

Consolidated financial statements

CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF INCOME

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(€/mil)

ASSETS		31/12/01	31/12/00
10.	Cash and deposits with central banks and post offices	818	708
20.	Treasury bills and similar bills eligible for refinancing with central banks	9,373	8,968
30.	Due from banks:	21,571	19,119
	a) repayable on demand	3,191	2,932
	b) other deposits	18,380	16,187
40.	Loans to customers	97,056	98,706
	<i>of which:</i>		
	- loans using public funds	99	83
50.	Bonds and other debt securities	11,216	13,987
	a) public entities	4,352	6,007
	b) banks	3,433	3,445
	<i>of which:</i>		
	- own bonds	1,074	1,056
	c) financial institutions	1,120	671
	<i>of which:</i>		
	- own bonds	-	-
	d) other issuers	2,311	3,864
60.	Shares, quotas and other equities	1,528	2,003
70.	Equity investments	4,054	3,034
	a) carried at equity	339	272
	b) other	3,715	2,762
80.	Investments in Group companies	643	539
	a) carried at equity	643	539
90.	Goodwill arising on consolidation	838	915
100.	Goodwill arising on application of the equity method	215	74
110.	Intangible fixed assets	367	359
	<i>of which:</i>		
	- start-up costs	3	2
	- goodwill	8	10
120.	Tangible fixed assets	1,726	1,793
140.	Own shares (par value € 55 million)	304	739
150.	Other assets	18,585	19,193
160.	Accrued income and prepaid expenses	2,191	2,661
	a) accrued income	1,871	2,466
	b) prepaid expenses	320	195
	<i>of which:</i>		
	- discounts on bond issues	31	27
Total assets		170,485	172,798

		(€/mil)	
LIABILITIES AND SHAREHOLDERS' EQUITY		31/12/01	31/12/00
10.	Due to banks	27,922	29,596
	a) repayable on demand	3,378	4,869
	b) time deposits or with notice period	24,544	24,727
20.	Due to customers	65,845	64,718
	a) repayable on demand	48,463	43,701
	b) time deposits or with notice period	17,382	21,017
30.	Securities issued	40,839	39,338
	a) bonds	27,695	26,589
	b) certificates of deposit	8,346	8,888
	c) other	4,798	3,861
40.	Public funds administered	100	88
50.	Other liabilities	15,590	17,420
60.	Accrued expense and deferred income	2,162	3,114
	a) accrued expense	1,811	2,755
	b) deferred income	351	359
70.	Provision for termination indemnities	734	743
80.	Provisions for risks and charges	2,471	3,823
	a) pensions and similar commitments	43	1,128
	b) taxation	901	1,230
	c) other	1,527	1,465
90.	Reserve for possible loan losses	41	35
100.	Reserve for general banking risks	356	355
110.	Subordinated liabilities	5,607	5,158
130.	Negative goodwill arising on application of the equity method	118	63
140.	Minority interests	698	715
150.	Capital	3,932	3,931
160.	Additional paid-in capital	22	18
170.	Reserves	2,836	2,382
	a) legal reserve	793	793
	b) reserve for own shares	304	739
	d) other reserves	1,739	850
180.	Revaluation reserves	9	9
200.	Net income for the year	1,203	1,292
Total liabilities and shareholders' equity		170,485	172,798
GUARANTEES AND COMMITMENTS		31/12/01	31/12/00
10.	Guarantees given:	16,016	15,670
	<i>of which:</i>		
	- <i>acceptances</i>	128	159
	- <i>other guarantees</i>	15,888	15,511
20.	Commitments	24,839	26,518

Consolidated statement of income

(€/mil)

	2001	2000
10. Interest income & similar revenues	8,016	7,622
<i>of which:</i>		
– loans to customers	5,999	5,501
– debt securities	1,026	1,006
20. Interest expense & similar charges	-5,326	-5,123
<i>of which:</i>		
– deposits from customers	-1,600	-1,401
– debt securities	-2,112	-2,117
30. Dividends and other revenues	397	231
a) from shares, quotas and other equities	263	169
b) from equity investments	134	62
40. Commission income	3,312	3,452
50. Commission expense	-714	-817
60. Profits (losses) on financial transactions	105	165
70. Other operating income	280	250
80. Administrative costs	-3,600	-3,076
a) payroll	-2,221	-1,929
<i>of which:</i>		
– wages and salaries	-1,600	-1,380
– social security charges	-471	-425
– termination indemnities	-109	-97
– pensions and similar commitments	-41	-27
b) other	-1,379	-1,147
90. Adjustments to intangible and tangible fixed assets	-543	-389
100. Provisions for risks and charges	-136	-323
110. Other operating expenses	-36	-31
120. Adjustments to loans and provisions for guarantees and commitments	-636	-647
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	278	417
140. Provisions to the reserve for possible loan losses	-11	-8
150. Adjustments to financial fixed assets	-235	-36
160. Writebacks of adjustments to financial fixed assets	2	15
170. Income (losses) from investments carried at equity	79	87
180. Income from operating activities	1,232	1,789
190. Extraordinary income	660	451
200. Extraordinary expenses	-269	-55
210. Extraordinary items, net	391	396
230. Change in reserve for general banking risks	-1	2
240. Income taxes	-318	-785
250. Minority interests	-101	-94
255. Elimination of second half-year 2000 income of the Banco di Napoli Group (*)	-	-16
260. Net income for the year	1,203	1,292

(*) This caption refers to the portion of the net results of the second half of 2000 of the Banco di Napoli group included in the price of the various tranches acquired by SANPAOLO IMI during 2000. As described in the Explanatory Notes to the consolidated Financial Statements at 31/12/2000, the reversal is made necessary in that the income statement contribution of the Neapolitan group to consolidated Financial Statements for 2000 was reflected line by line throughout the whole of the second half.

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Introduction - Background information on the consolidated financial statements

Form and content of consolidated financial statements

The Bank's consolidated financial statements for 2001 have been prepared pursuant to Decree 87 of 27 January 1992, which implemented EEC Directive 86/635. They also take account of the requirements contained in the Bank of Italy instructions dated 30 July 1992 and subsequent amendments. For all matters not governed by special regulations, reference has been made to the Italian Civil Code and to national accounting standards.

The financial statements have been prepared in millions of Euro and comprise the consolidated balance sheet, the consolidated statement of income and these explanatory notes. They are accompanied by the report of the Board of Directors on the results of operations for the year.

These explanatory notes are presented with comparative figures taken from the financial statements as of 31 December 2000. They provide all the information required by law, including any additional data considered necessary to give a true and fair view of the financial and operating situation. The tables required by the Bank of Italy are numbered in accordance with Bank of Italy instructions or based on the date of the Instructions.

With regard to the changes in the scope of consolidation in the second half of 2000 following the acquisitions of the Banco di Napoli and Wargny groups, analysis and comments contained in the report on operations make reference to last year's pro forma results, which have been prepared assuming line-by-line consolidation of the two groups as of 1 January 2000. This pro forma results are attached to this report (see next paragraph "pro forma reclassified consolidated financial statements as of 31 December 2000"). In addition, for a better understanding of the changes in the statement of income aggregates, the tables in the explanatory notes show the contribution of the Banco di Napoli Group and, if significant, of the Wargny Group.

The following schedules are attached to the consolidated financial statements:

- Statement of changes in consolidated shareholders' equity;
- Statement of consolidated cash flows;
- Statement reconciling the Bank's financial statements with the consolidated financial statements;
- Statement of pro forma reclassified consolidated statement of income for the full year 2000;
- List of equity investments that exceed 10% of the capital of unquoted and private companies (as per CONSOB resolution no. 11715 of 24 November 1998).

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

Pro forma reclassified consolidated financial statements as of 31 December 2000

For ease of comparison, a pro forma version of last year's reclassified consolidated statement of income has been prepared on the assumption that Banco di Napoli and the Wargny Group were taken over from 1 January 2000, rather than during the year. The pro forma version is not subject to audit and is only used as a comparable basis for analysis and comments in the Report on operations.

This was not necessary for the balance sheet as of 31 December 2000, since Banco di Napoli and the Wargny Group were already consolidated line-by-line at that date.

The pro forma reclassified consolidated statement of income for 2000 is attached to these explanatory notes.

The pro forma reclassified consolidated statement of income is based on the statements of income for 2000 published by the SANPAOLO IMI Group (column a of the attached schedule), Banco di Napoli (column b of the attached schedule), and the Wargny Group (column c of the attached schedule). The Banco di Napoli and Wargny Group accounts have been restated using the same accounting principles as SANPAOLO IMI.

In order to reflect the effects of these extraordinary operations, the book results have been suitably integrated and adjusted to take into consideration:

- the effect of consolidating the companies belonging to the Banco di Napoli Group and of the initial adjustments to the Banco's shareholders' equity (column d of the attached schedules). It was necessary to consolidate the companies belonging to the Naples-based group as the information published by Banco di Napoli in 2000 referred to individual company accounts. In addition, the initial adjustments to the Banco's shareholders' equity refer to changes taken into consideration in the SANPAOLO IMI consolidated financial statements as at 31 December 2000, when calculating the differences arising on first-time consolidation. More specifically, the adjustments refer to the adoption of SANPAOLO IMI Group accounting principles and to the reorganization expenses of Banco di Napoli, which are therefore eliminated from Banco di Napoli S.p.A.'s income statement for 2000. These adjustments also include the reclassifications needed to bring the figures into line with the Parent Bank's accounting principles;
- the effect of pro forma adjustments (column e of the attached schedules) concerning the acquisition and consolidation of the Banco di Napoli and Wargny groups simulated as taking effect from 1 January 2000. More specifically: the statement of income reflects for the full year the financial charges connected with investments and with the amortization of goodwill arising on consolidation.

Scope of consolidation

The scope of line-by-line consolidation reflects the SANPAOLO IMI Banking Group as recorded in the appropriate register in compliance with art. 64 of Decree 385 dated 1 September 1993, with the exception of certain minor investments whose balance sheet and statement of income results have little or no effect on the consolidated financial statements, or which have been put into liquidation or disposed of. In addition to SANPAOLO IMI S.p.A. (the Parent Bank), the Banking Group comprises those directly- and indirectly-controlled subsidiaries which carry out banking, finance or other activities which complement those of the Parent Bank.

The scope of line-by-line consolidation excludes Società per la Gestione di Attività S.p.A. (Sga), owned by Banco di Napoli, the shares of which have been handed over as a pledge with voting right to the Treasury Ministry as part of the special procedures described in these notes (Part B Section 5 - Other assets).

The scope of line-by-line consolidation also excludes those companies for which a formal decision has been taken to dispose of them.

Equity investments considered under joint control are consolidated on a proportional basis.

Investments in subsidiaries whose activities differ from those of the rest of the Group or those that are excluded from the scope of consolidation for the above-mentioned reasons, are valued using the equity method, together with hold-

ings in companies subject to significant influence where the Group controls at least 20% of the voting rights in ordinary meeting (i.e. associated companies).

Changes in the companies consolidated on a line-by-line or proportional basis with respect to 31 December 2000 include:

- exclusion from line-by-line consolidation of Sanpaolo Immobiliare S.p.A. and SIM Banconapoli & Fumagalli Soldan S.p.A. as these companies were sold off during the year; the same applies to Datitalia S.p.A. which was sold in early 2002;
- inclusion of the newly established companies Centradia Group Ltd, Centradia Ltd and Centradia Services Ltd in the proportional consolidation.

Companies consolidated on a line-by-line basis, proportionally and at net equity are listed in Part B, Section 3 of these explanatory notes.

Consolidation principles

The main consolidation principles adopted are as follows.

The book value of equity investments in consolidated companies, held by the Parent Bank or other Group companies, is eliminated against the corresponding portion of the Group's share of the company's net equity - adjusted where necessary to bring the company into line with Group accounting principles - including their assets and liabilities on a line-by-line basis in accordance with the "full consolidation method". Elimination of the book value and shareholders' equity is carried out on the basis of the values current at the time the investment was consolidated for the first time or at the time the controlling interest was acquired. Where possible, any differences arising are allocated to the assets and liabilities of the related consolidated companies, or, for the quota attributable to the Group on the basis of the application of equity ratios, to "negative or positive goodwill" arising on consolidation, depending on whether the value of the investment is higher or lower than the shareholders' equity.

More specifically, the shareholders' equity of Group companies used in calculating consolidation differences has been determined as follows:

- with reference to the balance sheets as of 31 December 1993 for investments held in portfolio as of 31 December 1994, being the date the Bank first prepared consolidated financial statements;
- for investments purchased subsequent to 31 December 1994, with reference to their balance sheets at the date of acquisition or, where these are not available, with reference to the balance sheets included in the official financial statements prepared closest to that date;
- for investments formerly belonging to the IMI Group, with reference to their shareholders' equity as of 1 January 1998 (accounting date for the merger of Sanpaolo and IMI).

Investments in companies carried at equity are recorded in the financial statements at the amount equal to the corresponding portion of their shareholders' equity. Any balance not assignable to the assets or liabilities of the companies' concerned at the time this method is first implemented, is booked to "positive/negative goodwill arising on application of the equity method". In the years after the first year of consolidation the adjustment of the value of these investments is booked to "Negative goodwill arising on application of the equity method" and to "Income (losses) from investments carried at equity" respectively for the changes referring to reserves and those referring to the net income of the company in which the investment is held.

"Positive goodwill" arising on the application of line-by-line consolidation, proportional consolidation or the equity method is deducted from the total "negative goodwill" that existed already or which arose during the same year and up to their total amount. Investments acquired to be re-sold as part of the merchant banking activity are not taken into

account for this offsetting. Positive goodwill not offset by negative goodwill is amortized over a period that depends on how the investment is used (see Section 5 - "Other assets").

Receivables, payables, off-balance sheet transactions, and costs and revenues as well as any gains and losses relating to significant transactions between Group companies are eliminated. By way of exception, also on account of the provisions of art. 34, Decree 87/92, costs and revenues arising on transactions involving stocks and shares and currency traded between Group companies at normal market conditions, are not eliminated.

The financial statements of consolidated companies denominated in currencies not included in the Euro-zone are translated into Euro at year-end rates of exchange. Differences arising on translation of the equity items of consolidated companies at year-end rates of exchange are included in consolidated reserves, unless they are offset by specific hedging transactions.

Adjustments and provisions made solely for fiscal purposes in the financial statements of the Parent Bank and of consolidated companies are eliminated.

Financial statements used for consolidation

The financial statements used for the consolidation are those prepared as of 31 December, 2001, as approved by the appropriate bodies within subsidiary companies and adjusted, where necessary, for consistency with Group accounting policies. The financial statements used for consolidation purposes of companies operating in the financial leasing sector were prepared using the financial lease method which is essentially consistent with Group accounting policies.

The valuation at equity of minority equity investments is based on the latest financial statements or draft financial statements that are available.

Audit of the consolidated financial statements

The consolidated financial statements, as well the Parent Bank's statutory financial statements, are audited by PricewaterhouseCoopers S.p.A., in accordance with the shareholders' resolution dated 28 April 2000, which appointed them as auditors for the three-year period 2001-2003.

Comparison with the quarterly accounts as of 31 December 2001

The consolidated financial statements, prepared using final accounting information for the Parent Bank and its subsidiaries, includes a number of changes with respect to the quarterly report as of 31 December 2001, which was presented on 14 February 2002 in order to provide advance information concerning the Group's results for the year.

The differences are not significant and do not alter the substance of the information already provided. They relate primarily to:

- the completion of the reconciliation process and the elimination of intercompany transactions;
- the precise valuation of equity investments using the equity method and of the dealing securities portfolio;
- additional provisions concerning the question of bank usury on the basis of the Constitutional Court judgement dated 25 February 2002 (see Part B – Section 7 – Information as per CONSOB Communication 1011405 of 15 February 2001);

- reassessment of the doubtful loans situation also in the light of the events that took place after approval of the quarterly report;
- recalculation of current and deferred taxes;
- certain reclassifications in the statement of income.

Part A - Accounting policies

SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The consolidated financial statements as of 31 December 2001, have been prepared using the accounting policies adopted in relation to the financial statements as of 31 December 2000.

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 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 detail:

- non-performing loans: being loans to borrowers in a state of insolvency or similar are valued on a case-by-case basis;
- problem loans: being loans to borrowers in temporary difficulties likely to be resolved within a reasonable period of time, are valued on a case-by-case basis;
- restructured loans: being loans for which a syndicate of banks (or a single bank) reschedules the repayment of principal or re-negotiates the applicable terms at lower-than-market rates, are valued on a case-by-case basis;
- loans being restructured: being loans for which the borrower has applied for consolidation to a variety of banks within the past 12 months, are valued on a case-by-case basis;
- loans exposed to "country risk": being unsecured loans to borrowers resident in countries with debt-servicing difficulties, are normally adjusted on a general basis by individual country by applying writedown percentages that not lower than those specified by the banking association. Certain positions valued taking into account the level of lending risk hedging offered by underlying guarantees are an exception to this. They do not include specific positions which are assessed on a case-by-case basis, using objective criteria, with reference to the category of risk concerned;
- performing loans: being loans to borrowers who, at this time, do not present specific insolvency risks, are valued on a general basis, except for the positions of certain companies under observation, which are assessed on a case-by-case basis. With reference to the trading activity on the secondary loan market carried out by the New York and London branches, performing loans purchased as part of this activity form part of a separate homogeneous portfolio, which is valued globally at the lower of cost and market. General adjustments to performing loans are calculated by the individual subsidiaries on a historical, statistical basis. For the Parent Bank this method is integrated by a portfolio model based on risk management methodologies used for monitoring and controlling lending risks.

The historical/statistical method of the Parent Bank, which provides a historical valuation of portfolio risk, goes through the following steps:

1. year-end estimate by the Bank of the performing loans which, based on the movements in the last four years, are likely to become doubtful loans during the next year;
2. calculation of the potential losses likely to be incurred on the amount mentioned in point 1, assuming that the loss percentage is the same as the average loss on performing loans transferred to doubtful loans in the last four years.

This portfolio model, which provides the extent of the loss that the Parent Bank may suffer in a year, is essentially based on the following elements:

1. the rating attributed to each counterparty, which reflects the risk of insolvency over the next twelve months (i.e. the transfer to doubtful loans);
2. the so-called “loss given default”, which measures the average loss percentage in the case of insolvency.

The loss resulting from these two models constitutes the minimum general writedown to cover the inherent risk in performing loans. This is increased by the Parent Bank, by applying a multiplying factor to a value considered adequate to take into account the various phases of the economic cycle.

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

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

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

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

With regard to the discounting rate at 31 December 2001, the Parent Bank has used a reference rate of 5.6%. This rate is deemed to reflect the best approximation of the original average yield on the doubtful 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). A similar approach has been adopted by subsidiary companies; foreign companies have applied reference rates appropriate to the markets concerned.

For the purpose of classifying loans as non-performing, problem, restructured or exposed to country-risk, the Parent 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.

The Parent Bank's 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 for which the Group acquired protection against the risk of non-performance as part of derivative contracts (“buyer protection”) continue to be booked in the financial statements among loans secured by personal guarantees.

Loans deriving from financing and deposit contracts

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

Reverse repurchase agreements on securities

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

Finance leases

Lease transactions are recorded using financial accounting methodology, which states lease contracts and transactions in such a way as to disclose their economic substance. This approach, which recognizes the financial nature of leasing transactions, treats the excess of total lease payments over the cost of the related asset as interest income. Such income is credited to the statement of income with reference to the residual principal and the pre-determined rate of return, taking into consideration the end-of-lease purchase value of the asset. Accordingly, the balance of loans under finance leases reported in the consolidated financial statements essentially represents the outstanding principal on loans to customers and installments due but not yet collected.

Guarantees and commitments

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

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

Investment securities

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

Such securities are written down to reflect any lasting deterioration in the solvency of the issuers and the ability of the related nations to repay debt. Investment securities can also be written down to take account of market trends (art. 18.1 of D.Lgs. 87/92). The original value of investment securities is reinstated when the reasons for any writedowns cease to apply.

Dealing securities

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

- securities quoted in organized markets: the official price quoted on the last trading day of the year;
- securities not quoted in organized markets: at the lower of cost or market value. The latter is calculated by actualizing future financial flows, using current market rates when valuing similar instruments by type and credit risk of the issuer. These estimates, where possible, are also compared with the prices of securities that have similar financial characteristics. The original value of investment securities is reinstated when the reasons for any writedowns cease to apply. Unquoted securities which are economically linked to derivative contracts are valued at market price, consistent with the accounting treatment of the contracts concerned.

Any transfers between the investment and dealing portfolios are made on the basis of the book value of the securities transferred at the time of the transaction; book value is determined using the method applicable to the originating portfolio. The related economic effects are booked to caption 60. "Profits/(losses) on financial transactions" in the case of securities from the dealing portfolio and to caption 150. "Adjustments to financial fixed assets" in the case of securities from the investment 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 which are neither fully consolidated nor valued at equity are carried at cost, as revalued in the past at the time of transformation into a limited company or as a result of mergers, determined on a LIFO basis with annual increments. Cost is written down to reflect any permanent losses in value, taking into account, among others, any reductions in the equity of the companies concerned. The original value of equity investments is reinstated if the reasons for any writedowns cease to apply.

Equity investments can also be written down to take account of market trends (Art. 18.1 of D.Lgs. 87/92).

Dividends from investments that are not consolidated line-by-line or valued at equity are recorded, together with the related tax credits, when the tax credit becomes collectible, usually in the year in which dividends are collected.

Stock option plans

Stock option plans approved by the Parent Bank, which do not foresee the assignment of own shares, involve the assignment of rights to subscribe to paid increases in capital. Given that neither Italian law nor the accounting principles generally accepted in Italy provide specific instructions on how to account for such plans, they are recorded at the time of the subscription, booking the increase in share capital along with any share premium.

Own shares

Own shares purchased by the Parent Bank are valued at cost, based on the "average daily cost" method, as they are considered long-term investments. The main purpose for the Parent Bank buying its own shares is to use them in strategic deals that require the availability of own shares (e.g. share exchanges as part of the acquisition of equity investments, cooperation agreements and other corporate finance deals). The Parent Bank's shares purchased by subsidiaries for normal dealing purposes are valued at market value, namely the official year-end price.

In the event that own shares are used as part of incentive plans or stock option plans, they are classified specifically in separate portfolios valued at market price in the same way as dealing securities.

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 indexed to foreign exchange movements, as well as financial fixed assets funded in foreign currencies or indexed to foreign exchange movements, are valued at period-end spot exchange rates. Equity investments denominated in foreign currencies subject to local exchange-control restrictions (non-convertible currencies) funded in currencies different from the functional one and those which are neither entirely or partially hedged by deposits in the same currency are stated, only for the portion funded in currencies other than the functional one, 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.

Ordinary maintenance and repairs, which do not lead to an increase in their usefulness and/or useful life, are expensed in the year they are incurred.

Intangible fixed assets

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

- formation and capital increase expenses and other deferred charges are 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, net of the portion allocated to more closely reflect the value of the related assets, are amortized on a straight-line basis. Amortization is provided over a period of ten years. These amortization periods are justifiable in view of the durability of the goodwill accumulated by the merged banks, as assessed in expert appraisals prepared for the respective mergers.

Payables

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

Funding repurchase agreements on securities issued by Group companies are not reported on the above basis if they are arranged by the issuing company concerned. In this case, they are recorded as securities issued with a forward repurchase commitment.

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

This fund, which can be qualified as an "internal" pension fund, was made up by the Parent Bank for supplementary pensions due to retired employees of the former IMI S.p.A. with rights to such benefits. The contingency arising in this connection is assessed at the end of the year 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 deferred taxes, income taxes and the regional tax on business activities, including those charged on units operating abroad. The provision also takes into consideration current and potential disputes with the tax authorities.

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

Deferred taxation, determined according to the so called "balance sheet liability" method, reflects the tax effect of timing differences between the book value of assets and liabilities and their value for tax purposes, which will lead to taxable and deductible amounts in future years when there is reasonable probability that such differences will reversal.

To this end, taxable timing differences are defined as those which will give rise to taxable income in future years (deferred capital gains, for example); while deductible timing differences are defined as those which will give rise to deductible amounts in future years (such as provisions and costs that can be deducted for tax purposes over a period of years, e.g. general loan writedowns in excess of the fiscally deductible amount).

Deferred tax liabilities are calculated for each consolidated company by applying the expected effective 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.

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 in suspense for tax purposes pursuant to art. 21 of Decree 213/98, is charged directly against this reserve.

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

Deferred taxation on the equity items of consolidated companies is not booked if it is unlikely that any liability will actually arise, bearing in mind the permanent nature of the investment.

Deferred tax assets and liabilities relating to the same kind of tax, applicable to the same entity and reversing in the same period are offset against each other.

Deferred tax assets are booked to the assets side of the balance sheet at caption 150 "Other assets" as the contra-entry to income taxes, while deferred tax liabilities are booked to liabilities on the balance sheet under caption 80 b.–Taxation–, again as a contra-entry to income taxes.

