

**CONSOLIDATED
FINANCIAL STATEMENTS
AND REPORT
2001**

ABSTRACT



*This abstract in English of the Italian original "Bilanci 2001"
has been prepared solely for the convenience of the reader.
The complete version in Italian takes precedence
and will be made available to interested readers upon written request to
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Consolidated Financial Statements and Report 2001

Abstract

IntesaBci Spa

Share capital 3,488,995,258.84 euro fully paid-in

Milano Company Register 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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Board of Directors, Board of Statutory Auditors, General Management and Independent Auditors

Board of Directors

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

* *Members of the Executive Committee*

**General Manager/
Chief Operating Officer** ROBERTO BRAMBILLA

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

Financial highlights

	2001	2000 ⁽¹⁾	Changes	
			amount	%
Statement of income (in millions of euro)				
Net interest income	5,998.1	5,632.1	366.0	6.5
Interest margin	6,813.8	6,712.3	101.5	1.5
Net commissions	3,730.6	4,126.9	(396.3)	(9.6)
Net interest and other banking income	11,125.5	11,541.6	(416.1)	(3.6)
Operating costs	7,392.7	7,223.7	169.0	2.3
<i>including Payroll</i>	4,046.5	3,940.1	106.4	2.7
Operating margin	3,732.8	4,317.9	(585.1)	(13.6)
Income from operating activities	259.5	2,543.9	(2,284.4)	(89.8)
Net income for the year	928.2	1,686.2	(758.0)	(45.0)
Balance sheet (in millions of euro)				
Loans to customers	183,356.4	182,871.5	484.9	0.3
Securities	48,895.0	57,955.0	(9,060.0)	(15.6)
<i>including Investment portfolio</i>	11,238.3	12,588.2	(1,349.9)	(10.7)
Equity investments	4,594.8	3,794.7	800.1	21.1
Total assets	314,897.5	326,369.9	(11,472.4)	(3.5)
Direct customer deposits	185,104.5	181,556.2	3,548.3	2.0
<i>including Subordinated and perpetual liabilities</i>	11,687.5	9,747.1	1,940.4	19.9
Indirect customer deposits	325,578.5	331,071.4	(5,492.9)	(1.7)
<i>including Managed funds</i>	137,470.8	142,730.6	(5,259.8)	(3.7)
Customer deposits under administration	510,683.0	512,627.6	(1,944.6)	(0.4)
Due to banks, net	37,135.7	48,056.6	(10,920.9)	(22.7)
Shareholders' equity ⁽²⁾	14,171.7	13,782.3	389.4	2.8
Operating structure				
Staff (number)	70,182	71,852	(1,670)	(2.3)
Branches (number)	4,231	4,294	(63)	(1.5)
<i>including Italy</i> ⁽³⁾	3,302	3,351	(49)	(1.5)
<i>Abroad</i>	929	943	(14)	(1.5)

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

(2) Including net income for the year.

(3) This figure includes, in addition to traditional branches (with operating and accounting autonomy), the units in charge of customer relations in IntesaBci's Commercial and Investment banking divisions (actual accounts of the latter are maintained at the reference branches).

Gruppo IntesaBci

Financial ratios

	2001	2000
<i>Balance sheet ratios (%)</i>		
Loans to customers/Total assets	58.2	56.0
Securities/Total assets	15.5	17.8
Direct customer deposits/Total assets	58.8	55.6
Managed funds/Indirect customer deposits	42.2	43.1
<i>Statement of income ratios (%)</i>		
Interest margin/Net interest and other banking income	61.2	58.2
Net commissions/Net interest and other banking income	33.5	35.8
Operating costs/Net interest and other banking income	66.4	62.6
Net income for the year/Average total assets (ROA) ⁽¹⁾	0.3	0.5
Net income for the year/Average shareholders' equity (ROE) ⁽²⁾	6.7	13.8
<i>Risk ratios (%)</i>		
Net doubtful loans/Total loans	3.0	3.5
Accrued adjustments on doubtful loans/Gross doubtful loans to customers	59.0	52.2
<i>Capital ratios (%)</i>		
Tier 1 capital/Risk-weighted assets	6.0	5.8
Total capital/Risk-weighted assets	9.3	8.7
Risk-weighted assets (in millions of euro)	246,123	236,291
EPS – Earnings per Share – euro	0.14	0.29

⁽¹⁾ Based upon the arithmetical average of total assets at the end of current and previous year.

⁽²⁾ Net income for the year, 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.

Rating

During 2001 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).



Shareholder base

The following table shows the situation as at 31st December 2001 of the ordinary shares vested in the syndicate by the participants to the agreement in force among IntesaBci's main shareholders, signed on 15th April 1999 – modified and/or integrated on 11th April 2000 – and expiring on 15th April 2002. On 15th October 2001 the Voting syndicate was tacitly renewed until 15th April 2005, save for *Abaxbank* and *Credito Emiliano* – which belong to the *Lombardo group* – who expressed their decision to recede. Following their exit, which according to the Regulations of the Voting syndicate is effective as of 15th April 2002, the stake of the Lombardo group included in the syndicate on total shares issued decreases from 3.52% to 3.30% and the holdings vested in the syndicate decrease by the same amount.

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	13.89	16.81
Fondazione Cariplo	498,125,809	–	498,125,809	8.49	8.49
Generali group including	317,005,757	24,687,860	341,693,617	5.40	5.82
• Assicurazioni Generali	45,915,297	3,114,075	49,029,372		
• Alleanza Assicurazioni	184,523,983	810,664	185,334,647		
• Other companies	86,566,477	20,763,121	107,329,598		
Fondazione Cariparma	234,775,952	7,563,771	242,339,723	4.00	4.13
Lombardo group including	206,870,866	2,541,213	209,412,079	3.52	3.57
• Banca Lombarda e Piemontese	130,198,395	190,080	130,388,475		
• IOR	42,917,536	1,050,900	43,968,436		
• Mittel	20,427,036	–	20,427,036		
• Abaxbank	8,327,899	–	8,327,899		
• Credito Emiliano	5,000,000	1,300,233	6,300,233		
Commerzbank group including	186,317,187	64,041,572	250,358,759	3.17	4.26
• 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	2,258,081,625	270,366,558	2,528,448,183	38.47	43.08
Total other Shareholders	–	3,340,950,614	3,340,950,614		56.92
Total	2,258,081,625	3,611,317,172	5,869,398,797		100.00



Gruppo IntesaBci
Report on Consolidated Performance





Report on operations

2001 was influenced by negative events, which can mainly be considered non-recurring because of their nature, their quantitative effects and their rapid succession in the last months of the year. These heavily affected economic results for the year, which significantly underperformed initial expectations, despite the presence of substantial non-recurring income.

The terrorist attacks which occurred in September in the US had severe repercussions on market trends in the whole of the last part of 2001 by intensifying pre-existing volatility and increasing the feasibility of a worldwide recession, due to their impact on household consumption propensity and corporate investment propensity.

The consequences
of the attacks in the US

In addition to negatively affecting all aspects of the financial industry, instability overwhelmed important international groups, some of which operated in the sectors in greater distress and which were already under observation for their pre-existing difficulties, while others were hit unexpectedly, considering their standing in the financial system.

IntesaBci had exposures towards such groups – *Swissair* and *Enron*, in particular – with various types of lending contracts, which had been granted by BCI (like many other international banks), as part of its significant presence on foreign markets. The financial condition of these borrowers led to the decision to register value adjustments on such exposures for a total of approximately 440 million euro, which must be considered extremely prudent in view of the write-down criteria applied (80% in the case of *Enron* and 90% for *Swissair*). A further 40 million euro of charges relative to financial transactions was also recorded.

Again with regard to international activities, the *Sudameris group* is currently exposed to the consequences of the critical situation in Argentina. One of its largest banking subsidiaries, *Banco Sudameris Argentina SA (BSA)*, is facing the dramatic economic and political difficulties of that Country and, at the time being, it is very difficult to formulate any reliable forecast on the crisis' evolution. In these circumstances, it was deemed prudent – and the decision seems to be shared by the international banking industry – to write-off not only the book value of the equity investment, but also the book value of the subordinated loans granted to the subsidiary for the portion which is not covered by an adequate guarantee and, further, the book value of the credit lines which both IntesaBci and Banque Sudameris had granted to BSA. The value adjustments and the provisions charged to the 2001 statement of income of IntesaBci and Banque Sudameris totalled approximately 420 million euro. A further 60 million euro was recorded, to carry out a 40% write-down of the value of the cross border loans granted to residents in that Country, normally branches or subsidiaries of primary Italian or multinational companies.

