

IntesaBci

Consolidated Report as at 31st March 2001

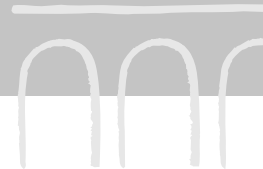
*This is a translation of the Italian original  
"Relazione consolidata al 31 marzo 2001"  
and has been prepared solely for the convenience of the reader.*

*The edition in Italian takes precedence and will be made available  
to interested readers upon written request to  
IntesaBci Spa  
External Relations  
Via Monte di Pietà, 8 - 20121 Milano, Italy*



IntesaBci Spa  
Share Capital 6,628,613,716,000 lire fully paid-up  
Milano Company Register No. 00799960158  
Member of the National Interbank Deposit Guarantee Fund - Included on the National Register of Banks No. 5361  
Gruppo IntesaBci, included on the National Register of Banking Groups  
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## **Board of Directors, Board of Statutory Auditors, General Management and Independent Auditors**

### **Board of Directors**

Chairman	* GIOVANNI BAZOLI
Deputy Chairmen	ALFONSO DESIATA JEAN LAURENT LUIGI LUCCHINI * GIAMPIO BRACCHI
Managing Directors/ Chief Executive Officers	* LINO BENASSI * CHRISTIAN MERLE
Directors	GIOVANNI ANCARANI FRANCESCO ARCUCCI MARC ANTOINE AUTHEMAN BENITO BENEDINI * GIANCARLO FORESTIERI PAOLO FUMAGALLI JORGE MANUEL J. GONÇALVES * GILLES GRAMAT GIANFRANCO GUTTY HEINZ J. HOCKMANN FRANCO MODIGLIANI GIAN GIACOMO NARDOZZI EUGENIO PAVARANI JEAN-LUC PERRON * AXEL FREIHERR VON RÜDORFFER SANDRO SALVATI GINO TROMBI MARCO TRONCHETTI PROVERA

*\* Members of the Executive Committee*

<b>General Managers/ Chief Operating Officers</b>	ROBERTO BRAMBILLA TOMMASO CARTONE ENRICO MEUCCI
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### **Board of Statutory Auditors**

Chairman	GIANLUCA PONZELLINI
Auditors	FRANCESCO PAOLO BEATO PAOLO ANDREA COLOMBO FRANCO DALLA SEGA BRUNO RINALDI

<b>Independent Auditors</b>	RECONTA ERNST & YOUNG Spa
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## Gruppo IntesaBci

### Consolidated financial highlights

	31/3/2001	31/3/2000 <sup>(1)</sup>	% Change
<b>Statement of income</b> (in billions of lire)			
Interest margin	3,286	2,879	14.1
Net commissions	1,909	2,150	(11.2)
Net interest and other banking income	5,700	5,488	3.9
Operating costs	(3,689)	(3,646)	1.2
<i>including Personnel expenses</i>	<i>(2,030)</i>	<i>(2,080)</i>	<i>(2.4)</i>
Operating margin	2,011	1,842	9.2
Income from operating activities	1,436	1,247	15.2
Net income for the period	937	458	104.6
	31/3/2001	31/12/2000	% Change
<b>Balance sheet</b> (in billions of lire)			
Loans to customers	363,684	363,098	0.2
Securities	127,421	114,411	11.4
<i>including Investment portfolio</i>	<i>25,518</i>	<i>25,181</i>	<i>1.3</i>
Equity investments	5,939	5,973	(0.6)
Total assets	668,908	643,359	4.0
Direct customer deposits	367,451	369,726	(0.6)
<i>including Subordinated and perpetual liabilities</i>	<i>18,733</i>	<i>18,860</i>	<i>(0.7)</i>
Indirect customer deposits	611,865	628,688	(2.7)
<i>including Managed funds</i>	<i>278,395</i>	<i>287,534</i>	<i>(3.2)</i>
Customer deposits under administration	979,316	998,414	(1.9)
Net interbank position (debt)	95,814	84,236	13.7
Shareholders' equity <sup>(2)</sup>	23,595	23,710	(0.5)
			<b>Change</b>
<b>Other information</b>			
Employees ( <i>number</i> )	75,176	75,894	(718)
Branches ( <i>number</i> )	4,486	4,531	(45)
<i>including Italy</i>	<i>3,585</i>	<i>3,637</i>	<i>(52)</i>
<i>Abroad</i>	<i>901</i>	<i>894</i>	<i>7</i>

<sup>(1)</sup> Data restated, for consistency purposes, considering changes in the consolidation area.

<sup>(2)</sup> Including net income for the period.

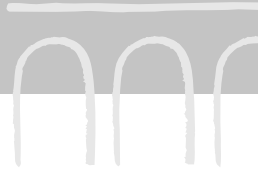
## Economic and financial ratios

	2001	2000
<i>Statement of income ratios</i>		
Interest margin/Net interest and other banking income	57.6%	52.5%
Net commissions/Net interest and other banking income	33.5%	39.2%
Operating costs/Net interest and other banking income	64.7%	66.4%
Net income for the period/Average total assets (ROA) <sup>(1)</sup> - annualised	0.6%	0.3%
Net income for the period/Average shareholders' equity (ROE) <sup>(2)</sup> - annualised	15.6%	<sup>(3)</sup> 9.0%
<i>Balance sheet ratios</i>		
Loans to customers/Total assets	54.4%	56.4%
Securities/Total assets	19.0%	17.8%
Direct customers deposits/Total assets	54.9%	57.5%
Managed funds/Indirect deposits	45.5%	45.7%
<i>Risks ratios</i>		
Net non-performing loans/Total loans	3.4%	3.5%
Accrued adjustments on non-performing loans/Gross non-performing loans to customers	52.5%	52.2%
EPS - Earnings per share - annualised - euro	0.33	0.16

<sup>(1)</sup> Average total assets is calculated as the arithmetical average of the aggregate at period-end compared with the figure at the end of the previous period.

<sup>(2)</sup> Net income for the period, excluding the change in the reserve for general banking risks, divided by the weighted average of the sum of share capital, share premium reserve, revaluation reserves, reserves from retained earnings, negative goodwill arising on consolidation and application of the equity method and reserve for general banking risks.

<sup>(3)</sup> ROE for the whole of 2000 equalled 13.5%.



## **Financial statements**





## Reclassified consolidated statement of income

(in billions of lire)

Statement of income	First quarter 2001	First quarter 2000 <sup>(1)</sup>	Change	
			amount	%
Net interest income	3,053	2,842	211	7.4
Income reported by companies valued according to the equity method and dividends	233	37	196	
<b>Interest margin</b>	<b>3,286</b>	<b>2,879</b>	<b>407</b>	<b>14.1</b>
Net commissions	1,909	2,150	(241)	(11.2)
Profits (Losses) on financial transactions	211	194	17	8.8
Other income, net	294	265	29	10.9
<b>Net interest and other banking income</b>	<b>5,700</b>	<b>5,488</b>	<b>212</b>	<b>3.9</b>
Administrative costs				
a) personnel expenses	(2,030)	(2,080)	(50)	(2.4)
b) other	(1,276)	(1,203)	73	6.1
Adjustments to tangible and intangible fixed assets	(383)	(363)	20	5.5
<b>Operating margin</b>	<b>2,011</b>	<b>1,842</b>	<b>169</b>	<b>9.2</b>
Net adjustments to loans and provisions for possible loan losses	(450)	(458)	(8)	(1.7)
Provisions for risks and charges	(128)	(136)	(8)	(5.9)
Net adjustments to financial fixed assets	3	(1)	4	
<b>Income from operating activities</b>	<b>1,436</b>	<b>1,247</b>	<b>189</b>	<b>15.2</b>
Extraordinary income (loss)	314	(267)	581	
<b>Income before taxation</b>	<b>1,750</b>	<b>980</b>	<b>770</b>	<b>78.6</b>
Income taxes for the period	(634)	(626)	8	1.3
Change in the reserve for general banking risks and in the allowances for risks and charges	3	12	(9)	(75.0)
Net income for the period attributable to minority shareholders	(182)	92	(274)	
<b>Net income for the period</b>	<b>937</b>	<b>458</b>	<b>479</b>	<b>104.6</b>

<sup>(1)</sup> Data restated, for consistency purposes, considering changes in the consolidation area.

## Quarterly development of the statement of income

(in billions of lire)

Statement of income	2001	2000			
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	3,053	2,940	3,028	2,817	2,842
Income reported by companies valued according to the equity method and dividends	233	230	136	1,673	37
<b>Interest margin</b>	<b>3,286</b>	<b>3,170</b>	<b>3,164</b>	<b>4,490</b>	<b>2,879</b>
Net commissions	1,909	2,053	2,046	2,064	2,150
Profits (Losses) on financial transactions	211	71	104	6	194
Other income, net	294	313	232	177	265
<b>Net interest and other banking income</b>	<b>5,700</b>	<b>5,607</b>	<b>5,546</b>	<b>6,737</b>	<b>5,488</b>
Administrative costs					
a) personnel expenses	(2,030)	(2,033)	(2,056)	(2,033)	(2,080)
b) other	(1,276)	(1,377)	(1,342)	(1,275)	(1,203)
Adjustments to tangible and intangible fixed assets	(383)	(416)	(407)	(388)	(363)
<b>Operating margin</b>	<b>2,011</b>	<b>1,781</b>	<b>1,741</b>	<b>3,041</b>	<b>1,842</b>
Net adjustments to loans and provisions for possible loan losses	(450)	(1,065)	(448)	(691)	(458)
Provisions for risks and charges	(128)	(252)	(56)	(203)	(136)
Net adjustments to financial fixed assets	3		(3)	(13)	(1)
<b>Income from operating activities</b>	<b>1,436</b>	<b>464</b>	<b>1,234</b>	<b>2,134</b>	<b>1,247</b>
Extraordinary income (loss)	314	206	79	293	(267)
<b>Income before taxation</b>	<b>1,750</b>	<b>670</b>	<b>1,313</b>	<b>2,427</b>	<b>980</b>
Income taxes for the period	(634)	11	(560)	(1,041)	(626)
Change in the reserve for general banking risks and in the allowances for risks and charges	3	85	(5)	7	12
Net income for the period attributable to minority shareholders	(182)	(63)	(137)	(336)	92
<b>Net income for the period</b>	<b>937</b>	<b>703</b>	<b>611</b>	<b>1,057</b>	<b>458</b>



## Consolidated balance sheet

(in billions of lire)

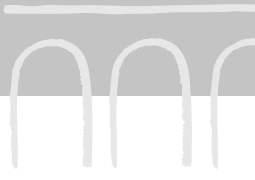
Assets	31/3/2001	31/12/2000	Change	
			amount	%
Due from banks	95,712	92,077	3,635	3.9
Loans to customers	363,684	363,098	586	0.2
Securities	127,421	114,411	13,010	11.4
<i>including Investment portfolio</i>	<i>25,518</i>	<i>25,181</i>	<i>337</i>	<i>1.3</i>
Equity investments	5,939	5,973	(34)	(0.6)
Goodwill arising on consolidation and on application of the equity method	1,328	1,335	(7)	(0.5)
Other assets	74,824	66,465	8,359	12.6
<b>Total assets</b>	<b>668,908</b>	<b>643,359</b>	<b>25,549</b>	<b>4.0</b>

(in billions of lire)

Liabilities	31/3/2001	31/12/2000	Change	
			amount	%
Due to banks	191,526	176,313	15,213	8.6
Due to customers	221,898	227,213	(5,315)	(2.3)
Securities issued	126,820	123,653	3,167	2.6
Allowances with specific purpose	14,420	13,732	688	5.0
Other liabilities	66,155	54,266	11,889	21.9
Allowances for possible loan losses	447	436	11	2.5
Subordinated liabilities	18,733	18,860	(127)	(0.7)
Minority shareholders	5,314	5,176	138	2.7
Shareholders' equity				
– share capital, reserves and reserve for general banking risks	22,594	20,845	1,749	8.4
– negative goodwill arising on consolidation and on application of the equity method	64	36	28	77.8
– net income	937	2,829	(1,892)	(66.9)
<b>Total liabilities</b>	<b>668,908</b>	<b>643,359</b>	<b>25,549</b>	<b>4.0</b>

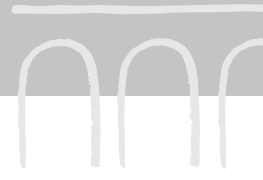






## **Comments on operations development**





## Significant events

The short period passed between the approval of the 2000 Annual Report and this Report was characterised by one sole, but very important, event. To conclude the project initiated last October, on 24th April 2001 the merger of Banca Commerciale Italiana in Banca Intesa was signed with legal effects as of 1st May 2001 and accounting and fiscal effects as of 1st January 2001.

