

# The Bank's Financial Statements and reports

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RECLASSIFIED STATEMENT OF INCOME

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RECLASSIFIED BALANCE SHEET

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## RECLASSIFIED STATEMENT OF INCOME

	Full year 1999 (Euro/mn)	Full year 1998 (Euro/mn)	Change '99/'98 (%)	Full year 1999 (L/bln)
<b>NET INTEREST INCOME</b>	<b>1,729</b>	<b>2,071</b>	<b>-16.5</b>	<b>3,347</b>
Net commissions and other net income	1,348	1,164	+15.8	2,611
Profits (losses) on financial transactions and dividends on shares	78	199	-60.8	151
Dividends on equity investments	531	386	+37.6	1,028
<b>NET INTEREST AND OTHER BANKING INCOME</b>	<b>3,686</b>	<b>3,820</b>	<b>-3.5</b>	<b>7,137</b>
Administrative costs	-1,950	-2,016	-3.3	-3,776
- <i>personnel</i>	-1,260	-1,286	-2.0	-2,440
- <i>other administrative costs</i>	-550	-584	-5.8	-1,065
- <i>indirect taxes and similar dues</i>	-140	-146	-4.1	-271
Other operating income, net	168	168	-	327
Adjustments to tangible and intangible fixed assets	-182	-179	+1.7	-353
<b>OPERATING INCOME</b>	<b>1,722</b>	<b>1,793</b>	<b>-4.0</b>	<b>3,335</b>
Provisions for risks and charges	-57	-76	-25.0	-111
Adjustments to loans and provisions for guarantees and commitments, net	-278	-461	-39.7	-539
Writedowns of financial fixed assets, net	-84	-91	-7.7	-163
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	<b>1,303</b>	<b>1,165</b>	<b>+11.8</b>	<b>2,522</b>
Net extraordinary items	354	54	+555.6	686
<b>INCOME BEFORE TAXES</b>	<b>1,657</b>	<b>1,219</b>	<b>+35.9</b>	<b>3,208</b>
Income taxes	-639	-478	+33.7	-1,238
<b>NET INCOME</b>	<b>1,018</b>	<b>741</b>	<b>+37.4</b>	<b>1,970</b>

## RECLASSIFIED BALANCE SHEET

	12/31/1999 (Euro/mn)	12/31/1998 (Euro/mn)	Change '99/'98 (%)	12/31/1999 (L/bln)
<b>ASSETS</b>				
Cash and deposits with central banks and post offices	421	394	+6.9	816
Loans	82,072	84,144	-2.5	158,914
- <i>due from banks</i>	14,810	14,920	-0.7	28,676
- <i>loans to customers</i>	67,262	69,224	-2.8	130,238
Dealing securities	6,635	14,274	-53.5	12,847
Fixed assets	6,360	6,258	+1.6	12,316
- <i>investment securities</i>	738	1,495	-50.6	1,429
- <i>equity investment</i>	4,544	3,243	+40.1	8,799
- <i>intangible fixed assets</i>	167	191	-12.6	324
- <i>tangible fixed assets</i>	911	1,329	-31.5	1,764
Other assets	12,813	13,275	-3.5	24,810
<b>Total assets</b>	<b>108,301</b>	<b>118,345</b>	<b>-8.5</b>	<b>209,703</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>				
Payables	85,562	92,650	-7.7	165,673
- <i>due to banks</i>	24,203	24,661	-1.9	46,864
- <i>due to customers and securities issued</i>	61,359	67,989	-9.8	118,809
Reserves:	1,564	1,684	-7.1	3,029
- <i>for taxation</i>	821	957	-14.2	1,591
- <i>for employee termination indemnities</i>	401	396	+1.3	776
- <i>for risks &amp; charges</i>	296	282	+5.0	573
- <i>for pensions &amp; similar obligations</i>	46	49	-6.1	89
Other liabilities	12,972	15,138	-14.3	25,116
Subordinated liabilities	1,339	1,367	-2.0	2,593
Shareholders' equity	6,864	7,506	-8.6	13,292
- <i>capital</i>	3,926	4,345	-9.6	7,602
- <i>equity reserves</i>	1,920	2,509	-23.5	3,720
- <i>net income for the year</i>	1,018	652	+56.1	1,970
<b>Total liabilities &amp; shareholders' equity</b>	<b>108,301</b>	<b>118,345</b>	<b>-8.5</b>	<b>209,703</b>
<b>GUARANTEES AND COMMITMENTS</b>				
Guarantees given	16,506	16,808	-1.8	31,960
Commitments	13,311	13,538	-1.7	25,773

# Report on operations

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# Statement of income

## Net interest income

The Bank's net interest income amounted to Euro 1,729 million, down 16.5% on 1998.

Net interest income suffered from the sharp reduction in interest rates between 1998 and 1999. This led to a narrower spread and a lower net yield on interest-earning assets and interest-bearing liabilities. Net interest income was also penalized by the downturn in volumes handled as a result of the decision to limit the Bank's risk profile.

## Net interest and other banking income

Net interest and other banking income totalled Euro 3,686 million, a decrease over the year of 3.5%.

Net commissions increased by 15.8%. This was due to the professional management of customers' savings which went up by 43.2%, thanks to a positive trend in volumes and a larger proportion of higher value-added products.

There was also a rise (37.6%) in dividends received from shareholdings. This was partly due to better results and a higher pay-out on the part of subsidiaries, and partly to an increase in the investments held in companies that do not form part of the Group. This amount includes the extraordinary dividend of Euro 38 million received in November on the Group's investment in INA.

Net profits on financial transactions and dividends on the equity portfolio, on the other hand, showed a drop of 60.8%. This was because of a change in the market scenario, the emphasis given by the Bank to its risk profile, and the spin-off to NHS of the Group's merchant banking activities.

### Net interest income

	1999 (Euro/mn)	1998 (Euro/mn)	Change 1999/1998 (%)
Interest income and similar revenues	4,976	7,442	-33.1
Interest expense and similar charges	-3,247	-5,371	-39.5
<b>Net interest income</b>	<b>1,729</b>	<b>2,071</b>	<b>-16.5</b>

### Net interest and other banking income

	1999 (Euro/mn)	1998 (Euro/mn)	Change 1999/1998 (%)
Net interest income	1,729	2,071	-16.5
Net commissions and other dealing revenues	1,348	1,164	+15.8
- <i>Management, dealing and consultancy services</i>	899	694	+29.5
- <i>asset management</i>	762	532	+43.2
- <i>brokerage/custody of securities and currency</i>	137	162	-15.4
- <i>Loans and guarantees</i>	166	168	-1.2
- <i>Collection and payment services</i>	102	104	-1.9
- <i>Deposits and current accounts</i>	162	176	-8.0
- <i>Other banking services</i>	19	22	-13.6
Profits (losses) on financial transactions and dividends on shares	78	199	-60.8
Dividends on equity investments	531	386	+37.6
<b>Net interest and other banking income</b>	<b>3,686</b>	<b>3,820</b>	<b>-3.5</b>

## Operating income

Operating income was Euro 1,722 million, down 4% on 1998.

Administrative costs fell by 3.3%, thanks to continuing rationalization involving all of the Bank's head office and branch structures. Personnel costs were also down (-2%), as were other administrative costs (-5.8%).

## Income before extraordinary items

Income before extraordinary items was Euro 1,303 million, a rise of 11.8% over the year.

Lower doubtful loans and more effective recovery of balances at risk were reflected in a significant reduction (-33%)

in provisions and value adjustments for loans and investment securities.

Adjustments included:

- Euro 58 million for the writedown of the 18% holding in Beni Stabili, which was written down for prudence to the average quoted price for the second half;
- Euro 60 million to write down unsecured loans and investment securities relating to customers in the Russian Federation. As a result, the coverage of this exposure has been raised from 60% to 85% of nominal value.

There were significant collections of doubtful loans at above their net book value, leading to writebacks from collections of Euro 186 million. Losses on transactions and sales were Euro 9 million.

### Operating income

	1999 (Euro/mn)	1998 (Euro/mn)	Change 1999/1998 (%)
Net interest and other banking income	3,686	3,820	-3.5
Administrative costs	-1,950	-2,016	-3.3
- payroll	-1,260	-1,286	-2.0
- other administrative costs	-550	-584	-5.8
- indirect taxes	-140	-146	-4.1
Other operating income	168	168	-
Adjustments to tangible fixed assets	-100	-105	-4.8
Adjustments to intangible fixed assets	-82	-74	+10.8
<b>Operating income</b>	<b>1,722</b>	<b>1,793</b>	<b>-4.0</b>

### Income before extraordinary items

	1999 (Euro/mn)	1998 (Euro/mn)	Change 1999/1998 (%)
Operating income	1,722	1,793	-4.0
Provisions for risks and charges	-57	-76	-25.0
Adjustments to loans and provisions for guarantees and commitments	-278	-461	-39.7
- net writedowns and losses	-464	-575	-19.3
- provisions for guarantees and commitments	-	-12	n.s.
- writebacks following collections	186	126	+47.6
Adjustments to financial fixed assets	-84	-91	-7.7
- net writedowns of equity investments	-71	-65	+9.2
- net writedowns of investment securities	-13	-26	-50.0
<b>Income before extraordinary items</b>	<b>1,303</b>	<b>1,165</b>	<b>+11.8</b>

**Net income**

Net income was Euro 1,018 million, up 37.4% on the previous year.

Net extraordinary income contributed Euro 354 million

to net income, of which 128 million were proceeds on the sale of a 20% stake in Crediop to the Dexia Group and 215 million following acceptance of Olivetti's public offer for shares in Telecom Italia. Extraordinary expenses include Euro 22 million incurred for personnel severance incentives.

*Net income*

	1999 (Euro/mn)	1998 (Euro/mn)	Change 1999/1998 (%)
Income before extraordinary items	1,303	1,165	+11.8
Extraordinary income/(expense):	354	54	n.s.
- <i>net gains on disposal of tangible fixed assets and financial assets</i>	372	8	n.s.
- <i>other extraordinary income, net</i>	-18	46	n.s.
Income before income taxes	1,657	1,219	+35.9
Income taxes	-639	-478	+33.7
<b>Net income</b>	<b>1,018</b>	<b>741</b>	<b>+37.4</b>

## Operating volumes and organization

### Assets managed on behalf of customers

Financial assets of customers grew during the year by 7.5%. This was thanks to the increase in asset management, which more than offset the decline in traditional forms of direct funding.

Asset management rose by 30.4%, with an inflow over the year of Euro 14,576 million.

Mutual funds and fund-based portfolio management schemes showed an increase of 27.6% and an inflow of Euro 11,678 million, of which 7,716 million of new net deposits and 3,962 million as a result of asset revaluations.

Equity and balanced funds grew in proportion to the total invested in funds, representing 44.4% of assets under management at the end of the year, compared with 23.7% at the end of 1998.

Life technical reserves posted an increase of 77.6% and an inflow of Euro 1,982 million. The technical reserves of unit-linked products, in particular, reached a total of Euro 1,428 million, thanks to net premiums written of Euro 926 million.

The process of converting households' financial assets into various forms of professional savings management was reflected in a 10.1% reduction in direct deposits taken in by the Italian branches. This decline concerned certificates of deposit (-45.2%), repurchase agreements (-40.9%) and bonds (-8.9%), while there was an increase in current accounts and deposit accounts (+4.4%). There was also a reduction in the deposits taken by the foreign branches (-7.5%)

### Financial assets of customers

	12/31/1999		12/31/1998		Change 1999/1998 (%)
	(Euro/mn)	%	(Euro/mn)	%	
Asset management;	62,524	34.4	47,948	28.3	+30.4
- mutual funds	43,735	24.0	34,745	20.5	+25.9
- fund-based portfolio management	10,317	5.7	7,629	4.5	+35.2
- portfolio management	3,936	2.2	3,020	1.8	+30.3
- insurance policies	4,536	2.5	2,554	1.5	+77.6
Assets under administration:	58,113	31.9	53,411	31.5	+8.8
Direct customer deposits	61,359	33.7	67,989	40.1	-9.8
- deposits with the domestic branches	52,477	28.8	58,388	34.5	-10.1
- current accounts and savings deposits	25,590	14.1	24,517	14.5	+4.4
- certificates of deposit	4,008	2.2	7,317	4.3	-45.2
- bonds	19,372	10.6	21,262	12.6	-8.9
- commercial paper	-	-	-	-	n.s.
- linked to repurchase agreements	2,434	1.3	4,115	2.4	-40.9
- other	1,073	0.6	1,177	0.7	-8.8
- deposits with the foreign branches	8,882	4.9	9,601	5.7	-7.5
<b>Total customer deposits</b>	<b>181,996</b>	<b>100.0</b>	<b>169,348</b>	<b>100.0</b>	<b>+7.5</b>



## Lending

In 1999 loans to customers went down by 2.8%, net of differing trends in the various types of lending.

The decrease in loans mainly involves lending to finance companies, down 35%. On the other hand, loans to consumers were up by 11.9%, with a particular rise in personal loans (21.1%) and mortgage loans (11.2%).

The breakdown of loans by duration changes as a result of differing trends in the various categories of loans: short-term loans fell by 7.5% due to a decline in repurchase agreements in the corporate sector; medium/long-term loans, which account for 60% of the total, remained substantially the same, as the downward trend in loans to the financial sector and to large companies was offset by the positive trend in mortgage loans to households and loans for public works.

### Lending

	12/31/1999		12/31/1998		Change 1999/1998 (%)
	(Euro/mn)	%	(Euro/mn)	%	
Short-term	25,239	37.5	27,290	39.4	-7.5
Medium- and long-term	40,487	60.2	40,105	58.0	+1.0
Non-performing loans	1,536	2.3	1,829	2.6	-16.0
<b>Customer loans portfolio</b>	<b>67,262</b>	<b>100.0</b>	<b>69,224</b>	<b>100.0</b>	<b>-2.8</b>

### Loans to customers by type of loan

	12/31/1999		12/31/1998		Change 1999/1998 (%)
	(Euro/mn)	%	(Euro/mn)	%	
Consumers	10,555	15.7	9,431	13.6	+11.9
- Domestic network	10,555	15.7	9,429	13.6	+11.9
- overdrafts	699	1.0	647	0.9	+8.0
- personal loans	556	0.8	459	0.7	+21.1
- mortgages	8,613	12.8	7,747	11.2	+11.2
- other	687	1.0	576	0.8	+19.3
- Foreign network	-	-	2	0.0	n.s.
Family businesses, companies, governments, public bodies and other	56,707	84.3	59,793	86.4	-5.2
- Domestic network	50,903	75.7	53,933	77.9	-5.6
- overdrafts	8,477	12.6	8,230	11.9	+3.0
- advances against uncleared items	2,168	3.2	2,447	3.5	-11.4
- instalment-based loans	28,235	42.0	29,084	42.0	-2.9
- repurchase agreements	426	0.6	1,794	2.6	-76.3
- import/export financing	1,290	1.9	1,359	2.0	-5.1
- portfolio risk	672	1.0	801	1.2	-16.1
- other	9,635	14.3	10,218	14.7	-5.7
- Foreign network	5,804	8.6	5,860	8.5	-1.0
<b>Total customer loans</b>	<b>67,262</b>	<b>100.0</b>	<b>69,224</b>	<b>100.0</b>	<b>-2.8</b>

## Doubtful loans

The total of non-performing and other problem loans fell by 23.4% during the year, benefiting from the improvement in lending asset quality. For example:

- net non-performing to customers are down by 16%, thereby falling as a percentage of loans from 2.6% to 2.3%. Total coverage in the form of write-downs and write-offs was increased from 66.5% to 71.3%;
- net problem loans, rescheduled loans and loans being rescheduled are down 30.3%, from 2.3% to 1.7% of loans. Coverage, including write-offs, is up from 33.8% to 42%;
- net loans to customers and banks subject to country-risk are down 35.3% mainly as a result of the

increase in the writedown percentage applied to unsecured loans to the Russian Federation from 60% to 85% of their nominal values. Coverage of these loans is up from 40.2% to 57.9%.

## Operations in financial markets

There was a 53.2% reduction in the Bank's securities portfolio, partly because of the trends in customer loans and deposits, and partly because of the decision to concentrate brokerage operations at Banca IMI.

This reduction affected both the investment portion of the portfolio, down 50.6%, and the dealing and treasury portion, down 53.5%.

### Doubtful loans

	12/31/1999		12/31/1998		Change 1999/1998 (%)
	(Euro/mn)	%	(Euro/mn)	%	
Non-performing	1,536	2.3	1,829	2.6	-16.0
Problem, rescheduled, being rescheduled	1,119	1.7	1,605	2.3	-30.3
Customer loans subject to country risk	45	0.1	96	0.1	-53.1
Normally-performing loans	64,562	95.9	65,694	95.0	-1.7
Total customer loans	67,262	100.0	69,224	100.0	-2.8
Non-performing and problem loans to banks	-		3		n.s.
Loans to banks subject to country risk	85		105		-19.0

### Operations in financial markets

	12/31/1999		12/31/1998		Change 1999/1998 (%)
	(Euro/mn)	%	(Euro/mn)	%	
Investment securities	738	10.0	1,495	9.5	-50.6
Dealing securities	6,635	90.0	14,274	90.5	-53.5
<b>Total portfolio</b>	<b>7,373</b>	<b>100.0</b>	<b>15,769</b>	<b>100.0</b>	<b>-53.2</b>
Due from banks, medium- & long-term	1,170		1,311		-10.8
Funding by international institutions	4,278		4,344		-1.5
Due to banks, medium- & long-term	4,734		5,603		-15.5
Net short-term interbank funding	-1,551		-1,105		+40.4
Derivatives and forward forex transactions	228,327		239,651		-4.7

## Equity investments

Equity investments rose during 1999 by a net Euro 1,301 million.

The main additions were as follows:

- an increase of 3% to 9.2% in the investment held in INA, for an outlay of Euro 703 million;
- an increase from 0.4% to 1.4% in the direct investment held in Banco Santander Central Hispano, for an outlay of Euro 370 million;
- an 18% stake in Beni Stabili taken on as a result of the spin-off of part of the Bank's real estate business; this investment of Euro 160 million has been prudently written down to Euro 102 million ;
- acquisition of a 9.6% interest in Banca Agricola Mantovana, for an outlay of Euro 206 million, as part of Banca IMI's placement of BAM shares.

After the end of the year, the Bank bought a 15% interest in Cassa di Risparmio di Firenze for Euro 387 million.

Disposals, on the other hand, amounted to Euro 844 million, generating pre-tax capital gains of Euro 377 million. The main transactions were as follows:

- sale of a 20% interest in Crediop to the Dexia Group (France/Belgium) for Euro 218 million, with a pre-tax capital gain at Parent Bank of 128 million;
- acceptance of the Olivetti's takeover bid for Telecom Italia, selling a 0.75% stake for the equivalent of Euro 448 million with a pre-tax capital gain of Euro 215 million.

## The branch network

A plan has been launched to reinforce the Bank's domestic network. This envisages more than 100 new branches over the two-year period 2000-2001. Specialization by market segment has also continued, as have the steps to raise operational productivity. To this end, three new private banking units have been created, which brings the total number of branches specialising in asset management for high net-worth individuals to eight.

### Equity investments

	12/31/1999		12/31/1998		Change 1999/1998 (%)
	(Euro/mn)	%	(Euro/mn)	%	
Equity investments	4,544	100.0	3,243	100.0	+40.1
- in Group companies	2,530	55.7	2,423	74.7	+4.4
- in other companies	2,014	44.3	820	25.3	+145.6

### The branch network

	12/31/1999	12/31/1998	Change 1999/1998 (%)
Banking branches and area offices	1,303	1,300	+0.2
- Italy	1,292	1,289	+0.2
- Abroad	11	11	-
Representative offices	11	12	-8.3

## Employees

Rationalization of head office and branch structures

allowed the Bank to achieve a reduction in the workforce of 498, following the reduction of 789 in 1998.

### Employees

	12/31/1999		12/31/1998		Change
		%		%	1999/1998 (%)
Year-end headcount	20,012	100.0	20,510	100.0	-2.4
- Executives	206	1.0	204	1.0	+1.0
- Managers	3,342	16.7	3,427	16.7	-2.5
- Other staff	16,464	82.3	16,879	82.3	-2.5
Average headcount	20,261		20,904		-3.1

# Capital and reserves

## Shareholders' equity

Shareholders' equity in the Bank at the end of 1999 stood at Euro 6,864 million net of own shares. The year's movements are summarized below:

<i>Net shareholders' equity during the year</i>	<i>millions of Euro</i>
Shareholders' equity as of January 1, 1999	7,506
Decreases	
- Dividends	-652
- Real estate spin-off	-673
Increases	
- Net income	1,018
- Other	1
Shareholders' equity as of December 31, 1999	7,200
- Own shares in portfolio	-336
Shareholders' equity as per the reclassified balance sheet	6,864

## Own shares

The Bank held none of its own shares at the end of 1998. During 1999 it bought 27,470,250 own shares (nominal value of Euro 76.9 million for a total outlay of Euro 336.1 million) and sold 38,750 own shares (nominal value of Euro 0.1 million for proceeds of Euro 0.5 million, slightly higher than book value). At the end of 1999, the Bank held 27,431,500 own shares (nominal value of Euro 76.8 million with a carrying value of Euro 335.6 million). At March 28, 2000, own shares held by the Bank were reduced to 3,251,000, equal to 0.23% of the capital.

## Regulatory capital and capital adequacy

The SANPAOLO IMI Group meets the solvency requirements set by the Bank of Italy.

### *Regulatory capital and capital adequacy*

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)
<b>Regulatory capital</b>		
Tier 1 capital	5,973	6,663
Tier 2 capital	1,065	1,159
less: prescribed deductions	-290	-44
Total capital	6,748	7,778
<b>Weighted assets</b>		
Lending risk	65,549	67,013
Market risk	1,710	5,823
Other requirements	-	-
Total assets	67,259	72,836
<b>Capital adequacy ratios</b>		
Tier 1 capital ratio	8.88%	9.15%
Total capital ratio	10.03%	10.68%

The ratio between regulatory capital and total assets weighted for lending risk and market risk stands at 10.03% compared with 10.68% at the end of 1998. The ratio between Tier 1 capital and total risk-weighted assets comes to 8.88% compared with 9.15% in 1998. The solvency ratio for lending risks alone is 10.3% compared with the 7% minimum required by the regulatory authorities for individual banks.

## Supplementary information

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

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

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

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

Under Article 20, the General Managers' functions also include:

- implementing the decisions of the Board, its Executive Committee, the Chairman and the Managing Director, together with the management of day-to-day operations;

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

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

### Intercompany transactions and transactions with related parties

The arrangements for the rates and prices underlying transactions between the Bank and other Group companies (subsidiaries and those subject to significant influence by the Bank) conform with the relevant legislation. Transactions with related parties as defined in the relevant CONSOB Communications dated February 20, 1997 and February 27, 1998 - including those with personnel and officers of the Sanpaolo IMI Group and companies they control - similarly comply with the legislation and are conducted on an arm's-length basis. The holdings in the Bank and its subsidiaries of directors, statutory auditors and general managers are listed in detail in the report on the consolidated financial statements.

The year's intercompany balance sheet and income statement transactions between the Bank and other members of the Sanpaolo IMI Banking Group are summarized in the Explanatory Notes.

### Incentive plan

The Bank has developed a stock option plan for its managers. The plan is explained in the Group report on operations.

### The Euro and the Year 2000

The Euro and Year 2000 projects are discussed in the Group report on operations.

## Significant events after the year end

Trends in the first two months of the current year are positive: commission income is up thanks to a strong stock-market, and net interest income seems to be recovering.

The outlook for the whole year is optimistic despite considerable investments which will generate returns in future years.

Turin, March 28, 2000

The Board of Directors

# Proposal for the approval of the Financial Statements and allocation of net income for the year

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Shareholders,

We submit the 1999 financial statements of SANPAOLO IMI for your approval.

Given that the legal reserve exceeds the maximum amount provided for in Article 2430.1 of the Italian Civil Code (20% of share capital), which means that there is no longer any need to allocate 10% of net income to the legal reserve, in accordance with the law and Article 22 of the Articles of Association, we propose the following allocation of net income for the year available for distribution amounting to Euro 1,017,551,057.14 (the equivalent of Lire 1,970,253,585,401):

- Euro 724,168,090.19 (equal to L. 1,402,184,948,000) to the Shareholders, by means of a dividend of L. 1,000 (Euro 0.516) for each of the 1,402,184,948 ordinary shares making up the share capital, to be distributed to the shares in circulation, transferring to the extraordinary reserve any dividends referring to any own shares that the Bank may hold on May 22, 2000, the date that the shares go ex-dividend;
- Euro 260,000,000 (equal to L. 503,430,200,000) to the reserve ex D.Lgs. 153/99 to take advantage of the lower tax rate of 12.5% applicable to earnings posted to this reserve in the event of bank concentrations;
- Euro 811,791.95 (equal to L. 1,571,848,403) to the reserve ex Article 13.c.6. of D.Lgs. 124/93 to take advantage of the tax deductibility deriving from the possibility to set up such a reserve in suspense for tax purposes, for an amount equal to 3% of the portions of employee termination indemnities applied to supplementary pension schemes;
- Euro 32,571,175 (equal to L. 63,066,588,998) to the extraordinary reserve.

Dividends will have a full tax credit (58.73%) in accordance with D.Lgs. 467/97 and will be payable on May 25, 2000.

The proposed distribution is in line with the positive trends that the Bank is seeing in the early months of 2000, without affecting the adequacy of the Bank and the Group's regulatory capital and solvency ratios.

It is proposed to transfer the undistributed portion of net income for the year, namely Euro 142,345.89 (equal to L. 275,620,076), to the extraordinary reserve.



If this proposal is approved, the shareholders' equity of SANPAOLO IMI – after the allocation of net income and without considering the effects of any own shares that may be held by the Bank on May 22, 2000 - will be as follows:

	<i>Euro</i>
	Composition of capital and reserves after allocation of the 1999 net income
Capital	3,926,117,854,40
Legal reserve	792,561,421,30
Other reserves:	1,421,907,600,75
<i>Reserve ex D.Lgs. 153/99</i>	<i>260,000,000,00</i>
<i>Reserve Article 7.3 Law. 218/90</i>	<i>80,359,536,66</i>
<i>Reserve Law. 169/83</i>	<i>11,514,113,06</i>
<i>Reserve Article 21 D.Lgs. 213/98</i>	<i>41,832,297,50</i>
<i>Reserve Article 13.6 D.Lgs. 124/93</i>	<i>1,750,870,95</i>
<i>Residual merger difference</i>	<i>219,051,913,06</i>
<i>Reserve for purchase of own shares</i>	<i>774,685,348,63</i>
<i>Extraordinary reserve</i>	<i>32,713,520,89</i>
Reserve for general banking risks	335,696,984,41
	<b>6,476,283,860,86</b>

Turin, March 28, 2000

The Board of Directors

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

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Shareholders,

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

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

The financial statements for 1999, put before you for your approval, as well as the consolidated financial statements for 1999 which are available to you, have been sent to us as required by law and are presented in accordance with Legislative Decree 87 of January 27, 1992, as well as Banca d'Italia instructions of July 30, 1992 and subsequent revisions.

The reports on operations prepared by the Board of Directors show fully and completely the income statement, balance sheet and financial statements of the Bank and of the Group and the performance during 1999 as well as developments after the end of the year.

The reports on operations, of the Bank and at consolidated level, and the explanatory notes, of the Bank and at consolidated level, contain the information required by Consob Resolution 11971 of May 14, 1999 and Consob Recommendations 97001574 of February 20, 1997, 9801537 of February 27, 1998, 98083971 of October 26, 1998 and 98084143 of October 27, 1998.

The information required by Article 10 of Law 72/83 have been presented in the sections of the explanatory notes concerning revaluations.

In accordance with Consob Recommendation 98079574 of October 9, 1998, the Board, also based on the work of the Independent Auditors, has made the necessary checks on the actions taken by the Managing Directors of the Bank

concerning the Year 2000 problem. These actions are described in detail in the consolidated report on operations.

The Board has taken note that the explanatory notes of the Bank and at consolidated level contain the information required by Consob in Letter 27052 of April 7, 2000 concerning the treatment of the Ciampi Law (Law 461/98 and legislative decree 153/99).

Transactions between members of the Group and related parties are posted in the reports on operations in accordance with current law and on the basis of reciprocal treatment.

The reports on operations, of the Bank and at consolidated level, for the first half of 1999, have been sent to us as required by law by the Board of Directors, and have been presented and published as required by Consob.

In the course of the year ended December 31, 1999, we have undertaken our supervisory activity as prescribed by law taking account, among other things, the principles concerning the Board of Statutory Auditors as set out by the National Accounting Standards Board. In particular:

- we attended 17 meetings of the Board of Directors and 25 meetings of the Executive Committee held in 1999. In the same period, we met 14 times for examination and received from the managing directors quarterly information on the business and significant transactions undertaken by the company (and its subsidiaries), checking that these were in accordance with the articles of the company and not manifestly imprudent, hazardous, in potential conflict of interest or against any resolutions taken by the Shareholders' Meeting;
- we have noted and checked, within our competence, the corporate structure of the company and the principles of correct administration, through direct observation, information gathered from executives and meetings with the Independent Auditors to exchange relevant facts and news;
- we have examined and checked the adequacy of internal controls and of the administrative and accounting systems as well as their suitability to provide correctly the information on operations, through the examination of information from executives, company documents and the analysis of the Independent Auditors.

From these activities, no significant facts to be reported to the Supervisory Authorities or to be included in this report have emerged.

Given the above, and having also examined the reports prepared by Arthur Andersen S.p.A., we recommend approval of the financial statements for 1999, noting that the proposal for the distribution of profits made by the Board of Directors conforms with law and articles and reflect the income and balance sheet data of the Company.

In accordance with Consob Recommendation of February 20, 1997, we also inform you that your Company has mandated Arthur Andersen, in addition to the

annual and interim audits and opinions required pursuant to Article 158 of Legislative Decree 58/98, to the following:

- preparation of Form 20-F related to the quotation of SANPAOLO IMI on the New York Stock Exchange;
- due diligence for the purchase of shares in the Cassa di Risparmio di Firenze;
- valuation of financial portfolios held by the London Branch in the context of the rationalization of investment banking into Banca IMI;
- examination of the pro forma financial statements prepared in connection with the property spin-off;
- checks on work in progress for the year 2000;
- examination of the financial statements of a company in which SANPAOLO IMI has a shareholding;
- analysis of internal audit procedures;
- examination of the Offering Circular for the Euro Medium Term Note programme;

for total remuneration of approximately Lire 3,000 million.