Latin America

Banco Wiese Sudameris SA, Lima – which was formed from the integration of the pre-existing *Banco de Lima Sudameris* group and *Banco Wiese* – also suffered a significant decrease in profitability due to the deterioration of loan portfolio quality. This led to the need to carry out a lump-sum amortisation of prepaid taxes which had been recorded in its financial statements as well as the write-off of goodwill recorded in the books of Sudameris Paris. The write-off of the equity investment held by Sudameris in the Peruvian sub-group, led to an overall charge of 436 million euro.

Furthermore, due to the lower book value of the Argentinean and Peruvian equity investments in IntesaBci's consolidated accounts, the charge on the Group's financial statements was limited to approximately 750 million euro.

Operations in Italy

Following the trends recorded by world economy, also the Italian economy suffered from the slowdown in corporate investments, the decline in consumption and the unsolved difficulties of the stock markets. The latter negatively affected the banking industry in two crucial sectors, asset management and financial intermediation. Subsequently signs of a deterioration in loan portfolio quality, which often follow these phenomena, also emerged.

Therefore also IntesaBci's ordinary operations were affected by the lower contributions from commissions on management, dealing and consultancy services, the decline of which was restrained by the practically stable interest margin and the limited increase – despite the implicit costs in the structural changes currently under way – of administrative expenses.

The review of non-performing loans and off-balance sheet risks – carried out by IntesaBci at the time of the integration of the networks of the merged banks – led to net adjustments amounting to a total of 800 million euro, following the application of the estimated realisable value. This was determined using extremely rigorous parameters and in consideration of every possible negative future scenario, also in relation to the specific moment in the economic cycle. Equally severe interventions were necessary for the loan portfolio of IntesaBci Gestione Crediti, the Group company to which doubtful positions were transferred, which recorded a loss for the year in excess of 300 million euro.

Furthermore, valuation effects related to the *Warrants Put IntesaBci*, issued at the time of the acquisition of Banca Commerciale Italiana must be considered in addition to all these events. In spite of the inversion at the end of the year of the upward trend which was registered during 2001, provisions amounting to 1,158 million euro were in any case recorded to mark-to-market the *Warrants Put IntesaBci*.

As already mentioned, the consequences of the negative factors above were partly offset by extraordinary income. This included 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. A further 521 million euro derived from dividends indirectly connected with the merchant banking transaction involving Seat Pagine Gialle, which had been closed in previous years by BCI and produced a total income of almost 1.3 billion euro in the years 2000 and 2001. Lastly, the Reserve for general banking risks set up by the Parent Company, amounting to approximately 154 million euro, was entirely re-contributed to the statement of income. Among other effects this enabled an adequate coverage of the potential reimbursement of the tax benefits connected to concentration operations provided for by Law 461/98, after the negative opinion on this matter expressed by the European Commission.

2001 financial statements

The facts described above significantly affected consolidated net income, which decreased to 928 million euro, 45% lower than the result generated in 2000. It must however be noted that in certain business areas profitability in 2001 recorded an appreciable improvement, as in the case of lending and deposit collection, with net interest income which increased to almost 6 billion euro, up by 6.5% compared to the previous year. Equally satisfactory was overall interest margin, up by 1.5% to 6.8 billion euro despite the lower contribution of dividends on equity investments, entirely attributable to the lower non-recurring income distributed in the final liquidation of the stake in Seat.

The aforementioned negative factors had a greater impact on net interest and other banking income, which decreased to 11.1 billion euro (– 3.6%) mostly due to the considerable contraction in commission income and, to a lesser extent, in profits on financial transactions. The declining trend was more marked for operating margin, which decreased by 13.6% to approximately 3.7 billion euro also as a result of the 2.3% rise in operating costs.

The negative effects which occurred in the year also affected income from operating activities – which recorded an almost 2.3 billion euro drop to 260 million euro – with net value adjustments and provisions absorbing revenues for the year for almost 3.5 billion euro (over 1.7 billion euro higher than in the previous year). Net extraordinary income – which was positive for 785 million euro – together with lower income taxes for the year, enabled to partly offset the difference in net income for 2001 compared to that recorded in the previous year.

The Parent Company's net income – which also decreased, to 337 million euro – is responsible for the unfavourable trend in consolidated figures. It must be noted that IntesaBci's accounts did not benefit by the capital gain on the disposal of Banca di Legnano, which had at the time been recorded by BCI directly among shareholders' equity reserves, nor from the higher capital gains on the sale of Banca Carime, due to the lower carrying value of the equity investment in the consolidated financial statements compared to the Parent Company's financial statements. Conversely, the Parent Company's statement of income entirely benefited from the use of the Reserve for general banking risks amounting to approximately 154 million euro, compared to a benefit in the consolidated financial statements of only approximately 14 million euro, due to the lower entity of such reserve in the consolidated accounts.

With regard to balance sheet figures, loans to customers remained almost stable at 183 billion euro while deposits recorded a moderately upward trend, with a 2% growth rate to 185 billion euro. Net interbank funding significantly decreased, with a 23% drop to approximately 37 billion euro also as a result of more effective liquidity management policies. Lastly, the 1.7% decrease to 326 billion euro recorded by indirect customer deposits was influenced by the numerous negative financial and market factors which affected the area in the whole of the year.

In addition to these negative events, 2001 must be remembered as a year of intense efforts and productive work for all who operate in IntesaBci. After the rapid expansion which occurred in previous years, 2001 was entirely dedicated to the realisation of the New Model of divisional bank, to the integration of the merged banks and to the homogenisation of cultures and professional capabilities. The results obtained in terms of organisation and market repositioning – the new divisional and multi-channel architecture is already, for the most part, fully operational – provide a significant evidence of efficiency which will certainly produce beneficial effects, also in terms of profitability, in 2002. The recovery of full operating conditions in the corporate-system in all its various aspects represents the best guarantee of a timely achievement of the profitability targets which led to the adoption of the Bank's New Model.

[The Bank's New Model](#)

The results generated in 2001 require a further acceleration in the realisation of the Bank's New Model and a re-assessment of Group management strategies. In particular, the terms of IntesaBci's presence in Latin America must be redefined. The exclusive negotiations for the disposal of Banco Sudameris Brasil reflect the decision to rapidly rationalise the Group's activities in South America.

[Group management strategies](#)

IntesaBci will at the same time evaluate opportunities for further growth in Central-Eastern Europe and in the Mediterranean basin, attentively considering the current and potential profitability of its presence. IntesaBci acquired the international vocation which had for over a century characterised BCI and does not intend losing this heritage. Similarly, one of the Bank's key features is the capacity to offer a solution for all the funding and investment needs expressed by Italian and international customers. This characteristic will not only be safeguarded but will be further developed, in a context of rigorous control of both profitability and risks.

Reclassified consolidated statement of income

(in millions of euro)

Gruppo IntesaBci	2001	2000 ⁽¹⁾	Changes	
			amount	%
Net interest income	5,998.1	5,632.1	366.0	6.5
Dividends and other revenues	737.0	1,007.2	(270.2)	(26.8)
Income from investments carried at equity	78.7	73.0	5.7	7.8
Interest margin	6,813.8	6,712.3	101.5	1.5
Net commissions	3,730.6	4,126.9	(396.3)	(9.6)
Profits on financial transactions	117.1	193.3	(76.2)	(39.4)
Other operating income, net	464.0	509.1	(45.1)	(8.9)
Net interest and other banking income	11,125.5	11,541.6	(416.1)	(3.6)
Administrative costs	(6,655.3)	(6,531.7)	123.6	1.9
<i>including Payroll</i>	<i>(4,046.5)</i>	<i>(3,940.1)</i>	<i>106.4</i>	<i>2.7</i>
Adjustments to fixed assets and intangibles	(737.4)	(692.0)	45.4	6.6
Operating margin	3,732.8	4,317.9	(585.1)	(13.6)
Adjustments to goodwill arising on consolidation and on application of the equity method	(178.8)	(93.5)	85.3	91.2
Provisions for risks and charges	(576.1)	(324.2)	251.9	77.7
Net adjustments to loans and provisions for possible loan losses	(2,624.8)	(1,348.2)	1,276.6	94.7
Net adjustments to financial fixed assets	(93.6)	(8.1)	85.5	
Income from operating activities	259.5	2,543.9	(2,284.4)	(89.8)
Extraordinary income	785.3	183.1	602.2	
Income taxes for the year	(194.7)	(1,104.9)	(910.2)	(82.4)
Use of allowance for risks and charges arising on consolidation	11.2	11.3	(0.1)	(0.9)
Change in the reserve for general banking risks	14.4	38.7	(24.3)	(62.8)
Minority interests	52.5	14.1	38.4	
Net income for the year	928.2	1,686.2	(758.0)	(45.0)

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

Interest margin

Interest margin equalled 6,814 million euro and recorded a slight increase (+ 1.5%), confirming the good development already recorded in the first half of the year. This moderate growth is all the more significant if one considers the different impact of non-recurring dividends in the two years. Such dividends were distributed by the participated companies *HUIT*, *Investitori Associati* and *Neuf* (521 million euro in 2001 compared to 769 million in 2000). Net of this component growth would have been 5.9%.

