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BMPS SUMMARY OF RESULTS

2001 FINANCIAL STATEMENTS

BANCA MPS: KEY FINANCIAL DATA

(in EUR mn)	31.12.2001	31.12.2000	% Change
Aggregate customer funding	101,223	95,625	5.9
Product placements:			
Mutual funds (net investments of direct customers)	390	844	-53.8
Life insurance policies and pension funds	2,069	1,444	43.3
Innovative financial products	2,037	392	419.8
Customer loans and advances	36,410	36,631	-0.6
Including: non-performing loans, net	376	1,153	-67.4
Number of customers	2,486,721	2,348,521	5.9
Electronic banking - number of online relationships	349,774	241,861	44.6
Gross operating profit	1,375	1,226	12.2
Gross operating profit excluding profits and losses from financial transactions	1,338	1,113	20.3
Net profit from operations	555	506	9.6
Net profit	717	508	41.4
ROE (°) in percentage	12.8	12.5	

(°) calculated with respect to net profit from operations

REPORT ON OPERATIONS AS OF 31 DECEMBER 2001

RECLASSIFIED PROFIT AND LOSS STATEMENT AND RECLASSIFIED BALANCE SHEET

As indicated in the notes to the financial statements, in 2001, a change was made in the accounting principles applied in the valuation of dividends from subsidiary companies. As a result, dividends from subsidiary companies are accrued as earned, or in the same year in which the earnings subject to distribution are actually generated, rather than being booked in the year in which they are actually realized. This allows for immediately incorporating into the Bank's financial statements the economic effects of the performance of the subsidiaries, thereby avoiding the delay of one year in the reporting of such income occurring with the application of the previous method.

While such change has no effect on the consolidated financial statements, in the case of the Bank, it involves the reporting, in the year of the changeover, of the dividends collected from subsidiary companies (relative to earnings generated by subsidiaries in 2000) and the earnings accrued under the new method (pertaining to the income produced in 2001).

In order to facilitate a year-on-year analysis of performance with the same basis of comparison, proforma statements were prepared as an attachment to the notes to the financial statements.

In addition, in order to facilitate an analysis of operations, other amounts in the financial statements were reclassified as indicated below:

- Assets booked under financial leases were valued according to the financial method and therefore:
 - the leases are reported in the balance sheet as customer loans and advances ("loan value of financial leases"), whereas in the financial statements prepared in accordance with the provisions of the Italian Civil Code, such assets are reported net of depreciation in Account 100 - Fixed assets;
 - the interest earned is reported in the profit and loss statement whereas in the financial statements prepared in accordance with the provisions of the Italian Civil Code, the lease installments are part of Account 70 - Other operating income and the depreciation of the leased assets is indicated in Account 90 - Adjustments to the value of fixed and intangible assets);
- The aggregate, "net income from services", includes commissions earned (Account 40 on the parent-company's profit and loss statement), commissions expense (Account 50) and other operating income, net of the aforementioned income from leases (Account 70). The account also includes revenues from the placement of innovative financial products which are classified in the financial statements prepared pursuant to the Italian Civil Code under Account 60 - Profits and losses from financial transactions. In addition, the account balance as of 31 December 2000 has been recalculated with the elimination of revenues relative to capital markets activity which was transferred to MPS Finance in 2001.
- Profits and losses from financial transactions include income referring to the trading of investment account securities; according to the Italian Civil Code, such earnings are classified as extraordinary income.
- Income on equity swaps and the cost of funding on equity swaps have been classified as profits and losses from financial statements, and thus respectively eliminated from Account 30 - Dividends and other income and Account 20 - Interest expense and other expense on borrowed funds.
- With respect to 31 December 2000, amounts not pertaining to operations have been eliminated from interest expense and other expense on borrowed funds, and have been reclassified as extraordinary charges.

- Expenses for personnel assigned to the operations center (Account 80) and for personnel of other MPS Group companies assigned to the Bank have been eliminated against the revenues recognized on the reimbursement of the same (Account 70).

BANCA MONTE DEI PASCHI DI SIENA

RECLASSIFIED BALANCE SHEET (in EUR mn)

	Proforma as of 31.12.2001	Proforma as of 31.12.2000	Change	% Change
ASSETS				
Cash and cash on deposit with central banks and post offices	392	221	171	77.5
Loans				
a) Customer loans and advances	36,410	36,631	-220	-0.6
including: loan value of financial leases	1,143	903	241	26.6
including: net non-performing loans	376	1,153	-777	-67.4
b) Amounts due from banks	14,792	16,982	-2,189	-12.9
Trading account securities	4,794	5,737	-943	-16.4
Non-current assets				
a) Investment securities	2,364	3,226	-862	-26.7
b) Equity investments	5,861	4,658	1,202	25.8
c) Fixed assets and intangible assets	1,202	1,108	94	8.5
Own shares or quotas	4	6	-2	-36.3
Other assets	9,095	6,127	2,968	48.4
Total Assets	74,914	74,696	219	0.3
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
a) Customer deposits and other borrowed funds backed by negotiable instruments	45,188 11,491	44,210 16,097	979 -4,606	2.2 -28.6
b) Due to banks				
Reserves for specific use				
a) Staff severance indemnity reserve	243	244	0	-0.1
b) Pension fund	96	87	9	10.5
c) Reserves for risks and other charges	336	311	25	8.1
d) Reserve for taxes	571	703	-132	-18.8
Other liabilities	8,075	5,683	2,393	42.1
Reserve for loan losses	155	155	0	0.0
Subordinated debt	2,950	1,644	1,306	79.4
Shareholders' equity				
a) Share capital	1,356	1,219	137	11.2
b) Paid-in capital	523	523	0	0.0
c) Reserves	2,188	2,005	183	9.1
d) Revaluation reserves	715	837	-122	-14.6
e) Reserve for general banking risks	420	420	0	0.0
f) Retained earnings	163	164	-1	-0.7
g) Profit (loss) for the year	443	395	49	12.3
Total Liabilities and Shareholders' Equity	74,914	74,696	219	0.3

RECLASSIFIED PROFIT AND LOSS STATEMENT

	Proforma as of 31.12.2001	Proforma as of 31.12.2000	Change	% Change
Interest margin	1,228	1,159	69	5.9
Profit (loss) on financial transactions	37	113	-76	n.s.
Net income from services	1,056	963	93	9.6
Dividends and tax credits	522	345	177	51.3
Service margin	1,615	1,422	194	13.6
Total banking income	2,843	2,580	263	10.2
Total banking income excluding profits (losses) on financial transactions	2,806	2,467	339	13.7
Administrative expenses				
- personnel expense	-839	-779	-59	7.6
- other expenses	-629	-575	-54	9.4
Total administrative expenses	-1,468	-1,355	-113	8.4
Gross operating profit	1,375	1,226	149	12.2
Gross operating profit excluding profits (losses) on financial transactions	1,338	1,113	225	20.3
Valuation adjustments to fixed and intangible assets	-100	-84	-16	19.5
Provisions for risks and charges	-25	-66	41	-62.0
Other operating expenses	-3	-9	6	-65.4
Valuation adjustments to loans and provisions for risks, net of recoveries	-195	-197	2	-0.9
Provision to loan loss reserve	-10	-10	0	0.0
Valuation adjustments to non-current financial assets, net of recoveries	-84	-70	-14	20.0
Extraordinary income (charges)	-12	56	-68	-122.0
Income taxes	-391	-339	-51	15.2
Net profit from operations	555	506	49	9.6

KEY DATA AND RATIO ANALYSIS

	in EUR mn	in EUR mn	
	31.12.2001	31.12.2000	% Change
	Proforma	Proforma	
Profit and loss aggregates			
Total banking income	2,843	2,580	10.2
Gross operating profit	1,375	1,226	12.2
Gross operating profit net of profits (losses) from financial transactions	1,338	1,113	20.3
Net profit from operations	555	506	9.6
Net profit	717	508	41.4
Balance sheet aggregates			
Total funding	101,223	95,625	5.9
Direct funding - including subordinated debentures	48,139	45,854	5.0
Indirect funding	53,085	49,771	6.7
including: Funds under administration	29,565	25,068	17.9
including: Funds under management	23,520	24,703	-4.8
Customer loans and advances	36,410	36,631	-0.6
including: Non-performing loans, net	376	1,153	-67.4
Consolidated shareholders' equity	5,809	5,563	4.4
Profitability ratios			
	%	%	
Banking commissions / total banking income	29.3	28.1	
Service margin / total banking income	56.8	55.1	
Cost/income ratio	51.6	52.5	
Cost/income ratio inclusive of depreciation and amortization	55.1	55.7	
Cost/income ratio inclusive of depreciation and amortization and excluding expenses and income of tax collection area	53.4	53.7	
ROE (°)	12.8	12.5	
Service margin / administrative expenses	110.1	105.0	
(°) calculated against net profit from operations; the capital is net of revaluation effected as of 31.12.2000 (buildings and investment in SanPaolo-IMI)			
Credit quality indicators			
	%	%	
Net non-performing loans / customer loans and advances	1.0	3.1	
Doubtful loans (*) / customer loans and advances	3.0	4.8	
(*) Doubtful loans include: non-performing loans, watchlist credits and loans to high-risk nations			
Productivity indicators (°)			
	in EUR mn	in EUR mn	
Direct funding / average number of employees	4.1	4.0	
Customer loans and advances / average number of employees	3.1	3.2	
Total funding / average number of employees	8.5	8.3	
Total banking income / average number of employees	0.24	0.22	
(°) average number of employees for banking activity, excluding personnel assigned to other Group companies and cleaning personnel			
Solvency ratios			
	%	%	
Solvency coefficient	13.50	12.96	
Tier I ratio	9.02	9.00	
Share data			
Number of shares outstanding	2,598,557,169	2,351,895,107	
Number of savings shares outstanding	9,432,170	8,574,700	
Ordinary share price over the year (in EUR):			
- average	3.52		
- low	2.41		
- high	4.72		
Operating structure			
			Absolute Change
Number of employees (excluding tax collection staff)	12,938	12,688	250
including: personnel on assignment with other Group companies	1,059	995	64

Number of Italian branches	962	927	35
Number of foreign branches and foreign representative offices	13	16	-3
Number of customers with online connections to the Group banks	349,774	241,861	107,913

OVERVIEW OF OPERATIONS

From an operational perspective, the main developments in 2001 are summarized below:

- a strong expansion of aggregate customer funding, with high placement levels, due to the ability of the distribution network to react quickly to unfavorable market conditions, particularly in the area of asset management. The Bank was able to adjust the composition of its funding flows by orienting its focus towards new financial products, bancassurance and specific forms of direct funding (mainly, the issuance of bonds). Within this framework, the addition of new products and services by MPS Finance proved critical as it allowed for placing innovative financial instruments differentiated on the basis of the diverse risk-propensity profiles of the Bank's customers.
- loan management focusing on the most stable elements of the Bank's core business (medium- to long-term financing) as part of the goal to carve out a role as a "bank of reference" for small and medium enterprises (SMEs) and households, and the continued enhancement of the product line to improve the quality and personalization of the Bank's services to these customer segments. In terms of short-term lending activity, the Bank pursued those market opportunities that allowed for the optimization of the risk/return ratio and the employment of capital.
- appreciable gains in core banking indicators, including customer assets, cross-selling and customer retention.
- development of innovation, with particular regard to multiple distribution channels for products and services.

A review of the principal results achieved by the Bank in 2001 is presented below. These results are the by-product of an operating structure with an increasing customer orientation in terms of active management of accounts, service quality, and the strong link between needs, products and distribution channels. This overall focus dovetails with the emphasis on segmentation and personalized service.

FUNDING

As of 31 December 2001, aggregate customer funding increased 5.9 percent, compared to the balance as of 31 December 2000, to surpass EUR 101,000 million, thereby confirming its central importance to the Bank's strategy.

Aggregate Customer Funding (in EUR mn)

	31.12.2001	% Change vs 2000	% of 2001 Total	% of 2000 Total
Direct funding from customers	48,139	5.0	47.6	48.0
- customer deposits	27,355	-0.5	27.0	28.7
- other borrowed funds backed by negotiable instruments	17,833	6.6	17.6	17.5
- subordinated liabilities	2,950	79.4	2.9	1.7
Indirect funding from customers	53,085	6.7	52.4	52.0
- funds under management	23,520	-4.8	23.2	25.8
- funds under administration	29,565	17.9	29.2	26.2
Total customer funding	101,223	5.9	100.0	100.0

DIRECT FUNDING

The growth of the component was realized primarily through (i) sight deposits (current account balances increased by 9.4 percent, indicating an overall customer preference for liquid assets) – and (ii) bank-issued bonds, whose balance increased by 15.3 percent as a result of strong market demand. Funding through certificates of deposit continued to decline, decreasing by 4.5 percent, with renewals of approximately 80 percent and a gradual shift in favor of bonds.

