

Parent Bank financial statements and reports

PARENT BANK RECLASSIFIED FINANCIAL STATEMENTS

REPORT ON OPERATIONS

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

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PARENT BANK FINANCIAL STATEMENTS

ATTACHMENTS

Parent Bank reclassified financial statements

PARENT BANK RECLASSIFIED STATEMENT OF INCOME

PARENT BANK RECLASSIFIED BALANCE SHEET

Parent Bank reclassified statement of income

	2002 (€/mil)	2001 SANPAOLO IMI (€/mil)	2001 pro forma (1) (€/mil)	Change 2002 / 2001 pro forma (%)
NET INTEREST INCOME	2,103	1,583	2,346	-10.4
Net commissions and other net dealing revenues	1,512	1,271	1,573	-3.9
Profits and losses from financial transactions and dividends on shares	62	72	86	-27.9
Profits from companies carried at equity and dividends from shareholdings	700	946	1,253	-44.1
NET INTEREST AND OTHER BANKING INCOME	4,377	3,872	5,258	-16.8
Administrative costs	-2,866	-2,004	-2,889	-0.8
- <i>personnel</i>	-1,823	-1,295	-1,848	-1.4
- <i>other administrative costs</i>	-885	-582	-879	+0.7
- <i>indirect duties and taxes</i>	-158	-127	-162	-2.5
Other operating income, net	252	153	254	-0.8
Adjustments to tangible and intangible fixed assets	-330	-183	-298	+10.7
OPERATING INCOME	1,433	1,838	2,325	-38.4
Adjustments to goodwill and merger differences	-185	-28	-196	-5.6
Provisions and net adjustments to loans and financial fixed assets	-748	-521	-463	+61.6
INCOME BEFORE EXTRAORDINARY ITEMS	500	1,289	1,666	-70.0
Net extraordinary income	316	801	378	-16.4
INCOME BEFORE TAXES	816	2,090	2,044	-60.1
Income taxes for the period	358	-	-	n.s.
Change in reserves for general banking risks	1,174	2,090	2,044	-42.6
Income attributable to minority interests	-410	-906	-979	-58.1
NET INCOME	764	1,184	1,065	-28.3

(1) The criteria for the preparation of the pro forma reclassified accounts are detailed in the Explanatory Notes.

The pro forma statement of income for 2001 is unaudited.

Parent Bank reclassified balance sheet

	31/12/2002 (€/mil)	31/12/2001 SANPAOLO IMI (€/mil)	31/12/2001 pro forma (1) (€/mil)	Change 31/12/02-31/12/01 pro forma (%)
ASSETS				
Cash and deposits with central banks and post offices	986	570	779	+26.6
Loans	97,110	72,220	99,656	-2.6
- due from banks	20,951	12,648	20,402	+2.7
- loans to customers	76,159	59,572	79,254	-3.9
Dealing securities	12,658	8,508	15,444	-18.0
Fixed assets	13,381	10,448	15,362	-12.9
- investment securities	2,039	725	3,256	-37.4
- equity investments	8,313	8,687	8,646	-3.9
- intangible fixed assets	1,613	177	1,903	-15.2
- tangible fixed assets	1,416	859	1,557	-9.1
Other assets	10,872	8,881	14,480	-24.9
Total assets	135,007	100,627	145,721	-7.4
LIABILITIES				
Payables	106,233	79,263	116,606	-8.9
- due to banks	31,020	23,254	36,386	-14.7
- due to customers and securities issued	75,213	56,009	80,220	-6.2
Provisions	3,115	1,649	2,927	+6.4
- for taxation	1,038	696	793	+30.9
- for termination indemnities	687	417	687	-
- for risks and charges	1,349	493	1,404	-3.9
- for pensions and similar	41	43	43	-4.7
Other liabilities	9,613	6,904	10,191	-5.7
Subordinated liabilities	6,090	5,004	5,311	+14.7
Shareholders' equity	9,956	7,807	10,686	-6.8
- capital	5,144	3,932	5,144	-
- reserves (2)	4,048	2,691	3,943	+2.7
- net income	764	1,184	1,065	-28.3
- adjustment for alignment with net income			534	
Total liabilities	135,007	100,627	145,721	-7.4
GUARANTEES AND COMMITMENTS				
Guarantees given	30,142	24,720	26,696	+12.9
Commitments	14,181	12,315	16,575	-14.4

(1) The criteria for the preparation of the pro forma reclassified accounts are detailed in the Explanatory Notes.

(2) Reserves related to the pro forma statement as of 31/12/2001 are net of own shares in portfolio.

The pro forma balance sheet as of 31/12/2001 is unaudited.

Report on Operations

PARENT BANK'S RESULTS

OPERATING VOLUMES AND ORGANIZATION

CAPITAL AND RESERVES

SUPPLEMENTARY INFORMATION

DEVELOPMENTS AFTER THE END OF THE YEAR

Parent Bank's results

The Bank's results in 2002 were conditioned by the difficult market context; revenues presented a general reduction compared with the levels registered, within the same operational setting, in 2001.

To counter the drop in revenues and the increase in adjustments to the investment portfolio, the strict cost containment actions implemented in 2001 continued.

After the use of the reserve for general banking risks, net income reached 764 million euro, falling by 28.3% compared with the previous year.

To allow a consistent comparison of the 2002 profit results, a pro forma balance sheet and statement of income for 2001 were prepared, taking account of:

- the merger by incorporation of Cardine Banca, legally effective as of 1 June 2002 and effective for accounting and tax purposes as of 1 January 2002;
- the transfer, from Cardine Banca to Cardine Finanziaria, of the company branch mainly comprising the controlling shares in the Cardine Group bank networks, effective as of 1 June 2002;
- the merger by incorporation of Banco di Napoli, completed on 31 December 2002, effective for accounting and tax purposes as of 1 January 2002;
- the changes, as of the 2001 financial statements, to the accounting criteria regarding the booking of dividends from subsidiaries, during the period in which the profits mature as opposed to the year in which they are collected.

The criteria observed for the preparation of the pro forma statement are fully illustrated in the Explanatory Notes.

Net interest income

The net interest income for 2002 amounted to 2,103 million euro, 10.4% less than the previous year; the reduction is mainly attributable to the prolonged decline in interest rates, which reflected in a closure of customer spreads, joined by a decline in fund imbalance volumes and returns.

In 2002, the spread related to short-term transactions with customers carried out by the Italian network fell as a result of the decline in the mark down, against a mark up which was largely unchanged.

Net interest and other banking income

Net interest and other banking income came to 4,377 million euro, down 16.8% compared with 2001.

Net commissions amounted to 1,512 million euro, down 3.9%. The development in the year was conditioned by the progressive worsening of the financial markets' trend, which squeezed revenues from asset management, dealing and advisory (-7.2%); this reduction was only partially compensated by the increase in commissions from deposits and current accounts (+9.5%).

Profits from financial transactions and dividends on shares reached 62 million euro compared with 86 million of 2001 (-27.9%); the trend was determined by the reduction of profits from transactions in securities, against a positive growth trend in revenues from exchange transactions.

Dividends from shareholdings presented a considerable decline, falling from 1,253 million euro in 2001 to 700 million in 2002 (-44.1%).

Net interest income

	2002 (€/mil)	2001 pro forma (€/mil)	Change 2002 / 2001 pro forma (%)
Interest income and similar revenues	5,364	6,802	-21.1
Interest expense and similar charges	-3,261	-4,456	-26.8
Net interest income	2,103	2,346	-10.4

Operating income

Operating income for 2002 amounted to 1,433 million euro, 38.4% less compared with 2001.

The structural cost containment actions taken in 2001 allowed the Bank to strictly control the trend of administrative costs, despite the importance taken on by the rationalization and integration of the banking networks.

Administrative costs came to 2,866 million euro, down by 0.8% compared with 2001. In particular personnel

costs were 1.4% lower, thanks to the continuing of personnel containment actions, especially the former Banco di Napoli voluntary incentive retirement scheme. The reduction in these costs was made despite the contractual increases occurred during the year, following the renewal of the national labor contract, and part of the contractual adjustments attributable to the year for the personnel of the former Banco di Napoli. The personnel costs of 2001 include the charge of 38 million euro for the 831 tax collection sector employees transferred from the former Banco di Napoli to the subsidiary Esaban in October 2002; on the other hand personnel

Net interest and other banking income

	2002 (€/mil)	2001 pro forma (€/mil)	Change 2002 / 2001 pro forma (%)
Net interest income	2,103	2,346	-10.4
Net commissions and other net dealing revenues	1,512	1,573	-3.9
- management, dealing and advisory services	779	839	-7.2
- <i>asset management</i>	679	756	-10.2
- <i>brokerage/custody of securities and currencies</i>	100	83	+20.5
- loans and guarantees	199	210	-5.2
- collection and payment services	165	164	+0.6
- deposits and current accounts	301	275	+9.5
- other services and net dealing revenues	68	85	-20.0
Profits and losses from financial transactions and dividends on shares	62	86	-27.9
Dividends from shareholdings	700	1,253	-44.1
Net interest and other banking income	4,377	5,258	-16.8

Operating income

	2002 (€/mil)	2001 pro forma (€/mil)	Change 2002 / 2001 pro forma (%)
Net interest and other banking income	4,377	5,258	-16.8
Operating costs	-2,944	-2,933	+0.4
- administrative costs	-2,866	-2,889	-0.8
- <i>personnel</i>	-1,823	-1,848	-1.4
- <i>other administrative costs</i>	-885	-879	+0.7
- <i>indirect duties and taxes</i>	-158	-162	-2.5
- other operating income, net	252	254	-0.8
- adjustments to tangible fixed assets	-189	-159	+18.9
- adjustments to intangible fixed assets	-141	-139	+1.4
Operating income	1,433	2,325	-38.4

costs for 2002 exclusively consist of the pro quota charge (26 million euro).

Other administrative costs rose by 0.7% mainly following promotional initiatives for the development of products and advisory costs connected with the Group's expansion and reorganization.

Amortization of tangible and intangible fixed assets was 330 million euro, 10.7% higher than 2001; the growing trend was influenced by investments destined to strengthen and specialize the commercial network as well as to enhance the central data processing systems.

Income before extraordinary items

Income before extraordinary items reached 500 million euro, down by 70%.

Adjustments to goodwill and merger differences, 185 million euro, were down by 5.6% compared with 2001.

Provisions and net adjustments to loans and financial fixed assets amounted to a total of 748 million euro (463 million in 2001), registering an increase of 61.6%, mainly due to adjustments to the investment portfolio. The net flow for the year includes, in particular:

- 151 million euro of provisions for risks and charges; these provisions were made to cover losses on legal disputes and claims from bankruptcy liquidators, potential charges for the renegotiation of mortgage loans and other charges for personnel, premium transactions and other potential liabilities;
- 260 million euro of provisions and adjustments for credit risks; in a scenario which is still characterized by a high degree of uncertainty, these provisions are destined both to adjusting the estimated realizable value of specific accounts included in doubtful loans, and strengthening the coverage of the physiological risk of the performing loan portfolio, which came to more than 0.9% of the total performing loans at the end of December (excluding intragroup loans and loans to SGA). This level of coverage represents an adequate balance between the high quality reached by the loan portfolio and the worsening of the economic scenario;
- 337 million euro of adjustments to financial fixed assets, 287 million of which related to the investment portfolio and 50 million for investment securities; the main writedowns concerned the stake held directly in Santander Central Hispano (115 million) and indirectly through Sanpaolo IMI International (134 million). In both cases the book value was aligned to the average of the share prices in the second half year (6.5 euro per share).

Income before extraordinary items

	2002 (€/mil)	2001 pro forma (€/mil)	Change 2002 / 2001 pro forma (%)
Operating income	1,433	2,325	-38.4
Adjustments to goodwill and merger differences	-185	-196	-5.6
Provisions and net adjustments to loans and financial fixed assets	-748	-463	+61.6
- provisions for risks and charges	-151	-108	+39.8
- adjustments to loans and provisions for guarantees and commitments	-260	-315	-17.5
- <i>net writedowns</i>	-325	-447	-27.3
- <i>net provisions for guarantees and commitments</i>	-59	-7	n.s.
- <i>recoveries</i>	124	139	-10.8
- net adjustments to financial fixed assets	-337	-40	n.s.
- <i>net writedowns of equity investments</i>	-287	-31	n.s.
- <i>net writedowns of investment securities</i>	-50	-9	n.s.
Income before extraordinary items	500	1,666	-70.0

Net income

Net income, 764 million euro, includes 316 million euro of net extraordinary income deriving from capital gains from dealing in shareholdings and the sale of real estate, tax recoveries and other contingent assets.

In order to face the extraordinary economic impact of the writedowns, and also to optimize the tax position, the

whole amount of the reserve for general banking risks existing in the net shareholders' equity (358 million euro) was used.

The Bank's tax rate, before the above-mentioned use of the reserve for general banking risks, was 50.2%, higher than the previous year's 47.9%, mainly because of the higher growth of the IRAP taxable amount compared with that of the IRPEG.

Net income

	2002 (€/mil)	2001 pro forma (€/mil)	Change 2002 / 2001 pro forma (%)
Income before extraordinary items	500	1,666	-70.0
Net extraordinary income	316	378	-16.4
- net gains on disposal and transfer of equity investments	121	15	n.s.
- other net extraordinary items	195	363	-46.3
Income before taxes	816	2,044	-60.1
Use of reserve for general banking risks	358	-	n.s.
Income taxes for the period	-410	-979	-58.1
Net income	764	1,065	-28.3

Operating volumes and organization

Customer financial assets

At the end of 2002, customer financial assets reached 207.7 billion euro, falling by 2.4% compared with the end of December 2001. This trend can be attributed to the decline in direct deposits and asset management, only partially offset by the growth in asset administration.

In greater detail, direct customer deposits amounted at the end of December to 75.2 billion euro, presenting a reduction of 6.2% compared with the end of 2001, mainly

attributable to the downsizing of operations of the former Banco di Napoli and to the presence, in the Parent Bank's accounts as of 31 December 2001, of liquidity deposited temporarily by Group companies.

Within the total aggregate, the flow of the Italian branches reached 67.1 billion euro, falling by 1.1 billion compared with the end of December 2001 (-1.6%); this trend is largely attributable to the reduction of certificates of deposit (0.6 billion euro) and by other deposits (1 billion euro), only partially compensated for by the growth of repurchase agreements (+1.9%), bonds (+1.6%) and current accounts and deposits (+0.4%).

Direct customer deposits taken by the foreign network, 8.2 billion euro, registered a decline of 32.3%, attributable to

Customer financial assets

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Asset management	71,087	34.2	73,344	34.5	-3.1
Asset administration	61,352	29.6	59,096	27.8	+3.8
Direct deposits	75,213	36.2	80,220	37.7	-6.2
Customer financial assets	207,652	100.0	212,660	100.0	-2.4

Direct customer deposits

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Italian branches' deposits	67,054	89.2	68,160	85.0	-1.6
- current accounts and deposits	41,754	55.6	41,599	51.8	+0.4
- certificates of deposit	1,981	2.6	2,618	3.3	-24.3
- bonds	16,025	21.2	15,774	19.7	+1.6
- repurchase agreements and securities lending	6,215	8.4	6,100	7.6	+1.9
- other deposits	1,079	1.4	2,069	2.6	-47.8
Foreign branches' deposits	8,159	10.8	12,060	15.0	-32.3
Direct customer deposits	75,213	100.0	80,220	100.0	-6.2

Asset management

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Mutual funds and fund-based portfolio management	52,923	74.4	58,565	79.8	-9.6
Portfolio management	4,764	6.7	5,486	7.5	-13.2
Life technical reserves	13,400	18.9	9,293	12.7	+44.2
Asset management	71,087	100.0	73,344	100.0	-3.1

the downsizing of the provision through the issue of securities and to the effect of exchange rates linked with the devaluation of the dollar and the pound sterling.

The Bank's assets under management reached 71.1 billion euro at the end of December, falling by 3.1% compared with the end of 2001. The decline, 2.3 billion euro, is entirely attributable to the devaluation of stocks; the positive net flow for the year was 1.9 billion euro.

Mutual funds and fund-based portfolio management fell by 5.6 billion euro during the year, down 9.6% since the end of 2001; the weight of equity funds fell to 14.3%, compared with 20.4% at the end of December 2001. The share held by the Bank on the domestic market of mutual funds was 11.6% at the end of the year.

The difficult trend of mutual funds was countered by positive trend in life policies: the net inflow realized by the distribution network during the year, 4.3 billion euro, took the amount of the technical reserves to 13.4 billion euro, rising by 44.2% since the end of 2001.

Asset administration rose at the end of the year to 61.4 billion euro, with an increase of 2.3 billion (+3.8%) since the end of December 2001.

Loans to customers

Net loans to customers, excluding non-performing loans and loans to SGA, reached 74.1 billion euro, registering a drop of 3% since the end of December 2001,

Change in assets under management

	2002 (€/mil)	2001 pro forma (€/mil)
Net inflow for the period	1,869	5,398
- Mutual funds and fund-based portfolio management	-1,709	2,219
- Portfolio management	-701	292
- Life policies	4,279	2,887
Performance effect	-4,126	-4,156
Change in assets under management	-2,257	1,242

Mutual funds by type

	31/12/2002 %	31/12/2001 pro forma %
Equity	14.3	20.4
Balanced	17.7	23.2
Bond	34.5	35.0
Liquidity	33.5	21.4
Total mutual funds	100.0	100.0

Loans to customers

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Short-term loans	35,350	46.4	36,955	46.6	-4.3
Medium- and long-term loans	38,769	50.9	39,428	49.8	-1.7
Loans to customers excluding NPLs	74,119	97.3	76,383	96.4	-3.0
Non-performing loans	788	1.0	830	1.0	-5.1
SGA loans	1,252	1.7	2,041	2.6	-38.7
Loans to customers	76,159	100.0	79,254	100.0	-3.9

mainly attributable to the downsizing in the operations of the former Banco di Napoli mentioned earlier. Within the total aggregate, medium- and long-term loans showed a decline of 1.7%, while short-term loans fell by 4.3%.

In medium- and long-term loans, good progress in financings directed to the retail sector continued: during the year net mortgage disbursements to households reached 1.9 billion euro for the Sanpaolo Network and 0.4 billion for the former Banco di Napoli network.

Altogether the loans issued in Italy to households, representing almost 20% of the total, registered an increase on an annual basis of 7.3% compared with the decline in loans to other types of counterparty.

Doubtful loans

Net doubtful loans reached 1,731 million euro, compared with the 1,839 million at the end of 2001, showing a drop of 5.9%. More specifically, in loans to customers:

- net non-performing loans, 788 million euro, amounted to 42 million euro less than the figure for the end of December 2001 (-5.1%); at the end of 2002 they accounted for 1% of the Bank's net loans and presented a coverage ratio of 73%;
- problem, restructured and in course of restructuring loans reached 854 million euro, down by 68 million compared with the end of 2001; the coverage ratio was 27%;
- non-guaranteed loans to customers in countries subject to country risk rose from 26 million euro at the end of 2001 to 34 million euro as of 31 December 2002.

Loans to customers by counterparty

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Loans to households	14,599	19.2	13,600	17.2	+7.3
Loans to family businesses and non-financial businesses	43,368	56.9	46,102	58.2	-5.9
Loans to financial companies	14,914	19.6	15,800	19.9	-5.6
Loans to governments and public bodies	3,089	4.1	3,267	4.1	-5.4
Other	189	0.2	485	0.6	-61.0
Loans to customers	76,159	100.0	79,254	100.0	-3.9

Loans to customers by type of lending

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Loans to households	14,599	19.2	13,600	17.2	+7.3
- Domestic network	14,592	19.2	13,591	17.2	+7.4
- <i>overdraft</i>	764	1.0	886	1.1	-13.8
- <i>personal loans</i>	693	0.9	598	0.8	+15.9
- <i>mortgage loans</i>	12,539	16.5	11,509	14.5	+8.9
- <i>other</i>	596	0.8	598	0.8	-0.3
- Foreign network	7	0.0	9	0.0	-22.2
Loans to family businesses, companies, governments, public bodies and others	61,560	80.8	65,654	82.8	-6.2
- Domestic network	54,663	71.8	54,669	69.0	-0.0
- <i>overdraft</i>	9,666	12.7	9,253	11.7	+4.5
- <i>repurchase agreements</i>	289	0.4	1,984	2.5	-85.4
- <i>import/export financing</i>	1,991	2.6	2,178	2.7	-8.6
- <i>mortgage loans</i>	20,571	27.0	20,809	26.3	-1.1
- <i>other</i>	22,146	29.1	20,445	25.8	+8.3
- Foreign network	6,897	9.0	10,985	13.8	-37.2
Loans to customers	76,159	100.0	79,254	100.0	-3.9

Activities on financial markets

After the establishment of the integrated Treasury, following the reorganization of Group Finance implemented during 2002, interbank transactions for the domestic Network Banks and all the Group Companies in general, for which direct access to the monetary markets was considered inefficient, were progressively centralized at the Parent Bank. On the interbank market, approximately 50% of the volumes negotiated by the Bank regarded collection transactions in euro; a significant portion of the total amount (265 billion euro), was channeled through the e-Mid circuit, on which the Bank maintained a market share of about 3%.

At the end of the year the Bank's securities portfolio amounted to 14.7 billion euro, with an annual reduction of 21.4%; investment securities, 2 billion euro, accounted for 13.9% of the total, down compared with the 17.4% of the end of 2001.

The bond portfolio, comprising the portfolios of Cardine Banca and Banco di Napoli acquired during the merger,

amounted to 14.4 billion euro. In the context of the dealing portfolio, Government bonds accounted for 40%; bonds from financial and banking issuers represented 56%, while the remaining 4% share comprised corporate bonds and securitization-related issues. Approximately 70% of the investment component was represented by Government and bank bonds, with the remaining 30% made up of corporate issues related to securitization transactions. The volume of the securities negotiated by the Bank was 25 billion euro, while transactions in repurchase agreements, entered into for retail and corporate customers and to support activity on the monetary markets, amounted to 296 billion euro, 197 billion of which were handled by the MTS/PCT platform.

Equity investments

The equity portfolio reached 8.3 billion euro, with a net reduction of 0.3 billion euro compared with the pro forma value at the end of December 2001. The most significant transactions during the year, described in detail in the

Analysis of loan portfolio

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Non-performing loans	788	1.0	830	1.0	-5.1
Problem, restructured and in course of restructuring loans	854	1.1	922	1.2	-7.4
Loans to countries at risk - customers	34	0.1	26	0.0	+30.8
Performing loans	74,483	97.8	77,476	97.8	-3.9
Total loans to customers	76,159	100.0	79,254	100.0	-3.9
Non-performing and problem loans - banks	1		1		-
Loans to countries at risk - banks	54		60		-10.0

Securities, interbank position and derivatives

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Investment securities	2,039	13.9	3,256	17.4	-37.4
Dealing securities	12,658	86.1	15,444	82.6	-18.0
Total portfolio	14,697	100.0	18,700	100.0	-21.4
Loans to banks	20,951		20,402		+2.7
Funding from international banking organizations	2,484		2,712		-8.4
Funding from other banks	28,536		33,672		-15.3
Derivatives and forward transactions in foreign currencies (at nominal value)	125,627		131,344		-4.4

Group Report on Operations, concerned:

- the sale to Compagnia di San Paolo, before the merger with Cardine, of an 8% holding in Cardine Banca, at the price of 440 million euro, and the simultaneous acquisition by Compagnia di San Paolo of shareholdings in FIN.OPI (100%), in Sanpaolo IMI Private Equity (27.02%) and IMI Investimenti (39.77%). SANPAOLO IMI also acquired the minority interest in IMI Investimenti using a further 0.61% share in Cardine Banca. These transactions involved the booking of gross capital gains of 62 million euro;
- the re-sale of the 8.49% held in Banca Agricola Mantovana for a cost of 206 million euro (corresponding to the relative book value) through the exercising of a put option with Monte dei Paschi di Siena;
- the sale by Banco di Napoli, before the merger, of the 70% share held in Datitalia Processing, at a price of 11 million euro, realizing capital gains of 3 million euro.

Also worth mentioning is the acquisition by Banca Intesa of 3.33% of the capital of Borsa Italiana for an outlay of 32 million euro, and the acquisition by means of a Public Offer of a 62.1% share of Banka Koper for a total outlay of 116 million euro.

For details of the other transactions within the context of the rationalization of the portfolio, see Section 3 of the Explanatory Notes.

The distribution network

With the merger by incorporation of Banco di Napoli, the Bank consistently strengthened its distribution network, controlling, at the end of December, a total of 2,115 banking branches in Italy as well as 11 branches and 17 representative offices abroad.

A policy for the reorganization of distribution aimed at obtaining a more widespread presence throughout the country also led to the opening of 24 new operating points during the year, taking the total number of Sanpaolo branches to 1,390. At the same time, the integration of the 725 retail branches of Banco di Napoli continued. The strengthening of the branch networks has also been realized via the specialization of branches to deal with their reference customer segments: in particular, the project presented last year led to the creation of 129 “company branches” within the Sanpaolo Network. Similar specialization initiatives were carried out by the Banco di Napoli network. The year was also characterized by a reorganization of the activities linked with property loans, with the opening of centralized, specialized units.

The Bank also confirmed its commitment towards innovative channels. The Sanpaolo Network in particular continued the commercial development activities with regard to the services offered through direct channels, expanding their functionality and strengthening the customer service

Equity investments

	31/12/2002		31/12/2001 pro forma		Change 31/12/02-31/12/01 pro forma (%)
	Amount (€/mil)	%	Amount (€/mil)	%	
Equity investments	8,313	100.0	8,646	100.0	-3.9
- in Group companies	6,693	80.5	6,847	79.2	-2.2
- others	1,620	19.5	1,799	20.8	-9.9

Distribution network

	31/12/2002	31/12/2001 pro forma	Change 31/12/02-31/12/01 pro forma (%)
Banking branches and area offices	2,126	2,120	+0.3
- Italy	2,115	2,107	+0.4
- Abroad	11	13	-15.4
Representative offices	17	17	-

instruments. With reference to direct channels, the retail customer service is carried out through the network of automatic Bancomat tellers which, at the end of the year, included 1,899 Sanpaolo and 895 Banco di Napoli ATMs, and through the POS terminals of the Sanpaolo Network (27,064) and Banco di Napoli (10,100).

Personnel

As of 31 December 2002, the Parent Bank's staff was made up of 28,036 employees, down 973 in comparison to the previous year (reconstructed pro forma to include

the staff of the former Banco di Napoli net of the spin off of the tax collection sector and 24 employees of the former Cardine foreign branches in London and Luxembourg, acquired by the Parent Bank in June 2002).

The staff reduction, realized via 1,546 resignations and 573 new hires, can be attributed to a management strategy which, while adopting voluntary redundancy plans on the one hand, continues development actions on the other, with the introduction of new resources into its structures, simultaneously ensuring a gradual generational change. In particular, the voluntary redundancy initiatives resulted in the resignation of over 1,100 people.

Personnel

	31/12/2002		31/12/2001 pro forma (1)		Change 31/12/02-31/12/01 pro forma (%)
		%		%	
Period-end headcount	28,036	100.0	29,009	100.0	-3.4
- executives (2)	457	1.6	432	1.5	+5.8
- third and fourth level managers (2)	3,901	13.9	4,192	14.4	-6.9
- other employees	23,678	84.5	24,385	84.1	-2.9

(1) Includes 24 employees of the former Cardine foreign branches in London and Luxembourg acquired by the Parent Bank in June 2002 and the staff of the former Banco di Napoli, net of the spin off of the tax collection sector.

(2) The distinction between executives and third and fourth level managers as of 31/12/2002 follows the changes in the staff organization introduced by the National Collective Labour Contract for the banking sector with the constitution of the "extended management" in the context of the former Banco di Napoli. The comparison with 2001 is therefore inconsistent.

Capital and reserves

Net shareholders' equity

The Bank's shareholders' equity, 9,956 million euro as of 31 December 2002, showed in the year the following movements:

<i>Movements in the Bank shareholders' equity</i>	<i>€/mil</i>
Shareholders' equity as of 1 January 2002	7,807
Decreases	-1,409
- Dividends	-773
- Acquisition of own shares by exchange by shareholders of Cardine Banca	-250
- Use of reserve for general banking risks	-358
- Sanpaolo Imi International S.A. pro quota devaluation with use of reserve D.Lgs.213/98	-28
Increases	3,558
- Merger with Cardine Banca	2,794
- capital	1,212
- reserves	1,582
- Net income for the period	764
Shareholders' equity as of 31 December 2002	9,956

The increase in the share capital and in the reserves followed the incorporation of Cardine Banca. Purchases of own shares also refer to the Cardine merger, in which the former shareholders of the incorporated bank received in exchange SANPAOLO IMI shares held in the Bank's portfolio on the date of effectiveness of the merger. For more details on transactions during the year and all the Bank's equity accounts, see Section 8.

Own shares

As of 31 December 2001, the Bank held 17,080,403 own shares in its portfolio (48 million euro nominal value), for a book value at cost of 294 million euro. During 2002 it purchased 35,578,038 shares (100 million euro nominal value) for a total cost of 423 million euro. The shares were destined as follows:

- 48,013,809 shares (134 million euro nominal value) were used to serve the exchange in the context of the merger with Cardine Banca;
- 2,718,608 shares (8 million euro nominal value) were assigned for exchange with Banco di Napoli saving

shares in the context of the merger by incorporation of the Banco di Napoli into SANPAOLO IMI;

- 1,912,373 shares (5 million euro nominal value), for a cost of 19 million euro, were assigned to employees in June in relation to the extended employee stock plan;
- 13,650 shares (38,220 euro nominal value), for a book value of 137,000 euro, were sold on the market for a cost of about 135,000 euro.

At the end of 2002 the Bank held just one own share in its portfolio, with 2.8 euro nominal value, for a book value of 7.41 euro.

For completeness it is noted that during the period from 1 January to 31 May 2002, Cardine Banca purchased 807,653 own shares (4.2 million euro nominal value) for a cost of 18 million euro and sold 17,590 own shares for a cost of about 0.3 million euro. Cardine Banca own shares as of 1 June 2002, 1,054,253 (5.5 million euro nominal value), booked for 23.5 million euro, were cancelled to offset the shareholders' equity of the incorporated company.

Regulatory capital and solvency ratios

At the end of 2002 the ratio of the Bank's regulatory capital to total weighted assets against credit and market risks showed a total solvency ratio of 12.9%. The ratio of the primary capital to total weighted assets was 9.1%.

Regulatory capital and capital adequacy

	31/12/2002	31/12/2001
Regulatory capital (€/mil)		
Tier 1 capital	8,793	7,829
Tier 2 capital	3,883	2,957
less: prescribed deductions	-485	-1,010
Regulatory capital	12,191	9,776
Tier 3 subordinated loans	211	107
Total regulatory capital	12,402	9,883
Weighted assets (€/mil)		
Credit risk	93,086	77,065
Market risk	3,016	1,529
Other requirements	2	-
Total assets	96,104	78,594
Solvency ratios (%)		
Total capital ratio	12.9	12.6
Tier 1 ratio	9.1	10.0

Supplementary information

Committees and management

In compliance with the recommendation issued by the Consob with Communication 1574/1997, in accordance with Art. 15 of the Articles of Association, the Board of Directors has elected among its members the Executive Committee (comprising the Chairman, the Deputy Chairmen and the Managing Directors) and has a set number of components, powers of attorney, duration, operating standards and powers. The Board has also elected the Managing Directors, establishing their attributions.

The Board has attributed to the Executive Committee powers to be exercised within the context of the strategies, the addresses and plans laid out by the same Board, with faculty of sub-power of attorney and the obligation to report quarterly to the Board on the activity performed, the decision made and the powers of attorney conferred. In particular, the Executive Committee has been conferred operational powers for the recovery of loans, other economic sacrifices, assets and liabilities in dispute and pre-litigation, not involving recoveries, administrative procedures and equity investments – subject to the exclusive competence of the Board of Directors in the cases provided for by Art. 16 of the Articles of Association – as well as matters regarding personnel and expenditure and, generally, the faculty to make any urgent provisions in the Bank's interest, informing the Board at the first meeting.

Powers concerning the granting of loans have also been attributed to special Committees composed of the Managing Directors and the Managers of the competent company structures.

The Board of Directors has conferred to the Managing Directors, considered individually, powers to be exercised within the context of the respective competencies, strategies, addresses and plans laid out by the same Board, with faculty of sub-power of attorney and the obligation to report quarterly to the Board on the activities performed, the decisions made and the powers of attorney conferred.

In order to identify operating and market contexts with consistent characteristics and to exploit the respective specializations and competencies, the areas of responsibility have been divided between the Managing Directors as follows:

- the Managing Director Pio Bussolotto has been assigned responsibility for Cardine Finanziaria and the banking networks controlled by it, of equity investments in other domestic banks and of the tax collection companies, as well as the centralized supervision of the Group's strategic planning and of Purchases and Logistics.
- the Managing Director Alfonso Iozzo has been assigned responsibility for the supervision of banking and lending activities with households, companies and public bodies as well as the Group's commercial coordination and strategic marketing; the Managing Director in question has also been assigned the centralized supervision of Group loans and responsibility for the Macchina Operativa Integrata.
- the Managing Director Luigi Maranzana has been assigned responsibility for the specialist businesses, with particular reference to the Group's financial planner networks, asset management, the financial markets and foreign and international banking activities. The financial statements, as well as other central functions of the Group near to the above-mentioned markets, such as Group Finance, Risk Management and relations with Correspondent Banks, refer to the Managing Director in question.

Taking account of the aforementioned competencies – the Managing Directors have been assigned particularly by the Board of Directors powers concerning operations, the Group system for granting credit limits to financial institutions, country risk, financial risk control and management, loan recovery, other economic sacrifices, assets and liabilities in dispute and pre-litigation, not involving recoveries, administrative procedures, equity investments, personnel and structures and expenditure as well as – in general and within the context of their attributions, i.e. while executing decisions made by the Executive board – all powers necessary to the ordinary management of the Bank, as long as they are not specifically reserved to other Boards, as assigned in the Articles of Association or by exclusive delegation of the Board of Directors.

The Board of Directors, in accordance with Art. 20 of the Articles of Association, has elected a Central Management, establishing the number of members and providing for attribution of the competencies as well as the allocation of the functions among them.

The Central Management – which answers to the Managing Directors – implements the decisions made by the Board of Directors, the Executive Committee, the

Chairman and the Managing Directors; it manages all current affairs; it supervises the structure and operation of services; it organizes the assignments and destinations of personnel, excluding Executives. It can also delegate, with internal and continuing provisions, certain powers to Executives and other Head Office personnel, area and branch managers.

Transactions with related parties

The transactions entered into with “related parties” of a typical or usual nature, as governed and established by the Consob (Communications dated 20 February 1997, 27 February 1998, 6 April 2001 and 30 September 2002) lie within the scope of the normal operations of the Parent Bank and are usually entered into under market conditions, on the basis of valuations made for mutual economic convenience, also in observance of the internal procedure provided for this purpose.

The balances and transactions between the Bank and the other companies in the SANPAOLO IMI Banking Group, which occurred during the year, are detailed in the Explanatory Notes.

Further information is given in the Group Report on Operations, to which reference must be made.

As regards transactions with subjects who fulfill administrative, managerial, and executive duties for the Bank, or for banking Group companies, these are governed by the provisions of Article 136 of D. Lgs. 385/93 (Testo Unico Bancario). Accordingly, any such transactions are the subject of unanimous decisions by the Board of Directors, with the favorable vote of all of the Statutory Auditors, subject to the abstention obligations provided by said law. The same procedure also applies to the parties who carry out the administrative, managerial, and executive duties within a bank or a company belonging to the Group, for actions taken in connection with the company itself or for

financing transactions entered into with other companies or banks within the Group. In such cases, the transactions are decided upon by the boards of the contracting company or bank, with the prior consent of the Parent Bank.

Section D of the Explanatory Notes highlights the loans and guarantees issued to Directors and Auditors of the Bank.

The same Section D of the Explanatory Notes also reports, in accordance with art. 78 of Consob Resolution 11971 of 14/5/99, the remuneration of the Directors and Auditors of the Parent Bank.

The shares of the Parent Bank and subsidiaries, held by Administrators and Auditors of the Parent Bank and by others, as provided for by art. 79 of Consob Resolution 11971 of 14/5/99, are detailed in the Group Report on Operations.

Offices held by Directors in other companies

In accordance with the recommendations of the Code of Conduct for Listed Companies issued by Borsa Italiana S.p.A., Section D of the Explanatory Notes to the Parent Bank financial statements reports the list of the offices of Director or Auditor held by the Directors of SANPAOLO IMI in other companies listed in regulated markets (also foreign), in financial, banking, insurance and other significant-sized companies.

Stock incentive plans

The Bank has set up four stock option plans reserved for executives, as well as a plan reserved for the Chairman and the Managing Directors. In 2002 there was a free assignment of SANPAOLO IMI shares reserved for all Parent Bank personnel. The details of these initiatives are illustrated in the Group Report on Operations, to which reference must be made.

Developments after the end of the year

In the first two months of 2003, the Bank registered an increase of 1.4% in the volumes of customer financial assets compared with the end of 2002, mainly because of the 3.1% growth in asset administration. Asset management, in progress by 0.7% compared with the end of last year, benefited from a net inflow of 1.7 billion euro which more than offset the devaluation of the stocks; with regard to the total amount, noteworthy is the lively trend

of insurance policies, which registered net inflow of 1 billion euro in the first two months of the year. The net inflow increased by 0.6%.

As regards the economic results of the first two months of 2003, as well as the prospects for the evolution of the operating volumes and economic margins, the considerations made for the Group are confirmed.

Turin, 25 March 2003

The Board of Directors

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

Shareholders,

Before going ahead with the approval of the financial statements for 2002, we submit to your approval the attribution of the merger goodwill originating from the incorporation of Cardine Banca S.p.A., as remaining, for 1,441,282,077 euro, after the resolutions proposed at the extraordinary shareholders' meeting held today to discuss the increase of the Legal reserve. The attribution of the goodwill, performed in compliance with tax regulations, which imposes the reconstitution to the appropriate caption of the incorporated company's reserves subject to taxation, and applying a principle of continuity in the statutory classification of the reserves, would occur as follows:

- 218,048 euro, for the reconstitution of the Reserve pursuant to Law Decree 429/82 of the incorporated Bank;
- 71,956 euro, for the constitution of a specific deferred tax reserve, referred to the Reserve pursuant to Law Decree 429/82;
- 213,281,978 euro, for the reconstitution of the Reserve pursuant to D.Lgs. 153/99;
- 22,672.458 euro, for the reconstitution of the Reserve for General Banking Risks;
- 516,084,843 euro increase to the Extraordinary reserve;
- 688,952,794 euro increase to the Additional paid-in capital.

Taking account of the use of the Reserve for General Banking Risks and the Reserve pursuant to D.Lgs. 213/98, on the date of the financial statements, as well as the transactions on the net equity proposed at the extraordinary shareholders' meeting, the net equity of SANPAOLO IMI S.p.A. at 31 December 2002, before allocation of net income, would be composed as follows:

	Capital and reserves as of 31/12/02	Increase of the legal reserve to the maximum limit set by law (20% of the capital)	Allocation of the residual merger surplus (a)	Use of equity accounts in the financial statements	Composition of shareholders' equity of SANPAOLO IMI before allocation of 2002 net income
Capital	5,144,064,800				5,144,064,800
Legal reserve	792,561,421	236,251,539			1,028,812,960
Additional paid-in capital	21,650,169	-2,835,604	688,952,794		707,767,359
Other Reserves	3,284,342,912	-233,415,935	-711,697,208	-27,506,896	2,311,722,873
Reserve D. Lgs. 153/99	641,000,000		213,281,978		854,281,978
Reserve art. 7 c.3, Law 218/90	80,359,537	-80,359,537			-
Reserve Law 169/83	11,514,113	-11,514,113			-
Reserve art. 21, D. Lgs. 213/98	41,859,975			-27,506,896	14,353,079
Reserve art. 13 c.6 D. Lgs. 124/93	3,626,950				3,626,950
Merger surplus of Cardine Banca	1,582,824,362	-141,542,285	-1,441,282,077		-
Reserve for purchase of own shares	456,362,094				456,362,094
Extraordinary reserve	466,795,881		516,084,843		982,880,724
Reserve D. L. 429/82			218,048		218,048
Reserve for general banking risks	335,696,984		22,672,458	-358,369,442	-
Income for the period to be distributed	764,079,416				764,079,416
	10,342,395,702	0	-71,956	-385,876,338	9,956,447,408

(a) For € 71,956, the merger surplus was utilized for the deferred tax reserve in respect of the Reserve ex D. L. 429/82.

Following the proposed resolution at the extraordinary shareholders' meeting, the Legal reserve would reach the maximum limit provided for by the first subsection of Art. 2430 of the Italian Civil Code (20% of the share capital); therefore it would not be necessary, in accordance with the law and with Art. 22 of the Articles of Association, to allocate a 10% share of the net income to the Legal reserve. Consistently with this assumption, and taking account of the fact that Art. 22 of the Articles of Association provides for the attribution to the preference shares of 5% of their nominal value, we propose the following allocation of net income for the year, 764,079,416 euro, to be distributed:

- 551,149,800 euro to the Shareholders, with recognition of a dividend of 0.30 euro (10.7% of the nominal value) for each of the 1,448,831,982 ordinary shares and 388,334,018 preference shares in which the share capital is divided, to be distributed to the shares in circulation, allocating to the extraordinary reserve the undistributed share against any own shares held by the Bank as of 19 May 2003, the dividend detachment date;
- 917,484 euro to the Reserve provided for by subsection 6 of art. 13 of D.Lgs. 124/93, to make use of the tax deduction deriving from the possibility for setting up this reserve subject to taxation, for 3% of the share for termination indemnities for employees' supplementary pensions;
- 212,012,132 euro to the extraordinary reserve.

The dividends against which, in accordance with D.Lgs. 467/97, "full" tax credit of 56.25% will be attributed, will be paid on 22 May 2003.

The proposal for the distribution of net income is consistent with the positive trend registered by the Bank in the early months of 2003 and with the levels of adequacy of the Bank's and the Group's regulatory capital and solvency ratio. In the case of approval of the proposal in question, SANPAOLO IMI's net equity, after allocation of the net income for the year, calculated on the basis of the shares currently in circulation and therefore without considering the possible change in the own shares held by the Bank, will be formed as follows:

€	
Composition of shareholders' equity of SANPAOLO IMI after allocation of 2002 net income	
Capital	5,144,064,800
Legal reserve	1,028,812,960
Additional paid-in capital	707,767,359
Other Reserves	2,524,652,489
Reserve D. Lgs. 153/99	854,281,978
Reserve art. 21, D. Lgs. 213/98	14,353,079
Reserve art. 13 c.6, D. Lgs. 124/93	4,544,434
Reserve for purchase of own shares	456,362,094
Extraordinary reserve	1,194,892,856
Reserve D. L. 429/82	218,048
	9,405,297,608

Turin, 25 March 2003

The Board of Directors

Report of the Board of Statutory Auditors in accordance with art. 153 of Decree Law 58 dated 24 February 1998 and with art. 2429, subsection 3 of the Civil Code.

Shareholders,

the 2002 financial statements submitted for your examination and approval, as well as the consolidated financial statements for the year 2002 which are at your disposal, have been submitted by us in compliance with legislation and have been prepared in accordance with D.Lgs. 87 of 27 January 1992 and with the Bank of Italy regulation of 30 July 1992 and subsequent amendments.

Both the Parent Bank and the consolidated Report on Operations, prepared by the Board of Directors, fully and exhaustively illustrate the financial position and results of operations and the performance of the Parent Bank and of the Group during 2002, as well as the developments after the end of the year.

The financial statements also comprise the Report on Corporate Governance and the compliance with the Code of Conduct for Listed Companies issued by Borsa Italiana S.p.A.. This Report, prepared on the basis of guidelines established by Borsa Italiana S.p.A., amended in July 2002, reveals that the Parent Bank has confirmed its compliance with such Codes and that it has, among others, formed Technical Committees for issues regarding consultation and preliminary enquiries, composed of executive and non-executive directors, whose task is to monitor issues of specific interest to manage the Bank efficiently in respect of matters such as internal control, remuneration of directors and high level executives, completeness of information submitted to the Board of Directors.

For the purposes of greater benefit and transparency in management and in addition to the aforementioned Committees expressly required by the Code of Conduct, the Bank has also established another two technical committees: the Group Risks Technical Committee and the Ethical Committee.

In compliance with the recommendations set forth in the amendment to the Self Regulatory Code, acknowledged in the new Regulations for markets organized and managed by Borsa Italiana S.p.A. and approved by Consob in the resolution 13655 of 9 July 2002, the Bank approved the Code for Conduct in respect of insider dealing, aimed at regulating, with effect from 1 January 2003, the flow of informa-

tion from "significant persons" toward the company, in respect of transactions made on Group listed stocks. This Code was compiled on the basis of prevailing trends revealed by the associate bodies (ABI – Italian Bankers' Association and Assonime) and was submitted for approval to the Audit Technical Committee and the Group Risks Technical Committee.

Considering the amendments made in 2002 to the framework of legislation in respect of operations with related parties, on matters concerning rulings for resolutions (amendments to the Code of Conduct), fulfillment of information both internally and externally (amendments to Consob Regulation 11971/99 introduced in Consob Resolution 13616 of 12 June 2002) and of a defining nature (Consob Communication n. 2064231 dated 30 September 2002), the Bank approved a specific organizational procedure for the Group which identifies the perimeter of the related parties, defines the duties and responsibilities and indicates the flow of information between the Banks and the directly and indirectly controlled subsidiaries. Within the scope of the specific organizational procedure and in line with the regulations of the Code of Conduct, it is expected that the operations with significant related parties (defined on the basis of threshold analyses according to the type of operations and counterparts) referring to the Parent Bank shall be reserved to the resolution and approval of the Board of Directors, after close examination by the Audit Technical Committee. Significant operations performed by subsidiary companies with parties related to the Parent Bank shall be resolved and approved by the Board of Directors of the subsidiary, after duly submitting its proposal for the approval of the Parent Bank.

Commencing from the year 2002, the Bank has also complied with the recommendations of the Code of Conduct by registering and revealing in the financial statements the positions held by Directors of the Parent Bank on Boards of Directors or Statutory Auditors in listed companies, financial institutions, banks, insurance companies or other significant businesses.

In compliance with the recommendations of the Code of Conduct, the Bank has adopted an internal procedure, which reaffirms the principle of discretion to which, in respect of withholding confidential information in the interests of the Bank, its Directors and Statutory Auditors are bound. This procedure is based on the principles and recommendations issued by the Supervisory Authorities.

As far as the performance of the company bodies is concerned, commencing from last year, the Bank established Regulations for meetings, compiled considering the scheme-type prepared jointly by ABI and Assonime.

With respect to the adequacy of the organization, the Board of Statutory Auditors also highlights that on 26 March 2002, the Board of Directors of the Bank approved the Group Regulations which define the entire organizational structure, the basic principles on which it operates, the areas of competency and the responsibilities of the central offices, as well as the mechanisms and instruments used to coordinate the entire Group. These Regulations are aimed at providing the regulatory framework of reference which, together with the definitions of procedures, directives and preven-

tive authorizations, will characterize the Group by its common entrepreneurial design, a strong internal cohesiveness and a single leadership, consistent with the Bank of Italy directives and with the needs of a good and prudent management of the Group itself.

The Parent Bank and consolidated Reports on Operations, and the relevant Explanatory Notes, contain the information required by the regulations issued by the Bank of Italy and by Consob in respect of financial reporting. The Board of Statutory Auditors has especially noted that the Explanatory Notes to the Parent Bank and consolidated financial statements include the information requested by Consob through Communication no. 1011405 dated 15 February 2001, addressed to banks listed on regulated markets, in respect of tax benefits provided by the Legge Ciampi and of the renegotiation of subsidized loans and included in the usury and anatocism phenomena. With reference to the latter, the Board of Statutory Auditors has taken note of the information contained in the Explanatory Notes to the Parent Bank and consolidated financial statements on the basis of which, in light of existing jurisprudence and in consideration of the current status of the legal proceedings, the Bank estimates the potential risks in relation to the dispute to be covered by the prudent accruals made to the provisions for other risks and charges, in proportion to each case, where quantifiable, whereby they are covered by 35 million euro of the provision accrued for disputes whose amount cannot be determined.

During 2002 the Board of Statutory Auditors, also in consideration of the principles of conduct issued by the Consiglio Nazionale dei Dottori Commercialisti (National Board of Professional Accountants) on the occasion of the merger of Cardine Banca S.p.A. and Banco di Napoli S.p.A., supervised the compliance with current regulations in respect of fulfilling requirements for merger operations, verifying: the compliance with law and completeness of the merger project; the observance of regulations regarding the delivery and publication of deeds; the completeness of the merger deeds and of their consistency with the merger projects and the relevant shareholders' resolutions; the correctness of the performance of the merger transactions, such as the assignment of shares of the incorporating company.

Considering the requirements for comparability of the 2002 financial statements with the prior year, the Board of Statutory Auditors verified that the Explanatory Notes provide all information necessary to illustrate the criteria used to prepare the pro forma schedules for 2001, which were prepared taking into account the indications provided by Consob through Communication no. 1052803 of 5 July 2001.

In respect of the utilization of the Reserve for Banking Risks, the Board of Statutory Auditors verified that the Parent Bank and the Group Report on Operations and the Explanatory Notes provide adequate commentary on the motives for such utilization.

In relation to transactions with Group companies and related companies, the global framework is fully illustrated in the relevant paragraphs in the Report on Operations and in the Explanatory Notes. As far as significant transactions are concerned, it is highlighted that these are encompassed in the ordinary operating activi-

ties of the Group and are normally executed under market conditions and are, in any case, valued on the basis of reciprocal economic convenience. The Report on Operations in the consolidated financial statements also reveals, in addition to transactions with particularly significant related companies in respect of the organizational-corporate arrangement and/or the relation to shareholders of the Parent Bank made on the basis of valuations and appraisals performed by independent experts, the balance sheet and statement of income data in relation to transactions as of 31 December 2002 between the principal Group companies of the SANPAOLO IMI Group. The Explanatory Notes to the Parent Bank financial statements also reveal similar reporting data in respect of relations between the Parent Bank and subsidiary companies or companies in which it holds significant influence.

As regards transactions with subjects who fulfill administrative, managerial, and executive duties for the Bank, or for Group companies, the Board of Statutory Auditors is assured that these have been recorded in compliance with art. 136 of D.Lgs. 385/93 (Testo Unico Bancario). Accordingly, any such transactions were the subject of unanimous decisions by the Board of Directors, with the favorable vote of all of the Statutory Auditors, subject to the abstention obligations provided by said law. The same procedure also applies to the parties who carry out the administrative, managerial, and executive duties within a bank or a company belonging to the Group, for actions taken in connection with the Bank itself or with other banks or companies within the Group. In such cases, the transactions are discussed and resolved by the Boards of the Bank or contracting party, with the prior consent of the Parent Bank. The appropriate Section of the Explanatory Notes highlights, in addition to emoluments, the loans and guarantees issued to directors and statutory auditors of the Parent Bank.

The information required according to art. 10 of Law 72/83 is provided in the sections of the Explanatory Notes relating to the revaluated assets.

The Reports on Operations to the Parent Bank and consolidated financial statements for the first half of 2002, received by us from the Board of Directors within the terms of law, were prepared and published in compliance with Consob recommendations. The quarterly reports were published within the terms established.