Net interest and other banking income

Net interest and other banking income showed a negative growth rate (- 3.6%) compared to the figure for 2000 and equalled 11,125 million euro. This result was especially affected by the decline in net commissions, whilst the falls in profits on financial transactions and other net operating income were less significant. Excluding lower non-recurring dividends, the drop in net interest and other banking income would be limited to 1.6%.

(in millions of euro)

Captions	2001	2000	Changes	
			amount	%
Commission income	4,389.7	4,823.5	(433.8)	(9.0)
Commission expense	(659.1)	(696.6)	(37.5)	(5.4)
Net commissions	3,730.6	4,126.9	(396.3)	(9.6)

The marked contraction in net commissions (– 9.6%), down to 3,731 million euro, is to be ascribed exclusively to the weakness of financial markets during the whole year, which reached their lowest point at the beginning of Autumn. This resulted in a fall in commissions on management, dealing and consultancy services (approximately – 22%), a sharp drop in dealing in securities (– 137 million euro; – 67%), portfolio management (– 262 million euro; – 17%), acceptance of trading instructions (– 66 million euro; – 46%), and placement of securities (– 14 million euro; – 14%) which together represent nearly all the contraction of these commissions.

On the contrary, a positive progression was recorded by net commissions related to lending and deposit collecting activity, with rises of 12% for commissions related to the management of current accounts and 14% for commissions on guarantees and commitments.

Profits on financial transactions showed a negative trend, with financial transactions directly influenced by the marked volatility of world stock markets which worsened in the second half of the year. Furthermore, the effects of certain non-repetitive events affected the accounts of the Parent Company for a total of approximately 90 million euro, in relation to the write-downs of securities from the loan securitisation as well as the write-down on *Commerzbank* shares at the time of their transfer from the trading portfolio to equity investments. Conversely, this item benefited from significant positive contributions from the operations of subsidiary companies (in particular Banco Sudameris Brasil and Privredna Banca Zagreb) that have more than offset the negative result of the Parent Company. Therefore, profits on financial transactions equalled 117 million euro, with an approximately 40% drop relative to the 193 million euro of the previous year.

(in millions of euro)

Captions	2001	2000	Changes	
			amount	%
Securities and securities derivatives				
• results from trading	136.7	97.9	38.8	39.6
• valuation effects	(344.9)	(136.2)	208.7	
• results from derivatives	9.4	58.2	(48.8)	(83.8)
	(198.8)	19.9	(218.7)	
• structured share portfolio	(127.3)	(20.6)	106.7	
• restatement of dividends on structured share portfolio	212.1	45.1	167.0	
	84.8	24.5	60.3	
Total securities and securities derivatives	(114.0)	44.4	(158.4)	
Currencies and currency derivatives	222.4	254.5	(32.1)	(12.6)
Other transactions (interest rate derivatives and credit derivatives - trading book)	8.7	(105.6)	114.3	
Profits on financial transactions	117.1	193.3	(76.2)	(39.4)

Operating margin

Operating margin (3,733 million euro; – 13.6%) is obtained by deducting administrative costs of 6,655 million euro, moderately up (+ 1.9%) on the same figure of the end of 2000, and adjustments to fixed assets and intangibles of 737 million euro, up by 6.6% nearly entirely due to the beginning of the depreciation cycle for fixed assets newly-acquired by certain Group subsidiaries.

On the whole the limited rise in administrative costs appears physiological, also in consideration of the reorganisation and commercial development under way in the Parent Company and also in certain more recently-acquired foreign companies as well as in product companies.

(in millions of euro)

Captions	2001	2000	Changes	
			amount	%
Administrative costs				
• payroll	(4,046.5)	(3,940.1)	106.4	2.7
• other	(2,608.8)	(2,591.6)	17.2	0.7
	(6,655.3)	(6,531.7)	123.6	1.9
Adjustments to				
• fixed assets	(386.8)	(348.0)	38.8	11.1
• intangibles	(350.6)	(344.0)	6.6	1.9
	(737.4)	(692.0)	45.4	6.6
Operating costs	(7,392.7)	(7,223.7)	169.0	2.3

Income from operating activities

Income from operating activities was even more noticeably affected by the negative factors mentioned above. In fact, it decreased from 2,544 million euro in 2000 to 259 million euro in 2001, with a nearly 90% decline. This was mostly attributable to the rapid aggravation of Argentina's economic situation, the deterioration of the credit quality of the portfolio held by the Peruvian subsidiary, and the impelling necessity to cover the risk related to certain positions in specific sectors or with single international groups.

(in millions of euro)

Captions	2001	2000	Changes	
			amount	%
Adjustments to loans and provisions for guarantees and commitments	(3,157.5)	(1,811.4)	1,346.1	74.3
Write-back of adjustments to loans	566.6	516.1	50.5	9.8
Provisions for possible loan losses	(33.9)	(52.9)	(19.0)	(35.9)
	(2,624.8)	(1,348.2)	1,276.6	94.7
Provisions for risks and charges	(576.1)	(324.2)	251.9	77.7
Adjustments to goodwill arising on consolidation and on application of the equity method	(178.8)	(93.5)	85.3	91.2
Adjustments to financial fixed assets	(104.2)	(41.6)	62.6	
Write-back of financial fixed assets	10.6	33.5	(22.9)	(68.4)
Total, net	(3,473.3)	(1,774.0)	1,699.3	95.8

Net extraordinary income equalled 785 million euro and contributed significantly to profitability for the year.

Income from extraordinary activities and net income

(in millions of euro)

Captions	2001	2000	Changes	
			amount	%
Extraordinary income	2,352.1	798.9	1,553.2	
Extraordinary charges	(1,566.8)	(615.8)	951.0	
Extraordinary income, net	785.3	183.1	602.2	

On the income side, the more significant items are the following: the 680 million euro capital gain recorded on the sale of Banca Carime to Banca Popolare Commercio e Industria and, in the 2001 consolidated financial statements, the capital gain of 509 million euro obtained from the disposal of Banca di Legnano. The latter had been revalued in BCI's individual accounts in the preceding year and then reversed in the consolidated financial statements as required by methodological criteria used. Finally, over 560 million euro derived from the disposal of branches undertaken as part of the streamlining of the networks of Group banks.

On the charges side, the most important component referred to 1,158 million euro, of which 540 million euro already recorded in the first half, in relation to the marking to market of the *Warrants Put IntesaBci*.

The fiscal burden is far lower than in the previous year – in spite of the fact that no benefits for banking aggregations set forth by Law 461/1998 were recorded – also in relation to the presence of considerable capital gains subject to a reduced tax rate among the revenues of the Parent Company. This situation – which takes into account the deletion of approximately 120 million euro of prepaid taxes related to the Peruvian subsidiary – is merely incidental, producing a negative taxable income that justified the computation by IntesaBci of prepaid taxes for approximately 342 million euro to be utilised for the profitability of future years.

Considering net extraordinary income and the lower fiscal burden, the year closed – after accounting for minority interests – with a net income of 928 million euro, down 45% compared to the previous year.

Quarterly development of the statement of income

(in millions of euro)