Breakdown of Deposits (in EUR mn)

	31.12.2001	% Change vs 2000	% of 2001 Total	% of 2000 Total
Savings deposits	2,133	1.6	4.4	4.6
Current accounts	21,480	9.4	44.6	42.8
Certificates of deposit	6,402	-4.5	13.3	14.6
Repurchase agreements	3,234	-34.0	6.7	10.7
Bonds	10,952	15.3	22.8	20.7
Other	988	-27.5	2.1	3.0
Sub-total	45,188	2.2	93.9	96.4
Subordinated bonds	2,950	79.4	6.1	3.6
Total	48,139	5.0	100.0	100.0

- Distribution by Sector of Activity

Highlighting the Bank's retail orientation, the distribution of traditional funding by sector of activity shows that retail customers and family-owned businesses accounted for some 64.6 percent of the current accounts, savings deposits and certificates of deposits held by the Italian branches as of the end of 2001.

Deposits of Ordinary Customers with Italian Branches

Distribution by Sector of Activity – in EUR mn

	31.12.2001	% Change	% of 2001 Total	% of 2000 Total
Governments	1,257	-41.1	5.4	9.4
Financial institutions	2,277	-10.7	9.8	11.2
Non-financial companies	4,690	27.4	20.2	16.2
Family-owned businesses	1,487	10.6	6.4	5.9
Retail customers (*)	13,512	3.6	58.2	57.3
Total	23,224	2.1	100.0	100.0

(*) Includes deposits of private social institutions and deposits which are not part of the other categories

- Geographical Distribution

As shown by the geographical distribution of deposits, the Bank continues to enjoy strong penetration of the retail market in the central regions of Italy, which account for 52.7 percent of total deposits of ordinary customers.

Deposits of Ordinary Customers with Italian Branches – in EUR mn

	31.12.2001	% of 2001 Total
Northwestern Italy	3,232	13.9
Northeastern Italy	757	3.3
Central Italy	12,245	52.7
Southern Italy	5,145	22.2
Islands	1,846	7.9
Total	23,224	100.0

INDIRECT FUNDING

Aggregate funding grew considerably, due to significant new inflows of managed assets that offset the decrease of the value of the balances under management and administration resulting from negative trends in the financial markets:

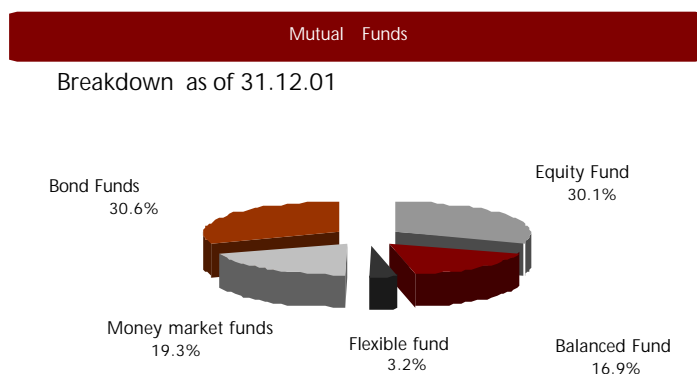
- Funds Under Management

The component was reduced by the "price effect" owing to negative trend of stock prices, notwithstanding the strong net inflows, particularly from traditional insurance products in the second half of the year.

- Mutual Funds

Net new investment from customers totaled EUR 400 million for the year. Investments of bank customers totaled EUR 9,690 million as of year end, dropping by 4 percent due to the significant decline of market indices.

The following graph shows the distribution of the Ducato mutual funds placed by the Bank. Restructuring of individual portfolios is evident, with the amount invested in equity funds decreasing to 30 percent of the total in 2001, as compared with 37.3 percent as of 31 December 2000, and the amount invested in money-market funds increasing to 19 percent of the total compared with 5.5 percent for 2000.



Following is a breakdown of the assets invested in the various Ducato funds, with the totals including the investment made through individual portfolios under the Bank's management:

Ducato Mutual Funds

Breakdown of Assets Managed by Individual Fund as of 31 December 2001

Breakdown of Assets in Funds

(in EUR mn and %)

EURO MONEY MARKET	2,412	99.7	EUROPEAN EQUITIES	1,632	44.7
DOLLAR MONEY MARKET	6	0.26	ITALIAN EQUITIES	514	14.1
TOTAL MONEY MARKET FUNDS	2,418	100.0	U.S. EQUITIES	424	11.6
INTERNATIONAL BONDS	731	19.6	JAPANESE EQUITIES	268	7.3
EURO PLUS	535	14.4	TREND	216	5.9
DUCATO TAXABLE INCOME	126	3.4	INTERNATIONAL EQUITIES	171	4.7
FLOATING RATE BONDS	515	13.8	EMERGING MARKETS EQUITIES	116	3.2
EMERGING MARKET BONDS	170	4.6	ASIAN EQUITIES	110	3.0

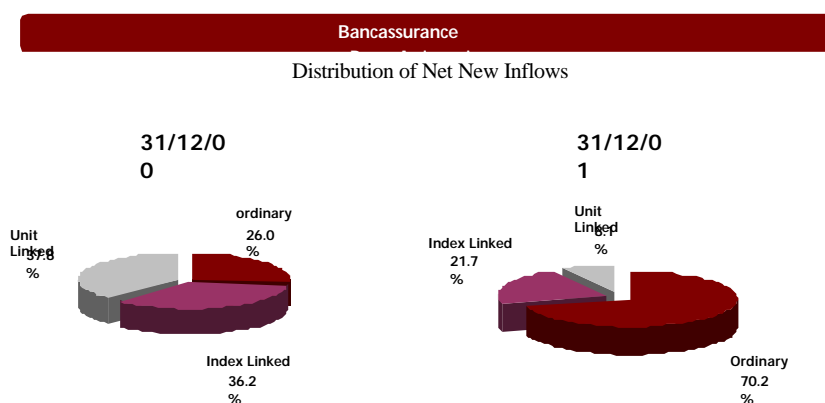
DOLLAR BONDS	278	7.5	WEB	54	1.5
SHORT-TERM EURO BONDS	245	6.6	FINANCE	36	1.0
MEDIUM-TERM EURO BONDS	1,127	30.2	NEW MARKETS	36	1.0
TOTAL BOND FUNDS	3,727	100.0	ACTIVE PROPERTY	47	1.3
GLOBAL INCOME	787	40.7	SMALL/MEDIUM-SIZED FIRMS	15	0.4
GLOBAL BALANCED	785	39.2	ENVIRONMENT	4	0.1
GLOBAL GROWTH	406	19.9	INDUSTRY	8	0.2
EUROPEAN BALANCED	18	0.2	TOTAL EQUITY FUNDS	3,651	100.0
TOTAL BALANCED FUNDS	1,995	100.0	SECURPAC	315	95.6
GLOBAL BOND PORTFOLIO	109	25.4	CIVITA	15	4.4
STRATEGY PORTFOLIO	67	15.6	TOTAL FLEXIBLE FUNDS	330	100.0
EQUITY 30 PORTFOLIO	54	12.6			
GLOBAL EQUITY PORTFOLIO	95	22.0	TOTAL FUNDS	12,552	
EQUITY 50 PORTFOLIO	34	7.8			
CAPITAL PLUS PORTFOLIO	22	5.1			
EQUITY 70 PORTFOLIO	18	4.2			
MEGATRENDS PORTFOLIO	15	3.6			
HIGH-TECH PORTFOLIO	9	2.1			
SMALL CAPS PORTFOLIO	4	1.0			
COMMODITY PORTFOLIO	3	0.7			
TOTAL FUNDS OF FUNDS	431	100.0			

- Individual Portfolios Under Management

Assets in individual portfolios managed by the Bank amounted to EUR 6,990 million, with the balance decreasing by 22 percent for the year. The decline is mainly attributable to an outflow of capital that was mostly redeployed into assets under administration. From a qualitative standpoint, efforts were intensified to provide an enriched and more diversified portfolio of investment products, which served to reduce outflows in the final part of the year.

- Bancassurance

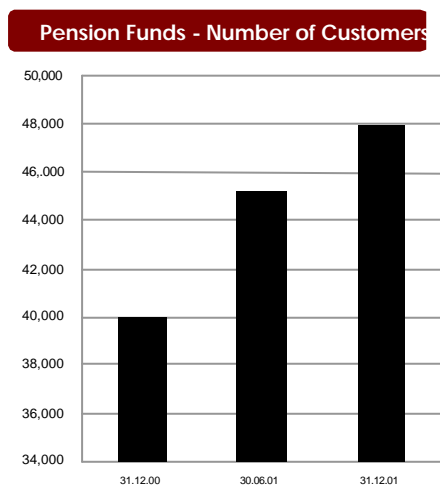
Sales of insurance policies by the Bank covered premiums amounting to EUR 2,069 million in 2001. Inclusive of these policies, the premiums of Monte Paschi Vita and Grow Life rose by 23 percent to a total of EUR 6,880 million. Confirming the customer preference for low-risk savings instruments, traditional policies accounted for EUR 1,715 million or premiums or 70 percent of the total.



- Pension Funds

As far as open-end pension funds are concerned, assets managed by "Paschi Previdenza" rose to EUR 90 million, with approximately 48,000 subscribers.

The Bank's depository activity also yielded appreciable results for closed pension funds. New contracts procured for depository service in 2001 included the Concreto fund for the concrete sector, the Fon.te fund for the retailing sector, and the Previmoda fund for the textile and fashion industry.

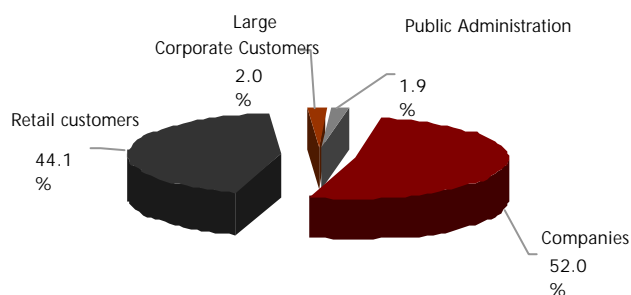


These funds were added to the Cometa, Previambiente, Cooperlavoro, Previcoper, Fundum and Arco funds which the Bank procured as clients in previous years.

- FUNDS UNDER ADMINISTRATION

Total funds under administration increased by 17.9 percent compared to the year ending 31 December 2000, due in part to the procurement of significant institutional relationships. The placement of innovative financial products also contributed significantly to this increase, and is part of the Bank's strategy to respond with maximum flexibility to new investment needs of the customers.

Composition of Funds under Administration



LENDING

Lending policy in 2001 was oriented toward boosting credit quality, improving pricing and limiting capital absorption, including through the restructuring of the loan portfolio. Outstanding loans totaled EUR 36,410 million at year end, thereby remaining virtually stable in comparison to 2000. This stability incorporates the effects of the securitization transactions carried out in 2001, in the amount of EUR 2,058 million, and the strategic repositioning of the foreign branch portfolios with the aim of reducing credit exposure. Net of such factors, the loan portfolio expanded by 6.3 percent for the year.

The table below highlights the changes in the loan portfolio:

Distribution of Loan Portfolio by Type of Loan (in EUR mn)

	31.12.2001	% Change vs 2000	% of 2001 Total	% of 2000 Total
Current accounts	7,055	-5.0	19.4	20.3
Advances	3,260	5.3	9.0	8.4
Advances and subsidies	9,397	21.5	25.8	21.1
Personal loans	680	-8.1	1.9	2.0
Mortgages and advances against mortgages	13,847	4.1	38.0	36.3
Loan value of financial leases	1,143	26.6	3.1	2.5
Other	663	-71.0	1.8	6.2
Non-performing loans, net (°)	365	-68.1	1.0	3.1
Total	36,410	-0.6	100.0	100.0

(°) excluding loan value of non-performing leases, net

The Bank continued to focus its lending activity on those businesses with significant potential for growth, particularly small and medium enterprises, in order to affirm its role as a "bank of reference". At the same time, the Bank continued to pursue a policy of careful selection by geographical area and productive sector.

A number of initiatives were developed for the implementation of programs designed to improve the efficiency of the loan approval process and to optimize the risk/return ratio as well as the employment of capital.

The following table indicates the distribution of loans by sector for the Bank's Italian branches:

Loans of Italian Branches to Ordinary Customers (in EUR mn)

	31.12.2001	% Change vs 2000	% of 2001 Total	% of 2000 Total
Governments	4,123	5.3	12.4	12.6
Financial institutions	2,963	12.6	8.9	8.5
Loans for production purposes	19,881	6.4	59.9	60.4
- non-financial companies	17,527	5.4	52.8	53.7
- family-owned businesses	2,354	14.9	7.1	6.6
- artisans	516	13.3	1.6	1.5
- other family-owned businesses	1,838	15.4	5.5	5.1
Retail loans	5,977	8.0	18.0	17.9
Other	222	17.7	0.7	0.6
Total	33,166	7.2	100.0	100.0

Loans to support production activity rose by 6.4 percent in 2001 to end the year at EUR 19,880 million. The table below highlights the traditional broad-based diversification of the loan portfolio resulting from the Bank's commercial policies.

