



Banca Intesa

Half-year report 2003

This is an English translation of the Italian original "Relazione consolidata al 30 giugno 2003" 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 Banca Intesa s.p.a.
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Half-year report 2003

Banca Intesa s.p.a.

Share capital 3,561,062,849.24 euro fully paid-in – Milano Company Register and Fiscal Code No. 00799960158
Member of the National Interbank Deposit Guarantee Fund – Included in the National Register of Banks No. 5361
Gruppo Intesa included in the National Register of Banking Groups

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Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors

Chairman	* Giovanni Bazoli
Deputy Chairmen	* Giampio Bracchi Jean Laurent Luigi Lucchini
Managing Director / Chief Executive Officer	* Corrado Passera
Directors	Giovanni Ancarani Francesco Arcucci Marc Antoine Autheman Benito Benedini Antoine Bernheim René Carron Alfonso Desiata * Ariberto Fassati * Giancarlo Forestieri Paolo Fumagalli Jorge M. Jardim Gonçalves Gilles Gramat Franco Modigliani Giangiacomo Nardozi Eugenio Pavarani Giovanni Perissinotto * Mariano Riestra (from 23/7/2003) * Axel Freiherr von Rüdorffer (until 22/7/2003) Sandro Salvati Eric Strutz Gino Trombi * <i>Members of the Executive Committee</i>

Board of Statutory Auditors

Chairman	Gianluca Ponzellini
Auditors	Francesco Paolo Beato Paolo Andrea Colombo Franco Dalla Sega Bruno Rinaldi

Independent Auditors

Reconta Ernst & Young s.p.a.

Financial highlights

	30/6/2003	31/12/2002	30/6/2002	% change	
	(A)	pro forma ⁽¹⁾ (B)	pro forma ⁽¹⁾ (C)	(A/B)	(A/C)
Statement of income (in millions of euro)					
Net interest income	2,549	5,394	2,699		(5.6)
Interest margin	2,705	5,606	2,861		(5.5)
Net commissions	1,623	3,262	1,659		(2.2)
Net interest and other banking income	4,975	9,479	4,900		1.5
Operating costs	(3,069)	(6,491)	(3,257)		(5.8)
<i>including Payroll</i>	<i>(1,696)</i>	<i>(3,524)</i>	<i>(1,841)</i>		<i>(7.9)</i>
Operating margin	1,906	2,988	1,643		16.0
Net adjustments to loans and provisions for possible loan losses	(513)	(2,289)	(996)		(48.5)
Income (Loss) from operating activities	1,148	(32)	261		
Extraordinary income	114	274	50		
Net income for the period	710	200	114		
Balance sheet (in millions of euro)					
Loans to customers	162,300	165,675	172,975	(2.0)	(6.2)
Securities	39,892	35,173	46,149	13.4	(13.6)
<i>including Investment portfolio</i>	<i>7,785</i>	<i>7,936</i>	<i>9,574</i>	<i>(1.9)</i>	<i>(18.7)</i>
Equity investments	4,581	4,119	4,714	11.2	(2.8)
Total assets	282,651	276,577	299,162	2.2	(5.5)
Direct customer deposits	180,875	177,994	179,269	1.6	0.9
<i>including Subordinated and perpetual liabilities</i>	<i>11,228</i>	<i>11,488</i>	<i>11,519</i>	<i>(2.3)</i>	<i>(2.5)</i>
Indirect customer deposits	296,106	297,679	310,487	(0.5)	(4.6)
<i>including Managed funds</i>	<i>126,918</i>	<i>122,394</i>	<i>128,338</i>	<i>3.7</i>	<i>(1.1)</i>
Customer deposits under administration	476,981	475,673	489,756	0.3	(2.6)
Due to banks, net	(9,284)	(14,615)	(26,904)	(36.5)	(65.5)
Shareholders' equity ⁽²⁾	14,216	13,951	13,903	1.9	2.3
Operating structure					
Staff (number)	62,492	65,312	66,788	(2,820)	(4,296)
Branches (number)	3,897	3,991	3,953	(94)	(56)
<i>including Italy</i>	<i>3,206</i>	<i>3,277</i>	<i>3,258</i>	<i>(71)</i>	<i>(52)</i>
<i>Abroad</i>	<i>691</i>	<i>714</i>	<i>695</i>	<i>(23)</i>	<i>(4)</i>

⁽¹⁾ Figures restated on a consistent basis.

⁽²⁾ Including net income for the period.

GRUPPO INTESA

Financial ratios

	30/6/2003	31/12/2002 pro forma ⁽¹⁾	30/6/2002 pro forma ⁽¹⁾
<i>Balance sheet ratios (%)</i>			
Loans to customers/Total assets	57.4	59.9	57.8
Securities/Total assets	14.1	12.7	15.4
Direct customer deposits/Total assets	64.0	64.4	59.9
Managed funds/Indirect customer deposits	42.9	41.1	41.3
<i>Statement of income ratios (%)</i>			
Interest margin/Net interest and other banking income	54.4	59.1	58.4
Net commissions/Net interest and other banking income	32.6	34.4	33.9
Operating costs/Net interest and other banking income	61.7	68.5	66.5
Net income for the period/Average total assets (ROA) ⁽²⁾⁽³⁾	0.5	0.1	0.1
Net income for the period/Average shareholders' equity (ROE) ⁽³⁾⁽⁴⁾	10.9	1.6	1.6
<i>Risk ratios (%)</i>			
Net doubtful loans/Total loans	3.1	3.2	3.1
Accrued adjustments on doubtful loans/Gross doubtful loans to customers	63.2	62.5	61.4
<i>Capital ratios (%)</i>			
Tier 1 capital/Risk-weighted assets ⁽⁵⁾	6.9	6.8	6.4
Total capital/Risk-weighted assets ⁽⁵⁾	10.9	11.1	10.3
Risk-weighted assets (in millions of euro) ⁽⁵⁾	196,187	199,714	225,489
EPS - Earnings per share - euro ⁽³⁾	0.22	0.03	0.03

⁽¹⁾ Figures restated on a consistent basis.

⁽²⁾ Based upon the arithmetical average of total assets at the end of the reference periods.

⁽³⁾ Figures for the period have been annualised.

⁽⁴⁾ Net income for the period, excluding the change in the reserve for general banking risks, divided by the weighted average of share capital, share premium reserve, revaluation reserves, reserves from retained earnings, negative goodwill arising on consolidation and on application of the equity method and the reserve for general banking risks.

⁽⁵⁾ Figures for 2002 and as at 30th June 2002 have not been restated.

Gruppo Intesa in the first half of 2003

EXECUTIVE SUMMARY

Economic results

The second quarter of 2003 confirmed the positive development of economic results which commenced at the end of 2002 and strengthened in the first months of the year. This enabled Gruppo Intesa to present positive half-year results and reach, and in certain cases also outperform, the first objectives set out in the 2003-2005 Business Plan, launched in September 2002.

Net interest and other banking income for the April-June 2003 period exceeded 2,500 million euro, whilst actions taken to contain operating costs continued. For the first time in two years, quarterly operating margin exceeded 1,000 million euro, despite the reduction in the Group's consolidation area. Credit quality also showed significant improvements, with net value adjustments at physiological levels.

Equally positive is the comparison of figures for the first half of 2003 with those recorded in the same period of 2002: net interest and other banking income showed a 1.5% increase, operating margin recorded a more considerable increase, +16%.

Net income in the second quarter therefore almost touched 400 million euro, thus leading to a net income for the first six months of 2003 of 710 million euro, with a great increase with respect to 114 million euro of the same period of the previous year.

Results for the first half of 2003 are even more significant considering the context in which they have been generated: world economy is still waiting for its recovery and the Italian situation is equally depressing. The effects on the accounts of the macroeconomic weakness are the continuous decrease in net interest income, due to the erosion in the spread and the reduction in loans to customers; this last phenomenon is however also attributable to changes in the Group's loan granting policies. Compared to the first half of 2002, these phenomena led to a 5.6% reduction in net

interest income and 5.5% decrease in interest margin which reached 2,705 million euro. These aggregates were also affected by the reduction in corporate loans, in particular in exposures to large international groups, and by the securitisation of performing mortgages carried out at the end of 2002. Net commissions recorded a more contained decrease (-2.2% compared to the first half of 2002, to 1,623 million euro), entirely attributable to asset management, while income from other services showed a moderate improvement.

Profits on financial transactions registered instead a positive trend (504 million euro), and more than doubled the result of the first half of 2002 (202 million euro).

This performance was essentially due to two factors: the positive trend recorded by financial markets starting from April and, especially, the offering of new financial products by Banca Intesa and other Group companies.

Operating costs registered a significant reduction (-5.8%, to 3,069 million euro), in particular payroll (-7.9%) showed the effects of the considerable decrease in headcount also due to the activation of the "Solidarity allowance" already last 1st April.

The decrease in administrative expenses was more contained (-4.8%), and reflected the increase in certain captions related to the development and restructuring currently under way, such as the rise in IT services. Depreciation and amortisation increased (+3.1%), especially as a result of the structural interventions already carried out. After the extremely high provisions made in the two previous years, net adjustments to loans remained at physiological levels, also as a result of the registration of considerable value recoveries.

Income from operating activities equalled 1,148 million euro, 887 million euro higher than in the first half of 2002.

Net extraordinary income totalled 114 million euro and reflected both the effects of the

marking to market of treasury shares and charges for the disengagement from Latin America and other Countries and from non-strategic sectors.

Balance sheet figures

With respect to last December, balance sheet figures showed a slight increase in direct customer deposits (+ 1.6%), achieved despite the contraction in the operations of the Parent Company's foreign branches and a moderate decline in loans to customers (- 2%), as a result of i) specific strategic actions taken in the framework of the Business Plan, and ii) the effects of the securitisation of performing mortgages for 2 billion euro.

Indirect customer deposits remained stable compared to December 2002, with a satisfactory recovery in asset management (+ 3.7% in the first six months).

The Business Plan

As mentioned above, in the first half of 2003 the targets in the 2003-2005 Business Plan have been achieved and, in certain cases, outperformed.

These are the immediately verifiable effects of the profound restructuring and relaunch plan currently being implemented.

In addition to economic and operating results – which confirm the respect of the commitment made with Shareholders and the market, with regard to both the solution of problem areas and value creation – measures aimed at improving customer service quality must also be mentioned. This is a commitment which will take a number of years and commenced with the launch of over one hundred projects, which are proceeding according to the schedule set out in the Business Plan. The realisation of a new Network organisational model, the unification of the IT system, the optimisation of territorial coverage, the rationalisation and upgrading of the product portfolio, the improvement in sales capacity (with investments in training, greater resources dedicated to front office compared to back office activities and so on) are just some examples.

Some of the main actions taken in the first six months of 2003 and an update on the implementation of the Business Plan are summarised below.

Asset quality and Group's risk profile.

In the first half of 2003 the interventions made to reduce the Group's risk profile continued, repositioning the asset mix in favour of the retail segment (which increased from 59% as at 31st December 2002 to 64% in June 2003) with a greater orientation to the Italian market. Consequently, foreign activities in the large corporate segment were again downsized. In the first half of 2003 this led to an approximately 7.7 billion euro reduction in risk-weighted assets. Activities in credit derivatives were downsized further, with open positions in the banking book down by over 30% with respect to December 2002.

Capital ratios. Capital ratios at the end of the first half of 2003 have improved with respect to the end of 2002, in line with the objective set out in the Business Plan. The Tier 1 ratio reached almost 7% up by almost 17 basis points with respect to last December. The Core Tier 1 ratio, that is the ratio of Tier 1 capital net of preference shares and risk-weighted assets, exceeded 6%.

Rationalisation of the foreign network

– *South-American subsidiaries.* As part of the foreseen disposal of the South-American subsidiaries, in June Banca Intesa and ABN AMRO Brasil signed a contract for the transfer of 94.57% of the share capital of Banco Sudameris Brasil. The completion of the sale will lead to a further 20 b.p. improvement on the consolidated Tier 1 ratio. The closing of the operation is expected at the end of the third quarter, after the conclusion of the due diligence and the necessary authorisations from the competent authorities. It must be remembered that, for the purpose of favouring the disposal of the equity investment, Banca Intesa had acquired direct control of Banco Sudameris Brasil from Banque Sudameris at the end of March.

Furthermore, in August, Banca Intesa signed the contract for the sale of Banco Sudameris Colombia to Gillex Holding B.V. a company established under Dutch law. According to the contract, the holding company will acquire at least a 94.73% stake (of which 73.6% held by Gruppo Intesa) in the Colombian bank, with charges of 14 million dollars for Gruppo Intesa, already accounted for in the Half-year report 2003. The closing of the operation is expected within 2003 and is conditional upon the necessary authorisations.

The contract for the merger between Banco Sudameris Argentina and Banco Patagonia was signed at the end of May. The shareholders of Banco Patagonia now have control of the merged bank, which will be called Banco Patagonia-Sudameris, while Gruppo Intesa still holds a 19.95% interest. Lastly, the closing of the sale of most of the assets and liabilities of the Chilean branch of the Sudameris group to Banco del Desarrollo – as already mentioned in the Consolidated report as at 31st March 2003 – occurred at the beginning of July. The residual entity is forecasted to be liquidated during the first quarter of 2004.

IT systems. At the end of August 2003 the first three lots of former-BCI branches have migrated to the target system (North West in June, Centre and Napoli in July, North East and Toscana in August) for a total of 414 branches, corresponding to 54% of the total. The migration of the entire former-BCI network is expected to be completed before the end of next October. Currently, more than 80% of Banca Intesa branches operate on the Target system.

Group's employees and the training plan. In the first half of 2003, approximately 2,800 resources exited the Group, 2,400 with the special treatment provided for by Ministerial Decree 158 of 2000 and the activation of the related Solidarity allowance. Again with regard to personnel, it must be noted that in the first half the Group has already provided 93,000 days of training, of which more than 62,000 to personnel of the Retail Division, in line with the 800,000 man-days indicated in the Business Plan.

Value creation. The Business Plan estimated an approximately 800 million euro reduction in operating costs; almost 70% of this objective has already been achieved as at 30th June 2003. In particular, a higher reduction was recorded by payroll compared to administrative costs. The former decreased as a result of the reduction in headcount as provided for by the agreements reached with Trade Unions, while the latter mainly decreased because of the containment of almost all expense items, which more than offset the forecasted rise in expenses necessary to support growth (IT, personnel training, communication).

Bancassurance. During the first half, Banca Intesa and the Generali group defined the

means to realise the concentration of all bancassurance activities in a new company IntesaVita. In particular, the operation – the completion of which is forecasted to occur in the second part of the year – entails the contribution by Alleanza (Generali group) of its bancassurance activities made up of the insurance policies placed by the former Banco Ambrosiano Veneto branches to the new company. Assicurazioni Generali and Banca Intesa will contribute their equity investments in Assiba (50% Generali and 50% Banca Intesa) and in IntesaVita (former-Carivita, 100% Banca Intesa). These two companies will therefore be merged in the new IntesaVita. At the end of these operations, the shareholders in IntesaVita will be Alleanza (45%) and Banca Intesa (45%); and a 10% stake is reserved for Crédit Agricole.

The new company will be part of the Generali group. Banca Intesa will in any case have a call option exercisable after a three-year period. The Generali group will have analogous put option.

The new IntesaVita will enable the bank branches of Gruppo Intesa to offer a range of insurance products with the same standards and a single brand. Based on figures at the end of 2002, IntesaVita may count on initial technical reserves exceeding 18 billion euro.

Also in the first half, Banca Intesa reached an agreement again with the Generali group for the contribution to Banca Generali of the PFS operations of **Banca Primavera**, made up of the approximately 1,600 financial consultants which manage assets amounting to approximately 5.4 billion euro, and of 17 currently-operational bank branches. The transaction has the objective of forming a large and highly-efficient multichannel bank at the top of the rankings of the Italian personal financial services market. Following the closing of the operation, forecasted for the end of October 2003 and conditional solely upon the approval by the competent authorities, Banca Primavera will hold a significant stake in the capital of Banca Generali. It is forecasted that the stakes in Banca Generali will be 75% Generali group and 25% Gruppo Intesa. With this strategic partnership, our Group will optimise its investments in the financial services field, with an equity investment in a company with a significant critical mass and capable of realising significant economies of scale. The agreement also includes a put

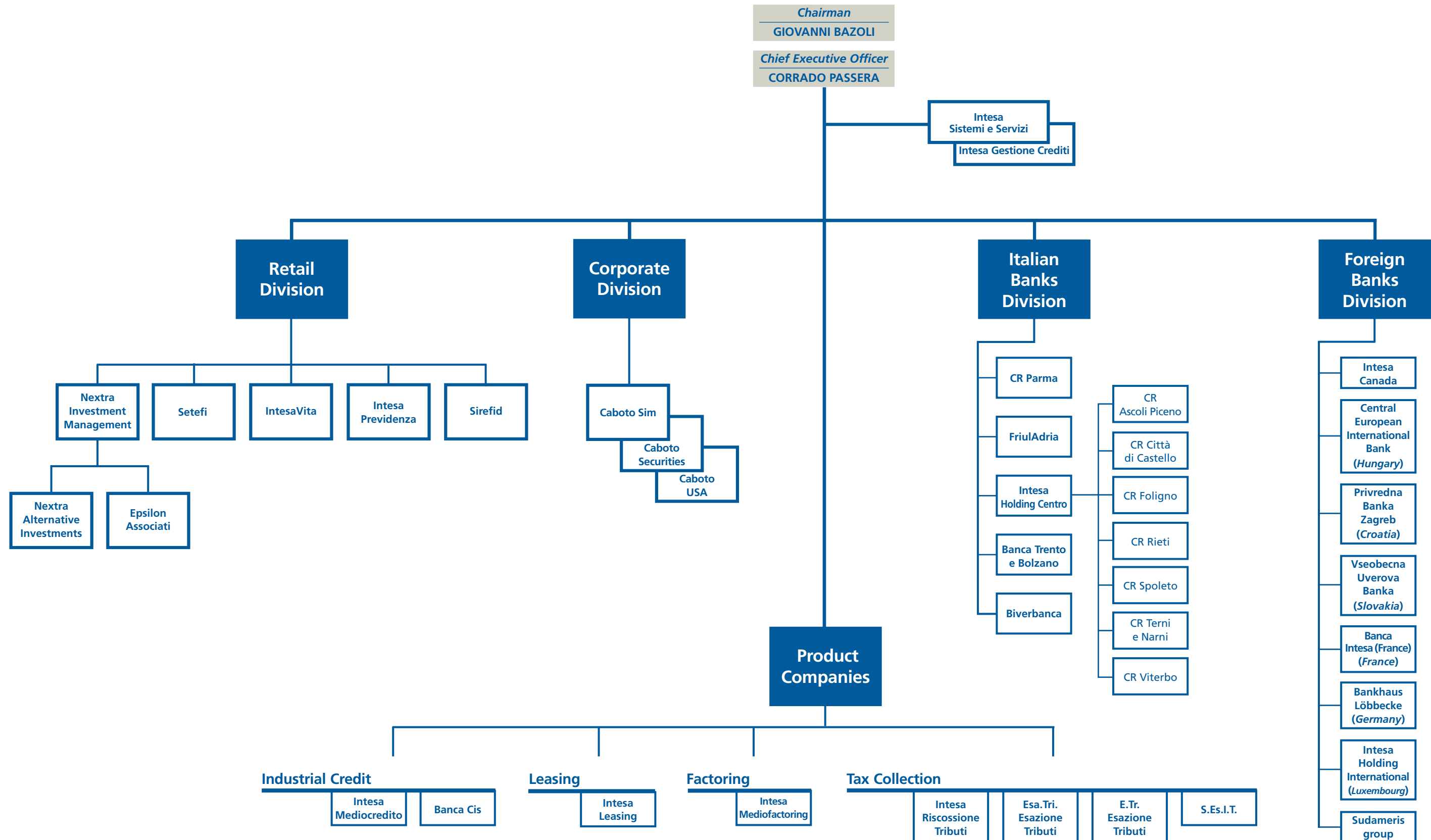
option for Banca Intesa starting from the fifth year after the closing of the contract.

Disposal of Carinord 2. In the first days of July, Banca Intesa signed a contract for the sale to Cassa di Risparmio di Firenze and Banca Carige of the entire share capital of Carinord 2 (the holding company which controls Cassa di Risparmio della Spezia and Cassa di Risparmio di Carrara), that is held by Banca Intesa (41.14%), Fondazione Cassa di Risparmio della Spezia (31.83%) and Fondazione Cassa di Risparmio di Carrara (27.03%). With the sale, which was signed together with Fondazione Cassa di Risparmio della Spezia and Fondazione Cassa di Risparmio di Carrara, Banca Intesa is no longer bound to the commitments made with the Foundations at the time of the original agreement – which would have led to a further investment of approximately 300 million euro. The closing of the operation is subject to the approval of the competent authorities.

The agreement reached in the past few days with Banca Popolare di Milano for the **disposal of Carinord 1** is described in the paragraph on significant subsequent events.

Spin-off of real estate assets. During the first half, Banca Intesa also defined a spin-off of real estate assets, aimed at better exploiting a portfolio of real estate assets which had become vacant following the implementation of the project for the optimisation of space occupancy. The operation involves approximately 400 assets (more than 600,000 square metres) for a book value of approximately 450 million euro. The real estate assets spun off are divided in two categories: the first includes approximately fifty assets which mainly have a commercial use for a book value of approximately 260 million euro; the second is made up of approximately 350 assets mainly of residential use for a book value of approximately 190 million euro. The first group is forecasted to be contributed to a newco, a joint venture, in which Gruppo Intesa will hold a 49% stake and Beni Stabili will have a 51% interest. Beni Stabili will use its know-how to manage the valorisation of the assets to the best. The sale of the assets in the second group, which will be transferred to another newco, will be managed directly by Gruppo Intesa.

Main Group companies



Gruppo Intesa
Report on operations
and consolidated
financial statements

Report on operations

The macroeconomic scenario

World economy

Economic activities of the main industrialised Countries remained weak over the whole of the first half of 2003. In fact, the feeble signs of recovery that emerged at the end of last year rapidly faded away and the quick conclusion of the Iraq war did not generate the improvement that many expected. The weak economic growth and the drop in inflation led Central Banks to drastically loosen their monetary policy, bringing official interest rates to unusually low levels. Markets responded by reducing medium- and long-term yields, while flows of investments, seeking more satisfactory returns, were directed towards corporate bonds and bonds issued by emerging Countries. The declining trend in short- and long-term interest rates characterised the whole of the first half. The yields on the ten-year BTP (Italian fixed-rate Government bonds) declined from 4.41% as at the end of 2002 to 3.97%. The euro continued to gain ground against the dollar: the exchange rate closed 2002 near parity and gradually rose to a maximum of approximately 1.19 dollars and then retreated to between 1.14 dollars and 1.16 dollars at the end of June (1.09 dollars at the end of August).

The American economy continued to record a modest and irregular growth, despite strong fiscal and monetary policy support. The Federal Reserve reduced official rates to 1%, and did not exclude new interventions if the economic situation does not improve. Various signs however lead to expect an acceleration in growth for the second half.

In Europe, the loosening of monetary policy determined a reduction in interest rates on refinancing operations, narrowing the differential with the United States. However, the economy remained stagnant, with the

growth in consumption being entirely offset by the drop in investments and by the deterioration in the balance of foreign trade. Expectations for the forthcoming months are: modest economic growth rates and a gradual decline in inflation.

Almost all the Countries in Central-Eastern Europe where our Group is present, registered a marked slowdown in domestic demand. In Hungary, the interventions made by monetary authorities lead to believe that growth would continue to decrease in the rest of 2003. The Hungarian forint suffered speculative tensions during June, following the devaluation of its central parity with the euro. Growth remained sustained in Slovakia, in a context of stable short-term interest rates and foreign exchange rates. In Croatia, during the current year GDP is expected to rise, prices and exchange rates to remain virtually stable and lending activities to expand strongly.

The Italian economy

Italy did not escape from the slowdown in world economy. At the beginning of the year GDP recorded a slight contraction and, based on information available to date, there are no signs of recovery. The manufacturing sector was the sector which more severely suffered the negative impact of weak international demand and the strong exchange rate. The discontinuation of tax incentives to investments further accentuated the slowdown. Notwithstanding the contraction in economic activities, inflation remained stable at 2.7%, far higher than the average in the Euro Area, determining the erosion of most of the growth in household income. Therefore, only a contraction in taxes or a reduction in savings could sustain the growth in consumption short-term.

The banking industry

Bank interest rates and interest rate spread

In the first half of 2003, interest rates applied by Italian banks continued their declining trend, reflecting the expansive attitude in monetary policy and the contraction in market yields. The loosening of monetary conditions and the more rapid response of interest on loans than of interest on deposits determined a gradual reduction in spreads with customers, which decreased by 25 basis points from December to June, both for the short-term and for the medium- and long-term component.

Loans

Also in the first half of 2003, the main aggregates of the Italian banking system performed in line with the trends recorded in the previous months: in fact the persisting uncertainty on timing and intensity of the economic recovery continued to fuel the expansion in the more liquid components of funding and to slow down the growth in short-term loans, which are usually more linked to economic expansions. Despite the weak Italian economy, during the first half the growth rate in bank loans (including doubtful loans and repurchase agreements) increased compared with the second part of 2002. This led to a gradual widening of the gap between Italian growth and average growth in the Monetary Union.

The positive performance of lending activities in our Country determined an acceleration in the growth of doubtful loans; loan portfolio quality of Italian banks remained however satisfactory, as shown by the stability in the ratio between doubtful loans and total loans, which was unchanged from the beginning of the year.

In the twelve months up to June, performing loans registered a good growth rate, almost

entirely due to the development of medium- and long-term loans, which benefited from marked household propensity for real estate investments, with the consequent rise in the demand for loans to purchase or restructure real estate. This was supplemented by the effect of the gradual increase in the maturities of liabilities of non-financial companies. Short-term loans, reflecting the subdued economic cycle, registered instead particularly weak growth rates as a result not only of low corporate demand, but also of greater attention paid by banks to the quality of assets and to the return of invested capital.

Breakdown of bank loans shows the significant contribution of the retail sector: in June the highest growth rates were recorded by household loans, followed by loans to non-financial companies. This was attributable not only to the aforementioned strong expansion in loans for the purchase of real estate, but also to the very sustained growth rate in consumer lending.

With regard to the industrial sector, loans to the construction industry and to non-commercial service companies recorded positive performances, while loans to the manufacturing sector continued to record weak growth rates. However, the contained development of corporate loans was partly balanced by the increase in subscriptions by banks of corporate bonds, which rapidly increased their weight in banks' securities portfolios.

Direct customer deposits

In the first part of the year, persisting financial market instability and low yields favoured a positive expansion of the banking system's funding activities, though with gradually declining growth rates. Contrary to loans, deposits collected by Italian banks recorded growth rates more in line with the average of the Euro Area.

Despite the gradual slowdown in the overall aggregate, liquid investments registered a very sustained growth rate in the period, as shown by the further increase in current accounts. On the contrary, bonds recorded a considerable slowdown in growth rates. Also repurchase agreements registered a contraction starting from February, as they lost attractiveness, considering the low Government bond yields.

Indirect customer deposits

Slower growth rates in bonds and repurchase agreements positively influenced the development of indirect deposits, which gradually rose at nominal values during the second quarter, both in the administered component and in the managed component (individual portfolio management schemes and mutual funds).

Operating results

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

(in millions of euro)

Captions	First half 2003	First half 2002 pro forma ⁽¹⁾	Changes	
			amount	%
Net interest income	2,549	2,699	(150)	(5.6)
Dividends and other revenues	83	112	(29)	(25.9)
Income from investments carried at equity	73	50	23	46.0
Interest margin	2,705	2,861	(156)	(5.5)
Net commissions	1,623	1,659	(36)	(2.2)
Profits on financial transactions	504	202	302	
Other operating income, net	143	178	(35)	(19.7)
Net interest and other banking income	4,975	4,900	75	1.5
Administrative costs	(2,741)	(2,939)	(198)	(6.7)
<i>including Payroll</i>	(1,696)	(1,841)	(145)	(7.9)
<i>Other</i>	(1,045)	(1,098)	(53)	(4.8)
Adjustments to fixed assets and intangibles	(328)	(318)	10	3.1
Operating costs	(3,069)	(3,257)	(188)	(5.8)
Operating margin	1,906	1,643	263	16.0
Adjustments to goodwill arising on consolidation and on application of the equity method	(64)	(47)	17	36.2
Provisions for risks and charges	(136)	(268)	(132)	(49.3)
Net adjustments to loans and provisions for possible loan losses	(513)	(996)	(483)	(48.5)
Net adjustments to financial fixed assets	(45)	(71)	(26)	(36.6)
Income from operating activities	1,148	261	887	
Extraordinary income	114	50	64	
Income taxes for the period	(520)	(135)	385	
Change in the reserve for general banking risks and other reserves	8	2	6	
Minority interests	(40)	(64)	(24)	(37.5)
Net income for the period	710	114	596	

⁽¹⁾ Figures restated on a consistent basis.

Quarterly development of the reclassified consolidated statement of income

(in millions of euro)

Captions	2003		2002 ⁽¹⁾			
	Second quarter	First quarter ⁽¹⁾	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,260	1,289	1,330	1,365	1,329	1,370
Dividends and income from investments carried at equity	89	67	35	15	117	45
Interest margin	1,349	1,356	1,365	1,380	1,446	1,415
Net commissions	835	788	804	799	836	823
Profits (Losses) on financial transactions	314	190	22	(33)	118	84
Other operating income, net	68	75	170	72	82	96
Net interest and other banking income	2,566	2,409	2,361	2,218	2,482	2,418
Administrative costs	(1,380)	(1,361)	(1,470)	(1,365)	(1,450)	(1,489)
<i>including Payroll</i>	(838)	(858)	(860)	(823)	(917)	(924)
<i>Other</i>	(542)	(503)	(610)	(542)	(533)	(565)
Adjustments to fixed assets and intangibles	(172)	(156)	(223)	(176)	(163)	(155)
Operating costs	(1,552)	(1,517)	(1,693)	(1,541)	(1,613)	(1,644)
Operating margin	1,014	892	668	677	869	774
Adjustments to goodwill arising on consolidation and on application of the equity method	(32)	(32)	(33)	(60)	(24)	(23)
Provisions for risks and charges	(100)	(36)	(22)	(13)	(213)	(55)
Net adjustments to loans and provisions for possible loan losses	(246)	(267)	(1,012)	(281)	(820)	(176)
Net adjustments to financial fixed assets	(12)	(33)	(202)	(15)	(59)	(12)
Income (Loss) from operating activities	624	524	(601)	308	(247)	508
Extraordinary income (loss)	84	30	599	(375)	(191)	241
Income taxes for the period	(295)	(225)	162	4	166	(301)
Change in the reserve for general banking risks and other reserves	6	2	(24)	2	–	2
Minority interests	(22)	(18)	8	3	(39)	(25)
Net income (loss) for the period	397	313	144	(58)	(311)	425

⁽¹⁾ Figures restated on a consistent basis.

The significant signs of recovery already evident in the first quarter of this year were also confirmed in the subsequent months, in terms of both i) the comparison of cumulated results for the first half of 2003 with respect to the corresponding period of 2002, and ii) the constant progress of economic results over the quarters.

This positive development – which proves the effectiveness of the strategic decisions taken, and the capability used in their implementation – is particularly evident in the operating margin which recorded a 16% rise, and is the combined result of the growth in net interest and other banking income, especially in margin on services, and the considerable contraction in operating costs. The return of net adjustments to loans to more physiological levels led to a considerable rise in income from operating activities.

Interest margin

Interest margin (2,705 million euro) continued to decrease at a constant rate (–5.5% over the twelve months), in parallel with the unfavourable trend recorded by interest rates and intermediated volumes.

The contribution to the consolidated margin of the various Group entities was the following: the Parent Company approximately 50%, Italian subsidiaries approximately 38%, with the greatest contributions from Banca Intesa Mediocredito, Cassa di Risparmio di Parma e Piacenza and Intesa Leasing, and foreign subsidiaries the approximately 12% residual, in particular, from the three subsidiaries in Eastern Europe.

(in millions of euro)

Captions	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Net interest income with customers				
• interest income	4,084	4,568	(484)	(10.6)
• interest expense	(865)	(1,177)	(312)	(26.5)
• interest expense on securities issued	(966)	(1,045)	(79)	(7.6)
• interest expense on subordinated liabilities	(300)	(310)	(10)	(3.2)
	1,953	2,036	(83)	(4.1)
Interest income on securities	697	917	(220)	(24.0)
Net interest income with banks				
• interest income	602	975	(373)	(38.3)
• interest expense	(570)	(1,038)	(468)	(45.1)
	32	(63)	95	
Differentials on hedge contracts	(149)	(208)	(59)	(28.4)
Other interest (net)	16	17	(1)	(5.9)
Total net interest income	2,549	2,699	(150)	(5.6)
Dividends and other revenues	83	112	(29)	(25.9)
Income from investments carried at equity	73	50	23	46.0
Interest margin	2,705	2,861	(156)	(5.5)

Breakdown of the margin shows that operations with customers produced net interest income of 1,953 million euro, down by approximately 4%, due to the aforementioned combined effect of lower rates and volumes. The level of interest rates on loans and deposits, especially on the Italian market, showed a generalised decline both for short-term and medium-long term rates, but with more significant decreases in interest on loans than on deposits. The margin was also negatively affected by the reduction in average intermediated volumes, due to both exogenous factors, such as the persisting weakness of the Italian and international economy and factors specific to the Group, namely, the policy aimed at containing exposures towards corporate customers and, in general, towards foreign companies. Due from and to banks generated a net interest income which, also considering the differentials on the relevant hedges – mostly referred to interbank activities – showed an improvement, as a result of a precise strategy aimed at focusing on a more profitable management of assets and liabilities. Conversely, interest income on the securities portfolio showed a considerable contraction, due to both the continuous reduction in bond market yields and the lower average size of the portfolio in the first half of 2003.

Dividends recorded a decrease, which was almost completely offset by an increase in income from subsidiaries carried at equity.

Net interest and other banking income

Net interest and other banking income equalled 4,975 million euro, higher than in the first half of 2002 (+ 1.5%). This result is even more significant considering the development of this item over the last four quarters which clearly evidences the constant progress of income on the Group's ordinary activities. This trend reflected the good performance of profits on financial transactions, 504 million euro with respect to 202 million euro of the first half of last year. Net commissions (1,623 million euro) which over the twelve months recorded a 2.2% decrease, showed an improvement over the quarters.

Consolidated net interest and other banking income was generated as follows: approximately 50% by the Parent Company and approximately 40% by Italian subsidiaries, among which in particular Nextra Investment Management, Caboto Sim and Cassa di Risparmio di Parma e Piacenza. The remaining 10% was generated by foreign subsidiaries.

Net commissions

(in millions of euro)

Captions	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Commercial banking activities				
• guarantees given	77	85	(8)	(9.4)
• collection and payment services	133	134	(1)	(0.7)
• current accounts	358	349	9	2.6
• fees on credit card distribution and POS services	112	106	6	5.7
	680	674	6	0.9
Management, dealing and consultancy				
• dealing and placement of securities	73	69	4	5.8
• dealing in currencies	26	30	(4)	(13.3)
• portfolio management	400	499	(99)	(19.8)
• distribution of insurance products	65	49	16	32.7
• other	82	73	9	12.3
	646	720	(74)	(10.3)
Tax collection	131	94	37	39.4
Other net commissions	166	171	(5)	(2.9)
Total net commissions	1,623	1,659	(36)	(2.2)

Even though its downward trend seems to have stopped, net commissions was still affected by the residual uncertainty affecting financial markets. Commissions from commercial banking activities registered a moderate but significant rise of approximately 1%, despite the contraction in commissions on guarantees given. Particular growth was recorded by fees on credit card distribution and POS services (+ 5.7%) and commissions on tax collection services, which almost touched a 40% increase attributable to both the recent law which increased remuneration of tax collectors and the development in operations. The weakest component was commissions on asset

management, dealing and consultancy services which recorded a decrease exceeding 10% partly attributable to individual portfolio management schemes that registered an approximately 20% reduction. Significant was the positive result generated by the placement of bancassurance products (approximately + 33%), which recorded a marked recovery in the second quarter of 2003.

Profits on financial transactions

A substantial contribution to net interest and other banking income came from the aforementioned positive performance of financial transactions which grew in almost all components.

(in millions of euro)

Captions	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Interest rates	177	2	175	
Equity	220	112	108	96.4
Foreign exchange	87	105	(18)	(17.1)
Credit derivatives (trading book)	20	(17)	37	
Profits on financial transactions	504	202	302	

Interest rate activities – which include transactions on the bond market, on interest rate and other debt securities derivatives – generated net profits of 177 million euro, compared to 2 million euro in June 2002. These were especially attributable to the Parent Company and Caboto which, together, were responsible for approximately 90% of the profits of this area.

The equities area showed a profit of 220 million euro, almost twice the result of the first half of last year and was almost entirely attributable to the activities of Caboto and Banca Intesa. In particular, the latter recorded the results of the marking to market of the Crédit Agricole shares deriving from the Tender Offer on Crédit Lyonnais (34 million euro). Again positive (87 million euro), but lower than in June 2002 (– 17%), were the results achieved by currencies and currency derivatives, due to a growing contribution of Banca Intesa which was more than fully neutralised by the lower contribution of the South-American network.

The positive result achieved on credit derivatives in the trading book was entirely attributable to the Parent Company (20 million euro), with a marked inversion with respect to the negative result of the first half of 2002.

Income from structured issues also contributed to profits on financial transactions.

Other net operating income decreased

(143 million euro compared to 178 million euro as at 30th June 2002).

Operating margin

Operating margin totalled 1,906 million euro, with a 16% growth rate with respect to the figure as at 30th June 2002. The quarterly development of this margin in the last quarters also shows its significant progress. This margin reflected the deduction of operating costs of 3,069 million euro, significantly lower than in the first half of 2002 (– 5.8%).

Breakdown of consolidated operating margin among the various Group entities shows an approximately 6% contribution of foreign subsidiaries while the remaining portion was almost equally distributed between the Parent Company and Italian subsidiaries.

Operating costs

As concerns structure costs, savings referred to both payroll, which recorded an almost 8% decrease and other administrative costs, which registered a reduction close to 5%. Adjustments to tangible fixed assets and intangibles remained practically constant. The table below sets out the development of the main expense captions compared to the previous year.

