Third Quarter Results 2002

November 12th, 2002

Agenda

1 **Quarterly Results (3Q 2002)**

2 2002 Action Plan

3 Business Plan Update

Introduction

- Nine month results are in line with the goals set in the Business Plan

Value Creation

- Net interest income growth (+5.2% QoQ)
- Operating costs reduction (-6.0% QoQ)
- Further strengthening of the top management team

Risk Reduction

- Large corporate RWA decrease (-12bn vs Dec. 2001)
- Credit derivatives exposure reduction (open positions -38% QoQ)
- Sale of Sudameris Argentina

Strengthening of the Capital Base

- Disposal of Carime with capital gain of €220m (Q3)
- Disposal of Real Estate assets for €250m with capital gain of €200m (Q4)
- Core Tier1 Ratio improvement (+22b.p. QoQ, +55b.p. before the Put Warrant quarterly effect)

Quarterly Analysis

(€ m)	1Q 2002	2Q 2002	3Q 2002	Δ% 3Q/2Q Official	Δ% 3Q/2Q Restated[1]
Net Interest Income	1,507	1,350	1,420	5.2	6.9
Dividends & Eq. Profits	52	200	20	(90.0)	(90.0)
Net Commissions	873	861	793	(7.9)	(7.1)
Other Non-Interest Income	205	147	25	(83.0)	(76.2)
Total Income	**2,637**	**2,558**	**2,258**	**(11.7)**	**(10.2)**
Operating Costs	(1,791)	(1,668)	(1,568)	(6.0)	(4.4)
Operating Income	**846**	**890**	**690**	**(22.5)**	**(21.0)**
Op. Income net of Dividends & Eq.	*794*	*690*	*670*	*(2.9)*	*(1.1)*
Goodwill Amortisation	(23)	(25)	(60)	140	
Net Provisions	(284)	(1,125)	(318)	(71.7)	
Ordinary Income	**539**	**(260)**	**312**	**220.0**	
Extraordinary Items	231	(169)	(374)	(121.3)	
Net Income	**425**	**(311)**	**(58)**	**81.4**	

(1) Net of forex effect on Sudameris

Quarterly Analysis

(€ m)	3Q 2001	3Q 2002	Δ% Official	Δ% Restated[(1)]
Net Interest Income	1,404	1,420	1.1	4.6
Dividends & Eq. Profits	41	20	(51.2)	(37.5)
Net Commissions	913	793	(13.1)	(10.2)
Other Non-Interest Income	7	25	257.1	227.3
Total Income	**2,365**	**2,258**	**(4.5)**	**(0.6)**
Operating Costs	(1,702)	(1,568)	(7.9)	(4.0)
Operating Income	**663**	**690**	**4.1**	**8.2**
Goodwill Amortisation	(22)	(60)	172.7	
Net Provisions	(626)	(318)	(49.2)	
Ordinary Income	**15**	**312**	**n.m.**	
Extraordinary Items	(400)	(374)	6.5	
Net Income	**(323)**	**(58)**	**82.0**	

(1) Net of forex effect on Sudameris

Nine-Month Results

(€ m)	30.09.01	30.09.02	Δ% Official	Δ% Restated[(1)]
Net Interest Income	4,462	4,277	(4.1)	(0.5)
Dividends & Eq. Profits	319	272	(14.7)	26.5
Net Commissions	2,828	2,527	(10.6)	(7.7)
Other Non-Interest Income	467	377	(19.3)	(13.3)
Total Income	**8,076**	**7,453**	**(7.7)[(2)]**	**(3.0)**
Operating Costs	(5,337)	(5,027)	(5.8)	(1.6)
Operating Income	**2,739**	**2,426**	**(11.4)[(3)]**	**(5.9)**
Goodwill Amortisation	(67)	(108)	61.2	
Net Provisions	(1,591)	(1,727)	8.5	
Ordinary Income	**1,081**	**591**	**(45.3)**	
Extraordinary Items	376	(312)	(183.0)	
Net Income	**1,063**	**56**	**(94.7)**	

(1) Net of non-recurring merchant banking dividends (€92m as of September 30th, 2001) and forex effect on Sudameris
(2) –6.7% net of non-recurring merchant banking dividends (€92m as of September 30th, 2001)
(3) –8.3% net of non-recurring merchant banking dividends (€92m as of September 30th,2001)

Balance Sheet

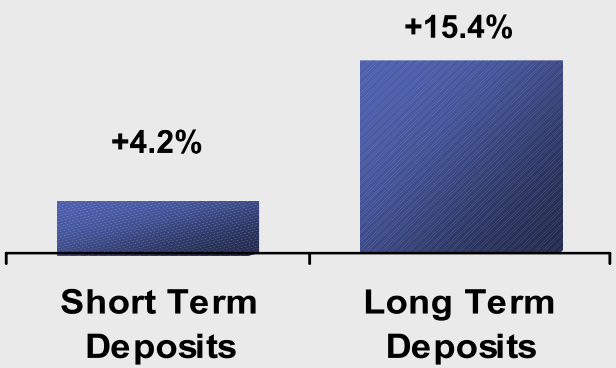
(€ m)	30.09.01	30.09.02	Δ%	
			Official	Restated[1]
Total Assets	317,937	290,123	(8.7)	(7.2)
Customer Loans	182,091	170,043	(6.6)	(5.3)
Net Interbank Funds	40,976	19,457	(52.5)	(51.3)
Customer Direct Funds	180,568	180,367	(0.1)	1.5
Customer Indirect Funds	295,468	308,039	4.3	5.0
of which Assets under Management	*128.239*	*128,025*	*(0.2)*	0.9
Total Customer Administered Funds	476,036	488,406	2.6	3.7
Shareholders' Equity	14,349	13,794	(3.9)	(2.1)
Tier 1 Ratio	6.6	6.7		

