



Half-Year Report 2002



*This is an English translation of the Italian original
"Relazione sull'andamento della gestione del primo semestre 2002"
and has been prepared solely for the convenience of the reader.*

*The version in Italian takes precedence and will be made available
to interested readers upon written request to
IntesaBci Spa
Corporate image and marketing communication department
Via Monte di Pietà, 8 - 20121 Milano, Italy*



Registered office: Piazza Paolo Ferrari, 10 - 20121 Milano, Italy

Telephone: +39 02 8844.1

Web site: <http://www.intesabci.it>

Report and Consolidated Financial Statements for the First Half of 2002

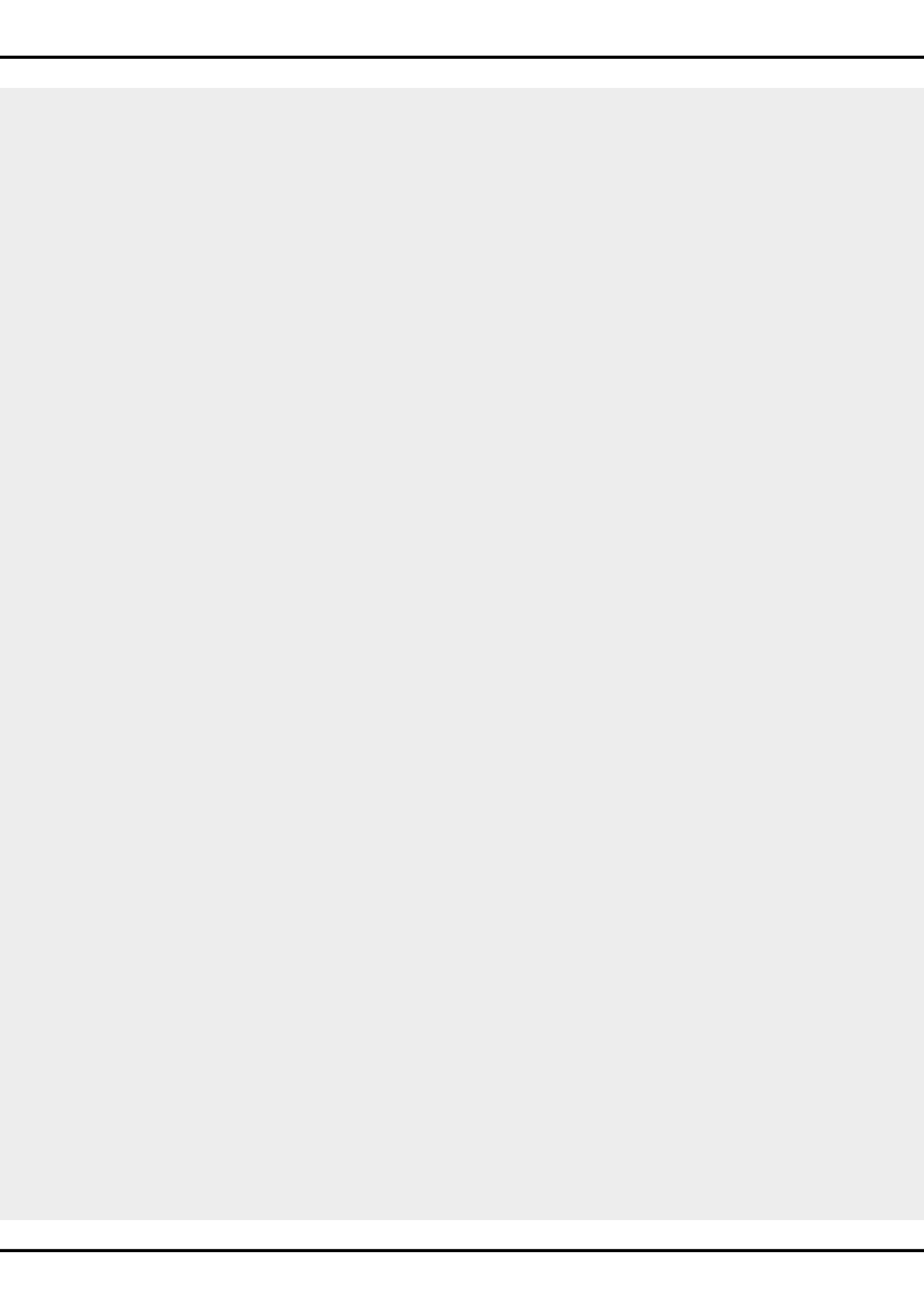
IntesaBci Spa

Share capital 3,561,062,849.24 euro fully paid-in

Milano Company Register and Fiscal Code No. 00799960158

Member of the National Interbank Deposit Guarantee Fund – Included in the National Register of Banks No. 5361

Gruppo IntesaBci, included in the National Register of Banking Groups



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GRUPPO INTESABCI REPORT ON OPERATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

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Board of Directors, Board of Statutory Auditors and Independent Auditors

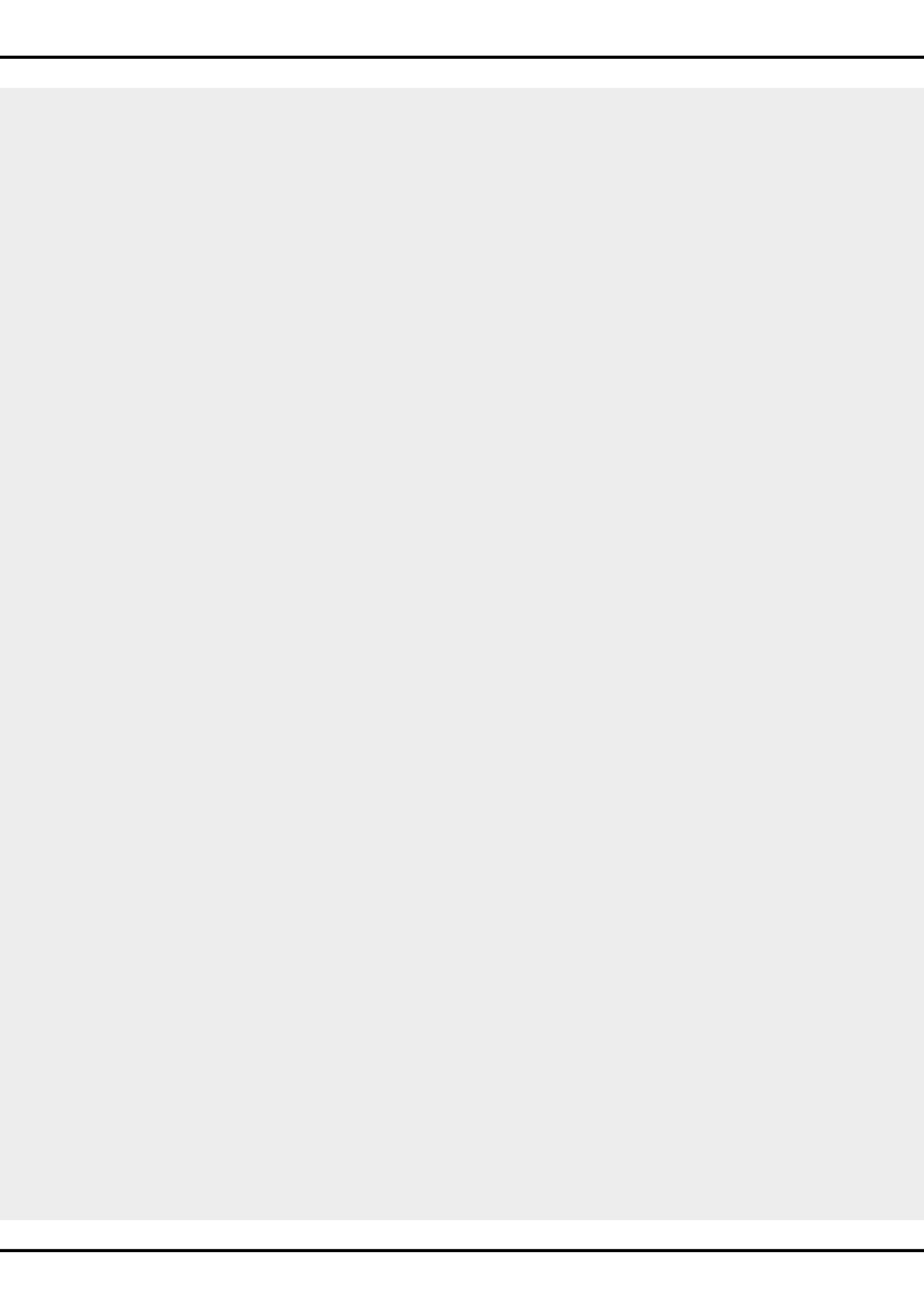
Board of Directors

Chairman	* GIOVANNI BAZOLI
Deputy Chairmen	* GIAMPIO BRACCHI GIANFRANCO GUTTY JEAN LAURENT LUIGI LUCCHINI
Managing Director/ Chief Executive Officer	* CORRADO PASSERA
Managing Director	* CHRISTIAN MERLE
Directors	GIOVANNI ANCARANI FRANCESCO ARCUCCI MARC ANTOINE AUTHEMAN BENITO BENEDINI ALFONSO DESIATA * ARIBERTO FASSATI * GIANCARLO FORESTIERI PAOLO FUMAGALLI JORGE MANUEL J. GONÇALVES GILLES GRAMAT FRANCO MODIGLIANI GIANGIACOMO NARDOZZI EUGENIO PAVARANI * AXEL FREIHERR VON RÜDORFFER SANDRO SALVATI ERIC STRUTZ GINO TROMBI

** Members of the Executive Committee*

Board of Statutory Auditors

Chairman	GIANLUCA PONZELLINI
Auditors	FRANCESCO PAOLO BEATO PAOLO ANDREA COLOMBO FRANCO DALLA SEGA BRUNO RINALDI
Independent Auditors	RECONTA ERNST & YOUNG Spa



Gruppo IntesaBci in the first half of 2002

Executive summary

In the first half of 2002 IntesaBci presents unsatisfactory results, lower than expected, which do not reflect the Group's real potential.

Economic results

In spite of a generalised improvement in operations compared to the second part of 2001 and of a rise in operating results higher in the second quarter compared to the first, *operating margin* for the first six months of 2002 equalled 1,736 million euro, with a 16.4% decline compared to 2,076 million euro of the same period of the previous year. As at 31st March 2002 the decrease in the margin had been just under 20%.

This negative result was affected by the unsatisfactory trend of the economy, which depressed businesses' demand for credit, and by the decline in the spread. The primary component of banking income, namely interest, decreased; in particular, net interest income dropped by 6.6% and interest margin by 7.7%.

Investor mistrust of stock markets greatly affected net commissions which decreased by 9.5%, with commissions on trading and asset management declining by 15.5% with respect to the first half of the previous year.

Between the first and the second quarter of 2002 operating margin in any case recorded a 5% increase, from 846 to 890 million euro.

Income from operating activities decreased from 1,066 million euro in the first half of 2001 to 279 million euro (- 73.8%) in the same period of this year. As at 31st March 2002 the decrease equalled 27%.

In addition to the negative trend recorded by operating margin, worsened credit quality led to higher provisions amounting to almost 270 million euro (+ 34%), also as a result of the deterioration of the economic situation of certain multinationals which had concealed their financial distress through accounting irregularities, combined with the effects of the further deepening of the crisis which started affecting certain sectors – in particular telecom – some time ago. Provisions amounting to 170 million euro were booked for prudential reasons to cover the charges which could derive from the exit from Latin America.

Finally, *net income* for the first half dropped from 1,386 million euro in the first half of 2001 to 114 million euro (- 92%, while the decrease from the first quarter of 2002 and the same period in 2001 equalled 23%).

The half-year results are scarcely comparable with those as at 30th June 2001, since at that time the following problems had not yet emerged: the difficulties of companies in general and for certain sectors in particular due to the economic recession and following the events of 11th September 2001; the severity of the crisis of certain South-American Countries.

Furthermore, the first half of 2001 had benefited from certain non-recurring operations (first and foremost the sales of Banca Carime, Banca di Legnano and of numerous branches) which had led to the booking of significant capital gains (over 1,300 million euro) and a non-recurring dividend amounting to 92 million euro related to the equity investment in Seat - Pagine Gialle, which had only partly (540 million euro) been absorbed by the write-down of the *Warrants Put IntesaBci*.

Lastly, the assessment of the different aggregates must also consider the effect of the devaluation of the currencies of the South-American subsidiaries, which significantly affected the decrease in margins recorded in the first half of 2002. For example, approximately 4 percentage points of the reduction in net interest income is deemed to be attributable to this phenomenon.

The new top management and the new organisational structure

Certainly the unsatisfactory trend recorded by Group results is also due to exogenous reasons, such as a lower-than-forecasted economic growth, the mistrust of large part of customers for stock markets, the difficulties of primary international groups, the crises of South-American Countries, and many more. Nonetheless, IntesaBci's major Shareholders and Directors decided to intervene decidedly to face and solve the Group's critical problem areas.

On 14th May 2002 the Board of Directors, on proposal of the Chairman, created the position of *Chief Executive Officer (CEO)*, in charge of the Group's overall operations. The Board unanimously appointed Corrado Passera in the position.

The Group's New Organisational Structure was developed, approved and immediately implemented during June and July. The new model greatly simplifies and substantially strengthens the previous structure. The main characteristics of this new model can be summarised as follows:

- brings the Group back to unity, ensuring it clear decision-making under a single CEO, and integrating all of the components of the organisation;
- identifies four main *Business Divisions (Retail, Italian Banks, Corporate and Foreign Banks)* which are in charge of all of the Group's customers through a clear segmentation. The former Retail, Private and part of the Corporate (for businesses with turnover under 25 million euro) banking divisions have been concentrated in the new *Retail Division*. The new *Corporate Division* includes the part of the former Corporate banking division with companies with turnover over 25 million euro and the Investment Bank;
- identifies and capitalises on a series of *Product Companies* which are first of all functional to support the development of the Business Divisions, but which have also been charged with the role of further broadening the Group's market presence: IntesaBci Mediocredito, Nextra, Intesa Leasing, Mediofactoring, IntesaBci e.lab, Banca Primavera, Sirefid, Setefi, which will shortly be joined by the Group's new Life Insurance Company, the new Private Bank and other companies will be added as the Group's activities develop;
- identifies the duties and responsibilities of the Group's Central structures (Head Office Departments and Service Companies) which, in addition to their institutional functions, have been given clear targets in terms of quality, growth and profitability.

The Three-Year Plan

The new 2003-2005 Business Plan was prepared in July and August and was approved in its general guidelines by the Board of Directors at the same time as this Half-Year Report.

The Business Plan addresses and solves the four problem areas of Gruppo IntesaBci, activates its great unexpressed potential, ensures a positive inversion in results already in 2003 and enables to forecast satisfactory results certainly within 2005, but possibly even starting with 2004.

The Plan's main strategic guidelines are outlined below:

- *Asset quality and risk profile*: risk must be reconducted to the level of comparable benchmarks, through a new asset mix more focused on the retail segment and on the Italian market, exit from Latin America, consolidation of systems and policies which regulate credit granting and monitoring and strengthening Risk management;
- *Latin America*: the strategy is very clear, exit from this area within the next few months, and recording in the 2002 financial statements the last charges expected to be sustained to complete the operation. The sale of the Brazilian bank is under way and we are currently negotiating the due diligence with the counterparty; in Argentina we are completing the sale of our subsidiary to a local bank and the same solution will probably be adopted also in Peru;

- *Capital adequacy*: after a reduction in capital ratios due to the exercise of *Warrants Put IntesaBci* which will influence year-end figures, all indicators will exceed the “attention threshold” already starting from 2003, and will be well above industry benchmarks within 2005. Own shares acquired following the exercise of the *Warrants Put IntesaBci* will be gradually replaced on the market and no operations on IntesaBci’s capital are foreseen;
- *Value creation*: the Plan which has already commenced implementation enables a strong recovery in performance already starting from 2003 and the achievement of satisfactory results between 2004 and 2005. The levers to reach these objectives are: revenue growth in certain, clearly-identified opportunity areas, great reduction in operating costs and the costs of bad credit, significant investments in technology, innovation and, especially, in the Group’s human capital.

The Plan foresees a set of actions and precise objectives for each of the Group’s components. All developments will be disclosed to Shareholders and the market.

Alliances have an important role in the Plan: with the *Crédit Agricole* group in Private banking, Consumer Credit and Life Insurance (other areas are also under consideration); with the *Generali* group the collaboration on Life Insurance and Pension Funds will be intensified.

During the first half IntesaBci gave an important contribution in the definition of two very important agreements, the first relative to the Fiat group and the second relative to the Italenergia group. Both these groups are part of the large corporate customers of Gruppo IntesaBci.

The agreement with Fiat and the equity investment in Italenergia

As concerns the Fiat group, it intends implementing an important industrial restructuring enabling it to strengthen the complete turnaround of the firm.

Based on the agreements signed with certain important banks, Fiat agreed to reduce net exposure with the banking system under 3 billion euro and to decrease gross financial debt under 18/23 billion euro before the Board of Directors’ approval of the 2002 financial statements. Fiat has also made a commitment to complete, within September 2002, operations enabling it not to cumulate the financial debt of Italenergia with that of Fiat itself.

For the purpose of facilitating the achievement of such objectives, the banks agreed to purchase 51% of Fidis. Further they will underwrite, through the transformation of their loans, a “convertenda” of 3 billion euro with maturity 3 years, notwithstanding the right for Fiat of reimbursing even partly the debt and for the banks to convert credit into shares should certain conditions provided for in the contract occur.

In case Fiat and the banks (which are also advisors in the operation) deem that it is improbable that the set objectives are achieved or that even one primary agency does not maintain the investment grade rating, Fiat has agreed to sell further assets to meet the contractual parameters.

As concerns instead the Italenergia group, IntesaBci – as part of the restructuring of the Fiat group’s bank exposure – acquired, together with Capitalia and San Paolo IMI, an equity investment in Italenergia, parent company of the Edison group.

The realisation of the agreed transactions will enable Edison, also through certain disposals already under way, to considerably reduce its net debt position.

At the end of the agreed transactions, IntesaBci will have an approximately 10% stake in the holding company with an investment of approximately 400 million euro, along with a put option that will guarantee an adequate return on the investment for Gruppo IntesaBci, whatever happens.

In the first days of August, Consob authorised the operation, which will be completed during the second half.

Gruppo IntesaBci

Financial highlights

	30/06/2002 (A)	31/12/2001 pro forma ⁽¹⁾ (B)	30/06/2001 pro forma ⁽¹⁾ (C)	% change	
				A/B	A/C
Statement of income (in millions of euro)					
Net interest income	2,857	6,053	3,058		(6.6)
Interest margin	3,109	6,867	3,367		(7.7)
Net commissions	1,734	3,752	1,915		(9.5)
Net interest and other banking income	5,195	11,202	5,711		(9.0)
Operating costs	(3,459)	(7,448)	(3,635)		(4.8)
<i>including Payroll</i>	<i>(1,944)</i>	<i>(4,079)</i>	<i>(2,026)</i>		<i>(4.0)</i>
Operating margin	1,736	3,754	2,076		(16.4)
Net adjustments to loans and provisions for possible loan losses	(1,055)	(2,687)	(786)		34.2
Income from operating activities	279	275	1,066		(73.8)
Extraordinary income	62	798	776		(92.0)
Net income for the period	114	927	1,386		(91.8)

	30/06/2002 (A)	31/12/2001 pro forma ⁽¹⁾ (B)	30/06/2001 pro forma ⁽¹⁾ (C)	% change	
				A/B	A/C
Balance sheet (in millions of euro)					
Loans to customers	177,345	184,429	189,535	(3.8)	(6.4)
Securities	46,374	49,281	65,803	(5.9)	(29.5)
<i>including Investment portfolio</i>	<i>8,010</i>	<i>11,282</i>	<i>12,441</i>	<i>(29.0)</i>	<i>(35.6)</i>
Equity investments	4,412	4,610	3,254	(4.3)	35.6
Total assets	303,214	316,665	341,465	(4.2)	(11.2)
Direct customer deposits	182,386	186,434	187,402	(2.2)	(2.7)
<i>including Subordinated and perpetual liabilities</i>	<i>11,654</i>	<i>11,687</i>	<i>10,541</i>	<i>(0.3)</i>	<i>10.6</i>
Indirect customer deposits	322,081	327,751	314,305	(1.7)	2.5
<i>including Managed funds</i>	<i>133,655</i>	<i>138,596</i>	<i>137,061</i>	<i>(3.6)</i>	<i>(2.5)</i>
Customer deposits under administration	504,467	514,185	501,707	(1.9)	0.6
Due to banks, net	28,016	37,100	52,765	(24.5)	(46.9)
Shareholders' equity ⁽²⁾	13,935	14,172	14,809	(1.7)	(5.9)
Operating structure					
Staff (number)	70,214	70,545	71,764	(331)	(1,550)
Branches (number)	4,263	4,261	4,294	2	(31)
<i>including Italy</i>	<i>3,336</i>	<i>3,332</i>	<i>3,352</i>	<i>4</i>	<i>(16)</i>
<i>Abroad</i>	<i>927</i>	<i>929</i>	<i>942</i>	<i>(2)</i>	<i>(15)</i>

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

⁽²⁾ Including net income for the period.

Gruppo IntesaBci

Financial ratios

	30/06/2002	31/12/2001 pro forma ⁽¹⁾	30/06/2001 pro forma ⁽¹⁾
<i>Balance sheet ratios (%)</i>			
Loans to customers/Total assets	58.5	58.2	55.5
Securities/Total assets	15.3	15.6	19.3
Direct customer deposits/Total assets	60.2	58.9	54.9
Managed funds/Indirect customer deposits	41.5	42.3	43.6
<i>Statement of income ratios (%)</i>			
Interest margin/Net interest and other banking income	59.8	61.3	59.0
Net commissions/Net interest and other banking income	33.4	33.5	33.5
Operating costs/Net interest and other banking income	66.6	66.5	63.6
Net income for the period/Average total assets (ROA) ^{(2) (*)}	0.1	0.3	0.8
Net income for the period/Average shareholders' equity (ROE) ^{(3) (*)}	1.6	6.8	19.8
<i>Risk ratios (%)</i>			
Net doubtful loans/Total loans	3.1	3.0	2.9
Accrued adjustments to doubtful loans/Gross doubtful loans to customers	60.9	58.9	56.6
<i>Capital ratios (%)</i>			
Tier 1 capital/Risk-weighted assets ⁽⁴⁾	6.4	6.0	6.4
Total capital/Risk-weighted assets ⁽⁴⁾	10.3	9.3	9.9
Risk-weighted assets (in millions of euro) ⁽⁴⁾	225,488	246,124	234,840
EPS – Earnings per share – euro ^(*)	0.03	0.14	0.41

⁽¹⁾ Figures restated on a consistent basis, considering changes in consolidation area.

⁽²⁾ Based upon the arithmetical average of total assets at the end of the current and previous period.

⁽³⁾ Net income for the period, excluding the change in the reserve for general banking risks, divided by the weighted average of share capital, share premium reserve, revaluation reserves, reserves from retained earnings, negative goodwill arising on consolidation and on application of the equity method and the reserve for general banking risks.

⁽⁴⁾ Figures for 2001 and as at 30th June 2001 have not been restated.

^(*) First half figures have been annualised.

IntesaBci

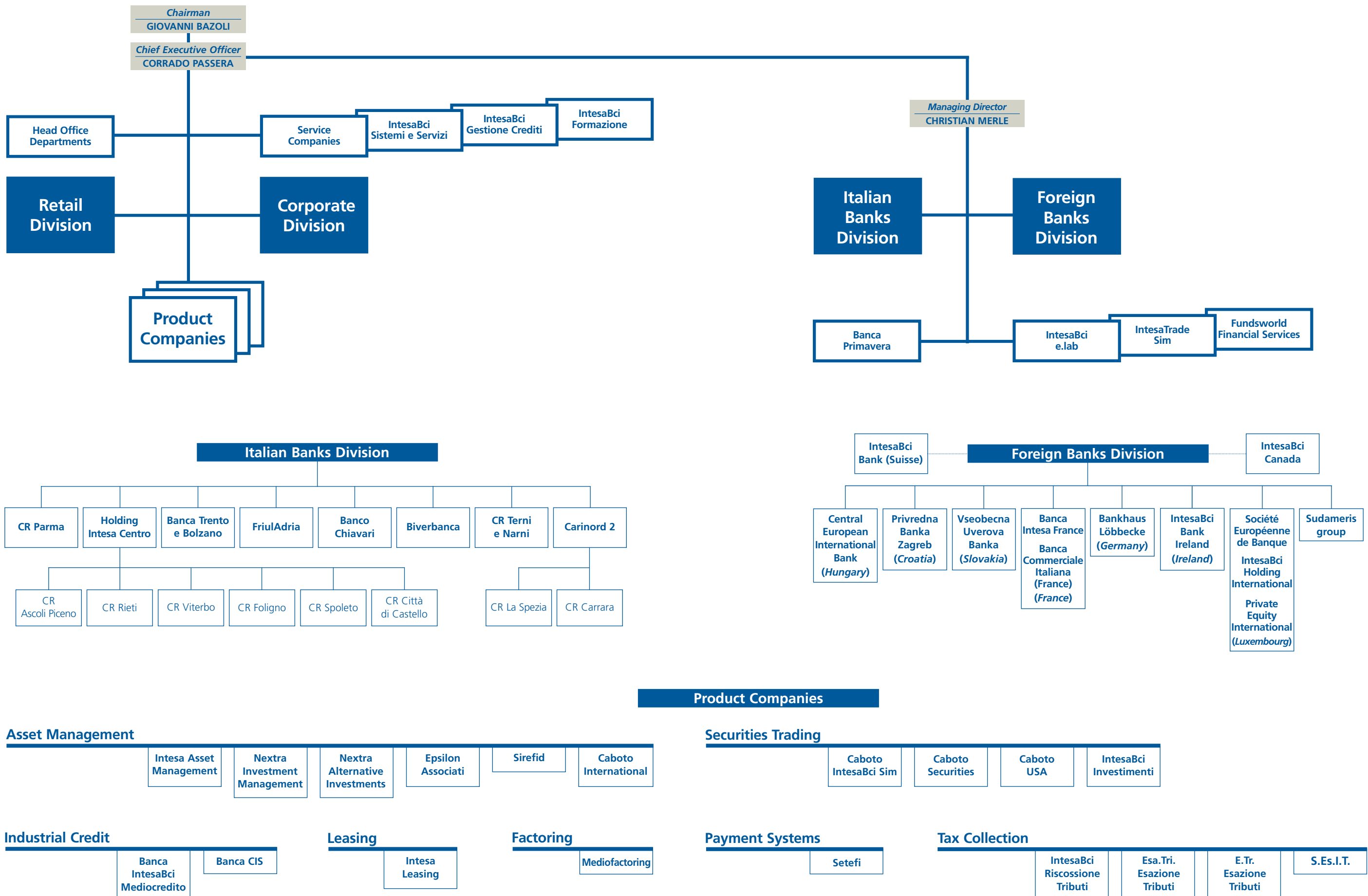
Rating

During the first half of 2002 no variations occurred in the rating of IntesaBci's bond issues.

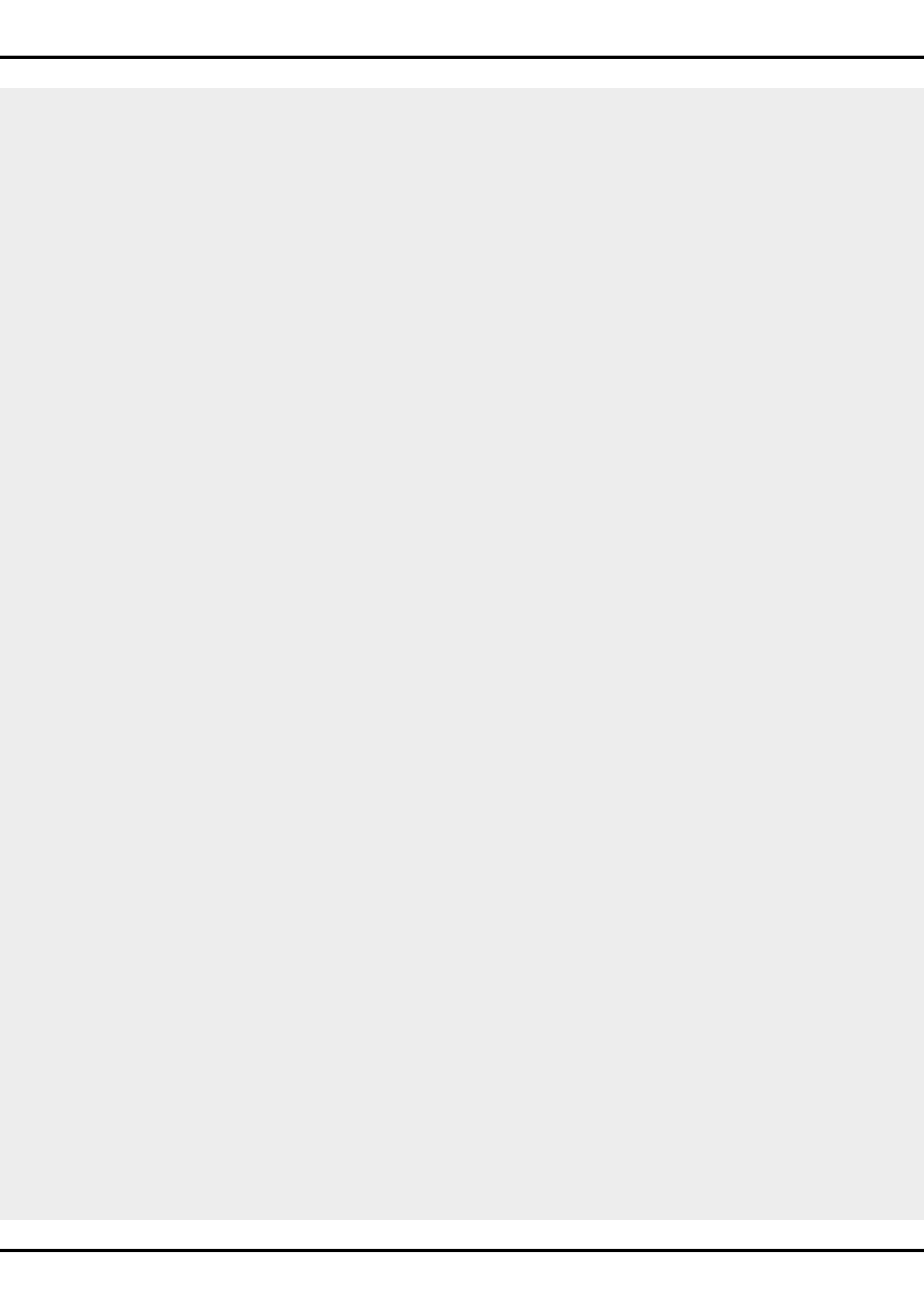
Rating agency	Short-term debt	Medium- and long-term debt
Standard & Poor's	A1	A
Moody's	P-1	A1
Fitch	F1	A+

In addition to the rating relative to credit risk, there were no variations in the Bank Financial Strength Rating assigned by Moody's (B-) and the Individual Rating assigned by Fitch (C).

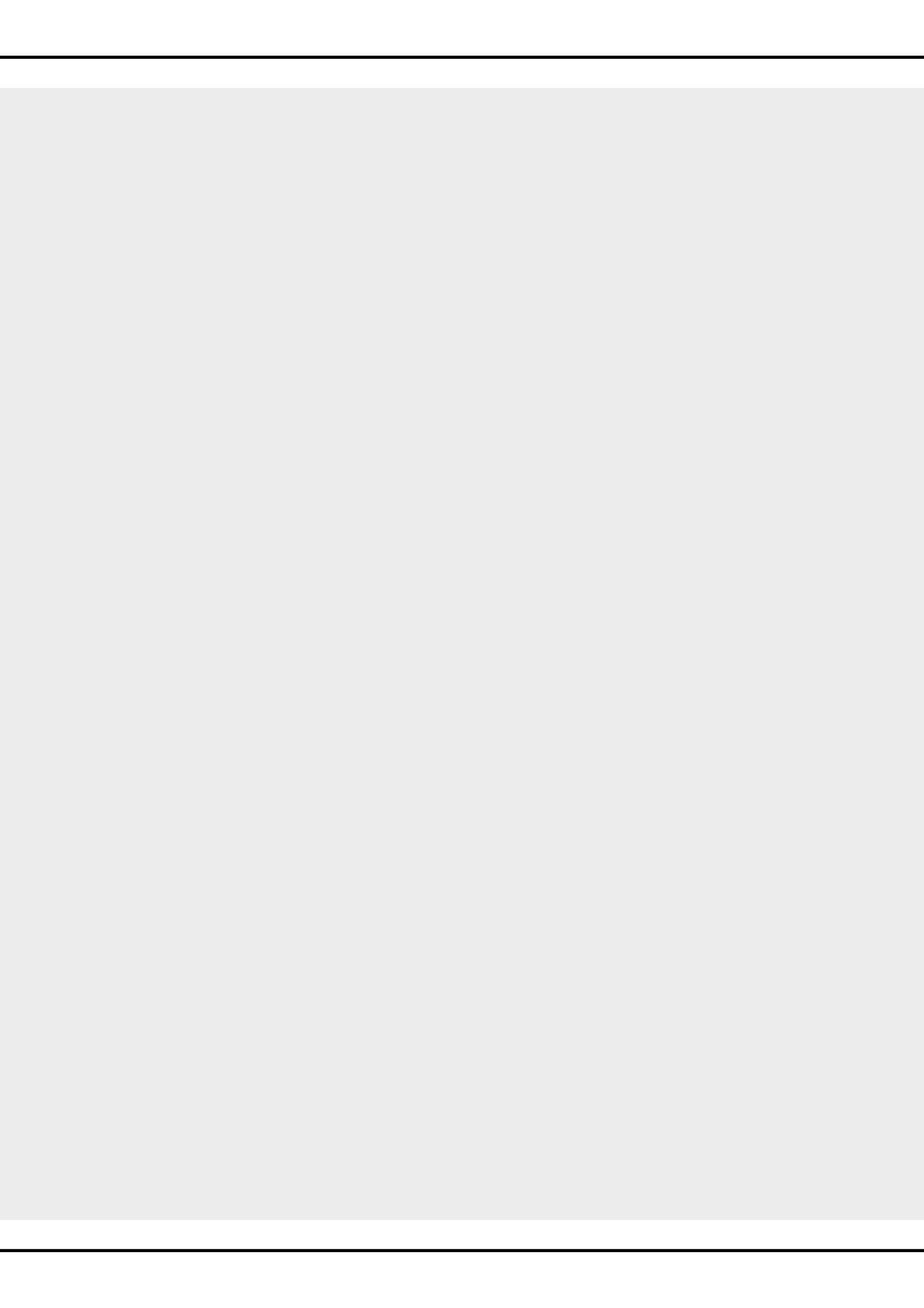
The structure of Gruppo IntesaBci as at 30th June 2002



Gruppo IntesaBci
Report on Operations
and Consolidated
Financial Statements



Report on Operations



The macroeconomic scenario

The first half of 2002 showed a modest recovery in international economy, but is likely to be remembered for the profound confidence crisis towards enterprises rather than for the escaped danger after the American recession of 2001.

World economy

The recovery started in the United States, where consumption resumed following aggressive policies aimed at stimulating demand. In the first half, GDP growth was significant (+ 0.7% on a quarterly average), but employment and investments remained stagnant and the doubts about the future remain.

The rise in American imports enabled Japan to also get out of recession, contributing to reduce the danger of a new crisis of its financial system.

Europe was less brilliant, being restrained by weak domestic demand: at the beginning of the year the quarterly rise of GDP equalled only 0.3%. The estimated growth for the current year is below 1%, as a result of stagnant investments and higher households propensity for savings.

The gradual recovery in the Western world has not yet had any effect on developing Countries. Growth remains very low, with the exception of the South-East Asian Countries. GDP growth remained at rather low levels for the whole of the first half of 2002 also in those Countries where high growth rates were registered in the past, as for example Mexico and Hungary. In this certainly difficult context, particularly severe was the dramatic crisis of the Argentinean economy, which was crushed by the greatest Sovereign default in history.

Performance of the Italian economy was rather modest in the first half. Despite a timid growth in GDP, the first half of the year represented a negative period for both domestic and international demand. In fact, in Italy, unlike in the other large EU Countries,

The Italian situation

exports did not stimulate growth. Italian exports, mainly intermediate goods and investments, were probably affected by the particularly weak international phase of fixed investments. Both consumption and investments recorded contractions which had not been registered since the 1993 crisis. Notwithstanding the rise in household income, the contraction in financial assets, initiated in 2000 and worsened in 2001, heavily influenced consumers in deciding to allocate a higher portion of their income to savings. On the other hand, investment decisions reflect the excessive investments of the 1999-2000 period, and now companies do not need to expand production capacity, especially in the current phase of weak demand.

In this situation of stagnant production, also the improvements recorded in the Italian labour market weakened. For the first time in the last three years, the unemployment rate ceased to decline, stopping at 9.1%.

In the first half, share prices were the main source of volatility on international markets. The Enron case was only the first of a number of corporate scandals. The crisis began in America and then spread to the European market. Its effects on investor confidence, already deeply shaken by the long-lasting declining phase started in 2000,

Financial markets

were dramatic: the natural shift of funds from the fixed-income market to the stock market was blocked and indices dropped considerably between May and June. Compared to the end of 2001, world stock markets lost 14% on average, with peaks of 29% for the American *Nasdaq*. Performance was positive only for markets favoured by cyclic conditions, such as the Japanese one.

Fluctuations in bond yields reflect the gradual deterioration in the confidence climate. After a rising phase lasted until March, characterised by growing awareness that the economy was recovering, yields later recommenced to decline. With respect to six months earlier, at the end

of June interest rates on the European benchmark curve rose by 30 basis points on short-term maturities, but dropped by 7-13 basis points on longer maturities.

The stock markets crisis also affected market confidence on the dollar. After its strengthening in January and the subsequent period of stability, the US dollar began in April a sharp decline to 0.99 and 118 respectively against the euro and the yen at the end of June. From the end of 2001, the devaluation of the dollar against the euro exceeded 10%. This trend stopped only between July and August.

This climate of great uncertainty and strong volatility also affected the secondary market of Sovereign bonds denominated in foreign currency issued by the emerging Countries. The Argentinean spread, around 6,500 basis points today, continued to widen and also the risk premium on Brazilian bonds increased sharply, in the expectation of elections next October, and remained well above 2,000 basis points. The expansion of the spread paid by Turkey, also hit by a serious political crisis, is less evident but worrying because of Turkey's debt position. Yield differentials between securities in local currency for the converging European Countries and reference securities for the Euro Area remain instead stable and very low.

The domestic banking industry and the Group's operations

In the first six months of 2002, the weak economic recovery and moderate inflation induced central banks to maintain their expansive monetary policy. Base rates thus remained at 1.75% in the United States and 3.25% in the Euro Area.

Monetary policy
in the Euro Area

The European Central Bank's initial attitude, favourable to a restrictive manoeuvre to be activated in the Summer, gradually softened to a more prudent approach, coherent with the weakening economic situation and with the decrease in households' and companies' confidence.

As to the future, although ECB's Steering Committee recently re-affirmed the risk that consumer prices may rise in the medium-term, contradictory signs on the development of the European economic cycle and the price controlling effect derived by the appreciation of the Euro lead to forecast that interest rates will remain at the current levels.

In this context, bond market yields, as previously mentioned, did not follow a clear direction, reflecting, on the one hand, changeable expectations on the recovery and, on the other hand, stock markets volatility.

Bank interest rates

For the whole of the first half, bank interest rates maintained a rather flat profile, contrasting expectations of a rise in the second quarter: the yield curve continued to decline in the first four months of the year, showing later a stable or slightly rising trend.

More in detail, after eighteen months of continuous decline, interest rates on short-term loans touched the minimum between April and May and then slightly rose to 5.79% in June. From the end of last year the drop equals 12 basis points while the comparison between the average of the first half of 2002 and the corresponding period of the previous year shows a reduction of 95 basis points. Instead, interest rates on deposits recorded a better performance: from December they remained unchanged at 1.47%, while the difference between first half averages in the two years is 69 basis points.

On longer-term loans the lending rate applied by Italian banks stood at 5.49% at the end of June (- 34 basis points over December), closing at 5.53% on average (- 96 basis points over the year). Interest rates offered on bonds stood at 4.07% at the end of June (- 21 basis points from the end of 2001) and equalled 4.11% as average for the period, down by 72 basis points over the corresponding average of 2001.

The more pronounced drop in interest on loans than in interest on deposits determined a contraction in the spread ⁽¹⁾, down from 3.41% last December to

Interest rate spread

3.20% in June. The average for the period shows a 26 basis point reduction, from 3.50% to 3.24%, over the corresponding average a year earlier. In particular, in the first half, the short-term spread (interest rate on short-term loans - interest rate on short-term deposits) decreased by 12 basis points to 4.32%, whereas the difference between interest rates on medium- and long-term loans and the cost of bonds declined from 1.55% to 1.42%.

Interest rates applied by Gruppo IntesaBci on customer loans - calculated as weighted average of those applied by the main Italian banks ⁽²⁾ of the Group - were characterised by a

⁽¹⁾ Difference between the weighted average of interest rates on loans and interest rates on deposits.

⁽²⁾ IntesaBci, IntesaBci Mediocredito, Cassa di Risparmio di Parma e Piacenza, Banca Popolare FriulAdria.
The aggregate of these banks represents more than 90% of domestic deposits and loans of Gruppo IntesaBci.

trend in line with the national market, with regard both to the short-term sector and to the medium- and long-term sector.

As to funding activities, the Group was practically in line with the market on bonds while it maintained a certain advantage on the cost of short-term deposits.

The rise in short-term lending rates in June and the virtual stability of funding rates led Gruppo IntesaBci to improve short-term spreads, which however remained below the levels reached at the end of 2001. This reduction was on average in line with that of the banking industry. Also declining was the average difference between interest rates on medium- and long-term loans and interest rates on bonds.

Loans | With reference to the banking system's intermediated volumes, in the first part of the year, loans continued to decelerate. Despite this slowdown, the Italian market continues to show a demand for credit which grows more than the European average: in fact, only for the month of June, total loans (including doubtful loans and repurchase agreements) granted to domestic customers registered a 6.8% growth rate in Italy against 4.2% in the whole Euro Area.

Excluding doubtful loans and repurchase agreements, performing loans granted by Italian banks to resident customers rose by a modest 2.0% from the end of 2001 to last June. First half volumes rose by a 6.8% average, as a result of a modest + 3.2% of the short-term component and a far more substantial + 10.4% of long-term loans. The high growth of the latter is mostly attributable to the sustained development of residential properties demand, favoured by the disappointing performance of stock markets and by the very low cost of borrowing.

Gruppo IntesaBci's performing loans – made up of the sum of the volumes reported by all the Group's Italian banks ⁽³⁾ – registered (on the six-month average) a contraction with a consequent reduction in market share. Part of this reduction is due to the new company policy, which, according to the new business plan, is aimed at reducing the exposure towards large corporate and foreign segments.

Also thanks to the specialisation of certain Group banks in the offer of mortgages to households, medium- and long-term loans continued to record satisfactory growth rates, though below the system.

Direct customer deposits | Italian banks' direct deposits from resident customers, calculated according to the Eurosystem's harmonised definition⁽⁴⁾, registered growth rates in the first half higher than the Euro Area's average: at the end of June, deposits from Italian residents (including repurchase agreements) recorded an 8.3% growth rate, against a 5.5% average in the Euro Area.

The considerable acceleration in the rise in Italian banks' funding determined an over 9% (six-month average) increase in volumes. This performance reflected the strong development of deposits (including repurchase agreements), sustained by the strong expansion of current accounts⁽⁵⁾, + 12.4% average on an annual basis, confirming the current risk aversion felt by households and institutional investors. In the first half of 2002, also bonds, gross of

⁽³⁾ *IntesaBci, IntesaBci Mediocredito, IntesaBci Gestione Crediti, Cassa di Risparmio di Parma e Piacenza, Banca Popolare FriulAdria, Banca di Trento e Bolzano, Banco di Chiavari e della Riviera Ligure, 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 Terni e Narni, Cassa di Risparmio di Rieti.*

⁽⁴⁾ *Deposits (current accounts, saving deposits, certificates of deposit), repurchase agreements and issued bonds (including subordinated liabilities).*

⁽⁵⁾ *Current accounts in euro.*

subordinated liabilities, continued to record very sustained growth rates, registering a six-month average growth rate of 11%, higher than the growth recorded by loans with the same maturity.

Gruppo IntesaBci's direct deposits overcame the long-lasting stagnation phase in 2001 and registered a gradual acceleration, nearing (and exceeding in June) the system's growth rates.

In the system, despite the strong demand for liquid instruments, also so-called Indirect customer deposits indirect deposits, consisting of customer securities at nominal value managed, administered and held in custody by banks ⁽⁶⁾, recorded a very positive performance in the first half of 2002, + 8.1% six-month average on an annual basis. The aggregate increased, in spite of the very negative contribution from managed funds, because it was sustained by the rise in direct investments in low-risk securities, which were also financed by a portion of the 33 billion euro of capital returned in Italy (out of a total of approximately 55 billion emerged) thanks to Law 409/2001, generally known as "scudo fiscale" (tax shield). In addition to this destination, most of the capital recovered through the "scudo fiscale" was channelled to the real estate market, thus leaving little room for the development of asset management activities.

In line with the national average, Gruppo IntesaBci's indirect deposits registered an equally positive growth in terms of nominal value, also partly thanks to the effects of the capital inflows generated by the already-mentioned Law 409/2001.

As for the system, also for Gruppo IntesaBci a considerable portion of this capital is estimated to move towards the real estate market and towards the financial market with higher liquidity characteristics but, unlike the system, a significant portion is destined to the asset management sector also through the sub-delegated management system.

The negative trend of stock market prices did not allow to show, in terms of portfolio value, the increase recorded in terms of nominal value.

On the basis of foreseen short-term developments of the Italian economy, no Short-term prospects significant changes in current banking activities are expected in the next few months. Loans demand should therefore remain sustained on longer-term maturities, thanks to the good prospects of the real estate market, while short-term loans should continue to record rather modest growth rates.

On the contrary, a sustained expansion of direct deposits, on all durations, is expected. Only at the end of the year, following an improvement in the expectations of cyclic recovery, the growth in the more liquid components should slow down, whilst, at the same time, the interest in investment instruments with a higher risk/return profile should rise. Furthermore, the issue of longer-term liabilities (bonds in the national market and in the euromarket, subordinated loans), though slowing down, should continue its sustained growth rate.

At the end of the year the banking system's statement of income should show an interest margin in line with the previous year, as a result of a contraction in spreads and a gradual reduction in the growth differential between funding and lending volumes.

With respect to 2001 it is instead realistic to expect a modest increase in the income from services, thanks to an estimated higher demand for asset management services and for securities dealing.

⁽⁶⁾ Nominal value of third party securities and other assets under custody not issued by the bank, excluding certificates of deposit and bank bonds.

Operating results

Gruppo IntesaBci Reclassified consolidated statement of income

(in millions of euro)

Captions	First half 2002	First half 2001 pro forma ⁽¹⁾	Changes	
			amount	%
Net interest income	2,857	3,058	(201)	(6.6)
Dividends and other revenues	194	257	(63)	(24.5)
Income from investments carried at equity	58	52	6	11.5
Interest margin	3,109	3,367	(258)	(7.7)
Net commissions	1,734	1,915	(181)	(9.5)
Profits on financial transactions	151	170	(19)	(11.2)
Other operating income, net	201	259	(58)	(22.4)
Net interest and other banking income	5,195	5,711	(516)	(9.0)
Administrative costs <i>including Payroll</i>	(3,131)	(3,292)	(161)	(4.9)
<i>Other</i>	(1,944)	(2,026)	(82)	(4.0)
Adjustments to fixed assets and intangibles	(1,187)	(1,266)	(79)	(6.2)
	(328)	(343)	(15)	(4.4)
Operating costs	(3,459)	(3,635)	(176)	(4.8)
Operating margin	1,736	2,076	(340)	(16.4)
Adjustments to goodwill arising on consolidation and on application of the equity method	(48)	(45)	3	6.7
Provisions for risks and charges	(284)	(170)	114	67.1
Net adjustments to loans and provisions for possible loan losses	(1,055)	(786)	269	34.2
Net adjustments to financial fixed assets	(70)	(9)	61	
Income from operating activities	279	1,066	(787)	(73.8)
Extraordinary income	62	776	(714)	(92.0)
Income taxes for the period	(165)	(439)	(274)	(62.4)
Use of allowance for risks and charges arising on consolidation	1	2	(1)	(50.0)
Change in the reserve for general banking risks	1	2	(1)	(50.0)
Minority interests	(64)	(21)	43	
Net income for the period	114	1,386	(1,272)	(91.8)

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

Interest margin | Interest margin in the first half equalled 3,109 million euro, with a 7.7% decrease. However, as already mentioned at the beginning in the executive summary on operations development, two particularly significant aspects greatly contributed to the size of such decrease. On the one hand, the fact that the first part of 2001 had benefited from the non-recurring dividend connected to the disposal of Seat - Pagine Gialle and, on the other hand, the negative effect on 2002 figures deriving from the substantial devaluation of the main currencies of the South-American subsidiaries. By eliminating both these components interest margin would have recorded a far lower drop with an approximately 1.3% decrease.

