



Consolidated
Quarterly Report and Accounts
at September 30, 2003

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GENERAL MANAGEMENT at September 30, 2003

Board of Directors

| | |
|-------------------------|--------------------------|
| Chairman | Francesco Carbonetti * |
| Deputy Chairman | Rino Mario Gambari * |
| Chief Executive Officer | Fabio Gallia * |
| Directors | Matteo Arpe |
| | Cesare Caletti |
| | Piero Castelli |
| | Domenico Cavallo |
| | Vittorio Maria De Stasio |
| | Luciano Fantuzzi |
| | Luca Ferrarini |
| | Giorgio Giampaoli |
| | Carmine Lamanda * |
| | Pietro Locati |
| | Giuseppe Lusignani |
| | Gianpietro Palazzani |
| | Vittorio Ripa Di Meana |
| | Erminio Spallanzani |
| | Steven Spiegel |
| | Giuliano Tagliavini * |
| | Eusebio Trombi |

* Members of the Executive Committee

Changes to the composition of the Board of Directors from January 1, 2003 to September 30, 2003

On February 24, 2003 Mr. Thomas V. Reilly resigned from his position as Board Director, and at the Board Meeting of March 26, 2003 he was replaced by Mr. Steven Spiegel who was appointed by co-optation. Mr. Steven Spiegel's appointment to the Board was confirmed by the shareholders at their Meeting held on April 24, 2003.

On June 24, 2003 the Chief Executive Officer, Mr. Giorgio Brambilla deceased.

On September 10, 2003 the Board of Directors of Fineco S.p.A. appointed Mr. Fabio Gallia as Chief Executive Officer, and Mr. Alessandro Foti as General Manager replacing Mr. Massimo Ferrari who resigned from that position on that same date.

Changes to the composition of the Board of Directors subsequent to September 30, 2003

On October 31, 2003 Mr. Pietro Locati resigned from his position as Board Director.

Board of Statutory Auditors

| | |
|--------------------|------------------------|
| Chairman | Umberto Bertini |
| Standing Auditor | Silvio Bianchi Martini |
| Standing Auditor | Gian Matteo Bonomo |
| Substitute Auditor | Giacomo Crinella |
| Substitute Auditor | Emanuele D'Innella |

The members of the Board of Statutory Auditors were appointed on October 30, 2002

General Manager Alessandro Foti

Co-General Manager Michele Casella

FinecoGroup Results

The consolidated accounts at September 30, 2003 of FinecoGroup - the Capitalia Group sub-holding company providing integrated financial services - reflect the changes in the scope of consolidation which took place in the third quarter following the sale of the banking line of business of the German company Entrium concluded in July, and the agreement for the sale of a 51% stake in Holding Banca della Rete.

As a result of those changes which entailed the deconsolidation of Entrium and equity accounting for Holding Banca della Rete, and of the changes occurred in 2002 following the business combination between the Bipop-Carire and Bancaroma Groups, the balance sheet and profit and loss account balances at September 30, 2003 are not comparable with those at September 30, 2002 since they relate to entities which are now different.

To enable a consistent comparative analysis with prior periods, pro-forma reclassifications were made of profit and loss account data for the first two quarters 2003, and of balance sheet data at December 31, 2002, so as to reflect the same scope of consolidation as at September 30, 2003.

Net profit of € 0.3 million reported at September 30, 2003, and especially net profit of € 14 million for the third quarter, was strongly affected by items which do not relate to ordinary operations namely, the positive impact of the about € 57 million gains after taxes and other related expenses from the sale of the Entrium banking line of business, and the negative impact of the significant provisions for risks and charges of about € 71.2 million at September 30, 2003, of which € 38.5 million set aside in the third quarter 2003.

Said provisions were made in connection with the potential risks which may arise in the event of the disposal of certain Group international shareholdings.

With respect to the components of operating income, in the third quarter 2003 the Group reported interest income which, net of securities lending, remained substantially stable; slightly lower net commission income partly as a result of the business slow down typical of that time of the year; and reduced administrative expenses which confirm the effectiveness of the cost containment action taken so far.

Actions taken

With respect to actions taken in the third quarter 2003, in addition to the deals which were mentioned above, the Group finalized the acquisition of a 47.5% shareholding in Roma Vita and proceeded to its combination with Cisalpina Previdenza to create Fineco Vita, the Group insurance business conglomerate.

Those actions are a further step in the process of Group reorganization and rationalization which was launched in 2002 and is still underway.

Moreover, to provide incentives to and promote retention of Group key personnel, in the third quarter a three-year stock option plan was established for the management and the financial planners of the Fineco City network. The plan will be submitted to the Extraordinary Shareholders' Meeting of FinecoGroup for approval on November 12 or November 13, 2003 the dates of the first call and second call of the meeting, respectively.

Consolidated Data

In light of the changes in the scope of consolidation as mentioned above, the profit and loss account balances for the third quarter 2003 are compared to the pro-forma reclassified profit and loss account balances for the

reclassified balance sheet data at December 31, 2002.

Net interest income grew from € 20.9 million in the second quarter 2003 to € 24.9 million in the third quarter 2003. It should be noted that securities lending results have a distorting effect on the balance of this account. After segregating securities lending results, net interest income for the third quarter amounts to € 25.2 million versus € 26.5 million in the second quarter 2003. The decline is mostly due to lower interest earned by Brint following the sale of bond holdings in June 2003.