Gruppo IntesaBci	2001 ⁽¹⁾				2000 ⁽²⁾			
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,575.0	1,390.5	1,508.9	1,523.7	1,409.7	1,466.6	1,369.7	1,386.1
Income from investments carried at equity and dividends	460.7	41.4	185.6	128.0	93.2	101.0	868.1	17.9
Interest margin	2,035.7	1,431.9	1,694.5	1,651.7	1,502.9	1,567.6	2,237.8	1,404.0
Net commissions	920.9	907.5	949.2	953.0	1,015.1	1,016.0	1,027.2	1,068.6
Profits (Losses) on financial transactions	33.4	(90.9)	95.2	79.4	35.1	52.9	(2.9)	108.2
Other operating income, net	110.3	96.8	109.0	147.9	165.0	128.7	83.3	132.1
Net interest and other banking income	3,100.3	2,345.3	2,847.9	2,832.0	2,718.1	2,765.2	3,345.4	2,712.9
Administrative costs	(1,866.3)	(1,521.5)	(1,652.2)	(1,615.3)	(1,652.4)	(1,664.0)	(1,615.6)	(1,599.7)
<i>Payroll</i>	<i>(1,087.6)</i>	<i>(948.9)</i>	<i>(1,031.4)</i>	<i>(978.6)</i>	<i>(958.8)</i>	<i>(998.9)</i>	<i>(971.7)</i>	<i>(1,010.7)</i>
<i>Other</i>	<i>(778.7)</i>	<i>(572.6)</i>	<i>(620.8)</i>	<i>(636.7)</i>	<i>(693.6)</i>	<i>(665.1)</i>	<i>(643.9)</i>	<i>(589.0)</i>
Adjustments to fixed assets and intangibles	(229.1)	(167.3)	(170.1)	(170.9)	(179.4)	(177.7)	(172.1)	(162.8)
Operating margin	1,004.9	656.5	1,025.6	1,045.8	886.3	923.5	1,557.7	950.4
Adjustments to goodwill arising on consolidation and on application of the equity method	(111.9)	(21.6)	(23.5)	(21.8)	(26.3)	(26.4)	(22.5)	(18.3)
Provisions for risks and charges	(277.7)	(128.7)	(107.3)	(62.4)	(123.1)	(47.6)	(88.8)	(64.7)
Net adjustments to loans and provisions for possible loan losses	(1,353.2)	(488.8)	(555.3)	(227.5)	(520.8)	(225.8)	(360.0)	(241.6)
Net adjustments to financial fixed assets	(77.2)	(8.4)	(9.6)	1.6	(0.3)	(1.5)	(6.3)	–
Income (Loss) from operating activities	(815.1)	9.0	329.9	735.7	215.8	622.2	1,080.1	625.8
Extraordinary income (loss), net	423.0	(400.0)	611.3	151.0	94.8	61.4	156.9	(130.0)
Income taxes for the year	182.4	56.9	(124.0)	(310.0)	5.7	(272.9)	(524.0)	(313.7)
Change in the reserve for general banking risks and in the allowance for risks and charges arising on consolidation	19.6	3.0	1.6	1.4	42.8	(2.7)	3.9	6.0
Minority interests	55.5	7.8	14.4	(25.2)	46.2	(54.7)	(13.0)	35.6
Net income for the period	(134.6)	(323.3)	833.2	552.9	405.3	353.3	703.9	223.7

⁽¹⁾ Figures for the first three quarters have been reclassified for consistency purposes.

⁽²⁾ Figures restated on a consistent basis, considering changes in the consolidation area.

Reclassified consolidated balance sheet

(in millions of euro)

Assets	31/12/2001	31/12/2000	Changes	
			amount	%
1. Cash and deposits with central banks and post offices	1,948.7	1,645.0	303.7	18.5
2. Loans				
– loans to customers	183,356.4	182,871.5	484.9	0.3
– due from banks	40,168.7	47,801.1	(7,632.4)	(16.0)
3. Trading portfolio	37,656.7	45,366.8	(7,710.1)	(17.0)
4. Fixed assets				
a) investment portfolio	11,238.3	12,588.2	(1,349.9)	(10.7)
b) equity investments	4,594.8	3,794.7	800.1	21.1
c) tangible and intangible	5,185.9	5,257.3	(71.4)	(1.4)
5. Goodwill arising on consolidation	463.5	641.4	(177.9)	(27.7)
6. Goodwill arising on application of the equity method	45.1	48.1	(3.0)	(6.2)
7. Other assets	30,239.4	26,355.8	3,883.6	14.7
Total Assets	314,897.5	326,369.9	(11,472.4)	(3.5)

(in millions of euro)

Liabilities and Shareholders' Equity	31/12/2001	31/12/2000	Changes	
			amount	%
1. Debts				
– due to customers	112,602.5	111,571.3	1,031.2	0.9
– securities issued	60,814.5	60,237.8	576.7	1.0
– due to banks	77,304.4	95,857.7	(18,553.3)	(19.4)
2. Allowances with specific purpose	5,430.2	6,472.9	(1,042.7)	(16.1)
3. Other liabilities	31,917.8	27,471.3	4,446.5	16.2
4. Allowances for possible loan losses	143.4	225.3	(81.9)	(36.4)
5. Subordinated liabilities	11,687.5	9,747.1	1,940.4	19.9
6. Minority interests	825.5	1,004.2	(178.7)	(17.8)
7. Shareholders' equity				
– share capital, reserves and reserve for general banking risks	13,227.6	12,077.3	1,150.3	9.5
– negative goodwill arising on consolidation	15.3	15.3		
– negative goodwill arising on application of the equity method	0.6	3.5	(2.9)	(82.9)
– net income for the year	928.2	1,686.2	(758.0)	(45.0)
Total Liabilities and Shareholders' Equity	314,897.5	326,369.9	(11,472.4)	(3.5)

Guarantees, commitments and credit derivatives	141,282.4	156,471.4	(15,189.0)	(9.7)
Indirect customer deposits	325,578.5	331,071.4	(5,492.9)	(1.7)

Figures for 2000 have been restated on a consistent basis, considering changes in the consolidation area.

Loans to customers

(in millions of euro)

Subcaptions	31/12/2001	31/12/2000	Changes	
			amount	%
Current accounts	32,844.3	31,762.3	1,082.0	3.4
Mortgages	54,520.0	50,282.4	4,237.6	8.4
Advances and other loans	86,050.3	89,955.5	(3,905.2)	(4.3)
Repurchase agreements	4,385.0	4,419.5	(34.5)	(0.8)
Doubtful loans	5,556.8	6,451.8	(895.0)	(13.9)
Total loans	183,356.4	182,871.5	484.9	0.3
<i>including with residents in Italy</i>	139,487.1	140,743.6	(1,256.5)	(0.9)
<i>with residents in other EU Countries</i>	15,804.1	17,388.2	(1,584.1)	(9.1)
<i>with residents in non-EU Countries</i>	28,065.2	24,739.7	3,325.5	13.4

Geographic breakdown of loans granted to customers resident in Italy, which represented 76% of the total, confirms the absolute prevalence of North-West Italy though the other areas are also adequately covered – in relation to the respective operating opportunities – with percentages in line with the previous year.

(in millions of euro)

Subcaptions	31/12/2001	31/12/2000	Changes	
			amount	%
Doubtful loans	5,556.8	6,451.8	(895.0)	(13.9)
Substandard loans	3,526.9	2,800.7	726.2	25.9
Restructured loans and loans under restructuring	467.2	492.4	(25.2)	(5.1)
Loans subject to Country risk	1,074.5	928.6	145.9	15.7
Performing loans	172,731.0	172,198.0	533.0	0.3
Total loans	183,356.4	182,871.5	484.9	0.3

Doubtful loans which equalled – net of value adjustments – 5,557 million euro decreased by approximately 14%. This trend reflects various factors: the rigorous homogeneous valuation procedures adopted at the time of the integration of the bank networks in IntesaBci, the higher value adjustment requirements in the loan portfolio of certain Group companies and, lastly, the aforementioned securitisation of doubtful loans. Such factors positively influenced the doubtful loan to total loans to customers ratio, which equalled approximately 3% compared to 3.5% of the previous year. Considering gross doubtful loans, total value adjustments ensure a degree of coverage of approximately 60%.

On the contrary, *substandard loans* equalled 3,527 million euro and recorded an approximately 26% growth rate, partly attributable to the deterioration of the situation of companies operating in the sectors which were more severely involved in the events of September 2001 and partly to the completion of the alignment of the classification procedures used in the various bank networks which were merged in IntesaBci.

Loans subject to Country risk, showed a gross non-guaranteed exposure of 2,190 million euro, with a decrease in excess of 5% compared to the previous year (the figure for 2000 has been reclassified to ensure a consistent comparison). Value at risk – determined as 15% of commercial non-guaranteed loans plus total other non-guaranteed loans, including debt

securities in the investment portfolio – amounted to 968 million euro with an approximately 4% growth rate. Considering total value adjustments on such positions – which equalled 277 million euro – the degree of coverage of non-guaranteed exposures totalled approximately 13% for both on-balance sheet and off-balance sheet loans.