Loans for Production by Sector of Economic Activity

Italian Branches

in EUR mn

	31.12.2001	% Change vs 2000	% of 2001 Total
Farming, forestry and fishing	702	10.8	3.5
Energy products	794	25.6	4.0
Ferrous and non-ferrous minerals and metals	211	-7.4	1.1
Non-metal minerals and products	446	22.5	2.2
Chemical products	239	-6.8	1.2
Metal products	570	11.0	2.9
Agricultural and industrial machinery	463	23.6	2.3
Office equipment	113	-81.9	0.6
Electrical materials and supplies	386	3.5	1.9
Transportation equipment and vehicles	207	7.3	1.0
Food, beverage and tobacco products	917	5.1	4.6
Textiles, leather, footwear and apparel	1,100	13.0	5.5
Paper, printed products and publishing	369	-57.7	1.9
Plastic and rubber products	288	6.3	1.4
Other industrial products	556	17.9	2.8
Building and public works	2,584	3.7	13.0

Commercial services, recoveries and repairs	3,544	9.1	17.8
Hotels and public establishments	610	16.9	3.1
Inland transport services	359	9.6	1.8
Sea and air transport services	408	36.6	2.1
Transport-related services	299	36.1	1.5
Communications services	433	23.7	2.2
Other marketable services	4,284	19.9	21.5
Total	19,881	6.4	100.0

- Geographical Distribution

As shown in the table below, the geographical distribution of loans remained stable. Loan disbursements continued to be highest in central Italy, followed by northwest Italy.

Loans to Ordinary Resident Customers by Italian Branches

Distribution by Customer Residence – in EUR mn

	31.12.2001	% of Total
Northwestern Italy	7,638	23.0
Northeastern Italy	2,031	6.1
Central Italy	15,118	45.6
Southern Italy	5,727	17.3
Islands	2,652	8.0
Total	33,166	100.0

- Concentration

Validating the Bank's credit policies and traditional diversification of its loan portfolio, more than 56 percent of the outstanding loans were for amounts of less than EUR 2.5 million. The concentration of risk continues to be relatively limited.

Loans Outstanding by Average Amount

Total Exposure

Outstanding Amount	% of Total as of 31.12.2001	% of Total as of 31.12.2000
0 – EUR 75,000	17.7	18.2
EUR 75,000 – EUR 250,000	14.6	14.4
EUR 250,000 – EUR 500,000	7.2	7.0
EUR 500,000 – EUR 2,500,000	16.5	15.8
EUR 2,500,000 – EUR 50,000,000	18.4	18.5
More than EUR 50,000,000	25.7	26.1
Total	100.0	100.0

Concentration of Risk

Cash Credits, Net of Non-Performing Loans

Customers	% of Total as of 31.12.2001	% of Total as of 31.12.2000
Top 10 customers	12.9	11.4
Top 20 customers	18.0	17.2
Top 50 customers	22.7	22.8

- SHORT-TERM LOANS

The aggregate of short-term loans showed a slight decrease of 1.5 percent within the context of an increased focus on more stable medium- and long-term financing. Average loan amounts increased by 5.3 percent. As shown by the distribution of loans by sector of economic activity, 80.7 percent of outstanding short-term loans were funded for production purposes:

Short-Term Loans by Sector of Economic Activity in EUR mn

	31.12.2001	% Change vs 2000	% of 2001 Total	% of 2000 Total
Governments	37	10.8	0.2	0.2
Financial institutions	1,892	-7.6	12.5	13.3
Loans for production purposes	12,251	-1.0	80.7	80.3
- non-financial companies	11,198	-1.3	73.8	73.6
- family-owned businesses	1,053	1.4	6.9	6.7
- artisans	209	3.8	1.4	1.3
- other family-owned businesses	844	0.8	5.6	5.4
Retail loans	906	5.8	6.0	5.6
Other	94	1.9	0.6	0.6
Total	15,180	-1.5	100.0	100.0

Growth in factoring, as a tool for servicing and managing customer receivables, was 33.9 percent with turnover of EUR 2,709 million.

- MEDIUM- AND LONG-TERM LOANS

The 15.7 percent growth in the portfolio of medium- and long-term loans is attributable to the steady expansion of leasing and business financing in the market for industrial credit to businesses.

Medium- and Long-Term Loans by Sector of Economic Activity in EUR mn

	31.12.2001	% Change vs 2000	% of 2001 Total	% of 2000 Total
Governments	4,086	5.3	22.7	25.0
Financial institutions	1,070	83.3	6.0	3.8
Loans for production purposes	7,630	21.0	42.4	40.6
- non-financial companies	6,329	19.6	35.2	34.1
- family-owned businesses	1,301	28.8	7.2	6.5
- artisans	306	20.9	1.7	1.6
- other family-owned businesses	994	31.5	5.5	4.9
Retail loans	5,071	8.4	28.2	30.1
Other	129	32.6	0.7	0.6
Total	17,985	15.7	100.0	100.0

A summary of performance by business segment is provided as follows:

- The mortgage division made new disbursements totaling EUR 2,032 million, thereby keeping on par with the flow of new business achieved in 2000. Bank policy was focused on expansion of the product line including the new "Light Mortgage" and the development of innovative distribution channels such as the MPS "Mortgages on Line" website.

- The value of assets under lease climbed 26.7 percent in 2001 to EUR 629 million, incorporating a 26.2 percent increase of business through the branches and a 27.5 percent increase through the agent network. The loan value of the leases reached EUR 1,014 million. Gains were particularly pronounced for the leasing of real estate, which grew by 36.1 percent;

- Industrial credit disbursements were EUR 808 million, representing a 27.8 percent increase from 2000. Applications for specialized loans handled by the subsidiary MPS Merchant totaled EUR 1,342 million.
- Agricultural loans, handled by MPS Banca Verde, rose by 6.9 percent to EUR 233 million.
- Disbursements of personal loans by the Bank totaled EUR 332 million. Consum.It, operating through its network of dealers, funded an additional EUR 296 million of personal loans for a 25.6 percent increase over 2000.
- Securitization Transactions

In 2002, the Bank completed the securitization transactions described in detail in the notes to the financial statements. These transactions were carried out for the purpose of maximizing the ratio between capital for regulatory purposes and the absorption of capital, generating new liquidity and taking advantage of the specific tax benefits of Law 130 of 1999. Following is general information on the portfolios sold:

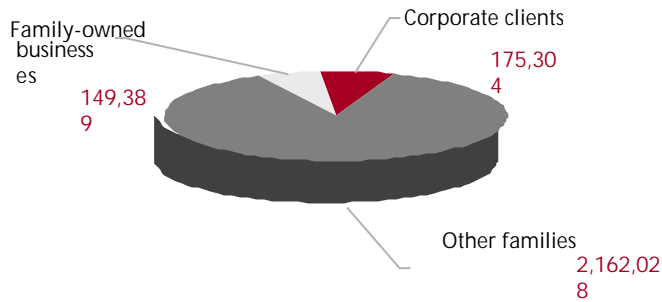
- EUR 1.099,5 million of performing fixed-rate, floating-rate and modular first-home mortgages with maturities no earlier than 30 June 2006.
- EUR 958.6 million of non-performing loans were securitized in two transactions involving property mortgages for primarily residential real estate and a certain number of unsecured short-term loans.

The companies acquiring the loans funded the purchase through proceeds realized from the issue of (i) securities rated by Moody's, Standard and Poor's and Fitch, listed on the Luxembourg Exchange, which were sold exclusively to institutional investors, and, (ii) the issuance of unrated securities sold exclusively to the Bank in the case of the securitization of the non-performing loans..

CUSTOMER PORTFOLIO

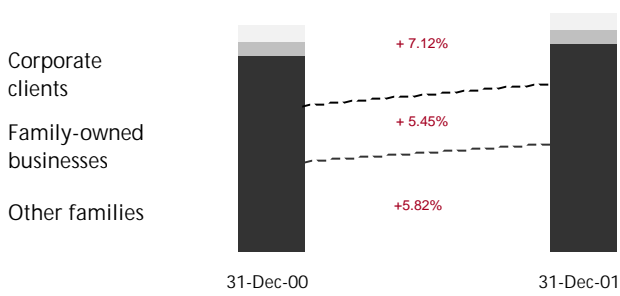
As of 31 December 2001, the Bank had a portfolio of 2,486,721 customers. The following graph illustrates the composition of the portfolio:

Bank Customers as of 31 December 2001



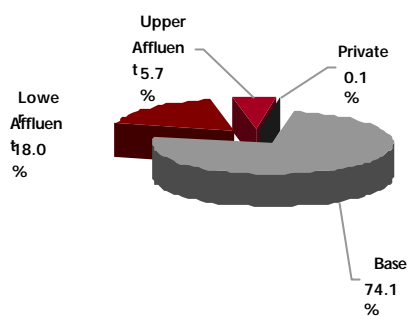
The growth of individual segments – leading to a total increase in customers of 5.88 percent – is illustrated in the following graph:

Growth of Customer Portfolio in 2001



In the retail sector, the number of customers in the Base segment increased by 3.16 percent over 2000 with a decrease in terms of total client assets from 78.1 percent to 76.2 percent. The Lower Affluent customers grew steadily while both top segments remained virtually stable, each growing by 1.1 percent.

Retail Customers as of 31.12.2001



In the corporate sector, which had 324,693 customers as of 31 December 2001, there was an increase in the number of customers in the small business segment as well as in the segment embracing large corporations, public sector entities and financial and insurance entities."

DOUBTFUL LOANS

Additional improvements were achieved in credit quality in 2001, with a very modest incidence of doubtful loans of 3 percent. As the following table indicates, non-performing loans represented only 1 percent of all loans:

Distribution of Loan Portfolio by Risk Category in EUR mn

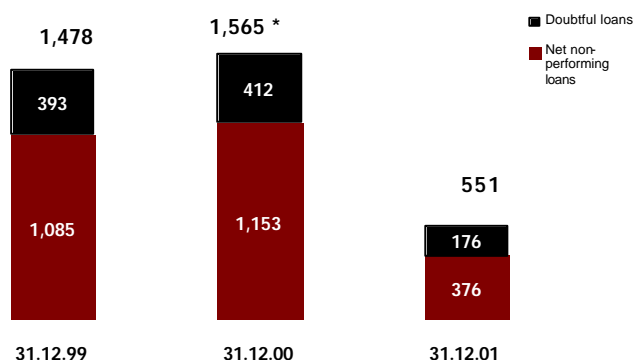
	31.12.2001	31.12.2000	% of Total as of 31.12.2001	% of Total as of 31.12.2000
Non-performing loans	376	1,153	1.0	3.1
Watchlist credits	511	524	1.4	1.4
Loans in the process of restructuring	-	-	-	-
Restructured loans	31	42	0.1	0.1
Unsecured loans to high-risk nations (°)	183	40	0.5	0.1
Total doubtful loans	1,101	1,758	3.0	4.8
Performing loans	35,309	34,873	97.0	95.2
Total customer loans and advances	36,410	36,631	100.0	100.0

(°) In accordance with the directives of the Bank of Italy and in order to provide for more conservative reporting of risk, the 2001 total includes exposure toward countries for which no provisions have been made. The aggregate amount of doubtful loans in this category is EUR 9 million.

As of 31 December 2001, the outstanding balance of non-performing loans had decreased 67 percent, from EUR 1,153 million at the beginning of the year to EUR 376 million, inclusive of the effects of the previously described securitization transactions ("Ulisse 1" and "Ulisse 2").

Trend of Non-Performing (Gross and Net) Loans & Doubtful Loans

- as at year-end (EUR million) -



(*) Includes non-performing loans resulting at year-end from the acquisition of the "Business Corporate" Unit

Trend of Non-Performing Customer Loans

(in EUR mn, including loan value of financial leases and excluding past-due interest)

Category	Gross Value	Doubtful Outcome	Net Value
Opening balance at 31.12.2000	1,565	412	1,153

Increases:	445	354	91
Provisions for performing loans	203		
Transfers from other categories and other increases	243		
Decreases	1,460	591	869
Transfer to performing loans	-		
Cancellations (°)	568		
Collections	116		
Amounts realized on transfer of loans (°°)	772		
Transfers to other categories and other decreases	3		
Closing balance at 31.12.2001	551.1	175.5	375.6

(°) Includes losses relative to the Ulisse 1 and Ulisse 2 securitization transactions
(°°) Amount collected from the companies purchasing the loans covered by the securitization transactions

The subdivision of non-performing loans by type illustrates the greater incidence of construction loans and mortgages. Higher levels of security, however, characterize these types of loans.

