Half-Year Report 2001

IntesaBci

This is an English translation of the Italian original
“Relazione sull’andamento della gestione del primo semestre 2001”
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
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Report and Consolidated Financial Statements for the First Half of 2001

IntesaBci Spa
Share capital 3,488,995,258.84 euro fully paid-in
Milano Company Register 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

Contents

Board of Directors, Board of Statutory Auditors, General Management and Independent Auditors

updated as at 12th September 2001

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 HEINZ J. HOCKMANN FRANCO MODIGLIANI GIAN GIACOMO NARDOZZI EUGENIO PAVARANI JEAN-LUC PERRON * AXEL FREIHERR VON RÜDORFFER SANDRO SALVATI GINO TROMBI MARCO TRONCHETTI PROVERA

** Members of the Executive Committee*

General Managers/ Chief Operating Officers	ROBERTO BRAMBILLA TOMMASO CARTONE ENRICO MEUCCI

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

Powers attributed to the Administrative Bodies are included as one of the Attachments.

Gruppo IntesaBci - Financial highlights

	30/6/2001	31/12/2000 (2)	30/6/2000 (2)	Changes	
				31/12/2000	30/6/2000
Statement of income (in millions of euro) (1)					
Net interest income	2,935.8	5,609.6	2,745.8		6.9%
Interest margin	3,157.3	5,972.7	3,003.2		5.1%
Net commissions	1,904.5	4,134.5	2,101.0		(9.4%)
Net interest and other banking income	5,573.2	10,804.6	5,421.4		2.8%
Operating costs	(3,645.5)	(7,302.4)	(3,588.0)		1.6%
including Payroll	*(2,008.4)*	*(3,937.9)*	*(1,981.4)*		*1.4%*
Operating margin	1,927.7	3,502.2	1,833.4		5.1%
Income from operating activities	1,100.3	1,824.2	1,071.1		2.7%
Net income for the period (3)	1,386.1	1,686.2	927.5		49.4%
Balance sheet (in millions of euro)					
Loans to customers	188,563.7	182,991.3	171,718.5	3.0%	9.8%
Securities	65,458.9	58,002.6	63,547.7	12.9%	3.0%
including Investment portfolio	*12,382.7*	*12,597.0*	*13,390.0*	*(1.7%)*	*(7.5%)*
Equity investments	3,282.9	3,818.1	3,470.4	(14.0%)	(5.4%)
Total assets	339,873.8	326,440.6	329,581.7	4.1%	3.1%
Direct customer deposits	186,233.1	181,620.7	175,588.6	2.5%	6.1%
including Subordinated and perpetual liabilities	*10,537.1*	*9,743.1*	*9,249.3*	*8.1%*	*13.9%*
Indirect customer deposits	312,702.4	317,526.8	317,032.2	(1.5%)	(1.4%)
including Managed funds	*136,227.2*	*143,384.3*	*147,988.0*	*(5.0%)*	*(7.9%)*
Customer deposits under administration	498,935.5	499,147.5	492,620.8		1.3%
Due to banks, net	52,797.1	48,155.6	47,102.0	9.6%	12.1%
Shareholders' equity (4)	14,808.5	12,466.6	11,572.7	18.8%	28.0%
Operating structure					
Staff (*number*)	70,571	71,032	72,372	(461)	(1,801)
Branches (*number*)	4,153	4,119	4,206	34	53
including Italy	*3,258*	*3,225*	*3,263*	*33*	*(5)*
Abroad	*895*	*894*	*943*	*1*	*(48)*

(1) *Figures are net of non-recurring income and charges, in order to enable a fairer representation of operating activities.*
(2) *Figures restated on a consistent basis, considering changes in the consolidation area.*
(3) *Figures include effects from non-recurring components.*
(4) *Including net income for the period.*

Gruppo IntesaBci - Financial ratios

	30/6/2001	31/12/2000	30/6/2000
Balance sheet ratios (%)			
Loans to customers/Total assets	55.5	56.1	52.1
Securities/Total assets	19.3	17.8	19.3
Direct customer deposits/Total assets	54.8	55.6	53.3
Managed funds/Indirect customer deposits	43.6	45.2	46.7
Statement of income ratios (%)			
Interest margin/Net interest and other banking income (1)	56.7	55.3	55.4
Net commissions/Net interest and other banking income (1)	34.2	38.3	38.8
Operating costs/Net interest and other banking income (1)	65.4	67.6	66.2
Net income for the period/Average total assets (ROA) (2) (4)	0.8	0.5	0.6
Net income for the period/Average shareholders' equity (ROE) (3) (4)	20.8	13.8	15.8
Risk ratios (%)			
Net doubtful loans/Total loans	2.9	3.5	3.8
Accrued adjustments on doubtful loans/Gross doubtful loans to customers	56.5	52.2	51.3
Capital ratios (%)			
Tier 1 capital/Risk-weighted assets	6.4	5.8	5.9
Total capital/Risk-weighted assets	9.9	8.8	8.8
Risk-weighted assets *(in millions of euro)*	234,840	236,291	228,234
EPS - Earnings per share - euro	0.21	0.29	0.16

(1) *The ratio was calculated net of non-recurring income and charges.*

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

(3) *Net income (including the effects of non-recurring income and charges) 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.*

(4) *Half-year figures have been annualised.*

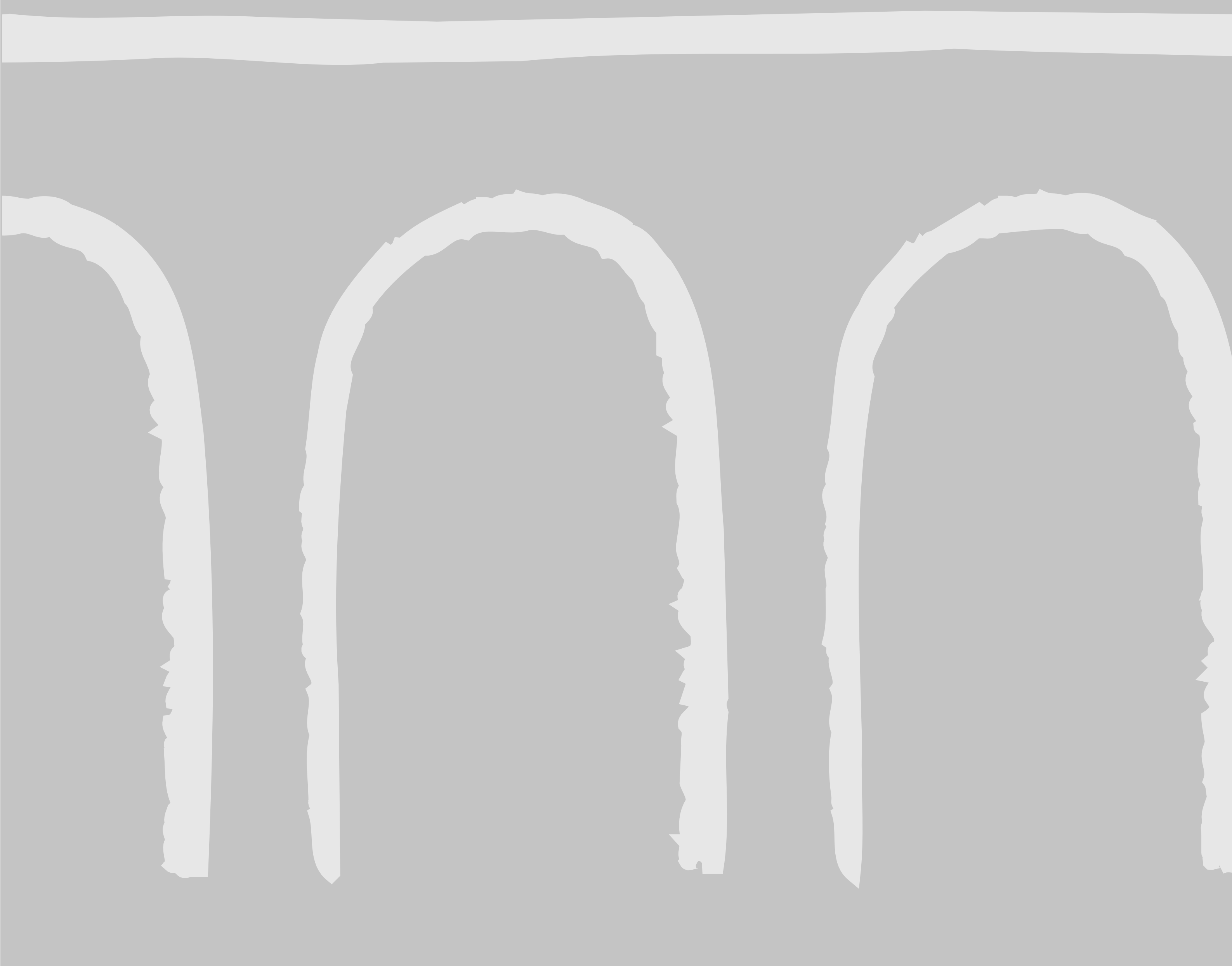
Rating

During the first half of 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).

Gruppo IntesaBci
Report on Operations
and Consolidated
Financial Statements



Report on Operations

Accounting criteria and consolidation area

General criteria

The Half-Year Report as at 30th June 2001 was prepared in compliance with Consob[*] Resolution 11971 of 14th May 1999 with the integrations provided for by Resolutions 12475 of 6th April 2000 and 13086 of 18th April 2001, applying the provisions of Legislative Decree 87 of 1992 as well as the Instructions issued by the Governor of the Bank of Italy on 16th January 1995 and subsequent amendments the last of which was issued on 7th August 1998.

The Report is made up of the financial statements and the notes to the consolidated financial statements accompanied by the comments on the Group's Operations. The consolidated report pays great attention to the Parent Company IntesaBci, in consideration of its weight in the consolidated accounts. Criteria for the preparation of the accounts and accounting principles do not differ from those used for the consolidated accounts as at 31st December 2000.

Furthermore it must be noted that, as in the past, the Bank decided to use the possibility provided for by Art. 82, par. 2 of the aforementioned Consob Resolution 11971, by disclosing the Half-Year Report as at 30th June 2001 to the public and the market within seventy-five days from the end of the semester instead of specific information regarding quarterly data as at 30th June 2001. Quarterly statement of income figures are in any case also presented separately for the purpose of illustrating the trends and ensuring continuity with the information disclosed to the market at the end of the first quarter of 2001.

The Half-Year Report is subject to review by the Auditing company Reconta Ernst & Young Spa, in compliance with the recommendations contained in Consob Resolution 10867 of 31st July 1997.

For a detailed description of consolidation criteria and the variations in the consolidation area, please refer to the relevant paragraph included at the beginning of the Notes to the consolidated financial statements. The notes also contain information on specific problems, included those which have been specifically provided for by Consob.

Accounting criteria

As of 1st April 2001 IntesaBci adopted the euro as the currency in which the company keeps its accounts. Therefore, all the individual entries referred to the end of the semester expressed in euro derive directly from consistent accounting systems. Following this decision, starting with this Half-Year Report the information disclosed to the public is prepared in Euro.

The innovation was completed with the conversion in euro of the share capital resolved upon by the Shareholders' Meeting of 19th April 2001 and with legal effects as of 1st June. Due to this decision, the share capital of the Parent Company IntesaBci – determined including the increase in capital to service the Intesa-BCI merger and also considering the exercise of warrants and the conversion of bonds occurred last May – was recorded as 3,488,995,258.84 euro divided in 6,709,606,267 ordinary shares and non-convertible saving shares of unit nominal value 0.52 euro each. As a consequence of the fixed lira/euro parity, the conversion led to preliminarily increase share capital for 45,474,941,537 lire, by using the share premium reserve for an equal amount.

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[*] *Italian Securities and Exchange Commission.*

The integration plan and the Group's model (1)

Introduction

The merger of BCI in Banca Intesa, which occurred in the first part of the year – after the analogous operations carried out last year involving Cariplo, Banco Ambrosiano Veneto and Mediocredito Lombardo – completed the concentration process which led to the formation of the largest Italian bank, within a Group which was already at the top of the system.

In parallel with the progressive completion of legal and company operations, the realisation of the Group's new model continued. The latter combines the best practices of the various absorbed companies and, where necessary, also considers virtuous examples offered by external systems. It is obviously a delicate process which stretches over a number of years – since, in terms of quantity of resources and organisational structures involved, it is the largest bank restructuring ever undertaken in Italy – and will lead within the end of 2003 to the complete realisation of the Group as a strongly market- and value- oriented entity, organised to achieve high productivity and supported by the most advanced information technology systems.

During the first half of 2001 significant steps have already been taken, some affect the internal organisational structure and others which – by influencing the mix of assets recorded in the Parent Company's balance sheet – have changed their accounting treatment in the financial statements. Extensive information is provided on all of these aspects in order to favour a global understanding of the phenomena also in consideration of their current and future impact on the Group's profitability and financial structure.

The merger between Intesa and BCI

In execution of the resolution of the Extraordinary Shareholders' Meeting held on 1st March 2001, the operations connected to the merger of BCI in Banca Intesa were closed regularly.(2) In the merger deed – stipulated on 24th April 2001 and registered in the Milano Company Register on 26th April 2001 – the date in which the merger comes into legal effects with regard to third parties was postponed to 1st May 2001.

On the contrary, for accounting and fiscal purposes the merger has backdated effects as of 1st January 2001. The statement of income of the Parent Company IntesaBci for the first half therefore also includes the items generated by BCI, net of those deriving from intercompany relations between Intesa and BCI. In turn, IntesaBci's balance sheet also includes all the assets and liabilities of BCI at that date, after the elimination of intercompany relations between the two banks. Statement of income and balance sheet figures relative to the previous year, which are presented in this Report for comparison, have been restated in order to ensure consistent comparisons.

The merger entailed the annulment without substitution of 1,249,055,984 BCI ordinary shares and of 7,275,572 BCI saving shares held by Intesa, with the simultaneous elimination of the cost of the equity investment amounting

(1) *The information contained in this section is summarised for the purpose of favouring the immediate perception of the size and the relevance of the most important occurrences which affected operations. In the case of events which immediately influenced balance sheet and statement of income items at the end of the semester please refer to the detailed description provided in the specific comments on the financial statements.*

(2) *The merger deed sets out, among other provisions, the change in the Banca Intesa's name in Banca Intesa Banca Commerciale Italiana or, in abbreviated form, IntesaBci or also Banca Intesa Comit.*

to 3,259.9 million euro. The residual difference with respect to the portion of shareholders' equity corresponding to the percentage held by Banca Intesa (70%) led to a *surplus on annulment* of 633.9 million euro. The increase in capital reserved for BCI's minority shareholders was executed through the issue of 792,320,323 Intesa ordinary shares – for a total value of 412,006,567.96 euro after the conversion of share capital in this currency – allocated using an exchange ratio of 1.45 Intesa ordinary shares for each BCI ordinary or saving share held. The annulment of the BCI shares pertaining to third parties led to a *surplus on exchange* of 1,284.4 million euro.

The entire operation therefore produced a total merger surplus of 1,918.3 million euro. Of this 1,343.7 million euro has been allocated to re-constitute shareholders' equity reserves taxable in case of use or distribution already accounted for in BCI's books – allowances or reserves which have maintained their specific nature also in compliance with relevant provisions set forth by Art. 123, par. 4, of Presidential Decree 917/86 – while the residual value, 574.6 million euro, was attributed to the "Share premium reserve".

The Group's model

The process under way, which is involving an increasing number of resources, in this first phase focused on identifying the aspects which will enable the Parent Company to operate according to the indications of the new Divisional model. For this purpose three macro-areas have been identified (the *Governance centre*, the *Commercial divisions – Retail, Corporate and Private* – and the *Investment banking* and *International divisions*) and two business areas (*Italian banks* and *Product companies*). External to the Parent Company there are two sectors, one which includes the *Service centres* and the other, a business centre, includes *Asset management* activities and the operations of *Intesa e-lab*.

At the same time the new Group regulations have been prepared. These are a fundamental step for the subsequent complete review of the powers and the delegated powers with regard to management responsibilities and credit granting.

The Governance centre

The structures which will be delegated with strategic direction, co-ordination and control over divisional bodies, business units, product companies and other subsidiaries have been identified within the first of the aforementioned three macro-areas, namely the *Governance centre*. Such structures are organised in 14 *Units* (3) (made up of departments, offices and sections) and in 4 *Staff units*.(4) The latter are dedicated in some cases even temporarily to support specific projects and/or activities. For all of these structures the internal regulations, the functional organigrams, the assigned resources and the people in charge have been identified as well as the action plans for interventions on logistics and IT systems.

The Divisions

The *Investment banking division* has been charged with the mission of creating value for customers and for the Group in financial activities, with the objective of becoming a competitive player at domestic and international level. The companies of the sub-holding Caboto provide synergic support external to the mission, being

(3) *The units are: Subsidiary companies administration, Auditing, Accounting and Tax, Communication, Tax planning, Legal affairs and General secretariat, Management control, Credit risk, Strategic finance, Organisation, Strategic alliances and partnerships, Risk management, Human resources, Strategic development.*

(4) *Programme management, Support to asset management, Directional support service, Representative office in Rome.*

effectively integrated in the production chain and playing a fundamental role in investment banking activities. Divided in 8 *Units*,[5] the Investment banking division is destined to operate all round in key market sectors such as fixed-income securities and related derivatives, equity market and full brokerage services to customers, retail distribution of financial products, foreign exchange and commodities trading, and private equity. The Division has also been charged with managing liquidity, interest rate and foreign exchange risk for the entire Group, proprietary trading and, lastly, maintaining relationships with Italian and foreign large corporate customers and financial institutions, by offering wholesale banking services, structured financial products and financial services such as payment services, custody and settlement of securities and depository and correspondent banking.

For the Investment banking division the necessary integration processes have commenced. These are aimed at making the Units fully operational as regards logistics, support activities (middle office and back office) and IT systems. In addition the roll out phase of the Service model for Large customers is currently under way, with the formation – under the direct co-ordination of the *Global relationship banking unit* – of 14 *Large corporate departments* destined to maintain relations with customers under their responsibility, with organisational and operational profiles autonomous with respect to the *Corporate division*.

The *International division* is already operating with its new configuration namely the two units *Multinational banking* and *International banking network* and supervises over operations development in the Group's entities outside Italy, which include both direct branches and majority equity investments in companies in the banking and/or financial areas. Interventions aimed at streamlining and simplifying the foreign network are currently under way, for the purpose of concentrating in one legal entity the duplications present in certain European Countries (such as France, Luxembourg and Ireland) where the banks which have become IntesaBci operated singularly through companies established under local law. Analogous concentration interventions have already been completed in the direct branches in London, New York, Hong Kong and Singapore as well as in numerous representative offices world-wide.

The three *Commercial divisions Retail, Corporate* and *Private* – profit centres organised as divisions, with responsibility in terms of value creation for the Group – have been given the indispensable commercial and managerial levers for strategy definition and business management in their respective market segments. They are divided in *Central* and *Territorial units,* the former are in turn structured in departments, offices and sections as well as, where appropriate, at regional level (*Retail* and *Corporate divisions)* or according to *area managers* (*Private division*). The roll out of the divisional model on the network proceeded rapidly according to an intense schedule: in the period from mid-February to mid-May 2001 it passed from the creation of the Divisions to the full testing in the trial area of the Varese branch. As intense the timing fixed in the Group's Master plan, with the Private and Corporate divisions forecasted to be fully operational next October and the Retail division in June 2002. As described in greater detail hereafter in this Report, in the meantime the streamlining of the Italian network was completed, with the sale of structures not strategic for territorial coverage - 138 direct branches and two banking subsidiaries (Banca di Legnano and Carime). Such sales also led to realise considerable capital gains.

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[5] *Called: Operations and staff, Fixed income markets, Equity markets, Retail capital markets, Forex markets, Corporate finance & treasury, Private equity, Global relationship banking.*

Human resource management

The activation of the divisional model and – just as significant – the integration processes which have been completed over the end of last year and the first few months of 2001, led to a large and intense action in human resource management. The determination of the various responsibility levels in the divisions and the quantitative and qualitative definition of the skills required by the new structures was followed by the identification and subsequent transfer of resources, for an overall number exceeding 5,000 units for the structures which have already been completed. The "logistic" movements also proved to be very burdensome since they reflected the need to group together resources according to the locations of the various organisational functions, and occurred based on a moving plan which will require the transfer of over 6,000 people, of which approximately 2,300 within next mid-October.

With reference to relations with trade union representatives, it must be noted that – as far as the Parent Company is concerned – already in April, four months after the merger with Cariplo, Banco Ambrosiano Veneto and Mediocredito Lombardo and even more in advance with respect to the merger with BCI, it was possible to agree on the regulations applicable to all IntesaBci personnel, harmonising and standardising the differences present in the various banks, both in terms of regulations and operating practice. The agreements reached also enabled the closing of important collateral agreements, such as those regarding transfers to service or product companies or the arrangements in case of sale of branches or bank networks.

With regard to resource employment policy, certain priority projects within the system of objectives integrated and consistent in terms of management and development are in the pre-start phase. These are aimed at: analysing, classifying and assessing roles, from a viewpoint of rational correlation between functional levels and compensation ranges; evaluating performances according to uniform and simplified methodologies; defining effective incentive systems, specifically designed for the roles in the Commercial divisions. Great attention was also paid to training (which is delegated to a specialised Group company) which, during the semester, led to the supply of over 63,000 man/days of direct presence, in addition to 21,000 man/days of distance training. Among the projects currently under implementation, particularly important is the construction of an integrated platform to support and manage training activities, which will enable adequate development of distance training and the creation of databases and unified monitoring-valuation-assessment systems.

Finally, as concerns the number of staff, at the end of the semester, Gruppo IntesaBci had 70,571 employees, down – on consistent terms – by 461 units compared to 31st December 2000 and already in line with the objectives for the end of the current year. After all the mergers had been completed resources employed by the Parent Company equalled 37,497.

The re-design of IT structures

In addition to the definition of the direction and control mechanisms, of commercial infrastructures and organisational configurations, particular effort was dedicated to the key aspects of the adaptation of the current IT systems to the new divisional structure. For this purpose, in the meantime, the IT and organisational bridge systems prepared to enable the banks involved in the first merger (Cariplo, Banco Ambrosiano Veneto, Mediocredito Lombardo and Banca Intesa) to be perceived from the outside as a single legal and operating entity, are now fully operational, also in compliance with the deadline set by the Bank of Italy for the end of June. At the end of last May the instalment of bridge systems for BCI commenced, with the objective of full operations within next October, again as agreed upon with supervisory authorities.

For the future, the objectives of the plan entail the progressive migration of all the various systems used by the merged banks to the single TARGET system. During the semester the detailed operating plan for the conversions of the various former Cariplo functions was defined and started implementation. Completion is forecasted for the end of March 2002. With the migration to the TARGET systems of BCI's IT network, forecasted for the end of 2003, IntesaBci will have one modern and efficient IT system, with obvious beneficial effects both in terms of operations with the market and in terms of internal effectiveness, as regards all reporting required to support central direction functions.

Streamlining interventions
The sale of branches

With the approval of the Definitive Binding Offer presented by Banca Carige for the purchase of 19 further branches belonging to the Group, the project for the streamlining of Gruppo IntesaBci's Italian network – in the part relative to the sale of direct branches - included in the Integration plan was completed according to schedule. The operation with Banca Carige – the second closed with this Company, after the one concluded in the first months of 2001 for the sale of another 41 units – was executed on the basis of a goodwill, for the 60 branches sold, of approximately 270 million euro, subject to adjustment in relation to the precise amount of deposit and loan aggregates as at 1st October 2001, the date in which the sale comes into legal effects.

With previous operations Gruppo IntesaBci had sold 27 branches to Banca Popolare di Vicenza and 51 branches to Banca Unipol – with legal effects as of 1st January 2001 in the first case and as of 1st July 2001 in the second – on the basis of goodwill amounting to approximately 95 million euro and 200 million euro respectively.

In total, the plan for the disposal of the units which are not deemed to be strategic for territorial coverage involved 138 outlets, which at the time of the disposals had loans to customers of approximately 1,000 million euro, direct customer deposits of approximately 1,100 million euro and indirect customer deposits amounting to approximately 1,500 million euro. As regards geographic distribution of the branches sold, these were mostly located in Lombardia, Piemonte, Sicilia, Emilia Romagna, Puglia, Veneto and Lazio. The value of goodwill of the branches sold exceeded 560 million euro, of which approximately 90 million euro already recorded in the statement of income for the period while the residual 470 million euro will be settled in the second part of the year, including any adjustments which will arise in relation to the exact size of the reference parameters at the dates agreed upon for the legal effects of the sales.

The sale of equity investments

The sale of the majority stake in Banca di Legnano to Banca Popolare di Milano was regularly closed at the end of June – according to provisions contained in the preliminary contract – with the payment by the purchaser of the final instalment of the 671 million euro agreed upon in the contract. This operation was also foreseen in the Integration plan, again for the purpose of streamlining territorial presence. The process for the sale of a control stake (75%) in the capital of Banca Carime to Banca Popolare Commercio e Industria was also completed, again with the payment of the final instalment of the contractual price which had been set in 1,191 million euro. The agreements also include the sale of the residual stake still held by IntesaBci (approximately 25%), which is the underlying asset in a three-year put and call option with an exercise price equal to the unit price paid in the current operation.

The aforementioned regional banks contributed to the consolidated balance sheet as at 31st December 2000 with approximately 4,500 million euro of loans to customers and approximately 9,300 million euro of direct customer deposits, in addition to approximately 7,700 million euro of indirect customer deposits.

The rationalisation of assets

Certain operations aimed at re-composing assets were undertaken during the first part of the year. This will lead to more efficient and higher quality assets with beneficial effects in terms of profitability and diversification of financing terms and ultimately in more effective allocation of capital at risk.

The spin-off of the IT systems

As part of the Integration plan between Banca Intesa and BCI it was decided to centralise support services managed by BCI in sectors such as facility management and back office services, as well as logistics and purchases, in the subsidiary IntesaBci Sistemi e Servizi. Therefore it was decided to contribute to the latter company the business branch made of the complex of economically related, tangible and intangible IT assets (software and hardware) belonging to BCI, the connected operating, specific and general infrastructures, as well as the legal relationships with third parties, including those with dedicated resources (1,258 people).

The net value of the contributed business branch was estimated – based on an expert opinion *ex* Art. 2343 of the Italian Civil Code - in a total of 88.6 million euro; the beneficiary company IntesaBci Sistemi e Servizi therefore issued 1,703,200 new shares of unit nominal value 52 euro, with the simultaneous increase in its share capital for the same amount. The value is the sum of IT intangibles of approximately 95 million euro and tangibles made up of data processing equipment for approximately 29 million euro, net of 36 million euro as the balance between debt and credit items related to the sale of legal relations, included those with personnel. Both the physical entity of contributed assets and the calculation of debt and credit relations were referred to the situation as at 31st March 2001. Due to the administrative simplifications deriving from the use of the same date as the close of the first half, the contribution will come into legal effects on 1st July 2001, and at that date any relevant cash adjustments will be settled.

The values expressed in the expert opinion were determined – in particular as regards the most important components, namely software systems – according to the residual use that the transferred assets will have in the business of the beneficiary company IntesaBci Sistemi e Servizi, in consideration of the objectives of the Group’s Industrial plan which, as already mentioned, sets out the entire substitution within 2003 of all the applications in use in the intermediate period.

On this basis, the re-examination of the software systems produced in recent years led to a forecast of residual use lower than initial estimates, thus determining a contribution value which is lower than corresponding book value. This capital loss – recorded in the “Allowance for integration charges”, set up in 1999 as part of “Allowances for risks and charges” – amounted to approximately 19 million euro. It was also necessary to write-off certain software systems – for a total of 9.6 million euro – which have been directly charged in the statement of income for the period, since they could not be used in the operations of the beneficiary company and could not therefore be of any use in the future.

The reorganisation of the business areas

Certain reorganisation and rationalisation interventions to be carried out in crucial business areas were entirely defined during the semester – even though their practical implementation is forecasted in later periods for motivations related to the necessary adjustments in company structure or the technical adaptation of company procedures and resources involved. These interventions are closely connected to the logic of the Industrial plan.

More specifically at the beginning of the first half the reorganisation of the range of Mutual funds offered by *Intesa Asset Management* and *Comit Asset Management* commenced. This is a preliminary step before the merger of the two asset management structures – programmed on 1st January 2002 – the restructuring also led to changes in the types and mix of the financial instruments which may be selected by money managers, for the purpose of pursuing greater rationalisation of the products offered to customers. Certain benchmarks have been changed and selling conditions reviewed, as regards both management and performance fees. The two asset management companies currently manage assets exceeding 125 billion euro, with a combined market share in excess of 18%.

The project of the merger between *Intesa Italia Sim* and *Genercomit Distribuzione Sim*, the Group's two networks of financial consultants, was completed last July. The new company called *IntesaBci Italia Sim* – which ranks third in the Italian financial consultants networks – is the starting point of an ambitious project based on the creation of the Group's multi-channel bank which, from inception, will be able to count on the collaboration of over 2,000 financial consultants and, in future, on own branches, a dedicated contact centre as well as virtual channels for current operations.

Lastly the Group's presence in the medium- and long- term lending sector in its various forms was completely redefined. A new product company, called *IntesaBci Mediocredito*, was established for this purpose and continued all the activities previously carried out in this sector by Mediocredito Lombardo, which were initially acquired by IntesaBci and now contributed to the new company. Exclusively focused on its core business, IntesaBci Mediocredito – which uses the Group's structures for direction and support – will also count on the competitive advantages ensured by a single, lean and effective structure, with consolidated expertise and a global visions of its market segment. The contribution of the business branch to IntesaBci Mediocredito came into legal effects as of 1st July 2001.

The sale of doubtful loans

The first operation was the securitisation of doubtful loans – with legal effects backdated to 1st April 2001 – for a total of approximately 7,000 exposures made of mortgages and mortgaged advances in Cariplo's loan portfolio, deriving from the merger which occurred at the end of last year. The operation – stipulated pursuant to Law 130 of 30th April 1999 – led to the sale of loans for a net book value of approximately 713 million euro, transferred with the *pro soluto* clause (without recourse) to the special purpose vehicle incorporated under Italian law *Intesa Sec. Npl*, established pursuant to the aforementioned law. Management and recovery of the securitised loans will be carried out by *Intesa Gestione Crediti,* a Group company which has been appointed servicer in the contract.

The value assigned to the loans for the purpose of the securitisation was calculated considering the implicit financial factors in the transfer of assets. In consideration of such factors it was necessary to record write-downs to the loan portfolio for a total, net of fiscal effects, of approximately 61 million euro, which it was decided to expense directly in the statement of income.

The special purpose vehicle financed the operation with the issue on the euromarket – guaranteed, based on a competitive auction, by Morgan Stanley as lead manager – of bonds of total value 525 million euro, divided in five *tranches* or classes characterised by progressively increasing subordination. While the first three classes (from *A* to *C*, of nominal value of 366 million euro) were destined to institutional investors, *class D* (117.7 million euro) was entirely underwritten by IntesaBci and held in its portfolio. *Class E* (41.3 million euro) also initially underwritten by IntesaBci, will be subsequently placed with institutional investors. The payment of the consideration to IntesaBci occurred, as provided for, within 31st July 2001. It must be noted that the excellent response which the market reserved to these issues, 40% was placed in Italy, led to particularly favourable conditions for the issuer, with spread levels with respect to the *Euribor* which had never before been registered by an Italian bank. To complete the operation's financial structure, IntesaBci granted the special purpose vehicle a short-term revolving credit line amounting to 39 million euro, destined to cover any momentary liquidity shortages.

A second operation, again aimed at rationalising assets, involved the sale to Intesa Gestione Crediti, one of the Group's specialised companies, of the entire portfolio of domestic doubtful loans in BCI's books. The sale referred to exposures for a total nominal value of 1,268 million euro, transferred for a consideration of 511 million euro determined on the basis of presumed realisable value.

Synthetic securitisations

At the end of last March the Bank launched a securitisation through credit default swaps amounting to approximately 1 billion dollars, on a portfolio of 125 loans granted to 30 airline companies. Optimisation and diversification of the loan portfolio are the objectives of the operation and are achieved using credit derivatives, that is financial instruments which enable to manage credit risk and the juridical holder of the loan separately. The operation is absolutely innovative due to the class of assets used – which was highly appreciated by the market, because of both the diversification opportunities offered by the specific category of borrowers and the high value of the guarantees on the loans (planes belonging to the airlines) – enabled IntesaBci to hedge the possibility of complete or partial default on some of these loans. A special purpose vehicle took part in the transfer and raised the necessary financing through the issue of four categories of bonds and various subordination clauses and ratings ranging from AAA to BBB.

A second synthetic securitisation amounting to approximately 805 million euro, was launched at the end of last June. Thanks to this transaction, a portfolio of 80 credit default swap contracts was hedged. This securitisation which has a complex structure – has been closed for over 90% with a primary international bank and for the remaining portion with a special purpose vehicle – sets out that the latter, in turn, transfers credit risk to investors in the market, through the issue of notes which are divided in 3 classes with increasing subordination. The average risk of the exposures which have been used for the credit default swap contracts sold is in any case low, with ratings no lower than Baa2 or BBB.

The macroeconomic scenario

World economy

During the first half of 2001, world economy was affected by the heavy slowdown in US economy, which induced considerable macroeconomic and financial effects on the rest of the world. The fall in US imports negatively influenced economic growth in other areas, particularly in Latin America and the Far East. In this area Japan, trying to recover after ten years of stagnation, saw its GNP declining in the first quarter and this could trigger a recessive spiral. The rest of the area stands in an only slightly more favourable situation.

In Latin America the crisis of Argentina deteriorated as a result of a more serious phase of economic depression coupled with the gradual loss in the Country's competitiveness. Financial support organised by the International Monetary Fund enabled the Government to avoid turning to international financial markets, but on the domestic front signs of a dangerous crisis of confidence emerged (strong rise in interest rates, marked reduction in deposits held in Argentina's banks). Within few days, financial markets deemed a new debt restructuring more and more likely even if – in order to prevent an explosive crisis – the Government introduced an exchange rate more favourable for exporters and decided deep cuts in public spending. These actions however have not yet raised the depressed quotations of Argentina's debt. The crisis had repercussions on the whole South-American area: Brazil, which is the most exposed Country as it has the highest commercial trade relations with Argentina, saw the *real* losing approximately 30% of its value against the dollar.

A second crisis area among the emerging Countries is Turkey, where macroeconomic instability – after the free fluctuation of the exchange rate introduced last February – provoked a substantial devaluation of the Turkish lira against the dollar.

After remarkable improvements achieved in the front of macroeconomic stabilisation, the Countries in Central and Eastern Europe are facing the current difficult phase in world economy without suffering dramatic repercussions. Economic growth is only slightly slowing down as a consequence of European Union's lower demand. In Hungary, however, the strengthening in domestic demand enabled GNP's growth rate to remain stable at around the levels of the end of 2000 (4.2%).

In a decidedly weaker international economic context, the Euro area registered a considerable slowdown in its growth rate, down to 2.6% in the first quarter and to 1.8% in the second quarter. Following a temporary rise in oil and food prices, inflation increased to over 3%.

The Italian economy

In Europe, the Italian economy recorded a relatively brilliant period. At the beginning of 2001, GNP's growth rate (+ 2.4%) slowed down less than in the rest of the Euro area. However, the quarterly rise in GNP was mainly due to an increase in inventory, due to, on one hand, the need to build stocks after a considerable draw-down in the previous six-month period and, on the other hand, the unexpected weakness of domestic demand. In fact, private consumption was stagnant, in spite of the increase in available income determined by tax cuts as well as by an increase in employment level. Households' spending power was eroded by inflationary tensions induced by certain tariff reviews and by rising food and energy prices. Following the uncertain evolution of the world cycle, investments registered a negative trend whereas exports stood at an appreciable level, thanks mostly to the euro's weakness.

Data currently available for the second quarter of this year confirm that the slowdown continued and reduced the growth rate to 2%. The manufacturing sector is the hardest hit by the slowing down in international trading activities, while – also on the basis of indications from confidence indices – activities in the services sector appeared more sustained.

Consumer prices were characterised by continuous rises which, even if mainly concentrated on energy and food goods, concerned also the insurance, banking and catering sectors. Overall, inflation crept up and exceeded the threshold of 3% and only during the last few weeks positive news reported a decline in petrol prices. Finally it is important to note that the inflation rate gap between our Country and the Euro area firstly narrowed and then became favourable for Italy.

Interest rates in the United States and in Europe

The first half of 2001 was characterised by the aggressive policy of interest rate reductions implemented by the Federal Reserve. The rate on Fed funds dropped by as much as 275 basis points in only six months, down to 3.75%. The European Central Bank, by contrast, reacted to the weakness in the European growth rate with a cut of only 25 basis points, showing a certain reluctance to undertake a more generous loosening of its monetary policy. Therefore, the interest rate on main re-financing operations declined to 4.5%.

Long-term interest rates gradually reflected the current and projected evolution of the economic cycle. In the first months of this year, yields gradually moved down to a minimum at the end of March. Since then, boosted by the confidence on the effectiveness of the expansive action taken by the Fed and by the Bush Administration, yields on long-term American securities bounced, dragging with them also yields on European securities. Subsequently, the uncertainties linked to the speed of the recovery phase favoured new gains for bond quotations.

Comparing early-July figures with those of end-2000, short-term yields resulted lower by 36 basis points whereas long-term yields were higher by 17 basis points. The greater curve inclination is a sign of expectations of recovery in the economic cycle. The differential between Treasuries and Bund was reduced and, after having fluctuated around 45 basis points in the first months of the year, recently stabilised around 20 basis points. Despite the fact that European short- and long- term interest rates have become more favourable than the American ones, the European currency devalued by 8.2% against the dollar from the beginning of the year. Such performance was deemed to reflect investors' higher confidence on the growth potential of the American economy.

Evolution of the domestic banking sector and Group activities

Monetary policy and lending and deposit collection activities in the Euro area

In the Euro area, the first half of 2001 was characterised by a declining trend of money market interest rates, which was determined by expectations that the European Central Bank would reduce official rates. As already mentioned, a decision in that direction was taken last May, in the light of lower inflationary tensions.[6] In the same six-month period, the development of monetary aggregates consolidated near the target values set by the European Central Bank. At the same time, lending and funding activities of monetary and financial institutions in the Euro area were characterised by a considerable growth in loans to the private sector, even if in a slowing down phase, coupled with a satisfactory growth in customer deposits, which were however tending to stabilise.

Among the reasons leading to the sustained growth in loans to the private sector, a key role was played both by the financing of numerous merger and acquisition operations and by the strong financial needs of the telecommunication sector. On the other hand, the recent deceleration could be attributed to the current and projected slowdown in economic activity, which contributed to the worsening of the enterprises' confidence climate. Among the components of customer deposits, repurchase agreements recorded the highest growth rate (mainly because of uncertainties affecting financial markets), followed by bonds and by deposits.

Bank rates

Following the trend of market rates, interest rates applied by Italian banks showed a gradually declining trend. Regarding interest income, the nominal rate on short-term loans registered a 27 basis points contraction (from 6.88 to 6.61%) from December 2000 to June 2001. Also the average yield on over-eighteen-month loans undertook – after a momentary slight increase in January – a moderately declining course, down to 6.39% in June (– 14 basis points compared to December 2000).

With reference to funding cost, in the first six months of 2001 the nominal interest rate on deposits offered on average by Italian banks recorded a moderately declining trend, reaching in June 2.04% against 2.20% in December and showing therefore, with respect to interest rate on loans in the same period, a lower elasticity towards variations in short-term market rates.

As to the bond market, the nominal average rate applied to issued bonds, amounting to 4.73% in June, registered a declining trend starting from December 2000 (4.96%).

In such a context, interest rates applied by Gruppo IntesaBci[7] – calculated as the weighed average of the rates applied by the main Group banks – registered, in particular on loans to customers, a better performance than the banking system's. The average interest rate on short-term loans recorded a 14 basis points drop from December to June (Graph 1), equalling 6.46% as average for the first half of the year.

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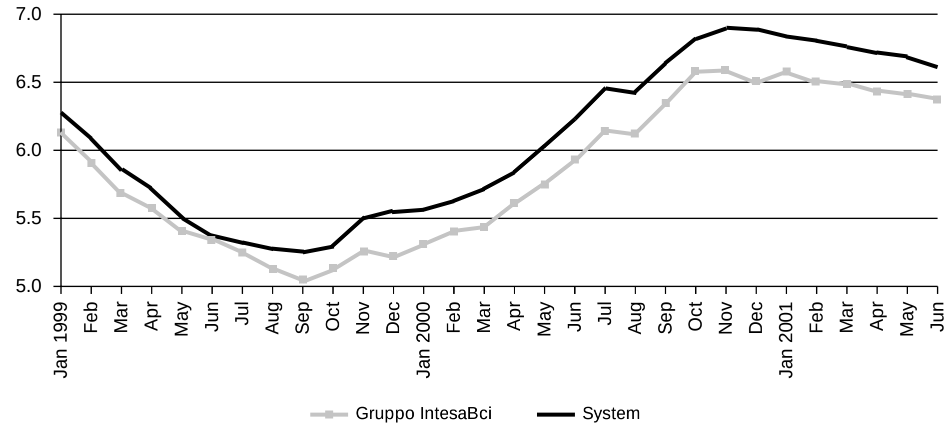
(6) *A further 25 basis points reduction carried out by the ECB on 30th August led the policy rate to drop to 4.25%.*

(7) *As at 30th June 2001: IntesaBci, Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria. These banks represent more than 90% of Gruppo IntesaBci customer deposits and loans to customers.*

Therefore the traditional negative differential with respect to the national market average, linked to the peculiar geographical distribution of the Group's reference market (higher contribution of the Northern-Italy regions, which are characterised by a lower risk profile and by stronger competition) slightly narrowed in the period under consideration, from 37 basis points in December 2000 to 24 basis points in June 2001.

Graph 1 - **AVERAGE INTEREST RATE ON SHORT-TERM LOANS**
(% values)

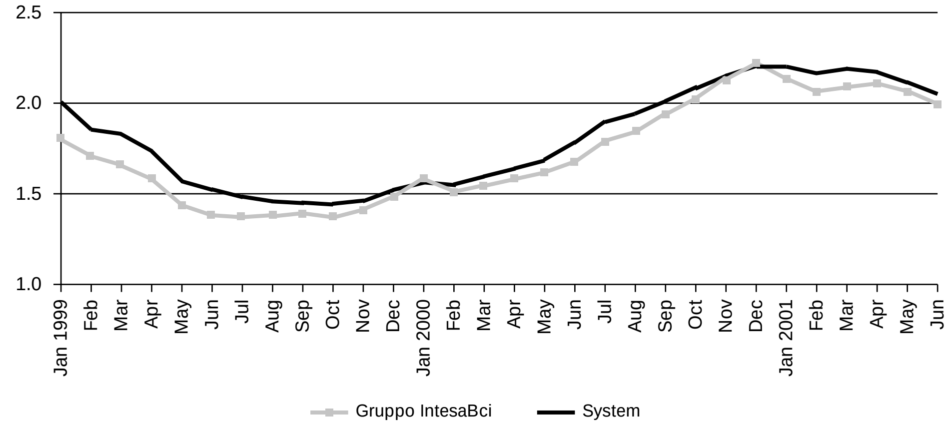


Source: IntesaBci calculations on Bank of Italy data

Medium- and long- term loans showed a greater resistance as the average rate applied by the Group in June registered a value only slightly lower than that in December (6.14% against 6.18%). Also in this case, the negative differential with respect to the system was reduced, from 35 to 25 basis points.

With regard to interest rates on customer deposits, the rate offered by the Group on deposits recorded a 23 basis points drop from December to June (Graph 2), equalling 2.07% as average for the first six months of the year. The advantage in terms of lower funding cost with respect to the system, which in March touched 10 basis points, registered a slight contraction in the second quarter (6 basis points in June).