(in millions of euro)

Captions	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Interest income from loans to customers	5,106	6,379	(1,273)	(20.0)
Interest income from portfolio securities	1,007	1,863	(856)	(45.9)
Interest expense on customer deposits	(1,242)	(1,632)	(390)	(23.9)
Interest expense on securities issued	(1,192)	(1,603)	(411)	(25.6)
Interest expense on subordinated liabilities	(313)	(282)	31	11.0
Interest expense due to banks, net	(319)	(1,594)	(1,275)	(80.0)
Total	3,047	3,131	(84)	(2.7)
Differentials on hedge contracts	(208)	(89)	119	
Other interest (net)	18	16	2	12.5
Total net interest income	2,857	3,058	(201)	(6.6)
Dividends and other revenues	194	257	(63)	(24.5)
Income from investments carried at equity	58	52	6	11.5
Interest margin	3,109	3,367	(258)	(7.7)

Net interest income, the component mostly responsible for the contraction in interest margin, declined by 6.6% (which becomes – 2.7% net of merely monetary effects). The decrease reflects the generalised drop in the interest rate spread and the slowdown in average loans to customers. The latter were affected by both the delayed economic recovery and the repositioning currently under way in Gruppo IntesaBci, aimed at reducing exposures with the corporate segment and international groups. Within net interest income, net interest due to banks greatly decreased but not enough to offset the reduction of both the contribution of lending and deposit collecting with customers and interest income from portfolio securities. Increasing negative differentials on hedge derivatives were also among the elements which contributed to reduce the margin. It must be noted that such differentials represent costs which must mainly be connected with the Group's structured finance operations, whose results are not always fully accounted for in the interest margin.

As concerns dividends, the reduction is entirely attributable to the aforementioned non-recurring dividend recorded in the first half of 2001. Income on investments carried at equity remained practically unchanged.

Net interest and other banking income also decreased with respect to the figure as at June 2001 (-9%) to 5,195 million euro. The observations made above for the interest margin (the non-recurring dividend connected to the disposal of Seat and the effect of the substantial devaluation of the main Latin-American currencies) also apply to net interest and other banking income. Net of such factors this margin would show a 3.9% decline.

This result was also significantly affected by: lower net commissions, the reduction in other net operating income and, to a lesser extent, by profits on financial transactions.

(in millions of euro)

Captions	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Commission income	2,058	2,232	(174)	(7.8)
Commission expense	(324)	(317)	7	2.2
Net commissions	1,734	1,915	(181)	(9.5)

In particular, net commissions recorded a marked drop (– 9.5%) also considering the result net of monetary effects (– 6.3%). Investor mistrust for the stock markets, attributable to price instability, financial scandals and uncertainty on the economic recovery is at the base of the difficulties of this sector. Commission income from management, dealing and consultancy – whose significant reduction in absolute terms represents 86% of the entire decrease of the item – recorded an approximately 14% drop. This mostly reflected securities dealing and acceptance of trading instructions, which recorded the highest contraction (– 28%) and commissions on individual portfolio management schemes (– 12% approximately). The slowdown in the economy produced general negative effects in the banking business by affecting also other types of commissions, with the sole appreciable exception of those on the distribution of insurance products, which rose by over 10%.

The reduction in profits on financial transactions (– 11.2%, or – 3.2% in consistent monetary terms) have the same type of explanation.

The persisting weakness and volatility of world stock markets do not permit to operate with satisfactory profitability.

The breakdown of profits on financial transactions is set out in the following table.

(in millions of euro)

Captions	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Securities and securities derivatives				
• results from trading	44	96	(52)	(54.2)
• valuation effects	(247)	(101)	146	
• results from derivatives	6	1	5	
	(197)	(4)	193	
• structured share portfolio	(268)	(179)	89	49.7
• restatement of dividends on structured share portfolio and hedge derivatives	361	212	149	70.3
	93	33	60	
Total securities and securities derivatives	(104)	29	(133)	
Currencies and currency derivatives	189	92	97	
Other transactions (interest rate derivatives and credit derivatives – trading book)	66	49	17	34.7
Profits on financial transactions	151	170	(19)	(11.2)

The different operating segments which contributed to the total result (151 million euro) had diverse performances.

Currencies and currency derivatives recorded a positive performance, doubling the profits recorded in June 2001, which is mostly attributable to the contribution of the Sudameris group, as well as the positive results recorded by the Parent Company and subsidiaries in Eastern Europe.

Also interest rate, equity linked and credit derivatives in the trading book registered a good progress in profitability. In this area the contribution of Caboto IntesaBci Sim was particularly significant.

Profits on currencies, financial and credit derivatives (which totalled 255 million euro) were for the most part eroded by the losses recorded in securities and securities derivatives. More specifically in this sector valuation of outstanding positions at period-end absorbed 247 million euro – mostly attributable to the Parent Company, the subsidiary Caboto IntesaBci Sim and the Sudameris group – which led to an overall loss of 104 million euro, in spite of the profits (93 million euro) made by IntesaBci in shares trading near dividend-payment dates.

Other net operating income also decreased due to lower profits from merchant banking activities and other effects.

Operating margin – resulting after the deduction of operating costs for 3,459 million euro – registered a 16.4% decline to 1,736 million euro, which in Operating margin consistent monetary terms and net of the aforementioned non-recurring dividend equalled – 10.4%.

Operating costs showed a nominal contraction of 4.8%, confirming, if Operating costs considered in terms of constant purchasing power, their basic stability (– 0.3%) compared to June 2001.

(in millions of euro)

Captions	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Administrative costs				
• payroll	(1,944)	(2,026)	(82)	(4.0)
• other	(1,187)	(1,266)	(79)	(6.2)
	(3,131)	(3,292)	(161)	(4.9)
Adjustments to				
• fixed assets	(179)	(179)	–	–
• intangibles	(149)	(164)	(15)	(9.1)
	(328)	(343)	(15)	(4.4)
Operating costs	(3,459)	(3,635)	(176)	(4.8)

Operating costs was made up of administrative costs for 3,131 million euro and adjustments to fixed assets and intangibles for 328 million euro. Both captions – if considered in consistent terms – confirm their basic stability.

In detail, 62% of administrative costs is represented by payroll which – after the usual monetary adjustment – again showed a decrease of almost 1%, that represents the first result of the staff reductions currently under way within the Group.

Other administrative costs, also practically stable, showed diverse trends. While advertising and promotional expenses and maintenance expenses decreased, increases were registered, though far lower in absolute terms, in consultancy fees, IT and data processing expenses and transport costs.

Also depreciation, again considered in real terms, remained stable.

Income from operating activities

Income from operating activities (279 million euro compared to 1,066 million euro in June 2001) was greatly affected by negative events which, as mentioned at the beginning, led to substantial adjustments to loans. This is attributable to large multinational companies whose economic situation – also as a result of the verification of severe accounting irregularities – heavily deteriorated. Other coverage requirements emerged as part of normal lending activities, due to the worsening in credit quality as a result of the difficult economic moment of the main world markets. Finally, in relation to the forecasted sale of activities in Latin America, whose conditions and timing will be defined in the next few months, a prudential provision of 170 million euro was recorded, as described in detail hereafter.

Adjustments, write-backs and provisions

(in millions of euro)

Captions	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Adjustments to loans and provisions for guarantees and commitments	(1,327)	(999)	328	32.8
Write-back of adjustments to loans	287	237	50	21.1
Provisions for possible loan losses	(15)	(24)	(9)	(37.5)
	(1,055)	(786)	269	34.2
Provisions for risks and charges	(284)	(170)	114	67.1
Adjustments to goodwill arising on consolidation and on application of the equity method	(48)	(45)	3	6.7
Adjustments to financial fixed assets	(75)	(22)	53	
Write-back of adjustments to financial fixed assets	5	13	(8)	(61.5)
Total, net	(1,457)	(1,010)	447	44.3

Total net adjustments to loans and provisions for possible loan losses in the first half equalled 1,055 million euro, compared to 786 million euro in the comparison semester.

The positions which required the highest sacrifices were the Marconi and Worldcom groups which are alone responsible for the higher net adjustments. Lower amounts are attributable to further adjustments on positions already written-down in previous periods and attentively and constantly monitored.

Provisions for risks and charges, higher than in June 2001 (284 million euro *ex* 170 million euro), referred to legal disputes and amounts reclaimed, as well as charges on equity investments and counterparty risks in derivatives. Furthermore, on consolidation, it was decided to add a further 100 million euro to the provisions of 70 million recorded in the Parent Company's half-year accounts, so to completely write-off the value of the Peruvian equity investments.

Higher net adjustments to financial fixed assets, mostly originated in the Parent Company, referred to the write-down of a security held in the investment portfolio and equity investments acquired as part of its merchant banking activities.

In the first half net extraordinary income amounted to 62 million euro: extraordinary income equalled 307 million euro and extraordinary charges 245 million euro.

Income from extraordinary activities and net income

(in millions of euro)

Captions	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Income from operating activities	279	1,066	(787)	(73.8)
Extraordinary income	307	1,635	(1,328)	(81.2)
Extraordinary charges	(245)	(859)	(614)	(71.5)
Extraordinary income, net	62	776	(714)	(92.0)
Use of allowance for risks and charges arising on consolidation	1	2	(1)	(50.0)
Change in the reserve for general banking risks	1	2	(1)	(50.0)
Income taxes for the period	(165)	(439)	(274)	(62.4)
Minority interests	(64)	(21)	43	
Net income for the period	114	1,386	(1,272)	(91.8)

As already mentioned, extraordinary operations in the first half of 2002 cannot in any way be compared with those of the corresponding part of the previous year, which had numerous and substantial non-recurring operations: total income exceeding 1,300 million euro relative to the capital gains on the disposals of Banca Carime and Banca di Legnano and the capital gains on the sale of branches, as well as the charges amounting to 540 million euro for provisions related to the marking-to-market of the *Warrants Put IntesaBci*.

In the first half of 2002 extraordinary operations had a more regular trend. Income included a write-back of 84 million euro of provisions made in 2001 relative to the *Warrants Put IntesaBci*, following the increase – during the first half – in the quotation of the IntesaBci share and the correlated decrease in the value of the *warrant*, as well as a capital gain, in excess of 60 million euro, deriving from the sale of assets and equity investments.

The most important items within extraordinary charges were: integration costs (85 million euro) and expenses sustained for incentive-driven exit plans for personnel eligible for retirement (38 million euro).

After the deduction of taxes and minority interests, the half closed with a net income of 114 million euro.

Quarterly development
of the statement of income

(in millions of euro)

Captions	2002		2001			
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,350	1,507	1,590	1,404	1,522	1,536
Dividends and income from investments carried at equity	200	52	464	41	182	127
Interest margin	1,550	1,559	2,054	1,445	1,704	1,663
Net commissions	861	873	925	913	955	960
Profits (Losses) on financial transactions	61	90	35	(92)	91	79
Other operating income, net	86	115	112	99	110	149
Net interest and other banking income	2,558	2,637	3,126	2,365	2,860	2,851
Administrative costs	(1,505)	(1,626)	(1,880)	(1,535)	(1,664)	(1,628)
including Payroll	(945)	(999)	(1,096)	(957)	(1,039)	(987)
Other	(560)	(627)	(784)	(578)	(625)	(641)
Adjustments to fixed assets and intangibles	(163)	(165)	(230)	(167)	(172)	(171)
Operating costs	(1,668)	(1,791)	(2,110)	(1,702)	(1,836)	(1,799)
Operating margin	890	846	1,016	663	1,024	1,052
Adjustments to goodwill arising on consolidation and on application of the equity method	(25)	(23)	(112)	(22)	(23)	(22)
Provisions for risks and charges	(225)	(59)	(278)	(128)	(108)	(62)
Net adjustments to loans and provisions for possible loan losses	(842)	(213)	(1,354)	(490)	(555)	(231)
Net adjustments to financial fixed assets	(58)	(12)	(77)	(8)	(10)	1
Income (Loss) from operating activities	(260)	539	(805)	15	328	738
Extraordinary income (loss), net	(169)	231	422	(400)	621	155
Income taxes for the period	158	(323)	179	54	(126)	(313)
Change in the reserve for general banking risks and other changes	-	2	21	2	3	1
Minority interests	(40)	(24)	48	6	7	(28)
Net income for the period	(311)	425	(135)	(323)	833	553

N.B. - Figures related to 2001 quarters and to the first quarter of 2002 have been restated on a consistent basis.

After the first two quarters of last year, which recorded positive results at almost all levels, in the third and fourth quarter operations showed certain difficulties, with the sharp decrease in operating margin, that touched the lowest level in the last 18 months. The recovery in operating margin commenced in the first quarter of this year (the last quarter of 2001 had benefited from non-recurring dividends amounting to 429 million euro) which, in spite of the erosion in profitability on lending and deposit collecting and in the contribution of net commissions, presented a significant progress.

Operating margin further improved in the second quarter, essentially as a result of the decrease in operating costs. The penalisation of income from operating activities and net income is attributable to the substantial value adjustments recorded in the second quarter in the lending area and the aforementioned provisions to the allowances for risks and charges related to the interventions under way to dispose of the South-American network.

Gruppo IntesaBci Reclassified consolidated balance sheet

(in millions of euro)

Assets	30/6/2002 (A)	31/12/2001 pro forma ⁽¹⁾ (B)	30/6/2001 pro forma ⁽¹⁾ (C)	% changes	
				A/B	A/C
1. Cash and deposits with central banks and post offices	1,392	1,960	1,488	(29.0)	(6.5)
2. Loans					
– loans to customers	177,345	184,429	189,535	(3.8)	(6.4)
– due from banks	37,171	40,337	45,239	(7.8)	(17.8)
3. Trading portfolio	38,364	37,999	53,362	1.0	(28.1)
4. Fixed assets					
a) investment portfolio	8,010	11,282	12,441	(29.0)	(35.6)
b) equity investments	4,412	4,610	3,254	(4.3)	35.6
c) tangible and intangible	4,973	5,213	5,312	(4.6)	(6.4)
5. Goodwill arising on consolidation	577	482	653	19.7	(11.6)
6. Goodwill arising on application of the equity method	210	27	32		
7. Other assets	30,760	30,326	30,149	1.4	2.0
Total Assets	303,214	316,665	341,465	(4.2)	(11.2)

(in millions of euro)

Liabilities and Shareholders' Equity	30/6/2002 (A)	31/12/2001 pro forma ⁽¹⁾ (B)	30/6/2001 pro forma ⁽¹⁾ (C)	% changes	
				A/B	A/C
1. Debts					
– due to customers	110,933	113,569	113,234	(2.3)	(2.0)
– securities issued	59,799	61,178	63,627	(2.3)	(6.0)
– due to banks	65,187	77,437	98,004	(15.8)	(33.5)
2. Allowances with specific purpose	5,210	5,503	5,071	(5.3)	2.7
3. Other liabilities	35,498	31,990	34,947	11.0	1.6
4. Allowances for possible loan losses	146	146	153	–	(4.6)
5. Subordinated and perpetual liabilities	11,654	11,687	10,541	(0.3)	10.6
6. Minority interests	852	983	1,079	(13.3)	(21.0)
7. Shareholders' equity					
– share capital, reserves and reserve for general banking risks	13,791	13,228	13,389	4.3	3.0
– negative goodwill arising on consolidation	29	15	32	93.3	(9.4)
– negative goodwill arising on application of the equity method	1	1	2	–	(50.0)
– net income for the period	114	928	1,386	(87.7)	(91.8)
Total Liabilities and Shareholders' Equity	303,214	316,665	341,465	(4.2)	(11.2)

Guarantees, commitments and credit derivatives	126,719	141,469	152,386	(10.4)	(16.8)
Indirect customer deposits	322,081	327,751	314,305	(1.7)	2.5

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

The Group's loans to various categories of customers decreased to 177,345 million euro, with a 3.8% drop compared to as at 31st December 2001 and a more significant decrease – 6.4% on June 2001.

Loans to customers

The decrease is attributable to both the significant decline in loans granted by the Parent Company's foreign branches – which follows from the new strategic guidelines aimed at progressively decreasing intermediation with foreign counterparties – and the considerable drop in the loans of the Sudameris group, further amplified by the devaluation of the local currencies (the one with the most significant weight, the Brazilian *real*, lost 28% of its value in the semester and 31% over the twelve months). Progress recorded in Italy at certain Group regional banks and even more in the subsidiaries in Eastern Europe was not sufficient to offset the gap which emerged and to take loans back to the levels of previous periods.

Breakdown of loans to customers by main contract types is set out in the table below.

(in millions of euro)

Subcaptions	30/6/2002 (A)	31/12/2001 pro forma (B)	30/6/2001 pro forma (C)	% changes	
				A/B	A/C
Current accounts	29,036	33,214	32,811	(12.6)	(11.5)
Mortgages	59,375	56,917	54,731	4.3	8.5
Advances and other loans	76,854	83,942	90,373	(8.4)	(15.0)
Repurchase agreements and securities lending	6,618	4,783	6,051	38.4	9.4
Doubtful loans	5,462	5,573	5,569	(2.0)	(1.9)
Total loans	177,345	184,429	189,535	(3.8)	(6.4)
<i>including with residents in Italy</i>	141,893	140,556	143,731	1.0	(1.3)
<i>with residents in other EU Countries</i>	12,803	15,804	18,493	(19.0)	(30.8)
<i>with residents in non-EU Countries</i>	22,649	28,069	27,311	(19.3)	(17.1)

The trend shown above is the result of a reduction in short-term lending which was not adequately offset by the satisfactory development of long-term loans. Current accounts and advances and other loans taken as a whole decreased, both with respect to last December (– 9.6%) and June 2001 (– 14%), while mortgages constantly increased, up by 4.3% on December and even more over the twelve months (8.5%). Repurchase agreements and securities lending returned to levels higher than in June 2001, after the drastic reduction at the end of the year.

Compared to December 2001, lending to Italian borrowers remained practically stable while lending to foreign borrowers showed a sharp decline, with equal percentages for EU residents and non-EU residents.

Breakdown of total loans to customers, gross of intergroup items, shows that IntesaBci contributed approximately 67% of the total, Italian subsidiaries approximately 25% and foreign subsidiaries approximately 8%, of which over 40% attributable to the Sudameris group.

Non-performing loans and Country risk

(in millions of euro)

Subcaptions	30/6/2002 (A)	31/12/2001 pro forma (B)	30/6/2001 pro forma (C)	% changes	
				A/B	A/C
Doubtful loans	5,462	5,573	5,569	(2.0)	(1.9)
Substandard loans	3,952	3,551	2,710	11.3	45.8
Restructured loans and loans under restructuring	406	467	420	(13.1)	(3.3)
Loans subject to Country risk	1,032	1,074	1,907	(3.9)	(45.9)
Performing loans	166,493	173,764	178,929	(4.2)	(7.0)
Total loans	177,345	184,429	189,535	(3.8)	(6.4)

Doubtful loans – net of value adjustments – amounted to 5,462 million euro, with an almost constant decrease of approximately 2%, both compared to December and June 2001. The doubtful loans to total loans ratio (3.1%) increased slightly, both with respect to 3% at year-end and 2.9% as at 30th June 2001. The coverage of doubtful loans instead increased from 58.9% at year-end, to 60.9% at the end of the current half.

Substandard loans (3,952 million euro) showed opposite trends, an 11% growth rate compared to the figure last December, and a considerable slowdown compared to the rise registered in December 2001. The coverage of substandard loans remained practically stable compared to the end of last year, at around 21%. *Restructured loans* and *loans under restructuring* declined compared to both reference periods, down to 406 million euro, and *loans subject to Country risk* dropped by approximately 4% with respect to December and over 40% with respect to June 2001.

With reference to the latter, total on-balance sheet and off-balance sheet exposures granted to residents in *Countries at risk* presented a non-guaranteed gross exposure of 1,983 million euro, with a 9.5% decrease with respect to the end of the previous year. Also in terms of value at risk – determined as 15% of commercial non-guaranteed loans, 100% of other non-guaranteed loans and debt securities in the investment portfolio – exposure showed a 4.2% decline to 927 million euro. Cumulated value adjustments (284 million euro) represent coverage of gross non-guaranteed exposure of 14.3%.

(in millions of euro)

Countries	30/6/2002				31/12/2001 pro forma			
	Non-guaranteed exposure	Value at risk	Adjustment	Net amount	Non-guaranteed exposure	Value at risk	Adjustment	Net amount
Brazil	989	394	111	878	1,136	370	106	1,030
Peru	279	58	12	267	211	46	9	202
Columbia	180	78	15	165	143	45	9	134
Argentina	150	150	90	60	212	212	85	127
Dutch Antilles	54	30	6	48	73	46	9	64
Lebanon	45	12	3	42	59	11	2	57
Venezuela	43	40	8	35	51	48	9	42
Russia	35	29	6	29	23	21	5	18
Jordan	30	12	2	28	43	27	4	39
Egypt	30	11	2	28	46	25	4	42
Uruguay	23	18	4	19	18	3	1	17
Indonesia	6	5	1	5	48	48	15	33
Republic of South Africa	-	-	-	-	14	7	1	13
Other Countries	119	90	24	95	113	59	18	95
Total	1,983	927	284	1,699	2,190	968	277	1,913
<i>including</i>								
On-balance sheet loans								
Customers	1,164	414	132	1,032	1,191	406	117	1,074
Banks	288	161	38	250	366	164	42	324
Securities portfolio	169	169	56	113	150	150	51	99
Off-balance sheet loans								
Customers	102	44	15	87	87	37	11	76
Banks	260	139	43	217	396	211	56	340

In particular, as concerns on-balance sheet loans – which represent approximately 82% of the total – both loans to customers and due to banks decreased (– 2.3% and – 21.3% respectively) while debt securities increased (+12.7%). Off-balance sheet loans recorded an approximately 25% decrease.

Value at risk reflects the exclusion of loans to certain Countries (Bermuda, Cayman Islands, Virgin Islands) for which the judgement of creditworthiness is confirmed by their positive market quotations based on expectations of full debt repayment. The same approach was adopted with regard to a primary counterparty resident in Russia, whose exposure is supported by reimbursement sources outside the Country. Also securities held in the trading portfolio were excluded from the risk calculation as they had been already marked to market. For supervisory purposes, all these loans at risk – on-balance sheet exposures summed up to 535 million euro and off-balance sheet exposures to 13 million euro – were considered under the direct coverage of shareholders' equity, with an overall capital absorption of 93 million euro; in the case of securities in the trading portfolio this was assessed considering any write-downs already accounted for in the financial statements.

The absorption of a further 369 million euro referred to the domestic component of loans granted by subsidiaries resident in the Countries at risk (1,617 million euro) to central governments and public sector entities, denominated in (or indexed to) foreign currencies. These comprise Brazil (851 million euro), Peru (674 million euro), Uruguay (55 million euro), Paraguay (28 million euro) and Columbia (9 million euro).

Total customer funds decreased, both compared to the figure at the end of 2001 (– 2.2%) and over the twelve months (– 2.7%), and totalled 182,386 million euro. The moderate progress recorded by the Parent Company's aggregates, slowed down mainly by the contraction in the operations of foreign branches, and the overall decelerating – or in any case not markedly expanding – trends recorded by most of the Group's

banks, did not offset the substantial decrease in funding recorded by the Sudameris group which, as already mentioned above in the section dedicated to loans to customers, was further amplified by the devaluation of local currencies.

The main contract types which make up the aggregate under consideration are shown in detail in the following table.

(in millions of euro)

Subcaptions	30/6/2002 (A)	31/12/2001 pro forma (B)	30/6/2001 pro forma (C)	% changes	
				A/B	A/C
Deposits	9,527	10,957	9,078	(13.1)	4.9
Current accounts and other	85,438	88,151	90,444	(3.1)	(5.5)
Bonds	43,227	40,833	39,779	5.9	8.7
Certificates of deposit	13,715	17,561	19,444	(21.9)	(29.5)
Other	6,607	6,589	6,486	0.3	1.9
Repurchase agreements	12,218	10,656	11,630	14.7	5.1
Subordinated and perpetual liabilities	11,654	11,687	10,541	(0.3)	10.6
Total direct deposits ^(*)	182,386	186,434	187,402	(2.2)	(2.7)
Indirect customer deposits	322,081	327,751	314,305	(1.7)	2.5
Customer deposits under administration	504,467	514,185	501,707	(1.9)	0.6
^(*) including with residents in Italy	145,635	135,915	131,195	7.2	11.0
with residents in other EU Countries	10,639	17,970	21,201	(40.8)	(49.8)
with residents in non-EU Countries	26,112	32,549	35,006	(19.8)	(25.4)

Deposits and current accounts, though declining (approximately – 4.5% both with respect to December and June 2001) continue to represent over half of total customer funds. An increasing contribution is made by bonds (+ 5.9% on December and + 8.7% over the twelve months) while certificates of deposit significantly decreased (approximately – 22% on December), mostly reflecting an analogous reduction in the Parent Company's London branch. Repurchase agreements entirely recovered the decline of last December and even improved on the figure of June 2001. Subordinated liabilities remained practically stable on December figures.

Compared to the figure at the end of the previous year, deposits from Italian counterparties increased while relations with foreign counterparties recorded a sharp decline, more marked in percentage terms for EU residents.

Breakdown of total customer funds, gross of intergroup items, shows that IntesaBci contributed approximately 70% of the total, Italian subsidiaries approximately 18% and foreign subsidiaries approximately 12%, of which over a third attributable to the Sudameris conglomerate.

Indirect customer deposits | The difficult conditions of world stock markets and economic uncertainties prevailing internationally explain the erosion in indirect customer deposits which equalled 322,081 million euro, down by 1.7% on the end of last year, in any case 2.5% higher than the figure as at 30th June 2001. This trend reflects the depressed stock market quotations which make the value of indirect customer deposits decrease even though, in the semester, volumes in nominal terms show an average growth rate which – for the Group's Italian companies – totalled approximately 8%.

(in millions of euro)

Subcaptions	30/6/2002 (A)	31/12/2001 pro forma (B)	30/6/2001 pro forma (C)	% changes	
				A/B	A/C
Individual portfolio management schemes	58,276	60,459	76,021	(3.6)	(23.3)
Asset managed by mutual funds	93,327	99,807	106,542	(6.5)	(12.4)
Insurance products	15,049	13,447	11,795	11.9	27.6
<i>minus</i> Funds from individual portfolios placed in mutual funds	(32,997)	(35,117)	(57,297)	(6.0)	(42.4)
Total managed funds	133,655	138,596	137,061	(3.6)	(2.5)
Assets under administration and in custody	188,426	189,155	177,244	(0.4)	6.3
Indirect customer deposits	322,081	327,751	314,305	(1.7)	2.5

Managed funds still showed the signs of the decline which affected this area due to the generalised unfavourable market conditions, that eroded the net asset value of the portfolios in spite of the contrasting actions enacted to defend and develop volumes. The value of individual portfolio management schemes recorded a 3.6% decrease compared to the figure in December (- 2.5% on June 2001) and equalled 133,655 million euro. Within this figure insurance products recorded particularly favourable trends with growth rates of 12% and 28%, compared to the two previous reference periods.

Assets under administration and in custody recorded less negative trends, maintaining the position at the end of the previous year, but up by 6.3% on the figure as at 30th June 2001.

The securities portfolio decreased to 46,374 million euro, with a 5.9% decline on December 2001 and a far more evident reduction of approximately 30% over the twelve months.

Securities portfolio

(in millions of euro)

Subcaptions	30/6/2002		Implicit gains/losses	31/12/2001 pro forma		Implicit gains/losses	30/6/2001 pro forma		Implicit gains/losses
	Book value	Market value		Book value	Market value		Book value	Market value	
Investment portfolio	8,010	8,026	16	11,282	11,291	9	12,441	12,190	(251)
Trading portfolio									
– debt securities	34,915	34,951	36	36,263	36,336	73	47,872	47,899	27
– shares, quotas and other forms of capital	3,449	3,473	24	1,736	1,750	14	5,490	5,494	4
Total trading portfolio	38,364	38,424	60	37,999	38,086	87	53,362	53,393	31
Securities	46,374	46,450	76	49,281	49,377	96	65,803	65,583	(220)

The reduction in the investment portfolio is mostly attributable to the reimbursement of securities which had reached maturity and had previously been placed as collateral to the *Warrants Put IntesaBci*. Such securities – in consideration of the imminent exercise period for the warrants – have been replaced by securities held for trading. For the future a strategic decision to dispose of the investment portfolio was taken.

These elements, combined with a significant rise in shares held, certainly contributed to maintaining securities held for trading on slightly higher levels than last December, therefore arresting the substantial decrease registered in the second half of 2001, following an overall recomposition of assets.

The comparison with market values shows implicit capital gains amounting to 76 million euro, mostly attributable to bonds in the trading portfolio, which were prudentially not accounted for since they refer to securities which are not listed on regulated markets.

Off-balance sheet transactions | Derivatives confirmed the constant dynamism of the Parent Company, which is responsible for most of the notional amounts outstanding as at 30th June 2002. The following table shows the breakdown of the main categories of derivatives.

(in millions of euro)

Contract type (notional amounts)	30/6/2002 (A)	31/12/2001 pro forma (B)	30/6/2001 pro forma (C)	% changes	
				A/B	A/C
Trading					
Interest rate and equity linked derivatives	1,529,737	1,266,301	1,247,808	20.8	22.6
Foreign currencies forwards	101,595	76,548	100,082	32.7	1.5
Foreign currencies derivatives	14,638	12,685	8,979	15.4	63.0
Securities derivatives	7,433	3,097	32,572	-	(77.2)
Total	1,653,403	1,358,631	1,389,441	21.7	19.0
Hedging					
Interest rate and equity linked derivatives	25,010	45,325	71,410	(44.8)	(65.0)
Foreign currencies forwards	9,709	9,531	17,345	1.9	(44.0)
Foreign currencies derivatives	2,425	2,511	6,747	(3.4)	(64.1)
Securities derivatives	1,408	1,481	1,235	(4.9)	14.0
Total	38,552	58,848	96,737	(34.5)	(60.1)
in addition to Credit derivatives (trading book)	64,658	66,454	61,676	(2.7)	4.8

The most significant component, both for trading and hedging contracts, is interest rate and equity linked derivatives, which totalled 1,555 billion euro, with an approximately 19% growth rate compared to the end of the previous year.

Total notional amount of trading deals amounted to 1,653 billion euro, up by approximately 22% on the end of 2001, with positive growth rates for all contract types. Instead, as concerns hedge deals (39 billion euro), total notional amount decreased by approximately 34% compared to 31st December mostly reflecting a parallel trend recorded by the Parent Company.

Credit derivatives in the trading book was again significant (65 billion euro) and showed a moderate decline (- 2.7%) on December 2001 and a great rise on the figure in June 2001.

Net interbank position as at 30th June 2002 was negative for 28,016 million euro, down by 24.5% on the end of the previous year and almost halved compared to as at 30th June 2001.

Interbank position

(in millions of euro)

Captions	30/6/2002 (A)	31/12/2001 pro forma (B)	30/6/2001 pro forma (C)	% changes	
				A/B	A/C
Due from banks repayable on demand	4,132	3,763	6,522	9.8	(36.6)
Due to banks repayable on demand	14,146	11,610	19,362	21.8	(26.9)
<i>Net interbank position repayable on demand</i>	(10,014)	<i>(7,847)</i>	<i>(12,840)</i>	27.6	(22.0)
Due from banks with notice period	33,039	36,574	38,717	(9.7)	(14.7)
Due to banks with notice period	51,041	65,827	78,642	(22.5)	(35.1)
<i>Net interbank position with notice period</i>	(18,002)	<i>(29,253)</i>	<i>(39,925)</i>	(38.5)	(54.9)
Net interbank position	(28,016)	(37,100)	(52,765)	(24.5)	(46.9)

The contraction process, already commenced in 2001, was made possible by the action aimed at improving the Group's liquidity situation, and therefore decreasing interbank debt, which had reached particularly high levels in the past.

The Group's shareholders' equity – excluding net income for the first half – summed up to 13,821 million euro. Breakdown of shareholders' equity is contained in the table below.

Shareholders' equity

(in millions of euro)

Captions	30/6/2002 (A)	31/12/2001 pro forma (B)	30/6/2001 pro forma (C)	% changes	
				A/B	A/C
Share capital	3,561	3,489	3,489	2.1	2.1
Share premium reserve	4,168	4,075	4,075	2.3	2.3
Reserves	5,580	5,186	5,339	7.6	4.5
a) legal reserve	773	773	773		
b) reserve for own shares	–	6	–		
c) statutory reserves	154	152	151	1.3	2.0
d) other reserves	4,653	4,255	4,415	9.4	5.4
Revaluation reserves	391	386	379	1.3	3.2
Reserve for general banking risks	91	92	107	(1.1)	(15.0)
Negative goodwill arising on consolidation	29	15	32	93.3	(9.4)
Negative goodwill arising on application of the equity method	1	1	2		(50.0)
Total shareholders' equity	13,821	13,244	13,423	4.4	3.0
Net income for the period (excluding minority interests)	114	928	1,386	(87.7)	(91.8)
Shareholders' equity	13,935	14,172	14,809	(1.7)	(5.9)
Minority interests	852	983	1,079	(13.3)	(21.0)
Subordinated and perpetual liabilities	11,654	11,687	10,541	(0.3)	10.6

Capital base for supervisory purposes amounted to 21,971 million euro, against risk-weighted assets of 225,488 million euro. The total solvency ratio equalled 10.3%, and the Tier 1 ratio equalled 6.4%.

The table below shows the variations in consolidated shareholders' equity which occurred in the period between 31st December 2001 and the close of the first half of 2002.

(in millions of euro)

	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve for foreign exchange differences	Reserve for general banking risks	Revaluation reserves	Negative goodwill	Net income for the period	Total shareholders' equity
Balance as at 31/12/2001	3,489	4,075	773	4,526	(114)	93	386	16	929	14,172
Allocation of consolidated net income				593					(593)	-
- Reserves									(331)	(331)
- Dividends										
- Allowances for charitable contributions									(4)	(4)
Other variations	72	93								165
- Increase in capital										
- Changes in the consolidation area				14			5	14		33
- Changes in the reserve for general banking risks						(1)				(1)
- Changes in the reserve for foreign exchange differences					(213)					(213)
- Other changes and rounding off				1		(1)				-
Net income for the period									114	114
Balance as at 30/06/2002	3,561	4,168	773	5,134	(327)	91	391	30	114	13,935

The following table shows a summary of the entries which allow to reconcile the Parent Company's shareholders' equity and net income with consolidated shareholders' equity and net income.

(in millions of euro)

Items	Shareholders' equity	including net income for the period as at 30/6/2002
Parent Company's balances as at 30th June 2002	13,982	174
Effect of full and proportional consolidation	701	251
Effect of consolidation of subsidiaries carried at equity	81	55
Adjustments to capital gains from the sale of equity investments	-	1
Reversal of write-downs on equity investments	38	38
Reversal of provisions recorded for fiscal purposes	140	(2)
Amortisation of goodwill arising on consolidation and on application of the equity method	(755)	(48)
Use of allowance for risks and charges arising on consolidation	23	1
Revaluation of real estate	323	(5)
Restatement of goodwill	(43)	4
Dividends collected during the period	-	(25)
Dividends accrued, net of fiscal effects	(282)	(282)
Other changes	(273)	(48)
Consolidated balances as at 30th June 2002	13,935	114

Quarterly development
of the consolidated balance sheet

(in millions of euro)

Assets	30/6/2002	31/3/2002	31/12/2001	% changes	
	(A)	(B) ⁽¹⁾	(C) ⁽¹⁾	A/B	A/C
1. Cash and deposits with central banks and post offices	1,392	1,594	1,960	(12.7)	(29.0)
2. Loans					
– loans to customers	177,345	180,432	184,429	(1.7)	(3.8)
– due from banks	37,171	42,480	40,337	(12.5)	(7.8)
3. Trading portfolio	38,364	41,789	37,999	(8.2)	1.0
4. Fixed assets					
a) investment portfolio	8,010	9,294	11,282	(13.8)	(29.0)
b) equity investments	4,412	4,841	4,610	(8.9)	(4.3)
c) tangible and intangible	4,973	5,168	5,213	(3.8)	(4.6)
5. Goodwill arising on consolidation	577	451	482	27.9	19.7
6. Goodwill arising on application of the equity method	210	225	27	(6.7)	
7. Other assets	30,760	30,241	30,326	1.7	1.4
Total Assets	303,214	316,515	316,665	(4.2)	(4.2)

(in millions of euro)

Liabilities and Shareholders' Equity	30/6/2002	31/3/2002	31/12/2001	% changes	
	(A)	(B) ⁽¹⁾	(C) ⁽¹⁾	A/B	A/C
1. Debts					
– due to customers	110,933	113,509	113,569	(2.3)	(2.3)
– securities issued	59,799	60,747	61,178	(1.6)	(2.3)
– due to banks	65,187	77,416	77,437	(15.8)	(15.8)
2. Allowances with specific purpose	5,210	5,717	5,503	(8.9)	(5.3)
3. Other liabilities	35,498	32,356	31,990	9.7	11.0
4. Allowances for possible loan losses	146	157	146	(7.0)	–
5. Subordinated liabilities	11,654	11,335	11,687	2.8	(0.3)
6. Minority interests	852	998	983	(14.6)	(13.3)
7. Shareholders' equity					
– share capital, reserves and reserve for general banking risks	13,791	13,839	13,228	(0.3)	4.3
– negative goodwill arising on consolidation	29	15	15	93.3	93.3
– negative goodwill arising on application of the equity method	1	1	1	–	–
– net income for the period	114	425	928	(73.2)	(87.7)
Total Liabilities and Shareholders' Equity	303,214	316,515	316,665	(4.2)	(4.2)

Indirect customer deposits	322,081	329,871	327,751	(2.4)	(1.7)
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⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

Performance of main consolidated companies by operating sectors and geographic areas

Gruppo IntesaBci is an articulated multinational structure, which operates not only in Italy – where it is the largest banking entity – but also abroad, thanks to a large number of equity investments strategically co-ordinated to integrate the operations managed by the Parent Company.

A summary of the results achieved in the first half of 2002 by the Parent Company and the main consolidated subsidiaries is shown hereunder.

In Italy

Banking area

IntesaBci

The Parent Company's operations confirm a recovery in the second quarter compared to the previous quarters. In fact operating margin almost reached 700 million euro, against 587 million euro in the first quarter and is far better than the figure achieved in the third quarter of 2001 (414 million euro) and in the fourth quarter of the same year (457 million euro, net of the extraordinary dividends from the investment in Seat - Pagine Gialle). A higher interest margin in the first half of 2002 compared to the second half of the previous year – as a result of virtually stable net interest income and higher dividends – coupled with higher profits on financial transactions more than offset the contraction in income from services, which in the second quarter of 2002 confirmed the declining trend already shown in the first quarter. The rise in net interest and other banking income (1,746 million euro in the second quarter of 2002, 1,620 million euro in the first quarter and 1,572 million euro as average of the last two quarters of 2001 on a consistent basis) and contained operating costs led to the higher operating margin.

This positive performance is not confirmed by net income, which was negatively affected by significant adjustments to loans related to certain important international industrial groups, the situation of which deteriorated in the last few months, and by extraordinary charges connected with the integration currently under way. Therefore net income for the first half (174 million euro), though higher than in the last two quarters of 2001, is still below the Bank's potential.

(in millions of euro)

Captions	First half 2002	First half 2001 pro forma ⁽¹⁾	Changes	
			amount	%
Net interest income	1,742	1,828	(86)	(4.7)
Dividends and other revenues	470	567	(97)	(17.1)
Interest margin	2,212	2,395	(183)	(7.6)
Net commissions	981	1,066	(85)	(8.0)
Profits (Losses) on financial transactions	58	119	(61)	(51.3)
Other operating income, net	115	146	(31)	(21.2)
Net interest and other banking income	3,366	3,726	(360)	(9.7)
Administrative costs	(1,989)	(1,971)	18	0.9
including Payroll	(1,119)	(1,180)	(61)	(5.2)
Other	(870)	(791)	79	10.0
Adjustments to fixed assets and intangibles	(93)	(147)	(54)	(36.7)
Operating costs	(2,082)	(2,118)	(36)	(1.7)
Operating margin	1,284	1,608	(324)	(20.1)
Provisions for risks and charges	(122)	(76)	46	60.5
Net adjustments to loans and provisions for possible loan losses	(850)	(433)	417	96.3
Net adjustments to financial fixed assets	(89)	(61)	28	45.9
Income from operating activities	223	1,038	(815)	(78.5)
Extraordinary income	6	(41)	47	
Income taxes for the period	(55)	(283)	(228)	(80.6)
Change in the reserve for general banking risks	-	-	-	-
Net income for the period	174	714	(540)	(75.6)

⁽¹⁾ The figures for the first half of 2001 are restated on a consistent basis, considering the subsequent spin-off of Mediocredito Lombardo's activities.

Interest margin amounted to 2,212 million euro, - 7.6% compared to the first half of 2001, mainly due to lower dividends collected or accrued in the year when the subsidiaries' net income was generated. This reduction, as already mentioned, is due to the fact that at the beginning of last year 92 million euro of dividends were collected from the sale of the equity investment held in the company Seat - Pagine Gialle. Excluding this component, the contraction in interest margin would be contained to 4%.

Net interest income, 1,742 million euro, decreased by 4.7%. This was partly due to the generalised contraction in interest rate spreads at the system level. To this regard it has to be noted that Italian average lending rates in the first half of 2002 registered higher reductions, both in the short-term component and in the longer-term one, than those recorded by funding rates, thus determining a contraction in average interest rate spreads compared to the same period a year earlier. Average volumes, instead, show - on an annual basis - a slight decline in loans, as a result of a reduction in the short-term component and an increase in medium- and long-term lending, and a good development in deposits, mainly concentrated in longer maturities. Noteworthy is also that the negative balance of interbank interest was almost brought to zero.

Dividends dropped by 97 million euro for the reason already mentioned. Dividends (including tax credits) related to subsidiaries, booked as in the past on an accrual basis, amounted to 342 million euro while dividends related to other equity investments and shares, registered on collection, amounted to 128 million euro.

Net interest and other banking income for the first half of 2002 equalled 3,366 million euro, 9.7% down on the same period a year earlier. Also in this case, excluding the non-recurring dividend related to the investment in Seat-Pagine Gialle, the margin would present a more contained reduction (- 7.4%).

Net commissions, 981 million euro (- 8%), were penalised by weak financial markets. This determined, with respect to the first half of 2001, a contraction of net income from individual portfolio management activities (- 10%) and of net commissions on securities trading and placement (- 18%). Commissions related to lending and deposit collecting showed a more contained reduction (- 2.5%) mainly because of lower operating volumes. Commissions expenses paid for derivative transactions on loans linked to hedging purchases increased considerably, though their absolute values were modest.

Like income from services, financial transactions were negatively affected by persisting financial market volatility. The various operating areas generated a net profit for the first half of 2002 totalling 58 million euro, 119 million euro lower than in the same period a year earlier, but higher compared to the loss (- 31 million euro) registered in 2001. Market weakness, further aggravated in June, affected the performance of the securities sector, which registered net write-downs to period-end inventories amounting to 71 million euro, while the overall positive result (+ 64 million euro) is mainly attributable to profits (93 million euro) made in shares trading activities performed near dividend-payment dates. The total contribution from the securities sector offset the lower contribution, with respect to the first half of 2001, from transactions in currencies and in currency derivatives (20 million euro, *ex* 28 million euro) and the negative result generated by interest rate and equity linked derivatives and credit derivatives in the trading book (- 26 million euro, *ex* + 46 million euro).

Operating margin received a lower contribution from other net income because of lower capital gains deriving from merchant banking activities and stood at 1,284 million euro, 20.1% down from the first half of 2001. Excluding, however, the mentioned non-recurring dividend related to the investment in Seat - Pagine Gialle, the contraction of operating margin would be reduced by approximately 5 percentage points.

In the first half of 2002 *operating costs* (2,082 million euro) recorded a 1.7% reduction. Analysing the components, it must be noted that the merger of BCI and the consequent centralisation in IntesaBci Sistemi e Servizi of numerous service activities determined a change in the cost structure compared to the end of the first half of 2001. In particular, the transfer to the service company of IT equipment and relevant personnel determined, on the one hand, a reduction in personnel costs and in depreciation (estimated respectively 15 and 49 million euro) and, on the other hand, an approximately 64 million euro rise in administrative costs due to the fees paid to the service company for services received.

Personnel costs (1,119 million euro) decreased by over 5% compared to the first half of 2001. In consistent terms (i.e. taking account of the phenomenon just described) the change would decrease to approximately 4%.

Other administrative costs (870 million euro) recorded a 10% rise. As already mentioned, this increase - determined by the transfer of activities to IntesaBci Sistemi e Servizi - is balanced by lower personnel costs and lower depreciation.

Breakdown of costs, considering also the types of services invoiced by IntesaBci Sistemi e Servizi, shows that the following costs increased: IT and consultancy costs generated by reorganisations under way; reimbursements of costs to Group companies, mainly resulting from IntesaTrade's charges for the utilisation of the on-line IT platform; higher insurance costs due to higher premiums requested following 11th September events. Savings instead occurred in advertising costs, maintenance and postal expenses. Finally, substantial increases (estimated in approximately 10 million euro) were registered in security and costs for the transport of valuables following the last phase of the changeover to euro.

Depreciation decreased to 93 million euro mainly because of the mentioned hardware and software transfer to IntesaBci Sistemi e Servizi.

Income from operating activities amounted to 223 million euro with a 78.5% reduction mainly attributable to substantial adjustments to loans. The negative economic situation and its

repercussions on company accounts and on the accounts of certain large groups operating in the technology, telecom and media sectors in particular, led to the significant adjustments to loans accounted for in this Half-Year Report. This negative situation was further aggravated by the new recent scandals regarding the fairness of the accounts of certain large US groups, some of which had been granted loans by IntesaBci.

Total adjustments to loans and provisions for possible loan losses amounted to 850 million euro, doubling the values registered at the end of June 2001. The most significant provisions for the period are related to the Marconi and the Worldcom groups, for which total adjustments exceeded 210 million euro. Finally, a more modest impact was generated by the persisting Argentinean crisis: to guarantee in any case the operations of the subsidiary Banco Sudameris Argentina SA required the opening of a revolving credit facility which led to provisions of approximately 40 million euro in the financial statements as at 30th June.

Provisions for risks and charges recorded a considerable rise (122 million euro against 76 million euro in the first half of 2001) which included provisions for counterparty risks on derivative contracts (19 million euro) and legal actions (16 million euro). Furthermore, 70 million euro were provisioned for the possible effects of the write-off of the book value of the Peruvian equity investments on the financial statements of the subsidiary IntesaBci Holding International, and consequently on those of the Parent Company.

As to financial fixed assets, the rise in net adjustments (28 million euro) was mainly attributable to a security in the investment portfolio acquired in the framework of merchant banking activities. Other main adjustments to equity investments are related to IntesaBci e.lab (11 million euro), which is still in a start-up phase and does not generate positive results, and to IntesaBci Gestione Crediti (36 million euro), the Group's bad bank.

Extraordinary operations generated a modest positive result (6 million euro) as a result, on the one hand, of the write-back (84 million euro) of the *Warrants Put IntesaBci* following an improvement in the stock market price of the IntesaBci share which occurred in the first half and, on the other hand, of non-recurring expenses for incentive-driven exit plans (34 million euro) and for the integration of IT systems among the merged banks (85 million euro). The latter, as mentioned in the Report on the 2001 financial statements, after full use of the specific allowance provisioned at the start of the integration process, are now accounted for in extraordinary charges. Other extraordinary income is represented by the capital gains (29 million euro) generated by the sale of financial fixed assets and by the out-of-period income (19 million euro) derived from the modification of the 2000 fiscal position to reflect the clarifications made in the regulations regarding the Dual Income Tax.

After deducting income taxes amounting to 55 million euro, 24% of pre-tax income, **net income for the period** amounted to 174 million euro.

