

## **ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS OF THE MERGER PROJECT**

As part of the streamlining of the structures of Gruppo IntesaBci it is deemed appropriate to merge in the Parent Company certain wholly-owned subsidiaries.

In particular, we submit to the approval of Shareholders the project for the merger in IntesaBci Spa of BIL SERVIZI FINANZIARI Spa (hereafter “BIL Spa”), FINREME società di Intermediazione Mobiliare per Azioni (hereafter “FINREME SIM Spa”) and IMMOBILIARE MARAM Srl.

The corporate purposes of FINREME Sim Spa and BIL Spa show that the companies operate in the financial sector: the former provides securities investment services and the latter offers technical assistance in financial transactions and in the organisation of loans and financings. It must be noted that, on the one hand, BIL Spa is not currently operational and on the other hand the activities of dealing and placement carried out by FINREME SIM Spa, which essentially refer to bank bonds and certificates of deposit, have been progressively declining, following both the changes in the characteristics of this market niche and, more recently, for the generalised difficulties experienced by the market. Consequently the profitability of the subsidiary progressively decreased, and this suggests the merger in the Parent Company.

IMMOBILIARE MARAM Srl owns a real estate property in Catania, leased to the Parent Company IntesaBci Spa, and, following a spin-off involving Comit Service Srl, approved by the respective Shareholders' Meetings on 7th October 2002, will acquire, prior to the date in which the merger comes into legal effects, another 16 real estate properties - including the property in which Centro Sportivo “La Gardanella” is located - that are rented to companies of Gruppo IntesaBci and a building rented to Banksiel, as well as machines and equipment relative to the aforementioned real estate properties.

The spin-off will not lead to a variation in the share capital of the beneficiary nor to any changes in its Articles of Association.

As described in detail in the merger project BIL Spa, FINREME SIM Spa and

IMMOBILIARE MARAM Srl are wholly-owned by IntesaBci and therefore the mergers do not lead to exchange the shares of the merged companies, but to the annulment of such shares, since the mergers do not entail an increase in the capital of the Parent Company.

The reference balance sheet situation for the purposes of the merger for all the companies involved is that as at 30th June 2002.

All effects, including fiscal effects, related to the mergers of BIL Spa, FINREME SIM Spa and IMMOBILIARE MARAM Srl are accounted for in the financial statements of IntesaBci Spa as of 1st January 2003 (year in which the merger comes into legal effects).

Regarding fiscal effects the merger, for the purposes of income taxes (Art. 123 of Presidential Decree 917/86), does not lead to realise capital gains or losses for the companies taking part in the merger.

Considering the fiscal effects are backdated to 1st January 2003, the taxable income of the fraction of the fiscal period between 1st January 2003 and the date in which the merger comes into effects will be recorded by the Parent Company.

The determination of the taxable income of the Parent Company will not consider the goodwill and negative goodwill to be accounted for in the balance sheet as a result of the annulment without substitution of the shares of the merged companies, such differences are in any case immaterial.

The recomposition of reserves for which taxes are suspended will occur according to provisions contained in Art. 123 of Presidential Decree 917/86.

For the purposes of indirect taxes, the merger is not subject to VAT; must pay Registry tax, fixed mortgage and real estate registry taxes and is not eligible for the application of the capital gains tax on real estate assets.

Since the merger refers to wholly-owned subsidiaries, the merger has no consequences on IntesaBci Spa's Shareholder base, nor on the shareholders' agreements regarding the shares of the companies taking part in the merger. The right to recede also does not recur.

Milano, 15th October 2002

The Board of Directors