Turin, April 10, 2000

The Board of Statutory Auditors



**Report of the Independent Auditors  
on the Parent Bank financial statements pursuant to  
Article 156 of Legislative Decree 58 of February 24, 1998**

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

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

1. We have audited the Parent Bank financial statements of Sanpaolo IMI S.p.A. as at December 31, 1999. The responsibility for the financial statements rests with the managing directors of . Our responsibility is the professional judgement expressed on the consolidated financial statements and based on the audit.
2. Our examination has been conducted according to the auditing standards and procedures recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (“CONSOB”). In accordance with these standards and procedures, the audit has been planned and effected to identify every item necessary to ascertain that the consolidated financial statements are free of significant errors and are together reliable. The audit includes the examination, on the basis of sampling checks, of supporting items and information included in the financial statements, as well as the evaluation of the adequacy and correctness of the accounting principles used and of the reasonable nature of the estimates made by the managing directors. We consider that the work undertaken provides a reasonable basis for the our professional judgement.

The financial statements of subsidiary and affiliated companies have been examined by other auditors who have provided us with their reports. Our judgement, expressed in this report, concerning the value of shareholdings representing 37.5% of the caption and 1.6% of total assets, is also based on the audits conducted by other auditors.

For our judgement on the financial statements for the previous year, whose data are presented for comparison as required by law, reference is made to our report dated April 6, 1999.

3. In our judgement, the Parent Bank financial statements of Sanpaolo IMI S.p.A. as at December 31, 1999 confirms to the rules which govern the principles of exposition; as such, they have been presented clearly and furnish a true and correct account of the balance sheets and income statements of the company and its subsidiaries.



Page 2

4. For further elucidation of the Parent Bank financial statements, attention is directed to the following significant facts described in greater detail in the report on operations and explanatory notes:

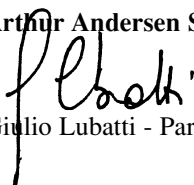
- In determining the reserve for taxes and duties, Sanpaolo IMI S.p.A. has taken account of the incentives envisaged by Law 461 of 1998 (the “Ciampi Law”) and Legislative Decree 153 of 1999. The application of the incentives has however been effected using prudential criteria to assess the amount of the benefit. Furthermore, as a result of the incentives, an average proportion inferior to that theoretically available has been used to calculate prepaid taxes concerning future years and lower prepaid taxes have therefore been required.


As required by CONSOB (27052 of April 7, 2000) Sanpaolo IMI S.p.A. announced that the incentives of the Ciampi Law have been suspended and noted that any net benefit not to be taken (approximately Euro 13 million as prudently calculated) is covered in the provision for taxes and duties for current and potential tax disputes.

- In the course of the year, Sanpaolo IMI S.p.A. spun off a portion of property assets to Beni Stabili S.p.A. and conferred its merchant banking activity to NHS – Nuova Holding Subalpina S.p.A.

Turin, April 10, 2000

Arthur Andersen S.p.A.

  
Giulio Lubatti - Partner

  
Mario M. Busso - Partner

# Financial Statements

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BALANCE SHEET

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STATEMENT OF INCOME

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

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## BALANCE SHEET

(in Euro)

ASSETS	12/31/99	12/31/98
10. Cash and deposits with central banks and post offices	421,444,374	394,498,404
20. Treasury bills and similar bills eligible for refinancing with central banks	1,404,125,988	4,477,836,595
30. Due from banks	14,809,788,319	14,920,117,333
a) repayable on demand	1,765,058,484	2,389,246,548
b) other deposits	13,044,729,835	12,530,870,785
40. Loans to customers	67,262,285,646	69,224,274,067
<i>including:</i>		
- loans using public funds	47,451,295	67,360,931
50. Bonds and other debt securities	5,948,110,330	10,651,719,720
a) public entities	2,547,067,911	7,868,700,183
b) banks	2,622,644,261	2,004,058,281
<i>including:</i>		
- own bonds	850,606,925	528,219,443
c) financial institutions	172,064,462	63,647,274
<i>including:</i>		
- own bonds	-	-
d) other issuers	606,333,696	715,313,982
60. Shares, quotas and other equities	20,694,036	639,482,784
70. Equity investments	2,013,668,438	820,050,266
80. Investments in Group companies	2,530,426,361	2,422,603,271
90. Intangible fixed assets	167,274,269	191,247,201
<i>including:</i>		
- start-up costs	-	-
- goodwill	-	-
100. Tangible fixed assets	910,955,249	1,328,544,729
120. Own shares	335,630,924	-
130. Other assets	8,685,243,475	9,261,320,290
140. Accrued income and prepaid expenses	4,127,937,338	4,013,346,885
a) accrued income	3,957,988,424	3,837,768,770
b) prepaid expenses	169,948,914	175,578,115
<i>including:</i>		
- discounts on bond issues	2,629,919	5,135,847
<b>Total assets</b>	<b>108,637,584,747</b>	<b>118,345,041,545</b>



(in Euro)

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		12/31/99	12/31/98
10.	Due to banks	24.203.135.654	24.661.100.488
	a) repayable on demand	519.392.584	2.576.590.992
	b) time deposits or with notice period	23.683.743.070	22.084.509.496
20.	Due to customers	34.192.170.111	36.799.960.624
	a) repayable on demand	25.458.289.736	24.747.826.463
	b) time deposits or with notice period	8.733.880.375	12.052.134.161
30.	Securities issued	27.117.109.672	31.119.885.390
	a) bonds	19.372.461.223	21.262.324.544
	b) certificates of deposit	7.358.472.456	9.536.957.858
	c) other	386.175.993	320.602.988
40.	Public funds administered	50.457.312	69.348.864
50.	Other liabilities	8.321.644.432	10.531.262.079
60.	Accrued expense and deferred income	4.649.246.270	4.606.205.335
	a) accrued expense	4.462.210.556	4.413.755.530
	b) deferred income	187.035.714	192.449.805
70.	Provision for termination indemnities	400.961.920	396.255.971
80.	Provisions for risks and charges	1.163.481.860	1.288.407.575
	a) pensions and similar commitments	45.926.205	49.151.220
	b) taxation	821.717.557	957.090.486
	c) other	295.838.098	282.165.869
100.	Reserves for general banking risks	335.696.984	335.696.984
110.	Subordinated liabilities	1.338.925.566	1.366.708.406
120.	Capital	3.926.117.854	4.345.008.541
140.	Reserves	1.920.943.709	2.172.857.414
	a) legal reserve	792.561.421	869.001.708
	b) reserve for own shares	335.630.924	-
	c) statutory reserves	-	-
	d) other reserves	792.751.364	1.303.855.706
160.	Profit carried forward	142.346	-
170.	Distributable net income	1.017.551.057	652.343.874
<b>Total liabilities and shareholders' equity</b>		<b>108.637.584.747</b>	<b>118.345.041.545</b>
<b>Guarantees and commitments</b>		12/31/99	12/31/98
10.	Guarantees given	16.505.842.479	16.807.643.448
	<i>including:</i>		
	- acceptances	131.381.542	158.967.364
	- other guarantees	16.374.460.937	16.648.676.084
20.	Commitments	13.310.528.849	13.538.408.050
	<i>including:</i>		
	repurchase agreements	-	-

## STATEMENT OF INCOME

(in Euro)

	1999	1998
10. Interest income and similar revenues	4,975,656,141	7,441,733,401
<i>including from:</i>		
– loans to customers	3,953,468,679	5,316,954,378
– debt securities	546,266,646	1,065,093,514
20. Interest expense and similar charge	-3,262,027,241	-5,370,755,092
<i>including on:</i>		
– deposits from customers	-599,120,532	-1,252,040,156
– securities issued	-1,523,441,708	-2,124,141,898
30. Dividends and other revenues	574,426,198	433,508,338
a) from shares, quotas and other equities	28,340,995	47,764,850
b) from equity investments	94,826,532	33,625,452
c) from investments in Group companies	451,258,671	352,118,036
40. Commission income	1,432,634,008	1,255,928,940
50. Commission expense	-87,975,414	-99,226,466
60. Profits (losses) on financial transactions	49,696,253	151,531,694
70. Other operating income	180,582,909	183,945,726
80. Administrative costs	-1,950,322,718	-2,016,420,544
a) payroll	-1,260,343,803	-1,286,017,662
<i>including:</i>		
– wages and salaries	-901,705,912	-920,665,419
– social security charges	-296,677,780	-302,159,000
– termination indemnities	-61,908,465	-62,449,538
– pensions and similar commitments	-51,646	-743,705
b) other	-689,978,915	-730,402,882
90. Adjustments to intangible and tangible fixed assets	-182,178,245	-178,725,026
100. Provisions for risks and charges	-57,333,507	-76,225,731
110. Other operating expenses	-8,047,851	-7,702,111
120. Adjustments to loans and provisions for guarantees and commitments	-590,357,594	-1,185,381,469
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	312,157,861	222,531,281
140. Provisions to the reserve for possible loan losses	-	-
150. Adjustments to financial fixed assets	-85,160,945	-90,678,690
160. Writebacks of adjustments to financial fixed assets	841,056	-
170. Income from operating activities	1,302,590,911	664,064,251
180. Extraordinary income	406,124,961	600,341,661
190. Extraordinary expenses	-51,790,731	-44,945,580
200. Extraordinary income, net	354,334,230	555,396,081
220. Income taxes for the year	-639,374,084	-478,017,210
230. Net income for the year	1,017,551,057	741,443,122
240. Provision to reserve (art, 7,3, Law 218/90)	-	-89,099,248
250. Distributable net income	1,017,551,057	652,343,874

# Explanatory notes to the Parent Bank's Financial Statements

## **Introduction - Background information on the financial statements**

- Form and content of the financial statements
- Translation of the share capital into Euro
- Audit of the financial statements
- Half-year report

## **Part A – Accounting policies**

- Section 1 – Description of accounting policies
- Section 2 – Adjustments and provisions recorded for fiscal purposes

## **Part B – Balance sheet**

- Section 1 – Loans
- Section 2 – Securities
- Section 3 – Equity investments
- Section 4 – Tangible and intangible fixed assets
- Section 5 – Other assets
- Section 6 – Payables
- Section 7 – Provisions
- Section 8 – Capital, equity reserves and subordinated liabilities
- Section 9 – Other liabilities
- Section 10 – Guarantees and commitments
- Section 11 – Concentration and distribution of assets and liabilities
- Section 12 – Administration and dealing on behalf of third parties

## **Part C – Statement of income**

- Section 1 – Interest
- Section 2 – Commissions
- Section 3 – Profits (losses) on financial transactions
- Section 4 – Administrative costs
- Section 5 – Adjustments, writebacks and provisions
- Section 6 – Other statement of income captions
- Section 7 – Other information regarding the statement of income

## **Part D – Other information**

- Section 1 – Directors and statutory auditors
- Section 2 – Parent company

# Introduction - Background information on the financial statements

## Form and content of financial statements

The Bank's financial statements for 1999 have been prepared pursuant to Decree 87 of January 27, 1992, which implemented EEC Directive 86/635. They also take account of the requirements contained in the Bank of Italy regulations dated January 27, 1992, and subsequent amendments. All matters not covered by specific legislation will be regulated by the provisions of the Italian Civil Code, while making reference to the accounting principles issued by the Italian Accounting Profession.

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

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

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

The financial statements for 1999 have therefore been prepared in Euro. More specifically, in line with the regulations issued by the Bank of Italy and by Consob, the accounting tables are presented in Euro, whereas the explanatory notes are expressed in millions of Euro.

For comparison purposes, the prior year figures have been converted into millions of Euro at the fixed parity of 1,936.27 Lire to one Euro.

The explanatory notes are presented with comparative figures as of December 31, 1998. These notes provide all the information required by law, including any additional data considered necessary to give a true and fair view of the financial and operating situation. The obligatory tables and the details required by the Bank of Italy are numbered in accordance with Bank of Italy instructions or based on the date of the Instructions.

The following schedules are attached to the financial statements:

- Statement of changes in shareholders' equity;
- Statement of cash flows;
- List of properties owned by the Bank.

The financial statements will be lodged at the Bank's registered offices by the legal deadline, together with the latest approved financial statements of subsidiary companies. Draft 1999 financial statements of subsidiaries prepared by the respective Boards of Directors for subsequent approval will also be lodged at the registered offices.

In compliance with Consob regulations (Article 77 Resolution 11971/99), the consolidated financial statements, the auditors' report and the statement of key data of affiliated companies will also be lodged at the company's registered office.

### **Conversion of the share capital into Euro**

In line with the decision to adopt the Euro as its reporting currency, the Bank also converted its share capital into Euro.

The Bank adopted the “simplified” procedure (i.e. by means of a board resolution rather than the Shareholders’ Meeting). The “simplified” procedure can be used in those cases when the par value of the shares is rounded up to the nearest cent of Euro. The conversion resulted in:

- a par value of 2.8 Euro;
- reduction of the share capital by approximately Euro 6 million (Lire 11.8 billion), increasing the legal reserve by the same amount.

Following the conversion, the Bank’s share capital amounts to Euro 3,926,117,854.4, made up of 1,402,184,948 ordinary shares of par value Euro 2.8 each; the legal reserve amounts to Euro 792,561,421.3.

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

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

### **Half-year report**

SANPAOLO IMI prepared and published a half-year report on operations during the first six months of 1999 as required and in the format prescribed by Consob.

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

# Part A - Accounting policies

## SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The financial statements as of December 31, 1999, have been prepared using the accounting policies adopted in relation to the financial statements as of December 31, 1998.

In compliance with the Bank of Italy's instructions on deferred taxation, which were issued on August 3, 1999, the treatment of deferred tax assets has been changed. In particular, where deductible timing differences exceed taxable timing differences, the net tax effect is now classified under caption 130 "other assets" (with a credit to income taxes), rather than under caption 140.b), "prepaid expenses." This change was already implemented in the half-year report for 1999.

### Loans, guarantees and commitments

#### Loans

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

In particular:

- non-performing loans, being loans to borrowers in a state of insolvency or similar, are valued on a case-by-case basis;
- problem loans, being loans to borrowers in temporary difficulties, are valued on a case-by-case basis;
- restructured loans, being loans for which a syndicate of banks (or a single bank) reschedules the repayment of principal or re-negotiates the applicable terms at lower-than-market rates, are valued on a case-by-case basis;
- loans being restructured, being loans for which the borrower has applied for consolidation to a variety of banks within the past 12 months, are valued on a case-by-case basis;
- loans exposed to "country risk", being loans to borrowers resident in countries with debt-servicing difficulties, are normally adjusted on a general basis by applying writedown percentages that not lower than those specified by the banking association. In addition, specific positions are assessed on a case-by-case basis, using objective criteria, with reference to the category of risk concerned;
- performing loans, being loans to borrowers who, at this time, do not present specific insolvency risks, are valued on a general basis, except for the positions of certain companies under observation, which are assessed on a case-by-case basis.

General adjustments to performing loans are calculated on a historical-statistical basis, taking into consideration the average percentage of previously performing loans which became doubtful during the last four years. This percentage was then applied to the total of performing loans at the end of the year to determine the potential percentage of performing loans which, based on historic experience, could be transferred in the future to other categories of loans with a higher degree of risk. The average percentage writedown for each risk category was then applied to this total.

The present value adjustments reflect the difference between book value and:

- estimated realizable value; or
- the discounted present value (“Net Present Value” or NPV) of future financial flows (principal and interest).

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

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

With regard to the discounting rate at December 31, 1999, the Bank has used a reference rate of 5.96%, as applied at the end of 1998. This rate is deemed to reflect the best approximation of the original average yield on the problem loan portfolio – considering the contractual rates currently applied by the Bank on medium-long term loans (fixed and floating rate) and on short term ones (floating rate).

For the purpose of classifying loans as non-performing, problem, restructured or exposed to country-risk, the Bank has made reference to current Bank of Italy regulations on the subject. These have been supplemented by specific and detailed internal instructions regarding, in particular, aspects of implementation and the introduction of rules for the automatic transfer of loans between the various risk categories.

Doubtful loans are classified to the various risk categories (non-performing, problem, restructured and being restructured) by the Branches and Area Management, working together with the central functions responsible for the supervision of lending.

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

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

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

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

#### Loans deriving from financing and deposit contracts

These are recorded at the amount disbursed. The difference between the amount of the loan granted to a customer and

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

#### Reverse repurchase agreements on securities

Reverse repurchase agreements that require the holder to resell securities when the agreement matures are treated as lending transactions. 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.

#### Loan of securities

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

#### Guarantees and commitments

Guarantees and commitments giving rise to lending risk are recorded at the total value of the exposure, while the related risk is assessed on the basis described in relation to loans. Expected losses in relation to guarantees and commitments are covered by the related provision.

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

#### Investment securities

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

Such securities are written down to reflect any lasting deterioration in the solvency of the issuers and the ability of the related nations to repay debt, except where suitable guarantees are available. The original value of investment securities is reinstated when the reasons for any writedowns cease to apply.

#### Dealing securities

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

- securities quoted in organized markets: the official price quoted on the last trading day of the year;



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

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

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

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

#### Equity investments

Equity investments are stated at cost, as revalued in the past at the time of transformation into a limited company or as a result of mergers, determined on a LIFO basis with annual layers. 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, where available, market prices. The original value of equity investments is reinstated if the reasons for any writedowns cease to apply.

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

Dividends gross of the related tax credits are recorded in the period in which they are collected.

#### Own shares

Own shares purchased by the Bank are valued at cost, determined according to the "average daily cost" method.

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

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

##### Assets and liabilities denominated in foreign currency

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

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

### Unsettled spot and forward currency transactions

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

Transactions *not carried out for hedging purposes* are valued:

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

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

### Tangible fixed assets

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

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

Repair and maintenance expenses that do not enhance the value of the related assets are charged against income as incurred.

### Intangible fixed assets

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

- formation and capital increase expenses and other deferred charges are 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 account of the residual period such software is expected to benefit.
- the differences arising on the merger of Banca Provinciale Lombarda and Banco Lariano in 1993 and on the merger of Crediop - Credito per le Imprese e le Opere Pubbliche in 1995, net of the portion allocated to more closely reflect the value of the related assets, are amortized on a straight-line basis. Amortization is provided over a period of ten years in the case of Banca Provinciale Lombarda and Banco Lariano, and over five years with regard to Crediop. These amortization periods are justifiable in view of the durability of the goodwill accumulated by the merged banks, as assessed in expert appraisals prepared for the respective mergers.

### Payables

Payables are stated at their nominal value. The difference between the face value of loans received, or securities placed, and the amount actually received, is recorded in the financial statements among deferrals and released to the statement of

income on an accruals basis, in accordance with the repayment plan implicit in the funding transaction. Zero-coupon securities issued are stated at their issue price plus accrued interest. Consistent with the policies described in point 1 of this section, funding repurchase agreements that require the holder to resell the securities acquired when the agreement matures are recorded among payables, as are related securities borrowing transactions.

### **Provision for employee termination indemnities**

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

### **Provisions for risks and charges**

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

### **Pensions and similar commitments**

The accumulated provisions under this heading relate to supplementary pensions for the retired employees of former IMI S.p.A.. The contingency arising in this connection is assessed on the basis of independent actuarial appraisals, in order to determine the provisions to technical reserves needed to cover future pensions.

### **Taxation**

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

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

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

Deferred tax liabilities are calculated by applying the average tax rate to taxable timing differences likely to generate a tax burden. Deferred tax assets are calculated on deductible timing differences if these are likely to be recovered. Deferred tax assets and liabilities relating to the same kind of tax and falling in the same period are offset against each other.

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

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

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

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

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

### Other provisions

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

Other provisions for risks and charges cover estimated losses arising from legal action and, in particular, from repayments claimed by the receivers of bankrupt customers. They also cover possible charges in connection with guarantees given on the sale of equity investments, with the Bank's commitment to support the Interbank Deposit Guarantee Fund and with other potential liabilities.

The provision for other personnel charges comprises:

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

### Reserve for general banking risks

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

### Accruals and deferrals

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

### Other aspects

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

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

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

The values determined by the contract valuation process (hedging and non-hedging) are written down on a case-by-case and/or a general basis 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 adverse market fluctuations. In the case of off-balance sheet items, the hedging objective is achieved via the use of asset and liability management techniques. A transaction is considered to be a hedge in the presence of the following documented conditions:

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

If either one of the conditions above ceases to apply, then the contract is reclassified as “non-hedging”.

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

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

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

### Non-hedging 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 observa-

tion are stated on the basis of their financial value (replacement cost), determined with reference to the market quotations for those indicators on the last day of the year. Other contracts are valued with reference to other elements determined on an objective and consistent basis.

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

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

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

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

### **Internal deals**

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

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

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

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

### **Settlement date**

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

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

### **Value adjustments recorded solely for fiscal purposes**

No adjustments have been recorded solely for fiscal purposes.

### **Provisions recorded solely for fiscal purposes**

No provisions have been recorded solely for fiscal purposes.

## Part B - Balance sheet

### SECTION 1 - LOANS

#### Due from banks (caption 30)

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Due from central banks			
- compulsory reserve	597	539	+10.8
- other	35	3	n.s.
Due from other banks			
- repurchase agreements and securities loaned	2,389	4,746	-49.7
- current accounts	374	553	-32.4
- deposits	9,936	7,201	+38.0
- loans	1,392	1,778	-21.7
- subordinated loans	69	57	+21.1
- other	18	43	-58.1
<b>Total</b>	<b>14,810</b>	<b>14,920</b>	<b>-0.7</b>

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

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) deposits with central banks	632	542	+16.6
(b) bills eligible for refinancing with central banks	-	-	-
(c) repurchase agreements	2,389	4,723	-49.4
(d) securities loaned	-	23	-100.0



**Loans to customers (caption 40)**

Loans to customers are analyzed below, by technical form:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Mortgage loans	36,874	36,861	-
Current accounts	9,239	9,001	+2.6
Other forms of finance not in current accounts – Italian branches	7,462	7,484	-0.3
Other forms of finance not in current accounts – foreign branches	5,040	2,967	+69.9
Advances with recourse	2,178	2,459	-11.4
Non-performing loans	1,536	1,829	-16.0
Import-export loans	1,292	1,359	-4.9
Repurchase agreements and securities loaned	924	4,313	-78.6
Risk on portfolio	853	1,036	-17.7
Loans	721	734	-1.8
Personal loans	588	498	+18.1
Other loans to customers	555	683	-18.7
<b>Total</b>	<b>67,262</b>	<b>69,224</b>	<b>-2.8</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Bills eligible for refinancing with central banks	-	-	-
(b) Repurchase agreements	924	4,300	-78.5
(c) Securities loaned	-	13	-100.0

The detail of “secured loans to customers” excluding those granted directly to State or public entities for 9,630 million Euro (Euro 8,616 million at December 31, 1998), is the following:

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Mortgages	16,245	16,484	-1.4
(b) Pledged assets:			
1. cash deposits	108	137	-21.2
2. securities (*)	1,996	5,417	-63.2
3. other instruments	152	162	-6.2
(c) Guarantees given by:			
1. Governments	3,677	4,410	-16.6
2. other public entities	32	12	+166.7
3. banks	866	1,216	-28.8
4. other	5,618	7,296	-23.0
<b>Total</b>	<b>28,694</b>	<b>35,134</b>	<b>-18.3</b>

(\*) These include Euro 924 million at 12/31/99 and Euro 4,300 million at 12/31/98 of repurchasing agreements and similar operations guaranteed by securities.

Secured loans to customers and those granted directly to Governments or other public entities represent 57% of total loans to customers (63.2% as of December 31, 1998).

### Degree of risk in loan portfolio

The principal and interest elements of loans are stated at their estimated realisable 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.

Following the introduction of discounting, the estimated realizable value of problem loans takes into account not only the likelihood of recovery, but also the financial cost of discounting loans at risk to factor in their total or partial lack of income generation and late repayment. Total adjustments as of December 31, 1999 for discounting purposes total Euro 333 million.

## Analysis of loans to customers

*(Bank of Italy instructions dated 12.17.98)*

			12/31/99 (Euro/mn)			12/31/98 (Euro/mn)
	Gross value	Total adjustments	Net book value	Gross value	Total adjustments	Net book value
A. Doubtful loans	5,382	2,682	2,700	6,227	2,697	3,530
A.1 Non-performing loans	3,673	2,137	1,536	3,989	2,160	1,829
A.2 Problem loans	1,531	493	1,038	1,920	464	1,456
A.3 Loans currently being restructured	25	6	19	2	1	1
A.4 Restructured loans	85	23	62	181	33	148
A.5 Unsecured loans exposed to country risk	68	23	45	135	39	96
B. Performing loans	64,780	218	64,562	65,936	242	65,694
<b>Total loans to customers</b>	<b>70,162</b>	<b>2,900</b>	<b>67,262</b>	<b>72,163</b>	<b>2,939</b>	<b>69,224</b>

Non-performing loans and problem loans include unsecured loans to residents of nations exposed to country risk for a total of Euro 7 million and Euro 4 million respectively. Value adjustments made to these loans amount to Euro 4 million for non-performing loans and Euro 3 million for problem loans.

The percentage of coverage on non-performing loans, gross of write-offs, was 71.3% compared with 66.5% of the end of 1998, while the equivalent figure for problem loans rose to 42.2% as against 33.8% a year earlier. As regards the various types of loan, the highest level of coverage is for ordinary loans, while the percentages on agricultural loans are lower given the existence of mortgage guarantees on these positions.

## Analysis of loans to banks

*(Bank of Italy instructions dated 12.17.98)*

			12/31/99 (Euro/mn)			12/31/98 (Euro/mn)
	Gross value	Total adjustments	Net book value	Gross value	Total adjustments	Net book value
A. Doubtful loans	251	166	85	208	100	108
A.1 Non-performing loans	10	10	-	3	3	-
A.2 Problem loans	-	-	-	4	1	3
A.3 Loans currently being restructured	-	-	-	-	-	-
A.4 Restructured loans	-	-	-	-	-	-
A.5 Unsecured loans exposed to country risk	241	156	85	201	96	105
B. Performing loans	14,725	-	14,725	14,812	-	14,812
<b>Total loans to banks</b>	<b>14,976</b>	<b>166</b>	<b>14,810</b>	<b>15,020</b>	<b>100</b>	<b>14,920</b>

Non-performing loans include unsecured loans to residents of nations exposed to country risk for a gross exposure of Euro 10 million, written down in full.

*Non-performing loans (table 1.4.B.1.)*

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Non-performing loans (net amount, including default interest)	1,536	1,829	-16.0

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

*(Bank of Italy instructions dated 12.17.98)*

millions of Euro

	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk
A. Gross value as of January 1, 1999	3,989	1,920	2	181	135
<i>A.1 including: for default interest</i>	<i>784</i>	<i>55</i>	<i>-</i>	<i>-</i>	<i>-</i>
B. Increases	648	815	25	26	6
B.1 inflows from performing loans	65	550	-	2	-
B.2 default interest	150	13	1	-	-
B.3 transfers from other categories of problem loan	317	61	23	22	-
B.4 other increases	116	191	1	2	6
C. Decreases	964	1,204	2	122	73
C.1 outflows to performing loans	32	146	-	35	25
C.2 write-offs	438	45	-	6	1
C.3 collections	422	678	-	78	36
C.4 disposals	-	-	-	-	-
C.5 transfer to other categories of problem loans	72	335	2	3	11
C.6 other decreases	-	-	-	-	-
D. Gross value as of December 31, 1999	3,673	1,531	25	85	68
<i>D.1 including: for default interest</i>	<i>804</i>	<i>46</i>	<i>3</i>	<i>-</i>	<i>-</i>

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

*(Bank of Italy instructions dated 12.17.98)*

millions of Euro

	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk
A. Gross value as of January 1, 1999	3	4	-	-	201
<i>A.1 including: for default interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
B. Increases	8	-	-	-	61
B.1 inflows from performing loans	7	-	-	-	-
B.2 default interest	-	-	-	-	-
B.3 transfers from other categories of problem loan	1	-	-	-	-
B.4 other increases	-	-	-	-	61
C. Decreases	1	4	-	-	21
C.1 outflows to performing loans	-	-	-	-	5
C.2 write-offs	1	-	-	-	-
C.3 collections	-	3	-	-	16
C.4 disposals	-	-	-	-	-
C.5 transfer to other categories of problem loans	-	1	-	-	-
C.6 other decreases	-	-	-	-	-
D. Gross value as of December 31, 1999	10	-	-	-	241
<i>D.1 including: for default interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

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

*(Bank of Italy instructions dated 12.17.98)**millions of Euro*

	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk	Performing loans
A. Total adjustments as of January 1, 1999	2,160	464	1	33	39	242
<i>A.1 including: for default interest</i>	784	55	-	-	-	5
B. Increases	562	230	7	10	6	12
B.1 Adjustments	478	206	1	4	4	10
<i>B.1.1 including: for default interest</i>	150	13	1	-	-	2
B.2 Use of reserves for possible loan losses	-	-	-	-	-	-
B.3 Transfer from other categories of problem loans	79	22	6	6	-	-
B.4 Other increases	5	2	-	-	2	2
C. Decreases	585	201	2	20	22	36
C.1 Writebacks from valuations	56	41	1	9	9	3
<i>C1.1 including: for default interest</i>	-	-	-	-	-	-
C.2 Writebacks following collections	71	30	-	3	9	11
<i>C2.1 including: for default interest</i>	27	11	-	-	-	2
C.3 Write-offs	438	45	-	6	1	17
C.4 Transfers to other categories of problem loan	20	82	1	2	3	5
C.5 Other decreases	-	3	-	-	-	-
D. Total adjustments as of December 31, 1999	2,137	493	6	23	23	218
<i>D.1 including: for default interest</i>	804	46	3	-	-	5

As already discussed, total adjustments include Euro 333 million relating to the adoption of a policy of actualizing loans. Writedowns for discounting purposes total Euro 252 million on non-performing loans, Euro 73 million on problem loans and Euro 8 million on restructured loans and loans being restructured.

Performing loans include Euro 102 million specifically under observation case by case, covered by writedowns amounting to Euro 12 million. The inherent risk associated with other performing loans is covered by a general writedown of Euro 206 million.