Trend of Non-Performing Customer Loans by Type of Credit

(in EUR mn, including loan value of financial leases)

Category	31.12.2001	%
Ordinary credit	231.4	42.0
Construction loans and mortgages	255.6	46.4
Leasing (*)	42.3	7.7
Factoring	5.7	1.0
Loans of foreign branches	16.0	2.9
Total gross value	551.1	100.0
Doubtful outcome	175.5	
Total net value	375.6	

(*) includes the loan value of financial leases in the amount of EUR 19.1 million (adjusted by EUR 8.8 million).

The classification of non-performing loans by amount shows a decrease of non-performing loans in the smaller-sized categories, both in numerical terms and in terms of the total amounts:

Non-Performing Customer Loans by Amount Outstanding

Gross amounts (including the loan value of financial leases) – in EUR 000's

Loan Amount (in EUR 000's)	No. Positions 31.12.2001	% in 2001	% in 2000	Amount as of 31.12.2001	% in 2001	% in 2000
0-10	4,412	40.2	54.2	17	3.1	8.7
10-50	4,565	41.6	35.2	118	21.4	27.0
50-260	1,690	15.4	9.3	182	33.0	30.4
260-515	190	1.7	0.8	67	12.2	8.8
515-2,580	112	1.0	0.5	124	22.6	17.4
2,580-5,165	8	0.1	0.0	26	4.7	5.2
More than 5,165	3	0.0	0.0	17	3.1	2.4
Total	10,980	100.0	100.0	551	100.0	100.0

The breakdowns by economic sector of activity and by geographical distribution, shown below, confirm the broad-based distribution of non-performing loans and indicate a reduction of such loans in southern Italy:

Non-Performing Customer Loans by Economic Sector of Activity

Gross amounts (including the loan value of financial leases) – in EUR mn

Sector of Activity	31.12.2001	% of Total as of 31.12.2001	31.12.2000	% of Total as of 31.12.2000
Governments	1	0.2	1	0.0
Financial institutions	3	0.6	16	1.0
Private-sector social institutions	1	0.1	7	0.5
Retail loans	111	20.1	318	20.3
Loans of Italian branches to foreign counterparties	0	0.0	1	0.0
Farming, forestry and fishing	35	6.4	74	4.8
Industry	103	18.7	290	18.5
Building and public works	115	20.8	328	21.0
Services	167	30.3	506	32.3
Total Italian branches	535	97.1	1,541	98.4
Loans of foreign branches	16	2.9	25	1.6
Total	551	100.0	1,565	100.0

The geographical distribution of non-performing loans is summarized in the following table:

Geographical Distribution of Non-Performing Loans

Gross amounts (including the loan value of financial leases) – in EUR mn

	31.12.2001	% of Total as of 31.12.2001	31.12.2000	% of Total as of 31.12.2000
Piedmont	11	2.1	34	2.1
Lombardy	45	8.2	112	7.1
Liguria	11	2.0	32	2.0
Veneto	12	2.2	26	1.6
Emilia Romagna	9	1.7	34	2.1
Northern Italy	89	16.1	237	15.1
Tuscany	103	18.7	306	19.6
Marches	4	0.7	15	1.0
Umbria	24	4.3	45	2.9
Latium	85	15.5	198	12.7
Central Italy	216	39.2	565	36.1
Abruzzi	15	2.8	35	2.2
Basilicata	2	0.4	13	0.8
Campania	79	14.3	222	14.2
Apulia	81	14.7	223	14.2
Calabria	14	2.5	67	4.3
Sicily	3	0.6	10	0.7
Sardinia	36	6.5	169	10.8
Southern Italy and Islands	230	41.8	739	47.2
Total Italian branches	535	97.1	1,541	98.4
Total foreign branches	16	2.9	25	1.6
Total	551	100.0	1,565	100.0

Given the rigorous posture and the conservative criteria adopted in valuing problem loans, the principal balance is stated net of direct writeoffs of EUR 160 million in 2000 and the preceding years. As a result, even considering the amounts classified as a "doubtful outcome", the aggregate adjustments to gross non-performing loans outstanding, excluding mortgages, cover approximately 65 percent of the original value; this figure is 47 percent if mortgages are included.

Following is a summary of watchlist credits and past-due loans, which are credits outstanding to borrowers facing temporary difficulties:

Trend of Watchlist Credits and Past-Due Loans

(in EUR mn, including loan value of financial leases and excluding past-due interest)

Category	Gross Value	Doubtful Outcome	Net Value
Opening balance at 31.12.2000	697	174	524
Increases:	522	129	
Provisions for performing loans	497		
Transfers from other categories and other increases	25		
Decreases	560	154	
Transfer to performing loans	-		
Cancellations (°)	71		
Collections	263		
Credits assigned (°°)	21		
Transfers to other categories and other decreases	206		
Closing balance at 31.12.2001	658.7	147.9	510.9

(°) Includes losses relative to the Ulisse 1 and Ulisse 2 securitization transactions

(°°) Amount collected from the companies purchasing the loans covered by the securitization transactions

The aggregate of these credits further decreased when compared to 2000.

SECURITIES PORTFOLIO AND TREASURY

The performance of financial markets during 2001 was characterized by extreme volatility and tremendous uncertainty regarding world economic growth, particularly after the events of 11 September.

The Bank's operational thrust was focused on reducing exposure to risks and minimizing the absorption of capital. On the organizational front, the start up of the Corporate Center provided the impetus to reorganize the Finance Division and adjust its focus towards treasury management and finance for the entire MPS Group.

SECURITIES PORTFOLIO

As of 31 December 2001, the Bank's securities portfolio had an aggregate value of EUR 7,158 million, thus reflecting a decline of EUR 1,805 million with respect to the balance as of the end of 2000:

Owned Securities

in EUR mn

	31.12.2001	31.12.2000	Change	% Change
Total securities	7,158	8,963	-1,805	-20.1
- Investment portfolio	2,364	3,226	-862	-26.7
- Trading portfolio	4,794	5,737	-943	-16.4

- **Investment Portfolio**

The EUR 862 million reduction in the investment portfolio was due in large part to the following:

- the transfer from the trading portfolio to the investment portfolio of the "Italian component" of a series of junior securities, in the amount of EUR 124 million, resulting from a securitization transaction. The transaction was carried out in accordance with the resolution approved by the Board of Directors on 17 August 2001.
- the USD 1,154 million sale of Treasury bonds and World Bank securities from the portfolios of foreign branches in London, Frankfurt, Singapore and Madrid. The transaction was executed in accordance with the Board of Directors resolution of 14 November 2001 providing for a EUR 1,033 reduction in the investment portfolio ceiling of the overseas branch. The resolution was the result of a re-tooling of the Group's international operations strategy to place greater emphasis on commercial and service activities in order to ensure improved integration with the domestic network.
- the transfer of a quota of Olimpia 2001/2007 1.5% loan bonds, redeemable in Olivetti shares, with nominal value of EUR 79.77 million. The acquisition of this obligation was completed in September 2001 as part of a series of transactions designed to reinforce the strategic collaboration between the MPS Group and the Pirelli Group.

- **Trading Portfolio**

The balance of the trading portfolio stood at EUR 4,794 million at year end, a decrease of EUR 943 million compared to the end of 2000. The following table provides a breakdown of the holdings of the trading portfolio and illustrates the prevalence of fixed income securities:

Components of Trading Securities Portfolio

	%
Treasury bills	15.6
Treasury bonds	0.3
Treasury certificates	15.4
Treasury zero-coupon certificates	2.0
Other government securities	0.2
Italian bonds	39.8
Foreign bonds	13.3
Italian equities	6.4
Foreign equities	6.4
Covered warrants	0.6
Total	100.0

TREASURY ACTIVITY

Treasury activity during 2001 saw a significant increase in brokerage volume on both the E-Mid screen-based market and on the OTC market.

The Bank remained active on the new derivative platforms EONIA and OIS USD while reinforcing its presence as a principal dealer on the E-Mid platform, which became more competitive due to the increased presence of foreign players. For the year, the Bank was the sixth-largest dealer (ranking third in March and December) operating on the E-Mid platform with a market share of approximately 3 percent.

Short term derivatives such as Eonia, OIS in USD, short interest-rate swaps, FRAs and interest rate options with low capital absorption were the instruments most frequently used in the management of interest-rate risk.

The table below provides a summary of the changes in the interbank accounts over the course of the year:

Interbank Relationships
in EUR mn

	31.12.2001	31.12.2000	Change	% Change
Due from banks	14,792	16,982	-2,189	-12.9
Due to banks	11,491	16,097	-4,606	-28.6
Net credit (borrowing) position	3,301	885	2,417	

CAPITAL MARKET

During 2001, the Bank further consolidated its funding activities, issuing fixed-rate, variable-rate and zero-coupon bonds with maturities ranging from two to fifteen years, generally reserved for the Bank's retail customers. The issues were placed on the domestic market for a total of EUR 1,262,500,000.

On the international front, the Bank floated securities as part of a Debt Issuance Program for medium- and long-term funding. In 2001, these public and privately placed senior notes totaled EUR 1.1 billion.

In addition, the Bank finalized on various subordinated Lower Tier II and Tier III loans amounting to EUR 1 billion for the purpose of raising the level of supplemental capital (for both the Bank and the MPS Group).

In February 2001 the Bank issued EUR 350 million of Tier I non-cumulative preferred securities through an special-purpose vehicle (MPS Capital Trust I) in order to improve the core capital ratios of the Bank and the MPS Group.

CAPITAL AND CAPITAL REQUIRED FOR REGULATORY PURPOSES

At the end of 2001 the Bank's capital for regulatory purposes totaled EUR 6,746.6 million, representing growth of 10.8 percent (approx. EUR 658 million) in comparison with year-end 2000.

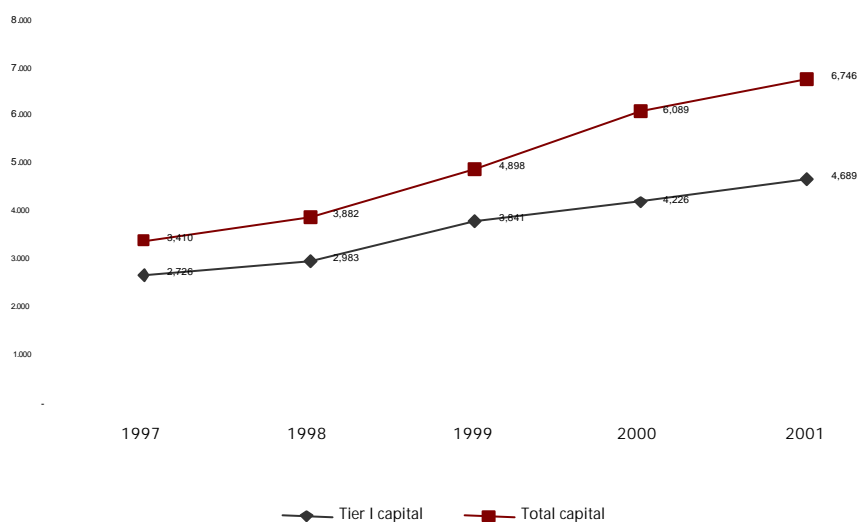
(in EUR mn)	Weighted Value as of	
	31.12.2001	31.12.2000
Tier I capital	4,689.4	4,226.0
Tier II capital	3,256.9	2,575.5
	7,946.4	6,801.5
Deductions	1,200.00	712.9
Total capital as calculated for regulatory purposes	6,746.4	6,088.6

In 2001, the Bank's Tier I capital grew by EUR 463 million, or 10.97 percent. The increase stems from the retention of earnings and from a share capital increase utilizing the revaluation reserve in accordance with the provisions of Law 342/2000.

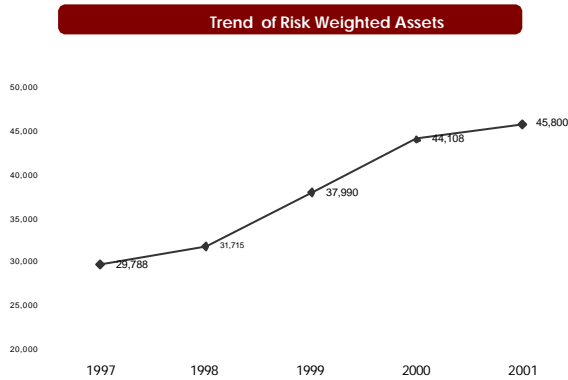
Tier II capital increased by EUR 681 million, more than 26 percent, due primarily to the placement of new subordinated debt in the amount of EUR 856 million.

Risk assets totaled EUR 45.8 billion at the end of 2001. This balance reflects an increase of 3.84 percent from 31 December 2000.