Net commission income decreased from € 55.1 million in the second quarter 2003 to € 46.1 million in the third quarter 2003. As in the case of net interest income, it should be noted that securities lending results have a distorting effect on the balance of this account. After segregating securities lending results, net commission income shows a decline from € 52.7 million in the second quarter to € 45.4 million in the third quarter 2003, being partly affected by the business slow down typical of this time of the year.

Operating costs, including depreciation and amortization, decreased from € 86.9 million in the second quarter 2003 to € 85 million in the third quarter, confirming the effectiveness of the cost containment action started in the prior quarters and continued in the third quarter. Specifically, administrative expenses were down 6.3%, while personnel expense remained stable.

In the third quarter 2003 **gross operating profit**, after depreciation and amortization of € 14.7 million, amounted to € 12.9 million versus € 27 million in the prior quarter.

Confirming the Group conservative approach, in the third quarter 2003 **provisions for risks and charges** amounted to € 38.5 million. Those provisions were made primarily in connection with potential risks which may arise in the event of disposal of certain Group international shareholdings.

In the third quarter 2003 the group reported a **loss before non recurring items and income taxes** of € 29.9 million.

Third quarter 2003 **net non-recurring income** was € 97.7 million. It included € 107 million gains arising on the sale of Entrium and € 7 million expenses in connection therewith.

Income taxes for the period amounted to € 55 million against a pre-tax profit of about € 67.8 million and included about € 43 million relating to gains on the sale of Entrium.

At September 30, 2003 **net profit** was € 0.3 million, while net profit for the third quarter amounted to € 14 million.

BALANCE SHEET DATA

At September 30, 2003 **customer loans** amounted to € 6.1 billion versus € 5.3 billion at December 31, 2002 (pro-forma); **assets under management** stood at € 36.6 billion versus € 36.1 billion at June 30, 2003 (pro-forma) despite negative net asset inflows in the quarter.

Assets under administration amounted to € 3 billion versus € 2.7 billion at June 30, 2003 (pro-forma).

Finecogroup financial planners were 2,160 (about 1,900 were Fineco City financial planners), of which about 190 abroad, and over 290 points of sale, of which over 270 in Italy.

QUARTERLY ACCOUNTS

INTRODUCTION

Following the business combination between the Bipop Carire Group (now FinecoGroup) and the Banca di Roma Group (now Capitalia), which was concluded on July 1 2002, the amounts reported in the profit and loss account for the quarter ended September 30, 2003 are not comparable with those reported at September 30, 2002, since for the first six months of the year they relate to two different business entities. Specifically, the profit and loss account at September 30, 2002 for the first six months of the year relates to the "old" Bipop Carire Group, and therefore, on the one hand, it includes the balances of the traditional banking line of business which was subsequently de-merged, while, on the other hand, it does not include the balances of the businesses contributed by Capitalia as part of the business combination.

Furthermore, following the changes in consolidated companies as set out in the paragraph "Consolidation" also balance sheet data are no longer comparable with the balances for prior periods.

The accounts at September 30 are set out below. They include the balances for prior periods, which, however, cannot be used for comparison for the reasons stated above.

In the following pages a comparative analysis is provided of balance sheet data at September 30, 2003 with reclassified pro-forma balances at December 31, 2002 as well as of profit and loss account data for the third quarter with prior quarters' reclassified pro-forma balances.

Pro-forma accounts reflect the deals made in the third quarter 2003 which brought about changes in the scope of consolidation, namely:

- the sale of the Entrium banking line of business;
- equity accounting for the Holding banca della Rete Group subsequent to the agreement for the sale of a 51% shareholding in that group.

The reclassified pro-forma accounts for prior periods reflect the same scope of consolidation as that at September 30, 2003, i.e. both the Entrium banking line of business and the Holding Banca della Rete Group were excluded from consolidation.

Those shareholdings were accounted for by the equity method.

RECLASSIFIED CONSOLIDATED BALANCE SHEET - MAIN ITEMS

Amounts in thousands of Euros

| | 30-09-2003 | 30-06-2003 | 31-12-2002 |
|---------------------------------|-------------------|-------------------|-------------------|
| Customer loans | 6,113,903 | 10,200,541 | 9,257,958 |
| Customer deposits | 5,218,943 | 12,983,973 | 13,186,282 |
| <i>Due to customers</i> | 3,951,778 | 10,900,495 | 10,054,231 |
| <i>Securities issued</i> | 1,267,165 | 2,083,478 | 3,132,051 |
| Net amounts due to banks | (2,908,499) | (627,020) | (572,679) |
| <i>Loans to banks</i> | 1,373,165 | 4,306,753 | 6,400,231 |
| <i>Due to banks</i> | (4,281,664) | (4,933,773) | (6,972,910) |
| Securities | 2,111,259 | 3,468,316 | 4,319,278 |
| <i>Trading securities</i> | 1,701,663 | 2,978,957 | 3,507,181 |
| <i>Investment securities</i> | 409,596 | 489,359 | 812,097 |
| Equity investments | 483,520 | 308,711 | 305,492 |
| Provision for risks and charges | 214,564 | 134,581 | 153,861 |
| Subordinated liabilities | 474,370 | 491,316 | 498,985 |