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

*(Bank of Italy instructions dated 12.17.98)**millions of Euro*

	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk	Performing loans
A. Total adjustments as of January 1, 1999	3	1	-	-	96	-
<i>A.1 including: for default interest</i>	-	-	-	-	-	-
B. Increases	8	-	-	-	67	-
B.1 Adjustments	2	-	-	-	51	-
<i>B.1.1 including: for default interest</i>	-	-	-	-	-	-
B.2 Use of reserves for possible loan losses	-	-	-	-	-	-
B.3 Transfer from other categories of doubtful loan	1	-	-	-	-	-
B.4 Other increases	5	-	-	-	16	-
C. Decreases	1	1	-	-	7	-
C.1 Writebacks from valuations	-	-	-	-	3	-
<i>C.1.1 including: for default interest</i>	-	-	-	-	-	-
C.2 Writebacks following collections	-	-	-	-	4	-
<i>C.2.1 including: for default interest</i>	-	-	-	-	-	-
C.3 Write-offs	1	-	-	-	-	-
C.4 Transfers to other categories of doubtful loan	-	1	-	-	-	-
C.5 Other decreases	-	-	-	-	-	-
D. Total adjustments as of December 31, 1999	10	-	-	-	156	-
<i>D.1 including: for default interest</i>	-	-	-	-	-	-

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

Country	Total exposure as of December 31, 1999	Of which: unsecured:				Net exposure as of December 31, 1998	Change %
		Gross exposure as of December 31, 1999	Gross weighted exposure as of December 31, 1999	Total adjustments as of December 31, 1999	Net exposure as of December 31, 1999		
Russia	616	182	182	155	27	59	-54.2
Brazil	101	57	28	9	48	40	+20.0
Qatar	54	17	17	3	14	16	-12.5
Tunisia	11	9	9	1	8	-	n.s.
Venezuela	21	7	7	1	6	4	+50.0
Philippines	5	5	5	1	4	3	+33.3
South Africa	5	5	5	1	4	15	-73.3
Morocco	20	5	5	1	4	4	-
Croatia	4	4	4	1	3	3	-
Iran	59	4	4	1	3	-	n.s.
India	7	3	3	1	2	8	-75.0
Cameroon	4	3	3	2	1	1	-
Argentina	29	2	2	-	2	11	-81.8
Other countries	286	6	6	2	4	37	-89.2
<b>Total</b>	<b>1,222</b>	<b>309</b>	<b>280</b>	<b>179</b>	<b>130</b>	<b>201</b>	<b>-35.3</b>

Adjustments to unsecured loans exposed to country risk have been made by applying the writedown percentages agreed by the Italian bankers' association. In view of the continuing financial crisis in Russia, the standard 60% writedown for unsecured loans to customers resident in that country was increased to 85% by the Bank (in the half-yearly report, based on information available at that time, this writedown had been prudently calculated at 90%). The additional writedowns following this change totalled Euro 60 million, of which Euro 46 million for loans and Euro 14 million for investment securities.

Secured loans, amounting to Euro 913 million, are insured by SACE, by sureties from banking operators in the OECD area (Euro 593 million) and by other forms of guarantee deemed adequate to cover the lending risk (Euro 320 million). The last mentioned mainly comprise loans of Euro 310 million granted to a prime counterparty resident in Russia that are guaranteed by receivables deriving from supply contracts with leading West European companies. In compliance with Bank of Italy regulations, these loans are included in the calculation of country risk, which is deducted from the Bank's capital for supervisory purposes.

### Other information relating to loans

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

## SECTION 2 - SECURITIES

Securities owned by the Bank are analyzed as follows:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Treasury bills and similar bills eligible for refinancing with central banks (caption 20)	1,404	4,478	-68.6
Bonds and other debt securities (caption 50)	5,948	10,652	-44.2
Shares, quotas and other equities (caption 60)	21	639	-96.7
<b>Total</b>	<b>7,373</b>	<b>15,769</b>	<b>-53.2</b>
of which:			
– investment securities	738	1,495	-50.6
– dealing securities	6,635	14,274	-53.5

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

### Investment securities

Investment securities, amounting to Euro 738 million, are held for the long term as a stable investment and, as such, are generally held through to redemption. The allocation to the investment portfolio is made on the basis of criteria defined in a specific framework resolution approved by the Board of Directors in the following circumstances:

- when there are related forms of funding;
- when there are specific control regulations applied in the countries in which the foreign branches are operating;
- the securities are not readily marketable.

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

	12/31/99 (Euro/mn)		12/31/98 (Euro/mn)	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
• quoted	416	438	1,347	1,405
• unquoted	-	-	-	-
1.2 other securities				
• quoted	132	112	99	82
• unquoted	190	184	49	40
2. Equities				
• quoted	-	-	-	-
• unquoted	-	-	-	-
<b>Total</b>	<b>738</b>	<b>734</b>	<b>1,495</b>	<b>1,527</b>



A comparison between the market value and book value of “Government securities” reveals a net unrealized, unrecorded gain of Euro 10 million on securities not hedged by derivative contracts and Euro 12 million on securities hedged by interest rate swaps. The valuation of these derivatives reveals an unrealized potential loss of Euro 14 million.

“Other securities” with a difference between market and book value (Euro 26 million) include South American and Eastern European securities covered by a U.S. Treasury guarantee, the value of which on maturity covers 100% of the face value of the securities concerned.

Negative differences between redemption and book values (issue and dealing discounts), for an amount of Euro 15 million, will be accrued to the income statement.

<i>Changes in investment securities during the year (2.2 B.1)</i>	<i>millions of Euro</i>
A. Opening balance	1,495
B. Increases	
B1. purchases	-
B2. writebacks	1
B3. transfers from dealing portfolio	191
B4. other changes	13
C. Decreases	
C1. sales	1
C2. redemptions	939
C3. adjustments	14
<i>including:</i>	
<i>permanent writedowns</i>	14
C4. transfers to dealing portfolio	-
C5. other changes	8
D. Closing balance	738

No transfers were made from the investment portfolio to the dealing portfolio during the year. On the contrary, securities with high ratings for a total of Euro 191 million were transferred from the dealing portfolio to the investment portfolio, in view of their illiquid nature, notwithstanding high rating status.

Subcaptions B4. “Increases - other changes” and C5. “Decreases - other changes” reflect exchange differences on securities denominated in foreign currency and accrued issue and dealing discounts.

The adjustments reported in subcaption C3, amounting to Euro 14 million, relate to unsecured securities issued by residents in Russia. They are required to apply the new industry-wide writedown percentage for securities issued by residents in Russia, which has been raised from 60% to 85%.

At year-end, the limit of the investment securities portfolio was set at the lower of:

- 15% of the total securities owned;
- regulatory capital.

As of December 31, 1999 the total amount of investment securities was well within this limit. It should be noted that the Board of Directors subsequently increased the limit from 15% to 25% of total own securities. This was done in order to keep the size of the investment portfolio substantially unchanged following the reallocation of the trading activity within the Group.

## Dealing securities

These securities, held for treasury and dealing purposes, amount to Euro 6,635 million, and comprise:

- Euro 1,057 million linked to derivative contracts
- Euro 5,578 million not linked to derivative contracts

*Dealing securities (table 2.3 B.I)*

	12/31/99 (Euro/mn)		12/31/98 (Euro/mn)	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
• quoted	2,930	2,930	9,609	9,609
• unquoted	220	220	189	189
1.2 other securities				
• quoted	867	867	1,237	1,237
• unquoted	2,597	2,601	2,599	2,609
2. Equities				
• quoted	20	20	639	639
• unquoted	1	1	1	1
<b>Total</b>	<b>6,635</b>	<b>6,639</b>	<b>14,274</b>	<b>14,284</b>

Unquoted dealing securities not linked to derivative contracts, valued at the lower of cost and market, have led to write-downs and writebacks for Euro 9 million and Euro 2 million.

Own bonds held for dealing purposes amount to Euro 851 million.

<i>Changes in dealing securities during the year (table 2.4 B.I)</i>		<i>millions of Euro</i>
A. Opening balance		14,274
B. Increases		
- debt securities		
- debt securities		
- government securities		72,933
- other securities		14,528
- equities		6,953
B2. writebacks and revaluations		9
B3. transfers from investment portfolio		-
B4. other changes		1,343
C. Decreases		
C1. sales and redemption		
- debt securities		
- government securities		80,469
- other securities		14,921
- equities		7,687
C2. adjustments		84
C3. transfers to investment portfolio		191
C5. other changes		53
D. Closing balance		6,635

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

<i>B4. "Increases - other changes"</i>		<i>millions of Euro</i>
Exchange differences		1,213
Transfers from investment portfolio		35
Capitalization of accrued interest on treasury bills (BOT) and zero coupon bonds		30
Accrued issue discounts		3
Other		62
<b>Total other changes</b>		<b>1,343</b>

### Other information relating to securities

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

### SECTION 3 - EQUITY INVESTMENTS

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Equity investments (caption 70)	2,014	820	+145.6
Investments in Group companies (caption 80)	2,530	2,423	+4.4
<b>Total</b>	<b>4,544</b>	<b>3,243</b>	<b>+40.1</b>
<i>of which:</i>			
– <i>significant investments</i>	2,787	2,589	+7.6
– <i>other holdings</i>	1,757	654	+168.7

## Significant investments

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

*Significant investments (table 3.1 B.I)*

Name of company	Registered offices	Business activity	Shareholders' equity (a)	Net income (loss)	Percentage ownership	Book value
<i>millions of Euro</i>						
<b>A. Subsidiary companies</b>						
Banca Fideuram S.p.A.	Milan	banking	408.7	96.0	74.00	57
Banque Sanpaolo S.A.	Paris	banking	430.8	44.9	100.00	386
Banca d'Intermediazione Mobiliare Imi S.p.A.	Milan	banking	352.3	63.9	100.00	304
Consorzio Studi e Ricerche Fiscali	Rome	tax consultancy	0.3	-	50.00	-
Egida S.p.A.	Turin	insurance	8.5	-	50.00	4
Finconsumo S.p.A.	Turin	finance	27.0	8.7	50.00	13
Gedit S.A.	Luxembourg	holding company	-	-	90.00	-
Imi International S.A.	Luxembourg	finance	596.1	31.6	100.00	287
Imi Lease S.p.A.	Rome	leasing	223.3	7.1	100.00	193
NHS - Nuova Holding Subalpina S.p.A.	Rome	finance	736.3	21.3	51.00	374
Prospettive 2001 S.p.A.	Turin	non-finance	13.0	0.6	100.00	13
Sanpaolo Bank S.A.	Luxembourg	banking	36.9	13.6	100.00	41
Sanpaolo Fiduciaria S.p.A.	Turin	trust management	1.8	0.3	100.00	1
Sanpaolo Gestion Internationale S.A.	Luxembourg	finance	1.9	17.7	99.98	3
Sanpaolo Imi Asset Management Sgr S.p.A.	Milan	mutual funds	33.4	24.9	100.00	58
Sanpaolo Imi Bank Ireland P.I.c.	Dublin	banking	426.8	22.4	100.00	421
Sanpaolo Imi Bank (International) S.A.	Madeira	banking	194.0	4.6	69.01	94
Sanpaolo Imi Investments S.A.	Luxembourg	finance	1.0	-	99.90	1
Sanpaolo Imi Us Financial Co.	Wilmington	finance	0.1	-	100.00	-
Sanpaolo Immobiliare S.p.A.	Turin	finance	5.2	-1.4	100.00	3
Sanpaolo Invest Sim S.p.A.	Rome	sales network management	58	20.9	100.00	30
Sanpaolo Leasint S.p.A.	Milan	leasing	51.3	5.4	100.00	54
Sanpaolo Riscossioni Genova S.p.A.	Genoa	tax collection	4.3	2.8	100.00	4
Sanpaolo Riscossioni Prato S.p.A.	Prato	tax collection	1.1	1.3	100.00	3
Sanpaolo Services Luxembourg S.A.	Luxembourg	operating	0.5	0.2	99.60	-
Sanpaolo Vita S.p.A.	Milan	insurance	97.4	23.6	100.00	198
Sep S.p.A.	Turin	services	1.8	0.5	100.00	2
Spb 1650 Van Ness Corp.	Los Angeles	operating	-	-	100.00	-
Spb Delta Towers L.I.c.	New York	operating	-	-	100.00	-
Apoké Two S.r.l. - in liquidation	Milan	non-finance	-7.3	0.7	100.00	-
Crediop Finance P.I.c. - in liquidation	London	finance	-	-	100.00	-
Fidimi Consulting S.p.A. - in liquidation (b)	Rome	non-finance	0.2	-	100.00	-
Imifin S.p.A. - in liquidation	Rome	finance	-	-	100.00	-
Sanpaolo Us Holding Co. - in liquidation	Wilmington	finance	3.2	0.1	100.00	3
<b>Total</b>						<b>2,547</b>

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

(b) Final financial statements for liquidation as of 12/15/98.

*Significant investments (table 3.1 B.I)*

Name of company	Registered offices	Business activity	Shareholders' equity (a)	Net income (loss)	Percentage ownership	millions of Euro
						Book value
<b>B. Companies subject to significant influence</b>						
Banca Italo-Romena S.p.A.	Rome	banking	10.2	-1.7	20.00	1
Bnc Assicurazioni S.p.A. (b)	Rome	insurance	149.2	3.9	30.00	46
Cbe Service Sprl	Brussels	non-finance	0.1	0.1	20.00	-
Crediop S.p.A.	Rome	banking	503.9	49.0	40.00	180
Esatri S.p.A.	Milan	tax collection	39.5	13.1	31.50	4
Eurofondo S.C.p.A.	Rome	finance	-	-	25.00	-
Finnat Investments S.p.A.	Rome	finance	0.8	0.9	20.00	-
Inter-Europa Bank RT	Budapest	banking	35.3	-12.1	32.51	8
Consorzio Bancario Sir S.p.A. - in liquidation (b)	Rome	finance	1.5	-0.1	32.49	1
Finexpance S.p.A. - in liquidation (b)	Chiavari	non-finance	-8.3	-	30.00	-
Galileo Holding S.p.A. - in liquidation (b)	Venice	holding company	-18.5	-8.5	31.52	-
<b>Total</b>						<b>240</b>

(a) Excluding share of net income due for distribution

(b) Financial statements as of December 31, 1998

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

- the book value of Apokè Two, formed as part of the debt restructuring of the Uno Holding group, was written off from 1995. The negative shareholders' equity resulting from the financial statements as of December 31, 1999 should be offset by future gains on the liquidation of assets. The restructured loans not yet repaid to the Bank are covered by specific writedowns;
- the differences relating to Sanpaolo Bank, Sanpaolo Imi Asset Management SGR, Sanpaolo Gestion Internationale, Sanpaolo Riscossioni Prato, Sanpaolo Vita, Sanpaolo Leasint and Bnc Assicurazioni, reflect purchased goodwill representing the income-earning potential of the individual companies. The controlling interest in Sanpaolo Vita was acquired during 1996; the higher book value with respect to its shareholders' equity reflects goodwill determined with reference to independent appraisals;
- as regards the investment in Galileo Holding, acquired as part of the restructuring of that group, the company's equity deficit should be offset by the effect of the completion of the debt restructuring. This is likely to entail the Bank waiving its receivables, which have in any case been fully written down;

## Other equity investments

Among the other equity investments held by the Bank, the principal in terms of their book value are listed below:

Name and location of registered offices	Activity	Percentage ownership	<i>millions of Euro</i>
			Book value
Ina S.p.A. - Rome	insurance	9.20	825
Banco Santander Central Hispano S.A. - Santander	banking	1.43	458
Banca Agricola Mantovana S.p.A. - Mantua	banking	9.58	206
Beni Stabili S.p.A. - Rome	non-finance	18.04	102
Tecnost S.p.A. - Ivrea	non-finance	0.40	60
Banca d'Italia - Rome	banking	2.00	55
Banco del Desarrollo S.A. - Santiago (Chile)	banking	15.89	16
Biat S.A. - Tunis	banking	6.73	8
Simest S.p.A. - Rome	finance	3.31	5
Banca Mediocredito S.p.A. - Turin	banking	1.11	4
Banksiel S.p.A. - Milan	services	7.00	3
Ubae S.p.A. - Rome	banking	2.00	2
European Investment Fund - Luxembourg	banking	0.56	2
Other			11
<b>Total</b>			<b>1,757</b>

## Composition of investment portfolio

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Investment in banks			
1. quoted	57	57	-
2. unquoted	1,247	1,449	-13.9
b) Investment in financial institutions			
1. quoted	-	-	-
2. unquoted	1,013	701	+44.5
c) Other investments			
1. quoted	-	-	-
2. unquoted	213	216	-1.4
<b>Total</b>	<b>2,530</b>	<b>2,423</b>	<b>+4.4</b>

*Analysis of caption 70 - Equity investments (table 3.4 B.1)*

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Investment in banks			
1. quoted	680	128	+431.3
2. unquoted	261	83	+214.5
b) Investment in financial institutions			
1. quoted	-	-	-
2. unquoted	29	34	-14.7
c) Other investments			
1. quoted	989	428	+131.1
2. unquoted	55	147	-62.6
<b>Total</b>	<b>2,014</b>	<b>820</b>	<b>+145.6</b>



## Changes during the year in the investment portfolio

<i>Investments in Group companies (table 3.6.1 B.I)</i>	<i>millions of Euro</i>
A. Opening balance	2,423
B. Increases	
B1. purchases	630
B2. writebacks	-
B3. revaluations	-
B4. other changes	207
C. Decreases	
C1. sales	277
C2. adjustments	-
<i>including:</i>	
- permanent writedowns	-
C3. other changes	453
<b>D. Closing balance</b>	<b>2,530</b>
E. Total revaluations	43
F. Total adjustments	348

The subcaption B.1 “Purchases” is made up principally by the following transactions:

- a 51% equity investment in the share capital of Nuova Holding Subalpina S.p.A. for a book value of Euro 374 million taken on following the conferral to this company of the Bank’s merchant banking business;
- subscription to a capital increase to Beni Stabili S.p.A. as part of the spin-off of the real estate business, for Euro 138 million; during the year the interest in this company has been increased by Euro 11 million;
- recapitalization of LDV Holding B.V. for Euro 29 million; the company was subsequently transferred to NHS S.p.A.;
- subscription to a share capital increase to Sanpaolo Invest SIM S.p.A., for Euro 23 million;
- subscription to a share capital increase to BIM Imi S.p.A. through the conferral of the interest held in Intersim S.p.A., for Euro 16 million;
- recapitalization of Sanpaolo Fondi S.p.A. (now called Sanpaolo Imi Asset Management SGR S.p.A.), for Euro 16 million;
- recapitalization of Sviluppo Immobiliari S.p.A. (formerly Apokè Six S.r.l.) for Euro 9 million; the company was subsequently included in the real estate spin-off;

The subcaption C.1 “Sales” refers mainly to the following transactions:

- sale of the Bank’s 20% interest in Crediop S.p.A. to Gruppo Dexia for Euro 218 million, with a capital gain of Euro 128 million;
- sale, for Euro 32 million and with a capital gain of Euro 21 million, of the interest in the former Sanpaolo Asset Management Sim S.p.A. to the former Sanpaolo Fondi S.p.A., which then finalized the merger; this transaction is part of the plan to centralize supervision the Group’s asset management activities in Sanpaolo Fondi S.p.A. (now Sanpaolo Imi Asset Management SGR S.p.A.);
- sale of the interest in Imi Fideuram Asset Management SIM S.p.A. to Banca Fideuram for Euro 7 million and a capital gain of Euro 2 million;
- sale of the interest in Imitec S.p.A. to Banca Fideuram S.p.A. for Euro 3 million.

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

<i>B4. "Increases - other changes"</i>	<i>millions of Euro</i>
Gains on disposals	155
Translation effect	52
<b>Total</b>	<b>207</b>

<i>C3. "Decreases - other changes"</i>	<i>millions of Euro</i>
Transfer to "other equity investments" (*)	329
Conferral of LDV Holding and Sanpaolo IMI Private Equity to NHS S.p.A.	81
Spin-off of Imigest Immobiliare S.p.A. and Sviluppo Immobiliari S.p.A. to Beni Stabili S.p.A.	26
Conferral of Intersim S.p.A. to BIM Imi S.p.A.	16
Other	1
<b>Total</b>	<b>453</b>

(\*) The transfer concerned the investment in Beni Stabili S.p.A. (Euro 149 million) and in Crediop S.p.A. (Euro 180 million).

<i>Other equity investments (table 3.6.2 B.1)</i>	<i>millions of Euro</i>
A. Opening balance	820
B. Increases	
B1. purchases	1,427
B2. writebacks	-
B3. revaluations	-
B4. other changes	566
C. Decreases	
C1. sales	566
C2. adjustments	71
including:	
- permanent writedowns	71
C3. other changes	162
D. Closing balance	<b>2,014</b>
E. Total revaluations	107
F. Total adjustments	308

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

- purchase of shares in INA S.p.A. for Euro 703 million;
- purchase of shares in BSCH S.A. for Euro 370 million, as part of the plans for a greater integration with the Spanish group; the plans also involve increasing the interest held up to 3% of the share capital;
- purchase of shares in BAM for Euro 206 million;
- acquisition of an interest in Tecnost S.p.A. for a total of Euro 60 million, following the take-over bid launched by Olivetti for Telecom Italia S.p.A.;
- as part of the agreements to reduce exposure to the Fedorex Group, the acquisition from Gedeam S.A., for Euro 37 million, of a 37% interest in Società dell'Acqua Pia Antica Marcia, subsequently transferred to Beni Stabili as part of the real estate spin-off;

The subcaption C.1 "Sales" refers mainly to the following transactions:

- sale, for Euro 448 million, of the interest in Telecom Italia S.p.A. as part of the Olivetti bid, with a capital gain of Euro 215 million;
- sale to the Fedorex Group of the interest in Gedeam S.A., for Euro 60 million;
- sale of other quoted shareholdings for Euro 13 million with a capital gain of Euro 5 million;

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

<i>B4. "Increases - other changes"</i>	<i>millions of Euro</i>
Gains on disposals	222
Translation effect	1
Transfer from "investments in Group Companies"	329
Assignment of shares in Beni Stabili S.p.A. against own shares in portfolio	7
Other	7
<b>Total</b>	<b>566</b>

<i>C3. "Decreases - other changes"</i>	<i>millions of Euro</i>
Real estate spin-off	52
Conferral of the merchant banking business to NHS S.p.A.	35
Transfer to the dealing portfolio	35
Losses from sales	24
Extraordinary reserve distributed by Unim S.p.A.	8
Other	8
<b>Total</b>	<b>162</b>

The real estate spin-off resulted in the splitting of investments in Unim S.p.A. (Euro 15 million) and Acqua Marcia S.p.A. (Euro 37 million) in favour of Beni Stabili S.p.A.

The conferral of the merchant banking business to Nuova Holding Subalpina S.p.A. involved the following investments: Abete Sviluppo S.p.A., Acea S.p.A., Alfa Stamp Srl, Eurofly S.p.A, Fata Group S.p.A., Fiat Serene S.p.A., Mediaset S.p.A, Rimoldi Necchi Srl and Snia S.p.A.

Shareholding transfers to the dealing portfolio concern shares in quoted companies in which stable shareholdings are not envisaged.

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

The following table sets out the amounts due to and from Group companies, as defined pursuant to Article 4 of Decree 87/92, and the amounts due to and from companies subject to considerable influence that are not part of the Group:

Group companies	<i>millions of Euro</i>				
	Assets (a)	Liabilities	Guarantees and commitments	Revenues (b)	Charges
@Imiweb Sim S.p.A.	-	1	6	1	-
Apokè Two S.r.l. in liquidation	40	1	2	-	-
Bim Imi S.p.A.	343	21	-	20	7
Banca Fideuram S.p.A.	163	21	-	2	1
Banque Sanpaolo S.A.	389	8	15	10	2
Consorzio Studi e Ricerche Fiscali	-	-	-	-	1
Fideuram Bank S.A.	-	37	-	-	-
Imi Bank (Lux) S.A.	36	1	-	2	1
Imi Lease S.p.A.	35	2	1	4	-
Imitec S.p.A.	-	1	-	1	4
Ldv Holding B.V.	2	1	-	-	-
NHS - Nuova Holding Subalpina S.p.A.	15	186	-	-	2
Prospettive 2001 S.p.A.	-	3	-	-	-
Sanpaolo Imi Bank Ireland P.l.c.	303	71	15	14	1
Sanpaolo Vita S.p.A.	36	19	-	43	1
Sanpaolo Bank Austria A.G.	-	3	-	-	1
Sanpaolo Bank S.A.	86	512	44	4	12
Sanpaolo Fiduciaria S.p.A.	-	1	-	-	-
Sanpaolo Gestion International S.A.	-	-	-	44	-
Sanpaolo Imi Asset Mng Sgr S.p.A.	1	120	-	643	2
Sanpaolo Imi Bank (International) S.A.	-	4,394	4,329	-	227
Sanpaolo Imi Us Financial Co.	-	1,560	1,566	-	54
Sanpaolo Immobiliare S.p.A.	68	2	-	1	-
Sanpaolo Invest Sim S.p.A.	-	82	-	1	4
Sanpaolo Leasint S.p.A.	1,161	1	234	26	3
Sanpaolo Riscossioni Genova S.p.A.	67	-	-	2	1
Sanpaolo Riscossioni Prato S.p.A.	18	-	8	-	-
Sep S.p.A.	-	1	-	1	7
<b>Total Group companies</b>	<b>2,763</b>	<b>7,049</b>	<b>6,220</b>	<b>819</b>	<b>331</b>
Jointly-held subsidiaries					
Egida S.p.A.	-	2	-	-	-
Fc Factor S.r.l.	-	1	-	-	-
Finconsumo S.p.A.	70	-	36	2	-
<b>Total</b>	<b>2,833</b>	<b>7,052</b>	<b>6,256</b>	<b>821</b>	<b>331</b>

(a) Excluding the book value of the investment

(b) Excluding dividends received

Other significant investments	<i>millions of Euro</i>				
	Assets (a)	Liabilities	Guarantees and commitments	Revenues (b)	Expenses
Banca Italo-Romena S.p.A.	21	-	-	1	-
BNC Assicurazioni S.p.A.	-	7	1	-	1
Crediop S.p.A.	308	17	1	20	2
Esatri S.p.A.	286	-	168	3	-
Inter-Europa Bank RT	39	9	20	1	-
Galileo Holding S.p.A.	2	-	-	-	-
<b>Total</b>	<b>656</b>	<b>33</b>	<b>190</b>	<b>25</b>	<b>3</b>

(a) Excluding the book value of the investment

(b) Excluding dividends received

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
<b>(a) Assets</b>			
1. due from banks	1,170	1,921	-39.1
<i>of which:</i>			
– subordinated	35	35	-
2. due from financial institutions	1,367	1,681	-18.7
<i>of which:</i>			
– subordinated	-	-	-
3. due from other customers	76	212	-64.2
<i>of which:</i>			
– subordinated	-	-	-
4. bonds and other debt securities	150	351	-57.3
<i>of which:</i>			
– subordinated	148	20	+640,0
<b>Total assets</b>	<b>2,763</b>	<b>4,165</b>	<b>-33.7</b>
<b>(b) Liabilities</b>			
1. due to banks	5,066	5,651	-10.4
2. due to financial institutions	1,956	1,143	+71.1
3. due to other customers	25	4	+525.0
4. securities issued	-	-	-
5. subordinated liabilities	2	8	-75.0
<b>Total liabilities</b>	<b>7,049</b>	<b>6,806</b>	<b>+3.6</b>
<b>(c) Guarantees and commitments</b>			
1. guarantees given	6,140	6,603	-7.0
2. commitments	80	80	-
<b>Total guarantees and commitments</b>	<b>6,220</b>	<b>6,683</b>	<b>-6.9</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
<b>(a) Assets</b>			
1. due from banks (*)	1,059	767	+38.1
<i>of which:</i>			
– subordinated	20	-	-
2. due from financial institutions	522	395	+32.2
<i>of which:</i>			
– subordinated	-	-	-
3. due from other customers	111	1,819	-93.9
<i>of which:</i>			
– subordinated	-	-	-
4. bonds and other debt securities	275	264	+4.2
<i>of which:</i>			
– subordinated	-	-	-
<b>Total assets</b>	<b>1,967</b>	<b>3,245</b>	<b>-39.4</b>
<b>(b) Liabilities</b>			
1. due to banks	1,899	162	n.s.
2. due to financial institutions	85	75	+13.3
3. due to other customers	28	179	-84.4
4. securities issued	-	-	-
5. subordinated liabilities	-	-	-
<b>Total liabilities</b>	<b>2,012</b>	<b>416</b>	<b>+383.7</b>
<b>(c) Guarantees and commitments</b>			
1. guarantees given	260	404	-35.6
2. commitments	-	33	-100.0
<b>Total guarantees and commitments</b>	<b>260</b>	<b>437</b>	<b>-40.5</b>

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

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

### Other information relating to equity investments

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Cost pre revaluations	4,395	3,093	+42.1
L. 72/83 (a)	43	43	-
L. 218/90 (b)	76	76	-
Merger of Crediop	30	30	-
<b>Total revaluations</b>	<b>149</b>	<b>149</b>	<b>-</b>
Gross book value	4,544	3,242	+40.1

## SECTION 4 - TANGIBLE AND INTANGIBLE FIXED ASSETS

### Tangible fixed assets (caption 100)

They comprise the following:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Property			
– operating	817	1,053	-22.4
– non-operating	35	219	-84.0
Furniture and installations			
– office furniture and machines	11	15	-26.7
– electronic machines	34	28	+21.4
– general and specific installations	14	14	-
<b>Total</b>	<b>911</b>	<b>1,329</b>	<b>-31.5</b>

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

*millions of Euro*

A. Opening balance	1,329
B. Increases	
B1. purchases	53
B2. writebacks	-
B3. revaluations	-
B4. other changes	4
C. Decreases	
C1. Sales	8
C2. Adjustments	
• depreciation	100
• permanent writedowns	-
C3. other changes	367
<b>D. Closing balance</b>	<b>911</b>
E. Total revaluations	919
F. Total adjustments	
- accumulated depreciation	1,088
- permanent writedowns	6

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

	<i>millions of Euro</i>	
	Property	Furniture and installations
Opening balance	1,272	57
Increases		
– purchases	1	52
– other changes:		
– incremental costs	3	-
– gains on disposals	1	-
Decreases		
– sales	7	1
– adjustments		
– depreciation	51	49
– other changes		
– spin-off in favour of Beni Stabili S.p.A.	367	-
<b>Closing balance</b>	<b>852</b>	<b>59</b>
Total revaluations	919	-
Total adjustments		
– accumulated depreciation	433	655
– permanent writedowns	6	-

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

The assets spun-off in favour of Beni Stabili S.p.A., for a total of Euro 367 million, consisted of non-operating property used by third parties (Euro 173 million), property used by the commercial network (Euro 167 million) and other property for sale (Euro 27 million), of which Euro 19 million relates to non-operating property and Euro 8 million to operating property.

The property is depreciated on the basis of the residual useful life; the depreciation for 1999 was Euro 51 million, of which Euro 13 million relates to property spun-off in favour of Beni Stabili S.p.A., depreciated over the period of possession.

