

# ANNUAL REPORT

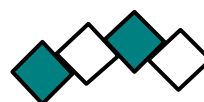
2 0 0 0





# ANNUAL REPORT

2000



BANCA CARIGE GROUP

## DIRECTORS, STATUTORY AUDITORS, MANAGEMENT AND AUDIT FIRM

BOARD OF DIRECTORS	BOARD OF STATUTORY AUDITORS	GENERAL MANAGEMENT	MANAGEMENT	AUDIT FIRM
CHAIRMAN	CHAIRMAN	GENERAL MANAGER	<i>Net</i>	KPMG SpA
Fausto Cuocolo *	Fulvio Rosina	Giovanni Berneschi	Luciano Casapietra	
DEPUTY CHAIRMAN	AUDITORS	DEPUTY GENERAL MANAGER	<i>Commercial planning and innovative channel</i>	
Giorgio Giorgetti *	Giacomo Catalfamo Angelo Costigliolo	Renzo Oldrati	Luigi Gardelli	
MANAGING DIRECTOR Giovanni Berneschi*		DEPUTY GENERAL MANAGER	<i>Loans Department</i> Achille Tori	
DIRECTORS	DEPUTY AUDITORS	Alfredo Sanguinetto	<i>Finance and Funding</i> Mario Venturino	
Adalberto Alberici *	Maurizio Civardi		<i>Information-Communication</i>	
Piergiorgio Alberti	Angelo Lucio Viotti		<i>Technology</i>	
Piero Guido Alpa			Giorgio Seronello	
Jean-Jacques Bonnaud			<i>Public Relations</i>	
Giorgio Buglioni *			Emilio Pietro Molinari	
Giovanni Battista Canevello				
Ferdinando Menconi			<i>Resources</i>	
Giovanni Merella *			Carlo Arzani	
Dominique Monneron				
Romeo Panizzi (1)			<i>Support</i>	
Vincenzo Roppo			Giovanni Poggio	
Giorgio Savinelli **				
Alessandro Scajola *				
Oliviero Tarolli				
Giuliano Valle *				

\* Member of Executive Committee

\*\* Senior Director

Directors were appointed for the years 1998-2000 by the shareholders' meeting on 26/4/98.

Jean-Jacques Bonnaud was appointed by the shareholders' meeting on 28/10/99, Giovanni Berneschi was appointed by the shareholders' meeting on 21/12/99 and their terms of office will end at the shareholders' meeting of adoption of the balance sheet for 2000. Dominique Monneron was appointed (ex art. 2386 civil code) by the shareholders' meeting on 23/5/2000 and his term of office will end at the shareholders' meeting of 27/4/2001.

The Board of Statutory Auditors was appointed by the shareholders' meeting on 29/4/99 for the years 1999-2000-2001.

(1) Pietro Isnardi was appointed (ex art. 2386 civil code) by the shareholders' meeting on 29/1/2001 and his term of office will end at the shareholders' meeting of 27/4/2001.

## POWERS OF THE ADMINISTRATIVE BODIES AND THEIR DELEGATED AUTHORITY

As required by directive no. 97001574 of CONSOB dated 20th February 1997 there are shown below the powers and delegated authority belonging to the Directors and Management.

### **Chairman of the Board of Directors**

According to article 24 of the By-laws the Chairman of the Board of Directors is the legal representative of the Bank vis-à-vis third parties and in court proceedings.

He presides at shareholders' meetings, convenes and presides at meetings of the Board of Directors of which he is an ex officio member.

In a case of compelling urgency not admitting of delay, the Chairman may, on a proposal of the Managing Director or General Manager, himself take decisions falling within the competence of the Board of Directors or the Executive Committee where it is impossible for their members to meet.

Decisions so made are to be brought to the notice of the relevant body at its next meeting.

### **Executive Committee**

Article 25 of the By-laws provides for the appointment of the Executive Committee by the members of the Board of Directors which is to fix the number of members, their term of office and their functions.

The Executive Committee is made up by the Chairman and vice Chairman and the Managing Director, if appointed, who are ex officio members, and between three and five other members.

The five members of the executive committee now in office were re-appointed on 12th June 2000 and will hold office until the Shareholders' meeting of adoption of the balance sheet for the year 2000.

The Board of Directors in conformity with article 21 of the By-laws has delegated to the Executive Committee within defined limits its powers in regard to:

- a) the grant, renewal, increase, reduction, confirmation, cancellation and suspension of advances and facilities and general credit operations of every description in all branches as well as the treasury and tax-collection payment functions;
- b) general decision making powers in matters relating to expenditure;
- c) power to determine a range of matters including the management of human resources, management of the treasury and of the Bank's investment portfolio, the use of derivatives and foreign exchange operations as well as in matters of day-to-day management not involving strategic issues.

### **Managing Director - General Manager**

In accordance with article 27 of the By-laws, a Managing Director or General Manager is appointed by the Board of Directors. The former, if appointed, will also perform the duties of General Manager. Either will exercise those powers belonging to him within the scope of the By-laws and the powers granted to him by the Board of Directors. The General Manager is the head of the Bank's executive staff.

The Managing Director in office was appointed on 21st February 2000, he performs the duties of General Manager and has the following decision-making powers delegated to him:

- a) with respect to the grant, renewal, increase, reduction, confirmation, cancellation and suspension of advances and facilities and general credit operations of every description in all branches as well as treasury and tax-collection, and payment functions;
- b) generally with respect to matters relating to expenditure;
- c) in regard to a range of matters including treasury and collection, and payment functions, the management of the Bank's financial policy, the management of human resources, as well as matters of day-to-day management not involving strategic issues;
- d) with the Chairman's consent, he has the right to represent the Bank at general meetings of subsidiary and associated companies and to cast the Bank's votes as he may think fit.

# BANCA CARIGE SPA

## BALANCE SHEET AT 31st December 2000

### CONTENTS

<b>BANCA CARIGE OWNERSHIP STRUCTURE AT 31/12/2000</b>	Banca Carige ownership structure at 31/12/2000	8
<b>FINANCIAL HIGHLIGHTS</b>	Financial highlights	10
<b>NOTICE OF MEETING</b>	Notice of meeting	11
<b>BOARD OF DIRECTORS' REPORT</b>	An overview of the year	13
	Strategy	15
	Borrowing and lending activities	18
	Services, marketing and customer protection	36
	Public relations and the promotion of cultural, scientific and social activities	38
	Resource management	39
	The year 2000 and the euro	41
	Investments	41
	Share ownership structure and the relation with the Cassa di Risparmio di Genova e Imperia Foundation	43
	Carige shares	43
	Income statement, net income, capital & reserves	45
	Risk profiles	50
	Credit risk assessment	51
	Significant events after 31 <sup>st</sup> December 2000	52
<b>FINANCIAL STATEMENTS</b>	Balance sheet	55
	<i>Assets</i>	55
	<i>Liabilities and Stockholders' Equity</i>	56
	Income statement	57
	Financial statements comparison with 1999	58
	Financial statements in euro	62
	Explanatory notes	66
	<i>Introduction</i>	66
	<i>Part A – Accounting principles</i>	71
	<i>Part B – Balance sheet</i>	77
	<i>Part C – Income statement</i>	131
	<i>Part D – Other information</i>	
<b>PROPOSED RESOLUTION</b>	Adoption of annual report and allocation of net profit	149
<b>REPORT OF THE BOARD OF STATUTORY AUDITORS</b>	Report of Statutory Auditors	150
<b>REPORT OF THE INDEPENDENT AUDITORS</b>	Report of the Independent Auditors	154

**BANCA CARIGE SPA**  
**BALANCE SHEET AT 31st December 2000**

**ATTACHMENTS**

Statement of changes in stockholders' equity	158
Statement of cash flow	160
Statement in accordance with art.7, c.2 of Law 218/90 (abstract)	161
Form of total tax credits attributable to shareholders, related to dividend pay out (art.105 c.1/A and c.1/B Decree 17/86)	162
Properties (excluding leased fixed assets)	163
Leased fixed assets revalued in accordance with Law 413/91	169
Convertible bonds	170
List of non significant investments	172
Information on subsidiaries and other significant company interests	174
Information on open pension fund "Fondo Pensione Aperto Carige"	176
Proforma balance sheet	177
Proforma income statement	179
List of exchange rates used in converting currency into Lire	180

# BANCA CARIGE SPA

## BALANCE SHEET AT 31st December 2000

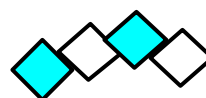
### CONTENTS

<b>CONSOLIDATED FINANCIAL HIGHLIGHTS</b>	Consolidated financial highlights	182
<b>BASIS OF CONSOLIDATION</b>	Basis of consolidation	183
<b>CONSOLIDATED BOARD OF DIRECTORS' REPORT</b>	Introduction	185
	Intermediation activities	186
	Personnel and operating structure	196
	Income statement	198
	Changes in net equity	201
	Subsidiaries and other equity investments	202
	The year 2000 and the euro	205
	Significant events after 31 <sup>st</sup> December 2000	205
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	Consolidated Balance sheet	207
	<i>Assets</i>	207
	<i>Liabilities and Stockholders'Equity</i>	208
	Consolidated Income statement	209
	Consolidated financial statements in euro	210
	Consolidated Explanatory notes	213
	<i>Introduction</i>	213
	<i>Part A – Accounting principles</i>	217
	<i>Part B – Consolidated Balance sheet</i>	220
	<i>Part C – Consolidated Income statement</i>	264
	<i>Part D – Other information</i>	273
<b>REPORT OF THE BOARD OF STATUTORY AUDITORS</b>	Report of the Board of Statutory Auditors	274
<b>REPORT OF THE INDEPENDENT AUDITORS</b>	Report of the Independent Auditors	277



# BALANCE SHEET

2000



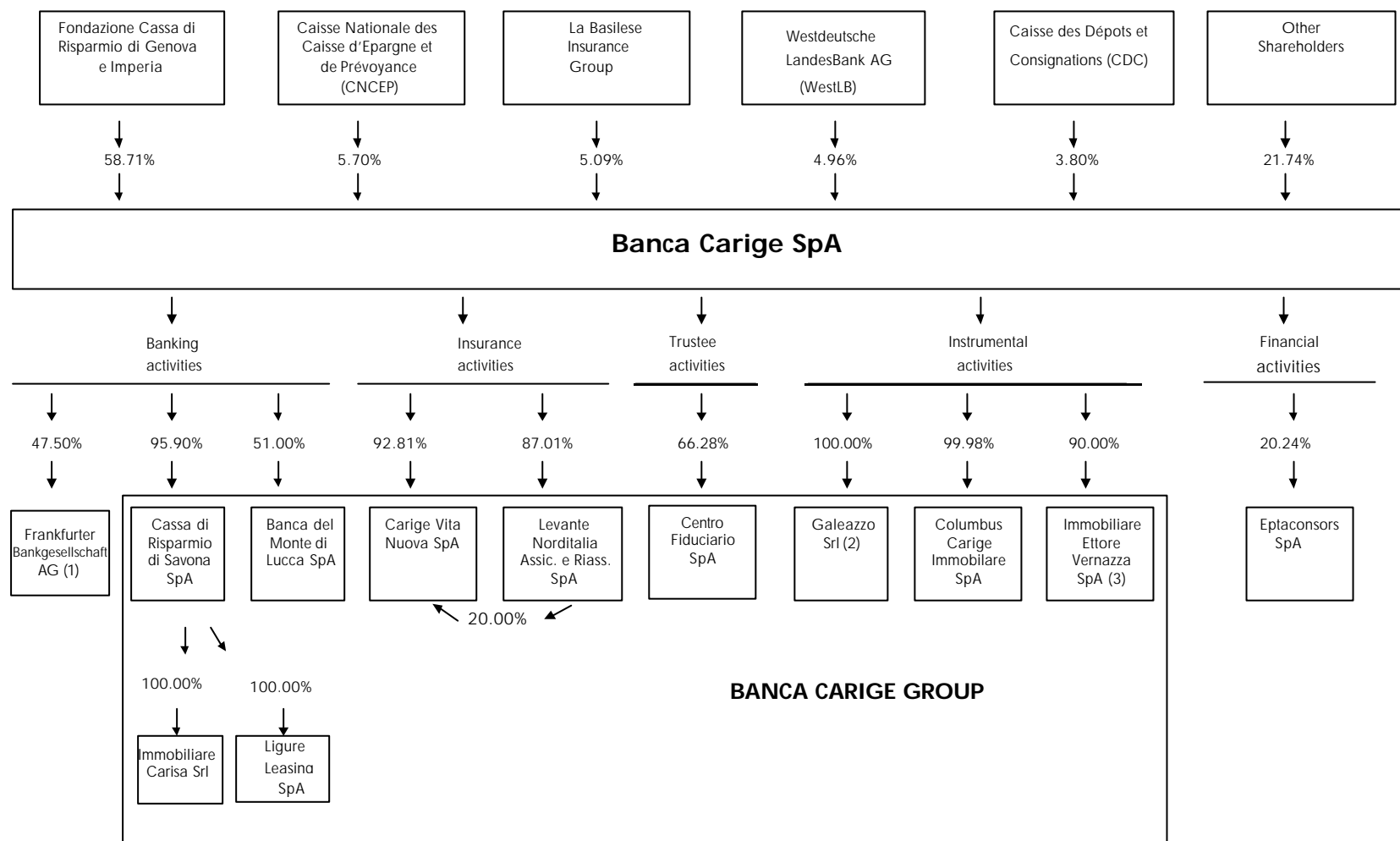
**BANCA CARIGE**

**Cassa di Risparmio di Genova e Imperia**

**BANCA CARIGE SpA - Cassa di Risparmio di Genova e Imperia**

Head Office in Genoa, Via Cassa di Risparmio, 15

## BANCA CARIGE OWNERSHIP STRUCTURE AT 31/12/2000



(1) Bankenunion AG adopted a new name according to the Extraordinary Shareholders' meeting resolution of 29/6/2000 taking effect on 28/7/2000. (2) Galeazzo Srl has a holding of 0.02% in Columbus Carige Immobiliare SpA. (3) Immobiliare Ettore Vernazza SpA holds 10.00% of its own shares.

# FINANCIAL HIGHLIGHTS

2000

## FINANCIAL HIGHLIGHTS

	2000					Change %		
	31/12/00		30/09/00	31/12/99	31/12/98	2000	2000	1999
	pro forma (9)					p.f.		
<b>BALANCE SHEET (1)</b>								
Total assets	22.530,3	22.134,4	20.580,2	19.802,5	19.235,6	13,8	11,8	2,9
Funding	17.913,6	17.531,4	16.244,5	15.324,5	15.302,8	16,9	14,4	0,1
– Customer Deposits	13.391,2	13.009,1	12.332,5	12.325,7	11.789,9	8,6	5,5	4,5
– Amounts owed to customers	7.919,0	7.586,2	6.911,7	7.381,6	7.225,4	7,3	2,8	2,2
– Debts evidenced by certificates	5.472,2	5.422,9	5.420,8	4.944,1	4.564,5	10,7	9,7	8,3
– Deposits from Banks	4.522,0	4.521,9	3.911,5	2.998,4	3.506,6	50,8	50,8	- 14,5
– Funds managed on behalf of third parties	0,4	0,4	0,5	0,4	6,3	-	-	- 93,7
Other Financial Intermediation Activities (OFIA)	20.675,2	20.271,5	20.715,6	19.462,7	18.168,1	6,2	4,2	7,1
– Assets Under Management	10.294,7	10.177,4	10.429,1	11.039,0	9.629,0	- 6,7	- 7,8	14,6
– Assets in Custody	10.380,5	10.094,1	10.286,5	8.423,7	8.539,1	23,2	19,8	- 1,4
Total Financial Intermediation Activities (TFIA)	34.066,4	33.280,6	33.048,1	31.788,4	29.958,0	7,2	4,7	6,1
Lending (2) (3)	19.762,7	19.377,7	18.497,5	17.503,3	17.385,1	12,9	10,7	0,7
– Loans to Customers (2) (3)	12.905,1	12.792,5	12.229,7	11.350,4	10.078,7	13,7	12,7	12,6
– Loans to Banks (2)	1.876,5	1.604,1	1.042,4	1.219,0	1.661,1	53,9	31,6	- 26,6
– Securities	4.981,1	4.981,1	5.225,4	4.933,9	5.645,3	1,0	1,0	- 12,6
Shareholders' Equity (4)	2.519,1	2.519,1	2.576,9	2.532,3	2.046,0	- 0,5	- 0,5	23,8
<b>INCOME STATEMENT (1)</b>								
Operating Income	416,7	416,7	302,5	360,3	346,5	15,7	15,7	4,0
Income from Ordinary Activities	326,3	326,3	258,1	301,9	279,4	8,1	8,1	8,1
Income before Taxation	343,0	343,0	260,9	335,9	291,1	2,1	2,1	15,4
Net Income	190,2	190,2	143,1	181,6	147,0	4,7	4,7	23,6
<b>RESOURCES (5)</b>								
Number of branches	283	262	258	254	244	11,4	3,1	4,1
Number of employees (6)	3.080	3.080	3.085	3.092	3.050	- 0,4	- 0,4	1,4
<b>FINANCIAL RATIOS</b>								
Non interest income								
/ Gross operating income	46,87%	46,87%	48,63%	51,37%	44,36%			
Operating costs								
/ Gross operating income	60,77%	60,77%	60,90%	64,00%	64,32%			
Income before Taxation								
/ Shareholders' Equity	13,62%	13,62%	10,12%	13,26%	14,23%			
ROE	7,55%	7,55%	5,55%	7,17%	7,18%			
ROAE (7)	7,53%	7,53%	5,60%	7,94%	7,66%			
<b>SOLVENCY RATIOS (8)</b>								
Risk-Weighted Assets (RWA) (1)	12.488,7	12.293,8	11.654,7	11.206,0	10.060,2	11,2	9,7	11,4
Tier 1% of RWA	18,83%	20,08%	21,53%	22,25%	19,60%			
Total Capital % of RWA	18,49%	19,73%	21,09%	18,19%	17,89%			

(1) Billions of Italian Lire.

(2) Gross of allowance for credit risks.

(3) Including leased fixed assets.

(4) Including reserves for general banking risks.

(5) Statistics at the end of period.

(6) Figures at 31/12/2000 do not include the 84 employees of the 21 branches bought from Banco di Sicilia, who became to all effects Carige employees on 1/1/2001.

(7) Net income on average shareholders' equity (Return On Average Equity).

(8) Ratios communicated to the Bank of Italy. They differ from those indicated in the Explanatory Notes (section 8. part B) as a result of a different method of calculation.

(9) Figures net of the 21 branches in Sicily bought by Banca Carige from Banco di Sicilia on 31/12/2000.

## NOTICE OF MEETING

The shareholders of Banca Carige SpA are called to an ordinary general meeting to be held at the Bank's headquarters in Genoa (Via David Chiossone, 3) on 27<sup>th</sup> April 2001 at 10.30 am and if necessary by adjournment at the same place on 30<sup>th</sup> April 2001 at 10.30 am for the purpose of transacting the following business:

1. To consider the balance sheet at 31<sup>st</sup> December 2000, and the reports of the Board of Directors and Statutory Auditors;
2. To receive the consolidated balance sheet of the Banca Carige Group at 31<sup>st</sup> December 2000;
3. To determine the number of members of the Board of Directors; to appoint the Chairman, Vice Chairman and other members of the same Board:
4. To determine the emoluments destined to the Board of Directors;
5. To transact any other business consistently with articles 2357ff of the Civil Code.

Shareholders will be entitled to attend the meeting on production of the appropriate certificates prescribed by article 34 of the CONSOB ruling no. 11768 of 23<sup>rd</sup> December 1998 relating to shares held centrally at Monte Titoli SpA and not represented by share certificates. Shareholders are reminded that, in the light of article 51 of the CONSOB ruling, after 1<sup>st</sup> January 1999 the rights attaching to securities that are not held at Monte Titoli SpA can only be exercised after the securities have been delivered to an intermediary with a view to their introduction into the system of centralised registration involved in the regime for the abolition of share certificates.

Documentation relating to points 1 to 5 of the above agenda, as required by current legislation, will be deposited not less than 15 days before the date of the meeting at the Bank's head office (in Genoa at 15 Via Cassa di Risparmio, Investor relations Office) and, but limited to point 5 only, at Borsa Italiana SpA in Milan (6 Piazza degli Affari), for inspection by shareholders who will have an opportunity to make copies for their own use.

The Board of Directors of Banca Carige SpA - Cassa di Risparmio di Genova e Imperia in their meeting of 12<sup>th</sup> February 2001 deliberated the acceptance on the part of the Bank of the Code of Self-Regulation of Listed Companies, written communication of which will be deposited at Borsa Italiana SpA.

On the basis of the Code of Self-Regulation for Listed Companies, with reference to point 3 of the above agenda, the names of the candidates for appointment to the Board, accompanied by full documentation containing personal and professional details of each candidate, as foreseen by article 7.1 of the above-mentioned Code, will be deposited at the Bank's head office no later than ten days before the date fixed for the Meeting.

Genoa 12<sup>th</sup> March 2001

For the Board of Directors  
Prof. Fausto Cuocolo  
The Chairman

Notice of meeting published in the Official Gazette of the Italian republic - sheet number 66 of 20<sup>th</sup> March 2000



# BOARD OF DIRECTORS' REPORT

## 2000: AN OVERVIEW OF THE YEAR

The world's economy during 2000 was marked by the highest level of growth in more than 25 years: 4.8%. Most of this growth was concentrated in the first half of the year whilst in the last quarter there was a generalised slowing down, in part awaiting the much discussed "soft landing" of the US economy.

The three-fold increase in crude oil prices since January 1999 meant there was a shift in purchasing power during the year from those consuming oil to those producing it. Amongst the OPEC countries, Middle Eastern countries recorded around 7% increases in GDP, more than 7% in the case of Russia.

The **United States'** economy continued its 10 year upward cycle until the second half of the year. In the first six months, the economy grew by 5.9%, higher than the previous figure for the second half of 1999 (+5.5%). This growth was powered by investments in new technologies, which rose 30% over the same period in 1999. During the second half of the year the principal economic indicators all recorded negative variations: growth in consumption slipped from 6% at the end of June to 3.7% in the second half of the year; fixed investments dropped from 12.7% to 3.9% and industrial production also lost ground during the same period. The annual average of GDP fell to 5%, still higher than the 4.2% recorded in 1999. Inflation rose from 2.7% in January to 3.4% in December, the average for the year rising from 2.2% in 1999 to 3.4%.

Within the member countries of the **European Monetary Union**, the increases in production recorded in the first six months of the year were followed by reduced growth rates in the second half, stemming from a slowdown in family consumption. The continual increases in petrol prices did nothing to boost consumer confidence. The average GDP for the area was 3.4% with a 2.8% rise in internal demand. The part played by external demand on total GDP was minimal (0.6%) as strong demand for exports (+11.7) riding on the back of a weak euro, was tracked by similar expansion in imports (+10.4%). Inflation rose from 1.1% to 2.3% as a result of petrol price rises. Unemployment was down from 10% to 9.2%.

In Germany, in particular, GDP recorded an average rise of 3% spurred principally by a 2% rise in internal demand. Inflation for the year was below the European average at 2.1%. Unemployment for the first 11 months of the year was in line with EMU average, at 9.6%.

In France too, GDP recorded an average rise of 3% spurred principally by a 3.1% rise in internal demand. Inflation for the year was below the European average at 1.8%. Unemployment for the first 11 months of the year dropped from 11.3% in 1999 to 9.4%.

There was an upturn in the **United Kingdom's** economy. GDP rose 3% in average terms boosted by brisk internal demand (+3.7%). A strong pound dampened exports, which fell 0.9%. Inflation was up slightly over 1999 from 2.1% to 2.3%. Unemployment remained at European best levels: 3.6% in November.

In **Japan**, massive public investments which began in 1999 allied to an expansionary fiscal policy brought little relief to an embattled economy. GDP rose by 0.2% in the third quarter which probably means an annual rise of 1.9%. Unemployment ended the year at historically high levels of 4.8%, confirming the country's difficult moment.

**Asian countries** recorded strong growth with GDP forecasted at around 6.8%. The economies benefited from the capacity of the US to absorb exports. This was particularly the case of South Korea which continued its important role as producer of new technology-related products. However, these countries, with the exception of Indonesia, have limited energy resources and are, therefore, susceptible to external price shocks, stemming from oil prices in particular.

**Eastern Europe** also recorded an upturn in 2000. Average GDP levels forecasted are around 4.2%. Inflationary pressure, worsened by rising petrol prices was contrasted by restrictive monetary policies.

**Italy's** GDP almost doubled over 2000 moving from 1.6% in 1999 to 2.9%. The result stems from increases in family consumption (+2.9%) and, above all, in durables (+9.7). There was a 6.1% rise in gross fixed investments, particularly dynamic in the field of transport (+9.9%), machinery and equipment(+7.3%) and in the construction industry

(+3.6%). The weakness of the euro aided exports considerably (+10.2%) and produced a positive balance of trade for the first time in several years. Consumer price rises in the last months of the year due to the rise in petrol prices, raised inflation from 1.7% in 1999 to 2.6%, in line with the European average.

Employment grew by 1.6% in average terms as a result of increased flexibility on the labour market and expansion in the use of part-time contracts (10% of the total). There was overall stability in the service sector whilst increased work opportunities were created in industry. Unemployment nationally dropped from 11.5% to 10.6% although the significant differences between unemployment levels in the north and south of the country remain. Significantly, 80% of new jobs was created in the centre and north.

Unexpected increases in the state's revenues derived from expansion in taxable incomes, which led to improvements in the state's finances and added support for redistribution and demand. Net public sector deficit was 0.3% of GDP - 1.5% when excluding UMTS telephone licence revenues. Even so, a fall of 1.8% over 1999. The public sector debt/GDP ratio dropped from 114.5% in 1999 to 110.2%. Public sector borrowing requirement (PSBR), including telephone licence revenues, make up 2.2% of GDP, an increase of 0.8% in comparison to 1999.

Overall, the **Ligurian** economy in 2000 had a good year characterised by new jobs, reductions in unemployment benefit covered redundancies ("cassa integrazione"), falls in unemployment, and expansion in innovative labour solutions.

The region's best economic performer was the port sector.

The port of Genoa recorded an annual increase in goods traffic (nearly 52 million tonnes) due to strong rises in packaged goods, bulk and other conventional goods. Container traffic measured in TEUs (twenty extension units) recorded an annual rise of 21.6%. There were also satisfactory results in passenger traffic with more than 2,700,000 passengers in transit either by ferries or cruises.

There was a rise in the number of goods and containers handled by the port of La Spezia, totalling more than 16 million tonnes (+8%). There was a similar increase in the number of containers handled: more than 900,000 TEUs.

The port of Savona ended the year with 13.2 million of goods handled, 8% up on 1999. This growth was due to a 39% increase in conventional

goods, and 36% in food. There were, however, falls in industrial bulk goods (-12%) and liquid bulks (-4%). Container traffic rose from 25,000 TEUs to 37,000 TEUs.

With regards to passenger traffic, there was considerable expansion in the cruise segment, which saw more than 120,000 passengers. The number of ferry passengers handled by the port of Savona dropped by 6%.

Tourism in the region was characterised by, on one hand, an increase in arrivals (+1.9%) and fall in the length of stays, on the other (-3.5%). The province of Genoa recorded increases both in arrivals and stays (5.9% and 1.5%, respectively), whilst in the provinces of La Spezia and Imperia there were increases of 1.7% and 1% in arrivals but the length of stays fell, respectively, 0.4% and 2.1%. There were falls in both arrivals and stays in the province of Savona of 1.2% and 7.6%.

There were generally satisfactory results for the region's agriculture. Grape harvests destined for Ligurian wine rose 3.3% in comparison to 1999 (-6.5% nationally). Wine production increased by 7%. Although olive harvests were down in the season 1999/2000, the production of origin certified olive oil rose. First statistics relating to the flower growing industry reveal a downturn in traditional production in the face of international competition. There was, however, an increase in demand for pot plants.

The industrial sector ended the year with rises both in production (+5.2%) and turnover (+6.4%) in comparison to the third quarter of 1999.

The average inflation rate was 2.1%, lower than the national figure.

**Monetary policy** consolidated its unitary approach resulting from the launch of the euro. The EMU's currency had a difficult year, losing ground against all major currencies. In particular, the euro/dollar rate touched in November its lowest level since the launch of the euro (-4.2%). Overall, during the year the exchange rate fell 7.4%.

Against this backdrop, the European Central Bank followed a substantially neutral policy. Monetary policy is aimed at guaranteeing price stability and low inflation whilst not impeding economic growth. However, during the year it was restrictive with rate hikes which took the discount rate from 3% at the end of 1999 to 4.75%. On money markets, interbank rates rose steadily until November, falling from December onwards. Interbank automated quotation markets also saw constant increases in rates, an average of 1.50 points over the year.



Consequently, Italian government bond rates rose until September, falling to previous year levels in the last quarter.

Headline results for the Italian banking industry include a 5.6% rise in funds to total Lit. 1,613 thousand billion. In particular, bonds rose 7.3% as did customer deposits (+0.2%).

As a result of considerable volatility on financial markets, assets under management suffered high redemption levels in mutual funds specialising in bonds and Italian issuers. This was, in part, offset by money flows towards share, balanced and global mutuals.

Lending to residents was vibrant, reaching Lit. 1,528 thousand bn by the end of the year. This was a 13.4% rise in comparison to the previous year's figure of 9%. Lending in lira and euro rose by 13.3% and by 16% in currency. The increase was principally in the short-term segment, above all to businesses, whilst the medium/long-term segment recorded a slowing down mainly as a result of a drop in demand for mortgages.

The quality of credit system-wide continued to improve. Gross bad loans dropped 13.8% and the bad loans/lending ratio fell from 7.4% to 5.7%. Recourse to securitisation during the year played its part.

Average borrowing rates progressively increased during the year, reaching a peak in December at 2.20%. Current account rates, in particular, rose from 1.22% to 2.08%. Average short-term lending rates fell from the 6.90% in November to 6.88% in December. The average spread in the first 11 months of the year widened from 4.01% to 4.76%, narrowing in December (4.68%).

## STRATEGY

Banca Carige (also referred to in this report as 'Carige' or 'the Bank') continued to consolidate its strategies aimed at creating long-term shareholder value. These strategies follow three lines of development: expansion in operational capacities, increased profitability, and heightened efficiencies.

Expansion in operational capacities is aimed at reaching the optimal critical mass necessary for economies of scale. It is achieved both internally (expansion of the Banca Carige branch network) and externally (acquisition of suitable businesses to extend customer base, and co-operation with

subsidiaries and partners). The achievement of these strategic goals will create the best conditions in which the Bank's majority shareholder, the Cassa di Risparmio di Genova e Imperia Foundation, can release its holding in the Bank in the manner foreseen by Law 461/98 ('the Ciampi Act').

Internal growth aims at putting in place an integrated multi-channel distribution model which is able to satisfy the banking, finance and insurance needs of our customers. This entails the following: the development of our traditional branch network; the overhaul of the distribution system in terms of customer segmentation; focus on the opportunities offered by e-banking; a network of registered financial promoters and advisers in co-operation with our insurance subsidiaries; the development of our finance area.

In this context, expansion into new operating areas and increased synergies with branches and insurance offices are essential.

External growth is based on the following: integration with our banking subsidiaries (Cassa di Risparmio di Savona and Banca del Monte di Lucca); increased synergies with the Bank's foreign partners (the French Caisse Nationale des Caisses d'Epargne et de Prévoyance - CNCEP and Caisse des Dépôts et Consignations -CDC, the German Westdeutsche Landesbank Girozentrale -WestLB), and with the Spanish shareholder Caja de Ahorros El Monte de Sevilla; the acquisition of banks or finance companies or segments of businesses compatible with the expansion of our customer base.

The strategies outlined produced concrete results during 2000. In particular, 10 new branches were opened, three in Liguria, one in Piedmont, two in Lombardy, one in Emilia Romagna and three in Sardinia. The re-organisation of distribution channels took the form of segmentation by customer type, geographical area and sales channel. In this way, organisation is inspired by the logic of 'by customer' rather than 'by product'. This policy involves every aspect of the Bank's activities at both private and corporate level. During the year, a network of private consultants became operational which aims at offering personalised financial solutions to high net worth clients. A corporate module was also finalised which breaks down medium to large companies on the basis of turnover and so provides the Bank with the information platform required to identify and satisfy needs.

Innovations in distribution include the area of e-banking. The potential offered by internet banking is enormous and the Bank has already started to develop a structure which enables customer access not only to the fullest range of Carige services and products but which also provides access to non-Carige solutions.

Heightened synergies with our insurance subsidiaries took the form during the year of expansion in the network of those insurance agents who act as registered financial advisers in addition to the distribution of standardised banking products by insurance agents who are not registered financial advisers.

External growth received significant impetus with the acquisition of 21 branches from the Banco di Sicilia, 15 in the province of Palermo, 6 in the province of Enna. The purchase, which becomes effective on 31 December 2000, is part of a strategy aimed at increasing synergies with our insurance subsidiaries which already operate in Sardinia and Sicily.

Integration with Banca Carige's banking subsidiaries continued in 2000. Both Cassa di Risparmio di Savona and Banca Monte di Lucca now use Carige's EDP facilities in addition to distributing asset management and banking-insurance products.

Collaboration with our foreign partners is based on the development of a common strategy which invests in and safeguards the institutional characteristics typical of the ex-savings banks and at same time exploits the extensive retail network in an efficient and integrated way. Agreements were signed during the year concerning a wide range of areas: the supply of reciprocal finance and other services to customers of the institutions involved; payment services; improvements in channelling payment flows to and from Italy; asset management; bancassurance; corporate finance; capital and derivatives markets activities; increased product diversification generated by greater operating capacities.

Increased profitability is crucially linked to diversification of income sources and a responsible credit policy. With reference to the first, income sources include traditional intermediation, payment systems and assets under management, the latter by means of personalised products tailored to suit the needs of the customer. Particular attention was given to the development of bank-insurance and insurance-bank projects. Banca Carige is committed to exploiting all possible synergies with

its Group insurance subsidiaries. This is particularly the case as a result of opportunities offered by Bank of Italy and ISVAP rulings which allow for the cross-selling of insurance and standardised banking products. The objective in the area of Bancassurance is to increase the volume of insurance premiums sold taking advantage of the distribution of opportunities offered by the sales network of the parent company and subsidiaries. In terms of insurance-bank products, the Bank is strengthening its network of financial advisers amongst insurance agents thereby expanding sales channels for a wide range of banking products (customer deposits, lending, assets under management and under custody, payment services such as POS terminals, credit and debit cards). The sale of Carige's standardised banking products is also carried out by insurance agents who are not financial advisers.

This product diversification is able to satisfy the requirements of specific customer product segments, such as pension solutions. In this area, Carige offers its own Carige open pension fund, open to the self-employed and employees whose national contract foresees such funds.

With regards to credit policy, the Bank has developed specific and innovative models of corporate finance thanks also to co-operation with its European partners. Organisationally, an internal credit rating model has been introduced in order to maximise the added value intrinsic in the information flows which the Bank has available. In this way, Carige will obtain a competitive advantage whilst at the same time putting in place a pricing methodology coherent with risk profiles (expected and unexpected losses) present amongst different customer segments. The model aims at minimising unexpected losses through portfolio diversification in order to increase shareholder value.

Risk management plays a crucial role in the Bank's operational strategy. The quality of our credit portfolio and the effective covering of risk positions bring benefits to the image of the Bank and the improved rating means cheaper access to funding on financial markets. The operation of securitisation during the month of December described elsewhere in this report enabled the Bank to convert illiquid non-performing balance sheet positions into items with market rate returns.

Heightened efficiency stems from strict cost controls especially in the area of human resources and IC&T

allied to a careful evaluation of all aspects personnel management (productivity, mobility, etc.). Budget controls on general costs continue to keep spending levels substantially stable. Re-organisation of the Bank's I&CT arm was aimed at putting in place automated distribution channels for the supply of products and services linked to remote banking (home banking, phone banking, corporate banking) and e-banking. Personnel policy was based on two main pillars: investment in learning and training, leaner organisation with more staff directly involved in market activities. The turnover of

staff in favour of younger personnel at reduced costs to the Bank continued during the year with incentives to retirement for those entitled.

The Bank's solidity both in its asset and financial structure, its strong ties to its operating area, and its long-sighted strategic plans were all appreciated by international rating agencies, such as Fitch IBCA, Standard & Poor's, and Moody's, which all maintained the ratings assigned to the Bank in previous years.

## BANCA CARIGE RATINGS

	short-term	long-term	BFSR (1)	Individual (1)	Legal (2)
Fitch IBCA	F1	A	-	C	4
Moody's	P1	A2	C	-	-
Standard & Poor's	A2	A-	-	-	-

(1) Rating of financial solidity on a scale from A to E.

(2) Rating of likelihood of state intervention in case of crisis on a scale from 1 to 5.

## BORROWING AND LENDING ACTIVITIES

At the end of 2000, total balance sheet aggregates (direct and indirect deposits, customer and inter-bank lending) included those related to business handled by the 21 branches of the Banco di Sicilia acquired in December. In order to aid comparison with 1999, pro forma balance sheet aggregates at 31/12/00 have

been prepared excluding the effects of the ex-Banco di Sicilia branches. As the purchase of the branches had operational effect from midnight 31/12/00, income statement items remain unchanged.

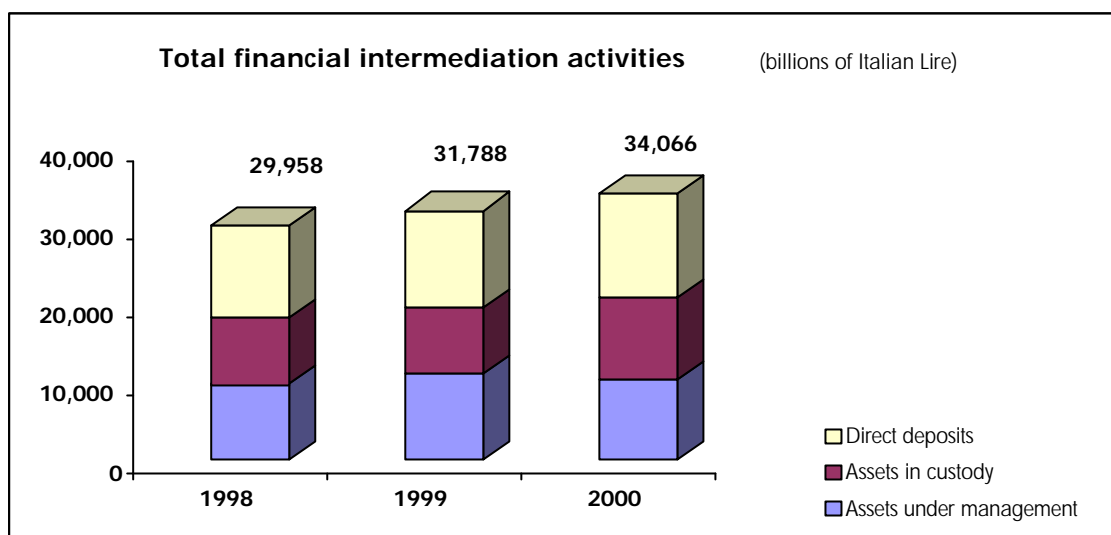
### TOTAL FINANCIAL INTERMEDIATION ACTIVITIES (billions of Italian Lire)

	31/12/00		30/9/00	31/12/99	31/12/98	Change %		
	pro forma					2000	2000	1999
						p.f.		
<b>Total (A+B)</b>	<b>34,066.4</b>	<b>33,280.6</b>	<b>33,048.1</b>	<b>31,788.4</b>	<b>29,958.8</b>	<b>7.2</b>	<b>4.7</b>	<b>6.1</b>
<b>Direct deposits (A)</b>	<b>13,391.2</b>	<b>13,009.1</b>	<b>12,332.5</b>	<b>12,325.7</b>	<b>11,789.9</b>	<b>8.6</b>	<b>5.5</b>	<b>4.5</b>
% Total	39.3%	39.1%	37.3%	38.8%	39.4%			
<b>Indirect deposits (B)</b>	<b>20,675.2</b>	<b>20,271.5</b>	<b>20,715.6</b>	<b>19,462.7</b>	<b>18,168.1</b>	<b>6.2</b>	<b>4.2</b>	<b>7.1</b>
% Total	60.7%	60.9%	62.7%	61.2%	60.6%			
- Assets under management	10,294.7	10,177.4	10,429.1	11,039.0	9,629.0	- 6.7	- 7.8	14.6
% Total	30.2%	30.6%	31.6%	34.7%	32.1%			
% OFIA	49.8%	50.2%	50.3%	56.7%	53.0%			
- Assets in custody	10,380.5	10,094.1	10,286.5	8,423.7	8,539.1	23.2	19.8	- 1.4
% Total	30.5%	30.3%	31.1%	26.5%	28.5%			
% OFIA	50.2%	49.8%	49.7%	43.3%	40.7%			

**Total Financial Intermediation Activities (TFIA)** - Direct and Indirect deposits - totalled Lit. 34,066.4 bn at year end, a rise of 7.2% over the previous year's result (Lit. 31,788.4 bn at 31/12/99). Excluding the deposits related to the 21 branches purchased from Banco di Sicilia, the annual rise was of 4.7%. Direct deposits (customer deposits) recorded an 8.6% rise (+5.5% excluding the Sicilian branches) to Lit. 13,391.2 bn. Indirect deposits (other financial intermediation activities)

rose 6.2% (up 4.2% excluding the new branch acquisitions in Sicily). The previous year's increase was 7.1%.

Indirect deposits now account for 60.7% of TFIA, evenly distributed between assets under management (49.8% of indirect deposits) and assets in custody products. The ratio to direct deposits dropped from 1.58 at 31/12/99 to 1.54 at 31/12/00.



At 31/12/00, **total funds**, which include customer deposits (Lit. 13,391.2 bn), interbank deposits (Lit. 4,522 bn) and funds managed on behalf of third parties (Lit. 450 million), amounted to Lit. 17,913.6 bn, an increase of

16.9% in comparison to Lit. 15,324.5 bn recorded at 31/12/99. The increase for the year excluding the funds generated by the new branches in Sicily is 14.4%.

#### FUNDING (billions of Italian Lire)

	31/12/00		30/9/00	31/12/99	31/12/98	Change %		
	17,913.6	17,531.4	16,244.5	15,324.5	15,302.8	2000	2000	1999
	pro-forma							p.f.
<b>Total (a+b+c)</b>	<b>17,913.6</b>	<b>17,531.4</b>	<b>16,244.5</b>	<b>15,324.5</b>	<b>15,302.8</b>	<b>16.9</b>	<b>14.4</b>	<b>0.1</b>
<b>Direct deposits (a)</b>	<b>13,391.2</b>	<b>13,009.1</b>	<b>12,332.5</b>	<b>12,325.7</b>	<b>11,789.9</b>	<b>8.6</b>	<b>5.5</b>	<b>4.5</b>
Amounts owed to customers	7,919.0	7,586.2	6,911.7	7,381.6	7,225.4	7.3	2.8	2.2
current accounts	6,601.3	6,417.7	5,795.4	6,284.2	5,883.8	5.0	2.1	6.8
repurchase agreements	646.8	646.8	583.7	520.4	732.8	24.3	24.3	-29.0
saving deposits	649.4	500.2	505.5	543.7	562.2	19.4	-8.0	-3.3
loans from international organizations	18.1	18.1	22.9	31.1	43.6	-41.8	-41.8	-28.7
other borrowings	3.4	3.4	4.2	2.2	3.0	54.5	54.5	-26.7
Debts evidenced by certificates	5,472.2	5,422.9	5,420.8	4,944.1	4,564.5	10.7	9.7	8.3
bond certificates	4,385.8	4,385.8	4,404.8	3,745.9	2,902.2	17.1	17.1	29.1
certificates of deposits	922.3	894.7	938.6	1,086.8	1,515.6	-15.1	-17.7	-28.3
outstanding cheques	139.5	139.5	72.5	96.0	129.0	45.3	45.3	-25.6
cash bonds	24.6	2.9	4.9	15.4	17.7	59.7	-81.2	-13.0
short term deposits	8,706.2	8,360.3	7,597.9	8,100.9	7,923.2	7.5	3.2	2.2
% Total	65.0	64.3	61.6	65.7	67.2			
long term deposits	4,685.0	4,648.8	4,734.6	4,224.8	3,866.7	10.9	10.0	9.3
% Total	35.0	35.7	38.4	34.3	32.8			
<b>Amounts owed to credit institutions (b)</b>	<b>4,522.0</b>	<b>4,521.9</b>	<b>3,911.5</b>	<b>2,998.4</b>	<b>3,506.6</b>	<b>50.8</b>	<b>50.8</b>	<b>-14.5</b>
Deposits	3,217.1	3,217.0	2,881.0	1,928.6	2,970.3	66.8	66.8	-35.1
Financing	567.7	567.7	541.1	453.1	497.6	25.3	25.3	-8.9
Current accounts	75.2	75.2	26.2	41.8	38.7	79.9	79.9	8.0
Repurchase agreements	662.0	662.0	463.2	574.9	-	15.2	15.2	...
Due to central banks	-	-	-	-	-	...	...	...
<b>Funds managed on behalf of third parties (c)</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>	<b>6.3</b>	<b>-</b>	<b>-</b>	<b>-93.65</b>

**Direct deposits** (Lit. 13,391.2 bn) were up 8.6% over 1999 (+5.5% excluding the Sicilian branches). This growth was aided by the second tranche (Lit. 581 bn) in the Bank's Euro Medium An analysis by product reveals a 5% increase in current accounts, which rose from Lit. 6,284.2 bn to Lit. 6,601.3 bn (+2.1% excluding Sicily). Bonds totalled Lit. 4,385.8 bn (+17.1%). In addition to the EMTN referred to above, the

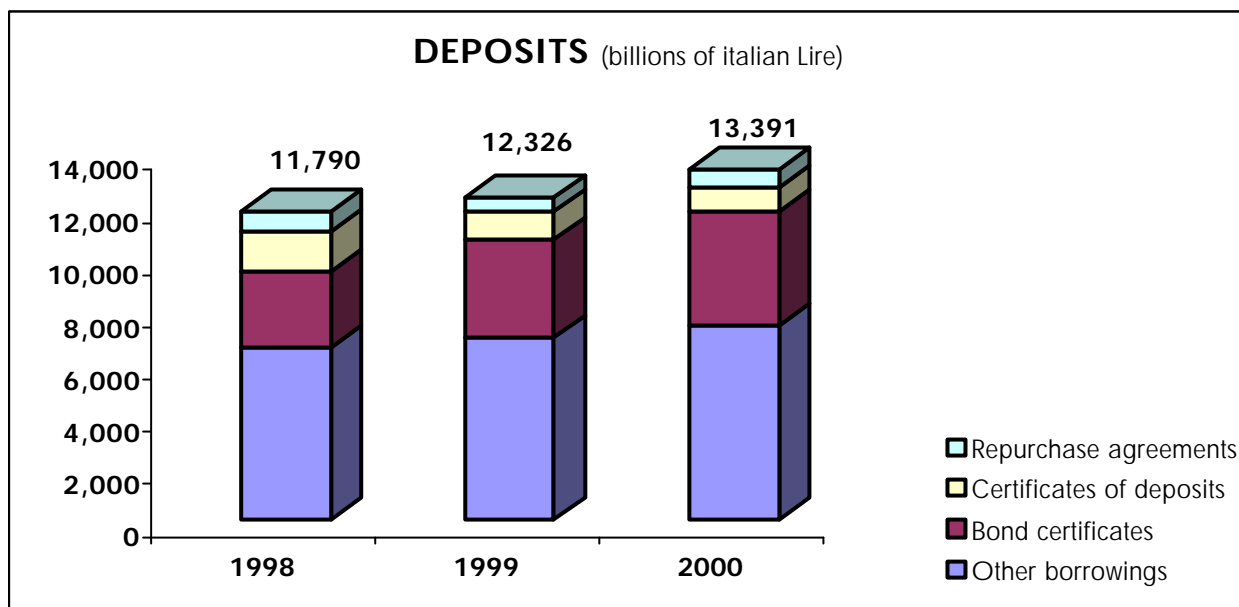
Term Note Programme, which offers the Bank access to new medium/long - term funding to complement its traditional sources necessary for the realisation of future growth strategies. Bank continued its traditional bond issues for retail customers which covered the full range of investment needs: 13 issues in total of which 4 were fixed rate, 3 floating, 1 mixed, 2 index

linked and 3 zero coupon. Bonded funding, as a result, rose 1.9%.

Other direct customer products include repurchase agreements which, for the first time in two years, recorded an increase (+24.3%) to reach Lit. 646.8 bn. This rise appears to be

including the branch acquisitions in Sicily, 3.2% without.

The item **'Amounts owed to credit institutions'** recorded a 50.8% increase over 31/12/99 from Lit. 2,998.4 bn to Lit. 4,522 bn.



linked to a need for more liquid investment solutions in the face of the turbulence recorded during 2000 on financial markets. Certificates of deposit dropped overall by 15.1%: a slight increase in the short-term segment accompanied by more substantial reductions in CDs with maturities over 18 months.

Medium/long-term deposits rose by 10.9% (1999: +9.3%) and now account for 35% of total customer deposits. Short-term deposits (65% of the aggregate total) rose 7.5%

In particular, deposits reached Lit. 3,217.1 bn, an increase of 66.8%, whilst repurchase agreements amounted to Lit. 662 bn (+15.2%), financing rose to Lit. 567.7 bn (+25.3%) and current accounts recorded the highest increase of 79.9% to total Lit. 75.2 bn. At December 2000, 73.3% of total amounts owed to banks was in euro or EU area currencies (Lit. 3,316 bn).

**Funds managed on behalf of third parties** were the same as 31/12/99.

## DIRECT DEPOSITS (1) - DISTRIBUTION BY SECTOR

	31/12/00		31/12/99		31/12/98	
	billions	%	billions	%	billions	%
<b>Amounts owed to customers</b>	<b>7,919.0</b>		<b>7,381.6</b>		<b>7,225.4</b>	
Public Administration	182.7	2.3%	145.1	2.0%	154.0	2.1%
Financial institutions	343.6	4.3%	543.0	7.3%	494.6	6.9%
Non-financial institutions and personal businesses	1,413.7	17.9%	1,299.5	17.6%	1,202.4	16.6%
Private social bodies	362.0	4.6%	278.6	3.8%	303.1	4.2%
Families	5,538.0	69.9%	5,034.9	68.2%	4,986.4	69.0%
<b>Total residents</b>	<b>7,840.0</b>	<b>99.0%</b>	<b>7,301.1</b>	<b>98.9%</b>	<b>7,140.5</b>	<b>98.8%</b>
Rest of the world	79.0	1.0%	80.5	1.1%	84.9	1.2%
<b>Total</b>	<b>7,919.0</b>	<b>100.0%</b>	<b>7,381.6</b>	<b>100.0%</b>	<b>7,225.4</b>	<b>100.0%</b>
<b>Debts evidenced by certificates</b>	<b>5,472.2</b>		<b>4,944.1</b>		<b>4,564.5</b>	
<b>TOTAL DIRECT DEPOSITS</b>	<b>13,391.2</b>		<b>12,325.7</b>		<b>11,789.9</b>	

(1) Balance Sheet (Liabilities) captions 20 and 30.

An analysis by sector shows the concentration of direct deposits amongst families, which account for 69.9% of the aggregate total (Lit. 5,538 bn), slightly up over 68.2% of the total recorded in 1999.

The second most important source of funding is non-financial institutions and personal businesses, which total Lit. 1,413.7 bn, 17.9% of the total (1999: 17.6%).

## DIRECT DEPOSITS (1) - GEOGRAPHICAL DISTRIBUTION

	31/12/00		31/12/99		31/12/98	
	billions	%	billions	%	billions	%
Liguria	12,213.6	91.2%	11,619.1	94.3%	11,172.4	94.8%
Sicily	382.1	2.9%	-	-	-	-
Lombardy	269.9	2.0%	209.6	1.7%	202.8	1.7%
Piedmont	243.2	1.8%	224.9	1.8%	207.8	1.8%
Emilia Romagna	203.6	1.5%	182.0	1.5%	160.5	1.3%
Sardinia	16.1	0.1%	0.1	-	-	-
Tuscany	15.6	0.1%	22.5	0.2%	13.0	0.1%
Veneto	13.2	0.1%	5.5	-	1.6	-
<b>Total Italy</b>	<b>13,357.3</b>	<b>99.7%</b>	<b>12,263.7</b>	<b>99.5%</b>	<b>11,758.1</b>	<b>99.7%</b>
Abroad	33.9	0.3%	62.0	0.5%	31.8	0.3%
<b>Total direct deposits</b>	<b>13,391.2</b>	<b>100.0%</b>	<b>12,325.7</b>	<b>100.0%</b>	<b>11,789.9</b>	<b>100.0%</b>

(1) Balance Sheet (Liabilities) captions 20 and 30.