As to the balance sheet, in the first half intermediation with customers recorded a stable trend in loans and a more dynamic development of deposit collecting activities. Both aggregates were heavily affected by the contraction in the operations of foreign branches which led to lower loans to customers for almost 4 billion euro and lower customer deposits exceeding 8 billion euro. This phenomenon is in line with the Group's new strategic guidelines aiming at a gradually reducing intermediation with foreign customers in favour of greater focus on the domestic market.

Loans to customers as at 30th June 2002 amounted to 127,814 million euro, 3.2% down from the values as at 31st December 2001 (- 5.9% on an annual basis). Excluding the mentioned contraction in loans granted by foreign branches, the aggregate would be virtually stable from last December.

Looking at the various types of contracts, in terms of period-end values, mortgages recorded a good growth rate (+ 6.4% on December 2001). Current accounts, instead, registered a marked drop (- 15.1%), mainly concentrated in the second quarter. Repurchase agreements recorded a sustained growth, while the reduction in advances and other loans is essentially attributable to lower operations of foreign branches with non-resident customers.

Non-performing loans rose both on doubtful loans (+ 8.4% on December), and on substandard loans (+ 15.7% on December). This rise is attributable to the unfavourable economic situation and especially to the serious difficulties, emerged since last autumn, experienced by certain large groups mainly operating in the technology and telecom fields.

Gross doubtful loans amounted to 3,084 million euro as at 30th June 2002 and were covered by adjustments totalling 1,710 million euro, with a percentage coverage of 55%, up by 10 percentage points from the 2001 financial statements. The incidence of net doubtful loans on total loans equalled 1.1%, marginally rising from December.

Gross substandard loans amounted to 3,666 million euro and relevant adjustments provided a coverage exceeding 20%.

Restructured loans and loans under restructuring decreased (– 10.3% on December 2001), standing however at contained levels, and exposures towards residents in so-called Countries at risk also decreased (– 16.7%).

Total direct and indirect deposits (365,590 million euro as at 30th June 2002) remained virtually in line with the values recorded as at 31st December 2001 as a result of a 1.7% rise in direct deposits (+ 0.4% on an annual basis) and a 2.5% reduction in indirect deposits (– 3.7% from 30th June 2001).

Direct deposits, amounting to 136,689 million euro, recorded diverse performances between the units operating in Italy and foreign branches. In the first half the former registered an almost 10% growth, more marked in the medium- and long-term component, while the units operating abroad registered, as previously mentioned, a drastic reduction.

As concerns breakdown by contract type, bond issues (+ 17.4% from December) and repurchase agreements (+ 27.4% from December) rose considerably, whereas certificates of deposit (– 28.1%) dropped, and saving and current accounts declined slightly.

Indirect deposits, equalling 228,901 million euro (– 2.5% from 31st December 2001), recorded a contraction of 2.2% in managed funds and of 2.7% in funds under administration.

These contractions are attributable to the reduction in the market value of securities under management and under administration. It must however be noted that a shift from managed deposits to direct deposits occurred because of the persisting markets crisis which led certain customers to switch from managed funds to short-term investments (repurchase agreements) or to increase average amounts in current accounts.

Securities portfolio as at 30th June 2002 amounted to 26,006 million euro, practically at the same level as at 31st December 2001. It is made up of 23,849 million euro in the trading portfolio and 2,157 million euro in the investment portfolio.

The investment portfolio decreased by 2,364 million euro in the first half following the repayment of the securities held as collateral to the *Warrants Put IntesaBci* related to the Tender Offer on Banca Commerciale Italiana shares. These securities were replaced by other securities allocated in the trading portfolio in view of the short period remaining until the exercise period (November 2002). The reduction in the investment portfolio was almost exactly reflected by an increase in the trading portfolio.

It is worth noting that IntesaBci decided to gradually divest its investment portfolio.

Main Group banks

Cassa di Risparmio di Parma e Piacenza closed its statement of income with a net income for the period of almost 75 million euro, which cannot be directly compared with 90 million euro in the first half of 2001 that included substantial net extraordinary income (19 million euro) generated by the sale of branches.

The analysis of the various income components evidences a virtual stability of interest margin, with a 0.8% increase on the first half of the previous year. The considerable increase in intermediated volumes in fact completely balanced the negative effect derived from the reduction in interest rates.

The attentive policy of operating costs containment (– 6.8%) and the positive contribution from financial transactions more than offset the decline in net commissions (– 9.3%), determining a

good growth of operating margin (approximately + 7%) and an even greater improvement of income from operating activities (approximately + 12%) resulting from lower provisions for possible loan losses.

As to the balance sheet, loans to customers and customer deposits confirm the levels achieved as at December 2001, with a slight increase for the former which stood at 8,687 million euro (+ 1.3%) and a moderate decline for the latter which stood at 10,324 million euro (- 1.3%). Indirect deposits (21,814 million euro) registered a recovery during the first half (+ 1.8%) also thanks to the distribution of new bancassurance products.

Banca Popolare FriulAdria posted a net income for the period of 16 million euro, 14.9% down from 30th June 2001 mainly because of extraordinary income then generated by the sale of two branches. Income from operating activities recorded a reduction contained to 6.7%, attributable to the lower contribution from interest margin (- 6.9%) and from net interest and other banking income (- 4.8%), only partly balanced by operating costs containment (- 3.5%). In particular, interest margin – though in presence of higher intermediated volumes – was affected by the contraction in interest rates and by the reduction in spreads, while net interest and other banking income was penalised by lower commissions, mostly resulting from a reduction in securities trading and in asset management activities.

As to the balance sheet, loans to customers (2,567 million euro) and customer deposits (2,633 million euro) stood virtually at the levels of the end of 2001, with a modest decline only for the former (- 1.6%) which however had risen considerably in the previous year. Indirect deposits (5,239 million euro) registered, instead, a 4.2% rise attributable to the strong growth of managed funds (+ 10.9%).

Banca IntesaBci Mediocredito starting from the second half of 2001 continued the activities formerly performed by the merged Mediocredito Lombardo. The first half of 2002 closed with a net income of 24 million euro, which is only roughly comparable with 29 million euro in the second half of 2001. The analysis of the various income components evidences a significant contribution of interest margin (93 million euro) and adjustments to loans virtually in line with the second half of 2001 (39 million euro).

The loan portfolio amounted to 12,245 million euro, in line with the figure in the 2001 financial statements.

Banco di Chiavari e della Riviera Ligure registered a marked improvement of its performance and closed the period with a net income of approximately 10 million euro (+ 18.3% on the first half of 2001). This improvement concerned all margins, starting with interest margin which rose by 6.1%. This enabled the bank to absorb the persisting erosion of net income from intermediation and service activities, which declined both in net commissions (- 1.2%) and in profits on financial transactions (- 3.1%). Net interest and other banking income maintained a 3.1% increase, while operating margin rose by 14.3%, mainly because of an approximately 2% contraction in operating costs. Net adjustments to loans, only slightly higher than in the first half of 2001, balanced however by no write-downs of financial fixed assets, led to an income from operating activities 18.6% higher; the same percentage rise was confirmed for net income. As to the balance sheet, growth of loans and direct deposits continued: the former reached 1,477 million euro, 4% up on the 2001 balance sheet figure, while direct customer deposits exceeded 1,700 million euro, with a 2.9% rise. Indirect deposits (3,157 million euro) were instead penalised by the declining trend of stock market prices, showing a rise contained to 0.9% with respect to the 2001 financial statements.

The other Regional banks

Banca di Trento e Bolzano closed the period with levels of profitability virtually in line with the first half of 2001. The slight contraction of interest margin (- 4.1%) was in fact balanced at the level of net interest and other operating income (- 0.2%) by net commissions in line with the first half of 2001 and by a significant contribution from financial transactions. The further

advantage deriving from operating costs containment (– 2.7%) led to a 9.1% increase in operating margin, partly absorbed by higher net adjustments and provisions which limited the rise in income from operating activities to 3.2%. Net income amounted to approximately 5 million euro, practically confirming the result of the first half of 2001.

As to the balance sheet, loans to customers equalled 1,415 million euro, with a 6.1% growth rate on the 2001 balance sheet figure, while direct deposits, 1,365 million euro, registered a drop (– 7.7%) entirely attributable to the reduction in treasury transactions and repurchase agreements compared to the end of 2001. Indirect deposits recorded a positive performance and reached 1,668 million euro (+ 2.5%).

The statement of income of **Banca Cis** closed with a net income for the period of 7.8 million euro, down from 9.7 million euro in the first half of 2001, which had however benefited from a substantial flow of net commissions due to the concentration in that period of intense activities related to the granting of subsidised loans for national and regional tenders. The analysis of income components evidences a moderate reduction in interest margin and a considerable drop in net interest and other banking income for the reasons mentioned above.

An effective containment of operating costs and lower provisions for risks and charges enabled a partial re-balance of income from operating activities, which stood at 10.2 million euro, with a 2.9% decrease.

Balance sheet figures showed loans to customers amounting to 1,199 million euro, with a 2.6% growth rate compared to 31st December 2001, and direct customer deposits amounting to 434 million euro, with a significant contraction on the figure at the end of 2001 (828 million euro) completely attributable to programmed reimbursements of bonds, replaced by interbank funding. Indirect deposits rose to 156 million euro (+ 2.4%).

Saving banks

In the first half of 2002 **Cassa di Risparmio di Biella e Vercelli** posted a net income of 16 million euro, with a significant rise (approximately + 53% on the same period of 2001) mostly attributable to extraordinary income generated by the sale of the equity investment in Banca Mediocredito. However, even excluding such operation, income from operating activities achieved an appreciable 3.2% increase determined by a significant growth of interest margin (+ 10.7%), by an approximately 4% contraction of administrative costs and by a considerable reduction in adjustments and provisions for possible loan losses (approximately – 50%). These strong points were however opposed by the marked reduction (approximately – 34%) in net profits on financial transactions and in income from services, penalised by unfavourable financial market trends.

Among main balance sheet aggregates, both loans to customers (1,678 million euro) and customer deposits (2,019 million euro) rose by over 3%, while indirect deposits (2,646 million euro) remained at the levels recorded at the end of 2001.

The saving banks reporting to *Carinord 2* posted positive results: **Cassa di Risparmio della Spezia** and **Cassa di Risparmio di Carrara** closed the period with net incomes respectively of 3.3 million euro and 2.4 million euro, while **Cassa di Risparmio di Alessandria**, controlled by *Carinord 1*, registered a net income of 5 million euro.

Favourable was also the performance of the saving banks controlled by *Holding IntesaBci Centro*, which posted the following net incomes: 7.6 million euro for **Cassa di Risparmio di Ascoli Piceno**; 5 million euro for **Cassa di Risparmio di Viterbo**; 2.5 million euro for **Cassa di Risparmio di Foligno**; 2.4 million euro for **Cassa di Risparmio di Spoleto**; 2.3 million euro for **Cassa di Risparmio di Rieti**; 1 million euro for **Cassa di Risparmio di Città di Castello**.

In most cases the saving banks registered reductions in interest margin, mainly connected to the trends of market interest rates, effective containment of operating costs and physiological adjustments to loans.

Balance sheet aggregates showed overall increases in traditional banking business with higher loans to customers and, especially, higher customer deposits.

Finally, **Cassa di Risparmio di Terni e Narni** – the controlling stake of which was acquired during the first half – recorded positive results and closed the statement of income with a net income for the period of 3.4 million euro. Balance sheet figures showed a good increase in loans (+ 3.4% to 514 million euro) and a significant rise in deposits, both direct (+ 9.4% to 750 million euro) and indirect (+ 6.1% to 688 million euro).

The difficult financial market situation did not prevent **Caboto IntesaBci** | Financial activities
Sim – which absorbed Caboto Sim but span off its web activities to

IntesaTrade – from achieving significant results. The reorganisation of the Group's securities house, initiated last year, allowed to realise a strong and competitive structure, which not only expanded the most significant activities of its core business (equity and fixed income), but was also capable of upgrading the range of products offered (Asset Backed Securities, Pfandbriefe, Asset Swaps and Exotic Asian Options) through the trading rooms of Milano, London, New York and the Retlots Exchange, the electronic exchange through which the company quotes and trades OTC financial products.

During the first half of 2002 the Company achieved important targets also in terms of competitive positioning. In particular, in the derivatives market the number of customers doubled, while in the equity area Caboto IntesaBci re-acquired the leadership with a 5.92% market share on the MTA (Italian Electronic Share Market), 10.2% on the options traded on the IDEM (Italian derivatives market) and 39% on the premiums market.

First-half statement of income closed with a net income for the period of 21 million euro – to be compared on a consistent basis with the 3.4 million euro loss reported in the pro forma statement of income as at 30th June 2001 – mainly generated by operating income which increased by almost 50%.

Nextra Investment Management Sgr, formed through the merger of the pre-existing business units reporting to the former Intesa and BCI groups, is active in management of mutual funds/sicavs (over 120 funds of various types), in individual portfolio management schemes (Gpf, Gpm, Gpi) and in advisory services for institutional investors. As at 30th June 2002 net assets managed by Nextra – net of duplications – amounted to 106 billion euro.

With regard to collective portfolio management schemes only, the net portfolio of mutual funds/sicavs, although in presence of negative net collection in the first half, exceeded 90 billion euro, enabling the company to remain in second position with an 18.5% market share. The statement of income for the first half of 2002 closed with a net income for the period of 28 million euro.

Following the company restructuring under way among Group units operating in the asset management sector, **Intesa Asset Management Sgr** concentrated its activities in direct individual portfolio management (open private banking), recording a net income for the period of 4 million euro net of the dividends approved in the first half by the subsidiary Nextra Investment Management.

The comparison between the combined net incomes of the two mentioned companies and the total result achieved in the first half of 2001 by the pre-existing entities, although showing a reduction, must be considered appreciable in the light of the difficult situation of the asset management market.

Finally it must be noted that – implementing the strategy which foresees the creation of autonomous legal entities devoted to each of the sector's operating areas – **Nextra Alternative Investments Sgr**, the Italian company in charge of speculative asset management activities operating in the hedge funds market, started operations at the beginning of 2002. Moreover in the first half, Nextra acquired an absolute majority stake in Epsilon Sgr, operating in the quantitative asset management sector, with focus on economic-financial research, on statistical analysis and on IT processing. Finally, as of 1st August 2002 all pension funds activities for Gruppo IntesaBci were concentrated in **Sim Co.Ge.F.**, the first Italian company specialised in complementary pension funds, in which IntesaBci and Assicurazioni Generali hold a stake.

Established at the end of 2001 as Compagnia Italiana Investimenti Diversificati, **IntesaBci Investimenti** offers advantageous investment opportunities to the Group's primary customers. In particular, activities of the company are focused on investments in foreign sicavs with simultaneous commitment to resell the shares at a later date, at a predetermined price, with the assistance of swap contracts aimed at assuring an adequate return on investment. IntesaBci replicates each operation – again using repurchase agreements – with IntesaBci Investimenti, whose shares in turn will be covered, by a similar contract with investing customers. The economic performance of the first half of 2002 amounted to 55 million euro.

Activities of Product Companies

Intesa Leasing recorded a further commercial development thanks to the persisting favourable situation of leasing markets. During the first half the company stipulated new contracts totalling 1,380 million euro (+ 23.4% on the figure as at 30th June 2001), half of which was attributable to the positive performance of the real estate sector. Total assets leased reached 7,632 million euro, 8.2% up from as at 31st December 2001. Net income for the period amounted to 10 million euro, with a 5.3% growth rate, with a significant contribution from lease income (+ 14.5%).

The first half of 2002 confirmed the growth in volumes recorded by **Mediofactoring** a year earlier. Turnover registered a 3% rise from 30th June 2001. The statement of income closed with a net income of 17 million euro (approximately + 11%). The analysis of income components showed increases both in interest margin (+ 10.8%) and in net interest and other banking income (+ 3.8%), which easily absorbed higher operating costs (+ 8.7%), which were exclusively due to the fact that the first half of 2001 did not yet include the cost of the personnel acquired with the merger of **Comit Factoring** and the amortisation instalment for the goodwill related to its acquisition.

Banca Primavera, established in August 2001 as **IntesaBci Italia Sim** through the merger of the networks of financial consultants previously reporting to **Intesa Italia Sim** and **Genercomit Distribuzione**, continued preparatory activities for the start-up of the Group's new multichannel bank. The statement of income was affected both by higher charges from start-up costs and by the difficult situation of financial markets, posting a loss for the period of 6.2 million euro against a net income of 3.5 million euro in the first half of 2001. As at 30th June, total funds under administration by the company, which avails itself of almost 1,700 financial consultants, exceeded 6 billion euro. As of 1st July, the company operates with bank status; in August the first three branches started operations and the strengthening of its structure all over Italy is under way.

Outstanding were the results of **Setefi**, the Group business unit specialised in the management of electronic payment systems, which closed the first half with a net income of 10.3 million euro, up by 20% thanks to the good performance of operating income. As to operating figures, the number of cards issued or managed rose to 1,680,000 (+ 9.4% from 31st December 2001), while the number of POS – which handled 57.4 million transactions for a counter-value exceeding 4 billion euro – reached 80,000 units (+ 20%).

In the bancassurance sector, **Carivita's** statement of income was affected, though marginally thanks to the prudent mix of investments, by the unfavourable financial market context. In fact the company closed the period with a net income of approximately 11 million euro, compared to 13.6 million euro in the first half of 2001, despite the considerable rise in collected premiums, up to 657 million euro (+ 22%). Also technical reserves rose to 6,574 million euro (+ 13.4%). In a market characterised by savers' lower risk propensity, during the first half the company restructured its offer with new products which guarantee reimbursement of invested capital and long-term returns.

IntesaBci e.lab – the company which has the mission of operating in the sector of acquisitions, management and development of strategic equity investments and partnerships in the e-banking and e-commerce sectors in co-ordination with the similar activities at Group level – developed the programmed projects through its participated companies.

In particular, **IntesaTrade Sim**, the Group's on-line trading platform, as at 30th June had over 73,000 registered customers which made over 360,000 transactions during the first half for a total counter-value of almost 1.9 billion euro, equalling the amount reached in the whole of 2001. **FundsWorld**, the company specialised in the on-line sale of mutual funds/sicavs, had instead almost 10,000 operating customers, with managed assets of approximately 35 million euro. **Shoplà** had almost 1,600 small and medium enterprises as customers. The company handled approximately 70,000 transactions in the first six months for a counter-value of 9 million euro. **Charta** operates in the electronic ticketing sector, with the offer to enterprises of IT management systems and services and with the possibility for individuals to purchase tickets for plays and events on-line.

Overall economic results of the companies reporting to e.lab, which are still penalised by the start-up phase of the various initiatives and by the difficult financial market situation, determined a loss for the period of 11 million euro.

IntesaBci Gestione Crediti, which has the mission of acquiring and managing non-performing loans granted by Group companies, closed the statement of income with a loss for the period of 36 million euro, after having collected net commissions and other operating income for 22 million euro, which were not sufficient to absorb net adjustments to its loan portfolio, administrative costs (41 million euro) and net financial charges (14 million euro). As at 30th June the loan portfolio exceeded 10 billion euro at nominal value, acquired for 3.2 billion euro, in addition to 5 billion euro of loans serviced on behalf of Group companies.

Activities of Service companies

IntesaBci Sistemi e Servizi, the service company which concentrates the centralised functions of IT systems management and data processing, was again involved in numerous activities supporting the integration of various Group entities. The statement of income for the first half closed with a net income of 0.3 million euro, reflecting the pricing policy applied towards its users, which were all inside the Group.

Finally, with regard to the tax-collection sector, **IntesaBci Riscossione Tributi**, the holding company of Group subsidiaries operating in this sector, and the collectors **Esa.Tri.**, **E.Tr.**, and **S.Es.I.T.**, continued their reorganisation activities, constantly seeking solutions leading to improvements in terms of efficiency and cost reductions, in a context characterised by the termination as at 31st December 2001 of the pre-existing system of payments to collectors. The new parameters for the quantification of the fees for tax-collection activities, provided for by Law Decree of 8th July 2002, determined for the 2002/2003 period a considerably lower income level, inadequate to guarantee the already unstable economic balance of the sector.

The impact of the new fees will determine differentiated effects on the three Group companies: **Esa.Tri.**'s profitability will be much poorer than in the previous years, but especially the economic situations of **S.Es.I.T.** and **E.Tr.** will considerably worsen, leading to the deterioration of sector results.

In this context, the first half closed with an overall loss of 9 million euro, compared with a net income of 4 million euro in the first half of 2001, which was caused by lower fees paid to **E.Tr.** and **S.Es.I.T.**, while **Esa.Tri.** closed with positive though lower-than-expected results.

IntesaBci Holding International, which holds most of the foreign banking and financial equity investments owned by Gruppo IntesaBci, closed the first half with a net income of approximately 36 million euro, mainly generated by dividends collected from its equity investments.

In the first half of 2002 the **Sudameris group** operated in a local context which continued to be characterised by very difficult situations.

The Latin-American area and
the Sudameris group

Argentina has long been suffering from a deep economic crisis. The measures taken by the local Government proved absolutely insufficient but were so unpopular that they set the conditions for serious social and political conflicts: unemployment exceeded 20% and over 50% of the population had income below the poverty threshold. The Argentinean crisis inevitably also affected Uruguay because of very close financial and trade relations between the two Countries. In such context Banco Sudameris Argentina closed the accounts as at 30th June 2002 with a modest net income, while the accounts of Sudameris' Uruguayan branch showed a loss of 0.8 million euro.

Brazil presented a different situation, even if certain difficulties – aggravated by uncertainties connected to the imminent elections – are creating dangerous conditions of instability for economic players, with negative repercussions on the exchange rate of the local currency against the US dollar. Notwithstanding that, the Brazilian subsidiary managed to register an appreciable income (approximately 14 million euro) confirming the effectiveness of the recovery measures taken in the previous years.

Mainly social and political difficulties were encountered in *Peru* and *Colombia*, where the economies, even if not yet hit by the Argentinean crisis, were however rather weak and uncertain so that the Sudameris group's local subsidiaries posted losses for the period of approximately 30 million euro and 3 million euro respectively.

The Sudameris group's consolidated financial statements were evidently affected by the operating results recorded by the South-American subsidiaries. Operating margin (153 million euro) was 5% higher than the figure of the first half of 2001. The rise on a deflated basis – i.e. neutralising the effect produced by the considerable devaluation of the main local currencies – would however show a much higher figure (+ approximately 55%). The inflation factor, in fact, never as in this case, had a determinant weight for a fair comparison of the Sudameris group's economic performance.

Interest margin contributed to operating margin for 293 million euro, recording a nominal reduction of 24.3% (approximately + 12% in real terms). The contraction in net commissions and the good contribution from financial transactions only marginally changed the percentage variation in net interest and other banking income which, standing at 487 million euro, practically confirmed the nominal reduction (– 23.9%) already evidenced by interest margin, improving however by approximately two percentage points (approximately + 14%) the comparison on a deflated basis. The effect produced by currencies devaluation is obviously reflected also on operating costs which, 32.4% down on a nominal basis, confirmed in real terms – neutralising the exchange rate effect – a quite physiological trend (+ 1.6%).

After deducting net adjustments to loans for 94 million euro, income from operating activities amounted to 8 million euro against a significant loss in the period under comparison.

Net extraordinary charges for approximately 28 million euro – mostly due to the evolution of the Argentinean situation – and a higher tax rate led to a loss which, net of minority interests, amounted to 52 million euro, virtually twice the loss of the first half of 2001.

With regard to the most significant balance sheet figures, it was inevitable, in the economic context mentioned above, for loans to customers to decrease to 6,883 million euro and for customer deposits to drop to 8,231 million euro, with reductions which, net of the effect produced by currency devaluation, are estimated at approximately 10% for loans and at 6% for deposits.

Eastern Europe

The Hungarian economic growth is gradually slowing down and registered a 2.9% growth rate in GDP during the first half of 2002, while inflation recorded a drastic drop to 6.25% (ex 9.2%). The opportunities offered for the future, if the

interventions programmed by the local authorities are successful, should bring the Country back to a gradual recovery. In this economic context, the **Central-European International Bank** group continued its expansion strategy also towards the retail segment in order to consolidate its position in the local banking system, in which it held fourth position in terms of total assets, and had an 8.2% market share. The consolidated statement of income highlighted satisfactory profitability levels with a gross operating margin of approximately 30 million euro (+ 6%). After absolutely physiological net adjustments to loans and income taxes virtually in line with those recorded as at June 2001, the statement of income confirmed, with a net income of 21.2 million euro, the corresponding figure of the first half of 2001. Balance sheet aggregates showed a rise to 1,980 million euro (+ 8.1%) in loans to customers and a certain stability in customer deposits (1,766 million euro) with respect to December 2001.

A strong improvement of Croatian economic indicators, with GDP up by almost 5% and inflation considerably down, although with a high unemployment rate, confirmed the good opportunities offered by the local market. In the first half **Privredna Banka Zagreb** registered a gross operating margin far higher than that recorded in the same period of 2001. Thanks to this higher gross margin and to a lower incidence of adjustments, consolidated net income for the period reached 51.8 million euro, with an approximately 40% growth rate. Loans to customers and customer deposits showed a generalised rise from last December, higher for loans (2,138 million euro; + 19%) than for customer deposits (3,382 million euro; + 4.4%).

The Slovakian subsidiary **Vseobecna Uverova Banka**, acquired at the end of 2001, is currently undergoing a phase of deep restructuring to bring it in line with Group standards and therefore has not yet been able to express all its potential, especially in terms of commission income which resulted below forecasts. It must be noted that the Slovakian economy went through a slowdown period which surely did not favour the operations of the subsidiary, which, however, managed to achieve a net income of 28.3 million euro.

The statement of income of **Bankhaus L bbecke** showed a marked improvement of ordinary operations at all intermediate levels with interest margin equal to 19 million euro (+ 7.4%), net interest and other banking income of 27 million euro (+ 15%) and net commissions confirming their positive development. Administrative costs decreased considerably (– 5.5%). However, net income was penalised by particularly high adjustments to loans and to financial fixed assets also related to important customers facing a deteriorated economic situation. Moreover the company did not benefit from the substantial extraordinary income generated by the sale of equity investments in the first half of 2001. The subsidiary thus closed the first half of 2002 with a net income of 0.5 million euro (ex 5.5 million euro).

Western Europe

The unfavourable development of the international economic and financial context influenced activities of institutional and private investors determining a reduction in commercial revenues of **Soci t  Europ enne de Banque**. Company activities, which had absorbed **Banca Intesa International's** activities as of 1st January 2002, were nevertheless able to seize all opportunities offered by the market, partly offsetting the negative effect generated by the transfer of funds to Italy following the so-called "scudo fiscale" (tax shield) legislation. The subsidiary closed the period with a net income of 6.5 million euro.

Also Banca Commerciale Italiana (Suisse), recently re-named **IntesaBci Bank (Suisse)**, was affected by the great uncertainties of the international economic context and the consequent negative stock market trend. The subsidiary, mainly operating in the private banking sector, registered a contraction in intermediated volumes with consequent lower commission income, while the reduction in interest rates negatively influenced interest margin. Finally, the economic impact of the "scudo fiscale" legislation determined a drop in private banking activities with effects on the sector's profitability. The period thus closed with a net income of 4.6 million euro, approximately 20% down from the same period of 2001.

Banca Commerciale Italiana (France), operating in corporate banking and origination of high value-added operations, registered a contraction of its activities in the first half, mainly because of the unfavourable international situation. Net income for the period therefore stood at 15.2 million euro, down from 24.2 million euro in the first half of 2001.

In France, the Group also operates through **Banca Intesa (France)** which registered a net income for the period of 2 million euro, virtually in line with 2.1 million euro for the same period a year earlier. This moderate reduction mainly occurred in interest margin, and was not offset by the progress realised in commission income and in profits on financial transactions.

IntesaBci Bank Ireland, the only Group entity currently present in the local market, is capable of offering the whole range of Gruppo IntesaBci's financial services on the Irish market. It focuses on services to large international companies as well as operations linked to complex financial structures. Weak world economy very negatively influenced operations of the subsidiary which, on the one hand, had its assets considerably reduced and, on the other hand, recorded substantial adjustments to its loan portfolio. Net income for the period thus amounted to 8.4 million euro, much lower than the 18.6 million euro generated in the first half of 2001 by the two Group units which were then operating in the Country and later merged in the current structure.

The North-American area | Uncertainties on US growth did not involve Canada where an inversion in the economic cycle occurred in the first half of 2002. This was due to progress recorded in the manufacturing sector boosted by a weak exchange rate which contributed to keep the Canadian economy growing at rates higher than the US. In this scenario characterised by economic recovery, sustained also by the Central Bank's monetary policy, the subsidiary **IntesaBci Canada** kept a prudent attitude aimed at stabilising its loan portfolio quality and at the same time adopted a more expansive approach towards customer deposits. The statement of income closed with a net income for the period of 2.9 million euro, far higher than that for the same period a year earlier, thanks to the positive contribution made by certain operating sectors of the subsidiary.

Foreign branches | In addition to its subsidiaries, IntesaBci guarantees its strong presence in world markets also through the network of 12 direct branches. In the first half of 2002 foreign branches registered an overall operating margin of approximately 94 million euro, evenly divided between the two quarters.

Activities on financial markets ⁽¹⁾

The lines of conduct and the results of the different units operating on financial markets are summarised below.

During the semester, following the intervention aimed at balancing medium- and long-term liquidity, net interbank funding with residual life under two years was halved. Also interbank loans decreased, while the liquid securities portfolio remained at modest volumes, with an average duration under one year. As regards in particular the monetary market, the significant market making activity in derivatives enabled IntesaBci to consolidate its leadership.

Treasury

As concerns the payment systems area, during the semester a project started implementation aimed at rationalising and increasing efficiency of the management of the various systems to which the Bank participates. In addition to the introduction of CLS (Continuous Linked Settlement), forecasted for October and for which all the admission tests were completed successfully, the system will shortly run the start of the new *Bi-Rel* of Banca d'Italia and *Express II* of Montetitolì (the Italian Central Securities Depository).

Activities in the fixed income segment were carried out paying attention to diversification of investments in terms of issuers and sectors and privileging short maturities. This line of conduct enabled to obtain appreciable results in spite of persisting high market volatility.

Proprietary trading

The management of the equity portfolio maintained also in this semester a market neutral approach, which through stock selection enabled to generate income in spite of the unfavourable market situation.

The foreign exchange market in the first quarter lacked precise trends; the restart, commencing at the beginning of May of the weakening of the US dollar, in any case permitted a partial recovery of the strategies enacted at the beginning of the year with regard to OTC options. For the purpose of optimising results when technical analysis indicators show persisting uncertainty, a new specific optimisation and backtesting system will be adopted and will be operational from the second half of the year.

Foreign exchange and commodities

With regard to commodities, operations remained at contained levels; for the purpose of maintaining an active monitoring of the different raw materials, the Bank entered an Index Swap connected to the performance of a portfolio of eleven commodities.

The portfolio of Hedge Funds doubled its amount under management during the semester, mostly as a result of an investment in alternative products ("hedge" funds of funds) of Nextra Alternative Investments Sgr, the Group's new "speculative" asset management company.

Alternative instruments

With regard to geographic asset allocation, the markets in the Dollar Area continue to prevail (approximately 75% of the portfolio), followed by the Euro Area (20%) and Asia (5%).

As concerns composition strategies, at the end of June 2002 the portfolio was widely diversified among all main operating types: approximately a quarter of the portfolio was allocated in "equity hedge" strategies.

⁽¹⁾ These comments refer to IntesaBci Spa, which in terms of operating volumes, investment of resources and diversification of assets represents by far the most significant entity at consolidated level.

Thanks to the high degree of diversification in terms of strategies and markets and the limited correlations among most of the funds, the hedge portfolio showed a very contained risk profile with an annual volatility under 3% compared to the volatility of stock market indices exceeding 15%.

<u>Equity origination</u>	<p>The primary equity market was affected by the marked and generalised disaffection towards investments of both retail and professional investors (Mibtel index – 10.73%, Numtel index – 38.88%). In the first half of 2002, analogously to what happened on the main international markets, the number of IPOs decreased further in terms of both number and value of offerings (from 29 to 9 IPOs, for a total capital raised of approximately 2 billion euro compared to approximately 7 billion euro in the first half of 2001). This made origination activities extremely prudent and selective, with several operations postponed as a result of the unsatisfactory market conditions. Only tender offers recorded higher volumes with respect to the first part of 2001 (8 operations for approximately 1.1 billion euro compared to the same number, but for a value of 146 million euro, closed in the same period of the previous year).</p> <p>In this context, IntesaBci mostly focused on capital increases, with 4 interventions, of which 3 as global co-ordinator or with another senior role, and it took part in three underwriting syndicates for IPOs (in one with the mandate as specialist). In the first days of July the Bank also completed as joint global co-ordinator and sponsor the listing of ASM Brescia.</p>
<u>Structured finance</u>	<p>In the first half of the year the Structured finance unit closed various important operations, in spite of the fact that certain sectors (especially Transportation and Oil & Gas) were negatively affected by the adverse international financial market conditions.</p> <p>In particular, in the energy sector IntesaBci acted as <i>Mandated Lead Arranger</i> in the acquisition of Eurogen by Edipower, while in the telecommunication sector the Bank organised – again as <i>Mandated Lead Arranger</i> – a financing in favour of H3G for the realisation and management of a network of third generation mobile services (UMTS).</p> <p>Financing to the real estate market was very intense: IntesaBci was present on the market as <i>Arranger</i> in the most important operations, the spin-off of part of the real estate properties of RAS and the sale of the real estate company Telemaco.</p>
<u>M&A and advisory</u>	<p>As concerns instead consultancy activities, IntesaBci completed various mandates both in the area of mergers, acquisitions and restructurings (M&A) and in financial advisory. The most significant interventions occurred in the high-tech and infrastructures sectors. The following are particularly noteworthy: in Italy, advisory in the project financing of the Milano-Brescia motorway connection and the circular motorway “Est Esterna” of Milano as well as the organisation of the financing for the new Fiera di Milano; abroad, the mandate to organise the financing of the port of Pusan (South Korea).</p>
<u>Credit derivatives</u>	<p>In the first half of 2002 activities were characterised by dynamic risk management, with an overall substantial reduction in positions at risk in the banking book. As concerns the trading book, operations concentrated on low-risk transactions and mostly short-term maturities for the purpose of limiting the volatility of income generated. Risks have been taken with counterparties with “Investment grade” ratings.</p> <p>It must be noted that the total value of credit derivatives in the trading book amounted to approximately 65 billion euro, broken down in protection purchases for approximately 28 billion euro and protection sales for approximately 37 billion euro. In the banking book protection purchases and sales respectively amounted to approximately 6 billion euro and 5 billion euro.</p>

On the Italian securitisations market, in the first half of 2002, IntesaBci was Co-Arranger of the loan securitisation of Centro Leasing Spa. In the USA, IntesaBci developed an *asset backed commercial paper* programme through a special purpose vehicle, aiming to facilitate access to the securitisation market for the Bank's customers.

Securitisations

Positive developments occurred in the semester also for IntesaBci on the Italian syndication market, with the aforementioned Edipower/Eurogen and H3G operations and, again as *joint bookrunner*, the participation to the financing of Olimpia, to support the acquisition of Telecom by the Pirelli group, and the origination and syndication of the financing in favour of the GTS group/Dibi and the TFL group as *Sole Arranger* and *Bookrunner*. Again in the syndicated loans segment, the Bank carried out advisory activities with mandates for the organisation of syndicated loans in favour of ITMD/Prada and the COIN group and of numerous other customers.

Syndication

The management of interest rate and liquidity risks in the banking book is centralised at a specific organisational structure within the Parent Company.

Asset & Liability management
and acquisition
of financial resources

To manage structural liquidity risk, cash balances – split up according to different time bands – are monitored. Analysis of mismatches on medium/long maturities orients decisions regarding bond issues.

As concerns funding, in the first half of 2002, the Bank issued bonds totalling approximately 4.8 billion euro, of which over a third referred to the pre-existing *Medium Term Notes* programme.

Total amount of bonds issued by IntesaBci in the first half of 2002 and placed with retail customers equalled 2.6 billion euro. Fixed income issues represented 89.5% of total issued bonds. Breakdown by maturity shows a concentration in maturities from 2 to 4 years (63% of the total), while 23% is represented by 5-year securities and the remaining 14% by 10-year bonds. Domestic bond issues included Lower Tier 2 subordinated liabilities for a total of 360 million euro, equal to 14% of total placements.

Bonds issued in the first half of 2002 distributed on foreign markets, executed via the Medium Term Notes programme, totalled 1.7 billion euro. In particular, this amount comprised 1 billion euro of floating rate issues, 0.6 billion euro of fixed rate bonds and 0.1 billion euro of structured bonds. Fixed income and structured issues were hedged by interest rate or equity linked derivatives. Over 50% of issued securities had a maturity under or equal to 5 years. Within this classification, subordinated operations amounted to 500 million euro, relative to a single issue of Lower Tier 2 bonds.

Furthermore, in the first half of 2002 non-domestic funding registered a rise of almost 350 million euro in the non-bond sector with maturities between 3 years (95%) and 5 years (5%), deriving from the issue of certificates of deposit by the Hong Kong branch on the Asian markets.

IntesaBci is always active – even if somewhat less than in previous periods, due to the unfavourable market conditions – in the private equity sector and closed certain very important operations.

Private equity

In the first half new equity investments totalled approximately 30 million euro and divestments equalled 7 million euro.

The controls system

Internal controls and auditing | As already illustrated in the Annual Report 2001, internal control is assigned to a specific auditing structure that undertakes its own surveillance not only directly on the Bank, but also indirectly on the internal auditing structures of other Group entities. Furthermore, it ensures surveillance on integration processes. In consideration of the peculiarities that characterise different sectors of the Bank's activities, the internal controls function is articulated by process, in order to be able to execute interventions on the specific risks of the single operating contexts.

Thus, the Internal Auditing function monitors the orderly progress of operations, processes and risks of the Group via the appraisal of a) the running of the overall internal controls system designated to guarantee the effectiveness and efficiency of company processes; b) the validity of control points for the safeguard of asset values and for the protection from losses; c) the reliability and integrity of accounting and management information available; d) the compliance of operations to internal and external regulations as well as to the policies defined by Top Management; e) the adequacy of the internal controls system in relation to money laundering.

The administration and control bodies of the Company are periodically informed of assessments arising from the checks. As regards the first half of 2002 such checks have not highlighted significant flaws in the internal controls system.

Credit granting process | Improvement of loan portfolio quality remains a strategic objective of Gruppo IntesaBci, which is obtained by adopting precise guidelines for all the phases of loan management (analysis, granting, monitoring, managing watchlist loans).

Starting from analysis and granting phases, control of the risk profile of the loan portfolio is obtained via a check on the existence of the necessary conditions for creditworthiness (current and future capacity of the client to produce satisfactory income and considerable financial flows), and via the assessment of the nature and size of proposed loans by taking into account the actual requirements of the party requesting the loan, the course of the relationship already in progress with the Group, the presence of any relationship between the client and other borrowers, the search for credit line structure favouring the flow of bank business and, finally, the possibility to perform cross-selling of other banking products/services.

Credit risk control | Surveillance and monitoring is based on internal controls systems aimed at managing credit risk, that operate via the effective integration of line controls, specific management controls, and internal auditing.

In particular, such functions are carried out via measurement methods and performance controls applied to all management processes, control processes, and planning and development processes, for the purpose of constructing a concise risk indicator enabling to formulate timely assessments on the emergence or persistence of possible losses in single positions, and thus monitoring the quality of loans with the aim of taking the most appropriate decisions in case of deterioration of loan quality.

All fiduciary positions are subject to a specific periodic review carried out for each counterparty/economic group by the competent central or peripheral structures based on the credit line limits; furthermore, an automatic audit procedure is in place for fiduciary relationships of small amounts and with low risk indices.

The exchange of basic information flows among different Group entities is assured by the Group's "Centrale Rischi" (exposure monitoring and control system), that enables to highlight

and analyse credit risks for each single client/economic group both towards the Group as a whole and towards individual companies that form the Group.

As far as watchlist loans are concerned, surveillance makes use of processes aimed at integrating and harmonising criteria of interception and management of non-performing positions based on the severity of the negative symptoms and/or compromising events occurred, and according to a framework divided into time phases, relevant parties and responsibilities. The phases of the process start from the identification of interventions for the solution of operational problems arising from risk positions up to the identification of specific solution objectives, with updates of expected losses arising from unsolved problems or the worsening of the risky relation.

A dedicated largely-automated IT procedure supports the problem loan process and enables to constantly monitor all the predefined phases for management of non-performing positions, with the aim of promptly activating the branch network to the commercial recovery of relations, involving complementary know-how in the set-up of the most effective actions to be taken starting from the initial symptoms of deterioration of a relationship, establishing the timing for the execution of the actions and verifying their outcome.

Among the new methodologies for the assessment of credit risk, particular attention is dedicated to a new project which is set to utilise systems similar to the ones used for the control of market risks (VaR), with the aim of defining a uniform internal rating system capable of calculating the default probabilities of corporate clients.

In line with timing and methodologies indicated by the Bank of Italy, during the first half of 2002 the implementation of the project aimed at expanding to the whole IntesaBci aggregate the internal model calculating capital absorption, developed previously within BCI, progressed. In particular, the inclusion of positions of the subsidiary Caboto IntesaBci continued, also considering equity portfolios in the analysis. In the course of the second half the monitoring of the portfolios subject to interest rate risk will also be operational.

The evolution of IntesaBci's market risks on the trading portfolio – as shown in the following table – highlights a decrease in risk measured by Value at Risk ⁽¹⁾ which as at 30th June 2002 equalled 12.1 million euro, markedly lower (by 3.6 million euro) than the figure at the end of the previous year. Both equity risk (following the sale of cash positions) and interest rate risk decreased. The drop in this last component resulted from the reorganisation of the portfolios of the Finance Area, which led to the spin-off of certain positions, and from the dynamics of risk factor volatilities that almost halved compared to the end of the previous year.

⁽¹⁾ VaR is calculated by a parametric approach that takes into account existing correlations between the risk factors considered, assuming a one working day holding period and a 99% confidence level.

VALUE AT RISK OF THE TRADING PORTFOLIO ^(*) (in millions of euro)		
Risk factors	30th June 2002	31st December 2001
Interest rate	8.9	11.9
Equity	8.0	9.7
Foreign exchange	0.3	0.2
Total ^(**)	12.1	15.7

^(*) Risk analysis does not include the position related to Warrants Put IntesaBci issued at the time of the Tender Offer for Banca Commerciale Italiana shares.

^(**) The sum of individual values is greater than the total because the method used to aggregate the risks of individual activities takes into account the correlations that exist between the different risk factors.

With reference to monitoring of Caboto IntesaBci, risk exposure at the end of the first half of 2002 was practically stable compared to the end of the previous year. The fixed income position included a significant portion of non-Government bonds, mainly issued by banks. The interest rate risk of such position, which is covered by use of derivatives, shows that a one basis point increase in the yield curve corresponds to a reduction of net present value equal to approximately 58,000 euro. Conversely, for the interest rate derivatives portfolio positions an increase of one basis point in the yield curve results in a rise in value equal to 39,000 euro. Still with reference to this portfolio, a 1% rise in volatility of underlying financial instruments produces a fall in options value equal to 231,000 euro. Exposure to emerging Countries remains limited.

As regards equity risk, the position as at 30th June 2002 shows a VaR that, although above the figure at the end of 2001, is still extremely low (67,989 euro).

Credit risk

In the context of research and experimentation of new methodologies in the control of credit risks mentioned above, the Parent Company's Risk management unit completed the analysis of the rating methodologies implemented by the various companies merged in IntesaBci. This led to a directory of the characteristics of the various approaches, their operating application and their consistency with the organisational structure adopted by the Bank after the merger. The programming activities have the objective of identifying the target rating methodologies so that these can be rapidly implemented, in compliance with Basel II standards.

In the meantime, considering growing management needs, a model monitoring corporate clients was introduced in the first months of the year, aimed at analysing counterparty risk in the loan portfolio, and based on alternative estimates of the risk of individual firms. In particular, as regards foreign corporate clients ⁽²⁾, the model combines agency ratings, internal ratings, spreads on bonds and credit derivatives, and default probabilities estimated with models relative to the daily quotation of the firm's equity, a methodology that is now a reference benchmark in international markets. The main objectives of monitoring are, on the one hand, the weekly analysis of the composition of the exposures portfolio based on the various indicators by geographic area and by sectors and, on the other hand, the definition of an overall risk index for each counterparty capable of rapidly picking up the dynamics of change. Added to this is a monthly appraisal of the risk of the main sectors where the Bank operates, aimed at identifying major companies located in three macro-areas – Europe, North America, Far East – which have a default probability considered significant in terms of value and dynamics from IntesaBci's point of view.

⁽²⁾ The approach is currently being extended to Italian corporate clients.

As regards the monitoring of Credit Derivatives, the Bank prepares a monthly analysis of Credit Value at Risk of the overall Credit Default Swaps portfolio (banking and trading). The CreditMetrics⁽³⁾ methodology is applied, and, as for market risks, VaR represents the main reference measure comparing the risk of various portfolios and monitoring their evolution over time. As at 30th June portfolio CreditVar amounted to 18.9 million euro, calculated as maximum possible loss on a time frame of one year at the 99% confidence level.

Also the ORIGIN (Operational Risk Gruppo IntesaBci) project initiated in 2001 progressed. It is aimed at creating an integrated system for identifying, measuring, monitoring and controlling operational risk, in order to both satisfy the requirements of Supervisory Authorities, which are being defined by the Basel Committee, and start internal processes aimed at improving performance through a greater awareness of operational risks being taken. Operational risk

During the first semester of 2002, the definition of the organisational model and methodologies of appraisal of relevant risks were consolidated. Also the design and implementation of the Information System for the management of data regarding operational losses and the execution of Self Risk Assessment questionnaires were completed. As regards losses, data collection at Group level commenced at the beginning of 2002, whilst Self Risk Assessment activities are well underway and are expected to be completed by the end of the year. Parallel to this, existing insurance policies started being analysed for the purpose of highlighting the types of Operational Risks assisted by insurance coverage. In the course of the year the development of the project will continue, with particular attention to the regulations being defined within the New Capital Accord being discussed by the Basel Committee.

⁽³⁾ Essentially consists in simulating portfolio value exposed to credit risk assuming numerous creditworthiness scenarios of reference entities and reference obligations.

The new structure, human resource management and interventions on IT systems

The new structure | As already mentioned at the beginning, the Group's New Organisational Structure identifies four main business areas: Retail, Italian Banks, Corporate, Foreign Banks.

Retail Division | The structure is now responsible for all the clients in the segments Families, Premium, Private, SMEs-Businesses (companies with revenues up to 2.5 million euro), SMEs-Companies (companies with revenues ranging from 2.5 and 25 million euro), Local Public Administrations, Non-Profit Associations.

The new Retail structure will enable IntesaBci to serve customers on the territory in a specialised and integrated way; it will therefore permit to solve problems currently managed centrally in a simple and effective way, and will have a proactive and complete role with local entities.

In the next few months, the Retail Division will be involved in numerous reorganisation and development projects: the New Branch Model service; the total migration to the Group's Target IT system; the development of multichannel banking; the integration of operations; the rationalisation of the new basic products; the development of new offers for each individual segment (e.g. wealth management products, credit products, payment products); the strengthening of selling capacity; the streamlining of territorial presence.

Italian Banks Division | The sector of Federated banks (Regional or Interregional banks controlled by the Group in Italy) presents good value creation potential without the need to integrate them in the Parent Company. Together with the Retail Division, they are part of the Group's retail operations, which will have an increasing weight over time.

Priority objectives will be: align each bank's performances to the best Group benchmarks; contribute to optimise territorial coverage coherently with the interventions on IntesaBci's branch network; gradually search for commercial and efficiency synergies via standardisation of offerings, centralisation – where possible – of certain head office functions and integration of IT systems.

Corporate Division | The new Corporate Division absorbed all the activities previously carried out by the so-called Investment Banking division with the addition of relations with Italian mid-corporates (businesses with a turnover in excess of 25 million euro) previously managed outside the Investment Banking division.

This area contains certain areas of commercial and professional leadership which must be leveraged on at Group level, as well as certain unprofitable or in any case non-strategic areas, which must be reduced very rapidly.

The Division is made up of eight main commercial structures: Large Corporate Department, Italian Mid-Corporate Department and Foreign Mid-Corporate Department (the latter currently managed by IntesaBci's foreign network), State and Infrastructures Department, Financial Institutions Department, Capital Markets Department, Structured Finance Department, M&A and Equity Origination Department. These structures are sided up by a department which cuts across all of these structures, in charge of developing Merchant Banking activities.

Foreign Banks Division | The current negative phase of this area will be overcome with certain specific interventions: the exit from Latin America; the recovery of risk-weighted assets and capital through the disposal/rationalisation of non-strategic equity investments; the improvement in the operating performance of the three banks controlled in Eastern Europe.