After €1.7bn Put Warrant mark to market and Put Warrant market risk capital absorption of €761m

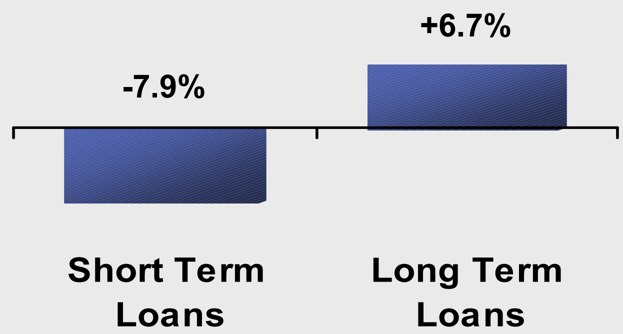
(1) Net of forex effect on Sudameris

Funding and Lending in the Domestic Market

Δ % 12 Month Customer Deposits(1)



Δ% 12 Month Customer Loans(1)



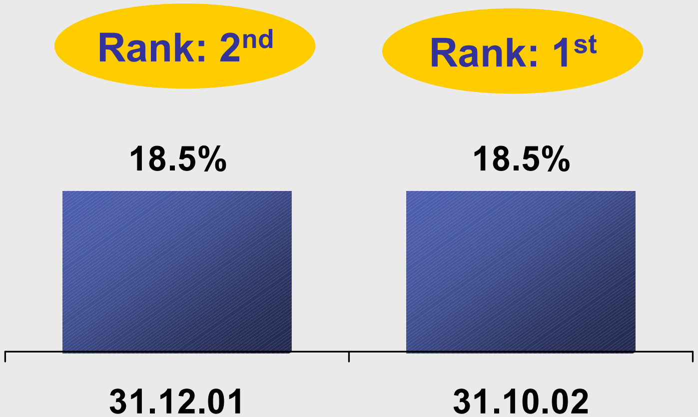
- **Increase in customer deposits market share (13.9% vs. 13.6% as of Dec. 2001)**
- **Decrease in customer short term loans due to focus on EVA® rather than on volumes**

(1) Average figures

Non-Interest Income

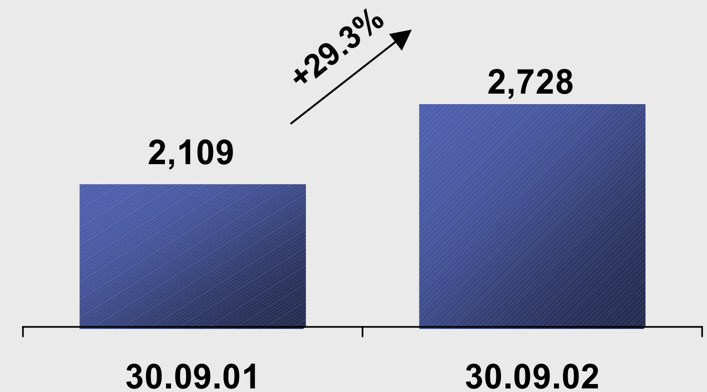
	30.09.01 Pro forma	30.09.02	Δ%		1Q2002	2Q2002	3Q2002	Δ% Q3/Q2	
			Official	Restated[1]				Official	Restated[1]
Net Commissions	2,828	2,527	(10.6)	(7.7)	873	861	793	(7.9)	(7.1)
P/L on Financial Transactions	109	107	(1.8)	18.9	90	61	(44)	(172.1)	(164.5)
Other Operating Income, Net	358	270	(24.6)	(21.7)	115	86	69	(19.8)	(14.6)

Mutual Funds Market Share[2]



Bancassurance - New Premium

(€ m)