### Intangible fixed assets (caption 90)

They comprise the following:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Merger differences (goodwill of merged companies)	81	118	-31.4
Software in use	19	23	-17.4
Software not yet in use	57	39	+46.2
Other deferred charges	10	11	-9.1
<b>Total</b>	<b>167</b>	<b>191</b>	<b>-12.6</b>



## Changes in intangible fixed assets during the year (table 4.2 B.I)

millions of Euro

A. Opening balance	191
B. Increases	
B1. purchases	57
B2. writebacks	-
B3. revaluations	-
B4. other changes	8
C. Decreases	
C1. sales	-
C2. adjustments	
(a) amortization	82
(b) permanent writedowns	-
C3. other changes	7
<b>D. Closing balance</b>	<b>167</b>
E. Total revaluations	-
F. Total adjustments	
(a) accumulated amortization	255
(b) permanent writedowns	-

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

	millions of Euro			
	Merger differences (goodwill of merged companies)	Software in use	Software non yet in use	Other deferred charges
Opening balance	118	23	39	11
Increases				
(a) purchases	-	10	45	2
(c) other changes:				
– transfer of internally-developed software	-	7	-	-
– exchange differences	-	-	-	1
Decreases				
– sales	-	-	-	-
– adjustments:				
– amortization	37	21	20	4
– permanent writedowns	-	-	-	-
– other changes				
– transfer of internally-developed software	-	-	7	-
– exchange differences and other changes	-	-	-	-
<b>Closing balance</b>	<b>81</b>	<b>19</b>	<b>57</b>	<b>10</b>
Total revaluations	-	-	-	-
Total adjustments				
– accumulated amortization	190	18	36	11
– permanent writedowns	-	-	-	-

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

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

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

Other deferred charges include leasehold improvements of Euro 10 million..

Costs incurred during the year in connection with the introduction of the Euro relate mainly to procedural changes and new software applications, for Euro 5 million, and are included in "software not yet in use" for Euro 1 million and in "software in use" for Euro 1 million; the balance of Euro 3 million has been booked to "administrative costs".

Total costs incurred in connection with the introduction of the Euro and charged to software amount to Euro 4 million, net of amortization for Euro 4 million, of which Euro 2 million pertaining to the year.

Costs connected to the Y2K project pertaining to the year, for Euro 11 million, have been booked to software for Euro 1 million and to administrative costs for Euro 10 million.

The criteria used for booking costs connected with the Euro and Y2K projects are in line with the current accounting principles and Consob recommendations. The nature of the costs has been analyzed and the booking of intangible assets to assets that benefit future years has been kept to the minimum.

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

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

The information required pursuant to article 10 of Law 72/83 is set out below:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Historical cost	372	572	-35.0
Law 823/73 (a)	14	20	-30.0
Law 576/75 (a)	17	21	-19.0
Law 72/83 (a)	168	208	-19.2
Others (a)	8	10	-20.0
Law 218/90 (b)	447	583	-23.3
Law 408/90 (a)	133	238	-44.1
Law 413/91 (a)	29	37	-21.6
Merger of Banca Provinciale Lombarda and Banco Lariano	103	122	-15.6
Merger of Crediop	-	12	-100.0
<b>Total revaluations</b>	<b>919</b>	<b>1,251</b>	<b>-26.5</b>
Gross book value	1,291	1,823	-29.2

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

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

## SECTION 5 - OTHER ASSETS

## Other assets (caption 130)

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Dervatives and foreign exchange:	4,265	4,722	-9.7
– interest rate and equity contracts	3,486	4,480	-22.2
– forex futures, cross currency swaps and forex swap	767	196	+291.3
– premiums on options	12	24	-50.0
– clearing house derivative deposits	-	22	-100.0
Foreign branch movements in course:	1,829	2,512	-27.2
– in course with Italian branches (a)	1,222	895	+36.5
– passing through Italian branches (a)	474	1,011	-53.1
– positions of foreign branches	133	606	-78.1
Tax credits:	1,061	634	+67.5
– credited during the year	630	207	+204.3
– accrued during the year	143	85	+68.2
– withholding on bank interest over during the year	122	64	+90.6
– tax credits for previous years	120	233	-48.5
– advance termination indemnities - L. 662/96	46	45	+2.2
Prepaid taxes for period against income taxes	466	479	-2.7
Other	444	425	+4.5
To be settled with other banks (b)	413	178	+132.0
Advance on purchases of shares	93	-	-
Net effect of current forex movements with international organizations (exchange risk borne by third parties)	89	48	+85.4
Cheques and other in cash	19	27	-29.6
Securities	6	22	-72.7
Debts for settlement	-	214	-100.0
<b>Total</b>	<b>8,685</b>	<b>9,261</b>	<b>-6.2</b>

(a) Mostly settled at the beginning of 2000.

(b) Setted at the beginning of 2000.

The above assets have not been adjusted.

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Accrued income			
– income from derivative contracts (a)	3,161	2,671	+18.3
– interest from loans to customers	609	772	-21.1
– interest on securities	108	320	-66.3
– bank interest	73	67	+9.0
– other income	7	8	-12.5
Prepaid expenses			
– charges on derivative contracts	27	42	-35.7
– commission on placement of securities and mortgage loans	54	96	-43.8
– discounts on bond issues	3	5	-40.0
– other charges	86	32	+168.8
<b>Total</b>	<b>4,128</b>	<b>4,013</b>	<b>+2.9</b>

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

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Due from banks	69	57	+21.1
(b) Loans to customers	-	-	-
(c) Bonds and other debt securities	184	47	+291.5
<b>Total</b>	<b>253</b>	<b>104</b>	<b>+143.3</b>

## SECTION 6 - PAYABLES

### Due to banks (caption 10)

Deposits taken from banks are analyzed as follows:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Due to central banks			
– repurchase agreements and securities borrowed	1,848	-	n.s.
– other deposits from the Italian Exchange Office	35	37	-5.4
– other deposits from central banks	555	196	+183.2
– advances	-	24	-100.0
Due to banks			
– deposits	12,186	10,478	+16.3
– repurchase agreements and securities borrowed	48	3,172	-98.5
– long-term loans from international bodies	4,278	4,345	-1.5
– current accounts	362	677	-46.5
– other	20	37	-45.9
– other loans	4,871	5,695	-14.5
<b>Total</b>	<b>24,203</b>	<b>24,661</b>	<b>-1.9</b>

#### Detail of "Due to banks" (detail 6.1 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Repurchase agreements	1,896	3,140	-39.6
b) Securities borrowed	-	32	-100.0

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

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

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Due to customers			
– current accounts	27,842	24,825	+12.2
– repurchase agreements and securities borrowed	2,478	7,872	-68.5
– savings deposits	3,189	3,271	-2.5
– short-term payables relating to special management services carried out for the government	475	600	-20.8
– other	208	232	-10.3
Securities issued			
– bonds	19,372	21,262	-8.9
– certificates of deposit	7,359	9,537	-22.8
– bankers' drafts	373	271	+37.6
– other securities	13	50	-74.0
<b>Total</b>	<b>61,309</b>	<b>67,920</b>	<b>-9.7</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Repurchase agreements	2,478	7,864	-68.5
b) Securities borrowed	-	8	-100.0

Securities issued comprise those due or ready for repayment amounting to Euro 47 million.

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 other public entities mainly to act as a source of subsidized loans to customers. These funds are analyzed below:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Funds provided by the State	10	14	-28.6
Funds provided by regional public agencies	20	25	-20.0
Other funds	20	30	-33.3
<b>Total</b>	<b>50</b>	<b>69</b>	<b>-27.5</b>
<i>of which: Funds with risk borne by the government under Law 6/2/87 n. 19</i>	<i>16</i>	<i>22</i>	<i>-27.3</i>

### Other information relating to payables

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

## SECTION 7 - PROVISIONS

Provisions are detailed below:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Provision for termination indemnities (caption 70)	401	396	+1.3
Provisions for risks and charges (caption 80)			
– pensions and similar commitments (caption 80.a)	46	49	-6.1
– taxation (caption 80b)	821	957	-14.2
– other provisions (caption 80c)			
– provisions for guarantees and commitments	28	29	-3.4
– provisions for other risks and charges	147	148	-0.7
– provisions for other personnel charges	121	105	+15.2
<b>Total</b>	<b>1,564</b>	<b>1,684</b>	<b>-7.1</b>

### Provision for termination indemnities (caption 70)

<i>Changes in "Provision for termination indemnities" during the year</i>	<i>millions of Euro</i>
Opening balance	396
Increases	
– provisions	34
– transfers	-
Decreases	
– advances allowed under Law 297/82	19
– indemnities to employees leaving the Bank	9
– transfers	1
– other changes	-
<b>Closing balance</b>	<b>401</b>

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

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

<i>Changes in "Pensions and similar commitments" during the year "</i>	<i>millions of Euro</i>
Opening balance	49
Increases	
– provisions	-
Decreases	
– utilizations	3
<b>Closing balance</b>	<b>46</b>

This provision was created to cover supplementary pension liabilities for former IMI S.p.A. personnel already in retirement. The potential liability was evaluated on the basis of an independent actuarial appraisal.

Utilizations during the year refer to the payment of supplementary pensions due for the year under review.

## Taxation (caption 80b)

<i>Changes in "Taxation" during the year "</i>					<i>millions of Euro</i>
	Income taxes	Deferred taxation on the Reserve for General Banking Risks	Deferred taxes on the Reserve ex L. 169/83	Deferred taxes on the Reserve ex Decree 213/98	Total
Opening balance	782	124	27	24	957
Increases					
– provision for 1999 income taxes	630	-	-	-	630
– deferred taxation	-	-	-	-	-
– exchange differences	2	-	-	-	2
– other changes	-	-	-	1	1
Decreases					
– payment of income taxes	742	4	-	-	746
– exchange differences	-	-	-	-	-
– other changes	-	-	23	-	23
<b>Closing balance</b>	<b>672</b>	<b>120</b>	<b>4</b>	<b>25</b>	<b>821</b>

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

In calculating the reserve for taxes and duties, account has been taken of the incentives pursuant to the Ciampi Law (Law 461/98 and Legislative Decree 153/99) The application of the incentives has however been effected using prudential criteria to assess the amount of the benefit. Furthermore, as a result of the incentives, an average proportion inferior to that theoretically available has been used to calculate prepaid taxes concerning future years and lower prepaid taxes have therefore been required.

As required by CONSOB (27052 of April 7, 2000) Sanpaolo IMI S.p.A. announced that the incentives of the Ciampi Law have been suspended and noted that any net benefit not to be taken (approximately Euro 13 million as prudently calculated) is covered in the provision for taxes and duties for current and potential tax disputes.

In the event that the incentives are not available, the amount posted to the reserve for taxes and duties for current and potential tax disputes would be reduced to approximately Euro 34 million, in line with the risks involved.

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

<i>Deferred tax assets credited to the statement of income (Bank of Italy instructions dated 08.03.99)</i>		<i>millions of Euro</i>
1. Opening balance		479
2. Increases		75
2.1 Deferred tax assets arising during the year		75
2.2 Other increases		-
3. Decreases		88
3.1 Deferred tax assets reversing during the year		88
3.2 Other decreases		-
<b>4. Closing balance</b>		<b>466</b>



The bank reports in the balance sheet deferred tax assets amounting to approximately Euro 466 million; these taxes refer to timing differences between the book value and fiscal value of assets and liabilities accrued in 1999 and in prior years, which are reasonably certain to reverse in the future to the benefit of the Bank.

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

<i>Principal timing differences</i>	<i>millions of Euro</i>	
	IRPEG	IRAP
<b>A. Deductible timing differences</b>		
Adjustments of receivables deductible in future years	321	40
Provision for future charges	83	-
Writedown of securities, property and equity investments	17	1
Other	12	1
<b>B. Taxable timing differences</b>		
Accrued capital gains	8	1
<b>Total</b>	<b>425</b>	<b>41</b>

Deductible timing differences are offset against taxable timing differences if they involve the same type of tax and are going to reverse in the same year. According to our estimates, there will never be taxable timing differences in future years higher than the deductible timing differences. This is the reason why the Bank is not showing any deferred tax liabilities charged to the statement of income.

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

<i>Deferred tax liabilities charged to shareholders' equity (Bank of Italy instructions dated 3.8.99)</i>	<i>millions of Euro</i>
1. Opening balance	175
2. Increases	
2.1 Deferred tax liabilities arising during the year	-
2.2 Other increases	1
3. Decreases	
3.1 Deferred tax liabilities reversing during the year	4
3.2 Other decreases	23
<b>4. Closing balance</b>	<b>149</b>

The "Other increases" refer to the increase in the Reserve ex D.Lgs 213/98 due to the realization of capital losses on an equity investment expressed in a Euro-participating currency. At December 31, 1998 the exchange difference on this amount was booked to a non-distributable reserve in suspense for tax purposes, in accordance with Article 21 of the Decree.

The deferred tax liabilities that reversed during the year relate to the utilisation of the reserve for deferred taxation on the reserve for general banking risks to cover loan losses incurred during the year, but not deductible for tax purposes.

The "Other decreases" concern deferred taxes on the portion of the Reserve ex Law 169/83 which has been reduced as a result of the real estate spin-off.

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

*Analysis of subcaption 80c) "Provisions for risks and charges: other" (table 7.3 B.I.)* *millions of Euro*

	Guarantees and commitments	Other risks and charges	Other personnel charges	Total
Opening balance	29	148	105	282
Increases				
– provisions	-	41	24 (*)	65
Decreases				
– released to cover losses on guarantees given	1	-	-	1
– used to cover charges on settlement of disputes	-	42	-	42
– used to cover long-service bonuses and other payments	-	-	8	8
<b>Closing balance</b>	<b>28</b>	<b>147</b>	<b>121</b>	<b>296</b>

(\*) The provision includes Euro 8 million for personnel leaving incentives booked to "extraordinary expenses".

Provisions for guarantees and commitments, Euro 28 million, cover expected losses in respect of guarantees given and, more generally, the contingencies associated with the Bank's guarantees and commitments.

Provisions for other risks and charges, Euro 147 million, cover expected losses deriving from legal action including, in particular, from repayments claimed by the receivers of bankrupt customers, as well as charges which might arise in connection with guarantees given on disposal of equity investments and from the Bank's commitment to the Interbank Deposit Guarantee Fund and from other future liabilities.

The provision for other personnel charges at December 31, 1999, Euro 121 million, includes:

- Euro 99 million relating to provisions made by the Bank, on the basis of independent actuarial appraisals, to cover its commitment to the independent supplementary pension fund due to unfunded pension liabilities;
- Euro 10 million provided to the technical reserves, determined on the basis of mathematical and actuarial criteria, designed to cover long-service bonuses to the Bank's employees;
- Euro 8 million relating to provisions for personnel leaving incentives, resolved during the year and due for implementation in the year 2000.
- Euro 3 million to cover potential contributions for the employees of the Bank and a merged subsidiary;
- Euro 1 million relating to potential costs in connection with the renovation of the Bank's Frankfurt and New York branch offices.

## SECTION 8 - CAPITAL, RESERVES AND SUBORDINATED LIABILITIES

Shareholders' equity is detailed below:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Shareholders' equity			
– capital (caption 120)	3,926	4,345	-9.6
– reserve for general banking risks (caption 100)	336	336	-
– reserves (caption 140)			
a) legal reserve	792	869	-8.9
b) reserve for own shares	336	-	n.s.
c) other reserves:	792	1,304	-39.3
– reserve (Article 7.3, Law 218/90)	80	89	-10.1
– reserve (Article 13.6, Decree 124/93)	1	1	-
– unrestricted reserve for the purchase of own shares	439	-	n.s.
– reserve ex Law 169/83	11	72	-84.7
– reserve ex Law 213/98	42	41	+2.4
– merger differences	219	1,101	-80.1
– retained earnings (caption 160)	-	-	-
– distributable net income (caption 170)	1,018	652	+56.1
<b>Total shareholders' equity</b>	<b>7,200</b>	<b>7,506</b>	<b>-4.1</b>
Own shares in portfolio (*)	336	-	n.s.
Subordinated liabilities (caption 110)	1,339	1,367	-2.0

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

### Effects of the spin-off on shareholders' equity

The real estate spin-off carried out during the year reduced the book value of shareholders' equity by Euro 673 million, as follows:

- share capital decreased by Euro 413 million;
- the legal reserve decreased by Euro 83 million;
- other reserves decreased by Euro 177, of which Euro 107 million charged to the merger surplus, Euro 61 million to the reserve ex Law 169/83 and Euro 9 million to the reserve ex Law 218/90.

### Conversion of the share capital into Euro

The Bank converted its share capital into Euro by adopting the "simplified" procedure, as provided for in cases where the par value of the shares is rounded up to the nearest cent of Euro. The conversion resulted in the following:

- a nominal value of Euro 2.8;
- reduction of the share capital by Euro 6 million, increasing the legal reserve by the same amount.

Following the conversion, the Bank's share capital amounts to Euro 3,926,117,854.4, made up of 1,402,184,948 ordinary shares of par value 2.8 Euro each; the legal reserve amounts to Euro 792,561,421.3.

## Other reserves

Other reserves include:

- Reserve (Article 7.3, Law 218/90), set up under the so-called "Amato Law" to benefit from the tax relief granted for banking concentrations, such as that carried out by the Bank;
- Reserve (Article 13.6, Legislative Decree 124/93), set up to benefit from the tax relief available on partial allocation of termination indemnities to supplementary pension funds;
- Reserve ex Law 169/83, set up by the former IMI for capital gains realized on the stock market, held in suspense for tax purposes on reinvestment in fixed assets;
- Reserve ex Legislative Decree 213/98, set up in 1998 for the revaluation of equity investments expressed in Euro-participating currencies on their translation into Euro at the fixed conversion rate.

## Operations in own shares

The shareholders' meeting held on April 30, 1999 authorized the allocation of a reserve for the purchase of own shares amounting to Euro 775 million. This reserve was funded by a transfer from the merger surplus reserve that arose on the merger with the former IMI S.p.A. The maximum number of own shares which can be purchased, on one or more occasions, is 140 million shares.

In the second half of 1999 SANPAOLO IMI purchased 27,470,250 own shares (par value Euro 76.9 million) for a total of Euro 336.1 million and sold 38,750 own shares (nominal value Euro 0.1 million) for a total of Euro 0.5 million.

At the end of 1999 the Bank holds 27,431,500 own shares (nominal value Euro 76.8 million), booked for Euro 335.6 million.

The amount available for the purchase of own shares not against securities in the portfolio (Euro 439 million) is included in other reserves.

## Deferred taxation on reserves in suspense for tax purposes

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

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

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

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

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

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

For the sake of completeness, we would also point out that the other items in SANPAOLO IMI's net equity that are in suspense for tax purposes, namely the Share Capital (Euro 586 million), the Legal Reserve (Euro 268 million), the Reserve ex Law 218/90 (Euro 80 million) and the Reserve ex D.Lgs. 124/93 (Euro 1 million), are taxable solely if distributed. Given the extent to which these items are restricted, no deferred taxes have been calculated on them, as the events that might give rise to them being taxed are not expected to take place in the foreseeable future.

#### Other information

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

*(Bank of Italy instructions dated 12.17.98)*

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
<b>A. Regulatory capital</b>			
A.1 Tier 1 capital	5,973	6,663	-10.4
A.2 Tier 2 capital	1,065	1,159	-8.1
A.3 Items to be deducted	290	44	+559.1
A.4 Regulatory capital	6,748	7,778	-13.2
<b>B. Minimum regulatory requirements</b>			
B.1 Lending risk	4,588	4,691	-2.2
B.2 Market risk	120	466	-74.2
<i>of which:</i>			
- risks on trading portfolio	103	447	-77.0
- exchange risks	17	19	-10.5
B.3 Other minimum requirements	-	-	-
B.4 Total minimum requirements	4,708	5,157	-8.7
<b>C. Risk assets and capital-adequacy ratios</b>			
C.1 Risk-weighted assets	67,259	72,836	-7.7
C.2 Tier 1 capital/risk-weighted assets	8.9%	9.1%	
C.3 Regulatory capital/risk-weighted assets	10.0%	10.7%	

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

**Subordinated liabilities (caption 110)**

Loan	Book value as of 12/31/99 (Euro/mn)	Original currency (in millions)	Interest rate	Issue date	Maturity date	Book value as of 12/31/98 (Euro/mn)
Notes in Luxembourg francs	25	1,000	7.75%	26/05/93	26/05/00	25
Notes in Luxembourg francs	25	1,000	7.63%	09/07/93	09/07/01	25
Notes in Luxembourg francs	25	1,000	9%	10/02/92	10/02/00	25
Notes in US dollars	165	165	floating	12/07/93	30/07/03	141
Notes in US dollars	89	89	floating	24/09/93	24/09/03	76
Notes in US dollars	94	94	floating	30/11/93	30/11/05	81
Notes in US dollars	32	32	floating	25/08/95	25/08/00	54
Notes in Canadian dollars	104	151	floating	10/11/93	10/11/03	84
Notes in Italian lire	361	700,000	10.40%	30/06/94	30/06/04	361
Notes in Eurolire	102	198,000	floating	06/07/95	06/07/00	103
Notes in Eurolire	27	52,000	floating	30/12/96	20/01/02	27
Subordinated loan in Italian lire	51	100,000	5.10%	01/06/98	01/06/03	65
Subordinated loan in Italian lire	124	240,000	5.30%	01/01/98	01/01/03	155
Subordinated loan in Italian lire	115	224,000	floating	01/02/98	01/02/03	145
<b>Total</b>	<b>1,339</b>					<b>1,367</b>

Subordinated liabilities not included in the calculation of capital for Bank of Italy monitoring purposes amount to Euro 156 million.

Contractually, subordinated loans may not be redeemed early, nor converted into capital or any other type of liability. In particular, such contracts lay down that:

- early redemption can only take place on the Bank's initiative and with the authorization of the Bank of Italy;
- 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 relating to subordinated liabilities**

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

## SECTION 9 - OTHER LIABILITIES

### Other liabilities (caption 50)

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Valuation of derivatives on interest rates and stockmarket indices	3,660	3,988	-8.2
Unprocessed transactions (a)	1,298	1,886	-31.2
Amounts available for third parties	1,094	1,111	-1.5
Amounts in transit with branches (a)	481	366	+31.4
Non-liquid balances from portfolio transactions	331	229	+44.5
Transactions involving foreign branches	324	743	-56.4
Amounts due to employees	243	227	+7.0
Due to the tax authorities	116	164	-29.3
Value date adjustments	127	-	n.s.
Deposits guaranteeing agricultural and construction loans	35	54	-35.2
Items relating to securities transactions	22	1,188	-98.1
<i>of which "short position"</i>	17	1,139	-98.5
Premiums collected on options sold	14	25	-44.0
Other	577	550	+4.9
<b>Total</b>	<b>8,322</b>	<b>10,531</b>	<b>-21.0</b>

(a) Mostly settled at the beginning of 2000.

### Accrued expenses and deferred income (caption 60)

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Accrued expenses			
– charges on derivative contracts (a)	3,058	2,772	+10.3
– interest on securities issued	1,081	1,193	-9.4
– interest on amounts due to banks	203	284	-28.5
– interest on amounts due to customers	86	72	+19.4
– payroll and other operating costs	33	93	-64.5
– other	-	-	-
Deferred income			
– interest on discounted notes	50	70	-28.6
– income from derivative contracts	114	97	+17.5
– other	24	25	-4.0
<b>Total</b>	<b>4,649</b>	<b>4,606</b>	<b>+0.9</b>

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

## SECTION 10 - GUARANTEES AND COMMITMENTS

### Guarantees given (caption 10)

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Commercial guarantees	9,042	8,796	+2.8
b) Financial guarantees	7,423	7,976	-6.9
c) Assets lodged in guarantee	41	36	+13.9
<b>Total</b>	<b>16,506</b>	<b>16,808</b>	<b>-1.8</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Endorsements and sureties	10,660	12,712	-16.1
Documentary credits	401	363	+10.5
Acceptances	131	159	-17.6
Other	5,273	3,538	+49.0
Assets lodged in guarantee:			
– securities	21	5	+320.0
– other	20	31	-35.5
<b>Total</b>	<b>16,506</b>	<b>16,808</b>	<b>-1.8</b>

### Commitments (caption 20)

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Commitments to grant finance (certain to be called on)	1,819	2,273	-20.0
(b) Commitments to grant finance (not certain to be called on)	11,492	11,265	+2.0
<b>Total</b>	<b>13,311</b>	<b>13,538</b>	<b>-1.7</b>



Firm commitments are detailed below:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Undrawn lines of credit granted	11,258	8,603	+30.9
Deposits and loans to be made	419	409	+2.4
Purchase of securities	137	498	-72.5
Put options issued	136	1,690	-92.0
Mortgage loans to be disbursed	877	1,166	-24.8
Holders of former Crediop bonds transferred to the new Crediop S.p.A. (*)	-	844	-100.0
Membership of Interbank Deposit Guarantee Fund	66	63	+4.8
Other commitments certain to be called on	386	200	+93.0
Other commitments not certain to be called on	32	65	-50.8
<b>Total</b>	<b>13,311</b>	<b>13,538</b>	<b>-1.7</b>

(\*) Cancelled following the sale of a controlling stake in Crediop S.p.A. to the Dexia Group during the year.

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

(table 10.3 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Securities lodged with third parties to guarantee repurchase agreements	2,588	6,554	-60.5
Securities lodged to guarantee advances from central banks	205	1,254	-83.7
Securities lodged with the Bank of Italy to guarantee bankers' drafts	70	46	+52.2
Securities lodged with the clearing-house for the Italian futures exchange (MIF)	-	45	-100.0
<b>Total</b>	<b>2,863</b>	<b>7,899</b>	<b>-63.8</b>

### Unused lines of credit

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

(table 10.4 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Central banks	41	68	-39.7
(b) Other banks	641	933	-31.3
<b>Total</b>	<b>682</b>	<b>1,001</b>	<b>-31.9</b>

## Forward transactions

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

(table 10.5 B.I.)

	Hedging	Dealing	Other	Total
<i>millions of Euro</i>				
1. Purchase/sale of				
1.1 Securities				
– purchases	-	137	-	137
– sales	-	98	-	98
1.2 Currency				
– currency against currency	2,624	240	-	2,864
– purchases against lire	7,266	295	-	7,561
– sales against lire	5,173	324	-	5,497
2. Deposits and loans				
– to be disbursed	-	-	419	419
– to be received	-	-	568	568
3. Derivative contracts				
3.1 with exchange of capital				
a) securities				
– purchases	-	303	-	303
– sales	421	507	-	928
b) currency				
– currency against currency	515	276	-	791
– purchases against lire	3,243	1,494	-	4,737
– sales against lire	354	1,601	-	1,955
c) other instruments				
– purchases	-	-	-	-
– sales	-	-	-	-
3.2 without exchange of capital				
a) currency				
– currency against currency	-	-	-	-
– purchases against lire	329	4	-	333
– sales against lire	4	-	-	4
b) other instruments				
– purchases	13,551	87,442	-	100,993
– sales	14,583	84,939	2,839	102,361
<b>Total</b>	<b>48,063</b>	<b>177,660</b>	<b>3,826</b>	<b>229,549</b>

At year end, hedging contracts, entered into as part of credit intermediation activities, show an unrecognized net loss of Euro 255 million. In compliance with the accounting policies, this amount has not been recorded in the financial statements since the purpose of the derivatives contracts in question is to hedge interest and exchange rate risks with regard to funding activities (particularly deposit-taking transactions made via the issue of bonds with a structured yield) or lending activi-

ties. The above-mentioned contracts are in fact recorded on a consistent basis with those adopted for hedging transactions, with the identification of accruals in the financial statements. Had the assets and liabilities being hedged been valued in the same way, this would have led to a gain which would have offset the above loss.

Derivative transactions hedging trading transactions and shown among dealing transactions amount to Euro 1,251 million.

#### Internal deal contracts

The nominal amount of derivative contracts between Head office, the foreign branches and the various organizational units is Euro 3,176 million. The following table provides a breakdown of internal deals, reporting the same contract in both purchases and sales.

	<i>millions of Euro</i>	
	Hedging	Dealing
Derivative contracts with exchange of capital		
a) securities		
– purchases	-	-
– sales	-	-
b) currency		
– currency against currency	-	3
– purchases against lire	622	9
– sales against lire	-	631
Derivative contracts without exchange of capital		
b) other instruments		
– purchases	989	1,554
– sales	507	2,036
<b>Total</b>	<b>2,119</b>	<b>4,233</b>

Marking to market internal deals made to hedge assets or liabilities valued at cost gives rise to an unrealized net gain of Euro 49 million. In line with what was said in connection with derivative transactions carried out on the market for the Bank's own account, this value, in accordance with the Bank's accounting policies, has not been booked to the financial statements given their purpose of hedging interest rate or exchange rate risks in connection with funding and lending operations. These contracts have in fact been recorded in the same way as the operations being hedged. If the assets and liabilities were valued in the same way, a loss would emerge that would offset the gain mentioned above.

See part C, section 3 on profits and losses on financial transactions for the results of the valuation of derivative contracts.

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

<i>Notional amounts</i>	<i>millions of Euro</i>			
	Interest rates	Currency	Stockmarket indices	Other
<b>OTC trading contracts</b>				
- Forward (a)	2,558	858	-	-
- Swaps (b)	143,733	2,093	-	-
- Options purchased	11,930	641	874	-
- Options sold	11,922	641	872	-
<b>Exchange traded contracts</b>				
- Futures purchased	490	-	-	-
- Futures sold	403	-	5	-
- Options purchased	37	-	65	-
- Options sold	139	-	164	-
<b>Total trading contracts</b>	<b>171,212</b>	<b>4,233</b>	<b>1,980</b>	<b>-</b>
<b>Total non-trading contracts</b>	<b>26,132</b>	<b>19,509</b>	<b>5,054</b>	<b>207</b>
<b>Total contracts</b>	<b>197,344</b>	<b>23,742</b>	<b>7,034</b>	<b>207</b>

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

(b) Mainly comprising IRS and CIRS contracts, and basis swap transactions.

<i>Notional amounts of OTC transactions, related market values and add on</i>	<i>millions of Euro</i>			
	Interest rate related	Exchange rate related	Stockmarket index related	Other
<b>Notional amounts</b>	<b>194,890</b>	<b>23,742</b>	<b>7,029</b>	<b>207</b>
<b>Market value of OTC trading contracts</b>				
- positive	5,416	167	280	-
- negative	5,330	239	298	-
<b>Add on</b>	<b>980</b>	<b>104</b>	<b>131</b>	<b>-</b>
<b>Market value of OTC non-trading contracts</b>				
- positive	620	855	247	-
- negative	835	397	156	-
<b>Add on</b>	<b>172</b>	<b>307</b>	<b>311</b>	<b>25</b>

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

<i>Residual maturity of notional amounts underlying OTC derivative contracts</i>			<i>millions of Euro</i>
	Up to 12 months	Between 1 and 5 years	Beyond 5 years
Interest rate related	48,233	103,928	42,729
Exchange rate related	19,049	4,122	571
Stockmarket index related	1,556	4,294	1,179
Other contracts	-	207	-

<i>Credit quality of OTC derivative contracts, by counterparty</i>			<i>millions of Euro</i>
	Positive market value	Add on	Credit risk equivalent (a) (current value)
Governments and central banks	5	-	5
Banks	6,632	1,666	8,298
Other operators	948	364	1,312
<b>Total</b>	<b>7,585</b>	<b>2,030</b>	<b>9,615</b>

(a) The credit risk equivalent reported in this table includes transactions with an original life not exceeding 14 days. The existence of Master Netting Agreements allows a reduction in the equivalent credit risk of Euro 5,447 million for banks and of Euro 522 million for other operators.