Geographical distribution of customer deposits remains concentrated in the Bank's traditional operating area of Liguria: 91.2% of direct deposits. Further proof of Liguria's dominance is shown by the fact that funding deriving from the EMTN programme is exclusively from the region. The Bank's recent arrival in Sicily means that this

region now represents 3% of the total, overtaking Piedmont, Lombardy and Emilia Romagna at 2% each. Tuscany, Veneto and Sardinia continue to represent marginal shares (0.1%). Further information is given at sections 6 and 11, part B of the explanatory notes.

## INDIRECT DEPOSITS (billions of Italian Lire)

					Change %		
	31/12/00	31/12/00	31/12/99	31/12/98	2000	2000	1999
	pro forma				p.f.		
<b>Total (A+B)</b>	<b>20,675.2</b>	<b>20,271.5</b>	<b>19,462.7</b>	<b>18,168.1</b>	<b>6.2</b>	<b>4.2</b>	<b>7.1</b>
<b>Assets under management (A)</b>	<b>10,294.7</b>	<b>10,177.4</b>	<b>11,039.0</b>	<b>9,629.0</b>	<b>- 6.7</b>	<b>- 7.8</b>	<b>14.6</b>
Mutual funds and unit trusts	5,064.5	4,984.5	5,881.7	4,897.6	- 13.9	- 15.3	20.1
Private banking	4,438.3	4,413.9	4,648.5	4,361.8	- 4.5	- 5.0	6.6
including: Security management	1,799.3	1,799.3	1,915.3	1,848.7	- 6.1	- 6.1	3.6
Mutual funds management	2,639.0	2,614.6	2,733.2	2,513.1	- 3.4	- 4.3	8.8
Bancassurance products	791.9	779.0	508.8	369.6	55.6	53.1	37.7
<b>Assets in custody (B)</b>	<b>10,380.5</b>	<b>10,094.1</b>	<b>8,423.7</b>	<b>8,539.1</b>	<b>23.2</b>	<b>19.8</b>	<b>- 1.4</b>
Government securities	6,102.4	5,969.4	5,256.5	6,168.4	16.1	13.6	- 14.8
Others	4,278.1	4,124.7	3,167.2	2,370.7	35.1	30.2	33.6

**Indirect deposits** totalled Lit. 20,675.2 bn at the end of the year, an increase of 6.2% (+4.2% excluding Sicily). During the year, assets under management recorded falls whilst assets in custody rose.

In particular, **assets under management**, after three years of intense growth which saw the aggregate rise by more than Lit. 5,500 bn, slipped 6.7% (down 7.8% excluding Sicily) to reach Lit. 10,294.7 bn. This fall, though more marked during the first quarter of the year, typified the whole year.

In detail, private banking slipped 4.5% (1999: +6.6%), whilst mutual funds were down 13.9% (1999: +20.1%) as a result of fund withdrawals particularly from bond segments. Bank-insurance products saw a rise of 55.6% (+53.1% excluding Sicily) in comparison to the previous year's figure of 37.7%.

Security management recorded a fall of 6.1% (1999: +3.6%).

Mutual funds management ended the year with a 3.4% decrease in funds managed to total Lit. 2,639 bn at 31/12/00 (1999: +8.8%). The two balanced funds along with the share fund grew whilst the more risk-adverse funds fell as a result of a poor first half of the year for bond markets.

Mutual funds bore the brunt of the market volatility which characterised 2000. Considering the performance of funds prior to the purchase of the Sicilian branches, the bond component had a particularly poor year, down Lit. 1,211.7 bn (-28.3%) over 1999. There was, however, an

upturn during the last part of the year: after a fall of Lit. 1,312 bn in the first nine months of the year, reaching Lit. 2,965.3 bn in September, there was an influx of more Lit. 100 bn in the last quarter, as a result also of the launch of the Eptafund funds product. By December, this had total funds of Lit. 278.6 bn. The fall in the bond component was only partially offset by better performances by share funds, which rose by more than Lit. 300 bn during the year. Share funds inverted the performance recorded by bond funds: growth in the first eight months of the year (+Lit. 553.6 bn) and a fall in the last part as share markets slipped (Lit. -246.8 bn). The year-end result was Lit. 1,612.9 bn (+23.5%). Balanced funds rose by 12.2 to Lit. 267.2 bn whilst other product lines (flexible funds, closed funds and unit trusts) continue to play a marginal role in terms of funds collected.

**Assets in custody** (Lit. 10,380.5 bn; +23.2%) reflected more speculative trends than asset management. There was strong growth in the first half of the year and more moderate increases in the second. The increase in volumes was shared evenly between government securities (+Lit. 845.9 bn) and other securities (+Lit. 1,110.9 bn).

The dominant share of indirect deposits - Lit. 16,953.6 bn, 82.1% of the total - is concentrated amongst families, despite a slight fall in comparison to 1999 (82.9%). Non-financial institutions and family businesses increased their share from 5.2% in 1999 to 7.1% at 31/12/00 (Lit. 1,467.9 bn).



## INDIRECT DEPOSITS - DISTRIBUTION BY SECTOR

	31/12/00		31/12/99		31/12/98	
	billions	%	billions	%	billions	%
Public Administration	765.0	3.6%	395.8	2.0%	362.6	2.0%
Financial institutions	1,199.2	5.8%	1,621.0	8.4%	1,330.5	7.3%
Non-financial and personal businesses	1,467.9	7.1%	1,017.9	5.2%	948.3	5.3%
Private social bodies	103.4	0.5%	93.0	0.5%	94.7	0.5%
Families	16,953.6	82.1%	16,144.1	82.9%	15,400.2	84.7%
<b>Total residents</b>	<b>20,489.1</b>	<b>99.1%</b>	<b>19,271.8</b>	<b>99.0%</b>	<b>18,136.3</b>	<b>99.8%</b>
Rest of the world	186.1	0.9%	190.9	1.0%	31.8	0.2%
<b>Total</b>	<b>20,675.2</b>	<b>100.0%</b>	<b>19,462.7</b>	<b>100.0%</b>	<b>18,168.1</b>	<b>100.0%</b>

Liguria clearly maintains its geographical primacy (89.4%), whilst Lombardy drops from 6.6% to 4.5% as a result of the transfer of some

substantial positions to Liguria. The share of the Bank's other operating areas remained unchanged.

## INDIRECT DEPOSITS - GEOGRAPHICAL DISTRIBUTION

	31/12/00		31/12/99		31/12/98	
	billions	%	billions	%	billions	%
Liguria	18,479.8	89.4%	17,338.9	89.2%	16,546.8	91.1%
Lombardy	937.2	4.5%	1,292.1	6.6%	885.8	4.9%
Piedmont	500.5	2.4%	505.1	2.6%	469.2	2.6%
Sicily	403.7	2.0%	-	-	-	-
Emilia Romagna	283.7	1.4%	278.2	1.4%	235.9	1.3%
Tuscany	24.9	0.1%	21.8	0.1%	19.0	0.1%
Veneto	15.2	0.1%	8.7	-	1.0	-
Sardinia	6.1	-	0.4	-	-	-
<b>Total Italy</b>	<b>20,651.1</b>	<b>99.9%</b>	<b>19,445.2</b>	<b>99.9%</b>	<b>18,157.7</b>	<b>100.0%</b>
Abroad	24.1	0.1%	17.5	0.1%	10.4	-
<b>Total indirect deposits</b>	<b>20,675.2</b>	<b>100.0%</b>	<b>19,462.7</b>	<b>100.0%</b>	<b>18,168.1</b>	<b>100.0%</b>

The Bank's **total lending** at the end of 2000 amounted to Lit. 19,552.1 bn, up 14.1% over the previous year. The figure excluding lending related to the Sicilian branches is 11.8%.

**Lending to customers** totalled Lit. 12,905.1, an annual rise of 13.7% (+12.7% excluding Sicily) and similar to previous year's levels: 12.6%. Short-term lending rose 20.8% to Lit. 5,190.4 bn, in part the result of lending exposures with regards to a special purpose vehicle formed for the securitisation of bad loans (around Lit. 320 bn to be securitised). Excluding

this amount, the rise in lending drops to 13.3% for the year. The medium/long-term aggregate increased by 17.5% to Lit. 7,414.1 bn.

Lending in euro rose 12.9% to Lit. 12,247.4 bn. This figure accounts for 94.9% of total customer lending, excluding bad loans. Lending in currency recorded substantial growth in the twelve months from December 1999 to total Lit. 657.7 bn (+31.1%).

**LENDING** (billions of Italian Lire)

	31/12/00		30/9/00	31/12/99	31/12/98	Change %		
	pro forma					2000	2000	1999
						p.f.		
<b>Total (a+b+c)</b>	<b>19,552.1</b>	<b>19,167.1</b>	<b>18,153.7</b>	<b>17,141.5</b>	<b>17,037.3</b>	<b>14.1</b>	<b>11.8</b>	<b>0.6</b>
<b>Loans to customers (a)</b>	<b>12,707.6</b>	<b>12,595.0</b>	<b>11,898.4</b>	<b>11,009.3</b>	<b>9,745.7</b>	<b>15.4</b>	<b>14.4</b>	<b>13.0</b>
-Gross value (1)	12,905.1	12,792.5	12,229.7	11,350.4	10,078.7	13.7	12.7	12.6
. Commercial Credit	5,849.2	5,789.8	5,388.0	5,174.6	4,630.7	13.0	11.9	11.7
. Real estate and Public Works mortgages	3,760.1	3,714.5	3,697.2	3,335.4	2,836.8	12.7	11.4	17.6
. Industrial and Agricultural credit	1,843.4	1,843.4	1,615.2	1,363.7	1,261.2	35.2	35.2	8.1
. Parabanking (2)	796.8	796.8	746.8	655.9	543.8	21.5	21.5	20.6
. Others	355.0	354.3	23.5	74.5	42.3	376.5	375.6	76.1
-short term loans	5,190.4	5,131.4	4,678.4	4,296.9	3,824.1	20.8	19.4	12.4
% Gross value	40.2	40.1	38.3	37.9	37.9			
-long term loans	7,414.1	7,367.4	6,792.4	6,307.2	5,490.7	17.5	16.8	14.9
% Gross value	57.5	57.6	55.5	55.6	54.5			
. Bad loans	300.6	293.7	759.0	746.3	763.9	- 59.7	- 60.6	- 2.3
% Gross value	2.3	2.3	6.2	6.6	7.6			
-Specific allowances for loan losses (-)	197.5	197.5	331.3	341.1	333.0	- 42.1	- 42.1	2.4
<b>Loans to banks (b)</b>	<b>1,863.4</b>	<b>1,591.0</b>	<b>1,029.9</b>	<b>1,198.3</b>	<b>1,646.3</b>	<b>55.5</b>	<b>32.8</b>	<b>- 27.2</b>
-Gross value	1,876.5	1,604.1	1,042.4	1,219.0	1,666.1	53.9	31.6	- 26.8
. Compulsory reserves	115.2	115.2	75.4	74.1	16.9	55.5	55.5	338.5
. Deposits	1,259.7	992.6	724.9	798.9	1,475.7	57.7	24.2	- 45.9
. Overdraft facilities	342.0	342.0	84.2	104.4	45.8	227.6	227.6	127.9
. Repurchase agreements	-	-	-	-	-	...	...	...
. Other loans	159.6	154.3	157.9	241.6	127.7	- 33.9	- 36.1	89.2
-Specific allowances for loan losses (-)	13.1	13.1	12.5	20.7	19.8	- 36.7	- 36.7	4.5
<b>Securities (c)</b>	<b>4,981.1</b>	<b>4,981.1</b>	<b>5,225.4</b>	<b>4,933.9</b>	<b>5,645.3</b>	<b>1.0</b>	<b>1.0</b>	<b>- 12.6</b>
-Government securities	2,706.6	2,706.6	3,443.6	3,403.0	5,066.9	- 20.5	- 20.5	- 32.8
-Other securities	2,001.1	2,001.1	1,454.7	1,254.3	416.4	59.5	59.5	201.2
-Shares and equity securities	273.4	273.4	327.1	276.6	162.0	- 1.2	- 1.2	70.7

(1) Including bad loans

(2) Including leased fixed-assets.

The Bank's lending activities are divided into product bases. The **Commercial Credit Division** handles short-term lending also in currency. Total lending for the division at the end of 2000 amounted to Lit. 5,849.2 bn, 45.3% of total lending. This figure represents a 13% rise over 1999 (+11.9% excluding the branches in Sicily). This trend was positively influenced by certain products such as current account lending, advances with recourse, medium/long-term syndicated loans, special personal loans, salary-backed loans, and foreign lending whilst shorter-term syndicated loans, discounting of notes and lending against pledged goods recorded decreases for the period.

Total credits allocated in the forms of mortgages and loans to public bodies by the **Real Estate and Public Works Mortgage Division** reached Lit. 3,760.1 bn, an increase of 12.7%. The aggregate represents 29.1% of the total. The **Industrial and Agricultural Credit Division** supplies medium/long-term financing to businesses and these rose by 35.2% to Lit. 1,843.4 bn, 14.3% of total lending. The **Parabanking Division** offers leasing and factoring products in addition to consumer credit. During the year the division recorded an increase of 21.5% to total Lit. 796.8 bn, 6.2% of total lending. There was substantial growth particularly in the leasing area which amounted to Lit. 568.4 bn, an increase of 30.7%. Less significant were the rises recorded by factoring

(+3.2%; Lit. 217.2 bn) and consumer credit (+7%; Lit. 11.2 bn).

The Bank's leasing activities have grown considerably over the last three years, at levels considerably higher than those recorded in the system. This is due to increased operational efficiencies and decision-making at branch level which has led to greater professional skills amongst staff and the inevitable benefit this has for customer satisfaction. The number of contracts stipulated rose 0.7% in number and 4.4% in amounts handled. The limited growth rate in contracts is due a 4.2% rise in car-

related leasing, whilst both instrumental and property leasing recorded falls of 1.1% and 2.8%, respectively. The related amounts saw good results in car-related leasing (+16.8%) and in instrumental leasing (+45%). The property segment dropped 9.6%.

The Division's factoring activity recorded a reduction in the number of contracts stipulated (-21.1%) and a rise in the related amounts (+54.2% to Lit. 126 bn). Total outstandings at 31/12/00 amounted to Lit. 696.6 bn and turnover ended the year at Lit. 764.9 bn (+5.9%).

## LOANS TO CUSTOMERS (1) - DISTRIBUTION BY SECTOR

	31/12/00		31/12/99		31/12/98	
	billions	%	billions	%	billions	%
Public Administration	1,707.7	13.2%	1,192.1	10.5%	1,029.9	10.2%
Financial institutions	968.8	7.5%	663.9	5.8%	550.5	5.5%
Non-financial and personal businesses	7,597.6	59.0%	7,025.0	62.0%	6,475.7	64.3%
<i>Agriculture, farming and fishing</i>	125.0	1.0%	123.1	1.1%	115.3	1.1%
<i>Energy products</i>	285.4	2.2%	132.1	1.2%	178.3	1.8%
<i>Mineral and ferrous metals and non ferrous</i>	139.4	1.1%	133.9	1.2%	66.2	0.7%
<i>Mineral and non metallic products</i>	163.6	1.3%	179.7	1.6%	181.7	1.8%
<i>Chemical products</i>	91.6	0.7%	94.3	0.8%	94.5	0.9%
<i>Metal products</i>	203.4	1.6%	211.1	1.9%	187.6	1.9%
<i>Agricultural and industrial machinery</i>	238.7	1.8%	301.7	2.7%	323.3	3.2%
<i>Office equipment</i>	52.2	0.4%	83.6	0.7%	52.8	0.5%
<i>Electrical supplies</i>	151.4	1.2%	119.3	1.1%	115.3	1.1%
<i>Means of transport</i>	116.2	0.9%	113.5	1.0%	65.1	0.6%
<i>Food, drink, tobacco</i>	240.6	1.9%	246.5	2.2%	218.3	2.2%
<i>Textiles, leather goods, clothing</i>	90.5	0.7%	92.7	0.9%	74.5	0.7%
<i>Paper, printing and publishing</i>	102.1	0.8%	93.3	0.8%	86.8	0.9%
<i>Rubber and plastic goods</i>	97.9	0.8%	83.6	0.7%	78.7	0.8%
<i>Other industrial products</i>	135.8	1.1%	107.4	0.9%	103.3	1.0%
<i>Building and public works</i>	1,249.0	9.7%	1,225.7	10.8%	1,205.5	12.0%
<i>Wholesale &amp; retail trade, salvage and repairs</i>	1,612.8	12.5%	1,510.2	13.3%	1,420.3	14.1%
<i>Hotel and catering services</i>	339.7	2.6%	345.3	3.0%	339.5	3.4%
<i>Transport services</i>	171.2	1.3%	147.6	1.3%	160.2	1.6%
<i>Air and sea transport-related services</i>	517.9	4.0%	366.8	3.2%	304.2	3.0%
<i>Transport-related services</i>	395.8	3.1%	340.1	3.0%	307.5	3.1%
<i>Communications-related services</i>	12.9	0.1%	8.4	0.1%	7.2	0.1%
<i>Sales-related services</i>	1,064.5	8.2%	965.1	8.5%	789.6	7.8%
Private social bodies	31.4	0.2%	27.1	0.2%	25.7	0.3%
Families	2,316.8	18.0%	2,149.6	18.9%	1,845.9	18.3%
<b>Total residents</b>	<b>12,622.3</b>	<b>97.9%</b>	<b>11,057.7</b>	<b>97.4%</b>	<b>9,927.7</b>	<b>98.5%</b>
Rest of the world	282.8	2.1%	292.7	2.6%	151.0	1.5%
<b>Total</b>	<b>12,905.1</b>	<b>100.0%</b>	<b>11,350.4</b>	<b>100.0%</b>	<b>10,078.7</b>	<b>100.0%</b>

(1) Balance Sheet (Assets) caption 30 inclusive of expected losses and leasing.

(2) At 31/12/00 this includes Lit. 320 bn in the form of securitised bad loans managed by a company, the special purpose vehicle.

Consumer credit, in line with system-wide trends, expanded: new financing totalled 2,737 in number for a total of Lit. 7.7 bn, a rise of 9.1% over 1999. There was considerable expansion in credits for production and manufacturing (non-financial institutions and family businesses) for a total of Lit. 7,597.6 bn (+8.2%). There has been, however, a contraction in the share represented by consumer credits of total lending, which has fallen from 64.3% in 1998 to 59% in 2000. The next sector for consumer credit is families. Here too, the share of total lending has decreased, to 18% (Lit. 2,316.8 bn) at 31/12/00.

The Public Administration recorded an increase in its share which moved from 10.5% to 13.2% of total credits (Lit. 1,707.7 bn). There was little change in the shares represented by other sectors (private social bodies and credits to the rest of the world). Securitised credits referred to above relate to financial institutions which, as a result rose from 5.8% to 7.5%.

With regards to other branches of activity within non-financial and personal businesses, wholesale and retail trade services, salvage and repairs accounts for the largest share of lending

(12.5% of the total; Lit. 1,612.8 bn), albeit down on 13.3% recorded in 1999. The branch which recorded the highest level of growth, in absolute terms, was air and sea-related services which reached Lit. 517.9 bn (+ Lit. 151.1 bn; +41.2%). This branch of the economy now accounts for 4% of total lending, 3.2% at the end of 1999. Agricultural and industrial machinery dropped 20.9% (-Lit. 63 bn) to Lit. 238.7 bn. Lending to the building trade now accounts for less than 10% of the aggregate total. The share represented by the first 5 branches of non-financial and family businesses (wholesale and retail trade, salvage and repairs; sales-related services; sea and air transport services; transport -related services) remained substantially unchanged at 31/12/00 and account for 37.5% of the total. Lending is concentrated in Liguria: 75.9% of total lending. The figure is down on the 77.7% recorded for 1999. This is a result of increased activity outside the Bank's traditional operating area in regions such as Lombardy (2000: 9.6%; 1999: 8.1%), Emilia Romagna (2000: 6.7%; 1999: 6.5%), and Piedmont (2000: 5%; 1999: 5.9%). Credits related to the Bank's branches in Sicily represent 0.9% of the total.

## LOANS TO CUSTOMERS (1) - GEOGRAPHIC DISTRIBUTION

	31/12/00		31/12/99		31/12/98	
	billions	%	billions	%	billions	%
Liguria	9,808.4	75.9%	8,826.7	77.7%	8,219.4	81.6%
Lombardy	1,240.1	9.6%	923.2	8.1%	517.3	5.1%
Emilia Romagna	865.1	6.7%	740.1	6.5%	629.0	6.2%
Piedmont	649.7	5.0%	664.0	5.9%	583.7	5.8%
Sicily	112.6	0.9%	-	-	-	-
Tuscany	60.5	0.5%	65.5	0.6%	51.0	0.5%
Veneto	62.1	0.5%	33.5	0.3%	0.8	-
Sardinia	8.6	0.1%	-	-	-	-
<b>Total Italy</b>	<b>12,807.1</b>	<b>99.2%</b>	<b>11,253.0</b>	<b>99.1%</b>	<b>10,001.2</b>	<b>99.2%</b>
Abroad	98.0	0.8%	97.4	0.9%	77.5	0.8%
<b>Total loans to customers</b>	<b>12,905.1</b>	<b>100.0%</b>	<b>11,350.4</b>	<b>100.0%</b>	<b>10,078.7</b>	<b>100.0%</b>

(1) Balance Sheet (Assets) caption 40 inclusive of expected losses and leasing.

At 31/12/00, the Bank had no major credit lines. The proportion of loans concentrated amongst the first 50 lending exposures rose by nearly 3% when considered singly (26.5%) and when group connections are taken into account (31%).

At the end of the year, Lit. 422 bn in customer loans was covered by options and swap contracts.

**Lending to banks**, including provisions for loan losses, totalled Lit. 1,876.5 bn, an increase of 53.9% over Lit. 1,219 bn recorded at 31/12/99. Expected country-risk associated losses dropped to Lit. 13.1 bn. Excluding lending related to the branches in Sicily, the aggregate totals Lit. 1,604.1 bn (+31.6 %). This rise stems from a three-fold increase in deposits (Lit. 1,259.7 bn; 57.7%) over 1999, and an increase in the lending destined for minimum reserve requirements of 55.5% (Lit. 115.2 bn). Other financing fell 33.9% to Lit. 159.6 bn.

Similarly to amounts owed to banks, there was an increase in euro and EU-area currencies, which account for 88.4% of the total.

At 31/12/00, swaps cover Lit. 77.5 bn in interbank deposits.

The interbank result (the difference between interbank borrowing and lending) at 31/12/00 is Lit. 2,658.6 bn in Banca Carige's favour.

For further details, see sections 1 and 11, part B of the explanatory notes.

The Bank's **securities portfolio** recorded a modest increase (1%) in 2000 to end the year at Lit. 4,981.1 bn.

In particular, the debt securities portfolio underwent changes in composition: reductions in government securities (-20.5%; Lit. 2,706.6 bn) and increases in other bonds of other issuers (+59.5%; Lit. 2,001.1 bn).

Shares, mutual funds and unit trusts decreased by 1.2% over 1999 to Lit. 273.4 bn; their share of the total portfolio remained basically unchanged at 5.5%.

The Bank's investment portfolio, set up in accordance with Consob's communication of 15/2/95, the Bank of Italy's letter of 1/3/95, and the Board of Directors' deliberation of 27/3/95 and subsequent modifications dated 6/12/99, recorded little change over 1999 (2000: Lit. 744.8 bn; 1999: Lit. 747 bn) with no movement from the trading securities to the investment securities portfolio or viceversa, or releases.

The trading securities portfolio (Lit. 4,236.3 bn) is covered by various derivatives for Lit. 951.8 bn.

Losses recorded on the securities portfolio amounted to Lit. 78.6 bn, of which Lit. 25.6 bn relate to debt securities and Lit. 53 bn to equity securities. This represented an increase in comparison to 1999 as a result of the unfavourable conditions on share markets during 2000. These losses are recorded at caption 60 of the Income Statement 'Gains and losses from financial transactions'. Writebacks on securities totalling Lit. 5.9 bn (1999: Lit. 14.9 bn) were also recorded.

The portfolio also presents potential gains and losses relating to investment securities of Lit. 80.1 bn and Lit. 34.5 bn, respectively. Capital gains from the trading securities portfolio are, however, offset by losses on derivatives hedging contracts totalling Lit. 76.9 bn. Hedging contracts also generated gains totalling Lit. 18.9 bn.

At 31/12/00, the notional value of **derivatives contracts** totalled Lit. 6,740.9 bn, 5% down on 1999. Of this total, Lit. 1,079.9 refers to contracts with capital exchange and Lit. 5,661 bn without, for the most part balanced.

The Bank's prudent use of derivatives is demonstrated by the predominance of the balanced contracts referred to above (Lit. 3,256.3 bn; 48.3% of the total) and hedging contracts (Lit. 2,843 bn; 42.2% of the total). Contracts which expose the Bank to exchange and interest rate risk have a notional amount totalling Lit. 641.6 bn, 9.5% of the total.

Swap contracts represent 73.3% of the total used (Lit. 4,943.9 bn; +19.7%), followed by currency options (Lit. 700.9 bn), 10.4% of the total. FRAs amounted to Lit. 58.1 bn at the end of the year and are considerably down on 1999 (-97.7%) as the Bank prefers other derivatives instruments.

Derivatives-related losses of Lit. 7.3 bn and gains of Lit. 4.7 bn were recorded. Gains of Lit. 65.4 bn and losses of Lit. 135.2 bn were not recorded, the latter of which Lit. 20.2 bn relate to hedging contracts on bonds issued and Lit. 76.9 bn on cover for the trading portfolio.

Derivatives contracts are stipulated exclusively with major banks or securities firms so making provisions for counterparty risk unnecessary.

Further details are given in sections 2 and 10, part B and section 3, part C of the explanatory notes.

## DERIVATIVES CONTRACTS (billions of Italian Lire)

Principal (1)	31/12/00	30/9/00	31/12/99	31/12/98	Change %	
					2000	1999
- Forwards (2)	58.1	89.1	2,480.6	4,265.7	- 97.7	- 41.8
- Swaps (3)	4,943.9	4,872.0	4,130.0	2,820.5	19.7	46.4
- Futures	139.5	366.3	126.0	-	10.7	...
- Securities options (4)	85.1	278.9	167.1	-	- 49.1	...
- Interest-rate options	597.6	24.8	21.4	-	...	...
- Exchange rate options	700.9	1,076.5	172.2	41.3	307.0	316.9
- Credit default product	215.8	217.6	-	-	...	...
<b>Total</b>	<b>6,740.9</b>	<b>6,925.2</b>	<b>7,097.3</b>	<b>7,127.5</b>	<b>- 5.0</b>	<b>- 0.4</b>
- <i>with exchange of principal</i>	<b>1,079.9</b>	<b>1,537.2</b>	<b>361.6</b>	<b>41.3</b>	<b>198.6</b>	<b>775.5</b>
- <i>without exchange of principal</i>	<b>5,661.0</b>	<b>5,388.0</b>	<b>6,735.7</b>	<b>7,086.2</b>	<b>- 16.0</b>	<b>- 4.9</b>
- <i>hedging</i>	<b>2,843.0</b>	<b>2,413.5</b>	<b>1,440.8</b>	<b>1,012.4</b>	<b>97.3</b>	<b>42.3</b>
- <i>trading</i>	<b>3,897.9</b>	<b>4,511.7</b>	<b>5,656.5</b>	<b>6,115.1</b>	<b>- 31.1</b>	<b>- 7.5</b>
* <i>balanced contracts (5)</i>	<b>3,256.3</b>	<b>3,472.4</b>	<b>5,142.6</b>	<b>5,360.6</b>	<b>- 36.7</b>	<b>- 4.1</b>
* <i>open-ended contracts (6)</i>	<b>641.6</b>	<b>1,039.3</b>	<b>513.9</b>	<b>754.5</b>	<b>24.8</b>	<b>- 31.9</b>

(1) Principal relative to basis swaps is stated once.

(2) Includes forward rate agreements.

(3) Includes basis swaps, interest rate swaps, overnight indexed swaps and cross currency swaps.

(4) Includes interest rate caps.

(5) Contracts matched by contracts of same characteristics so giving the Bank full cover against interest and exchange-rate risk.

(6) Contracts entailing exposure to interest and exchange-rate risk.

## DERIVATIVES CONTRACTS AT 31/12/2000 (billions of Italian Lire)

Principal (1)	Hedging	Trading		Total	Total
		"balanced contracts" (5)	"open-ended contracts" (6)		
- Forwards (2)	-	38.7	19.4	58.1	<b>58.1</b>
- Swaps (3)	2,100.1	2,510.1	333.7	2,843.8	<b>4,943.9</b>
- Futures	-	-	139.5	139.5	<b>139.5</b>
- Securities options (4)	85.1	-	-	-	<b>85.1</b>
- Index options	538.8	35.6	23.2	58.8	<b>597.6</b>
- Exchange-rate options	-	671.9	29.0	700.9	<b>700.9</b>
- Credit default product	119.0	-	96.8	96.8	<b>215.8</b>
<b>Total</b>	<b>2,843.0</b>	<b>3,256.3</b>	<b>641.6</b>	<b>3,897.9</b>	<b>6,740.9</b>
- <i>with exchange of principal</i>	<b>222.1</b>	<b>671.9</b>	<b>185.9</b>	<b>857.8</b>	<b>1,079.9</b>
- <i>without exchange of principal</i>	<b>2,620.9</b>	<b>2,584.4</b>	<b>455.7</b>	<b>3,040.1</b>	<b>5,661.0</b>

(1) Principal relative to basis swaps is stated once.

(2) Includes forward rate agreements.

(3) Includes basis swaps, interest rate swaps, overnight indexed swaps and cross currency swaps.

(4) Includes interest rate caps.

(5) Contracts matched by contracts of same characteristics so giving the Bank full cover against interest and exchange-rate risk.

(6) Contracts entailing exposure to interest and exchange-rate risk.

## DERIVATIVES CONTRACTS: WRITEDOWNS AND REVALUATIONS *(billions of Italian Lire)*

	Writedowns	Revaluations
1. Trading contracts	2.6	2.9
1.1 Non-quoted trading contracts	2.3	2.9
Forwards	-	0.8
Swaps	1.2	2.1
Options	1.0	-
Derivatives on credits	0.1	-
1.2 Quoted trading contracts	0.3	-
Futures	0.3	-
2. Non-quoted hedging contracts	4.7	1.8
Forwards	-	-
Swaps	4.0	1.0
Options	0.7	0.2
Derivatives on credits	-	1
<b>Total</b>	<b>7.3</b>	<b>4.7</b>

As part of the Bank's continuing efforts to improve its **credit risk levels**, Lit. 566.4 bn in the form of bad loans was securitised in accordance with Law 130/99. The operation was deliberated by the Bank's Board of Directors meeting of 11th September 2000 and is carried out in two phases:

- phase One: in December 2000 a contract for the ceding of a pre-determined bundle of credits at a pre-determined price was signed in addition to agreement regarding the servicing contract between the Bank, which originates, cedes and provides collateral for the loans, and the special purpose vehicle;

- phase Two: within 31/3/2001, the following steps will have been completed: assessment and underwriting of credit risk present in the pool of loans; guaranteeing credit risk; rating assignment for various tranches in bond issue; characteristics of each tranche defined; fixing of interest payable on bond; IPO of bond; payment of price.

The credits originated by the Bank are valued as follows:

total amount loans to be ceded (inclusive of amounts previously written off)	Lit.782,536,464,353
<b>gross amount at December 2000</b>	<b>Lit.566,380,005,126</b>
total revaluations at 31/12/99	Lit.125,794,682,787
<b>net amount at December 2000</b>	<b>Lit.440,585,322,339</b>
price for ceding the loan	Lit.320,000,000,000
<b>loss to be amortised in 5 years (pursuant to article 6, Law 130/99)</b>	<b>Lit.120,585,322,339</b>

The effects of this structured securitised credit operation on the balance sheet have been calculated at a loss of Lit. 120.6 bn, the difference between the net value of credits at December 2000 (Lit. 440.6 bn) and the price paid for the ceding (Lit. 320 bn). The loss benefits from amortisation over five years.

The loss stemming from the operation was accounted for in the following way: one fifth (Lit. 24.1 bn) recorded at caption 120 'Specific allowances for guarantees and commitments'; four fifths (Lit. 96.5 bn) covered by reserves as foreseen by the law; in the case in point, the share premium fund. With reference to the latter amount, advanced taxation of Lit. 38.6 bn was

calculated so bringing the net decrease in the reserve to Lit. 57.9 bn.

Securitisation in this case has reduced gross bad loans by Lit. 566.4 bn (Lit. 440.6 bn net). This has brought about an improvement in the bad loans/total lending ratio from 4.5% prior to the operation to 1.1% after.

Awaiting the securities issue, the corresponding amount - Lit. 320 bn - is recorded at caption 40 'Loans to customers' in the form of a credit extended to Argo Finance One Srl.

As a result of this operation **total risk aggregates** at the end of 2000 amounted to Lit. 679.1 bn, a 43.9% reduction over 1999. During the year, Lit. 252.4 bn was written off, Lit. 120.6 bn of which relates to the securitised credit described above.

## CREDITS AT RISK AND TOTAL ALLOWANCES *( millions of Italian Lire )*

	31/12/00				30/9/00			
	Cash credits	Guarantees and commitments	Leased assets	Total	Cash credits	Guarantees and commitments	Leased assets	Total
Bad loans	300,610	12,815	-	313,425	759,002	12,919	-	771,921
Watchlists	296,598	2,747	-	299,345	367,310	5,758	-	373,068
Country risk	44,288	2,175	-	46,463	42,122	2,059	-	44,181
Rescheduled loans	15,969	-	-	15,969	15,846	-	-	15,846
Bad leased assets	-	-	3,931	3,931	-	-	4,012	4,012
<b>Total credits at risk</b>	<b>657,465</b>	<b>17,737</b>	<b>3,931</b>	<b>679,133</b>	<b>1,184,280</b>	<b>20,736</b>	<b>4,012</b>	<b>1,209,028</b>
<b>Specific allowances</b>	<b>210,586</b>	<b>5,658</b>	<b>907</b>	<b>217,151</b>	<b>343,756</b>	<b>5,578</b>	<b>1,204</b>	<b>217,151</b>
<b>Total allowances</b>	<b>220,586</b>	<b>5,658</b>	<b>907</b>	<b>227,151</b>	<b>348,756</b>	<b>5,578</b>	<b>1,204</b>	<b>355,538</b>
- Specific allowances for loan losses	210,586	-	-	210,586	343,756	-	-	343,756
- Specific allowances for guarantees and commitments	-	5,658	-	5,658	-	5,578	-	5,578
- Specific allowances for leased assets	-	-	907	907	-	-	1,204	1,204
- General allowances for loan losses	10,000	-	-	10,000	5,000	-	-	5,000

	31/12/99				31/12/98			
	Cash credits	Guarantees and commitments	Leased assets	Total	Cash credits	Guarantees and commitments	Leased assets	Total
Bad loans	746,272	13,557	-	759,829	763,866	14,967	-	778,833
Watchlists	359,963	3,814	-	363,777	433,637	9,522	-	443,159
Country risk	56,418	3,235	-	59,653	55,129	2,868	-	57,997
Rescheduled loans	22,491	-	-	22,491	19,521	-	-	19,521
Bad leased assets	-	-	4,686	4,686	-	-	5,562	5,562
<b>Total credits at risk</b>	<b>1,185,144</b>	<b>20,606</b>	<b>4,686</b>	<b>1,210,436</b>	<b>1,272,153</b>	<b>27,357</b>	<b>5,562</b>	<b>1,305,072</b>
<b>Specific allowances</b>	<b>361,715</b>	<b>5,927</b>	<b>934</b>	<b>368,576</b>	<b>352,765</b>	<b>6,921</b>	<b>1,460</b>	<b>361,146</b>
<b>Total allowances</b>	<b>366,715</b>	<b>5,927</b>	<b>934</b>	<b>373,576</b>	<b>358,765</b>	<b>6,921</b>	<b>1,460</b>	<b>367,146</b>
- Specific allowances for loan losses	361,715	-	-	361,715	352,765	-	-	352,765
- Specific allowances for guarantees and commitments	-	5,927	-	5,927	-	6,921	-	6,921
- Specific allowances for leased assets	-	-	934	934	-	-	1,460	1,460
- General allowances for loan losses	5,000	-	-	5,000	6,000	-	-	6,000

Cash credits at risk amounted to Lit. 657.5 bn at 31/12/00, a fall of 44.5% in comparison to Lit. 1,185.1 bn recorded twelve months previously.

Credit commitments were down 13.9% over 1999 to Lit. 17.7 bn (1999: Lit. 20.6 bn).

Bad lease assets totalled Lit. 3.9 bn, here too down on 31/12/99 (-16.1%).

Related total expected losses fell 41.1% and ended the year at Lit. 217.2 bn. The total represents 32% of the risk aggregate.

Cash credits at risk amounted to Lit. 657.5 bn at 31/12/00, a fall of 44.5% in comparison to Lit. 1,185.1 bn recorded twelve months previously.

Credit commitments were down 13.9% over 1999 to Lit. 17.7 bn (1999: Lit. 20.6 bn).

Bad lease assets totalled Lit. 3.9 bn, here too down on 31/12/99 (-16.1%).

Related total expected losses fell 41.1% and ended the year at Lit. 217.2 bn. The total represents 32% of the risk aggregate.

Expected losses were calculated according to a specific analysis of bad loans, rescheduled loans, implicit credits in bad lease positions, and significant watchlist positions. The remaining watchlists and country risk positions were evaluated according to a presumptive analysis.

During the period, total allowances and write offs for lending risks, net of related revaluations, amounted to Lit. 101 bn.



## CASH CREDITS AT RISK (millions of Italian Lire)

	31/12/00				30/9/00			
	Gross value	Specific allowances	Net book value	%	Gross value	Specific allowances	Net book value	%
	(a)	(b)		(b/a)	(a)	(b)		(b/a)
Bad loans								
- customers	300.610	155.325	145.285	51,7	759.002	285.743	473.259	37,6
Watchlists								
- customers	296.598	38.857	257.741	13,1	367.310	42.459	324.851	11,6
Country risk								
- customers	1.554	466	1.088	30,0	1.610	483	1.127	30,0
- banks	42.734	13.129	29.605	30,7	40.512	12.442	28.070	30,7
Rescheduled loans								
- customers	15.969	2.809	13.160	17,6	15.846	2.629	13.217	16,6
<b>Total cash credits at risk</b>	<b>657.465</b>	<b>210.586</b>	<b>446.879</b>	<b>32,0</b>	<b>1.184.280</b>	<b>343.756</b>	<b>840.524</b>	<b>29,0</b>
- customers	614.731	197.457	417.274	32,1	1.143.768	331.314	812.454	29,0
- banks	42.734	13.129	29.605	30,7	40.512	12.442	28.070	30,7
Performing loans	14.124.154	-	14.124.154	-	12.087.815	-	12.087.815	-
- customers	12.290.351	-	12.290.351	-	11.085.964	-	11.085.964	-
- banks	1.833.803	-	1.833.803	-	1.001.851	-	1.001.851	-
<b>Total loans</b>	<b>14.781.619</b>	<b>210.586</b>	<b>14.571.033</b>	<b>1,4</b>	<b>13.272.095</b>	<b>343.756</b>	<b>12.928.339</b>	<b>2,6</b>
- customers	12.905.082	197.457	12.707.625	1,5	12.229.732	331.314	11.898.418	2,7
- banks	1.876.537	13.129	1.863.408	0,7	1.042.363	12.442	1.029.921	1,2

	31/12/99				31/12/98			
	Gross value	Specific allowances	Net book value	%	Gross value	Specific allowances	Net book value	%
	(a)	(b)		(b/a)	(a)	(b)		(b/a)
Bad loans								
- customers	746.272	290.411	455.861	38,9	763.866	280.607	483.259	36,7
Watchlists								
- customers	359.963	43.105	316.858	12,0	433.637	47.930	385.707	11,1
Country risk								
- customers	1.349	405	944	30,0	1.079	324	755	30,0
- banks	55.069	20.660	34.409	37,5	54.050	19.810	34.240	36,7
Rescheduled loans								
- customers	22.491	7.134	15.357	31,7	19.521	4.094	15.427	21,0
<b>Total cash credits at risk</b>	<b>1.185.144</b>	<b>361.715</b>	<b>823.429</b>	<b>30,5</b>	<b>1.272.153</b>	<b>352.765</b>	<b>919.388</b>	<b>27,7</b>
- customers	1.130.075	341.055	789.020	30,2	1.218.103	332.955	885.148	27,3
- banks	55.069	20.660	34.409	37,5	54.050	19.810	34.240	36,7
Performing loans	11.384.249	-	11.384.249	-	10.472.663	-	10.472.663	-
- customers	10.220.323	-	10.220.323	-	8.860.587	-	8.860.587	-
- banks	1.163.926	-	1.163.926	-	1.612.076	-	1.612.076	-
<b>Total loans</b>	<b>12.569.393</b>	<b>361.715</b>	<b>12.207.678</b>	<b>2,9</b>	<b>11.744.816</b>	<b>352.765</b>	<b>11.392.051</b>	<b>3,0</b>
- customers	11.350.398	341.055	11.009.343	3,0	10.078.690	332.955	9.745.735	3,3
- banks	1.218.995	20.660	1.198.335	1,7	1.666.126	19.810	1.646.316	1,2

Single risk aggregates at 31/12/00 were as follows:

- **bad loans** at the end of the year totalled Lit. 313.4 bn, of which Lit. 300.6 bn was in the form of cash credits and Lit. 12.8 bn in commitments. The securitisation of Lit. 566.4 bn of bad loans meant that this

aggregate was reduced by almost 60%. Cash credits are covered in the following ways: writedowns for 51.7% and provisions equivalent to 39.1% of the value of credit commitments. Overall, the bad loans /gross cash credits ratio referring to customers dropped from 6.6% to 2.3%;

- **watchlists** recorded a 17.7% fall to Lit. 299.3 bn, of which Lit. 44.4 bn relates to cash credits (17.4% down over 1999). Related writedowns (13.1% of the total) amount to Lit. 38.9 bn;
- **country related risk** at 31/12/00 totalled Lit. 46.5 bn, down 22.1% in comparison to the previous year. Cash credits fell 21.5% to Lit. 44.3 bn as a result

of an improvement in the exposure to Russia, which dropped from Lit. 13.8 bn to around Lit. 1 bn. This category has been written down by 30% (credits destined to Russia: 60%) according to the presumptive analysis referred to above.

- **rescheduled loans** also fell during 2000 to Lit. 16 bn (-29%).

## CREDIT COMMITMENTS (*millions of Italian Lire*)

	31/12/00			30/9/00		
	Nominal value (a)	Specific allowances (b)	% (b/a)	Nominal value (a)	Specific allowances (b)	% (b/a)
Bad loans	12,815	5,006	39.1	12,919	4,960	38.4
Watchlists	2,747	-	...	5,758	-	...
Country risk	2,175	652	30.0	2,059	618	30.0
<b>Total guarantees and commitments at risk</b>	<b>17,737</b>	<b>5,658</b>	<b>31.9</b>	<b>20,736</b>	<b>5,578</b>	<b>26.9</b>
Performing guarantees and commitments	2,134,361	-	...	1,923,064	-	...
<b>Total guarantees and commitments</b>	<b>2,152,098</b>	<b>5,658</b>	<b>0.3</b>	<b>1,943,800</b>	<b>5,578</b>	<b>0.3</b>

	31/12/99			31/12/98		
	Nominal value (a)	Specific allowances (b)	% (b/a)	Nominal value (a)	Specific allowances (b)	% (b/a)
Bad loans	13,557	4,957	36.6	14,967	6,061	40.5
Watchlists	3,814	-	...	9,522	-	...
Country risk	3,235	970	30.0	2,868	860	30.0
<b>Total guarantees and commitments at risk</b>	<b>20,606</b>	<b>5,927</b>	<b>28.8</b>	<b>27,357</b>	<b>6,921</b>	<b>25.3</b>
Performing guarantees and commitments	1,807,004	-	...	1,878,058	-	...
<b>Total guarantees and commitments</b>	<b>1,827,610</b>	<b>5,927</b>	<b>0.3</b>	<b>1,905,415</b>	<b>6,921</b>	<b>0.4</b>

Overall, the level of risk in the lending portfolio was calculated at Lit. 101 bn (1999: Lit. 103.2 bn), of which Lit. 15.5 bn relates to written down late-payment interest. The remaining amount, Lit. 85.5 bn, was managed as follows:

- Lit. 80.5 bn in net provisions (caption 120 minus caption 130 of the income

statement), of which Lit. 24.1 bn is related to the securitisation operation referred to previously in this report,

- Lit. 5 bn utilised from reserves for credit risk reserves (caption 90 of the balance sheet).

## ALLOWANCES AND WRITE OFFS AGAINST LENDING RISKS

(millions of Italian Lire)

	31/12/00	31/12/99	31/12/98
<b>PATRIMONIAL AND ECONOMIC ASSETS</b>			
<b>Total credits at risk</b>			
Closing balances	679,133	1,210,436	1,305,072
Year's net change	- 531,303	- 94,636	52,154
Write offs	252,420	95,809	114,093
Year's gross change	- 278,883	1,173	166,247
<b>Reserves for loan losses - Caption 90</b>			
Opening balances	5,000	6,000	-
- provisions (+)	10,000	5,000	6,000
- utilizations (-)	5,000	6,000	-
- other changes (-)	-	-	-
Closing balances	10,000	5,000	6,000
<b>Allowances and write offs</b>			
Allowances (a)	217,151	368,576	361,146
Write offs	252,420	95,809	114,093
Total allowances and write offs (b)	469,571	464,385	475,239
<b>Allowances and write offs of the year (b) - (a) of the previous year</b>			
	<b>100,995</b>	<b>103,239</b>	<b>113,945</b>
<b>COVERING OF ALLOWANCES AND WRITE OFFS OF THE YEAR</b>			
<b>Income statement</b>	<b>80,497</b>	<b>57,769</b>	<b>64,509</b>
Caption 100 - Provision for risk and charges (leasing) (+)	-	-	-
Caption 120 - Provisions (+) (1)	91,652	74,293	89,311
Caption 130 - Recoveries (-) (2)	11,155	16,524	24,802
<b>Withdrawal from income statement</b>	<b>15,525</b>	<b>39,996</b>	<b>49,496</b>
Irrecoverable interest on overdue loans (+)	15,525	39,996	49,496
<b>Income statement of the previous years</b>	<b>4,973</b>	<b>5,474</b>	<b>- 60</b>
Utilization of general allowances for loan losses - caption 90 (+)	5,000	6,000	-
Other changes (-)	27	526	60
<b>Total</b>	<b>100,995</b>	<b>103,239</b>	<b>113,945</b>

(1) Caption 120 for 31/12/00, 31/12/99 and 31/12/98 includes exchange-translation differences, respectively, of Lit.43 million, Lit. 58 million and Lit.31 million stemming from write-downs relative to Nice branch.

(2) Caption 130 excludes, respectively, Lit. 6,819 million, Lit. 7,984 million and Lit. 6,109 million related to the ex-Tax Collection Service and to written off credit collection for 31/12/00, 31/12/99 and 31/12/98.

Bad loans are concentrated amongst non-financial and personal businesses (Lit. 236.2 bn; 78.6% of the total). Families account for 15% of the aggregate at risk (Lit. 45.1 bn), whilst the other sectors present limited levels of risk. The branches of non-financial and family businesses which are most at risk continue to be the building sector, and retail and wholesale trade/salvage and repairs, both of which account for Lit.54.6 bn, 18.2% of the total. In comparison to 1999, there was a 5% reduction in the share represented by families and a 1% increase in the share of manufacturing and production. This change was principally due to

securitisation effected towards the end of the year.

The sector most at risk for the Bank according to the bad loans/lending ratio is non-financial and family businesses (3.1%). The next category is families with a risk index of 1.9%. Other sectors do not present significant levels of risk. The branch of the economy in which credit risk is highest for the Bank continues to be the building trade and public works (4.4%), followed by services to wholesale and retail trade, salvage and repairs (3.4%), and other sales-related services (1.7%).

## BAD LOANS (1) - DISTRIBUTION BY SECTOR

	31/12/00		31/12/99		31/12/98	
	billions	%	billions	%	billions	%
Public Administration	-	-	-	-	-	-
Financial institutions	8,883	3.0%	7,236	1.0%	10,119	1.3%
Non-financial and personal businesses	236,218	78.6%	578,275	77.5%	593,847	77.8%
<i>Agriculture, farming and fishing</i>	5,938	2.0%	17,859	2.3%	15,917	2.1%
<i>Energy products</i>	318	0.1%	2,926	0.4%	617	0.1%
<i>Mineral and ferrous metals and non ferrous</i>	534	0.2%	3,446	0.5%	3,899	0.5%
<i>Mineral and non metallic products</i>	3,790	1.3%	16,088	2.2%	21,308	2.8%
<i>Chemical products</i>	652	0.2%	2,754	0.4%	2,663	0.3%
<i>Metal products</i>	14,240	4.7%	13,981	1.9%	19,675	2.6%
<i>Agricultural and industrial machinery</i>	30,554	10.2%	35,831	4.7%	55,191	7.2%
<i>Office equipment</i>	367	0.1%	1,860	0.2%	1,802	0.2%
<i>Electrical supplies</i>	5,898	2.0%	15,339	2.1%	13,855	1.8%
<i>Means of transport</i>	2,067	0.7%	14,000	1.9%	15,330	2.0%
<i>Food, drink, tobacco</i>	10,854	3.6%	16,394	2.2%	17,500	2.3%
<i>Textiles, leather goods, clothing</i>	9,762	3.2%	9,646	1.3%	8,765	1.1%
<i>Paper, printing and publishing</i>	1,969	0.7%	4,582	0.6%	6,551	0.9%
<i>Rubber and plastic goods</i>	2,856	1.0%	4,405	0.6%	4,632	0.6%
<i>Other industrial products</i>	3,997	1.3%	9,627	1.3%	11,424	1.5%
<i>Building and public works</i>	54,586	18.2%	151,309	20.3%	134,083	17.6%
<i>Wholesale &amp; retail trade, salvage and repairs</i>	54,610	18.2%	151,965	20.4%	155,711	20.4%
<i>Hotel and catering services</i>	8,250	2.7%	32,509	4.4%	29,753	3.9%
<i>Transport services</i>	4,460	1.5%	9,953	1.3%	8,853	1.2%
<i>Air and sea transport-related services</i>	124	0.0%	306	0.0%	503	0.1%
<i>Transport-related services</i>	1,769	0.6%	2,074	0.3%	2,792	0.4%
<i>Communications-related services</i>	391	0.1%	3,199	0.4%	3,092	0.4%
<i>Sales-related services</i>	18,232	6.0%	58,222	7.8%	59,931	7.8%
Private social bodies	248	0.1%	173	0.0%	177	0.0%
Families	45,114	15.0%	152,349	20.4%	153,044	20.0%
<b>Total residents</b>	<b>290,463</b>	<b>96.7%</b>	<b>738,033</b>	<b>98.9%</b>	<b>757,187</b>	<b>99.1%</b>
Rest of the world	10,147	3.3%	8,239	1.1%	6,679	0.9%
<b>Total</b>	<b>300,610</b>	<b>100.0%</b>	<b>746,272</b>	<b>100.0%</b>	<b>763,866</b>	<b>100.0%</b>

(1) Inclusive of expected losses.

	31/12/99	31/12/99	31/12/98
Public Administration	-	-	-
Financial institutions	0.9%	1.1%	1.8%
Non-financial and personal businesses	3.1%	8.2%	9.2%
- including (2):			
<i>Wholesale &amp; retail trade, salvage and repairs</i>	3.4%	10.1%	11.0%
<i>Building and public works</i>	4.4%	12.3%	11.1%
<i>Sales-related services</i>	1.7%	6.0%	7.6%
<i>Air and sea transport-related services</i>	-	0.1%	0.2%
<i>Transport-related services</i>	0.5%	9.4%	0.9%
Private social bodies	0.6%	0.6%	0.7%
Families	1.9%	7.1%	8.3%
<b>Total residents</b>	<b>2.3%</b>	<b>6.7%</b>	<b>7.6%</b>
Rest of the world	3.6%	2.8%	4.4%
<b>Total</b>	<b>2.3%</b>	<b>6.6%</b>	<b>7.6%</b>

(1) Inclusive of expected losses.

