



BANCA CARIGE HALF-YEAR PROFIT UP 14.7% OVER 2002 TO €63 MILLION

An encouraging result achieved despite continuing macroeconomic difficulties. Strengthened asset base twinned with consolidation of Carige Group's presence at a national level are key strategic objectives for the immediate future.

On 8th September 2003 in Genoa the Board of Directors of Banca Carige SpA, chaired by Mr Giovanni Berneschi, approved the half year report 2003 presented to them by Carige's General Manager Mr Alfredo Sanguinetto. Interim net profit was up 14.7% over the previous half year to € 63 million.

Carige's encouraging interim result was achieved in spite of the persistent weakness of the economy at national and international levels, uncertainty on financial markets that marked the first half of the year, and the narrowing of interest income margins that accompanied falling interest rates and the resulting negative effect on banks' P&L accounts.

In this scenario, Carige was still able not only to record positive income results but also to start a new phase in the process of strengthening the Banca Carige Group's presence on the Italian market in the form of an agreement to purchase a part of the share capital in Carinord 2 SpA, a holding via which Carige aims to gain control of Cassa di Risparmio di Carrara SpA. This acquisition, in line with strategic growth achieved in recent years, is flanked by a proposed share capital increase to be presented to the Extraordinary Shareholders' Meeting of Banca Carige on 10th September. Shareholders will be asked to vote in favour of a share capital increase of around € 300 million, inclusive of premium, to be raised in the near future.

Headline results for Banca Carige at 30th June 2003 are as follows:

Interim results at 30 June 2003 expressed in millions of euros	Absolute values	Percentage variation over 30 th June 2002
Total customer deposits	22,337.3	+9.6%
Lending to customers	8,762.7	+15.1%
Operating income	125.3	+7.5%
Net ordinary income	98.6	+8.4%
Net profit	63.0	+14.7%

The Group companies operating both in banking and insurance posted positive half year results: the banking subsidiaries *Cassa di Risparmio di Savona* and *Banca del Monte di Lucca* recorded net profits for the period of € 13.1 and € 1.3 million, respectively. *Carige Vita Nuova* and *Carige Assicurazioni*, the Group's insurance subsidiaries, ended the first half of the year with profits of, respectively, € 1.9 and € 1.7 million. Substantial investments in the Group companies over the last few years allied with the search for and exploitation of synergies within the Group are clearly paying dividends.

Strategy

The most significant event during the first half of the year regarding Carige's well-established strategy of growth via M&A activity ("externally-driven growth") was the signing of a contract along with *Cassa di Risparmio di Firenze* for the purchase of the entire share capital of *Carinord 2* SpA. The ownership structure of the holding is as follows: *Fondazione Cassa di Risparmio di Carrara* (27.03%); *Banca Intesa* (41.4%); *Fondazione Cassa di Risparmio della Spezia* (31.83%).

The acquisition, to be followed by the break up and sale of *Carinord 2*, is a route by which Carige achieves control of *Cassa di Risparmio di Carrara*. Control will strengthen Carige's presence at national level as well as reinforcing the Carige Group's role as aggregation point for other small/medium-sized banks.

The purchase of *C.R. Carrara* in particular extends Carige's presence in Tuscany, a region in which the Bank already has its own branches as well as those of the subsidiary *Banca del Monte di Lucca*.

The purchase, like other projects for the development of the Bank, will be accompanied by the related strengthening of Carige's capital base. Consequently, the Bank's Board of Directors in their meeting of 28th July 2003 called an Extraordinary Shareholders' Meeting in order to consider the Board's proposal of attributing to the same Board the right to issue shares and/or convertible bonds with an option right for shareholders in several tranches over the next five years for a total maximum nominal value of €250 million. The Board also proposed a share issue of €300 million inclusive of premium to be carried out preferably in the near future.

As part of Carige's strategy of diversifying revenue sources, the Bank established its own manager trust (*Società di Gestione di Risparmio: SGR*) "*Carige A.M. SGR SpA*" as a vehicle for the:

- integration of Carige Group savings management solutions;
- realisation in full autonomy of savings management solutions;
- recovery of profitability for the Group and cost containments for our customers.

Carige A.M. SGR will handle the placement of a wide range of savings management products by exploiting the Carige Group's distribution network (bank branches, financial advisors, remote on line channels). The company will also create its own AUTs (authorised unit trusts) as well as being responsible for their management, administration and distribution.

Carige A.M. SGR will also handle Carige's security and mutual funds management business along with pension funds. It will also manage a quota of the Carige Group's portfolio. Banca Carige will act as depositary for the funds.

Banca Carige's strategy of growth, evidenced over the last twelve months by the purchase of 42 branches from the Capitalia Group and the signing of a contract for the purchase of *Carinord 2*, was evaluated positively by the principal rating agencies, which all confirmed the ratings given prior to both transactions.

Results

During the first half of 2003 the Milan stock market continued to record negative results: the MIBTEL general annual index was down 9.7%, whilst the banking index lost 9.6%. Despite this, Carige shares recorded a 31.3% rise over twelve months.

Comparison with the interim P&L of last year takes into account the recording of values relating to the 42 branches purchased at the end of 2002 from Capitalia. The acquisition determined rises in both revenues and costs but had little substantial effect on net profit for the period. The headline results in detail are as follows and are in millions of euro unless otherwise stated:

- **Net interest income** (159.3 million; +7.5%), **non-interest, service-generated income** (207.8 million; +17.9%) and **operating costs** (241.7 million; +16.3%) were influenced by the purchase of branches from Capitalia. Revenues were aided by increases in both commission income (85.9 million; +7.4%) and dividends (57.2 million; +8%). Turning to costs, the biggest increase was recorded by writedowns on financial fixed assets (+24%), affected by the growth in leasing;
- **Provisions and writedowns** (26.7 million; +4.4%) were marked by a slowing down in writedowns on loans thanks to the Bank's risk management policy;
- **Ordinary income** totalled 98.6 million, up 8.4% over the first half of 2002;
- **Extraordinary income** amounted to 10.6 million, more than 8 million higher than the figure recorded at 30th June 2002. This rise was determined by capital gains realised on the sale of non-strategic participations;
- **Net income** 30th June 2003 rose 14.7% to nearly 63 million.