The Intesa-BCI merger

The complex motivations which led to the formation of the new entity – whose corporate name IntesaBci Spa of everyday use – have been broadly illustrated both in the informative document prepared for the Shareholders' Meeting held last March and in the Board of Directors' Report which accompanied the 2000 financial statements. With the merger of BCI in Banca Intesa – after the analogous operations concerning Cariplo, Banco Ambrosiano Veneto and Mediocredito Lombardo – the phase of corporate concentration was therefore completed, in accordance with the project aimed at establishing the most important Italian banking group.

In the meantime also the interventions regarding intergroup integration and the structural rationalisations commenced. A long and complex process – it is the greatest banking re-structuring ever undertaken in Italy in terms of importance of the resources and organisations involved – will lead, by the end of 2003, to the complete realisation of the Group as a strongly market-oriented entity, capable of meeting any type of demand originated by the various customer segments, organised according to highly-productive functional criteria and equipped with the most advanced IT systems. An important role will be maintained also for the Group's presence abroad, based on the international network of branches and subsidiaries, for which expansion possibilities are being selectively evaluated.

The integration processes

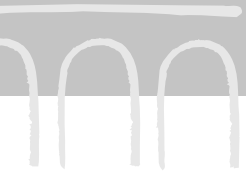
Within the aforementioned reorganisation and rationalisation activities, from the beginning of the year the Private, Corporate and Italian network divisions are gradually being formed within the central structures. Analogous organisations are being implemented in the merged companies. Again in the divisionalisation processes, a pilot-process was started in Lombardia (in the Varese area) aimed at transforming the thirteen traditional branches present in that area, in a complex model, made up of one Corporate branch, one Private branch and a Retail area with ten branches.

As regards the IT structures, starting from 1st January following the merger in Banca Intesa of Banco Ambrosiano Veneto, Cariplo and Mediocredito Lombardo and from 1st May following the merger of Banca Commerciale Italiana, appropriate administrative and operating systems are in place, based on IT and organisational structures which, in the period of co-existence of the various IT systems, will enable the merged Banks to operate with the banking system as a sole entity.

A fundamental step for the formation of IntesaBci was the signature, last April, of a Trade Union agreement which sets out the rules governing the Group's Industrial plan. This agreement addresses, in particular, re-equilibrium of staff, territorial mobility, and the transfer of labour relationships among Group companies. Furthermore, it disciplines labour relationships among the merged banks' personnel and certain institutes such as complementary pensions, supplementary health care and so on, applicable to all personnel of IntesaBci.

In the first months of the year the implementation of the rationalisation plan of the Italian network continued, with the sale of the outlets which are not strategic for territorial coverage. Last 24th April the Board of Directors approved the sale to Banca Carige of 41 Group branches, located in Lombardia, Piemonte, Sicilia,

The rationalisation of the network



Emilia Romagna, Puglia, Veneto and Lazio. Negotiations were conducted assuming as indicative reference parameters the relevant volumes of operations with customers as at 30th June 2000, equalling 665 billion lire and 1,185 billion lire respectively for direct deposits and indirect deposits and 590 billion lire for loans. On this basis, the valuation of the sold branches led to recognise an estimated goodwill exceeding 350 billion lire, to be adjusted on the basis of parameters as at the forthcoming 30th September 2001, when the sale is expected to come into legal effects.

At the beginning of the year 46 branches were sold to Banca Popolare di Vicenza, whereas the sale of 51 branches to Banca Unipol is in an advanced phase of negotiation.

The procedures related to the sale of Banca Carime to Banca Popolare Commercio e Industria and of Banca di Legnano to Banca Popolare di Milano are progressing regularly, according to the steps contained in the relevant contracts. According to the agreements, Banca Popolare Commercio e Industria paid on account a total of 500 billion lire; also on account Banca Popolare di Milano paid 750 billion lire.

#### Stock option plan

With the Board of Directors' approval of the relevant Regulations, the first of the assignment cycles, foreseen in the three-year stock option plan, approved by the Shareholders' Meeting on 1st March, started. The Board of Directors designated as beneficiaries – in addition to IntesaBci's Managing Directors – 93 managers responsible for budgets at various levels, assigning to them approximately 10 million option rights, whose exercise will lead to underwrite, after three years starting from the offer date, the same number of newly-issued IntesaBci shares at a price, which for this cycle, was fixed as the arithmetic average of the official stock market prices in the period between 24th March and 24th April 2001. The exercise of the option is subject to the achievement of at least 95% of the Group's target ROE.

#### Capital in euro and 2001 Half-Yearly Report

The Shareholders' Meeting held on 19th April 2001 resolved upon the conversion in euro of the nominal value of the shares, with effect as of 1st June 2001. Therefore these quarterly financial statements are the last to be expressed in lire; starting from the next interim situation, all data will be expressed only in euro.

On this occasion it must be noted that, like last year, IntesaBci will exercise the option provided for in Art. 82, par. 2, of Consob Resolution 11971 of 14th May 1999. It will disclose the Half-Yearly Report instead of information related to quarterly data as at 30th June 2001. The Report illustrating operations in the first half of the current year will therefore be made available to Shareholders and the market, within 13th September 2001.

#### Equity investments

During the first months of 2001 no significant acquisitions and sales of equity investments and no corporate operations involving subsidiaries occurred.

Within merchant banking activities, the sales of equity investments held in Industrie ILPEA Spa, Chiari e Forti Spa and Mercato Mobiliare del Nord Est Spa were formalised. A 65% stake in Standa Commerciale Spa was sold, while a put option was acquired for the residual 25% pertaining to IntesaBci. Equity investments in the following companies were acquired with investment purposes: Epic Link Spa, Bolzoni Spa, 21 Invest Industry Fund Limited Partnership, St. Helier and ILPEA Equity LLC, Chicago. The convertible bonds issued by Car World Spa were also purchased.



## Criteria for the preparation of the Report and consolidation area

The Quarterly Report as at 31st March 2001 was prepared in compliance with Art. 82 of Consob Regulations approved with Resolution 11971 of 14th May 1999 and reflects, on a consolidated basis, the financial statements of Banca Intesa (now IntesaBci) and of its banking, financial and auxiliary subsidiaries. This document was not certified by the Independent auditors.

Criteria of preparation

The statement of income is shown in a synthetic reclassified form, highlighting intermediate margins and net income. The balance sheet shows the most significant asset and liability items re-grouping minor items. Figures for 2000 were prepared consistently, taking account of the changes occurred in the Group's area of consolidation. Valuation criteria and consolidation methodologies remained unchanged compared to those adopted in 2000 (for information please refer to the Annual Report).

The quarterly situation was prepared following the discrete approach on the basis of which each quarter, considered as an autonomous period, reflects all economic components related to its time period in the respect of prudent criteria. In the financial statements of Group companies there are no elements with significant seasonal characteristics.

Finally, it must be noted that also for the quarterly data the relationships between subsidiaries were excluded and the subsidiaries' figures – where necessary – were adjusted to comply with consolidation principles. Provisions and adjustments made for purely fiscal purposes were also excluded.

The amounts in this Report are expressed in billions of lire.

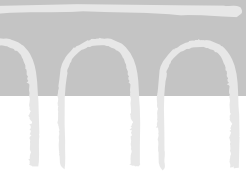
With respect to the situation of the area of full consolidation as at 31st March 2000, the most significant changes are related to the following inclusions:

Consolidation area

- of Banca Cis, whose control was acquired in the second quarter of 2000;
- of Intesa Sec., "vehicle company" established in the middle of last year for the securitisation of the performing loans granted by Cariplo, in which Banca Intesa holds a 60% stake;
- of Privredna Banka Zagreb, acquired in the first part of 2000;
- of the companies belonging to the Banco Wiese Sudameris group, Lima Wiese Sudameris Leasing, Wiese Bank International, Wiese Inversiones Financieras, Depositos SA, previously valued with the equity method;
- of Atlantis Sociedad Anonima, Buenos Aires, valued in the past with the equity method.

During 2000 also Banco Caja de Ahorro, Buenos Aires, was acquired and was merged in Banco Sudameris Argentina, Buenos Aires, which was already subject to full consolidation.

The following companies, instead, went out of the area of consolidation: Companhia América do Sul Crédito Financiamento e Investimento, São Paulo, now valued with the equity method, as well as America do Sul Leasing SA - Arrendamento Mercantil - LEASUL, São Paulo, as a result of its merger with Sudameris Arrendamento Mercantil, Barueri (São Paulo), which was already fully consolidated.



It must be noted that figures in the Consolidated Report as at 31st March 2001:

- include the financial statements of Banca Carime and Banca di Legnano whose sales, respectively to Banca Popolare Commercio e Industria and Banca Popolare di Milano, will be completed within the next few months;
- include BCI's net income in proportion of the quota pertaining to Banca Intesa as at 31st March 2001 (70%);
- reflect the sale of branches to Banca Popolare Vicentina whereas figures related to the first quarter of 2000, provided for comparative purposes, were not reclassified, in view of the limited importance of the operation.

Pro forma financial statements have been prepared considering the effects of both the sale of Banca Carime and Banca di Legnano and the merger of BCI, with the consequent attribution of the latter's entire net income to the Parent Company. The pro forma financial statements are included in the attachments.



## Economic results in the period

In general, operations in the first part of the year appeared characterised by appreciable improvements extended to all intermediate margins. The lower profitability which emerged in certain areas due to negative market trends was effectively balanced by the contribution from other operating sectors, by the controlled increase in general expenses and by virtually unchanged requirements for adjustments and provisions. The increase in income from operating activities was significantly strengthened by the contribution from extraordinary operations derived from the rationalisation of the Italian network and from the consequent sale of certain branches, which are currently highly valued by the market.