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.

Other provisions

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

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

The provision for other personnel charges comprises:

- provisions made by the Parent Bank on the basis of an independent actuarial report to an independent supplementary pension fund (Cassa di Previdenza del Personale) to cover unfunded pension liabilities, as well as provisions for contributions that may be due in relation to the personnel of the Parent Bank;
- provisions made on an actuarial basis to set up the technical reserve needed to cover long-service bonuses payable to employees;
- provisions for discretionary bonuses to employees and other potential liabilities, including those for personnel leaving incentives.

Reserve for general banking risks

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

Accruals and deferrals

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

Derivatives contracts

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

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

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

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

Hedging derivative contracts

These are entered into with the aim of protecting the value of individual assets or liabilities, as well as any groups of assets or liabilities, on or off the balance sheet, from the risk of market fluctuations. In the case of groups of assets or liabilities, the hedging objective is achieved via the use of asset and liability management techniques. A transaction is considered to be a hedge in the presence of the following documented conditions:

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

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

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

Balance sheet: the relevant 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 according to the valuation of the assets and liabilities being hedged.

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, according to total effect. If, on the other hand, the derivative contract hedges the risk of market price or exchange fluctuations (principal portion), then the revenues or costs generated are treated as “Profits (losses) on financial transactions”. More specifically, differentials and margins earned on derivative contracts hedging dealing securities are treated as interest, if they relate to multiple-flow contracts (e.g. IRS) or to single-flow contracts where the duration of the underlying asset is less than one year (e.g. FRA); but as profits (losses) on financial transactions, if they relate to single-flow contracts where the duration of the underlying asset is more than one year (e.g. futures and options).

Non-hedging derivative contracts

These are valued as follows:

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

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

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

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

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

Internal deals

The Parent Bank has adopted an organizational structure based on specialized trading desks that have exclusive authorization to deal in specific derivatives. The arrangement is inspired mainly by the goals of efficiency (lower transaction costs), improved management of market and counterparty risks, and the optimal allocation of specialized human resources. These desks manage portfolios consisting of various types of derivatives (and sometimes securities) and operate within defined limits of net risk.

These desks serve as counterparties to other desks (which are also autonomous from an accounting point of view) that are not authorized to deal in the market, by means of internal deals in derivatives at market prices.

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

- internal deals involving derivatives held in specialized desk portfolios are stated at market value when apposted for dealing / trading;
- internal deals involving derivatives held in nonspecialized 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

Adjustments recorded solely for fiscal purposes by the Parent Bank and the consolidated companies in their statutory financial statements have been reversed upon consolidation.

Provisions recorded solely for fiscal purposes

Provisions recorded solely for fiscal purposes by consolidated companies in their statutory financial statements have been reversed upon consolidation.

Provisions to the reserve for possible loan losses made in accordance with tax laws by the subsidiary Banca OPI S.p.A. for € 57 million have been eliminated from the consolidated statement of income for the year.

Part B - Consolidated balance sheet

SECTION 1 - LOANS

The Group's loan portfolio is analysed below by type of counterparty:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Due from banks (caption 30)	21,571	19,119	+12.8
Loans to customers (caption 40) (*)	97,056	98,706	-1.7
Total	118,627	117,825	+0.7

(*) The amount includes € 2,041 million of loans to Società per la gestione di attività S.p.A. (Sga) (€ 2,738 million at 31 December 2000) (see Section 5 – Other assets).

Due from banks (caption 30)

Amounts due from banks include:

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Deposits with central banks	1,796	439	n.s.
b) Bills eligible for refinancing with central banks	-	-	n.s.
c) Finance leases	-	-	n.s.
d) Repurchase agreements	6,678	4,720	+41.5
e) Securities loaned	52	25	+108.0

Deposits with central banks as of 31 December 2001 include the compulsory reserve with the Bank of Italy and other foreign central banks, for € 786 million (€ 276 million as of 31 December 2000).

Loans to customers (caption 40)

Loans to customers, which are analysed by technical form in the report on operations, include:

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Bills eligible for refinancing with central banks	15	285	-94.7
b) Finance leases	2,253	1,877	+20.0
c) Repurchase agreements	3,623	2,890	+25.4
d) Securities loaned	129	132	-2.3

“Secured loans to customers” are detailed as follows:

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Mortgages	21,545	22,019	-2.2
b) Pledged assets :			
1. cash deposits	200	294	-32.0
2. securities (**)	5,698	4,192	+35.9
3. other instruments	432	175	+146.9
c) Guarantees given by:			
1. Governments (***)	3,770	4,837	-22.1
2. other public entities	263	383	-31.3
3. banks	1,631	1,770	-7.9
4. other operators	12,284	13,923	-11.8
Total	45,823	47,593	-3.7

(*) *Figures as of 31 December 2000 have been restated to reflect the exclusion of loans granted directly to Governments or other public entities, which at 31 December 2001 amounted to € 12,535 million.*

(**) *Includes repurchase and similar agreements guaranteed by underlying securities totalling € 3,752 million compared with € 3,022 million as of 31 December 2000.*

(***) *Including € 2,041 million of loans of Banco di Napoli to Sga (€ 2,738 million as of 31 December 2000).*

Loans to customers guaranteed by banks and other operators include € 368 million of positions (€ 166 million as of 31 December 2000) for which the Parent Bank bought buyer protection against the risk of non-performance, by means of derivative contracts.

Secured loans to customers and those granted directly to Governments or other public entities represent 60.1% of total loans to customers (61.1% as of 31 December 2000).

Degree of risk in loan portfolio

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

The estimated realizable value of doubtful loans takes into account not only the likelihood of recovery, but also their total or partial lack of income generation and late repayment. Total adjustments as of 31 December 2001 for discounting purposes total € 192 million (€ 309 million at 31 December 2000).

Analysis of loans to customers

(Bank of Italy instructions dated 17.12.98)

	31/12/01 (€/mil)			31/12/00 (€/mil)		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
A. Doubtful loans	4,391	2,501	1,890	5,157	3,054	2,103
A.1 Non-performing loans	3,069	2,139	930	3,542	2,527	1,015
A.2 Problem loans	1,090	293	797	1,341	458	883
A.3 Loans currently being restructured	66	21	45	17	5	12
A.4 Restructured loans	121	35	86	122	35	87
A.5 Unsecured loans exposed to country risk	45	13	32	135	29	106
B. Performing loans	95,899	733	95,166	97,190	587	96,603
Total loans to customers	100,290	3,234	97,056	102,347	3,641	98,706

Non-performing loans include unsecured loans to residents of nations exposed to country risk, for a gross exposure of € 3 million, written down almost in full.

Coverage of doubtful loans (*)

	31/12/01	31/12/00
Non-performing loans (gross of writeoffs)	75.0%	79.8%
Non-performing loans (net of writeoffs)	69.7%	71.3%
Problem loans (gross of writeoffs)	27.7%	37.3%
Problem loans (net of writeoffs)	26.9%	34.2%

(*) Index is defined as the ratio between accumulated adjustments on non-performing loans and problem loans and the amounts of such loans at the period end.

The change in the coverage of non-performing loans is mainly justified by the exclusion from the scope of consolidation of Sanpaolo Immobiliare S.p.A. (sold on 2 July 2001), as well as the assignment of loans without recourse by the Parent Bank during the year.

Analysis of loans to banks

(Bank of Italy instructions dated 17.12.98)

	31/12/01 (€/mil)			31/12/00 (€/mil)		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
A. Doubtful loans	86	28	58	72	18	54
A.1 Non-performing loans	11	10	1	14	13	1
A.2 Problem loans	-	-	-	-	-	-
A.3 Loans currently being restructured	-	-	-	-	-	-
A.4 Restructured loans	-	-	-	-	-	-
A.5 Unsecured loans exposed to country risk	75	18	57	58	5	53
B. Performing loans	21,522	9	21,513	19,072	7	19,065
Total loans to banks	21,608	37	21,571	19,144	25	19,119

Non-performing loans include unsecured loans to residents of nations exposed to country risk, held in portfolio by the Parent Bank, for a gross exposure of € 7 million, written down in full.

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Non-performing loans (net amount, including default interest)	931	1,016	-8.4

Movements during the year in gross doubtful loans to customer

(Bank of Italy instructions dated 17.12.98)

(€/mil)

Description/Categories	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk
A. Gross value as of 1/1/2001	3,542	1,341	17	122	135
A.1 including: for default interest	808	41	3	-	-
B. Increases	840	865	68	17	2
B.1 inflows from performing loans	146	708	56	3	-
B.2 default interest	127	9	-	-	-
B.3 transfers from other categories of doubtful loans	484	34	8	11	-
B.4 other increases	83	114	4	3	2
C. Decreases	1,313	1,116	19	18	92
C.1 outflows to performing loans	14	165	1	-	7
C.2 write-offs	671	47	1	2	-
C.3 collections	246	400	17	11	85
C.4 disposals	112	2	-	-	-
C.5 transfers to other categories of doubtful loans	34	498	-	5	-
C.6 other decreases	236	4	-	-	-
D. Gross value as of 31/12/2001	3,069	1,090	66	121	45
D.1 including: for default interest	547	38	-	-	-

Decreases in non-performing loans mainly refer to the exclusion from the scope of consolidation of Sanpaolo Immobiliare S.p.A. (sold on 2 July 2001), as well as to the completion by the Parent Bank of factoring deals for the assignment without recourse of loans involving 18,577 short-term loans. These loans, recorded for a gross value of € 640 million and a net value of € 111 million, have been factored for € 113 million.

Movements during the year in gross doubtful amounts due from banks

Description/Categories	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk
<i>(Bank of Italy instructions dated 17.12.98)</i> (€/mil)					
A. Gross value as of 1/1/2001	14	-	-	-	58
<i>A.1 including: for default interest</i>	-	-	-	-	-
B. Increases	1	-	-	-	22
B.1 inflows from performing loans	-	-	-	-	-
B.2 default interest	-	-	-	-	-
B.3 transfers from other categories of doubtful loans	-	-	-	-	-
B.4 other increases	1	-	-	-	22
C. Decreases	4	-	-	-	5
C.1 outflows to performing loans	-	-	-	-	-
C.2 write-offs	4	-	-	-	-
C.3 collections	-	-	-	-	5
C.4 disposals	-	-	-	-	-
C.5 transfers to other categories of doubtful loans	-	-	-	-	-
C.6 other decreases	-	-	-	-	-
D. Gross value as of 31/12/2001	11	-	-	-	75
<i>D.1 including: for default interest</i>	1	-	-	-	-

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

(Bank of Italy instructions dated 17.12.98) (€/mil)

Description/Categories	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk	Performing loans
A. Total adjustments as of 1/1/2001	2,527	458	5	35	29	587
A.1 including: for default interest	808	41	3	-	-	16
B. Increases	612	214	21	10	-	211
B.1 adjustments	345	168	19	2	-	209
B.1.1 including: for default interest	127	9	-	-	-	7
B.2 use of reserves for possible loan losses	-	-	-	-	-	-
B.3 transfers from other categories of doubtful loans	259	28	2	7	-	1
B.4 other increases	8	18	-	1	-	1
C. Decreases	1,000	379	5	10	16	65
C.1 writebacks from valuations	69	27	-	4	16	8
C1.1 including: for default interest	-	-	-	-	-	-
C.2 writebacks of collections	60	36	4	2	-	5
C2.1 including: for default interest	20	9	2	-	-	4
C.3 write-offs	671	47	1	2	-	28
C.4 transfers to other categories of doubtful loans	21	257	-	2	-	17
C.5 other decreases	179	12	-	-	-	7
D. Total adjustments as of 31/12/2001	2,139	293	21	35	13	733
D.1 including: for default interest	547	38	-	-	-	8

As already discussed, total adjustments include € 192 million relating to the adoption of a policy of actualizing doubtful loans (€ 309 million at 31 December 2000). Writedowns for discounting purposes total € 164 million on non-performing loans, € 21 million on problem loans and € 7 million on restructured loans and loans being restructured.

Value adjustments to performing loans to customers include € 20 million (26 million as at 31 December 2000) of specific writedowns by the Parent Bank to watchlist positions for a gross exposure of € 233 million (205 million as at 31 December 2000); € 6 million refer to a foreign subsidiary. The inherent risk associated with other performing loans is covered by a general writedown of € 699 million.

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

Description/Categories	Non-performing loans	Problem loans	Loans being restructured	Restructured loans	Unsecured loans exposed to country risk	Performing loans
<i>(Bank of Italy instructions dated 17.12.98)</i>						
<i>(€/mil)</i>						
A. Total adjustments as of 1/1/2001	13	-	-	-	5	7
<i>A.1 including: for default interest</i>	-	-	-	-	-	-
B. Increases	1	-	-	-	13	10
B.1 adjustments	-	-	-	-	13	9
<i>B.1.1 including: for default interest</i>	-	-	-	-	-	-
B.2 use of reserves for possible loan losses	-	-	-	-	-	-
B.3 transfers from other categories of doubtful loans	-	-	-	-	-	-
B.4 other increases	1	-	-	-	-	1
C. Decreases	4	-	-	-	-	8
C.1 writebacks from valuations	-	-	-	-	-	8
<i>C.1.1 including: for default interest</i>	-	-	-	-	-	-
C.2 writebacks of collections	-	-	-	-	-	-
<i>C.2.1 including: for default interest</i>	-	-	-	-	-	-
C.3 write-offs	4	-	-	-	-	-
C.4 transfers from other categories of doubtful loans	-	-	-	-	-	-
C.5 other decreases	-	-	-	-	-	-
D. Total adjustments as of 31/12/2001	10	-	-	-	18	9
<i>D.1 including: for default interest</i>	1	-	-	-	-	-

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

Country	(€/mil)		
	Total (book value)	Gross exposure	
		of which : unsecured book value	weighted value
Brazil	128	66	63
Venezuela	19	15	15
Egypt	16	11	11
Morocco	95	7	7
Argentina	78	6	5
Algeria	9	5	4
Cameroon	2	2	2
Russia	381	1	1
Philippines	20	1	1
Yugoslavia	1	1	1
Indonesia	1	1	1
Lebanon	49	1	-
Iran	59	-	-
Cayman Islands	34	-	-
Bermuda	30	-	-
Others	104	3	2
Total gross exposure	1,026	120	113
Total adjustments	31	31	
Net exposure as of 31/12/2001	995	89	

For the purposes of these notes, the countries considered are those listed by the Italian Banking Association, for which, in the absence of specific guarantees, general adjustments have to be made .

Adjustments to unsecured loans exposed to country risk have been made by applying the weighting criteria and the write-down percentages agreed industry-wide by the Italian Bankers' Association, as mentioned above. Such writedowns are to cover all of the losses that might arise from those events that are typical to "country risk".

Secured loans, amounting € 906 million, are insured by SACE or equivalent entities and by sureties from banking operators in the OECD area. In addition, they comprise loans of € 255 million granted by the Parent Bank to a prime customer resident in Russia that are guaranteed by receivables deriving from supply contracts with leading West European companies. This collateral is deemed adequate to cover the lending risk. In compliance with Bank of Italy regulations, these loans are included in the calculation of country risk, which is deducted from the Bank's capital for supervisory purposes.

Other information relating to loans

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

SECTION 2 - SECURITIES

Securities owned by the Group are analysed as follows:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Treasury bills and similar bills eligible for refinancing with central banks (caption 20)	9,373	8,968	+4.5
Bonds and other debt securities (caption 50)	11,216	13,987	-19.8
Shares, quotas and other equities (caption 60)	1,528	2,003	-23.7
Total	22,117	24,958	-11.4

“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

Securities recorded in the consolidated financial statements include those which will be held long term by Group companies and declared as such in their financial statements. The investment securities portfolio is analysed as follows:

Investment securities (table 2.1 B.I.)

	31/12/01 (€/mil)		31/12/00 (€/mil)	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
– quoted	1,579	1,605	2,907	2,962
– unquoted	-	-	-	-
1.2 other securities				
– quoted	1,069	1,090	2,675	2,681
– unquoted	655	656	1,087	1,087
2. Equities				
– quoted	-	-	2	2
– unquoted	5	5	-	-
Total	3,308	3,356	6,671	6,732

A comparison between the market value and book value of securities reveals a net unrealized, unrecorded gain of € 23 million on securities not hedged by derivative contracts and € 25 million on securities hedged by derivative contracts pertaining to the Parent Bank and to certain consolidated companies. The valuation of these derivatives reveals an unrealized loss of € 21 million.

“Other securities”, quoted and unquoted, mainly include securities held by Banco di Napoli for € 781 million, by foreign subsidiaries for € 557 million and by the Parent Bank for € 386 million. More specifically, the securities deriving from securitisation deals amount to € 429 million, investments in government securities (other than Italian) and those of public entities amount to € 300 million, while other investments in securities, totalling € 995 million, are largely of primary European issuers.

“Equities” entirely comprise units in mutual funds included in the investment portfolios of NHS - Nuova Holding SAN-PAOLOIMI S.p.A. .

<i>Changes in investment securities during the year (table 2.2 B.I.)</i>		<i>(€/mil)</i>
A. Opening balance		6,671
B. Increases		
B1. purchases		893
B2. writebacks		1
B3. transfers from dealing portfolio		4
B4. other changes		192
C. Decreases		
C1. sales		1,311
C2. redemptions		1,611
C3. adjustments		11
<i>of which:</i>		
<i>permanent writedowns</i>		9
C4. transfers to dealing portfolio		1,382
C5. other changes		138
D. Closing balance		3,308

"Transfers from dealing portfolio" as per subcaption B3 are made up by a foreign subsidiary.

Subcaption B4. "Increases - other changes" includes exchange differences on securities denominated in foreign currency for € 159 million and dealing discounts for € 12 million.

Subcaption C5. "Decreases – other changes" includes € 118 million which is the net effect of eliminating intercompany positions and € 16 million of exchange losses on securities denominated in foreign currency.

In addition, subcaptions B4. and C5. also include accrued issue and dealing discounts.

Subcaption C1. "Sales" includes € 1,223 million of sales carried out by the subsidiary Banco di Napoli according to indications given by its Board of Directors in the resolutions about operations and € 88 million of other sales made by certain foreign subsidiaries based on approvals given by local Supervisory Authorities.

The adjustments reported in subcaption C3, for a total of € 11 million, relate to the writedown of securities made by a subsidiary of Banco di Napoli, € 9 million, and the writedown of securities to market value made by the Parent Bank, € 2 million, pursuant to Art. 18 of D.Lgs 87/92.

Caption C4. "Transfer to dealing portfolio" essentially represents a transfer of € 1,380 million made by Banco di Napoli in connection with the redefinition of its activities.

A comparison between the market value and book value reveals gains of € 21 million (issue and dealing discounts) which will be recorded in the statement of income on an accrual basis. More specifically, Banco di Napoli shows gains of € 33 million, the Parent Bank losses of € 11 million and other foreign subsidiaries losses of € 1 million.

Note that increases in the investment portfolio are carried out by Group companies with Board and Management approval, within their set limits.

Dealing securities

These securities, held for treasury and dealing purposes, comprise:

Dealing securities (table 2.3 B.I.)

	31/12/01 (€/mil)		31/12/00 (€/mil)	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
– quoted	9,626	9,626	9,275	9,275
– unquoted	57	57	228	228
1.2 other securities				
– quoted	4,140	4,140	3,811	3,811
– unquoted	3,463	3,471	2,972	2,977
2. Equities				
– quoted	1,259	1,259	1,991	1,991
– unquoted	264	265	10	10
Total	18,809	18,818	18,287	18,292

In the reclassified consolidated balance sheet, the dealing securities portfolio also includes € 10 million of SANPAOLO IMI S.p.A. shares, purchased by certain subsidiaries as part of their trading activities.

Changes in dealing securities during the year (table 2.4 B.I.)

(€/mil)

A. Opening balance	18,287
B. Increases	
B1. purchases	480,224
– debt securities	432,559
– Government securities	277,006
– other securities	155,553
– equities	47,665
B2. writebacks and revaluations	194
B3. transfers from investment portfolio	1,471
B4. other changes	1,362
C. Decreases	
C1. sales and redemptions	481,310
– debt securities	433,095
– Government securities	278,023
– other securities	155,072
– equities	48,215
C2. adjustments	107
C3. transfers to investment portfolio	4
C5. other changes	1,308
D. Closing balance	18,809

Other information relating to securities

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

SECTION 3 - EQUITY INVESTMENTS

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Equity investments (caption 70)	4,054	3,034	+33.6
Investments in Group companies (caption 80)	643	539	+19.3
Total	4,697	3,573	+31.5
– significant investments carried at equity (table 3.1 B.I.)	982	811	+21.1
– significant investments carried at cost	3,715	2,762	+34.5

Significant investments

Significant investments held by the Group, 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	Registered offices	Type of relation-ship (*)	Share-holders' equity (€/mil) (**)	Net income (loss) (€/mil) (**)	Ownership		Voting rights at shareholders' meeting %	Consoli-dated book values (€/mil)
					Held by	%		
A. Companies consolidated on a line-by-line and proportional basis								
SANPAOLO IMI S.p.A. (Parent Bank)	Turin		8,101	1,184	-	-	-	-
<i>A1 Companies consolidated on a line-by-line basis</i>								
1 Banca Fideuram S.p.A.	Milan	1	942	239	Sanpaolo IMI Invesp	61.29 10.21	61.29 10.21	XXX XXX (A)
						71.50	71.50	
2 Banca d'Intermediazione Mobiliare IMI S.p.A. (Banca IMI)	Milan	1	344	-5	Sanpaolo IMI	100.00	100.00	XXX
3 Banca IMI Securities Corp.	United States	1	175	3	IMI Capital Market USA	100.00	100.00	XXX
4 Banca OPI S.p.A.	Rome	1	381	32	Sanpaolo IMI	100.00	100.00	XXX (B)
5 Banca Sanpaolo Invest S.p.A.	Rome	1	105	15	Sanpaolo IMI	100.00	100.00	XXX
6 Banco di Napoli S.p.A.	Naples	1	1,359	3	Sanpaolo IMI	93.63	100.00	XXX
7 Banco di Napoli Asset Management S.G.R. p.A.	Naples	1	26	3	Banco di Napoli	100.00	100.00	XXX
8 Banque Privée Fideuram Wargny S.A. (ex Financiere Wargny S.A.)	France	1	89	-2	Financiere Fideuram	99.84	99.84	XXX (C)
9 Banque Sanpaolo S.A.	France	1	436	36	Sanpaolo IMI	100.00	100.00	XXX
10 BNH S.p.A.	Turin	1	361	1,156	Sanpaolo IMI	100.00	100.00	XXX
11 Fideuram Bank S.A.	Luxembourg	1	36	10	Banca Fideuram Fideuram Vita	99.99 0.01	99.99 0.01	XXX XXX
						100.00	100.00	
12 Fideuram Bank (Suisse) A.G. (ex Turis A.G.)	Switzerland	1	21	-	Fideuram Bank	100.00	100.00	XXX
13 Fideuram Capital SIM S.p.A.	Milan	1	25	12	Banca Fideuram	100.00	100.00	XXX
14 Fideuram Fiduciaria S.p.A.	Rome	1	2	-	Banca Fideuram	100.00	100.00	XXX
15 Fideuram Fondi S.p.A.	Rome	1	32	11	Banca Fideuram	99.25	99.25	XXX
16 Fideuram Gestioni Patrimoniali SIM S.p.A.	Milan	1	22	15	Banca Fideuram	100.00	100.00	XXX
17 Fideuram Gestions S.A.	Luxembourg	1	12	10	Banca Fideuram Fideuram Vita	99.99 0.01	99.99 0.01	XXX XXX
						100.00	100.00	

(cont.: Companies consolidated on a line-by-line basis)

