

# The Bank's Financial Statements and Reports

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PARENT BANK RECLASSIFIED STATEMENT OF INCOME

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PARENT BANK RECLASSIFIED BALANCE SHEET

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REPORT ON OPERATIONS

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PROPOSAL FOR THE APPROVAL OF THE FINANCIAL STATEMENTS  
AND ALLOCATION OF NET INCOME FOR THE YEAR

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REPORT OF THE BOARD OF STATUTORY AUDITORS

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INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS

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## Parent Bank reclassified statement of income

	2000 (1) (€/mil)	2000 restated (2) (€/mil)	1999 (€/mil)	Change 2000 restated / 1999 (%)
<b>NET INTEREST INCOME</b>	<b>1,759</b>	<b>1,821</b>	<b>1,729</b>	<b>+5.3</b>
Net commission and other dealing revenues	1,550	1,550	1,348	+15.0
Profits and losses from financial transactions and dividends on shares	86	86	78	+10.3
Dividends from shareholdings	737	737	531	+38.8
<b>NET INTEREST AND OTHER BANKING INCOME</b>	<b>4,132</b>	<b>4,194</b>	<b>3,686</b>	<b>+13.8</b>
Administrative costs	-1,987	-1,992	-1,950	+2.2
- <i>personnel</i>	-1,280	-1,284	-1,260	+1.9
- <i>other administrative costs</i>	-569	-570	-550	+3.6
- <i>indirect duties and taxes</i>	-138	-138	-140	-1.4
Other operating income, net	167	167	168	-0.6
Adjustments to tangible and intangible fixed assets	-153	-153	-145	+5.5
<b>OPERATING INCOME</b>	<b>2,159</b>	<b>2,216</b>	<b>1,759</b>	<b>+26.0</b>
Value adjustments on goodwill and merger differences	-27	-27	-37	-27.0
Provisions and net adjustments to loans and financial fixed assets	-570	-578	-419	+37.9
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	<b>1,562</b>	<b>1,611</b>	<b>1,303</b>	<b>+23.6</b>
Net extraordinary income	348	348	354	-1.7
<b>INCOME BEFORE TAXES</b>	<b>1,910</b>	<b>1,959</b>	<b>1,657</b>	<b>+18.2</b>
Income taxes for the year	-712	-733	-639	+14.7
<b>RESTATED NET INCOME</b>	<b>1,198</b>	<b>1,226</b>	<b>1,018</b>	<b>+20.4</b>
Adjustment for alignment to net income		-28		n.s.
<b>NET INCOME</b>	<b>1,198</b>	<b>1,198</b>	<b>1,018</b>	<b>+17.7</b>

(1) The 2000 statement of income of the Parent Bank is not directly comparable with 1999 because of the transfer of the public works and infrastructure business to Banca OPI on 1 July 2000.

(2) The "restated" statement of income for the year 2000 has been prepared to permit better comparison with 1999. It includes the second half of 2000 results of the business transferred to Banca OPI on 1 July 2000.



## Parent Bank reclassified balance sheet

	31/12/2000 (1) (€/mil)	31/12/2000 restated (2) (€/mil)	31/12/1999 (€/mil)	Change 31/12/00 restated - 31/12/99 (%)
<b>ASSETS</b>				
Cash and deposits with central banks and post offices	443	443	421	+5.2
Loans	75,771	87,823	82,072	+7.0
- due from banks	14,011	14,202	14,810	-4.1
- loans to customers	61,760	73,621	67,262	+9.5
Dealing securities	5,457	5,618	6,635	-15.3
Fixed assets	9,236	9,236	6,360	+45.2
- investment securities	629	629	738	-14.8
- equity investments	7,549	7,549	4,544	+66.1
- intangible fixed assets	177	177	167	+6.0
- tangible fixed assets	881	881	911	-3.3
Other assets	8,629	8,629	12,813	-32.7
<b>Total assets</b>	<b>99,536</b>	<b>111,749</b>	<b>108,301</b>	<b>+3.2</b>
<b>LIABILITIES</b>				
Payables	75,969	87,706	85,562	+2.5
- due to banks	21,706	28,441	24,203	+17.5
- due to customers and securities issued	54,263	59,265	61,359	-3.4
Provisions	1,870	1,891	1,564	+20.9
- for taxation	948	969	821	+18.0
- for termination indemnities	408	408	401	+1.7
- for risks and charges	471	471	296	+59.1
- for pensions and similar	43	43	46	-6.5
Other liabilities	10,114	10,569	12,972	-18.5
Subordinated liabilities	4,581	4,581	1,339	n.s.
Shareholders' equity (3)	7,002	7,002	6,864	+2.0
- capital	3,931	3,931	3,926	+0.1
- reserves (4)	1,873	1,873	1,920	-2.4
- net income for the year	1,198	1,198	1,018	+17.7
<b>Total liabilities</b>	<b>99,536</b>	<b>111,749</b>	<b>108,301</b>	<b>+3.2</b>
<b>GUARANTEES AND COMMITMENTS</b>				
Guarantees given	21,219	21,219	16,506	+28.6
Commitments	13,005	13,005	13,311	-2.3

(1) The balance sheet of the Parent Bank at 31/12/2000 is not directly comparable with that at 31/12/1999 because of the transfer of the public works and infrastructure business to Banca OPI on 1 July 2000.

(2) The "restated" balance sheet as of 31/12/2000 has been prepared to permit better comparison with the prior year figures. It includes the figures at 31/12/2000 of the business transferred to Banca OPI on 1 July 2000.

(3) Movements in shareholders' equity during 2000 are detailed in the appropriate section of the Report on Operations.

(4) Reserves are shown net of the own shares held by the Parent Bank, namely 27,431,500 shares with a carrying value of 336 million Euro as of 31 December 1999, and 39,345,982 with a carrying value of 697 million Euro as of 31 December 2000.



# Report on Operations

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FINANCIAL RESULTS

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OPERATING VOLUMES AND ORGANIZATION

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EQUITY CAPITAL

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SUPPLEMENTARY INFORMATION

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SIGNIFICANT EVENTS AFTER THE YEAR END

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## Financial results

In 2000 the Bank enjoyed an upturn in statement of income results. For the sake of comparison with 1999, the figures discussed below are based on the “restated” statement of income, which includes the second half results of the business that was transferred to Banca OPI halfway through the year.

### Net interest income

The Bank's net interest income as restated amounted to 1,821 million Euro, up 5.3% on 1999.

Several factors were responsible for the rise in net interest income: the growth of volumes (especially those related to customers); the rise in market interest rates, which had declined in 1999; the widening of the spreads, also with respect to the narrowing of the previous year.

### Net interest and other banking income

Net interest and other banking income in 2000 came to 4,194 million Euro, a 13.8% increase on the previous year.

The main contribution for this growth came from a considerable increase in commissions on services, which rose by

#### Net interest income

	2000 (€/mil)	2000 restated (€/mil)	1999 (€/mil)	Change 2000 restated / 1999 (%)
Interest income and similar revenues	5,232	5,592	4,976	+12.4
Interest expense and similar charges	-3,473	-3,771	-3,247	+16.1
<b>Net interest income</b>	<b>1,759</b>	<b>1,821</b>	<b>1,729</b>	<b>+5.3</b>

#### Net interest and other banking income

	2000 (€/mil)	2000 restated (€/mil)	1999 (€/mil)	Change 2000 restated / 1999 (%)
Net interest income	1,759	1,821	1,729	+5.3
Net commissions and other dealing revenues	1,550	1,550	1,348	+15.0
- Management, dealing and advisory services	1,068	1,068	899	+18.8
- <i>asset management</i>	921	921	762	+20.9
- <i>brokerage/custody of securities and currency</i>	147	147	137	+7.3
- Loans and guarantees	161	161	166	-3.0
- Collection and payment services	112	112	102	+9.8
- Deposit and current accounts	186	186	162	+14.8
- Other services	23	23	19	+21.1
Profits and losses from financial transactions and dividends on shares	86	86	78	+10.3
Dividends from shareholdings	737	737	531	+38.8
<b>Net interest and other banking income</b>	<b>4,132</b>	<b>4,194</b>	<b>3,686</b>	<b>+13.8</b>

15% to 1,550 million Euro. Within this item, there was an increase in asset management commissions, thanks to the favorable trend in net flow and the increased weight of equity funds, balanced funds, and unit- and index-linked insurance policies.

Profits on financial transactions gained 10.3%, to 86 million Euro. The Bank's policy was to limit financial risk and that increase was attributable to 16.5 million Euro in exchange gains when it sold the Mexican government bonds that were issued in 1990 as part of the country's debt restructuring programme.

Dividends from shareholdings amounted to 737 million Euro, an increase of 38.8%, thanks to improved earnings by the subsidiaries as well as an increase in the Bank's holdings.

### Operating income

Operating income went up by 26% on an annual basis, coming in at 2,216 million Euro.

Operating costs totalled 1,978 million Euro, an increase of 2.6%. The limited rise in functioning costs made it

#### Operating income

	2000 (€/mil)	2000 restated (€/mil)	1999 (€/mil)	Change 2000 restated / 1999 (%)
Net interest and other banking income	4,132	4,194	3,686	+13.8
Operating costs	-1,973	-1,978	-1,927	+2.6
- administrative costs	-1,987	-1,992	-1,950	+2.2
- <i>personnel</i>	-1,280	-1,284	-1,260	+1.9
- <i>other administrative costs</i>	-569	-570	-550	+3.6
- <i>indirect duties and taxes</i>	-138	-138	-140	-1.4
- other operating income, net	167	167	168	-0.6
- adjustments to tangible fixed assets	-95	-95	-100	-5.0
- adjustments to intangible fixed assets	-58	-58	-45	+28.9
<b>Operating income</b>	<b>2,159</b>	<b>2,216</b>	<b>1,759</b>	<b>+26.0</b>

#### Income before extraordinary items

	2000 (€/mil)	2000 restated (€/mil)	1999 (€/mil)	Change 2000 restated / 1999 (%)
Operating income	2,159	2,216	1,759	+26.0
Value adjustments on goodwill and merger differences	-27	-27	-37	-27.0
Provisions and net adjustments to loans and financial fixed assets	-570	-578	-419	+37.9
- provisions for risks and charges	-201	-201	-57	n.s.
- adjustments to loans and provisions for guarantees and commitments	-139	-147	-278	-47.1
- <i>net writedowns and losses</i>	-419	-427	-464	-8.0
- <i>net provisions for guarantees and commitments</i>	-8	-8	-	n.s.
- <i>recoveries</i>	288	288	186	+54.8
- net adjustments to financial fixed assets	-230	-230	-84	+173.8
- <i>net writedowns of equity investments</i>	-214	-214	-71	n.s.
- <i>net writedowns of investment securities</i>	-16	-16	-13	+23.1
<b>Income before extraordinary items</b>	<b>1,562</b>	<b>1,611</b>	<b>1,303</b>	<b>+23.6</b>

possible to offset some of the significant amounts invested in the distribution network and the new electronic channels.

### Income before extraordinary items

Income before extraordinary items was 1,611 million Euro, up by 23.6% compared to 1999.

Provisions and net adjustments to loans and financial fixed assets came to 578 million Euro.

The increase of 37.9% on 1999 was caused by the provision of 105 million Euro against risks generated by the renegotiation of mortgage loans, and by the decision to write down some equity investments for tax purposes. These tax-related writedowns, which were reversed in the consolidated financial statements, concerned the investments in Cassa di Risparmio di Firenze and Banco di Napoli. Their carrying values were adjusted to their average market prices over the last six months, deter-

mining writedowns of 189 million Euro and 19 million Euro, respectively.

The improvement in asset quality and the recoveries achieved during the year resulted in a 47.1% drop in net adjustments and provisions to loans, which fell to 147 million Euro. That item includes 114 million Euro in general writedowns against performing loans.

### Net income

Net income for the year includes 348 million Euro of net extraordinary income, of which:

- 223 million Euro in connection with sale of the residual 40% stake in Crediop;
- 83 million Euro from the sale of own shares.

Income taxes were calculated on a prudent basis, without considering the tax benefits provided under the Ciampi Law for the merger of San Paolo and IMI and the acquisition of Banco di Napoli.

### Net income

	2000 (€/mil)	2000 restated (€/mil)	1999 (€/mil)	Change 2000 restated / 1999 (%)
Income before extraordinary items	1,562	1,611	1,303	+23.6
Net extraordinary income	348	348	354	-1.7
- net gains on disposal of equity investments	255	255	371	-31.3
- other net extraordinary items	93	93	-17	n.s.
Income before taxes	1,910	1,959	1,657	+18.2
Income taxes for the year	-712	-733	-639	+14.7
Restated net income	1,198	1,226	1,018	+20.4
Adjustment for alignment to net income		-28		n.s.
Net income	1,198	1,198	1,018	+17.7

## Operating volumes and organization

### Total financial assets

On a comparable basis, the financial assets of the Bank's customers grew 0.2% during the year, to 182.3 billion Euro.

Asset management volumes reached 65.4 billion Euro, rising 4.6% on 1999. The inflow for the year came to 2.9 billion Euro, which was generated by net inflow of 6.2 billion Euro, partially offset by a negative performance effect caused by the downward trend in share prices of 3.3 billion Euro. Within the asset management business, life insurance policies were up approximately 31%, from 4.5 to 5.9 billion Euro; for mutual funds and fund-based portfolio management the most significant increase concerned equity and balanced funds, the former rising from 23.8% to 28% of the total and the latter from 23.1% to 31%.

The Bank further improved its share of the asset management market in Italy, which rose from 7.3% at the end of 1999 to 7.4% a year later. More specifically, its share of the

mutual fund and fund-based portfolio management market came to 10.4%, and life insurance technical reserves amount to 3.4%.

Direct deposits totalled 59.3 billion Euro at year end, 3.4% less than at the end of 1999. At the Italian branches, there was a shift toward short-term component; current accounts and deposits rose by 1.3% and repurchase agreements by 44.5%, whereas certificates of deposit and bonds fell respectively by 54.1% and 10.1%. At the end of 2000, the Bank's market share for direct funding on the whole Italian banking system was 5.5%.

### Customer loan portfolio

In 2000, customer loans, excluding non-performing loans, showed a positive trend rising 11.1%. The increase reflects the rising demand from businesses, due to the general economic recovery, and the funding requirements of corporate customers involved in extraordinary finance operations.

Most of the increase concerned short-term loans, which gained 21.3%. The rise for medium- and long-term loans was more limited at 4.7%.

### Total financial assets

	31/12/2000		31/12/2000 restated		31/12/1999		Change 31/12/00 restated - 31/12/99 (%)
	Amount (€/mil)	%	Amount (€/mil)	%	Amount (€/mil)	%	
Asset management	65,424	36.5	65,424	35.9	62,524	34.4	+4.6
- Mutual funds and fund-based portfolio management	55,237	30.8	55,237	30.3	54,052	29.7	+2.2
- Portfolio management	4,249	2.4	4,249	2.3	3,936	2.2	+8.0
- Life insurance technical reserves	5,938	3.3	5,938	3.3	4,536	2.5	+30.9
Asset administration	59,568	33.2	57,635	31.6	58,113	31.9	-0.8
Direct deposits	54,263	30.3	59,265	32.5	61,359	33.7	-3.4
- Domestic network	45,137	25.2	50,139	27.5	52,477	28.8	-4.5
- Current accounts and deposits	25,933	14.5	25,933	14.2	25,590	14.1	+1.3
- Certificates of deposit	1,838	1.0	1,838	1.0	4,008	2.2	-54.1
- Bonds	12,414	6.9	17,416	9.6	19,372	10.6	-10.1
- Repurchase agreements and securities lending	3,516	2.0	3,516	1.9	2,434	1.3	+44.5
- Other deposits	1,436	0.8	1,436	0.8	1,073	0.6	+33.8
- Foreign network	9,126	5.1	9,126	5.0	8,882	4.9	+2.7
<b>Total financial assets</b>	<b>179,255</b>	<b>100.0</b>	<b>182,324</b>	<b>100.0</b>	<b>181,996</b>	<b>100.0</b>	<b>+0.2</b>

It is worth highlighting the performance of mortgage loans to households granted by the Italian branch network, which rose 8.6% to 9.4 billion Euro. The Bank's

foreign branches also lent 55% more than in 1999, although part of the increase can be ascribed to the exchange effect.

### Loans to customers

	31/12/2000		31/12/2000 restated		31/12/1999		Change 31/12/00 restated - 31/12/99 (%)
	Amount (€/mil)	%	Amount (€/mil)	%	Amount (€/mil)	%	
Short-term loans	30,613	49.6	30,613	41.6	25,239	37.5	+21.3
Medium/long-term loans	30,517	49.4	42,378	57.5	40,487	60.2	+4.7
Loans to customers excluding NPLs	61,130	99.0	72,991	99.1	65,726	97.7	+11.1
Non-performing loans	630	1.0	630	0.9	1,536	2.3	-59.0
Customer loan portfolio	61,760	100.0	73,621	100.0	67,262	100.0	+9.5

### Loans to customers by counterparty

	31/12/2000		31/12/2000 restated		31/12/1999		Change 31/12/00 restated - 31/12/99 (%)
	Amount (€/mil)	%	Amount (€/mil)	%	Amount (€/mil)	%	
Loans to households	10,992	17.8	10,992	14.9	10,555	15.7	+4.1
Loans to family business and non-financial companies	39,563	64.1	39,563	53.7	39,458	58.7	+0.3
Loans to financial companies	10,009	16.2	10,009	13.6	7,045	10.5	+42.1
Loans to governments and public bodies	1,062	1.7	12,923	17.6	9,630	14.3	+34.2
Other	134	0.2	134	0.2	574	0.8	-76.7
Customer loan portfolio	61,760	100.0	73,621	100.0	67,262	100.0	+9.5

### Loans to customers by type of lending

	31/12/2000		31/12/2000 restated		31/12/1999		Change 31/12/00 restated - 31/12/99 (%)
	Amount (€/mil)	%	Amount (€/mil)	%	Amount (€/mil)	%	
Loans to households	10,992	17.8	10,992	14.9	10,555	15.7	+4.1
- Domestic network	10,991	17.8	10,991	14.9	10,555	15.7	+4.1
- overdrafts	717	1.2	717	1.0	699	1.1	+2.6
- personal loans	571	0.9	571	0.8	556	0.8	+2.7
- mortgage loans	9,354	15.1	9,354	12.7	8,613	12.8	+8.6
- other	349	0.6	349	0.4	687	1.0	-49.2
- Foreign network	1	0.0	1	0.0	0	0.0	n.s.
Loans to family businesses, companies, governments, public bodies and others	50,768	82.2	62,629	85.1	56,707	84.3	+10.4
- Domestic network	41,733	67.6	53,594	72.8	50,903	75.7	+5.3
- overdrafts	8,446	13.7	8,446	11.5	8,477	12.6	-0.4
- repurchase agreements	857	1.4	857	1.2	426	0.6	+101.2
- import/export financing	1,905	3.1	1,905	2.6	1,290	1.9	+47.7
- mortgage loans	17,239	27.9	29,100	39.5	28,235	42.0	+3.1
- other	13,286	21.5	13,286	18.0	12,475	18.5	+6.5
- Foreign network	9,035	14.6	9,035	12.3	5,804	8.6	+55.7
Customer loan portfolio	61,760	100.0	73,621	100.0	67,262	100.0	+9.5

At year end the Bank had a 7.3% share of the domestic market for customer loans. Specifically, its share was 5.4% with regard to short-term loans and 9.2% with regard to the medium- and long-term components.

### Doubtful loans

The total of non-performing and other problem loans fell by 1,256 million Euro during the year, to 1,444 million Euro. In detail:

- net non-performing loans to customers were down 906 million Euro, to 630 million Euro, and fell from 2.3% to 0.9% of total customer loans. Total coverage in the form of writedowns and write-offs was increased from 71.3% to over 82%;

- net problem loans, restructured loans and loans being restructured were down 393 million Euro, totalling 726 million Euro, and as a percentage of total customer loans they fell from 1.7% to 1%. Coverage, including write-offs, was essentially stable at 40%;
- net loans to customers subject to country-risk rose from 45 million Euro to 88 million Euro.

The significant improvement in loan quality was achieved thanks to the use of strict loan granting criteria in accordance with the Group's new loan policy; dynamic loan recovery; the conclusion of non-recourse sales of non-performing loans. These factoring operations involved construction loans and industrial loans with a net book value of 756 million Euro, and gave rise to recoveries of 92 million Euro which were booked to the statement of income.

### Analysis of loan portfolio

	31/12/2000		31/12/2000 restated		31/12/1999		Change 31/12/00 restated - 31/12/99 (%)
	Amount (€/mil)	%	Amount (€/mil)	%	Amount (€/mil)	%	
Non-performing loans	630	1.0	630	0.9	1,536	2.3	-59.0
Problem, restructured and loans in course of restructuring	726	1.2	726	1.0	1,119	1.7	-35.1
Loans to countries at risk - customers	88	0.1	88	0.1	45	0.1	+95.6
Performing loans	60,316	97.7	72,177	98.0	64,562	95.9	+11.8
<b>Customer loan portfolio</b>	<b>61,760</b>	<b>100.0</b>	<b>73,621</b>	<b>100.0</b>	<b>67,262</b>	<b>100.0</b>	<b>+9.5</b>
Non-performing and problem loans - banks	1		1		0		n.s.
Loans to countries at risk - banks	53		53		85		-37.6

### Securities, interbank position and derivatives

	31/12/2000		31/12/2000 restated		31/12/1999		Change 31/12/00 restated - 31/12/99 (%)
	Amount (€/mil)	%	Amount (€/mil)	%	Amount (€/mil)	%	
Investment securities	629	10.3	629	10.1	738	10.0	-14.8
Dealing securities	5,457	89.7	5,618	89.9	6,635	90.0	-15.3
<b>Total portfolio</b>	<b>6,086</b>	<b>100.0</b>	<b>6,247</b>	<b>100.0</b>	<b>7,373</b>	<b>100.0</b>	<b>-15.3</b>
Loans to banks	14,011		14,202		14,810		-4.1
Funding from institutional banking organizations	3,356		3,744		4,278		-12.5
Funding from other banks	18,350		24,697		19,925		+23.9
Derivatives and forward transactions in foreign currencies (at nominal value)	86,768		86,768		228,327		-62.0

### Activities on financial markets

The Bank's securities portfolio at the end of 2000 came to 6.2 billion Euro, a decrease of 15.3% on the previous year. Investment securities were down by over 100 million Euro, and still make up 10% of the entire portfolio. Treasury securities - made up 60% of CCTs, while the remainder consists of securities with maturities of less than one year - amounted to 4.6 billion Euro at year end.

### Equity investments

The Bank's equity investment portfolio increased by a net 3 billion Euro during the year. The most significant operations, described in greater detail in the Group report on operations, were as follows:

- the acquisition of 97.6% of Banco di Napoli's ordinary share capital, for an investment of around 3 billion Euro;
- the acquisition of a 19.1% interest in Cassa di Risparmio di Firenze: 15% from the bank's Foundation

and the remaining 4.1% transferred from the subsidiary NHS. This entailed an outlay by the Bank of about 440 million Euro;

- the sale to the Franco-Belgian Dexia Group of the remaining 40% interest in Crediop, which had a book value of 180 million Euro. The sale brought in a pre-tax gain of 223 million Euro.

The following operations are also worth noting:

- the sale of a 4% stake in Beni Stabili, with a book value of 23 million Euro, for a pre-tax gain of 15 million Euro;
- the trading of Banca Fideuram shares: purchases for 57 million Euro and sales for 34 million Euro, the latter generating pre-tax gains of 4 million Euro;
- the sale of Tecnost shares for 32 million Euro, entailing a pre-tax gain of 5 million Euro.

After the close of the year, the Bank acquired 10.9% of Banca Cardine, valued at 516 million Euro. As part of the operation, it granted 27.5 million own shares to Fondazione Cassa di Risparmio di Venezia.

### Equity investments

	31/12/2000		31/12/2000 restated		31/12/1999		Change 31/12/00 restated - 31/12/99 (%)
	Amount (€/mil)	%	Amount (€/mil)	%	Amount (€/mil)	%	
<b>Investments</b>	<b>7,549</b>	<b>100.0</b>	<b>7,549</b>	<b>100.0</b>	<b>4,544</b>	<b>100.0</b>	<b>+66.1</b>
- in Group companies	6,335	83.9	6,335	83.9	2,530	55.7	+150.4
- others	1,214	16.1	1,214	16.1	2,014	44.3	-39.7

### The distribution network

The most important initiative in 2000 was the conclusion of the first phase of the project to create a multichannel distribution system, which uses the Internet as a supplementary vehicle for the offer of services to private individuals and as a development platform in commercial relations with companies. With completion of the first stage, the Bank was able to offer customers Internet and mobile banking tools and services in early 2001.

Meanwhile, the Bank reinforced its domestic network with an increase of 40 outlets, raising the total to 1,332. Early in 2001 it opened 15 additional outlets, bringing the total number of Italian branches to 1,347.

The Bank continued to specialize its network by market segment and to increase the productivity of its outlets. During the year it opened eight new private banking units, and began to split the network into retail branches and business centers.

### Personnel

At year end the Bank had a workforce of 20,283, including the staff of the activities transferred to Banca OPI, for an increase of 271 during the year. The rise in the headcount, which follows a reduction of about 1,300 in 1998-1999, relates to the development plans in the sectors with highest potential for the creation of value.

#### Distribution network

	31/12/2000	31/12/2000 restated	31/12/1999	Change 31/12/00 restated - 31/12/99 (%)
Banking branches and area offices	1,342	1,342	1,303	+2.9
- Italy	1,332	1,332	1,292	+3.1
- Abroad	10	10	11	-10.0
Representative offices	13	13	11	+15.4

#### Personnel

	31/12/2000		31/12/2000 restated		31/12/1999		Change 31/12/00 restated - 31/12/99 (%)
		%		%		%	
Year-end headcount	20,219	100.0	20,283	100.0	20,012	100.0	+1.4
- Executives	198	1.0	202	1.0	206	1.0	-1.9
- Managers	3,347	16.5	3,369	16.6	3,342	16.7	+0.8
- Other employees	16,674	82.5	16,712	82.4	16,464	82.3	+1.5



# Equity Capital

## Net shareholders' equity

Shareholders' equity in the Bank at the end of 2000 amounted to 7,002 million Euro, net of own shares. The year's movements are summarized below:

<i>Movements in shareholders' equity</i>	<i>€/mil</i>
Net shareholders' equity at 1 January 2000	6,864
<b>Decreases</b>	<b>-1,085</b>
- Dividends	-724
- Increase in own shares	-361
<b>Increases</b>	<b>1,223</b>
- Capital	5
- Share premium reserve	18
- Exchange differences and other adjustments	2
- Net income for the year	1,198
Net shareholders' equity at 31 December 2000	7,002

The increase in capital (5 million Euro) and share premium reserve (18 million Euro) is the result of Group executives subscribing to 1,833,250 shares at a price of 12.396 Euro each, as part of a stock option plan described in the Group Report on Operations.

## Own shares

The Bank held 27,431,500 of its own shares at the end of 1999 (nominal value of 76.8 million Euro with a carrying value of 335.6 million Euro). In 2000 it bought 54,195,250 own shares (nominal value of 151.7 million Euro for a total outlay of 891.4 million Euro) and sold 42,280,768 own shares (nominal value of 118.4 million Euro for proceeds of 612 million Euro). At the end of 2000, the Bank held 39,345,982 own shares (nominal value of 110 million Euro with a carrying value of 697 million Euro).

In January 2001, as part of the operation to acquire a 10.9% holding in the Cardine Group, the Bank sold about 27.5 million own shares to Fondazione Cassa di Risparmio di Venezia for 516 million Euro. As of 15 March 2001, the Bank held 16,483,503 own shares, equal to 1.17% of capital, with a carrying value of 285.6 million Euro.

## Regulatory capital and capital adequacy

At the end of 2000, the ratio between the Bank's regulatory capital and its total assets weighted for lending and market risk gave an overall solvency ratio of 12.8%. The ratio of the Bank's Tier 1 capital to total risk-weighted assets came to 9.6%. Market risks, amounting to 1 billion Euro, were fully covered by Tier 3 subordinated debt.

Given that own shares were used to acquire the 10.9% stake in the Cardine Group in January 2001, the overall solvency ratio should still be the same as what it was at the end of December, while the Tier 1 ratio should have risen to 10.9%.

### *Regulatory capital and capital adequacy*

	31/12/2000	31/12/1999
<b>Regulatory capital (€/mil)</b>		
Tier 1 capital	7,027	5,973
Tier 2 capital	2,659	1,065
less: prescribed deductions	-297	-290
Total capital	9,389	6,748
<b>Weighted assets (€/mil)</b>		
Lending risk	73,433	65,549
Market risk		1,710
Other requirements		
Total assets	73,433	67,259
<b>Capital adequacy ratios (%)</b>		
Tier 1 ratio	9.6	8.9
Total capital ratio	12.8	10.0

## Supplementary information

### The Board of Directors, Executive Committee and Management

The following information is provided in compliance with a Consob Recommendation published on 20 February 1997. Under Art. 15 of the Articles of Association, the Board of Directors appoints an Executive Committee from among its number, fixing the size of the Committee, the relevant levels of authority and term in office, as well as its working rules and powers. It also appoints, and decides the terms of reference of, one or more Managing Directors. In addition, the Board is empowered, under Art. 20 of the Articles, to appoint one or more General Managers and one or more Deputy General Managers.

The Executive Committee exercises powers conferred by the Board in connection with operations, shareholdings, personnel and expenditure, as well as the authority in urgent cases to take any measures needed to protect the Bank's interests; such action is reported to the Board at its next meeting.

Powers with reference to lending operations have also been attributed to special Committees made up of the Managing Directors and the heads of the pertinent units.

The powers of the Managing Directors, also fixed by the Board, refer to operations, control and management of risk, shareholdings, personnel, organization and expenditure, together - in general or as part of specific mandates - with the levels of authority required for the purposes of day to day management of the business of the Bank. In some cases, the latter authority levels are partially restricted by the Articles of Association and other Board resolutions that assign sole responsibility for particular functions elsewhere.

Under Art. 20 of the Articles of Association, the General Manager's functions also include:

- implementing the decisions of the Board, its Executive Committee, the Chairman and the Managing Directors,

together with the management of day to day operations;

- supervising the Bank's organization and the functioning of the services;
- deciding the departments and functions of personnel, other than executives.

Under delegation arrangements made by the Managing Directors, the Deputy General Managers have special powers in relation to their respective areas of responsibility.

### Intercompany transactions and transactions with related parties

Transactions between the Bank, subsidiary companies and associated companies take place in accordance with current legislation and are arranged on a mutually equitable basis. Transactions with related parties as defined in the Consob Communications dated 20 February 1997 and 27 February 1998 - including those with personnel and officers of the SANPAOLO IMI Group and any companies they control - similarly comply with current legislation and are conducted on an arm's-length basis. Investments in the Bank and in the companies it controls held by the Directors, Statutory Auditors and General Managers of the Bank are detailed in the Group Report on Operations.

The year's intercompany transactions between the Bank and other members of the SANPAOLO IMI Banking Group are summarized in the Explanatory Notes.

### Stock option plans

The Bank has developed two stock option plans for its managers. The plans are explained in the Group Report on Operations.

### The Euro

Please see the Group Report on Operations for information about the Euro project.

## Significant events after the year end

In January and February 2001, the Bank turned in positive net inflows to its asset management activities for 339 million Euro. The decline in the equity markets has penalized the asset management stock, which fell by 1.4 billion Euro since the start of the year to total 64.1 billion Euro at the end of February.

This contraction in the asset management stock has led to a lower flow of net commissions compared with the same period in 2000. To compensate, the other revenue items

are on the rise. The Bank has also continued to limit operating costs, and to reduce provisions and adjustments by improving the quality of its loan portfolio.

The Bank's accounts for the first three months of 2001 will also be conditioned by the comparison with the first quarter of 2000, which saw the highest revenue flow of the year. The action points planned, both to improve income through active management in various business sectors and to contain costs, should show a recovery in profit margins in future quarters.

Turin, 27 March 2001

The Board of Directors



# Proposal for the approval of the financial statements and allocation of net income for the year

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Shareholders,

We submit the 2000 financial statements of SANPAOLO IMI for your approval.

Given that the legal Reserve exceeds the maximum amount provided for in art. 2430.1 of the Italian Civil Code (20% of share capital), which means that there is no longer any need to allocate 10% of net income to the legal reserve, in accordance with the law and art. 22 of the Articles of Association, we propose the following allocation of net income for the year available for distribution amounting to Euro 1,198,612,088.86 (the equivalent of Lire 2,320,836,629,306):

- Euro 797,626,373.28 (equal to Lire 1,544,420,017,800) to the Shareholders, by means of a dividend of L. 1,100 (Euro 0.568) for each of the 1,404,018,198 ordinary shares making up the share capital, to be distributed to the shares in circulation, transferring to the extraordinary Reserve any dividends referring to any own shares that the Bank may hold on May 21, 2001, the date that the shares go ex-dividend. Because the stock option plan for 1999-2001 allows options on new shares to be exercised for a certain period prior to when the shares go ex-dividend, the number of shares in circulation on May 21, 2001 could be higher than the current 1,404,018,198. In that instance, as the amount of the unit dividend will remain Euro 0.568, the greater portion of net income paid out will require a corresponding reduction in the portion of net income allocated to the extraordinary Reserve;
- Euro 381,000,000 (equal to Lire 737,718,870,000) to the Reserve ex D.Lgs. 153/99 to take advantage of the lower tax rate of 12.5% applicable to earnings posted to this Reserve in the event of bank concentrations;
- Euro 995,217.75 (equal to Lire 1,927,010,273) to the Reserve ex art. 13.c.6. of D.Lgs. 124/93 to take advantage of the tax deductibility deriving from the possibility to set up such a reserve in suspense for tax purposes, for an amount equal to 3% of the portions of employee termination indemnities applied to supplementary pension schemes;
- Euro 18,990,497.83 (equal to Lire 36,770,731,233) to the extraordinary Reserve.

Dividends will have a full tax credit (58.73%) in accordance with D.Lgs. 467/97 and will be available for collection from May 24, 2001.

The proposed distribution is in line with the positive trends that the Bank is seeing in the early months of 2001, without affecting the adequacy of the Bank and the Group's regulatory capital and solvency ratios.

If this proposal is approved, the shareholders' equity of SANPAOLO IMI – after the allocation of net income and without considering the possible issue of new shares due to the exercise of stock options or any change in own shares held by the Bank - will be as follows:

	€
Composition of shareholders' equity of SANPAOLO IMI after allocation of 2000 net income	
Capital	3,931,250,954.40
Legal reserve	792,561,421.30
Share premium reserve	17,591,867.00
Other reserves:	1,825,053,729.17
<i>Reserve ex D. Lgs. 153/99</i>	<i>641,000,000.00</i>
<i>Reserve art. 7.3 Law 218/90</i>	<i>80,359,536.66</i>
<i>Reserve Law 169/83</i>	<i>11,514,113.06</i>
<i>Reserve art. 21 D. Lgs. 213/98</i>	<i>41,859,974.96</i>
<i>Reserve art. 13.6 21 D. Lgs. 124/93</i>	<i>2,746,088.70</i>
<i>Residual merger difference</i>	<i>13,737,262.06</i>
<i>Reserve for purchase of own shares</i>	<i>980,000,000.00</i>
<i>Extraordinary reserve</i>	<i>53,836,753.73</i>
Reserve for general banking risks	335,696,984.41
	<b>6,902,154,956.28</b>

Turin, 27 March 2001

The Board of Directors

# Report of the Board of Statutory Auditors pursuant to Article 153 of Legislative Decree 58 of 24 February 1998 and Article 2429, paragraph 3, of the Italian Civil Code

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Shareholders,

The Board wishes first to recall that Legislative Decree 58 of 24 February 1998, concerning the reform of financial markets and corporate governance, sets out new regulations for the responsibilities of the Boards of Statutory Auditors of companies with shares quoted on regulated markets.