Product companies have an extremely important role in ensuring the growth of the Group's Divisions and occupying new spaces in the market. The most important product companies of Gruppo IntesaBci are already in leading positions in their respective markets.

Product companies

All product companies have developed specific action plans to further improve their performance.

As at 30th June 2002 Gruppo IntesaBci had 70,214 employees, down by 0.5% compared to as at 31st December 2001 and 2.2% over the twelve months ⁽⁴⁾.

Human resources

In the first part of 2002 IntesaBci continued to pursue a more efficient distribution of resources, with the destination to network activities, after the necessary professional requalification, of part of the excess resources which had emerged following the concentration of central structures; incentive-driven exit plans for personnel eligible to receive retirement benefits (725 people) continued, especially in the Parent Company.

With regard to relations with Trade Union representatives, talks relative to the necessary integration of IntesaBci and other Group entities continued (in particular IntesaBci Gestione Crediti and Nextra Investment Management) and specific agreements were signed. As concerns complementary pensions, a project was defined and presented aimed at simplifying Group and company coverage. It will be discussed in the second half. Work relative to the establishment of the Group's new Mutual Health Insurance Company continued.

The activities related to resource development policies mostly referred to the completion of initiatives aimed at supporting the integration of merged banks. In particular, the project analysing and assessing roles, which commenced in July 2001, continued. It is the necessary precondition for effective resource management policies. Furthermore, a new performance valuation system (called "Progetto Valore"), characterised by self-valuation of know-how, was implemented.

Training activities were developed privileging support to reorganisation processes and the activation of training projects tailored to meet the needs of specific Group entities. IntesaBci Formazione provided a total of almost 100,000 man/days of training (+ 50% with respect to the first half of 2001), of which approximately 60,000 managed via multimedia distance-training supports.

Information and competence sharing among personnel were further increased during the semester through the numerous instruments available: satellite television broadcast on personal computers (Web IntesaBci TV), which went on air in February, the Group's house organ ("Idee e Persone"), Intranet ("WebIntesaBci News") and various Meetings and Conventions.

During the first half of 2002, significant interventions continued for the migration from the individual IT systems of the banks merged in IntesaBci to a single

IT systems

Group platform. At the beginning of April the over 850 branches of the former Cariplo network started operating on the Target system, while the planning of the execution of the migration of the former BCI network continues.

With the migration of also the former BCI branches, the single IT system will be created within 2003 and it will thus be possible to enact all the innovations and service and cost efficiencies. In April and May the inevitable critical areas which had emerged following the aforementioned migration of Cariplo were eliminated via specific interventions.

⁽⁴⁾ In consistent terms, considering the changes in the consolidation area.

In the meantime the project for progressively adapting the processes of the former BCI head branches to the current organisational model was completed. The relative designing activities led to significant organisational and structural interventions.

The systems integration process was also supported via initiatives aimed at unifying the Group's image, such as the realisation of a new web site for institutional customers and the integration of the Contact Centre of the former IntesaBci networks.

It must be noted that also in the first months of the year, with the close of the duality period, the Euro Fase 2 project – which set out a continuity plan for the purpose of guaranteeing in case of emergency, functionality of key processes in the changeover period – was concluded. During the first half IntesaBci also obtained the certification to participate to the Continuous Linked Settlement (CLS) system aimed at eliminating settlement risk connected to foreign exchange transactions.

Lastly, as concerns IT development activities in other Group companies, Banco di Chiavari e della Riviera Ligure successfully completed the migration of its IT system to the Cedacri Nord System on 30th June. The bank previously operated on a "clone" of the former BCI system.

Products and services development

The search of the most effective distribution in the integration of the networks of the banks merged in the Parent Company led to the remodulation of the structure of the networks for the purpose of maximising distribution synergies and identifying possible improvements in the territorial coverage of Group banks.

The formulation of the new branch model commenced. The new model defines the degree of specialisation and the layout of the outlets, the integration with complementary channels, the professional roles of branch personnel and is aimed at increasing profitability both by improving service quality and by reducing costs.

As part of the direction and coordination of the Group's distribution policies, in the first half of 2002, IntesaBci defined the "rules" aimed at increasing the effectiveness of the commercial activities of the Group's various distribution networks operating on the domestic market; they will become operational in the second half of the year.

As concerns the analysis of commercial competitive positioning, the Parent Company commenced the realisation of a reporting and monitoring system, including all Group banks and detailed by province and customer segment. The positive preliminary results represent a significant basis for the achievement of the objectives of this initiative, consisting in the adoption of common tools for conducting competitive analyses and optimising available information.

Continuous Relationship Marketing (CRM) activities continued effectively. CRM is an application for managing customer relations which started functioning in 2001 and uses available data – with high segmentation and personalisation features – for the purpose of maximising the identification of customer expectations and satisfying their needs in the most effective fashion. A data warehouse was created during the first half for the centralised collection of such information which will enable to obtain a profile of each client based on descriptive, behavioural and propensity indices. The following initiatives were also launched and generated positive results: an initiative aimed at reducing customer abandon rate and a business development project to estimate the propensity to purchase the typical products of the "business segment". The communication and distribution of the results of the customer satisfaction analysis conducted on IntesaBci's retail segment was completed by promoting the creation of improvement groups for the identification of optimal solutions to the problems which emerged in the analysis.

As concerns the development of the Group's information systems, the projects for the realisation of new systems for Banca IntesaBci Mediocredito, Banca Cis and Banca Primavera commenced and for the review of those currently used by IntesaBci Gestione Crediti.

Particularly important were the activities supporting the start of operations of Banca Primavera – the company established from the transformation of IntesaBci Italia Sim in a bank. IntesaBci Italia Sim had, in turn, been created from the merger of the pre-existing structures of Intesa Italia Sim and Genercomit.

The new bank is characterised by integrated multichannel facilities (personal financial consultants, branches, contact centre, Internet, interactive TV, and so on) and a wide offering including its own products, Group products, and best of breed products. The company is operating with Bank status as of 1st July 2002 with 3 branches (Pescara, Monza, Bergamo). Banca Primavera was created with the objective of becoming a reference point in terms of customer relationship and innovation through the redefinition of the relationship between the investor and the financial system.

With reference to the projects in the Internet and innovative business areas, the Parent Company's remote banking products for individual customers are now in the operational phase under one brand *IntesaBci Contact*. It includes *In-Web* for home banking, *In-Sat* for TV banking, *In-Voice* for telephone banking, *In-Mobile* for SMS banking. In particular with regard to *In Web*, further design activities focused on the implementation of the service integrating FundsWorld through the activation of the "Funds" section, which now enables customers to give on-line instructions relative to mutual funds. A new unified Corporate banking portal was activated called *In-Impresa*, for which the activities required for the migration from the previous products of the merged banks are currently under way.

The concentration of assistance to customers for the remote banking services was completed with the transfer of the customer care services of Comit on Line to the offices of IntesaBci's Multimedia Centre, which is also where the telephone banking services of Cassa di Risparmio di Parma, FriulAdria and Banca di Trento e Bolzano are located.

Shareholder base and stock price performance

The following table shows the situation as at 30th June 2002 of the ordinary shares vested in syndicate by the participants to the agreement in force among IntesaBci's main shareholders, expiring on 15th April 2005.

Shareholder base

Name	Shares included in the Voting syndicate	Shares not included in the Voting syndicate	Total shares	% of shares included in the Voting syndicate on total	% of shares held on total
Crédit Agricole SA	814,986,054	171,532,142	986,518,196	13.78	16.68
Fondazione Cariplo	498,125,809	17,761,000	515,886,809	8.42	8.72
Generali group including	317,005,757	24,662,771	341,668,528	5.36	5.77
• Assicurazioni Generali	47,261,726	3,114,075	50,375,801		
• Alleanza Assicurazioni	184,523,983	810,664	185,334,647		
• Other companies	85,220,048	20,738,032	105,958,080		
Fondazione Cariparma	236,628,289	5,711,434	242,339,723	4.00	4.10
Lombardo group including	193,542,967	1,311,313	194,854,280	3.27	3.29
• Banca Lombarda e Piemontese	130,198,395	190,080	130,388,475		
• IOR ^(*)	42,917,536	1,121,233	44,038,769		
• Mittel	20,427,036	–	20,427,036		
Commerzbank group including	186,317,187	64,041,572	250,358,759	3.15	4.23
• 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	2,246,606,063	285,020,232	2,531,626,295	37.98	42.79
Total other Shareholders	–	3,384,080,931	3,384,080,931		57.21
Total	2,246,606,063	3,669,101,163	5,915,707,226		100.00

(*) Shares with beneficial interest in favour of Mittel Spa

In the first half of 2002 the Italian stock market showed at first a slight recovery, which reached its maximum at the end of April, and then redeclined in the subsequent months to close the semester again with a loss. The Comit global index dropped in the period by 11.9%, reaching 1,263.

The banking sector recorded 15.6% rise, outperforming the general index by over 11% and played an important role in the stock market's recovery in the first months of the year. However, in the remaining two months of the first half the financial crises of certain large telecom companies undermined market confidence for both industrial companies and the banking sector, which lost a good deal of the positive performance recorded in the first few months. The sector index closed the semester with a 4.5% decline with respect to the end of last year.

Stock price performance

The IntesaBci share, after having followed the sector index in the first two months of the year, in March outperformed both the general and the sector indices, and reached in April a performance from the beginning of the year of 33%. Subsequently, the delays in the economic recovery, the confidence crisis which hit the markets following the financial difficulties of important international companies and the new fears of a further deepening of the crisis in Latin America, made the IntesaBci share lose part of its ground. At the end of June the share had in any case recorded a positive performance from the beginning of the year, both in absolute terms (+ 10%) and with respect to the sector index (+ 14.4%). Consequently, the value of the *Warrants Put IntesaBci*, issued at the time of the Tender Offer for Banca Commerciale Italiana shares and exercisable in November 2002, lost 9.3% during the semester.

Relationships between Group companies and related parties

Within Gruppo IntesaBci, the relationships among its various economic entities are inspired to centralisation criteria as regards basic management and control activities, integrated with direction and assistance activities performed through consultancies in the fields of law, economic analysis, organisation and resource management. For the services supporting banking activities a marked decentralisation is pursued, in application of a policy aimed at concentrating each company's energies and resources on the realisation of its own core business. To this aim specialised support companies were established, responsible for carrying out activities for IntesaBci and, to differing extents in relation of the needs emerged in the various operating units, for other Group companies. These activities include: supply of goods and services necessary for banking activities; management of the IT and data processing systems to back-office services, management and recovery of doubtful loans originated by Group banks; personnel training. Instead, product companies have the task of managing financial products and services – ranging from mutual funds to bancassurance products to fiduciary services – and near-bank services, such as leasing, factoring and long-term credit and are assigned to the sales networks of Group companies.

With reference to the Consob Communications 97001574 of 20th February 1997 and 98015375 of 27th February 1998 the relationships with subsidiaries are seen within the normal operations of a multifunctional Group and correspondent relations for services rendered, deposits and financings (for banks) or interventions destined to finance activities performed in various sectors (for other companies). With the purpose of utilising existing synergies, agreements were stipulated between the Parent Company IntesaBci and certain Group companies regarding, as mentioned, the distribution of financial products and/or services or assistance, consultancy, or more generally the provision of services complementary to banking activities.

The economic effects connected with the above-mentioned relationships are normally regulated on the basis of market conditions applied to primary customers. In the case of services provided by specialised support companies – as well as by the Parent Company, when operating in the same way – economic relationships are regulated on a minimum cost basis, at least with the recovery of the relevant operating and general expenses, in consideration of the fact that they are captive companies. More favourable conditions compared to the market's are instead applied to IntesaBci Gestione Crediti, in consideration of its specific operations.

In the area of bancassurance, the co-operation with Alleanza Assicurazioni, as well as the banking relationships with groups managed by Directors, continue. All the aforementioned relationships are regulated at standard market conditions.

No particular or exceptional operations were made neither with subsidiaries nor with other counterparties in proximity to the close of the first half.

Forecast for the second half of 2002

The unsatisfactory result of the first semester leads to revise the estimates for the entire year formulated in the Quarterly Report as at 31st March 2002, also in the light of the general trend of the main statement of income aggregates.

In particular, the weakness of the economic recovery and the uncertain financial market situation lead to forecast still slowed down operating results, slightly declining with respect to those of the first half. Instead, adjustments to loans should decrease and remain at more physiological levels.

In the second half, extraordinary items should have a significant impact, also as a result of the possibility that certain important operations – the disposal of the South-American subsidiaries and the sale of certain non-strategic assets – contained in the Business Plan could be completed within 2002. Further charges could instead derive from the marking-to-market of the *Warrants Put IntesaBci* and later of own shares which will be acquired. Lastly, significant provisions will be made in the 2002 financial statements to cover the costs for the Group's restructuring.

The fact that all or some of these events occur and their relative value will affect net income for the year.

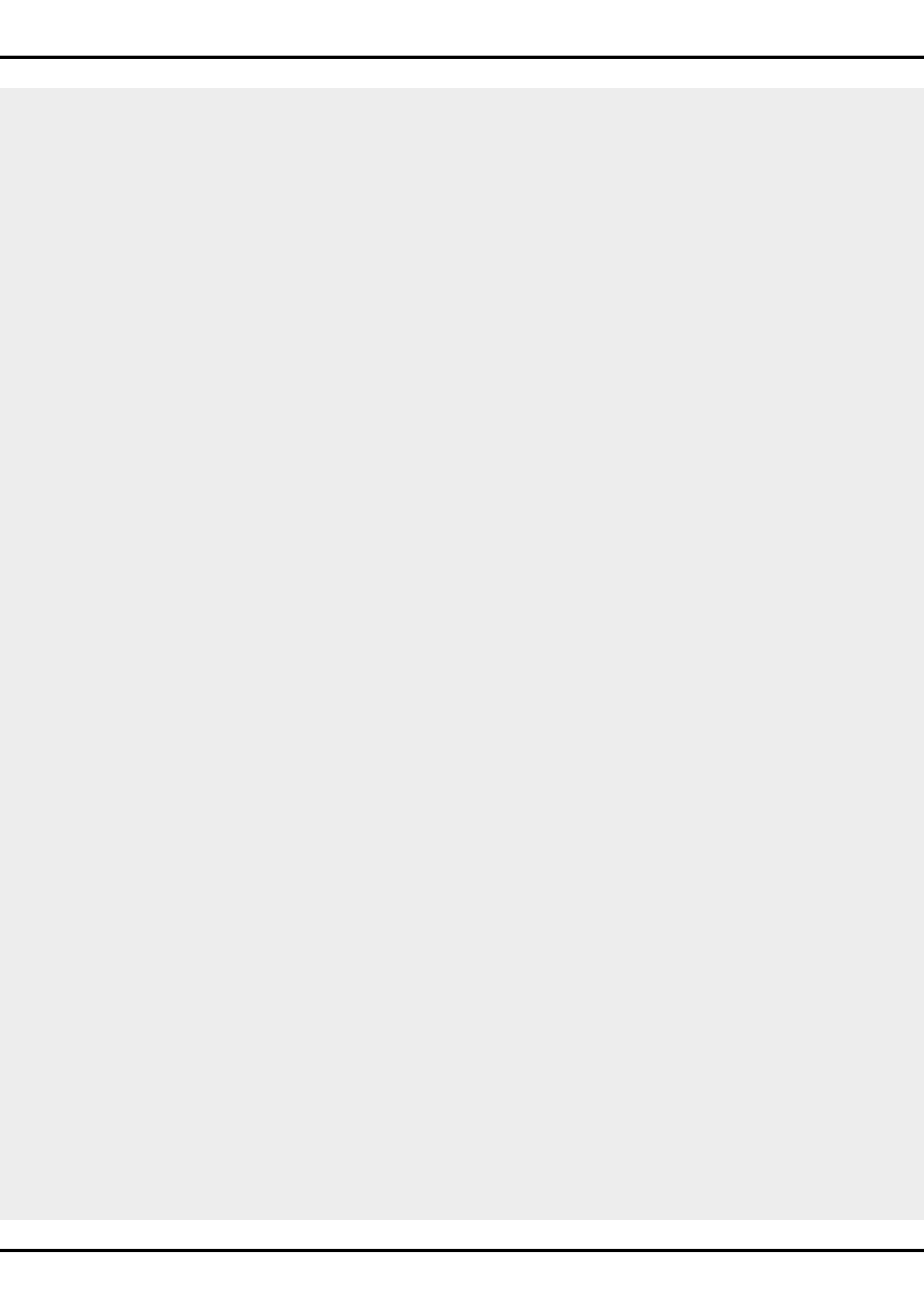
Significant subsequent events

After the close of the semester and until the approval of this Report no significant events occurred in the Group which may affect management strategies or have material impact on the Group's results with the sole exception of the trend recorded by *Warrants Put IntesaBci*. As already described in this Report, the marking-to-market of the written warrants put at end of June prices led to record a write-back of 84 million euro of the provisions made in the 2001 financial statements.

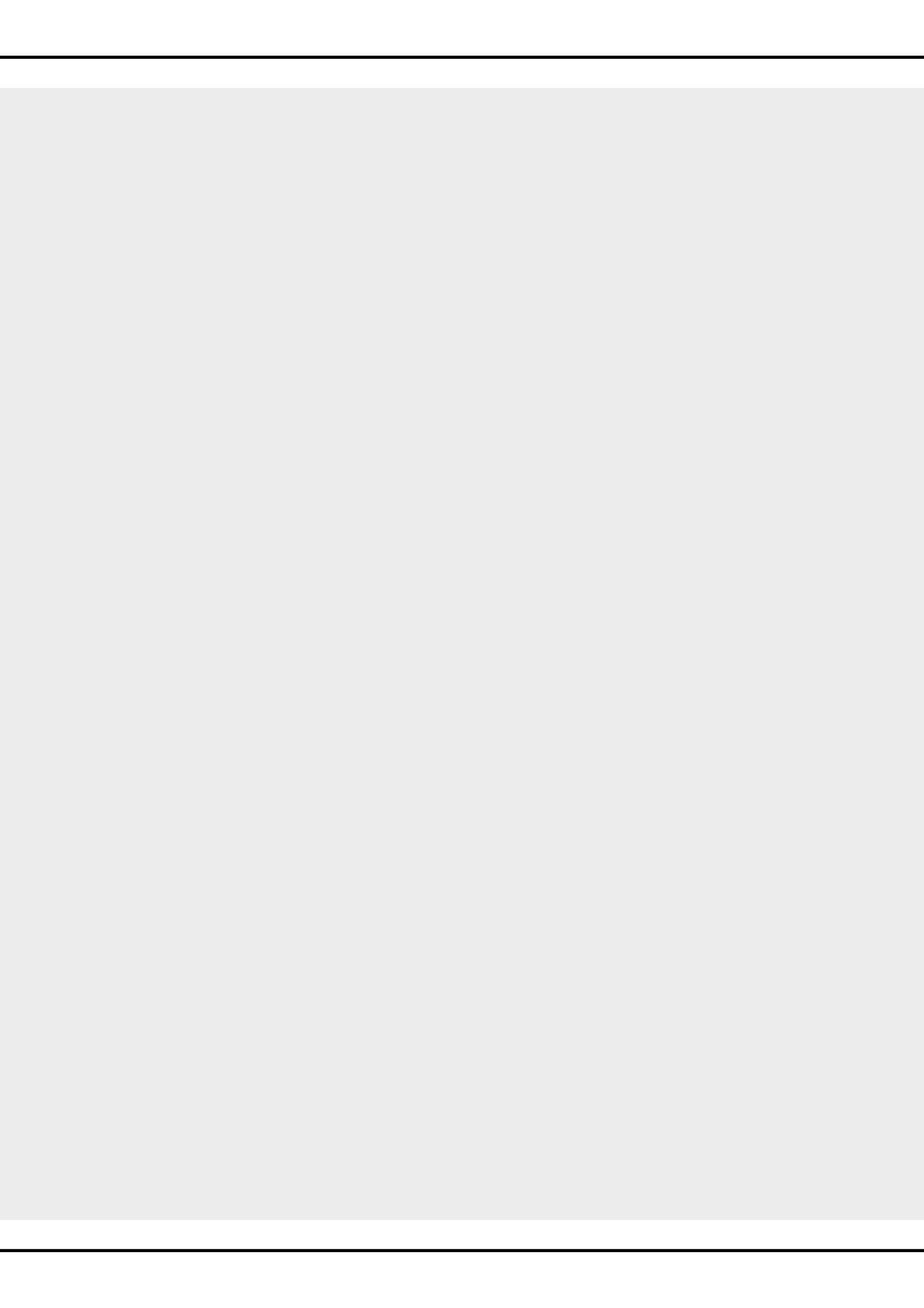
Market performance of the IntesaBci share in July and August led to an appreciation in the warrant. Based on the quotation of 6th September, the economic effect on 2002 interim accounts of marking-to-market the *Warrants Put IntesaBci* would not be positive for 84 million euro, but instead be negative for 271 million euro.

Milano, 9th September 2002

The Board of Directors



Report of the Board of Statutory Auditors



REPORT OF THE BOARD OF STATUTORY AUDITORS

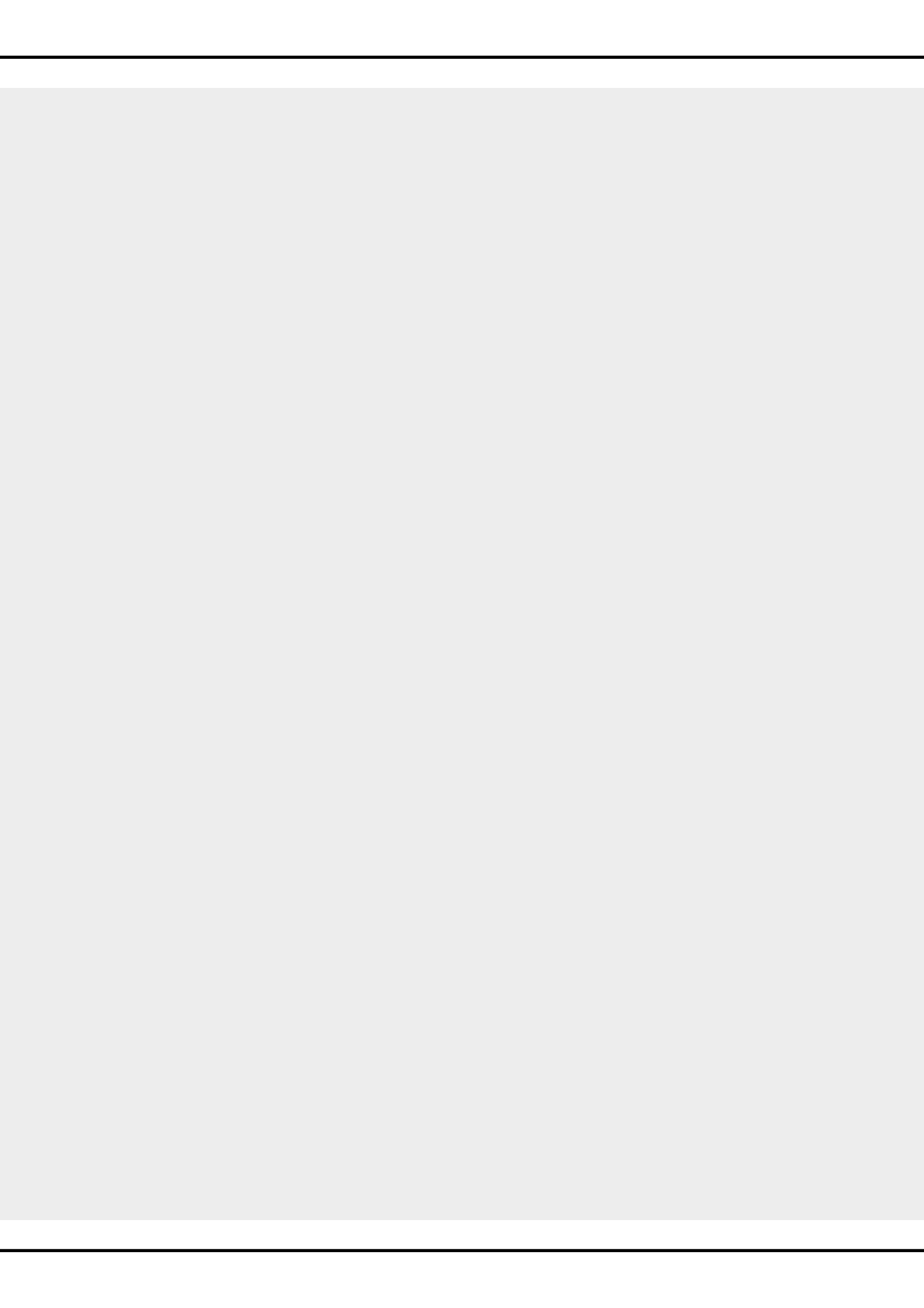
The Board of Statutory Auditors

- examined Gruppo IntesaBci's consolidated Half-Year Report for the first half of the current year, which shows a net income for the period of 114 million euro and was approved by the Board of Directors on 9th September 2002 and transmitted to this Board of Statutory Auditors for its opinion;
- examined the Report issued on 19th September 2002 by the Independent Auditors Reconta Ernst & Young Spa appointed for the review of the aforesaid Half-Year Report and acknowledged its work and the communicated conclusions;
- acknowledged that this consolidated Half-Year Report is compared with figures as at 30th June 2001 and as at 31st December 2001 restated to consider changes in the consolidation area, for the purpose of permitting consistent comparisons;
- verified that the aforesaid Half-Year Report complies with informative purposes required by the Law and by regulations issued by both the Bank of Italy and Consob.

Given all mentioned above, the Board of Statutory Auditors states to have no remarks on Gruppo IntesaBci's consolidated Half-Year Report as at 30th June 2002.

Milano, 24th September 2002

The Board of Statutory Auditors



Independent Auditors' Report
on the Consolidated Financial Statements



■ Via Torino 68
20123 Milano

■ Tel.: (02) 722121 (50 linee)
Fax: (02) 72212037 72212038

**AUDITORS' REPORT ON THE REVIEW
OF THE MANAGEMENT REPORT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002
OF INTESABCI S.p.A.**
(Translation from the original Italian version)

To the Shareholders of
IntesaBci S.p.A.

1. We have performed the review of the Management Report of IntesaBci S.p.A. for the semi-annual period ended 30 June 2002, represented by the statements of Consolidated Balance Sheet and Consolidated Statement of Income and related Notes (the "statements"). We have also reviewed that part of the financial information presented by the Board of Directors in the Management Report with respect of their discussions and analyses of the consolidated operations of IntesaBci S.p.A., solely for the purpose of evaluating its consistency with the above mentioned statements and related Notes.
2. Our review was conducted in accordance with auditing standards governing the review of interim financial statements recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) in its resolution No. 10867 of July 31, 1997. The review of the data related to the six month period ended 30 June 2002 of certain subsidiary companies, which represents approximately 26% of the consolidated assets and approximately 34% of the consolidated net interest and related income, was performed by other auditors who supplied us with their review reports. A review consists mainly of obtaining information with respect to the accounts included in the statements identified in paragraph 1 of this report and the consistency of the accounting principles applied through discussions with appropriate members of management, and analytical procedures applied to the financial data presented in such statements. A review does not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities. Consequently, the scope of a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the statements and related Notes identified in paragraph 1 of this report of IntesaBci S.p.A. as of and for the six months period ended 30 June 2002 as we do in connection with reporting on our full scope audit of the annual consolidated financial statements of IntesaBci S.p.A.

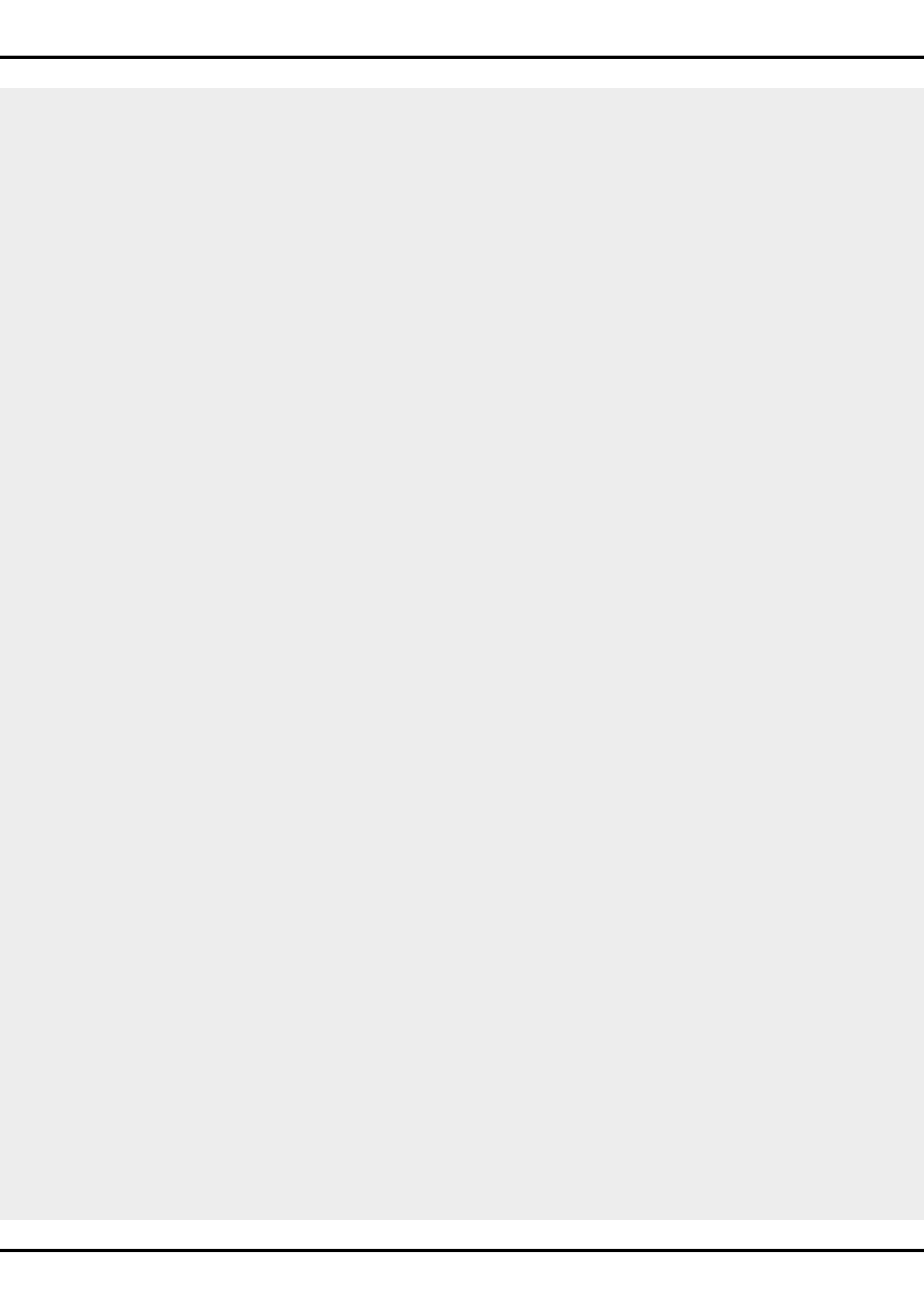
■ Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G. D. Romagnosi 18/A
Capitale Sociale € 1.043.330,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)



3. As indicated in the section "Accounting Criteria" of the Notes, the Company has restated the financial data of the same period of the prior year as well as that at 31 December, 2001, to take into consideration the changes in the consolidation area. The restated financial data has not been audited and therefore we do not express any opinion on such data. With respect to the consolidated comparative data as of and for the year ended 31 December 2001 and for the six month period ending 30 June 2001 presented in the accompanying Management Report as originally stated, reference should be made to our audit and review reports issued on 10 April 2002 and on 28 September 2001 respectively.
4. Based on our review, we did not become aware of any significant modifications that should be made to the statements and related Notes identified in paragraph 1 of this report, in order for them to be in conformity with the criteria for the presentation of the semi-annual Management Report, stated by art. 81 of CONSOB regulations as approved in its resolution No. 11971 of May 14, 1999 and subsequent modifications.

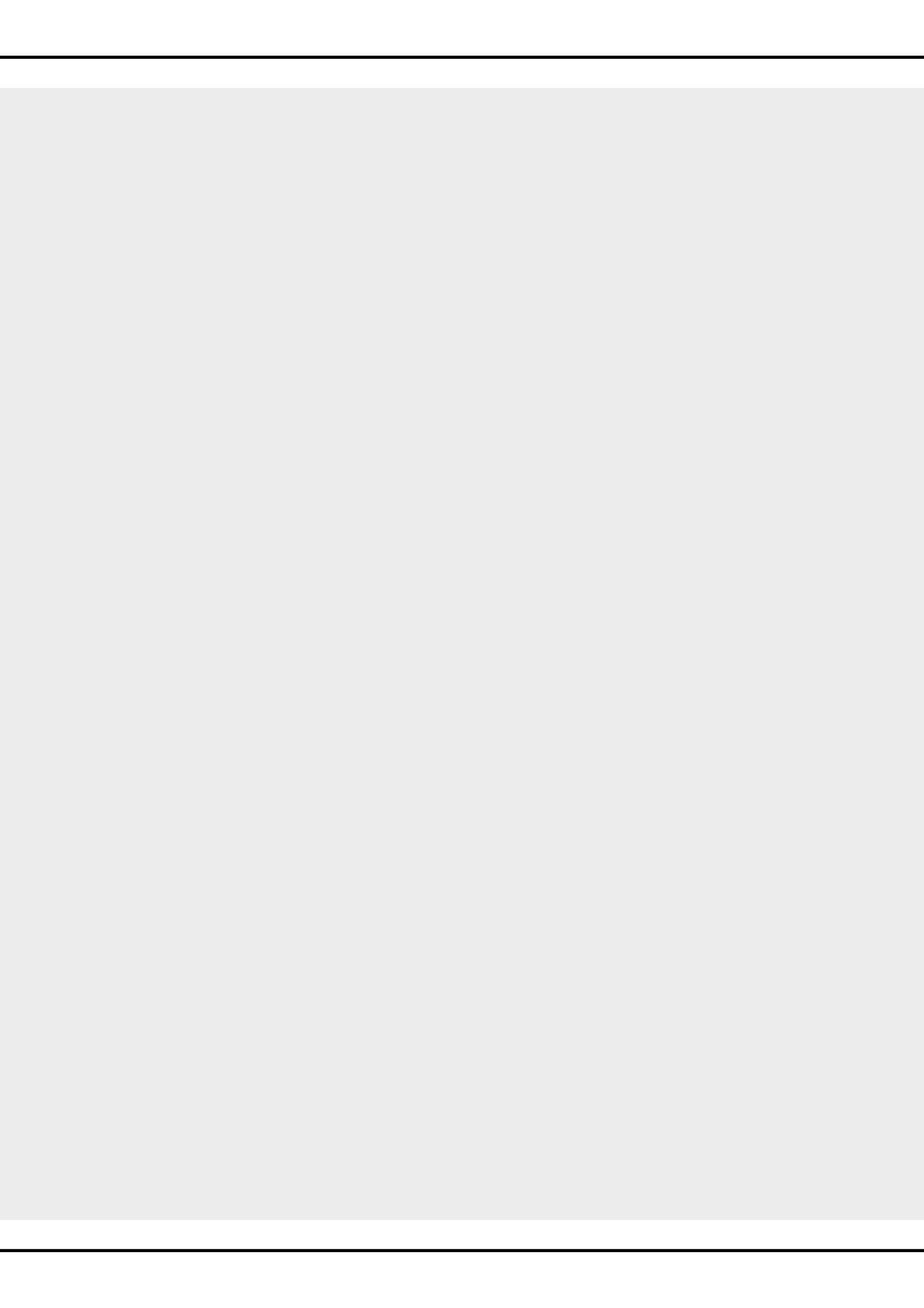
Milan, 19 September 2002

Reconta Ernst & Young S.p.A.
Signed by: Massimo Colli (Partner)



Gruppo IntesaBci
Consolidated Financial Statements
as at 30th June 2002

(Figures expressed in millions of euro)



Gruppo IntesaBci
Consolidated financial statements as at 30th June 2002
Consolidated balance sheet

	Assets	30/06/2002	31/12/2001	30/06/2001
10.	Cash and deposits with central banks and post offices	1,392	1,949	1,467
20.	Treasury bills and similar bills eligible for refinancing with central banks	5,918	5,341	6,756
30.	Due from banks	37,171	40,169	45,081
	<i>a) repayable on demand</i>	4,132	3,658	6,472
	<i>b) other</i>	33,039	36,511	38,609
40.	Loans to customers	177,345	183,356	188,564
	<i>including</i>			
	– <i>with public funds under administration</i>	47	47	47
50.	Bonds and other debt securities	36,999	41,836	53,236
	<i>a) public entities</i>	16,942	19,443	28,903
	<i>b) banks</i>	9,751	11,497	11,993
	<i>including</i>			
	– <i>own bonds</i>	1,307	1,031	924
	<i>c) financial institutions</i>	6,645	6,803	6,998
	<i>including</i>			
	– <i>own bonds</i>	–	3	–
	<i>d) other issuers</i>	3,661	4,093	5,342
60.	Shares, quotas and other forms of capital	3,457	1,719	5,467
70.	Equity investments	3,821	3,800	2,986
	<i>a) carried at equity</i>	572	611	596
	<i>b) other</i>	3,249	3,189	2,390
80.	Investments in Group companies	591	794	297
	<i>a) carried at equity</i>	535	183	218
	<i>b) other</i>	56	611	79
90.	Goodwill arising on consolidation	577	463	634
100.	Goodwill arising on application of the equity method	210	45	51
110.	Intangibles	711	735	696
	<i>including</i>			
	– <i>start-up costs</i>	35	46	41
	– <i>goodwill</i>	18	24	18
120.	Fixed assets	4,262	4,451	4,553
140.	Shares or own quotas	–	6	–
150.	Other assets	26,120	25,721	24,814
160.	Accrued income and prepaid expenses	4,640	4,512	5,272
	<i>a) accrued income</i>	4,159	4,044	4,528
	<i>b) prepaid expenses</i>	481	468	744
	<i>including</i>			
	– <i>discounts on securities issued</i>	71	80	80
	Total Assets	303,214	314,897	339,874

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2002
Consolidated balance sheet

	Liabilities and Shareholders' Equity	30/06/2002	31/12/2001	30/06/2001
10.	Due to banks	65,187	77,304	97,877
	<i>a) repayable on demand</i>	14,146	11,595	19,338
	<i>b) time deposits or with notice period</i>	51,041	65,709	78,539
20.	Due to customers	110,848	112,516	112,228
	<i>a) repayable on demand</i>	81,384	78,008	75,774
	<i>b) time deposits or with notice period</i>	29,464	34,508	36,454
30.	Securities issued	59,799	60,815	63,382
	<i>a) bonds</i>	43,227	40,561	39,622
	<i>b) certificates of deposit</i>	13,715	17,470	19,356
	<i>c) other</i>	2,857	2,784	4,404
40.	Public funds under administration	85	87	86
50.	Other liabilities	30,359	27,022	29,047
60.	Accrued expenses and deferred income	5,139	4,896	5,783
	<i>a) accrued expenses</i>	4,438	4,264	4,913
	<i>b) deferred income</i>	701	632	870
70.	Allowance for employee termination indemnities	1,405	1,409	1,416
80.	Allowances for risks and charges	3,805	4,021	3,600
	<i>a) pensions and similar commitments</i>	339	336	405
	<i>b) taxation</i>	1,422	1,808	1,722
	<i>c) risks and charges arising on consolidation</i>	77	78	87
	<i>d) other</i>	1,967	1,799	1,386
90.	Allowances for possible loan losses	146	143	149
100.	Reserve for general banking risks	91	93	107
110.	Subordinated and perpetual liabilities	11,654	11,687	10,537
120.	Negative goodwill arising on consolidation	29	15	32
130.	Negative goodwill arising on application of the equity method	1	1	2
140.	Minority interests	852	825	960
150.	Share capital	3,561	3,489	3,489
160.	Share premium reserve	4,168	4,075	4,075
170.	Reserves	5,580	5,185	5,339
	<i>a) legal reserve</i>	773	773	773
	<i>b) reserve for own shares</i>	-	6	-
	<i>c) statutory reserves</i>	154	151	151
	<i>d) other reserves</i>	4,653	4,255	4,415
180.	Revaluation reserves	391	386	379
200.	Net income for the period	114	928	1,386
	Total Liabilities and Shareholders' Equity	303,214	314,897	339,874

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2002
Consolidated balance sheet

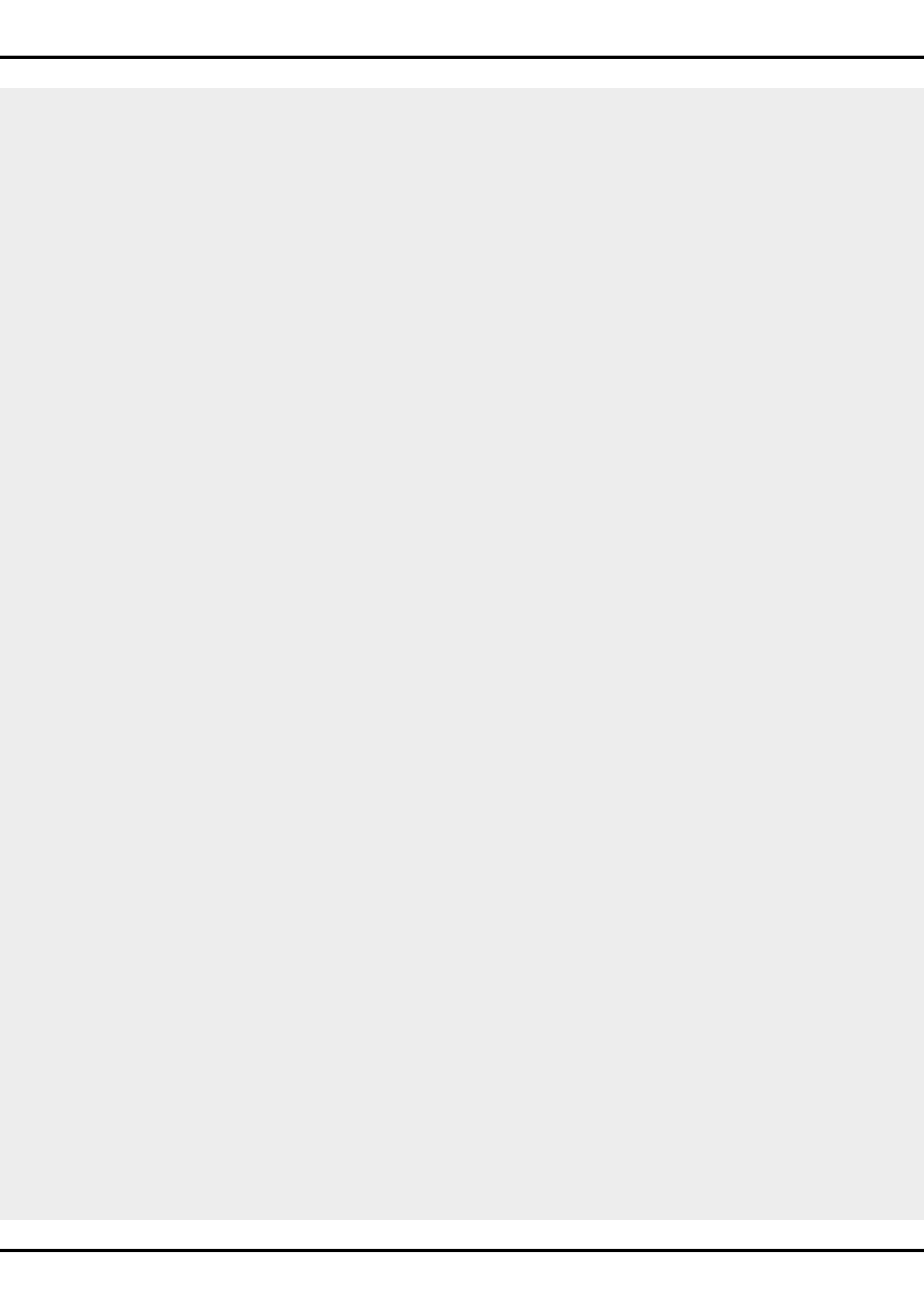
	Guarantees and Commitments	30/06/2002	31/12/2001	30/06/2001
10.	Guarantees given <i>including</i>	27,483	32,094	34,993
	– <i>acceptances</i>	661	743	514
	– <i>other guarantees</i>	26,822	31,351	34,479
20.	Commitments <i>including</i>	57,585	64,753	76,274
	– <i>for sales with commitment to repurchase</i>	7	15	32
30.	Credit derivatives	41,651	44,435	40,904
	Total Guarantees and Commitments	126,719	141,282	152,171

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2002
Consolidated statement of income

		First half 2002	First half 2001	2001
10.	Interest income and similar revenues <i>including from</i>	6,876	9,547	17,303
	– <i>loans to customers</i>	5,106	6,299	11,883
	– <i>debt securities</i>	1,007	1,856	3,052
20.	Interest expense and similar charges <i>including on</i>	(4,039)	(6,695)	(11,410)
	– <i>deposits from customers</i>	(1,242)	(1,590)	(2,892)
	– <i>securities issued</i>	(1,459)	(1,872)	(3,556)
30.	Dividends and other revenues	575	551	1,053
	a) <i>from shares, quotas and other forms of capital</i>	414	400	459
	b) <i>from equity investments</i>	161	151	156
	c) <i>from investments in Group companies</i>	–	–	438
40.	Commission income	2,058	2,249	4,390
50.	Commission expense	(324)	(345)	(659)
60.	Profits (Losses) on financial transactions	(210)	41	(38)
65.	Gross returns (losses) on investment of the allowances for pensions and similar commitments	(1)	22	23
70.	Other operating income	277	332	636
80.	Administrative costs	(3,132)	(3,264)	(6,658)
	a) <i>payroll</i>	(1,944)	(2,008)	(4,046)
	<i>including</i>			
	– <i>wages and salaries</i>	(1,349)	(1,407)	(2,839)
	– <i>social security charges</i>	(378)	(412)	(823)
	– <i>termination indemnities</i>	(96)	(95)	(183)
	– <i>pensions and similar commitments</i>	(56)	(34)	(80)
	b) <i>other</i>	(1,188)	(1,256)	(2,612)
85.	Allocation (use) of net returns (losses) on investment of the allowances for pensions and similar commitments	2	(19)	(20)
90.	Adjustments to fixed assets and intangibles	(376)	(383)	(916)
100.	Provisions for risks and charges	(284)	(168)	(576)
110.	Other operating expenses	(59)	(74)	(172)
120.	Adjustments to loans and provisions for guarantees and commitments	(1,344)	(993)	(3,214)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	287	235	566
140.	Provisions for possible loan losses	(15)	(22)	(34)
150.	Adjustments to financial fixed assets	(75)	(21)	(104)
160.	Write-back of financial fixed assets	5	13	11
170.	Income (Loss) from investments carried at equity	58	58	79
180.	Income from operating activities	279	1,064	260
190.	Extraordinary income	307	1,626	2,352
200.	Extraordinary charges	(245)	(857)	(1,567)
210.	Extraordinary income (loss), net	62	769	785
220.	Use of allowance for risks and charges arising on consolidation	1	2	11
230.	Change in the reserve for general banking risks	1	1	14
240.	Income taxes	(165)	(434)	(195)
250.	Minority interests	(64)	(16)	53
260.	Net income for the period	114	1,386	928

Gruppo IntesaBci
Consolidated Financial Statements
as at 30th June 2002
compared to pro forma as at 31st December 2001
and as at 30th June 2001

(Figures expressed in millions of euro)



Gruppo IntesaBci
Consolidated financial statements as at 30th June 2002
compared to pro forma as at 31st December 2001 and as at 30th June 2001
Consolidated balance sheet