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT

Amounts in thousands of Euros

30/09/2003 **30/09/2002**

| | | |
|--|-----------------|------------------|
| Net interest income | 69,585 | 218,260 |
| Net commission income | 142,743 | 229,261 |
| Profit (loss) from financial transactions | 8,827 | -19,197 |
| Dividends and profit/loss from investments valued by the equity method | (2,365) | 1,045 |
| Other net operating income | 72,188 | 49,387 |
| Total operating income | 290,978 | 478,756 |
| Personnel expenses | (69,634) | (162,495) |
| Other administrative expenses | (138,864) | (254,243) |
| Depreciation and amortization of tangible and intangible fixed assets | (43,225) | (88,525) |
| Gross operating profit (loss) | 39,255 | (26,507) |
| Provision for loan losses | - | - |
| Net write-downs of loans | (18,085) | (82,788) |
| Provision for risks and charges | (71,208) | (19,259) |
| Net write-downs of long-term investments | (1,000) | (21,478) |
| Profit (loss) before non-recurring items and income taxes | (51,038) | (150,032) |
| Net non-recurring income (loss) | 113,798 | 120,666 |
| Gross profit (loss) | 62,760 | (29,366) |
| Income taxes for the period | (64,902) | (74,908) |
| Change in provision for general banking risks | - | (6) |
| Minority interest | 2,436 | 2,533 |
| Net profit (loss) for the period | 294 | (101,747) |

RECLASSIFIED CONSOLIDATED BALANCE SHEET - MAIN ITEMS

Amounts in thousands of Euros

30-09-2003

31-12-2002
pro-forma

| | 30-09-2003 | 31-12-2002 pro-forma |
|---------------------------------|-------------|-------------------------|
| Customer loans | 6,113,903 | 5,327,908 |
| Customer deposits | 5,218,943 | 6,807,879 |
| <i>Due to customers</i> | 3,951,778 | 3,685,828 |
| <i>Securities issued</i> | 1,267,165 | 3,122,051 |
| Net amounts due to banks | (2,908,499) | (1,420,389) |
| <i>Loans to banks</i> | 1,373,165 | 4,631,250 |
| <i>Due to banks</i> | (4,281,664) | (6,051,639) |
| Securities | 2,111,259 | 2,528,196 |
| <i>Trading securities</i> | 1,701,663 | 1,728,160 |
| <i>Investment securities</i> | 409,596 | 800,036 |
| Equity investments | 483,520 | 515,873 |
| Provision for risks and charges | 214,564 | 143,416 |
| Subordinated liabilities | 474,370 | 474,370 |

| | Q3 2003 | Q2 2003 pro forma | Q1 2003 pro forma |
|--|-----------------|----------------------|----------------------|
| Net interest income | 24,965 | 20,984 | 23,636 |
| Net commission income | 46,092 | 55,076 | 41,575 |
| Profit (loss) from financial transactions | 720 | 7,862 | 245 |
| Dividends and profit/loss from investments valued by the equity method | 109 | 5,124 | (7,598) |
| Other net operating income | 26,002 | 24,897 | 21,289 |
| Total operating income | 97,888 | 113,943 | 79,147 |
| Personnel expenses | (23,802) | (23,217) | (22,615) |
| Other administrative expenses | (46,448) | (49,579) | (42,837) |
| Depreciation and amortization of tangible and intangible fixed assets | (14,744) | (14,101) | (14,380) |
| Gross operating profit (loss) | 12,894 | 27,046 | (685) |
| Provision for loan losses | - | - | - |
| Net write-downs of loans | (4,340) | (7,422) | (6,323) |
| Provision for risks and charges | (38,492) | (23,768) | (8,948) |
| Net write-downs of long-term investments | - | (1,000) | - |
| Profit (loss) before non-recurring items and income taxes | (29,938) | (5,144) | (15,956) |
| Net non-recurring income (loss) | 97,736 | 8,257 | 7,805 |
| Gross profit (loss) | 67,798 | 3,113 | (8,151) |
| Income taxes for the period | (54,983) | 6,275 | (16,194) |
| Change in provision for general banking risks | - | - | - |
| Minority interest | 1,219 | 675 | 542 |
| Net profit (loss) for the period | 14,034 | 10,063 | (23,803) |

ACCOUNTING POLICIES

The FinecoGroup Quarterly Accounts at September 30, 2003 were prepared in accordance with Consob Regulation No. 11971 of May 14, 1999 as subsequently amended and supplemented.

The accounting policies are the same as those used for the preparation of the consolidated financial statements at December 31, 2002.

The accounts used as a basis for the consolidation are those prepared by the subsidiaries (either consolidated on a line-by line basis or accounted for by the equity method) at September 30, 2003, as adjusted, when needed, to ensure uniformity with group accounting policies.

In light of the changes in the scope of consolidation, the analysis of balance sheet and profit and loss account balances at September 30, 2003 is made providing pro forma comparative figures for prior periods.

Pro-forma comparative figures at December 31, 2002 are presented for each item of the reclassified balance sheet at September 30, 2003 including comments on any variations.

Reclassified profit and loss account items show their balances at September 30, 2003 as well as pro forma balances for the second quarter.

Amounts are expressed in thousands of Euros, unless otherwise indicated.