These regulations assign to the Independent Auditors those activities formerly undertaken by the Board concerning accounting and financial statements, while the Board of Statutory Auditors has other responsibilities concerned with corporate governance and, in particular, supervision and inspection of corporate affairs.

The financial statements for 2000, put before you for your approval, as well as the consolidated financial statements for 2000 which are available to you, have been sent to us as required by law and are presented in accordance with 87 of January 27, 1992, as well as Banca d'Italia instructions of July 30, 1992 and subsequent revisions.

The reports on operations prepared by the Board of Directors show fully and completely the income statement, balance sheet and financial statements of the Bank and of the Group and the performance during 2000 as well as developments after the end of the year.

As noted in the consolidated Report on Operations, the Company has accepted the Selfdisciplinary Code for Quoted Companies issued by Borsa Italiana S.p.A.. This established, among other things, Technical Consultative Committees, composed of executive directors and others, with the task of monitoring questions of specific interest to minorities and market interests, such as the systems of internal control, remuneration of directors and senior management and the completeness of the information provided to the Board of Directors.

The Company has established, in addition to the Committees expressly envisaged by the Code, such as the Audit Committee and Remuneration

Committee, other technical consultative committees: the Technical Committee for Company Social Security and for Personnel Policies and the Technical Shareholdings Committee. In following the recommendations of the Selfdisciplinary Code for Quoted Companies, at the Shareholders' Meeting to approve the financial statements, the Board of Directors of the Company proposes the approval of the Regulation for the meeting prepared to take account of the structure proposed jointly by ABI and Assonime.

The Reports on Operations, of the Bank and at consolidated level, and the Explanatory Notes, of the Bank and at consolidated level, contain the information required by the regulations of Consob and Banca d'Italia. The Board has, in particular, noted that the information required by Consob (Communication 1011405 of 15 February 2001 to banks quoted on regulated markets) concerning tax incentives pursuant to the Ciampi Law and the renegotiation of subsidized mortgages and those associated with usury, as well as timing mismatches on interest payments, has been inserted in the Explanatory Notes to the Bank's and consolidated financial statements.

Information required by Article 10 of Law 72/83 is provided in the sections of the explanatory notes concerning assets revalued.

Relationships within the group and with associated parties, appropriately described in the Reports on Operations, are all conducted within the terms of current legislation, on the basis of valuations at mutual financial interest.

The reports on the performance of operations, of the Bank and at consolidated level, in the first six months of 2000, given to us as per legal requirements by the Board of Directors, have been prepared and published as prescribed by Consob. The quarterly reports have been published as required.

In the course of the year closed on 31 December 2000, we have undertaken our supervisory activity as prescribed by law taking account, among other things, of the principles concerning the Board of Statutory Auditors as set out by the National Accounting Standards Board. In particular:

- we attended 15 meetings of the Board of Directors and 24 of the Executive Committee held in 2000. In the same period, we met 17 times for examination and received from the managing directors, pursuant to Article 150 of Legislative Decree 58/98, on a quarterly basis, information on activities conducted in the year as mandated within the Parent Bank and the most important operations in economic, financial and balance sheet terms made by the Company (and subsidiary companies), checking that the actions approved and made conform to legal requirements and the company's articles and by-laws and were not manifestly imprudent, of risk, in potential conflict of interest or against motions taken by the Shareholders' Meeting;
- we have noted and checked, as within our remit, the proper organizational structure of the company and in respect of the principle of proper management, through direct observation, collection of information from executives responsi-



ble for organization and meetings with the Independent Auditors to provide a mutual exchange of relevant data and news. In particular, in 2000, specific checks on the most important foreign branches in terms of operating volumes (New York, London, Singapore and Tokyo) were made together with the Internal Auditing function; these checks covered principally organizational structure, authority for loans and costs, local regulations and the functioning of internal control systems;

- we have examined and checked the adequacy of internal controls and of the administrative and accounting systems of the Company, as well as their suitability to provide correctly the information on operations, through information obtained from executives, the examination of company documents and the analysis of the results of the work undertaken by the independent auditors. Within the organizational structure of the Bank, it should be noted that the Internal Auditing function checks that the systems are suitable to guarantee in every respect the management of risks and that operations are conducted according to set procedures and internal and external regulations; it is also responsible for evaluating the working of the complete system of internal controls and for identifying any anomalies. For activities concerning the Parent Bank, including the foreign branches and Group companies, Internal Auditing reports on a quarterly basis to the Board of Directors and provides information to the Board of Statutory Auditors, Managing Directors and Technical Audit Committee for those issues where they have responsibility;
- we have checked the observance of the legal requirements concerning the preparation, the presentation of the financial statements and report on operations, through direct checks and information drawn from the Independent Auditors.

From the activity undertaken, no significant facts have emerged which would require notification to the Regulatory Authorities or deserve mention in the present report.

Given the above, and having examined the contents of the reports prepared by the independent auditors Arthur Andersen S.p.A., we recommend the proposal to approve the financial statements for 2000, and note that the consequent proposal for the distribution of income by the Board of Directors conforms to legal requirements and with the articles and by-laws and is correctly justified in terms of the financial and balance sheet condition of the Company.

For the request for authorization for the purchase of own shares, it is noted that the motion conforms with the requirements pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, Article 132 of Legislative Decree 58 of 24 February 1998 and Consob requirements.

In accordance with the Consob Recommendation of 20 February 1997, we also inform you that your Company, in 2000, has conferred, for total fees of L. 1,980 million and with the prior agreement of the Board of Statutory Auditors, mandates to Arthur Andersen S.p.A. in addition to the audit of the annual and half-yearly financial statements, for the following:

- audit of the "Form 20-F" prepared by the Group in relation to the quotation of SANPAOLO IMI shares on the New York Stock Exchange;
- release of the Comfort Letter for the issue of the Offering Memorandum connected to the placement of Trust Preferred Securities, made by the Bank in November 2000 and the Euro Medium Term Notes Offering Circular.

These mandates are included among the activities for which foreign market participants and authorities require auditing by the Independent Auditors of the annual financial statements.

Torino, 10 April 2001

The Board of Statutory Auditors



**Report of the Independent Auditors  
pursuant to art. 156 of Legislative Decree  
no. 58 of February 24, 1998  
(Translation from the Original Issued in Italian)**

**Arthur Andersen SpA**  
Galleria San Federico 54  
10121 Torino

To the Shareholders of  
Sanpaolo IMI S.p.A.:

1. We have audited the financial statements of Sanpaolo IMI S.p.A. (the Bank) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Directors of Sanpaolo IMI S.p.A. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries and of certain enterprises in which Sanpaolo IMI S.p.A. has a significant influence have been examined by other auditing firms, who have provided us with their reports. Our opinion expressed in this report, insofar as it relates to the amounts included for such companies, amounting to 36.8% of total investments and 2.8% of total assets, is also based upon the audits of other auditing firms.

For our opinion on the prior year's financial statements, which are presented for comparative purposes as required by law, reference should be made to the our auditors' report dated April 10, 2000.

3. In our opinion, the financial statements of Sanpaolo IMI S.p.A. as of and for the year ended December 31, 2000, comply with the Italian statutory provisions related to financial statements; therefore they give a true and fair view of the financial position and results of operations of Sanpaolo IMI S.p.A..



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4. For a better understanding of the financial statements, attention is drawn to the following information which is more fully described in the Report on Operations and in the explanatory notes:
- In the course of the year, the Bank has acquired significant investments in the Banco di Napoli Group and in Cassa di Risparmio di Firenze S.p.A.; as of December 31, 2000, such investments were written down in accordance with art. 15 of Legislative Decree 87/92, which allows valuation adjustments to be made solely in pursuance of fiscal provisions. The effects on the statement of income and on shareholders' equity are outlined in Part A, Section 2 of the explanatory notes.
  - In the course of the year, the Bank has conferred credit activities related to public works to a dedicated corporate entity (Banca Opi S.p.A.). The Bank has prepared a "pro-forma" statement of income for the year 2000, not subject to audit, adjusting the economic results of the Bank for items related to public works and infrastructure.
  - The Bank has allocated a share of the net income for the years 1999 and 2000 to the reserve as provided for and in accordance to Law 461/98 and Legislative Decree 153/99 (the so-called "Ciampi reserve") in relation to the merger with IMI and the acquisition of the Banco di Napoli Group. In the 2000 financial statements, following the request of suspension of the incentives and in line with the accounting treatment of the previous year, the Bank has, for reason of prudence, appropriated to the tax provision the whole amount of the benefit rising out of the application of these incentives. As required by CONSOB Recommendation dated February 15, 2001, the Bank has disclosed in the explanatory notes the effects on the statement of income and on shareholders' equity of such incentives.

Turin, Italy  
April 2, 2001

**Arthur Andersen SpA**  
s/Giulio Lubatti - Partner      s/Mario M. Busso - Partner

# Financial Statements

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BALANCE SHEET

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STATEMENT OF INCOME

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

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## BALANCE SHEET

(in Euro)

ASSETS		31/12/00	31/12/99
10	Cash and deposits with central banks and post offices	442,495,988	421,444,374
20	Treasury bills and similar bills eligible for refinancing with central banks	788,672,699	1,404,125,988
30	Due from banks	14,011,333,447	14,809,788,319
	a) repayable on demand	577,796,973	1,765,058,484
	b) other deposits	13,433,536,474	13,044,729,835
40	Loans to customers	61,759,856,289	67,262,285,646
	<i>of which:</i>		
	- loans using public funds	37,872,695	47,451,295
50	Bonds and other debt securities	5,285,551,932	5,948,110,330
	a) public entities	2,477,082,377	2,547,067,911
	b) banks	2,007,175,171	2,622,644,261
	<i>of which:</i>		
	- own bonds	430,337,610	850,606,925
	c) financial institutions	145,057,000	172,064,462
	<i>of which:</i>		
	- own bonds	-	-
	d) other issuers	656,237,384	606,333,696
60	Shares, quotas and other equities	11,118,991	20,694,036
70	Equity investments	1,214,306,342	2,013,668,438
80	Investments in Group companies	6,335,401,554	2,530,426,361
90	Intangible fixed assets	177,303,857	167,274,269
	<i>of which:</i>		
	- start-up costs	-	-
	- goodwill	-	-
100	Tangible fixed assets	880,650,514	910,955,249
120	Own shares (nominal value € 110,168,750)	697,321,064	335,630,924
130	Other assets	6,837,506,399	8,685,243,475
140	Accrued income and prepaid expenses	1,791,439,436	4,127,937,338
	a) accrued income	1,721,744,067	3,957,988,424
	b) prepaid expenses	69,695,369	169,948,914
	<i>of which:</i>		
	- discounts on bond issues	7,374,924	2,629,919
<b>Total assets</b>		<b>100,232,958,512</b>	<b>108,637,584,747</b>

		(in Euro)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		31/12/00	31/12/99
10	Due to banks	21,705,486,596	24,203,135,654
	a) repayable on demand	2,112,952,543	519,392,584
	b) time deposits or with notice period	19,592,534,053	23,683,743,070
20	Due to customers	37,608,980,630	34,192,170,111
	a) repayable on demand	26,274,055,703	25,458,289,736
	b) time deposits or with notice period	11,334,924,927	8,733,880,375
30	Securities issued	16,596,884,648	27,117,109,672
	a) bonds	12,413,740,279	19,372,461,223
	b) certificates of deposit	3,679,072,349	7,358,472,456
	c) other	504,072,020	386,175,993
40	Other funds administered	39,320,020	50,457,312
50	Other liabilities	8,068,600,744	8,321,644,432
60	Accrued expense and deferred income	2,062,742,749	4,649,246,270
	a) accrued expense	1,848,787,456	4,462,210,556
	b) deferred income	213,955,293	187,035,714
70	Provision for termination indemnities	407,683,583	400,961,920
80	Provisions for risks and charges	1,462,765,715	1,163,481,860
	a) pensions and similar commitments	43,338,262	45,926,205
	b) taxation	947,975,345	821,717,557
	c) other	471,452,108	295,838,098
100	Reserve for general banking risks	335,696,984	335,696,984
110	Subordinated liabilities	4,580,712,498	1,338,925,566
120	Capital	3,931,250,954	3,926,117,854
130	Share premium	17,591,867	-
140	Reserves	2,216,629,435	1,920,943,709
	a) legal reserve	792,561,422	792,561,421
	b) reserve for own shares	697,321,064	335,630,924
	c) statutory reserves	-	-
	d) other reserves	726,746,949	792,751,364
160	Retained earnings	-	142,346
170	Net income for the year	1,198,612,089	1,017,551,057
<b>Total liabilities and shareholders' equity</b>		<b>100,232,958,512</b>	<b>108,637,584,747</b>
<b>GUARANTEES AND COMMITMENTS</b>		31/12/00	31/12/99
10	Guarantees given:	21,219,009,169	16,505,842,479
	<i>of which:</i>		
	- acceptances	153,174,321	131,381,542
	- other guarantees	21,065,834,848	16,374,460,937
20	Commitments	13,005,317,113	13,310,528,849
	<i>of which:</i>		
	- for sales with obligation to repurchase	-	-

## STATEMENT OF INCOME

(in Euro)

	2000	1999
10. Interest income and similar revenues	5,232,693,996	4,975,656,141
<i>of which:</i>		
– loans to customers	4,076,343,587	3,953,468,679
– debt securities	375,658,729	546,266,646
20. Interest expense and similar charges	-3,476,887,951	-3,262,027,241
<i>of which:</i>		
– deposits from customers	-889,154,886	-599,120,532
– debt securities	-1,313,473,240	-1,523,441,708
30. Dividends and other revenues	746,306,729	574,426,198
a) from shares, quotas and other equities	384,184	28,340,995
b) from equity investments	108,596,278	94,826,532
c) from investments in Group companies	637,326,267	451,258,671
40. Commission income	1,643,579,509	1,432,634,008
50. Commission expense	-93,614,072	-87,975,414
60. Profits (losses) on financial transactions	85,600,439	49,696,253
70. Other operating income	172,212,773	180,582,909
80. Administrative costs	-1,987,521,242	-1,950,322,718
a) personnel	-1,280,598,310	-1,260,343,803
<i>of which:</i>		
– wages and salaries	-917,545,159	-901,705,912
– social security charges	-295,522,325	-296,677,780
– termination indemnities	-67,530,826	-61,908,466
– pensions and similar commitments	-	-51,646
b) other	-706,922,932	-689,978,915
90. Adjustments to intangible and tangible fixed assets	-179,580,858	-182,178,245
100. Provisions for risks and charges	-200,774,931	-57,333,507
110. Other operating expenses	-5,040,373	-8,047,851
120. Adjustments to loans and provisions for guarantees and commitments	-494,479,028	-590,357,594
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	354,528,717	312,157,861
140. Provisions to the reserve for possible loan losses	-	-
150. Adjustments to financial fixed assets	-229,829,831	-85,160,945
160. Writebacks of adjustments to financial fixed assets	236,408	841,056
<b>170. Income from operating activities</b>	<b>1,567,430,285</b>	<b>1,302,590,911</b>
180. Extraordinary income	374,247,806	406,124,961
190. Extraordinary expenses	-32,042,652	-51,790,731
<b>200. Extraordinary net income</b>	<b>342,205,154</b>	<b>354,334,230</b>
220. Income taxes	-711,023,350	-639,374,084
<b>230. Net income for the year</b>	<b>1,198,612,089</b>	<b>1,017,551,057</b>



# Explanatory Notes to the financial statements

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# Introduction - Background information on the statutory financial statements

## Form and content of financial statements

The Bank's statutory financial statements for 2000 have been prepared pursuant to Decree 87 of January 27, 1992, which implemented EEC Directive 86/635. They also take account of the requirements contained in the Bank of Italy regulations dated July 30, 1992, and subsequent amendments. For all matters not governed by special regulations, reference has been made to the Italian Civil Code and to national accounting standards.

The financial statements comprise the balance sheet, the statement of income and these explanatory notes, together with the report of the Board of Directors on the results of operations.

The financial statements are consistent with the underlying accounting records, which reflect all of the transactions carried out during the year.

Pursuant to art. 16, para. 3 of Legislative Decree 213/98, effective from December 31, 1999 the Bank has opted for the Euro as its reporting currency, for the preparation of all compulsory accounting documents for publication.

The financial statements for 2000 have therefore been prepared in Euro. More specifically, in line with the regulations issued by the Bank of Italy and by Consob, the accounting tables are presented in Euro, whereas the explanatory notes are expressed in millions of Euro.

The explanatory notes are presented with comparative figures as of December 31, 1999. These notes provide all the information required by law, including any additional data considered necessary to give a true and fair view of the financial and operating situation. The tables required by the Bank of Italy are numbered in accordance with Bank of Italy instructions or based on the date of the Instructions.

The following schedules are attached to the financial statements:

- Statement of changes in shareholders' equity;
- Statement of cash flows;
- List of properties owned by the Bank;
- 2000 pro forma statement of income

The financial statements will be lodged at the Bank's registered offices by the legal deadline, together with the latest approved financial statements of subsidiary companies. Draft 2000 financial statements of subsidiaries prepared by the respective Boards of Directors for subsequent approval by the respective Shareholders' Meetings will also be lodged at the registered offices. In compliance with Consob regulations (Art. 77 Resolution 11971/98), the consolidated financial statements, the auditors' report and the statement of key data of affiliated companies will also be lodged at the company's registered offices.

It should also be mentioned that Part B - Section 7 - Provisions contain the information required by Consob (Communication 1011405 of February 15, 2001) from banks quoted on regulated markets.

## Restatement of the 2000 reclassified financial statements

On July 1, 2000 the Bank finalized the transfer of the public works and infrastructure business to the subsidiary Banca OPI SpA. For ease of comparison of the results for the two years, the Bank has prepared as part of the report on operations reclassified restated situations for 2000 which compensate the effects on net income with an appropriate adjustment.

### **2000 pro forma statement of income**

In addition to the 2000 financial statements there is a pro forma statement of income for 2000 that will be used as a basis of comparison for future statements of income. This document has been prepared adjusting the results of those elements attributable to the public works and infrastructure business transferred to Banca OPI SpA in 2000, together with the financial effects of hypothetically anticipating the acquisition of Banco di Napoli to 1/1/2000 for the purpose of the consolidated financial statements. The effects on net income have been offset by an adjustment.

### **Audit of the financial statements**

The Bank's statutory financial statements are audited by Arthur Andersen S.p.A., in accordance with the shareholders' resolution dated April 30, 1998, which appointed them as auditors for the three-year period 1998-2000.

### **Half-year report**

SANPAOLO IMI prepared and published a half-year report on operations during the first six months of 2000 as required by law and in the format prescribed by Consob.

Arthur Andersen S.p.A. carried out a limited audit on SANPAOLO IMI's half-year report, in accordance with Consob Recommendations 97001574 of February 20, 1997 and 10867 of July 31, 1997 and the shareholders' resolution of April 30, 1998.

# Part A - Accounting policies

## SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The financial statements as of December 31, 2000, have been prepared using the accounting policies adopted in relation to the financial statements as of December 31, 1999.

### Loans, guarantees and commitments

#### Loans

Loans, comprising principal not yet due and principal and interest due but not yet collected, are stated at their estimated realizable value, taking account of the solvency of borrowers in difficulty and any debt-servicing problems faced by individual industrial sectors or the countries in which borrowers are resident. The assessment performed also takes into consideration any guarantees received, market prices (where applicable) and general difficulties experienced by the different categories of borrower. Estimated realizable value is determined following a detailed review of loans outstanding at year-end, considering the degree of risk associated with the various forms of lending and the risk of default inherent in loans that are currently performing normally. The estimated realizable value of non-performing, problem and restructured loans, loans being restructured and loans to companies under observation, assessed on a case-by-case basis takes into consideration not only the likelihood of eventual recovery, but also any total or partial failure to generate income and delayed repayments.

In particular:

- non-performing loans: being loans to borrowers in a state of insolvency or similar, are valued on a case-by-case basis;
- problem loans: being loans to borrowers in temporary difficulties likely to be resolved within a reasonable period of time; are valued on a case-by-case basis;
- restructured loans: being loans for which a syndicate of banks (or a single bank) reschedules the repayment of principal or re-negotiates the applicable terms at lower-than-market rates, are valued on a case-by-case basis;
- loans being restructured: being loans for which the borrower has applied for consolidation to a variety of banks within the past 12 months, are valued on a case-by-case basis;
- loans exposed to "country risk": being loans to borrowers resident in countries with debt-servicing difficulties, are normally adjusted on a general basis by applying writedown percentages not lower than those specified by the banking association. They do not include specific positions which are assessed on a case-by-case basis, using objective criteria, with reference to the category of risk concerned;
- Performing loans being loans to borrowers who, at this time, do not present specific insolvency risks, are valued on a general basis, except for the positions of certain companies under observation, which are assessed on a case-by-case basis. In 2000 a new trading activity on the secondary loan market was commenced by the New York and London branches; performing loans purchased as part of this activity form part of a separate homogeneous portfolio, which is valued globally at the lower of cost and market. General adjustments to other performing loans are calculated on a statistical basis with the following stages:
  1. at the year-end, the bank estimates the performing loans which, based on the movements in the last four years, are likely to become doubtful loans during the next year;

2. the bank then calculates the potential losses likely to be incurred on the amount mentioned in point 1, assuming that the loss percentage is the same as the average loss on performing loans transferred to doubtful loans in the last four years.

As regards the method of calculating writedowns by means of discounting, note that they are equal to the difference between:

- estimated realizable value;
- and the net present value of future financial flows (principal and interest).

The discounted present value of financial flows is determined by reference to expected cash receipts, the timing of such receipts and the applicable discounting rate.

The timing and extent of expected cash receipts are determined by input from the department responsible for loan evaluation; if no such input is available, estimates and general statistics deriving from historical data and studies of the business sectors concerned have been used.

With regard to the discounting rate at December 31, 2000, the Bank has used a reference rate of 6.9%. This rate is deemed to reflect the best approximation of the original average yield on the problem loan portfolio – considering the contractual rates currently applied by the Bank on medium-long term loans (fixed and floating rate) and on short term ones (floating rate).

For the purpose of classifying loans as non-performing, problem, restructured or exposed to country-risk, the Bank has made reference to current Bank of Italy regulations on the subject. These have been supplemented by specific and detailed internal instructions regarding, in particular, aspects of implementation and the introduction of rules for the automatic transfer of loans between the various risk categories. Doubtful loans are classified in the various risk categories (non-performing, problem, restructured and being restructured) by the operating structures, working together with the central functions responsible for credit control.

Following a review by the central functions responsible for the control and recovery of loans, the resulting estimated realizable values are formally approved by the committees and other levels within the organization empowered to take such decisions.

Default interest accrued during the period is eliminated from the statement of income since, for the sake of prudence, collection is considered unlikely.

Writedowns, both specific and general, are made by an adjustment to reduce the value of the asset recorded in the balance sheet on the basis discussed above. The original values may be reinstated by means of writebacks, should the reasons for any writedowns cease to apply.

The discounting process automatically means that there will be writebacks to discounted loans: in fact, the mere passage of time, with the consequent approach of the expected collection deadlines, implies an automatic reduction in the implicit financial charges previously deducted from the value of the loans.

Loans for which the Group acquired protection against the risk of non-performance as part of derivative contracts ("buyer protection") continue to be booked in the financial statements among loans secured by personal guarantees.

#### Loans deriving from financing and deposit contracts

These are recorded at the amount disbursed. The difference between the amount of the loan granted to a customer and the amount actually disbursed is credited to the statement of income in accordance with the loan repayment plan. Loans backed by discounted notes, acquired within the scope of lending activities, are recorded in the financial statements at their nominal value, while the portion pertaining to future years is recorded among deferred income.

### Reverse repurchase agreements on securities

Reverse repurchase agreements that require the holder to resell securities when the agreement matures are treated as lending transactions. Income from lending, comprising interest coupons on securities and the differential between the spot and forward prices for such securities, are recorded on an accruals basis as interest in the statement of income.

### Loan of securities

Transactions involving the loan of securities guaranteed by funds freely available to the lender, are treated in the same way as repurchase agreements on securities. Securities loaned, not guaranteed by sums of money, are reported in the financial statements as a combination of two functionally-linked transactions: a loan to and a deposit from a third party (or vice versa). These transactions are essentially the same as repurchase agreements, which means that the securities loaned remain in the portfolio of the lender.

### Guarantees and commitments

Guarantees and commitments giving rise to lending risk are recorded at the total value of the exposure, while the related risk is assessed on the basis described in relation to loans. Expected losses in relation to guarantees and commitments are covered by the related provision. Commitments include exposures to debtors underlying loan derivatives in which the Bank has taken over the lending risk ("seller protection").

## Securities and off-balance sheet transactions (other than foreign currency transactions)

### Investment securities

Investment securities, due to be held long term by the Bank as stable investments, are valued at cost, determined according to the "average daily cost" method, as adjusted by accrued issue discounts and accrued dealing discounts (being the difference between the purchase cost of the securities and the related redemption price, net of issue discounts yet to mature).

Such securities are written down to reflect any lasting deterioration in the solvency of the issuers and the ability of the related nations to repay debt. Investment securities can also be written down to take account of market trends (art. 18 of D.Lgs. 87/92). The original value of investment securities is reinstated when the reasons for any writedowns cease to apply.

### Dealing securities

Securities held for dealing and treasury purposes are stated at their average daily cost as adjusted to reflect accrued issue discounts. Cost is determined as follows:

- securities quoted in organized markets: the official price quoted on the last trading day of the year;
- securities not quoted in organized markets: at the lower of cost or market value, determined with reference to quoted securities with similar characteristics. The original value of investment securities is reinstated when the reasons for any writedowns cease to apply. Unquoted securities which are economically linked to derivative contracts are valued at market price, consistent with the accounting treatment of the contracts concerned.

Any transfers between the investment and dealing portfolios are made on the basis of the book value of the securities transferred at the time of the transaction; book value is determined using the method applicable to the originating portfolio. Securities transferred and still held at year-end are valued using the method applicable to the destination portfolio.

### Commitments to buy or sell for securities transactions to be settled

Commitments to buy are valued on the basis applicable to the destination portfolio. The value of commitments to sell, on the other hand, takes into consideration the contractual forward sale price.

### Equity investments

Equity investments are stated at cost, as revalued in the past at the time of transformation into a limited company or as a result of mergers, determined on a LIFO basis with annual increments. Cost is written down to reflect any permanent losses in value, taking into account, among others, any reductions in the equity of the companies concerned. The original value of equity investments is reinstated if the reasons for any writedowns cease to apply.

Equity investments can also be written down to take account of market trends pursuant to art. 18.1 of D.Lgs 87/92, or solely for fiscal purposes as allowed by art. 15.3 of D.Lgs 87/92.

Differences between the carrying value of "significant investments" and the corresponding proportion of their shareholders' equity as shown in the latest set of financial statements, if lower, represent goodwill and the higher market value of the assets owned by the companies concerned.

Dividends from investments are booked together with the related tax credit when the tax credit becomes collectible, which is usually in the year that the dividends are approved and paid.

### Own shares

Own shares acquired by the Bank, essentially for use in strategic deals that require the availability of own shares (e.g. share exchanges as part of the acquisition of equity investments, cooperation agreements and other extraordinary financial operations) are valued at "average daily cost".

### Foreign currency assets and liabilities (including off-balance sheet transactions other than derivatives)

With the introduction of the euro, the term foreign currency refers to all currencies outside the EMU.

#### Assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currencies, or in lire indexed to foreign exchange movements, as well as financial fixed assets funded in foreign currencies, or in lire indexed to foreign exchange movements, are valued using the spot exchange rates applying at period-end. Equity investments funded in lire and denominated in foreign currencies subject to local exchange-control restrictions (non-convertible currencies) are stated at the historical rates of exchange applying at the time of acquisition.

Foreign currency costs and revenues are stated using the exchange rates applying at the time they arose.

#### Unsettled spot and forward currency transactions

Unsettled spot and forward currency transactions carried out for hedging purposes are valued in the same way as the assets and liabilities being hedged, whether they are recorded on or off the balance sheet.

Transactions not carried out for hedging purposes are valued:



- at year-end spot exchange rates, in the case of spot transactions still to be settled;
- at year-end forward exchange rates for the maturity dates concerned, in the case of forward transactions.

The effect of these valuations is debited or credited to the statement of income.

### Tangible fixed assets

Tangible fixed assets are stated at purchase cost, including related charges and the cost of improvements. In certain cases, purchase cost may have been restated on transformation of the Bank at the time of mergers or as a result of applying monetary revaluation laws.

Operating assets are depreciated on a straight-line basis over their residual useful lives. Tangible fixed assets are written down in cases where there is a permanent loss in value, regardless of how much depreciation has already been accumulated. The value of such assets is reinstated in future accounting periods if the reasons for any writedowns no longer apply.

Ordinary maintenance and repairs are expensed in the year they are incurred.

### Intangible fixed assets

Intangible fixed assets are stated at purchase or production cost, including related charges, and amortized over the period they are expected to benefit, as described below:

- Formation and capital increase expenses and other deferred charges are amortized, generally on a straight-line basis, over five years.
- Costs incurred for the purchase of software or for its development using external resources are amortized, generally on a straight-line basis, over three years, taking account of the residual period such software is expected to benefit.
- The differences arising on the merger of Banca Provinciale Lombarda and Banco Lariano in 1993, net of the portion allocated to more closely reflect the value of the related assets, are amortized on a straight-line basis. Amortization is provided over a period of ten years. These amortization periods are justifiable in view of the durability of the goodwill accumulated by the merged banks, as assessed in expert appraisals prepared for the respective mergers.

### Payables

Payables are stated at their nominal value. The difference between the face value of loans received, or securities placed, and the amount actually received, is recorded in the financial statements among deferrals and released to the statement of income on an accruals basis, in accordance with the repayment plan implicit in the funding transaction. Zero-coupon securities issued are stated at their issue price plus accrued interest. Consistent with the policies described above, funding repurchase agreements that require the holder to resell the securities acquired when the agreement matures are recorded among payables, as are related securities borrowing transactions.

### Provision for employee termination indemnities

The provision for employee termination indemnities represents the liability to each employee at period-end, accrued in accordance with current legislation and payroll agreements.

## Provisions for risks and charges

Provisions for risks and charges cover known or likely liabilities whose timing and extent cannot be determined at year-end or at the time the financial statements are prepared.

## Pensions and similar commitments

This qualifies as an "internal" pension fund made up of provisions for supplementary pensions due to retired employees of the former IMI S.p.A. with rights to such benefits. The contingency arising in this connection is assessed on the basis of independent actuarial appraisals, in order to determine the provisions to technical reserves needed to cover future pensions.

## Taxation

The provision for taxation covers income taxes (IRPEG) and the regional tax on business activities (IRAP), taking account of taxes applicable in the countries in which branches operate, deferred taxation, and outstanding or potential fiscal disputes.

Income taxes for the period are prudently determined on the basis of current fiscal legislation with reference to the expected taxable income for the full year.

Deferred taxation, determined according to the so called "balance sheet liability" method, reflects the tax effect of timing differences between the book value of assets and liabilities and their value for tax purposes, which will lead to taxable and deductible amounts in future years when there is reasonable probability that such differences will reversal. To this end, taxable timing differences are defined as those which will give rise to taxable income in future years (deferred capital gains, for example); while deductible timing differences are defined as those which will give rise to deductible amounts in future years (such as provisions and costs that can be deducted for tax purposes over a period of years, e.g. general loan write-downs in excess of the fiscally deductible amount).

Deferred tax liabilities are calculated by applying the average tax rate taking into account standard rates of tax and special tax benefits established by law to taxable timing differences likely to generate a tax burden. Deferred tax assets are calculated on deductible timing differences if these are likely to be recovered. Deferred tax assets and liabilities relating to the same kind of tax and reversing in the same period are offset against each other.

In years when deductible timing differences are higher than taxable timing differences, the resulting net deferred tax asset is booked to the balance sheet under caption 130 – Other assets – and deducted from income taxes payable.

In years when taxable timing differences are higher than deductible timing differences, the resulting deferred tax liability is booked to the balance sheet under sub-caption 80.b – Provisions for risks and charges – taxation, and added to income taxes payable.

If the deferred tax (assets or liabilities) relates to transactions directly involving shareholders' equity without affecting the statement of income, it is debited or credited to shareholders' equity.

The deferred taxation on equity reserves that will become taxable "however used" is charged against shareholders' equity. Deferred taxation relating to revaluations arising on conversion to the euro, credited to a specific reserve pursuant to art. 21 of Decree 213/98, is charged directly against this reserve.

No provision is made for reserves subject to deferred taxation only in the event of distribution. This is because such reserves are allocated to accounts not available for distribution and because the events which would give rise to such taxation are not expected to occur.

## Other provisions

Provisions for guarantees and commitments cover losses in respect of guarantees given and, more generally, the contingencies associated with the Bank's guarantees and commitments.

Other provisions for risks and charges cover estimated losses arising from legal action and, in particular, from repayments claimed by the receivers of bankrupt customers; possible charges in connection with guarantees given on the sale of equity investments; possible charges in connection with the Bank's commitment to support the Interbank Deposit Guarantee Fund; possible charges in connection with the renegotiation of low-interest housing mortgage loans (Law 133/99 and provisions dictated by Budget Law 2001) and fixed-rate mortgage loans without special interest terms (Decree Law 394 of December 29, 2000, converted into Law 24 of February 28, 2001); charges in connection with other potential liabilities.

The provision for other personnel charges comprises:

- provisions made on the basis of an independent actuarial report to an independent supplementary pension fund to cover unfunded pension liabilities, as well as provisions for contributions that may be due in relation to the personnel of a merged company;
- provisions made on an actuarial basis to set up the technical reserve needed to cover long-service bonuses payable when staff celebrate twenty-five and thirty-five years of employment with the Bank.

## Reserve for general banking risks

This reserve covers the general business risks of the Bank and, as such, forms part of shareholders' equity in compliance with international supervisory standards and Bank of Italy instructions.

## Accruals and deferrals

Accruals and deferrals are recognized in accordance with the matching principle.

## Other aspects

### Derivatives on currency, securities, interest rates, stockmarket indices and other assets

Derivative contracts are valued individually using the methods applicable to the portfolio concerned (hedging contracts and non-hedging contracts).

The values determined are recorded separately in the balance sheet without off-setting assets and liabilities. Agreements between the parties for the compensation of reciprocal receivables and payables in the case of default by one of the counterparts ("master netting agreement") is not relevant for disclosure purposes, but is taken into consideration when assessing the counterparty's lending risk.

The values determined by the contract valuation process (hedging and non-hedging) are written down on a case-by-case or a general basis, where appropriate, in order to reflect the lending risk (counterparty and/or country risk) inherent in the contracts.

### Hedging derivative contracts

These are entered into with the aim of protecting the value of individual assets or liabilities, as well as any groups of assets or liabilities, on or off the balance sheet, from the risk of market fluctuations. In the case of off-balance sheet items, the

hedging objective is achieved via the use of asset and liability management techniques. A transaction is considered to be a hedge in the presence of the following documented conditions:

- a) intent to enter into a hedge; and
- b) high degree of correlation between the technical and financial characteristics of the assets and liabilities hedged and those inherent in the hedging contract.

If just one of the conditions above ceases to apply, then the contract is re-qualified as "non-hedging".