Name	Registered offices	Type of relationship (*)	Shareholders' equity (€/mil) (**)	Net income (loss) (€/mil) (**)	Ownership		Voting rights at shareholders' meeting %	Consolidated book values (€/mil)
					Held by	%		
18 Fideuram Multimanager Fund Management Company S.A.	Luxembourg	1	-	-	Banca Fideuram	99.20	99.20	XXX
					Fideuram Vita	0.80	0.80	XXX
						100.00	100.00	(D)
19 Fideuram Wargny Active Broker S.A. (ex Wargny Mesactions S.A.)	France	1	22	4	Banque Privée Fideuram Wargny	99.99	99.99	XXX
20 Fideuram Wargny Gestion S.A. (ex Wargny Gestion S.A.)	France	1	3	-	Banque Privée Fideuram Wargny	99.85	99.85	XXX
21 Financière Fideuram S.A. (ex Wargny Management S.A.)	France	1	38	-1	Banca Fideuram	94.96	94.96	XXX (E)
22 Fonditalia Management Company S.A.	Luxembourg	1	172	161	Banca Fideuram	99.96	99.96	XXX
					Fideuram Vita	0.04	0.04	XXX
						100.00	100.00	(D)
23 IDEA S.A.	Luxembourg	1	-	-	IMI Bank (Lux)	99.17	99.17	XXX
					Sanpaolo IMI International	0.83	0.83	XXX
						100.00	100.00	
24 IMI Bank (Lux) S.A.	Luxembourg	1	80	3	Banca IMI	99.99	99.99	XXX
					IMI Investments	0.01	0.01	XXX
						100.00	100.00	
25 IMI Capital Markets USA Corp.	United States	1	177	-1	IMI Investments	100.00	100.00	XXX
26 IMI Investments S.A.	Luxembourg	1	171	-1	Banca IMI	99.99	99.99	XXX
					Banca IMI Securities	0.01	0.01	XXX
						100.00	100.00	
27 IMI Real Estate S.A.	Luxembourg	1	3	-	IMI Bank (Lux)	99.99	99.99	XXX
					Sanpaolo IMI International	0.01	0.01	XXX
						100.00	100.00	
28 IMIWeb Bank S.p.A.	Milan	1	37	-47	Banca IMI	100.00	100.00	XXX
29 IMIWeb (UK) Ltd	United Kingdom	1	8	-6	IMIWeb Bank	100.00	100.00	XXX
30 Independent Management for Institutional Advisory Co. S.A.	Luxembourg	1	6	-	IMI Investments	100.00	100.00	XXX
31 Interfund Advisory Company S.A.	Luxembourg	1	64	64	Banca Fideuram	99.92	99.92	XXX
					Fideuram Vita	0.08	0.08	XXX
						100.00	100.00	(D)
32 Int. Securities Advisory Company S.A.	Luxembourg	1	6	6	Banca Fideuram	99.98	99.98	XXX
					Fideuram Vita	0.02	0.02	XXX
						100.00	100.00	(D)
33 Invesp S.p.A. (ex Apoké Two S.p.A.)	Turin	1	365	211	Sanpaolo IMI	100.00	100.00	XXX (F)
34 Lackenstar Ltd	Ireland	1	-	-	Sanpaolo IMI	100.00	100.00	XXX
					Bank Ireland			
35 LDV Holding B.V.	The Netherlands	1	233	-1	NHS-Nuova Holding Sanpaolo IMI	100.00	100.00	XXX
36 NHS-Nuova Holding Sanpaolo IMI S.p.A. (subsequently IMI Investimenti S.p.A.)	Turin	1	811	63	Sanpaolo IMI	51.00	51.00	XXX (G)
37 NHS Investments S.A. (ex Sanpaolo IMI Investments S.A.)	Luxembourg	1	149	-19	NHS-Nuova Holding	99.99	99.99	XXX
					Sanpaolo IMI LDV Holding	0.01	0.01	XXX
						100.00	100.00	
38 NHS Luxembourg S.A.	Luxembourg	1	20	-	NHS-Nuova Holding	99.99	99.99	XXX
					Sanpaolo IMI LDV Holding	0.01	0.01	XXX
						100.00	100.00	(H)

(cont.: Companies consolidated on a line-by-line basis)

Name	Registered offices	Type of relationship (*)	Shareholders' equity (€/mil) (**)	Net income (loss) (€/mil) (**)	Ownership		Voting rights at shareholders' meeting %	Consolidated book values (€/mil)
					Held by	%		
39 Sanpaolo Asset Management S.A.	France	1	3	2	Banque Sanpaolo	99.98	99.98	XXX
					Société Foncière d'Investissement	0.01	0.01	XXX
					Société Immobilière d'Investissement	0.01	0.01	XXX
						100.00	100.00	
40 Sanpaolo Bail S.A.	France	1	5	1	Banque Sanpaolo	99.97	99.97	XXX
					Sanpaolo Mur	0.01	0.01	XXX
					Société Foncière d'Investissement	0.01	0.01	XXX
					Société Immobilière d'Investissement	0.01	0.01	XXX
	100.00	100.00	(B)					
41 Sanpaolo Bank (Austria) A.G.	Austria	1	11	2	Sanpaolo Bank	100.00	100.00	XXX
42 Sanpaolo Bank S.A.	Luxembourg	1	142	67	Wealth Management Sanpaolo IMI	99.99	99.99	XXX
					Sanpaolo Services Luxembourg	0.01	0.01	XXX
						100.00	100.00	(I)
43 Sanpaolo Fiduciaria S.p.A.	Milan	1	3	-	Wealth Management Sanpaolo IMI	100.00	100.00	XXX (I)
44 Sanpaolo Fonds Gestion S.n.c.	France	1	12	12	Banque Sanpaolo	80.00	80.00	XXX
					Sanpaolo Asset Management S.A.	20.00	20.00	XXX
						100.00	100.00	
45 Sanpaolo Gestion Internationale S.A.	Luxembourg	1	11	60	Wealth Management Sanpaolo IMI	99.98	99.98	XXX
					Sanpaolo Bank	0.02	0.02	XXX
						100.00	100.00	(I)
46 Sanpaolo IMI Alternative Investments S.G.R. S.p.A.	Milan	1	1	-	Sanpaolo IMI Asset Management SGR	99.99	99.99	XXX
					Sanpaolo IMI	0.01	0.01	XXX
						100.00	100.00	(H)
47 Sanpaolo IMI Asset Management S.G.R. S.p.A.	Turin	1	51	17	Wealth Management Sanpaolo IMI	100.00	100.00	XXX (I)
48 Sanpaolo IMI Bank (International) S.A.	Madeira	1	189	7	Sanpaolo IMI	69.01	69.01	XXX
					Sanpaolo IMI International	30.99	30.99	XXX
						100.00	100.00	
49 Sanpaolo IMI Bank Ireland Plc	Ireland	1	477	20	Sanpaolo IMI	100.00	100.00	XXX
50 Sanpaolo IMI Capital Company I L.L.c.	United States	1	45	-	Sanpaolo IMI	100.00	100.00	XXX
51 Sanpaolo IMI Institutional Asset Management S.G.R. S.p.A.	Monza	1	20	1	Wealth Management Sanpaolo IMI	55.00	55.00	XXX
					Fideuram Capital	30.00	30.00	XXX
					Banca IMI	11.72	11.72	XXX
					IMI Bank (Lux)	3.28	3.28	XXX
						100.00	100.00	(J)
52 Sanpaolo IMI International S.A.	Luxembourg	1	1,112	7	Sanpaolo IMI	100.00	100.00	XXX
53 Sanpaolo IMI US Financial Co.	United States	1	-	-	Sanpaolo IMI	100.00	100.00	XXX
54 Sanpaolo Invest Ireland Ltd	Ireland	1	2	2	Banca Sanpaolo Invest	100.00	100.00	XXX (J)
55 Sanpaolo Leasint S.p.A.	Milan	1	60	7	Sanpaolo IMI	100.00	100.00	XXX (B)
56 Sanpaolo Mur S.A.	France	1	3	-	Banque Sanpaolo	99.99	99.99	XXX
					Sanpaolo Bail	0.01	0.01	XXX
						100.00	100.00	(B)

(cont.: Companies consolidated on a line-by-line basis)

Name	Registered offices	Type of relationship (*)	Shareholders' equity (€/mil) (**)	Net income (loss) (€/mil) (**)	Ownership		Voting rights at shareholders' meeting %	Consolidated book values (€/mil)
					Held by	%		
57 Sanpaolo Riscossioni Genova S.p.A.	Genoa	1	7	-	Sanpaolo IMI	100.00	100.00	XXX
58 Sanpaolo Riscossioni Prato S.p.A.	Prato	1	4	-	Sanpaolo Riscossioni Genova	63.76	63.76	XXX
					Sanpaolo IMI	36.24	36.24	XXX
						100.00	100.00	(K)
59 Sanpaolo Services Luxembourg S.A.	Luxembourg	1	5	3	Wealth Management Sanpaolo IMI	99.60	99.60	XXX
					Sanpaolo Bank	0.40	0.40	XXX
						100.00	100.00	(I)
60 SEP S.p.A.	Turin	1	3	-	Sanpaolo IMI	100.00	100.00	XXX
61 Societé de Gestion du Fonds commun de Placement Fideuram Fund S.A.	Luxembourg	1	16	16	Banca Fideuram	99.20	99.20	XXX (D)
					Fideuram Vita	0.80	0.80	XXX
						100.00	100.00	
62 Sogesmar S.A.	France	1	1	-	Banque Privée Fideuram Wargny	51.09	51.09	XXX
					Fideuram Wargny Gestion	48.19	48.19	XXX
						99.28	99.28	
63 SP Asset Management Luxembourg S.A.	Luxembourg	1	2	1	Sanpaolo Bank	99.99	99.99	XXX
					Sanpaolo Services Luxembourg	0.01	0.01	XXX
						100.00	100.00	
64 SP Immobiliere S.A.	Luxembourg	1	-	-	Sanpaolo Bank	99.99	99.99	XXX
					Sanpaolo Services Luxembourg	0.01	0.01	XXX
						100.00	100.00	
65 SP Private Banking S.A.	Switzerland	1	19	-8	Sanpaolo Bank	99.98	99.98	XXX (H)
66 Tobuk Ltd	Ireland	1	-	-	Sanpaolo IMI Bank Ireland	100.00	100.00	XXX
67 Tushingam Ltd	Ireland	1	-	-	Sanpaolo IMI Bank Ireland	100.00	100.00	XXX
68 Wargny Gestion S.A.M.	Principality of Monaco	1	5	-	Banque Privée Fideuram Wargny	99.50	99.50	XXX
69 Wealth Management Sanpaolo IMI S.p.A. (subsequently Sanpaolo IMI WM S.p.A.)	Milan	1	658	320	Sanpaolo IMI	100.00	100.00	XXX

A2 Companies consolidated with the proportional method

1 Centradia Group Ltd	United Kingdom	7	44	5	Sanpaolo IMI	29.03	29.03	XXX (H)
2 Centradia Ltd	United Kingdom	7	5	-4	Centradia Group	100.00	100.00	XXX (H)
3 Centradia Services Ltd	United Kingdom	7	9	-16	Centradia Group	100.00	100.00	XXX (H)
4 Finconsumo Banca S.p.A.	Turin	7	51	8	Sanpaolo IMI	50.00	50.00	XXX
5 FC Factor S.r.l.	Turin	7	2	1	Finconsumo	100.00	100.00	XXX

B. Investments carried at equity

B1 Investments carried at equity - subsidiaries (***)

1 Banca IMI (Nominees) Ltd	United Kingdom	1	-	-	Banca IMI	100.00	100.00	-
2 Bernabé Mobile Investments 2 S.A.	Belgium	1	59	-8	NHS-Nuova Holding Sanpaolo IMI	100.00	100.00	59
3 Bonec Ltd	Ireland	1	-	-	Sanpaolo IMI Bank Ireland	100.00	100.00	-
4 Brokerban S.p.A.	Naples	1	2	1	Banco di Napoli	100.00	100.00	2
5 Cedar Street Securities Corp.	United States	1	-	-	Banca IMI Securities	100.00	100.00	-

(cont: investments carried at equity - subsidiaries)

Name	Registered offices	Type of relationship (*)	Shareholders' equity (€/mil) (**)	Net income (loss) (€/mil) (**)	Ownership		Voting rights at shareholders' meeting %	Consolidated book values (€/mil)
					Held by	%		
6 Consorzio Studi e Ricerche Fiscali	Rome	1	-	-	Sanpaolo IMI	50.00	50.00	-
					Banca IMI	10.00	10.00	-
					Banca Fideuram	10.00	10.00	-
					Banca OPI	5.00	5.00	-
					Banco di Napoli	5.00	5.00	-
					Fideuram Vita	5.00	5.00	- (L)
					NHS-Nuova Holding Sanpaolo IMI	5.00	5.00	-
					Sanpaolo Leasint	5.00	5.00	-
					Sanpaolo IMI	5.00	5.00	-
					Asset Management			
					100.00	100.00		
7 Datitalia Processing S.p.A.	Naples	1	8	-	Banco di Napoli	70.00	70.00	6 (M/N)
8 Esaban S.p.A.	Naples	1	3	-	Banco di Napoli	100.00	100.00	3 (H)
9 Fideuram Asset Management (Ireland) Ltd	Ireland	1	1	-	Banca Fideuram	100.00	100.00	1 (H)
10 Fideuram Assicurazioni S.p.A.	Rome	1	13	2	Banca Fideuram	100.00	100.00	13
11 Fideuram Vita S.p.A.	Rome	1	286	5	Banca Fideuram	99.75	100.00	280
12 Finance Gestion S.A.	France	1	-	-	Banque Privée Fideuram Wargny	50.02	50.02	-
					Financiere Fideuram	49.84	49.84	-
						99.86	99.86	
13 Finomatic S.a.r.l.	France	1	-	-	Financière Fideuram	99.80	99.80	-
14 Gedit S.A.	Luxembourg	1	-	-	Sanpaolo IMI	90.00	90.00	-
					Prospettive 2001	10.00	10.00	- (L)
						100.00	100.00	(O)
15 Immobiliare 21(ex Uno Immobiliare in liq.)	Milan	1	-	-1	Invesp	90.00	90.00	-
					RSP	10.00	10.00	- (L)
						100.00	100.00	(P)
16 Independent Management for Institutional Sicav	Luxembourg	1	-	-	IMI Bank (Lux)	50.00	50.00	-
					Independent Management for Institutional Adv.	50.00	50.00	-
						100.00	100.00	
17 Obiettivo Società di Gestione del Risparmio (S.G.R.) S.p.A.	Milan	1	3	-	Banca IMI	100.00	100.00	3 (H)
18 Prospettive 2001 S.p.A.	Milan	1	14	-	Sanpaolo IMI	100.00	100.00	14
19 RSP S.r.l. (ex Stare S.r.l. in liq.)	Turin	1	-	-	Sanpaolo IMI	100.00	100.00	-
20 Sanpaolo IMI Capital Partners Ltd	Guernsey	1	-	-	NHS-Nuova Holding	99.00	99.00	-
					Sanpaolo IMI			
					Sanpaolo IMI Management	1.00	1.00	- (L)
					100.00	100.00		
21 Sanpaolo IMI Management Ltd	United Kingdom	1	-	-	NHS-Nuova Holding Sanpaolo IMI	100.00	100.00	-
22 Sanpaolo IMI Private Equity S.p.A.	Turin	1	1	-	NHS-Nuova Holding Sanpaolo IMI	100.00	100.00	1
23 Sanpaolo Leasint G.M.B.H.	Austria	1	-	-	Sanpaolo Leasint	100.00	100.00	-
24 Sanpaolo Life Ltd	Ireland	1	29	18	Sanpaolo Vita	75.00	100.00	- (L)
					Banca Sanpaolo Invest	25.00	0.00	4
						100.00	100.00	
25 Sanpaolo Vita S.p.A.	Milan	1	233	51	Wealth Management Sanpaolo IMI	100.00	100.00	244 (H/Q)

(cont: investments carried at equity - subsidiaries)

Name	Registered offices	Type of relationship (*)	Shareholders' equity (€/mil) (**)	Net income (loss) (€/mil) (**)	Ownership		Voting rights at shareholders' meeting %	Consolidated book values (€/mil)
					Held by	%		
26 Soci�t� Civile Les Jardins d'Arcadie	France	1	-	-	Banque Sanpaolo	55.00	55.00	-
27 Socavie S.A.	France	1	5	5	Banque Sanpaolo	99.80	99.80	5
					Soci�t� Fonciere d'Investissement	0.20	0.20	- (L)
						100.00	100.00	
28 Soci�t� Fonciere d'Investissement S.A.	France	1	-	-	Banque Sanpaolo	99.96	99.96	-
					Soci�t� Immobiliere d'Investissement	0.04	0.04	- (L)
						100.00	100.00	
29 Soci�t� Immobiliere d'Investissement	France	1	-	-	Banque Sanpaolo	99.98	99.98	-
					Soci�t� Fonciere d'Investissement	0.02	0.02	- (L)
						100.00	100.00	
30 UNI Invest S.A.	France	1	-	-	Banque Sanpaolo	99.99	99.99	-
					Sanpaolo Bail	0.01	0.01	-
						100.00	100.00	
31 W.D.W. S.A.	France	1	-	-	Banque Priv�e Fideuram Wargny	99.72	99.72	-
32 BN Finrete S.p.A. (in liq.)	Naples	1	1	-	Banco di Napoli	99.00	99.00	1 (R)
33 Imifin S.p.A. (in liq.)	Rome	1	-	-	Sanpaolo IMI	100.00	100.00	-
34 IMI Bank A.G. (in liq.)	Germany	1	1	-	IMI Bank (Lux)	95.24	95.24	1
					Sanpaolo IMI International	4.76	4.76	-
						100.00	100.00	(R)
35 Innovare S.r.l. (in liq.)	Naples	1	4	-	Banco di Napoli	90.00	90.00	1 (R)
36 Sanpaolo U.S. Holding Co. (in liq.)	United States	1	3	-1	Sanpaolo IMI	100.00	100.00	3 (R)
37 W.S. Invest S.A. (in liq.)	France	1	-	-	Financiere Fideuram	60.52	60.52	-
					Finance Gestion	39.00	39.00	- (L)
						99.52	99.52	
Other minor investments								2 (S)
Total investments carried at equity - subsidiaries								643

Name	Registered offices	Type of relationship (*)	Shareholders' equity (€/mil) (**)	Net income (loss) (€/mil) (**)	Ownership		Voting rights at shareholders' meeting %	Consolidated book values (€/mil)
					Held by	%		
<i>B2 Investments carried at equity - Other</i>								
38 Aeffe S.p.A.	Rimini	8	48	2	LDV Holding	20.00	20.00	10 (T)
39 Banque Michel Inchauspe S.A. (BAMI)	France	8	31	7	Banque Sanpaolo	20.00	20.00	5
40 Beaujon Immobilière	France	7	-	-	Banque Sanpaolo	50.00	50.00	-
41 Cassa dei Risparmi di Forlì S.p.A.	Forlì	8	197	18	Sanpaolo IMI	21.02	21.02	41 (P)(U)
42 Cassa di Risparmio di Firenze S.p.A.	Florence	8	884	71	Sanpaolo IMI	18.73	18.73	169 (Q)(W)
43 CBE Service S.p.r.l.	Belgium	8	-	-	Sanpaolo IMI	26.70	26.70	-
					Banco di Napoli	5.00	5.00	-
						31.70	31.70	
44 Comim S.p.A.	Milan	8	14	2	LDV Holding	49.58	49.58	7 (U)
45 Conservateur Finance S.A.	France	8	29	4	Banque Sanpaolo	20.00	20.00	6
46 CR Firenze Gestion Internationale S.A.	Luxembourg	8	-	-	Sanpaolo IMI	20.00	20.00	-
47 Egidia Compagnia di Assicurazioni S.p.A.	Turin	7	10	1	Sanpaolo Vita	50.00	50.00	- (L)
48 Esatri S.p.A.	Milan	8	57	7	Sanpaolo IMI	31.50	31.50	18 (N)
49 Eurosic S.A.	France	8	30	1	Banque Sanpaolo	32.77	32.77	10
50 Filos S.p.A.	Venice	8	2	-8	LDV Holding	37.70	37.70	1 (T)
51 Finnat Investments S.p.A.	Rome	8	-	-	Invesp	20.00	20.00	- (A)
52 HDI Assicurazioni S.p.A.(ex BNC Assicurazioni S.p.A.)	Rome	8	137	-19	Sanpaolo IMI	28.32	28.32	39 (P)
53 Inter-Europa Bank RT	Hungary	8	36	3	Sanpaolo IMI	32.51	32.51	8 (X)
54 Logiasit S.A.	France	8	-	-	Banque Sanpaolo	33.34	33.34	-
55 San Marino Gestion S.A.	Luxembourg	8	-	-	Sanpaolo Bank SA	20.00	20.00	- (V)
56 Sanpaolo IMI Private Equity Scheme B.V.	The Netherlands	8	89	-23	Ldv Holding	29.38	29.38	23
57 Società Gestione per il Realizzo S.p.A.	Rome	8	14	-	Banco di Napoli	18.84	18.84	1
					Sanpaolo IMI	9.48	9.48	-
					Banca Fideuram	0.63	0.63	-
						28.95	28.95	
58 Société Civile du 41 Avenue Bouisson Bertrand	France	8	-	-	Banque Sanpaolo	25.00	25.00	-
59 Société Civile le Jardin de Nazareth	France	8	-	-	Banque Sanpaolo	20.00	20.00	-
60 Société Civile Le Maestro	France	8	-	-	Banque Sanpaolo	20.00	20.00	-
61 Société Civile les Jardins du Ponant	France	8	-	-	Banque Sanpaolo	25.00	25.00	-
62 Société Civile Res Club les Arcades	France	8	-	-	Banque Sanpaolo	25.00	25.00	-
63 Société Civile St. Gratien Village	France	8	-	-	Banque Sanpaolo	30.00	30.00	-
64 Stoà S.c.p.a.	Naples	8	1	-	Banco di Napoli	20.76	20.76	- (P)
65 Aeroporto di Napoli (in liq.)	Naples	8	-	-	Banco di Napoli	20.00	20.00	-
66 Consorzio Bancario SIR S.p.A. (in liq.)	Rome	8	1	-	Sanpaolo IMI	32.49	32.49	-
					Banco di Napoli	0.35	0.35	-
						32.84	32.84	(P)
67 Eurofondo S.c.p.a. (in liq.)	Rome	8	-	-	Sanpaolo IMI	25.00	25.00	-
68 Finexpance S.p.A. (in liq.)	Chiavari	8	-8	-	Sanpaolo IMI	30.00	30.00	- (P)
69 G.E.CAP. S.p.A. (in liq.)	Foggia	8	-12	-	Banco di Napoli	37.25	37.25	- (P)
70 Galère 28 (in liq.)	France	8	-	-	Banque Sanpaolo	23.44	23.44	-
71 Galileo Holding S.p.A. (in liq.)	Venice	8	-25	-6	Sanpaolo IMI	31.52	31.52	- (P)
72 Italinfra Grandi Progetti S.p.A. (in liq.)	Naples	8	4	-	Banco di Napoli	30.00	30.00	- (P)
73 Pubblileasing S.p.A. (in liq.)	Bari	8	1	-	Banco di Napoli	24.00	24.00	- (P)
74 Société Civile Domaine de La Flambelle (in liq.)	France	8	-	-	Banque Sanpaolo	25.00	25.00	-
75 Sofimer S.p.A. (in liq.)	Naples	8	3	-	Banco di Napoli	20.00	20.00	- (P)
76 Sviluppo di Nuove Iniziative S.p.A. (in liq.)	Genoa	7	2	-	Banco di Napoli	50.00	50.00	1 (P)(R)
Total investments carried at equity - other								339
Total investments carried at equity								982

Note to the table "significant investments":

- (*) *Type of relationship:*
 1 = control pursuant to art. 2359.1.1 of the Italian Civil Code (majority of voting rights at an ordinary meeting).
 7 = joint control pursuant to art. 35.1 of Decree 87/92;
 8 = associated company pursuant to art. 36.1 of Decree 87/92: companies over which a "significant influence" is exercised, which is expected to exist if at least 20% of the voting rights at an ordinary meeting are held.
- (**) *Shareholders' equity for consolidated companies is that used for the consolidated financial statements. Shareholders' equity includes the portion of net income, before allocation of dividends (net of any interim dividends);*
- (***) *The list excludes equity investments of Banco di Napoli Isveimer S.p.A. (in liquidation) and Società per la gestione di attività S.p.A. (Sga) given the special characteristics of the respective interest holding (see Part B – Section 5 "Other assets" of these notes).*
- (A) *Transfer made by the Parent Bank in execution of the reorganisation process relating to equity investments (or portions thereof).*
 (B) *Lease transactions are shown in the balance sheet and statement of income according to the financial lease method.*
 (C) *The company merged Fideuram Wargny Société de Bourse S.A..*
 (D) *The company has been incorporated in Fideuram Gestions S.A. with effect 1/1/2002.*
 (E) *The former Wargny Management S.A. has merged Financière Fideuram (ex Wargny Associes S.A.) and took its name.*
 (F) *The company entered the line-by-line consolidation at 30/6/2001 following the contribution of investments (or portions of them) by the Parent Bank (see note A).*
 (G) *During the first quarter of 2002 the company took the new name of IMI Investimenti S.p.A. following the spin off of NHS S.p.A. "Private Equity" activities.*
 (H) *Newly constituted company.*
 (I) *The company is no longer held directly by the Parent Bank following the reorganization of the Wealth Management sector.*
 (J) *The company, which was carried at cost in the 2000 consolidated financial statements, is now carried at equity, having reached the threshold of "significant influence".*
 (K) *The company, which was formerly controlled directly by the Parent Bank, is now under the direct control of Sanpaolo Riscossioni Genova as a result of the current reorganization of the tax collection sector.*
 (L) *The value is included in the equity valuation of the company holding the investment.*
 (M) *The company, formerly included in the line-by-line consolidation, is now carried at equity, given that it was sold in the early months of 2002.*
 (N) *Shareholders' equity figures refer to the first half-year at 30 June 2001.*
 (O) *The company is in liquidation since February 2002.*
 (P) *Shareholders' equity figures refer to the financial statements as at 31 December 2000.*
 (Q) *The valuation was based on the consolidated financial statements prepared by the company.*
 (R) *The book value of the company reflects the estimated realisable value according to the stage of completion of the liquidation process.*
 (S) *This represents the total value of equity investments shown in the balance sheet at less than Euro 500,000.*
 (T) *The company, which was carried at cost in the 2000 consolidated financial statements, is now carried at equity, having reached the threshold of "significant influence".*
 (U) *Equity investments acquired in 2001.*
 (V) *The company was sold to third parties on 25 January 2002.*
 (W) *Shareholders' equity figures refer to the quarterly report as at 30 September 2001. During the year, the percentage fell from 19.10% to 18.73% because there was a capital increase which was not subscribed by SANPAOLO IMI.*
 (X) *The difference between Consolidated book values and the portion of shareholders' equity of the company reflects the writedown for permanent loss in value carried out by the Parent Bank.*

The following table provides a list of the more significant of the other equity investments held by the Group by amount invested (book value equal to or higher than Euro 2.5 million).

