € '000	30/6/01 € '000
a) Forward transactions	191,635	107,928
b) Securities lent	136,670	141,500

### Heading 30: Debt securities in issue

	30/6/02		30/6/01	
	No. (1)	€ '000	No. (1)	€ '000
Bonds		12,049,171		10,616,570
• convertible	26,239,416	964,116	19,377,426	112,690
• with warrants	8,750	10,083	15,000	15,164
• other bonds	—	11,074,972	—	10,488,716
Certificates of deposit		831,066		1,040,035
Other securities		2,208,519		2,567,850
of which:				
• convertible	30,325	313,231	3,961,961	1,333,898
• reverse convertible	—	—	248,375	184,629
		15,088,756		14,224,455

(1) Actual number. Bonds in issue have varying nominal values.

## 7. Provisions (Headings 70, 80 and 90)

### *Provision for staff termination indemnities*

	30/6/02 € '000	30/6/01 € '000
PROVISION AT BEGINNING OF PERIOD	28,573	28,608
Net addition due to Euro conversion and change in companies consolidated	(1)	155
PRO-FORMA PROVISION AT BEGINNING OF PERIOD	28,572	28,763
<i>deduct:</i>		
• indemnities paid out and advances made under Law 297/82 during the year	6,024	5,890
<i>add:</i>		
• transfers to provision for year	6,073	5,700
PROVISION AT END OF PERIOD	28,621	28,573

### 7.1 Heading 90: *Credit risks provisions*

	30/6/02 € '000	30/6/01 € '000
Credit risks provisions	13,428	13,428

### 7.2 *Movements in credit risks provisions*

	30/6/02 € '000	30/6/01 € '000
A. PROVISIONS AT BEGINNING OF PERIOD	13,428	13,428
B. ADDITIONS	—	—
B1. Transfers to provisions	—	—
B2. Other movements	—	—
C. REDUCTIONS	—	—
C1. Transfers from provisions	—	—
C2. Other movements	—	—
D. PROVISIONS AT END OF PERIOD	13,428	13,428

Provision for taxation as at 30 June 2002

	Corporate income tax and regional production tax € '000	Municipal property tax € '000	“Substitutive” tax on gain in equity in- vestments € '000	Other taxes € '000	Total € '000
PROVISION AT BEGINNING OF PERIOD	314,965	12	—	1,836	316,813
Net addition due to Euro conversion	—	(1)	—	—	(1)
PRO-FORMA PROVISION AT BEGINNING OF PERIOD	314,965	11	—	1,836	316,812
<i>deduct:</i>					
• transfers from provision during year	72,027	34	—	1,396	73,457
• writeback to profit and loss account	9,738	—	—	—	9,738
• reductions	59,824	—	—	440	60,264
<i>add:</i>					
• transfers to provision during year	18,477	23	81,429	988	100,917
• additions	—	—	—	—	—
PROVISION AT END OF PERIOD	191,853	—	81,429	988	274,270

Provision for taxation as at 30 June 2001

	Corporate income tax and regional production tax € '000	Municipal property tax € '000	Franking of reserves € '000	Other taxes € '000	Total € '000
PROVISION AT BEGINNING OF PERIOD	258,752	24	2,214	2,787	263,777
Net addition due to change in companies consolidated	22,882	—	—	487	23,369
PRO-FORMA PROVISION AT BEGINNING OF PERIOD	281,634	24	2,214	3,274	287,146
<i>deduct:</i>					
• transfers from provision during year	141,348	35	2,214	2,788	146,385
• writeback to profit and loss account	—	—	—	—	—
• reductions	6,028	—	—	46	6,074
<i>add:</i>					
• transfers to provision during year	180,661	23	—	1,396	182,080
• additions	46	—	—	—	46
PROVISION AT END OF PERIOD	314,965	12	—	1,836	316,813

*Consolidated provision for future liabilities and charges*

	30/6/02 € '000	30/6/01 € '000
Surplus on consolidation relating to TRADEVCO in respect of country risk	6,797	5,992
Charged to earnings at 30/6/00	46	35
Exchange difference arising on translation	(1,033)	770
	5,810	6,797

**7.3a Sub-Heading 80d) Provisions for liabilities and charges: other provisions at 30 June 2002**

	Legal costs € '000	Promotion expenses € '000	Specific and probable risks and commitments € '000	Total € '000
PROVISIONS AT BEGINNING OF PERIOD	2,054	162	27,855	30,071
PRO-FORMA PROVISION AT BEGINNING OF PERIOD	2,054	162	27,855	30,071
<i>less:</i>				
• transfers from provisions during period	468	234	6,984	7,686
• amounts credited back to earnings	—	—	—	—
<i>add:</i>				
• transfers to provisions for period	479	335	12,538	13,352
PROVISIONS AT END OF PERIOD	2,065	263	33,409	35,737

**7.3b Sub-Heading 80d) Provisions for liabilities and charges: other provisions at 30 June 2001**

	Legal costs € '000	Promotion expenses € '000	Specific and probable risks and commitments € '000	Total € '000
PROVISIONS AT BEGINNING OF PERIOD	2,246	291	138,344	140,881
Net addition due to change in companies consolidated	—	—	10,851	10,851
PRO-FORMA PROVISION AT BEGINNING OF PERIOD	2,246	291	149,195	151,732
<i>less:</i>				
• transfers from provisions during period	553	302	133,299	134,154
• amounts credited back to earnings	—	—	—	—
<i>add:</i>				
• transfers to provisions for period	361	173	11,959	12,493
PROVISIONS AT END OF PERIOD	2,054	162	27,855	30,071

#### 7.4a Advance tax assets as at 30 June 2002

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	13,910	12,192	1,718	—
Net addition due to Euro conversion	1	(1)	2	—
PRO-FORMA BALANCE AT BEGINNING OF PERIOD	13,911	12,191	1,720	—
2. Additions	84,825	82,783	2,042	—
2.1 advance tax arising in period	84,747	82,783	1,964	—
2.2 other additions	78	—	78	—
3. Reductions	5,679	4,888	791	—
3.1 advance tax eliminated in period	5,430	4,671	759	—
3.2 other reductions	249	217	32	—
4. BALANCE AT END OF PERIOD	93,057	90,086	2,971	—

#### Eligible offsets as at 30 June 2002

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	93,057	90,086	2,971	—
5. Transfers	—	—	—	—
5.1 to deferred taxation	—	—	—	—
5.2 from deferred taxation	—	—	—	—
6. AMOUNT CREDITED TO OTHER ASSETS (HEADING 150)	93,057	90,086	2,971	—

#### 7.4b Advance tax assets as at 30 June 2001

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	55,788	54,101	1,687	—
Net addition due to change in companies consolidated	65	58	7	—
PRO-FORMA BALANCE AT BEGINNING OF PERIOD	55,853	54,159	1,694	—
2. Additions	5,162	4,533	629	—
2.1 advance tax arising in period	5,128	4,499	629	—
2.2 other additions	34	34	—	—
3. Reductions	47,105	46,500	605	—
3.1 advance tax eliminated in period	45,653	45,086	567	—
3.2 other reductions	1,452	1,414	38	—
4. BALANCE AT END OF PERIOD	13,910	12,192	1,718	—

#### Eligible offsets as at 30 June 2001

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	13,910	12,192	1,718	—
5. Transfers	—	—	—	—
5.1 to advance taxation	—	—	—	—
5.2 from advance taxation	—	—	—	—
6. CHARGE TO PROVISION FOR TAXATION (HEADING 150)	13,910	12,192	1,718	—

### 7.5a Deferred tax liabilities as at 30 June 2002

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	220,579	216,144	4,435	—
Net addition due to Euro conversion	(1)	(1)	—	—
PRO-FORMA BALANCE AT BEGINNING OF PERIOD	220,578	216,143	4,435	—
2. Additions	5,295	4,217	1,078	—
2.1 advance tax arising in period	2,952	2,151	801	—
2.2 other additions	2,343	2,066	277	—
3. Reductions	54,282	54,195	87	—
3.1 advance tax eliminated in period	54,282	54,195	87	—
3.2 other reductions	—	—	—	—
4. BALANCE AT END OF PERIOD	171,591	166,165	5,426	—

### Eligible offsets as at 30 June 2002

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	171,591	166,165	5,426	—
5. Transfers	—	—	—	—
5.1 to deferred taxation	—	—	—	—
5.2 from deferred taxation	—	—	—	—
6. AMOUNT CREDITED TO OTHER ASSETS (HEADING 80b)	171,591	166,165	5,426	—

### 7.5b Deferred tax liabilities as at 30 June 2001

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
1. BALANCE AT BEGINNING OF PERIOD	203,509	202,085	1,424	—
Net addition due to change in companies consolidated	22,315	19,659	2,656	—
PRO-FORMA BALANCE AT BEGINNING OF PERIOD	225,824	221,744	4,080	—
2. Additions	91,186	90,686	500	—
2.1 advance tax arising in period	91,186	90,686	500	—
2.2 other additions	—	—	—	—
3. Reductions	96,431	96,286	145	—
3.1 advance tax eliminated in period	90,404	90,326	78	—
3.2 other reductions	6,027	5,960	67	—
4. BALANCE AT END OF PERIOD	220,579	216,144	4,435	—

### Eligible offsets as at 30 June 2001

	Total € '000	Corporate income tax € '000	Regional production tax € '000	Other taxes € '000
4. BALANCE AT END OF PERIOD	220,579	216,144	4,435	—
5. Transfers	—	—	—	—
5.1 to advance taxation	—	—	—	—
5.2 from advance taxation	—	—	—	—
6. CHARGE TO PROVISION FOR TAXATION (HEADING 80b)	220,579	216,144	4,435	—

As noted earlier, advance tax has been recognized in the accounts since the year ended 30 June 2000, as have current and deferred tax.

In addition to those discussed in the Notes to the Accounts of the Bank, *deductible temporary differences* include the surplus of doubtful debt writedowns as reflected in the accounts over those that are deductible for tax purposes. This surplus is credited to *Other Assets* where there is reasonable certainty that the items concerned will be recovered, which is assessed having regard to the expected ability of individual consolidated companies to generate taxable income in the future.