Hedging derivatives are valued on a basis consistent with the assets and liabilities being hedged. The related procedures for presentation in the financial statements are summarized below:

*Balance sheet:* the period element of differentials or interest margins on contracts hedging the interest arising from interest-earning / bearing assets and liabilities is classified among "Accrued income" or "Accrued expenses". The period element of differentials on forward rate agreements hedging the interest arising from interest-earning / bearing assets and liabilities is classified among "Prepaid expenses" or "Deferred income". The market value of contracts hedging the risk of price fluctuations, and the effect of valuing contracts hedging the exchange risk on lending and funding activities (principal portion) using year-end spot exchange rates, are classified among "Other assets" or "Other liabilities". Contracts hedging investment securities, or total loans and deposits, are valued at cost.

*Statement of income:* where derivative contracts are intended to hedge the interest arising from interest-earning / bearing assets and liabilities, the related economic effect will form part of the interest margin on an accruals basis. In this case, the related differentials and margins are allocated either to interest income or to interest expense, depending on their nature. If, on the other hand, the derivative contract hedges the risk of market price or exchange fluctuations (principal portion), then the revenues or costs generated are treated as "Profits (losses) on financial transactions". More specifically, differentials and margins earned on derivative contracts hedging dealing securities are treated as interest, if they relate to multiple-flow contracts (e.g. IRS) or to single-flow contracts where the duration of the underlying asset is less than one year (e.g. FRA); but as profits (losses) on financial transactions, if they relate to single-flow contracts where the duration of the underlying asset is more than one year (e.g. futures and options).

#### Non-hedging derivative contracts

These are valued as follows:

Contracts on securities, interest rates, stockmarket indices and other assets: contracts quoted in organized markets are stated at their market value on the last day of the year. Contracts linked to reference indicators subject to official observation are stated on the basis of their financial value (replacement cost), determined with reference to the market quotations for those indicators on the last day of the year. Other contracts are valued with reference to other elements determined on an objective and consistent basis.

*Foreign currency derivatives:* these are stated using the forward exchange rates ruling at year-end for the maturity dates of the transactions subject to valuation.

The related procedures for presentation in the financial statements are summarized below:

*Balance sheet:* the amounts determined from the valuation of non-hedging contracts are classified as Other assets or Other liabilities.

*Statement of income:* the economic effects of non-hedging derivative contracts are classified as "Profits (losses) on financial transactions". This caption is analyzed in a specific table within the explanatory notes with regard to the portfolios in which the transactions took place (securities, currency, other financial instruments) and to the nature of the income / costs arising (from valuations or elsewhere).

### Internal deals

The Bank has adopted an organizational structure based on specialized trading desks that have exclusive authorization to deal in specific derivatives. The arrangement is inspired mainly by the goals of efficiency (lower transaction costs), improved management of market and counterparty risks, and the optimal allocation of specialized human resources. These desks manage portfolios consisting of various types of derivatives (and sometimes securities); they have their own books of account and established limits on net risk, and they are responsible for their own results.

The desks serve as counterparties to other desks (which are also autonomous from an accounting point of view) that are not authorized to deal in the market, by means of internal deals in derivatives at market prices. The non-specialized desks initiate these internal deals mainly for hedging purposes.

With regard to the accounting treatment of internal deals and their effect on income, it should be noted that:

- internal deals involving derivatives held in specialized desk portfolios are stated at market value;
- internal deals involving derivatives held in non-specialized desk portfolios are treated on a basis consistent with the assets or liabilities being hedged (for example, at market value if they hedge listed dealing securities and at cost if they hedge investment securities and/or deposits).

### Settlement date

Currency and security transactions, interbank deposits and loans and the bills portfolio are recorded with reference to their settlement dates.

## SECTION 2 - ADJUSTMENTS AND PROVISIONS RECORDED FOR FISCAL PURPOSES

### Value adjustments recorded solely for fiscal purposes

With regard to the investment acquired during the year in Cassa di Risparmio di Firenze S.p.A. and in Banco di Napoli S.p.A., the Bank applied the last paragraph of art. 15 of D.Lgs 87/92 which permits value adjustments solely for fiscal purposes. Since the tax regulations allow quoted equity investments to be written down to the average market price for the last six months of the year, this treatment involved a writedown of € 189 million for Carifirenze and € 19 million for Banco di Napoli, reducing income taxes for the year by € 77 million.

### Provisions recorded solely for fiscal purposes

No provisions have been recorded solely for fiscal purposes.

## Part B - Balance sheet

### SECTION 1 - LOANS

#### Due from banks (caption 30)

Amounts due from banks are analyzed below by type of counterparty and technical form:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Due from central banks			
– compulsory reserve	135	597	-77.4
– other	30	35	-14.3
Due from other banks			
– repurchase agreements and securities	2,393	2,389	+0.2
– current accounts	246	374	-34.2
– deposits	9,963	9,936	+0.3
– loans	1,091	1,392	-21.6
– subordinated loans	147	69	+113.0
– other	6	18	-66.7
<b>Total</b>	<b>14,011</b>	<b>14,810</b>	<b>-5.4</b>

The compulsory reserve with the Bank of Italy identified above reflects the year-end position.

#### Detail of caption 30 "Due from banks" (table 1.1 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) deposits with central banks	165	632	-73.9
b) bills eligible for refinancing with central banks	-	-	-
c) repurchase agreements	2,393	2,389	+0.2
d) securities loaned	-	-	-

**Loans to customers (caption 40)**

Loans to customers are analyzed below, by technical form:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Mortgage loans	26,281	36,874	-28.7
Other forms of finance not flowing through current accounts – Italian branches	10,016	7,462	+34.2
Current accounts	9,229	9,239	-0.1
Other forms of finance not flowing through current accounts – foreign branches	7,986	5,040	+58.5
Import-export loans	1,910	1,292	+47.8
Advances with recourse	1,689	2,178	-22.5
Repurchase agreements and securities loaned	1,609	924	+74.1
Risk on portfolio	712	853	-16.5
Loans	707	721	-1.9
Non-performing loans	630	1,536	-59.0
Personal loans	601	588	+2.2
Other loans to customers	390	555	-29.7
<b>Total</b>	<b>61,760</b>	<b>67,262</b>	<b>-8.2</b>

The reduction in "Mortgage loans" is mainly attributable to the transfer of the public works and infrastructure business to Banca OPI S.p.A. on July 1, 2000.

*Detail of caption 40 "Loans to customers" (table 1.2 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Bills eligible for refinancing with central banks	-	-	-
b) Repurchase agreements	1,609	924	+74.1
c) Securities loaned	-	-	-



The detail of "secured loans to customers" excluding those granted directly to State or public entities for 1,062 million Euro (€ 9,630 million at December 31, 1999), is the following:

*Secured loans to customers (table 1.3 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Mortgages	16,844	16,245	+3.7
b) Pledged assets:			
1. cash deposits	103	108	-4.6
2. securities (*)	2,999	1,996	+50.3
3. other instruments	110	152	-27.6
c) Guarantees given by:			
1. Governments	1,703	3,677	-53.7
2. other public entities	124	32	n.s.
3. banks	1,350	866	+55.9
4. other operators	8,031	5,618	+43.0
<b>Total</b>	<b>31,264</b>	<b>28,694</b>	<b>+9.0</b>

(\*) These include € 1,609 million at 31/12/00 and € 924 million at 31/12/99 of repurchase agreements and similar operations guaranteed by securities.

Loans to customers guaranteed by banks and other operators include € 166 million of positions for which the Bank bought buyer protection against the risk of non-performance, by means of derivative contracts.

Secured loans to customers and those granted directly to Governments or other public entities represent 52% of total loans to customers (57% as of December 31, 1999). The decrease is related to the already mentioned conferral to Banca OPI S.p.A..

### Degree of risk in loan portfolio

The principal and interest elements of loans are stated at their estimated realizable value by applying the policies described in detail in part A, section 1 of these notes. The related writedowns are effected via direct reduction of the balance sheet asset value of the loans concerned.

The estimated realizable value of problem loans takes into account not only the likelihood of recovery, but also their total or partial lack of income generation and late repayment. Total adjustments as of December 31, 2000 for discounting purposes total € 162 million.

## Analysis of loans to customers

*(Bank of Italy instructions dated 12.17.98)*

	31/12/00 (€/mil)			31/12/99 (€/mil)		
	Gross value	Total adjustments	Net book value	Gross value	Total adjustments	Net book value
A. Doubtful loans	3,430	1,986	1,444	5,382	2,682	2,700
A.1 Non-performing loans	2,201	1,571	630	3,673	2,137	1,536
A.2 Problem loans	988	355	633	1,531	493	1,038
A.3 Loans currently being restructured	16	5	11	25	6	19
A.4 Restructured loans	111	29	82	85	23	62
A.5 Unsecured loans exposed to country risk	114	26	88	68	23	45
B. Performing loans	60,656	340	60,316	64,780	218	64,562
<b>Total loans to customers</b>	<b>64,086</b>	<b>2,326</b>	<b>61,760</b>	<b>70,162</b>	<b>2,900</b>	<b>67,262</b>

Non-performing loans, problem loans and restructured loans include unsecured loans to residents of nations exposed to country risk held in portfolio by the Bank for a total of € 4 million (almost totally secured by guarantees given by a subsidiary), € 8 million and € 3 million respectively. Value adjustments made to these loans amount to € 1 million for non-performing loans, € 7 million for problem loans and € 2 million for restructured loans.

The percentage of coverage on non-performing loans, gross of write-offs, was 82.9% while the equivalent figure for problem loans rose to 40%. As regards the various types of loan, the highest level of coverage is for ordinary loans, while the percentages on agricultural loans are lower given the existence of mortgage guarantees on these positions.

## Analysis of loans to banks

*(Bank of Italy instructions dated 12.17.98)*

	31/12/00 (€/mil)			31/12/99 (€/mil)		
	Gross value	Total adjustments	Net book value	Gross value	Total adjustments	Net book value
A. Doubtful loans	69	15	54	251	166	85
A.1 Non-performing loans	11	10	1	10	10	-
A.2 Problem loans	-	-	-	-	-	-
A.3 Loans currently being restructured	-	-	-	-	-	-
A.4 Restructured loans	-	-	-	-	-	-
A.5 Unsecured loans exposed to country risk	58	5	53	241	156	85
B. Performing loans	13,957	-	13,957	14,725	-	14,725
<b>Total loans to banks</b>	<b>14,026</b>	<b>15</b>	<b>14,011</b>	<b>14,976</b>	<b>166</b>	<b>14,810</b>

Non-performing loans are essentially unsecured loans to residents in nations subject to country risk.

*Non-performing loans (table 1.4.B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Non-performing loans (net amount, including default interest)	631	1,536	-58.9

## Movements during the year in gross doubtful loans to customer

(Bank of Italy instructions dated 12.17.98) €/mil

Description/Categories	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk
A. Gross value as of January 1, 2000	3,673	1,531	25	85	68
<i>A.1 including: for default interest</i>	804	46	3	-	-
B. Increases	531	507	-	41	59
B.1 inflows from performing loans	52	331	-	1	-
B.2 default interest	128	9	-	-	-
B.3 transfer from other categories of doubtful loans	275	40	-	34	-
B.4 other increases	76	127	-	6	59
C. Decreases	2,003	1,050	9	15	13
C.1 outflows to performing loans	15	65	-	2	-
C.2 write-offs	813	106	-	-	-
C.3 collections	300	467	1	10	6
C.4 disposals	848	106	-	-	-
C.5 transfers to other categories of doubtful loans	25	306	8	3	7
C.6 other decreases	2	-	-	-	-
D. Gross value as of December 31, 2000	2,201	988	16	111	114
<i>D.1 including: for default interest</i>	554	33	3	-	-

The decrease in non-performing loans can be attributed mainly to the completion of three sales without recourse of loans involving 16,282 mortgage loans, 20,391 short-term loans and 935 industrial loans. These loans, recorded for a gross value of € 1,554 million and a net value of € 756 million, were sold for € 848 million.

## Movements during the year in gross doubtful amounts due from banks

(Bank of Italy instructions dated 12.17.98) €/mil

Description/Categories	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk
A. Gross value as of January 1, 2000	10	-	-	-	241
<i>A.1 including: for default interest</i>	-	-	-	-	-
B. Increases	2	-	-	-	8
B.1 inflows from performing loans	-	-	-	-	7
B.2 default interest	-	-	-	-	-
B.3 transfer from other categories of doubtful loans	-	-	-	-	-
B.4 other increases	2	-	-	-	1
C. Decreases	1	-	-	-	191
C.1 outflows to performing loans	-	-	-	-	3
C.2 write-offs	-	-	-	-	143
C.3 collections	1	-	-	-	45
C.4 disposals	-	-	-	-	-
C.5 transfers to other categories of doubtful loans	-	-	-	-	-
C.6 other decreases	-	-	-	-	-
D. Gross value as of December 31, 2000	11	-	-	-	58
<i>D.1 including: for default interest</i>	-	-	-	-	-

The reduction in unsecured loans exposed to country risk derives mainly from the participation of the Bank to the agreement for the restructuring of the payable by Russia (the London Club), entailing the decline in the total exposure to a gross amount of € 173 million (through a waiver of loans and an exchange of quoted securities, subsequently sold) and a net positive effect of € 18 million booked to the statement of income.

#### Movements during the year in adjustments made to loans granted to customers

(Bank of Italy instructions dated 12.17.98)

Description/Categories	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk	Performing loans	€/mil
A. Total adjustments as of January 1, 2000	2,137	493	6	23	23	218	
<i>A.1 including: for default interest</i>	804	46	3	-	-	5	
B. Increases	444	120	2	12	16	134	
B.1 adjustments	378	94	2	3	15	132	
<i>B.1.1 including: for default interest</i>	128	9	-	-	-	2	
B.2 use of reserves for possible loan losses	-	-	-	-	-	-	
B.3 transfer from other categories of doubtful loans	65	19	-	9	-	1	
B.4 other increases	1	7	-	-	1	1	
C. Decreases	1,010	258	3	6	13	12	
C.1 writebacks from valuations	24	22	-	6	7	1	
<i>C1.1 including: for default interest</i>	-	-	-	-	-	-	
C.2 writebacks of collections	162	58	-	-	-	2	
<i>C2.1 including: for default interest</i>	30	17	-	-	-	2	
C.3 write-offs	813	106	-	-	-	7	
C.4 transfers to other categories of doubtful loans	11	72	3	-	6	2	
C.5 other decreases	-	-	-	-	-	-	
D. Total adjustments as of December 31, 2000	1,571	355	5	29	26	340	
<i>D.1 including: for default interest</i>	554	33	3	-	-	4	

As already discussed, total adjustments include € 162 million relating to the adoption of a policy of actualizing doubtful loans. Writedowns for discounting purposes total € 112 million on non-performing loans, € 40 million on problem loans and € 10 million on restructured loans and loans being restructured.

Performing loans include € 205 million, specifically under observation, covered by writedowns totalling € 26 million. The inherent risk associated with other performing loans is covered by a general writedown of € 310 million.

## Movements during the year in adjustments made to loans granted to banks

*(Bank of Italy instructions dated 12.17.98)*

Description/Categories	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk	Performing loans
A. Total adjustments as of January 1, 2000	10	-	-	-	156	-
<i>A.1 including: for default interest</i>	-	-	-	-	-	-
B. Increases	-	-	-	-	20	-
B.1 adjustments	-	-	-	-	1	-
<i>B.1.1 including: for default interest</i>	-	-	-	-	-	-
B.2 use of reserves for possible loan losses	-	-	-	-	-	-
B.3 transfer from other categories of doubtful loans	-	-	-	-	-	-
B.4 other increases	-	-	-	-	19	-
C. Decreases	-	-	-	-	171	-
C.1 writebacks from valuations	-	-	-	-	6	-
<i>C1.1 including: for default interest</i>	-	-	-	-	-	-
C.2 writebacks of collections	-	-	-	-	22	-
<i>C2.1 including: for default interest</i>	-	-	-	-	-	-
C.3 write-offs	-	-	-	-	143	-
C.4 transfers to other categories of doubtful loans	-	-	-	-	-	-
C.5 other decreases	-	-	-	-	-	-
D. Total adjustments as of December 31, 2000	10	-	-	-	5	-
<i>D.1 including: for default interest</i>	-	-	-	-	-	-

## Loans to customers and banks resident in nations exposed to country risk

Country	€/mil		
	Total	Gross value	
		of which: unsecured book value	weighted value
Brazil	78	58	10
Argentina	51	51	51
Qatar	47	14	14
Venezuela	16	13	13
Tunisia	8	8	2
Egypt	9	6	6
Philippines	5	5	5
Morocco	9	4	4
Cameroon	3	3	3
Russia	374	2	2
Algeria	2	2	2
Croatia	2	2	2
Other countries	12	4	4
<b>Total gross exposure</b>	<b>616</b>	<b>172</b>	<b>118</b>
Total adjustments	31	31	
<b>Net exposure as of December 31, 2000</b>	<b>585</b>	<b>141</b>	

For the purposes of these notes, the countries considered are those listed by the Italian Banking Association, for which, in the absence of specific guarantees, general adjustments have to be made. Adjustments to unsecured loans exposed to country risk have been made by applying the weighting criteria and the writedown percentages agreed industry-wide by the Italian Bankers' Association, as mentioned above. Such writedowns are to cover all of the losses that might arise from those events that are typical to "country risk".

Secured loans amount to € 444 million, of which € 149 million are insured by SACE or equivalent entities and by sureties from banking operators in the OECD area. The remaining 295 million Euro refer to loans granted to a prime customer resident in Russia that are guaranteed by receivables deriving from supply contracts with leading West European companies. This collateral is deemed adequate to cover the lending risk. In compliance with Bank of Italy regulations, these loans are included in the calculation of country risk, which is deducted from the Bank's capital for supervisory purposes.

### Other information relating to loans

Information regarding the distribution of loans, by category of borrower, industry, geographical area, currency and maturity, is provided in Part B, Section 11 of these notes.

## SECTION 2 - SECURITIES

Securities owned by the Bank are analyzed as follows:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Treasury bills and similar bills eligible for refinancing with central banks (caption 20)	789	1,404	-43.8
Bonds and other debt securities (caption 50)	5,286	5,948	-11.1
Shares, quotas and other equities (caption 60)	11	21	-47.6
<b>Total</b>	<b>6,086</b>	<b>7,373</b>	<b>-17.5</b>
<i>of which:</i>			
– investment securities	629	738	-14.8
– dealing securities	5,457	6,635	-17.8

"Treasury bills and similar bills eligible for refinancing" represent securities which may be used for refinancing purposes; at the balance sheet date, securities had not been used for this purpose.

### Investment securities

Investment securities, totalling € 629 million, are held for the long term as a stable investment and, as such, are generally held through to redemption. The allocation to the investment portfolio is made on the basis of criteria defined in a specific framework resolution approved by the Board of Directors in the following circumstances:

- when there are related forms of funding;
- when there are specific control regulations;
- the securities are not readily marketable.

#### *Investment securities (table 2.1 B.I.)*

	31/12/00 (€/mil)		31/12/99 (€/mil)	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
– quoted	414	428	416	438
– unquoted	-	-	-	-
1.2 other securities				
– quoted	47	49	132	112
– unquoted	168	167	190	184
2. Equities				
– quoted	-	-	-	-
– unquoted	-	-	-	-
<b>Total</b>	<b>629</b>	<b>644</b>	<b>738</b>	<b>734</b>

A comparison between the market value and book value of "Government securities" reveals a net unrealized, unrecorded gain of € 8 million on securities not hedged by derivative contracts and € 6 million on securities hedged by interest rate swaps. The valuation of these derivatives reveals an unrealized loss of € 7 million.

A comparison between the market value and book value reveals losses of € 10 million (issue and dealing discounts) which will be recorded in the statement of income on an accrual basis.

<i>Changes in investment securities during the year (table 2.2 B.I.)</i>		<i>€/mil</i>
A. Opening balance		738
B. Increases		
B1. purchases		-
B2. writebacks		-
B3. transfers from dealing portfolio		-
B4. other changes		32
C. Decreases		
C1. sales		44
C2. redemptions		70
C3. adjustments		16
<i>of which:</i>		
<i>permanent writedowns</i>		-
C4. transfers to dealing portfolio		-
C5. other changes		11
D. Closing balance		629

No transfers were made from the investment portfolio to the dealing portfolio during the year, or viceversa.

Subcaptions B4. "Increases - other changes" and C5. "Decreases - other changes" reflect exchange differences on securities denominated in foreign currency, € 20 million, gains on disposals, € 6 million, and accrued issue and dealing discounts, € 5 million.

The sales reported in subcaption C1. refer to the factoring of Interest Arrears Notes issued by the Russian Federation and to the participation to the restructuring of payables by Mexico and Ecuador. These operations resulted in a net gain of around € 6 million.

The adjustments reported in subcaption C3., totalling € 16 million, relate to the writedown of unsecured securities issued by residents in nations subject to "country risk" made by the Bank, to take market trends into consideration, pursuant to Art. 18 of D.Lgs 87/92.

It is worth remembering that by board resolution the maximum size of the investment securities portfolio is the lower of:

- 25% of the total securities owned;
- regulatory capital.



## Dealing securities

These securities, held for treasury and dealing purposes, amount to € 5,457 million, and comprise:

- € 809 million linked to derivative contracts;
- € 4,648 million not linked to derivative contracts.

*Dealing securities (table 2.3 B.I.)*

	31/12/00 (€/mil)		31/12/99 (€/mil)	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
– quoted	2,378	2,378	2,930	2,930
– unquoted	227	227	220	220
1.2 other securities				
– quoted	580	580	867	867
– unquoted	2,261	2,263	2,597	2,601
2. Equities				
– quoted	11	11	20	20
– unquoted	-	-	1	1
<b>Total</b>	<b>5,457</b>	<b>5,459</b>	<b>6,635</b>	<b>6,639</b>

Unquoted dealing securities not linked to derivative contracts, valued at the lower of cost and market, have led to writedowns amounting to € 11 million.

<i>Changes in dealing securities during the year (table 2.4 B.I.)</i>		<i>€/mil</i>
A. Opening balance		6,635
B. Increases		
B1. purchases		
– debt securities		
– government securities	14,931	
– other securities	8,958	
– equities	1,653	
B2. writebacks and revaluations	9	
B3. transfers from investment portfolio	-	
B4. other changes	222	
C. Decreases		
C1. sales and redemptions		
– debt securities		
– government securities	15,525	
– other securities	9,699	
– equities	1,663	
C2. adjustments	32	
C3. transfers to investment portfolio	-	
C5. other changes	32	
D. Closing balance		5,457

Subcaption B4. "Increases - other changes" is detailed as follows:

<i>B.4 "Increases - other changes"</i>		<i>€/mil</i>
Exchange differences		118
Capitalization of accrued interest on treasury bills (BOT) and zero coupon bonds		39
Accrued issue discounts		2
Other		63
<b>Total other changes</b>		<b>222</b>

### Other information relating to securities

The composition of the securities portfolio is analyzed by geographical area, currency and liquidity in Part B, Section 11 of these notes.

### SECTION 3 - EQUITY INVESTMENTS

Equity investments, reported in asset captions 70 and 80, are detailed below:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Equity investments (caption 70)	1,214	2,014	-39.7
Investments in Group companies (caption 80)	6,335	2,530	+150.4
<b>Total</b>	<b>7,549</b>	<b>4,544</b>	<b>+66.1</b>
<i>of which:</i>			
– significant investments	6,648	2,787	+138.6
– other holdings	901	1,757	-48.7

## Significant investments

Significant investments held by the Bank, being those in subsidiary companies or in companies subject to significant influence, as defined in articles 4 and 19 of Decree 87/92, are indicated in the table below:

*Significant investments (table 3.1 B.I.)*

Name of company	Registered offices	Activity	Shareholders' equity (a)	Income / Loss	Percentage ownership	Book value
<b>A. Subsidiary companies</b>						
Apoké Two S.p.A.	Milan	holding company	4	3	100.00	2
Banca Fideuram S.p.A.	Milan	banking	703	410	74.19	83
Banca IMI S.p.A.	Milan	banking	352	49	100.00	305
Banca OPI S.p.A.	Rome	banking	342	72	100.00	239
Banca Sanpaolo Invest S.p.A.	Rome	banking	91	16	100.00	61
Banco di Napoli S.p.A (b)	Naples	banking	1,356	92	38.89	1,169
Banque Sanpaolo S.A.	Paris	banking	400	40	100.00	386
BNH S.p.A. (former Gruppo B.N. S.p.A.)	Turin	finance	307	1	100.00	1,734
Consorzio Studi e Ricerche Fiscali	Rome	tax consultancy	-	-	50.00	-
Finconsumo S.p.A.	Turin	finance	43	7	50.00	17
Gedit S.A.	Luxembourg	holding company	-	-	90.00	-
NHS - Nuova Holding Sanpaolo IMI S.p.A.	Turin	finance	748	84	51.00	374
Prospettive 2001 S.p.A.	Turin	non-finance	13	-	100.00	13
Sanpaolo Bank S.A.	Luxembourg	banking	74	50	100.00	76
Sanpaolo Fiduciaria S.p.A.	Turin	trust management	2	-	100.00	1
Sanpaolo Gestion Internationale S.A.	Luxembourg	finance	2	37	99.98	3
Sanpaolo Imi Asset Management Sgr S.p.A. (former Sp Fondi)	Milan	asset management	33	16	100.00	58
Sanpaolo Imi Bank (International) S.A.	Madeira	banking	182	7	69.01	95
Sanpaolo Imi Bank Ireland P.l.c.	Dublin	banking	446	29	100.00	437
Sanpaolo IMI Capital Company I L.L.c. (c)	Wilmington	finance	1,045	-	4.31	45
Sanpaolo Imi International S.A.	Luxembourg	finance	1,105	57	100.00	987
Sanpaolo Imi Us Financial Co.	Wilmington	finance	-	-	100.00	-
Sanpaolo Immobiliare S.p.A.	Turin	finance	6	1	100.00	3
Sanpaolo Leasing S.p.A.	Milan	leasing	52	7	100.00	54
Sanpaolo Riscossioni Genova S.p.A.	Genoa	tax collection	4	2	100.00	4
Sanpaolo Riscossioni Prato S.p.A.	Prato	tax collection	2	1	100.00	3
Sanpaolo Services Luxembourg S.A.	Luxembourg	operating	2	2	99.60	-
Sanpaolo Vita S.p.A.	Milan	insurance	118	21	100.00	198
Sep - Servizi e Progetti S.p.A.	Turin	operating	2	1	100.00	2
Fidimi Consulting S.p.A. - in liquidation	Rome	non-finance	-	-	100.00	-
Imifin S.p.A. - in liquidation	Rome	finance	-	-	100.00	-
Sanpaolo Us Holding Co. - in liquidation	Wilmington	finance	3	-	100.00	3
Stare S.r.l. - in liquidation	Milan	non-finance	-	-	100.00	-
<b>Total</b>						<b>6,352</b>

(a) Excluding share of net income and reserves due for distribution.

(b) The percentage ownership refers to the total capital. The ownership percentage of ordinary capital amounts to 41.57%.

(c) The percentage ownership refers to the total capital. The percentage ownership of ordinary capital amounts to 100%.

*Significant investments (table 3.1 B.I.)*

						€/mil
Name of company	Registered offices	Activity	Shareholders' equity (a)	Income / Loss	Percentage ownership	Book value
<b>B. Companies subject to significant influence</b>						
Cassa di Risparmio di Firenze S.p.A	Florence	banking	764	80	19.09	244
CBE Service S.p.r.l.	Brussels	non-finance	-	-	20.00	-
CR Firenze Gestion Internationale S.A	Luxembourg	finance	-	-	20.00	-
Esatri S.p.A.	Milan	tax collection	40	17	31.50	4
Finnat Investments S.p.A. (b)	Rome	finance	1	-	20.00	-
HDI Assicurazioni S.p.A. (former BNC Ass. S.p.A)	Rome	insurance	138	-17	28.32	39
Inter-Europa Bank RT	Budapest	banking	36	3	32.51	8
Consorzio Bancario Sir S.p.A. - in liquidation (b)	Rome	finance	2	-	32.49	1
Eurofondo S.C.p.A. - in liquidation	Rome	finance	-	-	25.00	-
Finexpance S.p.A. - in liquidation (b)	Chiavari	non-finance	-8	-	30.00	-
Galileo Holding S.p.A. - in liquidation (b)	Venice	holding company	-19	-	31.52	-
<b>Total</b>						<b>296</b>

(a) Excluding share of net income and reserves due for distribution.

(b) Financial statements as of December 31, 1999.

As described in Part A, Section 1 of these notes, the difference between the book value of significant investments and the value of the Bank's share of their latest reported shareholders' equity, if lower, can generally be justified as goodwill and the higher market value of their tangible fixed assets. In particular:

- as regards the investment in BNH, the higher book value, equal to € 1,427 million, is attributable to goodwill paid for the controlling interest in Banco di Napoli S.p.A.;
- the difference of € 642 million, relating to Banco di Napoli S.p.A., acquired after an obligatory take-over bid, reflects the goodwill inherent in the difference between the bid price and the company's net equity held;
- the difference of € 98 million, relating to Cassa di Risparmio di Firenze, is justified by the goodwill paid. This company was admitted to listing on the Milan Stock Exchange on July 17, 2000; the relative book value has been written down by € 189 million in application of fiscal laws on the basis of the average market price between July 17, 2000 and the year-end;
- the differences relating to Sanpaolo Bank, Sanpaolo Gestion Internationale, Sanpaolo Imi Asset Management SGR, Sanpaolo Leasint, Sanpaolo Riscossioni Prato and Sanpaolo Vita reflect purchased goodwill representing the earning potential of the individual companies. The controlling interest in Sanpaolo Vita was acquired during 1996; the higher book value with respect to shareholders' equity reflects goodwill determined with reference to independent appraisals;
- as regards the investment in Galileo Holding, acquired as part of the restructuring of that group, the company's equity deficit should be offset on completion of the debt restructuring, which entails the shareholder banks' waiving their due loans (SANPAOLO IMI portion for 2000 was € 6 million).

## Other equity investments

The remaining major equity investments of the Bank are:

Name and location of registered offices	Activity	Percentage ownership	Book value
Banco Santander Central Hispano S.A. - Santander	banking	1.17	458
Banca Agricola Mantovana S.p.A. - Mantua (a)	banking	9.57	206
Beni Stabili S.p.A. - Rome	non-finance	14.17	80
Tecnost S.p.A. - Ivrea	non-finance	0.38	57
Banca d'Italia - Rome	banking	2.00	55
Other			45
<b>Total</b>			<b>901</b>

(a) Financial investment made in 1999 related to the placing of 19% of the company by the SANPAOLO IMI Group.

## Composition of investment portfolio

Analysis of caption 80 "Investments in Group companies" (table 3.5 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Investment in banks			
1. quoted	1,252	57	n.s.
2. unquoted	1,598	1,247	+28.1
b) Investment in financial institutions			
1. quoted	-	-	-
2. unquoted	3,269	1,013	n.s.
c) other			
1. quoted	-	-	-
2. unquoted	216	213	+1.4
<b>Total</b>	<b>6,335</b>	<b>2,530</b>	<b>+150.4</b>

Analysis of caption 70 "Equity investments" (table 3.4 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Investment in banks			
1. quoted	923	680	+35.7
2. unquoted	80	261	-69.3
b) Investment in financial institutions			
1. quoted	-	-	-
2. unquoted	29	29	-
c) other			
1. quoted	138	989	-86.0
2. unquoted	44	55	-20.0
<b>Total</b>	<b>1,214</b>	<b>2,014</b>	<b>-39.7</b>

## Changes during the year in the equity investment portfolio

<i>Investments in Group companies (table 3.6.1 B.1.)</i>		<i>€/mil</i>
A. Opening balance		2,530
B. Increases		
B1. purchases		2,979
B2. writebacks		-
B3. revaluations		-
B4. other changes		893
C. Decreases		
C1. sales		35
C2. adjustments		19
<i>of which:</i>		
<i>permanent writedowns</i>		-
C3. other changes		13
D. Closing balance		6,335
E. Total revaluations		43
F. Total adjustments		367

The subcaption B1. "Purchases" is made up of the following transactions:

- the acquisition of 49% of the capital of BNH SpA, from BNL SpA, as part of the procedures to gain control of Banco di Napoli SpA, for € 874 million;
- the acquisition of 41.57% of the ordinary capital of Banco di Napoli SpA through the acceptances of the take-over bid for the outstanding ordinary shares which ended on November 28, 2000, for € 1,188 million; taking into account the participation held indirectly through BNH SpA, the Bank reached 97.6% of the ordinary capital of Banco di Napoli SpA;
- the subscription of a capital increase in Sanpaolo IMI International Sa, for € 700 million, with a view to increasing the equity investments in BSCH Sa and Royal Bank of Scotland;
- the purchase of 3,612,250 shares of Banca Fideuram SpA, corresponding to 0.4% of its capital, with a disbursement of € 57 million;
- the subscription of the capital increase in Banca OPI SpA (former "Imi Lease SpA"), as part of the transfer of the public works and infrastructure business, for € 47 million;
- the subscription of 100% of the ordinary capital and 100% of the capital made up of Class A preference shares of Sanpaolo IMI Capital Company I LLC, for € 45 million. The company has been set up as part of a plan to issue hybrid capital instruments ("preferred shares") for € 1 billion;
- the subscription of a capital increase in Sanpaolo Bank SA, for € 35 million, to support the direct and indirect development of the company;
- the subscription of a capital increase, in various tranches, of Banca Sanpaolo Invest SpA, for € 31 million; this increase is aimed at ensuring adequate support for the company's expansion plan and its expected quotation.

The subcaption C1. "Sales" refers mainly to the following transactions:

- the sale of 1,948,500 shares of Banca Fideuram SpA (0.21% of capital) for € 34 million, generating a gain of € 4 million.

The subcaption C2. "Adjustments" reflects the writedown of the investment in Banco di Napoli SpA, carried out solely for fiscal purposes, by aligning its book value to the average market price for the last six months.

Subcaptions B4. "Increases - other changes" and C3. "Decreases - other changes" are detailed below:

<i>B.4 "Increases - other changes"</i>	<i>€/mil</i>
Acquisition of the investment in BNH resulting from the partial spin-off of INA (*)	860
Translation effect	29
Gains on disposals	4
<b>Total</b>	<b>893</b>

<i>C.3 "Decreases - other changes"</i>	<i>€/mil</i>
Reimbursement of a capital contribution of Sanpaolo Imi Bank Ireland P.l.c.	12
Other	1
<b>Total</b>	<b>13</b>

(\*) The amount comprises: € 818 million relating to the cancellation of the investment in INA, € 57 million as the value of the own shares assigned and of the reimbursements recognized to INA shareholders, less € 15 million as consideration to SANPAOLO IMI by Generali.

<i>Other equity investments (table 3.6.2 B.I.)</i>	<i>€/mil</i>
A. Opening balance	2,014
B. Increases	
B1. purchases	470
B2. writebacks	-
B3. revaluations	-
B4. other changes	252
C. Decreases	
C1. sales	499
C2. adjustments	195
<i>of which:</i>	
<i>permanent writedowns</i>	195
C3. other changes	828
D. Closing balance	1,214
E. Total revaluations	107
F. Total adjustments	498

The subcaption B1. "Purchases" is made up of the following transactions:

- a 19.09% equity investment in the capital of Cassa di Risparmio di Firenze SpA: 15% from Ente CR Firenze, for € 388 million; this purchase aims to create a strategic and industrial partnership, also by setting up a stable controlling nucleus in the Florentine bank formed by Ente CRFI, Sanpaolo IMI and Paribas; 4.09% from NHS SpA for € 53 million;
- the purchase of 6,486,300 Tecnost SpA shares (0.11% of capital) for € 24 million.