Other significant equity investments

Name	Registered offices		Ownership		Consolidated book values (€/mil)	
			Held by	% held (*)		
AEM Torino S.p.A.	Turin	NHS - Nuova Holding	Sanpaolo IMI	1.47	11	
AMPS S.p.A.	Parma		Ldv Holding	17.31	38	
Azimut S.p.A.	Viareggio		Ldv Holding	9.09	34	
			Sanpaolo IMI Private Equity	0.08	- (A)	
				9.17	34	
Banca Agricola Mantovana S.p.A.	Mantua		Sanpaolo IMI	8.49	206 (B)	
Banca d'Italia	Rome		Banco di Napoli	6.33	130	
			Sanpaolo IMI	2.00	55	
				8.33	185	
Banka Koper d.d.	Slovenia		Sanpaolo IMI	15.00	37 (C)(D)	
Banca Mediocredito S.p.A.	Turin		Invesp	1.11	3 (E)	
Banca Popolare di Lodi S.c.r.l.	Lodi	NHS - Nuova Holding	Sanpaolo IMI	1.13	15	
			Ldv Holding	0.40	8	
				1.53	23	
Banco del Desarrollo S.A.	Chile		Sanpaolo IMI	15.73	18	
Banksiel S.p.A.	Milan		Sanpaolo IMI	7.00	3	
Beni Stabili S.p.A.	Rome		Invesp	3.53	20 (E)	
BIAT S.A.	Tunisia		Sanpaolo IMI	5.61	8	
Borsa Italiana S.p.A.	Milan		Banca IMI	7.00	3	
			IMI Bank (Lux)	0.50	-	
				7.50	3	
Camuzzi Gazometri S.p.A.	Milan	NHS - Nuova Holding	Sanpaolo IMI	2.79	21 (F)	
Cardine Banca S.p.A.	Bologna		Sanpaolo IMI	10.81	516	
			NHS - Nuova Holding	Sanpaolo IMI	0.05	2
				10.86	518	
Cartiere Fedrigoni & C. S.p.A.	Trento	NHS - Nuova Holding	Sanpaolo IMI	10.79	12 (D)	
CDC Finance Ixis S.A.	France		Sanpaolo IMI	3.88	323 (D)	
Cedel International S.A.	Luxembourg		Banca IMI	1.32	3	
			Banco di Napoli	0.33	-	
				1.65	3	
Convergenza S.c.a.	Luxembourg		NHS Luxembourg	10.00	9	
Davide Campari S.p.A.	Milan	NHS - Nuova Holding	Sanpaolo IMI	1.50	12 (D)	
Enel S.p.A.	Rome	NHS - Nuova Holding	Sanpaolo IMI	0.04	18	
Engineering Ingegneria Informatica S.p.A.	Rome	NHS - Nuova Holding	Sanpaolo IMI	1.60	6	
Eni S.p.A.	Rome	NHS - Nuova Holding	Sanpaolo IMI	0.26	143 (D)	
Euromedia Venture Belgique S.A.	Belgium		NHS Luxembourg	9.68	5	
Euronext S.A.	France		Banque Privée Fideuram Wargny	1.47	4	
FIAT S.p.A.	Turin	NHS - Nuova Holding	Sanpaolo IMI	1.48	147	
Fincantieri - Cantieri Navali Italiani S.p.A.	Trieste	NHS - Nuova Holding	Sanpaolo IMI	1.21	4	
			Banco di Napoli	0.76	3	
				1.97	7	
Hutchinson 3G Italia S.p.A. (ex Andala UMTS S.p.A.)	Milan		NHS Investments	5.64	146	
			Bernabé Mobile Investments 2	2.26	- (A)	
				7.90	146	
Istituto Enciclopedia Italiana S.p.A.	Rome		Banco di Napoli	8.00	3	

(cont.: Other significant equity investments)

Name	Registered offices	Ownership		Consolidated book values (€/mil)
		Held by	% held (*)	
Istituto per il Credito Sportivo	Rome	Banco di Napoli	10.81	19
Italenergia S.p.A.	Turin	NHS - Nuova Holding Sanpaolo IMI	7.82	248 (G)
Kiwi II Ventura Servicios de Consultoria S.A.	Madeira	NHS - Nuova Holding Sanpaolo IMI	1.00	5
Merloni Termosanitari S.p.A.	Fabriano	Ldv Holding	6.31	22 (D)
Monte Titoli S.p.A.	Milan	Banca IMI	7.00	15
		Sanpaolo IMI	5.45	1
		Banco di Napoli	2.08	-
			14.53	16
Olivetti S.p.A.	Ivrea	Invesp	0.30	37 (E)
		NHS - Nuova Holding Sanpaolo IMI	0.04	5
			0.34	42
Praxis Calcolo S.p.A.	Milan	Ldv Holding	12.50	8
		Sanpaolo IMI Private Equity	0.25	- (A)
			12.75	8
Sagat S.p.A.	Turin	NHS - Nuova Holding Sanpaolo IMI	12.40	18
Salvagnini B.V.	The Netherlands	Ldv Holding	9.43	6
Santander Central Hispano S.A.	Spagna	Sanpaolo IMI	1.15	458
		Sanpaolo IMI International	1.85	831
			3.00	1,289
Simest S.p.A.	Rome	Sanpaolo IMI	3.31	5
		Banco di Napoli	0.53	1
			3.84	6
SINLOC - Sistemi Iniziative Locali S.p.A.	Turin	Banca OPI	8.15	4
Spinner Global Technology Fund Ltd	Antille Olandesi	NHS - Nuova Holding Sanpaolo IMI	1.94	8
Unionvita S.p.A.	Rome	Sanpaolo IMI Institutional Asset Management	15.00	5
Utet S.p.A.	Turin	LDV Holding	17.90	19
Other minor investments				34
Total other significant equity investments				3,715

Note to "Other significant equity investments":

- (*) Percentage of total capital.
- (A) The value is included in the equity valuation of the company holding the investment.
- (B) Investment carried out in 1999 within the placement operation, made by the SANPAOLO IMI Group, of 19% of the share capital of the company.
- (C) Equity investments acquired in 2001. In February 2002 the takeover bid for Banka Koper was completed, as a result interest rose to 62.10%. The Slovenia Bank authorised SANPAOLO IMI S.p.A. to exercise its voting rights within 32.99%.
- (D) Equity investments acquired in 2001.
- (E) Transferred by the Parent Bank as part of the reorganization of equity investments (or portions of them).
- (F) The company was sold in March 2002.
- (G) Company acquired in the second half of 2001 after the sale of the interest in Montedison.

Composition of the investment portfolio

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Investments in banks			
1. quoted	-	-	-
2. unquoted	1	1	-
b) Investments in financial institutions			
1. quoted	-	-	-
2. unquoted	13	11	+18.2
c) other			
1. quoted	-	-	-
2. unquoted	629	527	+19.4
Total	643	539	+19.3

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Investments in banks			
1. quoted	1,740	1,870	-7.0
2. unquoted	1,118	236	n.s.
b) Investments in financial institutions			
1. quoted	10	10	-
2. unquoted	67	58	+15.5
c) other			
1. quoted	414	527	-21.4
2. unquoted	705	333	+111.7
Total	4,054	3,034	+33.6

Changes during the year in the investment portfolio

<i>Investments in Group companies (table 3.6.1 B.I.)</i>		<i>(€/mil)</i>
A. Opening balance		539
B. Increases		
B1. purchases		108
B2. writebacks		-
B3. revaluations		-
B4. other changes		32
C. Decreases		
C1. sales		-
C2. adjustments		-
<i>of which:</i>		
- permanent writedowns		-
C3. other changes		36
D. Closing balance		643
E. Total revaluations		43
F. Total adjustments		408

Subcaption B1. "Purchases" reflects the capital increases of Sanpaolo Vita (€ 100 million) and of Bernabé Mobile Investments 2 S.A. (€ 2 million). It also includes € 6 million of investment for the incorporation of Obiettivo Società di Gestione del Risparmio (S.G.R.) S.p.A., Fideuram Asset Management (Ireland) Ltd and Esaban S.p.A.

Subcaptions B4. and C3. "Other changes" reflect increases and decreases (also due to the payment of dividends to fully consolidated companies) in subsidiaries carried at equity.

<i>Other equity investments (table 3.6.2 B.I.)</i>		<i>(€/mil)</i>
A. Opening balance		3,034
B. Increases		
B1. purchases		1,703
B2. writebacks		1
B3. revaluations		-
B4. other changes		314
C. Decreases		
C1. sales		493
C2. adjustments		224
<i>of which:</i>		
- permanent writedowns		224
C3. other changes		281
D. Closing balance		4,054
E. Total revaluations		115
F. Total adjustments		670

Subcaption B.1 “Purchases” mainly comprises the following acquisitions of equity investments by the Parent Bank:

- purchase from “Fondazione Cassa di Risparmio di Venezia” of 10.81% in the share capital of Cardine Banca S.p.A. for a total of € 516.5 million; this price could be subject to an increase because of the differential between the value of Cardine shares and that of SANPAOLO IMI shares in the 24 months after the closing date (12 January 2001), reduced by € 31 million. Such adjustment could entail an increase in the book value of the investment;
- purchase from Caisse des Depots et Consignations of 3.88% of the share capital of CDC Finance IXIS, investment bank of the French Group, for an outlay of € 323 million; the CDC Group made a similar investment (through CDC Ixis Italia Holding, a subsidiary of CDC Ixis) purchasing 2% of SANPAOLO IMI on the market;
- acquisition from Fondazione Cassa dei Risparmi di Forlì of 15% in the share capital of Cassa dei Risparmi di Forlì and subsequent purchase, through a takeover bid, of and additional 6.02% for a total outlay of € 169 million (of which: € 127 million classified under goodwill arising on consolidation).
- acquisition of 15% of share capital of Banka Koper d.d. for SIT 8 billion, corresponding to € 37 million; the exchange risk has been partially hedged by opening deposits of SIT 5.2 billion (the equivalent of approx. € 23 million).

In addition, significant investments have been carried out by NHS – Nuova Holding SANPAOLO IMI S.p.A. even through its subsidiaries (€ 632 million, of which: € 248 million in Italenergia S.p.A., € 144 million in Hutchinson 3G Italia S.p.A. and € 143 million in Eni S.p.A.).

Subcaption B4. “Other changes” includes realized gains from the sale of investments (€ 294 million, of which € 228 million from the sale of the stake in Montedison S.p.A. by NHS – Nuova Holding SANPAOLO IMI S.p.A.; € 50 million from the sale of part of the shareholding held by Invesp S.p.A. in Beni Stabili S.p.A.; € 14 million from the sale of investments in merchant banking sector). Furthermore, it includes the increase in value of significant investments carried at equity (a total of Euro 17 million).

The subcaption C1. “Sales” refers to the prices of sales by NHS–Nuova Holding SANPAOLO IMI S.p.A., directly and through its subsidiaries, for € 358 million and by Invesp S.p.A. for € 111 million.

The subcaption C2. “Adjustments” essentially reflects writedowns made by NHS – Nuova Holding SANPAOLO IMI S.p.A. in FIAT S.p.A. for € 72 million, Hutchinson 3G Italia S.p.A. € 19 million, Banca Popolare di Lodi S.c.r.l. for € 6 million, Enel S.p.A. for € 4 million, as well as writedowns by SANPAOLO IMI International in Santander Central Hispano for € 80 million and by Invesp S.p.A. in Olivetti S.p.A. for € 17 million (see Section 5 of the statement of income – Adjustments to financial fixed assets).

The subcaption C3. “Other decreases” includes:

- goodwill arising on consolidation (€ 168 million) taken from the cost of investments carried at equity purchased during the year;
- the reclassification for € 87 million of the interest in Royal Bank of Scotland to the dealing securities portfolio following the decision to sell the shares;
- the decrease of certain investments carried at equity (€ 12 million);
- losses on the disposal of minority interests (€ 7 million).

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

Amounts due to and from Group companies, as defined by art. 4 of Decree 87/92, as well as to and from non-Group investment and affiliated companies, are detailed in the tables below:

Amounts due to and from Group companies (table 3.2 B.1.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Assets			
1. due from banks	-	26	-100.0
<i>of which:</i>			
- subordinated	-	-	-
2. due from financial institutions (*)	490	470	+4.3
<i>of which:</i>			
- subordinated	-	-	-
3. due from other customers	154	108	+42.6
<i>of which:</i>			
- subordinated	-	-	-
4. bonds and other debt securities	-	-	-
<i>of which:</i>			
- subordinated	-	-	-
Total assets	644	604	+6.6
b) Liabilities			
1. due to banks	31	14	+121.4
2. due to financial institutions	12	34	-64.7
3. due to other customers	219	142	+54.2
4. securities issued	151	16	n.s.
5. subordinated liabilities	-	-	-
Total liabilities	413	206	+100.5
c) Guarantees and commitments			
1. guarantees given	9	46	-80.4
2. commitments	-	6	-100.0
Total guarantees and commitments	9	52	-82.7

(*) It does not include € 2,041 million of receivables due to Banco di Napoli by Società per la Gestione di Attività S.p.A. (see Part B – Section 5 “Other assets” of these notes).

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Assets			
1. due from banks (*)	1,105	928	+19.1
<i>of which:</i>			
- subordinated	20	20	-
2. due from financial institutions	751	721	+4.2
<i>of which:</i>			
- subordinated	-	-	-
3. due from other customers	1,305	1,852	-29.5
<i>of which:</i>			
- subordinated	5	21	-76.2
4. bonds and other debt securities	9	13	-30.8
<i>of which:</i>			
- subordinated	-	-	-
Total assets	3,170	3,514	-9.8
b) Liabilities			
1. due to banks (**)	1,448	2,718	-46.7
2. due to financial institutions	173	115	+50.4
3. due to other customers	257	110	+133.6
4. securities issued	-	-	-
5. subordinated liabilities	-	-	-
Total liabilities	1,878	2,943	-36.2
c) Guarantees and commitments			
1. guarantees given	1,142	955	+19.6
2. commitments	384	-	n.s.
Total guarantees and commitments	1,526	1,419	n.s.

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

(**) Including repurchase agreements with the Bank of Italy.

Amounts due to and from affiliated companies (companies in which Group companies hold 20% or more, or 10% or more if quoted) are:

Amounts due to and from affiliated companies

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Assets			
1. due from banks	91	143	-36.4
<i>of which:</i>			
- subordinated	20	20	-
2. due from financial institutions	260	235	+10.6
<i>of which:</i>			
- subordinated	-	-	-
3. due from other customers	13	31	-58.1
<i>of which:</i>			
- subordinated	-	-	-
4. bonds and other debt securities	-	-	-
<i>of which:</i>			
- subordinated	-	-	-
Total assets	364	409	-11.0
b) Liabilities			
1. due to banks	110	2	n.s.
2. due to financial institutions	-	-	-
3. due to other customers	20	21	-4.8
4. securities issued	-	-	-
5. subordinated liabilities	-	-	-
Total liabilities	130	23	n.s.
c) Guarantees and commitments			
1. guarantees given	179	200	-10.5
2. commitments	23	36	-36.1
Total guarantees and commitments	202	236	-14.4

SECTION 4 - TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets comprise the following :

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Tangible fixed assets (caption 120)	1,726	1,793	-3.7
Intangible fixed assets (caption 110)	367	359	+2.2
Total	2,093	2,152	-2.7

Tangible fixed assets (caption 120)

Tangible fixed assets comprise :

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Property			
– operating	1,422	1,448	-1.8
– non-operating	60	72	-16.7
– undergoing renovation	-	21	-100.0
Furniture and installations			
– electronic machines	146	140	+4.3
– general and specific installations	43	69	-37.7
– office furniture and machines	54	42	+28.6
– vehicles	1	1	-
Total	1,726	1,793	-3.7

The writeoff of caption “Property undergoing renovation” is due to the conclusion of the reconversion process of these buildings, which have been classified under “Operating property” since they are used by the Group.

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

(€/mil)

A. Opening balance	1,793
B. Increases	
B1. purchases	161
B2. writebacks	-
B3. revaluations	-
B4. other changes	16
C. Decreases	
C1. sales	17
C2. adjustments	
a) depreciation	214
b) permanent writedowns	-
C3. other changes	13
D. Closing balance	1,726
E. Total revaluations	916
F. Total adjustments	1,529
a) accumulated depreciation	1,528
b) permanent writedowns	1

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

(€/mil)

	Property	Furniture and installations
Opening balance	1,541	252
Increases		
– purchases	15	146
– revaluations	-	-
– other changes	12	4
– incremental costs	8	-
– gains on disposals	2	-
– other	2	4
Decreases		
– sales	14	3
– adjustments	66	148
– depreciation	66	148
– permanent writedowns	-	-
– other changes	6	7
Closing balance	1,482	244

Intangible fixed assets (caption 110)

Intangible fixed assets comprise:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Merger differences (goodwill of merged companies)	27	54	-50.0
Goodwill	8	10	-20.0
Software in use	183	157	+16.6
Software not yet in use	70	77	-9.1
Other deferred charges	79	61	+29.5
Total	367	359	+2.2

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 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 modifications and procedures of application programs largely being developed by third parties and still to be completed..

Other deferred charges include:

- € 54 million for leasehold improvements;
- € 3 million for start-up and expansion costs.

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

(€/mil)

A. Opening balance	359
B. Increases	
B1. purchases	216
B2. writebacks	-
B3. revaluations	-
B4. other changes	65
C. Decreases	
C1. sales	7
C2. adjustments	
a) amortization	200
b) permanent writedowns	8
C3. other changes	58
D. Closing balance	367
E. Total revaluations	-
F. Total adjustments	677
a) accumulated amortization	669
b) permanent writedowns	8

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

	(€/mil)				
	Merger differences (goodwill of merged companies)	Goodwill	Software in use	Software not yet in use	Other deferred charges
Opening balance	54	10	157	77	61
Increases					
– purchases	-	-	104	69	43
– writebacks	-	-	-	-	-
– revaluations	-	-	-	-	-
– transfer of developed software	-	-	55	-	-
– other changes	-	-	1	2	7
Decreases					
– sales	-	-	-	-	7
– adjustments:					
a) amortization	27	1	125	23	24
b) permanent writedowns	-	-	8	-	-
– transfer of developed software	-	-	-	55	-
– other changes	-	1	1	-	1
Closing balance	27	8	183	70	79

During the year, software investments increased significantly because of the new extraordinary initiatives aimed at strengthening the Bank's data processing system, modernizing branch and central offices hardware, developing new software applications, as well as continuing the development of distribution channels through Internet.

The cost incurred by the Group for the introduction of the Euro totals € 99 million as of 31 December 2001. Of this amount, € 28 million was written off in 2001 and € 15 million is still to be amortized in future years.

SECTION 5 - OTHER ASSETS

Consolidated asset captions 90, 100, 150 and 160, not commented upon previously, comprise the following:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Goodwill arising on consolidation (caption 90)	838	915	-8.4
Goodwill arising on application of the equity method (caption 100)	215	74	+190.5
Other assets (caption 150)	18,585	19,193	-3.2
Accrued income and prepaid expenses (caption 160)	2,191	2,661	-17.7
Total	21,829	22,843	-4.4

Goodwill arising on consolidation (caption 90)

Analysis of caption 90 " Goodwill arising on consolidation "

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Banco di Napoli	764	812	-5.9
Financiere Fideuram (1)	69	77	-10.4
Banque Privee Fideuram Wargny (2)	3	-	n.s.
Banca Fideuram (3)	-	23	-100.0
SANPAOLO IMI Asset Management S.g.r.	1	2	-50.0
Finconsumo Banca	1	1	-
Total	838	915	-8.4

(1) The company is the result of the merger between Financière Fideuram (formerly Wargny Associés) and Wargny Management.

(2) The consolidation difference arose on the acquisition by Financière Fideuram of the portion pertaining to the minority shareholders of Fideuram Wargny Société de Bourse (now merged by Banque Privée Fideuram Wargny).

(3) This goodwill has been eliminated following the sale of the investment.

The goodwill arising on consolidation of Banco di Napoli, net of the portion offset in 2000 on first-time consolidation against pre-existing negative goodwill, saw the following changes during the year:

Changes in goodwill arising on consolidation of Banco di Napoli

(€/mil)

A. Goodwill arisen as at 1/1/2001	812
B. Increases:	38
- residual takeover bid for ordinary shares (*)	37
- Other purchases	1
C. Amortization	86
- of the residual goodwill arising on consolidation at the beginning of the year	82
- of increases for the year	4
D. Goodwill arising on consolidation as at 31/12/2001	764

(*) The amount includes, for € 6 million, the cost of the exercise of the right of purchase pursuant to art. 111 of Decree 58/98 (so-called "squeeze out").

Goodwill arising on application of the equity method (caption 100)*Analysis of caption 100 "goodwill arising on application of the equity method"*

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Cassa di Risparmio di Firenze	63	74	-14.9
Cassa dei Risparmi di Forlì	121	-	n.s.
Aeffe	31	-	n.s.
Total	215	74	+190.5

The goodwill arising on application of the equity method to Cassa di Risparmio di Firenze, net of the portion offset in 2000 on first-time consolidation against pre-existing negative differences, changed during the year because of the amortization charge for the year (€ 8 million) and of the decrease in the holding caused by the share capital increase not subscribed by SANPAOLO IMI (€ 3 million).

Goodwill arising on consolidation and on application of the equity method to the Cassa di Risparmio di Firenze and Cassa dei Risparmi di Forlì is amortized over 10 years, given the strategic nature of these investments. The investment in Aeffe, acquired during the year within the ambit of private equity activities, will be amortized over five years.

Other assets (caption 150)*Analysis of caption 150 "Other assets" (table 5.1 B.I.)*

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Valuation of derivatives on interest rates and stockmarket indices	4,326	4,588	-5.7
Effect of currency hedges, forex swap and cross-currency swap transactions	2,292	1,301	+76.2
Unprocessed transactions (*)	2,097	3,494	-40.0
Deferred tax assets (**)	1,681	1,270	+32.4
Tax collection accounts	1,531	1,512	+1.3
Due from tax authorities:	1,319	1,128	+16.9
– prepaid current year direct taxes	495	231	+114.3
– tax credits relating to prior years	342	283	+20.8
– taxes paid in advance on termination indemnities - Law 662/96	70	77	-9.1
– taxes withheld during the year	24	13	+84.6
– other credits	388	524	-26.0
Amounts in transit with branches and subsidiaries (*)	1,229	1,350	-9.0
Banco di Napoli loans to be restored ex Law 588/96	840	1,376	-39.0
Premiums paid on purchased options	526	507	+3.7
Other items derivative contracts	271	594	-54.4
Deposits with clearing-houses	173	-	n.s.
Checks and other instruments held	160	126	+27.0
Banco di Napoli non interest-bearing deposits with the Bank of Italy	58	58	-
Net effect of translating funds from international agencies using current rates, with the exchange risk borne by third parties	46	66	-30.3
Items relating to securities transactions	30	17	+76.5
Transactions by foreign branches	20	54	-63.0
Other	1,986	1,752	+13.4
Total	18,585	19,193	-3.2

(*) Mostly settled at the beginning of year.

(**) See Part B - Section 7 – "Provisions".

“Other” includes € 1.3 million at estimated realizable value of the receivable arising from the Rome Court of Appeal judgement of 11 September 2001 concerning the IMI-SIR dispute. Reference should be made to Section 6, Part C of these notes for further details on this matter.

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

This item, amounting to € 840 million as of 31 December 2001 (€ 1,376 million as of 31 December 2000), represents the residual principal and interest of the interventions made in the period by the subsidiary Banco di Napoli to cover the liquidation deficit of Isveimer and the losses of Società per la Gestione di Attività S.p.A. (Sga). These interventions form part of the reorganisation plan prepared with Bank of Italy approval in accordance with Law 588/96 containing urgent provisions for the restoration, reorganisation and privatisation of Banco di Napoli. Among other things, this law intends to safeguard Banco di Napoli from the economic and financial consequences deriving from such interventions, either those already made or those still to be made using the mechanism foreseen by the Decree of the Treasury Ministry of 27 September 1974.