Total funds or Financial Intermediation Activities reached 22,337.3 million at 30/6/03, an increase of 3.3% over the figure recorded at 31st December 2002 and up 9.6% in comparison to June 2002. Direct and indirect deposits rose by around 3.3%; direct deposits reached 9,543.1 million, whilst indirect deposits totalled 12,794.2 million. Within the deposits aggregate, direct deposits increased by 11.5% over 30/6/02 (+5% excluding volumes associated with the Capitalia branches) and indirect deposits rose 8.3% (+2.5% excluding the ex-Capitalia branches).

Lending to customers amounted to 8,762.7 million, increases of 1.5% over December 2002 and 15.1% over June 2002 (+8.6% excluding lending related to the ex-Capitalia branches). Growth in lending was encouraging despite the current climate of economic uncertainty. Risk levels also were contained with Carige's bad loans/lending ratio at 3.1%.

At 30th June 2003 Banca Carige's **branch network** was made up by 392 outlets. During the first half of the year, a new Carige branch was opened in Monza near Milan. The acquisition of 42 branches from Capitalia took effect from 31st December 2002. The total number of Carige Group branches was 455, 53.4% of which in Liguria, Carige's traditional operating stronghold.

Staff numbers at 30/6/03 totalled 3,823 (31/12/02: 3,512) following the addition of 371 employees of Capitalia transferred to Carige on 1st January 2003.

Shareholders' Equity rose from 1,369.7 million at 31st December 2002 to 1,403.3 million.

The Bank is fully in line with those risk indicators currently applied by the Bank of Italy as well as the Interbank Deposit Protection Fund (FITD).

Total assets for the Banca Carige Group amounted to 15,697.2 million. **Total funds** (financial intermediation activities) for the first half of the year rose 3.2% to 25,266.3 million; **customer lending** recorded an increase of 2.5% to reach 9,733.8 million. **Operating income** for the period rose 18.6% to 96.9 million; **consolidated net profit** jumped 47.6% over 2002 to 43.7 million.

Half Year Reports for Banca Carige and the Banca Carige Group will be available on the Carige's website at www.carige.it.

In the course of the meeting the Carige Social Report was approved. This document, rendered official for the first time, offers an overview of the social and environmental implications of the bank's strategies and of their effect on bank employees, business partners, clients, and shareholders. The document, given its relevance, will be made accessible to the general public on the bank's internet web-site.

FINANCIAL HIGHLIGHTS

	30/6/02	31/3/02	31/12/01	30/6/01	Change %	
					6/03-12/02	6/03-6/02
BALANCE SHEET (1)						
Total assets	14.564,4	14.100,4	14.393,8	12.801,5	1,2	13,8
Funding	11.531,4	11.275,8	11.433,8	10.157,6	0,9	13,5
– Customer Deposits	9.543,1	9.343,5	9.236,2	8.559,4	3,3	11,5
– Amounts owed to customers	5.764,0	5.781,1	5.912,3	5.084,5	- 2,5	13,4
– Debts evidenced by certificates	3.779,1	3.562,4	3.323,9	3.474,9	13,7	8,8
– Deposits from Banks	1.587,9	1.531,9	1.797,3	1.197,8	- 11,7	32,6
– Funds managed on behalf of third parties	0,4	0,4	0,3	0,3	33,3	34,7
– Subordinated loans	400,0	400,0	400,0	400,0	-	...
Other Financial Intermediation Activities (OFIA)	12.794,2	12.566,5	12.386,8	11.814,5	3,3	8,3
– Assets Under Management	6.372,1	6.136,8	6.075,4	5.618,2	4,9	13,4
– Assets in Custody	6.422,1	6.429,7	6.311,4	6.196,3	1,8	3,6
Total Financial Intermediation Activities (TFIA)	22.337,3	21.910,0	21.623,0	20.373,9	3,3	9,6
Lending (2) (3)	12.187,1	11.676,8	12.080,9	10.945,5	0,9	11,3
– Loans to Customers (2) (3)	8.762,7	8.530,9	8.634,9	7.614,8	1,5	15,1
– Loans to Banks (2)	949,4	923,6	1.363,6	808,3	- 30,4	17,5
– Securities	2.475,0	2.222,3	2.082,4	2.522,4	18,9	- 1,9
– Investment securities	232,7	232,7	232,7	316,7	-	- 26,5
– Trading securities	2.242,3	1.989,6	1.849,7	2.205,7	21,2	1,7
Shareholders' Equity (4)	1.403,3	1.401,3	1.369,7	1.366,3	2,5	2,7
INCOME STATEMENT (1)						
Operating Income	125,3	53,5	237,7	116,6		7,5
Income from Ordinary Activities	98,6	39,7	171,8	91,0		8,4
Income before Taxation	109,2	41,1	183,7	93,2		17,2
Net Income	63,0	25,2	104,8	54,9		14,7
RESOURCES (5)						
Number of branches	392	391	391	349	0,3	12,3
Number of employees	3.823	3.839	3.512	3.517	8,9	8,7
FINANCIAL RATIOS						
Non interest income						
/ Gross operating income	56,60%	54,59%	53,38%	54,33%		
Operating costs						
/ Gross operating income	65,86%	68,77%	63,47%	64,08%		
Income before Taxation						
/ Shareholders' Equity	7,78%	2,93%	13,41%	6,82%		
ROE	4,49%	1,80%	7,65%	4,02%		
ROAE (6)	4,54%	1,82%	7,76%	4,06%		
SOLVENCY RATIOS (7)						
Risk-Weighted Assets (RWA) (1)	10.835,3	10.771,9	9.709,8	7.808,8	11,6	38,8
Tier 1% of RWA	8,65%	8,47%	9,27%	12,91%		
Total Capital % of RWA	10,85%	10,55%	11,58%	17,78%		

(1) Millions of Euros.