The subcaption C1. "Sales" refers mainly to the following transactions:

- the disposal to Dexia Crédit Local de France of the remaining investment in Crediop SpA (40%) for € 403 million, resulting in a gain of € 223 million;



- the sale of 66,690,500 shares of Beni Stabili SpA (3.99% of capital) for € 38 million with a gain of € 15 million;
- the sale of 7,846,800 shares of Tecnost SpA (0.13% of capital) for € 32 million with a gain of € 5 million;
- the sale to the Generali Group of 2,500,000 INA SpA shares for € 6 million resulting in a loss of € 1 million.

Subcaption B4. "Increases - other changes" refers entirely to gains on disposals. C3. "Decreases - other changes" is detailed as follows:

<i>C3. "Decreases - other changes"</i>	<i>€/mil</i>
Transfer of the book value of INA to the BN Group due to a partial spin-off	818
Distribution of capital reserves of Cassa di Risparmio di Firenze	8
Other	2
<b>Total</b>	<b>828</b>

### Amounts due to and from Group companies and non-Group companies

The following table sets out the amounts due to and from companies belonging to the Group as of 31/12/00, as defined pursuant to article 4 of Decree 87/92, and the amounts due to and from investments subject to significant influence:

Group companies	€/mil				
	Assets (a)	Liabilities	Guarantees and commitments	Revenues (b)	Charges
@IMIWeb Bank S.p.A.	1	1	7	-	-
Apoké Two S.p.A.	18	-	2	-	-
Banca Fideuram S.p.A.	21	50	-	2	3
Banca IMI S.p.A.	431	64	358	54	87
Banca OPI S.p.A.	4,711	139	848	100	2
Banco di Napoli S.p.A.	531	71	-	5	2
Banque Sanpaolo S.A.	265	82	1	12	1
Consorzio Studi e Ricerche Fiscali	-	-	-	-	1
Fideuram Bank S.A.	-	31	-	-	1
Imi Bank (Lux) S.A.	36	1	-	4	3
Imi Capital Markets USA Co.	161	-	-	7	-
Ldv Holding B.V.	-	2	-	-	-
NHS - Nuova Holding Sanpaolo IMI S.p.A.	82	35	2	2	9
Sanpaolo Bank S.A.	80	1,073	11	4	30
Sanpaolo Fiduciaria	-	1	-	-	-
Sanpaolo Gestion Internationale S.A.	-	-	-	112	-
Sanpaolo Imi Asset Management Sgr S.p.A.	2	116	-	733	4
Sanpaolo Imi Bank (International) S.A.	1	3,504	4,704	3	221
Sanpaolo Imi Bank Ireland P.I.c.	65	10	-	9	2
Sanpaolo IMI Capital Company I L.I.c.	-	1,000	-	-	11
Sanpaolo IMI Institutional Asset Management Sgr S.p.A.	-	7	-	-	-
Sanpaolo Imi Us Financial Co.	-	2,484	2,484	-	99
Sanpaolo Immobiliare S.p.A.	51	2	-	-	1
Sanpaolo Invest Banca S.p.A.	-	53	-	10	2
Sanpaolo Leasint GmbH	3	1	-	-	-
Sanpaolo Leasint S.p.A.	1,599	3	117	41	2
Sanpaolo Riscossioni Genova S.p.A.	82	-	-	2	1
Sanpaolo Riscossioni Prato S.p.A.	13	-	8	1	-
Sanpaolo U.S. Holding Co.	-	5	3	-	-
Sanpaolo Vita S.p.A.	90	2	1	30	1
Sep - Servizi e Progetti S.p.A.	-	1	-	1	8
Turis A.G.	-	-	10	-	-
<b>Total Group companies</b>	<b>8,243</b>	<b>8,738</b>	<b>8,556</b>	<b>1,132</b>	<b>491</b>
Jointly-held subsidiaries					
Fc Factor S.r.l.	1	-	-	-	-
Finconsumo S.p.A.	52	10	44	4	-
<b>Total</b>	<b>8,296</b>	<b>8,748</b>	<b>8,600</b>	<b>1,136</b>	<b>491</b>

(a) Excluding the book value of the investment

(b) Excluding dividends received

	€/mil				
Other significant investments	Assets (a)	Liabilities	Guarantees and commitments	Revenues (b)	Charges
HDI Assicurazioni S.p.A.	-	18	1	-	1
Cassa di Risparmio di Firenze S.p.A	63	-	-	2	-
Esatri S.p.A.	235	-	168	4	-
Inter-Europa Bank RT	39	-	32	2	1
<b>Total</b>	<b>337</b>	<b>18</b>	<b>201</b>	<b>8</b>	<b>2</b>

(a) Excluding the book value of the investment

(b) Excluding dividends received

Amounts due to and from Group companies (table 3.2 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
<b>a) Assets</b>			
1. due from banks	5,939	1,170	n.s.
<i>of which:</i>			
– subordinated	118	35	n.s.
2. due from financial institutions	1,996	1,367	+46.0
<i>of which:</i>			
– subordinated	-	-	-
3. due from other customers	108	76	+42.1
<i>of which:</i>			
– subordinated	-	-	-
4. bonds and other debt securities	200	150	+33.3
<i>of which:</i>			
– subordinated	85	148	-42.6
<b>Total assets</b>	<b>8,243</b>	<b>2,763</b>	<b>+198.3</b>
<b>b) Liabilities</b>			
1. due to banks	5,078	5,066	+0.2
2. due to financial institutions	2,657	1,956	+35.8
3. due to other customers	3	25	-88.0
4. securities issued	-	-	-
5. subordinated liabilities	1,000	2	n.s.
<b>Total liabilities</b>	<b>8,738</b>	<b>7,049</b>	<b>+24.0</b>
<b>c) Guarantees and commitments</b>			
1. guarantees given	8,525	6,140	+38.8
2. commitments	31	80	-61.3
<b>Total guarantees and commitments</b>	<b>8,556</b>	<b>6,220</b>	<b>+37.6</b>

*Amounts due to and from non-Group companies (table 3.3 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
<b>a) Assets</b>			
1. due from banks (*)	448	1,059	-57.7
<i>of which:</i>			
– subordinated	20	20	-
2. due from financial institutions	660	522	+26.4
<i>of which:</i>			
– subordinated	17	-	n.s.
3. due from other customers	44	111	-60.4
<i>of which:</i>			
– subordinated	-	-	-
4. bonds and other debt securities	3	275	-98.9
<i>of which:</i>			
– subordinated	-	-	-
<b>Total assets</b>	<b>1,155</b>	<b>1,967</b>	<b>-41.3</b>
<b>b) Liabilities</b>			
1. due to banks	1,089	1,899	-42.7
2. due to financial institutions	85	85	-
3. due to other customers	28	28	-
4. securities issued	-	-	-
5. subordinated liabilities	-	-	-
<b>Total liabilities</b>	<b>1,202</b>	<b>2,012</b>	<b>-40.3</b>
<b>c) Guarantees and commitments</b>			
1. guarantees given	332	260	+27.7
2. commitments	25	-	n.s.
<b>Total guarantees and commitments</b>	<b>357</b>	<b>260</b>	<b>+37.3</b>

(\*) Including the compulsory reserve deposited with the Bank of Italy

Details of revenues and expenses arising from transactions with Group companies, and with investments that are not part of the Group, are included in part C, section 7 of these notes.

### Other information relating to equity investments

The information required pursuant to article 10 of Law 72/83 is as follows:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Historical cost	7,400	4,395	+68.4
Law 72/83	43	43	-
Law 218/90	76	76	-
Merger of Crediop S.p.A.	30	30	-
<b>Total revaluations</b>	<b>149</b>	<b>149</b>	<b>-</b>
Gross book value	7,549	4,544	+66.1

## SECTION 4 - TANGIBLE AND INTANGIBLE FIXED ASSETS

## Tangible fixed assets (caption 100)

They comprise the following:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Property			
– operating	763	817	-6.6
– non-operating	33	35	-5.7
Furniture and installations			
– office furniture and machines	10	11	-9.1
– electronic equipment	59	34	+73.5
– general and specific installations	16	14	+14.3
<b>Total</b>	<b>881</b>	<b>911</b>	<b>-3.3</b>

*Changes in tangible fixed assets during the year (table 4.1 B.1.)*

€/mil

A. Opening balance	911
B. Increases	
B1. purchases	84
B2. writebacks	-
B3. revaluations	-
B4. other changes	9
C. Decreases	
C1. sales	27
C2. adjustments	
a) accumulated depreciation	95
b) permanent writedowns	-
C3. other changes	1
D. Closing balance	881
E. Total revaluations	893
F. Total adjustments	
a) accumulated depreciation	1,127
b) permanent writedowns	1

Changes in tangible fixed assets during the year are detailed below:

	€/mil	
	Property	Furniture and installations
Opening balance	852	59
Increases		
– purchases	-	84
– other changes		
– incremental costs	1	-
– gains on disposals	7	1
– exchange differences	-	-
Decreases		
– sales	26	1
– adjustments		
– accumulated depreciation	37	58
– permanent writedowns	-	-
– other changes		
– losses on disposals	1	-
– exchange differences	-	-
Closing balance	796	85
Total revaluations	893	-
Total adjustments		
– accumulated depreciation	451	676
– permanent writedowns	1	-

The table attached shows the list of properties, with indication of dimensions and book values.

Disposal of properties during the year mainly refer to the sale of operating properties no longer used by the Bank. These disposals resulted in net gains of around € 6 million.

### Intangible fixed assets (caption 90)

They comprise the following:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Merger differences (goodwill of merged companies)	54	81	-33.3
Software in use	34	19	+78.9
Software not yet in use	73	57	+28.1
Other deferred charges	16	10	+60.0
<b>Total</b>	<b>177</b>	<b>167</b>	<b>+6.0</b>

The differences arising on the mergers of Banca Provinciale Lombarda and Banco Lariano in 1993 are recorded in the financial statements since they represent goodwill relating to merged companies. Such differences are stated net of the amounts allocated to the related assets acquired.

During the year software investments increased significantly because of the new extraordinary initiatives aimed at strengthening the Bank's distribution channels, more specifically: Internet Banking, Call Centers and the Remote Light systems.

Other deferred charges include leasehold improvements. the increase in investments is attributable to the steps taken to strengthen the Bank's branch network.

*Changes in intangible fixed assets during the year (table 4.2 B.1.)*

€/mil

A. Opening balance	167
B. Increases	
B1. purchases	96
B2. writebacks	-
B3. revaluations	-
B4. other changes	-
C. Decreases	
C1. sales	-
C2. adjustments	
a) accumulated amortization	85
b) permanent writedowns	-
C3. other changes	1
D. Closing balance	177
E. Total revaluations	-
F. Total adjustments	
a) accumulated amortization	301
b) permanent writedowns	-

Changes in intangible fixed assets during the year are detailed below:

	€/mil			
	Merger differences (goodwill of merged companies)	Software in use	Software not yet in use	Other deferred charges
Opening balance	81	19	57	10
Increases				
– purchases	-	23	60	13
– other changes:				
– transfer of software developed in 2000	-	19	-	-
– exchange differences	-	-	-	-
Decreases				
– sales	-	-	-	-
– adjustments:				
– accumulated amortization	27	27	24	7
– permanent writedowns	-	-	-	-
– other changes				
– transfer of software developed in 2000	-	-	19	-
– exchange differences and other changes	-	-	1	-
Closing balance	54	34	73	16
Total revaluations	-	-	-	-
Total adjustments				
– accumulated amortization	217	25	49	10
– permanent writedowns	-	-	-	-

The item "software in use" relates to the acquisition of new programs to update operating network procedures

The amounts booked as "software not yet in use" relate to programs being developed by third parties and still to be completed.

Costs for the year relating to the introduction of the Euro amount to € 1 million and have been booked to administrative costs. Total costs incurred for the introduction of the Euro since 1998 amount to € 27 million, split as follows:

- € 19 million booked to administrative costs;
- € 8 million booked to software for € 2 million, net of amortization of € 6 million.

No advances have been paid for the purchase of intangible fixed assets.



### Other information relating to tangible and intangible fixed assets

Property revaluations are as follows:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Historical cost	355	372	-4.6
Law 823/73 (a)	14	14	-
Law 576/75 (a)	17	17	-
Law 72/83 (a)	167	168	-0.6
Others (a)	8	8	-
Law 218/90 (b)	444	447	-0.7
Law 408/90 (a)	120	133	-9.8
Law 413/91 (a)	29	29	-
Merger of Banca Provinciale Lombarda and Banco Lariano	94	103	-8.7
<b>Total revaluations</b>	<b>893</b>	<b>919</b>	<b>-2.8</b>
Gross book value	1,248	1,291	-3.3

(a) Revaluations carried out by the Bank and by the merged banks.

(b) Higher values attributed at the transformation from a public credit institution into a limited company

## SECTION 5 - OTHER ASSETS

## Other assets (caption 130)

Analysis of caption 130 "Other assets" (table 5.1 B I)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Unprocessed transactions and transactions by foreign branches:	3,938	1,829	+115.3
– unprocessed transactions - Italian branches (a)	3,210	1,222	+162.7
– amounts in transit between Italian branches (a)	674	474	+42.2
– transactions by foreign branches	54	133	-59.4
Amounts related to derivative contracts and foreign exchange transactions	1,076	4,265	-74.8
– amounts related to currency hedges, cross-currency swaps and forex swaps	572	767	-25.4
– valuation of derivatives on interest rates and stockmarket indices	492	3,486	-85.9
– premiums paid on purchased options	12	12	-
Due from tax authorities :	686	1,061	-35.3
– prepaid current year direct taxes	117	630	-81.4
– tax credits on dividends and withholding taxes withheld	157	143	+9.8
– withholding taxes on bank interest income overpaid during the year	-	122	n.s.
– tax credits relating to prior years	367	120	n.s.
– taxes paid in advance on termination indemnities - Law 662/96	45	46	-2.2
Excess taxes paid in advance compared with income taxes due	455	466	-2.4
Net effect of translating funds from international agencies using current rates, with the exchange risk borne by third parties	66	89	-25.8
Items relating to securities transactions	27	6	n.s.
Checks and other instruments held	11	19	-42.1
Other	579	950	-39.1
<b>Total</b>	<b>6,838</b>	<b>8,685</b>	<b>-21.3</b>

(a) Mostly settled at the beginning of the new year.

The above assets have not been adjusted.

## Accrued income and prepaid expenses (caption 140)

*Analysis of caption 140 "Accrued income and prepaid expenses" (table 5.2 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Accrued income			
– income from derivative contracts (a)	911	3,161	-71.2
– interest from loans to customers	583	609	-4.3
– interest on securities	111	108	+2.8
– bank interest	109	73	+49.3
– other	8	7	+14.3
Prepaid expenses			
– charges on derivative contracts	15	27	-44.4
– commission on placement of securities and mortgage loans	18	54	-66.7
– discounts on bond issues	7	3	+133.3
– other	29	86	-66.3
<b>Total</b>	<b>1,791</b>	<b>4,128</b>	<b>-56.6</b>

*(a) Accrued income from derivative contracts is recognized on a contract-by-contract basis with reference to the interest rates applicable at the time.*

## Other information

*Distribution of subordinated assets (table 5.4 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Due from banks	147	69	+113.0
b) Loans to customers	17	-	n.s.
c) Bonds and other debt securities	91	184	-50.5
<b>Total</b>	<b>255</b>	<b>253</b>	<b>+0.7</b>

## SECTION 6 - PAYABLES

## Due to banks (caption 10)

Deposits taken from banks are analyzed as follows:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Due to central banks			
– repurchase agreements and securities borrowed	763	1,848	-58.7
– other deposits from the Italian Exchange Office	54	35	+54.3
– other deposits from central banks	1,081	555	+94.8
Due to banks			
– deposits	12,628	12,186	+3.6
– repurchase agreements and securities borrowed	332	48	<i>n.s.</i>
– medium and long-term loans from international bodies	3,356	4,278	-21.6
– current accounts	334	362	-7.7
– other	24	20	+20.0
– other loans	3,134	4,871	-35.7
<b>Total</b>	<b>21,706</b>	<b>24,203</b>	<b>-10.3</b>

*Detail of "Due to banks" (table 6.1 B.1.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Repurchase agreements	1,095	1,896	-42.2
b) Securities borrowed	-	-	-

Long-term loans from international bodies include loans used by the Banks to finance investment projects in industrial sectors and public utility services.

### Due to customers and securities issued (captions 20 and 30)

Funds obtained from customers, comprising deposits from customers and securities issued, are detailed below:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Due to customers			
– current accounts	23,133	22,401	+3.3
– repurchase agreements and securities borrowed	3,516	2,478	+41.9
– deposits	9,976	8,630	+15.6
– short-term payables relating to special management services carried out for the government	751	475	+58.1
– other	233	208	+12.0
Securities issued			
– bonds	12,414	19,372	-35.9
– certificates of deposit	3,679	7,359	-50.0
– bankers' drafts	489	373	+31.1
– other securities	15	13	+15.4
<b>Total</b>	<b>54,206</b>	<b>61,309</b>	<b>-11.6</b>

#### Detail of "Due to customers" (table 6.2 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Repurchase agreements	3,516	2,478	+41.9
b) Securities borrowed	-	-	-

Securities issued comprise those due or ready for repayment totalling € 48 million.

There have been no issues of bonds convertible into shares of the Bank or other companies, or similar securities or bonus shares.

The reduction in the caption "Bonds" is due to the transfer of the public works and infrastructure business to Banca OPI SpA on July 1, 2000.

### Public funds administered (caption 40)

Public funds administered are provided by the State and other public entities mainly to act as a source of subsidized loans to customers. These funds are analyzed below:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Funds provided by the State	20	10	+100.0
Funds provided by regional public agencies	5	20	-75.0
Other funds	14	20	-30.0
<b>Total</b>	<b>39</b>	<b>50</b>	<b>-22.0</b>
<i>of which: funds with risk borne by the government under Law 19 of 2/6/87</i>	<i>13</i>	<i>16</i>	<i>-18.8</i>

### Other information relating to payables

Information regarding the distribution of deposits by geographical area, degree of liquidity and currency is reported in Part B, Section 11 of these notes.

## SECTION 7 - PROVISIONS

These provisions are analyzed below:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Provisions for termination indemnities (caption 70)	408	401	+1.7
Provisions for risks and charges (caption 80)			
– pensions and similar commitments (caption 80a)	43	46	-6.5
– taxation (caption 80b)	948	821	+15.5
– other (caption 80c)			
– provisions for guarantees and commitments	36	28	+28.6
– provisions for other risks and charges	312	147	+112.2
– provisions for other personnel charges	123	121	+1.7
<b>Total</b>	<b>1,870</b>	<b>1,564</b>	<b>+19.6</b>

### Provisions for termination indemnities (caption 70)

<i>Changes in the "provisions for termination indemnities"</i>		€/mil
Opening balance		401
Increases		
– provisions		33
– transfers		-
Decreases		
– advances allowed under Law 297/82		7
– indemnities to employees leaving the Bank		17
– transfers		2
– other changes		-
<b>Closing balance</b>		<b>408</b>

### Provisions for risks and charges (caption 80)

#### Pensions and similar commitments (caption 80.a)

<i>Changes in the "provisions for pensions and similar commitments"</i>		€/mil
Opening balance		46
Increases		
– provisions		1
Decreases		
– utilizations		4
<b>Closing balance</b>		<b>43</b>

This provision was created to cover supplementary pension liabilities for former IMI S.p.A. personnel already in retirement. Utilizations during the year refer to the payment of supplementary pensions due for the year under review. The adequacy of the technical reserves of the fund, which can be considered an "internal" pension fund, is calculated annually based on the valuations of an independent professional actuary. After the provision of € 1 million charged to the year, the technical reserves seem adequate to cover the estimated commitments.

## Taxation (caption 80.b)

<i>Changes in "Taxation"</i>					<i>€/mil</i>
	Income taxes	Deferred taxation on the Reserve for General Banking Risks	Deferred taxes on the Reserve ex L. 169/83	Deferred taxes on the Reserve ex Decree 213/98	Total
Opening balance	672	120	4	25	821
Increases					
– provision for 2000 income taxes	707	-	-	-	707
– deferred taxation	-	-	-	-	-
– exchange differences	-	-	-	-	-
– other changes	-	-	-	-	-
Decreases					
– payment of income taxes	574	6	-	-	580
– exchange differences	-	-	-	-	-
– other changes	-	-	-	-	-
<b>Closing balance</b>	<b>805</b>	<b>114</b>	<b>4</b>	<b>25</b>	<b>948</b>

Current taxes cover income taxes due, including local taxes payable by foreign branches, as well as outstanding and potential fiscal disputes.

Movements on deferred tax assets credited to the statement of income are as follows:

<i>Deferred tax assets credited to the statement of income (Bank of Italy instructions dated 08.03.99)</i>		<i>€/mil</i>
1. Opening balance		466
2. Increases		
2.1 Deferred tax assets arising during the year		100
2.2 Other increases		-
3. Decreases		
3.1 Deferred tax assets reversing during the year		102
3.2 Other decreases		9
<b>4. Closing balance</b>		<b>455</b>

The Bank reports in the balance sheet deferred tax assets totalling approximately € 455 million; these taxes refer to timing differences between the book value and fiscal value of assets and liabilities accrued in 2000 and in prior years, which are reasonably certain to reverse in the future to the benefit of the Bank.

The table below reports the fiscal effects of deductible and taxable timing differences at the end of the year, broken down by type.

<i>Principal timing differences</i>		<i>€/mil</i>	
	IRPEG	IRAP	
<b>A. Deductible timing differences</b>			
Adjustments of receivables deductible in future years	257	32	
Provision for future charges	135	-	
Writedown of securities, property and equity investments	19	1	
Other	18	-	
<b>B. Taxable timing differences</b>			
Accrued capital gains	7	-	
<b>Total</b>	<b>422</b>	<b>33</b>	

Deductible timing differences are offset against taxable timing differences if they involve the same type of tax and are going to reverse in the same year. According to estimates, there will never be taxable timing differences in future years higher than the deductible timing differences. Therefore no deferred tax liabilities charged to the statement of income are shown.

Deferred tax liabilities have been booked against certain equity reserves that are in suspense for tax purposes, which have already been reported in the table of changes in "Taxation". The following table gives details of the movements in these liabilities:

<i>Deferred tax liabilities charged to shareholders' equity (Bank of Italy instructions dated 8.3.99)</i>		<i>€/mil</i>
1. Opening balance		149
2. Increases		
2.1 Deferred tax liabilities arising during the year		-
2.2 Other increases		-
3. Decreases		
3.1 Deferred tax liabilities reversing during the year		6
3.2 Other decreases		-
<b>4. Closing balance</b>		<b>143</b>

"Deferred tax liabilities reversing during the year" relate to the utilization of the reserve for deferred taxation relating to the reserve for general banking risks to cover losses recorded by the Bank during the year, which cannot be deducted for tax purposes.

### **Information pursuant to Consob Communication 1011405 dated February 15, 2001**

Point. A: preliminary observations by the European Commission concerning tax benefits under Decree Law 153 of 5/17/99 (Ciampi Law)

Decree Law 153 of May 17, 1999 known as the "Ciampi Law" - on the concentration of banks and banking groups, provides for tax at a reduced rate of 12.50% on income allocated to a special reserve up to a maximum amount of 1.2% of the difference between receivables and payables of all of the banks taking part in such operations and the equivalent figures of the largest bank involved in the concentration. The resulting figure then has to be spread over five years.



In March 2000, the European Commission asked the Italian Government for explanations on the tax relief provided under the Ciampi Law, as it suspected that it might involve State aid not permitted under the EU Treaty; and in the meantime, the Commission asked for the benefits to be suspended.

In a letter dated October 25, 2000, the European Commission informed the Italian Government that it had launched a formal enquiry (currently in progress) and also published the news in the Official Gazette of the European Community on February 10, 2001.

In addition to the Italian Government, the main banks, including Sanpaolo IMI, also sent the European Commission their observations defending the "Ciampi Law", explaining why it does not involve illegal State aid and confirming that the tax measures introduced fully respect EC regulations.

When approving the **1999 financial statements**, Sanpaolo IMI allocated to the "Ciampi" reserve income of € 260 million, which was the portion of income in each year which could benefit from this law in connection with the merger between Sanpaolo and IMI in 1998.

In line with the above, when paying income taxes for that year, Sanpaolo IMI used the tax relief deriving from the "Ciampi Law" for € 260 million, thus lowering the tax burden by around € 60 million. However, this lower disbursement did not result in better results in the statement of income as under the prudence principle, given the uncertainty caused by the intervention of the European Commission, the Bank's 1999 annual report included a tax provision equal to the benefit received to cover any additional tax liability if the law turned out to be inapplicable.

As for the **2000 financial statements**, Sanpaolo IMI allocated to the "Ciampi" reserve income of € 381 million, equal to the portion of income that can benefit from this law in each year in connection with the merger between Sanpaolo and IMI, as well as the acquisition of Banco di Napoli during the course of 2000.

In line with the above, when paying income taxes for that year, Sanpaolo IMI will be able to use the tax relief deriving from the "Ciampi Law" on the amount of € 381 million, lowering the tax burden by around € 93 million.

However, as in the previous year, this lower payment of tax does not result in better results in the statement of income under the prudence principle, even given that the Ciampi Law complies with EC principles and the Bank has made a provision of € 93 million to cover any additional tax liability if the law turns out to be inapplicable. Deferred taxes have been calculated using the average tax rate without considering the tax relief mentioned above.

### Provisions for risks and charges - Other provisions (caption 80.c)

*Analysis of caption 80c "Provisions for risks and charges - Other provisions" (table 7.3 B.I.)*

	Guarantees and commitments	Other risks and charges	Other personnel charges	Total
Opening balance	28	147	121	296
Increases				
– provisions	8	190 (*)	18 (**)	216
Decreases				
– released to cover losses on guarantees given	-	-	-	-
– used to cover charges on settlement of disputes	-	20	-	20
– used to cover long-service bonuses and other payments	-	-	12	12
– utilization to cover other liabilities	-	5	4	9
<b>Closing balance</b>	<b>36</b>	<b>312</b>	<b>123</b>	<b>471</b>

(\*) The provision includes € 2 million for forward transactions booked to "other administrative costs".

(\*\*) The provision includes € 5 million for personnel leaving incentives booked to "extraordinary expenses".

Provisions for guarantees and commitments, € 36 million, cover expected losses in respect of guarantees and, more generally, the contingencies associated with the Bank's guarantees and commitments.

Other provisions for risks and charges amounting to € 312 million include:

- € 105 million, provisions against potential charges deriving from the possible renegotiation of mortgage loans to a specific reserve calculated on the basis of the parameters that are currently available;
- € 207 million provided to cover estimated losses arising from legal action and, in particular, from repayments claimed by the receivers of bankrupt customers. They also cover possible charges in connection with guarantees given on the sale of equity investments, with the Bank's commitment to support the Interbank Deposit Guarantee Fund and with other potential liabilities.

The provisions for other personnel charges, € 123 million, include:

- € 105 million relating to provisions made by the Bank, on the basis of independent actuarial appraisals, to cover the technical deficit of its supplementary pension fund, an independent entity, which integrates the compulsory pension fund;
- € 13 million provided to the technical reserves, determined on the basis of mathematical and actuarial criteria, designed to cover long-service bonuses to the Bank's employees;
- € 3 million relating to provisions for personnel leaving incentives, resolved during the year and due for implementation in the year 2001.
- € 1 million in relation to the provision to cover potential contributions for the employees of a merged subsidiary;
- € 1 million relating to potential costs in connection with the restructuring of the Bank's Frankfurt and New York branch offices.

### Information as per Consob Communication 1011405 of February 15, 2001.

#### Point B - Law 133 of 5/13/99 and the Budget Law 2001 concerning the renegotiation of subsidized mortgage loans

In 1999, various regulations were issued which imposed a review of the interest rates, as requested by the borrowers or loan sponsoring entities, on mortgages paid totally or partially by the public sector; of these regulations, art. 29 of Law 133/99, concerning subsidized mortgage loans for housing, is the most important for the Bank in terms of its potential effects. To implement this article, Ministerial Decree 110 of March 24, 2000 was issued, against which there is an appeal outstanding before the Regional Administrative Tribunal of Lazio, as well as before the equivalent tribunals in other regions that are involved.

For this rule to become applicable, a "global average rate" will have to be established for house mortgage loans being repaid, pursuant to art. 145. 62 of the Budget Law 2001. A specific Treasury Decree will have to be issued, putting this category into the classification of lending transactions for the purpose of determining the global average rates.

It should be noted that this rule seems to be in contrast with art. 102 of the EU Treaty, given that it imposes on banks that granted subsidized loans to accept a review of the interest rates applied, thus permitting a form of privileged access on the part of the State to financial institutions.

In accordance with Consob Communication 1011405 of February 15, 2001, it has to be noted that the rates on loans involved in this provision will be adjusted once the regulatory picture has been completed. As for the impact on the Bank, the measure was effective from July 1, 1999. Taking into account that the renegotiation rate has not yet been determined, the potential cost for the period July 1, 1999 December 31, 2000 has been prudently calculated at around € 100 million; this amount has been allocated to the provision for risks and charges.

Based on the same prudent criteria, the resulting decrease in interest income for 2001 has been put at about € 55 million, which should be absorbed by the forecast trend in net interest income. In the years after 2001 the negative impact on the statement of income will progressively decline following the expiry of outstanding mortgage loans.

### Other subsidized mortgage loans

In addition to the regulations mentioned above on the question of subsidized housing loans, other rules have been introduced concerning the renegotiation of subsidized mortgage loans which tend to impose a review of interest rates if requested by customers or loan sponsoring entities, albeit in different forms and for different reasons.

Of these art. 128 of Law 388/2000 (Budget Law 2001), relating to subsidized mortgage loans granted to farms. Which has various aspects that appear to be clearly contrary to the European regulations on State aid, gives borrowers the right to renegotiate outstanding loans at current more favorable interest rates applicable to subsidized transactions. Application of this norm, which should affect the interest accruing from the date renegotiation is requested, has been postponed until another Ministerial Decree is issued lastly, other regulations have been introduced as part of the assistance to the Piedmontese flood victims, as per Law 226/99.

The potential cost for the Bank, prudently calculated with reference to these various rules, comes to around € 10 million for 2001, which is likely to be absorbed by the forecast trend in net interest income.

### Point C - Instructions contained in Law 394 of 12/29/00 concerning fixed-rate non-subsidized mortgage loans (usury)

On February 27, 2001, Decree Law 394 of 12/29/00 on usury was converted into law. This provision concerning fixed-rate non-subsidized mortgage loans, which is applicable to instalments expiring after January 2, 2001, laid down an obligation to renegotiate outstanding loans on the basis of a "substitute rate" set at 9.96% for mortgage loans of households and companies, reduced to 8% for mortgage loans up to 150 million Lire for the purchase of the primary residence (provided it is not considered a luxury home).

In accordance with Consob Communication 1011405 of February 15, 2001, the Bank is taking steps to adjust interest rates on mortgage loans in accordance with this provision.

As for its impact on the Bank, the costs for 2000 have been estimated at € 5 million and allocated to the reserve for risks and charges, while the reduction in interest income foreseen for 2001 has been put at € 20 million; though this is likely to be absorbed by the forecast trend in net interest income. For the years after 2001, the negative effects will progressively decline.

### Point D - Sentence 425 of 10/9/00, by which the Constitutional Court declared article 25, c.3 D.Lgs. 342 of 8/4/99 illegitimate. This article relates to clauses that charge interest on accrued interest (anatocism).

Sentence 425 of the Constitutional Court of October 17, 2000 established that the transitional rule laid down by Legislative Decree 342/99 (which declared clauses in bank contracts signed before the adjustments introduced by the decree permitting the capitalization of interest "valid and effective") was unconstitutional. However, such sentence did not discuss the legitimacy of quarterly capitalization, merely stating that capitalization was unconstitutional for formal reasons regarding the excess of power of attorney in contrast with art. 76 of the Constitution. In addition, the matter does not involve contracts stipulated after 4/22/2000, when the new instructions imposing the same calculation period for interest income and expense became effective.

In any event, the legal reasons of previously signed contracts remain unprejudiced, as fundamental for the legitimacy of the quarterly capitalization and aimed at contrasting the recent judgements of the Supreme Court which, by changing the previous consolidated law of the same Court, did not recognize the existence of a regulatory use in this matter, thus nullifying the clause in question.

The matter is still under debate and the outcome is uncertain: in fact, there are recent pronouncements which confirm the legality of quarterly capitalization clauses from various aspects, dissenting from the decisions of the Supreme Court.

Thus far, the dispute is immaterial in terms of absolute values, also with respect to prior years.

## SECTION 8 - CAPITAL, EQUITY RESERVES AND SUBORDINATED LIABILITIES

Shareholders' equity is detailed below:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Shareholders' equity			
– capital (caption 120)	3,931	3,926	+0.1
– share premium (caption 130)	18	-	n.s.
– reserves (caption 140)			
a) legal reserve	792	792	-
b) reserve for own shares	697	336	+107.4
c) other reserves:	727	792	-8.2
– reserve (art. 7.c.3, Law 218/90)	80	80	-
– reserve (art. 13.c.6, Decree 124/93)	2	1	+100.0
– reserve Decree 153/99	260	-	n.s.
– extraordinary reserve	35	-	n.s.
– reserve for the purchase of own shares	283	439	-35.5
– reserve Law 169/83	11	11	-
– reserve Decree 213/98	42	42	-
– merger differences	14	219	-93.6
– reserve for general banking risks (caption 100)	336	336	-
– retained earnings (caption 160)	-	-	-
– distributable net income (caption 170)	1,198	1,018	+17.7
<b>Total shareholders' equity</b>	<b>7,699</b>	<b>7,200</b>	<b>+6.9</b>
Own shares in portfolio (*)	697	336	+107.4
Subordinated liabilities (caption 110)	4,581	1,339	n.s.

(\*) In the reclassified balance sheet, own shares are shown as a deduction from shareholders' equity.

### Capital and Additional paid-in capital

As for the 1999/2001 stock option plan, during the year 1,833,250 options to subscribe to new shares were exercised. This brought about a capital increase of € 5 million, booking share premium of € 18 million.

As of December 31, 2000 capital amounts to € 3,931,250,954.4 made up by 1,404,018,198 ordinary shares with a par value of € 2.8 each.

### Other reserves

Other reserves comprise:

- the reserve ex art. 7 c. 3 Law 218/90 ("Amato Law"), created to take advantage of the tax benefits offered to banks involved in concentrations;
- the reserve ex art. 13 c. 6 Decree 124/93, created to take advantage of the tax benefits deriving from the allocation of portions of employee termination indemnities to pension funds;
- the reserve Law 169/83, created by the former IMI from gains realized on the Stock Exchange and held in suspense for tax purposes following their reinvestment in properties;

- the reserve ex Decree 213/98, created in 1998 following the revaluation of equity investments expressed in Euro-zone currencies at the fixed Euro exchange rate.

The most significant changes in other reserves concerned:

- the increase in the extraordinary reserve of € 35 million, of which € 33 million after allocation of the 1999 net income and € 2 million of undistributed dividends on own shares in portfolio;
- the creation of the reserve ex Decree 153/99 ("Ciampi Law"), of € 260 million;
- the increase in the reserve for the purchase of own shares from € 775 million to € 980 million, following the resolution of the ordinary shareholders' meeting of April 28, 2000, by releasing the merger surplus. As of December 31, 2000, the restricted portion of this reserve for own shares in portfolio amounted to € 697 million, while the unrestricted portion amounted to € 283 million.

#### Operations in own shares

In 2000, SANPAOLO IMI purchased 54,195,250 own shares (par value € 152 million) for a total of € 891 million and sold 42,280,768 own shares (par value € 118 million) for a total of € 612 million, obtaining a gain of € 83 million.