## 8. Share capital, reserves, provision for general banking risks and subordinated liabilities

### Heading 100: *Provision for general banking risks*

	30/6/02 € '000	30/6/01 € '000
<ul style="list-style-type: none"> <li>• Credit risks provisions originally raised on provisionally tax-exempt basis under Article 71/1 of Presidential Decree 917/86, plus general portion of prior year credit risk provisions</li> <li>• Subsequent allocations</li> </ul>	317,029 401	317,029 401
PROVISION AT END OF PERIOD	317,430	317,430

### Heading 120: *Surplus on consolidation*

	30/6/02 € '000	30/6/01 € '000
Surplus on consolidation	87,567	87,567 <sup>(1)</sup>
<i>deduct: shortfall on consolidation</i>	(2,999)	(2,999)
	84,568	84,568

<sup>(1)</sup> Following sale of *Compage SGR*.

### Heading 140: *Net equity attributable to minority shareholders*

	30/6/02 € '000	30/6/01 € '000
Net equity attributable to minority shareholders	49,734	30,451
<i>deduct: share of shortfall on consolidation attributable to minority shareholders</i>	(702)	(702)
Other changes	(2,378)	13,008
<i>share of shortfall on consolidation attributable to minority shareholders</i>	—	—
Profit (loss) for year attributable to minority shareholders	6,962	6,275
	53,616	49,032

#### Heading 150: *Share capital at 30 June 2002*

	30/6/02 € '000
SHARE CAPITAL AT BEGINNING OF PERIOD	
• 642,163,615 Lit. 1,000 par value ordinary shares	331,650
Conversion of share capital to Euros at € 0.50 nominal per share	(10,570)
Increase of 136,188,800 shares following merger by amalgamation of Euralux S.p.A.	68,094
Capital increase under EGM Resolution of 28/3/98:	
• Restricted rights issue of 177,000 shares subscribed by employees under stock option scheme	91
SHARE CAPITAL AT END OF PERIOD	389,265

#### Heading 150: *Share capital at 30 June 2001*

	30/6/01 € '000
SHARE CAPITAL AT BEGINNING OF PERIOD	
• 595,946,350 Lit. 1,000 par value ordinary shares	307,780
Capital increase under EGM Resolution of 28/3/98:	
• Restricted rights issue of 298,000 shares subscribed by employees under stock option scheme	154
• 91,838,530 warrants exchanged for 45,919,265 shares at Lit. 16,000 per share of which Lit. 15,000 representing premium	23,716
SHARE CAPITAL AT END OF PERIOD	331,650

#### Heading 160: *Share premium reserve*

	30/6/02 € '000	30/6/01 € '000
SHARE PREMIUMS AT BEGINNING OF PERIOD	1,805,791	1,447,368
Increases:		
• stock options and conversion of warrants	1,189	358,423
SHARE PREMIUMS AT END OF PERIOD	1,806,980	1,805,791

#### Heading 170: *Reserves*

	30/6/02 € '000	30/6/01 € '000
Legal reserve <sup>(1)</sup>	77,852	61,784
Reserve for own shares and participating interests <sup>(2)</sup>	1,216	1,216
Statutory reserve <sup>(1)</sup>	1,033,329	988,914
Other reserves <sup>(3)</sup>	983,621	673,872
	2,096,018	1,725,786

<sup>(1)</sup> Parent company's reserve.

<sup>(2)</sup> The *Reserve for own shares* covers such shares held by TRADEVCO and PALLADIO LEASING

<sup>(3)</sup> Includes € 6,324,000 (€ 16,615,000) representing exchange gain on translation of MEDIOBANCA INTERNATIONAL's accounts.



Heading 180: *Revaluation reserves*

	30/6/02 € '000	30/6/01 € '000
Revaluation reserve under Law 576/75	22	22
Revaluation reserve under Law 72/83	6,240	6,240
Revaluation reserve under Law 413/91	6,437	6,437
Revaluation reserve under Law 342/00	815	815
	13,514	13,514

8.1 *Regulatory capital and capital adequacy requirements*

	30/6/02 € '000	30/6/01 € '000
a) Regulatory capital		
a.1. Tier 1 capital	4,881,968	4,506,416
a.2. Tier 2 capital	1,485,561	1,366,302
a.3. Supervisory deductions	(140,534)	(462,532)
a.4. Regulatory capital	6,226,995	5,410,186
b) Capital adequacy requirements		
b.1. Credit risk	1,842,179	1,921,127
b.2. Market risk	230,413	157,010
• on non-investment securities	183,823	140,705
• on exchange rates	—	16,305
• on loan concentration	46,590	—
b.2.1 Tier 3 subordinated loans	—	—
b.3. Other capital adequacy requirements	28,695	—
b.4. Total capital adequacy requirements	2,101,287	2,078,137
c) Risk assets and capital adequacy ratios		
c.1. Weighted risk assets	26,266,088	25,976,713
c.2. Tier 1 capital as % of weighted risk assets	18.59%	17.35%
c.3. Regulatory capital as % of weighted risk assets	23.71%	20.83%

## 9. Other liability headings

### 9.1 Heading 50: *Other liabilities*

	30/6/02 € '000		30/6/01 € '000	
BILLS FOR COLLECTION	60		142	
WITHHOLDING TAX DUE TO REVENUE AUTHORITIES	37,270		28,743	
AMOUNTS DUE IN RESPECT OF:				
• interest coupons and dividends awaiting collection and debt securities in the process of conversion	21,683		18,953	
• commissions payable to banks	643		661	
• commissions payable to placing and underwriting syndicates	—		7,813	
• invoices pending settlement and receipt	104,066		158,247	
• premiums, contributions and other amounts due to third parties in respect of financing transactions	53,185	179,577	15,232	200,906
FEES PAYABLE, AND SOCIAL SECURITY CONTRIBUTIONS AND AMOUNTS WITHHELD FROM STAFF AND PROVIDERS OF SERVICES DUE TO REVENUE AUTHORITIES	11,423		9,725	
INTERBANK ACCOUNTS, DEFERRED VALUE DATES	21		1,264	
VALUATIONS OF DERIVATIVES CONTRACTS	107,646		49,651	
AMOUNT OUTSTANDING ON SECURITIES LENT	639,710		1,592	
PREMIUMS RECEIVED ON OPTIONS SOLD	69,750		90,207	
DEPOSITS RECEIVED ON DERIVATIVES	667,092		615,794	
OTHER ITEMS	3,198		8,421	
	1,715,747		1,006,445	

### 9.2 Heading 60: *Accrued expenses and deferred income*

	30/6/02 € '000		30/6/01 € '000	
ACCRUED EXPENSES				
Interest accrued on deposits and loans from banks	35,656		42,509	
Interest and commissions accrued on Mediobanca certificates of deposit and debt securities, and on guarantees and treasury transactions	286,283		285,647	
Interest accrued on derivatives	287,819		283,218	
Amounts accrued on refinancings and subsidies	6,916	616,674	10,244	621,618
DEFERRED INCOME				
Prepaid interest, premiums and commissions	68,424		43,220	
Actualization of derivatives contracts	49,862		60,781	
Leasing charges	26,405		32,099	
Commissions on bonds issued	36,545		46,710	
Advances on forward transactions	61,233		76,311	
Other items	7,987	250,456	7,596	266,717
	867,130		888,335	

## 10. Guarantees and commitments

### 10.1 Heading 10: *Guarantees given*

	30/6/02			30/6/01		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Bills backed or endorsed	—	—	—	—	156	156
b) Letters of guarantee	830,006	14,504	844,510	1,125,305	1,126,829	2,252,134
c) Assets pledged as collateral	—	—	—	—	—	—
	830,006	14,504	844,510	1,125,305	1,126,985	2,252,290

### 10.2 Heading 20: *Commitments*

	30/6/02			30/6/01		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Commitments to lend specific funds:						
• securities to be received	1,903,091	968,740	2,871,831	1,220,563	1,140,476	2,361,039
• amounts undrawn under existing loan agreements	1,107,220	1,312,121	2,419,341	1,687,341	1,798,885	3,486,226
• other commitments and exposures	18,232	—	18,232	35,716	5,870	41,586
	3,028,543	2,280,861	5,309,404	2,943,620	2,945,231	5,888,851
b) Commitments to provide funds on a stand-by basis:						
• loans agreed on a conditional basis	775,849	1,414,092	2,189,941	232,442	1,771,807	2,004,249
• participations in underwriting syndicates	591,433	17,441	608,874	92,700	2,000	94,700
• other commitments and exposures	172,759	489,737	662,496	262,997	270,584	533,581
	1,540,041	1,921,270	3,461,311	588,139	2,044,391	2,632,530
	4,568,584	4,202,131	8,770,715	3,531,759	4,989,622	8,521,381

### 10.3 Assets posted as collateral for amounts due by the Bank

	30/6/02 € '000	30/6/01 € '000
Securities held posted as collateral for forward funding transactions	960,869	1,042,883
Amounts due to customers posted as collateral for EIB loans	369,799	413,040

### Credit derivatives (Heading 30 of Guarantees and Commitments)

	30/6/02			30/6/01		
	Residents € '000	Non-residents € '000	Total € '000	Residents € '000	Non-residents € '000	Total € '000
a) Banking book hedge sales						
• with exchange of principal	—	145,000	145,000	—	405,000	405,000
• without exchange of principal	—	—	—	—	—	—
	—	145,000	145,000	—	405,000	405,000
b) Trading book hedge sales						
• with exchange of principal	—	70,038	70,038	—	50,000	50,000
• without exchange of principal	—	—	—	—	—	—
	—	70,038	70,038	—	50,000	50,000
	—	215,038	215,038	—	455,000	455,000