(2) Principal branches of the economy in terms of overall credit exposure.

## BAD LOANS (1) - GEOGRAPHIC DISTRIBUTION

	31/12/00		31/12/99		31/12/98	
	billions	%	billions	%	billions	%
Liguria	167,333	55.7%	596,908	80.0%	639,715	83.7%
Piedmont	50,664	16.9%	48,706	6.5%	44,606	5.8%
Emilia Romagna	37,494	12.5%	58,269	7.8%	40,263	5.3%
Lombardy	23,234	7.7%	25,148	3.4%	26,473	3.5%
Sicily	6,859	2.3%	-	-	-	-
Tuscany	5,514	1.8%	8,926	1.2%	6,084	0.8%
Veneto	728	0.2%	-	-	-	-
Sardinia	-	-	-	-	-	-
<b>Total Italy</b>	<b>291,826</b>	<b>97.1%</b>	<b>737,957</b>	<b>98.9%</b>	<b>757,141</b>	<b>99.1%</b>
Abroad	8,784	2.9%	8,315	1.1%	6,725	0.9%
<b>Total</b>	<b>300,610</b>	<b>100.0%</b>	<b>746,272</b>	<b>100.0%</b>	<b>763,866</b>	<b>100.0%</b>

(1) Inclusive of expected losses.

The securitisation of some bad loans has also had a significant effect on their geographic distribution. In particular, Liguria continues to dominate but the figure for 2000 is considerably lower than the previous year's (2000: 55.7% of total; 1999: 80%). Outside

Liguria, Piedmont accounts for 16.9%, Emilia Romagna 12.5%, and Lombardy 7.7%.

## BAD LOANS / LENDING RATIO (1) - GEOGRAPHIC DISTRIBUTION

	31/12/00	31/12/99	31/12/98
Liguria	1.7%	6.8%	7.8%
Piedmont	7.8%	7.3%	7.6%
Emilia Romagna	4.3%	7.9%	6.4%
Lombardy	1.9%	2.7%	5.1%
Sicily	6.1%	-	-
Tuscany	9.1%	13.6%	11.9%
Veneto	1.2%	-	-
Sardinia	-	-	-
<b>Total Italy</b>	<b>2.3%</b>	<b>6.6%</b>	<b>7.6%</b>
Abroad	9.0%	8.5%	8.7%
<b>Total</b>	<b>2.3%</b>	<b>6.6%</b>	<b>7.6%</b>

(1) Inclusive of expected losses.

During the year, Banca Carige continued to push forward its strategic aims of developing activities from the traditional universal banking model to that of a net bank. The internet banking service 'Carige on line' was launched in September and gives customers access to a full range of current account (statements, deposits, payments) and securities trading activities around the clock from any web-access point.

In the last few years the number of customers and transactions have both continuously increased: in December the average number of customers utilising the Bank's services totalled 1,101; in the same month there were 13,254 accounting transactions corresponding to around Lit. 100 bn; still in December, the number of management/information transactions totalled more than 200,000. At 31/12/00, 11,679 contracts between customers and the Bank had been stipulated.

In the field of **assets under management** (mutual funds, securities and fund management, bancassurance products), the ties between Banca Carige and Eptafund were strengthened in the form of the distribution of 8 new funds and 3 fund funds. The Bank now offers its customers 27 products of the Epta line. In particular, there are three funds created exclusively for Banca Carige, for which the Bank is also depositary: Epta Carige Equity, Epta Carige Bond and Epta Carige Cash.

During the second half of the year the Epta Multifondo - a fund fund - was distributed. The fund is designed to meet differing risk appetites and is available in three forms. It also offers the possibility of investing in other funds or unit trusts.

The offer of funds managed by Intesa Asset Management also increased bringing the total of funds and unit trusts sold by the Bank up to 32.

Within savings under management, **bancassurance** continued to grow strongly, confirming the strategic importance of co-operation with our insurance subsidiaries, Carige Vita Nuova and Levante Norditalia. The total of premiums collected in 2000 was 49.5% up over the previous year. In order to satisfy increasingly sophisticated customer needs whilst at the same strengthening fidelity, particular attention was given to life assurance business.

The encouraging results obtained during the year in the life segment (50.5% increase in premiums in comparison to 1999) derived from awareness at the point of sale of increased demand for life products also as a result of changes in the taxation of life policies, and the success of the unit linked 'Gestilink' product, which has almost completely replaced other traditional policies to become the product leader in this field (75.2% of total premiums). 'Gestilink' was launched in October 1999 and since then has generated total premiums of Lit. 235.8 bn. A further Lit. 120 bn of premiums transferred to 'Gestilink' from insured savings policies 'Risparmio Assicurato' brings total funds under management to Lit. 355.8 bn.

Accident insurance continues a marginal role albeit recording an increase for the year of 9.6% to bring total premiums to Lit. 5.4 bn.

The Carige Open Pension Fund, set up in accordance with the provisions of Legislative decree 124/93 and successive modifications and additions, closed the year with 2,933 fund members (1999: 886) and total funds of Lit. 5.6 bn (1999: Lit. 0.8 bn).

The Bank's **payment systems** - 'Bancomat' cash cards, POS terminals, credit and debit cards, home and phone banking developed considerably during the year.

The number of 'Bancomat' cash points rose from 284 to 314; the number of transactions carried out increased from 6.6 million to 7 million (+7%) handling Lit. 2,317 bn (+14.9%). The average number of transactions per ATM was around 23,000. There were more than 190,000 'Bancomat' cards in circulation, almost all of which belonging to international payments circuits. The number was 4.6% up on the previous year and each card was used for an average of 35 withdrawals.

The POS terminal network grew significantly in 2000: from 5,827 to 6,801 (+16.7%) with a subsequent rise in the number of transactions (2,008,957; +18.6%), and underlying amounts (Lit. 277.5 bn; +12.3%). There was an encouraging increase in the use of Carige cards on POS terminals of other banks, both in terms of transactions (2,165,348; +35.7%) and amounts (Lit. 290.4 bn; +28.8%).

**BANCASSURANCE (1)** (millions of Italian Lire)

	31/12/00	31/12/99	31/12/98	Change %	
				2000	1999
<b>Total</b>	<b>313,757</b>	<b>209,805</b>	<b>152,049</b>	<b>49.5</b>	<b>38.0</b>
Life	308,333	204,858	147,900	50.5	38.5
- Gestilink	235,807	18,751	(2)	...	...
- Risparmio assicurato	66,211	178,357	139,848	-62.9	27.5
- Vita assicurata	3,771	4,758	4,753	-20.7	0.1
- Previdenza attiva	2,021	2,481	2,810	-18.5	-11.7
- Mutuo assicurato	523	511	489	2.3	4.5
Accident	5,424	4,947	4,149	9.6	19.2
- Correntista sicuro	2,100	2,144	2,162	-2.1	-0.8
- Auto assicurata	1,762	1,365	745	29.1	83.2
- Casa assicurata	1,154	995	763	16.0	30.4
- C/c assicurato	408	443	479	-7.9	-7.5

*(1) Premiums received**(2) Not available to customers*

The number of credit cards in circulation rose by 9.7% to 88,921. Cards belonging to the 'CartaSi' circuit increased in number by 9.2% (65,637), and the number of motorway toll cards - 'Viacard' - was up by 10.8% to 23,284.

The Bank's **marketing activities** focused on each segment of the customer portfolio, with particular attention given to private customers.

Customer profiles were prepared on the basis of an analysis of behaviour and product segments in order to assign the right products to the right customers.

This includes the re-styling of the current account destined to young customers, linked to the offer of zero interest financing for the purchase of personal computers. The product also includes competition with prizes.

A series of marketing campaigns under the 'CarigePiù' brand were launched targeting customers outside Liguria. The aim here is, through the cross selling of various products, to satisfy existing customers and attract new income sources. In order to widen the distribution of Carige's services and products, the Bank signed co-operation agreements with 315 estate agents in order to provide their clients with a full and professionally qualified service which encourages the use of Carige mortgage and finance solutions for the purchase of a house.

Incentives for using the Carige 'pagobancomat' card in purchases continued to receive considerable support from customers during the year.

To help customers come into contact with new technology and the internet in particular, a series of initiatives was launched during the year which included the installation of internet corners offering personalised assistance to customers, a free guide to surfing the net for Carige Online subscribers, an interest-free loan of Lit. 3 million for the purchase of a personal computer, and several co-marketing agreements with computer companies offering particularly attractive savings for Carige customers. Support for the branch network took the form of marketing initiatives tailored for specific customer and market segments. Particular attention was given to customers outside the Bank's traditional operating area in the form of direct marketing both for existing and potential customers.

The opening of new branches was complemented by research in order to understand the local market and identify and satisfy the needs of potential customers.

In order to extend and co-ordinate the activities of our bank subsidiaries, integration of product, business policy and pricing was carried out along with the strengthening and extension of alternative channels of distribution.

The Bank never loses sight of the crucial role customer satisfaction plays for its success and we are always striving to improve dialogue and speed up response times to problem areas.

Carige's **foreign business** (correspondent banking, etc.) grew significantly in 2000 with a 33.6% increase in activity and a 37.4% rise in payment orders also as a result of the closer working ties with our strategic partner, WestLB.

There was a fall both in the number and volume of **financing granted against pledged goods**. The total number ended the year at 30,767 in comparison with 34,887 at 31/12/99; total funds distributed amounted to Lit. 19.9 bn against Lit. 21.9 bn at the end of 1999 (-13.9%). These negative variations regard the principal item pledged, jewellery.

**Treasury services** managed by the Bank totalled 591 in December 2000. Total funds handled slipped 8% to Lit. 21,617 bn, average exposures rose 31.8% to Lit. 58 bn, and average cash resources were up 24.6% to Lit. 263 bn.

The number of **customer contracts** amounted to around 510,000, of which 87% (443,000 contracts) relates to deposits (current accounts, savings and deposit accounts, certificates of deposit) and 13% to lending (67,000 contracts).

The Bank continues its commitment to the **protection of customer-related information** as foreseen by current legislation, in particular Law 675/96 ('Privacy Law').

During 2000, the Bank modified its accounting practices for the calculation of lending and borrowing interest in the light of the deliberation of the Inter-ministerial Committee for Credit and Savings of 22nd April 2000. The Committee decision requires banks to apply the same period of interest capitalisation for both lending and borrowing interest. Subsequently, Banca Carige adopted quarterly capitalisation for all categories of current accounts from the third quarter onwards.

## PUBLIC RELATIONS AND THE PROMOTION OF CULTURAL, SCIENTIFIC AND SOCIAL ACTIVITIES

Throughout the year, the Bank increased its commitment to activities which bring a wide range of benefits to the communities in which it operates, activities which at the same time help to extend and consolidate its reputation.

The promotion of the arts in the widest sense has always been of special importance to Banca Carige both as a regional bank with historically strong ties to its operating area, and in its presence in new markets.

The headline events during the year include Carige's presence in publishing with the two volumes dedicated to art in Liguria, 'Painting and Decoration in Genoa and Liguria in the 18th Century' and 'Liguria, a world in a region'. These superior quality publications complement the Bank's well-established quarterly magazine, 'La Casana', which included a special edition dedicated to Archbishop Tommaso Reggio in the year of his beatification.

The well-established literary prize for women writers 'Rapallo-Carige' obtained widespread attention in its 16th edition.

The list of other cultural events promoted by Carige include the theatre, exhibitions, music and local culture in general.

To promote and consolidate the reputation of the Bank outside Liguria various activities were organised often in parallel with the opening of new branches. Banca Carige's increased presence in Sardinia was marked by a special edition of "La Casana" dedicated to the island, its economic, social and cultural life.

Other activities included the collaboration of various trade associations and the sponsoring of sporting events aimed at young people.

The promotion of Banca Carige's products and services included innovative marketing campaigns and competitions.

The Bank's commitment to research in economics and finance continued with several conferences organised by the Finance Area and Research and Planning office. Well-established specialist publications in collaboration with the University of Genoa include 'Economia e Diritto del Terziario' and 'Prospettive dell'Economia'.

The Carige website was regularly updated during the year and offers visitors interactive opportunities to find out more about all aspects of the Bank: its history, its ambitions, strategy, services and products.

Communication is essential also inside the organisation and the twice-monthly staff newspaper 'Carige Notizie' was upgraded both in terms of content and design. Press releases concerning the Bank are now also available electronically.



## RESOURCE MANAGEMENT

The Banca Carige branch network is made up by 283 branches, of which 202 (71.4%) in Liguria, 19 in Piedmont, 16 in Emilia, 15 in Lombardy, 5 in Sardinia, 2 in Tuscany, 2 in Veneto, and 21 in Sicily. The presence in Sicily is the result of the acquisition in December 2000 of a part of Banco di Sicilia's retail network on the island. Consequently, the network increased by 29 outlets in 2000. Excluding Sicily, the network size rose by 8

branches after the opening of 10 and the closure of 2. The number of fully automated 'Bancacontinua' outlets remained unchanged at 13. The Bank also has a branch in Nice, in the south of France, and 8 representative offices abroad.

The number of ATM -'Bancomat' service tills increased by 30, bringing the total at the end of the year to 314; POS terminals recorded strong levels of growth from 5,827 at the end of 1999 to 6,801.

### BRANCH NETWORK

A) BRANCHES	31/12/00		30/9/00		31/12/99		31/12/98	
	number	Q%	number	Q%	number	Q%	number	Q%
<b>NORTH-WEST ITALY</b>	<b>236</b>	<b>83,4</b>	<b>234</b>	<b>90,7</b>	<b>232</b>	<b>91,3</b>	<b>227</b>	<b>93,0</b>
Liguria	202	71,4	201	77,9	201	79,1	202	82,8
- Genoa	134	47,3	133	51,6	132	52,0	133	54,5
- Imperia	27	9,5	27	10,5	28	11,0	28	11,5
- La Spezia	19	6,7	19	7,4	19	7,5	19	7,8
- Savona	22	7,8	22	8,5	22	8,7	22	9,0
Piedmont	19	6,7	19	7,4	18	7,1	17	7,0
Lombardy	15	5,3	14	5,4	13	5,1	8	3,3
<b>NORTH-EAST ITALY</b>	<b>18</b>	<b>6,4</b>	<b>18</b>	<b>7,0</b>	<b>17</b>	<b>6,7</b>	<b>14</b>	<b>5,7</b>
Veneto	2	0,7	2	0,8	2	0,8	1	0,4
Emilia Romagna	16	5,7	16	6,2	15	5,9	13	5,3
<b>CENTRAL ITALY</b>	<b>2</b>	<b>0,7</b>	<b>2</b>	<b>0,8</b>	<b>2</b>	<b>0,8</b>	<b>2</b>	<b>0,8</b>
Tuscany	2	0,7	2	0,8	2	0,8	2	0,8
<b>SOUTH ITALY AND ISLANDS</b>	<b>26</b>	<b>9,1</b>	<b>3</b>	<b>1,2</b>	<b>2</b>	<b>0,8</b>	<b>0</b>	<b>0,0</b>
Sicily	21	7,4	0	0,0	0	0,0	0	0,0
Sardinia	5	1,8	3	1,2	2	0,8	0	0,0
<b>BRANCHES ABROAD: Nice (France)</b>	<b>1</b>	<b>0,4</b>	<b>1</b>	<b>0,4</b>	<b>1</b>	<b>0,4</b>	<b>1</b>	<b>0,4</b>
<b>TOTAL</b>	<b>283</b>	<b>100,0</b>	<b>258</b>	<b>100,0</b>	<b>254</b>	<b>100,0</b>	<b>244</b>	<b>100,0</b>
<b>B) OTHER CHANNELS</b>	31/12/00		30/9/00		31/12/99		31/12/98	
ATM - Bancomat	314		302		284		272	
Bancacontinua (self service)	13		13		13		13	
POS	6.801		6.370		5.827		4.739	
Home banking (contracts)	6.170		5.317		5.317		3.055	
Phone banking (clients)	11.569		11.387		10.758		10.284	
E-banking	11.679		-		-		-	

The development of electronic channels for the carrying out of high frequency and low added value transactions is part of the Bank's commitment of a multi-channel distribution system. One such channel is in the form of personal financial advisers assigned to high net worth customers. During the year the segmentation of corporate clients began and here too specialised advisers will follow the requirements of large and medium-sized businesses.

E-banking continued its advances with the launch of Carige On Line.

The balance between innovative and traditional channels of supply depends on the identification

and subsequent differentiation of customer targets. From the organisational perspective, the model stimulates co-operation and not competition between channels with the Bank keeping possession of the customer relationship by way of clear leadership and an integrated information system. The aim is to highlight the centrality of the customer whilst co-ordinating and reconciling, at the same time, the different economic interests of all channels involved.

Through multi-channel distribution, synergies are obtained and more detailed knowledge concerning the customer is gathered, which can be used within the framework of advanced customer relationship

management, so creating fidelity and satisfying needs.

With these points in mind, the substitution of channels aims at the transferring of low added value transactions, whilst the complementary potential of multi-channel distribution seeks to expand cross selling opportunities.

Integration between channels means that the relationship between channels needs to be managed, particularly in the field of pricing where a review of pricing policy is essential.

Remote channels open up considerable opportunities to access an increasing number of new customers. To take advantage of this, existing trading on line channels will be supported by SMS and WAP access technologies.

The Bank foresees changes in its remote banking channels: phone banking, home banking and corporate banking. The first is destined to be replaced by a call centre platform offering greater operational possibilities; home banking will continue within the confines of the internet; corporate banking will gradually be replaced in the light of its distinct nature which is not fully compatible with web banking (data entry and off line trading).

Banca Carige's e-banking activities grew during the year both in terms of customers and transactions (cash movements and information).

Since its launch in July, the number of Carige On Line customers has continually increased moving from a daily average of 163 transactions to 1,358 in January 2001.

The number of transactions has also risen both in number and underlying amounts. Monthly information transactions moved from 22,894 in July to 349,663 in January; cash movements rose in number in the same period from 1,782 to 18,257, with an underlying amount of Lit. 136 bn being handled in January.

The majority of cash movement transactions relate to on line trading (accounting for more than 90% of transactions throughout the period), which increased the number of transactions from 1,436 in July to 13,525 in January 2001 (Lit. 128 bn).

At 31/12/00, the number of Banca Carige **employees** totalled 3,080, down on 1999's total of 3,092. In detail, the total is made up by 21 senior executives, 241 managers, and 2,818 clerical and ancillary staff. Women account for 1,435 of the total.

This total does not include 84 employees of the branches in Sicily, who became to all effects Banca Carige employees on 1/1/01.

During the year, 87 new members of staff were taken on whilst at the same time incentives continued for those members of staff eligible for retirement. Vacancies in new operating areas were filled both in terms of younger staff and personnel with branch management experience.

At the end of the year, 67.5% of staff was allocated to market activities, the average age was around 42 with 17 years of service.

Training focused on providing staff with professional knowledge especially in the field of information technology, with the launch during the year of new procedures relating to customer records and mutual funds.

Courses were also organised for Bank employees and agents of the insurance subsidiaries in order to prepare them to qualify for the financial advisers certificate as well as widening their knowledge of the Bank's services and products.

The Bank's employees received 19,002 days of training distributed amongst 10,984 participants.

The Bank wishes to express its condolences to the families and friends of those members of staff in service or in retirement who passed away during the year.

## PERSONNEL

	31/12/2000(1)		30/09/00		31/12/99		31/12/98	
	N.	%	N.	%	N.	%	N.	%
<b>Grade</b>								
Managers	21	0.7	21.0	0.7	26	0.8	26	0.9
Officials	241	7.8	240.0	7.8	235	7.6	255	8.3
Other employees	2,818	91.5	2,824.0	91.5	2,831	91.6	2,769	90.8
<b>TOTAL</b>	<b>3,080</b>	<b>100.0</b>	<b>3,085</b>	<b>100.0</b>	<b>3,092</b>	<b>100.0</b>	<b>3,050</b>	<b>100.0</b>
<b>Activities</b>								
Head-offices	1,001	32.5	1,014.0	32.9	1,002	32.4	1,087	35.6
Branches	2,079	67.5	2,071.0	67.1	2,090	67.6	1,963	64.4

### THE YEAR 2000 AND THE EURO

The introduction on 1/1/99 of the single European currency, albeit as a virtual currency until the elimination of single members' currencies in 2002 was a watershed in European banking. Thanks to the nature of banking activity and the direct involvement with other financial operators and customers, retail, private and corporate, banks are critically affected by the euro.

In preparation for the new currency, Carige's ITC systems were fully reviewed and modified over a period of several years.

This meant that the changeover to the year 2000 was substantially problem free, with the considerable cost savings this achieved.

The introduction of the euro has been addressed by the Bank by means of a two-phase action plan. Phase one (1/1/99 - 31/12/01) handles the transition period leading up to the launch of the new currency by means of a review of the Bank's information technology system and replacement of software where necessary. The second phase will handle the introduction of the euro as legal tender when it replaces in practical terms local currencies on 1st January 2002.

The investments made to complete the transition were estimated in the order of Lit. 21.5 bn for the period 1998-2002, of which Lit. 11.3 bn was spent in 1998 and Lit. 4 bn in 1999. During 2000, further investments of Lit. 0.5 bn were made for software; staff-related costs amounted to Lit. 0.5 bn. The transition to 2000 was achieved without procedural problems or damage to data-banks. During the year, Lit. 0.8 bn in costs was recorded.

### INVESTMENTS

**Tangible assets** at 31/12/00 totalled Lit. 1,014.3 bn, an increase of 12.5% in comparison to Lit. 901.5 bn recorded at the end of 1999. This total is net of depreciation amounting to Lit. 516.8 bn and includes revaluations carried out in accordance with Laws 576/75, 72/83, 218/90 and 413/91, which refer exclusively to property and total Lit. 367 bn. Remaining sums include advances for investments in progress of Lit. 73.8 bn, of which Lit. 0.5 bn refers to premises, Lit. 1.4 bn to furniture and fittings, and Lit. 71.9 bn to leased assets.

The rise in this aggregate is due exclusively to increased leasing activity, which were up from Lit. 425.8 bn in 1999 to Lit. 541.6 bn (+27.2 %) as a result of purchases totalling Lit. 224.4 bn, releases of Lit. 32 bn, and amortisation for Lit. 76.6 bn.

Other forms of tangible assets all recorded falls during the year: premises dropped from Lit. 443.2 bn to Lit. 439.3 bn (-0.9%) as a result of sales totalling Lit. 2.8 bn (1999: Lit. 3.7 bn), and amortisation of Lit. 8 bn (the same amount in the previous year). Furniture and fittings increased from Lit. 32.5 bn to Lit. 33.4 bn, due to purchases of Lit. 11.9 bn (1999: Lit. 10.1 bn) and sales of Lit. 561 million.

Further details are given in section 4.1, part B of the explanatory notes.

**Intangible assets** recorded a strong increase over 1999 to move from Lit. 57.1 bn to Lit. 165.1 bn. This total is after depreciation charges of Lit. 109.9 bn. Goodwill is the dominant item (Lit. 123.2 bn) and rose by almost Lit. 110 bn as a result of the acquisition of 21 branches from the

Banco di Sicilia. Installation charges dropped 32.2% from Lit. 13 bn to 8.8 bn whilst software expenditure increased from Lit. 15.8 bn to Lit. 20.5 bn. Remaining items fell from Lit. 14.8 bn to Lit. 12.6 bn (-14.7%) as a result of purchases (Lit. 5.7 bn) and amortisation (Lit. 7.8 bn).

Further details are given in section 4.2, part B of the explanatory notes.

The total of the Bank's **equity investments** amounted to Lit. 1,191 bn (excluding investment securities), a rise of 12.4% in comparison to 1999. Significant holdings reached Lit. 1,129.1 bn (1999: Lit. 1,002 bn) whilst other holdings rose from Lit. 57.2 bn to Lit. 61.9 bn. These amounts include tax-deferred revaluations (Law 218/90) of Lit. 10.6 bn, of which Lit. 7.3 bn refers to significant holdings, and net of tax-deferred capital losses (Law 218/90) of Lit. 1.3 bn, referring entirely to significant holdings.

Increases for the year, totalling Lit. 131.7 bn, refer almost exclusively to the acquisition of a further 40% holding in Carige Vita Nuova SpA for an investment of Lit. 117 bn. Subscription to the share capital increase of the subsidiary Columbus Carige Immobiliare SpA amounted to an outlay of Lit. 10 bn.

Sales for the period totalled Lit. 17.8 bn and refer to holdings outside the Group. The principal release was in the Bank's holding in ICCRI Banca Federale Europea SpA (Lit. 8.9 bn) and Finmeccanica SpA (Lit. 7.9 bn).

Writedowns recorded for 2000 amounted to Lit. 1.7 bn and refer almost completely to IMMOCRI SpA. Recoveries were not recorded.

**Equity investments within the Group** increased from Lit. 527.7 bn to Lit. 1,086.3 bn. The following companies belong to the Banca Carige Group:

- Levante Norditalia Assicurazioni e Riassicurazioni SpA and Carige Vita Nuova SpA are insurance companies;
- Banca del Monte di Lucca SpA and Cassa di Risparmio di Savona SpA are banks, the latter was officially incorporated during the year;

- Centro Fiduciario SpA is a trust company;
- Galeazzo Srl, Columbus Carige Immobiliare SpA and Ettore Vernazza SpA offer property-related services.

Ligure Leasing SpA, a finance company, and Carisa Immobiliare Srl, operating in real estate, are members of the Banca Carige Group but are not included under Group holdings as they are controlled by the subsidiary, Cassa di Risparmio di Savona SpA.

Rationalisation of the Group's insurance activities continued during the year with the aim of increasing synergies between Banca Carige and its insurance subsidiaries. The acquisition of a further 40% by the Bank in Carige Vita Nuova SpA brings the total holding to 92.8%. The purchase, carried out at a price in line with current market value, allows for the development of the Group's strategic objectives in the field of bancassurance.

The value of holdings within the Group include tax-deferred capital gains (Law 218/90) of Lit. 6.3 bn.

The book value of holdings outside the Group dropped from Lit. 531.5 bn in 1999 to Lit. 104.6 bn (-80.3%), mainly as a result of the incorporation of Cassa di Risparmio di Savona SpA into the Banca Carige Group. Incorporation became effective on receiving Consob approval during the year.

In line with Consob recommendation no. 97001574 of 20/2/97, all intra-subsiary and associated company relations are regulated by market conditions.

In particular, credit and debit positions with those companies in which Banca Carige has a holding totalled Lit. 533.3 bn and Lit. 995.4 bn, respectively. Guarantees and commitments amounted to Lit. 427 bn.

Details of Banca Carige's holdings in subsidiaries and associated companies are given in the table below. Further information regarding the composition of these holdings and changes made during the year can be found in section 3, part B of the explanatory notes.

## EQUITY INVESTMENTS *(millions of Italian Lire)*

	31/12/00				
	Assets	Liabilities	Guarantees & Commitments	Revenue	Expenses
<b>SUBSIDIARIES</b>	<b>87,227</b>	<b>493,600</b>	<b>11,060</b>	<b>14,432</b>	<b>18,632</b>
Galeazzo Srl	-	5,693	-	14	189
Columbus Carige Immobiliare SpA	24,719	-	-	1,579	2,391
Immobiliare Ettore Vernazza SpA	-	2,691	-	1,225	51
Centro Fiduciario SpA	596	1,571	-	648	765
Banca del Monte di Lucca SpA	47,885	1,131	3,000	2,154	1,091
Carige Vita Nuova SpA	-	38,656	-	2,423	361
Levante Norditalia Assicurazioni SpA	-	150,417	8,060	1,983	997
Cassa di Risparmio di Savona SpA	14,027	293,441	-	4,406	12,787
<b>SIGNIFICANT HOLDINGS</b>	<b>145,311</b>	<b>283</b>	<b>7,448</b>	<b>12,139</b>	<b>35</b>
Frankfurter Bankgesellschaft AG	145,311	282	7,448	6,307	35
Eptaconsors SpA	-	1	-	5,832	-
<b>TOTAL</b>	<b>232,538</b>	<b>493,883</b>	<b>18,508</b>	<b>26,571</b>	<b>18,667</b>

### SHARE OWNERSHIP STRUCTURE AND THE RELATION WITH THE CASSA DI RISPARMIO DI GENOVA E IMPERIA FOUNDATION

The Bank's wholly paid-up share capital at 31/12/00 was Lit. 1,970.2 bn composed by 197,017,340 shares with a nominal value of Lit. 10,000 each. There were no changes in share capital during the year.

The share ownership structure was also unchanged during 2000: the Foundation's holding stayed at 58.7%. Other significant holdings include: CNCEP (Caisse Nationale des Caisses d'Epargne et de Prévoyance) at 5.7%; La Basilese insurance group at 5.1%; WestLB at 5%; CDC (Caisse des Dépôts et Consignations) at 3.8%; Caja de Ahorros de Sevilla y Huelva at 1.5%.

Borrowing activities with the Foundation totalled Lit. 101.5 bn with related interest expenses of Lit. 5.2 bn. Revenues from the Foundation amounted to Lit. 1.7 bn and refer principally to Carige staff transferred to the Foundation and service charges relating to administrative, accounting and tax duties performed during the year.

Further details are given at section 8, part B of the explanatory notes.

### CARIGE SHARES

The Italian share market was marked by significant volatility during the year. After a good start in the first quarter, the automated MIBtel index dropped during the course of the year. However, it ended the year 4.65% up over the end of the previous year at 30,323 points.

Carige's share price, in its sixth year of listing on the official Milan share market, started the year well moving from its lowest point in January at Lit. 16,485 (6/1/00) to its highest level several weeks later (24/1/00) of Lit. 19,746. For most of the year it remained stable between Lit. 18,000 and Lit. 19,000, slipping to Lit. 17,719 on the last trading day of the year. The official average price for the year was Lit. 18,312.

The share's rise in value for the year was 4.7%, in line with shares overall (Milan index averaging at 4.6%) and the previous year's performance (1999: +4.6%).

The number of shares bought and sold by the Bank was, respectively, 2,044,750 (for a nominal value of Lit. 20.4 bn) and 731,500 (for a nominal value of Lit. 7.3 bn). The total number of shares bought and sold was equivalent to 1.4% of the Bank's share capital.

At the end of the year, Banca Carige held 1,915,750 of its own shares at a value of Lit. 34.1 bn (1999: 602,500 shares for Lit. 9.8 bn).

Further details are given at section 8, part B of the explanatory notes.

## CARIGE SHARE PERFORMANCE OVER TWELVE MONTHS

					Change %		
	31/12/00	30/9/00	30/6/00	30/12/99	year	1st half	2nd half
CARIGE	17,719	18,120	18,356	16,921	4.72	8.48	-3.47
Milan general share index	30,323	31,323	31,704	28,976	4.65	9.41	-4.36
Milan banking index	3,444	3,560	3,328	3,024	13.89	10.05	3.49

The table below provides information as required by Consob (article 79, ruling 11971 of 14/5/99 enacting Legislative decree 58/98) concerning the shareholdings in a company and/or its subsidiaries on the part of the company's officers (board

members, statutory auditors, general managers) or their relatives (spouses and/or children under the age of 18) or held indirectly through fiduciaries or intermediaries.

## SHAREHOLDINGS OF BOARD MEMBERS, STATUTORY AUDITORS AND GENERAL MANAGER (1)

Name and Surname	Company represented	Number of shares in possession 31/12/99	Number of shares bought	Number of shares sold	Number of shares in possession 31/12/00
Fausto CIUCCOLO	Banca Carige S n A	16,500			16,500
Adalberto ALBERICI	Banca Carige S.p.A.	4,000	-	4,000	-
Piero Guido ALPA	Banca Carige S.p.A.	1,000	-	-	1,000
Giovanni BERNESCHI	Banca Carige S.p.A.	18,000	-	-	18,000
Giorgio BUGLIONI	Banca Carige S.p.A.	500	-	-	500
Angelo COSTIGLIOLO	Banca Carige S.p.A.	-	-	-	-
Paola SCHIAVINA in COSTIGLIOLO	Banca Carige S.p.A.	9,500	1,000	-	10,500
Giovanni MERELLA	Banca Carige S.p.A.	7,500	-	-	7,500
Romeo PANIZZI	Banca Carige S.p.A.	5,000	-	-	5,000
Fulvio ROSINA	Banca Carige S.p.A.	-	-	-	-
Maria Franca GUALCO in ROSINA (*)	Banca Carige S.p.A.	24,500	19,750	-	44,250
Giorgio SAVINELLI	Banca Carige S.p.A.	1,000	-	-	1,000
Ida KIEREK in SAVINELLI	Banca Carige S.p.A.	1,000	-	-	1,000

(1) Share ownership is direct, unless otherwise stated.

(\*) Indirect ownership.

## INCOME STATEMENT, NET INCOME, CAPITAL & RESERVES

**Net profit** for the year amounted to Lit. 190.2 bn, a rise of 4.7% in comparison to Lit. 181.6 bn for 1999.

A key feature of the year was the rise in net interest income to levels even greater than those recorded in 1998: 2000: Lit. 564.4 bn; 1998: Lit. 540.3 bn.

Non-interest income slipped as a result of losses on securities for Lit. 79 bn. Other features for the year include: continued containment of administrative costs, increased leasing-related amortisation stemming from expansion in leasing activities, increased provisions for loan losses connected to the effects on amortisation deriving from the structured securitised credit operation and reduced tax liabilities stemming from the introduction of dual income tax. Extraordinary income was nearly half 1999's result: Lit. 16.7 bn (1999: Lit. 34 bn).

The 16% increase in **net interest income** to Lit. 564.4 bn from Lit. 486.7 bn at 31/12/99 represents an inversion in the trend which over recent years had seen service-generated income's overtaking interest income as the Bank's main source of revenue. This return of traditional revenue sources was due not only to rising interest rates but also due to increases in both total amounts handled and lending to customers.

In greater detail, lending interest income rose 21.9% to Lit. 1,046.9 bn (1999: Lit. 858.6 bn), of which income from customer lending rose from Lit. 606.2 bn to Lit. 762.9 bn (+25.8%) and interest on securities increased from Lit. 206.6 bn to Lit. 231.9 bn (+14.5%).

Interest expenses - Lit. 482.5 bn - increased by 29.8% in comparison to 1999 (1999: Lit. 371.9 bn), of which interest payable on customers deposits rose by 24.7% from Lit. 77.6 bn to Lit. 96.7 bn. Interest payable on bonded loans increased, from Lit. 167.3 bn to Lit. 213 bn (+27.3%). Interbank interest expenses also recorded a rise during 2000 to move from Lit. 106.8 bn at 31/12/99 to Lit. 165.4 bn (+54.9%).

**Non-interest income** amounted to Lit. 497.9 bn, a drop of 3.2% over 1999's Lit. 514.2 bn. This result stems from, on one hand, growth in commission income, dividends and other revenues and, on the other, falls in profits

from financial transactions, which felt the effects of increased losses recorded in the securities portfolio.

Commission income reached Lit. 279.3 bn, an increase of 6% over 1999 (Lit. 263.5 bn). In particular, revenues from the placement of securities (Lit. 84,7 bn) were down 1.5% as a result of the slow down in savings under management already under way in the second half of 1999. This fall meant reduced fees and commissions from mutual funds (entry fees, management and handling charges, depositary commissions) of Lit. 87 bn (1999: - Lit. 700 million). Asset management commission dropped over the year by 8.7% to Lit. 14.2 bn. Commission income related to savings management amounted to Lit. 107.2 bn, down 1.2%. There was a 47.5% increase in the number of orders for purchase as a result of increased stock market trading activity on behalf of customers.

Insurance-related services recorded a 24.4% increase in 2000 (Lit. 6.4 bn) and there was also a rise in commissions on guarantees (Lit. 9.2 bn; +7.8%).

Commission expenses were up 32.7% to Lit. 21.5 bn (1999: Lit. 16.2 bn), of which Lit. 11.9 bn relate to collection and payment services.

Gains from financial transactions fell 68.8% from Lit. 80.8 bn to Lit. 25.2 bn. The aggregate particularly felt the effects of losses on securities of Lit. 78.6 bn; most of these were in the equities portfolio which, despite accounting for Lit. 273.4 bn out of a total of Lit. 4,981.1 bn, suffered the volatility of share markets throughout the year, which was particularly intense from October onwards.

Excluding these losses, the aggregate total at 31/12/00 was Lit. 103.8 bn (-19.7%).

Dividends, thanks to the Bank's equity investment policy over recent years, helped to boost service - generated income by Lit. 57.6 bn (1999: +9.3%).

New accounting criteria for the handling of dividends on equity investments were introduced during the year. In particular, dividends of subsidiaries were recorded for the first time, in the period in which the subsidiaries' profit matured, in line with accounting principles adopted by the National Council of Italian

	31/12/00	31/12/99	31/12/98	Change %	
				2000	1999
10 Interest income and similar revenues	1,046,941	858,555	1,131,139	21.9	-24.1
20 Interest expense and similar charges	-482,527	-371,873	-590,803	29.8	-37.1
<b>NET INTEREST INCOME</b>	<b>564,414</b>	<b>486,682</b>	<b>540,336</b>	<b>16.0</b>	<b>-9.9</b>
40 Commission income	279,306	263,514	223,689	6.0	17.8
50 Commission expenses	-21,504	-16,211	-18,318	32.7	-11.5
60 Gains (losses)					
from financial transactions	25,229	80,788	93,088	-68.8	-13.2
30 Dividends and other revenues	57,617	52,702	10,262	9.3	413.6
70 Other operating income	169,192	144,722	129,636	16.9	11.6
110 Other operating expenses	-11,976	-11,330	-7,602	5.7	49.0
<b>NON INTEREST INCOME</b>	<b>497,864</b>	<b>514,185</b>	<b>430,755</b>	<b>-3.2</b>	<b>19.4</b>
<b>GROSS OPERATING INCOME</b>	<b>1,062,278</b>	<b>1,000,867</b>	<b>971,091</b>	<b>6.1</b>	<b>3.1</b>
80 Administrative costs	-524,027	-526,484	-524,845	-0.5	0.3
– Personnel	-334,173	-340,692	-343,836	-1.9	-0.9
– Other administrative costs	-189,854	-185,792	-181,009	2.2	2.6
90 Depreciation and amortization of intangible and tangible fixed assets	-121,537	-114,068	-99,758	6.5	14.3
<b>OPERATING COSTS</b>	<b>-645,564</b>	<b>-640,552</b>	<b>-624,603</b>	<b>0.8</b>	<b>2.6</b>
<b>OPERATING INCOME</b>	<b>416,714</b>	<b>360,315</b>	<b>346,488</b>	<b>15.7</b>	<b>4.0</b>
100 Provisions for risks and charges	-5,062	-2,751	-1,400	84.0	96.5
120 Provisions for loan losses and for guarantees and commitments	-91,609	-74,235	-89,280	23.4	-16.9
130 Recoveries of loans and reversals of provisions for guarantees and commitments	17,974	24,508	30,911	-26.7	-20.7
140 Additional provisions for loan losses	-10,000	-5,000	-6,000	100	...
150 Write-downs to financial fixed assets	-1,708	-2,842	-1,328	-39.9	114.0
160 Recoveries of financial fixed assets	-	1,953	-	...	...
<b>PROVISIONS AND WRITE-DOWNS</b>	<b>-90,405</b>	<b>-58,367</b>	<b>-67,097</b>	<b>54.9</b>	<b>-13.0</b>
<b>170 INCOME FROM ORDINARY ACTIVITIES</b>	<b>326,309</b>	<b>301,948</b>	<b>279,391</b>	<b>8.1</b>	<b>8.1</b>
180 Extraordinary income	24,866	44,109	15,987	-43.6	175.9
190 Extraordinary expenses	-8,154	-10,112	-4,271	-19.4	136.8
<b>200 EXTRAORDINARY INCOME, NET</b>	<b>16,712</b>	<b>33,997</b>	<b>11,716</b>	<b>-50.8</b>	<b>190.2</b>
<b>INCOME BEFORE TAXATION</b>	<b>343,021</b>	<b>335,945</b>	<b>291,107</b>	<b>2.1</b>	<b>15.4</b>
215 Provisions for merger reserve	-	-	-6,424	...	-100.0
220 Income taxes	-152,800	-154,300	-137,700	-1.0	12.1
<b>230 NET INCOME</b>	<b>190,221</b>	<b>181,645</b>	<b>146,983</b>	<b>4.7</b>	<b>23.6</b>

With the application of this principle, Lit. 33.6 bn was recorded at 'dividends and other revenues' accrued during the accounting period 2000, inclusive of tax credits on the part of the subsidiaries; Lit. 8.8 bn in dividends accrued during the business year 1999 and received during 2000 inclusive also here of tax credits and referring to the subsidiaries was recorded under extraordinary income.

The recording of dividends on equity investments in the Group subsidiaries accrued during 2000 generated increased deferred taxation for Lit.

12.1 bn, recorded at income statement caption 220 'income taxes'.

Other operating income rose 16.9% to Lit. 169.2 bn (1999: lit. 144.7 bn) as a result of increased revenues generated by leasing which rose 20.7% (Lit. 20.1 bn) from Lit 97 bn to Lit. 117.1 bn. Depreciation and amortisation related to leasing are entered at caption 90 'Depreciation and amortisation of intangible and tangible fixed assets' under the item 'Leased assets'.



**INCOME STATEMENT** (millions of Italian Lire)

	2000				1999			
	4th quarter	3rd quarter	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
10 Interest income and similar revenues	310,289	270,348	234,357	231,947	212,849	198,914	212,536	234,256
20 Interest expense and similar charges	-143,331	-129,785	-113,838	-95,573	-90,243	-81,201	-92,562	-107,867
<b>NET INTEREST INCOME</b>	<b>166,958</b>	<b>140,563</b>	<b>120,519</b>	<b>136,374</b>	<b>122,606</b>	<b>117,713</b>	<b>119,974</b>	<b>126,389</b>
40 Commission income	73,657	68,684	64,121	72,844	69,833	68,205	68,027	57,449
50 Commission expenses	-6,751	-5,685	-4,416	-4,652	-5,268	-3,981	-5,095	-1,867
60 Gains (losses)	-20,264							
from financial transactions	-20,264	1,548	3,408	40,537	28,832	7,974	21,442	22,540
30 Dividends and other revenues	27,284	3,594	26,256	483	36,452	3,453	12,611	186
70 Other operating income	52,564	40,078	39,810	36,741	38,870	36,515	35,944	33,393
110 Other operating expenses	-4,829	-4,254	-1,315	-1,578	-3,534	-3,353	-1,897	-2,546
<b>NON INTEREST INCOME</b>	<b>121,660</b>	<b>103,965</b>	<b>127,864</b>	<b>144,375</b>	<b>165,185</b>	<b>108,813</b>	<b>131,032</b>	<b>109,155</b>
<b>GROSS OPERATING INCOME</b>	<b>288,619</b>	<b>244,528</b>	<b>248,383</b>	<b>280,749</b>	<b>287,791</b>	<b>226,526</b>	<b>251,006</b>	<b>235,544</b>
80 Administrative costs	-144,152	-126,572	-122,144	-131,159	-143,609	-123,053	-139,562	-120,260
– Personnel	-84,843	-82,305	-83,854	-83,171	-84,225	-85,317	-86,324	-84,826
– Other administrative costs	-59,309	-44,267	-38,290	-47,988	-59,384	-37,736	-53,238	-35,434
90 Depreciation and amortization of intangible and tangible fixed assets	-30,230	-30,253	-30,913	-30,141	-30,517	-28,661	-27,634	-27,256
<b>OPERATING COSTS</b>	<b>-174,382</b>	<b>-156,825</b>	<b>-153,057</b>	<b>-161,300</b>	<b>-174,126</b>	<b>-151,714</b>	<b>-167,196</b>	<b>-147,516</b>
<b>OPERATING INCOME</b>	<b>114,236</b>	<b>87,703</b>	<b>95,326</b>	<b>119,449</b>	<b>113,665</b>	<b>74,812</b>	<b>83,810</b>	<b>88,028</b>
100 Provisions for risks and charges	-3,908							
	-33,967	-2	-584	-568	-1,655	-152	-719	-225
120 Provisions for loan losses and for guarantees and commitments	-33,967	-15,556	-21,345	-20,741	-13,506	-19,781	-20,385	-20,563
130 Recoveries of loans and reversals of provisions for guarantees and commitments	3,557	6,428	3,401	4,588	7,403	4,249	8,310	4,546
140 Additional provisions for loan losses	-10,000	-	-	-	-5,000	-	-	-
150 Write-downs to financial fixed assets	-1,673	-	-35	-	-2,307	-	-535	-
160 Recoveries of financial fixed assets	-	-	-	-	1,953	-	-	-
<b>PROVISIONS AND WRITE-DOWNS</b>	<b>-45,991</b>	<b>-9,130</b>	<b>-18,563</b>	<b>-16,721</b>	<b>-13,112</b>	<b>-15,684</b>	<b>-13,329</b>	<b>-16,242</b>
<b>170 INCOME FROM ORDINARY ACTIVITIES</b>	<b>68,245</b>	<b>78,573</b>	<b>76,763</b>	<b>102,728</b>	<b>100,553</b>	<b>59,128</b>	<b>70,481</b>	<b>71,786</b>
180 Extraordinary income	15,054	2,996	3,718	3,098	23,719	2,651	12,339	5,400
190 Extraordinary expenses	-1,181	-2,345	-1,834	-2,794	-3,966	-1,127	-1,877	-3,142
<b>200 EXTRAORDINARY INCOME, NET</b>	<b>13,873</b>	<b>651</b>	<b>1,884</b>	<b>304</b>	<b>19,753</b>	<b>1,524</b>	<b>10,462</b>	<b>2,258</b>
<b>INCOME BEFORE TAXATION</b>	<b>82,118</b>	<b>79,824</b>	<b>78,647</b>	<b>103,032</b>	<b>120,306</b>	<b>60,652</b>	<b>80,943</b>	<b>74,044</b>
215 Provisions for merger reserve	-	-	-	-	-	-	-	-
220 Income taxes	-35,000	-36,000	-35,700	-46,100	-55,100	-25,500	-38,400	-35,300
<b>230 NET INCOME</b>	<b>47,118</b>	<b>43,224</b>	<b>42,947</b>	<b>56,932</b>	<b>65,206</b>	<b>35,152</b>	<b>42,543</b>	<b>38,744</b>

Other operating expenses amounted to around Lit. 12 bn, slightly up over 1999 (+5.7%). As with other operating revenues, here too, expenses are connected with leasing activity (leasing charges, leasing division overheads, losses on alienation of lease assets).

**Gross operating income** passed the Lit. 1,000 bn mark again, ending the year at Lit. 1,062.3 bn (1999: Lit. 1,000.9 bn; +6.1%).

**Operating costs** were stable over the previous year's total (+0.8%) and totalled Lit. 645.6 bn at 31/12/00. Within the aggregate, the most significant increase in write-downs on financial fixed assets related to the positive performance of leasing.

The aggregate of administrative costs (Lit. 524 bn) includes personnel expenses, which fell 1.9% from Lit. 340.7 bn to Lit. 334.2 bn. This fall is due to the continuing positive effects of retirement incentives for those members of staff eligible for retirement in addition to the completion in 1999 of compulsory extraordinary contributions over three years to the Italian National Insurance and Pensions Institute, INPS.

Other operating expenses amounted to around Lit. 12 bn, slightly up over 1999 (+5.7%). As with other operating revenues, here too, expenses are connected with leasing activity

(leasing charges, leasing division overheads, losses on alienation of lease assets).

Gross operating income passed the Lit. 1,000 bn mark again, ending the year at Lit. 1,062.3 bn (1999: Lit. 1,000.9 bn; +6.1%).

The item 'wages and salaries' was down 7% from Lit. 223.1 bn to Lit. 207.6 bn as were social security charges (-13.6%) from Lit. 65.1 bn to Lit. 56.2 bn; provisions for severance pay requirements rose 2.6%. Provisions destined for the supplementary pension fund rose by 6.3% to Lit. 23.3 bn (1999: Lit. 21.9bn) bringing the fund's total to Lit. 575.9 bn (1999: Lit. 574.4 bn).

Cover capital for the staff supplementary pension fund is calculated by actuaries on the basis of the fund's regulations, current relevant legislation and consistently prudential management.

Other administrative costs rose from Lit. 185.8 bn to Lit. 189.9 bn (+2.2%) in line with inflation (2.6% on average terms for 2000).

**Operating income** totalled Lit. 416.7 bn in comparison to Lit. 360.3 bn at 31/12/99 (+15.7%).

**Provisions and writedowns** rose 54.9% over 1999 to Lit. 90.4 bn but were affected by the securitisation of bad loans described elsewhere in this report.

Credit risk measured in terms of the difference between write-downs on loans and recoveries ended the year at Lit. 73.6 bn. This was an increase of 48.1% over 1999 (Lit. 49.7 bn) as a result of the assignment to caption 120 of Lit.

24.1 bn, the equivalent of one fifth of total securitisation-related losses.

Further provisions were made during the year to the reserves for loan losses: Lit. 10 bn in comparison to a total utilisation of Lit. 5 bn. The year-end total for the fund reached Lit. 10 bn. Net write-downs on financial fixed assets were almost halved to a new total of Lit. 1.7 bn.

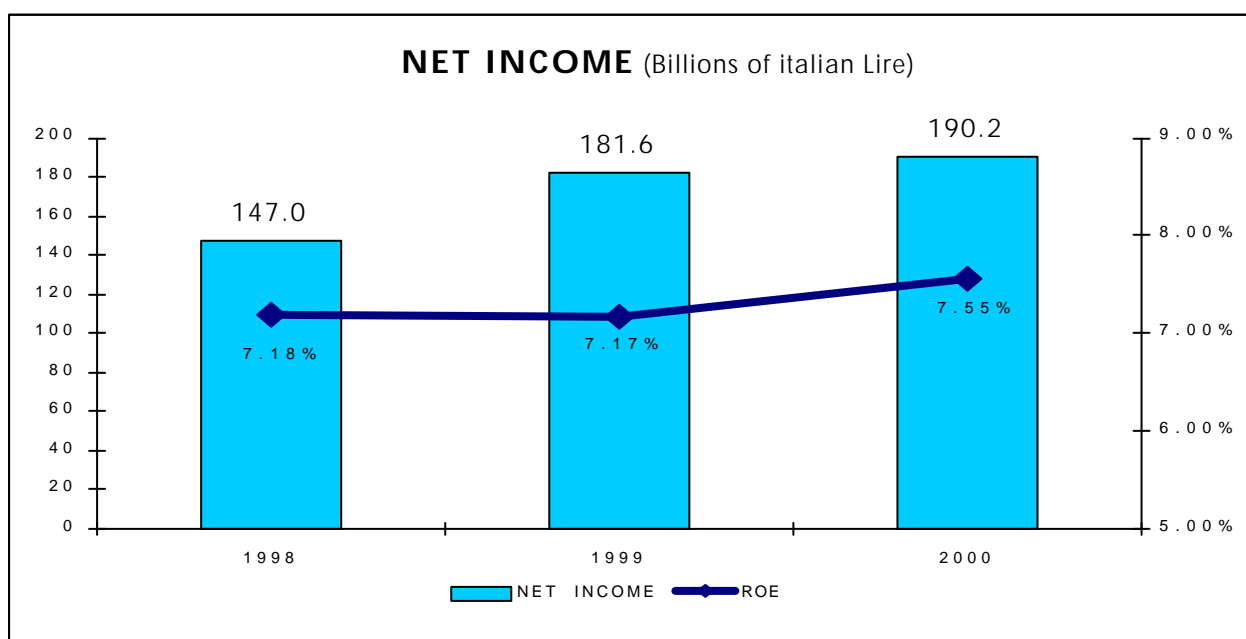
**Income from ordinary activities** rose 8.1% from Lit. 301.9 bn at 31/12/99 to Lit. 326.3 bn.

**Extraordinary income** was significantly down on 1999, slipping from Lit. 34 bn to Lit. 16.7 bn. This can be put down to the following extraordinary items recorded during 1999 (Lit. 33.2 bn): the application of a new accounting principle for the handling of deferred tax generated Lit. 21.4 bn, the recording of credit for tax rebates of Lit. 6.9 bn; the recording of gains stemming from the release of the Bank's holding in I.C.C.R.I. Banca Federale Europea SpA. Extraordinary items for 2000 include the dividends generated by subsidiaries during 1999 but collected in 2000 totalling Lit. 8.8 bn, as described previously.