(in millions of euro)

Countries	31/12/2001				31/12/2000			
	Non-guaranteed exposure	Value at risk	Adjustment	Net amount	Non-guaranteed exposure	Value at risk	Adjustment	Net amount
Russia	22.5	21.0	5.3	17.2	141.8	131.9	76.5	65.3
Brazil	1,135.9	370.1	105.9	1,030.0	861.9	328.5	86.3	775.6
Indonesia	47.5	47.5	14.8	32.7	60.4	60.0	24.0	36.4
Venezuela	51.0	47.6	9.5	41.5	98.6	95.4	19.1	79.5
Egypt	46.4	24.6	3.6	42.8	42.1	13.1	2.0	40.1
Republic of South Africa	14.2	7.2	1.1	13.1	35.8	22.7	3.4	32.4
Dutch Antilles	72.7	45.7	9.1	63.6	13.0	13.0	2.6	10.4
Argentina	212.3	211.5	84.5	127.8	416.4	104.5	26.1	390.3
Lebanon	58.6	11.2	1.7	56.9	61.2	11.9	2.3	58.9
Peru	211.4	45.6	9.1	202.3	236.0	37.5	9.4	226.6
Columbia	143.4	45.4	9.1	134.3	104.4	29.0	5.8	98.6
Uruguay	17.8	3.4	0.7	17.1	59.8	13.8	2.0	57.8
Other Countries	155.9	86.8	22.2	133.7	185.0	69.7	18.5	166.5
Total	2,189.6	967.6	276.6	1,913.0	2,316.4	931.0	278.0	2,038.4
<i>including</i>								
On-balance sheet exposures								
Customers	1,191.4	405.8	116.9	1,074.5	991.5	269.1	62.9	928.6
Banks	366.0	164.2	41.5	324.5	547.5	217.5	58.7	488.8
Securities portfolio	150.0	150.0	51.1	98.9	185.4	185.3	93.6	91.8
Off-balance sheet exposures								
Customers	86.4	36.5	10.5	75.9	37.8	19.6	5.2	32.6
Banks	395.8	211.1	56.6	339.2	554.2	239.5	57.6	496.6

As part of gross on-balance sheet exposures, which represented approximately 80% of the total, the most significant contractions referred to due from banks (– 33%) and securities portfolio (– 19%), while exposures to customers recorded an approximately 20% growth rate. Total off-balance sheet positions, in line with the general trend, also showed a drop close to 20%.

The exposures under examination have normally varied due to the usual factors such as the changes in the risk classes of the various Countries in the area under observation, the alternation between reimbursements and new disbursements, debt renegotiations and foreign exchange differences. In particular, the Countries which recorded the most important variations are *Russia* (the exposure decreased due to the sale of securities) and *Brazil* (the rise reflected higher disbursements). In the case of *Argentina* the decrease is related to the write-off of the credit line granted to Banco Sudameris Argentina.

Value at risk reflects the exclusion of loans to certain Countries (*Bermuda, Grand Cayman, 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 sound 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 – which totalled 676 million euro for on-balance sheet loans and 23 million euro for off-balance sheet loans – were considered under the direct coverage of shareholders' equity, with a capital absorption of 118 million euro. The absorption of a further 689 million euro referred to the local component of positions granted by companies resident in the Countries at risk (2,745 million euro) to central governments and public sector entities and denominated in or indexed to foreign currencies.

Customer funds

(in millions of euro)

Subcaptions	31/12/2001	31/12/2000	Changes	
			amount	%
Deposits	10,614.6	10,161.8	452.8	4.5
Current accounts and other	87,679.0	86,725.0	954.0	1.1
Bonds	40,561.3	38,123.9	2,437.4	6.4
Certificates of deposit	17,469.6	17,919.5	(449.9)	(2.5)
Other	6,588.1	8,219.6	(1,631.5)	(19.8)
Repurchase agreements	10,504.4	10,659.3	(154.9)	(1.5)
Subordinated and perpetual liabilities	11,687.5	9,747.1	1,940.4	19.9
Total direct deposits ^(*)	185,104.5	181,556.2	3,548.3	2.0
Indirect customer deposits	325,578.5	331,071.4	(5,492.9)	(1.7)
Customer deposits under administration	510,683.0	512,627.6	(1,944.6)	(0.4)
^(*) including with residents in Italy	134,586.6	131,659.9	2,926.7	2.2
with residents in other EU Countries	17,970.0	19,925.3	(1,955.3)	(9.8)
with residents in non-EU Countries	32,547.9	29,971.0	2,576.9	8.6

Most of the deposits with resident customers collected by the Group's network, approximately 75% of the total, is attributable to the North-West Italy. This situation is similar to that of loans to customers even though it is less evident. The North West has a slightly lower incidence which is counterbalanced by a somewhat greater impact of the North East and Central areas.

Including indirect customer deposits, customer deposits under administration almost reached 511 billion euro, practically stable compared to the previous year.

Indirect customer deposits

The Group's indirect customer deposits equalled 326 billion euro with a decrease under 2% mostly attributable to asset management, in its various forms, which declined from 143 billion euro in 2000 to 137 billion euro as at 31st December 2001 (– 3.7%). The drop was also influenced by the reduction in market value of securities and the effects of the sale of branches.

(in millions of euro)

Subcaptions	31/12/2001	31/12/2000	Changes	
			amount	%
Individual portfolio management schemes	60,116.9	68,995.3	(8,878.4)	(12.9)
Asset managed by mutual funds	99,684.8	111,455.3	(11,770.5)	(10.6)
Insurance products	12,786.1	10,262.1	2,524.0	24.6
<i>minus</i> Funds from individual portfolios placed in mutual funds	(35,117.0)	(47,982.1)	(12,865.1)	(26.8)
Total managed funds	137,470.8	142,730.6	(5,259.8)	(3.7)
Assets under administration and in custody	188,107.7	188,340.8	(233.1)	(0.1)
Indirect customer deposits	325,578.5	331,071.4	(5,492.9)	(1.7)

Financial activities

(in millions of euro)

Subcaptions	31/12/2001		Implicit gains/losses	31/12/2000		Implicit gains/losses
	Book value	Market value		Book value	Market value	
Investment portfolio	11,238.3	11,248.8	10.5	12,588.2	12,387.2	(201.0)
Trading						
– debt securities	35,945.6	36,017.4	71.8	42,915.1	42,948.0	32.9
– shares, quotas and other forms of capital	1,711.1	1,724.5	13.4	2,451.7	2,524.4	72.7
Total trading portfolio	37,656.7	37,741.9	85.2	45,366.8	45,472.4	105.6
Securities	48,895.0	48,990.7	95.7	57,955.0	57,859.6	(95.4)

The net interbank position highlighted an inversion in its trend, with a considerable decrease (approximately – 23%) even though it confirmed its traditionally negative balance which equalled 37,136 million euro. The contraction was more intense for the “on demand” component (– 48.5%) compared to the “with notice period” component (– 10.6%).

Interbank position

(in millions of euro)

Captions	31/12/2001	31/12/2000	Changes	
			amount	%
Due from banks repayable on demand	3,658.1	4,479.4	(821.3)	(18.3)
Due to banks repayable on demand	11,595.4	19,887.6	(8,292.2)	(41.7)
<i>Net interbank position repayable on demand</i>	(7,937.3)	(15,408.2)	(7,470.9)	(48.5)
Due from banks with notice period	36,510.6	43,321.7	(6,811.1)	(15.7)
Due to banks with notice period	65,709.0	75,970.1	(10,261.1)	(13.5)
<i>Net interbank position with notice period</i>	(29,198.4)	(32,648.4)	(3,450.0)	(10.6)
Net interbank position	(37,135.7)	(48,056.6)	(10,920.9)	(22.7)

Shareholders' equity and capital adequacy

(in millions of euro)

Shareholders' equity	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve for general banking risks	Revaluation reserves	Negative goodwill arising on consolidation	Net income for the year	Total shareholders' equity
Balance as at 31/12/2000^(*)	3,014.2	6,044.6	772.9	520.4	110.9	302.2	18.8	1,461.3	12,245.3
Allocation of consolidated net income									
- reserves				904.6				(904.6)	-
- dividends								(550.7)	(550.7)
- allowances for charitable contributions								(6.0)	(6.0)
Increase in capital	474.8	31.5							506.3
Effect of the merger with Banca Commerciale Italiana		574.7		440.2		81.1			1,096.0
Transfer to the reserve for own shares		(2,575.7)		2,575.7					-
Other variations									
- change in the consolidation area				9.8	(3.5)	2.2	(2.9)		5.6
- use of the reserve for general banking risks					(14.4)				(14.4)
- change in the reserve for foreign exchange differences and conversion of financial statements in foreign currency				(39.4)					(39.4)
- other				0.8					0.8
Net income for the year								928.2	928.2
Balance as at 30/12/2001	3,489.0	4,075.1	772.9	4,412.1	93.0	385.5	15.9	928.2	14,171.7

^(*) Official figures, not restated.

Shareholders' equity for supervisory purposes equalled 21,330 million euro against risk-weighted assets of 246,123 million euro. Therefore the total solvency ratio equalled 9.3% and the Tier 1 ratio totalled 6.0%.

Significant events in the first months of 2002

At the end of last December IntesaBci received from Banco Itaù SA – primary Brazilian bank – an irrevocable offer for the purchase of the entire equity investment in Banque Sudameris SA (equal to 99.975%), indirectly held through IntesaBci Holding International. IntesaBci had granted Banco Itaù an exclusivity period until 15th February 2002 to negotiate with regard to the proposed operation which was subsequently prorogated until 8th March 2002.