## 10.5 Forward transactions

Type of transaction	30/6/02			30/6/01		
	Hedging € '000	Trading € '000	Other € '000	Hedging € '000	Trading € '000	Other € '000
1. DEALING	—	5,465,409	364,432	—	4,226,402	216,901
1.1 Securities:	—	5,465,409	364,432	—	4,226,402	216,901
• <i>bought</i>	—	2,912,378	—	—	2,361,039	—
• <i>sold</i>	—	2,553,031	364,432	—	1,865,363	216,901
1.2 Foreign currency:	—	—	—	—	—	—
• <i>currency bought/sold for     currency</i>	—	—	—	—	—	—
• <i>currency bought for Euros</i>	—	—	—	—	—	—
• <i>currency sold for Euros</i>	—	—	—	—	—	—
2. DEPOSITS AND LOANS	—	—	—	—	—	90,295
• <i>pending disbursement</i>	—	—	—	—	—	29,043
• <i>pending receipt</i>	—	—	—	—	—	61,252
3. DERIVATIVES CONTRACTS	18,375,064	8,037,279	12,139,996	14,919,485	5,040,790	8,136,081
3.1 With exchange of principal:	3,779,318	2,254,682	3,584,133	1,166,576	1,988,342	573,558
a) Securities <sup>(?)</sup> :	2,591,219	2,132,377	3,584,133	62,178	1,448,837	573,558
• <i>bought</i>	2,310,452	748,389	495,727	—	556,900	299,678
• <i>sold</i>	280,767	1,383,988	3,088,406	62,178	891,937	273,880
b) Foreign currency:	1,188,099	122,305	—	1,104,398	539,505	—
• <i>currency bought/sold for         currency</i>	—	—	—	—	—	—
• <i>currency bought for Euros</i>	565,179	76,190	—	558,036	290,684	—
• <i>currency sold for Euros</i>	622,920	46,115	—	546,362	248,821	—
c) Other value items:	—	—	—	—	—	—
• <i>bought</i>	—	—	—	—	—	—
• <i>sold</i>	—	—	—	—	—	—
3.2 Without exchange of principal:	14,595,746	5,782,597	8,555,863	13,752,909	3,052,448	7,562,523
a) Foreign currency:	—	—	—	—	—	—
• <i>currency bought/sold for         currency</i>	—	—	—	—	—	—
• <i>currency bought for Euros</i>	—	—	—	—	—	—
• <i>currency sold for Euros</i>	—	—	—	—	—	—
b) Other value items <sup>(1)</sup> <sup>(2)</sup> :	14,595,746	5,782,597	8,555,863	13,752,909	3,052,448	7,562,523
• <i>bought</i>	9,539,942	2,512,921	3,644,925	9,725,573	1,534,006	2,678,604
• <i>sold</i>	5,055,804	3,269,676	4,910,938	4,027,336	1,518,442	4,883,919

<sup>(1)</sup> Amounts bought and sold include basis swaps in a principal amount of € 1,325,589,000.

<sup>(2)</sup> Amounts bought and sold include derivatives incorporated in financial instruments in a total amount of € 9,147,370,000.

## 10.6 Credit derivatives

Type of transaction	30/6/02		30/6/01	
	Hedging € '000	Trading € '000	Hedging € '000	Trading € '000
1. HEDGE BUYS	100,000	—	405,000	30,000
1.1 With exchange of principal	100,000	—	405,000	30,000
– credit default	100,000	—	405,000	30,000
– credit linked notes	—	—	—	—
– credit spread options	—	—	—	—
– total rate of return swaps	—	—	—	—
1.2 Without exchange of principal	—	—	—	—
– credit default	—	—	—	—
– credit linked notes	—	—	—	—
– credit spread options	—	—	—	—
– total rate of return swaps	—	—	—	—
2. HEDGE SALES	145,000	70,038	405,000	50,000
2.1 With exchange of principal	145,000	70,038	405,000	50,000
– credit default	145,000	70,038	405,000	50,000
– credit linked notes	—	—	—	—
– credit spread options	—	—	—	—
– total rate of return swaps	—	—	—	—
2.2 Without exchange of principal	—	—	—	—
– credit default	—	—	—	—
– credit linked notes	—	—	—	—
– credit spread options	—	—	—	—
– total rate of return swaps	—	—	—	—

## 11. Segmental information

### 11.1 Significant exposures

	30/6/02	30/6/01
a) Total risk-weighted amount (€ '000)	10,374,370	9,370,612
b) Exposures (No.)	8	10

### 11.2 Loans and advances to customers by category of borrower

	30/6/02 € '000	30/6/01 € '000
a) Energy	286,521	315,264
b) Other services for sale	88,529	120,124
c) Minerals and non-ferrous mineral products	7,425,528	6,602,941
d) Commercial, recovery and repair services	6,298,928	7,196,761
e) Ships, motor vehicles, aircraft and rolling stock	261,152	55,804
f) Other industries	3,078,777	2,624,936
	17,439,435	16,915,830

### 11.3 Loans and advances to domestic non-financial undertakings and family firms by industry

	30/6/02 € '000	30/6/01 € '000
a) Sales services	1,814,870	139,283
b) Energy	959,402	1,200,944
c) Telecoms	802,630	786,094
d) Paper and publishing	541,426	522,832
e) Retail services	467,534	431,389
f) Other industries	2,036,547	2,810,398
	6,622,409	5,890,940

#### 11.4 Guarantees given by category of counterparty

	30/6/02 € '000	30/6/01 € '000
a) Governments	—	—
b) Other public agencies	—	—
c) Banks	111,087	188
d) Non-financial undertakings	152,696	762,724
e) Financial companies	580,700	1,489,378
f) Family firms	—	—
g) Other counterparties	27	—
	844,510	2,252,290

#### Credit derivatives by type of counterparty

	30/6/02 € '000	30/6/01 € '000
Hedge buys	100,000	435,000
Banking book	100,000	405,000
<i>Banks</i>	80,000	405,000
<i>Financial companies</i>	20,000	—
Trading book	—	30,000
<i>Banks</i>	—	10,000
<i>Financial companies</i>	—	20,000
Hedge sales	215,038	50,000
Banking book	145,000	—
<i>Banks</i>	135,000	—
<i>Financial companies</i>	10,000	—
Trading book	70,038	50,000
<i>Banks</i>	15,038	30,000
<i>Financial companies</i>	55,000	20,000



## 11.5 Assets and liabilities by geographical area

### 11.5a Assets and liabilities by geographical area as at 30 June 2002

	Domestic € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS	21,445,310	2,968,482	873,461	25,287,253
1.1 Amounts due from banks	1,647,110	737,769	89,698	2,474,577
1.2 Amounts due from customers	15,572,895	1,376,104	490,436	17,439,435
1.3 Securities	4,225,305	854,609	293,327	5,373,241
2. LIABILITIES	17,219,723	2,267,767	3,060,323	22,547,813
2.1 Amounts due to banks	4,793,088	1,849,707	42,265	6,685,060
2.2 Amounts due to customers	277,659	418,060	78,278	773,997
2.3 Debt securities	12,148,976	—	2,939,780	15,088,756
2.4 Subordinated liabilities	—	—	—	—
2.5 Other accounts	—	—	—	—
3. GUARANTEES AND COMMITMENTS	5,384,372	2,446,307	1,999,584	9,830,263

### 11.5b Assets and liabilities by geographical area as at 30 June 2001

	Domestic € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
1. ASSETS	20,426,442	2,457,068	513,136	23,396,646
1.1 Amounts due from banks	2,055,917	864,183	63,905	2,984,005
1.2 Amounts due from customers	15,421,303	1,111,289	383,238	16,915,830
1.3 Securities <sup>(1)</sup>	2,949,222	481,596	65,993	3,496,811
2. LIABILITIES	17,280,159	1,700,981	2,514,818	21,495,958
2.1 Amounts due to banks	4,763,863	1,504,981	110,895	6,379,739
2.2 Amounts due to customers	640,145	195,934	55,685	891,764
2.3 Debt securities	11,876,151	66	2,348,238	14,224,455
2.4 Subordinated liabilities	—	—	—	—
2.5 Other accounts	—	—	—	—
3. GUARANTEES AND COMMITMENTS	4,657,063	4,373,757	2,197,851	11,228,671

<sup>(1)</sup> Restated on like-for-like basis.

## 11.6 Assets and liabilities by maturity

### 11.6a Assets and liabilities by maturity as at 30 June 2002

	Repayable									Perpetual € '000	Total € '000
	on demand € '000	not more than 3 months € '000	over 3 months but not more than one year € '000	over 1 year but not more than 18 months		over 18 months but not more than 5 years		over 5 years			
				fixed rate € '000	floating rate € '000	fixed rate € '000	floating rate € '000	fixed rate € '000	floating rate € '000		
1. ASSETS	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	—	82,620	79,201	19,310	455	559,738	197,312	160,549	60,784	—	1,159,969
1.2 Amounts due from banks	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 Loans and advances to customers	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 Debt securities and other fixed- interest securities	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 <sup>(1)</sup>	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	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 Deposits and loans from banks	1,615,067	2,987,495	835,679	6,698	261,977	41,373	610,697	983	325,091	—	6,685,060
2.2 Customer deposits	357,705	295,261	114,837	614	—	2,170	—	188	3,200	22	773,997
2.3 Debt securities in issue:	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	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	38,559	109,854	302,795	187,333	1,025	189,700	1,800	—	—	—	831,066
• other debt securities	—	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 <sup>(1)</sup>	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

<sup>(1)</sup> Mainly involved in treasury transactions relating to securities and foreign currency dealing, and derivative contracts involving securities, interest rates and exchange rates.