(2) Gross of allowance for credit risks.

(3) Including leased fixed assets.

(4) Including reserves for general banking risks.

(5) Statistics at the end of period.

(6) Net income on average shareholders' equity (Return On Average Equity).

(7) Ratios communicated to the Bank of Italy, Excluding ratios at 30/6/2003 and 31/3/2002.

BALANCE SHEET

ASSETS (Thousands of Euros)	30/6/03	31/12/02	30/6/02	Change %	
				6/03-12/02	6/02-12/01
10 CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICES	130.462	173.442	138.947	- 24,8	- 15,6
20 TREASURY CERTIFICATES AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL	824.845	311.014	363.325	165,2	- 13,2
30 LOANS AND ADVANCES TO CREDIT INSTITUTIONS	940.690	1.355.667	801.289	- 30,6	- 28,1
(a) repayable on demand	414.291	543.976	292.326	- 23,8	11,5
(b) other loans and advances	526.399	811.691	508.963	- 35,1	- 40,3
40 ACCRUED INCOME AND PREPAID EXPENSES:	7.997.671	7.909.841	7.057.013	1,1	1,1
including:					
– loans using funds managed on behalf of third parties	260	188	160	38,3	- 14,9
50 BONDS AND OTHER FIXED-INCOME SECURITIES:	1.477.678	1.598.437	1.986.169	- 7,6	3,4
(a) issued by public bodies	789.882	929.013	1.144.007	- 15,0	15,7
(b) issued by banks	392.808	386.496	551.302	1,6	- 4,6
including:					
– own securities	41.312	43.087	51.926	- 4,1	- 2,1
(c) issued by financial institutions	210.107	189.258	211.561	11,0	- 15,5
including:					
– own securities	-	-	-	-	-
(d) issued by others	84.881	93.670	79.299	- 9,4	- 23,9
60 SHARES, QUOTAS AND OTHER EQUITY	172.484	172.907	172.949	- 0,2	85,6
70 EQUITY INVESTMENTS	38.507	51.989	58.033	- 25,9	0,5
80 INVESTMENTS IN GROUP COMPANIES	586.522	586.522	581.100	-	3,6
90 INTANGIBLE FIXED ASSETS	477.276	480.133	349.142	- 0,6	- 2,3
including:					
– start-up costs	1.395	1.047	2.089	33,2	- 33,3
– goodwill	446.727	450.799	322.477	- 0,9	- 2,5
100 TANGIBLE FIXED ASSETS	894.657	865.460	687.462	3,4	9,6
including:					
– leasing	636.774	605.418	443.076	5,2	16,5
120 OWN SHARES	5.261	11.619	19.132	- 54,7	- 12,4
(nominal value: 2,313)					
130 OTHER ASSETS	924.077	795.487	499.078	16,2	16,6
140 ACCRUED INCOME AND PREPAID EXPENSES:	94.253	81.300	87.856	15,9	1,2
(a) accrued income	83.636	71.817	74.447	16,5	- 4,9
(b) prepaid expenses	10.617	9.483	13.409	12,0	57,3
including:					
– discount on bonds issued	4.014	4.425	4.938	...	...
TOTAL ASSETS	14.564.383	14.393.818	12.801.495	1,2	- 0,3

LIABILITIES AND STOCKHOLDERS' EQUITY

(Thousands of Euros)	30/6/03	31/12/02	30/6/02	Change % 6/03-12/02	Change % 6/02-12/01
10 - AMOUNTS OWED TO CREDIT INSTITUTIONS:	1.587.905	1.797.348	1.197.827	- 11,7	- 27,5
(a) repayable on demand	161.735	70.009	188.793	...	...
(b) with agreed maturity dates or periods of notice	1.426.170	1.727.339	1.009.034	- 17,4	- 36,5
20 AMOUNTS OWED TO CUSTOMERS:	5.764.039	5.912.248	5.084.521	- 2,5	4,6
(a) repayable on demand	5.492.874	5.504.428	4.488.837	- 0,2	- 0,2
(b) with agreed maturity dates or periods of notice	271.165	407.820	595.684	- 33,5	62,1
30 DEBTS EVIDENCED BY CERTIFICATES:	3.779.091	3.323.926	3.474.918	13,7	7,4
(a) bonds	3.329.973	2.853.874	2.970.109	16,7	10,3
(b) certificates of deposits	359.939	397.349	427.997	- 9,4	- 9,8
(c) other	89.179	72.703	76.812	22,7	9,5
40 FUNDS MANAGED ON BEHALF OF THIRD PARTIES	367	310	297	18,4	- 0,3
50 OTHER LIABILITIES	924.365	813.614	633.524	13,6	3,0
60 ACCRUED EXPENSES AND DEFERRED INCOME:	158.872	144.444	143.199	10,0	8,4
(a) accrued expenses	92.450	80.733	89.314	14,5	- 1,9
(b) deferred income	66.422	63.711	53.885	4,3	31,4
70 RESERVE FOR TERMINATION INDEMNITIES	81.379	84.941	72.162	- 4,2	1,5
80 RESERVES FOR RISKS AND CHARGES	389.073	429.446	368.704	- 9,4	- 13,0
(a) reserves for pensions and similar commitments	287.795	287.888	296.803	- 0,0	- 0,3
(b) reserves for taxation	77.870	109.434	54.639	- 28,8	- 44,3
(c) other reserves	23.408	32.124	17.262	- 27,1	- 38,7
90 RESERVES FOR LOAN LOSSES	13.000	13.000	5.165	-	-
100 RESERVES FOR GENERAL BANKING RISKS	5.165	5.165	5.165	-	-
110 SUBORDINATED LOANS	400.000	400.000	400.000	-	-
120 CAPITAL STOCK	1.020.550	1.020.550	1.020.550	-	0,3
130 ADDITIONAL PAID-IN CAPITAL	139.941	136.095	132.655	2,8	0,5
140 RESERVES	229.723	199.957	199.956	14,9	17,5
(a) legal reserve	67.351	56.869	56.869	18,4	22,3
(b) reserve for purchase of treasury stock	5.261	11.619	19.132	- 54,7	- 12,4
(c) statutory reserves	-	-	-	-	-
(d) other reserves	157.111	131.469	123.955	19,5	21,7
150 REVALUATION RESERVES	7.956	7.956	7.956	-	-
170 NET INCOME	62.957	104.818	54.896	- 39,9	- 47,0
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	14.564.383	14.393.818	12.801.495	1,2	- 0,3