Shareholders, during the year ended at 31 December 2002, we performed our supervisory activities required by law, taking into account, among others, the principles of conduct of the Board of Statutory Auditors as recommended by the Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri.

In particular:

- we attended the 19 meetings of the Board of Directors and the 20 meetings of the Executive Committee held during 2002. During the same period the Board of Statutory Auditors met 21 times to perform its examinations and received from the Directors, in accordance with art. 150 of D.Lgs. 58/98, information on a quarterly basis on the activities performed during the year, on the delegated powers within the Parent Bank and on the most significant economic, financial and capital transactions

carried out by the Bank (and by its subsidiaries). We also assured ourselves that all activities deliberated and carried out were done so in compliance with the law and with the company Articles of Association and that they were not openly imprudent, hazardous or incompatible with the resolutions of Shareholders' meetings;

- we gained knowledge of and supervised, in respect of our duties, the adequacy of the organizational structure of the Bank and the observance of the principles of correct management, by directly monitoring, gathering information from the heads of departments and through meetings with the independent auditors in order to exchange information on reporting data and significant issues;
- we valued and supervised the adequacy of the system of internal control and of the administration-accounting system of the Bank, as well as the reliability of the latter to correctly represent the operations, through obtaining information from the heads of the respective departments, by examining company documents and by analyzing the results of the work performed by the independent auditors. With reference to the organizational structure of the Bank, it should be noted that the Audit Management verifies that the entire system is suitable to guarantee against all risks and that business is carried out in accordance with internal and external procedures and regulations; the department is also responsible for evaluating the effectiveness of the entire system of internal control and for revealing any irregularities. The Audit Management provides quarterly reports to the Board of Directors on the business performed by the Parent Bank, the foreign Branches and Group companies and reports to the Board of Statutory Auditors, the Managing Directors and the Audit Technical Committee on any problems in relation to their respective areas of concern. In particular, during 2002 we received detailed information on the controls performed by the Audit Management through the examination of the aforementioned quarterly reports, illustrated during the periodical Board meetings and of the analytical reports made available to us on conclusion of each intervention. In this context, specific attention was paid to the activities carried out by the Audit Management on the foreign Branches and on Group companies.
The reciprocal and timely reporting between the Audit Technical Committee and the Board of Statutory Auditors on significant issues relating to internal control is assured by the participation of the Chairman of the Board at Committee meetings, after which all aspects relating to the areas of concern are disclosed to the members of the Board during the periodical meetings;
- we verified, by checking directly and reviewing information provided by the Independent auditors, the compliance with laws concerning the preparation and layout of the financial statements and the report on operations, as well as the adequacy of the provisions imparted by the Bank to the subsidiary companies in accordance with art. 114, subsection 2 of D.Lgs. 58/98. Our controls revealed that the administration/accounting system is adequate and reliable to correctly represent the operations.

The work performed did not reveal any significant issues which might require reporting to Supervisory Authorities or specific mention in this report.

You are hereby informed that on 25 October 2002, the shareholder Mr. Marco Bava addressed a complaint to the Chairman of the Board of Statutory Auditors ex art. 2408 of the Italian Civil Code, referring to the familiar question of the financing converting shares issued by the principal Italian banks, to support the strategic and industrial plan of Fiat S.p.A. and claiming that such action increases the risk of the loans issued to the Agnelli Group. In this respect, the Board of Statutory Auditors prepared a reply to the aforementioned complaint, which was read by the Chairman to the Shareholders' meeting of 25 November 2002, during which assurances were given in relation to the constant monitoring of the Bank's exposure toward the Agnelli Group, which in fact was recently limited and of the prudent criteria used by the same for the loan granted through the conversion as well as for the valuation of the shareholding held in the Fiat Group. Since, during the reply, reference was made to a re-examination of the exposure at year end, the Board brings to your notice that the financial statements provide adequate information relating to the transactions carried out and the criteria used for the valuation of the shareholding in Fiat and confirms that the criteria adopted are consistent with the company's position and the situation of the market in which it operates.

We also inform you that on 27 November 2002, the Chairman of the Board of Statutory Auditors received notification from the shareholder Mr. Salvatore De Luna concerning the presumed unlawful conduct of a SANPAOLO IMI S.p.A. employee at the Catanzaro branch toward the aforementioned Mr. De Luna and Mrs Elvira Caselli. In this respect, the Board informs you that the event was reported to the Bank's Audit Management, which carried out an investigation and examination of the claims against the employee, against whom appropriate disciplinary action has been taken.

Having reported the above, and having examined the contents of the report issued by the Independent Auditors PriceWaterhouseCoopers S.p.A. and considering that the information provided therein does not reveal any critical issues, we express an opinion in favor of approving the financial statements for the year 2002, formally acknowledging that the proposal for distribution of dividends expressed by the Board of Directors is in compliance with current legislation and the company articles of association and is adequately motivated in relation to the economic and financial position of the Bank.

The Board of Statutory Auditors also expresses a favorable opinion in respect of the criteria used to allocate the merger goodwill arising from the incorporation of Cardine Banca S.p.A., which is accurately illustrated in the Report issued to the meeting of the Shareholders' prior to the proposal to approve the financial statements for the year 2002, as well as in the relevant Sections of the Explanatory Notes to the financial statements of SANPAOLO IMI S.p.A..

As far as the extraordinary part of this meeting is concerned, the Board of Statutory Auditors reveals that the Directors propose to increase the Legal reserve to the limit according to art. 2430, subsection 1 of the Italian Civil Code, by allocating a portion of the merger goodwill, of the Reserve for art. 7, subsection 3 of Law 218/90, of the Reserve for Law 169/83 and of residual portion of the issue premium; such proposal, in compliance with the Articles of Association and is presented in the extraor-

dinary meeting in observance of the provisions of special laws which regulate the utilization of some of the aforementioned reserves.

In respect of the request for authorization to purchase own shares, we express that the resolution is in accordance with the provisions of articles 2357 and 2357-ter of the Italian Civil Code, art. 132 of D. Lgs. 58 of 24 February 1998 and with the regulations issued by Consob. The Reports prepared by the Directors in respect of all the items on the agenda for the Shareholders' meeting called to approve the financial statements are complete and have been prepared in accordance with the law and the Articles of Association.

In compliance with Consob Recommendation 1025564 of 6 April 2001, you are informed that, after receiving approval from the Board of Statutory Auditors and for total fees ranging from a minimum of 1,456,489 euro and a maximum of 1,606,489 euro, during 2002 your Bank instructed PriceWaterhouseCoopers S.p.A. to perform, over and above the audit of the financial statements, additional activities required by law in respect of the IAS 2004 project as illustrated hereinafter:

- consultancy and assistance for the review and implementation of procedures for the preparation of Annual Report Form 20-F, for presentation on a consolidated basis, to the Securities and Exchange Commission in relation to the listing of SANPAOLO IMI S.p.A. on the New York Stock Exchange: of the total agreed charge of 195,000 euro for such consultancy work, fees billed in 2002 amounted to 113,200 euro;
- specialized professional assistance for performing preliminary phases of analyses, detailed analyses and an estimate of the impact on the financial statements of the introduction of IAS international accounting principles, for which the Bank established a "Group Project for IAS 2004": of the total agreed charge of between 1,000,000 euro and 1,150,000 euro for this engagement, fees billed in 2002 amounted to 50,000 euro;
- release of appropriate Comfort Letters in connection with the Offering Circular relating to the long-term program for the placing of *Euro Medium Term Notes* (fees billed in 2002 for this work totaled 132,000 euro) and to the *Synthetic Securitization* operation known as *Green* (fees billed in 2002 for this work totaled 76,989 euro);
- *due diligence* performed on Banca Sanpaolo Invest S.p.A., in relation to the transfer of the shareholding to Banca Fideuram S.p.A. (fees billed in 2002 for this engagement totaled 52,500 euro).

Lastly, the Board of Statutory Auditors reports that in 2002 the Bank assigned new engagements to subjects connected by continuative collaboration to the Independent auditors appointed to audit the financial statements for fees totaling 1,894 euro (inc. VAT). Total fees paid to these subjects in 2002 for engagements assigned in prior years amounted to 3,160 euro.

Turin, 8 April 2003

The Board of Statutory Auditors

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW
DECREE N° 58 DATED 24 FEBRUARY 1998**

To the Shareholders of
Sanpaolo IMI SpA

- 1 We have audited the financial statements of Sanpaolo IMI SpA (the "Bank") as of 31 December 2002. These financial statements are the responsibility of Sanpaolo IMI's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

- 2 We conducted our audit in accordance with the Auditing Standards and criteria recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries have been audited by other auditors, who have provided us with their related reports. Our opinion expressed on this report, insofar as it relates to the amounts included for such subsidiaries, representing 5 per cent of the caption "Investment in Group companies" and 0.2 per cent of "Total assets", is also based upon the audit of other auditors.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 9 April 2002.

- 3 In our opinion, the financial statements present fairly the financial position of Sanpaolo IMI SpA as of 31 December 2002 and the results of its operations for the year then ended, in accordance with the Italian regulations governing financial statements.

- 4 For a more immediate understanding of the financial statements, we draw your attention to the following circumstances, more widely described in the Report on Operation and in the Explanatory Notes to the financial statements:
- (a) Cardine Banca SpA and Banco di Napoli SpA merged into Sanpaolo IMI SpA during the current financial year; both the mergers became effective, for accounting and tax purposes, starting from 1 January 2002;
 - (b) the Bank's net income for the current year includes a credit of 358 million euro due to the release of the whole reserve for general banking risk to the Statement of Income.

Turin, 10 April 2003

PricewaterhouseCoopers SpA

Signed by
Sergio Duca
(Partner)

“This report has been translated into the English language solely for the convenience of international readers. The original report was issued in accordance with Italian legislation.”

Parent Bank financial statements

PARENT BANK BALANCE SHEET

PARENT BANK STATEMENT OF INCOME

PARENT BANK EXPLANATORY NOTES

Parent Bank balance sheet

(in Euro)

ASSETS	31/12/02	31/12/01 Sanpaolo Imi	31/12/01 pro forma
10. Cash and deposits with central banks and post offices	985,719,740	569,593,198	809,020,369
20. Treasury bills and similar bills eligible for refinancing with central banks	1,553,698,471	2,493,463,658	3,908,756,096
30. Due from banks:	20,951,323,060	12,648,050,686	20,401,456,804
a) repayable on demand	4,921,480,358	1,176,452,625	2,852,398,420
b) other deposits	16,029,842,702	11,471,598,061	17,549,058,384
40. Loans to customers	76,158,636,358	59,571,670,316	79,254,062,113
of which:			
- loans using public funds	90,404,572	63,948,432	99,342,720
50. Bonds and other debt securities	12,813,913,081	6,738,624,834	14,278,645,571
a) public entities	4,563,621,199	1,972,878,856	5,551,393,004
b) banks	6,434,321,388	3,455,335,761	5,696,578,296
of which:			
- own bonds	986,187,745	252,288,291	576,713,478
c) financial institutions	487,524,975	488,132,178	1,153,912,085
of which:			
- own bonds	-	-	-
d) other issuers	1,328,445,519	822,278,039	1,876,762,186
60. Shares, quotas and other equities	329,736,031	1,022,554	511,985,210
70. Equity investments	1,619,592,372	2,103,693,615	1,799,712,272
80. Investments in Group companies	6,693,119,740	6,583,616,365	6,846,875,325
90. Intangible fixed assets	1,612,606,208	176,882,931	1,904,290,060
of which:			
- start-up costs	-	-	-
- goodwill	1,411,283,306	4,574,580	4,574,580
100. Tangible fixed assets	1,416,269,773	859,046,098	1,556,974,157
120. Own shares or quotas (nominal value € 2.8)	7	293,861,409	293,861,409
130. Other assets	9,044,329,784	7,423,537,246	12,667,423,880
140. Accrued income and prepaid expenses:	1,828,037,680	1,456,331,786	1,779,733,470
a) accrued income	1,451,080,451	1,246,940,053	1,555,451,001
b) prepaid expenses	376,957,229	209,391,733	224,282,469
of which:			
- discounts on bond issues	-	6,420,992	15,091,905
Total assets	135,006,982,305	100,919,394,696	146,012,796,736

The pro forma balance sheet as of 31/12/2001, unaudited, has been prepared in order to enable comparability with the balance sheet as of 31/12/2002.

(in Euro)

LIABILITIES	31/12/02	31/12/01 Sanpaolo Imi	31/12/01 pro forma
10. Due to banks:	31,020,049,520	23,254,045,034	36,384,193,029
a) repayable on demand	2,661,073,661	1,895,644,707	6,020,097,669
b) time deposits or with notice period	28,358,975,859	21,358,400,327	30,364,095,360
20. Due to customers:	55,741,833,510	40,147,114,980	57,414,073,335
a) repayable on demand	40,490,341,035	28,433,023,026	41,414,428,322
b) time deposits or with notice period	15,251,492,476	11,714,091,954	15,999,645,013
30. Securities issued:	19,375,280,452	15,774,967,965	22,680,587,228
a) bonds	16,024,777,812	11,706,247,136	15,763,655,034
b) certificates of deposit	2,845,383,004	3,644,956,254	5,686,511,496
c) other	505,119,636	423,764,575	1,230,420,698
40. Public funds administered	90,528,461	60,764,152	99,970,292
50. Other liabilities	8,279,336,152	5,579,327,982	8,472,153,682
60. Accrued expenses and deferred income:	1,338,243,873	1,350,514,069	1,743,700,343
a) accrued expenses	1,092,277,336	1,115,238,787	1,488,722,110
b) deferred income	245,966,537	235,275,282	254,978,233
70. Provisions for termination indemnities	686,918,780	416,819,673	687,306,250
80. Provisions for risks and charges:	2,427,868,887	1,232,035,666	2,240,270,921
a) pensions and similar	41,237,000	42,834,590	42,834,590
b) taxation	1,037,458,900	695,997,407	793,002,634
c) other	1,349,172,987	493,203,669	1,404,433,697
100. Reserve for general banking risks	-	335,696,984	335,696,984
110. Subordinated liabilities	6,090,475,262	5,003,172,161	5,310,420,952
120. Capital	5,144,064,800	3,932,435,119	5,143,971,716
130. Additional paid-in capital	707,767,359	21,650,169	21,650,169
140. Reserves:	3,340,535,833	2,627,124,986	3,879,867,020
a) legal reserve	1,028,812,960	792,561,422	792,561,422
b) reserve for own shares or quotas	7	293,861,409	293,861,409
c) statutory reserves	-	-	-
d) other reserves	2,311,722,866	1,540,702,155	2,793,444,189
170. Net income for the year	764,079,416	1,183,725,756	1,065,497,803
Adjustment for alignment with net income	-	-	533,437,012
Total liabilities	135,006,982,305	100,919,394,696	146,012,796,736

GUARANTEES AND COMMITMENTS	31/12/02	31/12/01 Sanpaolo Imi	31/12/01 pro forma
10. Guarantees given	30,142,155,929	24,720,013,291	26,695,773,536
<i>of which:</i>			
- acceptances	129,978,307	113,488,197	124,632,429
- other guarantees	30,012,177,622	24,606,525,094	26,571,141,107
20. Commitments	14,180,832,609	12,315,412,246	16,575,552,987
<i>of which:</i>			
- for derivatives on loans	789,098,156	-	903,641,266
- for sales with obligation to repurchase	-	-	-

The pro forma balance sheet as of 31/12/2001, unaudited, has been prepared in order to enable comparability with the balance sheet as of 31/12/2002.

Parent Bank statement of income

(in Euro)

CAPTIONS	2002	2001 Sanpaolo Imi	2001 pro forma
10. Interest income and similar revenues	5,363,502,175	4,658,406,673	6,801,689,808
<i>of which:</i>			
– loans to customers	4,003,533,530	3,678,244,499	4,891,058,120
– debt securities	644,111,676	341,642,894	881,029,203
20. Interest expense and similar charges	-3,260,552,884	-3,078,886,204	-4,458,922,890
<i>of which:</i>			
– due to customers	-996,073,132	-1,043,414,166	-1,460,620,563
– securities issued	-1,081,949,799	-946,260,103	-1,265,099,053
30. Dividends and other revenues	709,742,039	2,752,727,185	3,060,183,535
a) shares, quotas and other equities	9,533,702	361,475	10,601,670
b) equity investments	171,259,198	82,838,978	102,452,372
c) investments in Group companies	528,949,139	2,669,526,732	2,947,129,493
40. Commission income	1,629,952,170	1,349,051,713	1,679,093,830
50. Commission expense	-117,600,220	-78,233,586	-106,882,336
60. Profits (losses) on financial transactions	43,917,660	72,045,877	85,994,513
70. Other operating income	257,529,983	160,831,159	264,825,680
80. Administrative costs	-2,866,395,942	-2,004,002,151	-2,888,771,797
a) personnel	-1,823,065,521	-1,294,679,085	-1,847,310,848
<i>of which:</i>			
– wages and salaries	-1,311,896,430	-929,217,538	-1,318,836,410
– social security charges	-415,616,600	-298,815,734	-399,310,106
– termination indemnities	-95,552,491	-66,645,813	-94,057,424
– pensions and similar	-	-	-35,025,197
b) other administrative costs	-1,043,330,421	-709,323,066	-1,041,460,949
90. Adjustments to tangible and intangible fixed assets	-534,010,971	-211,192,010	-493,730,296
100. Provisions for risks and charges	-151,077,607	-30,223,770	-108,292,729
110. Other operating expenses	-5,934,964	-8,106,706	-10,990,652
120. Adjustments to loans and provisions for guarantees and commitments	-424,571,182	-449,077,566	-542,502,189
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	173,210,939	192,160,127	225,636,008
140. Provisions for possible loan losses	-	-	-
150. Adjustments to financial fixed assets	-338,475,902	-1,666,577,938	-1,471,387,426
160. Writebacks of adjustments to financial fixed assets	861,243	1,054,490	1,062,707
170. Income from ordinary activities	480,096,538	1,659,977,293	2,037,005,766
180. Extraordinary income	496,084,660	492,696,260	240,211,822
190. Extraordinary expense	-160,241,059	-62,616,454	-232,603,077
200. Net extraordinary income	335,843,602	430,079,806	7,608,745
210. Change in reserve for general banking risks	358,369,442	-	-
220. Income taxes for the period	-410,230,167	-906,331,343	-979,116,709
230. Net income for the year	764,079,416	1,183,725,756	1,065,497,803
			533,437,012
			1,598,934,815

The statement of income for the year 2001, unaudited, has been prepared in order to enable comparability with the statement of income for the year 2002.

Parent Bank explanatory notes

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Introduction – Background information on the financial statements

Form and content of the financial statements

The financial statements of the Bank have been prepared pursuant to D. Lgs. 87 dated 27 January 1992, which implemented EEC Directive 86/635. They also take into account the requirements contained in the Bank of Italy instructions dated 30 July 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, statement of income, these explanatory notes and also include the Board of Directors report on operations.

The financial statements correspond to the company accounts, which fully reflect the transactions executed during the year.

In accordance with Bank of Italy and Consob regulations, the financial statements are stated in euro. The Explanatory notes are stated in millions of euro.

These explanatory notes to the financial statements are presented with comparative figures taken from the financial statements for the year ended 31 December 2001 and have been reclassified in consideration of the merger operations performed during 2002. They provide all the information required by law, including any supplementary information considered necessary to give a true and fair view of the company's financial position. The tables provided for by law and the details required by the Bank of Italy are numbered in accordance with the Bank of Italy instructions, or based on the relevant Instructions.

The following schedules are attached to the financial statements:

- Statement of changes in shareholders' equity;
- Statement of cash flows;
- List of property owned.

In accordance with legislation, the Bank's financial statements will be deposited at the company's registered offices, together with a complete set of the latest approved financial statements of the subsidiary companies and a summary sheet of essential data relating to the 2002 financial statements of the subsidiary companies which are subject to the approval of the respective Shareholders' meetings after the financial statements of the Bank.

In compliance with Consob regulations (art. 77, Resolution n. 11971 of 14 May 1999 and subsequent modifications), the consolidated financial statements shall also be deposited at the registered offices, together with the independent auditors' report and the summary sheet of essential data relating to the latest financial statements of the subsidiary companies.

Extraordinary transactions executed during 2002

Merger by incorporation of Cardine Banca S.p.A.

SANPAOLO IMI merged with Cardine Banca S.p.A. by deed on 24 May 2002. The merger became legally effective as of 1 June 2002, while the booking and tax effects were backdated to 1 January 2002.

Prior to the merger with SANPAOLO IMI, Cardine Banca S.p.A. transferred to Cardine Finanziaria S.p.A. (subsidiary of the same Cardine Banca) the entire company represented by the controlling interests in the bank networks of the former Cardine Group, other business and local investments, other assets and liabilities linked with the corporate activity and, in particular, the performance of operating and supporting services for the aforementioned bank networks. This transaction

became legally effective as of 1 June 2002. The company branch was disposed of at a book value of 2,400 million euro, following an appraisal ex art. 2343 of the Italian Civil Code of 4,037 million euro.

The SANPAOLO IMI balance sheet includes the assets and liabilities of the former Cardine Banca S.p.A., as resulting after the transfer of the company to Cardine Finanziaria, net of reciprocal receivables and payables. Considering the assumption of legal effectiveness of the merger, the reciprocal economic items referring to the period from 01/01/2002 to 31/05/2002, have not been eliminated.

As regards the legal/balance sheet effects of the merger on SANPAOLO IMI, the transaction involved:

- the cancellation of the shareholding held by SANPAOLO IMI in Cardine Banca as of 1 June 2002, amounting to 104.9 million euro and corresponding to 2.2% of the capital of the merged bank; as the corresponding portion of shareholder's equity of the merged company amounted to 66 million euro, the cancellation of the shareholding highlighted a deficit of 38.9 million euro. This deficit was added to the investment in Cardine Finanziaria, on the basis of the appraisals of the company branch transferred, for which there were unexpressed gains of approximately 1,637 million euro;
- the exchange of shares in Cardine Banca, on the basis of a ratio of 1.795 SANPAOLO IMI shares for every Cardine share. In particular, 267,821,000 Cardine Banca shares were exchanged with 480,738,695 SANPAOLO IMI shares via:
 - the issue of 432,724,886 ordinary shares with a nominal unitary value of 2.8 euro;
 - the use of 48,013,809 of SANPAOLO IMI's own shares as of 1 June 2002.

As part of the merger, Compagnia di Sanpaolo, Fondazioni di Padova e Rovigo and Fondazione di Bologna availed themselves of the right, in accordance with Law 461/98 and D.Lgs. 153/99, to request conversion of the ordinary shares held by them into preference shares, for the part in excess of 15% of the total ordinary share capital held. As a consequence 388,334,018 ordinary shares were directly converted into preference shares.

The equity exchange determined a merger surplus of approximately 1,582.8 million euro which, taking into account the tax restrictions related to the reconstitution of the incorporated bank's reserves subject to taxation and allocating any deferred tax liabilities, was allocated to specific accounts in the balance sheet. Detail of the allocation of entries is provided in section 8, Part B of these Explanatory Notes.

The assignment of own shares to the portfolio as part of the exchange involved the cancellation of the restricted reserve for the purchase of own shares for approximately 543.6 million euro.

Following the merger, the Share Capital of the Bank increased by 1,211,629,680.8 euro, to a total of 5,144,064,800 euro, made up of 1,448,831,982 ordinary shares and 388,334,018 preference shares with a nominal value of 2.8 euro each.

Merger by incorporation of Banco di Napoli S.p.A.

On 25 November the respective extraordinary Shareholders' Meetings approved the merger by incorporation of Banco di Napoli with SANPAOLO IMI, becoming legally effective from 31 December 2002 and effective for accounting and tax purposes from 1 January 2002.

In accordance with art. 2504 ter of the Italian Civil Code, the 1,864,097,491 Banco di Napoli ordinary shares wholly owned by SANPAOLO IMI were cancelled without any exchange. Also, 2,718,608 SANPAOLO IMI ordinary shares were exchanged with 16,311,650 Banco di Napoli savings shares held by third parties, at an exchange ratio set at one SANPAOLO IMI ordinary share to six Banco di Napoli savings shares. The assignment took place by using own shares held in portfolio by the incorporating company, without an increase in capital by the same.

The cancellation of the shareholding resulted in a cancellation deficit of 1,555 million euro, whilst the exchange of savings shares created a deficit of 9 million euro.

Being attributable to the valuation of goodwill of the incorporated bank (higher price paid in respect of the pro quota of the former Banco di Napoli adjusted net shareholder's equity), the cancellation deficit and the deficit from the exchange of

savings shares have been classified as such in the financial statements. Goodwill is subject to amortization on a ten year basis commencing from the year 2002 (the portion for the year is equal to approximately 157 million euro). This is in line with the period adopted by the advisors for the purpose of the valuation of the companies involved in the merger, within the scope of determining exchange ratios. Amortization of goodwill over a ten year period also allows goodwill to be written off over the same period as that adopted for the purposes of the Group financial statements for amortization of goodwill arising from consolidation, in a number of stages, following the acquisition of controlling interest in Banco di Napoli.

Pro forma balance sheet and income schedules

The completion of the aforementioned extraordinary transactions rendered it necessary to prepare both reclassified and official pro forma balance sheets and statements of income for the year 2001, in order to enable comparability of the balance sheet and income schedules. Such schedules take into consideration:

- the merger by incorporation of Cardine Banca (effective for accounting purposes as of 1 January 2002);
- the transfer of the company branch of Cardine Banca to Cardine Finanziaria (effective as of 1 June 2002);
- the merger by incorporation of Banco di Napoli (effective for accounting purposes as of 1 January 2002);
- the changes in the accounting policies, as of the 2001 financial statements, regarding the observation of subsidiary dividends, during the period in which the profits mature as opposed to the year in which they are collected.

The above mentioned pro forma schedules, which are unaudited, have been utilized as term of comparison for the analysis and the notes of the Report on Operations.

Considering that, for both of the merged companies, a simulation has been prepared of the effect of the merger as of 31/12/2001, the principles adopted for the preparation of the pro-forma schedules and detail of the adjustments made to the official performances are provided below.

Merger by incorporation of Cardine Banca

Adjustments made to the Balance Sheet as of 31 December 2001

Assets

Adjustments connected to the entries transferred from Cardine Banca to Cardine Finanziaria as of 1 June 2002

- 189 million euro – increase in the caption “ equity investments ”, to account for the difference between the book value of interest transferred to Cardine Finanziaria and the book value of the same Cardine Finanziaria corresponding to the shareholders’ equity of the company following the transfer;
- 97 million euro – decrease in the caption “ other assets ”;
- 67 million euro – decrease in the caption “ tangible fixed assets ”;
- 46 million euro – decrease in the caption “ intangible fixed assets ”;

Adjustments connected to the simulation of effects of the merger of Cardine Banca as of 31 December 2001

- 88 million euro – decrease in the caption “ due from banks ” for the elimination of intra-Group transactions between Cardine Banca and Banco di Napoli;
- 66 million euro – decrease in the caption “ equity investments ” to account for the difference between the cancellation of the book value of the investment in Cardine Banca (being the result after the assignments and exchanges in the first half of 2002) equal to 105 million euro and the allocation to equity investments of the cancellation deficit, equal to 39 million euro (the same as that shown in the balance sheet as of 31 December 2002);
- 6 million euro – decrease in the caption “ own shares ”, following the cancellation of the book value of Sanpaolo Imi portfolio shares held by Cardine Banca offset against other reserves;
- 4 million euro – decrease in the caption “ other assets ”;

In the official financial statements, bonds issued by Sanpaolo Imi and by Banca di Napoli in portfolio to Cardine Banca for approximately 43 million euro have been reclassified to the subcaption “own shares”.

Liabilities

Adjustments connected to the entries transferred from Cardine Banca to Cardine Finanziaria as of 1 June 2002

- 35 million euro – increase in the caption “due to customers” in relation to the deposit opened by Sanpaolo Imi in favor of Cardine Finanziaria at the time of transfer of the company branch from Cardine Banca;
- 22 million euro – increase in “provision for taxation” in relation to the pro forma adjustments to income;
- 77 million euro – decrease in the caption “other liabilities”;
- 1 million euro – decrease in “provisions for employee termination indemnities”.

Adjustments connected to the simulation of effects of the merger of Cardine Banca as of 31 December 2001

- 445 million euro – increase in the caption “due to customers” offset against the decrease in the caption “reserves – other reserves”, because it is in line with the hypotheses assumed for the preparation of the consolidated pro forma schedules, whereby an exchange of shares in the former Banca Cardine has been simulated, assuming the purchase of non-portfolio own shares as of 31 December 2001 (for an estimated cost of approximately 445 million euro) as if financed by customer deposits;
- 88 million euro – decrease in the caption “due to banks” for the elimination of intra-Group transactions between Cardine Banca and Banco di Napoli;
- 4 million euro – decrease in “provision for taxation” in relation to the pro forma adjustments to income.
- 517 million euro - decrease in the caption “other reserves” as it is offset against the aforementioned adjustments of 445 million euro – increase in the caption “due to customers”; 66 million euro – cancellation of the shareholding in Cardine Banca; 6 million euro – cancellation of Sanpaolo Imi portfolio shares held by Cardine Banca.

185 million euro – Pro forma reduction of total assets for 2001

Adjustments made to statement of income as of 31 December 2001

Given that in consideration of the effectiveness of the transfer of the company branch to Cardine Finanziaria as of 1 June 2002, other administrative costs, net operating income and amortization influenced the Sanpaolo Imi 2002 statement of income for just five months, these captions have been adjusted to the ratio of 7/12 with the following results:

- 7 million euro – decrease in “personnel costs”
- 98 million euro – decrease in “other administrative costs”
- 73 million euro – decrease in “other operating income”
- 22 million euro – decrease in “adjustments to fixed assets”

The following additional adjustments were made to take into account the effect connected to the simulation of the merger of Cardine Banca as of 31 December 2001 and to the changes in the accounting policies, as of the 2001 financial statements, regarding the observation of subsidiary dividends, during the period in which the profits mature as opposed to the year in which they are collected:

- 22 million euro – increase in “interest expenses” in relation to the aforementioned 445 million euro due to customers;
- 12 million euro – increase in “extraordinary results” to take into account the effect connected to the changes in accounting policies for the valuation of securities portfolio, adopted by the Cardine Group after the merger (in line with the hypotheses assumed for the preparation of the consolidated pro forma schedules);
- 18 million euro – increase in “income taxes for the period” compared with the recalculation of taxation following the adjustments.

26 million euro – Pro forma increase in net income for 2001.

Merger by incorporation of Banco di Napoli

Adjustments made to the balance sheet as of 31 December 2001

Assets

- 2,944 million euro – decrease in the caption “equity investments” following the cancellation of the book value of the percentage stake in Banco di Napoli, after the reversal of the write down from the statement of income as of 31 December 2001, equal to 206 million euro;
- 1,674 million euro – increase in the caption “intangible fixed assets” following the booking of the cancellation deficit.
- 520 million euro – decrease in the caption “loans to banks” as a result of the effect of the elimination of the balances relating to deposits, current accounts and loans as of 31 December 2001, between Banco di Napoli and Sanpaolo Imi and between Banco di Napoli and Cardine Banca;
- 14 million euro – increase in the caption “other assets”

In the official financial statements, bonds issued by Sanpaolo Imi in portfolio to Banco di Napoli for approximately 34 million euro and bonds issued by Banco di Napoli in portfolio to Sanpaolo Imi for approximately 2 million euro, have been reclassified to the caption “own shares”.

Liabilities

- 1,270 million euro – decrease in “net equity” following the merger operation, by allocating to “other reserves” the portion attributable to third parties equal to 66 million euro.
- 520 million euro – decrease in the caption “due to banks” as a result of the effect of the elimination of the balances relating to deposits, current accounts and loans as of 31 December 2001, between Banco di Napoli and Sanpaolo Imi and between Banco di Napoli and Cardine Banca;
- 14 million euro – increase in “provision for taxation” against the recalculation of taxation following the adjustments to the statement of income (see following paragraph).

1,776 million euro – Pro forma reduction of total assets for 2001

Adjustments made to statement of income as of 31 December 2001

- 206 million euro – decrease in “adjustments to financial fixed assets” following the reversal of the write down recorded in 2001 to the Banco di Napoli investment;
- 168 million euro – increase in “adjustments to tangible and intangible fixed assets” as a result of the effect of booking the share of amortization attributable for 2001 for the cancellation deficit;
- 14 million euro – increase in income taxes following the adjustments.

24 million euro – Pro forma increase in net income for 2001

Changes in the accounting policies regarding the booking of subsidiary dividends

In consideration that for both Sanpaolo Imi Spa and Cardine Banca the statement of income for the year 2001 (the first year of implementing the booking of subsidiary dividends, during the period in which the profits mature as opposed to the year in which they are collected) was affected by two portions of subsidiary dividends: profits for the year 2000, collected in 2001 (booked to extraordinary income) and profit matured in 2001, the portion booked to extraordinary income was eliminated by 866 million euro (of which 433 million euro referred to Sanpaolo Imi and 433 million euro to Cardine Banca). Net of taxation, recalculated at 282 million euro, thus reducing the “provision for taxation”, the adjustment reduces the pro forma net profit as of 31 December 2001 by 584 million euro and the total assets by 282 million euro.

As a whole, the adjustments made to the performance for the year 2001 have reduced the combined pro forma net profit and the combined pro forma total assets in the “official” financial statements by 534 million euro and 2,243 million euro, respectively. (2,236 million in the reclassified balance sheet)

The diagrams determining the pro forma schedules, in reclassified and “official” versions are shown below. The pro forma schedules are unaudited.

Reclassified pro forma balance sheet as of 31/12/2001

	31/12/01 Sanpaolo Imi (€/mil)	31/12/01 Cardine Banca (€/mil)	31/12/01 Banco di Napoli (€/mil)	31/12/01 Pro forma adjustments (€/mil)	31/12/01 TOTAL (€/mil)
ASSETS					
Cash and deposits with central banks and post offices	570	-	209	-	779
Loans	72,220	6,745	21,299	-608	99,656
- due from banks	12,648	5,098	3,264	-608	20,402
- loans to customers	59,572	1,647	18,035	-	79,254
Dealing securities	8,508	5,085	1,851	-	15,444
Fixed assets	10,448	3,340	2,834	-1,260	15,362
- investment securities	725	558	1,973	-	3,256
- equity investments	8,687	2,591	189	-2,821	8,646
- intangible fixed assets	177	48	50	+1,628	1,903
- tangible fixed assets	859	143	622	-67	1,557
Other assets	8,881	1,128	4,839	-368	14,480
Total assets	100,627	16,298	31,032	-2,236	145,721
LIABILITIES					
Payables	79,263	12,245	25,225	-127	116,606
- due to banks	23,254	11,273	2,466	-607	36,386
- due to customers and securities issued	56,009	972	22,759	+480	80,220
Provisions	1,649	365	1,164	-251	2,927
- for taxation	696	305	42	-250	793
- for termination indemnities	417	1	270	-1	687
- provisions for other risks and charges	493	59	852	-	1,404
- for pensions and similar	43	-	-	-	43
Other liabilities	6,904	387	2,977	-77	10,191
Subordinated liabilities	5,004	-	307	-	5,311
Shareholders' equity	7,807	3,301	1,359	-1,781	10,686
of which:					
- capital	3,932	1,430	1,036	-1,254	5,144
- reserves (a)	2,691	1,459	320	-527	3,943
- net income for the period	1,184	412	3	-534	1,065
- adjustment for alignment with net income	-	-	-	+534	534
Total liabilities	100,627	16,298	31,032	-2,236	145,721
GUARANTEES AND COMMITMENTS					
Guarantees given	24,720	550	1,426	-	26,696
Commitments	12,315	485	3,775	-	16,575

(a) Reserves are net of own shares in portfolio, at a book value of € 294 million.

The pro forma balance sheet as of 31/12/2001 is unaudited.

Pro forma balance sheet as of 31/12/01

						(in Euro)
ASSETS	31/12/01 Sanpaolo Imi	31/12/01 Cardine Banca	31/12/01 Banco di Napoli	31/12/01 Pro forma adjustments	31/12/01 TOTAL	
10. Cash and deposits with central banks and post offices	569,593,198	30,387,453	209,039,718	-	809,020,369	
20. Treasury bills and similar bills eligible for refinancing with central banks	2,493,463,658	674,263,959	741,028,479	-	3,908,756,096	
30. Due from banks	12,648,050,686	5,098,059,427	3,263,567,691	-608,221,000	20,401,456,804	
a) repayable on demand	1,176,452,625	1,213,283,239	465,865,556	-3,203,000	2,852,398,420	
b) other deposits	11,471,598,061	3,884,776,188	2,797,702,135	-605,018,000	17,549,058,384	
40. Loans to customers	59,571,670,316	1,646,708,651	18,035,683,146	-	79,254,062,113	
of which:						
- loans using public funds	63,948,432	-	35,394,288	-	99,342,720	
50. Bonds and other debt securities	6,738,624,834	4,458,158,303	3,081,862,434	-	14,278,645,571	
a) public entities	1,972,878,856	1,934,692,363	1,643,821,785	-	5,551,393,004	
b) banks	3,455,335,761	1,777,369,905	463,872,630	-	5,696,578,296	
of which:						
- own bonds	252,288,291	-	245,600,187	+78,825,000	576,713,478	
c) financial institutions	488,132,178	426,758,716	239,021,191	-	1,153,912,085	
of which:						
- own bonds	-	-	-	-	-	
d) other issuers	822,278,039	319,337,319	735,146,828	-	1,876,762,186	
60. Shares, quotas and other equities	1,022,554	510,102,947	859,709	-	511,985,210	
70. Equity investments	2,103,693,615	97,635,273	164,990,981	-566,607,597	1,799,712,272	
80. Investments in Group companies	6,583,616,365	2,493,624,198	24,191,597	-2,254,556,835	6,846,875,325	
90. Intangible fixed assets	176,882,931	48,455,109	49,951,884	+1,629,000,136	1,904,290,060	
of which:						
- start-up costs	-	-	-	-	-	
- goodwill	4,574,580	-	-	-	4,574,580	
100. Tangible fixed assets	859,046,098	143,130,041	622,197,598	-67,399,580	1,556,974,157	
120. Own shares or quotas	293,861,409	5,817,006	-	-5,817,006	293,861,409	
130. Other assets	7,423,537,246	938,223,545	4,675,104,115	-369,441,026	12,667,423,880	
140. Accrued income and prepaid expenses	1,456,331,786	159,135,821	164,265,863	-	1,779,733,470	
a) accrued income	1,246,940,053	157,972,165	150,538,783	-	1,555,451,001	
b) prepaid expenses	209,391,733	1,163,656	13,727,080	-	224,282,469	
of which:						
- discounts on bond issues	6,420,992	-	8,670,913	-	15,091,905	
Total assets	100,919,394,696	16,303,701,733	31,032,743,215	-2,243,042,908	146,012,796,736	

The pro forma balance sheet as of 31/12/2001 is unaudited.

						(in Euro)
		31/12/01	31/12/01	31/12/01	31/12/01	31/12/01
		Sanpaolo Imi	Cardine Banca	Banco di Napoli	Pro forma adjustments	TOTAL
LIABILITIES						
10.	Due to banks	23,254,045,034	11,272,593,100	2,465,775,895	-608,221,000	36,384,193,029
	a) repayable on demand	1,895,644,707	3,669,492,472	458,163,490	-3,203,000	6,020,097,669
	b) time deposits or with notice period	21,358,400,327	7,603,100,628	2,007,612,405	-605,018,000	30,364,095,360
20.	Due to customers	40,147,114,980	236,973,962	16,550,358,648	+479,625,745	57,414,073,335
	a) repayable on demand	28,433,023,026	71,832,663	12,874,946,888	+34,625,745	41,414,428,322
	b) time deposits or with notice period	11,714,091,954	165,141,299	3,675,411,760	+445,000,000	15,999,645,013
30.	Securities issued	15,774,967,965	735,610,396	6,170,008,867	-	22,680,587,228
	a) bonds	11,706,247,136	-	4,057,407,898	-	15,763,655,034
	b) certificates of deposit	3,644,956,254	735,610,396	1,305,944,846	-	5,686,511,496
	c) other	423,764,575	-	806,656,123	-	1,230,420,698
40.	Public funds administered	60,764,152	-	39,206,140	-	99,970,292
50.	Other liabilities	5,579,327,982	276,517,002	2,693,762,809	-77,454,111	8,472,153,682
60.	Accrued expenses and deferred income	1,350,514,069	110,296,002	282,890,272	-	1,743,700,343
	a) accrued expenses	1,115,238,787	108,967,083	264,516,240	-	1,488,722,110
	b) deferred income	235,275,282	1,328,919	18,374,032	-	254,978,233
70.	Provisions for termination indemnities	416,819,673	522,553	270,476,176	-512,152	687,306,250
80.	Provisions for risks and charges	1,232,035,666	364,361,046	894,057,528	-250,183,319	2,240,270,921
	a) pensions and similar	42,834,590	-	-	-	42,834,590
	b) taxation	695,997,407	304,789,161	42,399,385	-250,183,319	793,002,634
	c) other	493,203,669	59,571,885	851,658,143	-	1,404,433,697
100.	Reserve for general banking risks	335,696,984	22,672,458	-	-22,672,458	335,696,984
110.	Subordinated liabilities	5,003,172,161	-	307,248,791	-	5,310,420,952
120.	Capital	3,932,435,119	1,429,536,597	1,035,930,922	-1,253,930,922	5,143,971,716
130.	Additional paid-in capital	21,650,169	695,078,481	7,220,968	-702,299,449	21,650,169
140.	Reserves	2,627,124,986	747,446,644	312,690,632	+192,604,758	3,879,867,020
	a) legal reserve	792,561,422	38,244,023	20,322,871	-58,566,894	792,561,422
	b) reserve for own shares or quotas	293,861,409	5,817,006	-	-5,817,006	293,861,409
	c) statutory reserves	-	-	277,734,816	-277,734,816	-
	d) other reserves	1,540,702,155	703,385,615	14,632,945	+534,723,474	2,793,444,189
170.	Income for the period to be distributed	1,183,725,756	412,093,492	3,115,567	-533,437,012	1,065,497,803
	Adjustment for alignment with net income	-	-	-	+533,437,012	533,437,012
Total liabilities		100,919,394,696	16,303,701,733	31,032,743,215	-2,243,042,908	146,012,796,736
GUARANTEES AND COMMITMENTS						
		31/12/01	31/12/01	31/12/01	31/12/01	31/12/01
		Sanpaolo Imi	Cardine Banca	Banco di Napoli	Pro forma adjustments	TOTAL
10.	Guarantees given	24,720,013,291	549,996,820	1,425,763,425	-	26,695,773,536
	<i>of which:</i>					
	- acceptances	113,488,197	-	11,144,232	-	124,632,429
	- other guarantees	24,606,525,094	549,996,820	1,414,619,193	-	26,571,141,107
20.	Commitments	12,315,412,246	484,934,689	3,775,206,052	-	16,575,552,987
	<i>of which:</i>					
	- for derivatives on loans	400,539,652	162,695,492	340,406,122	-	903,641,266
	- for sales with obligation to repurchase	-	-	-	-	-

The pro forma balance sheet as of 31/12/2001 is unaudited.

Pro forma statement of income as of 31/12/2001

(in Euro)

CAPTIONS	2001 Sanpaolo Imi	2001 Cardine Banca	2001 Banco di Napoli	2001 Pro forma adjustments	2001 TOTAL
10. Interest income and similar revenues	4,658,406,673	517,763,527	1,625,519,608	-	6,801,689,808
of which:					
- loans to customers	3,678,244,499	42,536,736	1,170,276,885	-	4,891,058,120
- debt securities	341,642,894	276,262,297	263,124,012	-	881,029,203
20. Interest expense and similar charges	-3,078,886,204	-487,206,585	-870,830,101	-22,000,000	-4,458,922,890
of which:					
- due to customers	-1,043,414,166	-10,844,316	-384,362,081	-22,000,000	-1,460,620,563
- securities issued	-946,260,103	-12,160,847	-306,678,103	-	-1,265,099,053
30. Dividends and other revenues	2,752,727,185	296,728,757	10,727,593	-	3,060,183,535
a) shares, quotas and other equities	361,475	10,202,913	37,282	-	10,601,670
b) equity investments	82,838,978	14,082,999	5,530,395	-	102,452,372
c) investments in Group companies	2,669,526,732	272,442,845	5,159,916	-	2,947,129,493
40. Commission income	1,349,051,713	5,515,807	324,526,310	-	1,679,093,830
50. Commission expense	-78,233,586	-9,972,580	-18,676,170	-	-106,882,336
60. Profits (losses) on financial transactions	72,045,877	-8,977,183	22,925,819	-	85,994,513
70. Other operating income	160,831,159	127,457,068	49,537,453	-73,000,000	264,825,680
80. Administrative costs	-2,004,002,151	-162,274,003	-827,495,643	+105,000,000	-2,888,771,797
a) personnel	-1,294,679,085	-9,599,546	-550,032,217	+7,000,000	-1,847,310,848
of which:					
- wages and salaries	-929,217,538	-7,582,383	-389,036,489	+7,000,000	-1,318,836,410
- social security charges	-298,815,734	-1,669,463	-98,824,909	-	-399,310,106
- termination indemnities	-66,645,813	-265,989	-27,145,622	-	-94,057,424
- pensions and similar	-	-	-35,025,197	-	-35,025,197
b) other administrative costs	-709,323,066	-152,674,457	-277,463,426	+98,000,000	-1,041,460,949
90. Adjustments to tangible and intangible fixed assets	-211,192,010	-34,041,456	-103,034,710	-145,462,120	-493,730,296
100. Provisions for risks and charges	-30,223,770	-44,129,144	-33,939,815	-	-108,292,729
110. Other operating expenses	-8,106,706	-2,602,477	-281,469	-	-10,990,652
120. Adjustments to loans and provisions for guarantees and commitments	-449,077,566	-904,588	-92,520,035	-	-542,502,189
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	192,160,127	3,541,765	29,934,116	-	225,636,008
150. Adjustments to financial fixed assets	-1,666,577,938	-9,928,865	-722,411	+205,841,788	-1,471,387,426
160. Writebacks of adjustments to financial fixed assets	1,054,490	8,217	-	-	1,062,707
170. Income from ordinary activities	1,659,977,293	190,978,260	115,670,545	+70,379,668	2,037,005,766
180. Extraordinary income	492,696,260	470,298,245	131,217,317	-854,000,000	240,211,822
190. Extraordinary expense	-62,616,454	-1,258,013	-168,728,610	-	-232,603,077
200. Net extraordinary income	430,079,806	469,040,232	-37,511,293	-854,000,000	7,608,745
220. Income taxes for the period	-906,331,343	-247,925,000	-75,043,685	+250,183,319	-979,116,709
230. Net income for the year	1,183,725,756	412,093,492	3,115,567	-533,437,012	1,065,497,803
				Adjustment for alignment with net income	533,437,012
				Aggregate net income (Sanpaolo Imi + Cardine Banca + Banco di Napoli)	1,598,934,815

The pro forma statement of income for the year 2001 is unaudited.

Audit of the financial statements

The financial statements of the Bank have been audited by PricewaterhouseCoopers S.p.A., in accordance with the shareholders' resolution of 28 April 2000, which appointed them as auditors of the year end, half year financial statements and of Form 20-F for the 2001/2003 three-year period.

Half year report

In accordance with legislation and with the methods established by Consob, SANPAOLO IMI prepared and published the report on operations for the first six months of 2002.

The aforementioned half year report was subjected to a limited audit by PricewaterhouseCoopers S.p.A., in accordance with CONSOB Recommendations 97001574 of 20 February 1997 and 10867 of 31 July 1997, and with the aforementioned shareholders' resolution of 28 April 2000.

Part A - Accounting policies

SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The Bank's financial statements as of 31 December 2002 have been prepared using the same accounting policies as those adopted for the financial statements as of 31 December 2001.

1. Loans, guarantees and commitments

Loans

Loans, comprising principals not yet due and principals and interest due but not yet collected, are stated at their estimated realizable value, taking into account the solvency of borrowers in difficulty and any debt-servicing problems faced by individual industrial sectors or by the countries in which borrowers are resident. The assessment performed also takes into consideration any guarantees received, market prices and negative market trends involving the consistent loan categories. Estimated realizable value is determined following a detailed review of outstanding loans, 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 of such loans.

In detail:

- non-performing loans: loans to borrowers in a state of insolvency or similar, are valued on a case-by-case basis;
- problem loans: loans to borrowers suffering temporary difficulties which are likely to be overcome in an acceptable period of time, are valued on a case-by-case basis;
- restructured loans: loans for which a syndicate of banks (or a single bank) reschedules the repayment of principal or renegotiates the applicable terms at lower-than-market rates, are valued on a case-by-case basis;
- loans being restructured: 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": loans to borrowers resident in countries with debt-servicing difficulties; these are normally adjusted on a general basis, from country to country, by applying writedown percentages that are not lower than those specified by the Banking association. Exceptions are made for certain positions which are valued separately as they are backed by specific guarantees. These loans do not include specific positions which, on the basis of an objective state of insolvency, are classified in the previous risk categories;
- performing loans: 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. Loans acquired from third parties for the purpose of investment, or rather with the intent of holding them in portfolio up to their expiry in order to maximize the financial profit of the investment, are classified at purchase cost; any difference between the price paid for the investment and the nominal value or reimbursement is reflected in the statement of income to adjust the interest relating to the loans acquired, according to the residual duration of the loans and on the basis of the accruals principle. With reference to trading on the secondary loans market by the New York and London

branches, performing loans acquired within this activity form a separate consistent portfolio which is valued on the basis of the lower between cost and market value. General adjustments to other performing loans are calculated using the historical/statistical method and are flanked by a portfolio model based on the risk management methodologies used to monitor and control credit risks.

The “historical/statistical” method, which essentially provides an historical valuation of the portfolio risk level, is organized as follows:

1. at the end of the period an estimate is made of the performing loans which, based on the movements over the last five years, are expected to become doubtful loans during the next year;
2. the calculation of the potential losses likely to be incurred on the aggregate of point 1, is determined assuming that the loss percentage on performing loans transferred to doubtful loans is the same as the average loss observed over the last five years.

The portfolio model which, characterized by valuation tables, provides the extent of loss the Bank might suffer the following year, is based essentially on the following elements:

1. the rating attributed to every counterparty assigned by the Bank, which is used to calculate the likelihood of insolvency in the next year (i.e. movements in doubtful loans), aligned to the average level of the economic cycle;
2. the loss given default which measures the average percentage of loss expected in the case of insolvency.

The “expected losses” resulting from a reasoned comparison of the two models, constitute the parameter of reference utilized to calculate the “general reserve” destined to cover the default risk on performing loans. This calculation is aligned to what is assumed to be a fair value, determined also considering specific factors pertaining to the portfolio and to valuations of the expected evolution of the economic cycle.

For the purpose of classifying loans as non-performing, problem, restructured or exposed to country-risk, the Bank refers to current Bank of Italy regulations on the subject, integrating them with internal instructions establishing automatic rules and criteria for the transfer of loans to the various risk categories. Doubtful loans are classified to the various risk categories (non-performing, problem, restructured and being restructured) by the operating structures coordinated by the central departments responsible for the supervision of credit control.

Following a review by the central departments 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 make 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 of the aforementioned criteria. The original values may be reinstated by means of writebacks, when the reasons for such writedowns cease to apply.