Graph 2 - **AVERAGE INTEREST RATE ON DEPOSITS**
(% values)



Source: IntesaBci calculations on Bank of Italy data

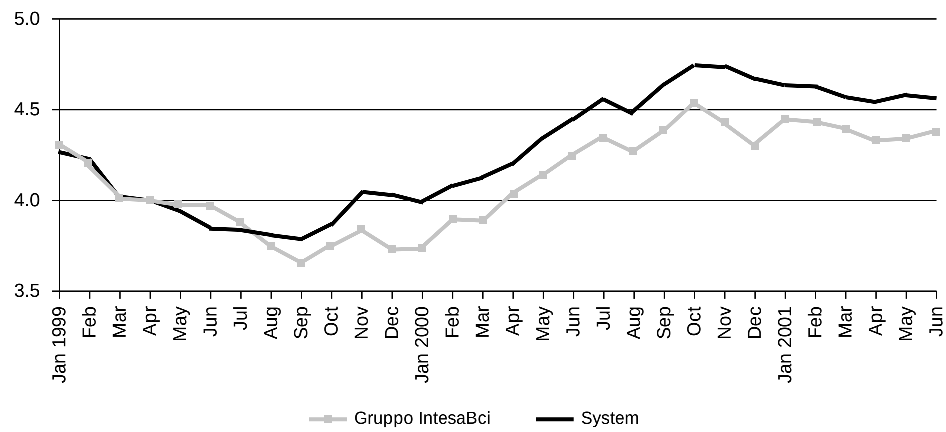
The cost of long-term funding, measured on issued bonds (net of subordinated loans) did not register significant changes for Gruppo IntesaBci in the first part of the year, standing at 4.88% as average for the first six months, just higher than the system's corresponding value (4.83%).

Spread

The fact that interest rates on deposits declined less rapidly than interest rates on loans determined, from December 2000 to June 2001, an 11 basis points contraction in the short-term spread calculated as difference between interest rates on short-term loans and interest rates on deposits. As average for the period, the spread of the Italian banking system stood at 4.59%.

The corresponding spread calculated for Gruppo IntesaBci showed, on the contrary, a slight increase compared to the end of 2000, equalling 4.39% as average for the first half (Graph 3).

Graph 3 - **SHORT-TERM SPREAD**

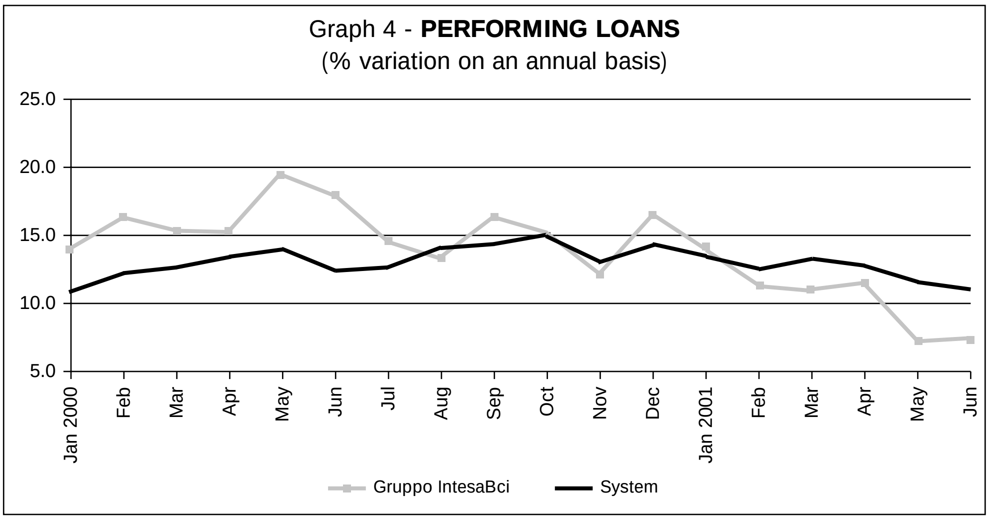


Source: IntesaBci calculations on Bank of Italy data

Loans

In the first six months of the year, the trend recorded by loans continued to be very positive, in spite of a certain slowdown in the second quarter, due to the more difficult economic context: the banking system's loans to customers, excluding doubtful loans and repurchase agreements, registered projected increases between 13.5% in January and 11.1% in June (Graph 4) averaging in the period 12.5% on an annual basis. In particular, the growth rate of financing to manufacturing companies continued to be sustained, being favoured, on the one hand, by the still contained level of interest rates and, on the other hand, by the demand to finance extraordinary investments aimed at adapting IT systems to the euro and, more generally, by company restructuring operations. Although less pronounced, also the trend of loans to the retail sector remained strong, thanks both to the recovery in real estate transactions which boosted mortgaged loan demand and to the positive growth rate of consumer loans to households.

With reference to maturity of financing, in the first part of 2001, confirming a trend already recorded in the previous year, short-term loans recorded a growth rate considerably higher than medium- and long- term loans. The former registered a 15.3% increase in the average from January to June compared to the corresponding period of 2000, while the latter stood at 9.7%.



Source: Bank of Italy

For Gruppo IntesaBci, [8] the projected trend of total loans to customers, although sustained in the first half, resulted slightly lower than the national average (+ 10.4% compared to the first six months of 2000). Market share stood at 15.3% in June.

The Group's lower growth rate in total loans compared to the system's is mainly due to the slowdown – in particular in the last two months of the semester – in the growth rate of short-term loans, which rose on average by 9.9% on an annual basis. Instead the Group's medium- and long- term loans registered as average for the period under consideration a higher growth rate with respect to the system's (+ 10.9% against + 9.7%).

Direct customer deposits

With reference to direct customer deposits from residents, to be intended according to the ECB's harmonised definition [9] recently introduced in Bank of Italy's statistics, in the first six months of the year the aggregate growth rate equalled 4.1% on an annual basis (Graph 5). Such result reflects very different trends of the two funding components: deposits were virtually stagnant (+ 1.1% on an annual basis), while bonds issued recorded a 10.3% rise.

The considerable difference between the growth rates of loans to customers and customer deposits is encouraging Italian banks to diversify funding sources, both through the further development of foreign funding and through the gradual disinvestment of portfolio securities or through securitisation operations.

For Gruppo IntesaBci, the trend of direct customer deposits continued to be lower than the system's average: in fact, during the first half of the year, the aggregate recorded a 1% average contraction. In June the Group's market share stood just below 14.0%.

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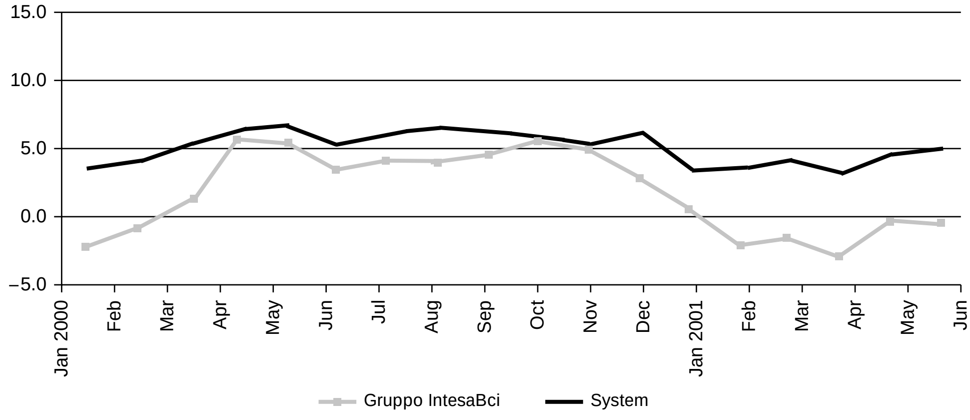
[8] *As at 30th June 2001: IntesaBci, Cassa di Risparmio di Parma, Banca Popolare FriulAdria, Banca di Trento e Bolzano, Banco di Chiavari, Biverbanca, Intesa Gestione Crediti, Cassa di Risparmio di Ascoli, Cassa di Risparmio di Spoleto, Cassa di Risparmio di Foligno, Cassa di Risparmio di Città di Castello, Cassa di Risparmio di Viterbo, Cassa di Risparmio di Rieti.*

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

Graph 5 - **DIRECT CUSTOMER DEPOSITS**
(% variation on an annual basis)



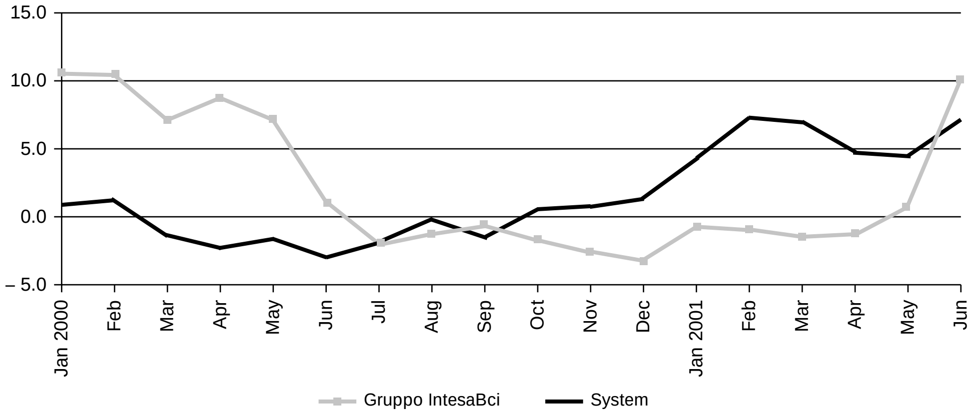
Source: Bank of Italy

Indirect customer deposits

In the banking system, in the first half indirect customer deposits (third party securities held by banks under administration and management, net of own bonds, at nominal value) recorded a non-brilliant trend with a projected average increase of 5.8% (Graph 6). Such performance, though better than that which characterised the whole of 2000, is penalised by the unsatisfactory trend of the asset management component, which continued from the beginning of the year to register a marked slowdown (– 11% assets at market value in June). This phenomenon, partly due to the negative performance of stock markets which shrank the value of managed assets, was also determined by overall negative funding flows resulting from households' flight to quality.

In the first part of the year, Gruppo IntesaBci, although recording an average growth in indirect customer deposits lower than the system's (+ 1%), succeeded in maintaining a primary role in the domestic market, with a market share exceeding 25% in June 2001.

Graph 6 - **INDIRECT CUSTOMER DEPOSITS**
(% variation on an annual basis)



Source: Bank of Italy

Short-term prospects for the Italian banking system

For the remaining months of the year a further reduction in interest rates is expected, in line with projected money market rates in a scenario characterised by the loosening of the ECB's monetary policy. In particular, taking account of the different elasticity by which banking interest rates on loans and deposits react to market rate movements, expectations are that interest rates on short-term loans will decline slightly while interest rates on deposits will drop more sharply. Consequently the banking spread should rise slightly.

With regard to intermediated volumes, a slowdown is expected for loans, in particular for short-term ones. In the forthcoming months, bank lending activities should return to levels more in line with the projected evolution of the economic cycle. Medium- and long- term loans are predicted to show growth rates higher than short-term loans. This scenario is partly due to the recovery in corporate investments (favoured in the future by tax incentives), partly to the renewed demand for mortgaged loans and for consumer credit to households.

Direct customer deposits should be characterised by a still unsatisfactory trend in respect of the projected growth rate of loans to customers. In particular, while repurchase agreements should continue to show a trend in line with the current one, issued bonds (including subordinated loans) should present lower increases compared to the recent past.

Finally, as to asset management activities, short-term expectations are that the difficulties experienced in the first part of the year will negatively affect the development of the sector.

Operating results

Reclassified consolidated statement of income [10]

(in millions of euro)

	First half 2001	First half 2000 [1]	Changes amount	Changes %
Net interest income	2,935.8	2,745.8	190.0	6.9
Dividends and other revenues	255.7	852.0	(596.3)	(70.0)
Income (Loss) from investments carried at equity	57.8	36.6	21.2	57.9
Interest margin	**3,249.3**	**3,634.4**	**(385.1)**	**(10.6)**
Net commissions	1,904.5	2,101.0	(196.5)	(9.4)
Profits (Losses) on financial transactions	252.9	105.6	147.3	139.5
Other net operating income	258.5	211.6	46.9	22.2
Net interest and other banking income	**5,665.2**	**6,052.6**	**(387.4)**	**(6.4)**
Administrative costs	(3,262.0)	(3,214.0)	48.0	1.5
including Payroll	*(2,008.4)*	*(1,981.4)*	*27.0*	*1.4*
Adjustments to fixed assets and intangibles	(383.5)	(374.0)	9.5	2.5
Operating margin	**2,019.7**	**2,464.6**	**(444.9)**	**(18.1)**
Provisions for risks and charges	(167.9)	(158.0)	9.9	6.3
Net adjustments to loans and provisions for possible loan losses	(780.2)	(597.6)	182.6	30.6
Net adjustments to financial fixed assets	(8.0)	(6.7)	1.3	19.4
Income from operating activities	**1,063.6**	**1,702.3**	**(638.7)**	**(37.5)**
Extraordinary income	769.2	27.7	741.5	–
Income taxes for the period	(434.1)	(835.5)	(401.4)	(48.0)
Use of allowance for risk and charges arising on consolidation	1.9	–	1.9	–
Change in the reserve for general banking risks	1.6	9.9	(8.3)	(83.8)
Minority interests	(16.1)	23.1	(39.2)	–
Net income for the period	**1,386.1**	**927.5**	**458.6**	**49.4**

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

In the first six months of the current year, as in the first half of 2000, events which generated substantial non-recurring economic effects capable of significantly affecting the trend of both net income and the various operating margins, occurred.

[10] *The statement of income and balance sheet contained in this Report present a condensed version of detailed data contained in the financial statements prepared according to the format provided for by the law. However, in certain cases, different aggregation criteria were used since deemed to more appropriately represent the areas in which overall profitability is generated. Detailed information on the reconciliation between reclassified and official data is contained in the Notes to the consolidated financial statements.*

Both the “official” statement of income, which recorded these effects according to Italian accounting regulations, and the reclassified statement of income, which was prepared, as usual, by aggregating different income and cost components on a consistent basis, are not deemed to provide a true representation of the development of ordinary operations.
Therefore, it was deemed necessary to restate and comment – in the table below – the results generated by ordinary banking operations, net of all non-recurring components, in order to more fairly represent the bank’s development.

Reclassified consolidated income from operating activities - Analysis

(in millions of euro)

	First half 2001			First half 2000 [1]			Changes in operating results	
	Operating results	Non-recurring results	Total result	Operating results	Non-recurring results	Total result	amount	%
Net interest income	2,935.8		2,935.8	2,745.8		2,745.8	190.0	6.9
Dividends and other revenues	163.7	92.0	255.7	220.8	631.2	852.0	(57.1)	(25.9)
Income (Loss) from investments carried at equity	57.8		57.8	36.6		36.6	21.2	57.9
Interest margin	**3,157.3**	**92.0**	**3,249.3**	**3,003.2**	**631.2**	**3,634.4**	**154.1**	**5.1**
Net commissions	1,904.5		1,904.5	2,101.0		2,101.0	(196.5)	(9.4)
Profits (Losses) on financial transactions	252.9		252.9	105.6		105.6	147.3	139.5
Other net operating income	258.5		258.5	211.6		211.6	46.9	22.2
Net interest and other banking income	**5,573.2**	**92.0**	**5,665.2**	**5,421.4**	**631.2**	**6,052.6**	**151.8**	**2.8**
Administrative costs	(3,262.0)		(3,262.0)	(3,214.0)		(3,214.0)	48.0	1.5
including Payroll	*(2,008.4)*		*(2,008.4)*	*(1,981.4)*		*(1,981.4)*	*27.0*	*1.4*
Adjustments to fixed assets and intangibles	(383.5)		(383.5)	(374.0)		(374.0)	9.5	2.5
Operating margin	**1,927.7**	**92.0**	**2,019.7**	**1,833.4**	**631.2**	**2,464.6**	**94.3**	**5.1**
Provisions for risks and charges	(167.9)		(167.9)	(158.0)		(158.0)	9.9	6.3
Net adjustments to loans and provisions for possible loan losses	(665.3)	(114.9)	(780.2)	(597.6)		(597.6)	67.7	11.3
Net adjustments to financial fixed assets	5.8	(13.8)	(8.0)	(6.7)		(6.7)	12.5	
Income from operating activities	**1,100.3**	**(36.7)**	**1,063.6**	**1,071.1**	**631.2**	**1,702.3**	**29.2**	**2.7**

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

Interest margin

Interest margin, calculated net of the extraordinary results recorded in the first half of 2000 – which was increased by an interim dividend amounting to 631 million euro collected by BCI with regard to the Seat-Pagine Gialle transaction – as well as the non-recurring dividend amounting to 92 million euro which was distributed by the subsidiary company Investitori Associati II in the first part of the current year, recorded a normalised growth rate of approximately 5%, reaching 3,157 million euro.

(in millions of euro)

Captions	First half 2001	First half 2000	Changes	
			amount	%
Interest income from loans to customers	**6,299.4**	5,211.5	1,087.9	20.9
Interest income from portfolio securities	**1,855.7**	1,565.3	290.4	18.6
Interest expense on customer deposits	**(1,589.9)**	(1,260.4)	329.5	26.1
Interest expense on securities issued	**(1,596.7)**	(1,408.2)	188.5	13.4
Interest expense on subordinated liabilities	**(282.0)**	(250.2)	31.8	12.7
Interest expense on due to banks, net	**(1,677.6)**	(1,174.1)	503.5	42.9
Total	**3,008.9**	**2,683.9**	**325.0**	**12.1**
Differentials on hedge contracts	**(89.0)**	50.7	(139.7)	(275.5)
Other interest (net)	**15.9**	11.2	4.7	42.0
Total net interest	**2,935.8**	**2,745.8**	**190.0**	**6.9**
Dividends and other revenues	**163.7**	220.8	(57.1)	(25.9)
Income (Loss) from investments carried at equity	**57.8**	36.6	21.2	57.9
	3,157.3	3,003.2	154.1	5.1
Non-recurring dividends	**92.0**	631.2	(539.2)	(85.4)
Interest margin	**3,249.3**	**3,634.4**	**(385.1)**	**(10.6)**

In short, the improvement in the margin was the result of a noteworthy increase in both net interest on customer loans and deposits (approximately + 23%) and net interest on the securities portfolio (+ 18.6%), whereas again noteworthy (approximately + 43%) was the increase in costs from net interbank funding, which has long become a structural characteristic. Dividends from equity investments and shares held for trading registered a decrease on a normalised basis (– 25.9%, down from 220.8 million euro to 163.7 million euro), whereas capital gains on investments carried at equity improved by approximately 58%.

More specifically, interest income from loans to customers was more dynamic (+ 20.9%) compared to interest expense on funding (+ 18.8%). This situation reflects the diversified macroeconomic backgrounds in the single geographic areas in which the Group operates. As far as the Parent Company and nearly all of the Italian banking subsidiaries are concerned, the increase in loans to customers, which is accompanied by practically stable customer deposits, together with a more notable rise in interest rates on loans compared to interest rates on deposits, determined a mix which favoured the development of interest margin. A similar situation was also registered by the most important foreign subsidiaries, save for the Sudameris group, which recorded a reduction in the margin due to the contrasting trends recorded by intermediated volumes and spreads.

Net interest and other banking income

For the same reasons mentioned with regard to interest margin, also net interest and other banking income showed a normalised growth rate (+ 2.8%, corresponding to 5,573 million euro), which is more contained compared to that recorded by the interest margin as a consequence of the erosion attributable to net commissions. The latter showed a 9.4% decrease which was not offset by the positive performance of both profits on financial transactions (which more than doubled) and other net operating income (+ 22.2%).

(in millions of euro)

Captions	First half 2001	First half 2000	Changes	
			amount	%
Commission income	**2,249.4**	2,459.1	(209.7)	(8.5)
Commission expense	**(344.9)**	(358.1)	(13.2)	(3.7)
Net commissions	**1,904.5**	**2,101.0**	**(196.5)**	**(9.4)**

Commission income, which reached a total of 2,249.4 million euro, recorded negative performances mainly as regards, on the one hand, commissions on activities in the financial markets – whose permanent weakness also led to a significant reduction in transactions – and, on the other hand, commissions on asset management, which has been considerably affected by the global slump in stock market prices. Commissions on management, dealing and consultancy services registered an approximately 24% negative growth rate – from 1,279.5 million euro to 968.9 million euro – and, among them, commissions on dealing activities and placement of securities (approximately - 62%) and on acceptance of instructions and management of Italian UCITS (approximately - 20%) showed particularly significant drops.

On the contrary, commissions on guarantees given recorded positive performances (approximately + 25%) as well as those on other banking services (approximately + 9%), mostly in the component related to commissions on management of current accounts.

Commission expense showed a more regular trend, with an only 3.7% contraction.

The following table shows the Group’s profits on financial transactions, broken down by the most important aggregates.

(in millions of euro)

Captions	First half 2001	First half 2000	Changes	
			amount	%
Securities and securities derivatives				
– results from trading	**94.9**	182.3	(87.4)	(47.9)
– valuation effects	**(100.9)**	(250.8)	(149.9)	(59.8)
– results from derivatives	**0.8**	(10.9)	11.7	
	(5.2)	(79.4)	(74.2)	(93.5)
– structured share portfolio	**(178.8)**	–	178.8	
– restatement of dividends on structured share portfolio	**212.2**	–	212.2	
	33.4	–	33.4	–
Total securities and securities derivatives	**28.2**	(79.4)	107.6	135.5
Currencies and currency derivatives	**167.4**	121.6	45.8	37.7
Other transactions	**57.3**	63.4	(6.1)	(9.6)
Profits (Losses) on financial transactions	**252.9**	105.6	147.3	139.5

Profits on financial transactions more than doubled compared to the first half of 2000. With regard to the various components which make up the aggregate, it must be pointed out that structured portfolios and derivatives on securities improved from a loss of 79 million euro to a profit of 28 million euro. The improvement refers to both the significantly lower influence of capital losses on securities (down by approximately 150 million euro) and the positive contribution of trading activities on equities, which led to an overall net income of 33 million euro. Considering the size of the results of these activities – which were mostly developed by the Parent Company – it was deemed better to show them separately.
Also profits on foreign exchange transactions was brilliant (167 million euro) with a 37.7% growth rate compared to the same item in the previous year, as a result of the activities of the Sudameris group. Lastly, also interest rates, index and credit derivatives transactions recorded a positive result, even if moderately lower than the previous year (57 million euro against 63 million euro recorded as at 30th June 2000).

Also other net operating income increased (+ 22.2%) as a consequence of the virtual stability in the income component and a noteworthy reduction in expenses.

Operating margin

When purified of the effects of the aforementioned non-recurring events, also operating margin showed a 5.1% growth rate and equalled 1,927.7 million euro. The margin was influenced by the 1.6% increase in operating costs, which must be deemed physiological, considering the different social and economical situations in which companies belonging to the Group operate. It also reflects the expansion policies – and consequent costs – which are typical of certain recently-acquired foreign companies as well as the start-up and development of new initiatives, mostly as regards product and service companies.

(in millions of euro)

Captions	**First half 2001**	**First half 2000**	**Changes**	
			amount	**%**
Administrative costs				
– payroll	**(2,008.4)**	(1,981.4)	27.0	1.4
– other administrative costs	**(1,253.6)**	(1,232.6)	21.0	1.7
	(3,262.0)	(3,214.0)	48.0	1.5
Adjustments to				
– fixed assets	**(169.3)**	(170.0)	(0.7)	(0.4)
– intangibles	**(168.9)**	(161.7)	7.2	4.5
– goodwill arising on consolidation and on application of the equity method	**(45.3)**	(42.3)	3.0	7.1
	(383.5)	(374.0)	9.5	2.5
Operating costs	**(3,645.5)**	(3,588.0)	57.5	1.6

More specifically, payroll increased by 1.4% to 2,008.4 million euro, whereas other administrative costs showed a 1.7% rise to 1,253.6 million euro. Among other administrative costs, the most significant increases referred to expenses due to professional consultancies, IT services, data processing and treatment, in addition to maintenance expenses and leasing costs for various tangible fixed assets. On the other hand, legal expenses and advertising and promotional costs decreased.

Adjustments to fixed assets remained stable (– 0.4%), reflecting the completion of useful lives of instrumental assets acquired in previous years rather than a pause in new investments in the period. The growth recorded by adjustments to intangibles (+ 4.5%) was attributable to expenses sustained for IT integration programmes for the various entities which were merged in the Parent Company.

The increase in adjustments to goodwill arising on consolidation and on application of the equity method is due both to newly-set-up items related to the acquisition of further stakes in companies which were already participated and also to the rise in the goodwill of certain companies which belong to the Sudameris group, which was partly attributable to significant fluctuations registered by foreign exchange rates.

Income from operating activities

The 8.5% increase in overall requirements to cover loans, guarantees and financial fixed assets, as well as provisions for risks and charges in the period, led income from operating activities to total 1,100 million euro (+ 2.7%), on a normalised basis. The margin is the result of the elimination of the aforementioned non-recurring elements described above and of other components deemed to be non-recurring. The approximately 115 million euro accounted for among net adjustments to on- and off- balance sheet loans, included 104 million euro for the securitisation of aforementioned doubtful loans, and 11 million euro for adjustments to loans referred to the spin-off of Fonspa. Furthermore, 14 million euro were recorded among adjustments to financial fixed assets and referred to the write-down of equity investments following the above-mentioned spin-off of Fonspa.

(in millions of euro)

Captions	First half 2001	First half 2000	Changes	
			amount	%
Adjustments to loans and provisions for guarantees and commitments	**(877.8)**	(790.0)	87.8	11.1
Write-back of adjustments to loans	**234.6**	230.2	4.4	1.9
	(643.2)	(559.8)	83.4	14.9
Provisions for possible loan losses	**(22.1)**	(37.8)	(15.7)	(41.5)
Provisions for risks and charges	**(167.9)**	(158.0)	9.9	6.3
Adjustments to financial fixed assets	**(7.6)**	(11.5)	(3.9)	(33.9)
Write-back of financial fixed assets	**13.4**	4.8	8.6	179.2
	(827.4)	(762.3)	65.1	8.5
Non-recurring adjustments	**(128.7)**	–	128.7	
Total, net	**(956.1)**	(762.3)	193.8	25.4

The 14.9% increase in net adjustments to loans referring to ordinary activities was mostly attributable to the greater requirements ascertained by the company Intesa Gestione Crediti and by the Sudameris group, particularly as regards its Peruvian network. Consequently, higher charges were only partly offset by the contained needs for provisions of other Italian and foreign Group companies.

Also the component prudentially allocated to cover intrinsic risks showed material increases, whereas requirements to cover Country risks appeared irrelevant.

On the other hand, provisions for possible loan losses (22.1 million euro) registered a considerable decrease, similar to that registered by the Parent Company.

Provisions for risks and charges (167.9 million euro) showed a substantial rigidity, since, as in the first half of the previous year, they considered the needs to adequately cover the risks of the Sudameris group.

(in millions of euro)

Income from extraordinary activities and net income

Captions	First half 2001	First half 2000	Changes	
			amount	%
Extraordinary income	**1,626.4**	427.8	1,198.6	280.2
Extraordinary charges	**(857.2)**	(400.1)	457.1	114.2
Extraordinary income, net	**769.2**	27.7	741.5	

Extraordinary income – which, on a net basis, summed up to 769.2 million euro compared to 27.7 million euro recorded in the first half of 2000 – led to a noteworthy acceleration in net income for the period which showed an approximately 50% growth rate, net of fiscal provisions and minority shareholders, and reached 1,386.1 million euro.

More specifically, the most important items recorded in extraordinary income included: a capital gain of 703 million euro from the sale of Banca Carime to Banca Popolare Commercio e Industria; a capital gain of approximately 90 million euro generated from the sale of certain Group branches; a capital gain of 509 million euro deriving from the sale of Banca di Legnano. Book value of this subsidiary was revalued in the Parent Company's accounts for 2000, and had been adjusted for the purposes of consolidated financial statements, as required by methodological criteria used.

Among other significant extraordinary components, 73 million euro of prepaid taxes were accounted for in relation to temporary deductible differences related to the provisions for risks and charges recorded by former BCI.

The 2001 half-year statement of income was affected by the extraordinary charge represented by the valuation effects of the IntesaBci Warrants corresponding to 540 million euro. More detailed information with regard to this item is provided in the Notes.

It must also be noted that the first half of 2001 also benefited from a lower fiscal burden than that of the corresponding period in the previous year, mostly due to the presence among the Parent Company's revenues of significant capital gains subject – based on Italian tax regulations in force – to the reduced 19% tax rate. The lower tax burden is even more significant considering that prudentially it was decided not to record the benefits provided for by Law 461/1998. On the contrary the tax burden of the first half of 2000 was negatively affected by non-deductible provisions for credit risk recorded pursuant to measures introduced by the Brazilian supervisory authorities.

* * *

Quarterly development of operations

With the necessary attention for the volatility which characterises the most important sources of income in the banking business, the quarterly growth rate of the Company's performance [11] – considered net of non-recurring events – showed a satisfactory regularity in the semester.

The comparison of the single quarters shows how interest margin and net interest and other banking income remained high and tended to grow or in any case

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[11] *See the Attachments*

remained stable, with the positive exception of the physiological peak recorded in the second quarter at the time of dividends on equity investments. As concerns interest margin, the approximately 7% growth rate in its contribution is due to the considerable increase in ordinary dividends, while net interest income remained practically unchanged. The benefit related to the growth of this margin is entirely transferred to net interest and other banking income (+ 4%), which also reflects the constant contribution of net commissions and the expansion in profits on financial transactions which balanced the reduction in other net operating income.

Also in terms of gross income, comparison by separate quarters shows a noticeable improvement (+ 8%), determined by the almost straight line development in administrative costs. In this last item only payroll recorded a slight increase, due to the effects of salary levelling interventions related to the various mergers which occurred in the Group. The considerable rise recorded in the second quarter by adjustments to loans and provisions for risks and charges determined instead a corresponding distortion in the regularity of accumulation of ordinary income, with an approximately 28% reduction compared to the first quarter of 2001.

Finally, the evolution of statement of income aggregates in the first two quarters of 2001 and in the four quarters of 2000 – net of non-recurring components, according to the definition described above – shows that the second quarter of 2001 is particularly significant as regards both interest margin and net interest and other banking income and, lastly, gross operating income. This testifies the positive trend recorded by ordinary operations in the reference period.

Reclassified consolidated balance sheet

(in millions of euro)

Assets	30/06/2001 (A)	31/12/2000 (B) (1)	30/06/2000 (C) (1)	% changes (A/B)	% changes (A/C)
Cash and deposits with central banks and post offices	**1,467.4**	1,637.6	1,382.8	(10.4)	6.1
2. Loans					
– loans to customers	**188,563.7**	182,991.3	171,718.5	3.0	9.8
– due from banks	**45,080.3**	47,716.8	53,399.9	(5.5)	(15.6)
3. Trading portfolio	**53,076.2**	45,405.6	50,157.7	16.9	5.8
4. Fixed assets					
a) investment portfolio	**12,382.7**	12,597.0	13,390.0	(1.7)	(7.5)
b) equity investments	**3,282.9**	3,818.1	3,470.4	(14.0)	(5.4)
c) tangible and intangible	**5,249.3**	5,223.4	5,367.7	0.5	(2.2)
5. Goodwill arising on consolidation	**634.4**	638.4	426.4	(0.6)	48.8
6. Goodwill arising on application of the equity method	**51.1**	51.1	264.1	–	(80.7)
7. Other assets	**30,085.8**	26,361.3	30,004.2	14.1	0.3
Total assets	**339,873.8**	326,440.6	329,581.7	4.1	3.1

(in millions of euro)

Liabilities and shareholders' equity	30/06/2001 (A)	31/12/2000 (B) (1)	30/06/2000 (C) (1)	% changes (A/B)	% changes (A/C)
1. Debts					
– due to customers	**112,313.5**	111,535.6	107,801.5	0.7	4.2
– securities issued	**63,382.5**	60,342.0	58,537.8	5.0	8.3
– due to banks	**97,877.4**	95,872.4	100,501.9	2.1	(2.6)
2. Allowances with specific purpose	**5,016.0**	6,490.4	6,292.7	(22.7)	(20.3)
3. Other liabilities	**34,830.4**	27,439.2	32,648.6	26.9	6.7
4. Allowances for possible loan losses	**148.8**	225.3	341.2	(34.0)	(56.4)
5. Subordinated and perpetual liabilities	**10,537.1**	9,743.1	9,249.3	8.1	13.9
6. Minority interests	**959.6**	2,326.0	2,636.0	(58.7)	(63.6)
7. Shareholders' equity					
– share capital, reserves and reserve for general banking risks	**13,389.1**	10,761.6	10,615.4	24.4	26.1
– negative goodwill arising on consolidation	**31.6**	15.3	26.5	106.5	19.2
– negative goodwill arising on application of the equity method	**1.7**	3.5	3.3	(51.4)	(48.5)
– net income (loss) for the period	**1,386.1**	1,686.2	927.5	(17.8)	49.4
Total liabilities and shareholders' equity	**339,873.8**	326,440.6	329,581.7	4.1	3.1
Guarantees, commitments and credit derivatives	**152,170.8**	156,442.3	131,266.5	(2.8)	15.9
Indirect customer deposits	**312,702.4**	317,526.8	317,032.2	(1.5)	(1.4)

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

Loans to customers

With regard to loans to customers, the figure as at 30th June 2001, 188,564 million euro, shows an increase both against the end of the previous year (+ 3%) and over the twelve months (+ 9.8%). The following table gives details on the main items.

(in millions of euro)

Subcaptions		30/06/2001 (A)	31/12/2000 (B)	30/06/2000 (C)	% changes	
					(A/B)	(A/C)
Current accounts		**32,611.7**	31,854.1	31,041.6	2.4	5.1
Mortgages		**54,482.3**	52,145.0	48,335.3	4.5	12.7
Advances and other loans		**89,392.0**	88,121.2	82,247.6	1.4	8.7
Repurchase agreements and securities lending		**6,526.3**	4,419.5	3,482.8	47.7	87.4
Doubtful loans		**5,551.4**	6,451.5	6,611.2	(14.0)	(16.0)
Total loans		**188,563.7**	**182,991.3**	**171,718.5**	**3.0**	**9.8**
including	*with residents in Italy*	***142,995.1***	*141,038.0*	*133,468.4*	*1.4*	*7.1*
	with residents in other EU Countries	***18,312.2***	*17,250.9*	*15,346.7*	*6.2*	*19.3*
	with residents in non-EU Countries	***27,256.4***	*24,702.4*	*22,903.4*	*10.3*	*19.0*

Among the various categories of loans, current accounts strengthened their position compared with the end of last year and with June 2000. Mortgages recorded a more marked expansion, rising by 4.5% over December 2000 and by 12.7% over the previous June. Also advances and other loans registered upward trends, although in the six-month period they slowed down with respect to the higher growth rate shown in the second half of 2000. Repurchase agreements and securities lending – although within much lower absolute values – almost doubled over the twelve months and jumped by almost 50% over the figure last December.

On a percentage basis the growth in loans to non-resident customers is higher than that related to Italian residents, with a particular accentuation, in the semester, for loans to residents in non-EU Countries.

Loans to customers, gross of inter-group borrowings, were granted by IntesaBci for approximately 73%, by the Italian subsidiaries for around 17% and by the foreign conglomerates for approximately 10%, half of which is due to the Sudameris group.

Non-performing loans and Country risk

Doubtful loans to customers, net of adjustments, totalled 5,551 million euro, down by 14% compared with the year-end figure (– 16% over June 2000).
Even if such amount reflected the aforementioned securitisation of doubtful loans for 713 million euro, it must be pointed out that without such operation the non-performing loans would anyway have decreased by approximately 3%. The net doubtful loans to total loans to customers ratio improved from 3.5% to 2.9% in December 2000, with an average coverage of doubtful loans rising to 56.5% from 52.2% in the previous December.

(in millions of euro)

Subcaptions	30/06/2001 (A)	31/12/2000 (B)	30/06/2000 (C)	% changes	
				(A/B)	(A/C)
Doubtful loans	**5,551.4**	6,451.5	6,611.2	(14.0)	(16.0)
Substandard loans	**2,690.5**	2,800.6	2,856.9	(3.9)	(5.8)
Loans under restructuring	**22.2**	34.4	44.9	(35.5)	(50.6)
Restructured loans	**398.2**	458.0	547.5	(13.1)	(27.3)
Loans subject to Country risk	**1,907.5**	1,654.3	1,457.4	15.3	30.9
Performing loans	**177,993.9**	171,592.5	160,200.6	3.7	11.1
Total loans	**188,563.7**	182,991.3	171,718.5	3.0	9.8

Substandard loans also recorded a similarly downward trend, declining to 2,690 million euro with a 3.9% reduction with respect to the end-2000 figure (– 5.8% on an annual basis) with a 16% degree of coverage, virtually unchanged compared to the level at the end of 2000. Also restructured loans and loans under restructuring, though with far lower absolute values, went down to a total of 420 million euro, with an approximately 15% drop from the December 2000 figure.

Loans subject to Country risk, at net nominal value, amounted to 1,907 million euro, (12) with an approximately 15% increase from the end of 2000. However, for the sake of a more realistic evaluation of this phenomenon, the following table also shows the value at risk – determined as 15% of commercial non-guaranteed loans plus all other non-guaranteed loans, including debt securities – and the relevant provisions.

(in millions of euro)

Countries	30/06/2001				31/12/2000			
	Nominal value	Value at risk	Adjustment	Net amount	Nominal value	Value at risk	Adjustment	Net amount
Russia	**114.4**	**14.1**	**4.2**	**110.2**	242.7	164.1	88.7	154
Brazil	**1,618.8**	**409.9**	**109.4**	**1,509.4**	1,265.3	485.3	123.0	1,142.3
Indonesia	**65.1**	**65.1**	**26.0**	**39.1**	57.2	56.8	22.7	34.5
Venezuela	**132.7**	**114.6**	**22.9**	**109.8**	99.3	95.5	19.1	80.2
Egypt	**34.0**	**12.8**	**1.9**	**32.1**	43.5	16.8	2.0	41.5
Republic of South Africa	**34.7**	**13.1**	**2.0**	**32.7**	37.3	24.4	3.4	33.9
Dutch Antilles	**64.8**	**32.7**	**6.5**	**58.3**	22.1	13.0	2.6	19.5
Argentina	**588.4**	**155.6**	**38.9**	**549.5**	497.8	127.5	28.2	469.6
Lebanon	**53.4**	**11.1**	**2.2**	**51.2**	61.3	11.9	2.4	58.9
Cayman Islands	**389.6**	**–**	**–**	**389.6**	318.6	74.9	1.2	317.4
Bermuda	**57.1**	**–**	**–**	**57.1**	33.9	23.3	3.6	30.3
Peru	**287.8**	**42.5**	**8.5**	**279.3**	252.9	37.5	9.3	243.6
Columbia	**144.6**	**30.2**	**6.0**	**138.6**	132.4	33.1	6.7	125.7
Uruguay	**89.2**	**18.2**	**2.7**	**86.5**	117.0	33.1	5.2	111.8
Other Countries	**354.8**	**94.6**	**25.0**	**329.8**	427.5	105.1	19.9	407.6
Total	**4,029.4**	**1,014.5**	**256.2**	**3,773.2**	**3,608.8**	**1,302.3**	**338.0**	**3,270.8**
including								
On-balance sheet loans								
Customers	**2,038.1**	**547.9**	**130.6**	**1,907.5**	1,780.2	526.7	125.9	1,654.3
Banks	**644.0**	**212.9**	**57.7**	**586.3**	571.1	219.1	58.3	512.8
Securities portfolio	**758.7**	**50.4**	**20.3**	**738.4**	515.6	278.0	91.1	424.5
Off-balance sheet loans								
Customers	**179.1**	**54.1**	**12.6**	**166.5**	116.4	19.7	5.2	111.2
Banks	**409.5**	**149.2**	**35.0**	**374.5**	625.5	258.8	57.5	568.0

Value at risk, gross of adjustments, registered considerable reductions both for on-balance sheet loans (– 20.7%) and for off-balance sheet loans (– 27%) mainly because of the Russian and Brazilian positions.

Total adjustments were determined on a lump-sum basis for each Country, in line with the indications agreed within the Italian banking system.

The significant difference between the exposure’s nominal value and the value at risk originates from the consideration of the guarantees against the exposure as well as by the exclusion from the value at risk of loans and guarantees to certain Countries (Bermuda, Grand Cayman, Virgin Islands, Qatar) for which the judgement

(12) *Referred only to cross border exposures excluding the positions taken by the subsidiaries resident in risky Countries financed with local funding.*

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 customer resident in Russia, whose exposure is supported by sound reimbursement sources outside the Country. Also securities held in the trading portfolio were excluded as they had been already marked to market.
For supervisory purposes, all these loans at risk were considered under the direct coverage of shareholders' equity, with an overall capital absorption of 170 million euro.

Customer funds

Also customer deposits recorded an upward trend, reaching 186,233 million euro with a 2.5% increase on the end-2000 figure and by 6.1% on an annual basis. The main components of the aggregate under consideration are presented in detail in the following table.

(in millions of euro)

Subcaptions	30/06/2001 (A)	31/12/2000 (B)	30/06/2000 (C)	% changes	
				(A/B)	(A/C)
Deposits	**8,497.0**	11,787.8	9,796.0	(27.9)	(13.3)
Current accounts and other	**90,182.2**	85,014.4	85,447.5	6.1	5.5
Bonds	**39,621.7**	38,218.1	38,297.8	3.7	3.5
Certificates of deposit	**19,356.4**	17,929.5	16,030.1	8.0	20.8
Other	**6,485.2**	8,219.6	8,441.2	(21.1)	(23.2)
Repurchase agreements	**11,553.5**	10,708.2	8,326.7	7.9	38.8
Subordinated and perpetual liabilities	**10,537.1**	9,743.1	9,249.3	8.1	13.9
Total direct deposits *	**186,233.1**	181,620.7	175,588.6	2.5	6.1
Indirect customer deposits	**312,702.4**	317,526.8	317,032.2	(1.5)	(1.4)
Customer deposits under administration	**498,935.5**	**499,147.5**	**492,620.8**	**–**	**1.3**
** including with residents in Italy*	***130,334.0***	*132,016.3*	*131,886.3*	*(1.3)*	*(1.2)*
with residents in other EU Countries	***21,260.1***	*19,739.5*	*17,073.6*	*7.7*	*24.5*
with residents in non-EU Countries	***34,639.0***	*29,864.9*	*26,628.7*	*16.0*	*30.1*

In the first half significant contributions to the increase in the aggregate were given by current accounts (+ 6.1%) and debt securities (+ 5%) coupled with repurchase agreements (+ 7.9%) and subordinated and perpetual liabilities (+ 8.1%).
Customer deposits with residents in Italy declined slightly whilst deposits made by residents abroad – in line with the trend recorded in loans to customers – registered substantial increases, mostly with residents in non-EU Countries.

Direct customer deposits, gross of inter-group positions, were collected by IntesaBci for approximately 73%, by Italian subsidiaries for approximately 14% and by various foreign conglomerates for approximately 13%, half of which is contributed by the Sudameris group.

Indirect customer deposits

Indirect customer deposits declined moderately (– 1.5%) due to a widespread reduction in intermediation activities following the persisting crisis of international stock markets and in particular to the drop in the asset management component (– 5%) which was not sufficiently offset by the growth of funds under administration and in custody (+ 1.3%).

The following table details the main components of assets managed or administered on behalf of customers, which, as at the end of the six months, totalled 313 billion euro.