CONSOLIDATION

At September 30, 2003 certain changes had occurred in the scope of consolidation over December 31, 2002.

The changes which took place in the third quarter 2003 relate to:

- the sale of the Entrium Direct Bankers (now Fineco Verwaltung AG) banking business to DiBa, a subsidiary of the Dutch Group ING, having retroactive effect beginning on January 1, 2003;
- the agreement made on October 11, 2003 for the sale of a 51% shareholding in Holding Banca della Rete SpA (including its subsidiaries Banca Mediosim SpA, R3 srl and Auriga srl) to Sara Assicurazioni SpA. The sale shall be executed within year end. In view of said sale as a result of which FinecoGroup will no longer hold a majority stake in the Holding Banca della Rete Group, Holding Banca della Rete SpA and Banca Mediosim SpA were not consolidated on a line by line basis but accounted for by the equity method. Equity accounting for that investee entailed stating consolidated net assets of the Holding Banca della Rete Group at September 30, 2003 for the post-sale FinecoGroup's share of net assets thereof (49%) and consolidated net assets of the Holding Banca della Rete Group at June 30, 2003 for the share of net assets that will be sold.

BALANCE SHEET**Customer loans**

At September 30, 2003 customer loans amounted to € 6,114 million versus € 5,328 million (pro-forma) at 31 December 2002.

The balance of this account at the end of September 2003 consisted primarily of lease financing amounting to € 3,457 million, mortgage loans and loans secured by one fifth of borrowers' salaries extended by Banca Fineco ICQ SpA of € 1,710 million and factoring transactions of € 413 million.

The increase over the pro forma figure at December 31, 2002 was € 786 million. However, net of the securitization made by Banca Fineco ICQ SpA during 2003, customer loans grew by about € 1,233 million. On April 23, 2003, Banca Fineco ICQ SpA sold a portfolio of loans secured by one fifth of borrowers' salaries to F-E Personal Loans Srl for a total of € 447 million. On June 16, 2003, following the issue of asset backed securities by the vehicle company the relevant receivables were collected.

Said € 1,233 million increase in customer loans was mostly the result of lending growth in the following businesses: lease financing of € 593 million, mortgage loans and loans secured by one fifth of the borrowers' salaries of € 484 million and € 235 million, respectively.

Analysis of customer loans at September 30, 2003

| Categories/Value | Gross exposure | Net write-backs/write-downs | Net exposure |
|---|------------------|-----------------------------|------------------|
| A. Impaired loans | 109,285 | 48,343 | 60,942 |
| A.1. Non performing loans | 91,384 | 44,731 | 46,653 |
| A.2. Watch list loans | 12,039 | 1,418 | 10,621 |
| A.3. Loans being restructured | - | - | - |
| A.4. Restructured loans | 3,792 | 1,178 | 2,614 |
| A.5. Unsecured loans to high risk countries | 2,070 | 1,016 | 1,054 |
| B. Performing loans | 6,084,953 | 31,992 | 6,052,961 |
| Total A + B | 6,194,238 | 80,335 | 6,113,903 |

Amounts in thousands of euros

At September 30, 2003 net non performing loans amounted to € 46.7 million accounting for 0.76% of total customer loans. Watch list loans were € 10.6 million accounting for 0.17% of total customer loans.

Customer Deposits

September 30, 2003.

The balance of this account at the end of September 2003 mainly relates to the online current accounts with Banca Fineco ICQ SpA amounting to € 2,409 million, bonds issued by FinecoGroup SpA amounting to € 1,253 million, savings accounts held with Brint amounting to € 519 million and repurchase agreements of € 595 million.

The € 1,589 million decrease substantially relates to the parent company's repayments of bonds upon maturity amounting to € 1,635 million.

At September 30, 2003 subordinated liabilities stood at € 474 million, remaining substantially unchanged over December 31, 2002 (pro-forma).

Loans to banks/Due to banks

At September 30, 2003 loans to banks amounted to € 1,373 million versus € 4,631 million at December 31, 2002 (pro-forma).

At September 30, 2003 due to banks were € 4,282 million versus € 6,052 million at December 31, 2002 (pro-forma).

The substantial decrease in both loans to banks and amounts due to banks is owed to the decline in repurchase agreements made by the Safei Group of around € 2,830 million.

There are no impaired loans to banks of material amounts.

Bonds, shares and other securities

At September 30, 2003 securities held by the Group amounted to € 2,111 million compared to € 2,528 million at December 31, 2002 (pro-forma).

The balance at the end of September 2003 consisted of € 1,702 million in trading securities versus € 1,728 million at December 31, 2002 (pro forma). These securities mainly relate to holdings by Banca Fineco ICQ SpA € 814 million; Bipop Finance LTD € 410 million and Brint € 379 million. Investment securities amounted to € 410 million versus a pro forma amount of € 800 million at December 31, 2002, of which € 392 million held by Brint.

The € 390 million decrease in investment securities is in connection with the redemption and sale of certain securities by Brint. Following the sale of those securities gains € 6.2 million were recorded as non-recurring income.

At September 30, 2003 there was no material change in trading securities compared to December 31, 2002 (pro-forma).

The portfolio of trading securities includes junior notes issued in connection with securitizations originated by the Fineco Group and amounting to a total of € 178 million. The valuation of those securities is made by taking into account any losses which could be incurred by defaults of loans in the securitized portfolio.