GUARANTEES AND COMMITMENTS

10 GUARANTEES GIVEN	1.323.475	1.321.238	1.279.741	0,2	4,9
including:					
- acceptances	5.818	4.210	4.001	38,2	- 57,9
- other guarantees	1.317.657	1.317.028	1.275.740	0,0	5,4
20 COMMITMENTS	830.706	770.378	528.557	7,8	- 15,9
including:					
- repurchase agreements	-	-	-	-	-

INCOME STATEMENT

<i>(thousands of Euros)</i>	30/6/03	31/12/02	30/6/02	Change %	
				6/03-6/02	6/02-6/01
10 - INTEREST INCOME AND SIMILAR REVENUES	278.913	567.000	275.216	1,3	- 10,8
including:					
– loans and advances to customers	225.556	431.518	212.989	5,9	- 6,0
– fixed-income securities	42.120	110.237	50.443	- 16,5	- 26,5
20 - INTEREST EXPENSES AND SIMILAR CHARGES	- 119.624	- 263.694	- 127.021	- 5,8	- 20,2
including:					
– amounts owed to customers	- 27.399	- 62.713	- 30.605	- 10,5	- 8,8
– securities issued	- 63.452	- 137.141	- 68.745	- 7,7	2,6
30 - DIVIDENDS AND OTHER REVENUES:	57.177	87.245	52.937	8,0	93,3
(a) from shares, quotas and other equity securities	13.018	2.847	2.660	...	63,3
(b) from equity investments	5.342	40.413	38.324	- 86,1	...
(c) from equity investments in group companies	38.817	43.985	11.953	...	20,5
40 - COMMISSION INCOME	85.922	160.710	79.990	7,4	16,8
50 - COMMISSION EXPENSES	- 7.472	- 12.825	- 5.546	34,7	1,4
60 - GAINS (LOSSES) FROM FINANCIAL TRANSACTIONS, NET	- 2.710	- 5.989	- 3.047	- 11,1	- 157,6
70 - OTHER OPERATING INCOME	76.732	123.889	57.010	34,6	22,9
80 - ADMINISTRATIVE COSTS:	- 181.052	- 321.821	- 158.969	13,9	11,3
(a) personnel	- 116.547	- 199.388	- 101.024	15,4	8,1
including:					
– wages and salaries	- 77.053	- 138.176	- 67.581	14,0	9,3
– social security costs	- 21.175	- 38.267	- 18.494	14,5	10,7
– termination indemnities	- 5.228	- 8.608	- 4.675	11,8	- 1,1
– pensions and similar commitments	- 7.140	- 5.247	- 6.114	16,8	10,0
(b) other administrative costs	- 64.505	- 122.433	- 57.945	11,3	17,3
90 - DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS	- 60.682	- 91.052	- 48.950	24,0	33,6
100 - PROVISIONS FOR RISKS AND CHARGES	- 2.663	- 3.176	- 2.350	13,3	56,6
110 - OTHER OPERATING EXPENSES	- 1.873	- 5.800	- 5.059	...	...
120 - PROVISIONS FOR LOAN LOSSES AND FOR GUARANTEES AND COMMITMENTS	- 27.784	- 59.670	- 28.896	- 3,8	15,9
130 - RECOVERIES OF LOANS AND REVERSALS OF PROVISIONS FOR GUARANTEES AND COMMITMENTS	3.761	9.863	5.610	...	...
140 - ADDITIONAL PROVISIONS FOR LOAN LOSSES	-	- 13.000	-	-	-
150 - WRITE-DOWNS TO FINANCIAL FIXED ASSETS	-	- 11	- 11	- 100,0	- 27,6
160 - RECOVERIES OF FINANCIAL FIXED ASSETS	-	88	88	- 100,0	...
170 - INCOME FROM ORDINARY ACTIVITIES	98.645	171.757	91.002	8,4	5,8
180 - EXTRAORDINARY INCOME	14.470	14.559	3.742	...	- 71,3
190 - EXTRAORDINARY EXPENSES	- 3.908	- 2.598	- 1.548	...	- 17,3
200 - EXTRAORDINARY INCOME, NET	10.562	11.961	2.194	...	- 80,3
220 - INCOME TAXES	- 46.250	- 78.900	- 38.300	20,8	- 2,5
230 - NET INCOME	62.957	104.818	54.896	14,7	- 5,1