	Assets	30/06/2002	31/12/2001 pro forma ⁽¹⁾	30/06/2001 pro forma ⁽¹⁾
10.	Cash and deposits with central banks and post offices	1,392	1,960	1,488
20.	Treasury bills and similar bills eligible for refinancing with central banks	5,918	5,506	6,852
30.	Due from banks	37,171	40,337	45,239
	<i>a) repayable on demand</i>	4,132	3,763	6,522
	<i>b) other</i>	33,039	36,574	38,717
40.	Loans to customers	177,345	184,429	189,535
	<i>including</i>			
	– <i>with public funds under administration</i>	47	47	47
50.	Bonds and other debt securities	36,999	42,030	53,456
	<i>a) public entities</i>	16,942	19,547	29,057
	<i>b) banks</i>	9,751	11,555	12,041
	<i>including</i>			
	– <i>own bonds</i>	1,307	1,031	924
	<i>c) financial institutions</i>	6,645	6,830	7,011
	<i>including</i>			
	– <i>own bonds</i>	–	3	–
	<i>d) other issuers</i>	3,661	4,098	5,347
60.	Shares, quotas and other forms of capital	3,457	1,745	5,495
70.	Equity investments	3,821	3,807	2,994
	<i>a) carried at equity</i>	572	608	594
	<i>b) other</i>	3,249	3,199	2,400
80.	Investments in Group companies	591	803	260
	<i>a) carried at equity</i>	535	183	173
	<i>b) other</i>	56	620	87
90.	Goodwill arising on consolidation	577	482	653
100.	Goodwill arising on application of the equity method	210	27	32
110.	Intangibles	711	736	716
	<i>including</i>			
	– <i>start-up costs</i>	35	46	41
	– <i>goodwill</i>	18	24	34
120.	Fixed assets	4,262	4,477	4,596
140.	Shares or own quotas	–	6	–
150.	Other assets	26,120	25,798	24,862
160.	Accrued income and prepaid expenses	4,640	4,522	5,287
	<i>a) accrued income</i>	4,159	4,054	4,541
	<i>b) prepaid expenses</i>	481	468	746
	<i>including</i>			
	– <i>discounts on securities issued</i>	71	80	80
	Total Assets	303,214	316,665	341,465

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2002
compared to pro forma as at 31st December 2001 and as at 30th June 2001
Consolidated balance sheet

	Liabilities and Shareholders' Equity	30/06/2002	31/12/2001 pro forma ⁽¹⁾	30/06/2001 pro forma ⁽¹⁾
10.	Due to banks	65,187	77,437	98,004
	<i>a) repayable on demand</i>	14,146	11,610	19,362
	<i>b) time deposits or with notice period</i>	51,041	65,827	78,642
20.	Due to customers	110,848	113,482	113,148
	<i>a) repayable on demand</i>	81,384	78,821	76,434
	<i>b) time deposits or with notice period</i>	29,464	34,661	36,714
30.	Securities issued	59,799	61,178	63,627
	<i>a) bonds</i>	43,227	40,833	39,779
	<i>b) certificates of deposit</i>	13,715	17,561	19,444
	<i>c) other</i>	2,857	2,784	4,404
40.	Public funds under administration	85	87	86
50.	Other liabilities	30,359	27,087	29,151
60.	Accrued expenses and deferred income	5,139	4,903	5,796
	<i>a) accrued expenses</i>	4,438	4,269	4,923
	<i>b) deferred income</i>	701	634	873
70.	Allowance for employee termination indemnities	1,405	1,429	1,429
80.	Allowances for risks and charges	3,805	4,074	3,642
	<i>a) pensions and similar commitments</i>	339	372	432
	<i>b) taxation</i>	1,422	1,822	1,729
	<i>c) risks and charges arising on consolidation</i>	77	78	87
	<i>d) other</i>	1,967	1,802	1,394
90.	Allowances for possible loan losses	146	146	153
100.	Reserve for general banking risks	91	92	107
110.	Subordinated and perpetual liabilities	11,654	11,687	10,541
120.	Negative goodwill arising on consolidation	29	15	32
130.	Negative goodwill arising on application of the equity method	1	1	2
140.	Minority interests	852	983	1,079
150.	Share capital	3,561	3,489	3,489
160.	Share premium reserve	4,168	4,075	4,075
170.	Reserves	5,580	5,186	5,339
	<i>a) legal reserve</i>	773	773	773
	<i>b) reserve for own shares</i>	-	6	-
	<i>c) statutory reserves</i>	154	152	151
	<i>d) other reserves</i>	4,653	4,255	4,415
180.	Revaluation reserves	391	386	379
200.	Net income for the period	114	928	1,386
	Total Liabilities and Shareholders' Equity	303,214	316,665	341,465

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2002
compared to pro forma as at 31st December 2001 and as at 30th June 2001
Consolidated balance sheet

	Guarantees and Commitments	30/06/2002	31/12/2001 pro forma ⁽¹⁾	30/06/2001 pro forma ⁽¹⁾
10.	Guarantees given <i>including</i>	27,483	32,171	35,118
	- <i>acceptances</i>	661	743	585
	- <i>other guarantees</i>	26,822	31,428	34,533
20.	Commitments <i>including</i>	57,585	64,837	76,364
	- <i>for sales with commitment to repurchase</i>	7	15	32
30.	Credit derivatives	41,651	44,461	40,904
	Total Guarantees and Commitments	126,719	141,469	152,386

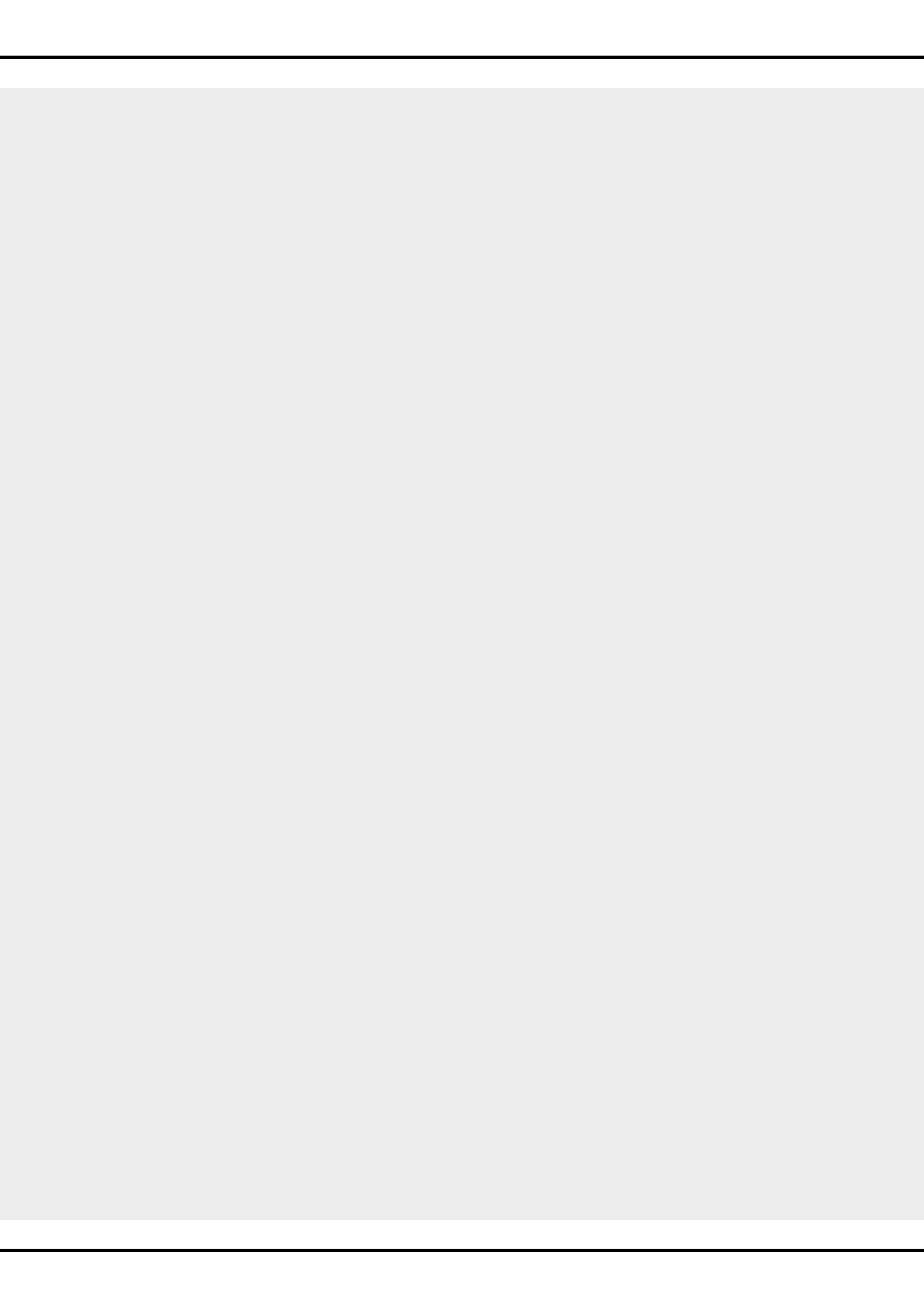
⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2002
compared to pro forma as at 31st December 2001 and as at 30th June 2001
Consolidated statement of income

		First half 2002	First half 2001 pro forma ⁽¹⁾	2001 pro forma ⁽¹⁾
10.	Interest income and similar revenues <i>including from</i>	6,876	9,377	17,396
	– <i>loans to customers</i>	5,106	6,379	11,955
	– <i>debt securities</i>	1,007	1,863	3,067
20.	Interest expense and similar charges <i>including on</i>	(4,039)	(6,403)	(11,448)
	– <i>deposits from customers</i>	(1,242)	(1,632)	(2,909)
	– <i>securities issued</i>	(1,459)	(1,878)	(3,572)
30.	Dividends and other revenues	575	553	1,055
	a) <i>from shares, quotas and other forms of capital</i>	414	400	459
	b) <i>from equity investments</i>	161	152	158
	c) <i>from investments in Group companies</i>	–	1	438
40.	Commission income	2,058	2,232	4,412
50.	Commission expense	(324)	(317)	(660)
60.	Profits (Losses) on financial transactions	(210)	(42)	(42)
65.	Gross returns (losses) on investment of the allowances for pensions and similar commitments	(1)	22	24
70.	Other operating income	277	338	642
80.	Administrative costs	(3,132)	(3,295)	(6,710)
	a) <i>payroll</i>	(1,944)	(2,026)	(4,079)
	<i>including</i>			
	– <i>wages and salaries</i>	(1,349)	(1,419)	(2,862)
	– <i>social security charges</i>	(378)	(415)	(829)
	– <i>termination indemnities</i>	(96)	(96)	(185)
	– <i>pensions and similar commitments</i>	(56)	(34)	(82)
	b) <i>other</i>	(1,188)	(1,269)	(2,631)
85.	Allocation (use) of net returns (losses) on investment of the allowances for pensions and similar commitments	2	(19)	(21)
90.	Adjustments to fixed assets and intangibles	(376)	(388)	(919)
100.	Provisions for risks and charges	(284)	(170)	(576)
110.	Other operating expenses	(59)	(79)	(172)
120.	Adjustments to loans and provisions for guarantees and commitments	(1,344)	(999)	(3,220)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	287	237	568
140.	Provisions for possible loan losses	(15)	(24)	(35)
150.	Adjustments to financial fixed assets	(75)	(22)	(105)
160.	Write-back of financial fixed assets	5	13	11
170.	Income (Loss) from investments carried at equity	58	52	76
180.	Income from operating activities	279	1,066	276
190.	Extraordinary income	307	1,635	2,366
200.	Extraordinary charges	(245)	(859)	(1,568)
210.	Extraordinary income (loss), net	62	776	798
220.	Use of allowance for risks and charges arising on consolidation	1	2	11
230.	Change in the reserve for general banking risks	1	2	16
240.	Income taxes	(165)	(439)	(206)
250.	Minority interests	(64)	(21)	33
260.	Net income for the period	114	1,386	928

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

**Notes
to the Consolidated Financial Statements**



Accounting criteria

The Half-Year Report as at 30th June 2002 was prepared in compliance with Consob Regulations approved with Resolution 11971 of 14th May 1999 and subsequent amendments, and applying the provisions contained in Legislative Decree 87 of 27th January 1992 and in the instructions of the Governor of the Bank of Italy of 16th January 1995, and subsequent amendments, the last of which was issued on 7th August 1998.

Consolidated financial statements

The Half-Year Report is made up of the consolidated financial statements and the notes to the consolidated financial statements, accompanied by the comments on the Group's operations. The comments to the consolidated accounts provided ample information on the activities of the Parent Company IntesaBci in consideration of its weight in consolidated figures. Accounting and valuation criteria did not vary compared to those used to prepare the consolidated financial statements as at 31st December 2001.

As in the past, IntesaBci notifies that it used the faculty contained in Art. 82, par. 2, of Consob Resolution 11971 of making the Half-Year Report available for shareholders and the market within 75 days from the end of the semester, instead of the quarterly report as at 30th June 2002. The quarterly development of the balance sheet and of the statement of income are also presented for the purpose of providing the market consistent information with that disclosed to the market in the first interim report referring to the first quarter of 2002.

Reconta Ernst & Young Spa performed a review of the financial statements in compliance with provisions contained in Consob Regulations approved with Resolution 10867 of 31st July 1997.

The amounts in this Report are expressed in millions of euro, unless otherwise specified.

Figures in the Consolidated Half-Year Report as at 30th June 2002 are compared with those for the first half of 2001 and the Consolidated Annual Report 2001, restated to consider changes in the consolidation area. In compliance with the principle of continuity in the shareholders' equity pertaining to the Group, figures for the period used for comparison have been restated using a methodology which does not alter consolidated shareholders' equity recorded at the reference date.

Pro forma figures

In particular:

- for companies which were fully consolidated for the first time in the period, the balance sheet figures of the previous periods have been aggregated and both shareholders' equity and net income for those periods have been attributed to minority shareholders;
- for companies which have been excluded from the consolidation area, instead, the relevant balance sheet and statement of income aggregates have been eliminated.

Consolidation criteria

As already mentioned above, the policies adopted for the preparation of the consolidated financial statements comply with the aforementioned Legislative Decree 87 of 27th January 1992 and the Bank of Italy regulations dated 16th January 1995 and subsequent amendments, the last of which was issued on 7th August 1998. These policies are consistent with those used for the preparation of the consolidated financial statements as at 31st December 2001.

Consolidation area	The area of consolidation includes the Parent Company, IntesaBci, and the significant equity investments which have been listed in a specific table included in the Notes. This section also includes changes occurred in the consolidation area.
Full consolidation	This method involves the "line by line" aggregation of the individual amounts reported in the balance sheets and statements of income of the subsidiary companies concerned. Following the allocation to minority shareholders of their interests in equity (except for the "Allowances for possible loan losses" and the "Revaluation reserves") and the results for the period, the residual value is eliminated against the book value of the subsidiaries concerned.
	<p>Any differences arising on consolidation are allocated, where possible, to the assets and liabilities of the consolidated subsidiary; positive differences are also offset against the "Allowances for possible loan losses" and the "Revaluation reserves" pertaining to the Group. Residual differences are allocated to "Goodwill/Negative goodwill arising on consolidation" or "Other reserves". The captions used are determined, respectively, with reference to the situation at the time the subsidiary was first consolidated and to subsequent changes in equity value, normally reflecting the results of operations. If positive consolidation differences arise on the assets side and are not deemed to be justified by the respective company's future profitability, these are fully expensed in the period.</p> <p>In particular, with regard to the consolidation of Banca Cis, the difference between purchase cost and the acquired portion of shareholders' equity has been accounted for in the "Allowance for risks and charges arising on consolidation", considering the unfavourable performance forecasted for the participated bank at the time of its purchase before its integration in the Group enables it to generate profits. This allowance generates income over a number of years. The reference parameter is the difference, if negative, between Banca Cis' net income for the period and that deemed to be satisfactory. This difference was estimated at the time of the acquisition and determined the lower price paid compared to the corresponding book value of shareholders' equity (badwill).</p>
Proportional consolidation	This approach is applied to companies controlled together with other parties. The method is the same as that described in relation to full consolidation, except that the combination of the amounts reported in the balance sheet and statement of income is based on the percentage of control exercised by the Group.
Valuation using the equity method	This approach is applied to subsidiaries which do not carry out banking or financial activities, or do not contribute to Group's operations as well as to companies not controlled by the Group, but over which the Group exercises significant influence (so-called associated companies according to Legislative Decree 87/92).
	<p>This method measures investments with reference to the Group's interest in their shareholders' equity, including "Allowances for possible loan losses", "Revaluation reserves" and income for the period. Differences with respect to the Parent Company's book value are allocated to "Goodwill/Negative goodwill arising on application of the equity method" and to "Other reserves", as described in relation to full consolidation.</p>
Other consolidation techniques	Goodwill/Negative goodwill arising on consolidation and on application of the equity method is determined at the time the investment is acquired or consolidated for the first time. Subsequent disposals or changes in percentage owned adjust the original differences.

If shareholders' equity belonging to the Group results negative, the complete write-off of the equity investment is carried out and any residual negative amount remaining is covered using the "Allowances for risks and charges".

The equity of foreign subsidiaries is translated into euro using the official end-of-period exchange rates. The difference between this amount and that recorded in the financial statements on incorporation, or at purchase date, is allocated with the appropriate sign to "Other reserves", with the sole exception of the Argentinean subsidiary for which such difference has been charged to the statement of income.

The financial statements of consolidated companies prepared using policies which differ from those applying to banks are adjusted accordingly.

Dividends, adjustments and write-backs are reversed if they relate to consolidated companies.

Adjustments, write-backs and provisions accounted for by consolidated companies for fiscal purposes are reversed in order to more fairly reflect the financial and operating position of the Group; provision is made for the related deferred taxation. Accordingly, the consolidated financial statements do not include any entries recorded solely for fiscal purposes.

In consolidation, further to intercompany balances reconciliation, all intercompany assets and liabilities, income and expenses offset each other. Residual amounts are allocated to the statement of income or the balance sheet, in accordance with the instructions issued by the Bank of Italy on 16th January 1995.

Financial lease receivables were stated according to the financial method. This means, essentially, that the cost of the leased asset represents the value of the loan at the start of the leasing contract while, subsequently, each instalment payment is treated as a loan repayment comprising both principal and interest and determined using the internal rate of return of each contract. Leasing transactions between consolidated companies are reversed by redetermining the historical cost and accumulated depreciation of the assets concerned at period-end. The financial statements therefore reflect the net book value of such assets, stated in accordance with the criteria set out below, after eliminating the effect of intercompany transactions.

Subsidiaries which carry out banking, financial activities, or contribute to the Group's operations are fully consolidated. Means of consolidation

Exceptions refer to certain minor equity investments as well as to *Vseobecna Uverova Banka*, recently acquired, which commenced the necessary technical and organisational actions aimed at its imminent "line by line" consolidation. In the meantime for consolidation purposes the subsidiary is carried at equity.

Companies which are subject to joint control are consolidated according to the proportional method. Subsidiaries whose activities are dissimilar to the above (banking, financial and auxiliary) and associated companies in which the Group has a significant equity investment are stated with reference to the Group's interest in the shareholders' equity, including net income for the period.

Equity investments in Sicavs and those related to merchant banking are carried at cost.

For the purpose of consolidation, or of valuation according to the equity method, the financial statements as at 30th June 2002 drawn up by the Directors of subsidiaries have been used. For certain companies which are not part of the Group, financial statements as at 30th June 2002 were not available and therefore such companies have been valued according to the equity method using the financial statements as at 31st December 2001.

The consolidated financial statements as at 30th June 2002 have been used for the following groups: Banque Sudameris group, Central-European International Bank group, Privredna Banka Zagreb group, Agricola Investimenti group and Banco de Inwestimento Imobiliario group.

The Half-Year reports as at 30th June 2002 of the consolidated companies have been prepared by the respective Boards of Directors prior to approval of the Group's consolidated financial statements by IntesaBci's Board of Directors.

Banco Sudameris Argentina, due to its Country's persisting legal uncertainty, has been consolidated on the basis of a "situation of accounts as at 30th June 2002" specifically drawn up for consolidation purposes, applying a peso/euro exchange rate of 3.8. However, it must be noted that total assets of the Argentinean subsidiary represent an absolutely immaterial percentage of the total consolidated figure.

Information on specific issues

In relation to the problems concerning the determination of interest income, the lines of action illustrated in the Report on operations in the Annual Report 2001 are confirmed.

Subsidised mortgages as per Law 133/99 and unsubsidised fixed rate mortgages

In particular, amounts which may be subject to reimbursement to customers following the renegotiation of subsidised mortgages have been fully provisioned with a specific Allowance for risks and charges, while charges in excess for unsubsidised fixed rate mortgages, subsequent to flattening of interest rates to those set forth by relevant laws, have already been paid to customers.

In line with the general orientation of the banking system and the conviction of the full legitimacy of the Bank's position, no provisions have been made to cover any reimbursement requests for interest calculated using the anatocism criterion.

Anatocism

It must be noted that the tax incentives for bank concentration operations have been suspended as of the 2001 tax period, as set forth by Law Decree 63 of 15th April 2002, issued following the declaration of the European Commission

Incentives provided for by Law 461/98

that such incentives were incompatible with Community regulations regarding State subsidies. This suspension had already been prudentially considered in the determination of the tax burden for 2001. The benefits legitimately recorded in the previous years – which are not in any way regulated by the suspending law – have been fully covered by provisions of equal amount.

Explanation added for the English translation

The financial statements have been translated into English from the original version in Italian. They have been prepared in accordance with the Italian law related to financial statements, interpreted and integrated by the accounting principles established by the Italian Accounting Profession. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Italy may not conform with the generally accepted accounting principles in other Countries.

Valuation criteria

Accounting policies adopted comply with the Italian law, interpreted and integrated by the accounting principles established by the National Council of Dottori Commercialisti e Ragionieri (the Italian Accounting Profession).

The financial statements of foreign companies which adopt valuation criteria different from the Group's are restated according to the principles illustrated below. The financial statements drawn up according to different criteria which have not been restated are immaterial and the relevant amounts do not appreciably affect figures in the consolidated financial statements.

1. Loans, guarantees and commitments

1.1 Due from banks

Amounts due from banks are generally stated at nominal value, including the interest due at the balance sheet date.

Amounts due from certain banks are written down with reference to their solvency conditions; other amounts due from non-resident banks are written down by general reserves that reflect the possible difficulties in servicing external debt faced by the Countries concerned.

The original value of amounts due from banks is written back in subsequent periods, to the extent that the reasons for any write-downs cease to apply.

1.2 Loans to customers

Loans are recorded among "Loans to customers" to the extent that they have been paid out under the terms of the related contracts.

Loans are stated at their estimated realisable value, which is determined by deducting expected losses at period-end from the principal outstanding. Expected losses are determined as follows, considering the solvency of customers and any guarantees available:

- a detailed review is made of doubtful loans and other non-performing accounts; this may be integrated by lump-sum adjustments related to the positions of lower risk and size;
- yields and the basis and timing of repayments are considered with regard to consolidated or restructured loans;
- an overall estimate is made in relation to performing loans to customers located in Countries at risk, also considering the general indications of the banking industry.

Other loans are written down using lump-sum adjustments to reflect intrinsic risks, applying a percentage according to past experience.

The original value of amounts due from customers is written back in subsequent periods, to the extent that the reasons for any write-downs cease to apply.

1.3 Guarantees and commitments

Guarantees are recorded at the total value of the commitment.

Commitments to place funds with banking counterparties and make loans to customers are stated at the value of the amounts still to be paid over.

The credit risks associated with guarantees and commitments and with credit derivatives recorded in the banking book are covered by "Allowances for risks and charges - other allowances".

2. Securities and off-balance sheet transactions (excluding foreign currency transactions)

The securities portfolio is divided into Investment portfolio and Trading portfolio.

Securities registered in the investment portfolio reflect precise predefined strategic decisions taken by the Executive Committee or equivalent body. Such securities may be sold before maturity provided a change in management strategy occurs, or if market conditions evolve so to undermine reasons which had brought about the inclusion of such securities in the investment portfolio.

Both securities held for trading and those purchased for liquidity purposes are recorded in the trading portfolio or inserted in structured portfolios.

Securities classified as financial fixed assets are recorded and valued at purchase cost or, if transferred from the trading portfolio, at the value resulting from the application of the relevant valuation criteria, at the term of the transfer.

2.1 Investment portfolio

Investment securities are written down if a permanent loss of value has occurred in relation to the solvency of the issuer and of the borrowers' resident Countries. Their original value is written back in subsequent periods, to the extent that the reasons for any write-downs cease to apply.

Issue discounts are registered among interest income on an accruals basis, as an increase in the book value of the relevant securities. The difference between purchase cost, including accrued issue discounts, and the higher or lower principal repayment of investment securities is recorded in interest income on an accruals basis.

Securities in the trading portfolio have been accounted for based on their continuous weighted average.

2.2 Trading portfolio

The valuation is carried out as follows:

- Italian and foreign securities traded on regulated markets: average market price for the last month of the period;
- unlisted securities: at the lower between cost or market value; the latter is calculated considering estimated realisable value which – in the case of fixed-income securities – is determined by discounting future financial flows using the market interest rate, obtained on listed securities with similar characteristics or on information system based markets normally used internationally. In particular, for subordinated securities from loan securitisations, estimated realisable value is calculated considering the forecasted recoveries on the loan portfolio sold. The solvency of the issuer and the resident Country's difficulty in servicing debt is also considered;
- for quotas of undertakings in collective investments in tradable securities (UCITS):
 - at period-end market value, in presence of quotations expressed by regulated markets, or obtained from communications to the market of management companies published by specialised channels;
 - at the lower between cost or market value, if those parameters are not available. Market value, in these cases, is represented by estimated realisable value, determined according to the procedure indicated above for securities other than quotas.

Value of written down unlisted securities is written up in subsequent periods, to the extent that the reasons for any write-downs cease to apply.

Repurchase agreements are treated as deposit-taking or lending transactions.

In particular:

- spot sales with a commitment to repurchase are recorded as deposits and stated at the spot amount received;
- spot purchases with a commitment to resell are recorded as loans and stated at the spot amount advanced.

In repurchase agreements on fixed-income securities, the difference between the spot and forward tel quel prices represents interest expense on deposits and interest income from loans and is recognised on an accruals basis.

Book value of zero-coupon securities includes accrued interest.

Transactions in securities and similar instruments are recorded with reference to their settlement dates.

**2.3 Off-balance sheet transactions
(excluding foreign currency
transactions)**

Securities to be delivered or received in relation to unsettled contracts at balance sheet date are considered as a part of the trading portfolio and are valued as described above, considering the price contained in the contract.

Off-balance sheet transactions which refer to derivative contracts – financial and credit derivatives – are valued as follows:

- derivatives used to hedge assets and liabilities (both on- and off-balance sheet) have been valued on a consistent basis with assets and liabilities hedged;
- derivative contracts held for trading are stated at market value;
- derivative contracts which are part of “structured financial portfolios”, which also include assets made up of debt securities and/or shares, are valued consistently with the relevant asset;
- credit derivative contracts recorded in the banking book (hedging) are valued consistently with the criteria indicated in guarantees and commitments.

Market value for derivative contracts has been calculated on the basis of the official end-of-period quotation for derivatives traded in regulated markets and according to estimated replacement costs for derivatives which – though unlisted – can be considered similar to listed derivatives since they use (as parameters) prices, quotations or indices that may be obtained from international information systems and can in any case be calculated objectively.

Differentials on hedges on interest-bearing assets or liabilities are recognised on the basis used to record the interest itself, in the case of specific hedges, or over the life of the contract (in the case of general hedges).

Differentials on hedges on non-interest-bearing assets or liabilities are recorded in the statement of income at the time of settlement. Differentials on multi-flow derivative contracts held for trading are registered in the statement of income over the life of the contracts, while differentials on single-flow derivatives are registered at the time of settlement.

Evaluation results of off-balance sheet transactions are accounted for in the balance sheet in “Other assets” and “Other liabilities” without offsetting.

Dealing on the market in certain types of derivatives has been centralised at specific companies or business units. These units also manage, within their books, positions taken to meet hedging requirements of other Group units which are not authorised to operate on the market. The needs of the latter are satisfied via internal deals traded at market prices. In the consolidated balance sheet, interunit and intercompany deals are accounted for as follows:

- internal deals included in the portfolios held by specialised companies or business units are valued at market prices similarly to other trading contracts held by such companies and units;
- internal deals held by companies/units which are not authorised to operate directly on the market are accounted consistently with assets and liabilities hedged and are therefore carried at cost, since they are used exclusively as hedges of assets and liabilities carried at cost.

Differentials or margins accrued in the period relative to internal deals are accounted for as interest income and expense: (i) using a time frame consistent with accrual of interest on assets and liabilities hedged if they refer to a specific hedge contract or (ii) determined according to the maturity of the contract if they refer to a generic hedge contract.

3. Equity investments

Significant investments are valued using the equity method, as described in the consolidation criteria.

Other minority equity investments are stated at cost on a LIFO basis using annual layers, as they are financial fixed assets.

In this regard, the book value of investments held as at 31st December 1992 (which includes any revaluations carried out according to specific regulations) is deemed to represent their cost at that date, as permitted by Art. 8.4 of Legislative Decree 87/92. Book value is written down to reflect any impairment in the value of equity investments. However, the original value may be written back in subsequent periods, to the extent that the reasons for any write-downs cease to apply.

The acquisitions or disposals of equity investments for which there is a commitment to sell or repurchase at a later date are accounted for as repurchase agreements. Therefore these equity investments are excluded from the consolidation area.

Dividends are recorded in the period they are declared which, usually, corresponds to the time of collection.

4. Assets and liabilities in foreign currencies (including off-balance sheet transactions)

Other assets and liabilities denominated in foreign currencies are translated into euro using end-of-period spot exchange rates.

Off-balance sheet transactions in foreign currencies including derivatives are valued as follows:

- for transactions related to unsettled spot contracts, market prices have been calculated using spot exchange rates at the end of the period;
- for transactions related to forward contracts, market prices have been obtained using end-of-period forward rates for maturities corresponding to those of the relative contracts;
- for hedge transactions, market prices have been calculated on a consistent basis and take into account the terms and conditions contained in the relative contracts.

Assets, liabilities and off-balance sheet transactions denominated in currencies which are part of the euro, or in any case which vary based on the foreign exchange rate of the currencies which are part of the euro, have been translated into euro by applying the respective conversion exchange rates.

The results of the valuations are recorded in the caption "Profits (Losses) on financial transactions" in the statement of income, while in the balance sheet currency forwards are accounted for as "Other assets/liabilities".

Differentials between the spot and forward rates of hedge transactions are recognised in the statement of income on an accrual basis, to match the recognition of interest on the underlying assets or liabilities.

Foreign currency transactions are recorded with reference to the time of settlement.

5. Fixed assets

Real estate is recorded at purchase cost, including related charges, as well as renovation expenses and any extraordinary repairs, which have determined an increase in its value. The value of certain real estate properties has also been restated as a result of applying revaluation laws and following the allocation of merger deficit or as a result of positive consolidation differences.

Furniture, fittings, machines and equipment are recorded at purchase cost, including related expenses and any improvement expenditure incurred.

The book value of tangible fixed assets is stated net of accumulated depreciation. These assets are automatically depreciated on a straight-line basis using rates which reflect their useful lives.

In particular:

- newly-acquired assets are depreciated from the accounting period in which they enter service;
- assets entering service during the period are depreciated at half the standard rate since it is assumed that, on average, their use began half way through the period; this criterium is also accepted by fiscal regulations.

Fixed assets accounted from restatement of intercompany leases are depreciated on the above basis; the depreciation rates applied by the user are adopted for this purpose.

Accelerated depreciation provided for fiscal purposes has been reversed on consolidation and provision is made for the related deferred taxation.

Value of fixed assets is adjusted when losses deemed to be permanent occur.

Maintenance expenditure that does not increase the value of assets is expensed as incurred.

6. Intangibles

Intangibles are stated at purchase cost net of accumulated amortisation.

This caption comprises:

- goodwill paid on the acquisition of companies or deriving from merger deficits which emerge on integration of companies. These are amortised at constant rates over a ten-year period;
- start-up costs related to new branches located in buildings which are not owned by the Group, costs related to new issues of shares or of other securities. Such costs are amortised at constant rates over a five-year period;
- refurbishing costs for branches and other premises which are not owned by the Group. These costs are amortised on a straight-line basis over their estimated useful life and in any case, according to provisions set out by Art. 16, par. 1, of Legislative Decree 87/92, in a period no longer than five years;
- application software costs of multi-annual use. These are amortised over a maximum of five years according to estimated useful life;
- other deferred charges which are amortised over a maximum period of five years.

Positive differences arising on consolidation and application of the equity method are considered intangibles even though these are accounted for in specific captions; these are amortised at constant rates over a ten-year period just like goodwill.

Value of intangibles is adjusted when losses deemed to be permanent occur.

7. Other policies

Accruals and deferrals are determined in accordance with the matching principle taking account of the rates and conditions applicable to individual accounts. The amounts are reported separately in the balance sheet since, as permitted, they have not been added to or deducted from the asset and liability accounts to which they relate. The only exceptions are accruals on zero-coupon securities held in portfolio or issued by Group companies.

7.1 Accruals and deferrals

Deposits of banks and ordinary customers and public funds under administration are stated at their nominal values.

7.2 Deposits and public funds under administration

Mortgage bonds, other bonds, certificates of deposit and bank cashiers' cheques are stated at their nominal values. Zero-coupon securities have been stated at issue price plus accruals at period-end.

7.3 Securities issued

Issue discounts are reported as a "Prepaid expense". Issue premiums are recorded as a "Deferred income" item.

The amount recorded represents the liability to all employees at the end of the period, accrued in accordance with current legislation and labour agreements.

7.4 Allowance for employee termination indemnities

This caption comprises:

– "Allowances for pensions and similar commitments"

Have been set up as a consequence of specific contracts and are deemed to adequately guarantee the payment of pensions for which the Bank is liable.

7.5 Allowances for risks and charges

– "Allowance for taxation"

The provision for income taxes is determined with reference to a prudent estimate of the current, prepaid and deferred taxation. In particular, prepaid and deferred taxes are determined irrespective of temporal limits and according to all temporary differences between book value attributed to assets or liabilities and the corresponding values for fiscal purposes.

Deferred tax assets are accounted for in the balance sheet when a reasonable certainty of their recovery exists, based on the relevant company's continuing capacity to generate taxable income.

Deferred tax liabilities have been fully accounted for, with the sole exceptions of those related to value adjustments and provisions carried out solely for fiscal purposes, higher asset values in equity investments subject to a suspended tax regime and shareholders' equity reserves for which taxes are suspended, since it is reasonably expected that no voluntary actions will be taken which involve taxation of such reserves.

Prepaid and deferred taxes are accounted for in the balance sheet with open balances and without offsetting effects, the former in the "Other assets" caption and the latter in the "Allowances for risks and charges - allowance for taxation" caption.

In addition, this account reflects the deferred taxation on consolidation adjustments, if it is likely that the taxes concerned will become payable by a Group company.

These taxes essentially reflect:

- those arising from the reversal, on consolidation, of adjustments and provisions recorded for fiscal purposes;
- those arising from the allocation of positive consolidation differences in the assets of the consolidated company.

Deferred tax assets and liabilities are systematically valued considering any changes in fiscal regulations or tax rates and the situation of the Group companies involved.

The allowance also contains provisions for tax charges which could derive from assessments already notified, or in any case from litigations currently under way with Fiscal Authorities.

– *“Allowance for risks and charges arising on consolidation”*

The allowance contains negative differences that arise from the comparison of purchase cost of a consolidated subsidiary and the relevant portion of shareholders' equity acquired, when the difference reflects negative performances forecasted for that company. The allowance is transferred to the consolidated statement of income for the amount of the losses incurred and when such losses occur.

– *“Other allowances”*

This caption comprises provisions to cover known or possible losses, the timing or the extent of which cannot be determined at the balance sheet date.

Such allowances do not adjust the value of any asset captions. The allowances reflect the best estimate of the charges to be incurred, based on available information.

7.6 Allowances for possible loan losses

The “Allowances for possible loan losses” have been set up for prudential purposes, considering loan portfolio breakdown and do not adjust asset captions.

7.7 Subordinated liabilities

Subordinated liabilities are stated at nominal value. Subordinated liabilities denominated in foreign currency are translated using the end-of-period spot rates.

Adjustments and provisions recorded for fiscal purposes

The adjustments and provisions recorded by Group companies solely for fiscal purposes have been eliminated on consolidation in order to present more fairly the financial and operating position of the Group. Deferred taxation has been recorded in relation to such elimination. Accordingly, the consolidated financial statements do not include any entries made solely for fiscal purposes.

INFORMATION REGARDING THE CONSOLIDATED BALANCE SHEET

(in millions of euro)

Concentration and distribution of assets and liabilities

1. Breakdown of loans to customers by borrower's economic sector

Loans to customers (caption 40 - Assets)

a) Governments	2,905
b) Other public agencies	4,131
c) Non-financial companies	103,058
d) Financial institutions	16,835
e) Family-run businesses	10,210
f) Other	40,206
Total	177,345

2. Loans to resident non-financial companies and family-run businesses

a) Other services	17,691
b) Wholesale and retail trade, recovery and repairs	15,387
c) Construction and public works	9,377
d) Textiles, leather and footwear, clothing	4,084
e) Food products, beverages and tobacco-based products	3,873
f) Other sectors	39,649
Total	90,061

3. Guarantees given (caption 10 - Guarantees and commitments)

a) Governments	70
b) Other public agencies	74
c) Banks	2,993
d) Non-financial companies	19,846
e) Financial institutions	2,476
f) Family-run businesses	346
g) Other	1,678
Total	27,483

Credit derivatives: breakdown by category of "reference entity" (banking book) (protection sales)

a) Governments	257
b) Other public agencies	–
c) Banks	668
d) Non-financial companies	3,276
e) Financial institutions	793
f) Family-run businesses	–
g) Other	–
Total	4,994

4. Large credit risks

a) Amount	16,435
b) Number	4
<i>including on-balance sheet exposures</i>	9,862
<i>off-balance sheet exposures</i>	3,312
<i>available margins on credit lines</i>	3,261

5. Assets and liabilities: breakdown by maturity

Captions/Residual life	Specified maturity							Unspecified maturity	Total
	on demand	up to 3 months	between 3 and 12 months	between 1 and 5 years		over 5 years			
				fixed rate	floating rate	fixed rate	floating rate		
1. Assets									
1.1 treasury bills eligible for refinancing	11	1,807	1,530	615	503	1,244	208	–	5,918
1.2 due from banks	4,222	23,516	6,627	168	1,310	84	173	1,071	37,171
1.3 loans to customers	40,165	30,358	19,433	15,615	31,715	7,402	23,383	9,274	177,345
1.4 bonds and other debt securities	1,012	5,018	10,326	7,421	5,424	3,065	4,641	92	36,999
1.5 off-balance sheet transactions	68,910	578,542	470,861	218,446	16,928	121,414	99,705	7	1,574,813
Total	114,320	639,241	508,777	242,265	55,880	133,209	128,110	10,444	1,832,246
2. Liabilities									
2.1 due to banks	16,193	40,749	5,383	1,173	936	491	261	1	65,187
2.2 due to customers	83,859	20,318	3,042	154	1,295	53	55	2,072	110,848
2.3 securities issued									
– bonds	1,184	1,149	6,024	13,529	13,116	2,620	5,605	–	43,227
– certificates of deposit	273	7,853	3,785	977	527	30	263	7	13,715
– other securities	1,430	1,388	39	–	–	–	–	–	2,857
2.4 subordinated liabilities	–	–	820	2,816	1,524	2,529	3,965	–	11,654
2.5 off-balance sheet transactions	75,950	567,602	461,385	224,658	11,474	120,311	110,630	53	1,572,063
Total	178,889	639,059	480,478	243,307	28,872	126,034	120,779	2,133	1,819,551

6. Assets and liabilities: breakdown by Country

Captions/Countries	Italy	Other EU Countries	Other Countries	Total
1. Assets				
1.1 due from banks	8,065	22,943	6,163	37,171
1.2 loans to customers	141,893	12,803	22,649	177,345
1.3 securities	24,566	7,846	13,962	46,374
Total	174,524	43,592	42,774	260,890
2. Liabilities				
2.1 due to banks	10,899	29,144	25,144	65,187
2.2 due to customers	88,436	6,695	15,717	110,848
2.3 securities issued	48,212	3,267	8,320	59,799
2.4 other	8,987	677	2,075	11,739
Total	156,534	39,783	51,256	247,573
3. Guarantees, commitments and credit derivatives	54,638	35,270	36,811	126,719

7. Assets and liabilities denominated in foreign currencies

7.1 Assets	
a) due from banks	11,632
b) loans to customers	28,491
c) securities	14,416
d) equity investments	1,105
e) other	448
Total	56,092
7.2 Liabilities	
a) due to banks	28,982
b) due to customers	17,781
c) securities issued	10,763
d) other	1,385
Total	58,911

8. Due from banks

8.1 Breakdown of on-balance sheet loans

Categories	Gross exposure	Total adjustments	Net exposures
A. Non-performing loans	343	(82)	261
A1. doubtful loans	34	(32)	2
A2. substandard loans	5	(5)	-
A3. loans under restructuring	-	-	-
A4. restructured loans	16	(7)	9
A5. loans subject to Country risk	288	(38)	250
B. Performing loans	36,910	-	36,910
Total	37,253	(82)	37,171

8.2 Due from banks - Changes in non-performing loans

	Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk
A. Initial gross exposure	35	–	–	–	366
A1. including overdue interest	1	–	–	–	–
B. Increases	–	5	–	16	65
B1. inflows from performing loans	–	5	–	–	–
B2. overdue interest	–	–	–	–	–
B3. transfers from other non-performing loan categories	–	–	–	16	–
B4. other increases	–	–	–	–	65
C. Decreases	(1)	–	–	–	(143)
C1. outflows to performing loans	–	–	–	–	(1)
C2. write-offs	–	–	–	–	–
C3. repayments	–	–	–	–	(54)
C4. credit disposals	–	–	–	–	–
C5. transfers to other non-performing loan categories	–	–	–	–	(16)
C6. other decreases	(1)	–	–	–	(72)
D. Final gross exposure	34	5	–	16	288
D1. including overdue interest	–	–	–	–	–

8.3 Due from banks - Changes in total adjustments

	Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk	Performing loans
A. Initial total adjustments	33	–	–	–	42	–
A1. including overdue interest	–	–	–	–	–	–
B. Increases	–	5	–	7	48	–
B1. adjustments	–	5	–	–	1	–
B1.1 including overdue interest	–	–	–	–	–	–
B2. use of allowances for possible loan losses	–	–	–	–	–	–
B3. transfers from other loan categories	–	–	–	7	–	–
B4. other increases	–	–	–	–	47	–
C. Decreases	(1)	–	–	–	(52)	–
C1. write-back of adjustments	–	–	–	–	–	–
C1.1 including overdue interest	–	–	–	–	–	–
C2. write-backs on repayments	–	–	–	–	(1)	–
C2.1 including overdue interest	–	–	–	–	–	–
C3. write-offs	–	–	–	–	–	–
C4. transfers to other loan categories	–	–	–	–	(7)	–
C5. other decreases	(1)	–	–	–	(44)	–
D. Final total adjustments	32	5	–	7	38	–
D1. including overdue interest	–	–	–	–	–	–

9. Loans to customers

9.1 Breakdown of on-balance sheet loans

Categories	Gross exposure	Total adjustments	Net exposure
A. Non-performing loans	20,597	(9,745)	10,852
A1. <i>doubtful loans</i>	13,963	(8,501)	5,462
A2. <i>substandard loans</i>	4,964	(1,012)	3,952
A3. <i>loans under restructuring</i>	66	(5)	61
A4. <i>restructured loans</i>	440	(95)	345
A5. <i>loans subject to Country risk</i>	1,164	(132)	1,032
B. Performing loans	167,537	(1,044)	166,493
Total	188,134	(10,789)	177,345

9.2 Loans to customers - Changes in non-performing loans

	Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk
A. Initial gross exposure	13,576	4,543	100	486	1,191
A1. <i>including overdue interest</i>	3,212	114	-	11	-
B. Increases	1,973	2,480	-	31	34
B1. <i>inflows from performing loans</i>	537	2,302	-	6	21
B2. <i>overdue interest</i>	190	36	-	1	-
B3. <i>transfers from other non-performing loan categories</i>	682	17	-	14	-
B4. <i>other increases</i>	564	125	-	10	13
C. Decreases	(1,586)	(2,059)	(34)	(77)	(61)
C1. <i>outflows to performing loans</i>	(229)	(221)	-	(8)	(14)
C2. <i>write-offs</i>	(407)	(60)	(1)	-	-
C3. <i>repayments</i>	(428)	(951)	(17)	(17)	(13)
C4. <i>credit disposals</i>	-	-	-	(11)	-
C5. <i>transfers to other non-performing loan categories</i>	(14)	(676)	(11)	(12)	-
C6. <i>other decreases</i>	(508)	(151)	(5)	(29)	(34)
D. Final gross exposure	13,963	4,964	66	440	1,164
D1. <i>including overdue interest</i>	3,301	104	-	12	-

9.3 Loans to customers - Changes in total adjustments

	Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk	Performing loans
A. Initial total adjustments	8,003	992	13	106	117	1,266
A1. including overdue interest	2,983	101	-	7	-	4
B. Increases	1,316	527	-	7	26	96
B1. adjustments	847	448	-	6	17	66
B1.1 including overdue interest	187	16	-	1	-	-
B2. uses of allowances for possible loan losses	2	-	-	-	-	-
B3. transfers from other loan categories	360	77	-	1	-	6
B4. other increases	107	2	-	-	9	24
C. Decreases	(818)	(507)	(8)	(18)	(11)	(318)
C1. write-back of adjustments	(64)	(31)	-	-	(1)	(25)
C1.1 including overdue interest	(1)	-	-	-	-	-
C2. write-backs on repayments	(111)	(28)	(2)	(4)	-	(2)
C2.1 including overdue interest	(21)	-	-	-	-	-
C3. write-offs	(407)	(60)	(1)	-	-	(3)
C4. transfers to other loan categories	(3)	(352)	(4)	(3)	-	(82)
C5. other decreases	(233)	(36)	(1)	(11)	(10)	(206)
D. Final total adjustments	8,501	1,012	5	95	132	1,044
D1. including overdue interest	3,124	88	-	11	-	2

10. Secured loans to customers

a) Loans secured by mortgages	48,415
b) Loans secured by pledge on	
1. cash deposits	1,145
2. securities	6,557
3. other valuables	976
	8,678
c) Loans secured by guarantees from	
1. Governments	590
2. other public agencies	436
3. banks	2,908
4. other operators	30,369
	34,303
Total	91,396

11. Due from central banks (included in caption 30 - Assets)

Due from central banks	1,771
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12. Breakdown of securities

a) Investment portfolio	8,010
b) Trading portfolio	38,364

13. Guarantees and commitments

13.1 Guarantees (caption 10 - Guarantees and commitments)

a) Commercial guarantees	19,420
b) Financial guarantees	8,014
c) Assets given as collateral	49
Total	27,483

13.2 Commitments (caption 20 - Guarantees and commitments)

a) Commitments to lend funds, of certain use	7,187
b) Commitments to lend funds, of uncertain use	50,398
Total	57,585

13.3 Credit derivatives (caption 30 - Guarantees and commitments)

a) Protection sales in the "banking book"	4,994
– <i>physical settlement</i>	4,524
– <i>cash settlement</i>	470
b) Protection sales in the "trading book"	36,657
– <i>physical settlement</i>	11,970
– <i>cash settlement</i>	24,687
Total	41,651

14. Undrawn credit lines

a) Central banks	410
b) Other banks	1,577
Total	1,987

15. Forward transactions

Type of transaction	Hedging	Trading	Other
1. Unsettled transactions	9,709	111,622	–
1.1 securities	–	10,027	–
– purchases	–	4,966	–
– sales	–	5,061	–
1.2 currencies	9,709	101,595	–
– currency against currency	6,058	39,143	–
– purchases against euro	2,601	32,150	–
– sales against euro	1,050	30,302	–
2. Deposits and loans	–	–	4,066
– outflows	–	–	1,447
– inflows	–	–	2,619
3. Derivative contracts	28,843	1,551,808	33,355
3.1 with exchange of underlying asset	3,732	20,226	2,875
a) securities	1,408	7,433	2,875
– purchases	399	2,975	2,725
– sales	1,009	4,458	150
b) currency	2,324	12,793	–
– currency against currency	664	1,810	–
– purchases against euro	977	5,638	–
– sales against euro	683	5,345	–
c) other instruments	–	–	–
– purchases	–	–	–
– sales	–	–	–
3.2 without exchange of underlying asset	25,111	1,531,582	30,480
a) currency	101	1,845	–
– currency against currency	–	18	–
– purchases against euro	100	907	–
– sales against euro	1	920	–
b) other instruments	25,010	1,529,737	30,480
– purchases	8,973	786,954	14,076
– sales	16,037	742,783	16,404
Total	38,552	1,663,430	37,421

Internal deals

	Hedging		Trading	
	purchases	sales	purchases	sales
Purchases/sales of currency	3,875	4,156	4,156	3,875
Derivative contracts with exchange of underlying asset	583	84	84	583
Derivative contracts without exchange of underlying asset	44,542	44,425	44,425	44,542
Total	49,000	48,665	48,665	49,000

Notional amount of over the counter (OTC) derivatives and corresponding market value

	Interest rate	Foreign exchange	Equity	Other	Total
Notional amount	1,368,687	126,310	12,684	4,396	1,512,077
Market value					
Trading contracts					
a) positive market value	7,146	3,742	119	-	11,007
b) negative market value	6,680	3,948	267	-	10,895
Non-trading contracts					
a) positive market value	524	87	22	-	633
b) negative market value	377	525	43	-	945
Positive market value	7,670	3,829	141	-	11,640
Negative market value	7,057	4,473	310	-	11,840

Breakdown of forward transactions by instrument type and market risk

	Interest rate	Foreign exchange	Equity	Other	Total
Over the counter trading contracts (OTC)					
Forwards	9,360	101,595	667	-	111,622
Swaps	1,143,719	8,241	3,123	1,263	1,156,346
Options bought	81,406	2,790	5,345	-	89,541
Options sold	118,774	2,999	3,216	-	124,989
Trading contracts listed on regulated markets					
Futures bought	32,364	290	746	-	33,400
Futures sold	58,970	318	355	-	59,643
Options bought	24,723	-	1,830	-	26,553
Options sold	20,104	-	1,781	-	21,885
Total trading contracts	1,489,420	116,233	17,063	1,263	1,623,979
Total non-trading contracts	24,166	12,134	3,889	31,759	71,948
Total	1,513,586	128,367	20,952	33,022	1,695,927

Notional amount of over the counter (OTC) derivatives by residual life

	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Interest rate contracts	951,386	261,540	155,761	1,368,687
Foreign exchange contracts	116,345	9,097	868	126,310
Equity linked contracts	5,778	6,517	389	12,684
Other	4,396	-	-	4,396
Total	1,077,905	277,154	157,018	1,512,077

Credit derivatives outstanding

	Trading	Banking
1. Protection purchases	28,001	6,150
1.1 physical settlement	7,928	495
– <i>Credit default swaps</i>	7,810	353
– <i>Credit default options</i>	–	–
– <i>Credit linked notes</i>	118	142
1.2 cash settlement	20,073	5,655
– <i>Credit default swaps</i>	18,444	5,404
– <i>Credit default options</i>	–	–
– <i>Credit linked notes</i>	–	–
– <i>Total return swaps</i>	1,529	251
– <i>Credit spread options</i>	100	–
2. Protection sales	36,657	4,994
2.1 physical settlement	11,970	4,524
– <i>Credit default swaps</i>	11,776	3,750
– <i>Credit default options</i>	–	126
– <i>Credit linked notes</i>	194	648
2.2 cash settlement	24,687	470
– <i>Credit default swaps</i>	24,667	95
– <i>Credit default options</i>	–	–
– <i>Credit linked notes</i>	–	356
– <i>Total return swaps</i>	–	19
– <i>Credit spread options</i>	20	–
Total	64,658	11,144

Notional amount and market value of credit derivatives (*trading book*)

Notional amount	64,658
Market value	(3)
Positive market value	198
Negative market value	(201)

16. Assets and liabilities with Group companies and other equity investments

	Group companies	Other
a) Assets		
1. Due from banks	-	466
– including subordinated	-	7
2. Due from financial institutions	51	192
– including subordinated	-	-
3. Due from other customers	487	876
– including subordinated	-	-
4. Bonds and other debt securities	69	46
– including subordinated	30	10
b) Liabilities		
1. Due to banks	6	163
2. Due to financial institutions	6	635
3. Due to other customers	97	118
4. Securities issued	33	-
5. Subordinated liabilities	-	-
c) Guarantees and commitments		
1. Guarantees given	8	69
2. Commitments	222	331
3. Credit derivatives	-	360

17. Portfolio management

Portfolio management	58,276
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18. Capital adequacy as at 30th June 2002

A. Total capital	
A1. Tier 1 capital	14,459
A2. Tier 2 capital	8,476
A3. Items to be deducted	(964)
A4. Total capital	21,971
B. Capital requirements	
B1. Credit risks	15,836
<i>including</i>	
– <i>on-balance sheet assets</i>	13,484
– <i>off-balance sheet assets</i>	2,327
– <i>derivative contracts</i>	25
B2. Market risks	1,936
<i>including</i>	
– <i>trading portfolio risk</i>	1,314
<i>generic risk</i>	
<i>debt securities</i>	379
<i>equity securities</i>	13
<i>specific risk</i>	
<i>debt securities</i>	670
<i>equity securities</i>	20
<i>counterparty risk</i>	232
– <i>foreign exchange risk</i>	62
– <i>market risks - internal models</i>	560
– <i>concentration risk</i>	–
B2.1 Tier 3 subordinated loans	1,145
B3. Other capital requirements	267
B4. Total capital requirements	18,039
C. Risk-weighted assets and capital ratios	
C1. Risk-weighted assets	225,488
C2. Tier 1 capital/Risk-weighted assets	6.41%
C3. Total capital/Risk-weighted assets	10.25%

Total capital used to calculate the ratio in subcaption C3. also includes Tier 3 subordinated loans.