Equity investments

At September 30, 2003 equity investments amounted to € 484 million compared to € 305 million at December 31, 2002.

The € 179 million increase is mostly due to the following:

to € 155 million;

- the increase in the value of Roma Vita and Cisalpina Previdenza by € 6 million and € 2 million, respectively, as a result of equity accounting for these investments;

- equity accounting for Holding Banca della Rete SpA and Banca Mediosim SpA. Following the agreement for the sale of a 51% shareholding in the Holding Banca della Rete Group to Sara Assicurazioni, these companies are no longer consolidated but are accounted for by the equity method. As a result of the change in this accounting policy € 14.6 million were recorded under equity investments.

Provisions for risks and charges

| | 30/09/2003 | 31/12/2002 pro-forma |
|---|----------------|-------------------------|
| Provisions for termination benefits and similar obligations | 661 | 661 |
| Provision for taxation | 100,016 | 89,194 |
| Other provisions | 113,887 | 53,561 |
| Total | 214,564 | 143,416 |

Amounts in thousands of Euros

Analysis of sub-caption "provisions for risks and charges: other provisions"

| | 30/09/2003 | 31/12/2002 pro-forma |
|---|----------------|-------------------------|
| Provision for risks connected with equity investments | 55,500 | - |
| Provision for risks related to financial planners' activity | 18,586 | 16,342 |
| Provision for litigation risks | 11,902 | 11,195 |
| Provision for guarantees issued | 8,022 | 7,645 |
| Provision for contract risks | 7,905 | - |
| Provision for financial shop charges | 7,770 | 11,247 |
| Provision for amounts already committed | 1,966 | 1,966 |
| Provision for risks connected with the "Fe Mortgage srl" securization | 1,577 | - |
| Other provisions for risks and charges | 659 | 982 |
| Provision for bond costs | - | 4,184 |
| Total | 113,887 | 53,561 |

Amounts in thousands of Euros

The provision for risks connected with equity investments was raised to cover future losses which may arise in connection with certain Group international equity investments.

Indeed, the future earnings prospects of certain international holdings may be impacted by certain circumstances, e.g.:

- the reorganization processes which are underway;
- the performance of financial markets and the international economy;
- their possible business combination with other parties.

Should these circumstances have an adverse impact on these investments, they may need to be disposed of.

The € 55.5 million provision therefore was made for reasons of prudence to cover any future losses on equity investments resulting from an adverse impact of the circumstances described above.

The provision for risks related to financial planners' activity consists of amounts provided for the customer supplementary indemnity fund and estimated contingent liabilities in connection with litigation relating to the financial planners' activities. There are, moreover, a number of pending disputes relating to the activities of the financial planners'

Nevertheless, provisions of around € 4.4 million were made. At September 30, the balance of this account shows an increase of € 2.2 million compared to the pro forma figure at December 31, 2002. The increase substantially relates to the provision made by the parent company FinecoGroup SpA to cover new future potential liabilities.

The provision for litigation risks relates to potential losses which may arise in connection with legal proceedings instituted against Group companies. The € 0.7 million increase over December 31, 2002 (pro-forma) substantially relates to greater provisions made by FinEco Banca ICQ SpA (€ 246 thousand) and FinecoGroup SpA (€ 465 thousand).

The provision for financial shop charges relates to estimated future costs to be sustained by the Group by failing to open certain financial shops for use by financial planners, but which were still being outfitted at December 31, 2002. At September 30, 2003 that provision was utilized for about € 2 million. As of December 31, 2002 that account included also a provision of € 1.4 million relating to disputes with certain suppliers for claims in connection with the outfitting of the points of sales. At September 30, 2003 said provision was partly utilized in the amount of € 0.7 million following the settlement of those disputes.

The provision for contract risks relates to the amounts set aside by FinecoGroup SpA to cover potential liabilities in connection with an agreement made with Putnam Investments Inc. which provides for the payment of an advisory fee.

Other provisions for risks and charges of € 0.7 million relate to the amounts set aside in connection with future payments to employees and other minor contingencies.

The provision for amounts already committed relates to the charitable donations fund.

The provision for risks connected with the "Fe Mortgage srl" (previously Alves) securitization was made to cover the risk connected with the two securitizations made by FinEco Banca ICQ in 2003.

The provision for bond costs had been raised at December 31, 2002 to cover increased costs which might arise in connection with index linked bonds in the event that their yield, which is linked to the performance of certain stock market indices, does not reach the value established in the relevant agreement. At June 30, 2003 that provision was reclassified and reported under "other liabilities".

| Assets under management and administration | 30-09-2003 | 30-06-2003 pro-forma | 31-12-2002 pro-forma |
|---|-------------------|---------------------------------|---------------------------------|
| (aggregate data) | | | |
| Mutual funds net of asset management accounts | 30,612,734 | 30,332,109 | 31,968,880 |
| Asset management accounts | 2,641,200 | 2,454,501 | 2,917,856 |
| Insurance products | 3,305,250 | 3,363,355 | 3,045,346 |
| Total Assets under Group Management | 36,559,184 | 36,149,965 | 37,932,082 |
| Total Assets under Group Administration | 2,964,035 | 2,742,882 | 3,317,062 |

Amounts in thousands of Euros

At September 30, 2003 there was no significant change in total assets under group management compared to the pro forma balance at June 30, 2003.