(in millions of euro)

Captions	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Payroll	1,696	1,841	(145)	(7.9)
Administrative costs				
• general structure costs	456	509	(53)	(10.4)
• IT expenses	194	180	14	7.8
• indirect taxes and duties	167	174	(7)	(4.0)
• legal and professional expenses	111	99	12	12.1
• advertising and promotional expenses	30	34	(4)	(11.8)
• indirect personnel costs	26	30	(4)	(13.3)
• other costs	61	72	(11)	(15.3)
	1,045	1,098	(53)	(4.8)
Adjustments to				
• intangibles	153	143	10	7.0
• fixed assets	175	175	–	–
Operating costs	3,069	3,257	(188)	(5.8)

The decrease in payroll, which reached 1,696 million euro, was essentially attributable to the reduction in headcount, partly due to natural turnover but, mostly, programmed as part of the specific regulations of the Solidarity allowance for the banking industry. The average number of employees decreased over the twelve months by approximately 3,200 units while the period-end contraction was approximately 4,300 units.

The actions aimed at containing operating costs (1,045 million euro) mostly impacted on general structure costs. Legal and professional expenses and expenses for IT services rose though from far lower absolute amounts. These expenses are necessary for the progress of the numerous projects involving the Parent Company and subsidiaries currently under way.

The almost constant figure for adjustments on tangible fixed assets and intangibles, 328 million euro (approximately +3%), reflected

the rise in amortisation of software investments and practically stable depreciation.

The cost containment policy was applied to Banca Intesa (-7.3%) and all other Group units. For Italian banks average decreases equalled approximately 4% while among foreign subsidiaries, the Sudameris group recorded a particularly significant 11% decrease.

Income from operating activities

Income from operating activities (1,148 million euro compared to 261 million euro in the first half of 2002) reflects the deduction of net adjustments to loans of 513 million euro (-48.5%), provisions for risks and charges of 136 million euro (-49.3%), amortisation of goodwill arising on consolidation of 64 million euro (+36.2%) and net adjustments to financial fixed assets of 45 million euro (-36.6%).

(in millions of euro)

Captions	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Net adjustments to loans				
• doubtful loans	(150)	(417)	(267)	(64.0)
• substandard loans	(277)	(385)	(108)	(28.1)
• restructured loans and loans under restructuring	(8)	-	8	
• loans subject to Country risk	(24)	(13)	11	84.6
• other	(100)	(44)	56	
Net provisions for guarantees and commitments	51	(122)	173	
	(508)	(981)	(473)	(48.2)
Provisions for possible loan losses	(5)	(15)	(10)	(66.7)
	(513)	(996)	(483)	(48.5)
Provisions for risks and charges	(136)	(268)	(132)	(49.3)
Adjustments to goodwill arising on consolidation and on application of the equity method	(64)	(47)	17	36.2
Adjustments to financial fixed assets	(55)	(76)	(21)	(27.6)
Write-back of financial fixed assets	10	5	5	
	(45)	(71)	(26)	(36.6)
Total, net	(758)	(1,382)	(624)	(45.2)

Adjustments, write-backs and provisions

The substantial drop in net adjustments to loans is attributable to the events which had severely affected 2002, namely the financial distress of certain international groups operating mainly in the communication and energy sectors and the heavy loan losses which had emerged in the Sudameris group. In the figures as at 30th June 2003, net adjustments returned to physiological levels, within the limits indicated in the Business Plan. 70% referred to Banca Intesa. Cumulated adjustments on performing loans (the so-called "generic" allowance) were at the same levels as at the end of 2002 (1,060 million euro) since the significant provisions made by the Parent Company in the Half-year report 2003 were offset by the use of a subsidiary in Eastern Europe.

Also provisions for risks and charges recorded a considerable decrease, mainly due to the significant provisions for future charges made in the first half of 2002 related to the programmed disengagement from Latin America.

Net adjustments to financial fixed assets (45 million euro) mostly referred to minority equity investments and the most significant amount is attributable to the write-down of the stake in Bayerische Hypo-Vereinsbank (30 million euro), for which book value was decreased to net equity.

Adjustments to goodwill arising on consolidation and on application of the equity method referred to i) amortisation of goodwill on Group companies subject

to full or proportional consolidation for approximately 54 million euro, and ii) amortisation of goodwill on companies carried at equity for 10 million euro.

The variation with respect to the first half of 2002 is attributable to the beginning of the amortisation period for goodwill of companies acquired at the end of the first half of 2002 (Carinord 1) or for the further stakes acquired in the last twelve months (Privredna Banka Zagreb, Agos Itafinco, IntesaVita, Intesa Holding Asset Management).

Income from extraordinary activities and net income

Net extraordinary income (114 million euro), though more than twice the figure for June 2002, did not have a significant impact on profitability for the first half which, as already mentioned above, reflected an income from operating activities which greatly exceeded that of the corresponding reference period.

The most significant components of extraordinary income referred to marking to market of own shares in the Parent Company's portfolio (229 million euro) and the capital gain on the sale of Crédit Lyonnais shares in the Tender Offer made by Crédit Agricole (35 million euro). As concerns extraordinary charges, the most significant was 138 million euro relative to the disposal of the subsidiaries operating in Brazil and Colombia and the sale of the Chilean activities and 32 million euro for the Group's reorganisation.

(in millions of euro)

Captions	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Income from operating activities	1,148	261	887	
Extraordinary income	492	319	173	54.2
Extraordinary charges	(378)	(269)	109	40.5
Extraordinary income, net	114	50	64	
Income taxes for the period	(520)	(135)	385	
Use of allowance for risks and charges arising on consolidation	4	1	3	
Change in the reserve for general banking risks	4	1	3	
Minority interests	(40)	(64)	(24)	(37.5)
Net income for the period	710	114	596	

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(in millions of euro)

Assets	30/6/2003 (A)	31/12/2002 pro forma ⁽¹⁾ (B)	30/6/2002 pro forma ⁽¹⁾ (C)	Changes	
				(A/B)	(A/C)
1. Cash and deposits with central banks and post offices	1,376	1,642	1,415	(16.2)	(2.8)
2. Loans					
– loans to customers	162,300	165,675	172,975	(2.0)	(6.2)
– due from banks	33,637	30,389	38,348	10.7	(12.3)
3. Trading portfolio	32,107	27,237	36,575	17.9	(12.2)
including Own shares	891	981	–	(9.2)	–
4. Fixed assets					
a) investment portfolio	7,785	7,936	9,574	(1.9)	(18.7)
b) equity investments	4,581	4,119	4,714	11.2	(2.8)
c) tangible and intangible	4,548	4,808	4,790	(5.4)	(5.1)
5. Goodwill arising on consolidation	696	720	753	(3.3)	(7.6)
6. Goodwill arising on application of the equity method	191	54	16		
7. Other assets	35,430	33,997	30,002	4.2	18.1
Total Assets	282,651	276,577	299,162	2.2	(5.5)

(in millions of euro)

Liabilities and Shareholders' Equity	30/6/2003 (A)	31/12/2002 pro forma ⁽¹⁾ (B)	30/6/2002 pro forma ⁽¹⁾ (C)	Changes	
				(A/B)	(A/C)
1. Debts					
– due to customers	112,064	111,223	110,395	0.8	1.5
– securities issued	57,583	55,283	57,355	4.2	0.4
– due to banks	42,921	45,004	65,252	(4.6)	(34.2)
2. Allowances with specific purpose	5,347	5,274	4,995	1.4	7.0
3. Other liabilities	38,555	33,574	34,831	14.8	10.7
4. Allowances for possible loan losses	51	50	146	2.0	(65.1)
5. Subordinated and perpetual liabilities	11,228	11,488	11,519	(2.3)	(2.5)
6. Minority interests	686	730	766	(6.0)	(10.4)
7. Shareholders' equity					
– share capital, reserves and reserve for general banking risks	13,476	13,721	13,759	(1.8)	(2.1)
– negative goodwill arising on consolidation	18	29	29	(37.9)	(37.9)
– negative goodwill arising on application of the equity method	12	1	1		
– net income for the period	710	200	114		
Total Liabilities and Shareholders' Equity	282,651	276,577	299,162	2.2	(5.5)

Guarantees, commitments and credit derivatives	106,957	117,353	126,075	(8.9)	(15.2)
Indirect customer deposits	296,106	297,679	310,487	(0.5)	(4.6)

⁽¹⁾ Figures restated on a consistent basis.

Quarterly development of the consolidated balance sheet

(in millions of euro)

Assets	2003		2002 ⁽¹⁾			
	30/6	31/3 ⁽¹⁾	31/12	30/9	30/6	31/3
1. Cash and deposits with central banks and post offices	1,376	1,359	1,642	1,495	1,415	1,672
2. Loans						
– loans to customers	162,300	162,700	165,675	166,358	172,975	174,845
– due from banks	33,637	32,925	30,389	37,320	38,348	43,534
3. Trading portfolio	32,107	28,476	27,237	31,287	36,575	39,287
including Own shares	891	664	981	–	–	–
4. Fixed assets						
a) investment portfolio	7,785	8,057	7,936	9,224	9,574	11,069
b) equity investments	4,581	4,346	4,119	4,916	4,714	5,268
c) tangible and intangible	4,548	4,602	4,808	4,824	4,790	4,901
5. Goodwill arising on consolidation	696	694	720	741	753	611
6. Goodwill arising on application of the equity method	191	146	54	10	16	39
7. Other assets	35,430	35,103	33,997	31,215	30,002	29,222
Total Assets	282,651	278,408	276,577	287,390	299,162	310,448

(in millions of euro)

Liabilities and Shareholders' Equity	2003		2002 ⁽¹⁾			
	30/6	31/3 ⁽¹⁾	31/12	30/9	30/6	31/3
1. Debts						
– due to customers	112,064	112,783	111,223	111,765	110,395	112,415
– securities issued	57,583	54,070	55,283	54,660	57,355	58,012
– due to banks	42,921	44,261	45,004	55,866	65,252	76,363
2. Allowances with specific purpose	5,347	5,519	5,274	4,943	4,995	5,450
3. Other liabilities	38,555	35,749	33,574	33,881	34,831	31,754
4. Allowances for possible loan losses	51	51	50	147	146	157
5. Subordinated and perpetual liabilities	11,228	11,441	11,488	11,593	11,519	11,177
6. Minority interests	686	736	730	773	766	873
7. Shareholders' equity						
– share capital, reserves and reserve for general banking risks	13,476	13,455	13,721	13,676	13,759	13,806
– negative goodwill arising on consolidation	18	29	29	29	29	15
– negative goodwill arising on application of the equity method	12	1	1	1	1	1
– net income for the period	710	313	200	56	114	425
Total Liabilities and Shareholders' Equity	282,651	278,408	276,577	287,390	299,162	310,448

⁽¹⁾ Figures restated on a consistent basis.

LENDING AND DEPOSIT COLLECTING ACTIVITIES

Loans to customers

Loans to customers as at 30th June 2003 equalled 162,300 million euro, with a 2% decrease compared to the end of the previous year. This downward trend, which started some time ago, is mostly due to precise strategic decisions taken in the Business Plan and aimed at reducing exposure to corporate customers especially in Banca Intesa's foreign branches, for the purpose of shifting focus from volumes to profitability. In fact, in the first half of 2003 risk-weighted exposure to large groups recorded a 7.4 billion euro decrease and the financing granted to the special purpose vehicle company Intesa Sec. 2 was extinguished. The loan was related to the sale of performing mortgages amounting to 2 billion euro, whose securitisation commenced at the end of last year and was completed in January 2003. Exposures of the Parent Company's foreign

branches as at 30th June 2003 amounted to 8.3 billion euro with an approximately 24% decrease compared to as at 31st December 2002.

Breakdown of this caption shows diverse trends in the various contract types. Current accounts and mortgages increased (+ 2.8% and + 4.8% respectively) while advances and other loans decreased (- 10.3%), as it is the loan category most affected by the aforementioned restrictive policy. Repurchase agreements recorded a marked expansion (+ 39.3%), though from far lower absolute values.

Breakdown by Group entity of consolidated loans to customers was as follows: Parent Company over 60% of the total, foreign network approximately 7% and the remaining portion granted by the Italian subsidiaries, among which in particular Banca Intesa Mediocredito and Cassa di Risparmio di Parma e Piacenza.

(in millions of euro)

Subcaptions	30/6/2003 (A)	31/12/2002 pro forma (B)	30/6/2002 pro forma (C)	Changes	
				(A/B)	(A/C)
Current accounts	24,272	23,608	27,535	2.8	(11.9)
Mortgages	59,438	56,704	58,338	4.8	1.9
Advances and other loans	68,724	76,653	77,539	(10.3)	(11.4)
Repurchase agreements	4,814	3,457	4,265	39.3	12.9
Doubtful loans	5,052	5,253	5,298	(3.8)	(4.6)
Total loans	162,300	165,675	172,975	(2.0)	(6.2)
<i>including with residents in Italy</i>	136,270	<i>137,385</i>	<i>139,846</i>	<i>(0.8)</i>	<i>(2.6)</i>
<i>with residents in other EU Countries</i>	9,845	<i>10,641</i>	<i>12,511</i>	<i>(7.5)</i>	<i>(21.3)</i>
<i>with residents in non-EU Countries</i>	16,185	<i>17,649</i>	<i>20,618</i>	<i>(8.3)</i>	<i>(21.5)</i>

The table below – which details geographic breakdown of loans to customers – confirms the predominance of domestic loans which represented 84% of the total and had its strong point in North-West Italy (52% of domestic customers). As concerns loans to

customers not resident in Italy, EU borrowers represented approximately 38% of loans to non-residents and among non-EU residents, the Eastern-European borrowers increased their weight to 23% of loans granted to non-residents.

Geographic areas	30/6/2003	31/12/2002
North West	43.9%	45.0%
North East	15.9%	14.8%
Centre	14.3%	13.9%
South and Isles	9.9%	9.2%
Total Italy	84.0%	82.9%
France	1.0%	1.1%
Portugal	0.8%	0.9%
Germany	0.5%	0.7%
Spain	0.3%	0.5%
Holland	0.5%	0.4%
Belgium	0.1%	0.2%
Ireland	0.2%	0.2%
Luxembourg	0.5%	0.2%
United Kingdom	1.9%	2.1%
Other EU Countries	0.2%	0.2%
Total EU Countries	6.0%	6.5%
United States of America	2.5%	2.8%
Croatia	1.6%	1.5%
Canada	0.3%	0.3%
Japan	0.3%	0.4%
Brazil	0.1%	0.2%
Hungary	1.5%	1.3%
Peru	0.8%	0.9%
Slovakia	0.6%	0.7%
Other non-EU Countries	2.3%	2.5%
Total other non-EU Countries	10.0%	10.6%
Total loans to customers	100.0%	100.0%

As concerns breakdown of loans by borrowing counterparty, the table below shows the net prevalence of loans granted to non-financial companies and family-run businesses (63% of the total). Wholesale and retail trade and

businesses offering other services for sale represented 23% of the total. Loans to consumer families and other categories were also important and together were granted approximately 23% of total disbursements.

(in millions of euro)

Counterparties	30/6/2003	31/12/2002
Governments	2,587	2,800
Other public agencies	3,936	4,149
Financial institutions	16,460	14,076
Non-financial companies and family-run businesses	102,669	106,682
• <i>wholesale and retail trade, recovery and repairs</i>	17,546	16,655
• <i>construction and public works</i>	9,675	9,719
• <i>food products, beverages and tobacco-based products</i>	4,684	4,945
• <i>textiles, leather and footwear; clothing</i>	4,353	4,644
• <i>agricultural and industrial machinery</i>	4,320	4,423
• <i>metal products, excluding cars and means of transport</i>	3,905	4,335
• <i>energy products</i>	4,055	4,105
• <i>chemical products</i>	2,954	3,266
• <i>electric materials and supplies</i>	2,530	2,516
• <i>other industrial products</i>	4,924	4,825
• <i>agricultural and forestry products and fishing</i>	3,007	2,948
• <i>transport</i>	2,316	2,099
• <i>paper, paper products, printed products and publishing</i>	2,054	2,134
• <i>minerals and non-metallic mineral based products</i>	2,061	2,120
• <i>rubber and plastic products</i>	1,896	2,002
• <i>other services for sale</i>	20,528	23,117
• <i>other non-financial companies</i>	11,861	12,829
Other	36,648	37,968
Total	162,300	165,675

Non-performing loans and Country risk

Breakdown of loans to customers based on credit quality is shown in the table below.

Net doubtful loans recorded a 3.8% decrease to 5,052 million euro and represented 3.1% of total loans, slightly lower than in December (3.2%).

The decrease in net doubtful loans was mainly attributable to the reductions recorded by Intesa Gestione Crediti and

the Sudameris group.

Cumulated net adjustments led to a 63.2% coverage of gross doubtful loans, higher with respect to 62.5% as at 31st December 2002.

Substandard loans, 3,870 million euro, recorded a 5.5% reduction entirely attributable to the Parent Company. The degree of coverage of gross positions ensured by cumulated adjustments was 23%.

(in millions of euro)

	30/6/2003			31/12/2002 pro forma			30/6/2002 pro forma		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
Non-performing loans	19,536	(10,037)	9,499	20,710	(10,384)	10,326	20,413	(9,685)	10,728
Doubtful loans	13,746	(8,694)	5,052	14,007	(8,754)	5,253	13,737	(8,439)	5,298
Substandard loans	5,034	(1,164)	3,870	5,483	(1,389)	4,094	5,020	(1,017)	4,003
Restructured loans and loans under restructuring	526	(133)	393	432	(151)	281	496	(98)	398
Loans subject to Country risk	230	(46)	184	788	(90)	698	1,160	(131)	1,029
Performing loans	153,864	(1,063)	152,801	156,427	(1,078)	155,349	163,295	(1,048)	162,247
Total	173,400	(11,100)	162,300	177,137	(11,462)	165,675	183,708	(10,733)	172,975

The table below shows breakdown of doubtful and substandard loans by borrowing counterparty. As in the case of loans to customers, non-financial companies

and family-run businesses are the sectors with the highest incidence (in terms of net book value of doubtful and substandard loans).

(in millions of euro)

Counterparties	30/6/2003	31/12/2002
Financial institutions	221	368
Non-financial companies and family-run businesses	6,949	7,280
• construction and public works	1,456	1,533
• wholesale and retail trade, recovery and repairs	1,109	1,091
• textiles, leather and footwear, clothing	315	306
• food products, beverages and tobacco-based products	287	289
• agricultural and forestry products and fishing	263	275
• hotels and catering	287	261
• metal products, excluding cars and means of transport	211	222
• other industrial products	153	163
• agricultural and industrial machinery	187	184
• electric materials and supplies	120	223
• transport	207	164
• communication services	8	138
• sea and air carriers	143	125
• energy products	71	48
• minerals and non-metal mineral based products	130	114
• other services for sale	1,534	1,621
• other non-financial companies	468	523
Other	1,752	1,699
Total	8,922	9,347

Restructured loans and loans under restructuring was on far lower absolute values, 393 million euro compared to 281 million euro as at 31st December 2002, with an increase entirely attributable to Banca Intesa.

A significant net contraction occurred in loans subject to Country risk – considering both on- and off-balance sheet exposures – which totalled 802 million euro, with an approximately 35% reduction. Also nominal non-guaranteed exposure decreased to 1,075 million euro with a contraction exceeding 28%.

(in millions of euro)

Countries	30/6/2003				31/12/2002 pro forma			
	Non-guaranteed exposure	Value at risk	Adjustments	Net amount	Non-guaranteed exposure	Value at risk	Adjustments	Net amount
Brazil	489	392	108	381	851	267	91	760
Peru	165	156	31	134	55	46	9	46
Colombia	57	21	4	53	82	31	7	75
Argentina	181	181	108	73	253	216	129	124
Dutch Antilles	18	3	1	17	49	26	5	44
Lebanon	31	5	1	30	42	7	2	40
Venezuela	3	3	1	2	3	3	1	2
Russia	29	28	6	23	24	23	4	20
Jordan	12	4	1	11	14	5	1	13
Egypt	–	–	–	–	22	11	2	20
Uruguay	6	1	–	6	10	4	1	9
Indonesia	3	3	1	2	3	3	1	2
Other Countries	81	43	11	70	94	52	16	78
Total	1,075	840	273	802	1,502	694	269	1,233
<i>including</i>								
On-balance sheet loans								
– customers	230	146	46	184	788	289	90	698
– banks	493	462	110	383	266	131	52	214
– securities portfolio	102	101	59	43	132	132	72	60
Off-balance sheet loans								
– customers	70	26	12	58	98	52	18	80
– banks	180	105	46	134	218	90	37	181

Cumulated adjustments to cover “Country risk” amounted to 273 million euro, practically unchanged with respect to as at 31st December 2002, and guaranteed a 25% coverage compared to an 18% coverage at the end of last year due to the lower gross exposure.

In terms of value at risk, overall exposure registered a 21% increase to 840 million euro, mostly attributable to interventions to support the Peruvian subsidiary and to a different loan portfolio mix of the Brazilian subsidiary.

Value at risk reflects the exclusion of loans to certain Countries (Bermuda, Cayman Islands, Virgin Islands) for which the judgement of creditworthiness is confirmed by their positive market quotations based on expectations of full debt repayment. The same approach was adopted with regard to a primary counterparty resident in Russia, whose exposure is supported by sound reimbursement sources outside the Country. Also securities held in the trading portfolio were excluded from the risk calculation as they had been already marked to market. For supervisory purposes, all these loans at risk – on-balance sheet exposures summed up to 662 million euro and off-balance sheet exposures to 9 million euro – were considered under the direct coverage of shareholders’ equity, with an overall capital absorption of 117 million euro. The absorption of a further 134 million euro referred to the domestic component of loans granted by subsidiaries resident in South-American Countries at risk (633 million euro) to central governments and public sector entities, denominated in (or indexed to) foreign currencies. These comprise Peru (567 million euro), Uruguay (31 million euro), Paraguay (31 million euro) and Colombia (4 million euro).

To cover *performing loans* there is a generic

allowance of 1,063 million euro, which has the purpose of covering the intrinsic risk of performing loans. The degree of coverage equalled approximately 0.7% of total performing loans net of repurchase agreements and is deemed to adequately cover the exposures to the industrial sectors more affected by the adverse economic situation and the slowdown in consumption.

Customer funds

Direct customer deposits recorded a 1.6% rise to 180,875 million euro, despite the contraction in overall funding registered by Banca Intesa’s foreign branches.

Breakdown of the consolidated figure by contract type shows differentiated trends: deposits and current accounts decreased (–2.4%), also as a result of the aforementioned reduction in the activities of foreign branches, while bonds and certificates of deposit recorded a 4.3% rise, also in this case partly attributable to the Parent Company’s foreign network. Repurchase agreements increased significantly (+32.4%) while subordinated liabilities remained practically stable.

With regard to geographic breakdown, deposits from customers resident outside Italy represented approximately 18% of the total and showed the prevalence of non-EU Countries due to the contributions of Eastern-European subsidiaries and the Latin-American network.

As concerns the contribution of various Group entities to the consolidated figure, the Parent Company was responsible for over 70% of funding, foreign subsidiaries for approximately 11%, while the remaining portion was collected almost completely by Italian banks.

(in millions of euro)

Subcaptions	30/6/2003 (A)	31/12/2002 pro forma (B)	30/6/2002 pro forma (C)	Changes	
				(A/B)	(A/C)
Deposits	10,956	11,204	10,565	(2.2)	3.7
Current accounts and other	84,386	86,438	84,282	(2.4)	0.1
Bonds ^(S)	46,545	44,473	42,319	4.7	10.0
Certificates of deposit	9,653	9,389	12,192	2.8	(20.8)
Other	5,131	5,205	6,538	(1.4)	(21.5)
Repurchase agreements	12,976	9,797	11,854	32.4	9.5
Subordinated and perpetual liabilities	11,228	11,488	11,519	(2.3)	(2.5)
Total direct deposits ^(*)	180,875	177,994	179,269	1.6	0.9
Indirect customer deposits	296,106	297,679	310,487	(0.5)	(4.6)
Customer deposits under administration	476,981	475,673	489,756	0.3	(2.6)
^(*) including with residents in Italy	148,855	144,429	142,947	3.1	4.1
with residents in EU Countries	11,474	12,123	9,926	(5.4)	15.6
with residents in non-EU Countries	20,546	21,442	26,396	(4.2)	(22.2)

^(S) Excluding 213 million euro of bonds underwritten by banks carried at equity, included in due to banks.

Indirect customer deposits

Indirect customer deposits equalled 296,106 million euro, confirming the level of December 2002 and thus halting the downward trend which had characterised the whole of the previous year.

Breakdown of the aggregate highlighted the

further decrease of deposits under administration (–3.5%), while asset management increased (+3.7%). In the latter area, it must be noted that the increases referred to all sectors, both the most important, such as mutual funds (+3%) and the less important but rapidly-expanding such as bancassurance products (approximately +11%).

(in millions of euro)

Subcaptions	30/6/2003 (A)	31/12/2002 pro forma (B)	30/6/2002 pro forma (C)	Changes	
				(A/B)	(A/C)
Individual portfolio management schemes	50,736	50,223	55,726	1.0	(9.0)
Assets managed by mutual funds	89,791	87,177	90,770	3.0	(1.1)
Insurance products	18,763	16,954	14,691	10.7	27.7
minus Funds from individual portfolios placed in mutual funds	(32,372)	(31,960)	(32,849)	1.3	(1.5)
Total managed funds	126,918	122,394	128,338	3.7	(1.1)
Asset under administration and in custody	169,188	175,285	182,149	(3.5)	(7.1)
Indirect customer deposits	296,106	297,679	310,487	(0.5)	(4.6)

FINANCIAL ACTIVITIES

Securities portfolio

The securities portfolio as at 30th June 2003 totalled 39,892 million euro, with a 13% rise with respect to the figure of last December. This increase referred entirely to the trading portfolio since, compared to as at 31st December 2002 the investment portfolio recorded an approximately 2% decrease and treasury shares also dropped – due to the combined effect of the distribution of shares to shareholders as provided for by the Shareholders' Meeting resolution of last 16th April and the revaluation registered on marking to market the remaining treasury shares.

Within the trading portfolio, Government securities declined (approximately – 15%) while marked increases were recorded by bonds (approximately + 23%) and equities (approximately + 89%), the latter also as a result of trading on near dividend-payment dates.

The comparison with market values highlights implicit net capital gains on the investment portfolio of 418 million euro, corresponding to analogous capital losses on the relative hedging derivatives. The implicit capital gains on unlisted securities in the investment portfolio amounted to 78 million euro.

(in millions of euro)

Subcaptions	30/6/2003		Implicit gains/losses	31/12/2002 pro forma		Implicit gains/losses	30/6/2002 pro forma		Implicit gains/losses
	Book value	Market value		Book value	Market value		Book value	Market value	
Investment portfolio	7,785	8,203	418	7,936	8,228	292	9,574	9,594	20
Trading portfolio									
– Government securities	6,153	6,153	–	7,228	7,228	–	13,489	13,489	–
– Bonds and other debt securities	20,468	20,505	37	16,592	16,613	21	19,652	19,688	36
• listed	7,912	7,912	–	5,494	5,494	–	7,595	7,598	3
• unlisted	12,556	12,593	37	11,098	11,119	21	12,057	12,090	33
– Shares, quotas and other forms of capital	4,595	4,636	41	2,436	2,461	25	3,434	3,458	24
• listed	4,061	4,061	–	1,904	1,904	–	2,365	2,366	1
• unlisted	534	575	41	532	557	25	1,069	1,092	23
Total trading portfolio	31,216	31,294	78	26,256	26,302	46	36,575	36,635	60
Own shares	891	891	–	981	981	–	–	–	–
Total	39,892	40,388	496	35,173	35,511	338	46,149	46,229	80

Net interbank position

The rebalancing of the net interbank position was one of the primary objectives of the Business Plan.

The progressive reduction in the total net debt position to 9,284 million euro (approximately – 36%) follows from this objective. The “with notice period” component recorded a sharp drop (–81%) and was partly substituted by “on demand” funding.

(in millions of euro)

Subcaptions	30/6/2003 (A)	31/12/2002 pro forma (B)	30/6/2002 pro forma (C)	Changes	
				(A/B)	(A/C)
Net interbank position repayable on demand					
• current accounts	(378)	(182)	590		
• deposits	(7,342)	(5,522)	(10,800)	33.0	(32.0)
• other	153	110	48	39.1	
	(7,567)	(5,594)	(10,162)	35.3	(25.5)
Net interbank position with notice period					
• compulsory reserve requirement	1,289	1,771	1,227	(27.2)	5.1
• time deposits	(9,858)	(16,099)	(21,419)	(38.8)	(54.0)
• repurchase agreements	7,308	4,399	3,817	66.1	91.5
• other	(456)	908	(367)		24.3
	(1,717)	(9,021)	(16,742)	(81.0)	(89.7)
Net interbank position	(9,284)	(14,615)	(26,904)	(36.5)	(65.5)

Statement of cash flows

The statement of cash flows highlights how the Group's net cash position was formed by cash generated by operations and cash generated or absorbed by investing and funding activities.

In particular, the accounts of June 2003 show how the increase in the securities portfolio and the decrease in due to banks produced a negative cash balance, only partly offset by the cash generated by operations.

(in millions of euro)

	30/6/2003	
Cash from operations		
Net income	710	
Change in the reserve for general banking risks	(4)	
Change in the allowance for risks and charges arising on consolidation	(4)	
Adjustments to fixed assets and intangibles	392	
Adjustments to (write-back of) financial fixed assets, net	45	
Adjustments to (write-back of) loans, net	508	
Adjustments to (write-back of) securities, net	(514)	
Increase/(decrease) in allowances for possible loan losses	1	
Increase/(decrease) in allowance for employee termination indemnities	(137)	
Increase/(decrease) in allowance for pensions and similar commitments	(5)	
Increase/(decrease) in allowances for risks and charges - other	100	
Increase/(decrease) in allowances for risks and charges - taxation	119	
(Increase)/decrease in accrued income and prepaid expenses	(95)	
Increase/(decrease) in accrued expenses and deferred income	<u>344</u>	
Cash generated by operations		1,460
Cash from investing activities		
(Increase)/decrease in securities	(4,524)	
(Increase)/decrease in fixed assets	39	
(Increase)/decrease in intangibles	(107)	
(Increase)/decrease in goodwill arising on consolidation	(177)	
(Increase)/decrease in equity investments	(507)	
(Increase)/decrease in due from banks (excluding amounts due on demand)	(2,768)	
(Increase)/decrease in loans to customers	2,867	
(Increase)/decrease in other assets	<u>(1,338)</u>	
Cash utilised by investing activities		(6,515)
Cash from funding activities		
Increase/(decrease) in due to banks (excluding amounts due on demand)	(4,536)	
Increase/(decrease) in due to customers	841	
Increase/(decrease) in securities issued	2,300	
Increase/(decrease) in other liabilities	4,636	
Increase/(decrease) in subordinated liabilities	(260)	
Increase/(decrease) in minority interests	(44)	
Increase/(decrease) in shareholders' equity	(13)	
Dividends paid	<u>(108)</u>	
Cash generated by funding activities		2,816
Increase/(decrease) in cash, liquid funds and due from banks on demand, net		(2,239)
Cash, liquid funds and due from banks on demand, net – opening balance		(3,952)
Cash, liquid funds and due from banks on demand, net – closing balance		(6,191)

Changes in various balance sheet items were calculated using 2002 figures restated on a consistent basis.

SHAREHOLDERS' EQUITY AND SOLVENCY RATIOS

The Group's shareholders' equity, excluding net income for the period of 710 million euro, amounted to 13,506 million euro.

The table below details the variations which occurred with respect to as at 31st December 2002.

(in millions of euro)

	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserves for foreign exchange differences	Reserves for general banking risks	Revaluation reserves	Negative goodwill	Net income for the period	Total shareholders' equity
Balance as at 31st December 2002 ^(*)	3,561	5,764	773	3,553	(403)	115	358	30	200	13,951
Allocation of consolidated net income										
– Reserves				186					(186)	–
– Dividends				(422)					(12)	(434)
– Allowances for charitable contributions									(2)	(2)
Other variations										
– Transfers within reserves for own shares revaluation		(229)		229						–
– Changes in the consolidation area				(14)		(1)				(15)
– Changes in the reserve for general banking risks						(4)				(4)
– Changes in the reserve for foreign exchange differences					11					11
– Other changes and rounding off				(1)						(1)
Net income for the period									710	710
Balance as at 30th June 2003 ^(§)	3,561	5,535	773	3,531	(392)	110	358	30	710	14,216

^(*) Official figures not restated.

^(§) The caption Other reserves includes 891 million euro of Reserve for own shares.

Shareholders' equity for supervisory purposes amounted to 20,348 million euro, against risk-weighted assets of 196,187 million euro. The total solvency ratio equalled 10.9% and

the Tier 1 ratio 6.9%. The ratio between shareholders' equity for supervisory purposes net of preference shares and risk-weighted assets (Core Tier 1) exceeded 6%.

(in millions of euro)

TOTAL CAPITAL AND CAPITAL RATIOS	30/6/2003	31/3/2003	31/12/2002
Total capital			
Tier 1 capital	13,604	13,610	13,494
Tier 2 capital	7,924	8,094	8,192
Items to be deducted	(1,180)	(535)	(630)
Total capital	20,348	21,169	21,056
Capital requirements			
Credit risks	14,118	14,365	14,611
Market risks	1,374	1,304	1,173
Tier 3 subordinated loans	947	1,146	1,148
Other capital requirements	203	240	193
Total capital requirements	15,695	15,909	15,977
Risk-weighted assets	196,187	198,857	199,714
Capital ratios %			
Tier 1/Total risk-weighted assets	6.93	6.84	6.76
Total capital/Total risk-weighted assets	10.85	11.22	11.12
Excess capital	4,653	5,260	5,079

The table below details the entries which allow to reconcile the Parent Company's shareholders' equity and

net income with consolidated shareholders' equity and net income.

(in millions of euro)

Items	Shareholders' equity	including net income for the period as at 30/6/2003
Parent Company's balances as at 30th June 2003	14,059	674
Effect of full and proportional consolidation	1,101	357
Effect of consolidation of subsidiaries carried at equity	(11)	69
Adjustments to capital gains from the sale of equity investments	–	(18)
Reversal of write-downs on equity investments	51	51
Reversal of provisions recorded for fiscal purposes	117	4
Amortisation of goodwill arising on consolidation and on application of the equity method	(876)	(64)
Use of allowance for risks and charges arising on consolidation	27	4
Revaluation of real estate	268	(4)
Restatement of goodwill	(8)	3
Dividends collected during the period	–	(11)
Dividends accrued, net of fiscal effects	(291)	(291)
Other changes	(221)	(64)
Consolidated balances as at 30th June 2003	14,216	710

The Parent Company Banca Intesa

RECLASSIFIED STATEMENT OF INCOME

(in millions of euro)

Captions	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Net interest income	1,587	1,742	(155)	(8.9)
Dividends and other revenues	535	470	65	13.8
Interest margin	2,122	2,212	(90)	(4.1)
Net commissions	950	981	(31)	(3.2)
Profits on financial transactions	227	58	169	
Other operating income, net	103	115	(12)	(10.4)
Net interest and other banking income	3,402	3,366	36	1.1
Administrative costs	(1,861)	(1,989)	(128)	(6.4)
<i>including Payroll</i>	(1,064)	(1,173)	(109)	(9.3)
<i>Other</i>	(797)	(816)	(19)	(2.3)
Adjustments to fixed assets and intangibles	(69)	(93)	(24)	(25.8)
Operating costs	(1,930)	(2,082)	(152)	(7.3)
Operating margin	1,472	1,284	188	14.6
Provisions for risks and charges	(43)	(122)	(79)	(64.8)
Net adjustments to loans and provisions for possible loan losses	(353)	(850)	(497)	(58.5)
Net adjustments to financial fixed assets	(85)	(89)	(4)	(4.5)
Income from operating activities	991	223	768	
Extraordinary income	131	6	125	
Income taxes for the period	(448)	(55)	393	
Net income for the period	674	174	500	

RECLASSIFIED BALANCE SHEET

(in millions of euro)

Assets	30/6/2003	31/12/2002	30/6/2002	Changes	
	(A)	(B)	(C)	(A/B)	(A/C)
1. Cash and deposits with central banks and post offices	595	864	676	(31.1)	(12.0)
2. Loans					
– loans to customers	118,239	122,513	127,814	(3.5)	(7.5)
– due from banks	34,411	33,891	36,849	1.5	(6.6)
3. Trading portfolio	23,495	19,643	23,849	19.6	(1.5)
including Own shares	883	980	–	(9.9)	–
4. Fixed assets					
a) investment portfolio	1,155	1,288	2,157	(10.3)	(46.5)
b) equity investments	13,738	12,102	12,780	13.5	7.5
c) tangible and intangible	1,476	2,508	2,804	(41.1)	(47.4)
5. Other assets	22,911	21,255	20,938	7.8	9.4
Total Assets	216,020	214,064	227,867	0.9	(5.2)

(in millions of euro)

Liabilities and Shareholders' Equity	30/6/2003	31/12/2002	30/6/2002	Changes	
	(A)	(B)	(C)	(A/B)	(A/C)
1. Debts					
– due to customers	78,628	79,650	77,621	(1.3)	1.3
– securities issued	49,845	47,087	48,125	5.9	3.6
– due to banks	33,738	38,161	49,029	(11.6)	(31.2)
2. Allowances with specific purpose	3,534	3,401	3,148	3.9	12.3
3. Other liabilities	25,356	20,637	24,522	22.9	3.4
4. Allowances for possible loan losses	–	–	90	–	–
5. Subordinated and perpetual liabilities	10,860	11,308	11,350	(4.0)	(4.3)
6. Shareholders' equity					
– share capital, reserves and reserve for general banking risks	13,385	13,808	13,808	(3.1)	(3.1)
– net income for the period	674	12	174		
Total Liabilities and Shareholders' Equity	216,020	214,064	227,867	0.9	(5.2)

Guarantees, commitments and credit derivatives	78,812	88,262	98,226	(10.7)	(19.8)
Indirect customer deposits	213,852	216,535	224,764	(1.2)	(4.9)

COMMENTS

The results of the operations of Banca Intesa in the first half of 2003 are consistent with those of the Group of which it represents the most significant component.

Statement of income

In particular, operating margin recorded an improvement exceeding 14% with respect to the first half of 2002, due to the positive trend recorded by profits on financial transactions (227 million euro compared to 58 million euro of the first half of 2002) and the effects of the substantial interventions on the cost structure which offset the decrease in net interest income and the lower reduction in commissions.

The reduction in net adjustments to loans, after the exceptionally high value in 2002, and the lower need for provisions for risks and charges, led to a significant progress in income from operating activities which reached 991 million euro (223 million euro in the first half of 2002).

