



IAS/IFRS First-Time Adoption

May 30th, 2005

- **The impact of IAS/IFRS First-Time Adoption (FTA) was determined on the basis of all IAS/IFRS homologated by the European Union until January 2005 (including IAS 32 and IAS 39). Any variations in the current standards or new standards that should occur during 2005 could modify the quantification of the IAS/IFRS First-Time Adoption impact**

- **According to the IFRS 1, value adjustments determined by the change of accounting standards have been recognised directly in the shareholders' equity**
- **The IAS 39 applied is the integral version homologated by the EU Commission**
- **Gruppo Intesa chose not to use the option to revalue fixed assets at fair value to minimise volatility of future earnings and Shareholders' Equity**
- **As for the determination of collective measurement of performing loans, every possible synergy with Basel II – the dispositions of which will come into force starting from 2007 - has been realised**

FTA Impact on Shareholders' Equity and Regulatory Capital

Capital Ratios more than Adequate Coupled with Improved Asset Quality

(€ m)	31.12.04	31.12.04 IFRS	Δ
Shareholders' Equity	15,564	13,969	(1,595)
Tier 1 capital	15,564	13,900	(1,664)
Tier 2 capital	6,714	6,773	59
Total capital	21,161	20,053	(1,108)
RWA	182,486	182,042	(444)
Core Tier 1 ratio	7.59%	6.69%	(90b.p.)
Tier 1 ratio	8.53%	7.64%	(89b.p.)
Tier Total ratio	11.60%	11.02%	(58b.p.)

As at 31.03.05 after the doubtful loan sale and Nextra: 8.2-8.3%

As at 31.03.05 after the doubtful loan sale and Nextra: 7.3-7.4%

Note: The impact of first time adoption on the consolidated regulatory capital and ratios has been determined taking into account the "prudential filters" given by Basel Committee on the treatment of IFRS values

FTA Impact on Asset Quality

Doubtful Loan Coverage up to 76%

(€ m)	31.12.04	31.12.04 IFRS	Δ
Doubtful Loans (Sofferenze)			
Gross Value	12,710	12,710	
Adjustments	(8,494)	(9,683)	1,189
Net Value	4,216	3,027	
Coverage	67%	76%	+9p.p. ←
Net Doubtful Loans / Loans	2.7%	1.9%	(0.8p.p.) ←
Substandard & Under Restructuring			
Gross Value	5,006	5,006	
Adjustments	(1,144)	(1,283)	139
Net Value	3,862	3,723	
Coverage	23%	26%	+3p.p. ←
Performing			
Gross Value	150,713	153,764	
Adjustments	(848) ⁽¹⁾	(1,067)	219
Net Value	149,865	152,697	
Coverage	0.56% ⁽¹⁾	0.69%	+13b.p. ←

0.6%
Post Sale

(1) Reduced by the amount facing Fiat convertible loan (€245 million) to be consistent with FTA value

FTA Impact on Shareholders' Equity (1/2)

No Revaluation of Fixed Assets

(€ m)	31.12.04 Italian GAAP Shareholders' Equity	➔	15,564	
LOANS	<ul style="list-style-type: none"> Analytical measurement of non performing loans ⁽¹⁾: Collective measurement of performing loans Other impacts (depreciation of overdue interests, ...) 		(1,328) (212) (110)	
	FINANCIAL ASSETS HELD FOR TRADING	<ul style="list-style-type: none"> Measurement of trading securities and related derivatives Measurement of derivatives (including "FIAT convertible") Separation of embedded derivatives from structured bonds issued by Banca Intesa Measurement of equity investments classified as held for trading 		17 (179) (349) (117)
		HEDGING DERIVATIVES	<ul style="list-style-type: none"> Activities to make hedging operations compliant with IAS39 Fair value measurement of hedging derivatives and hedged items 	
FIXED ASSETS AND INTANGIBLES			<ul style="list-style-type: none"> Derecognition of land depreciation Items that do not qualify for recognition as intangibles Goodwill impairment 	

(1) Non performing loans include "Sofferenze, Incagli, ristrutturati e in corso di ristrutturazione"

FTA Impact on Shareholders' Equity (2/2)

No Revaluation of Fixed Assets

(€ m)

ALLOWANCES	<ul style="list-style-type: none"> Collective measurement of guarantees given 	(74)
	<ul style="list-style-type: none"> Unrecognised allowances for risks and charges and discounting of provisions 	79
	<ul style="list-style-type: none"> Actuarial valuation of employee termination indemnities and allowances for pensions 	12
FINANCIAL ASSETS AVAILABLE FOR SALE	<ul style="list-style-type: none"> Measurement of debt securities 	44
	<ul style="list-style-type: none"> Measurement of equities 	92
CASH FLOW HEDGES	<ul style="list-style-type: none"> Fair value measurements of derivatives hedging cash flows 	(53)
OTHER IMPACTS		(10)
TAX IMPACT		687
Total Adjustments		(1,595)
01.01.05 IFRS Shareholders' Equity		13,969