(in millions of euro)

Subcaptions	30/06/2001 (A)	31/12/2000 (B)	30/06/2000 (C)	% changes (A/B)	% changes (A/C)
Individual portfolio management schemes	**75,818.4**	73,316.5	73,578.0	3.4	3.0
Assets managed by mutual funds	**106,502.6**	111,455.3	115,582.7	(4.4)	(7.9)
Insurance products	**11,203.3**	10,262.1	8,148.2	9.2	37.5
minus Funds from individual portfolios placed in mutual funds	**(57,297.1)**	(51,649.6)	(49,320.9)	(10.9)	(16.2)
Total managed funds	**136,227.2**	143,384.3	147,988.0	(5.0)	(7.9)
Assets under administration and in custody	**176,475.2**	174,142.5	169,044.2	1.3	4.4
Indirect customer deposits	**312,702.4**	317,526.8	317,032.2	(1.5)	(1.4)

Securities portfolio

The securities portfolio rose to 65,459 million euro, exceeding by approximately 3% the figure for June 2000 and therefore abundantly recovering the decrease recorded at the end of 2000.

(in millions of euro)

Subcaptions	30/06/2001			31/12/2000			30/06/2000		
	Book Value	Market Value	Implicit gains/ losses	Book Value	Market Value	Implicit gains/ losses	Book Value	Market Value	Implicit gains/ losses
Investment portfolio	**12,382.7**	**12,132.6**	**(250.1)**	12,597.0	12,394.4	(202.6)	13,390.0	13,330.6	(59.4)
Trading portfolio									
– debt securities	**47,609.2**	**47,634.4**	**25.2**	42,923.1	42,956.1	33.0	44,920.7	44,944.0	23.3
– shares, quotas and other forms of capital	**5,467.0**	**5,471.1**	**4.1**	2,482.5	2,555.3	72.8	5,237.0	5,389.6	152.6
Total trading portfolio	**53,076.2**	**53,105.5**	**29.3**	45,405.6	45,511.4	105.8	50,157.7	50,333.6	175.9
Securities	**65,458.9**	**65,238.1**	**(220.8)**	58,002.6	57,905.8	(96.8)	63,547.7	63,664.2	116.5

The investment portfolio was virtually unchanged compared with the year-end figure, which however registered an approximately 6% reduction from June 2000. Also the percentage incidence of the investment portfolio over total portfolio contracted to approximately 19% (ex approximately 22% as at the end of the year).

Conversely, securities held in the trading portfolio rose by approximately 17% on the figure of last December, abundantly recovering the decline recorded with respect to the previous June.

The comparison with market values shows implicit capital losses in investment portfolio for approximately 250 million euro, counterbalanced however by capital gains in the corresponding hedge derivatives amounting to approximately 140 million euro. Securities held in the trading portfolio registered implicit capital gains for approximately 29 million euro.

Off-balance sheet transactions

In the first half trading in derivatives and forwards in foreign currencies were particularly intense and reached the notional value of 1,389 billion euro, more than doubling the figure recorded as at the end of the previous year. In this field, the highest contribution was given by interest rate and equity linked derivatives which covered approximately 90% of all intermediation activities.

Hedge transactions, totalling 97 billion euro, were practically stable compared with last December and mainly consisted of interest rate derivatives.

Transactions in credit derivatives increased further and, for the component included in the trading book, reached 62 billion euro. IntesaBci was particularly active in the first half and, as already described in a specific paragraph of the Report, completed two securitisations, the first amounting to 1 billion US dollars on a portfolio of loans granted to airline companies and the second on a portfolio of credit derivatives amounting to 805 million euro.

The following table details the various market risk and type of products:

(in millions of euro)

Contract type (Notional amounts)	**30/06/2001 (A)**	**31/12/2000 (B)**	**30/06/2000 (C)**	**% changes**	
				(A/B)	**(A/C)**
Trading					
Interest rate and equity linked derivatives	**1,247,802.3**	754,238.7	784,814.6	65.4	59.0
Foreign currencies purchases and sales	**100,081.7**	87,966.8	101,847.5	13.8	(1.7)
Foreign currencies derivatives	**8,979.2**	13,499.9	16,088.0	(33.5)	(44.2)
Securities derivatives	**32,571.4**	9,286.2	23,453.2		38.9
Total	**1,389,434.6**	864,991.6	926,203.3	60.6	50.0
Hedging					
Interest rate and equity linked derivatives	**71,381.7**	74,221.9	71,892.7	(3.8)	(0.7)
Foreign currencies purchases and sales	**17,345.4**	17,203.1	24,563.3	0.8	(29.4)
Foreign currencies derivatives	**6,746.2**	4,376.4	4,899.5	54.1	37.7
Securities derivatives	**1,235.5**	433.9	414.7		
Total	**96,708.8**	96,235.3	101,770.2	0.5	(5.0)
In addition to					
Credit derivatives (trading book)	**61,675.7**	56,671.5	42,037.7	8.8	46.7

Interbank position

The net interbank position confirms the structural negative balance, with an acceleration in the last six months compared to the twelve months.

This net negative position, equalling 52,797 million euro, reflects a drop in due from banks (– 5.5% on December 2000) coupled with an increase in due to banks (+ 2.1% on December 2000).

(in millions of euro)

Captions	**30/06/2001 (A)**	**31/12/2000 (B)**	**30/06/2000 (C)**	**% changes**	
				(A/B)	**(A/C)**
Due from banks repayable on demand	**6,471.7**	4,472.4	8,704.1	44.7	(25.6)
Due to banks repayable on demand	**19,337.9**	19,892.9	22,600.3	(2.8)	(14.4)
Net interbank position repayable on demand	***(12,866.2)***	*(15,420.5)*	*(13,896.2)*	(16.6)	(7.4)
Due from banks – with notice period	**38,608.6**	43,244.4	44,695.8	(10.7)	(13.6)
Due to banks – with notice period	**78,539.5**	75,979.5	77,901.6	3.4	0.8
Net interbank position with notice period	***(39,930.9)***	*(32,735.1)*	*(33,205.8)*	*22.0*	*20.3*
Net interbank position	**(52,797.1)**	(48,155.6)	(47,102.0)	9.6	12.1

The table shows that within the net interbank position the weight of the component with notice period rose to over 75% of total (ex 68% as at December 2000), as a result of its 22% increase against a 16.6% contraction in positions repayable on demand.

Shareholders' equity

The Group's shareholders' equity, excluding net income for the period, reached 13,422 million euro. The changes in capital and in reserves are almost entirely attributable to the merger with BCI whose effects have been broadly illustrated in a specific paragraph of this Report, which must be referred to for further details.

(in millions of euro)

Captions	30/06/2001 (A)	31/12/2000 (B)	30/06/2000 (C)	% changes	
				(A/B)	(A/C)
Share capital	**3,489.0**	3,014.2	2,951.6	15.8	18.2
Share premium reserve	**4,075.1**	6,044.6	5,972.3	(32.6)	(31.8)
Reserves	**5,338.8**	1,293.3	1,294.3		
a) legal reserve	**772.9**	772.9	772.9	–	–
b) reserve for own shares	**–**	–	–		
c) statutory reserves	**151.0**	12.9	78.9		91.4
d) other reserves	**4,414.9**	507.5	442.5		
Revaluation reserves	**379.5**	302.2	259.7	25.6	46.1
Reserve for general banking risk	**106.7**	107.3	137.5	(0.6)	(22.4)
Negative goodwill arising	**31.6**	15.3	26.5	106.5	19.2
Negative goodwill arising on application of equity method	**1.7**	3.5	3.3	(51.4)	(48.5)
Total shareholders' equity	**13,422.4**	10,780.4	10,645.2	24.5	26.1
Net income (loss) for the period	**1,386.1**	1,686.2	927.5	(17.8)	49.4
Shareholders' equity	**14,808.5**	**12,466.6**	**11,572.7**	**18.8**	**28.0**
Minority interests	**959.6**	2,326.0	2,636.0	(58.7)	(63.6)
Subordinated and perpetual liabilities	**10,537.1**	9,743.1	9,249.3	8.1	13.9

Shareholders' equity for supervisory purposes equalled 22,319 million euro, against risk-weighted assets of 234,840 million euro corresponding to a minimum capital requirement of 18,787 million euro.

From this situation derives a free capital of 3,532 million euro which leads to achieve a total solvency ratio of 9.9% and a Tier 1 ratio of 6.4%.

The following table shows a summary of the entries which allow to reconciliate 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 30/06/2001
Balance as at 30th June 2001 of Parent Company shareholders' equity	**14,510.4**	**714.2**
Effect of full and proportional consolidation	1,053.8	296.2
Effect of consolidation of subsidiaries carried at equity	80.6	57.7
Adjustments to capital gains following the sale of equity investments		653.2
Reversal of write-downs on equity investments	56.8	56.8
Reversal of provisions carried for fiscal purposes	117.0	(30.8)
Amortisation of goodwill arising on consolidation and application of the equity method	(672.7)	(35.8)
Use of allowances for risks and charges	1.9	1.9
Revaluation of real estate	302.9	(4.3)
Adjustment of goodwill	(207.0)	32.5
Dividends collected during the period		(75.9)
Dividends registered because accrued in the period	(243.6)	(243.6)
Other changes	(191.6)	(36.0)
Consolidated shareholders' equity as at 30th June 2001	**14,808.5**	**1,386.1**

Activities on financial markets [13]

The merger between Banca Intesa and BCI determined substantial changes in the means of access to the markets. In fact, in accordance with the Industrial plan, IntesaBci's operating functions are performed through the pre-existing technical structures of Caboto and BCI.

Management of treasury, interest rates and exchange rates

With regard to interventions on the money market, market making activities were strengthened, particularly in relation to derivative contracts, with the aim of consolidating the Parent Company's position in the Italian market and reinforcing it at the European level. Economic results generally benefited from interventions aimed at profiting, through timely actions, from volatility generated by the strong reduction in international interest rates, which followed the interventions made by the American Federal Reserve. The use of derivative instruments was intense also to cover the risks connected with banking activities. The initiatives towards large and mid-corporate customers – which were interested in using derivative products to reduce cost of financing – recorded an appreciable increase, mostly for medium- and long- term maturities. Trading activity was characterised by taking positions aimed at exploiting opportunities connected with downward trends in the yield curves, while transactions regarding options resulted more contained.

The treasury's portfolio of liquid funds was intentionally designed to hold moderate volumes, with a duration concentrated on short-term positions. Active management of its assets, made with the aid of derivative instruments, led to achieve a satisfactory performance.

In the first half the foreign currency sector was characterised by the gradual strengthening of the dollar, by volatility of the yen and by the revaluation of the Swiss franc, which was considered as refuge-currency also as a consequence of the tensions emerged for Turkey and Argentina. Interventions were mainly directed towards inter-day trading transactions on the spot market – characterised by a significant volatility – whereas the actions aimed at upgrading and extending the offer of structured products to customers continued. From the operating standpoint the start-up of the Continuous linked settlement project is particularly noteworthy. The project refers to the new international system for the settlement of foreign currency transactions, which – sponsored by central banks – will lead, once fully operational in 2002, to considerably reduce settlement risks.

The merger which led to the creation of IntesaBci also led to the concentration of access to the interbank liquidity markets and to monetary policy operations with the Bank of Italy. The reserves at the Central Bank of the single banks involved in the merger have been unified. The unification of Intesa and BCI did not significantly alter the liquidity position of the Parent Company, which continues to collect liquidity on the interbank market.

Activities on primary and secondary markets

Activities on the primary market of fixed-income securities accentuated previous market trends, characterised by a growing attention paid by Italian and international investors to corporate bonds, in view of the high risk premium offered

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[13] *These comments refer to the Parent Company IntesaBci Spa which, for diversification of activities, resources and operating volumes, constitutes the most representative entity in the Group. It is recalled that, as already mentioned, the data related to the previous periods for the purpose of comparison have been duly restated to become homogeneous in relation to the Intesa-BCI merger.*

by these products. IntesaBci – directly or through the subsidiary Caboto – maintained its leadership in the Italian market, obtaining mandates for the placement of important issues. Equally significant was the participation in the main international bond issues, particularly in the Euro area.

With regard to funding, bond issues in the domestic market reached 3,200 million euro, showing a marked prevalence of placement of short- and medium- term securities, with maturities ranging from two to six years, confirming a trend already emerged in 2000. Fixed-rate issues were privileged, in line with savers' expectations of a reduction in market yields. Subordinated bonds played a significant role in terms of volumes. Particularly intense was also the recourse to the international market, where, during the six months, four important operations in euro and US dollars were concluded, for a total of 819 million euro. Moreover a programme was activated for the placement of short-term and medium- and long- term bonds (according to broadly differentiated terms in relation to maturities, currency, interest rates and eventual degrees of subordination) both directly and through specialised foreign intermediaries, up to a maximum amount of 10 billion euro. The aim of this initiative – which will start to produce its effects in the second half – resides in a more extended diversification of funding, in relation to markets and types of investors, to supplement the sources represented by domestic retail customers and by the interbank system.

In line with the trend of international markets, domestic activities in the primary stock market recorded a slowdown both in the number and in the value of transactions. The presence in the market was however safeguarded, through the participation in 14 IPOs (in certain cases as lead manager), in 4 private placements reserved to Italian and foreign institutional investors as well as at 3 rights issues. Furthemore the Company performed the co-ordination function in the collection of subscriptions in 4 tender offers.

Intermediation activities in the bond market, including operations in derivatives, were characterised by the low volatility of the market of the euro and by the reductions in dollar interest rates (– 275 basis points). In this context, operations were directed by short-term and low-risk strategies, thus seizing – in addition to the benefits from the decline in interest rates – also positive opportunities in the corporate and asset-backed securities sectors.

The secondary stock market was negatively affected by the slowdown in the US economy, which dragged down both the main traditional stock market indices (*MIB 30* – 15%, *Mibtel* – 14%, the French *CAC 40* – 12%, the English *FTSE* – 9%, the American *Dow Jones* – 3%) and the technology indices (*NASDAQ* – 12.5%, *Numtel* – 38%). In this context, portfolio management policies were based on market neutral strategies, implemented with hedging operations in index and securities derivatives, of convertible arbitrage strategies, exploiting the differentials between market volatility and the volatility implicit in convertible bonds, and of volatility trading, through the sale of options on indices and securities. These operating lines have more than offset the unfavourable influence linked to stock market trends.

The development of operations in mutual funds and alternative investments, mainly hedge funds, which were orientated towards low-risk and diversified businesses, was also significant.

Asset & Liability Management

Monitoring activities for the integrated management of assets and liabilities was centralised, in accordance with the merger process, focusing interventions on liquidity and interest rate risks. While interest rate risk was virtually in balance considering the dimension of the aggregates, regarding liquidity, initiatives are under way aimed at increasing medium- and long- term funding.

Credit derivatives

In the first half the Company consolidated its presence in the securities derivatives market. In fact, according to official statistics published by the Office of Comptroller of the Currency (US supervisory entity) IntesaBci, through its New York branch, confirmed its position as the third commercial bank – the first among non-US banks – in the American market.

Credit derivatives constitute an important instrument for the dynamic management of credit risks among the Bank's assets, enabling to improve risk diversification. Exposures refer to primary international customers, mainly with short-term maturities, and therefore present an excellent risk profile. As already mentioned elsewhere in this Report, last May a synthetic securitisation was formalised for 1 billion US dollars, on a portfolio of loans granted to airline companies. This operation, carried out to optimise the credit lines and the allocation of the required capital, was the first of this type ever made in the world. In June another synthetic securitisation was completed on a credit derivatives portfolio, amounting to 805 million euro.

Finally, it must be noted that credit derivatives recorded as trading assets in the balance sheet equalled 62,000 million euro, broken down in protection purchases for approximately 29,000 million euro and protection sales for approximately 33,000 million euro. In the Banking Book (approximately 16 million euro) protection purchases and sales tend to balance on positions amounting to approximately 8,000 million euro.

Securitisations

In the Structured finance & advisory sector, IntesaBci is registering a significant development in securitisation operations organised on behalf of customers, as a result of its strong commitment in the sector and of its considerable marketing efforts. Moreover IntesaBci was capable of taking advantage of the leadership position held by the subsidiary Caboto, among the Italian players, in the placement of asset-backed securities. In the first half of 2001 three important operations were concluded, for a total value of approximately 530 million euro.

Real estate finance

In the first half of 2001, the IntesaBci's Real estate finance desk continued its development of structured financing, organising in various roles operations both in Italy and abroad, for a total amount exceeding 500 million euro. Also an important marketing programme was initiated, with presentations to corporate customers, to public and private social security entities and to the public administration, aiming at describing advisory services which the unit is capable of offering in the field of valuation, management and disposal of real estate properties. At the end of the first half the loans to customers related to the operations performed by the aforementioned unit – after syndication activities – jumped from 19 million euro last December to the current 100 million euro. Taking account of the operations under analysis, loans to customers originated by these operations could exceed, as at the end of this year, 200 million euro, with average yields – although in presence of strong domestic and international competition – equal to Euribor plus approximately 150 basis points.

Shipping finance

At the end of the first half, it was decided to constitute, again within the Structured finance & advisory unit, an International shipping finance desk, with the task of intervening in structured financing to the international shipping sector, with project finance and cash-flow based approach, according to the typical format adopted by the primary international banks. For this purpose, the desk's intervention will be aimed at the preparation of complex operations – often realised within more general investments – with the objective of maximising the added value of individual operations. Therefore the new desk is not replacing traditional operations in shipping finance – already existing – but is integrating them in a logic of industrial specialisation.

Loan syndication

In the first half of the year the Italian market, in line with the European one, was characterised by a phase of stagnation, mainly due to the alternating trends of the telecom sector, which was rising for the whole 2000 following the liberalisation processes under way in the various Countries and the tenders for the assignment of the UMTS licences and then suffered the expected slowdown, also due to the excessive exposure towards the banking system. Notwithstanding this situation, it was possible to partecipate – as underwriting bank – to the Lecta group financing (925 million euro) one of the largest acquisition finance operations organised in Europe. Moreover IntesaBci alone organised the placement of the Guala Closures Spa financing amounting to 173 million euro.

In the second part of the first half a certain recovery was recorded both in the telecom sector (mainly due to the re-financing needs of the major European players) and in the M&A area in general. With regard to this IntesaBci played the role of co-ordinating bank and joint bookrunner for the new Wind Spa operation amounting to 5.5 billion euro. Last May a corporate loan was syndicated, in co-operation with Citibank, for the Fiat-GM Powertrain operation amounting to 1 billion euro.

Overall distribution activities enabled IntesaBci to improve its position in the rankings prepared by Capital Data Loanware in relation to the role of Syndication agent/bookrunner. Even taking account of the different area for collecting data following the Intesa-BCI merger (which however determines negligible differences in relation to the position in the ranking), the company rose to top position (in terms of volumes) at domestic level (ex 2nd as at 31st December 2000) and to the 11th position at European level (ex 19th).

Performance of main consolidated companies by operating sectors and geographic areas

Gruppo IntesaBci is a complex and articulated multinational structure, which operates not only in Italy – where it constitutes, as already pointed out, the largest bank in the Country – but also abroad, thanks to a number of equity investments strategically co-ordinated to integrate the operations managed by the Parent Company.

In particular, with regard to foreign activities, the Latin-American area is of primary importance, where the conglomerate *Sudameris* is distinctive – also thanks to a long-standing presence started in the first decades of the last century – for its widespread distribution in the main Countries of that sub-continent.

Among the emerging areas, particular attention was paid to those Countries in Eastern-Europe where a strong economic expansion – such as to attain their candidacy to enter into the European Union – is generating a growing demand of efficient, diversified and international banking structures. To meet such demand the Group acquired controlling stakes in the *Central-European International Bank group* in Budapest as well as in the *Privredna Banka Zagreb group*, whose prospects are linked to the expected growth of the Croatian economy. According to very recent agreements, the controlling stake of one of the most important Slovakian banks, the Bratislavian *VUB* bank, was acquired.

A summary of the results achieved in the period by the main consolidated banks is shown hereunder.

In Italy

Banking area
IntesaBci

(in millions of euro)

IntesaBci	First half 2001	First half 2000 pro forma	Changes	
			amount	%
Net interest income	1,915.4	1,771.4	144.0	8.1
Dividends and other revenues	562.6	1,146.7	(584.1)	(50.9)
Interest margin	**2,478.0**	**2,918.1**	**(440.1)**	**(15.1)**
Net commissions	1,065.8	1,189.5	(123.7)	(10.4)
Profits (Losses) on financial transactions	86.6	23.3	63.3	271.7
Other operating income	149.4	142.8	6.6	4.6
Net interest and other banking income	**3,779.8**	**4,273.7**	**(493.9)**	**(11.6)**
Administrative costs	(1,988.9)	(1,992.9)	(4.0)	(0.2)
including Payroll	*(1,176.3)*	*(1,168.7)*	*7.6*	*0.7*
Adjustments to intangibles and fixed assets	(146.9)	(151.0)	(4.1)	(2.7)
Operating margin	**1,644.0**	**2,129.8**	**(485.8)**	**(22.8)**
Provisions for risk and charges	(76.4)	(76.4)	–	–
Net adjustments to loans and provisions for possible loan losses	(468.2)	(382.2)	86.0	22.5
Net adjustments to financial fixed assets	(61.4)	(21.5)	39.9	185.6
Income from operating activities	**1,038.0**	**1,649.7**	**(611.7)**	**(37.1)**
Extraordinary income (loss), net	(41.0)	150.8	(191.8)	(127.2)
Income taxes for the period	(282.8)	(709.0)	(426.2)	(60.1)
Net income for the period	**714.2**	**1,091.5**	**(377.3)**	**(34.6)**

From a general viewpoint, the performance of the ***Parent Company IntesaBci*** [14] was characterised – for the part related to operating activities – by the favourable evolution of interest from lending and deposit collecting activities and by profits on financial activities, areas in which the higher contributions allowed to balance – thanks also to virtually unchanged administrative costs – both the marked drop in net commissions from services and the increased requirements for adjustments to loans and to financial fixed assets. Extraordinary operations significantly contributed to overall profitability with the income generated by the sale of important equity investments and branches, which were in excess for the strategic coverage of the Italian territory. On the other hand, the necessity to absorb charges connected with the valuation of the IntesaBci Warrants (equal to 540 million euro) led to a net extraordinary loss amounting to 41 million euro. Net income for the six months totalled 714 million euro, almost 35% lower than the figure for the first half of 2000.

At this point, however, it is necessary to state in advance that the considerations – which have already been made in the comments to the consolidated statement of income – regarding the consistency of the comparison between the six-month

[14] *The information reported hereunder is aimed at presenting an overall view of IntesaBci's operations. It integrates and completes that released in the comments to the individual items of the consolidated financial statements.*

results of the years 2000 and 2001 also apply to the Parent Company's financial statements. In fact, the comparison is influenced by operating events which – although technically compatible with the institutional activities of the Bank – appear undoubtedly exceptional, from the standpoint both of their magnitude and of the likelihood of their recurring with non-occasional frequency. Such events – which are summarised for the convenience of the reader – are related to: a) the distribution of dividends (631 million euro in the first half of 2000 and 92 million euro in the first half of 2001) made by equity investments acquired in the past by BCI in the framework of its merchant banking activities, after the sale of stakes held in the share capital of the company Seat Pagine Gialle; b) the financial charges of 104 million euro, connected with the securitisation of doubtful mortgaged loans and included in the adjustments to loans, to which further 11 million euro should be added in relation to adjustments to loans received as a result of Fonspa's spin-off; c) 14 million euro of adjustments to equity investments transferred from Fonspa through spin-off operations in favour of BCI, as described in detail hereafter.

The above-mentioned non-recurring components influenced not only income from operating activities – which without such factors would have registered a 5.5% increase – but also the other intermediate margins. Therefore it was deemed necessary to restate and comment the reclassified statement of income as at 30th June 2001, separating the part related to operating activities and excluding the non-recurring economic components. This leads to a clearer representation of the real results generated by the Bank's operations.

(in millions of euro)

	First half 2001			First half 2000 pro forma			Changes in operating results	
	Operating results	Non-recurring results	Total result	Operating results	Non-recurring results	Total result	amount	%
Net interest income	1,915.4		1,915.4	1,771.4		1,771.4	144.0	8.1
Dividends and other revenues	470.6	92.0	562.6	515.5	631.2	1,146.7	(44.9)	(8.7)
Interest margin	**2,386.0**	**92.0**	**2,478.0**	**2,286.9**	**631.2**	**2,918.1**	**99.1**	**4.3**
Net commissions	1,065.8		1,065.8	1,189.5		1,189.5	(123.7)	(10.4)
Profits (Losses) on financial transactions	86.6		86.6	23.3		23.3	63.3	271.7
Other operating income	149.4		149.4	142.8		142.8	6.6	4.6
Net interest and other banking income	**3,687.8**	**92.0**	**3,779.8**	**3,642.5**	**631.2**	**4,273.7**	**45.3**	**1.2**
Administrative costs	(1,988.9)		(1,988.9)	(1,992.9)		(1,992.9)	(4.0)	(0.2)
including Payroll	*(1,176.3)*		*(1,176.3)*	*(1,168.7)*		*(1,168.7)*	*7.6*	*0.7*
Adjustments to intangibles and fixed assets	(146.9)		(146.9)	(151.0)		(151.0)	(4.1)	(2.7)
Operating margin	**1,552.0**	**92.0**	**1,644.0**	**1,498.6**	**631.2**	**2,129.8**	**53.4**	**3.6**
Provisions for risks and charges	(76.4)		(76.4)	(76.4)		(76.4)	–	–
Net adjustments to loans and provisions for possible loan losses	(353.3)	(114.9)	(468.2)	(382.2)		(382.2)	(28.9)	(7.6)
Net adjustments to financial fixed assets	(47.6)	(13.8)	(61.4)	(21.5)		(21.5)	26.1	121.4
Income from operating activities	**1,074.7**	**(36.7)**	**1,038.0**	**1,018.5**	**631.2**	**1,649.7**	**56.2**	**5.5**

On this basis, ***Interest margin*** – under the two components represented by net interest on deposit collecting and lending activities and by dividends from financial and trading equity investments – equalled 2,386 million euro, with a 4.3% increase compared to the corresponding period of last year, despite an 8.7% drop recorded by dividends, down to 471 million euro.

In fact, net interest on deposit collecting and lending activities, both strictly on banking and financial operations, rose to 1,915 million euro (+ 8.1%) mostly thanks to the considerable contribution given by intermediation with customers: interest income rose significantly (+ 22.5%) coupled with the lower growth in interest expense (+ 20.6%). These changes are connected to a positive increase in volumes of loans (+ 12% on an annual basis), while deposits recorded a very stagnant trend. Also the spread between average interest rates registered a positive trend and rose by 17 basis points thanks to an increase in interest on loans (+ 78 basis points) higher than that recorded by interest on deposits (+ 61 basis points). In both cases growth rates resulted stronger in the short-term segment.

Net interest and other banking income, amounting to 3,688 million euro with a 1.2% increase, shows a substantial stability. The overall aggregate reflects, in addition to the items described above with regard to interest margin, differentiated evolutions in the various factors which influence the formation of its other typical components.

Net commissions registered a 10.4% drop, down to 1,066 million euro, mainly because of the negative effects on securities trading, and more in general on asset management in its various forms, caused by the persisting weakness of financial markets. In fact, net commission income for management, trading and consultancy services related to securities – which represents the most important component of income from services – decreased by 23.3% to 517 million euro, with a particularly negative result for acceptance of instructions and securities dealing (more than halved). The reduction was more contained on commissions generated by individual portfolio management activities (– 22.2%) and by placement of mutual funds and other securities (– 10.9%). Growing, by contrast, were the commissions on current accounts (+ 11.8%) and the commissions for providing guarantees (+ 23.2%), thanks to increases in project finance operations mostly carried out by foreign units.

Very satisfactory results were achieved on *Financial transactions,* which generated a positive result for 86.6 million euro, four times the figure related to the same period of the previous year. Activities in the securities segment produced overall net profits of 17 million euro – mostly thanks to an intense activity of share trading mainly in proximity of dividend distribution campaigns – whereas the currency segment generated net profits totalling 26.2 million euro. Also derivatives on interest rates and indices recorded a positive result (43 million euro), even if slightly lower than in the first half of 2000, due to a temporary contraction in trading operations following the organisational restructuring currently under way in the structures in charge of corporate finance. Such restructuring is due for completion shortly. Finally, *Other net operating income,* totalling 149.4 million euro, is in line with last year.

Operating margin amounted to 1,552 million euro, with a slight increase compared to the previous period (+ 3.6%). As mentioned at the beginning, the performance was supported by the trend of operating costs, which remained practically stable at 2,136 million euro (– 0.4%) and showed minor deviations also at the level of individual expense items, including payroll (+ 0.7%). The latter was influenced, on the one hand, by the effects produced by contractual

harmonisation interventions on the resources coming from the merged banks and, on the other hand, by the effects connected to manpower reductions.
The cost/income ratio was practically unchanged at approximately 58%.

The items illustrated above contributed to the formation of ***Income from operating activities,*** which rose by 5.5% to 1,075 million euro. The adjustments to loans, guarantees and financial fixed assets as well as the provisions for risks and charges were practically stable and summed up to 477 million euro, net of related write-backs. This no-change situation derives from different evolutions of the various elementary components. The allocations regarding the valuation of cash loans and guarantees and commitments decreased by 7.6% to 353 million euro including approximately 40 million euro destined to strengthen the protection against possible loan losses of so-called intrinsic risk. The allocation to the adjustments for Country risk remained of marginal value (3 million euro).
Provisions for risks and charges (76 million euro, same amount as in the corresponding period of last year), mainly reflected the commitments against legal actions (48 million euro), the commitments linked to the integration of agreements previously made with the Pension Fund for BCI's employees (9 million euro) as well as those related to possible negative conclusions of pending legal disputes (7 million euro). Net adjustments to financial fixed assets more than doubled to 48 million euro, due to the write-down of the subsidiary Intesa Gestione Crediti, which recorded a negative result for the period as a consequence of the worsened quality of its loan portfolio.

Turning to examine ***Extraordinary operations***, the relevant negative net contribution amounting to 41 million euro is determined – for the main income items – by the capital gains generated by the sale of the equity investment in Banca Carime (463 million euro)[15] and by the global plan of sale of branches, for the portion already completed in the first half (31 million euro). Further 73 million euro derive from the inclusion of prepaid taxes on losses previously pertaining to BCI. As to extraordinary charges, the most important items are the write-down of the IntesaBci Warrants (540 million euro) and the provisions for potential liabilities connected with the activation of contractual clauses related to the sale of the equity investments in Banca Carime and Banca di Legnano (restitution of balance sheet assets).

Extraordinary operations include the components derived from the completion, formalised last April, of the spin-off operation in favour of BCI of certain assets and liabilities owned by Fonspa, company in which BCI used to be one of the major shareholders. The transferred items – consisting mainly of ordinary loans and tax credits, equity investments and interest-bearing deposits – were acquired at book value and subsequently valued. Consequently, 91.6 million euro were recorded in extraordinary income for the valuation of prepaid taxes derived from the transfer of Fonspa's fiscal position and 66.4 million euro were registered in extraordinary charges almost exclusively for the valuation of extra-market costs connected to the transferred deposits as well as to the relevant hedging contracts. For the sake of completeness, it must be noted that further 25.2 million euro were accounted for in relation to the valuation of the remaining transferred assets and included among the adjustments to loans and financial fixed assets. Finally, extraordinary charges include approximately 26 million euro, derived from commitments previously taken by BCI in the framework of agreements related to the sale of the former participated company Fonspa. These charges are, however,

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[15] *For greater clarity, it must be noted that in the Parent Company's financial statements the capital gain generated by the sale of Banca di Legnano was directly allocated to increase capital reserves, thus without affecting the statement of income, as a result of the revaluation of the asset made by BCI in its individual financial statements for 2000, according to provisions set forth by Law 342/2000.*

counterbalanced by considerable benefits in relation to the fiscal treatment of the various above-mentioned income components.

After the deduction of income taxes, equalling 283 million euro and determined according with current and deferred taxation, ***Net income for the period*** amounted to 714 million euro as mentioned at the beginning. As regards income taxes, it is noted that its reduction – both in absolute value and in percentage of pre-tax income – is due not only to the lower net income for the period and notwithstanding the prudent omission of the benefits ex Law 461/1998, but also to the significant contribution to operating income given by the capital gains subject to the discounted 19% tax rate as per Legislative Decree 358/1997.

With regard to the balance sheet, both aggregates related to customer deposits and loans to customers recorded a continuous expansion during the last twelve months, even if in the first part of this year growth rates showed signs of a certain slowdown, which was more pronounced for loans. The latter were influenced by the securitisation operations on mortgaged loans (performing and doubtful loans) implemented in the second half of last year and in the first part of this year, amounting respectively to 513 million euro and 713 million euro. Still regarding non-performing loans, during the first half the transfer to Intesa Gestione Crediti of doubtful loans from the merged banks, amounting to 575 million euro, was completed. Moreover both loans to customers and customer deposits reflected the effects of network rationalisation – the transfer to the subsidiary FriulAdria of 60 branches formerly owned by Banco Ambrosiano Veneto, the sale to third parties of 10 branches – formalised between the second half of 2000 and the first half of 2001, which had an overall impact of approximately 750 million euro on loans to customers and approximately 920 million euro on direct customer deposits (in addition to 2,000 million euro for indirect customer deposits).

Total ***Loans to customers*** reached 147,611 million euro, with increases of 8.3% with respect to the data as at the end of June 2000 and of 0.7% with respect to the end of December 2000. Among the various types of contracts, the growth rate of mortgaged loans was particularly strong (with increases of 13.5% and 4.7% related respectively to the twelve months and to the end of 2000) and their growth – together with that registered by repurchase agreements – allowed to balance the drop in current accounts. Doubtful loans decreased sharply to 1,444 million euro, approximately half of the figure related to the previous periods under comparison. Such improvement – due primarily, even if not exclusively, to the above-mentioned transfers – determined the reduction to 0.98% (1.90% in December 2000) of the doubtful loans to total loans ratio. Also other categories of non-performing loans or with particular risk declined: in fact, compared to the data as at the end of last December, substandard loans decreased to 1,720 million euro (– 3.7%), restructured loans or loans under restructuring moved down to 338 million euro (– 15.8%) and loans subject to Country risk dropped to 310 million euro [16] (– 6.7%). The last category also includes further 132 million euro of non-cash exposures, which decreased by approximately one third. As to the provisions for possible loan losses, coverage equalled 40% for doubtful loans and 13% for substandard loans. 664 million euro were allocated as at 30th June 2001 to cover intrinsic risk related to regular loans, with a 0.5% degree of coverage.

Direct customer deposits reached a total of 139,242 million euro, with percentage growth rates of 6.2% over the twelve months and of 3.4% with

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(16) *Value at risk, net of adjustments, including debt securities, determined using the same methodological criteria illustrated within the consolidated financial statements.*

respect to the end of December 2000. The increase mainly concerned issued bonds and certificates of deposit. Subordinated or perpetual liabilities contributed for 9,505 million euro, with an increase of 14.7% compared to June 2000 and of 8.8% compared to December. Adding to direct customer deposits ***Indirect customer deposits*** – which were virtually unchanged with respect to the previous twelve months and slightly lower (– 2.5%) compared to last December – ***Customer deposits under administration*** almost reached 383,000 million euro. As to the ***Net interbank position*** – which is structurally a debt position – the relevant balance was approximately 38,800 million euro, stable on the positions as at the end of December 2000 and related to on demand positions for 40% and to term exposures for 60%. The repositioning towards longer-term positions (*ex* 47%/53%) was significant.

The ***Securities portfolio*** rose to 39,817 million euro, with a 21% increase compared to December 2000 – almost exclusively due to the trading component – and returned to the level as at the end of June 2000. The portfolio is made up of *investment securities* for 5,663 million euro, of *trading securities* for 34,103 million euro and of *securities pertaining to the company's pension fund* for 51 million euro. The investment portfolio – almost unchanged with respect to the end of last year – is made up of Government securities for 3,664 million euro and of other securities for 1,999 million euro. 2,660 million euro of investment securities are related to the guarantee against the commitment provided for in the IntesaBci Warrants issued in relation to the Tender Offer on BCI shares. The trading portfolio, both for proprietary trading and trading on behalf of customers, increased by approximately 28% on December 2000, as a result of the tripling in the equity component (approximately 12% of the total) following mainly the expansion in structured operations, partly connected to equity swap contracts.

With regard to ***Off-balance sheet transactions***, the relevant notional value as at the end of the first half reflected dealing transactions amounting to approximately 998,000 million euro (of which approximately 900,000 million related to derivatives on interest rates and indices and approximately 91,000 million concerning forward transactions on currencies) as well as hedging contracts exceeding 89,000 million euro, of which 66,000 million related to contracts on interest rates and 16,000 million regarding currency transactions. Trading transactions increased by approximately 49% compared to December 2000 and by approximately 32% to June 2000. On the contrary, hedging transactions declined by approximately 11% over December 2000 and by 14% over June 2000.

Finally, 2,575 million euro related to the IntesaBci Warrants issued in connection with the aforementioned operation must be added to the notional values above.

Main Group banks

Cassa di Risparmio di Parma e Piacenza achieved a net income for the period of approximately 90 million euro, with a 74% increase with respect to the corresponding figure of the first half of 2000. The evolution of performance indices was very favourable, with annual ROE stable around 25% and a cost income ratio in constant improvement (+ 53.8%).

The analysis of the trend of the various economic components shows a slight reduction in interest margin (– 1.7%), which is directly attributable to the changed loan/deposit structure, after the company's recent restructuring – initial merger in the Parent Company and subsequent spin-off of the banking activities – which gave birth to the Cassa di Risparmio in its current operational structure. Excluding the effects of the lower shareholders' equity, interest margin would have registered a 10% increase.

Net commissions from services to customers recorded a more marked reduction (– 15.7%) and the increase in income from banking services (+ 14.5%) only partly offset the consequences of the sharp drop in profitability experienced in securities dealing and placement activities (– 28.5%). The satisfactory rise in profits on financial transactions and in other net operating income, up by 39%, as well as – and to a greater extent – the considerable reduction in operating costs (– 8.7%) led to a more balanced development in profitability, with an operating margin almost equal to that recorded in the first half of 2000. The much higher rise registered in net income for the period is attributable to a considerable reduction in net adjustments to loans coupled with a higher net extraordinary income, which was mostly due to the sale of non-strategic branches.

With regard to the balance sheet, both loans to customers (8,430 million euro) and direct customer deposits (9,777 million euro) recorded significant expansions. Indirect customer deposits were slightly lower (approximately – 5%) mainly because of the lower valuation of shares attributable to the current unfavourable market situation.

Banca Popolare FriulAdria registered a net income for the period equalling approximately 19 million euro, with a strong rise (exceeding 75%) directly connected with the structural and organisational transformation, implemented in the second half of last year, which led, among other things, to the acquisition of a network of 60 branches formerly owned by Banco Ambrosiano Veneto.

The strengthening of the operating structure improved in a broad and significant way all economic components: therefore, interest margin increased by almost 55% to 66 million euro, while net interest and other banking income – thanks in particular to strong rises in commissions from services and in profits on financial transactions – more than doubled to approximately 110 million euro. The considerable rise in general expenses, due to the restructuring operations and coherent with the other economic aggregates did not affect in a significant way neither the operating margin nor the income from operating activities, which both practically quadrupled up to 39 million euro and 31 million euro respectively.

With reference to the balance sheet, the new dimension determined proportional expansions in customer deposits and loans to customers. Loans almost reached 2.4 billion euro (+ 59% in the twelve months) while in the same period also direct deposits recorded substantial developments (+ 46%) exceeding 2.5 billion euro. Finally, the increase in indirect deposits was equally satisfactory, with an over 50% rise to 5.5 billion euro. These amounts allow to qualify the bank as the greatest banking institution based in Friuli-Venezia Giulia.

Other Regional banks

Among the other regional banks, ***Banco di Chiavari e della Riviera Ligure*** closed the semester with a net income for the period of 8 million euro, 3.4% higher than that of the corresponding period of 2000, mainly thanks to the improvements registered in interest margin (+ 10%), which however were not supported by a similar expansion in net income from services, virtually unchanged. As to the balance sheet, loans – totalling approximately 1.4 billion euro – recorded an annual increase of approximately 23% while direct deposits – amounting to approximately 1.5 billion euro – registered a rise nearing 6%. Indirect deposits, equalling 3.2 billion euro, were in line with the figure for the first half of 2000.

Banca di Trento e Bolzano showed a net income for the period of 5.3 million euro, confirming the positive results achieved in the first half of 2000. Its operations generated an improvement in interest margin (+ 7%) and in the contribution from financial transactions and a certain decline in net commissions. Balance sheet aggregates registered an appreciable increase in loans (+ 8.1%) and almost stable direct deposits (– 1.6%) also as a result of important volumes which reached maturity. Indirect deposits recorded a marked drop (– 10.1%) as a consequence of both the well-known unfavourable market conditions and the transfer of part of managed funds to the individual portfolio management structures of other Group companies.

Finally, noteworthy is the return of ***Banca Cis*** to profitability, with a net income for the period of almost 10 million euro. The improvement concerned all intermediate margins, with a peak of + 20% for the operating margin. The balance sheet shows a 20.3% reduction in customer deposits – determined by the decision to favour, at least in the short term, funding through the interbank channel rather than through the traditional recourse to bond issues – coupled with a similar phenomenon concerning loans to customers which dropped by approximately 16% also following the transfer of the doubtful loan portfolio to Intesa Gestione Crediti.

Other Saving banks

Cassa di Risparmio di Biella e Vercelli achieved very positive results, with net income for the period considerably higher than that of the first half of 2000 (10.6 million euro *ex* 6.4 million euro), mostly thanks to the substantial increases (20%) recorded by interest margin and by net interest and other banking income. As to the balance sheet, loans to customers registered a particularly positive performance, rising by 13% over the twelve months whereas deposits virtually maintained the positions achieved the previous year.

Also the saving banks controlled by ***Carinord Holding*** – which by the end of the year will be subject to a complete de-merger operation – confirmed, improving in certain cases, the good profitability which characterised the first half of the previous year. ***Cassa di Risparmio di Alessandria*** as well as ***Cassa di Risparmio di Carrara*** and ***Cassa di Risparmio di La Spezia*** closed the semester with net incomes for the period equalling respectively 6.5 million euro (+ 2.2%), 2.8 million euro (+ 33.3%) and 3.1 million euro (+ 34.7%), in all cases mainly thanks to the positive trend recorded by interest margin. Balance sheet data outlined differentiated, but always positive, increases for the different companies, both for loans to customers and for direct deposits, while the aggregate of indirect deposits remained practically unchanged.

Finally, also the five saving banks in Central Italy transferred in 1999 to ***Holding IntesaBci Centro*** significantly improved their net results, moving – from a situation as at the end of June 2000 with statements of income virtually at breakeven or showing inadequate profits in relation to the individual potential – to generally positive results with values ranging from 8.2 million euro for ***Cassa di Risparmio di Rieti*** to 4.3 million euro for ***Cassa di Risparmio di Viterbo***, to 2.1 million euro for ***Cassa di Risparmio di Spoleto***, to 1.8 million euro for ***Cassa di Risparmio di Foligno*** and to 1.1 million euro for ***Cassa di Risparmio di Città di Castello***.

Financial activities

Securities trading

Both the key-companies in the ***Caboto group*** were heavily affected by the unfavourable financial market situation in the whole six months, which directly affected the operating areas of the two subsidiaries. In the six months ***Caboto Holding Sim*** recorded a net income of 9 million euro, much lower than the approximately 25 million registered in the first half of 2000. The reduction was essentially due to the lower contribution from net commissions, resulting from the lower volumes traded by the company, coupled with the fact that no dividends were distributed by the subsidiary Caboto Sim. The negative changes in these components were not adequately offset by the considerable improvement registered in profits on financial transactions. ***Caboto Sim*** suffered a net loss for the period exceeding 12 million euro, against a net income of 21.7 million euro in the first half of 2000. Similarly to its sister-company, such result was affected first of all by the drastic contraction in stock market transactions and consequently by the lower contribution from net commissions, coupled with the increase in operating costs. This was also determined by the *IntesaTrade division* (active in the on-line trading sector) which, however, already by the end of this year will report directly to *Intesa e-lab,* and acquire autonomous legal status.