Breakdown and changes in caption 90 of Assets “Goodwill arising on consolidation”

	Balance as at 31/12/01	Additions in the period	Amortisation charges	Balance as at 30/06/02
IntesaBci (former Cariplo)	251	–	21	230
IntesaBci (former Mediocredito Lombardo)	6	–	1	5
Banco Commercial e de Investimento	27	(8)	1	18
Bankhaus L�bbecke	7	–	–	7
Caboto IntesaBci	8	–	1	7
Carinord 1	–	113	–	113
Cassa di Risparmio di Ascoli Piceno	10	–	1	9
Cassa di Risparmio di Citt� di Castello	2	–	–	2
Cassa di Risparmio di Foligno	16	–	1	15
Cassa di Risparmio di Rieti	6	–	1	5
Cassa di Risparmio di Spoleto	13	–	1	12
Cassa di Risparmio di Terni e Narni	18	23	2	39
Epsilon Associati Sgr	–	4	–	4
Medimurska Banka	3	–	–	3
Mediofactoring	3	–	–	3
Privredna Banka	112	–	7	105
Total	482	132	37	577

Breakdown and changes in caption 100 of Assets “Goodwill arising on application of the equity method”

	Balance as at 31/12/01	Additions in the period	Amortisation charges	Balance as at 30/06/02
Agos Itafinco	3	–	–	3
Carivita	20	–	1	19
Charta	3	–	–	3
Po Vita	1	–	–	1
Vseobecna Uverova Banka	–	194	10	184
Total	27	194	11	210

INFORMATION REGARDING THE CONSOLIDATED STATEMENT OF INCOME

(in millions of euro)

1. Breakdown of interest

1.1 Interest income and similar revenues (caption 10 – Statement of income)

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
a) On amounts due from banks	745	1,118	(373)	(33.4)
<i>including</i>				
– deposits with central banks	54	62	(8)	(12.9)
b) On loans to customers	5,106	6,379	(1,273)	(20.0)
<i>including</i>				
– loans using public funds under administration	–	–	–	–
c) On debt securities	1,007	1,863	(856)	(45.9)
d) Other interest income	18	17	1	5.9
e) Positive differentials on hedge transactions	–	–	–	–
Total caption 10 – Statement of income	6,876	9,377	(2,501)	(26.7)

1.2 Interest expense and similar charges (caption 20 - Statement of income)

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
a) On amounts due to banks	1,064	2,712	(1,648)	(60.8)
b) On amounts due to customers	1,242	1,632	(390)	(23.9)
c) On securities issued	1,192	1,603	(411)	(25.6)
<i>including</i>				
– on certificates of deposit	351	595	(244)	(41.0)
d) On public funds under administration	–	1	(1)	–
e) On subordinated liabilities	313	282	31	11.0
f) Negative differentials on hedge transactions	228	173	55	31.8
Total caption 20 - Statement of income	4,039	6,403	(2,364)	(36.9)
Differentials on hedge transactions connected to caption 60	(10)	–	10	–
Amounts reclassified in caption 30 with economically-related income and charges	(10)	(84)	(74)	(88.1)
Total caption 20 – Reclassified statement of income	4,019	6,319	(2,300)	(36.4)

2. Analysis of interest

2.1 Interest income and similar revenues

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
a) On foreign currency assets	1,640	3,319	(1,679)	(50.6)

2.2 Interest expense and similar charges

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
a) On foreign currency liabilities	1,093	3,033	(1,940)	(64.0)

Net interest: reconciliation with the reclassified statement of income

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Total interest income	6,876	9,377	(2,501)	(26.7)
Total interest expense	(4,039)	(6,403)	(2,364)	(36.9)
Net interest	2,837	2,974	(137)	(4.6)
Differentials on hedge transactions connected to caption 60	10	-	10	-
Amounts reclassified in caption 30 with economically-related income and charges	10	84	(74)	(88.1)
Net interest income - Reclassified statement of income	2,857	3,058	(201)	(6.6)

Dividends and other revenues (caption 30 - Statement of income)

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
a) On shares, quotas and other forms of capital	414	400	14	3.5
b) On equity investments	161	152	9	5.9
c) On investments in Group companies	-	1	(1)	
Total caption 30 - Statement of income	575	553	22	4.0
Dividends on structured share portfolio	(371)	(212)	159	75.0
Differentials on economically-related hedge transactions connected to revenues on shares in the trading portfolio	(10)	(84)	(74)	(88.1)
Total caption 30 - Reclassified statement of income	194	257	(63)	(24.5)

3. Commissions

3.1 Breakdown of caption 40 "Commission income"

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
a) Guarantees given	92	107	(15)	(14.0)
b) Credit derivatives	17	7	10	
c) Management, dealing and consultancy services	894	1,043	(149)	(14.3)
1. <i>dealing in securities</i>	26	59	(33)	(55.9)
2. <i>dealing in currencies</i>	34	41	(7)	(17.1)
3. <i>portfolio management</i>	614	695	(81)	(11.7)
3.1 <i>individual</i>	105	108	(3)	(2.8)
3.2 <i>collective</i>	509	587	(78)	13.3
4. <i>custody and administration of securities</i>	40	44	(4)	(9.1)
5. <i>depository bank</i>	39	44	(5)	(11.4)
6. <i>placement of securities</i>	28	39	(11)	(28.2)
7. <i>acceptance of trading instructions</i>	44	38	6	15.8
8. <i>consultancy services</i>	6	3	3	-
9. <i>distribution of third party services</i>	63	80	(17)	(21.3)
9.1 <i>portfolio management</i>	9	27	(18)	(66.7)
a) <i>individual</i>	7	18	(11)	(61.1)
b) <i>collective</i>	2	9	(7)	(77.8)
9.2 <i>insurance products</i>	53	48	5	10.4
9.3 <i>other products</i>	1	5	(4)	(80.0)
d) Collection and payment services	201	201	-	-
e) Servicing related to securitisations	3	-	3	-
f) Tax collection services	98	118	(20)	(16.9)
g) Other services	753	756	(3)	(0.4)
- <i>fees on current accounts</i>	341	351	(10)	(2.8)
- <i>fees on credit card and POS services</i>	138	132	6	4.5
- <i>recovery of communication costs</i>	37	42	(5)	(11.9)
- <i>commissions on factoring</i>	36	50	(14)	(28.0)
- <i>medium- and long-term lending and project financing transactions</i>	32	7	25	-
- <i>other</i>	169	174	(5)	(2.9)
Total	2,058	2,232	(174)	(7.8)

3.2 Analysis of caption 40 "Commission income" "Distribution channels of products and services offered"

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
a) Group branches	633	745	(112)	(15.0)
1. <i>portfolio management</i>	548	633	(85)	(13.4)
2. <i>placement of securities</i>	28	38	(10)	(26.3)
3. <i>third party services and products</i>	57	74	(17)	(23.0)
b) "Door-to-door" sales	72	69	3	4.3
1. <i>portfolio management</i>	66	62	4	6.5
2. <i>placement of securities</i>	-	1	(1)	-
3. <i>third party services and products</i>	6	6	-	-
Total	705	814	(109)	(13.4)

3.3 Breakdown of caption 50 "Commission expense"

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
a) Guarantees received	4	5	(1)	(20.0)
b) Credit derivatives	20	11	9	81.8
c) Management, dealing and consultancy services	137	147	(10)	(6.8)
1. <i>dealing in securities</i>	13	19	(6)	(31.6)
2. <i>dealing in currencies</i>	3	4	(1)	(25.0)
3. <i>portfolio management</i>	7	8	(1)	(12.5)
3.1 <i>direct customers</i>	–	–	–	–
3.2 <i>delegated</i>	7	8	(1)	(12.5)
4. <i>custody and administration of securities</i>	11	13	(2)	(15.4)
5. <i>placement of securities</i>	9	5	4	80.0
6. <i>"door-to-door" sale of securities, financial products and services</i>	94	98	(4)	(4.1)
d) Collection and payment services	66	48	18	37.5
e) Other services	97	106	(9)	(8.5)
– <i>commission paid on credit card and POS services</i>	22	21	1	4.8
– <i>interbank transactions</i>	16	19	(3)	(15.8)
– <i>commissions paid to international circuits</i>	16	12	4	33.3
– <i>tax collection services</i>	3	3	–	–
– <i>commissions paid to brokers for treasury transactions</i>	2	3	(1)	(33.3)
– <i>other</i>	38	48	(10)	(20.8)
Total	324	317	7	2.2

4. Breakdown of "Profits (Losses) on financial transactions"

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
4.1 Securities transactions	(465)	(183)	282	
4.2 Currency transactions	189	92	97	
4.3 Other transactions	66	49	17	34.7
Total caption 60 - Statement of income	(210)	(42)	168	
Dividends on structured share portfolio	371	212	159	75.0
Reclassification of differentials on hedge transactions (transfer to caption 20)	(10)	–	10	
Total caption 60 - Reclassified statement of income	151	170	(19)	(11.2)

5. Extraordinary income and charges

5.1 Extraordinary income (caption 190 - Statement of income)

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Out-of-period income and amounts not payable				
- <i>adjustments to commissions/charges</i>	13	16	(3)	(18.8)
- <i>reversal of the allowance for possible loan losses</i>	13	25	(12)	(48.0)
- <i>reversal of the allowance for risks and charges</i>	11	5	6	
- <i>bank cashiers' cheques prescribed</i>	-	4	(4)	
- <i>other</i>	67	38	29	76.3
	104	88	16	18.2
Valuation of <i>Warrants Put IntesaBci</i>	84	-	84	
Capital gains on sale of other assets	38	118	(80)	(67.8)
Capital gains on the sale of equity investments	25	1,236	(1,211)	(98.0)
Adjustments to taxes related to previous periods	18	73	(55)	(75.3)
Capitalised intragroup services	12	6	6	
Capital gains on the sale of investment securities	1	1	-	-
Non-recurring income on Fonspa spin-off	-	92	(92)	
Other extraordinary income	25	21	4	19.0
Total	307	1,635	(1,328)	(81.2)

5.2 Extraordinary charges (caption 200 - Statement of income)

	First half 2002	First half 2001 pro forma	Changes	
			amount	%
Out-of-period expense and amounts not collectable				
- <i>adjustments to commission expense/charges</i>	14	15	(1)	(6.7)
- <i>burglaries and robberies</i>	3	2	1	50.0
- <i>transfer of dividend paid by Carime</i>	-	18	(18)	
- <i>other</i>	78	47	31	66.0
	95	82	13	15.9
Integration charges	85	-	85	
Incentive-driven personnel exit plans	38	9	29	
Provisions for future charges on sales of equity investments	20	97	(77)	(79.4)
Losses on sale of other assets	4	8	(4)	(50.0)
Losses on sale of equity investments and investment securities	1	3	(2)	(66.7)
Valuation of <i>Warrants Put IntesaBci</i>	-	540	(540)	
Non-recurring charges on Fonspa operation	-	93	(93)	
Other extraordinary charges	2	27	(25)	(92.6)
Total	245	859	(614)	(71.5)

OTHER INFORMATION

1. Average number of employees

Companies subject to full consolidation	70,380
Companies subject to proportional consolidation	1,622

2. Number of branches

Companies subject to full consolidation	4,263
Companies subject to proportional consolidation	163

Consolidation area

Changes in the consolidation area compared to 31st December 2001

INCLUSIONS

Companies subject to full consolidation

Epsilon Associati Sgr	Newly-acquired
Cassa di Risparmio di Terni e Narni	Formerly carried at equity
Compagnia Regionale Leasing	Controlled by Cassa di Risparmio di Terni e Narni
Servizio Riscossione Tributi	Controlled by Cassa di Risparmio di Terni e Narni
Sim Co.Ge.F.	Formerly carried at equity
Private Equity International	Originally Neuf – Formerly carried at cost
Sailview Company	Controlled by Private Equity International

Companies subject to proportional consolidation

Carinord 1	Formerly carried at cost
Cassa di Risparmio di Alessandria	Controlled by Carinord 1

Companies carried at equity

Vseobecna Uverova Banka	Formerly carried at cost
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EXCLUSIONS

Companies subject to full consolidation

Intesa Ireland Plc	Liquidated
Cariplo Finance	In liquidation

Companies carried at equity

Prominvestment	Sold
Cassa di Risparmio di Terni e Narni	Now subject to full consolidation
Sim Co.Ge.F.	Now subject to full consolidation

Significant equity investments

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
A. Consolidated companies					
Parent Company					
IntesaBci Spa					
Capital euro 3,561,062,849.24 in shares of euro 0.52					
A. 1 Companies subject to full consolidation					
1 Amex doo - Ljubljana Capital SIT 2,500,000	1	PBZ American Express	100.00		
2 Atlantis Sociedad Anonima - Buenos Aires Capital ARP 78,574,090 in shares of ARP 1	1	Banque Sudameris	81.25		
3 Banca Cis Spa - Cagliari Capital euro 170,276,569.35 in shares of euro 51.65	1	Banca IntesaBci Mediocredito	55.37		
4 Banca Commerciale Italiana (France) SA - Paris Capital euro 188,000,000 in shares of euro 17.07	1	IntesaBci	99.99		
5 Banca di Trento e Bolzano Spa - Trento Capital euro 51,167,583 in shares of euro 0.52	1	IntesaBci Finanziaria BTB	8.28 57.00		
6 Banca Intesa (France) SA - Paris Capital euro 39,636,744 in shares of euro 15.24	1	IntesaBci	99.99		
7 Banca IntesaBci Mediocredito Spa - Milano Capital euro 500,000,000 in shares of euro 1	1	IntesaBci	100.00		
8 Banca Popolare FriulAdria Spa - Pordenone Capital euro 101,975,060 in shares of euro 5	1	IntesaBci	76.05		
9 Banca Primavera Spa - Assago (Milano) Capital euro 90,000,000 in shares of euro 1	1	IntesaBci IntesaBci e.lab	11.56 88.44		
10 Banco Comercial e de Investimento Sudameris SA - São Paulo Capital R\$ 844,367,472 in shares without nominal value	1	Sudameris Distribuidora de Titulos e Val Banco Sudameris Brasil SATA	92.61 5.92 1.25	89.43 10.44	
11 Banco di Chiavari e della Riviera Ligure Spa - Chiavari (Genova) Capital euro 36,400,000 in shares of euro 0.52	1	IntesaBci	69.62		
12 Banco Sudameris Argentina SA - Buenos Aires Capital ARP 122,023,900 in shares of ARP 100	1	Banque Sudameris Atlantis Sociedad Anonima	20.01 79.99		
13 Banco Sudameris Brasil SA - São Paulo Capital R\$ 1,138,689,238 in shares without nominal value	1	Banque Sudameris SATA	93.91 0.67	94.38 0.65	
14 Banco Sudameris Colombia - Santa Fé de Bogotá Capital COP 24,871,922,800 in shares of COP 400	1	Banque Sudameris	73.60		
15 Banco Sudameris de Investimento SA - São Paulo Capital R\$ 12,504,650 in shares without nominal value	1	Banco Sudameris Brasil	99.99	99.98	
16 Banco Sudameris Paraguay SAECA - Asunción Capital PYG 38,613,335,000 in shares of PYG 1,000	1	Banque Sudameris Sudameris Inmobiliaria	92.88 0.36		
17 Banco Wiese Sudameris SA - Lima Capital PEN 847,816,732 in shares of PEN 0.18	1	Lima Sudameris Holding Banque Sudameris	58.49 35.33	58.90 35.58	
18 Bankhaus Löffbecke & Co. KG - Berlin Capital euro 85,947,560.88	1	IntesaBci Beteiligungsgesellschaft für das Bankhaus Löffbecke	98.78 1.22	74.00 26.00	
19 Banque Sudameris SA - Paris Capital euro 545,152,937 in shares without nominal value	1	IntesaBci Holding International	99.98		
20 BCI Canada Securities Inc (in liquidation) - Toronto Capital CAD 200,000 in shares of CAD 500	1	IntesaBci Canada	100.00		
21 BCI Funding Corporation - Wilmington (Delaware) Capital USD 10,000 in shares of USD 1	1	IntesaBci Holding International	100.00		
22 BCI US Funding LLC I ^(b) - Wilmington (Delaware) Capital USD 10,000,000 in "common shares" of USD 10,000	1	IntesaBci	100.00		
23 BCI US Funding LLC II ^(c) - Wilmington (Delaware) Capital euro 27,500,000 in "common shares" of euro 1,000	1	IntesaBci	100.00		
24 BCI US Funding LLC III ^(d) - Wilmington (Delaware) Capital GBP 6,000,000 in "common shares" of GBP 1,000	1	IntesaBci	100.00		
25 Beteiligungsgesellschaft für das Bankhaus Löffbecke - Berlin Capital euro 1,583,419.83	1	IntesaBci	100.00		
26 Caboto (International) SA - Lugano Capital CHF 10,000,000 in shares of CHF 1,000	1	Intesa Asset Management	100.00		
27 Caboto IntesaBci Sim Spa - Milano Capital euro 262,600,000 in shares of euro 52	1	IntesaBci	100.00		
28 Caboto Securities Ltd - London Capital GBP 10,000,000 in shares of GBP 1	1	Caboto IntesaBci Sim	100.00		
29 Caboto USA Inc - New York Capital USD 2,000,000 in shares of USD 100	1	Caboto IntesaBci Sim	100.00		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
30 Caridata Spa - Milano Capital euro 1,040,000 in shares of euro 0.52	1	IntesaBci	60.00		
31 Cassa di Risparmio della Provincia di Viterbo Spa - Viterbo Capital euro 49,407,056.31 in shares of euro 0.51	1	Holding IntesaBci Centro	70.93	79.09	
32 Cassa di Risparmio di Ascoli Piceno Spa - Ascoli Piceno Capital euro 70,755,020 in shares of euro 258.23	1	Holding IntesaBci Centro	66.00		
33 Cassa di Risparmio di Biella e Vercelli Spa - Biella Capital euro 117,500,000 in shares of euro 1	1	IntesaBci	55.00		
34 Cassa di Risparmio di Città di Castello Spa - Città di Castello (Perugia) Capital euro 23,750,000 in shares of euro 0.50	1	IntesaBci Holding IntesaBci Centro	15.00 64.24		
35 Cassa di Risparmio di Foligno Spa - Foligno (Perugia) Capital euro 17,720,820 in shares of euro 0.52	1	Holding IntesaBci Centro	70.47		
36 Cassa di Risparmio di Parma e Piacenza Spa - Parma Capital euro 500,000,000 in shares of euro 1	1	IntesaBci	100.00		
37 Cassa di Risparmio di Rieti Spa - Rieti Capital euro 47,339,291 in shares of euro 51.65	1	Holding IntesaBci Centro	85.00		
38 Cassa di Risparmio di Spoleto Spa - Spoleto (Perugia) Capital euro 35,070,334 in shares of euro 1	1	Holding IntesaBci Centro	59.44	65.31	
39 Cassa di Risparmio di Terni e Narni Spa - Terni Capital euro 21,000,000 in shares of euro 6	1	IntesaBci	51.00		
40 Central-European International Bank Ltd - Budapest Capital HUF 23,500,000,000 in shares of HUF 1,000	1	IntesaBci Holding International	100.00		
41 CIB Credit Co. Ltd - Budapest Capital HUF 50,000,000 in shares of HUF 1,000,000	1	CIB Leasing	100.00		
42 CIB Insurance Broker Kft - Budapest Capital HUF 10,000,000	1	CIB Leasing	100.00		
43 CIB Investment Fund Management Rt - Budapest Capital HUF 300,000,000 in shares of HUF 10,000	1	Central-European International Bank CIB Service CIB Securities	93.33 0.01 6.66		
44 CIB Leasing Rt - Budapest Capital HUF 1,520,000,000 in shares of HUF 10,000	1	Central-European International Bank CIB Rent CIB Service	1.31 98.68 0.01		
45 CIB Real Estate Leasing Rt - Budapest Capital HUF 50,000,000 in shares of HUF 1,000,000	1	CIB Leasing	100.00		
46 CIB Rent Rt - Budapest Capital HUF 1,800,000,000 in shares of HUF 10,000	1	Central-European International Bank CIB Securities	98.89 1.11		
47 CIB Securities Rt - Budapest Capital HUF 4,400,000,000 in shares of HUF 10,000	1	Central-European International Bank CIB Service	26.00 74.00		
48 CIB Service Rt - Budapest Capital HUF 16,333,500,000 in ordinary shares of HUF 10,000	1	Central-European International Bank CIB Leasing	99.99 0.01		
49 Cofrage SA (in liquidation) - Paris Capital euro 38,112 in shares of euro 15.24	1	Banca Intesa (France)	99.76		
50 COMIT FACTORING Spa - Milano Capital euro 54,060,000 in shares of euro 1	1	IntesaBci	100.00		
51 Comit Investments (Ireland) Ltd - Dublin Capital euro 7,625 in shares of euro 76.25	1	IntesaBci	99.00		
52 COMIT SERVICE Srl - Milano Capital euro 27,500,000	1	IntesaBci	100.00		
53 Compagnia Regionale Leasing - Terni Capital euro 4,800,000 in shares of euro 6	1	C. R. di Terni e Narni	99.95		
54 Depositos SA - Lima Capital PEN 36,035,670 in shares of PEN 10	1	Banco Wiese Sudameris	99.98		
55 E.Tr. - Esazione Tributi Spa - Cosenza Capital euro 10,000,000 in shares of euro 1	1	IntesaBci Riscossione Tributi	100.00		
56 Epsilon Associati Sgr Spa - Milano Capital euro 2,080,000 in shares of euro 0.52	1	Nextra Investment Management	84.37		
57 Esa.Tri. - Esazione Tributi Spa - Milano Capital euro 18,049,586.88 in shares of 0.52	1	IntesaBci Riscossione Tributi	66.68		
58 Finanziaria BTB Spa - Trento Capital euro 56,832,922 in shares of euro 0.52	1	IntesaBci	99.29		
59 Finreme Sim Spa - Milano Capital euro 15,600,000 in shares of euro 52	1	IntesaBci	100.00		
60 FundsWorld Financial Service Ltd - Dublin Capital euro 268,780 in shares of euro 1.25	1	IntesaBci e.lab	85.25		
61 Holding IntesaBci Centro Spa - Spoleto (Perugia) Capital euro 560,259,150 in shares of euro 1	1	IntesaBci	97.11		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
62 Immobiliare Maram Srl - Milano Capital euro 4,625,000	1	IntesaBci	100.00		
63 IMSA – Inversiones Mobiliarias SA - Lima Capital PEN 311,107,216 in shares of PEN 0.35	1	Banque Sudameris	97.29		
64 Intesa Asset Management Sgr - Milano Capital euro 46,668,752 in shares of euro 52	1	IntesaBci C.R. della Provincia di Viterbo C.R. di Città di Castello C.R. di Foligno C.R. di Spoleto C.R. di Terni e Narni	85.79 0.28 0.28 0.28 0.28 0.28		
65 Intesa Bank Overseas Ltd - Cayman Islands Capital USD 10,000,000 in shares of USD 1	1	IntesaBci	100.00		
66 IntesaBci Bank (Suisse) - Zürich Capital CHF 100,000,000 in shares of CHF 1,000	1	IntesaBci Holding International	100.00		
67 Intesa Leasing Spa - Milano Capital euro 33,875,895.56 in shares of euro 0.52	1	IntesaBci	99.44		
68 Intesa Preferred Capital Company LLC ^(e) - Wilmington (Delaware) Capital euro 46,000,000 in "common shares" of euro 1	1	IntesaBci	100.00		
69 Intesa Preferred II Capital Company LLC ^(f) - Wilmington (Delaware) Capital euro 4,000,000 in "common shares" of euro 1	1	IntesaBci	100.00		
70 IntesaBci Bank Ireland Plc - Dublin Capital euro 8,000,000 in shares of euro 50	1	IntesaBci	99.99		
71 IntesaBci Canada - Toronto Capital CAD 107,900,000 in shares without nominal value	1	IntesaBci Holding International	100.00		
72 IntesaBci e.lab Spa - Milano Capital euro 179,400,000 in shares of euro 52	1	IntesaBci	100.00		
73 IntesaBci Fiduciaria Sim Spa - Milano Capital euro 5,200,000 in shares of euro 52	1	IntesaBci	100.00		
74 IntesaBci Formazione Scpa - Milano Capital euro 520,000 in shares of euro 52	1	IntesaBci Banca di Trento e di Bolzano Banca Primavera Banca Popolare FriulAdria Caboto IntesaBci Sim C.R. della Provincia di Viterbo C.R. di Ascoli Piceno C.R. di Città di Castello C.R. di Parma e Piacenza C.R. di Rieti Intesa Leasing IntesaBci Fiduciaria Sim IntesaBci Gestione Crediti IntesaBci Sistemi e Servizi Italfid Italiana Fiduciaria	72.50 3.00 1.00 3.00 3.00 1.00 1.00 1.00 5.00 1.00 1.00 1.00 0.50 0.50 3.00 0.50		
75 IntesaBci Formazione Sud Scpa - Napoli Capital euro 103,300 in shares of euro 51.65	1	IntesaBci Holding IntesaBci Centro IntesaBci Formazione	10.00 37.55 51.00		
76 IntesaBci Gestione Crediti Spa - Milano Capital euro 326,349,348 in shares of euro 52	1	IntesaBci	100.00		
77 IntesaBci Holding International SA - Luxembourg Capital euro 2,605,369,344 in shares of euro 512	1	IntesaBci	99.99		
78 IntesaBci Immobiliare Spa - Milano Capital euro 5,000,000 in shares of euro 1	1	IntesaBci IntesaBci Gestione Crediti	90.00 10.00		
79 IntesaBci Investimenti Spa - Milano Capital euro 1,000,000,000 in shares of euro 1,000	1	IntesaBci	100.00		
80 IntesaBci Preferred Capital Company LLC III - Wilmington (Delaware) Capital euro 11,000,000 in shares of euro 1	1	IntesaBci	100.00		
81 IntesaBci Preferred Securities Investor Trust - New York Capital euro 1,000 in shares of euro 1,000	1	IntesaBci Preferred Capital Company LLC III	100.00		
82 IntesaBci Riscossione Tributi Spa - Milano Capital euro 76,500,000 in shares of euro 0.51	1	IntesaBci	100.00		
83 IntesaBci Sec. Spa - Milano Capital euro 100,000 in shares of euro 100	1	IntesaBci	60.00		
84 IntesaBci Sec. Npl Spa - Milano Capital euro 129,000 in shares of euro 100	1	Caboto IntesaBci Sim	60.00		
85 IntesaBci Sistemi e Servizi Spa - Milano Capital euro 296,566,400 in shares of euro 52	1	IntesaBci	100.00		
86 IntesaTrade Sim - Milano Capital euro 30,000,000 in shares of euro 16	1	IntesaBci e.lab	100.00		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
87 Investholding doo - Karlovac Capital HRK 30,000,000	1	Privredna Banka Zagreb	56.38		
88 Italfid Italiana Fiduciaria Spa - Milano Capital euro 1,040,000 in shares of euro 52	1	IntesaBci	100.00		
89 Lima Sudameris Holding SA - Lima Capital PEN 802,000,050 in shares of PEN 0.40	1	Banque Sudameris Banco Sudameris Brasil IMSA	43.81 3.58 43.95		
90 Magazzini Generali Fiduciari Cariplo Spa - Milano Capital euro 10,400,000 in shares of euro 0.52	1	IntesaBci	100.00		
91 Medimurska Banka dd - Čakovec Capital HRK 127,900,000 in shares of HRK 400	1	Privredna Banka	96.39	98.07	
92 Mediofactoring Spa - Milano Capital euro 53,696,032 in shares of euro 52	1	IntesaBci Comit Factoring	97.58 2.42		
93 Nextra Alternative Investments Sgr Spa - Milano Capital euro 2,600,000 in shares of euro 130	1	IntesaBci Nextra Investment Management Sgr	10.00 90.00		
94 Nextra Investment Management Sgr Spa - Milano Capital euro 24,172,200 in shares of euro 51.65	1	IntesaBci Intesa Asset Management Sgr	32.05 67.95		
95 PBZ American Express doo - Zagreb Capital HRK 1,000,000	1	Privredna Banka Zagreb	100.00		
96 PBZ American Express i dr doo - Skopje Capital DEM 310,396 in shares without nominal value	1	PBZ American Express - Zagreb	95.00		
97 PBZ Invest doo - Zagreb Capital HRK 1,000,000	1	Privredna Banka Zagreb	100.00		
98 PBZ Kapital doo - Zagreb Capital HRK 400,000	1	Privredna Banka Zagreb	100.00		
99 PBZ Leasing doo - Zagreb Capital HRK 20,000	1	Privredna Banka Zagreb	100.00		
100 PBZ Nekretnine doo - Zagreb Capital HRK 250,000	1	Privredna Banka Zagreb	100.00		
101 Phoenix KG - Berlin Capital euro 43,459,809.90	1	IntesaBci Beteiligungsgesellschaft für das Bankhaus Löbbecke	98.78 1.22		
102 Private Equity International SA (former Neuf) - Luxembourg Capital euro 13,000,000 in shares of euro 26	1	IntesaBci	99.99		
103 Privredna Banka Zagreb dd - Zagreb Capital HRK 1,666,000,000 in shares of HRK 100	1	IntesaBci Holding International	66.30		
104 Privredna Banka - Laguna Banka dd - Porec Capital HRK 60,014,000 in shares of HRK 3,700	1	Privredna Banka Zagreb	100.00		
105 Prontofund Advisory SA - Luxembourg Capital euro 75,000 in shares of euro 25	1	IntesaBci Société Européenne de Banque	99.97 0.03		
106 Riadria Banka dd - Rijeka Capital HRK 165,813,000 in shares of HRK 300	1	Privredna Banka Zagreb	77.98	85.01	
107 Sailview Company - Dublin Capital euro 6,000,000	1	Private Equity International	99.99		
108 SATA - Sociedade de Assessoria Técnica e Administrativa SA - São Paulo Capital R\$ 19,584,177 in shares of R\$ 1	1	Banque Sudameris	99.99		
109 S.Es.I.T. Puglia - Servizio Esazione Imposte e Tributi Spa - Bari Capital euro 2,600,000 in shares of euro 1	1	IntesaBci Riscossione Tributi	64.99		
110 Serit Picena Spa - San Benedetto del Tronto (Ascoli Piceno) Capital euro 2,589,600 in shares of euro 520	1	C.R. di Ascoli Piceno	77.49		
111 Servitia SA - Luxembourg Capital euro 1,000,000 in shares without nominal value	1	Société Européenne de Banque	99.99		
112 Servizi Riscossione Tributi Spa - Terni Capital euro 2,582,580 in shares of euro 5.16	1	C.R. Spoleto C.R. di Terni e Narni	0.03 99.97		
113 Setefi Spa - Milano Capital euro 8,450,000 in shares of euro 52	1	IntesaBci	100.00		
114 Sim Co.Ge.F. Spa - Milano Capital euro 8,350,000 in shares of euro 500	1	IntesaBci	55.00		
115 Società Italiana di Revisione e Fiduciaria - S.I.Re.F. Spa - Milano Capital euro 1,560,000 in shares of euro 0.52	1	IntesaBci	100.00		
116 Société d'Investissements et de Financements Immobiliers - FINAMERIS SA - Paris Capital euro 762,245 in shares of euro 15.24	1	Banca Commerciale Italiana (France)	99.99		
117 Société Européenne de Banque SA - Luxembourg Capital euro 45,000,000 in shares without nominal value	1	IntesaBci Holding International	99.99		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
118 Soci�t� Fonci�re Meyerbeer Sarl - Paris Capital euro 180,000 in shares of euro 40	1	Banque Sudameris	99.56		
119 Sudameris – Sociedade de Fomento Comercial e de Servi�os Ltda - Barueri (S�o Paulo) Capital R\$ 2,200,000 in quotas of R\$ 1	1	Sudameris Arrendamento Mercantil	99.99		
120 Sudameris Administradora de Cart�o de Cr�dito e Servi�os SA - Barueri (S�o Paulo) Capital R\$ 5,550,000 in shares without nominal value	1	Banco Sudameris Brasil	100.00		
121 Sudameris Agencia de Valores SA - Santiago Capital CLP 253,849,219 in 1,000 shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	95.00 5.00		
122 Sudameris Arrendamento Mercantil SA - Alphaville (S�o Paulo) Capital R\$ 199,748,686.43 in shares without nominal value	1	Banco Sudameris Brasil	99.82		
123 Sudameris Corretora de C�mbio e Valores Mobili�rios SA - S�o Paulo Capital R\$ 6,200,000 in shares without nominal value	1	Banco Comercial e de Investimento Sudameris	100.00		
124 Sudameris Distribuidora de T�tulos e Valores Mobili�rios SA - S�o Paulo Capital R\$ 811,487,209 in shares without nominal value	1	Banco Sudameris Brasil	99.99		
125 Sudameris Empreendimentos e Servi�os Ltda - Santo Amaro (S�o Paulo) Capital R\$ 100,000,000 in quotas of R\$ 1	1	Banco Sudameris Brasil Sudameris Arrendamento Mercantil Sudameris Distribuidora de T�tulos ... Sudameris Corretora de C�mbio e ... Sudameris Sociedade de Fomento ...	97.20 2.00 0.80 n.s. n.s.		
126 Sudameris Leasing SA - Santiago Capital CLP 1,507,692,910 in 1,000 shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	95.00 5.00		
127 Wiese Bank International - George Town (Cayman Islands) Capital USD 21,678,000 in shares of USD 1,000	1	Banco Wiese Sudameris	100.00		
128 Wiese Inversiones Financieras SA - Lima Capital PEN 10,472,078 in shares of PEN 1	1	Banco Wiese Sudameris	99.70		
129 Wiese Sudameris Leasing - San Isidro (Lima) Capital PEN 140,000,000 in shares of PEN 50	1	Banco Wiese Sudameris	99.82		

A. Consolidated companies

A. 2 Companies subject to proportional consolidation

1 Carinord 1 Spa - Alessandria Capital euro 64,439,024 in shares of euro 0.52	7	IntesaBci	50.00		
2 Cassa di Risparmio di Alessandria - Alessandria Capital euro 61,920,000 in shares of euro 5.16	7	Carinord 1	80.00		
3 Carinord 2 Spa - Milano Capital euro 110,754,644 in shares of euro 0.52	7	IntesaBci	41.14		
4 Cassa di Risparmio della Spezia - La Spezia Capital euro 76,180,000 in shares of euro 0.52	7	Carinord 2	68.09		
5 Cassa di Risparmio di Carrara - Carrara Capital euro 31,762,290 in shares of euro 516.46	7	Carinord 2	90.00		

B. Companies carried at equity

B. 1 Controlled

1 Adria Investing dd (in liquidation) - Zagreb Capital HRK 97,104,600 in shares of HRK 900	1	Riadria Banka Privredna Banka Zagreb	44.73 41.21	51.50 47.44	
2 Agricola Investimenti Spa - Milano Capital euro 5,100,000 in shares of euro 1	1	IntesaBci	99.99		
3 Allevamenti Le Colombaie Srl - Milano Capital euro 18,156,000	1	IntesaBci Agricola Investimenti	20.00 80.00		
4 Azienda Agricola Ballottino Srl (in liquidation) - Milano Capital euro 724,000	1	IntesaBci Allevamenti Le Colombaie	49.00 51.00		
5 Capital Servis as - Bratislava Capital SKK 1,000,000 in shares of SKK 10,000	1	Realitna Spolocnost	100.00		-
6 Carivita Spa - Milano Capital euro 100,000,000 in shares of euro 5	1	IntesaBci	80.00		
7 Charta Srl - Sant'Agata sul Santerno (Ravenna) Capital euro 37,500	1	IntesaBci e.lab	70.00		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
8 Conser Spa - Bari Capital euro 200,000 in shares of euro 1	1	S.Es.I.T. Puglia	51.00		
9 Fiduciaria Sudameris SA – FIDUAMERIS - Santa Fé de Bogotá Capital COP 3,368,187,000 in shares of COP 1,000	1	Banco Sudameris Colombia Banque Sudameris	94.99 5.01		
10 Finech as - Bratislava Capital SKK 46,000,000 in shares of SKK 100,000	1	Realitna Spolocnost Vseobecna Uverova Banka	91.30 8.70		-
11 IAIS4 Spa - Cosenza Capital euro 3,000,000 in shares of euro 1	1	E.Tr. - Esazione Tributi	70.00		
12 Intesa Renting Spa - Milano Capital euro 3,000,000 in shares of euro 1	1	Intesa Leasing	65.00		
13 IntesaBci Learning Spa - Foligno (<i>Perugia</i>) Capital euro 104,000 in shares of euro 52	1	IntesaBci C.R. di Foligno C.R. di Spoleto	96.50 1.50 0.50		
14 La Centrale Consulenza Srl - Milano Capital euro 15,000 in shares of euro 0.50	1	IntesaBci	100.00		
15 Leasreal as - Bratislava Capital SKK 1,000,000 in shares of SKK 10,000	1	VUB Leasingova	100.00		-
16 Liburninvest doo (in liquidation) - Rijeka Capital HRK 400,000 in shares without nominal value	1	Riadria Banka	100.00		
17 Palazzo Legnazzi Srl (in liquidation) - Milano Capital euro 2,550,000	1	IntesaBci Agricola Investimenti	24.50 65.50		
18 PBZ Croatia Osiguranje Plc - Zagreb Capital HRK 40,000,000 in shares of HRK 1,000	1	Privredna Banka Zagreb	50.00		
19 Realitna Spolocnost VUB Spol. Sro - Bratislava Capital SKK 52,000,000	1	Vseobecna Uverova Banka	100.00		-
20 RS as - Bratislava Capital SKK 1,000,000 in shares of SKK 100,000	1	Vseobecna Uverova Banka	100.00		-
21 Spolocnost Pre Bankovu Ochranu as - Zilina Capital SKK 40,000,000 in shares of SKK 1,000,000	1	Vseobecna Uverova Banka	100.00		-
22 Sudameris Asset Management Ltda - Alphaville - Barueri Capital R\$ 400,000	1	Banco Comercial e de Investimento Sudameris Banco Sudameris Brasil	90.00 10.00		
23 Sudameris Inversiones y Proyectos - Santa Fé de Bogotá Capital COP 344,490,000 in shares of COP 1,000 nominal value	1	Banque Sudameris Sudameris Inmobiliaria	94.99 5.00		
24 Sudameris Valores SA Sociedad de Bolsa - Buenos Aires Capital ARP 3,619,500 in shares of ARP 1	1	Banco Sudameris Argentina	99.99		
25 Vseobecna Uverova Banka as - Bratislava Capital SKK 12,978,108,000 in shares of SKK 1,000	1	IntesaBci Holding International	94.47		
26 Technicky Servis as - Bratislava Capital SKK 7,000,000 in shares of SKK 100,000	1	Vseobecna Uverova Banka	100.00		-
27 VUB Asset Management Sprav. Spol as - Bratislava Capital SKK 50,000,000 in shares of SKK 100,000	1	Vseobecna Uverova Banka	100.00		-
28 VUB Factoring as - Bratislava Capital SKK 361,630,000 divided in shares of SKK 290,000	1	Vseobecna Uverova Banka	84.28		-
29 VUB Leasingova as - Bratislava Capital SKK 50,000,000 in shares of SKK 100,000	1	Vseobecna Uverova Banka	100.00		-
30 VUB Real as - Bratislava Capital SKK 1,000,000 in shares of SKK 100,000	1	Realitna Spolocnost	100.00		-
31 Wiese Sudameris Fondos SA - Lima Capital PEN 7,881,816 in shares of PEN 1	1	Banco Wiese Sudameris	100.00		
32 Wiese Sudameris Sociedad Agente de Bolsa SA - Lima Capital PEN 4,895,201 in shares of PEN 1	1	Banco Wiese Sudameris	100.00		
33 Wiese Sudameris Sociedad Titulizadora SA - Lima Capital PEN 22,593,000 in shares of PEN 1	1	Banco Wiese Sudameris	100.00		

B. 2 Associated

1 Agos Itafinco Spa - Milano Capital euro 57,309,200 in shares of euro 520	8	IntesaBci	30.00		
2 ASSIBA - Società di Assicurazioni Spa - Milano Capital euro 110,000,000 in shares of euro 5	8	IntesaBci Banco di Chiavari	49.00 1.00		
3 Banca Carime Spa - Cosenza Capital euro 819,323,160 in shares of euro 0.51	8	IntesaBci	24.92		
4 Banco de Investimento Imobiliario (and its group) - Lisboa Capital euro 157,000,000 in shares of euro 1	8	IntesaBci	30.10		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
5 Burza Cennych Papierov v Bratislava as - Bratislava Capital SKK 113,850,000 in shares of SKK 10,000	8	Vseobecna Uverova Banka	20.20		
6 Car World Italia Spa - Milano Capital euro 8,760,000 in shares of euro 146	8	IntesaBci	30.00		
7 Caralt Spa - Alessandria Capital euro 2,582,500 in shares of euro 51.65	8	IntesaBci	35.00		
8 Cassa di Risparmio della Provincia di Chieti Spa - Chieti Capital euro 52,000,000 in shares of euro 0.52	8	IntesaBci	20.00		
9 Cassa di Risparmio della Provincia di Teramo Spa - Teramo Capital euro 26,000,000 in shares of euro 0.52	8	IntesaBci	20.00		
10 Cassa di Risparmio di Fermo Spa - Fermo (<i>Ascoli Piceno</i>) Capital euro 39,241,087.50 in shares of euro 51.65	8	IntesaBci	33.33		
11 Compagnie Monégasque de Banque SAM - Monte Carlo Capital euro 111,110,000 in shares of euro 200	8	IntesaBci Holding International	33.86		
12 Companhia de Credito Financiamento e Investimento Renault do Brasil SA - Bela Vista (<i>São Paulo</i>) Capital R\$ 47,800,000 in shares without nominal value	8	Banco Comercial e de Investimento Sudameris	39.85	40.00	
13 Dante Prini Spa (in liquidation) - Montano Lucino (<i>Como</i>) Capital euro 5,164,569 in shares of euro 0.52	8	IntesaBci	32.50		
14 Ente Nazionale Sementi Elette - Milano Endowment fund lire 65,971,115	8	IntesaBci	49.41		
15 Euromilano Srl - Milano Capital euro 6,500,000	8	IntesaBci	37.50		
16 FIDIA - Fondo Interbancario d'Investimento Azionario Spa - Milano Capital euro 15,600,000 in shares of euro 520	8	IntesaBci	25.00		
17 First Skelligs International Finance Company Ltd - Dublin Capital lire 1,500,000,000 in shares of lire 1,000	8	IntesaBci	33.33		
18 Lo.Se.Ri. - Lombarda Servizi di Riscossione Spa - Cremona Capital euro 2,777,166 in shares of euro 0.52	8	IntesaBci	30.50		
19 Loyalty Group Italia Spa - Milano Capital euro 100,000 in shares of euro 1	8	IntesaBci	50.00		
20 Luxicav Conseil SA - Luxembourg Capital euro 75,000 in shares of euro 25	8	Société Européenne de Banque	50.00		
21 Luxiprivilège Conseil SA - Luxembourg Capital euro 75,000 in shares of euro 25	8	Société Européenne de Banque	50.00		
22 Parmafactor Spa ⁽¹⁾ - Collecchio (<i>Parma</i>) Capital euro 5,160,000 in shares of euro 10	8	IntesaBci C.R. di Parma e Piacenza	10.00 10.00		
23 Po Vita Assicurazioni Spa - Parma Capital euro 50,000,000 in shares of euro 1	8	C.R. di Parma e Piacenza	50.00		
24 PREVINET - Servizi per la previdenza - Mogliano Veneto (<i>Treviso</i>) Capital euro 5,164,600 in shares of euro 516.46	8	IntesaBci	45.50		
25 Selezione Terza Srl - Milano Capital euro 10,000	8	IntesaBci	50.00		
26 Servizi Assicurativi Padano Srl - Parma Capital euro 91,800	8	C.R. di Parma e Piacenza	40.00		
27 Shopla Spa - Milano Capital euro 6,610,000 in shares of euro 10	8	Intesa e.lab	50.00		
28 So.Ri.T Spa - Foligno (<i>Perugia</i>) Capital euro 2,590,000 in shares of euro 2.59	8	C.R. di Città di Castello C.R. di Foligno C.R. di Spoleto	7.02 12.47 3.46		
29 Stavebna Sporitelna VUB Wustenrot Servis as - Bratislava Capital SKK 500,000,000 in shares of SKK 500,000	8	Vseobecna Uverova Banka	50.00		
30 Sudameris Generali C.ia de Seguros e Previdência Privada - São Paulo Capital R\$ 3,900,000 in shares without nominal value	8	Banco Sudameris de Investimento	50.00		
31 Univerzalna Bankova Poistovna as - Bratislava Capital SKK 300,000,000 in 100,000 shares of SKK 1,000 and in 200 shares of SKK 1,000,000	8	Vseobecna Uverova Banka	34.00		
32 Termomeccanica Spa - La Spezia Capital euro 3,096,000 in shares of euro 5.16	8	IntesaBci	32.32		