The most significant operation in own shares was the sale by SANPAOLO IMI of 28,050,000 shares to Ente Cassa di Risparmio di Firenze as part of the agreement for the Bank's acquisition of a 15% interest in Cassa di Risparmio di Firenze.

At the end of the year, the Bank held 39,345,982 own shares in portfolio (total par value of € 110 million) carried at a cost of € 697 million. The valuation of this portfolio as of December 31, 2000 shows a net unrealized gain of € 24 million, taking into account securities to be received and the commitment to deliver 27,503,729 own shares as part of the agreement to transfer them to Fondazione Cassa di Risparmio di Venezia in exchange for a 10.92% interest in Cardine Banca S.p.A..

#### Deferred taxation on reserves in suspense for tax purposes

The deferred taxation that refers to shareholders' equity items was booked at the end of 1998 to the following captions:

- Reserve for General Banking Risks;
- Reserve ex Law 169/83;
- Reserve ex D.Lgs. 213/98.

As regards the *Reserve for general banking risks*, deferred taxes have been recorded in connection with the probability of loan losses, which given the fiscal nature of the reserve, would not be immediately deductible. This reserve is an equity item that would be taxable however it is used.

Deferred taxes have been charged on the *Reserve ex Law 169/83* because of the various circumstances in which it can be taxed. This reserve is unrestricted for Parent Bank purposes and would be taxed not only in the event of distribution, but also if used in certain other ways.

Deferred taxes have also been booked for the *Reserve ex art. 21 of D.Lgs. 213/98*. At the end of 1998, deferred taxes were calculated on the net exchange differences that arose on translation of the equity investments expressed in Euro-participating currencies.

The deferred taxation on these equity items has been booked to specific reserves. Movements and balances are shown in Section 7 of these Explanatory Notes.

For completeness, we would also point out that the other items in SANPAOLO IMI's equity that are in suspense for tax purposes, namely the Share Capital (€ 631 million), the Legal Reserve (€ 268 million), the Reserve ex Law 218/90 (€ 80 mil-

lion) and the Reserve ex D.Lgs. 124/93 (€ 2 million), are taxable solely if distributed. Given the extent to which these items are restricted, no deferred taxes have been calculated on them, as the events that might give rise to being taxed are not expected to take place in the foreseeable future.

#### Other information

In line with Bank of Italy guidelines on disclosure of information, we provide below the breakdown of the regulatory capital as well as a description of the minimum requirements for supervisory purposes.

*(Bank of Italy instructions dated 12.17.98)*

Category/value	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
<b>A. Regulatory capital</b>			
A.1 Tier 1 capital	7,027	5,973	+17.6
A.2 Tier 2 capital	2,659	1,065	+149.7
A.3 Items to be deducted	297	290	+2.4
A.4 Regulatory capital	9,389	6,748	+39.1
<b>B. Minimum regulatory requirements</b>			
B.1 Lending risk	5,140	4,588	+12.0
B.2 Market risk (*)	-	120	n.s.
B.3 Other minimum requirements	-	-	-
B.4 Total minimum requirements	5,140	4,708	+9.2
<b>C. Risk assets and capital adequacy ratios</b>			
C.1 Risk-weighted assets	73,433	67,259	+9.2
C.2 Tier 1 capital/risk weighted assets	9.6%	8.9%	
C.3 Regulatory capital/risk weighted assets	12.8%	10.0%	

*(\*) Market risks, amounting to € 70 million of which € 53 million relating to the dealing portfolio and € 17 million to exchange risks, are covered by issues of Tier 3 subordinated liabilities. The latter, equal to € 616 million, cover market risks attributable both to the Parent Bank and to other Group companies.*

An attachment provides a statement of changes in shareholders' equity for the year.

## Subordinated liabilities (caption 110)

	Amount in the financial statements as of 31/12/00 (€/mil)	Original currency (in millions)	Interest rate	Issue date	Maturity date	Amount in the financial statements as of 31/12/99 (€/mil)
Subordinated deposit linked to the issuance of Preferred Shares in Euro	1,000	1,000	(a)	10/11/00	(a)	-
<b>Total innovative capital instruments (Tier 1)</b>	<b>1,000</b>					<b>-</b>
Notes in Luxembourg francs	-	1,000	7.75%	5/26/93	5/26/00	25
Notes in Luxembourg francs	25	1,000	7.63%	7/9/93	7/9/01	25
Notes in Luxembourg francs	-	1,000	9%	2/10/92	2/10/00	25
Notes in US dollars	178	165	floating	7/12/93	7/30/03	165
Notes in US dollars	96	89	floating	9/24/93	9/24/03	89
Notes in US dollars	101	94	floating	11/30/93	11/30/05	94
Notes in US dollars	-	32	floating	8/25/95	8/25/00	32
Notes in Canadian dollars	108	151	floating	11/10/93	11/10/03	104
Notes in Italian lire	361	700,000	10.40%	6/30/94	6/30/04	361
Notes in Eurolire	-	198,000	floating	7/6/95	7/6/00	102
Notes in Eurolire	27	52,000	floating	12/30/96	1/20/02	27
Subordinated loan in Italian lire	39	75,000	5.10%	6/1/98	6/1/03	51
Subordinated loan in Italian lire	93	180,000	5.30%	01/01/98	01/01/03	124
Subordinated loan in Italian lire	87	168,000	floating	2/1/98	2/1/03	115
Subordinated loan in Euro	500	500	6.38%	4/6/00	4/6/10	-
Subordinated loan in Euro	350	350	floating	4/6/00	4/6/10	-
Subordinated loan in Euro	1,000	1,000	floating	9/27/00	9/27/10	-
<b>Total subordinated liabilities (Tier 2)</b>	<b>2,965</b>					<b>1,339</b>
Subordinated loan in Euro	466	466	5.63%	10/3/00	10/3/03	-
Subordinated loan in Euro	150	150	floating	11/6/00	11/6/03	-
<b>Total Tier 3 subordinated liabilities</b>	<b>616</b>					<b>-</b>
<b>Total</b>	<b>4,581</b>					<b>1,339</b>

(a) The deposit expires on 12/31/2100 and can be reimbursed early from 11/10/2010, date of review of the interest rate, which is set at a fixed rate of 7.88% for the period 11/10/2000-10/10/2010 and floating for subsequent periods.

During the year, Sanpaolo IMI issued new subordinated loans for € 3,466 million, of which:

- € 1,000 million in the form of innovative capital instruments represented by the issuance of Preferred Shares, to finance the acquisition of Banco di Napoli, while maintaining an adequate level of capital ratios .
- € 1,850 million in the form of subordinated debt (Tier 2) to support the Group's equity investment plans.
- € 616 million in the form of subordinated debt (Tier 3) to cover market risks of the Group.

It has to be noted that, subordinated liabilities not included in the calculation of regulatory capital amount to € 211 million.

Contractually, subordinated debts included in Tier 2 may not be redeemed prior to maturity, nor converted into capital or any other type of liability. In particular, such contracts lay down that:

- early redemption can only take place on the issuer's initiative and with Bank of Italy authorization;
- the period must not be less than five years; if no maturity is stated, the contract must state that a notice period of at least five years has to be given;
- in the event that the issuer is put into liquidation, these subordinated debts can only be reimbursed once all other creditors, not similarly subordinated, have been satisfied.

#### **Other information on subordinated liabilities**

Information regarding the distribution of subordinated liabilities by geographical area, currency and degree of liquidity is reported in Part B, Section 11 of these notes.



## SECTION 9 - OTHER LIABILITIES

## Other liabilities (caption 50)

Analysis of caption 50 "Other liabilities" (table 9.1 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Valuation of derivatives on interest rates and stockmarket indices	683	3,660	-81.3
Effect of currency hedges, cross-currency swap and forex swap transactions	227	-	n.s.
Unprocessed transactions (a)	2,419	1,298	+86.4
Amounts available for third parties	2,672	1,094	+144.2
Amounts in transit between branches (a)	718	481	+49.3
Non-liquid balances from portfolio transactions	8	331	-97.6
Transactions by foreign branches	46	324	-85.8
Amounts due to employees	199	243	-18.1
Due to the tax authorities	165	116	+42.2
Amounts payable due to settlement value date	366	127	-188.2
Deposits guaranteeing agricultural and construction loans	37	35	+5.7
Items relating to securities transactions	19	22	-13.6
<i>of which "short position"</i>	17	17	-
Premiums collected on options sold	13	14	-7.1
Other	497	577	-13.9
<b>Total</b>	<b>8,069</b>	<b>8,322</b>	<b>-3.0</b>

(a) Mostly settled at the beginning of 2000.

## Accrued expenses and deferred income (caption 60)

Analysis of caption 60 "Accrued expenses and deferred income" (table 9.2 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Accrued expenses			
– charges on derivative contracts (a)	819	3,058	-73.2
– interest on securities issued	632	1,081	-41.5
– interest on amounts due to banks	249	203	+22.7
– interest on amounts due to customers	108	86	+25.6
– payroll and other operating costs	34	33	+3.0
– other	7	-	n.s.
Deferred income			
– interest on discounted notes	38	50	-24.0
– income from derivative contracts	141	114	+23.7
– other	35	24	+45.8
<b>Total</b>	<b>2,063</b>	<b>4,649</b>	<b>-55.6</b>

(a) Accrued expenses relating to derivative contracts are recorded on a contract-by-contract basis with reference to the interest rates ruling at the time.

## SECTION 10 - GUARANTEES AND COMMITMENTS

### Guarantees given (caption 10)

Analysis of caption 10 "Guarantees given" (table 10.1 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Commercial guarantees	10,068	9,042	+11.3
b) Financial guarantees	11,145	7,423	+50.1
c) Assets lodged in guarantee	6	41	-85.4
<b>Total</b>	<b>21,219</b>	<b>16,506</b>	<b>+28.6</b>

Unsecured guarantees given by the Bank, together with assets lodged to guarantee third-party commitments, comprise the following:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Endorsements and sureties	12,907	10,660	+21.1
Documentary credits	445	401	+11.0
Acceptances	153	131	+16.8
Other	7,708	5,273	+46.2
Assets lodged in guarantee :			
– securities	-	21	-100.0
– other	6	20	-70.0
<b>Total</b>	<b>21,219</b>	<b>16,506</b>	<b>+28.6</b>

### Commitments (caption 20)

Analysis of caption 20 "Commitments" (table 10.2 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Commitments to grant finance (certain to be called on)	1,718	1,819	-5.6
b) Commitments to grant finance (not certain to be called on)	11,287	11,492	-1.8
<b>Total</b>	<b>13,005</b>	<b>13,311</b>	<b>-2.3</b>

Firm commitments are detailed below:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Undrawn lines of credit granted	10,383	11,258	-7.8
Deposits and loans to be made	302	419	-27.9
Purchase of securities	623	137	n.s.
Put options issued	12	136	-91.2
Mortgage loans to be disbursed	803	877	-8.4
Membership of Interbank Deposit Guarantee Fund	63	66	-4.5
Other commitments certain to be called on	792	386	+105.2
Other commitments not certain to be called on	27	32	-15.6
<b>Total</b>	<b>13,005</b>	<b>13,311</b>	<b>-2.3</b>

### Assets lodged to guarantee the Group's liabilities

(Table 10.3 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Portfolio securities lodged with third parties to guarantee repurchase agreements	1,823	2,588	-29.6
Securities lodged with central banks to guarantee advances	65	205	-68.3
Securities lodged with the Bank of Italy to guarantee bankers' drafts	55	70	-21.4
<b>Total</b>	<b>1,943</b>	<b>2,863</b>	<b>-32.1</b>

### Unused lines of credit

The Bank has unused lines of credit, excluding operating limits, as detailed below:

(Table 10.4 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Central banks	27	41	-34.1
b) Other banks	120	641	-81.3
<b>Total</b>	<b>147</b>	<b>682</b>	<b>-78.4</b>

## Forward transactions

Forward transactions, excluding transactions between the Bank's head office and foreign branches as well as those carried out within organizational units and on behalf of third parties, are detailed below:

(Table 10.5 B.I.)

	Hedging transactions	Dealing transactions	Other transactions	€/mil Total
1. Purchase/sale of				
1.1 securities				
– purchases	-	623	-	623
– sales	-	295	-	295
1.2 currency				
– currency against currency	2,373	2,597	-	4,970
– purchases against euro	5,615	1,200	-	6,815
– sales against euro	3,183	916	-	4,099
2. Deposits and loans				
– to be disbursed	-	-	302	302
– to be received	-	-	839	839
3. Derivative contracts				
3.1 With exchange of capital				
a) securities				
– purchases	-	12	-	12
– sales	421	-	-	421
b) currency				
– currency against currency	366	356	-	722
– purchases against euro	845	668	-	1,513
– sales against euro	233	709	-	942
c) other instruments				
– purchases	-	-	-	-
– sales	-	-	-	-
3.2 Without exchange of capital				
a) currency				
– currency against currency	-	3	-	3
– purchases against euro	295	-	-	295
– sales against euro	28	-	-	28
b) other instruments				
– purchases	17,003	14,329	-	31,332
– sales	17,168	15,082	3,367	35,617
<b>Total (a)</b>	<b>47,530</b>	<b>36,790</b>	<b>4,508</b>	<b>88,828</b>

(a) Basis swap are included both in sales and purchases for a total amount of € 7,570 million.

At year end, hedging derivative contracts show an unrecognized net loss of € 324 million. In compliance with the accounting policies, this amount has not been recorded in the financial statements since the purpose of the derivatives contracts in question is to hedge interest and exchange rate risks with regard to funding activities (particularly deposit-taking trans-

actions made via the issue of bonds with a structured yield) or lending activities. The above-mentioned contracts are in fact recorded on a consistent basis with those adopted for hedging transactions, booking accruals in the financial statements for the interest rate and/or exchange rate differential accruing up to the balance sheet date. Had the assets and liabilities being hedged been valued in the same way, this would have led to a gain which would have offset the above loss.

Derivative transactions hedging trading transactions and shown among dealing transactions amount to € 745 million.

Derivatives contracts included under structured financial instruments amount to € 3,367 million, at nominal value.

#### Internal deal contracts

The nominal amount of derivative contracts between Head office, the foreign branches and the various organizational units is € 1,103 million, at nominal value. The following table provides a breakdown of internal deals, reporting the same contract in both purchases and sales.

	€/mil	
	Hedging transactions	Dealing transactions
Derivative contracts with exchange of capital		
a) securities		
– purchases	-	-
– sales	-	-
b) currency		
– currency against currency	-	-
– purchases against euro	540	3
– sales against euro	540	3
Derivative contracts without exchange of capital		
b) other instruments		
– purchases	559	1
– sales	34	527
<b>Total</b>	<b>1,673</b>	<b>534</b>

Marking to market internal deals made to hedge assets or liabilities valued at cost gives rise to an unrealized net gain of € 67 million. In line with what was said in connection with derivative transactions carried out on the market for the Bank's own account, this value, in accordance with its accounting policies, has not been booked to the financial statements given their purpose of hedging interest rate or exchange rate risks in connection with funding and lending operations. The above-mentioned contracts are in fact recorded on a consistent basis with those adopted for hedging transactions, booking accruals in the financial statements for the interest rate and/or exchange rate differential accruing up to the balance sheet date. If the assets and liabilities were valued in the same way, a loss would emerge that would offset the gain mentioned above.

The valuation of derivative contracts is described in the note concerning profits and losses on financial transactions in Part C, Section 3.

### Financial information relating to derivative contracts and forward currency purchase/sale transactions

This section offers supplementary information on operations in derivative contracts according to the standards established by the Basle Committee for Bank Supervision, together with the International Organization of Securities Commissions (IOSCO).

The table below shows the notional nominal capital, by type, of purchase/sale of currency and derivative contracts on interest rates, exchange rates and stockmarket index.

<i>Notional amounts</i>	<i>€/mil</i>				
	Interest rate related	Exchange rate related	Stockmarket index related	Other	Total
<b>OTC trading contracts</b>					
- Forward (a)	666	151	-	-	817
- Swap (b)	23,005	943	-	-	23,948
- Options purchased	1,693	397	3	-	2,093
- Options sold	1,693	397	3	-	2,093
<b>Exchange traded contracts</b>					
- Futures purchased	12	-	-	-	12
- Futures sold	-	-	-	-	-
- Options purchased	-	-	-	-	-
- Options sold	-	-	-	-	-
<b>Total trading contracts</b>	<b>27,069</b>	<b>1,888</b>	<b>6</b>	<b>-</b>	<b>28,963</b>
<b>Total non-trading contracts</b>	<b>31,517</b>	<b>12,938</b>	<b>4,799</b>	<b>207</b>	<b>49,461</b>
<b>Total contracts (c)</b>	<b>58,586</b>	<b>14,826</b>	<b>4,805</b>	<b>207</b>	<b>78,424</b>
- including OTC contracts	58,574	14,826	4,805	207	78,412

(a) Including FRAs and forward currency purchase/sale transactions.

(b) Mainly comprising IRS and CIRS contracts and basis swaps.

(c) Includes basis swaps for an amount of € 3,785 million and does not include forward transactions up to two days of € 4,560 million.

The table below shows the residual duration of the above OTC transactions.

<i>Residual maturity of notional amounts underlying OTC derivative contracts</i>	<i>€/mil</i>			
	Up to 12 months	Between 1 and 5 years	Beyond 5 years	Total
Interest rate related	19,703	22,579	16,292	58,574
Exchange rate related	11,299	2,990	537	14,826
Stockmarket index related	309	4,216	280	4,805
Other contracts	-	207	-	207

The table below reports the credit risk equivalent related to OTC contracts broken down into their various components: positive market value and add on.

<i>Notional amounts, market values and similar add on</i>					<i>€/mil</i>
	Interest rate related	Exchange rate related	Stockmarket index related	Other	Total
Notional amounts	58,574	14,826	4,805	207	78,412
A. Market value of OTC trading contracts					
A.1 positive market value	885	119	-	-	1,004
A.2 negative market value	924	179	-	-	n.s.
B. Add on	178	58	-	-	236
C. Market value of OTC non-trading contracts:					
C.1 positive market value	492	647	399	-	1,538
C.2 negative market value	718	752	306	-	n.s.
D. Add on	188	192	383	25	788
<b>Credit risk equivalent (A.1+B+C.1+D)</b>	<b>1,743</b>	<b>1,016</b>	<b>782</b>	<b>25</b>	<b>3,566</b>

Market values of hedging and dealing derivatives contracts arranged with third parties have been calculated using the criteria established by the Bank of Italy to determine the credit risk of off-balance sheet items for solvency ratio purposes. The market values identified in the table above derive from applying such criteria. In particular, such market values include the calculation of the market value of accrued income and expenses currently maturing as well as the result deriving from the current rate revaluation of the principal amount of cross-currency interest rate swaps to be exchanged at maturity.

The above transactions are not backed by secured or personal guarantees. No losses were incurred during the year on loans linked to derivatives and there are no outstanding derivative contracts matured, but not settled.

Lastly, the table below shows the breakdown of credit risk equivalent on OTC contracts by type of counterparty.

<i>Credit quality of OTC derivative contracts, by counterparty</i>				<i>€/mil</i>
	Positive market value	Add on	Credit risk equivalent (a) (current value)	
Governments and central banks	7	-	7	
Banks	2,232	719	2,951	
Other operators	303	305	608	
<b>Total</b>	<b>2,542</b>	<b>1,024</b>	<b>3,566</b>	

(a) The credit risk equivalent reported in this table includes transactions with an original life not exceeding 14 days. The existence of Master Netting Agreements allows a reduction in the equivalent credit risk of € 1,390 million for banks and of € 117 million for other operators.

### Derivative contracts on loans

In relation to the derivative contracts through which the lending risk inherent in certain outstanding loans is transferred, the following table shows the notional capital referring to contracts signed by the Bank

(Table 10.6 B.I.)

Categories of operations	Negotiation	Other transactions	€/mil Total
1. Hedging purchases			
1.1 With exchange of capital			
– credit default swap	-	166	166
2. Hedging sales			
2.1 With exchange of capital			
– credit default swap	-	182	182
<b>Total</b>	-	<b>348</b>	<b>348</b>

### Other information relating to guarantees

The classification of guarantees given by category of counterparty is provided in Part B, Section 11 of these notes, while forward transactions related to dealing on behalf of third parties are described in Part B, Section 12.



## SECTION 11 - CONCENTRATION AND DISTRIBUTION OF ASSETS AND LIABILITIES

### Significant exposures

Major lines of credit that exceed 10% of the Bank's equity and defined by the Bank of Italy as "significant exposures", are as follows:

*(Table 11.1 B.I.)* 31/12/00

a) Amount (in millions of euro)	6,088
b) Number	4

These positions comprise total assets at risk (loans, shares, bonds, etc.) outstanding in relation to customers and groups of related customers (including banks).

### Distribution of loans to customers, by category of borrower

Loans to customers are distributed as follows:

*(Table 11.2 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Governments	626	4,246	-85.3
b) Other public entities	436	5,384	-91.9
c) Non-financial businesses	37,282	36,961	+0.9
d) Financial institutions	10,009	7,045	+42.1
e) Family businesses	2,281	2,497	-8.7
f) Other operators	11,126	11,129	-
<b>Total</b>	<b>61,760</b>	<b>67,262</b>	<b>-8.2</b>

The reduction in loans to Governments and other public entities is related to the transfer of the public works and infrastructure business to Banca OPI S.p.A. on July 1, 2000.

### Distribution of loans to resident non-financial and family businesses

The distribution of loans to non-financial and family businesses resident in Italy is detailed below, by industry:

*(tabella 11,3 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Sales and distribution services	5,902	5,193	+13.7
b) Commerce, salvage and repairs	4,488	5,117	-12.3
c) Construction and public works	2,791	3,533	-21.0
d) Energy products	2,768	2,769	-
e) Transport	2,315	2,818	-17.8
f) Other sectors	14,790	14,754	+0.2
<b>Total</b>	<b>33,054</b>	<b>34,184</b>	<b>-3.3</b>

### Distribution of derivative contracts on loans by category of borrower

Derivative contracts on loans are distributed as follows:

(Bank of Italy instructions dated 7.31.00)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Banks	288	-	n.s.
Financial institutions	60	-	n.s.
Other operators	-	-	-
<b>Total</b>	<b>348</b>	<b>-</b>	<b>n.s.</b>

### Distribution of guarantees given, by category of counterparty

Guarantees given by the Bank are classified by category of counterparty as follows:

(Table 11.4 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Governments	6	-	n.s.
b) Other public entities	17	13	+30.8
c) Banks	6,504	4,934	+31.8
d) Non-financial businesses	10,427	8,421	+23.8
e) Financial institutions	3,921	2,798	+40.1
f) Family businesses	89	95	-6.3
g) Other operators	255	245	+4.1
<b>Total</b>	<b>21,219</b>	<b>16,506</b>	<b>+28.6</b>

### Geographical distribution of assets and liabilities

The geographical distribution of the Bank's assets and liabilities is detailed below, by reference to the countries of residence of the counterparties concerned:

(table 11.5 B.I.)

	31/12/00				31/12/99				€/mil
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total	
<b>1. Assets</b>									
1.1 due from banks	9,304	3,271	1,436	14,011	6,836	5,395	2,579	14,810	
1.2 loans to customers	51,272	4,717	5,771	61,760	59,808	3,446	4,008	67,262	
1.3 securities	4,390	405	1,291	6,086	5,373	558	1,442	7,373	
<b>Total</b>	<b>64,966</b>	<b>8,393</b>	<b>8,498</b>	<b>81,857</b>	<b>72,017</b>	<b>9,399</b>	<b>8,029</b>	<b>89,445</b>	
<b>2. Liabilities</b>									
2.1 due to banks	2,908	8,680	10,118	21,706	3,770	9,666	10,767	24,203	
2.2 due to customers	29,867	1,562	6,180	37,609	27,997	2,231	3,964	34,192	
2.3 securities issued	14,756	453	1,388	16,597	23,767	781	2,569	27,117	
2.4 other accounts	2,723	897	1,000	4,620	342	1,047	-	1,389	
<b>Total</b>	<b>50,254</b>	<b>11,592</b>	<b>18,686</b>	<b>80,532</b>	<b>55,876</b>	<b>13,725</b>	<b>17,300</b>	<b>86,901</b>	
<b>3. Guarantees and commitments</b>	<b>12,222</b>	<b>9,200</b>	<b>12,802</b>	<b>34,224</b>	<b>11,543</b>	<b>8,438</b>	<b>9,836</b>	<b>29,817</b>	

## Maturities of assets and liabilities

The residual maturities of assets and liabilities are detailed in the following table:

(Table 11.6 B.I.)

	€/mil								Total
	On demand	Up to 3 months	Specified maturity				Unspecified maturity		
			Between 3 and 12 months	Between 1 and 5 years		Beyond 5 years			
				Fixed rate	Floating rate	Fixed rate	Floating rate		
<b>1. Assets</b>									
1.1 Treasury bonds eligible for refinancing	-	120	24	80	533	28	4	-	789
1.2 due from banks	1,722	4,827	2,286	131	1,886	143	2,856	160	14,011
1.3 loans to customers	10,986	16,309	7,441	7,501	8,856	3,613	6,032	1,022	61,760
1.4 bonds and other debt securities	26	725	323	436	2,597	438	741	-	5,286
1.5 off-balance sheet transactions	1,836	20,838	16,787	12,567	1,641	8,904	546	-	63,119
<b>Total assets</b>	<b>14,570</b>	<b>42,819</b>	<b>26,861</b>	<b>20,715</b>	<b>15,513</b>	<b>13,126</b>	<b>10,179</b>	<b>1,182</b>	<b>144,965</b>
<b>2. Liabilities</b>									
2.1 due to banks	2,330	9,737	3,748	1,404	2,225	373	1,889	-	21,706
2.2 due to customers	26,278	9,314	1,803	99	15	100	-	-	37,609
2.3 securities issued:									
– bonds	280	353	1,069	5,324	2,095	2,143	1,150	-	12,414
– certificates of deposit	58	2,001	1,541	70	9	-	-	-	3,679
– other securities	504	-	-	-	-	-	-	-	504
2.4 subordinated liabilities	-	60	38	553	1,080	1,500	1,350	-	4,581
2.5 off-balance sheet transactions	1,832	21,545	17,714	10,446	1,891	9,251	475	-	63,154
<b>Total liabilities</b>	<b>31,282</b>	<b>43,010</b>	<b>25,913</b>	<b>17,896</b>	<b>7,315</b>	<b>13,367</b>	<b>4,864</b>	<b>-</b>	<b>143,647</b>

### Assets and liabilities denominated in foreign currencies

The Bank's assets and liabilities denominated in foreign currencies are detailed below:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
<b>a) Assets</b>			
1. due from banks	3,651	4,584	-20.4
2. loans to customers	9,516	6,986	+36.2
3. securities	1,835	1,969	-6.8
4. equity investments	426	397	+7.3
5. other accounts	25	50	-50.0
<b>Total assets</b>	<b>15,453</b>	<b>13,986</b>	<b>+10.5</b>
<b>b) Liabilities</b>			
1. due to banks	9,421	10,889	-13.5
2. due to customers	7,781	4,624	+68.3
3. securities issued	1,538	2,962	-48.1
4. other accounts	483	483	-
<b>Total liabilities</b>	<b>19,223</b>	<b>18,958</b>	<b>+1.4</b>

The principal spot exchange rates, as of December 31, 2000, used to translate the Bank's foreign currency assets and liabilities are indicated below on a comparative basis with December 31, 1999 exchange rates:

	31/12/00	31/12/99	Change %
US dollar	2,080.892	1,927.404	+8.0
Swiss franc	1,271.186	1,206.324	+5.4
Pound sterling	3,102.500	3,114.476	-0.4
Japanese yen	18.110	18.848	-3.9

## SECTION 12 - ADMINISTRATION AND DEALING ON BEHALF OF THIRD PARTIES

### Dealing in securities

Purchases and sales of securities on behalf of third parties during the year relate exclusively to futures contracts and options on futures, as summarized below:

(Table 12.1 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Purchases			
1. settled	3	57	-94.7
2. not settled	-	-	-
<b>Total purchases</b>	<b>3</b>	<b>57</b>	<b>-94.7</b>
b) Sales			
1. settled	4	57	-93.0
2. not settled	-	-	-
<b>Total sales</b>	<b>4</b>	<b>57</b>	<b>-93.0</b>

The reduction in trading volumes is related to the reorganization of the Group's investment banking business, which is now carried out by other subsidiaries.

### Custody and administration of securities

The nominal value of securities held in custody and for administration, including those received as guarantees, is detailed below:

(Table 12.3 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Third-party securities held on deposit (excluding portfolio management)			
1. securities issued by the Bank that prepares the financial statements	9,929	14,881	-33.3
2. other securities	113,806	120,080	-5.2
b) Third-party securities deposited with third parties	79,027	94,569	-16.4
c) Portfolio securities deposited with third parties	7,377	7,835	-5.8

Third party securities deposited as of December 31, 2000 include securities on deposit with the Bank acting as a depository bank, broken down as follows:

- € 50 million of securities issued by the Bank;
- € 34,204 million of other securities.

### Collection of receivables on behalf of third parties debit and credit adjustments

The Bank has received instructions to collect the receivables of third parties as part of its portfolio transactions. The nominal value of such receivables is € 8,944 million.

The portfolio has been reclassified on the basis of the related settlement dates, by recording the following accounting adjustments:

(Table 12.4 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Debit adjustments			
1. current accounts	718	690	+4.1
2. central portfolio	72	97	-25.8
3. cash	-	-	-
4. other accounts	-	-	-
b) Credit adjustments			
1. current accounts	72	97	-25.8
2. transfer of notes and documents	718	690	+4.1
3. other accounts	-	-	-

### Other transactions

#### Reserve for Research Grants

Starting from January 2000, the Ministry of University and Scientific and Technological Research directly manages the Reserve for Applied Research, now called "Reserve for Research Grants" and authorized 10 banks, among which Sanpaolo IMI, to carry out the technical and economic valuation of research and development projects and of training programs for researchers, as well as control over their implementation.

In 2000, 403 applications arrived for total investments of € 1,156 million, representing around 45% of global applications for industrial research grants (the remaining percentage is shared among the other nine authorized banks). In the same year, 487 preliminary inquiries were carried out (+6% versus 1999) 411 contracts drawn up (+9%), assisted loans amounting to € 548 million (+6%), of which Lire 431 million were drawn on public funds and € 117 million were drawn on the Bank's funds, taking advantage of interest subsidies provided by the government under Law 346/88 .

Management activities carried out on behalf of the Ministry were recompensed with commission totalling € 12 million.

#### Guarantee Fund for small and medium-sized enterprises in Southern Italy (Law 341/95)

By the Convention dated December 21, 1995 between the Italian Treasury and the Bank, as approved and activated by Decree of the Director-General of the Treasury dated January 5, 1996, Sanpaolo IMI has been granted the concession to this Fund established under Law 341/95.

The purpose of Law 341/95 is to promote rationalization of the financial situation of small and medium-sized enterprises in Southern Italy, as defined by EU parameters. This involves measures of various types, from interest-relief grants on financing designed to convert short-term bank borrowing into long-term loans, to the granting of supplementary guarantees on participating loans, for the purchase of equity investments and for the debt consolidation described above.

As of December 31, 2000, 4,048 requests had received for a total of € 1,820 million, broken down as follows:

- € 1,467 million relating to the consolidation of short-term debt (of which € 1,455 million already being drawdown and € 12 million waiting for the final documentation);
- € 353 million for participating loans.

Management activities carried out on behalf of the Treasury were recompensed with commission totalling € 1.5 million.

#### Third-party portion of syndicated loans

The portion of syndicated loans arranged by the Bank for third parties without a representation mandate totalled € 901 million at year end (€ 857 million in 1999).

#### Asset management services rendered by third parties

The value of asset management services rendered to customers by Group companies amounts to € 4,309 million.

## Part C - Statement of income

### SECTION 1 - INTEREST

#### Interest income and similar revenues (caption 10)

*Analysis of caption 10 "Interest income and similar revenues" (table 1.1 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) On amounts due from banks	688	472	+45.8
<i>of which:</i>			
– deposits with central banks	33	20	+65.0
b) On loans to customers	4,076	3,954	+3.1
<i>of which:</i>			
– loans using public funds	-	-	-
c) On debt securities	376	546	-31.1
d) Other interest income	4	4	-
e) Net differential on hedging transactions	88	-	n.s.
<b>Total</b>	<b>5,232</b>	<b>4,976</b>	<b>+5.1</b>

*Detail of caption 10 "Interest income and similar revenues" (table 1.3 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) On assets denominated in foreign currency	293	526	-44.3

Default interest amounting to € 139 million has been prudently eliminated from the statement of income, since collection is considered unlikely.

Interest income includes € 186 million relating to repurchase agreements with an obligation to resell.



## Interest expense and similar charges (caption 20)

*Analysis of caption 20 "Interest expense and similar charges" (table 1.2 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) On amounts due to banks	1,234	963	+28.1
b) On amounts due to customers	862	582	+48.1
c) On securities issued	1,247	1,510	-17.4
<i>of which:</i>			
– certificates of deposit	303	413	-26.6
d) On public funds administered	-	-	-
e) On subordinated liabilities	134	81	+65.4
f) Net differential on hedging transactions	-	126	-100.0
<b>Total</b>	<b>3,477</b>	<b>3,262</b>	<b>+6.6</b>

*Detail of caption 20 "Interest expense and similar charges" (table 1.4 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) On liabilities denominated in foreign currency	417	590	-29.3

Interest expense includes the annual charge of € 0.6 million relating to issue discounts on bonds and certificates of deposit. The caption also includes charges of € 153 million relating to repurchase agreement with an obligation to resell.

## Other information relating to interest

Information concerning the interest arising on transactions with Group companies is reported in part C, section 7 of these notes.

## SECTION 2 - COMMISSION

## Commission income (caption 40)

Analysis of caption 40 "Commission income" (table 2.1 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Guarantees given	43	41	+4.9
b) Collection and payment services	162	147	+10.2
c) Management, dealing and consultancy services			
1. dealing in securities	11	11	-
2. dealing in currency	23	25	-8.0
3. portfolio management	59	31	+90.3
4. custody and administration of securities	23	21	+9.5
5. placement of securities (a)	824	702	+17.4
6. consultancy services	-	-	-
7. "door-to-door" sales of securities and financial products and services	-	-	-
8. acceptance of instructions	99	70	+41.4
d) Tax collection services	-	-	-
e) Other services	400	385	+3.9
<b>Total</b>	<b>1,644</b>	<b>1,433</b>	<b>+14.7</b>

a) Commission received for the placement of securities also includes that relating to the placement of mutual funds and insurance products amounting, respectively, to € 753 million and € 58 million as of December 31, 2000, and € 624 and € 53 million as of December 31, 1999.

Subcaption e) "Other services" comprises, in particular:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Loans granted	129	139	-7.2
Deposits and current account overdrafts	128	102	+25.5
Current accounts	58	60	-3.3
Banking functions in relation to mutual funds deposited	51	53	-3.8
Loan-arrangement activities	2	2	-
Other services - Italy	25	24	+4.2
Other services - foreign branches	7	5	+40.0
<b>Total</b>	<b>400</b>	<b>385</b>	<b>+3.9</b>

## Commission expense (caption 50)

Analysis of caption 50 "Commission expense" (table 2.2 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Collection and payment services	50	45	+11.1
b) Management and dealing services			
1. dealing in securities	5	5	-
2. dealing in currency	-	-	-
3. portfolio management	-	-	-
4. custody and administration of securities	17	8	+112.5
5. placement of securities	-	-	-
6. "door-to-door" sales of securities and financial products and services	-	-	-
c) Other services	22	30	-26.7
<b>Total</b>	<b>94</b>	<b>88</b>	<b>+6.8</b>

Subcaption c) "Other services" comprises, in particular:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Intermediation on financing transactions	1	3	-66.7
Loans obtained	6	12	-50.0
Guarantees received	5	1	n.s.
Loan-arrangement activities	1	2	-50.0
Other services - Italy	8	10	-20.0
Other services - foreign branches	1	2	-50.0
<b>Total</b>	<b>22</b>	<b>30</b>	<b>-26.7</b>

## Other information relating to commission

Details of commission arising from transactions with Group companies are included in Part C, Section 7 of these notes.