Asset management

In the sector of ***Intesa Asset Management Sgr***, the climate of uncertainty and volatility which continued to characterise stock markets persuaded customers to prefer positions with greater liquidity while waiting for better future investment opportunities. This penalised net mutual fund collection which in the six months resulted negative for approximately 2,900 million euro. Despite such unfavourable evolution, assets managed by mutual funds and *Sicavs* remained at important levels (68.4 billion euro as at 30th June 2001) leading the company to maintain a market share which is currently equal to approximately 13%, and is projected to grow further following the conclusion of the already mentioned integration process with *Comit Asset Management Sgr*. Considering also individual asset management schemes, direct or on behalf of third parties, total funds managed by *Intesa Asset Management*, net of duplications, amounted to 80,233 million euro (+ 15.8%). The growth is due to the fact that from the beginning of this year, the company is in charge of managing Carivita's financial resources (4,750 million euro as at 30th June).
In the first half of this year the company achieved appreciable economic results, with a net income of approximately 36 million euro, even if lower than the particularly brilliant performance (46 million euro) recorded in the first half of last year.

Also the net collection of funds managed by ***Comit Asset Management Sgr*** was affected by recessive tensions determined by savers' propensity towards more prudent types of investment, although with certain signs of recovery in the second part of the semester. As at 30th June total assets related to mutual funds managed by the company totalled 32,283 million euro, with a slight reduction (– 3.6%) with respect to the figure as at the end of the previous year. Including also individual asset management schemes, direct or on behalf of third parties, net assets under management, net of duplications, rise to 37,626 million euro. The economic performance was very satisfactory, with a net income of 11.2 million euro, almost 5% higher than the previous period's.

Product companies

The leasing market registered good growth rates both in terms of volumes and in terms of number of contracts. In such context, ***Intesa Leasing*** – committed in the semester in important structural operations such as the merger with Fiscambi Locazioni Finanziarie and the beginning of the integration of the leasing sector of the former BCI – signed contracts amounting to over 1,100 million euro, with a 13% increase mainly due to the favourable development of the real estate segment. The company, which confirmed its second position among the Italian players in that sector, recorded a net financial income for the period equalling approximately 9 million euro, in line with the figure for the first half of 2000.

In the factoring sector, the activity performed by ***Mediofactoring*** was characterised by the high growth of intermediated volumes, following the completion of the integration with Comit Factoring. Total turnover exceeded

14 billion euro, with an over 40% increase. As to the statement of income, net income for the six months – 15.7 million euro – was approximately 12% higher than that of the six months under comparison.

The two networks of financial consultants reporting to ***Intesa Italia Sim*** and ***Genercomit Distribuzione Sim*** – companies transferred on 1st August into the new multi-channel bank IntesaBci Italia Sim – were affected, inevitably, by the unfavourable conditions of the sector and registered a significant drop in placement commissions and consequently in net income for the period, which totalled 3.4 million euro (their combined result for the first half of 2000 amounted to approximately 10 million euro).

Among the main remaining product companies, ***Setefi*** – company specialised in payment systems through credit cards – recorded a net income for the period of 8.5 million euro, with an increase exceeding 26%. The number of own and managed credit cards rose, on an annual basis, by approximately 83,000 units exceeding 1,460,000 cards. Also the number of installed POS rose strongly up to almost 59,000 units (*ex* 43,000) with a number of processed transactions growing by over 44% (approximately 43 million transactions).

In the insurance sector, ***Carivita*** was affected by the slowdown which characterised its market in the first half of 2001, with collected premiums totalling approximately 50 million euro (– 35%). To contrast this trend, the company started a commercial policy based on the offer of innovative products, specifically developed for the high volatility of the period and capable of allowing customers to make preventive choices among reference markets and asset management schemes. Net income for the six months exceeded 13 million euro, with a marked improvement compared to the same period of the previous year, which was affected by substantial extraordinary provisions. Technical reserves reached 5.8 billion euro with an 18% annual increase.

Intesa e-lab is responsible for the acquisition, management and sale of equity investments in the e-banking/e-commerce sector – with particular focus on the supply of home banking and on-line trading services – also co-ordinating these activities within the Group. Operations in the first half were still penalised by start-up costs and closed with a loss of 3.2 million euro.

Service companies

Intesa Gestione Crediti, which has the specific task of managing and acquiring doubtful loans granted by Group companies, closed the first half with a negative result of approximately 54 million euro, mainly due to adjustments to loans totalling approximately 60 million euro and to operating costs exceeding 30 million euro, only partly offset by operating income equalling 42 million euro.
As at 30th June 2001 the company held a doubtful loans portfolio with a nominal value of approximately 10 billion euro and a book value of approximately 2.9 billion euro. To be added to these are 3 billion euro of doubtful loans, which the company manages on behalf of other Group companies.

IntesaBci Sistemi e Servizi – which is responsible for centralised data processing, managing IT systems and acquiring goods and services for the activities performed by the Group’s banks and financial companies – is giving priority to the realisation of projects supporting the Group’s new model following the integration of Banca Intesa with the other merged banks. The company closed the six months with a net income of 0.5 million euro, result which must be valued taking account of the pricing policy adopted by the company towards the users, all within the Group.

Finally, in the tax collecting sector, ***Intesa Riscossione Tributi*** – holding of the five Group companies operating in the sector (*Esa.Tri., E.Tr., GET, S.Es.I.T.* and *Serit*) – fully implemented the centralisation of shared services, with the objective of reducing resources employed in the administrative structures of the individual subsidiaries and thus achieving significant economies of scale. In the six months the holding company recorded a net income of 4.4 million euro, against the loss of 2.9 million euro registered at the end of June 2000 and attributable to the write-down of the subsidiary E.Tr.

Abroad

The Latin American area and the Sudameris group

In the first part of this year, the ***Sudameris group*** was again called to operate in local areas where sudden economic crisis recur. In an objectively difficult context, the Group succeeded in containing within acceptable limits effects on its profitability, with a net consolidated loss of approximately 26 million euro which – though negative – represents a marked improvement with respect to the much heavier situation emerged at the end of the first half of last year, when the loss exceeded 63 million euro. In order to strengthen the Group's capital structure enabling it to face the real difficulties of the current situation, at the beginning of the second half a capital increase of 500 million euro was approved through Comit Holding International.

With regard to the individual operating areas, the average mix of deposit/loan volumes and related spreads took differentiated trends in the various Countries and resulted, on a consolidated basis, in a considerable drop in interest margin, which moved down by approximately 7% to 302.5 million euro. On the contrary, net commissions (+ 9%), profits on financial transactions (+ 85%) and other net operating income (more than doubled) recorded very favourable trends. Net interest and other banking income thus remained high, almost reaching 640 million euro, with a percentage growth rate of approximately 13%. Thanks to an attentive and effective action aimed at containing administrative costs, also operating margin improved considerably and reached 127 million euro, more than twice the figure for the first half of 2000. Loan portfolio quality worsened in certain areas, among which the Peruvian network is particularly significant, and led to an absorption of operating income and – considering income taxes and the portion attributable to minority shareholders – to the net loss mentioned at the beginning.

With regard to the most significant balance sheet figures, noteworthy is the positive trend recorded by loans to customers, which rose by approximately 12% to 10,708 million euro. Customer deposits – despite unfavourable external conditions – were maintained at the levels (around 11,000 million euro) existing at the end of 2000.

With reference to the various companies of the Sudameris group, a particular mention is deserved by the ***Banco Sudameris Brasil group***, which recorded a net income of approximately 15 million euro and therefore managed to correct a delicate situation which led, at the end of the first half of 2000, to an operating loss of approximately 80 million euro. The extremely critical context which is currently characterising Argentina did not jeopardise – at least for the moment – the operations of ***Banco Sudameris Argentina***, which, in fact, closed the six months with a positive result (5 million euro) even if lower than that of the same period of last year (approximately 7 million euro). The effects of the prolonged economic stagnation in Peru, instead, seriously deteriorated the results of the ***Wiese Sudameris group***, which registered a net loss of 42 million euro against a loss of approximately 6 million euro as at the end of June 2000.

Banco Sudameris Colombia successfully faced the Country's persisting economic slowdown, closing the period with a result which – although still negative for 1.7 million euro – showed evident signs of improvement with respect to the loss for the first half of 2000 (approximately 11 million euro). Finally, the results achieved on average by the Sudameris group in the other Countries of the area were positive and of appreciable amounts.

Moreover, the persisting economic instability in certain Countries where the Group operates could further affect year-end results of certain operating units. It is however reasonable to believe that the Sudameris group's annual consolidated loss could be limited to levels lower than the previous year and therefore result modest if compared to Gruppo IntesaBci's overall net income.

Eastern Europe

In the first half of 2001 the Hungarian economy maintained its high growth rate, expression of a Country which – as regards both its political and institutional context and its macro-economic structure – appears now firmly included in the convergence process towards the European Union. An important step is represented by the recent decision of the local monetary authorities to approve full convertibility of the florin, at the same time enlarging its fluctuation range in the exchange markets and thus creating the ground for a slowdown in inflation, which is still higher than the European average. In this context, the ***Central-European International Bank group*** achieved a six-month consolidated net income of approximately 22 million euro, with an approximately 28% increase compared to the same period in 2000. During the six months further progress was made in the strategy aimed at enlarging the target of customers, increasing and diversifying at the same time the range of products offered and further strengthening operating structures.

The first half of 2001 also confirmed the marked recovery of the Croatian economy, already visible during 2000 mainly thanks to the tourism sector and to the rising exports. Also the expected inflation rate appears favourable and should not deviate from the level (6.5-7%) registered last year. In this first half of the year, the ***Privredna Banka Zagreb group*** strengthened its competitive position (second bank in the Country for net income and size) with a 20% market share, taking effective promotional actions and seizing the position of leader in new distribution channels (Phone banking, Internet banking and so on). Also the economic performance recorded by the group was excellent, with generalised increases in all statement of income margins and a consolidated net income equalling 36.1 million euro (+ 32%).

Western Europe

In Germany ***Bankhaus Löbbecke***, confirming a constant and progressive improvement in its profitability, closed the six months with a net income of 5.5 million euro thanks to the increases both in interest margin and in income from intermediation and services. Higher adjustments to loans, however, led to a certain reduction in income from operating activities, which was partly offset by extraordinary income derived from the sale of equity investments.

In Luxembourg ***Société Européenne de Banque*** (SEB) continued, in line with its traditional vocation, to develop activities in the offer of services to corporate and private customers and to asset management. The active and dynamic role that the company was capable of playing in the Luxembourg financial market produced important economic results, with a six-month net income of approximately 6 million euro (+ 13%). Also ***Banca Intesa International*** – the second group company present in Luxembourg, which is currently being integrated with SEB – consolidated its typical activities of custody and administration of securities, for which interesting expansion possibilities are envisaged, confirming with a net income of 2.5 million euro the profitability achieved the previous year.

In Switzerland, the disappointing trend of the international stock markets heavily affected customer investment policies, determining for ***Banca Commerciale Italiana (Suisse)*** – in the same way as for the other local banks operating in the private banking sector – a contraction in intermediated volumes and in the relevant brokerage commissions. However, the development of synergies with other group entities active in global corporate banking and the appreciable results achieved in the trading of derivatives on exchange rates and securities, sector in which it was possible to seize opportunities offered by market volatility, led the bank to consolidate its economic performance recording a net income of 5.8 million euro, only slightly lower than the particularly brilliant result achieved in the corresponding period of 2000.

Although in an economic context which registered a certain slowdown in growth rates, Group subsidiaries operating in France achieved far better results than those of the first half of 2000. In particular, ***Banca Commerciale Italiana (France) SA*** recorded a net income for the period equalling 24.2 million euro, which received a very important contribution from the commissions generated by structured finance transactions. ***Banca Intesa (France)***, thanks to its attentive cost control policy and its accurate choice in taking risks and in offering profitable products – focused on typical capital market loans – in the first half of 2001 registered a net income of 2.2 million euro, with a 24% increase compared to the six-month period of the previous year. Projects are under way to implement an effective integration between the two companies.

In Ireland, to date the Group operated on the local market with ***Banca Commerciale Italiana (Ireland)*** and with the financial company ***Intesa Ireland***. These companies closed the six months with a net income of 15 and 3.6 million euro respectively. The integration process between the two structures, due for completion by the end of this year, will centralise in the new bank ***IntesaBci Ireland*** the offer of financial services to major international companies as well as the development of loans through complex financial structures.

The North-American area

In Canada, the uncertainties linked to the slow trend of the American economy induced ***Banca Commerciale Italiana of Canada*** to keep a particularly prudent and attentive approach in relation to the quality of customer loans. Good progress was made in commission income, while revenues from trading activities on securities and foreign currency resulted below expectations. The company closed the six months with a modest net income of 0.3 million euro.

* * *

In addition to equity investments, presence in world markets is ensured by a network consisting of 13 direct branches operating in the main Countries. After the merger with BCI – which implied for all units the new corporate name IntesaBci – the former branches of Banca Intesa (London, New York, Hong Kong, Singapore and Grand Cayman) were totally merged into the co-existing units of BCI, with a complete integration of commercial, organisational and IT structures. During the first half of 2001 the economic performance of the foreign units was quite satisfactory, with net incomes which – thanks to generalised increases involving all operational areas – reached 143 million euro, with increases close to 50%.

The Controls System

Internal controls

The overall design of the internal controls system, as defined in the industrial plan of IntesaBci, follows the principles of banking supervision set out by the Basle Committee, and it is consistent with instructions issued by the Bank of Italy. The control processes concern all the functions of the whole Gruppo IntesaBci according to their specific role, starting from the Board of Directors of the Parent Company down to the single commercial banks and their respective management.

The evolution of the Group towards a model made up of *Divisions* with a high degree of autonomy and specialised by customer segments requires that the internal controls system be adjusted by direct and tighter relationships between the Governance Centre and the relevant structures in the distribution networks. Control and co-ordination will be facilitated by the convergence towards unified production processes.

Internal auditing by the Parent Company is assigned to the *Auditing Unit* that takes on wide responsibility in the interest of the various Group companies in Italy and abroad by verifying the adequacy of their respective structures.

Credit: granting, monitoring and management

The improvement of loan portfolio quality constitutes a strategic objective of Gruppo IntesaBci which is attainable by adopting integrated and coherent processes that guide loan management through all its phases (analysis, granting, monitoring, managing problem loans). The internal controls system sets out to manage credit risks via the integration of line controls, risk management controls, and internal auditing.

The methods of measuring and controlling the progress of credit risk are based on the *Risk Level of Gruppo IntesaBci* which is made up of three modules (Performance analysis, credit scoring, adequacy of collateral). The risk index interfaces with the set of procedures and processes of management, monitoring, and planning and development, whilst the basic information exchange between the various Group entities is assured by the Group's "centrale rischi" (exposure monitoring and control system) which is an essential tool for the analysis of risk information regarding the single client, or group of related clients, in relation to each banking or financial company of the Group and to the Group itself as a whole.

The aim of the internal rating project of IntesaBci for counterparty evaluation is to determine default probabilities of firms, in order to have an instrument that can be used both to comply with the new Basle regulations and for operating purposes as well as for an optimal capital allocation. Currently, the variables on which this system is based are undergoing a testing and calibration phase as regards the qualitative aspects, having the quantitative aspects been finalised. Completion is forecasted by the end of the current year.

As far as problem loans are concerned, the aim is to integrate and unify the identification and management of anomalous positions adapting the process according to the severity and diffusion of the problem within the Group. The process is supported by a dedicated IT procedure that monitors – with largely automatic interventions – all the expected management phases. As the Group's divisionalisation progressed, specific manuals for the relevant Divisions involved were prepared with reference to their pertinent customer segments. Within the Governance centre, the Credit risk unit's role consists in centralised co-ordination, direction and monitoring.

Risk control
Risk management

During the last three years a model had been developed by the structures formerly under BCI – constructed internally and based on a series of control points, normative-procedural and organisational, with levels of differentiated responsibility – measuring the *Value at Risk (VaR)* implicit in the bank's positions. Subsequently, on this basis, a system of operating limits based on *VaR* had been introduced and is checked daily by a control unit independent of operating units.

In May the Bank of Italy formally recognised the validity of the internal model developed by BCI, enabling to use it – in relation to the former BCI portfolios – to report the capital requirement for generic risk on debt securities, and specific and generic risk on capital securities. Within the process of integration following the merger between Intesa and BCI, work is currently under way to extend the said model so as to measure market risks of the whole IntesaBci aggregate. To this end, the necessary organisational and IT initiatives have already been taken on the basis of a specific software that is expected to be completed by next October. Very quickly the model will be extended – due to natural similarity – also to capture the risks faced by the Caboto group.

Market risk

Concurrently to focusing on the new order regarding the Finance area, the set of operational limits for the units of the Investment banking division was also redefined. The criterion that has determined the VaR (17) limits for each unit consisted in attributing to each unit a risk-adjusted return objective determined by the criteria derived from the ratio between expected return and allocated capital. Such a definition enables to maintain a strong coherence between the daily running of the division – monitored daily by an independent control unit – and the capital requirement for market risks as determined above.

Capital absorbed in the first semester of the current financial year – shown in the table below – highlights how market risk at about 19 million euro has, on the whole, remained practically stable compared to the risk profiles of the individual trading portfolios of former BCI and former Banca Intesa reported as at the end of the previous financial year. Alongside an increase in the interest rate risk component, the table shows conversely a fall as far as exposure to equity price movements is concerned. Exposure to exchange rate risk – although rising compared to the close of the previous financial year – has nevertheless remained contained.

As far as trading activity on the former Banca Intesa portfolios is concerned, transactions have decreased progressively in the course of the semester in view of the merger with BCI and the subsequent unification of the two dealing rooms. Particularly, in the last part of the period, trading activity thus has been restricted to the creation of contained spread positions, whilst further significant speculative directional positions have not been taken up. At the end of the semester, only corporate bonds – floating-rate or hedged by swaps - remained in the former Banca Intesa portfolios, as well as a derivatives book which was practically closed. The long cash position (mainly on listed Italian stocks) was almost entirely covered by short derivatives positions (options and index futures): this has resulted in an Equity VaR of negligible proportions.

Following the merger and related integration processes, starting from the end of the semester, the deals of former Intesa portfolios started to be recorded in the

(17) *VaR is calculated by a parametric approach that takes into account existing correlations between the risk factors considered, resorting to Monte Carlo simulations only for the options portfolio. VaR is calculated assuming a one working day holding period and a 99% confidence level.*

books of foreign branches formerly under BCI. Foreign branches nevertheless keep representing only a limited part of overall risk, even after the integration. The following table shows breakdown of risk levels for the various risk factors.

Value at risk of trading portfolio (*)
(in millions of euro)

	30.06.2001	31.12.2000		
Risk factors	**IntesaBci**	***Intesa***	***BCI***	**IntesaBci**
Interest rate	12.6	*2.0*	*6.8*	8.5
Equity	9.9	*1.4*	*11.6*	13.0
Foreign exchange	3.7	*0.1*	*2.0*	2.1
Total	**18.9**	***3.5***	***16.7***	**20.2**

(*) *VaR has been calculated assuming a one working day holding period and a 99% confidence level. 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.*

As far as the methodologies used are concerned, the risk analysis of trading portfolios is supplemented on a weekly basis by stress test analysis so as to ascertain the impact of certain scenarios on the risk profile of the portfolios. Such analysis includes standard scenarios (parallel shifts of the yield curves and changes in the slope of such curves) as well as stress tests that identify market scenarios considered particularly unfavourable to the bank.

The validity of the calculation model used is checked daily by a backtesting analysis used to verify that the estimated VaR measures actually cover realised losses. Such a check is undertaken both at an aggregate level as well as for each risk factor and portfolio.

With reference to risk control on *Caboto Holding*, the analysis undertaken at the end of the semester showed an exposure to interest rate risk equal to 146 million euro in Ten Year Equivalent (TYE) as regards open positions in securities and derivatives. The securities position contributed 94% of total TYE exposure with a strong component of non-Government bonds. Sensitivity to interest rate volatility was of 0.5 million euro, whilst sensitivity to FX volatility was 0.02 million euro. Finally, VaR analysis indicated interest rate risk of 1.2 million euro and exchange rate risk of 0.06 million euro.

Equity risk – that in case of Caboto Holding was virtually entirely hedged – was instead present in Caboto Sim. At period-end, overall VaR on the open position equalled 0.6 million euro with an extremely limited exchange rate risk (VaR 0.02 million euro) and a 1% *vega* position of 0.3 million euro.

Credit risk

The check on credit risk present in the banking book is based on models and databases developed internally that enable timely risk control on both the portfolio as a whole as well as possible individual components of interest to the Credit unit (such as, for example, geographic area or borrower sector). Furthermore, the reporting makes it possible to comprehend the determinants of risk (quality of counterparties and guarantees, maturity, degree of concentration and correlation and so on) by making VaR determinants explicit, and, thus, providing operating directions for the optimal management of portfolio risk.

The databases integration process – already started during 2000, and necessary to extend the use of the portfolio model previously defined, and currently used by former Cariplo – has undergone a certain slowdown to be attributed mainly to the current merger process, and also, in part, to the continuous updating required stemming from debates on the new proposals of the Basle Committee. In any case the integration of former Banco Ambrosiano Veneto functions is forecasted to be completed by the end of the year, whilst proceeding concurrently, to gather data regarding the other banking entities now integrated in the Group, in particular, those of former BCI.

As already mentioned, as far as counterparty valuation methodologies are concerned, the merger between Banca Intesa and Banca Commerciale Italiana has made it necessary to start a plan for the integration of existing rating systems, so as to lead to the definition of a consistent set of procedures from a methodological point of view and capable of representing best practices. Such a plan will be implemented in the next months. The testing phase of the system measuring Expected Default Frequencies continued, limited to the Large corporate segment only.

Operating risk

The Parent Company has undertaken an in-depth study on a system to monitor and manage operating risks for the Group, in addition to the models used to manage market and credit risks. Generally, operating risks are defined as risks of making losses as a result of internal processes and inadequate or wrong systems, human error, or external events.

The model being designed and implemented is expected to use both qualitative and quantitative approaches – by mainly involving the risk management and internal auditing functions – based on the analysis of internal time series and possible operating losses. Furthermore, a twofold goal is being pursued to determine, on the one hand, allocated capital for supervisory purposes, and, on the other, to carry out internal managerial policies with related aims, for example, the mitigation and/or transfer of risks.

The fine-tuning of the model and its application will take place when the supervisory authorities will have defined in greater detail the qualitative/quantitative requirements and the options available to the banking system on the basis of the instructions formulated by the Basle Committee (i.e. *New Capital Agreement*). IntesaBci aims to make the model operational by the starting date currently indicated by the relevant regulations (1st January 2005).

Research and development activities

In the first part of the year, integration activities among the networks previously managed by Banco Ambrosiano Veneto, Cariplo and BCI focused in particular on the identification of overlappings, duplications and dis-homogeneous conditions within the various customer segments. As regards in particular the sectors regulated in the past by contractual conditions expressed in the form of conventions (individuals, free-lance professionals, small enterprises) the interventions were mainly aimed at recovering profitability in each contract and at harmonising the relevant conditions, also to re-create a single positioning in the market. The initiatives – which involve thousands of customers, whose expectations are also evaluated on the basis of their economic and territorial segments – take account also of the aspects linked to the future adoption of the unified TARGET IT system.
Analogous rationalisation activities concern the *Product catalogue* (over 570 only for the Banco Ambrosiano Veneto and Cariplo networks). In this case the analysis is carried out in terms of identification of eventual duplications, of verification of the contribution levels, of control of their validity from the customer satisfaction standpoint, with the final objective of identifying a product line capable of clearly reflecting all the key-strengths of the company's action in the market.
The *Tuttinrete* operation continued successfully and – through the offer of personal computers under leasing contracts at very attractive conditions – helped a significant number of customers (approximately 18,000) to familiarise with new technologies and consequently to become potential users of the advanced products offered by the Group, such as the services offered by *Intesa e-lab, Intesa Trade* and *Fundsworld*. Finally, *Club Intesa* is now consolidated and – thanks to the favour expressed by customers – is contributing to achieve strategically primary objectives in the fields of cross selling and customer fidelisation.

Moreover highly demanding projects have commenced in the Internet and innovative business sectors in order to unify the products related to the alternative channels distributed by the merged banks' networks, with the aim of offering customers technologically advanced products deriving from the best practices developed by the merged banks. In addition to that, the foundations have been laid for the New multichannel bank project, with the objective of creating a structure enabling direct contacts through the traditional telephone and on-line channels.

During the six months all Group structures continued the activities related to the so-called "second phase" of the transition to the euro. The relevant Programme – much more demanding, also for the implications in operations with customers, than that implemented in the "first phase" – is involving a high number of processes and functions. In addition to the preparation of a full Transition plan, the company initiated the organisational, technical and commercial interventions necessary for the adaptation of the various corporate processes, defining also the resources required to strengthen the branches' operating capability to provide assistance to customers during the period of co-existence of the two currencies. Finally, adequate plans have been made concerning both the determination of the quantities of the new currency to be requested to the Bank of Italy and the relevant logistic and security problems.

Shareholder base and stock price performance

Voting syndicate

The following table shows the situation as at 30th June 2001 of the shares vested in the syndicate by the participants to the agreement in force among IntesaBci's main shareholders, in compliance with the Agreement signed on 15th April 1999 – modified and/or integrated on 11th April 2000 – and expiring on 15th April 2002.

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
Caisse Nationale de Crédit Agricole	814,986,054	134,332,142	949,318,196	13.89	16.17
Fondazione Cariplo	498,125,809	–	498,125,809	8.49	8.49
Generali group	317,005,757	24,989,647	341,995,404	5.40	5.83
including					
• *Assicurazioni Generali*	*45,915,297*	*896,835*	*46,812,132*		
• *Alleanza Assicurazioni*	*184,523,983*	*810,664*	*185,334,647*		
• *Other subsidiary companies*	*86,566,477*	*23,282,148*	*109,848,625*		
Fondazione CARIPARMA	234,775,952	7,563,771	242,339,723	4.00	4.13
"Lombardo" group	206,870,866	2,542,292	209,413,158	3.52	3.57
including					
• *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*	*1,079*	*20,428,115*		
• *Abaxbank*	*8,327,899*	–	*8,327,899*		
• *Credito Emiliano*	*5,000,000*	*1,300,233*	*6,300,233*		
Commerzbank group	186,317,187	64,041,572	250,358,759	3.17	4.26
including					
• *Commerzbank AG*	*66,194,071*	*64,041,572*	*130,235,643*		
• *Commerzbank International S.A.*	*120,123,116*	–	*120,123,116*		
Total Shareholders in the syndicate	2,258,081,625	233,469,424	2,491,551,049	38.47	42.45
Total other Shareholders	–	3,377,847,748	3,377,847,748		57.55
Total	**2,258,081,625**	**3,611,317,172**	**5,869,398,797**		**100.00**

Stock option plan

With the Board of Directors' approval of the relevant regulations, the first of the assignment cycles provided for in the three-year stock option plan approved by the Shareholders' Meeting on 1st March 2001 started on 24th April 2001. With this resolution, the Board of Directors was in fact authorised, as provided for by Art. 2443 of the Italian Civil Code, to increase share capital to serve the stock option plan – with the exclusion of pre-emptive rights for existing shareholders as provided for by Art. 2441 of the Italian Civil Code – for a maximum amount of 29,954,500.16 euro through the issue of 57,604,808 IntesaBci ordinary shares of nominal value 0.52 euro each.

The use of stock option plans in favour of company directors and managers – practice which in the last few years has been increasingly adopted, in the wake of similar foreign experiences – is motivated also for IntesaBci by the purpose of facilitating, through the direct participation of management to the Company's economic performance, the achievement of the development objectives set by the Group. Other particularly interesting objectives set by the stock option plans are the involvement in common strategies – obtained by setting consolidated ROE as parameter for the assignments – as well as the integration between the various types of expertise and the development of team spirit for the purpose of creating an effective and closely-knitted team which is very motivated to remain in the Group.

The decision of the Board concerned the gratuitous assignment – to IntesaBci's Managing Directors and to 93 other Group managers in charge of positions which have a strong impact on economic results – of a total of 9,761,500, personal and non-transferrable options in their name, which give the faculty to acquire the same number of new ordinary shares at a price of 4.258 euro corresponding, according to the regulations of the plan, to the arithmetic average of the official stock market prices struck by the IntesaBci's ordinary share in the period from 24th March to 24th April 2001. The assignment was subject to the achievement of at least 95% of the Group's target ROE for 2001. Three years after the assignment date, the exercise of the rights can take place in a one shot or in fractions over the four subsequent years, at the end of which any unexercised options will expire without further rights for the beneficiary. Expiry, with immediate effects, is normally provided for in case of dissolution of labour contracts.

After the end of the first-half (17th July 2001) the Board of Directors assigned to 4 other managers a total of 448,500 option rights at the same price and conditions as above.

Stock quotation

The long corrective phase of world stock markets – started in the second half of 2000 – continued, in a generalised form, also in the first half of this year. In this negative context which involved the Euro area, the Italian Stock Market performed in line with the average. In fact, the *Mibtel* index registered a 13.8% reduction against a 14.25% drop of the European index *EBCI global*. The performance was mainly affected by the drop in the Media (– 33.6%) and Telecoms & Utilities (– 18.36%) sectors in addition to the electronic and electromechanic sub-sectors (– 16.85%).

The bank sector was also affected by the general market trend, registering a negative performance of 13.9%. The IntesaBci's share suffered a six-month loss higher than the sector's average, with a negative performance of 17.9%. During the two months subsequent to the semester's closure the market continued the downward trend, leading the performance of the *Mibtel* index to – 17.5% from the beginning of the year. The Bear market penalised even more heavily the banking sector (– 19.6%), with marked effects on the IntesaBCI's share which, in the same period, recorded a negative performance of approximately 30%.

Reserve for own shares

As already described, the Ordinary Shareholders' Meeting held on 1st March 2001 approved the purchase of up to a maximum of 478,747,202 own ordinary shares to service the exercise of the "Warrant Put Intesa – BCI" (later, after the merger, "Warrant Put IntesaBci"). The possible purchase may occur only in the period between 1st and 15th November 2002.
The same Shareholders' Meeting allocated to a special reserve set up for this purpose a total of 2,575.6 million euro, to be withdrawn from share premiums.

Therefore in the financial statements closed as at 30th June 2000 the amount was re-classified from share premiums to the special reserve which, since no own shares have been purchased, is entirely available.

Relationships between Group companies and Related parties

Within Gruppo IntesaBci, the relationships among its various economic subjects 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 de-centralisation 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 activities such as: supply of goods and services necessary for banking activities, the management of the IT and data processing systems, back-office services; the management and recovery of doubtful loans originated by Group banks; personnel training, in relation of the needs emerged in the various operating units. Instead product companies have the task of managing financial products and services – ranging from mutual funds to bancassurance products, to fiduciary services – as well as 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 concern 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 usually regulated on a minimum cost basis, with the recovery of at least 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 applied to Intesa Gestione Crediti, in consideration of its specific operations.

In the bancassurance sector the co-operation with Alleanza Assicurazioni, as well as the banking relationships with Groups managed by Directors, continue, all 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.

Group strategies and forecast for the second half of 2001

Strategies

The structural trend of the banking and financial industry outline a scenario of rising and more complex competition, commanding continuous adaptations of corporate strategies. In the domestic market a further phase of concentration is foreseeable, which will mostly involve medium-large banks while, for the major Groups formed in the last few years, the consolidation and rationalisation policies are coupled with internationalisation strategies, also through direct acquisitions in markets with high growth potential such as those in Central and Eastern Europe. Moreover, the innovation in distribution channels determined by technology developments commands a review of distribution models and customer approach, in the direction of an effective co-ordination and integration of the various channels.

In this evolving scenario Gruppo IntesaBci's strategy pursues the objective of rendering the new structure fully operational, with the completion of the integration of production, distribution and management structures, which is already in an advanced stage – as has been illustrated – with the steps to date completed. The solid foundations of the Group's new model, with the rich heritage of competence, professionalism and customer relations which converged to form IntesaBci, will enable the achievement of the ambitious objectives set for the three-year period 2001-2003.

Gruppo IntesaBci's mission is twofold: in Italy, to consolidate the already acquired leadership and, in Europe, to attain an adequate positioning in terms of value creation, market share, product and service quality, completeness of product range. The strengthening of commercial effectiveness represents one of the advantages brought about by the adoption of the Divisional model, which facilitates the diffusion of the best practices within the Group.

IntesaBci aims to achieve the following objectives by 2003:
– optimisation of capital allocation and value creation through the new divisional structure;
– achievement of the best practice in efficiency;
– development of business opportunities offered by the multichannel integrated structure (branches, financial consultants, innovative channels) and strengthening of customer relations, also through the use of advanced customer relationship management techniques;
– consolidation and/or selective development of its international presence, with an attentive monitoring of investment opportunities, in particular in Eastern Europe and in the Mediterranean basin.

The Group's attention remains strongly focused on the objectives of cost reduction and productivity increase. The results to date achieved, even through the streamlining of its distribution network, coupled with the advantages expected from the integration of the IT structures and from the simplification of the decision-making processes, will lead in the three-year period to significantly improve efficiency and productivity. The key-strengths boasted by the Group – among which its large size, the widespread and well-rooted distribution network, the vast customer base, the complete range of services and products, the diversified sources of income – justify founded expectations of increase and stabilisation in profitability, particularly if they are coupled with the contemporary realisation of the necessary investments aimed at the innovation of processes, products and distribution channels, also to face growing market competition.

Forecast for the second half of 2001

Regarding instead the more immediate horizon, the positive results achieved by the Group in the first half of the year enable to formulate equally optimistic forecasts as regards operations development in the second half of the year. From this viewpoint, operating results should be confirmed at the same levels as in the first half, while net income should register further significant capital gains.

Significant subsequent events

At the end of last June a preliminary agreement was signed with the Slovakian Government for the acquisition of 67% of *Vsobcna Uverova Banka (VUB)* – *Bratislava,* second bank in the Country for total assets. Further stakes – which will raise to 94.47% the Group's overall interest in the Slovakian bank, with an estimated payment of approximately 550 million euro – will be acquired by other shareholders. According to the 2000 financial statements, *VUB* holds total assets amounting to 3.8 billion euro, against 330 million euro shareholders' equity; high profitability, with ROE equalling 27%. Thanks to a domestic network of 230 branches, integrated with a foreign branch in Poland and with 3 representative offices in London, Moscow and Shanghai, the Slovakian bank retains a dominant position in the corporate banking sector – in which it holds a market share close to 20% – and an increasingly strengthening presence in the retail sector.

In the early part of last July – in the framework of market transactions aimed at the acquisition by new shareholders of the company's controlling stake – the equity investment held by IntesaBci in Montedison Spa, equalling 3.7% of the share capital, was sold. The sale of the 59,041,113 shares took place in the so-called "block market" at a price of 3.22 euro for each share, with a total consideration of 190 million euro and an overall capital gain, gross of the tax effect, amounting to 89 million euro. At the same time – with a total estimated payment of approximately 190 million euro, which is currently under execution – the company acquired a 5.95% stake in the share capital of Italenergia Spa, the company which is in charge of the initiatives regarding the Montedison operation.

It must also be stated – in consideration of the magnitude of the operation and taking account of the news reported on this matter by the press – that a project is currently under review. If approved, it might lead to the acquisition by IntesaBci of a 10% stake in the share capital of Olimpia, a new company which was established on occasion of the recent changes in the ownership structure of Olivetti Spa.
The estimated payment will amount to approximately 500 million euro.

As already disclosed to the market, IntesaBci is conducting negotiations for the acquisition of the control of the *Garanti Bank*, a Turkish bank in which the Dogus group holds a majority stake. The bank has total assets of approximately 15 billion euro which place it in second place among local banks. It owns approximately 270 branches in the Country and 2 branches abroad and controls other banks in Turkey and abroad.

Last July IntesaBci issued preferred securities for a total amount of 500 million euro by means of a legal structure which involves the interventions both of a US vehicle company and of a trust entirely owned by IntesaBci. This operation leads to the availability of new resources eligible to be used in the calculation of shareholders' equity, both individual and consolidated, to comply with capital requirements set by supervisory authorities. This initiative stands in the framework of IntesaBci's strategies, aimed at diversifying funding sources and strengthening capital structure as required by supervisory authorities.

Milano, 12th September 2001

The Board of Directors

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 1,386,083 thousand euro and was approved by the Board of Directors on 12th September 2001 and transmitted to this Board of Statutory Auditors for its opinion;
- examined the Report issued on 28th September 2001 by the Independent Auditors Reconta Ernst & Young Spa appointed for the review of the aforesaid Half-Year Report and acknowledged the referral to information in it contained;
- acknowledged that this consolidated Half-Year Report is compared with figures as at 30th June 2000 and as at 31st December 2000 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 2001.

Milano, 5th October 2001

The Board of Statutory Auditors

Independent Auditors' Report on the Consolidated Financial Statements

RECONTA ERNST & YOUNG

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AUDITORS' REPORT ON THE REVIEW
OF THE MANAGEMENT REPORT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2001 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 2001, 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.

2. Our review was conducted in accordance with auditing standards governing 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 months period ended 30 June 2001 of certain subsidiary companies, which represents approximately 22% of the consolidated assets and approximately 33% 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 identified in paragraph 1 of this report of IntesaBci S.p.A. as of and for the six months period ended 30 June 2001 as we do in connection with reporting on our full scope audit of the annual consolidated financial statements of IntesaBci S.p.A.

3. As indicated in the section "Consolidation criteria - Pro-forma figures", the Company has restated the financial data of the same period of the prior year as well as that at 31 December, 2000, to take into consideration the changes in the

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consolidation area. The restated financial data has not been audited and therefore we do not express any opinion on such data. Concerning the consolidated comparative data as of and for the year ended 31 December 2000 and for the six months period ending 30 June 2000 presented in the accompanying Management Report as originally stated, reference should be made to our audit and review reports issued on 30 March 2001 and on 28 September 2000 respectively.

4. Based on our review, we did not become aware of any significant modifications that should be made to the statements 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 rèsolution No. 11971 of May 14, 1999 and subsequent modifications.

5. In estimating the previous years tax provision, the Company and some subsidiaries have considered the tax incentives provided by Law N. 461/1998 and Legislative Decree N. 153/1999 with respect to bank restructurings. The European Commission has taken a formal action against Italy to ascertain the existence of State subsides in respect of those tax incentives. Management has indicated in the notes to the consolidated financial statements the amount of the tax benefits resulting from the application of the aforementioned law.