The above transactions are backed by secured guarantees amounting to Euro 27 million. No losses were incurred during the year on loans linked to derivatives and there are no outstanding derivative contracts matured, but not settled.

### 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:

<i>(table 11.1 B.I.)</i>		12/31/99
a) Amount (in millions of Euro)		11,645
b) Number		7

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

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

Loans to customers are distributed as follows:

<i>(table 11.2 B.I.)</i>	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Governments	4,246	4,615	-8.0
b) Other public entities	5,384	4,001	+34.6
c) Non-financial businesses	36,961	37,303	-0.9
d) Financial institutions	7,045	10,851	-35.1
e) Family businesses	2,497	2,610	-4.3
f) Other operators	11,129	9,844	+13.1
<b>Total</b>	<b>67,262</b>	<b>69,224</b>	<b>-2.8</b>

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

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

<i>(table 11.3 B.I.)</i>	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Sales and distribution services	5,193	5,735	-9.5
b) Commerce, salvage and repairs	5,117	4,304	+18.9
c) Construction and public works	3,533	4,560	-22.5
d) Transport	2,818	1,484	+89.9
e) Energy	2,769	3,490	-20.7
f) Other sectors	14,754	16,920	-12.8
<b>Total</b>	<b>34,184</b>	<b>36,493</b>	<b>-6.3</b>

## Distribution of guarantees given, by category of counterparty

Guarantees given by the Bank are classified as follows:

(table 11.4 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Governments			
b) Other public entities	13	122	-89.3
c) Banks	4,934	5,543	-11.0
d) Non-financial businesses	8,421	8,246	+2.1
e) Financial institutions	2,798	2,582	+8.4
f) Family businesses	95	83	+14.5
g) Other operators	245	232	+5.6
<b>Total</b>	<b>16,506</b>	<b>16,808</b>	<b>-1.8</b>

## Geographical distribution of assets and liabilities

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

(table 11.5 B.I.)

	12/31/99				12/31/98			
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total
<i>millions of Euro</i>								
1. Assets								
1.1 due from banks	6,836	5,395	2,579	14,810	6,972	6,089	1,859	14,920
1.2 loans to customers	59,808	3,446	4,008	67,262	61,937	4,143	3,144	69,224
1.3 securities	5,373	558	1,442	7,373	13,443	1,223	1,103	15,769
<b>Total</b>	<b>72,017</b>	<b>9,399</b>	<b>8,029</b>	<b>89,445</b>	<b>82,352</b>	<b>11,455</b>	<b>6,106</b>	<b>99,913</b>
2. Liabilities								
2.1 due to banks	3,770	9,666	10,767	24,203	2,150	13,478	9,033	24,661
2.2 due to customers	27,997	2,231	3,964	34,192	31,934	2,169	2,697	36,800
2.3 securities issued	23,767	781	2,569	27,117	28,921	598	1,601	31,120
2.4 other accounts	342	1,047	-	1,389	433	1,003	-	1,436
<b>Total</b>	<b>55,876</b>	<b>13,725</b>	<b>17,300</b>	<b>86,901</b>	<b>63,438</b>	<b>17,248</b>	<b>13,331</b>	<b>94,017</b>
3. Guarantees and commitments	11,543	8,438	9,836	29,817	13,120	8,457	8,769	30,346

## Maturities of assets and liabilities

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

(table 11.6 B.I.)

	<i>millions of Euro</i>								Total
	On demand	Up to 3 months	Specified maturity				Unspecified maturity		
			Between 3 and 12 months	Between 1 and 5 years		Beyond 5 years			
			Fixed rate	Indexed rate	Fixed rate	Indexed rate			
<b>1. Assets</b>									
1.1 Treasury bonds eligible for refinancing	63	24	200	488	343	246	40	-	1,404
1.2 due from banks	4,108	7,946	1,374	293	259	157	69	604	14,810
1.3 loans to customers	12,015	11,248	9,051	8,294	12,217	5,234	7,287	1,916	67,262
1.4 bonds and other debt securities	496	778	914	652	1,751	315	1,042	-	5,948
1.5 off-balance sheet transactions"	3,037	70,305	46,145	45,071	5,384	19,155	2,733	-	191,830
<b>Total assets</b>	<b>19,719</b>	<b>90,301</b>	<b>57,684</b>	<b>54,798</b>	<b>19,954</b>	<b>25,107</b>	<b>11,171</b>	<b>2,520</b>	<b>281,254</b>
<b>2. Liabilities</b>									
2.1 due to banks	1,893	11,417	4,373	1,832	2,899	803	986	-	24,203
2.2 due to customers	26,625	6,188	1,191	117	42	29	-	-	34,192
2.3 securities issued									
– bonds	345	570	2,225	4,828	5,798	3,176	2,430	-	19,372
– certificates of deposit	196	3,189	3,445	472	57	-	-	-	7,359
– other securities	386	-	-	-	-	-	-	-	386
2.4 subordinated liabilities	-	90	345	438	436	-	30	-	1,339
2.5 off-balance sheet transactions"	3,348	69,384	47,839	42,586	4,198	21,347	2,608	-	191,310
<b>Total liabilities</b>	<b>32,793</b>	<b>90,838</b>	<b>59,418</b>	<b>50,273</b>	<b>13,430</b>	<b>25,355</b>	<b>6,054</b>	<b>-</b>	<b>278,161</b>



### Assets and liabilities denominated in foreign currencies

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
<b>a) Assets</b>			
1. due from banks	4,584	2,450	+87.1
2. loans to customers	6,986	6,115	+14.2
3. securities	1,969	1,666	+18.2
4. equity investments	397	363	+9.4
5. other accounts	50	31	+61.3
<b>Total assets</b>	<b>13,986</b>	<b>10,625</b>	<b>+31.6</b>
<b>b) Liabilities</b>			
1. due to banks	10,889	10,126	+7.5
2. due to customers	4,624	3,640	+27.0
3. securities issued	2,962	1,982	+49.5
4. other accounts	483	437	+10.5
<b>Total liabilities</b>	<b>18,958</b>	<b>16,185</b>	<b>+17.1</b>

The December 31, 1998 figures have been adjusted to exclude the currencies of Euro-participating countries.

The principal spot exchange rates, as of December 31, 1999, used to translate the Bank's foreign currency assets and liabilities are indicated below on a comparative basis with December 31, 1998 exchange rates:

	12/31/99	12/31/98	Change %
US dollar	1,927.404	1,653.100	+16.6
Swiss franc	1,206.324	1,208.410	-0.2
Pound sterling	3,114.476	2,763.160	+12.7
Japanese yen	18.848	14.375	+31.1

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

### Dealing in securities

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

(table 12.1 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Purchases			
1. settled	57	10,612	-99.5
2. not settled	-	-	-
<b>Total purchases</b>	<b>57</b>	<b>10,612</b>	<b>-99.5</b>
(b) Sales			
1. settled	57	9,937	-99.4
2. not settled	-	-	-
<b>Total sales</b>	<b>57</b>	<b>9,937</b>	<b>-99.4</b>

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

### Portfolio management

The total market value of portfolios managed on behalf of customers is detailed below:

(table 12.2 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Asset management			
1. securities issued by the Bank that prepares the financial statements	-	-	-
2. other securities	-	28	-100.0

The assets managed directly by the Bank on behalf of customers have a zero balance in 1999 because of the centralization of asset management activities in Sanpaolo IMI Asset Management SGR SpA.

### 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.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Third-party securities held on deposit (excluding portfolio management)			
1. securities issued by the Bank that prepares the financial statements	14,881	21,119	-29.5
2. other securities	120,080	128,120	-6.3
b) Third-party securities deposited with third parties	94,569	96,120	-1.6
c) Portfolio securities deposited with third parties	7,835	9,048	-13.4

### Collection of receivables on behalf of third parties

The Bank has received instructions to collect the receivables of third parties as part of its portfolio transactions. The nominal value of such receivables is Euro 7,814 million.

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

(table 12.4 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Debit adjustments			
1. current accounts	690	712	-3.1
2. central portfolio	97	78	+24.4
3. cash	-	-	-
4. other accounts	-	-	-
b) Credit adjustments			
1. current accounts	97	78	+24.4
2. transferors of notes and documents	690	712	-3.1
3. other accounts	-	-	-

### Other transactions

#### Fund for applied research

Sanpaolo IMI continues to perform the role of co-ordinator for the Fund for Applied Research on behalf of the Ministry for Universities and Scientific and Technological Research. In association with the same Ministry, it also handles applications for financing under Law 488/1992. This entails evaluating and supervising the implementation of research and industrial development projects and training programmes for researchers from a technical and economic point of view, as well as monitoring research companies formed with government participation.

In 1999, 864 applications were received to finance investments worth Euro 2,229 million. The substantial increase over the prior year is due to the significant proportion of applications received by SANPAOLO IMI under "Law 488 for Research" (this is approximately 50% of total applications, the other 50% being split over the other nine banks authorized to perform this activity). The increase represents the rise in investments reported by the research and development sector in the second half of the year. 460 preliminary inquiries were carried out and 376 contracts drawn up; assisted loans amounting to Euro 374 million were drawn on public funds and Euro 143 million were drawn on the Bank's funds, taking advantage of interest subsidies provided by the government under Law 346/1988.

Management activities carried out on behalf of the Ministry were recompensed with commissions amounting to Euro 7 million.

In January 2000, the Ministry for Universities and Scientific and Technological Research began managing the Fund for Applied Research directly and has empowered the ten banks, which were already authorized to operate in depressed areas of the country (pursuant to Law 488/1992), to participate in the new activity of the Fund. SANPAOLO IMI has been assigned the supervision of all outstanding projects.

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

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

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

As of December 31, 1999, 4,501 requests had received for a total of Euro 2,494 million, broken down as follows:

- Euro 1,637 million for the consolidation of short term indebtedness;
- Euro 651 million for participating loans;
- Euro 206 million for the acquisition of equity investments.

3,962 requests for loans amounting to Euro 1,453 million have been processed, of which 3,814 have been approved. In light of the operations processed to date, the amount committed by the Fund totals Euro 906 million, including Euro 711 million relating to guarantees given and Euro 113 million for grants to be disbursed.

Management activities carried out on behalf of the Treasury were recompensed with commissions amounting to Euro 1.5 million.

#### Third-party portion of syndicated loans

The portion of syndicated loans arranged by the Group for third parties without a representation mandate totalled Euro 857 million at year end (Euro 1,396 million at the end of 1998).

#### Asset management services rendered by third parties

As of December 31, 1999, the value of asset management services rendered to customers by Group companies amounts to Euro 3,931 million.

## Part C - Statement of Income

### SECTION 1 - INTEREST

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

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) On amounts due from banks	472	1,055	-55.3
<i>including</i>			
- deposits with central banks	20	97	-79.4
(b) On loans to customers	3,954	5,317	-25.6
<i>including</i>			
- loans using public funds	-	-	-
(c) On debt securities	546	1,065	-48.7
(d) Other interest income	4	5	-20.0
(e) Net differential on hedging transactions	-	-	-
<b>Total</b>	<b>4,976</b>	<b>7,442</b>	<b>-33.1</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) On assets denominated in foreign currency	526	651	-19.2

The December 31, 1998 figure has been adjusted to exclude amounts denominated in Euro-participating currencies.

Default interest amounting to Euro 166 million has been prudently eliminated from the statement of income, since collection is considered unlikely.

Interest income includes Euro 164 million relating to repurchase agreements.

## Interest expense and similar charges (caption 20)

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) On amounts due to banks	963	1,783	-46.0
(b) On amounts due to customers	582	1,231	-52.7
(c) On securities issued	1,510	2,102	-28.2
<i>including:</i>			
– certificates of deposit	413	708	-41.7
(d) On public funds administered	-	-	-
(e) On subordinated liabilities	81	104	-22.1
(f) Net differential on hedging transactions	126	151	-16.6
<b>Total</b>	<b>3,262</b>	<b>5,371</b>	<b>-39.3</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) On liabilities denominated in foreign currency	590	1,050	-43.8

The December 31, 1998 figure has been adjusted to exclude amounts denominated in Euro-participating currencies.

Interest expense includes the annual charge of Euro 0.27 million relating to issue discounts on bonds and certificates of deposit. The caption also includes charges of Euro 211 million relating to repurchase agreements.

## 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.1)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Guarantees given	41	45	-8.9
(b) Collection and payment services	147	155	-5.2
(c) Management, dealing and consultancy services			
1. dealing in securities	11	8	+37.5
2. dealing in currency	25	29	-13.8
3. portfolio management	31	29	+6.9
4. custody and administration of securities	20	18	+11.1
5. placement of securities (a)	703	500	+40.6
6. consultancy services	-	-	-
1. "door-to-door" sales of securities and financial products and services	-	-	-
8. acceptance of instructions	70	83	-15.7
(d) Tax collection services	-	-	-
(e) Other services	385	389	-1.0
<b>Total</b>	<b>1.433</b>	<b>1.256</b>	<b>+14.1</b>

a) Commission received for the placement of securities also includes that relating to the placement of mutual funds and insurance products amounting, respectively, to Euro 624 and Euro 53 million as of December 31, 1999, and Euro 431 and Euro 35 million as of December 31, 1998.

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Loans granted	139	136	+2.2
Deposits and current account overdrafts	102	115	-11.3
Current accounts	60	61	-1.6
Banking functions in relation to mutual funds deposited	53	39	+35.9
Loan-arrangement activities	2	3	-33.3
Other services - Italy	24	28	-14.3
Other services - foreign branches	5	7	-28.6
<b>Total</b>	<b>385</b>	<b>389</b>	<b>-1.0</b>

## Commission expense (caption 50)

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
a) Collection and payment services	45	51	-11.8
b) Management and dealing services			
1. dealing in securities	5	3	+66.7
2. dealing in currency	-	1	-100.0
3. portfolio management	-	-	-
4. custody and administration of securities	8	5	+60.0
5. placement of securities	-	1	-100.0
6. "door-to-door" sales of securities and financial products and services	-	-	-
c) Other services	30	38	-21.1
<b>Total</b>	<b>88</b>	<b>99</b>	<b>-11.1</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Intermediation on financial transactions	3	8	-62.5
Loans obtained	12	13	-7.7
Guarantees received	1	2	-50.0
Loan-arrangement activities	2	1	+100.0
Other services - Italy	10	10	-
Other services - foreign branches	2	4	-50.0
<b>Total</b>	<b>30</b>	<b>38</b>	<b>-21.1</b>

## Other information relating to commission

Information concerning commissions arising on transactions with Group companies is reported in part C, section 7 of these notes, together with information on commissions earned in relation to securities, since this is required to determine the payment to the National Guarantee Fund.



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

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

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

	Securities transactions	Currency transactions	Other transactions	Total
A1. Revaluations	12 (a)	-	1,026	1,038
A2. Writedowns	-93 (b)	-	-1,230	-1,323
B. Other profits and losses	-66 (c)	44 (d)	357	335
<b>Total</b>	<b>-147</b>	<b>44</b>	<b>153</b>	<b>50</b>
<i>of which:</i>				
1. on government securities	-193			
2. on other debt securities	-3			
3. on equities	68			
4. on security derivatives	-19			

(a) of which Euro 9 million on securities and Euro 3 million on derivative contracts on securities.

(b) of which Euro 84 million on securities and Euro 9 million on derivative contracts on securities.

(c) of which Euro 53 million of losses on securities and Euro 13 million of losses on derivative contracts on securities.

(d) includes profits on currencies for Euro 42 million and profits on transactions in currency derivative contracts for Euro 2 million.

## SECTION 4 - ADMINISTRATIVE COSTS

## Personnel costs (caption 80.a)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Wages and salaries	902	921	-2.1
Social security charges	297	302	-1.7
Termination indemnities			
– provision for termination indemnities	34	39	-12.8
– indemnities accrued and paid during the year	1	1	-
– provisions for supplementary pension fund	26	22	+18.2
Pensions and similar commitments	-	1	-100.0
<b>Total</b>	<b>1,260</b>	<b>1,286</b>	<b>-2.0</b>

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

	12/31/99	12/31/98	Change %
(a) Executives	205	215	-4.7
(b) Managers	3,384	3,541	-4.4
(c) Other employees	16,672	17,148	-2.8
<b>Total</b>	<b>20,261</b>	<b>20,904</b>	<b>-3.1</b>

**Other administrative costs (caption 80.b)**

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Rental of premises	67	64	+4.7
Maintenance of operating assets	34	37	-8.1
Software maintenance and upgrades	43	44	-2.3
Postage and telegraph charges	27	28	-3.6
Consultancy services	57	56	+1.8
Data transmission charges	20	25	-20.0
Public utilities	23	25	-8.0
Advertising and entertainment	18	20	-10.0
Telephone	22	25	-12.0
Security services	23	24	-4.2
Equipment leasing charges	13	18	-27.8
Insurance premiums - banks and customers	8	15	-46.7
Legal and judiciary expenses	21	19	+10.5
Cleaning of premises	18	18	-
Office supplies	12	14	-14.3
External data processing	25	23	+8.7
Maintenance of properties owned by the Bank	17	15	+13.3
Transport and counting of valuables	10	11	-9.1
Databank access charges	10	12	-16.7
Courier and transport services	8	9	-11.1
Investigation/commercial information costs	9	9	-
Maintenance of leasehold premises	4	6	-33.3
Contributions and membership fees to trades unions and business associations	5	5	-
Contribution to the Interbank Deposit Guarantee Fund	-	6	-100.0
Other expenses for personnel training, travel and assignments	35	34	+2.9
Other expenses	21	22	-4.5
<b>Total</b>	<b>550</b>	<b>584</b>	<b>-5.8</b>
Indirect duties and taxes			
– stamp duties	106	106	-
– taxes on stock exchange contracts	-	6	-100.0
– local property taxes	9	10	-10.0
– substitute tax (Pres. Decree 601/73)	13	14	-7.1
– other	12	10	+20.0
<b>Total</b>	<b>140</b>	<b>146</b>	<b>-4.1</b>
<b>Total other administrative costs</b>	<b>690</b>	<b>730</b>	<b>-5.5</b>

Administrative costs include Euro 3 million of costs connected with the "Euro Project" and Euro 10 million of costs connected with the updating of software for the year 2000. The bulk of these costs has been charged to software maintenance and updating.

Consultancy services include fees paid to Arthur Andersen for obligatory audits:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Financial statements of the Bank and consolidated financial statements	0.5	0.5	-
Financial statements of foreign branches	0.7	0.4	+75.0
Half-year report of the Bank and Group	0.2	0.2	-
Half-year financial statements of foreign branches	0.2	0.1	+100.0
<b>Total</b>	<b>1.6</b>	<b>1.2</b>	<b>+33.3</b>

## SECTION 5 - ADJUSTMENTS, WRITEBACKS AND PROVISIONS

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Adjustments to intangible fixed assets			
– amortization of start-up and capital increase expenses	-	-	-
– amortization of goodwill	-	-	-
– amortization of merger differences	37	37	-
– amortization of software costs	21	18	+16.7
– amortization of software not yet in use	20	13	+53.8
– amortization of other costs	4	6	-33.3
Adjustments to tangible fixed assets			
– depreciation of property	51	54	-5.6
– depreciation of furniture and installations	49	51	-3.9
<b>Total</b>	<b>182</b>	<b>179</b>	<b>+1.7</b>

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

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

Provisions for risks and charges, Euro 57 million, recorded during the year, include the following:

- Euro 41 million designed to increase the coverage of expected losses from legal action and, in particular, from repayments claimed by the receivers of bankrupt customers, as well as other likely charges.
- Euro 16 million designed to increase the coverage of the reserve for pension and similar commitments, including Euro 6 million to cover long-service bonuses to the Bank's employees, Euro 6 to integrate the provisions established to balance the technical deficit of the Bank's employee pension fund, Euro 3 million to cover other potential charges and Euro 1 million of costs connected with the reorganization of the New York and Frankfurt offices.

## 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.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
(a) Adjustments to loans	590	1,173	-49.7
<i>Of which:</i>			
– general adjustments for country risk	55	88	-37.5
– other general adjustments	5	107	-95.3
(b) Provisions for guarantees and commitments	-	12	-100.0
<i>Of which:</i>			
– general provisions for country risk	-	-	-
– other general provisions	-	12	-100.0
<b>Total</b>	<b>590</b>	<b>1,185</b>	<b>-50.2</b>

Adjustments to loans include losses on transactions and sales of Euro 9 million. Losses realized in 1998 (Euro 37 million) were not taken against the income statement but the former IMI loan risk reserve.

In addition to the above adjustments, default interest of Euro 166 million due during the year has been reversed from interest income.

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Revaluation of loans previously written down	122	87	+40.2
Revaluation of loans previously written off	3	10	-70.0
Revaluation of provisions for guarantees and commitments	1	-	+100.0
Collection of default interest previously written down	40	52	-23.1
Collection of loans previously written off	58	50	+16.0
Collection of loan principal previously written down	88	24	+266.7
<b>Total</b>	<b>312</b>	<b>223</b>	<b>+39.9</b>

## Adjustments to financial fixed assets (caption 150)

### Adjustments to investment securities

Adjustments to investment securities, Euro 14 million, reflect the writedown of certain unsecured securities issued by residents of Russia. This follows an increase in the writedown rate from 60% to 85%, in view of the continuing debt servicing difficulties experienced by that country.

## Adjustments to equity investments

Adjustments to equity investments relate to the writedown of holdings in the following companies to take account of permanent losses in value:

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Beni Stabili S.p.A.	58	-	n.s.
Inter Europa Bank RT	9	9	-
Banca Italo Romena S.p.A.	1	-	n.s.
Sanità S.p.A.	1	-	n.s.
Sviluppi Immobiliari S.p.A. (formerly Apokè Six)	-	16	n.s.
Banco del Desarrollo S.A.	-	11	n.s.
Gedeam I.G. Inc. S.A.	-	9	n.s.
Bnc Assicurazioni S.p.A.	-	5	n.s.
Other	2	14	-85.7
<b>Total</b>	<b>71</b>	<b>65</b>	<b>+9.4</b>

In detail:

- the writedown of Beni Stabili S.p.A. has been made to bring the book value into line with the average stockmarket price from the first day of listing until the end of 1999;
- the writedown of Inter Europa Bank RT has been made to bring the book value into line with the average price posted on the Budapest Stock Exchange during the second half of the year;
- the writedown of Banca Italo Romena S.p.A. is due to the company's poor results;
- the writedown of Sanità S.p.A. has been made in view of the company's estimated loss as of December 31, 1999.

## SECTION 6 - OTHER STATEMENT OF INCOME CAPTIONS

## Dividends and other revenues (caption 30)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Shares, quotas and other equities			
– dividends	18	31	-41.9
– tax credits	10	17	-41.2
Equity investments			
– dividends			
– Imi International S.A.	105	89	+18.0
– Banca Fideuram S.p.A.	59	38	+55.3
– Ina S.p.A.	31	4	+675.0
– Banca d’Intermediazione Mobiliare IMI S.p.A.	30	19	+57.9
– Banque Sanpaolo S.A.	44	26	+69.2
– Intersim S.p.A.	25	10	+150.0
– Crediop S.p.A.	19	12	+58.3
– Banca Agricola Mantovana S.p.A.	15	-	n.s
– Sanpaolo Imi Bank Ireland P.l.c.	20	30	-33.3
– Sanpaolo Imi Asset Management Sgr S.p.A. (ex Sanpaolo Fondi S.p.A.)	11	4	+175.0
– Sanpaolo Invest S.p.A.	10	6	+66.7
– Sanpaolo Gestion Internationale S.A.	11	-	n.s
– Sanpaolo Leasint S.p.A.	5	5	-
– Banco Santander Central Hispano S.A.	8	-	n.s
– Sanpaolo Asset Management Sim S.p.A.	4	-	n.s
– Esatri S.p.A.	3	3	-
– Sanpaolo Bank S.A.	5	4	+25.0
– Imi Fideuram Asset Management Sim S.p.A.	2	2	-
– Sanpaolo Riscossioni Genova S.p.A.	2	1	+100.0
– other	8	65	-87.7
– tax credits	129	68	+89.7
<b>Total</b>	<b>574</b>	<b>434</b>	<b>+32.3</b>



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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Expenses recovered from customers			
– stamp duties	102	102	-
– other taxes	15	17	-11.8
– legal costs	13	11	+18.2
– other recoveries	1	3	-66.7
Reimbursement of services rendered to third parties	30	25	+20.0
Property rental income	10	12	-16.7
Income from merchant banking activities	5	9	-44.4
Other income	5	5	-
<b>Total</b>	<b>181</b>	<b>184</b>	<b>-1.6</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Finance leasing charges	6	6	-
Losses from merchant banking activities	2	2	-
<b>Total</b>	<b>8</b>	<b>8</b>	<b>-</b>

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

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Out-of-period income			
– use of IMI's reserve for possible loan losses (item 90)	-	501	n.s.
– income taxes paid in advance relating to prior years	-	55	n.s.
– collection of default interest previously considered recoverable	-	1	n.s.
– other out-of-period income	16	23	-30.4
Gain from the conferral of the merchant banking business	16	-	n.s.
Gains on:			
– disposal of financial fixed assets - equity investments *	372	12	n.s.
– disposal of financial fixed assets - investment securities	1	-	n.s.
– disposal of tangible fixed assets	1	8	-87.5
<b>Total</b>	<b>406</b>	<b>600</b>	<b>-32.3</b>

(\*) Details of the gains on the disposal equity investments are provided in Part B – Section 3 of these notes.

**Extraordinary expenses (voce 190)***(table 6.4 B.I.)*

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Severance bonus incentive for voluntary redundancy	22	22	-
Other out-of-period expenses	27	10	+170.0
Amounts not collectible	1	1	-
Losses on:			
– disposal of financial fixed assets	1	10	-87.0
– disposal of tangible fixed assets	1	2	-32.2
<b>Total</b>	<b>52</b>	<b>45</b>	<b>+17.7</b>

**Income taxes for the year (caption 220)***Breakdown of caption 220 "Income taxes for the year" (Bank of Italy instructions dated 03.08.99)**millions of Euro*

1. Current income taxes	630
2. Change in deferred tax assets	13
3. Change in deferred tax liabilities	-4
4. Income taxes for the year	639

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Current income taxes	623	745	-16.4
Local taxes applicable to foreign branches	7	10	-30.0
<b>Total current income taxes and charges from possible fiscal disputes</b>	<b>630</b>	<b>755</b>	<b>-16.6</b>
Deferred tax assets that reversed during the year	88	57	+54.4
Deferred tax assets that arose during the year	-75	-334	-77.5
Use of the deferred tax reserve on the Reserve for general banking risks	-4	-	n.s.
<b>Income taxes for the year</b>	<b>639</b>	<b>478</b>	<b>+33.7</b>

Deferred tax assets that arose during the year amount to Euro 75 million. Deferred tax assets for Euro 88 million have been cancelled during the year.

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

Other information provided below regarding the statement of income covers the geographical distribution of the Bank's revenues, the information required for the calculation of the payment to the National Guarantee Fund and transactions with the SANPAOLO IMI Banking Group companies and with other companies that are not part of the Group.

### Geographical distribution of revenues

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

(table 7.1 B.I.)

	12/31/99				12/31/98			
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total
Interest income and similar revenues	4,141	482	353	4,976	5,710	1,053	679	7,442
Dividends and other revenues	548	26	-	574	390	44	-	434
Commission income	1,399	17	17	1,433	1,232	14	10	1,256
Profits (losses) on financial transactions	73	-39	16	50	160	1	-9	152
Other operating income	180	1	-	181	183	1	-	184
<b>Total revenues</b>	<b>6,341</b>	<b>487</b>	<b>386</b>	<b>7,214</b>	<b>7,675</b>	<b>1,113</b>	<b>680</b>	<b>9,468</b>

millions of Euro

### Information regarding the calculation of the payment to the National Guarantee Fund

The information required for the calculation of the payment to the National Guarantee Fund for stockbroking companies, pursuant to Article 15 of Law 1/1991, is provided below:

(table 7.2 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Commission earned:			
- dealing in securities on behalf of third parties	-	2	-
- placement and distribution of securities, with or without prior subscriptions or commitments to purchase, or underwriting of issues	671	53	n.s.
- asset management via security transactions, with or without trust status	-	21	-
- acceptance of instructions to buy or sell securities	70	84	-16.7
- consultancy in relation to securities	-	-	-
- soliciting the savings of the general public	-	-	-
Dealing volumes:			
- dealing in securities on own account			
- shares	3,125	1,360	+129.8
- bonds	21,174	30,923	-31.5
- government securities	97,128	135,155	-28.1
Average monthly balance of assets managed:			
- asset management via security transactions, with or without trust status	-	515	-

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

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

	12/31/99			12/31/98		
	Group companies	Non-Group companies	Total	Group companies	Non-Group companies	Total
<i>millions of Euro</i>						
<b>Income</b>						
– interest income and similar revenues	68	58	126	223	116	339
– dividends and other revenues	422	119	541	352	25	377
– commission income	729	1	730	502	-	502
– other operating income	22	2	24	24	1	25
<b>Total</b>	<b>1,241</b>	<b>180</b>	<b>1,421</b>	<b>1,101</b>	<b>142</b>	<b>1,243</b>
<b>Expenses</b>						
– interest expense and similar charges	309	87	396	551	131	682
– commission expense	7	-	7	4	1	5
– other operating expenses	15	3	18	18	1	19
<b>Total</b>	<b>331</b>	<b>90</b>	<b>421</b>	<b>573</b>	<b>133</b>	<b>706</b>

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

## Part D - Other information

### SECTION 1 - DIRECTORS AND STATUTORY AUDITORS

#### Remuneration

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

(table 1.1 B.I.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Directors	2	2	-
Statutory Auditors	-	1	n.s.

The remuneration due to the Statutory Auditors for 1999 amounts to Euro 0.3 million.

In compliance with Article 78 of Consob resolution 11971 of May 14, 1999, we provide below the detail of the remuneration pertaining to 1999 paid to Directors, Statutory Auditors and General Managers.