As regards the method used to calculate the “discounting adjustments”, they are determined to reflect the difference between the:

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

The current 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 on the detailed calculations provided by the departments responsible for loan evaluation and, where this is unavailable, using estimates and general statistics deriving from historical data and studies of the business sectors concerned.

With regard to the discounting rate at 31 December 2002, the Bank used the average reference rate of 5.5%, determined as the appropriate approximate average performance at the date of inception of the doubtful loan portfolio and calculated on the basis of the contractual rates actually applied by the Bank on medium-long term loans (fixed and floating rate) and on short term loans (floating rate). Considering the need to simplify and reduce data processing costs, it is deemed that such average rate is sufficiently approximate to the result which would have been obtained had current contractual rates been applied to transactions now classified as doubtful loans.

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 Bank has 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. 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.

Repurchase agreements on securities

Repurchase agreements on securities that require the holder to resell securities when the agreement matures are treated as lending transactions. The amounts disbursed in this way are therefore recorded as loans. 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.

Lending 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 acquired by the Bank and which give rise to lending risks 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 reserve. Commitments include exposures to underlying borrowers for derivatives on loans for which the Bank has taken over the lending risk ("seller protection").

Derivative contracts on loans

As highlighted above, derivative contracts on loans which involve hedging sales are booked to caption 20 "commitments" at their theoretical value, while those which involve hedging purchases are booked to the underlying asset among loans secured by personal guarantees.

Derivative contracts on loans are classified as belonging to the dealing portfolio (“trading book”) when the bank is holding them for trading. Derivatives on loans not included in the trading book are classified to the banking book.

Derivative contracts on loans belonging to the trading book are valued individually, taking into consideration the credit and financial risk inherent in those contracts.

Derivative contracts on loans belonging to the banking book are valued:

- at cost adjusted to take into account any permanent losses in value, in the case of contracts which involve hedging sales;
- in a consistent manner with the underlying asset object of the protection, for contracts which involve hedging purchase.

The premium paid or collected on contracts belonging to trading book is recorded among premiums for options (caption 130 under assets and caption 50 under liabilities of the balance sheet).

Contracts belonging to banking book are recorded as commission income or expense entries (respectively captions 40 and 50 of the statement of income), according to whether the amount is collected or paid.

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

2.1 Investment securities

Investment securities due to be held by the company over the long term with a view to stable investments are valued at “the average daily cost”, adjusted to reflect accruals for the period of issue and dealing discounts (the latter being the difference between the purchase price 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 may also be written down in consideration of the market trend in accordance with the first subsection of art. 18 of D. Lgs. 87/92. The original value is reinstated if the reasons for any writedowns cease to apply.

2.2 Dealing securities

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

- securities quoted in organized markets: the official price quoted on the last trading day of the period;
- securities not quoted in organized markets: at the lower between cost and market value. The latter value is estimated by discounting future financial flows, applying market rates applicable at the time of valuation for similar type of instruments and the creditworthiness of the issuer. Where possible, the estimates are compared with quoted securities with similar financial characteristics. The original value of dealing 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 investment security and dealing security portfolios are made on the basis of the value resulting from the application - at the time of the transaction - of the valuation policies for the portfolio of origin; the related economic effects are reported in caption 60 “Profits and losses from financial transactions” if the portfolio of origin is a dealing portfolio, and in caption 150 “Adjustments to fixed financial assets” if the portfolio of origin is an investment 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 security 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.

3. 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 any reductions in the equity value of the companies concerned and in the trend in exchange rates for those investments held at historical rates. The original value of equity investments is reinstated if the reasons for any writedowns cease to apply.

Equity investments may also be written down in consideration of the market trend, in accordance with the first subsection of art. 18 of D. Lgs. 87/92, or rather exclusively for tax purposes as allowed by subsection three of art. 15 of D. Lgs 87/92.

With reference to investments held in Isveimer and in Sga, any charges which the Bank may be called on to bear to cover losses incurred by companies will be covered through measures taken in accordance with Law 588/96, accomplished with the procedures provided by the Ministerial Decree of 27 September 1974, as revealed in Part B, section 5 of these notes.

The differences between the carrying value of “significant investments” and the lower value of the corresponding portion of net equity from the latest financial statements of subsidiary companies, are normally justified by the goodwill and greater market value of the assets held by those subsidiaries.

Dividends of directly controlled investments are recorded on the basis of their maturity, together with related tax credits, on the condition that the Boards of Directors of the directly controlled investments approve the proposals for the distribution of profit which are submitted before the respective Shareholders’ Meetings held before the Board of Directors of the Bank approve the financial statements.

Dividends from other investments are recorded, together with the related tax credits, to the year in which the tax credit becomes collectible, usually the year in which the dividends are collected.

4. Foreign currency assets and liabilities (including off balance sheet transactions)

Assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currencies or indexed to foreign exchange movements, as well as financial fixed assets funded in foreign currencies or indexed to foreign exchange movements, are valued using the spot exchange rates applying at period-end. Equity investments denominated in foreign currencies subject to local exchange control restrictions (non-convertible currencies) stated in currencies other than those of use, and those not fully or partially hedged by a deposit in the currency of denomination of the investment are stated, with regard to the part financed in currencies other than those of use, 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 period-end spot exchange rates, in the case of spot transactions still to be settled;
- at period-end forward exchange rates for maturity dates corresponding with that of the transactions being valued, in the case of forward transactions.

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

5. 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 transformations 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 which do not determine increased utility and/or useful life are expensed in the year in which they are incurred.

6. 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:

- start-up costs and costs for increases in share capital and other deferred charges are generally amortized on a straight-line basis, over five years;
- costs incurred for the purchase of software or for its development using external resources are generally amortized on a straight-line basis, over three years, taking into account the expected residual period of utilization. Costs incurred for the development of software before the year in which the development project was completed, are capitalized when a positive outcome of the development/creation of software is expected and the benefits of the products under completion will spread over the long term. On this assumption, the costs are amortized over not more than 5 years. During the year in which software is completed, costs incurred and not yet amortized are recorded to assets and the relevant cost is amortized over three years
- as revealed in the “Introduction – Background information on the financial statements”, the merger deficit deriving from the merger with Banco di Napoli which was concluded in 2002, is amortized on a straight-line basis. Amortization is provided over a period of ten years in relation to the duration of the goodwill inherent to the merged bank and is in line with the period adopted by the advisors within the scope of determining exchange ratios, for the purpose of the valuation of the companies.

7. Other aspects

Own shares

Own shares purchased by the Bank are valued at cost, determined using the “average daily cost” method, as they are classed as long-term investments. The main reason for buying own shares is to use them to complete strategic deals

(e.g. share exchanges as part of the acquisition of equity investments, co-operation agreements and other corporate finance deals).

Should own shares be destined for stock incentive plans or stock option plans, they are classified at market value in special separate portfolios, in the same manner as dealing securities.

Stock option plans

Stock incentive plans approved by the Bank, which do not include the assignment of own shares, consist in the assignment of rights to subscribe to increases in share capital against payment. Considering that neither Italian regulations nor Italian accounting policies provide specific instructions in this respect, the booking of these plans is made by registering the increase in capital and the related additional paid in capital at the time of subscription.

Payables

Payables are stated at their nominal value. The difference between the nominal 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 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.

Provisions for employee termination indemnities

The provisions for employee termination indemnities represent 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, the timing and extent of which cannot be determined at period-end or at the time the financial statements are prepared.

Pensions and similar

The pension fund, qualifiable as an “internal” pension fund, is set up to cover charges linked with integration of the pension paid to the former IMI S.p.A. employees entitled to such payment integration. The contingency arising in this connection is assessed at year end on the basis of independent actuarial appraisals, in order to determine the provisions to technical reserves needed to cover future pensions.

Taxation

The taxation reserve is to cover corporate income taxes (IRPEG) and the regional tax on business activities (IRAP), including local taxes payable by foreign branches, as well as deferred taxes and existing or potential fiscal disputes.

Income taxes for the year are estimated prudently on the basis of the tax charges for the period, determined in relation to current tax legislation.

Deferred taxation, determined according to the so called balance sheet liability method, reflects the tax effect of provisional 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. To this end, taxable provisional differences are defined as those which will give rise to taxable income in future years (deferred capital gains, for example); while deductible provisional 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 writedowns in excess of the fiscally deductible amount).

Deferred tax liabilities are calculated by applying the average tax rate determined taking into account the effect of nominal and subsidized tax rates established by legislation, on taxable provisional differences likely to generate a tax burden. Deferred tax assets are calculated on deductible provisional differences if these are likely to be recovered. Deferred tax assets and liabilities relating to the same tax and expiring in the same period are offset against each other.

In relation to the years in which deductible provisional differences are higher than taxable provisional differences, the relevant deferred tax assets are recorded to caption 130 – other assets- as an asset item of the balance sheet and offset against income tax.

In the years in which taxable provisional differences are higher than deductible provisional differences, the relevant deferred tax liabilities are recorded to caption 80.b – provisions for taxation - and offset against income tax. With reference to dividends recorded on the basis of their maturity, the tax credits are offset against the relevant provisions for tax liabilities: for the purpose of applying accounting principle 25 “The treatment of income taxes” Paragraph C.II and in line with the provision of IAS 12 in respect of the compensation of reverse deferred and prepaid taxation entries in the same year. Any excess in provisions for deferred taxation on matured dividends is equal to the estimated portion of limited tax credits considered non-recoverable.

If the deferred tax (asset or liability) 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 that will become taxable pursuant to art. 21 of D. Lgs. 213/98, is charged directly against this reserve.

No provision is made for the Banks’ reserves subject to taxation only in the event of distribution. This is because such reserves are allocated to accounts that are 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 on guarantees given and, more generally, the contingencies associated with guarantees and commitments and exposures to derivative contracts on loans for which the Bank has taken over the lending risk (seller protection).

Provisions for other risks and charges 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, possible charges in connection with the Group’s commitment to support the Interbank Deposit Guarantee Fund, possible charges in connection with the renegotiation of subsidized home mortgage loans (Law 133/99 and that dictated by Budget Law 2001) and unsubsidized fixed rate mortgages (Law Decree 394 dated 29 December 2000, converted to Law 24 dated 28 February 2001) and possible charges in connection with other potential liabilities.

The “provisions for other personnel charges” mainly comprise:

- provisions recorded on the basis of an independent actuarial report, in order to cover the technical deficit of the independent supplementary pension fund for Istituto Bancario San Paolo di Torino employees (an independent entity which integrates the compulsory pension fund) as well as provisions for other welfare and social contributions.
- provisions made to set up a reserve to provide cover for employee seniority bonuses payable after completion of 25 and 35 years service;
- provisions to cover discretionary employee bonuses, commitments for staff leaving incentives offered during the year and in prior years and other potential liabilities.

Reserve for general banking risks

This reserve covers general business risks 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.

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 accounting principles and valuation criteria of derivative contracts are also applied to incorporated derivatives which represent the components of hybrid financial instruments and include both derivative and primary contracts. To this end, incorporated derivative contracts are separate from primary contracts and are booked and valued according to the following principles and criteria.

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

The values determined by the contract valuation process (hedging and non-hedging) are adjusted 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 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;
- b) high degree of correlation between the technical and financial characteristics of the assets or 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 net interest on contracts hedging the interest arising from interest-earning/bearing assets and liabilities is classified among “Accrued income” and/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” and/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” and/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 net interest income 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 and losses from 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 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 period. 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 period. 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 period-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”. The structure of this caption, according to the sectors of the financial instruments being traded (securities, currency, other financial instruments) and to the nature of income/charges which they generate (valuations or not), is illustrated in a specific table in the Explanatory Notes.

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) and operate within defined net risk limits.

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.

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 when entered into for trading/dealing purposes;
- 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

2.1 Adjustments to value recorded solely for fiscal purposes

No adjustments solely for fiscal purposes have been recorded during the year.

2.2 Provisions recorded solely for fiscal purposes

No provisions solely for fiscal purposes have been recorded during the year.

Part B - Information on the balance sheet

SECTION 1 - LOANS

Due from banks (caption 30)

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Due from central banks			
– compulsory reserve	143	612	-76.6
– other	14	999	-98.6
Due from other banks			
– repurchase agreements and securities lending	4,871	2,937	+65.8
– current accounts	657	876	-25.0
– deposits	14,060	12,904	+9.0
– loans	1,008	1,400	-28.0
– subordinated loans	194	184	+5.4
– other	4	489	-99.2
Total	20,951	20,401	+2.7

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

Detail of caption 30 "due from banks" (Table 1.1 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Deposits with central banks	157	1,611	-90.3
b) Bills eligible for refinancing with central banks	-	-	n.s.
c) Repurchase agreements	4,871	2,937	+65.8
d) Securities loaned	-	-	n.s.

Degree of risk in loan portfolio to banks

Analysis of loans to banks (Table 1.2 B.I.)

€/mil

Category / Value	31/12/02			31/12/01 pro forma		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
A. Doubtful loans	79	24	55	88	27	61
A.1 Non-performing loans	9	8	1	10	9	1
A.2 Problem loans	-	-	-	-	-	-
A.3 Loans in course of restructuring	-	-	-	-	-	-
A.4 Restructured loans	-	-	-	-	-	-
A.5 Unsecured loans exposed to country risk	70	16	54	78	18	60
B. Performing loans	20,896	-	20,896	20,340	-	20,340
Total loans to banks	20,975	24	20,951	20,428	27	20,401

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

Movements in doubtful amounts due from banks (Table 1.3 B.I.)

€/mil

Description / Categories	Non-performing loans	Problem loans	Loans in course of restructuring	Restructured loans	Unsecured loans exposed to country risk
A. Pro forma gross exposure as of 1/1/02	10	-	-	-	78
A.1 of which: for default interest	1	-	-	-	-
B. Increases	-	-	-	-	4
B.1 inflows from performing loans	-	-	-	-	-
B.2 default interest	-	-	-	-	-
B.3 transfer from other categories of doubtful loans	-	-	-	-	-
B.4 other increases	-	-	-	-	4
C. Decreases	1	-	-	-	12
C.1 outflows to performing loans	-	-	-	-	-
C.2 write-offs	-	-	-	-	-
C.3 collections	-	-	-	-	12
C.4 disposals	-	-	-	-	-
C.5 transfer to other categories of doubtful loans	-	-	-	-	-
C.6 other decreases	1	-	-	-	-
D. Gross exposure as of 31/12/02	9	-	-	-	70
D.1 of which: for default interest	1	-	-	-	-

Movements in total adjustments to loans granted to banks (Table 1.4 B.I.)

€/mil

Description / Categories	Non-performing loans	Problem loans	Loans in course of restructuring	Restructured loans	Unsecured loans exposed to country risk	Performing loans
A. Total pro forma adjustments as of 1/1/02	9	-	-	-	18	-
<i>A.1 of which: for default interest</i>	1	-	-	-	-	-
B. Increases	-	-	-	-	-	-
B.1 adjustments	-	-	-	-	-	-
<i>B.1.1 of which: for default interest</i>	-	-	-	-	-	-
B.2 use of reserves for possible loan losses	-	-	-	-	-	-
B.3 transfer from other categories of loans	-	-	-	-	-	-
B.4 other increases	-	-	-	-	-	-
C. Decreases	1	-	-	-	2	-
C.1 writebacks from valuations	-	-	-	-	-	-
<i>C.1.1 of which: for default interest</i>	-	-	-	-	-	-
C.2 writebacks of collections	-	-	-	-	-	-
<i>C.2.1 of which: for default interest</i>	-	-	-	-	-	-
C.3 write-offs	-	-	-	-	-	-
C.4 transfer to other categories of doubtful loans	-	-	-	-	-	-
C.5 other decreases	1	-	-	-	2	-
D. Total adjustments as of 31/12/02	8	-	-	-	16	-
<i>D.1 of which: for default interest</i>	1	-	-	-	-	-

Loans to customers (caption 40)

Loans to customers are analyzed below, by technical form:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Mortgage loans	33,155	32,269	+2.7
Other forms of finance not flowing through current accounts – Italian branches	17,171	17,076	+0.6
Current accounts	10,569	10,622	-0.5
Other forms of finance not flowing through current accounts – foreign branches	5,706	7,448	-23.4
Import-export loans	1,997	2,224	-10.2
Advances with recourse	2,642	2,589	+2.0
Repurchase agreements and securities loaned	957	2,835	-66.2
Risk on portfolio	803	968	-17.0
Loans repurchased by third parties	839	798	+5.1
Non-performing loans	788	830	-5.1
Personal loans	735	665	+10.5
Other loans to customers	797	930	-14.3
Total (a)	76,159	79,254	-3.9

(a) This includes Società per la gestione delle attività (Sga Spa) loans totaling 1,285 million euro, of which 1,252 million euro (2,041 million euro at 31 December 2001) refer to "Other forms of finance not flowing through current accounts - Italian branches" granted within the scope of measures provided by Law 588/96 and 33 million euro refer to overdrafts on "current accounts" agreed for the regular management of the company.

Detail of caption 40 "loans to customers" (Table 1.5 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Bills eligible for refinancing with central banks	18	15	+20.0
b) Repurchase agreements	957	2,835	-66.2
c) Securities loaned	-	-	n.s.

The detail of "secured loans to customers" excluding those granted directly to Governments or other public bodies for 3,089 million euro (3,267 million euro as of 31 December 2001), is the following:

Secured loans to customers (Table 1.6 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Mortgages	20,505	20,330	+0.9
b) Pledged assets:			
1. cash deposits	238	24	n.s.
2. securities (a)	2,543	4,456	-42.9
3. other instruments	317	423	-25.1
c) Guarantees given by:			
1. governments (b)	3,153	3,767	-16.3
2. other public entities	44	13	n.s.
3. banks	854	1,221	-30.1
4. other operators	9,873	9,546	+3.4
Total	37,527	39,780	-5.7

(a) These include 957 million euro as of 31/12/02 and 2,835 million euro as of 31/12/01 of repurchase and similar agreements guaranteed by underlying securities.

(b) Including 1,285 million euro as of 31/12/02 referred to loans to Società per la gestione delle attività (Sga Spa).

Loans to customers guaranteed by banks and other operators include 113 million euro of positions for which the Bank purchased 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 bodies represent 53% of total loans to customers (54% at the end of 2001).

Degree of risk in loan portfolio to customers

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 doubtful 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 for discounting purposes as of 31 December 2002 total 173 million euro (185 million euro as of 31 December 2001).

Analysis of loans to customers (Table 1.7 B.I.)

Category / Value	31/12/02			31/12/01 pro forma			€/mil
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	
A. Doubtful loans	4,154	2,478	1,676	4,080	2,302	1,778	
A.1 Non-performing loans	2,933	2,145	788	2,779	1,949	830	
A.2 Problem loans	1,012	287	725	1,076	285	791	
A.3 Loans in course of restructuring	19	1	18	66	21	45	
A.4 Restructured loans	139	28	111	121	35	86	
A.5 Unsecured loans exposed to country risk	51	17	34	38	12	26	
B. Performing loans	75,145	662	74,483	78,119	643	77,476	
Total loans to customers	79,299	3,140	76,159	82,199	2,945	79,254	

Problem and non-performing loans include unsecured loans to residents of nations exposed to risk for a gross exposure of 4 million euro, of which 2 million euro on problem loans, written down by 1 million euro and 2 million euro on non-performing loans written down in full.

Coverage of loans

Categories	31/12/02 (%)	31/12/01 pro forma (%)
Non-performing loans	73.13	70.13
Problem, restructured and in course of restructuring loans	27.01	27.00
Unsecured loans exposed to country risk	33.33	31.58
Performing loans (a)	0.97	0.90

(a) The amount of performing loans does not include loans to SGA of 1,285 million euro and loans to Group companies of 5,567 million euro (respectively 2,041 million euro and 4,352 million euro as of 31 December 2001).

As regards the various types of loans, the highest levels of coverage are for ordinary loans, while the percentages on construction loans are lower given the existence of mortgage guarantees on these positions

Movements in doubtful loans to customers (Table 1.8 B.I.)

Description / Categories	Non-performing loans	Problem loans	Loans in course of restructuring	Restructured loans	Unsecured loans exposed to country risk
A. Pro forma gross exposure as of 1/1/02	2,779	1,076	66	121	38
A.1 of which: for default interest	524	35	-	-	-
B. Increases	588	845	38	52	13
B.1 inflows from performing loans	53	636	-	7	-
B.2 default interest	104	11	-	-	-
B.3 transfer from other categories of doubtful loans	295	92	33	39	-
B.4 other increases	136	106	5	6	13
C. Decreases	434	909	85	34	-
C.1 outflows to performing loans	9	102	-	-	-
C.2 write-offs	99	40	-	5	-
C.3 collections	269	413	8	15	-
C.4 disposals	1	-	-	-	-
C.5 transfer to other categories of doubtful loans	30	340	76	13	-
C.6 other decreases	26	14	1	1	-
D. Gross exposure as of 31/12/02	2,933	1,012	19	139	51
D.1 of which: for default interest	594	32	-	-	-

Movements in total adjustments made to loans to customers (Table 1.9 B.1.)

€/mil

Description / Categories	Non-performing loans	Problem loans	Loans in course of restructuring	Restructured loans	Unsecured loans exposed to country risk	Performing loans
A. Total pro forma adjustments as of 1/1/02	1,949	285	21	35	12	643
<i>A.1 of which: for default interest</i>	524	35	-	-	-	6
B. Increases	410	196	4	5	7	51
B.1 adjustments	271	145	3	1	6	49
<i>B.1.1 of which: for default interest</i>	104	11	-	-	-	2
B.2 use of reserves for possible loan losses	-	-	-	-	-	-
B.3 transfer from other categories of loans	97	50	1	4	-	-
B.4 other increases	42	1	-	-	1	2
C. Decreases	214	194	24	12	2	32
C.1 writebacks from valuations	20	15	1	1	-	5
<i>C.1.1 of which: for default interest</i>	-	-	-	-	-	-
C.2 writebacks of collections	60	38	1	-	-	3
<i>C.2.1 of which: for default interest</i>	23	8	-	-	-	2
C.3 write-offs	100	40	-	5	-	10
C.4 transfer to other categories of doubtful loans	19	97	22	5	-	9
C.5 other decreases	15	4	-	1	2	5
D. Total adjustments as of 31/12/02	2,145	287	1	28	17	662
<i>D.1 of which: for default interest</i>	594	32	-	-	-	4

As already discussed, total adjustments include 173 million euro relating to the adoption of a policy for discounting doubtful loans. More specifically, writedowns for discounting purposes total 136 million euro on non-performing loans, 30 million euro on problem loans, 6 million euro on restructured loans and 1 million euro on loans in course of restructuring.

Performing loans include watchlist positions for a gross exposure of 201 million euro, covered by writedowns totalling 9 million euro.

Default interest accrued on performing loans and written-down in full amount to 4 million euro.

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

Country	€/mil		
	Total	Gross exposure	
		of which: unsecured	
		book value	weighted value
Brazil	55	39	39
Egypt	54	26	26
Morocco	22	15	15
Venezuela	14	11	11
Romania	12	8	8
Argentina	77	7	7
Tunisia	7	6	1
Cameroon	2	2	2
Costa Rica	2	2	-
Russia	363	1	1
Iran	60	1	1
Philippines	11	1	1
Algeria	5	1	1
Yugoslavia	1	1	1
Pakistan	21	-	-
Other countries	35	-	-
Total gross exposure	741	121	114
Total adjustments	33	33	
Net exposure as of 31/12/2002	708	88	

For the purposes of the report on the "country risk", 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 have been made, normally, 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 620 million euro, of which 462 million euro are insured by SACE or by sureties from banking operators in the OECD area. The remaining 158 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, business sector, geographical area, currency and liquidity, is provided in Part B, Section 11 of these notes.

SECTION 2 - SECURITIES

Securities owned by the Bank are analyzed as follows:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Treasury bills and similar bills eligible for refinancing with central banks (caption 20)	1,554	3,909	-60.2
Bonds and other debt securities (caption 50)	12,813	14,279	-10.3
Shares, quotas and other equities (caption 60)	330	512	-35.5
Total	14,697	18,700	-21.4
<i>of which:</i>			
– investment securities	2,039	3,256	-37.4
– dealing securities	12,658	15,444	-18.0

“Treasury bills and similar bills eligible for refinancing with central banks” represent securities which may be used for refinancing purposes, but may not be used for this purpose as of the date of the financial statements.

Investment securities

Investment securities, totaling 2,039 million euro, 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:

- in the case of related forms of funding;
- in the case of specific control regulations;
- in the case of not readily marketable securities.

Investment securities (Table 2.1 B.I.)

Caption / Value	31/12/02		31/12/01 pro forma	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
– quoted	996	1,050	1,514	1,534
– unquoted	-	-	6	6
1.2 Other securities				
– quoted	135	141	627	634
– unquoted	908	919	1,109	1,089
2. Equities				
– quoted	-	-	-	-
– unquoted	-	-	-	-
Total	2,039	2,110	3,256	3,263

The portfolio as at 31 December 2002, consisting of 49% Italian Government bonds and 51% other securities, shows a net unrealized gain of 11 million euro on the portion not covered by hedging contracts and an unrealized gain of 60 million euro on the portion hedged by derivative contracts. The valuation of these contracts reveals an unrealized loss of 64 million euro.

A positive difference between the market value and book value reveals a profit of 59 million euro 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. Pro forma opening balance		3,256
B. Increases		
B1. purchases		756
B2. writebacks		1
B3. transfers from dealing portfolio		-
B4. other changes		41
C. Decreases		
C1. sales		277
C2. redemptions		694
C3. adjustments		51
<i>of which:</i>		
<i>long-term writedowns</i>		30
C4. transfers to dealing portfolio		827
C5. other changes		166
D. Closing balance		2,039

Transfers to the dealing portfolio refer to 810 million euro for the former Banco di Napoli (415 million euro of which Government bonds and 395 million euro of which securities issued by Banco di Napoli and Sanpaolo Imi) and to 17 million euro for Sanpaolo Imi securities previously held by the London branch of the former Cardine Banca. The transfers were stipulated at book value, on the basis of the valuation policies for the portfolio of origin.

Subcaption B4. "Increases - other changes" includes exchange rate differences on securities denominated in foreign currencies for 18 million euro, issue and dealing discounts and capitalization of interest on zero coupon bonds recorded to the statement of income for 18 million euro and gains on disposal of 5 million euro.

Subcaption C5. "Decreases - other changes" includes exchange rate differences on securities denominated in foreign currencies for 158 million euro, issue and dealing discounts recorded to the statement of income for 5 million euro and losses on disposal of 3 million euro.

The adjustments in subcaption C3., of 51 million euro, refer to losses in value of a long-term nature of approximately 30 million euro. The residual optional adjustments were made, in accordance with article 18, subsection 1 of D.Lgs 87/92, to take into account market trends. The adjustments recorded to the statement of income were mainly determined by the worsening conditions of solvency of borrowers in relation to securities or collateral. When determining the adjustments, the prices supplied by the arrangers of the issues were also prudently considered.

It is worth remembering that by resolution of the Board of Directors of the Bank, the maximum size of the investment securities portfolio has been established as the lower of:

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

Dealing securities

Dealing securities, held for treasury and negotiation purposes, amount to 12,658 million euro and comprise:

- 3,266 million euro linked to derivative contracts;
- 9,392 million euro not linked to derivative contracts.

Dealing securities (Table 2.3 B.1.)

Caption / Value	31/12/02		31/12/01 pro forma	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
– quoted	4,673	4,673	7,485	7,485
– unquoted	40	40	-	-
1.2 Other securities			-	-
– quoted	789	789	1,543	1,543
– unquoted	6,827	6,851	5,904	5,923
2. Equities				
– quoted	299	299	36	36
– unquoted	30	30	476	477
Total	12,658	12,682	15,444	15,464

Unquoted dealing securities not linked to derivative contracts, valued at the lower of cost and market value, have led to write-downs of 9 million euro, net.

The book value of other unquoted securities includes the own issues for 891 million euro and Group company issues for 2,897 million euro.

Changes in dealing securities during the year (Table 2.4 B.1.)

€/mil

A. Pro forma opening balance	15,444
B. Increases	
B1. purchases	
– debt securities	
– government securities	53,603
– other securities	11,523
– equities	193
B2. writebacks and revaluations	37
B3. transfers from investment portfolio	827
B4. other changes	219
C. Decreases	
C1. sales and redemptions	
– debt securities	
– government securities	56,815
– other securities	11,550
– equities	318
C2. adjustments	46
C3. transfers to investment portfolio	-
C5. other changes	459
D. Closing balance	12,658

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

B4. "Increases - other changes"

€/mil

Exchange differences	55
Capitalization of accrued interest on treasury bills (BOT) and zero coupon bond (BTZ)	63
Gains on disposals	66
Accrued issue discounts	3
Other	32
Total other changes	219

Subcaption C5. "Decreases - other changes" is detailed as follows:

C5. "Decreases - other changes"

€/mil

Exchange differences	360
Losses on disposals	70
Other	29
Total other changes	459

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 of the balance sheet, are analyzed as follows:

	31/12/02 (€/mil)	31/12/01 pro forma (a) (€/mil)	Change %
Equity investments (caption 70)	1,620	2,364	-31.5
Investments in Group companies (caption 80)	6,693	9,104	-26.5
Total	8,313	11,468	-27.5
<i>of which:</i>			
– significant investments	7,313	9,596	-23.8
– other shareholdings	1,000	1,872	-46.6

(a) The difference between the corresponding information recorded to the “official” and “reclassified” balance sheet pro forma schedules, as of 31 December 2001 of 2,822 million euro, is mainly due to the cancellation of the investment in Banco di Napoli (2,944 million euro), the inclusion of the investment in Group companies acquired following the exchange with the Cardine Banca shares (409 million euro), the difference between the book value of Group shareholdings transferred to Cardine Finanziaria and the greater book value of Cardine Finanziaria in the financial statements of the Bank, resulting from the transaction (278 million euro), the book value of the investment in Cardine Banca cancelled as a result of the merger (516 million euro) and the book value of “other investments” transferred to Cardine Finanziaria (48 million euro).

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 D.Lgs.87/92, are indicated in the table below:

Significant investments (Table 3.1 B.I.)

Name	Registered offices	Activity	Shareholders' equity (a)	Net income (loss)	Percentage ownership	Book value
<i>A. Subsidiary companies</i>						
<i>A.1 Group companies</i>						
Banca Fideuram S.p.A.	Milan	banking	710	130	64.10	94
Banca Imi S.p.A.	Milan	banking	349	2	100.00	304
Banca OPI S.p.A.	Rome	banking	588	33	100.00	469
Banque Sanpaolo S.A.	Paris	banking	389	29	100.00	386
Brokerban S.p.A.	Naples	insurance brokerage	2	1	100.00	1
Cardine Finance Plc	Dublin	finance	10	-	99.98	10
Cardine Finanziaria S.p.A.	Padua	holding company	2,555	193	100.00	2,439
Consorzio Studi e Ricerche Fiscali	Rome	tax consultancy	-	-	50.00	-
Esaban S.p.A.	Naples	tax collection	-1	-10	100.00	-
FARBANCA S.p.A. (c)	Bologna	banking	11	-	15.00	2
Finemiro Banca S.p.A.	Bologna	banking	114	7	96.98	73
Ge.Ri.Co. - Gest.Riscoss.Tributi in Concessione S.p.A.	Venice	tax collection	-1	-8	100.00	-
IMI Investimenti S.p.A.	Turin	finance	424	-89	100.00	432
INVESP S.p.A.	Turin	finance	408	113	100.00	248
ISC Euroservice GmbH	Frankfurt	operating	-	-	80.00	-
Prospettive 2001 S.p.A.	Turin	finance	49	-6	100.00	40
RSP S.r.l.	Turin	non-finance	-	-	100.00	-
Sanpaolo Fiduciaria S.p.A.	Turin	finance	3	1	100.00	2
Sanpaolo Imi Bank (International) S.A.	Madeira	banking	176	5	69.01	95
Sanpaolo Imi Bank Ireland Plc	Dublin	banking	516	-8	100.00	515
Sanpaolo Imi Capital Company I LLC (b)	Wilmington	finance	1,050	-	4.31	45
Sanpaolo Imi International S.A.	Luxembourg	finance	810	-232	100.00	810
Sanpaolo Imi Internazionale S.p.A.	Padova	finance	10	-	100.00	10
Sanpaolo IMI Private Equity S.p.A.	Bologna	finance	234	-11	100.00	248
Sanpaolo Imi Us Financial Co.	Wilmington	finance	-	-	100.00	-
Sanpaolo Imi Wealth Management S.p.A.	Milan	finance	545	123	100.00	367
Sanpaolo Leasint S.p.A.	Milan	leasing	86	13	100.00	82
Sanpaolo Riscossioni Genova S.p.A.	Genoa	tax collection	7	1	100.00	6
Sanpaolo Riscossioni Prato S.p.A. (c)	Prato	tax collection	4	-	36.24	1
Sep - Servizi e Progetti S.p.A.	Turin	operating	3	1	100.00	2
Sga S.p.A. (d)	Naples	finance	-284	-285	100.00	1
West Bank S.A.	Arad	banking	7	-7	72.39	5
West Trade Center S.A.	Arad	operating	-	-	75.00	-
Bn Finrete S.p.A. - in liquidation	Naples	finance	1	-	99.00	1
Cardine Suisse S.A. - in liquidation	Lugano	finance	1	-	99.00	-

Significant investments (Table 3.1 B.I.)

Name	Registered offices	Activity	Shareholders' equity (a)	Net income (loss)	Percentage ownership	Book value	€/mil
Cariparo Ireland Plc - in liquidation (f)	Dublino	finance	1	-	99.94	1	
Imifin S.p.A. - in liquidation	Rome	finance	-	-	100.00	-	
Innovare S.r.l. - in liquidation	Naples	non-finance	1	-	90.00	1	
Isveimer S.p.A. - in liquidation (e)	Naples	banking	46	8	65.22	-	
Sanpaolo Us Holding Co. - in liquidation	Wilmington	finance	4	2	100.00	3	
Total							6,693

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

(b) The percentage ownership refers to the total capital. The percentage ownership on ordinary capital amounts to 100%.

(c) Company included as significant investment in that globally the Group holds the controlling portion of shares.

(d) Financial statements as of 30 June 2002 – Voting rights on 100% of share capital is exercised by the Treasury Ministry.

(e) Financial statements as of 31 December 2001.

(f) Balance sheet as of 30/09/2002.

Significant investments (Table 3.1 B.I.)

Name	Registered offices	Activity	Shareholders' equity (a)	Net income (loss)	Percentage ownership	Book value	€/mil
A.2 Jointly held companies							
Banka Koper D.D.	Koper	banking	135	14	62.10	151	
Centradia Group Ltd (d)	London	finance	16	-22	29.03	5	
Finconsumo Banca S.p.A.	Turin	banking	63	12	50.00	17	
Total							173

B. Companies subject to significant influence

Cassa dei Risparmi di Forlì S.p.A.	Forlì	banking	203	20	21.02	169	
Cassa di Risparmio di Firenze S.p.A.	Florence	banking	905	90	19.53	227	
Cbe Service S.p.r.l.	Bruxelles	non-finance	-	-	31.70	-	
CR Firenze Gestion Internationale S.A.	Luxembourg	finance	1	5	20.00	-	
Esatri S.p.A.	Milan	tax collection	44	17	31.50	4	
HDI Assicurazioni S.p.A.	Rome	insurance	142	5	28.32	38	
Inter-Europa Bank Rt	Budapest	banking	52	5	32.51	8	
Liseuro S.p.A.	Udine	leasing	3	-	35.11	-	
Società Gestione per il Realizzo S.p.A. (b)	Rome	non-finance	21	7	28.31	1	
Stoà - Istituto di studi per la direzione di impresa (b)	Ercolano	non-finance	1	-	20.76	-	
Trivimm S.p.A.	Verona	non-finance	2	-	23.00	-	
Aeroporto di Napoli S.p.A. - in liquidation (b)	Naples	non-finance	-	-	20.00	-	
Consorzio Bancario Sir S.p.A. - in liquidation (b)	Rome	finance	1	-	32.84	-	
Finexpance S.p.A. - in liquidation (b)	Chiavari	non-finance	-9	-	30.00	-	
Galileo Holding S.p.A. - in liquidation (b)	Venice	holding company	-24	1	31.52	-	
G.E.Cap - Gestioni Esattoriali della Campania S.p.A. - in liquidation (b)	Foggia	tax collection	-2	1	37.25	-	
Italinfra Grandi Progetti S.p.A. - in liquidation (b)	Naples	non-finance	1	-	30.00	-	
Sofimer S.p.A. - in liquidation (c)	Naples	finance	3	-	20.00	-	
Sviluppo Nuove Iniziative S.p.A. - in liquidation (c)	Genoa	non-finance	2	-	50.00	-	
Total							447

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

(b) Financial statements as of 31 December 2001.

(c) Balance sheet as of 20 December 2002.

(d) Consolidated financial statements as of 31 December 2002.

As described in Part A, Section 1 of these Notes, the differences between book value of significant investments and the lower value of the corresponding portion of net equity reported in the latest available financial statements of the subsidiaries, is generally justified in the goodwill and higher market value of the assets owned by the subsidiaries. In particular:

- in respect of the investment in Sga S.p.A. - Società per la gestione di attività – the loss of 285 million euro recorded in the first half of 2002 was made up in October 2002 with the procedures provided by the Ministerial Decree of 27 September 1974, as revealed in Part B, section 5 of these notes;
- the differences of 126 million euro for Cassa dei Risparmi di Forlì S.p.A., 67 million euro for Banka Koper and 50 million euro for Cassa di Risparmio di Firenze S.p.A., reflect purchased goodwill representing the income-earning potential of these companies;
- the difference of 14 million euro relating to Sanpaolo IMI Private Equity S.p.A. originates from the devaluations of the investment portfolio of the subsidiary. The book value of the investment was not subject to adjustment considering the recovery in profitability of the company expected in future years;
- with reference to IMI Investimenti S.p.A., no adjustments have been made in view of the fact that the difference of 8 million euro between the book value and net equity is determined principally by the adjustment to the company's investment portfolio and not by the long-term loss in value in the investments held;
- as regards the investment in Galileo Holding S.p.A., 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 receivables.
- as far as the investment in Finexpanc S.p.A. is concerned, considering the approval of the "transfer of assets agreement" in 1993, and on the basis of available information, with respect to the negative shareholders' equity of the company there are no prospective risks of outlays;
- in relation to the tax collection companies, the equity deficits of Esaban S.p.A. and Ge.Ri.Co S.p.A. are covered by the accrual to the provisions for risks and charges of 2 million euro, while for G.E.Cap S.p.A. the equity deficit is re-balancing in light of the favorable conclusion of the liquidation.

The principle characteristics of the commitments and options on significant investments are provided below:

- the Cassa dei Risparmi di Forlì S.p.A. share purchase agreement of 29 November 2000, between Fondazione CR Forlì (seller) and SANPAOLO IMI and Cassa di Risparmio di Firenze (purchasers), provides that the purchasers shall grant Fondazione an option to sell ordinary shares representing not more than 51.35% of the share capital of CR Forlì, to be exercised in a number of tranches: at a unit price of 8.11 euro per share, for the first two tranches and at a price determined according to the "fair market value" for the last tranches. The put option may be exercised by Fondazione at any time between 12 June 2002 and the 15th day before the expiry of the first period for notice of termination of the Consortium Agreement drawn up between the same parties (31 December 2008). This transaction involved the booking of 298 million euro to "commitments for the issue of put options". This value represents the maximum potential outlay if the unit price of 8.11 euro per share were to be applied to the entire shareholding object of the put option. It should be noted that on 12 March 2003 the Fondazione CR Forlì exercised the first tranche of the put option on 8,335,370 ordinary shares for a total price of 68 million euro; bringing the percentage of the share capital owned by SANPAOLO IMI to 29.77%.
- the agreement between the Bank and the majority shareholders of Banka Koper, aimed at purchasing a controlling investment in the company, provides that, in the event the Public Offer in March 2002 for the entire share capital of the company is successful, SANPAOLO IMI guarantees the leading shareholders a put option on their shares which were not contributed in the Public Offer. Such entitlement is also extended to each shareholder which contributed at least one share to the Public Offer. Each shareholder may exercise the put option during the 30 days after 31 March, 30 June, 30 September and 31 December of each year, commencing from the 30 days after 31 December 2002 and up to the 30th day after 30 June 2006. The price is equal to that of the Public Offer, plus interest calculated on the rate paid by Banka Koper one 'year and one day' deposits in Slovenian Tolar, for the period extending from the last effective day of the Public Offer, to the day on which the put option is exercised and is reduced by the dividends collected on such shares. This transaction involved the booking of 88 million euro to "commitments for put options issued";

- in the context of the purchase agreement for shares in West Bank, the former Cardine Banca granted some shareholders a put option on their shares, for a unit price not lower than that set for the acquisition of the majority shareholding in West Bank by Cardine Banca. With respect to this put option, SANPAOLO IMI booked a commitment for approximately 5 million euro. Considering that the investment was written down to reflect the reduction in equity value from the effect of the losses for the year and that the put options are valued at cost and eventually written down to reflect any permanent losses in value of the investment, the 31 December 2002 financial statements were adjusted to reflect the proportionate value of the put options in respect of the write down of the investment;
- in the context of the agreement concluded on 15 November 1999 between Ente Cassa di Risparmio di Firenze and SANPAOLO IMI for the acquisition of a 15% stake in Cassa di Risparmio di Firenze, a right of pre-emption at "fair price" was granted to SANPAOLO IMI on CARIFI shares transferred by Ente CRF. The agreement also provided that, in the event that SANPAOLO IMI should not exercise its pre-emption right, the shares involved, representing a total of around 10.8% of CRF share capital, may be offered on sale to third parties at the same "fair price". In the event of an unsuccessful sale to third parties, Ente CRF is entitled to offer the shares on sale to the Bank, who is obliged to purchase them at a price equal to the arithmetical average of the official stockmarket prices over the previous three months, increased by 50%, on the condition that the average daily volume of dealings in the shares is equal to 3 million euro (under this assumption, the amount as at 31 December 2002, is estimated at approximately 210 million euro). If, however, the average daily volume of dealings in the shares is less than 3 million euro, the price will be determined according to the best technical valuation of the sector. Considering that the conditions under which the Bank is obliged to purchase in the event of an unsuccessful sale to third parties by Ente CRF and that the Bank has not yet been called upon to exercise its pre-emption rights, no amount for commitments has been recorded to the financial statements.

Detail of the above commitments, where recorded to the financial statements, is provided in the memorandum accounts (caption 20 Guarantees and Commitments), in the Explanatory Notes, in the table on forward transactions (Table 10.5.B.I. "Other transactions") and in the supplementary information requested by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions (IOSCO).

Other shareholdings

The remaining major equity investments of the Bank, are:

			<i>€/mil</i>
Name and location of registered offices	Activity	Percentage ownership	Book value
SCH S.A.	banking	1.10	342
CDC Finance - CDC Ixis	banking	3.45	323
Banca d'Italia	banking	8.33	185
Borsa Italiana S.p.A.	non-finance	4.14	40
Kredyt Bank S.A.	banking	5.20	28
Istituto per il credito sportivo	banking	10.81	19
Banco del Desarrollo S.A.	banking	15.72	19
Biat S.A.	banking	5.61	8
Other			36
Total			1,000

Composition of the investment portfolio

Analysis of caption 80 "investments in Group companies" (Table 3.5 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) in banks			
1. quoted	94	372	-74.7
2. unquoted	1,849	6,180	-70.1
b) in financial institutions			
1. quoted	-	-	-
2. unquoted	4,746	2,526	+87.9
c) other			
1. quoted	-	-	-
2. unquoted	4	26	-84.6
Total	6,693	9,104	-26.5

Analysis of caption 70 "equity investments" (Table 3.4 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) in banks			
1. quoted	767	981	-21.8
2. unquoted	731	1,247	-41.4
b) in financial institutions			
1. quoted	-	-	-
2. unquoted	20	42	-52.4
c) other			
1. quoted	2	2	-
2. unquoted	100	92	+8.7
Total	1,620	2,364	-31.5

Changes during the year in the equity investment portfolio

Investments in Group companies (Table 3.6.1 B.I.)

	€/mil
A. Pro forma opening balance (a)	9,104
B. Increases	
B1. purchases	1,150
B2. writebacks	-
B3. revaluations	-
B4. other changes	2,720
C. Decreases	
C1. sales	17
C2. adjustments	204
of which:	
- long-term writedowns	26
C3. other changes	6,060
D. Closing balance	6,693
E. Total revaluations	117
F. Total adjustments	729

(a) The difference between the corresponding information recorded to the "official" and "reclassified" balance sheet pro forma schedules, as of 31 December 2001 of 2,257 million euro, is mainly due to the cancellation of the investment in Banco di Napoli (2,944 million euro), the inclusion of the investment in Group companies acquired following the exchange with the Cardine Banca shares (409 million euro) and the difference between the book value of Group shareholdings transferred to Cardine Finanziaria and the greater book value of Cardine Finanziaria in the financial statements of the Bank, resulting from the transaction (278 million euro).

Subcaption B.1 "Purchases" is made up of the following transactions:

- acquisition from Compagnia di San Paolo of 30,000,000 Compagnia di San Paolo Investimenti Patrimoniali S.p.A. shares (equal to the entire share capital), 30,710,772 Imi Investimenti shares (39.77% of the share capital) and 10,431,475 Sanpaolo IMI Private Equity S.p.A. shares (27.02% of the share capital) for a total outlay of 440 million euro;
- subscription of an increase in capital of Banca OPI S.p.A. for 230 million euro, by transferring to it the entire book value of Compagnia di San Paolo Investimenti Patrimoniali S.p.A. (now Fin Opi S.p.A.);
- acquisition of 110,680,209 Banco di Napoli saving shares (5.6% of the total capital) by means of a Public Offer for an outlay of 144 million euro;
- increase in the shareholding of Banca Fideuram S.p.A., following the transfer to it of the entire investment in Banca Sanpaolo Invest S.p.A. for a total of 71 million euro (including a cash adjustment of 10 million euro) and with a capital gain of approximately 2 million euro;
- acquisition of 8,488,525 NHS S.p.A. shares from the minority shareholders, in order to achieve total control of the private equity company which, following the merger with Sanpaolo IMI Private Equity Spa, changed its name to the latter. This transaction involved a total outlay of 63 million euro.
- Capital increase of the subsidiary Sanpaolo Imi Bank Ireland Plc by way of payment in "capital contribution" of 55 million euro;
- Capital increase of the subsidiary Cardine Finance Plc by way of payment in "capital contribution" of 41 million euro;
- acquisition from the minority shareholders of IMI Investimenti S.p.A. of the portion of share capital necessary to reach full control of that company, through an outlay of 34 million euro;
- subscription of an increase in Sanpaolo IMI Wealth Management S.p.A. capital, following the transfer of the entire investment in Banco di Napoli Asset Management Sgr S.p.A. for a total of 29 million euro and with a capital gain of 13 million euro;
- subscription of an increase in Invesp S.p.A. capital through the transfer of the book value of the 20.24% investment in Eptaconsors S.p.A. (13 million euro);
- subscription of an increase in Sanpaolo Imi Internazionale S.p.A. capital for approximately 10 million euro;

- transfer to Esaban S.p.A. of the tax collection branch of the former Banco di Napoli, for a book value of 6 million euro;
- proportional subscription of an increase in West Bank S.p.A. capital for 5 million euro.

Subcaption C.1 "Sales" refers mainly to the sale of Datitalia Processing for 11 million euro, making a capital gain of 6 million euro.

Subcaption C.2 "adjustment" reflects:

- the investment in Sanpaolo Imi International S.A. was written down for 177 million euro in order to align the book value to the company's net equity as of 31 December 2002, after the writedown in value of its shareholding in SCH S.A. applied using the same principles as the Parent Bank (of the total writedown, 28 million euro was booked to reduce the equity reserve for D.Lgs 213/98 accrued in 1998 for the fixed rate conversion to euro, and 15 million euro was booked to reduce the specific provision for deferred taxation);
- the writedown of the investment in West Bank S.A. for 10 million euro, in order to align the pro quota of net shareholders' equity of the company as of 31 December 2002, taking into account the current reduction in value following the devaluation in the Romanian currency, being that of the investment;
- the writedown of investments in tax collection companies for 17 million euro (9 million euro adjustment to Esaban S.p.A. and 8 million euro adjustment to Ge.Ri.Co. S.p.A.), made in order to write off the book values of those companies in light of the loss in the entire net equity (as of 31 December 2002), determined by the charges for reorganization of the Group's tax collection business. Furthermore, 2 million euro was accrued to the provisions for risks and charges in order to cover the effects of any losses greater than net equity.

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

<i>B4. "Increases - other changes"</i>	<i>€/mil</i>
Transfer of business from former Cardine Banca S.p.A. to Cardine Finanziaria S.p.A. (a)	2,400
SPLIT of NHS - Nuova Holding SANPAOLO IMI S.p.A. (renamed IMI Investimenti S.p.A.) in favour of the newco NHS S.p.A. (now Sanpaolo IMI Private Equity S.p.A.)	121
SPLIT of Fincardine in favor of Invesp S.p.A.	83
Cancellation deficit of the shareholding in Cardine Banca S.p.A. following the merger	39
SPLIT of Fincardine in favor of Prospettive 2001 S.p.A.	27
Merger of Cardine Leasing S.p.A. with Sanpaolo Leasing S.p.A.	28
Goodwill from the transfer of Banco di Napoli Asset Management Sgr S.p.A. to Sanpaolo Imi Wealth Management S.p.A.	13
Gains on disposal of Datitalia	6
Goodwill from the transfer of Banca Sanpaolo Invest S.p.A. to Banca Fideuram	2
Exchange rate effect	1
Total	2,720

(a) Book value, following the transfer, of the shareholding in Cardine Finanziaria.

C3. "Decreases - other changes"	€/mil
Transfer of shares to Cardine Finanziaria S.p.A. (a)	2,161
Cancellation deficit of the shareholding in Banco di Napoli S.p.A. (b)	1,555
Cancellation of the shareholding in Banco di Napoli S.p.A. (b)	1,327
Liquidation of excess capital of BNH S.p.A.	302
Conferral of Compagnia di San Paolo Investimenti patrimoniali S.p.A. to Banca OPI S.p.A.	230
SPLIT of NHS - Nuova Holding SANPAOLO IMI S.p.A.	121
SPLIT of Fincardine S.p.A.	110
Reimbursement of capital contribution in Cardine Finance Plc	93
Conferral of Banca Sanpaolo Invest S.p.A. to Banca Fideuram S.p.A.	61
Reimbursement of capital contribution in Cariparo Ireland	36
Conferral of Banco di Napoli Asset Management Sgr S.p.A. to Sanpaolo Imi Wealth Management S.p.A.	29
Merger of Cardine Leasing S.p.A. with Sanpaolo Leasing S.p.A.	28
Liquidation Caer Servizi S.c.p.a.	4
Distribution of Banca Sanpaolo Invest capital reserve	2
Exchange rate effect	1
Total	6,060

(a) Transfer of former Cardine Banca S.p.A. subsidiary shares to Cardine Finanziaria S.p.A.

(b) As a result of the merger of Banco di Napoli Spa legally effective from 31/12/2002.