Milan, 28 September 2001

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

Gruppo IntesaBci
Consolidated Financial Statements
as at 30th June 2001

(figures expressed in thousands of euro)

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Consolidated balance sheet

(in thousands of euro)

	Assets	30th June 2001	31st December 2000	30th June 2000
10.	Cash and deposits with central banks and post offices	1,467,360	1,769,542	1,296,379
20.	Treasury bills and similar bills eligible for refinancing with central banks	6,756,315	4,448,363	7,945,802
30.	Due from banks	45,080,341	47,553,714	52,863,530
	a) repayable on demand	*6,471,703*	*4,319,123*	*8,593,273*
	b) other	*38,608,638*	*43,234,591*	*44,270,257*
40.	Loans to customers	188,563,669	187,524,327	174,552,109
	including			
	– with public funds under administration	*46,746*	*54,928*	*55,890*
50.	Bonds and other debt securities	53,235,567	52,050,257	50,703,507
	a) public entities	*28,902,672*	*31,466,570*	*30,184,697*
	b) banks	*11,992,733*	*11,408,772*	*11,662,468*
	including			
	– own bonds	*924,034*	*2,165,500*	*2,508,400*
	c) financial institutions	*6,997,843*	*4,595,838*	*4,756,281*
	d) other issuers	*5,342,319*	*4,579,077*	*4,100,061*
60.	Shares, quotas and other forms of capital	5,466,952	*2,589,938*	*5,236,797*
70.	Equity investments	2,986,352	2,726,614	2,536,840
	a) carried at equity	*595,980*	*454,996*	*490,017*
	b) other	*2,390,372*	*2,271,618*	*2,046,823*
80.	Investments in Group companies	296,516	357,936	501,344
	a) carried at equity	*217,442*	*224,869*	*450,451*
	b) other	*79,074*	*133,067*	*50,893*
90.	Goodwill arising on consolidation	634,410	638,376	426,419
100.	Goodwill arising on application of the equity method	51,106	51,131	264,121
110.	Intangibles	696,468	786,103	738,568
	including			
	– start-up costs	*41,097*	*34,675*	*44,323*
	– goodwill	*17,619*	*35,879*	*41,793*
120.	Fixed assets	4,552,860	4,724,754	4,767,410
140.	Shares or own quotas	–	17,233	–
150.	Other assets	24,813,761	21,883,544	25,844,136
160.	Accrued income and prepaid expenses	5,272,091	5,145,267	4,752,695
	a) accrued income	*4,528,003*	*4,367,758*	*4,308,371*
	b) prepaid expenses	*744,088*	*777,509*	*444,324*
	including			
	– discounts on securities issued	*80,491*	*94,171*	*70,268*
	Total Assets	**339,873,768**	**332,267,099**	**332,429,657**

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Consolidated balance sheet

(in thousands of euro)

	Liabilities and Shareholders' Equity	30th June 2001	31st December 2000	30th June 2000
10.	Due to banks	97,877,418	91,057,939	95,977,391
	a) repayable on demand	*19,337,889*	*15,036,216*	*22,326,795*
	b) time deposits or with notice period	*78,539,529*	*76,021,723*	*73,650,596*
20.	Due to customers	112,227,424	117,242,928	110,670,218
	a) repayable on demand	*75,773,730*	*84,464,988*	*81,723,701*
	b) time deposits or with notice period	*36,453,694*	*32,777,940*	*28,946,517*
30.	Securities issued	63,382,546	63,861,354	62,104,416
	a) bonds	*39,621,714*	*40,458,130*	*40,428,805*
	b) certificates of deposit	*19,356,362*	*19,189,699*	*17,454,550*
	c) other	*4,404,470*	*4,213,525*	*4,221,061*
40.	Public funds under administration	86,068	102,619	112,401
50.	Other liabilities	29,047,448	22,534,035	27,602,966
60.	Accrued expenses and deferred income	5,782,969	5,492,321	5,298,874
	a) accrued expenses	*4,912,987*	*4,455,614*	*4,411,626*
	b) deferred income	*869,982*	*1,036,707*	*887,248*
70.	Allowance for employee termination indemnities	1,416,281	1,549,296	1,531,155
80.	Allowances for risks and charges	3,599,711	5,542,634	5,300,809
	a) pensions and similar commitments	*404,833*	*1,466,220*	*1,422,409*
	b) taxation	*1,722,040*	*2,662,519*	*2,682,099*
	c) risks and charges arising on consolidation	*86,834*	*88,763*	*100,033*
	d) other	*1,386,004*	*1,325,132*	*1,096,268*
90.	Allowances for possible loan losses	148,796	225,334	341,247
100.	Reserve for general banking risks	106,689	110,899	141,153
110.	Subordinated liabilities	10,537,067	9,740,430	9,249,271
120.	Negative goodwill arising on consolidation	31,649	15,703	26,515
130.	Negative goodwill arising on application of the equity method	1,656	3,104	3,254
140.	Minority interests (+/–)	959,565	2,672,919	2,810,309
150.	Share capital	3,488,995	3,014,194	2,951,560
160.	Share premium reserve	4,075,129	6,044,635	5,972,287
170.	Reserves	5,338,810	1,293,247	1,294,329
	a) legal reserve	*772,872*	*772,872*	*772,872*
	b) reserve for own shares	*–*	*17,233*	*–*
	c) statutory reserves	*151,051*	*12,913*	*78,903*
	d) other reserves	*4,414,887*	*490,229*	*442,554*
180.	Revaluation reserves	379,464	302,226	259,672
200.	Net income for the period	1,386,083	1,461,282	781,830
	Total Liabilities and Shareholders' Equity	**339,873,768**	**332,267,099**	**332,429,657**

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Consolidated balance sheet

(in thousands of euro)

	Guarantees and Commitments	30th June 2001	31st December 2000	30th June 2000
10.	Guarantees given	34,992,702	39,753,181	30,871,920
	including			
	– acceptances	*513,807*	*612,906*	*635,718*
	– other guarantees	*34,478,895*	*39,140,275*	*30,236,202*
20.	Commitments	76,273,848	78,300,594	72,174,827
	including			
	– for sales with commitment to repurchase	*31,998*	*37,511*	*28,924*
30.	Credit derivatives	40,904,230	38,774,263	28,123,523
	Total Guarantees and Commitments	**152,170,780**	**156,828,038**	**131,170,270**

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Consolidated statement of income

(in thousands of euro)

		First half 2001	First half 2000	2000
10.	Interest income and similar revenues	9,546,651	7,980,269	17,381,297
	including from			
	– loans to customers	*6,299,343*	*5,225,364*	*11,441,400*
	– debt securities	*1,855,735*	*1,574,745*	*3,347,467*
20.	Interest expense and similar charges	(6,694,746)	(5,241,780)	(11,508,211)
	including on			
	– deposits from customers	*(1,589,898)*	*(1,228,955)*	*(2,822,017)*
	– securities issued	*(1,871,760)*	*(1,697,012)*	*(3,620,437)*
30.	Dividends and other revenues	551,831	937,127	1,164,509
	a) from shares, quotas and other forms of capital	*400,011*	*208,211*	*321,634*
	b) from equity investments	*151,437*	*727,382*	*840,744*
	c) from investments in Group companies	*383*	*1,534*	*2,131*
40.	Commission income	2,249,381	2,464,841	4,956,243
50.	Commission expense	(344,850)	(337,084)	(669,665)
60.	Profits (Losses) on financial transactions	40,726	84,878	148,867
65.	Gross returns on investment of the allowances for pensions and similar commitments	21,501	79,111	102,049
70.	Other operating income	332,241	341,461	774,475
80.	Administrative costs	(3,264,512)	(3,319,912)	(6,907,489)
	a) payroll	*(2,008,429)*	*(2,078,575)*	*(4,227,886)*
	including			
	– wages and salaries	*(1,407,407)*	*(1,440,227)*	*(2,911,007)*
	– social security charges	*(412,421)*	*(422,650)*	*(896,800)*
	– termination indemnities	*(95,453)*	*(103,095)*	*(202,104)*
	– pensions and similar commitments	*(33,645)*	*(45,215)*	*(97,016)*
	b) other	*(1,256,083)*	*(1,241,337)*	*(2,679,603)*
85.	Allocation of net returns on investment of the allowances for pensions and similar commitments	(19,030)	(77,134)	(101,007)
90.	Adjustments to fixed assets and intangibles	(383,457)	(376,527)	(811,873)
100.	Provisions for risks and charges	(167,967)	(159,195)	(332,785)
110.	Other operating expenses	(73,782)	(117,996)	(266,356)
120.	Adjustments to loans and provisions for guarantees and commitments	(992,673)	(735,511)	(1,831,546)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	234,556	208,560	529,527
140.	Provisions for possible loan losses	(22,082)	(37,776)	(53,027)
150.	Adjustments to financial fixed assets	(21,393)	(11,641)	(42,391)
160.	Write-back of financial fixed assets	13,417	4,612	33,485
170.	Income (Loss) from investments carried at equity	57,763	56,621	62,341
180.	**Income from operating activities**	**1,063,575**	**1,742,924**	**2,628,443**
190.	Extraordinary income	1,626,400	397,067	789,058
200.	Extraordinary charges	(857,193)	(388,914)	(633,696)
210.	**Extraordinary income (loss), net**	**769,207**	**8,153**	**155,362**
220.	Use of allowance for risks and charges arising on consolidation	1,929	–	11,269
230.	Change in the reserve for general banking risks	1,641	9,870	40,100
240.	Income taxes	(434,147)	(862,390)	(1,144,569)
250.	Minority interests	(16,122)	(116,727)	(229,323)
260.	**Net income for the period**	**1,386,083**	**781,830**	**1,461,282**

Consolidated Financial Statements as at 30th June 2001 compared to *pro forma* as at 31st December 2000 and as at 30th June 2000

(figures expressed in thousands of euro)

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Consolidated balance sheet

(in thousands of euro)

	Assets	30th June 2001	31st December 2000 pro forma [*]	30th June 2000 pro forma [*]
10.	Cash and deposits with central banks and post offices	1,467,360	1,637,631	1,382,799
20.	Treasury bills and similar bills eligible for refinancing with central banks	6,756,315	4,257,611	7,603,537
30.	Due from banks	45,080,341	47,716,825	53,399,854
	a) repayable on demand	*6,471,703*	*4,472,398*	*8,704,121*
	b) other	*38,608,638*	*43,244,427*	*44,695,733*
40.	Loans to customers	188,563,669	182,991,276	171,718,455
	including			
	– with public funds under administration	*46,746*	*47,930*	*47,659*
50.	Bonds and other debt securities	53,235,567	51,262,540	50,707,228
	a) public entities	*28,902,672*	*31,091,264*	*30,469,468*
	b) banks	*11,992,733*	*11,163,988*	*11,522,192*
	including			
	– own bonds	*924,034*	*1,958,057*	*2,307,414*
	c) financial institutions	*6,997,843*	*4,484,469*	*4,644,610*
	d) other issuers	*5,342,319*	*4,522,819*	*4,070,958*
60.	Shares, quotas and other forms of capital	5,466,952	2,482,487	5,237,009
70.	Equity investments	2,986,352	2,717,663	2,528,340
	a) carried at equity	*595,980*	*453,695*	*488,715*
	b) other	*2,390,372*	*2,263,968*	*2,039,625*
80.	Investments in Group companies	296,516	1,100,416	942,056
	a) carried at equity	*217,442*	*967,600*	*906,255*
	b) other	*79,074*	*132,816*	*35,801*
90.	Goodwill arising on consolidation	634,410	638,376	426,419
100.	Goodwill arising on application of the equity method	51,106	51,131	264,121
110.	Intangibles	696,468	759,125	735,690
	including			
	– start-up costs	*41,097*	*34,675*	*44,323*
	– goodwill	*17,619*	*35,879*	*41,793*
120.	Fixed assets	4,552,860	4,464,249	4,632,018
140.	Shares or own quotas	–	5	–
150.	Other assets	24,813,761	21,243,053	25,305,226
160.	Accrued income and prepaid expenses	5,272,091	5,118,245	4,698,912
	a) accrued income	*4,528,003*	*4,341,914*	*4,260,189*
	b) prepaid expenses	*744,088*	*776,331*	*438,723*
	including			
	– discounts on securities issued	*80,491*	*94,016*	*69,784*
	Total Assets	**339,873,768**	**326,440,633**	**329,581,664**

[*] *Figures restated on a consistent basis, considering changes in the consolidation area.*

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Consolidated balance sheet

(in thousands of euro)

	Liabilities and Shareholders' Equity	30th June 2001	31st December 2000 pro forma (*)	30th June 2000 pro forma (*)
10.	Due to banks	97,877,418	95,872,406	100,501,893
	a) repayable on demand	*19,337,889*	*19,892,864*	*22,600,296*
	b) time deposits or with notice period	*78,539,529*	*75,979,542*	*77,901,597*
20.	Due to customers	112,227,424	111,449,026	107,715,278
	a) repayable on demand	*75,773,730*	*79,137,914*	*77,296,517*
	b) time deposits or with notice period	*36,453,694*	*32,311,112*	*30,418,761*
30.	Securities issued	63,382,546	60,341,969	58,537,751
	a) bonds	*39,621,714*	*38,218,073*	*38,297,833*
	b) certificates of deposit	*19,356,362*	*17,929,514*	*16,030,054*
	c) other	*4,404,470*	*4,194,382*	*4,209,864*
40.	Public funds under administration	86,068	86,555	86,208
50.	Other liabilities	29,047,448	22,006,782	27,337,766
60.	Accrued expenses and deferred income	5,782,969	5,432,445	5,310,903
	a) accrued expenses	*4,912,987*	*4,404,486*	*4,415,460*
	b) deferred income	*869,982*	*1,027,959*	*895,443*
70.	Allowance for employee termination indemnities	1,416,281	1,411,057	1,396,367
80.	Allowances for risks and charges	3,599,711	5,079,306	4,896,323
	a) pensions and similar commitments	*404,833*	*1,105,714*	*1,059,597*
	b) taxation	*1,722,040*	*2,605,613*	*2,646,427*
	c) risks and charges arising on consolidation	*86,834*	*88,763*	*100,033*
	d) other	*1,386,004*	*1,279,216*	*1,090,266*
90.	Allowances for possible loan losses	148,796	225,334	341,247
100.	Reserve for general banking risks	106,689	107,284	137,538
110.	Subordinated liabilities	10,537,067	9,743,116	9,249,271
120.	Negative goodwill arising on consolidation	31,649	15,302	26,515
130.	Negative goodwill arising on application of the equity method	1,656	3,506	3,254
140.	Minority interests	959,565	2,326,008	2,636,002
150.	Share capital	3,488,995	3,014,194	2,951,560
160.	Share premium reserve	4,075,129	6,044,635	5,972,287
170.	Reserves	5,338,810	1,293,247	1,294,329
	a) legal reserve	*772,872*	*772,872*	*772,872*
	b) reserve for own shares	*–*	*5*	*–*
	c) statutory reserves	*151,051*	*12,913*	*78,903*
	d) other reserves	*4,414,887*	*507,457*	*442,554*
180.	Revaluation reserves	379,464	302,226	259,672
200.	Net income for the period	1,386,083	1,686,235	927,500
	Total Liabilities and Shareholders' Equity	**339,873,768**	**326,440,633**	**329,581,664**

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

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Consolidated balance sheet

(in thousands of euro)

	Guarantees and Commitments	30th June 2001	31st December 2000 pro forma (*)	30th June 2000 pro forma (*)
10.	Guarantees given	34,992,702	39,604,709	31,084,565
	including			
	– acceptances	*513,807*	*611,240*	*633,887*
	– other guarantees	*34,478,895*	*38,993,469*	*30,450,678*
20.	Commitments	76,273,848	78,063,346	72,079,374
	including			
	– for sales with commitment to repurchase	*31,998*	*37,511*	*28,924*
30.	Credit derivatives	40,904,230	38,774,263	28,102,594
	Total Guarantees and Commitments	**152,170,780**	**156,442,318**	**131,266,533**

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

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Consolidated statement of income

(in thousands of euro)

		First half 2001	First half 2000 pro forma (*)	2000 pro forma (*)
10.	Interest income and similar revenues	9,546,651	7,985,651	16,979,832
	including from			
	– loans to customers	*6,299,343*	*5,211,471*	*11,112,693*
	– debt securities	*1,855,735*	*1,565,340*	*3,277,508*
20.	Interest expense and similar charges	(6,694,746)	(5,324,022)	(11,480,357)
	including on			
	– deposits from customers	*(1,589,898)*	*(1,260,362)*	*(2,751,162)*
	– securities issued	*(1,871,760)*	*(1,656,572)*	*(3,483,994)*
30.	Dividends and other revenues	551,831	936,148	1,162,745
	a) from shares, quotas and other forms of capital	*400,011*	*206,663*	*320,078*
	b) from equity investments	*151,437*	*728,026*	*840,610*
	c) from investments in Group companies	*383*	*1,459*	*2,057*
40.	Commission income	2,249,381	2,459,085	4,829,588
50.	Commission expense	(344,850)	(358,045)	(695,058)
60.	Profits (Losses) on financial transactions	40,726	105,621	147,391
65.	Gross returns on investments of the allowances for pensions and similar commitments	21,501	79,111	99,022
70.	Other operating income	332,241	332,681	770,251
80.	Administrative costs	(3,264,512)	(3,213,986)	(6,522,301)
	a) payroll	*(2,008,429)*	*(1,981,385)*	*(3,937,931)*
	including			
	– wages and salaries	*(1,407,407)*	*(1,365,019)*	*(2,714,413)*
	– social security charges	*(412,421)*	*(403,916)*	*(845,982)*
	– termination indemnities	*(95,453)*	*(96,301)*	*(185,690)*
	– pensions and similar commitments	*(33,645)*	*(36,818)*	*(79,596)*
	b) other	*(1,256,083)*	*(1,232,601)*	*(2,584,370)*
85.	Allocation of net returns on investment of the allowances for pensions and similar commitments	(19,030)	(77,135)	(98,380)
90.	Adjustments to fixed assets and intangibles	(383,457)	(374,094)	(780,336)
100.	Provisions for risks and charges	(167,967)	(157,984)	(326,445)
110.	Other operating expenses	(73,782)	(121,064)	(265,288)
120.	Adjustments to loans and provisions for guarantees and commitments	(992,673)	(790,056)	(1,798,324)
130.	Write-back of adjustment to loans and provisions for guarantees and commitments	234,556	230,241	507,934
140.	Provisions for possible loan losses	(22,082)	(37,776)	(53,027)
150.	Adjustments to financial fixed assets	(21,393)	(11,569)	(41,583)
160.	Write-back of financial fixed assets	13,417	4,835	33,484
170.	Income (Loss) from investments carried at equity	57,763	36,585	76,163
180.	**Income from operating activities**	**1,063,575**	**1,704,227**	**2,545,311**
190.	Extraordinary income	1,626,400	427,794	798,934
200.	Extraordinary charges	(857,193)	(400,074)	(617,439)
210.	**Extraordinary income (loss), net**	**769,207**	**27,720**	**181,495**
220.	Use of allowance for risks and charges arising on consolidation	1,929	–	11,269
230.	Change in the reserve for general banking risks	1,641	9,870	40,100
240.	Income taxes	(434,147)	(837,460)	(1,105,846)
250.	Minority interests	(16,122)	23,143	13,906
260.	**Net income for the period**	**1,386,083**	**927.500**	**1,686,235**

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

Notes to the Consolidated Financial Statements

Information on specific issues

Incentives provided for by Law 461/98

As already described in detail in the Notes contained in past annual and interim reports, the concentration process which led to the formation of Gruppo IntesaBci in its current structure led to considerable income tax benefits introduced by Legislative Decree 153/99, which applied Law 461/98 (so-called Ciampi Law).

These regulations were, among other things, expressly aimed at creating favourable conditions for banks which decided to integrate various pre-existing entities (via mergers, contributions and spin-offs) or realise opportune organisational or structural co-ordination following the acquisition of controlling interests. Incentives consisted essentially in the possibility to tax with a 12.50% substitution rate, over a five-year period, the portion of income allocated to a special reserve, up to a maximum of 1.2% of the overall aggregate of debts and credits recorded in the last financial statements of the banks taking part in the operation, excluding those referred to the largest bank. The consequent tax benefit could have been either used entirely by the parent bank or proportionally shared among the various entities taking part in the integration. In the case of Gruppo IntesaBci, such benefits reached as at 31st December 2000 a total of approximately 250 million euro on a consolidated basis, with the consequent allocation to a special reserve exceeding 1 billion euro.

Provisions contained in the so-called Ciampi Law were suddenly declared suspended with a joint communication issued on 3rd April 2000, by the Ministry of the Treasury and the Ministry of Finance, following the receipt of a similar request made by the European Commission which – as published in the Official Gazette of the European Union on 10th February 2001 – subsequently provided for the opening of a procedure against the Italian Government for breach of community regulations regarding State subsidies. At the reference date of this Half-Year Report there have been no more official communications on this subject, nor have there been any other regulatory provisions altering the contents of the aforementioned Legislative Decree.

As the pronouncement of the European Commission – expected for the autumn – is imminent the press has reported news of the rigorous orientation which the Commission apparently intends to have with regard to State subsidies. As concerns this subject – IntesaBci repeats that it is convinced that the Italian regulators acted at the time in full compliance with community regulations and that, should it be necessary, this position will be adequately defended – as allowed – also through direct actions by the Italian banks which benefited from the incentives at the Union’s Courts of Justice, for the purpose of defending their legitimate interest and their evident *bona fide*.

In consideration of the greater uncertainty which now exists around this subject, also due to the greater time which it is taking the Commission to express its opinion, it was deemed fit for merely prudential purposes not to consider in the calculation of income taxes for the period the benefits provided for by this law.
As regards the past – in which, as systematically described in the annual or interim reports, benefits have been regularly registered – it is deemed that there are no reasons to change past decisions, considering that – save for new evidence which will be attentively analysed – the request of the European authority may not, in itself, modify neither the juridical position of the Bank as a *bona fide* tax payer nor its right to draw lawful advantages from a correct and *bona fide* application of regulations in force. In no occasion therefore any provisions for this reason have been made to the “Allowances for risks and charges”.

IntesaBci Warrants

The Intesa-BCI merger generated indirect effects in the situation of the 330,170,484 *Warrants Put Intesa Comit,* allocated to the holders of BCI shares which were in excess of the maximum quantity of shares tendered (70%) in the Tender Offer made in 1999. Due to the increase in capital to service the merger, and the exchange ratio fixed for this purpose, the unit consideration for the holders of the *Warrants Put* – which is unchanged at 7.8 euro – now derives from the combination of 5.38 euro for 1.45 IntesaBci ordinary shares, instead of the exchange ratio of 7.8 euro for each BCI share as provided for at the time of the Tender Offer.

The closing of this operation therefore determined a change in the underlying asset of the warrants with the consequent variation in their intrinsic nature and thus in their accounting treatment.
Before, since they were destined to possibly lead to the purchase by Banca Intesa of Banca Commerciale Italiana shares, the warrants were considered investment securities. Instead now, since their exercise by holders would lead IntesaBci to purchase own shares, the warrants may no longer be accounted for in the investment portfolio. Therefore, starting from this first closing of the accounts subsequent to the completion of the merger, the warrants are subject to valuation. The result, which as at 30th June 2001 was negative for 540 million euro, was expensed in the statement of income as Extraordinary charges. Future valuation effects, including value recoveries, will have a similar classification.
The accounting among Extraordinary charges derives from the nature of these securities, which is related to the acquisition of Banca Commerciale Italiana and not to ordinary operations.

In the period between the close of the semester and 7th September 2001 the rise in the price of the warrants put (to 2.61 euro) has determined a further higher charge of 321.2 million euro.

Subsidised mortgages as per Law 133/1999

As regards the provisions set forth by Law 133/99 in order to cover the estimated charges related to the re-negotiation of the interest rate on subsidised mortgages granted to the construction industry a total of approximately 17 million euro has been provisioned to the “Allowances for risks and charges” for 2000. The charge estimated for the whole of 2001 amounts to approximately 20 million euro.

Unsubsidised fixed-rate mortgages

In relation to provisions set forth by Law Decree 394 of 29th December 2000, giving the authentic interpretation of Law 108/96, converted in Law 24 of 28th February 2001 with regard to the determination of interest rates considered to be usury for the instalments relative to fixed-rate mortgages, it must be pointed out that for Group banks no charges arose in 2000, while charges for the whole of 2001 – as a consequence of the adjustment of interest rates to the levels indicated by the aforementioned Law – have been estimated in approximately 13 million euro.

It must be noted that the problems relative to interest on mortgages almost exclusively refer to the Parent Company, with absolutely negligible effects on other Group banks.

Anatocism

The Group’s Italian banks, like the entire banking system, have received requests for the re-calculation of interest applied on current accounts and for the return of sums, which in the opinion of the client have been unduly collected, as a result of anatocism.

These requests involve small amounts which are immaterial considering the size of shareholders' equity. The Constitutional Court with Sentence 425 of 17th October 2000 declared unconstitutional, for excess delegation of powers, Legislative Decree 342 of 4th August 1999 (Art. 25, par. 3), in the part where it "condones" for the past the banking practice of anatocism. In line with the general orientation of the Italian banking system, IntesaBci is convinced that the conduct it adopted is legally correct, therefore it did not make any provisions for future charges related to anatocism.

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.

Consolidation criteria

The policies adopted for the preparation of the consolidated financial statements comply with 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 2000.

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.

Consolidation methods
Full consolidation

This method involves the total 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 "Allowance 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. 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 "Consolidation differences" and "Other reserves". The captions used are determined, respectively, with reference to the situation at the time the investment 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.

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 Bank 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).

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 and to companies not controlled by the Group, but over which the Group exercises significant influence (so-called associated companies according to Art. 36 of Legislative Decree 87/92).

This method values investments with reference to the Group's interest in their shareholders' equity, including reserves for possible loan losses, revaluation reserves and results 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", on the basis described in relation to full consolidation.

Other consolidation techniques

– Goodwill/Negative goodwill arising on consolidation and on application of the equity method are 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 resulted negative, the complete write-off of the equity investment has been carried out and any residual negative amount remaining has been covered using the "Allowances for risks and charges".

– The equity of foreign subsidiaries is translated into euro using the official period-end 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".

– The financial statements of consolidated companies prepared using policies which differ to 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.

– Following matching balances, 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; subsequently, each instalment payment is treated as a loan repayment comprising both principal and interest, determined using the internal rate of return of each contract. Leasing transactions between subsidiary companies are reversed by re-determining 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.

Means of consolidation

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

Exceptions refer to: a) the subsidiaries of *Privredna Banka Zagreb* which, due to organisational reasons, have not yet been included line by line in its consolidated financial statements and have been valued using the equity method; b) IntesaBci Mediocredito which has not yet started operations and has therefore been valued at cost.

Companies which are subject to joint control have been 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 have been valued at purchase cost.

For the purpose of consolidation, or of valuation according to the equity method, the financial statements as at 30th June 2001 of subsidiary companies have been used. For certain companies which are not part of the Group, financial statements as at 30th June 2001 were not available and therefore such companies have been valued according to the equity method using the financial statements as at 31st December 2000.

The consolidated financial statements as at 30th June 2001 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 Investimento Imobiliario group.
The half-year reports as at 30th June 2001 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.

Pro forma figures

Figures in the Consolidated Half-Year Report as at 30th June 2001 are compared with those for the first half of 2000 and the Consolidated Annual Report 2000, both of which have been restated to consider the variations which occurred in the consolidation area.

In compliance with the principle of continuity in the shareholders' equity pertaining to the Group, figures for the periods used for comparison have been restated using a methodology which does not alter consolidated shareholders' equity and income recorded at the reference dates.

In particular:
– for companies which were fully consolidated for the first time in the semester, in addition to aggregating the balance sheet figures of the previous periods 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 the relevant balance sheet aggregates have been eliminated and the equity investment has been carried at equity.

As regards consolidated income recorded by BCI in the first half of 2000, it has been entirely attributed to the Group since the merger came into effects from 1st January 2001 and the Parent Company's Half-Year Report as at 30th June 2001 registered the entire income generated by the merged company.

The comparison between figures as at 30th June 2001 and those as at 30th June and as at 31st December 2000 not restated is included as one of the attachments.

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).

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 difficulties in servicing external debt faced by the Countries concerned.

The original value of amounts due from banks is written back in subsequent years, 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 loan contract types;
- 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.

Other loans are written down using lump-sum adjustments to reflect intrinsic risks, applying a percentage that takes into account the problems faced by certain borrower categories, or by certain sectors according to past experience.

The aforementioned valuation criteria are also applied to credit derivatives recorded in the banking book, for which any losses in value led to provisions to the allowances for risks and charges.

The original value of amounts due from customers is written back in subsequent years, 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.
The credit risks associated with guarantees and commitments are covered by “Allowances for risks and charges - other allowances”; the allowance has been calculated using the criteria applied to loans to customers described above.
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.

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”. Book value of zero-coupon securities includes accrued interest.

2.1 Investment portfolio

Securities classified as financial fixed assets are recorded and valued at purchase cost or, if transferred from the trading portfolio, at their book value at the time of transfer.

Investment securities are only 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 years, to the extent that the reasons for any write-downs cease to apply.

Issue discounts in relation to these securities are registered among interest income on an accruals basis, as an increase in their book value. 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.

2.2 Trading portfolio

Securities in the trading portfolio have been accounted for according to the continuous average cost method, which has substituted the LIFO method. The change has produced negligible economic effects. As regards valuation, the same criteria used in the past have been applied, and are described below.
Issue discounts are recognised on an accruals basis among interest income as an increase in book value of related securities.

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. The solvency of the issuer and the resident Country difficulty in servicing debt is also considered;
– for quotas of undertakings in collective investments in tradable securities, at period-end market value.

Value of written down unlisted securities is written up in subsequent years, 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.

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 forward price contained in the contract.

Off-balance sheet transactions which refer to derivative contracts on securities, on interest rates, or on stock indices 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.

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 substitution 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. Differentials on single-flow derivatives are registered at the time of settlement.

Results of off-balance sheet transactions are accounted for in the balance sheet without offsetting assets and liabilities.

Dealing on the market in certain types of derivatives has been attributed to specific companies or business units. These 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, internal deals are accounted for as follows:
– those held by specialised companies or business units are valued at market prices similarly to other dealing contracts held by such companies and units;
– those held by companies/units which do not operate directly on the market are recorded at book value, consistently with the assets and liabilities hedged. Differentials or margins accrued in the period 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 years, to the extent that the reasons for any write-downs cease to apply.

Dividends and related tax credits are recorded in the year 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 with the sole exception of equity investments.

Off-balance sheet transactions in foreign currencies including derivative contracts 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 on the relative contracts;
- for transactions related to specific assets or liabilities, 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 have been translated into euro by applying the respective conversion exchange rates, with the exception of equity investments for which the spot exchange rate at the date of purchase has been used as specifically provided for in Art. 21 of Legislative Decree 213/98.
Differentials between the spot and forward rates of hedge transactions are recognised in the statement of income on an accruals 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 year in which they enter service;
- assets entering service during the year are depreciated at half the standard rate since it is assumed that, on average, their use began half way through the year.

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

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

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 and merger deficits which emerge on integration of companies. These are amortised at constant rates over a ten-year period. 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;
- 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 of 27th January 1992, 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.

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

7. Other policies

7.1 Accruals and deferrals

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 in the securities portfolio or issued by Group companies.

7.2 Deposits and public funds under administration

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

7.3 Securities issued

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.

Issue discounts are reported as a prepaid expense. Issue premiums are recorded as a deferred income item.

7.4 Allowance for employee termination indemnities

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

7.5 Allowances for risks and charges

This caption comprises:
- Allowance for pensions and similar commitments
  It has been constituted as a consequence of specific contracts and is deemed to adequately guarantee the payment of pensions for which the Group is liable.
- 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.

Asset captions related to prepaid taxes are accounted for in the balance sheet when a reasonable certainty of their recovery exists, based on the company's continuing capacity to generate taxable income. In the case of fiscal losses which may be deducted from income generated in subsequent tax periods, the relative potential fiscal benefit is accounted for in the balance sheet, provided that there is the reasonable certainty that taxable income in each period eligible for deduction will be sufficient to cover the aforementioned loss and conditional upon the fact that the loss depends on clearly identified circumstances which are unlikely to recur.

Liabilities related to deferred taxes have been fully accounted for, with the sole exception of those related to 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.

Assets and liabilities related to prepaid or deferred taxes 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 likely 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.

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 as at 30th June 2001

1. Breakdown of loans by borrower's economic sector

Loans to customers (caption 40 - Assets)	(in thousands of euro)
a) Governments	3,050,472
b) Other public agencies	4,098,376
c) Non-financial companies	111,910,851
d) Financial institutions	26,642,394
e) Family-run businesses	7,640,733
f) Other	35,220,843
Total	**188,563,669**

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

	(in thousands of euro)
a) Other services	17,525,709
b) Wholesale and retail trade, recovery and repairs	15,357,544
c) Construction and public works	9,591,959
d) Textiles, leather and footwear, clothing	4,471,907
e) Food products, beverages and tobacco-based products	4,173,450
f) Other sectors	42,603,378
Total	**93,723,947**

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

	(in thousands of euro)
a) Governments	90,514
b) Other public agencies	36,359
c) Banks	4,166,850
d) Non-financial companies	25,651,944
e) Financial institutions	3,306,086
f) Family-run businesses	844,467
g) Other	896,482
Total	**34,992,702**

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

(protection sales)	(in thousands of euro)
a) Governments	331,524
b) Other public agencies	–
c) Banks	725,791
d) Non-financial companies	5,945,449
e) Financial institutions	992,663
f) Family-run businesses	–
g) Other	–
Total	**7,995,427**

4. Large credit risks

(in thousands of euro)

a) Amount	12,019,960
b) Number	3
including	
on-balance sheet exposures	8,533,465
off-balance sheet exposures	3,486,495
available margins on credit lines	–

5. Assets and liabilities: breakdown by maturity

(in thousands of euro)

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	328,391	167,125	3,323,474	603,442	431,466	1,542,390	245,077	114,950	6,756,315
1.2 due from banks	7,646,664	24,601,479	8,806,477	361,787	1,835,073	124,334	273,622	1,430,905	45,080,341
1.3 loans to customers	42,051,737	39,187,062	20,901,473	13,680,271	30,638,223	8,571,507	24,129,281	9,404,115	188,563,669
1.4 bonds and other debt securities	880,560	7,783,790	15,331,264	10,966,731	7,967,675	5,497,824	4,671,579	136,144	53,235,567
1.5 off-balance sheet transactions	169,831,903	425,688,114	298,690,890	158,694,056	14,377,197	86,634,294	3,837,320	3,840,770	1,161,594,544
Total	**220,739,255**	**497,427,570**	**347,053,578**	**184,306,287**	**55,249,634**	**102,370,349**	**33,156,879**	**14,926,884**	**1,455,230,436**
2. LIABILITIES									
2.1 due to banks	20,722,636	55,599,163	18,353,115	1,550,347	609,860	622,303	419,400	594	97,877,418
2.2 due to customers	78,319,555	27,604,540	2,585,756	602,419	498,576	29,365	431,718	2,155,495	112,227,424
2.3 securities issued									
– bonds	656,448	893,540	4,176,678	11,253,068	12,880,697	3,271,168	6,490,115		39,621,714
– certificates of deposit	278,285	10,661,242	6,169,142	1,038,727	917,884	35,826	255,132	124	19,356,362
– other securities	1,580,958	2,707,773	115,739						4,404,470
2.4 subordinated liabilities			694,486	380,657	1,197,218	3,180,847	5,083,859		10,537,067
2.5 off-balance sheet transactions	183,053,189	404,600,043	300,590,007	166,966,168	11,829,900	85,165,907	3,396,196	3,781,239	1,159,382,649
Total	**284,611,071**	**502,066,301**	**332,684,923**	**181,791,386**	**27,934,135**	**92,305,416**	**16,076,420**	**5,937,452**	**1,443,407,104**

6. Assets and liabilities: breakdown by Country

(in thousands of euro)

Captions/Countries	Italy	Other EU Countries	Other Countries	Total
1. Assets				
1.1 due from banks	14,860,726	21,443,138	8,776,477	45,080,341
1.2 loans to customers	142,995,077	18,312,195	27,256,397	188,563,669
1.3 securities	37,039,385	10,413,621	18,005,828	65,458,834
Total	**194,895,188**	**50,168,954**	**54,038,702**	**299,102,844**
2. Liabilities				
2.1 due to banks	19,974,257	39,646,249	38,256,912	97,877,418
2.2 due to customers	81,451,006	9,543,132	21,233,286	112,227,424
2.3 securities issued	41,434,848	10,361,329	11,586,369	63,382,546
2.4 other	7,448,166	1,355,666	1,819,303	10,623,135
Total	**150,308,277**	**60,906,376**	**72,895,870**	**284,110,523**
3. Guarantees, commitments and credit derivatives	**65,489,500**	**21,881,513**	**64,799,767**	**152,170,780**

7. Assets and liabilities denominated in foreign currencies

(in thousands of euro)

7.1 **Assets**	
a) due from banks	17,601,031
b) loans to customers	38,714,597
c) securities	20,055,988
d) equity investments	377,329
e) other	547,404
Total	**77,296,349**
7.2 **Liabilities**	
a) due to banks	45,093,102
b) due to customers	24,005,451
c) securities issued	16,588,786
d) other	2,177,373
Total	**87,864,712**

8. Due from banks

8.1 Breakdown of on-balance sheet loans

(in thousands of euro)

Categories	Gross exposure	Total adjustments	Net exposure
A. Non-performing loans	678,801	89,811	588,990
A1. doubtful loans	*34,756*	*32,072*	*2,684*
A2. substandard loans	–	–	–
A3. loans under restructuring	–	–	–
A4. restructured loans	–	–	–
A5. loans subject to Country risk	*644,045*	*57,739*	*586,306*
B. Performing loans	44,491,387	36	44,491,351
Total	**45,170,188**	**89,847**	**45,080,341**

8.2 Changes in non-performing loans

(in thousands of euro)

		Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk
A.	**Initial gross exposure**	28,187	4,708	–	–	544,266
A1.	*including overdue interest*	*707*	*228*	–	–	–
B.	**Increases**	7,197	–	–	–	107,160
B1.	*inflows from performing loans*	*1,973*	–	–	–	*5,080*
B2.	*overdue interest*	*101*	–	–	–	–
B3.	*transfers from other non-performing loan categories*	*4,708*	–	–	–	–
B4.	*other increases*	*415*	–	–	–	*102,080*
C.	**Decreases**	(628)	(4,708)	–	–	(7,381)
C1.	*outflows to performing loans*	–	–	–	–	*(27)*
C2.	*write-offs*	*(605)*	–	–	–	–
C3.	*repayments*	*(23)*	–	–	–	*(3,828)*
C4.	*credit disposals*	–	–	–	–	–
C5.	*transfers to other non-performing loan categories*	–	*(4,708)*	–	–	–
C6.	*other decreases*	–	–	–	–	*(3,526)*
D.	**Final gross exposure**	34,756	–	–	–	644,045
D1.	*including overdue interest*	*713*	–	–	–	–

8.3 Changes in total adjustments

(in thousands of euro)

		Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk	Performing loans
A.	**Initial total adjustments**	25,460	4,484	–	–	58,531	111
A1.	*including overdue interest*	*707*	–	–	–	–	–
B.	**Increases**	7,292	–	–	–	4,273	44
B1.	*adjustments*	*2,183*	–	–	–	*2,941*	*35*
B1.1	*including overdue interest*	*96*	–	–	–	–	–
B2.	*uses of allowances for possible loan losses*	–	–	–	–	–	–
B3.	*transfers from other non-performing loan categories*	*4,590*	–	–	–	–	–
B4.	*other increases*	*519*	–	–	–	*1,332*	*9*
C.	**Decreases**	(680)	(4,484)	–	–	(5,065)	(119)
C1.	*write-back of adjustments*	–	–	–	–	*(47)*	*(12)*
C1.1	*including overdue interest*	–	–	–	–	–	–
C2.	*write-backs on repayments*	–	–	–	–	*(477)*	–
C2.1	*including overdue interest*	–	–	–	–	–	–
C3.	*write-offs*	*(605)*	–	–	–	–	–
C4.	*transfers to other non-performing loan categories*	–	*(4,484)*	–	–	–	*(106)*
C5.	*other decreases*	*(75)*	–	–	–	*(4,541)*	*(1)*
D.	**Final total adjustments**	32,072	–	–	–	57,739	36
D1.	*including overdue interest*	*713*	–	–	–	–	–

9. Loans to customers

9.1 Breakdown of on-balance sheet loans

(in thousands of euro)

Categories		Gross exposure	Total adjustments	Net exposure
A.	**Non-performing loans**	18,544,546	7,974,781	10,569,765
A1.	*doubtful loans*	*12,768,804*	*7,217,396*	*5,551,408*
A2.	*substandard loans*	*3,199,176*	*508,694*	*2,690,482*
A3.	*loans under restructuring*	*34,510*	*12,331*	*22,179*
A4.	*restructured loans*	*503,963*	*105,790*	*398,173*
A5.	*loans subject to Country risk*	*2,038,093*	*130,570*	*1,907,523*
B.	**Performing loans**	179,063,722	1,069,818	*177,993,904*
Total		**197,608,268**	**9,044,599**	**188,563,669**

9.2 Changes in non-performing loans

(in thousands of euro)

		Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk
A.	**Initial gross exposure** [(1)]	13,487,030	3,292,613	58,338	583,914	1,780,176
A1.	*including overdue interest*	*3,246,738*	*98,911*	*–*	*11,670*	*–*
B.	**Increases**	1,383,917	1,074,309	10,938	74,893	278,002
B1.	*inflows from performing loans*	*575,657*	*843,546*	*6,992*	*11,125*	*10,955*
B2.	*overdue interest*	*221,947*	*18,306*	*–*	*1,180*	*–*
B3.	*transfers from other non-performing loan categories*	*262,552*	*71,618*	*153*	*16,223*	*–*
B4.	*other increases*	*323,761*	*140,839*	*3,793*	*46,365*	*267,047*
C.	**Decreases**	(2,102,143)	(1,167,746)	(34,766)	(154,844)	(20,085)
C1.	*outflows to performing loans*	*(71,037)*	*(449,520)*	*(882)*	*(4,734)*	*(1,100)*
C2.	*write-offs*	*(882,710)*	*(23,136)*	*(9,549)*	*(15,381)*	*–*
C3.	*repayments*	*(499,132)*	*(294,841)*	*(4,463)*	*(84,415)*	*(18,617)*
C4.	*credit disposals*	*(518,606)*	*–*	*–*	*–*	*–*
C5.	*transfers to other non-performing loan categories*	*(51,451)*	*(236,229)*	*(19,875)*	*(42,991)*	*–*
C6.	*other decreases*	*(79,207)*	*(164,020)*	*3*	*(7,323)*	*(368)*
D.	**Final gross exposure**	**12,768,804**	**3,199,176**	**34,510**	**503,963**	**2,038,093**
D1.	*including overdue interest*	*3,107,810*	*107,083*	*–*	*10,044*	*–*

[(1)] *Figures restated on a consistent basis.*
Credit disposals refers to the securitisation made by IntesaBci through the special purpose vehicle Intesa Sec. Npl. Further information is contained in the attachments.

9.3 Changes in total adjustments

(in thousands of euro)

		Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk	Performing loans
A.	**Initial total adjustments**	7,035,515	491,604	23,893	125,773	125,869	998,628
A1.	*including overdue interest*	*2,894,413*	*78,455*	*–*	*9,396*	*–*	*7,137*
B.	**Increases**	1,296,486	145,268	2,764	21,523	13,275	173,053
B1.	*adjustments*	*779,443*	*80,392*	*552*	*17,233*	*11,679*	*139,471*
B1.1	*including overdue interest*	*91,558*	*10,306*	*–*	*214*	*–*	*–*
B2.	*uses of allowances for possible loan losses*	*89,453*	*5,607*	*–*	*–*	*–*	*–*
B3.	*transfers from other non-performing loan categories*	*156,586*	*52,747*	*–*	*1,099*	*–*	*11,157*
B4.	*other increases*	*271,004*	*6,522*	*2,212*	*3,191*	*1,596*	*22,425*
C.	**Decreases**	(1,114,605)	(128,178)	(14,326)	(41,506)	(8,574)	(101,863)
C1.	*write-back of adjustments*	*(19,934)*	*(13,719)*	*–*	*(2,541)*	*(5,257)*	*(4,197)*
C1.1	*including overdue interest*	*(583)*	*(253)*	*–*	*–*	*–*	*(1)*
C2.	*write-backs on repayments*	*(157,353)*	*(12,546)*	*(366)*	*(4,172)*	*(677)*	*(5,264)*
C2.1	*including overdue interest*	*(19,145)*	*(1,288)*	*–*	*–*	*–*	*–*
C3.	*write-offs*	*(866,329)*	*(23,083)*	*(9,549)*	*(15,381)*	*–*	*(3,151)*
C4.	*transfers to other non-performing loan categories*	*(36,971)*	*(73,411)*	*(4,411)*	*(19,405)*	*–*	*(87,391)*
C5.	*other decreases*	*(34,018)*	*(5,419)*	*–*	*(7)*	*(2,640)*	*(1,860)*
D.	**Final total adjustments**	7,217,396	508,694	12,331	105,790	130,570	1,069,818
D1.	*including overdue interest*	*2,862,362*	*93,715*	*–*	*7,023*	*–*	*7,233*

10. Secured loans to customers

(in thousands of euro)

a) Loans secured by mortgages	**45,602,983**
b) Loans secured by pledge on	
1. cash deposits	*1,939,098*
2. securities	*3,758,198*
3. other valuables	*1,224,060*
	6,921,356
c) Loans secured by guarantees from	
1. Governments	*1,023,590*
2. other public agencies	*425,478*
3. banks	*4,131,335*
4. other operators	*32,571,284*
	38,151,687
Total	**90,676,026**

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

(in thousands of euro)

Due from central banks	2,193,123

12. Breakdown of securities

(in thousands of euro)

a) Investment portfolio	12,382,669
b) Trading portfolio	53,076,165
Total	**65,458,834**

Criteria followed by IntesaBci Spa for registration in the investment portfolio

Securities in the investment portfolio must be considered stable investments starting from their purchase, must have a residual life no lower than twelve months and yields which must ensure an adequate net return for a number of years. Preference is given to high rated issuers. It is possible to use such securities for repurchase agreements or for temporary refinancing. Securities whose terms and conditions may prevent their use in trading with customers or for bank operations may be included in the investment portfolio provided that they meet return requirements.

In exceptional circumstances – therefore excluding those related to ordinary financial market fluctuations – the Executive Committee is delegated to approve the advanced sale of investment securities or their transfer to the trading portfolio, with the obligation to inform the Board of Directors and the Board of Statutory Auditors.

13. Guarantees and Commitments

13.1 Guarantees (caption 10 - Guarantees and Commitments)

(in thousands of euro)

a) commercial guarantees	24,412,178
b) financial guarantees	10,524,578
c) assets given as guarantee	55,946
Total	**34,992,702**

13.2 Commitments (caption 20 - Guarantees and Commitments)

(in thousands of euro)

a) commitments to lend funds, of certain use	11,283,126
b) commitments to lend funds, of uncertain use	64,990,722
Total	**76,273,848**

13.3 Credit derivatives (caption 30 - Guarantees and Commitments)

(in thousands of euro)

a) protection sales in the “banking book”:	7,995,427
– with exchange of underlying asset	*6,171,175*
– without exchange of underlying asset	*1,824,252*
b) protection sales in the “trading book”:	32,908,803
– with exchange of underlying asset	*13,022,435*
– without exchange of underlying asset	*19,886,368*
Total	**40,904,230**

14. Undrawn credit lines

(in thousands of euro)

a)	Central banks	798,051
b)	Other banks	1,729,242
Total		**2,527,293**

15. Forward transactions

(in thousands of euro)

Type of transactions		Hedging	Trading	Other
1.	**Purchase/sale of**	17,345,353	109,846,051	–
1.1	securities	–	9,764,345	–
	– purchases	–	*4,569,755*	–
	– sales	–	*5,194,590*	–
1.2	currency	17,345,353	100,081,706	–
	– currency against currency	*10,711,812*	*17,836,827*	–
	– purchases against euro	*4,802,819*	*43,079,002*	–
	– sales against euro	*1,830,722*	*39,165,877*	–
2.	**Deposits and loans**	–	–	17,998,332
	– outflows	–	–	*3,499,018*
	– inflows	–	–	*14,499,314*
3.	**Derivative contracts**	79,363,422	1,289,352,880	5,379,016
3.1	with exchange of underlying asset	7,838,227	38,252,799	2,879,084
	a) securities	1,235,461	32,571,410	2,879,084
	– purchases	*53,634*	*14,846,991*	*2,728,457*
	– sales	*1,181,827*	*17,724,419*	*150,627*
	b) currency	6,602,766	5,681,389	–
	– currency against currency	*886,206*	*700,028*	–
	– purchases against euro	*4,035,379*	*2,654,505*	–
	– sales against euro	*1,681,181*	*2,326,856*	–
	c) other instruments	–	–	–
	– purchases	–	–	–
	– sales	–	–	–
3.2	without exchange of underlying asset	71,525,195	1,251,100,081	2,499,932
	a) currency	143,448	3,297,764	–
	– currency against currency	–	*952*	–
	– purchases against euro	*58,516*	*1,704,393*	–
	– sales against euro	*84,932*	*1,592,419*	–
	b) other instruments	71,381,747	1,247,802,317	2,499,932
	– purchases	*28,497,761*	*544,379,683*	–
	– sales	*42,883,986*	*703,422,634*	*2,499,932*
Total		**96,708,775**	**1,399,198,931**	**23,377,348**

So-called basis swaps, that is derivatives that entail the exchange of flows indexed to different parameters, are included in caption 3.2b) for approximately 50,460 million euro both in the purchases and sales items.
Caption 3.1a) – purchases includes the notional value of the Warrants Put IntesaBci, for 2,575 million euro in the "Other" column.