C. Other significant investments

C. 1 Controlled

1 BCILUX CONSEIL SA ⁽¹⁾ - Luxembourg Capital euro 75,000 in shares of euro 25	1	Banca Commerciale Italiana (Suisse) Société Européenne de Banque	50.00 50.00		74
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Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
2 Bil Servizi Finanziari Spa ^(c) - Milano Capital euro 160,000 in shares of euro 1	1	IntesaBci	100.00		150
3 Biverbroker Srl ^(c) - Biella Capital euro 46,800	1	C.R. di Biella e Vercelli	55.00		26
4 Cariplo Finance Inc (in liquidation) - Delaware Capital USD 1,000 in shares of USD 1	1	IntesaBci	100.00		7
5 Cartitalia Srl (under bankruptcy procedures) - Firenze Capital euro 46,481	1	Cormano	51.00		-
6 Consul Service Srl (in liquidation) ^(c) - Cagliari Capital euro 16,320	1	Banca Cis	98.41		-
7 Consult-Ameris SA ^(c) - Montevideo Capital USD 8,000 in shares of USD 100	1	Banque Sudameris	100.00		2
8 Cormano Srl ^(c) - Olgiate Olona (Varese) Capital euro 25,800	1	IntesaBci	70.82		-
9 Cotonificio di Solbiate Spa (in liquidation) - Olgiate Olona (Varese) Capital euro 6,502,500 in shares of euro 0.51	1	Cormano	92.69		-
10 Del Mar SA ^(c) - Miraflores Capital PEN 52,170,440 in shares of PEN 10	1	Banco Wiese Sudameris	56.69		6,866
11 Finanziaria Colonna Srl ^(c) - Roma Capital euro 10,000	1	IntesaBci	100.00		460
12 International Business Consulting Zao ^(b) - Moscow Capital RUR 60,000,000 in shares of RUR 3,000,000	1	IntesaBci	55.00		1,113
13 Intesa Ireland Plc (in liquidation) - Dublin Capital IEP 500,000 in shares of IEP 1	1	IntesaBci	100.00		-
14 Inversiones Sudameris CA ^(c) - Caracas Capital VEB 300,000,000 in shares of VEB 1,000	1	Banque Sudameris	99.97		345
15 Inversiones Sudameris Chile Ltda ^(c) - Santiago Capital CLP 38,040,000 in shares without nominal value	1	Banque Sudameris Sudameris Inmobiliaria	83.33 16.67		128
16 Investholding doo (in liquidation) ^(c) - Zagreb Capital HRK 35,000,000	1	Privredna Banka Zagreb	100.00		-
17 Löbco Immobilien - und Handelsgesellschaft ^(c) - Berlin Capital euro 51,129.18	1	Bankhaus Löbbecke	100.00		51
18 MEBA dd ^(c) - Čakovec Capital HRK 127,900,000 in shares of HRK 400	1	Medimurska Banka	100.00		101
19 Novacarta Srl (in liquidation) - Olgiate Olona (Varese) Capital euro 129,000	1	Cormano	99.90		-
20 PBZ Im - und Export Handel Service GmbH (in liquidation) ^(c) - Frankfurt am Main Capital euro 131,106.77	1	Privredna Banka Zagreb	100.00		117
21 PBZ Trading (in liquidation) ^(c) - Moscow Capital RUR 11,860	1	PBZ Im - und Export Handel Service	100.00		-
22 Petrochemical Investments Ltd ^(c) - George Town (Cayman Islands) Capital USD 22,000,000 in shares of USD 1	1	IntesaBci	100.00		22,326
23 Safinvest Finanziaria Spa (in liquidation) - Olgiate Olona (Varese) Capital euro 1,530,000 in shares of euro 0.51	1	Cormano	99.67		-
24 Scala Advisory SA ^(c) - Luxembourg Capital euro 75,000 in shares of euro 25	1	IntesaBci Société Européenne de Banque	99.97 0.03		74
25 SEB Trust Ltd ^{(c)(1)} - St Helier - Jersey Capital GBP 250,000 in shares of GBP 1	1	Société Européenne de Banque	99.99		410
26 Skuda dd (in liquidation) ^(c) - Zagreb Capital HRK 9,334,200 in shares of HRK 100	1	Privredna Banka Zagreb	83.35	86.07	1,062
27 Sphera Sarl ^(c) - Paris Capital euro 7,622	1	Banca Intesa (France)	100.00		8
28 Sudameris Administradora de Fondos Mutuos SA ^(c) - Asunción Capital PYG 1,305,000,000 divided in shares of PYG 1,000	1	Banco Sudameris Paraguay	70.00		158
29 Sudameris Capital Markets SA ^(c) - Buenos Aires Capital ARP 178,650 in shares of ARP 1	1	Banque Sudameris	99.72		-
30 Sudameris Casa de Bolsa SA ^(c) - Asunción Capital PYG 100,000,000 in shares of PYG 1,000,000	1	Banco Sudameris Paraguay	49.00		-
31 Sudameris Inmobiliaria SA ^(c) - Panama Capital USD 100,000 in shares of USD 100	1	Banque Sudameris	100.00		97
32 Sudameris Inversora Argentina Sociedad Gerente de Fondos Comunes de Inversion SA ^(c) - Buenos Aires Capital ARP 130,000 in shares of ARP 1	1	Banco Sudameris Argentina Atlantis Sociedad Anonima	99.99 0.01		26

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
33 Sudameris Investment Chile SA ⁽¹⁾ - Santiago Capital CLP 2,453,717,315 in shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	99.99 0.01		3,266
34 Sudpar International Inc ⁽¹⁾ - George Town (Cayman Islands) Capital USD 125,000 in shares of USD 1	1	Banque Sudameris	100.00		230
35 Sudameris Securities Inc ⁽⁵⁾ - Miami Capital USD 5,000	1	Banque Sudameris	100.00		10
C. 2 Associated					
1 Alstom Power doo ⁽¹⁾ - Karlovac Capital HRK 27,821,000	8	Investholding - Karlovac	20.06		-
2 Asociacion Los Portales de Ceres ⁽¹⁾ - Lima Capital PEN 5,179,500 in shares without nominal value	8	Banco Wiese Sudameris	20.00		351
3 Bci Sodditic Trade Finance Ltd ⁽¹⁾ - London Capital USD 5,000,000 in shares of USD 1	8	IntesaBci Holding International	50.00		2,344
4 Camigliati Scuola Management Territoriale Scrl ⁽¹⁾ - Spezzano della Sila (Cosenza) Capital euro 10,329.10	8	IntesaBci Formazione Sud	20.00		2
5 Cantiere Darsena Italia Spa (arrangement before bankruptcy) - Viareggio (Lucca) Capital euro 2,550,000 in shares of euro 0.51	8	IntesaBci	20.00		-
6 Capitale e Sviluppo Spa - Perugia Capital euro 4,390,250 in shares of euro 51.65	8	C.R. di Foligno C.R. di Spoleto C.R. di Terni e Narni	9.76 9.76 9.76		343 343 343
7 Castello di Udine Spa ⁽¹⁾ - San Giorgio di Nogaro (Udine) Capital euro 7,752,000 in shares of euro 0.51	8	Banca Popolare FriulAdria	30.00		620
8 Cedacri Ovest Spa - Castellazzo Bormida (Alessandria) Capital euro 7,461,300 in shares of euro 35.53	8	C.R. di Biella e Vercelli	23.08		2,017
9 Cidipi Spa - Milano Capital euro 10,000,000 in shares of euro 1	8	IntesaBci	30.00		7,150
10 Companhia de Arrendamento Mercantil Renault do Brasil SA ⁽¹⁾ - São Paulo Capital R\$ 7,000,000 in shares without nominal value	8	Banco Comercial e de Investimento Sudameris	39.77	39.79	981
11 E. Gilardi & C. Srl (in liquidation) ⁽¹⁾ - Novara Capital euro 51,480	8	C.R. di Biella e Vercelli	30.00		-
12 Editrade SAC ⁽¹⁾ - San Isidro (Lima) Capital PEN 11,659,600 in shares of PEN 100	8	Wiese Inversiones Financieras	22.50		-
13 Galileo Holding Spa (in liquidation) ⁽¹⁾ - Marghera (Venezia) Capital euro 2,295,000 in shares of euro 0.51	8	IntesaBci C.R. della Provincia di Viterbo	20.04 5.88		-
14 GENSEB - Gen. & SEB Risk Service SA ⁽¹⁾ - Luxembourg Capital euro 250,000 in shares of euro 25	8	Société Européenne de Banque	50.00		125
15 Giraglia Immobiliare Spa ⁽⁵⁾ - Milano Capital euro 3,500,000 in shares of euro 1	8	IntesaBci	20.02		701
16 Immobiliare Lombarda Spa ⁽⁵⁾ - Milano Capital euro 239,912,727.60 in shares of euro 0.40	8	IntesaBci Banco di Chiavari	29.15 0.65		24,298 581
17 Immobiliare Palvareto Srl (in liquidation) ⁽¹⁾ - Cremona Capital euro 10,400	8	IntesaBci	50.00		-
18 Infocorp SA ⁽¹⁾ - San Isidro (Lima) Capital PEN 4,485,265 in shares of PEN 1	8	Wiese Bank International	20.73		575
19 Ipef Partners Ltd ⁽¹⁾ - London Capital GBP 1,000 in shares of GBP 1	8	IntesaBci	40.50		1
20 Monte Mario 2000 Srl ⁽¹⁾ - Roma Capital euro 51,480	8	Finanziaria Colonna	47.50		-
21 Neubor Glass Spa ⁽¹⁾ - San Vito al Tagliamento (Pordenone) Capital euro 1,550,000 in shares of euro 1	8	Banca Popolare FriulAdria	26.66		413
22 Obiettivo NordEst Sicav Spa ⁽¹⁾ - Venezia Capital euro 5,203,019 in shares without nominal value	8	IntesaBci	37.94		1,959
23 Procesos Mc Peru SA ⁽¹⁾ - Lima Capital PEN 15,299,336 in shares of PEN 1	8	Banco Wiese Sudameris	50.00		1,560
24 Redbanc Srl - Montevideo Capital UYP 21,000 in shares of UYP 4,200	8	Banque Sudameris	20.00		5
25 Saper Empreendimentos Imobiliarios Ltda ⁽¹⁾ - São Paulo Capital R\$ 363.63 in shares of R\$ 0.000364	8	SATA	37.89		116
26 Sci Les Guynames ⁽¹⁾ - Bellerive sur Allier Capital euro 152.45	8	Finameris	38.00		-

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting % ^(c)	Book Value
		direct ownership	% held		
27 SIDER Corp SA ⁽¹⁾ - Santa Anita (Lima) Capital PEN 105,263,000 in shares of PEN 1,000	8	Wiese Inversiones Financieras	36.79		1,777
28 Sviluppo Garibaldi - Repubblica Spa ⁽⁵⁾ - Milano Capital euro 454,546 in shares of euro 1	8	IntesaBci	33.00		140
29 Tangenziali Esterne di Milano Spa - Milano Capital euro 1,000,000 in shares of euro 10	8	IntesaBci	20.00		60
30 The Maple Gas Development Corporation ⁽¹⁾ - San Isidro (Lima) Capital USD 15,000 in shares of USD 1	8	Wiese Inversiones Financieras	33.33		9,466

Notes:

⁽¹⁾ If different from the stake in terms of capital rights.

^(a) Type of relationship:

1 - control, as defined by Art. 2359 1.1 of the Italian Civil Code (majority of voting rights at Ordinary Shareholders' Meeting);

2 - control, as defined by Art. 2359 1.2 of the Italian Civil Code (dominant influence at Ordinary Shareholders' Meeting);

3 - control, as defined by Art. 23, par. 2, n. 1 of the Combined regulations on investment services (agreements with other Shareholders);

4 - other forms of control;

5 - common management as defined in Art. 26.1 of the "Decree";

6 - common management as defined in Art. 26.2 of the "Decree";

7 - joint control;

8 - associated company.

^(b) Considering the "preferred shares" issued by BCI US Funding Trust for a total of USD 200,000,000, the equity stake equals 4.76%.

^(c) Considering the "preferred shares" issued by BCI US Funding Trust for a total of euro 550,000,000, the equity stake equals 4.76%.

^(d) Considering the "preferred shares" issued by BCI US Funding Trust for a total of GBP 120,000,000, the equity stake equals 4.76%.

^(e) Considering the "preferred shares" issued for a total of euro 200,000,000, the equity stake equals 18.70%.

^(f) Considering the "preferred shares" issued for a total of euro 150,000,000, the equity stake equals 2.60%.

⁽¹⁾ Company excluded from consolidation or valuation according to the equity method since total assets is not significant.

⁽²⁾ Company excluded from consolidation or valuation according to the equity method since in liquidation.

⁽⁵⁾ Company excluded from consolidation or valuation according to the equity method since under disposal.

⁽⁵⁾ Company excluded from consolidation or valuation according to the equity method since still not operational.

Other equity investments

Among other equity investments held by IntesaBci and its subsidiaries, the most significant (i.e. with book value over 5 million euro) are listed below.

Companies	Investment		Book value
	direct ownership	% held	
A. Banks			
Italy			
1 Banca d'Italia - Roma Capital euro 156,000	IntesaBci	22.01	347,644
	C.R. di Parma e Piacenza	2.03	63,448
	C.R. di Biella e Vercelli	2.10	9,299
	C.R. di Alessandria	0.29	4,362
	C.R. di Ascoli Piceno	0.22	5,546
	C.R. di Foligno	0.10	3,148
	C.R. di Città di Castello	0.08	2,278
	C.R. della Provincia di Viterbo	0.08	2,029
	C.R. Spezia	0.09	1,472
	C.R. Carrara	0.03	145
	C.R. di Spoleto	0.03	1
	C.R. di Rieti	0.01	-
	C.R. di Terni e Narni	0.15	-
Other Countries			
1 Bayerische Hypo-und Vereinsbank AG - Wien Capital euro 1,608,866,103	IntesaBci	0.68	173,292
2 Banco Comercial Português - Oporto Capital euro 2,326,714,877	IntesaBci	4.91	320,197
	IntesaBci Holding International	2.52	258,221
3 Bre Bank - Warsaw Capital PLN 91,882,000	IntesaBci Holding International	4.97	28,845
4 Credit Lyonnais - Lyon Capital euro 1,783,758,636	IntesaBci	3.69	395,807
5 Commerzbank - Frankfurt am Main Capital euro 1,408,751,234.80	IntesaBci	1.21	147,919
	IntesaBci Holding International	0.84	140,382
B. Financial Companies			
Italy			
1 Borsa Italiana Spa - Milano Capital euro 7,280,000	IntesaBci	15.00	6,837
	C.R. di Biella e Vercelli	0.07	28
2 Hopa Spa - Holding di partecipazioni aziendali - Brescia Capital euro 608,400,000	IntesaBci	0.81	10,317
3 Linea Più Spa - Prato Capital euro 10,000,016	IntesaBci	15.03	9,528
4 Monte Titoli Spa - Milano Capital euro 16,000,000	IntesaBci	15.81	22,233
	C.R. Parma e Piacenza	0.69	96

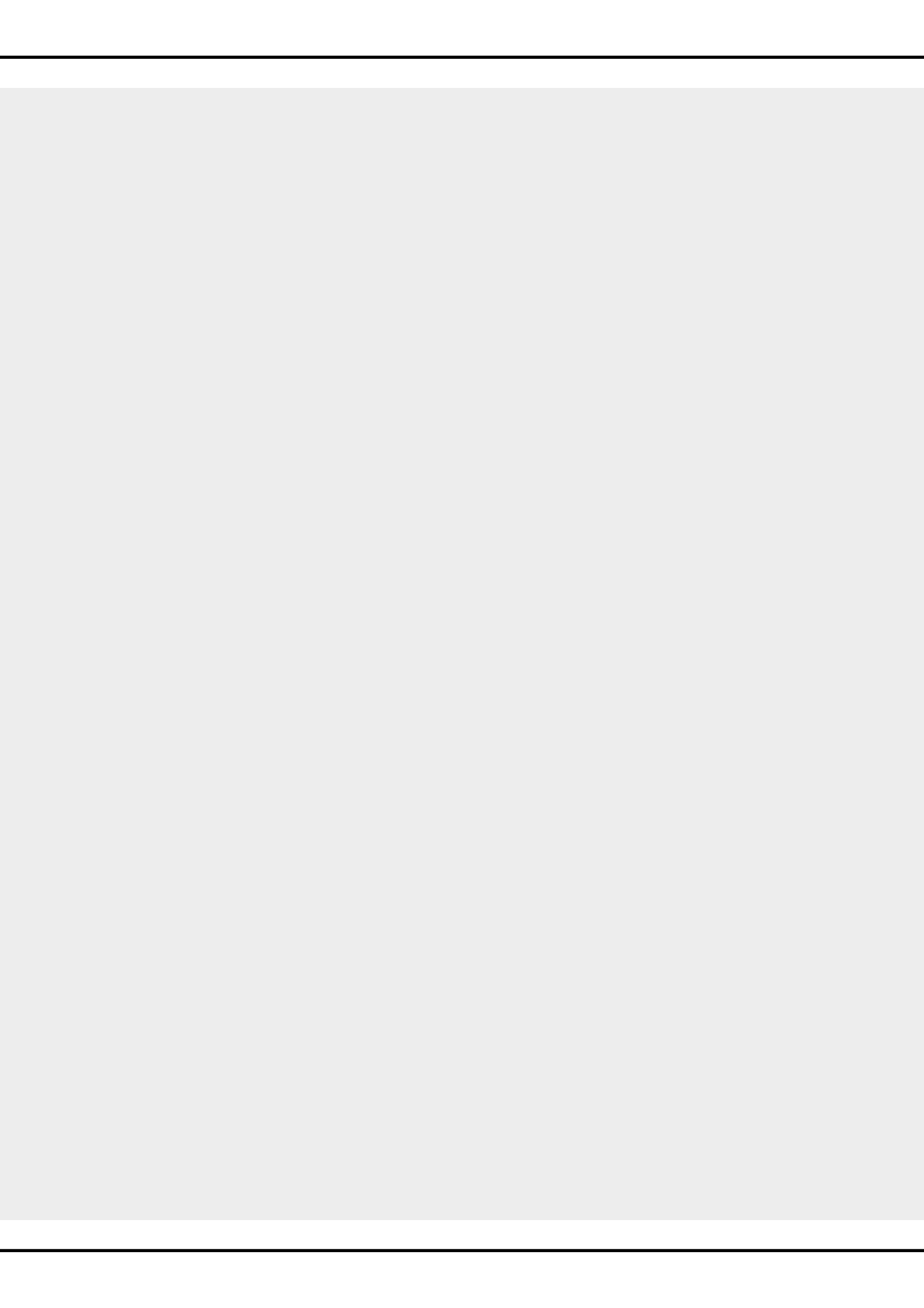
Companies	Investment		Book value
	direct ownership	% held	
Other Countries			
1 ETF Group SA - Massagno Capital CHF 197,698,770	IntesaBci	4.44	8,821
2 The Peru Privatisation Fund Limited - George Town (<i>Cayman Islands</i>) Capital USD 737,251	Banque Sudameris Banco Wiese Sudameris	10.81 0.89	7,224 964

C. Other Companies

Italy			
1 21, Investimenti Spa - Treviso Capital euro 58,142,760	IntesaBci	11.23	14,156
2 Atos Spa - Milano Capital euro 5,270,000	IntesaBci	10.00	5,426
3 Banksiel Spa- Milano Capital euro 10,400,000	IntesaBci	14.00	6,176
4 Digital Multimedia Technologies Spa - Lissone (<i>Milano</i>) Capital euro 581,006	IntesaBci	0.01	5,000
5 Fincantieri Cantieri Navali Italiani Spa - Trieste Capital euro 337,111,530	IntesaBci	1.51	5,165
6 Holding di Partecipazioni Industriali Spa - Milano Capital euro 760,559,800	IntesaBci	1.83	27,996
7 Istituto Europeo di Oncologia Srl - Milano Capital euro 82,500,000	IntesaBci	7.46	5,603
8 Italenergia Spa - Torino Capital euro 906,520,000	IntesaBci	5.99	190,132
9 Merloni Termosanitari Spa - Fabriano (<i>Ancona</i>) Capital euro 41,845,000	IntesaBci	6.50	22,000
10 Olimpia Spa - Milano Capital euro 1,562,596,150	IntesaBci	10.00	520,000
11 Sole Spa - Milano Capital euro 32,900,000	IntesaBci	9.88	6,500
12 U.T.E.T. Spa - Torino Capital euro 24,960,000	IntesaBci	7.16	7,496
Other Countries			
1 Generandes Peru - San Isidro (<i>Lima</i>) Capital PEN 1,116,564,007	Wiese Bank International	2.24	10,389
2 Ilpea Equity LLC - Chicago Capital euro 89,514,537	IntesaBci	10.00	8,951
3 Nortel Inversora - Buenos Aires Capital ARP 78,633,050	IntesaBci Banque Sudameris	0.39 0.52	498 5,378
4 Mirror International Holding - Luxembourg Capital euro 250,000	Private Equity International IntesaBci	5.89 1.47	20,023 4,899
5 Usinas Siderurgica de Minas Gerais - Belo Horizonte Capital BRL 1,221,000	Banco Comercial e de Investimento Sudameris Sudameris Arrendamento Mercantil	0.96 0.02	10,753 52
TOTAL			2,846,676

The book value of other equity investments carried at cost amounts to 247 million euro; another 118 million euro is held for merchant banking activities.

**Attachments
to the Half-Year Consolidated Financial Statements**



Attachments

1. Powers of IntesaBci's Administrative Bodies
2. Statement of cash flows
3. Table of significant equity investments in unlisted companies pursuant to Art. 126 of Consob Regulation 11971 of 14th May 1999

Powers of IntesaBci's Administrative Bodies

Pursuant to Consob Regulations, powers attributed to IntesaBci's Directors and General Management are indicated below.

<u>Board of Directors</u>	<p>In compliance with the Company's Articles of Association, the Board of Directors has the exclusive responsibility for the following decisions:</p> <ul style="list-style-type: none">– determination of general operating policy;– appointment of one or two Managing Directors and the delegation of the related powers;– appointment of one or more General Managers, one or more Joint General Managers, one or more Deputy General Managers and the delegation of the related powers and, as resolved upon by the Board of Directors of 14th May 2002, of the CEO;– purchase and sale of equity investments which lead to changes in the structure of the banking group;– determination of general organisational structure as well as the creation of Committees or Commissions with consultative or co-ordination functions;– determination of criteria for the co-ordination and direction of Group companies and for the implementation of the regulations of the Bank of Italy.
<u>Executive Committee</u>	<p>The Board of Directors held on 21st November 2000 attributed to the Executive Committee all the powers and responsibilities which are not exclusively reserved to the Board itself, within those delegated powers the Committee determines the criteria for conducting the Company's business. In particular, the Executive Committee has been attributed all the powers with regard to lending and risk taking with customers, with the faculty of delegating these powers to General Management, with the specification of the relevant limits. Furthermore, the examination of the draft quarterly, half-year and annual reports is delegated to the Executive Committee to be subsequently submitted to the Board of Directors for approval. In case of urgency, the Committee may make resolutions on any operation provided that decisions are not exclusively attributed to the Board of Directors. Committee decisions must be communicated to the Board in the first following meeting.</p>
<u>Chairman of the Board of Directors</u>	<p>The Company's Articles of Association sets forth that the Chairman of the Board of Directors is responsible for the direction and co-ordination of Company business, the Company's bodies and of the Managing Directors.</p> <p>The Chairman represents the Company before any third party, also in any judicial proceeding, and may sign in the name and on behalf of the Company.</p> <p>In case of urgency, the Chairman of the Board of Directors may take decisions normally attributed to the Board of Directors and the Executive Committee, whenever the latter cannot meet, provided that decisions are not exclusively attributed to the Board.</p> <p>Should the Chairman be unavailable, the Deputy Chairmen or, in their absence, one of the Managing Directors, if appointed, have the same power. The competent Administrative Bodies must be informed of any such decisions in their first following meeting.</p> <p>Furthermore, the Chairman is in charge of maintaining relationships with Shareholders, informing them, and – in agreement with the Chief Executive Officer – of external communication.</p>

The Articles of Association sets forth that the Managing Directors supervise management, within the powers they have been attributed and according to the general guidelines resolved upon by the Board of Directors; they are responsible for personnel management and determine the operating directives which are executed by General Management.

Managing Directors

The Board of Directors, with resolution of 14th May 2002, appointed the new Managing Director of IntesaBci delegating to him all the powers as Chief Executive Officer of the Bank and of Gruppo IntesaBci to direct operations. On the same occasion the Board redefined the functions and powers of the Managing Director already in office.

In particular, the Board of Directors resolved to delegate to the aforementioned Chief Executive Officer all the ordinary and extraordinary administration powers with the sole exception of powers which may not be delegated according to the law and those which are reserved to the Board of Directors by the Articles of Association. Therefore, in addition to wide operating powers, the CEO has been delegated powers over: the definition of human resources development and management policies; the determination of the Company's and the Group's organisational structure and strategic guidelines; the operating plans and budgets to be submitted to the approval of the Board of Directors; the acquisition and disposal of equity investments, with the prior authorisation of the Board, if such operations lead to variations in the Banking group. The CEO also has the faculty of hiring, promoting and defining the delegated powers of IntesaBci personnel of every level. He can sub-delegate to employees and to third parties one or more of his attributions.

In addition to certain operating powers within predefined value limits, the other Managing Director is in charge of supervising, together with the Chief Executive Officer, the Italian banks and Foreign Banks divisions and the Internet activities (e.lab and the multichannel bank).

Statement of cash flows

(in millions of euro)

	First half 2002
Cash generated from operations	
Net income	114
Change in the reserve for general banking risks	(1)
Change in allowance for risks and charges arising on consolidation	(1)
Adjustments to fixed assets and intangibles	376
Adjustments to (and write-back of) financial fixed assets, net	70
Adjustments to (and write-back of) loans, net	1,057
Adjustments to (and write-back of) securities, net	252
Increase/(decrease) in allowances for possible loan losses	-
Increase/(decrease) in allowance for employee termination indemnities	(24)
Increase/(decrease) in allowance for pensions and similar commitments	(33)
Increase/(decrease) in allowances for risks and charges - other	165
Increase/(decrease) in allowances for risks and charges - taxation	(386)
(Increase)/decrease in accrued income and prepaid expenses	(118)
Increase/(decrease) in accrued expenses and deferred income	236
Cash generated from operations	1,707
Cash generated by investing activities	
(Increase)/decrease in securities	2,655
(Increase)/decrease in fixed assets	36
(Increase)/decrease in intangibles	(124)
(Increase)/decrease in goodwill arising on consolidation	(326)
(Increase)/decrease in equity investments	128
(Increase)/decrease in due from banks <i>(excluding amounts due on demand)</i>	3,535
(Increase)/decrease in loans to customers	6,027
(Increase)/decrease in other assets	(331)
Cash generated by investing activities	11,600
Cash utilised by funding activities	
Increase/(decrease) in due to banks <i>(excluding amounts due on demand)</i>	(14,786)
Increase/(decrease) in due to customers	(2,636)
Increase/(decrease) in securities issued	(1,379)
Increase/(decrease) in other liabilities	3,273
Increase/(decrease) in subordinated liabilities	(33)
Increase/(decrease) in minority interests	(131)
Increase/(decrease) in shareholders' equity	(16)
Dividends paid	(334)
Cash utilised by funding activities	(16,042)
Increase/(decrease) in cash, liquid funds and due from banks on demand, net	(2,735)
Cash, liquid funds and due from banks on demand, net - opening balance	(5,887)
Cash, liquid funds and due from banks on demand, net - closing balance	(8,622)

Changes in various balance sheet items were calculated using 2001 figures restated to consider the changes in the consolidation area.

Table of significant equity investments in unlisted companies pursuant to Art. 126 of Consob Regulation 11971 of 14th May 1999

(List of equity investments in excess of 10% of the voting share capital in unlisted companies held directly and indirectly or for whatever reason)

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
21 Investimenti Spa	11.23			holding
Abruzzocapital Spa	15.49			holding
Adria Investing dd		44.73	Riadria Banka	holding
		41.21	Privredna Banca Zagreb	holding
Ag. per la Promoz. Ind. del Vercellese e della Valsesia		15.00	Cassa di Risparmio di Biella e Vercelli	holding
Agos Itafinco Spa	30.00			holding
Agricola Investimenti Spa	99.99			holding
Agricola Remuscita di D. Franzoni & C. Sas in liquidation		100.00	Agricola Investimenti	holding
Agricola Valle nel Chianti Srl		100.00	Cariparma e Piacenza	pledge
Agro - Fin Parma Srl		38.10	Cariparma e Piacenza	pledge
Alfa-ex Ingtatlanhasznosito es Forgalmazo		21.20	Central European International Bank	pledge
Alfastamp Srl	14.59			holding
Alfieri Associated Investors Serviços de Consultoria SA	20.00			holding
Algi Spa	100.00			pledge
AL.GIO.FIN. Spa	20.00			pledge
Allevamenti Le Colombaie Srl		80.00	Agricola Investimenti	holding
	20.00			holding
Alpi Spa		16.46	Banca di Trento e Bolzano	pledge
Alpifin Spa		12.71	Banca Popolare FriulAdria	holding
Alstom Power doo		20.07	Invest Holding doo Karlovac	holding
América do Sul Fomento Comercial Ltda in liquidation		97.65	Banco Comercial e de Investimento Sudameris	holding
Amex Podjetje Za Poslovanje S Kreditnimi Karticami doo		100.00	PBZ American Express Zagreb	holding
Antares Spa		51.00	Cariparma e Piacenza	pledge
Arpi Spa	22.11			pledge
Asel Sistemi Spa under bankruptcy procedures	19.15			holding
Asociacion los Portales de Ceres		20.00	Banco Wiese Sudameris	holding
Assiba Società di Assicurazioni Spa	49.00			holding
		1.00	Banco di Chiavari e della Riviera Ligure	holding
Atlantis SA		81.25	Banque Sudameris	holding
Auschem Spa in liquidation		53.03	Cariparma e Piacenza	pledge
	0.00			holding
Autorizacne Centrum Slovenska As		16.24	Vseobecna Uverova Banka	holding
Azienda Agricola Ballottino Srl in liquidation		51.00	Allevamenti Le Colombaie	holding
	49.00			holding
Azienda Olearia del Chianti Srl		100.00	Cariparma e Piacenza	pledge
Banca Carime Spa	24.92			holding
Banca Cis Spa		55.37	Banca IntesaBci Mediocredito	holding
Banca Commerciale Italiana (France) SA	100.00			holding
Banca Commerciale Italiana (Suisse)		100.00	IntesaBci Holding International	holding
Banca di Trento e Bolzano Spa		57.00	Finanziaria BTB	holding
	8.29			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Banca d'Italia		0.22	Cassa di Risparmio di Ascoli Piceno	holding
		2.10	Cassa di Risparmio di Biella e Vercelli	holding
		0.08	Cassa di Risparmio di Città di Castello	holding
		0.10	Cassa di Risparmio di Foligno	holding
		0.01	Cassa di Risparmio di Rieti	holding
		0.03	Cassa di Risparmio di Spoleto	holding
		0.08	Cassa di Risparmio di Viterbo	holding
		2.03	Cariparma e Piacenza	holding
		0.15	Cassa di Risparmio di Terni e Narni	holding
	22.01			holding
Banca Intesa (France) SA	100.00			holding
Banca IntesaBci Mediocredito Spa	100.00			holding
Banca Popolare FriulAdria Spa	76.05			holding
Banca Primavera Spa (former IntesaBci Italia Sim)		88.44	IntesaBci e.lab	holding
	11.56			holding
Banco Comercial e de Investimento Sudameris SA (former Banco America do Sul)		89.43	Sudameris Distrib. de Titulos e Valores Mob.	holding
		10.44	Banco Sudameris Brasil	holding
Banco de Investimento Imobiliario SA	30.10			holding
Banco Sudameris Argentina SA		79.99	Atlantis	holding
		20.01	Banque Sudameris	holding
Banco Sudameris Brasil SA		94.38	Banque Sudameris	holding
		0.65	Soc. de Assessoria Tecnica e Administrativa	holding
Banco Sudameris Colombia		73.60	Banque Sudameris	holding
Banco Sudameris de Investimento SA		99.98	Banco Sudameris Brasil	holding
Banco Sudameris Paraguay SAECA		92.88	Banque Sudameris	holding
		0.36	Sudameris Immobiliaria SA	holding
Banco Wiese Sudameris SA		35.33	Banque Sudameris	holding
		58.49	Lima Sudameris Holding	holding
Bankhaus Löbbecke & Co. KG		26.00	Beteiligungsgesellschaft für das B.L. & Co.	holding
	74.00			holding
Bankove Zuctovacie Centrum Slovenska As		12.17	Vseobecna Uverova Banka	holding
Banksiel Spa	14.00			holding
Banque Sudameris SA		99.98	IntesaBci Holding International	holding
Barret Srl		50.00	Zet	ben. inter.
BCI Canada Securities Inc		100.00	IntesaBci Canada	holding
BCI Funding Corporation		100.00	IntesaBci Holding International	holding
BCI Lux Conseil SA		50.00	Banca Commerciale Italiana (Suisse)	holding
		50.00	Société Européenne de Banque	holding
BCI Soditic Trade Finance Ltd		50.00	IntesaBci Holding International	holding
BCI US Funding LLC I	100.00			holding
BCI US Funding LLC II	100.00			holding
BCI US Funding LLC III	100.00			holding
Belisce dd		14.70	Riadria Banka	holding
Beteiligungsgesellschaft für das B.L. & Co. mbH	100.00			holding
Bil Servizi Finanziari Spa	100.00			holding
Binda Spa in liquidation		1.15	Banco di Chiavari e della Riviera Ligure	holding
		0.04	Cariparma e Piacenza	pledge
		0.00	Caboto IntesaBci Sim	holding
		0.00	Cormano	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Binda Spa in liquidation	0.16			pledge
	11.25			holding
Biverbroker Srl		55.00	Cassa di Risparmio di Biella e Vercelli	holding
BMG Serravalle Srl	100.00			pledge
Bolzoni	28.36			holding
Borsa Italiana Spa		0.07	Cassa di Risparmio di Biella e Vercelli	holding
	15.00			holding
Bosco Gerre Srl in liquidation	28.00			pledge
BPT Spa		39.00	Banca Popolare FriulAdria	pledge
Burano Srl under bankruptcy procedures		100.00	Banca di Trento e Bolzano	pledge
Burza Cennychn Papierov v Bratislave As		20.20	Vseobecna Uverova Banka	holding
CRL Compagnia Regionale Leasing Spa		99.96	Cassa di Risparmio di Terni e Narni	holding
Caboto IntesaBci Sim Spa (former Caboto Holding Sim)	100.00			holding
Caboto International SA		100.00	Intesa Asset Management Sgr	holding
Caboto Securities Ltd		100.00	Caboto IntesaBci Sim	holding
Caboto USA Inc		100.00	Caboto IntesaBci Sim	holding
Cala Capitana Srl under bankruptcy procedures		100.00	Cassa di Risparmio di Viterbo	pledge
Camigliati Scuola Management Territoriale Scrl		20.00	IntesaBci Formazione Sud	holding
Cantiere Darsena Italia Spa in liquidation	20.00			holding
Capital Servis As		100.00	Realitna Spolocnost Vub Spol	holding
Capitale e Sviluppo Spa		9.76	Cassa di Risparmio di Foligno	holding
		9.76	Cassa di Risparmio di Spoleto	holding
		9.76	Cassa di Risparmio di Terni e Narni	holding
Car World Italia Spa	30.00			holding
Caralt Spa	35.00			holding
Caridata Spa	60.00			holding
Carignano Srl in liquidation	69.99			pledge
Carinord 1 Spa	50.00			holding
Carinord 2 Spa	41.14			holding
Cassa di Risparmio di Parma e Piacenza Spa	100.00			holding
Caripto Finance Inc in liquidation	100.00			holding
Carivita Spa	80.00			holding
Cartitalia Srl under bankruptcy procedures		51.00	Cormano	holding
Case di Cura Riunite Srl under extraordinary administration	71.00			pledge
Casa di Cura Villa Esperia Spa	51.19			pledge
Cassa di Compensazione e Garanzia		4.55	Caboto IntesaBci Sim	holding
	9.09			holding
Cassa di Risparmio della Provincia di Viterbo Spa		0.01	Cassa di Risparmio di Città di Castello	holding
		0.09	Cassa di Risparmio di Spoleto	holding
		79.09	Holding IntesaBci Centro	holding
Cassa di Risparmio di Ascoli Piceno Spa		66.00	Holding IntesaBci Centro	holding
Cassa di Risparmio di Biella e Vercelli Spa	55.00			holding
Cassa di Risparmio di Chieti Spa	20.00			holding
Cassa di Risparmio di Città di Castello Spa		64.24	Holding IntesaBci Centro	holding
	15.00			holding
Cassa di Risparmio di Fermo Spa	33.33			holding
Cassa di Risparmio di Foligno Spa		0.06	Carivita	holding
		70.47	Holding IntesaBci Centro	holding
Cassa di Risparmio di Rieti Spa		85.00	Holding IntesaBci Centro	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Cassa di Risparmio di Spoleto Spa		65.31	Holding IntesaBci Centro	holding
Cassa di Risparmio di Teramo Spa	20.00			holding
Cassa di Risparmio di Terni e Narni Spa	51.00			holding
Castello di Udine Spa		30.00	Banca Popolare FriulAdria	holding
Cavarzere Produzioni Industriali Spa		3.40	Cariparma e Piacenza	pledge
under extraordinary administration	0.03			holding
	8.67			pledge
Cedacri Ovest Spa		23.08	Cassa di Risparmio di Biella e Vercelli	holding
Central European International Bank Ltd		100.00	IntesaBci Holding International	holding
Centrale dei Bilanci Srl		0.83	Banca Cis	holding
		0.83	Cariparma e Piacenza	holding
	11.67			holding
Centro Agro Alimentare di Parma Srl		14.46	Cariparma e Piacenza	holding
Centro Incremento Suini Srl		100.00	Allevamenti Le Colombaie	holding
Centro Studi O. Villa Srl in liquidation		100.00	Agricola Investimenti	holding
Cevsa Spa	17.67			pledge
Charta Srl (former Leoni Daniele Srl)		70.00	IntesaBci e.lab	holding
China International Packaging Leasing Ltd		17.50	IntesaBci Holding International	holding
Cib Car Finance Rt		100.00	Cib Leasing	holding
Cib Insurance Broker Kft		100.00	Cib Leasing	holding
CIB Investment Fund Management Ltd		93.33	Central European International Bank	holding
		6.66	Cib Securities Co	holding
		0.00	Cib Service	holding
CIB Leasing Rt		1.32	Central European International Bank	holding
		0.00	Cib Service	holding
		98.68	Cib Rent	holding
CIB Real Estate Rt		100.00	Cib Leasing	holding
CIB Rent Ltd (former Cib Rent and Leasing Co. Ltd)		1.11	Cib Securities	holding
		98.89	Central European International Bank	holding
CIB Securities Rt		26.00	Central European International Bank	holding
		74.00	Cib Service	holding
CIB Service Kft		99.99	Central European International Bank	holding
		0.01	Cib Leasing	holding
Cidipi Spa	30.00			holding
Cimo Srl	100.00			pledge
Cofragef SA in liquidation		99.76	Banca Intesa (France)	holding
Comit Factoring Spa	100.00			holding
Comit Investments (Ireland) Ltd	99.00			holding
Comit Service Srl	100.00			holding
Compagnia Generale Aprutina Spa	27.07			pledge
Compagnia Italiana Intimo Spa	50.00			pledge
Compagnie Monégasque de Banque SAM		33.86	IntesaBci Holding International	holding
Companhia de Arrendamento Mercantil Renault do Brasil		39.79	Banco Comercial e de Investimento Sudameris	holding
Companhia de Credito, Financ. e Invest. Renault do Brasil		40.00	Banco Comercial e de Investimento Sudameris	holding
Conser Scpa		51.00	Sesit Puglia	holding
Consorzio Aeroporto Foligno-Spoleto		12.50	Cassa di Risparmio di Foligno	holding
Consorzio Agrario Provinciale di Parma Scrl		12.85	Cariparma e Piacenza	holding
Consorzio Aiace Cons. Att. Intern. Aziende Comm. Elet.	25.00			holding
Consorzio Nucleo Industrializz. Rieti - Città Ducale		25.07	Cassa di Risparmio di Rieti	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Consorzio per gli studi universitari a distanza F. Corongiu		33.33	Banca Cis	holding
Consul Service Srl in liquidation		98.40	Banca Cis	holding
Consult Ameris SA		100.00	Banque Sudameris	holding
Convetro Spa in liquidation		56.25	Banca Popolare FriulAdria	pledge
Cormano Srl	70.82			holding
Corte Rosada Srl under bankruptcy procedures	80.82			pledge
Cosmetici Spa	100.00			pledge
Cotonificio di Solbiate Spa in liquidation		92.69	Cormano	holding
Dante Prini Spa	32.50			holding
Dataconsyst Sistemi di Sicurezza Spa under bankruptcy proc.	99.14			pledge
Del Mar SA		56.69	Banco Wiese Sudameris	holding
Depositos SA Depsa		99.98	Banco Wiese Sudameris	holding
Dulevo Spa under bankruptcy procedures	91.70			pledge
E. Gilardi & C. Srl		30.00	Cassa di Risparmio di Biella e Vercelli	holding
E.Tr. Spa		100.00	IntesaBci Riscossione Tributi	holding
Edilmarket Srl under bankruptcy procedures		100.00	Cassa di Risparmio di Viterbo	pledge
Editrade Sac		22.50	Wiese Inversiones Financ.	holding
EDM Srl		25.00	Cassa di Risparmio di Spoleto	pledge
Elaboration System Srl		90.00	Banca di Trento e Bolzano	pledge
Elsacom Nv	11.33			holding
Elsag Sti Spa		14.86	Cariparma e Piacenza	holding
Emilia Romagna Factor Spa		6.67	Cariparma e Piacenza	holding
	6.67			holding
Ente Nazionale Sementi Elette	49.41			holding
Epiclink Spa	25.00			holding
Epsilon Sgr Spa		84.38	Nextra Investment Management Sgr	holding
Equitypar Companhia de Participacores SA		12.50	Banque Sudameris	holding
Esa.Tri. Esazione Tributi Spa		66.69	IntesaBci Riscossione Tributi	holding
Euromilano Srl	37.50			holding
Europay Hrvatska doo		12.50	Privredna Banka Zagreb	holding
Europrogetti & Finanza Spa	15.97			holding
Euroqube SA		12.11	IntesaBci e.lab	holding
Eutron Spa	20.00			holding
Everest Spa	100.00			pledge
Evoluzione 94	18.11			holding
F.I.L.A. Fabbrica Italiana Lapis e Affini Spa	20.00			holding
Fadalti Marco Orfeo Spa		33.33	Banca Popolare FriulAdria	pledge
Favini Spa	17.51			holding
Feltrinelli Libra Spa	100.00			pledge
Fibronil Srl	100.00			pledge
Fidenza Ovest Srl		25.00	Cariparma e Piacenza	pledge
Fidia Spa	25.00			holding
Fiduciaria Sudameris SA		94.99	Banco Sudameris Colombia	holding
		5.01	Banque Sudameris	holding
Financière Vespucci Sca ⁽¹⁾	61.66			holding
Finanziaria Agricola Bresciana Spa in liquidation		100.00	Agricola Investimenti	holding
Finanziaria BTB Spa	99.29			holding
Finanziaria Colonna Srl	100.00			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Finech As		8.70	Vseobecna Uverova Banka	holding
		91.30	Realitna Spolocnost Vub Spol	holding
Fineurop Holdings Nv	14.75			holding
Finlombarda Spa	19.55			holding
Fin Omicron Srl	100.00			pledge
Finpas Spa under bankruptcy procedures		28.50	Cariparma e Piacenza	pledge
Finreme Sim Spa	100.00			holding
Fintbrescia Holding Spa in liquidation	17.30			pledge
First Skelligs Int. Fin. Comp. Ltd	33.33			holding
Fobos Srl	100.00			pledge
Formula Sport Group Srl	52.00			pledge
FundsWorld Financial Services Ltd		85.25	IntesaBci e.lab	holding
Galileo Holding Spa in liquidation		5.88	Cassa di Risparmio di Viterbo	holding
	28.98			holding
GE.I.PO. Srl	90.00			pledge
Geni Spa under bankruptcy procedures		35.91	IntesaBci Gestione Crediti	holding
Genseb - Generali e Seb Risk Service SA		50.00	Société Européenne de Banque	holding
Giraglia Immobiliare Spa	20.02			holding
GPE Srl		90.55	Banca Popolare FriulAdria	pledge
Grafiche San Marco Spa		50.00	Banca Popolare FriulAdria	pledge
Grin Srl in liquidation	100.00			pledge
Harry Srl		100.00	Cariparma e Piacenza	pledge
Holding IntesaBci Centro Spa	97.11			holding
lais4 Spa		70.00	E.Tr. Esazione Tributi	holding
Idra Partecipazioni Spa	11.93			holding
Ifas Gruppo Spa	36.00			holding
Il Mondo dei Fiori Srl	100.00			pledge
Imeco Spa		17.86	Banca di Trento e Bolzano	pledge
	78.81			pledge
Immobiliare Dolcè Srl in liquidation		100.00	Banca di Trento e Bolzano	pledge
Immobiliare Golena Srl in liquidation	28.00			pledge
Immobiliare Lana Srl in liquidation		99.00	Banca di Trento e Bolzano	pledge
Immobiliare Maram Srl	100.00			holding
Immobiliare Milano Srl	100.00			pledge
Immobiliare Olimpia '93 Spa	100.00			pledge
Immobiliare Palvareto Srl	50.00			holding
Impianti Srl in liquidation		3.26	Banca di Trento e Bolzano	holding
		5.14	Cariparma e Piacenza	holding
	12.11			holding
Impresa Castelli Spa	36.60			pledge
Industria Salumi Valtidone Srl in liquidation		98.60	Finanziaria Agricola Bresciana	holding
Infocorp SA		20.73	Banco Wiese Sudameris	holding
Informativa Umbra Srl		8.33	Cassa di Risparmio di Spoleto	holding
		8.33	Cassa di Risparmio di Foligno	holding
Iniziativa Le Calle Spa	10.42			pledge
Iniziative Immobiliari Srl	12.40			holding
	12.40			pledge
Iniziative Urbane Spa		11.11	Banca di Trento e Bolzano	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Insediamenti Produttivi Piemonte Settentrionale Spa		12.76	Cassa di Risparmio di Biella e Vercelli	holding
International Business Consulting Zao	55.00			holding
Intertour As		12.88	Vseobecna Uverova Banka	holding
Intesa Asset Management Sgr Spa		0.28	Cassa di Risparmio di Città di Castello	holding
		0.28	Cassa di Risparmio di Foligno	holding
		0.28	Cassa di Risparmio di Spoleto	holding
		0.28	Cassa di Risparmio di Viterbo	holding
		0.28	Cassa di Risparmio di Terni e Narni	holding
	85.79			holding
Intesa Bank Overseas Ltd	100.00			holding
IntesaBci Bank Ireland Plc (former B.ca Comm. Ital. Plc Ireland)	100.00			holding
IntesaBci Canada (former B.ca Comm. Italiana of Canada)		100.00	IntesaBci Holding International	holding
IntesaBci e.lab Spa	100.00			holding
IntesaBci Fiduciaria Sim Spa	100.00			holding
IntesaBci Formazione Scpa		3.00	Banca Popolare FriulAdria	holding
		3.00	Banca Trento e Bolzano	holding
		1.00	Cassa di Risparmio di Ascoli Piceno	holding
		1.00	Cassa di Risparmio di Città di Castello	holding
		1.00	Cassa di Risparmio di Rieti	holding
		1.00	Cassa di Risparmio di Viterbo	holding
		3.00	Caboto IntesaBci Sim	holding
		5.00	Cariparma e Piacenza	holding
		3.00	IntesaBci Sistemi e Servizi	holding
		0.50	IntesaBci Fiduciaria Sim	holding
		0.50	IntesaBci Gestione Crediti	holding
		1.00	Banca Primavera	holding
		1.00	Intesa Leasing	holding
		0.50	Italfid	holding
	72.50			holding
IntesaBci Formazione Sud		51.00	IntesaBci Formazione	holding
		37.55	Holding IntesaBci Centro	holding
	10.00			holding
IntesaBci Holding International SA (former Comit Holding Intern. SA)	100.00			holding
IntesaBci Gestione Crediti Spa	100.00			holding
IntesaBci Investimenti Spa (former Comp. Ital. di Invest. Diversif.)	100.00			holding
IntesaBci Immobiliare Spa		10.00	IntesaBci Gestione Crediti	holding
	90.00			holding
Intesa Ireland Plc in liquidation		N.S.	Banca Intesa (France)	holding
		N.S.	Banca Intesa International	holding
		N.S.	Bankhaus LÖbbecke	holding
		N.S.	Beteiligungsgesellschaft für das B.L. & Co.	holding
		N.S.	Société Européenne de Banque	holding
	100.00			holding
IntesaBci Learning Spa		1.50	Cassa di Risparmio di Foligno	holding
		0.50	Cassa di Risparmio di Spoleto	holding
	96.50			holding
Intesa Leasing Spa	99.44			holding
Intesa Preferred Capital Co. Llc	100.00			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Intesa Preferred Capital Co. Llc II	100.00			holding
IntesaBci Preferred Capital Company Llc III Delaware	100.00			holding
IntesaBci Preferred Securities Investor Trust - New York		100.00	IntesaBci Prefer. Capital Comp. Llc III Delaware	holding
Intesa Renting Spa		65.00	Intesa Leasing	holding
IntesaBci Riscossione Tributi Spa	100.00			holding
IntesaBci Sec. Npl Spa		60.00	Caboto IntesaBci Sim	holding
IntesaBci Sec. Spa	60.00			holding
IntesaBci Sistemi e Servizi Spa	100.00			holding
IntesaTrade Sim Spa		100.00	IntesaBci e.lab	holding
Inversiones Mobiliarias SA - IMSA		97.29	Banque Sudameris	holding
Inversiones Sudameris Ca		99.97	Banque Sudameris	holding
Inversiones Sudameris Chile Ltda		83.33	Banque Sudameris	holding
		16.67	Sudameris Immobiliaria SA	holding
Investholding doo Karlovac		56.38	Privredna Banka Zagreb	holding
Investholding doo Zagreb		100.00	Privredna Banka Zagreb	holding
Investitori Associati SA in liquidation	16.67			holding
Inveurop Investimenti Europei Spa under bankruptcy procedures		83.67	Cariparma e Piacenza	pledge
	0.01			holding
loca Ltd ⁽¹⁾	49.04			holding
Ipef Partners Ltd	40.50			holding
Italfid - Italiana Fiduciaria Spa	100.00			holding
Italia Generali Costruzioni Srl	100.00			pledge
Italian Equity Advisors Spa	52.81			pledge
Italian Proprieties Investments Srl	100.00			pledge
Italian Proprieties Investments Due Srl	100.00			pledge
Kingstone Comercio Int. Ltda	25.13			holding
Kiruna Srl	100.00			pledge
La Centrale Consulenza Srl	100.00			holding
Lamaro Vittoria Spa	100.00			pledge
Leasreal As		100.00	Vub Leasingova As	holding
Liburnainvest doo in liquidation		100.00	Riadria Banka	holding
Lima Sudameris Holding SA		3.58	Banco Sudameris Brasil	holding
		43.81	Banque Sudameris	holding
		43.95	Inversiones Mobiliarias	holding
Lineapiù Spa	15.03			holding
LO.SE.RI. Spa	30.50			holding
Löbco Immobilien und Handels GmbH in liquidation		100.00	Bankhaus Löbbecke	holding
Loyalty Group Italia Spa	50.00			holding
Luxi Privilege Conseil SA		50.00	Société Européenne de Banque	holding
Luxicav Conseil SA		50.00	Société Européenne de Banque	holding
Magazzini Generali Fiduciari Cariplo Spa	100.00			holding
Mantero Finanziaria Spa	10.59			holding
Marcofil Spa under bankruptcy procedures	100.00			pledge
Marcotex Spa	100.00			pledge
Mater.Bi Spa	34.48			holding
Meba doo in liquidation		100.00	Medimurska Banka	holding
Medimurska Banka dd		98.07	Privredna Banka Zagreb	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Medinvest Srl under bankruptcy procedures		100.00	Cassa di Risparmio di Viterbo	pledge
Mediofactoring Spa	97.58	2.42	Comit Factoring	holding
Montagna 2000 Spa		11.00	Cariparma e Piacenza	holding
Monte Mario 2000 Srl		47.50	Finanziaria Colonna	holding
Monte Titoli Spa	15.81	0.69	Cariparma e Piacenza	holding
Multimoda Network Spa	74.52			pledge
Musicland Spa	40.00			holding
Nageo Bv ⁽¹⁾	25.00			holding
Netsystem.com Spa	35.74			pledge
Neubor Glass Spa		26.66	Banca Popolare FriulAdria	holding
Nextra Alternative Investments Sgr Spa (former Comit Gestioni Sgr)	10.00	90.00	Nextra Investment Management Sgr	holding
Nextra Investment Management Sgr Spa (former Comit Asset Management Sgr)	32.05	67.95	Intesa Asset Management Sgr	holding
Novacarta Srl in liquidation		99.90	Cormano	holding
Nuova Cartiera di Arbatax Spa under extraor. administration		16.00	Banca Cis	holding
Nuova G Spa under extraordinary administration	100.00			pledge
Nuova Immobiliare Spa	100.00			pledge
Nuova Panetto e Petrelli Spa		15.33	Cassa di Risparmio di Spoleto	holding
Nuovo Hotel S. Pietro Srl	28.00			pledge
O.M.S.O. Officina Macchine per Stampa su Oggetti Spa	20.50			pledge
Obiettivo Nordest Sicav Spa	37.94			holding
Office Chairs Participations Sarl	50.00			holding
Olearia Castello degli Olivi Srl		100.00	Cariparma e Piacenza	pledge
Olifin Srl		98.99	Cariparma e Piacenza	pledge
Orione Immobiliare Prima Spa	15.00			holding
Palace Hotel Spa		22.90	Banca di Trento e Bolzano	pledge
Palazzo Legnazzi Srl	24.50	65.50	Agricola Investimenti	holding
Parmafactor Spa	10.00	10.00	Cariparma e Piacenza	holding
PBZ American Express doo Zagreb		100.00	Privredna Banka Zagreb	holding
PBZ American Express doo - Skopje		95.00	PBZ American Express doo	holding
PBZ Croatia Osiguranje Plc for Compulsory Pension Fund Man.		50.00	Privredna Banka Zagreb	holding
PBZ Im - und Export Handel Service GmbH in liquidation		100.00	Privredna Banka Zagreb	holding
PBZ Invest doo		100.00	Privredna Banka Zagreb	holding
PBZ Kapital doo		100.00	Privredna Banka Zagreb	holding
PBZ Leasing doo		100.00	Privredna Banka Zagreb	holding
PBZ Nekretnine doo		100.00	Privredna Banka Zagreb	holding
PBZ Trading in liquidation - Moscow		100.00	PBZ Im - und Export Handel Service GmbH	holding
Petrochemical Investments Ltd	100.00			holding
Phoenix KG	98.78	1.22	Beteiligungsgesellschaft für das B.L. & Co.	holding
Piaggio Acquisition Sarl	14.40			holding
Piave Spa		95.00	Banca Popolare FriulAdria	pledge