At September 30, 2003 Group insurance product stock amounted to € 3,305 million, in line with the pro forma balance of this account at June 30, 2003.

Customer securities in custody grew to € 2,964 million, up 8.1%, from the pro forma balance of € 2,743 million at June 30, 2003 pro-forma.

PROFIT AND LOSS ACCOUNT

For a better analysis of the quarterly performance of certain items making up total operating income, Banca Fineco ICQ SpA's securities lending results need to be segregated from the rest as they have a distorting effect on the comparison between the second and third quarters.

| | As reported in the profit and loss account | | Securities lending | | Profit and loss account, net of securities lending | |
|--|---|------------------------------|---------------------------|----------------|---|------------------------------|
| | Q3 2003 | Q2 2003 Pro forma | Q3 2003 | Q2 2003 | Q3 2003 | Q2 2003 Pro forma |
| Net interest income | 24,965 | 20,984 | (201) | (5,532) | 25,166 | 26,516 |
| Net commission income | 46,092 | 55,076 | 688 | 2,385 | 45,404 | 52,691 |
| Dividends and profit (loss) on investments valued by the equity method | 109 | 5,124 | 41 | 3,631 | 68 | 1,493 |
| Securities lending | | | 528 | 484 | | |

In thousands of euros

As you may note securities lending results were consistent in the two quarters. However, they have a distorting effect on the individual components of total operating income. Therefore, an analysis of the items making up total operating income net of securities lending is provided below.

Net interest income

| | Q3 2003 | Q2 2003 | Change amount | % |
|-------------------------------|----------------|----------------|--------------------------|----------|
| Pro-forma net interest income | 24,965 | 20,984 | 3,981 | 19.0% |

In thousands of euros

The decrease of € 1.4 million recorded from the second to the third quarters was mainly due to lower interest income earned by Brint, which was down about € 1.7 million, following the sale of high-yield bonds made in June 2003, and only partly offset by the reduced cost of funding for the holding company FinecoGroup SpA.

Net commission income

| | Q3 2003 | Q2 2003 Pro forma | Change amount | % |
|--|---------|----------------------|------------------|--------|
| Net commission income | 46,092 | 55,076 | -8,984 | -16.3% |
| Net commission income, net of securities lending | 45,404 | 52,691 | -7,287 | -13.8% |

In thousands of euros

Net commission income declined by € 7.3 million over the prior quarter.

The decrease was mainly due to:

- lower commission income from securities trading and financial engineering in connection with the business slow down typical of summer months;
- reduced net commission income on asset management products partly as a result of lower performance fees reported in the third quarter compared to the second quarter;
- declined commission income from loans secured by one fifth of the borrowers' salaries since these products were increasingly sold through other intermediaries.

Profit (loss) from financial transactions

In the third quarter 2003 profit from financial transactions amounted to € 0.7 million versus € 7.8 million in the second quarter.

The about € 7.1 million decrease from the second to the third quarters is primarily in connection with the fact that in the second quarter 2003 Banca Roma International realized € 6 million gains from the sale of trading securities.

In the third quarter 2003 profit from investments accounted for by the equity method amounted to € 0.1 million.

The main contributors were:

- Gruppo Holding Banca della Rete: - € 3.8 million;
- Roma Vita € 3.2 million;
- Cisalpina Previdenza € 0.5 million.

Equity accounting for Holding Banca della Rete Group, which will be sold by year end, entailed stating consolidated net assets of that investee at September 30, 2003 for the post-sale FinecoGroup's share of net assets thereof (49%) and consolidated net assets of that investee at June 30, 2003 for the share of net assets that will be sold

Dividends reported in the third quarter were about € 0.2 million.

Other net operating income

In the third quarter 2003 other net operating income amounted to € 26 million versus € 24.9 million in the second quarter. The € 1.1 million increase was due to:

- € 3.1 million relating to the consideration received from Diba in connection with a no competition undertaking following the sale of Entrium to this company;
- € -2 million relating to lower net income reported by Fineco Leasing and FinEco Banca ICQ SpA.

Operating costs

| | Q3 2003 | Q2 2003 Pro forma | Change amount | % |
|---|---------------|----------------------|------------------|--------------|
| Personnel expenses | 23,802 | 23,217 | 585 | 2.5% |
| Other administrative expenses | 46,448 | 49,579 | -3,131 | -6.3% |
| Depreciation and amortization of tangible and intangible fixed assets | 14,744 | 14,101 | 643 | 4,6% |
| Total operating costs | 84,994 | 86,897 | -1,903 | -2.2% |

Amounts in thousands of euros

The increase in personnel expenses is primarily in connection with severance benefits paid to personnel that resigned during the third quarter.

The reduction in administrative expenses is in connection with efforts made to cut down costs in general and is primarily due to the decline in external service costs.

Depreciation and amortization of tangible and intangible fixed assets are substantially in line with previous quarters.

Net write-downs of loans

In the third quarter 2003 net write-downs of loans amounted to € 4.3 million, decreasing by about € 7.4 million over the second quarter.