(1)Net of forex effect on Sudameris
(2)Source: Il Sole 24 Ore

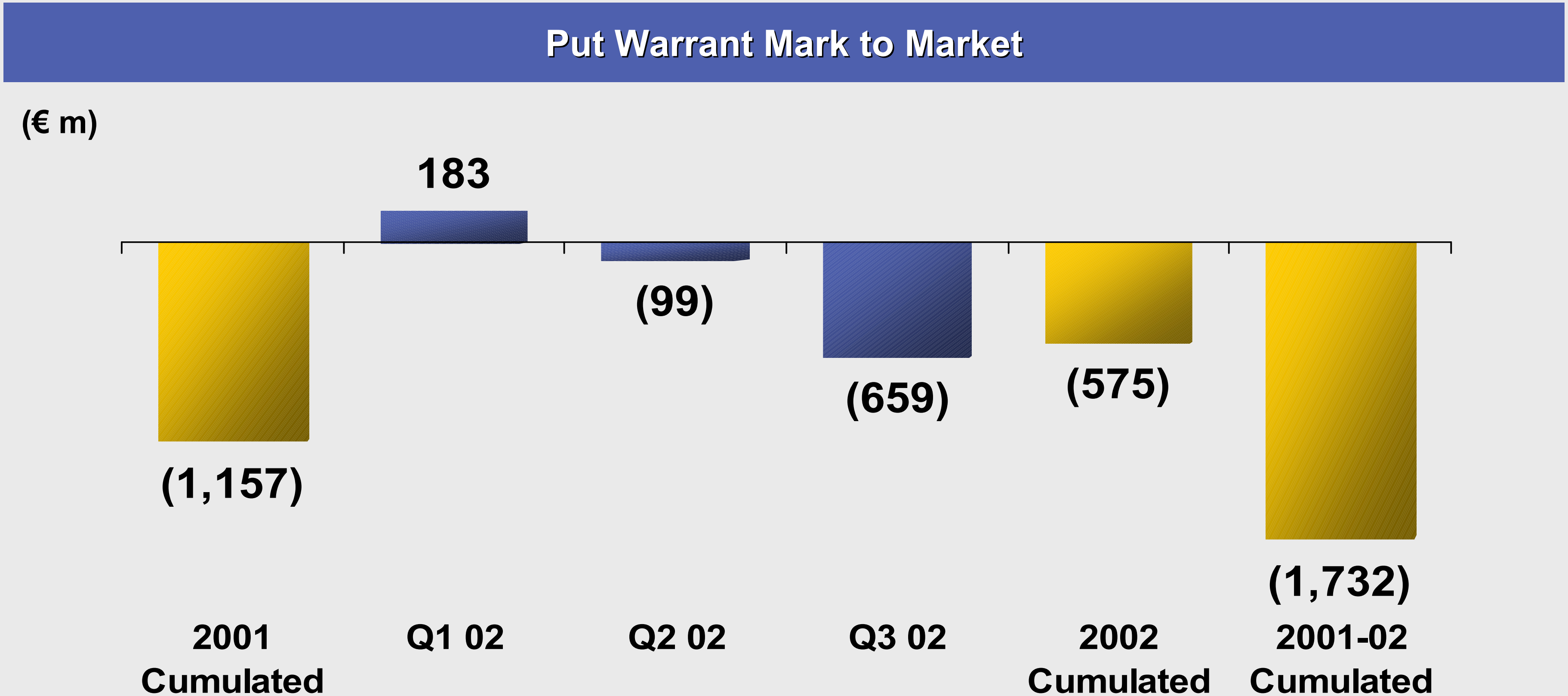
Effective Cost Control

(€ m)	30.09.01 Pro forma	30.09.02	Δ%		1Q2002	2Q2002	3Q2002	Δ% Q3 vs Q2	
			Official	Restated(1)				Official	Restated(1)
Personnel Costs	2,983	2,790	(6.5)	(3.6)	999	945	846	(10.5)	(9.0)
Other Adm. Costs	1,844	1,742	(5.5)	0.7	627	560	555	(0.9)	1.2
Depreciation(2)	510	495	(2.9)	1.9	165	163	167	2.5	3.0
Total Operating Costs	5,337	5,027	(5.8)	(1.6)	1,791	1,668	1,568	(6.0)	(4.4)

- **2002 headcount reduction of about 720 employees (1,500 YoY)**
- **Per-employee cost reduction due to a decrease in the variable component of the payroll**

(1) Net of forex effect on Sudameris
(2) Net of goodwill amortisation

Put Warrant Mark to Market



Divisional Analysis
as of 30.09.2002[1]

	Retail	Italian Banks[2]	Product Co's	Corporate	Foreign Banks	Central Functions / Other[3]	Total
Total Income (€m)	3,218	1,115	772	1,063	1,297	106	7,571
Operating Profit (€m)	698	415	375	636	468	(153)	2,440
Cost/Income[4]	78.3%	62.8%	51.4%	40.1%	63.9%	n.m.	67.8%
RWA (€bn)	56,121	21,329	23,476	68,511	26,526	24,080	220,043
Allocated Capital (€bn)	3,479	1,280	1,741	4,111	1,592	1,445	13,647
Pretax ROE[5]	6.6%	28.8%	14.5%	(0.5)%	8.3%	n.m.	4.3%
EVA®	(81)	87	14	(315)	(279)	(486)	(1,060)

(1) Pro forma to be consistent with 2002 year-end consolidation area (VUB)
(2) Includes CR Parma, CR Terni e Narni, Biverbanca, Friuladria, Banco di Chiavari, CR Carrara, CR La Spezia, Holding Intesa Centro and Banca Trento e Bolzano
(3) Includes Intesa Gestione Crediti (distressed Loans Management Group Company)
(4) Includes depreciation and amortisation (excluding goodwill amortisation)
(5) Ordinary income (before extraordinary items and income taxes) / allocated capital. Not annualised

Asset Quality

	Ratios		
	2001	30.06.02	30.09.02
Loan Provisions/Op. Profit	69%(1)	60%(1)	56%(1)
Loan Provisions/Loans	1.4%	0.6%(2)	0.8%(3)
Net NPLs/Loans	3.0%	3.1%	3.2%
NPLs Coverage	59%	61%	62%
Net NPLs/Core Tier 1	43%(1)	43%	42%