## SECTION 3 - PROFITS (LOSSES) ON FINANCIAL TRANSACTIONS

## Profits (losses) on financial transactions (caption 60)

Analysis of caption 60 "Profits (losses) on financial transactions" (table 3.1. B.I.)

	Security transactions	Currency transactions	Other transactions	Total
A1. Revaluations	18 (a)	-	2,801	2,819
A2. Writedowns	-36 (b)	-	-2,783	-2,819
B. Other profits and losses	27 (c)	61 (d)	-2	86
<b>Total</b>	<b>9</b>	<b>61</b>	<b>16</b>	<b>86</b>
<i>of which:</i>				
1. on government securities	1			
2. on other debt securities	1			
3. on equities	-3			
4. on security derivatives	10			

(a) Of which € 9 million on securities and € 9 million on security derivatives.

(b) Of which € 32 million on securities and € 4 million on securities transactions to be settled.

(c) Of which € 26 million on securities and € 1 million on security derivatives.

(d) Includes exchange gains of € 40 million and income on transactions in foreign currency derivative contracts of € 21 million.

## SECTION 4 - ADMINISTRATIVE COSTS

## Personnel costs (caption 80a)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Wages and salaries	918	902	+1.8
Social security charges	295	297	-0.7
Termination indemnities			
– provision for termination indemnities	33	34	-2.9
– indemnities accrued and paid during the year	1	1	-
– provisions for supplementary pension fund	33	26	+26.9
<b>Total</b>	<b>1,280</b>	<b>1,260</b>	<b>+1.6</b>

*Average number of employees by category (table 4.1 B.I.)*

	31/12/00	31/12/99	Change %
a) Executives	202	205	-1.5
b) Managers	3,344	3,384	-1.2
c) Other employees	16,569	16,672	-0.6
<b>Total</b>	<b>20,115</b>	<b>20,261</b>	<b>-0.7</b>

## Other administrative costs (caption 80b)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Rental of premises	77	67	+14.9
Consultancy services	61	57	+7.0
Software maintenance and upgrades	45	43	+4.7
Maintenance of operating assets	33	34	-2.9
External data processing	26	25	+4.0
Postage and telegraph charges	25	27	-7.4
Energy	25	23	+8.7
Advertising and entertainment	23	18	+27.8
Security services	22	23	-4.3
Legal and judiciary expenses	21	21	-
Telephone	20	22	-9.1
Maintenance of properties owned by the Bank	19	17	+11.8
Data transmission charges	17	20	-15.0
Cleaning of premises	16	18	-11.1
Office supplies	13	12	+8.3
Investigation/commercial information costs	13	9	+44.4
Databank access charges	11	10	+10.0
Transport and counting of valuables	9	10	-10.0
Insurance premiums - banks and customers	8	8	-
Courier and transport services	7	8	-12.5
Equipment leasing charges	6	13	-53.8
Maintenance of leasehold premises	6	4	+50.0
Contributions and membership fees to trades unions and business associations	4	5	-20.0
Other expenses for personnel training, travel and assignments	39	35	+11.4
Other expenses	23	21	+9.5
<b>Total</b>	<b>569</b>	<b>550</b>	<b>+3.5</b>
Indirect duties and taxes			
– stamp duties	105	106	-0.9
– taxes on stock exchange contracts	4	-	n.s.
– local property taxes	7	9	-22.2
– substitute tax (Pres. Decree 601/73)	15	13	+15.4
– other	7	12	-41.7
<b>Total</b>	<b>138</b>	<b>140</b>	<b>-1.4</b>
<b>Total other administrative costs</b>	<b>707</b>	<b>690</b>	<b>+2.5</b>

Consultancy services include, among other things, the fees paid to Arthur Andersen SpA, both for obligatory accounting audits and for services rendered against mandates authorized by the Board of Directors of the Bank pursuant to Consob recommendation 97001574 of February 20, 1997 and are as follows:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Statutory financial statements of the Bank and consolidated financial statements of the Group	0.5	0.5	-
Financial statements of foreign branches	0.6	0.7	-14.3
Statutory and consolidated half-yearly reports	0.2	0.2	-
Half-year financial statements of foreign branches	0.1	0.2	-50.0
Others:			
- Form 20-F (a)	0.4	0.5	-20.0
- other (b)	0.5	0.7	-28.6
<b>Total</b>	<b>2.3</b>	<b>2.8</b>	<b>-17.9</b>

(a) The caption relates to fees for the consolidated audit concerning the obligatory requirements of SANPAOLO IMI for its quotation on the New York Stock Exchange. The mandate for the year 2000 was given by the Board of Directors on January 16, 2001.

(b) The caption at December 31, 2000 relates to the Comfort Letter in relation to the Trust Preferred Securities and also to the Offering Circular for the Medium-Term Note Programme.

## SECTION 5 - ADJUSTMENTS, WRITEBACKS AND PROVISIONS

### Adjustments to intangible and tangible fixed assets (caption 90)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Adjustments to intangible fixed assets			
– amortization of merger differences representing the goodwill of merged banks	27	37	-27.0
– amortization of software costs	27	21	+28.6
– amortization of software not yet in use	24	20	+20.0
– amortization of other deferred charges	7	4	+75.0
Adjustments to tangible fixed assets			
– depreciation of property	37	51	-27.5
– depreciation of furniture and installations	58	49	+18.4
<b>Total</b>	<b>180</b>	<b>182</b>	<b>-1.1</b>

Individual assets have been written down with reference to their remaining useful lives using, in most cases, the maximum fiscally-allowed rates, including the provision of accelerated depreciation.

### Provisions for risks and charges (caption 100)

Provisions for risks and charges, € 201 million, recorded during the year, include the following:

- € 188 million, for potential charges deriving from the possible renegotiation of mortgage loans, as explained in Part B - Section 7 of these Notes, as well as to strengthen other provisions against losses from lawsuits and, in particular, from repayments claimed by the receivers of bankrupt customers, as well as other potential liabilities.
- € 13 million designed to increase the coverage of the reserve for other payroll costs, pension and similar commitments, including € 6 million to cover long-service bonuses to the Bank's employees, € 6 million to integrate the provisions established to balance the technical deficit of the Bank's employee pension fund and € 1 million to cover other potential pension charges.



## Adjustments to loans and provisions for guarantees and commitments (caption 120)

Analysis of caption 120 "Adjustments to loans and provisions for guarantees and commitments" (table 5.1 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
a) Adjustments to loans	486	590	-17.6
<i>of which:</i>			
– general adjustments for country risk	16	55	-70.9
– other general adjustments	114	5	n.s.
b) Provisions for guarantees and commitments	8	-	n.s.
<i>of which:</i>			
– general provisions for country risk	-	-	-
– other general provisions	8	-	n.s.
<b>Total</b>	<b>494</b>	<b>590</b>	<b>-16.2</b>

Adjustments to loans include losses on transactions and disposals for € 17 million.

In addition to the above adjustments, default interest of € 139 million due during the year has been reversed from interest income.

## Writebacks of adjustments to loans and provisions for guarantees and commitments (caption 130)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Revaluation of loans previously written down	66	122	-45.9
Revaluation of loans previously written off	1	3	-66.7
Revaluation of provisions for guarantees and commitments	-	1	-100.0
Collection of default interest previously written down	49	40	+22.5
Collection of loans previously written off	44	58	-24.1
Collection of loan principal previously written down	195	88	+121.6
<b>Total</b>	<b>355</b>	<b>312</b>	<b>+13.8</b>

## Adjustments to financial fixed assets (caption 150)

### Adjustments to investment securities

The adjustments, totalling € 16 million, relate to the writedown of unsecured securities issued by residents in nations subject to "country risk" made by the Bank to take market trends into consideration, pursuant to Art. 18 of D.Lgs 87/92.

## Adjustments to equity investments

Adjustments to equity investments relate to the writedown of holdings in the following companies:

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Cassa di Risparmio di Firenze S.p.A	189	-	n.s.
Banco di Napoli S.p.A	19	-	n.s.
HDI Assicurazioni S.p.A. (formerly BNC Assicurazioni S.p.A.)	6	-	n.s.
Beni Stabili S.p.A.	-	58	n.s.
Inter-Europa Bank RT	-	9	n.s.
Other	-	4	n.s.
<b>Total</b>	<b>214</b>	<b>71</b>	<b>+201.2</b>

In detail:

- Cassa di Risparmio di Firenze S.p.A. and Banco di Napoli S.p.A. have been written down solely for fiscal purposes by adjusting their carrying values to the average Stock Exchange price for the last six months of the year;
- HDI Assicurazioni S.p.A. has been written down to reflect the net worth of this company as of December 31, 2000.

As regards the equity investment in Beni Stabili S.p.A., written down in 1999, it should be noted that, although the trend in stock exchange prices was higher than the average unit value booked in the 2000 financial statements, no writeback has been made because of the volatility of market trends and because the upturn is not considered permanent.

## SECTION 6 - OTHER STATEMENT OF INCOME CAPTIONS

## Dividends and other revenues (caption 30)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Shares, quotas and other equities			
– dividends	-	18	n.s.
– tax credits	-	10	n.s.
Equity investments			
– dividends			
- Sanpaolo Imi International S.A.	248	105	+136.2
- Banca Fideuram S.p.A.	63	59	+6.8
- Banca IMI S.p.A.	61	30	+103.3
- Sanpaolo Imi Bank Ireland P.I.c.	27	20	+35.0
- Sanpaolo Imi Asset Management Sgr S.p.A.	25	11	+127.3
- Sanpaolo Vita S.p.A.	22	-	n.s.
- Cassa di Risparmio di Firenze S.p.A.	21	-	n.s.
- Crediop S.p.A.	19	19	-
- Banca Sanpaolo Invest S.p.A.	19	10	+90.0
- Sanpaolo Imi Bank (International) S.A.	14	-	n.s.
- Sanpaolo Bank S.A.	13	5	+160.0
- Banco Santander Central Hispano S.A.	12	8	+50.0
- NHS - Nuova Holding Sanpaolo IMI S.p.A.	10	-	n.s.
- Sanpaolo Gestion Internationale S.A.	7	11	-36.4
- Beni Stabili S.p.A.	7	-	n.s.
- Sanpaolo Leasint S.p.A.	5	5	-
- Finconsumo S.p.A.	4	-	n.s.
- Esatri S.p.A.	4	3	+33.3
- Banca Agricola Mantovana S.p.A.	4	15	-73.3
- Sanpaolo Riscossioni Genova S.p.A.	3	2	+50.0
- Banque Sanpaolo S.A.	2	44	-95.5
- Sanpaolo Riscossioni Prato S.p.A.	1	1	-
- other	3	69	-95.7
– tax credits	152	129	+17.8
<b>Total</b>	<b>746</b>	<b>574</b>	<b>+30.0</b>

**Other operating income (caption 70)***(table 6.1 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Expenses recovered from customers			
– stamp duties	101	102	-1.0
– other taxes	17	15	+13.3
– legal costs	13	13	-
– other recoveries	1	1	-
Reimbursement of services rendered to third parties	28	30	-6.7
Property rental income	4	10	-60.0
Income from merchant banking activities	-	5	-100.0
Other income	8	5	+60.0
<b>Total</b>	<b>172</b>	<b>181</b>	<b>-5.0</b>

**Other operating expenses (caption 110)***(table 6.2 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Finance leasing charges	5	6	-16.7
Losses from merchant banking activities	-	2	-100.0
<b>Total</b>	<b>5</b>	<b>8</b>	<b>-37.5</b>

**Extraordinary income (caption 180)***(table 6.3 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Gains	17	16	+6.2
Gain from the conferral of the merchant banking business	-	16	n.s.
Gains on:			
– disposal of financial fixed assets - equity investments (*)	256	372	-31.2
– disposal of financial fixed assets - investment securities	10	1	n.s.
– tangible fixed assets	8	1	n.s.
- Own shares in portfolio	83	-	n.s.
<b>Total</b>	<b>374</b>	<b>406</b>	<b>-7.9</b>

(\*) Details of the "gains on the disposal of financial fixed assets – equity investments" are provided in Part B– Section 3 of these notes. This amount includes € 1 million related to the partial reimbursement of the share capital of Evoluzione 94, an investment that had previously been written down to zero.

**Extraordinary expense (caption190)***(table 6.4 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Severance bonus incentive for voluntary redundancy	5	22	-77.3
Other expenses	20	27	-25.9
Amounts not collectible	-	1	-100.0
Losses on:			
– financial fixed assets equity investments	1	1	-
– disposal of financial fixed assets - investment securities	4	-	n.s.
– tangible fixed assets	1	1	-
Loss on transfer of a business	1	-	n.s.
<b>Total</b>	<b>32</b>	<b>52</b>	<b>-38.5</b>

**Income taxes for the year (caption 220)***Breakdown of caption 220 "Income taxes for the year" (Bank of Italy instructions dated 08.03.99)*

€/mil

1. Current income taxes	707
2. Change in deferred tax assets	11
3. Change in deferred tax liabilities	-6
4. Income taxes	712

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Current income taxes and charges from possible fiscal disputes	689	623	+10.6
Local taxes applicable to foreign branches	18	7	+157.1
<b>Total current income taxes and charges from possible fiscal disputes</b>	<b>707</b>	<b>630</b>	<b>+12.2</b>
Deferred tax assets that reversed during the year	111	88	+26.1
Deferred tax assets that arose during the year	-100	-75	+33.3
Use of the deferred tax reserve on the Reserve for general banking risks	-6	-4	+50.0
<b>Income taxes for the year</b>	<b>712</b>	<b>639</b>	<b>+11.4</b>

## SECTION 7 - OTHER INFORMATION REGARDING THE STATEMENT OF INCOME

Other information provided below regarding the statement of income covers the geographical distribution of the Bank's revenues and transactions with SANPAOLO IMI Banking Group companies and with other investments that are not part of the Group.

### Geographical distribution of revenues

The geographical distribution of the Bank's revenues, based on the location of branches, is as follows:

(table 7.1 B.I.)

	31/12/00				31/12/99				€/mil
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total	
Interest income and similar revenues	4,047	522	663	5,232	4,141	482	353	4,976	
Dividends and other revenues	746	-	-	746	548	26	-	574	
Commission income	1,600	24	20	1,644	1,399	17	17	1,433	
Profits (losses) on financial transactions	83	3	-	86	73	-39	16	50	
Other operating income	170	2	-	172	180	1	-	181	
<b>Total revenues</b>	<b>6,646</b>	<b>551</b>	<b>683</b>	<b>7,880</b>	<b>6,341</b>	<b>487</b>	<b>386</b>	<b>7,214</b>	

### Income and expenses arising from transactions with Group companies and investments in non-Group companies

Income and expenses arising from transactions with companies in the SANPAOLO IMI Banking Group, as defined in article 4 of Decree 87/92, are detailed below, together with those relating to investments in non-Group companies:

	31/12/00			31/12/99			€/mil
	Group companies	Non-Group companies	Total	Group companies	Non-Group companies	Total	
<b>Income</b>							
- interest income and similar revenues	230	57	287	68	58	126	
- dividends and other revenues	637	109	746	422	119	541	
- commission income	872	1	873	729	1	730	
- other operating income	30	1	31	22	2	24	
<b>Total</b>	<b>1,769</b>	<b>168</b>	<b>1,937</b>	<b>1,241</b>	<b>180</b>	<b>1,421</b>	
<b>Expenses</b>							
- interest expense and similar charges	477	100	577	309	87	396	
- commission expense	1	-	1	7	-	7	
- other operating expenses	13	-	13	15	3	18	
<b>Total</b>	<b>491</b>	<b>100</b>	<b>591</b>	<b>331</b>	<b>90</b>	<b>421</b>	

Assets and liabilities outstanding at year-end in relation to Group companies and investments in non-Group companies are indicated in Part B, Section 3 of these notes.

## Part D - Other information

### SECTION 1 - DIRECTORS AND STATUTORY AUDITORS

#### Remuneration

The annual remuneration of the Directors and the Statutory Auditors of the Bank is reported below:

*(table 1.1 B.I.)*

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Directors	2	2	-
Statutory Auditors	-	-	-

The remuneration due to the Statutory Auditors for 2000 amounts to € 0.4 million.

In compliance with article 78 of Consob resolution no. 11971 of 14/5/99, we provide below the detail of the remuneration pertaining to 2000 paid to Directors, Statutory Auditors and General Managers

## REMUNERATION OF DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS (pursuant to Article 78 of Consob Resolution 11971 of May 14, 1999)

### Directors, Statutory Auditors and General Managers in office

Surname and Name	Description of office			Remuneration (millions of Lire)		
	Office	Time in office	Remuneration for the office	Non-monetary benefits	Bonus and other incentives (1)	Other compensation (2)
ARCUTI Luigi	Chairman (4)	1998 / 2000	738		175	86 (3)
ALBANI CASTELBARCO VISCONTI Carlo	Director	1998 / 2000	111		134	28 (3)
BOTIN Emilio	Director	1998 / 2000	76		41	-
CARMI Alberto	Director	28/4/00 - 2000	52		-	-
FABRIZI Pier Luigi	(5)	-	-		82	-
FONTANA Giuseppe	Director	1998 / 2000	112		155	103
GALATERI DI GENOLA Gabriele	Director (4)	1998 / 2000	195		175	78 (3)
GRONCHI Divo	(5)	-	-		(a)	(a) (3)
INCIARTE Juan Rodriguez	Director (4)	1998 / 2000	134		155	77 (3)
MARANZANA Luigi	Managing Director (4) General Manager	1998 / 2000	462 809	6	1,000	(b) (3)
MARRONE Virgilio	Director	1998 / 2000	(c)		(c)	-
MASERA Rainer Stefano	Managing Director (4) General Manager	1998 / 2000	462 809	33	1,000	(d) (3)
MASINI Mario	Director (4)	1998 / 2000	131		175	78 (3)
MIHALICH Ili	Director (4)	1998 / 2000	196		134	49
OTTOLENGHI Emilio	Director	1998 / 2000	114		175	208 (3)
PREDA Stefano	Director (4)	1998 - 28/6/00	83		124	-
SALZA Enrico	Director (4)	1998 / 2000	169		165	79 (3)
SCLAVI Antonio	Director (4)	25/5/99 - 2000	133		62	48
VERCELLI Alessandro	Director	22/6/99 - 2000	79		52	-
VERMEIREN Remi François	Director	1998 / 2000	76		-	-
PAOLILLO Mario	Chairman Board of Statutory Auditors	1999 / 2001	183			236 (3)
BENEDETTI Aureliano	Statutory Auditor	1999 / 2001	122			191
DALLOCCCHIO Maurizio	Statutory Auditor	1999 / 2001	129			48
MIGLIETTA Angelo	Statutory Auditor	1999 / 2001	129			99 (3)
RAGAZZONI Ruggero	Statutory Auditor	1999 / 2001	129			73

(1) This column includes the bonus due to Directors for 1999 (L. 2,031 million) which is divided proportionally according to the attendance of the Directors in the meeting held during the course of the year, on the basis of a resolution taken by the Board of Directors following the approval of the financial statements for 1999. For 2000, a bonus of L. 3,753 million, calculated according to Group results, is due to the members of the Board of Directors. The distribution to individual members will be made following the approval of the financial statements for 2000 and similarly to last year; the bonus will thus be reported in the table attached to the financial statements for 2001.

(2) Includes subsidiary companies.

(3) Includes also remuneration concerning offices held for 1999 in SANPAOLO IMI Investments S.A., approved and shown in the financial statements of the company for 2000.

(4) Members of the Executive Committee.

(5) Members of the Board of Directors out of office during 1999 whose bonus for 1999 only is shown.

(a) L. 52 million in bonus and L. 28 million in other incentives paid to Monte dei Paschi di Siena S.p.A..

(b) L. 104 million paid to SANPAOLO IMI S.p.A..

(c) L. 145 million in emoluments and L. 175 million in bonus and other incentives paid to IFI S.p.A..

(d) L. 102 million paid to SANPAOLO IMI S.p.A..



Again pursuant to art. 78 of Consob resolution no. 11971 of 14/5/99 we would point out that, with reference to the 1999/2001 stock option plan (which entailed among other things assigning 370,000 subscription rights to the two Managing Directors, one third of which can be exercised in 2000), during the year Rainer Stefano Masera, Managing Director, exercised 123,250 rights for the Bank's shares at a price of € 12.396. During the course of 2000, the Board of Directors approved a new stock option plan for the period 2003/2005, which foresees for the two Managing Directors the assignment of 188,285 rights to subscribe to the Bank's shares at a price of € 16.45573. Additional and more detailed information on these plans are contained in the Report on operations, as recommended by Consob.

### Loans and guarantees given

(table 1.2 B.I.)

	31/12/00 (€/mil)	31/12/99 (€/mil)	Change %
Directors	6	10	-40.0
Statutory Auditors	1	1	-

The amounts indicated above include loans granted to and guarantees given by the Bank to the Directors and Statutory Auditors, € 0.2 million, and to companies and banks identified pursuant to article 136 of the Consolidated Banking Act, € 6.6 million, including the drawdown against credit lines granted to the latter.

## **SECTION 2 - PARENT BANK**

### **2.1 - Name**

SANPAOLO IMI S.p.A.

### **2.2 - Registered offices**

Piazza San Carlo, 156  
10121 Turin, Italy

#### Secondary head office

Viale dell'Arte, 25  
00144 Rome, Italy

Registered banking group No. 1025/6

# Attachments

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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STATEMENT OF CASH FLOWS

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LIST OF PROPERTIES OWNED BY THE BANK

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PRO FORMA STATEMENT OF INCOME FOR 2000

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## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	capital	legal reserve	additional paid-in capital	extraordinary reserve	reserve for purchase of own shares	reserve for purchase of own shares	reserve ex art. 13.c.6 D.Lgs. 124/93	reserve (art. 7.c.3, L. 218/90)	merger surplus	reserve ex Law 169/83	reserve D.Lgs. 213/98	reserve D.Lgs. 153/99	reserve for general banking risks	net income for the year	Total
Shareholders' equity as of January 1, 1999	3,926	792			439	336	1	80	219	11	42		336	1,018	7,200
Allocation of 1999 net income															
- reserve (D.Lgs. 153/99)												260		-260	
- extraordinary reserve				33										-33	
- reserve ex art.13. c.6 D.Lgs. 124/93							1							-1	
- dividends distributed														-724	-724
Increases in restricted reserve for the purchase of own shares															
					-156	361		-205							-
Stock option plan for 1,833,250 shares	5		18												23
Undistributed dividends on own shares in portfolio and dividends in prescription				2											2
Adjustment to the reserve D.Lgs. 213/98 following the sale of equity investments															
												-			-
Net income as of 31/12/2000														1,198	1,198
Shareholders' equity as of December 31, 2000	3,931	792	18	35	283	697	2	80	14	11	42	260	336	1,198	7,699
Own shares in portfolio						-697									-697
Shareholders' equity as per the reclassified balance sheet	3,931	792	18	35	283	-	2	80	14	11	42	260	336	1,198	7,002

## STATEMENT OF CASH FLOWS

€/mil

## APPLICATION OF FUNDS

Use of funds generated by operations	775
Dividends paid	724
Use of reserves for termination indemnities and pensions	25
Use of provisions for risks and charges	26
<b>Increase in funds applied</b>	<b>3,401</b>
Cash and deposits with central banks	21
Equity investments	3,220
Intangible fixed assets	95
Tangible fixed assets	65
<b>Decrease in funds taken</b>	<b>12,665</b>
Due to banks	2,498
Customer deposits and securities issued	7,115
Other liabilities	2,715
Shareholders' equity	337
<b>Total</b>	<b>16,841</b>

€/mil

**SOURCES OF FUNDS**

<b>Funds generated by operations</b>	<b>1,982</b>
Net income for the year	1,198
Provision for termination indemnities	33
Net adjustments to loans and provisions for guarantees and commitments	140
Provisions for risks and charges	201
Adjustments to tangible fixed assets	95
Adjustments to intangible fixed assets	85
Adjustments to financial fixed assets	230
<b>Increase in funds taken</b>	<b>3,242</b>
Due to banks	-
Subordinated liabilities	3,242
Shareholders' equity	-
<b>Decrease in funds applied</b>	<b>11,617</b>
Due from banks	798
Loans to customers	5,363
Investment securities	93
Dealing securities	1,179
Other assets	4,184
<b>Total</b>	<b>16,841</b>





## LIST OF PROPERTIES OWNED BY THE BANK

ADDRESS	Square meters	INVESTMENT	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
ACQUI TERME Piazza Italia 10	2,105	849,412	2,033,539	2,882,951	1,249,909	1,633,042
AGNADELLO Piazza della Chiesa 5/15	199	57,439	181,033	238,472	85,384	153,088
ALASSIO Via Don Bosco 2	1,031	197,019	2,764,136	2,961,155	1,115,955	1,845,200
ALBA Piazza Savona 1	1,078	363,447	1,750,827	2,114,274	893,913	1,220,361
ALBA Via Cuneo 9 ang. Vic. San Biagio	54	4,132	36,637	40,769	18,527	22,242
ALBENGA Branch 1 Via Genova 86	70	38,044	142,126	180,170	46,526	133,644
ALBENGA Via Valle d'Aosta 6	1,400	2,857,520	-	2,857,520	767,185	2,090,335
ALBESE Via Vittorio Veneto 6/a	262	27,531	343,585	371,116	118,211	252,905
ALBINO Via Mazzini 182	982	1,125,876	491,047	1,616,923	406,769	1,210,154
ALESSANDRIA Branch 1 Corso Roma 17/19	1,386	361,391	2,337,334	2,698,725	746,517	1,952,208
ALESSANDRIA P.zza Garibaldi 57/58 / Via Savona	5,670	4,669,561	4,308,845	8,978,406	3,457,726	5,520,680
ALMENNO SAN BARTOLOMEO Via Martiri della Libertà	456	383,874	315,395	699,269	404,263	295,006
ALPIGNANO Via Mazzini 5	1,366	1,048,209	1,044,667	2,092,876	1,196,705	896,171
ANCONA Via Montebello 49/63	2,270	1,702,125	2,024,756	3,726,881	1,641,989	2,084,892
ANTEGNATE Via Muoni 13	356	6,136	248,900	255,036	93,991	161,045
ANTEY ST. ANDRE' Via Grandi Mulini S.S. 40	94	30,833	90,431	121,264	52,538	68,726
AOSTA Branch 1 Corso Battaglione Aosta 65	706	247,085	912,346	1,159,431	473,215	686,216
AOSTA Area Office Piazza Chanoux 38 / Via del Collegio 2	2,760	1,480,126	5,147,213	6,627,339	2,294,931	4,332,408
APIANO GENTILE Via Volta 14	278	105,878	300,541	406,419	131,233	275,186
ARCONATE Piazza Libertà 1	589	58,567	697,808	756,375	243,994	512,381
ARENA PO Via Roma 10	360	225,860	108,316	334,176	128,134	206,042
AREZZO via Mecenate 2	2,368	268,002	-	268,002	16,080	251,922
ARGEGNO Via Lungotelo di Destra 6	118	20,669	97,819	118,488	44,338	74,150
ARONA Corso Repubblica 1	1,021	456,387	1,562,959	2,019,346	860,486	1,158,860
ARQUATA SCRIVIA Via Libarna 211	490	148,512	401,501	550,013	220,071	329,942
ARZANO Via Rimini 6	488	560,296	351,353	911,649	480,088	431,561
ASTI Via C. Battisti 3 / C. Dante 6	1,712	1,533,240	2,809,100	4,342,340	1,634,779	2,707,561
AVELLINO Via Guarini 40 / Via De Conciliis 14	942	1,365,834	339,923	1,705,757	511,951	1,193,806
AVIGLIANA Branch Corso Torino 158	1,439	988,495	1,834,966	2,823,461	1,530,080	1,293,381
AZZANELLO Via A. Valcarenghi 10	187	340	120,867	121,207	37,357	83,850
BARDONECCHIA Via Medail 53	508	156,949	826,849	983,798	429,746	554,052
BARI Branch 1 Via Amendola 168/5	1,647	102,845	-	102,845	12,341	90,504
BARI Via De Rossi 51-53	509	172,595	458,011	630,606	269,571	361,035
BELGIOIOSO Via XX Settembre 30	220	377,014	-	377,014	56,395	320,619
BELLAGIO Lungo Lario Manzoni 32/34	413	58,377	682,962	741,339	235,176	506,163
BERGAMO Branch 13 Area Office Via XX Settembre 57	3,113	439,999	7,926,401	8,366,400	3,352,310	5,014,090
BERGAMO Branch 4 Via S. Bernardino 72/d	772	57,423	1,252,893	1,310,316	472,454	837,862
BERGAMO Branch 5 Via Suardi 85/87	1,060	467,508	1,233,039	1,700,547	638,871	1,061,676
BERGAMO Branch 6 Via Statuto 18	339	46,226	530,697	576,923	185,733	391,190
BERGAMO Area Office Via Camozzi 27 / Piazza Cavour 9	8,166	9,372,468	14,300,568	23,673,036	7,610,778	16,062,258
BERGAMO Via Stendhal 5 / Via Campagnola	6,645	118,785	-	118,785	17,818	100,967
BIELLA Branch 1 Via Cottolengo	475	435,655	55,625	491,280	155,174	336,106
BIELLA Via G. Marconi 9	2,443	268,104	3,006,845	3,274,949	926,923	2,348,026
BIELLA Via Lamarmora / Torino / Delleani	314	570,829	-	570,829	34,250	536,579
BISTAGNO Corso Italia 46	386	32,284	292,760	325,044	128,259	196,785
BOLLATE Via Vittorio Veneto 2	801	304,750	1,098,518	1,403,268	440,287	962,981
BOLOGNA Via Rizzoli 20	1,032	379,718	3,678,600	4,058,318	1,095,755	2,962,563
BONATE SOTTO Via V. Veneto 57/b	724	52,844	599,467	652,311	171,691	480,620
BORDIGHERA Corso Italia 32	832	1,501,502	299,923	1,801,425	627,719	1,173,706
BORGHETTO LODIGIANO Piazza Dalla Chiesa 1/a	270	2,167	305,515	307,682	75,212	232,470
BORGHETTO S.S. Via IV Novembre 8	580	100,891	1,187,594	1,288,485	439,518	848,967
BORGO SAN DALMAZZO Corso Barale 22	1,643	984,452	785,597	1,770,049	589,752	1,180,297
BORGO SAN GIACOMO Via Ferrari 5	250	413	222,672	223,085	54,652	168,433
BORGOFRANCO D'IVREA Via Aosta 28	314	108,082	314,750	422,832	158,982	263,850
BORGONE DI SUSÀ Via A. Abegg 5 bis	565	97,785	437,012	534,797	231,248	303,549
BORGOSIESIA Viale Carlo Fassò 2	2,435	1,124,384	2,627,497	3,751,881	1,718,225	2,033,656
BOSCOMARENGO Via Roma 6 bis	479	267,939	113,157	381,096	167,791	213,305
BOSCOREALE Via S.Ten.Cirillo 12 / Via S.Felice 2	627	462,373	316,558	778,931	362,894	416,037
BOSISIO PARINI Piazza Parini 12	462	413,246	155,778	569,024	206,504	362,520
BRA Via Principi di Piemonte 32	1,143	242,935	1,679,278	1,922,213	649,326	1,272,887
BRANDIZZO Via Torino 196	612	185,833	618,311	804,144	305,713	498,431
BREMBIO Via Garibaldi 10	289	258	202,166	202,424	54,604	147,820
BRESCIA P.za Garibaldi 5 / Via Tartaglia	2,647	5,081,754	-	5,081,754	1,362,742	3,719,012

(\*) L. 19/12/73 n. 823; L. 2/12/75 n. 576; L. 19/03/83 n. 72; L. 30/07/90 n. 218; L. 29/12/90 n. 408; L. 30/12/91 n. 413; others