### 11.6b Assets and liabilities by maturity as at 30 June 2001

	Repayable									Perpetual € '000	Total € '000
	on demand € '000	not more than 3 months € '000	over 3 months but not more than one year € '000	over 1 year but not more than 18 months		over 18 months but not more than 5 years		over 5 years			
				fixed rate € '000	floating rate € '000	fixed rate € '000	floating rate € '000	fixed rate € '000	floating rate € '000		
1. ASSETS	2,212,531	8,706,850	8,894,857	926,212	2,114,298	5,323,563	8,180,770	4,405,857	2,443,538	387,296	43,595,772
1.1 Government securities eligible for refinancing	10,010	34,200	209,928	—	84,688	167,378	390,051	100,917	1,658	—	998,830
1.2 Amounts due from banks	1,126,003	532,940	1,093,851	2,478	82,367	16,068	66,336	26,979	—	36,983	2,984,005
1.3 Loans and advances to customers	86,208	2,327,792	3,073,085	763,783	872,534	2,826,215	4,200,878	510,083	1,904,939	350,313	16,915,830
1.4 Debt securities and other fixed- interest securities	—	157,305	474,981	4,951	157,640	433,670	385,965	489,919	216,184	—	2,320,615
1.5 Off-balance sheet instruments <sup>(1)</sup>	990,310	5,654,613	4,043,012	155,000	917,069	1,880,232	3,137,540	3,277,959	320,757	—	20,376,492
2. LIABILITIES	2,043,297	11,273,632	11,336,108	1,176,510	975,074	8,066,410	2,822,244	2,694,680	1,452,285	—	41,840,240
2.1 Deposits and loans from banks	389,256	2,654,547	1,837,580	6,193	349,755	52,599	698,400	2,860	388,549	—	6,379,739
2.2 Customer deposits	354,768	194,995	140,906	—	41,317	2,568	15,494	206	141,510	—	891,764
2.3 Debt securities in issue:	83,933	682,007	2,167,227	392,167	547,799	5,664,575	1,719,057	2,425,133	542,557	—	14,224,455
• bonds	40,268	391,950	967,894	78,821	546,457	4,224,444	1,614,218	2,209,961	542,557	—	10,616,570
• certificates of deposit	43,499	149,842	436,547	207,958	1,342	199,241	1,606	—	—	—	1,040,035
• other debt securities	166	140,215	762,786	105,388	—	1,240,890	103,233	215,172	—	—	2,567,850
2.4 Subordinated liabilities	—	—	—	—	—	—	—	—	—	—	—
2.5 Off-balance sheet instruments <sup>(1)</sup>	1,215,340	7,742,083	7,190,395	778,150	36,203	2,346,668	389,293	266,481	379,669	—	20,344,282

<sup>(1)</sup> Mainly involved in treasury transactions relating to securities and foreign currency dealing, and derivative contracts involving securities, interest rates and exchange rates.

### 11.7 Assets and liabilities denominated in currencies other than the Euro

	30/6/02 € '000	30/6/01 € '000
a) ASSETS		
1. Amounts due from banks	99,100	282,950
2. Amounts due from customers	792,657	613,074
3. Securities	31,614	34,189
4. Equity investments	1,465	188
5. Other accounts	1,979	3,575
	926,815	933,976
b) LIABILITIES		
1. Amounts due to banks	429,989	322,861
2. Amounts due to customers	64,900	9,358
3. Debt securities in issue	240,560	514,500
4. Other accounts	—	—
	735,449	846,719

### 11.8.1 Securitization: Securities held representing third-party securitizations (Group)

Underlying asset	Credit quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
INVESTMENT SECURITIES					
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Lease		—	—	—	—
Securities		—	—	—	—
Amounts due to SACE from foreign public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other amounts due		—	—	—	—
		—	—	—	—
NON-INVESTMENT SECURITIES					
Home mortgage loans		—	—	—	—
Retail/industrial/farming mortgage loans		—	—	—	—
Lease instalments		—	—	—	—
Other amounts due	Current as to payment of principal and interest	50,070	5,990	7,310	63,370
Social security contributions		—	—	—	—
		50,070	5,990	7,310	63,370
		50,070	5,990	7,310	63,370

### 11.8.2 Securitization: Securities held representing third-party securitizations

Underlying asset	Credit quality	Book value			
		Senior securities	Mezzanine securities	Junior securities	Total
<b>INVESTMENT SECURITIES</b>					
Home mortgage loans		—	—	—	—
Credit cards		—	—	—	—
Lease Securities		—	—	—	—
Amounts due to SACE from foreign public sector borrowers		—	—	—	—
Health care receivables		—	—	—	—
Other amounts due		—	—	—	—
		—	—	—	—
<b>NON-INVESTMENT SECURITIES</b>					
Home mortgage loans		—	—	—	—
Retail/industrial/farming mortgage loans		—	—	—	—
Lease instalments	Current as to payment of principal and interest	25,208	11,385	—	36,593
Other amounts due		—	—	—	—
	Non-performing	34,970	57,283	—	92,253
Social security contributions		—	—	—	—
		60,178	68,668	—	128,846
		60,178	68,668	—	128,846

During the twelve months under review *Compass* executed its first securitization transaction under Law No. 130/99. This involved selling without recourse loans current as to payment of principal and interest worth a nominal € 511,320,000 to Quarzo S.r.l., a vehicle in which *Compass* has a 7% interest.

Quarzo issued four classes of asset-backed notes to cover this transaction, as follows:

Class	% of credit	Moody's rating	S&P's rating	Amount € '000
A	94.00%	Aaa	AAA	480,640
B	3.4%	A1	A	17,380
C	1.2%	B001	BBB	5,990
Junior	1.4%	Unrated	Unrated	7,310
	100.00%			511,320

Tranches A and B were placed on the market, whereas *Compass* subscribed for all the Class C and Junior notes and *MEDIOBANCA* subscribed for Class A notes worth a nominal amount of € 50,070.

The initial securitization portfolio is being revolved on a quarterly basis over fourteen quarters.

The Group company MB Finstrutture – Intersomer S.p.A. arranged the deal, while *Compass* is acting as servicer on behalf of Quarzo S.r.l. and collected receivables worth € 73,929,000 during the twelve months under review in this capacity.

## 12. Securities managed and traded for third parties

### 12.1 Securities traded

	30/6/02 € '000	30/6/01 € '000
a) PURCHASES:	4,955,062	14,215,571
1. settled	4,685,631	14,037,202
2. pending settlement	269,431	178,369
b) SALES:	5,307,450	11,881,429
1. settled	5,038,019	11,668,045
2. pending settlement	269,431	213,384

### 12.2 Securities managed

	30/6/02 € '000	30/6/01 € '000
Securities managed on behalf of clients	— <sup>(1)</sup>	—

<sup>(1)</sup> The Banca Esperia group has securities worth € 1,826,000 under management.

### 12.3 Securities held for safekeeping and as collateral

	30/6/02 € '000	30/6/01 € '000
a) THIRD PARTIES' SECURITIES HELD:	5,778,571	6,242,587
a/1) <i>for safekeeping</i>	1,725,718	863,252
a/2) <i>as trustees</i>	1,223,377	2,288,255
a/3) <i>as collateral</i>	2,829,476	3,091,080
b) THIRD PARTIES' SECURITIES HELD BY THIRD PARTIES	4,292,379	5,615,887
c) OWN SECURITIES HELD BY THIRD PARTIES	4,310,068	4,210,375

## C. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

### 1. Interest

#### 1.1 Heading 10: *Interest receivable and similar income*

	2001/02 € '000	2000/01 € '000
a) Interest on amounts due from banks <i>of which: amounts due from central banks</i>	88,491 1,085	61,039 1,949
b) Interest on amounts due from customers <i>of which: on loans and advances made with third parties' funds under management</i>	953,781 —	1,011,772 —
c) Interest on debt securities	156,067	151,627
d) Other interest receivable	3,552	4,078
e) Surplus on hedging margins	62,073	66,748
	1,263,964	1,295,264

#### 1.2 Heading 20: *Interest payable and similar expenses*

	2001/02 € '000	2000/01 € '000
a) Interest on amounts due to banks	227,905	236,437
b) Interest on amounts due to customers	27,011	29,608
c) Interest on debt securities in issue <i>of which: certificates of deposit</i>	625,799 <sup>(†)</sup> 35,157 <sup>(†)</sup>	695,445 <sup>(†)</sup> 56,716 <sup>(†)</sup>
d) Interest on funds under management	—	—
e) Interest on subordinated liabilities	—	—
f) Shortfall on hedging margins	—	—
g) Other interest payable	3,081	295
	883,796	961,785

<sup>(†)</sup> Includes commission on deposits.

#### 1.3 *Non-Euro interest and similar income receivable* under Heading 10

	2001/02 € '000	2000/01 € '000
a) Interest receivable and similar income on assets denominated in currencies other than the Euro	40,072	31,981

#### 1.4 *Non-Euro interest and similar expenses payable* under Heading 20

	2001/02 € '000	2000/01 € '000
a) Interest payable and similar expenses on liabilities denominated in currencies other than the Euro	33,426	35,311

## 2. Commissions

### 2.1 Heading 40: *Commissions receivable*

	2001/02 € '000	2000/01 € '000
a) Guarantees given	1,503	3,053
b) Credit derivatives	457	—
c) Management, trading and consulting services:	76,762	84,935
1. securities dealing	7,104	5,997
2. currency dealing	—	—
3. asset management	— <sup>(1)</sup>	—
3.1 private individuals	—	—
3.2 groups	—	—
4. securities safekeeping and administration	767	714
5. bank deposits	—	—
6. securities placing	67,409	78,078
7. procurement of orders	10	146
8. advisory services	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	240	311
e) Securitization servicing	—	—
f) Tax collection services	—	—
g) Other services:	85,249	98,274
• commissions on loans to customers	38,634	40,791
• advisory fees from clients	42,831	52,450
• other commissions	3,784	5,033
	164,211	186,573

<sup>(1)</sup> The Banca Esperia group generated fees of € 4,190,000.

### 2.2 Heading 40: *Fees receivable for distributing products and services*

	2001/02 € '000	2000/01 € '000
a) On the Bank's own premises	71,298	78,078
1. Asset management	—	—
2. Securities placing	71,298	78,078
3. Services and products provided by third parties	—	—
b) Elsewhere	—	—
1. Asset management	—	—
2. Securities placing	—	—
3. Services and products provided by third parties	—	—
	67,409	78,078

<sup>(1)</sup> The Banca Esperia group generated fees of € 4,190,000.

