

**CORRADO PASSERA  
DESIGNATED CEO OF INTESABCI**

**CONSOLIDATED NET INCOME  
TO 928.2 MILLION EURO (-45%)**

**DIVIDENDS: 0.045 EURO TO ORDINARY SHARES,  
0.08 EURO TO SAVING SHARES**

*Milano, 28th March 2002.* IntesaBci's consolidated net income as at 31st December 2001 amounted to **928.2 million euro**, down by 45% compared to the consistent figure - 1,686.2 million euro - recorded in 2000, mostly as a result of the exceptional events which occurred in the second half and significantly affected economic results for the year.

**The Parent Company's net income** decreased, again in consistent terms, from 1,774.5 million euro as at 31st December 2000 to **337.4 million euro** at the end of 2001 (-81%), also as a result of the different accounting treatment in the consolidated financial statements and in the Parent Company's financial statements of the economic effects of the disposals of Banca di Legnano and Banca Carime.

IntesaBci's consolidated financial statements and the draft Parent Company's financial statements for 2001, which closed with these results, will be submitted by IntesaBci's Board of Directors, chaired by Giovanni Bazoli, to the Shareholders' Meeting, which has been summoned on 29th April on first call and on the next day on second call.

The Board will propose to the approval of the Shareholders the distribution of a **dividend of 0.045 euro to ordinary shares and 0.08 euro to saving shares** (respectively 0.09 euro - 180 lire - and 0.10 euro - 200 lire - in 2000), which will be paid on 23rd May 2002, with presentation of the coupon on 20th May 2002.

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The Board of Directors recognized that Lino Benassi having reached the objective of integrating BCI into Gruppo Intesa, has rendered his resignation with effect from the date of the next Shareholders' Meeting.

The Board expressed its gratitude to Lino Benassi for his contribution auguring him further professional success in the future.

The appointment of Corrado Passera to the Board, having received confirmation of his willingness to accept the position, will be proposed by unanimous designation of the Syndicated Shareholders at the next Annual General Meeting.

Corrado Passera thereafter will be appointed to the position of CEO of the Group.

The new powers to be attributed to Christian Merle will be determined on that occasion.

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### **Budget for 2002 and operations development**

The Board of Directors also approved the Group's budget for 2002, based on the streamlining and strong containment of operating costs – notwithstanding the continuation of substantial investments in high value added areas - and on a decided recovery in commercial action, also thanks to the implementation of the new divisional model.

The Group's cost/income objective sets out a decrease from 68% (calculated net of non-recurring components) to 61% following, on the one hand, an increase in interest margin in excess of 5% and a rise in income from services in excess of 9% and, on the other hand, a 3.6% reduction in costs. Excluding the expenses related to new investments and the development of new businesses, the contraction in expenses is forecasted around 7%. The combined effect of these elements will lead to an increase in excess of 30% of operating margin, net of non-recurring components.

Also in relation to the significant interventions on asset quality carried out in 2001 an appreciable increase in consolidated net income may be forecasted for the current year.

Operating figures for the first two months of the year show a good growth rate in operating margin with respect to the corresponding period of the previous year and outperform budget objectives for the period.

The Consolidated Quarterly Report as at 31st March 2002 will be approved by the Board of Directors on 14th May 2002.

### **2001 Consolidated financial statements**

The terrorist attacks which occurred in September in the US had severe consequences on world stock markets, further increasing their pre-existing volatility and initiating an international recession which negatively affected all aspects of the financial industry.

Instability overwhelmed important international groups, some of which operated in the sectors in greater distress and were already under observation for their previous difficulties, while others were hit unexpectedly, considering their standing in the financial system. Value adjustments on such exposures totalled 440 million euro and prudentially offset 80% of the risk with the Enron group and 90% of the risk with Swissair. A further 40 million of charges relative to financial transactions was also recorded.

As part of its strong presence in foreign markets, the Group also has exposures to certain Latin American Countries where it operates through the Sudameris Group. In particular, the extremely critical situation in Argentina and the results of the Peruvian subsidiary Banco Wiese Sudameris led IntesaBci to write-off the book value of such equity investments and record substantial provisions, which, as is generally known, determined an overall charge of 750 million euro on the consolidated financial statements.

The result for 2001 was also affected by the review of non-performing loans carried out using extremely rigorous parameters at the time of the integration of the banks merged in the Parent Company, which led to net adjustments amounting to approximately 800 million euro. Equally severe interventions were carried out on the loan portfolio of IntesaBci Gestione Crediti, with value adjustments in excess of 250 million euro.

Total **provisions** and net value adjustments therefore amounted to 3,473 million euro, compared to 1,774 million euro in 2000.

Furthermore, provisions amounting to 1,158 million euro were recorded to adjust to market value the *Warrants Put IntesaBci*, issued at the time of the acquisition of Banca Commerciale Italiana and exercisable in November 2002.