Therefore the first quarter of 2001 closed with a net income of 937 billion lire, more than doubling the figure recorded in the same period the previous year. Overall profitability was achieved with the fairly generalised contribution of all Group companies in proportion to individual sizes and operating conditions, with few and minor exceptions. It must be noted that companies operating in the Latin American area returned to positive results already starting from the first quarter, after the heavy losses suffered last year, due to the unfavourable conditions of local economies and to the regulations on credit risk set forth by Brazilian authorities.

The first quarter of 2001 was characterised by a generalised downward trend of interest rates: money market interest rates, after having reached the maximum peak in autumn 2000, initiated a slightly declining trend: three-month Euribor decreased from 5.09% in November to 4.71% in March 2001.

Bank interest rates showed a modestly decreasing trend only for the short-term component. The nominal rate on short-term loans applied by Italian banks dropped from 6.88% in December 2000 to 6.76% in March, equalling 6.80% average for the quarter.

Average rate applied on medium- and long- term loans, instead, after having registered a temporary slight increase in January, started again to decline to 6.51% in March, practically to the level at the end of 2000.

With reference to funding cost, the nominal rate applied on average by Italian banks on deposits in the first quarter of 2001 did not show significant changes and stood at 2.18% on average. As regards bonds, the nominal average rate applied on issued bonds, equalling 4.88% average for the quarter, registered a slight increase in January and then declined again to approximately the same value of December 2000.

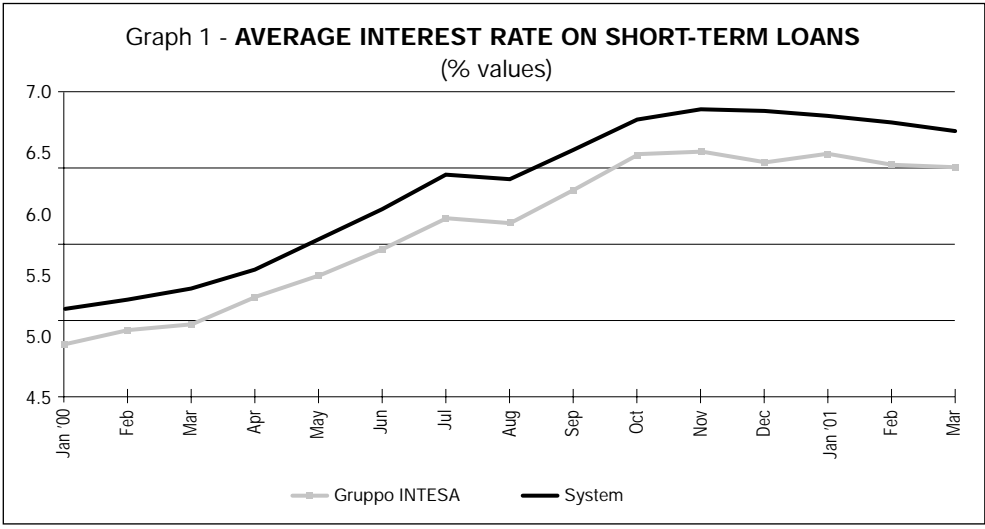
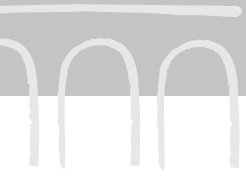
In such context, the interest rates applied by Gruppo IntesaBci – calculated as the weighted average of the interest rates applied by the main Group banks<sup>(1)</sup> – as regards lending showed greater stability than the system's: the average interest rate on short-term loans between December 2000 and March 2001 recorded an only 2 basis point drop, to 6.55% in terms of average for the quarter (Graph 1). The negative differential compared to the market average (depending on the specific composition of the Group's reference market, Gruppo Intesa is more significantly present in the Northern regions, which have lower risk profiles and higher competition) decreased slightly, down from 34 basis points in December 2000 to 24 basis points in March 2001.

Introduction

The market and  
the Group's operations

*Interest rates*

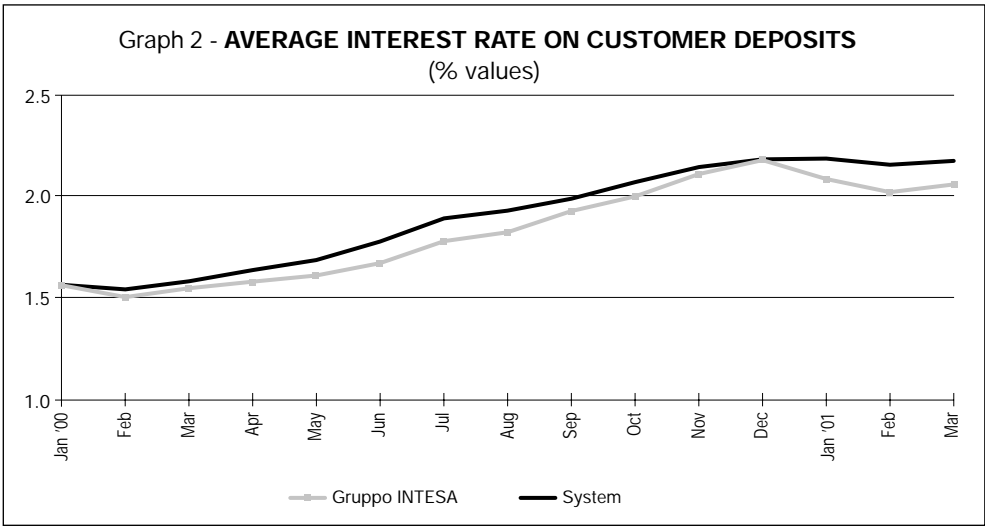
<sup>(1)</sup> As at 31st March 2001: Banca Intesa, BCI, Cassa di Risparmio di Parma, Banca Popolare FriulAdria and Carime. The sum of such banks represents more than 90% of Gruppo Intesa's deposits and loans.



Source: Banca Intesa calculations on Bank of Italy data

With regard to medium- and long- term loans, the average interest rate applied by the Group, recorded a 9 basis point rise between December 2000 and March, reaching 6.29% average for the quarter. Also in this case, the differential with regard to the system slightly decreased, down from 33 basis points in December to 22 basis points in March.

As regards interest rates on deposits, between December 2000 and March 2001 the interest rate paid by the Group on deposits recorded a 12 basis point drop and equalled 2.06% average for the quarter (Graph 2). The benefit in terms of lower funding cost compared to the average rate paid by the market increased again, reaching 12 basis points in March.



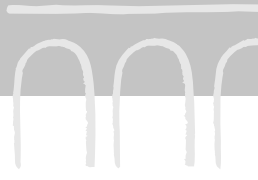
Source: Banca Intesa calculations on Bank of Italy data

The interest rate applied by Gruppo Intesa on issued bonds did not experience significant variations during the quarter and remained on average equal to 4.88%, in line with the system's figure.

*Spread*

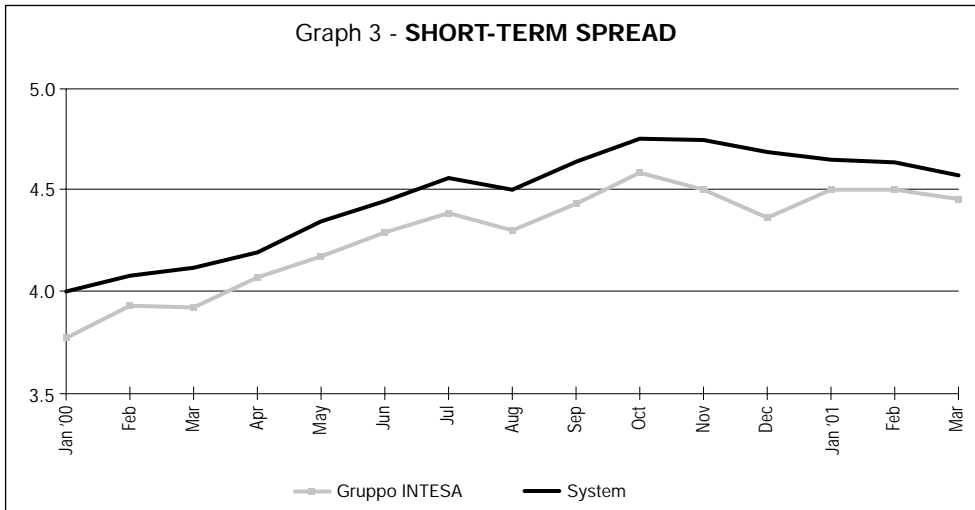
In the first quarter of 2001, the almost constant funding interest rates, and the moderate declining trend in lending rates led to a slight contraction in short-term





spread: the difference between market short-term lending and funding rates decreased by little more than 10 basis points between December 2000 and March 2001, and equalled on average 4.62 points.

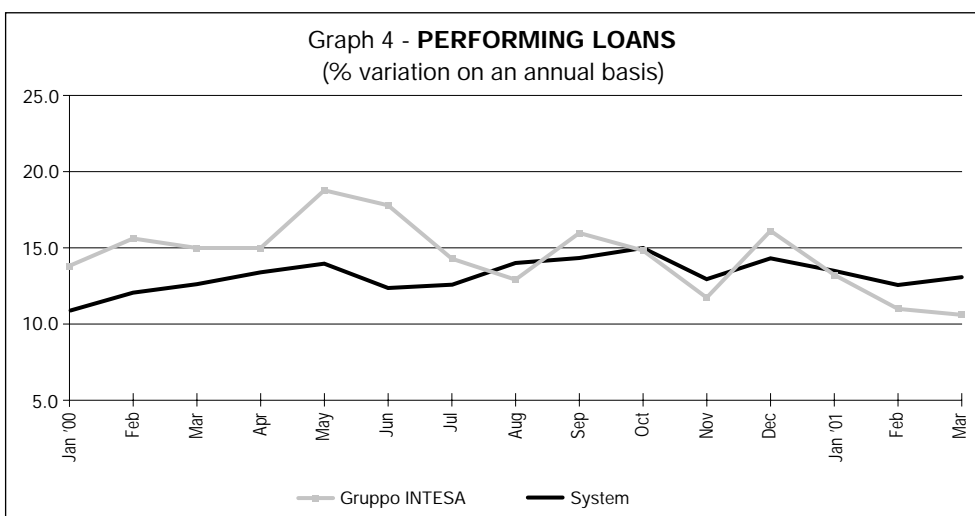
The corresponding spread calculated for Gruppo Intesa showed instead a slight increase compared to the end of 2000, totalling 4.49 points, average for the quarter. The difference with the market average practically halved compared to the end of 2000 (Graph 3).



Source: Banca Intesa calculations on Bank of Italy data

Considering intermediated volumes, during the first quarter of 2001 loans to customers continued to increase considerably, in spite of a certain worsening in the economic cycle: performing loans granted by Italian banks, net of non-performing loans and repurchase agreements, increased on average by 13.1% on an annual basis (Graph 4). In particular, the growth rate recorded by lending to production companies, was favoured, on the one hand, by the contained real interest rates and, on the other hand, by the need to finance extraordinary investments related to the adaptation to the euro of the IT systems and, in general, to corporate restructuring. Also loans to households increased, also driven by great competition between financial companies.

Volumes



Source: Bank of Italy

With regard to the maturity of loans, short-term loans recorded a 16.3% rise compared to the corresponding period of 2000, significantly higher than that recorded by medium- and long- term loans (+ 9.9%).