Trend of Capital Required for Regulatory Purposes



	Weighted Value in EUR mn as of	
	31.12.2001	31.12.2000
Risks assets		
Balance sheet assets:		
Collateralized risk assets in cash		7.0
Loans to governments, central banks and multilateral banks	637.5	561.9
Due from banks	2,496.5	2,547.4
Loans to property companies	0.1	29.8
Loans to private sector:		
Residential mortgages – private sector	1,827.3	1,991.6
Transactions on non-residential property	39.4	112.0
Other loans to the private sector	29,759.4	29,337.0
Equity investments weighted at 200%	7.0	3.8
Equities, equity investments and subordinated assets	4,669.4	4,001.1
Fixed assets	1,067.6	1,032.8
Negotiable instruments for collection, accrued income and other assets	1,050.8	913.2
	41,555.1	40,537.7
Off-balance-sheet assets:		
Guarantees released, commitments and derivatives contracts	4,851.5	4,945.0
Less: loan amounts classified as "doubtful outcomes" and capital losses	- 606.1	- 1,375.1
Total risk weighted assets	45,800.4	44,107.6

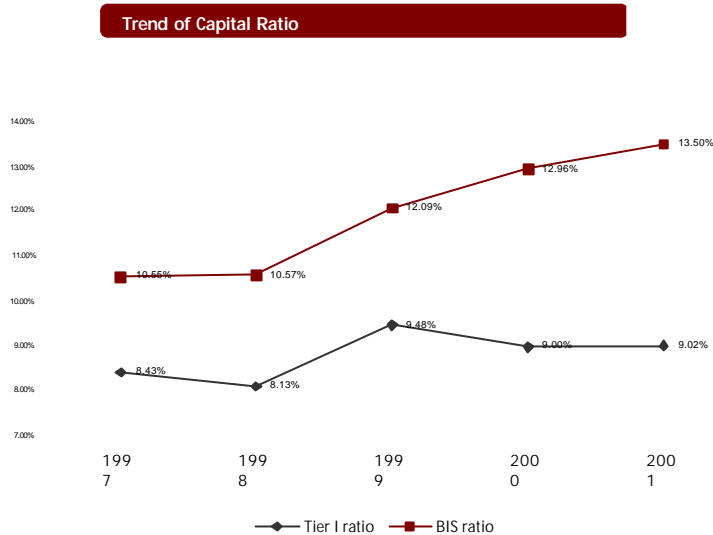


The aggregate balance was influenced by certain credit securitization transactions totaling EUR 2.1 billion. Incorporating this amount, the increase in risk assets stood at EUR 3.7 billion, or an increase of 8.49 percent.

Due to the variations in capital required for regulatory purposes and the transactions discussed above, and when incorporating the capital requirements established to cover market risks, the ratio of total capital computed for regulatory purposes to risk-weighted assets amounted to 13.5 percent compared to

12.96 percent for 2000. This solvency coefficient falls to 9.02 percent, compared to 9.00 percent for 2000, when considering Tier I capital only.

At the end of 2001, the Bank's capital computed for regulatory purposes, including the Tier III subordinated debt, was EUR 3.4 billion greater than the capital required to cover credit and market risks. This surplus represents an increase of EUR 576 million, or 20.56 percent, over the surplus as of the end of 2000.



Position (in EUR mn)	31.12.2001	31.12.2000
Credit risk		
- on balance sheet assets	2,908.9	2,837.6
- on off-balance-sheet assets	339.6	346.1
Less: doubtful loans	- 42.4	- 96.3
	3,206.0	3,087.5
Market risks		
- on investment securities portfolio	249.0	200.7
including:		
- generic risk on debt securities	80.9	78.1

- specific risk on debt securities	55.4	62.5
- generic risk on equity securities	21.8	25.6
- specific risk on equity securities	22.1	21.1
- delta-plus options: gamma factor	0.1	0.0
- delta-plus options: vega factor	0.0	2.7
- risk on quotas in mutual funds	18.6	0.0
- settlement risk	-	0.0
- counterparty risk	50.0	10.5
- on concentration	-	-
- on foreign currency	18.5	-
Total market risks	267.6	200.7
Subordinated loans eligible to cover market risks	267.6	-
Net market risks	-	200.7
Other requirements	164.3	-
Total capital required	3,370.3	3,288.3
Total capital available	6,746.4	6,088.6
Surplus capital	3,376.1	2,800.3

PROFITABILITY

Although the market scenario in 2001 was particularly difficult and affected by extraordinary events, the Bank managed to achieve positive earning results and positive growth compared to 2000.

RECLASSIFIED PROFIT AND LOSS STATEMENT

	Proforma as of 31.12.2001	Proforma as of 31.12.2000	Change	% Change
Interest margin	1,228	1,159	69	5.9
Service margin	1,615	1,422	194	13.6
Total banking income	2,843	2,580	263	10.2
Administrative expenses	-1,468	-1,355	-113	8.4
including: personnel expense	-839	-779	-59	7.6
including: other expenses	-629	-575	-54	9.4
Gross operating profit	1,375	1,226	149	12.2
Profit from operations	555	506	49	9.6

The Bank reacted swiftly to the sudden market changes, adopting new, incisive operational initiatives. These included realigning the Bank's product placement and optimizing bank rates and commissions, thereby achieving strong growth in the Bank's core business areas. The following developments were particularly significant:

- the strong expansion of banking commissions: The increase in banking commissions reflects both the continued growth of the Bank's operational base as well as continual innovation in developing products catering to the varied needs of the Bank's diverse customer base. These policies and initiatives contemplate an ongoing segmentation and personalization of services.
- the further reduction of the cost/income ratio: This reduction was achieved despite significant investments to fortify and strengthen the Bank's front and back offices.
- net earnings totaled EUR 555 million, rising by 12.8 percent over the previous year, with concomitant growth in profitability expressed as return on equity (ROE).

INTEREST MARGIN

The interest margin climbed by EUR 69 million or 5.9 percent. The increase is primarily attributable to a 16 percent increase volume of medium- and long-term customer loans and an increase in the spread for short-term customer loans. The table below allows for an analysis of the principal factors affecting the interest margin by indicating the average liquid balances of the most significant balance-sheet variables, which evidence the strong increase in the volume of customer loans:

Average Balance-Sheet Aggregates for Italian Branches

(in EUR mn)

	31.12.2001	31.12.2000	Change	% Change
Customer funding (*)	21,948	21,952	-4	0.0
Bonds	12,286	8,525	3,762	44.1
Total customer funding	34,235	30,477	3,758	12.3
Short-term loans and advances to customers	16,006	15,193	812	5.3
Medium- and long-term loans to customers	16,174	13,863	2,312	16.7
Total customer loans	32,180	29,056	3,124	10.8

(*) Including current accounts, savings deposits, and certificates of deposits and excluding repurchase agreements

The trend of average lending rates and funding costs and their relative spreads is indicated in the table below. The prudent management of rates on deposits in the first part of the year and on loans in the second part of the year contributed to the strong increase of the short-term spread:

Trend of Average Lending Rates and Funding Costs for Italian Branches

	31.12.2001	31.12.2000	Change
Short-term rates			
Lending rate	7.58	6.46	1.12
Funding cost	2.49	2.53	-0.04
Short-term rate spread	5.09	3.93	1.16
Long-term rates			
Lending rate	6.14	6.33	-0.19
Funding cost	5.01	5.08	-0.07
Long-term rate spread	1.13	1.25	-0.12

As anticipated by forecasts, the contribution of other segments declined, due to decreased investment in bonds as well as modifications to the capital structure associated with an increase in long-term equity investments and subordinated debt.

SERVICE MARGIN

The service margin climbed by EUR 194 million, or 13.6 percent, to EUR 1,615 million. This increase in the service margin was due to growth of its most stable elements:

Service Margin

(in EUR mn)

	31.12.2001	31.12.2000	Change	% Change
Profits (losses) from financial transactions	37	113	-76	-67.2
Banking commissions (°)	800	696	104	15.0

Other operating income	125	143	-18	-12.8
Dividends and tax credits	522	345	177	51.3
Income from tax collection activity	131	124	7	5.4
Total service margin	1,615	1,422	194	13.6

(°) aggregation effected on the basis of operational criteria

The growth of the service margin was driven by banking commissions, which rose by EUR 800 million, or 15 percent due to:

- a steady increase of 11.4 percent for the "core" components, due in part to the expansion of the operational base and improvements in cross-selling and in customer retention;
- a significant increase of 18.8 percent in revenues from indirect funding. This increase was due primarily to the placement of innovative financial products, which served to offset a year-on-year decrease in revenues from brokerage and asset management activities. Even though declining by 5.8 percent, the revenues from asset management were significant at EUR 192 million, due to the stability of commissions on continuing business.

Banking Commissions

(in EUR mn)

	31.12.2001	31.12.2000	Change	% Change
Commissions on indirect funding				
Funds management commissions including:	192	204	-12	-5.8
- mutual funds	82	98	-16	-16.3
- individual portfolios under management	59	67	-8	-12.1
- life insurance policies	49	37	12	32.3
- other	1.4	1.0	0.4	45.6
Innovative financial products	107	21	86	418.6
Funds under administration and other services	103	114	-11	-9.8
Total commissions on indirect funding	402	338	64	18.8
Core business commissions				
Loan and other credit-related fees	100	97	3	2.6
International banking commissions	58	49	9	18.7
Payment systems	38	30	8	27.2
Base services	31	30	1	4.6
Recovery of expenses	171	151	19	12.8
Total core business commissions	398	358	41	11.4
Total banking commissions (°)	800	696	104	15.0

(°) aggregation effected on the basis of operational criteria

As regards profits and losses from financial operations, the Bank experienced a decrease of EUR 76 million, attributable to the negative trend of the stock markets.

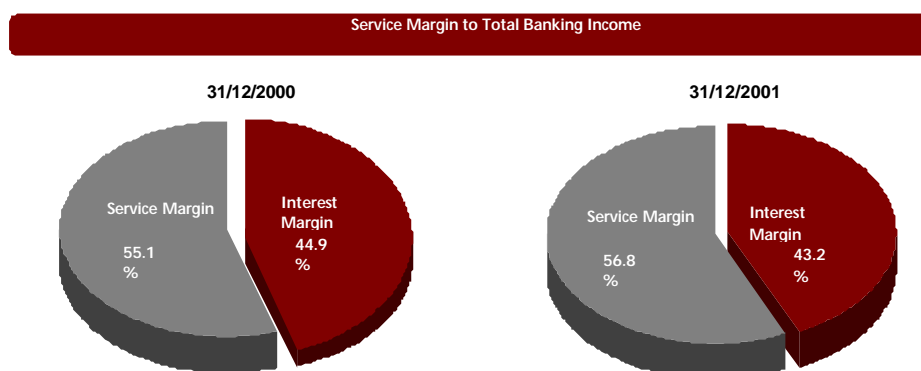
Conversely, dividends and tax credits grew steadily due in large part to the improved results of subsidiary banks and product companies; as of this year, such amounts are to be accrued during the year in which they are effectively earned. Additionally, the Bank received a EUR 133 million dividend from Bell:

Dividends and Tax Credits

(in EUR mn)

	31.12.2001	31.12.2000	Change	% Change
Dividends and tax credits relative to Group companies	285	271	14	5.2
Dividends and tax credits relative to other equity investments	223	60	163	273.9
- IMI-San Paolo	63	57	6	9.9
- Bell	133			
Dividends from shares, quotas and other equity securities	15	15	0	-0.7
Total	522	345	177	51.3

Total banking income thus climbed to EUR 2,843 million, rising by EUR 263 million or 10.2 percent over the prior year. The increase was accompanied by further change in the mix of revenues with growth of the ratio of the service margin to total banking income:

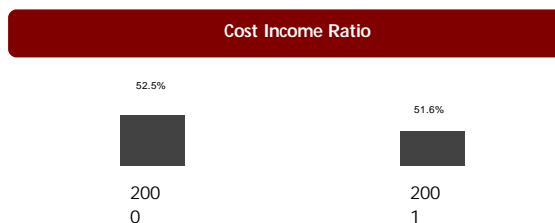


ADMINISTRATIVE EXPENSES

Administrative expenses increased by EUR 113 million, or 8.4 percent. Contributing to this increase were the following:

- Personnel costs rose by EUR 59 million, or 7.6 percent, if compared with the actual figure for 2000. A more accurate comparison is given by the reclassification of the data to eliminate the expenditures for staffing relative to the corporate business unit of Banca 121 acquired in 2001. (Such expenditures do not have any effect at the level of the consolidated financial statements.) When these expenditures are netted out, the account balance rises by 5.9 percent. The increase was influenced by the renewal of the labor contract supplementing the national contract (accounting for 1.4 percentage points of the increase), and the expansion of the performance-based compensation program (2.2 percentage points). The remaining part of the increase (2.3 percentage points) reflects the addition of staff assigned to network units (branches and call center) and the recruitment of new professional resources for the Corporate Center.
- Other administrative expenses grew by 9.4 percent. Much of this increase stemmed from the launch of several significant projects to strengthen the front and back offices, including the creation of the Corporate Center (which incorporates certain expenses for the MPS Group) and the changeover to a division-based distribution structure. On the other hand, expenses related to current operations showed little change year on year, as a result of several broad-based initiatives in 2001, particularly those aimed at improving operational efficiency and the redesign of the accounts payable area.