- **Net NPLs stock down 1.5% QoQ**

(1) Pro forma to be consistent with 2002 year-end consolidation area (VUB for 2001 and 2002, CR Terni e Narni for 2001)
(2) Six-month provisions. Not annualised
(3) Nine-month provisions. Not annualised

Agenda

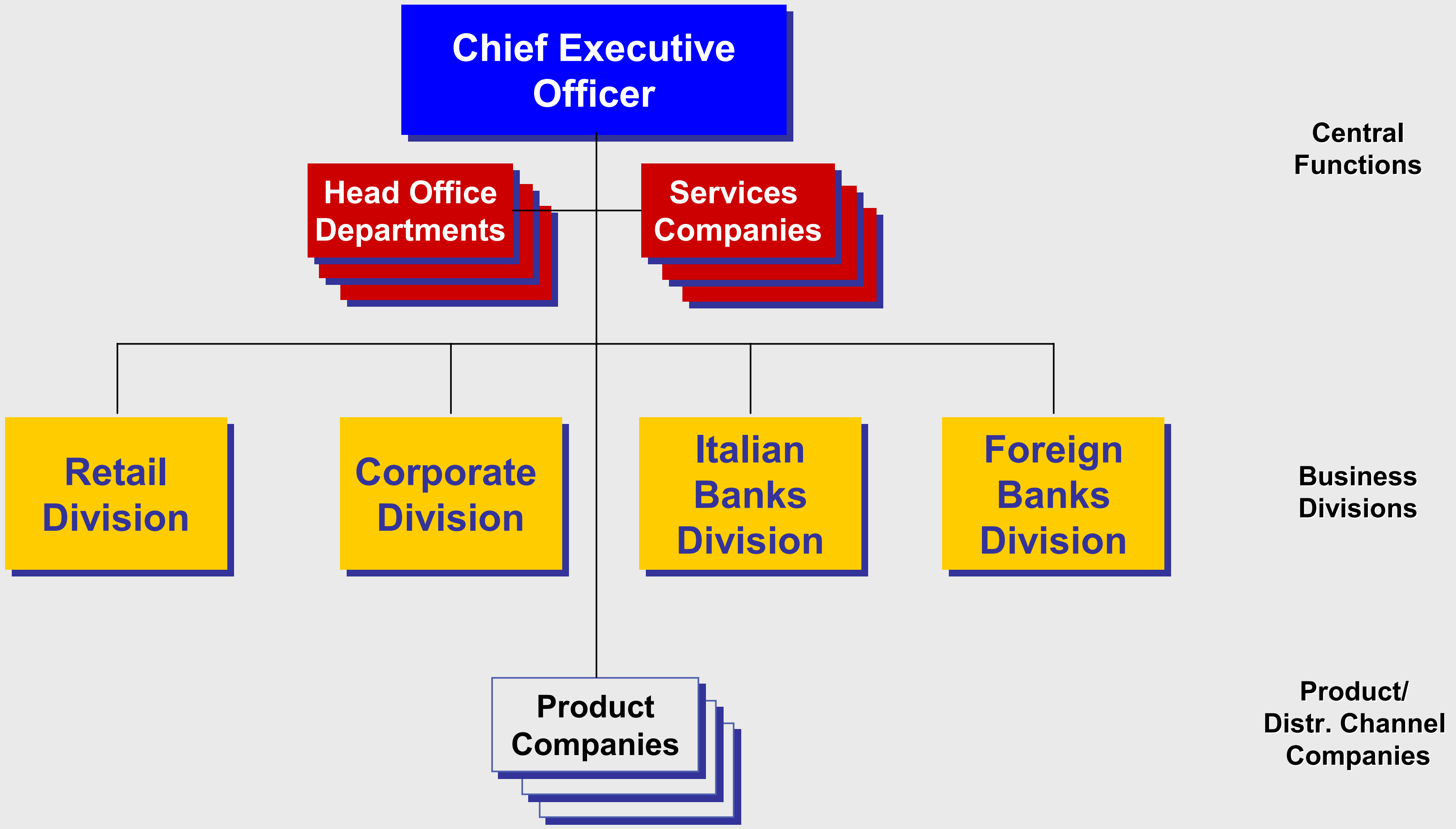
1	Quarterly Results (3Q 2002)
2	**2002 Action Plan**
3	Business Plan Update