Other equity investments (Table 3.6.2 B.I.)	€/mil
A. Pro forma opening balance (a)	2,364
B. Increases	
B1. purchases	171
B2. writebacks	-
B3. revaluations	-
B4. other changes	108
C. Decreases	
C1. sales	627
C2. adjustments	123
of which:	
- long-term writedowns	8
C3. other changes	273
D. Closing balance	1,620
E. Total revaluations	292
F. Total adjustments	638

(a) The difference of 564 million euro between the "official" and "reclassified" balance sheet pro forma schedules as of 31 December 2001, mainly refers to the book value of the Cardine Banca shareholding cancelled on the merger (516 million euro) and to the book value of "other investments" transferred to Cardine Finanziarie (48 million euro).

Subcaption B.1 "Purchases" mainly refers to:

- purchase of 250,271 Banka Koper shares, by Public Offer, for an outlay of 116 million euro. The shareholding currently totals 62.10%. On the basis of the authorization from the Bank of Slovenia, issued on 1 March 2002, the exercise of voting rights is limited to 32.99% (the remaining votes are split between the other shareholders);

- the purchase of 539,640 Borsa Italiana S.p.A. shares by Intesa BCI (3.3% of the share capital) for an outlay of 33 million euro;
- the purchase of shares in Noricum Vita S.p.A. for an outlay of 13 million euro;
- the subscription of an increase in Centrale dei Bilanci S.r.l. share capital for an outlay of 5 million euro.

Subcaption C.1 "Sales" reflects the following transactions:

- disposal of 21,992,870 Cardine Banca S.p.A. shares to Compagnia di San Paolo corresponding to 8% of the share capital, for an outlay of 440 million euro and generating a capital gain of 58 million euro;
- disposal to Banca Imi S.p.A. of Banca Agricola Mantovana S.p.A. and the related put and call options, for 206 million euro, being equal to the book value of the subsidiary. The disposal of this shareholding created a loss of 96 million euro, essentially corresponding to the profit generated by the disposal of the put and call options;
- disposal/exchange of 1,689,839 Cardine Banca S.p.A. shares to the minority shareholders of IMI Investimenti S.p.A. for 33 million euro, generating a profit of 4 million euro;
- disposal of 1,500,000 Sanpaolo IMI S.p.A. portfolio shares to the former Cardine Banca S.p.A. for 18 million euro, generating a profit of 11 million euro;
- disposal of the Monte Titoli S.p.A. shareholding (5% of the share capital) to Borsa Italiana S.p.A. for 14 million euro, generating a profit of 13 million euro (the residual shareholding equal to 3% of the share capital was transferred to Borsa Italiana S.p.A. and generated a capital gain of 8 million euro);
- disposal of Immocri S.p.A. to Immobiliare Cosenz for 5 million euro;
- disposal of the shareholding in Cedel International through approval of a Public Offer for 6 million euro and generating a profit of the same amount.

Subcaption C.2 "Adjustments" reflects above all the writedown of the investment in Santander Central Hispano S.A. (115 million euro) to align the book value of the company to the average market price of the shares in the second half of the year (6.5 euro) and the writedown in Centradia Group Ltd (6 million euro) to align the book value of the shareholding to the pro quota of net equity of the company as of 31 December 2002.

Subcaption B4. "Increases - other changes" and subcaption C3. "Decreases - other changes" are detailed as follows:

<i>B4. "Increases - other changes"</i>	<i>€/mil</i>
Gains on disposal of Cardine Banca S.p.a. shares	62
Gains on disposal of Sanpaolo IMI S.p.A. shares in the portfolio of former Cardine Banca	11
Gains from the disposal of and goodwill from the transfer of Monte Titoli S.p.A. to Borsa Italiana S.p.A.	21
Conferral of Monte Titoli S.p.A. to Borsa Italiana S.p.A.	8
Gains on disposal of Cedel International	6
Total	108

<i>C3. "Decreases - other changes"</i>	<i>€/mil</i>
Cancellation of the shareholding in Cardine Banca Spa following the merger	105
Loss from the disposal of Banca Agricola Mantovana S.p.A.	96
Transfer of shares to Cardine Finanziaria Spa	50
Conferral of Eptaconsors S.p.A. to Invesp S.p.A.	13
Conferral of Monte Titoli S.p.A. to Borsa Italiana S.p.A.	8
Exchange rate effect	1
Total	273

Amounts due to and from Group companies and investments (non-Group companies)

The amounts due to and from companies belonging to the Group as of 31 December 2002, as established in art. 4 of D.Lgs. 87/92, and the amounts due to and from investments subject to significant influence, are analyzed in the following tables:

Group companies	€/mil				
	Assets (a)	Liabilities	Guarantees and commitments (b)	Income (c)	Expenses
Banca Agricola di Cerea S.p.A.	21	73	7	1	2
Banca d'Intermediazione Mobiliare S.p.A.	2,103	1,218	1,756	155	105
Banca Fideuram S.p.A.	1	96	-	-	4
Banca Opi S.p.A.	9,105	81	1,167	281	7
Banca Popolare dell'Adriatico S.p.A.	112	302	28	6	13
Banca Sanpaolo Invest S.p.A.	-	67	-	3	3
Banco di Napoli Asset Management Sgr S.p.A.	-	25	-	55	1
Banque Sanpaolo S.A.	473	10	29	7	1
Bn Finrete S.p.A.	-	3	-	-	-
Brokerban S.p.A.	-	4	-	-	-
Cardine Finance P.I.c.	-	-	-	4	-
Cardine Finanziaria S.p.A.	-	52	-	-	1
Cardine Investimenti Sgr S.p.A.	-	-	35	-	-
Cassa di Risparmio di Bologna S.p.A.	833	754	203	17	25
Cassa di Risparmio di Gorizia S.p.A.	44	147	-	2	4
Cassa di Risparmio di Padova e Rovigo S.p.A.	467	2,240	55	19	77
Cassa di Risparmio di Udine e Pordenone S.p.A.	22	552	4	4	13
Cassa di Risparmio di Venezia S.p.A.	109	1,371	26	8	42
Consorzio Studi e Ricerche Fiscali	-	-	-	-	1
Esaban S.p.A.	233	-	-	1	-
Farbanca S.p.A.	3	-	-	-	-
Fideuram Bank (Suisse) A.G.	-	-	10	-	-
Fideuram Bank SA	-	6	-	-	-
Fin. Opi S.p.A.	-	59	-	-	2
Finemiro Banca S.p.A.	675	100	296	15	-
Finemiro Leasing S.p.A.	1,147	-	640	20	1
Ge.Ri.Co. Gestione Riscossione Tributi in Concessione S.p.A.	305	-	13	5	-
Imi Bank (Lux) S.A.	35	244	-	2	4
Imi Capital Markets USA Corp	2	-	-	1	-
Imi Investimenti S.p.A.	550	1	2	6	-
Imiweb Bank S.p.A.	-	5	-	-	-
Invesp S.p.A.	-	-	2	-	-
Isveimer S.p.A.	-	16	-	-	-
Ldv Holding B.V.	-	4	-	-	-
NHS Mezzogiorno Sgr S.p.A.	-	2	-	-	-
Prospettive 2001 S.p.A.	3	14	-	1	1
RSP S.r.l.	1	1	-	-	-

(a) Excluding the book value of the investment

(b) Excluding commitments to subscribe to increases in capital

(c) Excluding dividends received

	€/mil				
Group companies	Assets (a)	Liabilities	Guarantees and commitments (b)	Income (c)	Expenses
Sanpaolo Bank S.A.	190	2,524	-	16	56
Sanpaolo Fiduciaria S.p.A.	-	1	-	-	1
Sanpaolo Imi Alternative Investments Sgr S.p.A.	-	2	-	-	-
Sanpaolo Imi Asset Management Sgr S.p.A.	-	72	36	427	2
Sanpaolo Imi Bank (International) S.A.	51	7,819	7,992	1	247
Sanpaolo Imi Bank Ireland Plc	134	243	-	4	3
Sanpaolo Imi Capital Company I LLC	-	1,000	-	-	79
Sanpaolo Imi Institutional Asset Management Sgr S.p.A.	-	27	-	-	1
Sanpaolo Imi International S.A.	-	205	-	-	3
Sanpaolo Imi Internazionale S.p.A.	-	10	-	-	-
Sanpaolo Imi Private Equity S.p.A.	-	2	1	1	-
Sanpaolo Imi Us Financial Co.	-	3,005	3,005	-	49
Sanpaolo Imi Wealth Management S.p.A.	-	3	-	3	-
Sanpaolo Imi WM Luxembourg S.A.	-	-	-	72	-
Sanpaolo Leasint Gmbh	9	-	-	-	-
Sanpaolo Leasint S.p.A.	3,034	25	746	76	7
Sanpaolo Riscossioni Genova S.p.A.	255	-	-	3	1
Sanpaolo Riscossioni Prato S.p.A.	33	-	1	-	-
Sanpaolo Vita S.p.A.	77	36	1	40	6
Sep S.p.A.	1	1	-	1	7
Sga S.p.A.	1,285	2	9	80	-
West Bank S.A.	6	-	-	-	-
Total Group companies	21,319	22,424	16,064	1,337	769

Jointly held subsidiaries

Banka Koper D.D.	5	18	-	1	1
Finconsumo Banca S.p.A.	169	2	76	5	-
Fc Factor S.p.A.	4	-	-	-	-
Total	21,497	22,444	16,140	1,343	770

	€/mil				
Other companies subject to significant influence	Assets (a)	Liabilities	Guarantees and commitments (b)	Income (c)	Expenses
HDI Assicurazioni S.p.A.	-	52	1	-	1
Cassa di Risparmio di Firenze S.p.A.	1	17	7	1	-
Esatri S.p.A.	395	-	168	2	-
G.E.CAP. S.p.A.	-	1	-	-	-
Inter-Europa Bank Rt	20	1	8	1	2
Società Gestione per il realizzo S.p.A.	4	-	-	-	-
Total	420	71	184	4	3

(a) Excluding the book value of the investment

(b) Excluding commitments to subscribe to increases in capital

(c) Excluding dividends received

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Assets			
1. due from banks	11,430	8,772	+30.3
<i>of which:</i>			
– <i>subordinated</i>	148	148	-
2. due from financial institutions	6,857	6,241	+9.9
<i>of which:</i>			
– <i>subordinated</i>	-	-	-
3. due from other customers	79	153	-48.4
<i>of which:</i>			
– <i>subordinated</i>	65	-	<i>n.s.</i>
4. bonds and other debt securities	2,953	1,762	+67.6
<i>of which:</i>			
– <i>subordinated</i>	3	48	-93.8
Total assets	21,319	16,928	+25.9
b) Liabilities			
1. due to banks	17,868	13,055	+36.9
2. due to financial institutions	3,515	5,062	-30.6
3. due to other customers	41	89	-53.9
4. securities issued	-	-	-
5. subordinated liabilities	1,000	1,000	-
Total liabilities	22,424	19,206	+16.8
c) Guarantees and commitments			
1. guarantees given	15,346	12,277	+25.0
2. commitments	718	239	+200.4
Total guarantees and commitments	16,064	12,516	+28.3

Amounts due to and from investments (non-Group companies) (Table 3.3 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Assets			
1. due from banks (*)	441	1,443	-69.4
<i>of which:</i>			
– subordinated	46	37	+24.3
2. due from financial institutions	1,280	751	+70.4
<i>of which:</i>			
– subordinated	-	-	-
3. due from other customers	178	26	n.s.
<i>of which:</i>			
– subordinated	-	-	-
4. bonds and other debt securities	15	20	-25.0
<i>of which:</i>			
– subordinated	-	-	-
Total assets	1,914	2,240	-14.6
b) Liabilities			
1. due to banks	814	1,430	-43.1
2. due to financial institutions	36	80	-55.0
3. due to other customers	286	77	+271.4
4. securities issued	-	-	-
5. subordinated liabilities	-	-	-
Total liabilities	1,136	1,587	-28.4
c) Guarantees and commitments			
1. guarantees given	390	328	+18.9
2. commitments	121	6	n.s.
Total guarantees and commitments	511	334	+53.0

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

Assets and liabilities outstanding in relation to Group companies and investments in non-Group companies are indicated 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:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Historical cost	7,904	11,059	-28.5
Law 72/83	43	43	-
Law 218/90	336	336	-
Cancellation deficit on merger of Crediop S.p.A.	30	30	-
Total revaluations	409	409	-
Gross book value	8,313	11,468	-27.5

SECTION 4 - TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible fixed assets (caption 100)

Tangible fixed assets comprise :

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Property			
– operating	1,155	1,238	-6.7
– non-operating	118	146	-19.2
Furniture and installation			
– office furniture and equipment	21	19	+10.5
– electronic equipment	95	136	-30.1
– general and specific installation	27	18	+50.0
Total	1,416	1,557	-9.1

Changes in tangible fixed assets during the year (Table 4.1 B.I.)

€/mil

A. Pro forma opening balance (a)	1,624
B. Increases	
B1. purchases	124
B2. writebacks	-
B3. revaluations	-
B4. other changes	32
C. Decreases	
C1. sales	82
C2. adjustments	
a) amortization	208
b) long-term writedowns	-
C3. other changes	74
D. Closing balance	1,416
E. Total revaluations	1,468
F. Total adjustments	
a) amortization	1,930
b) long-term writedowns	2

(a) the amount corresponds to the algebraic sum of the tangible fixed assets owned by Sanpaolo IMI, Cardine Banca e Banco di Napoli as of 1 January 2002; it is 67 million euro higher than the corresponding amount recorded to the "official" and reclassified pro forma balance sheet schedules as of 31 December 2001 since they were adjusted to take into account the transfer of the company branch from Cardine Banca to Cardine Finanziaria with effect from 1 January 2002.

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

	€/mil	
	Property	Furniture and installation
Pro forma opening balance	1,446	178
Increases		
– purchases	-	124
– other changes		
– incremental costs	7	-
– gains on disposals	25	-
– exchange differences	-	-
Decreases		
– sales	81	1
– adjustments		
– amortization	59	149
– long-term writedowns	-	-
– other changes		
– losses on disposals	1	1
– conferral to Cardine Finanziaria	64	8
Closing balance	1,273	143
Total revaluations	1,458	10
Total adjustments		
– amortization	688	1,242
– long-term writedowns	2	-

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

Intangible fixed assets (caption 90)

Intangible fixed assets comprise:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Merger and goodwill differences	1,411	1,707	-17.3
Software in use	69	101	-31.7
Software not yet in use	104	66	+57.6
Other deferred charges	29	30	-3.3
Total	1,613	1,904	-15.3

As already illustrated in the introduction to these Explanatory notes, following the merger of Banco di Napoli into SAN-PAOLO IMI, the Bank recorded a cancellation deficit of approximately 1,555 million euro and a deficit from the exchange of shares of approximately 9 million euro.

Being attributable to the valuation of goodwill of the incorporated bank, the cancellation deficit and the deficit from the exchange of shares, were classified in the financial statements to the caption merger differences represented by goodwill of merged companies. The amount recorded is subject to amortization on a ten year basis commencing from the year 2002

(the portion for the year is equal to 157 million euro). This is in line with the period adopted by the *advisors* for the purpose of the valuation of the companies involved in the merger, within the scope of determining exchange ratios. Amortization of goodwill over a ten year period also allows goodwill to be written off over the same period as that adopted for the purposes of the Group financial statements for amortization of goodwill arising from consolidation, in a number of stages, following the acquisition of controlling interest in Banco di Napoli.

Goodwill includes the higher price paid in respect of net equity at the time of the take over of the Hong Kong branch of Banco di Napoli S.p.A. in 2001.

Software investments in 2002 increased mainly because of the development of the Bank's data processing system, modernizing of branch and central office hardware, the development of new software applications, the continuation of the development of distribution channels through the Internet and the integration of procedures with Banco di Napoli.

"Other deferred charges" refers mainly to costs incurred for leasehold improvements.

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

€/mil

A. Pro forma opening balance (a)	275
B. Increases	
B1. purchases	140
B2. writebacks	-
B3. revaluations	-
B4. other changes	1,576
C. Decreases	
C1. sales	1
C2. adjustments	
a) amortization	326
b) long-term writedowns	-
C3. other changes	51
D. Closing balance	1,613
E. Total revaluations	-
F. Total adjustments	
a) amortization	734
b) long-term writedowns	-

(a) the amount corresponds to the algebraic sum of the tangible fixed assets owned by Sanpaolo IMI, Cardine Banca and Banco di Napoli as of 1 January 2002. When compared to the corresponding amount recorded to the "official" and reclassified pro forma balance sheet schedules as of 31 December 2001 the following differences can be noted:

- 46 million euro higher, since the schedules were adjusted to take into account the transfer of the company branch from Cardine Banca to Cardine Finanziaria from 1 January 2002;
- 1,675 million euro lower, for the deficit from the cancellation of the Banco di Napoli shares simulated at 31 December 2001 in order to guarantee comparability.

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

	€/mil			
	Merger and goodwill differences	Software in use	Software not yet in use	Other deferred charges
Pro forma opening balance	32	101	112	30
Increases				
– purchases	-	43	86	11
– other changes:				
– transfer of software developed in 2002	-	12	-	-
– allocation of merger differences	1,564	-	-	-
Decreases				
– sales	-	-	1	-
– adjustments:				
– amortization	185	87	42	12
– long-term writedowns	-	-	-	-
– other changes				
– transfer of software developed in 2002	-	-	12	-
– conferral to Cardine Finanziaria	-	-	39	-
Closing balance	1,411	69	104	29
Total revaluations	-	-	-	-
Total adjustments				
– amortization	430	203	70	31
– long-term writedowns	-	-	-	-

The “software in use” caption refers to purchases of new packages for integration of the operating network procedure.

Amounts registered under “software not yet in use” refer to modification and procedure changes for the development of application programs mainly ordered from third parties and not yet completed.

Costs for the year relating to the introduction of the Euro amount to 10 million euro, of which 9 million euro have been booked to administrative costs and 1 million euro to tangible fixed assets. Total costs incurred for the introduction of the Euro since 1998 amount to 83 million, broken down as follows:

- 67 million euro booked to administrative costs;
- 16 million euro booked to tangible and intangible assets, booked for 2 million euro after amortization for 14 million euro.

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

Other information relating to tangible and intangible fixed assets

Pursuant to article 10 of Law 72/83, information relating to revaluations on property included in the Bank's equity as of 31 December 2002 is given below:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Historical cost	505	595	-15.1
Law 823/73 (a)	14	15	-6.7
Law 576/75 (a)	18	19	-5.3
Law 72/83 (a)	170	174	-2.3
Other (a)	60	62	-3.2
Law 218/90 (b)	871	903	-3.5
Law 408/90 (a)	170	171	-0.6
Law 413/91 (a)	61	61	-
Merger of Banca Provinciale Lombarda and Banco Lariano	94	94	-
Total revaluations	1,458	1,499	-2.7
Gross book value	1,963	2,094	-6.3

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

(b) Higher values attributed on transformation from a public credit institution into a limited company.

It is pointed out that the former Banco di Napoli made revaluations according to L. 218/90 for 10 million euro with regards to works of art.

SECTION 5 - OTHER ASSETS

Other assets (caption 130)

Analysis of caption 130 "other assets" (detail 5.1 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Unprocessed transactions and transactions by foreign branches:	1,963	2,867	-31.5
- unprocessed transactions – Italian branches (a)	1,002	1,854	-46.0
- amounts in transit between Italian branches (a)	953	993	-4.0
- transactions by foreign branches	8	20	-60.0
Loans to subsidiaries for dividends matured	374	1,935	-80.7
Amounts related to derivative contracts and foreign exchange transactions	862	1,180	-26.9
- effect of currency hedges, forex swap and cross-currency swap	144	707	-79.6
- valuation of derivatives on interest rates and stockmarket indices	686	453	+51.4
- premiums paid on purchased options	32	20	+60.0
Due from tax authorities:	2,152	1,565	+37.5
- prepaid current year direct taxes	233	436	-46.6
- tax credits on dividends and withholding taxes withheld	1,058	912	+16.0
- tax withholdings overpaid during the year on bank interest income	51	-	n.s.
- tax credits relating to prior years	749	174	n.s.
- taxes paid in advance on termination indemnities – Law 662/96	61	43	+41.9
Prepaid tax excess on income taxes	31	46	-32.6
Net effect of translating funds from international agencies using current rates, with the exchange borne by third parties	5	-	n.s.
Items relating to securities transactions	65	41	+58.5
Checks and other instruments held	1,113	1,662	-33.0
Deferred tax assets	580	840	-31.0
Loans to be restored ex Law 588/96	58	58	-
Deposit with the Bank of Italy relating to the liquidation of Isveimer	833	173	n.s.
Deposits with clearing-houses	1,008	2,300	-56.2
Other (b)	9,044	12,667	-28.6

(a) The amounts were mostly settled at the beginning of the new financial year.

(b) Other includes the estimated realizable value of 1.3 million euro for the loan arising from the Rome Court of Appeal in relation to the IMI-SIR dispute. Detailed information on this dispute is provided later in this section.

Valuation of the assets in question did not give rise to any adjustments.

IMI Sir dispute

Other assets include 1.3 million euro which refer to the estimated realizable value of a loan the title to which was definitively judged by the First Civil Section of the Supreme Court through sentence 2469/03, which confirmed, thereby justifying, sentence 2887 passed by the Rome Court of Appeal on 11 September 2001, by which Consorzio Bancario SIR S.p.A. in liquidation is liable to pay the Bank the sum of 506 million euro. Instead, the sentence passed by the Supreme Court sustained the reason for burden raised by Consorzio Sir, stating that Consorzio was not liable to pay the amount of interest matured on the loan from the date on which the appeal was served. The decision on whether or not the total amount owed to the Bank by Consorzio should be reduced by approximately 14.5 million euro was referred by Supreme Court to another section of the Rome Appeal Court: if the trial judge holds the claim amount unjustified, the sentence against the Consorzio to pay the sum of 506 million euro will be reduced accordingly.

The same Supreme Court sentence passed final judgment on the right of Consorzio to be held harmless in respect of Mrs Battistella Primarosa (heir to Mr. Nino Rovelli) and Eurovalori S.p.A..

In respect of its rights and with the aim of defending its prospects of recovering the amount owed, the Bank, by virtue of agreements with Consorzio, has assumed from the latter its arguments against Mrs Battistella Primarosa, by taking appropriate defensive action.

As in the previous year, for the purposes of preparing the financial statements, the book value of the loan subject to the Supreme Court sentence has been calculated in accordance with national and international accounting principles for contingent assets and revenue recognition, on the basis of its estimated realizable value. As a matter of fact, no events have taken place to date which would justify any form of adjustment to the valuation originally calculated for the purposes of the financial statements as of 31 December 2001.

As far as taxation is concerned, it should be noted that on payment of taxes owed for the year 2001, in accordance with the directives of the Tax Authorities, the Bank treated as taxable income the gross income deriving from the sentence of the Court of Appeal of 11 September 2001, which has now become final (approximately 600 million euro, including interest matured to 31 December 2001). This treatment did not have a significant impact on the 2002 financial statements, since the greater amount of tax payable, approximately 213 million euro, has been offset against a deferred tax asset for the same amount, booked on the assumption that there is the likelihood of collection and/or definitive deduction of the gross taxable amount, where legal action is not fully or partially successful within a reasonable period of time.

Accrued income and prepaid expenses (caption 140)

Analysis of caption 140 "accrued income and prepaid expenses" (detail 5.2 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Accrued income			
– income from derivative contracts (a)	700	715	-2.1
– interest from loans to customers	418	510	-18.0
– interest on securities	147	169	-13.0
– bank interest	79	101	-21.8
– other	107	61	+75.4
Prepaid expenses			
– charges on derivative contracts	32	46	-30.4
– commission on placement of securities and mortgage loans	227	122	+86.1
– discounts on bond issues	13	15	-13.3
– other	105	41	+156.1
Total	1,828	1,780	+2.7

(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.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Due from banks	194	185	+4.9
b) Loans to customers	65	-	n.s.
c) Bonds and other debt securities	88	178	-50.6
Total	347	363	-4.4

Banco di Napoli loans to be restored ex Law 588/96

This item, amounting to 580 million euro (840 million euro as of 31 December 2001), represents the residual capital and interest of the interventions made by former Banco di Napoli to cover the liquidation deficit of Isveimer and the losses of Società per la Gestione di Attività S.p.A. (Sga). These interventions form part of the reorganization plan prepared, with the Bank of Italy's approval, on the basis of Law 588/96 containing urgent provisions for the recovery, reorganization and privatization of former Banco di Napoli. Furthermore, the same law establishes to hold the former Banco di Napoli harmless from the economic and financial consequences of the measures taken or to be taken using the mechanism provided by the Treasury Ministry Decree of 27 September 1974. Since 31 December 2002, following the merger by incorporation of Banco di Napoli into SANPAOLO IMI, the latter has, for all legal purposes, taken over from the Banco in the recovery mechanism.

To summarize, the procedure applicable both to Isveimer and to Sga states that the Bank of Italy will grant extraordinary advances at a special low rate of interest (1%) to cover the losses of the subsidiaries concerned. Such advances must be invested in Government securities, so that the differential between the interest income on the securities purchased and the interest expense on the advances received can directly reduce the "loans to be restored" and the related interest accrued, based on the "minimum interest rate offered on the principal refinancing transactions".

From an accounting point of view, the advances received from the Bank of Italy and the Government securities purchased are shown under the memorandum accounts, while the financial flows deriving from collection of coupons on such securities and from the payment of interest on the advances are, respectively, debited and credited directly to the “loans to be restored”, thus allowing them to be reduced gradually. This accounting treatment has been authorized by the Bank of Italy as it places emphasis on the substance of the situation rather than the form, in accordance with Decree Law 87 dated 27 January 1992.

On 27 December 2002, the Bank of Italy granted Banco di Napoli four new advances to replace that expiring in December, for a total of 12,288 million euro, all to expire by the end of 2003.

As of 31 December 2002, there are no accrued expenses maturing at year end.

A summary of the circumstances relating to the investments in Isveimer S.p.A. and in Società per la gestione di attività S.p.A. is provided below.

The liquidation of Isveimer

Isveimer S.p.A., a subsidiary of Banco di Napoli which financed industrial development in Southern Italy, was put into voluntary liquidation in 1996.

In 1997, Banco di Napoli intervened to reduce the final liquidation deficit estimated to be 917 million euro. The cost of this intervention and the related interest were recovered in accordance with Law 588/96, as mentioned above, and the methods described in the aforementioned Treasury Decree of 1974.

In fact, on the expiry of the advances granted by the Bank of Italy, the recovery process showed a balance in favor of the Central Bank of 58 million euro, lodged as a non interest-bearing deposit with the same Central Bank. This deposit is shown under “other assets” offset by “other liabilities”.

Società per la Gestione di Attività (Sga)

Società per la Gestione di Attività S.p.A. (Sga) was created in 1996 by transforming an existing subsidiary of Banco di Napoli for the purpose of taking over most of the bank's doubtful loans, as an onerous title and without recourse. Although Banco di Napoli owns the entire share capital of the company, it does not exercise control having transferred the shares and the voting rights to the Treasury by way of a pledge.

The transfer of doubtful loans to Sga began on 1 January 1997; at the same time, Banco di Napoli granted its subsidiary various interest-bearing lines of credit, essential to finance the cost of the factoring agreement, as well as to cover the company's running costs. At the end of 2000, Banco di Napoli reached a settlement with Sga, resolving a number of differences of interpretation and substance that had arisen between the parties; the cost of this settlement, 125 million euro, was deducted from the loans. As of 31 December 2002, loans to Sga totaled 1,285 million euro, of which 1,252 million euro granted for the measures provided by law 588/96 (a reduction of 789 million euro on 31 December 2001) and 33 million euro disbursed for the regular management of the company. The reduction in respect of the previous year is largely connected to the financial intervention in May 2002 to cover losses for 246 million euro registered by the subsidiary in the second half of 2001 and to that in October 2002 to cover the 285 million euro loss recorded in the first half of 2002. As with similar interventions, the amounts in question were deducted from loans granted to the subsidiary, included among customer loans and increasing loans to be restored, recorded to other assets, in accordance with Law 588/96.

The following tables show details of the aforementioned restoration procedure for the year 2002, with comparative figures for 2001.

Advances received and securities purchased ex Law 588/96

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)
Advances received from the Bank of Italy ex Law 588/96 (a)	12,288	15,402
Securities lodged in guarantee for advances ex Law 588/96 (nominal value)	10,841	13,919
- securities purchased with advances received from the Bank of Italy (a)	10,431	13,391
- portfolio securities (b)	410	528

(a) The transactions are shown in the memorandum accounts as authorized by the Bank of Italy; the advances totaling 12,288 million euro granted on 27 December 2002 expire as follows: 270.4 million euro on 1 March 2003, 134 million on 1 June 2003; 2,578.6 million euro on 22 December 2003 and 9,304.8 million euro on 27 December 2003.

(b) Securities placed as guarantee on the advance received from the Bank of Italy are included in the dealing portfolio, for 410 million euro (book value as of 31 December 2002).

Change of loans to be restored ex Law 588/96 (a)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)
a. Opening balance	840	1,376
b. Changes		
1. Coverage of SGA's losses (b)	531	507
2. Interest income on the securities purchased with the funds advanced by the Bank of Italy	-953	-1,226
3. Interest expense on advances from the Bank of Italy	142	169
4. Interest accrued on the "Loans to be restored" account	20	46
5. Other changes (c)	-	-32
Total	580	840

(a) The statement of income only includes interest accrued on loans to be restored.

(b) Of which 246.3 million euro refers to the loss incurred in the second half of 2001 settled in May 2002, and 284,8 million euro refer to the loss incurred in the first half of 2002 settled in October 2002

(c) This refers to the assignment in 2001, by the Ministry of Economy and Finance, of the net revenues deriving from the sale in 1997 of 60% of Banco's capital to Bn Holding, established by Ina and Bnl, on the basis of the provisions of Law 588/96.

Financial flows maturing on the advances received from the Bank of Italy and on securities lodged in guarantee ex Law 588/96 (a)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)
Interest accrued on advances (b)	-	-2
Coupons falling due on Bank of Italy securities lodged in guarantee	127	220
Total	127	218

(a) The amounts refer to accruals for the respective years.

(b) The financial flows from the advances, matured between 27 and 31 December 2002, totaling 1.4 million euro, were charged by Bank of Italy on 31 December, therefore they are included in caption b.3 of the previous table.

SECTION 6 - PAYABLES

Due to banks (caption 10)

Deposits taken from banks are analyzed as follows:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Due to central banks			
– repurchase agreements and securities borrowed	470	1,000	-53.0
– other deposits from the Italian Exchange Office	28	127	-78.0
– other deposits from central banks	898	1,147	-21.7
Due to other banks			
– deposits	15,121	21,009	-28.0
– repurchase agreements and securities borrowed	2,910	2,936	-0.9
– medium and long-term loans from international bodies	2,484	2,712	-8.4
– current accounts	745	1,205	-38.2
– other	16	54	-70.4
– other loans	8,348	6,194	+34.8
Total	31,020	36,384	-14.7

Detail of caption "due to banks" (detail 6.1 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Repurchase agreements	3,380	3,936	-14.1
b) Securities borrowed	-	-	-

Loans from international bodies include loans used by the Bank to finance investment projects in industrial sectors and in public utility services.

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

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Due to customers			
– current accounts	35,409	36,110	-1.9
– repurchase agreements and securities borrowed	6,215	6,100	+1.9
– deposits	13,590	13,792	-1.5
– short-term payables relating to special management services carried out for the government	313	663	-52.8
– other	215	749	-71.3
Securities issued			
– bonds	16,025	15,763	+1.7
– certificates of deposit	2,845	5,687	-50.0
– banker's drafts	493	648	-23.9
– other securities	12	583	-97.9
Total	75,117	80,095	-6.2

Detail of caption "due to customers" (table 6.2 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Repurchase agreements	6,215	6,100	+1.9
b) Securities borrowed	-	-	-

Securities issued comprise those due or ready for repayment totaling 53 million euro.

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

Public funds administered (caption 40)

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Funds provided by the State	35	43	-18.6
Funds provided by regional public agencies	18	18	-
Other funds	38	39	-2.6
Total	91	100	-9.0
<i>of which: funds with risk borne by the Government under Law 19 of 6/2/87</i>	<i>11</i>	<i>12</i>	<i>-8.3</i>

Other information relating to payables

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

SECTION 7 - PROVISIONS

The Bank's provisions are analyzed below:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Provisions for employee termination indemnities (caption 70)	687	687	-
Provisions for risks and charges (caption 80)			
– pensions and similar commitments (caption 80.a)	41	43	-4.7
– provisions for taxation (caption 80.b)	1,038	793	+30.9
– other reserves (caption 80.c)			
– provisions for guarantees and commitments	108	48	+125.0
– provisions for other risks and charges	735	678	+8.4
– provisions for other personnel charges	506	678	-25.4
Total	3,115	2,927	+6.4

Provisions for employee termination indemnities (caption 70)

<i>Changes in "reserve for termination indemnities" during the year</i>		<i>€/mil</i>
Pro forma opening balance		687
Increases		
– provisions		65
– employment contract acquisition		-
Decreases		
– advances allowed under Law 297/82		11
– indemnities to employees leaving the Group		48
– transfers		1
– other changes		5
Closing balance		687

Provisions for risks and charges (caption 80)

Pensions and similar (caption 80.a)

<i>Changes in "reserve for pensions and similar commitments" during the year</i>		<i>€/mil</i>
Pro forma opening balance		43
Increases		
– provisions		1
Decreases		
– utilization		3
Closing balance		41

This provision was created to cover charges linked with integration of the pension paid to the former IMI S.p.A. personnel entitled to such payment integration. Utilizations mentioned above 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.

Provisions for taxation (caption 80.b)

<i>Changes in "reserve for taxation" during the year</i>						<i>€/mil</i>
	Income taxes	Deferred taxation on the Reserve for General Banking Risks	Other reserves – Reserve ex Law 169/83	Deferred taxes on the Reserve ex Decree 213/98	Deferred taxes relating relative a to dividends matured (b)	Total
Pro forma opening balance (a)	774	110	4	25	21	934
Increases						
– provisions for 2002 income taxes	709	-	-	-	-	709
– deferred taxes on dividends for 2002	-	-	-	-	185	185
– exchange differences	-	-	-	-	-	-
– other changes	218	-	-	-	988	1,206
Decreases						
– payment of income taxes	654	110	-	-	1,006	1,770
– exchange differences	-	-	-	-	-	-
– other changes	25	-	-	16	185	226
Closing balance	1,022	-	4	9	3	1,038

(a) The opening balance of the pro forma balance sheet differs by 141 million euro when compared to that at year end 31 December 2001 because the amount is shown before taxation recalculated on the pro forma result of 250 million euro. It also takes into account the reclassification of deferred taxation of 109 million euro relating to former Cardine Banca, offset against the prepaid tax credit for comparability with the accounting principles applied by the Bank.

(b) The tax credit relating to dividends from Group companies, recorded on an accruals basis, has been offset against the deferred taxation for that year, in accordance with Italian accounting principles. Following the collection and consequent taxation of the dividends for the year 2001 the tax credit has been booked to an appropriate caption to offset the provision for deferred taxation (other increases). The residual amount of deferred taxation relating to matured dividends refers to dividends maturing in 2001 but not yet collected.

The provision for taxation as of 31 December 2002 is considered sufficient to cover current income taxes, including local taxes payable by foreign branches and existing and potential tax disputes and is calculated taking into account tax "amnesties", established by the 2003 financial law.

Of the many and varied kinds of assessment considered by this law, the Bank has appraised the following as being favorable: 1) settlement of pending disputes, which allows existing and potential tax disputes to be concluded through payment of a lump sum calculated on the basis of the amount in dispute and the degree and outcome of judgment; especially when the cost for concluding a dispute is relatively moderate when compared to the considerable costs of managing pending disputes and to the risks inherent to the outcome of the proceedings; 2) the relatively moderate cost of automatic settlement of disputes in respect of prior years VAT; 3) integration of taxable income for income taxes, especially considering the opportunity of avoiding the two year deferment of time limits for assessment.

With respect to movements during the year in the provision for taxation, it should be noted that the increase in taxation includes the higher amount of taxable income declared in 2001 in relation to the IMI Sir dispute, reference of which is made in Section 5 of these Explanatory notes. This taxation refers to contingent assets, being the difference between the loans recognized by the sentence passed by the Rome Court of Appeal against Consorzio Bancario Sir (approximately 600 million euro including the interest matured up to 31 December 2001) and the amount recorded to the 2001 financial statements (approximately 1.3 million euro).

The decreases refer to 20 million euro for the tax charge for the year 2001 and 5 million euro for the reclassification of other liabilities in respect of tax payable by the former Cardine Banca.

It should also be noted that current income taxes include the tax charges for the year (approximately 7 million euro), substitute tax relating to the unfreezing of the portion of merger deficit arising from the incorporation of Banco di Napoli, which was not recognized for tax purposes (approximately 362 million euro). This tax, totaling around 69 million euro, will be booked to the statement of income over a period consistent with the amortization of the Banco di Napoli merger deficit (10 years); this in compliance with the Bank of Italy decisions expressed in its Letter number 9426 dated 27 July 2000. As of 31 December 2002, taxation payable in future years was booked as an asset item – prepaid expenses.

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

<i>Changes during the year in "Deferred tax assets credited in the statement of income" (Table 7.4 B.I.)</i>		<i>€/mil</i>
1. Pro forma initial amount (a)		1,553
2. Increases		
2.1 Deferred tax assets arising during the year		191
2.2 Other increases		238
3. Decreases		
3.1 Deferred tax assets reversing during the year		822
3.2 Other decreases		47
4. Final amount		1,113

(a) The opening balance of the pro forma balance sheet differs by 109 million euro when compared to that at year end 31 December 2001 because the amount takes into account the reclassification of deferred taxation relating to former Cardine Banca, offset against the prepaid tax credit for comparability with the accounting principles applied by the Bank.

The pro forma opening balance of deferred tax assets includes 584 million euro which refers to the former Banco di Napoli and which was recorded against the tax loss and other deductible timing differences. Following the merger, such assets have been recalculated for fiscal purposes in order to calculate the incorporating tax losses attributable to the incorporating company, as well as to align the principles used to calculate the deductible timing differences and tax rates.

The increases refer to not only deferred tax assets booked in respect of the increase in tax payable in relation to the IMI-Sir dispute, but also to the adjustment to tax rates and deductible timing differences applicable to the former Banco di Napoli.

The other decreases refer to the tax charge for the year 2001 and to the adjustment to tax rates and deductible timing differences applicable to Sanpaolo Imi (reduction in the Corporate Income Tax rate introduced in the tax legislation).

The financial statements of the Bank as of 31 December 2002 reveal deferred tax assets totaling 1,113 million euro; this reflects the effect of timing differences between the book value and the value for tax purposes of assets and liabilities matured in 2002 and in prior years and which it is reasonably certain will become deductible in future years.

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

	€/mil	
	IRPEG (corporate income taxes)	IRAP (regional income taxes)
A. Deductible timing differences		
Adjustments of receivables deductible in future years	246	31
Provisions for future charges	420	-
Writedowns of securities, property and equity investments	120	2
Other	305	-
B. Taxable timing differences		
Accrued capital gains	11	-
Totali	1,080	33

Deductible timing differences have been offset against taxable timing differences according to the type of tax and by year of reversal. According to our estimates, there will not be any taxable timing differences in future years higher than the deductible timing differences.

The deferred tax reserves refer to specific reserves which are in suspense for tax purposes and are booked in offset against their corresponding asset captions. In fact, during the year:

- the accrual to the deferred tax reserve relating to the Reserve for General Banking Risks was written off after the latter reserve had been fully utilized and expensed in the statement of income;
- the accrual to the deferred tax reserve relating to the reserve for D.Lgs 213/98 was utilized in proportion to the amount of the latter reserve utilized to reduce the book value of the investment in Sanpaolo Imi International. This investment was written down to reflect the loss incurred in the year, calculated on the adjustment to the value of the shareholding held in SCH.

For completeness, it must be noted that the 31 December 2002 figures take into account the deferred taxation relating to the reinstatement of the former Cardine Banca equity reserves that will become taxable however used. In particular, we would also point out that in light of the allocation of the merger deficit of Cardine Banca, the caption Reserve pursuant to D.L. 429/82 was reinstated by 218,048 euro with 71,956 euro accrued to the deferred taxation reserve.

Movements in deferred tax liabilities during 2002 were as follows:

<i>Change during the year in "Deferred tax liabilities charged to shareholders' equity" (Table 7.5 B.1.)</i>		€/mil
1. Pro forma initial amount		139
2. Increases		
2.1 Deferred tax liabilities arising during the year		-
2.2 Other increases		-
3. Decreases		
3.1 Deferred tax liabilities deferred during the year		110
3.2 Other decreases		16
4. Final amount		13

Deferred tax reserves charged to the statement of income refer to tax charges relating to subsidiary dividends are booked on an accruals basis. More specifically, the reserve comprises the excess of deferred taxes on dividends in respect of the pre-paid tax credits recognized on the dividends themselves.

<i>Changes during the year in "Deferred tax liabilities charged to the statement of income" (Table 7.5 B.I.)</i>		<i>€/mil</i>
1. Initial amount		21
2. Increases		
2.1 Deferred tax liabilities arising during the year		185
2.2 Other increases		988
3. Decreases		
3.1 Deferred tax liabilities deferred during the year		1,006
3.2 Other decreases		185
4. Final amount		3

The other increases refer to the reclassifications among prepaid tax credits on dividends for the year 2001, while other decreases comprise prepaid taxes in respect of dividends for the year 2002 which have been offset against deferred taxation in accordance with accounting principles.

Deferred taxation writeoffs during the year refer to dividends for the year 2001 collected and taxed in 2002.

Information as per Consob Communication 1011405 dated 15 February 2001.

Tax benefits under D.Lgs. 153 dated 17/5/99 (Legge Ciampi)

Law Decree 153 dated 17 May 1999 - known as the "Legge Ciampi" – introduced tax instruments in respect of restructuring operations on banks and, among others, set a reduced tax rate for bank or banking group concentration transactions of 12.50% on profits destined to a special reserve to be composed of the maximum amount, to be broken down on a straight-line basis over five years, at 1.2% of the difference between the receivables and payables of all the banks that took part in the transaction and the aggregate of the major bank participating in the transaction.

Through a statement dated 11 December 2001, the European Commission declared that the tax benefits under the "Legge Ciampi" were incompatible with Community principles. In arrangement with the Italian Government who, in February 2002, filed an appeal against the European Court of Justice, ABI (the Italian Bankers Association) and the banks concerned, including SANPAOLO IMI, petitioned the High Court of Luxembourg to cancel the decision of the European Commission. The dispute is still pending and the parties involved are waiting for the Court to decide on whether to suspend the petition of the banks, whilst awaiting the sentence on that brought by the Italian Government, or to declare that it is incompetent and allow the banks to proceed with their petition before the Court of Justice, thus taking up the same arguments as those upheld by the Italian Government.

Sanpaolo Imi and the Cardine group merged banks have benefited from the provisions and other minor benefits of the "Legge Ciampi" in respect of the years 1998, 1999 and 2000; these benefits have been prudently accrued to the tax reserve. The law in question was suspended with effect from year 2001, through decree law 63 of 15 April 2002 (subsequently converted into Law 112 on 15 June 2002). In the meantime, commencing from the last financial year, current income taxes and deferred taxes have been determined without taking into account the benefits in question.

Furthermore, through decree law 282 of 24 December 2002 (subsequently modified and converted into Law 27 on 21 February 2003), the Government implemented the decision of the Commission whereby it enforced the recovery of the relief granted and made available to the banks: this urgent measure provided for the payment, not later than 31 December 2002, of all amounts corresponding to the tax relief enjoyed by the "Legge Ciampi".

On 31 December 2002, the Bank paid 200 million euro, which corresponds to the lower tax liabilities already paid in by the Bank and the merged banks and includes interest at an annual rate of 5.5%, which is substantially in line with the full

amount to be reimbursed, apart from some minor adjustments. Merely for precautionary measures, the Department of the Treasury, the payee, expressed its reservations in respect of the petitions brought before the Court of First Instance of the European Community.

As far as the effect on the financial statements is concerned, considering that the recovery of the tax relief has been applied in the presence of disputes brought against the European Commission by the Italian Government and the banks concerned and that in any case the amount paid cannot be considered definitive, such amounts have been recorded to other assets and wholly offset by accruals to the tax reserve. Therefore the amount paid has not affected the Bank's statement of income other than the interest payable in 2002 (approximately 10 million euro).

Provisions for risks and charges - other reserves (caption 80.c)

Analysis of caption 80.c "provisions for risks and charges: other provisions" (Table 7.3 B.I.)

	Guarantees and commitments	Other risks and charges	Other personnel charges	€/mil Total
Pro forma opening balance	48	678	678	1,404
Increases				
– provisions	67	134	15	216
– other changes (a)	-	6	51	57
Decreases				
– revaluation of guarantees	7	-	-	7
– used to cover charges on settlement of disputes	-	23	-	23
– used to cover long-service bonuses and other payments and for surplus	-	-	224	224
– utilization to cover other liabilities	-	46	-	46
– other changes (b)	-	14	14	28
Closing balance	108	735	506	1,349

(a) The increase in other changes includes 51 million euro booked to personnel costs, mainly in respect of accruals for bonuses, incentives and stock incentive plans in favor of employees and 6 million euro booked to "extraordinary expenses".

(b) In addition to exchange rate fluctuations, the decrease in other changes refers to the reclassification of some Banco di Napoli accruals to other liability entries.

Provisions for "guarantees and commitments" of 108 million euro cover expected losses in respect of guarantees and more generally, the contingencies associated with guarantees and commitments, including exposures to derivate contracts on loans for which the Bank has taken over the lending risk (seller protection). More specifically, the provisions include risks calculated on a case by case basis as well as the physiological risk of performing accounts valued using the same principles as those applied to loans.

Provisions for "other risks and charges" amounting to 735 million euro, include:

- 167 million euro accrued 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;
- 380 million euro provided against estimated losses on legal disputes and, more specifically, on claims by receivers of bankrupt customers;
- 188 million euro to cover both potential charges relating to guarantees given on the sale of equity investments and other extraordinary transactions and other potential liabilities.

Provisions for "other personnel charges", of 506 million euro, include:

- 263 million euro for staff leaving incentives offered during the year and in prior years to former Banco di Napoli employees.

- 118 million euro accrued, on the basis of independent actuarial appraisals, to cover the technical deficit of the supplementary pension fund, an independent entity, which integrates the compulsory pension fund for Istituto Bancario San Paolo di Torino employees;
- 51 million euro accrued against potential liabilities deriving mainly from employee premiums and incentives, the issue of which is at the discretion of the Parent Bank and stock incentive plans in favor of employees;
- 45 million euro of other provisions to the supplementary pension fund;
- 17 million to cover payment of long service bonuses to employees;
- 12 million euro provisions made to the technical reserve – Law 336/70, for employee accident coverage and other minor potential liabilities.

Information as per Consob Communication 1011405 dated 15 February 2001.

Low-interest building mortgage loans

Law 133/99, implemented with Ministerial Decree 110/2000 (against which an appeal was presented before the administrative court), forces banks to review the interest rates applied to mortgages issued with charges to be borne in full or partially by the public sector, upon receipt of a request to such effect by borrowers or by the body issuing the borrowing facilities.

As no "threshold rate" is set for low-interest mortgages, subsection 62 of art. 145 of Law 388 dated 23 December 2000 (Budget Law 2001) clarifies that the renegotiation rate is to be considered as "the average overall rate for building mortgage loans being amortized", assigning the identification of the transactions within which to carry out the observations to determine the renegotiation rate to a subsequent regulation. To this end, with the Decree dated 4 April 2001, the Treasury set up the new consistent category of low-interest loans being amortized and the Bank of Italy issued the correlated methodological notes for the observation of average rates for the sector concerned to the whole system.

The observation activity was concluded some time ago, but the regulation has still to be completed with the issue of a Ministerial Decree to establish the renegotiation rate. Subsection 2-sexies of article 3 of Law 265 dated 22 November 2002 (converted from Law Decree 209 dated 24 September 2002) has established 31 March 2003 as the date by which such provision must be adopted, in application of that stated in subsection 62 of article 145 of Law 388/2000.

While the Bank reserves the right to evaluate whether or not to continue the appeals, which were disregarded in the first degree by the Lazio Regional Administration Court, against that stated in Ministerial Decree 110/2000, the potential charge deriving from the renegotiation has been determined on the basis of prudent criteria, at 162 million euro, of which 127 million euro refer to the period 1 July 1999 to 31 December 2001 and 35 million euro refer to the year 2002 and is covered sufficiently by specific accruals to provisions for other risks and charges. In the years following 2002, the negative impacts on the statement of income will be gradually reduced because of the expiry of current mortgage loans.

Low-interest agricultural mortgage loans

The provisions of art. 128 of Law 388/2000 (Budget Law 2001) have introduced the faculty for borrowers to renegotiate the loan installments still to expire at current, more favorable, rates fixed for low-interest transactions. Renegotiation is subject to an implementation Ministerial Decree which has still not been issued, but which must be adopted, even in this case, by 31 March 2003, as per the aforementioned provision introduced by aforementioned subsection 2-sexies of article 3 of Law 265 dated 22 November 2002 (converted from Law Decree 209 dated 24 September 2002). Considering the precise reference to the "loan installments still to expire" contained in Law 388/2000 and the consequent possibility to activate renegotiation exclusively for the future, no provisions have been made.

Fixed-rate unsubsidized mortgage loans (usury):

In compliance with the provisions of Law 24/2001, (converted from Decree Law 394/2000, containing the authentic interpretation of Law 108/1996) and with the subsequent Constitutional Court Sentence 29 dated 25/02/2002, Sanpaolo Imi concluded adjusting all mortgages covered by these provisions to the "replacement" rate of 9.96%. An interest rate of 8% was applied for those borrowers who presented self-certification declaring their right to such reduction (the original capital of the loan not being more than 150 million Italian Lira, granted to first-time buyers of non-luxury homes).

The reserve for other risks and charges still includes a residual accrual of 5 million euro to cover further requests to reduce interest rates to 8% not yet received or not yet documented by borrowers possessing the legal requirements to benefit from such rates.

Anatocism

In March 1999, the Supreme Court declared quarterly capitalization of interest payable to be illegitimate, thereby completely changing the previous law. This decision was based on the assumption that the relevant clauses in bank contracts do not integrate "regulatory" use as believed in the past, but rather "trading", which is not suitable for conforming to the prohibition of anatocism in compliance with art. 1283 of the Italian Civil Code.

After the reversal by the Supreme Court, Decree Law 342/99 was enacted, confirming the legitimacy of capitalization of interest in current account contracts if it is applied over the same period as that for calculating interest payable and receivable: the Credit and Savings Interdepartmental Committee was assigned to determine the methods of such calculation and from 22 April 2000, the date on which the Committee's instructions became effective, all current accounts were adjusted applying quarterly capitalization to interest receivable and payable.

Therefore, since April 2000, capitalization of half-yearly interest is considered legitimate and the dispute on this matter refers only to those contracts signed before that date: it should be noted that, despite the fact that the Supreme court has repeatedly confirmed the invalidity of the capitalization clauses, many judges of merit have distanced themselves from the sentence, continuing to consider it legitimate, thus the jurisprudence is still being debated.