Provisions for risks and charges

At September 30, 2003 provisions for risk and charges amounted to € 71.2 million and related to the following:

- € 55.5 million to cover possible future losses arising in connection with certain Group equity investments, mainly international investees;
- € 7.9 million in connection with agreements made with Putnam Investment Inc. which provide for the possible payment of advisory fees;
- € 5.4 million to cover potential liabilities in connection with legal proceedings or claims relating to the financial planners' activities;
- € 1.6 million set aside by Banca Fineco ICQ SpA relating to securitization;
- € 0.8 million to cover other risks and charges.

Net write-downs of long-term investments

At September 30, 2003 net write-downs of long-term investments amounted to € 1 million and related entirely to the write-down of the value of the investment in MB Venture.

Net non-recurring income

At September 30, 2003 net non-recurring income amounted to € 113.8 million and consisted of:

- gains of about € 107 million from the sale of Entrium and related expenses of about € 7.1 million;
- gains of about € 7.9 million realized by Fineco Asset Management upon the sale of its asset management line of business to Banca Antonveneta;
- gains of about € 6.2 million arising on the sale of investment securities by Banca Roma International.

Income taxes

The income tax charge recorded in the consolidated profit and loss account at September 30, 2003 was about € 64.9 million against a pre-tax profit of about € 62.8 million.

This significant tax burden was largely due to the following:

- no deferred tax asset was recorded for those companies reporting a tax loss for the period (FinecoGroup SpA, Bipop Espana Holding, Banque Bipop, etc.);
- certain companies within the Group elected to avail themselves of "the full tax amnesty" allowing the final settlement of prior years' taxes for which assessment is still pending, subsequent to the approval of the financial statements for fiscal 2002. These companies availed themselves of the extension of the deadline for tax payments under the tax amnesty as per Legislative Decree No. 59 of April 7 2003, thus reporting the related tax expense of about € 4 million in the second quarter 2003.

Those adverse effects were partly offset by the lower tax expense calculated by the holding company FinecoGroup SpA and by Banca Fineco ICQ SpA as the result of the inclusion of costs which had not been deducted in prior years or of tax losses recoverable in future years for which no deferred tax asset had been reported.

For the purpose of providing comprehensive information the net profit (loss) of main group companies is disclosed in the table below.

| Company name | Registered office | Net profit / (Loss) | Holding % |
|---|-------------------|------------------------|--------------|
| FinecoGroup SpA | Brescia | (9,431) | |
| Fin-Eco Banca ICQ SpA | Milan | 18,631 | 98.36 |
| Fineco Verwaltung AG | Nuremberg | 63,728 | 100.00 |
| Banca Manager SpA | Rome | (2,211) | 61.92 |
| Banca di Roma International SA | Luxembourg | 16,345 | 99.99 |
| Fin-Eco Factoring SpA | Brescia | (345) | 90.00 |
| Fin-Eco Leasing SpA | Brescia | 20,587 | 99.99 |
| Bipop Finance Limited | Dublin | 6,021 | 100.00 |
| Fin-Eco Investimenti SGR SpA | Milan | 639 | 100.00 |
| Fineco Gestioni SGR SpA | Milan | 1,515 | 79.25 |
| Fineco Asset Management SGR SpA | Rome | 29,083 | 100.00 |
| Gruppo Holding Banca della Rete <i>(consolidated results)</i> | Milan | (25,894) | 87.92 |
| Gruppo Safei <i>(consolidated results)</i> | Madrid | (13,631) | 100.00 |
| Gruppo Banque Bipop <i>(consolidated results)</i> | Paris | (12,320) | 99.99 |
| MC Gestioni SGR SpA | Milan | (56) | 100.00 |
| Société de Gestion du Rominvest Int. Fund SA | Luxembourg | 1,271 | 99.99 |
| Cisalpina Previdenza SpA | Milan | 5,733 | 100.00 |
| Roma Vita SpA | Rome | 23,200 | 47.50 |

Amounts in thousands of euros

Ordinary and extraordinary events

Sale of the German subsidiary Entrium to DiBa

On July 24, 2003 the sale of the German subsidiary Entrium to DiBa (ING Group) was completed.

The entire Entrium undertaking was transferred to a special purpose vehicle company wholly owned by Entrium itself. The entire share capital of that vehicle company was then transferred from Entrium to DiBa for €304 million. Upon the sale FinecoGroup received €38.1 million from DiBa in consideration of a "no competition" undertaking in connection with "direct banking" services in Germany and Austria for a period of 30 months commencing from the closing date. This transaction was a further step in the implementation of the business plan presented to the financial community in October 2002.

Acquisition of a 47.5% shareholding in RomaVita from Toro Assicurazioni

On July 17 2003, the FinecoGroup Board of Directors approved the acquisition of a 47.5% shareholding in RomaVita from Toro Assicurazioni for a consideration of € 245 million. The acquisition will enable FinecoGroup to increase its shareholding in Romavita to 95% and proceed to the integration of the two companies Romavita and Cisalpina Previdenza, bringing about major industrial and operational synergies. As detailed below under "post balance sheet date events" on October 15, 2003 following the approval of the Supervisory Authorities, Cisalpina Previdenza proceeded to the acquisition.

Terms of the Stock Option Plan

At its meeting of September 10, 2003 the Board of Directors of FinecoGroup approved the terms of the stock plan for Group management and FinecoCity financial planners to promote retention of key Group employees.

The Incentive Plan provides for three annual cycles for the allotment of warrants for financial years 2003, 2004 and 2005.