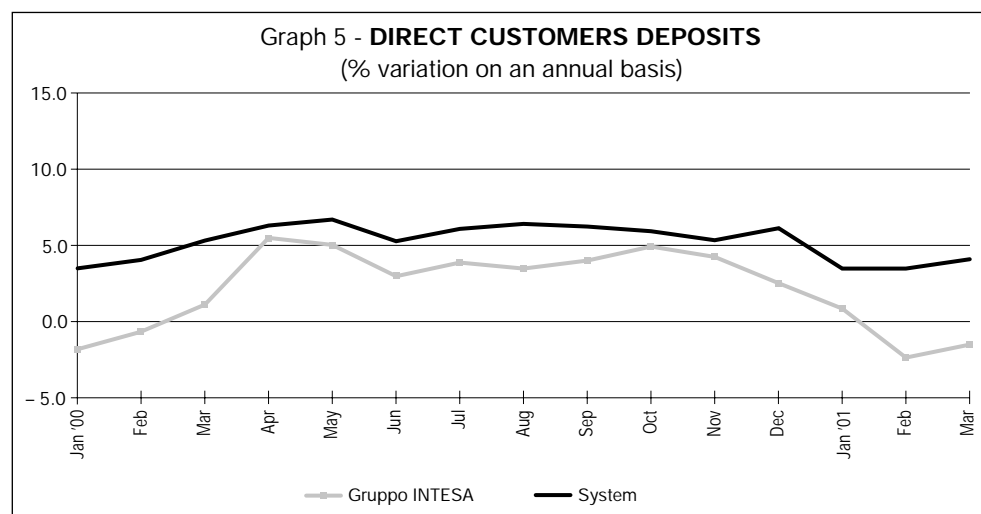
For Gruppo Intesa – calculated considering the sum of the volumes recorded by all Group banks <sup>(1)</sup> – during the quarter the trend recorded by total loans remained high but somewhat lower than the national average (+ 11.6% compared to the system's + 13.1%).

This trend is attributable to the relative slowdown of short-term lending which in the first three months of the year increased by 11.9% on an annual basis, compared to the 16.3% expansion recorded on average by the market.

In the medium- and long- term segment the Group recorded an increase which was higher than the system's (+ 11.2% compared to + 9.9% of all banks).

With regard to direct deposits from resident customers, according to the harmonised BCE definition <sup>(2)</sup>, in the first quarter of 2001 the growth rate recorded by the aggregate of the Italian banking system equalled 3.8% on an annual basis, lower than the average in Euroland (Graph 5). This figure is the result of very different trends recorded by two components of customer funds: stagnant deposits (+ 0.7% in the first quarter), and greatly increasing issued bonds, up by 10.3%. Breakdown by contract type shows the considerable rise in repurchase agreements, close to 40% in terms of average for the quarter.

The significant difference in the growth rates recorded by loans and deposits leads Italian banks to diversify sources of funds, further increasing foreign deposits, selling part of their securities portfolio and carrying out securitisations.



Source: Bank of Italy

For the Group the trend recorded by direct customer deposits continued to be lower than the market: during the quarter the aggregate registered a 1% contraction.

<sup>(1)</sup> As at 31st March 2001: Banca Intesa, BCI, Cassa di Risparmio di Parma, Banca Popolare FriulAdria, Carime, Banca di Trento e Bolzano, Banca di Legnano, Banco di Chiavari, Biverbanca, Cassa di Risparmio di Ascoli, Cassa di Risparmio di Spoleto, Cassa di Risparmio di Foligno, Cassa di Risparmio di Città di Castello, Cassa di Risparmio di Viterbo, Cassa di Risparmio di Rieti, Intesa Gestione Crediti.

<sup>(2)</sup> Deposits (current accounts, saving deposits, certificates of deposit), repurchase agreements and issued bonds (including subordinated bonds).



In the first quarter of 2001, interest margin deriving from lending and deposit collection activities increased to 3,053 billion lire, up by 7.4% compared to the same period in 2000. This positive evolution mostly stemmed from the favourable conditions in the operations of the Italian network, where in addition to the positive combination between average funding and lending volumes with resident customers, the spread between average funding and lending interest rates showed an expansion. The interest rate differential coupled with the greater contribution of dividends amounting to approximately 178 billion lire, connected to the distribution by a company in which BCI has a minority interest, increased the overall interest margin to 3,286 billion lire corresponding to a + 14.1% growth rate compared to the previous reference period.

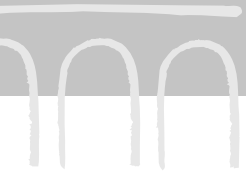
Less favourable conditions were recorded with regard to profitability of financial intermediation and services to customers, particularly as concerns net commissions. The latter's decrease to 1,909 billion lire, corresponding to an approximately 11% negative growth rate, was considerably affected by the negative effects recorded by components related to dealing in securities and asset management, in its various forms, as a result of the unfavourable trend recorded by the stock markets especially in the first months of the year. This phenomenon greatly influenced the banks and product companies operating in Italy, also due the size of funds managed and/or intermediated, while the foreign network maintained on average satisfactory income volumes and growth rates.

Financial transactions, though also affected by the stock market crises and the general volatility of the international financial markets, instead confirmed adequate profitability margins (211 billion lire; + 8.8%). Lastly other operating income also increased by 10.9%, to 294 billion lire mostly as a result of the higher capital gains realised following the sale of equity investments acquired as part of the merchant banking activities.

The previous diversified trends determined overall a positive evolution of net interest and other banking income, which reached 5,700 billion lire and confirmed – with a slight progress (3.9%) – the levels achieved in the corresponding reference period.

As already mentioned above, total administrative expenses, including depreciation and amortisation for the period – which totalled 3,689 billion lire – remained practically in line (+ 1.2%) with the value recorded in March 2000. This stability is the result of a slight decrease in personnel expenses (– 2.4%) – also reflecting the reduction in the average number of employees – which was offset by somewhat higher increases in other administrative costs and depreciation and amortisation (+ 6.1% and + 5.5% respectively) the latter also following the IT renovations under way in numerous Group companies. It is deemed useful to point out that, within other administrative costs, those referring to the Sudameris group have completely stabilised with a zero growth rate, thanks to the completion of the restructuring and expansion interventions which had involved various of its units during the whole of 2000 with considerable effects on expenses.

Gross operating margin increased by approximately 9% to 2,011 billion lire. Adjustments to loans and financial fixed assets, as well as provisions for risks and charges all decreased. Their absorption of the gross operating margin was approximately 3% lower than in previous periods, therefore income from operating activities equalled 1,436 billion lire, up by 15.2% compared to the figure for the corresponding period of 2000. Considering the contributions of extraordinary income and charges – which, in net terms, equalled 314 billion lire – income before taxation reached 1,750 billion lire, with an increase in excess of 78% on the corresponding figure for 2000. After the registration of taxes and the portion of



income pertaining to minority shareholders, net income for the period equalled 937 billion lire, as mentioned above.

As concerns the contribution of extraordinary income and charges, the most significant component refers to the sale – already quoted above – to Banca Popolare di Vicenza of 46 branches of the Italian network, which led to record a total capital gain of approximately 240 billion lire.

\* \* \*

As concerns the problems relative to the determination of interest rates on loans which have been described in the Board of Directors' Report on operations accompanying the 2000 financial statements, the actions described therein are confirmed. In particular, with regard to subsidised mortgages to the construction industry, the allowance set up to cover the charges which may arise on the re-negotiation of interest on such loans has been increased appropriately, while on unsubsidised fixed-rate mortgages the interventions to apply the conditions set forth in Law 24 of 28th February 2001 are currently under way. No provisions have been made for the charges which may arise on litigations regarding the problem of anatocism.

With regard to the application of the fiscal benefits for banking concentrations contained in Legislative Decree 153/99 (so-called Ciampi Law) it was deemed better not to consider its effects in the determination of the tax burden for the quarter, until the European Commission discloses its decision on this matter.



## Main balance sheet aggregates

Loans to customers almost equalled 364,000 billion lire, basically confirming – with broadly similar situations at the Group’s main banks – the positions reached at the end of the previous year, which had been the peak of an expansion phase in which the annual growth rate of the aggregates had exceeded 14%.

Loans

The situation of loans with anomalous trends confirmed the overall improvement in loan portfolio quality reported in the 2000 Annual Report. Non-performing loans were practically unchanged both in absolute terms and in terms of percentage on the loan portfolio (3.4%). The average coverage rate increased to 52.5% (ex 52.2%). Problem loans decreased by approximately 3%, and their average coverage also increased (16% ex 15.6%). Also loans granted to borrowers resident in Countries subject to Country risk remained at the same levels as at the end of last year.

Similar trends were recorded by direct customer deposits, also stable – at approximately 367,000 billion lire – at the levels recorded at the end of 2000. It must be noted that the aggregate under examination, in the previous year had recorded a growth rate in excess of 7%. Net interbank position, which is structurally a debt position, registered an approximately 13% increase as an effect on the Group’s liquidity of the fluctuations which affected various balance sheet aggregates.

Direct customer deposits

Indirect customer deposits recorded a slightly negative growth rate (– 2.7%) down to 612,000 billion lire also as a result of the 3.2% drop in managed funds, as a consequence of the widespread disintermediation due to the decline in global financial market prices. In total, customer deposits under administration as at 31st March 2001 equalled approximately 980,000 billion lire.

Indirect customer deposits and managed funds

Shareholders’ equity as at 31st March 2001 summed up to 23,595 billion lire, with a 115 billion lire drop compared to as at 31st December 2000. The table below summarises the various components and the variations which affected them.

Shareholders’ equity

(in billions of lire)

	Share capital	Other reserves	Reserve for general banking risks	Revaluation reserves	Negative goodwill arising on consolidation	Net income for the period	Total shareholders' equity
<b>Shareholders' equity as at 31st December 2000</b>	<b>5,836</b>	<b>14,209</b>	<b>215</b>	<b>585</b>	<b>36</b>	<b>2,829</b>	<b>23,710</b>
Reserves		1,753				(1,753)	
Dividends						(1,066)	(1,066)
Reserve for charitable contributions						(10)	(10)
Variation in the consolidation reserve related to financial statements in foreign currency		(3)					(3)
Variation in the area of consolidation					28		28
Use of the reserve for general banking risks			(1)				(1)
Net income for the period						937	937
<b>Shareholders' equity as at 31st March 2001</b>	<b>5,836</b>	<b>15,959</b>	<b>214</b>	<b>585</b>	<b>64</b>	<b>937</b>	<b>23,595</b>

\* \* \*

The merger of BCI, on 1st May 2001, led to the annulment without substitution of the shares held by Banca Intesa and the exchange of those pertaining to other Shareholders with the issue of 792,320,323 new IntesaBci shares and an increase in the share capital of 792.3 billion lire.

It must also be noted that due to the merger and according to the exchange ratio of 1.45 Banca Intesa ordinary shares for each BCI ordinary and saving shares, each Warrant Put IntesaBci now refers to the sale to IntesaBci of 1.45 IntesaBci ordinary shares instead of one BCI share, always at a price of 7.8 euro. In other words, the sale price of each IntesaBci ordinary share will equal 5.38 euro.