The substantial contribution of extraordinary income (131 million euro, net) which also benefited from the value recovery on treasury shares, enabled to close the first half with a net income of 674 million euro, compared to 174 million euro in the same period of 2002.

Interest margin equalled 2,122 million euro, with a 4.1% decrease over the twelve months entirely due to net interest income which recorded an 8.9% drop. This reduction was the combined effect of the reduction in intermediated volumes and in the level of interest rates over the twelve months. Also in the second quarter, the faster response to the decrease in market interest rates shown by interest on loans compared to interest on deposits, led to a further contraction in the spreads. As concerns in particular operations with customers, intermediated volumes decreased especially with corporate and foreign counterparties, as set out in the Business Plan.

Italian branches recorded a decline in average loans to customers due to the reduction in short-term loans which was not completely offset by the rise in medium-long term loans, while deposit collection increased, with marked rises for medium-

and long-term deposits.

Foreign branches registered further contractions in operations with customers (loans to customers – 24% with respect to December 2002 and – 46% with respect to last June), with evident negative effects on net interest income.

The decrease in interest margin was also attributable to the decline in loans to customers determined by the securitisation of over 2 billion euro of performing mortgages carried out at the end of last year.

Among other components, due from and to banks led to a result which, even considering the differentials on the connected hedges – mostly referring to interbank transactions – showed an improvement as a result of precise interventions aimed at a more profitable management of assets and liabilities. This improvement more than offset the decrease in net interest income on securities which recorded a 115 million euro reduction.

Dividends showed an approximately 14% rise to 535 million euro, attributable to the results of equity investments which were in general very satisfactory. Dividends of subsidiaries, accounted for as accruals and inclusive of the tax credit, amounted to 430 million euro, while dividends on other equity investments and shares totalled 105 million euro. The most significant contributions came from: Cassa di Risparmio di Parma e Piacenza (114 million euro), Caboto (96 million euro), Intesa Mediocredito (42 million euro), Intesa Holding Asset Management (27 million euro), Banco Sudameris Brasil (28 million euro), Intesa Leasing (20 million euro) and Banca Popolare FriulAdria (20 million euro).

The quarterly development of interest margin showed a far higher contribution to the statement of income in the second quarter of 2003 with respect to both the first quarter of 2003 and the last two quarters of 2002, due to the higher contribution of dividends.

Net interest and other banking income totalled 3,402 million euro, with a 1.1% rise compared to the first half of 2002, due to the significant contribution of profits on financial transactions, which entirely absorbed the decrease in the interest margin and the decline in net commissions.

The latter actually recovered with respect to the two previous quarters.

Net commissions equalled 950 million euro, with a 3.2% decrease over the twelve months attributable to the negative trend

recorded by commissions on management and dealing (– 12%). Commissions on commercial banking activities instead was practically stable on the figure of the first half of 2002 (– 1%).

Profits on financial transactions equalled 227 million euro compared to 58 million euro of the same period of 2002, reflecting improvements in all areas. Interest rate activities generated a 70 million euro profit (compared to a 23 million euro loss in first half of 2002), in addition to a positive effect on the interest margin of 13 million euro.

Profits on equities totalled 106 million euro (78 million euro in the first half of 2002), inclusive of 34 million euro relative to the marking to market of Crédit Agricole shares deriving from the Tender Offer on Crédit Lyonnais.

Transactions in currencies and currency derivatives generated a profit of 31 million euro (20 million euro in the first half of 2002) while activities in credit derivatives in the trading book led to profits of 20 million euro (ex – 17 million euro), in addition to a correlated positive effect on interest margin of 7 million euro.

The overall result of profits on financial transactions also benefited from income on structured issues.

Quarterly development of the statement of income showed the constant increase in net interest and other banking income starting from the third quarter of 2002.

Effective cost containment actions led to a rise exceeding 14% in **operating margin**, which reached 1,472 million euro. Greatest savings were achieved on payroll, down by 109 million euro to 1,064 million euro (– 9.3%); however, also other administrative costs decreased by 19 million euro to 797 million euro (– 2.3%).

As concerns personnel costs, it is worth noting that, as indicated in the reorganisation plan, Intesa Sistemi e Servizi (ISS) starting from 2003 concentrated its activities on information and communication technology. Therefore, at the beginning of the year, it transferred to Banca Intesa activities dedicated to real estate management and non-IT procurement, back office, general services and consequently also the resources dedicated to such activities (more than 1,700 people). This transfer did not have any effect on operating costs, since the relative personnel costs were previously accounted for in other administrative costs as consideration of the services provided by ISS

to Banca Intesa. In any case, for the purpose of ensuring a consistent comparison, the accounts as at 30th June 2002 have been restated by transferring the costs of transferred personnel (54 million euro) from other administrative cost to payroll. The consistent figures showed the continuing reduction in personnel costs, especially due to the decrease in headcount (net of the aforementioned intergroup transfer) also following the activation of the Solidarity allowance for the banking industry.

Other administrative costs recorded widespread reductions, with the exception of certain expense items connected to the numerous reorganisation projects under way, such as higher depreciation and amortisation charged by Intesa Sistemi e Servizi (+ 21.3%), especially as concerns software for the migration of the former-BCI branches to the Target system.

Adjustments to fixed assets and intangibles decreased to 69 million euro (approximately – 26%) as a result of the exit from depreciation plans of certain assets.

Quarterly development showed a slight increase in administrative costs, following the restart of investments in the structure and in new products; this trend should continue in the second half of the year. Operating margin in any case registered a progressive increase starting from the third quarter of 2002.

The considerable reduction in net adjustments and provisions led to a significant progress in **income from operating activities**, which reached 991 million euro, with respect to 223 million euro of the first half of 2002. More specifically, net adjustments to loans and provisions for risks and charges recorded a 60% decrease to a more physiological level of 353 million euro. It must be noted that the difficulties in the recovery of exposures to certain large international groups had emerged clearly in the first half of 2002. These had required significant adjustments and had thus greatly increased the overall aggregate. Furthermore, positive effects in the first half of 2003 derived from the significant value recoveries realised on both i) positions in the books of foreign branches (exceeding 100 million euro), mostly related to loans sold for a nominal value exceeding 1 billion euro, and ii) positions of Italian branches (approximately 140 million euro), mostly due to substandard loans.

The most significant adjustments to financial fixed assets, amounting to 85 million euro

(–4.5% compared to the first half of 2002), referred to Intesa Holding International (53 million euro) and Bayerische Hypo- und Vereinsbank (30 million euro) – whose book value has been aligned to shareholders' equity – while value recoveries were recorded on Intesa Gestione Crediti (8 million euro) and Commerzbank (2 million euro). Provisions for risks and charges decreased to 43 million euro with respect to 122 million euro in the first half of 2002 (–65%). As at 30th June 2003, the highest provisions referred to amounts reclaimed (14 million euro) and legal disputes (12 million euro).

The balance of extraordinary income and charges was positive and amounted to 131 million euro, higher with respect to 6 million euro in the first half of 2002. The most significant income referred to i) the marking to market of treasury shares (229 million euro), and ii) 35 million euro of profits from the participation to the Tender Offer made by Crédit Agricole on Crédit Lyonnais shares, calculated as the difference between the offered price and book value of Crédit Lyonnais shares, which had been marked to market in the Annual report 2002.

The effects of the marking to market of the Crédit Agricole shares received in exchange (34 million euro) was accounted for – as already mentioned above – in profits on financial transactions.

Among extraordinary charges the most important amounts were i) 50 million euro relative to the already-defined sale of the equity investment in Banco Sudameris Brasil, as part of the plan for the disengagement from Latin America, and ii) 32 million euro attributable to reorganisation charges, which include consulting fees on particularly important projects.

The contribution of extraordinary items further improved the progress of **net income** which, after the deduction of income taxes of 448 million euro, equalled 674 million euro (174 million euro in the first half of 2002). Net income also started to improve from the third quarter of 2002.

Balance sheet

Balance sheet figures – compared to the figures as at 31st December 2002 – highlight a contraction in loans to customers and practically stable direct customer deposits. The reduction in loans to customers was significantly affected by the aforementioned

programmed downsizing of the operations of foreign branches, which led to an overall decrease in loans to customers exceeding 2.5 billion euro. Securities portfolio and due from banks instead increased. The trend recorded by due from banks and the simultaneous slowdown in due to banks led to the complete annulment of net interbank funding as at 30th June 2003.

At the same date, loans to customers amounted to 118,239 million euro, with a 3.5% reduction on the 2002 balance sheet figure mainly due to the aforementioned contraction in loans granted by foreign branches, which further decreased in the first half to 8.3 billion euro (–24%). Loans granted by the units operating in Italy recorded more contained reductions in terms of both period-end figures (–1.5%) and average volumes (–1.1%). These last reductions were also affected by the extinguishment of the financing granted to the vehicle company Intesa Sec 2 for the sale of performing mortgages of 2 billion euro, whose securitisation commenced at the end of 2002 and was completed at the end of January 2003.

Breakdown by contract type of period-end loans to customers confirms that the contraction solely referred to advances and other loans (approximately –10%), especially with reference to foreign entities (approximately –28%). Instead, mortgages continued to grow (+4.5%), repurchase agreements also increased (+1.4%), while current accounts was practically stable (–0.1%).

The trend of non-performing loans showed a substantial decrease in substandard loans (–8.8% to 2,868 million euro) following the sales of certain exposures which had already been significantly written down – among which Marconi and Worldcom – while doubtful loans were practically stable (+0.9% to 1,485 million euro). Cumulated adjustments led to a 23% coverage for substandard loans and a 57% coverage for doubtful loans. Restructured loans grew, though from far lower absolute values, (+60% to 295 million euro), while loans subject to Country risk decreased (–34% to 31 million euro).

Total direct and indirect customer deposits, which amounted to 348,513 million euro, was practically stable with respect to as at 31st December 2002

(-0.6%). The slight increase in direct customer deposits (+0.5%) was absorbed by the still-decreasing indirect customer deposits (-1.2%).

More specifically, direct customer deposits amounted to 134,661 million euro. Its development was affected – though less than loans to customers – by the reduction recorded by foreign branches (-4.7% to 12,179 million euro). Instead, Italian branches recorded rising volumes (+1.1% to 122,482 million euro). Breakdown by contract type shows the positive development of bond issues (+5.1%), especially attributable to the successful placement of structured bonds amounting to approximately 4 billion euro and of repurchase agreements (+5.2%), while the reduction recorded by current accounts (-2.1%) is entirely attributable to foreign branches. The positive trend of certificates of deposit (+5.3%) was instead determined by

large issues by the London branch. Indirect deposits totalled 213,852 million euro, still affected by persisting financial market difficulties. The overall reduction is entirely attributable to the decrease in assets under administration (-3.4% to 137,266 million euro) which completely absorbed the rise in asset management (+2.8% to 76,586 million euro).

Securities portfolio, net of treasury shares for 883 million euro, amounted to 23,767 million euro, and comprised 1,155 million euro of securities in the investment portfolio and 22,612 million euro of securities in the trading portfolio.

Foreign branches contributed to the overall increase in the portfolio with respect to as at 31st December 2002 (+19%) and the rise is entirely attributable to securities held for trading.

Breakdown of consolidated results by business area

(in millions of euro)

	30/6/2003						
	Retail Division	Corporate Division	Italian Banks Division	Foreign Banks Division	Product Companies	Central Structures	Total
Net interest and other banking income	2,296	912	693	506	396	172	4,975
Operating costs	(1,662)	(291)	(390)	(339)	(167)	(220)	(3,069)
Operating margin	634	621	303	167	229	(48)	1,906
Provisions and net adjustments to loans and financial fixed assets	(157)	(60)	(48)	(165)	(95)	(233)	(758)
Income (Loss) from operating activities	477	561	255	2	134	(281)	1,148
Extraordinary income (loss)	4	1	1	(38)	11	135	114
Use of allowance for risks and charges arising on consolidation/Change in the reserve for general banking risks	–	–	–	–	4	4	8
Income (Loss) before taxes and minority interest	481	562	256	(36)	149	(142)	1,270
Rwa (billions of euro)	56.3	62.5	20.3	16.4	25.7	15.0	196.2
Allocated capital (billions of euro)	3.7	3.8	1.2	1.0	1.5	1.0	12.2
Income from operating activities on allocated capital (%)	25.9	30.2	42.3	0.4	17.5	(57.3)	19.0

Retail Division

The Retail Division is the Group component in which the greatest efforts are concentrated to develop its potentialities in terms of growth. In fact, numerous initiatives are under way to improve its customer service, among which: i) the continuation of the rationalisation process of the product range, ii) the development of multichannel access, and iii) the completion of the migration of the IT systems.

The Division's statement of income for the first half recorded an operating margin of 634 million euro, with a considerable rise from the same period of 2002, as a result of a moderate increase in net interest and other banking income and a sharp contraction in operating costs. Income from operating activities amounted to 477 million euro.

The equity investments in the wealth management and e-business sectors, which focus on providing services to retail customers, also report to the Retail Division.

The asset management sector reports to **Intesa Holding Asset Management**, which closed the first half with a net income of 18 million euro.

Nextra Investment Management, which operates in mutual funds/sicavs, in individual portfolio management schemes (Gpf, Gpm and Gpi), in real estate funds and in open-end pension funds, closed the first half with net assets under management, both in collective and individual schemes, of 107 billion euro and with a positive net collection of 2.7 billion euro. This enabled the company, with an 18% market share, to stand in second place in the ranking for assets in mutual funds and sicavs of Italian asset management

companies (Sgr). Net income for the first half exceeded 25 million euro, slightly lower than 28 million euro recorded in the first half of 2002. The Company recently restructured the fund range offered by the various networks merged in Banca Intesa, regrouping the funds with similar types of investments, and, with more than one hundred different products, can now effectively meet the needs of both traditional and more sophisticated customers.

Nextra Investment Management controls **Nextra Alternative Investments**, operating in the management of hedge funds with assets under management amounting to almost 300 million euro, and **Epsilon Associati** operating in collective asset management with a quantitative approach. Both subsidiaries registered positive results for the first half, equalling respectively 1.1 million euro and 0.3 million euro.

Intesa Previdenza (formerly Sim Co.Ge.F.), specialised in supplementary pension funds, as at 30th June 2003, managed assets totalling 535 million euro, 390 million euro of which were related to open-end pension funds and 145 million euro to closed-end pension funds. Net collection for the first half amounted to 61 million euro and the statement of income recorded a 0.9 million euro loss.

During the first half, **IntesaVita** issued premiums of 1,064 million euro, net of transfers for reinsurance, with a 62% increase compared to the same period of 2002. Technical reserves reached 8,147 million euro with a 15% rise from the end of the previous year. The company closed the first half with a net income of 12.6 million euro, up by 17%. This also reflected the launch of new guaranteed/protected capital products and to the distribution of its products by the whole network of Banca Intesa, as set out in the project aimed at reorganising the Group's bancassurance activities.

Intesa e.lab and its subsidiaries, operating in the e-banking and e-commerce sector, continued to rationalise and improve the effectiveness of their on-line operations aimed at offering product and services with high-standard multichannel access. The persisting difficulties of the sector did not yet allow the subsidiaries to achieve positive economic results.

IntesaTrade, FundsWorld, Shoplà and Charta as at 30th June 2003 registered a total loss of 3.2 million euro.

Corporate Division

The Corporate Division is charged with management and development of relations with large Italian and international groups, larger mid-corporates, the State and public administrations as well as relations with financial institutions.

As at 30th June 2003, the Division recorded an operating margin of 621 million euro, with an appreciable increase due to a considerable rise in net interest and other banking income and an equally satisfactory reduction in operating costs. Income from operating activities amounted to 561 million euro.

With regard to the various operating sectors, **structured finance** activities were aimed at strengthening the Group's market position, acquiring senior roles in new important domestic operations and in selected international operations.

More specifically, in the first half, real estate activities were characterised by the placement in banking and capital markets of the important structured operations originated at the end of last year and activities continued in supporting potential purchasers in the framework of the most important domestic operations.

In the infrastructure sector, the most important initiative was represented by the financing of the new Pusan-Korea port, in which international financial institutions were involved together with the local Government and major local industrial groups. Intense activities regarded also the energy sector and the telecom sector, in the latter giving priority to the acquisition of advisory mandates rather than to financing activities.

Within **structured export finance** activities, mandates to organise financing operations on behalf of mid and large corporate counterparties were acquired.

Banca Intesa further consolidated its position in syndication, playing key roles in the placement of various important operations and in structuring financing operations or in restructuring the exposures of primary Italian groups.

In the **credit derivatives** sector, the high

volatility of spreads, which had characterised the previous year, gradually gave way to a generalised contraction in margins that favoured trading activities. In line with the Business Plan, risk positions taken through credit derivatives held in the banking book continued to be reduced.

Securitisations were related to various types of assets. During the first half of 2003, Banca Intesa concluded – with the issue of securities by the company Intesa Sec. 2 – the securitisation originated at the end of 2002 with the transfer to Intesa Sec. 2 of performing mortgages totalling approximately 2 billion euro. With regard to operations originated by third parties, noteworthy is the completion of the mandate, with Banca Intesa acting as joint arranger, for the securitisation of a portfolio of loans granted by Cassa Depositi e Prestiti.

Equity origination activities in the primary market were still characterised by great selectivity and prudence, notwithstanding a certain market improvement mainly in the second quarter. With regard to the IPO segment in particular, the considerable slowdown at the European level also influenced domestic operations. In this context, Banca Intesa confirmed its role, managing one of the two IPOs made in the period and taking part, often with primary roles, in 3 public sale or subscription offers, 2 rights issues, 11 tender offers, and 2 private placements reserved for institutional investors. The assistance provided in structuring Edison's capital increase and the consultancy on the Tender Offer made by Olivetti for Telecom are also noteworthy.

In the **mergers & acquisitions** sector, certain mandates acquired during the previous year were concluded and other mandates from primary industrial groups were acquired. Further developments are expected in the second half of the year, also as a consequence of intense marketing activities initiated during the first half.

As to **private equity** transactions, in the first half of the year the operating scenario was in line with that of 2002: investments in buy-outs increased, in terms both of number and of amount, whilst investments in start-up operations sharply slowed down.

At the end of the first half of 2003, the total portfolio – including both private equity

investments and private equity funds, as well as equity investments acquired in the frame of "strategic" operations set up by important industrial groups – amounted to approximately 1,500 million euro.

As to direct private equity operations, during the period investments amounted to approximately 18 million euro and disposals to approximately 6 million euro, while investments in private equity funds exceeded 90 million euro.

The rise in the capital employed in strategic equity investments (approximately 1 billion euro as at 30th June 2003) was attributable to the formalisation of the Fidis operation. In fact, as provided for in the relevant contracts, during the first half of 2003 Banca Intesa acquired 25% of Synesis Finanziaria – the holding company equally owned by the four banks exposed towards the Fiat group – which has a 51% stake of Fidis Retail Italia, the Fiat group company responsible for financing activities related to the purchase of motorvehicles. As already mentioned in the Consolidated report as at 31st March 2003, the overall investment was estimated at 370 million euro – of which approximately one fourth to be covered by Banca Intesa – in line with equity values of the subsidiary. Moreover, the banks shareholders of Synesis subscribed, under equal terms, a financing contract in favour of Fidis Retail Italia totalling 2.5 billion euro, to reimburse Fidis' debt towards Fiat, in compliance with the General Agreement signed by Fiat and the financing banks on 27th May 2002.

In the first half of 2003, **Caboto Sim** continued to strengthen its organisational structure, after the redefinition of the company mission within the Group, and further consolidated its role as broker in financial markets.

With regard to the various operating sectors, in the first half of the year on the Primary Bond market it managed the main bond issues of the large Italian companies, positioning itself at the top of the specialised league tables. Caboto then acquired from the Ministry of the Economy and Finance the mandate for the syndication of the new fifteen-year BTP (Italian fixed-rate Government bonds) issue.

Good results were achieved in the Rates Markets segment, with particularly positive contributions in the derivatives area; one of the factors determining such performance was certainly the acceleration of the activities

related to corporate customers, which to date allowed to exceed the total revenues generated in the whole of 2002 on the same type of customers. With regard to operations in the Secondary Credits market, noteworthy was the positive trend of flows, particularly on the Emerging Markets and High Yield segments, favoured by the gradual contraction of spreads.

Equally important was the contribution from the equity desks.

The Alternative Trading System managed by Caboto (RetLots Exchange®) confirmed its role as reference market, with traded volumes of 6.4 billion euro in the first six months and approximately 1,200 instruments quoted, also following new technologic solutions well received by customers.

The Company closed the first half of 2003 with a net income for the period of 101 million euro (21 million euro as at 30th June 2002). The positive results were also influenced by the transfer of operations from the Parent Company's London branch to the framework of the redefinition of Banca Intesa's direct presence abroad, as set out in the Business Plan.

Net interest and other banking income equalled 228 million euro, more than twice the corresponding figure in 2002.

Operating costs at 71 million euro, registered an increase (+ 7.4%) mainly due to other administrative costs, which rose (+ 9.1%) as a result of the operations transferred from Banca Intesa's London branch, while personnel costs were practically in line with the first half of 2002.

Notwithstanding unfavourable financial markets, the Group's Luxembourg subsidiary, **Société Européenne de Banque**, maintained an adequate level of revenues, through the broad range of products and services offered to both corporate and private customers.

An attentive management of operating costs contributed to generate a net income for the first half of approximately 7 million euro, with an approximately 7% increase compared to the figure registered in the same period of 2002.

Intesa Bank Ireland, after a 2002 characterised by the deterioration of certain exposures towards large multinationals, recovered profitability and closed the first half of 2003 with a net income of approximately 15 million euro.

The Parent Company's **foreign branches** continued the reorganisation process indicated in the Business Plan, which assigned to those units the role of supporting the foreign operations of Italian customers, with consequent repositioning of their lending and funding activities and the restructuring of the network. In this context procedures were completed for the closure of Abu Dhabi, Barcelona and Valencia branches, while the closures of Singapore, Frankfurt and Madrid branches progressed to an advanced stage and may be completed by the end of the current year.

At the same time operations and strategies were redefined for the London, New York, Hong Kong, Shanghai and Tokyo branches. The latter will have a streamlined organisational structure, mainly engaged in the Structured Finance & Advisory sectors and in providing loan support to primary Italian customers operating in the Japanese market.

The reduction in the number of foreign branches and the downsizing of their operations necessarily determined a contraction in the income generated by the foreign network, which recorded an operating margin of approximately 65 million euro.

With regard to representative offices, it must be noted that the application for the opening of an office in Tunis was forwarded to Tunisian Authorities.

Italian Banks Division

The Italian banks which are part of the Group report to this Division which operates in coordination with the Retail Division to achieve the objectives identified by the Business Plan, with the aim of significantly increasing commercial and efficiency synergies.

In this context, the performance of the Group's Italian banks was characterised by an appreciable increase in net interest and other banking income and by the good results of the operating cost containment policy, leading to a gross operating margin of 303 million euro. Income from operating activities stood at approximately 255 million euro.

Cassa di Risparmio di Parma e Piacenza's statement of income for the first half of

2003 recorded a notable improvement in all margins. In fact, the period closed with a net income of 83 million euro, 11.4% higher than the figure for the same period of 2002. This result reflected the rise in interest margin (+ 1.2%) mainly due to the higher loans to customers, the increase in net commissions (+ 9.6%) – confirming Bank's competitiveness especially in the asset management sector – and the good performance of financial activities, leading net interest and other banking income to record a 3.8% growth rate compared to the same period of the previous year. A significant contribution to the rise in operating margin (+ 10%) came from the approximately 2% reduction in operating costs. Provisions for risks and charges and net adjustments to loans were at physiological levels and anyhow lower than those of the period under comparison. Also balance sheet figures – compared with as at 31st December 2002 – were satisfactory with loans up by approximately 7% to 9,437 million euro and direct deposits up by approximately 5% to 10,965 million euro. Indirect deposits stood at 22,518 million euro, improving (+ 1%) the already appreciable growth registered at the end of 2002.

Banca Popolare FriulAdria closed the first half of 2003 with a net income exceeding 19 million euro, with a 22% increase with respect to the same period a year earlier. Net interest and other banking income registered a moderate rise (+ 0.1%) despite the drop in interest margin (– 2.6%) determined by a reduction in proprietary securities and in interbank lending and by a generalised contraction in interest rates. A positive contribution was given by margin on services, which rose by approximately 4% as a result of the good performance of net commissions and appreciable profits on financial transactions. In line with the Group's strategies, the Bank implemented an operating cost containment policy, which led to an over 8% reduction in costs. Income from operating activities exceeded 41 million euro, with a 16% increase from June 2002, also due to a reduction in net adjustments to loans.

Compared with the figures as at 31st December 2002, main balance sheet aggregates registered a 6% increase in loans to customers (2,725 million euro), while direct deposits (2,630 million euro) recorded a moderate decline to the same levels as at the end of June 2002. Indirect deposits, at

4,937 million euro, recorded a satisfactory growth (+ 1.5%).

During the first half, **Banca di Trento e Bolzano** achieved a net income for the period of 7.4 million euro with a 45% increase from the figure recorded as at 30th June 2002. This result reflected the positive performance of all main statement of income aggregates. In particular, interest margin rose by 9.6% mainly as a result of a substantial increase in volumes. Margin on services increased by 11% due to the positive performance of financial transactions which more than offset the moderate decline in net commissions. Consequently, an over 10% rise in net interest and other banking income, coupled with an approximately 2% contraction in operating costs, led to an operating margin of 12.7 million euro, with an increase exceeding 51%. Net adjustments to loans was virtually stable and modest in volume.

As to the balance sheet, loans (1,522 million euro) recorded an over 3% rise from the end of 2002, whilst direct deposits (1,452 million euro) registered a drop from December 2002 (– 4.7%) but was significantly above the figure of last June. Indirect deposits (1,757 million euro) registered a considerable expansion (+ 9.6%).

Cassa di Risparmio di Biella e Vercelli (Biverbanca) closed the first half of 2003 with a net income of approximately 11 million euro, not comparable with the corresponding period of 2002, which benefited from the extraordinary income generated by the sale of a minority equity investment. Moreover, the charges for the Solidarity allowance related to the layoffs programmed for 2003 were accounted for in the first half, instead of in the 2002 financial statements due to delays in the fulfilment of the bureaucratic obligations. Excluding the effect of such non-recurring items, income for the first half of 2003 would record a substantial increase. In fact, income from operating activities reached approximately 22 million euro, with an over 16% rise on June 2002. This result was attributable to the considerable increase in margin on services (+ 56%) – mostly due to the good performance of financial transactions and to the reduction in commission expense – which more than balanced the approximately 9% contraction in interest margin. Also operating costs decreased by over 3%, while higher net adjustments to loans negatively affected first half results.

Loans to customers (1,734 million euro) and direct customer deposits (2,074 million euro) were practically in line with the figures at the end of 2002, while indirect deposits (over 2,840 million euro) registered a rise exceeding 5%.

Positive was also the performance of the Saving Banks in Central Italy controlled by **Intesa Holding Centro**, which closed the first half with net incomes generally higher than in the same period of 2002. Overall, interest margin and margin on services recorded positive performances. Operating costs registered a contraction, achieved through effective interventions to modernise processes and improve productivity, and net adjustments to loans were contained within physiological limits. In detail, net incomes amounted to: 6.4 million euro for **Cassa di Risparmio di Ascoli**, 4.5 million euro for **Cassa di Risparmio di Viterbo**, 3.8 million euro for **Cassa di Risparmio di Foligno**, 3.5 million euro for **Cassa di Risparmio di Rieti**, 3.4 million euro for **Cassa di Risparmio di Spoleto** and 1.1 million euro for **Cassa di Risparmio di Città di Castello**. Intesa Holding Centro recently acquired control of **Cassa di Risparmio di Terni e Narni** – formerly directly held by Banca Intesa – which posted a net income for the first half of 4.6 million euro.

With regard to the aggregate balance sheet, loans recorded a rise of approximately 9%, direct deposits of 4.7% and indirect deposits of approximately 5%, with a substantial increase in the asset management component.

Cassa di Risparmio di Alessandria – controlled by *Carinord 1* and consolidated with the proportional method – contributed to consolidated results with a *pro quota* income of 2.6 million euro, while **Cassa di Risparmio della Spezia** and **Cassa di Risparmio di Carrara** – controlled by *Carinord 2* and valued with the equity method, considering that their disposal occurred in July 2003 – registered a total *pro quota* income of 2.2 million euro.

Foreign Banks Division

The Business Plan foresees the gradual disengagement from Latin America and from Countries deemed non-strategic for the Group. On the contrary, activities will be developed in Eastern-European Countries,

particularly in those due to join the European Union shortly, with interventions aimed at strengthening the operational structure and improving commercial activities, with particular focus on the retail market.

The economic performance of the sector – excluding the Sudameris group – was satisfactory even if, overall, the South-American network determined a reduction in the Division's net interest and other banking income. Operating costs were slightly higher and therefore gross operating margin amounted to 167 million euro which, after adjustments and provisions, led to an income from operating activities just over breakeven.

Eastern Europe

In the first half of 2003, the Hungarian economy recorded a moderate slowdown in its growth rate mainly as a result of lower investments both in the public and in the private sectors. Inflation positively continued its downward trend, whilst the local currency recorded a certain weakness, after the strong appreciation registered the previous year. In this context, the **Central-European International Bank (CIB)** group implemented a policy aimed at consolidating its presence in the corporate sector and expanding its service offering to small and medium-sized enterprises and to retail customers, thus firmly keeping its market shares. Also due to these initiatives and to a particularly satisfactory rise in interest margin, the CIB group further improved its economic performance, closing the first half with a consolidated net income of approximately 23 million euro (approximately + 7%).

Slovakia, with a growing economy, characterised by a good performance of exports and sustained by a policy aimed at structural reforms, continues to be one of the most promising Countries in the area, capable of attracting a stable flow of foreign investments. The unemployment rate decreased further, but inflation showed certain signs of an upward trend. The **Vseobecna Uverova Banka (VUB)** group closed the first half with satisfactory results, evidencing an interest margin and a margin on services considerably higher than in the same period a year earlier. Consolidated net income equalled approximately 32 million euro, approximately 14% higher than that of 2002.

Notwithstanding the restrictive monetary policy, the Croatian economy continued to grow and imports connected with the implementation of investments rose sharply, with a consequent deterioration of the balance of trade. Inflation dropped to very contained levels, while the unemployment rate remained one of the highest in Eastern Europe.

The **Privredna Banka Zagreb (PBZ)** group continued to invest and to reorganise its branches and IT system in order to both improve customer service and achieve medium-term cost savings. Compared to the same period a year earlier, first half results highlighted a strong rise in interest margin, following the increase in both volumes and interest rates, so as to balance the reduction in margin on services. Net income for the period stood at approximately 46 million euro (approximately – 10%).

With regard to the future **Russian subsidiary** which will be based in Moscow, as already mentioned in the previous Consolidated report as at 31st March 2003, all the organisational interventions required to enable the Company to be operational by the end of the current year were completed.

Latin America

As already mentioned, the results of the South-American subsidiaries must be considered in the strategic perspective of a gradual total disengagement from that sub-continent. All negotiations, which continued in the first half of the year, and the interventions made must also be considered from this viewpoint.

As anticipated elsewhere in this Report, on 13th June 2003 Banca Intesa signed the contract for the sale of 94.57% of the capital of **Banco Sudameris Brasil** to the ABN AMRO group. The closing of this operation is expected during the third quarter. Consequently, the Brazilian subsidiary was excluded from consolidation and valued with the equity method. The contribution of this valuation to the Group's consolidated statement of income amounted to approximately 25 million euro.

The **Sudameris group**, after its disengagement from Argentina and Brazil, mainly operates in Peru and Colombia, since the equity investments in Paraguay and the direct branches in the other Latin-American Countries have a marginal weight. It is here

appropriate to recall that – as more extensively described elsewhere in this Report – in August Banca Intesa signed a contract for the sale of **Banco Sudameris Colombia**, which will be completed by the end of the current year.

With the aim of exploiting the modest signs of recovery of the Peruvian economy, interventions started on the local subsidiary for its relaunch through a three-year plan which was agreed upon by Peruvian Authorities.

The Sudameris group's consolidated figures, which no longer include the substantial contribution from the Brazilian network, sold to the Parent Company in March, were inevitably affected by lower operational volumes resulting from the gradual disengagement from the area as well as from the unfavourable economic situation. The contribution to Gruppo Intesa's consolidated financial statements was a net loss of 155 million euro.

In particular, net interest and other banking income decreased by approximately 35%, in all components: interest margin (– 22%), net commissions (– 24%), and net profits on financial transactions (– 79%).

The marginal contribution from the substantial savings in operating costs (– 11%), led to an operating margin which, although exceeding 8 million euro, was much lower than the corresponding figure in 2002.

In addition to physiological adjustments, higher provisions for risks and charges were recorded, mostly for the planned disposals related to the closure of branches. Net extraordinary charges, although substantial, were virtually in line with those as at June 2002 and were mainly connected to the planned gradual disposal of local operations. Also main balance sheet aggregates recorded, compared to the situation at the end of 2002, an approximately 20% reduction both in customer loans and deposits, due to the continuous contraction in operations.

The other geographic areas

The merger between **Banca Commerciale Italiana (France)** and **Banca Intesa (France)** commenced in the first half of 2003 with the objective of defining a more cost-efficient and commercially-effective structure. The project was finalised at the end of August. Aggregate results for the first half of the two French entities was practically at breakeven due to provisions allocated against certain deteriorated loan positions.

The Business Plan considered the equity investment in **Bankhaus LÖbbecke** no longer strategic and therefore in the first half the process for the gradual disposal of its assets continued. This determined a considerable reduction in balance sheet figures and in statement of income margins. The first half closed with a net income of 3.6 million euro mainly due to the disposal of the securities portfolio.

In the first half of 2003, **Intesa Bank Canada** focused operations on retail activities and at the same time on the gradual reduction of corporate activities. However, the contraction in the latter was not entirely balanced by the growth in the retail sector and therefore net income for the first half of 2003 slightly exceeded 2 million euro, lower with respect to that recorded in the same period of 2002 (2.9 million euro).

Product companies

Product companies play a key role in favouring and supporting the Group's growth. These operate mainly in medium- and long-term lending, leasing, factoring, payment systems and tax collection. During the first half, performance of these sectors was positive with an operating margin of 229 million euro, as a result of a strong increase in net interest and other banking income and an attentive control of operating costs. Income from operating activities reached 134 million euro.

In the first half of 2003, **Banca Intesa Mediocredito** achieved positive results in terms of both operating volumes and profitability. In a still unfavourable economic situation, activities were sustained by i) the offer of personalised solutions to the medium-term financial needs of enterprises, ii) the know-how in assessing credit markets and pricing operations, as well as iii) the effective operational coordination with Group networks.

The Bank registered a net income for the period of 29.4 million euro, 22% higher than the corresponding figure of 2002. Net interest and other banking income, 108.4 million euro (+9%), was mainly due to interest margin, which benefited from dividends collected from the subsidiary Banca Cis. Operating costs, net adjustments to loans and provisions for risks and charges stood at physiological levels.

The loan portfolio amounted to 13,247 million euro (+2.2% from the end of 2002) and concerned over 17,000 customer companies.

In the first half of 2003, **Banca Cis** completed the sale of retail activities to Banca Intesa, concentrating its operations in medium- and long-term lending. Net income as at 30th June 2003 equalled approximately 14 million euro and benefited from the capital gain on the spin-off. Lower interest rates and certain extraordinary components – such as those related to the spin-off – determined a reduction in interest margin (–5.2%) and in net interest and other banking income (–12.2%). However, the operating costs containment policy (–15.6%) and lower adjustments to loans led to an income from operating activities of 11.2 million euro, 9.6% higher than the figure of June 2002. Main balance sheet aggregates were negatively affected by the disposal of retail operations: loans stood at 1,171 million euro (–0.6%), direct customer deposits at 298 million euro (–31.8%) and the net interbank position recorded a deficit of 703 million euro.

The general economic context did not favour the development of leasing activities: investments decreased after the acceleration registered in 2002 following tax incentives. **Intesa Leasing** closed the first half with 8,414 new contracts totalling 927 million euro, with a reduction on the same period of 2002 in terms of both number (–21.5%) and value of new investments (–32.7%). Leased assets – also due to the leasing contracts sold by the Parent Company on 1st January 2003 – reached 10,810 million euro as at 30th June (+25%). Net income for the period amounted to 15.5 million euro (14.8 million euro based on the financial method) with an over 55% increase on the corresponding figure of the first half of 2002.

Intesa Mediofactoring, with its new name approved by a recent Extraordinary Shareholders' Meeting, recorded a 2.4% reduction in turnover but firmly remained the leading factoring company in Italy. Notwithstanding the positive results achieved in terms of net interest and other banking income (+5.1%) and operating costs savings (–2.9%), net income equalled 10.4 million euro, 40% lower than that achieved in the first half of 2002 mainly due to the increase in net adjustments to loans (approximately +77%).

Setefi, the Group's business unit specialised in the management of electronic payments systems, closed the first half with a net income of 12 million euro, up by 21% on the first half of 2002 due to the good performance of operating income and to the effective cost containment policy. Operating figures evidenced a 14% rise in directly-issued or managed cards to 1,912,000 units, while the number of POS terminals – which handled almost 65 million transactions (57 million in the first half of 2002) for a counter-value exceeding 5 billion euro (+ 18%) – rose to 105,000 units. The transactions handled with Carta Moneta – Gruppo Intesa's credit card – increased by 12% in volume and by almost 15% in overall amount.

Intesa Riscossione Tributi and the controlled companies *Esa.Tri.*, *E.Tr.* and *S.Es.I.T.* registered positive developments during the first half of 2003 due to i) the first effects produced by the reorganisation foreseen by the Business Plan in the tax collection sector, ii) the benefits generated by recent regulations (Legislative Decree 143 of 26th June 2003, converted in Law on 31st July 2003) in terms of compensation for tax collection activities for 2003, and iii) the revenues connected to the tax remission introduced by the 2002 Budget. Tax collection activities registered a good performance due to the introduction of more effective tax collection instruments. The statement of income of the tax collection holding company recorded a net income of approximately 7 million euro against a loss of 9 million euro in the first half of 2002.

Central structures

The Business Plan assigns to the central structures, namely the Parent Company's Central Units and the Service Companies, the task of sustaining and favouring ongoing processes aimed at achieving growth and improvement. Their main activities are illustrated hereunder.