RECLASSIFIED INCOME STATEMENT

INCOME STATEMENT (thousands of Euros)

	30/6/03	30/3/03	31/12/02	30/6/02	6/03-6/02	
					absolute	%
10 Interest income and similar revenues	278.913	141.870	567.000	275.216	3.697	1,3
20 Interest expenses and similar charges	- 119.624	- 64.086	- 263.694	- 127.021	7.397	-5,8
NET INTEREST INCOME	159.289	77.784	303.306	148.195	11.094	7,5
40 Commission income	85.922	41.753	160.710	79.990	5.932	7,4
50 Commission expenses	- 7.472	- 3.296	- 12.825	- 5.546	-1.926	34,7
60 Gains (losses)						
from financial transactions	- 2.710	- 1.542	- 5.989	- 3.047	337	-11,1
30 Dividends and other revenues	57.177	19.460	87.245	52.937	4.240	8,0
70 Other operating income	76.732	37.764	123.889	57.010	19.722	34,6
110 Other operating expenses	- 1.873	- 642	- 5.800	- 5.059	3.186	-63,0
NON INTEREST INCOME	207.776	93.497	347.230	176.285	31.491	17,9
GROSS OPERATING INCOME	367.065	171.281	650.536	324.480	42.585	13,1
80 Administrative costs	- 181.052	- 88.324	- 321.821	- 158.969	-22.083	13,9
– Personnel	- 116.547	- 57.990	- 199.388	- 101.024	-15.523	15,4
– Other administrative costs	- 64.505	- 30.334	- 122.433	- 57.945	-6.560	11,3
90 Depreciation and amortization of intangible and tangible fixed assets	- 60.682	- 29.472	- 91.052	- 48.950	-11.732	24,0
OPERATING COSTS	-241.734	-117.796	-412.873	-207.919	-33.815	16,3
OPERATING INCOME	125.331	53.485	237.663	116.561	8.770	7,5
100 Provisions for risks and charges	- 2.663	- 333	- 3.176	- 2.350	-313	13,3
120 Provisions for loan losses and for guarantees and commitments	-27.784	-15.992	-59.670	-28.896	1.112	-3,8
130 Recoveries of loans and reversals of provisions for guarantees and commitments	3.761	2.499	9.863	5.610	-1.849	-33,0
140 Additional provisions for loan losses	-	-	-13.000	-	-	...
150 Write-downs to financial fixed assets	-	-	-11	-11	11	-100,0
160 Recoveries of financial fixed assets	-	-	88	88	-88	...
PROVISIONS AND WRITE-DOWNS	-26.686	-13.826	-65.906	-25.559	-1.127	4,4
170 INCOME FROM ORDINARY ACTIVITIES	98.645	39.659	171.757	91.002	7.643	8,4
180 Extraordinary income	14.470	3.373	14.559	3.742	10.728	286,7
190 Extraordinary expenses	- 3.908	- 1.935	- 2.598	- 1.548	-2.360	152,5
200 EXTRAORDINARY INCOME, NET	10.562	1.438	11.961	2.194	8.368	381,3
INCOME BEFORE TAXATION	109.207	41.097	183.718	93.196	16.011	17,2
220 Income taxes	- 46.250	- 15.900	- 78.900	- 38.300	-7.950	20,8
230 NET INCOME	62.957	25.197	104.818	54.896	8.061	14,7

CONSOLIDATED FINANCIAL HIGHLIGHTS

	30/6/03	31/3/03	31/12/02	30/6/02	Change %	
					6/03-12/02	6/03-6/02
BALANCE SHEET (1)						
Total assets	15.697,2	15.194,6	15.388,9	13.829,7	2,0	13,5
Funding	12.607,2	12.331,2	12.424,9	11.170,8	1,5	12,9
– Customer Deposits	10.872,4	10.628,4	10.558,2	9.830,8	3,0	10,6
– Amounts owed to customers	6.665,8	6.675,2	6.900,8	6.047,9	- 3,4	10,2
– Debts evidenced by certificates	4.206,6	3.953,2	3.657,4	3.782,9	15,0	11,2
– Deposits from Banks	1.334,4	1.302,4	1.466,4	939,7	- 9,0	42,0
– Funds managed on behalf of third parties	0,4	0,4	0,3	0,3	33,3	33,3
– Subordinated loans	400,0	400,0	400,0	400,0	-	-
Other Financial Intermediation Activities (OFIA)	14.393,9	14.138,5	13.929,9	13.369,6	3,3	7,7
– Assets Under Management	7.197,9	6.923,0	6.842,9	6.362,1	5,2	13,1
– Assets in Custody	7.196,0	7.215,5	7.087,0	7.007,5	1,5	2,7
Total Financial Intermediation Activities (TFIA)	25.266,3	24.766,9	24.488,1	23.200,4	3,2	8,9
Lending (2) (3)	13.461,3	12.940,8	13.210,9	12.176,1	1,9	10,6
– Loans to Customers (2) (3)	9.733,8	9.458,8	9.495,1	8.509,2	2,5	14,4
– Loans to Banks (2)	898,4	854,7	1.328,1	798,9	- 32,4	12,5
– Securities	2.829,1	2.627,3	2.387,7	2.868,0	18,5	- 1,4
– Investment Securities	273,7	273,7	242,0	335,7	13,1	- 18,5
– Trading Securities	2.555,4	2.353,6	2.145,7	2.532,3	19,1	0,9
Shareholders' Equity (4)	1.301,0	1.298,9	1.305,8	1.302,4	- 0,4	- 0,1
GROUP INSURANCE COMPANIES (1)						
Total premiums	319,4	141,7	676,0	337,9		- 5,5
Damages paid-out	208,7	102,1	430,3	132,9		57,0
INCOME STATEMENT (1)						
Operating Income	96,9	40,8	186,4	81,7		18,6
Income from Ordinary Activities	68,6	26,0	112,0	54,9		25,0
Income before Taxation	87,9	38,7	128,5	57,4		53,2
Net Income	43,7	21,5	66,2	29,6		47,6
RESOURCES (5)						
Number of branches	455	452	452	408	0,7	11,5
Number of employees	4.422	4.434	4.111	4.112	7,6	7,5
Insurance companies:						
– number of branches	427	433	443	455	- 3,6	- 6,2
– number of employees	396	400	402	406	- 1,5	- 2,5
FINANCIAL RATIOS						
Non interest income						
/ Gross operating income	50,28%	48,47%	48,08%	48,16%		
Operating costs						
/ Gross operating income	73,91%	76,73%	72,74%	75,47%		
Income before Taxation						
/ Shareholders' Equity (4)	6,76%	2,98%	9,84%	4,41%		
ROE	3,36%	1,66%	5,07%	2,27%		
ROAE (6)	3,35%	1,65%	5,13%	2,30%		
SOLVENCY RATIOS (7)						
Risk-Weighted Assets (RWA) (1)	11.274,0	11.149,6	10.164,1	9.551,1	10,9	18,0
Tier 1% of RWA	6,74%	6,82%	7,13%	8,55%		
Total Capital % of RWA	8,75%	8,68%	9,01%	12,46%		