**Pre-tax income** for 2000 rose 2.1% from Lit. 335.9 bn to Lit. 343 bn.

After tax (Lit. 152.8 bn; -1%) **net income** for the year increased from Lit. 181.6 bn at 31/12/99 to Lit. 190.2 bn, up 4.7%. Return on Equity was 7.6% (1999: 7.2%) and Return on average equity 7.5% (1999:7.9%).

The proposed distribution of net income (Lit. 190.2 bn) is as follows:



## DISTRIBUTION OF NET INCOME

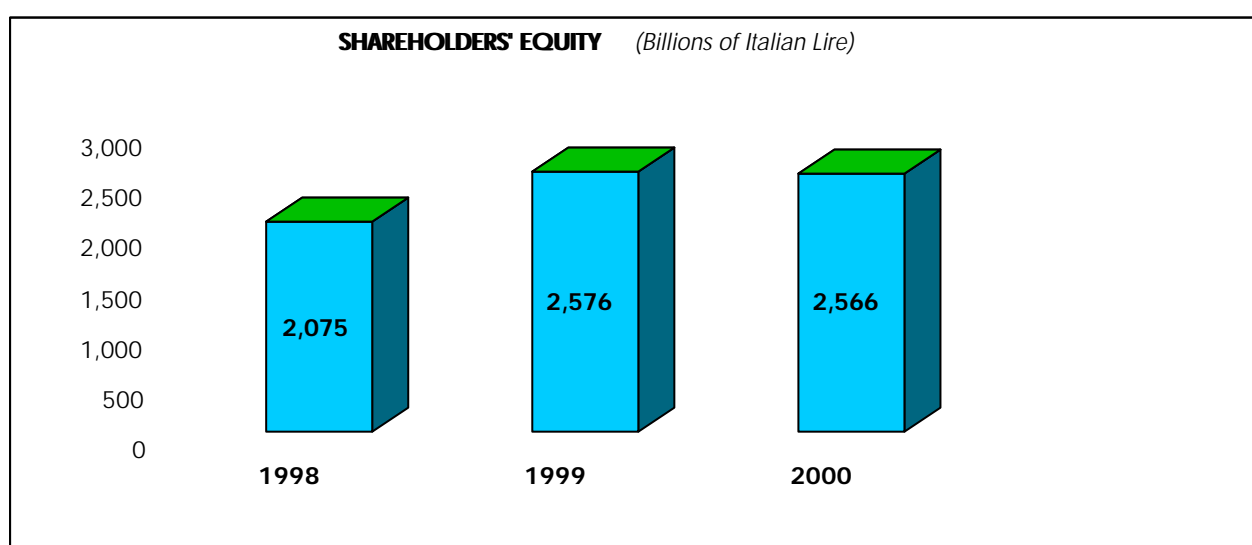
31/12/00

Net income	190,221,275,910
Reserve for dividends on own shares	899,850,000
<b>Total</b>	<b>191,121,125,910</b>
Legal reserve	19,022,127,591
reserve Decree 153/99	10,382,788,681
Taxed extraordinary reserve	18,878,638,138
Shareholder's dividend	142,837,571,500

If approved, the dividend payable per share would be Lit. 725, 3.6% higher than last year, assigned to the same number of shares as in

transferred to a specific reserve for returned earnings.

Shareholders' Equity after the proposed



1999 (197,017,340).

Dividends on own shares, subject to the approval of the Shareholders' Meeting, will be

allocations to be presented for the AGM's approval would total Lit. 2,566 bn. Details are given below:

## SHAREHOLDERS' EQUITY (millions of Italian Lire)

	31/12/00	31/12/99	31/12/98
Capital Stock	1,970,173	1,970,173	1,685,173
Additional paid-in capital	241,368	299,189	128,189
Reserves	297,428	249,144	204,113
- legal	90,065	71,043	52,878
- taxed extraordinary	135,907	117,028	92,087
- decree 153/99	12,308	1,925	-
- incorporation	23,895	23,895	23,895
- own shares	34,130	9,788	29,161
- purchase of treasury stock	870	25,212	5,839
- art. 55, decree 917/86	253	253	253
Revaluation reserves	15,405	15,405	15,405
Merger reserve	32,120	32,120	32,120
<b>Total</b>	<b>2,556,494</b>	<b>2,566,031</b>	<b>2,065,000</b>
Reserve for general banking risks	10,000	10,000	10,000
<b>Total</b>	<b>2,566,494</b>	<b>2,576,031</b>	<b>2,075,000</b>

## RISK PROFILES

At 31/12/00, Banca Carige continued to be fully in line with all the risk profiles prepared by the Bank of Italy and the Interbank Deposit Protection Fund (FITD).

Core capital totalled Lit. 2,313.2 bn, a rise of 13.5% over year-end 1999's Lit. 2,038.7. This rise stems from the inclusion within the Carige Banking Group of the subsidiary Cassa di Risparmio di Savona SpA, authorised by regulatory authorities at the beginning of 2000. Core capital covering credit and market risk amounted to Lit. 990.2 bn (1999: Lit. 851.4 bn), Lit. 1,323 bn in excess to minimum requirements (1999: Lit. 1,128 bn).

Banca Carige remains comfortably placed with regards to solvency ratios fixed by both the Bank of Italy and the FITD. Carige's solvency ratio is 18.56%, slightly up on 1999's 18.19% and more than double the required (8%).

The Bank meets indicators fixed by the Bank of Italy and the FITD to evaluate liquidity required to cover maturities. Overall, Carige is placed in the FITD's top class.

Credit risk levels of the Bank continued to improve during the year thanks to a reduction in the bad loans aggregate as a result of the securitisation of a part of bad loans present in the credit portfolio.

The FITD credit quality indicator moved from 4.31% at 31/12/99 to 1.16% at the end of 2000; the minimum threshold is 6%.

The Bank's small and medium-sized business customers continued to be sub-divided into risk classes. Each class is assigned an internal rating which enables risk to be quantified, with the benefits this generates for the management of credit risk and the credit portfolio itself. The project envisages three stages: firstly, the design of a theoretical model and data collection; secondly, the identification and construction of discriminatory variables and the choice of algorithms used for segmentation; thirdly, the assignment of insolvency risk to each segment. The results of this credit risk management project are being evaluated so as to understand whether the customer segments identified have also operational value for the Bank in strategic terms.

The monitoring of market risk changed during the year as a result of new procedures in the

accounting of securities. Front office rather than back office data sources are now used to provide back up to the Finance Area front office platform. The result is a database relative to products traded by the market room (government securities, shares, currency exchanges, derivatives contracts and money deposits).

This database is, in turn, the information source for all the Bank's Finance Area management processes (ALM, VAR, desk and market evaluations, limitation and stop loss systems, operations, etc.).

The use of front office data allows the Bank to operate in terms of a multi-product desk, giving the opportunity to evaluate operations at single-desk level for income, risk and operational results. The platform, reporting, and VAR and ALM inputting, were put in place at the beginning of 2000. In this phase completion of the testing of the model takes the form of evaluation of data and information levels.

During 2000, a new internal auditing office became operational in the light of changes in the Bank's organisational structure as a result of the adoption of a new internal control system (ICS). The internal auditing office's task includes defining a company control model and evaluating the effectiveness of the ICS as well as offering support to the Bank's statutory auditors and co-ordinating the internal auditing of our subsidiaries. The Internal auditing office, in collaboration with a firm of financial advisers, was particularly involved during the first months of the year in identifying operating risks connected to the management of the Bank's share portfolio.

The analysis and evaluation was extended to operating risks connected with and specific to other areas of activity. These analyses will be applied to further areas of activity in the near future.

The internal auditing office also was actively involved during the year with the Italian Banking Association (ABI) in its work defining operating risks databases, the creation and implementation of which is a condition in order to benefit from the reduced capital adequacy provisions identified by the new Basle agreement for those banks which adopt advanced risk evaluation models.

## CREDIT RISK ASSESSMENT

Guidelines on credit are established by the Bank's

administrative bodies and on the basis of these, Credit Management decides on and co-ordinates policy measures.

The various aspects of the Bank's credit activities (granting, management and control) are regulated by a specific unitary policy document, which was updated during the year in order to meet several innovations decided on to increase efficiency and bring it in line with regulatory changes.

Carige's credit policy during 2000 continued to underline the retail vocation of the Bank. In particular, lending was directed at our core customer segments such as families, artisans, and small/medium-sized businesses. Clearly, our corporate clients also play an important role. A key element in the Bank's evolving credit strategy is to use corporate finance as a means of promoting a wide range of innovative services designed for businesses.

Geographically, Banca Carige continued its policy of developing lending in areas outside Liguria, which are economically dynamic and have low levels of credit risk. This being said, Liguria continues to receive 75% of total lending - proof of Carige's strong ties to its traditional operating area.

On the product front, Banca Carige as a universal bank offers a wide range of both short and long-term lending products, in addition to its parabanking line.

Long-term lending for families is particularly focused on mortgage for house purchases or loans for the renovation of the home.

Support for business in our operating areas takes into account differing levels of credit worthiness from one sector to another and therefore a careful pricing policy is in place so as to reconcile the needs of local economies with the financial concerns for stability and income of the Bank.

The granting of overdrafts is based on a computerised process of integrated measures which are provided information by various operating units and connected to information providers. Organisationally, credit is headed by the Credit Management Division. The Board of

Directors have drawn up a series of delegated responsibilities and powers relating to the granting and extension of overdraft facilities which vary according to staff position and risk level. The system of controls was put in place so as to guarantee the necessary separation between risk management and control. Within the confines of the Credit Management Division, a specific credit recovery unit manages bad loan positions along business lines.

Credit risk is controlled at three levels: the first groups together controls carried out by branches, local and centralised offices specialising in the granting of credit, and the Risk Control and Management Office. These controls aim at guaranteeing respect for procedures and limits on delegated powers.

Second level controls include management controls of credit risks and concentration. These controls are carried out by the Risk Management unit operating within the Research, Planning and Management Control Office. Solvency ratios and capital adequacy are referred to in order to respect regulatory parameters and portfolio composition ratios.

The third level is represented by the Internal Auditing Office which oversees at network level the purpose of the credit granted, the existence and suitability of guarantees and supporting documentation, and the correct use of delegated authorities amongst staff. The office is also responsible for the centralised control of non - authorised overdrafts.

Policies aimed at limiting credit risk range from those traditionally used, such as guarantees, to innovative instruments such as securitisation (December 2000) and, albeit to a limited extent, credit default swaps.

In order to favour pricing efficiencies in the granting and management of credit, so incorporating credit risk more effectively, an internal credit rating project was launched, which aims at the classification of customers into homogeneous groups; this segmentation will be defined in 2001.

Credits at risk and related writedowns are classified in a scale of increasing risk exposure and are as follows: a position subject to particular attention; watchlist positions with related writedowns calculated analytically for exposures greater than Lit. 1 bn, and a flat rate 8% for other positions; rescheduled positions are written down analytically; country-related risks are written down by 30%, Russia by 60%; bad loans are written down analytically on a case by-case basis.

## SIGNIFICANT EVENTS AFTER 31<sup>ST</sup> DECEMBER

On 1st February 2001, Banca Carige brought its interest rates into line with the fall in rates recorded since the beginning of the year.

During the Board of Directors' meeting of 29th January, Pietro Isnardi was appointed to the Board to replace the outgoing Romeo Panizzi. Mr. Isnardi's appointment as board member is effective until the next shareholders' meeting.

The Board deliberated on 12th February the full acceptance of the Code of Self-Regulation for Listed Companies ('the Preda Code') prepared by the Corporate Governance Committee of Borsa Italiana SpA.

In March, a new mortgage package was launched - 'Mutuo Carige Top' - aimed at first-time home buyers. In collaboration with a major furniture producer, the package includes, for mortgages stipulated before the end of the year, the offer of a voucher worth Lit. 10 million (euro 5,165) for the purchase of a kitchen.

The second phase of the securitisation operation described in this report was completed in March. This phase included the rating of the different tranches, the definition of the bond type and related guarantees, the offer and subscription of the issues, and payment of the related price.

The review of the Bank's distribution structure aiming at creating specific business and organisational modules for varying segments of private and corporate clients is being implemented. One of the results of this review will be a Corporate Finance Management service which will offer diversified, efficient and tailored services to medium and large-sized businesses, whilst at the same time closely monitoring the quality of credit.

Banca Carige's staff numbers rose by 82 units, bringing the total to 3,162 employees. This significant increase is the result of the purchase of 21 branches in Sicily; the 84 employees of these branches officially passed to the Bank on 1st January.

On 26th March, Carige opened a new outlet in Palermo (branch no. 10), the Bank's twenty-second branch on the island.

In relation to the Bank of Italy's ruling of March 2000 in response to Law 287/90 ('antitrust

act'), an agreement is being finalised for the release of three Banca Carige branches in the province of Savona, and one branch of the Carige Group banking subsidiary, Cassa di Risparmio di Savona SpA, in the same province.

## PROSPECTS AND CONCLUSIONS

In an increasingly competitive and global market, an increase in shareholder value is achieved solely by efficiency, operational flexibility and quick response times. Banca Carige has demonstrated that it possesses these attributes and it faces 2001 keenly aware of the strategic importance of increased value for shareholders and other stakeholders in the Bank. Value creation can only come from cash flow improvements and increased profitability. However, short-term operational results must be weighed up against the need for those investments in the medium/long-term which will guarantee future revenue sources.

In particular, the Bank's strategic projects aim at establishing our role as a banking, finance and insurance provider which is focused on certain, key business areas. It is essential, therefore, that we consolidate the positions we have obtained across all aspects of traditional activity. The development of service-generated income is fundamental and the Bank intends to address the needs of retail customers (families, craftsmen, small and medium-sized businesses) especially in the fields of savings management and insurance and pension solutions, and in e-banking.

Cost containment remains crucial in any organisation inspired by a profit preference. Savings continue to be made on personnel-related expenses (incentives for retirement, reduction of average employee age) whilst operating costs will be critically analysed in the light of future investments foreseen in IC&T and human resources development.

The full integration of our banking subsidiaries Cassa di Risparmio di Savona SpA and Banca del Monte di Lucca SpA will generate synergies deriving from harmonisation of business strategies.

The objectives outlined will be co-ordinated and integrated, and their implementation will depend on a careful evaluation of time scales,

means of realisation, and adequacy of human resources.

To the Shareholders of Banca Carige,

Last year was an important year for Banca Carige in terms of both policy objectives reached and those underway, both of which represent the foundations for the future of the Bank.

In line with the strategic objectives adopted by the Bank in recent years, the following areas have been identified in order to achieve the results desired:

- support deposit taking both in the medium/long and short term so as to provide resources for forecasted expansion in lending;
- focus on savings management and increase its role in indirect deposits with particular emphasis on pension-related products;
- support the present growth in the local economy through lending while at the same time critically evaluating credit risk profiles. Medium/long-term lending will continue to grow, especially in mortgages destined for the family;
- achieve operational synergies and economies of scale by means of increased

integration with subsidiaries in order to increase income in the medium term;

- continue the expansion and re-structuring of distribution channels to realise an integrated multi-channel network able to respond more effectively to customer needs.

The Board of Directors would like to thank all those who have contributed to the development of the Bank and to its further growth.

Particular thanks go to our shareholders, whose role in the future of the Bank is so important, and to our customers, who we are privileged to serve.

The Board would also like to express its gratitude to General Management and staff, whose role in reaching future objectives is crucial. Best wishes go to all members of staff who left the Bank during 2000.

The Board wishes to thank the following for the collaboration and courtesy offered at all times during the last year: CONSOB (Commissione Nazionale per le Società e la Borsa), Borsa Italiana SpA and the Bank of Italy.

Finally, the Bank is indebted to the Board of Statutory Auditors for its constant monitoring of the Bank's activities.

Genoa, 28<sup>th</sup> March 2001

The Board of Directors





# FINANCIAL STATEMENTS 2000

# BALANCE SHEET

<b>ASSETS</b> (Italian Lire)	31/12/00	31/12/99
10 CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICES	216,844,574,960	157,431,957,853
20 TREASURY CERTIFICATES AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	838,801,970,668	1,856,584,748,936
30 LOANS AND ADVANCES TO CREDIT INSTITUTIONS:	1,863,407,576,889	1,198,335,373,757
(a) repayable on demand	981,533,236,143	237,933,408,126
(b) other loans and advances	881,874,340,746	960,401,965,631
40 ACCRUED INCOME AND PREPAID EXPENSES:	12,166,038,029,927	10,583,570,055,334
including:		
– loans using funds managed on behalf of third parties	308,089,913	185,877,390
50 BONDS AND OTHER FIXED-INCOME SECURITIES:	3,868,864,507,492	2,800,718,117,958
(a) issued by public bodies	2,261,355,024,803	1,600,555,395,210
(b) issued by banks including:	944,851,770,335	641,743,852,943
– own securities	109,018,511,127	99,189,275,390
(c) issued by financial institutions including:	491,575,444,897	275,201,028,849
– own securities	-	-
(d) issued by others	171,082,267,457	283,217,840,956
60 SHARES, QUOTAS AND OTHER EQUITY SECURITIES	273,446,568,659	276,590,191,090
70 EQUITY INVESTMENTS	104,641,460,523	531,505,150,860
80 INVESTMENTS IN GROUP COMPANIES	1,086,327,957,960	527,724,329,080
90 INTANGIBLE FIXED ASSETS	165,123,874,560	57,102,529,047
including:		
– start-up costs	8,817,283,553	13,012,171,200
– goodwill	123,215,712,159	13,431,424,315
100 TANGIBLE FIXED ASSETS	1,014,300,212,273	901,509,364,077
including:		
– leasing	541,586,956,765	425,772,751,028
120 OWN SHARES (nominal value: Lit. 19.157.500.000)	34,130,274,532	9,787,768,889
130 OTHER ASSETS	722,700,022,546	762,783,423,460
140 ACCRUED INCOME AND PREPAID EXPENSES:	175,674,627,395	138,898,290,820
(a) accrued income	164,078,863,460	132,338,512,084
(b) prepaid expenses including:	11,595,763,935	6,559,778,736
– discount on bonds issued	2,398,112,768	1,454,516,111
<b>TOTAL ASSETS</b>	<b>22,530,301,658,384</b>	<b>19,802,541,301,161</b>

## LIABILITIES AND STOCKHOLDERS' EQUITY

(millions of Italian Lire)	31/12/00	31/12/99
10 - AMOUNTS OWED TO CREDIT INSTITUTIONS:	4,521,973,342,024	2,998,448,272,500
(a) repayable on demand	264,970,679,162	52,027,225,925
(b) with agreed maturity dates or periods of notice	4,257,002,662,862	2,946,421,046,575
20 AMOUNTS OWED TO CUSTOMERS:	7,918,981,894,239	7,381,577,714,483
(a) repayable on demand	7,232,507,364,269	6,809,280,404,363
(b) with agreed maturity dates or periods of notice	686,474,529,970	572,297,310,120
30 DEBTS EVIDENCED BY CERTIFICATES:	5,472,208,349,225	4,944,113,978,501
(a) bonds	4,385,761,115,364	3,745,855,180,544
(b) certificates of deposits	946,889,510,262	1,102,221,309,419
(c) other	139,557,723,599	96,037,488,538
40 FUNDS MANAGED ON BEHALF OF THIRD PARTIES	449,725,236	444,815,682
50 - OTHER LIABILITIES	705,166,764,412	683,685,123,137
60 ACCRUED EXPENSES AND DEFERRED INCOME:	285,291,691,518	201,801,966,605

**LIABILITIES AND STOCKHOLDERS' EQUITY**

(Italian Lire)

	31/12/00	31/12/99
<b>10 - AMOUNTS OWED TO CREDIT INSTITUTIONS:</b>		
(a) repayable on demand	264,970,679,162	52,027,225,925
(b) with agreed maturity dates or periods of notice	4,257,002,662,862	2,946,421,046,575
<b>20 AMOUNTS OWED TO CUSTOMERS:</b>	<b>7,918,981,894,239</b>	<b>7,381,577,714,483</b>
(a) repayable on demand	7,232,507,364,269	6,809,280,404,363
(b) with agreed maturity dates or periods of notice	686,474,529,970	572,297,310,120
<b>30 DEBTS EVIDENCED BY CERTIFICATES:</b>	<b>5,472,208,349,225</b>	<b>4,944,113,978,501</b>
(a) bonds	4,385,761,115,364	3,745,855,180,544
(b) certificates of deposits	946,889,510,262	1,102,221,309,419
(c) other	139,557,723,599	96,037,488,538
<b>40 FUNDS MANAGED ON BEHALF OF THIRD PARTIES</b>	<b>449,725,236</b>	<b>444,815,682</b>
<b>50 OTHER LIABILITIES</b>	<b>705,166,764,412</b>	<b>683,685,123,137</b>
<b>60 ACCRUED EXPENSES AND DEFERRED INCOME:</b>	<b>285,291,691,518</b>	<b>201,801,966,605</b>
(a) accrued expenses	217,978,430,294	154,483,100,908
(b) deferred income	67,313,261,224	47,318,865,697
<b>70 RESERVE FOR TERMINATION INDEMNITIES</b>	<b>119,793,794,561</b>	<b>112,785,632,356</b>
<b>80 RESERVES FOR RISKS AND CHARGES</b>	<b>787,104,518,993</b>	<b>760,740,545,569</b>
(a) reserves for pensions and similar commitments	575,943,254,000	574,352,331,000
(b) reserves for taxation	166,875,204,810	163,092,203,326
(c) other reserves	44,286,060,183	23,296,011,243
<b>90 RESERVES FOR LOAN LOSSES</b>	<b>10,000,000,000</b>	<b>5,000,000,000</b>
<b>100 RESERVES FOR GENERAL BANKING RISKS</b>	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>120 CAPITAL STOCK</b>	<b>1,970,173,400,000</b>	<b>1,970,173,400,000</b>
<b>130 ADDITIONAL PAID-IN CAPITAL</b>	<b>241,367,837,938</b>	<b>299,188,500,000</b>
<b>140 RESERVES</b>	<b>282,163,988,562</b>	<b>237,531,432,762</b>
(a) legal reserve	71,042,959,488	52,878,475,108
(b) reserve for purchase of treasury stock	34,130,274,532	9,787,768,889
(c) statutory reserves	-	-
(d) other reserves	176,990,754,542	174,865,188,765
<b>150 REVALUATION RESERVES</b>	<b>15,405,075,766</b>	<b>15,405,075,766</b>
<b>170 NET INCOME</b>	<b>190,221,275,910</b>	<b>181,644,843,800</b>

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>22,530,301,658,384</b>	<b>19,802,541,301,161</b>
---	---------------------------	---------------------------

**GUARANTEES AND COMMITMENTS**

<b>10 GUARANTEES GIVEN</b>	<b>2,152,098,439,659</b>	<b>1,828,213,163,561</b>
including:		
- acceptances	8,544,123,723	15,572,359,201
- other guarantees	2,143,554,315,936	1,812,640,804,360
<b>20 COMMITMENTS</b>	<b>1,407,035,767,637</b>	<b>820,521,062,595</b>
including:		
- repurchase agreements	-	-

# INCOME STATEMENT

<i>(Italian Lire)</i>	2000	1999
10 - INTEREST INCOME AND SIMILAR REVENUES	1,046,940,950,136	858,555,306,989
including:		
– loans and advances to customers	762,911,669,399	606,566,523,261
– fixed-income securities	231,933,586,520	202,549,697,371
20 - INTEREST EXPENSE AND SIMILAR CHARGES	- 482,526,830,251	- 371,872,882,865
including:		
– amounts owed to customers	- 96,714,542,540	- 77,634,984,505
– securities issued	- 212,990,881,114	- 167,314,671,052
30 - DIVIDENDS AND OTHER REVENUES:	57,617,269,797	52,702,108,647
(a) from shares, quotas and other equity securities	3,905,220,520	5,768,353,723
(b) from equity investments	20,140,176,182	45,157,185,272
(c) from equity investments in group companies	33,571,873,095	1,776,569,652
40 - COMMISSION INCOME	279,306,473,017	263,514,406,669
50 - COMMISSION EXPENSES	- 21,504,305,604	- 16,210,797,678
60 - GAINS (LOSSES) FROM FINANCIAL TRANSACTIONS, NET	25,228,817,836	80,787,971,597
70 - OTHER OPERATING INCOME	169,192,556,828	144,721,878,767
80 - ADMINISTRATIVE COSTS:	- 524,026,876,951	- 526,484,822,516
(a) personnel	- 334,173,003,716	- 340,692,339,942
including:		
– wages and salaries	- 207,552,968,951	- 223,135,039,644
– social security costs	- 56,223,880,807	- 65,103,359,890
– termination indemnities	- 16,810,957,823	- 16,379,959,759
– pensions and similar commitments	- 23,281,069,728	- 21,906,163,669
(b) other administrative costs	- 189,853,873,235	- 185,792,482,574
90 - DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS	- 121,537,271,390	- 114,068,392,780
100 - PROVISIONS FOR RISKS AND CHARGES	- 5,062,258,793	- 2,750,700,000
110 - OTHER OPERATING EXPENSES	- 11,976,030,408	- 11,330,174,212
120 - PROVISIONS FOR LOAN LOSSES AND FOR GUARANTEES AND COMMITMENTS	- 91,608,749,278	- 74,235,063,556
130 - RECOVERIES OF LOANS AND REVERSALS OF PROVISIONS FOR GUARANTEES AND COMMITMENTS	17,973,972,661	24,507,985,342
140 - ADDITIONAL PROVISIONS FOR LOAN LOSSES	- 10,000,000,000	- 5,000,000,000
150 - WRITE-DOWNS TO FINANCIAL FIXED ASSETS	- 1,708,263,149	- 2,842,142,728
160 - RECOVERIES OF FINANCIAL FIXED ASSETS	-	1,952,940,311
170 - INCOME FROM ORDINARY ACTIVITIES	326,309,454,451	301,947,621,987
180 - EXTRAORDINARY INCOME	24,866,125,330	44,109,493,024
190 - EXTRAORDINARY EXPENSES	- 8,154,303,871	- 10,112,271,211
200 - EXTRAORDINARY INCOME, NET	16,711,821,459	33,997,221,813
220 - INCOME TAXES	-	-
220 - INCOME TAXES	- 152,800,000,000	- 154,300,000,000
230 - NET INCOME	190,221,275,910	181,644,843,800



# **FINANCIAL STATEMENTS: COMPARISON WITH 1999**

## BALANCE SHEET COMPARISON WITH 1999

ASSETS <i>(millions of Italian Lire)</i>	31/12/00	31/12/99	Variazioni %	
			2000	1999
10 - CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICES	216,844	157,432	37.7	4.3
20 - TREASURY CERTIFICATES AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	838,802	1,856,585	- 54.8	- 54.1
30 - LOANS AND ADVANCES TO CREDIT INSTITUTIONS:	1,863,408	1,198,335	55.5	- 27.2
(a) repayable on demand	981,533	237,933	...	35.0
(b) other loans and advances	881,875	960,402	- 8.2	- 34.7
40 - ACCRUED INCOME AND PREPAID EXPENSES:	12,166,038	10,583,570	15.0	11.9
including:				
- loans using funds managed on behalf of third parties	308	186	65.6	- 96.9
50 - BONDS AND OTHER FIXED-INCOME SECURITIES:	3,868,865	2,800,718	38.1	95.2
(a) issued by public bodies	2,261,355	1,600,555	41.3	52.6
(b) issued by banks	944,852	641,744	47.2	...
including:				
- own securities	109,019	99,189	9.9	- 18.9
(c) issued by financial institutions	491,576	275,201	78.6	...
including:				
- own securities	-	-	-	-
(d) issued by others	171,082	283,218	- 39.6	...
60 - SHARES, QUOTAS AND OTHER EQUITY SECURITIES	273,447	276,590	- 1.1	70.7
70 - EQUITY INVESTMENTS	104,641	531,505	- 80.3	90.6
80 - INVESTMENTS IN GROUP COMPANIES	1,086,328	527,724	...	86.6
90 - INTANGIBLE FIXED ASSETS	165,124	57,103	...	- 2.2
including:				
- start-up costs	8,817	13,012	- 32.2	- 6.5
- goodwill	123,215	13,431	...	- 33.3
100 - TANGIBLE FIXED ASSETS	1,014,300	901,509	12.5	16.4
including:				
- leasing	541,587	425,773	27.2	45.9
120 - OWN SHARES <i>(nominal value: Lit. 19,933)</i>	34,130	9,788	...	- 66.4
130 - OTHER ASSETS	722,700	762,783	- 5.3	- 0.4
140 - ACCRUED INCOME AND PREPAID EXPENSES:	175,675	138,899	26.5	- 7.3
(a) accrued income	164,079	132,339	24.0	- 8.3
(b) prepaid expenses	11,596	6,560	76.8	17.1
including:				
- discount on bonds issued	2,398	1,455	64.8	44.5
<b>TOTAL ASSETS</b>	<b>22,530,302</b>	<b>19,802,541</b>	<b>13.8</b>	<b>2.9</b>

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				Variazioni %	
(millions of Italian Lire)		31/12/00	31/12/99	2000	1999
10	AMOUNTS OWED TO CREDIT INSTITUTIONS:	4,521,974	2,998,448	50.8	- 14.5
	(a) repayable on demand	264,971	52,027	...	- 69.9
	(b) with agreed maturity dates or periods of notice	4,257,003	2,946,421	44.5	- 11.6
20	AMOUNTS OWED TO CUSTOMERS:	7,918,982	7,381,578	7.3	2.2
	(a) repayable on demand	7,232,507	6,809,281	6.2	6.0
	(b) with agreed maturity dates or periods of notice	686,475	572,297	20.0	- 28.6
30	DEBTS EVIDENCED BY CERTIFICATES:	5,472,208	4,944,114	10.7	8.3
	(a) bonds	4,385,761	3,745,855	17.1	29.1
	(b) certificates of deposits	946,889	1,102,221	- 14.1	- 28.1
	(c) other	139,558	96,038	45.3	- 25.6
40	FUNDS MANAGED ON BEHALF OF THIRD PARTIES	450	445	1.1	- 93.0
50	OTHER LIABILITIES	705,167	683,685	3.1	3.3
60	ACCRUED EXPENSES AND DEFERRED INCOME:	285,292	201,802	41.4	- 9.3
	(a) accrued expenses	217,979	154,483	41.1	- 14.5
	(b) deferred income	67,313	47,319	42.3	12.7
70	RESERVE FOR TERMINATION INDEMNITIES	119,794	112,786	6.2	3.3
80	RESERVES FOR RISKS AND CHARGES	787,104	760,740	3.5	2.8
	(a) reserves for pensions and similar commitments	575,943	574,352	0.3	0.1
	(b) reserves for taxation	166,875	163,092	2.3	11.3
	(c) other reserves	44,286	23,296	90.1	16.7
90	RESERVES FOR LOAN LOSSES	10,000	5,000	...	- 16.7
100	RESERVES FOR GENERAL BANKING RISKS	10,000	10,000	-	-
120	CAPITAL STOCK	1,970,173	1,970,173	-	16.9
130	ADDITIONAL PAID-IN CAPITAL	241,368	299,189	- 19.3	...
140	RESERVES	282,164	237,531	18.8	14.6
	(a) legal reserve	71,043	52,878	34.4	38.5
	(b) reserve for purchase of treasury stock	34,130	9,788	...	- 66.4
	(c) statutory reserves	-	-	-	-
	(d) other reserves	176,991	174,865	1.2	25.0
150	REVALUATION RESERVES	15,405	15,405	-	-
170	NET INCOME	190,221	181,645	4.7	23.6

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>22,530,302</b>	<b>19,802,541</b>	<b>13.8</b>	<b>2.9</b>
---	-------------------	-------------------	-------------	------------

#### **GUARANTEES AND COMMITMENTS**

10	GUARANTEES GIVEN	2,152,098	1,828,213	17.7	- 4.1
	including:				
	- acceptances	8,544	15,572	- 45.1	43.3
	- other guarantees	2,143,554	1,812,641	18.3	- 4.4
20	COMMITMENTS	1,407,036	820,521	71.5	34.7
	including:				
	- repurchase agreements	-	-	-	-

## INCOME STATEMENT COMPARISON WITH 1999

<i>(millions of Italian Lire)</i>	2000	1999	Variazioni %	
			2000	1999
10 - INTEREST INCOME AND SIMILAR REVENUES	1,046,941	858,555	21.9	- 24.1
including:				
- loans and advances to customers	762,912	606,567	25.8	- 15.2
- fixed-income securities	231,934	202,550	14.5	- 32.4
20 - INTEREST EXPENSE AND SIMILAR CHARGES	- 482,527	- 371,873	29.8	- 37.1
including:				
- amounts owed to customers	- 96,715	- 77,635	24.6	- 51.4
- securities issued	- 212,991	- 167,315	27.3	- 32.2
30 - DIVIDENDS AND OTHER REVENUES:	57,617	52,702	9.3	...
(a) from shares, quotas and other equity securities	3,905	5,768	- 32.3	...
(b) from equity investments	20,140	45,157	- 55.4	...
(c) from equity investments in group companies	33,572	1,777	...	- 37.7
40 - COMMISSION INCOME	279,306	263,514	6.0	17.8
50 - COMMISSION EXPENSES	- 21,504	- 16,211	32.7	- 11.5
60 - GAINS (LOSSES) FROM FINANCIAL TRANSACTIONS, NET	25,229	80,788	- 68.8	- 13.2
70 - OTHER OPERATING INCOME	169,192	144,722	16.9	11.6
80 - ADMINISTRATIVE COSTS:	- 524,027	- 526,484	- 0.5	0.3
(a) personnel including:	- 334,173	- 340,692	- 1.9	- 0.9
- wages and salaries	- 207,553	- 223,135	- 7.0	- 0.2
- social security costs	- 56,224	- 65,103	- 13.6	- 2.2
- termination indemnities	- 16,811	- 16,380	2.6	3.3
- pensions and similar commitments	- 23,281	- 21,906	6.3	- 8.2
(b) other administrative costs	- 189,854	- 185,792	2.2	2.6
90 - DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS	- 121,537	- 114,068	6.5	14.3
100 - PROVISIONS FOR RISKS AND CHARGES	- 5,062	- 2,751	84.0	96.5
110 - OTHER OPERATING EXPENSES	- 11,976	- 11,330	5.7	49.0
120 - PROVISIONS FOR LOAN LOSSES AND FOR GUARANTEES AND COMMITMENTS	- 91,609	- 74,235	23.4	- 16.9
130 - RECOVERIES OF LOANS AND REVERSALS OF PROVISIONS FOR GUARANTEES AND COMMITMENTS	17,974	24,508	- 26.7	- 20.7
140 - ADDITIONAL PROVISIONS FOR LOAN LOSSES	- 10,000	- 5,000	...	- 16.7
150 - WRITE-DOWNS TO FINANCIAL FIXED ASSETS	- 1,708	- 2,842	- 39.9	...
160 - RECOVERIES OF FINANCIAL FIXED ASSETS	-	1,953	- 100.0	...
170 - INCOME FROM ORDINARY ACTIVITIES	326,309	301,948	8.1	8.1
180 - EXTRAORDINARY INCOME	24,866	44,109	- 43.6	...
190 - EXTRAORDINARY EXPENSES	- 8,154	- 10,112	- 19.4	...
200 - EXTRAORDINARY INCOME, NET	16,712	33,997	- 50.8	...
220 - INCOME TAXES	- 152,800	- 154,300	- 1.0	12.1
230 - NET INCOME	190,221	181,645	4.7	23.6





# FINANCIAL STATEMENTS IN EURO

The accounts for the year are expressed in euro with translation rates being those in effect from 1/1/99, in line with CONSOB Recommendation no. 98083971 of 26/10/98.  
The Bank's share capital has yet to be converted into euro.

## BALANCE SHEET

ASSETS <b>(EURO)</b>	31/12/00	31/12/99	Change %	
			2000	1999
10				
CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICES	111.990.877	81.306.821	37,7	4,3
20 -				
TREASURY CERTIFICATES AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	433.205.065	958.846.002	- 54,8	- 54,1
30 - LOANS AND ADVANCES TO CREDIT INSTITUTIONS:	962.369.698	618.888.571	55,5	- 27,2
(a) repayable on demand	506.919.611	122.882.350	...	35,0
(b) other loans and advances	455.450.087	496.006.221	- 8,2	- 34,7
40 - ACCRUED INCOME AND PREPAID EXPENSES:	6.283.234.275	5.465.957.772	15,0	11,9
including:				
- loans using funds managed on behalf of third parties	159.115	95.998	65,7	- 96,9
50 - BONDS AND OTHER FIXED-INCOME SECURITIES:	1.998.101.766	1.446.450.194	38,1	95,2
(a) issued by public bodies	1.167.892.404	826.617.876	41,3	52,6
(b) issued by banks	487.975.215	331.433.040	47,2	...
including:				
- own securities	56.303.362	51.226.986	9,9	- 18,9
(c) issued by financial institutions	253.877.530	142.129.470	78,6	...
including:				
- own securities	-	-	-	-
(d) issued by others	88.356.617	146.269.808	- 39,6	...
60 - SHARES, QUOTAS AND OTHER EQUITY SECURITIES	141.223.367	142.846.912	- 1,1	70,7
70 - EQUITY INVESTMENTS	54.042.804	274.499.502	- 80,3	90,6
80 - INVESTMENTS IN GROUP COMPANIES	561.041.569	272.546.871	...	86,6
90 - INTANGIBLE FIXED ASSETS	85.279.364	29.490.995	...	- 2,2
including:				
- start-up costs	4.553.747	6.720.226	- 32,2	- 6,5
- goodwill	63.635.605	6.936.752	...	- 33,3
100 - TANGIBLE FIXED ASSETS	523.842.342	465.590.731	12,5	16,4
including:				
- leasing	279.706.320	219.893.275	27,2	45,9
120 - OWN SHARES	17.626.816	5.054.961	...	- 66,4
<i>(nominal value: 9,894,023)</i>				
130 - OTHER ASSETS	373.243.413	393.944.762	- 5,3	- 0,4
140 - ACCRUED INCOME AND PREPAID EXPENSES:	90.728.373	71.734.981	26,5	- 7,3
(a) accrued income	84.739.661	68.347.138	24,0	- 8,3
(b) prepaid expenses	5.988.712	3.387.843	76,8	17,1
including:				
- discount on bonds issued	1.238.522	751.195	64,9	44,4
<b>TOTAL ASSETS</b>	<b>11.635.929.729</b>	<b>10.227.159.075</b>	<b>13,8</b>	<b>2,9</b>

LIABILITIES AND STOCKHOLDERS' EQUITY			Variazione %	
(EURO)	31/12/00	31/12/99	2000	1999
10 - AMOUNTS OWED TO CREDIT INSTITUTIONS:	2,335,404,330	1,548,569,297	50.8	- 14.5
(a) repayable on demand	136,845,935	26,869,820	...	- 69.9
(b) with agreed maturity dates or periods of notice	2,198,558,395	1,521,699,477	44.5	- 11.6
20 - AMOUNTS OWED TO CUSTOMERS:	4,089,812,833	3,812,266,737	7.3	2.2
(a) repayable on demand	3,735,278,326	3,516,699,843	6.2	6.0
(b) with agreed maturity dates or periods of notice	354,534,507	295,566,894	20.0	- 28.6
30 - DEBTS EVIDENCED BY CERTIFICATES:	2,826,159,755	2,553,421,775	10.7	8.3
(a) bonds	2,265,056,586	1,934,572,751	17.1	29.1
(b) certificates of deposits	489,027,620	569,249,800	- 14.1	- 28.1
(c) other	72,075,549	49,599,224	45.3	- 25.6
40 - FUNDS MANAGED ON BEHALF OF THIRD PARTIES	232,264	229,728	1.1	- 93.0
50 - OTHER LIABILITIES	364,188,240	353,093,897	3.1	3.3
60 - ACCRUED EXPENSES AND DEFERRED INCOME:	147,340,862	104,222,018	41.4	- 9.3
(a) accrued expenses	112,576,464	79,783,863	41.1	- 14.5
(b) deferred income	34,764,398	24,438,155	42.3	12.7
70 - RESERVE FOR TERMINATION INDEMNITIES	61,868,332	58,248,918	6.2	3.3
80 - RESERVES FOR RISKS AND CHARGES	406,505,559	392,889,704	3.5	2.8
(a) reserves for pensions and similar commitments	297,449,867	296,628,224	0.3	0.1
(b) reserves for taxation	86,183,851	84,230,094	2.3	11.3
(c) other reserves	22,871,841	12,031,386	90.1	16.7
90 - RESERVES FOR LOAN LOSSES	5,164,569	2,582,284	...	- 16.7
100 - RESERVES FOR GENERAL BANKING RISKS	5,164,569	5,164,569	-	-
120 - CAPITAL STOCK	1,017,509,645	1,017,509,645	-	16.9
130 - ADDITIONAL PAID-IN CAPITAL	124,656,085	154,517,965	- 19.3	...
140 - RESERVES	145,725,538	122,674,747	18.8	14.6
(a) legal reserve	36,690,626	27,309,453	34.4	38.5
(b) reserve for purchase of treasury stock	17,626,816	5,054,961	...	- 66.4
(c) statutory reserves	-	-	-	-
(d) other reserves	91,408,096	90,310,333	1.2	25.0
150 - REVALUATION RESERVES	7,956,058	7,956,058	-	-
170 - NET INCOME	98,241,090	93,811,733	4.7	23.6
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>11,635,929,729</b>	<b>10,227,159,075</b>	<b>13.8</b>	<b>2.9</b>
-				
<b>GUARANTEES AND COMMITMENTS</b>				
10 - GUARANTEES GIVEN	1,111,466,087	944,193,301	17.7	- 4.1
including:				
- acceptances	4,412,672	8,042,452	- 45.1	43.3
- other guarantees	1,107,053,415	936,150,849	18.3	- 4.4
20 - COMMITMENTS	726,673,329	423,763,764	71.5	34.7
including:				
- repurchase agreements	-	-	-	-

## INCOME STATEMENT

(Euro)	2000	1999
10 - INTEREST INCOME AND SIMILAR REVENUES	540,699,877	443,406,812
including:		
– loans and advances to customers	394,010,995	313,265,466
– fixed-income securities	119,783,701	104,608,189
20 - INTEREST EXPENSE AND SIMILAR CHARGES	- 249,204,310	- 192,056,316
including:		
– amounts owed to customers	- 49,948,893	- 40,095,123
– securities issued	- 110,000,610	- 86,410,816
30 - DIVIDENDS AND OTHER REVENUES:	29,756,836	27,218,368
(a) from shares, quotas and other equity securities	2,016,878	2,979,106
(b) from equity investments	10,401,533	23,321,740
(c) from equity investments in group companies	17,338,425	917,522
40 - COMMISSION INCOME	144,249,755	136,093,833
50 - COMMISSION EXPENSES	- 11,106,047	- 8,372,178
60 - GAINS (LOSSES) FROM FINANCIAL TRANSACTIONS, NET	13,029,597	41,723,505
70 - OTHER OPERATING INCOME	87,380,663	74,742,613
80 - ADMINISTRATIVE COSTS:	- 270,637,296	- 271,906,719
(a) personnel	- 172,585,953	- 175,952,909
including:		
– wages and salaries	- 107,192,163	- 115,239,631
– social security costs	- 29,037,211	- 33,623,079
– termination indemnities	- 8,682,135	- 8,459,543
– pensions and similar commitments	- 12,023,669	- 11,313,589
(b) other administrative costs	- 98,051,343	- 95,953,809
90 - DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS	- 62,768,762	- 58,911,408
100 - PROVISIONS FOR RISKS AND CHARGES	- 2,614,438	- 1,420,618
110 - OTHER OPERATING EXPENSES	- 6,185,104	- 5,851,547
120 - PROVISIONS FOR LOAN LOSSES AND FOR GUARANTEES AND COMMITMENTS	- 47,311,971	- 38,339,211
130 - RECOVERIES OF LOANS AND REVERSALS OF PROVISIONS FOR GUARANTEES AND COMMITMENTS	9,282,782	12,657,318
140 - ADDITIONAL PROVISIONS FOR LOAN LOSSES	- 5,164,569	- 2,582,284
150 - WRITE-DOWNS TO FINANCIAL FIXED ASSETS	- 882,244	- 1,467,844
160 - RECOVERIES OF FINANCIAL FIXED ASSETS	-	1,008,609
170 - INCOME FROM ORDINARY ACTIVITIES	168,524,769	155,942,933
180 - EXTRAORDINARY INCOME	12,842,282	22,780,652
190 - EXTRAORDINARY EXPENSES	- 4,211,347	- 5,222,552
200 - EXTRAORDINARY INCOME, NET	8,630,935	17,558,100
220 - INCOME TAXES	- 78,914,614	- 79,689,300
230 - NET INCOME	98,241,090	93,811,733

## INTRODUCTION

These **financial statements** have been prepared in compliance with Legislative decree 87/92 and the Bank of Italy provision dated 30/7/92 and subsequent modifications.

The Balance Sheet and Income Statement show amounts in Italian lire. Comparison is made to the business year ending 31/12/99. Captions which show no amounts in the balance sheets of the periods under examination have not been entered.

With regards to balance sheet caption 50 "bonds and other fixed-income securities", data given at items "issued by banks" and "issued by others" have been reclassified in order to aid comparison between the statements

For the reader's benefit, amounts are also expressed in euro applying the lira/euro translation rate in force from 1/1/99 as requested by Consob recommendation no. 98083971 of 26/10/98.

In the explanatory notes, amounts are expressed in millions of Italian lire, unless otherwise stated. Captions which show no amounts for the periods under examination have been omitted. Further information not foreseen by the above-mentioned regulations and provisions has been supplied where judged appropriate.

The report is completed by the following attached statements:

- statement of changes in stockholders' equity;
- statement of cash flow;
- statement in accordance with article 7, Law 218/90 (abstract);
- form of total tax credits attributable to shareholders related to dividends at the moment of their distribution (article 105, Presidential decree 917/86).
- properties;
- leased fixed assets revalued in accordance with Law 413/91;
- convertible bonds;

- list of non-significant investments;
- information on subsidiaries and other significant company interests;
- key data relating to Carige Open Pension Fund;
- Pro-forma balance sheet 2000 and comparison with pro-forma statement for 1999 in the light of new accounting principle for handling of dividends stemming from equity investments;
- list of exchange rates used in converting currency into lire.

## Purchase of 21 branches from Banco di Sicilia

At the end of the year, the Bank acquired 21 branches from the Banco di Sicilia situated in the provinces of Enna and Palermo. The effects of the acquisition for 2000 were exclusively on the balance sheet as the agreement came into force 1/1/2001.

The value of assets purchased are as follows:

- customers loans	Lit. 113.0 bn
- amounts owed by banks and other credit institutions	Lit. 272.4 bn
(corresponding to imbalance of credit values granted)	
- customer deposits	Lit. 332.9 bn
- securities issued	Lit. 49.2 bn
- indirect deposits	Lit. 390.8 bn

## New criterion for the accounting of dividends on equity investments

During 2000, a new criterion for the handling of dividends on equity investments was introduced.

In particular, the accounting of dividends payable by subsidiaries to the parent company is to be on an accruals basis.

This criterion is in line with the accounting principles foreseen by the Council of Italian Chartered Accountants and Consob provisions nos. SOC/RM/94004765 of 11/5/94 and DAC/RM/95002194 of 16/3/95. The extension of the principle of substance over form allows for dividends to

be accounted for in the period to which they relate.

This treatment had the following effects on the balance sheet and income statement for 2000:

1. Captions 30b 'Dividends and other revenues from equity investments' and 130 'other activities': the charging of Lit. 33,572 million corresponding to dividends accrued during 2000 (Lit. 21,150 million) and related tax credits (Lit. 12,422 million);
2. Captions 220 'Income tax' and 80b 'Reserves for risks and charges - tax reserves': the recording of related differed tax of Lit. 12,086 million;
3. Caption 180 'Extraordinary income': the recording of Lit. 8,775 million in dividends accrued during 1999 and received during 2000, inclusive of tax credits totalling Lit. 3,247 million.

Net income and shareholder's equity for the year subsequently rose by Lit. 21,486 million.

The adoption of the new criterion had no effects on the Bank's tax position, nor on the consolidated accounts.

As foreseen by regulations the attachments include pro-forma statements for 2000 and 1999 in order to aid comparison between the two accounting periods in the light of the new criterion adopted.

### **Valuation of assets and liabilities expressed in other EMU countries' currencies**

At 31st December 1998, assets, excluding equity investments, liabilities and off-balance sheet transactions are expressed in the currencies of the EMU-member countries or indexed to the same in accordance with the relevant areas of article 21, Legislative decree 213/98, applying the exchange translation rates fixed at 31/12/98 and pursuant to articles 4 and 5 of Community regulation no. 1103/97.

Positive and negative exchange translation differentials are recorded at caption 60 "Gains (losses) from financial transactions".

At 31st December 2000, equity investments in currencies of EMU-member countries or indexed to the same continued to be evaluated in accordance with the relevant areas of article 21, Legislative decree 213/98, applying the rate in force at the time of purchase.

Positive exchange translation differentials relating to equity investments not recorded at caption 60 amount to Lit. 6,349 million.

### **Costs stemming from information technology problems relating to the year 2000 and the transition to the euro**

For the calculation of these costs, the Bank utilised the same criteria applied to the replacement, maintenance, and updating of information systems.

Costs connected to "millennium bug" problems were recorded in the income statement for the period for a total of around Lit. 0.48bn; whilst at income statement caption 90 "Intangible fixed assets" Lit. 2.1 bn remains to be amortised.

Euro-transition costs totalling around Lit. 1.6 bn are recorded in the income statement; Lit. 2.8 bn remains to be amortised.

Further details are given in the Report.

### **Consob request for information (Consob communication no. 1011405 dated 15/2/2001)**

Below is presented the information Italian banks are required to supply to Consob pursuant to article 114, legislative decree 58/98.

- a) **Tax relief foreseen by articles 22 and 23 of Legislative decree 153/99.** In these financial statements, as in previous years, income tax for the year was calculated also on the basis of

relief for non structural mergers as foreseen by the above-stated legislation. As a result, for 1999 and 2000 there were reduced tax liabilities of, respectively, Lit. 472 million and Lit. 2,544 million. In relation to this legislation, the Treasury and Finance Ministries in their press statement of 3/4/00 made it known that the tax relief foreseen by Law 461/98 and Legislative decree 153/99 was suspended in the light of a European Commission inquiry into the question of such relief being in the form of State aid as proscribed by article 88, paragraph 2 of the European Community treaty.

**b) Special rate mortgages (Law 133/99 and article 145 of Law accompanying 2001 Budget).**

Article 29 of Law 133/99 foresees the re-negotiation of mortgage interest rates at a reference rate equal to the system-wide average (as defined by article 145 of the Budget Law), with the subsequent charges, all or in part, to be covered by the State or public bodies. At 31/12/00 the interest rate relative to these mortgages had yet to be re-negotiated and the system-wide average rate of interest had still to be calculated (the provisions of the Law came into effect on 1/7/99). In the light of this, provisions to a specific reserve were made of Lit. 2,728 million corresponding to estimated charges for the period 1/7/99 to 31/12/00. Estimated charges for 2001 are around Lit. 1.5 bn.

**c) Fixed rate mortgages (Law decree 394/00).** Law decree 394 of 29/12/2000 foresees the re-negotiation of specific categories of fixed-rate loans with the stipulation of a new rate of interest. The re-negotiation, to be applied to mortgage instalments after 2<sup>nd</sup> January 2001, will generate reduced interest income of around Lit. 2 bn.

**d) Capitalisation of interest due (Constitutional Court Sentence 425 of 9/10/00).**

The Constitutional Court's ruling number 425 of 9/10/00 declared illegitimate the contents of article 25, Legislative decree 344/99. The article excluded from liability to legal action those clauses between banks and customers relating to capitalisation of interest due signed after the coming into effect of the Inter-ministerial Committee for Credit and Saving's deliberation of 22/4/00, enacting Legislative decree 344/99. The Constitutional Court confined its judgement exclusively to a criticism of the government in its enactment of the above-mentioned law. In the light of the above and the inevitability of further legislation on the matter Banca Carige has declined the few requests it has received from customers for the return of interest paid over ten years as a result of the quarterly capitalisation of bank interest income. The Bank does not view the Constitutional Court's sentence as an acceptance of the intrinsic reasonableness of article 25, Legislative decree 344/99 but merely as a criticism of the government's enactment of amnesty-type legislation which goes beyond the confines of its powers as stated by Law 128/98. The sentence appears, rather than a declaration of the illegitimacy of the procedure of capitalisation of interest, proof of the need for new legislation to resolve the question.

**SECURITISATION OF CREDIT**

At the end of the year, in line with the provisions of Law 130/1999, the Bank securitised without recourse a part of its bad loans portfolio.