2002 Action Plan

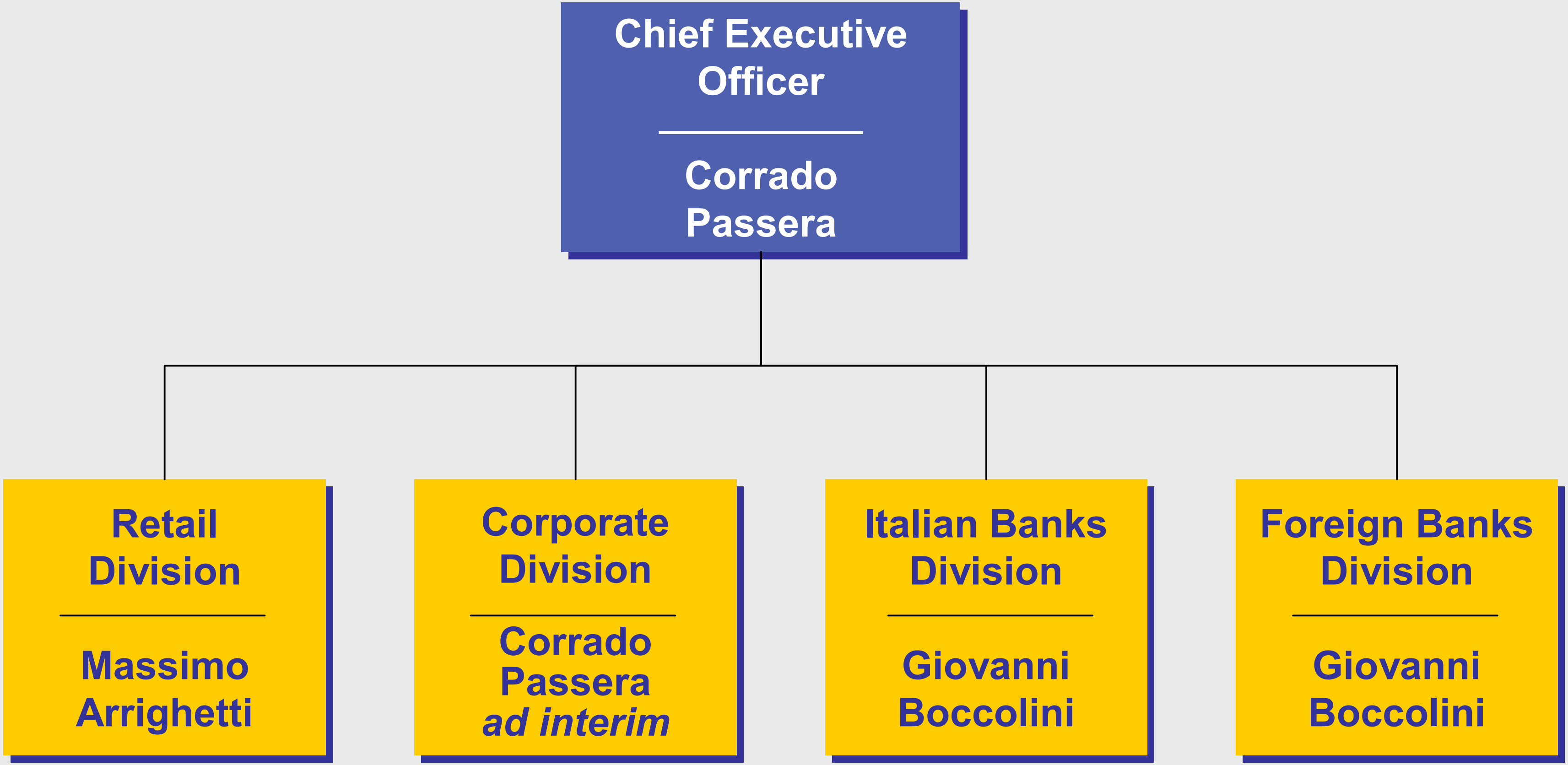
We are reaching the Targets we set for 2002

- ✓ Further Strengthening of the Management Team
- ✓ Reduction in Large Corporate Exposure
- ✓ Reduction in Credit Derivatives Exposure
- ✓ Sale of Real Estate Assets
- ✓ Disposal of our Subsidiary in Argentina
- ✓ Strengthening of Capital Base