FTA Impact on 2004 Balance Sheet (1/2)

(€ m)	31.12.2004 Italian GAAP	IAS/IFRS impact	31.12.2004 IAS/IFRS
Assets			
Cash and deposits with central banks and post offices	1,488	9	1,497
Loans			
- loans to customers	157,698	(2,033)	155,665
- due from banks	28,730	(358)	28,372
Trading portfolio	33,576	(1,485)	32,091
<i>including Own shares</i>	<i>10</i>	<i>(10)</i>	<i>0</i>
Fixed assets			
a) investment portfolio	5,158	78	5,236
b) equity investments	4,834	53	4,887
c) tangible and intangible	4,075	221	4,296
Goodwill arising on consolidation	484	(55)	429
Goodwill arising on application of the equity method	253	(4)	249
Other assets	38,302	1,915	40,217
Total Assets	274,598	(1,659)	272,939

FTA Impact on 2004 Balance Sheet (2/2)

(€ m)	31.12.2004 Italian GAAP	IAS/IFRS impact	31.12.2004 IAS/IFRS
Liabilities and Shareholders' Equity			
Debts			
- due to customers	109,542	(800)	108,742
- securities issued	61,417	1,249	62,666
- due to banks	34,214	(36)	34,178
Allowances with specific purpose	4,715	(99)	4,616
Other liabilities	39,121	(319)	38,802
Allowances for possible loan losses	4	(4)	0
Subordinated and perpetual liabilities	9,278	(90)	9,188
Minority interests	743	35	778
Shareholders' equity			
- share capital, reserves and reserve for general banking risks	13,649	(1,552)	12,097
- negative goodwill arising on consolidation	29	0	29
- negative goodwill arising on application of the equity method	2	0	2
- net income for the period	1,884	(43)	1,841
Total Liabilities and Shareholders' Equity	274,598	(1,659)	272,939

IAS/IFRS Impact on 2004 P/L

On the Whole no Significant Impact on Revenues, Costs and Net Income

(€ m)	2004 Net Income before IFRS	→	1,884
NET INTEREST INCOME	<ul style="list-style-type: none"> ■ Change mainly due to <ul style="list-style-type: none"> □ recovery of “time value” on non performing loans □ recovery of derecognition of up-front revenues on structured bonds issued □ recovery of “time value” on allowances for risk and charges □ measurement of loans at amortised cost 		222
NET COMMISSIONS	<ul style="list-style-type: none"> ■ Change mainly due to the “pro rata temporis” accounting criteria 		9
PROFITS ON FINANCIAL TRANSACTIONS	<ul style="list-style-type: none"> ■ Change mainly due to <ul style="list-style-type: none"> □ derecognition of up-front revenues on structured bonds issued by Banca Intesa 		(234)
OTHER OPERAT. INCOME	<ul style="list-style-type: none"> ■ Change mainly due to <ul style="list-style-type: none"> □ change in scope for consolidation 		22
OPERATING COSTS	<ul style="list-style-type: none"> ■ Change mainly due to <ul style="list-style-type: none"> □ derecognition of land amortisation □ change in scope for consolidation 		7
GOODWILL	<ul style="list-style-type: none"> ■ Derecognition of goodwill amortisation 		130
NET PROVISIONS	<ul style="list-style-type: none"> ■ Change mainly due to <ul style="list-style-type: none"> □ “time value” of non performing loans generated in 2004 □ collective measurement of performing loans □ “time value” of provisions for risk and charges 		(41)
TAXES AND OTHER	<ul style="list-style-type: none"> ■ Change mainly due to <ul style="list-style-type: none"> □ derecognition of Reserve for General Banking Risks and other allowances use □ taxes 		(158)
	2004 IFRS Net Income	→	1,841

IAS/IFRS Impact on 2004 P/L

On the Whole No Significant Impact on Revenues, Costs and Net Income

(€ m)	2004 Italian GAAP	IAS/IFRS impact	2004 IFRS standards
Net Interest Income	4,962	222	5,184
Dividends and Equity Profits	220	0	220
Net Commissions	3,447	9	3,456
P/L on Financial Transactions	737	(234)	503
Other Net Operating Income	360	22	382
Total Income	9,726	19	9,745
Personnel Costs	(3,147)	(8)	(3,155)
Other Administrative Costs	(2,100)	(11)	(2,111)
Depreciation	(583)	26	(557)
Operating Costs	(5,830)	7	(5,823)
Operating Margin	3,896	26	3,922
Goodwill Amortisation	(130)	130	0
Net provisions for Risks and Charges	(167)	28	(139)
Net provisions for Loan Losses	(887)	(63)	(950)
Equity Investments Write-Downs	(19)	(6)	(25)
Ordinary Income	2,693	115	2,808
Extraordinary Items	(61)	(34)	(95)
Income Taxes	(805)	17	(788)
Δ RGBR and Other Reserves	163	(163)	0
Minority Interests	(106)	22	(84)
Net Income	1,884	(43)	1,841