## 2.2. Heading 50: *Commissions payable*

	2001/02 € '000	2000/01 € '000
a) Guarantees received	1,291	4,708
b) Credit derivatives	793	—
c) Management and trading services:	17,849	10,396
1. securities dealing	—	3,270
2. currency dealing	—	3
3. asset management	2	3
3.1 own portfolio	2	3
3.2 third parties' portfolios	—	—
4. securities safekeeping and administration	492	466
5. securities placing	17,355	6,654
6. door-to-door sales of securities, products and services	—	—
c) Collection and payment services	134	134
Other services:	41,839	41,379
• commissions on transactions with banks, the Bank of Italy and Ufficio Italiano Cambi	15,280	14,750
• Commissions payable to brokers for securities and derivatives trading	1,849	501
• commissions paid to agents, etc.	24,710 <sup>(1)</sup>	26,128 <sup>(1)</sup>
	61,906	56,617

<sup>(1)</sup> Mainly related to leasing and consumer credit operations.



### 3. Gains and losses on dealing transactions

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

##### 3.1a Gains (losses) on dealing transactions in the year ended 30 June 2002

	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	5,043 <sup>(1)</sup>	—	500	5,543
A.2 Writedowns	(82,483) <sup>(2)</sup>	—	(11,729)	(94,212)
B. Other gains (losses)	(53,604) <sup>(2)</sup>	(10,154)	797	(62,961)
	(131,044)	(10,154)	(10,432)	(151,630) <sup>(4)</sup>
<i>of which:</i>				
1. <i>Government securities</i>	(7,877)			
2. <i>Other debt securities</i>	35,584			
3. <i>Capital securities</i>	(252,543)			
4. <i>Securities derivatives</i>	93,792			

<sup>(1)</sup> Includes € 4,689,000 relating to treasury securities

<sup>(2)</sup> Includes € 44,612,000 relating to treasury securities.

<sup>(3)</sup> Comprises net gains of € 184,913,000 on treasury securities dealing, net losses of € 116,345,000 on capital securities, net negative margins of € 14,964,000 on futures contracts.

<sup>(4)</sup> Partially covered by dividends collected from arbitrage transactions of € 115,931,000.

##### 3.1b Gains (losses) on dealing transactions in the year ended 30 June 2001

	Securities transactions € '000	Currency transactions € '000	Other transactions € '000	Total € '000
A.1 Revaluations	5,866 <sup>(1)</sup>	—	48	5,914
A.2 Writedowns	(22,185) <sup>(2)</sup>	—	(4,393)	(26,578)
B. Other gains (losses)	38,750 <sup>(3)</sup>	9,504	(6,658)	41,596
	22,431	9,504	(11,003)	20,932
<i>of which:</i>				
1. <i>Government securities</i>	7,257			
2. <i>Other debt securities</i>	10,291			
3. <i>Capital securities</i>	(10,392)			
4. <i>Securities derivatives</i>	15,275			

<sup>(1)</sup> Of which € 3,063,000 relates to treasury securities.

<sup>(2)</sup> Of which € 14,938,000 relates to treasury securities.

<sup>(3)</sup> Comprises net gains of € 29,423,000 on treasury securities dealing, € 140,000 negative net margins on futures contracts, and € 12,331,000 net gains on options.

## 4. Administrative expenses

### 4.1. Average number of employees by category

	2001/02 € '000	2000/01 € '000
a) Senior executives	64	59
b) Grade 3 and 4 managers	326	277
c) Other staff	844	878
	1,234	1,214

### 4.2 Heading 80: Administrative expenses

	2001/02 € '000	2000/01 € '000
a) PERSONNEL COSTS:		
• wages and salaries	78,822	68,038
• social security charges	22,341	20,185
• severance indemnities	6,073	5,700
• post-retirement benefits	2,118	2,817
	109,354	96,740
b) OTHER ADMINISTRATIVE EXPENSES:		
• outside consultants' fees	30,402	27,474
• equity and bond administration	2,916	2,507
• insurances	695	584
• research and publications	8,522	7,450
• donations to charities	300	342
• rent	4,388	4,054
• maintenance, repairs and refurbishment	7,639	7,845
• service lease instalments	498	315
• financial information subscriptions	5,776	4,021
• stationery	2,570	1,840
• membership subscriptions	878	589
• postal, telephone, fax and telex charges	4,738	4,447
• newspapers, magazines and library acquisitions	449	649
• travel and entertainment	4,418	4,201
• EDP services	16,610	17,120
• sundry administrative expenses	10,001	10,584
	100,800	94,022
• indirect taxation:		
• registration tax on rights issue, "substitutive" and other taxes	11,300	4,855
Total other administrative expenses	112,100	98,877
	221,454	195,617

## 5. Adjustments, writebacks and transfers to provisions

### Heading 90: *Adjustments to tangible and intangible assets*

	2001/02 € '000	2000/01 € '000
a) Intangible assets	2,629	4,342
b) Tangible assets:	8,659	7,293
• premises	3,949	2,638
• furniture	4,710	4,655
	11,288	11,635

### Heading 100: *Transfers to provision for liabilities and charges*

	2001/02 € '000	2000/01 € '000
Transfers to cover:		
• Legal costs	479	362
• Promotion expenses	335	172
• Specific and probable risks and commitments	12,538	11,960
	13,352	12,494

### 5.1 Heading 120: *Adjustments to loans and provisions for guarantees and commitments*

	2001/02 € '000	2000/01 € '000
a) Value adjustments to loans	49,580	45,546
<i>of which:</i>		
• lump-sum writedowns for country risk	—	—
• other lump-sum writedowns	500	9,761
b) Provisions for guarantees and commitments	—	—
<i>of which:</i>		
• lump-sum provisions for country risk	—	—
• other lump-sum provisions	—	—
	49,580	45,546

Heading 130: *Writebacks of loans and provisions for guarantees and commitments*

	2001/02 € '000	2000/01 € '000
Writebacks of receivables written down in prior years	2,714	2,825

Heading 150: *Adjustments to financial fixed assets*

	2001/02 € '000	2000/01 € '000
a) Losses on investment securities	9,762	9,605
b) Losses on equity investments	548,975	150,156
c) Losses on investments in Group undertakings	—	—
	558,737	159,761

Heading 160: *Writebacks of financial fixed assets*

	2001/02 € '000	2000/01 € '000
Writebacks of:		
a) Investment securities	—	—
b) Equity investments	—	52,900
	—	52,900

## 6. Other profit and loss headings

### 6.1 Heading 70: *Other operating income*

	2001/02 € '000	2000/01 € '000
Rent received	2,562	1,814
Options exercised to cover index-linked bonds	95,572	133,348
Tax recovered from clients	5,032	6,313
Income from finance leasing and factoring	55,472	51,711
Expenses recovered	7,399	5,873
Other income	9,094	5,751
	175,131	204,810

## 6.2 Heading 110: *Other operating expenses*

	2001/02 € '000	2000/01 € '000
Premiums on index-linked bonds	95,322	133,348
Expenses incurred on goods on finance leases	34,240	26,345
Sundry operating expenses	7,734	2,217
	137,296	161,910

## 6.3 Heading 190: *Extraordinary income*

	2001/02 € '000	2000/01 € '000
Gain on sale of financial fixed assets	466,204	251,424
Gain on sale of tangible fixed assets	44	43
Adjustments on consolidation	—	184
Writebacks of taxation provisions not utilized	9,738	—
Overprovision for liabilities and charges credited back to earnings	—	127,037
Deferral of prior year advance tax	—	—
Value of Banca Intesa/BCI put warrants	—	5,940
Other extraordinary income	2,184	13,564
	478,170	398,192

## 6.4 Heading 200: *Extraordinary expenditure*

	2001/02 € '000	2000/01 € '000
Loss on disposal of equity investments and financial assets	3,106	271,231
Loss on disposal of tangible fixed assets	126	9
Adjustments on consolidation	1,273	—
Extraordinary loss on back-to-back transactions	—	5,940
Other extraordinary expenditure	1,722	1,535
	6,227	278,715

## 6.5 Heading 220: *Income taxes*

### 6.5a Year ended 30 June 2002

	Corporate income tax € '000	Local production tax € '000	Other taxes € '000	Total € '000
Current taxes	(9,859)	(5,666)	(81,429)	(96,954)
Increase (decrease) in advance taxes	77,895	1,251	—	79,146
Increase (decrease) in deferred taxes	52,044	(714)	—	51,330
Income taxes for the year	120,080	(5,129)	(81,429)	33,522

### 6.5b Year ended 30 June 2001

	Corporate income tax € '000	Local production tax € '000	Other taxes € '000	Total € '000
Current taxes	(75,295)	(14,179)	—	(89,474)
Increase (decrease) in advance taxes	(41,967)	24	—	(41,943)
Increase (decrease) in deferred taxes	5,600	(355)	—	5,245
Income taxes for the year	(111,662)	(14,510)	—	(126,172)

## 7. Segmental information

### 7.1 *Income by geographical area*

#### 7.1a Year ended 30 June 2002

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
Interest receivable and similar income	1,060,571	162,901	40,492	1,263,964
Dividends and other income	227,879	12,963	3,870	244,712
Commissions receivable	141,367	20,236	2,608	164,211
Gain (loss) on dealing transactions	(133,165)	(7,665)	(10,800)	(151,630)
Other operating income	74,929	96,144	4,058	175,131
	1,371,581	284,579	40,228	1,696,388

7.1b Year ended 30 June 2001

	Italy € '000	Other EU member states € '000	Rest of the world € '000	Total € '000
Interest receivable and similar income	1,151,956	117,094	26,214	1,295,264
Dividends and other income	130,283	21,790	58	152,131
Commissions receivable	169,221	8,349	9,003	186,573
Gain (loss) on dealing transactions	5,648	(2,158)	17,442	20,932
Other operating income	86,628	41,266	76,916	204,810
	1,543,736	186,341	129,633	1,859,710

## D. OTHER INFORMATION

### 1. Directors and Statutory Auditors

	2001/02 € '000	2000/01 € '000
1.1 Emoluments:		
a) Directors	2,783	2,057
b) Statutory Auditors	83	83
1.2 Loans granted and guarantees given:		
a) Directors <sup>(1)</sup>	—	376,747
b) Statutory Auditors	—	—

(1) Amounts include transactions with companies in which Directors of the Bank have a beneficial interest within the meaning of legal regulations.