The gross balance sheet total of customer loans was Lit. 566.4 bn, classified as bad

loans at 30/11/00 and backed either fully or in part by voluntary or legally-enforced guarantees.

The ownership of the loans was transferred on 21/12/00 (with effect from 23/12/00) to ARGO Finance One Srl of Milan, a special purpose vehicle established pursuant to Law 130/99 and enrolled in the general list of companies held by the Italian Exchange Office as foreseen by article 106, Legislative decree 385/93; the vehicle will be used for one or more securitisation transactions as foreseen by article 3 of the above-mentioned Law 130/99.

The ownership of ARGO Finance One at present is as follows: 95% holding on the part of a Dutch-registered foundation; 5% holding on the part of Columbus Carige Immobiliare, a subsidiary of the Banca Carige Group.

ARGO Finance One acquired the credits by an asset backed bond issue in three classes (A, B and C) for Lit. 165.3 million.

The company also proposed the further issue of C class bonds totalling euro 165.3 million to cover issuance-related costs.

The recovery of the securitised credit will be carried out on the part of ARGO by Banca Carige according to the terms present in a specific service contract between the parties. The funds recovered will be destined exclusively for the securities issued and related costs.

The bonds issued by ARGO Finance One are as follows:

Class A 'Senior' bonds amounting to euro 40 million, floating rate indexed to Euribor at 6 months + 0.60%, twice-yearly coupon;

Class B 'Mezzanine' bonds amounting to euro 70 million, floating rate indexed to Euribor at 6 months + 0.45%, twice-yearly coupon;

Class C 'Junior' bonds amounting to euro 56.5 million, fixed rate 4% plus variable remuneration, twice-yearly coupon.

The senior and mezzanine securities were placed with institutional investors and were assigned the following rating:

	Moody's	Fitch IBCA
Class A	Aaa	AA
Class B	Aa1	AA

Both tranches are listed on the Luxembourg stock market.

The lowest ranking class C bonds are fully subscribed by Banca Carige.

The class A and B bond issues are further backed by a credit line granted by Banca Carige to the special purpose vehicle of euro 15 million in case of temporary liquidity difficulties arising from late payment, in addition to a limited recourse bond issue of euro 84 million.

ARGO Finance One has also purchased an interest rate cap from Banca Carige with premium paid at the moment of the issuing of the bonds.

With regards to the accounting of this securitised credit operation, at 31/12/2000 a credit of Lit. 320 bn was granted to ARGO Finance One which is recorded at caption 40, 'Loans and advances to customers' under item 'other non current account loans'.

After the subscription of class A and B bonds on the part of institutional investors, and Class C on the part of Banca Carige on 27/3/2001 the credit was re-paid.

The reduction in the value of the loans ceded (Lit. 120.6 bn) was recorded at caption 130 'Reserves and issue premium' in line with article 6, Law 130/99. The amount is entered in the income statement over five years in equal instalments starting from 2000, the year in which the loans were ceded.

Potential risks for the Bank as a result of the operation are represented by the class C



bonds, the line of credit, the interest rate cap, and guarantees granted to the holders of class B bonds. These risks will be evaluated by constant monitoring of the actual results of recovery in comparison to those scheduled.

The class C bonds fully subscribed by Banca Carige have been included in the Bank's investment securities portfolio.

### **Consolidated Financial Statements**

for the Banca Carige Group have been prepared.

These **financial statements were audited** by KPMG SpA. The selection of the Bank's auditors for the period 2000-2002 was approved by the Shareholders' Meeting of 27/4/00 pursuant to Legislative decree 58/90. The duties of the auditors for the period are the auditing of the Bank's financial statements, the consolidated financial statements, and a limited review of the half yearly report at 30 June.

### SECTION 1

The Accounting Policies are in compliance with law decree 87/92 and the Bank of Italy's provisions of 30/7/92 and subsequent modifications and are the same as those used in the previous year, with the exception of the adoption of the new criterion for the handling of dividends on equity investments.

#### **LOANS, GUARANTEES AND COMMITMENTS**

Loans are stated at their estimated realizable value and are determined according to debtors' solvency and the debt-paying difficulty of the debtors' home country.

The valuation of loans is made under the application of either an analytic or lump-sum method.

The interest on overdue loans is adjusted by the portion of loans considered to be irrecoverable.

Reserves for loan losses, recorded under "Liabilities", have been created only to offset contingent credit risks.

Reserves for guarantees and commitments, recorded under "Liabilities" have been created to offset this particular kind of risk.

#### **SECURITIES PORTFOLIO AND OFF-BALANCE SHEET TRANSACTIONS EXCLUDING THOSE IN CURRENCY**

##### **Investment securities**

Investment securities are valued at cost, adjusted on an accruals basis for the difference between cost and their redemption at maturity and includes unamortized issue premiums or discounts.

In the event of long-term deterioration of the issuers' solvency, the securities are written down.

The original value of investment securities is reinstated when the reasons for writing down cease to apply.

##### **Trading securities.**

- trading securities quoted on organised markets are valued either at purchase price or the average market price for the last month, whichever is lower;
- trading securities not quoted on organised markets are valued at purchase price adjusted for market trends and issuer solvency.

The purchase price, determined according to the principle of daily weighted average, includes adjustments for the relevant quota of issue premium or discount accumulated during the period the securities are held.

Securities held at 1/12/91 and still in portfolio at 30/6/2000 are valued at cost defined as the value of transfer to Banca Carige at 1/12/91 and adjusted for issue premium or discount pursuant to Legislative decree 719/94 and subsequent changes.

The original value of the securities is reinstated when the reasons for writing down cease to apply.

The possible transfer of securities from the investment to trading securities portfolio is accounted for at book price on the transaction date calculated according to the evaluation criteria applied to the portfolio of origin. Securities transferred and still present in the portfolio at the balance sheet date are valued according to the evaluation criteria applied to the portfolio to which they are destined.

##### **Off balance sheet operations, excluding those in currency**

Unsettled securities transactions are evaluated according to the criteria of the portfolio to which they are destined.

Unsettled trading securities transactions are evaluated accordingly:

- a) with regards to commitments to purchase and commitments to sell which have the same underlying securities with the same nominal value, any positive

difference between the settlement price of the commitment to purchase and the settlement price of the commitment to sell is recorded in the income statement;

- b) the residual commitments to purchase are evaluated at either settlement price or market price whichever is lower;
- c) the residual commitments to sell are evaluated at either settlement price or book value, whichever is lower.

Derivative contracts on securities, interest rate etc., are evaluated accordingly:

- a) contracts related to underlying equity investments are evaluated at cost and written down in the event of long-term deterioration of the issuer's solvency;
- b) trading derivatives contracts are evaluated at either cost or market value, whichever is lower. Market value of contracts is that quoted at the last day of the business year. Those contracts which are not quoted on organised markets but which can be evaluated according to official parameters, are evaluated at replacement cost at the last day of the period;
- c) economically-linked trading contracts, which are closely correlated both technically and financially, are evaluated in the same way. The losses which exceed connected gains are recorded in the income statement;
- d) hedging contracts on trading securities are evaluated in the same way as the underlying; market value is the average of prices and parameters recorded in the last month of the period. Losses which exceed gains on securities or gains which correspond to losses on securities are recorded in the income statement;
- e) hedging contracts on assets and liabilities which are evaluated at cost are in turn evaluated at cost.

## **EQUITY INVESTMENTS**

The Bank's stock rights in relation to its subsidiaries are included under holdings. These rights, in the form of securities or not, are held for investment.

Holdings, both substantial and those in Group subsidiaries, are valued at purchase cost or subscription. With regard to investments resulting from the transfer of assets on 1/12/91, the cost was estimated by a group of experts.

The cost is written down to reflect any permanent loss in value. The original value is reinstated when the reasons for writing down ceased to apply.

The dividends of the subsidiaries are recorded in the same accounting period in which the related profit accrued.

The dividends on other equity investments are recorded in the accounting period in which they were deliberated, usually coinciding with the period of collection.

## **FOREIGN CURRENCY ASSETS AND LIABILITIES INCLUDING OFF-BALANCE SHEET TRANSACTIONS**

Assets, excluding equity investments, and liabilities expressed in foreign currencies are valued applying the spot rate at 31/12/000. Equity investments expressed in foreign currencies are valued according to the rate in force at the time of purchase.

Off-balance sheet transactions expressed in foreign currencies are valued:

- at the spot rate as of the last business day of the period in the case of unsettled spot contracts;
- at the forward exchange rate as of the last business day of the period for maturities corresponding to those of the contracts being valued, in the case of forward transactions.

In the case of on-balance sheet assets and liabilities linked to off-balance sheet assets

and liabilities, off-balance sheet items are accounted for in a manner similar to the accounting of on-balance sheet items.

### **TANGIBLE FIXED ASSETS**

Tangible assets are recorded at purchase price plus related charges, and include leased assets and those assets that are to be leased.

The value of those assets transferred from Cassa di Risparmio di Genova e Imperia to Banca Carige on 1/12/91 was estimated by a group of experts.

The value of tangible fixed assets includes revaluation in accordance with Laws 575/75, 72/83, 413/91 (only for some assets transferred by merged companies) and with reference to capital gains, Law 218/90.

Advances to supplies for the purpose of tangible fixed assets are included under tangible fixed assets.

Depreciation is determined by using the straight-line method over the useful life of each category.

Objects of art, being assets which conserve if not increase their value, are not amortized.

Included in this category are leased assets, in line with the equity method, and are amortized as follows:

- assets leased from 1986 to 1987 are depreciated to the maximum extent foreseen for each type of user as permitted by tax law;
- assets leased from 1988 to 1994 are depreciated on a fixed percentage basis in compliance with Presidential decree 917/86;
- assets leased from 1995 onwards are depreciated as established in the relevant financial amortization plan;
- assets to be leased and assets stolen or destroyed are not amortized.

Tangible fixed assets, including assets leased or to be leased, are depreciated on a straight-line basis.

### **INTANGIBLE FIXED ASSETS**

Intangible fixed assets are, in those cases foreseen by relevant legislation, recorded with the consent of the Board of Statutory Auditors and are amortized on a straight-line basis. Start-up and improvement costs in addition to research and development costs are amortised over a period not exceeding five years.

Intangible fixed assets are amortised according to the straight-line method in constant annual charges over projected useful life.

Goodwill arising from the merger into Banca Carige of Istituto di Credito Fondiario della Liguria SpA, Mediocredito Ligure SpA, Columbus Leasing Spa and Columbus Domestic SpA is amortized, with the Statutory Auditors' consent, over eight years starting from 1/7/94. The period was calculated on the basis of residual goodwill stemming from the merger.

Goodwill paid for the purchase of part of the Banco di Sicilia's branch network (contract stipulated on 28/12/00 with effect 1/1/01) will be amortised over 20 years from 2001, corresponding to the average period of goodwill calculated for the branch network acquired.

### **PAYABLES**

Payables are recorded at face value with the exception of zero coupon and one coupon debt securities, which are recorded at a value corresponding to net proceeds plus accrued interest.

### **TERMINATION INDEMNITY**

Termination indemnity is in accordance with current legislation.

## **RESERVES FOR RISKS AND CHARGES – RESERVES FOR TAXATION**

Tax reserves stem from provisions for direct taxation, deferred tax liabilities, indirect taxation and other unforeseen events such as risk to liabilities after litigation.

## **OTHER TAX ASPECTS – DEFERRED TAX: POSITIVE AND NEGATIVE EFFECTS**

The calculation of deferred tax is made on the basis of the equity method with reference to the timing differences existing between the value attributed to an asset or liability under accounting criteria and the value attributed to the same for the calculation of tax.

Tax advanced is recorded under assets subject to the condition that, for prudential reasons, there is a reasonable expectation of realising, over a period of five years, taxable income sufficient for its recovery.

The recording of liabilities for taxes payable in the future is subject to the condition that there is a possibility of the liability to tax occurring.

The treatment of deferred tax in these financial statements is in accordance with the Bank of Italy's instructions dated 3/8/99.

## **SUPPLEMENTARY PENSION FUND**

Provisions have been made to guarantee sufficient funds as stipulated by both the Supplementary Pension Agreement, according to established prudential criteria.

## **ACCRUALS AND DEFERRALS**

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

## **SECTION 2**

### **TAX-RELATED ADJUSTMENTS AND PROVISIONS**

#### **2.1 Tax Adjustments**

2.1.1 During 1993, Banca Carige's holding in the subsidiary Columbus Carige Immobiliare SpA was written down by Lit. 466 million, a loss not regarded as permanent. During 1996 and 1997, write backs on the holding totalled Lit. 259 million.

2.1.2 Depreciation allowances on leased assets at 31/12/94 led to an increased depreciation fund at 31/12/00 of Lit. 1,053 million and reduced allocation for the six months of Lit. 795 million.

Consequently there was a decrease in net assets of Lit. 607 million and an improved trading result of Lit. 458 million (before tax). Details are given at part B, section 4 of the explanatory notes.

#### **2.2 Tax provisions**

No tax provisions were made during the year.

## PART B BALANCE SHEET

### LOANS

The Bank's loans portfolio, summarized in this section, amounts to Lit. 14,246,290 million and is analysed below:

	31/12/00		31/12/99	
	million	%	million	%
- Cash in hand, balances with central banks and post offices (caption 10)	216,844	1.5	157,432	1.3
- Loans and advances to credit institutions (caption 30)	1,863,408	13.1	1,198,335	10.0
- Loans and advances to customers (voce 40)	12,166,038	85.4	10,583,570	88.7
<b>Total</b>	<b>14,246,290</b>	<b>100.0</b>	<b>11,939,337</b>	<b>100.0</b>

CAPTION 10 "CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICES"	31/12/00	31/12/99	Change	
			absolute	%
	<b>216,844</b>	<b>157,432</b>	<b>59,412</b>	<b>37.7</b>

Caption 10 detailed by technical form:

	31/12/00			31/12/99		
	Euro	Foreign Currency	Total	Euro	Foreign Currency	Total
Cash	210,028	4,511	214,539	150,997	3,961	154,958
Promissory notes of Bank of Italy and postal orders and cheques	2,044	-	2,044	2,124	-	2,124
Deposits with						
- central banks	-	-	-	-	-	-
- post offices	249	12	261	350	-	350
<b>Total</b>	<b>212,321</b>	<b>4,523</b>	<b>216,844</b>	<b>153,471</b>	<b>3,961</b>	<b>157,432</b>

	31/12/00	31/12/99	Change absolute	%
<b>1.1 CAPTION 30 "LOANS AND ADVANCES TO CREDIT INSTITUTIONS"</b>	<b>1,863,408</b>	<b>1,198,335</b>	<b>665,073</b>	<b>55.5</b>
(a) deposits with central banks	115,166	74,141	41,025	55.3
(b) bills eligible for refinancing by central banks	-	-	-	-
(c) repurchase agreements	-	-	-	-
(d) loan of securities	-	-	-	-

Caption 30 detailed by technical form and currency is the following:

Nominal value	31/12/00			31/12/99		
	Euro	Foreign Currency	Total	Euro	Foreign Currency	Total
Deposits with central banks	115,166	-	115,166	74,141	-	74,141
- Compulsory reserves	115,166	-	115,166	74,141	-	74,141
Deposits with banks	1,543,188	218,183	1,761,371	992,530	152,324	1,144,854
- Deposits	1,120,150	139,515	1,259,665	676,859	122,004	798,863
- Repurchase agreements	-	-	-	-	-	-
- Discounted notes	-	-	-	39,367	-	39,367
- Overdraft facilities	265,606	76,454	342,060	84,831	19,548	104,379
- Loans (Financial backing)	133,374	1,431	134,805	166,686	10,160	176,846
- Long term loans	429	-	429	439	-	439
- Other	23,629	783	24,412	24,348	612	24,960
	<b>1,658,354</b>	<b>218,183</b>	<b>1,876,537</b>	<b>1,066,671</b>	<b>152,324</b>	<b>1,218,995</b>
(-) Total specific allowances	11,816	1,313	13,129	14,512	6,148	20,660
<b>Total</b>	<b>1,646,538</b>	<b>216,870</b>	<b>1,863,408</b>	<b>1,052,159</b>	<b>146,176</b>	<b>1,198,335</b>
of which:						
- resident	1,181,661	95,240	1,276,901	552,878	49,080	601,958
- non-resident	464,877	121,630	586,507	499,281	97,096	596,377

The caption includes Lit. 272,423 million related to the branches purchased by Banca Carige from Banco di Sicilia

Compulsory reserves in currency refer to those provisions made to the Bank of France in accordance to the regulations affecting Carige as a result of its branch in Nice.

Caption 30 is net of lump-sum allowances related to loans exposed to country risks for Lit. 13,129 million; allowances amount to 30% of nominal value of non guaranteed loans issued to banks residing in non-OECD countries; unsecured loans issued to Russian banks were written by 60%.

	31/12/00	31/12/99	Change absolute	%
<b>1.2 CAPTION 40 "LOANS AND ADVANCES TO CUSTOMERS"</b>	<b>12,166,038</b>	<b>10,583,570</b>	<b>1,582,468</b>	<b>15.0</b>
(a) bills eligible for refinancing by central banks	-	-	-	-
(b) repurchase agreements	-	-	-	-
(c) loan of securities	-	-	-	-

Caption 40 detailed by technical form is the following:



Nominal value	31/12/00			31/12/99		
	Euro	Foreign Currency	Total	Euro	Foreign Currency	Total
Discounted notes	80,014	-	80,014	71,185	-	71,185
Advances with recourse	412,317	-	412,317	343,357	-	343,357
Overdrafts	1,961,436	33,166	1,994,602	1,617,533	13,273	1,630,806
Other non-overdrafts loans	2,971,652	406,638	3,378,290	2,492,245	337,549	2,829,794
Loans backed by pledge assets	18,904	-	18,904	21,949	-	21,949
Loans	5,608,236	216,651	5,824,887	4,774,399	149,687	4,924,086
Salary backed loans	15,120	-	15,120	10,107	-	10,107
Consumer credit loans	10,961	-	10,961	10,240	-	10,240
Factoring	217,241	-	217,241	210,485	-	210,485
Loans for leased assets	26,315	-	26,315	8,633	-	8,633
Bad loans	299,560	1,050	300,610	745,364	908	746,272
Repurchase agreements	-	-	-	-	-	-
Other	84,079	155	84,234	117,483	228	117,711
	<b>11,705,835</b>	<b>657,660</b>	<b>12,363,495</b>	<b>10,422,980</b>	<b>501,645</b>	<b>10,924,625</b>
(-) Total specific allowances	196,201	1,256	197,457	340,142	913	341,055
- Bad loans	154,529	796	155,325	289,893	518	290,411
- Other	41,672	460	42,132	50,249	395	50,644
<b>Total</b>	<b>11,509,634</b>	<b>656,404</b>	<b>12,166,038</b>	<b>10,082,838</b>	<b>500,732</b>	<b>10,583,570</b>
of which:						
- resident	11,266,199	627,721	11,893,920	9,843,495	456,101	10,299,596
- non-resident	243,435	28,683	272,118	239,343	44,631	283,974

The caption includes Lit. 112,961 million related to the branches purchased by Banca Carige from Banco di Sicilia. Sub-caption "Other non-current account loans" includes the credit extended to Argo Finance One (Lit. 320 bn) during the course of the securitisation operation carried out by Banca Carige.

Allowances were deducted from gross value of loans as shown:

	31/12/00	31/12/99
- analytic allowances	188,955	331,510
- lump-sum allowances	8,502	9,545
country risks	466	405
other	8,036	9,140
<b>Total</b>	<b>197,457</b>	<b>341,055</b>

Analytic allowances were made for bad loans, rescheduled loans and for the main watchlist positions.

Rescheduled loans were evaluated analytically calculating future flows on the basis of the difference between renegotiated interest rates and the annual average yield for interbank company loans for 2000.

Lump-sum allowances were made for country risks (with the same criteria indicated on page 83 for loans and advances to credit institutions) and for the remaining part of watchlists.

In the light of the Bank's prudential valuation of its complete loan portfolio, provisions calculated by a lump-sum method concerning other "in bonis" loans were deemed unnecessary.

	31/12/00	31/12/99	Change absolute	%
<b>1.3 SECURED LOANS TO CUSTOMERS</b>	<b>6,929,658</b>	<b>6,867,695</b>	<b>61,963</b>	<b>0.9</b>
(a) by mortgages	4,082,124	4,181,536	-99,412	-2.4
(b) by pledges on:	276,848	295,746	-18,898	-6.4
1. Cash deposits	4,568	13,476	-8,908	-66.1
2. Securities	245,019	253,257	-8,238	-3.3
3. Other valuables	27,261	29,013	-1,752	-6.0
(c) by guarantees from:	2,570,686	2,390,413	180,273	7.5
1. Governments	157	244	-87	-35.7
2. Other public entities	16,435	16,650	-215	-1.3
3. Banks	28,345	40,034	-11,689	-29.2
4. Other operators	2,525,749	2,333,485	192,264	8.2

This detail does not include loans to government and public bodies.

	31/12/00	31/12/99	Change absolute	%
<b>1.4 BAD LOANS (including interest on overdue loans)</b>	<b>145,285</b>	<b>455,861</b>	<b>-310,576</b>	<b>-68.1</b>

This amount represents the total exposure to customers in a state of insolvency or similar, with the following detail:

	31/12/00			31/12/99		
	gross value	specific allowances	net value	gross value	specific allowances	net value
- principal	234,328	89,043	145,285	548,912	93,051	455,861
of which bad leasing loans	1,866	748	1,118	2,116	589	1,527
- interest	66,282	66,282	-	197,360	197,360	-
of which bad leasing loans	519	519	-	842	842	-
<b>Total</b>	<b>300,610</b>	<b>155,325</b>	<b>145,285</b>	<b>746,272</b>	<b>290,411</b>	<b>455,861</b>

The total of Lit. 234,328 million is inclusive of Lit. 6,860 million related to the purchase of branches from Banco di Sicilia. Reduction in bad loans totals is as result of the ceding of Lit. 566,380 million in bad loans effected by securitisation. Interest on overdue bad loans was completely written down, in line with prudential criteria.

Bad leasing loans include rental expiries and subsequent interest on delayed payment both for contracts resolved by or awaiting legal proceedings and those concerning counterparty insolvency.

Assets related to bad leasing loans are included in caption 100, "Tangible fixed assets" and amount to Lit. 3,931 million (gross value of underlying assets of Lit. 6,233 million, write-downs for Lit. 2,302 million) of which Lit. 3,888 million is represented by latent bad loans.

The valuation of this exposure takes into account value on realisation along with existing guarantees. The credit exposure therefore totalled Lit. 907 million, prudentially covered by "Reserves for risks and charges - other reserves" at Caption 80 c).

	31/12/00	31/12/99	Change absolute	%
<b>1.5 INTEREST ON OVERDUE LOANS</b>	<b>19,288</b>	<b>19,108</b>	<b>180</b>	<b>0.9</b>
(a) bad loans	-	-	-	-
(b) other loans	19,288	19,108	180	0.9

Caption (a) "bad loans" is net of interest on overdue loans for Lit. 66,282 million and completely written down.

Caption (b) "other loans" includes interest on overdue performing loans. This caption is net of Lit. 2,559 million in interest on non-performing loans recorded and written down and Lit. 99,046 million in credits attributable to tax-payers defaulting on interest arrears relative to the ex-Tax Collection Service, which has been written off.

The following table illustrates the situation of credits at risk and related provisions as required by the Bank of Italy in its letter dated 14/12/98 concerning increased transparency in bank balance sheets.

Cash credits at 31/12/2000

Banks

<b>CATEGORIES/BALANCES</b>	<b>Gross value</b>	<b>Specific allowances</b>	<b>Net value</b>
A. Credits at risks	42,734	13,129	29,605
A.1 Bad loans	-	-	-
A.2 Watchlists	-	-	-
A.3 Credits undergoing restructuring	-	-	-
A.4 Restructured loans	-	-	-
A.5 Non-guaranteed credits towards countries at risk	42,734	13,129	29,605
B. Performing credits	1,833,803	-	1,833,803

The credits presented in the table refer to balance sheet asset caption 40 "Loans and advances to customers" and to credits related to leasing transactions which totalled Lit. 502,680 million at 31/12/00. In particular, Lit. 3,888 million is in the form of bad loans and is covered for Lit. 907 million by liabilities caption 80c "Reserves for loan losses - other reserves". Leasing transactions are included at assets caption 100 "Tangible assets" for a total of Lit. 541,587 million.

Customers

<b>CATEGORIES/BALANCES</b>	<b>Gross value</b>	<b>Specific allowances</b>	<b>Net value</b>
A. Credits at risks	618,619	197,457	421,162
A.1 Bad loans	304,498	155,325	149,173
A.2 Watchlists	296,598	38,857	257,741
A.3 Credits undergoing restructuring	242	-	242
A.4 Restructured loans	15,727	2,809	12,918
A.5 Non-guaranteed credits towards countries at risk	1,554	466	1,088
B. Performing credits	12,247,556	-	12,247,556

Doubtful loans  
Customers

<b>CATEGORIES/BALANCES</b>	<b>Bad loans</b>	<b>Watchlists</b>	<b>Loans subject to rescheduling</b>	<b>Rescheduled loans</b>	<b>Country risk non-guaranteed loans</b>
A. Total opening exposure at 31/12/99	751,090	359,963	1,228	21,263	1,349
A.1 of which: interest on overdue loans	197,360	13,245	-	-	-
B. Increases	288,286	124,716	242	63	216
B.1 ex-performing loans	101,058	95,510	242	-	2
B.2 interest on overdue loans	34,854	3,025	-	-	-
B.3 transfer from other doubtful loan categories	122,744	-	-	-	-
B.4 other increases	29,630	26,181	-	63	214
C. Decreases	734,878	188,081	1,228	5,599	11
C.1 re-performing credits	3,859	40,120	1,228	386	-
C.2 write offs	339,143	3,363	-	61	-
C.3 payments received	68,360	6,320	-	-	-
C.4 gains from ceding	320,000	-	-	-	-
C.5 transfer to other doubtful loan categories	-	118,372	-	4,372	-
C.6 other decreases	3,516	19,906	-	780	11
D. Total closing exposure at 31/12/2000	304,498	296,598	242	15,727	1,554
D.1 of which: interest on overdue loans	66,282	11,067	-	-	-

Sub-caption C4 "Decreases - gains from ceding" includes Lit. 320 bn relating to the securitisation of bad loans carried out by Banca Carige; sub-caption c2 "Decreases - write offs" includes the difference between the book value of credits and the amount received from their ceding (Lit. 120, 585 million).

Banks

<b>CATEGORIES/BALANCES</b>	<b>Bad loans</b>	<b>Watchlists</b>	<b>Loans subject to rescheduling</b>	<b>Rescheduled loans</b>	<b>Country risk non-guaranteed loans</b>
A. Total opening exposure at 31/12/99	-	-	-	-	55,069
A.1 of which: interest on overdue loans	-	-	-	-	-
B. Increases	-	-	-	-	1,608
B.1 ex-performing loans	-	-	-	-	677
B.2 interest on overdue loans	-	-	-	-	-
B.3 transfer from other doubtful loan categories	-	-	-	-	-
B.4 other increases	-	-	-	-	931
C. Decreases	-	-	-	-	13,942
C.1 re-performing credits	-	-	-	-	-
C.2 write offs	-	-	-	-	4,489
C.3 payments received	-	-	-	-	8,373
C.4 gains from ceding	-	-	-	-	-
C.5 transfer to other doubtful loan categories	-	-	-	-	-
C.6 other decreases	-	-	-	-	1,080
D. Total closing exposure at 31/12/2000	-	-	-	-	42,735
D.1 of which: interest on overdue loans	-	-	-	-	-

Total value adjustments

Customers

CATEGORIES/BALANCES	Bad loans	Watchlists	Loans subject to rescheduling	Rescheduled loans	Country risk non-guaranteed loans	Performing loans
A. Total opening adjustments at 31/12/99	290,411	43,105	-	7,134	405	-
A.1 of which: interest on overdue loans	197,360	2,876	-	-	-	-
B. Increases	210,680	16,720	-	180	61	1,831
B.1 adjustments	87,773	16,719	-	180	61	1,831
B.1.1 of which: interest on overdue loans	14,609	916	-	-	-	-
B.2 amounts from credit risk fund	5,000	-	-	-	-	-
B.3 transfer from other loan categories	21,396	1	-	-	-	-
B.4 other increases	96,511	-	-	-	-	-
C. Decreases	345,766	20,968	-	4,505	-	1,831
C.1 recoveries stemming from evaluation	208	-	-	71	-	-
C.1.1 of which: interest on overdue loans	-	-	-	-	-	-
C.2 recoveries stemming from payments received	6,415	581	-	-	-	-
C.2.1 of which: interest on overdue loans	4,940	-	-	-	-	-
C.3 write offs	339,143	3,363	-	61	-	1,831
C.4 transfer from other loan categories	-	17,024	-	4,373	-	-
C.5 other decreases	-	-	-	-	-	-
D. Total closing adjustments at 31/12/2000	155,325	38,857	-	2,809	466	-
D.1 of which: interest on overdue loans	66,282	2,559	-	-	-	-

Sub-caption B1 "Increases - adjustments" includes Lit. 24,117 million corresponding to 1/5<sup>th</sup> of the securitisation-related loss.

The remaining 4/5ths (Lit. 96,468 million) is stated at sub-caption B4 "Increases - other increases" includes amounts stemming from the first full consolidation of the companies belonging to the former Cassa di Risparmio di Savona Group

Banks

CATEGORIES/BALANCES	Bad loans	Watchlists	Loans subject to rescheduling	Rescheduled loans	Country risk non-guaranteed loans	Performing loans
A. Total opening adjustments at 31/12/99	-	-	-	-	20,660	-
A.1 of which: interest on overdue loans	-	-	-	-	-	-
B. Increases	-	-	-	-	569	-
B.1 adjustments	-	-	-	-	569	-
B.1.1 of which: interest on overdue loans	-	-	-	-	-	-
B.2 amounts from credit risk fund	-	-	-	-	-	-
B.3 transfer from other loan categories	-	-	-	-	-	-
B.4 other increases	-	-	-	-	-	-
C. Decreases	-	-	-	-	8,100	-
C.1 recoveries stemming from evaluation	-	-	-	-	149	-
C.1.1 of which: interest on overdue loans	-	-	-	-	-	-
C.2 recoveries stemming from payments received	-	-	-	-	3,462	-
C.2.1 of which: interest on overdue loans	-	-	-	-	-	-
C.3 write offs	-	-	-	-	4,489	-
C.4 transfer from other loan categories	-	-	-	-	-	-
C.5 other decreases	-	-	-	-	-	-
D. Total closing adjustments at 31/12/2000	-	-	-	-	13,129	-
D.1 of which: interest on overdue loans	-	-	-	-	-	-

## SECTION 2

### SECURITIES

The securities held by the Bank amount to Lit. 4,981,114 million and are analysed below:

	31/12/00		31/12/99	
	million	%	million	%
– Treasury certificates and other bills eligible for refinancing with central banks (caption 20)	838,802	16.8	1,856,585	37.6
– Bonds and other fixed-income securities (caption 50)	3,868,865	77.7	2,800,718	56.8
– Shares, quotas and other equity securities (caption 60)	273,447	5.5	276,590	5.6
<b>Total</b>	<b>4,981,114</b>	<b>100.0</b>	<b>4,933,893</b>	<b>100.0</b>
of which:				
– Investment securities	744,820	15.0	746,987	15.1
– Trading securities	4,236,293	85.0	4,186,906	84.9

Investment securities portfolio was constituted in accordance with Board of Directors resolution of 27/3/95 afterwards modified on 6/12/99, CONSOB resolution of 15/2/95 and Bank of Italy resolution of 1/3/95.

	31/12/00	31/12/99	Change	
			absolute	%
<b>2.1 INVESTMENT SECURITIES</b>	<b>744,820</b>	<b>746,987</b>	<b>-2,167</b>	<b>-0.3</b>

	31/12/00		31/12/99	
	Book value	Market value	Book value	Market value
1. Certificates of indebtedness	744,820	710,288	746,987	721,813
1.1 Government securities	682,431	653,344	681,231	659,055
– listed	682,431	653,344	681,231	659,055
– unlisted	-	-	-	-
1.2 Other securities	62,389	56,944	65,756	62,758
– listed	54,958	50,042	7,639	6,724
– unlisted	7,431	6,902	58,117	56,034
2. Shares and equity securities	-	-	-	-
– listed	-	-	-	-
– unlisted	-	-	-	-
<b>Total</b>	<b>744,820</b>	<b>710,288</b>	<b>746,987</b>	<b>721,813</b>

Book value of investment securities comprises the difference, on the basis of "pro rata temporis" criteria, between cost and redemption value, including issue premium or discount. Market value is the average price recorded during the first six months of the year.

The difference between market and book value (Lit. 34,532 million) represents the potential losses for the portfolio.

The positive and negative differences between book value and re-payment value at maturity total Lit. 3,530 million and Lit. 3,708 million, respectively. These differences were calculated separately for each category.

	Book value	Redemption value	Positive differences	Negative differences
1. Listed certificates of indebtedness	737,388	737,655	3,440	3,707
Public bodies	682,431	682,535	3,439	3,543
Banks	48,720	48,877	1	158
Other	6,237	6,243	-	6
2. Unlisted certificates of indebtedness	7,432	7,343	90	1
Public bodies	-	-	-	-
Banks	2,809	2,719	90	-
Other	4,623	4,624	-	1
<b>Total</b>	<b>744,820</b>	<b>744,998</b>	<b>3,530</b>	<b>3,708</b>

## 2.2 CHANGES IN INVESTMENT SECURITIES

	31/12/00	31/12/99
A. Opening balances	746,987	552,803
B. Increases	2,171	741,720
B1. Purchases	-	-
B2. Writebacks	-	-
B3. Transfers from trading portfolio	-	739,541
B4. Other changes	2,171	2,179
C. Decreases	4,338	547,536
C1. Sales	-	-
C2. Redemptions	3,786	73,439
C3. Adjustments including - permanent writedowns	-	-
C4. Transfers to trading portfolio	-	472,845
C5. Other changes	552	1,252
D. Closing balances	744,820	746,987

Activity in the investment securities portfolio was carried out in accordance with CONSOB communication no. 95001286 of 15/2/95

As shown in the previous table, no transfers from or to the investment securities portfolio were made during 2000.

Captions "Other changes" are analysed below:

1. Increases	2,171
Exchange-rate gains	460
Gains on securities	16
Intrinsic interest (1)	1,695
2. Decreases	552
Exchange-rate losses	-
Losses on securities	37
Intrinsic interest (2)	515

(1) Includes the share for the period of interest referring to discount bonds and of issuing and negotiation spreads.

(2) Includes the share for the period of negotiation spreads.

	31/12/00	31/12/99	Change	
			absolute	%
<b>2.3 TRADING SECURITIES</b>	<b>4,236,293</b>	<b>4,186,906</b>	<b>49,387</b>	<b>1.2</b>
	31/12/00		31/12/99	
	Book value	Market value	Book value	Market value
1. Certificates of indebtedness	3,962,846	4,037,537	3,910,316	4,002,807
1.1 Government securities	2,024,145	2,039,959	2,721,802	2,742,817
– listed	2,019,456	2,035,270	2,721,802	2,742,817
– unlisted	4,689	4,689	-	-
1.2 Other securities	1,938,701	1,997,578	1,188,514	1,259,990
– listed	1,539,632	1,593,335	144,443	200,555
– unlisted	399,069	404,243	1,044,071	1,059,435
2. Shares and equity securities	273,447	278,835	276,590	291,285
– listed	216,358	217,888	173,238	178,411
– unlisted	57,089	60,947	103,352	112,874
<b>Total</b>	<b>4,236,293</b>	<b>4,316,372</b>	<b>4,186,906</b>	<b>4,294,092</b>

The difference between market value and book value represents potential non-recorded capital gains for the period and amounts to Lit. 80,079 million, of which Lit. 66,305 million related to hedging forward transactions (section 10.5).

## 2.4 CHANGES IN TRADING SECURITIES

	31/12/00	31/12/99
A. Opening balances	4,186,906	5,092,452
B. Increases	16,306,995	15,516,427
B1. Purchases	16,125,162	14,876,362
- Certificates of indebtedness	15,185,057	14,492,789
. Government securities	9,672,981	11,667,763
. other securities	5,512,076	2,825,026
- Shares and other equity securities	940,105	383,573
B2. Writebacks	5,114	14,856
B3. Transfers from investment portfolio	-	472,845
B4. Other changes	176,719	152,364
C. Decreases	16,257,608	16,421,973
C1. Sales	16,137,324	15,636,698
- Certificates of indebtedness	15,191,683	15,321,411
. Government securities	10,402,367	13,295,536
. other securities	4,789,316	2,025,875
- Shares and other equity securities	945,641	315,287
C2. Adjustments	77,396	45,734
C3. Transfers to investment portfolio	-	739,541
C4. Other changes	42,888	-
D. Closing balances	4,236,293	4,186,906



Details of recognized losses are as follows:

	31/12/00	31/12/99
1. Certificates of indebtedness	25,393	23,390
1. Government securities	5,789	11,525
1. Other securities	19,604	11,865
2. Shares and equity securities	52,003	22,344
<b>Total</b>	<b>77,396</b>	<b>45,734</b>

Captions "Other changes" are analysed below:

1. Increases	176,719
Exchange-rate gains	28,298
Gains on securities	120,762
Intrinsic interest (1)	27,659
2. Decreases	42,888
Exchange-rate losses	12,804
Losses on securities	30,084

(1) Includes the share for the period of interest referring to discount bonds and of issuing spreads.

## SECTION 3

### EQUITY INVESTMENTS

Equity investments amount to Lit. 1,190,969 million and are analysed as follows:

	31/12/00		31/12/99	
	million	%	million	%
- Equity investments (caption 70)	104,641	8.8	531,505	50.2
- Investments in Group companies (caption 80)	1,086,328	91.2	527,724	49.8
<b>Total</b>	<b>1,190,969</b>	<b>100.0</b>	<b>1,059,229</b>	<b>100.0</b>
including:				
. significant investments	1,129,111	94.8	1,002,045	94.6
. other investments	61,858	5.2	57,184	5.4

	31/12/00	31/12/99	Change absolute	%
<b>3.1 SIGNIFICANT INVESTMENTS</b>	<b>1,129,111</b>	<b>1,002,045</b>	<b>127,066</b>	<b>12.7</b>

Name	Location of registered office	Stockholders' equity	Net income (loss)	% ownership	Book value
A. Subsidiary companies (1) (caption 80)					
1. Galeazzo Srl (2)	Genoa	8,696	241	100.00	7,428
2. Columbus Carige Immobiliare SpA	Genoa	39,178	-509	99.98	39,783
3. Cassa di Risparmio di Savona SpA	Savona	328,640	16,601	95.90	431,538
4. Carige Vita Nuova SpA	Genoa	94,815	5,510	92.81	249,450
5. Immobiliare Ettore Vernazza SpA (3)	Genoa	9,636	1,768	90.00	60,341
6. Levante Norditalia Assicurazioni SpA	Milan	193,688	607	87.01	182,171
7. Centro Fiduciario SpA (4)	Genoa	1,611	306	66.28	612
8. Banca del Monte di Lucca SpA	Lucca	49,199	1,416	51.00	115,005
<b>Total</b>					<b>1,086,328</b>
B. Companies subject to significant influence (included in caption 70)					
1. Frankfurter Bankgesellschaft AG (5)	Frankfurt	43,911	43	47.50	18,775
2. Eptaconsors SpA (6)	Milan	309,195	194,687	20.24	24,008
<b>Total</b>					<b>42,783</b>

(1) Captions are taken from the Board of Directors' Report at 31/12/2000.

(2) The company holds 0.02% of capital stock of Columbus Carige Immobiliare SpA.

(3) The company holds 10% of its own shares.

(4) Cassa di Risparmio di Savona SpA also holds 20% of capital stock.

(5) Previously "Bankenunion AG". The change of name was approved by the Extraordinary Shareholders' meeting of 29/6/2000 and took effect on 28/7/2000. Captions are taken from financial statement approved at 30/9/2000.

(6) Captions are taken from the Board of Directors' Report at 31/12/2000.

The evaluation of those companies subject to significant influence by the equity method determines a value of Lit. 737,837 million, Lit. 391,274 million lower than book value.

Name	Book value (a)	Share of stockholders'equity (b)	Difference (b-a)
Cassa di Risparmio di Savona SpA	431,538	315,169	-116,369
Banca del Monte di Lucca SpA	115,005	25,092	-89,913
Carige Vita Nuova SpA	249,450	87,997	-161,453
Immobiliare Ettore Vernazza SpA	60,341	8,673	-51,668
Levante Norditalia Assicurazioni SpA	182,171	168,536	-13,635
Columbus Carige Immobiliare SpA	39,783	39,168	-615
Centro Fiduciario SpA	612	1,068	456
Galeazzo Srl	7,428	8,696	1,268
Frankfurter Bankgesellschaft AG	18,775	20,858	2,083
Eptaconsors SpA	24,008	62,580	38,572
	<b>1,129,111</b>	<b>737,837</b>	<b>-391,274</b>

The most significant negative differences between net assets for the year and balance sheet value stem from goodwill regarding holdings in Cassa di Risparmio di Savona SpA, in Banca del Monte di Lucca SpA and in the insurance companies Levante Norditalia Assicurazioni SpA and Carige Vita Nuova SpA as well as greater real estate values than those recorded in the subsidiary, Ettore Vernazza's balance sheet.

Valuation of the Bank's total holdings applying the equity method rather than cost, would generate capital losses of Lit. 434,110 million and capital gains of Lit. 862,879 million, including valuation of Carige's holding in the Bank of Italy, of Lit. 801,585 million.

	31/12/00	31/12/99	Change absolute	%
<b>3.2 AMOUNTS DUE TO AND FROM GROUP COMPANIES</b>				
(a) Assets	86,176	39,676	46,500	...
1. Amounts due from banks including:	51,220	-	51,220	...
- subordinated	-	-	-	-
2. Amounts due from financial institutions including:	-	-	-	-
- subordinated	-	-	-	-
3. Amounts due from other customers including:	24,719	29,676	-4,957	-16.7
- subordinated	-	-	-	-
4. Bonds and other fixed-income securities including:	10,237	10,000	237	2.4
- subordinated	9,939	10,000	-61	-0.6
(b) Liabilities	521,949	90,312	431,637	...
1. Amounts due to banks	291,084	10,761	280,323	...
2. Amounts due to financial institutions	1,213	858	355	41.4
3. Amounts due to other customers	195,546	72,833	122,713	...
4. Securities issued	34,106	5,860	28,246	...
5. Subordinated liabilities	-	-	-	-
(c) Guarantees and Commitments	11,060	6,300	4,760	75.6
1. Guarantees	11,060	6,300	4,760	75.6
2. Commitments	-	-	-	-

	31/12/00	31/12/99	Change absolute	%
<b>3.3 AMOUNTS DUE TO AND FROM OTHER COMPANIES</b>				
(a) Assets	447,132	529,751	-82,619	-15.6
1. Amounts due from banks including:	297,555	274,464	23,091	8.4
- subordinated	-	-	-	-
2. Amounts due from financial institutions including:	34,753	92,255	-57,502	-62.3
- subordinated	-	-	-	-
3. Amounts due from other customers including:	114,824	150,428	-35,604	-23.7
- subordinated	-	-	-	-
4. Bonds and other fixed-income securities including:	-	12,604	-12,604	...
- subordinated	-	-	-	-
(b) Liabilities	473,477	1,192,834	-719,357	-60.3
1. Amounts due to banks	282,991	622,446	-339,455	-54.5
2. Amounts due to financial institutions	178,319	486,385	-308,066	-63.3
3. Amounts due to other customers	11,892	48,517	-36,625	-75.5
4. Securities issued	275	35,486	-35,211	-99.2
5. Subordinated liabilities	-	-	-	-
(c) Guarantees and Commitments	415,903	245,889	170,014	69.1
1. Guarantees	411,062	245,889	165,173	67.2
2. Commitments	4,841	-	4,841	...

Amounts due from banks include Lit. 114,370 million related to Compulsory Reserve with the Bank of Italy.

Amounts due to banks include Lit. 282,709 million related to repurchase agreements with the Bank of Italy.

	31/12/00	31/12/99	Change absolute	%
<b>3.4 CAPTION 70 "EQUITY INVESTMENTS"</b>				
	<b>104,641</b>	<b>531,505</b>	<b>-426,864</b>	<b>-80.3</b>
(a) in banks	39,168	479,473	-440,305	-91.8
1. listed	9,432	-	9,432	...
2. unlisted	29,736	479,473	-449,737	-93.8
(b) in financial institutions	34,973	35,692	-719	-2.0
1. listed	-	-	-	-
2. unlisted	34,973	35,692	-719	-2.0
(c) others	30,500	16,340	14,160	86.7
1. listed	1,401	5,778	-4,377	-75.8
2. unlisted	29,099	10,562	18,537	...

Caption includes significant investments outside the Group as listed at 3.1/B and other equity investments. The decrease in the item is a result of the incorporation into the Banca Carige Group of Cassa di Risparmio di Savona, authorised by the Bank of Italy on 17/4/00.

The caption includes tax-deferred capital losses and gains pursuant to Law 218/90 of, respectively, Lit. 1,335 million and Lit. 4,287 million.

#### **Write-downs law 218/90**

<b>Significant investments</b>	<b>1,335</b>
- Eptaconsors SpA	1,335
<b>Other participating interests</b>	-
- Istituto per l'Enciclopedia della Banca e della Borsa SpA	-
<b>Total</b>	<b>1,335</b>

**Revaluations Law 218/90**

<b>Significant investments</b>	<b>1,012</b>
- Frankfurter Bankgesellschaft AG	1,012
<b>Other participating interests</b>	<b>3,275</b>
- Intesa Asset Management SpA	1,999
- Banca d'Italia	937
- Servizi Interbancari SpA	194
- Monte Titoli SpA	108
- Swift	20
- Centrale dei bilanci Srl	12
- Ligurcapital SpA	2
- Sia SpA	2
- Bic Liguria SpA	1
<b>Total</b>	<b>4,287</b>

	31/12/00	31/12/99	Change absolute	%
<b>3.5 CAPTION 80 "INVESTMENTS IN GROUP COMPANIES"</b>	<b>1,086,328</b>	<b>527,724</b>	<b>558,604</b>	<b>...</b>
(a) in banks	546,543	115,005	431,538	...
1. listed	-	-	-	-
2. unlisted	546,543	115,005	431,538	...
(b) in financial institutions	613	547	66	12.1
1. listed	-	-	-	-
2. unlisted	613	547	66	12.1
(c) others	539,172	412,172	127,000	30.8
1. listed	-	-	-	-
2. unlisted	539,172	412,172	127,000	30.8

The increase over the previous year is principally a result of the incorporation into the Banca Carige Group of Cassa di Risparmio di Savona, authorised by the Bank of Italy on 17/4/00.

The book value includes recoveries of revaluations in accordance with Law 218/90 for Lit. 6,279 million, detailed as follows:

**Recoveries revaluations L. 218/90**

- Galeazzo Srl	6,208
- Centro Fiduciario SpA	71
<b>Total</b>	<b>6,279</b>

### 3.6 CHANGES IN PARTICIPATING INTERESTS

#### 3.6.1 INVESTMENTS IN GROUP COMPANIES

	31/12/00	31/12/99
A. Opening balances	527,724	282,877
B. Increases	558,604	245,227
B1. Purchases	127,066	245,227
B2. Recoveries	-	-
B3. Revaluations	-	-
B4. Other changes	431,538	-
C. Decreases	-	380
C1. Sales	-	380
C2. Write-downs	-	-
including:		
- permanent write-downs	-	-
C3. Other changes	-	-
D. Closing balances	1,086,328	527,724
E. Total revaluations	-	-
F. Total write-downs	207	207

Details of purchases and all variations are given below:

#### PURCHASES

##### **CENTRO FIDUCIARIO C.F. SPA**

Purchase of 25,000 ordinary shares, nominal unit value Lit. 1,000, unit price Lit. 2,610.  
(Variation in our shareholding from 61.280% to 66.280%)

66

##### **COLUMBUS CARIGE IMMOBILIARE SPA**

Subscription of 10,000 new shares, nominal unit value Lit. 1,000 each.  
(Variation in our shareholding from 99,967% to 99,975%)

10,000

##### **CARIGE VITA NUOVA SPA**

Purchase of 35,600,000 ordinary shares, nominal unit value Lit. 1,000 each, for a total price of Lit. 117 bn.  
(Variation in our shareholding from 52.809% to 92,809%)

117,000.

#### **Total purchases**

**127,066**

#### OTHER CHANGES

##### **CASSA DI RISPARMIO DI SAVONA SPA**

Inclusion of our holding within the Group.  
(Our shareholding: 95.901%)

431,538

#### **Total other changes**

**431,538**

### 3.6.2 OTHER PARTICIPATING INTERESTS

	31/12/00	31/12/99
A. Opening balances	531.505	278.874
B. Increases	24.532	289.509
B1. Purchases	20.448	282.634
B2. Recoveries	-	1.953
B3. Revaluations	-	-
B4. Other changes	4.084	4.922
C. Decreases	451.396	36.878
C1. Sales	17.798	29.888
C2. Write-downs	1.708	2.842
including:		
- permanent write-downs	1.708	2.842
C3. Other changes	431.890	4.148
D. Closing balances	104.641	531.505
E. Total revaluations	-	-
F. Total write-downs	20.236	20.398

Detail of purchases and all variations are given below:

#### PURCHASES

##### FINCANTIERI CANTIERI NAVALI ITALIANI SPA

Subscription of 14,999,994 ordinary shares, nominal unit value Lit. 1,000, for an overall price of Lit. 14,999,994,000.

(Our shareholding: 2.308%)

15,000

##### IMMOCRI SPA

Purchase of 4,152,773 ordinary share, nominal unit value Lit. 1,000, for an overall price of Lit. 5,447,845,170.

(Our shareholding: 3,525%)

5448

---

#### Total purchases

**20,448**

#### OTHER CHANGES

##### FINMECCANICA SPA

Profit from sale of 2,439,948 shares

3,537

##### ANTOLA E PENNA LEADER SRL

Contribution to cover costs borne by the company during 1998 and 1999

26

##### SOCIETA' CONSORTILE PER IL DIPLOMA DI GIURISTA DI IMPRESA

Amount recognised as our quota in contribution for covering losses related to 1998 and 1999

20

<b>I.C.C.R.I. BANCA FEDERALE EUROPEA SPA</b> Profit from sale of 28,929 shares	122
<b>SOFIPA SPA</b> Profit from sale of 57,348 shares	311
<b>SOCIETA' PER I SERVIZI BANCARI SPA</b> Increased shareholding resulting from the sale of this area of activity by Servizi Interbancari SpA	68
<b>Total other changes</b>	<b>4,084</b>

## SALES

<b>SAT – SOCIETA' AUTOSTRADA TIRRENICA SPA</b> Sale of 141,800 shares, nominal unit value Lit. 300 for overall price of Lit. 37,577,000. (total release of our holding)	38
<b>FINMECCANICA SPA</b> Sale of 2,439,948 shares, nominal unit value Lit. 1,000 for overall price of Lit. 7,913,812,278. (total release of our holding)	7,914
<b>I.C.C.R.I. BANCA FEDERALE EUROPEA SPA</b> Sale of 28,929 shares, nominal unit value Lit. 200,000 for overall price of Lit. 8,888,236,057. (total release of our holding)	8,888
<b>SOFIPA SPA</b> Sale of 57,348 shares, nominal value Lit. 10,000 each, total price Lit. 957,539,556 (Total sale)	958
<b>Total sales</b>	<b>17,798</b>

## WRITE-DOWNS

<b>ME.T.IM. NORD-OVEST SPA in liquidation</b>	21
<b>C.I.V. SPA</b>	29
<b>SOCIETA' ZONA FRANCA GENOVA SRL</b>	1
<b>ISTITUTO ENCICLOPEDIA BANCA E BORSA. SPA</b>	2
<b>G.A.L. AREE RURALI LA SPEZIA SCRL</b>	10
<b>SOCIETA' CONSORTILE PER IL DIPLOMA DI GIURISTA DI IMPRESA</b>	12
<b>SO.GE.MER. SPA</b>	3
<b>IMMOCRI SPA</b>	1,627
<b>SVILUPPO VALLI DELLA PROVINCIA DI IMPERIA SRL</b>	3



<b>Total write-downs</b>	<b>1,708</b>
<b>OTHER CHANGES</b>	
<b>CASSA DI RISPARMIO DI SAVONA SPA</b>	
Transfer to caption 80 "Investments in Group companies"	431,538
<b>SAT – SOCIETA' AUTOSTRADA TIRRENICA SPA</b>	
Loss on sale of 141,800 ordinary shares	4
<b>ME.T.IM. NORD-OVEST SPA in liquidation</b>	
Amount received as an advance on liquidation	279
<b>SINT SPA</b>	
Cancellation of holding as a result of the winding up of the company	1
<b>SERVIZI INTERBANCARI SPA</b>	
Decreased shareholding resulting from the sale of this area of activity by Servizi Interbancari SpA	68
<b>Total other changes</b>	<b>431,890</b>

## SECTION 4

### TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets (caption 100 and 90) amount to Lit. 1,179,424 million and are analysed as follows:

	Gross value	Total depreciations	Net value	Share %
- Tangible fixed assets (caption 100)	1,531,080	516,780	1,014,300	86.0
- Intangible fixed assets (caption 90)	274,986	109,862	165,124	14.0
<b>Total</b>	<b>1,806,066</b>	<b>626,642</b>	<b>1,179,424</b>	<b>100.0</b>

#### 4.1 CHANGES IN TANGIBLE FIXED ASSETS

	31/12/00			
	Properties	Furniture and fittings	Leased assets	Total
A. Opening balances	443,225	32,511	425,773	901,509
B. Increases	6,978	11,894	224,439	243,311
B1. Purchases	6,978	11,894	224,439	243,311
B2. Recoveries	-	-	-	-
B3. Revaluations	-	-	-	-
B4. Other changes	-	-	-	-
C. Decreases	10,875	11,020	108,625	130,520
C1. Sales	2,832	561	31,988	35,381
C2. Depreciation and amortization	8,043	10,459	76,637	95,139
(a) amortization	8,043	10,459	76,637	95,139
(b) permanent write-downs	-	-	-	-
C3. Other changes	-	-	-	-
D. Closing balances	439,328	33,385	541,587	1,014,300
E. Total revaluations	-	-	-	-
F. Total depreciation and amortization	159,653	161,338	195,789	516,780
(a) amortization	159,653	161,338	195,789	516,780
(b) permanent write-downs	-	-	-	-

Opening balances include advances for investments in course relating to property, furniture and equipment, and leased assets of Lit. 1,381 million, Lit. 361 million and Lit. 39,060 million, respectively.