The offer for
Banco Sudameris Brasil

At that date the proposal was reformulated in a new irrevocable offer for the purchase of 94.57% of the capital of Banco Sudameris Brasil held by Banque Sudameris. The final purchase price offered is the sum of adjusted book value of Banco Sudameris Brasil as at 31st December 2001 plus a goodwill component of 925 million dollars. IntesaBci favourably considered the new terms of the offer and prorogated the exclusivity period for negotiations with Banco Itaù until 30th April 2002.

The Board of Directors of Banque Sudameris will be called to make a pronouncement on the offer.

It must be noted that as at 31st December 2001 the unadjusted book value of 94.57% of the capital of Banco Sudameris Brasil amounted to approximately 590 million euro. At the same date the equity investment in the Brazilian bank had a carrying value of approximately 890 million euro on the balance sheet of Banque Sudameris and approximately 560 million euro on the consolidated balance sheet of IntesaBci, since exchange and consolidation differences had been charged to consolidated shareholders' equity.



**Gruppo IntesaBci
Some Details on the
Consolidated Financial Statements
as at 31st December 2001**



The objectives of optimising capital allocation and value creation – which IntesaBci is aiming to reach in the next few years, particularly thanks to the divisional structure – will be essentially pursued through the strengthening of customer relations and innovation of the product portfolio and of marketing instruments.

Foreign presence will be adequately rationalised, also through a selective development of international activities, with an attentive monitoring of investment opportunities in higher potential growth areas. In 2001 presence in the South-American area started being reconsidered since it seems no longer capable of ensuring adequate returns for the increasing amount of capital required. Instead, as already mentioned above, in the past few years the Eastern-European markets offer far more interesting opportunities. The Group already has a strategically important presence in this area and it will not miss any new, favourable opportunities which should arise.

Cost reduction and increased productivity remain a priority at the Group's attention. These objectives are pursued with determination through the interventions agreed upon in the budget for 2002. Structure streamlining also via rationalisation of distribution channels, integration of IT and operating structures, simplification of decision-making processes will contribute to considerably improve efficiency and productivity.

The guidelines of the budget for 2002 have been defined using differentiated responsibilities and commercial plans in terms of objectives and operating levers, according to the philosophy of the adopted divisional model. Therefore, in the Retail sector, profitability targets focus on actions aimed at recovering market shares through the development of new relationships and the increase of intermediated volumes, focusing in particular on asset management and exploiting demand for insurance products. Increases in operating efficiency will be pursued – with a “reduction in the cost to serve” objective – redirecting certain operations on complementary channels (such as the Multimedia contact centre). In the segment of small- and medium- sized or artisan enterprises unit profitability will benefit by higher volumes in collection and payment services and the selective increase in loans, with campaigns targeted to segments which have not yet been granted credit lines.

The development of the Private segment will lead to concrete actions aimed at increasing customer funds under administration to be subsequently transformed in asset management, thanks to products tailored to meet specific customer needs and asset management instruments with a higher return/value-added combination.

In the Corporate segment objectives refer to the development of specific commercial initiatives, both by product (interest rate and foreign exchange hedges, asset management, etc.) and by segment (extension of intermediated volumes with customers which have multiple bank relationships, cross selling); which will permit significant growth of unit net interest and other banking income. From this point of view the interaction with product companies (leasing, factoring, Mediocredito) and the synergies with investment banking activities will play a decisive role.

Budget forecasts for 2002 are therefore positive both for the interest margin, thanks to expansion of volumes, and for income from services. The latter will benefit from a significant improvement in net commissions due to the positive trends forecasted for asset management and operations on behalf of customers on the financial markets.

The forecasted contraction in operating costs and the attentive management of loan portfolio quality in all business areas, together with the good dynamics of other margins, will lead to an appreciable increase in net income, which will generate positive effects in terms of return on equity.

Milano, 28th March 2002

Breakdown of loans to customers

Loans to customers

Categories	Gross exposure	Total adjustments	Net exposure
A. Non-performing loans	19,842,825	(9,217,423)	10,625,402
A1. doubtful loans	13,550,264	(7,993,435)	5,556,829
A2. substandard loans	4,515,282	(988,395)	3,526,887
A3. loans under restructuring	99,520	(12,604)	86,916
A4. restructured loans	486,371	(106,096)	380,275
A5. loans subject to Country risk	1,191,388	(116,893)	1,074,495
B. Performing loans	173,934,863	(1,203,882)	172,730,981
Total	193,777,688	(10,421,305)	183,356,383

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	13,496,741	3,293,906	58,338	583,914	991,518
A1. including overdue interest	3,263,673	99,886	–	11,196	–
B. Increases	3,193,966	3,801,172	85,831	127,052	1,101,202
B1. inflows from performing loans	1,218,797	3,296,671	76,240	16,372	41,867
B2. overdue interest	404,369	38,189	–	1,281	53
B3. transfers from other non-performing loan categories	715,499	89,934	6,960	67,336	27
B4. other increases	855,301	376,378	2,631	42,063	1,059,255
C. Decreases	(3,140,443)	(2,579,796)	(44,649)	(224,595)	(901,332)
C1. outflows to performing loans	(122,819)	(796,499)	–	(10,009)	(6,618)
C2. write-offs	(1,220,363)	(97,921)	(10,153)	(19,751)	(1)
C3. repayments	(765,569)	(633,793)	(5,325)	(121,847)	(34,192)
C4. credit disposals	(516,503)	(20,094)	–	–	–
C5. transfers to other non-performing loan categories	(93,088)	(715,201)	(10,847)	(60,620)	–
C6. other decreases	(422,101)	(316,288)	(18,324)	(12,368)	(860,521)
D. Final gross exposure	13,550,264	4,515,282	99,520	486,371	1,191,388
D1. including overdue interest	3,209,481	113,891	–	11,032	53

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	7,044,905	493,171	23,893	125,959	62,965	1,064,389
A1. including overdue interest	2,930,512	76,673	–	7,023	–	7,005
B. Increases	2,796,880	805,249	6,766	37,106	149,030	361,248
B1. adjustments	2,286,328	702,294	3,915	22,875	74,951	282,224
B1.1 including overdue interest	398,931	19,738	–	93	–	506
B2. uses of allowances for possible loan losses	100,301	9	–	195	–	3
B3. transfers from other non-performing loan categories	169,472	62,473	1,583	10,697	–	16,667
B4. other increases	240,779	40,473	1,268	3,339	74,079	62,354
C. Decreases	(1,848,350)	(310,025)	(18,055)	(56,969)	(95,102)	(221,755)
C1. write-back of adjustments	(121,452)	(28,529)	–	(1,133)	(32,349)	(38,300)
C1.1 including overdue interest	(13,429)	(29)	–	–	–	(7)
C2. write-backs on repayments	(168,311)	(30,452)	(284)	(8,423)	(6,111)	(7,367)
C2.1 including overdue interest	(28,523)	(708)	–	–	–	(217)
C3. write-offs	(1,205,714)	(97,760)	(10,153)	(19,635)	(1)	(12,996)
C4. transfers to other non-performing loan categories	(41,935)	(121,535)	(7,032)	(24,249)	(59)	(66,082)
C5. other decreases	(310,938)	(31,749)	(586)	(3,529)	(56,582)	(97,010)
D. Final total adjustments	7,993,435	988,395	12,604	106,096	116,893	1,203,882
D1. including overdue interest	2,983,488	101,848	–	7,311	–	3,444

Breakdown and changes in goodwill

“Goodwill arising on consolidation”

	Balance as at 31/12/2000	Changes in the year	Amortisation charges	Balance as at 31/12/2001
IntesaBci (former Cariplo)	292,918		41,846	251,072
Bankhaus L�bbecke	8,458		1,208	7,250
IntesaBci (former Mediocredito Lombardo)	6,681		954	5,727
Cassa di Risparmio di Ascoli Piceno	11,893		1,699	10,194
Cassa di Risparmio di Foligno	18,340		2,293	16,047
Cassa di Risparmio di Rieti	6,384		798	5,586
Cassa di Risparmio di Spoleto	14,703		1,838	12,865
Caboto IntesaBci Sim (former Caboto Sim)		8,756	876	7,880
Cassa di Risparmio di Citt� di Castello		2,238	224	2,014
Mediofactoring (former Fivefactor)	3,147		350	2,797
Banco Wiese Sudameris	46,423	3,572	49,995	–
Banco Am�rica do Sul	21,656	8,119	2,787	26,988
Banco Caja de Ahorro	81,644	(27,795)	53,849	–
Medimurska Banka	3,028	96	314	2,810
Privredna Banka	126,129		13,886	112,243
Total	641,404	(5,014)	172,917	463,473