As at 31 December 2002, the trend in the dispute shows a slight increase and is subject to careful monitoring: the numeric increase on the previous year is mainly because of the integration of the former Banco di Napoli and the problems relating to disputes following the merger with Sanpaolo IMI. The risks relating to the disputes in question correspond to the prudent accruals made to the Provisions for Other Risks and Charges which are proportionate to the total of each legal request. Where the introductory measures do not quantify the demand and until an accounting opinion has been expressed on the issue, the risk involved is covered by an accrual of 35 million euro destined, in its entirety, to hedge disputes of an undetermined amount and of an uncertain outcome.

SECTION 8 - CAPITAL, EQUITY RESERVES, RESERVE FOR GENERAL BANKING RISKS AND SUBORDINATED LIABILITIES

Net shareholders' equity is detailed below:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Shareholders' equity			
– capital (caption 120)	5,144	5,144	-
– additional paid-in capital (caption 130)	708	22	n.s.
– reserves (caption 140)			
a) legal reserve	1,029	792	+29.9
b) reserve for own shares	-	294	-100.0
c) other reserves	2,311	2,793	-17.3
– reserve (art. 7 sub..3, Law 218/90)	-	80	-100.0
– reserve (art. 13 sub..6, D.Lgs. 124/93)	4	3	+33.3
– reserve D.Lgs. 153/99	854	641	+33.2
– extraordinary reserve	983	58	n.s.
– unrestricted reserve for the purchase of own shares	456	706	-35.4
– reserve Law 169/83	-	11	-100.0
– reserve D.Lgs. 213/98	14	42	-66.7
– other reserves (a)	-	1,252	-100.0
– reserve for general banking risks (caption 100)	-	336	-100.0
– retained earnings (caption 160)	-	-	-
– income for the period to be allocated (caption 170)	764	1,599	-52.2
Total shareholders' equity	9,956	10,980	-9.3
Own shares in portfolio (b)	-	294	-100.0
Subordinated liabilities (caption 110)	6,090	5,310	+14.7

(a) The other reserves relating to 2001 include the effect of the pro forma adjustments to the net equity of merged banks.

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

The net equity entries shown follow board resolutions made within the scope of the approval of the financial statements, at the extraordinary meeting for the increase in Legal reserve and at the ordinary meeting for the allocation of merger goodwill generated by the merger with Cardine Banca.

In particular, the increase of legal reserve from 792 million euro to 1,029 million, being the maximum limit established by subsection 1 of art. 2430 of the Italian Civil Code (20% of share capital), was made through the following provisions:

- 80.5 million euro to Reserve ex art. 7 c. 3 Law 218/90;
- 11.5 million euro to Reserve Law 169/83;
- Merger goodwill of 142 million euro;
- Additional paid-in capital of 3 million euro.

After allocating euro 142 million euro to the Legal reserve, the goodwill from the merger with Cardine Banca of 1,441 million euro was allocated as follows:

- 213 million euro to Reserve Decree Law 153/99;
- 23 million euro to the Reserve for General Banking Risks (utilized during the year);
- 516 million euro to the Extraordinary reserve;
- 689 million euro to Additional paid-in capital.

Share Capital and Additional paid-in capital

The merger of Cardine Banca, stipulated on 24 May 2002 becoming legally effective as of 1 June 2002, involved the exchange of 267,821,000 shares in Cardine Banca with 480,738,695 shares in SANPAOLO IMI. The exchange was made by:

- issuing 432,724,886 ordinary shares with a nominal unitary value of 2.8 euro;
- the use of 48,013,809 own shares held by SANPAOLO IMI as of 1 June 2002.

As part of the merger, Compagnia di Sanpaolo, Fondazioni di Padova e Rovigo and Fondazione di Bologna availed themselves of the right, in accordance with Law 461/98 and D. Lgs. 153/99, to request conversion of the ordinary shares held by them into privileged shares, for the part in excess of 15% of the total ordinary share capital held. As a consequence 388,334,018 ordinary shares were directly converted into privileged shares.

Following the aforementioned transactions, as of 31 December 2002, the Bank's share capital amounts to 5,144,064,800 euro, made up of 1,448,831,982 ordinary shares and 388,334,018 privileged shares with a nominal value of 2.8 euro each.

Other Reserves

Other reserves comprise:

- the reserve art. 13 c. 6 D. Lgs 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 ex D. Lgs. 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 net increase in the extraordinary reserve of 925 million euro because of the allocation of net income for the year 2001 (409 million euro) and of the merger deficit (516 million euro);
- the decrease in the Reserve for purchase of own shares from 1,000 million euro to 456 million euro, following the transfer of own shares in portfolio as of 1 June 2002 to the former shareholders of Cardine Banca, within the scope of the equity exchange transactions. As of 31 December 2002, the restricted portion of the Reserve for own shares in portfolio was zero, while the unrestricted portion amounted to approximately 456 million euro;
- the increase in additional paid-in capital for 686 million euro, reflecting the merger deficit, net of the portion carried to increase the Legal reserve;
- utilization of the Reserve for General Banking Risks for 358 million euro (including the allocation of the merger deficit from the merger with Cardine Banca), in order to cover the negative economic trends of the year, especially those of an extraordinary nature, such as the considerable adjustments to the investment portfolio and the drop in dividends, also considering the need to guarantee shareholders a suitable flow of dividends and to optimize the tax position of the Group;
- utilization of 28 million euro of the Reserve pursuant to D.Lgs. 213/98, to cover the writedown of the investment in Sanpaolo Imi International (reference should be made to Section 3 of these Explanatory Notes), net of 15 million euro utilized from the specific vision for deferred taxation.

Operations in own shares

Transactions carried out by the Bank in own shares during the first half of 2002 involved the individual portfolios in which they are classified according to the main reason for their purchase.

As regards the portfolio valued at cost, being related to shares considered as fixed and used to conclude strategic transactions, in 2002 SANPAOLO IMI purchased 33,652,015 shares (nominal value 94 million euro) for a total cost of 404 million euro. The shares held in portfolio after these acquisitions, totaling 50,732,418 (142 million euro nominal value), were exchanged with the shareholders of the former Cardine Banca (48,013,809 shares) and with the shareholders of the former Banco di Napoli (2,718,608 shares) within the scope of the respective merger operations; as of 31 December 2002 there remains one own share in portfolio with a nominal value of 2.8 euro and a book value of 7.41 euro.

With reference to the portfolio valued at market value and destined for share incentive or stock option plans, in 2002 the Bank implemented a share incentive plan in favor of employees, which assigned to those entitled and who applied, a number of own shares in relation to the bonus due to each employee. On the basis of applications received, in June the Bank purchased 1,926,023 shares (nominal value 5.4 million euro) for a cost of 19.3 million euro and assigned to employees 1,912,373 shares (nominal value 5.4 million euro) for a cost of 18.6 million euro. The remaining 13,650 shares, for a book value of approximately 137,000 euro, were sold on the market at the beginning of July for approximately 135,000 euro.

For completeness sake, we would also point out that during the period 1 January 2002 – 31 May 2002, Cardine Banca purchased 807,653 own shares (4.2 million nominal value) for a total cost of 18 million euro and sold 17,590 shares for approximately 0.3 million euro. As of 1 June 2002, a total of 1,054,253 Cardine Banca own shares (5.5 million euro nominal value) with a book value of 23.5 million euro, were cancelled in compliance with the provisions of art. 2504-ter of the Italian Civil Code, to offset the net equity of the merged company.

Other information

A breakdown of the regulatory capital and a description of the minimum requirements for supervisory purposes is provided below:

Net shareholders' equity and minimum regulatory requirements (Table 8.1 B.I.)

Category / Value	31/12/02 (€/mil)	31/12/01 SANPAOLO IMI (€/mil)	Change %
A. Regulatory capital			
A.1 Tier 1 capital	8,793	7,829	+12.3
A.2 Tier 2 capital	3,883	2,957	+31.3
A.3 Items to be deducted	485	1,010	-52.0
A.4 Regulatory capital	12,191	9,776	+24.7
B. Minimum regulatory requirements			
B.1 Credit risk	6,516	5,394	+20.8
B.2 Market risk (a)	211	107	+97.2
of which:			
- risks on dealing portfolio	211	92	+129.3
- exchange risks	-	15	-100.0
B.3 Tier 3 subordinated loans	211	107	+97.2
B.4 Other minimum requirements	-	-	-
B.5 Total minimum requirements	6,727	5,501	+22.3
C. Risk assets and capital-adequacy ratios			
C.1 Risk-weighted assets	96,104	78,594	+22.3
C.2 Tier 1 capital / Risk weighted assets	9.1%	10.0%	
C.3 Regulatory capital / Risk weighted assets	12.9%	12.6%	

(a) Market risks are fully covered by issues of Tier 3 subordinated liabilities. The latter, equal to 616 million euro, 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)

Loan	Amount in the financial statements as of 31/12/02 (€/mil)	Amount in original currency (million)	Interest rate	Issue date	Maturity date	Amount in the financial statements as of 31/12/01 (€/mil)
Subordinated deposit linked to the issuance of Preferred Shares in euro	1,000	1,000	(a)	10/11/2000	(a)	1,000
Total innovative capital instruments (Tier 1)	1,000					1,000
Notes in US dollars	158	165	floating	12/07/1993	30/07/2003	188
Notes in US dollars	85	89	floating	24/09/1993	24/09/2003	101
Notes in US dollars	90	94	floating	30/11/1993	30/11/2005	107
Notes in Canadian dollars	91	151	floating	10/11/1993	10/11/2003	107
Notes in euro	361	362	floating	30/06/1994	30/06/2004	361
Notes in euro	-	-	floating	30/12/1996	20/01/2002	27
Subordinated loan in Italian lire	13	25,000	5.10%	01/06/1998	01/06/2003	26
Subordinated loan in Italian lire	31	60,000	5.30%	01/01/1998	01/01/2003	62
Subordinated loan in Italian lire	29	56,000	floating	01/02/1998	01/02/2003	58
Subordinated loan in euro	500	500	6.38%	06/04/2000	06/04/2010	500
Subordinated loan in euro	350	350	floating	06/04/2000	06/04/2010	350
Subordinated loan in euro	1,000	1,000	floating	27/09/2000	27/09/2010	1,000
Subordinated loan in euro	300	300	5.55%	31/07/2001	31/07/2008	300
Subordinated loan in euro	200	200	5.16%	02/10/2001	02/10/2008	200
Subordinated loan in euro	500	500	floating	28/06/2002	28/06/2012	0
Subordinated loan in euro	54	54	4.90% (b)	15/07/2002	15/07/2012	0
Subordinated loan in euro	147	147	4.32% (c)	04/12/2002	04/12/2012	0
Subordinated loan in euro	300	300	5.38%	13/12/2002	13/12/2012	0
Subordinated loan in US dollars (former BdN)	95	100	floating	15/09/1993	15/09/2003	113
Notes in euro (former BdN)	150	150	5.75%	15/09/1999	15/09/2009	150
Notes in Italian lire (former BdN)	13	25,635	floating	15/10/1993	15/10/2003	25
Notes in Italian lire (former BdN)	7	12,650	floating	15/06/1993	15/06/2003	19
Total subordinated liabilities (Tier 2)	4,474					3,694
Subordinated loan in euro	466	466	5.55%	03/10/2000	03/04/2003	466
Subordinated loan in euro	150	150	floating	06/11/2000	06/05/2003	150
Total Tier 3 subordinated liabilities	616					616
Total	6,090					5,310

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

(b) Remuneration is paid on half-yearly coupons at a fixed rate of 2.45% for the first five years after which the coupon rate is floating.

(c) Remuneration is paid on half-yearly coupons at a fixed rate of 2.16% for the first five years after which the coupon rate is floating.

During the year, SANPAOLO IMI issued new subordinated loans for 1,001 million euro in the form of subordinated loans (Tier 2).

It should be noted that subordinated liabilities not included in the calculation of regulatory capital amount to 550 million euro.

Contractually, subordinated loans 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 provide that:

- early redemption can only take place on the initiative of the Bank and with Bank of Italy authorization;
- the loan 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 Bank is put into liquidation, these subordinated loans 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, type of 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.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Unprocessed transactions and transactions by foreign branches:	3,748	2,548	+47.1
- unprocessed transactions (a)	1,930	1,857	+3.9
- amounts in transit between Italian branches (a)	1,803	675	+167.1
- transactions by foreign branches	15	16	-6.3
Amounts related to derivative contracts and foreign exchange transactions	1,127	1,038	+8.6
- Effect of currency hedges, forex swap and cross-currency swap	370	498	-25.7
- Valuation of derivatives on interest rates and stockmarket indices	725	522	+38.9
- Premiums collected on options sold	32	18	+77.8
Amounts available for third parties	1,632	1,651	-1.2
Due to tax authorities	212	233	-9.0
Non-liquid balances from portfolio transactions	313	368	-14.9
Amounts due to employees	171	190	-10.0
Deposits guaranteeing agricultural and construction loans	36	53	-32.1
Items relating to securities transactions	9	91	-90.1
of which "short position"	6	26	-76.9
Amounts payable to Bank of Italy in respect of Isveimer liquidation	58	58	-
Other	973	2,242	-56.6
Total	8,279	8,472	-2.3

(a) The amounts were mostly settled at the beginning of 2003.

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Accrued expenses			
– charges on derivative contracts (a)	450	606	-25.7
– interest on securities issued	432	493	-12.4
– interest on amounts due to banks	130	208	-37.5
– interest on amounts due to customers	59	68	-13.2
– other	21	114	-81.6
Deferred income			
– interest on discounted notes	39	46	-15.2
– income from derivative contracts	125	137	-8.8
– bond issue premium	-	2	-100.0
– other	82	70	+17.1
Total	1,338	1,744	-23.3

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

SECTION 10 - GUARANTEES AND COMMITMENTS

Guarantees (caption 10)

Analysis of caption 10 "guarantees given" (Table 10.1 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Commercial guarantees	10,407	9,163	+13.6
b) Financial guarantees	19,729	17,526	+12.6
c) Assets lodged in guarantee	6	7	-14.3
Total	30,142	26,696	+12.9

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Endorsements and sureties	20,077	16,200	+23.9
Documentary credits	529	583	-9.3
Acceptances	130	124	+4.8
Other guarantees	9,400	9,782	-3.9
Assets lodged in guarantee:			
– securities	-	-	-
– other assets	6	7	-14.3
Total	30,142	26,696	+12.9

Commitments (caption 20)

Analysis of caption 20 "commitments" (Table 10.2 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Commitments to grant finance (certain to be called on)	2,707	4,264	-36.5
b) Commitments to grant finance (not certain to be called on)	11,474	12,311	-6.8
Total	14,181	16,575	-14.4

Firm commitments undertaken by the Bank are detailed below:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Undrawn lines of credit granted	9,419	10,628	-11.4
Deposits and loans to be made	490	370	+32.4
Purchase of securities	727	494	+47.2
Put options issued	392	131	+199.2
Mortgage loans to be disbursed	1,553	1,442	+7.7
Membership of Interbank Deposit Guarantee Fund	99	101	-2.0
Commitments for derivatives on loans	789	904	-12.7
Other commitments certain to be called on	702	2,497	-71.9
Other commitments not certain to be called on	10	8	+25.0
Total	14,181	16,575	-14.4

Assets lodged to guarantee the Group's liabilities

(detail 10.3 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Portfolio securities lodged with third parties to guarantee repurchase agreements	6,157	5,981	+2.9
Securities lodged with central banks to guarantee advances	51	144	-64.6
Securities lodged with the Bank of Italy to guarantee bankers' drafts	97	103	-5.8
Securities guaranteeing other transactions	60	70	-14.3
Total	6,365	6,298	+1.1

Unused lines of credit

SANPAOLO IMI has unused lines of credit, excluding operating limits, as detailed below:

(Table 10.4 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Central banks	29	29	-
b) Other banks	160	215	-25.6
Total	189	244	-22.5

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.)

Categories of operations	Hedging transactions	Dealing transactions	Other transactions	Total
<i>€/mil</i>				
1. Purchase/sale of				
1.1 Securities				
– purchases	-	727	-	727
– sales	-	290	-	290
1.2 Currency				
– currency against currency	1,070	1,520	-	2,590
– purchases against euro	6,079	3,682	-	9,761
– sales against euro	4,012	475	-	4,487
2. Deposits and loans				
– to be disbursed	-	-	490	490
– to be received	-	-	1,207	1,207
3. Derivative contracts				
3.1 With exchange of capital				
a) securities				
– purchases	-	-	393	393
– sales	-	-	-	-
b) currency				
– currency against currency	174	131	-	305
– purchases against euro	2,355	820	-	3,175
– sales against euro	515	816	-	1,331
c) other instruments				
– purchases	-	-	-	-
– sales	-	-	-	-
3.2 Without exchange of capital				
a) currency				
– currency against currency	-	-	-	-
– purchases against euro	24	9	22	55
– sales against euro	-	-	12	12
b) other instruments				
– purchases	44,442	16,513	125	61,080
– sales	16,824	21,612	4,002	42,438
Total (a)	75,495	46,595	6,251	128,341

(a) Interest rate related basis swaps (shown in point 3.2 b) are included in both purchases and sales for a total of 5,551 million euro.

Dealings in derivative contracts include those (principally asset swaps) entered into as hedging transactions belonging to the dealing portfolio for a notional value of 4,507 million euro. The results from the valuation of derivative contracts are revealed in the statement of income and described in Part C, Section 3 of the Explanatory Notes, concerning profits and losses on financial transactions.

“Hedging” derivatives show a net potential loss of 134 million euro. In compliance with the accounting policies, this amount has not been recorded in the financial statements since the purpose of the derivative contracts in question is to cover interest and/or exchange rate risks on funding and/or lending activities: these contracts are in fact recorded on a consistent basis with those adopted for hedging transactions.

“Other transactions” principally refer to derivative contracts included under structured financial instruments with a nominal value of 4,160 million euro. The valuation of these transactions at the end of the year would highlight potential liabilities of 172 million euro.

Internal deals

Internal deals amount to a total of 548 million euro at nominal value. The following table provides a breakdown of internal deals, reporting the same contract in both purchases and sales:

	<i>€/mil</i>	
	Hedging transactions	Dealing transactions
Derivatives with exchange of capital		
a) securities		
– purchases	-	-
– sales	-	-
b) currency		
– currency against currency	-	8
– purchases against euro	387	17
– sales against euro	387	17
Derivatives without exchange of capital		
b) other instruments		
– purchases	-	140
– sales	140	-
Total	914	182

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 Basel Committee on Banking Supervision and 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
OTC trading contracts					
- Forward (a)	1,052	763	-	-	1,815
- Swap (b)	28,886	390	-	-	29,276
- Options purchased	2,536	698	368	-	3,602
- Options sold	2,541	687	388	-	3,616
Exchange traded contracts					
- Futures purchased	-	-	-	-	-
- Futures sold	-	-	-	-	-
- Options purchased	-	-	-	-	-
- Options sold	913	-	-	-	913
Total trading contracts	35,928	2,538	756	-	39,222
Total non-trading contracts	57,062	14,203	7,390	-	78,655
Total contracts (c)	92,990	16,741	8,146	-	117,877
- including OTC contracts	92,077	16,741	8,146	-	116,964

(a) The caption includes the F.R.A. contracts and forward currency purchase/sale transactions.

(b) The caption mainly includes the I.R.S., C.I.R.S. contracts and basis swaps.

(c) Including basis swaps for 2,775 million euro and excluding forward currency transactions with a duration of less than 2 working days, for 4,974 million euro.

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	40,626	33,047	18,404	92,077
Exchange rate related	13,229	3,241	271	16,741
Stockmarket index related	820	5,551	1,775	8,146
Other contracts	-	-	-	-

The table below reports the credit risk equivalent relating to unquoted 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	92,077	16,741	8,146	-	116,964
A. Market value of OTC trading contracts					
A.1 positive market value	724	61	13	-	798
A.2 negative market value	-808	-61	-9	-	-878
B. Add on	176	24	19	-	219
C. Market value of OTC non-trading contracts					
C.1 positive market value	1,184	313	156	-	1,653
C.2 negative market value	-1,201	-550	-167	-	-1,918
D. Add on	217	270	280	-	767
Credit risk equivalent (A.1+B+C.1+D)	2,301	668	468	-	3,437

Market values of hedging and negotiation transactions arranged with third parties have been calculated using the criteria established by the Bank of Italy to determine the solvency ratio. The market values identified in the table above derive from the application of the aforementioned criteria which provide for inclusion in 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.

Lastly, the table below shows the breakdown of credit risk equivalent on unquoted 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	-	-	-	
Banks	2,143	821	2,964	
Other operators	308	165	473	
Total	2,451	986	3,437	

(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 1,575 million euro in respect of banks and 118 million euro in respect of other operators.

The transactions analyzed above are not covered by real or personal guarantees. There have been no losses on loans for derivatives during the year, and there are no contracts due and not settled.

The inherent risks of derivative contracts entered into by the Bank, including those "hedging contracts" whose current value is not shown in the financial statements, are subject to monitoring within the context of the complete system of risk management and control set up by the Group.

A description of the organizational model and the results of monitoring the evolution of risks for 2002 is reported in the appropriate section of the Report on Group Operations ("Risk management and control").

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	Dealing transactions	Other transactions	€/mil Total
1. Hedging purchases			
1.1 With exchange of capital			
– credit default swap	-	375	375
2. Hedging sales			
2.1 With exchange of capital			
– credit default swap	-	654	654
– credit linked note	-	135	135
Total	-	1,164	1,164

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.) 31/12/02

a) Amount (in million €)	8,636
b) Number	5

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 by main category of borrower as follows:

(Table 11.2 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Governments	1,505	1,745	-13.8
b) Other public bodies	1,584	1,522	+4.1
c) Non-financial businesses	40,202	43,110	-6.7
d) Financial institutions	14,914	15,800	-5.6
e) Family businesses	3,166	3,159	+0.2
f) Other operators	14,788	13,918	+6.3
Total	76,159	79,254	-3.9

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 sector to which the borrower belongs:

(Table 11.3 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Other services for sale	5,821	5,926	-1.8
b) Commerce, salvage and repairs	5,634	5,691	-1.0
c) Construction and public works	3,355	3,477	-3.5
d) Energy products	3,807	3,184	+19.6
e) Transport	2,314	2,617	-11.6
f) Other sectors	16,815	17,615	-4.5
Total	37,746	38,510	-2.0

Distribution of derivative contracts on loans by category of borrower

Derivative contracts on loans are distributed as follows:

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Banks	879	1,111	-20.9
Financial institutions	205	180	13.9
Other operators	80	-	n.s.
Total	1,164	1,291	-9.8

Distribution of guarantees issued, by category of counterparty

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

(Table 11.4 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Governments	-	-	-
b) Other public bodies	52	26	+100.0
c) Banks	11,511	9,213	+24.9
d) Non-financial businesses	12,249	12,020	+1.9
e) Financial institutions	5,761	5,035	+14.4
f) Family businesses	107	108	-0.9
g) Other operators	462	294	+57.1
Total	30,142	26,696	+12.9

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.)

	31/12/02				31/12/01 pro forma			
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total
1. Assets								
1.1 due from banks	13,256	6,452	1,243	20,951	14,236	4,810	1,356	20,402
1.2 loans to customers	68,139	3,978	4,042	76,159	68,063	5,507	5,684	79,254
1.3 securities	11,210	959	2,528	14,697	13,876	1,652	3,172	18,700
Total	92,605	11,389	7,813	111,807	96,175	11,969	10,212	118,356
2. Liabilities								
2.1 due to banks	9,016	13,289	8,715	31,020	10,558	15,827	9,999	36,384
2.2 due to customers	48,074	1,840	5,828	55,742	48,878	2,077	6,459	57,414
2.3 securities issued	18,509	188	678	19,375	19,033	1,898	1,750	22,681
2.4 other accounts	4,300	881	1,000	6,181	3,405	1,005	1,000	5,410
Total	79,899	16,198	16,221	112,318	81,874	20,807	19,208	121,889
3. Guarantees and commitments	19,936	13,195	11,192	44,323	16,989	11,923	14,359	43,271

€/mil

Maturities of assets and liabilities

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

(Table 11.6 B.I.)

									€/mil
	On demand	Up to 3 months	Specified duration				Beyond 5 years	Unspecified duration	Total
			Between 3 and 12 months	Between 1 and 5 years		Fixed rate			
1. Assets									
1.1 treasury bonds eligible for refinancing	-	130	845	76	375	14	114	-	1,554
1.2 due from banks	4,925	8,970	1,970	437	1,972	2	2,521	156	20,953
1.3 loans to customers	13,286	16,517	10,798	6,177	14,098	5,047	9,133	1,103	76,159
1.4 bonds and other debt securities	146	713	2,552	1,277	5,524	930	1,671	-	12,813
1.5 off-balance sheet transactions	1,498	35,015	29,671	18,954	3,668	9,998	836	-	99,640
Total assets	19,855	61,345	45,836	26,921	25,637	15,991	14,275	1,259	211,119
2. Liabilities									
2.1 due to banks	2,721	13,596	4,481	1,857	6,686	264	1,415	-	31,020
2.2 due to customers	41,355	13,433	819	130	2	3	-	-	55,742
2.3 securities issued:									
– bonds	354	879	2,266	7,719	2,268	1,826	713	-	16,025
– certificates of deposit	77	1,641	889	232	6	-	-	-	2,845
– other securities	505	-	-	-	-	-	-	-	505
2.4 subordinated liabilities	-	60	1,078	-	451	1,450	3,051	-	6,090
2.5 off-balance sheet transactions	988	36,440	35,156	14,251	2,979	9,522	304	-	99,640
Total liabilities	46,000	66,049	44,689	24,189	12,392	13,065	5,483	-	211,867

Assets and liabilities denominated in foreign currencies

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

(Table 11.7 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Assets			
1. due from banks	3,464	4,296	-19.4
2. loans to customers	7,228	9,732	-25.7
3. securities	2,491	3,373	-26.1
4. equity investments	222	526	-57.8
5. other accounts	170	43	n.s.
Total assets	13,575	17,970	-24.5
b) Liabilities			
1. due to banks	10,861	15,152	-28.3
2. due to customers	8,062	9,137	-11.8
3. securities issued	775	3,426	-77.4
4. other accounts	520	616	-15.6
Total liabilities	20,218	28,331	-28.6

The "liquidity", "rates" and "exchange" risks inherent in the distribution by expiry, type of rate and currency of Bank assets, liabilities and forward transactions (of which the two tables above supply a simplified representation with reference to the precise situation at the end of the year), are subject to monitoring within the context of the complete system of risk management and control set up by the Group.

A description of the organizational model and the results of monitoring the evolution of risks for 2002 is reported in the appropriate section of the Report on Group Operations ("Risk management and control").

The principal spot exchange rates, as of 31 December 2002, used to translate the Bank's foreign currency assets and liabilities are indicated below:

	31/12/02	31/12/01	Change %
US dollar	1.049	0.8813	+19.0
Swiss franc	1.452	1.4829	-2.1
Pound sterling	0.651	0.6085	+6.9
Japanese yen	124.390	115.33	+7.9

Portfolio securities representing third party securitization transactions

(Bank of Italy Letters 10155 of 3/8/2001 and 3147 of 3/3/2003)

In compliance with Bank of Italy regulations, it is noted that as at 31 December 2002, the Bank held the following securities representing securitizations booked to portfolio, or rather deriving from packaging transactions (ABS – *Asset Backed Securities*, MBS – *Mortgage Backed Securities* e CDO – *Collateralized Debt Obligations*).

Investment portfolio:

- securities which represent securitizations carried out on SACE loans from foreign public sector debtors; These are senior securities carried in the balance sheet at a value of 6 million euro, which reflects their market value;
- securities which represent securitizations carried out on commercial exploitation of film rights in the Cecchi Gori Group. These are senior securities carried in the balance sheet, after a writedown of 8 million euro, at a value of 1 million euro, which reflects their market value;
- securities which represent securitizations carried out on emerging markets and high yield bonds and loans portfolios. These are junior securities carried in the balance sheet, after a writedown of 7 million euro, at a book value of 6 million euro, which reflects their market value;
- Banco di Napoli securities which represent securitization carried out on high yield bonds and loans portfolios. These are senior securities carried in the balance sheet at a value of 30 million euro, which reflects their market value;
- Banco di Napoli senior securities which represent securitization transactions carried in the financial statements for a total value of 106 million euro. The underlying assets refer to mortgage loans for 2 million euro, receivables from the use of credit cards for 29 million euro and other receivables for 28 million euro. These securities have been written down for a total of 14 million euro, of which 4 million euro during the year; moreover 3 million euro refer to a security issued by United Airlines.

Dealing portfolio:

- securitizations carried out by the State on receivables deriving from the sale of public real estate assets. These are senior securities carried in the balance sheet at a value of 124 million euro, which reflects their market value;
- securitizations carried out by the State on Social Security receivables. These are senior securities carried in the balance sheet at a value of 25 million euro, which reflects their market value;
- Banco di Napoli securities deriving from securitizations carried in the financial statements for a total value of 36 million euro, of which 27 million euro are senior securities and 9 million euro are mezzanine securities. The underlying assets refer to auto receivables for 28 million euro and other loans for 8 million euro. These securities have been written down during the year by 19 million euro; in particular, in 2002 a junior security issued by other operators in relation to the securitization of a health care receivable for 5 million euro and a senior security from the same issuer for 14 million euro were written down in full.

It should be highlighted that the Bank has not carried out securitization transactions as per Law 133/99, does not hold interests in vehicle companies and does not carry out servicer or arranger activities on such transactions.

SECTION 12 - ADMINISTRATION AND DEALING ON BEHALF OF THIRD PARTIES

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.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Third-party securities held on deposit (excluding portfolio management)			
1. securities issued by the Bank that prepares the financial statements	13,449	12,057	+11.5
2. other securities	141,856	146,459	-3.1
b) Third-party securities deposited with third parties	108,591	108,559	n.s.
c) Portfolio securities deposited with third parties	13,974	19,805	-29.4

Third party securities deposited as of 31 December 2002 include securities on deposit with the Bank acting as a depository bank, broken down as follows:

- 63 million euro of securities issued by the Bank;
- 30,440 million euro of other securities.

Collection of loans on behalf of third parties: debit and credit adjustments

The Bank has received instructions to collect third-party loans as part of its portfolio transactions. The nominal value of such loans is 9,116 million euro.

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

(Table 12.4 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Debit adjustments			
1. current accounts	638	588	+8.5
2. central portfolio	99	31	n.s.
3. cash	-	-	n.s.
4. other accounts	-	36	-100.0
b) Credit adjustments			
1. current accounts	71	41	+73.2
2. transferors of notes and documents	652	599	+8.8
3. other accounts	14	15	-6.7

Other transactions

(detail 12.5 B.I.)

Research and Development

Applied Research Reserve

Sanpaolo Imi manages transactions arising from applications received by 31 December 1999 out of the Applied Research Reserve. As of 31 December 2002, there are resolutions to be stipulated for 217.4 million euro, disbursements to be made for 827.2 million euro and loans for 708.7 million euro.

Reserve for Research Grants

Sanpaolo Imi continues to operate, in its capacity as authorized bank, for the evaluation and control of industrial research projects and researcher training schemes using the Reserve for Research Grants managed by the Ministry of Education, Universities and Research (MIUR). During 2002, 559 applications were received for research investment for 1,001.0 million euro and MIUR deliberated on financing of 457.5 million euro.

Reserve for Technological Innovation

As of November 2001, Sanpaolo Imi activated a co-operation with the Ministry for Productive Activities (MAP) for the management of development projects out of the Reserve for Technological Innovation. During 2002, 452 applications were received for development investment for 1,354.0 million euro and MAP deliberated on financing of 122.0 million euro.

During the year activities connected to the three reserves generated a total 17.9 million euro commission from the Public Administration.

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

With the Convention stipulated between the Italian Treasury and the Bank on 21 December 1995, as approved and activated by Decree of the Director-General of the Treasury dated 5 January 1996, SANPAOLO IMI, in its capacity as Managing Body, has been granted the concession to this Fund established under Law 341/1995.

The purpose of Law 341/1995 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 loans designed to convert short-term bank borrowing into medium and long-term loans, to the granting of supplementary guarantees on investment loans, for the purchase of equity investments and for the debt consolidation described above.

As of 31 December 2002, there are 3,150 applications for 1,184 million euro, broken down as follows:

- 1,157 million euro relating to the consolidation of short-term debt (of which 1,156 million euro already being paid and 1 million euro waiting for the final documentation);
- 27 million euro for investment loans;

The management activities for this Ministry generated 0.5 million euro commission.

Third-party portion of syndicated loans

The portion of syndicated loans arranged by the Bank for third parties without a representation mandate totaled 671 million euro at year end (795 million euro as of 31 December 2001).

Portfolio management services rendered by third parties

The value of asset management services rendered to customers by Group companies amounts to 4,764 million euro (4,065 million euro as of 31/12/2001).

Part C - Information on the 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.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) On amounts due from banks	666	953	-30.1
<i>of which:</i>			
– deposits with central banks	40	55	-27.3
b) On loans to customers	4,004	4,891	-18.1
<i>of which:</i>			
– loans using public funds	-	-	-
c) On debt securities	644	881	-26.9
d) Other interest income	49	77	-36.4
e) Net differential on hedging transactions	-	-	-
Total	5,363	6,802	-21.2

Detail of caption 10 "interest income and similar revenues" (Table 1.3 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) On assets denominated in foreign currency	143	522	-72.6

Default interest accrued during the year amounting to 117 million euro has been prudently eliminated from the statement of income, since collection is considered unlikely.

Interest income includes 225 million euro 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.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) On amounts due to banks	1,071	1,629	-34.3
b) On amounts due to customers	901	1,369	-34.2
c) On securities issued	911	1,115	-18.3
<i>of which:</i>			
– certificates of deposit	88	215	-59.1
d) On public funds administered	-	-	-
e) On subordinated liabilities	295	302	-2.3
f) Net differential on hedging transactions	82	44	+86.4
Total	3,260	4,459	-26.9

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) On liabilities denominated in foreign currency	211	715	-70.5

Interest expense includes the annual charge of 5 million euro relating to issue discounts on bonds and certificates of deposit. The caption also includes charges of 324 million euro relating to repurchase agreements 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.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Guarantees given	54	53	+1.9
b) Derivative contracts on loans	10	4	+150.0
c) Management, dealing and advisory services:	793	858	-7.6
1. dealing in securities	6	7	-14.3
2. dealing in currency	21	28	-25.0
3. portfolio management	-	-	-
3.1. individual	-	-	-
3.2. collective	-	-	-
4. custody and administration of securities	20	22	-9.1
5. custodian bank	52	53	-1.9
6. placement of securities (a)	469	495	-5.3
7. acceptance of instructions	34	39	-12.8
8. advisory services	-	1	-100.0
9. third party service distribution:	191	213	-10.3
9.1. portfolio management:	110	140	-21.4
9.1.1. individual	110	140	-21.4
9.1.2. collective	-	-	-
9.2. insurance products	76	71	+7.0
9.3. other products	5	2	+150.0
d) Collection and payment services	228	222	+2.7
e) Servicing for securitization transactions	-	-	-
f) Tax collection services	32	57	-43.9
g) Other services	513	485	+5.8
Total	1,630	1,679	-2.9

(a) The commission earned on the placement of securities also includes the commission earned on the placement of mutual fund units for 437 million euro (490 million euro as of 31/12/01).

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Loans granted	161	164	-1.8
Deposits and current account overdrafts	214	193	+10.9
Current accounts	87	82	+6.1
Other services – Italian branches	49	42	+16.7
Other services – Foreign branches	2	4	-50.0
Total	513	485	+5.8

Detail of caption 40 "commission income" (Table 2.2 B.I.) - products and services distribution channels

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) with own branches:	656	704	-6.8
1. portfolio management	-	-	-
2. placement of securities	466	492	-5.3
3. other products and services	190	212	-10.4
b) outside supply:	3	4	-25.0
1. portfolio management	-	-	-
2. placement of securities	2	3	-33.3
3. other products and services	1	1	-
Total	659	708	-6.9

Commission expense (caption 50)

Analysis of caption 50 "commission expense" (Table 2.3 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Guarantees received	14	6	+133.3
b) Derivative contracts on loans	1	-	+100.0
c) Management and dealing services:	17	21	-19.0
1. dealing in securities	3	3	-
2. dealing in currency	1	2	-50.0
3. portfolio management:	-	-	-
3.1. own portfolio	-	-	-
3.2. third party portfolio	-	-	-
4. custody and administration of securities	9	12	-25.0
5. placement of securities	1	1	-
6. door-to-door sales of securities, financial products and services	3	3	-
d) Collection and payment services	63	59	+6.8
e) Other services	23	21	+9.5
Total	118	107	+10.3

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Intermediation on financing transactions	1	-	+100.0
Loans obtained	2	3	-33.3
Loan-arrangement activities	3	1	+200.0
Other services – Italian branches	16	16	-
Other services – Foreign branches	1	1	-
Total	23	21	+9.5

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 AND LOSSES FROM FINANCIAL TRANSACTIONS

Profits and losses from financial transactions (caption 60)

Analysis of caption 60 "profits (losses) on financial transactions" (Table 3.1 B.1.) €/mil

Caption / Transaction	Security transactions	Currency transactions	Other transactions	Total
A1. Revaluations	37 (a)	-	85	122
A2. Writedowns	-50 (b)	-	-69	-119
B. Other profits / losses	-17 (c)	46 (d)	12	41
Totals	-30	46	28	44
<i>of which:</i>				
1. Government securities	22	-	-	
2. Other debt securities	-9	-	-	
3. Equities	-25	-	-	
4. Security derivatives	-18	-	-	

(a) Revaluations of 37 million euro refer to securities.

(b) Writedowns refer to 46 million euro for losses on investment securities and 4 million euro for negative valuation of derivative contracts.

(c) Includes 4 million euro net losses from dealing in securities and 13 million euro net losses from derivative contract transactions.

(d) Includes exchange gains of 40 million euro and income on transactions in foreign currency derivative contracts of 6 million euro.

SECTION 4 - ADMINISTRATIVE COSTS

Personnel costs (caption 80.a)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Wages and salaries	1,312	1,319	-0.5
Social security charges (a)	416	434	-4.1
Termination indemnities			
– provisions to the reserve for termination indemnities	65	63	+3.2
– indemnities accrued and paid during the year	2	1	+100.0
– provisions for supplementary pension fund	28	30	-6.7
Total	1,823	1,847	-1.3

(a) The figure referring to 2001 includes the provision for pensions and similar commitments accrued by Banco di Napoli for 35 million, which has not been reclassified for the purposes of the official pro forma schedules.

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

	31/12/02	31/12/01 pro forma	Change %
a) Executives	444	468	-5.1
b) Third and fourth level managers	4,046	4,271	-5.3
c) Other employees	24,032	24,585	-2.2
Total	28,522	29,324	-2.7

The figures are net of the employees working in the tax collection sector.

Other administrative costs (caption 80.b)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
IT costs	239	253	-5.5
Software maintenance and upgrades	70	62	+12.9
Maintenance of hardware, other fixed assets and plant	48	78	-38.5
External data processing	53	48	+10.4
Data transmission charges	38	34	+11.8
Database access charges	21	16	+31.3
Equipment leasing charges	9	15	-40.0
Property management expenses	190	181	+5.0
Rented property:	112	113	-0.9
- rental of premises	104	104	-
- maintenance of leasehold premises	8	9	-11.1
Property owned:	24	10	+140.0
- maintenance of property owned by the Bank	24	10	+140.0
Security services	32	32	-
Cleaning of premises	22	26	-15.4
General expenses	168	167	+0.6
Postage and telegraph charges	37	42	-11.9
Office supplies	19	20	-5.0
Transport and counting of valuables	21	14	+50.0
Courier and transport services	8	8	-
Personnel on secondment	42	40	+5.0
Other expenses	41	43	-4.7
Professional and insurance fees	133	131	+1.5
Consultancy services	83	70	+18.6
Legal and judiciary expenses	25	34	-26.5
Investigation/commercial information costs	13	15	-13.3
Insurance premiums – banks and customers	12	12	-
Utilities	54	49	+10.2
Telephone	20	15	+33.3
Energy	34	34	-
Promotion, advertising and marketing expenses	44	41	+7.3
Advertising and entertainment	38	35	+8.6
Contributions and membership fees to trade unions and business associations	6	6	-
Indirect personnel costs	57	54	+5.6
Other expenses for personnel training, travel and assignments	57	54	+5.6
Total	885	876	+1.0
Indirect duties and taxes			
– stamp duties	120	125	-4.0
– tax on stock exchange contracts	5	4	+25.0
– local property taxes	9	10	-10.0
– substitute tax (Pres. Decree 601/73)	15	11	+36.4
– other	9	15	-40.0
Total	158	165	-4.2
Total other administrative costs	1,043	1,041	+0.2

SECTION 5 - ADJUSTMENTS, WRITEBACKS AND PROVISIONS

Adjustments to intangible and tangible fixed assets (caption 90)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Adjustments to intangible fixed assets			
– amortization of merger and goodwill differences	185	196	-5.6
– amortization of software in use	87	105	-17.1
– amortization of software not yet in use	42	22	+90.9
– amortization of other deferred charges	12	12	-
Adjustments to tangible fixed assets			
– depreciation of property	59	42	+40.5
– depreciation of furniture and installation	149	117	+27.4
Total	534	494	+8.1

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

As far as tangible fixed assets from Banco di Napoli are concerned, amortization of these assets has been aligned to rates used by Sanpaolo Imi S.p.A..

With reference to former Banco di Napoli software purchased in 2002, considering that this investment will be discontinued in 2003, following the expected migration of the software in the Sanpaolo Imi systems, amortization has been accelerated to two years instead of the normal three. The effect of this treatment is an increase of approximately 4 million euro on amortization.

Provisions for risks and charges (caption 100)

Provisions for risks and charges during the year of 151 million euro, include the following:

- 81 million euro for potential charges deriving from the possible renegotiation of mortgage loans, as explained in Part B - Section 7 - of these Notes, of premium transactions and other potential liabilities;
- 48 million euro to strengthen the fund against losses on legal disputes;
- 22 million euro to increase the coverage of the reserve for other personnel costs, made up of 6 million euro to cover long-service bonuses to employees and 6 million euro to integrate the provisions established to balance the technical deficit of the Bank's employee pension fund for Istituto Bancario San Paolo di Torino employees.

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.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
a) Adjustments to loans	358	534	-33.0
<i>of which:</i>			
– general adjustments for country risk	6	13	-53.8
– other general adjustments	43	169	-74.6
b) Provisions for guarantees and commitments	67	9	n.s.
<i>of which:</i>			
– general provisions for country risk	-	-	-
– other general provisions	62	4	n.s.
Total	425	543	-21.7

Adjustments to loans include losses on transactions and disposals for 12 million euro.

In addition to the above adjustments, default interest of 117 million euro due during the year has been reversed from interest income.

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Revaluation of loans previously written down	42	86	-51.2
Revaluation of loans previously written off	-	1	-100.0
Revaluation of provisions for guarantees and commitments	7	1	n.s.
Collection of default interest previously written down	33	34	-2.9
Collection of loans previously written off	22	33	-33.3
Collection of loans principal previously written down	69	71	-2.8
Total	173	226	-23.5

Adjustments to financial fixed assets (caption 150)

Adjustments to investment securities

The writedowns recorded were mainly calculated on the negative trend in the conditions of solvency of borrowers in relation to securities or collaterals. The valuations also prudently consider the prices supplied by arrangers of issues.

Adjustments totaling 51 million euro mainly refer to the loss in value considered permanent of approximately 30 million euro, while the remaining adjustments were made merely to take into consideration market trend, in compliance with art. 18, subsection 1 of D.Lgs. 87/92.

Adjustments to equity investments

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

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Sanpaolo Imi International S.A.	134	-	n.s.
SCH S.A.	115	-	n.s.
West Bank S.A.	10	-	n.s.
Centradia Group Ltd	6	-	n.s.
Esaban S.p.A.	9	-	n.s.
GE.RI.CO. S.p.A.	8	1	n.s.
BNH	-	1,432	n.s.
Cassa di Risparmio di Firenze S.p.A.	-	21	n.s.
HDI Assicurazioni S.p.A.	-	1	n.s.
Sanpaolo Riscossioni Prato S.p.A.	-	1	n.s.
Giraglia Immobiliare S.p.A.	-	1	n.s.
Banca Agricola di Cerea S.p.A.	-	3	n.s.
IMMOCRI S.p.A.	-	1	n.s.
Other (former Cardine Banca)	-	10	n.s.
Total	282	1,471	n.s.

Specifically, it should be noted that:

- Santander Central Hispano, held directly by the Parent Bank, has been written down by 115 million euro to align it to the average book value of market quotations in the second half of 2002 (6.5 euro per share);
- Sanpaolo Imi International has been written down by 134 million euro to align it to the book value of the company's net equity, after the writedown in value of the shareholding held by SCH, applied using the same principles as the Parent Bank. The writedown of this investment totaled 177 million euro, of which 28 million euro refers to a decrease in the equity reserve for D.Lgs. 213/98 booked in 1998 for the fixed rate conversion to Euro and 15 million euro which was booked to reduce the specific provision for deferred taxation;
- the investment in West Bank S.A. was written down by 10 million euro, to align the book value to the net shareholders' equity of the company as of 31 December 2002, also taking into account the current reduction in value following the devaluation in the Romanian currency, being that of the investment;
- the value of the investments in the tax collection companies Esaban S.p.A. and Ge.Ri.Co. S.p.A. have been written down for a total of 17 million euro, to reflect the losses recorded by these companies in 2002, determined by the charges for restructurization of the Group's tax collection business;
- the investment in Centradia Group Ltd was written down to align the book value of the company to the market price of shares.

Adjustments to the value of commitments on investments

in the context of the purchase agreement for shares in West Bank S.A., the former Cardine Banca granted some shareholders a put option on their shares, for a unit price not lower than that set for the acquisition of the majority shareholding in West Bank by Cardine Banca.

Sanpaolo Imi has recorded a specific commitment to the financial statements for these put options.

Considering that the investment in West Bank S.A. was written down to reflect the reduction in equity value from the effect of the losses for the year and that the put options are valued at cost and eventually written down to reflect any permanent losses in value, the 31 December 2002 financial statements were adjusted by 5 million euro to reflect the proportionate value of the put options in respect of the write down of the investment.

Change in the reserve for general banking risks (caption 210)

As already indicated in Part B – Section 8 of the Explanatory Notes, the Reserve for General Banking Risks has been fully used amounting to 358 million euro (including the allocation of the merger goodwill from the incorporation of Cardine Banca).

This use has been made to cover the economic negative impacts occurred during the year, particularly the extraordinary ones, such as the significant adjustments to the equity investments and the fall in dividends, also taking account of the need to guarantee shareholders' dividend flow and to optimize the Group's tax position.

SECTION 6 - OTHER STATEMENT OF INCOME CAPTIONS

Dividends and other revenues (caption 30)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
On equity investments			
- Sanpaolo Imi Wealth Management S.p.A.	140	125	+12.0
- Banca Fideuram S.p.A.	101	128	-21.1
- Banca OPI S.p.A.	25	25	-
- Banque Sanpaolo S.A.	33	54	-38.9
- Cardine Finanziaria S.p.A.	39	-	n.s.
- Invesp S.p.A.	20	134	-85.1
- Sanpaolo Leasint S.p.A.	12	8	+50.0
- Finemiro Banca S.p.A.	6	9	-33.3
- Sanpaolo Imi Bank (International) S.A.	3	9	-66.7
- Cardine Banca S.p.A.	31	17	+82.4
- Cassa di Risparmio di Firenze S.p.A.	11	11	-
- Esatri S.p.A.	4	-	n.s.
- Cassa dei Risparmi di Forlì S.p.A.	3	-	n.s.
- BNH S.p.A.	-	1,161	n.s.
- Sanpaolo Imi International S.A.	-	69	n.s.
- CARISBO S.p.A.	-	49	n.s.
- CARIPARO S.p.A.	-	47	n.s.
- CARIVE S.p.A.	-	26	n.s.
- CRUP S.p.A.	-	11	n.s.
- Banca Popolare dell'Adriatico S.p.A.	-	12	n.s.
- CARIGO S.p.A.	-	4	n.s.
- FINCARDINE S.p.A.	-	9	n.s.
- CARDINE Leasing S.p.A.	-	3	n.s.
- NHS S.p.A.	-	27	n.s.
- Sanpaolo Imi Bank Ireland Plc	-	20	n.s.
- Banca Sanpaolo Invest S.p.A.	-	12	n.s.
- SCH S.A.	15	17	-11.8
- Banka Koper D.D.	2	-	n.s.
- other dividends received	39	44	-11.4
- tax credits	225	1,029	n.s.
Total	709	3,060	-76.8

Dividends for the year 2002 are not comparable to those in the prior year, because of the effect on the 2001 financial statements of the BNH S.p.A. dividend (1,814 million euro with tax credit), in respect of the operation to simplify the control chain of Banco di Napoli.

It must also be pointed out that the statement of income for the year 2002 does not include the dividends of the Cardine Group bank networks which in 2001 were recorded to the statement of income of Cardine Banca S.p.A..

From 2001 the Bank now books dividends from subsidiaries on an accruals basis. When applying this accounting principle, in accordance with CONSOB instructions, dividends from subsidiaries must be approved by the Boards of Directors and shareholders' meetings of the companies concerned, before the meetings of the Board of Directors and shareholders of the Parent Bank. The following table shows the dates on which the subsidiaries' boards approved the distribution of 2002 dividends to the Bank.

Dividends distributed by subsidiaries	31/12/02 (€/mil)	Board of Directors dates	Meetings dates
- Sanpaolo IMI Wealth Management S.p.A.	140	10-mar-03	11-apr-03
- Banca Fideuram S.p.A.	101	12-mar-03	28-apr-03
- Banca OPI S.p.A.	25	12-mar-02	11-apr-03
- Banque Sanpaolo S.A.	33	7-mar-03	11-apr-03
- Cardine Finanziaria S.p.A.	39	14-mar-03	18-apr-03
- Invesp S.p.A.	20	11-mar-03	11-apr-03
- Sanpaolo Leasint S.p.A.	12	10-mar-03	8-apr-03
- Finemiro Banca S.p.A.	6	11-mar-03	11-apr-03
- Sanpaolo Imi Bank (International) S.A.	3	3-mar-03	7-apr-03

Other operating income (caption 70)

Analysis of caption 70 "other operating income" (Table 6.1 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Expenses recovered from customers			
– stamp duties	113	121	-6.6
– other taxes	19	14	+35.7
– legal costs	7	7	-
– other recoveries	26	1	n.s.
Reimbursement of services rendered to third parties	71	79	-10.1
Property rental income	13	9	+44.4
Other income	8	34	-76.5
Total	257	265	-3.0

Other operating expenses (caption 110)

Analysis of caption 110 "other operating expenses" (Table 6.2 B.I.)

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Finance leasing charges	5	8	-37.5
Other expenses	-	3	n.s.
Total	5	11	-54.5

Extraordinary income (caption 180)*Analysis of caption 180 "extraordinary income" (Table 6.3 B.I.)*

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Out-of-period income			
- use of reserves in excess	100	-	n.s.
- disposal of derivative contracts connected with shareholdings (a)	96	-	n.s.
- other	124	175	-29.1
Dividends received from subsidiaries (including tax credit)	24	-	n.s.
- Banque Sanpaolo	13	-	n.s.
- Banca Sanpaolo Invest S.p.A.	11	-	n.s.
- Other	-	-	n.s.
Gains on transfer/disposal of company branches	14	6	+133.3
Gains on disposal of:			
- financial fixed assets – equity investments (b)	107	17	n.s.
- financial fixed assets – investment securities	5	9	-44.4
- tangible fixed assets	26	3	n.s.
- own shares in portfolio	-	30	n.s.
Total	496	240	+106.7

(a) disposal of derivative contracts connected with the shareholding in Banca Agricola Mantovana, the investment of which was disposed of at the same time, booking losses for the same amount.