The Warrant Put IntesaBci is a listed security, whose price basically expresses the differential between the strike price and the lower value forecasted by the market for the IntesaBci share at the time of exercise (November 2002) of the underlying right to sell and will therefore be accounted for in the interim and annual financial statements. Accordingly, the Half-Yearly financial statements as at 30th June 2001, which represent the first financial statements prepared after the merger between Banca Intesa and BCI (which gave origin to the Warrant Put IntesaBci), will reflect the accounting of the Warrant Put IntesaBci.

## Control of market risk

As set out in the table below, during the first quarter, market risks for the aggregate Banca Intesa plus BCI (including foreign units) noticeably decreased, totalling 12.2 million euro at period-end.

As concerns Banca Intesa, allocated capital progressively decreased due to two factors. On the one hand, the imminent reorganisation of the Finance area within the Group – due to the merger between Banca Intesa and BCI – with the



centralisation of the portfolios in one dealing room, which suggested the slowdown of operations on the trading portfolio, which concentrated on building spread oriented positions (on various maturities and various yield curves) instead of constructing substantial directional positions.

Therefore as at 31st March 2001 the trading portfolio showed extremely contained risk positions. In particular Interest Rate VaR<sup>(1)</sup> equalled 1.8 million euro, Equity VaR totalled 1.5 million euro and Foreign Exchange VaR 0.1 million euro. The only index which recorded a slight rise compared to as at 31st December 2000 is equity risk, mostly due to increased market volatility and not to an actual increase in operations.

Considering all Gruppo Intesa banks (excluding BCI) the values are higher, with an Interest Rate VaR up to approximately 4 million euro and an interest rate sensitivity (basis point value) of approximately – 1 million euro.

As concerns the risk profile of BCI's Finance area, market VaR totalled 8.8 million euro, with a considerable drop compared to as at 31st December 2000. Breakdown of risks is shown in the table below which highlights that the drop is essentially due to a reduction in equity risk, following a re-composition of positions. In any case equity risk continues to represent the factor which is mostly responsible for overall risk, while foreign exchange risk considerably decreased.

Overall, IntesaBci's risk propensity therefore greatly decreased. Also in the first quarter of the year capital absorption to cover market risk always remained below the assigned limit.

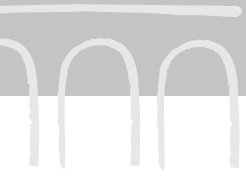
## Value at Risk of the trading portfolio

(in millions of euro)

Risk factors	31/12/2000			31/3/2001		
	Intesa	BCI	IntesaBci	Intesa	BCI	IntesaBci
Interest rate	2.0	6.8	8.8	1.8	6.5	8.4
Equity	1.4	11.6	13.1	1.5	7.9	9.4
Foreign exchange	0.1	2.0	2.0	0.1	0.4	0.5
<b>Total<sup>(1)</sup></b>	<b>3.5</b>	<b>16.7</b>	<b>20.2</b>	<b>3.4</b>	<b>8.8</b>	<b>12.2</b>

<sup>(1)</sup> The sum of single values is greater than the total since the method used to aggregate the risks of the various activities considers the correlation between the various risk factors.

<sup>(1)</sup> The Bank uses VaR to monitor market risk. VaR is quantified using a parametric approach which considers the correlation between the risk factors and is calculated assuming a divestment period of one working day and a confidence level of 99%.



## **Stock price performance**

The first quarter of 2001 was affected by the negative performance recorded by stock markets. The principal reasons for this weakness were recession expectations coming from the US, where the review of growth and investment estimates was particularly severe at the beginning of this year. The European stock markets followed the decline in the US market, registering a generalised drop which for the Italian market totalled 9.6%. The Banca Intesa share was affected by the trend recorded by the main markets and recorded a decrease of 15.2% for the ordinary shares and 8.2% for saving shares.

It must be noted that in May the BCI stock was cancelled from the listing, the security codes for IntesaBci were re-denominated and the Warrant Put on IntesaBci shares was re-defined.





## Shareholder base

The 792,320,323 new IntesaBci ordinary shares issued on 1st May 2001 represent approximately 13.57% of ordinary share capital. The merger with BCI led to a dilution of Shareholders and a reduction in the incidence of shares included in the Voting syndicate, which now represent 38.64% of voting share capital. The composition of the Voting syndicate and the number of shares included will not be changed for the moment.

The table below shows the composition of the Shareholder base and the Voting syndicate determined using the most updated situation available for the Company.

	Shares included in the Voting syndicate	Shares not included in the Voting syndicate	Total shares	Percentage shares included in the Voting syndicate on total	Percentage shares held on total
Crédit Agricole	814,986,054	134,332,142	949,318,196	13.95	16.26
Fondazione Cariplo	498,125,809		498,125,809	8.53	8.53
Generali group Including	317,005,757	24,989,647	341,995,404	5.43	5.85
• Assicurazioni Generali	45,915,297	896,835	46,812,132		
• Alleanza Assicurazioni	184,523,983	810,664	185,334,647		
• Other subsidiary companies controlled by Assicurazioni Generali	86,566,477	23,282,148	109,848,625		
Fondazione Cassa di Risparmio di Parma	233,589,870	8,749,853	242,339,723	4	4.15
Gruppo "Lombardo" Including	206,870,866	2,542,292	209,413,158	3.54	3.59
• Banca Lombarda e Piemontese	130,198,395	190,080	130,388,475		
• I.O.R.	<sup>(1)</sup> 42,917,536	1,050,900	43,968,436		
• Mittel	20,427,036	1,079	20,428,115		
• Abaxbank	8,327,899		8,327,899		
• Credito Emiliano	5,000,000	1,300,233	6,300,233		
Commerzbank group Including	186,317,187	64,041,572	250,358,759	3.19	4.29
• Commerzbank AG	66,194,071	64,041,572	130,235,643		
• Commerzbank International SA	120,123,116		120,123,116		
Total Shareholders in the syndicate	2,256,895,543	234,655,506	2,491,551,049	38.64	42.67
Total other Shareholders		3,348,195,695	3,348,195,695		57.33
<b>Total</b>	<b>2,256,895,543</b>	<b>3,582,851,201</b>	<b>5,839,746,744</b>		<b>100</b>

<sup>(1)</sup> With a beneficial interest in favour of Mittel.

## Performance of the main Group companies

This chapter summarises the results for the first quarter of 2001 of the main Group companies subject to full consolidation.

### *In Italy*

#### **Banca Intesa**<sup>(1)</sup>

##### Economic performance

In the first quarter of 2001 Banca Intesa registered a net income for the period of 666 billion lire with a 9% growth rate compared to the first quarter of 2000 restated in consistent terms to include the effects of the merger of Cariplo, Banco Ambrosiano Veneto and Mediocredito Lombardo which occurred on 31st December 2000. The first three months have been characterised, on the one hand, by a positive performance in lending and deposit collection activities, which led the recovery of interest margin initiated in the previous year to continue, and, on the other hand, by the contraction in income from services, due to the negative trend of financial markets.

Net interest as at 31st March 2001 stood at 1,212 billion lire, with a 6.1% increase with respect to the previous year. The result was due to a positive evolution in average loans to customers and to an improvement in interest rate spreads.

Lending increased by 12.3% on a yearly basis, in particular thanks to the brilliant performance of the short-term component (+ 18.9%), while funding recorded, always in terms of yearly change in average volumes, a 3.6% reduction mainly concentrated in the medium- and long- term component (- 5.2%).

In the first quarter of 2001 the progressive expansion of interest rate spreads, initiated in the previous year, continued. As at 31st March 2001 spreads reached 3.1% with a progression of 12 basis points compared to last December and 26 basis points compared to as at 31st March 2000.

Also dividends (which were accounted for in the period when income is generated, as in the annual financial statements) registered a significant growth (+ 123 billion lire) mainly due to the better results achieved by Group banks which have more than balanced the lower income realised by Caboto and Intesa Asset Management. Income from services, instead, was heavily affected by the negative trend of world stock markets. The reduction was accentuated by the fact that the first quarter of 2000 had been characterised by strong growth in all markets.

As at the end of these three months net commissions reached 611 billion lire, with a 10% drop compared to the same period of the previous year. The reduction is due to a considerable contraction in commissions derived from acceptance of instructions (down by approximately 60 billion lire) and in those from the placement of the Group's mutual funds (- 15 billion lire) because of negative net funding. Instead, commissions on current accounts and on collection and payment services increased.

These aspects and the contraction of profits on financial transactions affected net interest and other banking income (2,476 billion lire as at 31st March 2001) which registered a contained growth rate (+ 1.8%) with respect to the first quarter of 2000.

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<sup>(1)</sup> Since at the reference date of this Report the merger agreement between BCI and Banca Intesa had not been formally signed, the clause backdating accounting effects to 1st January 2001 was not deemed to be applicable. Information on the two Banks was therefore kept separate. The presentation of the integrated balance sheet and statement of income situation of IntesaBci as the company's financial statements will occur in the next Half-Yearly Report as at 30th June 2001.



Operating margin, after having absorbed 1,189 billion lire of operating costs, was virtually stable with respect to the previous reference period, at 1,287 billion lire, with a 3.3% growth rate.

Attention to risk profile and effectiveness of recovery actions contributed to reduce net adjustments and provisions on loans which dropped from 197 billion lire to 138 billion lire. Also provisions for risks and charges declined.

As a result of the containment of these items, income from operating activities as at 31st March 2001 stood at 1,075 billion lire with a 15.1% increase compared to same period the previous year.

Net income for the quarter, including net extraordinary income amounting to 88 billion lire (mainly related to the sale of 7 branches to Banca Popolare di Vicenza and to capital gains on the sale of equity investments) and deducting 497 billion lire of income taxes (which recorded a higher incidence compared to the first quarter of 2000 without considering, as already mentioned, the tax benefits granted by the so-called Ciampi Law on bank restructurings), stood at 666 billion lire, with a 9% increase compared to the first quarter of 2000.

Main balance sheet aggregates showed a contraction in period-end data with reference to operations with customers.

Loans to customers as at 31st March 2001 equalled 170,074 billion lire, with a 3,339 billion lire reduction (- 1.9%) compared to as at 31st December 2000. The reduction is due to a contraction in loans to Group companies and to a drop in the so-called "hot money" operations which in December showed a particularly high balance.

Doubtful loans as at 31st March 2001 did not show significant changes compared to as at 31st December 2000. Non-performing loans, gross of forecasted losses, amounted to 6,188 billion lire (3.6% of gross total loans) and were offset by adjustments for 2,061 billion lire with a 33% percentage coverage. Net problem and restructured loans totalled 3,546 billion lire, whereas the positions subject to so-called Country risk equalled 134 billion lire. Performing loans, i.e. loans which at period-end did not show critical aspects, were protected by provisions for "generic risk" amounting to 657 billion lire which guarantee a 0.5% coverage, net of loans to Group companies and repurchase agreements.

Direct customer deposits (159,457 billion lire) decreased by 1.6% due to a certain reduction in current accounts, the most dynamic component till last year, which was not offset by a growth in issued bonds.

Indirect customer deposits as at 31st March 2001 totalled 270,944 billion lire, at the same level as at the end of December 2000. Managed funds (107,602 billion lire), however, dropped by 5.4% due to the negative performance recorded by funding by the Group's mutual funds and to the reduction in net asset value following the decline in stock market prices.

Investments in securities rose by 14.9% to 39,962 billion lire. The increase, which mainly referred to Italian Government securities, was concentrated on the London branch and was partly aimed at supporting repurchase agreements.