The Plan stipulates that recipients shall be permitted to exercise the warrants no earlier than three years from the allotment date (the "Vesting Period"), except for early exercise options up to 50% of the allotted warrants, which may be exercised after two years from the allotment date.

Once the Vesting Period has ended, recipients may exercise their warrants during the subsequent three years. The warrants shall then expire and may no longer be exercised.

The subscription price of shares issued in connection with the exercise of the warrants shall be equal to the arithmetic mean of the FinecoGroup share prices during the month preceding the allotment date of the warrants.

The criteria for the selection of beneficiaries (employees and financial planners) and for the allotment of the warrants shall be determined by the Board of Directors.

For the first cycle (2003), in consideration of the proposal to increase the nominal value of shares from € 0.09 to € 1, the plan's implementation would entail an increase in share capital, in more than one installment, of a maximum nominal amount of €4.7 million through issue, at

non-transferable, scripless warrants for subscriptions to ordinary shares. This is subject to the approval of the Extraordinary Shareholders' Meeting in accordance with the last paragraph of art. 2441 of the Italian Civil Code, as well as with Legislative Decree No. 58 of February 24 1998, second and third paragraphs of art. 134 (for employees) and fifth paragraph of art. 2441 (financial planners).

For the following cycles, i.e. 2004 and 2005, the plan provides that, subject to the approval of the Shareholders' Meeting, the Board of Directors increase share capital to service the warrants to be allotted to employees.

The stock option plan will be submitted to the FinecoGroup Extraordinary Shareholders' Meeting to be held on November 12 2003 first call, or November 13, 2003 second call.

Letter of intent for the sale of a 51% stake in Holding Banca della Rete to Sara Assicurazioni

On August 1, 2003, FinecoGroup and Sara Assicurazioni signed a binding letter of intent for FinecoGroup's sale of a 51% stake in Holding Banca della Rete SpA, that owns the full shareholding in Banca della Rete SpA..

Consideration for the sale will be calculated adding goodwill to the net book value of shareholders' equity. The value of goodwill shall be equal to 2.5% of the value of assets under control at December 31, 2003, and may be increased up to 2.9% of the value of said assets, with prior agreement between the parties, according to the outcome of the planned audit.

The residual FinecoGroup SpA's shareholding in Holding Banca della Rete will be subject to put and call options exercisable at market value between June 30, 2006 and June 30, 2008.

The closing of the deal should take place by year end, subject to statutory approvals and compliance with certain technical parameters.

In addition, a shareholders' agreement will be made, which allows FinecoGroup to take part in the governance of the Holding and of Banca della Rete.

As detailed below under "post balance sheet date events", on October 10, 2003 FinecoGroup and Sara Assicurazioni entered into the agreement for such sale.

Corporate events

Appointment of the Chief Executive Officer and the General Manager

On September 10 2003 the Board of Directors of FinecoGroup S.p.A. appointed the Capitalia Group Co-General Manager Fabio Gallia as Chief Executive Officer replacing Giorgio Brambilla.

The Board accepted the resignation of Massimo Ferrari from General Manager and from any other positions held within the Group, replacing him with Alessandro Foti, Chief Executive Officer of Banca Fineco and General Manager of FinecoGroup.

Ordinary and extraordinary events

Sale of a 51% stake in Holding Banca della Rete to Sara Assicurazioni

On October 10 2003 FinecoGroup S.p.A. (Capitalia Group) and Sara Assicurazioni S.p.A. entered into the agreement for the sale of a 51% stake in Holding Banca della Rete. The closing of the deal will take place by December 31, 2003 subject to statutory approvals and compliance with certain technical requirements.

The terms and conditions of the sale provided for in the agreement are consistent with the letter of intent signed by the parties on August 1, 2003.

Banca della Rete S.p.A. established a stock option plan for its financial planners. Under the plan the beneficiaries are entitled to subscribe a number of shares corresponding in the aggregate to 27.5% of the current share capital by June 1, 2008.

Acquisition of a 47.5% shareholding in Roma Vita from Toro Assicurazioni

Following ISVAP approval of the deal, on October 15, 2003 Cisalpina Previdenza proceeded to the acquisition of a 47.5% shareholding in Roma Vita from Toro Assicurazioni for a consideration of € 245 million. As a result of the acquisition FinecoGroup now controls 95% of Roma Vita.

Merger of Roma Vita into Cisalpina Previdenza

On October 16, 2003 the Shareholders' Meetings of Roma Vita and Cisalpina Previdenza approved the merger of the former into the latter. Following the merger which will become effective upon the fulfillment of the requirements prescribed by the law, the newly formed insurance business will take the name of Fineco Vita – Compagnia di Assicurazione e Riassicurazioni S.p.A., abbreviated to Fineco Vita S.p.A.. The merger of Cisalpina Previdenza and Roma Vita will create the Capitalia insurance business conglomerate leveraging product, channel, service and technology synergies.

Ordinary business will continue to be influenced by the performance of financial markets. This is because certain business areas are closely correlated with the markets. At the same time anti-cyclical businesses will continue to contribute stability. These include leasing and mortgage loans which have a history of strong growth and efficiency.

Earnings may be influenced by the future development of circumstances, which today are uncertain, especially in relation to certain Group international investees.