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Pinestead Investment Corp. ⁽¹⁾	20.00			holding
Plasticfar Srl	100.00			pledge
Po Vita Spa		50.00	Cariparma e Piacenza	holding
Porto San Rocco Spa		40.86	Banca Popolare FriulAdria	pledge
Previnet Spa	45.50			holding
Private Equity International SA (former Neuf)	100.00			holding
Privredna Banka - Laguna Banka dd		100.00	Privredna Banka Zagreb	holding
Privredna Banka Zagreb		66.30	IntesaBci Holding International	holding
Procesos MC Peru SA		50.00	Banco Wiese Sudameris	holding
Professione Musica Edizioni Musicali Srl	29.00			holding
Progetti Srl	24.00			pledge
Prominvest Srl	100.00			pledge
Prontofund Advisory SA		0.03	Société Européenne de Banque	holding
	99.97			holding
Raggio di Sole Mangimi Spa		18.38	Cariparma e Piacenza	pledge
Realitna Spolocnost Vub Spol. Sro		100.00	Vseobecna Uverova Banka	holding
Redbanc Srl		20.00	Banque Sudameris	holding
Remari Finanziaria Srl in liquidation	28.00			pledge
Renee Srl under bankruptcy procedures	100.00			pledge
Reno Spa	52.09			pledge
Riadria Banka dd		85.01	Privredna Banka Zagreb	holding
Riconversider Srl	13.86			holding
Rosellini International Alpha Ltd		60.00	Transatlantic Telecommunications Fin. Alpha Ltd	holding
Rosellini International Beta Ltd		60.00	Transatlantic Telecommunications Fin. Beta Ltd	holding
Rosellini International Gamma Ltd		60.00	Transatlantic Telecommunications Fin. Gamma Ltd	holding
RS As		100.00	Vseobecna Uverova Banka	holding
S.I.F. Società Investimenti Fieristici Spa		16.81	Cariparma e Piacenza	holding
Sabaudia 29 Srl	95.00			pledge
Safinvest Finanziaria Spa in liquidation		99.67	Cormano	holding
Saga Spa	45.00			pledge
Sailview Company		99.99	Private Equity International	holding
Sant'Antonio Abate Srl		75.00	Cariparma e Piacenza	pledge
Saper Empreendimentos Imobiliarios Ltda		37.90	Soc. de Assessoria Tecnica e Administrativa	holding
Sarlux Srl	100.00			pledge
Satellite 1 Srl	100.00			pledge
Scala Advisory SA		0.03	Société Européenne de Banque	holding
	99.97			holding
Sci Les Guynames		38.00	Société d'Investiss. et de Financ. Immobiliers	holding
Sci USA Spa	16.91			pledge
Scontofin SA	15.00			holding
Seb Trust Ltd		100.00	Société Européenne de Banque	holding
Selezione Terza Srl	50.00			holding
Serit Picena Spa		77.49	Cassa di Risparmio di Ascoli Piceno	holding
Serr Mac Spa		100.00	Banca Popolare FriulAdria	pledge
Servicios Bancarios Compartidos SA		14.12	Banco Wiese Sudameris	holding
Servitia SA		100.00	Société Européenne de Banque	holding
Servizi Assicurativi Padano Srl		40.00	Cariparma e Piacenza	holding
Servizi Finanziari Integrati Srl in liquidation		67.00	Safinvest Finanziaria	holding

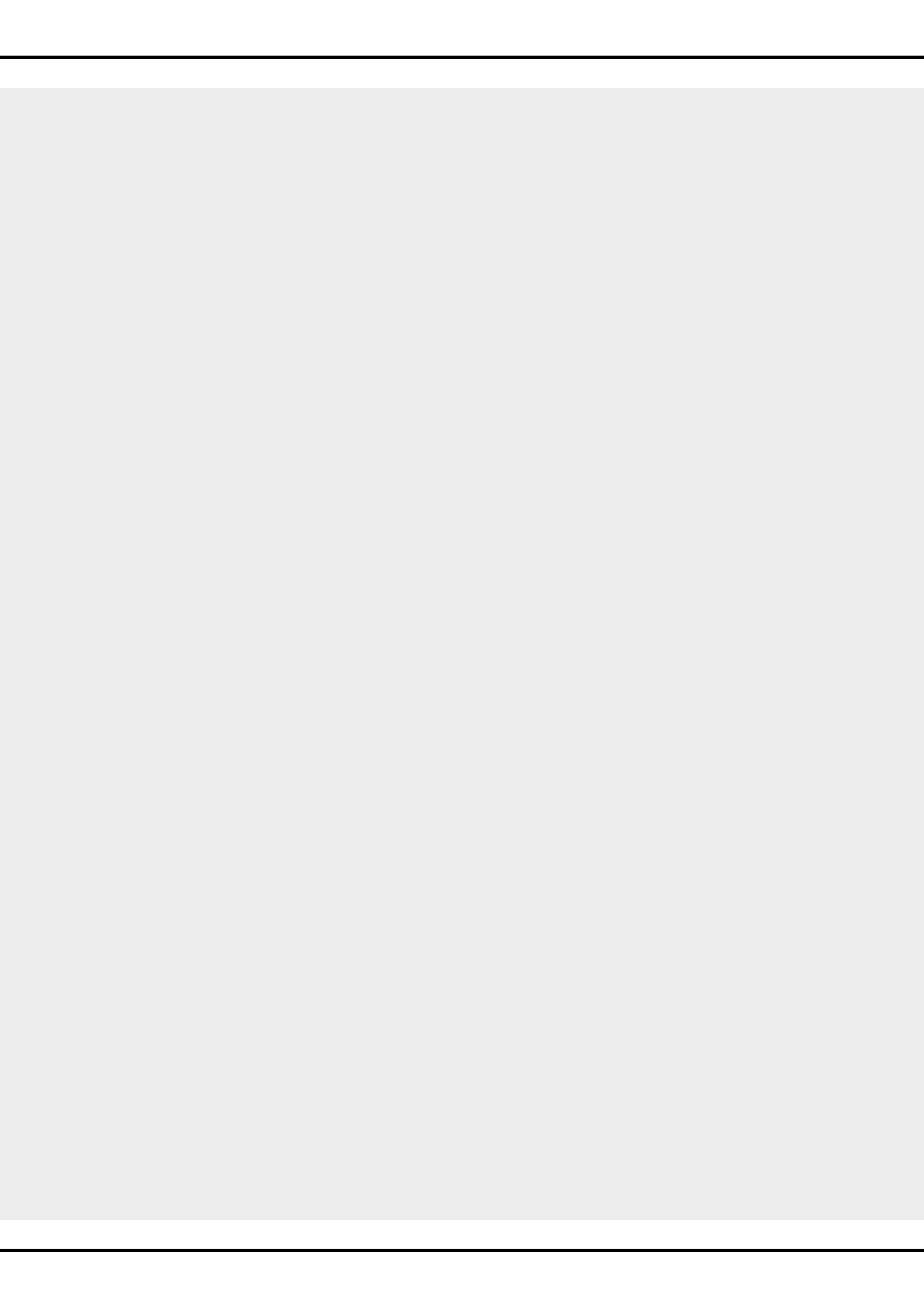
Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Servizi Interbancari Spa		0.18	Banca Popolare FriulAdria	holding
		0.22	Banca Trento e Bolzano	holding
		0.25	Banco di Chiavari e della Riviera Ligure	holding
		0.10	Cassa di Risparmio di Ascoli	holding
		0.37	Cassa di Risparmio di Biella e Vercelli	holding
		0.15	Cassa di Risparmio di Città di Castello	holding
		0.15	Cassa di Risparmio di Foligno	holding
		0.15	Cassa di Risparmio di Terni e Narni	holding
		0.15	Cassa di Risparmio di Rieti	holding
		0.01	Cassa di Risparmio di Spoleto	holding
		0.15	Cassa di Risparmio di Viterbo	holding
		0.56	Cariparma e Piacenza	holding
		10.78		holding
Servizi Riscossione Tributi Spa		99.97	Cassa di Risparmio di Terni e Narni	holding
		0.03	Cassa di Risparmio di Spoleto	holding
Sesit Puglia Spa		64.99	IntesaBci Riscossione Tributi	holding
Setefi Spa	100.00			holding
Shi-mi SA	100.00			holding
Shoplà Spa		50.00	IntesaBci e.lab	holding
Sider Corp SA		36.79	Wiese Inversiones Financieras	holding
Sim Co.Ge.F. Spa	55.00			holding
Siry Chamon Impianti Spa		100.00	Banca IntesaBci Mediocredito	pledge
Skillpass Spa	12.50			holding
Skuda dd in liquidation		86.07	Privredna Banka Zagreb	holding
SO.GE.A.P. Aeroporto di Parma Spa		10.15	Cariparma e Piacenza	holding
SO.Ri.T. Spa Società Riscossione Tributi		12.47	Cassa di Risparmio di Foligno	holding
		3.46	Cassa di Risparmio di Spoleto	holding
		7.02	Cassa di Risparmio di Città di Castello	holding
Soc. De Assessoria Tecnica e Amministrativa SA - SATA		100.00	Banque Sudameris	holding
Società Agricola Valsereana Srl		50.00	Cariparma e Piacenza	pledge
Società Europea di Sviluppo Srl	90.00			pledge
Società Italiana di Revisione e Fiduciaria Spa - S.I.Re.F.	100.00			holding
Società per i Servizi Bancari - SSB Spa		N.S.	Banca Cis	holding
		0.24	Banca di Trento e Bolzano	holding
		0.06	Banca Popolare FriulAdria	holding
		0.08	Banco di Chiavari e della Riviera Ligure	holding
		0.02	Cassa di Risparmio di Ascoli	holding
		0.11	Cassa di Risparmio di Biella e Vercelli	holding
		0.04	Cassa di Risparmio di Città di Castello	holding
		0.04	Cassa di Risparmio di Foligno	holding
		0.04	Cassa di Risparmio di Rieti	holding
		0.01	Cassa di Risparmio di Spoleto	holding
		0.04	Cassa di Risparmio di Viterbo	holding
		0.04	Cassa di Risparmio di Terni e Narni	holding
		0.21	Cariparma e Piacenza	holding
		17.52		holding
	Società Recupero Centri Storici Spa		13.00	Cassa di Risparmio di Biella e Vercelli
Société d'Investiss. et de Financ. Immobiliers SA		99.99	Banca Commerciale Italiana SA France	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Société Européenne de Banque SA		100.00	IntesaBci Holding International	holding
Société Foncière Meyerbeer Sarl		99.56	Banque Sudameris	holding
Sogenet Spa	45.00			holding
Spc Comercio e Participacao Ltda		13.45	Banco Comercial e de Investimento Sudameris	holding
Sphera Sarl		100.00	Banca Intesa (France)	holding
Spolocnost pre Bankovu Ochranu As		100.00	Vseobecna Uverova Banka	holding
Stavebna Sporitelna Vub - Wustenrot As		50.00	Vseobecna Uverova Banka	holding
Strutture Centrali Srl	25.00			pledge
Sudameris Administradora de Cartão de Crédito e Serviços SA		100.00	Banco Sudameris Brasil	holding
Sudameris Administradora de Fondos Mutuos SA		70.00	Banco Sudameris Paraguay	holding
Sudameris Agencia de Valores SA		95.00	Banque Sudameris	holding
		5.00	Inversion. Sudameris Chile	holding
Sudameris Arrendamento Mercantil SA		99.82	Banco Sudameris Brasil	holding
Sudameris Asset Management Ltda		10.00	Banco Sudameris Brasil	holding
		90.00	Banco Comercial e de Investimento Sudameris	holding
Sudameris Capital Markets SA		99.72	Banque Sudameris SA	holding
Sudameris Casa de Bolsa SA		49.00	Banco Sudameris Paraguay	holding
Sudameris Corretora de Câmbio e Valores Mobiliários SA		100.00	Banco Comercial e de Investimento Sudameris	holding
Sudameris Distribuidora de Títulos e Valores Mobiliários SA		100.00	Banco Sudameris Brasil	holding
Sudameris Empreendimentos e Servicos Ltda		97.20	Banco Sudameris Brasil	holding
		2.00	Sudameris Arrendamento Mercantil	holding
		0.00	Sudameris Corret. Cambio e Valores Mob.	holding
		0.80	Sudameris Distrib. de Títulos e Valore Mob.	holding
		0.00	Sudameris Soc. de Fomento Comm. Serviços	holding
Sudameris Generali Companhia de Seguros e Prev. Pri		50.00	Banco Sudameris de Invest.	holding
Sudameris Imobiliaria SA		100.00	Banque Sudameris	holding
Sudameris Inversiones y Proyectos SA		94.99	Banque Sudameris	holding
		5.00	Sudameris Imobiliaria	holding
Sudameris Inversora Argentina Soc. Gerente de Fondos		99.99	Banco Sudameris Argentina	holding
		0.01	Atlantis	holding
Sudameris Investment Chile SA		99.99	Banque Sudameris	holding
		0.01	Inversiones Sudameris Chile	holding
Sudameris Leasing SA		95.00	Banque Sudameris	holding
		5.00	Inversiones Sudameris Chile	holding
Sudameris Securities Inc - Miami		100.00	Banque Sudameris	holding
Sudameris Sociedade de Fomento Comm. e de Serv.		99.99	Sudameris Arrendamento Mercantil	holding
Sudameris Valores SA Sociedad de Bolsa		100.00	Banco Sudameris Argentina	holding
Sudpar International Inc		100.00	Banque Sudameris SA	holding
Superga Spa	33.33			pledge
Supermetanol Ca		15.49	Petrochemical Investments	holding
SVI Lombardia Spa in liquidation	12.31			holding
Sviluppo Garibaldi Repubblica Spa	33.00			holding
Sviluppo Linate Spa	100.00			pledge
Sviluppo Marino Srl	100.00			pledge
Sviluppo Nuove Iniziative Spa	100.00			pledge
Tabby Spa under bankruptcy procedures	73.81			pledge
Tangenziali Esterne di Milano Spa	20.00			holding
Tasa Finance Lux Sarl ⁽¹⁾	100.00			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Tayar Receivables Company		21.76	Comit Investment Ireland	holding
Technicky Servis As		100.00	Vseobecna Uverova Banka	holding
Tecno Spa	38.46			holding
Tecnoarredamenti Srl		100.00	Banca Popolare FriulAdria	pledge
Tecnoforge Spa	14.77			pledge
Teh nolasko-Inovacijski Centar doo		11.20	Riadria Banka	holding
Termomeccanica Spa	32.32			holding
The Augustus Investment Company ⁽¹⁾	100.00			holding
The Maple Gas Development Corporation - Lima		33.33	Wiese Inversiones Financieras	holding
The Peru Privatisation and Development Fund Ltd		0.89	Banco Wiese Sudameris	holding
		9.92	Banque Sudameris	holding
The Tiberius Fund ⁽¹⁾	100.00			holding
The Titus Fund ⁽¹⁾	100.00			holding
Transatlantic Telecommunications Fin. Alpha Ltd ⁽¹⁾	100.00			holding
Transatlantic Telecommunications Fin. Beta Ltd ⁽¹⁾	100.00			holding
Transatlantic Telecommunications Fin. Gamma Ltd ⁽¹⁾	100.00			holding
Tre Re Spa in liquidation	39.99			pledge
Trigoria 2000 Srl in liquidation	95.00			pledge
Tubitex Srl	50.00			pledge
Twice Sim Spa	18.27			holding
Umbra Cuscineti Spa		15.00	Cassa di Risparmio di Foligno	pledge
Univerzalna Bankova Poistovna As		34.00	Vseobecna Uverova Banka	holding
VA.MA. Srl		37.50	Cassa di Risparmio di Viterbo	pledge
Vis Italiana Srl	11.08			pledge
Viterie Bal.Bi Srl		50.00	Banca Popolare FriulAdria	pledge
Vobitech Nv	36.63			holding
Vseobecna Uverova Banka As		94.47	IntesaBci Holding International	holding
Vub Asset Management Sprav. Spol As		100.00	Vseobecna Uverova Banka	holding
Vub Factoring As		84.28	Vseobecna Uverova Banka	holding
Vub Leasingova As		100.00	Vseobecna Uverova Banka	holding
Vub Real As		100.00	Realitna Spolocnost Vub Spol	holding
Wiese Bank International WBI		100.00	Banco Wiese Sudameris	holding
Wiese Inversiones Financieras SA		99.70	Banco Wiese Sudameris	holding
Wiese Sudameris Sociedad Titulizadora SA		100.00	Banco Wiese Sudameris	holding
Wiese Sudameris Fondos SA		100.00	Banco Wiese Sudameris	holding
Wiese Sudameris Leasing SA		99.82	Banco Wiese Sudameris	holding
Wiese Sudameris Sociedad Agente del Bolsa SA		100.00	Banco Wiese Sudameris	holding
Wiland SA		8.55	Shi-Mi	holding
	11.46			holding
Zet Srl		55.00	Cariparma e Piacenza	pledge
Zetesis.com Spa in liquidation	39.91			holding

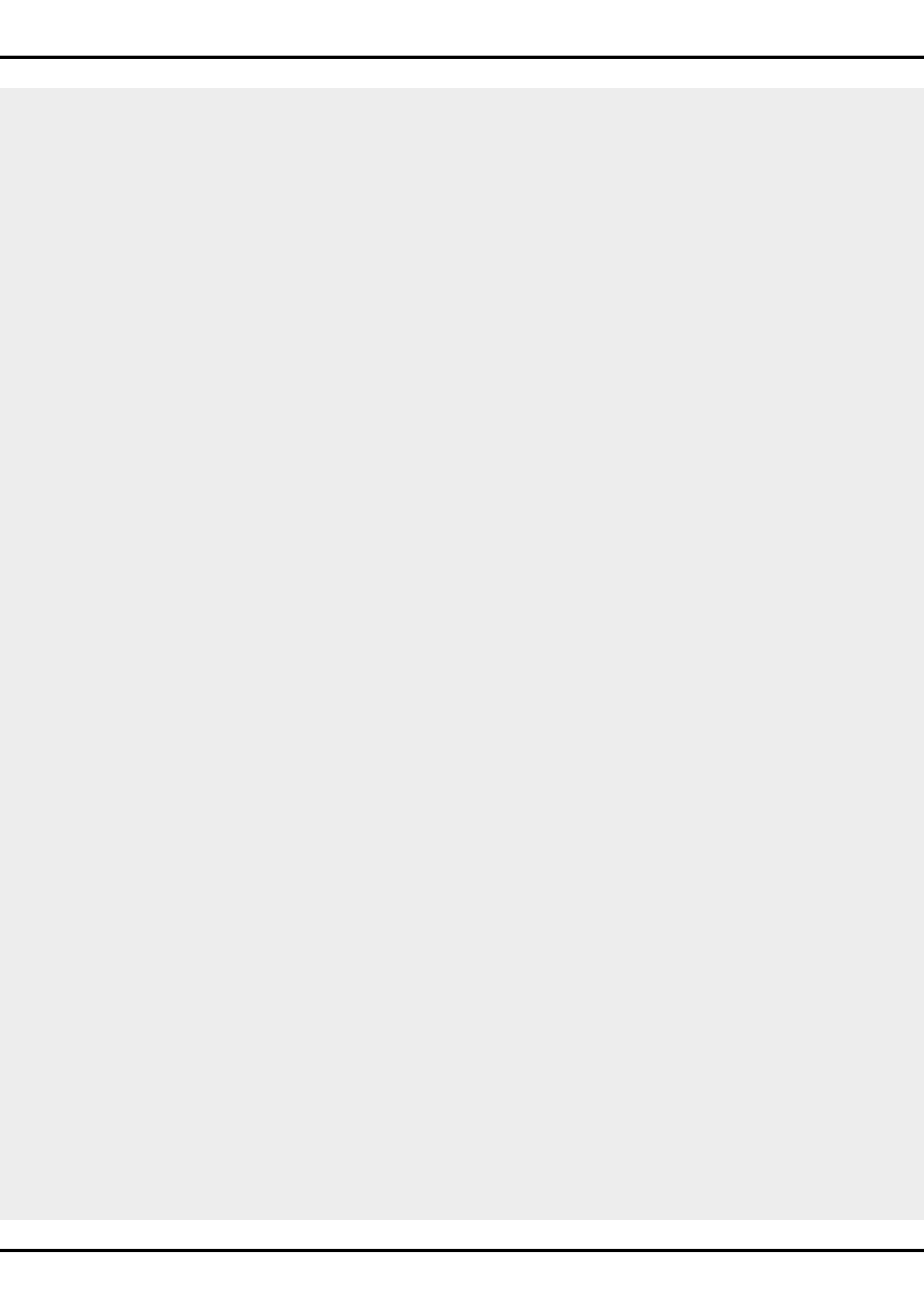
⁽¹⁾ Equity investment for which there is a commitment to sell at a later date and at a predetermined price.
This equity investment is accounted for as loans for a repurchase agreement.

N.S. = not significant since in the percentage is under 0.001.



IntesaBci
Parent Company's Financial Statements
as at 30th June 2002

(Figures expressed in millions of euro)



IntesaBci
Parent Company's financial statements as at 30th June 2002
Balance sheet

	Assets	30/06/2002	31/12/2001	30/06/2001
10.	Cash and deposits with central banks and post offices	676	829	610
20.	Treasury bills and similar bills eligible for refinancing with central banks	4,088	3,760	4,017
30.	Due from banks	36,849	44,964	49,222
	<i>a) repayable on demand</i>	4,486	4,035	5,868
	<i>b) other</i>	32,363	40,929	43,354
40.	Loans to customers	127,814	132,055	147,611
	<i>including</i>			
	– <i>with public funds under administration</i>	28	27	33
50.	Bonds and other debt securities	19,580	20,974	31,108
	<i>a) public entities</i>	7,438	7,284	14,193
	<i>b) banks</i>	6,516	8,105	9,216
	<i>including</i>			
	– <i>own bonds</i>	715	546	535
	<i>c) financial institutions</i>	3,487	3,540	4,009
	<i>d) other issuers</i>	2,139	2,045	3,690
60.	Shares, quotas and other forms of capital	2,338	1,172	4,693
70.	Equity investments	3,378	3,156	2,536
80.	Investments in Group companies	9,402	8,668	6,972
90.	Intangibles	74	94	278
	<i>including</i>			
	– <i>start-up costs</i>	10	15	23
	– <i>goodwill</i>	7	10	78
100.	Fixed assets	2,730	2,919	3,118
	<i>including</i>			
	– <i>leased assets</i>	1,102	1,204	1,331
130.	Other assets	17,186	16,500	14,062
140.	Accrued income and prepaid expenses	3,752	3,590	4,483
	<i>a) accrued income</i>	3,448	3,284	3,916
	<i>b) prepaid expenses</i>	304	306	567
	<i>including</i>			
	– <i>discounts on securities issued</i>	59	71	71
	Total Assets	227,867	238,681	268,710

IntesaBci
Parent Company's financial statements as at 30th June 2002
Balance sheet

	Liabilities and Shareholders' Equity	30/06/2002	31/12/2001	30/06/2001
10.	Due to banks	49,029	64,572	88,033
	<i>a) repayable on demand</i>	14,494	13,606	21,599
	<i>b) time deposits or with notice period</i>	34,535	50,966	66,434
20.	Due to customers	77,583	77,098	79,753
	<i>a) repayable on demand</i>	61,238	58,630	57,746
	<i>b) time deposits or with notice period</i>	16,345	18,468	22,007
30.	Securities issued	48,125	46,369	49,938
	<i>a) bonds</i>	37,497	31,937	33,228
	<i>b) certificates of deposit</i>	9,340	12,999	15,316
	<i>c) other</i>	1,288	1,433	1,394
40.	Public funds under administration	38	39	45
50.	Other liabilities	20,438	17,941	18,030
60.	Accrued expenses and deferred income	4,084	3,910	5,011
	<i>a) accrued expenses</i>	3,829	3,600	4,356
	<i>b) deferred income</i>	255	310	655
70.	Allowance for employee termination indemnities	998	1,012	1,064
80.	Allowances for risks and charges	2,150	2,333	2,070
	<i>a) pensions and similar commitments</i>	109	109	110
	<i>b) taxation</i>	748	1,032	970
	<i>c) other</i>	1,293	1,192	990
90.	Allowances for possible loan losses	90	88	113
100.	Reserve for general banking risks	-	-	154
110.	Subordinated and perpetual liabilities	11,350	11,342	10,142
120.	Share capital	3,561	3,489	3,489
130.	Share premium reserve	4,168	4,075	4,075
140.	Reserves	5,092	5,089	5,092
	<i>a) legal reserve</i>	773	773	773
	<i>b) reserve for own shares</i>	-	-	-
	<i>c) statutory reserves</i>	154	151	151
	<i>d) other reserves</i>	4,165	4,165	4,168
150.	Revaluation reserves	987	987	987
170.	Net income for the period	174	337	714
	Total Liabilities and Shareholders' Equity	227,867	238,681	268,710

IntesaBci
Parent Company's financial statements as at 30th June 2002
Balance sheet

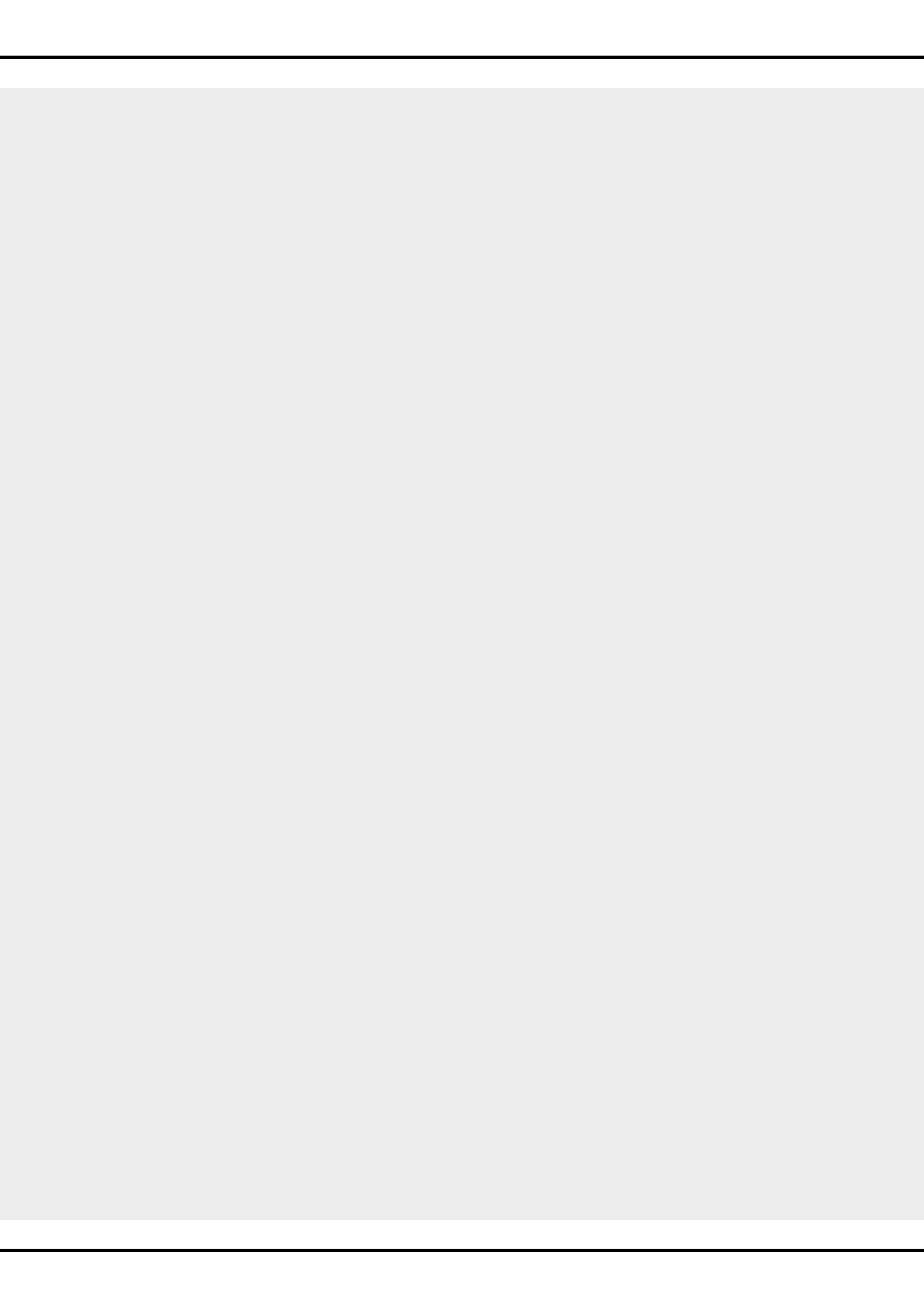
	Guarantees and Commitments	30/06/2002	31/12/2001	30/06/2001
10.	Guarantees given	24,964	28,910	31,300
	<i>including</i>			
	- <i>acceptances</i>	516	610	640
	- <i>other guarantees</i>	24,448	28,300	30,660
20.	Commitments	32,850	40,113	48,746
30.	Credit derivatives	40,412	42,853	39,677
	Total Guarantees and Commitments	98,226	111,876	119,723

IntesaBci
Parent Company's financial statements as at 30th June 2002
Statement of income

		First half 2002	First half 2001	2001
10.	Interest income and similar revenues <i>including from</i>	4,392	6,683	11,959
	– loans to customers	3,176	4,474	8,060
	– debt securities	487	943	1,596
20.	Interest expense and similar charges <i>including on</i>	(2,772)	(4,883)	(8,444)
	– deposits from customers	(693)	(1,075)	(1,905)
	– securities issued	(1,028)	(1,262)	(2,594)
30.	Dividends and other revenues	932	859	1,643
	<i>a) from shares, quotas</i>			
	<i>and other forms of capital</i>	403	357	402
	<i>b) from equity investments</i>	102	158	165
	<i>c) from investments in Group companies</i>	427	344	1,076
40.	Commission income	1,129	1,207	2,378
50.	Commission expense	(148)	(141)	(291)
60.	Profits (Losses) on financial transactions	(303)	(126)	(220)
65.	Gross returns on investment of the allowances for pensions and similar commitments	1	19	20
70.	Other operating income	324	421	748
80.	Administrative costs	(2,029)	(2,082)	(4,297)
	<i>a) payroll</i>	(1,153)	(1,268)	(2,464)
	<i>including</i>			
	– wages and salaries	(799)	(879)	(1,717)
	– social security charges	(218)	(267)	(511)
	– termination indemnities	(62)	(72)	(130)
	– pensions and similar commitments	(39)	(21)	(44)
	<i>b) other</i>	(876)	(814)	(1,833)
85.	Allocation of net returns on investment of the allowances for pensions and similar commitments	(1)	(18)	(19)
90.	Adjustments to fixed assets and intangibles	(219)	(269)	(497)
100.	Provisions for risks and charges	(122)	(76)	(234)
110.	Other operating expenses	(5)	(26)	(36)
120.	Adjustments to loans and provisions for guarantees and commitments	(919)	(498)	(1,707)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	65	56	127
140.	Provisions for possible loan losses	(13)	(27)	(34)
150.	Adjustments to financial fixed assets	(109)	(75)	(1,001)
160.	Write-back of financial fixed assets	20	14	20
170.	Income from operating activities	223	1,038	115
180.	Extraordinary income	205	753	1,327
190.	Extraordinary charges	(199)	(794)	(1,405)
200.	Extraordinary income (loss), net	6	(41)	(78)
210.	Change in the reserve for general banking risks	–	–	154
215.	Provisions to the reserve as per Legislative Decree 124/93	–	–	–
220.	Income taxes	(55)	(283)	146
230.	Net income for the period	174	714	337

IntesaBci
Parent Company's Financial Statements
as at 30th June 2002
compared to pro forma as at 31st December 2001
and as at 30th June 2001

(Figures expressed in millions of euro)



IntesaBci

Parent Company's financial statements as at 30th June 2002

compared to pro forma as at 31st December 2001 and as at 30th June 2001

Balance sheet

	Assets	30/06/2002	31/12/2001 pro forma ⁽¹⁾	30/06/2001 pro forma ⁽¹⁾
10.	Cash and deposits with central banks and post offices	676	829	610
20.	Treasury bills and similar bills eligible for refinancing with central banks	4,088	3,760	4,017
30.	Due from banks	36,849	44,964	49,021
	<i>a) repayable on demand</i>	4,486	4,035	5,866
	<i>b) other</i>	32,363	40,929	43,155
40.	Loans to customers	127,814	132,055	135,851
	<i>including</i>			
	<i>- with public funds under administration</i>	28	27	26
50.	Bonds and other debt securities	19,580	20,974	30,936
	<i>a) public entities</i>	7,438	7,284	14,191
	<i>b) banks</i>	6,516	8,105	9,216
	<i>including</i>			
	<i>- own bonds</i>	715	546	535
	<i>c) financial institutions</i>	3,487	3,540	4,009
	<i>d) other issuers</i>	2,139	2,045	3,520
60.	Shares, quotas and other forms of capital	2,338	1,172	4,693
70.	Equity investments	3,378	3,156	2,535
80.	Investments in Group companies	9,402	8,668	7,769
90.	Intangibles	74	94	278
	<i>including</i>			
	<i>- start-up costs</i>	10	15	23
	<i>- goodwill</i>	7	10	78
100.	Fixed assets	2,730	2,919	3,118
	<i>including</i>			
	<i>- leased assets</i>	1,102	1,204	1,331
130.	Other assets	17,186	16,535	13,914
140.	Accrued income and prepaid expenses	3,752	3,590	4,318
	<i>a) accrued income</i>	3,448	3,284	3,776
	<i>b) prepaid expenses</i>	304	306	542
	<i>including</i>			
	<i>- discounts on securities issued</i>	59	71	71
	Total Assets	227,867	238,716	257,060

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

IntesaBci
Parent Company's financial statements as at 30th June 2002
compared to pro forma as at 31st December 2001 and as at 30th June 2001
Balance sheet

	Liabilities and Shareholders' Equity	30/06/2002	31/12/2001 pro forma ⁽¹⁾	30/06/2001 pro forma ⁽¹⁾
10.	Due to banks	49,029	64,572	80,127
	<i>a) repayable on demand</i>	14,494	13,606	19,938
	<i>b) time deposits or with notice period</i>	34,535	50,966	60,189
20.	Due to customers	77,583	77,098	79,689
	<i>a) repayable on demand</i>	61,238	58,630	57,708
	<i>b) time deposits or with notice period</i>	16,345	18,468	21,981
30.	Securities issued	48,125	46,369	46,919
	<i>a) bonds</i>	37,497	31,937	30,284
	<i>b) certificates of deposit</i>	9,340	12,999	15,241
	<i>c) other</i>	1,288	1,433	1,394
40.	Public funds under administration	38	39	38
50.	Other liabilities	20,438	17,963	17,894
60.	Accrued expenses and deferred income	4,084	3,910	4,744
	<i>a) accrued expenses</i>	3,829	3,600	4,227
	<i>b) deferred income</i>	255	310	517
70.	Allowance for employee termination indemnities	998	1,012	1,056
80.	Allowances for risks and charges	2,150	2,346	2,080
	<i>a) pensions and similar commitments</i>	109	109	110
	<i>b) taxation</i>	748	1,045	982
	<i>c) other</i>	1,293	1,192	988
90.	Allowances for possible loan losses	90	88	90
100.	Reserve for general banking risks	-	-	154
110.	Subordinated and perpetual liabilities	11,350	11,342	9,912
120.	Share capital	3,561	3,489	3,489
130.	Share premium reserve	4,168	4,075	4,075
140.	Reserves	5,092	5,089	5,092
	<i>a) legal reserve</i>	773	773	773
	<i>b) reserve for own shares</i>	-	-	-
	<i>c) statutory reserves</i>	154	151	151
	<i>d) other reserves</i>	4,165	4,165	4,168
150.	Revaluation reserves	987	987	987
170.	Net income for the period	174	337	714
	Total Liabilities and Shareholders' Equity	227,867	238,716	257,060

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

IntesaBci**Parent Company's financial statements as at 30th June 2002****compared to pro forma as at 31st December 2001 and as at 30th June 2001****Balance sheet**

	Guarantees and Commitments	30/06/2002	31/12/2001 pro forma ⁽¹⁾	30/06/2001 pro forma ⁽¹⁾
10.	Guarantees given <i>including</i>	24,964	28,910	31,079
	- <i>acceptances</i>	516	610	640
	- <i>other guarantees</i>	24,448	28,300	30,439
20.	Commitments	32,850	40,113	48,233
30.	Credit derivatives	40,412	42,853	39,677
	Total Guarantees and Commitments	98,226	111,876	118,989

⁽¹⁾ *Figures restated on a consistent basis, considering changes in the consolidation area.*

IntesaBci
Parent Company's financial statements as at 30th June 2002
compared to pro forma as at 31st December 2001 and as at 30th June 2001
Statement of income

		First half 2002	First half 2001 pro forma ⁽¹⁾	2001 pro forma ⁽¹⁾
10.	Interest income and similar revenues <i>including from</i>	4,392	6,228	11,588
	– <i>loans to customers</i>	3,176	4,156	8,060
	– <i>debt securities</i>	487	927	1,596
20.	Interest expense and similar charges <i>including on</i>	(2,772)	(4,516)	(8,161)
	– <i>deposits from customers</i>	(693)	(1,072)	(1,905)
	– <i>securities issued</i>	(1,028)	(1,103)	(2,594)
30.	Dividends and other revenues	932	894	1,678
	a) <i>from shares, quotas and other forms of capital</i>	403	357	402
	b) <i>from equity investments</i>	102	158	165
	c) <i>from investments in Group companies</i>	427	379	1,111
40.	Commission income	1,129	1,196	2,375
50.	Commission expense	(148)	(130)	(290)
60.	Profits (Losses) on financial transactions	(303)	(124)	(218)
65.	Gross returns on investment of the allowances for pensions and similar commitments	1	19	20
70.	Other operating income	324	400	727
80.	Administrative costs	(2,029)	(2,063)	(4,277)
	a) <i>payroll</i> <i>including</i>	(1,153)	(1,264)	(2,457)
	– <i>wages and salaries</i>	(799)	(874)	(1,722)
	– <i>social security charges</i>	(218)	(265)	(512)
	– <i>termination indemnities</i>	(62)	(72)	(130)
	– <i>pensions and similar commitments</i>	(39)	–	(46)
	b) <i>other</i>	(876)	(799)	(1,820)
85.	Allocation of net returns on investment of the allowances for pensions and similar commitments	(1)	(18)	(19)
90.	Adjustments to fixed assets and intangibles	(219)	(269)	(497)
100.	Provisions for risks and charges	(122)	(76)	(234)
110.	Other operating expenses	(5)	(9)	(18)
120.	Adjustments to loans and provisions for guarantees and commitments	(919)	(454)	(1,663)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	65	39	110
140.	Provisions for possible loan losses	(13)	(18)	(25)
150.	Adjustments to financial fixed assets	(109)	(75)	(1,001)
160.	Write-back of financial fixed assets	20	14	20
170.	Income from operating activities	223	1,038	115
180.	Extraordinary income	205	746	1,320
190.	Extraordinary charges	(199)	(787)	(1,398)
200.	Extraordinary income (loss), net	6	(41)	(78)
210.	Change in the reserve for general banking risks	–	–	154
215.	Provisions to the reserve as per Legislative Decree 124/93	–	–	–
220.	Income taxes	(55)	(283)	146
230.	Net income for the period	174	714	337

⁽¹⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

Methodological notes on the preparation of the pro forma financial statements of IntesaBci as at 31st December 2001 and as at 30th June 2001

Also IntesaBci's financial statements as at 30th June 2002, as had already occurred for the annual and interim financial statements of previous years, required a restatement on consistent terms of figures as at 31st December 2001 and as at 30th June 2001.

In fact, IntesaBci's financial statements at 31st December 2001 and as at 30th June 2001 included the results of Mediocredito Lombardo merged at the end of 2000, whose main activities, referred to medium- and long-term lending, were later (1st July 2001) contributed to IntesaBci Mediocredito and therefore excluded from the Parent Company's 2002 figures. The financial statements as at 31st December 2001 and as at 30th June 2001 have therefore been restated to consider the aforementioned extraordinary operation.

In particular, in the preparation the pro forma financial statements as at 30th June 2001, contributed assets and liabilities were eliminated from balance sheet aggregates while the value of the equity investment in IntesaBci Mediocredito was recorded among the assets. Analogously, income and expenses generated by the former Mediocredito Lombardo network and relative to contributed assets and liabilities were eliminated from the statement of income. Net income attributable to the former Mediocredito Lombardo was accounted as Dividends, and booked in the year in which income is generated, including the relative tax credit.

In the preparation of the pro forma financial statements as at 31st December 2001, income and expenses generated in the first half of 2001 by the former Mediocredito Lombardo network and relative to contributed assets and liabilities were eliminated and net income, including the relevant tax credit, was accounted for in Dividends.

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