ADDRESS	Square meters	INVESTMENT	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
BRIGA NOVARESE Via Borgomanero 19/21	729	167,722	612,411	780,133	353,937	426,196
BRONI Piazza Garibaldi 7 ang. Via Cavour	827	557,772	1,468,747	2,026,519	748,398	1,278,121
BURAGO DI MOLGORA Via Enrico Toti 2/3	756	348,771	578,372	927,143	340,765	586,378
BUSTO ARSIZIO Branch 2 Via Gavinana 8	526	358,294	316,705	674,999	251,313	423,686
BUSTO ARSIZIO Branch 3 Via Torino 48	645	194,204	479,338	673,542	194,735	478,807
BUSTO ARSIZIO Branch 4 Sacconago - P.za Chiesa Vecchia 6/b	577	67,500	575,735	643,235	199,914	443,321
BUSTO ARSIZIO Branch 5 Borsano - Via Novara 1	245	516	327,373	327,889	95,640	232,249
BUSTO ARSIZIO Piazza Manzoni / Via Matteotti	1,329	2,393,155	-	2,393,155	358,945	2,034,210
BUSTO ARSIZIO Area Office Via Milano 14	4,925	102,023	7,060,357	7,162,380	2,423,515	4,738,865
BUSTO GAROLFO Piazza Lombardia 3	358	128,460	277,931	406,391	132,589	273,802
CABIALE Via A. Grandi 6	379	92,466	346,141	438,607	147,105	291,502
CAGLIARI Piazza Deffenu 4	4,403	4,437,128	6,995,519	11,432,647	4,470,898	6,961,749
CAGLIARI Via Paoli 31/33	743	658,820	374,094	1,032,914	278,887	754,027
CAGLIARI Via Paoli 33	10	5,787	926	6,713	1,813	4,900
CAIRO MONTENOTTE Piazza della Vittoria 24	712	129,842	876,957	1,006,799	329,190	677,609
CALOSSO Via R. Margherita 24/26	271	48,368	109,390	157,758	72,403	85,355
CALUSCO D'ADDA Via Marconi 36/38	1,008	355,554	786,934	1,142,488	323,237	819,251
CALUSO Via San Clemente 1	437	116,737	375,565	492,302	181,600	310,702
CALVATONE Via Umberto I 83	215	6,823	185,280	192,103	70,154	121,949
CAMPOMORONE Via A. Gavino 110/d	655	167,138	887,393	1,054,531	429,885	624,646
CANDELO Via Mazzini ang. Via Moglia 1	607	183,256	313,591	496,847	127,324	369,523
CANELLI P.za A. d'Aosta 20 / Via M. d'Azeglio 2	860	319,705	437,056	756,761	263,094	493,667
CANICATTI' Via Carlo Alberto 4/12	870	237,494	372,526	610,020	292,834	317,186
CANICATTI' Via Regina Margherita 2	1,000	118,519	1,078,155	1,196,674	517,720	678,954
CANTOIRA Via Roma 21	82	42,741	40,954	83,695	49,742	33,953
CANTU' Piazza degli Alpini 1	1,075	71,208	1,410,596	1,481,804	464,175	1,017,629
CAPRIOLO Via IV Novembre 90	785	157,868	695,990	853,858	235,731	618,127
CARAGLIO P.za Garibaldi 10 ang. Via Roma	351	511,292	-	511,292	122,109	389,183
CARAMAGNA Via Luigi Ornato 37	377	1,019,058	152,817	1,171,875	305,380	866,495
CARESANA Corso Italia 32	166	5,501	99,561	105,062	38,301	66,761
CARIGNANO Via Umberto I 118	609	176,124	649,770	825,894	383,175	442,719
CARMAGNOLA Piazza Martiri della Libertà 31	856	223,694	941,106	1,164,800	506,744	658,056
CARRU' Piazza Generale Perotti 11	292	12,853	352,144	364,997	162,442	202,555
CASALE MONFERRATO Via Magnocavallo 23	2,983	1,296,262	2,911,375	4,207,637	1,715,327	2,492,310
CASALMAGGIORE Via Cairoli 7	743	448,683	579,848	1,028,531	343,282	685,249
CASALPUSTERLENGO Via Garibaldi 22	477	102,221	486,338	588,559	221,421	367,138
CASAZZA Via della Pieve 1	1,212	1,031,881	321,174	1,353,055	345,836	1,007,219
CASELLE LANDI Via IV Novembre 10	254	3,357	144,002	147,359	42,142	105,217
CASELLE TORINESE Via Cuorgné 86 bis	717	213,015	669,070	882,085	328,182	553,903
CASNIGO Piazza Caduti 7	435	50,228	305,215	355,443	106,851	248,592
CASOREZZO Piazza S. Giorgio 9	392	9,933	368,537	378,470	117,806	260,664
CASSINA DE' PECCHI Via Trento 2 ang. Via Venezia	1,283	698,699	1,983,075	2,681,774	1,227,444	1,454,330
CASTAGNOLE MONFERRATO Piazza Statuto 1/b	184	36,536	107,000	143,536	48,656	94,880
CASTEL GOFFREDO Piazza Gonzaga 3	590	516,457	364,877	881,334	325,538	555,796
CASTELLAMONTE Piazza Martiri della Libertà 2	515	87,140	438,749	525,889	195,294	330,595
CASTELLANZA Via Matteotti 16/b	842	160,663	759,713	920,376	306,529	613,847
CASTELLEONE Via Cappi 4	915	1,117,613	258,914	1,376,527	489,743	886,784
CASTELNUOVO BOCCA D'ADDA Via Umberto I 1	234	767	184,427	185,194	56,763	128,431
CASTELNUOVO SCRIVIA Via Nino Bixio 15	910	293,370	528,871	822,241	372,231	450,010
CASTELVETRANO Piazza Matteotti 9/10	270	477,598	397,819	875,417	468,366	407,051
CASTIGLIONE D'ADDA Via della Chiesa 1	259	3,109	223,302	226,411	63,027	163,384
CASTROFILIPPO Corso Umberto 42	194	12,527	109,751	122,278	55,399	66,879
CAVA MANARA Via Garibaldi 19	499	168,417	258,534	426,951	166,144	260,807
CAVENAGO D'ADDA Via G. Conti 6/4	140	211	117,004	117,215	32,863	84,352
CENTALLO Via Bonifanti 3/5/7	250	260,130	30,851	290,981	88,252	202,729
CERAMI Via Roma 88/90/92	110	70,668	114,984	185,652	97,711	87,941
CERCOLA Via D. Riccardi 127	1,188	1,033,862	285,923	1,319,785	523,810	795,975
CERMENATE Via G. da Cermenate / Via Matteotti 45	494	468,735	128,407	597,142	142,637	454,505
CERNOBBIO Via Dell'Orto 3	487	8,557	655,505	664,062	213,638	450,424
CERNUSCO SUL NAVIGLIO Piazza Ghezzi 5	959	983,202	1,373,131	2,356,333	1,103,634	1,252,699
CERRO MAGGIORE Via S. Bartolomeo 8	176	14,564	201,473	216,037	65,297	150,740
CESANA TORINESE Via Roma 14	476	79,161	358,516	437,677	173,524	264,153
CEVA Via Moretti 7	472	200,483	458,351	658,834	331,252	327,582
CHIARI Via delle Battaglie 3/e	798	1,331,426	142,893	1,474,319	389,392	1,084,927
CHIAVARI Corso Dante Alighieri 73	804	369,381	1,588,965	1,958,346	641,187	1,317,159
CHIERI Piazza Cavour 1	1,109	168,926	1,325,426	1,494,352	588,955	905,397

(\*) L. 19/12/73 n. 823; L. 2/12/75 n. 576; L. 19/03/83 n. 72; L. 30/07/90 n. 218; L. 29/12/90 n. 408; L. 30/12/91 n. 413; others

ADDRESS	Square meters	INVESTMENT	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
CHIERI Piazza Cavour 8	4,100	4,989,100	1,941,281	6,930,381	2,227,842	4,702,539
CHIGNOLO PO Via Garibaldi 143	247	13,025	175,662	188,687	58,688	129,999
CHIVASSO Piazza A. Carletti 1/c	1,151	237,386	1,649,516	1,886,902	663,249	1,223,653
CIGLIANO Corso Umberto I 46	689	103,625	481,364	584,989	233,509	351,480
CILAVEGNA Piazza Garibaldi 5	359	43,648	253,441	297,089	118,840	178,249
CIRIE' Via San Ciriaco 25	1,898	1,204,250	2,049,313	3,253,563	933,194	2,320,369
CODOGNO Via Alberici 28	946	332,120	1,409,709	1,741,829	455,967	1,285,862
COGNE Via Grappein	212	191,849	160,738	352,587	163,429	189,158
COLLEGNO Via Manzoni 1	1,974	1,321,784	1,642,511	2,964,295	1,486,166	1,478,129
COMO Branch 2 Via Milano 178	422	108,784	575,323	684,107	240,441	443,666
COMO Branch 4 Albate / Via Canturina 186	340	372,221	168,080	540,301	184,154	356,147
COMO Branch 5 Via Bellinzona 349	213	22,977	318,511	341,488	137,489	203,999
COMO Piazza Cavour 15	5,021	405,974	14,536,785	14,942,759	4,359,808	10,582,951
CORNAREDO Piazza Libertà 54	1,059	160,596	1,365,419	1,526,015	527,103	998,912
CORNAREDO Via Milano 95	522	283,906	463,323	747,229	179,351	567,878
CORSICO Branch 1 Via Dante ang. via Monti 31/b	845	2,334,632	-	2,334,632	556,912	1,777,720
CORSICO Via Caboto 37/41	1,927	2,019,769	3,102,633	5,122,402	2,453,226	2,669,176
COSSATO Via del Mercato 40	310	464,580	127,332	591,912	178,941	412,971
COSTIGLIOLE D'ASTI Piazza Umberto I 21	636	225,379	425,510	650,889	327,386	323,503
COURMAYEUR Via M. Bianco 29 / P.za Brocherelle 3	601	208,699	1,941,270	2,149,969	654,412	1,495,557
CREMA Branch 1 Via De Gasperi 62	1,500	145,771	-	145,771	39,101	106,670
CREMA Piazza Duomo 1 / Via dei Racchetti 1	1,006	147,021	1,329,412	1,476,433	499,779	976,654
CREMONA Fil.1 C.so Garibaldi 232 / Via Montello	1,720	1,104,141	2,012,235	3,116,376	1,523,527	1,592,849
CREMONA Area Office Piazza Cavour 1 / Via Gramsci	3,896	397,862	5,333,302	5,731,164	2,102,996	3,628,168
CREMONA Via dei Tigli 3	204	64,688	62,641	127,329	71,004	56,325
CRESCENTINO Corso Roma 55/57	808	108,924	635,213	744,137	278,197	465,940
CUNEO Corso Giolitti ang. P.za Europa	2,370	1,317,944	4,558,279	5,876,223	2,478,366	3,397,857
CUORGNE' Via Ivrea 7	857	159,055	761,652	920,707	329,744	590,963
DAIRAGO Via XXV Aprile 52/c	383	52,139	410,583	462,722	153,962	308,760
DALMINE Via Betelli 11	1,601	763,944	1,441,818	2,205,762	564,809	1,640,953
DOGLIANI Piazza Carlo Alberto 30 / Via 31 Luglio 21	677	393,484	520,251	913,735	520,606	393,129
DOMODOSSOLA Piazza Matteotti 16 / Via Gramsci	1,012	1,153,246	455,363	1,608,609	428,488	1,180,121
DONNAS Via Roma 36	1,280	309,046	1,083,002	1,392,048	659,066	732,982
DOSOLO Via XXIII Aprile 6/8/10	199	10,302	154,121	164,423	48,687	115,736
ENDINE GAIANO Via Tonale 49	296	297	190,096	190,393	58,607	131,786
ENNA Piazza VI Dicembre 6	1,388	2,027,243	93,584	2,120,827	714,738	1,406,089
ERBA Corso XXV Aprile 64	1,549	637,991	1,978,059	2,616,050	909,571	1,706,479
ESTE Via Matteotti 49/51	650	1,361,328	-	1,361,328	357,865	1,003,463
FAGNANO OLONA Piazza XX Settembre 5	639	66,910	561,447	628,357	209,322	419,035
FALOPPIO Via Roma 4	150	167,330	-	167,330	34,448	132,882
FERRERA ERBOGNONE Corso della Repubblica 27	217	105,777	121,392	227,169	89,241	137,928
FINALE LIGURE Via Concezione 34/35	370	382,652	971,678	1,354,330	588,132	766,198
FINO MORNASCO Via Garibaldi 135	743	64,184	867,137	931,321	325,318	606,003
FIORANO AL SERIO Via Roma 11/B	777	125,725	696,111	821,836	212,023	609,813
FLORENCE Piazza della Repubblica 4	890	89,609	3,240,455	3,330,064	920,535	2,409,529
FLORENCE Via de' Conti 3 ang. Via dell'Alloro	705	452,834	1,683,987	2,136,821	750,393	1,386,428
FOGGIA Piazza Puglia / via Bari 62	1,963	2,647,878	2,314,962	4,962,840	2,831,057	2,131,783
FONTANELLA Piazza Matteotti 18 / via Lazzari 2	561	573,449	267,434	840,883	304,941	535,942
FORNO CANAVESE Via Truchetti 7	498	49,471	351,676	401,147	167,169	233,978
FOSSANO Via Roma 81 / Via Cavour 1	1,633	306,685	1,838,768	2,145,453	765,465	1,379,988
FRESONARA Via Boscomarengo 5	226	142,253	66,301	208,554	84,516	124,038
GALLARATE Corso Sempione 9	1,934	2,231,538	518,802	2,750,340	801,992	1,948,348
GALLIATE Via L.da Vinci 21 ang. Via Volta	1,003	367,530	1,024,642	1,392,172	673,969	718,203
GAMBARA Piazza IV Novembre 5	287	516	201,364	201,880	60,515	141,365
GAMBOLO' Corso Umberto I 4	488	254,724	344,941	599,665	180,476	419,189
GARLASCO Corso Cavour 172	597	104,712	646,169	750,881	198,966	551,915
GATTINARA Piazza Italia 10 / C.so Cavour 1	554	106,174	434,486	540,660	232,723	307,937
GENOA Piazza Matteotti 2	665	1,727,120	-	1,727,120	375,417	1,351,703
GENOA Branch 1 Via A. Cantore 44 / Via Pedemonte	3,157	1,596,390	3,791,994	5,388,384	2,253,648	3,134,736
GENOA Branch 2 ex V.G.B.Magnaghi 1 / V.Cecchi 60	630	591,621	1,736,535	2,328,156	943,036	1,385,120
GENOA Branch 4 Viale Causa 2 / Via Albaro 38	875	223,243	1,750,329	1,973,572	706,349	1,267,223
GENOA Branch 5 Via F. Cavallotti 46r/48/13/4	583	392,291	817,151	1,209,442	503,751	705,691
GENOA Branch 6 Via Cairoli 6	957	212,175	1,498,893	1,711,068	648,427	1,062,641
GENOA Branch 7 Via Sestri 225/r / Via d'Andrade	1,096	343,317	1,488,676	1,831,993	809,393	1,022,600
GENOA Branch 8 Via C. Camozzini 11/r / Via Cialdini	585	404,704	642,998	1,047,702	539,478	508,224
GENOA Fil.10 Via Rossini 8 - Rivarolo	1,011	1,022,588	593,608	1,616,196	618,717	997,479

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GENOA Area Office Via Fieschi 4	5,614	4,146,086	17,254,898	21,400,984	7,759,748	13,641,236
GENOA Via Dante ang. Via Fieschi	1,065	1,450,616	615,212	2,065,828	407,816	1,658,012
GENOA Via Gran Madre di Dio	145	71,512	263,115	334,627	145,107	189,520
GIAVENO Piazza San Lorenzo 15	545	191,130	502,196	693,326	354,262	339,064
GORLE Via Don Mazza 1/B	600	252,518	528,040	780,558	280,664	499,894
GRASSOBBIO Via Roma 5/7	444	95,449	340,804	436,253	147,078	289,175
GRESSONEY ST. JEAN Strada Eyemmaten	255	14,843	246,714	261,557	93,378	168,179
GROMO Piazza Marconi 2	202	1,709	163,605	165,314	45,667	119,647
GRONTARDO Piazza Roma 11	241	105	167,338	167,443	41,949	125,494
GROPELLO CAIROLI Via Libertà 108	585	383,202	390,497	773,699	296,896	476,803
GRUGLIASCO Viale Gramsci 108	99	4,354	177,417	181,771	37,391	144,380
GRUGLIASCO Viale Gramsci 78/80	1,170	727,469	1,453,765	2,181,234	946,993	1,234,241
IMPERIA Via Cascione 11 / Piazza Marconi 2	1,800	1,655,451	2,318,309	3,973,760	1,320,057	2,653,703
INCISA SCAPACCINO Via della Repubblica 3	393	29,229	209,654	238,883	107,782	131,101
INVERIGO Via Generale Cantore 52	268	6,921	262,306	269,227	94,314	174,913
IVREA Piazza Balla 7	4,510	4,895,811	3,209,109	8,104,920	2,411,455	5,693,465
IVREA Via Palestro 22	650	3,228	1,074,530	1,077,758	308,551	769,207
IVREA Vicolo Baratono 3	30	12,911	9,425	22,336	11,661	10,675
LA SPEZIA Viale Italia 162	1,364	1,625,665	2,428,770	4,054,435	2,044,109	2,010,326
LAIGUEGLIA Via Roma 102	567	203,459	839,815	1,043,274	261,518	781,756
LAINATE Via Meda 1/A	761	231,915	680,210	912,125	275,371	636,754
LANDRIANO Via Rocca 6	292	83,373	295,906	379,279	152,206	227,073
LANZO INTELVI Piazza Novi 8	180	9,435	142,907	152,342	53,671	98,671
LANZO TORINESE Via Roma 6/a	638	70,279	633,251	703,530	255,821	447,709
LECCE Piazza Mazzini / Via N.Sauro	2,200	1,670,627	3,754,941	5,425,568	2,455,577	2,969,991
LECCO Corso Martiri della Libertà	3,282	3,769,774	2,347,136	6,116,910	2,439,760	3,677,150
LEGNAGO Via Fiume 10	763	987,026	105,109	1,092,135	288,484	803,651
LEGNANO Branch 1 Via Venegoni 51	477	200,713	428,873	629,586	244,488	385,098
LEGNANO Branch 2 Via Monte Rosa / Via Battisti	586	229,907	399,635	629,542	223,562	405,980
LENNO Via Statale Regina 91	246	40,521	340,249	380,770	103,051	277,719
LEONFORTE Corso Umberto 201/b	260	152,565	92,058	244,623	139,741	104,882
LIVORNO FERRARIS Via L. Giordano 72	435	107,528	388,204	495,732	169,142	326,590
LOANO Branch 1 Via Aurelia 356	197	42,474	458,995	501,469	192,610	308,859
LOANO Branch Corso Europa 1	839	264,688	1,987,512	2,252,200	777,974	1,474,226
LOANO Piazza V. Veneto 4 / via Roma 52	237	159,192	497,510	656,702	294,373	362,329
LOCATE TRIULZI Via Giardino 2	678	529,098	527,305	1,056,403	394,106	662,297
LOCATE VARESINO Via C. Battisti 38	480	402,034	217,787	619,821	193,429	426,392
LODI Area Office Piazza Mercato 13 / via Strepconi 2	3,237	560,820	3,238,425	3,799,245	1,088,519	2,710,726
LOMAZZO Piazza Stazione 2	639	7,789	681,612	689,401	217,967	471,434
LOMELLO Via Roma 6/8	241	30	184,007	184,037	50,316	133,721
LUCCA Piazza San Martino 10	1,361	2,100,111	1,384,560	3,484,671	938,609	2,546,062
LURATE CACCIVIO Via Unione 2	794	246,878	612,413	859,291	227,448	631,843
MAGENTA Via Volta / Via Cavallari	759	785,436	166,522	951,958	253,811	698,147
MALEO Piazza XXV Aprile 6/8	205	1,969	147,919	149,888	35,629	114,259
MANDELLO DEL LARIO Piazza L. Manara 5	394	437,129	303,526	740,655	303,568	437,087
MANTUA Via Frattini 7	2,232	3,543,221	1,257,030	4,800,251	1,209,009	3,591,242
MANTUA Via Isabella d'Este 10	120	113,621	-	113,621	17,043	96,578
MAPELLO Via Bravi 3	556	106,360	417,782	524,142	168,303	355,839
MARANO Via Merolla 9/11	741	422,591	789,476	1,212,067	497,775	714,292
MARIANO COMENSE Piazza Roma 47	266	547,831	46,421	594,252	165,352	428,900
MEDE Via Cavour 18	763	1,179,553	553,750	1,733,303	543,789	1,189,514
MEDIGLIA Frazione Triginto / Piazza Pertini 6	733	604,255	165,473	769,728	234,041	535,687
MELEGNANO Piazza Garibaldi 1	1,545	1,863,587	1,103,223	2,966,810	1,098,691	1,868,119
MELZO Via Magenta 2/8	1,440	850,584	1,522,170	2,372,754	883,356	1,489,398
MENAGGIO Via IV Novembre 38/40	1,021	32,998	859,767	892,765	278,476	614,289
MENFI Via della Vittoria 254	310	252,002	225,507	477,509	252,943	224,566
MERATE Viale Lombardia 2	1,126	408,013	910,854	1,318,867	504,825	814,042
MESERO Via San Bernardo 8	291	42,395	247,061	289,456	98,212	191,244
MESTRE Corso del Popolo 58	190	30,548	67,578	98,126	26,494	71,632
MESTRE Via Cappuccina 11	502	96,616	574,778	671,394	181,276	490,118
MILAN Branch 1 Viale Monza 118	1,000	289,487	3,042,673	3,332,160	968,970	2,363,190
MILAN Branch 15 Via Domodossola 9/11	779	716,709	704,742	1,421,451	489,905	931,546
MILAN Branch 16 Via Carducci 4	1,084	2,161,450	2,430,881	4,592,331	1,693,982	2,898,349
MILAN Branch 19 Via Imbonati 35	960	1,316,077	113,191	1,429,268	355,973	1,073,295
MILAN Branch 2 Via Moroni 9	1,101	1,082,710	2,722,075	3,804,785	1,540,219	2,264,566
MILAN Branch 21 Via Ettore Ponti 30	574	515,420	401,363	916,783	296,496	620,287

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MILAN Branch 29 Viale Restelli 3	1,423	300,910	3,640,403	3,941,313	1,192,703	2,748,610
MILAN Branch 3 Corso Sempione 67	671	93,131	1,470,653	1,563,784	429,212	1,134,572
MILAN Branch 4 Viale Piceno 2 / Piazza Emilia	1,444	755,662	4,621,376	5,377,038	1,727,808	3,649,230
MILAN Branch 5 Via Imbonati 64/a	1,447	386,744	3,482,811	3,869,555	1,258,043	2,611,512
MILAN Area Office Via Broletto 9/11	4,980	947,608	33,666,637	34,614,245	10,122,399	24,491,846
MILAN Via Hoepli 10	2,145	376,865	9,445,439	9,822,304	3,379,237	6,443,067
MOMBERCELLI Piazza Alfieri 2	294	33,635	151,817	185,452	85,531	99,921
MONCALIERI Centro Contabile Corso Savona 58	48,048	28,691,582	38,104,035	66,795,617	24,570,744	42,224,873
MONCALIERI Via San Martino 34	1,591	639,669	2,497,584	3,137,253	1,342,333	1,794,920
MONCALVO Piazza Carlo Alberto 5	353	240,548	266,976	507,524	309,222	198,302
MONDOVI' Corso Statuto 22 / Via S.Arolfo	895	524,725	935,693	1,460,418	738,000	722,418
MONTAFIA Piazza C. Riccio 9/2	235	45,670	146,794	192,464	78,396	114,068
MONTEGROSSO D'ASTI Via XX Settembre 67	296	139,883	140,682	280,565	122,336	158,229
MORTARA Corso Garibaldi 91	654	334,034	787,725	1,121,759	414,619	707,140
MORTARA Via Josti 26	1,158	587,532	1,587,180	2,174,712	741,984	1,432,728
MOTTA BALUFFI Via Matteotti 7	227	426	141,127	141,553	27,906	113,647
MOZZATE Via Varese 28	577	5,165	476,236	481,401	156,599	324,802
MOZZO Via Santa Lucia 1	1,103	1,853,099	398,302	2,251,401	600,712	1,650,689
MUGNANO Via Verdi ang. Via IV Martiri 10	550	320,684	558,430	879,114	390,921	488,193
NAPLES Piazza Garibaldi, 127	836	466,663	1,084,046	1,550,709	418,410	1,132,299
NAPLES Via Riviera di Chiaia 131	2,804	2,724,871	10,644,832	13,369,703	4,661,673	8,708,030
NERVIANO S.ILARIO MILANESE Via San Antonio 1	318	77,566	276,603	354,169	112,518	241,651
NIBIONNO Via Parini 2	346	5,165	296,249	301,414	96,876	204,538
NICHELINO Via Cagliari 23	310	97,546	-	97,546	14,632	82,914
NICHELINO Via Torino 3	907	190,228	928,966	1,119,194	651,819	467,375
NIZZA MONFERRATO Via Pio Corsi 77	1,037	218,665	1,005,277	1,223,942	498,045	725,897
NOLE CANAVESE Via Torino 46	362	60,721	357,329	418,050	171,125	246,925
NOVARA Branch Largo Cavour	1,870	382,572	3,654,719	4,037,291	1,534,951	2,502,340
NOVARA Via Marconi 2/T	452	121,000	84,950	205,950	52,311	153,639
NOVI LIGURE Corso Marengo 10 / p.za della Repubblica 4	1,770	1,252,339	2,238,159	3,490,498	1,381,377	2,109,121
NUS Via Risorgimento 1	376	87,629	321,921	409,550	190,068	219,482
OCCHIEPPO SUPRE Via Martiri della Libertà 30	137	199,807	-	199,807	53,595	146,212
OGGIONO Via Cavour 3	652	572,090	203,925	776,015	283,767	492,248
OLGIATE COMASCO Via Roma 2	981	18,901	1,327,787	1,346,688	434,435	912,253
OLMO AL BREMBO Via Roma 45	279	1,779	185,209	186,988	57,152	129,836
OMEGNA Via Don A. Beltrami 2	2,051	1,636,354	601,511	2,237,865	896,640	1,341,225
ORBASSANO Via Roma 43 / Via San Rocco 10	686	165,077	997,037	1,162,114	513,925	648,189
ORZINUOVI Piazza V.Emanuele 55 / Via Chierica 3/a	827	154,645	1,513,281	1,667,926	539,323	1,128,603
OSPEDALETTO LODIGIANO Via Balbi 53	346	1,291	251,529	252,820	63,796	189,024
OSSONA Via Patrioti 2 / Via Bosi	315	14,922	298,655	313,577	106,050	207,527
OSTIANO Via Garibaldi 27 / Via Vighenzi 6	240	36,204	196,955	233,159	86,082	147,077
OTTIGLIO Via Mazza 18	380	68,773	209,042	277,815	122,610	155,205
OTTOBIANO Viale Garibaldi 9	210	22,339	144,156	166,495	47,042	119,453
OVADA Via Cairoli 22	1,532	599,792	1,907,201	2,506,993	1,114,590	1,392,403
PADERNO DUGNANO Via Gramsci 124	873	407,381	755,433	1,162,814	381,991	780,823
PADERNO DUGNANO Viale della Repubblica 28	765	619,356	523,617	1,142,973	395,150	747,823
PALERMO Via Dante 48/48a	386	476,872	745,592	1,222,464	649,851	572,613
PARE' Via San Fermo 5	253	46,039	293,620	339,659	118,486	221,173
PARMA Via Verdi 6	345	39,810	734,876	774,686	209,165	565,521
PAULLO Via Mazzini 21/23	1,699	21,871	1,977,407	1,999,278	571,431	1,427,847
PAVIA Branch 2 Corso Garibaldi 52	526	74,908	832,128	907,036	288,741	618,295
PAVIA Area Office Via Rismondo 2	3,127	4,795,359	464,118	5,259,477	1,254,173	4,005,304
PEJA Via Provinciale 3/3a	1,041	191,636	729,744	921,380	348,335	573,045
PEROSA ARGENTINA Via Roma 31 / p.za Marconi 7	503	106,927	391,979	498,906	211,769	287,137
PERUGIA Via XX Settembre 72 / Via d.Corgna	2,582	2,223,222	2,191,699	4,414,921	2,142,270	2,272,651
PESCARA Corso V. Emanuele 68/76	1,502	2,724,295	1,821,495	4,545,790	1,354,147	3,191,643
PIADENA Via Libertà 40/36	1,046	498,165	497,377	995,542	347,604	647,938
PIAZZATORRE Via Centro 8	123	19,530	82,647	102,177	26,201	75,976
PINEROLO Piazza L. Barbieri 39/41	1,235	403,175	1,971,197	2,374,372	860,281	1,514,091
PINO TORINESE Via Roma 76	156	352,764	66,270	419,034	130,605	288,429
PIOLTELLO Via Milano 40 / Via Roma	476	494,835	269,373	764,208	297,763	466,445
PIOSSASCO Via Torino 49	476	69,183	449,634	518,817	181,832	336,985
PISA Corso Italia 131	1,012	170,759	-	170,759	5,123	165,636
PIZZIGHETTONE Via Monte Grappa	901	948,162	98,974	1,047,136	248,258	798,878
POGGIOMARINO Via Manzoni 2 ang. Via V.Emanuele	329	273,890	202,566	476,456	215,032	261,424
POGLIANO MILANESE Via Mons. Paleari 74	435	31,132	464,181	495,313	152,331	342,982

(\*) L. 19/12/73 n. 823; L. 2/12/75 n. 576; L. 19/03/83 n. 72; L. 30/07/90 n. 218; L. 29/12/90 n. 408; L. 30/12/91 n. 413; others

ADDRESS	Square meters	INVESTMENT	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
POIRINO Via Indipendenza 19	647	116,539	565,731	682,270	309,482	372,788
PONT CANAVESE Via Craveri 6	217	120,857	189,375	310,232	98,672	211,560
PONTE NOSSA Via IV Novembre 16/18	289	73,505	244,160	317,665	101,760	215,905
PONTE S. PIETRO Via Garibaldi 5	635	234,891	520,371	755,262	261,461	493,801
PONTEVICO Via XX Settembre 25	973	647,768	848,119	1,495,887	763,151	732,736
PONTIROLO NUOVO Piazza Marconi 9	277	82,709	276,436	359,145	128,230	230,915
PORDENONE Via G.Marconi 30	677	76,075	-	76,075	8,434	67,641
PORLEZZA Piazza Matteotti 12	273	57,009	336,320	393,329	120,500	272,829
PRATO Viale Vittorio Veneto 7	2,680	1,746,236	3,605,670	5,351,906	2,518,965	2,832,941
PREGNANA MILANESE Via Roma 80	336	97,536	324,530	422,066	150,805	271,261
PREZZO Via Papa Giovanni XXIII 4/5 / via Vittorio Veneto	246	235,906	184,639	420,545	247,962	172,583
RAPALLO Corso Matteotti 2/4/6 ang. Via Mameli	330	286,099	875,169	1,161,268	487,789	673,479
RAVENNA Via Arcivescovado 9	1,594	68,845	-	68,845	16,442	52,403
REGGIO CALABRIA Corso Garibaldi 173	625	111,888	921,026	1,032,914	278,887	754,027
RESCALDINA Via A. da Giussano 43	288	54,664	272,686	327,350	111,039	216,311
RESCALDINA Via B. Melzi 2	530	13,484	598,242	611,726	186,264	425,462
RIVA PRESSO CHIERI Via San Giovanni 2	523	63,517	431,062	494,579	180,351	314,228
RIVALTA Circolo Ricreativo Via Giaveno 55	2,044	1,816,038	605,462	2,421,500	780,719	1,640,781
RIVAROLO Piazza Chioratti 1 / Via S.Francesco	1,336	400,309	1,562,673	1,962,982	679,059	1,283,923
RIVOLI Piazza Martiri della Libertà 8 / Via Rombò 37	2,547	1,292,014	4,343,532	5,635,546	2,285,412	3,350,134
ROBBIO Via Roma 22	427	1,291	457,384	458,675	117,379	341,296
ROME Branch 2 Tiburtina Via Tiburtina Km. 16,2 (Guidonia M.)	1,265	740,493	2,151,945	2,892,438	1,096,130	1,796,308
ROME Branch 22 Via Parigi 11	1,624	998,688	4,258,088	5,256,776	1,877,082	3,379,694
ROME Guidonia Montecelio / Via Giusti	396	41,591	308,192	349,783	114,477	235,306
ROME Area Office Via della Stamperia 64	3,288	1,712,370	15,869,346	17,581,716	6,025,388	11,556,328
ROME Via Conca d'Oro 90/94	130	3,699	151,238	154,937	41,833	113,104
ROME Via O.Amato 80 Acilia	2,336	3,505,447	-	3,505,447	692,928	2,812,519
ROME Viale dell'Arte 25	48,349	28,307,677	116,501,992	144,809,669	54,980,951	89,828,718
ROVELLASCA Via Piave 1	581	5,553	638,991	644,544	195,233	449,311
ROVELLO PORRO Via Piave 22	450	177,203	439,629	616,832	231,098	385,734
S. BASSANO Via Roma 57	184	6,604	150,121	156,725	45,618	111,107
S. COLOMBANO AL LAMBRO Via Pasino Sforza 28	357	228,416	217,792	446,208	181,350	264,858
S. CRISTINA E BISSONE Via V. Veneto 142/140	304	44,729	166,979	211,708	72,417	139,291
S. DAMIANO D'ASTI Via Roma 20	317	223,840	226,639	450,479	225,899	224,580
S. DONATO MILANESE C.so Europa / Via Morandi	574	444,327	381,851	826,178	321,779	504,399
S. FEDELE INTELVI Via Provinciale 15	239	381	240,391	240,772	67,004	173,768
S. FERMO DELLA BATTAGLIA Via Montelatici 2	359	325,445	122,128	447,573	162,509	285,064
S. GIACOMO DI ROBURENT Via Sant'Anna 61	75	67,765	46,160	113,925	59,891	54,034
S. GIORGIO LOMELLINA Via Roma 1	266	503,192	-	503,192	78,907	424,285
S. GIOVANNI BIANCO Via Boselli 10/16	226	57	172,878	172,935	44,765	128,170
S. GIOVANNI LUPATOTO Via Madonnina 1/c	821	724,589	923,830	1,648,419	857,093	791,326
S. MARIA DELLA VERSA Via F. Crispi 1	359	16,399	204,426	220,825	67,157	153,668
S. MAURIZIO CANAVESE Via V. Emanuele 59	493	58,168	453,455	511,623	182,650	328,973
S. ROCCO AL PORTO Via D. Alighieri 5	1,134	1,088,892	255,449	1,344,341	412,810	931,531
SABBIONETA Piazza Ducale 3 / via dell'Assunta 3	456	445,067	95,437	540,504	227,844	312,660
SAINT VINCENT Via E. Chanoux 88	728	93,216	939,679	1,032,895	370,197	662,698
SALE Via Roma 6	364	216,269	144,304	360,573	154,387	206,186
SALUZZO Corso Italia 44	892	383,523	1,147,494	1,531,017	651,582	879,435
SANNAZZARO DE' BURGONDI Piazza del Popolo 6	958	867,809	902,812	1,770,621	961,041	809,580
SANREMO Via Matteotti 169	2,098	1,135,583	4,063,530	5,199,113	2,314,863	2,884,250
SANREMO Via Mameli 1	10	13,477	-	13,477	404	13,073
SANT'ANGELO LODIGIANO Via Umberto I 46	615	144,590	671,791	816,381	267,019	549,362
SANTHIA' Corso Italia 75/87	697	136,310	532,664	668,974	263,115	405,859
SARONNO Piazza De Gasperi	80	49,580	-	49,580	7,437	42,143
SARONNO Piazza Volontari del Sanguè 7	1,678	126,726	2,768,905	2,895,631	853,980	2,041,651
SARONNO Via Grieg 5 (archivio)	4,040	1,333,544	666,459	2,000,003	544,297	1,455,706
SARRE Strada Statale n.26	590	357,622	442,225	799,847	433,948	365,899
SAUZE D'OULX Piazza III Regg. Alpini 24	247	66,745	289,875	356,620	168,938	187,682
SAVIGLIANO Piazza del Popolo 60	1,152	438,462	1,084,120	1,522,582	582,346	940,236
SAVONA Via Paleocopa / Piazza Mameli 2	2,322	1,788,068	4,380,844	6,168,912	2,599,506	3,569,406
SECUGNAGO Via Roma 5	288	13,068	146,399	159,467	43,860	115,607
SENAGO Piazza F. Borromeo 2	539	323,285	322,864	646,149	210,713	435,436
SEREGNO Corso Matteotti / Via Sanzio	1,200	1,730,360	534,129	2,264,489	703,853	1,560,636
SESTO S. GIOVANNI Via F.lli Casiraghi 27	2,398	1,297,983	1,006,930	2,304,913	638,689	1,666,224
SESTRI LEVANTE Via Fasce 24	928	230,115	1,431,576	1,661,691	633,622	1,028,069
SESTRIERE Piazzale Agnelli 2	170	105,265	476,992	582,257	263,805	318,452