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

(in thousands of euro)

	Interest rate	Foreign exchange	Equity	Other	Total
Notional amount	995,197,922	131,859,581	12,150,611	19,777,818	1,158,985,932
Market value					
Trading contracts					
a) positive market value	4,949,019	2,007,013	563,850		7,519,882
b) negative market value	(5,374,190)	(1,832,797)	(569,991)		(7,776,978)
Non-trading contracts					
a) positive market value	604,525	700,679	32,928		1,338,132
b) negative market value	(543,762)	(453,916)	(1,771)		(999,449)
Positive market value	5,553,544	2,707,692	596,778		8,858,014
Negative market value	(5,917,952)	(2,286,713)	(571,762)		(8,776,427)

Breakdown of forward transactions by instrument type and market risk

(in thousands of euro)

	Interest rate	Foreign exchange	Equity	Other	Total
Over the counter trading contracts (OTC)					
Forwards	9,336,219	100,081,706	709,705	–	110,127,630
Swaps	798,014,321	2,933,697	1,776,273	1,856	802,726,147
Options bought	60,334,558	2,247,205	5,242,835	–	67,824,598
Options sold	64,783,599	2,505,404	3,355,570	50,000	70,694,573
Trading contracts listed on regulated markets					
Futures bought	32,385,879	629,486	55,090	–	33,070,455
Futures sold	41,735,289	662,365	784,868	–	43,182,522
Options bought	8,009,955	997	15,506,412	–	23,517,364
Options sold	3,365,068	–	194,443,860	–	197,808,928
Total trading contracts	1,017,964,888	109,060,860	221,874,613	51,856	1,348,952,217
Total non-trading contracts	71,844,557	24,091,566	4,202,335	20,802,018	120,940,476
Total	1,089,809,445	133,152,426	226,076,948	20,853,874	1,469,892,693

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

(in thousands of euro)

	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Interest rate contracts	673,652,759	209,026,292	112,520,729	995,199,780
Foreign exchange contracts	119,419,100	11,397,572	1,042,909	131,859,581
Equity-linked contracts	4,829,919	5,026,211	2,140,426	11,996,556
Other	18,048,332	1,729,316	–	19,777,648
Total	**815,950,110**	**227,179,391**	**115,704,064**	**1,158,833,565**

Credit derivatives outstanding

(in thousands of euro)

		Trading	Other
1.	**Protection purchases**	**28,766,871**	**8,173,932**
1.1	with exchange of underlying asset	8,472,493	976,695
	– credit default swaps	*8,258,571*	*600,057*
	– credit default options	–	*179,000*
	– credit linked notes	*213,922*	*197,638*
1.1	without exchange of underlying asset	20,294,378	7,197,237
	– credit default swaps	*16,199,339*	*6,792,233*
	– credit default options	–	–
	– credit linked notes	*417,181*	*58,962*
	– total return swaps	*3,677,858*	*346,042*
	– credit spread options	–	–
2.	**Protection sales**	**32,908,803**	**7,995,427**
2.1	with exchange of underlying asset	13,022,435	6,171,175
	– credit default swaps	*12,994,935*	*5,619,981*
	– credit default options	–	–
	– credit linked notes	*27,500*	*551,194*
2.2	without exchange of underlying asset	19,886,368	1,824,252
	– credit default swaps	*19,880,473*	*1,158,620*
	– credit default options	–	–
	– credit linked notes	–	*643,403*
	– total return swaps	*5,895*	*22,229*
	– credit spread options		
Total		**61,675,674**	**16,169,359**

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

(in thousands of euro)

Notional amount	**60,438,991**
Market value	**15,846**
Positive market value	34,566
Negative market value	18,720

16. Assets and liabilities with Group companies and other subsidiaries

(in thousands of euro)

		Group companies	Other subsidiaries
16.1	**Assets**		
	a) due from banks	17,956	1,104,327
	– including subordinated	–	*7,500*
	b) due from financial institutions	1,804	557,214
	c) due from other customers	4,460	400,794
	d) bonds and other debt securities	–	123,037
	– including subordinated	–	*9,857*
16.2	**Liabilities**		
	a) due to banks	358,057	4,993,206
	b) due to financial institutions	2,632	94,368
	c) due to other customers	14,923	518,410
	d) securities issued	–	15,519
	e) subordinated liabilities	–	106,000
16.3	**Guarantees and commitments**		
	a) guarantees given	28	160,764
	b) commitments	542	18,497
	c) credit derivatives	–	553,913

17. Portfolio management

(in thousands of euro)

Portfolio management	87,021,683

18. Capital adequacy as at 30th June 2001

(in thousands of euro)

A.	**Total capital**		
A1.	Tier 1 capital		14,966,746
A2.	Tier 2 capital		8,023,210
A3.	Items to be deducted		(670,920)
A4.	Total capital		22,319,036
B.	**Capital requirements**		
B1.	Credit risks		17,443,837
	including		
	– *on-balance sheet assets*	*14,563,538*	
	– *off-balance sheet assets*	*2,850,198*	
	– *derivative contracts*	*30,101*	
B2.	Market risks		1,343,362
	including		
	– *trading portfolio risk*	*1,153,319*	
	generic risk		
	debt securities	*394,949*	
	equity securities	*159,746*	
	specific risk		
	debt securities	*404,442*	
	equity securities	*17,681*	
	counterparty risk	*176,501*	
	– *foreign exchange risk*	*87,336*	
	– *market risks – internal models*	*95,283*	
	– *concentration risk*	*7,424*	
B2.1	Tier 3 subordinated loans		996,793
B3.	other capital requirements		–
B4.	total capital requirements		18,787,199
C.	**Risk-weighted assets and capital ratios**		
C1.	risk-weighted assets		234,839,988
C2.	Tier 1 capital/Risk-weighted assets		6.37%
C3.	Total capital/Risk-weighted assets		9.93%

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”

(in thousands of euro)

	Balance as at 31/12/2000	Additions in the period	Amortisation charges	Balance as at 30/06/2001
Banca Intesa (former Cariplo)	292,918		20,923	271,995
Banca Intesa (former Mediocredito Lombardo)	6,681		477	6,204
Bankhaus Löbbecke	8,457		604	7,853
Cassa di Risparmio di Ascoli Piceno	11,893		850	11,043
Cassa di Risparmio di Foligno	18,340		1,146	17,194
Cassa di Risparmio di Rieti	6,384		399	5,985
Cassa di Risparmio di Spoleto	14,702		919	13,783
Mediofactoring (former Fivefactor)	3,147		175	2,972
Banco Wiese Sudameris	46,425	9,712	2,972	53,165
Banco América do Sul	21,656	9,504	1,320	29,840
Banco Caja de Ahorros	81,644	7,943	4,842	84,745
Privredna Banka	126,129		6,943	119,186
Caboto Sim		8,756	438	8,318
Cassa di Risparmio di Città di Castello		2,239	112	2,127
Total	**638,376**	**38,154**	**42,120**	**634,410**

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

(in thousands of euro)

	Balance as at 31/12/2000	Additions in the period	Amortisation charges	Balance as at 30/06/2001
Agos Itafinco	3,677		306	3,371
Carivita	22,825		1,268	21,557
Cassa Risparmio Terni e Narni	20,049		1,055	18,994
Po Vita	1,218		64	1,154
Leoni Daniele		3,044	152	2,892
Caja de Ahorros Soc. de Bolsa	334	33	35	332
Medimurska Banka	3,028	89	311	2,806
Total	**51,131**	**3,166**	**3,191**	**51,106**

Information regarding the consolidated statement of income

1. Breakdown of interest

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

(in thousands of euro)

	First half 2001	First half 2000	Changes	
			amount	%
a) on amounts due from banks	1,374,945	1,196,837	178,108	14.9
including				
– deposits with central banks	*61,615*	*51,987*	*9,628*	*18.5*
b) on loans to customers	6,299,343	5,211,471	1,087,872	20.9
including				
– loans using public funds under administration	*81*	*104*	*(23)*	*(22.1)*
c) on debt securities	1,855,735	1,565,340	290,395	18.6
d) other interest income	16,628	12,003	4,625	38.5
e) positive differentials on hedge transactions	–	–	–	–
Total	**9,546,651**	**7,985,651**	**1,561,000**	**19.5**

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

(in thousands of euro)

	First half 2001	First half 2000	Changes	
			amount	%
a) on amounts due to banks	3,052,586	2,370,960	681,626	28.7
b) on amounts due to customers	1,589,898	1,260,362	329,536	26.1
c) on securities issued	1,596,660	1,408,216	188,444	13.4
including				
– certificates of deposit	*593,501*	*519,832*	*73,669*	*14.2*
d) on public funds under administration	688	845	(157)	(18.6)
e) on subordinated liabilities	282,019	250,162	31,857	12.7
f) negative differentials on hedge transactions	172,895	33,477	139,418	416.5
Total	**6,694,746**	**5,324,022**	**1,370,724**	**25.7**

2. Analysis of interest

(in thousands of euro)

2.1 interest income and similar revenues on foreign currency assets	3,286,859
2.2 interest expense and similar charges on foreign currency liabilities	3,020,898

Net interest: reconciliation with the reclassified statement of income

(in thousands of euro)

	First half 2001	First half 2000	Changes	
			amount	%
Total interest income	9,546,651	7,985,651	1,561,000	19.5
Total interest expense	(6,694,746)	(5,324,022)	1,370,724	25.7
Net interest	**2,851,905**	**2,661,629**	**190,276**	**7.1**
Negative differentials on hedge transactions connected to “Dividends and other revenues”	83,885	84,160	(275)	(0.3)
Net interest income - Reclassified statement of income	**2,935,790**	**2,745,789**	**190,001**	**6.9**

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

(in thousands of euro)

	First half 2001	First half 2000	Changes amount	Changes %
a) on shares, quotas and other forms of capital	400,011	206,663	193,348	93.6
b) on equity investments	151,437	728,026	(576,589)	(79.2)
c) on investments in Group companies	383	1,459	(1,076)	(73.7)
Total caption 30 - Statement of income	**551,831**	**936,148**	**(384,317)**	**(41.1)**
Negative differentials on hedge transactions connected to "Dividends and other revenues"	(296,078)	(84,160)	211,918	251.8
Total - Reclassified statement of income	**255,753**	**851,988**	**(596,235)**	**(70.0)**

3. Commissions

3.1 Breakdown of caption 40 "Commission income"

(in thousands of euro)

	First half 2001	First half 2000	Changes amount	Changes %
a) Guarantees given	107,262	86,104	21,158	24.6
b) Collection and payment services	207,847	200,955	6,892	3.4
c) Management, dealing and consultancy services	968,934	1,279,490	(310,556)	(24.3)
1. dealing in securities	*64,720*	*150,596*	*(85,876)*	*(57.0)*
2. dealing in currencies	*41,371*	*44,448*	*(3,077)*	*(6.9)*
3. portfolio management	*127,115*	*126,742*	*373*	*0.3*
4. custody and administration of securities	*73,348*	*67,606*	*5,742*	*8.5*
5. placement of securities	*24,661*	*87,034*	*(62,373)*	*(71.7)*
6. consultancy services	*2,531*	*7,716*	*(5,185)*	*(67.2)*
7. "door-to-door" sale of securities, financial products and services	*6,931*	*7,872*	*(941)*	*(12.0)*
8. acceptance of trading instructions	*31,127*	*94,404*	*(63,277)*	*(67.0)*
9. management of mutual funds	*597,130*	*693,072*	*(95,942)*	*(13.8)*
d) Tax collection services	117,539	117,956	(417)	(0.4)
e) Other services	847,799	774,580	73,219	9.5
commissions on current accounts	*300,303*	*251,629*	*48,674*	*19.3*
medium- and long- term transactions	*23,489*	*15,211*	*8,278*	*54.4*
refunds and sundry recoveries	*47,675*	*36,826*	*10,849*	*29.5*
fees on placement of insurance products	*42,518*	*45,044*	*(2,526)*	*(5.6)*
fees on credit card distribution and POS services	*104,295*	*94,242*	*10,053*	*10.7*
commissions on factoring	*34,944*	*33,336*	*1,608*	*4.8*
commission income on credit derivatives	*6,651*	*6,318*	*333*	*5.3*
other commission income	*287,924*	*291,974*	*(4,050)*	*(1.4)*
Total	**2,249,381**	**2,459,085**	**(209,704)**	**(8.5)**

3.2 Breakdown of caption 50 “Commission expense”

(in thousands of euro)

	First half 2001	First half 2000	Changes amount	Changes %
a) Collection and payment services	68,298	45,529	22,769	50.0
b) Management, dealing and consultancy services	155,846	202,611	(46,765)	(23.1)
1. dealing in securities	*18,769*	*18,566*	*203*	*1.1*
2. dealing in currencies	*3,820*	*4,239*	*(419)*	*(9.9)*
3. portfolio management	*11,455*	*106*	*11,349*	
4. custody and administration of securities	*12,279*	*9,687*	*2,592*	*26.8*
5. placement of securities	*11,040*	*19,847*	*(8,807)*	*(44.4)*
6. “door-to-door” sale of securities, financial products and services	*35,077*	*54,239*	*(19,162)*	*(35.3)*
7. management of mutual funds	*63,406*	*95,927*	*(32,521)*	*(33.9)*
c) Other services	120,706	109,905	10,801	9.8
– other services received from banks	*27,979*	*18,346*	*9,633*	*52.5*
– tax collection services	*3,404*	*1,250*	*2,154*	*172.3*
– guarantees received	*3,991*	*8,904*	*(4,913)*	*(55.2)*
– commissions paid to credit card circuits	*12,469*	*10,786*	*1,683*	*15.6*
– credit derivatives	*6,773*	*8,776*	*(2,003)*	*(22.8)*
– other	*66,090*	*61,843*	*4,247*	*6.9*
Total	**344,850**	**358,045**	**(13,195)**	**(3.7)**

4. Breakdown of “Profits (Losses) on financial transactions”

(in thousands of euro)

	First half 2001	First half 2000	% change
4.1 Securities transactions	(184,024)	(79,434)	131.7
4.2 Currency transactions	167,459	121,644	37.7
4.3 Other transactions	57,291	63,411	(9.7)
Total caption 60 - Statement of income	**40,726**	**105,621**	**(61.4)**
Dividends on structured share portfolio	212,193	–	
Total - Reclassified statement of income	**252,919**	**105,621**	**139.5**

5. Extraordinary income and charges

5.1 Extraordinary income

(in thousands of euro)

	First half 2001	First half 2000	Changes amount	Changes %
Out-of-period income and amounts not payable	57,005	104,277	(47,272)	(45.3)
Capital gains on sale of other assets	116,959	34,903	82,056	235.1
Capital gains on the sale of fixed assets	631	3,838	(3,207)	(83.6)
Capital gains on the sale of equity investments	1,229,713	195,172	1,034,541	530.1
Reversal of the allowances for possible loan losses	25,186	34,253	(9,067)	(26.5)
Non-recurring income on Fonspa transaction	91,627		91,627	
Reversal of excess allowances	5,162	5,806	(644)	(11.1)
Capitalised intergroup services	6,236	3,995	2,241	56.1
Deferred tax assets generated in previous years	73,140		73,140	
Capital gains on sale of investments carried at equity		25,126	(25,126)	(100.0)
Other extraordinary income	20,741	20,424	317	1.6
Total	**1,626,400**	**427,794**	**1,198,606**	**280.2**

5.2 Extraordinary charges

(in thousands of euro)

	First half 2001	First half 2000	Changes amount	Changes %
Out-of-period expense and amounts not collectable	62,813	136,883	(74,070)	(54.1)
Losses on sale of other assets	8,129	1,930	6,199	321.2
Losses on sale of investment securities	26	4,327	(4,301)	(99.4)
Losses on sale of equity investments	2,644		2,644	
Incentive-driven personnel exit plans	8,742	8,097	645	8.0
Valuation of IntesaBci Warrants	540,489		540,489	
Charges on sale of equity investments	115,193		115,193	
Non-recurring charges on Fonspa transaction	93,032		93,032	
Extraordinary contribution to the allowance for pensions and similar commitments		28,689	(28,689)	(100.0)
Provisions for possible loan losses ex Law 2682 related to Brazilian companies		206,599	(206,599)	(100.0)
Other extraordinary charges	26,125	13,549	12,576	92.8
Total	**857,193**	**400,074**	**457,119**	**114.3**

Other information

1. Average number of employees	
Companies subject to full consolidation	70,802
Companies subject to proportional consolidation	1,657

2. Number of branches	
Companies subject to full consolidation	4,153
Companies subject to proportional consolidation	161

As concerns personnel, it must be noted that on 28th May 2001 – after a referendum for the approval had been carried out among beneficiaries at the end of last year – the concentration deed between the various former pension funds was subscribed. This sets forth that the commitments and the relevant resources of the *Fondo Integrazione Pensioni del Ramo Credito* (Pension integration fund) have been transferred by IntesaBci to the *Fondo Pensioni per il Personale Cariplo* (Pension fund for Cariplo personnel), pursuant to and for the effects of Art. 3, par. 1, letter c) and Art. 5, par. 1, of Legislative Decree 18th February 2000, amending and integrating Legislative Decree 124 of 1993. The operation – which was notified to the Bank of Italy, which did not make any remarks – was also approved by the competent Supervisory Board, with the resolution made on 26th April 2001.

Consolidation area

Changes in the consolidation area compared to 31st December 2000

INCLUSIONS

Companies subject to full consolidation

IntesaBci Sec. Npl Spa	Formerly carried at equity

Companies carried at equity

Banca Carime Spa	Formerly subject to full consolidation
Iais4 Spa	Newly-established company
Intesa Immobiliare Spa	Newly-established company
Leoni Daniele Srl	Newly-established company
Loyalty Group Italia Spa	Newly-established company

EXCLUSIONS

Companies subject to full consolidation

Banca Carime Spa	Reduction in the equity stake
Banca di Legnano Spa	Sale

Companies carried at equity

Chiari e Forti Spa	Sale
IntesaBci Sec. Npl Spa	Now subject to full consolidation
Mediocredito dell'Umbria Spa	Sale

Significant equity investments

Companies	Type of relationship (a)	Investment direct ownership	% held	Votes available at Shareholders' Meeting (%)	Book value
A. Consolidated companies **Parent Company** IntesaBci Spa Share capital 3,488,995,258.84 euro in shares of 0.52 euro					
A.1 Companies subject to full consolidation					
1 Atlantis Sociedad Anonima - Buenos Aires Share capital 78,574,090 ARP in shares of 1 ARP	1	Banque Sudameris	81.25		
2 Banca Cis Spa - Cagliari Share capital 170,276,569.35 euro in shares of 51.65 euro	1	IntesaBci	55.37		
3 Banca Commerciale Italiana (France) SA - Paris Share capital 188,000,000 euro in shares without nominal value	1	IntesaBci	99.99		
4 Banca Commerciale Italiana (Ireland) Plc. - Dublin Share capital 8,000,000 euro in shares of 50 euro	1	IntesaBci	99.99		
5 Banca Commerciale Italiana (Suisse) - Zürich Share capital 100,000,000 CHF in shares of 1,000 CHF	1	Comit Holding International	100.00		
6 Banca Commerciale Italiana of Canada - Toronto Share capital 107,900,000 CAD in shares without nominal value	1	Comit Holding International	100.00		
7 Banca di Trento e Bolzano Spa - Trento Share capital 51,167,583 euro in shares of 0.52 euro	1	IntesaBci Finanziaria BTB	8.28 57.00		
8 Banca Intesa (France) SA - Paris Share capital 260,000,000 FRF in shares of 100 FRF	1	IntesaBci	99.99		
9 Banca Intesa International SA - Luxembourg Share capital 35,000,000 euro in shares of 1,000 euro	1	IntesaBci	100.00		
10 Banca Popolare FriulAdria Spa - Pordenone Share capital 101,975,060 euro in shares of 5 euro	1	IntesaBci	76.05		
11 Banco América do Sul SA - São Paulo Share capital 750,775,974.10 R$ in shares without nominal value	1	Sudameris Distribuidora de Titulos e Valores Mobiliáros SATA	95.98 3.65	97.14 2.62	
12 Banco di Chiavari e della Riviera Ligure Spa - Chiavari *(Genova)* Share capital 36,400,000 euro in shares of 0.52 euro	1	IntesaBci	69.62		
13 Banco Sudameris Argentina SA - Buenos Aires Share capital 122,023,900 ARP in shares of 100 ARP	1	Banque Sudameris Atlantis SA	20.01 79.99		
14 Banco Sudameris Brasil SA - São Paulo Share capital 1,478,316,702.03 R$ in shares without nominal value	1	Banque Sudameris SATA	92.39 0.92	92.39 0.91	
15 Banco Sudameris Colombia - Santa Fé de Bogota Share capital 22,521,792,000 COP in shares of 400 COP	1	Banque Sudameris	71.04		
16 Banco Sudameris de Investimento SA - São Paulo Share capital 54,500,000 R$ in shares without nominal value	1	Banco Sudameris Brasil	89.50	82.36	
17 Banco Sudameris Paraguay SAECA - Asunción Share capital 38,613,335,000 PYG in shares of 1,000 PYG	1	Banque Sudameris Sudameris Inmobiliaria	90.18 0.37	90.19 0.36	
18 Banco Wiese Sudameris SA - Lima Share capital 1,126,333,283 PEN in shares of 0.47 PEN	1	Lima Sudameris Holding Banque Sudameris	69.93 0.35	71.54 0.36	
19 Bankhaus Löbbecke & Co. KG - Berlin Capital 85,947,560.88 euro	1	IntesaBci Beteiligungsgesellschaft für das B.L.	98.77 1.22		
20 Banque Sudameris SA - Paris Share capital 403,204,165 euro in shares without nominal value	1	Comit Holding International	99.98		
21 BCI Canada Securities Inc - Toronto Share capital 200,000 CAD in shares of 500 CAD	1	Banca Commerciale Italiana of Canada	100.00		
22 BCI Funding Corporation - Wilmington *(Delaware)* Share capital 10,000 US$ in shares of 1 US$	1	Comit Holding International	100.00		
23 BCI US Funding LLC I [c] - Wilmington *(Delaware)* Share capital 10,000,000 US$ in "common shares" of 10,000 US$	1	IntesaBci	100.00		
24 BCI US Funding LLC II [d] - Wilmington *(Delaware)* Share capital 27,500,000 euro in "common shares" of 1,000 euro	1	IntesaBci	100.00		
25 BCI US Funding LLC III [e] - Wilmington *(Delaware)* Share capital 6,000,000 GBP in "common shares" of 1,000 GBP	1	IntesaBci	100.00		
26 Beteiligungsgesellschaft für das Bankhaus Löbbecke m.b.H. - Berlin Capital 1,583,419.83 euro	1	IntesaBci	100.00		
27 Caboto (International) SA - Lugano Share capital 10,000,000 CHF in shares of 1,000 CHF	1	Intesa Asset Management	100.00		
28 Caboto Holding Sim Spa - Milano Share capital 162,500,000 euro in shares of 52 euro	1	IntesaBci	100.00		
29 Caboto Securities Ltd - London Share capital 10,000,000 GBP in shares of 1 GBP	1	Caboto Holding	100.00		
30 Caboto Sim Spa - Milano Share capital 28,912,000 euro in shares of 52 euro	1	Caboto Holding	100.00		
31 Caboto USA Inc - New York Share capital 1,200,000 US$ in shares of 100 US$	1	Caboto Holding	100.00		
32 Caridata Spa - Milano Share capital 1,040,000 euro in shares of 0.52 euro	1	IntesaBci	60.00		
33 Cariplo Finance Inc - Wilmington *(Delaware)* Share capital 1,000 US$ in shares of 1 US$	1	IntesaBci	100.00		
34 Cassa di Risparmio della Provincia di Viterbo Spa - Viterbo Share capital 96,876,581,000 lire in shares of 1,000 lire	1	Holding Intesa Centro	70.93	79.09	

Companies	Type of relationship (a)	Investment direct ownership	Investment % held	Votes available at Shareholders' Meeting (%)	Book value
35 Cassa di Risparmio di Ascoli Piceno Spa - Ascoli Piceno Share capital 137,000,000,000 lire in shares of 500,000 lire	1	Holding IntesaBci Centro	66.00		
36 Cassa di Risparmio di Biella e Vercelli Spa - Biella Share capital 235,000,000,000 lire in shares of 10,000 lire	1	IntesaBci	55.00		
37 Cassa di Risparmio di Città di Castello Spa - Città di Castello *(Perugia)* Share capital 47,500,000,000 lire in shares of 1,000 lire	1	IntesaBci Holding IntesaBci Centro	15.00 64.24		
38 Cassa di Risparmio di Foligno Spa - Foligno *(Perugia)* Share capital 34,078,500,000 lire in shares of 1,000 lire	1	Holding IntesaBci Centro Carivita	70.47 0.06		
39 Cassa di Risparmio di Parma e Piacenza Spa - Parma Share capital 500,000,000 euro in shares of 1 euro	1	IntesaBci	100.00		
40 Cassa di Risparmio di Rieti Spa - Rieti Share capital 91,654,000,000 lire in shares of 100,000 lire	1	Holding IntesaBci Centro	85.00		
41 Cassa di Risparmio di Spoleto Spa - Spoleto *(Perugia)* Share capital 67,442,950,000 lire in shares of 1,000 lire	1	Holding IntesaBci Centro	59.44	65.31	
42 Central-European International Bank Ltd - Budapest Share capital 23,500,000,000 HUF in shares of 1,000 HUF	1	Comit Holding International	100.00		
43 CIB Investment Fund Management Ltd - Budapest Share capital 20,000,000 HUF in shares of 10,000 HUF	1	CIB Securities CIB Service	99.95 0.05		
44 CIB Leasing Co. Ltd - Budapest Share capital 1,520,000,000 HUF in shares of 10,000 HUF	1	Central-European International Bank CIB Rent and Leasing CIB Service	1.31 98.68 0.01		
45 CIB Rent and Leasing Ltd - Budapest Share capital 1,800,000,000 HUF in shares of 10,000 HUF	1	Central-European International Bank CIB Securities	98.89 1.11		
46 CIB Securities Ltd - Budapest Share capital 4,400,000,000 HUF in 440,000 ordinary shares of 10,000 HUF	1	Central-European International Bank CIB Service	26.00 74.00		
47 CIB Service Rt - Budapest Share capital 16,333,500,000 HUF in ordinary shares of 10,000 HUF	1	Central-European International Bank CIB Leasing	99.99 0.01		
48 Cofragef SA - Paris Share capital 250,000 FRF in shares of 100 FRF	1	Banca Intesa (France)	99.76		
49 COMIT Asset Management Sgr Spa - Milano Share capital 7,747,500 euro in shares of 51.65 euro	1	IntesaBci	100.00		
50 COMIT FACTORING Spa - Milano Share capital 106,000,000,000 lire in shares of 1,000 lire	1	IntesaBci	100.00		
51 COMIT GESTIONI Sgr Spa - Milano Share capital 10,329,200 euro in shares of 516.46 euro	1	IntesaBci	100.00		
52 COMIT HOLDING INTERNATIONAL SA - Luxembourg Share capital 2,063,296,000 euro in shares of 512 euro	1	IntesaBci	99.99		
53 Comit Investments (Ireland) Ltd - Dublin Share capital 6,000 euro in shares of 60 euro	1	IntesaBci	99.00		
54 COMIT SERVICE Srl - Milano Capital 55,000,000,000 lire	1	IntesaBci	100.00		
55 Depositos SA - Lima Share capital 34,340,060 PEN in shares of 10 PEN	1	Banco Wiese Sudameris	99.98		
56 E.Tr. - Esazione Tributi Spa - Cosenza Share capital 30,000,000,000 lire in shares of 1,000 lire	1	Intesa Riscossione Tributi	100.00		
57 Esa.Tri. - Esazione Tributi Spa - Milano Share capital 34,710,744,000 lire in shares of 1,000 lire	1	Intesa Riscossione Tributi	66.68		
58 Finanziaria BTB Spa - Trento Share capital 56,832,922 euro in shares of 0.52 euro	1	IntesaBci	99.29		
59 Finreme Sim Spa - Milano Share capital 30,000,000,000 lire in shares of 10,000 lire	1	IntesaBci	100.00		
60 Fundsworld Financial Service Ltd - Dublin Share capital 134,390 euro in shares of 1 euro	1	IntesaBci	70.50		
61 GenerComit Distribuzione Spa - Società di Intermediazione Mobiliare - Milano Share capital 5,200,000 euro in shares of 52 euro	1	IntesaBci	100.00		
62 Holding IntesaBci Centro Spa - Spoleto *(Perugia)* Share capital 382,606,203 euro in shares of 1 euro	1	IntesaBci	96.91		
63 Immobiliare Maram Srl - Milano Capital 4,625,000 euro	1	IntesaBci	100.00		
64 IMSA - Inversiones Mobiliarias SA - Lima Share capital 348,989,999 PEN in shares of 1 PEN	1	Banque Sudameris	93.34		
65 Intesa Asset Management Sgr - Milano Share capital 46,668,752 euro in shares of 52 euro	1	IntesaBci C.R. della Provincia di Viterbo C.R. di Città di Castello C.R. di Foligno C.R. di Spoleto	85.79 0.28 0.28 0.28 0.28		
66 Intesa Bank Overseas Ltd - Grand Cayman Share capital 10,000,000 US$ in shares of 1 US$	1	IntesaBci	100.00		
67 Intesa e-lab Spa - Milano Share capital 104,000,000 euro in shares of 52 euro	1	IntesaBci	100.00		
68 Intesa Fiduciaria Sim Spa - Milano Share capital 5,200,000 euro in shares of 52 euro	1	IntesaBci	100.00		
69 Intesa Gestione Crediti Spa - Milano Share capital 260,000,000 euro in shares of 52 euro	1	IntesaBci	100.00		
70 Intesa Immobiliare Spa - Milano Share capital 5,000,000 euro in shares of 1 euro	1	IntesaBci Intesa Gestione Crediti	90.00 10.00		
71 Intesa Ireland Plc - Dublin Share capital 500,000 IEP in shares of 1 IEP	1	IntesaBci	100.00		

Companies	Type of relationship (a)	Investment direct ownership	% held	Votes available at Shareholders' Meeting (%)	Book value
72 Intesa Italia Sim Spa - Assago *(Milano)* Share capital 5,200,000 euro in shares of 52 euro	1	IntesaBci	100.00		
73 Intesa Leasing Spa - Milano Share capital 33,875,895.56 euro in shares of 0.52 euro	1	IntesaBci	99.44		
74 Intesa Preferred Capital Company LLC [f] - Wilmington *(Delaware)* Share capital 46,000,000 euro in "common shares" of 1 euro	1	IntesaBci	100.00		
75 Intesa Preferred II Capital Company LLC II [g] - Wilmington *(Delaware)* Share capital 4,000,000 euro in "common shares" of 1 euro	1	IntesaBci	100.00		
76 Intesa Riscossione Tributi Spa - Milano Share capital 150,000,000,000 lire in shares of 1,000 lire	1	IntesaBci	100.00		
77 IntesaBci Formazione Scpa - Milano Share capital 104,000 euro in shares of 52 euro	1	IntesaBci Banca di Trento e Bolzano Banca Popolare FriulAdria Caboto Holding Caboto 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 Fiduciaria Sim Intesa Gestione Crediti Intesa Italia Sim Intesa Leasing Intesa Sistemi e Servizi Italfid Italiana Fiduciaria	72.50 3.00 3.00 2.00 1.00 1.00 1.00 1.00 5.00 1.00 0.50 0.50 1.00 1.00 3.00 0.50		
78 IntesaBci Formazione Sud Scpa - Napoli Share capital 103,300 euro in shares of 51.65 euro	1	IntesaBci IntesaBci Formazione	10.00 51.00		
79 IntesaBci Sec. Spa - Milano Share capital 100,000 euro in shares of 100 euro	1	IntesaBci	60.00		
80 IntesaBci Sec. Npl Spa - Milano Share capital 100,000 euro in shares of 100 euro	1	Caboto Holding	60.00		
81 IntesaBci Sistemi e Servizi Spa - Milano Share capital 208,000,000 euro in shares of 52 euro	1	IntesaBci	100.00		
82 Italfid Italiana Fiduciaria Spa - Milano Share capital 1,040,000 euro in shares of 52 euro	1	IntesaBci	100.00		
83 La Centrale Consulenza Spa - Milano Share capital 416,498 euro in shares of 0.50 euro	1	IntesaBci	100.00		
84 Leasing Sudameris SA - Compañia de Financiamiento Comercial - LEASAMERIS - Santa Fé de Bogota Share capital 8,601,743,000 COP in shares of 1,000 COP	1	Banco Sudameris Colombia Banque Sudameris	94,90 5.10		
85 Lima Sudameris Holding SA - Lima Share capital 964,260,952 PEN in shares of 1 PEN	1	Banque Sudameris Banco Sudameris Brasil Banco Wiese Sudameris IMSA	35.95 7.07 0.07 39.71		
86 Magazzini Generali Fiduciari Cariplo Spa - Milano Share capital 10,400,000 euro in shares of 0.52 euro	1	IntesaBci	100.00		
87 Mediofactoring Spa - Milano Share capital 103,261,600,000 lire in shares of 100,000 lire	1	IntesaBci Comit Factoring	97.58 2.42		
88 Phönix KG - Berlin Capital 43,459,809.90 euro	1	IntesaBci Beteiligungsgesellschaft für das B.L.	98.78 1.22		
89 Privredna Banka Zagreb Dd - Zagreb Share capital 1,666,000,000 HRK in shares of 100 HRK	1	Comit Holding International	66.30		
90 Prontofund Advisory SA - Luxembourg Share capital 75,000 euro in shares of 25 euro	1	IntesaBci Société Européenne de Banque	99.97 0.03		
91 S.Es.I.T. Puglia - Servizio Esazione Imposte e Tributi Spa - Bari Share capital 5,034,302,000 euro in shares of 1 euro	1	Intesa Riscossione Tributi	64.99		
92 S.I.Re.F. GESTIONI - Società di Intermediazione Mobiliare Spa - Milano Share capital 2,000,000,000 lire in shares of 1,000 lire	1	S.I.Re.F.	100.00		
93 SATA - Sociedade de Assessoria Técnica e Administrativa SA - São Paulo Share capital 4,250,000 R$ in shares of 1 R$	1	Banque Sudameris	99.99		
94 Serit Picena Spa - San Benedetto del Tronto Share capital 2,589,600 euro in shares of 520 euro	1	C.R. di Ascoli Piceno	77.49		
95 Servitia SA - Luxembourg Share capital 1,000,000 euro in shares without nominal value	1	Société Européenne de Banque	99.99		
96 Setefi Spa - Milano Share capital 8,450,000 euro in shares of 52 euro	1	IntesaBci	100.00		
97 Società Italiana di Revisione e Fiduciaria - S.I.Re.F. Spa - Milano Share capital 3,000,000,000 lire in shares of 1,000 lire	1	IntesaBci Banco di Chiavari	60.00 20.00		
98 Société d'Investissements et de Financements Immobiliers - FINAMERIS SA - Paris Share capital 5,000,000 FRF in shares of 100 FRF	1	Banca Commericale Italiana (France)	99.99		
99 Société Européenne de Banque SA - Luxembourg Share capital 45,000,000 euro in shares without nominal value	1	Comit Holding International	99.99		
100 Société Foncière Meyerbeer SARL - Paris Share capital 180,000 euro in shares of 40 euro	1	Banque Sudameris	99.56		
101 Sudameris - Sociedade de Fomento Comercial e de Serviços Ltda - Barueri *(São Paulo)* Capital 2,100,000 R$ in quotas of 1 R$	1	Sudameris Arrendamento Mercantil	99.99		

Companies	Type of relationship (a)	Investment direct ownership	% held	Votes available at Shareholders' Meeting (%)	Book value
102 Sudameris Administradora de Cartão de Crédito e Serviços SA - Barueri *(São Paulo)* Share capital 5,550,000 R$ in shares without nominal value	1	Banco Sudameris Brasil	100.00		
103 Sudameris Agencia de Valores SA - Santiago Share capital 246,217,808 CLP in 1,000 shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	95.00 5.00		
104 Sudameris Arrendamento Mercantil SA - Alphaville *(São Paulo)* Share capital 199,748,686.43 R$ in shares without nominal value	1	Banco Sudameris Brasil	99.70		
105 Sudameris Corretora de Câmbio e Valores Mobiliários SA - São Paulo Share capital 6,200,000 R$ in shares without nominal value	1	Banco Sudameris de Investimento	100.00		
106 Sudameris Distribuidora de Títulos e Valores Mobiliários SA - São Paulo Share capital 763,560,000 R$ in shares without nominal value	1	Banco Sudameris Brasil	99.99		
107 Sudameris Empreendimentos e Serviços Ltda - Santo Amaro *(São Paulo)* Capital 100,000,000 R$ in quotas of 1 R$	1	Banco Sudameris Brasil Sudameris Arrendamento Mercantil Sudameris Distribuidora de Títulos Sudameris Corretora de Câmbio Sudameris Sociedade de Fomento	97.20 2.00 0.80 n.s. n.s.		
108 Sudameris Leasing SA - Santiago Share capital 1,438,655,753 CLP in 1,000 shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	95.00 5.00		
109 Wiese Bank International - George Town Share capital 21,678,000 US$ in shares of 1,000 US$	1	Banco Wiese Sudameris	100.00		
110 Wiese Inversiones Financieras SA - Lima Share capital 10,088,707 PEN in shares of 1 PEN	1	Banco Wiese Sudameris	99.70		
111 Wiese Sudameris Leasing - San Isidro *(Lima)* Share capital 124,846,650 PEN in shares of 50 PEN	1	Banco Wiese Sudameris	99.82		
A. Consolidated companies					
A.2 Companies subject to proportional consolidation					
1 Carinord Holding (and its group) - Milano Share capital 277,315,000,000 lire in shares of 1,000 lire	7	IntesaBci	30.94		
B. Carried at equity					
B.1 Controlled					
1 Adria Investing Dd - Zagreb Share capital 97,104,600 HRK in shares of 900 HRK	1	Riadria Banka Privredna Banka Zagreb	44.73 41.21	50.69 46.69	
2 Agricola Investimenti Spa - Milano Share capital 5,100,000 euro in shares of 1 euro	1	IntesaBci	99.99		
3 Allevamenti Le Colombaie Srl - Milano Capital 35,600,000,000 lire	1	IntesaBci Agricola Investimenti	20.00 80.00		
4 AMEX Doo - Ljubljana Capital 2,500,000 SIT	1	Pbz American Express	100.00		
5 Azienda Agricola Ballottino Srl (in liquidation) - Milano Capital 1,403,000,000 lire	1	IntesaBci Allevamenti Le Colombaie	49.00 51.00		
6 CGM International Spa (in liquidation) - Milano Share capital 5,000,000,000 lire in shares of 1,000 lire	1	IntesaBci	80.00		
7 Carivita Spa - Milano Share capital 100,000,000 euro in shares of 5 euro	1	IntesaBci	80.00		
8 Conser Spa - Bari Share capital 200,000 euro in shares of 1 euro	1	S.Es.I.T. Puglia	51.00		
9 Fiduciaria Sudameris SA - FIDUAMERIS - Santa Fé de Bogota Share capital 3,368,187,000 COP in shares of 1,000 COP	1	Banco Sudameris Colombia Banque Sudameris	94.99 5.01		
10 IAIS4 Spa - Cosenza Share capital 3,000,000,000 lire in shares of 1,000 lire	1	E.Tr. - Esazione Tributi	70.00		
11 Intesa Learning Spa - Foligno *(Perugia)* Share capital 104,000 euro in shares of 52 euro	1	IntesaBci C.R. di Foligno C.R. di Spoleto	96.50 1.50 0.50		
12 Intesa Renting Spa - Milano Share capital 3,000,000 euro in shares of 1 euro	1	Intesa Leasing	65.00		
13 Investholding Doo - Karlovac Capital 30,000,000 HRK in quotas without nominal value	1	Privredna Banka Zagreb	56.38		
14 Investolding Doo (in liquidation) - Zagreb Capital 35,000,000 HRK in quotas without nominal value	1	Privredna Banka Zagreb	100.00		
15 Leoni Daniele Srl - Sant'Agata sul Santerno Capital 75,000,000 lire	1	Intesa e-lab	70.00		
16 Liburnavest Doo - Rijeka Capital 400,000 HRK in quotas without nominal value	1	Riadria Banka	100.00		
17 Medimurska Banka Dd - Čakovec Share capital 127,900,000 HRK in shares of 400 HRK	1	Privredna Banka	87.42	88.76	
18 Palazzo Legnazzi Srl (in liquidation) - Milano Capital 5,000,000,000 lire	1	IntesaBci Agricola Investimenti	24.50 65.50		
19 Pbz American Express Doo - Zagreb Capital 1,000,000 HRK in quotas without nominal value	1	Privredna Banka Zagreb	100.00		
20 Pbz American Express Doo - Skopje Capital 10,000 DEM in quotas without nominal value	1	Pbz American Express	95.00		
21 Pbz Invest Doo - Zagreb Capital 1,000,000 HRK in quotas without nominal value	1	Privredna Banka Zagreb	100.00		
22 Pbz Kapital Doo - Zagreb Capital 400,000 HRK in quotas without nominal value	1	Privredna Banka Zagreb	100.00		
23 Pbz Leasing Doo - Zagreb Capital 20,000 HRK in quotas without nominal value	1	Privredna Banka Zagreb	100.00		