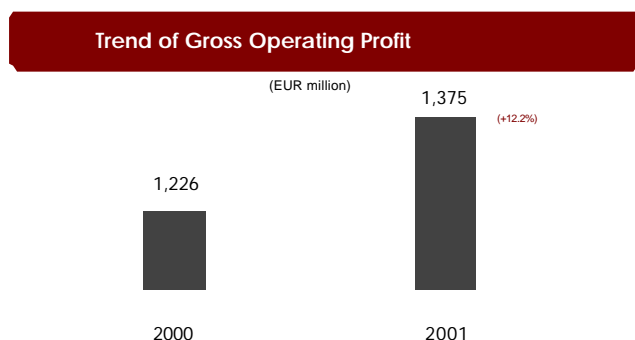
Despite the poor performance of the financial markets, the aforementioned developments led to considerable improvement in the cost/income ratio (administrative expenses to total banking income, exclusive of depreciation), indicating further progress in terms of operational efficiency:



Excluding tax collection activity, the cost/income ratio (exclusive of depreciation), dropped to 49.9 percent in 2001 from 50.4 percent in 2000.

GROSS PROFIT

- The gross operating profit on banking activity rose to EUR 1,375 million, for a EUR 149 million, or 12.2 percent, increase over 2000.



The following table, subdivided by operational area, confirms the contribution of the Bank's core business areas to the Bank's stable revenue base:

Contribution of Principal Areas of Operation to Operating Profit

	%
Retail customers	39.9
Corporate customers	39.8
Total customer activity	79.7
International banking activity	4.5
Finance	4.4
Equity investments, capital and other activity	11.4
Total	100.0

From a geographical perspective, the main contribution to gross profit comes from the branches located in the Bank's traditional market area, with these branches accounting for one-third of total gross profits.



TAX COLLECTION ACTIVITY (DIRECT MANAGEMENT)

The tax collection division achieved positive results and appreciable growth in 2001 due to the steady increase in revenues, with respect to both (i) voluntary tax payment, the Central Government and local tax authorities; (ii) tax rolls. In 2000, this business was characterized by the absence of new billings on the part of the tax authorities (the billings were put off until the end of the year). The growth in revenues in 2001 was accompanied by a significant decrease in charges to support the financial deficit incurred by the Bank's tax collection unit in making obligatory payments to the tax authorities without having received the inflows from taxpayers; the decrease in charges stems from a contraction of the aforementioned deficit in the midst of virtually stable interest rates.

RECLASSIFIED PROFIT AND LOSS STATEMENT – TAX COLLECTION ACTIVITY

(in EUR mn)

Direct concessions	31.12.2001	31.12.2000	Change	% Change
Interest margin	-15	-17	2	-10.1
Service margin	131	124	7	5.4
Total income	116	107	8	7.9
Administrative expenses	-108	-108	0	0.5
including: personnel expense	-73	-76	3	-4.1
including: other expenses	-35	-31	-4	11.4
Gross operating profit	7	0	8	n.s.

Having considered the fiscal subsidies relative to the "safeguard" clause (approximately EUR 63 million) and other residual amounts, total income from tax collection rose to EUR 116 million, for an increase of 7.9 percent. The time period contemplated for the safeguard clause expired as of 31

December 2001; the Italian Parliament has already approved the form of a new mechanism (see "Material Developments Subsequent to Year End").

Operating expenses remained relatively stable, due primarily to lower personnel costs, which decreased by 4.1 percent; this is the result of early retirement plans introduced in previous years and the further downsizing of the work force.

At the end of 2001, an agreement was reached with the Banca di Roma regarding the National Service for Tax Collection concession for the province of Rome for the three-year period 2002-2004.

VALUATION ADJUSTMENTS AND PROVISIONS

The accounts having the most significant impact on net earnings are reviewed as follows:

Valuation Adjustments and Provisions

(in EUR mn)

	31.12.2001	31.12.2000	Change	% Change
Gross operating profit	1,375	1,226	149	12.2
Valuation adjustments to fixed and intangible assets	-100	-84	-16	19.5
Provisions for risks and charges	-25	-66	41	-62.0
Other operating expenses	-3	-9	-6	-65.4
Valuation adjustments to loans and provisions to risk reserves, net of recoveries	-195	-197	2	-0.9
Provisions to loan loss reserve	-10	-10	0	0.0
Valuation adjustments to non-current financial assets, net of recoveries	-84	-70	-14	20.0
Extraordinary income (charges)	-12	56	-68	-122.0
Change in reserve for general banking risks	-391	-339	-51	15.2
Net profit from operations	555	506	49	9.6

- Valuation adjustments to fixed and intangible assets in the amount of EUR 100 million include depreciation of buildings (EUR 35 million) and of capital assets (EUR 37 million), and the amortization of deferred charges (EUR 28 million).

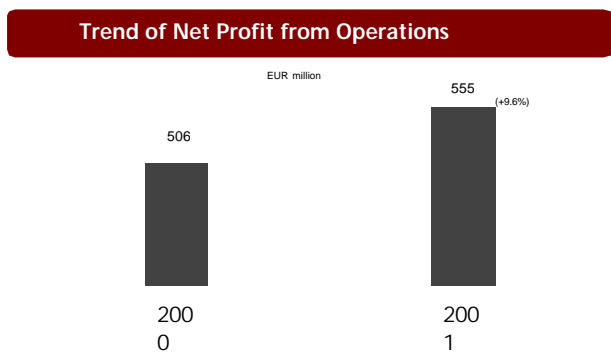
- Provisions to the reserves for risks and future charges in the aggregate amount of EUR 25 million include amounts to cover charges which could arise in relation to the negotiation of subsidized mortgages and, when combined with prior-year provisions, total EUR 40 million.

- Valuation adjustments to loans in the amount of EUR 195 million include EUR 10 million of lump-sum writedowns relative to performing loans, with the relative reserve climbing to a total of EUR 165 million, and losses of EUR 27 million in relation to the securitization of non-performing loans.

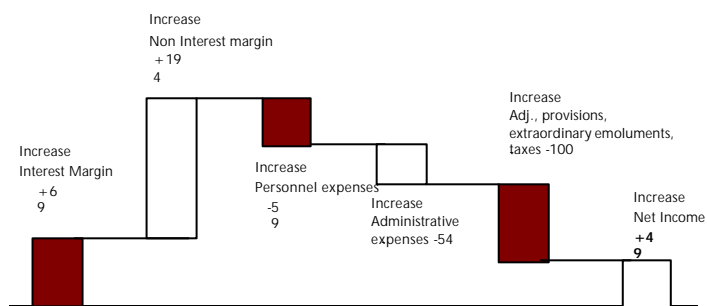
- Provisions to the loan loss reserve amount to EUR 10 million, putting the balance to EUR 165 million.

- Valuation adjustments to non-current financial assets in the amount of EUR 84 million are mostly linked to a EUR 58 million loss incurred by Monte Paschi Serit in 2001 and to the EUR 8 million devaluation of Enron shares in the investment portfolio.

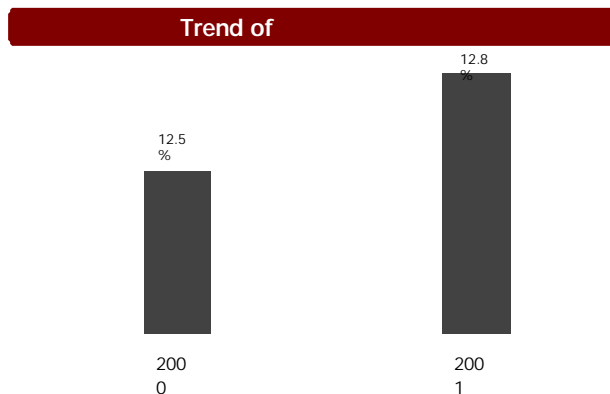
Incorporating the above amounts, net operating profit rose to EUR 555 million for an increase of EUR 49 million, or 9.6 percent, compared to 2000:



- The following chart indicates the principal factors contributing to the increase of net operating profit:



Despite the challenges presented by the economic climate, the Bank achieved a significant improvement for its shareholders in terms of ROE:



EQUITY INVESTMENTS

The management of the portfolio of long-term equity investments was carried out in accordance with the strategic plan, particularly with regard to the establishment of the new business model provided for by the Group business plan.

The value of the investments as of year end was EUR 5,861 million, thereby reflecting an increase of EUR 1,200 million over the total as of the end of 2000:

Equity Investments

(in EUR mn)

	31.12.2001	31.12.2000	Change	% Change
Investments in Group companies	3,690	3,138	552	17.6
Other investments	2,171	1,520	651	42.8
Total	5,861	4,658	1,202	25.8

Following is a summary of the principal transactions taking place during the year:

INVESTMENTS IN GROUP COMPANIES

New Acquisitions

- Acquisition from SAI of its shares of the following companies: 50 percent of Dipras S.p.A. for .516 million; 49 percent of MontePaschiVita S.p.A. for EUR 210.61 million; 40 percent of Ticino Assicurazioni for EUR 17.46 million. As a result of these transactions, Banca MPS now owns 100 percent of these three companies.
- Acquisition from Banca Toscana of 10 percent of the capital of MPS Finance Banca Mobiliare S.p.A. for EUR 39.92 million, resulting in the Bank's 100 percent ownership of the company.
- In furtherance of the Bank's initiative to create a single asset management structure, Ducato Gestioni (100 percent owned by the Bank), Spazio Finanza Gestioni (100 percent owned by Banca 121) and Gi.Gest Gestioni (100 percent owned by BAM) were merged into Gruppo Monte Paschi Asset Management S.p.A. SGR. The Bank holds 79.980 percent of the company resulting from the merger, compared to 69 percent previously; the company name was changed at the time of merger from Gruppo Monte Paschi Asset Management S.p.A. SGR to Monte Paschi Asset Management SGR S.p.A.
- Incorporation of MPS Alternative Investment SGR S.p.A. with share capital of EUR 6 million which was 20-percent funded by the Bank and 80-percent by Gruppo Monte Paschi Asset Management S.p.A. SGR. The new company was established to provide collective asset management services to open and closed speculative funds and is active in the alternative investment activities authorized by a Ministerial Decree n. 228 of 24 May 1999. With the ongoing implementation of the MPS Group's asset management integration plan, in December, the Bank transferred its interest in the new company to Gruppo Monte Paschi Asset Management which, as indicated above, changed its name to Monte Paschi Asset Management SGR S.p.A.;
- Acquisition from Banca Agricola Mantovana, for EUR 79.53 million, of its entire shareholding of Banca Steinhauslin & C., which will assume a central role in the Group's private banking operations. At a meeting in June 2001, the shareholders of the subsidiary passed a resolution calling for a EUR 3.25 million increase in share capital, which has already been subscribed and paid in by the Bank.

- Incorporation of MPS.net S.p.A., established for the purpose of safeguarding the e-business sector, with capital of EUR 35 million and 99 percent controlled by the Bank with 1 percent held by MPS Merchant (formerly Mediocredito Toscano);.
- Incorporation of MPS Leasing & Factoring S.p.A., with capital of EUR 50 million. The Bank, which holds 99 percent for its investment of EUR 49.5 million, created the company in cooperation with Banca Toscana S.p.A. (which holds the remaining 1 percent) to provide an operating hub for leasing and factoring activities.
- Incorporation of MPS Gestione Crediti Banca S.p.A., with capital of EUR 100 million. The Bank, which holds 99.5 percent for its investment of EUR 99.5 million, established the company in cooperation with Banca Toscana S.p.A. (holding 0.5 percent) to provide a single structure for the recovery of non-performing loans.
- Incorporation of MPS Professional S.p.A. with capital of EUR 1 million. The Bank holds 96.5 percent of the company for its investment of EUR .965 million. The company was created primarily for the study, planning, development and provision of IT protocols, technological support and organizational methodologies through the use of consultants with expertise in corporate finance and transactions specifically related to banking operations.
- Incorporation, with an investment of EUR 30 million, of Montepaschi Luxembourg SA (the Bank holds 99.2 percent) and MPS Preferred Capital I, established for the purpose of issuing EUR 350 million of "Tier I Preference Shares".
- Acquisition from Banca Popolare dell'Etruria e del Lazio of 2 percent of MPS Banca Verde for EUR 2.34 million.