Closing balances include Lit. 3,931 million relating to bad leased assets.

Closing balances include advances for investments in course relating to property, furniture and equipment, and leased assets for Lit. 1 million, Lit. 1,349 million and Lit. 71,955 million, respectively.

	31/12/99			Total
	Properties	Furniture and fittings	Leased assets	
A. Opening balances	449,312	33,344	291,781	774,437
B. Increases	5,541	10,111	224,455	240,107
B1. Purchases	5,541	10,111	224,455	240,107
B2. Recoveries	-	-	-	-
B3. Revaluations	-	-	-	-
B4. Other changes	-	-	-	-
C. Decreases	11,628	10,944	90,463	113,035
C1. Sales	3,665	459	22,966	27,090
C2. Depreciation and amortization	7,963	10,485	67,497	85,945
(a) amortization	7,963	10,485	67,497	85,945
(b) permanent write-downs	-	-	-	-
C3. Other changes	-	-	-	-
D. Closing balances	443,225	32,511	425,773	901,509
E. Total revaluations	-	-	-	-
F. Total depreciation and amortization	151,613	156,268	192,016	499,897
(a) amortization	151,613	156,268	192,016	499,897
(b) permanent write-downs	-	-	-	-

Assets leased from 1/1/95 are written down in line with relevant financial amortization plan in accordance with legislation (article 67, item 8, Presidential Decree 917/86 modified by the law accompanying the 1996 Budget).

Depreciation was effected to the full extent foreseen by legislation up to 1987; straight-line depreciation was applied to assets leased by Columbus Leasing SpA from 1988 to 1993 and Banca Carige SpA in 1994.

The effects that the financial amortization plan would have had on net equity and profit for the year had it been applied, are detailed below:

	31/12/00	31/12/99
<b>1) Calculation of increased depreciation</b>		
Capital account balance: performing items	13,821	27,004
Capital account balance: items in litigation	1,722	3,657
<b>Total (a)</b>	<b>15,543</b>	<b>30,661</b>
Book value of assets net of depreciation fund	15,246	30,147
Deferred income advanced rentals	-756	-1,334
<b>Total (b)</b>	<b>14,490</b>	<b>28,813</b>
<b>Increased depreciation (a-b)</b>	<b>1,053</b>	<b>1,848</b>

	31/12/00		31/12/99	
	Net equity	Profit for the year	Net equity	Profit for the year
<b>2) Changes to balance sheet</b>				
Surplus depreciation funds	1,848		5,271	
Movement for the period	-795	-795	-3,423	-3,423
Surplus depreciation funds (c)	1,053	-795	1,848	-3,423
Tax assumed (d)	446	-337	784	-1,451
<b>Net surplus (c-d)</b>	<b>607</b>	<b>-458</b>	<b>1,064</b>	<b>-1,972</b>

"Tax assumed" is calculated at current rates.

Tangible fixed assets are detailed as follows:

	31/12/00			31/12/99		
	Gross value	Total depreciations	Book value	Gross value	Total depreciations	Book value
Properties	598,980	159,653	439,327	593,457	151,613	441,844
Furniture and fittings	32,202	24,524	7,678	30,666	23,280	7,386
Machinery and equipment	159,348	136,814	22,534	155,928	132,988	22,940
Objects of art	1,824	-	1,824	1,824	-	1,824
Advances for future investments	1,350	-	1,350	1,742	-	1,742
– Properties	1	-	1	1,381	-	1,381
– Furniture and fittings	1,349	-	1,349	361	-	361
<b>Total</b>	<b>793,704</b>	<b>320,991</b>	<b>472,713</b>	<b>783,617</b>	<b>307,881</b>	<b>475,736</b>
Leased assets	737,376	195,789	541,587	617,789	192,016	425,773
<b>Total</b>	<b>1,531,080</b>	<b>516,780</b>	<b>1,014,300</b>	<b>1,401,406</b>	<b>499,897</b>	<b>901,509</b>

Properties owned by the Bank were revalued in previous years, in accordance with specific laws, and are analysed below:

	31/12/00	31/12/99
Monetary revaluations laws 576/75, 72/83 and 413/91	56,534	56,728
Revaluations law 218/90	310,452	313,029
<b>Total</b>	<b>366,986</b>	<b>369,757</b>

Pursuant to article 10 Law 72/83, details of properties owned by the Bank and revalued are given below:

	Revaluations			Total
	L. 576/75	L. 72/83	L. 413/91	
Building in Genoa				
Via Cassa di Risparmio 15	3,624	25,000	-	28,624
Building in Genoa				
Via Pelio 6	-	1,794	-	1,794
Buildings in Genoa				
Via D'Annunzio, 25-29c-39-41-63-73-81	-	8,000	-	8,000
Via D'Annunzio, 83-89-93-103	-	3,347	3,493	6,840
Via D'Annunzio, 23	-	-	7,505	7,505
Via D'Annunzio, 79	-	2,192	1,165	3,357
Via D'Annunzio, garage E1	-	-	39	39
Via D'Annunzio, car parking areas n. 1B2 and n. 2B2	99	-	-	99
Via D'Annunzio, car parkings 7E1, 8E1, 9E1, 10E1 and cellar	-	-	29	29
Leased assets	-	-	247	247
<b>Total</b>	<b>3,723</b>	<b>40,333</b>	<b>12,478</b>	<b>56,534</b>

Property owned and used by the Bank for its business and activities is classified below:

	Gross value	Total depreciations	Net value	Share %
Property utilised in business activities:				
– productive	501,136	132,898	368,238	83.8
– staff accommodation	5,320	15	5,305	1.2
– other property			-	
. supplementary pension fund	74,390	23,719	50,671	11.5
. reserve for termination indemnity	17,742	3,021	14,721	3.4
. others	392	-	392	0.1
<b>Total real estate</b>	<b>598,980</b>	<b>159,653</b>	<b>439,327</b>	<b>100.0</b>

## 4.2 CHANGES IN INTANGIBLE FIXED ASSETS

	31/12/00				
	Software	Start-up charges	Goodwill	Other intangible fixed assets	Total
A. Opening balances	15,846	13,012	13,431	14,814	57,103
B. Increases	12,282	-	116,500	5,690	134,472
B1. Purchases	12,282	-	116,500	5,690	134,472
B2. Recoveries	-	-	-	-	-
B3. Revaluations	-	-	-	-	-
B4. Other changes	-	-	-	-	-
C. Decreases	7,678	4,195	6,716	7,862	26,451
C1. Sales	-	-	-	-	-
C2. Depreciation and amortization	7,678	4,195	6,716	7,809	26,398
(a) amortization	7,678	4,195	6,716	7,809	26,398
(b) permanent write-downs	-	-	-	-	-
C3. Other changes	-	-	-	53	53
D. Closing balances	20,450	8,817	123,215	12,642	165,124
E. Total revaluations	-	-	-	-	-
F. Total depreciation and amortization	19,314	12,157	43,428	34,963	109,862
(a) amortization	19,314	12,157	43,428	34,963	109,862
(b) permanent write-downs	-	-	-	-	-

The following costs were included under intangible fixed assets during the period (millions of Italian Lire):

- software products	12,282
- research and development costs	628
- maintenance of premises not owned by the Bank	2,292
- funding for Treasury Service purchases with value attributable to more than one year	2,742
- INVIM (tax on increased value of immovable property)	28

Other negative variations (Lit. 53 million) are related to the INVIM for the year.

Closing balances of intangible fixed assets amount to Lit. 165,124 million and are as follow:

- goodwill	116,500
- software products	20,450
- start-up charges	8,817
- goodwill	6,715
- maintenance of premises not owned by the Bank	6,291
- funding for Treasury service purchases with value attributable to more than one year	5,568
- INVIM (tax on increased value of immovable property)	155
- research and development costs	628

	31/12/99				
	Software	Start-up charges	Goodwill	Other intangible fixed assets	Total
A. Opening balances	11,358	13,922	20,147	12,941	58,368
B. Increases	11,457	4,850	-	15,111	31,418
B1. Purchases	11,457	4,850	-	15,111	31,418
B2. Recoveries	-	-	-	-	-
B3. Revaluations	-	-	-	-	-
B4. Other changes	-	-	-	-	-
C. Decreases	6,969	5,760	6,716	13,238	32,683
C1. Sales	-	-	-	-	-
C2. Depreciation and amortization	6,967	4,601	6,716	9,839	28,123
(a) amortization	6,967	4,601	6,716	9,839	28,123
(b) permanent write-downs	-	-	-	-	-
C3. Other changes	2	1,159	-	3,399	4,560
D. Closing balances	15,846	13,012	13,431	14,814	57,103
E. Total revaluations	-	-	-	-	-
F. Total depreciation and amortization	20,438	9,993	36,713	54,241	121,385
(a) amortization	20,438	9,993	36,713	54,241	121,385
(b) permanent write-downs	-	-	-	-	-

## SECTION 5

### OTHER ASSETS

Other assets amount to Lit. 898,375 million and are analysed below:

	31/12/00		31/12/99	
	million	%	million	%
- Other assets (caption 130)	722,700	80.4	762,783	84.6
- Accrued income and prepaid expenses (caption 140)	175,675	19.6	138,899	15.4
<b>Total</b>	<b>898,375</b>	<b>100.0</b>	<b>901,682</b>	<b>100.0</b>

5.1 CAPTION 130 "OTHER ASSETS"	31/12/00	31/12/99	Change	
			absolute	%
	<b>722,700</b>	<b>762,783</b>	<b>-40,083</b>	<b>-5.3</b>
- miscellaneous accounts receivable from branches	253,520	166,073	87,447	52.7
- current account cheques drawn on other banks	58,930	69,210	-10,280	-14.9
- amounts to be collected from customers	57,466	38,743	18,723	48.3
- post-collection notes and other values	20,616	159,841	-139,225	-87.1
- premiums related to option transactions	18,478	6,431	12,047	...
- current account cheques drawn on the Bank	14,898	14,335	563	3.9
- amounts in transit between branches	13,086	4,383	8,703	...
- accounts relating to tax collection services	6,278	6,522	-244	-3.7
- off balance sheet revaluations	4,359	2,770	1,589	57.4
- Bank guarantee deposits	391	259	132	51.0
- amounts relating to participation purchase	-	-	-	...
- fiscal items:	262,797	244,913	17,884	7.3
tax advances	117,771	129,550	-11,779	-9.1
taxes paid in advance	75,149	22,782	52,367	...
accounts receivable from the tax authorities	58,456	80,541	-22,085	-27.4
tax advance on provisions to reserve for termination indemnity (Law 140/97)	10,855	11,646	-791	-6.8
with-holding taxes	566	394	172	43.7
- others	11,881	49,303	-37,422	-75.9



	31/12/00	31/12/99	Change absolute	%
<b>5.2 CAPTION 140 "ACCRUED INCOME AND PREPAID EXPENSES"</b>	<b>175,675</b>	<b>138,899</b>	<b>36,776</b>	<b>26.5</b>
Accrued income:	164,079	132,339	31,740	24.0
– interest income on loans and advances to credit institutions	5,841	8,064	-2,223	-27.6
– interest income on loans to customers	24,443	22,810	1,633	7.2
– interest income on securities in portfolio	58,156	47,318	10,838	22.9
– differentials stemming from derivatives contracts	75,508	54,146	21,362	39.5
– others	131	1	130	...
Prepaid expenses:	11,596	6,560	5,036	76.8
– premiums related to currency forward transactions	3,497	1,342	2,155	...
– differentials stemming from derivatives contracts	1,537	777	760	97.8
– discounts on issuing of securities	2,398	1,455	943	64.8
– administrative charges	2,468	2,156	312	14.5
– other transactions	1,696	830	866	...

Accrued income and prepaid expenses are not applied directly to the balance sheet accounts, in accordance with article 12, item 2 of Law 87/92.

	31/12/00	31/12/99	Change absolute	%
<b>5.4 DISTRIBUTION OF SUBORDINATED ASSETS</b>	<b>71,345</b>	<b>55,683</b>	<b>15,662</b>	<b>28.1</b>
a) Loans and advances to credit institutions	-	-	-	-
b) Loans and advances to customers	-	-	-	-
c) Bonds and other fixed-income securities	71,345	55,683	15,662	28.1

## SECTION 6

### PAYABLES

Payables amount to Lit. 17,913,614 million and are analysed as follows:

	31/12/00		31/12/99	
	million	%	million	%
– Amounts owed to credit institutions (caption 10)	4,521,974	25.2	2,998,448	19.5
– Amounts owed to customers (caption 20)	7,918,982	44.2	7,381,578	48.2
– Debts evidenced by certificates (caption 30)	5,472,208	30.6	4,944,114	32.3
– Funds managed on behalf of third parties (caption 40)	450	0.0	445	0.0
<b>Total</b>	<b>17,913,614</b>	<b>100.0</b>	<b>15,324,585</b>	<b>100.0</b>

	31/12/00	31/12/99	Change absolute	%
	<b>6.1 CAPTION 10 “AMOUNTS OWED TO CREDIT INSTITUTIONS”</b>	<b>4,521,974</b>	<b>2,998,448</b>	<b>1,523,526</b>
(a) repurchase agreements	662,028	574,876	87,152	15.2
(b) loans of securities	-	-	-	-

Caption 10 “amounts owed to credit institutions” detail by technical form and currency is the following:

	31/12/00			31/12/99		
	Euro	Foreign Currency	Total	Euro	Foreign Currency	Total
Deposits	2,087,188	1,129,818	3,217,006	1,194,503	734,142	1,928,645
Current accounts	30,479	44,752	75,231	33,589	8,167	41,756
Financing	279,767	31,413	311,180	155,079	32,641	187,720
Long term loans	256,459	-	256,459	265,415	-	265,415
Repurchase agreements with banks	662,028	-	662,028	574,876	-	574,876
Other	69	1	70	36	-	36
<b>Total</b>	<b>3,315,990</b>	<b>1,205,984</b>	<b>4,521,974</b>	<b>2,223,498</b>	<b>774,950</b>	<b>2,998,448</b>
of which:						
– resident	1,803,127	471,918	2,275,045	1,578,159	213,391	1,791,550
– non-resident	1,512,863	734,066	2,246,929	645,339	561,559	1,206,898

	31/12/00	31/12/99	Change absolute	%
<b>6.2 CAPTION 20 "AMOUNTS OWED TO CUSTOMERS"</b>	<b>7,918,982</b>	<b>7,381,578</b>	<b>537,404</b>	<b>7.3</b>
(a) repurchase agreements	646,737	520,357	126,380	24.3
(b) loans of securities	-	-	-	-

Funds obtained from customers refer to balance sheet captions 20, 30 and 40 and amount to Lit.13,391,640 million, Lit. 12,326,137 million at 31/12/1999 (+1,065,503 million, +8,6%).

Caption 20 "Amounts owed to customers" includes Lit. 332,863 million specific to the branch acquisitions in Sicily; detail by technical form and currency is the following:

	31/12/00			31/12/99		
	Euro	Foreign Currency	Total	Euro	Foreign Currency	Total
Savings deposits	649,410	-	649,410	543,724	-	543,724
Current accounts	6,464,076	137,251	6,601,327	6,209,721	74,482	6,284,203
Funding from international organisations	18,127	-	18,127	31,063	-	31,063
Repurchase agreements	646,737	-	646,737	520,357	-	520,357
Other	3,381	-	3,381	2,231	-	2,231
<b>Total</b>	<b>7,781,731</b>	<b>137,251</b>	<b>7,918,982</b>	<b>7,307,096</b>	<b>74,482</b>	<b>7,381,578</b>
of which:						
- resident	7,723,042	129,879	7,852,921	7,232,962	68,081	7,301,043
- non-resident	58,689	7,372	66,061	74,134	6,401	80,535

Caption 30 "Debts evidenced by certificates" includes Lit. 49,224 million specific to the branch acquisitions in Sicily; detail by technical form and currency is the following:

	31/12/00			31/12/99		
	Euro	Foreign Currency	Total	Euro	Foreign Currency	Total
Certificates of deposits	945.009	1.880	946.889	1.100.056	2.165	1.102.221
Bonds certificates	4.385.761	-	4.385.761	3.745.855	-	3.745.855
Own cheques in circulation	139.558	-	139.558	96.038	-	96.038
<b>Total</b>	<b>5.470.328</b>	<b>1.880</b>	<b>5.472.208</b>	<b>4.941.949</b>	<b>2.165</b>	<b>4.944.114</b>
of which:						
- resident	5.470.078	1.807	5.471.885	4.941.359	2.117	4.943.476
- non-resident	250	48	298	590	48	638

Caption 40, "Funds managed on behalf of third parties" (Lit. 450 million) includes interest-bearing funds supplied by the State and other public bodies for the financing of specific projects foreseen by law; the lending transactions carried out on behalf of public bodies, exclusively at fixed remuneration, are stated at section 12.

## SECTION 7

### RESERVES

Reserves, summarised in this section, amount to Lit. 916,898 million and are represented in the balance sheet as follows:

	31/12/00		31/12/99	
	million	%	million	%
– Reserves for loan losses (caption 90)	10,000	1.1	5,000	0.6
– Reserves for risks and charges (caption 80)	787,104	85.8	760,740	86.6
– Reserve for termination indemnities (caption 70)	119,794	13.1	112,786	12.8
<b>Total</b>	<b>916,898</b>	<b>100.0</b>	<b>878,526</b>	<b>100.0</b>

	31/12/00	31/12/99	Change	
			absolute	%
<b>7.1 CAPTION 90 "RESERVES FOR LOAN LOSSES"</b>	<b>10,000</b>	<b>5,000</b>	<b>5,000</b>	<b>100.0</b>

#### 7.2 CHANGES IN THE "RESERVES FOR LOAN LOSSES" (CAPTION 90)

	31/12/00	31/12/99
A. Opening balances	5,000	6,000
B. Increases	10,000	5,000
B1. Provisions	10,000	5,000
B2. Other changes	-	-
C. Decreases	5,000	6,000
C1. Utilizations	5,000	6,000
C2. Other changes	-	-
D. Closing balances	10,000	5,000

During the year tax deductible provisions totalling Lit. 10 bn for possible credit risks were made.

#### CHANGES IN THE "RESERVES FOR PENSIONS AND SIMILAR COMMITMENTS" (CAPTION 80A)

	31/12/00	31/12/99
A. Opening balances	574,352	573,657
B. Changes, net	1,591	695
C. Closing balances	575,943	574,352

Details regarding the Supplementary pension Fund are given in part D - Other Information.

**CHANGES IN THE "RESERVES FOR TAXATION"  
(CAPTION 80 B)**

2000	Income taxes	Indirect taxes	Risks for legal proceedings	Total
Opening balances	158,482	809	3,801	163,092
Increases	154,112	1,037	-	155,149
Decreases	150,249 *	809	307	151,365
Closing balances	162,345	1,037	3,494	166,876

\* of which Lit. 1,347 million surplus to reserve requirements and subsequently destined to the income statement (see note at section 6, Income Statement).

Income Tax advances paid are given at caption 130 "Other assets" and total as follows: Regional tax (IRAP): Lit. 29,691 million; Corporate Income Tax (IRPEG): Lit. 87,164 million.

1999	Income taxes	Indirect taxes	Risks for legal proceedings	Total
Opening balances	140,471	2,578	3,509	146,558
Increases	155,729	809	292	156,830
Decreases	137,718 *	2,578	-	140,296
Closing balances	158,482	809	3,801	163,092

\* of which Lit. 2,872 million surplus to reserve requirements and subsequently destined to the income statement (see note at section 6, Income Statement).

With regards to litigation in progress, the Bank continued not to make provisions of any form during 2000. This was a result of the successful outcome of previous litigation between the Bank and the tax authorities in which the Bank contested the application of withholding tax on dividends paid to the Foundation for the years 1993, 1994 and 1995.

Deferred tax: positive and negative effects

The calculation of tax advanced and liabilities to deferred taxation was made according to tax rates which will be in force when timing differences reverse, pursuant to tax regulations at 31/12/2000. The law accompanying the Italian Government's 2001 Budget (Law 388/2000) introduced changes to corporation tax (IRPEG) rates from 2001 onwards. Subsequently, the Bank's deferred tax charges for the previous year were re-calculated along with those matured during 2000 by applying the new rates as presented below:

2001: IRPEG at 36% and IRAP at 5%;  
 2002: IRPEG at 36% and IRAP at 4.75%;  
 2003, 2004 and 2005: IRPEG at 35% and IRAP at 4.25%.

Standard tax rates are applied and according to tax regulations at 31/12/2000 are those which will be in force during the five years in which timing differences reverse.

At 31/12/99, assets representing advance payment of taxation totalled Lit. 22.8 bn were recorded; to this figure Lit. 20.2 bn was added in the form of advanced tax relative to the first six months of 2000. In more detail, this consists of:

- the amortisation of goodwill valued at greater than a tenth is deductible in the year in which the amount accepted for tax purposes originates;
- costs related to hospitality and entertaining related to 2000 are deductible for a third of the total over five years in five equal instalments;
- provisions for personnel charges will be tax deductible in the next business year;
- Provisions for future charges resulting from the re-negotiation of interest rates foreseen by Law 133/1999 and Law 388/2000 applied to special rate mortgages;
- Tax credit relating to dividends of subsidiaries accrued and relevant for tax purposes in 2000 (around Lit 6 bn);
- Adjustments to tax advanced relative to previous accounting periods as a result of changes in tax rates in force (around Lit 0,5 bn).

In accordance with Bank of Italy instructions of 3/8/99, assets representing advanced payment of taxation relative to the timing differences originating in the first six months of 2000 which will be reversed in forthcoming years were recorded at caption 220, "Income tax for the year". The same caption, however, rose as a result of assets representing advanced payment of taxation recorded in previous years and reversed during the first six months of 2000.

A Assets in the form of advanced payment of taxation		
1. Opening balances		22,782
2. Increases		20,231
2.1 Advanced taxation arising during the year	20,231	
2.2 Other increases	-	
3. Decreases		6,512
3.1 Advanced taxation written off during the year	6,512	
3.2 Other decreases	-	
4. Closing balances		36,501

Tax advanced totalling around Lit. 9.4 bn was not recorded against provisions to various reserves liable to taxation for which the period of tax relief is uncertain. In comparison to the previous year, these reserves increased in provisions subject to tax by Lit. 5.7 bn; utilisation of the same reserves totalled Lit. 2.8 bn.

With regards to timing differences liable to tax, deferred tax liabilities amounting to around Lit. 16.6 bn were recorded relating to.

- gains stemming from the release of investments, and capital and non-capital property subject to tax relief in the form of instalments foreseen by article 54 of the Consolidated tax Law (Lit. 4.6 bn);
- dividends of subsidiaries recorded during the same accounting period as related profits (Lit. 12 bn).

Deferred tax liabilities which became relevant for tax purposes in 2000 amounted to Lit. 2.5 bn whilst adjustments resulting from changes in tax rates totalled Lit. 0.2 bn.

The counterpart for these increases and decreases in the deferred tax reserve is caption 220 "Income tax", in line with tax regulations.

With regards to timing differences liable to taxation, provisions for deferred tax liability amounting to around Lit. 3.9 bn related to gains realised in the first half of 2000 stemming from the release of strategic and non-strategic holdings and premises were recorded. The payment of this amount is subject to the relief offered by article 54 of the Consolidated Tax Law in the form of instalments.

B Liabilities for taxes payable (a)		
1. Opening balances		9,157
2. Increases		16,553
2.1 Deferred taxation originating in the year	16,553	
2.2 Other increases	-	
3. Decreases		3,634
3.1 Deferred taxation written off in the year	2,710	
3.2 Other decreases	924	
4. Closing balances		22,076

(a) Recorded in the income statement with counter entry

Deferred tax with counterpart recorded in net assets

Reduced deferred tax liabilities relative to net assets stem from the utilisation of Lit. 96.5 bn of provisions to the share premium reserve to cover 4/5ths of the negative variation deriving from the securitisation of bad loans.

As a result, Lit. 38.6 bn in tax advanced relating to net assets (IRPEG: Lit. 34.2 bn; IRAP: Lit. 4.4 bn) was recorded as counterpart to the share premium reserve. The balance of the reserve prior to this utilisation will be restored over the next four years.

A Assets in the form of advanced payment of taxation (b)		
1. Opening balances		-
2. Increases		38,648
2.1 Advanced taxation arising during the year	38,648	
2.2 Other increases	-	
3. Decreases		-
3.1 Advanced taxation written off during the year	-	
3.2 Other decreases		
4. Closing balances		38,648

(b) Recorded in the net value with counter entry

B Liabilities for taxes payable (b)		
1. Opening balances		-
2. Increases		-
2.1 Deferred taxation originating in the year		
2.2 Other increases		
3. Decreases		-
3.1 Deferred taxation written off in the year		
3.2 Other decreases		
4. Closing balances		-

No provisions were made with regard to deferred tax liabilities on reserves benefiting from tax relief totalling Lit. 80.5 bn as distribution is not foreseen and there is little likelihood of the conditions requiring payment arising.

With regards to the above-stated, tax deferrals were recorded exclusively in the income statement in order to correlate with related timing differences.

	31/12/00	31/12/99	Change absolute	%
<b>7.3 COMPOSITION OF CAPTION 80 (C)</b>				
<b>"OTHER RESERVES"</b>	<b>44,286</b>	<b>23,296</b>	<b>20,990</b>	<b>90.1</b>
Reserves for personnel charges	26,371	9,068	17,303	...
Reserves for future charges	29	51	-22	-43.1
Reserves for guarantees and commitments	5,658	5,927	-269	-4.5
Reserves for in-house insurance scheme	3,064	3,041	23	0.8
Reserves for leasing transactions	907	934	-27	-2.9
Reserves for legal proceedings	5,529	4,275	1,254	29.3
Reserves for re-negotiated mortgages Law 133/99	2,728	-	2,728	...

A breakdown of the reserves which make up the caption reveals the following changes:

**Reserves for personnel charges** include provisions made for extraordinary charges subject to uncertainty regarding time, amount and occurrence. Closing balance includes total insurance charges relative to staff employed after 1/12/91 for Lit. 6,320 million. Provisions for the year are stated in the Income Statement at caption 80a "Administrative costs - personnel".

	31/12/00	31/12/99
A. Opening balance	9,068	6,534
B. Increases	19,356	3,039
- provisions for insurance charges related to staff employed after 1/12/91	1,208	1,400
- other provisions	18,148	1,639
C. Decreases due to utilisation	2,053	505
D. Closing balance	26,371	9,068

**Reserves for future charges.** These reserves are almost exclusively destined to meet Deposit Protection Fund charges (FITD).

	31/12/00	31/12/99
A. Opening balance	51	51
B. Increases due to provisions	-	-
C. Decreases due to utilisation	22	-
D. Closing balance	29	51



**Reserves for guarantees and commitments.** The reserve for guarantees and commitments was created in accordance with the provisions of Legislative Decree 87/92 and is equal to expected losses on credit commitments.

	31/12/00	31/12/99
A. Opening balance	5,927	6,922
B. Increases due to provisions	-	-
C. Decreases due to utilisation	269	995
D. Closing balance	5,658	5,927

**Reserves for in-house insurance scheme.** Reserves for in-house insurance schemes were set up to limit exposure to risks not covered by existing insurance policies.

	31/12/00	31/12/99
A. Opening balance	3,041	3,040
B. Increases due to provisions	600	437
C. Decreases due to utilisation	577	436
D. Closing balance	3,064	3,041

**Reserves for leasing transactions.** Provisions to this reserve are connected to the valuation of latent credit risks present in bad leased assets.

	31/12/00	31/12/99
A. Opening balance	934	1,460
B. Increases due to provisions	-	-
C. Decreases due to utilisation	27	526
D. Closing balance	907	934

**Reserves for legal proceedings.** Reserves for legal proceedings limit exposure to potential loss resulting from unsettled litigation.

	31/12/00	31/12/99
A. Opening balance	4,275	1,961
B. Increases due to provisions	1,729	2,314
C. Decreases due to utilisation	475	-
D. Closing balance	5,529	4,275

A specific reserve was created to face possible charges stemming from the re-negotiation of interest rates foreseen by article 29, Law 133/1999 applied to special rate mortgages.

	31/12/00	31/12/99
A. Opening balance	-	-
B. Increases due to provisions	2,728	-
C. Decreases due to utilisation	-	-
D. Closing balance	2,728	-

**CHANGES IN CAPTION 70  
"RESERVE FOR TERMINATION INDEMNITIES"**

	31/12/00	31/12/99
A. Opening balance	112,786	109,132
B. Increases	21,944	16,376
B.1 Provisions and other changes	21,944	16,376
C. Decreases	14,936	12,722
C.1 Termination employment	7,234	6,060
C.2 Advances (law 297/82)	7,702	6,662
D. Closing balance	119,794	112,786

Increases include Lit. 4,543 million related to personnel of the branches purchased from Banco di Sicilia.

## SECTION 8

### SUBSCRIBED CAPITAL, EQUITY RESERVES, RESERVES FOR GENERAL BANKING RISKS AND SUBORDINATED LIABILITIES

This section presents liabilities captions 100, 120, 130, 140, 150 and 170 and assets caption 120.

	31/12/00		31/12/99	
	million	%	million	%
- Capital stock (caption 120)	1,970,173	72.7	1,970,173	72.6
- Additional paid-in capital (caption 130)	241,368	8.9	299,189	11.0
- Reserves (caption 140)	282,164	10.4	237,531	8.7
- Revaluation reserves (caption 150)	15,405	0.6	15,405	0.6
- Reserves for general banking risks (caption 100)	10,000	0.4	10,000	0.4
- Net income (caption 170)	190,221	7.0	181,645	6.7
<b>Shareholders' equity</b>	<b>2,709,331</b>	<b>100.0</b>	<b>2,713,943</b>	<b>100.0</b>
- Own shares (caption 120)	34,130		9,788	

	31/12/00	31/12/99	Change	
			absolute	%
<b>CAPTION 120</b>	<b>1,970,173</b>	<b>1,970,173</b>	-	-
<b>"CAPITAL STOCK"</b>				

**Capital stock** is represented by 197,017,340 ordinary shares, par value Lit. 10,000 each and recorded no changes during the six months.

	31/12/00	31/12/99	Change	
			absolute	%
<b>CAPTION 130</b>	<b>241,368</b>	<b>299,189</b>	<b>-57,821</b>	<b>-19.3</b>
<b>"ADDITIONAL PAID-IN CAPITAL"</b>				

The caption is related to the issue-premium for Lit. 1,000 connected to 29,188,500 shares for Lit. 2,000 connected to 7,500,000 shares, and Lit. 6,000 connected to 42,500,000 shares and recorded no changes during the six months. The variation of Lit. 57,821 million corresponds to the amount utilised from the reserve as a result of the securitisation of bad loans foreseen by article 6, Law 130/1999. In particular, the variation corresponds to 4/5ths of the reduced recorded value of the loans ceded (Lit. 96, 468 million) and related tax advanced (Lit. 38,647 million).

	31/12/00	31/12/99	Change absolute	%
<b>CAPTION 140</b>				
<b>"RESERVES"</b>	<b>282,164</b>	<b>237,531</b>	<b>44,633</b>	<b>18.8</b>
a) legal reserve	71,043	52,878	18,165	34.4
b) reserve for purchase of treasury stock	34,130	9,788	24,342	...
c) other reserves	176,991	174,865	2,126	1.2
- taxed extraordinary reserve	117,028	92,086	24,942	27.1
- reserve for purchase of treasury stock disposable amount	870	25,212	-24,342	-96.5
- reserve for incorporation	32,120	32,120	-	-
- reserve (legislative decree 17/5/99 n. 153)	1,925	-	1,925	...
- merger reserve	23,895	23,895	-	-
- reserve for dividends on own shares	900	1,299	-399	-30.7
- reserve (art. 55 Decree 917/86)	253	253	-	-

**Legal reserve** increased from Lit. 52,878 to Lit. 71,043 million by the distribution of the 1999 net profit, as decided by stockholders' resolutions of 27/4/2000.

**Reserve for purchase of treasury stock** increased by Lit. 24,342 million in accordance with art. 2357 ter of the Civil Law and is related in its total to assets caption 120 "own shares".

**Taxed extraordinary reserve** increased from Lit. 92,086 to Lit. 117,028 million. Changes are related to the distribution of the 1999 net profit as decided by stockholders' resolution of 27/4/2000.

**Reserve for purchase of treasury stock-disposable amount.** From an initial provision of Lit. 35 bn the reserve dropped during the year from Lit. 25,212 million to Lit. 870 million. Utilization is in accordance with the amount of own shares in portfolio (Lit. 34,130 million).

**Merger reserve** was formed in 1994 in accordance with art. 7 c. 3 of Law 218/90 and with art. 1 of Law 489/93 and recorded no change.

**The reserve foreseen by Legislative decree 153/99** was constituted during the year following the distribution of profits for 1999 deliberated by the Shareholders' Meeting of 27/4/2000 in order to benefit from the tax benefits contained in the same decree relating to merger operations.

**Reserve for incorporation** and the **reserve foreseen by art. 55, Presidential Decree 917/86** recorded no changes during the year.

**Reserve for dividends on own shares** amounts to Lit. 900 million and is related to dividends of 1,285,500 own shares in portfolio and was formed in accordance with the stockholders' resolution of 27/4/2000. As decided by the same resolution, the reserve created in 1999 for Lit. 1,299 million was used for the distribution of the 1999 net profit.

	31/12/00	31/12/99	Change absolute	%
<b>CAPTION 150</b>				
<b>"REVALUATION RESERVES"</b>	<b>15,405</b>	<b>15,405</b>	-	-
Revaluation reserves (law 72/83)	3,737	3,737	-	-
Revaluation reserves (law 413/91)	11,668	11,668	-	-

**Revaluation reserves**, which show the same amount as at 31/12/99, benefited from the tax-break opportunities offered by article 123, item 4, Presidential Decree 917/86, as present in the balance sheets of the incorporated companies. During 1995 Carige released the revaluation reserves connected to Law 413/91, by the payment of taxes in accordance with article 22 of Law 85/95.

	31/12/00	31/12/99	Change absolute	%
<b>CAPTION 100 "RESERVES FOR GENERAL BANKING RISKS"</b>	<b>10,000</b>	<b>10,000</b>	-	-

No change was recorded during the year.

Changes in assets caption 120 "Own shares" are described below:

	31/12/00			31/12/99		
	Quantity	Nominal value/1000	Amount /1000	Quantity	Nominal value/1000	Amount /1000
A. Opening balances	602,500	6,025,000	9,787,769	1,911,797	19,117,970	29,161,013
B. Increases	2,044,750	20,447,500	39,264,185	875,500	8,755,000	18,626,067
- Purchases	2,044,750	20,447,500	37,593,660	875,500	8,755,000	14,191,969
- Writebacks	-	-	-	-	-	-
- Other changes	-	-	1,670,525	-	-	4,434,098
C. Decreases	731,500	7,315,000	14,921,679	2,184,797	21,847,970	37,999,311
- Sales	731,500	7,315,000	13,953,980	2,184,797	21,847,970	37,999,311
- Adjustments	-	-	967,699	-	-	-
- Other changes	-	-	-	-	-	-
D. Closing balances	1,915,750	19,157,500	34,130,275	602,500	6,025,000	9,787,769

Relative to article 16, Legislative decree 87/92, available reserves recorded at 30/6/2000 offer sufficient cover for those costs not amortised as by article 10 (comma 2a) and d) of the same decree.

Legislative decree 467/97 (modifying article 105, Presidential decree 917/86) introduced changes concerning the method of assessing tax credits relative to dividends on the basis of taxes paid fully or in part.

Tax credits on dividends to be distributed in 2001 are to be considered "full" in the light of taxes accumulated and paid ("basket A") amounting to Lit. 277,347 million; significantly higher than the figure represented by 58.73% of profits to be distributed.

The annual distribution of dividends for the next seven years will benefit from a full tax credit as a result of the provisions of Legislative decree 467/97. Additional benefits will derive from the regime of dual income tax which has come into effect in 2000. As a result of capital increases carried out from 1/1/97, a lower rate of income tax will be applied starting from the current year.

Share capital and reserves includes Lit. 80,5 bn which, if distributed, would be included in the Bank's taxable income.

The table below provides the details of the Bank's total capital and prudential management requirements as requested by the Bank of Italy in its letter of 14/12/98 relating to increased transparency in bank balance sheets.

Total capital and prudential requirements

<b>CATEGORIES/VALUES</b>	<b>31/12/00</b>	<b>31/12/99</b>
<b>A. Total capital</b>		
A.1 Tier 1	2,351,835	2,493,763
A.2 Tier 2	930	20,427
A.3 Deductions	43,968	475,507
A.4 Total capital	2,308,797	2,038,683
<b>B. Prudential requirements</b>		
B.1 Credit risks	874,209	784,419
B.2 Trading risks	142,004	66,954
including:		
– trading securities risks	136,393	65,155
– exchange rate risks	5,611	1,799
B.3 Other prudential requirements	-	-
B.4 Total prudential requirements	1,016,213	851,373
<b>C. Capital adequacy ratios</b>		
C.1 Risk-Weighted Assets (*)	14,517,329	12,172,300
C.2 Tier 1% of RWA	16.20%	20.49%
C.3 Total capital % of RWA	15.90%	16.75%

(\*) Total prudential requirements multiplied by the reciprocal minimum obligatory credit risk coefficient.

## SECTION 9

### OTHER LIABILITIES

Other liabilities amount to Lit. 990,459 million and are analysed as follows:

	31/12/00		31/12/99	
	million	%	million	%
- Other liabilities (caption 50)	705,167	71.2	683,685	77.2
- Accrued expenses and deferred income (caption 60)	285,292	28.8	201,802	22.8
<b>Total</b>	<b>990,459</b>	<b>100.0</b>	<b>885,487</b>	<b>100.0</b>

	31/12/00	31/12/99	Change	
			absolute	%
<b>9.1 CAPTION 50</b>				
<b>"OTHER LIABILITIES"</b>	<b>705,167</b>	<b>683,685</b>	<b>21,482</b>	<b>3.1</b>
- miscellaneous accounts payable to branches	177,343	295,030	-117,687	-39.9
- amounts due to customers	170,040	38,261	131,779	...
- amounts in transit with branches	68,245	8,368	59,877	...
- beneficiaries of outstanding invoices	49,049	43,625	5,424	12.4
- amounts relating to securities transactions	34,907	7,297	27,610	...
- amounts due to tax authorities on behalf of third parties	22,924	26,481	-3,557	-13.4
- staff charges	22,087	48,827	-26,740	-54.8
- premiums related to option transactions	13,092	1,152	11,940	...
- amounts related to writedowns on off-balance sheet transactions	10,617	7,479	3,138	42.0
- excess of adjustment on discounted notes	10,225	173,897	-163,672	-94.1
- accrued costs to be recognized	5,932	767	5,165	...
- guaranteed deposits from third parties	3,699	2,126	1,573	74.0
- amounts relating to tax collection service	1,330	1,369	-39	-2.8
- other	115,677	29,006	86,671	...

	31/12/00	31/12/99	Change absolute	%
<b>9.2 CAPTION 60 "ACCRUED EXPENSES AND DEFERRED INCOME"</b>	<b>285,292</b>	<b>201,802</b>	<b>83,490</b>	<b>41.4</b>
Accrued expenses:	217,979	154,483	63,496	41.1
– interest expenses due to banks	42,168	18,126	24,042	...
– interest expenses due to customers	3,546	2,467	1,079	43.7
– interest payable on debt securities	102,961	81,153	21,808	26.9
– differentials stemming from derivatives contracts	69,213	52,700	16,513	31.3
– others	91	37	54	...
Deferred income:	67,313	47,319	19,994	42.3
– premiums related to currency forward transactions	1,632	943	689	73.1
– differentials stemming from derivatives contracts	1,508	705	803	...
– discounted notes	4,990	7,474	-2,484	-33.2
– leasing rents	57,612	35,835	21,777	60.8
– others	1,571	2,362	-791	-33.5

Accrued expenses and deferred income are not applied directly to the balance sheet accounts in accordance with article 12, Legislative Decree 87/92.



## SECTION 10

### GUARANTEES AND COMMITMENTS

Guarantees and commitments amount to Lit. 3,559,134 million and are analysed below:

	31/12/00		31/12/99	
	million	%	million	%
- Guarantees given (caption 10)	2,152,098	60.5	1,828,213	69.0
- Commitments (caption 20)	1,407,036	39.5	820,521	31.0
<b>Total</b>	<b>3,559,134</b>	<b>100.0</b>	<b>2,648,734</b>	<b>100.0</b>

	31/12/00		31/12/99		Change	
					absolute	%
<b>10.1 CAPTION 10</b>						
<b>"GUARANTEES GIVEN"</b>	<b>2,152,098</b>	<b>1,828,213</b>	<b>323,885</b>	<b>17.7</b>		
(a) commercial guarantees	1,970,495	1,690,030	280,465	16.6		
(b) financial guarantees	181,000	137,580	43,420	31.6		
(c) assets held in guarantee	603	603	-	-		
<b>Total</b>	<b>2,152,098</b>	<b>1,828,213</b>	<b>323,885</b>	<b>17.7</b>		
Caption 10 is analysed below:						
- sureties	2,046,645	1,665,186	381,459	22.9		
- documentary and non documentary credits	90,933	134,998	-44,065	-32.6		
- acceptances on behalf of third parties	8,544	15,572	-7,028	-45.1		
- joint securities	5,373	8,728	-3,355	-38.4		
- re-financing mortgages with Artigiancassa	-	3,126	-3,126	-100.0		
- other sureties on behalf of third parties	551	551	-	-		
- bond sureties on behalf of third parties	52	52	-	-		

Credit commitments related to non-performing loans amount to Lit. 17,802 million.

Reserve for guarantees and commitments, which amount to Lit. 5,658 million, cover all relevant risks.

	31/12/00	31/12/99	Change	
			absolute	%
<b>10.2 CAPTION 20</b>				
<b>"COMMITMENTS"</b>	<b>1,407,036</b>	<b>820,521</b>	<b>586,515</b>	<b>71.5</b>
(a) Commitments to extend credit (certain to be called on)	638,025	226,841	411,184	...
(b) Commitments to extend credit (not certain to be called on)	769,011	593,680	175,331	29.5
Commitments are analysed as follows:				
- stipulated mortgages to be granted	437,133	452,879	-15,746	-3.5
- purchases of securities to be settled	351,718	106,057	245,661	...
- deposits to be made with banks	24,203	2,184	22,019	...
- unused irrevocable lines of credit	380,955	193,375	187,580	97.0
- commitments with Deposit Protection Fund Liabilities (FITD)	20,298	20,240	58	0.3
- amounts to be granted to customers	1,890	7,025	-5,135	-73.1
- derivatives credits on credits	96,814	-	96,814	-
- option on securities	24,175	19,623	4,552	23.2
- stipulated leasing transactions to be granted	69,850	19,138	50,712	...
<b>Total</b>	<b>1,407,036</b>	<b>820,521</b>	<b>586,515</b>	<b>71.5</b>

	31/12/00	31/12/99	Change	
			absolute	%
<b>10.3 ASSETS HELD TO GUARANTEE</b>				
<b>THE BANK'S LIABILITIES</b>	<b>1,330,263</b>	<b>1,135,394</b>	<b>194,869</b>	<b>17.2</b>
Securities held to guarantee:				
- bank drafts issued by Carige	23,366	34,568	-11,202	-32.4
- repurchase agreements	1,306,897	1,100,826	206,071	18.7
<b>Total</b>	<b>1,330,263</b>	<b>1,135,394</b>	<b>194,869</b>	<b>17.2</b>

	31/12/00	31/12/99	Change	
			absolute	%
<b>10.4 UNUSED LINES OF</b>				
<b>CREDIT BY THE BANK</b>	<b>428,783</b>	<b>104,141</b>	<b>324,642</b>	<b>...</b>
(a) central banks	115,166	74,141	41,025	55.3
(b) other banks	313,617	30,000	283,617	...

## 10.5 FORWARD TRANSACTIONS

	31/12/00			31/12/99		
	Hedging	Trading	Other	Hedging	Trading	Other
1. Purchase/sale of:	148,902	613,851	-	204,664	295,526	-
1.1 Securities	-	387,260	-	-	54,352	-
- purchases	-	305,247	-	-	54,317	-
- sales	-	82,013	-	-	35	-
1.2 Currency	148,902	226,591	-	204,664	241,174	-
- currency against currency	20,809	-	-	-	6,005	-
- purchases against euro	105,575	117,019	-	-	177,026	-
- sales against euro	22,518	109,572	-	204,664	58,143	-
2. Deposits and loans	-	-	99,958	-	-	48,200
- to be made	-	-	26,093	-	-	9,208
- to be received	-	-	73,865	-	-	38,992
3. Derivatives contracts	3,052,864	3,777,815	23,215	2,112,153	5,705,460	-
3.1 With exchange of principal	103,100	760,947	-	139,200	222,311	-
(a) securities	85,100	60,024	-	112,891	50,149	-
- purchases	48,350	46,470	-	39,246	50,149	-
- sales	36,750	13,554	-	73,645	-	-
(b) currency	18,000	700,923	-	26,309	172,162	-
- currency against currency	18,000	82,006	-	26,309	75,482	-
- purchases against euro	-	304,618	-	-	35,754	-
- sales against euro	-	314,299	-	-	60,926	-
(c) other instruments	-	-	-	-	-	-
- purchases	-	-	-	-	-	-
- sales	-	-	-	-	-	-
3.2 Without exchange of principal	2,949,764	3,016,868	23,215	1,972,953	5,483,149	-
(a) currency	-	-	-	-	-	-
- currency against currency	-	-	-	-	-	-
- purchases against euro	-	-	-	-	-	-
- sales against euro	-	-	-	-	-	-
(b) other instruments	2,949,764	3,016,868	23,215	1,972,953	5,483,149	-
- purchases	1,054,068	1,476,479	-	793,071	2,786,982	-
- sales	1,895,696	1,540,389	23,215	1,179,882	2,696,167	-
<b>Total</b>	<b>3,201,766</b>	<b>4,391,666</b>	<b>123,173</b>	<b>2,316,817</b>	<b>6,000,986</b>	<b>48,200</b>

Deposits and funding to be paid or received include exclusively spot and short-term transactions. Currency-related spot transactions amount to Lit. 26,7 bn.

With regards to derivatives contracts, the column 'other transactions' includes the notional value of options stated separately from the related underlying structured bond issue of the Bank. The notional value of options incorporated in assets or liabilities which allow either the Bank or the counterparty to transform, after a certain period of time, the interest rate stipulated in the contract from fixed to floating, or vice versa, was recorded at section 11.6 'Maturities of assets and liabilities'.

## 10.6 DERIVATIVES CONTRACTS ON LENDING

	31/12/00		31/12/99	
	Trading book	Banking book	Trading book	Banking book
1. Hedging purchases	118,965	-	-	-
1.1 With exchange of principal	118,965	-	-	-
- credit default product	118,965	-	-	-
- banks	33,166	-	-	-
- financial bodies	85,799	-	-	-
2. Hedging sales	96,814	-	-	-
1.1 With exchange of principal	96,814	-	-	-
- credit default product	96,814	-	-	-
- banks	96,814	-	-	-
- financial bodies	-	-	-	-
<b>Total</b>	<b>215,779</b>	<b>-</b>	<b>-</b>	<b>-</b>

Total principal of derivatives contracts amounts to Lit.7,069.7 bn (inclusive of basis swaps contracts for Lit. 328,86 bn, the notional value of which is stated twice).

### PRINCIPAL (1)

	Interest rate	Exchange rate	Share rates	Other	Total
1. Trading contracts	3,016,867	700,923	23,215	156,839	3,897,844
1.1 Non-quoted trading contracts	2,937,435	700,923	23,215	96,814	3,758,387
Forwards (2)	58,088	-	-	-	58,088
Swaps (3)	2,843,743	-	-	-	2,843,743
Options bought	17,802	344,030	-	-	361,832
Options sold	17,802	356,893	23,215	-	397,910
Derivatives on credits	-	-	-	96,814	96,814
1.2 Quoted trading contracts	79,432	-	-	60,025	139,457
Futures bought	15,513	-	-	46,471	61,984
Futures sold	63,919	-	-	13,554	77,473
2. Non-quoted hedging contracts	2,594,306	18,000	111,783	118,965	2,843,054
Swaps (3)	2,082,195	18,000	-	-	2,100,195
Options bought	95,813	-	50,858	-	146,671
Options sold	416,298	-	60,925	-	477,223
Derivatives on credits	-	-	-	118,965	118,965
<b>Total</b>	<b>5,611,173</b>	<b>718,923</b>	<b>134,998</b>	<b>275,804</b>	<b>6,740,898</b>

(1) Principal in basis swaps is stated once

(2) Caption includes forward rate agreements

(3) Caption includes basis swaps, cross currency swaps, interest rate swaps and overnight indexed swaps.

<b>PRINCIPAL IN HEDGING CONTRACTS (1)</b>					
	Swaps	Options bought	Options sold	Derivatives on credits	Total
1. Assets	1,417,580	119,988	60,925	118,965	1,717,458
Loans to customers	326,188	95,813	-	-	422,001
Trading securities	796,111	-	36,750	118,965	951,826
Investment securities	217,830	-	-	-	217,830
Deposits with banks	77,451	-	-	-	77,451
Equity investments	-	24,175	24,175	-	48,350
2. Liabilities	527,402	26,683	416,298	-	970,383
Bonds	527,402	26,683	416,298	-	970,383
3. Other (2)	155,213	-	-	-	155,213
<b>Total</b>	<b>2,100,195</b>	<b>146,671</b>	<b>477,223</b>	<b>118,965</b>	<b>2,843,054</b>

(1) Principal in basis swaps is stated once.

(2) Non-specific hedging contracts on interest-rate risk related to customer borrowing and lending.

<b>PRINCIPAL IN CONTRACTS CLASSIFIED BY REMAINING CONTRACT LIFE(1)</b>				
	Up to 12 months	From 1 to 5 years	More than 5 years	Total
1. Trading contracts	1,685,909	2,181,069	30,866	3,897,844
1.1 Non-quoted trading contracts	1,561,965	2,165,556	30,866	3,758,387
Forwards	58,088	-	-	58,088
Swaps	822,548	1,990,329	30,866	2,843,743
Options bought	334,348	27,484	-	361,832
Options sold	346,981	50,929	-	397,910
Derivatives on credits	-	96,814	-	96,814
1.2 Quoted trading contracts	123,944	15,513	-	139,457
Futures bought	46,471	15,513	-	61,984
Futures sold	77,473	-	-	77,473
2. Non-quoted hedging contracts	155,817	1,076,008	1,611,229	2,843,054
Swaps	142,901	963,271	994,023	2,100,195
Options bought	9,450	41,408	95,813	146,671
Options sold	-	60,925	416,298	477,223
Derivatives on credits	3,466	10,404	105,095	118,965
<b>Total</b>	<b>1,841,726</b>	<b>3,257,077</b>	<b>1,642,095</b>	<b>6,740,898</b>

(1) Principal in basis swaps is stated once.