**ANNUAL STATEMENT ON  
CORPORATE GOVERNANCE AND COMPLIANCE  
WITH CODE OF CONDUCT FOR LISTED COMPANIES**

**ANNUAL STATEMENT ON  
CORPORATE GOVERNANCE AND COMPLIANCE  
WITH CODE OF CONDUCT FOR LISTED COMPANIES  
(the “Code”)**

The Bank is run by a Board of Directors consisting of twenty-one members, and normally meets at least five times a year. It is organized and functions in such a way as to ensure that its duties are carried out effectively. Subject to certain restrictions as required by law, the Bank’s Articles of Association, and Bank of Italy regulations, the Board may delegate such powers as it thinks fit to the Bank’s Executive Committee, Chairman, and Managing Director/General Manager. The Board is solely responsible for approving proposals to a) determine strategy and risk management policies, b) identify core or permanent equity investments, c) acquire or sell equity holdings that result in changes in the structure of the Mediobanca Banking Group d) determine operating and management principles for the Group, and e) carry out instructions from the Bank of Italy. The Board appoints an Executive Committee, which consists of between six and nine members, including the Chairman, the two Deputy Chairmen and the Managing Director, who are members *ex-officio*. It normally meets once a month, and determines the Bank’s rules of organisation, keeps track of its performance, passes resolutions on business matters submitted to it by the Managing Director, decides on the purchase or sale of shares not involving treasury transactions and performs all the duties assigned to it by the Board, subject to the limits laid down in the supervisory instructions of the Bank of Italy. In cases of urgency, the Committee may pass resolutions on any business transaction and report back to the Board at the next Board Meeting. The Statutory Audit Committee attends all meetings of the Board and Executive Committee and is accordingly kept informed of the Bank’s activities on a continuing basis, especially of transactions where there is a potential conflict of interest. The Statutory Audit Committee is also kept informed of developments between Board and Executive Committee meetings by communications in writing addressed to the Committee Chairman. All Board members exercise their judgement independently, in full knowledge of the facts and awareness of the responsibilities their role entails, aiming at all times to ensure that the Bank delivers value to its shareholders (see Articles 1 and 5 of the Code).

With the exception of the Managing Director/General Manager, the Board is made up exclusively of non-executive directors, who have no operational responsibilities or management function in the running of the Bank, so as to ensure that their opinion carries due weight in the decision-making process. Two of the Di-

rectors are fully independent in that they have no financial links with the Bank, its subsidiaries, executive Directors or controlling shareholders which could affect their impartiality, nor do they possess any equity holdings in the Bank which would enable them to exercise control over it, nor are they parties to any shareholder pacts which have the effect of exercising such control. (see Articles 2 and 3 of the Code).

The Chairman of the Board is responsible for calling meetings of the Board and Executive Committee, and setting their agenda. To the extent that urgency and the need for confidentiality permit, he is also responsible for sending out draft minutes and relevant accompanying schedules to Board and Executive Committee members not later than two days prior to the date set for the meeting. In cases of urgency, where it is not possible for the Executive Committee to take the appropriate action, the Chairman (who does not himself have any executive authority) may, upon a proposal by the Managing Director and with the consent of one member of the Executive Committee, take urgent resolutions save on matters involving the purchase or sale of securities where such purchases or sales do not constitute treasury transactions or on matters for which the Board is solely responsible. Decisions so taken are notified to the Board or the Executive Committee, as the case may be, at its next successive meeting (see Articles 4 and 5 of the Code).

In dealing with price-sensitive information, it is the Bank's practice to submit press releases containing such information to the Board for approval, or in the case of urgent releases required by the authorities, to delegate such approval to the Chairman, acting in consultation with the Managing Director. Mediobanca has in any case established an internal code of conduct for its employees, setting out specific restrictions on how they are to deal with confidential information, handle relationships with clients and effect personal transactions involving financial instruments (see Article 6 of the Code).

There is no provision in the Bank's Articles of Association for a voting list to elect Directors. Nominations are therefore made by the shareholders in General Meeting, subject to compliance with the requirement that all requisite documents setting out personal details of nominees and attesting they are fit persons to serve as Directors of the Bank be filed prior to the Meeting (see Article 7 of the Code).

As permitted by the Bank's Articles of Association, the Board has appointed two Committees with special duties, i.e.:

- an Appointments Committee, consisting of the Chairman, the two Deputy Chairmen and the Managing Director, with the task of nominating Directors and Statutory Auditors for election at General Meetings of companies in which the Bank has permanent equity investments, based on proposals made by the Managing Director;

- a Remuneration Committee, consisting of the Chairman, the two Deputy Chairmen, the Managing Director, and one independent non-executive Director, Professor Berardino LIBONATI (see Article 8 of the Code):
  - a) to propose remuneration packages for the Chairman and the Managing Director to the Board;
  - b) on proposals made by the Managing Director, to determine the remuneration of senior managers of the Bank, including stock options.

The stock options plan approved by the Board makes provision for the Managing Director to participate therein. The Managing Director has waived his entitlement to participate in the plan.

As required by Bank of Italy regulations, Mediobanca maintains an Internal Audit function which is directly accountable to the Managing Director. This function is organised so as to ensure that the Bank's internal control system is fully effective at all times, and that major areas of corporate risk are monitored on an ongoing basis. The function also monitors all the Banking Group subsidiaries and co-ordinates the respective Internal Audit functions of the individual companies concerned, thus ensuring that the same high standards of control extend throughout the Group. The outcome of reviews and any corrective action taken is reported periodically to the Board and the Statutory Audit Committee. Strategic and operational control over Group subsidiaries is also exercised by officers of Mediobanca holding Directorships on the Boards of the subsidiaries (see Article 9 of the Code). It is considered that the duties of an internal control committee can be effectively performed by the Executive Committee in view of the specific skills, experience, and authority of its members. The Committee reports to the Board on internal control matters, having regard to the fact that the Board is in any case responsible for approving the reports which the Internal Audit function is required to make at periodic intervals in compliance with Bank of Italy instructions (see Article 10 of the Code).

Mediobanca is fully aware of the importance of maintaining good relations with its shareholders and institutional investors. Shareholders are encouraged to attend General Meetings, and those who have a recent record of attendance receive annual reports and other relevant information at home. Material of this kind can also be found on the Bank's website at [www.mediobanca.it](http://www.mediobanca.it), in English as well as Italian (see Article 11 of the Code).

The Bank does not consider it necessary to adopt a specific set of regulations for holding General Meetings. This is because its Articles of Association ensure that proceedings are conducted in an orderly manner, since they provide for the Chairman of the Board to be responsible for ascertaining that proxies and rights to attend are in order and for presiding over the proceedings, a task that includes

determining the order in which items on the agenda are to be put to the vote. Votes are taken by a show of hands (see Article 12 of the Code).

The Statutory Audit Committee comprises three Standing Auditors and three Alternate Auditors. The Bank's Articles of Association provide for minority shareholders holding not less than 3% of its share capital to elect one Standing and one Alternate Statutory Auditor.

PricewaterhouseCoopers audits Mediobanca's annual and interim financial statements. The Statutory Audit Committee and the external Auditors exchange information at regular intervals on reviews they have conducted.

Milan, 23 September 2002

**RESOLUTIONS PASSED BY THE SHAREHOLDERS  
AT THE ORDINARY ANNUAL GENERAL MEETING  
HELD ON 28 OCTOBER 2002**

The Annual General Meeting of Mediobanca was held at its Head Office on 28 October 2002. The Directors' Report and the Accounts for the year ended 30 June 2002 were adopted.

It was further resolved:

1. to appropriate € 2,450.01 to the *Legal Reserve* and € 11,762,158.64 to the *Statutory Reserves*;
2. to pay a dividend of € 0.15 per share on all the Company's 778,549,415 shares in issue by withdrawing € 11.5m from the *Statutory Reserves*;
3. to re-elect Messrs Antoine Bernheim, Carlo Buora, Mario Greco, Carlo Pesenti, Alessandro Profumo, Axel von Redorffer and Carlo Salvatori as Directors for the three-year period ending 30 June 2005, and to elect Messrs Gilberto Benetton, Giancarlo Cerutti and Vittorio Ripa di Meana as Directors for the same period.