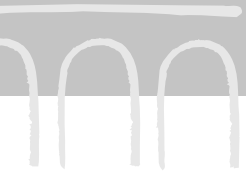
Main balance sheet aggregates

## Banca Commerciale Italiana <sup>(1)</sup>

In the first three months of the current year, BCI's statement of income was characterised by a considerable increase in interest margin, which rose by 17% to

Economic performance

<sup>(1)</sup> Since at the reference date of this Report the merger agreement between BCI and Banca Intesa had not been formally signed, the clause backdating accounting effects to 1st January 2001 was not deemed to be applicable. Information on the two Banks was therefore kept separate. The presentation of the integrated balance sheet and statement of income situation of IntesaBci as the company's financial statements will occur in the next Half-Yearly Report as at 30th June 2001.



680 billion lire due to the favourable development of both intermediated volumes and of spreads between funding and lending interest rates. As regards the volume component, average loans to customers granted by the Italian network registered a growth rate (+ 16.9% compared to the same period in 2000) much higher than customer deposits, which declined slightly (- 5.7%). With regard to interest rates, the 45 basis point increase in average short-term spreads confirmed the upward trend in interest rates initiated at the end of last year, which led to favourable spreads even if interest rates both on lending and on funding significantly increased. The contribution from lending and deposit collection activities was supplemented by substantial dividends distributed by Investitori Associati II, in which a minority stake was acquired in the framework of merchant banking activities.

Income from trading on financial markets and from various customer services was not equally satisfactory, especially with reference to net commissions (down by 15% to 423 billion lire) mainly as a result of negative effects on securities trading and Mutual funds connected to the persisting weak stock market conditions. Also profits on financial transactions were lower (- 20% to 75 billion lire), but adequately balanced by higher net operating income (+ 55% to approximately 79 billion lire), mostly attributable to capital gains related to merchant banking activities. In any case, the higher profitability of the interest rate and dividend areas significantly contributed to net interest and other banking income, which rose to 1,445 billion lire with an increase in excess of 17% compared to the first quarter of 2000.

Virtually unchanged personnel costs, together with slightly higher administrative costs (+ 5%) and reduced depreciation and amortisation charges (- 2%) led to an even more significant improvement in operating margin (+ 56%) to 570 billion lire. Also income from operating activities, equalling 402 billion lire, registered an appreciable rise (approximately 35%), in spite of an increased requirement of provisions for possible loan losses, following the deterioration experienced on certain old loans with anomalous trends. Finally, net income for the period, after imputation of current and deferred income taxes, approached 302 billion lire with an almost 10% improvement (ex 275 billion lire).

#### Main balance sheet aggregates

Total loans to customers – including relationships held with foreign branches – reached 111,463 billion lire, which was the position achieved at the end of the previous year and confirmed a 14% growth rate over the twelve months. The net non-performing loans to total loans ratio improved to 1.07% from 1.14% as at the end of December. Also direct customer deposits maintained a considerable growth rate and exceeded 103,800 billion lire, with increases of + 5.1% compared to last December and of + 18.4% over the twelve months.

Asset management activities gave signals of stability, despite the known problems connected to the depression of stock market prices and the consequent customer propensity to divest. At the end of last March, BCI's collective asset management activities, performed by the product company *Comit Asset Management*, totalled approximately 62,300 billion lire, against 65,000 billion lire as at the end of the year. Individual portfolio management schemes remained unchanged at approximately 23,000 billion lire. Overall collectively and individually managed funds, net of duplications constituted by quotas of Mutual funds subscribed with resources coming from individual portfolio management schemes, totalled approximately 72,400 billion lire (ex 75,300 billion lire; - 3.8%). Indirect customer deposits, including securities deposited by customers, exceeded 205,000 billion lire.



## Cassa di Risparmio di Parma e Piacenza

The statement of income for the first quarter closed with a net income for the period amounting to 110.8 billion lire, against 56.1 billion lire in the same period of 2000. Certain important extraordinary components greatly contributed to the considerable increase: namely income related to the sale of 14 branches to Banca Popolare Vicentina (104 billion lire) and income on the sale of real estate properties (14 billion lire). The residual value of goodwill arising on the mergers of Credito Commerciale and Banca Ceriana (64.3 billion lire) was expensed in the period. Excluding these extraordinary components, net income for the period would have totalled 60.7 billion lire, over 8% higher than that for the first quarter of 2000.

Economic performance

In particular, interest margin rose by 6.3%, while net commissions declined, mainly as a result of the negative trend of financial markets. The containment of administrative costs (- 2.6%) and the reduction in adjustments to fixed assets (- 37.3%) determined a 9.4% increase in gross operating margin. The lower net adjustments to loans and provisions to the allowances for risks led to a 16.6% improvement in income from operating activities.

With reference to the balance sheet, loans to customers recorded an approximately 1% increase compared to as at 31st December 2000 to 15,525 billion lire, while direct customer deposits decreased by approximately the same percentage to 17,800 billion lire.

Main balance sheet aggregates

Indirect customer deposits registered a more marked drop to 43,000 billion lire (- 6.4%), with particular reference to deposits under administration, while managed funds were substantially stable.

## Banca Carime

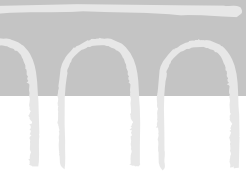
Banca Carime closed the first quarter of 2001 with a net income of 53.5 billion lire, considerably better than that for the same period in the previous year. In fact also Carime's statement of income benefited from substantial extraordinary income (62 billion lire) deriving from the sale of 19 branches to Banca Popolare di Vicenza, in the framework of the rationalisation of the Group's territorial presence. Excluding the effects of this extraordinary operation, net income for the period would have amounted to 8.4 billion lire, thus far higher than 770 million lire reached in March 2000.

Economic performance

The analysis of the statement of income showed an 8% increase in interest margin, mainly following the improvement of yields on loans, whereas net commissions dropped by 20% also as a result of the restructuring currently under way in the Asset management sector. The improvement of profits on financial transactions (+ 20.6 billion lire) and the slight contraction in administrative costs led to a 22.7 billion lire increase in operating margin, to 33.8 billion lire. The valuation of loans led to adjustments for 16 billion lire and write-back of adjustments for 6.6 billion lire. The increase in taxes was mostly determined by the substitute tax connected to the sale of the aforementioned branches.

As regards the balance sheet, loans to customers and direct customer deposits registered contractions also as a result of the sale of operating units. The more marked reduction in loans to customers (- 12.2%) was also affected by the decline in intergroup relationships. Indirect customer deposits, instead, recorded

Main balance sheet aggregates



an appreciable increase (+ 6.7%) mainly due to the positive performance of activities connected to deposits under administration and individual portfolio management schemes.

## Other banks

### Banca Popolare FriulAdria

Banca Popolare FriulAdria's statement of income as at 31st March 2001 closed with a net income of 19.1 billion lire, a result not comparable with that of 1.8 billion lire recorded in the same period of the previous year, due to the Bank's transformation following the contribution of Banco Ambrosiano Veneto's local distribution network in the Friuli-Venezia Giulia region which occurred on 1st July 2000.

The contribution of the various income areas was in line with budget projections.

### Carinord Holding

As already indicated in the 2000 Annual Report, the unproportional spin-off of Carinord Holding will occur and the latter will be extinguished. Carinord Holding's equity investments will be assigned to two new companies: the first – whose Shareholders will be IntesaBci and the Foundation Cassa di Risparmio di Alessandria – will be assigned only the equity investment in Cassa di Risparmio di Alessandria, while the second, which will have as Shareholders the Foundations of Cassa di Risparmio di Carrara and of Cassa di Risparmio della Spezia and IntesaBci, will receive the contribution of the equity investments currently held in the homonymous Saving banks. This second company will then be merged into IntesaBci, which will therefore become direct Shareholder of the two Saving banks.

Gruppo Carinord's statement of income as at 31st March 2001 closed with a net income of approximately 5 billion lire, with an increase exceeding 47% with respect to the figure in the first quarter of 2000, mainly due to the positive performance of interest margin (+ 8%), determined by the rise in loans to customers.

With reference to the balance sheet, operations with customers showed a rising trend both in lending (+ 5%) and in direct deposits (+ 2.7%); customer assets under administration and in custody, instead, stood virtually unchanged following the contraction in managed funds.

### Holding Intesa Centro

The company established in 1999 with the contribution of the equity investments in five Saving banks located in Central Italy, closed the first quarter of 2001 with a loss of 1.9 billion lire mainly due to the fact that no dividends were collected from subsidiaries since four of them closed 2000 with a loss and therefore distributed no dividends.

However, the performance of these Saving banks improved in the first part of this year; in fact, Cassa di Risparmio di Città di Castello recorded a net income of 0.5 billion lire (against a loss of 1.9 billion lire in the first quarter of 2000); Cassa di Risparmio di Foligno closed with a net income of 2.1 billion lire (0.4 billion lire as at 31st March 2000); Cassa di Risparmio di Spoleto closed with a net income of 2.3 billion lire (1.6 billion lire as at 31st March 2000); Cassa di Risparmio di Rieti closed with a net income of 8.7 billion lire (against a loss of 0.7 billion lire as at 31st March 2000) and, lastly, Cassa di Risparmio di Viterbo registered a net income of 3.7 billion lire (1.7 billion lire as at 31st March 2000).

Holding Intesa Centro's Board of Directors called an Extraordinary Shareholders' Meeting which, in June, will approve the increase in capital to finance the transfer to Holding Intesa Centro of 66% of the share capital of Cassa di Risparmio di Ascoli and a further 5% of Cassa di Risparmio di Rieti.



In this first period of the year Cassa di Risparmio di Ascoli recorded a net income of 3.8 billion lire, 3 billion lire higher than that registered in the same period of 2000.

In the first three months of the year Banco di Chiavari e della Riviera Ligure registered an appreciable increase in interest margin (+ 11.5%) to approximately 31 billion lire. The improvements, however, were offset by the lower contributions deriving from financial activities and from other operating income, with negative effects – also due to a certain rise in general costs and in provisions for possible loan losses – on income from operating activities, which decreased by approximately 15% to 12.8 billion lire. The 9% reduction in net income, down to 7.1 billion lire (ex 7.9 billion lire) is not significant in absolute terms. As to the balance sheet, both loans to customers (2,593 billion lire) and direct customer deposits (2,938 billion lire) recorded satisfactory growth rates, compared to December 2000, respectively of 3.4% and 6.1%, whereas indirect customer deposits registered a slight decline to 6,147 billion lire.

Banco di Chiavari  
e della Riviera Ligure

Banca di Legnano – whose sale to a purchaser outside the Group is, as already mentioned, under completion – recorded an appreciable increase in interest margin, so as to easily absorb both the decline in profits on financial transactions and from services and the contained rise in operating costs. Net income for the quarter equalled 7.7 billion lire, approximately 10% higher than that recorded in the corresponding period of 2000. As regards the balance sheet, customer deposits stood substantially stable (+ 1%) while loans to customers decreased to 2,864 billion lire.