Companies	Type of relationship (a)	Investment direct ownership	% held	Votes available at Shareholders' Meeting (%)	Book value
24 Pbz Nekretnine Doo - Zagreb Capital 250,000 HRK in quotas without nominal value	1	Privredna Banka Zagreb	100.00		
25 Privredna Banka - Laguna Banka Dd - Porec Share capital 60,014,000 HRK in shares of 3,700 HRK	1	Privredna Banka Zagreb	100.00		
26 Riadria Banka Dd - Rijeka Share capital 165,813,000 HRK in shares of 300 HRK	1	Privredna Banka Zagreb Liburnavest	77.53 0.01	84.72	
27 Shoplà Spa - Milano Share capital 6,610,000 euro in shares of 10 euro	1	Intesa e-lab	50.00		
28 Sudameris Asset Management - Alphaville - Barueri Share capital 40,000 R$	1	Banco América do Sul SATA	90.00 10.00		
29 Sudameris Valores SA Sociedad de Bolsa - Buenos Aires Share capital 3,619,500 ARP in shares of 1 ARP	1	Banco Sudameris Argentina	99.99		
30 Wiese Sudameris Fondos SA - Lima Share capital 8,638,900 PEN in shares of 1 PEN	1	Banco Wiese Sudameris	100.00		
31 Wiese Sudameris Sociedad Agente de Bolsa SA - Lima Share capital 8,060,022 PEN in shares of 1 PEN	1	Banco Wiese Sudameris	100.00		
32 Wiese Sociedad Titulizadora SA - Lima Share capital 21,765,000 PEN in shares of 1 PEN	1	Banco Wiese Sudameris	100.00		
B.2 Associated					
1 Agos Itafinco Spa - Milano Share capital 57,309,200 euro in shares of 520 euro	8	IntesaBci	30.00		
2 ASSIBA - Società di Assicurazioni Spa - Milano Share capital 192,500,000,000 lire in shares of 10,000 lire	8	IntesaBci Banco di Chiavari	48.09 1.00		
3 Banca Carime Spa - Cosenza Share capital 1,606,516,000,000 lire in shares of 1,000 lire	8	IntesaBci	24.92		
4 Banco de Investimento Imobiliario (and its group) - Lisboa Share capital 94,500,000 euro in shares of 1 euro	8	IntesaBci	50.00		
5 Bank Austria Creditanstalt AS - Praha Share capital 1,996,920,000 CZK in shares of 10,000 CZK	8	IntesaBci	20.00		
6 Car World Italia Spa - Milano Share capital 6,000,000,000 lire in shares of 100,000 lire	8	IntesaBci	30.00		
7 Caralt Spa - Alessandria Share capital 5,000,000,000 lire in shares of 100,000 lire	8	IntesaBci	35.00		
8 Cassa di Risparmio della Provincia di Chieti Spa - Chieti Share capital 100,000,000,000 lire in shares of 1,000 lire	8	IntesaBci	20.00		
9 Cassa di Risparmio della Provincia di Teramo Spa - Teramo Share capital 26,000,000 euro in shares of 0.52 euro	8	IntesaBci	20.00		
10 Cassa di Risparmio di Fermo Spa - Fermo *(Ascoli Piceno)* Share capital 75,975,000,000 lire in shares of 100,000 lire	8	IntesaBci	33.33		
11 Cassa di Risparmio di Terni e Narni Spa - Terni Share capital 21,000,000 euro in shares of 6 euro	8	IntesaBci	35.00		
12 Compagnie Monégasque de Banque SAM - Monte Carlo Share capital 111,110,000 euro in shares of 200 euro	8	Comit Holding International	33.86		
13 Companhia de Credito Financiamento e Investimento Renault do Brasil SA - Bela Vista *(São Paulo)* Share capital 7,800,000 R$ in shares without nominal value	8	Banco América do Sul	40.00	40.00	
14 Dante Prini Spa (**) (in liquidation) - Montano Lucino *(Como)* Share capital 10,000,000,000 lire in shares of 1,000 lire	8	IntesaBci	32.50		
15 Ente Nazionale Sementi Elette - Milano Endowment fund 65,971,115 lire	8	IntesaBci	49.41		
16 Euroholding SA - Buenos Aires Share capital 23,500,000 ARP in shares of 1,000 ARP	8	Banco Sudameris Argentina Banque Sudameris	10.00 15.00		
17 Euromilano Srl - Milano Capital 12,500,000,000 lire	8	IntesaBci	37.50		
18 FIDIA - Fondo Interbancario d'Investimento Azionario Spa - Milano Share capital 30,000,000,000 lire in shares of 1,000,000 lire	8	IntesaBci	25.00		
19 First Skelligs International Finance Company Ltd - Dublin Share capital 1,500,000,000 lire in shares of 1,000 lire	8	IntesaBci	33.33		
20 Lo.Se.Ri. - Lombarda Servizi di Riscossione Spa - Cremona Share capital 5,377,343,366 lire in shares of 1,000 lire	8	IntesaBci	30.50		
21 Loyalty Group Italia Spa - Milano Share capital 100,000 euro in shares of 1 euro	8	IntesaBci	50.00		
22 Luxicav Conseil SA - Luxembourg Share capital 75,000 euro in shares of 25 euro	8	Société Européenne de Banque	50.00		
23 Luxiprivilège Conseil SA - Luxembourg Share capital 75,000 euro in shares of 25 euro	8	Société Européenne de Banque	50.00		
24 Po Vita Assicurazioni Spa - Parma Share capital 26,000,000 euro in shares of 2 euro	8	C.R. di Parma e Piacenza	50.00		
25 PREVINET - Servizi per la previdenza - Mogliano Veneto *(Treviso)* Share capital 10,000,000,000 lire in shares of 1,000,000 lire	8	IntesaBci	45.50		
26 PROMINVESTMENT Spa - Roma Share capital 1,000,000,000 lire in shares of 1,000 lire	8	IntesaBci	25.00		
27 Servizi Assicurativi Padano Srl - Parma Capital 180,000,000 lire	8	C.R. di Parma e Piacenza	40.00		
28 Sim Co.Ge.F. Spa - Milano Share capital 8,000,000,000 lire in shares of 1,000,000 lire	8	IntesaBci	43.49		
29 So.Ri.T. Spa - Foligno *(Perugia)* Share capital 5,000,000,000 lire in shares of 5,000 lire	8	C.R. di Città di Castello C.R. di Foligno C.R. di Spoleto	7.02 12.47 3.46		

Companies	Type of relationship (a)	Investment direct ownership	Investment % held	Votes available at Shareholders' Meeting (%)	Book value
30 Sudameris Generali C.ia de Seguros e Previdência Privada - São Paulo Share capital 3,900,000 R$ in shares without nominal value	8	Banco Sudameris de Investimento	50.00		
31 Termomeccanica Spa - La Spezia Share capital 6,000,000,000 lire in shares of 10,000 lire	8	IntesaBci	32.32		
C. Other significant investments					
C.1 Controlled					
1 América do Sul Fomento Comercial Ltda (*) - São Caetano do Sul Share capital 170 R$ in quotas of 2 R$	1	Banco América do Sul	97.65		–
2 Banca IntesaBci Mediocredito ($) - Milano Share capital 7,500,000 euro in shares of 1 euro	1	IntesaBci	100.00		2,250
3 BCILUX CONSEIL SA (*) - Luxembourg Share capital 75,000 euro in shares of 25 euro	1	Banca Commerciale Italiana (Suisse) Société Européenne de Banque	50.00 50.00		74 –
4 Biverbroker Srl (*) - Biella Capital 90,000,000 lire	1	C.R. di Biella e Vercelli	55.00		26
5 Centro Aurelia Srl (in liquidation) (**) - Milano Capital 194,082,000 lire	1	IntesaBci	100.00		76
6 Consul Service (in liquidation) (**) - Cagliari Share capital 32,000,000 lire in shares of 1,000 lire	1	Banca Cis	98.41		–
7 Consult-Ameris SA (*) - Montevideo Share capital 8,000 US$ in shares of 100 US$	1	Banque Sudameris	100.00		2
8 Cormano Srl (*) - Olgiate Olona *(Varese)* Capital 50,000,000 lire	1	IntesaBci	70.82		–
9 Del Mar SA (*) - Miraflores Capital 52,170,440 PEN in shares of 10 PEN	1	Banco Wiese Sudameris	56.69		9,897
10 Finanziaria Colonna Srl (*) - Roma Capital 10,000 euro	1	IntesaBci	100.00		503
11 Intermodal Cargo SA (*) - Lima Share capital 100,720 PEN in shares of 10 PEN	1	Depositos	63.50	69.50	–
12 Inversiones Sudameris CA (*) - Caracas Share capital 300,000,000 VEB in shares of 1,000 VEB	1	Banque Sudameris	99.97		545
13 Inversiones Sudameris Chile Ltda (*) - Santiago Capital 38,040,000 CLP in quotas without nominal value	1	Banque Sudameris Sudameris Inmobiliaria	83.33 16.67		128 –
14 La Bufalina Srl (in liquidation) (**) - Milano Capital 153,056,000 lire	1	IntesaBci	100.00		42
15 Löbco Immobilien- und Handelsgesellschaft (*) - Berlin Capital 51,129.18 euro	1	Bankhaus Löbbecke	100.00		51
16 MEBA Doo (*) - Čakovec Capital 739,000 HRK	1	Medimurska Banka	100.00		–
17 NordEst Sicav Spa (*) - Venezia Share capital 3,025,358 euro in shares of 5.04 euro	1	IntesaBci	66.67		2,000
18 Pbz Im - und Export Handel Service GmbH (in liquidation) (**) - Frankfurt am Main Capital 2,000,000 DEM	1	Privredna Banka Zagreb	100.00		131
19 Pbz Invest und Finanz AG (in liquidation) (**) - Zürich Share capital 100,000 CHF	1	Pbz Im - und Export Handel Service	100.00		–
20 Pbz Trading (in liquidation) (**) - Moscow Share capital 11,860,000 RUR	1	Pbz Im - und Export Handel Service	100.00		–
21 Pbz Trading Sro (in liquidation) (**) - Mliecany Share capital 200,000 SKK	1	Pbz Im - und Export Handel Service	100.00		–
22 Petrochemical Investments Ltd (*) - George Town *(Grand Cayman)* Share capital 22,000,000 US$ in shares of 1 US$	1	IntesaBci	100.00		26,262
23 Scala Advisory SA (*) - Luxembourg Share capital 75,000 euro in shares of 25 euro	1	IntesaBci Société Européenne de Banque	99.97 0.03		74 –
24 SEB Trust Limited (*) - St. Helier - Jersey Share capital 250,000 GBP in shares of 1 GBP	1	Société Européenne de Banque	99.99		410 –
25 Skuda Dd (in liquidation) (**) - Zagreb Share capital 9,334,200 HRK in shares of 100 HRK	1	Privredna Banka Zagreb	83.35		1,060
26 Slavonija Drvna Industrija Doo ($) - Slavonski Brod Capital 35,325,700 HRK	1	Investholding - Zagreb	100.00		–
27 Slavonija Drvna Industrija Doo - Tvornica namjestaja za proizvodnjui i trgovinu Doo ($) - Slavonski Brod Capital 20,000 HRK	1	Slavonija Drvna Industrija	100.00		–
28 Slavonija Drvna Industrija Doo - Tvornica parketa za proizvodnjui i trgovinu Doo ($) - Slavonski Brod Capital 20,000 HRK	1	Slavonija Drvna Industrija	100.00		–
29 Slavonija Drvna Industrija Doo - Tehničko odrzavanje sredstava - TOS Doo ($) - Slavonski Brod Capital 20,000 HRK	1	Slavonija Drvna Industrija	100.00		–
30 Sphera (*) - Paris Share capital 50,000 FRF in shares of 100 FRF	1	Banca Intesa (France)	100.00		8
31 Sudameris Aministradora de Fondos Mutuos SA (*) - Asunción Share capital 1,305,000,000 PYG divided in shares of 1,000 PYG	1	Banco Sudameris Paraguay	70.00		269
32 Sudameris Capital Markets SA (*) - Buenos Aires Share capital 178,650 ARP in shares of 1 ARP	1	Banque Sudameris	99.72		177
33 Sudameris Inmobiliaria SA (*) - Panama Share capital 100,000 US$ in shares of 100 US$	1	Banque Sudameris	100.00		97
34 Sudameris Inversora Argentina Sociedad Gerente de Fondos Comunes de Inversion SA (*) - Buenos Aires Share capital 130,000 ARP in shares of 1 ARP	1	Banco Sudameris Argentina Atlantis	99.99 0.01		121

Companies	Type of relationship (a)	Investment direct ownership	% held	Votes available at Shareholders' Meeting (%)	Book value
35 Sudameris Investment Chile SA [(*)] - Santiago Share capital 2,365,744,731 CLP in shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	99.99 0.01		3,266 –
36 Sudpar International Inc [(*)] - George Town *(Cayman Islands)* Share capital 125,000 US$ in shares of 1 US$	1	Banque Sudameris	100.00		230
37 Sviluppo Garibaldi - Repubblica Spa [(*)] - Milano Share capital 300,000 euro in shares of 1 euro	1	IntesaBci	50.00		150
					47,849
C.2 Associated					
1 Alstom Power Doo [(*)] - Karlovac Capital 27,821,000 HRK	8	Investholding - Karlovac	20.06		773
2 Aquae Vivae Dd - Krapinske Toplice Share capital 5,617,518 HRK in shares of 100 HRK	8	Privredna Banka Zagreb	20.00		153
3 Bci Soditic Trade Finance Ltd [(*)] - London Share capital 5,000,000 US$ in shares of 1 US$	8	Comit Holding International	50.00		2,344
4 Camigliati Scuola Management Territoriale Scrl - Spezzano della Sila Share capital 20,000,000 lire	8	IntesaBci Formazione Sud	20.00		2
5 Cantiere Darsena Italia Spa (in liquidation) [(**)] - Viareggio *(Lucca)* Share capital 5,000,000,000 lire in shares of 1,000 lire	8	IntesaBci	20.00		–
6 Companhia de Arrendamento Mercantil Renault do Brasil SA [(*)] - São Paulo Share capital 7,000,000.44 R$ in shares without nominal value	8	Banco América do Sul	39.77	39.79	1,404
7 E. Gilardi & C. Srl (in liquidation) [(**)] - Novara Capital 99,000,000 lire	8	C.R. di Biella e Vercelli	30.00		–
8 Editrade SAC [(*)] - San Isidro *(Lima)* Share capital 11,659,600 PEN in shares of 100 PEN	8	Wiese Inversiones Financieras	22.50		–
9 Galileo Holding Spa (in liquidation) [(**)] - Marghera *(Venezia)* Share capital 4,500,000,000 lire in shares of 1,000 lire	8	IntesaBci C.R. della Provincia di Viterbo	20.04 5.88		– –
10 GENSEB - Gen. & SEB Risk Service SA [(*)] - Luxembourg Share capital 250,000 euro in shares of 25 euro	8	Société Européenne de Banque	50.00		125
11 Giraglia Immobiliare Spa [(*)] - Milano Share capital 7,285,813,080 lire in shares of 40 lire	8	IntesaBci C.R. di Parma e Piacenza	20.88 0.28		701
12 Immobiliare Lombarda Spa [(§)] - Milano Share capital 239,909,127.60 euro in shares of 0.40 euro	8	IntesaBci Banco di Chiavari	29.15 0.65		43,677
13 Immobiliare Palvareto Srl (in liquidation) [(**)] - Cremona Capital 20,000,000 lire	8	IntesaBci	50.00		–
14 Infocorp SA [(*)] - San Isidro *(Lima)* Share capital 4,485,265 PEN in shares of 1 PEN	8	Wiese Bank International	20.73		767
15 Ipef Partners Ltd [(*)] - London Share capital 1,000 GBP in shares of 1 GBP	8	IntesaBci	40.50		1
16 Monte Mario 2000 Srl [(*)] - Roma Capital 99,000,000 lire	8	Finanziaria Colonna	47.50		–
17 Network Bancario Italiano [(*)] - Milano Share capital 4,799,500,000 lire in shares of 10,000 lire	8	Banca Popolare FriulAdria	24.94		618
18 Neubor Glass Spa [(*)] - San Vito al Tagliamento Share capital 1,550,000 euro in shares of 1 euro	8	Banca Popolare FriulAdria	26.66		413
19 Parmafactor Spa - Collecchio (*Parma*) Share capital 5,160,000 euro in shares of 100 euro	8	IntesaBci C.R. di Parma e Piacenza	10.00 10.00		1,032
20 Saper Empreendimentos Imobiliarios Ltda [(*)] - São Paulo Capital 363.63 R$ in quotas of 0.000364 R$	8	SATA	37.90		169
21 Selezione Terza Srl [(*)] - Roma Capital 20,000,000 lire	8	IntesaBci	49.50		80
22 SIDER CORP SA [(*)] - Santa Anita *(Lima)* Share capital 79,538,000 PEN in shares of 1 PEN	8	Wiese Inversiones Financieras	20.32		42,554
23 Sudameris Casa de Bolsa SA [(*)] - Asunción Share capital 100,000,000 PYG in shares of 1,000,000 PYG	8	Banco Sudameris Paraguay	49.00		–
24 The Maple Gas Development Corporation [(*)] - San Isidro *(Lima)* Share capital 15,000 US$ in shares of 1 US$	8	Wiese Inversiones Financieras	33.33		9,568
Total book value					**103,608**

Notes:

(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) *Amount included in the "Shareholders' equity" column.*
(c) *Considering the "preferred shares" issued by BCI US Funding Trust for a total of 200,000,000 US$, the equity stake equals 4.76%.*
(d) *Considering the "preferred shares" issued by BCI US Funding Trust for a total of 550,000,000 euro, the equity stake equals 4.76%.*
(e) *Considering the "preferred shares" issued by BCI US Funding Trust for a total of 120,000,000 GBP, the equity stake equals 4.76%.*
(f) *Considering the "preferred shares" issued for 200,000,000 euro, the equity stake equals 18.70%.*
(g) *Considering the "preferred shares" issued for 150,000,000 euro, the equity stake equals 2.60%.*
(*) *Company excluded from consolidation or valuation according to the equity method since total assets is not significant.*
(**) *Company excluded from consolidation or valuation according to the equity method since in liquidation.*
(#) *Company excluded from consolidation or valuation according to the equity method since under disposal.*
(§) *Company excluded from consolidation or valuation according to the equity method since acquired as repayment of a doubtful loan.*
($) *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 direct ownership	% held	Book value
A. Banks			
Italy			
1 Banca delle Marche - Ancona	IntesaBci	4.60	41,058
Share capital 743,224,694,000 lire			
2 Banca d'Italia - Roma	IntesaBci	22.01	347,644
Share capital 300,000,000 lire	C.R. di Parma e Piacenza	2.03	63,448
	C.R. della Provincia di Viterbo	0.08	2,029
	C.R. di Ascoli Piceno	0.22	5,546
	C.R. di Biella e Vercelli	2.10	9,299
	C.R. di Città di Castello	0.08	2,278
	C.R. di Foligno	0.10	3,147
	C.R. di Rieti	0.01	–
	C.R. di Spoleto	0.03	1
3 Banca Mediocredito - Torino	IntesaBci	0.27	755
Share capital 500,000,000,000 lire	C.R. di Biella e Vercelli	6.06	9,825
4 Mediocredito Fondiario CentroItalia - Ancona	C.R. di Ascoli Piceno	10.77	12,233
Share capital 123,936,106,400 lire	C.R. di Foligno	0.30	175
Other Countries			
1 Bayerische Hypo-und Vereinsbank AG - Vienna	IntesaBci	0.68	173,292
Share capital 832,289,905 euro			
2 Banco Comercial Portugues - Oporto	IntesaBci	6.41	489,226
Share capital 2,326,714,877 euro			
3 Bre Bank - Warsaw	Comit Holding International	4.97	28,845
Share capital 91,200,000 PLN			
4 Credit Lyonnais - Lyon	IntesaBci	2.72	252,703
Share capital 1,767,470,939 euro			
5 Commerzbank - Frankfurt am Main	Comit Holding International	0.84	140,382
Share capital 1,408,751,234 euro			
B. Financial companies			
Italy			
1 Borsa Italiana - Milano	IntesaBci	15.00	6,837
Share capital 7,280,000 euro	C.R. di Biella e Vercelli	0.07	22
2 Hopa - Holding di partecipazioni aziendali - Brescia	IntesaBci	1.10	10,317
Share capital 447,988,824 euro			
3 Linea Più - Prato	IntesaBci	15.03	9,528
Share capital 19,230,800,000 lire			
4 Mantero Finanziaria - Como	IntesaBci	10.59	9,296
Share capital 1,700,000,000 lire			
5 Monte Titoli - Milano	IntesaBci	7.00	716
Share capital 16,000,000 euro	Caboto Sim	4.79	10,966
	C.R. di Parma e Piacenza	0.69	96
Other Countries			
1 ETF Group - Manno (CH)	IntesaBci	4.45	14,454
Share capital 132,698,770 CHF			
2 The Peru Privatisation and Development	Banque Sudameris	9.92	11,294
Fund Limited - George Town *(Grand Cayman)*	Banco Wiese Sudameris	0.89	1,006
Share capital 1,026,134 US$			

Companies	Investment direct ownership	% held	Book value
C. Other companies			
Italy			
1 21 Investimenti - Treviso Share capital 58,142,760 euro	IntesaBci	11.23	14,156
2 Atos - Milano Share capital 10,200,000,000 lire	IntesaBci	10.00	5,426
3 Banksiel - Milano Share capital 10,400,000 euro	IntesaBci	14.00	6,176
4 Camuzzi Gazometri - Milano Share capital 54,139,160 euro	IntesaBci	0.70	5,165
5 Evoluzione 94 Share capital 28,610,408.91 euro	IntesaBci	15.70	6,391
6 Fincantieri Cantieri Navali Italiani - Trieste Share capital 337,111,363 euro	IntesaBci	1.51	5,165
7 Holding di Partecipazioni Industriali - Milano Share capital 760,559,800 euro	IntesaBci	1.83	27,996
8 Immocri - Roma Share capital 117,814,233,000 lire	IntesaBci C.R. di Parma e Piacenza C.R. della Provincia di Viterbo C.R. di Ascoli Piceno C.R. di Città di Castello C.R. di Foligno C.R. di Rieti C.R. di Spoleto	2.85 3.34 0.29 0.53 0.19 0.14 0.14 0.97	1,595 1,870 135 324 117 80 79 59
9 Istituto Europeo di Oncologia - Milano Share capital 85,500,000 euro	IntesaBci	7.46	6,352
10 Montedison - Milano Share capital 1,922,699,776 euro	IntesaBci	3.37	108,135
11 Sole - Milano Share capital 35,000,000 euro fully paid-up 32,500,000	IntesaBci	10.00	6,500
12 U.T.E.T. - Torino Share capital 24,000,000,000 lire	IntesaBci	7.16	7,496
Other Countries			
1 Generandes Peru - San Isidro *(Lima)* Share capital 1,227,020,381 PEN	Wiese Bank International	2.04	12,221
2 Nortel Inversora - Buenos Aires Share capital 79,094,970 ARP	IntesaBci Banque Sudameris	0.40 0.62	10,665 11,862
3 Usinas Siderurgica de Minas Gerais - Belo Horizonte Share capital 1,221,000,000 R$	Banco América do Sul Sudameris Arrendamento Mercantil	1.91 0.01	15,771 58
TOTAL			**1,910,212**

Attachments
to the Half-Year Consolidated Financial Statements

Attachments

Powers of IntesaBci's Administrative Bodies

Pursuant to Consob Ruling 97001574 of 20th February 1997 powers attributed to IntesaBci's Directors and General Management are indicated below.

Board of Directors

Pursuant to Article 19 of the Company's Articles of Association the Board of Directors has the exclusive responsibility for the following decisions:
1. determination of general operating policy;
2. appointment of one or two Managing Directors and Chief Executive Officers and the delegation of the related powers;
3. appointment of one or more General Managers and Chief Operating Officers, one or more Joint General Managers, one or more Deputy General Managers and the delegation of the related powers as proposed by the Managing Directors, if appointed;
4. purchase and sale of equity investments which lead to changes in the structure of the banking group;
5. determination of general organisational structure as well as the creation of Committees or Commissions with consultative or co-ordination functions;
6. determination of criteria for the co-ordination and direction of Group companies and for the implementation of the regulations of the Bank of Italy.

The Board of Directors currently is composed of 25 members appointed for a three-year period by the Shareholders' Meeting held on 17th November 2000.

Chairman of the Board of Directors

Articles 21 and 24 of the Company's Articles of Association entail that the Chairman of the Board of Directors is responsible for the direction and co-ordination of Company business and for the activities of the bodies in which he takes part and of the Managing Directors. 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.

In case of urgency – pursuant to Article 19 of the Company's Articles of Association – the Chairman of the Board of Directors may take decisions normally attributed to the Executive Committee and the Board of Directors, whenever the Executive Committee could not meet, provided that decisions are not exclusively attributed to the Board. 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.

The Board of Directors held on 21st November 2000 reserved to the Chairman a series of responsibilities among which maintaining the relationship with Shareholders and informing them, determining, in agreement with the Managing Directors, the strategies regarding the general guidelines and development policies of the Company and the Group and the proposal for the appointment of the Group's top operating executives, as well as responsibility over external communication in every form with the possibility of delegating such powers to the Managing Directors.

Executive Committee

Article 20 of the Company's Articles of Association states that the Executive Committee must be appointed by the Board of Directors; the latter must also determine the period of the appointment, the powers and the operating terms.
It is made up of 5 to 10 members and must include the Chairman of the Board of Directors and the Managing Directors, if appointed.
The current Executive Committee, which is made up of 7 members, was appointed by the Board of Directors on 21st November 2000. It will be in power for a three-year period.
The Executive Committee has been attributed all the powers and responsibilities which are not exclusively reserved to the Board of Directors. The Executive Committee determines the criteria for conducting the Company's business and exercises 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.

Managing Directors and Chief Executive Officers

Article 19 of the Company's Articles of Association allows the Board of Directors, in respect of the Law and the Company's Articles of Association, to appoint one or two Managing Directors and to delegate its powers fixing the limits of such delegation.
The current Managing Directors were appointed by the Board of Directors on 21st November 2000 and will be in power for the next three-year period.
The Managing Directors, according to Art. 22 of the Articles of Association, 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.
The Managing Directors were conferred identical powers which include, in addition to management responsibilities, the definition of strategic guidelines of the organisational units with the relevant operating plans and budgets, the determination of the criteria relative to organisational structure and development policies and human resource management. They share with the Chairman the responsibility of the definition of the general orientation and action plans in the relationships with Trade Unions.
Each Managing Director has been attributed a specific area of competence, though, in case of absence or unavailability of the other Managing Director he may substitute the latter in his area of competence.
The Board of Directors identified the following three areas of competence of which the last is to be managed jointly: first area – responsibility over the large corporate clients, markets and investment banking and also the international network and the foreign banks, asset management and subsidiaries which do no fall in the second area; second area – responsibility over the Retail, Corporate and Private divisions, Intesa e-lab and also the product companies (with the exclusion of the asset management companies), as well as the integration programme;
third area – responsibility over strategic planning and management control, human resources, investor relations, auditing as well as control and governance of the Corporate centre, Italian banking subsidiaries, development and acquisition of equity investments, Group services (IntesaBci Sistemi e Servizi), administration, accounting and tax planning, risk management, strategic finance, legal services and general secretariat and organisation.

General Management

Pursuant to Article 25 of the Company's Articles of Association, the General Management is appointed by the Board of Directors and consist of one or more General Managers and Chief Operating Officers and/or one or more Joint General Managers and/or one or more Deputy General Managers.
General Management exercise their duties within the powers delegated by the Board of Directors on proposal of the Managing Directors.
General Management implements the decisions taken by the Board of Directors, the Executive Committee and the Managing Directors and is responsible for routine operations. For the exercise of its functions General Management reports to the Managing Directors.
In case of absence or unavailability, according to the criteria set forth by the Board of Directors, the General Managers are substituted by one of the Joint General Managers or, if unavailable, by one of the Deputy General Managers.
The General Managers currently in office were appointed by the Board of Directors held on 19th March 2001; they have been attributed powers with regard to the management of lending and equity investments, as well as financial activities.

Gruppo IntesaBci
Consolidated financial statements
as at 30th June 2001
Quarterly development of the statement of income

(in millions of euro)

	2001		2000			
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,449.3	1,486.5	1,487.6	1,266.1	1,364.0	1,381.8
Income (Loss) from investments carried at equity and dividends	184.0	129.5	99.7	250.6	868.6	20.0
Interest margin	**1,633.3**	**1,616.0**	**1,587.3**	**1,516.7**	**2,232.6**	**1,401.8**
Net commissions	950.1	954.4	1,051.5	982.0	1,030.0	1,071.0
Profits (Losses) on financial transactions	145.8	107.1	57.5	(15.7)	(3.2)	108.8
Other income, net	110.1	148.4	165.6	127.8	81.3	130.3
Net interest and other banking income	**2,839.3**	**2,825.9**	**2,861.9**	**2,610.8**	**3,340.7**	**2,711.9**
Administrative costs						
a) payroll	(1,030.2)	(978.2)	(998.6)	(957.9)	(970.8)	(1,010.6)
b) other	(618.3)	(635.3)	(718.6)	(633.1)	(643.1)	(589.5)
Adjustments to fixed assets and intangibles	(192.2)	(191.3)	(211.9)	(194.4)	(193.6)	(180.4)
Operating margin	**998.6**	**1,021.1**	**932.8**	**825.4**	**1,533.2**	**931.4**
Provisions for risks and charges	(105.2)	(62.7)	(134.8)	(33.6)	(87.9)	(70.1)
Net adjustments to loans and provisions for possible loan losses	(553.9)	(226.3)	(549.7)	(196.1)	(362.4)	(235.2)
Adjustments to financial fixed assets, net	(9.7)	1.7	0.2	(1.6)	(6.2)	(0.5)
Income (Loss) from operating activities	**329.8**	**733.8**	**248.5**	**594.1**	**1,076.7**	**625.6**
Extraordinary income (loss), net	594.4	174.8	98.8	55.0	157.9	(130.2)
Income taxes for the period	(123.6)	(310.5)	4.5	(274.4)	(521.3)	(314.2)
Change in the reserve for general banking risks and in the allowance for risks and charges arising on consolidation	2.1	1.4	44.1	(2.7)	3.7	6.2
Minority interests	7.3	(23.4)	9.7	(18.9)	(13.5)	36.6
Net income for the period	**810.0**	**576.1**	**405.6**	**353.1**	**703.5**	**224.0**

Gruppo IntesaBci
Consolidated financial statements as at 30th June 2001
Statement of cash flows

(in millions of euro)

Cash generated from operations		
Net income	1,386.1	
Change in the reserve for general banking risks	(1.6)	
Change in allowance for risks and charges arising on consolidation	(1.9)	
Adjustments to fixed assets and intangibles	383.4	
Adjustments to (and write-back of) financial fixed assets, net	8.0	
Adjustments to (and write-back of) loans, net	758.1	
Adjustments to (and write-back of) securities, net	270.6	
Increase/(decrease) in allowances for possible loan losses	(76.5)	
Increase/(decrease) in allowance for employee termination indemnities	5.2	
Increase/(decrease) in allowance for pensions and similar commitments	(700.9)	
Increase/(decrease) in allowances for risks and charges – other	104.9	
Increase/(decrease) in allowances for risks and charges – taxation	(883.6)	
(Increase)/decrease in accrued income and prepaid expenses	(153.8)	
Increase/(decrease) in accrued expenses and deferred income	350.5	
Cash generated from operations		**1,448.5**
Cash utilised in investing activities		
(Increase)/decrease in securities	(7,726.8)	
(Increase)/decrease in fixed assets	(257.8)	
(Increase)/decrease in intangibles	(106.2)	
(Increase)/decrease in goodwill arising on consolidation	(41.3)	
(Increase)/decrease in equity investments	527.2	
(Increase)/decrease in due from banks *(excluding amounts due on demand)*	4,635.8	
(Increase)/decrease in loans to customers	(6,330.5)	
(Increase)/decrease in other assets	(3,567.9)	
Cash utilised in investing activities		**(12,867.5)**
Cash generated from funding activities		
Increase/(decrease) in due to banks *(excluding amounts due on demand)*	2,560.0	
Increase/(decrease) in due to customers	777.9	
Increase/(decrease) in securities issued	3,040.6	
Increase/(decrease) in other liabilities	7,040.7	
Increase/(decrease) in subordinated liabilities	794.0	
Increase/(decrease) in minority interests	(1,366.4)	
Increase/(decrease) in shareholders’ equity	1,512.1	
Dividends paid	(555.9)	
Cash generated from funding activities		**13,803.0**
Increase/(decrease) in cash, liquid funds and due from banks on demand, net		***2,384.0***
Cash, liquid funds and due from banks on demand, net - opening balance		***(13,782.8)***
Cash, liquid funds and due from banks on demand, net - closing balance		***(11,398.8)***

N.B. *Changes in various balance sheet items were calculated using 2000 figures restated considering the changes in the consolidation area.*

Tables of securitised assets and securities issued

Securitisations completed pursuant to Law 130 of 30th April 1999, involved performing and doubtful loans belonging to IntesaBci and were carried out by the special purpose vehicles IntesaBci Sec. and IntesaBci Sec. Npl. Quantitative information regarding these operations – updated to as at 30th June 2001 – is shown in the tables below.

INTESABCI SEC. - SECURITISATION OF PERFORMING MORTGAGES

(in thousands of euro)

A. Securitised assets			**431,846**
A1) loans		422,083	
– loans outstanding	421,719		
– overdue loans	360		
– overdue interest	4		
A2) securities			
A3) other assets		9,763	
– accrued income on IRS	8,961		
– other accrued income	802		
B. Investments of the funds collected from loan management			**107,852**
B1) debt securities			
B2) shares, quotas and other forms of capital			
B3) liquidity		19,688	
B4) time deposits		88,164	
C. Securities issued			**513,234**
C1) rating A1		270,500	
C2) rating A2		205,000	
C3) rating B		29,500	
C4) rating C		8,234	
D. Financing received			**–**
E. Other liabilities			**23,472**
E1) amounts due for services rendered		669	
E2) due to customers		1	
E5) accrued expenses – interest on securities issued		9,669	
E6) accrued expenses on IRS		10,396	
E7) other accrued expenses		409	
E8) allowance for overdue interest		4	
E9) allowance for “additional return”		2,324	
F. Interest expense on securities issued			**12,816**
G. Commissions and fees			**431**
G1) servicing		311	
G2) other services		120	
G3) banking expenses		–	
H. Other expenses			**15,951**
H1) interest expense		13,533	
H2) other expenses		90	
H3) provisions to the allowance for overdue interest		4	
H4) provisions to the allowance for “additional return”		2,324	
I. Interest income on securitised assets			**15,928**
L. Other revenues			**13,775**
L1) interest income		13,633	
L2) revenues for penalties for early termination and other		137	
L3) other revenues		5	

INTESABCI SEC. NPL – SECURITISATION OF DOUBTFUL MORTGAGES

(in thousands of euro)

A.	**Securitised assets**			**518,111**
A1)	loans		507,261	
	– loans outstanding	146,349		
	– overdue loans	298,092		
	– overdue interest	62,820		
A2)	securities			
A3)	other assets		10,850	
	– other accrued income	66		
	– cap premium paid	10,784		
B.	**Investments of the funds collected from loan management**			**18,376**
B1)	debt securities			
B2)	shares, quotas and other forms of capital			
B3)	liquidity	18,376		
B4)	time deposits			
C.	**Securities issued**			**525,028**
C1)	rating A1		274,000	
C2)	rating B		72,000	
C3)	rating C		20,000	
C4)	rating D		117,711	
C5)	rating E		41,317	
D.	**Financing received**			**–**
E.	**Other liabilities**			**3,563**
E1)	amounts due for services rendered		145	
E2)	due to customers		82	
E5)	accrued expenses - interest on securities issued		814	
E7)	other accrued expenses		26	
E8)	floor premium		2,496	
F.	**Interest expense on securities issued**			**814**
G.	**Commissions and fees**			**100**
G1)	servicing			
G2)	other services		100	
G3)	banking expenses			
H.	**Other expenses**			**17,227**
H1)	interest expense			
H2)	commissions for placement of securities		271	
H3)	other expenses		1,365	
H4)	losses on overdue interest		465	
H5)	losses on loans		241	
H6)	forecasted losses on loans		14,885	
I.	**Interest income on securitised assets**			**13,843**
L.	**Other revenues**			**12,194**
L1)	interest income		42	
L2)	recovery of legal expenses		232	
L3)	write-backs		11,916	
L4)	other revenues		4	

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
Acquistapace Spa	90.00			pledge
Adria Investing Dd		44.73	Riadria Banka	holding
		41.21	Privredna Banka Zagreb	holding
Ag. per la Promoz. Ind. del Vercellese e della Valsesia		15.00	C.R. di Biella e Vercelli	holding
Agos Itafinco Spa	30.00			holding
Agricola Investimenti Spa	99.99			holding
Agricola Remuscita di D. Franzoni & C. Sas		100.00	Agricola Investimenti	holding
Agricola Valle nel Chianti Srl		100.00	C.R. di Parma e Piacenza	pledge
Agro - Fin Parma Srl		38.10	C.R. di Parma e Piacenza	pledge
Alfa - ex Ingatlanhasznosito es Forgalmazo		21.20	Central European International Bank	pledge
Alfastamp Srl		14.59		holding
Alfieri Associated Investors Serviços de Consultoria	20.00			holding
Algi Spa	100.00			pledge
Allevamenti Le Colombaie Srl	20.00			holding
		80.00	Agricola Investimenti	holding
Alpi Spa		16.46	Banca di Trento e Bolzano	pledge
Alstom Power Doo		20.07	Invest Holding Doo Karlovac	holding
América do Sul Fomento Comercial Ltda		97.65	Banco América do Sul	holding
Amex Podjetje Za Poslovanje S Kreditnimi Karticami Doo		100.00	PBZ American Express	holding
Antares Spa		51.00	C.R. di Parma e Piacenza	pledge
Aquae Vivae Dd		20.00	Privredna Banka Zagreb	holding
Arpi Spa	22.11			pledge
Asel Sistemi Spa	19.15			holding
Assiba Società di Assicurazioni Spa	48.09			holding
		1.00	Banco di Chiavari e della Riviera Ligure	holding
Atlantis SA		81.25	Banque Sudameris	holding
Auschem Spa		53.03	C.R. di Parma e Piacenza	pledge
	n.s.			holding
Azienda Agricola Ballottino Srl	49.00			holding
		51.00	Allevamenti Le Colombaie	holding
Azienda Olearia del Chianti Srl		100.00	C.R. di Parma e Piacenza	pledge
Banca Carime Spa	24.92			holding
Banca Cis Spa	55.37			holding
Banca Commerciale Italiana SA France	100.00			holding
Banca Commerciale Italiana Plc Ireland	100.00			holding
Banca Commerciale Italiana of Canada		100.00	Comit Holding International	holding
Banca Commerciale Italiana - Suisse		100.00	Comit Holding International	holding
Banca di Trento e Bolzano Spa		57.00	Finanziaria BTB	holding
	8.29			holding
Banca d’Italia		2.03	C.R. di Parma e Piacenza	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	Direct	Indirect		
Banca d’Italia	22.01			holding
		0.22	C.R. di Ascoli Piceno	holding
		0.08	C.R. di Viterbo	holding
		0.08	C.R. di Città di Castello	holding
		n.s.	C.R. di Rieti	holding
		0.03	C.R. di Spoleto	holding
		0.11	C.R. di Foligno	holding
		2.10	C.R. di Biella e Vercelli	holding
Banca Intesa (France) SA	100.00			holding
Banca IntesaBci Mediocredito Spa	100.00			holding
Banca Intesa International SA	100.00			holding
Banca Popolare FriulAdria Spa	76.05			holding
Banco América do Sul Spa		97.14	Sudameris Distrib. de Titulos e Valores Mob.	holding
		2.62	Soc. de Assessoria Tecnica e Administrativa	holding
Banco de Investimento Imobiliario SA	50.00			holding
Banco Sudameris Argentina SA		79.99	Atlantis	holding
		20.01	Banque Sudameris	holding
Banco Sudameris Brasil SA		92.39	Banque Sudameris	holding
		0.91	Soc. de Assessoria Tecnica e Administrativa	holding
Banco Sudameris Colombia		71.04	Banque Sudameris	holding
Banco Sudameris de Investimento SA		82.36	Banco Sudameris Brasil	holding
Banco Sudameris Paraguay Saeca		90.19	Banque Sudameris	holding
		0.36	Sudameris Immobiliaria SA	holding
Banco Wiese Sudameris SA		71.54	Lima Sudameris Holding	holding
		0.36	Banque Sudameris	holding
Bank Austria Creditanstalt Czech Republic AS	20.00			holding
Bankhaus Löbbecke & Co. KG		1.22	Beteiligungsgesellschaft für das B.L. & Co.	holding
	98.78			holding
Banksiel Spa	14.00			holding
Banque Sudameris SA		99.98	Comit Holding International	holding
Barret Srl		50.00	Zet	ben. inter.
BCI Canada Securities Inc		100.00	Banca Commerciale Italiana of Canada	holding
BCI Funding Corporation		100.00	Comit 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	Comit 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
Binda Spa		1.15	Banco di Chiavari e della Riviera Ligure	holding
		n.s.	Caboto Sim	holding
	0.14			pledge
	11.25			holding
		n.s.	Cormano	holding
		0.02	C.R. di Parma e Piacenza	pledge
Biverbroker Srl		55.00	C.R. di Biella e Vercelli	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	Direct	Indirect		
BMG Serravalle Srl	100.00			pledge
Bolzoni Spa	30.17			holding
Borsa Italiana Spa	15.00			holding
		0.07	C.R. di Biella e Vercelli	holding
Bosco Gerre Srl	28.00			pledge
BPT Spa		39.00	Banca Popolare FriulAdria	pledge
Brebemi Spa	12.15			holding
Burano Srl		100.00	Banca di Trento e Bolzano	pledge
Caboto Holding Sim Spa	100.00			holding
Caboto International SA		100.00	Intesa Asset Management Sgr	holding
Caboto Securities Ltd		100.00	Caboto Holding Sim	holding
Caboto Sim Spa		100.00	Caboto Holding Sim	holding
Caboto USA Inc		100.00	Caboto Holding Sim	holding
Cala Capitana Srl		100.00	C.R. di Viterbo	pledge
Camigliati Scuola Management Territoriale Scrl		20.00	IntesaBci Formazione Sud	holding
Cantiere Darsena Italia Spa	20.00			holding
Capitale e Sviluppo Spa		9.77	C.R. di Spoleto	holding
		9.77	C.R. di Foligno	holding
Car World Italia Spa	30.00			holding
Caralt Spa	35.00			holding
Caridata Spa	60.00			holding
Carignano Srl	69.99			pledge
Carinord Holding Spa	30.94			holding
Cariparma e Piacenza Spa	100.00			holding
Cariplo Finance Inc	100.00			holding
Carivita Spa	80.00			holding
Cartitalia Srl (under bankruptcy procedures)		51.00	Cormano	holding
Case di Cura Riunite Srl	71.00			pledge
Casa di Cura Villa Esperia Spa	76.19			pledge
Cassa di Compensazione e Garanzia	9.09			holding
		4.55	Caboto Holding Sim	holding
Cassa di Risparmio di Città di Castello Spa		64.24	Holding IntesaBci Centro	holding
	15.00			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 Fermo Spa	33.33			holding
Cassa di Risparmio di Foligno Spa		70.47	Holding IntesaBci Centro	holding
		0.06	Carivita	holding
Cassa di Risparmio di Rieti Spa		85.00	Holding IntesaBci Centro	holding
Cassa di Risparmio di Spoleto Spa		59.44	Holding IntesaBci Centro	holding
Cassa di Risparmio di Teramo Spa	20.00			holding
Cassa di Risparmio di Terni e Narni Spa	35.00			holding
Cassa di Risparmio della Provincia di Viterbo Spa		79.09	Holding IntesaBci Centro	holding
		0.01	C.R. di Città di Castello	holding
		0.09	C.R. di Spoleto	holding
Cavarzere Produzioni Industriali Spa	0.03			holding
	8.67			pledge
		3.40	C.R. di Parma e Piacenza	pledge

Company	Percentage or quotas held Direct	Percentage or quotas held Indirect	Direct ownership	Type of right
Cedacri Ovest Spa		18.75	C.R. di Biella e Vercelli	holding
Central European International Bank Ltd		100.00	Comit Holding International	holding
Centrale dei Bilanci Srl		0.83	C.R. di Parma e Piacenza	holding
	11.67			holding
		0.83	Banca Cis	holding
Centro Agro Alimentare di Parma Srl		14.46	C.R. di Parma e Piacenza	holding
Centro Aurelia Srl	100.00			holding
Centro Incremento Suini Srl		100.00	Allevamenti Le Colombaie	holding
Centro Studi O. Villa Srl		100.00	Agricola Investimenti	holding
Cevsa Spa	17.67			pledge
CGM International Spa (in liquidation)	80.00			holding
China International Packaging Leasing Ltd		17.50	Comit Holding International	holding
Cib Investment Fund Management Ltd		99.95	Cib Securities Co.	holding
		0.05	Cib Service	holding
Cib Leasing Co. Ltd		1.32	Central European International Bank	holding
		98.68	Cib Rent and Leasing	holding
		n.s.	Cib Service	holding
Cib Rent and Leasing Co. Ltd		1.11	Cib Securities Co.	holding
		98.89	Central European International Bank	holding
Cib Securities Co. Ltd		26.00	Central European International Bank	holding
		74.00	Cib Service	holding
Cib Service Kft		100.00	Central European International Bank	holding
		n.s.	Cib Leasing	holding
Cimo Srl	100.00			pledge
Cofragef SA		99.76	Banca Intesa (France)	holding
Comit Asset Management Sgr Spa	100.00			holding
Comit Factoring Spa	100.00			holding
Comit Gestioni Sgr Spa	100.00			holding
Comit Holding International SA	100.00			holding
Comit Investments ltd - Ireland	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	Comit Holding International	holding
Companhia de Arrendamento Mercantil Renault do Brasil		39.79	Banco América do Sul	holding
Companhia de Credito, Financ. e Invest.Renault do Brasil		40.00	Banco América do Sul	holding
Conser Spa		51.00	Sesit Puglia	holding
Consorzio Agrario Provinciale di Parma Scrl		12.69	C.R. di Parma e Piacenza	holding
Consorzio Aiace Cons. Att. Intern. Aziende Comm. Elet.	25.00			holding
Consorzio Nucleo Industrializz. Rieti - Città Ducale		25.07	C.R. di Rieti	holding
Cons. Ist. Gest. Zona Ind. Int. Reg. di Chilivani-Ozieri		17.05	Banca Cis	holding
Consorzio per gli studi universitari a distanza F. Corongiu		33.33	Banca Cis	holding
Cons. per l'Area di sviluppo Ind. Sardegna Centrale		12.90	Banca Cis	holding
Cons. per la Zona di sviluppo Ind. di Villacidro		12.99	Banca Cis	holding
Consorzio Skillpass	12.50			holding
Cons. Zona Ind. di Int. Reg. Tempio Pausania		21.37	Banca Cis	holding
Consul Service Srl (in liquidation)		98.41	Banca Cis	holding
Consult Ameris SA		100.00	Banque Sudameris	holding