**BALANCE SHEET  
AND  
PROFIT APPROPRIATION ANALYSES**

BALANCE SHEET ANALYSIS

ASSETS

As at 30th June	Liquid assets	Bills discounted advances, repurchase and forward transactions, and loans	Investment securities (excluding investments in Group undertakings)	Investments in Group undertakings	Investments in consortium companies	Property	Furniture, equipment and intangible assets	Other assets	Total assets	Contra accounts	GRAND TOTAL
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
1947	1,536	398	—	—	—	—	6	33	1,973	387	2,360
1948	1,344	1,900	—	—	—	—	6	33	3,283	465	3,748
1949	2,830	3,569	—	1	—	24	—	32	6,456	264	6,720
1950	3,532	5,315	889	3	—	—	—	35	9,774	853	10,627
1951	3,751	6,760	546	25	—	—	—	31	11,113	315	11,428
1952	3,706	9,779	464	38	—	—	—	31	14,018	176	14,194
1953	5,395	12,654	263	—	—	—	—	35	18,347	8,841	27,188
1954	7,804	15,909	763	1	—	—	—	137	24,614	553	25,167
1955	10,294	18,690	971	58	—	—	—	85	30,098	1,644	31,742
1956	14,713	23,573	1,283	5	—	—	—	484	40,058	12,272	52,330
1957	17,670	28,648	1,540	—	—	—	—	245	48,103	10,394	58,497
1958	18,727	31,577	1,798	—	—	—	—	439	52,541	4,799	57,340
1959	31,724	40,713	4,131	—	—	—	—	1,391	77,959	16,828	94,787
1960	45,099	49,813	4,286	—	—	—	—	227	99,425	7,622	107,047
1961	48,464	66,669	6,412	110	—	—	—	244	121,899	7,974	129,873
1962	29,895	100,913	9,027	39	—	—	—	435	140,309	32,419	172,728
1963	39,529	124,090	9,282	142	—	—	—	626	173,669	28,175	201,844
1964	49,714	153,282	9,337	90	—	—	—	1,332	213,755	23,277	237,032
1965	67,815	157,552	13,417	5	—	—	—	1,273	240,062	37,932	277,994
1966	100,651	191,935	15,115	—	—	—	—	2,385	310,086	100,762	410,848
1967	107,097	245,565	17,396	5	—	—	—	3,342	373,405	112,502	485,907
1968	121,745	305,666	17,317	—	—	—	—	4,569	449,297	122,695	571,992
1969	104,636	374,711	19,877	—	—	—	—	6,028	505,252	179,385	684,637
1970	108,075	513,117	19,759	5	—	—	—	5,512	646,468	148,926	795,394
1971	296,325	533,281	19,833	21	—	—	—	4,804	854,264	220,019	1,074,283
1972	211,681	644,004	22,501	541	—	26	—	6,373	885,126	248,839	1,133,965
1973	219,061	768,777	23,083	671	—	26	79	7,999	1,019,696	317,492	1,337,188
1974	725,455	1,091,712	29,243	755	—	190	102	16,095	1,863,552	283,551	2,147,103
1975	898,375	1,243,559	32,603	755	—	190	108	24,963	2,200,553	270,792	2,471,345
1976	842,638	1,394,824	27,159	1,573	—	190	133	27,826	2,294,343	260,533	2,554,876
1977	930,863	1,526,989	32,255	4,042	—	3,615	190	31,666	2,529,620	266,527	2,796,147
1978	931,722	1,719,338	34,759	4,137	—	3,615	198	72,125	2,765,894	414,045	3,179,939
1979	506,795	1,703,992	78,140	4,173	—	3,615	228	74,652	2,371,595	312,152	2,683,747
1980	520,954	1,834,527	55,983	4,174	7,230	3,615	251	75,576	2,502,310	385,483	2,887,793
1981	446,588	2,215,915	73,762	4,008	14,977	3,615	423	174,332	2,933,620	618,841	3,552,461
1982	638,435	2,540,960	165,104	4,008	14,993	3,615	438	174,142	3,541,695	714,778	4,256,473
1983	839,289	2,773,956	170,991	4,008	16,217	3,615	481	231,585	4,040,142	575,962	4,616,104
1984	859,764	3,002,978	225,314	8,088	16,217	19,625	511	224,145	4,356,642	650,010	5,006,652
1985	1,257,350	3,138,244	284,891	8,088	8,986	19,625	700	292,367	5,010,251	685,879	5,696,130
1986	1,697,370	3,388,523	379,210	8,088	1,239	19,625	666	227,820	5,722,541	1,575,268	7,297,809
1987	1,578,922	4,271,623	416,752	8,088	—	19,625	1,153	242,919	6,539,082	1,031,762	7,570,844
1988	1,569,877	4,540,865	565,933	4,213	—	19,625	1,803	208,692	6,911,008	1,827,254	8,738,262
1989	1,403,579	5,465,846	640,118	12,606	—	19,625	2,050	244,208	7,788,032	1,532,042	9,320,074
1990	1,860,248	6,841,257	709,335	9,495	—	19,625	2,353	348,524	9,790,837	2,458,501	12,249,338
1991	2,471,961	6,772,063	926,197	15,652	—	19,625	2,815	407,693	10,616,006	1,914,503	12,530,509
1992	2,245,473	7,356,291	1,149,728	17,897	—	23,800	3,539	516,359	11,313,087	4,974,896	16,287,983
1993	3,104,631	7,933,550	1,187,565	51,589	—	23,800	4,410	532,248	12,837,793	5,464,451	18,302,244
1994	3,347,387	8,961,303	1,389,176	49,085	—	23,800	4,690	522,005	14,297,446	3,851,623	18,149,069
1995	3,150,896	9,609,949	1,618,928	47,725	—	23,800	4,571	478,176	14,934,045	3,103,192	18,037,237
1996	2,571,335	10,717,159	1,793,785	46,491	—	23,800	4,739	484,943	15,642,252	4,114,659	19,756,911
1997	4,337,359	12,058,402	1,820,638	51,422	—	23,800	5,046	582,619	18,879,286	9,531,224	28,410,510
1998	4,789,102	14,115,689	2,106,078	58,298	—	23,800	6,013	856,681	21,955,661	24,883,375	46,839,036
1999	5,201,164	13,175,891	2,602,245	129,792	—	23,800	7,477	1,120,409	22,260,778	33,863,092	56,123,870
2000	4,578,652	14,764,593	2,740,839	60,875	—	23,800	9,286	1,344,067	23,522,112	43,236,774	66,758,886
2001	5,645,521	14,229,607	2,923,030	102,505	—	23,800	10,515	1,491,431	24,426,409	46,827,877	71,254,286
2002	7,377,119	14,861,758	2,912,572	118,779	—	23,800	11,961	1,881,176	27,187,165	50,916,657	78,103,822



BALANCE SHEET ANALYSIS

LIABILITIES

As at 30th June	Shareholders' equity			Specific credit risks provision	Provision for discounts and expenses on bonds issued	Securities fluctuation allowance	Provision for writedowns in investments	Time deposits and current accounts	Debt securities	Due to banks and EIB funds	Accumulated depreciation on furniture and equipment	Accumulated depreciation on property	Other liabilities and provisions	Profit for the year	Total liabilities	Contra accounts	GRAND TOTAL
	Share capital	Reserves, provi- sions qualifying as reserves (*) and retained earnings	TOTAL														
	€ '000	€ '000	€ '000														
1947	516	—	516	—	—	—	—	1,448	—	—	—	—	24	(15)	1,973	387	2,360
1948	516	—	516	—	—	—	—	2,729	—	—	—	—	30	8	3,283	465	3,748
1949	516	2	518	—	—	—	—	5,746	—	—	—	—	143	49	6,456	264	6,720
1950	1,033	26	1,059	—	—	—	—	8,325	—	—	—	—	303	87	9,774	853	10,627
1951	1,549	54	1,603	—	—	—	—	8,985	—	—	—	—	335	190	11,113	315	11,428
1952	1,549	109	1,658	—	—	—	—	11,745	—	—	—	—	405	210	14,018	176	14,194
1953	1,549	169	1,718	—	—	—	—	15,623	—	—	—	—	791	215	18,347	8,841	27,188
1954	1,549	273	1,822	—	—	—	—	21,681	—	—	—	—	898	213	24,614	553	25,167
1955	1,549	322	1,871	—	—	—	—	26,945	—	—	—	—	1,045	237	30,098	1,644	31,742
1956	2,066	365	2,431	—	—	—	—	35,586	—	—	—	—	1,764	277	40,058	12,272	52,330
1957	3,099	446	3,545	—	—	—	—	41,798	—	—	—	—	2,437	323	48,103	10,394	58,497
1958	3,099	522	3,621	—	—	—	—	45,287	—	—	—	—	3,245	388	52,541	4,799	57,340
1959	3,099	607	3,706	—	—	—	—	68,934	—	—	—	—	4,923	396	77,959	16,828	94,787
1960	5,165	747	5,912	—	—	—	—	87,472	—	—	—	—	5,323	718	99,425	7,622	107,047
1961	5,165	1,127	6,292	—	—	—	—	107,712	—	—	—	—	6,929	966	121,899	7,974	129,873
1962	5,165	1,562	6,727	—	—	—	—	125,489	—	—	—	—	7,089	1,004	140,309	32,419	172,728
1963	6,197	2,285	8,482	—	—	—	—	155,196	—	—	—	—	9,276	715	173,669	28,175	201,844
1964	6,197	2,901	9,098	—	—	—	—	189,266	—	—	—	—	14,618	773	213,755	23,277	237,032
1965	7,230	3,607	10,837	—	—	—	—	211,506	—	—	—	—	16,943	776	240,062	37,932	277,994
1966	7,230	4,484	11,714	—	—	—	—	274,589	—	—	—	—	22,862	921	310,086	100,762	410,848
1967	7,230	5,933	13,163	—	—	—	—	336,544	—	—	—	—	22,742	956	373,405	112,502	485,907
1968	8,263	7,307	15,570	—	—	—	—	402,293	—	—	—	—	30,377	1,057	449,297	122,695	571,992
1969	8,263	8,994	17,257	—	—	—	—	449,103	—	—	—	—	37,439	1,453	505,252	179,385	684,637
1970	8,263	11,326	19,589	—	—	—	—	534,360	41,317	—	—	—	50,034	1,168	646,468	148,926	795,394
1971	8,263	13,500	21,763	—	—	—	—	726,356	41,317	—	—	—	63,113	1,715	854,264	220,019	1,074,283
1972	8,263	16,462	24,725	—	—	—	541	745,717	41,317	—	—	—	26	1,195	885,126	248,839	1,133,965
1973	11,569	19,698	31,267	—	—	—	516	839,113	40,284	—	79	26	106,559	1,852	1,019,696	317,492	1,337,188
1974	11,569	24,879	36,448	—	—	—	669	832,133	240,371	597,632	102	26	153,960	2,211	1,863,552	283,551	2,147,103
1975	16,527	33,840	50,367	—	—	—	755	1,171,053	215,581	580,034	108	26	179,651	2,978	2,200,553	270,792	2,471,345
1976	16,527	41,766	58,293	—	—	—	755	1,073,975	213,284	771,016	133	26	166,756	10,105	2,294,343	260,533	2,554,876
1977	20,658	58,793	79,451	—	—	—	1,572	1,254,227	268,556	748,283	190	26	162,642	14,673	2,529,620	266,527	2,796,147
1978	26,856	67,217	94,073	—	—	—	4,039	1,449,198	396,572	601,809	198	3,615	200,652	15,738	2,765,894	414,045	3,179,939
1979	43,382	83,667	127,049	2,622	—	—	4,137	1,531,093	423,029	62,443	228	3,615	200,944	16,435	2,371,595	312,152	2,683,747
1980	43,382	107,496	150,878	3,300	3,873	—	4,173	1,622,873	445,639	41,851	251	3,615	207,623	18,234	2,502,310	385,483	2,887,793
1981	52,679	139,245	191,924	1,265	5,087	—	4,174	1,842,966	589,210	28,807	423	3,615	221,450	44,699	2,933,620	618,841	3,552,461
1982	70,238	167,753	237,991	650	7,308	—	4,008	2,390,742	662,617	27,385	438	3,615	187,644	19,297	3,541,695	714,778	4,256,473
1983	70,238	186,693	256,931	2,755	8,806	—	4,008	2,753,902	738,830	23,558	481	3,615	208,464	38,792	4,040,142	575,962	4,616,104
1984	87,798	269,265	357,063	3,267	9,684	—	4,008	2,987,681	698,842	5,404	511	4,204 <sup>(*)</sup>	241,537	44,441	4,356,642	650,010	5,006,652
1985	87,798	321,361	409,159	2,556	10,823	—	4,008	3,445,663	756,640	27,346	700	1,178	285,170	67,008	5,010,251	685,879	5,696,130
1986	87,798	416,625	504,423	1,275	8,163	—	4,008	3,559,090	1,170,955	98,190	666	1,766	284,740	89,265	5,722,541	1,575,268	7,297,809
1987	87,798	533,608	621,406	620	6,219	—	8,088	3,456,058	1,928,005	191,501	1,153	2,355	265,317	58,360	6,539,082	1,031,762	7,570,844
1988	105,357	609,693	715,050	440	1,727	—	4,213	3,799,239	1,872,357	229,658	1,803	2,944	221,321	62,256	6,911,008	1,827,254	8,738,262
1989	105,357	684,026	789,383	416	735	—	2,253	4,160,423	2,195,808	285,071	2,050	3,533	264,500	83,860	7,788,032	1,532,042	9,320,074
1990	175,595	1,037,632	1,213,227	192	7,031	—	12,606	4,679,784	3,160,657	247,347	2,353	4,121	343,651	119,868	9,790,837	2,458,501	12,249,338
1991	175,595	1,142,463	1,318,058	15,900	7,370	75,806	9,495	5,029,104	3,108,092	474,942	2,815	4,710	455,885	113,829	10,616,006	1,914,503	12,530,509
1992	175,595	1,252,575	1,428,170	5,872	6,137 <sup>(†)</sup>	131,073 <sup>(‡)</sup>	15,652 <sup>(†)</sup>	5,489,100	2,803,155	752,917	3,539	5,299	536,812	135,361	11,313,087	4,974,896	16,287,983
1993	175,595	1,418,593	1,594,188	13,039	—	—	—	6,393,007	3,063,153	1,096,146	4,410	6,013	564,478	103,359	12,837,793	5,464,451	18,302,244
1994	245,833	1,983,409	2,229,242	13,763	—	—	—	5,366,489	4,461,893	1,601,089	4,690	6,727	502,025	111,528	14,297,446	3,851,623	18,149,069
1995	245,833	2,070,559	2,316,392	36,735	—	—	—	6,097,985	4,625,946	1,283,946	4,571	7,441	480,929	80,100	14,934,045	3,103,192	18,037,237
1996	245,833	2,152,495	2,398,328	35,201	—	—	—	6,432,396	4,783,236	1,441,434	4,739	8,155	476,621	62,142	15,642,252	4,114,659	19,756,911
1997	245,833	2,252,872	2,498,705	—	—	—	—	5,773,044	7,787,176	2,047,681	5,046	8,869	686,944	71,821	18,879,286	9,531,224	28,410,510
1998	295,059	2,972,222	3,267,281	—	—	—	—	4,082,396	10,297,074	2,707,852	6,013	9,583	1,455,901	129,561	21,955,661	24,883,375	46,839,036
1999	295,366	3,100,762	3,396,128	—	—	—	—	3,452,177	10,286,779	3,283,081	7,477	10,297	1,711,361	113,478	22,260,778	33,863,092	56,123,870
2000	307,780	3,317,037	3,624,817	—	—	—	—	2,918,920	11,072,736	3,072,363	9,286	11,011	2,686,566	126,413	23,522,112	43,236,774	66,758,886
2001	331,650	3,743,506	4,075,156	—	—	—	—	3,385,422	10,890,941	3,417,142	10,515	11,725	2,484,247	151,261	24,426,409	46,827,877	71,254,286
2002	389,265	4,069,354	4,458,619	—	—	—	—	4,508,208	11,202,082	4,430,055	11,961	12,439	2,446,155	117,646	27,187,165	50,916,657	78,103,822