Human resources

Activities related to the management of human resources were concentrated, also during the first half of 2003, in the restructuring of Central Units and Divisions, in line with the targeted streamlining set out in the Business Plan. The processes to increase effectiveness involved the Parent Company and various controlled companies.

At the end of the first half of 2003, Group staff totalled 62,492 people, with a reduction of 2,820 people with respect to the consistent figure as at 31st December 2002. This reflected layoffs, partly spontaneous but mostly subsidised, far higher than new recruitments, with beneficial effects in terms of labour cost.

The Programme agreed with Trade Unions in December 2002 commenced implementation in the first half of 2003. In fact, the Internal procedure set forth by Law 223 of 1991 was concluded with the Company Agreement of 15th January 2003. Then commenced the process that will lead to 5,700 layoffs by April 2005 in Banca Intesa and the service companies (Intesa Sistemi e Servizi and Intesa Gestione Crediti) and another 700 layoffs in the remaining Group companies. In particular, within the mentioned 2,800 units laid off in the first half, 2,400 benefited from the special subsidised treatment provided for by Ministerial Decree 158 of 2000 with access to the relevant Solidarity allowance. On 1st July, second date foreseen for access to the mentioned allowance, 992 employees exited the group.

The three-year Training Plan was launched on the basis of the Business Plan (which foresees training interventions exceeding 800,000 man-days in the 2003-2005 period). The preparation of this Plan allowed to define priority training requirements and to identify a number of interventions which started to be implemented during the first months of 2003, adopting, in addition to traditional methodologies, also distance training, through the company Web-Tv. In particular, training activities, fully operational as of April, reached 93,000 man-days, in line with objectives.

Organisation and information technology

In the first half of 2003 the following projects continued to be implemented: i) the migration of the IT systems of former-BCI to the Target system, ii) the integration at the Group level, and iii) numerous initiatives supporting the various operating areas.

In particular, the Target IT system was upgraded and the training plan for human resources was defined and commenced in March. In April, the test for the migration of certain branches was successfully completed and during June the migration for the first group of branches commenced. Finally a contingency plan (Business Continuity Plan)

was prepared, triggering – at the occurrence of critical events – emergency processes capable of guaranteeing basic operations.

The main initiatives supporting operations were: i) the realisation of the new model for the management of IT security for Gruppo Intesa, ii) the finalisation of further instruments to analyse and monitor the Retail Division's operations, and iii) the projects aimed at optimising logistic operations and purchases.

Following Regulation 1606 of 19th July 2002 issued by the European Commission – setting the obligation for the European listed companies to draw up, starting from 2005, consolidated financial statements according to the **international accounting principles** provided for by IASB (International Accounting Standards Board) – a Group project was initiated, also with the assistance of external consultants, to analyse the new principles and to identify their impact especially on systems and processes, in order to prepare all necessary interventions in advance.

In line with Group's Business Plan, starting from 1st January 2003, **Intesa Sistemi e Servizi (ISS)** transferred to Banca Intesa the management of real estate, back office, purchases and general services with a consequent 34% reduction in operations in the first half. It now exclusively focuses on information and communication technology and is responsible for the numerous strategic projects aimed at completing the migration of IT systems, supporting the integration of the various Group entities and also supporting the Group's ongoing business. In line with the pricing policy adopted towards its customers, all within the Group, the Company closed the first half virtually at breakeven (0.3 million euro).

Treasury and strategic finance

The strong decrease in assets (securities and loans) which occurred in 2002 led to lower **treasury activities** on the interbank market in the first half of 2003 compared to as at 30th June 2002. This reduction in operations was however balanced by attentive arbitrage activities among the various money market segments and the various yield curves, in a context of moderately volatile short-term interest rates.

The fact that the system for the settlement of transactions in foreign currencies CLS

(Continuous Linked Settlement) became fully operational and the introduction of the Italian settlement system "Nuovo BIREL" influenced the management of payments and inter-day liquidity.

CLS required specific attention to net balances in foreign currencies, which were managed through a monitoring system that allowed an around-the-clock coverage via the Central Unit in Milano and the Hong Kong branch.

After having completed the rationalisation of treasury activities in foreign branches, during the first half the first steps were taken to centralise in Milano certain interbank activities previously performed by Group subsidiaries.

With regard to **proprietary trading** activities, in a context characterised by a weak economic cycle and by uncertain and prudent financial markets, activities in the fixed-income segment paid particular attention to the diversification of investments among different issuers and sectors, privileging short-term maturities. The Bank participated with significant positions in many of the issues made during the first half, and then liquidated the positions making appreciable profits.

Also during the first half, strategic management of the equity portfolio was based on a market neutral approach better suited to face the still unfavourable international financial market situation.

Activities in **foreign exchange** – which are followed around-the-clock by the branches in Milano, New York and Hong Kong – use systems which were developed and made operational to optimise trading in the main foreign currencies. In the second half of 2003, activities will continue upgrading the existing systems and extending them to cover a broader range of foreign currencies.

Activities were reduced in the **commodities** sector, even if with a constant attention to market evolution, while in the **alternative investments** sector the hedge funds portfolio remained stable at an average value of 450 million euro. Due to the broad diversification by strategies, markets and fund managers, the portfolio recorded a low correlation with stock markets, bond markets and foreign currency markets, contributing to maintain a very contained risk profile, with an

approximately 2.0% annual volatility against a 15% volatility for stock market indices.

Strategic finance operations also include the activities with primary customers by **Intesa Investimenti**, which posted a net income for the period of 51 million euro against 55 million euro in the first half of 2002.

With regard to **Asset & Liability Management**, the management of interest rate and liquidity risks associated to the banking book is provided by a single finance and treasury structure. Interest rate risk is measured in terms of sensitivity of market value of positions against changes in the yield curve at various maturities. Exposure to risk is maintained at modest levels, so that even significant movements in the yield curve generate virtually negligible variations with respect to the size of capital for supervisory purposes.

The structural component of liquidity risk is managed by monitoring cash flows at maturity. The analysis of medium- and long-term mismatching leads to decisions on bond issues.

With regard to **funding** activities in international markets, during the first half of 2003, as defined in the Euro Medium Term Notes programme, unsubordinated bonds were issued for a total value of 2.5 million euro, equally placed on the public and private markets. These issues were made up for approximately two thirds by floating-rate bonds, followed by fixed-rate bonds (17%) and by structured bonds (9%). In the domestic market, the total amount of bonds issued by the Parent Company in the first half of 2003 exceeded 5 billion euro, with a clear majority of structured bonds followed by fixed-rate bonds. Breakdown by maturity evidenced a concentration on the five-year maturity.

Real estate assets

As provided for in the Business Plan, which set out the unravelling of the potential of the Bank's real estate assets through specific actions, a spin-off was approved at the end of the first half. It referred to a portfolio of proprietary real estate assets which were no longer used after the implementation of the project aimed at optimising space occupancy – that will lead to savings in terms of management and rental costs far higher than originally foreseen in the Business Plan.

This operation – which will generate economic effects in the second half – involves approximately 400 assets with a book value of approximately 450 million euro. The real estate assets spun off are divided in two categories: the first includes approximately fifty properties mostly for commercial or office use, for a book value of approximately 260 million euro; the second is made up of approximately 350 assets mainly of residential use, for a book value of approximately 190 million euro. For the first category of real estate properties the operation foresees the establishment of a joint venture (in which Gruppo Intesa will hold a 49% stake and Beni Stabili will have a 51% interest) which will best exploit the potential of those assets. The sale of the properties in the second group, which will be transferred to another newco, will be managed directly by Gruppo Intesa.

Other companies

As already illustrated elsewhere in this Report, **Banca Primavera** is involved in a project for the contribution to Banca Generali of its approximately 1,600 financial consultants and 17 currently-operational branches. Gruppo Intesa, which through Banca Primavera will hold an approximately 25% stake in Banca Generali, will therefore be able to optimise its investments in the financial services field, with a close strategic partnership with the largest Italian insurance group. Banca Primavera, which managed assets totalling 5,496 million euro at the end of June, closed the first half with a loss of 27 million euro mainly due to investments made for the development of the sales network.

Intesa Gestione Crediti, responsible for acquiring and managing non-performing loans granted by Group companies with the aim of making their recovery more efficient, closed the first half with a net income of 8 million euro, against a loss of 36 million euro registered as at 30th June 2002. In the period, the Company recorded repayments on the proprietary doubtful loan portfolio equalling 126 million euro and write-backs of adjustments and write-backs on repayments of approximately 48 million euro. Repayments on the third-party doubtful loan portfolio amounted to 225 million euro. As at 30th June 2003 the Company's loan portfolio at nominal value amounted to approximately 10 billion euro, while loans under management amounted to 5.5 billion euro.

The controls system

Internal controls system and auditing

As already illustrated in the Annual report 2002, supervision over the regular development of the Group's operations, processes and risks is assigned to a specific internal auditing structure in charge of assessing the overall functionality of the internal controls system. It also guarantees the effectiveness and efficiency of Company processes, the safeguard of asset value and the protection from losses, reliability and integrity of accounting and management information, as well as transaction compliance with the policies defined by the Company's governance bodies and with internal and external regulations. In consideration of the peculiarities of the various sectors of Company operations, this structure is organised by process, for the purpose of conducting interventions addressing specific risks of the various operating areas.

Supervision was carried out directly for the Parent Company Banca Intesa and for certain subsidiaries which have an "in service" contract for risk control; second level control was conducted for other Group companies. In line with the indications of the Supervisory Authority, auditing has also been ensured on integration processes. Indirect supervision was carried out via the direction and control over the adequacy and functionality of the internal auditing structures of Group subsidiaries in Italy and abroad. Direct review and verification interventions were also carried out.

The valuations of the internal controls system have been periodically transmitted to the Company Bodies in charge of management and control; any weak points have been systematically notified to the units involved for prompt improvement actions which are monitored by follow-up activities.

Credit granting process

In the first half, the Bank continued its actions aimed at achieving the objectives – improved asset quality and risk profile – set in the Business Plan. Therefore, the investment mix was changed with an increase in assets (and consequently in allocated capital) dedicated to retail activities, which also include small and medium-sized companies, and an overall reduction in exposure to large corporates. In parallel, it continued increasing the portion of domestic compared to foreign assets, with a further decrease in the foreign mid-corporate segment, especially if located outside Europe.

As concerns credit derivatives, consistently with the indications contained in the Business Plan, the Bank continued to significantly reduce positions in the banking and in the trading book. In both cases these were attentively monitored, using credit derivatives both as a form of customer service and as a risk-hedging instrument.

The credit function at the Parent Company is attributed to the Credit Risk Unit – which has been also charged with a central role in the definition of the guidelines on credit granting – to the Retail Division and to the Corporate Division, each for its specific area of competence.

The constant improvement of loan portfolio quality is obtained by adopting specific operating checks for all the phases of loan management (analysis, granting, monitoring, managing non-performing loans).

The containment of credit risk profile is pursued starting from the analysis and granting phases via checks on the existence of the necessary conditions for creditworthiness, with particular focus on current and prospective capacity of the client to produce satisfactory income and considerable cash flows, which is accompanied by the assessment of the

nature and size of proposed loans, by taking into account the actual requirements of the party requesting the loan, the course of the relationship already in progress with the Group and the presence of any relationship between the client and other borrowers.

Risk control

Surveillance and monitoring, aimed at optimal management of credit risk, is currently based on an internal controls system which uses measurement methods and performance controls which permit the construction of a synthetic risk indicator, available on a monthly basis, with the aim of supporting timely assessments on the emergence or persistence of possible losses.

Credit risk

The watchlist loans process has the objective of integrating and harmonising criteria of interception and management of non-performing positions. Interception occurs when the aforementioned synthetic risk indicator shows high risk positions which are confirmed over time as well as, for large customers, through the other risk indicators described above.

A dedicated, largely-automatic IT procedure supports the watchlist loan process and enables to constantly monitor all the predefined phases for management of non-performing positions intercepted thanks to the synthetic risk indicator, with the aim of promptly activating the branch network to the commercial recovery of relations, involving complementary know-how in the set-up of the actions to be taken as soon as the first signs of difficulty in the management of the relationship emerge, establishing the timing for the execution of such actions and verifying their outcome. All fiduciary positions are subject to a specific periodic review carried out for each counterparty/economic group by competent central or peripheral structures based on the credit line limits; furthermore, an automatic *ad hoc* audit procedure is in place for fiduciary relationships of small amounts and with low risk indices.

The exchange of basic information flows among different Group entities is assured by the Group's "Centrale Rischi" (exposure monitoring and control system), that enables to highlight and analyse credit risks for each single client/economic group both

towards the Group as a whole and towards individual companies that form the Group.

In the unification of the IT systems of the banks merged in Banca Intesa, the extension of the new software called "Posizione Complessiva di Rischio" (global risk position) to the customers of all Italian banks/companies commenced at the beginning of 2003. It has the purpose of facilitating and accelerating the complete and timely collection of information on customers of all of the Group's Italian and foreign banks and companies.

In the first half of 2003, the project for the development of an integrated approach to Gruppo Intesa's credit risk management, consistently with the new rules currently being defined as part of the New Basel Accord, continued. The project is already in an advanced stage and will create the preconditions for requesting the adoption of an "Advanced" internal system from when the New Accord is in force. Together with the development and test of new measurement systems, new regulatory and organisational features are being defined for the purpose of using the rating system in decision-making processes effectively.

The Bank also continued the activity aimed at analysing and monitoring corporate clients, using the instruments and risk measures available on the financial markets. Currently, the analysis of large foreign corporates and of the main Italian groups is based on the joint use of agency ratings issued by Moody's and Standard & Poor's, of internal ratings, spreads on bonds and credit derivatives relative to the company under examination, and expected default frequency estimated with models based on the daily quotations of the firm's equity. Monitoring occurs on a weekly basis and is aimed at verifying credit risk associable with each customer company, with the observation of portfolio composition in terms of geographic and industry breakdown, as well as in terms of classes of rating, spread and default probability.

As regards the monitoring of Credit Derivatives, the Bank prepares a monthly analysis of Credit Value at Risk of the overall Credit Default Swaps portfolio

(banking and trading). The CreditMetrics^(*) methodology is applied and, as for market risks, VaR represents the main reference measure comparing the risk of various portfolios and monitoring their evolution over time. As at 30th June 2003, portfolio CreditVar (calculated as the maximum possible loss on a time frame of one year at the 99% confidence level) was almost halved with respect to the figure of the end of 2002, and amounted to 12.2 million euro.

Market risk

The evolution of market risk of Banca Intesa's entire trading portfolio in the first half of

2003 showed an increase in VaR, mostly on the interest rate market. Interest rate risk returned to being the most significant component in June as, in addition to market turbulence, the operations of certain desks of the head office departments intensified the strong volatility already present on the market. As concerns the other risk factors, the slight increase in the equity area was attributable to the trading activities of head office departments, while higher foreign exchange risk reflected the effects of the fluctuations of the euro-dollar forex rate on the operations of the foreign branches in New York and Hong Kong.

Value at risk^(*) (VaR) of the trading portfolio (in millions of euro)		
Risk factors	30/6/2003	31/12/2002
Interest rate	11.3	6.1
Equity	6.7	6.4
Foreign exchange	1.0	0.5
Total (**)	17.4	10.0

^(*) VaR is 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.

Risk control carried out at Caboto showed a total VaR of the proprietary portfolio (inclusive of the activities carried out by the London branch) of 1.1 million euro, practically stable, even though with a fluctuating trend, during the semester. The highest values were reached in May, at the time of strategic transactions on the equity market.

Operational risk

In the first part of the year, activities continued aimed at creating an integrated system for identifying, measuring, monitoring and controlling operational risk, increasing efficiency and profitability, at the same time guaranteeing compliance and constant alignment to the supervisory requirements currently under definition in the New Basel Accord.

In this period, Banca Intesa further

consolidated the organisational model, which is made up of a growing number of referents within the Group's main Business Units, coordinated by the Parent Company's Risk Management Unit. Activities continued aimed at the definition of the processes regulating both the means of integration between the various involved structures, and the development of the various components of the internal model. Significant impulse was also given to the IT activities to support operational risk management.

The activities of the Group Insurance Management project continued according to schedule. Its purpose is to rationalise and centralise the management of insurance coverage through the definition of an insurance programme for the Group integrated with the management of operational risk and capital allocation.

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

Products and services development

The activities for new product development were carried out consistently with the objectives and the strategic guidelines of the Business Plan. Particular attention was therefore dedicated to the "Retail" segment, by continuing the rationalisation of the product portfolio, for the purpose of eliminating overlaps and implementing a more precise differentiation of products offered to the various customer segments.

In particular, in the Wealth Management area the first phase of simplification in the offering of mutual funds was completed and an in-depth review of bancassurance products was also conducted, with the distribution of IntesaVita products, and the unification of the product range distributed by the entire network.

Regarding assets under administration, numerous structured issues with minimum guaranteed capital were offered to customers looking for satisfactory returns without risking capital losses. During the semester, various issues (Inflazione Europea, Cocktail, Slalom, Skilift, Schermo Totale, Tripla Dimensione, Superstrike) linked to stocks, indexes, interest rates and raw materials were placed for a total of approximately 4 billion euro.

Actions are being taken to simplify the offering dedicated to the "Families" segment. Interventions have already occurred on payment systems, current accounts (with a new model managing company agreements) and electronic cards.

For wealthier customers, efforts concentrated on improving the general service standard, with the adoption of an organisational-commercial model based on a "management of the customer portfolio" approach and on the differentiation of investment consultancy services via the use of "asset allocation" systems.

A specific "Small Companies" segment was identified for the purpose of more effectively serving the portion of "Business" customers with less complex needs (retailers, artisans

and professionals), for which a specific product range is currently being defined.

The objective of improving service quality for the Retail segment is being pursued via a project for the renewal of the operating structure. The new branch prototype has been designed with a layout consistent with the new service by segment model. The new layout has the purpose of making the Bank more accessible both as concerns the operating area and the space dedicated to consultancy, which will be increased and be immediately identifiable. In the next few months, the new layout will begin testing on a selected number of branches and it will be subsequently rolled out to the entire network.

Also for corporate customers, activities concentrated on improving customer focus, with interventions on the quality of the relationship, on products and on distribution channels, for both "Business" customers (with turnover under 2.5 million euro) and the higher "Corporates" segment. Territorial presence was reviewed with the establishment of structures closer to the customer, such as the local offices of the Corporate centres and over 580 "offices" formed as part of the foreign trade project "progetto Estero Merci". The product range was rationalised and the relative operating and lending processes reviewed.

Among new products the interest rate hedging instruments "Coperture Tassi (OTC and easy derivati)" were particularly appreciated and also the package to support the internationalisation of companies "Pacchetto per l'Internazionalizzazione delle Aziende" structured for companies which want to extend their operations outside Italy is also worth mentioning.

Also for the "Private" segment, made up of affluent customers with more sophisticated investment and consulting needs, great efforts were made to rationalise and extend the product range.

Activities in the Internet banking area focused on improving services offered, both for Home Banking, with the activation of new functions which enable the customer the on-line payment of taxes (Modello F24) and to underwrite accumulation plans (PAC), and for Corporate Banking, via the implementation of the digital signature and the foreign transactions module. As concerns on-line trading, IntesaTrade launched its new platform dedicated to

heavy traders and continued with the other subsidiaries of Intesa e.lab to streamline its activities and structures.

As concerns telephone banking, the customer assistance project was activated at the end of the first half. It is aimed at increasing focus on customer needs and ensuring timely responses. After a test period on 100 branches, the service will be extended to all customers.

Shareholder base and Banca Intesa's stock price performance

Shareholder base

Banca Intesa's shareholder base as at 30th June 2003 – detailed in the following table – includes reference shareholders which are part

of a Voting syndicate and hold 43.89% of the Bank's ordinary shares (38.91% is vested in the Syndicate) and approximately 190,000 shareholders holding 50.71%; the remaining 5.40% is represented by own shares.

Name	Shares included in the Voting syndicate	Shares not included in the Voting syndicate	Total shares	% of shares included in the Voting syndicate on total	% of shares held on total
Crédit Agricole S.A.	835,360,705	178,125,946	1,013,486,651	14.12	17.13
Fondazione Cariplo	510,578,954	18,205,025	528,783,979	8.63	8.94
Generali group including	324,930,901	24,469,452	349,400,353	5.49	5.91
• Assicurazioni Generali	48,443,269	3,191,927	51,635,196		
• Alleanza Assicurazioni	189,137,083	44,270	189,181,353		
• other companies	87,350,549	21,233,255	108,583,804		
Fondazione Cariparma	242,543,996	5,854,220	248,398,216	4.10	4.20
Gruppo Lombardo including	197,308,603	2,453,576	199,762,179	3.34	3.37
• Banca Lombarda e Piemontese	133,453,355	194,832	133,648,187		
• IOR (*)	42,917,536	2,258,744	45,176,280		
• Mittel	20,937,712	–	20,937,712		
Commerzbank group including	190,975,117	65,642,611	256,617,728	3.23	4.34
• Commerzbank AG	67,848,923	65,642,611	133,491,534		
• Commerzbank International S.A.	123,126,194	–	123,126,194		
Total Shareholders in the Syndicate	2,301,698,276	294,750,830	2,596,449,106	38.91	43.89
Total other Shareholders	–	3,000,043,372	3,000,043,372		50.71
Own shares	–	319,214,748	319,214,748		5.40
Total	2,301,698,276	3,614,008,950	5,915,707,226		100.00

(*) Shares with beneficial interest in favour of Mittel s.p.a.

On 11th April 2000 the main shareholders of Banca Intesa signed a Voting syndicate which modified and/or integrated the one stipulated on 15th April 1999.

The agreement is designed to ensure continuity and stability of management policies regarding the activities of Banca Intesa and its subsidiaries and to guarantee the Banking group's independence and managerial autonomy in the future.

None of the parties to the Agreement may individually control the Company.

The Syndicate operates through: a) the General Meeting, comprising representatives of the parties to the Syndicate and which meets to consider any matter of common interest relating to the management of Banca Intesa and its subsidiaries; b) the Management Committee, which is composed by a number of members equal to the number of parties forming the Syndicate, plus a Chairman, if not elected among the Committee members.

The Management Committee establishes Group budget, policies and strategies, financial reporting and dividend policies, capital increases, mergers, changes to the Company's Articles of Association, acquisitions and divestments of controlling interests and of financially or strategically significant businesses and, generally speaking, it expresses its view – in advance – on all relevant decisions for Banca Intesa and its subsidiaries. Furthermore, it appoints the Chairman, the Managing Director and/or the General Manager of Banca Intesa and the Chairmen, the General Managers and the Managing Directors of the principal subsidiaries; c) the Chairman, elected by the Management Committee, by an absolute majority of syndicated holdings.

The transfer of the syndicated shares is subject to pre-emption, with the exception of the transfer in favour of parent, subsidiary or sister companies as well as for the transfer of shares syndicated within the Lombardo group.

The Agreement expires on 15th April 2005

and it will be tacitly renewed every three years, save for cancellation six months before the expiry date.

Stock price performance

The first half of 2003 was characterised by two distinct phases. In the first quarter, the negative cycle of world stock markets, which commenced in the second half of 2000 and which in March led indices to the minimum levels of the last six years, continued.

The second part of the semester was characterised by a significantly positive trend, supported by a liquidity effect rather than by a sustainable economic recovery.

The semester closed for the Italian market with a 6.5% rise with respect to the beginning of the year. Noteworthy was also the performance with respect to European markets: the Euro Stoxx index recorded a 2.9% increase.

In the aforementioned context, the Italian banking sector closed the first half in significant progress with respect to the beginning of the year (+ 17.6%) outperforming both the overall market and the European banking sector. The Banca Intesa ordinary share, after following the sector index in the first 5 months of the year, outperformed the sector index at the time of the communication of the first quarter results. The stock therefore closed the first half with an approximately 39% rise with respect to the beginning of the year, 20% higher than the banking index.

Rating

In the first half of 2003 no variations occurred in the rating assigned to Banca Intesa's debt, which is set out in the table below.

Rating agency	Short-term debt	Medium- and long-term debt
Standard & Poor's	A-2	A-
Moody's	P-1	A1
Fitch	F1	A+

Relationships between Group companies and related parties

As already illustrated in the Annual report 2002, pursuant to the recommendation contained in the Corporate governance code of listed companies to which Banca Intesa complied, the Parent Company adopted "Internal regulations on transactions with related parties". This document defines the guidelines for closing transactions with such parties and, in particular, i) the most significant transactions in terms of financial, economic or balance sheet impact must be submitted to the approval of the Board of Directors, as well as ii) the general criteria for information to be provided to the Board with regard to transactions with related parties, if carried out by delegated bodies or structures, for the purpose of ensuring the fairness in the procedures and the substance of such transactions.

For the implementation of such Internal regulations, the Parent Company sets out and constantly updates a list of "related parties" which is notified to central and peripheral structures and to subsidiaries. The identification of "related parties" is based on the definitions provided by Consob in Communication 2064231 of 30th September 2002.

Compensation, holdings and stock option plan

The compensation paid to Directors, Statutory Auditors and the General Manager is described in detail once a year in a specific section of the Notes to the consolidated financial statements. Please refer to the Annual report 2002 for the most updated information on this aspect.

The Report on operations in the Annual report 2002 provides analogous information on equity investments in Banca Intesa and in other Group companies, directly or indirectly held by Directors, Statutory Auditors and the General Manager and on the stock option plan resolved upon by the Extraordinary

Shareholders' Meeting held on 17th December 2002 in favour of managers of Banca Intesa or Group companies.

Loans and guarantees to Directors, Statutory Auditors and the General Manager

The balances as at 30th June 2003 of exposures to Directors, Statutory Auditors and the General Manager amounted to a 0.1 million euro and due to the same counterparties amounted to 1.3 million euro. There are no guarantees or commitments outstanding in favour of such parties as at 30th June 2003.

The relative relations are regulated at standard market rates or are aligned with the most favourable conditions applied to personnel.

Loans and guarantees to Group companies and other equity investments

Within Gruppo Intesa, the relationships among its various economic entities are inspired to centralisation criteria as regards basic management and control activities, integrated with direction and assistance activities performed through consultancies in the fields of law, economic analysis, organisation and resource management. For the services supporting banking activities a marked decentralisation is pursued, in application of a policy aimed at concentrating each company's energies and resources on the realisation of its own core business. To this aim specialised support companies were established, responsible for carrying out activities for Banca Intesa and, to differing extents in relation of the needs emerged in the various operating units, for other Group companies. These activities include: management of the IT and data processing systems, management and recovery of doubtful loans originated by

Group banks, personnel training. Instead, product companies have the task of managing financial products and services – ranging from mutual funds to bancassurance products to fiduciary services – and near-bank services, such as leasing, factoring and long-term credit and are assigned to the sales networks of Group companies.

The relationships with subsidiaries are seen within the normal operations of a multifunctional group and current accounts 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 Banca Intesa 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. Balances as at 30th June 2003 of the credit/debit relations and of guarantees and commitments to Group companies as well as to other equity investments, included associated companies, are set out in the table below.

(in millions of euro)

Relationships	Balance with unconsolidated Group companies	Balance with other equity investments ^(*)
Credits	1,101	4,569
Debits	103	1,113
Guarantees and commitments	52	1,222

^(*) Net of relationships with equity investments which are part of the Voting syndicate of Banca Intesa, included in the following paragraph "Loans and guarantees to other related parties".

The complete list of Group companies and other significant equity investments is provided in the Notes to the consolidated financial statements.

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

Loans and guarantees to other related parties

"Other related parties" refer to:

- a) companies taking part in Banca Intesa's Voting syndicate;

- b) managers with powers delegated by the Board of Directors of Banca Intesa;
- c) family members of Directors, Statutory Auditors and the General Manager of Banca Intesa and of the persons indicated in letter b) above;
- d) companies controlled by Directors, Statutory Auditors, the General Manager of Banca Intesa, the persons in letters b) and c) above, or on which such persons exercise a significant influence.

Balances as at 30th June 2003 of credit relations with other related parties, as defined above, amounted to 355 million euro and debit relations with the same parties amounted to 797 million euro. Guarantees and commitments with the same parties as at 30th June 2003 summed up to 941 million euro.

It is worth noting that there are collaboration agreements with the Generali group and the Crédit Agricole group, already amply described elsewhere in this Report. The agreement with the Generali group and the Crédit Agricole group refers to the

bancassurance area and that with the Generali group to financial consultants and multichannel banking.

Furthermore, the activities developed in joint venture with Lazard continue. According to the agreements signed in September 2002, the joint venture refers to advisory for medium-large companies and public entities.

Lastly, also relationships with groups managed by Directors continue; all are regulated at standard market conditions.

In the semester, the Board of Directors of Banca Intesa also approved operations relative to intergroup lending and acquisitions or disposals of equity investments, the most important of which have already been described in the Report. In addition to those, the following are important:

- the participation to the bank debt restructuring plan of the company

Immobiliare Lombarda (in which Banca Intesa has a 29.14% stake);

- the purchase of the entire share capital of Elba s.r.l. for 2.5 million euro. Elba s.r.l. holds a 50% stake in the management company of the private equity fund Equinox, in which Banca Intesa intends making direct investments. Elba s.r.l. was entirely owned directly and indirectly by a person who is now an executive of Banca Intesa.

Both operations were resolved upon by the Board of Directors and implemented in the respect of the principles contained in the Internal regulations on transactions with related parties.

No particular or exceptional operations, which require the preparation of the illustrative prospectus pursuant to Art. 71 bis of Consob Regulation 11971/99 and subsequent amendments, occurred in the semester.

Forecast for the second half of 2003

The positive trend recorded by the statement of income in the first six months of 2003 leads to forecast for the whole of 2003 a positive result, in line with the objectives of the Business Plan and the expectations of Shareholders and the market.

In fact, in the second part of the year, ordinary activities should develop according to the trends which emerged in the first half, with a practical stability of interest margin, the confirmation of the recovery in income from services, while, as concerns financial

transactions, the stability forecasted for markets should lead to a positive result. As concerns charges, the reduction in headcount and the streamlining of the operational structure should lead to a further, though less pronounced, decrease in costs, while net adjustments to loans should remain on the levels set out in the Business Plan, with a significant contraction with respect to 2002. Conversely, extraordinary items should not significantly affect net income for the whole year.

Significant subsequent events

Certain operations which are part of the streamlining of the Group's operating structure and territorial presence were closed subsequent to 30th June 2003.

The sale of most of the assets and liabilities of the Chilean branch of the Sudameris group to Banco del Desarrollo was closed at the beginning of July. The closure of the branch will occur during the first quarter of next year.

The contract for the sale of Carinord 2 to Cassa di Risparmio di Firenze and to Banca Carige was signed on 16th July. Carinord 2 is the holding company which controls Cassa di Risparmio della Spezia and Cassa di Risparmio di Carrara.

Banca Intesa sold its entire stake (41.14% of the share capital) at a price of 115 million euro. In particular, it sold to Cassa di Risparmio di Firenze a 24.68% stake of the share capital of Carinord 2 at a price of 69 million euro and to Banca Carige the remaining 16.46% at a price of 46 million euro.

With this sale, realised jointly with Fondazione Cassa di Risparmio della Spezia and Fondazione Cassa di Risparmio di Carrara, Banca Intesa is no longer bound to the engagements originally taken with the mentioned Fondazioni. The finalisation of the transaction is subject to the approval of the competent authorities.

In August, Banca Intesa and Gilex Holding B.V. signed the contract for the disposal of Banco

Sudameris Colombia, which is 73.60% owned by Gruppo Intesa through Banque Sudameris S.A.

The operation will lead for Gruppo Intesa to a charge of approximately 14 million dollars, already accounted for in the 2003 half-year statement of income. Closing of the transaction is expected by the end of 2003 and is subject to applicable regulatory approvals.

Again in the last few days, Banca Intesa completed the negotiations with Banca Popolare di Milano for the disposal of the 50% stake in Carinord 1, the company which holds an 80% stake in Cassa di Risparmio di Alessandria, at a price of 142 million euro.

At the time of transfer of the shares, Banca Intesa will no longer be bound by the agreement with Fondazione Cassa di Risparmio di Alessandria (which would have led to the acquisition of total control of the Cassa, with a further total disbursement of 325 million euro).

Lastly, at the end of August, the Extraordinary Shareholders' Meetings of Banca Commerciale Italiana (France) and Banca Intesa (France) gave execution to the merger of the two companies with legal effects as of 1st September 2003.

Milano, 8th September 2003

The Board of Directors

**Report
of the Board of Statutory Auditors**

REPORT OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors

- examined Gruppo Intesa's Consolidated half-year report for the first half of the current year, which shows a net income of 710 million euro and was approved by the Board of Directors on 8th September 2003 and transmitted to this Board of Statutory Auditors for its opinion;
- examined the report issued on 23rd September 2003 by the Independent Auditors Reconta Ernst & Young s.p.a. appointed for the review of the aforesaid Half-year report and acknowledged its work and the communicated conclusions;
- acknowledged that this Consolidated half-year report is compared with figures as at 30th June 2002 and as at 31st December 2002 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 Intesa's Consolidated half-year report as at 30th June 2003.

Milano, 30th September 2003

The Board of Statutory Auditors

**Independent Auditors' Report
on the consolidated financial
statements**

**AUDITORS' REPORT ON THE REVIEW
OF THE MANAGEMENT REPORT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2003
OF BANCA INTESA S.p.A.**

(Translation from the original Italian version)

To the Shareholders of
Banca Intesa S.p.A.

1. We have performed the review of the Management Report of Banca Intesa S.p.A. for the semi-annual period ended 30 June 2003, 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 Banca Intesa S.p.A., solely for the purpose of evaluating its consistency with the above-mentioned statements and related Notes.

2. Our review was conducted in accordance with auditing standards governing the review of interim financial statements recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) in its resolution No. 10867 of July 31, 1997. The review of the data related to the six month period ended 30 June 2003 of certain subsidiary companies, which represents approximately 13% of the consolidated assets and approximately 9% of the consolidated net interest and related income, was performed by other auditors who supplied us with their review reports. A review consists mainly of obtaining information with respect to the accounts included in the statements identified in paragraph 1 of this report and the consistency of the accounting principles applied through discussions with appropriate members of management, and analytical procedures applied to the financial data presented in such statements. A review does not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities. Consequently, the scope of a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the statements and related Notes identified in paragraph 1 of this report of Banca Intesa S.p.A. as of and for the six months period ended 30 June 2003 as we do in connection with reporting on our full scope audit of the annual consolidated financial statements of Banca Intesa S.p.A.

3. As indicated in the section “Accounting Criteria” of the Notes, the Company has restated the financial data of the same period of the prior year as well as that at 31 December 2002, to take into consideration the changes in the consolidation area. The restated financial data has not been audited and therefore we do not express any opinion on such data. With respect to the consolidated comparative data as of and for the year ended 31 December 2002 and for the six month period ending 30 June 2002 presented in the accompanying Management Report as originally stated, reference should be made to our audit and review reports issued on 28 March 2003 and on 19 September 2002 respectively.
4. Based on our review, we did not become aware of any significant modifications that should be made to the statements and related Notes identified in paragraph 1 of this report, in order for them to be in conformity with the criteria for the presentation of the semi-annual Management Report, stated by art. 81 of CONSOB regulations as approved in its resolution No. 11971 of May 14, 1999 and subsequent modifications.