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

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

SUBJECT Name	Position		Remuneration (in millions of lire)			
	Position held	Term of office	Emoluments	Benefits in kind	Bonuses and other incentives (1)	Other emoluments (3)
ARCUTI Luigi	Chairman (2)	1998 / 2000	618			54
ALBANI CASTELBARCO VISCONTI Carlo	Director	1998 / 2000	112			
BOTIN Emilio	Director	1998 / 2000	78			48
FABRIZI Pier Luigi	Director (2)	1/1 - 15/6/1999	76			48
FONTANA Giuseppe	Director	1998 / 2000	115			67
GALATERI DI GENOLA Gabriele	Director (2)	1998 / 2000	163			
INCIARTE Juan Rodriguez	Director (2)	1998 / 2000	139			
GRONCHI Divo	Director	1/1 - 16/5/1999	32 (4)			
MARANZANA Luigi	Managing Director (2) General Manager	1998 / 2000	466 800	5	700	(a)
MARRONE Virgilio	Director	1998 / 2000	141 (5)			50 (5)
MASERA Rainer Stefano	Managing Director (2) General Manager	1998 / 2000	466 813	39	700	(b)
MASINI Mario	Director	1998 / 2000	115			
MIHALICH Iti	Director (2)	1998 / 2000	164			48
OTTOLENGHI Emilio	Director	1998 / 2000	115			32
PREDA Stefano	Director (2)	1998 / 2000	171			56

SUBJECT Name	Position held	Position Term of office	Emoluments	Remuneration (in millions of lire)		
				Benefits in kind	Bonuses and other incentives (1)	Other emoluments (3)
SALZA Enrico	Director (2)	1998 / 2000	166			
SCLAVI Antonio	Director (2)	25/5/99 - 2000	76			
VERCELLI Alessandro	Director	22/6/99 - 2000	41			
VERMEIREN Remi François	Director	1998 / 2000	105			48
JONA CELESIA Lamberto	Chairman of Statutory Auditors	1/1 - 30/4/1999	44			209
PAOLILLO Mario	Statutory Auditor	1/1/ - 30/4/99	155			161
	Chairman of Statutory Auditors	1/5/99 - 2001				
BENEDETTI Aureliano	Statutory Auditor	1999 / 2001	115			127
DALLOCCCHIO Maurizio	Statutory Auditor	30/4/99 - 2001	84			
MIGLIETTA Angelo	Statutory Auditor	1999 / 2001	119			12
RAGAZZONI Ruggero	Statutory Auditor	1999 / 2001	116			67

(1) The members of the Board of Directors are entitled to a bonus amounting to Lire 2,031 million, based on the Group's results. The amount to be distributed to each member will be calculated after the 1999 financial statements have been approved.

(2) Members of the Executive Committee

(3) Remuneration received from subsidiary companies

(4) Paid to Monte dei Paschi di Siena S.p.A.

(5) Paid to IFI S.p.A.

(a) L. 53 million paid to SANPAOLO IMI

(b) L. 50 million paid to SANPAOLO IMI

In line with Consob's recommendations, information on the stock option plan launched by the Bank is provided in the Consolidated Report on Operations (page 54).

## Loans and guarantees given

(table 1.2 B.1.)

	12/31/99 (Euro/mn)	12/31/98 (Euro/mn)	Change %
Directors	10	105	-90.5
Statutory Auditors	1	1	-

The amounts indicated above include loans granted to and guarantees given by the Group to the Directors and Statutory Auditors, Euro 0.2 million, and to companies and banks identified pursuant to Article 136 of the Consolidated Banking Act, Euro 11 million, including the drawdown against credit lines granted to the latter.

## SECTION 2 - PARENT COMPANY

### 2.1 - Name

SANPAOLO IMI S.p.A.

### 2.2 - Registered office

Piazza San Carlo, 156  
10121 Turin, Italy

#### Secondary office

Viale dell'Arte, 25  
00144 Rome, Italy

Registered banking group No. 1025/6

# Attachments

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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STATEMENT OF CASH FLOWS

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LIST OF PROPERTIES OWNED BY THE BANK

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## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>millions of Euro</i>											
	Capital	Legal reserve	Reserve for purchase of own shares (available)	Reserve for purchase of own shares (unavail.)	Reserve (Article 13.6, Dec. 124/93)	Reserve (Article 7.3, L. 218/90)	Merger surplus	Reserve ex Law 169/83	Reserve ex L. Decree 213/98	Reserve for general banking risks	Net income for the year	Total
Shareholders' equity as of January 1, 1999	4,345	869	-	-	1	89	1,101	72	41	336	652	7,506
Allocation of 1998 net income												
- Reserve (Article 13.6, Dec. 124/93)												
- Dividends distributed											-652	-652
Creation of unrestricted reserve for the purchase of own shares				775			-775					
Restricted reserve for purchase of own shares			-336	336								
Real estate spin-off to Beni Stabili S.p.A.	-413	-83				-9	-107	-61				-673
Conversion of share capital into Euro	-6	6										
Increase in reserve ex L. Decree 213/98 for conferral of Ldv to NHS									1			1
Net income for 1999											1,018	1,018
Shareholders' equity as of December 31, 1999	3,926	792	439	336	1	80	219	11	42	336	1,018	7,200
Own shares in portfolio				-336								-336
Shareholders' equity as per the reclassified balance sheet	3,926	792	439	-	1	80	219	11	42	336	1,018	6,864

## STATEMENT OF CASH FLOWS

millions of Euro

## USE AND APPLICATION OF FUNDS

<b>Use of funds generated by operations</b>		<b>1,405</b>
Dividends paid	652	
Effect of property spin-off	673	
Use of reserves for termination indemnities and pensions	29	
Use of provisions for risks and charges	51	
<b>Increase in funds applied</b>		<b>1,457</b>
Cash and deposits with central banks	27	
Equity investments	1,372	
Intangible fixed assets	58	
<b>Decrease in funds taken</b>		<b>9,748</b>
Due to banks	458	
Due to customers and securities issued	6,630	
Other liabilities	2,298	
Subordinated liabilities	28	
Shareholders' equity	334	
<b>Total</b>		<b>12,610</b>

millions of Euro

**SOURCES OF FUNDS**

<b>Funds generated by operations</b>		<b>1,653</b>
Net income for the year	1,018	
Provision for termination indemnities	34	
Net adjustments to loans and provisions for guarantees and commitments	278	
Provisions for risks and charges	57	
Adjustments to tangible fixed assets	100	
Adjustments to intangible fixed assets	82	
Adjustments to financial fixed assets	84	
<b>Increase in funds taken</b>		<b>-</b>
<b>Decrease in funds applied</b>		<b>10,957</b>
Due from banks	64	
Due to customers	1,730	
Investment securities	744	
Dealing securities	7,639	
Tangible fixed assets	318	
Other assets	462	
<b>Total</b>		<b>12,610</b>

## LIST OF PROPERTIES OWNED BY THE BANK

LOCATION	Sq.m.	INVESTMENT	REVALUATIONS (*)	GROSS VALUE	ADJUSTMENTS	NET BOOK VALUE
ACQUI TERME Piazza Italia 10	2,105	849,412	2,033,539	2,882,951	1,163,421	1,719,530
AGNADELLO Piazza della Chiesa 5/15	199	57,439	181,033	238,472	78,230	160,242
ALASSIO Via Don Bosco 2	1,031	197,019	2,764,136	2,961,155	1,027,120	1,934,035
ALBA Piazza Savona 1	1,168	438,982	1,750,827	2,189,809	860,155	1,329,653
ALBA Via Cuneo 9 ang. Vic. San Biagio	54	4,132	36,637	40,769	17,304	23,465
ALBENGA Fil. 1 Via Genova 86	70	38,044	142,126	180,170	41,121	139,049
ALBENGA Via Valle d'Aosta 6	1,400	2,857,520	-	2,857,520	681,460	2,176,060
ALBESE Via Vittorio Veneto 6/a	262	27,531	343,585	371,116	107,078	264,038
ALBINO Via Mazzini 182	982	1,125,876	491,047	1,616,923	358,261	1,258,662
ALESSANDRIA Fil. 1 Corso Roma 17/19	1,386	361,391	2,337,334	2,698,725	665,555	2,033,170
ALESSANDRIA P.zza Garibaldi 57-58 / Via Savona	5,670	4,669,561	4,308,845	8,978,406	3,188,374	5,790,032
ALMENNO SAN BARTOLOMEO V. Martiri d.Libertà	456	383,874	315,395	699,269	383,285	315,984
ALPIGNANO Via Mazzini 5	1,366	1,048,209	1,044,667	2,092,875	1,133,919	958,956
ANCONA Via Montebello 49/63	2,270	1,702,125	2,024,756	3,726,881	1,530,183	2,196,698
ANTEGNATE Via Muoni 13	356	6,136	248,900	255,036	86,339	168,697
ANTEY ST. ANDRE' Via Grandi Mulini S.S. 40	94	30,833	90,431	121,265	48,900	72,364
AOSTA Fil. 1 Corso Battaglione D'Aosta 65	771	273,361	946,495	1,219,857	438,432	781,425
AOSTA Sede Piazza Chanoux 38 / Via del Collegio 2	2,738	1,480,126	5,147,213	6,627,339	2,100,278	4,527,061
APPIANO GENTILE Via Volta 14	278	105,878	300,541	406,419	119,040	287,378
ARCONATE Piazza Libertà 1	589	58,567	697,808	756,376	221,303	535,073
ARENA PO Via Roma 10	360	225,860	108,316	334,175	118,109	216,067
AREZZO Via Mecenate 2	3,258	279,190	-	279,190	8,376	270,814
ARGEGNO Via Lungotelo di Destra 6	118	20,669	97,819	118,489	40,783	77,705
ARONA Corso Repubblica 1	1,021	456,387	1,562,959	2,019,346	799,906	1,219,440
ARQUATA SCRIVIA Via Libarna 211	490	148,512	401,501	550,013	203,571	346,442
ARZANO Via Rimini 6	488	560,296	351,353	911,650	452,738	458,911
ASTI Via C. Battisti 3 / C.Dante 6	1,712	1,533,240	2,809,100	4,342,340	1,504,509	2,837,830
AVELLINO Via Guarini 40 / Via De Conciliis 14	942	1,365,834	339,923	1,705,757	460,778	1,244,979
AVIGLIANA Fil. Corso Torino 158	1,439	988,495	1,834,966	2,823,461	1,445,376	1,378,085
AZZANELLO Via A. Valcarenghi 10	187	340	120,867	121,207	33,721	87,486
BARDONECCHIA Via Medail 53	508	156,949	826,849	983,799	400,232	583,567
BARI Fil. 1 Via Amendola 168/5	1,647	102,845	-	102,845	9,256	93,589
BARI Via De Rossi 51-53	509	172,595	458,011	630,606	250,653	379,953
BELGIOIOSO Via XX Settembre 30	220	377,014	-	377,014	45,084	331,929
BELLAGIO Lungo Lario Manzoni 32/34	413	58,377	682,962	741,338	212,936	528,402
BERGAMO CENTRO SERVIZI Via dei Caniana 2	15,038	14,438,375	21,645,159	36,083,534	21,721,925	14,361,609
BERGAMO Fil. 13 Sede Via XX Settembre 57	3,113	439,999	7,926,401	8,366,400	3,101,318	5,265,082
BERGAMO Fil. 4 Via S. Bernardino 72/d	772	57,423	1,252,893	1,310,317	433,144	877,172
BERGAMO Fil. 5 Via Suardi 85/87	1,060	464,306	1,233,039	1,697,346	587,854	1,109,491
BERGAMO Fil. 6 Via Statuto 18	339	46,226	530,697	576,923	168,425	408,498
BERGAMO Sede Via Camozzi 27/ Piazza Cavour 3	8,166	9,372,468	14,300,568	23,673,036	6,900,587	16,772,450
BERGAMO Via Sthendal 5/Via Campagnola	6,645	118,785	-	118,785	14,254	104,531
BIELLA Fil. 1 Via Cottolengo	475	435,655	55,625	491,280	140,436	350,844
BIELLA Via G. Marconi 9	2,443	268,104	3,006,845	3,274,949	828,674	2,446,275
BIELLA Via Lamarmora/Torino/Delleani	314	570,829	-	570,829	17,125	553,705
BISTAGNO Corso Italia 46	386	32,284	292,760	325,044	118,507	206,537
BOLLATE Via Vittorio Veneto 2	801	304,750	1,098,518	1,403,268	398,189	1,005,079
BOLOGNA Via Rizzoli 20	1,032	379,718	3,678,600	4,058,318	974,005	3,084,313
BONATE SOTTO Via V. Veneto 57/b	724	52,844	599,467	652,311	152,121	500,190
BORDIGHERA Corso Italia 32	832	1,501,502	299,923	1,801,425	573,677	1,227,748
BORGHETTO LODIGIANO Piazza Dalla Chiesa 1/a	270	2,167	305,515	307,682	65,982	241,700
BORGHETTO S.S. Via IV Novembre 8	580	100,891	1,187,594	1,288,485	400,864	887,621
BORGO SAN DALMAZZO Corso Barale 22	1,643	984,452	785,597	1,770,048	536,651	1,233,397
BORGO SAN GIACOMO Via Ferrari 5	250	413	222,672	223,085	47,959	175,125
BORGOFRANCO D'IVREA Via Aosta 28	314	108,082	314,750	422,831	146,297	276,534
BORGONE DI SUSÀ Via A. Abegg 5 bis	565	97,785	437,012	534,797	215,204	319,592
BORGOSERIA Viale Carlo Fasso' 2	2,435	1,124,384	2,627,497	3,751,881	1,605,669	2,146,212
BOSCOMARENGO Via Roma 6 bis	479	267,939	113,157	381,096	156,359	224,738
BOSCOREALE Via S.Ten.Cirilillo 12/ Via S.Felice 2	627	462,373	316,558	778,931	339,526	439,405
BOSISIO PARINI Piazza Parini 12	462	413,246	155,778	569,024	189,433	379,591
BRA Via Principi di Piemonte 32	1,143	242,935	1,679,278	1,922,213	591,659	1,330,553
BRANDIZZO Via Torino 196	612	185,833	618,311	804,144	281,589	522,555

(\*) L. 12/19/73 n. 823; L. 12/2/75 n. 576; L. 03/19/83 n. 72; L. 07/30/90 n. 218; L. 21/29/90 n. 408; L. 12/30/91 n. 413; others

LOCATION	Sq.m.	INVESTMENT	REVALUA- TIONS (*)	GROSS VALUE	ADJUSTMENTS	NET BOOK VALUE
BREMBIO Via Garibaldi 10	289	258	202,166	202,425	48,531	153,894
BRESCIA Pza Garibaldi 5 /Via Tartaglia	2,647	5,081,754	-	5,081,754	1,210,289	3,871,465
BRIGA NOVARESE Via Borgomanero 19/21	729	167,722	612,411	780,132	330,533	449,599
BRONI Piazza Garibaldi 7 ang. Via Cavour	827	557,772	1,468,747	2,026,519	687,603	1,338,916
BURAGO DI MOLGORA Via Enrico Toti 2/3	756	348,771	578,372	927,143	312,951	614,192
BUSTO ARSIZIO Fil. 2 Via Gavinana 8	526	358,294	316,705	675,000	231,063	443,937
BUSTO ARSIZIO Fil. 3 Via Torino 48	645	194,204	479,338	673,541	174,528	499,013
BUSTO ARSIZIO Fil. 4 Sacconago - P.za Chiesa Vecchia, 6/b	577	67,500	575,735	643,235	180,617	462,618
BUSTO ARSIZIO Fil. 5 Borsano - Via Novara 1	245	516	327,373	327,889	85,803	242,086
BUSTO ARSIZIO Piazza Manzoni/ Via Matteotti	1,329	2,393,155	-	2,393,155	287,151	2,106,004
BUSTO ARSIZIO Sede Via Milano 14	4,925	102,023	7,060,357	7,162,380	2,208,644	4,953,736
BUSTO GAROLFO Piazza Lombardia 3	358	128,460	277,931	406,390	120,398	285,993
CABIALE Via A. Grandi 6	379	92,466	346,141	438,607	133,947	304,660
CAGLIARI Piazza Deffenu 4	4,403	4,437,128	6,995,519	11,432,647	4,127,919	7,304,728
CAGLIARI Via Paoli 31/33	743	658,820	374,094	1,032,914	247,899	785,014
CAGLIARI Via Paoli 33	10	5,787	926	6,714	1,611	5,103
CAIRO MONTENOTTE Piazza della Vittoria 24	712	129,842	876,957	1,006,799	298,986	707,813
CALOSSO Via R. Margherita 24/26	271	48,368	109,390	157,757	67,671	90,086
CALUSCO D'ADDA Via Marconi 36-38	1,008	355,554	786,934	1,142,488	288,962	853,526
CALUSO Via San Clemente 1	437	116,737	375,565	492,303	166,831	325,471
CALVATONE Via Umberto I 83	215	6,823	185,280	192,103	64,391	127,711
CAMPOMORONE Via A. Gavino 110/d	655	167,138	887,393	1,054,530	398,249	656,281
CANDELO Via Mazzini ang. Via Moglia 1	607	183,256	313,591	496,847	112,419	384,428
CANELLI P.za A. d' Aosta 20/Via M. d'Azeglio 2	860	319,705	437,056	756,761	240,391	516,370
CANICATTI' Via Carlo Alberto 4/12	870	237,494	372,526	610,019	274,534	335,485
CANICATTI' Via Regina Margherita 2	1,000	118,519	1,078,155	1,196,674	481,820	714,855
CANTOIRA Via Roma 21	82	42,741	40,954	83,695	47,231	36,464
CANTU' Piazza degli Alpini 1	1,075	71,208	1,410,596	1,481,804	419,721	1,062,083
CAPRIOLO Via IV Novembre 90	785	157,868	695,990	853,858	212,595	641,263
CARAGLIO Pza Garibaldi 10, ang. Via Roma	351	511,292	-	511,292	106,770	404,522
CARAMAGNA Via Luigi Ornato 37	377	1,019,058	152,817	1,171,875	270,223	901,652
CARESANA Corso Italia 32	166	5,501	99,561	105,061	35,150	69,912
CARIGNANO Via Umberto I 118	609	176,124	649,770	825,893	358,399	467,495
CARMAGNOLA Piazza Martiri della Liberta' 31	856	223,694	941,106	1,164,800	471,800	693,001
CARRU' Piazza Generale Perotti 11	292	12,853	352,144	364,997	151,492	213,504
CASALE MONFERRATO Via Magnocavallo 23	2,983	1,296,262	2,911,375	4,207,637	1,589,098	2,618,538
CASALMAGGIORE Via Cairoli 7	743	448,683	579,848	1,028,531	312,426	716,105
CASALPUSTERLENGO Via Garibaldi 22	477	102,221	486,338	588,559	203,764	384,795
CASAZZA Via della Pieve, 1	1,212	1,031,881	321,174	1,353,055	305,245	1,047,810
CASELLE LANDI Via IV Novembre 10	254	3,357	144,002	147,359	37,721	109,638
CASELLE TORINESE Via Cuorgne' 86 bis	719	213,015	669,070	882,086	301,719	580,366
CASNIGO Piazza Caduti 7	435	50,228	305,215	355,443	96,188	259,255
CASOREZZO Piazza S. Giorgio 9	403	9,933	368,537	378,470	106,452	272,018
CASSINA DE' PECCCHI Via Trento 2 ang. Via Venezia	1,283	698,699	1,983,075	2,681,774	1,146,991	1,534,782
CASTAGNOLE MONFERRATO Piazza Statuto 1/b	184	34,068	107,000	141,067	44,350	96,717
CASTEL GOFFREDO Piazza Gonzaga 3	590	516,457	364,877	881,334	299,098	582,236
CASTELLAMONTE Piazza Martiri della Liberta' 2	515	87,140	438,749	525,889	179,517	346,372
CASTELLANZA Via Matteotti 16/b	842	160,663	759,713	920,376	278,918	641,458
CASTELLEONE Via Cappi 4	915	1,117,613	258,914	1,376,527	448,447	928,080
CASTELNUOVO BOCCA D'ADDA Via Umberto I 1	234	767	184,427	185,195	51,207	133,987
CASTELNUOVO SCRIVIA Via Nino Bixio 15	910	293,370	528,871	822,241	347,564	474,677
CASTELVETRANO Piazza Matteotti 9/10	270	477,598	397,819	875,418	442,104	433,314
CASTIGLIONE D'ADDA Via della Chiesa 1	259	3,109	223,302	226,411	56,235	170,176
CASTROFILIPPO Corso Umberto 42	194	12,527	109,751	122,278	51,731	70,547
CAVA MANARA Via Garibaldi 19	499	168,417	258,534	426,951	153,336	273,616
CAVENAGO D'ADDA Via G. Conti 6-4	140	211	117,004	117,215	29,347	87,869
CENTALLO Via Bonifanti 3/5/7	250	260,130	30,851	290,982	79,523	211,459
CERAMI Via Roma 88/90/92	110	70,668	114,984	185,652	92,141	93,511
CERCOLA Via D. Riccardi 127	1,054	1,033,862	285,923	1,319,785	484,216	835,569
CERMENATE Via G. da Cermenate / Via Matteotti 45	494	468,735	128,407	597,142	124,722	472,420
CERNOBBIO Via Dell'Orto 3	487	8,557	655,505	664,063	193,716	470,347
CERNUSCO SUL NAVIGLIO Piazza Ghezzi 5	959	983,202	1,373,131	2,356,333	1,032,944	1,323,390
CERRO MAGGIORE Via S. Bartolomeo 8	176	14,564	201,473	216,037	58,816	157,221
CESANA TORINESE Via Roma 14	471	79,161	358,516	437,677	160,394	277,283
CEVA Via Moretti 7	472	200,483	458,351	658,834	311,487	347,347
CHIARI Via delle Battaglie 3/e	798	1,331,426	142,893	1,474,319	345,162	1,129,157

(\*) L. 12/19/73 n. 823; L. 12/2/75 n. 576; L. 03/19/83 n. 72; L. 07/30/90 n. 218; L. 21/29/90 n. 408; L. 12/30/91 n. 413; others

LOCATION	Sq.m.	INVESTMENT	REVALUA- TIONS (*)	GROSS VALUE	ADJUSTMENTS	NET BOOK VALUE
CHIAVARI Corso Dante Alighieri 73	812	369,381	1,588,965	1,958,346	582,436	1,375,910
CHIERI Piazza Cavour 1	1,109	168,926	1,325,426	1,494,351	544,125	950,226
CHIERI Piazza Cavour 8	4,100	4,989,100	1,941,281	6,930,381	2,019,931	4,910,450
CHIGNOLO PO Via Garibaldi 143	247	13,025	175,662	188,687	53,027	135,660
CHIVASSO Piazza A. Carletti 1/c	1,151	237,386	1,649,516	1,886,903	606,642	1,280,261
CIGLIANO Corso Umberto I 46	689	103,625	481,364	584,990	215,960	369,030
CILAVEGNA Piazza Garibaldi 5	359	43,648	253,441	297,089	109,927	187,162
CIRIE' Via San Ciriaco 25	1,898	1,204,250	2,049,313	3,253,563	835,587	2,417,976
CODOGNO Via Alberici 28	946	332,120	1,409,709	1,741,829	403,712	1,338,117
COGNE Via Grappein	212	191,849	160,738	352,587	152,851	199,736
COLLEGNO Via Manzoni 1	1,974	1,321,784	1,642,511	2,964,295	1,397,237	1,567,058
COMO Fil. 2 Via Milano 178	422	108,784	575,323	684,107	219,918	464,189
COMO Fil. 4 Albate / Via Canturina 186	340	372,221	168,080	540,301	167,945	372,356
COMO Fil. 5 Via Bellinzona 349	213	22,977	318,511	341,487	127,244	214,243
COMO Piazza Cavour 15	5.021	405,974	14,536,785	14,942,759	3,911,526	11,031,234
CORNAREDO Piazza Libertà 54	1.059	160,596	1,365,419	1,526,015	481,322	1,044,693
CORNAREDO Via Milano 95	522	283.906	463,323	747,228	156,934	590,295
CORSICO Fil. 1 Via Dante ang. via Monti 31/b	845	2,334,632	-	2,334,632	486,873	1,847,759
CORSICO Via Caboto 37/41	1,927	2,019,769	3,102,633	5,122,402	2,299,554	2,822,848
COSSATO Via del Mercato 40	310	464,580	127,332	591,912	161,184	430,728
COSTIGLIOLE D'ASTI Piazza Umberto I 21	636	225,379	425,510	650,889	307,859	343,030
COURMAYEUR Via M. Bianco 29/P.za Brocherelle 3	601	208,699	1,941,270	2,149,968	589,913	1,560,055
CREMA Fil. 1 Via De Gasperi 62	1,500	145,771	-	145,771	34,728	111,043
CREMA Piazza Duomo 1/Via dei Racchetti 1	1,006	147,021	1,329,412	1,476,434	455,486	1,020,947
CREMONA Fil.1 C.so Garibaldi 232/ Via Montello	1,720	1,104,141	2,012,235	3,116,376	1,430,036	1,686,340
CREMONA Sede Piazza Cavour 1/Via Gramsci	3,881	397,862	5,333,302	5,731,164	1,931,061	3,800,103
CREMONA Via dei Tigli 3	204	64,688	62,641	127,330	67,184	60,146
CRESCENTINO Corso Roma 55/57	808	108,924	635,213	744,137	255,873	488,265
CUNEO Corso Giolitti ang. P.za Europa	2,370	1,317,944	4,558,279	5,876,223	2,302,080	3,574,144
CUORGNE' Via Ivrea 7	857	159,055	761,652	920,707	302,123	618,584
DAIRAGO Via XXV Aprile 52/c	383	52,139	410,583	462,722	140,080	322,642
DALMINE Via Betelli 11	1,601	763,944	1,441,818	2,205,762	498,636	1,707,126
DOGLIANI Piazza Carlo Alberto 30/Via 31 Luglio 21	677	393,484	520,251	913,735	493,194	420,541
DOMODOSSOLA Piazza Matteotti 16/Via Gramsci	1,012	1,153,246	455,363	1,608,609	380,229	1,228,379
DONNAS Via Roma 36	1,280	309,046	1,083,002	1,392,048	617,304	774,744
DOSOLO Via XXIII Aprile 6/8/10	199	10,302	154,121	164,424	43,755	120,669
ENDINE GAIANO Via Tonale 49	296	297	190,096	190,393	52,895	137,498
ENNA Piazza VI Dicembre 6	1,388	2,027,243	93,584	2,120,827	651,114	1,469,714
ERBA Corso XXV Aprile 64	1,549	637,991	1,978,059	2,616,050	831,089	1,784,961
ESTE Via Matteotti 49/51	650	1,361,328	-	1,361,328	317,025	1,044,303
FAGNANO OLONA Piazza XX Settembre 5	639	66,910	561,447	628,357	190,472	437,885
FALOPPIO Via Roma 4	150	167,330	-	167,330	29,428	137,902
FERRERA ERBOGNONE Corso della Repubblica 27	217	105,777	121,392	227,169	82,426	144,743
FINALE LIGURE Via Concezione 34/35	370	382,652	971,678	1,354,330	547,502	806,827
FINO MORNASCO Via Garibaldi 135	743	64,184	867,137	931,322	297,379	633,943
FIORANO AL SERIO Via Roma 11/B	777	125,725	696,111	821,836	187,368	634,467
FIRENZE Piazza della Repubblica 4	890	89,609	3,240,455	3,330,064	820,633	2,509,431
FIRENZE Via de' Conti 3 ang. Via dell'Alloro	705	452,834	1,683,987	2,136,821	686,288	1,450,532
FOGGIA Piazza Puglia/via Bari 62	1,963	2,647,878	2,314,962	4,962,840	2,682,172	2,280,668
FONTANELLA Piazza Matteotti 18/via Lazzari 2	561	573,449	267,434	840,883	279,714	561,169
FORNO CANAVESE Via Truchetti 7	498	49,471	351,676	401,147	155,135	246,013
FOSSANO Via Roma 81/Via Cavour 1	1,633	306,685	1,838,768	2,145,453	701,102	1,444,351
FRESONARA Via Boscomarengo 5	226	142,253	66,301	208,554	78,259	130,295
GALLARATE Corso Sempione 9	1,934	2,231,538	518,802	2,750,340	719,482	2,030,858
GALLIATE Via L.da Vinci 21 ang. Via Volta	1,003	367,530	1,024,642	1,392,172	632,204	759,969
GAMBARA Piazza IV Novembre 5	269	516	201,364	201,881	54,459	147,422
GAMBOLO' Corso Umberto I 4	488	254,724	344,941	599,664	162,486	437,179
GARLASCO Corso Cavour 172	597	104,712	646,169	750,881	176,439	574,442
GATTINARA Piazza Italia 10/C.so Cavour 1	554	106,174	434,486	540,660	216,504	324,157
GENOVA Piazza Matteotti 2	665	1,727,120	-	1,727,120	323,603	1,403,517
GENOVA Fil. 1 Via A. Cantore 44 / Via Pedemonte	3,157	1,596,390	3,791,994	5,388,385	2,091,996	3,296,388
GENOVA Fil. 2 ex V.G.B.Magnaghi 1 / V.Cecchi 60	630	591,621	1,736,535	2,328,156	873,192	1,454,965
GENOVA Fil. 4 Viale Causa 2 / Via Albaro 38	875	223,243	1,750,329	1,973,572	647,142	1,326,431
GENOVA Fil. 5 Via F. Cavallotti 46r/48/13/4	583	392,291	817,151	1,209,442	467,468	741,974
GENOVA Fil. 6 Via Cairoli 6	957	212,175	1,498,893	1,711,068	597,095	1,113,973
GENOVA Fil. 7 Via Sestri 225/r / Via d'Andrade	1,096	343,317	1,488,676	1,831,993	754,434	1,077,559
GENOVA Fil. 8 Via C. Camozzini 11/r / Via Cialdini	585	404,704	642,998	1,047,702	508,047	539,655