Banca di Legnano

Cassa di Risparmio di Biella e Vercelli showed a very favourable performance in interest margin, which rose by one third to 34.5 billion lire. In spite of a slight decline in financial intermediation and services to customers – aggravated by certain tensions in provisions for credit risk – the improvement was significantly reflected in income from operating activities, which increased by 47% to almost 17 billion lire. Net income equally improved (+ 49%), up to 9.7 billion lire (ex 6.5 billion lire). Compared to the end of the previous year, lending activities recorded a moderate increase (+ 2.1%) to 3,113 billion lire, while direct deposits showed a modest decline (– 2.8%) to 3,523 billion lire. Indirect deposits were stable at 5,537 billion lire, in spite of turbulences experienced in the sector.

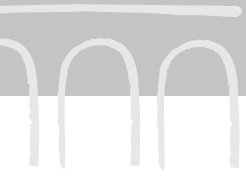
Cassa di Risparmio  
di Biella e Vercelli

In the first quarter of this year Banca di Trento e Bolzano recorded a net income of 4.3 billion lire (+ 10.3% on the same period in 2000). The increase in interest margin (+ 7.4%) and in profits on financial transactions offset the reduction in net commissions (– 16.2%) and contributed to improve net interest and other banking income, up by 4.6%. The containment of operating costs (– 2.9%) and of adjustments led to an income from operating activities of 6.1 billion lire (+ 38.6%). With reference to balance sheet items, loans to customers rose strongly (+ 15.9% over the twelve months), whereas both direct customer deposits (– 3.5%) and indirect customer deposits (– 17.7%) decreased, the latter also due to the different allocation of asset management activities within the Group.

Banca di Trento  
e Bolzano

Interventions made on the structure and operations of Banca Cis determined positive effects on the statement of income, which as at 31st March 2001 showed a net income of 9.3 billion lire (against a result at break-even as at the end of the first quarter of 2000 and a loss of 12.7 billion lire as at the end of last year), with an

Banca Cis



improvement which interested all components and margins. Balance sheet items, instead, were reassessed, and showed a 11.2% reduction in loans and a drop in excess of 25% in customer deposits under administration.

#### Intesa Gestione Crediti

Intesa Gestione Crediti closed the first quarter with a net income of 0.3 billion lire, with a slight reduction with respect to that recorded in the same period of 2000. Doubtful loans, all acquired from Group companies, as at 31st March 2001 amounted to approximately 4,500 billion lire, slightly lower than 4,600 billion lire as at the end of 2000.

### Securities trading

#### Caboto Holding Sim

Caboto Holding Sim's accounts as at 31st March 2001 recorded a net income of 1.1 million euro against 21.4 million euro for the first quarter of 2000. The statement of income was heavily affected by the unfavourable evolution of financial markets, which favoured the shift of investors' capital flows towards bond markets. Furthermore no contribution was given by dividend distribution from the subsidiary Caboto Sim (which equalled 10.2 million euro as at 31st March 2000).

#### Caboto Sim

Caboto Sim's statement of income for the first quarter, which closed with a loss of 2 million euro against a net income of 15.2 million euro in the first quarter of 2000, was negatively affected by the unfavourable performance of financial markets, which was characterised by a negative trend of indices and a sizeable contraction in transactions. This phenomenon, coupled with the reduction in average unit commissions, determined a marked drop in commissions, down from 29.9 million euro as at the first quarter of 2000 to 11.5 million euro in first three months of 2001. The result was also affected by the considerable incidence of costs attributable to the "Intesa Trade" division (Gruppo Intesa's on line trading platform), which starting from 1st July will become an autonomous legal entity reporting directly to Intesa e-lab, the Holding company of the Group's e-banking and e-commerce equity investments.

### Asset Management

#### Intesa Asset Management Sgr

The persisting market volatility negatively affected Intesa Asset Management's statement of income for the first three months of 2001, which closed with a net income of 35 billion lire against 54.4 billion lire in the first quarter of the previous year. In particular, the differential between commission income and commission expense amounted to 94.7 billion lire, with a marked reduction compared to 123.3 billion lire in the same period of last year. From the operational standpoint, as at the end of March total assets managed by mutual funds and Sicavs amounted to 134,350 billion lire, with a slight decline with respect to 139,900 billion lire as at 31st December 2000. During the quarter net funding was negative for 3,383 billion lire due to the dynamics of equity and balanced funds, while money market funds gave a positive contribution since they were utilised as temporary investment by customers waiting for more attractive investment opportunities. Market share as at 31st March 2001 equalled 13%, with a slight improvement with respect to as at 31st December 2000. Total funds managed by the Company as at 31st March 2001 amounted to 155,352 billion lire compared to 151,441 billion lire as at 31st December of last year.





Comit Asset Management confirmed its economic performance, with a net income (approximately 11 billion lire) in line with previous results despite the difficulties raised by stock markets and their unavoidable impact on the placement of Mutual funds. Assets managed by the Company stood at approximately 62,300 billion lire – slightly lower (approximately – 4%) than the figure as at the end of 2000 – and were spread over a range of over 30 types of Mutual funds and various groups of Sicavs. Taking account of individual portfolio management schemes, direct or on behalf of third parties, asset management activities exceeded, net of duplications, 72,000 billion lire.

Comit Asset Management

## Product companies

In a sector characterised by an appreciable growth rate, commercial development of Intesa Leasing proved positive even if more contained with respect to that recorded in 2000.

Intesa Leasing

In particular, contracts stipulated in the first quarter of the current year rose by 11.8% in terms of number of transactions and by 5.5% in terms of value compared to the first quarter of the previous year. The latter figure is attributable to the positive performance of the real estate segment, which registered a 42.5% growth with respect to the first three months of 2000, while the other segments showed declining dynamics.

With regard to the statement of income, net income for the period amounted to 8.2 billion lire, with a reduction compared to 10.4 billion lire recorded in the first quarter of 2000.

Mediofactoring's first quarter results confirmed the positive growth rate which characterised the previous year. In fact, turnover registered a 34.2% increase compared to the first quarter of 2000, mainly following the consolidation of operations with certain primary counterparties. From the quality standpoint, the incidence of loans acquired with contracts pro soluto (without recourse, that is, without guarantee on the solvency of the borrower) equalled 73.6%.

Mediofactoring

With reference to the statement of income, the Company closed the quarter with a net income of 14.3 billion lire, corresponding to an 8.3% increase with respect to the first three months of 2000, also as a result of the positive effects of interventions aimed at containing operating costs.

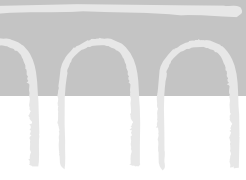
During the first quarter of 2001, Comit Factoring – whose activities are currently being contributed to Mediofactoring, within the project aimed at concentrating in a sole entity all of the Group's factoring activities – pursued the gradual transfer of subsidised customers. The Company closed the quarter with a positive result of 3.5 billion lire.

Comit Factoring

In the first quarter of 2001 the difficult period for the sales network, started in the second half of the previous year, continued. Consequently, the achieved results showed a decrease both in terms of volumes and in terms of income with respect to the same period of last year.

Intesa Italia Sim

Commission income and commission expense declined respectively by 38% and 41% leading to a net income for the period equalling 3.6 billion lire, with an approximately 46% reduction with respect to as at 31st March 2000.



GenerComit  
Distribuzione Sim

GenerComit Distribuzione Sim continued to place Comit Asset Management funds and other Group financial products. The Company was confronted with the unfavourable trend of its sector, which was heavily affected by stock markets. The statement of income was penalised by the contraction in placement commissions, which dropped by approximately one third, leading to a net income of approximately 0.9 billion lire, against 4.9 billion lire in the corresponding period of 2000.

Setefi

The first quarter of 2001 registered a net income 10.3% higher than that recorded in March 2000, from 6.8 billion lire to 7.5 billion lire.  
Own and managed cards reached approximately 1,440,000 with an increase of 20,000 units compared to the end of 2000 and of almost 90,000 units compared to 31st March 2000.  
Installed POS numbered 53,600 (against 49,700 as at 31st December 2000 and 39,600 as at 31st March 2000). Total number of transactions made through POS rose by approximately 42% compared to the first quarter of 2000, reaching 19.4 million.

Carivita

The statement of income for the first quarter of 2001 closed with a net income of 12.9 billion lire, with a considerable increase compared to 3.3 billion lire in the first quarter of 2000. Premiums totalled 503.1 billion lire while technical reserves reached 10,718 billion lire, with a 2.6% increase with respect to the end of 2000. In addition to the traditional attention devoted to premium collection, the Company continued to upgrade the range of products offered to customers, investing in projects for the development of new insurance/financial solutions capable of giving customers access to the best international asset managers.

Intesa Riscossione  
Tributi

The Holding company of the Group's tax collection companies (Esa.Tri., E.Tr. Sesit and Serit) closed the statement of income as at 31st March with a net income of 3.1 billion lire, which is not significantly comparable with the result of the first quarter of 2000, since the Company had just been established. The statement of income benefited from the dividends distributed by the subsidiary Esa.Tri. (3.8 billion lire) and from operating income generated by payments of services performed on behalf of subsidiaries (4.8 billion lire), whereas the main cost component was represented by administrative costs (3.8 billion lire).

## ***Abroad***

### **Sudameris group**

The quarterly results of the Sudameris group confirmed the expectations, formulated at the end of last year, for an improvement of the conditions of unsatisfactory profitability, which characterised the group's operations for the whole of 2000, also due to unfavourable economic-monetary factors contemporarily present in the various local markets.

Economic performance

As regards interest margin, the increase in lending volumes allowed to at least partly recover the negative effect of the contraction in spreads already visible in the second half of last year, limiting to 1.7% the reduction in the item under



consideration, down to 299 billion lire. By contrast, net commissions (+ 6%), profits on financial transactions (+ 77%) and other net operating income (+ 69%) registered more than satisfactory increases. This led to a net interest and other banking income equalling 613 billion lire, with an approximately 13% increase with respect to the corresponding figure in March 2000. The gradual completion of the structure rationalisation processes, following the corporate acquisitions formalised in the last two years, led to a contraction in operating costs which, including depreciation and amortisation charges, dropped by more than 4%.

The favourable performance of net revenues determined an operating margin of 125 billion lire, which is approximately four times higher than that registered in the corresponding reference period. The interventions made last year to bring the provisions for possible loan losses in line with the mandatory provisions issued by Brazilian supervisory authorities enabled the Sudameris group to face 2001 with lower requirements for adjustments to loans, which decreased by approximately 30% but still led to a relatively high absorption of operating income. Therefore income from operating activities stood at approximately 10 billion lire, decreasing to approximately 4 billion lire after the imputation of income taxes and of income attributable to minority shareholders. It must however be noted that in the first three months of the current year the Sudameris group achieved – compared to the loss registered in the same period of 2000 – higher net revenues for almost 129 billion lire, therefore confirming the soundness of the expectations of a greater economic equilibrium formulated at the beginning of this year.

Total loans to customers improved by + 3.8% the positions existing at the end of the previous year, with a rise of the total aggregate to over 19,000 billion lire. Total customer deposits, standing at around 21,600 billion lire, declined slightly (by approximately 3%, due to reductions in all types of contracts). The opposite trends in the mentioned aggregates – together with an approximately 12% increase in investments in trading securities – determined more tensions from the liquidity standpoint and led to double the net debt interbank position to approximately 4,000 billion lire.