Milan, 23 September 2003

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

**Gruppo Intesa
Consolidated financial statements
as at 30th June 2003**

Gruppo Intesa
Consolidated financial statements as at 30th June 2003
Consolidated balance sheet

(in millions of euro)

	Assets	30/6/2003	31/12/2002	30/6/2002
10.	Cash and deposits with central banks and post offices	1,376	1,672	1,392
20.	Treasury bills and similar bills eligible for refinancing with central banks	3,034	2,473	5,918
30.	Due from banks	33,637	30,435	37,171
	a) <i>repayable on demand</i>	3,021	2,612	4,132
	b) <i>other</i>	30,616	27,823	33,039
40.	Loans to customers	162,300	168,532	177,345
	<i>including</i>			
	– <i>with public funds under administration</i>	54	48	47
50.	Bonds and other debt securities	31,364	30,359	36,999
	a) <i>public entities</i>	11,041	12,936	16,942
	b) <i>banks</i>	10,448	8,177	9,751
	<i>including</i>			
	– <i>own bonds</i>	1,237	1,728	1,307
	c) <i>financial institutions</i>	6,557	6,261	6,645
	<i>including</i>			
	– <i>own bonds</i>	4	11	–
	d) <i>other issuers</i>	3,318	2,985	3,661
60.	Shares, quotas and other forms of capital	4,603	2,453	3,457
70.	Equity investments	3,950	3,248	3,821
	a) <i>carried at equity</i>	631	427	572
	b) <i>other</i>	3,319	2,821	3,249
80.	Investments in Group companies	631	372	591
	a) <i>carried at equity</i>	565	172	535
	b) <i>other</i>	66	200	56
90.	Goodwill arising on consolidation	696	733	578
100.	Goodwill arising on application of the equity method	191	54	209
110.	Intangibles	635	718	711
	<i>including</i>			
	– <i>start-up costs</i>	21	26	35
	– <i>goodwill</i>	6	12	18
120.	Fixed assets	3,913	4,251	4,262
140.	Own shares or quotas (<i>nominal value 168 million euro</i>)	891	981	–
150.	Other assets	31,163	30,259	26,120
160.	Accrued income and prepaid expenses	4,267	4,193	4,640
	a) <i>accrued income</i>	3,966	3,894	4,159
	b) <i>prepaid expenses</i>	301	299	481
	<i>including</i>			
	– <i>discounts on securities issued</i>	51	54	71
	Total Assets	282,651	280,733	303,214

Gruppo Intesa
Consolidated financial statements as at 30th June 2003
Consolidated balance sheet

(in millions of euro)

	Liabilities and Shareholders' Equity	30/6/2003	31/12/2002	30/6/2002
10.	Due to banks a) repayable on demand b) time deposits or with notice period	42,708 10,588 32,120	44,590 5,281 39,309	65,187 14,146 51,041
20.	Due to customers a) repayable on demand b) time deposits or with notice period	111,969 82,553 29,416	113,643 82,698 30,945	110,848 81,384 29,464
30.	Securities issued a) bonds b) certificates of deposit c) other	57,796 46,758 9,653 1,385	56,671 44,920 10,330 1,421	59,799 43,227 13,715 2,857
40.	Public funds under administration	95	88	85
50.	Other liabilities	33,453	29,118	30,359
60.	Accrued expenses and deferred income a) accrued expenses b) deferred income	5,102 4,453 649	4,797 4,332 465	5,139 4,438 701
70.	Allowance for employee termination indemnities	1,226	1,375	1,405
80.	Allowances for risks and charges a) pensions and similar commitments b) taxation c) risks and charges arising on consolidation d) other	4,121 302 1,521 71 2,227	4,043 317 1,503 75 2,148	3,805 339 1,422 77 1,967
90.	Allowances for possible loan losses	51	50	146
100.	Reserve for general banking risks	110	115	91
110.	Subordinated and perpetual liabilities	11,228	11,631	11,654
120.	Negative goodwill arising on consolidation	18	29	29
130.	Negative goodwill arising on application of the equity method	12	1	1
140.	Minority interests	686	776	852
150.	Share capital	3,561	3,561	3,561
160.	Share premium reserve	5,535	5,764	4,168
170.	Reserves a) legal reserve b) reserve for own shares c) statutory reserves d) other reserves	3,912 773 891 61 2,187	3,923 773 981 155 2,014	5,580 773 - 154 4,653
180.	Revaluation reserves	358	358	391
200.	Net income for the period	710	200	114
	Total Liabilities and Shareholders' Equity	282,651	280,733	303,214

Gruppo Intesa
Consolidated financial statements as at 30th June 2003
Consolidated balance sheet

(in millions of euro)

	Guarantees and Commitments	30/6/2003	31/12/2002	30/6/2002
10.	Guarantees given <i>including</i> – acceptances – other guarantees	23,522 388 23,134	25,615 415 25,200	27,483 663 26,820
20.	Commitments <i>including</i> – for sales with commitment to repurchase	49,710 104	55,065 130	57,585 7
30.	Credit derivatives	33,725	37,034	41,651
	Total Guarantees and Commitments	106,957	117,714	126,719

Gruppo Intesa
Consolidated financial statements as at 30th June 2003
Consolidated statement of income

(in millions of euro)

		First half 2003	First half 2002	2002
10.	Interest income and similar revenues <i>including from</i> – loans to customers – debt securities	5,399 4,084 697	6,876 5,106 1,007	13,342 9,861 1,988
20.	Interest expense and similar charges <i>including on</i> – deposits from customers – securities issued	(2,886) (865) (1,258)	(4,039) (1,242) (1,459)	(7,683) (2,384) (2,958)
30.	Dividends and other revenues a) from shares, quotas and other forms of capital b) from equity investments c) from investments in Group companies	463 410 53 –	575 414 161 –	715 623 90 2
40.	Commission income	1,907	2,058	3,970
50.	Commission expense	(284)	(324)	(635)
60.	Profits (Losses) on financial transactions	195	(210)	(76)
65.	Gross returns (losses) on investment of the allowances for pensions and similar commitments	4	(1)	(1)
70.	Other operating income	231	277	618
80.	Administrative costs a) payroll <i>including</i> – wages and salaries – social security charges – termination indemnities – pensions and similar commitments b) other	(2,741) (1,696) (1,185) (329) (81) (54) (1,045)	(3,132) (1,944) (1,349) (378) (96) (56) (1,188)	(6,081) (3,692) (2,573) (714) (178) (115) (2,389)
85.	Allocation (use) of net returns (losses) on investment of the allowances for pensions and similar commitments	(4)	2	1
90.	Adjustments to fixed assets and intangibles	(392)	(376)	(876)
100.	Provisions for risks and charges	(136)	(284)	(354)
110.	Other operating expenses	(88)	(59)	(148)
120.	Adjustments to loans and provisions for guarantees and commitments	(1,003)	(1,344)	(3,478)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	495	287	1,084
140.	Provisions for possible loan losses	(5)	(15)	(6)
150.	Adjustments to financial fixed assets	(55)	(75)	(294)
160.	Write-back of financial fixed assets	10	5	6
170.	Income from investments carried at equity	73	58	60
180.	Income from operating activities	1,183	279	164
190.	Extraordinary income	457	307	1,407
200.	Extraordinary charges	(378)	(245)	(1,344)
210.	Extraordinary income, net	79	62	63
220.	Use of allowance for risks and charges arising on consolidation	4	1	2
230.	Change in the reserve for general banking risks	4	1	(22)
240.	Income taxes	(520)	(165)	49
250.	Minority interests	(40)	(64)	(56)
260.	Net income for the period	710	114	200

**Gruppo Intesa
Consolidated financial statements
as at 30th June 2003
compared to pro forma
as at 31st December 2002
and as at 30th June 2002**

Gruppo Intesa
Consolidated financial statements as at 30th June 2003
compared to pro forma as at 31st December 2002 and as at 30th June 2002
Consolidated balance sheet

(in millions of euro)

	Assets	30/6/2003	31/12/2002 pro forma ⁽¹⁾	30/6/2002 pro forma ⁽¹⁾
10.	Cash and deposits with central banks and post offices	1,376	1,642	1,415
20.	Treasury bills and similar bills eligible for refinancing with central banks	3,034	2,435	5,837
30.	Due from banks	33,637	30,389	38,348
	a) <i>repayable on demand</i>	3,021	2,541	4,007
	b) <i>other</i>	30,616	27,848	34,341
40.	Loans to customers	162,300	165,675	172,975
	including			
	– <i>with public funds under administration</i>	54	47	46
50.	Bonds and other debt securities	31,364	29,313	36,870
	a) <i>public entities</i>	11,041	12,018	16,905
	b) <i>banks</i>	10,448	8,088	9,682
	including			
	– <i>own bonds</i>	1,237	1,732	1,262
	c) <i>financial institutions</i>	6,557	6,244	6,623
	including			
	– <i>own bonds</i>	4	11	–
	d) <i>other issuers</i>	3,318	2,963	3,660
60.	Shares, quotas and other forms of capital	4,603	2,444	3,442
70.	Equity investments	3,950	3,306	3,506
	a) <i>carried at equity</i>	631	500	273
	b) <i>other</i>	3,319	2,806	3,233
80.	Investments in Group companies	631	813	1,208
	a) <i>carried at equity</i>	565	532	1,029
	b) <i>other</i>	66	281	179
90.	Goodwill arising on consolidation	696	720	753
100.	Goodwill arising on application of the equity method	191	54	16
110.	Intangibles	635	681	666
	including			
	– <i>start-up costs</i>	21	26	35
	– <i>goodwil</i>	6	12	18
120.	Fixed assets	3,913	4,127	4,124
140.	Own shares or quotas (nominal value 168 million euro)	891	981	–
150.	Other assets	31,163	29,825	25,367
160.	Accrued income and prepaid expenses	4,267	4,172	4,635
	a) <i>accrued income</i>	3,966	3,887	4,155
	b) <i>prepaid expenses</i>	301	285	480
	including			
	– <i>discounts on securities issued</i>	51	54	71
	Total Assets	282,651	276,577	299,162

⁽¹⁾ Figures restated on a consistent basis.

Gruppo Intesa
Consolidated financial statements as at 30th June 2003
compared to pro forma as at 31st December 2002 and as at 30th June 2002
Consolidated balance sheet

(in millions of euro)

	Liabilities and Shareholders' Equity	30/6/2003	31/12/2002 pro forma ⁽¹⁾	30/6/2002 pro forma ⁽¹⁾
10.	Due to banks a) <i>repayable on demand</i> b) <i>time deposits or with notice period</i>	42,708 10,588 32,120	44,791 8,135 36,656	65,039 14,169 50,870
20.	Due to customers a) <i>repayable on demand</i> b) <i>time deposits or with notice period</i>	111,969 82,553 29,416	111,135 81,428 29,707	110,311 80,015 30,296
30.	Securities issued a) <i>bonds</i> b) <i>certificates of deposit</i> c) <i>other</i>	57,796 46,758 9,653 1,385	55,496 44,686 9,389 1,421	57,568 42,532 12,192 2,844
40.	Public funds under administration	95	88	84
50.	Other liabilities	33,453	28,817	29,765
60.	Accrued expenses and deferred income a) <i>accrued expenses</i> b) <i>deferred income</i>	5,102 4,453 649	4,758 4,316 442	5,066 4,384 682
70.	Allowance for employee termination indemnities	1,226	1,363	1,371
80.	Allowances for risks and charges a) <i>pensions and similar commitments</i> b) <i>taxation</i> c) <i>risks and charges arising on consolidation</i> d) <i>other</i>	4,121 302 1,521 71 2,227	3,911 307 1,402 75 2,127	3,624 329 1,291 77 1,927
90.	Allowances for possible loan losses	51	50	146
100.	Reserve for general banking risks	110	114	90
110.	Subordinated and perpetual liabilities	11,228	11,488	11,519
120.	Negative goodwill arising on consolidation	18	29	29
130.	Negative goodwill arising on application of the equity method	12	1	1
140.	Minority interests	686	730	766
150.	Share capital	3,561	3,561	3,561
160.	Share premium reserve	5,535	5,764	4,168
170.	Reserves a) <i>legal reserve</i> b) <i>reserve for own shares</i> c) <i>statutory reserves</i> d) <i>other reserves</i>	3,912 773 891 61 2,187	3,923 773 981 155 2,014	5,580 773 – 154 4,653
180.	Revaluation reserves	358	358	360
200.	Net income for the period	710	200	114
	Total Liabilities and Shareholders' Equity	282,651	276,577	299,162

⁽¹⁾ Figures restated on a consistent basis.

Gruppo Intesa
Consolidated financial statements as at 30th June 2003
compared to pro forma as at 31st December 2002 and as at 30th June 2002
Consolidated balance sheet

(in millions of euro)

	Guarantees and Commitments	30/6/2003	31/12/2002 pro forma ⁽¹⁾	30/6/2002 pro forma ⁽¹⁾
10.	Guarantees given <i>including</i> – acceptances – other guarantees	23,522 388 23,134	25,328 415 24,913	26,861 660 26,201
20.	Commitments <i>including</i> – for sales with commitment to repurchase	49,710 104	54,991 130	57,563 7
30.	Credit derivatives	33,725	37,034	41,651
	Total Guarantees and Commitments	106,957	117,353	126,075

⁽¹⁾ Figures restated on a consistent basis.

Gruppo Intesa
Consolidated financial statements as at 30th June 2003
compared to pro forma as at 31st December 2002 and as at 30th June 2002
Consolidated statement of income

(in millions of euro)

		First half 2003	First half 2002 pro forma ⁽¹⁾	2002 pro forma ⁽¹⁾
10.	Interest income and similar revenues <i>including from</i> – loans to customers – debt securities	5,399 4,084 697	6,477 4,568 917	12,600 9,249 1,847
20.	Interest expense and similar charges <i>including on</i> – deposits from customers – securities issued	(2,886) (865) (1,258)	(3,798) (1,177) (1,294)	(7,299) (2,211) (2,785)
30.	Dividends and other revenues a) from shares, quotas and other forms of capital b) from equity investments c) from investments in Group companies	463 410 53 –	570 410 160 –	712 621 89 2
40.	Commission income	1,907	1,963	3,874
50.	Commission expense	(284)	(304)	(612)
60.	Profits (Losses) on financial transactions	195	(251)	(74)
65.	Gross returns (losses) on investment of the allowances for pensions and similar commitments	4	(1)	(1)
70.	Other operating income	231	247	576
80.	Administrative costs a) payroll <i>including</i> – wages and salaries – social security charges – termination indemnities – pensions and similar commitments b) other	(2,741) (1,696) (1,185) (329) (81) (54) (1,045)	(2,940) (1,841) (1,288) (352) (88) (56) (1,099)	(5,774) (3,524) (2,472) (669) (168) (114) (2,250)
85.	Allocation (use) of net returns (losses) on investment of the allowances for pensions and similar commitments	(4)	2	1
90.	Adjustments to fixed assets and intangibles	(392)	(365)	(857)
100.	Provisions for risks and charges	(136)	(268)	(303)
110.	Other operating expenses	(88)	(52)	(141)
120.	Adjustments to loans and provisions for guarantees and commitments	(1,003)	(1,296)	(3,139)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	495	298	840
140.	Provisions for possible loan losses	(5)	(15)	(6)
150.	Adjustments to financial fixed assets	(55)	(76)	(294)
160.	Write-back of financial fixed assets	10	5	5
170.	Income from investments carried at equity	73	50	82
180.	Income from operating activities	1,183	246	190
190.	Extraordinary income	457	319	1,379
200.	Extraordinary charges	(378)	(254)	(1,327)
210.	Extraordinary income, net	79	65	52
220.	Use of allowance for risks and charges arising on consolidation	4	1	2
230.	Change in the reserve for general banking risks	4	1	(22)
240.	Income taxes	(520)	(135)	31
250.	Minority interests	(40)	(64)	(53)
260.	Net income for the period	710	114	200

⁽¹⁾ Figures restated on a consistent basis.

**Notes
to the consolidated
financial statements**

Accounting criteria

Consolidated financial statements

The Consolidated half-year report as at 30th June 2003 was prepared in compliance with Consob Regulations approved with Resolution 11971 of 14th May 1999 and amendments, and applying the provisions contained in Legislative Decree 87 of 27th January 1992 and in the instructions of the Governor of the Bank of Italy of 30th July 2002.

The Half-year report is made up of the consolidated financial statements and the notes to the consolidated financial statements, accompanied by the comments on the Group's operations. The comments to the consolidated accounts provide ample information on the activities of the Parent Company Banca Intesa in consideration of its weight in consolidated figures. Accounting and valuation criteria did not vary compared to those used to prepare the consolidated financial statements as at 31st December 2002.

As in the past, Banca Intesa notifies that it used the faculty contained in Art. 82, par. 2, of Consob Resolution 11971 of making the Half-year report available for Shareholders and the market within 75 days from the end of reference period – instead of the quarterly report as at 30th June 2003. The quarterly development of the balance sheet and of the statement of income are also presented for the purpose of providing the market consistent information with that disclosed to the market in the previous interim reports.

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

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

Pro forma figures

Figures in the Consolidated half-year report as at 30th June 2003 are compared with those for the first half of 2002 and the Consolidated annual report, restated to consider changes in the consolidation area. In compliance with the principle of continuity in the shareholders' equity pertaining to the Group, figures for the period used for comparison have been restated using a methodology which does not alter consolidated shareholders' equity recorded at the reference date.

This methodology requires:

- for companies fully consolidated for the first time in the period, balance sheet and statement of income figures of the previous periods are recorded line by line and both shareholders' equity and net income for those periods are attributed to minority shareholders;
- for the companies which exit the consolidation area, the relevant balance sheet and statement of income figures are excluded and the relevant stakes are carried at equity.

Consolidation criteria

As already mentioned, consolidation criteria conform to provisions set forth by Legislative Decree 87 of 27th January 1992 and Bank of Italy regulations dated 30th July 2002.

Consolidation area

The area of consolidation includes the Parent Company Banca Intesa and the significant equity investments which have been listed in a specific table. This section also includes changes occurred in the consolidation area. The most significant changes in the first half of 2003 referred to the exclusion of the Sudameris Brasil group, IntesaBci Bank (Suisse) and Carinord 2 and its subsidiaries: Cassa di Risparmio della Spezia, Cassa di Risparmio di Carrara and Se.Ri.T. Spezia.

In particular, it must be noted that in the first half of 2003 the equity investments in the Sudameris Brasil group and Carinord 2 (with its subsidiaries Cassa di Risparmio di Carrara, Cassa di Risparmio della Spezia and Se.Ri.T. Spezia) are carried at equity instead of subject to line by line consolidation since their means of disposal had already been defined at the date of approval of this Report.

Means of consolidation

Subsidiaries which carry out banking, financial activities, or contribute to the Group's operations are fully consolidated. Exceptions refer to minor equity investments. Companies which are subject to joint control are consolidated according to the proportional method. Subsidiaries whose activities are dissimilar to the above (banking, financial and auxiliary) and associated companies in which the Group has a significant equity investment (equal to or exceeding 20% of share capital) are stated with reference to the Group's interest in the shareholders' equity, including net income for the period.

Equity investments in sicavs and those related to merchant banking are carried at cost, written down in the case of losses deemed to be permanent.

For the purpose of consolidation, or of valuation according to the equity method, the draft financial statements as at 30th June 2003 drawn up by the Directors of subsidiary companies have been used. For certain companies which are not part of the Group, and are in any case not significant, financial statements as at 30th June 2003 were not available and therefore such companies have been valued according to the equity method using the financial statements as at 31st December 2002.

The half-year reports as at 30th June 2003 of the consolidated companies have been approved by the respective Boards of Directors prior to approval of the consolidated half-year report by Banca Intesa's Board of Directors.

Full consolidation

This method involves the "line by line" aggregation of the individual amounts reported in the balance sheets and statements of income of the subsidiary companies concerned. Following the allocation to minority shareholders of their interests in equity (except for the "Allowances for possible loan losses" and the "Revaluation reserves") and the results for the period, the residual value is eliminated against the book value of the subsidiaries concerned.

Any differences arising on consolidation are allocated, where possible, to the assets and liabilities of the consolidated subsidiary; positive differences are also offset against the "Allowances for possible loan losses" and the "Revaluation reserves" pertaining to the Group. Residual differences are allocated to "Goodwill/Negative goodwill arising on

consolidation" or "Other reserves". The captions used are determined, respectively, with reference to the situation at the time the subsidiary was first consolidated and to subsequent changes in equity value, normally reflecting the results of operations. If positive consolidation differences arise on the assets side and are not deemed to be justified by the respective company's future profitability, these are fully expensed in the period.

In particular, with regard to the consolidation of Banca Cis, the difference between purchase cost and the acquired portion of shareholders' equity has been accounted for in the "Allowance for risks and charges arising on consolidation", considering the unfavourable performance forecasted for the participated bank at the time of its purchase before its integration in the Group enables it to generate profits. This allowance generates income over a number of years. The reference parameter is the difference, if negative, between Banca Cis' net income for the period and that deemed to be satisfactory.

This difference was estimated at the time of the acquisition and determined the lower price paid compared to the corresponding book value of shareholders' equity (badwill).

Proportional consolidation

This approach is applied to companies controlled together with other parties. The method is the same as that described in relation to full consolidation, except that the combination of the amounts reported in the balance sheet and statement of income is based on the percentage of control exercised by the Group.

Valuation using the equity method

This approach is applied to subsidiaries which do not carry out banking or financial activities, or do not contribute to Group's operations, as well as to companies not controlled by the Group, but over which the Group exercises significant influence (so-called associated companies according to Legislative Decree 87/92).

This method measures investments with reference to the Group's interest in their

shareholders' equity, including "Allowances for possible loan losses", "Revaluation reserves" and income for the period. Differences with respect to the Parent Company's book value are allocated to "Goodwill/Negative goodwill arising on application of the equity method" and to "Other reserves", as described in relation to full consolidation.

Other consolidation techniques

Goodwill/Negative goodwill arising on consolidation and on application of the equity method is determined at the time the investment is acquired or consolidated for the first time. Subsequent disposals or changes in percentage owned adjust the original differences.

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

The difference between this amount and that recorded in the financial statements on incorporation, or at purchase date, is allocated with the appropriate sign to "Other reserves".

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

Dividends, adjustments and write-backs are reversed if they relate to companies which have been consolidated or carried at equity.

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

In consolidation, further to intercompany balances reconciliation, all intercompany assets and liabilities, income and expenses offset each other. Residual amounts are allocated to the statement of income or the balance sheet, in accordance with the instructions issued by the Bank of Italy on 30th July 2002.

Financial lease receivables were stated according to the financial method. This means, essentially, that the cost of the leased asset represents the value of the loan at the start of the leasing contract while, subsequently, each instalment payment is treated as a loan repayment including both principal and interest using the internal rate of return of each contract. For leasing

transactions between consolidated companies the historical cost and accumulated depreciation of the assets concerned at period-end are redetermined. 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.

Information on specific issues

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

In relation to the problems concerning the determination of interest income, the actions illustrated in the Report on operations in the Annual report 2002 are confirmed. In particular, amounts which may be subject to reimbursement to customers following the renegotiation of subsidised mortgages have been fully provisioned with a specific Allowance for risks and charges, also considering the Decree of the Ministry of Economics of 31st March 2003 which set the interest rate to be applied in the renegotiation to 12.61%. As concerns the Parent Company, during the second quarter, the Bank calculated the instalments due on 30th June 2003 using the indicated conditions, while it will liquidate the differences on previous instalments (starting from December 1999) presumably within the end of the second half.

Charges in excess for unsubsidised fixed rate mortgages, subsequent to flattening of interest rates to those set forth by relevant laws, have already been paid to customers.

Anatocism

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

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 compliance with Consob Regulations approved with Resolution 11971 of 14th May 1999 and amendments, and applying the provisions contained in Legislative Decree 87 of 27th January 1992 and in the instructions of the Governor of the Bank of Italy of 30th July 2002. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Italy may not conform with the generally accepted accounting principles in other Countries.

Valuation criteria

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

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

1. Loans, guarantees and commitments

1.1 Due from banks

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

Amounts due from certain banks are written down with reference to their solvency conditions; other amounts due from banks resident in Countries which may have difficulties in servicing external debt have been written down by lump-sum adjustments, also considering the general indications of the banking industry.

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

1.2 Loans to customers

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

Loans are stated at their estimated realisable value, which is determined by deducting expected losses at period-end from the principal outstanding.

Expected losses are determined as follows, considering the solvency of customers and any guarantees available:

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

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

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

1.3 Guarantees and commitments

Guarantees are recorded at the total value of the commitment.

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

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

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

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

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

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

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 the value resulting from the application of the relevant valuation criteria, at the term of the transfer.

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

Issue discounts are registered among interest income on an accruals basis, as an increase in the book value of the relevant securities.

The difference between purchase cost, including accrued issue discounts, and the higher or lower principal repayment of investment securities is recorded in interest income on an accruals basis.

2.2 Trading portfolio

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

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;
- treasury shares, though listed: at the lower between purchase cost and market value, considering the peculiarities of this type of asset, for which any real trading activities are excluded;
- unlisted securities: at the lower between cost or market value; the latter is calculated considering estimated

realisable value which – in the case of fixed-income securities – is determined by discounting future financial flows using the market interest rate, obtained on listed securities with similar characteristics or on information system based markets normally used internationally.

In particular, for subordinated securities originated from loan securitisations, estimated realisable value is calculated considering the forecasted recoveries on the loan portfolio sold. The solvency of the issuer and the resident Country's difficulty in servicing debt is also considered;

- for quotas of undertakings in collective investments in tradable securities (UCITS):
 - period-end market value, in presence of quotations expressed by regulated markets, or obtained from communications to the market of management companies published by specialised channels;
 - at the lower between cost or market value, if those parameters are not available. Market value, in these cases, is represented by estimated realisable value, determined according to the procedure indicated above for securities other than quotas.

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

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

In particular:

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

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

Book value of zero-coupon securities includes accrued interest.

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

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

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

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

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

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

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

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

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

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

In the consolidated balance sheet, interunit and intercompany deals are accounted for as follows:

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

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

3. Equity investments

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

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

In this regard, the book value of investments held as at 31st December 1992 (which includes any revaluations carried out according to specific regulations) is deemed to represent their cost at that date, as permitted by Art. 8.4 of Legislative Decree 87/92. Book value is written down to reflect any impairment in the value of equity investments. For equity investments in companies listed in regulated markets the write-down is also determined based on the arithmetical average of stock price over the last semester. However, the original value may be written back in subsequent

periods, to the extent that the reasons for any write-downs cease to apply.

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

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

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

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

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

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

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

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

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

5. Fixed assets

Real estate is recorded at purchase cost, including related charges, as well as

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

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

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

In particular:

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

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

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

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

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

6. Intangibles

Intangibles are stated at purchase cost net of accumulated amortisation.

This caption comprises:

- goodwill paid on the acquisition of companies or deriving from merger deficits which emerge on integration of companies. These are amortised at constant rates over a ten-year period;
- start-up costs related to new branches located in buildings which are not owned

by the Group, costs related to new issues of shares or of other securities.

Such costs are amortised at constant rates over a five-year period;

- refurbishing costs for branches and other premises which are not owned by the Group. These costs are amortised on a straight-line basis over their estimated useful life and in any case, according to provisions set out by Art. 16, par. 1, of Legislative Decree 87/92, in a period no longer than five years;
- application software costs of multi-annual use. These are amortised over a maximum of five years according to estimated useful life;
- other deferred charges which are amortised over a maximum period of five years.

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

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

7. Other policies

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 held in 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:

- *"Allowances for pensions and similar commitments"*

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

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

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

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

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

These taxes essentially reflect:

- those arising from the reversal, on

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

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

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

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

The allowance contains negative differences that arise from the comparison of purchase cost of a consolidated subsidiary and the relevant portion of shareholders’ equity acquired, when the difference reflects negative performances forecasted for that company. The allowance

is transferred to the consolidated statement of income for the amount of the losses incurred and when such losses occur.

– *“Other allowances”*

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

Such allowances do not adjust the value of any asset captions.

The allowances reflect the best estimate of the charges to be incurred, based on available information.

7.6 Allowance for possible loan losses

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

7.7 Subordinated liabilities

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

Adjustments and provisions recorded for fiscal purposes

The adjustments and provisions recorded by Group companies solely for fiscal purposes have been eliminated on consolidation in order to present more fairly the financial and operating position of the Group.

Deferred taxation has been recorded in relation to such elimination. Accordingly, the consolidated financial statements do not include any entries made solely for fiscal purposes.

Information regarding the consolidated balance sheet

(in millions of euro)

CONCENTRATION AND DISTRIBUTION OF ASSETS AND LIABILITIES

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

Loans to customers (caption 40 - Assets)

a) Governments	2,587
b) Other public agencies	3,936
c) Non-financial companies	94,001
d) Financial institutions	16,460
e) Family-run businesses	8,668
f) Other	36,648
Total	162,300

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

a) Other services	17,558
b) Wholesale and retail trade, recovery and repairs	15,906
c) Construction and public works	9,230
d) Textiles, leather and footwear, clothing	3,986
e) Agricultural and industrial machinery	3,918
f) Other sectors	37,280
Total	87,878

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

a) Governments	32
b) Other public agencies	90
c) Banks	2,578
d) Non-financial companies	17,811
e) Financial institutions	1,951
f) Family-run businesses	319
g) Other	741
Total	23,522

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

a) Governments	88
b) Other public agencies	–
c) Banks	270
d) Non-financial companies	1,305
e) Financial institutions	171
f) Family-run businesses	–
g) Other	–
Total	1,834

4. Large credit risks

a) Amount	10,601
b) Number	4
including on-balance sheet exposures	7,294
off-balance sheet exposures	3,307
available margins on credit lines	–

5. Assets and liabilities: breakdown by maturity

Captions/Residual life	Specified maturity							Unspecified maturity	Total
	on demand	up to 3 months	between 3 and 12 months	between 1 and 5 years		over 5 years			
				fixed rate	floating rate	fixed rate	floating rate		
1. Assets									
1.1 treasury bills eligible for refinancing	127	337	999	820	134	588	29	–	3,034
1.2 due from banks	4,069	21,051	6,281	67	757	30	211	1,171	33,637
1.3 loans to customers	31,513	26,317	18,753	12,436	32,028	6,304	26,225	8,724	162,300
1.4 bonds and other debt securities	239	4,243	8,096	6,193	4,410	3,001	5,182	–	31,364
1.5 off-balance sheet transactions	75,485	748,111	716,930	273,086	16,218	145,066	909	–	1,975,805
Total	111,433	800,059	751,059	292,602	53,547	154,989	32,556	9,895	2,206,140
2. Liabilities									
2.1 due to banks	12,780	21,859	4,153	290	2,057	181	1,383	5	42,708
2.2 due to customers	84,858	19,906	3,426	149	994	149	206	2,281	111,969
2.3 securities issued									
– bonds	1,605	1,011	5,902	9,184	20,890	2,346	5,820	–	46,758
– certificates of deposit	265	6,031	1,729	390	918	29	291	–	9,653
– other securities	1,368	17	–	–	–	–	–	–	1,385
2.4 subordinated liabilities	–	–	845	2,522	1,723	2,274	3,864	–	11,228
2.5 off-balance sheet transactions	61,724	783,818	708,646	283,986	8,327	125,009	1,477	–	1,972,987
Total	162,600	832,642	724,701	296,521	34,909	129,988	13,041	2,286	2,196,688

6. Assets and liabilities: breakdown by Country

Captions/Countries	Italy	Other EU Countries	Other Countries	Total
1. Assets				
1.1 due from banks	7,228	22,372	4,037	33,637
1.2 loans to customers	136,270	9,845	16,185	162,300
1.3 securities	20,619	7,160	11,222	39,001
Total	164,117	39,377	31,444	234,938
2. Liabilities				
2.1 due to banks	9,550	16,093	17,065	42,708
2.2 due to customers	89,839	6,280	15,850	111,969
2.3 securities issued	50,516	5,194	2,086	57,796
2.4 other	8,713	–	2,610	11,323
Total	158,618	27,567	37,611	223,796
3. Guarantees, commitments and credit derivatives	52,871	29,946	24,140	106,957

7. Assets and liabilities denominated in foreign currencies

7.1 Assets	
a) due from banks	6,961
b) loans to customers	18,576
c) securities	14,354
d) equity investments	491
e) other	469
Total	40,851
7.2 Liabilities	
a) due to banks	16,440
b) due to customers	16,172
c) securities issued	6,211
d) other	1,241
Total	40,064

8. Due from banks

8.1 Breakdown of on-balance sheet loans

Categories	Gross exposure	Total adjustments	Net exposure
A. Non-performing loans	538	(153)	385
<i>A1. doubtful loans</i>	45	(43)	2
<i>A2. substandard loans</i>	–	–	–
<i>A3. loans under restructuring</i>	–	–	–
<i>A4. restructured loans</i>	–	–	–
<i>A5. loans subject to Country risk</i>	493	(110)	383
B. Performing loans	33,252	–	33,252
Total	33,790	(153)	33,637

8.2 Due from banks - Changes in non-performing loans

	Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk
A. Initial gross exposure	39	14	–	–	265
<i>A1. including overdue interest</i>	1	–	–	–	–
B. Increases	11	–	–	–	271
<i>B1. inflows from performing loans</i>	4	–	–	–	259
<i>B2. overdue interest</i>	–	–	–	–	–
<i>B3. transfers from other non-performing loan categories</i>	7	–	–	–	–
<i>B4. other increases</i>	–	–	–	–	12
C. Decreases	(5)	(14)	–	–	(43)
<i>C1. outflows to performing loans</i>	–	–	–	–	(1)
<i>C2. write-offs</i>	(1)	(3)	–	–	–
<i>C3. repayments</i>	(4)	(3)	–	–	(35)
<i>C4. credit disposals</i>	–	–	–	–	–
<i>C5. transfers to other non-performing loan categories</i>	–	(7)	–	–	–
<i>C6. other decreases</i>	–	(1)	–	–	(7)
D Final gross exposure	45	–	–	–	493
<i>D1. including overdue interest</i>	1	–	–	–	–

8.3 Due from banks - Changes in total adjustments

	Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk	Performing loans
A. Initial total adjustments	37	10	–	–	52	–
<i>A1. including overdue interest</i>	1	–	–	–	–	–
B. Increases	8	–	–	–	60	–
<i>B1. adjustments</i>	3	–	–	–	29	–
<i>B1.1 including overdue interest</i>	–	–	–	–	–	–
<i>B2. uses of allowances for possible loan losses</i>	–	–	–	–	–	–
<i>B3. transfers from other loan categories</i>	5	–	–	–	–	–
<i>B4. other increases</i>	–	–	–	–	31	–
C. Decreases	(2)	(10)	–	–	(2)	–
<i>C1. write-back of adjustments</i>	–	–	–	–	–	–
<i>C1.1 including overdue interest</i>	–	–	–	–	–	–
<i>C2. write-backs on repayments</i>	(1)	(1)	–	–	–	–
<i>C2.1 including overdue interest</i>	–	–	–	–	–	–
<i>C3. write-offs</i>	(1)	(3)	–	–	–	–
<i>C4. transfers to other loan categories</i>	–	(5)	–	–	–	–
<i>C5. other decreases</i>	–	(1)	–	–	(2)	–
D. Final total adjustments	43	–	–	–	110	–
<i>D1. including overdue interest</i>	1	–	–	–	–	–

9. Loans to customers

9.1 Breakdown of on-balance sheet loans

Categories	Gross exposure	Total adjustments	Net exposure
A. Non-performing loans	19,536	(10,037)	9,499
A1. doubtful loans	13,746	(8,694)	5,052
A2. substandard loans	5,034	(1,164)	3,870
A3. loans under restructuring	4	(1)	3
A4. restructured loans	522	(132)	390
A5. loans subject to Country risk	230	(46)	184
B. Performing loans	153,864	(1,063)	152,801
Total	173,400	(11,100)	162,300

9.2 Loans to customers - Changes in non-performing loans

	Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk
A. Initial gross exposure	14,007	5,483	3	429	788
A1. including overdue interest	3,379	106	–	11	–
B. Increases	1,205	2,196	2	159	22
B1. inflows from performing loans	220	1,843	–	134	13
B2. overdue interest	224	25	–	1	–
B3. transfers from other non-performing loan categories	510	18	–	5	–
B4. other increases	251	310	2	19	9
C. Decreases	(1,466)	(2,645)	(1)	(66)	(580)
C1. outflows to performing loans	(46)	(446)	–	(12)	(2)
C2. write-offs	(674)	(271)	–	(17)	–
C3. repayments	(438)	(1,288)	–	(34)	(26)
C4. credit disposals	(5)	–	–	–	–
C5. transfers to other non-performing loan categories	(17)	(515)	(1)	(1)	–
C6. other decreases	(286)	(125)	–	(2)	(552)
D. Final gross exposure	13,746	5,034	4	522	230
D1. including overdue interest	3,494	107	–	12	–

9.3 Loans to customers - Changes in total adjustments

	Doubtful loans	Substandard loans	Loans under restructuring	Restructured loans	Loans subject to Country risk	Performing loans
A. Initial total adjustments	8,754	1,389	1	150	90	1,078
<i>A1. including overdue interest</i>	3,286	87	–	10	–	2
B. Increases	887	460	–	8	10	176
<i>B1. adjustments</i>	532	417	–	8	7	150
<i>B1.1 including overdue interest</i>	199	10	–	–	–	–
<i>B2. uses of allowances for possible loan losses</i>	4	1	–	–	–	–
<i>B3. transfers from other loan categories</i>	266	32	–	–	3	3
<i>B4. other increases</i>	85	10	–	–	–	23
C. Decreases	(947)	(685)	–	(26)	(54)	(191)
<i>C1. write-back of adjustments</i>	(39)	(70)	–	–	(3)	(34)
<i>C1.1 including overdue interest</i>	–	–	–	–	–	–
<i>C2. write-backs on repayments</i>	(146)	(59)	–	–	(9)	(22)
<i>C2.1 including overdue interest</i>	(33)	(3)	–	–	–	–
<i>C3. write-offs</i>	(674)	(271)	–	(17)	–	(25)
<i>C4. transfers to other loan categories</i>	(11)	(256)	–	–	–	(37)
<i>C5. other decreases</i>	(77)	(29)	–	(9)	(42)	(73)
D. Final total adjustments	8,694	1,164	1	132	46	1,063
<i>D1. including overdue interest</i>	3,407	84	–	10	–	1

10. Secured loans to customers

a) Loans secured by mortgages	52,905
b) Loans secured by pledge on	
1. cash deposits	1,200
2. securities	8,583
3. other valuables	1,854
	11,637
c) Loans secured by guarantees from	
1. Governments	702
2. other public agencies	324
3. banks	2,069
4. other operators	24,530
	27,625
Total	92,167

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

Due from central banks	1,875
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12. Breakdown of securities

a) Investment portfolio	7,785
b) Trading portfolio	31,216

13. Guarantees and commitments**13.1 Guarantees (caption 10 - Guarantees and commitments)**

a) Commercial guarantees	17,431
b) Financial guarantees	6,090
c) Assets given as guarantee	1
Total	23,522

13.2 Commitments (caption 20 - Guarantees and commitments)

a) Commitments to lend funds, of certain use	7,689
b) Commitments to lend funds, of uncertain use	42,021
Total	49,710

13.3 Credit derivatives (caption 30 - Guarantees and commitments)

a) Protection sales in the "banking book"	1,834
– with exchange of underlying asset	1,215
– without exchange of underlying asset	619
b) Protection sales in the "trading book"	31,891
– with exchange of underlying asset	10,453
– without exchange of underlying asset	21,438
Total	33,725

14. Undrawn credit lines

a) Central banks	516
b) Other banks	343
Total	859

15. Forward transactions

Type of transaction	Hedging	Trading	Other
1. Unsettled transactions	4,037	63,696	–
1.1 securities	–	10,187	–
– purchases	–	4,545	–
– sales	–	5,642	–
1.2 currencies	4,037	53,509	–
– currency against currency	1,953	14,881	–
– purchases against euro	1,261	18,933	–
– sales against euro	823	19,695	–
2. Deposits and loans	–	–	4,717
– outflows	–	–	2,049
– inflows	–	–	2,668
3. Derivative contracts	34,766	1,953,132	24,361
3.1 with exchange of underlying asset	3,140	30,151	760
a) securities	517	20,674	760
– purchases	3	7,353	150
– sales	514	13,321	610
b) currencies	2,623	9,477	–
– currency against currency	690	1,520	–
– purchases against euro	1,484	5,387	–
– sales against euro	449	2,570	–
c) other instruments	–	–	–
– purchases	–	–	–
– sales	–	–	–
3.2 without exchange of underlying asset	31,626	1,922,981	23,601
a) currencies	121	834	5
– currency against currency	–	88	–
– purchases against euro	56	438	–
– sales against euro	65	308	5
b) other instruments	31,505	1,922,147	23,596
– purchases	18,219	957,058	9,205
– sales	13,286	965,089	14,391
Total	38,803	2,016,828	29,078

Section 3.2 b) includes purchases/sales of contracts that entail the exchange of indexed interest flows (so-called basis swaps) for 3,497 million euro (hedging) and 36,214 million euro (trading).