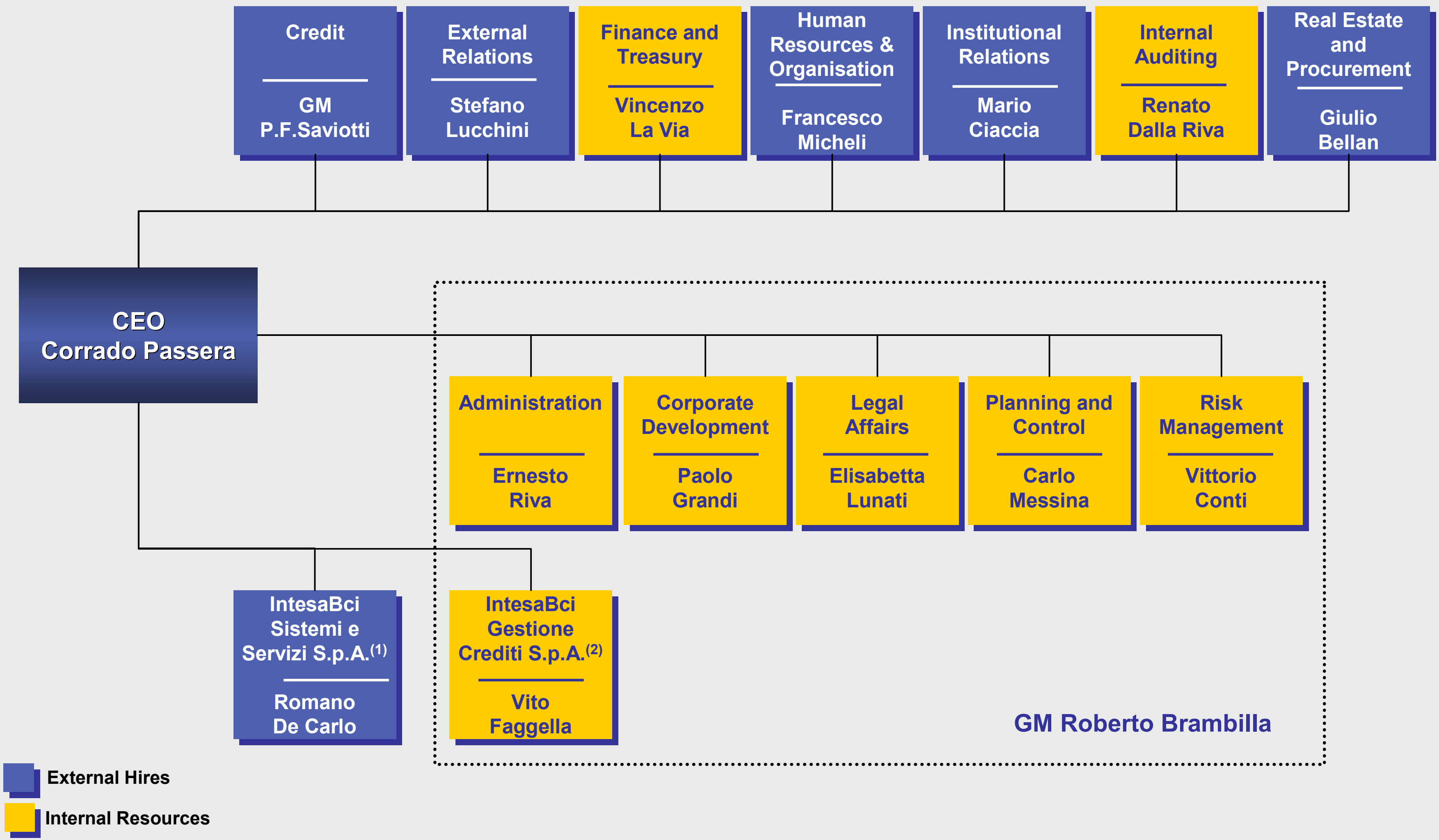
Organisational Structure Further Streamlined



Further Strengthening of the Management Team



Further Strengthening of the Management Team Central Functions



(1) *IT Group Company*
(2) *Distressed Loans Management Company*

IntesaBci

Further Strengthening of the Management Team
Corporate Division

Corporate Division
Corrado Passera *ad interim*

- **Large Corporate & Merchant Banking** — Gaetano Micciché
- **Mid Corporate** — Marco Paolillo
- **Govt. and Infrastructures** — Mario Ciaccia
- **Financial Institutions** — Rony Hamaui
- **Capital Markets** — Giovanni Gorno Tempini
- **Structured Finance** — Francesco Caputo Nassetti
- **M&A & Equity Origination** — Alberto Varisco

Lazard Group

Lazard Italia

External Hires

Internal Resources

2002 Action Plan

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Reduction in Large Corporate Loans (RWA)

(€ bn)	01.01.2002	30.06.2002	30.09.2002	31.12.2002 Target
Italian Large Corporate RWA	19.7	16.8	15.6	15.8
Foreign Large Corporate RWA	33.7	31.1	26.1	24.9
Total Large Corporate RWA	**53.4**	**47.9**	**41.7**	**40.7**
RWA Change in the period		(5.5)	(6.2)	(1.0)
RWA Cumulated Change		(5.5)	(11.7)	(12.7)
ALLOCATED CAPITAL	**3.2**	**2.9**	**2.5**	**2.4**

Reduction in Large Corporate Loans (RWA)

The actions undertaken have led to an improvement in EVA®

	Annualised Effect
Decrease in Total Income	€34m
Allocated Capital saved	€548m
Positive impact on EVA®	€45m

Reduction in Large Corporates in Favour of Retail

Retail

	Risk Weighted Assets			
	2001	30.06.02	30.09.02	2005 Target
Retail (42% / 44% / 47% / ~ 60%)	23%	25%	26%	32%
Italian Banks (1)	9%	9%	10%	12%
Product Companies	10%	10%	11%	15%
Corporate	33%	33%	31%	28%
• *Large & Mid Foreign Co's*	*15%*	*15%*	*13%*	*7%*
• *Large Italian Co's*	*8%*	*6%*	*7%*	*6%*
• *Mid Italian Co's*	*6%*	*6%*	*6%*	*8%*
• *Govt. & Fin. Inst.*	*2%*	*1%*	*2%*	*2%*
Foreign Banks (1)	14%	13%	12%	6%
Central Functions	11%	10%	10%	7%
Total	100%	100%	100%	100%

(1) Subsidiaries

Reduction in Large Intl. Corporate Loans

Intl. Large Corporate Exposure Overview

	30.09.02	30.06.02
RWA:	€26bn *(2002 Target: €25bn)*	€31bn
Allocated Capital:	€1.6bn *(2002 Target: €1.5bn)*	€1.9bn

Coverage Considerations

- €1.9bn gross NPLs/substandard loans
- € 1.1bn of provisions for a 56% coverage ratio (84% vs. Enron, Swissair, WorldCom and Marconi UK)
- €1bn of "generic" provisions vs total performing loans at Group level