During the period no losses on loans-related derivatives contracts were recorded.

Derivatives business is carried out exclusively with primary banking and financial institutions and for this reason provisions for counterparty risk have not been made.

At 31/12/00, there were no unsettled contracts.

Non quoted derivatives contracts accounted for 98% of all derivatives contracts at 31/12/00

<b>NON-QUOTED INTEREST-RATE DERIVATIVES CONTRACTS (1)</b>				
	Banks	Financial bodies	Other	Total
1. Principal	6,131,391	383,317	86,733	6,601,441
2. Trading contracts				
Positive market value	23,715	994	-	24,709
Negative market value	22,305	1,123	1,000	24,428
Potential credit equivalent	25,791	583	1,803	28,177
3. Hedging contracts				
Positive market value	27,935	2,060	-	29,995
Negative market value	100,134	5,873	-	106,007
Potential credit equivalent	33,152	10,408	-	43,560

(1) Principal in basis swaps is stated once.

Derivatives-related capital losses of Lit.135,200 million and capital gains of Lit. 65,377 million were not recorded in the income statement. In particular, capital losses and gains stemming from hedging contracts related to the investment and trading securities portfolios of Lit. 76,933 million and Lit. 18,937 million respectively, were not recorded (see Section 2.3); and capital losses stemming from hedging contracts related to bonds issued of Lit. 20,185 million and capital gains of Lit. 8,357 million were also not recorded.

<b>DEFERRED GAINS AND LOSSES</b>		
	Losses	Gains
1. Trading contracts	31,404	37,889
1.1 Non-quoted trading contracts	31,404	37,669
Forwards	56	58
Swaps	18,644	24,441
Options	12,704	13,170
1.2 Quoted trading contracts	-	220
Futures	-	220
2 Non-quoted hedging contracts	103,796	27,488
Swaps	88,458	19,582
Options	1,599	6,429
Derivatives on credits	13,739	1,477
<b>Total</b>	<b>135,200</b>	<b>65,377</b>

## SECTION 11

### CONCENTRATION AND DISTRIBUTION OF ASSETS AND LIABILITIES

Breakdowns of loans related to lists 11.2, 11.3, 11.5, 11.6 and 11.7 of this section include leased assets, which amount to Lit. 541,587 million and are exclusively connected to transactions with customers in lira.

On this basis, loans to customers amount to Lit. 12,707,625 and not to Lit. 12,166,038 million (as caption 40 of assets).

#### 11.1 SIGNIFICANT EXPOSURES

	31/12/00	31/12/99
(a) amount	-	244,683
(b) number	-	1

Significant exposures are those identified on the basis of "major lines of credit" as defined by the Bank of Italy.

#### 11.2 DISTRIBUTION OF LOANS AND ADVANCES TO CUSTOMERS, BY CATEGORY

	31/12/00	31/12/99
(a) Governments	568,967	228,946
(b) Other public entities	1,138,675	963,104
(c) Non-financial businesses	6,916,759	6,259,072
(d) Financial institutions	1,083,424	778,232
(e) Personal businesses	678,766	684,379
(f) Other operators	2,321,034	2,095,610
<b>Total</b>	<b>12,707,625</b>	<b>11,009,343</b>

#### 11.3 DISTRIBUTION OF LOANS TO RESIDENT NON-FINANCIAL BUSINESSES AND PERSONAL BUSINESSES

	31/12/00	31/12/99
(a) 1st branch of economic activity Wholesale and retail trade, salvage and repairs	1,577,863	1,438,435
(b) 2nd branch of economic activity Building and construction	1,212,497	1,171,530
(c) 3rd branch of economic activity Other market services	1,048,692	933,173
(d) 4th branch of economic activity Air and sea transport Hotel and catering services	517,906	366,801
(e) 5th branch of economic activity Hotel and catering services Transportation services	394,942	339,564
(f) Other branches	2,696,344	2,560,597
<b>Total</b>	<b>7,448,244</b>	<b>6,810,100</b>

#### 11.4 DISTRIBUTION OF GUARANTEES GIVEN, BY CATEGORY OF COUNTERPART

	31/12/00	31/12/99
(a) Governments	-	-
(b) Other public entities	17,787	9,016
(c) Banks	622,416	620,889
(d) Non-financial businesses	1,362,753	1,101,863
(e) Financial institutions	81,880	33,062
(f) Personal businesses	21,504	20,534
(g) Other operators	45,758	42,849
<b>Total</b>	<b>2,152,098</b>	<b>1,828,213</b>

#### 11.5 GEOGRAPHIC DISTRIBUTION OF ASSETS AND LIABILITIES

Caption/countries	31/12/00			Total
	Italy	Other EU countries	Other countries	
1. Assets	17,537,520	1,393,557	621,070	19,552,147
1.1 Due from banks	1,276,901	408,447	178,060	1,863,408
1.2 Loans to customers	12,435,507	267,993	4,125	12,707,625
1.3 Securities	3,825,112	717,117	438,885	4,981,114
2. Liabilities	15,600,301	2,072,045	241,268	17,913,614
2.1 Due to banks	2,275,045	2,022,596	224,333	4,521,974
2.2 Deposits from customers	7,852,921	49,359	16,702	7,918,982
2.3 Securities issued	5,471,885	90	233	5,472,208
2.4 Others	450	-	-	450
3. Guarantees and Commitments	3,323,786	186,414	48,934	3,559,134

Caption/countries	31/12/99			Total
	Italy	Other EU countries	Other countries	
1. Assets	15,448,831	1,261,801	430,939	17,141,571
1.1 Due from banks	601,958	500,284	96,093	1,198,335
1.2 Loans to customers	10,725,369	235,245	48,729	11,009,343
1.3 Securities	4,121,504	526,272	286,117	4,933,893
2. Liabilities	14,036,514	1,159,484	128,587	15,324,585
2.1 Due to banks	1,791,550	1,096,198	110,700	2,998,448
2.2 Deposits from customers	7,301,043	62,921	17,614	7,381,578
2.3 Securities issued	4,943,476	365	273	4,944,114
2.4 Others	445	-	-	445
3. Guarantees and Commitments	2,588,535	8,910	51,289	2,648,734

Geographic distribution is analysed with reference to the counterpart's residence.



## 11.6 MATURITIES OF ASSETS AND LIABILITIES

Captions/Residual life	31/12/00					
	Repayable on demand	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years fixed rate	Between 1 and 5 years indexed rate	Beyond year: fixed rate
1. Assets	4,706,236	4,454,258	3,937,848	3,073,239	4,218,315	2,066,331
1.1 Treasury bonds eligible for refinancing	2,454	50,439	97,093	160,497	359,738	90,172
1.2 Due from banks	981,533	711,879	10	482	-	19,656
1.3 Loans to customers	3,401,727	1,800,049	1,207,807	549,370	2,354,594	567,453
1.4 Bonds and other fixed income securities	5,579	156,080	654,554	925,099	1,349,499	375,270
1.5 Off-balance sheet transactions	314,943	1,735,811	1,978,384	1,437,791	154,484	1,013,780
2. Liabilities	8,233,136	5,863,005	3,519,726	2,000,049	2,957,379	1,113,614
2.1 Due to banks	264,971	2,986,309	782,347	55,441	96,280	163,934
2.2 Deposits from customers	7,232,507	644,804	35,103	360	6,181	-
2.3 Securities issued	556,684	472,482	936,552	301,039	2,623,407	7,554
– bonds	377,619	34,405	558,646	238,865	2,594,182	7,554
– certificates of deposits	39,507	438,077	377,906	62,174	29,225	-
– other securities	139,558	-	-	-	-	-
2.4 Subordinated liabilities	-	-	-	-	-	-
2.5 Off-balance sheet transactions	178,974	1,759,410	1,765,724	1,643,209	231,511	942,126

Caption repayable on demand includes assets and liabilities with residual life of not more than 24 hours, or a business day.

Unspecified duration includes compulsory reserve, overdue loans and bad loans.

Sub-captions 1.5 and 2.6 include the notional value (Lit. 482,016 million) of options incorporated in structured mortgaged loans and bond issues which allow either the Bank or the counterparty, after a certain period of time, to transform the interest rate stipulated in the contract from fixed to floating, or vice versa.

Captions/Residual life	31/12/99								Total
	Repayable on demand	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years		Beyond 5 years		Unspecified duration	
				fixed rate	indexed rate	fixed rate	indexed rate		
1. Assets	3,282,890	4,286,563	4,252,153	3,528,693	4,251,840	803,672	2,777,354	568,258	23,751,423
1.1 Treasury bonds eligible for refinancing	-	189,843	292,909	486,972	630,163	135,460	121,238	-	1,856,585
1.2 Due from banks	237,933	615,348	151,965	19,264	99,363	321	-	74,141	1,198,335
1.3 Loans to customers	2,801,330	1,342,609	1,171,305	466,369	2,142,722	225,511	2,365,380	494,117	11,009,343
1.4 Bonds and other fixed income securities	-	105,266	173,956	635,775	1,360,171	281,555	243,995	-	2,800,718
1.5 Off-balance sheet transactions	243,627	2,033,497	2,462,018	1,920,313	19,421	160,825	46,741	-	6,886,442
2. Liabilities	7,082,611	5,545,498	3,344,628	2,372,157	3,079,615	328,175	457,898	-	22,210,582
2.1 Due to banks	52,027	2,405,187	145,070	68,238	270,117	18,520	39,289	-	2,998,448
2.2 Deposits from customers	6,809,281	520,975	32,811	-	18,161	350	-	-	7,381,578
2.3 Securities issued	125,553	564,013	732,488	356,594	2,705,894	40,963	418,609	-	4,944,114
- bonds	188	120,492	267,798	241,552	2,656,253	40,963	418,609	-	3,745,855
- certificates of deposits	29,327	443,521	464,690	115,042	49,641	-	-	-	1,102,221
- other securities	96,038	-	-	-	-	-	-	-	96,038
2.4 Subordinated liabilities	-	-	-	-	-	-	-	-	-
2.5 Off-balance sheet transactions	95,750	2,055,323	2,434,259	1,947,325	85,443	268,342	-	-	6,886,442

	31/12/00		31/12/99		Change	
	absolute	%	absolute	%	absolute	%
<b>11.7 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY</b>						
a) Assets	1,257,001	30.2	965,375	29.2	291,626	30.2
1. Due from banks	216,870	48.4	146,176	47.8	70,694	48.4
2. Loans to customers	656,404	31.1	500,732	30.8	155,672	31.1
3. Securities	378,501	20.6	313,791	20.3	64,710	20.6
4. Participating interests	715	-	715	-	-	-
5. Other	4,511	13.9	3,961	13.9	550	13.9
(b) Liabilities	1,345,115	58.0	851,597	55.0	493,518	58.0
1. Due to banks	1,205,984	55.6	774,950	54.5	431,034	55.6
2. Deposits from customers	137,251	84.3	74,482	84.3	62,769	84.3
3. Securities issued	1,880	-13.2	2,165	-13.2	-285	-13.2
4. Other	-	-	-	-	-	-

## SECTION 12

### ADMINISTRATION AND DEALING ON BEHALF OF THIRD PARTIES

	31/12/00	31/12/99	Change absolute	%
<b>12.1 DEALING OF SECURITIES</b>				
a) Purchases	216,358	-	216,358	...
1. Settled	215,608	-	215,608	...
2. Unsettled	750	-	750	...
(b) Sales	220,560	-	220,560	...
1. Settled	219,771	-	219,771	...
2. Unsettled	789	-	789	...

During the first six months of 2000, the Bank began trading on behalf of third parties.

	31/12/00	31/12/99	Change absolute	%
<b>12.2 PRIVATE BANKING</b>	<b>3,881,345</b>	<b>4,636,122</b>	<b>-754,777</b>	<b>-16.3</b>
1. Securities issued by the Bank	3,175	6,083	-2,908	-47.8
2. Other securities	3,878,170	4,630,039	-751,869	-16.2

The figures shown correspond to total market values of property included within administration and trading on behalf of third parties.

The caption includes wealth accumulation services on behalf of third parties pursuant to article 24, Legislative decree 58/98 amounting to Lit. 4,574 million; a sum managed by the Carige Open Pension Fund launched in 1999 in compliance with article 9, Legislative decree 124/93.

	31/12/00	31/12/99	Change absolute	%
<b>12.3 CUSTODY AND ADMINISTRATION OF SECURITIES</b>				
(a) third-party securities held in deposit (private banking not included)	22,409,681	21,876,725	532,956	2.4
1. Securities issued by the Bank	4,535,027	4,465,058	69,969	1.6
2. Other securities	17,874,654	17,411,667	462,987	2.7
(b) third-party securities deposited with third-parties	21,727,333	21,324,779	402,554	1.9
(c) portfolio securities deposited with third parties	2,988,312	3,352,603	-364,291	-10.9

In accordance with the Bank of Italy's guidelines, the item "third-party securities held in deposit" includes the value of those securities deposited as a guarantee for lending transactions; the Bank carries out custody and management services for the same securities. The value at 31/12/99 rose by Lit. 307,205 million.

Depository bank-related securities in custody amounted to Lit. 5,015,111 million.

**12.4 COLLECTION OF THIRD PARTY RECEIVABLES:  
DEBIT AND CREDIT ADJUSTMENTS**

	31/12/00	31/12/99
(a) debit adjustments	1,313,006	979,999
1. current accounts	18,316	7,714
2. bills portfolio	774,341	675,723
3. cash	221,963	34,125
4. other	298,386	262,437
(b) credit adjustments	1,323,231	1,153,896
1. current accounts	6,915	2,658
2. bills and other items for collection	1,316,236	1,151,156
3. other	80	82

	31/12/00	31/12/99	Change	
			absolute	%
<b>12.5 OTHER TRANSACTIONS</b>	<b>2,895,192</b>	<b>3,089,093</b>	<b>-193,901</b>	<b>-6.3</b>
- Other banks' share of pool operations	2,496,572	2,687,263	-190,691	-7.1
- Total bills related to factoring transactions ("pro solvendo")	351,227	350,283	944	0.3
	47,393	51,547	-4,154	-8.1

## PART C INCOME STATEMENT

### SECTION 1

#### INTEREST

	2000	1999	Change absolute	%
<b>1.1 CAPTION 10 "INTEREST INCOME AND SIMILAR REVENUES"</b>	<b>1,046,941</b>	<b>858,555</b>	<b>188,386</b>	<b>21.9</b>
(a) on deposits with banks	51,419	48,658	2,761	5.7
including:				
– deposits with central banks	6,391	4,341	2,050	47.2
(b) on loans and advances to customers	762,912	606,567	156,345	25.8
including:				
– loans using funds managed on behalf of third parties	6	3	3	...
(c) on certificates of indebtedness	231,934	202,550	29,384	14.5
(d) other interest income	676	780	-104	-13.3
(e) positive differentials on hedging transactions	-	-	-	-

	2000	1999	Change absolute	%
<b>1.2 CAPTION 20 "INTEREST EXPENSE AND SIMILAR CHARGES"</b>	<b>482,527</b>	<b>371,873</b>	<b>110,654</b>	<b>29.8</b>
(a) on deposits from banks	165,384	106,796	58,588	54.9
(b) on deposits from customers	96,710	77,584	19,126	24.7
(c) on securities issued	212,991	167,315	45,676	27.3
including:				
– certificates of deposits	33,248	45,263	-12,015	-26.5
(d) on funds managed on behalf of third parties	5	51	-46	-90.2
(e) on subordinated liabilities	-	-	-	-
(f) negative differentials on hedging transactions	7,437	20,127	-12,690	-63.0

	2000	1999	Change absolute	%
<b>1.3 CAPTION 10 "INTEREST INCOME AND SIMILAR REVENUES"</b>				
a) on foreign currency assets	65,331	70,739	-5,408	-7.6

	2000	1999	Change absolute	%
<b>1.4 CAPTION 20 "INTEREST EXPENSE AND SIMILAR CHARGES"</b>				
a) on foreign currency liabilities	74,346	43,559	30,787	70.7

## SECTION 2

### COMMISSION

	2000	1999	Change absolute	%
<b>2.1 CAPTION 40</b>				
<b>"COMMISSION INCOME"</b>	<b>279,306</b>	<b>263,514</b>	<b>15,792</b>	<b>6.0</b>
(a) guarantees given	9,224	8,556	668	7.8
(b) collection and payment services	49,916	45,736	4,180	9.1
(c) management, dealing and consultancy services:	127,200	122,168	5,032	4.1
1. securities dealing	2,039	540	1,499	...
2. foreign currency dealing	6,239	6,135	104	1.7
3. private banking	14,173	15,517	-1,344	-8.7
4. custody and administration of securities	2,793	2,321	472	20.3
5. placement of securities	84,678	86,019	-1,341	-1.6
5.1 placement of quotas in mutual funds	82,309	81,924	385	0.5
5.2 placement of other securities	2,369	4,095	-1,726	-42.1
6. Consultancy	-	-	-	-
7. door-to-door sales of securities, products and services	119	-	119	...
8. acceptance of orders	17,159	11,636	5,523	47.5
(e) other services	92,967	87,054	5,913	6.8

The caption "other services" in more detail is as follows:

	2000	1999	Change absolute	%
- Deposits and current accounts	34,309	33,924	385	1.1
- Overdraft facilities	19,673	18,301	1,372	7.5
- Financing	10,487	12,166	-1,679	-13.8
- Distribution of third party services	10,827	9,249	1,578	17.1
- Safe deposit rentals	2,019	2,277	-258	-11.3
- Fees for Bank as depository for mutual funds	4,139	5,809	-1,670	-28.7
- Others	11,513	5,328	6,185	...
<b>Total</b>	<b>92,967</b>	<b>87,054</b>	<b>5,913</b>	<b>6.8</b>

	2000	1999	Change absolute	%
<b>2.2 CAPTION 50</b>				
<b>"COMMISSION EXPENSES"</b>	<b>21,504</b>	<b>16,211</b>	<b>5,293</b>	<b>32.7</b>
(a) collection and payment services	11,878	9,837	2,041	20.7
(b) management and dealing services:	5,510	3,382	2,128	62.9
1. securities dealing	2,255	1,278	977	76.4
2. foreign currency dealing	-	-	-	-
3. private banking	983	588	395	67.2
4. custody and administration of securities	2,097	1,386	711	51.3
5. placement of securities	83	130	-47	-36.2
6. door-to-door sales of securities, products and services	92	-	92	...
(c) other services	4,116	2,992	1,124	37.6

The caption "other services" in more detail is as follows:

	2000	1999	Change absolute	%
- Guarantees and commitments	1,765	851	914	...
- Relations with banks	718	664	54	8.1
- Financing	131	178	-47	-26.4
- Intermediation	338	171	167	97.7
- Others	1,164	1,128	36	3.2
<b>Total</b>	<b>4,116</b>	<b>2,992</b>	<b>1,124</b>	<b>37.6</b>

## SECTION 3

### GAINS FROM FINANCIAL TRANSACTIONS, NET

	2000	1999	Change absolute	%
<b>3.1 CAPTION 60</b>				
<b>“GAINS FROM FINANCIAL TRANSACTIONS, NET”</b>	<b>25,229</b>	<b>80,788</b>	<b>-55,559</b>	<b>-68.8</b>

	2000 Transactions		
	securities	currency	other
A.1 Revaluations	5,948		3,890
A.2 Write-downs	78,597		5,664
B. Other gains and losses	94,583	5,899	-830
<b>Total</b>	<b>21,934</b>	<b>5,899</b>	<b>-2,604</b>
1. Government securities	9,702		
2. Certificates of indebtedness	9,161		
3. Shares and other equity securities	2,089		
4. Derivatives on securities as underlying	982		

	1999 Transactions		
	securities	currency	other
A.1 Revaluations	14,856		8,297
A.2 Write-downs	48,497		6,780
B. Other gains and losses	104,729	4,819	3,364
<b>Total</b>	<b>71,088</b>	<b>4,819</b>	<b>4,881</b>
1. Government securities	13,056		
2. Certificates of indebtedness	7,160		
3. Shares and other equity securities	48,846		
4. Derivatives on securities as underlying	2026		

Negative variations are attributable to securities transactions for Lit. 49,154 million (increased write-downs of Lit. 30,100 million, reduced revaluations of Lit. 8,908 million and increased gains of Lit. 10,146); a positive variation was recorded in the item relating to other transactions and currency transactions of Lit. 7,485 million (increased revaluations of Lit. 4,407 million, reduced write-downs of Lit. 4,194 million and increased gains of Lit. 1,116 million). Currency transactions recorded a positive variation of Lit. 1,080 million.



	Revaluations	Write-downs	Other gains and losses	Total
1. Securities transactions	5,948	78,597	94,583	21,934
Government securities	694	5,789	14,799	9,704
Certificates of indebtedness	1,940	19,604	26,830	9,166
Shares and other equity securities	2,480	52,971	52,580	2,089
Securities purchases and sales to be settled	-	7	-	-7
Derivatives on securities as underlying	834	226	374	982
2. Currency transactions	-	1,396	7,295	5,899
Exchange-rate gains	-	-	3,758	3,758
Currency derivatives	-	1,396	1,640	244
Forward currency transactions	-	-	1,897	1,897
3. Other transactions	3,890	5,664	-830	-2,604
Interest rates derivatives	3,890	5,664	-830	-2,604
Total	9,838	85,657	101,048	25,229

Gains and write-downs on securities refer to own shares for Lit. 1,671 million and Lit. 968 million. Further details of gains and losses stemming from derivatives contracts recorded or not in the income statement are given in the Board of Directors' Report and at section 10.5 of the explanatory notes.

## SECTION 4

### ADMINISTRATIVE COSTS

	2000	1999	Change absolute	%
<b>4.1 AVERAGE NUMBER OF EMPLOYEES, BY GRADE</b>	<b>3,083</b>	<b>3,070</b>	<b>13</b>	<b>0.4</b>
(a) managers	23	26	-3	-11.5
(b) officials	238	245	-7	-2.9
(c) other employees	2,822	2,799	23	0.8

These average figures do not include the 84 employees transferred to Banca Carige as a result of the acquisition of 21 branches from Banco di Sicilia.

	2000	1999	Change absolute	%
<b>NUMBER OF OPERATING BRANCHES</b>	<b>283</b>	<b>254</b>	<b>29</b>	<b>11.4</b>

The figure includes the 21 branches acquired from Banco di Sicilia.

	2000	1999	Change absolute	%
<b>CAPTION 80 A "PERSONNEL"</b>	<b>334,173</b>	<b>340,692</b>	<b>-6,519</b>	<b>-1.9</b>
- wages and salaries	207,553	223,135	-15,582	-7.0
- social security costs	56,224	65,103	-8,879	-13.6
- termination indemnities	16,811	16,380	431	2.6
- pensions and similar commitments	23,281	21,906	1,375	6.3
- others	30,304	14,168	16,136	...

For the years 1997, 1998 and 1999, the Bank made the payments foreseen by Law 662/96 despite formally contesting the constitutional validity of the charge and reserving the right to demand reimbursement of the amounts paid.

The Constitutional Court in its sentence dated 8/6/2000 no. 178 upheld the constitutionality of Law 662/96 and therefore the validity of the payments effected.

	2000	1999	Change absolute	%
<b>CAPTION 80 B</b>				
<b>"OTHER ADMINISTRATIVE COSTS"</b>	<b>189,854</b>	<b>185,792</b>	<b>4,062</b>	<b>2.2</b>
Postage and telephone	18,105	17,172	933	5.4
Maintenance of tangible and intangible fixed-assets	18,137	17,517	620	3.5
Advertising, promotion and publishing	11,903	11,637	266	2.3
Professional fees	19,774	13,945	5,829	41.8
Lighting and heating	6,865	6,809	56	0.8
Rental expenses	8,191	7,840	351	4.5
Donations	7,503	7,488	15	0.2
Travelling and transport	5,664	6,783	-1,119	-16.5
Other banking services	5,172	4,497	675	15.0
Printing and stationery	4,949	4,560	389	8.5
Software maintenance	4,338	5,504	-1,166	-21.2
Banking premises security services	3,682	3,893	-211	-5.4
Hardware leasing charges	2,924	3,517	-593	-16.9
Insurance premiums	3,328	3,495	-167	-4.8
Office cleaning	7,201	7,275	-74	-1.0
EDP processing with third parties	6,871	4,740	2,131	45.0
Association fees	1,340	1,039	301	29.0
Indirect taxes	39,146	43,487	-4,341	-10.0
– stamp duty and stock exchange contracts	30,046	30,774	-728	-2.4
– "imposta sostitutiva" Presidential Decree 601/73	4,106	3,805	301	7.9
– ICI (Municipal real estate tax)	2,482	3,072	-590	-19.2
– local council taxes	1,899	1,880	19	1.0
– taxes paid abroad	332	436	-104	-23.9
– INVIM (tax on increased value on properties)	63	110	-47	-42.7
– "Imposte sostitutive" (laws 85/95 and 124/93)	15	3,333	-3,318	-99.5
– penalties for late tax rolls	51	14	37	...
– other indirect taxes	152	63	89	...
Others	14,761	14,594	167	1.1

Item "other" includes the cost of assets of a unit value not exceeding Lit. 1,000,000 purchased during the year for a total price of Lit. 1,346 million and fully paid for during the period (1999: Lit. 1,054 million).

## SECTION 5

### DEPRECIATION AND AMORTIZATION, PROVISIONS AND RECOVERIES

	2000	1999	Change absolute	%
<b>CAPTION 90 "DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS"</b>	<b>121,537</b>	<b>114,068</b>	<b>7,469</b>	<b>6.5</b>

Depreciation and amortization comprise the following:

	2000	1999	Change absolute	%
<b>Tangible fixed assets</b>				
- Properties	8,043	7,963	80	1.0
- Furniture and fittings	1,425	1,379	46	3.3
- Machinery and equipment	9,034	9,106	-72	-0.8
- Leased assets	76,637	67,497	9,140	13.5
<b>Total (a)</b>	<b>95,139</b>	<b>85,945</b>	<b>9,194</b>	<b>10.7</b>
<b>Intangible fixed assets (1)</b>				
- Software	7,678	6,967	711	10.2
- Installation costs	4,195	4,601	-406	-8.8
- Goodwill	6,716	6,716	-	-
- Others	7,809	9,839	-2,030	-20.6
<b>Total (b)</b>	<b>26,398</b>	<b>28,123</b>	<b>-1,725</b>	<b>-6.1</b>
<b>Total (a+b)</b>	<b>121,537</b>	<b>114,068</b>	<b>7,469</b>	<b>6.5</b>

(1) Amounts relating to the ten-year tax on Increased Value of Immovable Property (INVIM), for Lit. 53 million, which are included under intangible fixed assets (Section 4, table 4.2 - Other decreases), are recorded at Caption 80b "Other administrative expenses"

Depreciation and amortization relative to the Bank's tangible fixed assets portfolio take into consideration the useful life of each asset and correspond to the maximum valuations permitted by tax law.

	2000	1999	Change absolute	%
<b>CAPTION 100 "PROVISIONS FOR RISKS AND CHARGES"</b>	<b>5,062</b>	<b>2,751</b>	<b>2,311</b>	<b>84.0</b>
Provisions:				
- for bad leasing loans	600	437	163	37.3
- for in-house insurance scheme	2,728	-	2,728	...
- for legal proceedings	1,734	2,314	-580	-25.1

	2000	1999	Change absolute	%
<b>5.1 CAPTION 120 "PROVISIONS FOR LOAN LOSSES AND FOR GUARANTEES AND COMMITMENTS"</b>	<b>91,609</b>	<b>74,235</b>	<b>17,374</b>	<b>23.4</b>
(a) provisions for loan losses	91,609	74,235	17,374	23.4
including:				
– lump-sum allowances for country risks	631	1,427	-796	-55.8
– other lump-sum allowances	8,579	9,140	-561	-6.1
(b) provisions for guarantees and commitments	-	-	-	-
including:				
– lump-sum allowances for country risks	-	-	-	-
– other lump-sum allowances	-	-	-	-

Item (a) "Allowances for loan losses" includes Lit. 24,117 million which corresponds to a fifth of the losses stemming from the operation of securitisation.

Other provisions for Lit. 15,525 million (of which Lit. 14,609 million related to bad loans), which are related to interest on overdue loans realised during the period but retained to be not recoverable, are not recorded in the Income Statement.

	2000	1999	Change absolute	%
<b>CAPTION 130 "RECOVERIES OF LOANS AND REVERSALS OF PROVISIONS FOR GUARANTEES AND COMMITMENTS"</b>	<b>17,974</b>	<b>24,508</b>	<b>-6,534</b>	<b>-26.7</b>
– bad loans -principal	1,683	2,337	-654	-28.0
– watchlists - principal	652	1,078	-426	-39.5
– interest - others	-	2,825	-2,825	...
– interest arrears on loans	4,940	8,794	-3,854	-43.8
– credits written-off	6,739	7,852	-1,113	-14.2
– interest credits related to tax collection services	80	132	-52	-39.4
– country risks	3,611	496	3,115	...
– provision for guarantees and commitments	269	994	-725	-72.9

These recoveries are related to previously written down credits for which the reason for writing down ceases, fully or in part, to apply.

	2000	1999	Change absolute	%
<b>CAPTION 140</b>				
<b>"ADDITIONAL PROVISIONS FOR LOAN LOSSES"</b>	<b>10,000</b>	<b>5,000</b>	<b>5,000</b>	<b>...</b>

	2000	1999	Change absolute	%
<b>CAPTION 150</b>				
<b>"WRITE-DOWNS TO FINANCIAL FIXED ASSETS"</b>	<b>1,708</b>	<b>2,842</b>	<b>-1,134</b>	<b>-39.9</b>

	2000	1999	Change absolute	%
<b>CAPTION 160</b>				
<b>"RECOVERIES OF FINANCIAL FIXED ASSETS"</b>	<b>-</b>	<b>1,953</b>	<b>-1,953</b>	<b>...</b>

## SECTION 6

### OTHER INCOME STATEMENT CAPTIONS

	2000	1999	Change absolute	%
<b>6.1 CAPTION 70</b>				
<b>“OTHER OPERATING INCOME”</b>	<b>169,192</b>	<b>144,722</b>	<b>24,470</b>	<b>16.9</b>
Leasing rents	110,989	93,950	17,039	18.1
Amounts recovered from third parties	48,713	42,286	6,427	15.2
including: stamp duty recovered	28,076	27,440	636	2.3
Rental income	4,137	3,893	244	6.3
Repayments from leased assets	890	715	175	24.5
Gains from transfer and revaluation of leased assets	1,364	1,349	15	1.1
Others	3,099	2,529	570	22.5

	2000	1999	Change absolute	%
<b>6.2 CAPTION 110</b>				
<b>“OTHER OPERATING EXPENSES”</b>	<b>11,976</b>	<b>11,330</b>	<b>646</b>	<b>5.7</b>
Recognised losses on leased assets sold	9,596	8,642	954	11.0
Leasing charges	2,377	2,688	-311	-11.6
Others	3	-	3	...

	2000	1999	Change absolute	%
<b>6.3 CAPTION 180</b>				
<b>“EXTRAORDINARY INCOME”</b>	<b>24,866</b>	<b>44,109</b>	<b>-19,243</b>	<b>-43.6</b>
Tax credits following requests for refund	-	5,624	-5,624	...
Interest on tax credits following requests for refund	-	1,245	-1,245	...
Surplus in reserves for taxation	1,374	2,872	-1,498	-52.2
Gains from releases: furniture and premises	3,396	2,711	685	25.3
Gains from releases: holdings	3,970	4,933	-963	-19.5
Dividends paid by subsidiaries and collected during the year	8,775	-	8,775	...
Taxes in advance of past periods	-	21,368	-	...
Other	7,351	5,356	1,995	37.2

Dividends collected during 2000 on holdings in subsidiaries are stated at “Dividends paid by subsidiaries and collected during the year” according to the new accounting criterion applied from 31/12/00 onwards.

	2000	1999	Change absolute	%
<b>6.4 CAPTION 190</b>				
<b>"EXTRAORDINARY EXPENSES"</b>	<b>8,154</b>	<b>10,112</b>	<b>-1,958</b>	<b>-19.4</b>
Retirement incentives	4,196	4,581	-385	-8.4
Losses from releases: holdings	4	3,189	-3,185	-99.9
Losses from releases: furniture	512	367	145	39.5
Other	3,442	1,975	1,467	74.3

	2000	1999	Change absolute	%
<b>CAPTION 220 "INCOME TAXES"</b>	<b>152,800</b>	<b>154,300</b>	<b>-1,500</b>	<b>-1.0</b>
Income taxes of the period	140,254	149,309	-9,055	-6.1
Variation of taxes paid in advance	-1,297	-1,414	117	-8.3
Variations of deferred taxes	13,843	6,405	7,438	...
Income taxes	152,800	154,300	-1,500	-1.0



## SECTION 7

### OTHER INFORMATION REGARDING THE INCOME STATEMENT

#### 7.1 GEOGRAPHIC DISTRIBUTION OF REVENUES

Banca Carige prevalently works in Italy; the first branch outside Italy was opened in Nice (France) on 9/7/94.

Captions	31/12/00		Total
	Italy	Other countries	
10 Interest income and similar revenue	1,039,527	7,414	1,046,941
30 Dividends and other revenues	57,617	-	57,617
40 Commission income	278,482	824	279,306
60 Gains from financial transactions, r	25,208	21	25,229
70 Other operating income	169,146	46	169,192
<b>Total</b>	<b>1,569,980</b>	<b>8,305</b>	<b>1,578,285</b>

Captions	31/12/99		Total
	Italy	Other countries	
10 Interest income and similar revenue	852,795	5,760	858,555
30 Dividends and other revenues	52,702	-	52,702
40 Commission income	262,733	781	263,514
60 Gains from financial transactions, r	80,769	19	80,788
70 Other operating income	144,636	86	144,722
<b>Total</b>	<b>1,393,635</b>	<b>6,646</b>	<b>1,400,281</b>

**PART D  
OTHER INFORMATION**

SECTION 1

DIRECTORS AND STATUTORY AUDITORS

		31/12/00	31/12/99
1.1	EMOLUMENTS		
(a)	directors	2.171	1.866
(b)	Statutory auditors	325	325

The amounts given refer to emoluments paid to directors and statutory auditors in the carrying out of those duties related specifically to Banca Carige, as required by article 78 of CONSOB Regulation n. 11971.

		31/12/00	31/12/99
1.2	CREDITS AND GUARANTEES GIVEN		
(a)	directors		
	- clean credits	223	298
	- guarantees given	-	-
(b)	Statutory auditors		
	- clean credits	215	199
	- guarantees given	-	-

The following table provides information relating to remuneration and benefits paid to Directors, Statutory Auditors and General Managers as required by article 78 of CONSOB Regulation (Deliberation n. 11971 of 14/5/99) enacting Legislative Decree 58/98.

The Bank did not allocate any option shares to its Directors or General Manager during the year.

GROSS SALARIES PAID TO DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGER

(article 78, CONSOB n. 11971)

NAME	POSITION		SALARY			
			<i>(before tax and social securities payments)</i>			
Name / Surname	Position held	Length of office	Emoluments (1)	Benefits in kind	Bonuses	Others
<i>(1) including attendance allowances and expenses</i>						
Fausto CUOCOLO	CARIGE S.p.A. - Chairman	1/1/2000 - 31/12/2000	446,600,000			(*) 12,000,000
	C.R. Savona S.p.A. - Deputy Chairman Director	1/1/2000 - 31/12/2000	53,750,000			
	Levante Norditalia S.p.A. -Chairman	1/1/2000 - 31/12/2000	150,000,000			
	Carige Vita Nuova S.p.A. - Chairman	1/1/2000 - 31/12/2000	100,000,000			

(\*) for services rendered as member of Editorial Board of review published by Banca Carige

<b>Giorgio GIORGETTI</b>	CARIGE S.p.A. - Deputy Chairman	1/1/2000 - 31/12/2000	208,800,000			
	C.R. Savona S.p.A. - Director	1/1/2000 - 31/12/2000	33,750,000			

<b>Giovanni BERNESCHI</b>	CARIGE S.p.A. - Managing Director General Manager	1/1/2000 - 31/12/2000 21/2/2000 - 31/12/2000 1/1/2000 - 31/12/2000	217,737,635			(*) 626,792,370
	C.R. Savona S.p.A. - Director and Executive Committee Member	1/1/2000 - 31/12/2000	37,750,000			
	Levante Norditalia S.p.A. - Director	1/1/2000 - 31/12/2000	30,000,000			
	Carige Vita Nuova S.p.A. - Director	1/1/2000 - 31/12/2000	20,000,000			
	Centro Fiduciario S.p.A. - Deputy Chairman	1/1/2000 - 31/12/2000	800,000			

(\*) for services rendered as General Manager

<b>Adalberto ALBERICI</b>	CARIGE S.p.A. - Director and Executive Committee Member	1/1/2000 - 31/12/2000	111,800,000			
---------------------------	---	-----------------------	-------------	--	--	--

<b>Piergiorgio ALBERTI</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	72,000,000			(*) 12,000,000
						(**) 20,000,000

(\*) for services rendered as member of Editorial Board of review published by Banca Carige

(\*\*) emolument for professional services related to consultancy given to a client-user of Bank's leased asset

<b>Piero Guido ALPA</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	71,600,000			(*) 12,000,000
-------------------------	-----------------------------	-----------------------	------------	--	--	----------------

(\*) for services rendered as member of Editorial Board of review published by Banca Carige

<b>Maurice BENUSILHO</b>	CARIGE S.p.A. - Director	1/1/2000 - 2/5/2000	28,703,226			
--------------------------	-----------------------------	---------------------	------------	--	--	--

<b>Jean Jacques BONNAUD</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	69,764,490			
-----------------------------	-----------------------------	-----------------------	------------	--	--	--

<b>Giorgio BUGLIONI</b>	CARIGE S.p.A. - Director and Executive Committee Member	1/1/2000 - 31/12/2000	114,200,000			
-------------------------	---	-----------------------	-------------	--	--	--

<b>G.B. CANEVELLO</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	74,800,000			
-----------------------	-----------------------------	-----------------------	------------	--	--	--

<b>Ferdinando MENCONI</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	72,800,000			
	Levante Norditalia S.p.A. - Managing Director	1/1/2000 - 31/12/2000	465,187,000			(*) 64,845,000
	Carige Vita Nuova S.p.A. - Managing Director	1/1/2000 - 31/12/2000	366,153,800			

(\*) for services rendered as General Managers from 1/1/2000 to 31/3/2000

<b>Giovanni MERELLA</b>	CARIGE S.p.A. - Director and Executive Committee Member	1/1/2000 - 31/12/2000	110,600,000			
-------------------------	--	-----------------------	-------------	--	--	--

<b>Dominique MONNERON</b>	CARIGE S.p.A. - Director	23/5/2000 - 31/12/2000	48,603,226			
<b>Romeo PANIZZI</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	80,000,000			
	C.R. Savona S.p.A. - Director and Executive Committee Member	1/1/2000 - 31/12/2000 18/4/2000 - 31/12/2000	37,750,000			
<b>Vincenzo ROPPO</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	74,000,000			(*) 12,000,000
<i>(*) for services rendered as member of Editorial Board of review published by Banca Carige</i>						
<b>Giorgio SAVINELLI</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	84,200,000			
<b>Alessandro SCAJOLA</b>	CARIGE S.p.A. - Director and Executive Committee Member	1/1/2000 - 31/12/2000	117,800,000			
<b>Oliviero TAROLLI</b>	CARIGE S.p.A. - Director	1/1/2000 - 31/12/2000	67,600,000			
	Levante Norditalia S.p.A. - Deputy Chairman	1/1/2000 - 31/12/2000	60,000,000			
	Carige Vita Nuova S.p.A. - Deputy Chairman	1/1/2000 - 31/12/2000	50,000,000			
<b>Giuliano VALLE</b>	CARIGE S.p.A. - Director and Executive Committee Member	1/1/2000 - 31/12/2000	99,400,000			
<b>Fulvio ROSINA</b>	CARIGE S.p.A. - Chairman of Board of Statutory Auditors	1/1/2000 - 31/12/2000	135,000,000			
	Galeazzo S.r.l. - Chairman of Board of Statutory Auditors	1/1/2000 - 31/12/2000	5,000,000			
	Columbus Carige Imm.re S.p.A. - Chairman of Board of Statutory Auditors	1/1/2000 - 31/12/2000	8,400,000			
<b>Giacomo CATALFAMO</b>	CARIGE S.p.A. - Auditor	1/1/2000 - 31/12/2000	95,000,000			
	Galeazzo S.r.l. - Auditor	1/1/2000 - 31/12/2000	3,400,000			
	Levante Norditalia S.p.A. - Auditor	1/1/2000 - 31/12/2000	44,900,000			
<b>Angelo COSTIGLIOLO</b>	CARIGE S.p.A. - Auditor	1/1/2000 - 31/12/2000	95,000,000			
	Imm.re Ettore Vernazza S.p.A. - Auditor	1/1/2000 - 31/12/2000	3,400,000			
	Centro Fiduciario S.p.A. - Auditor	1/1/2000 - 31/12/2000	4,950,000			
	Carige Vita Nuova S.p.A. - Auditor	1/1/2000 - 31/12/2000	35,000,000			

The remuneration and benefits include also those paid by Cassa di Risparmio di Savona SpA.

## SITUATION OF PENSION FUND

### CHANGES IN SUPPLEMENTARY PENSION FUND

Pursuant to art. 9 of the fund regulation, approved on 23<sup>rd</sup> January 1992, the following are beneficiaries of the Supplementary Pension Fund:

- all staff employed by Cassa di Risparmio di Genova ed Imperia (including those employed by the Tax Collection Service on duty on 1<sup>st</sup> January 1973 or employed subsequently) in service at 30<sup>th</sup> November 1991 and transferred to Banca Carige SpA on 1<sup>st</sup> December 1991, excluding temporarily employed staff. Staff taken on from 1<sup>st</sup> December 1991 onwards are beneficiaries of a timed fixed-payment cover;
- the staff of Istituto di Credito Fondiario della Liguria SpA who were on duty on 31<sup>st</sup> December 1991;
- the staff of Mediocredito Ligure SpA who were on duty on 31<sup>st</sup> December 1991.

	31/12/00	31/12/99
Opening balances	574,352	573,657
Closing balances	575,943	574,352
Net changes of the year	1,591	695

Incomes related to assets captions	22,073	20,506
Employees' contributions	1,499	1,488
Pension paid	21,926	21,167
Voluntary state pension fund payments	55	132

The Supplementary Pension Fund is an in-house reserve without corporate identity recorded in the Directory of Pension Funds, 3<sup>rd</sup> special section, no. 9,004 since 14/10/99.

The closing balance of the fund - Lit 575,943 million – corresponds to actuarial calculations on the basis of cover capital criteria for amounts sufficient to guarantee requirements as foreseen by the Pension Fund regulations for those eligible.

The actuary's evaluation is made annually and for future requirements an interest rate of 3% was applied.

The Fund, in line with the provisions of the provisions of the Pension Fund regulations, was created by regular provisions and presents the following composition:

	31/12/00	31/12/99
- Bonds	415,253	427,593
- Shares and quotes	67,769	67,769
- tangible fixed assets assets (1)	50,671	44,682
- Cash to allocate	42,250	34,308
Total	575,943	574,352

(1) *Balance sheet value*

## SECTION 2

### PARENT COMPANY OR EU LENDING INSTITUTION AS HOLDING

---

#### 2.1 NAME

BANCA CARIGE SpA - Cassa di Risparmio di Genova e Imperia

---

---

#### 2.2 LOCATION AND REGISTERED OFFICES

Genova, Via Cassa di Risparmio n. 15.

---

Law Court of Genoa registration no. 55882.

Chamber of Commerce (C.C.I.A.) of Genoa registration no. 331717.

Banca Carige is recorded in the register of banks (no. 6175/4) and it belongs, as parent company, to Banca Carige Group, recorded in the special register pursuant to Decree no. 356/90.

The Board of Directors

Genova, 28 March 2001



# PROPOSED RESOLUTION

## ADOPTION OF ANNUAL REPORT AND ALLOCATION OF NET PROFIT

Shareholders of Banca Carige,

We present for your approval the Annual Report for 2000 made up by balance sheet and income statement, explanatory notes and attachments supplemented by the Board of Directors' report in addition to those prepared by the Board of Statutory Auditors and the Board of Independent Auditors.

We propose the following distribution of net profit of Lit. 190,221,275,910 and of Lit. 899,850,000 in the form of dividends for the year 1999 relative to Banca Carige's own share portfolio and allocated on distribution to a specific reserve (for a total amount of Lit. 191,121,125,910):

- Legal reserve	Lit.	19.022.127.591
- Reserve D. Lgs. 17/5/99 n. 153	Lit.	10.382.788.681
- Taxed extraordinary reserve	Lit.	18.878.638.138
- Shareholders' dividends per share: Lit 725 for total dividends distributed of	Lit.	142.837.571.500

We also propose that dividends be payable from 7<sup>th</sup> May 2001 after distribution on 10<sup>th</sup> May 2001 in accordance with Borsa Italiana regulation of 20/12/99, and relevant legislation.

If approved, the Bank's net equity, after allocation of net profit, which includes provisions to the general banking risk fund, would rise to Lit. 2,566,494 million.

We also propose that dividends on the Bank's own shares be destined to the reserve for dividends on own shares .

Genoa, 28 March 2001

The Board of Directors





# **REPORT OF THE BOARD OF STATUTORY AUDITORS**

**STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING,  
in accordance with article 153 of Legislative Decree 58/98  
and article 2429 section 3 of the Italian civil code**

To the shareholders of Banca Carige SpA,

During the business year ending 31/12/2000 we carried out those supervisory duties foreseen by law in accordance with the Code of Best Practice recommended by the Italian Council of Chartered Accountants.

In particular:

- we took part both in the meetings of the parent company's Board of Directors and Executive Committee and received on a quarterly basis (in accordance with article 150 of Legislative Decree 55/98 and article 20 of the Bank's By-Laws) information concerning the activities of the Bank in addition to significant economic, financial and asset-related transactions carried out by the Bank and/or its subsidiaries.
- All such transactions were carried out in accordance with the Bank's By-Laws. Furthermore, we were aware of no actions which could be deemed imprudent, irresponsible or representing a conflict of interest or in contrast with the decisions taken by the Shareholders' Meeting.
- Pursuant with CONSOB communication no DAC/RM/97001574 dated 20/2/97, during the course of the year the Board of Directors of Banca Carige met 23 times, its Executive Committee 81 times and the Board of Statutory Auditors 21 times.
- During the year we had regular meetings with the external auditors, KPMG SpA, in which there were reciprocal exchanges of information.
- The Boards of Statutory Auditors of the Bank's subsidiaries were asked to inform us promptly of their observations, findings or proposals regarding any actions or events affecting the companies' assets and finances, the economic results of the Group as a whole and an evaluation of the reliability and adequacy of the Group's financial statements.
- The parent company, Banca Carige SpA, communicated adequate and complete instructions to its subsidiaries pursuant to article 114, section 2, Legislative decree 58/98.
- Banca Carige SpA, the parent company of the Banca Carige Group communicated adequate and complete instructions to its subsidiaries as foreseen by the Consolidated banking Law and the regulatory indications issued by the Bank of Italy;
- within the scope of this Board's competence, we monitored the adequacy of the Bank's organisational structure, and the respect of the codes of best practice concerning its administration by means of relevant documentation provided by the Bank's senior offices in addition to meetings with the external auditors;
- We evaluated and monitored the adequacy of the Bank's systems of internal control and administration/accounting. With regards to the latter, information was collected from senior officers in the form of company documents and audit analyses in order to verify that such a system was suitably equipped to give a true and fair picture of the Bank's affairs.
- In particular, throughout the year we controlled the Bank's internal monitoring of all its risk profiles (liquidity, solvency, interest-rate, credit, market and exchange rate) and can confirm the Bank's position throughout the year within the limits of all indicators fixed by the Bank of Italy and the Interbank Deposit Protection Fund - FITD.
- We confirmed that the senior officer responsible for internal control has no powers connected to the offering of investment services, which fall under the same system of control.

During the year no irregularities warranting censure or report to regulatory bodies came to light.

Pursuant to Legislative decree no. 58 of 24/2/98, KPMG SpA audited the financial statements of Banca Carige SpA as at and for the year ended 31/12/00 and reviewed the contents of the directors' report for consistency with the financial statements.

We examined the external auditors' report issued pursuant to article 156 of Legislative decree 58/98 which expressed the view that the financial statements are clearly stated and give a true and fair picture of the financial position and results of the Bank at 31/12/2000.

By means of direct supervision or through information provided by the external auditors, we can confirm that the structure of the financial statements and the directors' report is in accordance with relevant legislation.

In particular, we can report that:

- the accounting principles are in compliance with legislation and are suitable for the Bank's activities;
- balance sheet and income statement figures are expressed in Lira and Euro; the latter derives from the application of the exchange translation rate required by CONSOB recommendation no. 98083971 dated 26<sup>th</sup> October 1998;
- the present financial statements correspond to the events and information which came to our attention during the various meetings of the Bank's Board of Directors and in the course of our supervisory activity;
- the explanatory notes contain information which the banking industry is required to provide to Consob (communication no. 1011405 of 15<sup>th</sup> February 2001 adopted pursuant to article 114, Legislative decree 58/98) relating to certain significant events which occurred during 2000;
- in the explanatory notes, the Directors illustrate the ceding without recourse of a portion of the bad loan portfolio of Banca Carige within the confines of Law 130/99 relative to the securitisation of credit. The transaction, performed on 21/12/2000, was effective from 31/12/00 and related to a gross balance sheet value of customer loans amounting to Lit. 566.4 bn classified as bad loans at 30/11/2000 and backed at the same date either fully or in part by voluntary or legally imposed guarantees. Securitisation determined a reduction in the value of the loans ceded amounting to Lit. 120.6 bn, which was recorded at caption 130 'Share premium reserve' as foreseen by article 6, Law 130/99. The total will be written down on a straight-line basis from the income statement over five years starting from the year in which the reduction in value of the loans ceded occurred (2000).
- details are supplied in the explanatory notes of changes made during 2000 to the accounting criterion applied to dividends on direct holdings: unlike previous years, these dividends will be recorded in the same accounting period as related profits, as foreseen by the accounting principles of Italian Chartered Accountants and Bookkeepers, and Consob.

The changes both on the balance sheet and income statement produced by applying the criterion referred to above are outlined in the explanatory notes along with pro-forma data for 2000 and 1999 illustrating the effects of the new criterion as requested by Consob in its communication no. 99059009 dated 30/7/99 confirmed by communication DEM/81948 of 3/11/2000;

- the Directors' Report was prepared in accordance with, and contains information required by, relevant legislation and is consistent with the balance sheet data and results provided.

With reference to CONSOB communications no. DAC/98079574 dated 9/19/98 and no. 99066608 dated 10/9/99, the Directors in their report illustrate the adequacy and effectiveness of the steps taken to avoid year 2000-related problems.

The Board of Directors Report illustrates the action plan to handle year-2000 related problems and the transition to the euro; the accounting of the costs related to both is outlined in the explanatory notes.

Pursuant to CONSOB communication no. DAC/RM/97001574 dated 20/2/97 we inform you that:

- The Board of Directors' Report states that dealings with its subsidiaries and associated undertakings are these connected to the normal activity of the Bank and are regulated by market conditions;

- during the year Banca Carige acquired from its subsidiary Levante Norditalia SpA the remaining 40% of the share capital of CARIGE Vita Nuova SpA. As a result of this acquisition, Banca Carige's holding rose to 92.8%. The purchase price was based on an independent assessment carried out by experts of the economic value of CARIGE Vita Nuova;
- during the year we received no reports from shareholders as foreseen by article 2408;
- the external auditors were encharged by the Bank to report on the offering circular accompanying its Euro Medium Term Note programme; they were also encharged on 27<sup>th</sup> April 2000 with the auditing of the annual statements for the Bank and the Group for the period 2000/2002 as well as the limited review of half-yearly statements for the Bank and the Group at 30 June 2000, 2001 and 2002;
- during the course of the year there were no transfers of securities from the investment and trading securities portfolio or vice versa;
- during its meeting of 12<sup>th</sup> February 2001, the Board of Directors of Banca Carige deliberated the adherence of the Bank to the Code of Self-Regulation for Listed Companies prepared by the Committee for Corporate Governance.