To summarize, the procedure applicable both to Isveimer and to Sga lays down that the Bank of Italy grants to Banco di Napoli extraordinary advances at a special low rate of interest (1%) to cover the losses of the subsidiaries concerned. These amounts have to be invested in Government securities, so that the differential between the interest income on the securities purchased and the interest expense on the advances received can directly reduce these “loans to be restored” and the related interest accrued, based on the “minimum interest rate offered on the principal refinancing operations”.

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

At the end of 2001, the Bank of Italy granted Banco di Napoli three new advances, replacing the one that expired in December, for a total of € 15,402 million, all falling due in 2002. In addition, in December, the Ministry of Finance assigned to the Banco € 31.8 million, being the proceeds of the sale in 1997 of 60% of the bank by the Ministry to BN Holding, set up by INA and BNL, pursuant to Law 588/96. This amount was also deducted from the loan to be restored.

Below there is a summary of these two matters.

The liquidation of Isveimer

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

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

In fact, on the expiry of the advance granted by the Bank of Italy, the recovery process showed a balance in favour of the Central Bank as of 31 December 1998 of € 57 million. This amount, plus € 1 million of accrued interest, was lodged as a non interest bearing deposit with the Central Bank. In the consolidated balance sheet, this deposit is shown under “other assets” offset by “other liabilities”.

La Società per la gestione di attività (Sga)

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

The transfer of the doubtful loans to Sga began on 1 January 1997; at the same time, Banco di Napoli granted its subsidiary various interest-bearing lines of credit, essentially to finance the cost of the factoring agreement, as well as to pay for the company's running costs (€ 6,426 million). In addition, at the end of 2000, Banco di Napoli reached a settlement with Sga resolving a number of differences of interpretation and substance that had arisen between the parties; the cost of this settlement, € 125 million, was deducted from the loans. As of 31 December 2001, Banco di Napoli loans to Sga, amount to € 2,069 million (including accrued interest and exposures other than those connected to the financing accounts) with a decrease during the year of about € 700 million. This reduction follows the recovery of some of the loans transferred to Sga and other interventions by Banco di Napoli in Sga's favour to cover operating losses; while interest accruing on the total exposure during 2001 came to € 132 million.

In 2001 the bank covered losses incurred by the subsidiary in the second half of 2000 and in the first half of 2001, for € 507 million. As per Law 588/96, loans to be restored increased by the same amount.

The following tables show details of the restoration procedure for 2001, with comparative figures for 2000.

Advances received and securities purchased ex Law 588/96 (*)

	31/12/01 (€/mil)	31/12/00 (€/mil)
Advances received from the Bank of Italy ex Law 588/96	15,402	15,983
Securities lodged in guarantee for advances ex Law 588/96 (nominal value)	13,919	14,490
- securities purchased with advances received from the Bank of Italy	13,391	13,841
- securities of Banco di Napoli (**)	528	649

(*) These operations are included among memorandum accounts as authorised by the Bank of Italy. The advance of € 15,983 million, granted on 27 December 2000, expired on 27 December 2001, while those granted at the end of 2001, for € 15,402 million, will expire on the following due dates: € 1,660 million on 1/5/2002, € 1,487 million 1/9/2002 and € 12,255 million on 27/12/2002.

(**) The book value at 31 December 2001 of the Banco's securities in guarantee for the advance received from the Bank of Italy totals € 511.7 million (€ 614.1 million at 31 December 2000): € 344.7 million is included in the investment portfolio and € 166.9 million in the dealing portfolio.

Changes in the loans to be restored ex Law 588/96 (*)

	31/12/01 (€/mil)	31/12/00 (€/mil)
a. Opening balance	1,376	1,264
b. Changes		
1. Coverage of Sga's losses (**)	507	714
2. Interest income on the securities purchased with the funds advanced by the Bank of Italy	-1,226	-749
3. Interest expense on advances from the Bank of Italy	169	97
4. Interest accrued on the "Loans to be restored" account	46	50
5. Other changes (***)	-32	-
Total	840	1,376

(*) The statement of income of Banco di Napoli only shows interest accrued on the "Loans to be restored" account.

(**) Of which € 227.7 million relating to the loss for the second half of 2000 covered in April 2001 and € 278.8 million to cover the loss as at 30 June 2001 made in October 2001.

(***) These refer to the assignment to Banco by the Ministry of Finance of the net proceeds of the sale in 1997 of 60% of the bank by the Ministry to BN Holding, set up by INA and BNL, pursuant to Law 588/96.

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
Interest expense on advances from the Bank of Italy	-2	-2
Coupons falling due on securities purchased with advances received from the Bank of Italy	220	254
Total	218	252

(*) The amounts refer to the portions accruing in the respective years.

Accrued income and prepaid expenses (caption 160)

Analysis of caption 160 "Accrued income and prepaid expenses" (table 5.2 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Accrued income			
– income from derivative contracts	744	1,078	-31.0
– interest from loans to customers	627	774	-19.0
– interest on securities	321	377	-14.9
– bank interest	87	177	-50.8
– other	92	60	+53.3
Prepaid expenses			
– commission on placement of securities and mortgage loans	169	28	n.s.
– charges on derivative contracts	45	55	-18.2
– discounts on bond issues	31	27	+14.8
– other	75	85	-11.8
Total	2,191	2,661	-17.7

Other information

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Due from banks	40	41	-2.4
b) Loans to customers	9	33	-72.7
c) Bonds and other debt securities	194	114	+70.2
Total	243	188	+29.3

Subordinated loans to customers and amounts due from banks refer mainly to loans made to Group companies. Subordinated bonds and other debt securities refer mainly to issues by prime banking institutions.

SECTION 6 - PAYABLES

Total Group deposits and other sources of funds are detailed below:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Due to banks (caption 10)	27,922	29,596	-5.7
Due to customers (caption 20)	65,845	64,718	+1.7
Securities issued (caption 30)	40,839	39,338	+3.8
Public funds administered (caption 40)	100	88	+13.6
Total	134,706	133,740	+0.7

Due to banks (caption 10)

Deposits taken from banks are analysed as follows:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Due to central banks			
– repurchase agreements and securities borrowed	1,275	2,607	-51.1
– other deposits from the Italian Exchange Office	127	54	+135.2
– other deposits from central banks	1,149	1,081	+6.3
– advances	-	25	-100.0
Due to banks			
– deposits	14,105	16,541	-14.7
– repurchase agreements and securities borrowed	4,061	2,559	+58.7
– medium and long-term loans from international bodies	4,621	4,542	+1.7
– current accounts	1,227	767	+60.0
– other	1,357	1,420	-4.4
Total	27,922	29,596	-5.7

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Repurchase agreements	5,221	5,049	+3.4
b) Securities borrowed	115	117	-1.7

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

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

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Due to customers			
– current accounts	40,330	38,531	+4.7
– repurchase agreements and securities borrowed	9,133	7,944	+15.0
– deposits	13,394	14,865	-9.9
– short-term payables relating to special management services carried out for the government	663	751	-11.7
– other (*)	2,325	2,627	-11.5
Securities issued			
– bonds	27,695	26,589	+4.2
– certificates of deposit	8,346	8,888	-6.1
– bankers' drafts	651	738	-11.8
– other securities	4,147	3,123	+32.8
Total	106,684	104,056	+2.5

(*) Essentially comprises short positions on securities taken as part of stockbroking activities.

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Repurchase agreements	9,009	7,665	+17.5
b) Securities borrowed	124	279	-55.6

No bonds convertible into own shares or into shares of other companies have been issued, nor securities and similar items or management shares.

Public funds administered (caption 40)

Public funds administered are provided by the State and other public agencies. These funds are analysed below:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Funds provided by the State	42	54	-22.2
Funds provided by regional public agencies	19	20	-5.0
Other funds	39	14	+178.6
Total	100	88	+13.6
<i>of which: funds with risk borne by the government under Law 19 of 2/6/87</i>	<i>12</i>	<i>13</i>	<i>-7.7</i>

Other information relating to payables

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

SECTION 7 - PROVISIONS

The provisions of the Group are detailed below:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Provisions for termination indemnities (caption 70)	734	743	-1.2
Provisions for risks and charges (caption 80)			
– pensions and similar commitments (caption 80.a)	43	1,128	-96.2
– taxation (caption 80.b)	901	1,230	-26.7
– other (caption 80.c)			
– provisions for guarantees and commitments	63	52	+21.2
– provisions for other risks and charges	1,016	1,154	-12.0
– provisions for other personnel charges	448	259	+73.0
Reserve for possible loan losses (caption 90)	41	35	+17.1
Total	3,246	4,601	-29.5

Provisions for termination indemnities (caption 70)

<i>Changes in the reserve for termination indemnities during the year</i>		<i>(€/mil)</i>
Opening balance		743
Increases		
– provisions		73
– employment contract acquisition		-
– other changes		-
Decreases		
– advances allowed under Law 297/82		7
– indemnities to employees leaving the Group		64
– transfers		-
– other changes (*)		11
Closing balance		734

(*) This refers mainly to the exclusion from the line-by-line consolidation of SIM BancoNapoli & Fumagalli Soldan S.p.A. and Datitalia S.p.A..

Provisions for risks and charges (caption 80)

Pensions and similar commitments (caption 80.a)

Changes in the reserve for pensions and similar commitments during the year (€/mil)

Opening balance	1,128
Increases	
– provisions (1)	29
– other (2)	5
Decreases	
– utilisations	47
– other (3)	1,072
Closing balance	43

(1) This includes for € 26 million Banco di Napoli's provision relating to the period preceding the transfer of the balance to the provision for supplementary pension fund of its personnel.

(2) This amount refers to Banco di Napoli and concerns a reclassification from the provision for other personnel charges.

(3) This refers to the balance of Banco di Napoli's provision being transferred during the year to entity called "Fondo per la previdenza complementare dei dipendenti del Banco di Napoli" (Banco di Napoli Staff Pension Fund).

As at 31 December 2001, this provision refers entirely to funds provided by the Parent Bank to cover supplementary pension liabilities for former IMI S.p.A. personnel already in retirement. The adequacy of the technical reserves of the fund, which can be considered an "internal" pension fund, is calculated annually based on the valuations of an independent professional actuary. After the provision of € 3 million charged to the year by the Parent Bank, the technical reserves seem adequate to cover the estimated commitments.

Pensions and similar commitments at 31 December 2000 included € 1,085 million of the supplementary pension balance destined to cover commitments of Banco di Napoli. At 30 July 2001 the amount corresponding to the accounting value of the Banco's reserve was transferred to a newly constituted foundation called "Fondo di previdenza complementare per personale del Banco di Napoli" (Banco di Napoli Staff Pension Fund).

Taxation (caption 80.b)

Changes in the reserve for taxation during the year (€/mil)

	Current tax liabilities	Deferred tax liabilities	Total
Opening balance	996	234	1,230
Increases			
– provision for current income taxes	345	93	438
– transfer from the reserve for deferred taxation	48	-	48
– other changes (*)	10	8	18
Decreases			
– payment of income taxes	720	-	720
– transfer to current taxes	-	48	48
– other changes	49	16	65
Closing balance	630	271	901

(*) Other changes include exchange adjustments to reserves denominated in currencies other than the Euro.

The taxation reserve is to cover current income taxes and actual and potential fiscal disputes (€ 630 million), including local taxes payable by foreign branches, as well as deferred taxes (€ 271 million).

As regards fiscal disputes, it should be noted that the subsidiary Fideuram Vita is in dispute with the tax authorities regarding the years from 1985 to 1987. The years 1988, 1989 and 1990 have been settled thanks to the favourable verdict pronounced by the Regional Tax Commission regarding disputed items in those years. The verdict was deposited on 27 July 2000 and the tax authorities did not appeal against it before the legal deadline.

Regarding the years 1985, 1986 and 1987, the company obtained a favourable judgement in the first degree, but decisions that were substantially unfavourable in the subsequent two degrees. However, Fideuram Vita has appealed to the Supreme Court, as it is still confident that the case can be won. If, on the other hand, the current adverse trend is confirmed, the potential liability for the company would be minimal, but it would become significant (albeit covered by existing reserves) if subsequent open years (from 1996 onwards) were also contested for the same reason. Based on expert opinions, and taking into account the positive evolution of the dispute and the fact that the case involves a practice that is universally applied by the whole of the insurance industry, the subsidiary has not made any specific provision for this risk.

Deferred tax assets and liabilities recorded in the consolidated financial statements relate to timing differences between the accounting and fiscal value of assets and liabilities accrued in 2001 and in prior years for which it is deemed likely that a tax liability will be incurred in the future (in the case of deferred tax liabilities) or which will most likely be recovered (in the case of deferred tax assets). Deferred taxation has been estimated by each Group company and it has also been estimated on preparation of the consolidated financial statements for the tax effect of those entries typical of the consolidation process.

Detail of deferred tax liabilities

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Deferred tax liabilities charged to the statement of income:	121	81	+49.4
- on the earnings of subsidiary companies (*)	7	51	-86.3
- other	114	30	n.s.
Deferred tax liabilities charged to shareholders' equity:	150	153	-2.0
- on Parent Bank reserves:	139	143	-2.8
<i>Reserve for general banking risks</i>	110	114	-3.5
<i>Other reserves - Reserve ex Law 169/83</i>	4	4	-
<i>Other reserves - Reserve ex Legislative Decree 213/98</i>	25	25	-
- on reserves of other subsidiaries	11	10	+10.0
Total	271	234	+15.8

(*) The item relates to the tax charge to be borne at the moment of distribution of the earnings from subsidiaries.

Changes in deferred tax liabilities charged to the statement of income

Changes in deferred tax liabilities (Bank of Italy instructions dated 03.08.99)

(€/mil)

1. Opening balance	81
2. Increases	
2.1 Deferred tax liabilities arising during the year	93
2.2 Other increases	7
3. Decreases	
3.1 Deferred tax liabilities reversing during the year	44
3.2 Other decreases	16
4. Closing balance	121

"Deferred tax liabilities arising during the year" relate principally to:

- deferred taxes of the Parent Bank on dividends booked in accordance with the new principle of accruing the extra amounts compared with the tax credits recognized on the dividends themselves (€ 21 million). This difference is equal to the estimated portion of the limited tax credits on dividends from Italian companies that is considered unrecoverable, as well as the deferred taxes on foreign dividends;
- provisions relating to net deferred taxes on capital gains taxable in more than one year (€ 44 million);
- deferred taxes relating to provisions recorded solely for fiscal purposes by subsidiaries and reversed in the consolidated financial statements (€ 21 million).

Changes in deferred tax liabilities charged to shareholders' equity

<i>Change in deferred tax liabilities (Bank of Italy instructions dated 03.08.99)</i>		<i>(€/mil)</i>
1. Opening balance		153
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		-
4. Closing balance		150

The deferred tax liabilities reversed during the year relate to the utilization by the Parent Bank of the reserve for deferred taxation on the reserve for general banking risks to cover loan losses incurred during the year, but which are not immediately deductible for tax purposes.

Detail of deferred tax assets

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Deferred tax assets credited to the statement of income:			
- adjustments to the value of loans	436	617	-29.3
- provision for future charges	472	485	-2.7
- adjustments to the value of securities, equity investments and property	551	48	n.s.
- tax losses to be carried forward	191	97	+96.9
- other	31	23	+34.8
Total	1,681	1,270	+32.4

Changes in deferred tax assets credited to the statement of income

Changes in deferred tax assets (Bank of Italy instructions dated 03.08.99) (€/mil)

1. Opening balance	1,270
2. Increases	
2.1 Deferred tax assets arising during the year	843
2.2 Other increases	-
3. Decreases	
3.1 Deferred tax assets reversing during the year	414
3.2 Other decreases (*)	18
4. Closing balance	1,681

(*) Other decreases include changes due to estimates of future tax rates, often due to amendments to tax regulations introduced during the year, which, among other things, froze at 30 June 2001 the calculations based on the Dual Income Tax (DIT) mechanism.

Information as per CONSOB Communication 1011405 of 15 February 2001

Tax benefits under Decree Law 153 of 17/5/99 (Ciampi Law)

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

In December 2001, the European Commission informed the Italian Government of its decision C (2001) 3955, declaring the tax benefits under the Ciampi Law incompatible with Community principles. The Italian Government has appealed against the decision to the Luxembourg Court of Justice; in coordination with the Government, ABI (the Italian Bankers' Association), together with the banks concerned, also approached the first level of the Tribunal.

The tax benefit in question was suspended, with effect from the financial year 2001, with the provision approved by the Council of Ministers, on 11 April 2002. Thus, current and deferred taxes have been determined without taking account of the reliefs concerned.

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

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

(€/mil)

	Guarantees and commitments	Other risks and charges	Other personnel charges	Total
Opening balance	52	1,118 (1)	295 (1)	1,465
Increases				
– provisions	14	113	215 (2)	342
– other	-	10	23 (3)	33
Decreases				
– revaluation of guarantees	2	-	-	2
– coverage of charges deriving from legal disputes and other	-	59	4	63
– used to cover long-service bonuses and other payments	-	-	32	32
– other	1	166	49 (4)	216
Closing balance	63	1,016	448	1,527

(1) With respect to figures as at 31 December 2000 a reclassification of € 36 million from the "provision for other risks and charges" to the "provision for other personnel charges" has been made based on a better specification of the type of risk.

(2) This caption mainly reflects provisions made by the Parent Bank (€ 49 million) and by Banco di Napoli (€ 163 million). The provision by Banco di Napoli (€ 163 million) includes (€ 114 million) the posting, classified among extraordinary expenses, taken against an updated revision of the total estimate for risks and charges which could arise at Banco di Napoli concerning supplementary pensions. The updated revision of the amount of the potential charges provided for has been determined by Banco di Napoli in the light of available information, the complicated legal situation and the procedures which may be adopted. The provision concerned is made against the probability of confirmation of negative events connected to the guarantee extended by the Banco to the supplementary pension Fund against possible resources required, possible compensation amounts to be made when the charges of the Banco for personnel in pension after 1 January 1999 are determined (in addition to the amounts set aside in previous years) and, finally, the sentence of the Court of Cassazione in July 2001 concerning the disputes, in course in previous years, which originated from the amendment, after D.Lgs. 503/1992.

(3) The other changes, made solely by the Parent Bank, relate to the reclassification to the provision for risks and charges of possible liabilities for staff bonuses (€ 17 million), for self-insurance of accidents to the staff (€ 1 million) and for other potential charges that could arise in the future (€ 5 million).

(4) The other decreases include € 24 million for the supplementary pensions of the personnel of the Banco di Napoli transferred during the year to the Banco di Napoli Staff Pension Fund.

Provisions for guarantees and commitments, € 63 million, cover expected losses in respect of guarantees and, more generally, the contingencies associated with the Group's guarantees and commitments.

Other provisions for risks and charges amounting to € 1,016 million include:

- the Parent Bank for:
 - € 117 million of possible charges in connection with the possible renegotiation of mortgage loans, by way of a specific provision calculated on the basis of the parameters currently available;
 - € 163 million of provisions against estimated losses on legal disputes and, more specifically, on claims from bankruptcy liquidators. They also cover possible charges in connection with guarantees given on the sale of equity investments, and those connected with the commitment to support the Interbank Deposit Guarantee Fund and with other potential liabilities;
- Banco di Napoli for:
 - € 330 million relating to the bank reorganization;
 - € 184 million of provisions against estimated losses on legal disputes and, more specifically, on claims from bankruptcy liquidators;
 - € 19 million, for potential charges deriving from the possible renegotiation of mortgage loans as a specific provision, as well as to strengthen other provisions against possible losses, in particular charges which could arise following the

dispute for the renegotiation of interest rates and conditions on mortgages according to the recent instructions issued on these matters;

- € 46 million of other expenses;
- other subsidiaries for € 157 million, mainly due to risks, also of a commercial or operational nature, connected with the distribution of financial products.

The provision for other personnel charges, € 448 million, includes:

- the Parent Bank for:
 - € 112 million relating to provisions made by the Parent Bank, on the basis of independent actuarial appraisals, to cover the technical deficit of its supplementary pension fund, an independent entity, which integrates the compulsory pension fund;
 - € 25 million for staff bonuses authorized by the Board of Directors, including the discretionary portions of the productivity bonus;
 - € 16 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;
 - € 17 million of other provisions made for personnel provisions by the Parent Bank, in favour of personnel (€ 7 million), leaving incentives (€ 9 million) and possible contributions for personnel taken on as the result of a merger (€ 1 million);
- Banco di Napoli for:
 - € 145 million relating to charges and provisions to supplementary pensions;
 - € 80 million referring to work disputes;
 - € 25 million referring to bonuses for employees;
 - € 16 million of other contractual charges;
- € 12 million of provisions of other subsidiaries.

Information as per CONSOB Communication 1011405 of 15 February 2001

Low-interest mortgage loans

Law 133/99, implemented by Ministerial Decree 110/2000 (against which there is an appeal outstanding before the Regional Administrative Tribunal of Lazio, as well as before the equivalent tribunals in the other regions involved) obliged banks to revise their interest rates, on the request of the borrowers or loan subsidizing entities, on mortgages paid totally or partially by the public sector;

Given that this rule does not prescribe a "threshold interest rate", art. 145. 62 of the Budget Law 2001 made it clear that the renegotiation interest rate "is to be intended as the actual average overall rate on home mortgage loans currently being repaid". The Treasury Ministry issued guidelines on identifying the types of loans to be analysed to establish a renegotiation interest rate and the Bank of Italy issued instructions on how these guidelines should be applied.

This analysis has now been completed, while the regulatory process is not yet ended with the expected Treasury decree establishing the renegotiation interest rate.

Given that the general picture still has to be defined, we have taken account of the Bank of Italy and estimated the potential cost at € 126 million (€ 108 million for the Parent Bank) of which: € 82 million for the period 1 July 1999 – 31 December

2000 (€ 70 million for the Parent Bank) and € 44 million for 2001 (€ 38 million for the Parent Bank), which is adequately covered by the provision for other risks and charges. In the years after 2001 the negative impact on the statement of income will progressively decline following the expiry of outstanding mortgage loans.

Low-interest agricultural mortgage loans

Art. 128 of Law 388/2000 (Budget Law 2001) gave borrowers the possibility to renegotiate outstanding repayments at the current rates on interest-assisted loans, which are now more favourable. Renegotiation is subject to a ministerial decree with the rules on implementation, which has still not been issued.

Fixed-rate unsubsidized mortgage loans (usury)

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

During 2001, steps were taken to adjust the rate on all loans affected by this law automatically to 9.96%. As regards mortgage loans of up to 150 million lire to buy a non-luxury first home, the renegotiated rate was reduced even further to 8% on the basis of autocertification produced by the borrowers. The expenses for 2001 were booked as a reduction to net interest income for € 21 million (of which € 18 million attributable to the Parent Bank); in addition, € 3 million of the provision for other risks and charges remains against mortgage loans still potentially renegotiable at 8%, for which the related documentation has still not been submitted.

The latest intervention on this matter was by the Constitutional Court: on 25 February 2002 it passed sentence declaring that art. 1.2 of Decree Law 394/2000 was unlawful in the part where it laid down that the new interest rate was to be applied to the instalments that fell due after 2 January 2001, rather than to those that fell due on the day that the Decree Law came into effect (31 December). The higher charge deriving from the renegotiation of instalments expiring between 31 December 2000 and 2 January 2001 has been put at € 7 million (of which € 6 million pertaining to the Parent Bank), and has been provided for in the provision for other risks and charges.

Anatocism (interest on interest)

Judgement 425 of the Constitutional Court of 17 October 2000 established that the transitional rule laid down by art. 25 of the legislative decree 342/99, which declared clauses in bank contracts signed before the adjustments introduced by the decree permitting the capitalization of interest “valid and effective”, was unconstitutional.

However, such judgement did not discuss the legitimacy of quarterly capitalization, merely stating that capitalization was unconstitutional for formal reasons regarding the excess of power of attorney in contrast with art. 76 of the Constitution. In addition, the matter does not involve contracts stipulated after 22/04/2000, when the new instructions imposing the same calculation period for interest income and expense became effective.

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

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

have not been any significant changes in the legal situation compared with last year, so in general terms the overall value of the lawsuits that have arisen to date continues to be immaterial. In the light of current jurisprudence, and taking into account the current situation of lawsuits pending, no liability is foreseeable as of now. As of 31 December 2001, however, potential future risks on outstanding disputes are adequately covered by provisions.

Reserve for possible loan losses (caption 90)

Changes during the year in "Reserves for possible loan losses" (table 7.2 B.I.) (€/mil)

A. Opening balance	35
B. Increases	
B1. provisions	11
B2. other changes	-
C. Decreases	
C1. releases	3
C2. other changes	2
D. Closing balance	41

This caption reflects provisions made by certain subsidiaries to cover lending risks - including risks deriving from derivatives transactions; these risks are only potential, so the reserve is not set off against asset balances.