(\*) Provision for general banking risks, general credit risks provision and securities fluctuation allowance (between 1967 and 1984, when this allowance was taken to Reserve).

(†) Taken to Reserve.

(‡) Of which € 3.6m taken to Reserve.

(§) Of which € 12.5m taken to Reserve and the balance to write down the book value of securities.

PROFIT APPROPRIATION ANALYSIS

For years ended 30th June	APPROPRIATION OF NET PROFIT									
	Gross profit for year	Allocation to credit risks provision	Net profit	Amount taken to Reserve	Amount taken to Special Reserve <sup>(1)</sup>	Writedowns in securities and investments, depreciation on furniture and equipment, and amortization of discounts on bonds issued	Total dividend paid	Percent dividend paid	Directors' remuneration <sup>(2)</sup>	Increase (decrease) in retained earnings
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
1947	(15)	—	(15)	—	—	—	—	—	—	—
1948	23	—	23	2	—	21 <sup>(3)</sup>	—	—	—	—
1949	49	—	49	24	—	24	—	—	1	—
1950	87	—	87	26	—	3	54	7	2	2
1951	190	—	190	52	—	25	108	7	2	3
1952	210	—	210	52	—	38	108	7	3	9
1953	215	—	215	103	—	—	108	7	3	1
1954	213	—	213	52	—	52	108	7	3	(2)
1955	237	—	237	52	—	84	108	7	3	(10)
1956	277	—	277	77	—	57	135	7.50	3	5
1957	323	—	323	77	—	52	194	7.50	3	(3)
1958	388	—	388	77	—	52	248	8	3	8
1959	396	—	396	129	—	—	248	8	8	11
1960	718	—	718	387	—	—	331	8	8	(8)
1961	966	—	966	439	—	109	413	8	8	(3)
1962	1,004	—	1,004	413	—	116	465	9	9	1
1963	1,025	310	715	103	—	142	465	9	9	(4)
1964	1,289	516	773	103	—	90	558	9	12	10
1965	1,370	594	776	155	—	5	604	9	12	—
1966	1,644	723	921	181	—	—	723	10	14	3
1967	1,911	955	956	207	—	5	723	10	15	6
1968	2,219	1,162	1,057	258	—	—	775	10	16	8
1969	2,873	1,420	1,453	516	—	—	909	11	19	9
1970	2,976	1,808	1,168	258	—	5	909	11	18	(22)
1971	3,652	1,937	1,715	258	—	537	909	11	19	(8)
1972	3,390	2,195	1,195	258	—	—	909	11	19	9
1973	4,822	2,970	1,852	387	—	155	1,273	11	26	11
1974	6,988	4,777	2,211	511	—	395	1,273	11	26	6
1975	11,112	8,134	2,978	775	—	155	1,983	12	41	24
1976	17,077	6,972	10,105	1,808	4,132	2,109	1,983	12	41	32
1977	22,549	7,876	14,673	5,165	178	6,059	3,223	12	66	(18)
1978	25,034	9,296	15,738	6,197	6,197	98	3,223	12	65	(42)
1979	29,346	12,911	16,435	7,747	—	2,489	6,074	14	124	1
1980	33,728	15,494	18,234	7,747	3,099	1,214	6,074	14	123	(23)
1981	67,940	23,241	44,699	17,043	17,560	2,571	7,375	14	150	—
1982	29,720	10,423	19,297	7,747	—	1,498	9,833	14	201	18
1983	52,450	13,658	38,792	10,329	17,560	878	9,833	14	200	(8)
1984	60,560	16,119	44,441	27,372	—	3,476	13,170	15	272	151
1985	87,848	20,840	67,008	51,646	—	—	14,926	17	307	129
1986	124,380	35,115	89,265	67,139	—	4,080	17,560	20	361	125
1987	89,906	31,546	58,360	40,800	—	—	17,560	20	351	(351)
1988	84,324	22,068	62,256	40,800	—	—	21,071	20	429	(44)
1989	110,642	26,782	83,860	38,734	—	16,649	28,095	20	311	71
1990	153,577	33,709	119,868	83,912	—	339	35,119	20	454	44
1991	147,192	33,363	113,829	59,450	—	18,666	35,119	20	456	138
1992	171,152	35,791	135,361	99,852	—	—	35,119	20	452	(62)
1993	141,654	38,295	103,359	64,041	—	—	38,631	20	528	159
1994	154,910	43,382	111,528	61,975	—	—	49,167	20	733	(347)
1995	126,220	46,120	80,100	30,213	—	—	49,167	20	740	(20)
1996	110,692	48,550	62,142	12,137	—	—	49,167	20	742	97
1997	128,026	56,205	71,821	21,949	—	—	49,167	20	739	(34)
1998	191,858	62,297	129,561	62,090	—	—	66,401	22.50	1,091	(20)
1999	175,711	62,233	113,478	45,914	—	—	66,460	22.50	1,093	11
2000	198,407	71,994	126,413	47,898	—	—	77,230	25	1,312	(27)
2001	233,894	82,633	151,261	49,913	—	—	99,522	30	1,769	57
2002	204,646	87,000	117,646	265	—	—	116,782	30	618	(19)

<sup>(1)</sup> Allocations to Special Reserve were used to fund bonus issues of € 4.1m in October 1976, € 6.2m (together with € 6,019,000 from the Revaluation Reserve) in October 1977, € 6.2m in October 1978, € 3.1m in October 1980, € 17.6m in October 1981 and € 17.6m in October 1983.

<sup>(2)</sup> Plus fixed fee of € 258,000 as from 30/6/89 and € 1.5m as of 30/6/02.

<sup>(3)</sup> Of which € 15,000 to absorb prior year loss.

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