(b) detail of the utilization of gains from the sale of shareholdings is provided in Part B, Section 3 of these notes.

Extraordinary expense (caption 190)*Analysis of caption 190 "extraordinary expense" (detail 6.4 B.I.)*

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Severance bonus incentive for voluntary redundancy	15	29	-48.3
Other out-of-period expenses	42	176	-76.1
Losses on disposal of:			
- financial fixed assets – equity investments (a)	96	2	n.s.
- financial fixed assets – investment securities (b)	7	9	-22.2
Registration tax on the IMI – SIR sentence	-	17	n.s.
Total	160	233	-31.3

(a) the amount refers to the loss relating to the disposal to Banca Imi of the shareholding in Banca Agricola Mantovana; the derivative contracts connected with the shareholding were disposed of at the same time, generating a profit for the same amount.

(b) this caption includes 4 million euro referring to charges in relation to the closure of derivative contracts to cover investment securities.

Income taxes for the period (caption 220)

Analysis of caption 220 "Income taxes for the period" (Table 6.5 B.I.)

	€/mil
1. Current taxes	902
2. Change in deferred tax assets	440
3. Change in deferred tax liabilities	-932
4. Income taxes for the period	410

Current income taxes include the tax charges for the year (approximately 7 million euro), substitute tax relating to the unfreezing of the portion of merger deficit arising from the merger of Banco di Napoli, which was not recognized for tax purposes (approximately 362 million euro).

This tax, totaling around 69 million euro, will be booked to the statement of income over a period consistent with the amortization of the Banco di Napoli merger deficit (10 years); this in compliance with the Bank of Italy decisions expressed in its Letter number 9426 of 27 July 2000.

	31/12/02 (€/mil)	31/12/01 pro forma (€/mil)	Change %
Current income taxes and charges from possible fiscal disputes	884	603	+46.6
Substitute tax on merger deficit (quota for the year)	7	-	n.s.
Local taxes applicable to foreign branches	11	16	-31.3
Total current income taxes and charges from possible fiscal disputes	902	619	+45.7
Deferred tax assets that reversed during the year and other reductions	869	291	+198.6
Deferred tax assets that arose during the year and other increases	-429	-680	-36.9
Deferred taxes on dividends matured in 2002	185	1,003	-81.6
Decrease in deferred taxes on dividends matured in 2001	-1,007	-	n.s.
Use of the deferred tax reserve on the Reserve for general banking risks	-110	-4	n.s.
Total income taxes for the period (*)	410	1,229	-66.6

(*) The 2001 figures differ by 250 million euro to those recorded to the official and reclassified pro forma schedules, as an effect of relevant adjustments made to the pro forma schedules.

Reconciliation	Taxes	%
Income taxes at standard rate	479	40.75%
Increases in taxes		
Substitute tax on Banco di Napoli merger deficit	7	0.6%
Non-deductible costs (ICI, personnel costs, etc.)	26	2.2%
Adjustment to accrual for tax litigation	13	1.1%
Adjustment to tax rate for determining tax asset	2	0.2%
Higher tax base and rate for the regional tax on business activities (*)	60	5.1%
Decreases in taxes		
Use of the deferred tax reserve on the Reserve for general banking risks	-110	-9.4%
Tax exempt utilization of Reserve for general banking risks	-28	-2.4%
Foreign dividends taxed at a lower rate	-11	-0.9%
Gains subject to special rate (19%)	-6	-0.5%
Income subject to special rate (12.5%)	-5	-0.5%
Other changes	-17	-1.4%
Total changes in taxes	-69	-5.9%
Income taxes shown in statement of income	410	34.9%

(*) The actual rate for the regional tax on business activities is approximately 5% and includes the increase of 4.75% in the ordinary rate established by some regions (Lazio, Lombardy, Marches and Sicily).

SECTION 7 - OTHER INFORMATION ON 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 companies of the SANPAOLO IMI Group and with other non-Group companies.

Geographical distribution of revenues

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

(detail 7.1 B.I.) €/mil

	31/12/02				31/12/01 pro forma			
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total
Interest income and similar revenues	4,679	404	280	5,363	5,322	804	676	6,802
Dividends and other revenues	709	-	-	709	3,060	-	-	3,060
Commission income	1,590	23	17	1,630	1,625	28	26	1,679
Profits (losses) on financial transactions	43	1	-	44	74	6	6	86
Other operating income	255	2	2	259	263	2	-	265
Total	7,276	430	299	8,005	10,344	840	708	11,892

Income and charges arising from transactions with Group companies and non-Group companies

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

€/mil

	31/12/02			31/12/01 pro forma		
	Group companies	Non-Group companies	Total	Group companies	Non-Group companies	Total
Income						
- interest income and similar revenues	648	66	714	425	41	466
- dividends and other revenues	534	15	549	2,669	83	2,752
- commission income	624	1	625	599	-	599
- other operating income	65	2	67	34	1	35
- extraordinary income (dividends)	25	-	25	433	-	433
Total	1,896	84	1,980	4,160	125	4,285
Expenses						
- interest expense and similar charges	711	44	755	552	123	675
- commission expense	6	-	6	1	-	1
- other operating expenses	52	-	52	14	-	14
Total	769	44	813	567	123	690

Assets and liabilities outstanding at 2002 year end in relation to Group companies and 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.)

	31/12/02 (€/mil)	31/12/01 (€/mil)	Change %
a) Directors (*)	8	5	n.s.
b) Statutory Auditors (*)	1	-	n.s.

() Including remuneration pertaining to companies merged during the year.*

In compliance with article 78 of CONSOB resolution no. 11971 of 14/5/99, we provide below the detail of the remuneration pertaining to 2002 paid to Directors, Statutory Auditors and General Managers.

Considering the termination of the appointments following the merger by incorporation of Banco di Napoli S.p.A., which was previously required to provide information in compliance with art. 78 of CONSOB resolution no. 11971, detail of remuneration paid to Directors and Statutory Auditors of the incorporated bank is provided in a separate table.

COMPENSATION OF DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS

(pursuant to Article 78 of Consob Resolution 11971 of 14 May 1999, amended by CONSOB resolution 13616 of 12 June 2002)

Surname and name	Description of office	Office		Compensation (thousands of euro)				
		Period in office	Expiry of office (*)	Remuneration for the office in the company that prepares the financial statements	Non-monetary benefits	Bonuses and other incentives (1)	Other compensation (2)	
Directors								
MASERA Rainer Stefano	Chairman of the Board of Directors (3)	1.1.02-31.12.02	2003	656	13	400	(a)	
ROSSI Orazio	Deputy Chairman of the Board of Directors (3)	5.3.02-31.12.02	2003	86	-	-	315	
SALZA Enrico	Deputy Chairman of the Board of Directors (3)	1.1.02-31.12.02	2003	112	-	124	27	
BUSSOLOTTO Pio	Managing Director (3)	5.3.02-31.12.02	2003	507	-	413	(b)	
IOZZO Alfonso	Managing Director (3)	1.1.02-31.12.02	2003	656	-	413	(c)	
MARANZANA Luigi	Managing Director (3)	1.1.02-31.12.02	2003	656	-	413	(d)	
BOUILLON Isabelle	Director	5.3.02-31.12.02	2003	47	-	-	26	
CARMI Alberto	Director	1.1.02-31.12.02	2003	62	-	93	-	
FONTANA Giuseppe	Director	1.1.02-31.12.02	2003	82	-	116	62	
GALATERI DI GENOLA E SUNIGLIA Gabriele	Director (3)	1.1.02-31.12.02	2003	71	-	116	26	
GARDNER Richard	Director	1.1.02-31.12.02	2003	60	-	47	-	
MANULI Mario	Director	1.1.02-31.12.02	2003	65	-	70	-	
MARRONE Virgilio	Director (3)	1.1.02-31.12.02	2003	(e)	-	(e)	-	
MATUTES Abel	Director	1.1.02-31.12.02	2003	59	-	47	-	
MIHALICH Iti	Director (3)	1.1.02-31.12.02	2003	92	-	116	27	
OTTOLENGHI Emilio	Director	1.1.02-31.12.02	2003	63	-	109	98	
SACCHI MORSIANI Gian Guido	Director	5.3.02-31.12.02	2003	53	-	-	304	
VERMEIREN Remi François	Director	1.1.02-31.12.02	2003	56	-	8	-	
ARCUTI Luigi	Honorary Chairman (4)			-	-	47	-	
ALBANI CASTELBARCO VISCONTI Carlo	Director (4)		30.04.01	-	-	39	-	
BOTIN Emilio	Director (4)		30.04.01	-	-	8	-	
INCIARTE Juan Rodriguez	Director (4)		30.04.01	-	-	47	-	
MASINI Mario	Director (4)		30.04.01	-	-	47	-	
SCLAVI Antonio	Director (4)		30.04.01	-	-	31	-	
VERCELLI Alessandro	Director (4)		30.04.01	-	-	23	-	
Statutory Auditors								
PAOLILLO Mario	Chairman of Statutory Auditors	1.1.02-31.12.02	2004	105	-	-	240	
BENEDETTI Aureliano	Statutory Auditor	1.1.02-31.12.02	2004	69	-	-	116	
DALLOCCCHIO Maurizio	Statutory Auditor	1.1.02-31.12.02	2004	71	-	-	21	
MAZZI Paolo	Statutory Auditor	30.4.02-31.12.02	2004	50	-	-	-	
VITALI Enrico	Statutory Auditor	30.4.02-31.12.02	2004	46	-	-	-	
MIGLIETTA Angelo	Statutory Auditor	1.1.02 - 30.4.02		23	-	-	98	
RAGAZZONI Ruggero	Statutory Auditor	1.1.02 - 30.4.02		23	-	-	78	

(*) Date of Shareholders' meeting called to approve the financial statements for the year.

(1) This includes

- for the Chairman and Managing Directors, the variable part of the emolument for 2002, as decided by the Board of Directors on 4/3/2003;
- for the Directors, the emolument corresponding to the profit for the year 2001 of € 1,203,000 divided proportionally to their presence at meetings held during the year, on the basis of a motion of the Board of Directors following the approval of the financial statements for 2001. For the year 2002, the amount due calculated according to Group results totals € 889,000. Since the distribution to each member will be made after the Shareholders' meeting to approve the 2002 financial statements, such consideration will be reported in the relevant table attached to the financial statements for the year 2003.

(2) Emoluments matured with SANPAOLO IMI S.p.A. subsidiary companies from the date of commencement of office and emoluments from the former Cardine Group of companies matured from the date of the merger (1/6/2002)

(3) Members of the Executive Committee. Mr. Galateri di Genola e Suniglia, Director, resigned from his office as Member of the Executive Committee on 9/7/2002. On the same date, the Board of Directors appointed Virgilio Marrone, Director, to Membership of that Committee.

(4) Members of the Board of Directors stepping down from office in 2001 for whom only the portion relating to the bonus for 2001 is shown.

(a) € 29,000 paid to SANPAOLO IMI SpA.

(b) € 438,000 paid to SANPAOLO IMI SpA.

(c) € 75,000 paid to SANPAOLO IMI SpA.

(d) € 184,000 paid to SANPAOLO IMI SpA.

(e) € 83,000 in emoluments of office and € 116,000 in bonus and other incentives paid to IFI SpA.

COMPENSATION OF DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS – LEAVING BANCO DI NAPOLI S.p.A.

Surname and name	Description of office	Office		Compensation (thousands of euro)			
		Period in office	Expiry of office	Remuneration for the office in the company that prepares the financial statements	Non-monetary benefits	Bonuses and other incentives (1)	Other compensation
Directors							
PEPE Federico	Chairman of the Board of Directors	1.1.2002-31.12.2002	31.12.2002	576	-	247 (a)	-
SERAFINO Vittorio	Managing Director	1.1.2002-31.12.2002	31.12.2002	(b)	-	-	-
		1.1.2002-31.12.2002	31.12.2002	(b)	-	-	-
GUARINO Giuseppe	Director	1.1.2002-31.12.2002	31.12.2002	38	-	-	-
IOZZO Alfonso	Director	1.1.2002-31.12.2002	31.12.2002	(c)	-	-	-
MARANZANA Luigi	Director	1.1.2002-12.3.2002	12.3.2002	(d)	-	-	-
MONTAGNESE Maurizio	Director	12.3.2002-31.12.2002	31.12.2002	(e)	-	-	-
PICCA Bruno	Director	1.1.2002-31.12.2002	31.12.2002	(f)	-	-	-
ZODDA Augusto	Director	1.1.2002-31.12.2002	31.12.2002	38	-	-	-
Statutory Auditors							
ORIOLO Giancarlo	Chairman of Statutory Auditors	1.1.2002-31.12.2002	31.12.2002	59	-	-	-
SCIBETTA Sergio	Statutory Auditor	1.1.2002-31.12.2002	31.12.2002	39	-	-	-
VILLARI Carlo	Statutory Auditor	1.1.2002-31.12.2002	31.12.2002	36	-	-	-
CODACCI PISANELLI Vito	Statutory Auditor	1.1.2002-31.12.2002	31.12.2002	1	-	-	-
GRIMALDI Gian Paolo	Statutory Auditor	1.1.2002-31.12.2002	31.12.2002	1	-	-	-

(1) This includes the bonus payable to the Chairman of the Board of Directors for the year 2001, which was paid in full and charged to 2002.

(a) Furthermore, a variable emolument of € 154,000 was assessed for 2002.

(b) € 300,000 collected as Managing Director and € 36,000 as Director was paid to SANPAOLO IMI S.p.A.

(c) The emoluments have been deposited with SANPAOLO IMI S.p.A. and are reported in the footer to the table relating to the compensation received as Managing Director of SANPAOLO IMI S.p.A.

(d) The emoluments have been deposited with SANPAOLO IMI S.p.A. and are reported in the footer to the table relating to the compensation received as Managing Director of SANPAOLO IMI S.p.A.

(e) € 29,000 collected as Director was paid to SANPAOLO IMI S.p.A.

(f) € 37,000 collected as Director was paid to SANPAOLO IMI S.p.A.

In compliance with CONSOB resolution no. 11971 of 14 May 1999, it is hereby noted that the Directors and Chairman of the Bank enjoyed the benefits of the following stock option plans:

- 1999/2001 Plan: within the scope of this plan, each Managing Director (Mr. Rainer Stefano MASERA and Mr. Luigi MARANZANA) received 370,000 rights to subscribe the Bank's shares at a price of 12.396 euro per share, with the right to exercise one third from 2000, one third from 2001 and the remaining third from 2002 and not after 31 March 2003. The latter term was deferred to 31 March 2004 by the Board of Directors meeting of 30 July 2002;
- 2000 Plan: within the scope of this plan, each Managing Director (Mr. Rainer Stefano MASERA and Mr. Luigi MARANZANA), received 188,285 rights to subscribe the Bank's shares at a price of 16.45573 euro per share, with the right to exercise such rights from 2003 until 31 March 2005.

During 2002, on the basis of the power of attorney conferred by the Ordinary Shareholders' meeting of 30 April 2002 to utilize own shares for such plan, the Board of Directors of the Bank passed a stock option plan for the Chairman and Managing Directors for the three year period 2001-2003. On the basis of this plan, Mr. Rainer Stefano MASERA, Mr. Alfonso IOZZO and Mr. Luigi MARANZANA were assigned 450,000 fixed rights for the three year period 2001-2003, plus another 150,000 rights for each three year period, on condition that (in the 30 days prior to the date of the Shareholders' meeting to approve the 2003 financial statements) the stock reaches an average price of 20 euro. Mr. Pio BUSSOLOTTO was assigned 300,000 fixed rights for the three year period 2001-2003, with the possibility to increase them of 100,000 under the same conditions.

These rights can be exercised at the end of the 2001/2003 three year period, at a price of 12.6244 euro per share on detachment of the dividend relating to the year 2003 and not after 31 March 2006.

To implement this stock option plan, a proposal will be made to the Shareholders' meeting called to approve the 2002 financial statements, to authorize the purchase of own shares, as specified in the next point on the agenda.

Additional and more detailed information on these plans are contained in the Report on operations, as recommended by CONSOB.

The following table shows the stock options assigned to the Directors and General Managers on the basis of Attachment 3C – Schedule 2, of Consob resolution no. 13616 dated 12 June 2002.

Name and surname	Description of office (*)	Options at the beginning of the year			Options assigned during the year			Expired or exercised options (**)	Options at the end of the year		
		Number of options	Average exercise price	Expiry	Number of options	Average exercise price	Expiry		Number of options	Average exercise price	Expiry
Plan 1999/2001					by 31-03-2004						
MASERA Rainer Stefano	Managing Director	123,334	12.396				-	123,334	12.396		
MARANZANA Luigi	Managing Director	370,000	12.396				-	370,000	12.396		
Plan 2000					from March 03 to 31/3/05						
MASERA Rainer Stefano	Managing Director	188,285	16.45573					188,285	16.45573		
MARANZANA Luigi	Managing Director	188,285	16.45573					188,285	16.45573		
Plan 2001/2003					da maggio 04 a 31/3/06						
MASERA Rainer Stefano	Chairman				450,000	12.6244			450,000	12.6244	
BUSSOLOTTO Pio	Managing Director				300,000	12.6244			300,000	12.6244	
IOZZO Alfonso	Managing Director				450,000	12.6244			450,000	12.6244	
MARANZANA Luigi	Managing Director				450,000	12.6244			450,000	12.6244	

(*) Description of office at the moment rights are assigned.

(**) Options expired or exercised during 2002.

Loans and guarantees given

(Table 1.2 B.I.)

	31/12/02 (€/mil)	31/12/01 Sanpaolo Imi (€/mil)	Change %
a) Directors	39	44	n.s.
b) Statutory Auditors	-	-	n.s.

The amounts indicated above include loans granted to and guarantees given by the Bank to the Directors and Statutory Auditors, for 0.1 million euro, and to companies and banks identified pursuant to article 136 of the Consolidated Banking Act, for 38.7 million euro, including the draw down against credit lines granted to the latter.

In accordance with the recommendations of the Code of Conduct for Listed Companies promoted by Borsa Italiana S.p.A., a list is provided below of the offices held by Directors or Statutory Auditors of the Board of Directors of SANPAOLO IMI in other companies listed on regulated markets (even abroad), in financial institutions, banks, insurance companies or other significantly large companies.

DIRECTOR	OFFICE	COMPANY
Dott. Rainer MASERA	Chairman Member of the Board of Directors	Sanpaolo Imi International S.A. BEI - European Investment Bank
M.me Isabelle BOUILLOT	President du Directoire President of the Supervisory Board President President of the Supervisory Board Member of the Supervisory Board President Member of the Supervisory Board Administrator Member of the Supervisory Board Member of the Board Member of the Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Board Member of the Supervisory Board Administrator President of the Board	CDC Finance – CDC Ixis S.A. CDC Ixis Financial Guaranty Holding S.A. CDC Ixis Financial Guaranty North America Inc. CDC Ixis Capital Markets S.A. CDC Ixis Securities S.A. CDC Ixis North America CDC Ixis Asset Management S.A. CDC Ixis AM US Corporation CDC Ixis Private Capital Management S.A. CDC Ixis Private Equity S.A. CDC Ixis Immo S.A. CDC Ixis Italia Holding S.A. Accor Caisse Nationale des Caisses d'Epargne Compagnie de Saint Gobain CNP Assurances Compagnie Financière Eulia S.A. Société de Gestion de CDC Euro Obligations
Pio BUSSOLOTTO	Managing Director Managing Director Director	Cardine Finanziaria S.p.A. Cassa di Risparmio di Padova e Rovigo S.p.A. Sanpaolo Imi International S.A.
Alberto CARMI	/	/
Giuseppe FONTANA	Director	Banca Popolare di Sondrio
Gabriele GALATERI di GENOLA e SUNIGLIA	Director Director Director Managing Partner Director Director Director Director Director Director	Accor S.A. Birra Peroni Industriale S.p.A. Cassa di Risparmio di Savigliano S.p.A. Giovanni Agnelli e C. S.a.p.a.z. Fiat S.p.A. IFI S.p.A. Sanpaolo Imi Investments So.par.fi. Sifalberghi S.r.l. Toro Assicurazioni S.p.A. Worms & Cie
Richard GARDNER	/	/
Alfonso IOZZO	Director Director Director (Supervisory Board)	Sanpaolo Imi International S.A. NHS Mezzogiorno SGR S.p.A. CDC Finance - CDC Ixis S.A.
Mario MANULI	Managing Director Deputy Chairman and Managing Director Director Director	Manuli Rubber Industries S.p.A. Manuli Packaging S.p.A. Terme di Saturnia S.r.l. Web Equity S.p.A.
Luigi MARANZANA	Chairman Director Director Director	Sanpaolo Imi Wealth Management S.p.A. Banca Imi S.p.A. Sanpaolo Imi International S.A. Sanpaolo Imi Internazionale S.p.A.
Virgilio MARRONE	Director	Fiat S.p.A.
Abel MATUTES	/	/

DIRECTOR	OFFICE	COMPANY
Iti MIHALICH	Director	Acì Global S.p.A.
	Director	Agemut Sociedad de Agencia de Seguros de Mutral
	Deputy Chairman	Ala Service S.p.A.
	Director	Banca Reale S.p.A.
	Managing Director	Italiana Assicurazioni S.p.A.
	Director	La Piemontese Assicurazioni S.p.A.
	Director	La Piemontese Vita S.p.A.
	Director	Reale Asistencia - Compania de Seguros S.A.
	Director	Reale Autos y Seguros Generales S.A.
	Director	Reale Immobili
	Director	Reale Sum - Agrupacion de Interes Economico
	Director	Reale Vida S.A.
	Director	Rem Assicurazioni S.p.A.
	Director	Inmobiliaria Grupo Asegurador Reale S.A.
	Chairman	Rem Vie S.A.
Director	Sara Assicurazioni S.p.A.	
Director	Sara Vita S.p.A.	
Director	Reale Mutua di Assicurazioni	
Emilio OTTOLENGHI	Director	Sanpaolo Imi International S.A.
	Director	Autostrade S.p.A.
	Managing Director	La Petrolifera Italo Rumena S.p.A.
	Director (Supervisory Board)	Solving International
	Chairman	VIS S.p.A.
Orazio ROSSI	Chairman	Cardine Finanziaria S.p.A.
	Chairman	Cassa di Risparmio di Padova e Rovigo S.p.A.
	Chairman	Sanpaolo Imi Internazionale S.p.A.
	Member of the Board of Directors	Cassa di Risparmio di Udine e Pordenone S.p.A.
	Member of the Board of Directors	Sanpaolo Imi International S.A.
	Member of the Board of Directors	Eptaconsors S.p.A.
Avv. Gian Guido SACCHI MORSIANI	Chairman	Cassa di Risparmio in Bologna S.p.A.
	Deputy Chairman	Eptaconsors S.p.A.
	Deputy Chairman	Cardine Finanziaria S.p.A.
	Deputy Chairman	GE.RI.CO. S.p.A.
	Deputy Chairman substitute	Finemiro Banca S.p.A.
	Director	Cassa di Risparmio di Venezia S.p.A.
Enrico SALZA	Managing Director	Tecnoholding S.p.A.
	Director	Sanpaolo Imi International S.p.A.
	Director	Thera It Global Company
Remi François VERMEIREN	Chairman	KBC Bank
	President of the Executive Committee	KBC Bank and Insurance Holding Company

SECTION 2 - PARENT BANK

2.1 – Company name

SANPAOLO IMI S.p.A.

2.2 – Head office

Piazza San Carlo, 156
10121 Turin

Secondary offices

Viale dell'Arte 25, Rome, Italy
00144 Rome

Via Farini, 22
40124 Bologna

Italian Bankers Association registry number: 1025/6

Attachments

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CASH FLOWS

LIST OF PROPERTIES OWNED BY THE BANK

Statement of changes in consolidated shareholders' equity

	capital	legal reserve	additional paid-in capital	extraordinary reserve	unrestricted reserve for the acquisition of own shares	restricted reserve for the acquisition of own shares	reserve ex art. 13 c. 6 D.Lgs. 124/93	reserve art. 7 sub. 3 L. 218/90	merger surplus	reserve Law 169/83	reserve D.Lgs. 213/98	reserve D.Lgs. 153/99	reserve for general banking risks	income for the period	Total
Shareholders' equity as of 1 January 2002	3,932	792	22	58	706	294	3	80	-	11	42	641	336	1,184	8,101
Allocation of 2001 net income:															
- extraordinary reserve				409										-409	-
- reserve ex art. 13 c. 6 D.Lgs. 124/93							1							-1	-
- dividends distributed														-773	-773
Acquisition of own shares					-250	250									-
Cardine merger effects															
- Share capital increase by exchange	1,212														1,212
- Assignment of own shares in exchange						-544									-544
- Merger surplus by exchange								1,582							1,582
Allocation of merger goodwill		142	689	516					-1,582			213	22		-
Use of reserve for general banking risks													-358		-358
Proportionate writedown of Sanpaolo IMI Int.											-28				-28
Increase in legal reserve		95	-4					-80		-11					-
Income for the period as of 31 December 2002														764	764
Shareholders' equity as of 31 December 2002	5,144	1,029	708	983	456	-	4	-	-	-	14	854	-	764	9,956

Statement of cash flows

€/mil

APPLICATION OF FUNDS

Use of funds generated by operations		1,274
SPIMI and Cardine dividends paid	1,064	
Use of reserves for termination indemnities and pensions	63	
Use of provisions for risks and charges	147	
Increase in funds applied		841
Cash	177	
Loans due from banks	563	
Intangible fixed assets	34	
Tangible fixed assets	67	
Decrease in funds taken		11,198
Payables due to banks	5,364	
Customer deposits and securities issued	4,987	
Purchase of own shares and cancellation of Cardine Banca net equity	428	
Other liabilities	419	
Total		13,313

€/mil

SOURCES OF FUNDS

Funds generated by operations		2,100
Net income for the period	764	
Provisions for employee termination indemnities	67	
Net adjustments to loans and provisions for guarantees and commitments	251	
Provisions for risks and charges	151	
Adjustments to tangible and intangible fixed assets	534	
Net adjustments to financial fixed assets	333	
Increase in funds taken		780
Subordinated liabilities	780	
Decrease in funds applied		10,433
Loans to customers	2,857	
Equity investments	51	
Investment securities	2,481	
Dealing securities	1,470	
Other assets	3,574	
Total		13,313

LIST OF PROPERTIES OWNED BY THE BANK

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
ACERRA Corso Italia 67/75	371	174,093	187,426	361,519	56,686	304,833
ACERRA Via Duomo 56	190	5,878	185,408	191,286	45,791	145,495
ACQUAVIVA DELLE FONTI Via Maselli Campagna 19	298	44,272	337,763	382,035	91,457	290,578
ACQUI TERME Piazza Italia 10	2,105	849,412	2,033,539	2,882,951	1,422,887	1,460,064
AGNADELLO Piazza della Chiesa 5/15	199	57,439	181,033	238,472	99,692	138,780
AIROLA Piazza della Vittoria 19/20	150	4,990	191,089	196,079	46,944	149,135
ALASSIO Via Don Bosco 2	1,031	197,019	2,764,136	2,961,155	1,293,624	1,667,531
ALBA Piazza Savona 1	1,078	363,447	1,750,827	2,114,274	1,020,770	1,093,504
ALBA Via Cuneo 9 ang. Vic. San Biagio	54	4,132	36,637	40,769	20,973	19,796
ALBA ADRIATICA Via della Vittoria 119	270	53,411	344,477	397,888	95,268	302,620
ALBENGA Fil. 1 Via Genova 86	70	38,044	142,126	180,170	57,336	122,834
ALBENGA Via Valle d'Aosta 6	1,400	2,857,520	-	2,857,520	938,637	1,918,883
ALBESE Via Vittorio Veneto 6/a	262	27,531	343,585	371,116	140,478	230,638
ALBINO Via Mazzini 182	982	1,125,876	491,047	1,616,923	503,784	1,113,139
ALESSANDRIA Fil. 1 Corso Roma 17/19	1,386	361,391	2,337,334	2,698,725	908,440	1,790,285
ALESSANDRIA P.zza Garibaldi 57/58 / Via Savona	5,670	4,702,421	4,308,845	9,011,266	3,998,402	5,012,864
ALEZIO Via S. Senape de Pace 52	118	3,636	143,575	147,211	35,245	111,966
ALMENNO SAN BARTOLOMEO Via Martiri della Libertà	456	383,874	315,395	699,269	446,219	253,050
ALPIGNANO Via Mazzini 5	1,366	1,048,209	1,044,667	2,092,876	1,322,278	770,598
ALTAMURA P.zza Unità d'Italia 22/23	210	10,384	273,722	284,106	68,013	216,093
ANACAPRI Via G. Orlandi 150	115	2,891	490,634	493,525	118,118	375,407
ANCONA Corso Garibaldi 15	266	19,470	409,034	428,504	-	428,504
ANCONA Via Montebello 49/63	2,270	1,749,595	2,024,756	3,774,351	1,868,450	1,905,901
ANDRIA Via Cavour 112	320	22,628	504,062	526,690	126,046	400,644
ANTEY ST. ANDRE' Via Grandi Mulini S.S. 40	94	30,833	90,431	121,264	59,814	61,450
AOSTA Fil. 1 Corso Battaglione Aosta 65	706	247,085	912,346	1,159,431	542,781	616,650
AOSTA Sede Piazza Chanoux 38 / Via del Collegio 2	2,760	1,505,626	5,147,213	6,652,839	2,685,000	3,967,839
APPIANO GENTILE Via Volta 14	278	106,358	300,541	406,899	155,633	251,266
ARCONATE Piazza Libertà 1	589	58,567	697,808	756,375	289,377	466,998
ARENA PO Via Roma 10	360	225,860	108,316	334,176	148,185	185,991
AREZZO via Mecenate 2	2,368	280,242	-	280,242	32,895	247,347
ARREGNO Via Lungotelo di Destra 6	118	20,669	97,819	118,488	51,447	67,041
ARONA Corso Repubblica 1	1,021	456,387	1,562,959	2,019,346	981,647	1,037,699
ARQUATA SCRIVIA Via Libarna 211	490	148,512	401,501	550,013	253,072	296,941
ARZANO Via Rimini 6	488	569,593	351,353	920,946	535,345	385,601
ARZANO Via V. Emanuele 205	2,600	687,425	2,209,919	2,897,344	693,493	2,203,851
ASCOLI PICENO Via Napoli / Via 3 Ottobre	795	59,531	1,045,825	1,105,356	264,407	840,949
ASCOLI SATRIANO P.zza Cecco d'Ascoli 25/ab	138	136,343	34,088	170,431	26,724	143,707
ASTI Via C. Battisti 3 / C. Dante 6	1,712	1,536,137	2,809,100	4,345,237	1,895,407	2,449,830
ATRIPALDA Piazza Umberto I 15/13	150	2,401	204,000	206,401	49,425	156,976
AVELLINO Via del Gaizo 10	45	-	72,304	72,304	17,299	55,005
AVELLINO Via Dorso 2	314	27,079	634,209	661,288	158,217	503,071
AVELLINO Via Due Principati	1,137	797,371	808,810	1,606,181	251,849	1,354,332
AVELLINO Via Duomo 12/13	165	-	242,735	242,735	58,071	184,664
AVELLINO Via F. De Santis 2 / Via Due Principati	2,440	134,590	4,704,406	4,838,996	1,157,893	3,681,103
AVELLINO Via Guarini 40 / Via De Concillius 14	942	1,365,834	339,923	1,705,757	614,296	1,091,461
AVELLINO Via Mancini / Partenio	1,428	2,348	1,029,918	1,032,266	-	1,032,266
AVERSA Piazza Magenta 35/40	895	35,856	1,606,697	1,642,553	393,153	1,249,400
AVEZZANO Via Vittorio Veneto	482	19,333	693,602	712,935	170,627	542,308
AVIGLIANA Corso Torino 158	1,439	992,880	1,834,966	2,827,846	1,699,709	1,128,137
AZZANELLO Via A. Valcarenghi 10	187	340	120,867	121,207	44,630	76,577
BARDONECCHIA Via Medail 53	508	156,949	826,849	983,798	488,774	495,024
BARI C.so Sonnino 134 / Via Gorizia	238	50,594	507,161	557,755	133,337	424,418
BARI Fil. 1 Via Amendola 168/5	1,647	102,845	-	102,845	18,512	84,333
BARI Via Abate Gimma 101	11,863	4,644,838	17,562,633	22,207,471	5,310,580	16,896,891
BARI Via De Rossi 51-53	509	172,595	458,011	630,606	307,408	323,198
BARI Via Giovanni XXXIII 261	292	259,589	267,198	526,787	82,600	444,187
BARI Via V. Roppo 76	150	86,858	62,915	149,773	23,484	126,289
BARI Viale Unità d'Italia 82	541	373,263	597,676	970,939	152,243	818,696
BARLETTA Corso Garibaldi 123	2,355	65,249	4,020,101	4,085,350	960,062	3,125,288
BATTIPAGLIA Via Roma 80/84	2,232	100,012	2,089,585	2,189,597	524,090	1,665,507
BELGIOIOSO Via XX Settembre 30	220	377,014	-	377,014	79,015	297,999
BELLAGIO Lungo Lario Manzoni 32/34	413	58,377	682,962	741,339	279,656	461,683

(*) 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

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
BENEVENTO Corso Garibaldi 112	1,963	87,912	3,403,451	3,491,363	835,440	2,655,923
BENEVENTO Via Atlantici 47	173	18,199	113,621	131,820	31,545	100,275
BERGAMO Fil. 13 Sede Via XX Settembre 57	3,113	439,999	7,926,401	8,366,400	3,854,294	4,512,106
BERGAMO Fil. 4 Via S. Bernardino 72/d	772	57,423	1,252,893	1,310,316	551,073	759,243
BERGAMO Fil. 5 Via Suardi 85/87	1,060	467,508	1,233,039	1,700,547	740,903	959,644
BERGAMO Fil. 6 Via Statuto 18	339	46,226	530,697	576,923	220,348	356,575
BERGAMO Sede Via Camozzi 27 / Piazza Cavour 9	8,166	9,379,905	14,300,568	23,680,473	9,031,606	14,648,867
BERGAMO Via Stendhal 5 / Via Campagnola	6,645	186,728	-	186,728	26,983	159,745
BIBIONE PINEDA Viale dei Ginepri	133	8,259	79,654	87,913	30,498	57,415
BIELLA Fil. 1 Via Cottolengo	475	435,655	55,625	491,280	184,651	306,629
BIELLA Via G. Marconi 9	2,443	268,104	3,006,845	3,274,949	1,123,420	2,151,529
BIELLA Via Lamarmora / Torino / Delleani	314	570,829	-	570,829	68,500	502,329
BISCEGLIE Via De Gasperi 246	295	9,498	483,920	493,418	118,094	375,324
BISTAGNO Corso Italia 46	253	23,116	209,617	232,733	105,793	126,940
BITONTO Piazza Marconi 59/61	275	18,799	402,320	421,119	100,806	320,313
BOLLATE Via Vittorio Veneto 2	801	304,750	1,098,518	1,403,268	524,483	878,785
BOLOGNA Palazzo Guinizzelli	10,780	8,377,087	14,216,835	22,593,922	10,831,168	11,762,754
BOLOGNA Piazza San Francesco	575	175,457	552,609	728,066	435,253	292,813
BOLOGNA Via Brugnoli Grimaldi	1,202	53,899	1,272,238	1,326,137	133,044	1,193,093
BOLOGNA Via Cartoleria	107	229,030	-	229,030	10,306	218,724
BOLOGNA Via Farini 12	2,819	269,029	9,166,594	9,435,623	2,256,428	7,179,195
BOLOGNA Via Parigi	946	8,746	981,301	990,047	178,209	811,838
BOLOGNA Via Rizzoli 20	1,032	424,505	3,678,600	4,103,105	1,341,532	2,761,573
BONATE SOTTO Via V. Veneto 57/b	724	52,844	599,467	652,311	210,829	441,482
BORDIGHERA Corso Italia 32	832	1,501,502	299,923	1,801,425	735,805	1,065,620
BORGHETTO LODIGIANO Piazza Dalla Chiesa 1/a	270	2,167	305,515	307,682	93,673	214,009
BORGHETTO S.S. Via IV Novembre 8	580	100,891	1,187,594	1,288,485	516,827	771,658
BORGO SAN DALMAZZO Corso Barale 22	1,643	992,307	785,597	1,777,904	696,427	1,081,477
BORGO SAN GIACOMO Via Ferrari 5	250	413	222,672	223,085	68,037	155,048
BORGOFRANCO D'IVREA Via Aosta 28	314	108,082	314,750	422,832	184,352	238,480
BORGONE DI SUSÀ Via A. Abegg 5 bis	565	112,023	437,012	549,035	264,148	284,887
BORGOSIESIA Viale Carlo Fassò 2	2,435	1,124,384	2,627,497	3,751,881	1,943,338	1,808,543
BOSCOMARENGO Via Roma 6 bis	479	267,939	113,157	381,096	190,657	190,439
BOSCOREALE Via S.Ten. Cirillo 12 / Via S. Felice 2	627	462,373	316,558	778,931	409,630	369,301
BOSCOTRECASE Via Umberto I 155/157	178	5,060	201,418	206,478	49,446	157,032
BOSISIO PARINI Piazza Parini 12	462	413,246	155,778	569,024	240,645	328,379
BRA Via Principi di Piemonte 32	1,143	242,935	1,679,278	1,922,213	764,659	1,157,554
BRANDIZZO Via Torino 196	612	185,833	618,311	804,144	353,961	450,183
BREMBIO Via Garibaldi 10	289	258	202,166	202,424	66,749	135,675
BRESCIA P.za Garibaldi 5 / Via Tartaglia	3,531	5,081,754	-	5,081,754	1,667,647	3,414,107
BRIGA NOVARESE Via Borgomanero 19/21	729	167,722	612,411	780,133	400,745	379,388
BRINDISI Corso Garibaldi 1 / P.zza Vittoria	4,062	40,905	6,094,708	6,135,613	1,467,658	4,667,955
BRINDISI Via Rubini 12	2,500	126,369	2,544,067	2,670,436	638,789	2,031,647
BRINDISI Viale Commenda 208/210	127	12,940	162,684	175,624	42,031	133,593
BRONI Piazza Garibaldi 7 ang. Via Cavour	827	557,772	1,468,747	2,026,519	869,989	1,156,530
BRUSCIANO Via Cucca 28/32 / Via de Gasperi	559	6,966	140,741	147,707	72,554	75,153
BURAGO DI MOLGORA Via Enrico Toti 2/3	756	348,771	578,372	927,143	396,394	530,749
BUSTO ARSIZIO Fil. 2 Via Gavinana 8	526	358,294	316,705	674,999	291,813	383,186
BUSTO ARSIZIO Fil. 3 Via Torino 48	645	194,204	479,338	673,542	235,147	438,395
BUSTO ARSIZIO Fil. 4 Sacconago - P.za Chiesa Vecchia 6/b	577	67,500	575,735	643,235	238,508	404,727
BUSTO ARSIZIO Fil. 5 Borsano - Via Novara 1	245	516	327,373	327,889	115,313	212,576
BUSTO ARSIZIO Piazza Manzoni / Via Matteotti	1,329	2,393,155	-	2,393,155	502,535	1,890,620
BUSTO ARSIZIO Sede Via Milano 14	3,875	291,249	7,060,357	7,351,606	2,863,182	4,488,424
BUSTO GAROLFO Piazza Lombardia 3	358	128,460	277,931	406,391	156,973	249,418
CABIA TE Via A. Grandi 6	379	92,466	346,141	438,607	173,421	265,186
CAGLIARI Largo Carlo Felice 58	3,056	182,755	5,870,049	6,052,804	1,445,693	4,607,111
CAGLIARI Piazza Deffenu 4	4,403	4,437,128	6,995,519	11,432,647	5,156,857	6,275,790
CAGLIARI Via Amat 1	392	15,907	428,143	444,050	106,189	337,861
CAGLIARI Via Campidano / Via Deffenu	1,000	113,718	1,900,464	2,014,182	315,824	1,698,358
CAGLIARI Via Monti 10	22	765	15,494	16,259	5,839	10,420
CAGLIARI Via Paoli 31/33	753	664,607	375,021	1,039,628	343,077	696,551
CAGLIARI Via S. Avendrace 281/283	196	13,305	322,269	335,574	80,207	255,367
CAIAZZO Via Latina 1	385	4,584	274,239	278,823	39,519	239,304
CAIRO MONTENOTTE Piazza della Vittoria 24	712	129,842	876,957	1,006,799	389,598	617,201
CAIVANO Via Matteotti 54	573	47,390	747,830	795,220	190,315	604,905
CALOSSO Via R. Margherita 24/26	271	54,420	109,390	163,810	82,050	81,760

(*) 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

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
CALUSCO D'ADDA Via Marconi 36/38	1,008	355,554	786,934	1,142,488	391,734	750,754
CALUSO Via San Clemente 1	437	116,737	375,565	492,302	211,139	281,163
CALVATONE Via Umberto I 83	215	6,823	185,280	192,103	81,681	110,422
CAMPI SALENTINO Viale della Stazione 1/3	320	25,659	384,760	410,419	98,236	312,183
CAMPOBASSO Corso Bucci 3	3,327	175,380	5,108,275	5,283,655	1,054,058	4,229,597
CAMPOMORONE Via A. Gavino 110/d	655	167,138	887,393	1,054,531	493,157	561,374
CANDELO Via Mazzini ang. Via Moglia 1	607	183,256	313,591	496,847	155,482	341,365
CANELLI P.za A. d'Aosta 20 / Via M. d'Azeglio 2	860	324,973	437,056	762,029	308,816	453,213
CANICATTI' Via Carlo Alberto 4/12	870	237,494	372,526	610,020	329,435	280,585
CANICATTI' Via Regina Margherita 2	1,000	118,519	1,078,155	1,196,674	589,520	607,154
CANOSA DI PUGLIA Via Bovio 14	465	13,382	588,244	601,626	144,010	457,616
CANTOIRA Via Roma 21	82	42,741	40,954	83,695	54,763	28,932
CANTU' Piazza degli Alpini 1	1,075	71,208	1,410,596	1,481,804	553,084	928,720
CAPRI Via Vittorio Emanuele 37/39	727	68,501	5,044,235	5,112,736	1,223,416	3,889,320
CAPRIOLO Via IV Novembre 90	652	142,603	628,622	771,225	282,005	489,220
CARAGLIO P.za Garibaldi 10 ang. Via Roma	333	500,963	-	500,963	150,006	350,957
CARAMAGNA Via Luigi Ornato 37	377	1,019,058	152,817	1,171,875	375,692	796,183
CARBONIA Piazza Rinascita	577	317,032	700,316	1,017,348	236,120	781,228
CARESANA Corso Italia 32	166	5,501	99,561	105,062	44,605	60,457
CARIGNANO Via Umberto I 118	609	176,124	649,770	825,894	432,729	393,165
CARMAGNOLA Piazza Martiri della Libertà 31	856	223,694	941,106	1,164,800	576,632	588,168
CAROVIGNO Via di Vagno / Via Caputi	270	18,322	397,672	415,994	99,573	316,421
CARRU' Piazza Generale Perotti 11	292	12,853	352,144	364,997	184,342	180,655
CASALE MONFERRATO Via Magnocavallo 23	2,983	1,325,029	2,911,375	4,236,404	1,969,512	2,266,892
CASALMAGGIORE Via Cairoli 7	743	457,911	579,848	1,037,759	405,548	632,211
CASALNUOVO Corso Umberto I 475	230	1,346	212,780	214,126	51,248	162,878
CASALNUOVO Via Napoli 59	500	192,749	349,530	542,279	85,029	457,250
CASALPUSTERLENGO Via Garibaldi 22	477	102,221	486,338	588,559	256,734	331,825
CASAZZA Via della Pieve 1	1,212	1,031,881	321,174	1,353,055	427,020	926,035
CASELLE LANDI Via IV Novembre 10	254	3,357	144,002	147,359	50,983	96,376
CASELLE TORINESE Via Cuorgné 86 bis	717	213,015	669,070	882,085	381,107	500,978
CASERTA Via C. Battisti 37	5,320	2,229,593	8,218,379	10,447,972	2,500,041	7,947,931
CASERTA Via G. B. Bosco	1,298	125,379	2,338,000	2,463,379	589,621	1,873,758
CASERTA Via Laviano	7,700	7,258,759	-	7,258,759	217,763	7,040,996
CASNIGO Piazza Caduti 7	435	50,228	305,215	355,443	128,177	227,266
CASOREZZO Piazza S. Giorgio 9	392	9,933	368,537	378,470	140,514	237,956
CASORIA Via Princ. di Piemonte 54	439	118,110	483,404	601,514	143,982	457,532
CASSINA DE' PECCHI Via Trento 2 ang. Via Venezia	1,283	698,699	1,983,075	2,681,774	1,388,351	1,293,423
CASSINO Corso della Repubblica 48/56	867	336,337	1,115,030	1,451,367	347,383	1,103,984
CASTAGNOLE MONFERRATO Piazza Statuto 1/b	184	31,888	107,000	138,888	56,990	81,898
CASTEL GOFFREDO Piazza Gonzaga 3	590	516,457	364,877	881,334	378,418	502,916
CASTELLAMMARE C.so Vitt. Emanuele 76/80	750	22,901	1,454,343	1,477,244	353,603	1,123,641
CASTELLAMMARE Viale Europa 132	600	399,118	995,316	1,394,434	218,647	1,175,787
CASTELLAMONTE Piazza Martiri della Libertà 2	515	87,140	438,749	525,889	226,847	299,042
CASTELLANZA Via Matteotti 16/b	842	166,860	759,713	926,573	361,938	564,635
CASTELLEONE Via Cappi 4	915	1,122,261	258,914	1,381,175	572,613	808,562
CASTELNUOVO BOCCA D'ADDA Via Umberto I 1	234	767	184,427	185,194	67,875	117,319
CASTELNUOVO SCRIVIA Via Nino Bixio 15	910	293,370	528,871	822,241	421,565	400,676
CASTELVETRANO Piazza Matteotti 9/10	270	477,598	397,819	875,417	520,891	354,526
CASTIGLIONE D'ADDA Via della Chiesa 1	259	3,109	218,886	221,995	75,117	146,878
CASTROFILIPPO Corso Umberto 42	194	12,527	109,751	122,278	62,736	59,542
CASTROVILLARI Via XX Settembre	292	140,470	71,278	211,748	33,202	178,546
CATANZARO C.so Mazzini / P.zza Grimaldi	3,477	1,519,708	4,504,496	6,024,204	1,392,192	4,632,012
CATANZARO Lido P.zza Garibaldi / Via Azara	228	222,853	154,161	377,014	59,116	317,898
CATANZARO Via d. M. Pistoia	220	-	22,208	22,208	-	22,208
CAVA DEI TIRRENI Piazza Duomo 1	197	8,770	347,575	356,345	85,286	271,059
CAVA MANARA Via Garibaldi 19	499	168,417	258,534	426,951	191,761	235,190
CAVENAGO D'ADDA Via G. Conti 6/4	140	211	117,004	117,215	39,896	77,319
CEGLIE MESSAPICO Via Umberto I 41/43	257	104,608	219,494	324,102	78,057	246,045
CENTALLO Via Bonifanti 3/5/7	250	260,130	30,851	290,981	105,711	185,270
CERAMI Via Roma 88/90/92	110	70,575	114,984	185,559	108,845	76,714
CERCOLA Via D. Riccardi 127	1,188	1,041,393	285,923	1,327,316	603,412	723,904
CEREA Via Trento	1,630	38,845	261,709	300,554	100,302	200,252
CERIGNOLA Via Roma 8	430	7,477	653,834	661,311	158,223	503,088
CERMENATE Via G. da Cermenate / Via Matteotti 45	494	468,735	128,407	597,142	178,465	418,677