(1) Millions of Euros.

(2) Gross of allowance for credit risks.

(3) Including leased fixed assets.

(4) Including reserves for general banking risks.

(5) Statistics at the end of period.

(6) Net income on average shareholders' equity (Return On Average Equity).

(7) Ratios communicated to the Bank of Italy. Excluding ratios at 30/6/2003 and 31/3/2002.

CONSOLIDATED BALANCE SHEET

ASSETS	Change %				
<i>(thousands of Euros)</i>	30/6/03	31/12/02	30/6/02	6/03-12/02	6/02-12/01
10 - CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICES	152.051	197.247	156.955	- 22,9	- 15,7
20 - TREASURY CERTIFICATES AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	1.030.112	427.642	492.911	140,9	- 14,5
30 - LOANS AND ADVANCES TO CREDIT INSTITUTIONS:	889.682	1.320.229	791.928	- 32,6	- 32,2
(a) repayable on demand	416.911	547.759	272.903	- 23,9	- 11,8
(b) other loans and advances	472.771	772.470	519.025	- 38,8	- 39,5
40 - ACCRUED INCOME AND PREPAID EXPENSES:	8.946.387	8.746.577	7.828.668	2,3	1,4
including:					
– loans using funds managed on behalf of third parties	260	188	160	38,3	- 14,9
50 - BONDS AND OTHER FIXED-INCOME SECURITIES:	1.626.518	1.759.587	2.198.644	- 7,6	3,4
(a) issued by public bodies	893.417	1.031.803	1.268.623	- 13,4	14,4
(b) issued by banks	392.461	429.387	623.020	- 8,6	- 3,1
including:					
– own securities	42.352	44.916	54.195	- 5,7	- 1,1
(c) issued by financial institutions	246.512	199.423	222.330	23,6	- 15,3
including:					
– own securities	-	-	-	-	-
(d) issued by others	94.128	98.974	84.671	- 4,9	- 24,0
60 - SHARES, QUOTAS AND OTHER EQUITY SECURITIES	172.484	200.478	176.425	- 14,0	80,1
70 - EQUITY INVESTMENTS	82.648	103.800	75.208	- 20,4	- 22,7
(a) carried at equity	57.033	75.992	40.344	- 24,9	- 34,6
(b) others	25.615	27.808	34.864	- 7,9	- 2,2
80 - INVESTMENTS IN GROUP COMPANIES	152.120	152.385	150.916	- 0,2	16,6
(a) carried at equity	152.120	152.385	150.916	- 0,2	- 15,3
(b) others	-	-	-	-	-
90 - POSITIVE DIFFERENCE ARISING FROM CONSOLIDATION	90.387	93.236	91.479	- 3,1	- 2,9
100 - POSITIVE DIFFERENCE ARISING FROM APPLICATION OF THE EQUITY METHOD	14.154	14.859	14.632	- 4,7	- 4,7
110 - INTANGIBLE FIXED ASSETS	478.129	480.672	349.927	- 0,5	- 2,3
including:					
– start-up costs	1.402	1.058	2.104	32,5	- 33,2
– goodwill	446.727	450.799	322.477	- 0,9	- 2,5
120 - TANGIBLE FIXED ASSETS	990.399	967.126	852.238	2,4	6,1
140 - OWN SHARES	5.261	25.613	33.127	- 79,5	- 7,5
<i>(nominal value: 2,313)</i>					
150 - OTHER ASSETS	963.738	809.174	517.927	19,1	15,0
160 - ACCRUED INCOME AND PREPAID EXPENSES:	103.135	90.308	98.738	14,2	- 0,7
(a) accrued income	91.916	80.497	84.697	14,2	- 6,2
(b) prepaid expenses	11.219	9.811	14.041	14,4	53,8
including:					
– discount on bonds issued	4.014	4.425	4.938	...	...
TOTAL ASSETS	15.697.205	15.388.933	13.829.723	2,0	- 0,9