Assignments and Other Transactions

- Capital increase, from EUR 164.03 million to EUR 381.19 million, for Banca Toscana S.p.A., through the utilization of reserves and an increase in the par value of its stock, followed by the conversion of the share value from lire into euros. The EUR 381.19 million comprising Banca Toscana's share capital is now represented by 317,647,920 ordinary shares with par value of EUR 1.20.
- Capital increase, from EUR 346.49 million to EUR 449.91 million for Banca Agricola Mantovana, through the utilization of reserves and an increase in the par value of its stock. The share capital of Banca Agricola Mantovana is now represented by 134,301,780 shares with par value of EUR 3.35. Due to the conversion in 2001 of 95/2001 and 96/2001 Banca Agricola Mantovana debentures held by Banca MPS, the Bank's share of this subsidiary increased by .824 percent or 8,938,898 shares.
- Coverage of losses recorded in FY2000 by Monte Paschi Serit S.p.A. in the amount of EUR 52.55 million, with the subsequent recapitalization in the amount of EUR 10.33 million. Thereafter, the Bank injected capital of EUR 6.87 million, EUR 8.03 million and EUR 8.37 million which was needed to cover the EUR 23.27 million of losses accruing in the first three quarters of the fiscal year. Additionally, by virtue of a shareholders' resolution of 26 October, the Bank effected a capital increase of EUR .07 million necessitated by the conversion of the share capital into euros.
- Coverage of the FY2000 losses of Gerit S.p.A. in the amount of EUR 1.2 million, and a subsequent capital increase from EUR .86 million to EUR 2.59 million. Our Bank disbursed EUR 1,683 million.

OTHER INVESTMENTS

Acquisitions, Incorporations and Assignments

- Acquisition of 4.75 percent of the ordinary share capital of Banca Nazionale del Lavoro (now reduced to 4.72 percent following a capital transaction in favor of BNL employees) for a total investment of EUR 526.79 million.
- Acquisition of 20 percent of the share capital of Finsoe S.p.A. for a total investment of EUR 158.19 million; when the shares of Finsoe contained in the portfolio of Banca Agricola Mantovana are included, the total quota held by MPS Group amounts to 25.6 percent. The transaction was completed in July 2001.
- Transfer of 9,800,000 ordinary shares of Olivetti for an equivalent of EUR 29.4 million; the transaction was related to the payment of EUR 44.43 million (EUR 29.4 million of which came from the transfer of the Olivetti shares) as part of a EUR 477.2 million capital increase for Bell S.A. – Luxembourg, inclusive of the share premium. The holding in Bell amounts to 8.27 percent of the share capital, while the holding of shares with voting rights is 8.64 percent.
- Subsequent to the capital increase discussed above, Bell, which was already a significant shareholder of Olivetti S.p.A., transferred its entire shareholding in Olivetti to Olimpia, a company established by an alliance between Pirelli and Benetton. As a result of the transaction (which entailed for Bell the distribution of reserves to shareholders, a reverse stock split and the change of the company's share capital), the Bank realized proceeds of EUR 133.23 million.
- Acquisition of 3.725 percent of the share capital of Hopa S.p.A. for EUR 135 million. This investment was made in order to further the Bank's merchant banking activities in the industrial sector. Altogether, the MPS Group owns 5 percent of Hope, and is a party to a shareholder pact to control the company.
- Additional acquisitions and incorporations of new companies for a total investment of approximately EUR 2.98 million in the following: Novacom S.p.A., Consorzio Aree Industriali Lamezia Terme, Docutel Communication Services S.p.A., Energia Italiana S.p.A., 3R Management SGEGR S.A., 24 Ore Television S.p.A., Meri S.O.A. - Società Organismo di Attestazione S.p.A. and Patto Territoriale Sele Picentino di Salerno.
- Acquisition of a total of EUR 1.79 million of shares of EMID, MTS, Monte Titoli, in order to centralize the Group's holdings in these companies with the parent company. As a result, the Bank's holdings are 5 percent, 5 percent and 3,2 percent, respectively.
- Transfer of non-strategic holdings totaling EUR 8.93 million.
- Other Transactions
- Reacquisition from Sansedoni S.p.A., for a total of EUR 6.11 million, of eight (Finaosta S.p.A., Fincalabra S.p.A., S.F.I.R.S. Soc. Finanziaria per la Rinascita della Sardegna S.p.A., Sviluppumbria S.p.A., Centro Affari e Convegni Arezzo S.r.l., Firenze Parcheggi S.p.A., Porto Industriale di Livorno S.p.A. and E.R.V.E.T. S.p.A.) of twenty-four companies conferred to it in a May 1999 spin-off transaction.
- Underwriting of capital increases, totaling EUR 1.36 million, for the following companies: Centro AgroAlimentare di Napoli Scpa, Nomisma S.p.A., Tiziano Finance S.p.A., So.FiN.Ind. S.p.A..

- Coverage of losses recorded in FY2000 by Sesit Puglia S.p.A. and So.Ri.T. S.p.A. and the replenishment of these companies' share capital, for a total amount of EUR 3.48 million.

OTHER INFORMATION

TRANSACTIONS WITH RELATED PARTIES

The following disclosure is provided pursuant to the requirements of CONSOB Memorandum n. 97001574 of 20 February 1997 and Memorandum n. 98015375 of 27 February 1998 and regards:

- (i) the information indicated herein on the management of equity investments in the section entitled "Report of the Board of Directors" attached to the consolidated financial statements of the Monte dei Paschi di Siena Group;
- (ii) the data included in the notes to the financial statements regarding the relationships existing as of the date of the financial statements between the Bank and the other Group companies.

It is noted that:

- The directors have complied with the provisions of Article 136 of Law Decree n. 385 of 1993 (Banking Consolidation Act) relative to the obligations of the banks and of companies belonging to banking groups.
- Concessions of any type or degree granted to employees are in accordance with the internal and standard regulations illustrated in special documents, and fall within the normal operations of the Bank and are effected in the interest of the Bank.
- The transactions with companies in which investments are held are considered as part of the normal operations of the Bank, in whose interest, as parent of the banking group, the transactions have been effected. All transactions with related parties are settled on the basis of market conditions.

The table lists the direct or indirect equity interests in the Banca Monte dei Paschi di Siena and in other companies in the Group held by the Directors, Auditors and the Director General of the Bank, as required by Art. 79 of CONSOB Resolution n. 11971 of 14 May 1999.

Investments Held by Board Directors, Statutory Auditors and Chief Executive Officers

Name	Company	No. of Shares Held as of 31.12.2000	No. of Shares Acquired	No. of Shares Sold	No. of Shares Held as of 31.12.2001
Andriani, Antonio Silvano	Monte Paschi Banque	1	-	-	1 *
Carpinelli, Francesco Saverio	Monte Paschi Banque	1	-	-	1 *
Sclavi, Antonio	Banca Monte dei Paschi di Siena	3,000	300**	-	3,300 °
	Banca Toscana	816	-	-	816 °
	Banca Monte Paschi Suisse S.A.	1	-	-	1 *
Semeraro, Giovanni	Banca Monte dei Paschi di Siena	24,067,502	2,406,750**	-	26,474,252 °
	Banca Monte dei Paschi di Siena	13,527	1,352**	-	14,879 °°
	Banca 121	200,000	-	-	200,000 °
Vittimberga, Giuseppe	Banca Monte dei Paschi di Siena	1,100	110**	-	1,210 °°
Fabretti, Pietro	Banca Monte dei Paschi di Siena	5,000	500**	-	5,500 °
De Bustis, Vincenzo	Banca Monte dei Paschi di Siena	1,770,152	177,015**	-	1,947,167 °

* Shares registered in relation to the corporate officer's position

** Shares assigned pursuant to a bonus capital increase

- ° Directly owned
- °° Owned by spouse

BANK ORGANIZATION STRUCTURE

The report accompanying the consolidated financial statements addresses the trends in the development of the organizational structure and in research and development, which, in line with the business plan, are increasingly important to the Group. Therefore, this part of the report is limited to providing certain specific information regarding the development of the sales network and the management of human resources at the parent company.

DISTRIBUTION CHANNELS

TRADITIONAL NETWORK, ATMs AND POINTS OF SALE

At year end, the domestic network was distributed over the various areas of the national market as follows: northern regions (19.54 percent), central regions (50.10 percent), and southern regions, Sicily and Sardinia (30.36 percent). The domestic network is complemented by seven foreign branches and six representative offices abroad.

BANCA MONTE DEI PASCHI DI SIENA DISTRIBUTION NETWORK

	31.12.2001	31.12.2000	Change
Traditional branches	962	927	35
including:			
Paschinsieme	11	3	8
Foreign branches and representative offices	13	16	-3
ATMs	1,065	987	78
POS Terminals	34,606	26,303	8,303

The branch network restructuring program resulted in the reduction of the number of branch groups to 20. The objective of the restructuring is to achieve greater coordination of policies and strategies in terms of products, pricing and risks. This means developing a network of branch facilities which are more responsive to their markets and an organization which, although growing, is capable of greater economies of scale and cost.

The Bank's network of automated teller machines (ATMs) and point-of-sale terminals continued to increase. The number of ATMs operated by the Bank rose by 7.9 percent to a total of 1,065. The number of point-of-sale terminals serviced by the Bank also increased in 2001, by a substantial 31.5 percent, to approach 35,000 units. This total includes units installed in independently owned commercial establishments and those of third-party distribution networks for which the Bank handles cash concentration.

The development program in private banking is addressed in the "Innovation, Research and Development" section of the report accompanying the consolidated financial statements.

ELECTRONIC BANKING CHANNELS

During 2001, the number of Bank customers utilizing electronic channels for transactions increased by 44 percent compared to 2000.

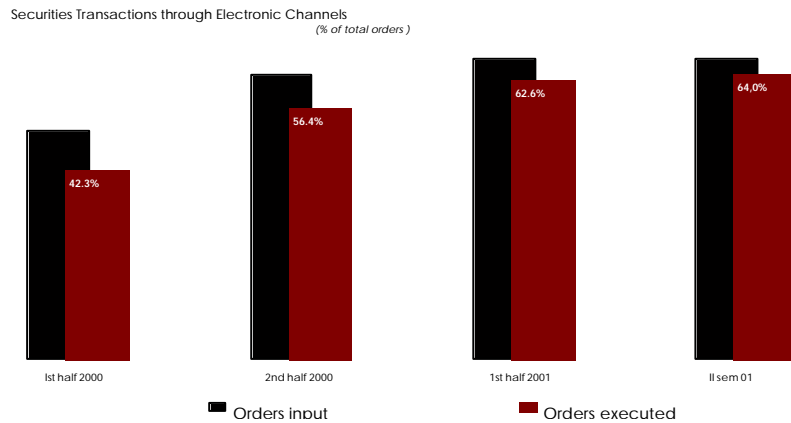
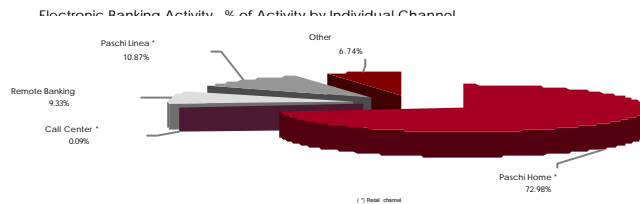
Distribution of Banking Services through Electronic Channels

Number of customers

	31.12.2001	31.12.2000	% Change	% of Total as of 31.12.2001	% of Total as of 31.12.2000
PaschiHome	180,883	109,521	65.2	51.7	45.3
PaschiIntel	122,760	92,734	32.4	35.1	38.3
PaschiInrete	10,719	7,541	42.1	3.1	3.1
PaschiCommerce	211	94	124.5	0.1	0.0
Paschi Azienda	1,648	-	-	0.5	0.0
Paschi Video (active)	21,429	17,127	25.1	6.1	7.1
Other	12,124	14,844	-18.3	3.5	6.1
Total	349,774	241,861	44.6	100.0	100.0

Transactions flowing through electronic distribution channels accounted for 20 percent of total transactions executed through the Bank.

Following is a summary of the growth of business handled through individual electronic channels.



PaschiHome (Internet Banking)

As of 31 December 2001, the Bank was servicing more than 180,000 PaschiHome contracts for an annual increase of 65 percent with online trading volumes comprising 57 percent of total equity trades handled by the Bank in 2001.

During the year, new services were added in the areas of asset management, placement of government securities, trading on foreign stock exchanges, and mortgages. Additionally, a new and enhanced financial information service was added in collaboration with the ClassEditori Group.

PaschiInTel (Telephone Banking)

The telephone banking service, activated as part of the Customer Care Center (See the "Innovation, Research and Development" section of the report accompanying the consolidated financial statements) was handling 123,000 customers at the end of 2001 and shows significant potential for further development, not only at the level of the technology employed but also in relation to the professional caliber of the human resources employed in the operation.

PaschiInRete (Mobile Banking)

At the end of 2001, the number of customers with contracts for mobile telephone banking service totaled 10,719, representing a 40 percent increase from the end of 2000.

The service, which was designed and launched in collaboration with Telecom Italia Mobile and is based on GSM-WAP technology and SMS messaging, was further enhanced in 2001. Customers of the service can now manage their PaschiInCard credit card account through PaschiInRete. In addition to the similar functions available with Paschihome, account holders are now able to activate and deactivate the credit card depending on their needs and to check the account balance either through an interactive WAP session or by sending an SMS message.

PaschiInAzienda, PaschiInCommerce and Paschi Video (Remote Banking)

In promoting of its strategy of developing a supply of products available through integrated channels, the Bank launched PaschiInAzienda in October 2001.