(*) 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

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
CERNOBBIO Via Dell'Orto 3	487	8,557	655,505	664,062	253,482	410,580
CERNUSCO SUL NAVIGLIO Piazza Ghezzi 5	959	983,202	1,373,131	2,356,333	1,245,014	1,111,319
CERRO MAGGIORE Via S. Bartolomeo 8	176	14,564	201,473	216,037	78,259	137,778
CERVIGNANO Via N. Sauro	932	24,345	438,700	463,045	44,994	418,051
CERVINARA Via C. Del Balzo 10	235	87,213	165,851	253,064	39,680	213,384
CESANA TORINESE Via Roma 14	476	79,161	358,516	437,677	199,785	237,892
CEVA Via Moretti 7	472	200,483	458,351	658,834	370,782	288,052
CHIARI Via delle Battaglie 3/e	798	1,331,426	142,893	1,474,319	477,851	996,468
CHIAVARI Corso Dante Alighieri 73	804	369,381	1,588,965	1,958,346	758,687	1,199,659
CHIERI Piazza Cavour 1	1,109	168,926	1,325,426	1,494,352	678,617	815,735
CHIERI Piazza Cavour 8	4,100	4,989,100	1,941,281	6,930,381	2,643,665	4,286,716
CHIETI Corso Marruccini 102	2,738	246,559	3,739,148	3,985,707	954,058	3,031,649
CHIGNOLO PO Via Garibaldi 143	247	13,025	175,662	188,687	70,009	118,678
CHIOGGIA Corso del Popolo 1260/63 (C.le Renier)	1,017	133,579	1,026,659	1,160,238	334,204	826,034
CHIUSI Centr. Comm. Etrusco	164	389,239	-	389,239	83,714	305,525
CHIVASSO Piazza A. Carletti 1/c	1,151	237,386	1,649,516	1,886,902	776,463	1,110,439
CIGLIANO Corso Umberto I 46	689	103,625	481,364	584,989	268,609	316,380
CILAVEGNA Piazza Garibaldi 5	359	63,388	253,441	316,829	137,257	179,572
CIRIE' Via San Ciriaco 25	1,898	1,206,079	2,049,313	3,255,392	1,128,517	2,126,875
CISTERNINO Piazza Lagravinese 1	280	116,773	156,949	273,722	42,920	230,802
CODOGNO Via Alberici 28	946	332,120	1,409,709	1,741,829	560,477	1,181,352
COGNE Via Grappein	212	191,849	160,738	352,587	184,584	168,003
COLLEGNO Via Manzoni 1	1,974	1,321,784	1,642,511	2,964,295	1,664,023	1,300,272
COMO Fil. 2 Via Milano 178	422	108,784	575,323	684,107	281,488	402,619
COMO Fil. 4 Albate / Via Canturina 186	340	372,221	168,080	540,301	216,572	323,729
COMO Fil. 5 Via Bellinzona 349	213	22,977	318,511	341,488	157,978	183,510
COMO Piazza Cavour 15	5,021	408,949	14,536,785	14,945,734	5,256,463	9,689,271
CONVERSANO Corso Dante 2	307	51,207	444,669	495,876	118,644	377,232
CORNAREDO Piazza Libertà 54	1,059	444,187	1,365,419	1,809,606	634,423	1,175,183
CORNAREDO Via Milano 95	522	223,480	463,323	686,803	215,168	471,635
CORSICO Fil. 1 Via Dante ang. via Monti 31/b	845	2,334,632	-	2,334,632	790,302	1,544,330
CORSICO Via Caboto 37/41	1,927	2,019,769	3,102,633	5,122,402	2,667,258	2,455,144
COSENZA Corso Umberto I 17	3,330	161,056	5,421,765	5,582,821	1,336,288	4,246,533
COSSATO Via del Mercato 40	310	464,580	127,332	591,912	214,456	377,456
COSTIGLIOLE D'ASTI Piazza Umberto I 21	636	225,379	425,510	650,889	366,439	284,450
COURMAYEUR Via M. Bianco 29 / P.za Brocherelle 3	601	208,699	1,941,270	2,149,969	783,410	1,366,559
CREMA Fil. 1 Via De Gasperi 62	1,500	145,771	-	145,771	47,847	97,924
CREMA Piazza Duomo 1 / Via dei Racchetti 1	1,006	194,887	1,329,412	1,524,299	590,545	933,754
CREMONA Fil.1 C.so Garibaldi 232 / Via Montello	1,720	1,104,141	2,012,235	3,116,376	1,710,510	1,405,866
CREMONA Sede Piazza Cavour 1 / Via Gramsci	3,896	397,862	5,333,302	5,731,164	2,446,866	3,284,298
CREMONA Via dei Tigli 3	204	64,688	62,641	127,329	78,644	48,685
CRESCENTINO Corso Roma 55/57	808	117,624	635,213	752,837	323,106	429,731
CROTONE P.zza Pitagora 6/9	752	199,595	1,169,258	1,368,853	327,642	1,041,211
CUNEO Corso Giolitti ang. P.za Europa	2,370	1,323,996	4,558,279	5,882,275	2,831,121	3,051,154
CUORGNE' Via Ivrea 7	857	159,055	761,652	920,707	384,987	535,720
DAIRAGO Via XXV Aprile 52/c	383	52,139	410,583	462,722	181,725	280,997
DALMINE Via Betelli 11	1,601	834,228	1,441,818	2,276,046	699,263	1,576,783
DOGLIANI Piazza Carlo Alberto 30 / Via 31 Luglio 21	677	393,484	520,251	913,735	575,431	338,304
DOMODOSSOLA Piazza Matteotti 16 / Via Gramsci	1,012	1,153,246	455,363	1,608,609	525,004	1,083,605
DONNAS Via Roma 36	1,280	317,286	1,083,002	1,400,288	743,083	657,205
DOSOLO Via XXIII Aprile 6/8/10	199	10,302	154,121	164,423	58,553	105,870
ENDINE GAIANO Via Tonale 49	296	5,852	190,096	195,948	70,364	125,584
ENNA Piazza VI Dicembre 6	1,388	2,027,243	93,584	2,120,827	841,988	1,278,839
ERBA Corso XXV Aprile 64	1,549	705,420	1,978,059	2,683,479	1,070,579	1,612,900
ERCOLANO Via IV Novembre 3/5	577	29,261	1,008,640	1,037,901	248,458	789,443
ESTE Via Matteotti 49/51	650	1,361,328	-	1,361,328	439,544	921,784
FAGNANO OLONA Piazza XX Settembre 5	639	66,910	561,447	628,357	247,024	381,333
FALOPPIO Via Roma 4	150	167,330	-	167,330	44,488	122,842
FASANO Via Roma 17 / Via Macallè	507	167,413	235,423	402,836	63,165	339,671
FERRERA ERBOGNONE Corso della Repubblica 27	217	105,777	121,392	227,169	102,871	124,298
FINALE LIGURE Via Concezione 34/35	370	382,652	971,678	1,354,330	669,392	684,938
FINO MORNASCO Via Garibaldi 135	743	64,184	867,137	931,321	381,198	550,123
FIORANO AL SERIO Via Roma 11/B	777	125,725	696,111	821,836	261,334	560,502
FIRENZE Piazza della Repubblica 4	890	89,609	3,240,455	3,330,064	1,120,339	2,209,725
FIRENZE Via Cavour 20/24	3,000	469,627	9,616,944	10,086,571	2,403,948	7,682,623
FIRENZE Via de' Conti 3 ang. Via dell'Alloro	705	452,834	1,683,987	2,136,821	878,602	1,258,219

(*) 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

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
FIRENZE Via Morgagni 4	585	907,951	662,098	1,570,049	375,214	1,194,835
FIRENZE Via Pratese 191	2,050	130,404	-	130,404	7,824	122,580
FOGGIA C.so Vitt. Emanuele II 35	2,990	153,439	6,059,589	6,213,028	1,486,696	4,726,332
FOGGIA Piazza Puglia / via Bari 62	1,963	2,656,028	2,314,962	4,970,990	3,129,072	1,841,918
FOGGIA Via Bari 34/36	303	6,234	543,829	550,063	131,621	418,442
FOGGIA Via Masi 36	860	176,180	923,941	1,100,121	263,237	836,884
FOGGIA Via Napoli	210	217,845	117,852	335,697	52,637	283,060
FONDI C.so Italia	260	161,250	226,092	387,342	60,735	326,607
FONTANELLA Piazza Matteotti 18 / via Lazzari 2	561	573,449	267,434	840,883	355,394	485,489
FORIO D'ISCHIA Via G.ppe Castellaccio	214	15,609	645,571	661,180	158,193	502,987
FORMIA Via Vitruvio 9/17	559	387,832	1,419,740	1,807,572	432,634	1,374,938
FORNO CANAVESE Via Truchetti 7	498	49,471	351,676	401,147	191,238	209,909
FOSSACESIA Viale dei Pioppi 15	175	246,823	-	246,823	30,457	216,366
FOSSANO Via Roma 81 / Via Cavour 1	1,633	306,685	1,838,768	2,145,453	894,193	1,251,260
FRANCAVILLA FONTANA Pzza Giovanni XXIII 12	345	11,060	453,966	465,026	111,314	353,712
FRATTAMAGGIORE Via Roma / Via Fiume	2,266	1,583,256	1,030,016	2,613,272	409,759	2,203,513
FRESONARA Via Boscomarengo 5	226	142,253	66,301	208,554	97,029	111,525
GAETA P.zza Libert� 8/10	312	264,704	303,399	568,103	89,078	479,025
GALATINA Via Garibaldi 91	423	18,775	696,700	715,475	171,194	544,281
GALATINA Via Roma 146/148	34	-	61,975	61,975	-	61,975
GALLARATE Corso Sempione 9	1,934	2,231,538	518,802	2,750,340	967,012	1,783,328
GALLIATE Via L. da Vinci 21 ang. Via Volta	1,003	367,530	1,024,642	1,392,172	757,499	634,673
GAMBARA Piazza IV Novembre 5	287	516	201,364	201,880	72,628	129,252
GAMBOLO' Corso Umberto I 4	488	254,724	344,941	599,665	216,455	383,210
GARLASCO Corso Cavour 172	597	104,712	646,169	750,881	244,018	506,863
GATTINARA Piazza Italia 10 / C.so Cavour 1	554	106,174	434,486	540,660	265,163	275,497
GENOVA Piazza Matteotti 2	665	1,727,120	-	1,727,120	479,044	1,248,076
GENOVA Fil. 1 Via A. Cantore 44 / Via Pedemonte	3,157	1,596,390	3,791,994	5,388,384	2,576,951	2,811,433
GENOVA Fil. 2 ex V.G.B.Magnaghi 1 / V. Cecchi 60	630	591,621	1,736,535	2,328,156	1,082,726	1,245,430
GENOVA Fil. 4 Viale Causa 2 / Via Albaro 38	875	369,379	1,750,329	2,119,708	833,531	1,286,177
GENOVA Fil. 5 Via F. Cavallotti 46r/48/13/4	583	419,735	817,151	1,236,886	577,964	658,922
GENOVA Fil. 6 Via Cairoli 6	957	212,175	1,498,893	1,711,068	751,091	959,977
GENOVA Fil. 7 Via Sestri 225/r / Via d'Andrade	1,096	374,304	1,488,676	1,862,980	921,172	941,808
GENOVA Fil. 8 Via C. Camozzini 11/r / Via Cialdini	585	404,704	642,998	1,047,702	602,340	445,362
GENOVA Fil. 10 Via Rossini 8 - Rivarolo	1,011	1,022,588	593,608	1,616,196	715,688	900,508
GENOVA Sede Via Fieschi 4	5,614	4,146,086	17,254,898	21,400,984	9,043,807	12,357,177
GENOVA Via Bellucci 16	118	-	149,773	149,773	-	149,773
GENOVA Via Dante ang. Via Fieschi	1,065	1,450,616	615,212	2,065,828	531,766	1,534,062
GENOVA Via Gran Madre di Dio	145	71,512	263,115	334,627	165,185	169,442
GENOVA Via Paganini 4	50	82,858	-	82,858	18,208	64,650
GENOVA Via Rossetti 19	227	8,937	244,284	253,221	60,504	192,717
GIAVENO Piazza San Lorenzo 15	545	191,130	502,196	693,326	395,862	297,464
GIOIA DEL COLLE Via Garibaldi 91	230	7,442	158,036	165,478	39,592	125,886
GIOIA TAURO Via Nazionale 111 bivio Rizziconi	579	238,175	242,130	480,305	75,312	404,993
GIOIOSA IONICA Via Gramsci / Via Mancini 1/2	186	6,516	241,702	248,218	59,379	188,839
GIUGLIANO Via Mancini 7	179	2,621	74,886	77,507	-	77,507
GIUGLIANO Via Parco Fiorito	300	7,012	514,908	521,920	124,892	397,028
GIUGLIANO Via Vittorio Veneto 32/33	403	21,378	691,536	712,914	170,625	542,289
GIULIANOVA Piazza Roma 1/5	563	13,519	1,024,650	1,038,169	248,523	789,646
GORIZIA Via Carducci	819	671,652	107,330	778,982	96,832	682,150
GORIZIA Via Fatebenefratelli	118	5,221	25,207	30,428	11,970	18,458
GORIZIA Via Garibaldi - Morelli	2,398	3,555,210	-	3,555,210	417,618	3,137,592
GORIZIA Via XXIV Maggio - Codelli	2,590	4,123,760	-	4,123,760	624,911	3,498,849
GORLE Via Don Mazza 1/B	600	252,518	528,040	780,558	327,497	453,061
GRAGNANO Via Tommaso Sorrentino 38	196	5,741	301,611	307,352	73,554	233,798
GRASSOBBIO Via Roma 5/7	444	101,151	340,804	441,955	173,595	268,360
GRESSONEY ST. JEAN Strada Eyemmatten	255	14,843	246,714	261,557	109,071	152,486
GROMO Piazza Marconi 2	202	1,709	163,605	165,314	55,586	109,728
GRONTARDO Piazza Roma 11	241	105	167,338	167,443	51,996	115,447
GROPELLO CAIROLI Via Libert� 108	452	366,228	373,201	739,429	331,252	408,177
GROTTAGLIE Via Parini 26 / Via Matteotti	295	9,214	429,692	438,906	105,036	333,870
GROTTAMINARDA Via Giardino / P.co Sciarappa	360	112,364	238,826	351,190	55,067	296,123
GRUGLIASCO Viale Gramsci 108	99	4,354	177,417	181,771	48,297	133,474
GRUGLIASCO Viale Gramsci 78/80	1,170	727,469	1,453,765	2,181,234	1,077,867	1,103,367
GUSPINI Via Matteotti 28	205	85,992	181,793	267,785	63,491	204,294
IMPERIA Via Cascione 11 / Piazza Marconi 2	1,790	1,646,622	2,318,309	3,964,931	1,555,020	2,409,911

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LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
INCISA SCAPACCINO Via della Repubblica 3	393	32,136	209,654	241,790	122,203	119,587
INVERIGO Via Generale Cantore 52	268	6,921	262,306	269,227	110,468	158,759
IRSINA Corso Musacchio 68	201	15,938	257,712	273,650	65,501	208,149
ISCHIA PORTO Via Iasolino	127	7,307	351,707	359,014	85,882	273,132
ISCHIA PORTO Via Vittorio Colonna 242	561	37,048	1,620,642	1,657,690	396,534	1,261,156
ISERNIA C.so Garibaldi 7	1,103	516,523	1,190,367	1,706,890	267,639	1,439,251
ISOLA LIRI Via Roma 7	440	190,671	243,153	433,824	68,024	365,800
IVREA Piazza Balla 7	4,510	4,959,702	3,209,109	8,168,811	2,901,584	5,267,227
IVREA Via Palestro 22	650	3,228	1,074,530	1,077,758	373,216	704,542
IVREA Vicolo Baratonzo 3	30	12,911	9,425	22,336	13,001	9,335
LA MADDALENA Via Amendola	312	52,854	608,386	661,240	158,207	503,033
LA SPEZIA Viale Italia 162	1,364	1,625,665	2,428,770	4,054,435	2,287,375	1,767,060
LAIGUEGLIA Via Roma 102	567	203,459	839,815	1,043,274	324,114	719,160
LAINATE Via Meda 1/A	761	341,537	680,210	1,021,747	333,387	688,360
LAMETIA TERME Via Adige 1/15	595	108,767	661,065	769,832	184,205	585,627
LANCIANO C.so Trieste e Trento 37/39	380	7,706	596,508	604,214	144,591	459,623
LANDRIANO Via Rocca 6	292	83,373	295,906	379,279	174,963	204,316
LANZO INTELVI Piazza Novi 8	180	9,435	142,907	152,342	62,812	89,530
LANZO TORINESE Via Roma 6/a	638	70,279	633,251	703,530	298,033	405,497
L'AQUILA C.so Vitt. Emanuele	2,773	122,835	5,387,678	5,510,513	1,318,569	4,191,944
L'AQUILA Via Simonetto 6 / Via Tommasi	1,394	60,270	1,352,601	1,412,871	251,374	1,161,497
LARINO Largo Garibaldi 2	166	3,654	161,651	165,305	39,549	125,756
LATIANO Pzza Capitano Ippolito 12	224	5,501	268,041	273,542	65,473	208,069
LATINA Corso Matteotti	310	124,494	590,827	715,321	171,157	544,164
LATINA Via Isonzo / Via Priverno 20	3,298	1,304,695	3,013,010	4,317,705	1,033,145	3,284,560
LATISANA Calle Annunziata	50	12,906	23,820	36,726	12,894	23,832
LECCE Piazza Mazzini / Via N. Sauro	2,200	1,717,728	3,754,941	5,472,669	2,783,937	2,688,732
LECCE Via XXV Luglio 13/a	2,555	128,384	4,272,131	4,400,515	1,052,960	3,347,555
LECCO Corso Martiri della Libertà	3,282	3,769,774	2,347,136	6,116,910	2,806,775	3,310,135
LEGNAGO Via Fiume 10	763	987,026	105,109	1,092,135	354,012	738,123
LEGNANO Fil. 1 Via Venegoni 51	477	200,713	428,873	629,586	282,263	347,323
LEGNANO Fil. 2 Via Monte Rosa / Via Battisti	586	229,907	399,635	629,542	261,334	368,208
LENNO Via Statale Regina 91	246	40,521	340,249	380,770	125,897	254,873
LEONFORTE Corso Umberto 201/b	260	152,565	92,058	244,623	154,418	90,205
LIONI Via S. Rocco 40	200	90,965	115,617	206,582	32,392	174,190
LIVORNO FERRARIS Via L. Giordano 72	435	107,528	388,204	495,732	198,886	296,846
LIVORNO Via Bagnetti	450	147,131	111,098	258,229	40,490	217,739
LIVORNO Via Cairoli 20	1,820	88,244	3,686,986	3,775,230	902,790	2,872,440
LIVORNO Via Nadi	397	25,771	351,191	376,962	57,453	319,509
LOANO Fil. 1 Via Aurelia 356	197	42,474	458,995	501,469	222,698	278,771
LOANO Corso Europa 1	839	270,989	1,987,512	2,258,501	913,484	1,345,017
LOCATE TRIULZI Via Giardino 2	678	529,098	527,305	1,056,403	457,490	598,913
LOCATE VARESIANO Via C. Battisti 38	480	402,034	217,787	619,821	230,619	389,202
LOCRI C.so Vitt. Emanuele 81	365	17,016	421,945	438,961	105,050	333,911
LODI Sede Piazza Mercato 13 / via Stroppioni 2	3,237	805,898	3,238,425	4,044,323	1,330,562	2,713,761
LOMAZZO Piazza Stazione 2	639	16,001	681,612	697,613	259,824	437,789
LOMELLO Via Roma 6/8	241	15,387	184,007	199,394	61,819	137,575
LUCCA Piazza San Martino 10	1,361	2,100,111	1,384,560	3,484,671	1,147,689	2,336,982
LUCERA Pzza Gramsci 15/19	410	18,013	420,912	438,925	105,042	333,883
LURATE CACCIVIO Via Unione 2	794	408,037	612,413	1,020,450	287,879	732,571
MAGENTA Via Volta / Via Cavallari	759	785,436	166,522	951,958	310,928	641,030
MAGLIE Via Scorrano 5	358	226,082	218,071	444,153	69,643	374,510
MALEO Piazza XXV Aprile 6/8	205	1,969	147,919	149,888	44,622	105,266
MANDELLO DEL LARIO Piazza L. Manara 5	394	437,129	303,526	740,655	348,008	392,647
MANDURIA Via XX Settembre 20	726	31,283	1,063,901	1,095,184	262,140	833,044
MANFREDONIA Corso Manfredi 152	200	2,427	327,950	330,377	79,045	251,332
MANTOVA Via Frattini 7	2,232	3,546,785	1,257,030	4,803,815	1,497,131	3,306,684
MANTOVA Via Isabella d'Este 10	120	113,621	-	113,621	23,860	89,761
MAPELLO Via Bravi 3	556	106,360	417,782	524,142	199,751	324,391
MARANO V.le Duca d'Aosta	420	178,942	275,540	454,482	71,263	383,219
MARANO Via Merolla 9/11	741	475,269	789,476	1,264,745	573,659	691,086
MARIANO COMENSE Piazza Roma 47	266	547,831	46,421	594,252	201,008	393,244
MARIANO DEL FRIULI Via Manzoni	90	3,099	26,928	30,027	16,695	13,332
MARIANO DEL FRIULI Via Verdi (terreno)	2,911	914	28,378	29,292	-	29,292
MARIGLIANO Corso Umberto I 347/351	294	12,287	480,821	493,108	118,020	375,088
MASSAFRA Corso Roma 260/264	301	104,953	117,123	222,076	34,822	187,254

(*) 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

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
MASSALUBRENSE Viale Filangieri 15/17	164	5,474	487,535	493,009	117,996	375,013
MATERA P.zza Vittorio Veneto 51	1,894	66,804	3,507,259	3,574,063	855,226	2,718,837
MATERA Via Lucana 108	486	204,742	178,986	383,728	57,350	326,378
MEDE Via Cavour 18	763	1,179,553	553,750	1,733,303	647,787	1,085,516
MEDIGLIA Frazione Triginto / Piazza Pertini 6	733	604,255	165,473	769,728	280,224	489,504
MELEGNANO Piazza Garibaldi 1	1,545	1,863,587	1,103,223	2,966,810	1,276,699	1,690,111
MELITO P. SALVO Via Garibaldi 48	194	99,102	120,334	219,436	52,517	166,919
MELZO Via Magenta 2/8	1,440	1,054,856	1,522,170	2,577,026	1,031,849	1,545,177
MENAGGIO Via IV Novembre 38/40	1,021	32,998	859,767	892,765	332,042	560,723
MENFI Via della Vittoria 254	310	252,002	225,507	477,509	281,593	195,916
MERATE Viale Lombardia 2	1,126	408,013	910,854	1,318,867	583,957	734,910
MERCATO S. SEVERINO Via Diaz 111/113 / Via Torino	247	12,275	359,364	371,639	90,782	280,857
MESERO Via San Bernardo 8	291	42,395	247,061	289,456	115,580	173,876
MESTRE Corso del Popolo 209/215	14,456	2,000,149	4,794,795	6,794,944	1,561,758	5,233,186
MESTRE Corso del Popolo 58	190	30,548	67,578	98,126	32,382	65,744
MESTRE Piazza G. Bruno 7	3,005	611,163	3,931,538	4,542,701	2,255,364	2,287,337
MESTRE Rampa Cavalcavia / Via Cappuccina	12,934	696,444	10,737,283	11,433,727	2,124,973	9,308,754
MESTRE Via Aleardi 17	1,219	20,658	1,129,476	1,150,134	159,017	991,117
MESTRE Via Bembo 38-40/Corso del Popolo 86-A-B	2,694	95,547	2,482,225	2,577,772	341,777	2,235,995
MESTRE Via Cappuccina 11	502	96,616	574,778	671,394	221,561	449,833
MESTRE Via Carducci 23-24	6,936	3,254,329	6,989,833	10,244,162	3,320,516	6,923,646
MESTRE Via Filiasi 66/120	5,164	436,169	4,895,647	5,331,816	693,814	4,638,002
META DI SORRENTO Corso Italia 66	66	2,225	217,428	219,653	52,568	167,085
MILANO Fil. 1 Viale Monza 118	1,000	289,487	3,042,673	3,332,160	1,168,899	2,163,261
MILANO Fil. 15 Via Domodossola 9/11	779	728,175	704,742	1,432,917	575,880	857,037
MILANO Fil. 16 Via Carducci 4	1,084	2,161,450	2,430,881	4,592,331	1,969,522	2,622,809
MILANO Fil. 19 Via Imbonati 35	960	1,316,077	113,191	1,429,268	441,729	987,539
MILANO Fil. 2 Via Moroni 9	1,101	1,099,632	2,722,075	3,821,707	1,769,014	2,052,693
MILANO Fil. 21 Via Ettore Ponti 30	574	515,420	401,363	916,783	351,503	565,280
MILANO Fil. 29 Viale Restelli 3	1,423	300,910	3,640,403	3,941,313	1,429,182	2,512,131
MILANO Fil. 3 Corso Sempione 67	671	93,131	1,470,653	1,563,784	523,039	1,040,745
MILANO Fil. 4 Viale Piceno 2 / Piazza Emilia	1,384	751,477	4,595,783	5,347,260	2,039,075	3,308,185
MILANO Fil. 5 Via Imbonati 64/a	1,447	386,744	3,482,811	3,869,555	1,490,216	2,379,339
MILANO Sede Via Broletto 9/11	4,980	1,418,377	33,666,637	35,085,014	12,225,210	22,859,804
MILANO Via Hoepli 10	2,110	410,095	9,394,471	9,804,566	3,948,358	5,856,208
MILANO Via Imbriani (nuda proprietà)	-	100,759	-	100,759	-	100,759
MILANO Via Mercanti 12	5,364	4,577,221	28,682,603	33,259,824	5,215,140	28,044,684
MILANO Via R. Gessi	50	167	38,734	38,901	-	38,901
MILANO Via Tommaso Grossi 5	3,764	629,139	33,147,237	33,776,376	8,069,888	25,706,488
MINORI C.so Vittorio Emanuele 29	100	65,676	264,942	330,618	79,104	251,514
MIRABELLA ECLANO Via Calcazanco s.n.c.	310	426,078	-	426,078	81,041	345,037
MODUGNO Piazza Garibaldi 41	190	31,855	215,879	247,734	59,273	188,461
MOLFETTA P.zza V. Emanuele 7a	583	10,476	1,526,130	1,536,606	367,795	1,168,811
MOMBERCELLI Piazza Alfieri 2	294	33,635	151,817	185,452	96,658	88,794
MONCALIERI Centro Contabile Corso Savona 58	48,060	31,450,898	38,104,035	69,554,933	28,718,894	40,836,039
MONCALIERI Via Postiglione. 29 bis - Vadò	3,654	106,529	-	106,529	3,196	103,333
MONCALIERI Via San Martino 34	1,591	640,791	2,497,584	3,138,375	1,530,635	1,607,740
MONCALVO Piazza Carlo Alberto 5	353	240,548	266,976	507,524	339,673	167,851
MONDOVI' Corso Statuto 22 / Via S. Arnolfo	895	538,359	935,693	1,474,052	826,443	647,609
MONTAFIA Piazza C. Riccio 9/2	235	61,442	146,794	208,236	90,692	117,544
MONTALBANO I. Via A. Miele 63	158	82,057	36,728	118,785	18,626	100,159
MONTEGROSSO D'ASTI Via XX Settembre 67	296	139,883	140,682	280,565	139,170	141,395
MONTESARCHIO Via Marchitello	420	341,797	169,495	511,292	80,171	431,121
MONTESILVANO C.so Umberto I 215 / Via Michetti	500	426,939	270,278	697,217	109,324	587,893
MORTARA Corso Garibaldi 91	654	334,034	787,725	1,121,759	481,924	639,835
MORTARA Via Josti 26	1,158	622,118	1,587,180	2,209,298	873,504	1,335,794
MOTTA BALUFFI Via Matteotti 7	227	10,566	141,127	151,693	36,703	114,990
MOZZATE Via Varese 28	577	5,165	476,236	481,401	185,483	295,918
MOZZO Via Santa Lucia 1	1,103	1,853,099	398,302	2,251,401	735,796	1,515,605
MUGNANO Via Verdi ang. Via IV Martiri 10	550	320,684	558,430	879,114	443,668	435,446
NAPOLI C.so Secondigliano 221/223	194	7,234	431,758	438,992	105,058	333,934
NAPOLI Corso A. Lucci 98/100	1,179	193,671	1,428,003	1,621,674	388,017	1,233,657
NAPOLI P.tta M. Seroa (ex cen)	199	12,395	231,373	243,768	58,360	185,408
NAPOLI P.zza degli Artisti 14/15	162	16,460	587,728	604,188	144,583	459,605
NAPOLI Via A. Falcone 364	85	39,351	185,924	225,275	53,978	171,297
NAPOLI Via Cervantes 54/68	2,840	51,708	2,953,160	3,004,868	727,873	2,276,995

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LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
NAPOLI Via Cilea 129/135	182	46,502	666,229	712,731	170,581	542,150
NAPOLI Via Diocleziano 42	3,540	138,494	4,811,829	4,950,323	1,184,517	3,765,806
NAPOLI Via Epomeo 26/30	200	14,553	535,566	550,119	131,631	418,488
NAPOLI Via F. Galeota	2,525	1,968,158	1,499,850	3,468,008	543,783	2,924,225
NAPOLI Via Foria 32	350	1,526,670	-	1,526,670	264,877	1,261,793
NAPOLI Via L. Settembrini 79 Donnaregina	8,315	364,914	8,983,251	9,348,165	2,236,870	7,111,295
NAPOLI Via Marconi	9,950	367,849	22,568,134	22,935,983	5,488,142	17,447,841
NAPOLI Via Riviera / Via Duomo 352	190	39,668	564,487	604,155	144,576	459,579
NAPOLI Via Medina 5	1,565	-	2,605,009	2,605,009	623,218	1,981,791
NAPOLI Via Merliani 19	1,893	2,339,048	3,434,955	5,774,003	1,381,626	4,392,377
NAPOLI Via Nazionale delle Puglie 238/244	182	401,483	-	401,483	36,133	365,350
NAPOLI Via Pier delle Vigne 4	50	3	25,322	25,325	9,769	15,556
NAPOLI Via Riviera di Chiaia 131	2,804	2,724,871	10,644,832	13,369,703	5,463,855	7,905,848
NAPOLI Via Roma 402	1,693	139,003	5,609,480	5,748,483	1,377,933	4,370,550
NAPOLI Via S. Biagio dei Librai 113/114	5,480	2,220,952	8,779,767	11,000,719	2,636,080	8,364,639
NAPOLI Via S. Giacomo	530	41,207	634,115	675,322	161,750	513,572
NAPOLI Via S. Giovanni a T. 227/229	630	723,614	206,008	929,622	145,765	783,857
NAPOLI Via S. Lucia / Via Cuma	180	10,977	650,219	661,196	158,195	503,001
NAPOLI Via S. Lucia 53	150	135,939	173,935	309,874	48,588	261,286
NAPOLI Via Toledo 177/178	44,007	43,178,189	99,122,381	142,300,570	34,060,000	108,240,570
NAPOLI Via Tribunali 210/213	14,592	534,035	16,676,509	17,210,544	4,103,001	13,107,543
NAPOLI Via Viale Augusto / P.zza Italia	273	14,151	920,843	934,994	223,732	711,262
NARDO' Via Genova / C.so Galliano 2/b	413	60,984	594,958	655,942	157,017	498,925
NERVIANO S. ILARIO MILANESE Via San Antonio 1	318	77,566	276,603	354,169	133,769	220,400
NICHELINO Via Cagliari 23	310	97,546	-	97,546	20,485	77,061
NICHELINO Via Torino 3	907	190,228	928,966	1,119,194	718,971	400,223
NIZZA MONFERRATO Via Pio Corsi 77	979	204,157	1,005,277	1,209,434	559,752	649,682
NOCERA INFERIORE Via Garibaldi 22	1,268	146,304	1,712,571	1,858,875	444,963	1,413,912
NOCI Piazza Garibaldi 42	435	107,874	439,505	547,379	131,018	416,361
NOLA Cis di Nola Torre isola 4	313	23,252	-	23,252	698	22,554
NOLA P.zza Matteotti	505	6,864	721,490	728,354	77,716	650,638
NOLE CANAVESE Via Torino 46	362	60,721	357,329	418,050	196,208	221,842
NOVARA Largo Cavour	1,870	787,846	3,654,719	4,442,565	1,801,505	2,641,060
NOVARA Via Marconi 2/T	452	121,000	84,950	205,950	64,668	141,282
NOVI LIGURE Corso Marengo 10 / p.za della Repubblica 4	1,770	1,252,339	2,238,159	3,490,498	1,590,807	1,899,691
NUORO Via Lamarmora 123/131	2,002	1,407,522	813,243	2,220,765	348,216	1,872,549
NUORO Via Leonardo da Vinci 9	28	2,277	14,461	16,738	4,004	12,734
NUS Via Risorgimento 1	376	87,629	321,921	409,550	214,641	194,909
OCCHIEPPO SUPRE Via Martiri della Libertà 30	137	199,807	-	199,807	65,584	134,223
OGGIONO Via Cavour 3	652	572,090	203,925	776,015	330,328	445,687
OLBIA Via A. Moro 129	640	422,637	403,694	826,331	129,569	696,762
OLGIATE COMASCO Via Roma 2	981	18,901	1,327,787	1,346,688	515,237	831,451
OLMO AL BREMBO Via Roma 45	279	1,779	185,209	186,988	68,371	118,617
OMEGNA Via Don A. Beltrami 2	2,051	1,636,354	601,511	2,237,865	1,030,912	1,206,953
ORBASSANO Via Roma 43 / Via San Rocco 10	686	165,077	997,037	1,162,114	583,652	578,462
ORIA Vico Napoli / P.zza Lorch 2	235	94,004	200,385	294,389	70,482	223,907
ORISTANO Piazza Roma 38/40	715	382,480	712,194	1,094,674	262,015	832,659
ORTANOVA Via XXV Aprile	390	271,337	90,183	361,520	56,686	304,834
ORTONA A MARE P.zza della Vittoria 30	405	34,271	732,852	767,123	183,605	583,518
ORZINUOVI Piazza V. Emanuele 55 / Via Chierica 3/a	827	154,645	1,513,281	1,667,926	639,398	1,028,528
OSPEDALETTO LODIGIANO Via Balbi 53	346	1,291	251,529	252,820	78,965	173,855
OSSONA Via Patrioti 2 / Via Bosi	315	14,922	298,655	313,577	124,865	188,712
OSTIANO Via Garibaldi 27 / Via Vighenzi 6	240	36,204	196,955	233,159	100,071	133,088
OSTUNI C.so Vittorio Emanuele 72	338	14,168	587,728	601,896	144,076	457,820
OTTIGLIO Via Mazza 18	380	68,773	209,042	277,815	139,279	138,536
OTTOBIANO Viale Garibaldi 9	210	22,339	144,156	166,495	57,032	109,463
OVADA Via Cairoli 22	1,532	604,335	1,907,201	2,511,536	1,265,146	1,246,390
OZIERI C.so Vittorio Emanuele 2	385	5,320	361,520	366,840	87,806	279,034
PADERNO DUGNANO Via Gramsci 124	873	407,381	755,433	1,162,814	451,760	711,054
PADERNO DUGNANO Viale della Repubblica 28	765	619,356	523,617	1,142,973	463,728	679,245
PALERMO Via Dante 48/48a	386	476,872	745,592	1,222,464	723,199	499,265
PALMI CALABRA Via A. Barbaro 47	330	11,730	399,221	410,951	98,365	312,586
PARE' Via San Fermo 5	253	46,039	293,620	339,659	138,865	200,794
PARMA Via Verdi 6	345	79,659	734,876	814,535	258,037	556,498
PAULLO Via Mazzini 21/23	1,699	359,357	1,977,407	2,336,764	701,512	1,635,252
PAVIA Fil. 2 Corso Garibaldi 52	526	74,908	832,128	907,036	343,163	563,873

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LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
PAVIA Sede Via Rismondo 2	3,127	4,795,359	464,118	5,259,477	1,569,742	3,689,735
PEJA Via Provinciale 3/3a	1,041	191,636	729,744	921,380	403,618	517,762
PENNE Via Dante Alighieri 5	150	11,139	195,221	206,360	49,417	156,943
PEROSA ARGENTINA Via Roma 31 / p.za Marconi 7	503	106,927	391,979	498,906	241,703	257,203
PERUGIA Via Baglioni 9	890	128,363	4,633,651	4,762,014	951,943	3,810,071
PERUGIA Via XX Settembre 72 / Via d. Corgna	2,582	2,223,222	2,191,699	4,414,921	2,407,165	2,007,756
PESCARA C.so Vittorio Emanuele II 272/276	1,999	107,406	3,466,459	3,573,865	855,175	2,718,690
PESCARA Corso V. Emanuele 68/76	1,502	2,724,295	1,821,495	4,545,790	1,626,894	2,918,896
PESCARA Via Marconi 56 / Via Dei Marruccini 1	456	9,694	992,114	1,001,808	239,746	762,062
PESCARA Via Milano	217	120,108	117,462	237,570	37,251	200,319
PIADENA Via Libert� 40/36	1,046	498,165	497,377	995,542	407,337	588,205
PIANO DI SORRENTO Via delle Rose 16	256	58,523	432,274	490,797	117,507	373,290
PIAZZATORRE Via Centro 8	123	19,530	82,647	102,177	32,331	69,846
PINEROLO Piazza L. Barbieri 39/41	1,235	403,175	1,971,197	2,374,372	1,002,743	1,371,629
PINO TORINESE Via Roma 76	156	352,764	66,270	419,034	155,747	263,287
PIOTTELLO Via Milano 40 / Via Roma	476	494,835	269,373	764,208	343,616	420,592
PIOSSASCO Via Torino 49	476	140,783	449,634	590,417	215,109	375,308
PISA Corso Italia 131	1,012	170,759	-	170,759	15,368	155,391
PIZZIGHETTONE Via Monte Grappa	901	948,162	98,974	1,047,136	311,086	736,050
POGGIOMARINO Via Manzoni 2 ang. Via V. Emanuele	329	320,156	202,566	522,722	245,007	277,715
POGLIANO MILANESE Via Mons. Paleari 74	435	36,898	464,181	501,079	182,223	318,856
POIRINO Via Indipendenza 19	647	116,539	565,731	682,270	350,418	331,852
POLICORO C.so De Gasperi 37/39	366	121,992	426,593	548,585	131,142	417,443
POLLA Via Crispi	266	19,240	321,753	340,993	81,595	259,398
POMEZIA Via del Mare 73/c g	1,005	466,099	768,233	1,234,332	193,543	1,040,789
POMIGLIANO D'ARCO Via Terracciano 45	461	121,650	467,118	588,768	128,542	460,226
PONT CANAVESE Via Craveri 6	217	120,857	189,375	310,232	117,286	192,946
PONTE NOSSA Via IV Novembre 16/18	289	73,505	244,160	317,665	120,820	196,845
PONTE S. PIETRO Via Garibaldi 5	635	247,596	520,371	767,967	307,539	460,428
PONTECAGNANO Piazza Sabato 11/14 / Via Carducci	303	56,680	604,255	660,935	158,147	502,788
PONTEVICO Via XX Settembre 25	973	647,768	848,119	1,495,887	852,904	642,983
PONTIROLO NUOVO Piazza Marconi 9	277	82,709	276,436	359,145	149,779	209,366
POPOLI Corso Gramsci 187	222	287,182	-	287,182	49,826	237,356
PORDENONE Via G. Marconi 30	677	76,075	-	76,075	12,999	63,076
PORLEZZA Piazza Matteotti 12	273	57,009	336,320	393,329	144,100	249,229
PORTICI Corso Garibaldi 39/42	668	215,907	879,010	1,094,917	262,074	832,843
POSITANO Piazza dei Mulini 18/20	98	13,016	534,029	547,045	130,939	416,106
POTENZA Corso XVIII Agosto 1850. 99	2,755	652,469	3,453,547	4,106,016	982,795	3,123,221
POTENZA Cso Umberto I 57/59	59	1,351	91,413	92,764	22,206	70,558
POZZUOLI P.zza della Repubblica	91	12,168	153,388	165,556	39,590	125,966
POZZUOLI Via Terracciano	895	821,354	451,712	1,273,066	199,616	1,073,450
POZZUOLI Via Terracciano 3	130	272,267	-	272,267	38,144	234,123
POZZUOLI Via Terracciano 5/7	129	375,402	-	375,402	46,324	329,078
PRATO Via Giani / Via SS. Trinit�	1,889	149,441	2,210,629	2,360,070	569,247	1,790,823
PRATO Viale Vittorio Veneto 7	2,680	1,761,273	3,605,670	5,366,943	2,840,531	2,526,412
PREGNANA MILANESE Via Roma 80	336	97,536	324,530	422,066	176,129	245,937
PRESEZZO Via Papa Giovanni XXIII 4/5 / via Vittorio Veneto	246	235,906	184,639	420,545	273,195	147,350
QUARTU S. ELENA Via Brigata Sassari / Via Cardano	444	114,671	623,880	738,551	176,786	561,765
RAPALLO Corso Matteotti 2/4/6 ang. Via Mameli	330	286,099	875,169	1,161,268	557,466	603,802
RAVENNA Via Arcivescovado 9	1,594	74,949	-	74,949	20,939	54,010
REGGIO CALABRIA Corso Garibaldi 173	625	211,072	921,026	1,132,098	346,371	785,727
REGGIO CALABRIA Via Castello 4/9	275	-	16,527	16,527	3,952	12,575
REGGIO CALABRIA Via Miraglia 12	2,941	151,989	4,909,439	5,061,428	1,211,087	3,850,341
REGGIO CALABRIA Via Sbarre Inferiore	176	47,918	112,690	160,608	-	160,608
RESCALDINA Via A. da Giussano 43	288	54,664	272,686	327,350	130,680	196,670
RESCALDINA Via B. Melzi 2	530	13,484	598,242	611,726	222,968	388,758
RIVA PRESSO CHIERI Via San Giovanni 2	523	63,517	431,062	494,579	210,026	284,553
RIVALTA Circolo Ricreativo Via Giaveno 55	2,044	1,817,278	605,462	2,422,740	926,084	1,496,656
RIVAROLO Piazza Chioratti 1 / Via S. Francesco	1,336	400,309	1,562,673	1,962,982	796,838	1,166,144
RIVOLI Piazza Martiri della Libert� 8 / Via Romb� 37	2,547	1,292,290	4,343,532	5,635,822	2,623,553	3,012,269
ROBBIO Via Roma 22	427	1,291	457,384	458,675	144,900	313,775
ROCCARASO Piazza Municipio 1	135	46,315	211,747	258,062	61,755	196,307
ROMA C.so Vittorio Emanuele 93	310	12,963	795,860	808,823	193,360	615,463
ROMA Fil. 2 Tiburtina Via Tiburtina Km. 16.2 (Guidonia M.)	1,265	766,427	2,151,945	2,918,372	1,271,232	1,647,140
ROMA Fil. 22 Via Parigi 11	1,624	1,009,781	4,258,088	5,267,869	2,193,154	3,074,715
ROMA Guidonia Montecelio / Via Giusti	396	41,591	308,192	349,783	135,464	214,319

(*) 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

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
ROMA Piazza E. Fermi 40/42	399	35,681	1,083,010	1,118,691	218,115	900,576
ROMA Piazza Pio XI 14/19	518	92,912	1,456,408	1,549,320	370,618	1,178,702
ROMA Sede Via della Stamperia 64	3,288	1,756,372	15,869,346	17,625,718	7,082,931	10,542,787
ROMA Via Carlo Alberto 24/26	1,153	-	1,272,549	1,272,549	376,286	896,263
ROMA Via Circum,zione Ostiense 88/92	110	17,056	592,376	609,432	145,755	463,677
ROMA Via Cola di Rienzo 280/286	166	130,669	415,639	546,308	85,856	460,452
ROMA Via Faà di Bruno 34	549	400,306	632,608	1,032,914	161,682	871,232
ROMA Via in Lucina / Via del Corso	270	762,290	1,889,199	2,651,489	621,653	2,029,836
ROMA Via Jacini 82/84	356	18,649	1,147,051	1,165,700	281,816	883,884
ROMA Via O. Amato 80 Acilia	2,336	3,505,447	-	3,505,447	903,255	2,602,192
ROMA Via Piemonte	149	342,099	250,794	592,893	217,473	375,420
ROMA Viale dell'Arte 25	48,349	29,132,785	116,501,992	145,634,777	63,708,962	81,925,815
ROSETO D.A. Via Nazionale Adriatica 301	380	257,983	217,158	475,141	74,502	400,639
ROVELLASCA Via Piave 1	581	23,402	638,991	662,393	234,976	427,417
ROVELLO PORRO Via Piave 22	450	177,203	439,629	616,832	268,108	348,724
RUVO DI PUGLIA Largo Cattedrale 18	257	128,381	202,152	330,533	51,827	278,706
S. BASSANO Via Roma 57	184	6,604	150,121	156,725	55,022	101,703
S. COLOMBANO AL LAMBRO Via Pasino Sforza 28	357	228,416	217,792	446,208	208,122	238,086
S. CRISTINA E BISSONE Via V. Veneto 142/140	304	44,729	166,979	211,708	85,119	126,589
S. DAMIANO D'ASTI Via Roma 20	317	229,851	226,639	456,490	253,288	203,202
S. DONATO MILANESE C.so Europa / Via Morandi	574	444,327	381,851	826,178	371,350	454,828
S. FEDELE INTELVI Via Provinciale 15	239	381	240,391	240,772	81,451	159,321
S. FERMO DELLA BATTAGLIA Via Montelatici 2	359	325,445	122,128	447,573	189,363	258,210
S. GIACOMO DI ROBURENT Via Sant'Anna 61	75	67,765	46,160	113,925	66,727	47,198
S. GIORGIO LOMELLINA Via Roma 1	266	503,192	-	503,192	109,098	394,094
S. GIOVANNI BIANCO Via Boselli 10/16	226	57	172,878	172,935	55,141	117,794
S. GIOVANNI LUPATOTO Via Madonnina 1/c	821	724,589	923,830	1,648,419	955,998	692,421
S. MARIA DELLA VERSA Via F. Crispi 1	359	16,399	204,426	220,825	80,407	140,418
S. MAURIZIO CANAVESE Via V. Emanuele 59	413	5,302	453,455	458,757	191,473	267,284
S. ROCCO AL PORTO Via D. Alighieri 5	1,134	1,095,709	255,449	1,351,158	493,879	857,279
S. EGIDIO ALLA V. C.so Adriatico 218	315	141,648	219,872	361,520	56,686	304,834
S. FERDINANDO D.P. Via Centimolo 51	274	169,748	212,431	382,179	59,926	322,253
S. GIORGIO A CREMANO Piazza Municipio 30	372	112,549	914,129	1,026,678	239,724	786,954
S. MARIA CAPUA VETERE C.so Garibaldi 18/24	590	217,861	985,400	1,203,261	288,021	915,240
S. NICOLA LA STRADA Viale Italia / Via Perugia	440	70,747	528,335	599,082	143,444	455,638
S. PIETRO VERNOTICO Via Brindisi 173	330	65,270	208,452	273,722	42,920	230,802
S. VITO DEI NORMANNI Via S. Domenico / Via Resistenza	201	279,968	-	279,968	53,224	226,744
SABBIONETA Piazza Ducale 3 / via dell'Assunta 3	456	445,067	95,437	540,504	260,274	280,230
SAINT VINCENT Via E. Chanoux 88	728	93,216	939,679	1,032,895	432,171	600,724
SALA CONSILINA Via Roma / Via Boschi 1	137	3,509	63,524	67,033	16,050	50,983
SALE Via Roma 6	364	216,269	144,304	360,573	176,021	184,552
SALERNO C.so Vittorio Emanuele 81	2,402	70,822	5,518,342	5,589,164	1,337,298	4,251,866
SALERNO P.zza Luciani	1,680	114,729	9,559	124,288	3,729	120,559
SALERNO Via Roma 45	2,010	-	1,693,979	1,693,979	29,020	1,664,959
SALERNO Via Torrione 88/92	335	21,390	583,080	604,470	144,651	459,819
SALUZZO Corso Italia 44	892	394,271	1,147,494	1,541,765	743,766	797,999
SANNAZZARO DE' BURGONDI Piazza del Popolo 6	958	867,809	902,812	1,770,621	1,067,278	703,343
SANREMO Via Matteotti 169	2,088	1,171,337	4,063,530	5,234,867	2,622,166	2,612,701
SANSEVERO Piazza Aldo Moro 43/47	1,025	27,268	1,398,049	1,425,317	272,413	1,152,904
SANT'ANGELO LODIGIANO Via Umberto I 46	615	144,590	671,791	816,381	316,002	500,379
SANTERAMO IN C. Via Stazione 25	233	67,767	159,474	227,241	35,631	191,610
SANTHIA' Corso Italia 75/87	697	136,310	532,664	668,974	303,254	365,720
SARNO Via Matteotti 75	324	9,751	465,328	475,079	113,730	361,349
SARONNO Piazza De Gasperi	80	49,580	-	49,580	10,412	39,168
SARONNO Piazza Volontari del Sangue 7	1,678	130,926	2,768,905	2,899,831	1,027,844	1,871,987
SARONNO Via Grieg 5 (archivio)	4,040	1,333,544	666,459	2,000,003	664,297	1,335,706
SARRE Strada Statale n,26	590	382,297	442,225	824,522	483,419	341,103
SASSARI Piazza Italia 19	3,450	2,387,011	3,889,437	6,276,448	1,237,994	5,038,454
SASSO MARCONI Via Porrettana	88	6,420	75,697	82,117	20,547	61,570
SAUZE D'OLIX Piazza III Regg. Alpini 24	247	66,851	289,875	356,726	190,341	166,385
SAVA Via Regina Margherita / Via Bosegna	238	106,543	136,192	242,735	38,061	204,674
SAVIGLIANO Piazza del Popolo 60	1,152	438,462	1,084,120	1,522,582	673,701	848,881
SAVONA Via Paleocapa / Piazza Mameli 2	2,322	1,788,068	4,380,844	6,168,912	2,969,641	3,199,271
SECUGNAGO Via Roma 5	288	13,068	146,399	159,467	53,428	106,039
SENAGO Piazza F. Borromeo 2	539	323,285	322,864	646,149	249,482	396,667
SEREGNO Corso Matteotti / Via Sanzio	1,200	1,730,360	534,129	2,264,489	839,723	1,424,766

(*) 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

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
SERRA S. BRUNO Via A. De Gasperi 50	266	62,365	226,725	289,090	69,210	219,880
SERRACAPRIOLA C.so Garibaldi 130	208	59,193	147,389	206,582	32,392	174,190
SESTO S. GIOVANNI Via F.lli Casiraghi 27	2,398	1,297,983	1,006,930	2,304,913	776,984	1,527,929
SESTRI LEVANTE Via Fasce 24	835	209,920	1,305,943	1,515,863	668,968	846,895
SESTRIERE Piazzale Agnelli 2	170	105,265	476,992	582,257	298,740	283,517
SETTIMO TORINESE Corso Italia 16	1,948	1,086,842	2,470,343	3,557,185	1,425,827	2,131,358
SETTIMO TORINESE Via Torino 118 (Citta' Comm.le)	155	29,771	104,690	134,461	39,431	95,030
SGONICO (terreno)	3,079	-	361	361	-	361
SINISCOLA Via Gramsci 10	280	137,295	157,085	294,380	46,159	248,221
SOLTO COLLINA Via S. Eurasia 1	267	59,355	168,534	227,889	100,233	127,656
SOMMA VESUVIANA Via Roma 61	334	267,817	248,416	516,233	123,621	392,612
SOMMA VESUVIANA Via S. Angelo / S. Sossio	970	221,570	141,696	363,266	-	363,266
SOMMARIVA BOSCO Via Cavour 13	428	39,443	376,596	416,039	176,514	239,525
SORA L.go S. Lorenzo	545	322,124	416,410	738,534	115,802	622,732
SORESINA Via Matteotti 2	1,265	8,619	888,825	897,444	236,153	661,291
SORRENTO (S. Agnello) Via Balsamo 71	62	3,821	151,322	155,143	37,110	118,033
SORRENTO Corso Italia 210	1,010	72,769	2,444,907	2,517,676	602,626	1,915,050
SORRENTO Via degli Aranci 37	195	162,250	121,802	284,052	44,539	239,513
SOVERE Via Roma 26	357	126,140	308,065	434,205	178,037	256,168
SPARANISE Via Graziadei	260	10,479	325,368	335,847	80,360	255,487
SPINO D'ADDA Via M. della Liberazione 29	490	305,685	299,264	604,949	274,940	330,009
STRIANO Via Risorgimento ang. Via Roma 23	634	560,183	392,690	952,873	426,066	526,807
SULMONA P.zza XX Settembre 6	474	12,091	726,655	738,746	176,831	561,915
SUSA Via Mazzini ang. Corso Inghilterra 10	1,027	356,115	843,210	1,199,325	548,462	650,863
TARANTO Via Cesare Battisti 7	697	6,661	277,535	284,196	-	284,196
TARANTO Via d'Aquino 49/51	2,099	163,268	4,051,088	4,214,356	1,008,742	3,205,614
TARANTO Via Orsini 33	315	12,275	385,277	397,552	95,186	302,366
TAURIANOVA Piazza Italia 24/27	370	13,933	512,842	526,775	126,068	400,707
TAVERNERIO Via Provinciale per Lecco 16/d	266	96,570	365,186	461,756	170,846	290,910
TAVIANO C.so Vittorio Emanuele 37	170	12,552	199,352	211,904	50,748	161,156
TEMPIO PAUSANIA Via Niccolò Ferracciu 2	454	120,368	478,756	599,124	143,452	455,672
TERAMO C.so S. Giorgio 120	2,054	37,224	2,824,155	2,861,379	684,313	2,177,066
TERMOLI Corso Nazionale 150/152	1,243	2,208,977	104,209	2,313,186	909,658	1,403,528
TERMOLI Corso Umberto / Via Nazionale	607	25,344	1,069,582	1,094,926	262,075	832,851
TERNO D'ISOLA Via Castegnate 1	821	635,242	246,685	881,927	355,049	526,878
TERZIGNO Piazza V. Emanuele 17	808	414,761	627,797	1,042,558	564,358	478,200
TICINETO Via G. Matteotti 1	376	53,047	243,102	296,149	126,755	169,394
TORINO ex Fil. 25 Via P. Gaidano 8	624	196,922	579,622	776,544	241,757	534,787
TORINO Fil. 1 Corso Re Umberto 51/53	1,121	244,638	2,857,198	3,101,836	1,227,299	1,874,537
TORINO Fil. 10 Corso Casale 64/64bis	1,477	425,927	2,857,055	3,282,982	1,275,921	2,007,061
TORINO Fil. 11 Via Tunisi 124	993	1,405,355	502,737	1,908,092	703,433	1,204,659
TORINO Fil. 12 Via Stradella 34	2,293	1,191,117	3,688,147	4,879,264	2,497,162	2,382,102
TORINO Fil. 13 Corso San Maurizio 47	1,330	432,449	2,547,815	2,980,264	1,136,479	1,843,785
TORINO Fil. 14 Corso Svizzera 32	1,727	560,870	2,644,676	3,205,546	1,435,532	1,770,014
TORINO Fil. 15 Via XX Settembre 3	948	229,771	2,685,563	2,915,334	1,145,598	1,769,736
TORINO Fil. 16 Corso Orbassano 138	2,165	1,002,635	3,735,803	4,738,438	2,063,268	2,675,170
TORINO Fil. 17 Piazza Massaua 5	3,057	1,347,816	2,775,654	4,123,470	1,961,023	2,162,447
TORINO Fil. 18 Corso Bramante 84	1,206	952,293	649,488	1,601,781	1,172,455	429,326
TORINO Fil. 19 Via O. Vigliani 160/51 / Via P. di Cesnola	3,095	3,000,480	658,854	3,659,334	1,402,348	2,256,986
TORINO Fil. 2 Via Sant'Anselmo 18	1,197	156,173	2,251,357	2,407,530	928,589	1,478,941
TORINO Fil. 20 Via Cimarosa 85	3,185	2,173,261	2,642,882	4,816,143	1,683,266	3,132,877
TORINO Fil. 21 Via A. di Bernezzo 50	1,019	414,243	1,558,580	1,972,823	859,976	1,112,847
TORINO Fil. 22 Corso V. Emanuele 110	1,256	705,579	2,558,483	3,264,062	1,454,625	1,809,437
TORINO Fil. 23 Corso Unione Sovietica 409	2,824	1,121,729	4,017,174	5,138,903	2,527,156	2,611,747
TORINO Fil. 24 Corso Turati 18	1,182	202,848	2,462,675	2,665,523	1,032,792	1,632,731
TORINO Fil. 25 Via P. Gaidano 7	2,016	1,536,242	1,805,008	3,341,250	1,911,748	1,429,502
TORINO Fil. 26 Via Monginevro 228	1,296	557,419	1,452,888	2,010,307	958,365	1,051,942
TORINO Fil. 27 Piazza Rebaudengo 7/9	1,796	494,306	1,443,349	1,937,655	1,006,328	931,327
TORINO Fil. 3 Via Matteucci 2	1,185	552,984	1,802,194	2,355,178	984,641	1,370,537
TORINO Fil. 4 Corso Peschiera 151	2,019	970,198	2,970,251	3,940,449	1,798,522	2,141,927
TORINO Fil. 5 Piazza della Repubblica 7	1,931	321,752	2,901,710	3,223,462	1,213,710	2,009,752
TORINO Fil. 55 S.V. Via Gottardo 273	526	26,913	642,524	669,437	279,153	390,284
TORINO Fil. 6 Piazza Nizza 75	1,220	820,241	2,275,051	3,095,292	1,311,366	1,783,926
TORINO Fil. 7 Piazza Crispi 61 / Corso Vercelli	1,369	645,553	1,868,161	2,513,714	1,222,154	1,291,560
TORINO Fil. 8 Corso A. De Gasperi 14	1,512	905,611	2,382,760	3,288,371	1,499,048	1,789,323