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LOCATION	Sq.m.	INVESTMENT	REVALUA- TIONS (*)	GROSS VALUE	ADJUSTMENTS	NET BOOK VALUE
GENOVA Fil.10 Via Rossini 8 - Rivarolo	1,011	1,022,588	593,608	1,616,196	570,231	1,045,965
GENOVA Sede Via Fieschi 4	5,614	4,143,785	17,254,898	21,398,683	7,117,718	14,280,965
GENOVA Via Dante ang. Via Fieschi	1,065	1,450,616	615,212	2,065,828	345,841	1,719,986
GENOVA Via Gran Madre di Dio	142	71,512	263,115	334,627	135,068	199,559
GIAVENO Piazza San Lorenzo 15	545	191,130	502,196	693,326	333,462	359,864
GORLE Via Don Mazza 1/B	600	252,518	528,040	780,558	257,247	523,311
GRASSOBBIO Via Roma 5/7	444	95,449	340,804	436,253	133,990	302,263
GRESSONEY ST. JEAN Strada Eyematten	255	14,843	246,714	261,557	85,531	176,025
GROMO Piazza Marconi 2	202	1,709	163,605	165,315	40,707	124,607
GRONTARDO Piazza Roma 11	241	105	167,338	167,442	36,926	130,516
GROPELLO CAIROLI Via Libertà 108	585	383,202	390,497	773,699	273,685	500,014
GRUGLIASCO Viale Gramsci 108	99	4,354	177,417	181,771	31,938	149,833
GRUGLIASCO Viale Gramsci 78/80	1,170	727,469	1,453,765	2,181,234	881,556	1,299,677
IMPERIA Via Cascione 11 / Piazza Marconi 2	1,800	1,655,451	2,318,309	3,973,760	1,200,845	2,772,915
INCISA SCAPACCINO Via della Repubblica 3	393	29,229	209,654	238,882	100,616	138,266
INVERIGO Via Generale Cantore 52	268	6,921	262,306	269,227	86,238	182,989
IVREA Piazza Balla 7	4,510	4,895,811	3,209,109	8,104,919	2,168,308	5,936,612
IVREA Via Palestro 22	650	3,228	1,074,530	1,077,758	276,218	801,540
IVREA Vicolo Baratono 3	30	12,911	9,425	22,337	10,991	11,346
LA SPEZIA Viale Italia 162	1,364	1,625,665	2,428,770	4,054,436	1,922,476	2,131,960
LAIGUEGLIA Via Roma 102	567	203,459	839,815	1,043,274	230,220	813,054
LAINATE Via Meda 1/A	761	231,915	680,210	912,124	248,008	664,117
LANDRIANO Via Rocca 6	292	83,373	295,906	379,279	140,828	238,451
LANZO INTELVI Piazza Novi 8	180	9,435	142,907	152,343	49,101	103,242
LANZO TORINESE Via Roma 6/a	638	70,279	633,251	703,530	234,715	468,814
LECCE Piazza Mazzini / Via N.Sauro	2,200	1,670,627	3,754,941	5,425,568	2,292,810	3,132,758
LECCO Corso Martiri della Libertà	3,282	3,769,774	2,347,136	6,116,910	2,256,253	3,860,657
LEGNAGO Via Fiume 10	763	987,026	105,109	1,092,135	255,720	836,415
LEGNANO Fil. 1 Via Venegoni 51	477	200,713	428,873	629,585	225,601	403,985
LEGNANO Fil. 2 Via Monte Rosa / Via Battisti	586	229,907	399,635	629,542	204,676	424,866
LENNO Via Statale Regina 91	246	40,521	340,249	380,770	91,628	289,143
LEONFORTE Corso Umberto 201/b	260	152,565	92,058	244,623	132,402	112,221
LIVORNO FERRARIS Via L. Giordano 72	435	107,528	388,204	495,732	154,270	341,461
LOANO Fil. 1 Via Aurelia 356	197	42,474	458,995	501,469	177,566	323,903
LOANO Fil. Corso Europa 1	839	264,688	1,987,512	2,252,199	710,408	1,541,792
LOANO Piazza V. Veneto 4 / via Roma 52	237	14,971	497,510	512,481	274,672	237,809
LOCATE TRIULZI Via Giardino 2	678	529,098	527,305	1,056,402	362,414	693,988
LOCATE VARESIANO Via C. Battisti 38	480	402,034	217,787	619,822	174,835	444,987
LODI Sede Piazza Mercato 13 / Via Strepconi 2	3,237	560,820	3,238,425	3,799,245	974,541	2,824,703
LOMAZZO Piazza Stazione 2	639	7,789	681,612	689,401	197,285	492,116
LOMELLO Via Roma 6-8	241	30	184,007	184,036	44,795	139,242
LUCCA Piazza San Martino 10	1,361	2,100,111	1,384,560	3,484,671	834,069	2,650,602
LURATE CACCIVIO Via Unione 2	794	105,575	612,413	717,988	201,669	516,319
MAGENTA Via Volta / Via Cavallari	759	785,436	166,522	951,959	225,252	726,707
MALEO Piazza XXV Aprile 6-8	205	1,969	147,919	149,887	31,132	118,755
MANDELLO DEL LARIO Piazza L. Manara 5	394	437,129	303,526	740,655	281,349	459,306
MANTOVA Via Frattini 7	2,232	3,523,659	1,257,030	4,780,688	1,065,002	3,715,687
MANTOVA Via Isabella d'Este 10	120	113,621	-	113,621	13,634	99,986
MAPELLO Via Bravi 3	556	106,360	417,782	524,141	152,579	371,563
MARANO Via Merolla 9/11	741	422,591	789,476	1,212,067	461,413	750,654
MARIANO COMENSE Piazza Roma 47	266	547,831	46,421	594,252	147,525	446,727
MEDE Via Cavour 18	763	1,179,553	553,750	1,733,304	491,790	1,241,514
MEDIGLIA Frazione Triginto/Piazza Pertini 6	733	604,255	165,473	769,727	210,949	558,778
MELEGNANO Piazza Garibaldi 1	1,545	1,863,587	1,103,223	2,966,810	1,009,686	1,957,124
MELZO Via Magenta 2/8	1,440	850,584	1,522,170	2,372,754	812,173	1,560,581
MENAGGIO Via IV Novembre 38/40	1,021	32,998	859,767	892,764	251,693	641,071
MENFI Via della Vittoria 254	310	252,002	225,507	477,509	238,618	238,891
MERATE Viale Lombardia 2	1,126	408,013	910,854	1,318,867	465,259	853,607
MESERO Via San Bernardo 8	291	42,395	247,061	289,456	89,529	199,927
MESTRE Corso del Popolo, 58	190	30,548	67,578	98,127	23,550	74,576
MESTRE Via Cappuccina, 11	502	96,616	574,778	671,394	161,135	510,259
MILANO Fil. 1 Viale Monza 118	1,000	289,487	3,042,673	3,332,160	869,005	2,463,155
MILANO Fil. 15 Via Domodossola 9/11	779	716,709	704,742	1,421,451	447,262	974,190
MILANO Fil. 16 Via Carducci 4	1,084	2,161,450	2,430,881	4,592,331	1,556,212	3,036,119
MILANO Fil. 19 Via Imbonati 35	660	1,316,077	113,191	1,429,268	313,095	1,116,173
MILANO Fil. 2 Via Moroni 9	1,101	1,082,710	2,722,075	3,804,785	1,426,075	2,378,710
MILANO Fil. 21 Via Ettore Ponti 30	574	515,420	401,363	916,783	268,992	647,791

(\*) L. 12/19/73 n. 823; L. 12/2/75 n. 576; L. 03/19/83 n. 72; L. 07/30/90 n. 218; L. 21/29/90 n. 408; L. 12/30/91 n. 413; others

LOCATION	Sq.m.	INVESTMENT	REVALUA- TIONS (*)	GROSS VALUE	ADJUSTMENTS	NET BOOK VALUE
MILANO Fil. 29 Viale Restelli 3	1,423	300,910	3,640,403	3,941,313	1,074,464	2,866,849
MILANO Fil. 3 Corso Sempione 67	671	93,131	1,470,653	1,563,784	382,298	1,181,486
MILANO Fil. 4 Viale Piceno 2 / Piazza Emilia	1,444	755,662	4,621,376	5,377,039	1,566,497	3,810,542
MILANO Fil. 5 Via Imbonati 64/a	1,447	386,744	3,482,811	3,869,554	1,141,956	2,727,598
MILANO Sede Via Broletto 9/11	4,980	947,608	33,666,637	34,614,245	9,083,972	25,530,273
MILANO Via Hoepli 10	2,145	376,865	9,445,439	9,822,303	3,084,568	6,737,736
MILANO Via Larga 31	50	5,544	80,637	86,182	20,174	66,007
MOMBERCELLI Piazza Alfieri 2	294	33,635	151,817	185,452	79,967	105,485
MONCALIERI Centro Contabile Corso Savona 58	48,048	28,545,785	38,104,035	66,649,820	22,566,875	44,082,945
MONCALIERI Via San Martino 34	1,591	639,669	2,497,584	3,137,253	1,248,215	1,889,038
MONCALVO Piazza Carlo Alberto 5	353	240,548	266,976	507,523	293,996	213,527
MONDOVI' Corso Statuto 22 / Via S.Arnolfo	895	524,725	935,693	1,460,418	694,187	766,231
MONTAFIA Piazza C. Riccio 9/2	235	45,670	146,794	192,464	72,622	119,842
MONTEGROSSO D'ASTI Via XX Settembre 67	296	139,883	140,682	280,565	113,919	166,645
MORTARA Corso Garibaldi 91	654	334,034	787,725	1,121,759	380,966	740,793
MORTARA Via Josti 26	1,158	587,532	1,587,180	2,174,712	676,742	1,497,969
MOTTA BALUFFI Via Matteotti 7	227	426	141,127	141,552	23,660	117,893
MOZZATE Via Varese 28	577	5,165	476,236	481,401	142,157	339,243
MOZZO Via Santa Lucia 1	1,103	1,853,099	398,302	2,251,401	533,170	1,718,231
MUGNANO Via Verdi ang. Via IV Martiri 10	550	320,684	558,430	879,114	364,548	514,566
NAPOLI Piazza Garibaldi 127	836	466,663	1,084,046	1,550,708	371,889	1,178,819
NAPOLI Via Riviera di Chiaia 131	2,804	2,724,871	10,644,832	13,369,703	4,260,582	9,109,121
NERVIANO S.ILARIO MILANESE Via San Antonio 1	318	77,566	276,603	354,169	101,893	252,276
NIBIONNO Via Parini 2	346	5,165	296,249	301,414	87,834	213,580
NICHELINO Via Cagliari 23	311	97,546	-	97,546	11,705	85,840
NICHELINO Via Torino 3	907	190,228	928,966	1,119,194	618,243	500,951
NIZZA MONFERRATO Via Pio Corsi 77	1,037	218,665	1,005,277	1,223,942	461,327	762,615
NOLE CANAVESE Via Torino 46	362	60,721	357,329	418,050	158,583	259,467
NOVARA Fil. Largo Cavour	1,870	382,572	3,654,719	4,037,290	1,413,832	2,623,458
NOVARA Via Marconi 2/T	452	121,000	84,950	205,950	46,132	159,818
NOVI LIGURE Corso Marengo 10 / piazza Repubblica 4	1,770	1,252,339	2,238,159	3,490,498	1,276,662	2,213,836
NUS Via Risorgimento 1	376	87,629	321,921	409,550	177,782	231,768
OCCHIEPPO SUP.RE Via Martiri della Liberta' 30	137	199,807	-	199,807	47,601	152,206
OGGIONO Via Cavour 3	652	572,090	203,925	776,015	260,487	515,529
OLGIATE COMASCO Via Roma 2	981	18,901	1,327,787	1,346,688	394,035	952,654
OLMO AL BREMBO Via Roma 45	279	1,779	185,209	186,988	51,542	135,446
OMEGNA Via Don A. Beltrami 2	2,051	1,636,354	601,511	2,237,865	829,504	1,408,361
ORBASSANO Via Roma 43 / Via San Rocco 10	686	165,077	997,037	1,162,114	479,062	683,052
ORZINUOVI Piazza V.Emanuele 55/Via Chierica 3/a	827	154,645	1,513,281	1,667,926	489,285	1,178,641
OSPEDALETTO LODIGIANO Via Balbi 53	346	1,291	251,529	252,820	56,211	196,609
OSSONA Via Patrioti 2 / Via Bosi	315	14,922	298,655	313,577	96,643	216,934
OSTIANO Via Garibaldi 27/Via Vighenzi 6	240	36,204	196,955	233,158	79,087	154,071
OTTIGLIO Via Mazza 18	380	68,773	209,042	277,815	114,276	163,539
OTTOBIANO Viale Garibaldi 9	210	22,339	144,156	166,495	42,048	124,447
OVADA Via Cairoli 22	1,532	599,792	1,907,201	2,506,993	1,039,380	1,467,613
PADERNO DUGNANO Via Gramsci 124	873	407,381	755,433	1,162,815	347,107	815,708
PADERNO DUGNANO Viale della Repubblica 28	765	619,356	523,617	1,142,973	360,860	782,112
PALERMO Via Dante 48/48a	386	476,872	745,592	1,222,465	613,177	609,287
PARE' Via San Fermo 5	253	46,039	293,620	339,659	108,296	231,362
PARMA Via Verdi 6	345	39,810	734,876	774,685	185,924	588,761
PAULLO Via Mazzini 21/23	1,699	21,871	1,977,407	1,999,278	511,452	1,487,826
PAVIA Fil. 2 Corso Garibaldi 52	526	74,908	832,128	907,035	261,530	645,506
PAVIA Sede Via Rismondo 2	3,127	4,795,359	464,118	5,259,477	1,096,389	4,163,089
PEJA Via Provinciale 3/3a	1,041	191,636	729,744	921,380	320,693	600,686
PEROSA ARGENTINA Via Roma 31 / piazza Marconi 7	503	106,927	391,979	498,906	196,802	302,105
PERUGIA Via XX Settembre 72 / Via d.Corgna	2,582	2,223,221	2,191,699	4,414,921	2,009,821	2,405,099
PESCARA Corso V. Emanuele 68/76	1,502	2,724,295	1,821,495	4,545,790	1,217,773	3,328,017
PIADENA Via Liberta' 40-36	1,046	498,165	497,377	995,542	317,738	677,804
PIAZZATORRE Via Centro 8	123	19,530	82,647	102,177	23,135	79,042
PINEROLO Piazza L. Barbieri 39/41	1,235	403,175	1,971,197	2,374,372	789,050	1,585,322
PINO TORINESE Via Roma 76	156	352,764	66,270	419,034	118,034	301,000
PIOLTELLO Via Milano 40 / Via Roma	476	494,835	269,373	764,208	274,837	489,371
PIOSSASCO Via Torino 49	476	69,183	449,634	518,816	166,268	352,549
PIZZIGHETTONE Via Monte Grappa	901	948,162	98,974	1,047,136	216,844	830,292
POGGIOMARINO Via Manzoni 2 ang. Via V.Emanuele	329	273,890	202,566	476,456	200,738	275,718

(\*) L. 12/19/73 n. 823; L. 12/2/75 n. 576; L. 03/19/83 n. 72; L. 07/30/90 n. 218; L. 21/29/90 n. 408; L. 12/30/91 n. 413; others



LOCATION	Sq.m.	INVESTMENT	REVALUA- TIONS (*)	GROSS VALUE	ADJUSTMENTS	NET BOOK VALUE
POGLIANO MILANESE Via Mons. Paleari 74	435	31,132	464,181	495,314	137,472	357,842
POIRINO Via Indipendenza 19	647	116,539	565,731	682,271	289,014	393,257
PONT CANAVESE Via Craveri 6	217	120,857	189,375	310,232	89,365	220,867
PONTE NOSSA Via IV Novembre 16-18	289	73,505	244,160	317,665	92,230	225,435
PONTE S. PIETRO Via Garibaldi 5	635	234,891	520,371	755,262	238,803	516,459
PONTEVICO Via XX Settembre 25	973	647,768	848,119	1,495,888	718,274	777,614
PONTIROLO NUOVO Piazza Marconi 9	277	82,709	276,436	359,145	117,456	241,690
PORDENONE Via G.Marconi 30	60	25,823	-	25,823	6,152	19,671
PORLEZZA Piazza Matteotti 12	273	57,009	336,320	393,329	108,700	284,629
PRATO Viale Vittorio Veneto 7	2,680	1,746,235	3,605,670	5,351,906	2,358,408	2,993,499
PREGNANA MILANESE Via Roma 80	336	97,536	324,530	422,066	138,143	283,923
PRESEZZO Via Papa Giovanni XXIII 4-5/ Via Vittorio Veneto	246	235,906	184,639	420,545	235,346	185,199
RAPALLO Corso Matteotti 2/4/6 ang.Via Mameli	330	286,099	875,169	1,161,268	452,951	708,317
RAVENNA Via Arcivescovado 9	1,594	68,845	-	68,845	14,376	54,469
REGGIO CALABRIA Corso Garibaldi 173	625	111,888	921,026	1,032,914	247,899	785,014
RESCALDINA Via A. da Giussano 43	288	54,664	272,686	327,350	101,218	226,132
RESCALDINA Via B. Melzi 2	530	13,484	598,242	611,726	167,912	443,814
RIVA PRESSO CHIERI Via San Giovanni 2	523	63,517	431,062	494,579	165,514	329,065
RIVALTA Circolo Ricreativo Via Giaveno 55	2,044	1,814,891	605,462	2,420,353	709,051	1,711,302
RIVAROLO Piazza Chioratti 1 / Via S.Francesco	1,336	320,439	1,562,673	1,883,112	620,169	1,262,942
RIVOLI Piazza Martiri della Liberta' 8/Via Rombò 37	2,547	1,292,014	4,343,532	5,635,546	2,116,346	3,519,200
ROBBIO Via Roma 22	427	1,291	457,384	458,675	103,619	355,056
ROMA Fil. 2 Tiburtina Via Tiburtina Km. 16,2 (Guidonia M.)	1,265	740,493	2,151,945	2,892,438	1,009,357	1,883,081
ROMA Fil. 22 Via Parigi 11	1,624	998,688	4,258,088	5,256,775	1,719,379	3,537,396
ROMA Guidonia Montecelio / Via Giusti	396	41,591	308,192	349,783	103,983	245,800
ROMA Sede Via della Stamperia 64	3,288	1,712,370	15,869,346	17,581,716	5,497,936	12,083,780
ROMA Via Conca d'Oro 90/94	130	3,699	151,238	154,937	37,185	117,752
ROMA Via O. Amato 80 Acilia	2,336	3,505,447	-	3,505,447	587,764	2,917,683
ROMA Viale dell'Arte 25	48,349	28,305,854	116,501,992	144,807,848	50,636,660	94,171,188
ROVELLASCA Via Piave 1	581	5,553	638,991	644,544	175,897	468,647
ROVELLO PORRO Via Piave 22	450	177,203	439,629	616,832	212,593	404,239
S. BASSANO Via Roma 57	184	6,604	150,121	156,726	40,916	115,809
S. COLOMBANO AL LAMBRO Via Pasino Sforza 28	357	228,416	217,792	446,208	167,964	278,244
S. CRISTINA E BISSONE Via V. Veneto 142/140	304	44,729	166,979	211,708	66,066	145,642
S. DAMIANO D'ASTI Via Roma 20	317	223,840	226,639	450,478	212,385	238,094
S. DONATO MILANESE C,so Europa / Via Morandi	574	444,327	381,851	826,178	296,994	529,185
S. FEDELE INTELVI Via Provinciale 15	239	381	240,391	240,771	59,781	180,990
S. FERMO DELLA BATTAGLIA Via Montelatici 2	359	325,445	122,128	447,573	149,082	298,491
S. GIACOMO DI ROBURENT Via Sant'Anna 61	75	67,765	46,160	113,925	56,473	57,452
S. GIORGIO LOMELLINA Via Roma 1	266	503,192	-	503,192	63,811	439,381
S. GIORGIO SU LEGNANO Via Pasubio 2	772	17,358	208,334	225,692	40,309	185,382
S. GIOVANNI BIANCO Via Boselli 10/16	226	57	172,878	172,934	39,577	133,357
S. GIOVANNI LUPATOTO Via Madonnina 1/c	821	724,589	923,830	1,648,419	807,640	840,779
S. MARIA DELLA VERSA Via F. Crispi 1	359	16,399	204,426	220,825	60,532	160,292
S. MAURIZIO CANAVESE Via V. Emanuele 59	493	58,168	453,455	511,623	167,301	344,322
S. ROCCO AL PORTO Via D. Alighieri 5	1,134	1,088,892	255,449	1,344,341	372,479	971,861
SABBIONETA Piazza Ducale 3 / Via dell'Assunta 3	456	445,067	95,437	540,504	211,629	328,875
SAINT VINCENT Via E. Chanoux 88	728	93,216	939,679	1,032,895	339,210	693,685
SALE Via Roma 6	364	216,269	144,304	360,573	143,570	217,003
SALUZZO Corso Italia 44	892	383,523	1,147,494	1,531,017	605,652	925,365
SANNAZZARO DE' BURGONDI Piazza del Popolo 6	958	867,809	902,812	1,770,621	907,922	862,699
SANREMO Via Matteotti 169	2,250	1,311,843	4,063,530	5,375,373	2,235,153	3,140,220
SANT'ANGELO LODIGIANO Via Umberto I 46	615	144,590	671,791	816,381	242,528	573,853
SANTHIA' Corso Italia 75/87	697	136,310	532,664	668,973	243,046	425,927
SARONNO Piazza De Gasperi	80	49,580	-	49,580	5,950	43,630
SARONNO Piazza Volontari del Sangue 7	1,678	126,726	2,768,905	2,895,631	770,583	2,125,048
SARONNO Via Grieg 5(archivio)	4,040	1,333,544	666,459	2,000,003	484,296	1,515,706
SARRE Strada Statale n.26	590	357,622	442,225	799,847	409,953	389,895
SAUZE D'OULX Piazza III Regg. Alpini 24	247	66,745	289,875	356,620	158,239	198,381
SAVIGLIANO Piazza del Popolo 60	1,118	438,462	1,084,120	1,522,582	536,669	985,913
SAVONA Via Paleocapa / Piazza Mameli 2	2,322	1,788,068	4,380,844	6,168,912	2,414,438	3,754,472
SECUGNAGO Via Roma 5	288	13,068	146,399	159,467	39,076	120,391
SENAGO Piazza F. Borromeo 2	539	323,285	322,864	646,149	191,329	454,820
SEREGNO Corso Matteotti / Via Sanzio	1,200	1,730,360	534,129	2,264,489	635,919	1,628,570
SESTO S. GIOVANNI Via F.lli Casiraghi 27	2,398	1,297,983	1,006,930	2,304,914	569,541	1,735,372

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LOCATION	Sq.m.	INVESTMENT	REVALUA- TIONS (*)	GROSS VALUE	ADJUSTMENTS	NET BOOK VALUE
SESTRI LEVANTE Via Fasce 24	928	230,115	1,431,576	1,661,691	583,772	1,077,920
SESTRIERE Piazzale Agnelli 2	170	105,265	476,992	582,257	246,337	335,919
SETTIMO TORINESE Corso Italia 16	1,948	1,086,842	2,470,343	3,557,186	1,105,680	2,451,507
SETTIMO TORINESE Via Torino 118 (Città Comm.le)	155	29,771	104,690	134,461	27,330	107,131
SOLTO COLLINA Via S. Eurasia 1	267	59,355	168,534	227,889	79,723	148,166
SOMMARIVA BOSCO Via Cavour 13	428	39,443	376,596	416,039	139,071	276,969
SORESINA Via Matteotti 2	1,265	872	888,825	889,697	174,441	715,256
SOVERE Via Roma 26	357	126,140	308,065	434,205	138,959	295,247
SPINO D'ADDA Via M. della Liberazione 29	513	316,840	299,264	616,104	220,495	395,609
STRIANO Via Risorgimento ang. Via Roma 23	634	560,183	392,690	952,873	340,307	612,566
SUSA Via Mazzini ang. Corso Inghilterra 10	1,027	356,115	843,210	1,199,325	440,523	758,802
TAVERNERIO Via Provinciale per Lecco 16/d	266	96,090	365,186	461,276	129,317	331,959
TERMOLI Corso Nazionale 150/152	1,243	2,208,977	104,209	2,313,186	701,471	1,611,715
TERNO D'ISOLA Via Castegnate 1	821	635,242	246,685	881,927	275,676	606,252
TERZIGNO ex C.C. Vicolo Gionti 16	4,802	1,760,927	2,831,989	4,592,916	1,552,483	3,040,434
TERZIGNO Piazza V. Emanuele 17	808	414,761	627,797	1,042,558	470,528	572,030
TICINETO Via G. Matteotti 1	376	36,933	243,102	280,035	100,585	179,450
TORINO ex Fil. 25 Via P. Gaidano 8	624	196,922	579,622	776,544	171,868	604,676
TORINO Fil. 1 Corso Re Umberto 51/53	1,121	244,638	2,857,198	3,101,836	948,134	2,153,702
TORINO Fil. 10 Corso Casale 64/64bis	1,477	420,062	2,857,055	3,277,117	980,805	2,296,312
TORINO Fil. 11 Via Tunisi 124	993	1,387,992	502,737	1,890,729	531,985	1,358,744
TORINO Fil. 12 Via Stradella 34	2,378	1,210,880	3,749,339	4,960,219	2,058,028	2,902,192
TORINO Fil. 13 Corso San Maurizio 47	1,335	432,449	2,547,815	2,980,264	868,255	2,112,008
TORINO Fil. 14 Corso Svizzera 32	1,727	554,362	2,644,676	3,199,039	1,147,228	2,051,811
TORINO Fil. 15 Via XX Settembre 3	948	223,906	2,685,563	2,909,469	883,569	2,025,900
TORINO Fil. 16 Corso Orbassano 138	2,165	1,002,635	3,735,803	4,738,438	1,636,809	3,101,629
TORINO Fil. 17 Piazza Massaua 5	3,057	1,347,816	2,775,654	4,123,470	1,589,910	2,533,560
TORINO Fil. 18 Corso Bramante 84	1,206	952,293	649,488	1,601,780	1,028,295	573,485
TORINO Fil. 19 Via O.Vigliani 160/51/ Via P. di Cesnola	3,095	3,000,480	658,854	3,659,334	1,073,008	2,586,326
TORINO Fil. 2 Via Sant'Anselmo 18	1,197	156,173	2,251,357	2,407,530	711,911	1,695,620
TORINO Fil. 20 Via Cimarosa 85	3,269	2,204,011	2,692,074	4,896,086	1,254,986	3,641,100
TORINO Fil. 21 Via A. di Bernezzo 50	1,019	414,243	1,558,580	1,972,823	682,422	1,290,402
TORINO Fil. 22 Corso V. Emanuele 110	1,256	703,191	2,558,483	3,261,674	1,161,002	2,100,672
TORINO Fil. 23 Corso Unione Sovietica 409	2,824	1,121,729	4,017,174	5,138,903	2,064,654	3,074,249
TORINO Fil. 24 Corso Turati 18	1,167	202,848	2,462,675	2,665,522	792,895	1,872,627
TORINO Fil. 25 Via P. Gaidano 7	2,016	1,526,642	1,805,008	3,331,651	1,611,611	1,720,040
TORINO Fil. 26 Via Monginevro 228	1,296	557,419	1,452,888	2,010,308	777,766	1,232,541
TORINO Fil. 27 Piazza Rebaudengo 7/9	1,796	494,306	1,443,349	1,937,654	831,939	1,105,715
TORINO Fil. 3 Via Matteucci 2	1,185	552,984	1,802,194	2,355,178	772,675	1,582,503
TORINO Fil. 4 Corso Peschiera 151	2,021	946,415	2,970,251	3,916,666	1,444,595	2,472,071
TORINO Fil. 5 Piazza della Repubblica 7	1,931	321,752	2,901,710	3,223,462	923,599	2,299,864
TORINO Fil. 55 S.V. Via Gottardo 273	526	36,448	642,524	678,971	236,665	442,307
TORINO Fil. 6 Piazza Nizza 75	1,220	805,691	2,275,051	3,080,741	1,033,226	2,047,516
TORINO Fil. 7 Piazza Crispi 61 / Corso Vercelli	1,369	645,553	1,868,161	2,513,714	995,920	1,517,795
TORINO Fil. 8 Corso A. De Gasperi 14	1,512	897,571	2,382,760	3,280,331	1,203,577	2,076,754
TORINO Fil. 9 S.Vari Via Caluso 1	649	23,914	779,596	803,510	243,363	560,147
TORINO Fil. 9 Via Banchette ang. Corso Grosseto	1,890	1,810,862	2,111,187	3,922,049	1,975,884	1,946,165
TORINO Sede Piazza San Carlo 156/182	43,324	10,942,138	98,850,846	109,792,985	38,036,580	71,756,405
TORINO Sede Via Monte di Pietà 26	2,224	465,763	5,012,308	5,478,072	1,168,505	4,309,567
TORINO Sede Via Monte di Pietà 32	24,277	12,167,370	47,514,417	59,681,787	17,997,810	41,683,977
TORINO Sede Via Santa Teresa 3	1,430	359,051	4,440,621	4,799,672	1,343,229	3,456,443
TORINO Sp.S.V. 'A' Corso Peschiera 162	690	83,354	964,939	1,048,294	354,265	694,029
TORINO Sp.S.V. 'E' Corso Orbassano 134	729	91,696	1,367,179	1,458,875	416,122	1,042,753
TORINO Strada San Vito (Villa Abegg)	2,856	2,535,582	3,521,671	6,057,253	1,396,792	4,660,462
TORINO Via G. Bruno 200/202	85	6,405	62,949	69,354	14,208	55,146
TORINO Via San Francesco d'Assisi 15	397	11,883	791,767	803,650	278,602	525,048
TORINO Via Valeggio 36	1,141	755,120	4,214,754	4,969,873	1,863,862	3,106,010
TORRE BOLDONE Via D.L.Palazzolo 11	374	37,050	477,358	514,408	157,276	357,132
TORTONA Piazza Duomo 9	1,598	349,270	2,434,367	2,783,637	1,059,840	1,723,797
TORTONA Piazza Mazzini 2 (autorimessa)	56	22,477	20,139	42,616	19,397	23,219
TRADATE Corso Bernacchi 85	816	307,575	864,162	1,171,737	428,700	743,038
TRADATE Corso Bernacchi 85 / Via don Zini 2	13	3,595	6,735	10,329	-	10,329
TRECCATE Via Gramsci 1	815	234,401	742,138	976,539	377,806	598,733
TRENTO Via Segantini Ang. Via Acconcio	930	2,266,986	610,271	2,877,258	809,763	2,067,495
TRESCORE CREMASCO Via Carioni 2	446	241,631	273,090	514,721	178,855	335,866

(\*) L. 12/19/73 n. 823; L. 12/2/75 n. 576; L. 03/19/83 n. 72; L. 07/30/90 n. 218; L. 21/29/90 n. 408; L. 12/30/91 n. 413; others