In the light of the above and on the basis of information provided by the external auditors both in their periodic review of the Bank's affairs and in their auditing of these financial statements, no events came to our attention which could inhibit the approval of the Bank's balance sheet as at and for the year ended 31/12/2000 and the proposed distribution of net profit.

Genoa, 10<sup>th</sup> April 2001,

The Board of Statutory Auditors



# REPORT OF THE INDEPENDENT AUDITORS

(Translation from the Italian original which remains the definitive version)

## Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998

To the shareholders of  
Banca CARIGE S.p.A. Cassa di Risparmio di Genova e Imperia

- 1 We have audited the financial statements of Banca CARIGE S.p.A. Cassa di Risparmio di Genova e Imperia as at and for the year ended 31 December 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries representing 84% and 4% of the caption "investments" and "total assets" respectively, have been audited by other auditors who provided us with their reports thereon. Our opinion, expressed herein, with respect to the figures relating to such companies included in the financial statements is based, inter alia, on the audits performed by the other auditors.

Reference should be made to the report dated 10 April 2000 for our opinion on the prior year figures which are presented for comparative purposes as required by law.

- 3 In our opinion, the financial statements of Banca CARIGE S.p.A. Cassa di Risparmio di Genova e Imperia as at and for the year ended 31 December 2000 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the company.

4 We draw your attention to the following matters:

- 4.1 During the year, the company carried out a securitisation transaction of its bad debts. As described in the notes to the financial statements, the economic effect of losses realised as a consequence of this transaction was charged directly to the equity reserves and partly deferred to future years. This treatment, which is an alternative to that stated in accounting principles which require that losses be charged to the profit and loss account of the year in which they have arisen, is permitted by Law 130/99.
- 4.2 The company has modified its policy for accounting for dividends from subsidiaries, recording them directly in the year in which they mature, that is the same year in which the subsidiaries create profit. The effects of the adoption of such criterion are described in the directors' report and notes to the financial statements.
- 4.3 The company holds controlling interests in a number of companies and, in accordance with current legislation, has prepared consolidated financial statements. Such statements are presented in addition to its own financial statements in order to furnish adequate information on the financial position of both the company and the group. We have audited the consolidated financial statements and these (with our audit report thereon) are presented together with the statutory financial statements.

Genoa, 6 April 2001

KPMG S.p.A.

(Signed on the original)

Davide Grassano  
Director of Audit



# ATTACHMENTS



## STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

*(millions of Italian Lire)*

	Capital stock	Additional paid-in capital	Legal reserve	Reserve (art. 55 decree 917/86)	Taxed extraordinary reserve	Revaluation reserve	Reserve for incorporation
Shareholders' equity at 31/12/99	1,970,173	299,189	53,191	253	92,086	15,405	23,895
Allocation of 1999 net income							
- reserves			18,257		24,942		
- dividends paid							
Allocation to reserve for dividends on own shares							
Capital increase		- 57,821					
Reserve for the purchase of treasury stock							
Provision to merger reserve 2000 net income							
Stockholders' equity at 31/12/00	1,970,173	241,368	71,448	253	117,028	15,405	23,895

Reserve for the purchase of treasury stock disposable amount	Reserve for the purchase of treasury stock	Merger reserve	Reserve ex D.Lgs 17/5/99 n. 153	Reserves for general banking risk	Reserves for dividends on own share	Net income	Total
25,212	9,788	32,120	0	10,000	1,299	181,645	2,713,943
			1,925		900	- 45,124	- 135,713
					- 1,299		- 1,299
							- 57,821
- 24,342							- 24,342
	24,342						24,342
						190,221	190,221
870	34,130	32,120	1,925	10,000	900	190,129	2,709,331

# STATEMENT OF CASH FLOW

	1999	2000
<b>FUNDS GENERATED BY OPERATIONS (A)</b>	<b>625,380</b>	<b>723,781</b>
Distributable net income for the year	181,645	190,221
<b>Adjustment to:</b>	<b>237,744</b>	<b>298,482</b>
- tangible fixed assets	85,945	95,139
- intangible fixed assets	28,123	26,398
- financial fixed assets	889	1,708
- trading securities	48,497	78,597
- loan and advances to credit institutions	696	569
- loan and advances to customers	73,594	96,071
<b>Provisions for:</b>	<b>205,991</b>	<b>235,078</b>
- reserves for loan losses and leasing transactions	5,000	10,000
- termination indemnities	16,376	21,944
- pensions and similar commitments	21,994	23,572
- taxation	156,831	155,149
- other assets	5,790	24,413
<b>Provisions to concentration reserve</b>	<b>-</b>	<b>-</b>
<b>USE OF FUNDS GENERATED BY OPERATIONS (B)</b>	<b>360,672</b>	<b>450,090</b>
<b>Use for:</b>		
- taxation	140,296	151,365
- termination indemnities	12,722	14,936
- pensions and similar commitments	21,299	21,981
- loan losses	61,230	116,373
- reserves for loan losses	6,000	5,000
- other assets	2,461	3,423
- dividends paid	116,664	137,012
<b>CASH FLOW (A-B)</b>	<b>264,708</b>	<b>273,691</b>
<b>INCREASE IN FUNDS TAKEN AND DECREASE IN FUNDS APPLIED (C)</b>	<b>2,156,661</b>	<b>2,734,083</b>
<b>Increase in:</b>	<b>1,013,496</b>	<b>2,694,000</b>
- amount owed to credit institutions	-	1,523,526
- amount owed to customers	156,193	537,404
- debts evidenced by certificates	379,652	528,094
- funds managed on behalf of third parties	-	-
- other liabilities	21,651	21,481
- accrued expenses and deferred income	-	83,490
- capital stock	285,000	-
- additional paid-in capital	171,000	-
<b>Decrease in:</b>	<b>1,143,165</b>	<b>40,083</b>
- cash in hand, balances with central banks and post offices	-	-
- securities	662,865	-
- loans and advances to credit institutions	447,131	-
- loans and advances to customers	-	-
- financial fixed assets	-	-
- tangible fixed assets	-	-
- intangible fixed assets	-	-
- own shares	19,373	-
- other assets	2,810	40,083
- accrued income and prepaid expenses	10,986	-
<b>INCREASE IN FUNDS APPLIED AND DECREASE IN FUNDS TAKEN (D)</b>	<b>2,421,369</b>	<b>3,007,774</b>
<b>- Increase in:</b>	<b>1,886,604</b>	<b>2,949,953</b>
- cash in hand, balances with central banks and post offices	6,534	59,412
- securities	-	125,818
- loans and advances to credit institutions	-	657,542
- loans and advances to customers	1,141,827	1,570,266
- financial fixed assets	498,368	133,448
- tangible fixed assets	213,017	207,930
- intangible fixed assets	26,858	134,419
- own shares	-	24,342
- other assets	-	-
- accrued income and prepaid expenses	-	36,776
<b>Decrease in:</b>	<b>534,765</b>	<b>57,821</b>
- amount owed to credit institutions	508,120	-
- amount owed to customers	-	-
- debts evidenced by certificates	-	-
- funds managed on behalf of third parties	5,880	-
- other liabilities	-	-
- accrued expenses and deferred income	20,765	-
- capital stock	-	-
- additional paid-in capital	-	57,821
<b>TOTAL OF FUNDS GENERATED AND TAKEN (A+C)</b>	<b>2,782,041</b>	<b>3,457,864</b>
<b>TOTAL OF FUNDS APPLIED (B+D)</b>	<b>2,782,041</b>	<b>3,457,864</b>
Millions of Italian Lire		

**STATEMENT IN ACCORDANCE WITH  
ART. 7, C. 2 OF LAW 218/90 (ABSTRACT)**

(millions of Italian Lire)

	Goods value	Opening balance	Increases	Decreases	Closing balances	Market value
Property	Book value	41,344	-	8,769	32,575	8,888
	Fiscal value	26,239	-	2,895	23,344	8,888
Securities	Book value	38,246	253	12,668	25,831	11,725
	Fiscal value	34,527	253	10,550	24,230	11,725
Holdings	Book value	489,429	-	2,803	486,626	6,054
	Fiscal value	176,400	-	226	176,174	6,054
<b>Total</b>	Book value	569,019	253	24,240	545,032	26,667
	Fiscal value	237,166	253	13,671	223,748	26,667

**FORM OF TOTAL TAX CREDITS ATTRIBUTABLE  
TO SHAREHOLDERS,  
RELATED TO DIVIDEND PAYOUT  
(art. 105 c. 1/A AND C. 1/B DECREE 917/86)**

(Italian Lire)

	Tax pursuant to article 105 (c.1/a)	Tax pursuant to article 105 (c.1/b)
<b>A) Opening balance at 1/1/2000</b>	227,852,198,000	920,215,000
B) Increases in the form of:		
B1) Taxes paid in tax returns for 1999	110,643,527,000	6,963,261,000
B2) Revenues benefiting from form of tax relief in 1999 for the calculation of tax credits to be destined to shareholders		2,014,203,000
C) Amounts attributable to dividends distributed in 2000	338,495,725,000	9,897,679,000
D) Decreases in the form of:		
D1) Dividends distributed in 2000	80,467,317,000	
E) Increases in the form of:		
E1) A tenth of 56,25% of exemption "not utilised at 31/12/1997	19,318,278,000	
<b>F) Closing balance at 1/1/2001</b>	277,346,686,000	* 9,897,679,000

\*This amount, necessary for the calculation of dividends to be distributed in 2001, will increase as a result of corporation tax (IRPEG) related to tax returns for 2000.









Location		cost price	Revaluation (1)	Revaluated cost	Depreciation fund at 31/12/00	Balance sheet value	Estimated Break-up value at 31/12/00
Other head Office buildings	Genoa	3,402,405,719	1,570,459,153	4,972,864,872	1,209,534,532	3,763,330,340	5,080,000
	Genoa	3,170,618,000	1,496,811,075	4,667,429,075	1,141,422,480	3,526,006,595	4,390,000
	Genoa	413,558,000	192,628,325	606,186,325	148,880,880	457,305,445	570,000
	Genoa	2,067,794,000	973,137,975	3,040,931,975	744,405,840	2,296,526,135	2,860,000
Car parking 1-2 B2	Genoa	28,000,000	97,372,191	125,372,191	87,422,154	37,950,037	70,000
	Genoa	412,300	1,433,806	1,846,106	1,274,928	571,178	
	Genoa	7,787,140,000	4,026,829,182	11,813,969,182	8,796,512,896	3,017,456,286	11,000,000
	Genoa	7,160,334,261	3,455,840,671	10,616,174,932	8,060,804,135	2,555,370,797	
	Genoa	35,777,600	15,504,402	51,282,002	38,532,684	12,749,318	
	Genoa	885,000	299,725	1,184,725	877,428	307,297	
Garage	Genoa	125,271,000	37,853,604	163,124,604	130,480,632	32,643,972	120,000
N. 4 car parking	Genoa	157,977,025	28,535,235	186,512,260	164,101,767	22,410,493	120,000
Garage	Genoa	4,146,930	1,367,435	5,514,365	4,101,444	1,412,921	35,000
	Genoa	17,819,180	6,878,447	24,697,627	18,429,017	6,268,610	
N. 2 car parking	Genoa	27,200,000	47,663,356	74,863,356	53,943,188	20,920,168	75,000
N. 4 car parking	Genoa	117,867,953	23,227,201	141,095,154	126,496,664	14,598,490	150,000
		194,429,599,534	306,706,531,829	501,136,131,363	132,897,572,372	368,238,558,991	435,632,700

Staff accomodation

Flat	Genoa	102,486,000	70,332,366	172,818,366	2,818,366	170,000,000	170,000
Flat	Genoa	105,501,000	67,400,278	172,901,278	2,901,278	170,000,000	170,000
Flat	Genoa	115,014,000	58,148,886	173,162,886	3,162,886	170,000,000	170,000
Flat	Genoa	115,014,000	58,148,886	173,162,886	3,162,886	170,000,000	170,000
Flat	Genoa	121,985,000	51,369,588	173,354,588	3,354,588	170,000,000	170,000
Flat	Genoa	312,400,000	87,600,000	400,000,000		400,000,000	400,000
Flat	Milan	121,500,000	48,500,000	170,000,000		170,000,000	170,000
Flat	Milan	138,500,000	61,500,000	200,000,000		200,000,000	200,000
Flat	Milan	121,500,000	48,500,000	170,000,000		170,000,000	170,000
Flat	Milan	87,700,000	62,300,000	150,000,000		150,000,000	150,000
Flat	Milan	87,700,000	62,300,000	150,000,000		150,000,000	150,000
Flat	Milan	87,700,000	62,300,000	150,000,000		150,000,000	150,000
Flat	Milan	87,700,000	62,300,000	150,000,000		150,000,000	150,000
Flat	Milan	87,700,000	62,300,000	150,000,000		150,000,000	150,000
Flat	S. Remo	65,000,000	105,000,000	170,000,000		170,000,000	170,000
Flat	S. Remo	65,000,000	105,000,000	170,000,000		170,000,000	170,000
Flat	S. Remo	70,000,000	100,000,000	170,000,000		170,000,000	170,000
Flat	Rezzoaglio	70,000,000	10,000,000	80,000,000		80,000,000	80,000
Flat	Rezzoaglio	110,000,000	10,000,000	120,000,000		120,000,000	120,000
Flat	Piacenza	203,500,000	36,500,000	240,000,000		240,000,000	240,000
Flat	Bologna	1,166,400,000	1,166,400,000	300,000,000		1,166,400,000	1,166,400
Flat	Turin	110,000,000	190,000,000	300,000,000		300,000,000	300,000
Flat	Genoa	348,000,000		348,000,000		348,000,000	348,000
		3,900,300,000	1,419,500,004	5,319,800,004	15,400,004	5,304,400,000	5,304,400

Other properties

a) Supplementary pension fund

Shop	Genoa	135,000,000	476,812,500	611,812,500	48,600,000	563,212,500	800,000
Shop	Genoa	158,897,737	855,005,815	1,013,903,552	57,203,184	956,700,368	1,000,000
Flat	Genoa	1	109,999,999	110,000,000		110,000,000	150,000
Flat	Genoa	44,767,585	229,149,580	273,917,165	16,116,336	257,800,829	300,000
Flat	Genoa	1	239,999,999	240,000,000		240,000,000	300,000
Flat	Genoa	1	109,999,999	110,000,000		110,000,000	150,000
Flat	Genoa	50,000,000	304,375,000	354,375,000	18,000,000	336,375,000	350,000
Flat	Genoa	2,385,422	37,823,303	40,208,725	453,221	39,755,504	55,000
Flat	Genoa	9,295,049	221,518,266	230,813,315	1,766,072	229,047,243	260,000
Flat	Genoa	8,580,895	141,419,105	150,000,000		150,000,000	250,000
Flat	Genoa	6,583,840	63,992,245	70,576,085	1,250,935	69,325,150	100,000
Flat	Genoa	6,004,049	43,995,951	50,000,000		50,000,000	80,000
Flat	Genoa	10,550,340	119,449,660	130,000,000		130,000,000	270,000
Flat	Genoa	4,214,983	75,785,017	80,000,000		80,000,000	180,000
Flat	Genoa	6,743,972	153,256,028	160,000,000		160,000,000	300,000
Flat	Genoa	5,057,979	114,942,021	120,000,000		120,000,000	240,000
Flat	Genoa	5,845,758	124,154,242	130,000,000		130,000,000	270,000
Flat	Genoa	7,165,470	112,834,530	120,000,000		120,000,000	300,000
Shop	Genoa	34,840,788	318,207,782	353,048,570	6,619,740	346,428,830	350,000
Shop	Genoa	18,348,978	103,256,557	121,605,535	3,486,315	118,119,220	120,000
Flat	Genoa	12,479,585	137,520,415	150,000,000		150,000,000	240,000
Flat	Genoa	16,223,460	163,776,540	180,000,000		180,000,000	270,000
Flat	Genoa	16,223,460	163,776,540	180,000,000		180,000,000	270,000
Flat	Genoa	12,479,585	137,520,415	150,000,000		150,000,000	250,000
Flat	Genoa	12,479,585	137,520,415	150,000,000		150,000,000	260,000
Flat	Genoa	16,223,460	163,776,540	180,000,000		180,000,000	290,000
Flat	Genoa	13,727,543	136,272,457	150,000,000		150,000,000	290,000
Flat	Genoa	10,421,433	109,578,567	120,000,000		120,000,000	240,000
Flat	Genoa	21,012,746	198,987,254	220,000,000		220,000,000	400,000
Flat	Genoa	13,727,543	146,272,457	160,000,000		160,000,000	290,000
Flat	Genoa	10,421,433	119,578,567	130,000,000		130,000,000	240,000
Flat	Genoa	13,727,543	146,272,457	160,000,000		160,000,000	315,000
Flat	Genoa	13,727,543	146,272,457	160,000,000		160,000,000	270,000
Flat	Genoa	13,727,543	146,272,457	160,000,000		160,000,000	290,000
Flat	Genoa	17,471,419	182,528,581	200,000,000		200,000,000	370,000
Shops	Genoa	147,108,826	1,365,763,197	1,512,872,023	50,016,996	1,462,855,027	1,500,000
Shop	Genoa	3,950,000	496,050,000	500,000,000		500,000,000	500,000
Flat	Genoa	13,590,630	140,159,370	153,750,000		153,750,000	330,000
Flat	Genoa	11,655,424	118,344,576	130,000,000		130,000,000	305,000
Flat	Genoa	13,081,046	136,918,954	150,000,000		150,000,000	375,000
Offices	Genoa	159,122,926	1,493,087,365	1,652,210,291	54,101,790	1,598,108,501	1,650,000



	Location		cost price	Revaluation (1)	Revaluated cost	Depreciation fund at 31/12/00	Balance sheet value	Estimated Break-up value at 31/12/00
Flat	Via Luccoli 17/12	Genoa	16,004,414	105,395,971	121,400,385	5,761,584	115,638,801	120,000
Flat	Via Luccoli 17/13	Genoa	4,799,264	35,620,672	40,419,936	1,727,736	38,692,200	40,000
Flat	Via Luccoli 17/14 A	Genoa	55,042,000	9,774,175	64,816,175	19,815,120	45,001,055	60,000
Shop	Via Cassa di Risparmio 14	Genoa	10,232,415	70,662,920	80,895,335	3,683,664	77,211,671	80,000
Flat	Via Davide Chiossone 7/2	Genoa	24,000,000	78,100,000	102,100,000	8,640,000	93,460,000	170,000
Flat	Via Davide Chiossone 8/1	Genoa	2,941,752	57,058,248	60,000,000	1,059,027	58,940,973	60,000
Flat	Via Davide Chiossone 8/2	Genoa	3,669,693	36,651,406	40,321,099	1,321,092	39,000,007	40,000
Shop	Via Davide Chiossone 26 r.	Genoa	11,888,191	159,409,428	171,297,619	4,279,749	167,017,870	200,000
Offices	Via G. D'Annunzio Lotto 1" (quota 24,50)	Genoa	827,118,000	75,254,825	902,372,825	297,762,480	604,610,345	830,000
Flat	Sal. Montagnola della Marina 3 - 1° piano	Genoa	171,411,019	33,587,446	204,998,465	61,707,972	143,290,493	350,000
Flat	Sal. Montagnola della Marina 3 - 2° piano	Genoa	171,411,019	33,587,446	204,998,465	61,707,972	143,290,493	350,000
Flat	Sal. Montagnola della Marina 3 - piano terr	Genoa	224,547,120	45,100,754	269,647,874	80,836,968	188,810,906	400,000
Flat	Sal. Montagnola della Marina 3 - 1° piano	Genoa	224,547,120	45,100,754	269,647,874	80,836,968	188,810,906	400,000
Flat	Sal. Montagnola della Marina 3 - 2° piano	Genoa	244,960,494	46,473,550	291,434,044	88,185,780	203,248,264	400,000
Flat	Sal. Montagnola della Marina 3 - 3° piano	Genoa	224,547,120	45,100,754	269,647,874	80,836,968	188,810,906	400,000
Flat	Sal. Montagnola della Marina 3 - 4° piano	Genoa	244,960,494	46,473,550	291,434,044	88,185,780	203,248,264	400,000
Flat	Sal. Montagnola della Marina 3 - 5° piano	Genoa	224,547,120	45,100,754	269,647,874	80,836,968	188,810,906	400,000
Flat	Sal. Montagnola della Marina 3 - 6° piano	Genoa	244,960,494	46,473,550	291,434,044	88,185,780	203,248,264	400,000
Flat	Via Posalunga 9 A/1	Genoa	2,136,050	147,863,950	150,000,000		150,000,000	240,000
Flat	Via G. Jori 22/2	Genoa	1,309,000	98,691,000	100,000,000		100,000,000	190,000
Flat	Via S. D'Acquisto 1/1	Genoa	2,156,875	117,843,125	120,000,000		120,000,000	190,000
Shop	Via XXV Aprile 2 B	S. Margherita L.	1,844,500	448,155,500	450,000,000		450,000,000	450,000
Shop	Via Roma 1	Busalla	5,891,000	234,624,463	240,515,463	1,119,290	239,396,173	350,000
Flat	Via Matteotti 46/1	Torriglia	833,000	79,167,000	80,000,000		80,000,000	160,000
Car parking	Via Molinetto 7 (parte - mq. 15)	Torriglia	748,040	29,317,413	30,065,453	269,292	29,796,161	30,000
Flat	Via Sauli Pallavicini 27/4	Arenzano	1,041,250	318,958,750	320,000,000		320,000,000	430,000
Cellar	Via Sauli Pallavicini 25	Arenzano	106,061	2,389,294	2,495,355	106,061	2,389,294	10,000
Shop	Piazza Camillo Golgi 19 D	Arenzano	255,000,000	102,675,000	357,675,000	99,450,000	258,225,000	336,000
Flat	Piazza Schiaffino 11	Camogli	148,750	119,851,250	120,000,000		120,000,000	180,000
Warehouse	Piazza Schiaffino 6 - 2° piano interrato	Camogli	297,500	99,702,500	100,000,000		100,000,000	100,000
Flat	Via Mandelli 29/1	Casella	7,976,134	77,023,866	85,000,000		85,000,000	170,000
Flat	Via Mandelli 29/2	Casella	9,176,928	90,823,072	100,000,000		100,000,000	200,000
Shop	Via Medicina 102	Serra Ricco	4,626,769	125,778,073	130,404,842	1,017,891	129,386,951	150,000
Shop	Piazza La Scafa - Residence al Porto	Lavagna	1,749,375,000	258,033,000	2,007,408,000	734,738,000	1,272,670,000	1,750,000
Flat	Via Adige 28/11	Albenga	22,752,520	157,247,480	180,000,000		180,000,000	400,000
Flat	Via Ghilini 25/2 - 1° piano	Loano	1,606,500	148,393,500	150,000,000		150,000,000	300,000
Flat	Via Ghilini 25/2 - 2° piano	Loano	1,718,062	148,281,938	150,000,000		150,000,000	220,000
Flat	Via Ghilini 25/2 - 3° piano	Loano	1,718,063	148,281,937	150,000,000		150,000,000	300,000
Flat	Via Ghilini 25/2 - 4° piano	Loano	1,071,000	168,929,000	170,000,000		170,000,000	270,000
Flat	Piazza Unità Nazionale 19/9 sc. A	Imperia	20,000,000	200,000,000	220,000,000		220,000,000	450,000
Cellar	Via Berio 10	Imperia	2,000,000	4,315,000	6,315,000	1,860,000	4,455,000	5,000
Flat	Via Eula 31/1	Pieve di Tecco	4,496,011	60,503,989	65,000,000		65,000,000	150,000
Flat	Via Eula 31/2	Pieve di Tecco	4,496,011	60,503,989	65,000,000		65,000,000	150,000
Shop	Via Eula 31 A/29	Pieve di Tecco	14,487,148	126,780,476	141,267,624	5,215,368	136,052,256	160,000
Flat	Via Blengino 12/1	Arma di Taggia	7,441,333	132,558,667	140,000,000		140,000,000	350,000
Flat	Piazzetta Pattari 5/7 4° piano	Milan	1,593,600,000	945,840,000	2,539,440,000	573,696,000	1,965,744,000	2,400,000
Flat	Piazzetta Pattari 5/7 5° piano	Milan	1,041,600,000	549,540,000	1,591,140,000	374,976,000	1,216,164,000	1,500,000
Shop	Corso Italia 55 F.	Ronco Scrivia	19,852,000	327,071,830	346,923,830	19,852,000	327,071,830	330,000
	<b>Total (b)</b>		<b>8,136,458,309</b>	<b>9,605,882,233</b>	<b>17,742,340,542</b>	<b>3,020,624,374</b>	<b>14,721,716,168</b>	<b>20,801,000</b>
<b>c) Others</b>								
Flat	Via Blengino 12/2	Arma di Taggia	9,921,778	120,078,222	130,000,000		130,000,000	130,000
	Corso Gastaldi 9/12	Genoa	70,000,000	130,000,000	200,000,000		200,000,000	200,000
	Rue Emma Tiranty 14	Nizza	61,962,636	0	61,962,636		61,962,636	62,000
	<b>Total (c)</b>		<b>141,884,414</b>	<b>250,078,222</b>	<b>391,962,636</b>		<b>391,962,636</b>	<b>392,000</b>
	<b>Total (a+b+c)</b>		<b>33,911,296,464</b>	<b>58,612,906,044</b>	<b>92,524,202,508</b>	<b>26,739,827,848</b>	<b>65,784,374,660</b>	<b>75,963,000</b>
	<b>TOTAL REAL ESTATE</b>		<b>232,241,195,998</b>	<b>366,738,937,877</b>	<b>598,980,133,875</b>	<b>159,652,800,224</b>	<b>439,327,333,652</b>	<b>516,900,100</b>

(1) Revaluation Laws 576/75, 72/83, 218/90 and 413/91

## LEASED FIXED ASSETS REVALUED IN ACCORDANCE WITH LAW 413/91

(Millions of Italian Lire)

REVALUATION LAW 413/91

Via Puggia 43,45,47 r.	Genova	43,259,987
Piazzetta Tavarone 5	Genova	2,132,284
Via Macaggi 23/3	Genova	10,270,220
Via Gramsci 14/b - Manesseno	S.Olcese	19,741,698
Via delle Fabbriche 8 f/r	Ge-Voltri	13,841,927
Via Gramsci 14 - Manesseno	S. Olcese	11,260,281
Corso Buenos Ayres 73/b r	Genova	41,481,876
Via B. Parodi 186/A Loc. Ponte	Ceranesi	7,350,078
Via Ponte Polcevera 8	Ge-Rivarolo	17,825,188
Via Ponte Polcevera 8	Ge-Rivarolo	32,240,228
Loc. Anderlino fraz. Avenza	Carrara	47,141,889
<b>Total</b>		<b>246,545,656</b>

## CONVERTIBLE BONDS

(millions of italian Lire)		Balance at 31/12/1999		
Code	Description	Nominal Value	Cost price	Book value
134735	CBANCA CV MPS	2,112,470,570	90.350	1,908,617,160
135364	MLOMBARDO AC	1,345,712,490	98.700	1,328,218,233
146963	FINMECCANICA :	-	-	-
<b>Total</b>		<b>3,458,183,060</b>		<b>3,236,835,393</b>

Changes				Balance at 31/12/2000		
Nominal Value	Countervalue	Depreciation	Writebacacks	Nominal Value	Cost Price	Book value
-2,112,470,570	-1,713,189,448	-195,427,712	-	-	-	-
-1,345,712,490	-1,345,712,491	17,494,258	-	-	-	-
2,420,349,602	2,420,349,602		-103,590,968	2,420,349,602	95.720	2,316,758,634
-1,037,833,458	-638,552,337	-177,933,454	-103,590,968	2,420,349,602		2,316,758,634

## LIST OF NON SIGNIFICANT INVESTMENTS

Denomination	Head Office	Capital stock (Lire)	Number of our quotas or shares in which Capital stock is divided	Number of our quotas or shares	% of our shareholding	Nominal value of our quotas or shares (Lire)	Book value at 31/12/00 (Lire)
AUTOSTRADA DEI FIORI SpA	Savona	36,000,000,000	4,000,000	664,800	16.620	5,983,200,000	5,991,605,410
CONSORZIO PER IL GIURISTA D'IMPRESA Srl	Genoa	114,000,000	114,000	20,000	17.544	20,000,000	32,442,803
W.T.C. GENOVA SpA	Genoa	7,089,970,650	101,213	15,453	15.268	1,082,482,650	963,097,218
SVILUPPO GENOVA SpA	Genoa	10,000,000,000	10,000	1,500	15.000	1,500,000,000	1,500,000,000
SVIL. VALLI DELLA PROV. IMPERIA Srl	Taggia (IM)	80,000,000	80,000	12,000	15.000	12,000,000	3,752,623
ANTOLA E PENNA LEADER Srl	Borzonasca (GE)	44,000,000	44,000	6,000	13.636	6,000,000	31,668,470
GAL AREE RURALI DELLA PROVINCIA DELLA SPEZIA Srl							
	Beverino (SP)	160,500,000	1,605	200	12.461	20,000,000	10,044,000
SOC. ZONA FRANCA GENOVA Srl	Genoa	175,200,000	175,200	19,200	10.959	19,200,000	17,719,775
LIGURCAPITAL SpA	Genoa	11,000,000,000	11,000	1,182	10.745	1,182,000,000	1,184,358,744
C.I.V. SpA	Milan	10,000,000,000	100,000	10,000	10.000	1,000,000,000	882,593,121
F.I.L.S.E. SpA	Genoa	31,588,991,000	31,588,991	2,783,084	8.810	2,783,084,000	2,741,150,788
METIM NORD-OVEST S.p.A. in liquidazione	Torino	3,660,000,000	3,660,000	300,000	8.197	300,000,000	1
FINLIGURE SpA	Genoa	8,553,342,765	2,728,339	153,600	5.630	481,536,000	1
Agenzia Regionale per il Recupero Edilizio SpA	Genoa	1,000,000,000	1,000,000	51,276	5.128	51,276,000	51,276,000
IAM PIAGGIO SpA	Genoa	200,533,520	911,516	43,034	4.721	9,467,480	1
COOP. ART. PROV. GE Srl	Genoa	1,247,850,580	6,239	250	4.007	50,000,000	50,000,000
BIC LIGURIA SpA	Genoa	8,000,000,000	8,000	320	4.000	320,000,000	319,046,288
BANCA D'ITALIA	Rome	300,000,000	300,000	11,869	3.956	11,869,000	949,520,000
SOC. COOP. AGRICOLA SpA	Sanremo	2,044,000,000	3,500,000	131,250	3.750	76,650,000	1
IMMOCRI SpA	Rome	117,814,233,000	117,814,233	4,152,773	3.525	4,152,773,000	3,820,859,170
BUSINESS DATENBANKEN DM	Frankfurt	DM 50,000	50,000	1,666	3.332	1,666	26,159,116

Denomination	Head Office	Capital stock (Lire)	Number of our quotas or shares in which Capital stock is divided	Number of our quotas or shares	% our sharehold ing	Nominal value of our quotas or shares (Lire)	Book value at 31/12/00 (Lire)
IMPIANTI Srl in liquidazione	Vimadrone (MI)	180.000.000	180.000	5.191	2.884	5.191.000	7.498.654
INTESA ASSET MANAGEMENT SpA	Milan	EURO 46.668.752	897.476	25.000	2.786	1.300.000	2.199.191.166
CENTRO FACTORING SpA	Florence	43.785.000.000	6.300.000	175.000	2.778	1.216.250.000	1.158.045.521
FINCANTIERI SpA	Trieste	EURO 331.500.000	650.000.000	14.999.994	2.308	7.649.997	14.999.994.000
SERVIZI INTERBANCARI SpA	Milano	45.000.000.000	45.000.000	945.496	2.101	945.496.000	935.967.507
SCI SpA	Genova	84.879.715.908	6.529.208.916	119.708.400	1.833	1.556.209.200	1
BANCA MEDIO CREDITO SpA	Turin	500.000.000.000	50.000.000	877.499	1.755	8.774.990.000	10.011.045.409
CENTRO LEASING SpA	Florence	174.381.891.225	31.279.263	502.359	1.606	2.800.651.425	2.446.555.671
SO.GE.MER. SpA in liquidazione	Reggio Emilia	2.119.266.000	2.119.266	24.000	1.132	24.000.000	16.841.742
Società per i Servizi Bancari SpA	Milano	20.699.969.750	82.799.879	835.379	1.009	208.844.750	118.430.957
CENTRALE DEI BILANCI Srl	Turin	9.000.000.000	1.800	15	0.833	75.000.000	87.169.311
Cassa di Risparmio di Firenze SpA	Florence	1.063.831.673.000	1.063.831.673	8.766.953	0.824	8.766.953.000	9.432.038.606
SITEBA - Sistema Telematici Bancari SpA	Rome	5.000.000.000	5.000.000	33.091	0.662	33.091.000	33.091.000
MONTE TITOLI SpA	Milano	EURO 16.000.000	16.000.000	105.078	0.657	105.078	232.837.873
EUROSIM Società di Intermediazione Mobiliare SpA	Rome	4.300.000.000	1.000.000	3.210	0.321	13.803.000	1
Istituto per l'Enciclopedia della Banca e della Borsa SpA	Rome	3.239.460.000	323.946	756	0.233	7.560.000	4.807.323
T.M.E. Tecnomeccanica Ecologica SpA	La Spezia	49.972.000.000	499.720	708	0.142	70.800.000	140.562.289
S.I.A. - Cedborsa SpA	Milano	EURO 18.123.684	34.853.238	18.167	0.052	9.447	19.944.428
EUROTUNNEL	Paris/Folkestone	FF 8.136.727.000	1.688.784.219	734.290	0.043	3.537.881	1.400.515.066
S.W.I.F.T.	Bruxelles	EURO 10.844.500	86.756	21	0.024	2.625	27.711.081
ELSAG BANKLAB SpA	Genoa	13.800.000.000	13.800.000	62	0.000	62.000	10.035.891
ASSOCAAF SpA	Milano	300.000.000	300.000	1	0.000	1.000	1.000



## INFORMATION ON SUBSIDIARIES AND OTHER SIGNIFICANT COMPANY INTERESTS

	Galeazzo Srl	Columbus Carige Immobiliare SpA	Immobiliare Ettore Vernazza SpA	Centro Fiduciario SpA
(millions of Italian Lire)				
<b>BALANCE SHEET</b>	(1)	(1)	(1)	(1)
<b>ASSETS</b>				
Loans to banks	5,693	-	2,691	1,571
Other loans (4)	105	2,239	8	299
Securities	-	-	4,500 (6)	952
Equity investments	10	1	-	-
Tangible and intangible fixed assets	3,419	63,963	5,891	66
Other assets	1	9	6	14
<b>Total assets</b>	9,228	66,212	13,096	2,902
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Amounts owed to banks	-	3,884	-	598
Other payables (5)	92	23,150	636	425
Other liabilities	440	-	1,144	268
Stockholders' equity	8,696	39,178	11,316	1,611
<b>Total liabilities and stockholde</b>	9,228	66,212	13,096	2,902
<b>INCOME STATEMENT</b>				
Profit (loss) on ordinary activities	386	- 466	3,207	556
Extraordinary profit (loss)	-	-	2	13
Changes of reserves for general bank	-	-	-	-
Taxation	145	43	1,441	263
Profit (loss) for the financial year	241	- 509	1,768	306

(1) Financial statements as of 31/12/00 prepared by directors.

(2) Thousands of DM.

(3) Financial statements as of 30/9/00

(4) With reference to insurance companies, item is related to reserves of reinsurers and retrocessionaries.

(4) With reference to insurance companies, item includes actuarial, premium and damage reserves.

(6) Own shares.

Levante Norditalia Assicurazioni SpA	Carige Vita Nuova SpA	Banca del Monte di Lucca SpA	Bankenunion Frankfurt Am Main Aktiengesellschaft	Cassa di Risparmio di Savona	Eptaconsors SpA.
(1)	(1)	(1)	(2) (3)	(1)	(1)
43,323	38,990	23,348	333,360	375,736	3,277
1,097,906	693,362	402,473	394,767	1,172,049	1,417
528,597	831,694	75,034	416,327	773,315	72,670
1,898	1,019	1,679	100	57,527	85,411
390,534	123,757	26,252	2,087	30,373	799
13,859	12,592	32,250	1,479	145,179	286,822
<b>2,076,117</b>	<b>1,701,414</b>	<b>561,036</b>	<b>1,148,120</b>	<b>2,554,179</b>	<b>450,396</b>
95	-	47,785	845,084	58,315	8
1,853,891	1,597,179	434,486	257,551	2,006,663	509
28,443	4,258	31,915	1,130	156,016	125,997
193,688	99,977	46,850	44,355	333,185	323,882
<b>2,076,117</b>	<b>1,701,414</b>	<b>561,036</b>	<b>1,148,120</b>	<b>2,554,179</b>	<b>450,396</b>
- 68,651	12,153	3,762	33	28,128	252,246
69,300	- 694	21	12	2,723	282
-	-	-	-	-	-
42	5,950	2,367	2	14,250	91,174
<b>607</b>	<b>5,509</b>	<b>1,416</b>	<b>43</b>	<b>16,601</b>	<b>161,354</b>

## INFORMATION ON OPEN PENSION FUND

### "FONDO PENSIONE APERTO CARIGE"

	"Asset defence" investment		"Contribution paid development" investment		"Long term asset revaluation" investment	
	31/12/00	31/12/99	31/12/00	31/12/99	31/12/00	31/12/99
<b>BALANCE SHEET - ACCUMULATION OF CAPITAL</b>						
10 - Investments	212,186,283	37,678,846	878,492,224	188,464,614	3,482,884,831	531,691,764
10 a) - Investments - banking deposits	3,183,460	276,499	3,180,343	5,284,836	15,034,420	3,549,976
10 h) - Investments - mutual funds and unit trusts	209,002,823	37,402,347	875,311,881	183,179,778	3,467,850,411	528,141,788
10 l) - Investments - accrued income and prepaid expenses	225,788	42,695	1,189,838	249,895	5,243,497	884,082
30 - Financial management liabilities	-125,586	-	-772,359	-	-4,127,276	-
30 c) - Accruals and payables liabilities	-125,586	-	-772,359	-	-4,127,276	-
<b>100 - Net asset for benefits</b>	<b>212,060,697</b>	<b>37,678,846</b>	<b>877,719,865</b>	<b>188,464,614</b>	<b>3,478,757,555</b>	<b>531,691,764</b>
Credit account	31,600,294	-	266,730,312	-	795,831,406	-
<b>INCOME STATEMENT - ACCUMULATION OF CAPITAL</b>						
10 - Settlement of social security management	169,480,145	37,814,153	693,636,237	182,284,098	3,158,703,607	494,344,698
10 a) - Social security contributions	171,955,182	37,814,153	701,361,180	182,284,098	3,187,806,616	494,344,698
10 f) - Other contributions	-2,475,037	-	-7,724,943	-	-29,103,009	-
20 - Settlement of financial management	6,137,434	73,888	2,632,301	6,610,329	-178,886,216	38,411,066
20 a) - Dividends and interests	1,292,267	155,560	8,540,868	667,529	38,748,054	1,885,404
20 b) - Profits (losses) from financial transactions, net	4,845,167	-81,672	-5,908,567	5,942,800	-217,634,270	36,525,662
30 - Operating expenses	-1,052,634	-166,500	-6,073,343	-179,918	-28,392,186	-179,918
30 a) - Management trust	-836,546	-	-5,857,255	-	-28,176,098	-
30 c) - Other expenses	-216,088	-166,500	-216,088	-179,918	-216,088	-179,918
Changes on net asset for benefits (10)+(20)+(30)	174,564,945	37,721,541	690,195,195	188,714,509	2,951,425,205	532,575,846

# PROFORMA BALANCE SHEET

ASSETS <i>(millions of Italian Lire)</i>	31/12/00	31/12/99	change absolute	%
<b>10 - CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICES</b>	216,844	157,432	59,412	37.7
<b>20 - TREASURY CERTIFICATES AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS</b>	838,802	1,856,585	- 1,017,783	-54.8
<b>30 - LOANS AND ADVANCES TO CREDIT INSTITUTIONS:</b>	1,863,408	1,198,335	665,073	55.5
(a) repayable on demand	981,533	237,933	1,487,200	...
(b) other loans and advances	881,875	960,402	- 157,054	-8.2
<b>40 - ACCRUED INCOME AND PREPAID EXPENSES:</b>	12,166,038	10,583,570	1,582,468	15.0
including:				
- loans using funds managed on behalf of third parties	308	186	244	65.6
<b>50 - BONDS AND OTHER FIXED-INCOME SECURITIES:</b>	3,868,865	2,800,718	1,068,147	38.1
(a) issued by public bodies	2,261,355	1,600,555	1,321,600	41.3
(b) issued by banks	944,852	641,744	606,216	47.2
including:				
- own securities	109,019	99,189	19,660	9.9
(c) issued by financial institutions	491,576	275,201	432,750	78.6
including:				
- own securities			-	
(d) issued by others	171,082	283,218	- 224,272	-39.6
<b>60 - SHARES, QUOTAS AND OTHER EQUITY SECURITIES</b>	273,447	276,590	- 3,143	-1.1
<b>70 - EQUITY INVESTMENTS</b>	104,641	99,967	4,674	4.7
<b>80 - INVESTMENTS IN GROUP COMPANIES</b>	1,086,328	959,262	127,066	13.2
<b>90 - INTANGIBLE FIXED ASSETS</b>	165,124	57,103	108,021	...
including:				
- start-up costs	8,817	13,012	- 8,390	-32.2
- goodwill	123,216	13,431	219,570	...
<b>100 - TANGIBLE FIXED ASSETS</b>	1,014,300	901,509	112,791	12.5
including:				
- leasing	541,587	425,773	115,814	27.2
<b>120 - OWN SHARES</b>	34,130	9,788	24,342	...
<i>(nominal value: Lit. 19,157)</i>	-	-	-	
<b>130 - OTHER ASSETS</b>	722,700	771,558	- 48,858	-6.3
<b>140 - ACCRUED INCOME AND PREPAID EXPENSES:</b>	175,675	138,899	36,776	26.5
(a) accrued income	164,079	132,339	63,480	24.0
(b) prepaid expenses	11,596	6,560	10,072	76.8
including:				
- discount on bonds issued	2,398	1,455	1,886	64.8
<b>TOTAL ASSETS</b>	22,530,302	19,811,316	2,718,986	13.7

**LIABILITIES AND STOCKHOLDERS' EQUITY**

(millions of Italian Lire)	31/12/00	31/12/99	absolute change	%
<b>10 - AMOUNTS OWED TO CREDIT INSTITUTIONS:</b>				
	4,521,974	2,998,448	1,523,526	50.8
(a) repayable on demand	264,971	52,027	212,944	...
(b) with agreed maturity dates or periods of notice	4,257,003	2,946,421	1,310,582	44.5
<b>20 - AMOUNTS OWED TO CUSTOMERS:</b>				
	7,918,982	7,381,578	537,404	7.3
(a) repayable on demand	7,232,507	6,809,281	423,226	6.2
(b) with agreed maturity dates or periods of notice	686,475	572,297	114,178	20.0
<b>30 - DEBTS EVIDENCED BY CERTIFICATES:</b>				
	5,472,208	4,944,114	528,094	10.7
(a) bonds	4,385,761	3,745,855	639,906	17.1
(b) certificates of deposits	946,889	1,102,221	- 155,332	- 14.1
(c) other	139,558	96,038	43,520	45.3
<b>40 - FUNDS MANAGED ON BEHALF OF THIRD PARTIES</b>				
	450	445	5	1.1
<b>50 - OTHER LIABILITIES</b>				
	705,167	683,685	21,482	3.1
<b>60 - ACCRUED EXPENSES AND DEFERRED INCOME:</b>				
	285,292	201,802	83,490	41.4
(a) accrued expenses	217,979	154,483	63,496	41.1
(b) deferred income	67,313	47,319	19,994	42.3
<b>70 - RESERVE FOR TERMINATION INDEMNITIES</b>				
	119,794	112,786	7,008	6.2
<b>80 - RESERVES FOR RISKS AND CHARGES</b>				
	787,104	763,987	23,117	3.0
(a) reserves for pensions and similar commitments	575,943	574,352	1,591	0.3
(b) reserves for taxation	166,875	166,339	536	0.3
(c) other reserves	44,286	23,296	20,990	90.1
<b>90 - RESERVES FOR LOAN LOSSES</b>				
	10,000	5,000	5,000	...
<b>100 - RESERVES FOR GENERAL BANKING RISKS</b>				
	10,000	10,000	-	-
<b>120 - CAPITAL STOCK</b>				
	1,970,173	1,970,173	-	-
<b>130 - ADDITIONAL PAID-IN CAPITAL</b>				
	241,368	299,189	- 57,821	- 19.3
<b>140 - RESERVES</b>				
	282,164	237,531	44,633	18.8
(a) legal reserve	71,043	52,878	18,165	34.4
(b) reserve for purchase of treasury stock	34,130	9,788	24,342	...
(c) statutory reserves	-	-	-	-
(d) other reserves	176,991	174,865	2,126	1.2
<b>150 - REVALUATION RESERVES</b>				
	15,405	15,405	-	-
<b>160 - DEFERRED INCOME</b>				
	5,528	2,945	2,583	87.7
<b>170 - NET INCOME</b>				
	184,693	184,228	465	0.3
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>22,530,302</b>	<b>19,811,316</b>	<b>2,718,986</b>	<b>13.7</b>

**GUARANTEES AND COMMITMENTS**

<b>10 - GUARANTEES GIVEN</b>	<b>2,152,098</b>	<b>1,828,213</b>	<b>323,885</b>	<b>17.7</b>
including:				
- acceptances	8,544	15,572	- 7,028	- 45.1
- other guarantees	2,143,554	1,812,641	330,913	18.3
<b>20 - COMMITMENTS</b>	<b>1,407,036</b>	<b>820,521</b>	<b>586,515</b>	<b>71.5</b>
including:				
- repurchase agreements	-	-	-	-

## PROFORMA INCOME STATEMENT

<i>(millions of Italian Lire)</i>	2000	1999	Variazioni %	
			2000	1999
<b>10 - INTEREST INCOME AND SIMILAR REVENUES</b>	1,046,941	858,555	21.9	- 24.1
including:				
- loans and advances to customers	762,912	606,567	25.8	- 15.2
- fixed-income securities	231,934	202,550	14.5	- 32.4
<b>20 - INTEREST EXPENSE AND SIMILAR CHARGES</b>	- 482,527	- 371,873	29.8	- 37.1
including:				
- amounts owed to customers	- 96,715	- 77,635	24.6	- 51.4
- securities issued	- 212,991	- 167,315	27.3	- 32.2
<b>30 - DIVIDENDS AND OTHER REVENUES:</b>	57,617	52,702	9.3	...
(a) from shares, quotas and other equity securi	3,905	5,768	- 32.3	...
(b) from equity investments	20,140	45,157	- 55.4	...
(c) from equity investments in group companies	33,572	1,777	...	- 37.7
<b>40 - COMMISSION INCOME</b>	279,306	263,514	6.0	17.8
<b>50 - COMMISSION EXPENSES</b>	- 21,504	- 16,211	32.7	- 11.5
<b>60 - GAINS (LOSSES) FROM FINANCIAL TRANSACTIONS, NET</b>	25,229	80,788	- 68.8	- 13.2
<b>70 - OTHER OPERATING INCOME</b>	169,192	144,722	16.9	11.6
<b>80 - ADMINISTRATIVE COSTS:</b>	- 524,027	- 526,484	- 0.5	0.3
(a) personnel	- 334,173	- 340,692	- 1.9	- 0.9
including:				
- wages and salaries	- 207,553	- 223,135	- 7.0	- 0.2
- social security costs	- 56,224	- 65,103	- 13.6	- 2.2
- termination indemnities	- 16,811	- 16,380	2.6	3.3
- pensions and similar commitments	- 23,281	- 21,906	6.3	- 8.2
(b) other administrative costs	- 189,854	- 185,792	2.2	2.6
<b>90 - DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS</b>	- 121,537	- 114,068	6.5	14.3
<b>100 - PROVISIONS FOR RISKS AND CHARGES</b>	- 5,062	- 2,751	84.0	96.5
<b>110 - OTHER OPERATING EXPENSES</b>	- 11,976	- 11,330	5.7	49.0
<b>120 - PROVISIONS FOR LOAN LOSSES AND FOR GUARANTEES AND COMMITMENTS</b>	- 91,609	- 74,235	23.4	- 16.9
<b>130 - RECOVERIES OF LOANS AND REVERSALS OF PROVISIONS FOR GUARANTEES AND COMMITMENTS</b>	17,974	24,508	- 26.7	- 20.7
<b>140 - ADDITIONAL PROVISIONS FOR LOAN LOSSES</b>	- 10,000	- 5,000	...	- 16.7
<b>150 - WRITE-DOWNS TO FINANCIAL FIXED ASSETS</b>	- 1,708	- 2,842	- 39.9	...
<b>160 - RECOVERIES OF FINANCIAL FIXED ASSETS</b>	-	1,953	- 100.0	...
<b>170 - INCOME FROM ORDINARY ACTIVITIES</b>	326,309	301,948	8.1	8.1
<b>180 - EXTRAORDINARY INCOME</b>	24,866	44,109	- 43.6	...
<b>190 - EXTRAORDINARY EXPENSES</b>	- 8,154	- 10,112	- 19.4	...
<b>200 - EXTRAORDINARY INCOME, NET</b>	16,712	33,997	- 50.8	...
<b>220 - INCOME TAXES</b>	- 152,800	- 154,300	- 1.0	12.1
<b>230 - NET INCOME</b>	190,221	181,645	4.7	23.6

## LIST OF EXCHANGE RATES USED IN CONVERTING CURRENCY INTO LIRE

CURRENCY		2000	1999
US dollar	USD	2,080.891	1,927.404
British pound	LGS	3,102.499	3,114.476
Danish krone	DKR	259.445	260.136
Greek drachma	DRA	5.682	5.862
Canadian dollar	CAN	1,386.516	1,325.486
Japponese yen	YEN	18.109	18.848
Swiss franc	FS	1,271.185	1,206.324
Norwegian krone	NKR	235.169	239.741
Swedish krona	SKR	219.250	226.134
Australian dollar	AUD	1,154.603	1,255.525
South African rand	RND	275.069	313.110
Hong Kong dollar	HKD	266.784	248.176
Indian rupee	RPS	44.614	44.215
Tunisian dinar	TND	1,502.148	1,528.232
Malaysian ringgit	MYR	548.363	506.082
Moroccan dirham	MAD	196.097	191.048
Singapore dollar	SGD	1,200.713	1,157.364
United Arab Emirates dirha	AED	566.906	524.592
Czech koruna	CZK	55.247	53.632
Argentine peso	ARS	2,082.010	1,920.903
Mexican peso	MXN	217.705	206.346
Brazilian real	BRL	1,069.171	1,066.580
Indonesian rupee	IDR	0.217	0.272
Philippines peso	PHP	41.685	47.493
Thaylandian bath	THB	48.255	50.825
Hungaryan forint	HUF	7.306	7.602
Polish zloty	PLZ	502.953	465.595
Venezuelan bolivar	VEB	2.980	2.996
Israeli shekel	ILS	515.170	462.316
Peruvian sol	PEN	590.146	554.869
South korean won	KRW	1.644	1.697
New Zeland dollar	NZD	916.794	1,000.294
Algerian dinar	DNA	29.401	29.319
Sri Lanka rupee	LKR	25.195	26.812
Qatar riyal	QAR	572.692	527.450
Libyan dinar	LYD	4,634.220	4,264.912
Honduras lempira	HNL	137.493	131.115
Saudi Arabian riyal	SAR	556.843	511.786
Chinese renbimby	RBY	251.915	231.795
Uruguayan peso	UYP	162.729	165.092
C.F.A. franc	XAF	2.952	2.952
Mauritanian anguiya	MRO	8.198	8.934
Yemeni riyal	YER	12.686	12.033
Jordanian dinar	JOD	2,941.319	2,706.896
Bahrain dinar	BHD	5,529.040	5,083.408
Iranian riyal	IRR	1.100	1.095
Egyptian pound	EGP	535.621	564.461
Kuwait dinar	KWD	6,803.718	6,313.238
Iraqi dinar	IQD	1.546	1.537
Pakistan rupee	PKR	36.003	36.992