“Goodwill arising on application of the equity method”

	Balance as at 31/12/2000	Changes in the year	Amortisation charges	Balance as at 31/12/2001
Agos Itafinco	3,677		613	3,064
Carivita	22,825		2,535	20,290
Cassa Risparmio di Terni e Narni	20,049		2,110	17,939
Charta		3,044	304	2,740
Po Vita	1,218		128	1,090
Caja de Ahorro Soc. de Bolsa	334	(113)	221	–
Total	48,103	2,931	5,911	45,123

Capital adequacy as at 31st December 2001

A. Total capital		
A1.	Tier 1 capital	14,798,143
A2.	Tier 2 capital	7,686,565
A3.	items to be deducted	(1,154,244)
A4.	total capital	21,330,464
B. Capital requirements		
B1.	credit risks	17,172,312
	<i>including</i>	
	- <i>on-balance sheet assets</i>	14,493,378
	- <i>off-balance sheet assets</i>	2,653,753
	- <i>derivative contracts</i>	25,181
B2.	market risks	2,279,304
	<i>including</i>	
	- <i>trading portfolio risk</i>	1,241,214
	<i>generic risk</i>	
	<i>debt securities</i>	312,789
	<i>equity securities</i>	24,985
	<i>specific risk</i>	
	<i>debt securities</i>	637,564
	<i>equity securities</i>	4,965
	<i>counterparty risk</i>	260,911
	- <i>foreign exchange risk</i>	96,060
	- <i>market risks – internal models</i>	913,827
	- <i>concentration risk</i>	28,203
B2.1	Tier 3 subordinated loans	1,640,285
B3.	other capital requirements	238,265
B4.	total capital requirements	19,689,881
C. Risk-weighted assets and capital ratios		
C1.	risk-weighted assets	246,123,513
C2.	Tier 1 capital/Risk-weighted assets	6.01
C3.	total capital/Risk-weighted assets	9.33

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

Assets and liabilities: breakdown by Country

Captions/Countries	Italy	Other EU Countries	Other Countries	Total
1. Assets				
1.1 due from banks	12,359,808	20,011,450	7,797,429	40,168,687
1.2 loans to customers	139,487,078	15,804,133	28,065,172	183,356,383
1.3 securities	26,570,019	8,296,446	14,028,554	48,895,019
Total	178,416,905	44,112,029	49,891,155	272,420,089
2. Liabilities				
2.1 due to banks	15,235,565	29,566,362	32,502,464	77,304,391
2.2 due to customers	81,307,830	10,239,309	20,968,877	112,516,016
2.3 securities issued	44,418,397	6,977,989	9,418,127	60,814,513
2.4 other	8,860,334	752,733	2,160,928	11,773,995
Total	149,822,126	47,536,393	65,050,396	262,408,915
3. Guarantees, commitments and credit derivatives	59,706,404	24,313,151	57,262,816	141,282,371

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	139,493	854,533	2,285,964	238,511	741,598	923,507	156,927	-	5,340,533
1.2 due from banks	4,574,650	26,336,271	6,329,252	254,267	1,200,261	4,770	307,117	1,162,099	40,168,687
1.3 loans to customers	45,592,987	33,382,973	19,755,659	14,820,663	30,849,386	7,043,097	23,167,976	8,743,642	183,356,383
1.4 bonds and other debt securities	125,318	7,174,424	10,066,406	8,945,101	6,708,911	3,494,667	5,205,007	115,696	41,835,530
1.5 off-balance sheet transactions	231,680,910	592,165,452	386,801,234	188,020,560	22,240,633	105,817,853	9,012,570	-	1,535,739,212
Total	282,113,358	659,913,653	425,238,515	212,279,102	61,740,789	117,283,894	37,849,597	10,021,437	1,806,440,345
2. Liabilities									
2.1 due to banks	12,375,607	51,482,244	10,992,632	884,068	755,690	663,037	147,724	3,389	77,304,391
2.2 due to customers	78,647,655	28,231,805	2,036,512	152,293	896,377	151,433	425,019	1,974,922	112,516,016
2.3 securities issued									
- bonds	1,185,526	742,109	4,050,839	12,017,310	13,675,172	3,018,249	5,872,049	-	40,561,254
- certificates of deposit	414,952	11,696,651	3,782,256	944,609	353,263	15,323	262,582	-	17,469,636
- other securities	1,670,740	1,112,883	-	-	-	-	-	-	2,783,623
2.4 subordinated liabilities	124,984	536,456	85,573	2,233,432	1,314,759	3,676,734	3,715,546	-	11,687,484
2.5 off-balance sheet transaction	219,871,099	612,698,677	371,363,716	201,935,161	18,565,746	102,467,693	9,233,720	-	1,536,135,812
Total	314,290,563	706,500,825	392,311,528	218,166,873	35,561,007	109,992,469	19,656,640	1,978,311	1,798,458,216

The allocation of assets and liabilities to the various time bands is based on their residual life.

The "on demand" column includes assets and liabilities with a maturity of less than 24 hours.

Accordingly, such amounts due to and from banks and customers are accounted for differently in the balance sheet, which reflects the contractual nature of the transactions.

Off-balance sheet transactions are broken down based on the residual life of the related expected cash inflows and outflows.

Administrative costs

Average number of employees by categories

Categories	2001	2000	Change
a) managers	986	794	192
b) 3rd and 4th level clerks	13,195	13,053	142
c) other employees	56,837	58,891	(2,054)
Total	71,018	72,738	(1,720)

Number of employees by categories (figures as at 31st December)

Categories	2001	2000	Change
a) managers	1,005	966	39
b) 3rd and 4th level clerks	13,575	12,814	761
c) other employees	55,602	58,072	(2,470)
Total	70,182	71,852	(1,670)

Breakdown of "Administrative costs"

Other administrative costs

Subcaptions	2001	2000	Changes	
			amount	%
Training expenses and reimbursements for personnel	77,305	74,192	3,113	4.2
Legal expenses	118,359	155,905	(37,546)	(24.1)
Expenses for consultancy fees	218,109	186,959	31,150	16.7
IT, processing and data processing services	272,414	220,167	52,247	23.7
Data storage and document processing	18,895	18,884	11	0.1
Rentals and service charges - real estate	222,271	223,134	(863)	(0.4)
Rentals of other fixed assets	59,486	61,070	(1,584)	(2.6)
Transport services	67,566	68,881	(1,315)	(1.9)
Postal, telegraphic and delivery services	143,669	132,191	11,478	8.7
Telephonic, teletransmission and transmission expenses	118,893	120,592	(1,699)	(1.4)
Lighting, central heating and air conditioning	73,258	77,252	(3,994)	(5.2)
Cleaning services	51,617	51,324	293	0.6
Information expenses	42,553	37,243	5,310	14.3
Security services	59,974	59,622	352	0.6
Advertising and promotional expenses	127,091	147,082	(19,991)	(13.6)
Insurance premiums	54,024	54,720	(696)	(1.3)
Expenses for maintenance	142,190	147,020	(4,830)	(3.3)
Printing, stationery and consumables	71,121	74,097	(2,976)	(4.0)
Indirect taxes and duties	421,556	430,855	(9,299)	(2.2)
Reimbursements of costs to Group companies	4,813	11,920	(7,107)	(59.6)
Other costs	246,408	239,042	7,366	3.1
Statement of income	2,611,572	2,592,152	19,420	0.7
Use of allowances for pensions and similar commitments	(2,745)	(642)	2,103	327.6
Reclassified statement of income	2,608,827	2,591,510	17,317	0.7

Extraordinary income and charges

Breakdown of "Extraordinary income"

	2001	2000	Changes	
			amount	%
Out-of-period income and amounts not payable	193,034	267,125	(74,091)	(27.7)
– <i>bank cashiers' cheques prescribed</i>	5,821	2,883	2,938	101.9
– <i>adjustments to other captions of previous years</i>	18,190	47,156	(28,966)	(61.4)
– <i>adjustments to commissions/charges</i>	22,205	22,254	(49)	(0.2)
– <i>reversal of the allowances for possible loan losses</i>	36,136	49,111	(12,975)	(26.4)
– <i>other</i>	110,682	145,721	(35,039)	(24.0)
Capital gains on the sale of investment securities	2,906	29,243	(26,337)	(90.1)
Capital gains on the sale of equity investments	1,321,618	295,264	1,026,354	
Capital gains on sale of other assets	61,663	47,702	13,961	29.3
Non-recurring income on Fonspa spin-off	81,931	–	81,931	
Reversal of excess allowances	17,531	55,749	(38,218)	(68.6)
Capitalised intergroup services	25,373	12,573	12,800	101.8
Income from sale of branches, net	565,908	–	565,908	
Deferred tax assets generated in previous years	82,083	42,586	39,497	
Capital gains on sale of investments carried at equity	–	48,611	(48,611)	
Total	2,352,047	798,853	1,553,194	