Internal deals

	Hedging		Trading	
	purchases	sales	purchases	sales
Purchases/sales of currency	3,664	5,042	5,042	3,664
Derivative contracts with exchange of underlying asset	17	25	25	17
Derivative contracts without exchange of underlying asset	83,335	117,216	117,216	83,335
Total	87,016	122,283	122,283	87,016

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

	Interest rate	Foreign exchange	Equity	Other	Total
Notional amount	1,775,284	70,501	26,874	4,718	1,877,377
Market value					
Trading contracts					
a) positive market value	13,483	1,436	456	–	15,375
b) negative market value	(12,999)	(1,548)	(243)	–	(14,790)
Non-trading contracts					
a) positive market value	694	67	12	–	773
b) negative market value	(389)	(372)	(61)	–	(822)
Positive market value	14,177	1,503	468	–	16,148
Negative market value	(13,388)	(1,920)	(304)	–	(15,612)

Breakdown of forward transactions by instrument type and market risk

	Interest rate	Foreign exchange	Equity	Other	Total
Over the counter trading contracts (OTC)					
Forwards	9,177	53,509	1,010	–	63,696
Forwards Rate Agreements	280,503	–	–	–	280,503
Swaps	1,214,779	7,646	310	–	1,222,735
Options bought	110,490	1,293	9,208	–	120,991
Options sold	147,751	1,373	10,128	–	159,252
Trading contracts listed on regulated markets					
Futures bought	25,983	–	87	2	26,072
Futures sold	87,382	–	172	–	87,554
Options bought	10,264	–	1,341	–	11,605
Options sold	6,941	–	1,265	–	8,206
Total trading contracts	1,893,270	63,821	23,521	2	1,980,614
Total non-trading contracts	21,759	6,781	6,766	29,078	64,384
Total	1,915,029	70,602	30,287	29,080	2,044,998

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

	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Interest rate contracts	1,306,496	319,994	148,794	1,775,284
Foreign exchange contracts	66,056	4,089	356	70,501
Equity linked contracts	8,427	16,655	1,792	26,874
Other	4,718	–	–	4,718
Total	1,385,697	340,738	150,942	1,877,377

Credit derivatives outstanding

	Trading	Banking
1. Protection purchases	26,848	5,746
1.1 physical settlement	10,253	251
– <i>Credit default swaps</i>	10,253	176
– <i>Credit default options</i>	–	–
– <i>Credit linked notes</i>	–	75
1.2 cash settlement	16,595	5,495
– <i>Credit default swaps</i>	15,537	5,457
– <i>Credit default options</i>	–	–
– <i>Credit linked notes</i>	–	20
– <i>Total return swaps</i>	958	18
– <i>Credit spread options</i>	100	–
2. Protection sales	31,891	1,834
2.1 physical settlement	10,453	1,215
– <i>Credit default swaps</i>	10,288	858
– <i>Credit default options</i>	–	26
– <i>Credit linked notes</i>	165	331
2.2 cash settlement	21,438	619
– <i>Credit default swaps</i>	21,350	222
– <i>Credit default options</i>	–	–
– <i>Credit linked notes</i>	88	381
– <i>Total return swaps</i>	–	16
– <i>Credit spread options</i>	–	–
Total	58,739	7,580

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

Notional amount	58,739
Market value	1
Positive market value	246
Negative market value	(245)

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

	Group companies		Other subsidiaries	
a) Assets				
1. due from banks – including Subordinated	–	345	24	2,935
2. due from financial institutions – including Subordinated	–	158	–	943
3. due from other customers – including Subordinated	20	598	61	903
4. bonds and other debt securities – including Subordinated	147	147	29	290
b) Liabilities				
1. due to banks		23		308
2. due to financial institutions		17		539
3. due to other customers		63		416
4. securities issued		–		–
5. subordinated liabilities		–		17
c) Guarantees and commitments				
1. guarantees given		36		302
2. commitments		16		969
3. credit derivatives		–		324

17. Portfolio management

Portfolio management	50,736
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The Group placed “hedge” individual portfolio management schemes amounting to 382 million euro. These schemes entail a contract in which the Group covers the risk of capital losses on the capital initially invested by customers. However, risk is transferred to a third party which will reimburse any charges related to this commitment.

18. Capital and capital ratios

A. Total capital	
A.1 Tier 1 capital	13,604
A.2 Tier 2 capital	7,924
A.3 items to be deducted	(1,180)
A.4 Total capital	20,348
B. Capital requirements	
B.1 credit risks	14,118
B.2 market risks	1,374
<i>including</i>	
– <i>trading portfolio risk</i>	1,278
– <i>foreign exchange risk</i>	96
B.3 Tier 3 subordinated loans	947
B.4 other capital requirements	203
B.5 Total capital requirements	15,695
C. Risk-weighted assets and capital ratios	
C.1 risk-weighted assets	196,187
C.2 Tier 1 capital/Risk-weighted assets (%)	6.93
C.3 Total capital/Risk-weighted assets (%)	10.85

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

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

	Balance as at 31/12/2002	Additions in the period	Amortisation charges	Balance as at 30/6/2003
Banca Intesa (former Cariplo)	209	-	21	188
Banca Intesa (former MedioLombardo)	5	-	1	4
Caboto Sim	7	-	-	7
Carinord 1	107	-	5	102
Cassa di Risparmio di Ascoli Piceno	8	-	1	7
Cassa di Risparmio di Città di Castello	2	-	-	2
Cassa di Risparmio di Foligno	14	-	1	13
Cassa di Risparmio di Rieti	5	-	1	4
Cassa di Risparmio di Spoleto	11	-	1	10
Cassa di Risparmio di Terni e Narni	49	-	3	46
Epsilon Associati Sgr	4	-	-	4
Intesa Holding Asset Management	-	30	2	28
Medimurska Banka	2	-	-	2
Mediofactoring	3	-	-	3
Privredna Banka	117	-	8	109
Vseobecna Uverova Banka	177	-	10	167
Total	720	30	54	696

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

	Balance as at 31/12/2002	Additions in the period	Amortisation charges	Balance as at 30/6/2003
Agos Itafinco	33	28	3	58
IntesaVita	18	70	5	83
Charta	2	-	2	-
Lazard & Co.	-	49	-	49
Po Vita	1	-	-	1
Total	54	147	10	191

Information regarding the consolidated statement of income

(in millions of euro)

1. Breakdown of interest

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

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
a) On amounts due from banks <i>including</i> – deposits with central banks	602 37	975 56	(373) (19)	(38.3) (33.9)
b) On loans to customers <i>including</i> – loans using public funds under administration	4,084 –	4,568 –	(484) –	(10.6)
c) On debt securities	697	917	(220)	(24.0)
d) Other interest income	16	17	(1)	(5.9)
e) Positive differentials on hedge transactions	–	–	–	
Total caption 10 Statement of income	5,399	6,477	(1,078)	(16.6)

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

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
a) On amounts due to banks	570	1,038	(468)	(45.1)
b) On amounts due to customers	865	1,177	(312)	(26.5)
c) On securities issued <i>including</i> – on certificates of deposit	966 122	1,045 216	(79) (94)	(7.6) (43.5)
d) On public funds under administration	–	–	–	
e) On subordinated liabilities	300	310	(10)	(3.2)
f) Negative differentials on hedge transactions	185	228	(43)	(18.9)
Total caption 20 Statement of income	2,886	3,798	(912)	(24.0)
Amounts reclassified in caption 30 with economically-related income and charges	(36)	(20)	16	80.0
Total caption 20 Reclassified statement of income	2,850	3,778	(928)	(24.6)

2. Analysis of interest

2.1 Interest income and similar revenues

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
a) On foreign currency assets	968	1,306	(338)	(25.9)

2.2 Interest expense and similar charges

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
a) On foreign currency liabilities	615	862	(247)	(28.7)

Net interest: reconciliation with the reclassified statement of income

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Total interest income	5,399	6,477	(1,078)	(16.6)
Total interest expense	(2,886)	(3,798)	(912)	(24.0)
Net interest	2,513	2,679	(166)	(6.2)
Amounts reclassified in caption 30 with economically-related income and charges	36	20	16	80.0
Net interest income Reclassified statement of income	2,549	2,699	(150)	(5.6)

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

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
a) On shares, quotas and other forms of capital	410	410	–	–
b) On equity investments	53	160	(107)	(66.9)
c) On investments in Group companies	–	–	–	–
Total caption 30 Statement of income	463	570	(107)	(18.8)
Dividends on structured share portfolio	(344)	(438)	(94)	(21.5)
Differentials on economically-related hedge transactions connected to revenues on shares in the trading portfolio	(36)	(20)	16	80.0
Total caption 30 Reclassified statement of income	83	112	(29)	(25.9)

3. Commissions

3.1 Breakdown of caption 40 "Commission income"

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
a) Guarantees given	83	88	(5)	(5.7)
b) Credit derivatives	8	17	(9)	(52.9)
c) Management, dealing and consultancy services	756	856	(100)	(11.7)
1. dealing in securities	21	21	–	–
2. dealing in currencies	28	32	(4)	(12.5)
3. portfolio management	479	598	(119)	(19.9)
3.1 individual	75	100	(25)	(25.0)
3.2 collective	404	498	(94)	(18.9)
4. custody and administration of securities	44	38	6	15.8
5. depositary bank	40	39	1	2.6
6. placement of securities	27	26	1	3.8
7. acceptance of trading instructions	44	43	1	2.3
8. consultancy services	5	6	(1)	(16.7)
9. distribution of third party services	68	53	15	28.3
9.1 portfolio management	2	3	(1)	(33.3)
a) individual	1	1	–	–
b) collective	1	2	(1)	(50.0)
9.2 insurance products	65	49	16	32.7
9.3 other products	1	1	–	–
d) Collection and payment services	200	199	1	0.5
e) Servicing related to securitisations	3	3	–	–
f) Tax collection services	134	97	37	38.1
g) Other services	723	703	20	2.8
– fees on current accounts	320	312	8	2.6
– fees on credit card and POS services	152	144	8	5.6
– recovery of expenses for communications with customers	38	37	1	2.7
– commissions on factoring	41	37	4	10.8
– medium- and long-term lending and project financing transactions	59	52	7	13.5
– other	113	121	(8)	(6.6)
Total	1,907	1,963	(56)	(2.9)

Analysis of caption 40 "Commission income"

"Distribution channels of products and services offered"

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
a) Group branches	512	605	(93)	(15.4)
1. portfolio management	426	532	(106)	(19.9)
2. placement of securities	27	26	1	3.8
3. third party services and products	59	47	12	25.5
b) "Door-to-door" sales	62	72	(10)	(13.9)
1. portfolio management	53	66	(13)	(19.7)
2. placement of securities	–	–	–	–
3. third party services and products	9	6	3	50.0
Total	574	677	(103)	(15.2)

3.2 Breakdown of caption 50 "Commission expense"

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
a) Guarantees received	6	3	3	
b) Credit derivatives	22	20	2	10.0
c) Management, dealing and consultancy services	110	136	(26)	(19.1)
1. dealing in securities	13	12	1	8.3
2. dealing in currencies	2	2	–	–
3. portfolio management	5	7	(2)	(28.6)
3.1 own customers	–	–	–	–
3.2 delegated	5	7	(2)	(28.6)
4. custody and administration of securities	8	11	(3)	(27.3)
5. placement of securities	6	9	(3)	(33.3)
6. "door-to-door" sale of securities, financial products and services	76	95	(19)	(20.0)
d) Collection and payment services	67	65	2	3.1
e) Other services	79	80	(1)	(1.3)
– commissions paid to credit card and international circuits	40	38	2	5.3
– other services received from banks	11	12	(1)	(8.3)
– commissions for placement of products	3	3	–	–
– tax collection services	3	3	–	–
– other	22	24	(2)	(8.3)
Total	284	304	(20)	(6.6)

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

Captions/Transactions	First half 2003	First half 2002 pro forma	Changes	
			amount	%
4.1 Securities transactions	285	(439)	724	
4.2 Currency transactions	84	105	(21)	(20.0)
4.3 Other transactions	(174)	83	(257)	
Total caption 60 Statement of income	195	(251)	446	
Dividends on structured share portfolio	344	438	(94)	(21.5)
Reclassification of transactions on securities (transfer to caption 200)	–	15	(15)	
Reclassification of transactions on securities (transfer to caption 190)	(35)	–	35	
Total caption 60 Reclassified statement of income	504	202	302	

5. Extraordinary income and charges

5.1 Extraordinary income (caption 190 - Statement of income)

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Out-of-period income and amounts not payable				
– adjustments to commissions/charges	8	13	(5)	(38.5)
– reversal of the allowance for possible loan losses	2	13	(11)	(84.6)
– adjustments to other captions of previous periods	12	20	(8)	(40.0)
– bank cashiers' cheques prescribed	1	–	1	
– other	60	94	(34)	(36.2)
	83	140	(57)	(40.7)
Valuation of own shares/Capital gains on Warrants Put IntesaBci	229	84	145	
Positive differentials on hedge contracts	70	–	70	
Capital gains on sale of other assets	11	37	(26)	(70.3)
Capital gains on the sale of equity investments	28	25	3	12.0
Reversal of excess allowances	5	9	(4)	(44.4)
Capitalised intragroup services	12	12	–	–
Capital gains on the sale of investment securities	19	2	17	
Income on formerly-consolidated companies	–	10	(10)	
Total caption 190 Statement of income	457	319	138	43.3
Reclassification of securities transactions (transfer from caption 60)	35	–	35	
Total caption 190 Reclassified statement of income	492	319	173	54.2

5.2 Extraordinary charges (caption 200 - Statement of income)

	First half 2003	First half 2002 pro forma	Changes	
			amount	%
Out-of-period expense and amounts not collectable				
– <i>adjustments to commission expense/charges</i>	14	14	–	–
– <i>adjustments to other captions of previous periods</i>	25	20	5	25.0
– <i>burglaries and robberies</i>	2	3	(1)	(33.3)
– <i>charges for contract definitions</i>	20	20	–	–
– <i>other</i>	61	95	(34)	(35.8)
	122	152	(30)	(19.7)
Reorganisation/integration charges	32	85	(53)	(62.4)
Solidarity allowance (ex Ministerial Decree 158/2000)	9	–	9	
Provisions for future charges on sales of equity investments	138	–	138	
Negative differentials on hedge contracts	75	–	75	
Losses on sale of other assets	2	4	(2)	(50.0)
Losses on sale of equity investments and investment securities	–	2	(2)	
Losses on formerly-consolidated companies	–	11	(11)	
Total caption 200 Statement of income	378	254	124	48.8
Reclassification of securities transactions (transfer from caption 60)	–	15	(15)	
Total caption 200 Reclassified statement of income	378	269	109	40.5

Other information

1. Average number of employees

Companies subject to full consolidation	63,902
Companies subject to proportional consolidation	757

2. Number of branches

Companies subject to full consolidation	3,897
Companies subject to proportional consolidation	82

Consolidation area

VARIATIONS IN THE CONSOLIDATION AREA COMPARED TO 31ST DECEMBER 2002

Companies subject to full/proportional consolidation

Inclusions	
Intesa Lease Sec.	vehicle for securitisations

Exclusions	
IntesaBci Bank (Suisse)	sold
Finreme Sim	merged in Banca Intesa
Banco Sudameris Brasil group	carried at equity
SATA	carried at equity
Carinord 2	carried at equity
Cassa di Risparmio della Spezia	carried at equity
Cassa di Risparmio di Carrara	carried at equity
Se.Ri.T. Spezia	carried at equity

The wholly-owned subsidiary Intesa Formazione was merged in the Parent Company with legal effects as of 1st July 2003.

Companies carried at equity

Inclusions	
Synesis finanziaria	newly-acquired
Lazard & Co.	newly-acquired
Banco Sudameris Brasil group	formerly subject to full consolidation
SATA	formerly subject to full consolidation
Carinord 2	formerly subject to proportional consolidation
Cassa di Risparmio della Spezia	formerly subject to proportional consolidation
Cassa di Risparmio di Carrara	formerly subject to proportional consolidation
Se.Ri.T. Spezia	formerly subject to proportional consolidation

Exclusions	
Sorit	decrease in the equity interest

The variations in the consolidation areas of the controlled foreign subgroups did not have any material effects on the consolidated financial statements. The various operations on the legal entities of the Group, the transfer of equity stakes within the Group and the changes in company names which do not lead to material changes are also not mentioned.

Significant equity investments

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
A. Consolidated companies Parent Company Banca Intesa s.p.a. Capital euro 3,561,062,849.24 in shares of euro 0.52					
A.1 Companies subject to full consolidation					
1 Amex d.o.o. - Ljubljana Capital SIT 2,500,000	1	PBZ American Express	100.00		
2 Banca Cis s.p.a. - Cagliari Capital euro 170,276,569.35 in shares of euro 51.65	1	Banca Intesa Mediocredito	55.37		
3 Banca Commerciale Italiana (France) S.A. - Paris Capital euro 188,000,000 in shares without nominal value	1	Banca Intesa	99.99		
4 Banca di Trento e Bolzano s.p.a. - Trento Capital euro 51,167,582.96 in shares of euro 0.52	1	Banca Intesa Finanziaria BTB	8.28 57.00		
5 Banca Intesa (France) S.A. - Paris Capital euro 39,636,744 in shares without nominal value	1	Banca Intesa	99.99		
6 Banca Intesa Mediocredito s.p.a. - Milano Capital euro 500,000,000 in shares of euro 1	1	Banca Intesa	100.00		
7 Banca Popolare FriulAdria s.p.a. - Pordenone Capital euro 101,975,060 in shares of euro 5	1	Banca Intesa	76.05		
8 Banca Primavera s.p.a. - Assago (Milano) Capital euro 70,000,000 in shares of euro 1	1	Banca Intesa Intesa e.lab	6.61 93.39		
9 Banco Sudameris Colombia - Santa Fé de Bogotá Capital COP 24,871,922,800 in shares of COP 400	1	Banque Sudameris	73.60		
10 Banco Sudameris Paraguay S.A.E.C.A. - Asunción Capital PYG 38,613,335,000 in shares of PYG 1,000	1	Banque Sudameris Sudameris Immobiliaria	92.88 0.36		
11 Banco Sudameris Peru S.A. - Lima Capital PEN 1,035,172,762.62 in shares without nominal value	1	Banque Sudameris Lima Sudameris Holding	71.11 26.13	71.33 26.21	
12 Bankhaus Löbbecke & Co. KG - Berlin Capital euro 85,947,560.88	1	Banca Intesa Beteiligungsgesellschaft für das B.L.	98.78 1.22	74.00 26.00	
13 Banque Sudameris S.A. - Paris Capital euro 1,145,127,473 in shares without nominal value	1	Intesa Holding International	99.99		
14 BCI Funding Corporation - Wilmington (Delaware) Capital USD 10,000 in shares of USD 1	1	Intesa Holding International	100.00		
15 BCI U.S. Funding LLC I (b) - Wilmington (Delaware) Capital USD 10,000,000 in "common shares" of USD 10,000	1	Banca Intesa	100.00		
16 BCI U.S. Funding LLC II (c) - Wilmington (Delaware) Capital euro 27,500,000 in "common shares" of euro 1,000	1	Banca Intesa	100.00		
17 BCI U.S. Funding LLC III (d) - Wilmington (Delaware) Capital GBP 6,000,000 in "common shares" of GBP 1,000	1	Banca Intesa	100.00		
18 Beteiligungsgesellschaft für das Bankhaus Löbbecke - Berlin Capital euro 1,583,419.83	1	Banca Intesa	100.00		
19 C.R.L. - Compagnia Regionale Leasing - Terni Capital euro 4,800,000 in shares of euro 6	1	Cassa di Risparmio di Terni e Narni	99.95		
20 Caboto (International) S.A. - Lugano Capital CHF 5,000,000 in shares of CHF 1,000	1	Banca Intesa	100.00		
21 Caboto - Società di Intermediazione Mobiliare s.p.a. - Milano Capital euro 412,464,000 in shares of euro 52	1	Banca Intesa	100.00		
22 Caboto Securities Limited (in liquidation) - London Capital GBP 10,000,000 in shares of GBP 1	1	Caboto Sim	100.00		
23 Caboto USA Inc - New York Capital USD 4,000,000 in shares of USD 100	1	Caboto Sim	100.00		
24 Caridata s.p.a. - Milano Capital euro 1,040,000 in shares of euro 0.52	1	Banca Intesa	60.00		
25 Cassa di Risparmio della Provincia di Viterbo s.p.a. - Viterbo Capital euro 49,407,056.31 in shares of euro 0.51	1	Intesa Holding Centro	70.93	79.09	
26 Cassa di Risparmio di Ascoli Piceno s.p.a. - Ascoli Piceno Capital euro 70,755,020 in shares of euro 258.23	1	Intesa Holding Centro	66.00		
27 Cassa di Risparmio di Biella e Vercelli s.p.a. - Biella Capital euro 117,500,000 in shares of euro 1	1	Banca Intesa	55.00		
28 Cassa di Risparmio di Città di Castello s.p.a. - Città di Castello (Perugia) Capital euro 23,750,000 in shares of euro 0,50	1	Banca Intesa Intesa Holding Centro	15.00 64.24		
29 Cassa di Risparmio di Foligno s.p.a. - Foligno (Perugia) Capital euro 17,720,820 in shares of euro 0.52	1	Intesa Holding Centro Intesavita	70.47 0.06		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
30 Cassa di Risparmio di Parma e Piacenza s.p.a. - Parma Capital euro 500,000,000 in shares of euro 1	1	Banca Intesa	100.00		
31 Cassa di Risparmio di Rieti s.p.a. - Rieti Capital euro 47,339,291 in shares of euro 51.65	1	Intesa Holding Centro	85.00		
32 Cassa di Risparmio di Spoleto s.p.a. - Spoleto (Perugia) Capital euro 35,070,334 in shares of euro 1	1	Intesa Holding Centro	59.44		
33 Cassa di Risparmio di Terni e Narni s.p.a. - Terni Capital euro 21,000,000 in shares of euro 6	1	Intesa Holding Centro	75.00		
34 Central-European International Bank Ltd - Budapest Capital HUF 23,500,000,000 in shares of HUF 1,000	1	Intesa Holding International	100.00		
35 CIB Credit Co. Ltd - Budapest Capital HUF 50,000,000 in shares of HUF 1,000,000	1	CIB Leasing CIB Real Estate	98.00 2.00		
36 CIB Investment Fund Management Rt. - Budapest Capital HUF 300,000,000 in shares of HUF 10,000	1	Central-European International Bank CIB Securities CIB Service	93.33 6.66 0.01		
37 CIB Leasing Rt. - Budapest Capital HUF 1,520,000,000 in shares of HUF 10,000	1	Central-European International Bank CIB Rent CIB Service	1.31 98.68 0.01		
38 CIB Real Estate Rt. - Budapest Capital HUF 50,000,000 in shares of HUF 1,000,000	1	CIB Leasing CIB Credit	98.00 2.00		
39 CIB Rent Rt. - Budapest Capital HUF 1,800,000,000 in shares of HUF 10,000	1	Central-European International Bank CIB Securities	98.89 1.11		
40 CIB Securities Rt. - Budapest Capital HUF 4,400,000,000 in shares of HUF 10,000	1	Central-European International Bank CIB Service	26.00 74.00		
41 CIB Service Rt. - Budapest Capital HUF 16,333,500,000 in ordinary shares of HUF 10,000	1	Central-European International Bank CIB Leasing	99.99 0.01		
42 Comit Investments (Ireland) Ltd - Dublin Capital euro 6,000 in shares of euro 60 Capital GBP 1,000 in shares of euro 1	1	Banca Intesa	99.21		
43 Depositos S.A. - Lima Capital PEN 36,509,880 in shares of PEN 10	1	Banco Sudameris Peru	99.98		
44 E.Tr. - Esazione Tributi s.p.a. - Cosenza Capital euro 2,600,000 in shares of euro 1	1	Intesa Riscossione Tributi	100.00		
45 Epsilon Associati Sgr s.p.a. - Milano Capital euro 4,576,000 in shares of euro 0.52	1	Nextra Investment Management	92.90		
46 Esa.Tri. - Esazione Tributi s.p.a. - Milano Capital euro 18,049,586.88 in shares of euro 0.52	1	Intesa Riscossione Tributi	66.68		
47 Finanziaria BTB s.p.a. - Trento Capital euro 56,832,921.6 in shares of euro 0.52	1	Banca Intesa	99.29		
48 FundsWorld Financial Service Ltd - Dublin Capital euro 268,780 in shares of euro 1.25	1	Intesa e.lab	100.00		
49 Immobiliare Maram s.r.l. - Milano Capital euro 4,625,000	1	Banca Intesa	100.00		
50 Intesa Bank Canada - Toronto Capital CAD 107,900,000 in shares without nominal value	1	Intesa Holding International	100.00		
51 Intesa Bank Ireland Plc - Dublin Capital euro 8,000,000 in shares of euro 50	1	Banca Intesa	99.99		
52 Intesa Bank Overseas Ltd - Cayman Islands Capital USD 10,000,000 in shares of USD 1	1	Banca Intesa	100.00		
53 Intesa e.lab s.p.a. - Milano Capital euro 144,371,240 in shares of euro 52	1	Banca Intesa	100.00		
54 Intesa Fiduciaria Sim s.p.a. - Milano Capital euro 5,200,000 in shares of euro 52	1	Banca Intesa	100.00		
55 Intesa Formazione s.c.p.a. - Milano Capital euro 520,000 in shares of euro 52	1	Banca Intesa	100.00		
56 Intesa Formazione Sud s.c.p.a. - Napoli Capital euro 103,300 in shares of euro 51.65	1	Banca Intesa Intesa Formazione Intesa Holding Centro	10.00 51.00 37.55		
57 Intesa Gestione Crediti s.p.a. - Milano Capital euro 326,349,348 in shares of euro 52	1	Banca Intesa	100.00		
58 Intesa Holding Asset Management s.p.a. - Milano Capital euro 45,238,752 in shares of euro 52	1	Banca Intesa	100.00		
59 Intesa Holding Centro s.p.a. - Spoleto Capital euro 665,045,601 in shares of euro 1	1	Banca Intesa	97.57		
60 Intesa Holding International S.A. - Luxembourg Capital euro 3,535,366,144 in shares of euro 512	1	Banca Intesa	99.99		
61 Intesa Immobiliare s.p.a. - Milano Capital euro 5,000,000 in shares of euro 1	1	Banca Intesa Intesa Gestione Crediti	90.00 10.00		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
62 Intesa Investimenti s.p.a. - Milano Capital euro 1,000,000,000 in shares of euro 1,000	1	Banca Intesa	100.00		
63 Intesa Lease Sec. s.r.l. - Milano Capital euro 10,000	1	Banca Intesa	60.00		
64 Intesa Leasing s.p.a. - Milano Capital euro 38,451,895.56 in shares of euro 0.52	1	Banca Intesa	99.51		
65 Intesa Mediofactoring s.p.a. - Milano Capital euro 155,000,000 in shares of euro 100	1	Banca Intesa	100.00		
66 Intesa Preferred Capital Company LLC ^(e) - Wilmington (Delaware) Capital euro 46,000,000 in "common shares" of euro 1	1	Banca Intesa	100.00		
67 Intesa Preferred II Capital Company LLC ^(f) - Wilmington (Delaware) Capital euro 4,000,000 in "common shares" of euro 1	1	Banca Intesa	100.00		
68 Intesa Previdenza - Società di Intermediazione Mobiliare s.p.a. - Milano Capital euro 8,350,000 in shares of euro 500	1	Banca Intesa	55.00		
69 Intesa Riscossione Tributi s.p.a. - Milano Capital euro 76,500,000 in shares of euro 0.51	1	Banca Intesa	100.00		
70 Intesa Sec. s.p.a. - Milano Capital euro 100,000 in shares of euro 100	1	Banca Intesa	60.00		
71 Intesa Sec. 2 s.r.l. - Milano Capital euro 15,000	1	Banca Intesa	60.00		
72 Intesa Sec. Npl s.p.a. - Milano Capital euro 129,000 in shares of euro 1	1	Caboto Sim	60.00		
73 Intesa Sistemi e Servizi s.p.a. - Milano Capital euro 296,566,400 in shares of euro 52	1	Banca Intesa	100.00		
74 IntesaBci Capital and Finance Ltd - Dublin Capital euro 100,000 in shares of euro 1,000	1	Intesa Holding International	99.00		
75 IntesaBci Preferred Capital Company LLC III - Wilmington (Delaware) Capital euro 11,000,000 in shares of euro 1	1	Banca Intesa	100.00		
76 IntesaBci Preferred Securities Investor Trust - New York Capital euro 1,000 in shares of euro 1,000	1	IntesaBci Preferred Capital Company III	100.00		
77 IntesaTrade Sim s.p.a. - Milano Capital euro 30,000,000 in shares of euro 16	1	Intesa e.lab	100.00		
78 Inversiones Mobiliarias S.A.- IMSA - Lima Capital PEN 106,665,331.32 in shares of PEN 0.12	1	Banque Sudameris	97.29		
79 Investholding d.o.o. - Karlovac Capital HRK 30,000,000	1	Privredna Banka Zagreb	56.38		
80 Leasreal a.s. - Bratislava Capital SKK 1,000,000 in shares of SKK 10,000	1	Vseobecna Uverova Banka	100.00	-	
81 Lima Sudameris Holding S.A. - Lima Capital PEN 340,850,021.42 in shares of PEN 0.17	1	Banque Sudameris Banco Sudameris Peru IMSA	47.38 0.04 43.95		
82 Luxicav Conseil S.A. - Luxembourg Capital euro 75,000 in shares of euro 25	1	Société Européenne de Banque	99.97		
83 Magazzini Generali Fiduciari Cariplo s.p.a. - Milano Capital euro 10,400,000 in shares of euro 0.52	1	Banca Intesa	100.00		
84 Medimurska Banka d.d. - Čakovec Capital HRK 127,900,000 in shares of HRK 400	1	Privredna Banka	96.39		
85 Nextra Alternative Investments Sgr s.p.a. - Milano Capital euro 2,600,000 in shares of euro 130	1	Banca Intesa Nextra Investment Management Sgr	10.00 90.00		
86 Nextra Investment Management Sgr s.p.a. - Milano Capital euro 24,172,200 in shares of euro 51.65	1	Banca Intesa Intesa Holding Asset Management Sgr	32.05 67.95		
87 PBZ American Express d.o.o. - Zagreb Capital HRK 1,000,000	1	Privredna Banka Zagreb	100.00		
88 PBZ American Express i. dr. d.o.o. - Skopje Capital euro 5,112.92	1	PBZ American Express - Zagreb	95.00		
89 PBZ Invest d.o.o. - Zagreb Capital HRK 1,000,000	1	Privredna Banka Zagreb	100.00		
90 PBZ Kapital d.o.o. - Zagreb Capital HRK 400,000	1	Privredna Banka Zagreb	100.00		
91 PBZ Leasing d.o.o. - Zagreb Capital HRK 20,000	1	Privredna Banka Zagreb	100.00		
92 PBZ Nekretnine d.o.o. - Zagreb Capital HRK 250,000	1	Privredna Banka Zagreb	100.00		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
93 PBZ Stambena stedionica d.d. - Zagreb Capital HRK 30,000,000 in shares of HRK 100	1	Privredna Banka Zagreb	100.00		
94 Phönix KG - Berlin Capital euro 43,459,809.90	1	Banca Intesa Beteiligungsgesellschaft für das B.L.	98.78 1.22		
95 Private Equity International S.A. (former Neuf) - Luxembourg Capital euro 13,000,000 in shares of euro 26	1	Banca Intesa	99.99		
96 Privredna Banka Zagreb d.d. - Zagreb Capital HRK 1,666,000,000 in shares of HRK 100	1	Intesa Holding International	76.30		
97 Privredna Banka - Laguna Banka d.d. - Porec Capital HRK 60,014,000 in shares of HRK 3,700	1	Privredna Banka Zagreb	100.00		
98 Prontofund Advisory S.A. - Luxembourg Capital euro 75,000 in shares of euro 25	1	Banca Intesa Société Européenne de Banque	99.97 0.03		
99 Realitna Spolocnost VUB Spol. s.r.o. - Bratislava Capital SKK 230,000,000	1	Vseobecna Uverova Banka	100.00		
100 Riadria Banka d.d. - Rijeka Capital HRK 165,813,000 in shares of HRK 300	1	Privredna Banka Zagreb	77.98		
101 Sailview Company - Dublin Capital IEP 4,725,384 in shares of IEP 1	1	Private Equity International	99.99		
102 S.Es.I.T. Puglia - Servizio Esazione Imposte e Tributi s.p.a. - Bari Capital euro 2,600,000 in shares of euro 1	1	Intesa Riscossione Tributi	99.99		
103 Servitia S.A. - Luxembourg Capital euro 1,000,000 in shares without nominal value	1	Société Européenne de Banque	99.99		
104 Servizi Riscossione Tributi s.p.a. - Terni Capital euro 2,582,580 in shares of euro 5.16	1	Cassa di Risparmio di Spoleto Cassa di Risparmio di Terni e Narni	0.03 99.97		
105 Servizio Riscossione Tributi Rieti s.p.a. - Rieti Capital euro 2,601,300 in shares of euro 26	1	Cassa di Risparmio di Rieti	100.00		
106 Setefi s.p.a. - Milano Capital euro 8,450,000 in shares of euro 52	1	Banca Intesa	100.00		
107 Società Italiana di Revisione e Fiduciaria – S.I.Re.F. s.p.a. - Milano Capital euro 2,600,000 in shares of euro 0.52	1	Banca Intesa	100.00		
108 Société d'Investissements et de Financements Immobiliers – FINAMERIS S.A. - Paris Capital euro 762,245 in shares of euro 15.24	1	Banca Commerciale Italiana (France)	99.99		
109 Société Européenne de Banque S.A. - Luxembourg Capital euro 45,000,000 in shares without nominal value	1	Intesa Holding International	99.99		
110 Société Foncière Meyerbeer S.a.r.l. - Paris Capital euro 180,000 in shares of euro 40	1	Banque Sudameris	99.56		
111 Sudameris Agencia de Valores S.A. - Santiago Capital CLP 261,464,696 in shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	95.00 5.00		
112 Sudameris Leasing S.A. - Santiago Capital CLP 1,287,997,753 in shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	95.00 5.00		
113 Vseobecna Uverova Banka a.s. - Bratislava Capital SKK 12,978,108,000 in shares of SKK 1,000	1	Intesa Holding International	94.47		
114 VUB Asset Management Sprav. Spol a.s. - Bratislava Capital SKK 50,000,000 in shares of SKK 100,000	1	Vseobecna Uverova Banka	100.00		
115 VUB Factoring a.s. - Bratislava Capital SKK 238,912,000 divided in shares of SKK 32,000	1	Vseobecna Uverova Banka	97.38		
116 VUB Leasingova a.s. - Bratislava Capital SKK 50,000,000 in shares of SKK 1,000,000	1	Vseobecna Uverova Banka	100.00		
117 VUB Real a.s. - Bratislava Capital SKK 1,000,000 in shares of SKK 100,000	1	Realitna Spolocnost	100.00		
118 Wiese Inversiones Financieras S.A. - Lima Capital PEN 2,094,415.60 in shares of PEN 0.20	1	Banco Sudameris Peru	99.70		
119 Wiese Sudameris Leasing - San Isidro (Lima) Capital PEN 140,000,000 in shares of PEN 50	1	Banco Sudameris Peru	99.82		
A. Consolidated companies					
A.2 Companies subject to proportional consolidation					
1 Carinord 1 s.p.a. - Alessandria Capital euro 64,439,024 in shares of euro 0.52	7	Banca Intesa	50.00		
2 Cassa di Risparmio di Alessandria s.p.a. - Alessandria Capital euro 61,920,000 in shares of euro 5.16	7	Carinord 1	80.00		
3 Stavebna Sporitelna VUB Wustenrot a.s. - Bratislava Capital SKK 500,000,000 in shares of SKK 500,000	7	Vseobecna Uverova Banka	50.00		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
B. Companies carried at equity					
B.1 Controlled					
1 Agricola Investimenti s.p.a. - Milano Capital euro 5,100,000 in shares of euro 1	1	Banca Intesa	99.99		
2 Banco Comercial e de Investimento Sudameris S.A. - São Paulo Capital BRL 844,367,472.41 in shares without nominal value	1	Sudameris Distribuidora de Títulos e Val. Banco Sudameris Brasil	93.88 5.92	89.44 10.44	
3 Banco Sudameris Brasil S.A. - São Paulo Capital BRL 1,138,689,238.34 in shares without nominal value	1	Banca Intesa SATA	93.91 0.66	94.38 0.65	
4 Banco Sudameris de Investimento S.A. - São Paulo Capital BRL 12,504,649.70 in shares without nominal value	1	Banco Sudameris Brasil	99.99	99.98	
5 Charta s.r.l. - Sant'Agata sul Santerno (Ravenna) Capital euro 100,000	1	Intesa e.lab	70.00		
6 CIB Insurance Broker Kft. - Budapest Capital HUF 10,000,000 in shares of HUF 10,000	1	CIB Leasing	100.00		
7 Conser s.p.a. - Bari Capital euro 200,000 in shares of euro 1	1	S.Es.I.T. Puglia	51.00		
8 Fiduciaria Sudameris S.A. - FIDUAMERIS - Santa Fé de Bogotá Capital COP 3,368,187,000 in shares of COP 1,000	1	Banco Sudameris Colombia Banque Sudameris	94.99 5.01		
9 IAIS4 s.p.a. - Cosenza Capital euro 3,000,000 in shares of euro 1	1	E.Tr. - Esazione Tributi	82.80		
10 Intesa Learning s.p.a. - Foligno (Perugia) Capital euro 104,000 in shares of euro 52	1	Banca Intesa Cassa di Risparmio di Foligno Cassa di Risparmio di Spoleto	96.50 1.50 0.50		
11 Intesa Renting s.p.a. - Milano Capital euro 3,000,000 in shares of euro 1	1	Intesa Leasing	65.00		
12 IntesaVita s.p.a. - Milano Capital euro 100,000,000 in shares of euro 5	1	Banca Intesa	100.00		
13 La Centrale Consulenza s.r.l. - Milano Capital euro 15,000 in shares of euro 1	1	Banca Intesa	100.00		
14 PBZ Croatia Osiguranje Joint Stock Company - Zagreb Capital HRK 56,000,000 in shares of HRK 1,000	1	Privredna Banka Zagreb	50.00		
15 SATA – Sociedade de Assessoria Técnica e Administrativa S.A. - São Paulo Capital BRL 19,584,177 in shares of BRL 1	1	Banque Sudameris	99.99		
16 Sudameris Administradora de Cartão de Crédito e Serviços S.A. - Barueri (São Paulo) Capital BRL 10,500,000 in shares without nominal value	1	Banco Sudameris Brasil	100.00		
17 Sudameris Arrendamento Mercantil S.A. - Alphaville (São Paulo) Capital BRL 199,748,686.43 in shares without nominal value	1	Banco Sudameris Brasil	99.83		
18 Sudameris Asset Management Ltda - Alphaville - Barueri Capital BRL 400,000	1	Banco Comercial e de Investimento Sudameris Banco Sudameris Brasil	90.00 10.00		
19 Sudameris Corretora de Câmbio e Valores Mobiliários S.A. - São Paulo Capital BRL 6,200,000 in shares without nominal value	1	Banco Comercial e de Investimento Sudameris	100.00		
20 Sudameris Distribuidora de Títulos e Valores Mobiliários S.A. - São Paulo Capital BRL 811,487,208.71 in shares without nominal value	1	Banco Sudameris Brasil	99.99		
21 Sudameris Empreendimentos e Serviços Ltda - Santo Amaro (São Paulo) Capital BRL 100,000,000 in quotas of BRL 1	1	Banco Sudameris Brasil Sudameris Arrendamento Mercantil Sudameris Distribuidora de Títulos ... Sudameris Corretora de Câmbio e ... Sudameris Sociedade de Fomento ...	97.20 2.00 0.80 n.s. n.s.		
22 Sudameris – Sociedade de Fomento Comercial e de Serviços Ltda - Barueri (São Paulo) Capital BRL 2,200,000	1	Sudameris Arrendamento Mercantil	99.99		
23 Sudameris Inversiones y Proyectos - Santa Fé de Bogotá Capital COP 344,490,000 in shares of nominal value 1,000	1	Banque Sudameris Sudameris Inmobiliaria	94.99 5.00		
24 Wiese Sudameris Fondos S.A. - Lima Capital PEN 3,527,416 in shares of PEN 1	1	Banco Sudameris Peru	100.00		
25 Wiese Sudameris Sociedad Agente de Bolsa - S.A. - Lima Capital PEN 4,895,201 in shares of PEN 1	1	Banco Sudameris Peru	100.00		
26 Wiese Sudameris Sociedad Titulizadora S.A. - Lima Capital PEN 22,593,000 in shares of PEN 1	1	Banco Sudameris Peru	100.00		