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

This section comments on the following balance sheet captions:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Shareholders' equity			
– capital (caption 150)	3,932	3,931	-
– additional paid-in capital (caption 160)	22	18	+22.2
– reserves (caption 170)			
– legal reserve	793	793	-
– reserve for own shares	304	739	-58.9
– other reserves	1,739	850	+104.6
– revaluation reserves (caption 180)	9	9	-
– reserve for general banking risks (caption 100)	356	355	+0.3
– negative goodwill arising on consolidation (caption 120)	-	-	n.s.
– negative goodwill arising on application of the equity method (caption 130)	118	63	+87.3
– net income for the year (caption 200)	1,203	1,292	-6.9
Group interest in shareholders' equity	8,476	8,050	+5.3
Own shares (asset caption 140)	304	739	-58.9
<i>of which: own shares held by the Parent Bank (*)</i>	294	697	-57.8
Minority interests (caption 140)	698	715	-2.4
Subordinated liabilities (caption 110)	5,607	5,158	+8.7

(*) In the reclassified consolidated balance sheet, the Parent Bank's own shares are shown as an adjustment to the consolidated shareholders' equity, while other own shares are included in the dealing portfolio.

Group interest in consolidated shareholders' equity

Capital and equity reserves (captions 150, 160, 170 and 180)

Capital, additional paid-in capital, the legal reserve reflect the amounts reported in the financial statements of the Parent Bank; "Other reserves" comprise the remaining reserves of the Bank and the changes in the Group's interest in the shareholders' equity of consolidated companies.

As part of the 1999/2001 stock option plan, 422,916 subscription options for new shares were exercised during the year. This brought a capital increase of € 1 million, booking additional paid-in capital of € 4 million. As of 31 December 2001 the share capital amounts to € 3,932,435,119.2 made up by 1,404,441,114 ordinary shares with a par value of € 2.8 each.

The "Reserve for own shares" was established by the Parent Bank and the subsidiary Banca d'Intermediazione Mobiliare IMI S.p.A. in relation to the year-end stock of SANPAOLO IMI shares. More specifically, own shares of the Parent Bank held by said subsidiary is mainly in connection with dealing activities, essentially to hedge FIB 30 futures and options. The reserve, formed using the portion of reserves specifically destined for this purpose, is offset by a matching balance in asset caption 140 "Own shares".

The “Revaluation reserves” reflect property revaluation carried out during 2000, pursuant to Law 342 of 21 November 2001 by the subsidiary Banca Fideuram, net of € 3 million attributed to minority interests and shown under “minority interests” (see Part B – Section 4).

Reserve for general banking risks (caption 100)

The reserve for general banking risks reflects the reserve shown in the financial statements of the Parent Bank, € 336 million, and the reserves set up by certain subsidiary companies, € 20 million.

Negative goodwill arising on application of the equity method and on consolidation (liability captions 120 and 130)

Analysis of caption 120 "Negative goodwill arising on consolidation"

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Negative goodwill arising on first-time line-by-line consolidation	952	952	-
Goodwill arising on consolidation:	-952	-952	-
- Banco di Napoli Group	-854	-854	-
- Cassa di Risparmio di Firenze (*)	-98	-98	-
Total	-	-	n.s.

(*) To integrate the amount of € 75 million to offset all of the negative goodwill arising on first-time consolidation using the equity method (see the following table).

Analysis of caption 130 "Negative goodwill arising on application of the equity method"

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Negative goodwill arising on first-time consolidation using the equity method	75	75	-
Goodwill for the year: Cassa di Risparmio di Firenze	-75	-75	-
Changes in shareholders' equity after first-time consolidation (*)	118	63	+87.3
Total	118	63	+87.3

(*) This caption represents the Group's portion of the increase in shareholders' equity of investments recorded after the first consolidation. It is mainly attributable to companies operating in the insurance segment.

Asset captions “90. Goodwill arising on consolidation” and “100. Goodwill arising on application of the equity method” are commented on in Part B – Section 5 “Other assets”.

Own shares (asset caption 140)

This caption represents SANPAOLO IMI shares held by the Parent Bank and by other Group companies. More specifically as of 31 December 2001, SANPAOLO IMI S.p.A. had 17,080,403 own shares in portfolio (total par value of € 48 million) carried at a cost of € 294 million (€ 17.2 per share with respect to an average price in the second half of 2001 of € 12.55).

Own shares held by the Parent Bank are carried at cost as they are considered a long-term investment, also because of the main reason for which they have been purchased: namely for extraordinary financial transactions (mergers, spin-offs, share exchanges, etc.). In fact, all of the shares held at the end of 2001 will be used to service the share exchange involved in the merger with Cardine, in accordance with the merger prospectus, which establishes that SANPAOLO IMI can use own shares for this purpose up to a maximum of 70,000,000.

Taking account of the fact that the purpose of the exchange of own shares as part of the merger with Cardine represents for the Parent Bank a way of achieving a medium-term strategic objective, in line with the shares' inherent nature as a long-term financial investment, we decided that it was not necessary to write them down to market, as the difference is not con-

sidered a permanent impairment of value, also bearing in mind that the normal average yield on the shares foreseen by the Group is unlikely to change significantly.

It is also worth mentioning that under resolutions passed by the Board of Directors, the Parent Bank is expected to use own shares to service both the staff incentive plans and the stock option plan reserved for the Managing Directors and the Chairman. The own shares to be used for these purposes will be bought in subsequent years than the one to which these financial statements refer.

At the end of the year, another 815,564 SANPAOLO IMI S.p.A. shares were held in the portfolio of Banca IMI for dealing purposes, as mentioned earlier; they are therefore shown at their market value of € 10 million.

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 by the Parent Company to the following captions:

- Reserve for general banking risks;
- Reserve ex Law 169/83;
- Reserve ex D.Lgs. 213/98.

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

Deferred taxes have been charged on the *Reserve ex Law 169/83* because of the various circumstances in which it can be taxed. This reserve is unrestricted for 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 art. 21 of D.Lgs. 213/98. At the end of '98, deferred taxes were calculated on the net exchange differences that arose on translation of the equity investments expressed in Euro-participating currencies.

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

For completeness sake, we would also point out that the other items in the Parent Bank's equity that are in suspense for tax purposes, namely the Share Capital (€ 631 million), the Legal Reserve (€ 268 million), the Reserve ex Law 218/90 (€ 80 million) and the Reserve ex D.Lgs. 124/93 (€ 3 million) and the Reserve ex Law 153/99 (€ 641 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.

Minority interests (liability caption 140)

As of 31 December 2001, the portion of minority interests totalling € 698 million essentially relates to the quota attributable to minority shareholders of the Banca Fideuram, NHS - Nuova Holding SANPAOLO IMI and Banco di Napoli.

A statement of changes in consolidated shareholders' equity is attached to these notes, together with a reconciliation of the Bank's net income and shareholders' equity and the corresponding consolidated amounts.

Shareholders' equity for supervisory purposes

In accordance with Bank of Italy instructions on disclosure, the composition of regulatory capital and an analysis of the prudent supervisory requirements are given in the table below. The final estimates will be relayed to the Supervisory Body following approval of these financial statements:

Category/value	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
A. Shareholders' equity for supervisory purposes			
A.1 Tier 1 capital	7,656	6,868	+11.5
A.2 Tier 2 capital	3,552	3,257	+9.1
A.3 Items to be deducted	-1,740	-1,259	+38.2
A.4 Shareholders' equity for supervisory purposes	9,468	8,866	+6.8
B. Minimum regulatory requirements			
B.1 Lending risk	7,771	7,604	+2.2
B.2 Market risk	642	647	-0.8
<i>of which:</i>			
- risks on dealing portfolio	595	607	-2.0
- exchange risks	47	40	+17.5
- concentration risks	-	-	n.s.
B.2.1 Tier 3 subordinated loans	610	601	+1.5
B.3 Other minimum requirements	43	41	+4.9
B.4 Total minimum requirements	8,456	8,292	+2.0
C. Risk assets and capital-adequacy ratios			
C.1 Risk-weighted assets (*)	105,700	103,650	+2.0
C.2 Tier 1 capital/risk weighted assets	7.2%	6.6%	
C.3 Regulatory capital/risk weighted assets (**)	9.5%	9.1%	

(*) Total regulatory requirements multiplied by the recovery of the minimum compulsory ratio for lending risk (12.5).

(**) In accordance with the Bank of Italy's letter no. 10155 of 3 August 2001, tier 3 subordinated loans are considered a component of overall capital for the purpose of calculating the total risk ratio.

Subordinated liabilities (caption 110)

Loan	Amount in the financial statements as of 31/12/01 (€/mil)	Amount in original currency (million)	Interest rate	Issue date	Maturity date	Amount in the financial statements as of 31/12/00 (€/mil)
Preferred Securities in Euro	1,000	1,000	8.126% (a)	10/11/2000	(b)	1,000
<i>Total innovative capital instruments (Tier 1)</i>	<i>1,000</i>					<i>1,000</i>
Notes in Luxembourg francs (c)	-	1,000	7.63%	09/07/1993	09/07/2001	25
Notes in US dollars (c)	188	165	floating	12/07/1993	30/07/2003	178
Notes in US dollars (c)	101	89	floating	24/09/1993	24/09/2003	86
Notes in US dollars (c)	107	94	floating	30/11/1993	30/11/2005	101
Notes in Canadian dollars (c)	107	151	floating	10/11/1993	10/11/2003	108
Notes in Euro (c)	356	362	floating	30/06/1994	30/06/2004	356
Notes in Italian lire	17	35,725	floating	15/06/1993	15/06/2003	29
Notes in Italian lire	25	48,820	floating	15/10/1993	15/10/2003	36
Notes in Euro	146	150	5.75%	15/09/1999	15/09/2009	150
Notes in Euro (c)	27	27	floating	30/12/1996	20/01/2002	27
Subordinated loan in US dollars	113	100	floating	15/09/1993	15/09/2003	108
Subordinated loan in US dollars	-	10	floating	25/03/1991	25/03/2001	11
Subordinated loan in Italian lire	26	50,000	5.10%	01/06/1998	01/06/2003	39
Subordinated loan in Italian lire	62	120,000	5.30%	01/01/1998	01/01/2003	93
Subordinated loan in Italian lire	57	112,000	floating	01/02/1998	01/02/2003	87
Subordinated loan in Euro	500	500	6.38%	06/04/2000	06/04/2010	500
Subordinated loan in Euro	350	350	floating	06/04/2000	06/04/2010	350
Subordinated loan in Euro	1,000	1,000	floating	27/09/2000	27/09/2010	1,000
Subordinated loan in Euro	300	300	5.55%	31/07/2001	31/07/2008	-
Subordinated loan in Euro	200	200	5.16%	02/10/2001	02/10/2008	-
Subordinated loan in Euro	200	200	floating	01/10/1999	01/10/2009	200
Subordinated loan in Euro	106	150	floating	12/10/1999	12/10/2009	65
Subordinated loan in Euro	8	8	floating	22/12/2000	22/12/2010	8
Subordinated loan in Euro	1	1	3.75%	20/09/2001	20/09/2006	-
<i>Total subordinated liabilities (Tier 2)</i>	<i>3,997</i>					<i>3,557</i>
Subordinated loan in Euro	460	466	5.63%	03/10/2000	03/04/2003	456
Subordinated loan in Euro	150	150	floating	06/11/2000	06/05/2003	145
<i>Total Tier 3 subordinated liabilities</i>	<i>610</i>					<i>601</i>
Total	5,607					5,158

(a) The remuneration of the preferred securities is fixed at 8.126% up to 10 November 2010. After that date, a floating coupon will be paid at 12 months Euribor increased by 350 b.p..

(b) The securities cannot be redeemed. Only SANPAOLO IMI has the right to redeem the Notes, totally or partially, and this right can be exercised after November 10, 2010.

(c) These are issues made on a fiduciary basis against deposits of the Parent Bank's Nassau branch.

During the year new subordinated loans have been issued for € 501 million, of which € 500 million by the Parent Bank under the form of Tier 2 subordinated loans to finance Group investments.

Subordinated liabilities not included in the calculation of regulatory capital amount to € 432 million, excluding Tier 3 subordinated loans.

Preferred Securities, which are attributable to Tier 1 capital, satisfy the following requirements:

- the securities are not redeemable, the issuer's redemption right, if any, cannot be exercised during the first 10 years after issuance; redemption has to be authorized in advance by the Bank of Italy;
- the contract provides for the possibility of suspending interest payments on the securities, even partially, if the Parent Company directly controlling the issuer did not distribute dividends during the previous year;
- dividends cannot be accumulated in subsequent years;
- in the event of the liquidation of SANPAOLO IMI, the holders of securities can only be reimbursed after all other subordinated and non-subordinated creditors have been paid.

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

- early redemption can only take place on the issuer's initiative and with Bank of Italy authorization;
- the duration exceeds 5 years;
- in the event that the issuer is put into liquidation, these subordinated loans can only be reimbursed once all other creditors, not similarly subordinated, have been satisfied.

The Tier 3 subordinated loans, which are deducted from the capital requirements for market risks, meet the following conditions:

- the original duration is not less than 2 years;
- the payment of interest and principal is suspended if the capital requirements of SANPAOLO IMI should fall below 7% on an individual basis or 8% on a consolidated basis.
- in the event that the issuer is put into liquidation, these subordinated loans can only be reimbursed once all other creditors, not similarly subordinated, have been satisfied.

Other information on subordinated liabilities

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

SECTION 9 - OTHER LIABILITIES

Liability captions 50 and 60 comprise the following:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Other liabilities (caption 50)	15,590	17,420	-10.5
Accrued expenses and deferred income (caption 60)	2,162	3,114	-30.6
Total	17,752	20,534	-13.5

Other liabilities (caption 50)

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Valuation of derivatives on interest rates and stockmarket indices	3,846	3,967	-3.1
Unprocessed transactions	2,266	2,890	-21.6
Counterparty of valuations of foreign currency derivatives contracts	1,874	714	+162.5
Amounts available for third parties	1,755	3,024	-42.0
Tax payments accounts	1,019	1,231	-17.2
Amounts in transit with branches	803	986	-18.6
Other items derivative contracts	700	1,275	-45.1
Non-liquid balances from portfolio transactions	374	13	n.s.
Due to the tax authorities	274	340	-19.4
Premiums collected on options sold	259	322	-19.6
Amounts due to employees	170	241	-29.5
Deposits guaranteeing agricultural and construction loans	33	37	-10.8
Items relating to securities transactions	31	17	+82.4
Transactions by foreign branches	17	47	-63.8
Amounts payable due to settlement value date	9	367	-97.5
Other	2,160	1,949	+10.8
Total	15,590	17,420	-10.5

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Accrued expenses			
– interest on securities issued	693	989	-29.9
– charges on derivative contracts	681	977	-30.3
– interest on amounts due to banks	162	253	-36.0
– payroll and other operating costs	124	81	+53.1
– interest on amounts due to customers	102	184	-44.6
– other	49	271	-81.9
Deferred income			
– income from derivative contracts	139	147	-5.4
– interest on discounted notes	47	60	-21.7
– other	165	152	+8.6
Total	2,162	3,114	-30.6

SECTION 10 - GUARANTEES AND COMMITMENTS

Consolidated balance sheet captions 10 and 20, relating to guarantees and commitments that involve lending risk, are detailed as follows:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Guarantees given (caption 10)	16,016	15,670	+2.2
Commitments (caption 20)	24,839	26,518	-6.3
Total	40,855	42,188	-3.2

Guarantees given in favour of third parties comprise:

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Commercial guarantees	9,907	12,173	-18.6
b) Financial guarantees	5,984	3,174	+88.5
c) Assets lodged in guarantee	125	323	-61.3
Total	16,016	15,670	+2.2

Commitments outstanding at year end are as follows:

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

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Commitments to grant finance (certain to be called on)	8,794	8,260	+6.5
b) Commitments to grant finance (not certain to be called on)	16,045	18,258	-12.1
Total	24,839	26,518	-6.3

Firm commitments are detailed below:

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Purchase of securities not yet settled	3,631	3,918	-7.3
Commitments certain to be called on for derivative contracts on loans	844	749	+12.7
Other commitments certain to be called on	1,999	1,675	+19.3
Undrawn lines of credit granted	11,641	13,537	-14.0
Put options issued	682	2,226	-69.4
Mortgage loans and leasing contracts to be disbursed	3,631	2,609	+39.2
Deposits and loans to be made	1,826	1,141	+60.0
Membership of Interbank Deposit Guarantee Fund	107	105	+1.9
Other commitments not certain to be called on	478	558	-14.3
Total	24,839	26,518	-6.3

Assets lodged to guarantee the Group's liabilities

(Table 10.3 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Portfolio securities lodged with third parties to guarantee repurchase agreements	7,781	10,119	-23.1
Securities lodged with the clearing-house for transactions on the derivatives market	30	702	-95.7
Securities lodged with central banks to guarantee advances	534	607	-12.0
Securities lodged with the Bank of Italy to guarantee bankers' drafts	143	142	+0.7
Securities lodged to guarantee promissory notes	39	51	-23.5
Total	8,527	11,621	-26.6

Unused lines of credit

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

(Table 10.4 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Central banks	54	38	+42.1
b) Other banks	215	71	n.s.
Total	269	109	+146.8

Forward transactions

Forward transactions, excluding those on behalf of third parties, show the following amounts:

(table 10.5 B.1.)

(€/mil)

	Hedging transactions	Dealing transactions (*)	Other transactions	Total
1. Purchase/sale of				
1.1 securities				
– purchases	-	3,631	-	3,631
– sales	-	1,958	-	1,958
1.2 currency				
– currency against currency	1,550	825	-	2,375
– purchases against euro	11,699	4,717	-	16,416
– sales against euro	5,842	5,173	-	11,015
2. Deposits and loans				
– to be disbursed	-	-	1,826	1,826
– to be received	-	-	3,711	3,711
3. Derivative contracts				
3.1 With exchange of capital				
a) securities				
– purchases	-	2,253	-	2,253
– sales	421	2,809	-	3,230
b) currency				
– currency against currency	290	144	-	434
– purchases against euro	2,896	1,205	-	4,101
– sales against euro	1,019	912	-	1,931
c) other instruments				
– purchases	-	-	-	-
– sales	-	-	-	-
3.2 Without exchange of capital				
a) currency				
– currency against currency	30	-	-	30
– purchases against euro	11	-	47	58
– sales against euro	-	-	-	-
b) other instruments (**)				
– purchases	37,762	156,437	150	194,349
– sales	17,356	153,120	4,282	174,758
Total	78,876	333,184	10,016	422,076

(*) Including derivative contracts hedging the dealing portfolio, € 3.585 million.

(**) Including basis swaps, € 14,698 million, and other index swap derivatives, € 8 million, both in purchases and sales.

At year end, hedging contracts entered into by Group companies result in a potential net loss of € 553 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 activities. The above-mentioned contracts are in fact recorded on a consistent basis with those adopted for hedged transactions, booking accruals in the financial statements for the interest rate and/or exchange rate differential accruing up to the balance sheet date.

Derivatives contracts included under structured financial instruments amount to € 4,479 million, at nominal value.

Forward transactions outstanding as of 31 December 2001, presented in the table above, essentially reflect the activities of the Parent Bank and those subsidiaries operating in the stockbroking and credit intermediation sector.

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

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

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

<i>Notional amounts</i>	<i>(€/mil)</i>				
	Interest rate related	Exchange rate related	Stockmarket index related	Other	Total
OTC trading contracts					
- Forward (a)	10,996	7,134	-	-	18,130
- Swap (b)	175,256	987	-	-	176,243
- Options purchased	12,174	653	7,030	-	19,857
- Options sold	12,146	556	6,219	-	18,921
- Other	-	66	993	-	1,059
Exchange traded contracts					
- Futures purchased	1,257	-	24	-	1,281
- Futures sold	11,065	-	12	-	11,077
- Options purchased	3,550	-	531	-	4,081
- Options sold	7,540	-	53,171	-	60,711
- Other	-	-	-	-	-
Total trading contracts	233,984	9,396	67,980	-	311,360
Total non-trading contracts	50,563	23,105	7,357	-	81,025
Total contracts (c)	284,547	32,501	75,337	-	392,385
- including OTC contracts	261,119	32,501	21,600	-	315,220

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

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

(c) Including basis swaps for € 14,698 million and other index swap derivatives for € 8 million, but excluding forward currency transactions with an original duration of less than 2 days, which total € 3,859 million.

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

<i>Residual maturity of notional amounts underlying OTC derivative contracts</i>				<i>(€/mil)</i>
	Up to 12 months	Between 1 and 5 years	Beyond 5 years	Total
Interest rate related	131,944	80,980	48,195	261,119
Exchange rate related	28,655	3,393	453	32,501
Stockmarket index related	5,809	11,869	3,922	21,600
Other contracts	-	-	-	-

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

<i>Notional amounts, market values and similar add on</i>					<i>(€/mil)</i>
	Interest rate related	Exchange rate related	Stockmarket index related	Other	Total
Notional amounts	261,119	32,501	21,600	-	315,220
A. Market value of OTC trading contracts					
A.1 positive market value	3,523	171	329	-	4,023
A.2 negative market value	-3,211	-117	-102	-	-3,430
B. Add on	828	116	614	-	1,558
C. Market value of OTC non-trading contracts					
C.1 positive market value	640	638	377	-	1,655
C.2 negative market value	-1,071	-458	-283	-	-1,812
D. Add on	184	358	267	-	809
Credit risk equivalent (A.1+B+C.1+D)	5,175	1,283	1,587	-	8,045

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

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

<i>Credit quality of OTC derivative contracts, by counterparty</i>			<i>(€/mil)</i>
	Positive market value	Add on	Credit risk equivalent (a) (current value)
Governments and central banks	10	-	10
Banks	4,802	2,046	6,848
Other operators	866	321	1,187
Total	5,678	2,367	8,045

(a) The credit risk equivalent reported in this table includes transactions with an original life not exceeding 14 days.

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

Derivative contracts on loans

Transactions in derivatives on loans carried out by the Group as of 31 December 2001 are analysed below:

(Table 10.6 B.1)

Categories of operations	Negotiation	Other transactions	Total
<i>(€/mil)</i>			
1. Hedging purchases			
1.1 With exchange of capital			
– credit default swap	55	368	423
2. Hedging sales			
2.1 With exchange of capital			
– credit default swap	47	797	844
2.2 Without exchange of capital			
– credit default swap	-	-	-
Total	102	1,165	1,267

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

The table below shows the positions defined as “significant exposures” by the Bank of Italy in compliance with EC guidelines. For this purpose, the positions are considered significant if the overall exposure to a single client (or group of companies) on a consolidated basis is equal to or greater than 10% of the Bank’s regulatory capital. Exposure is calculated using a system of weighting positions exposed to lending risk, which takes into account the nature of the counterparty and the guarantees received.

(Table 11.1 B.I.)

	31/12/01
a) Amount (€/mil)	9,236
b) Number	4

Distribution of loans to customers, by category of borrower

Loans to customers are distributed as follows:

(Table 11.2 B.I.)

	31/12/01 (€/mil)	31/12/00 (*) (€/mil)	% Change
a) Governments	5,342	5,093	+4.9
b) Other public entities	7,193	7,663	-6.1
c) Non-financial businesses	51,737	52,507	-1.5
d) Financial institutions	13,669	14,765	-7.4
e) Family businesses	3,240	3,388	-4.4
f) Other operators	15,875	15,290	+3.8
Total	97,056	98,706	-1.7

(*) 2000 figures are shown on the same basis as those of 2001.

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:

(Table 11.3 B.I.)

	31/12/01 (€/mil)	31/12/00 (*) (€/mil)	% Change
a) Other services for sale	6,583	7,570	-13.0
b) Commerce, salvage and repairs	6,099	6,286	-3.0
c) Energy products	4,768	4,405	+8.2
d) Construction and public works	3,832	3,901	-1.8
e) Transport	2,682	2,735	-1.9
f) Other sectors	20,062	20,738	-3.3
Total	44,026	45,635	-3.5

(*) 2000 figures are shown on the same basis as those of 2001.

Distribution of guarantees given, by category of counterparty

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

(Table 11.4 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Governments	23	6	n.s.
b) Other public entities	27	132	-79.5
c) Banks	975	800	+21.9
d) Non-financial businesses	13,090	12,820	+2.1
e) Financial institutions	1,421	1,455	-2.3
f) Family businesses	114	115	-0.9
g) Other operators	366	342	+7.0
Total	16,016	15,670	+2.2

Geographical distribution of assets and liabilities

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

(Table 11.5 B.I.)