Loans Breakdown[1] by

Country

	30.09.02
Europe	51%
North America	44%
ROW	5%

Industry

	30.09.02
Industrials	31%
Consumer/ Retail	16%
Telecom	21%
Chemicals/ Pharma	12%
Tech	4%
Other	16%

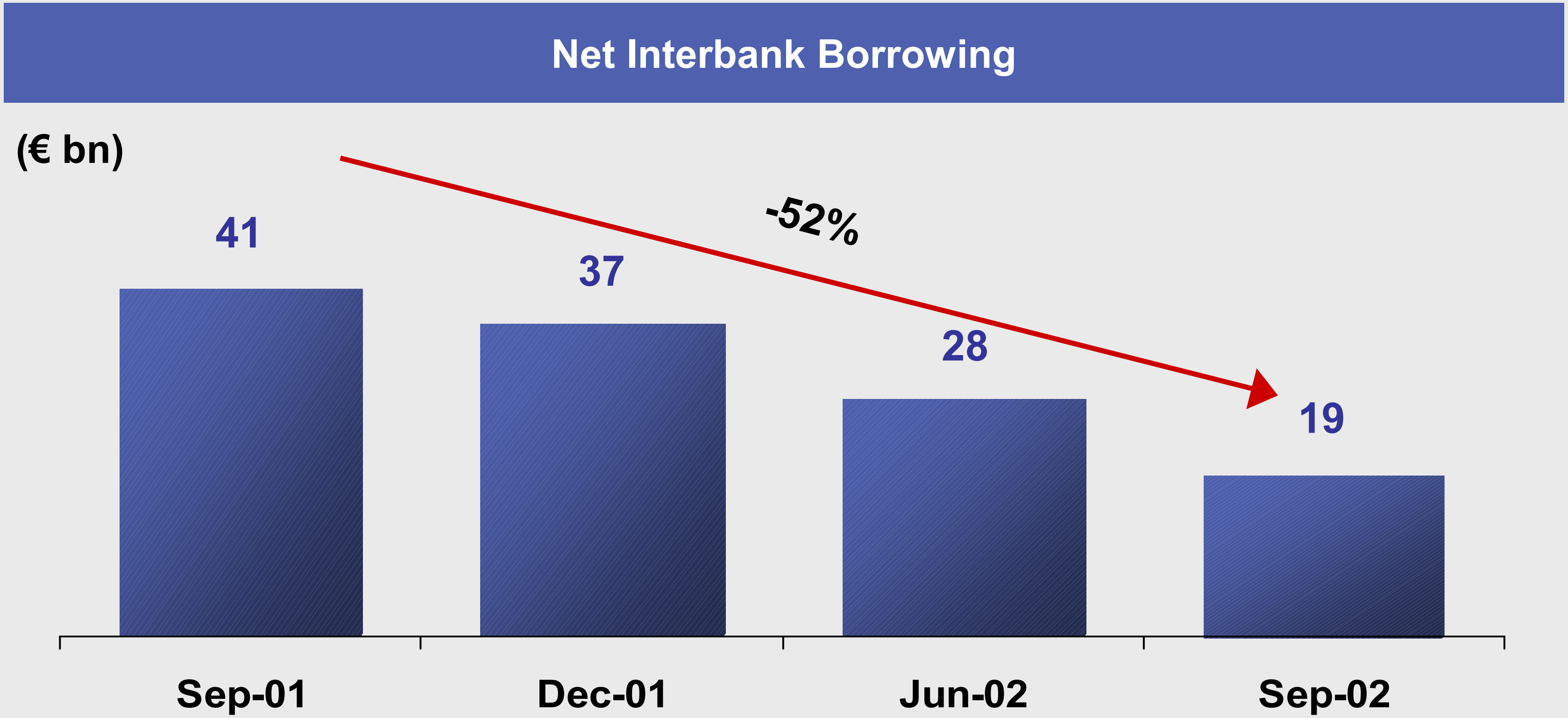
Rating

	30.09.02
Upper Inv. Grade	55%
Lower Inv. Grade	29%
Non Inv. Grade	7%
Not Rated	9%

(1)Net of NPLs and substandard loans

Net Interbank Borrowing

Already achieved decrease in loans and a more focused ALM policy enabled us to reach the target of reduction in net interbank borrowing ahead of schedule



2002 Action Plan

We are reaching the Targets we set for 2002

- ✓ Further Strengthening of the Management Team
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Reduction in Credit Derivatives Exposure

(€ bn)	30.06.02	30.09.02	Δ%
Super Senior Open Position	3.6	1.8	(50.0)
Other Open Positions	8.1	5.3	(34.6)
Partially Hedged Super Senior	5.3	5.4	1.9
Fully Hedged	57.1	57.4	0.5
Protection Bought	6.9	7.3	5.8
Total Portfolio	81.0	77.2	(4.7)

Open Positions		
	Investment Grade	Maturity by 2003
Super Senior ("AAAA")	100%	17%
Other (Avg. Rating A3/A-)	95%	28%

Value at Risk[1] / Stress Test		
(€m)	30.06.02	30.09.02
VAR	19	22
Stress Test	42	35