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
B.2 Associated					
1 Agos Itafinco s.p.a. - Milano Capital euro 57,309,200 in shares of euro 520	8	Banca Intesa	49.00		
2 ASSIBA - Società di Assicurazioni s.p.a. - Milano Capital euro 140,000,000 in shares of euro 5	8	Banca Intesa	50.00		
3 Banco de Investimento Imobiliario (and its group) - Lisboa Capital euro 157,000,000 in shares of euro 1	8	Banca Intesa	30.10		
4 Car World Italia s.p.a. ^(#) - Milano Capital euro 8,760,000 in shares of euro 146	8	Banca Intesa	30.00		
5 Caralt s.p.a. - Alessandria Capital euro 2,582,500 in shares of euro 51.65	8	Banca Intesa	35.00		
6 Carinord 2 s.p.a. - Milano Capital euro 110,754,644 in shares of euro 0.52	8	Banca Intesa	41.14		
7 Cassa di Risparmio della Provincia di Chieti s.p.a. - Chieti Capital euro 52,000,000 in shares of euro 0.52	8	Banca Intesa	20.00		
8 Cassa di Risparmio della Provincia di Teramo s.p.a. - Teramo Capital euro 26,000,000 in shares of euro 0.52	8	Banca Intesa	20.00		
9 Cassa di Risparmio di Fermo s.p.a. - Fermo (Ascoli Piceno) Capital euro 39,241,087.50 in shares of euro 51.65	8	Banca Intesa	33.33		
10 Compagnie Monégasque de Banque S.A.M. - Monte Carlo Capital euro 111,110,000 in shares of euro 200	8	Intesa Holding International	33.86		
11 Companhia de Credito Financiamento e Investimento Renault do Brasil S.A. - Bela Vista (São Paulo) Capital R\$ 47,800,000 in shares without nominal value	8	Banco Comercial e de Investimento Sudameris	39.85	40.00	
12 Ente Nazionale Sementi Elette - Milano Endowment fund euro 34,071.23	8	Banca Intesa	49.41		
13 Euromilano s.p.a. - Milano Capital euro 6,500,000 in shares of euro 100	8	Banca Intesa	37.50		
14 FIDIA - Fondo Interbancario d'Investimento Azionario s.p.a. - Milano Capital euro 15,600,000 in shares of euro 520	8	Banca Intesa	25.00		
15 First Skelligs International Finance Company Ltd - Dublin Capital Lire 1,500,000,000 in shares of lire 1,000	8	Banca Intesa	33.33		
16 Lazard & Co. s.r.l. ^(#) - Milano Capital euro 15,000,000	8	Banca Intesa	40.00		
17 Lo.Se.Ri. - Lombarda Servizi di Riscossione s.p.a. - Cremona Capital euro 2,777,166 in shares of euro 0.52	8	Banca Intesa	30.50		
18 Luxiprivilège Conseil S.A. - Luxembourg Capital euro 75,000 in shares of euro 25	8	Société Européenne de Banque	50.00		
19 Parmafactor s.p.a. - Collecchio (Parma) Capital euro 5,160,000 in shares of euro 10	8	Banca Intesa Cassa di Risparmio di Parma e Piacenza	10.00 10.00		
20 Po Vita Assicurazioni s.p.a. - Parma Capital euro 54,000,000 in shares of euro 1	8	Cassa di Risparmio di Parma e Piacenza	50.00		
21 Previnet - Servizi per la previdenza - Mogliano Veneto (Treviso) Capital euro 5,164,600 in shares of euro 516.46	8	Banca Intesa	45.50		
22 Selezione Terza s.r.l. - Milano Capital euro 10,000	8	Banca Intesa	50.00		
23 Servizi Assicurativi Padano s.r.l. - Parma Capital euro 91,800	8	Cassa di Risparmio di Parma e Piacenza	40.00		
24 Shoplà s.p.a. - Milano Capital euro 6,610,000 in shares of euro 10	8	Intesa e.lab	50.00		
25 Sudameris Generali C.ia de Seguros e Previdência Privada - São Paulo Capital BRL 10,000,000 in shares without nominal value	8	Banco Comercial e de Investimento Sudameris	49.95		
26 Synesis Finanziaria s.p.a. - Torino Capital euro 200,000,000 in shares of euro 1	8	Banca Intesa	25.00		
27 Termomeccanica s.p.a. ^(#) - La Spezia Capital euro 3,096,000 in shares of euro 5.16	8	Banca Intesa	32.32		
C. Other significant investments					
C.1 Controlled					
1 Agricola Remuscita s.a.s. ^(*) - Bergamo Capital euro 2,582	1	Agricola Investimenti	100.00	-	
2 Atlantis Sociedad Anonima ^(#) - Buenos Aires Capital ARP 78,574,090 in shares of ARP 1	1	Banque Sudameris Intesa Holding International	81.25 18.75	11	

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
3 Azzurra s.r.l. (*) - Olgiate Olona (Varese) Capital euro 15,000	1	Cormano	100.00	-	
4 Biverbroker s.r.l. (*) - Biella Capital euro 46,800	1	Cassa di Risparmio di Biella e Vercelli	55.00	-	
5 Capital Servis a.s. (in liquidation) (**) - Bratislava Capital SKK 1,000,000 in shares of SKK 10,000	1	Realitna Spolocnost	100.00	-	
6 Cartitalia s.r.l. (under bankruptcy procedures) (*) - Firenze Capital euro 46,481	1	Cormano	51.00	-	
7 Centro Studi Ottorino Villa s.r.l. (in liquidation) (**) - Milano Capital euro 10,200 fully paid-in	1	Agricola Investimenti	100.00		-
8 Cofragef S.A. (in liquidation) (**) - Paris Capital euro 38,112 in shares without nominal value	1	Banca Intesa (France)	99.76		-
9 Consul Service s.r.l. (in liquidation) (**) - Cagliari Capital euro 16,320	1	Banca Cis	98.41		-
10 Consult-Ameris S.A. (*) - Montevideo Capital USD 8,000 in shares of USD 100	1	Banque Sudameris	100.00		-
11 Cormano s.r.l. (*) - Olgiate Olona (Varese) Capital euro 25,800	1	Banca Intesa	70.82		-
12 Del Mar S.A. (*) - Miraflores Capital PEN 52,170,440 in shares of PEN 10	1	Banco Sudameris Peru	56.69		5
13 Elba s.r.l. (*) - Milano Capital euro 25,500	1	Private Equity International	100.00		3
14 Finanziaria Agricola Bresciana s.p.a. (in liquidation) (**) - Milano Capital euro 102,000 in shares of nominal euro 0.52	1	Agricola Investimenti	100.00		-
15 Finanziaria Colonna s.r.l. (*) - Roma Capital euro 10,000	1	Banca Intesa	100.00		-
16 Finech a.s. (*) - Bratislava Capital SKK 46,000,000 in shares of SKK 100,000	1	Realitna Spolocnost Vseobecna Uverova Banka	91.30 8.70		-
17 IDRA Casting Machines s.p.a. (*) - Milano Capital euro 1,000,000 in shares of euro 1	1	Banca Intesa	95.00		1
18 Industria Salumi Valtidone s.r.l. (arrangement before bankruptcy) (***) - Rovescala (Pavia) Capital lire 190,000,000	1	Finanziaria Agricola Bresciana	98.60		-
19 International Business Consulting Zao (S)- Moscow Capital Rur 60,000,000 in shares of Rur 3,000,000	1	Banca Intesa	55.00		1
20 Inversiones Sudameris C.A. (*) - Caracas Capital VEB 300,000,000 in shares of VEB 1,000	1	Banque Sudameris	99.97		-
21 Inversiones Sudameris Chile Ltda (*) - Santiago Capital CLP 38,040,000 in shares without nominal value	1	Banque Sudameris Sudameris Inmobiliaria	83.33 16.67		-
22 Löbco Immobilien- und Handelsgesellschaft (*) - Berlin Capital euro 51,129	1	Bankhaus Löffbecke	100.00		-
23 Novacarta s.r.l. (in liquidation) (**) - Olgiate Olona (Varese) Capital euro 129,000	1	Cormano	99.90		-
24 PBZ Im- und Export Handel Service GmbH (in liquidation) (**) - Frankfurt am Main Capital euro 131,106.77	1	Privredna Banka Zagreb	100.00		1
25 PBZ Trading (in liquidation) (**) - Moscow Capital RUR 11,860 in shares of RUR 10	1	PBZ Im- und Export Handel Service	100.00		-
26 Petrochemical Investments Ltd (*) - George Town (Cayman Islands) Capital USD 22,000,000 in shares of USD 1	1	Banca Intesa	100.00		20
27 RS a.s. (*) - Bratislava Capital SKK 1,000,000 in shares of SKK 100,000	1	Vseobecna Uverova Banka	100.00		-
28 Scala Advisory S.A. (*) - Luxembourg Capital euro 75,000 in shares of euro 25	1	Banca Intesa Société Européenne de Banque	99.97 0.03		-
29 SEB Trust Limited (*) - St Helier - Jersey Capital euro 410,000 in shares of euro 1	1	Société Européenne de Banque	99.99		-
30 SHI-MI S.A. (H) - Luxembourg Capital euro 10,192,092.36 in shares of euro 511.29	1	Banca Intesa	99.99		16
31 Sphera S.a.r.l. (*) - Paris Capital euro 7,622	1	Banca Intesa (France)	100.00		-
32 Spolocnost Pre Bankovu Ochranu a.s. (*) - Zilina Capital SKK 40,000,000 in shares of SKK 1,000,000	1	Vseobecna Uverova Banka	100.00		1
33 Sudameris Administradora de Fondos Mutuos S.A (*) - Asunción Capital PYG 1,305,000,000 divided in shares of PYG 1,000	1	Banco Sudameris Paraguay	70.00		-

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
34 Sudameris Capital Markets S.A. (*) - Buenos Aires Capital ARP 178,650 in shares of ARP 1	1	Banque Sudameris	99.72		-
35 Sudameris Casa de Bolsa S.A. (*) - Asunción Capital PYG 100,000,000 in shares of PYG 1,000,000	1	Banco Sudameris Paraguay	49.00		-
36 Sudameris Inmobiliaria S.A. (*) - Panama Capital USD 100,000 in shares of USD 100	1	Banque Sudameris	100.00		-
37 Sudameris Investment Chile S.A. (*) - Santiago Capital CLP 2,549,939,133 in shares without nominal value	1	Banque Sudameris Inversiones Sudameris Chile	99.99 0.01		3
38 Sudpar International Inc (*) - George Town (Cayman Islands) Capital USD 125,000 in shares of USD 1	1	Banque Sudameris	100.00		-
39 Sudameris Securities Inc (S) - Miami Capital USD 5,000	1	Banque Sudameris	100.00		-
40 Technicky Servis a.s. (*) - Bratislava Capital SKK 7,000,000 in shares of SKK 100,000	1	Vseobecna Uverova Banka	100.00		-
C.2 Associated					62
1 Alfieri Associated Investors Servicios de Consultoria S.A. (H) - Madeira Capital 80,800 in shares of euro 100	8	Banca Intesa	19.80	20.00	32
2 Alstom Hrvatska d.o.o. (*) - Karlovac Capital HRK 27,821,000 in 2 quotas without nominal value	8	Investholding - Karlovac	20.06		-
3 Asociacion Los Portales de Ceres (*) - Lima Capital PEN 5,179,500 in quotas without nominal value	8	Banco Sudameris Peru	20.00		-
4 Bci Sodic Trade Finance Ltd (*) - London Capital USD 5,000,000 in shares of USD 1	8	Intesa Holding International	50.00		2
5 BCILUX CONSEIL S.A. (*) - Luxembourg Capital euro 75,000 in shares of euro 25	8	Société Européenne de Banque	50.00		-
6 Bolzoni s.p.a. (H) - Podenzano (Piacenza) Capital euro 5,319,149 in shares of euro 1	8	Banca Intesa	28.36		12
7 Burza Cennych Papierov v Bratislave a.s. (*) - Bratislava Capital SKK 113,850,000 divided in shares of SKK 10,000	8	Vseobecna Uverova Banka	20.20		1
8 Camigliati Scuola Management Territoriale s.c.r.l. (*) - Camigliatello Silano (Cosenza) Capital euro 16,455	8	Intesa Formazione Sud	20.00		-
9 Cantiere Darsena Italia s.p.a. (arrangement before bankruptcy) (**) - Viareggio (Lucca) Capital euro 2,550,000 in shares of euro 0.51	8	Banca Intesa	20.00		-
10 Capitale e Sviluppo s.p.a. (*) - Perugia Capital euro 4,390,250 in shares of euro 51.65	8	Cassa di Risparmio di Foligno Cassa di Risparmio di Spoleto Cassa di Risparmio di Terni e Narni	9.76 9.76 9.76		- - -
11 Castello di Udine s.p.a. (*) - San Giorgio di Nogaro (Udine) Capital euro 7,752,000 in shares of euro 0.51	8	Banca Popolare FriulAdria	30.00		1
12 Chess Ventures Ltd (*) - Cayman Islands Capital USD 5,000,000 divided in shares of USD 250	8	Intesa e.lab	49.75		3
13 Cidipi s.p.a. (H) - Milano Capital euro 10,000,000 in shares of euro 1	8	Banca Intesa	30.00		7
14 Companhia de Arrendamento Mercantil Renault do Brasil S.A. (*) - São Paulo Capital BRL 7,000,000.44 in shares without nominal value	8	Banco Comercial e de Investimento Sudameris	39.81	39.84	-
15 Dante Prini s.p.a. (in liquidation) (H) (**) - Montano Lucino (Como) Capital euro 5,164,569 in shares of euro 0.52	8	Banca Intesa	32.50		-
16 E. Gilardi & C. s.r.l. (in liquidation) (**) - Novara Capital euro 51,480	8	Cassa di Risparmio di Biella e Vercelli	30.00		-
17 Ecc Holding s.r.l. (H) - Roma Capital euro 9,286,527	8	Banca Intesa	31.14		10
18 Editrade S.A.C. (*) - San Isidro (Lima) Capital PEN 11,659,600 in shares of PEN 100	8	Wiese Inversiones Financieras	22.50		-
19 Equinox Investment Company s.c.p.a. Capital euro 76,534	8	Private Equity International	20.89		28
20 Eutron s.p.a. (H) - Treviolo (Bergamo) Capital euro 2,730,000 in shares of euro 130	8	Banca Intesa	20.00		10
21 F.I.L.A. Fabbrica Italiana Lapis e Affini s.p.a. (H) - Milano Capital euro 2,917,215 in shares of euro 1.62	8	Banca Intesa	20.00		15
22 Galileo Holding s.p.a. (in liquidation) (**) - Marghera (Venezia) Capital euro 2,295,000 in shares of euro 0,51	8	Banca Intesa Cassa di Risparmio della Provincia di Viterbo	28.98 5.88		-

Companies	Type of relationship ^(a)	Investment		Votes available at Shareholders' Meeting (%) ^(c)	Book value
		direct ownership	% held		
23 GENSEB – Gen. & SEB Risk Service S.A. ^(*) - Luxembourg Capital euro 250,000 in shares of euro 25	8	Société Européenne de Banque	50.00		–
24 Giraglia Immobiliare s.p.a. ^(S) - Milano Capital euro 3,500,000 in shares of euro 1	8	Banca Intesa	20.02		1
25 Ifas Gruppo s.p.a. ^(#) - Torino Capital euro 20,640,000 in shares of euro 5.16	8	Banca Intesa	45.00		3
26 Immobiliare Lombarda s.p.a. ^(S) - Milano Capital euro 101,963,036.73 in shares of euro 0.17	8	Banca Intesa	29.15		17
27 Immobiliare Palvareto s.r.l. (in liquidation) ^(**) - Cremona Capital euro 10,400	8	Banca Intesa	50.00		–
28 Infocorp S.A. ^(*) - San Isidro (Lima) Capital PEN 4,485,265 in shares of PEN 1	8	Banco Sudameris Peru	20.73		1
29 Ipef Partners Limited ^(#) - London Capital GBP 1,000 in shares of GBP 1	8	Banca Intesa	40.50		–
30 Kingston Comercio International Ltda ^(#) - Madeira Capital euro 3,915,993.35	8	Banca Intesa	25.19		–
31 Land s.p.a. (in liquidation) ^{(#) (**)} - Vimodrone (Milano) Capital euro 672,000 in shares of euro 1	8	Banca Intesa	40.00		–
32 Mater-Bi s.p.a. ^(#) - Milano Capital euro 14,560,000 in shares of euro 0.52	8	Banca Intesa	34.48		11
33 Monte Mario 2000 s.r.l. ^(*) - Roma Capital euro 51,480	8	Finanziaria Colonna	47.50		–
34 Neubor Glass s.p.a. ^(*) - San Vito al Tagliamento (Pordenone) Capital euro 1,550,000 in shares of euro 1	8	Banca Popolare FriulAdria	26.66		1
35 Office Chairs Participations S.a.r.l. ^(#) - Luxembourg Capital euro 2,892,150 in shares of euro 25	8	Banca Intesa	50.00		1
36 Pm s.r.l. (in liquidation) ^{(#) (**)} - Milano Capital euro 98,000	8	Banca Intesa	29.00		–
37 Procesos Mc Peru S.A. ^(*) - Lima Capital PEN 14,967,414 in shares of PEN 1	8	Banco Sudameris Peru	50.00		1
38 Redbanc s.r.l. ^(*) - Montevideo Capital UYP 21,000 in shares of UYP 4,200	8	Banque Sudameris	20.00		–
39 Saper Empreendimentos Imobiliarios Ltda ^(*) - São Paulo Capital BRL 363.63 in shares of BRL 0.000364	8	SATA	37.89		–
40 Sider Corp. S.A. ^(*) - Santa Anita (Lima) Capital PEN 105,263,000 in shares of PEN 1,000	8	Wiese Inversiones Financieras	36.79		–
41 Sviluppo Garibaldi - Repubblica s.p.a. ^(S) - Milano Capital euro 454,546 in shares of euro 1	8	Banca Intesa	33.00		–
42 Tecno s.p.a. ^(#) - Milano Capital euro 12,577,500 in shares of 5.16	8	Banca Intesa	38.46		4
43 The Maple Gas Development Corporation ^(*) - San Isidro (Lima) Capital USD 15,000 in shares of USD 1	8	Wiese Inversiones Financieras	33.33		7
44 Vobitech NV ^(#) - Rotterdam Capital euro 10,000,000 in shares of euro 1	8	Banca Intesa	36.63		–
45 Zetesis.com s.p.a. (in liquidation) ^{(#) (**)} - Sesto San Giovanni (Milano) Capital euro 256,002 in shares of euro 1	8	Banca Intesa	39.91		–
					168

Notes:

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

^(a) Type of relationship:

- 1 - control, as defined by Art. 2359 1.1 of the Italian Civil Code (majority of voting rights at Ordinary Shareholders' Meeting);
- 2 - control, as defined by Art. 2359 1.2 of the Italian Civil Code (dominant influence at Ordinary Shareholders' Meeting);
- 3 - control, as defined by Art. 23, par 2, n. 1 of the Combined regulations on investment services (agreements with other Shareholders);
- 4 - other forms of control;

- 5 - common management as defined in Art. 26.1 of the "Decree";
- 6 - common management as defined in Art. 26.2 of the "Decree";
- 7 - joint control;
- 8 - associated company.
- ^(b) Considering the "preferred shares" issued by BCI US Funding Trust for a total of USD 200,000,000, the equity stake equals 4.76%.
- ^(c) Considering the "preferred shares" issued by BCI US Funding Trust for a total of euro 550,000,000, the equity stake equals 4.76%.
- ^(d) Considering the "preferred shares" issued by BCI US Funding Trust for a total of GBP 120,000,000, the equity stake equals 4.76%.
- ^(e) Considering the "preferred shares" issued for a total of euro 200,000,000, the equity stake equals 18.70%.
- ^(f) Considering the "preferred shares" issued for a total of euro 150,000,000, the equity stake equals 2.60%.
- ^(*) 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 deriving from debt restructuring plans.
- ^(§) Company excluded from consolidation or valuation according to the equity method since still not operational.
- ^(#) From Merchant Banking activities.
- ^(®) Company excluded from consolidation or valuation according to the equity method since under disposal.

Other equity investments

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

Companies	Investment		Book value
	direct ownership	% held	
A. Banks			
Italy			
1 Banca d'Italia - Roma Capital euro 156,000 divided in shares of euro 0.52	Banca Intesa	22.01	348
	Cassa di Risparmio di Parma e Piacenza	2.03	63
	Cassa di Risparmio di Biella e Vercelli	2.10	9
	Cassa di Risparmio di Alessandria	0.29	4
	Cassa di Risparmio di Ascoli Piceno	0.22	6
	Cassa di Risparmio di Foligno	0.10	3
	Cassa di Risparmio di Città di Castello	0.08	2
	Cassa di Risparmio della Provincia di Viterbo	0.08	2
	Cassa di Risparmio di Spoleto	0.03	–
	Cassa di Risparmio di Rieti	0.01	–
	Cassa di Risparmio di Terni e Narni	0.15	–
Other Countries			
1 Bayerische Hypo- und Vereinsbank AG - Wien Capital euro 1,608,866,103 divided in shares of euro 3	Banca Intesa	0.68	88
2 Banco Comercial Portugues S.A. - Oporto Capital euro 3,257,400,827 in shares of euro 1	Banca Intesa	4.91	428
	Intesa Holding International	2.52	310
3 Bre Bank S.A. - Warsaw Capital PLN 91,882,000 in shares of PLN 4	Intesa Holding International	4.94	24
4 Commerzbank A.G. - Frankfurt am Main Capital euro 1,409,737,227.60 in shares without nominal value	Banca Intesa	1.21	108
	Intesa Holding International	0.84	64
B. Financial Companies			
Italy			
1 Hopa s.p.a. - Holding di partecipazioni aziendali - Brescia Capital euro 709,800,000 in shares of euro 0.52	Banca Intesa	0.69	10
2 Linea Più s.p.a. - Prato Capital euro 10,000,016 in shares of euro 0.52	Banca Intesa	15.03	10
Other Countries			
1 Investindustrial L.P. - St. Helier Capital euro 3,228.07	Banca Intesa	4.65	8

Companies	Investment		Book value
	direct ownership	% held	
C. Other Companies			
Italy			
1 21, Investimenti s.p.a. - Treviso Capital euro 58,142,760 in shares of euro 0.52	Banca Intesa	11.23	14
2 ABAC - Aria Compressa - Robassomero (<i>Torino</i>) Capital euro 4,761,686.28 in shares of euro 0.52	Banca Intesa	8.85	17
3 Assicurazioni Generali - Trieste Capital euro 1,275,999,458 in shares of nominal euro 1	Banca Intesa	1.49	371
4 Atos s.p.a. - Milano Capital euro 5,270,000 in shares of euro 3.10	Banca Intesa	10.00	6
5 Banksiel s.p.a. - Milano Capital euro 10,400,000 in shares of euro 0.52	Banca Intesa	14.00	6
6 Centrale dei Bilanci s.r.l. - Torino Capital euro 30,000,000	Banca Intesa Cassa di Risparmio di Parma e Piacenza Banca Cis	11.67 0.83 0.15	5 – –
7 Digital Multimedia Technologies s.p.a. - Lissone (<i>Milano</i>) Capital euro 722,256 in shares of euro 0.10	Banca Intesa	8.65	5
8 Edison s.p.a. - Milano Capital euro 4,189,665,460 in shares of euro 1	Banca Intesa	1.34	57
9 Fincantieri Cantieri Navali Italiani s.p.a. - Trieste Capital euro 337,111,530 in shares of euro 0.51	Banca Intesa	1.51	5
10 Istituto Europeo di Oncologia s.r.l. - Milano Capital euro 91,490,077	Banca Intesa	7.46	5
11 Italenergia Bis s.p.a. - Torino Capital euro 906,624,000 in shares of euro 1	Private Equity International	10.66	373
12 Merloni Termosanitari s.p.a. - Fabriano (<i>Ancona</i>) Capital euro 41,845,000 in shares of euro 1	Banca Intesa	6.05	22
13 Olimpia s.p.a. - Milano Capital euro 1,860,233,510	Banca Intesa	8.40	520
14 Reno de Medici s.p.a. - Milano Capital euro 142,299,796.10 in shares of euro 0.55	Banca Intesa	3.76	13
15 Rizzoli Corriere della Sera MediaGroup s.p.a. - Milano Capital euro 760,559,800 in shares of euro 1	Milano	1.83	28
16 Sole s.p.a. - Milano Capital euro 36,900,000 in shares of euro 1	Banca Intesa	9.88	7
Other Countries			
1 Generandes Peru S.A. - San Isidro (<i>Lima</i>) Capital PEN 1,063,685,257 in shares of PEN 1	Banco Sudameris Peru	2.24	5
2 Ilpea Equity LLC - Chicago Capital euro 89,514,437 in shares of euro 1	Banca Intesa	10.00	9
3 Nortel Inversora S.A. - Buenos Aires Capital ARP 78,633,050 in shares of euro 10	Banca Intesa	0.39	1
4 Mirror International Holding S.a.r.l. - Luxembourg Capital euro 250,000 in shares of euro 25	Banque Sudameris Private Equity International Banca Intesa	0.52 5.89 1.47	5 20 5
Total			2,986

The book value of other equity investments carried at cost amounts to 170 million euro.
Equity investments purchased for merchant banking activities and carried at cost amounted to 121 million euro.

**Attachments
to the half-year consolidated
financial statements**

ATTACHMENTS

- 1. Powers of Banca Intesa's Administrative Bodies**
- 2. Table of significant equity investments in unlisted companies pursuant to Art. 126 of Consob Regulation 11971 of 14th May 1999**

Powers of Banca Intesa's Administrative Bodies

Pursuant to Consob Regulations, powers attributed to Banca Intesa's administrative bodies are indicated below.

Board of Directors

In compliance with the Company's Articles of Association, the Board of Directors has the exclusive responsibility for the following decisions:

- determination of general operating policy;
- appointment of one or two Managing Directors and the delegation of the related powers;
- appointment of one or more General Managers, one or more Joint General Managers, one or more Deputy General Managers and the delegation of the related powers, on proposal of the CEO, as resolved upon by the Board of Directors of 14th May 2002;
- purchase and sale of equity investments which lead to changes in the structure of the banking group;
- determination of general organisational structure as well as the creation of Committees or Commissions with consultative or coordination functions;
- determination of criteria for the coordination and direction of Group companies and for the implementation of the regulations of the Bank of Italy.

The most significant transactions – in terms of financial, economic or balance sheet impact – with related parties must be examined and submitted to the approval of the Board of Directors.

Executive Committee

The Board of Directors held on 21st November 2000 attributed to the Executive Committee all the powers and responsibilities which are not exclusively reserved to the Board itself.

In particular, the Executive Committee has been attributed all the powers with regard to lending and credit risk with customers, with the faculty of delegating these powers and relevant limits to General Management. Furthermore, the examination of the draft quarterly, half-year and annual reports is delegated to the Executive Committee to be subsequently submitted to the Board of Directors for approval.

In case of urgency, the Committee may make resolutions on any operation provided that decisions are not exclusively attributed to the Board of Directors. Committee decisions must be communicated to the Board in the first following meeting.

Chairman of the Board of Directors

The Company's Articles of Association set forth that the Chairman of the Board of Directors is responsible for the direction and coordination of Company business, the Company's bodies and of the Managing Director. 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, the Chairman of the Board of Directors may take decisions normally attributed to the Board of Directors and the Executive Committee, whenever the latter cannot meet, provided that decisions are not exclusively attributed to the Board. Should the Chairman be unavailable, the Deputy Chairmen or, in their absence, the Managing Director, have the same power. The competent Administrative Bodies must be informed of any such decisions in their first following meeting.

Furthermore, the Chairman is in charge of maintaining relationships with Shareholders, informing them, and – in agreement with the Chief Executive Officer – of external communication.

Managing Director and Chief Executive Officer

The Board of Directors, with resolution of 14th May 2002, appointed the Managing Director of Banca Intesa delegating to him all the powers as Chief Executive Officer (CEO) of the Bank and of Gruppo Intesa.

The Articles of Association set forth that the Managing Director supervises management, within the powers he has been attributed and according to the general guidelines resolved upon by the Board of Directors; he is responsible for personnel management and determines the operating directives which are executed by General Management.

Furthermore, the Board of Directors resolved to delegate to the Chief Executive Officer all

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

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 s.p.a.	11.23			holding
Abac - Aria Compressa s.p.a.	11.12			holding
Abruzzocapital s.p.a.	15.49			holding
Adar Holding s.p.a. (former Sci USA s.p.a.)	16.91			pledge
Ag. per la Promoz. Ind. del Vercellese e della Valsesia		15.00	Cassa di Risparmio di Biella e Vercelli	holding
Agos Itafinco s.p.a.	49.00			holding
Agricola Investimenti s.p.a.	99.99			holding
Agricola Remuscita di D. Franzoni & C. s.a.s. in liquidation		100.00	Agricola Investimenti	holding
Agricola Valle nel Chianti s.r.l.		100.00	Cassa di Risparmio di Parma e Piacenza	pledge
Agro - Fin Parma s.r.l.		38.10	Cassa di Risparmio di Parma e Piacenza	pledge
Alfa-ex Ingtatlanhasznosito es Forgalmazó		21.20	Central European International Bank	pledge
Alfastamp s.r.l.	14.59			holding
Alfieri Associated Investors Servicos de Consultoria S.A.	20.00			holding
Algi s.p.a.	100.00			pledge
AL.GIO.FIN. s.p.a.	20.00			pledge
Alpi s.p.a.		16.46	Banca di Trento e Bolzano	pledge
Alpifin s.p.a.		12.71	Banca Popolare FriulAdria	holding
Alstom Hrvatska d.o.o. (former Alstom Power)		20.06	Invest Holding d.o.o. Karlovac	holding
Amex Podjetje Za Poslovanje S Kreditnimi Karticama d.o.o.		100.00	PBZ American Express Zagreb	holding
Antares s.p.a.		51.00	Cassa di Risparmio di Parma e Piacenza	pledge
Arpi s.p.a.	22.11			pledge
Asel Sistemi s.p.a. under bankruptcy procedures	19.15			holding
Asociacion los Portales de Ceres		20.00	Banco Sudameris Peru	holding
Assiba Società di Assicurazioni s.p.a.	50.00			holding
Atlantis S.A.		81.25	Banque Sudameris	holding
		18.75	Intesa Holding International	holding
Auschem s.p.a. in liquidation		53.03	Cassa di Risparmio di Parma e Piacenza	pledge
	n.s.			holding
Autorizacne Centrum Slovenska a.s.		16.24	Vseobecna Uverova Banka	holding
Azienda Olearia del Chianti s.r.l.		100.00	Cassa di Risparmio di Parma e Piacenza	pledge
Azzurra s.r.l.		100.00	Cormano	holding
Banca Carime s.p.a.	24.92			ben.inter.
Banca Cis s.p.a.		55.37	Banca Intesa Mediocredito	holding
Banca Commerciale Italiana S.A. France	100.00			holding
Banca di Trento e Bolzano s.p.a.		57.00	Finanziaria BTB	holding
	8.28			holding
Banca d'Italia		0.22	Cassa di Risparmio di Ascoli Piceno	holding
		2.10	Cassa di Risparmio di Biella e Vercelli	holding
		0.08	Cassa di Risparmio di Città di Castello	holding
		0.10	Cassa di Risparmio di Foligno	holding
		n.s.	Cassa di Risparmio di Rieti	holding
		0.03	Cassa di Risparmio di Spoleto	holding
		0.15	Cassa di Risparmio di Terni e Narni	holding
		0.08	Cassa di Risparmio di Viterbo	holding
		2.03	Cassa di Risparmio di Parma e Piacenza	holding
	22.01			holding
Banca Intesa (France) S.A.	100.00			holding
Banca Intesa Mediocredito s.p.a.	100.00			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Banca Popolare FriulAdria s.p.a.	76.05			holding
Banca Primavera s.p.a. (former IntesaBci Italia Sim)		93.39	Intesa e.lab	holding
	6.61			holding
Banco Comercial e de Investimento Sudameris S.A. (former Banco America do Sul)		89.44	Sudameris Distrib. de Titulos e Valores Mob.	holding
		10.44	Banco Sudameris Brasil	holding
Banco de Investimento Imobiliario S.A.	30.10			holding
Banco Patagonia Sudameris S.A. (former Banco Sudameris Argentina S.A.)		0.65	Atlantis	holding
		8.20	Banque Sudameris	holding
	11.10			holding
Banco Sudameris Brasil S.A.		0.65	Soc. de Assessoria Tecnica e Administrativa	holding
	94.38			holding
Banco Sudameris Colombia		73.60	Banque Sudameris	holding
Banco Sudameris de Investimento S.A.		99.98	Banco Sudameris Brasil	holding
Banco Sudameris Paraguay S.A.E.C.A.		92.88	Banque Sudameris	holding
		0.36	Sudameris Immobiliaria S.A.	holding
Banco Sudameris Peru S.A. (former Banco Wiese Sudameris S.A.)		26.21	Lima Sudameris Holding	holding
		71.33	Banque Sudameris	holding
Bankhaus Löbbecke & Co.		26.00	Beteiligungsgesellschaft für das B.L. & Co.	holding
	74.00			holding
Bankove Zuctovacie Centrum Slovenska a.s.		12.17	Vseobecna Uverova Banka	holding
Banksiel s.p.a.	14.00			holding
Banque Sudameris S.A.		99.99	Intesa Holding International	holding
BCI Funding Corporation		100.00	Intesa Holding International	holding
BCI Lux Conseil S.A.		50.00	Société Européenne de Banque	holding
BCI Soditic Trade Finance Ltd		50.00	Intesa 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 d.d.		14.70	Riadria Banka	holding
Beteiligungsgesellschaft für das B.L. & Co. mbH	100.00			holding
Binda s.p.a. in liquidation		0.02	Cassa di Risparmio di Parma e Piacenza	pledge
		n.s.	Caboto Sim	holding
		n.s.	Cormano	holding
	0.16			pledge
	11.25			holding
Biverbroker s.r.l.		55.00	Cassa di Risparmio di Biella e Vercelli	holding
BMG Serravalle s.r.l.	100.00			pledge
Bolzoni s.p.a.	28.36			holding
Bosco Gerre s.r.l. in liquidation	28.00			pledge
BPT s.p.a.		39.00	Banca Popolare FriulAdria	pledge
Burano s.r.l. under bankruptcy procedures		100.00	Banca di Trento e Bolzano	pledge
Burza Cennych Papierov v Bratislave a.s.		20.20	Vseobecna Uverova Banka	holding
C.R.L. Compagnia Regionale Leasing s.p.a.		99.96	Cassa di Risparmio di Terni e Narni	holding
Caboto Sim s.p.a. (former Caboto Holding Sim/Caboto IntesaBci Sim)	100.00			holding
Caboto International S.A.	100.00			holding
Caboto Securities Ltd		100.00	Caboto Sim	holding
Caboto USA Inc		100.00	Caboto Sim	holding
Cala Capitana s.r.l. under bankruptcy procedures		100.00	Intesa Gestione Crediti	pledge
Camigliati Scuola Management Territoriale s.c.r.l.		20.00	Intesa Formazione Sud	holding
Cantiere Darsena Italia s.p.a. in liquidation	20.00			holding
Capital Servis a.s.		100.00	Realitna Spolocnost Vub Spol.	holding
Capitale e Sviluppo s.p.a.		9.76	Cassa di Risparmio di Foligno	holding
		9.76	Cassa di Risparmio di Spoleto	holding
		9.76	Cassa di Risparmio di Terni e Narni	holding
Car World Italia s.p.a.	30.00			holding
Caralt s.p.a.	35.00			holding
Caridata s.p.a.	60.00			holding
Carignano s.r.l. in liquidation	69.99			pledge