LOCATION	Sq.m.	INVESTMENT	REVALUA- TIONS (*)	GROSS VALUE	ADJUSTMENTS	NET BOOK VALUE
TREVIGLIO Piazza Cameroni 2	1,900	1,479,931	2,406,814	3,886,745	1,503,488	2,383,258
TREZZO SULL'ADDA Via Garibaldi / Via dei Mille 1	1,645	782,113	1,266,851	2,048,964	614,022	1,434,942
TRIESTE Piazza Oberdan 3	670	68,172	1,068,033	1,136,205	272,689	863,516
TRIESTE Via Coroneo 8	90	45,205	27,099	72,304	17,353	54,951
TRINO VERCELLESE Corso Cavour 61	840	324,985	577,220	902,204	434,634	467,570
TROFARELLO Via Torino 64	856	116,335	947,001	1,063,336	369,909	693,426
TURATE Via Marconi 7 / Via Candiani	547	454,637	349,792	804,429	266,463	537,967
UBOLDO Via Roma 27	351	30,307	462,856	493,164	148,352	344,811
VADO LIGURE Piazza Cavour 10	754	1,303,021	39,091	1,342,111	355,380	986,732
VAILATE Via S. Giani 15	190	85,042	302,118	387,160	93,869	293,291
VALBONDIONE Via S. Lorenzo 24	148	21,969	91,261	113,230	33,804	79,426
VALENZA Corso Garibaldi 111/113	1,724	2,183,885	2,529,203	4,713,089	1,654,899	3,058,190
VALFENERA Via A. d'Aosta 10	355	45,597	255,210	300,807	115,957	184,850
VALGUARNERA CAROPEPE Via Garibaldi 95	120	43,121	168,090	211,211	97,087	114,124
VALLE LOMELLINA Via Casserotto 1/Via Roma 29	451	216,082	442,617	658,699	339,361	319,338
VALLEMOSO Piazza Dante Alighieri 8	650	209,476	376,135	585,611	202,385	383,225
VANZAGHELLO Piazza S. Ambrogio 2	701	325,578	434,984	760,562	231,336	529,226
VARALLO SESIA Piazza Vittorio Emanuele	510	134,176	370,658	504,834	157,233	347,600
VARAZZE Piazza Patrone / Via Nazioni Unite	843	245,869	1,819,382	2,065,251	744,505	1,320,746
VARESE Fil. 1 Via Marconi 8	820	52,397	1,280,068	1,332,465	459,430	873,035
VARESE Sede Via Milano 16	2,366	122,808	3,507,021	3,629,829	1,246,057	2,383,772
VENARIA REALE Viale Buridani 6	1,760	168,018	-	168,018	10,081	157,937
VENEZIA Rio Terrà S. Leonardo 1353	303	31,853	1,517,518	1,549,371	371,849	1,177,522
VENTIMIGLIA Corso Limone 9 (Sp.COMCENTRO)	130	181,536	111,487	293,023	162,247	130,775
VENTIMIGLIA Via Cavour 30A-B/108	1,444	663,377	3,683,809	4,347,186	1,588,879	2,758,307
VERCELLI Viale Garibaldi 12	4,449	1,664,902	4,261,769	5,926,671	2,236,492	3,690,180
VERCELLI Via Mercadante 3 ang. Via Paggi (ex Fil.1)	280	9,379	150,478	159,857	41,272	118,585
VERDELLO Via Cavour 19	771	18,299	744,864	763,163	146,790	616,373
VERONA Piazza Madonna di Campagna 18	1,269	1,875,538	455,381	2,330,918	475,692	1,855,226
VIADANA Piazza Manzoni 32	780	560,392	712,327	1,272,719	453,228	819,491
VIGEVANO Via Decembrio 35 / Via Carducci 1	1,473	259,412	3,051,040	3,310,452	1,063,916	2,246,535
VIGNALE MONFERRATO Piazza del Popolo 5	170	4,533	78,568	83,101	18,394	64,708
VILLA CARCINA Via Glisenti 78	726	745,518	407,520	1,153,038	447,434	705,605
VILLA CORTESE Via Tosi 22/ Via Speroni	436	349,479	257,509	606,988	228,340	378,648
VILLAFRANCA D'ASTI Via Roma 34	398	39,873	319,845	359,718	142,750	216,968
VILLANTERIO Via IV Novembre 12/a	379	30,080	360,890	390,970	95,803	295,168
VILLAR PEROSA Via Nazionale 31/9	440	15,568	460,574	476,142	134,515	341,627
VILLAROSA SICILIA Piazza V. Emanuele 3	245	289,009	-	289,009	14,868	274,142
VILLASANTA Via Confalonieri / Via Camperio	250	473,598	23,171	496,768	102,908	393,860
VILLASTANZA DI PARABIAGO P.za Indipendenza 6	178	12,646	186,037	198,683	50,186	148,497
VIMERCATE Via Risorgimento 32/a	754	826,376	362,775	1,189,151	386,506	802,644
VOGHERA Piazza Duomo 10	2,264	2,167,297	3,855,320	6,022,618	2,692,939	3,329,678
ZANICA Via Roma 9/9a	599	83,083	531,649	614,732	188,880	425,852
<b>TOTAL ITALIAN PROPERTIES</b>	<b>659,022</b>	<b>369,599,542</b>	<b>917,063,959</b>	<b>1,286,663,501</b>	<b>437,733,242</b>	<b>848,930,259</b>
PARIGI Avenue de Suffren	150	21,304	314,393	335,697	-	335,697
AMSTERDAM Herengracht 446	1,348	2,177,325	1,190,926	3,368,251	993,732	2,374,519
NEW YORK Town of Mamaroneck	613	451,369	413,411	864,781	289,626	575,154
<b>GRAND TOTAL</b>	<b>661,133</b>	<b>372,249,540</b>	<b>918,982,689</b>	<b>1,291,232,230</b>	<b>439,016,600</b>	<b>852,215,629</b>

(\*) L. 12/19/73 n. 823; L. 12/2/75 n. 576; L. 03/19/83 n. 72; L. 07/30/90 n. 218; L. 21/29/90 n. 408; L. 12/30/91 n. 413; others

## Other motions

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Amendment – following the conversion of the share capital into Euro – of the powers conferred upon the Board of Directors pursuant to Articles 2443 and 2420 ter of the Italian Civil Code; consequent amendments to Article 6, paragraphs 3 and 4 of the Articles and By-Laws.

**Text of motion 1 of the Agenda (extraordinary meeting)**

Shareholders,

The Board of Directors of Sanpaolo Imi resolved, on 21 December 1999, pursuant to that permitted by Article 17 of Legislative Decree 24 June 1998 No. 213, as amended by Article 2 of Legislative Decree 15 June 1999 No. 206, the conversion into Euro of the equity capital and the related amendment of Article 6 of the Articles and By-Laws.

More specifically, the said resolution concerned:

- the reduction, to facilitate conversion into Euro, of the equity capital from L. 7,613,864,267,640 to L. 7,602,024,217,939.088, through the reduction of the nominal unit value of the 1,402,184,948 ordinary shares in circulation from L. 5,430 to L. 5,421.556;
- the credit to the legal reserve of the amount of the reduction, L. 11,840,049,700.912;
- the conversion of the equity capital of L. 7,602,024,217,939.088 into Euro 3,926,117,854.4, with conversion of the nominal unit value of the 1,402,184,948 ordinary shares in circulation from L. 5,421.556 to Euro 2.8.

At the same time, the Board amended the resolution taken on 9 February 1999, concerning an increase in capital to a maximum of L. 42,000,000,000 for a stock option plan in favour of employees of the Bank and of the Group, setting such increase to a maximum of Euro 19,600,000; the maximum number of shares to be issued remains 7,000,000.

Consequently the first and last paragraphs of Article 6 of the Articles and By-Laws are amended as follows:

(first paragraph)

*“The share capital is 3,926,117,854.4 Euro (three billion, nine hundred and twenty six million, one hundred and seventeen thousand, eight hundred and fifty four point four) divided into 1,402,184,948 ordinary shares with a nominal unit value of 2.8 Euro. The share capital may also be increased through the issue of shares with rights different from those included in the shares already issued.”*

(last paragraph)

*“ With reference to the mandate referred to in the preceding paragraph, the Board of Directors approved on February 9, 1999, as modified on December 21, 1999, the increase of paid up capital for a maximum nominal amount of 19,600,000 Euro (nineteen million six hundred thousand).”*

This resolution – following approval by the Banca d'Italia of the relative certification according to Article 56 of Legislative Decree of 1 September 1993 No. 385 – was approved by the Tribunal of Turin on 29 December 1999 and registered with the Turin Company Register on 11 January 2000.

\* \* \*

Given this change in the accounting currency of reference, it is necessary to amend the resolutions taken by the Meeting of Shareholders of 31 July 1998 and 30 April 1999 - as expressed in "lire" - concerning the mandate to Board of Directors for increases in capital also for the stock option plans reserved to employees of the Company and of the Group.

In particular, with the resolution adopted on 31 July 1998, and successively amended on 30 April 1999, the Meeting has mandated the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, the power, to be exercised by 28 July 2003, to increase by payment the equity capital, in one or more issues, for a maximum nominal amount of L. 80,000,000,000, through the issue of ordinary shares to be reserved, pursuant to Article 2441, eighth paragraph, of the Italian Civil Code, and Article 134 of Legislative Decree 24 February 1998 No. 58, to employees of the company or of subsidiary companies participating in the share incentive plans approved by the Board. The content of the said resolution has been accommodated in Article 6, paragraph 4, of the current Articles and By-Laws, pursuant to which was taken, in the same meeting, the resolution of 9 February 1999 – as amended on 21 December 1999 – as aforementioned.

With the resolution taken on 30 April 1999, the Meeting further mandated the Board of Directors – the aforementioned resolution remaining - pursuant to Articles 2443 and 2420 ter of the Italian Civil Code the power, to be exercised by 28 April 2004, to increase the equity capital, in one or more issues, up to an amount of L. 15,000,000,000,000 nominal, also through convertible bonds and/or bonds with warrants. Consequently the third paragraph of Article 6 cited has been introduced into Articles and By-Laws.

In order to harmonise also the references in the Articles and By-Laws to the new currency, it is proposed to amend the motions, only in so far as the maximum amount is expressed in lire as per the mandate, as follows:

- in place of "Lire 80,000,000,000", as for the motion of 1 July 1998, insert "Euro 40,000,000";
- in place of "Lire 15,000,000,000,000", as for the motion of 30 April 1999, insert "Euro 7,500,000,000",

It should be noted that amendment suggested will lead to an amendment, as a result of rounding, of the numbers previously expressed in lire.

It is therefore proposed to amend the third and fourth paragraphs of Article 6 of the Articles and By-Laws as follows:

#### Article 6 (current text)

The share capital is 3,926,117,854.4 Euro (three billion, nine hundred and twenty six million, one hundred and seventeen thousand, eight hundred and fifty four point four) divided into 1,402,184,948 ordinary shares with a nominal unit value of 2.8 Euro. The share capital may also be increased through the issue of shares with rights different from those included in the shares already issued.

The ordinary shares are registered shares.

The Board of Directors has the power to increase the share capital, in one or more issues, up to an amount of *Lit. 15,000,000,000,000 (fifteen thousand billion)* nominal value and to issue, in one or more issues, convertible bonds and/or bonds with warrants, up to the same amount but which may not exceed the limits fixed by law from time to time. This authority may be exercised before April 28, 2004.

The Board of Directors also has the power to increase the share capital by means of a paid up rights issue, in one or more issues, up to a maximum amount of *Lit. 80,000,000,000 (eighty billion)* nominal value, through the

#### Article 6 (proposed text)

The share capital is 3,926,117,854.4 Euro (three billion, nine hundred and twenty six million, one hundred and seventeen thousand, eight hundred and fifty four point four) divided into 1,402,184,948 ordinary shares with a nominal unit value of 2.8 Euro. The share capital may also be increased through the issue of shares with rights different from those included in the shares already issued.

The ordinary shares are registered shares.

The Board of Directors has the power to increase the share capital, in one or more issues, up to an amount of **Euro 7,500,000,000 (seven billion five hundred million)** nominal value and to issue, in one or more issues, convertible bonds and/or bonds with warrants, up to the same amount but which may not exceed the limits fixed by law from time to time. This authority may be exercised before April 28, 2004.

The Board of Directors also has the power to increase the share capital by means of a paid up rights issue, in one or more issues, up to a maximum amount of **Euro 40,000,000 (fourty million)** nominal value, through the

issue of ordinary shares reserved, according to Article 2441, par. 8, of the Civil Code and Article 134 of Legislative Decree 58 of February 24, 1998, to employees of the Company or also to employees of subsidiary companies, according to Article 2359 of the Civil Code, who participate in the share incentive schemes approved by the Board itself. This power may be exercised before July 28, 2003.

With reference to the mandate referred to in the preceding paragraph, the Board of Directors approved on February 9, 1999, as modified on December 21, 1999, the increase of paid up capital for a maximum nominal amount of 19,600,000 Euro (nineteen million six hundred thousand).

With the mandate of the relevant powers to the legal representatives in office, separately among themselves, to act as necessary to obtain the approvals required by current regulations for the resolution, as may be requested by the regulatory and/or other authorities for authorisation and registration.

Shareholders, if you agree, you are invited to vote for the motions.

Turin, 15 March 2000

issue of ordinary shares reserved, according to Article 2441, par. 8, of the Civil Code and Article 134 of Legislative Decree 58 of February 24, 1998, to employees of the Company or also to employees of subsidiary companies, according to Article 2359 of the Civil Code, who participate in the share incentive schemes approved by the Board itself. This power may be exercised before July 28, 2003.

With reference to the mandate referred to in the preceding paragraph, the Board of Directors approved on February 9, 1999, as modified on December 21, 1999, the increase of paid up capital for a maximum nominal amount of 19,600,000 Euro (nineteen million six hundred thousand).

The Board of Directors

## Amendment of the mandate pursuant to Article 2443 of the Italian Civil Code, conferred by the Meeting of Shareholders on 31 July 1998, as amended with the resolution of 30 April 1999, concerning the methods to determine the subscription price of ordinary shares reserved to employees.

### Text of motion 2 of the Agenda (extraordinary meeting)

Shareholders,

The Extraordinary Meeting of 31 July 1998, in mandating the Board of Directors to approve an increase of capital up to a maximum of L. 80,000,000,000 (to be converted into Euro 40,000,000, according to the proposal formulated with reference to Item 1 of the Agenda of the day for the current Extraordinary Meeting) to service the stock option plans reserved to employees of the Company and of the Group, set, among the conditions for the transaction, that of “the subscription price of the shares will be fixed by the Board of Directors at the beginning of each incentive plan with reference to the average of the official prices of the shares in the preceding quarter on the Italian Telematico della Borsa Italiana, taking account of any anomalous market movements”.

This mandate was amended in the meeting of the April 1999, with reference to the procedures for the exercise of subscription rights to shares.

Given this, in order to regularise the assignment procedures for share subscription rights with the legislative innovations introduced following the issue of Legislative Decree No. 505 of 23 December 1999, concerning remuneration of employed workers, it has been held proper to determine, as envisaged by that regulation, the subscription price of the shares with reference to the average of the official prices of the shares in the preceding month, considered “normal value” at the moment of the offer.

\* \* \*

It should be noted that in this meeting, in the context of the proposal relative to the authorisation for the purchase and alienation of own shares (Point 3 of the Agenda of the ordinary meeting), the possibility of using these shares for assignment free of charge to employees, also instead of other forms of remuneration, is set out.

\* \* \*

Shareholders, if you agree, you are invited to approve the substitution, with reference to the resolution taken on 31 July 1998, of the condition

*“the subscription price of the shares will be fixed by the Board of Directors at the beginning of each incentive plan with reference to the average of the official prices of the shares on the Italian Telematico system during the preceding quarter, taking account of any anomalous market movements.”*

with the following:

*“the subscription price of the shares will be fixed by the Board of Directors at the beginning of each incentive plan with reference to the average of the official prices of the shares on the Italian Telematico system during the preceding month.”*

With the mandate of the relevant powers to the legal representatives in office, separately among themselves, to act as necessary to obtain the approvals required by current regulations for the resolution, as may be requested by the regulatory and/or appropriate authorities for authorisation and registration.

Turin, 28 March 2000

The Board of Directors



## Amendment to Article 19, paragraphs 6, 7 and 11 of the Articles and By-Laws (Board of Statutory Auditors).

### Text of motion 3 of the Agenda (extraordinary meeting)

Shareholders,

Article 19 of the Articles and By-Laws, which establishes the procedures for the nomination of the Board of Statutory Auditors, sets out – in order to allow the Meeting to approve with due information - the advance announcement of the lists of candidates presented by the shareholders.

In order to allow greater information to benefit shareholders the procedures outlined may be integrated through the advance deposit also of the *curriculum vitae* of the candidates.

Such provision is, among other things, in line with that recommended by the Codice di Autodisciplina of quoted companies recently issued and to which Sanpaolo Imi has agreed.

At the same, other amendments to Article 19, of a procedural nature, concerning paragraphs 6 and 11, may be made. More precisely, these concern, respectively, the elimination of the reference to admission tickets to the Meeting, replaced by Monte Titoli certification, and the detailed criterion for the substitution of the Chairman of the Board of Statutory Auditors.

Following is the text of Article 19 as current and as proposed:

#### Article 19 (current text)

The Shareholders' Meeting elects the Board of Statutory Auditors, composed of five Statutory Auditors in office and two Alternate Statutory Auditors.

The Statutory Auditors are in office for three years - except for changes in law - and are re-electable.

The whole Board of Statutory Auditors is nominated on the basis of lists presented by the shareholders in which the candidates must be listed in number order.

The lists must be deposited at the registered office and published in at least two Italian daily newspapers with national distribution, of which one should be devoted to economic news, at least 10 days before the day fixed for the Shareholders' Meeting at first call.

Every shareholder can present or compete in the presentation of only one list and each candidate can present himself in only one list or otherwise be declared ineligible.

Only those shareholders who themselves or together with other shareholders represent at least 1% of the shares with voting rights in the ordinary shareholders' meeting have the right to vote. In order to prove their ownership of the number of shares necessary for the presentation of the lists, the shareholders must at the same time present, at the registered office, *a copy of the admission tickets issued by the depositories which hold their shares.*

Together with each list, and before the time of

#### Article 19 (proposed text)

The Shareholders' Meeting elects the Board of Statutory Auditors, composed of five Statutory Auditors in office and two Alternate Statutory Auditors.

The Statutory Auditors are in office for three years - except for changes in law - and are re-electable.

The whole Board of Statutory Auditors is nominated on the basis of lists presented by the shareholders in which the candidates must be listed in number order.

The lists must be deposited at the registered office and published in at least two Italian daily newspapers with national distribution, of which one should be devoted to economic news, at least 10 days before the day fixed for the Shareholders' Meeting at first call.

Every shareholder can present or compete in the presentation of only one list and each candidate can present himself in only one list or otherwise be declared ineligible.

Only those shareholders who themselves or together with other shareholders represent at least 1% of the shares with voting rights in the ordinary shareholders' meeting have the right to vote. In order to prove their ownership of the number of shares necessary for the presentation of the lists, the shareholders must at the same time present, at the registered office, **certification of membership of the centralised financial instrument management system.**

Together with each list, and before the time of depositing the list at the registered office, they must deposit

depositing the list at the registered office, they must deposit the declarations by which the individual candidates accept their candidature and affirm, at their own responsibility, that there are no reasons for ineligibility or conflict of interest as well as the existence of the necessary qualification required by the regulations in force to carry out the duties of Statutory Auditor.

Every shareholder having the right to vote may vote for only one list. At the election of the Board of Statutory Auditors, the procedures are as follows:

a) from the list which obtains the majority of the votes by the shareholders, in the numerical order in which they are listed in the list, three Statutory Auditors in office and one Alternate Statutory Auditor;

b) the remaining two Statutory Auditors and one Alternate Statutory Auditor are taken from the other lists; in order to do this, the votes obtained by the lists themselves are divided successively by one, two and three. The quotients thus obtained are assigned in order to the candidates of each of the said lists according to the order set respectively in each.. The quotients thus attributed to the candidates on the various lists are then placed in a single descending order: the Statutory Auditors in office are those who have obtained the highest two quotients and the supplementary Statutory Auditor is the one who has obtained the highest third quotient.

In the case in which more than one candidate has obtained the same quotient, the candidate from the list which has still not elected a Statutory Auditor will be elected; in the case in which none of the lists has yet elected a candidate, there will be a new vote of the whole Shareholders' Meeting and the candidate who obtains the a simple majority of the votes will be elected.

For the nomination of candidates not elected for whatsoever reason according to the aforesaid procedures, the Shareholders' Meeting will approve according to legal majority.

The chairmanship of the Board of Statutory Auditors is taken by the person indicated in the first place in the list which has obtained the majority of the votes.

In the case of the substitution of a Statutory Auditor taken from the list which has obtained the majority of the votes cast by the shareholders, the replacement will come from the same list; in the case of the substitution of a Statutory Auditor taken from the other lists, the replacement will be nominated according to the method set out in point (b) in this article.

**the curriculum vitae of each candidate personally signed and** the declarations by which the individual candidates accept their candidature and affirm, at their own responsibility, that there are no reasons for ineligibility or conflict of interest as well as the existence of the necessary qualification required by the regulations in force to carry out the duties of Statutory Auditor.

Every shareholder having the right to vote may vote for only one list. At the election of the Board of Statutory Auditors, the procedures are as follows:

a) from the list which obtains the majority of the votes by the shareholders, in the numerical order in which they are listed in the list, three Statutory Auditors in office and one Alternate Statutory Auditor;

b) the remaining two Statutory Auditors and one Alternate Statutory Auditor are taken from the other lists; in order to do this, the votes obtained by the lists themselves are divided successively by one, two and three. The quotients thus obtained are assigned in order to the candidates of each of the said lists according to the order set respectively in each. The quotients thus attributed to the candidates on the various lists are then placed in a single descending order: the Statutory Auditors in office are those who have obtained the highest two quotients and the supplementary Statutory Auditor is the one who has obtained the highest third quotient.

In the case in which more than one candidate has obtained the same quotient, the candidate from the list which has still not elected a Statutory Auditor will be elected; in the case in which none of the lists has yet elected a candidate, there will be a new vote of the whole Shareholders' Meeting and the candidate who obtains the a simple majority of the votes will be elected.

For the nomination of candidates not elected for whatsoever reason according to the aforesaid procedures, the Shareholders' Meeting will approve according to legal majority.

The chairmanship of the Board of Statutory Auditors is taken by the person indicated in the first place in the list which has obtained the majority of the votes. **In the case of the substitution, the chairmanship passes, until the conclusion of the period in office, to the person immediately next in the list.**

In the case of the substitution of a Statutory Auditor taken from the list which has obtained the majority of the votes cast by the shareholders, the replacement will come from the same list; in the case of the substitution of a Statutory Auditor taken from the other lists, the replacement will be nominated according to the method set out in point (b) in this article.

The nomination of Statutory Auditors to make up the Board of Statutory Auditors is made by a relative majority of the Shareholders' Meeting according to Article 2401 of the Civil Code.

The Shareholders' Meeting fixes the remuneration of the Statutory Auditors. The Shareholders' Meeting may also decide, in addition to the remuneration, the payment to each Statutory Auditor of a fixed sum for every attendance at the meetings; the Statutory Auditors have the further right to reimbursement of expenses incurred in the course of their duties and to the payment of daily allowances as decided by the Shareholders' Meeting.

The members of the Board of Statutory Auditors cannot be in office in more than five offices as Statutory Auditor in office in other quoted companies with the exception of companies controlled by SANPAOLO IMI S.p.A.

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With the mandate of the relevant powers to the legal representatives in office, separately among themselves, to act as necessary to obtain the approvals required by current regulations for the resolution, as may be requested by the regulatory and/or appropriate authorities for authorisation and registration.

Shareholders, if you agree, you are invited to vote for the motions.

Turin, 15 March 2000

The Board of Directors

## Appointment of auditors of the financial statements, the interim financial statements and the Form 20-F for the period 2001/2003.

### Text of motion 2 of the Agenda (ordinary meeting)

Shareholders,

With the approval of the financial statements for the year 2000, the third and final mandate conferred by SANPAOLO IMI to Arthur Andersen S.p.A. for the accounting audit of the financial statements will be concluded.

Although according to current provisions the appointment could take place on the occasion of the meeting to approve the financial statements for the year 2000 (April 2001), it is considered moreover opportune to bring forward the proposal for the appointment for the period 2001/2003 in the course of this meeting to approve the financial statements for the year 1999.

This solution allows the new auditors to have a suitable period of time to plan better and manage the phase of departure of the outgoing company and minimise at the same time the impact of the transition on the Bank.

The advancement will also allow the reformulation over time of the choice of auditors of controlled Companies, thus contributing to the achievement of the objective to have a single auditor at Group level.

Although the current regulations do not set out particular procedures for the appointment, formal offers from the major international auditing firms operating in Italy, registered in the special Consob register pursuant to Article 161 of the TUF, having the necessary technical and-professional (size, organisational and structural suitability) and qualitative (experience in the banking sector and audit according to US requirements for quoted companies) requirements in relation to the range and complexity of the SANPAOLO IMI Group have been received.

In terms of fees and international and local operational range and sector expertise expected of the Auditor, it is considered that the offer presented by PricewaterhouseCoopers is the best.

The proposal envisages:

- the audits of the financial statements of the Company and of the Group and those activities included in Article 155 paragraph 1 of the TUF (checks on the accounting process and management disclosure);
- the audits of the foreign branches of the Bank, with a full audit of the London, New York and Singapore branches, and a “limited review” audit for the Amsterdam, Athens, Bruxelles, Frankfurt (including Munich), Tokyo and Vienna branches;
- the “limited review” audits of the interim financial statements of the Company and the consolidated financial statements of SANPAOLO IMI, as set out in Consob Recommendation No. 97001574 of 20 February 1997 and the successive resolution No. 10867 of 31 luglio 1997;
- the audit of the prospetto di consolidated financial statements prepared according to US accounting principles, the Form 20-F, to be filed with the Securities and Exchange Commission (SEC), related to the quotation of SANPAOLO IMI shares on the New York Stock Exchange (NYSE).

Pursuant to Article 159, paragraph 1, of the TUF and Article 146 of the Regulation of Issuers (Consob resolution No. 11971 of 14 May 1999), the Board of Statutory Auditors has expressed in advance its agreement to the appointment of PricewaterhouseCoopers as auditors.

The total annual fee requested by PricewaterhouseCoopers is L. 2,295 million, excluding VAT, and is divided thus:

Activities	Hours of work	Fees
Consolidated and Parent	7,300	1,095
Foreign branches	3,350	635
Interim Consolidated and Parent	1,680	290
Interim foreign branches	670	115
Form 20-F	1,000	295
Discount		- 135
<b>Total</b>	<b>14,000</b>	<b>2,295</b>

The annual amounts, calculated according to Consob communications on the subject, reflect the charges currently in force and will be adjusted on the basis of changes in the ISTAT Italian cost of living index and of changes in local prices for the foreign branches. The supervisory levy to Consob, currently equal to 4% of the fees, and the reimbursement of living expenses will also be added to these amounts.

We therefore propose to you the appointment of PricewaterhouseCoopers S.p.A., with legal office in Milan, Via Vittor Pisani 20, as auditors, for the period 2001/2003, pursuant to Article 159 of Legislative Decree 24 February 1998, No. 58 and related regulations (Consob resolution of 14 May 1999 No. 11971) of the financial statements for the period and at consolidated level of SANPAOLO IMI S.p.A., of the financial statements of the foreign branches through its international network, of the “limited review” interim accounting audits of the interim financial statements of the Parent Bank and at consolidated level, as well as of the consolidated financial statements prepared according to US accounting principles, the Form 20-F. All these in the terms and according to the procedures aforementioned.

Turin, 7 March 2000

The Board of Directors

## Authorisation for the purchase and purchase of own shares;

### Text of motion 3 of the Agenda (ordinary meeting)

Shareholders,

As is known, trading in own shares allows the achievement of various ends which from time to time may be of interest to the Company. Together with the opportunity to pursue general coherence between the quoted prices and the presumed economic value of the shares in the domestic and international markets, also improving market liquidity and encouraging regular trading activities, there may be further opportunities, among which, *inter alia*, those connected to special financial transactions with exchanges of shareholdings or the disposition of own shares for various financial transactions.

Except as otherwise set out by paragraph 3 of Article 132 of the Legislative Decree 58 of 24 February 1998., the purchase transactions are to be effected in the market, with procedures set out in Regolamento dei mercati organizzati e gestiti dalla Borsa Italiana S.p.A., pursuant to Article 132, paragraph 1, of Legislative Decree of 24 February 1998 No. 58; the transactions, in general, are to be effected according to the current Consob regulations in force concerning dealings in quoted securities.

We also propose to you to authorise the alienation, in whole or in part, of own shares held, without time limits, for an amount of not less in minimum of 10% from the reference price of the share on the day preceding each individual disposal. In line with international best practice for transfers made to allow exchanges of shareholdings in the context of material acquisitions of shareholdings effected by the Bank, or connected to the establishment of stable cooperation relationships or special financial transactions which imply availability of own shares to be assigned, appropriate reference averages may also be used. Own shares may also be used, in the incentive plan, directed at employees of the Company or of subsidiaries, as approved by the Board of Directors, for assignment free of charge, also in substitution of other forms of remuneration, or paid sales following the exercise of option rights and to an amount equal to the " normal value " of the share calculated according to the current tax regime.

We further propose to you to fix the amount della specifica Riserva for Purchase of own shares – already established at L. 1,500,000,000,000 by resolution of the Ordinary Meeting on 30 April 1999 - at Euro 980 million, equal to L. 1,897,544,600,000, through the use of merger differences. The amount of own shares from time to time held in the portfolio must be restricted to the limits of this Reserve.

We invite you, finally, to authorise The Board of Directors to delegate, in whole or in part, the mandate to undertake transactions involving the purchase and alienation of own shares.

Turin, 28 March 2000

The Board of Directors

## Increase in the number of Directors; consequent provisions for nomination and determination of remuneration.

### **Text of motion 4 of the Agenda (ordinary meeting)**

Shareholders,

Article 14, paragraph 1, of the Articles and By-Laws establishes, among other things, that: “The Company is administered by a Board of Directors composed of a number from seven to 20, as determined by the Meeting.”

The Meeting of 30 April 1998 nominated 14 Directors for the period 1998/2000 and that the Meeting of 31 July 1998 increased the number to 17 and nominated them.

In the light of the above, given the interest expressed by other groups in making significant investments in the capital of the Bank and taking account the need to allow, in a context in rapid evolution, a broader representation in the Board to facilitate the proper valuation of the contributions of professionalism and other corporate cultures, it is appropriate to allow a further increase in the Board, while the current structure coherent with the representation of the stable shareholders remains.

In the light of the above, we invite you to adopt the appropriate resolutions to increase the number of Directors and related nominations and to determine their remuneration.

Turin, 28 March 2000

The Board of Directors

## Reference basis for the determination of the variable part of the remuneration payable – pursuant to Article 15, paragraph 8, of the Articles and By-Laws – to the members of the Board of Directors for 2000.

### **Text of motion 5 of the Agenda (ordinary meeting)**

Shareholders,

Article 15 of the Articles and By-Laws envisages that the members of the Board of Directors and Executive Committee receive an annual remuneration set by the Meeting, in part fixed and in part variable.

Pursuant to this, the Meeting of Shareholders of 30 April 1999 established, for 1999, the remuneration for the Managing Directors as follows:

- 0.5 per mil of consolidated net profit for the year, when such profit amounts to between L. 1,700 billion and L. 1,900 billion;
- 1 per mil of consolidated net profit for the year when such profit amounts to more than L. 1,900 billion.

The Meeting decided not to fix any reference basis for 2000, postponing these resolutions to the meeting called to approve the financial statements for 1999. This decision was based upon the need to await, for better valuation, precise forecast expectations and the future development of the Bank.

Shareholders,

You are therefore invited to adopt - pursuant to Article 15 of the Articles and By-Laws – these resolutions.

Turin, 15 March 2000

The Board of Directors



# Information for investors

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