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LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
TORINO Fil. 9 S.Vari Via Caluso 1	649	28,686	779,596	808,282	315,823	492,459
TORINO Fil. 9 Via Banchette ang. Corso Grosseto	1,890	1,816,727	2,111,187	3,927,914	2,329,045	1,598,869
TORINO Sede Piazza San Carlo 156/182	43,324	11,772,333	98,850,845	110,623,178	47,969,052	62,654,126
TORINO Sede Via Monte di Pietà 26	2,224	602,233	5,012,308	5,614,541	1,666,196	3,948,345
TORINO Sede Via Monte di Pietà 32	24,277	12,309,777	47,514,417	59,824,194	23,377,294	36,446,900
TORINO Sede Via Santa Teresa 3	1,430	359,051	4,440,621	4,799,672	1,775,200	3,024,472
TORINO Sp.S.V. 'A' Corso Peschiera 162	690	59,571	964,939	1,024,510	447,184	577,326
TORINO Sp.S.V. 'E' Corso Orbassano 134	729	91,696	1,367,179	1,458,875	547,421	911,454
TORINO Strada San Vito (Villa Abegg)	2,856	2,535,582	3,521,671	6,057,253	1,941,945	4,115,308
TORINO Via dell'Arsenale 17	2,671	5,059,780	-	5,059,780	249,456	4,810,324
TORINO Via Domodossola 21	280	2,037	220,011	222,048	53,099	168,949
TORINO Via G. Bruno 200/202	85	6,405	45,586	51,991	19,167	32,824
TORINO Via San Francesco d'Assisi 15	397	11,883	791,767	803,650	350,931	452,719
TORINO Via Valeggio 36	1,270	785,085	4,214,753	4,999,838	2,312,949	2,686,889
TORRE ANNUNZIATA Corso Umberto 94 / Via Vesuvio	1,361	61,983	1,797,270	1,859,253	445,052	1,414,201
TORRE BOLDONE Via D.L.Palazzolo 11	374	37,050	477,358	514,408	203,573	310,835
TORRE D.G. Via Cesare Battisti 40	1,945	1,277,289	1,214,615	2,491,904	390,730	2,101,174
TORRE DEI P. Via Garibaldi	255	94,425	189,627	284,052	44,539	239,513
TORTONA Piazza Duomo 9	1,598	391,909	2,434,367	2,826,276	1,312,926	1,513,350
TORTONA Piazza Mazzini 2 (autorimessa)	56	22,477	20,139	42,616	23,233	19,383
TRADATE Corso Bernacchi 85	829	311,170	870,897	1,182,067	535,086	646,981
TRANI P.zza della Repubblica 63	373	2,875	652,802	655,677	156,956	498,721
TRECATTE Via Gramsci 1	815	234,401	742,138	976,539	465,695	510,844
TRENTO Via Segantini Ang. Via Acconcio	930	2,266,987	610,271	2,877,258	1,068,716	1,808,542
TRESCORE CREMASCO Via Carioni 2	446	241,631	273,090	514,721	225,180	289,541
TREVIGLIO Piazza Cameroni 2	1,770	1,555,422	2,337,765	3,893,187	1,810,848	2,082,339
TREZZO SULL'ADDA Via Garibaldi / Via dei Mille 1	1,645	782,113	1,266,851	2,048,964	798,428	1,250,536
TRIESTE Piazza Oberdan 3	670	68,172	1,068,033	1,136,205	374,947	761,258
TRIESTE Via Burlo (nuda proprietà)	200	10,688	195,231	205,919	-	205,919
TRIESTE Via Coroneo 8	90	45,205	27,099	72,304	23,860	48,444
TRINO Corso Cavour 61	840	324,985	577,220	902,205	515,832	386,373
TROFARELLO Via Torino 64	856	116,335	947,001	1,063,336	465,610	597,726
TURATE Via Marconi 7 / Via Candiani	547	454,637	349,792	804,429	338,861	465,568
UBOLDO Via Roma 27	351	30,307	462,856	493,163	192,737	300,426
UDINE Via Marangoni	2,290	96,594	1,272,087	1,368,681	655,083	713,598
VADO LIGURE Piazza Cavour 10	754	1,303,021	39,091	1,342,112	476,170	865,942
VAILATE Via S. Giani 15	190	85,042	302,118	387,160	128,713	258,447
VALBONDIONE Via S. Lorenzo 24	148	21,969	91,261	113,230	43,994	69,236
VALENZA Corso Garibaldi 111/113	1,724	2,193,678	2,529,203	4,722,881	2,079,664	2,643,217
VALFENERA Via A. d'Aosta 10	355	56,505	255,210	311,715	143,684	168,031
VALGUARNERA CAROPEPE Via Garibaldi 95	120	43,121	168,090	211,211	116,096	95,115
VALLE LOMELLINA Via Casserotto 1 / Via Roma 29	451	216,082	442,617	658,699	398,644	260,055
VALLEMOSSO Piazza Dante Alighieri 8	650	209,476	376,135	585,611	255,090	330,521
VANZAGHELLO Piazza S. Ambrogio 2	701	325,578	434,984	760,562	299,787	460,775
VARALLO SESIA Piazza Vittorio Emanuele	510	134,176	370,658	504,834	202,668	302,166
VAREZZE Piazza Patrone / Via Nazioni Unite	843	245,869	1,819,382	2,065,251	930,377	1,134,874
VARESE Fil. 1 Via Marconi 8	820	52,397	1,280,068	1,332,465	579,352	753,113
VARESE Sede Via Milano 16	2,366	122,808	3,507,021	3,629,829	1,572,742	2,057,087
VASTO Via Maddalena	575	365,150	140,977	506,127	79,361	426,766
VENAFRO Corso Campano 21	378	11,971	437,439	449,410	107,562	341,848
VENARIA REALE Viale Buridani 6	1,760	170,603	-	170,603	25,358	145,245
VENEZIA Rio Terra' S. Leonardo 1353	303	31,853	1,517,518	1,549,371	511,292	1,038,079
VENEZIA San Marco Calle Callegher 2580/93	288	49,023	611,511	660,534	222,388	438,146
VENEZIA San Marco Calle delle Acque	1,400	168,942	77,469	246,411	171,858	74,553
VENOSA Via Roma 26	205	32,219	246,866	279,085	66,804	212,281
VENTIMIGLIA Corso Limone 9 (Sp.COMCENTRO)	130	182,336	111,487	293,823	188,692	105,131
VENTIMIGLIA Via Cavour 30A-B/108	1,444	662,576	3,683,809	4,346,385	1,980,053	2,366,332
VERCELLI Viale Garibaldi 12	4,449	1,664,902	4,261,769	5,926,671	2,769,892	3,156,779
VERCELLI Via Mercadante 3 ang. Via Paggi (ex Fil.1)	280	9,379	150,478	159,857	55,660	104,197
VERDELLO Via Cavour 19	771	224,149	744,864	969,013	221,821	747,192
VERONA Piazza Madonna di Campagna 18	1,269	1,875,538	455,381	2,330,919	685,475	1,645,444
VIADANA Piazza Manzoni 32	780	588,825	712,327	1,301,152	568,626	732,526
VIAREGGIO Via San Francesco	910	88,774	-	88,774	7,990	80,784
VICO EQUENSE Corso Filangieri 82	309	17,115	695,667	712,782	170,590	542,192
VIGEVANO Via Decembrio 35 / Via Carducci 1	1,473	259,412	3,051,040	3,310,452	1,361,858	1,948,594
VIGNALE MONFERRATO Piazza del Popolo 5	170	8,560	78,568	87,128	25,994	61,134

(*) 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

LOCATION	Sq.m.	COST	REVALUATIONS (*)	GROSS BOOK VALUE	ADJUSTMENTS	NET BOOK VALUE
VILLA CARCINA Via Glisenti 78	726	745,518	407,520	1,153,038	551,207	601,831
VILLA CORTESE Via Tosi 22 / Via Speroni	436	349,479	257,509	606,988	282,969	324,019
VILLA S. GIOVANNI Via Ammiraglio Curzon	460	67,087	531,951	599,038	143,430	455,608
VILLACIDRO Via Regione Sarda 59	210	19,700	264,426	284,126	68,014	216,112
VILLAFRANCA D'ASTI Via Roma 34	398	39,873	319,845	359,718	175,125	184,593
VILLANTERIO Via IV Novembre 12/a	379	273,152	360,890	634,042	137,972	496,070
VILLAR PEROSA Via Nazionale 31/9	440	15,568	460,574	476,142	177,367	298,775
VILLAROSA SICILIA Piazza V. Emanuele 3	245	299,173	-	299,173	41,793	257,380
VILLASANTA Via Confalonieri / Via Camperio	250	473,598	23,171	496,769	147,617	349,152
VILLASTANZA DI PARABIAGO P.za Indipendenza 6	178	12,646	186,037	198,683	68,067	130,616
VIMERCATE Via Risorgimento 32/a	754	826,376	362,775	1,189,151	493,530	695,621
VOGHERA Piazza Duomo 10	2,264	2,167,298	3,855,320	6,022,618	3,234,975	2,787,643
ZANICA Via Roma 9/9a	599	83,083	531,649	614,732	244,206	370,526
LAND	-	8,559	575,835	584,394	-	584,394
LAND IN SARDEGNA (Torpè)	-	176	-	176	176	-
OTHER PREMISES	-	223,431	241,730	465,161	-	465,161
TOTAL PROPERTY ITALY	1,026,959	504,032,420	1,456,931,126	1,960,963,546	689,458,651	1,271,504,895
PARIGI Avenue de Suffren	150	21,304	314,393	335,697	-	335,697
NEW YORK Town of Mamaroneck	613	593,730	413,411	1,007,141	327,408	679,733
GRAND TOTAL	1,027,722	504,647,454	1,457,658,930	1,962,306,384	689,786,059	1,272,520,325

(*) 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

Other points on the agenda

INCREASE OF THE LEGAL RESERVE TO THE MAXIMUM LIMIT PROVIDED FOR BY ART. 2430, SUBSECTION 1 OF THE ITALIAN CIVIL CODE, ALLOCATING PART OF THE MERGER SURPLUS, OF THE RESERVE EX ART. 7, SUBSECTION 3, LAW 218/1990, OF THE RESERVE EX D. LGS. 169/1983 AND OF PART OF THE SHARE PREMIUM RESERVE

AUTHORIZATION TO PURCHASE AND DISPOSE OF OWN SHARES

REMUNERATION OF THE DIRECTORS

Increase of the legal reserve to the maximum limit provided for by art. 2430, subsection 1 of the Italian Civil Code, allocating part of the merger surplus, of the reserve ex art. 7, subsection 3, Law 218/1990, of the reserve ex D. Lgs. 169/1983 and of part of the share premium reserve

REPORT OF THE BOARD OF DIRECTORS

Extraordinary part – point 1 of the agenda

Shareholders,

Following the conclusion of the merger transaction between SANPAOLO IMI and Cardine Banca which, among others, generated a goodwill of 1,583 million euro, we now have the opportunity to redefine the shape of the net equity of SANPAOLO IMI, with a view to rationalize the businesses.

This process leads to the proposal to:

- increase the Legal reserve by utilizing a portion of the merger goodwill, to be resolved in the Extraordinary part;
- allocate the residual merger goodwill to specific balance sheet captions, to be resolved in the Ordinary part in the context of the approval of the 2002 financial statements and the profits to be distributed.

As a result of the merger with Cardine Banca, SANPAOLO IMI has increased its share capital to 1,211,629,680.8 euro; therefore, the Legal reserve previously adjusted to 20% of the share capital is now lower than the allowed limit.

Therefore, in line with the composition of the Bank's net shareholders' equity before the merger, we propose to increase the Legal reserve to the maximum limit provided by subsection 1 of art. 2430 of the Italian Civil Code (20% of the share capital).

This operation is desirable in that it will allow us to fulfill, in advance and in one single operation, the obligations in respect of the Legal reserve, which would otherwise be necessary to fulfill by utilizing profits from 2002 and future years.

We therefore propose that you resolve to increase the Legal reserve from 792,561,421.3 euro to 1,028,812,960 euro, through the following equity reserves:

- Merger goodwill of 141,542,285 euro;
- 80,359,536.66 euro to Reserve ex art. 7 subsection 3 Law 218/90;
- 11,514,113.06 euro to Reserve ex Law 169/83;
- Additional paid-in capital of 2,835,603.98 euro.

Turin, 25 March 2003

The Board of Directors

Authorization to purchase and sale of own shares

REPORT OF THE BOARD OF DIRECTORS

Ordinary part – point 2 of the agenda

Shareholders,

The Board of Directors called you to the ordinary meeting to resolve on the proposal to authorize the purchase and sale of own shares, in order to renew the authorization already granted at the previous meeting of 30 April 2002, prior to its imminent expiry.

The appropriate sections of the Report on Operations and the explanatory notes (Part B, section 8) illustrate the transactions in own shares carried out by SANPAOLO IMI during the year.

As you well know, there are various reasons why a company might want to buy or sell its own shares. In particular, it is opportune that Directors be authorized to purchase and sell own shares, also to keep prices in line with estimated fair values, in relation to contingent situations on the domestic or international market. This can also improve market liquidity, making trading in the shares easier and more regular.

At the same time, it is deemed opportune that Directors be empowered with this authorization, in order to be able to take advantage of opportunities such as special transactions or deals involving share exchanges, or other situations where a company might need to have its own shares available.

Purchases of own shares will be made according to procedures provided and permitted by the first subsection of art. 132 of D.Lgs. 58 of 24 February 1998, to ensure fair treatment to all shareholders pursuant to subsection 3 of art. 132 of the same Decree Law. Transactions are generally carried out in compliance with current CONSOB regulations.

Taking account of the above, we propose that you pass a resolution in accordance with art. 2357 of the Civil Code and art. 132 of D.Lgs. 58 of 24 February 1998, authorizing for a period of 18 months from the date of the resolution the purchase of own shares with a nominal value of 2.8 euro per share at a price, net of 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 180 million shares and in any case, within the limits set by the law. According to these limits, suitable procedures are implemented in order to monitor the total shareholding held by the Group. Purchases can take place on one or more occasions.

We also propose that you establish the Reserve for purchase of own shares – amounting to 456 million euro at 2002 year end – in 1,000 million euro by deducting the difference of 544 million euro from the Extraordinary reserve. The amount of own shares held in portfolio at any moment in time should not exceed this limit, which corresponds to available items in the Bank's shareholders' equity.

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, pursuant to art. 2357-ter of the Civil Code. On the other hand, suitable average prices in line with international best practice can be used for share transfers involved in the acquisition of shareholdings by the Bank, or in connection with the setting up of stable relationships of cooperation or special financial operations which imply the availability of own shares.

Own shares can also be used as part of incentive plans for:

- the employees of the Company or its subsidiaries for allocations free of charge, also in substitution of other forms of remuneration, taking into account tax benefits provided for by current tax regulations;
- sales for payment following the exercise of option rights and at a price equal to the "normal value" of the stock calculated according to current tax regulation, to employees of the Bank or of its subsidiaries, as well as, in compliance with art. 2389 of the Civil Code, to Directors of the Bank.

In this respect, we inform you that, as mentioned in the consolidated Report on operations, and without affecting the powers of the shareholders' meeting in matters concerning the authorization of how own shares can be used, the Board of Directors has on separate occasions:

- decided in accordance with art. 15 subsection 9 of the Articles of Association that the remuneration of the Chairman Mr. Rainer Masera and of the Managing Directors Mr. Alfonso Iozzo and Mr. Luigi Maranzana should be supplemented by means of a stock option plan assigning to each of them 450,000 fixed rights for the three years of their term of office (2001-2003), plus another 150,000 rights on condition that the SANPAOLO IMI stock reach a price of 20 euro by the end of the three-year period;
- decided also in accordance with art. 15 subsection 9 of the Articles of Association, on the appointment of Mr. Pio Bussolotto as Managing Director, that his remuneration should be supplemented by means of a stock option plan assigning him 300,000 fixed rights for the two years of his term of office (2002-2003), plus another 100,000 rights on condition that the SANPAOLO IMI stock reach a price of 20 euro by the end of the two-year period;
- approved for the year 2003, a voluntary bonus issue of shares to employees of the Bank, the same as that performed in 2002, for an amount varying according to the individual level of remuneration, linked to the productivity bonus. The shares will be assigned during 2003, at the time that the 2002 Productivity bonus is paid.

Lastly, we invite you to formally agree with these proposals – and consequently to revoke, for the part not executed of the resolution passed on 30 April 2002 authorizing the purchase and sale of own shares, and to authorize the Board of Directors to delegate all or part of the power to initiate purchases and disposals of own shares.

Turin, 25 March 2003

The Board of Directors

Remuneration of the Directors

REPORT OF THE BOARD OF DIRECTORS

Ordinary part – point 3 of the agenda

Shareholders,

As you are aware, art. 15 of the Articles of Association provides for Shareholders' Meeting resolutions to establish the payment of annual emoluments to the members of the Board of Directors and of the Executive Committee, part of which is fixed and part of which is variable.

Accordingly, the Shareholders' Meeting of 30 April 2002 determined the variable gross emoluments due to the Directors in office for 2002 as follows:

- 1 per thousand of net income as shown in the consolidated financial statements for that year, if it is less than 1,250 million euro,
- 1.5 per thousand of net income as shown in the consolidated financial statements for that year, if it is more than 1,250 million euro.

The Shareholders decided not to set any parameter for the year 2003, postponing any decision to the meeting called to approve the 2002 financial statements. This was in consideration of the need for a more precise evaluation about the Bank's future developments with a view to a fairer evaluation of the situation.

We would also remind you that today's Meeting, in the preceding point on the agenda, is called upon to authorize the purchase and sale of own shares. One of the ways that own shares can be used is to include them in Directors' stock option plans.

Shareholders,

You are therefore invited to take the necessary decisions in accordance with art. 15 of the Articles of Association.

Turin, 25 March 2003

The Board of Directors

Report on the corporate governance system and adherence to the code of conduct for listed companies

Within the context of ever increasing attention to governance profiles and transparent communication to Institutional Investors and the market, as instruments to maximize Shareholder value, Sanpaolo Imi has adhered to the aims and indications of the Code of Conduct for listed companies (referred to herewith as the "Code").

Recognizing the validity of the model of corporate governance contained in the Code, drawn up on the basis of international best practice and designed to inspire a balanced representation of management and control functions, the Company has evaluated the conformity to its own organizational structure.

This structure is characterized in the terms described hereinbelow.

* * *

Composition and role of the Board of Directors

a) Composition and term of the Board of Directors

In accordance with art. 14 of the Articles of Association, the Company is administered by a Board of Directors composed of a number of members variable from 7 to 20, as decided by the Shareholders' Meeting, which will nominate one of them Chairman. The Sanpaolo Imi Board, nominated by the Shareholders' Meeting of 30 April 2001 and subsequently by the Shareholders' Meeting of 5 March 2002, is composed of 18 Directors, listed here with their specific roles:

Dr.	Rainer Masera	Chairman
M.me	Isabelle Bouillot	Director
Mr.	Pio Bussolotto	Managing Director
Mr.	Alberto Carmi	Director
Mr.	Giuseppe Fontana	Director
Mr.	Gabriele Galateri di Genola e Suniglia	Director
Mr.	Richard Gardner	Director
Mr.	Alfonso Iozzo	Managing Director
Mr.	Mario Manuli	Director
Mr.	Luigi Maranzana	Managing Director
Mr.	Virgilio Marrone	Director
Mr.	Abel Matutes	Director
Mr.	Iti Mihalich	Director
Mr.	Emilio Ottolenghi	Director
Mr.	Orazio Rossi	Deputy Chairman
Mr.	Gian Guido Sacchi Morsiani	Director
Mr.	Enrico Salza	Deputy Chairman
Mr.	Remi François Vermeiren	Director

The term in office of all the members of the Board of Directors is envisaged until the approval of the financial statements for 2003.

b) Executive and non-executive Directors

The composition of the Board of Directors is characterized by a balanced participation of executive and non-executive Directors.

More specifically, the role of executive management and activities of the Company, assigned by the Articles of Association to the Managing Directors, allows consideration of the latter as Executive Directors. All remaining members of the Board are to be considered non-executive and the pursuance of their respective duties in meetings of the Deliberative Bodies and Technical Committees is reserved to them.

The Chairman, to whom the Board has not assigned operational delegated powers, is counted among the non-executive Directors.

c) Independent and non-independent Directors

Considering the nature of the agreements existing among certain shareholders and relative financial arrangements between Sanpaolo Imi and the same shareholders, the Board of Directors considers that – within the context of the non-executive directors – the following are to be considered non-independent directors by virtue of their offices among the shareholders bound by the above-mentioned agreements:

M.me	Isabelle Bouillot
Mr.	Gabriele Galateri di Genola e Suniglia
Mr.	Virgilio Marrone
Mr.	Iti Mihalich

As regards the remaining non-executive Directors, there are no elements such as not to satisfy the requirements of independence.

d) Offices of Director or Statutory Auditor held in other Companies

Following is a list of the offices of Director or Statutory Auditor currently held by Sanpaolo Imi Directors in Companies listed in regulated markets, including those abroad, in financial, banking, insurance and other significant-sized companies:

DIRECTOR	OFFICE	COMPANY
Dr. Rainer MASERA	Chairman Member of the Board of Directors	Sanpaolo Imi International S.A. BEI - European Investment Bank
M.me Isabelle BOUILLOT	President du Directoire President of the Supervisory Board President President of the Supervisory Board Member of the Supervisory Board President Member of the Supervisory Board Administrator Member of the Supervisory Board Member of the Board Member of the Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Board Member of the Supervisory Board Administrator President of the Board	CDC Finance – CDC Ixis S.A. CDC Ixis Financial Guaranty Holding S.A. CDC Ixis Financial Guaranty North America Inc. CDC Ixis Capital Markets S.A. CDC Ixis Securities S.A. CDC Ixis North America CDC Ixis Asset Management S.A. CDC Ixis AM US Corporation CDC Ixis Private Capital Management S.A. CDC Ixis Private Equity S.A. CDC Ixis Immo S.A. CDC Ixis Italia Holding S.A. Accor Caisse Nationale des Caisses d'Epargne Compagnie de Saint Gobain CNP Assurances Compagnie Financière Eulia S.A. Société de Gestion de CDC Euro Obligations

DIRECTOR	OFFICE	COMPANY
Pio BUSSOLOTTO	Managing Director Managing Director Director	Cardine Finanziaria S.p.A. Cassa di Risparmio di Padova e Rovigo S.p.A. Sanpaolo Imi International S.A.
Alberto CARMÌ	/	/
Giuseppe FONTANA	Director	Banca Popolare di Sondrio
Gabriele GALATERI di GENOLA e SUNIGLIA	Director Director Director General Director Director Director Director Director Director Director Director	Accor S.A. Birra Peroni Industriale S.p.A. Cassa di Risparmio di Savigliano S.p.A. Giovanni Agnelli e C. S.a.p.a.z. Fiat S.p.A. IFI S.p.A. Sanpaolo Imi Investments So.par.fi. Sifalberghi S.r.l. Toro Assicurazioni S.p.A. Worms & Cie
Richard GARDNER	/	/
Alfonso IOZZO	Director Director Member of the Supervisory Board	Sanpaolo Imi International S.A. NHS Mezzogiorno SGR S.p.A. CDC Finance - CDC Ixis S.A.
Mario MANULI	Managing Director Vice Chairman and Managing Director Director Director	Manuli Rubber Industries S.p.A. Manuli Packaging S.p.A. Terme di Saturnia S.r.l. Web Equity S.p.A.
Luigi MARANZANA	Chairman Director Director Director	Sanpaolo Imi Wealth Management S.p.A. Banca Imi S.p.A. Sanpaolo Imi International S.A. Sanpaolo Imi Internazionale S.p.A.
Virgilio MARRONE	Director	Fiat S.p.A.
Abel MATUTES	/	/
Iti MIHALICH	Director Director Deputy Chairman Director Managing Director Director Director Director Director Director Director Director Director Director Director Chairman Director Director Director	Acì Global S.p.A. Agemut Sociedad de Agencia de Seguros de Mutral Ala Service S.p.A. Banca Reale S.p.A. Italiana Assicurazioni S.p.A. La Piemontese Assicurazioni S.p.A. La Piemontese Vita S.p.A. Reale Asistencia - Compania de Seguros S.A. Reale Autos y Seguros Generales S.A. Reale Immobili Reale Sum - Agrupacion de Interes Economico Reale Vida S.A. Rem Assicurazioni S.p.A. Inmobiliaria Grupo Asegurador Reale S.A. Rem Vie S.A. Sara Assicurazioni S.p.A. Sara Vita S.p.A. Reale Mutua di Assicurazioni
Emilio OTTOLENGHI	Director Director Managing Director Member of the Supervisory Board Chairman	Sanpaolo Imi International S.A. Autostrade S.p.A. La Petrolifera Italo Rumena S.p.A. Solving International VIS S.p.A.
Orazio ROSSI	Chairman Chairman Chairman Director Director Director	Cardine Finanziaria S.p.A. Cassa di Risparmio di Padova e Rovigo S.p.A. Sanpaolo Imi Internazionale S.p.A. Cassa di Risparmio di Udine e Pordenone S.p.A. Sanpaolo Imi International S.A. Eptaconsors S.p.A.

DIRECTOR	OFFICE	COMPANY
Gian Guido SACCHI MORSIANI	Chairman Deputy Chairman Deputy Chairman Deputy Chairman Deputy Chairman substitute Director	Cassa di Risparmio in Bologna S.p.A. Eptaconsors S.p.A. Cardine Finanziaria S.p.A. GE.R.CO. S.p.A. Finemiro Banca S.p.A. Cassa di Risparmio di Venezia S.p.A.
Enrico SALZA	Managing Director Director Director	Tecnoholding S.p.A. Sanpaolo Imi International S.p.A. Thera It Global Company
Remi François VERMEIREN	Chairman President of the Executive Committee	KBC Bank KBC Bank and Insurance Holding Company

In accordance with the provisions stated in the Code of Conduct, the aforesaid offices are also mentioned in the Report on Operations included in the Annual Report.

e) Functions of the Board of Directors

The Board of Directors, in general, is responsible for strategic direction and holds the powers of ordinary and extraordinary administration, excluding those expressly attributed by law or by the Articles of Association to the exclusive competence of the Shareholders' Meeting.

In particular, in accordance with art. 16 subsection 2 of the Articles of Association, the following are also reserved to the exclusive competence of the Board:

- resolutions regarding general management, the approval and modification of a general provision concerning work relationships, the acquisition and sale of shareholdings which change the composition of the Banking Group, the appointment of offices as provided for by subsection 1 of art. 20 (General Managers, Deputy General Managers, Central Managers);
- the determination of the criteria for the coordination and management of Group Companies and for the execution of the instructions issued by the Bank of Italy.

On the basis of the Bank's Articles of Association and the current delegated powers, the Board of Directors is also responsible for:

- the examination and approval of the Company's and Group's strategic, industrial and financial plans as well as the approval of the Regulation concerning the Group's corporate governance;
- the attribution of mandates to the Managing Directors and the Executive Committee, as well as the related definition of the limits, means of exercise and periods of time within which the delegated Bodies must report to the Board on the activities carried out during the exercise of the mandates conferred to them;
- the determination of the Managing Directors' remuneration and of those who hold particular offices, as well as the subdivision of the variable part of the amount due to the individual members of the Board, after the examination of the proposals for the Remuneration and Personnel Policies of the Technical Committee and having heard the Board of Statutory Auditors;
- the approval of general risk management policies;
- the supervision on general performance, paying special attention to situations of conflicts of interest, taking into particular consideration the information received from the Executive Committee, the Managing Directors and the Audit Technical Committee, and periodically comparing the results achieved with those planned;
- the examination and approval of major economic, balance sheet and financial transactions, defined on the basis of quantitative and qualitative criteria (such as loans of more than one fifth of the equity of the Company, loans of more than 10 million euro, acquisition of shareholdings of more than 100 million euro); the verification of the adequacy of the Company's and Group's general organizational and administrative structure;
- the presentation to Shareholders of the reports concerning the agenda of the Shareholders' Meetings.

f) Delegated powers conferred

In accordance with art. 15 of the Articles of Association, the Board of Directors nominates from among its members the Executive Committee (of which the Chairman, the Deputy Chairmen and the Managing Directors are members ex officio), setting the number of members, delegated powers, term of office, rules of functioning and powers. The Board also nominates, determining their attributions, one or more Managing Directors.

The Executive Committee is currently composed of 8 Directors:

Dr.	Masera Rainer
Mr.	Pio Bussolotto
Mr.	Alfonso Iozzo
Mr.	Luigi Maranzana
Mr.	Virgilio Marrone
Mr.	Iti Mihalich
Mr.	Orazio Rossi
Mr.	Enrico Salza

The Board has attributed to the Executive Committee powers to exercise within the context of the strategies, directions and plans made by the same Board, with the faculty of sub-delegation and the obligation to report quarterly to the Board on the activity undertaken, decisions made and the mandates conferred.

In particular, the Executive Committee has been given, principally, powers concerning loan issue, recovery of loans and shareholdings – except in the case of exclusive competence of the Board of Directors, pursuant to art. 16 of the Articles of Association.

The Executive Committee has also been given, in general, the faculty to assume any urgent provision in the interests of the Company, referring them to the Board at its next meeting.

The Executive Committee, the Statutory Auditors having their powers set by law, is called to meet whenever the Chairman considers appropriate and, by company practice, around twice a month. In the course of 2002 the Committee met on 21 occasions.

The Board has conferred to the Managing Directors, each separately, powers to be exercised within the context of their respective competencies as well as strategies, directions and plans made by the same Board, with faculty of sub-delegation and the obligation to report quarterly to the Board on the activity undertaken, decisions made and mandates conferred.

The distribution of the areas of responsibility among the three Managing Directors originates from the identification of operational and market contexts with similar characteristics and from the determination to maximize specializations and competencies. Another aim is to achieve maximum sharing of Group targets and successful coordination between distant but correlated operating areas, in order to maximize operating efficiency and supply a service of excellence to all customers.

In particular, the following specific competencies have been attributed:

- the Managing Director Pio Bussolotto is assigned responsibility for Cardine Finanziaria and the bank networks controlled by it in order to supervise the integration in course among them. The Managing Director in question is also assigned responsibility for shareholdings in other domestic banks and for the tax collection Companies, as well as the centralized supervision of Group strategic planning and of purchasing and logistics.
- the Managing Director Alfonso Iozzo is in charge of banking and lending activities to households, companies and public entities, through the direct responsibility for the Sanpaolo Network (to which Southern Territorial Direction reports)

and Banca OPI, as well as the Group's commercial coordination and strategic marketing. In order to accentuate the operational integration between the various Group banks, the Managing Director in question is also assigned the centralized control of Group lending, including large risks, and responsibility for the Macchina Operativa Integrata.

- the Managing Director Luigi Maranza is assigned responsibility for specialist businesses, with particular reference to the financial planner networks (Banca Fideuram and Banca Sanpaolo Invest), asset management (Sanpaolo Imi Wealth Management), financial markets and foreign and international banking. Certain central functions of the Group close to the above-mentioned markets, such as Group Finance, Risk Management and relationships with Correspondent Banks, report to the Managing Director in question.

Taking account of the aforementioned competencies, the Board has conferred to the Managing Directors powers concerning loan issue and, more generally, operational, Group guarantees to financial institutions, recovery of loans, assumption of economic burdens, legal and prelegal proceedings on non-recovered assets and liabilities, administration procedures against the Company, shareholdings – except in the case of exclusive competence of the Board of Directors - and costs, as well as powers in matters concerning personnel and structures within the context of the management directions approved by the administrative bodies. The Managing Directors have also been attributed powers concerning the control and management of financial risks.

The Managing Directors have been assigned, in general and within the context of their respective attributions, or in the execution of decisions made by superior Bodies, all powers necessary for the ordinary management of the Company, unless otherwise reserved specifically to other Bodies pursuant to the Articles of Association or by exclusive mandate of the Board of Directors.

In accordance with art.17 of the Articles of Association, the proposals to the Board of Directors and the Executive Committee are formulated by the Managing Directors on the basis of the conferred delegated powers. In particular, the Managing Directors are responsible for proposals related to the general organization of the Company, to credit and business areas as well as personnel management.

As regards the role and functions of the Chairman of the Board of Directors, in the current Company structure, the Articles of Association and decisions of the Board state that the Chairman's functions are distinct from those of the Managing Directors. The Chairman does not have any deliberative competence from the Board, except for, pursuant to Article 18 of the Articles of Association, the responsibilities to coordinate the activities of the Company, the power to authorize any legal, administrative and executive action in the interest of the Company as well as to adopt, in agreement with the relevant Managing Director, any urgent provision in the interest of the Company, referring such to the Board or the Executive Committee at its next useful meeting.

g) Board meetings

The calling of the Board of Directors, ordinarily every two months (art. 17 of the Articles of Association), or at the request of at least three Directors, or one Managing Director, or on the basis of the powers which the law gives to the Statutory Auditors, falls to the Chairman who, on the basis of the corporate Articles of Association, is responsible for the coordination of the work of the Board of Directors. The Chairman also presides over the meetings and sets the agenda, taking account of the motions proposed by the Managing Directors.

The calling of Directors and Statutory Auditors for the meetings of the Board of Directors is made in advance and in reasonable time to allow sufficient information on the subjects under discussion and is followed by the advance documentation necessary to ensure the best informed performance by the Directors of their tasks. The rule of advance information may only be waived in cases of particular urgency or requirements of confidentiality; on such occasions there will still be a full treatment of each subject and particular attention to the content of the documents not sent in advance.

In 2002 the Board of Directors of Sanpaolo Imi met on 19 occasions; given the regular schedule thus far adopted by the Bank, a similar number of meetings for the year in course may also be assumed.

The attendance of the Directors at meetings of the Board of Directors is on the whole constant and allows the Company to gain significant benefit from their professional competencies.

h) Technical Committees

The Board of Directors is supported in its institutional functions by Technical Committees made up from its members – as per subsection three of art. 15 – with consultative and management functions. Besides those envisaged by the Code of Conduct, the Group Technical Risk Committee and the Ethical Committee also operate, and each has the responsibility of setting the risk strategies and policies for the Group and evaluating the principles to be presented to the Board of Directors for the identification of a corporate ethical-environmental policy and to monitor internally the level of adoption of the chosen principles.

The Ethical Committee has also, in the context of the preparation of the “Social Report”, responsibility to supervise the publication of the Document and the guidelines for the external communication of corporate policy in this area. Finally, the Ethical Committee has given its positive judgment on the Ethical Code of Sanpaolo Imi, approved by the Board of Directors, containing the indication of the ethical principles and values of the Bank and its directors, employees and co-workers, in every operating and geographical area.

Nomination and remuneration of the Directors

a) Nomination

The nomination of the Directors is based on the proposals presented to the shareholders, who are not obliged to give advance notice of the candidates they intend to promote.

Thus, in the meeting, the proposing shareholder illustrates the curriculum and the professional experiences of the proposed nomination.

A voting list is not envisaged for the nomination of the Board of Directors.

Given the above, it does not seem that the experience of Sanpaolo Imi demonstrates the need for a Committee to propose nominations to the post of Director, given the expected vigilant and active participation of shareholders and institutional investors at meetings.

b) Remuneration

As regards the system of remuneration of the Directors currently applied by Sanpaolo Imi, the compensation of the Directors – according to the criteria set by the Shareholders’ Meetings of 30 April 2001 and 30 April 2002 – is composed of:

- a) a fixed annual part,
- b) a variable part, linked to results achieved, and determined with reference to the bases and parameters approved by the Shareholders’ Meeting,
- c) a fixed sum including allowances for each attendance at meetings of corporate bodies, while, pursuant to the Articles of Association, the Directors have the right to reimbursement of expenses occasioned by their office.

The Board of Directors supervises the distribution to the Directors of the variable part, having heard the opinion of the Board of Statutory Auditors and, pursuant to subsection nine of art. 15 of the Articles of Association, sets the remuneration of the Directors with particular duties as set out in the Articles of Association, having heard the opinion of the Board of Statutory Auditors, and also refers to the Remuneration and Personnel Policies Technical Committee, composed largely of the non-executive Directors:

Mr.	Enrico Salza
Mr.	Giuseppe Fontana
Mr.	Mario Manuli
Mr.	Virgilio Marrone
Mr.	Iti Mihalich
Mr.	Orazio Rossi
Mr.	Pio Bussolotto
Mr.	Alfonso Iozzo
Mr.	Luigi Maranzana

The Remuneration and Personnel Policies Technical Committee has the role of evaluating, in agreement with the Chairman of the Board of Statutory Auditors and referring to the Board of Directors, the remuneration of the Directors with particular offices and examining the total remuneration structure of the Directors, also taking account of any presence in the Corporate Bodies of subsidiary Companies; to consider in depth the issues concerning the general direction for top management remuneration and management policies at Company and Group level, as well as the approval and modification of the general arrangements concerning work relationships (such as, for example, the Combined Company Contract).

The involvement of the Managing Directors is envisaged in the limits inherent in the definition of the general directions of top management remuneration and management policies and of a general nature concerning work relationships. The Remuneration Technical Committee met seven times during 2002.

For 2002, the Board of Directors, as proposed by the aforementioned Committee, set for the Chairman and Managing Directors a fixed remuneration and a variable part related to the achievement of specific targets in Bank and Group results, to be increased up to 100% in proportion to the increase in the above-mentioned targets, together with the stock option plans (illustrated in detail in the current Annual report) structured in a fixed and variable component fixed to share performance.

The internal control system

The new attitude which has characterized the Bank of Italy's regulatory supervision in recent years, centered on checking the existence of conditions of efficiency and self-regulation of banking companies, has led the Bank to review its Supervisory Regulations in terms of Internal Controls.

The new approach, in line with the work developed internationally, is marked by a limited prescriptive indication in favor of principles of reference to be respected and a clear stimulus to top management for the development of highly efficient systems.

The very terminology used by the Bank of Italy, "Internal Control System", introduces a strong concept of innovation: no longer formal controls, but total plural integration of subsystems of control which, operating in an integrated manner at all levels throughout the organization, can manage all risks.

In this context internal audit is also required to address its attention to the organization, designed to evaluate the capacity of the company to reach its given aims with effectiveness and efficiency.

In Sanpaolo Imi these responsibilities are given to a special Management Structure (Audit Management) which, reporting directly to the Managing Directors, is necessarily independent of the operating structures. In carrying out its activities it is not denied access to data, archives and company assets.

The Management has the responsibility for evaluating the functioning of the complete system of internal controls of the Group, controlling operations and risk management performance as well as bringing to the attention of the Board of Directors and Top Management possible improvements in risk management policies, measurements, instruments and procedures. The Audit Management is split into four Functions: Corporate Center Audit, with the mission of controlling operations and the respect of procedures with reference to the corporate center units of the Parent Bank and its foreign network; Sanpaolo Network Audit, with the task of controlling operations and the respect of procedures of the central and outlying units of the Sanpaolo network; Subsidiaries Audit, with the mission of controlling the auditing functions of the subsidiaries, in order to guarantee consistent controls and adequate attention to the various types of risk, also through an independent investigation and verification activity by way of examination of periodical informative flows, as well as interventions on the premises of the same Companies; Compliance, with the mission of ensuring the conformity of company processes with legal provisions and the supervisory regulations that govern the various sectors of activity.

The results of the activity are communicated each quarter to the Board of Directors, as well as the internal control Committee (The Audit Technical Committee), set up by the Board of Directors in June 1998 and composed of non-executive Directors, mostly independent, whose members are:

Mr.	Giuseppe Fontana (Chairman)
Mr.	Virgilio Marrone
Mr.	Gian Guido Sacchi Morsiani
Mr.	Enrico Salza

The Chairman of the Board of Statutory Auditors, or another auditor nominated by the former, and the Managing Directors take part in the meetings.

The Report and Audit Management Heads as well as, where necessary, the Heads of the other Functions involved with the specific issues handled, take part in the meetings as speakers.

The Audit Technical Committee, which normally meets monthly (16 meetings in 2002), has the responsibility of analyzing the problems and relevant practices with the possibility to make specific analyses of subjects to be further investigated, with reference to the evaluation of the internal control system. The Committee also evaluates the adoption of the best corrective measures proposed to deal with omissions and anomalies found in the audit processes, both internally and with the independent auditors.

In particular, the Committee:

- assists the Board of Directors in carrying out the tasks of setting the guidelines and periodic checks of the operational adequacy and effectiveness of the internal control system of the Parent Bank and the Group Companies;
- evaluates the working plans prepared by internal control and receives their periodic reports;
- evaluates, together with the auditors and representatives of the companies responsible for the matter, the adequacy of the accounting principles used and their consistency for the publication of the consolidated financial statements;
- evaluates the proposals formulated by the independent auditors for their responsibilities, as well as the working plan set out for the audit and the results contained in the report and letter of suggestions;
- maintains close contacts with the Board of Statutory Auditors, through the participation of its Chairman at meetings, so as to allow reciprocal and timely information on the relevant subjects for the system of internal controls;
- refers to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half year report, activity undertaken and the adequacy of the Group's system of internal controls;
- performs further tasks assigned to it by the Board of Directors, particularly in relation with the independent auditors.

The Audit Technical Committee also performs the tasks and functions assigned to it as a Regulatory Body, in accordance with D.Lgs 231/2001.

Transactions with related parties

The Board of Directors of Sanpaolo Imi has identified the parties correlated to the Bank and defined a Group procedure for the deliberation of transactions with such correlated parties, aimed at setting competencies and responsibilities, as well as indicating the informative flows between the structures of the Bank and the Companies directly and indirectly controlled.

In particular, in terms of transactions with significant correlated parties referred to the Parent Bank, they have been reserved to the exclusive deliberative competence of the Board of Directors, following screening by the Audit Committee.

In order to individuate the requirements of significance, the following limits have been set:

- a) 50,000 euro, in the case of atypical or unusual transactions;
- b) 10 million euro, in the case of loans and other transactions at standard conditions, undertaken with correlated parties outside the Group;
- c) 500 million euro, in the case of loan transactions at standard conditions undertaken with Group correlated parties, or 50 million euro in the case of other transactions at standard conditions undertaken with Group correlated parties.

The significant transactions entered into by Subsidiaries with the correlated parties of the Parent Bank have been reserved to the deliberative competence of the Board of Directors of the Company concerned; in any case the Subsidiary must submit its proposal to the approval of the Parent Bank in the case of transactions with values which are at least equivalent to the limits stated below:

- a) 50,000 euro for atypical or unusual transactions with correlated parties;
- b) 10 million euro for all transactions (loans and otherwise) at standard conditions with correlated parties outside the Group and otherwise.

If the correlated party is the subject to exercise functions of management, administration and control of the Bank, the procedure pursuant to art. 136 of the Testo Unico Bancario will also be applied. The provisions adopted by the Parent Bank, in its capacity as company listed on the NYSE are excepted, in implementation of the United States discipline on the matter of transactions with Group representatives.

Following the approval of the transactions with correlated parties, the Functions of the Parent Bank and the Controlled Companies must present a quarterly report to the Audit Committee and the Board of Directors of the Parent Bank, in accordance with art. 150 of D. Lgs 58/1998, and must, if necessary, implement immediate or periodical informative duties to the market.

Treatment of confidential information

In Sanpaolo Imi the institutional responsibility for external communication – also including “price sensitive” information – falls to the Chairman and Managing Directors, who have an appropriate structure called Investor Relations and Company Secretariat.

Confidential information is treated following an internal procedure approved by the Board of Directors, taking account of best practice, and coordinates the principles and recommendations contained in communications from the Regulatory Authorities.

This procedure, reaffirming the obligation of confidentiality, in the interests of the Company, Directors and Statutory Auditors, also reaffirms the value which the Company recognizes in terms of principles of market efficiency and transparency as well as the criteria of duty and clarity, as well as continuity of information, on which communication toward the public is based.

The procedure also defines the circumstances when the obligation to communicate arises and the means of communication.

Specific instructions have been transmitted to subsidiaries to ensure timely respect for the requirements of transparency by the Group to the market.

Pursuant to provisions introduced by Borsa Italiana in the Regulation of Markets and in the related Instructions on the matter of internal dealing, aimed at making transactions of purchase and sale undertaken by the Directors and by other “relevant people” in the stocks of listed Companies to which they belong and of the main subsidiaries transparent, the Board of Directors has approved the “Code of Conduct of Relevant People and of Sanpaolo Imi S.p.A. for transactions involving the Group’s listed financial instruments and for communication to the market”.

The Code governs, with legally binding effectiveness, the communication to the public of transactions in Group listed stocks undertaken by subjects (“relevant people”) who have access, in virtue of the office held in the same Group, to a privileged strategic prospective and are therefore able to direct, with a deeper perception of the opportunities offered by the market, their own investment choices.

In accordance with the provisions of the Code and on the basis of the information received, the Bank communicates to the market – by the tenth day on which the stock market is open following the last day of each calendar quarter – the transactions undertaken during such period by subjects identified as relevant people or equivalent, the total amount of which is equal to or more than 50,000 euro, and having as the object listed stocks of the Group or financial instruments, as defined in the regulatory provisions. Among the transactions subject to communication, are those having as their object the American Depositary Receipts (ADRs) negotiated on the New York Stock Exchange (NYSE), while the transactions undertaken in the exercise of purchase or subscription rights – regulated within the context of stock option plans – or option rights, are not considered.

Without delay – and by the first day the stock exchange is open following receipt of communication of the transaction by the relevant person – the Bank communicates to the market the transactions undertaken by the same subjects which amount, individually or collectively, to more than 250,000 euro.

In the Code of Conduct, provision has also been made for the Board of Directors to establish – for specific periods of time – prohibitions or restrictions for relevant people or equivalent regarding the execution of the above-mentioned operations.

Sanpaolo Imi has promptly communicated to the market the adoption of the Code of Conduct which is available for consultation on its website.

Relations with shareholders

Relations with Institutional Investors and Shareholders and with the main operators in the domestic and international financial community, illustrating the activities, strategies and results of the Group, is the responsibility of “Investor Relations and Company Secretariat”. Furthermore – in the context of the practice of correct, accurate and transparent communication and also in compliance with that contained in the Regulation of Markets of Borsa Italiana – the www.sanpaoloimi.com website provides news on the profile of the SANPAOLO IMI Group and the Bank’s shareholders, economic-financial information on the Group (financial statements, half year reports and quarterly reports as well as summary tables), press releases issued by the Company and the annual calendar of relevant corporate events. The site also provides news about the meetings organized periodically with financial analysts, in which anyone who is interested can participate directly or by conference call.

The site also contains a section dedicated explicitly to the Bank’s corporate governance, with this report and the principle documents and details concerning its organizational structure.

To allow best use of the discussion and regulate the meeting, the Company has a shareholders’ meeting Regulation which is made available to shareholders before every meeting. This Regulation, which is not an appendix to the Articles of Association, has been approved by the ordinary Shareholders’ Meeting which is also competent to approve the related amendments.

The Company does not deem it necessary to proceed to specific initiatives designed to amend the percentage ceilings contemplated by current regulation for actions and prerogatives to safeguard minorities.

Statutory Auditors

In accordance with art. 19 of the Articles of Association, the Board of Statutory Auditors is elected by the Shareholders' Meeting through the voting list and in observance of a procedure which envisages the timely publication of the candidacies and ensures a representation within it of representatives of minority shareholders.

The lists must be published in at least two national daily newspapers, including one financial newspaper, and deposited - at least 10 days before the day fixed for the Shareholders' Meeting on first call - at the registered office together with the curriculum vitae of each candidate and declarations with which the individual candidates accept their candidacy and affirm, under their own responsibility, the absence of causes of ineligibility and incompatibility, as well as the existence of the requirements prescribed by current regulations and the Articles of Association to hold the office of Statutory Auditor.

Turin, 25 March 2003

The Board of Directors

Information for investors

Further information on the SANPAOLO IMI Group can be requested from the following address:

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