Breakdown of "Extraordinary charges"

	2001	2000	Changes	
			amount	%
Out-of-period expense and amounts not collectable	242,792	278,448	(35,656)	(12.8)
– <i>adjustments to commission expenses/charges of previous years</i>	19,343	42,369	(23,026)	(54.3)
– <i>transfer of dividend paid by Banca Carime</i>	13,598	–	13,598	
– <i>adjustments to other captions of previous years</i>	18,492	68,801	(50,309)	
– <i>previous personnel charges</i>	3,592	211	3,381	
– <i>previous social security benefits</i>	2,455	227	2,228	
– <i>burglaries and robberies</i>	10,284	8,093	2,191	27.1
– <i>other</i>	175,028	158,747	16,281	10.3
Losses on sale of other assets	11,684	18,559	(6,875)	(37.0)
Losses on sale of investment securities	3,108	21,746	(18,638)	(85.7)
Losses on sale of equity investments	3,566	550	3,016	
Incentive-driven personnel exit plans	13,225	22,237	(9,012)	(40.5)
Valuation of <i>Warrants Put IntesaBci</i>	1,157,578	–	1,157,578	
Provisions for futures charges on sales of equity investments	9,296	41,257	(31,961)	(77.5)
Non-recurring charges on Fonspa operation	78,049	–	78,049	
Integration charges	47,463	–	47,463	
Extraordinary contribution to the allowance for pensions and similar commitments	–	24,547	(24,547)	
Provisions for possible loan losses ex Law 2682 related to Brazilian companies	–	208,410	(208,410)	
Total	1,566,761	615,754	951,007	



**IntesaBci
Parent Company's
Financial Statements
as at 31st December 2001**





Reclassified statement of income

(in millions of euro)

	2001	2000 pro forma	Changes	
			amount	%
Net interest income	3,681.0	3,571.5	109.5	3.1
Dividends and other revenues	1,326.5	1,592.3	(265.8)	(16.7)
Interest margin	5,007.5	5,163.8	(156.3)	(3.0)
Net commissions	2,086.6	2,312.4	(225.8)	(9.8)
Profits (Losses) on financial transactions	(64.6)	46.1	(110.7)	
Other operating income, net	268.7	295.3	(26.6)	(9.0)
Net interest and other banking income	7,298.2	7,817.6	(519.4)	(6.6)
Administrative costs	(4,163.1)	(4,005.0)	158.1	3.9
<i>including Payroll</i>	(2,331.2)	<i>(2,334.2)</i>	<i>(3.0)</i>	<i>(0.1)</i>
Adjustments to fixed assets and intangibles	(246.3)	(310.1)	(63.8)	(20.6)
Operating margin	2,888.8	3,502.5	(613.7)	(17.5)
Provisions for risks and charges	(233.8)	(128.3)	105.5	82.2
Net adjustments to loans and provisions for possible loan losses	(1,557.9)	(843.2)	714.7	84.8
Net adjustments to financial fixed assets	(981.7)	(90.4)	891.3	
Income from operating activities	115.4	2,440.6	(2,325.2)	(95.3)
Extraordinary income	(77.7)	265.9	(343.6)	
Income taxes for the year	146.0	(932.0)	1,078.0	
Change in the reserve for general banking risks	153.7	-	153.7	
Net income for the year	337.4	1,774.5	(1,437.1)	(81.0)

Reclassified balance sheet

(in millions of euro)

Assets	31/12/2001	31/12/2000 pro forma	Changes	
			amount	%
1. Cash and deposits with central banks and post offices	829.0	774.0	55.0	7.1
2. Loans				
– loans to customers	132,055.2	134,753.6	(2,698.4)	(2.0)
– due from banks	44,964.2	42,871.0	2,093.2	4.9
3. Trading portfolio	21,384.1	26,686.4	(5,302.3)	(19.9)
4. Fixed assets				
a) investment portfolio	4,521.6	6,006.1	(1,484.5)	(24.7)
b) equity investments	11,824.4	11,643.2	181.2	1.6
c) tangible and intangible	3,012.4	3,470.6	(458.2)	(13.2)
5. Other assets	20,090.4	17,366.6	2,723.8	15.7
Total Assets	238,681.3	243,571.5	(4,890.2)	(2.0)

(in millions of euro)

Liabilities and Shareholders' Equity	31/12/2001	31/12/2000 pro forma	Changes	
			amount	%
1. Debts				
– due to customers	77,137.2	78,531.1	(1,393.9)	(1.8)
– securities issued	46,368.8	43,156.3	3,212.5	7.4
– due to banks	64,571.6	75,286.7	(10,715.1)	(14.2)
2. Allowances with specific purpose	3,345.4	4,632.2	(1,286.8)	(27.8)
3. Other liabilities	21,850.4	17,667.2	4,183.2	23.7
4. Allowances for possible loan losses	88.5	187.3	(98.8)	(52.7)
5. Subordinated liabilities	11,341.5	9,145.3	2,196.2	24.0
6. Shareholders' equity				
– share capital and reserves	13,640.5	13,190.9	449.6	3.4
– net income for the year	337.4	1,774.5	(1,437.1)	(81.0)
Total Liabilities and Shareholders' Equity	238,681.3	243,571.5	(4,890.2)	(2.0)

Guarantees, commitments and credit derivatives	111,875.7	123,012.1	(11,136.4)	(9.1)
Indirect customer deposits	234,856.8	243,119.6	(8,262.8)	(3.4)

Gruppo IntesaBci Network





Branches in Italy broken down by Bank and by Region

(Updated as at December 2001)

	IntesaBci				FriulAdria	Cariparma	Other Group banks (2)
	Retail banking division ⁽¹⁾	Corporate banking division	Private banking division	Investment banking division			
Piemonte	167	9	6	1		9	95
Valle d'Aosta	4						
Lombardia	733	39	16	3		106	7
Liguria	89	5	5	1			76
Trentino-Alto Adige	12	2	1				62
Veneto	262	14	5	3	36	1	6
Friuli-Venezia Giulia	21	3	1	1	120		
Emilia Romagna	65	9	4	3		163	1
Toscana	67	8	2	1		6	
Umbria	9	1	1				74
Marche	10	2	1				54
Lazio	158	3	2	1		6	87
Abruzzo	17	1	1				7
Molise	2						
Campania	111	3	3	1			2
Puglia	96	4	1				1
Basilicata	4						1
Calabria	34	2	1				1
Sicilia	126	2	2				1
Sardegna	60	2	1				10
Total	2,047	109	53	15	156	291	485

⁽¹⁾ Excluding 146 branches inside public entities and companies.

⁽²⁾ Banca di Trento e Bolzano, C.R. Viterbo, C.R. Rieti, C.R. Città di Castello, IntesaBci Mediocredito, C.R. Ascoli, Banco di Chiavari e della Riviera Ligure, C.R. Biella e Vercelli, Banca Cis, C.R. Spoleto, IntesaBci Gestione Crediti, C.R. Foligno.

Branches and Representative Offices abroad

(Updated as at December 2001)

Europe

Belgium

Representative Office in Bruxelles

Czech Republic (*)

Representative Office in Prague

Federal Republic of Yugoslavia

Representative Office in Beograd

Germany

Branch of Frankfurt am Main

Greece

Representative Office in Athens

Holland (*)

Representative Office in Amsterdam

Poland

Representative Office in Warsaw

Portugal (*)

Representative Office in Lisboa

Russia

Representative Office in Moscow

Spain

Branch of Barcelona

Branch of Madrid

Valencia Loan Production Office

Turkey

Representative Office in Ankara

United Kingdom

Branch of London

Asia

India

Representative Office in Mumbai

Iran

Representative Office in Teheran

Japan

Branch of Tokyo

Lebanon

Representative Office in Beirut

People's Republic of China

Branch of Hong Kong

Branch of Shanghai

Representative Office in Beijing

Philippine Islands (*)

Representative Office in Manila

Republic of Korea

Representative Office in Seoul

Singapore

Branch of Singapore

Taiwan

Representative Office in Taipei

United Arab Emirates

Branch of Abu Dhabi

Latin and North America

Argentina

Representative Office in Buenos Aires

Cayman Islands

Branch of George Town

Mexico

Representative Office in Mexico City

USA

Branch of Chicago ^(*)

Branch of Los Angeles

Branch of New York

Representative Office in San Francisco ^(*)

Venezuela

Representative Office in Caracas

Africa

Egypt

Representative Office in Cairo

Oceania

Australia

Representative Office in Sydney

^(*) Closed as at 31st March 2002.