LIABILITIES AND STOCKHOLDERS' EQUITY

(thousands Euro)	30/6/03	31/12/02	30/6/02	Change %	
				6/03-12/02	6/02-12/01
10 - AMOUNTS OWED TO CREDIT INSTITUTIONS:	1.334.404	1.466.421	939.683	- 9,0	- 34,7
(a) repayable on demand	111.069	44.216	90.070	151,2	4,7
(b) with agreed maturity dates or periods of notice	1.223.335	1.422.205	849.613	- 14,0	- 37,2
20 - AMOUNTS OWED TO CUSTOMERS:	6.665.764	6.900.768	6.047.909	- 3,4	3,6
(a) repayable on demand	6.243.322	6.239.389	5.192.118	0,1	- 0,3
(b) with agreed maturity dates or periods of notice	422.442	661.379	855.791	- 36,1	36,0
30 - DEBTS EVIDENCED BY CERTIFICATES:	4.206.581	3.657.445	3.782.914	15,0	6,9
(a) bonds	3.721.630	3.146.656	3.234.031	18,3	9,9
(b) certificates of deposits	387.342	429.497	464.126	- 9,8	- 9,9
(c) other	97.609	81.292	84.757	20,1	5,2
40 - FUNDS MANAGED ON BEHALF OF THIRD PARTIES	367	310	297	18,4	- 0,3
50 - OTHER LIABILITIES	1.027.121	851.226	691.744	20,7	1,1
60 - ACCRUED EXPENSES AND DEFERRED INCOME:	164.836	149.127	150.854	10,5	8,2
(a) accrued expenses	96.627	83.940	94.088	15,1	- 1,2
(b) deferred income	68.209	65.187	56.766	4,6	28,4
70 - RESERVE FOR TERMINATION INDEMNITIES	99.883	103.515	90.695	- 3,5	1,2
80 - RESERVES FOR RISKS AND CHARGES	386.602	420.792	365.792	- 8,1	- 15,6
(a) reserves for pensions and similar commitments	293.827	294.061	303.327	- 0,1	- 0,3
(b) reserves for taxation	62.585	88.574	38.728	- 29,3	- 58,9
(c) consolidation reserves for future risks and charges	-	-	-	-	-
(d) other reserves	30.190	38.157	23.737	- 20,9	- 31,6
90 - RESERVES FOR LOAN LOSSES	14.644	14.644	6.703	-	- 0,1
100 - RESERVES FOR GENERAL BANKING RISKS	5.165	5.165	5.165	-	-
110 - SUBORDINATED LOANS	400.000	400.000	400.000	-	-
130 - NEGATIVE DIFFERENCE ARISING FROM APPLICATION OF THE EQUITY METHOD	34.929	35.134	1.995	- 0,6	-
140 - MINORITY INTERESTS	17.353	17.539	19.151	- 1,1	3,5
150 - CAPITAL STOCK	1.020.550	1.020.550	1.020.550	-	0,3
160 - ADDITIONAL PAID-IN CAPITAL	139.941	136.095	132.655	2,8	0,5
170 - RESERVES	127.290	135.981	135.947	- 6,4	20,6
(a) legal reserve	67.351	56.869	56.869	18,4	22,3
(b) reserve for purchase of treasury stock	5.261	25.613	33.127	- 79,5	- 7,5
(c) statutory reserves	-	-	-	-	-
(d) other reserves	54.678	53.499	45.951	2,2	51,2
180 - REVALUATION RESERVES	8.050	8.050	8.050	-	-
200 - NET INCOME	43.725	66.171	29.619	- 33,9	- 69,2
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	15.697.205	15.388.933	13.829.723	2,0	- 0,9

GUARANTEES AND COMMITMENTS

10 - GUARANTEES GIVEN	1.390.807	1.391.727	1.353.145	- 0,1	4,7
including:					
- acceptances	5.896	4.249	4.172	38,8	- 56,1
- other guarantees	1.384.911	1.387.478	1.348.973	- 0,2	5,1
20 - COMMITMENTS	916.349	820.908	570.250	11,6	- 13,4
including:					
- repurchase agreements	-	-	-	-	-

CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	30/6/03	31/12/02	30/6/02	Change %	
				6/03-6/02	6/02-6/01
10 - INTEREST INCOME AND SIMILAR REVENUES	311.984	635.012	308.013	1,3	- 11,2
including:					
– loans and advances to customers	252.897	486.147	238.734	5,9	- 6,2
– fixed-income securities	48.548	123.716	57.737	- 15,9	- 26,6
20 - INTEREST EXPENSE AND SIMILAR CHARGES	- 127.361	- 280.157	- 135.343	- 5,9	- 21,7
including:					
– amounts owed to customers	- 33.080	- 78.704	- 38.592	- 14,3	- 14,3
– securities issued	- 69.145	- 147.531	- 73.908	- 6,4	1,8
30 - DIVIDENDS AND OTHER REVENUES:	17.626	8.754	8.235	...	2,0
(a) from shares, quotas and other equity securities	13.018	2.878	2.689	...	60,4
(b) from equity investments	4.608	5.876	5.546	- 16,9	- 13,3
(c) from equity investments in group companies	-	-	-	...	...
40 - COMMISSION INCOME	98.124	184.235	91.462	7,3	15,1
50 - COMMISSION EXPENSES	- 7.913	- 13.705	- 5.893	34,3	0,7
60 - GAINS (LOSSES) FROM FINANCIAL TRANSACTIONS, NET	- 866	- 5.844	- 3.237	- 73,2	...
70 - OTHER OPERATING INCOME	79.981	157.806	74.359	7,6	12,3
80 - ADMINISTRATIVE COSTS:	- 206.761	- 374.031	- 185.252	11,6	8,2
(a) personnel	- 133.452	- 232.748	- 117.724	13,4	6,8
including:					
– wages and salaries	- 87.705	- 159.519	- 78.351	11,9	7,5
– social security costs	- 24.339	- 44.633	- 21.550	12,9	9,0
– termination indemnities	- 6.182	- 21.920	- 5.714	8,2	- 1,8
– pensions and similar commitments	- 7.775	- 5.906	- 6.780	14,7	19,7
(b) other administrative costs	- 73.309	- 141.283	- 67.528	8,6	10,7
90 - DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS	- 67.654	- 123.129	- 66.127	2,3	21,0
100 - PROVISIONS FOR RISKS AND CHARGES	- 3.364	- 3.273	- 2.384	41,1	26,6
110 - OTHER OPERATING EXPENSES	- 2.435	- 11.101	- 6.459	- 62,3	93,6
120 - PROVISIONS FOR LOAN LOSSES AND FOR GUARANTEES AND COMMITMENTS	- 29.587	- 67.090	- 31.226	- 5,2	16,2
130 - RECOVERIES OF LOANS AND REVERSALS OF PROVISIONS FOR GUARANTEES AND COMMITMENTS	4.715	13.264	6.924	- 31,9	...
140 - ADDITIONAL PROVISIONS FOR LOAN LOSSES	- 62	- 17.334	- 209	- 70,3	...
150 - WRITE-DOWNS TO FINANCIAL FIXED ASSETS	-	- 33	- 25	...	56,3
160 - RECOVERIES OF FINANCIAL FIXED ASSETS	-	99	88	...	...
170 - PROFIT (LOSSES) ON INVESTMENTS CARRIED AT EQUITY	2.152	8.512	1.945	10,6	- 16,1
180 - INCOME FROM ORDINARY ACTIVITIES	68.579	111.985	54.871	25,0	- 26,7
190 - EXTRAORDINARY INCOME	23.787	23.339	6.099	290,0	- 56,5
200 - EXTRAORDINARY EXPENSES	- 4.454	- 6.868	- 3.572	24,7	67,1
210 - EXTRAORDINARY INCOME, NET	19.333	16.471	2.527	665,1	- 78,8
240 - INCOME TAXES	- 43.050	- 60.914	- 27.141	58,6	- 26,3
250 - MINORITY INTERESTS	- 1.137	- 1.371	- 638	78,2	...
260 - NET INCOME	43.725	66.171	29.619	47,6	- 40,2

RECLASSIFIED INCOME STATEMENT

INCOME STATEMENT *(thousands of Euros)*

	30/06/02	31/03/03	31/12/02	30/06/02	6/03 - 6/02	
					absolute	%
10 Interest income and similar revenues	311.984	157.820	635.012	308.013	3.971	1,3
20 Interest expense and similar charges	-127.361	-67.523	-280.157	-135.343	7.982	-5,9
NET INTEREST INCOME	184.623	90.297	354.855	172.670	11.953	6,9
40 Commission income	98.124	47.903	184.235	91.462	6.662	7,3
50 Commission expenses	-7.913	-3.498	-13.705	-5.893	-2.020	34,3
60 Gains (losses) from financial transactions	-866	-674	-5.844	-3.237	2.371	...
30 Dividends and other revenues	17.626	2.626	8.754	8.235	9.391	114,0
170 Profit (losses) on investments carried at equity	2.152	47	8.512	1.945	207	10,6
70 Other operating income	79.981	39.458	157.806	74.359	5.622	7,6
110 Other operating expenses	-2.435	-931	-11.101	-6.459	4.024	-62,3
NON INTEREST INCOME	186.669	84.931	328.657	160.412	26.257	16,4
GROSS OPERATING INCOME	371.292	175.228	683.512	333.082	38.210	11,5
80 Administrative costs	-206.761	-101.418	-374.031	-185.252	-21.509	11,6
– Personnel	-133.452	-66.610	-232.748	-117.724	-15.728	13,4
– Other administrative costs	-73.309	-34.808	-141.283	-67.528	-5.781	8,6
90 Depreciation and amortization of intangible and tangible fixed assets	-67.654	-33.026	-123.129	-66.127	-1.527	2,3
OPERATING COSTS	-274.415	-134.444	-497.160	-251.379	-23.036	9,2
OPERATING INCOME	96.877	40.784	186.352	81.703	15.174	18,6
100 Provisions for risks and charges	-3.364	-575	-3.273	-2.384	-980	41,1
120 Provisions for loan losses and for guarantees and commitments	-29.587	-16.823	-67.090	-31.226	1.639	-5,2
130 Recoveries of loans and reversals of provisions for guarantees and commitments	4.715	2.662	13.264	6.924	-2.209	-31,9
140 Additional provisions for loan losses	-62	-90	-17.334	-209	147	...
150 Write-downs to financial fixed assets	-	-	-33	-25	25	-100,0
160 Recoveries of financial fixed assets	-	-	99	88	-88	...
PROVISIONS AND WRITE-DOWNS	-28.298	-14.826	-74.367	-26.832	-1.466	5,5
180 INCOME FROM ORDINARY ACTIVITIES	68.579	25.958	111.985	54.871	13.708	25,0
190 Extraordinary income	23.787	14.900	23.339	6.099	17.688	290,0
200 Extraordinary expenses	-4.454	-2.173	-6.868	-3.572	-882	24,7
210 EXTRAORDINARY INCOME, NET	19.333	12.727	16.471	2.527	16.806	665,1
INCOME BEFORE TAXATION	87.912	38.685	128.456	57.398	30.514	53,2
240 Income taxes	-43.050	-16.520	-60.914	-27.141	-15.909	58,6
250 Minority interests	-1.137	-652	-1.371	-638	-499	78,2
260 NET INCOME	43.725	21.513	66.171	29.619	14.106	47,6