	31/12/01 (€/mil)				31/12/00 (€/mil)			
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total
1. Assets								
1.1 due from banks	8,717	11,207	1,647	21,571	9,861	6,826	2,432	19,119
1.2 loans to customers	80,618	10,122	6,316	97,056	81,607	10,210	6,889	98,706
1.3 securities	15,105	3,834	3,178	22,117	16,794	3,772	4,392	24,958
Total	104,440	25,163	11,141	140,744	108,262	20,808	13,713	142,783
2. Liabilities								
2.1 due to banks	6,774	12,645	8,503	27,922	7,406	10,451	11,739	29,596
2.2 due to customers	53,312	8,886	3,647	65,845	49,967	9,312	5,439	64,718
2.3 securities issued	25,151	10,529	5,159	40,839	27,808	7,392	4,138	39,338
2.4 other accounts	3,699	1,008	1,000	5,707	3,222	1,023	1,000	5,245
Total	88,936	33,068	18,309	140,313	88,403	28,178	22,316	138,897
3. Guarantees and commitments	21,201	8,078	11,576	40,855	19,345	8,802	14,041	42,188

Maturities of assets and liabilities

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

(Table 11.6 B.I.)

	(€/mil)								
	On demand	Up to 3 months	Specified duration				Unspecified duration	Total	
			Between 3 and 12 months	Between 1 and 5 years		Beyond 5 years			
				Fixed rate	Indexed rate	Fixed rate	Indexed rate		
1. Assets									
1.1 Treasury bonds eligible for refinancing	41	969	2,481	2,250	1,579	985	1,068	-	9,373
1.2 due from banks	3,994	12,770	3,410	234	265	73	37	788	21,571
1.3 loans to customers	15,262	17,984	11,842	13,601	16,482	8,508	12,030	1,347	97,056
1.4 bonds and other debt securities	30	775	3,012	2,053	2,724	1,003	1,619	-	11,216
1.5 off-balance sheet transactions	28,585	118,295	76,566	43,014	4,073	27,653	883	-	299,069
Total assets	47,912	150,793	97,311	61,152	25,123	38,222	15,637	2,135	438,285
2. Liabilities									
2.1 due to banks	3,237	14,798	4,257	887	2,315	407	2,021	-	27,922
2.2 due to customers	48,400	14,485	1,485	351	196	660	268	-	65,845
2.3 securities issued:									
– bonds	463	902	4,215	7,809	8,633	3,456	2,217	-	27,695
– certificates of deposit	402	5,660	1,795	435	37	17	-	-	8,346
– other securities	661	4,008	129	-	-	-	-	-	4,798
2.4 subordinated liabilities	-	87	494	157	1,058	2,146	1,665	-	5,607
2.5 off-balance sheet transactions	30,093	115,783	77,886	43,074	3,364	28,369	500	-	299,069
Total liabilities	83,256	155,723	90,261	52,713	15,603	35,055	6,671	-	439,282

Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in currencies other than those of the Euro-zone as of 31 December 2001 are broken down as follows:

(Table 11.7 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Assets			
1. due from banks:	3,094	5,547	-44.2
2. loans to customers	10,349	11,543	-10.3
3. securities	3,397	5,247	-35.3
4. equity investments	92	147	-37.4
5. other accounts	33	33	-
Total assets	16,965	22,517	-24.7
b) Liabilities			
1. due to banks	10,551	11,333	-6.9
2. due to customers	7,310	10,034	-27.1
3. securities issued	9,573	5,771	+65.9
4. other accounts	616	616	-
Total liabilities	28,050	27,754	+1.1

Taking into consideration the effects of currency swap transactions for specific and generic hedging of transactions in foreign currency, the currency short position shown above is substantially offset.

Securitization operation

Group securitization operations

As of 31 December 2001, the SANPAOLO IMI Group carried out the following securitization operation:

- *Sanpaolo Leasing S.p.A.* - In 1997 the subsidiary made a non-recourse assignment of performing loans under leasing contracts as per Law no. 52/91 for a total book value of € 503.5 million. No revolving assignments were carried out during 2001 on the basis of the securitization operation to ensure that the assets initially securitized would remain the equivalent of the securities issued up to the contractual date for redemption of the securities. This transaction was carried out in order to free up part of the loan portfolio, generating sources of additional liquidity and benefiting at the same time from the possibility to reduce lending risk. Junior securities are included in the investment securities portfolio at their original cost of € 50.4 million. Note that, during the course of the operation, these securities act as the financial instrument for recognition of the spread differential (the so-called "excess spread") between the cash flows generated by the loan portfolio assigned and the securities issued. The assigned portfolio is subject to continuous monitoring which consists of preparing a quarterly settlement report for the various entities involved (rating agencies, factoring company, vehicle company and trustee) with a detailed explanation of the state of the loans and of collections during the period. The servicer requires the separate administration, management and collection of the portfolio originally assigned and of the loans subsequently due, as well as handling any recovery procedures. As of 31 December 2001 loans to be collected amounted to € 94.6 million.
- *Finconsumo Banca S.p.A.*¹ - This bank is carrying out two securitization transactions without recourse as per Law 130/99 of performing consumer loans due from households resident in Italy. As part of these programmes, in 2001 the bank sold without recourse € 502.9 million of performing loans to household resident in Italy, of which: a) € 192.4 million represent revolving assignments carried out on the basis of the first securitization (Golden Bar I, completed in December 2000 for an initial amount of € 361.5 million) so as to ensure that the assets initially securitized would remain the equivalent of the securities issued up to the contractual date for redemption of the securities; b) € 310.6 million (€ 258.3 million as initial assignment and € 52.3 as revolving assignment) on the basis of the second operation (Golden Bar II, completed in June 2001). These transactions were carried out in order to free up part of the loans portfolio, generating sources of additional liquidity and optimizing use of capital also from a regulatory point of view. The investment securities portfolio includes junior securities that arose from the securitization exercises carried out in 2000 and 2001, of € 2.0 million and € 1.3 million respectively. Note that, during the course of the operation, these securities act as the financial instrument for recognition of the spread differential (the so-called "excess spread") between the cash flows generated by the loan portfolio assigned and the securities issued. The assigned portfolio is subject to continuous monitoring which consists of preparing a quarterly settlement report for the various entities involved (rating agencies, vehicle company and trustee) with a detailed explanation of the state of the loans and of collections during the period. The servicer requires the separate administration, management and collection of the portfolio originally assigned and of the loans subsequently due, as well as handling any recovery procedures. At 31 December 2001 there were still loans to be collected from the two outstanding assignments of € 365.4 million and € 238.0 million respectively.

¹ The company is jointly controlled (SANPAOLO IMI holds 50%). The information on securitizations concerns the whole amount, although the effects on the consolidated financial statements of the SANPAOLO IMI Group are proportional (50%).

Securities in portfolio representing third party securitizations

The Group holds investment and dealing securities that came from third party securitizations, as shown in the following table:

Type of underlying activities	Credit quality	"Senior" "Mezzanine" "Junior" securities securities securities			Total
		book value			
Investment securities portfolio					
Building mortgage loans	Performing	47	-	-	47
Credit cards	Performing	144	23	-	167
Leasing	Performing	36	-	-	36
Securities portfolio	Performing	23	-	-	23
SACE loans to foreign public sector debtors	Performing	14	-	-	14
Health care receivable	Performing	11	-	-	11
Other loans	Performing	132	14	-	146
		407	37	-	444
Dealing securities portfolio					
Building mortgage loans (1)	Performing	48	4	1	53
	Non-performing loans	3	-	-	3
Commercial / industrial / agricultural mortgage loans	Performing	7	3	-	10
	Non-performing loans	7	3	-	10
Leasing	Performing	6	-	-	6
Health care receivable (2)	Performing	24	-	6	30
Public real estate	-	309	-	-	309
Social security contributions	Problem loans	33	-	-	33
Other loans	Performing	115	23	-	138
	Non-performing loans	5	-	-	5
		557	33	7	597
		964	70	7	1,041

(1) The amount of € 1 million refers to junior securities issued against some € 21 million of securitized assets.

(2) The amount of € 6 million refers to junior securities issued against some € 142 million of securitized assets.

The investment securities portfolio is shown net of adjustments for a total of € 9.5 million, of which € 8.9 million carried out during the period.

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 are summarized below:

(Table 12.1 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Purchases			
1. settled	113,763	153,776	-26.0
2. not settled	473	116	n.s.
Total purchases	114,236	153,892	-25.8
b) Sales			
1. settled	112,594	146,355	-23.1
2. not settled	542	359	+51.0
Total sales	113,136	146,714	-22.9

Transactions on behalf of third parties include € 49,049 million of settled purchases and € 49,049 million of settled sales involving derivative contracts.

Portfolio management

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

(Table 12.2 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Asset management (1)	34,942	33,113	+5.5

(*) In accordance with specific Bank of Italy instructions, this information refers solely to personalized portfolio management on behalf of customers, excluding those offered by third parties and distributed by the Group. The figure does not include either the Group's mutual funds, € 70,618 million (€ 79,376 million at 31 December 2000), or the technical reserves of the insurance subsidiaries consolidated at equity, € 16,267 million (€ 12,418 million at 31 December 2000).

Custody and administration of securities

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

(Table 12.3 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Third-party securities held on deposit	240,440	211,964	+13.4
b) Third-party securities deposited with third parties	156,178	134,350	+16.2
c) Portfolio securities deposited with third parties (a)	21,304	22,259	-4.3

(a) Excluding securities deposited with third parties to secure repurchase agreements which, as required, are already included in table 10.3 B.I - Assets lodged to guarantee the Group's liabilities.

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

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

(Table 12.4 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
a) Debit adjustments			
1. current accounts	588	741	-20.6
2. central portfolio	31	102	-69.6
3. cash	-	-	n.s.
4. other accounts	37	19	+94.7
b) Credit adjustments			
1. current accounts	40	90	-55.6
2. transferors of notes and documents	606	757	-19.9
3. other accounts	15	15	-

Other transactions

Reserve for Research Grants

From January 2000 the Ministry of Education, Universities and Research has taken over direct management of the Reserve for Research Grants, while SANPAOLO IMI continues to manage applications arrived before 31 December 1999.

As of 31 December 2001 there is a balance of loans granted for € 615 million and loans still to be granted for € 1,140 million under contracts already stipulated, in addition to those to be stipulated for € 343 million.

On the subject of R&D Incentives, SANPAOLO IMI continued to operate in 2001 as a bank authorized by the Ministry to evaluate and supervise the implementation of industrial research projects and training programmes for researchers; it also initiated cooperation with the Ministry of Productive Activities with a view to financing development projects out of the "Technology Innovation Fund".

The Parent Bank received 350 applications for R&D funding worth a total of € 1,420 million, and commissions of more than € 14 million were earned.

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

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

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

As of 31 December 2001, 3,900 applications are outstanding for € 1,590 million broken down as follows:

- € 1,432 million relating to the consolidation of short-term debt (of which € 1,428 million already being paid and € 4 million waiting for the final documentation);
- € 158 million for participating loans.

Management activities carried out on behalf of the Treasury were recompensed with commission totalling € 0.9 million.

Third-party portion of syndicated loans

The portion of syndicated loans arranged by the Parent Bank for third parties without a representation mandate totalled € 795 million at year end (€ 901 million in 2000).

Notes for collection and tax collection services

The nominal value of third parties' receivables for which the Group was appointed to handle collection as part of portfolio transactions amounts to € 8,926 million.

In addition, through the subsidiaries Banco di Napoli, Sanpaolo Riscossioni Genova and Sanpaolo Riscossioni Prato, the Group handles the collection of tax rolls with or without the obligation to advance amounts not collected for a total of € 20,077 million (including mandates received from other tax collectors).

Asset management services rendered by third parties

The amount of asset management services offered to customers through Group companies as of 31 December 2001 came to € 4,150 million broken down as follows: € 587 million of mutual funds, € 648 million of fund-based portfolio management schemes, € 352 million of portfolio management schemes and € 2,563 million of insurance policies.

Part C - Consolidated statement of income

SECTION 1 - INTEREST

Interest income and expense and similar revenues and charges, detailed below, are reported in captions 10 and 20 of the consolidated statement of income:

	31/12/01 (€/mil)	31/12/00 (€/mil)
Interest income and similar revenues (caption 10)	8,016	7,622
<i>including the contribution of the Banco di Napoli group</i>	1,583	943
Interest expense and similar charges (caption 20)	5,326	5,123
<i>including the contribution of the Banco di Napoli group</i>	827	539

Interest income and similar revenues (caption 10)

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
a) On amounts due from banks	900	991
<i>of which:</i>		
<i>– deposits with central banks</i>	63	50
b) On loans to customers	5,999	5,501
<i>of which:</i>		
<i>– loans using public funds</i>	-	-
c) On debt securities	1,026	1,006
d) Other interest income	91	87
e) Net differential on hedging transactions (*)	-	37
Total	8,016	7,622

(*) *This balance represents the net effect of hedging derivative differentials.*

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
a) On assets denominated in foreign currency	506	552

"Interest income and similar revenues" on assets denominated in foreign currency relates to transactions denominated in currencies not included in the Euro-zone.

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
a) On amounts due to banks	1,428	1,522
b) On amounts due to customers	1,600	1,401
c) On securities issued	1,961	2,038
<i>of which:</i>		
– certificates of deposit	336	436
d) On public funds administered	-	-
e) On subordinated liabilities	241	162
f) Net differential on hedging transactions (*)	96	-
Total	5,326	5,123

() This balance represents the net effect of hedging derivative differentials.**Detail of caption 20 "Interest expense and similar charges" (table 1.4 B.I.)*

	31/12/01 (€/mil)	31/12/00 (€/mil)
a) On liabilities denominated in foreign currency	921	762

"Interest expense and similar charges" on liabilities denominated in foreign currency relates to transactions denominated in currencies not included in the Euro-zone.

SECTION 2 - COMMISSION

Commission income and expense, detailed below, is reported in captions 40 and 50 of the consolidated statement of income:

	31/12/01 (€/mil)	31/12/00 (€/mil)
Commission income (caption 40)	3,312	3,452
<i>including the contribution of the Banco di Napoli group</i>	338	182
Commission expense (caption 50)	714	817
<i>including the contribution of the Banco di Napoli group</i>	15	9

The following tables have been prepared on the basis of the new reporting format required by the Bank of Italy in its letter no. 14815 dated 21 November 2001. In the interests of comparability, the 2000 figures have also been reclassified on the basis of this new format.

Commission income (caption 40)

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
a) Guarantees given	68	49
b) Derivative contracts on loans	3	1
c) Management, dealing and advisory services		
1. dealing in securities	131	148
2. dealing in currency	35	36
3. portfolio management:		
3.1 individual	196	179
3.2 collective	1,476	1,747
4. custody and administration of securities	60	43
5. custodian bank	138	127
6. placement of securities	59	65
7. acceptance of instructions	84	186
8. advisory services	38	40
9. distribution of third party services:		
9.1 portfolio management:		
a) individual	12	-
b) collective	12	4
9.2 insurance products	137	114
9.3 other products	4	2
d) Collection and payment services	239	219
e) Servicing for securitisation transactions	1	1
f) Tax collection services	83	52
g) Other services	536	439
Total	3,312	3,452

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
Loans granted	175	145
Deposits and current account overdrafts	215	178
Current accounts	82	66
Loan-arrangement activities	7	6
Other services	57	44
Total	536	439

Commission income by distribution channel is broken down as follows:

Detail of caption 40 "commission income": "Products and services distribution channels" (table 2.2 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)
a) At own branches:		
1. portfolio management	1,028	1,236
2. placement of securities	43	52
3. distribution of third-party services and products	77	50
b) Door-to-door:		
1. portfolio management	644	690
2. placement of securities	16	13
3. distribution of third-party services and products	88	68

Commission expense (caption 50)*Analysis of caption 50 "Commission expense" (table 2.3 B.I.)*

	31/12/01 (€/mil)	31/12/00 (€/mil)
a) Guarantees received	7	5
b) Derivative contracts on loans	-	-
c) Management, dealing and advisory services		
1. dealing in securities	34	44
2. dealing in currency	2	1
3. portfolio management:		
3.1 own portfolio	-	-
3.2 third party portfolio	102	38
4. custody and administration of securities	28	29
5. placement of securities	12	8
6. door-to-door sales of securities, financial products & services	430	582
d) Collection and payment services	65	60
e) Other services	34	50
Total	714	817

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
Loan-arrangement activities	12	2
Loans obtained	2	7
Intermediation in financing transactions	3	8
Other services	17	33
Total	34	50

SECTION 3 - PROFITS (LOSSES) ON FINANCIAL TRANSACTIONS

Profits and losses on financial transactions, detailed below, are reported in caption 60 of the consolidated statement of income:

	31/12/01 (€/mil)	31/12/00 (€/mil)
Profits (losses) on financial transactions (caption 60)	105	165
<i>including the contribution of the Banco di Napoli group</i>	24	9

Profits (losses) on financial transactions (caption 60)

Profits and losses in the consolidated statement of income comprise:

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

	Security transactions	Currency transactions	Other transactions	Total
A1. Revaluations	238	-	1,490	1,728
A2. Writedowns	-138	-	-3,081	-3,219
B. Other profits and losses	-387	40	1,943	1,596
Total	-287	40	352	105
<i>of which:</i>				
1. on government securities	78			
2. on other debt securities	45			
3. on equities	-153			
4. on security derivatives	-257			

This mainly reflects one component of the brokerage activity normally carried on by the Group, the results of which are also reflected in the captions relating to interest and dividends. The global performance is outlined in the comment on the investment banking business in the report on operations.

SECTION 4 - ADMINISTRATIVE COSTS

Administrative costs, detailed below, are reported in caption 80 of the consolidated statement of income:

	31/12/01 (€/mil)	31/12/00 (€/mil)
Payroll costs (caption 80.a)	2,221	1,929
<i>including the contribution of the Banco di Napoli group</i>	562	309
<i>including the contribution of the Wargny group</i>	20	-
Other administrative costs (caption 80.b)	1,379	1,147
<i>including the contribution of the Banco di Napoli group</i>	270	115
<i>including the contribution of the Wargny group</i>	18	-
Total	3,600	3,076

Payroll costs (caption 80.a)

	31/12/01 (€/mil)	31/12/00 (€/mil)
Wages and salaries	1,600	1,380
Social security charges	471	425
Termination indemnities	109	97
Pensions and similar commitments	41	27
Total	2,221	1,929

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

	31/12/01	31/12/00
a) Executives	673	439
b) Supervisors	11,638	5,046
c) Other employees	23,172	24,339
Total	35,483	29,824
<i>of which: of companies consolidated under the proportional method</i>	182	154

The split between executives and supervisors at 31/12/2001 takes into account the category changes contained in the collective national labour contract for banks; so the equivalent figures at 31/12/2000 are not directly comparable.

Other administrative costs (caption 80.b)

	31/12/01 (€/mil)	31/12/00 (€/mil)
IT costs	340	228
Software maintenance and upgrades	118	71
Maintenance of operating assets	66	50
Data transmission charges	52	41
External data processing	54	48
Database access charges	34	11
Equipment leasing charges	16	7
Property management expenses	237	205
Rented property:	152	125
- rental of premises	142	117
- maintenance of leasehold premises	10	8
Property owned:	23	27
- maintenance of properties owned by the Bank	23	27
Security services	34	30
Cleaning of premises	28	23
General expenses	202	186
Postage and telegraph charges	51	41
Office supplies	28	21
Transport and counting of valuables	14	11
Courier and transport services	10	11
Payroll costs for personnel on secondment	1	-
Other expenses	98	102
Professional and insurance fees	203	171
Consultancy services	128	112
Legal and judiciary expenses	40	31
Investigation/commercial information costs	17	16
Insurance premiums - banks and customers	18	12
Utilities	69	69
Energy	35	33
Telephone	34	36
Promotion, advertising and marketing expenses	65	47
Advertising and entertainment	58	41
Contributions and membership fees to trades unions and business associations	7	6
Indirect payroll costs	64	52
Indirect personnel expenses	64	52
Total	1,180	958
Indirect duties and taxes		
– stamp duties	145	133
– substitute tax (Pres. Decree 601/73)	15	18
– local property taxes	10	8
– tax on stock exchange contracts	7	5
– non-recoverable VAT on purchases	4	6
– other	18	19
Total	199	189
Total other administration costs	1,379	1,147

SECTION 5 - ADJUSTMENTS, WRITEBACKS AND PROVISIONS

Adjustments and provisions, reported in captions 90, 100, 120, 140 and 150 of the consolidated statement of income, and writebacks, reported in captions 130 and 160, are detailed below:

	31/12/01 (€/mil)	31/12/00 (€/mil)
Adjustments to intangible and tangible fixed assets (caption 90)	543	389
<i>including the contribution of the Banco di Napoli group</i>	106	63
Provisions for risks and charges (caption 100)	136	323
<i>including the contribution of the Banco di Napoli group</i>	34	74
Adjustments to loans and provisions for guarantees and commitments (caption 120)	636	647
<i>including the contribution of the Banco di Napoli group</i>	93	67
Writebacks of adjustments to loans and provisions for guarantees and commitments (caption 130)	278	417
<i>including the contribution of the Banco di Napoli group</i>	30	14
Provisions to reserves for possible loan losses (caption 140)	11	8
<i>including the contribution of the Banco di Napoli group</i>	-	-
Adjustments to financial fixed assets (caption 150)	235	36
<i>including the contribution of the Banco di Napoli group</i>	9	1
Writebacks of adjustments to financial fixed assets (caption 160)	2	15
<i>including the contribution of the Banco di Napoli group</i>	-	-

Adjustments to intangible and tangible fixed assets (caption 90)

	31/12/01 (€/mil)	31/12/00 (€/mil)
Adjustments to intangible fixed assets		
– amortization of start-up and capital increase expenses	2	1
– amortization of goodwill	1	18
– amortization of merger differences	27	27
– amortization of software costs	125	114
– software permanent writedown	8	-
– amortization of other deferred charges	45	17
– amortization of goodwill arising on consolidation	96	13
– amortization of goodwill arising on application of the equity method	25	32
Adjustments to tangible fixed assets		
– depreciation of property	66	59
– depreciation of furniture and installations	148	108
Total	543	389

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, € 136 million, made during the year reflect the consolidation of the corresponding provision of the Parent Bank (€ 30 million) and provisions made by subsidiary Banco di Napoli (€ 34 million). The remainder refers essentially to provisions made by the subsidiaries operating in the placement and management of financial products against the risks involved in such activities.

The provision made by the Parent Bank is allocated as follows:

- € 13 million for potential charges deriving from renegotiated mortgage loans, option transactions and other potential liabilities;
- € 14 million designed to increase the coverage of the reserve for other payroll costs, pension and similar commitments, including € 6 million to cover long-service bonuses to the Bank's employees, € 6 million to integrate the provisions established to balance the technical deficit of the Bank's employee pension fund and € 2 million for other potential liabilities;
- € 3 million to increase supplementary pension liabilities for former IMI S.p.A. personnel already in retirement.

The provision made by Banco di Napoli is allocated as follows:

- € 13 million to increase the reserve for other risks and charges against lawsuits, above all claims from bankruptcy liquidators;
- € 11 million for other risks and charges;
- € 10 million to increase the reserve for other payroll costs.

The provisions made by other subsidiaries relate to prudent provisions made by subsidiaries operating in the area of financial services for households for risks involved in the marketing financial products.

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

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
a) Adjustments to loans	622	634
<i>of which:</i>		
– general adjustments for country risk	13	16
– other general adjustments	184	114
b) Provisions for guarantees and commitments	14	13
<i>of which:</i>		
– general provisions for country risk	-	-
– other general provisions	3	8
Total	636	647

In addition to the above adjustments, default interest of € 142 million due during the year has been reversed from interest income.

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
Revaluation of loans previously written down	132	107
Revaluation of loans previously written off	2	1
Revaluation of provisions for guarantees and commitments	2	2
Collection of loan principal previously written down	72	200
Collection of loan principal and interest previously written off	35	46
Collection of default interest previously written down	35	61
Total	278	417

Provisions to reserves for possible loan losses (caption 140)

Provisions to reserves for possible loan losses represent the provisions made by certain subsidiary companies without adjustment effect and do not adjust risks which are only potential.

Adjustments to financial fixed assets (caption 150)

	31/12/01 (€/mil)	31/12/00 (€/mil)
Adjustments to investment securities	11	16
Adjustments to equity investments	224	20
Total	235	36

Adjustments to investment securities mainly refer to the writedown of an investment security of Banco di Napoli in relation with the reorganization of the New York branch.

Adjustments to equity investments (€ 224 million) relate to the writedown of holdings in the following companies to take account of permanent losses in value:

	31/12/01 (€/mil)	31/12/00 (€/mil)
Santander Central Hispano	80	-
Fiat S.p.A.	72	-
Olivetti S.p.A.	19	-
Hutchinson 3G Italia S.p.A.	19	-
Banca Popolare di Lodi S.c.r.l.	6	3
Enel S.p.A.	4	-
Blixer S.p.A.	4	4
Euromedia Venture Belgique S.A.	3	-
AEM Torino S.p.A.	3	-
Cartiere Fedrigoni S.p.A.	2	-
AC.E.G.A.S S.p.A.	2	-
Davide Campari S.p.A.	2	-
Engineering Ingegneria Informatica S.p.A.	1	-
KIWI II Ventura - Serviços de Consultoria S.A.	1	-
ACEA S.p.A.	1	-
Convergenza S.C.A.	1	-
Banca Mediocredito S.p.A.	1	-
Giraglia Immobiliare S.p.A.	1	-
Filos S.p.A.	-	2
Elsacom N.V.	-	8
Other	2	3
Total	224	20

Writebacks of adjustments to financial fixed assets (€ 2 million) refer to equity investments for € 1 million and to investment securities for € 1 million.