All of the aforementioned negative factors were only partly offset by extraordinary income, which mostly reflected the capital gains amounting to approximately 1,760 million euro on the disposals of Banca Carime, Banca di Legnano and of a considerable number of branches, and dividends of approximately 520 million euro generated by the merchant banking transaction involving Seat Pagine Gialle.

The consolidated statement of income for 2001 shows, in detail, **net interest income** up by 6.5% to 6 billion euro, due to a credit-granting policy which privileges profitability instead of volumes, which led to an improvement in the interest rate spread, even with respect to the average of the banking system, and a significant decrease in net interbank funding (-23%). Dividends recorded a 270 million euro contraction due to the lower non-recurring dividends related to the Seat Pagine Gialle transaction (521 million in 2001, 769 million in 2000). Overall **interest margin** therefore highlighted a 1.5% growth rate; net of the aforementioned non-recurring components the growth rate would have been 5.9%.

The unfavourable trend recorded by financial markets affected net commissions and profits on financial transactions. **Net commissions** registered a 9.6% decline (to 3,731 million, from 4,127 million in 2000), mostly as a result of securities trading (-44%) and asset management (-16%), in spite of the 12% growth rate in commissions on current accounts. However, net commissions on securities trading and asset management showed a marked recovery in the last quarter of the year, with growth rates compared to the previous quarter in excess of 110% and 40% respectively.

**Profits on financial transactions** recorded a 39% contraction (from 193 to 117 million euro), but would have been in line with the previous year if calculated net of the capital loss on securities recorded in the Fonspa securitisation (35 million euro) and of the write-down of Commerzbank shares (50 million euro), which were transferred from the trading portfolio to equity investments.

**Operating costs**, excluding goodwill amortisation, showed a slight increase (+2.3%) to 7,393 million euro, from 7,224 million in 2000: payroll increased by 2.7%, general and administrative costs rose by 0.7% and depreciation by 6.6%. Excluding the approximately 140 million euro rise attributable to integration charges and the bonuses connected to the achievement of the company's targets for 2000, the increase in operating costs would have been contained to 0.4%. Furthermore if the comparison were carried out using 2000 figures inclusive of Banca Carime and Banca di Legnano, the effect of the streamlining of the branch network, which led to a drop in costs in excess of 5%, would be fully appreciable.

**Extraordinary income**, which mostly reflected – as already described above – the balance between the capital gains on the disposals and the valuation effects on the *Warrants Put IntesaBci*, equalled 785 million euro compared to 183 million in 2000.

With regard to balance sheet figures, **loans to customers** exceeded 183 billion euro and remained on similar values as those recorded at the end of 2000; considering only companies operating in Italy, short-term loans recorded a 4.8% growth rate in terms of average for the year (compared to 12.3% for the banking system) and medium- and long- term loans registered a 10.4% rise

(compared to 9.8% for the banking system), due to the aforementioned selective credit-granting policy which privileges profitability instead of volumes. The doubtful loans/loans ratio, net of value adjustments, decreased to 3% from 3.5% as at 31st December 2000 and the degree of coverage of doubtful loans increased to 59% from 52%.

**Customer deposits under administration** exceeded 510 billion euro, in line with the levels at the end of 2000 and was made up of direct customer deposits for approximately 185 billion and indirect customer deposits for over 325 billion. Managed funds equalled 137 billion euro.

At the end of the year, Gruppo IntesaBci's **operating structure** included 4,231 branches – of which 3,302 in Italy and 929 abroad – and 70,182 employees, 1,670 lower than in the previous year.

### **The Parent Company's financial statements**

The most significant statement of income and balance sheet items of the Parent Company IntesaBci are the following (in consistent terms): net interest income 3,681 million euro (+3.1%), interest margin 5,007.5 million euro (-3%), net interest and other banking income 7,298.2 million euro (-6.6%), operating margin 2,888.8 million euro (-17.5%). Net income for 2001 equalled 337.4 million euro compared to the consistent figure of 1,774.5 million euro in 2000. The decrease in net income is strictly related to higher write-downs and substantial provisions. The Parent Company's net income is lower than consolidated net income essentially as a result of: the disposal of Banca di Legnano, which led to record a capital gain (509 million euro) only in the consolidated financial statements (since the equity investment had already been re-valued in Banca Commerciale Italiana's financial statements in the previous year, while it had at the time been adjusted for the purposes of the consolidated financial statements); the capital gain on the disposal of 75% of the share capital of Banca Carime which, due to the different book value of the equity investment, contributed to a lower extent to the Parent Company's financial statements (510 million euro) compared to the consolidated financial statements (680 million euro).

As regards balance sheet figures, loans to customers exceeded 132 billion euro while customer deposits under administration exceeded 369 billion euro and comprised direct customer deposits for 134 billion and indirect customer deposits for approximately 235 billion.

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*The consolidated statement of income and balance sheet and the Parent Company's statement of income and balance sheet (reclassified in condensed format) included in the Report approved by the Board of Directors are attached in order to provide more complete information of results generated in 2001. It must be pointed out that the auditing firm in charge of auditing the 2001 Annual Report has not yet completed its examination.*

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