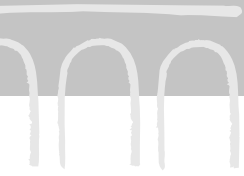
Main balance sheet aggregates

## **Central-European International Bank**

The Hungarian Bank was capable of profiting from opportunities offered by the local market, characterised by a growth rate among the best in the area. Taking advantage of a widespread presence in the national territory, the Bank continued its policy of consolidating relations with corporate and private customers, jointly with the policy of expanding the offer of services to small- and medium- sized enterprises. Operations were very satisfactory, with a consolidated result of 18 billion lire, corresponding to an approximately 10% increase compared to the previous reference quarter.

## **Privredna Banka Zagreb**

Also the Croatian Bank confirmed its expansion strategies, based on the development of new products and services and on the augmented territorial presence. To pursue the latter the regional bank Medimurska Banka was recently acquired. The statement of income showed generalised increases in all intermediate operating margins, with net income rising by over 40% to 38 billion lire.



## Other banks

Bankhaus LÖbbecke, confirming the slow but constant improvement shown in the last few years, closed the first quarter of 2001 with a net income of 3.1 million euro (+ 8.5%). In particular, operating margin recorded an 11.9% increase following the positive performance of interest margin and the improvement of profits on financial transactions. Income from operating activities declined due to higher adjustments to loans, while extraordinary income benefited from substantial capital gains generated by the sale of equity investments.

Banca Commerciale Italiana of Canada recorded an improvement of its profitability, which however was affected by a lower contribution from interest income resulting from the slowdown in the Canadian economy. An effective cost control contributed to the improvement of net income, equalling 1.3 billion lire against 0.9 billion lire in the corresponding period under comparison.

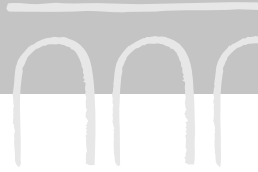
Banca Commerciale Italiana (Suisse) collected considerable revenues in terms both of interest margin and of income from dealing operations and registered a marked drop in brokerage commissions as a result of the collapse of world stock markets and of the consequent change in investors' approach, which led to large drop in intermediated volumes. However the quarter closed with a net income of approximately 6 billion lire, slightly lower than that of the reference period.

Société Européenne de Banque continued to develop its activity mainly in the sectors related to the offer of services to corporate and private customers and to asset management. The considerable contribution of commissions to profitability for the period led, in spite of higher costs incurred for updating the IT system and upgrading the operational structure, to a net income of over 6 billion lire, with a 46% increase on the corresponding quarter of the previous year.

Banca Commerciale Italiana (France), in addition to an appreciable interest margin, recorded substantial income from services mostly as a result of substantial flows of commissions generated by large syndicated loans and by certain structured operations. Deducting all costs, the quarter closed with a net income exceeding 26 billion lire, more than double the figure recorded in the corresponding period of the previous year.

Banca Commerciale Italiana (Ireland) continued to more intensively concentrate its operations on the development of complex financial structures, capable of ensuring very satisfactory profitability margins. In fact the quarter closed with a net income of 12 billion lire, with a 43% increase.

Among other banks, Banca Intesa (France) recorded a net income for the quarter of 2.1 billion lire (1.6 billion lire in the first quarter of 2000); in the same period Intesa Ireland registered a net income of 3.6 billion lire (against 2.8 billion lire in the first quarter of 2000), while Banca Intesa International recorded a slight reduction in net income to 1.9 billion lire.



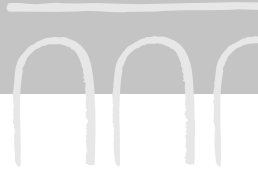
## **Projections for the whole year**

The consolidated statement of income and balance sheet for the first three months of 2001 report figures which are virtually in line with the budget. Therefore the forecast of a marked increase in net income is confirmed.

Milan, 14th May 2001

The Board of Directors





## **Attachments**







## Reclassified consolidated statement of income in euro

(in millions of euro)

Statement of income	First quarter 2001	First quarter 2000	Changes amount
Net interest income	1,577	1,468	109
Income reported by companies valued according to the equity method and dividends	120	19	101
<b>Interest margin</b>	<b>1,697</b>	<b>1,487</b>	<b>210</b>
Net commissions	986	1,110	(124)
Profits (Losses) on financial transactions	109	100	9
Other income, net	152	137	15
<b>Net interest and other banking income</b>	<b>2,944</b>	<b>2,834</b>	<b>110</b>
Administrative costs	(1,048)	(1,074)	(26)
a) personnel expenses	(659)	(621)	38
b) other			
Adjustments to tangible and intangible fixed assets	(198)	(187)	11
<b>Operating margin</b>	<b>1,039</b>	<b>952</b>	<b>87</b>
Net adjustments to loans and provisions for possible loan losses	(232)	(237)	(5)
Provisions for risks and charges	(66)	(70)	(4)
Net adjustments to financial fixed assets	1	(1)	2
<b>Income from operating activities</b>	<b>742</b>	<b>644</b>	<b>98</b>
Extraordinary income (loss)	162	(138)	300
<b>Income before taxation</b>	<b>904</b>	<b>506</b>	<b>398</b>
Income taxes for the period	(327)	(323)	4
Change in the reserve for general banking risks and in the allowances for risks and charges	1	6	(5)
Net income for the period attributable to minority shareholders	(94)	48	(142)
<b>Net income for the period</b>	<b>484</b>	<b>237</b>	<b>247</b>

## Consolidated balance sheet in euro

(in millions of euro)

<b>Assets</b>	<b>31/3/2001</b>	<b>31/12/2000</b>	<b>Changes amount</b>
Due from banks	49,431	47,554	1,877
Loans to customers	187,827	187,524	303
Securities	65,807	59,089	6,718
<i>including Investment portfolio</i>	<i>13,179</i>	<i>13,005</i>	<i>174</i>
Equity investments	3,067	3,085	(18)
Goodwill arising on consolidation and on application of the equity method	686	690	(4)
Other assets	38,645	34,325	4,320
<b>Total assets</b>	<b>345,463</b>	<b>332,267</b>	<b>13,196</b>

<b>Liabilities</b>	<b>31/3/2001</b>	<b>31/12/2000</b>	<b>Changes amount</b>
Due to banks	98,915	91,058	7,857
Due to customers	114,601	117,346	(2,745)
Securities issued	65,497	63,861	1,636
Allowances with specific purpose	7,448	7,092	356
Other liabilities	34,165	28,027	6,138
Allowances for possible loan losses	231	225	6
Subordinated liabilities	9,675	9,740	(65)
Minority shareholders	2,745	2,673	72
Shareholders' equity			
– share capital, reserves and reserve for general banking risks	11,669	10,765	904
– negative goodwill arising on consolidation and on application of the equity method	33	19	14
– net income	484	1,461	(977)
<b>Total liabilities</b>	<b>345,463</b>	<b>332,267</b>	<b>13,196</b>



## Reclassified statement of income - pro forma <sup>(1)</sup>

(in billions of lire)

Statement of income	First quarter 2001	First quarter 2000	Change		Consolidated First quarter 2001
			amount	%	
Net interest income	2,878	2,676	202	7.5	3,053
Income reported by companies valued according to the equity method and dividends	251	39	212	543.6	233
<b>Interest margin</b>	<b>3,129</b>	<b>2,715</b>	<b>414</b>	<b>15.2</b>	<b>3,286</b>
Net commissions	1,848	2,074	(226)	(10.9)	1,909
Profits (Losses) on financial activities	207	211	(4)	(1.9)	211
Other income, net	287	252	35	13.9	294
<b>Net interest and other banking income</b>	<b>5,471</b>	<b>5,252</b>	<b>219</b>	<b>4.2</b>	<b>5,700</b>
Administrative costs					
a) personnel expenses	(1,894)	(1,957)	(63)	(3.2)	(2,030)
b) other	(1,230)	(1,141)	89	7.8	(1,276)
Adjustments to tangible and intangible fixed assets	(370)	(349)	21	6.0	(383)
<b>Operating margin</b>	<b>1,977</b>	<b>1,805</b>	<b>172</b>	<b>9.5</b>	<b>2,011</b>
Net adjustments to loans and provisions for possible loan losses	(438)	(456)	(18)	(3.9)	(450)
Provisions for risks and charges	(121)	(136)	(15)	(11.0)	(128)
Adjustments net to financial fixed assets	3	(1)	4	400.0	3
<b>Income from operating activities</b>	<b>1,421</b>	<b>1,212</b>	<b>209</b>	<b>17.2</b>	<b>1,436</b>
Extraordinary income (loss)	227	(268)	495	184.7	314
<b>Income before taxation</b>	<b>1,648</b>	<b>944</b>	<b>704</b>	<b>74.6</b>	<b>1,750</b>
Income taxes for the period	(601)	(608)	(7)	(1.2)	(634)
Change in the reserve for general banking risks and in the allowances for risks and charges	3	12	(9)	(75.0)	3
Net income for the period attributable to minority shareholders	(45)	71	(116)	(163.4)	(182)
<b>Net income for the period</b>	<b>1,005</b>	<b>419</b>	<b>586</b>	<b>139.9</b>	<b>937</b>

<sup>(1)</sup> This statement of income does not include the results recorded by Banca Carime and Banca di Legnano. Net income generated by BCI was entirely attributed to the Group. Figures for the first quarter of 2000 are consistent.

## Consolidated balance sheet - pro forma <sup>(1)</sup>

	31st March 2001		Change
	Pro forma	Consolidated	
<b>Consolidated balance sheet</b> (in billions of lire)			
Loans to customers	355,171	363,684	(8,513)
Securities	125,606	127,421	(1,815)
<i>including Investment portfolio</i>	24,723	25,518	(795)
Total assets	659,714	668,908	(9,194)
Direct customer deposits	350,548	367,451	(16,903)
<i>including Subordinated     and perpetual liabilities</i>	18,738	18,733	5
Indirect customer deposits	596,425	611,865	(15,440)
<i>including Managed funds</i>	275,229	278,395	(3,166)
Customer deposits under administration	946,973	979,316	(32,343)
Net interbank position (debt)	104,306	95,814	8,492
<b>Other information</b>			
Employees ( <i>number</i> )	70,337	75,176	(4,839)
Branches ( <i>number</i> )	4,093	4,486	(393)
<i>including Italy</i>	3,192	3,585	(393)
<i>Abroad</i>	901	901	

	31st December 2000		Change
	Pro forma	Consolidated	
<b>Consolidated balance sheet</b> (in billions of lire)			
Loans to customers	354,321	363,098	(8,777)
Securities	112,275	114,411	(2,136)
<i>including Investment portfolio</i>	24,386	25,181	(795)
Total assets	632,680	643,359	(10,679)
Direct customer deposits	351,702	369,726	(18,024)
<i>including Subordinated     and perpetual liabilities</i>	18,865	18,860	5
Indirect customer deposits	613,520	628,688	(15,168)
<i>including Managed funds</i>	284,707	287,534	(2,827)
Customer deposits under administration	965,222	998,414	(33,192)
Net interbank position (debt)	93,240	84,236	9,004
<b>Other information</b>			
Employees ( <i>number</i> )	70,949	75,894	(4,945)
Branches ( <i>number</i> )	4,119	4,531	(412)
<i>including Italy</i>	3,225	3,637	(412)
<i>Abroad</i>	894	894	

<sup>(1)</sup> Pro forma balance sheet data calculated excluding Banca Carime and Banca di Legnano.