SECTION 6 - OTHER CONSOLIDATED STATEMENT OF INCOME CAPTIONS

	31/12/01 (€/mil)	31/12/00 (€/mil)
Dividends and other revenues (caption 30)	397	231
<i>including the contribution of the Banco di Napoli group</i>	5	4
Other operating income (caption 70)	280	250
<i>including the contribution of the Banco di Napoli group</i>	53	31
Other operating expenses (caption 110)	36	31
<i>including the contribution of the Banco di Napoli group</i>	8	6
Extraordinary income (caption 190)	660	451
<i>including the contribution of the Banco di Napoli group</i>	123	38
Extraordinary expense (caption 200)	269	55
<i>including the contribution of the Banco di Napoli group</i>	160	11
Income taxes for the year (caption 240)	318	785
<i>including the contribution of the Banco di Napoli group</i>	74	-10

Dividends and other revenues (caption 30)

	31/12/01 (€/mil)	31/12/00 (€/mil)
Shares, quotas and other equities		
– dividends	172	107
– tax credits	91	62
On equity investments, other than those consolidated on a line-by-line basis or carried at equity		
– dividends	102	48
– tax credits	32	14
Total	397	231

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
Expenses recovered from customers		
– stamp duties	112	122
– other taxes	44	20
– legal costs	7	14
– other recoveries	43	19
Income from merchant banking activities	14	11
Income from IT companies	14	10
Reimbursement of services rendered to third parties	7	7
Rent and other income from property	4	4
Other income from leasing activities	3	2
Other income	32	41
Total	280	250

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

	31/12/01 (€/mil)	31/12/00 (€/mil)
Real estate leasing charges	3	3
Other charges on leasing transactions	16	17
Charges from IT companies	8	6
Losses from merchant banking activities	3	-
Other expenses	6	5
Total	36	31

Extraordinary income (caption 190)*Analysis of caption 190 "Extraordinary income"*

	31/12/01 (€/mil)	31/12/00 (€/mil)
Out-of-period income		
– use of reserves in excess	16	6
– other out-of-period income	57	74
Amounts not payable	28	5
Out-of-court settlements by Banco di Napoli (1)	66	-
Price review on sale of equity investment (2)	7	-
Insurance reimbursements for bank robberies	2	1
Gains on:		
– investments (3)	280	122
– investments in line-by-line consolidated companies	152	137
– investment securities	12	14
– own shares	30	83
– tangible and intangible fixed assets	10	9
Total	660	451

(1) It includes the reversal of € 42 million from the provision for risks and charges, which became excessive following a settlement relating to a bankruptcy claim in connection with a sizeable loan, as well as the out-of-court settlement of various law suits for € 23 million.

(2) This is a contractual benefit in favour of SANPAOLO IMI following the final agreement of a settlement between Crediop and one of its subsidiaries.

(3) The detail of gains on investments is shown in Part B - Section 3 of these notes.

Out-of-period income includes € 1.3 million, which is the estimated realizable value of the receivable involved in the sentence passed by the Rome Court of Appeal on 11 September 2001. This sentence condemned Consorzio Bancario Sir S.p.A. (in liquidation) to reimburse to the Bank the sum of € 506 million (as well as interest at the legal rate) previously paid by IMI (as it then was) to the heirs of Nino Rovelli as compensation for damages, in accordance with the sentence passed by the Rome Court of Appeal on 26 November 1990. This sentence sustained the request for indemnity presented by the Consorzio vis-à-vis Primarosa Battistella (Nino Rovelli's heir) and Eurovalori S.p.A., obliging them to protect the Consorzio from having to pay this amount.

A recourse to the Supreme Court has been filed against the Court of Appeal's sentence with a request for its annulment; so even though the sentence is enforceable, it is not definitive.

In preparing the financial statements, the value of the receivable deriving from the sentence of the Rome Court of Appeal, quantified at € 596 million - taking account of the nominal value of the receivable (€ 506 million), legal interest accruing up to 31 December 2001 (€ 73 million) and the tax payable on registration of the sentence (€17 million) which can be claimed back from the loser - has been calculated in accordance with national and international accounting standards for contingent assets and revenue recognition, as confirmed by authoritative opinions, on the basis of its estimated realizable value.

Indeed, based on expert opinions regarding the type of recovery measures that could be taken and the probability of them being successful, the Bank decided that the estimated realizable value of this receivable should be within the bounds of the Consorzio's ability to pay, namely its book net equity as shown in its financial statements as of 31 December 2000, the latest that are available. In fact, the Consorzio's net equity as of 31 December 2000 amounts to € 1.3 million; the only asset in the Consorzio's financial statements is an investment in SIR Finanziaria S.p.A., which is carried at a book value of zero, based on a valuation of the consolidated net worth of the SIR Group; this is due to a considerable amount of litigation, above all with the tax authorities, involving numerous companies of the SIR Group in relation to which the Consorzio does

not exclude that there could be additional charges, even of a substantial amount, over and above the provisions that have already been made.

In support of its decision, the Bank has above all considered the opinion of the Bank's legal defence team, namely that (among other things):

- the sentence of the Court of Appeal allows the Bank to take action only against the Consorzio;
- the chances of recovering the receivable are limited to the assets of the Consorzio, which is in liquidation, with prospects that would certainly not improve if it went bankrupt;
- the Consorzio has a claim against Primarosa Battistella and Eurovalori S.p.A. (though it is not clear if this is a right to indemnity or merely a right to reimbursement). In this connection, the sentence merely ascertains that there is an obligation, without pronouncing a sentence that requires payment to be made.

As further support for the approach taken, the Bank also considered particularly significant the affirmations made on various occasions by the board and management of the Consorzio, both in correspondence with the Bank, which took place between October 2001 and the present day, and at the Shareholders' Meeting of the Consorzio held on 20 December 2001 regarding its economic and financial situation. In these documents, the Consorzio affirms that it is "without personnel and practically without resources" and it is "in no way able to cope with the consequences of the sentence, even if provisional and reversible. Similar statements are made in the reports contained in the Consorzio's financial statements of recent years, in which the liquidator (report as of 31/12/2000) affirms that: "...once again this year it was decided not to make any provisions for the dispute in question (litigation with the former IMI) in connection with - among other things - well-known amounts of such a size that not even the whole of the Consorzio's net worth would be able to cover a reasonable portion of them."

Therefore, given that this sentence is of uncertain outcome, also because it is not definitive, involving a receivable due by an entity that is in effect insolvent, it was decided to value the receivable within the limits of its estimated realizable value, as explained above. Taking a consistent approach, the investment held in the Consorzio was written down to zero.

The approach taken in booking the receivable was also applied in calculating current and deferred taxes.

Extraordinary expense (caption 200)*Analysis of caption 200 "Extraordinary expense"*

	31/12/01 (€/mil)	31/12/00 (€/mil)
Provisions for disputes concerning the Banco di Napoli supplementary pension (1)	114	-
Amounts not collectible	18	5
Settlement of civil disputes of Banco di Napoli	6	-
Restructuring expenses (2)	10	-
Registration tax on the IMI - SIR sentence	17	-
Expenses for bank robberies	5	4
Severance bonus incentive for voluntary redundancy	31	7
Losses on:		
– investment securities	-	5
– equity investments	6	2
– other financial fixed assets	9	-
– tangible fixed assets	-	1
Other out-of-period expenses	53	31
Total	269	55

(1) This provision has been made against risks and charges that could arise for Banco di Napoli with respect to supplementary pensions, in the light of available information, complex legal situations that have arisen to date and on the types of approach that could be taken. The provision in question is to cover the probability of additional charges as a result of the guarantee given by the Banco to the Staff Pension Fund to meet its funding requirements, possible adjustments that may be needed when the definitive amounts to be paid by the Banco for the staff put into retirement after 1 January 1991 (in addition to the amounts set aside in previous years), and, finally, the sentence of the Court of Cassazione in July 2001 concerning the dispute, in course in previous years, which originated from the emendment, after D.Lgs. 503/1992, concerning the company supplementary pension fund.

(2) Restructuring expenses are mainly for organizational changes made by the subsidiary IMIWEB Bank.

Income taxes for the year (caption 240)*Breakdown of caption 240 "Income taxes for the year" (Bank of Italy instructions dated 03/08/99)*

	31/12/01 (€/mil)	31/12/00 (€/mil)
1. Current income taxes	691	883
2. Change in deferred tax assets	-409	-88
3. Change in deferred tax liabilities	36	-10
4. Income taxes	318	785

Structurally, SANPAOLO IMI's tax rate is lower than the theoretical rate in force in Italy. The different tax treatment (compared to the theoretical situation) has been determined by the rates charged on consolidated revenues in EU countries with rates lower than the domestic rate (Part C - Section 7). In 2001 the Group tax rate was 19.6%, down on the 36.6% in 2000. This was due essentially to:

- recovery by subsidiaries of previous tax losses for which the corresponding prepaid taxes were not posted in preceding years because there was not a stable recovery in profit capacity (a reduction of nine percentage points in the rate);
- extraordinary tax savings connected to rationalization of the Group structure in Italy and abroad (with a reduction of seven percentage points in the rate).

SECTION 7 - OTHER INFORMATION REGARDING THE CONSOLIDATED STATEMENT OF INCOME

Geographical distribution of revenues

The geographical distribution of revenues, based on the location of the Group's companies and their branches, is as follows:

(table 7.1 B.I.)

	31/12/01 (€/mil)				31/12/00 (*) (€/mil)			
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total
Interest income & similar revenues	6,658	729	629	8,016	5,840	922	823	7,585
Dividends and other revenues	368	29	-	397	216	15	-	231
Commission income	2,209	1,072	31	3,312	2,349	1,077	26	3,452
Profits (losses) on financial transactions	19	84	2	105	138	27	-	165
Other operating income	258	21	1	280	349	-209	110	250
Total revenues	9,512	1,935	663	12,110	8,892	1,832	959	11,683

(*) The details relating to caption "other operating income" are consistently shown with last year.

Part D - Other information

SECTION 1 - DIRECTORS AND STATUTORY AUDITORS

Remuneration

The remuneration of Directors, including the variable component, and Statutory Auditors for the performance of their duties on behalf of the Parent Bank and subsidiary companies is as follows:

Remuneration (table 1.1 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Directors	5	5	-
Statutory Auditors	1	1	-

A detailed analysis of emoluments paid to Directors, Statutory Auditors and General Managers in compliance with art. 78 of Consob resolution 11971 dated 14 May 1999, has been included in the explanatory notes to the financial statements of the Bank (Part D - Other information).

Stock option plans are described in the consolidated report on operations and in the explanatory notes to the statutory financial statements – Part D – Section 1 – Directors and Statutory Auditors.

Loans and guarantees given

Loans and guarantees given (table 1.2 B.I.)

	31/12/01 (€/mil)	31/12/00 (€/mil)	% Change
Directors	44	6	n.s.
Statutory Auditors	-	1	-100.0

The amounts indicated above include loans granted to and guarantees given by the Group to the Directors and Statutory Auditors, € 0.1 million, and to companies and banks identified pursuant to article 136 of the Consolidated Banking Act, € 44.4 million, including the drawdown against credit lines granted to the latter.

Attachments

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

STATEMENT OF CONSOLIDATED CASH FLOWS

RECONCILIATION BETWEEN THE BANK'S FINANCIAL STATEMENTS
AND THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA
STATEMENT OF INCOME FOR 2000

LIST AS OF 31 DECEMBER 2001 OF EQUITY INVESTMENTS HIGHER THAN 10%
IN UNLISTED COMPANIES AND IN LIMITED LIABILITY COMPANIES

Statement of changes in consolidated shareholders' equity

SHAREHOLDERS' EQUITY AS PER FINANCIAL STATEMENTS

	(€/mil)					
	Capital	Reserves and retained earnings	Reserve for general banking risks	Goodwill arising on consolidation and on the application of the equity method	Net income	Total
Shareholders' equity as of 31 December 2000	3,931	2,409	355	63	1,292	8,050
Allocation of 2000 net income						
- to reserves	-	418	-	87	-505	-
- to shareholders	-	-	-	-	-787	-787
Reclassifications between reserves	-	32	-	-32	-	-
Change in the reserve for general banking risks	-	-	1	-	-	1
Exercise of stock options	1	4	-	-	-	5
Differences arising on the translation of foreign currency financial statements and other adjustments	-	4	-	-	-	4
Net income	-	-	-	-	1,203	1,203
Shareholders' equity as of 31 December 2001	3,932	2,867	356	118	1,203	8,476

SHAREHOLDERS' EQUITY AS PER RECLASSIFIED FINANCIAL STATEMENTS

	(€/mil)		
	Capital and reserves	Net income	Total
Shareholders' equity as of 31 December 2000	6,758	1,292	8,050
- Own shares in the Parent Bank's portfolio as of 31 December 2000	-697	-	-697
Shareholders' equity as per reclassified financial statements as of 31 December 2000	6,061	1,292	7,353
Changes in the Parent Bank's own shares during the year			
- purchases	-78	-	-78
- sales (*)	486	-	486
Other movements	510	-1,292	-782
Net income	-	1,203	1,203
Shareholders' equity as per reclassified financial statements as of 31 December 2001	6,979	1,203	8,182

(*) Decreases are shown at cost.

Statement of consolidated cash flows

(€/mil)

APPLICATION OF FUNDS

Use of funds generated by operations	3,139
Dividends paid	787
Use of reserve for termination indemnities	82
Use of provisions for risks and charges	2,265
Use of reserve for possible loan losses	5
Increase in funds applied	4,978
Cash and deposits with central banks	110
Due from banks	2,452
Equity investments	1,346
Dealing securities	522
Goodwill arising on consolidation and on application of the equity method	185
Tangible fixed assets	147
Intangible fixed assets	216
Decrease in funds taken	4,473
Due to banks	1,674
Other liability items	2,782
Minority interests	17
Total	12,590

(€/mil)

SOURCES OF FUNDS

Funds generated by operations	3,339
Net income	1,203
Provision for termination indemnities	73
Net adjustments to loans and provisions for guarantees and commitments	358
Provisions for risks and charges	913
Provision to the reserve for possible loan losses	11
Provision to the reserve for general banking risks	1
Adjustments to tangible fixed assets	214
Adjustments to intangible fixed assets	208
Net adjustments to financial fixed assets	233
Adjustments to goodwill arising on consolidation and on application of the equity method	121
Exchange differences on translating the net equity of consolidated companies and other adjustments	4
Increase in funds taken	3,094
Due to customers and securities issued	2,640
Subordinated liabilities	449
Exercise of stock options	5
Decrease in funds applied	6,157
Loans to customers	1,292
Investment securities	3,352
Own shares	435
Other assets	1,078
Total	12,590

Reconciliation between the Bank's financial statements and the consolidated financial statements

	(€/mil)				
	Net income	Capital and reserves	Share-holders' equity	Reserve for possible loan losses	Total
Financial statements of the Parent Bank	1,184	6,917	8,101	-	8,101
Balance of subsidiary companies consolidated line-by-line	2,516	7,127	9,643	105	9,748
Consolidation adjustments:					
- book value of consolidated investments line-by-line	-	-6,681	-6,681	-	-6,681
- dividends of consolidated companies	-2,709	1,594	-1,115	-	-1,115
- amortization of goodwill arising on consolidation and on application of the equity method	-121	-177	-298	-	-298
- elimination of goodwill arising on consolidation and on application of the equity method	-	-1,263	-1,263	-	-1,263
- elimination of gains on sale of investments	-1,461	9	-1,452	-	-1,452
- valuation of investments at net equity	79	118	197	-	197
- writedowns of investments	1,777	-	1,777	-	1,777
- minority interests	-101	-597	-698	-	-698
- elimination of reserve for possible loan losses	58	6	64	-64	-
- other	-19	220	201	-	201
Consolidated financial statements	1,203	7,273	8,476	41	8,517

Statement of reclassified consolidated pro forma statement of income for 2000

	(€/mil)					
	SANPAOLO IMI Group restated (1)	Banco di Napoli S.p.A.	Wargny Group	Effect of consolidating the companies belonging to the Banco di Napoli Group and of the adjustments to shareholders' equity (D)	Pro forma adjustments	SANPAOLO IMI Group (pro forma)
	(A)	(B)	(C)	(D)	(E)	(F)=(A+B+C+D+E)
NET INTEREST INCOME	2,168	788	-	3	-85	2,874
Net commissions and other net dealing revenues	2,469	312	48	23	-	2,852
Profits and losses from financial transactions and dividends on shares	255	31	5	5	-	296
Profits from companies carried at equity and dividends from shareholdings	159	8	-	-3	-17	147
NET INTEREST AND OTHER BANKING INCOME	5,051	1,139	53	28	-102	6,169
Administrative costs	-2,652	-854	-44	-22	-	-3,572
- <i>personnel</i>	-1,620	-594	-22	-20	-	-2,256
- <i>other administrative costs</i>	-859	-226	-22	-2	-	-1,109
- <i>indirect duties and taxes</i>	-173	-34	-	-	-	-207
Other operating income, net	187	56	-	4	-	247
Adjustments to tangible and intangible fixed assets	-237	-90	-1	-2	-	-330
OPERATING INCOME	2,349	251	8	8	-102	2,514
Adjustments to goodwill and merger and consolidation differences	-89	-	-8	-1	-78	-176
Provisions and net adjustments to loans and financial fixed assets	-454	-373	1	187	-	-639
INCOME BEFORE EXTRAORDINARY ITEMS	1,806	-122	1	194	-180	1,699
Net extraordinary income	369	-398	1	430	-	402
INCOME BEFORE TAXES	2,175	-520	2	624	-180	2,101
Income taxes for the period	-795	245	-2	-255	37	-770
Change in reserve for general banking risks	2	367	-	-367	-	2
Income attributable to minority interests	-90	-	-2	-10	-	-102
NET INCOME	1,292	92	-2	-8	-143	1,231

(1) For simplicity's sake, the pro forma reclassified consolidated statement of income for 2000 has been prepared starting from the consolidated statement of income of SANPAOLO IMI as of 31 December 2000, the so-called "restated" version. As explained in the notes to the consolidated financial statements for 2000, the "restated" version includes the Banco di Napoli Group consolidated at equity, so the investment was only reflected in the caption "profits of companies valued at equity" (€17 million, eliminated as part of the pro forma adjustments in column "E").

List as of 31 December 2001 of equity investments higher than 10% in voting shares in unlisted companies and in limited liability companies (Consob Resolution 11715 of 24 November 1998) (1)

Name	Held by	%
Biessefin S.p.A. (in liq.)	Sanpaolo IMI	36.10
BN Commercio e Finanza S.p.A.	Isveimer S.p.A. (in liq.)	100.00
BN Finproget S.p.A.	BN Commercio e Finanza	100.00
Calitri Denim Industries S.p.A.	Isveimer (in liq.)	14.29
Celeasing S.r.l.	Sanpaolo IMI	100.00
Centrale dei Bilanci S.r.l.	Sanpaolo IMI	7.22
	Banco di Napoli	3.33
		10.55
Centro Agroalimentare di Napoli S.c.p.a	Banco di Napoli	15.82
Chateau Boides	Immobiliare 21	49.00
Cifrali 8 (in liq.)	Banque Sanpaolo	18.30
Cifrali 9	Banque Sanpaolo	14.09
Cive S.p.A.	Sanpaolo IMI	68.97
Dulevo S.p.A. (bankrupt)	Sanpaolo IMI	16.30
Elvetia Edile S.r.l.	Sanpaolo IMI	100.00
Fata Group S.r.l.	NHS - Nuova Holding Sanpaolo IMI	13.17
Fides S.p.A. (bankrupt)	Isveimer (in liq.)	20.00
Finlombarda Leasing S.p.A. (in liq.)	Sanpaolo IMI	14.00
Fonti di Gaverina	Sanpaolo IMI	57.13
Giraglia Immobiliare S.p.A.	Sanpaolo IMI	17.15
Guinness Peat Aviation ATR Ltd	Sanpaolo IMI Bank Ireland	12.50
IAM Piaggio S.p.A.	Sanpaolo IMI	10.00
	Banca Fideuram	3.86
		13.86
Immobiliare dell'Isola Cattaneo S.p.A.	Sanpaolo IMI	48.57
Immobiliare Peonia Rosa S.r.l.	Sanpaolo IMI	57.00
Immobiliare Santa Caterina S.r.l.	Banco di Napoli	100.00
Impianti S.r.l. (in liq.)	Sanpaolo IMI	14.16
Integrated Shipping Company S.p.A.	Sanpaolo IMI	100.00
Istituto per l'Enciclopedia della Banca e della Borsa S.p.A.	Sanpaolo IMI	8.27
	Banco di Napoli	3.40
	Banca Fideuram	0.34
		12.01
Isveimer S.p.A. (in liq.)	Banco di Napoli	65.22
Italpower S.p.A.	NHS - Nuova Holding Sanpaolo IMI	15.00
Ittica Ugento S.p.A.	Sanpaolo IMI	26.96
Kish Receivables	Tobuk	20.83

Name	Held by	%
Kyle Receivables	Tushingham	11.11
Lillo S.p.A.	Sanpaolo IMI	50.00
Loseri S.p.A.	Sanpaolo IMI	18.40
Pantecna S.p.A. (bankrupt)	Sanpaolo IMI	15.50
Pragma S.r.l.	Sanpaolo IMI	100.00
S.A. Imm. De Construction de Monteclin (in liq.)	Banque Sanpaolo	11.30
S.T.C. Servizio Trasporti Combinati S.p.A.	Sanpaolo IMI	100.00
Sago S.p.A. (2)	Sanpaolo IMI	26.67
Sazic S. a r.l.	Société Fonciere d'Investissement	99.00
	Société Immobiliere d'Investissement	1.00
		100.00
SCI Balcons Sainte Marie	Banque Sanpaolo	17.95
SCI Boissy Griselle 7	Société Fonciere d'Investissement	99.00
	Société Immobiliere d'Investissement	1.00
		100.00
SCI Boissy RER 5	Société Fonciere d'Investissement	90.00
SCI Boissy RER 8	Société Fonciere d'Investissement	99.00
	Société Immobiliere d'Investissement	1.00
		100.00
SCI Boissy Saint Leger 94	Société Fonciere d'Investissement	99.00
	Société Immobiliere d'Investissement	1.00
		100.00
SCI La Source de Saint Hilarie (in liq.)	Société Immobiliere d'Investissement	98.00
SCI Le Chevalier	Société Immobiliere d'Investissement	99.00
	Société Fonciere d'Investissement	1.00
		100.00
SCI Le Clos de Noyer (in liq.)	Banque Sanpaolo	15.00
SCI Les Jardin de Farnese (in liq.)	Uni Invest	11.11
Sci Plein Ciel	Banque Sanpaolo	12.00
Serit S.p.A. (in liq.)	Banco di Napoli	18.64
SIOA - Società Organismo di Attestazione S.p.A.	Sanpaolo IMI	14.30
Società Calabrese Imbottigliamento Bevande Gassate S.p.A.	Sanpaolo IMI	91.03
Società Barese Imbottigliamento Bevande Gassate S.r.l.	Sanpaolo IMI	100.00
Società Napoletana Imbottigliamento Bevande Gassate S.r.l.	Sanpaolo IMI	50.00
Sofimer S.p.A.	Isveimer (in liq.)	20.00
Sosib Industriale e Commerciale S.r.l.	Sanpaolo IMI	91.03
SSB - Società per i Servizi Bancari S.p.A.	Sanpaolo IMI	7.24
	Banco di Napoli	7.01
	Banca Fideuram	0.02
		14.27
Sogepi et Cie Le Fournas	Banque Sanpaolo	12.50
Sviluppo Finanza Mobiliare S.p.A.	Banco di Napoli	10.87
Tecnoalimenti S.p.A. (2)	Sanpaolo IMI	20.00

Name	Held by	%
Tecnobiomedica S.p.A. (2)	Sanpaolo IMI	26.32
Tecnocittà S.r.l.	Sanpaolo IMI	12.00
Tecnofarmaci S.p.A. (2)	Sanpaolo IMI	20.50
Tecnogen S.p.A. (2)	Sanpaolo IMI	29.96
Tecnotessile S.r.l. (2)	Sanpaolo IMI	40.00
Torsyl S.A. (in liq.)	Sanpaolo IMI International	15.79
Zwalen & Mayr S.A.	Sanpaolo IMI International	12.96

(1) Excludes equity investments already listed in Part B - Section 3 of the consolidated explanatory notes.

(2) Investments deriving from operations as per Law 25 October 1968, no. 1089 (Applied Research Fund).