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ADDRESS	Square meters	INVESTMENT	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
SETTIMO TORINESE Corso Italia 16	1,948	1,086,842	2,470,343	3,557,185	1,212,396	2,344,789
SETTIMO TORINESE Via Torino 118 (Citta' Comm.le)	155	29,771	104,690	134,461	31,363	103,098
SOLTO COLLINA Via S. Eurasia 1	267	59,355	168,534	227,889	86,560	141,329
SOMMARIVA BOSCO Via Cavour 13	428	39,443	376,596	416,039	151,552	264,487
SORESINA Via Matteotti 2	1,265	872	888,825	889,697	194,857	694,840
SOVERE Via Roma 26	357	126,140	308,065	434,205	151,985	282,220
SPINO D'ADDA Via M. della Liberazione 29	490	305,685	299,264	604,949	238,643	366,306
STRIANO Via Risorgimento ang. Via Roma 23	634	560,183	392,690	952,873	368,893	583,980
SUSA Via Mazzini ang. Corso Inghilterra 10	1,027	356,115	843,210	1,199,325	476,503	722,822
TAVERNERIO Via Provinciale per Lecco 16/d	266	96,090	365,186	461,276	143,155	318,121
TERMOLI Corso Nazionale 150/152	1,243	2,208,977	104,209	2,313,186	770,867	1,542,319
TERNO D'ISOLA Via Castegnate 1	821	635,242	246,685	881,927	302,134	579,793
TERZIGNO Piazza V. Emanuele 17	808	414,761	627,797	1,042,558	501,805	540,753
TICINETO Via G. Matteotti 1	376	36,933	243,102	280,035	108,986	171,049
TURIN ex Branch 25 Via P. Gaidano 8	624	196,922	579,622	776,544	195,164	581,380
TURIN Branch 1 Corso Re Umberto 51/53	1,121	244,638	2,857,198	3,101,836	1,041,189	2,060,647
TURIN Branch 10 Corso Casale 64/64bis	1,477	420,062	2,857,055	3,277,117	1,079,118	2,197,999
TURIN Branch 11 Via Tunisi 124	993	1,387,992	502,737	1,890,729	588,707	1,302,022
TURIN Branch 12 Via Stradella 34	2,378	1,210,880	3,749,339	4,960,219	2,206,835	2,753,384
TURIN Branch 13 Corso San Maurizio 47	1,330	432,449	2,547,815	2,980,264	957,663	2,022,601
TURIN Branch 14 Corso Svizzera 32	1,727	554,362	2,644,676	3,199,038	1,243,199	1,955,839
TURIN Branch 15 Via XX Settembre 3	948	223,906	2,685,563	2,909,469	970,853	1,938,616
TURIN Branch 16 Corso Orbassano 138	2,165	1,002,635	3,735,803	4,738,438	1,778,962	2,959,476
TURIN Branch 17 Piazza Massaua 5	3,057	1,347,816	2,775,654	4,123,470	1,713,615	2,409,855
TURIN Branch 18 Corso Bramante 84	1,206	952,293	649,488	1,601,781	1,076,349	525,432
TURIN Branch 19 Via O.Vigiliani 160/51 / Via Pdi Cesnola	3,095	3,000,480	658,854	3,659,334	1,182,788	2,476,546
TURIN Branch 2 Via Sant'Anselmo 18	1,197	156,173	2,251,357	2,407,530	784,137	1,623,393
TURIN Branch 20 Via Cimarosa 85	3,291	2,204,011	2,692,074	4,896,085	1,401,868	3,494,217
TURIN Branch 21 Via A. di Bernezzo 50	1,019	414,243	1,558,580	1,972,823	741,606	1,231,217
TURIN Branch 22 Corso V. Emanuele 110	1,256	703,191	2,558,483	3,261,674	1,258,852	2,002,822
TURIN Branch 23 Corso Unione Sovietica 409	2,824	1,121,729	4,017,174	5,138,903	2,218,821	2,920,082
TURIN Branch 24 Corso Turati 18	1,182	202,848	2,462,675	2,665,523	872,861	1,792,662
TURIN Branch 25 Via P. Gaidano 7	2,016	1,526,642	1,805,008	3,331,650	1,711,560	1,620,090
TURIN Branch 26 Via Monginevro 228	1,296	557,419	1,452,888	2,010,307	838,076	1,172,231
TURIN Branch 27 Piazza Rebaudengo 7/9	1,796	494,306	1,443,349	1,937,655	890,069	1,047,586
TURIN Branch 3 Via Matteucci 2	1,185	552,984	1,802,194	2,355,178	843,330	1,511,848
TURIN Branch 4 Corso Peschiera 151	1,997	946,415	2,970,251	3,916,666	1,562,095	2,354,571
TURIN Branch 5 Piazza della Repubblica 7	1,931	321,752	2,901,710	3,223,462	1,020,302	2,203,160
TURIN Branch 55 S.V. Via Gottardo 273	526	36,448	642,524	678,972	257,034	421,938
TURIN Branch 6 Piazza Nizza 75	1,220	805,691	2,275,051	3,080,742	1,125,648	1,955,094
TURIN Branch 7 Piazza Crispi 61 / Corso Vercelli	1,369	645,553	1,868,161	2,513,714	1,071,331	1,442,383
TURIN Branch 8 Corso A. De Gasperi 14	1,512	897,571	2,382,760	3,280,331	1,301,987	1,978,344
TURIN Branch 9 S.Vari Via Caluso 1	649	23,914	779,596	803,510	267,468	536,042
TURIN Branch 9 Via Banchette ang. Corso Grosseto	1,890	1,810,862	2,111,187	3,922,049	2,093,546	1,828,503
TURIN Area Office Piazza San Carlo 156/182	43,324	11,067,584	98,850,845	109,918,429	41,334,132	68,584,297
TURIN Area Office Via Monte di Pietà 26	2,224	465,763	5,012,308	5,478,071	1,332,847	4,145,224
TURIN Area Office Via Monte di Pietà' 32	24,277	12,167,370	47,514,417	59,681,787	19,788,263	39,893,524
TURIN Area Office Via Santa Teresa 3	1,430	359,051	4,440,621	4,799,672	1,487,220	3,312,452
TURIN Sp.S.V. 'A' Corso Peschiera 162	690	83,354	964,939	1,048,293	385,714	662,579
TURIN Sp.S.V. 'E' Corso Orbassano 134	729	91,696	1,367,179	1,458,875	459,888	998,987
TURIN Strada San Vito (Villa Abegg)	2,856	2,535,582	3,521,671	6,057,253	1,578,509	4,478,744
TURIN Via G. Bruno 200/202	85	6,405	62,949	69,354	16,288	53,066
TURIN Via San Francesco d'Assisi 15	397	11,883	791,767	803,650	302,711	500,939
TURIN Via Valeggio 36	1,149	755,120	4,214,753	4,969,873	2,012,959	2,956,914
TORRE BOLDONE Via D.L.Palazzolo 11	374	37,050	477,358	514,408	172,708	341,700
TORTONA Piazza Duomo 9	1,598	349,270	2,434,367	2,783,637	1,143,349	1,640,288
TORTONA Piazza Mazzini 2 (autorimessa)	56	22,477	20,139	42,616	20,676	21,940
TRADATE Corso Bernacchi 85	816	307,575	864,162	1,171,737	463,852	707,885
TRADATE Corso Bernacchi 85 / via don Zini 2	13	3,595	6,735	10,330	310	10,020
TRECCATE Via Gramsci 1	815	234,401	742,138	976,539	407,102	569,437
TRENTO Via Segantini Ang. Via Acconcio	930	2,266,987	610,271	2,877,258	896,081	1,981,177
TRESCORE CREMASCO Via Carioni 2	446	241,631	273,090	514,721	194,297	320,424
TREVIGLIO Piazza Camerani 2	1,900	1,479,931	2,406,814	3,886,745	1,620,090	2,266,655
TREZZO SULL'ADDA Via Garibaldi / Via dei Mille 1	1,645	782,113	1,266,851	2,048,964	675,491	1,373,473
TRIESTE Piazza Oberdan 3	670	68,172	1,068,033	1,136,205	306,775	829,430
TRIESTE Via Coroneo 8	90	45,205	27,099	72,304	19,522	52,782

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ADDRESS	Square meters	INVESTMENT	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
TRINO VERCELLESE Corso Cavour 61	840	324,985	577,220	902,205	461,700	440,505
TROFARELLO Via Torino 64	856	116,335	947,001	1,063,336	401,809	661,527
TURATE Via Marconi 7 / Via Candiani	547	454,637	349,792	804,429	290,596	513,833
UBOLDO Via Roma 27	351	30,307	462,856	493,163	163,147	330,016
VADO LIGURE Piazza Cavour 10	754	1,303,021	39,091	1,342,112	395,643	946,469
VAILATE Via S. Giani 15	190	85,042	302,118	387,160	105,484	281,676
VALBONDIONE Via S. Lorenzo 24	148	21,969	91,261	113,230	37,201	76,029
VALENZA Corso Garibaldi 111/113	1,724	2,183,886	2,529,203	4,713,089	1,796,291	2,916,798
VALFENERA Via A. d'Aosta 10	355	45,597	255,210	300,807	124,981	175,826
VALGUARNERA CAROPEPE Via Garibaldi 95	120	43,121	168,090	211,211	103,423	107,788
VALLE LOMELLINA Via Casserotto 1 / Via Roma 29	451	216,082	442,617	658,699	359,122	299,577
VALLEMOSSO Piazza Dante Alighieri 8	650	209,476	376,135	585,611	219,954	365,657
VANZAGHELLO Piazza S. Ambrogio 2	701	325,578	434,984	760,562	254,153	506,409
VARALLO SESIA Piazza Vittorio Emanuele	510	134,176	370,658	504,834	172,378	332,456
VARAZZE Piazza Patrono / Via Nazioni Unite	843	245,869	1,819,382	2,065,251	806,462	1,258,789
VARESE Branch 1 Via Marcobi 8	820	52,397	1,280,068	1,332,465	499,404	833,061
VARESE Area Office Via Milano 16	2,366	122,808	3,507,021	3,629,829	1,354,952	2,274,877
VENARIA REALE Viale Buridani 6	1,760	168,018	-	168,018	15,122	152,896
VENICE Rio Terra' S. Leonardo 1353	303	31,853	1,517,518	1,549,371	418,330	1,131,041
VENTIMIGLIA Corso Limone 9 (Sp.COMCENTRO)	130	181,536	111,487	293,023	171,038	121,985
VENTIMIGLIA Via Cavour 30A-B/108	1,444	663,377	3,683,809	4,347,186	1,719,294	2,627,892
VERCELLI Viale Garibaldi 12	4,449	1,664,902	4,261,769	5,926,671	2,414,292	3,512,379
VERCELLI Via Mercadante 3 ang. Via Paggi (ex Fil.1)	280	9,379	150,478	159,857	46,068	113,789
VERDELLO Via Cavour 19	771	18,299	744,864	763,163	169,685	593,478
VERONA Piazza Madonna di Campagna 18	1,269	1,875,538	455,381	2,330,919	545,620	1,785,299
VIADANA Piazza Manzoni 32	780	560,392	712,327	1,272,719	491,410	781,309
VIAREGGIO Via San Francesco	910	88,774	-	88,774	2,663	86,111
VIGEVANO Via Decembrio 35 / Via Carducci 1	1,473	259,412	3,051,040	3,310,452	1,163,231	2,147,221
VIGNALE MONFERRATO Piazza del Popolo 5	170	4,533	78,568	83,101	20,887	62,214
VILLA CARCINA Via Glisenti 78	726	745,518	407,520	1,153,038	482,025	671,013
VILLA CORTESE Via Tosi 22 / Via Speroni	436	349,479	257,509	606,988	246,550	360,438
VILLAFRANCA D'ASTI Via Roma 34	398	39,873	319,845	359,718	153,542	206,176
VILLANTERIO Via IV Novembre 12/a	379	30,080	360,890	390,970	107,532	283,438
VILLAR PEROSA Via Nazionale 31/9	440	15,568	460,574	476,142	148,799	327,343
VILLAROSA SICILIA Piazza V. Emanuele 3	245	299,173	-	299,173	23,843	275,330
VILLASANTA Via Confalonieri / Via Camperio	250	473,598	23,171	496,769	117,811	378,958
VILLASTANZA DI PARABIAGO P.za Indipendenza 6	178	12,646	186,037	198,683	56,146	142,537
VIMERCATE Via Risorgimento 32/a	754	826,376	362,775	1,189,151	422,181	766,970
VOGHERA Piazza Duomo 10	2,264	2,167,298	3,855,320	6,022,618	2,873,618	3,149,000
ZANICA Via Roma 9/9a	599	83,083	531,649	614,732	207,322	407,410
<b>TOTAL PROPERTIES - ITALY</b>	<b>640,214</b>	<b>354,077,495</b>	<b>892,263,689</b>	<b>1,246,341,184</b>	<b>451,664,941</b>	<b>794,676,243</b>
PARIS Avenue de Suffren	150	21,304	314,393	335,697	-	335,697
NEW YORK Town of Mamaroneck	613	487,314	413,411	900,725	328,934	571,791
<b>GRAND TOTAL</b>	<b>640,977</b>	<b>354,586,113</b>	<b>892,991,493</b>	<b>1,247,577,606</b>	<b>451,993,875</b>	<b>795,583,731</b>

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## PRO FORMA STATEMENT OF INCOME FOR 2000

	Full 2000 pro forma (1) (€/mil)
<b>NET INTEREST INCOME</b>	<b>1,622</b>
Net commission and other dealing revenues	1,548
Profits/(losses) on financial transactions and dividends	86
Dividends on equity investments	737
<b>NET INTEREST AND OTHER BANKING INCOME</b>	<b>3,993</b>
Administrative costs	-1,982
<i>of which:</i>	
– personnel costs	-1,277
– other administrative costs	-567
– indirect duties and taxes	-138
Other operating income	167
Adjustments to fixed assets	-153
<b>OPERATING INCOME</b>	<b>2,025</b>
Amortization of merger differences	-27
Provisions for risks and charges	-201
Adjustments to loans and provisions for guarantees and commitments	-140
Adjustments to financial fixed assets	-229
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	<b>1,428</b>
Net extraordinary income	348
<b>INCOME BEFORE TAXES</b>	<b>1,776</b>
Income taxes	-655
<b>PRO FORMA NET INCOME</b>	<b>1,121</b>
Adjustment to net income	77
<b>NET INCOME</b>	<b>1,198</b>

(1) Adjusted figures to take into account operations attributable to the business transferred to Banca OPI on 7/1/2000 together with the financial effects of hypothetically anticipating the acquisition of Banco di Napoli to 1/1/2000 (see Introduction to the explanatory notes)



## Other motions

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## Amendment to art. 19 of the Articles of Association (Board of Statutory Auditors)

### REPORT ON POINT 1 OF THE AGENDA

#### (extraordinary part)

Shareholders,

Ministry of Justice Decree no. 162 of March 30, 2000, which took effect on July 4, 2000 by virtue of the mandate provided by art. 148.4 of D.Lgs. 58 of February 24, 1998 (the Consolidated Finance Act), introduced regulations for the setting of professional qualifications and character requisites for the statutory auditors of quoted companies. With regard to the professional qualifications of statutory auditors of quoted banks, these regulations are to be observed on an exclusive basis as specified by the Bank of Italy. With regard to character, they are to be observed jointly with Treasury Decree 161 of March 18, 1998, which lists the professional qualifications and character requisites required of personnel representing banks.

In light of the new regulations, the Board of Directors has verified that all members of the Board of Statutory Auditors possess the required qualifications and requisites, so as to confirm their continuance in office.

To meet the obligations imposed by the new discipline, the Board of Directors has also formulated some amendments to art. 19 of the Articles of Association, which governs the election of statutory auditors.

The professional qualifications required of statutory auditors who are not registered public auditors have been specified in paragraph 4. Specifically, as required by the regulations, points 2) and 3) indicate the subjects and fields in which the auditors must be experienced.

Concerning the election procedures, paragraph 6 now requires the presence of registered public auditors on each election slate. This ensures that the board is properly composed and that the necessary qualifications are distributed in a balanced manner between the auditors selected by the majority and those selected by minority shareholders. In keeping with this change, we have amended paragraph 15 concerning the replacement of statutory auditors.

Paragraph 13, for the sake of coordination with paragraph 16, now states that the resolution appointing statutory auditors not elected with the slate procedure is passed with a relative majority.

The following is the existing text of art. 19 alongside the proposed wording:

#### Art. 19 (current text)

The shareholders' meeting appoints the Board of Statutory Auditors, made up of 5 acting auditors and 2 alternate auditors.

The Statutory Auditors' term of office lasts for 3 years – unless otherwise decided by law – and they can be re-elected.

#### Art. 19 (proposed text)

The shareholders' meeting appoints the Board of Statutory Auditors, made up of 5 acting auditors and 2 alternate auditors.

The Statutory Auditors' term of office lasts for 3 years – unless otherwise decided by law – and they can be re-elected.

At least two of the acting auditors and at least one of the alternate auditors must be registered public auditors who have served in that capacity for no less than three years.

The entire Board of Statutory Auditors is appointed on the basis of slates presented by the shareholders, with candidates listed by means of a progressive number.

Slates have to be deposited at the head office and published in at least two national Italian newspapers, one of which has to be a financial paper, at least 10 days prior to the date set for the shareholders' meeting at first calling. Each shareholder can only present or help present one slate and each candidate can only feature on one slate, otherwise they will be excluded from the ballot.

Shareholders have the right to present a slate only if on their own or together with other shareholders they represent at least 1% of the shares with a right to vote at ordinary shareholders' meetings. To prove that they own the number of shares needed to present a slate, shareholders have to present at head office, at the same time as the slate, the certificates demonstrating their participation in the system of centralised management of financial instruments.

At the same time as each slate, and by the same deposit deadline, each candidate has to file their own curriculum vitae, signed by them, and a declaration by which they accept their own personal candidature and attest, under their own responsibility, the fact that there are no reasons why they should not be elected, that there is no incompatibility, and that they have all of the legal requisites to act as a Statutory Auditor.

Each shareholder with a right to vote can only vote for one slate.

The procedure for electing the members of the Board of Statutory Auditors is as follows:

The board members who are not registered public auditors must have at least three years' experience in:

1) the administration, supervision or management of joint-stock companies that have share capital of at least two million euros, or

2) professional activity or tenured university instruction in law, economics, finance, banking, insurance, or other subjects related to the banking business, or

3) the management of public entities or public administrations working in the sectors of banking, finance or insurance.

The entire Board of Statutory Auditors is appointed on the basis of slates presented by the shareholders, with candidates listed by means of a progressive number. For the purpose of applying paragraphs 3 and 12 of this article, if the slate is made up of four or more candidates, the fourth candidate and at least one of the first three must have the qualifications described in paragraph 3; if the slate is made up of less than four candidates, at least the first one on the slate must have those qualifications.

Slates have to be deposited at the head office and published in at least two national Italian newspapers, one of which has to be a financial paper, at least 10 days prior to the date set for the shareholders' meeting at first calling.

Each shareholder can only present or help present one slate and each candidate can only feature on one slate, otherwise they will be excluded from the ballot.

Shareholders have the right to present a slate only if on their own or together with other shareholders they represent at least 1% of the shares with a right to vote at ordinary shareholders' meetings. To prove that they own the number of shares needed to present a slate, shareholders have to present at head office, at the same time as the slate, the certificates demonstrating their participation in the system of centralised management of financial instruments.

At the same time as each slate, and by the same deposit deadline, each candidate has to file their own curriculum vitae, signed by them, and a declaration by which they accept their own personal candidature and attest, under their own responsibility, the fact that there are no reasons why they should not be elected, that there is no incompatibility, and that they have all of the legal requisites to act as a Statutory Auditor.

Each shareholder with a right to vote can only vote for one slate.

The procedure for electing the members of the Board of Statutory Auditors is as follows:

a) three acting auditors and one alternate auditor are taken, in the progressive order in which they are listed, from the slate that obtained the majority of the votes expressed by the shareholders;

b) the other two acting auditors and one alternate auditor are taken from the other lists; to this end, the votes obtained by the same lists are divided by one, two and three. The quotients thus obtained are progressively assigned to the candidates on each of the said slates, in the order that each of them has foreseen. The quotients allocated in this way to the candidates on the various slates are then ranked all together in descending order: those that obtain the two highest totals are elected as acting auditors and the third highest is elected as alternate auditor.

If various candidates get the same total, the one on a slate that has not yet elected an auditor is appointed; if none of the slates in question have elected an auditor, a new ballot is held by the whole meeting and the candidate that obtains a straight majority of the votes gets elected.

For the appointment of statutory auditors who for whatever reason are not elected by the procedure explained above, the meeting votes according to the majorities laid down by law.

The person listed first on the slate that wins the most votes is appointed President of the Board of Statutory Auditors. If the President has to be replaced, the next person listed on the same slate becomes President for the remaining period of the statutory auditors' period of office.

If a statutory auditor has to be replaced, and he came from the slate that obtained the most votes, his replacement will come from the same slate; if it is an auditor from one of the other slates that has to be replaced, his replacement will be the one elected by the procedure in point b) of this article.

The appointment of statutory auditors to integrate the Board pursuant to art. 2401 of the Civil Code is voted by the shareholders' meeting with a relative majority.

The statutory auditors are due the emoluments decided by the shareholders' meeting, and in addition to these emoluments, the meeting can also decide on a fixed amount to be paid to each auditor for attending meetings; statutory auditors also have a right to reimbursement of any expenses incurred in performing their duties as well as an expense allowance decided by the shareholders.

a) three acting auditors and one alternate auditor are taken, in the progressive order in which they are listed, from the slate that obtained the majority of the votes expressed by the shareholders;

b) the other two acting auditors and one alternate auditor are taken from the other lists; to this end, the votes obtained by the same lists are divided by one, two and three. The quotients thus obtained are progressively assigned to the candidates on each of the said slates, in the order that each of them has foreseen. The quotients allocated in this way to the candidates on the various slates are then ranked all together in descending order: those that obtain the two highest totals are elected as acting auditors and the third highest is elected as alternate auditor.

If various candidates get the same total, the one on a slate that has not yet elected an auditor is appointed; if none of the slates in question have elected an auditor, a new ballot is held by the whole meeting and the candidate that obtains a straight majority of the votes gets elected.

For the appointment of statutory auditors who for whatever reason are not elected by the procedure explained above, the meeting votes according to the **relative majority**.

The person listed first on the slate that wins the most votes is appointed President of the Board of Statutory Auditors. If the President has to be replaced, the next person listed on the same slate becomes President for the remaining period of the statutory auditors' period of office.

If a statutory auditor has to be replaced, and he came from the slate that obtained the most votes, his replacement will come from the same slate; if it is an auditor from one of the other slates that has to be replaced, his replacement will be the one elected by the procedure in point b) of this article. **Should it be necessary in order to maintain the minimum number of acting auditors with the qualifications described in paragraph 3 of this article, his replacement will in any case be the one possessing those qualifications.**

The appointment of statutory auditors to integrate the Board pursuant to art. 2401 of the Civil Code is voted by the shareholders' meeting with a relative majority.

The statutory auditors are due the emoluments decided by the shareholders' meeting, and in addition to these emoluments, the meeting can also decide on a fixed amount to be paid to each auditor for attending meetings; statutory auditors also have a right to reimbursement of any expenses incurred in performing their duties as well as an expense allowance decided by the shareholders.

The members of the Board of Statutory Auditors cannot hold office as an acting auditor in more than 5 other quoted companies, excluding subsidiaries of SANPAOLO IMI SpA.

The members of the Board of Statutory Auditors cannot hold office as an acting auditor in more than 5 other quoted companies, excluding subsidiaries of SANPAOLO IMI SpA.

Granting to the current legal representatives, separately, suitable powers to take action that may be needed to obtain the approvals required by current regulations for the resolution, making any adjustments as may be required by the Supervisory Authorities.

Shareholders,

If you agree with these proposals, you are asked to pass the related resolutions.

Turin, March 27, 2001

The Board of Directors



## Amendment to art. 12 of the Articles of Association (Shareholders' Meetings)

### REPORT ON POINT 2 OF THE AGENDA

#### (extraordinary part)

Shareholders,

In October 1999, a committee consisting of experts and representatives of companies, trade associations and institutional investors, along with Borsa Italiana, published the Code of Self-Discipline for Quoted Companies, containing a reference model for corporate governance that aims for the balanced control of business risks and of potential conflicts of interests.

Like many other leading companies, Sanpaolo IMI has expressed its full approval of the aims and intentions described in the code. As recommended by Borsa Italiana, it declared its acceptance of the code in its report to the 1999 financial statements

Art. 12.4 of the code asks the boards of directors of quoted companies to propose to their shareholders' meetings a set of regulations aimed at ensuring the orderly, functional proceedings of such meetings in their ordinary and extraordinary parts, and guaranteeing each shareholder the right to take the floor regarding items on the agenda.

In consideration of the above, we would like to adopt a set of regulations (the subject of a later item on the agenda) that will establish the bank's rules for shareholders' meetings and make them easier to run.

We suggest that the regulations be mentioned in art. 12 of the Articles of Association, whose current and proposed text is reported below:

#### Art. 12 (current text)

The shareholders' meeting is presided over by the chairman of the Board of Directors or by the person acting in his stead.

The meeting shall elect two or more scrutineers and one secretary, who may be nominated by the chairman, and who are not required to be shareholders.

It is not necessary to elect a secretary if the minutes of the meeting are drawn up by a notary public, who is designated by the chairman.

The chairman of the meeting is responsible for verifying attendance rights (including by proxy), for verifying whether the meeting has reached a quorum, for directing and regulating the proceedings, and for establishing voting procedures and announcing the results of votes.

If discussion of the items on the agenda is not completed in one day, the participants may agree to continue the meeting on the next day that is not a Sunday or a public holiday.

#### Art. 12 (proposed text)

The shareholders' meeting, **whose functioning is governed by regulations approved by resolution of the ordinary shareholders' meeting**, is presided over by the chairman of the Board of Directors or by the person acting in his stead.

The meeting shall elect two or more scrutineers and one secretary, who may be nominated by the chairman, and who are not required to be shareholders.

It is not necessary to elect a secretary if the minutes of the meeting are drawn up by a notary public, who is designated by the chairman.

The chairman of the meeting is responsible for verifying attendance rights (including by proxy), for verifying whether the meeting has reached a quorum, for directing and regulating the proceedings, and for establishing voting procedures and announcing the results of votes.

If discussion of the items on the agenda is not completed in one day, the participants may agree to continue the meeting on the next day that is not a Sunday or a public holiday.

Granting to the current legal representatives, separately, suitable powers to take action that may be needed to obtain the approvals required by current regulations for the resolution, making any adjustments as may be required by the Supervisory Authorities.

Shareholders,

If you agree with these proposals, you are asked to pass the related resolutions.

Turin, March 6, 2001

The Board of Directors

## Authorization to buy and sell own shares

### REPORT ON POINT 2 OF THE AGENDA

#### (ordinary part)

Shareholders,

As you well know, there are various reasons why a company might want to buy or sell its own shares. The most obvious reason is for the company to keep the stock price in line with what it imagines to be its fair value, in relation to contingent situation on the domestic or international market. This can also improve market liquidity, making trading in the shares easier and more regular. In addition to this, there may be other reasons for dealing in the company's own shares, such as special transactions or deals involving share exchanges, or other situations where a company might need to have its own shares available.

Without affecting the matters mentioned in art. 132.3 of D.Lgs. 58/1998, purchases of own shares are made on the market, according to the methods laid down in the regulations for the markets organized and managed by Borsa Italiana S.p.A., pursuant to art. 132.1 of D.Lgs. 58/1998; transactions generally are carried out in compliance with current CONSOB regulations for trading in listed securities.

Taking account of the above, we propose that you pass a resolution in accordance with arts. 2357 and 2357 *ter* of the Civil Code and art. 132 of D.Lgs. 58/1998, authorizing for a period of eighteen months from the date of the resolution the purchase of own shares of par value € 2.8 per share at a price including related purchase costs of not less than 30% below and not more than 10% above the reference price that the stock will have posted during the stock exchange session on the day prior to each purchase transaction, up to a maximum of 140 million shares. Purchases can take place on one or more occasions.

We also propose that you authorize the disposal of all or part of the own shares held, without any time limit, at a price not less than 10% below the reference price that the stock will have posted in the session on the day prior to each sale. On the other hand, suitable average prices in line with international best practice can be used for share transfers involved in the acquisition of significant shareholdings by the Bank, or in connection with the setting up of stable relationships of cooperation or special financial operations (such as mergers and acquisitions) which imply the availability of own shares to be assigned to others. Own shares can also be used as part of incentive plans for the employees of the Company or its subsidiaries as approved by the Board of Directors, for allocations free of charge, also in substitution of other forms of remuneration, or for sales against payment following the exercise of option rights and at a price equal to the "normal value" of the stock calculated according to current tax regulations.

We also propose that you set the amount of the specific reserve for the purchase of own shares – already set up at an amount of Lire 1,897,544,600,000 (€ 980 million) by resolution of the ordinary shareholders' meeting on April 28, 2000 – at € 1,000 million by transferring the difference (€ 20 million) from the merger surplus (€ 13,737,262) and from the extraordinary reserve (€ 6,262,738). The amount of own shares held in portfolio at any moment in time should not exceed this limit.

Lastly, we invite you to authorize the Board of Directors to delegate all or part of the power to initiate purchases and disposals of own shares.

Turin, March 27, 2001

The Board of Directors

## Appointment of the members (subject to establishment of their number) and chairman of the Board of Directors; determination of their emoluments

### REPORT ON POINT 3 OF THE AGENDA

#### (ordinary part)

Shareholders,

With approval of the financial statements for the year ended December 31, 2000, the Board of Directors elected by the ordinary shareholders' meeting of April 30, 1998 has come to the end of its term.

We would remind you in this connection that in accordance with arts. 14.1° and 14.2° of the Articles of Association, "The Company is run by a Board of Directors consisting of a number of members that varies between 7 and 20, as decided by the Shareholders' Meeting. The Shareholders' Meeting elects the chairman of the board from among its members. The directors serve a term of three years and may be re-elected."

We would also remind you that in accordance with art. 15.8° of the Articles of Association, "the members of the Board of Directors and of the Executive Committee are paid annual emoluments, consisting of a fixed portion and a variable portion".

The last paragraph of art. 15 states that the Shareholders' Meeting may resolve, in addition to the above emoluments, that each director be paid a set amount for every board meeting he attends.

Shareholders,

In light of the above you are asked to take the necessary decisions on these matters.

Turin, March 27, 2001

The Board of Directors

## Approval of shareholders' meeting regulations

### REPORT ON POINT 4 OF THE AGENDA

#### (ordinary part)

Shareholders,

Point 2 of the extraordinary part of today's agenda refers to the Bank's compliance with the Code of Self-Discipline for Quoted Companies. During discussion of that point, your attention was brought to the Code's recommendation that companies establish regulations for their shareholders' meetings, which should be approved by the shareholders and ensure orderly, functional proceedings.

The Board of Directors views this possibility with favour. Therefore, you are asked to approve the proposed amendment to art. 12 of the Articles of Association, which calls for the adoption of regulations to be followed at ordinary shareholders' meetings.

We hereby submit the proposed text, consisting of 12 articles reflecting the standard format that the Italian Banking Association (ABI) and Assonime devised jointly after deciding that such regulations were opportune.

The regulations hereby submitted have been harmonized with the Bank's Articles of Association, so as to coordinate the content of all standards of internal procedure.

Shareholders,

You are invited, if you agree, to adopt the consequent resolutions.

Turin, March 27, 2001

The Board of Directors

## Regulations for Shareholders' Meetings

### PART I - PRELIMINARY CONSIDERATIONS

#### Art. 1 - Scope of application

1. These regulations govern the company's ordinary and extraordinary shareholders' meetings.

### PART II - ESTABLISHMENT

#### Art. 2 - Participation and attendance

1. Shareholders and other parties with voting rights can take part in the meeting.
2. Attendance at the meeting is allowed for the general manager(s), the deputy general manager(s) (or, alternatively, the members of general management), the company's managers and representatives responsible for auditing the financial statements, and the directors, statutory auditors and managers of companies belonging to the Group. Employees of the company or of other companies in the Group may also attend if the chairman of the meeting deems this useful in relation to the general proceedings or to the subjects up for discussion.
3. With the chairman's permission, industry experts, financial analysts and accredited reporters may sit in on the meeting.
4. The chairman, before describing the points on the agenda, shall inform the Shareholders' Meeting of the attendance/presence of the parties indicated in paragraphs 2 and 3 of this article.

#### Art. 3 - Verification of attendance rights and access to meeting rooms

1. Each party's right to attend the meeting is verified at the meeting location.
2. At the request of personnel engaged by the Company, upon entering the rooms where the meeting is being held those with the right to attend shall exhibit a form of personal identity, along with the certification specified in the notice of calling, if applicable. The personnel engaged by the Company shall then issue a document that the attendee should keep until the meeting is over.
3. It is forbidden to use cameras, video equipment, recording devices of any kind, or cellular telephones in the rooms where the meeting is being held, unless permission is obtained from the chairman of the meeting.
4. The proceedings may be audio- or videotaped for their transmission or projection in the meeting rooms or facility areas, and/or as background material for the preparation of replies.

#### Art. 4 - Establishment of the meeting and opening of proceedings

1. At the time specified in the notice of calling, the person indicated in the articles of association shall assume chairmanship of the meeting.
2. The meeting shall elect two or more scrutineers and one secretary, who may be nominated by the chairman, and who are not required to be shareholders. It is not necessary to elect a secretary if the minutes of the meeting are drawn up by a notary public, who is designated by the chairman.
3. The secretary and the notary public may be assisted by persons they deem trustworthy and may use recording equipment in order to draw up the minutes.
4. The chairman may be assisted by persons authorized to attend the meeting, whom he may also engage to describe the points of the agenda and to answer questions about specific topics.
5. The chairman may also be assisted by outside experts who have been invited to the meeting for that purpose.
6. The chairman shall announce the number of shareholders and other persons with voting rights present, specifying the

percentage of share capital represented by such parties. Having ascertained that the meeting has reached a quorum, the chairman shall then declare the proceedings open.

7. If the necessary quorum is not reached, discussion of the items on the agenda is put off until the subsequent calling.

## PART III - DISCUSSION

### Art. 5 - Agenda

1. The chairman and, at the chairman's invitation, those assisting him in accordance with art. 4 of these regulations shall describe the topics on the agenda and the proposals submitted for approval of the shareholders' meeting. In opening these topics and proposals to discussion, the chairman, provided the participants do not object, may follow an order different from that found in the notice of calling and may arrange for all or some of the topics on the agenda to be discussed at the same time.

### Art. 6 - Addresses and replies

1. The chairman of the meeting regulates the discussion and gives the floor to the directors, statutory auditors and others who so request in accordance with this article.
2. The entitled parties may request the floor regarding the topic open for discussion, in order to make comments, ask questions and present motions. They may request the floor until the chairman declares discussion on that topic to be closed.
3. The chairman establishes the procedures for requesting the floor and the speaking order.
4. The chairman and, at his invitation, those who are assisting him in accordance with art. 4 of these regulations reply to the speakers when all addresses on a given topic are over, or at the end of every address.
5. Those who have requested the floor are entitled to make a brief rebuttal.
6. The chairman, taking account of the purpose and importance of the individual topics up for discussion, and of the number of people requesting the floor, may pre-establish the duration of the addresses and rebuttals. Before the speaker's allotted time has elapsed, the chairman shall ask him to conclude.
7. When all addresses, replies and rebuttals have been expressed, the chairman declares the discussion closed.

### Art. 7 - Recess

1. During the meeting, the chairman may call for a brief recess as long as he explains why he feels it appropriate.

### Art. 8 - Powers of the chairman

1. The chairman may provide the notary public or secretary with documents that have been read or exhibited during the meeting, for their attachment to the minutes, as long as they are deemed pertinent to the topics and subject matters discussed.
2. In order to ensure fair proceedings and the exercise of participants' rights, the chairman may remove a speaker from the floor xx if the speaker is addressing the meeting without being entitled to or continues to speak after the time he has been allotted by the chairman has elapsed.
3. The chairman may remove a speaker from the floor if his address is clearly irrelevant to the topic being discussed and if the chairman has given him due warning.
4. The chairman may remove any speaker from the floor whose words and/or conduct are improper or insulting, who makes threats, or who attempts to incite violence or unrest.
5. Should one or more speakers prevent others from joining the discussion or behave in such a way as to cause a clear impediment to the meeting's progress, the chairman shall call for order and observance of the regulations. If such efforts are in vain, the chairman may order the persons he has admonished to leave the meeting room for the duration of the discussion.

## PART IV - VOTING

### Art. 9 - Preliminary operations

1. Before calling for votes the chairman shall readmit to the meeting those he has expelled in accordance with art. 8.
2. The chairman may decide that votes on each topic shall be taken as the relevant discussion is closed, or after discussion of some or all of the topics.

### Art. 10 - Voting

1. The chairman establishes the means of expressing, recognizing and computing votes and may set a deadline for participants to express their votes.
2. When the voting is over, the votes are counted, whereupon the chairman - with or without the assistance of the secretary or the notary - announces the results to the meeting.

## PART V - ADJOURNMENT

### Art. 11 - Closure of the proceedings

1. When the topics on the agenda have been thoroughly discussed and all voting has taken place, the chairman declares the meeting adjourned.

## PART VI - FINAL CONSIDERATIONS

### Art. 12

1. In addition to these regulations, the chairman may take any measure he feels appropriate for ensuring proper and fair proceedings and the exercise of participants' rights.



# Information for investors

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