➢ **No concern emerged from the quarterly independent audit**

(1) Confidence level: 99%

2002 Action Plan

We are reaching the Targets we set for 2002

- ✓ Further Strengthening of the Management Team
- ✓ Reduction in Large Corporate Exposure
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- ✓ Sale of Real Estate Assets
- ✓ Disposal of our Subsidiary in Argentina
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Disposal of Real Estate Assets

Business Plan Targets

- Disposal of real estate assets for up to €500m by December 2002

As of Today

- Already sold real estate assets for €250m Book Value in 4Q
- €200m capital gain from disposal already realised in 4Q

2002 Action Plan

We are reaching the Targets we set for 2002

- ✓ Further Strengthening of the Management Team
- ✓ Reduction in Large Corporate Exposure
- ✓ Reduction in Credit Derivatives Exposure
- ✓ Sale of Real Estate Assets
- ✓ Disposal of our Subsidiary in Argentina
- ✓ Strengthening of Capital Base

Disposal of our Subsidiary in Argentina

Business Plan Targets

- Disposal of our subsidiary in Argentina by December 2002
- Exit costs from Argentina not exceeding €150m

As of Today

- Signed contract to merge Sudameris Argentina into Banco Patagonia (IntesaBci will retain a minority stake in the new entity of less than 20%, without any further commitment)
- Charges for us amount to approximately €150m

Exit Costs from Latin America

Business Plan Targets	Today's Forecasts
Provisions for about €150m for disengagement from Argentina	Total exit costs from Argentina and Peru confirmed to be around €450m (even though the audit in Peru is not yet concluded)
Provisions for about €250/€300m for disengagement from Peru	No agreement on price has been reached with Banco Itau for the sale of our Brazilian bank. We do not expect to sell the subsidiary by the end of the year
Offset the exit costs from Argentina and Peru with expected capital gains from the sale of Sudameris Brasil	Capital gains not previously forecasted in the Business Plan and already realized will offset exit costs from Argentina and Peru • Banca Carime: €220m • Real Estate: €200m

2002 Action Plan

We are reaching the Targets we set for 2002

- ✓ Further Strengthening of the Management Team
- ✓ Reduction in Large Corporate Exposure
- ✓ Reduction in Credit Derivatives Exposure
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Capital Ratio Targets Achievable

	2001	30.06.02	30.09.02	2002 Target (1)	2003 Target	2005 Target
Core Tier 1	5.3%	5.6%	5.8%	5.2%	7.1%	7.7%
Tier 1	6.0%	6.4%	6.7%	6.0%	8.0%	8.6%
Total Capital	9.3%	10.2%	10.7%	10.0%	11.7%	11.0%

- **€1.7 carrying value of the treasury stock**
- **Further effect of Put Warrant exercise on Tier1 Ratio in 4Q: -10b.p.**

(1) Business Plan targets

Agenda

1 Quarterly Results (3Q 2002)

2 2002 Action Plan

3 **Business Plan Update**

Business Plan Update

- **We confirm revenue growth targets even assuming a decreasing interest rates scenario in 2003**
- **We confirm operating costs and loan provisions reduction targets**
- **We confirm availability of contingency plans**

IntesaBci

Feasible Revenue Growth

- All the units of the Group have already started implementing all the actions set up in the Business Plan
- We have changed our scenario for 2003 to take into account a potential decrease of interest rates of 50 b.p.
- According to our sensitivity analysis, these changes would determine only a limited impact on interest income entirely compensated by actions identified in 2003 budget

Feasible Cost Reduction

- **Personnel Costs:** confirmed €500m cost reduction target by 2005 (vs 2001). Negotiations with Trade Unions started as planned.

- **Other Administrative Costs:** confirmed €300m cost reduction target by 2005 (vs 2001)

- **Loans Provisions:** confirmed reduction target for approximately €700m vs 2001(1). We assume a declining trend in terms of average provisions on total loans
  - 2002: 90-100 bps.
  - 2003: 70-80 bps.
  - 2004: 60-70 bps.
  - 2005: 60 bps.

(1) Normalised

Conclusions

We are on track and we confirm our Business Plan targets

Appendix

Put Warrant Effect

P/L

- Total Mark to Market of approximately €1,7bn already provisioned as of September 30th, 2002.
- €1.7 carrying value of the treasury stock

Financial Impact

- No impact on IntesaBci liquidity due to the Put warrant exercise
- The €2,6bn maximum cash outlay expected in November due to the treasury stock purchase (max 479m shares) is fully funded through the proceeds from the securities portfolio which has been placed as guarantee at the time of Intesa's tender offer for BCI shares and had a maturity consistent with the Put Warrant exercise

Capital Ratios

- Approximately 10b.p. further decline in capital ratios in Q4 due to the Put Warrant exercise
- This effect is already included in the 2002 year-end figures of the Business Plan 2003-2005

Latin America Exposure (September 30th, 2002)

Country	Carrying Value[1] (€m)	Intra-Group Exposure (€m)
Brazil	314	546
Argentina	0	30
Peru	0	247
Other[2]	96	93
TOTAL	410	916

(1) In consolidated accounts, after 3Q 2002 provisions
(2) Includes Paraguay, Colombia, Uruguay, Chile and Panama