Company	Percentage or quotas held Direct	Indirect	Direct ownership	Type of right
Convetro Spa		67.50	Banca Popolare FriulAdria	pledge
Cormano Srl	70.82			holding
Corte Rosada Srl	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	99.14			pledge
Del Favero Finanziaria Spa	22.04			pledge
Del Mar SA		56.69	Banco Wiese Sudameris	holding
Depositos SA - Depsa		99.98	Banco Wiese Sudameris	holding
Dulevo Spa	91.70			pledge
E. Gilardi & C. Srl		30.00	C.R. di Biella e Vercelli	holding
E.Tr. Spa		100.00	Intesa Riscossione Tributi	holding
Eco Spa	20.31			holding
Edilmarket Srl (under bankruptcy procedures)		100.00	C.R. di Viterbo	pledge
Editrade Sac		22.50	Wiese Inversiones Financ.	holding
EDM Srl		25.00	C.R. di Spoleto	pledge
Elaboration System Srl		90.00	Banca di Trento e Bolzano	pledge
Elsacom Nv	11.33			holding
Elsag Sti Spa		14.86	C.R. di Parma e Piacenza	holding
Emilia Romagna Factor Spa		6.67	C.R. di Parma e Piacenza	holding
	6.67			holding
Ente Nazionale Sementi Elette	49.41			holding
Epiclink	25.00			holding
Equitypar Companhia de Participacores SA		12.50	Banque Sudameris	holding
Esatri Esazione Tributi Spa		66.69	Intesa Riscossione Tributi	holding
Euroholding SA		15.00	Banque Sudameris	holding
		10.00	Banco Sudameris Argentina	holding
Euromilano Srl	37.50			holding
Europay Hrvatska Doo		14.29	Privredna Banka Zagreb	holding
Europrogetti & Finanza Spa	15.97			holding
Euroqube SA	26.14			holding
Eutron Spa	20.00			holding
Everest Spa	100.00			pledge
Evoluzione 94	18.11			holding
Fadalti Marco Orfeo Spa		33.33	Banca Popolare FriulAdria	pledge
Favini Spa	17.51			holding
F.I.L.A. Fabbrica Italiana Lapis e Affini Spa	20.00			holding
Fibronil Srl	100.00			pledge
Fidenza Ovest Srl		25.00	C.R. di Parma e Piacenza	pledge
Fidia Spa	25.00			holding
Fiduciaria Sudameris SA		5.01	Banque Sudameris	holding
		94.99	Banco Sudameris Colombia	holding
Financiere Vespucci Sca	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
Fineurop Holdings Nv	14.75			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	Direct	Indirect		
Finlombarda Spa	19.55			holding
Fin Omicron Srl	100.00			pledge
Finpas Spa		28.50	C.R. di Parma e Piacenza	pledge
Finreme Sim Spa	100.00			holding
Fintbrescia Holding Spa	17.30			pledge
First Skelligs Int. Fin. Comp. Ltd	33.33			holding
Fobos Srl	100.00			pledge
Fundsworld Financial Service Ltd	70.50			holding
Galileo Holding Spa	28.98			holding
		5.88	C.R. di Viterbo	holding
GE.I.PO. Srl	90.00			pledge
Genercomit Distribuzione Sim Spa	100.00			holding
Geni Spa (under bankruptcy procedures)		35.91	Intesa Gestione Crediti	holding
Genseb - Generali e Seb Risk Service SA		50.00	Société Européenne de Banque	holding
Giraglia Immobiliare Spa		0.28	C.R. di Parma e Piacenza	holding
	20.88			holding
GPE Srl		90.55	Banca Popolare FriulAdria	pledge
Grafiche San Marco Spa		50.00	Banca Popolare FriulAdria	pledge
Grin Srl	100.00			pledge
Harry Srl		100.00	C.R. di Parma e Piacenza	pledge
Holding dei Giochi Srl	100.00			pledge
Holding IntesaBci Centro Spa	96.91			holding
Huit SA	20.33			holding
I.S. International Srl	14.77			pledge
Iais4 Spa		70.00	E.Tr. - Esazione Tributi	holding
Ifas Gruppo Spa	36.00			holding
Il Mondo dei Fiori Srl	100.00			pledge
Imeco Spa		42.50	Banca di Trento e Bolzano	pledge
Immobiliare Bareggio Srl		100.00	Agricola Investimenti	holding
Immobiliare Dolcè Srl		100.00	Banca di Trento e Bolzano	pledge
Immobiliare Golena Srl	28.00			pledge
Immobiliare Lana Srl		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
Imp. Cos. Nuova Cesano Spa	100.00			pledge
Impianti Srl		1.69	Banca di Trento e Bolzano	holding
		5.14	C.R. di Parma e Piacenza	holding
	12.11			holding
Impresa Castelli Spa	36.60			pledge
Industria Salumi Valtidone Srl		98.60	Finanziaria Agricola Bresciana	holding
Infocorp SA		20.73	Wiese Bank International	holding
Informatica Umbra Srl		8.33	C.R. di Spoleto	holding
		8.33	C.R. di Foligno	holding
Iniziativa Le Calle Spa	10.42			pledge
Inizitive Immobiliari Srl	12.40			holding
	12.40			pledge

Company	Percentage or quotas held Direct	Percentage or quotas held Indirect	Direct ownership	Type of right
Iniziative Urbane Spa		11.11	Banca di Trento e Bolzano	holding
Insediamenti Produttivi Piemonte Settentrionale Spa		12.76	C.R. di Biella e Vercelli	holding
Intermodal Cargo SA		69.50	Depositos	holding
Intesa Asset Management Sgr Spa	85.79			holding
		0.28	C.R. di Viterbo	holding
		0.28	C.R. di Città di Castello	holding
		0.28	C.R. di Spoleto	holding
		0.28	C.R. di Foligno	holding
Intesa Bank Overseas Ltd	100.00			holding
Intesa e-lab Spa	100.00			holding
Intesa Fiduciaria Sim Spa	100.00			holding
IntesaBci Formazione ScpA	72.50			holding
		1.00	Caboto Sim	holding
		0.50	Intesa Fiduciaria Sim	holding
		1.00	Intesa Italia Sim	holding
		2.00	Caboto Holding Sim	holding
		3.00	Banca di Trento e Bolzano	holding
		0.50	Italfid	holding
		3.00	Banca Popolare FriulAdria	holding
		3.00	Intesa Sistemi e Servizi	holding
		5.00	C.R. di Parma e Piacenza	holding
		0.50	Intesa Gestione Crediti	holding
		1.00	Intesa Leasing	holding
		1.00	C.R. di Ascoli Piceno	holding
		1.00	C.R. di Viterbo	holding
		1.00	C.R. di Città di Castello	holding
		1.00	C.R. di Rieti	holding
IntesaBci Formazione Sud		51.00	IntesaBci Formazione	holding
	10.00			holding
Intesa Gestione Crediti Spa	100.00			holding
Intesa Immobiliare Spa	90.00			holding
		10.00	Intesa Gestione Crediti	holding
Intesa Ireland Plc		n.s.	Bankhaus Löbbecke	holding
		n.s.	Banca Intesa International	holding
		n.s.	Banca Intesa (France)	holding
		n.s.	Beteiligungsgesellschaft für das B.L. & Co.	holding
	100.00			holding
Intesa Italia Sim Spa	100.00			holding
Intesa Learning Spa		0.50	C.R. di Spoleto	holding
		1.50	C.R. di Foligno	holding
	96.50			holding
Intesa Leasing Spa	99.44			holding
Intesa Preferred Capital Co. Llc	100.00			holding
Intesa Preferred Capital Co. Llc II	100.00			holding
Intesa Renting Spa		65.00	Intesa Leasing	holding
Intesa Riscossione Tributi Spa	100.00			holding
IntesaBci Sec. Spa	60.00			holding
IntesaBci Sec. Npl Spa		60.00	Caboto Holding Sim	holding

Company	Percentage or quotas held Direct	Indirect	Direct ownership	Type of right
Intesa Sistemi e Servizi Spa	100.00			holding
Inversiones Sudameris Chile Ltda		83.33	Banque Sudameris	holding
		16.67	Sudameris Immobiliaria SA	holding
Inversiones Mobiliarias SA		93.34	Banque Sudameris	holding
Inversiones Sudameris Ca		99.97	Banque Sudameris	holding
Investholding Doo Karlovac		56.38	Privredna Banka Zagreb	holding
Investholding Doo Zagreb		100.00	Privredna Banka Zagreb	holding
Investitori Associati SA	16.67			holding
Inveurop Invest. Europei Spa (under bankruptcy procedures)		83.67	C.R. di Parma e Piacenza	pledge
	0.01			holding
Ioca Ltd	49.04			holding
Ipef Partners Ltd	40.50			holding
Italfid - Italiana Fiduciaria Spa	100.00			holding
Italia Generali Costruzioni Srl	100.00			pledge
Italian Proprieties Investments Srl	100.00			pledge
Italian Proprieties Investments Due Srl	100.00			pledge
Kingstone Comercio Int. Ltda	33.33			holding
Kiruna Srl	100.00			pledge
Kish Receivables Company		15.02	Comit Investments	holding
La Bufalina Srl (in liquidation)	100.00			holding
La Centrale Consulenza Spa	100.00			holding
Lamaro Vittoria Spa	100.00			pledge
Leasing Sudameris SA		5.10	Banque Sudameris	holding
		94.90	Banco Sudameris Colombia	holding
Leoni Daniele Srl		70.00	Intesa e-lab	holding
Liburnavest Doo		100.00	Riadria Banka	holding
Lima Sudameris Holding SA		35.95	Banque Sudameris	holding
		7.07	Banco Sudameris Brasil	holding
		39.71	Inversiones Mobiliarias	holding
		0.07	Banco Wiese Sudameris	holding
Lineapiù Spa	15.03			holding
Lizzini Spa		29.94	Agricola Investimenti	holding
LO.SE.RI. Spa	30.50			holding
Lobco Immobilien Und Handels Gmbh		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 IntesaBci Spa	100.00			holding
Mantero Finanziaria Spa	10.59			holding
Marcofil Spa	100.00			pledge
Marcotex Spa	100.00			pledge
Marvany Vendeglo Kft		100.00	Cib Service	holding
Mater.Bi Spa	34.48			holding
Meba Doo		100.00	Medimurska Banka	holding
Medimurska Banka Dd		88.67	Privredna Banka Zagreb	holding
Medinvest Srl (under bankruptcy procedures)		100.00	C.R. di Viterbo	pledge
Mediocredito Fondiario Centro Italia Spa		10.77	C.R. di Ascoli	holding
		0.25	C.R. di Città di Castello	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	Direct	Indirect		
Mediocredito Fondiario Centro Italia Spa		0.30	C.R. di Foligno	holding
Mediofactoring Spa	97.58			holding
		2.42	Comit Factoring	holding
MI.CO.FIN Spa (in liquidation)	34.00			pledge
Millenium Immobiliare Spa	100.00			pledge
Montagna 2000 Spa		11.00	C.R. di Parma e Piacenza	holding
Monte Mario 2000 Srl		47.50	Finanziaria Colonna	holding
Monte Titoli Spa	7.00			holding
		4.79	Caboto Sim	holding
		0.69	C.R. di Parma e Piacenza	holding
Musicland Spa	40.00			holding
Nageo Bv	25.00			holding
Netsystem.com Spa	35.74			pledge
Network Bancario Italiano Spa		24.94	Banca Popolare FriulAdria	holding
Neubor Glass Spa		26.66	Banca Popolare FriulAdria	holding
Nordest Sicav Spa	66.67			holding
Novacarta Srl		99.90	Cormano	holding
Nuova Cartiera di Arbatax Spa		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	C.R. di Spoleto	holding
Nuovo Hotel S. Pietro Srl	100.00			pledge
Office Chairs Participations Sarl	50.00			holding
Olearia Castello degli Olivi Srl		100.00	C.R. di Parma e Piacenza	pledge
Olifin Srl		98.99	C.R. di Parma e Piacenza	pledge
Omicom Srl		100.00	Zet	holding
Orione Immobiliare Prima Spa	15.00			holding
Palace Hotel Spa		22.90	Banca di Trento e Bolzano	pledge
Palazzo Legnazzi Srl	24.50			holding
		65.50	Agricola Investimenti	holding
Parmafactor Spa	10.00			holding
		10.00	C.R. di Parma e Piacenza	holding
PB Invest und Finanz AG. (in liquidation)		100.00	PBZ Im-Und Export Handel Service GmbH	holding
PBZ American Express Doo		100.00	Privredna Banka Zagreb	holding
PBZ American Express Doo - Skopje		95.00	PBZ American Express Doo	holding
PBZ Im-Und Export Handel Service Gmbh		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		100.00	PBZ Im-Und Export Handel Service GmbH	holding
PBZ Trading SRO - Slovakia Republic (in liquidation)		100.00	PBZ Im-Und Export Handel Service GmbH	holding
Petrochemical Investments Ltd	100.00			holding
Phoenix KG		1.22	Beteiligungsgesellschaft für das B.L. & Co.	holding
	98.78			holding
Piaggio Acquisition Sarl	14.40			holding
Pierrel Farmaceutici Spa	20.00			pledge
Pinestead Investment Corp	20.00			holding

Company	Percentage or quotas held Direct	Indirect	Direct ownership	Type of right
Plasticfar Srl	100.00			pledge
PMP Spa	40.00			holding
Po Vita Spa		50.00	C.R. di Parma e Piacenza	holding
Porto San Rocco Spa		24.90	Banca Popolare FriulAdria	pledge
Previnet	45.50			holding
Privredna Banka - Laguna Banka Dd		100.00	Privredna Banka Zagreb	holding
Privredna Banka Zagreb		66.30	Comit Holding International	holding
Procesos MC Peru SA		44.23	Banco Wiese Sudameris	holding
Progetti Srl	24.00			pledge
Prominvest Srl	100.00			pledge
Prominvestment Spa	25.00			holding
Prontofund Advisory SA		0.03	Société Européenne de Banque	holding
	99.97			holding
Raggio di Sole Mangimi Spa		18.38	C.R. di Parma e Piacenza	pledge
Realtanoda U.12. Vagyonkezelo Kft		100.00	Cib Service	holding
Reicevables Servicing Co.		64.79	Comit Investments	holding
Redbanc Srl		16.67	Banque Sudameris	holding
Remari Finanziaria Srl (in liquidation)	28.00			pledge
Renee Srl (under bankruptcy procedures)	100.00			pledge
Riadria Banka Dd		77.53	Privredna Banka Zagreb	holding
Riconversider Srl	13.86			holding
S.I.F. Società Investimenti Fieristici Spa		17.00	C.R. di Parma e Piacenza	holding
Sabaudia 29 Srl	95.00			pledge
Safinvest Finanziaria Spa (in liquidation)		99.67	Cormano	holding
Sant'Antonio Abate Srl		75.00	C.R. di Parma 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
Scent SA		20.00	Shi-Mi	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	49.50			holding
Serit Picena Spa		77.49	C.R. di Ascoli Piceno	holding
Serr Mac Spa		100.00	Banca Popolare FriulAdria	pledge
Servicios Bancarios Compartidos SA		11.28	Banco Wiese Sudameris	holding
Servitia SA		100.00	Société Européenne de Banque	holding
Servizi Assicurativi Padano Srl		40.00	C.R. di Parma e Piacenza	holding
Servizi Finanziari Integrati Srl (in liquidation)		67.00	Safinvest Finanziaria	holding
Servizi Interbancari		0.22	Banca di Trento e Bolzano	holding
		0.18	Banca Popolare FriulAdria	holding
		0.56	C.R. di Parma e Piacenza	holding
		0.37	C.R. di Biella e Vercelli	holding
	10.78			holding
		0.01	C.R. di Spoleto	holding
		0.15	C.R. di Viterbo	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	Direct	Indirect		
Servizi Interbancari		0.10	C.R. di Ascoli	holding
		0.15	C.R. di Città di Castello	holding
		0.15	C.R. di Foligno	holding
		0.15	C.R. di Rieti	holding
		0.25	Banco di Chiavari e della Riviera Ligure	holding
Sesit Puglia Spa		64.99	Intesa Riscossione Tributi	holding
Setefi Spa	100.00			holding
Shi-mi SA	100.00			holding
Shoplà Spa		50.00	Intesa e-lab	holding
Sider Corp SA		20.32	Wiese Inversiones Financieras	holding
Siderpali Holding Spa	30.00			holding
Sim Co.Ge.F. Spa	43.49			holding
Siref Gestioni Sim Spa		100.00	Società Italiana di Revisione e Fiduciaria	holding
Skuda Dd (in liquidation)		83.35	Privredna Banka Zagreb	holding
Slavonija Drvna Industrija Doo		100.00	Investholding Doo Zagreb	holding
Slavonija Drvna Industrija - Tehincko Odrzavanje Sre		100.00	Slavonija Drvna Industrija	holding
Slavonija Drvna Industrija - Tvornica Namjestaja Proi		100.00	Slavonija Drvna Industrija	holding
Slavonija Drvna Industrija - Tvornica Parketa Proi		100.00	Slavonija Drvna Industrija	holding
SO.GE.A.P. Aeroporto di Parma Spa		10.15	C.R. di Parma e Piacenza	holding
S.O.R.I.T. Spa		3.46	C.R. di Spoleto	holding
		7.02	C.R. di Città di Castello	holding
		12.47	C.R. di Foligno	holding
Soc. De Assessoria Tecnica e Administrativa SA		100.00	Banque Sudameris	holding
Società Agricola Valserena Srl		50.00	C.R. di Parma e Piacenza	pledge
Società di Partecipazione Srl		100.00	Finanziaria Agr. Bresciana	holding
Società Europea di Sviluppo Srl	90.00			pledge
Società Italiana di Revisione e Fiduciaria Spa-S.I.Re.F.	60.00			holding
		20.00	Banco di Chiavari e della Riviera Ligure	holding
Società per i Servizi Bancari - SSB Spa		0.24	Banca di Trento e Bolzano	holding
		0.21	C.R. di Parma e Piacenza	holding
	17.52			holding
		0.04	C.R. di Viterbo	holding
		0.04	C.R. di Città di Castello	holding
		0.04	C.R. di Rieti	holding
		0.01	C.R. di Spoleto	holding
		0.04	C.R. di Foligno	holding
		0.08	Banco di Chiavari e della Riviera Ligure	holding
		0.11	C.R. di Biella e Vercelli	holding
		n.s.	Banca Cis	holding
		0.06	Banca Popolare FriulAdria	holding
		0.02	C.R. di Ascoli	holding
Società Recupero Centri Storici Spa		13.00	C.R. di Biella e Vercelli	holding
Société d'Investissements et de Financ. Immobiliers SA		99.99	Banca Commerciale Italiana (France)	holding
Société Européenne de Banque SA		100.00	Comit 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 América do Sul	holding
Sphera Sarl		100.00	Banca Intesa (France)	holding

Company	Percentage or quotas held Direct	Percentage or quotas held Indirect	Direct ownership	Type of right
Standa Commerciale Spa	25.00			holding
Strutture Centrali Srl	25.00			pledge
Sudameris Administradora de Cartao de Credito e Se		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		99.70	Banco Sudameris Brasil	holding
Sudameris Asset Management Ltda		10.00	Soc. de Assessoria Tecnica e Administrativa	holding
		90.00	Banco América do Sul	holding
Sudameris Capital Markets SA		99.72	Banque Sudameris SA	holding
Sudameris Casa de Bolsa SA		49.00	Banco Sudameris Paraguay	holding
Sudameris Correttora de Cambio e Valores Mobiliarios		100.00	Banco Sudameris de Invest.	holding
Sudameris Distrib. de Titulos e Valores Mobiliarios		100.00	Banco Sudameris Brasil	holding
Sudameris Empreendimentos e Serviços Ltda		97.20	Banco Sudameris Brasil	holding
		2.00	Sudameris Arrendamento Mercantil	holding
		n.s.	Sudameris Corretora de Cambio e Valores Mobiliarios	holding
		0.80	Sudameris Distribudora de Titulos e Valores Mobiliarios	holding
		n.s.	Sudameris Soc. de Fomento Comm. e de Serviços	holding
Sudameris Generali Companhia de Seguros e Prev. Pri		50.00	Banco Sudameris de Invest.	holding
Sudameris Immobiliaria SA		100.00	Banque Sudameris	holding
Sudameris Inversora Argentina Soc. Gerente de Fondos		n.s.	Atlantis	holding
		100.00	Banco Sudameris Argentina	holding
Sudameris Investment Chile SA		100.00	Banque Sudameris	holding
		n.s.	Inversionaes Sudameris Chile	holding
Sudameris Leasing SA		95.00	Banque Sudameris	holding
		5.00	Inversionaes Sudameris Chile	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
Supermetanol Ca		15.49	Petrochemical Investments	holding
SVI Lombardia Spa	12.31			holding
Sviluppo Garibaldi Repubblica Spa	50.00			holding
Sviluppo Linate Spa	100.00			pledge
Sviluppo Marino Srl	100.00			pledge
Tabby Spa (under bankruptcy procedures)	73.81			pledge
Tasa Finance Lux Sarl	100.00			holding
Tecnoarredamenti Srl		100.00	Banca Popolare FriulAdria	pledge
Tecnoforge Spa	14.77			pledge
Tecno Spa	38.46			holding
Tehnolasko-Inovacijski Centar Doo		11.20	Riadria Banka	holding
Termomeccanica Spa	32.32			holding
	3.00			pledge
The Augustus Investment Company	100.00			holding
The Maple Gas Development Corporation - S. Isidro		33.33	Wiese Inversiones Financieras	holding
The Peru Privatisation and Development Fund Ltd		9.92	Banque Sudameris	holding
		0.89	Banco Wiese Sudameris	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	Direct	Indirect		
The Tiberius Fund	100.00			holding
Transatlantic Telecommunications Fin. Alpha Ltd	100.00			holding
Transatlantic Telecommunications Fin. Beta Ltd	100.00			holding
Transatlantic Telecommunications Fin. Gamma Ltd	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	18.64			holding
VA.MA. Srl		37.50	C.R. di Viterbo	pledge
Vis Italiana Srl	11.08			pledge
Viterie Bal.Bi Srl		50.00	Banca Popolare FriulAdria	pledge
Vobis Network Spa	54.38			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	20.01			holding
Zet Srl		55.00	C.R. di Parma e Piacenza	pledge
Zetesis.com Spa	39.91			holding

n.s. = not significant since in the percentage is under 0.005.

IntesaBci
Parent Company's
Financial Statements
as at 30th June 2001

(figures expressed in thousands of euro)

IntesaBci
Parent Company's financial statements as at 30th June 2001
Balance sheet

(in thousands of euro)

	Assets	30th June 2001	31st December 2000	30th June 2000
10.	Cash and deposits with central banks and post offices	610,286	502,129	88
20.	Treasury bills and similar bills eligible for refinancing with central banks	4,016,584	1,536,546	2,088,663
30.	Due from banks	49,221,514	22,815,976	28,572,884
	a) repayable on demand	*5,867,395*	*2,669,453*	*6,804,740*
	b) other	*43,354,119*	*20,146,523*	*21,768,144*
40.	Loans to customers	147,611,381	89,560,254	5,934,492
	including			
	– with public funds under administration	*33,264*	*31,220*	–
50.	Bonds and other debt securities	31,107,877	15,893,291	9,435,463
	a) public entities	*14,193,314*	*10,369,484*	*5,357,980*
	b) banks	*9,216,054*	*3,734,973*	*2,905,352*
	including			
	– own bonds	*535,282*	*1,040,019*	–
	c) financial institutions	*4,008,609*	*1,208,238*	*992,648*
	d) other issuers	*3,689,900*	*580,596*	*179,483*
60.	Shares, quotas and other forms of capital	4,692,823	529,138	45,030
70.	Equity investments	2,535,445	1,832,741	837,172
80.	Investments in Group companies	6,972,244	8,072,148	11,045,101
90.	Intangibles	278,276	183,239	73,964
	including			
	– start-up costs	*22,986*	*30,862*	*24,497*
	– goodwill	*77,637*	*69,142*	–
100.	Fixed assets	3,118,125	1,150,493	22,435
	including			
	– leased assets	*1,330,900*	–	–
130.	Other assets	14,062,125	6,740,514	2,361,013
140.	Accrued income and prepaid expenses	4,482,953	1,884,301	505,584
	a) accrued income	*3,916,158*	*1,487,785*	*453,614*
	b) prepaid expenses	*566,795*	*396,516*	*51,970*
	including			
	– discounts on securities issued	*70,661*	*1,386*	*1,524*
	Total Assets	**268,709,633**	**150,700,770**	**60,921,889**

IntesaBci
Parent Company's financial statements as at 30th June 2001
Balance sheet

(in thousands of euro)

	Liabilities and Shareholders' Equity	30th June 2001	31st December 2000	30th June 2000
10.	Due to banks	88,033,034	42,746,350	37,963,197
	a) repayable on demand	*21,599,153*	*11,671,966*	*8,108,956*
	b) time deposits or with notice period	*66,433,881*	*31,074,384*	*29,854,241*
20.	Due to customers	79,753,341	42,613,000	2,252,137
	a) repayable on demand	*57,746,444*	*36,504,978*	*1,139,843*
	b) time deposits or with notice period	*22,006,897*	*6,108,022*	*1,112,294*
30.	Securities issued	49,937,991	35,746,575	2,828,913
	a) bonds	*33,228,541*	*28,260,883*	*1,750,000*
	b) certificates of deposit	*15,315,554*	*6,634,682*	*1,078,904*
	c) other	*1,393,896*	*851,010*	*9*
40.	Public funds under administration	45,135	31,426	–
50.	Other liabilities	18,029,985	6,107,280	1,434,905
60.	Accrued expenses and deferred income	5,011,222	1,874,271	532,688
	a) accrued expenses	*4,355,876*	*1,397,234*	*425,760*
	b) deferred income	*655,346*	*477,037*	*106,928*
70.	Allowance for employee termination indemnities	1,063,697	596,893	1,402
80.	Allowances for risks and charges	2,069,741	2,862,134	856,937
	a) pensions and similar commitments	*110,163*	*768,988*	–
	b) taxation	*969,305*	*1,378,224*	*704,163*
	c) other	*990,273*	*714,922*	*152,774*
90.	Allowances for possible loan losses	112,888	226,836	18,592
100.	Reserve for general banking risks	153,726	153,726	–
110.	Subordinated liabilities	10,142,234	5,969,740	4,250,860
120.	Share capital	3,488,995	3,014,194	2,951,571
130.	Share premium reserve	4,075,129	6,044,635	5,972,287
140.	Reserves	5,091,363	1,370,223	1,209,472
	a) legal reserve	*772,872*	*772,872*	*772,872*
	b) reserve for own shares	–	–	–
	c) statutory reserves	*151,051*	*12,913*	*78,902*
	d) other reserves	*4,167,440*	*584,438*	*357,698*
150.	Revaluation reserves	986,905	280,540	203,712
170.	Net income for the period	714,247	1,062,947	445,216
	Total Liabilities and Shareholders' Equity	**268,709,633**	**150,700,770**	**60,921,889**

IntesaBci
Parent Company's financial statements
as at 30th June 2001
Balance sheet

(in thousands of euro)

	Guarantees and Commitments	30th June 2001	31st December 2000	30th June 2000
10.	Guarantees given	31,300,571	11,964,279	1,932,751
	including			
	– acceptances	*639,973*	*161,468*	–
	– other guarantees	*30,660,598*	*11,802,811*	*1,932,751*
20.	Commitments	48,745,729	20,618,615	7,473,127
30.	Credit derivatives	39,677,040	53,735	–
	Total Guarantees and Commitments	**119,723,340**	**32,636,629**	**9,405,878**

IntesaBci
Parent Company's financial statements as at 30th June 2001
Statement of income

(in thousands of euro)

		First half 2001	First half 2000	2000
10.	Interest income and similar revenues	6,682,923	538,434	7,461,610
	including from			
	– loans to customers	*4,473,561*	*70,564*	*5,123,141*
	– debt securities	*943,132*	*176,097*	*1,100,049*
20.	Interest expense and similar charges	(4,883,301)	(579,430)	(4,879,949)
	including on			
	– deposits from customers	*(1,074,702)*	*(26,858)*	*(903,753)*
	– securities issued	*(1,262,322)*	*(66,817)*	*(1,907,447)*
30.	Dividends and other revenues	858,698	813,847	800,059
	a) from shares, quotas and other forms of capital	*356,608*	*658*	*2,908*
	b) from equity investments	*158,131*	*22,165*	*47,745*
	c) from investments in Group companies	*343,959*	*791,024*	*749,406*
40.	Commission income	1,206,947	19,864	1,691,817
50.	Commission expense	(141,116)	(13,242)	(203,738)
60.	Profits (Losses) on financial transactions	(125,618)	(19,489)	(22,139)
65.	Gross returns on investment of the allowances for pensions and similar commitments	19,448	–	96,427
70.	Other operating income	421,142	66,343	535,078
80.	Administrative costs	(2,081,824)	(149,283)	(2,821,650)
	a) payroll	*(1,267,518)*	*(27,012)*	*(1,587,396)*
	including			
	– wages and salaries	*(879,154)*	*(19,605)*	*(1,101,157)*
	– social securities charges	*(266,825)*	*(4,960)*	*(311,409)*
	– termination indemnities	*(72,475)*	*(719)*	*(84,015)*
	– pensions and similar commitments	*(20,513)*	*(1,207)*	*(53,093)*
	b) other	*(814,306)*	*(122,271)*	*(1,234,254)*
85.	Allocation of net returns on investment of the allowances for pensions and similar commitments	(17,780)	–	(96,026)
90.	Adjustments to fixed assets and intangibles	(269,157)	(13,617)	(169,286)
100.	Provisions for risks and charges	(76,411)	(2,634)	(83,945)
110.	Other operating expenses	(26,376)	(58)	(150,802)
120.	Adjustments to loans and provisions for guarantees and commitments	(497,441)	(21)	(358,801)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	56,403	–	89,821
140.	Provisions for possible loan losses	(27,241)	–	(63,286)
150.	Adjustments to financial fixed assets	(74,976)	(6,022)	(60,002)
160.	Write-back of financial fixed assets	13,686	–	8,132
170.	**Income from operating activities**	**1,038,006**	**654,692**	**1,773,320**
180.	Extraordinary income	753,600	1,464	269,506
190.	Extraordinary charges	(794,409)	(1,775)	(197,447)
200.	**Extraordinary income (loss), net**	**(40,809)**	**(311)**	**72,059**
210.	Change in the reserve for general banking risks	–	–	–
215.	Provisions to the reserves pursuant to Art. 7, par. 3 of Law 218/90 and Legislative Decree 124/93	(155)	–	–
220.	Income taxes for the period	(282,795)	(209,165)	(782,432)
230.	**Net income for the period**	**714,247**	**445,216**	**1,062,947**

IntesaBci Parent Company's Financial Statements as at 30th June 2001 compared to pro forma as at 31st December 2000 and as at 30th June 2000

(figures expressed in thousands of euro)

IntesaBci
Parent Company's financial statements as at 30th June 2001
Balance sheet

(in thousands of euro)

	Assets	30th June 2001	31st December 2000 pro forma	30th June 2000 pro forma
10.	Cash and deposits with central banks and post offices	610,286	774,033	603,848
20.	Treasury bills and similar bills eligible for refinancing with central banks	4,016,584	2,452,101	5,607,427
30.	Due from banks	49,221,514	43,151,765	48,394,909
	a) repayable on demand	*5,867,395*	*4,099,565*	*7,826,638*
	b) other	*43,354,119*	*39,052,200*	*40,568,271*
40.	Loans to customers	147,611,381	146,592,436	136,345,800
	including			
	– with public funds under administration	*33,264*	*33,797*	*33,594*
50.	Bonds and other debt securities	31,107,877	28,646,776	31,268,004
	a) public entities	*14,193,314*	*16,440,369*	*17,987,310*
	b) banks	*9,216,054*	*7,590,726*	*8,441,121*
	including			
	– own bonds	*535,282*	*1,044,281*	*1,487,649*
	c) financial institutions	*4,008,609*	*2,108,150*	*2,227,495*
	d) other issuers	*3,689,900*	*2,507,531*	*2,612,078*
60.	Shares, quotas and other forms of capital	4,692,823	1,745,172	4,099,515
70.	Equity investments	2,535,445	2,205,599	2,068,787
80.	Investments in Group companies	6,972,244	8,640,525	7,960,822
90.	Intangibles	278,276	343,099	361,783
	including			
	– start-up costs	*22,986*	*30,862*	*40,281*
	– goodwill	*77,637*	*83,945*	*94,095*
100.	Fixed assets	3,118,125	3,127,533	3,047,734
	including			
	– leased assets	*1,330,900*	*1,300,575*	*1,158,041*
130.	Other assets	14,062,125	14,034,070	15,305,424
140.	Accrued income and prepaid expenses	4,482,953	4,189,928	3,989,335
	a) accrued income	*3,916,158*	*3,570,564*	*3,590,007*
	b) prepaid expenses	*566,795*	*619,364*	*399,328*
	including			
	– discounts on securities issued	*70,661*	*62,583*	*57,687*
	Total Assets	**268,709,633**	**255,903,037**	**259,053,388**

IntesaBci
Parent Company's financial statements as at 30th June 2001
Balance sheet

(in thousands of euro)

	Liabilities and Shareholders' Equity	30th June 2001	31st December 2000 pro forma	30th June 2000 pro forma
10.	Due to banks	88,033,034	82,051,097	87,988,221
	a) repayable on demand	*21,599,153*	*22,235,592*	*22,004,653*
	b) time deposits or with notice period	*66,433,881*	*59,815,505*	*65,983,568*
20.	Due to customers	79,753,341	78,653,260	77,176,240
	a) repayable on demand	*57,746,444*	*61,354,513*	*60,994,662*
	b) time deposits or with notice period	*22,006,897*	*17,298,747*	*16,181,578*
30.	Securities issued	49,937,991	47,270,387	45,615,173
	a) bonds	*33,228,541*	*32,275,148*	*32,365,468*
	b) certificates of deposit	*15,315,554*	*13,397,360*	*11,640,457*
	c) other	*1,393,896*	*1,597,879*	*1,609,248*
40.	Public funds under administration	45,135	46,208	47,416
50.	Other liabilities	18,029,985	13,838,727	17,050,059
60.	Accrued expenses and deferred income	5,011,222	4,463,774	4,390,396
	a) accrued expenses	*4,355,876*	*3,745,380*	*3,829,921*
	b) deferred income	*655,346*	*718,394*	*560,475*
70.	Allowance for employee termination indemnities	1,063,697	1,098,735	1,097,490
80.	Allowances for risks and charges	2,069,741	3,674,735	3,157,436
	a) pensions and similar commitments	*110,163*	*806,615*	*762,616*
	b) taxation	*969,305*	*1,948,694*	*1,609,948*
	c) other	*990,273*	*919,426*	*784,872*
90.	Allowances for possible loan losses	112,888	226,836	383,926
100.	Reserve for general banking risks	153,726	153,726	145,980
110.	Subordinated liabilities	10,142,234	9,375,335	8,924,336
120.	Share capital	3,488,995	3,423,393	3,372,805
130.	Share premium reserve	4,075,129	6,619,285	6,413,588
140.	Reserves	5,091,363	2,007,552	1,246,228
	a) legal reserve	*772,872*	*772,872*	*772,872*
	b) reserve for own shares	–	–	–
	c) statutory reserves	*151,051*	*12,913*	*78,902*
	d) other reserves	*4,167,440*	*1,221,767*	*394,454*
150.	Revaluation reserves	986,905	986,905	952,631
170.	Net income for the period	714,247	2,013,082	1,091,463
	Total Liabilities and Shareholders' Equity	**268,709,633**	**255,903,037**	**259,053,388**

IntesaBci
Parent Company's financial statements as at 30th June 2001
Balance sheet

(in thousands of euro)

	Guarantees and Commitments	30th June 2001	31st December 2000 pro forma	30th June 2000 pro forma
10.	Guarantees given	31,300,571	36,377,147	28,496,147
	including			
	– acceptances	*639,973*	*604,547*	*574,682*
	– other guarantees	*30,660,598*	*35,772,600*	*27,921,465*
20.	Commitments	48,745,729	49,082,441	45,420,690
30.	Credit derivatives	39,677,040	37,552,285	27,459,778
	Total Guarantees and Commitments	**119,723,340**	**123,011,873**	**101,376,615**

IntesaBci
Parent Company's financial statements as at 30th June 2001
Statement of income

(in thousands of euro)

		First half 2001	First half 2000 pro forma	2000 pro forma
10.	Interest income and similar revenues	6,682,923	5,732,788	12,202,321
	including from			
	– loans to customers	*4,473,561*	*3,660,823*	*7,947,684*
	– debt securities	*943,132*	*875,594*	*1,834,298*
20.	Interest expense and similar charges	(4,883,301)	(4,062,553)	(8,725,612)
	including on			
	– deposits from customers	*(1,074,702)*	*(822,338)*	*(1,912,447)*
	– securities issued	*(1,262,322)*	*(1,122,434)*	*(2,320,081)*
30.	Dividends and other revenues	858,698	1,230,948	2,034,323
	a) from shares, quotas and other forms of capital	*356,608*	*191,847*	*274,131*
	b) from equity investments	*158,131*	*727,536*	*816,113*
	c) from investments in Group companies	*343,959*	*311,565*	*944,079*
40.	Commission income	1,206,947	1,342,579	2,624,475
50.	Commission expense	(141,116)	(153,125)	(314,508)
60.	Profits (Losses) on financial transactions	(125,618)	23,318	3,581
65.	Gross returns on investment of the allowances for pensions and similar commitments	19,448	75,817	96,307
70.	Other operating income	421,142	409,132	915,247
80.	Administrative costs	(2,081,824)	(2,089,441)	(4,224,116)
	a) payroll	*(1,267,518)*	*(1,265,031)*	*(2,527,179)*
	including			
	– wages and salaries	*(879,154)*	*(878,750)*	*(1,743,602)*
	– social security charges	*(266,825)*	*(261,167)*	*(523,591)*
	– termination indemnities	*(72,475)*	*(67,311)*	*(136,034)*
	– pensions and similar commitments	*(20,513)*	*(23,459)*	*(49,684)*
	b) other	*(814,306)*	*(824,410)*	*(1,696,937)*
85.	Allocation of net returns on investment of the allowances for pensions and similar commitments	(17,780)	(75,632)	(95,929)
90.	Adjustments to fixed assets and intangibles	(269,157)	(247,511)	(515,802)
100.	Provisions for risks and charges	(76,411)	(76,398)	(143,325)
110.	Other operating expenses	(26,376)	(56,521)	(170,333)
120.	Adjustments to loans and provisions for guarantees and commitments	(497,441)	(380,715)	(893,754)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	56,403	47,937	145,781
140.	Provisions for possible loan losses	(27,241)	(49,443)	(63,286)
150.	Adjustments to financial fixed assets	(74,976)	(25,214)	(124,594)
160.	Write-back of financial fixed assets	13,686	3,732	34,196
170.	**Income from operating activities**	**1,038,006**	**1,649,698**	**2,784,972**
180.	Extraordinary income	753,600	296,551	590,358
190.	Extraordinary charges	(794,409)	(145,792)	(314,180)
200.	**Extraordinary income (loss), net**	**(40,809)**	**150,759**	**276,178**
210.	Change in the reserve for general banking risks	–	–	–
215.	Provisions to the reserves pursuant to Art. 7, par. 3 of Law 218/90 and Legislative Decree 124/93	(155)	(43)	(317)
220.	Income taxes for the period	(282,795)	(708,951)	(1,047,751)
230.	**Net income for the period**	**714,247**	**1,091,463**	**2,013,082**

Methodological notes on the preparation of the pro forma financial statements of IntesaBci Spa as at 31st December 2000 and as at 30th June 2000

Figures as at 30th June 2001 and those in the 2000 Annual Report and in the 2000 Half-Year Report are not comparable due to the extraordinary operations which involved IntesaBci at the end of 2000 (the merger of Cariplo, Banco Ambrosiano Veneto and Mediocredito Lombardo) and during the first half of 2001 (the merger of Banca Commerciale Italiana).

For the purpose of making consistent comparisons, the financial statements as at 31st December 2000 have been restated considering the merger of BCI and figures as at 30th June 2000 have been restated considering this merger and the other mergers which occurred at the end of 2000. Therefore the pro forma financial statements have been drawn up as if the relevant mergers had taken place before the close of the period.

Furthermore since in the financial statements as at 30th June 2000 the merged companies applied a different accounting criterium for dividends distributed by subsidiaries from that used by the Parent Company (which recorded dividends from subsidiaries in the year in which the relevant income is generated) the application of this last criterium is considered when making data consistent.

Financial statements have been restated using the following procedure:
– aggregating the financial statements of Banca Intesa and Banca Commerciale Italiana as at 31st December 2000 and the financial statements as at 30th June 2000 of Banca Intesa, Banca Commerciale Italiana, Cariplo, Banco Ambrosiano Veneto and Mediocredito Lombardo;
– eliminating the most significant balance sheet and statement of income items between Banca Intesa and the merged companies and between the merged companies;
– eliminating book value of equity investments in merged companies together with the relevant portion of shareholders’ equity. Merger surpluses and deficits (the latter solely referred to the mergers occurred at the end of 2000) have been attributed respectively to the reserves and real estate consistently with procedures carried out in the financial statements as at 31st December 2000 for the merger of Cariplo, Banco Ambrosiano Veneto and Mediocredito Lombardo and with the procedures applied in the financial statements as at 30th June 2001 for the merger with Banca Commerciale Italiana. The portion of merger deficit not recorded in real estate has been recorded in intangible assets;
– increasing share capital as a result of the new shares issued in exchange of shares of the merged companies pertaining to third parties. Surpluses on exchange which emerged have been allocated to reserves in the same way as in the financial statements as at 31st December 2000 and as at 30th June 2001;
– eliminating the dividends of the merged companies “accrued” and therefore registered by IntesaBci considering the aggregation of the relevant statements of income;
– restating Banca Intesa’s statement of income as at 31st December 2000 so to eliminate the economic effects deriving from the merger of Cassa di Risparmio di Parma e Piacenza, subsequent to the contribution of the business branch carried out by the latter in favour of the new Cassa di Risparmio di Parma e Piacenza, which occurred on 1st July 2000 with backdated legal and accounting effects as of 1st January 2000;

- not considering the effects of the sale of certain branches, in view of both their modest importance, and the complexity of the determination of the relevant economic aggregates;
- eliminating dividends distributed by subsidiaries to the merged banks and adding the relevant dividends calculated using the accruals method, i.e. recording the dividends in the period in which the income has been generated. This was done for consistency with the accounting criterium applied to dividends by the Parent Company IntesaBci (but not previously applied by the merged banks).

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