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Carinord 1 s.p.a.	50.00			holding
Carinord 2 s.p.a.	41.14			holding
Cassa di Risparmio di Parma e Piacenza s.p.a.	100.00			holding
Cartasi s.p.a. (former Servizi Interbancari s.p.a.)		0.22	Banca Trento e Bolzano	holding
		0.18	Banca Popolare FriulAdria	holding
		0.56	Cassa di Risparmio di Parma e Piacenza	holding
		0.37	Cassa di Risparmio di Biella e Vercelli	holding
		0.01	Cassa di Risparmio di Spoleto	holding
		0.15	Cassa di Risparmio di Viterbo	holding
		0.10	Cassa di Risparmio di Ascoli Piceno	holding
		0.15	Cassa di Risparmio di Città di Castello	holding
		0.15	Cassa di Risparmio di Foligno	holding
		0.15	Cassa di Risparmio di Rieti	holding
		0.15	Cassa di Risparmio di Terni e Narni	holding
		10.78		
Cartitalia s.r.l. under bankruptcy procedures		51.00	Cormano	holding
Casa di Cura Riunite s.r.l. under extraordinary administration	71.00			pledge
Casa di Cura Villa Esperia s.p.a.	76.15			pledge
Cassa di Compensazione e Garanzia		4.55	Caboto Sim	holding
	9.09			holding
Cassa di Risparmio della Provincia di Viterbo s.p.a.		0.01	Cassa di Risparmio di Città di Castello	holding
		0.09	Cassa di Risparmio di Spoleto	holding
		79.09	Intesa Holding Centro	holding
Cassa di Risparmio di Ascoli Piceno s.p.a.		66.00	Intesa Holding Centro	holding
Cassa di Risparmio di Biella e Vercelli s.p.a.	55.00			holding
Cassa di Risparmio della Provincia di Chieti s.p.a.	20.00			holding
Cassa di Risparmio di Città di Castello s.p.a.		64.24	Intesa Holding Centro	holding
	15.00			holding
Cassa di Risparmio di Fermo s.p.a.	33.33			holding
Cassa di Risparmio di Foligno s.p.a.		0.06	IntesaVita	holding
		70.47	Intesa Holding Centro	holding
Cassa di Risparmio di Rieti s.p.a.		85.00	Intesa Holding Centro	holding
Cassa di Risparmio di Spoleto s.p.a.		59.44	Intesa Holding Centro	holding
Cassa di Risparmio della Provincia di Teramo s.p.a.	20.00			holding
Cassa di Risparmio di Terni e Narni s.p.a.		75.00	Intesa Holding Centro	holding
Castello di Udine s.p.a.		30.00	Banca Popolare FriulAdria	holding
Cavarzere Produzioni Industriali s.p.a. under extraordinary administration		3.40	Cassa di Risparmio di Parma e Piacenza	pledge
	0.03			holding
	8.67			pledge
Central European International Bank Ltd		100.00	Intesa Holding International	holding
Centrale dei Bilanci s.r.l.		0.15	Banca Cis	holding
		0.83	Cassa di Risparmio di Parma e Piacenza	holding
	11.67			holding
Centro Agro Alimentare di Parma s.r.l.		14.46	Cassa di Risparmio di Parma e Piacenza	holding
Centro Studi O. Villa s.r.l. in liquidation		100.00	Agricola Investimenti	holding
Charta s.r.l. (former Leoni Daniele s.r.l.)		70.00	Intesa e.lab	holding
Chess Ventures Ltd		49.75	Intesa e.lab	holding
China International Packaging Leasing Ltd		17.50	Intesa Holding International	holding
CIB Credit Rt. (former CIB Car Finance Rt.)		98.00	CIB Leasing	holding
		2.00	CIB Real Estate	holding
CIB Insurance Broker Kft.	100.00		CIB Leasing	holding
CIB Investment Fund Management Rt.		93.33	Central European International Bank	holding
		6.66	CIB Securities	holding
		n.s.	CIB Service	holding
CIB Leasing Rt.		1.31	Central European International Bank	holding
		n.s.	CIB Service	holding
		98.68	CIB Rent	holding
CIB Real Estate Rt.		98.00	CIB Leasing	holding
		2.00	CIB Credit	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
CIB Rent Rt. (former CIB Rent and Leasing Co. Ltd)		1.11	CIB Securities	holding
		98.89	Central European International Bank	holding
CIB Securities Rt.		26.00	Central European International Bank	holding
		74.00	CIB Service	holding
CIB Service Kft.		99.99	Central European International Bank	holding
		0.01	CIB Leasing	holding
Cidipi s.p.a.	30.00			holding
Cimo s.r.l.	100.00			pledge
Cofragef S.A. in liquidation		99.76	Banca Intesa (France)	holding
Comit Investments Ltd - Ireland	99.21			holding
Compagnia Generale Aprutina s.p.a.	27.07			pledge
Compagnia Italiana Intimo s.p.a.	50.00			pledge
Compagnie Monégasque de Banque S.A.M.		33.86	Intesa Holding International	holding
Companhia de Arrendamento Mercantil Renault do Brasil		39.84	Banco Comercial e de Investimento Sudameris	holding
Companhia de Credito, Financ. e Invest. Renault do Brasil		40.00	Banco Comercial e de Investimento Sudameris	holding
Conser Soc. Consort. per Azioni		51.00	Sesit Puglia	holding
Consorzio Aeroporto Foligno-Spoleto		12.50	Cassa di Risparmio di Foligno	holding
Consorzio Agrario Provinciale di Parma s.c.r.l.		18.27	Cassa di Risparmio di Parma e Piacenza	holding
Consorzio Aiace Cons. Att. Intern. Aziende Comm. Elet.	25.00			holding
Consorzio Nucleo Industrializz. Rieti - Città Ducale		22.33	Cassa di Risparmio di Rieti	holding
Consorzio per gli studi universitari a distanza F. Corongiu		33.33	Banca Cis	holding
Consul Service s.r.l. in liquidation		98.41	Banca Cis	holding
Consult Ameris S.A. in liquidation		100.00	Banque Sudameris	holding
Convetro s.p.a. in liquidation		56.25	Banca Popolare FriulAdria	pledge
Cormano s.r.l.	70.82			holding
Corte Rosada s.r.l. under bankruptcy procedures	80.82			pledge
Cosmetici s.p.a.	100.00			pledge
Dante Prini s.p.a. in liquidation	32.50			holding
Dataconsyst Sistemi di Sicurezza s.p.a. under bankruptcy procedures	99.14			pledge
Del Mar S.A.		56.69	Banco Sudameris Peru	holding
Depositos S.A. Depsa		99.98	Banco Sudameris Peru	holding
DS Data Systems s.p.a.	16.67			holding
Dulevo s.p.a. under bankruptcy procedures	91.70			pledge
E. Gilardi & C. s.r.l. in liquidation		30.00	Cassa di Risparmio di Biella e Vercelli	holding
E.Tr. s.p.a.		100.00	Intesa Riscossione Tributi	holding
Ecc Holding s.r.l.	31.14			holding
Edilmarket s.r.l. under bankruptcy procedures		100.00	Intesa Gestione Crediti	pledge
Editrade S.A.C.		22.50	Wiese Inversiones Financ.	holding
EDM s.r.l.		25.00	Cassa di Risparmio di Spoleto	pledge
Elaboration System s.r.l.		90.00	Banca di Trento e Bolzano	pledge
Elba s.r.l.		100.00	Private Equity International	holding
Elsacom NV	11.33			holding
Elsag Sti s.p.a.		14.86	Cassa di Risparmio di Parma e Piacenza	holding
Emerald UK Limited Partnership	11.14			holding
Emilia Romagna Factor s.p.a.		5.10	Cassa di Risparmio di Parma e Piacenza	holding
	5.10			holding
Ente Nazionale Sementi Elette	49.41			holding
Epsilon Sgr s.p.a.		92.90	Nextra Investment Management Sgr	holding
Equinox Investment Company s.c.p.a.		20.89	Private Equity International	holding
Equitypar Companhia de Participacores S.A.		12.50	Banque Sudameris	holding
Esa.Tri. Esazione Tributi s.p.a.		66.68	Intesa Riscossione Tributi	holding
Euromilano s.p.a. (former s.r.l.)	37.50			holding
Europay Hrvatska d.o.o. in liquidation		12.50	Privredna Banka Zagreb	holding
Europrogetti & Finanza s.p.a.	15.97			holding
Eutron s.p.a.	20.00			holding
Everest s.p.a.	100.00			pledge
Evoluzione 94 s.p.a.	18.11			holding
F.I.L.A. Fabbrica Italiana Lapis e Affini s.p.a.	20.00			holding
Fadalti Marco Orfeo s.p.a.		33.33	Banca Popolare FriulAdria	pledge
Favini s.p.a.	17.41			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Feltrinelli Libra s.p.a.	100.00			pledge
Ferrucci s.p.a.		100.00	Banca Popolare FriulAdria	pledge
Fidenza Ovest s.r.l.		25.00	Cassa di Risparmio di Parma e Piacenza	pledge
Fidia Sgr s.p.a.	25.00			holding
Fiduciaria Sudameris S.A.		94.99	Banco Sudameris Colombia	holding
		5.01	Banque Sudameris	holding
Financière Vespucci Sca ⁽¹⁾	61.66			holding
Finanziaria Agricola Bresciana s.p.a. in liquidation		100.00	Agricola Investimenti	holding
Finanziaria BTB s.p.a.	99.29			holding
Finanziaria Colonna s.r.l.	100.00			holding
Finech a.s.		8.70	Vseobecna Uverova Banka	holding
		91.30	Realitna Spolocnost Vub Spol.	holding
Fineurop Holdings NV	12.83			holding
Finlombarda s.p.a.	19.55			holding
Finpas s.p.a. under bankruptcy procedures		28.50	Cassa di Risparmio di Parma e Piacenza	pledge
Finplozner s.p.a.		25.00	Banca Popolare FriulAdria	pledge
Fintbrescia Holding s.p.a. in liquidation	17.30			pledge
First Skelligs Int. Fin. Comp. Ltd	33.33			holding
Formula Sport Group s.r.l.	52.00			pledge
FundsWorld Financial Service Ltd	100.00		Intesa e.lab	holding
Galileo Holding s.p.a. in liquidation		5.88	Cassa di Risparmio di Viterbo	holding
	28.98			holding
GE.I.PO. s.r.l.	90.00			pledge
Geni s.p.a. under bankruptcy procedures		35.91	Intesa Gestione Crediti	holding
Genseb - Generali e Seb Risk Service S.A.		50.00	Société Européenne de Banque	holding
Giraglia Immobiliare s.p.a.	20.02			holding
GPE s.r.l.		90.55	Banca Popolare FriulAdria	pledge
Grin s.r.l. in liquidation	100.00			pledge
Gruppo Gorla s.p.a.	75.00			pledge
Gruppo Pasini s.p.a.	100.00			pledge
Harry s.r.l.		100.00	Cassa di Risparmio di Parma e Piacenza	pledge
I.L.CE.V. s.p.a. (former Piave s.p.a.)		95.00	Banca Popolare FriulAdria	pledge
lais4 s.p.a.		82.80	E.Tr. Esazione Tributi	holding
Idra Casting Machines s.p.a.	95.00			holding
Idra Partecipazioni s.p.a. in liquidation	18.62			holding
Ifas Gruppo s.p.a.	45.00			holding
Il Mondo dei Fiori s.r.l.	100.00			pledge
Imeco s.p.a.		17.86	Banca di Trento e Bolzano	pledge
	78.81			pledge
Immobiliare Dolcè s.r.l. in liquidation		100.00	Banca di Trento e Bolzano	pledge
Immobiliare G3 s.r.l.	99.00			pledge
Immobiliare Golena s.r.l. in liquidation	28.00			pledge
Immobiliare Lana s.r.l. in liquidation		99.00	Banca di Trento e Bolzano	pledge
Immobiliare Maram s.r.l.	100.00			holding
Immobiliare Olimpia '93 s.p.a.	100.00			pledge
Immobiliare Palvareto s.r.l. in liquidation	50.00			holding
Immobiliare Talatta s.r.l.	95.00			pledge
Impianti s.r.l. in liquidation		1.69	Banca di Trento e Bolzano	holding
		5.14	Cassa di Risparmio di Parma e Piacenza	holding
	12.11			holding
Impresa Castelli s.p.a.	36.60			pledge
Industria Salumi Valtidone s.r.l. under bankruptcy procedures/arrangement before bankruptcy		98.60	Finanziaria Agricola Bresciana	holding
Infocorp S.A.		20.73	Banco Sudameris Peru	holding
Informatica Umbra s.r.l.		8.33	Cassa di Risparmio di Spoleto	holding
		8.33	Cassa di Risparmio di Foligno	holding
Iniziative Immobiliari s.r.l.	12.40			holding
	12.40			pledge
Iniziative Urbane s.p.a.		11.11	Banca di Trento e Bolzano	holding
Insedimenti Produttivi Piemonte Settentrionale s.p.a.		12.76	Cassa di Risparmio di Biella e Vercelli	holding
International Business Consulting Zao	55.00			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Intertour a.s.		12.88	Vseobecna Uverova Banka	holding
Intesa Bank Canada (former IntesaBci Canada/Banca Comm. Ital. of Canada)		100.00	Intesa Holding International	holding
Intesa Bank Ireland Plc (former IntesaBci B.I./Comit Plc Ireland)	100.00			holding
Intesa Bank Overseas Ltd	100.00			holding
Intesa e.lab s.p.a. (former IntesaBci e.lab/Banca Proxima)	100.00			holding
Intesa Fiduciaria Sim s.p.a. (former IntesaBci Fiduc. Sim/Ambrofid)	100.00			holding
Intesa Formazione s.c.p.a. (former IntesaBci Formazione)	100.00			holding
Intesa Formazione Sud s.c.p.a. (former IntesaBci Form. Sud/CEII S.)		51.00	Intesa Formazione	holding
		37.55	Intesa Holding Centro	holding
	10.00			holding
Intesa Gestione Crediti s.p.a. (former IntesaBci Gest. Crediti)	100.00			holding
Intesa Holding Asset Management s.p.a. (former Intesa Asset Management Sgr)	100.00			holding
Intesa Holding Centro s.p.a. (former Holding IntesaBci Centro)	97.57			holding
Intesa Holding International S.A. (former Comit Holding International S.A.)	100.00			holding
Intesa Immobiliare s.p.a. (former IntesaBci Immobiliare)		10.00	Intesa Gestione Crediti	holding
	90.00			holding
Intesa Investimenti s.p.a. (former IntesaBci Inv./Comp.Ital. Invest. Diversif.)	100.00			repo
Intesa Learning s.p.a. (former IntesaBci Learning/Nemetria Servizi)		1.50	Cassa di Risparmio di Foligno	holding
		0.50	Cassa di Risparmio di Spoleto	holding
	96.50			holding
Intesa Lease Sec. s.r.l.	60.00			holding
Intesa Leasing s.p.a.	99.51			holding
Intesa Mediofactoring s.p.a.	100.00			holding
Intesa Preferred Capital Co. LLC	100.00			holding
Intesa Preferred Capital Co. LLC II	100.00			holding
Intesa Previdenza Sim s.p.a. (former Sim Co.Ge.F. s.p.a.)	55.00			holding
Intesa Renting s.p.a.		65.00	Intesa Leasing	holding
Intesa Riscossione Tributi s.p.a. (former IntesaBci Riscoss. Trib.)	100.00			holding
Intesa Sec. 2 s.r.l. (former IntesaBci Sec. 2)	60.00			holding
Intesa Sec. Npl s.p.a. (former IntesaBci Sec. Npl)		60.00	Caboto Sim	holding
Intesa Sec. s.p.a. (former IntesaBci Sec.)	60.00			holding
Intesa Sistemi e Servizi s.p.a. (former IntesaBci Sist. e Serv.)	100.00			holding
IntesaBci Capital and Finance Ltd		99.00	Intesa Holding International	holding
IntesaBci Preferred Capital Company LLC III Delaware	100.00			holding
IntesaBci Preferred Securities Investor Trust		100.00	IntesaBci Pref. Capital Company LLC III Delaware	holding
IntesaTrade Sim s.p.a.		100.00	Intesa e.lab	holding
IntesaVita s.p.a. (former Carivita s.p.a.)	100.00			holding
Inversiones Mobiliarias S.A. - IMSA		97.29	Banque Sudameris	holding
Inversiones Sudameris C.A. (Venezuela)		99.97	Banque Sudameris	holding
Inversionaes Sudameris Chile Ltda		83.33	Banque Sudameris	holding
		16.67	Sudameris Immobiliaria S.A.	holding
Investholding d.o.o. Karlovac		56.38	Privredna Banka Zagreb	holding
Investitori Associati S.A. in liquidation	16.67			holding
Inveurop Investimenti Europei s.p.a. under bankruptcy procedures		83.67	Cassa di Risparmio di Parma e Piacenza	pledge
	0.01			holding
loca Ltd ⁽¹⁾	49.04			holding
lpef Partners Ltd	40.50			holding
Italenergia Bis s.p.a.		10.66	Private Equity International	holding
Italia Generali Costruzioni s.r.l.	100.00			pledge
Italian Equity Advisors s.p.a.	52.81			pledge
Kingston Comercio Int. Ltda	25.19			holding
La Centrale Consulenza s.r.l.	100.00			holding
Land s.p.a. in liquidation (former Musicland s.p.a.)	40.00			holding
Lazard & Co. s.r.l.	40.00			holding
Leasreal a.s.		100.00	Vseobecna Uverova Banka	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Lima Sudameris Holding S.A.		47.38	Banque Sudameris	holding
		43.95	Inversiones Mobiliarias	holding
		0.04	Banco Sudameris Peru	holding
Lineapiù s.p.a.	15.03			holding
LO.SE.RI. s.p.a.	30.50			holding
Löbco Immobilien- und Handels GmbH in liquidation		100.00	Bankhaus Löbbecke	holding
Luxi Privilege Conseil S.A.		50.00	Société Européenne de Banque	holding
Luxicav Conseil S.A.		99.97	Société Européenne de Banque	holding
Magazzini Generali Fiduciari Cariplo s.p.a.	100.00			holding
Magic s.p.a.	19.82			pledge
Mantero Finanziaria s.p.a.	10.59			holding
Marcofil s.p.a. under bankruptcy procedures	100.00			pledge
Marcotex s.p.a. under bankruptcy procedures	100.00			pledge
Mater.Bi s.p.a.	34.48			holding
Medimurska Banka d.d.		96.39	Privredna Banka Zagreb	holding
Medinvest s.r.l. under bankruptcy procedures		100.00	Intesa Gestione Crediti	pledge
Montagna 2000 s.p.a.		11.00	Cassa di Risparmio di Parma e Piacenza	holding
Monte Mario 2000 s.r.l.		47.50	Finanziaria Colonna	holding
Multimoda Network s.p.a.	74.52			pledge
Nageo B.V. ⁽¹⁾	25.00			holding
Netsystem.com s.p.a.	35.74			pledge
Neubor Glass s.p.a.		26.66	Banca Popolare FriulAdria	holding
Nextra Alternative Investments Sgr s.p.a. (former Comit Gestioni Sgr)		90.00	Nextra Investment Management Sgr	holding
	10.00			holding
Nextra Investment Management Sgr s.p.a. (former Comit Asset Management Sgr)		67.95	Intesa Holding Asset Management	holding
	32.05			holding
Nord Servizi s.r.l.	100.00			pledge
Novacarta s.r.l. in liquidation		99.90	Cormano	holding
Nuova Cartiera di Arbatax s.p.a. under extraordinary administration		16.00	Banca Cis	holding
Nuova G s.p.a. under extraordinary administration	100.00			pledge
Nuova Panetto e Petrelli s.p.a.		15.33	Cassa di Risparmio di Spoleto	holding
Nuovo Hotel S. Pietro s.r.l.	28.00			pledge
O.M.S.O. Officina Macchine per Stampa su Oggetti s.p.a.	20.50			pledge
Obiettivo Nordest Sicav s.p.a.	13.40			holding
Office Chairs Participations S.a.r.l.	50.00			holding
Olearia Castello degli Olivi s.r.l.		100.00	Cassa di Risparmio di Parma e Piacenza	pledge
Olifin s.r.l.		98.99	Cassa di Risparmio di Parma e Piacenza	pledge
Palace Hotel s.p.a.		22.90	Banca di Trento e Bolzano	pledge
Parmafactor s.p.a.		10.00	Cassa di Risparmio di Parma e Piacenza	holding
	10.00			holding
PBZ American Express d.o.o. - Zagreb		100.00	Privredna Banka Zagreb	holding
PBZ American Express d.o.o. - Skopje		95.00	PBZ American Express d.o.o.	holding
PBZ Croatia Osiguranje Joint Stock Co. for Comp.Pens.Fund M. (former PBZ Croatia Osiguranje Plc for Compulsory Pension Fund Man.)		50.00	Privredna Banka Zagreb	holding
PBZ Im- und Export Handel Service GmbH in liquidation		100.00	Privredna Banka Zagreb	holding
PBZ Invest d.o.o.		100.00	Privredna Banka Zagreb	holding
PBZ Kapital d.o.o.		100.00	Privredna Banka Zagreb	holding
PBZ Leasing d.o.o.		100.00	Privredna Banka Zagreb	holding
PBZ Nekretnine d.o.o.		100.00	Privredna Banka Zagreb	holding
PBZ Stambena Stedionica d.d.		100.00	Privredna Banka Zagreb	holding
PBZ Trading in liquidation - Moskow		100.00	PBZ Im- und Export Handel Service GmbH	holding
Petrochemical Investments Ltd	100.00			holding
Phönix KG		1.22	Beteiligungsgesellschaft für das B.L. & Co.	holding
	98.78			holding
Piaggio Acquisition S.a.r.l.	14.40			holding
Piergiorgio Coin Investimenti s.p.a.		100.00	Cassa di Risparmio di Parma e Piacenza	pledge
Pinestead Investment Corp. ⁽¹⁾	20.00			holding
PM s.r.l. in liquidation (former Professione Musica Ed. Musicali s.r.l.)	29.00			holding
Po Vita s.p.a.		50.00	Cassa di Risparmio di Parma e Piacenza	holding
Porto San Rocco s.p.a.		40.86	Banca Popolare FriulAdria	pledge

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Previnet s.p.a.	45.50			holding
Private Equity International S.A. (former Neuf)	100.00			holding
Privredna Banka - Laguna Banka d.d.		100.00	Privredna Banka Zagreb	holding
Privredna Banka Zagreb		76.30	Intesa Holding International	holding
Procesos MC Peru S.A.		50.00	Banco Sudameris Peru	holding
Progetti s.r.l.	24.00			pledge
Progetto Montecity s.p.a.	100.00			pledge
Prominvest s.r.l.	100.00			pledge
Prontofund Advisory S.A.		0.03	Société Européenne de Banque	holding
	99.97			holding
Realitna Spolocnost Vub Spol. Sro		100.00	Vseobecna Uverova Banka	holding
Redbanc s.r.l.		20.00	Banque Sudameris	holding
Remari Finanziaria s.r.l. in liquidation	28.00			pledge
Renee s.r.l. under bankruptcy procedures	100.00			pledge
Reno s.p.a.	52.09			pledge
Riadria Banka d.d.		77.98	Privredna Banka Zagreb	holding
Riconversider s.r.l.	13.86			holding
Rosellini International Alpha Ltd		60.00	Transatlantic Telecommunications Fin. Alpha Ltd	holding
Rosellini International Beta Ltd		60.00	Transatlantic Telecommunications Fin. Beta Ltd	holding
Rosellini International Gamma Ltd		60.00	Transatlantic Telecommunications Fin. Gamma Ltd	holding
RS a.s.		100.00	Vseobecna Uverova Banka	holding
S.I.F. Società Investimenti Fieristici s.p.a.		16.81	Cassa di Risparmio di Parma e Piacenza	holding
Sabaudia 29 s.r.l. in liquidation	95.00			pledge
Saga s.p.a.	45.00			pledge
Sailview Company		99.99	Private Equity International	holding
Sant'Antonio Abate s.r.l.		75.00	Cassa di Risparmio di Parma e Piacenza	pledge
Saper Empreendimentos Imobiliarios Ltda		37.89	Soc. de Assessoria Tecnica e Administrativa	holding
Scala Advisory S.A.		0.03	Société Européenne de Banque	holding
	99.97			holding
Scontofin S.A.	15.00			holding
Seb Trust Ltd		100.00	Société Européenne de Banque	holding
Selezione Terza s.r.l.	50.00			holding
Serr Mac s.p.a.		100.00	Banca Popolare FriulAdria	pledge
Servicios Bancarios Compartidos S.A.		11.28	Banco Sudameris Peru	holding
Servitia S.A.		99.99	Société Européenne de Banque	holding
Servizi Assicurativi Padano s.r.l.		40.00	Cassa di Risparmio di Parma e Piacenza	holding
Servizio Riscossione Tributi s.p.a. (former Se.Ri.T.)		99.97	Cassa di Risparmio di Terni e Narni	holding
		0.03	Cassa di Risparmio di Spoleto	holding
Servizio Riscossione Tributi Rieti s.p.a. (Se.Ri.T. RIETI)		100.00	Cassa di Risparmio di Rieti	holding
Sesit Puglia s.p.a.		99.99	Intesa Riscossione Tributi	holding
Setefi s.p.a.	100.00			holding
Shi-mi S.A.	100.00			holding
Shoplà s.p.a.		50.00	Intesa e.lab	holding
Sider Corp S.A.		36.79	Wiese Inversiones Financieras	holding
Sitia - Yomo s.p.a.	94.01			pledge
Skillpass s.p.a.	12.50			holding
SO.GE.A.P. Aeroporto di Parma s.p.a.		14.35	Cassa di Risparmio di Parma e Piacenza	holding
SATA - Soc. De Assessoria Tecnica e Administrativa S.A.		99.99	Banque Sudameris	holding
Società Agricola Valsereana s.r.l.		50.00	Cassa di Risparmio di Parma e Piacenza	pledge
Soc. Aree Ind. ed Artigianali - S.A.I.A. s.p.a.	10.08			holding
Società Europea di Sviluppo s.r.l.	90.00			pledge
Società Italiana di Revisione e Fiduciaria s.p.a. - S.I.Re.F.	100.00			holding
Società per i Servizi Bancari - SSB s.p.a.		n.s.	Banca Cis	holding
		0.24	Banca di Trento e Bolzano	holding
		0.06	Banca Popolare FriulAdria	holding
		0.02	Cassa di Risparmio di Ascoli Piceno	holding
		0.11	Cassa di Risparmio di Biella e Vercelli	holding
		0.04	Cassa di Risparmio di Città di Castello	holding
		0.04	Cassa di Risparmio di Foligno	holding
		0.04	Cassa di Risparmio di Rieti	holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Società per i Servizi Bancari - SSB s.p.a.		0.01	Cassa di Risparmio di Spoleto	holding
		0.04	Cassa di Risparmio di Terni e Narni	holding
		0.04	Cassa di Risparmio di Viterbo	holding
		0.21	Cassa di Risparmio di Parma e Piacenza	holding
	17.52			holding
Società Regionale di Garanzia Marche s.c. a r.l.		10.12	Cassa di Risparmio di Ascoli Piceno	holding
Société d'Investiss.et de Financ. Immobiliers S.A - Finameris		99.99	Banca Commerciale Italiana S.A. France	holding
Société Européenne de Banque S.A.		99.99	Intesa Holding International	holding
Société Foncière Meyerbeer S.a.r.l.		99.56	Banque Sudameris	holding
Spc Comercio e Participacao Ltda		13.45	Banco Comercial e de Investimento Sudameris	holding
Sphera S.a.r.l.		100.00	Banca Intesa (France)	holding
Spolocnost pre Bankovu Ochranu a.s.		100.00	Vseobecna Uverova Banka	holding
Stavebna Sportelna Vub - Wusterrot a.s.		50.00	Vseobecna Uverova Banka	holding
Strutture Centrali s.r.l.		25.00		pledge
Sudameris Administradora de Cartão de Crédito e Serviços S.A.		100.00	Banco Sudameris Brasil	holding
Sudameris Administradora de Fondos Mutuos S.A.		70.00	Banco Sudameris Paraguay	holding
Sudameris Agencia de Valores S.A.		95.00	Banque Sudameris	holding
		5.00	Inversion. Sudameris Chile	holding
Sudameris Arrendamento Mercantil S.A.		99.83	Banco Sudameris Brasil	holding
Sudameris Asset Management Ltda		90.00	Banco Comercial e de Investimento Sudameris	holding
		10.00	Banco Sudameris Brasil	holding
Sudameris Capital Markets S.A.		99.72	Banque Sudameris	holding
Sudameris Casa de Bolsa S.A.		49.00	Banco Sudameris Paraguay	holding
Sudameris Corretora de Câmbio e Valores Mobiliários S.A.		100.00	Banco Comercial e de Investimento Sudameris	holding
Sudameris Distribuidora de Títulos e Valores Mobiliários S.A.		99.99	Banco Sudameris Brasil	holding
Sudameris Empreendimentos e Servicos Ltda		97.20	Banco Sudameris Brasil	holding
		2.00	Sudameris Arrendamento Mercantil	holding
		n.s.	Sudameris Corret. Cambio e Valores Mob.	holding
		0.80	Sudameris Distrib. de Títulos e Valore Mob.	holding
		n.s.	Sudameris Soc.de Fomento Comm. Servicos	holding
Sudameris Generali Companhia de Seguros e Prev.Pri		49.95	Banco Comercial e de Investimento Sudameris	holding
Sudameris Immobiliaria S.A.		100.00	Banque Sudameris	holding
Sudameris Inversionaes y Proyectos S.A.		94.99	Banque Sudameris	holding
		5.00	Sudameris Immobiliaria	holding
Sudameris Investment Chile S.A.		99.99	Banque Sudameris	holding
		n.s.	Inversiones Sudameris Chile	holding
Sudameris Leasing S.A.		95.00	Banque Sudameris	holding
		5.00	Inversiones Sudameris Chile	holding
Sudameris Sociedade de Fomento Comm. e de Serv.		99.99	Sudameris Arrendamento Mercantil	holding
Sudpar International Inc		100.00	Banque Sudameris S.A	holding
Sviluppo Garibaldi Repubblica s.p.a.	33.00			holding
Sviluppo Nuove Iniziative s.p.a.	100.00			pledge
Synesis Finanziaria s.p.a.	25.00			holding
Tabby s.p.a. under bankruptcy procedures	73.81			pledge
Tasa Finance Lux S.a.r.l. ⁽¹⁾	100.00			holding
Tayar Receivables Company		17.16	Comit Investment - Ireland	holding
Technicky Servis a.s.		100.00	Vseobecna Uverova Banka	holding
Tecno s.p.a.	38.46			holding
Tecnoarredamenti s.r.l.		100.00	Banca Popolare FriulAdria	pledge
Tecnoforge s.p.a.	14.77			pledge
Tehnosloko-Inovacijski Centar d.o.o.		11.20	Riadria Banka	holding
Termomeccanica s.p.a.	32.32			holding
The Augustus Investment Company ⁽¹⁾	100.00			holding
The Peru Privatisation and Development Fund Ltd		0.89	Banco Sudameris Peru	holding
		9.92	Banque Sudameris	holding
The Tiberius Fund ⁽¹⁾	100.00			holding
The Titus Fund ⁽¹⁾		100.00	Intesa Investimenti	holding
Transatlantic Telecommunications Fin. Alpha Ltd ⁽¹⁾	100.00			holding
Transatlantic Telecommunications Fin. Beta Ltd ⁽¹⁾	100.00			holding
Transatlantic Telecommunications Fin. Gamma Ltd ⁽¹⁾	100.00			holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Tre Re s.p.a. in liquidation	39.99			pledge
Trigoria 2000 s.r.l. in liquidation	95.00			pledge
Tubitex s.r.l.	50.00			pledge
Twice Sim s.p.a. (former Gemofin Sim)	18.27			holding
Villaggio Turistico Internazionale s.r.l. (former Sviluppo Marino s.r.l.)	100.00			pledge
Vis Italiana s.r.l.	11.08			pledge
Viterie Bal.Bi s.r.l.		50.00	Banca Popolare FriulAdria	pledge
Vobitech NV	36.63			holding
Vseobecna Uverova Banka a.s.		94.47	Intesa Holding International	holding
Vub Asset Management Sprav. Spol. a.s.		100.00	Vseobecna Uverova Banka	holding
Vub Factoring a.s.		97.38	Vseobecna Uverova Banka	holding
Vub Leasingova a.s.		100.00	Vseobecna Uverova Banka	holding
Vub Real a.s. in liquidation		100.00	Realitna Spolocnost Vub Spol.	holding
Wiese Inversiones Financieras S.A.		99.70	Banco Sudameris Peru	holding
Wiese Sudameris Fondos S.A.		100.00	Banco Sudameris Peru	holding
Wiese Sudameris Leasing S.A.		99.82	Banco Sudameris Peru	holding
Wiese Sudameris Sociedad Agente del Bolsa S.A.		100.00	Banco Sudameris Peru	holding
Wiese Sudameris Sociedad Titulizadora S.A.		100.00	Banco Sudameris Peru	holding
Zet s.r.l.		55.00	Cassa di Risparmio di Parma e Piacenza	pledge
Zetesis.com s.p.a. in liquidation	39.91			holding

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

n.s. = not significant since the percentage is under 0.01.

**Banca Intesa
Parent Company's financial
statements as at 30th June 2003**

Banca Intesa
Parent Company's financial statements as at 30th June 2003
Balance sheet

(in millions of euro)

	Assets	30/6/2003	31/12/2002	30/6/2002
10.	Cash and deposits with central banks and post offices	595	864	676
20.	Treasury bills and similar bills eligible for refinancing with central banks	1,646	1,056	4,088
30.	Due from banks	34,411	33,891	36,849
	a) repayable on demand	2,939	2,108	4,486
	b) other	31,472	31,783	32,363
40.	Loans to customers	118,239	122,513	127,814
	including			
	– with public funds under administration	36	29	28
50.	Bonds and other debt securities	19,980	17,119	19,580
	a) public entities	5,306	5,711	7,438
	b) banks	8,553	6,487	6,516
	including			
	– own bonds	808	1,365	715
	c) financial institutions	4,374	3,423	3,487
	d) other issuers	1,747	1,498	2,139
60.	Shares, quotas and other forms of capital	2,141	1,776	2,338
70.	Equity investments	3,059	2,394	3,378
80.	Investments in Group companies	10,679	9,708	9,402
90.	Intangibles	75	80	74
	including			
	– start-up costs	3	5	10
	– goodwill	38	35	7
100.	Fixed assets	1,401	2,428	2,730
	including			
	– leased assets	–	981	1,102
120.	Own shares or quotas (nominal value 165,991,669 euro)	883	980	–
130.	Other assets	19,416	17,937	17,186
140.	Accrued income and prepaid expenses:	3,495	3,318	3,752
	a) accrued income	3,339	3,147	3,448
	b) prepaid expenses	156	171	304
	including			
	– discounts on securities issued	44	47	59
	Total Assets	216,020	214,064	227,867

Banca Intesa
Parent Company's financial statements as at 30th June 2003
Balance sheet

(in millions of euro)

	Liabilities and Shareholders' Equity	30/6/2003	31/12/2002	30/6/2002
10.	Due to banks a) <i>repayable on demand</i> b) <i>time deposits or with notice period</i>	33,738 10,051 23,687	38,161 5,857 32,304	49,029 14,494 34,535
20.	Due to customers a) <i>repayable on demand</i> b) <i>time deposits or with notice period</i>	78,580 64,318 14,262	79,610 63,310 16,300	77,583 61,238 16,345
30.	Securities issued a) <i>bonds</i> b) <i>certificates of deposit</i> c) <i>other</i>	49,845 41,906 6,755 1,184	47,087 39,503 6,413 1,171	48,125 37,497 9,340 1,288
40.	Public funds under administration	48	40	38
50.	Other liabilities	20,989	16,690	20,438
60.	Accrued expenses and deferred income a) <i>accrued expenses</i> b) <i>deferred income</i>	4,367 3,988 379	3,947 3,784 163	4,084 3,829 255
70.	Allowance for employee termination indemnities	923	985	998
80.	Allowances for risks and charges a) <i>pensions and similar commitments</i> b) <i>taxation</i> c) <i>other</i>	2,611 99 968 1,544	2,416 101 853 1,462	2,150 109 748 1,293
90.	Allowances for possible loan losses	–	–	90
100.	Reserve for general banking risks	–	–	–
110.	Subordinated and perpetual liabilities	10,860	11,308	11,350
120.	Share capital	3,561	3,561	3,561
130.	Share premium reserve	5,535	5,764	4,168
140.	Reserves a) <i>legal reserve</i> b) <i>reserve for own shares</i> c) <i>statutory reserves</i> d) <i>other reserves</i>	3,302 773 883 61 1,585	3,496 773 980 155 1,588	5,092 773 – 154 4,165
150.	Revaluation reserves	987	987	987
170.	Net income for the period	674	12	174
	Total Liabilities and Shareholders' Equity	216,020	214,064	227,867

Banca Intesa
Parent Company's financial statements as at 30th June 2003
Balance sheet

(in millions of euro)

	Guarantees and Commitments	30/6/2003	31/12/2002	30/6/2002
10.	Guarantees given <i>including</i>	21,656	23,285	24,964
	– <i>acceptances</i>	338	377	516
	– <i>other guarantees</i>	21,318	22,908	24,448
20.	Commitments	23,805	28,440	32,850
30.	Credit derivatives	33,351	36,537	40,412
	Total Guarantees and Commitments	78,812	88,262	98,226

Banca Intesa
Parent Company's financial statements as at 30th June 2003
Statement of income

(in millions of euro)

		First half 2003	First half 2002	2002
10.	Interest income and similar revenues <i>including from</i> – loans to customers – debt securities	3,731 2,774 372	4,392 3,176 487	8,794 6,332 952
20.	Interest expense and similar charges <i>including on</i> – deposits from customers – securities issued	(2,155) (508) (1,024)	(2,772) (693) (1,028)	(5,477) (1,392) (2,223)
30.	Dividends and other revenues a) from shares, quotas and other forms of capital b) from equity investments c) from investments in Group companies	659 151 62 446	932 403 102 427	1,271 518 107 646
40.	Commission income	1,094	1,129	2,203
50.	Commission expense	(144)	(148)	(316)
60.	Profits (Losses) on financial transactions	149	(303)	(81)
65.	Gross returns (losses) on investment of the allowances for pensions and similar commitments	1	1	2
70.	Other operating income	136	324	700
80.	Administrative costs a) payroll <i>including</i> – wages and salaries – social security charges – termination indemnities – pensions and similar commitments b) other	(1,885) (1,085) (747) (210) (61) (37) (800)	(2,029) (1,153) (799) (218) (62) (39) (876)	(3,947) (2,173) (1,512) (403) (122) (74) (1,774)
85.	Allocation of net returns on investment of the allowances for pensions and similar commitments	(1)	(1)	(2)
90.	Adjustments to fixed assets and intangibles	(69)	(219)	(403)
100.	Provisions for risks and charges	(43)	(122)	(124)
110.	Other operating expenses	(9)	(5)	(25)
120.	Adjustments to loans and provisions for guarantees and commitments	(595)	(919)	(1,788)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	242	65	388
140.	Provisions for possible loan losses	–	(13)	–
150.	Adjustments to financial fixed assets	(96)	(109)	(1,231)
160.	Write-back of financial fixed assets	11	20	21
170.	Income (Loss) from operating activities	1,026	223	(15)
180.	Extraordinary income	330	205	974
190.	Extraordinary charges	(234)	(199)	(1,088)
200.	Extraordinary income (loss), net	96	6	(114)
210.	Change in the reserve for general banking risks	–	–	–
220.	Income taxes	(448)	(55)	141
230.	Net income for the period	674	174	12

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