PaschiInAzienda is a new Internet service for the Bank's corporate customers allowing them to perform a wide range of search transactions, and collection and payment transactions using CBI (Corporate Banking Interbancario) standards. The service also provides many additional functions serving the needs of the Bank's diverse corporate clientele. The number of customers contracted to the PaschiInAzienda service was 1,650 as of 31 December 2001.

The Bank's Internet payment service, PaschiInCommerce, added new tax payment capabilities through the PaschiRiscossione website.

Bank Website (www.mps.it)

The Bank continued to develop the wide range of services available via its website, which is taking on an increasingly important role in bringing together the Bank's multiple-channel distribution strategy. The site is divided into three areas: the surfer (free) area, the free membership area (the MPSClub which makes informational and interactive services available to registered users at no charge), and the previously discussed functional area Paschihome. Developments during the year included the launch of the integrated financial desktop: a new content and multi-channel/multi-bank advisory platform which,

in this first stage of development, offers its customers and the Bank's internal users a wide range of advisory services, tools and financial information.

HUMAN RESOURCES

As of the end of 2001, the Bank had a work force of 12, 938 employees, for an increase of 250, or 1.9 percent, over the comparable figure for 2000. This increase was due mainly to the strengthening of the front office, the opening of a significant number of new branches and an increase of staffing for the Call Center. Approximately 300 employees left their employment with the Bank, while an additional 105 employees, including 18 Executives, left the Bank under retirement incentive programs. In consideration of this turnover, the Bank hired approximately 600 young people with strong potential (most of them with degrees and strong academic backgrounds), as well as a number of specialized professionals to staff the Corporate Center. Thus, the Bank continued its ongoing program of renewal and qualitative improvement of personnel, with correlated growth of its intangible assets.

The effective work force (i.e. considering of Bank employees on assignment with other companies of the MPS Group and employees of other companies of the MPS Group on assignment with the Bank) amounted to 11,961 and was distributed as follows:

CORPORATE CENTER

Category / Job Grade	Number	% of Total
Executives Senior managers	112	10.7
Senior/Middle managers	293	26.8
Other	654	62.6
Total	1,059	100.0

BANCA MPS DIVISION

Category / Job Grade	Number	% of Total
Executives	139	1.4
Senior/Middle managers	2,121	19.9
Other	8,465	78.7
Total	10,725	100.0

INTERNATIONAL BANKING ACTIVITY (°)

Category / Job Grade	Number	% of Total
Executives	9	5.4
Senior/Middle managers	55	32.7
Other	113	67.3
Total	177	100.0

(°) Foreign branches and representative offices

TOTAL STAFFING FOR BANCA MPS S.p.A.

Category / Job Grade	Number	% of Total
Executives	260	2.2
Senior/Middle managers	2,469	20.6
Other	9,232	77.2
Total	11,961	

An analysis of the data regarding the composition of Bank personnel reveals the following:

- the very high percentage of the Bank's personnel employed in the branches:

STAFFING BY LOCATION

Banca MPS Division	Number	% of Total
Central offices	553	5.2
Branches	9,989	93.1
Call center	183	1.7
Total	10,725	

- the young age of Bank personnel (approximately half are under 40), the relatively low degree of seniority (more than 60 percent with less than 20 years), and the significant percentage of female personnel (38 percent):

Breakdown of Staff by Age

Age	Female Employees as % of Total	Male Employees as % of Total	% of Total as of 31.12.2001
Less than 30 years old	8.4	5.5	14.0
31-40 years old	16.8	15.8	32.7
41-50 years old	9.7	25.3	35.0
More than 50 years old	2.9	15.5	18.4
Total	37.9	62.1	100.0

Breakdown of Staff by Seniority

Years of Service	Female Employees as % of Total	Male Employees as % of Total	% of Total as of 31.12.2001
Up to 10 years	16.0	14.8	30.8
11-20 years	13.6	17.5	31.1
21-30 years	7.3	24.9	32.1
Over 30 years	1.0	5.0	6.0
Total	37.9	62.1	100.0

In terms of academic credentials, the percentage of personnel with degrees is significant, particularly in the case of management personnel:

Job Grade	% of University Graduates to Total Grade	% of Employees with Other Diplomas to Total Grade
Executives	43.4	56.6
Senior/Middle managers - Grades 3 and 4	34.5	65.5
Middle managers - Grades 1 and 2	17.7	82.3
Other professional categories	17.0	83.0
Total	19.8	80.2

Compensation, regulatory issues and training activity are discussed in detail in the "Overview of Operations" accompanying the consolidated financial statements.

The aspects of professional and managerial training on which the Bank is most focused are outlined as follows:

- the reshaping of the domestic network on a divisional basis (the Paschi Valore project);
- the strengthening of the management skills of personnel responsible for resource management;
- the improvement of the information technology skills of all personnel.

Training

Courses	No. of Participants - General Staff	Staff Days
External	340	688
Internal	16,101	26,393
Managerial	2,333	3,814
Total	18,774	30,895
Courses	No. of Participants - Senior/Middle Managers	Staff Days
External	371	643
Internal	2,607	2,897
Managerial	1,128	1,923
Total	4,106	5,463

Another significant aspect is the increase in off-site training, which is managed through the Bank's Intranet.

MATERIAL EVENTS SUBSEQUENT TO YEAR END

Following is a summary of the more significant events occurring in the first few months of 2002.

As concerns tax collections concessions, 31 December 2001 marked the end of the period of validity of the so-called "safeguard clause." Due to this situation, numerous meetings took place during the last ten days of January between the l'Ascotributi Association and the Revenue Ministry for the purpose of arriving at an understanding regarding the protection indemnity (the new name for the safeguard clause) for the two-year period 2002-2003. The contacts and the agreements led to a legislative provision, already in force, that provides for a set-aside in the amount of EUR 350 million for 2002 until such time as a determination regarding just compensation for the concessionaires is made by a commission created for such purpose. The amount earmarked for 2002 represents an allocation between a fixed sum (80 percent) and two commissions (accounting for 10 percent each) to be paid out upon the attainment of certain collection levels.

On 10 January 2002, the Board of Directors of Banca Monte dei Paschi di Siena approved the Group's business plan for the three-year period 2002-2005. The plan revises the Bank's growth strategy in light of the shifting macroeconomic framework and changed financial scenario.

The new plan provides for the attainment of a ROE greater than 20 percent for 2004, with a 6 percent decrease in the cost/income ratio to bring the ratio to approximately 50 percent. This goal is to be achieved through the growth of commercial productivity, the redesign of infrastructure and of customer service models, and decisive actions to control operating costs.

Specifically, the plan contemplates the optimization of the value of customer relationships, through a product/service portfolio increasingly focused on segmentation and personalization of services and through strong integration of the product companies with its the distribution network, while at the same time leveraging the Group's brands and strong branch presence.

Within this scope, business strategies shall be implemented through changes designed to increase the efficiency of operational process in the branches and back office, with an aim to free up time and resources to dedicate to commercial development. Additionally, the business strategy contemplates the completion of the organization's centralization process and the launch of a number of specific cost-containment initiatives.

To facilitate the execution of the outlined strategies, the Group will orient itself towards a multi-market business model characterized by the divisional reconfiguration of the Corporate Center and the Group's commercial banks, with a specific focus on the retention of retail and corporate customers.

At the end of February, in accordance with the stock granting plan approved at the shareholders' meeting of 20 December 2001 and the resolution authorizing the same, the Board of Directors of the Bank resolved to increase the share capital by EUR 85,878.00, corresponding to 165,160 shares each with par value of EUR .52, such shares to be assigned to employees of MPS Group companies.

At the end of February, the Board of Directors of Banca MPS passed a resolution authorizing the acquisition of a business unit from its subsidiary Banca 121 S.p.A. The business unit consists mainly of 30 branches located outside of Banca 121's core business region of Puglia and of the entire holding of the Irish company 121 Financial Services Ltd., including all of its assets and liabilities. This transaction was completed within the ambit of the Group's 2002-2005 business plan, and of the business plan of its subsidiary Banca 121 S.p.A., and reinforces the specialized role of Banca 121 as the Group's main business unit in the personal financial services sector for new affluent customers. Contemporaneously with the transaction, the activities of 121 Financial Services were transferred to the Group's treasury division.

Confirming its emphasis on the quality of its services (Banca MPS is among the first banks in Italy to have created an operations system complying with the international ISO 9001/2000 standard), in February, the Bank obtained certification of its service to plan and disburse mortgage loans to private customers through the branch network, and of the design and distribution, via telephone, WAP-GSM and Internet channels, of its transactional and informational direct banking services (PaschiHome, PaschiInAzienda, PaschiInrete, Paschi In Tel, Paschinsieme).

In March, the term for the equity swap on 22,265,520 ordinary shares (equal to 19 percent of the share capital) of Banca Agricola Mantovana expired. The swap was executed by the Bank in 1999 at the time of its tender offer for the subsidiary. The equity swap was extended for another three years with leading financial institutions at conditions substantially similar to the previous conditions (specifically, a March 2005 put option for the acquirer at an exercise price of EUR 18.076).

As further regards the Banca Agricola Mantovana tender offer, the put option granted to the holders of the 50 percent of the shares not tendered at the time of the offer expired in March 2002. The put option consisted of the right to sell a maximum of 11,277,485 such shares to the Bank for the unit price of ITL 25,000 (EUR 12.91). In order to facilitate the decision of the holders of these shares, the Bank commenced a series of communication initiatives for the purpose of informing the shareholders of their rights and the related procedures.

Other significant events include:

- In January and February, the Bank paid in the remainder of the share capital for MPS Net, in the amount of EUR 24.5 million.

- On 22 February 2002, the Bank completed the acquisition of the 6.51 percent of the capital of MPS Merchant held by the Economy and Finance Ministry; the acquired interest put the parent company's holding at 86.97 percent, and the Group's holding at 98.65 percent.

- At the shareholders' meeting of MontePaschi Serit, held on 11 March 2002, the shareholders resolved to cover the 2001 losses in the amount of EUR 58.5 million by using the fiscal year loss coverage reserve and a capital injection by the sole shareholder Banca MPS. Additionally, Banca MPS recapitalized MontePaschi Serit with an injection of EUR 10.4 million.

OUTLOOK FOR 2002

In 2002, the Bank intends to accelerate the course of its planned development by improving its performance in the areas of operational efficiency, commercial effectiveness and the control of risk.

In this regard, the 2002 budget anticipates a sizeable increase in profitability to be attained through:

- The implementation of a new service model specialized by customer segments for the retail market, with the objective of servicing this client base within a framework of increasingly standardized rules and procedures. At the same time, the Bank will seek to strengthen operating relationships with its most affluent customers. In accordance with these policies, 2002 will see the Bank increasing product diversification and specialization to address the varying needs and economic situations of its customers, with the aim of increasing their contribution to profitability.

- The development within the organization of improved guidelines for customer procurement, satisfaction, and retention and the provision of support tools for the corporate market, flanked by appropriate campaigns to support the sale of innovative financial products, products for hedging interest-rate and exchange-rate risk, and insurance and asset management products. The Bank will also continue to promote its electronic banking services in order to increase the volume of remote banking transactions as a percentage of total transactions, thereby resulting in further decreases in the costs of rendering the services.

- A substantial reduction in the growth of expenses in comparison with the preceding year; this reduction will be achieved largely through the containment of total employee compensation for personnel, which increased significantly in 2001 due to organizational growth, while other expenses, reflective of an intense project launch phase in FY2001, will be subject to significant cost-cutting measures;

- The continued improvement of loan management, with positive results also anticipated in terms of the containment of potentially risky expenditures.

The initiatives described above should result in a significant increase in Bank profitability for 2002, in line with the objectives set out in the business plan.

BANCA
MONTE
DEI PASCHI
DI SIENA
S.p.A.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2001

NOTES TO THE FINANCIAL STATEMENTS

**FINANCIAL STATEMENTS
AND NOTES TO THE FINANCIAL STATEMENTS**

**FORM AND CONTENT OF THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2001**

The financial statements as of 31 December 2001 have been prepared in accordance with laws and regulations in effect in Italy, and include the following:

- **Balance Sheet**
- **Profit and Loss Statement**
- **Note to the Financial Statements**

The notes to the financial statements include the following:

Introduction - General Information

Part A – Valuation Criteria

Part B - Information on the Balance Sheet

Part C - Information on the Profit and Loss Statement

Part D – Other Information

The following supplemental information is also provided and constitutes an integral part of the notes to the financial statements:

- **Statement of Changes in Financial Position**
- **Statement of Changes in Shareholders' Equity**
- **Proforma Financial Statements as of 31 December 2001 and 31 December 2000**
- **Statement as of 31 December 2001 of "Defined Contribution Pension Fund for Employees of Banca Monte dei Paschi di Siena S.p.A. hired from 1 January 1991 onward"**

**FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2001**

Balance Sheet, Guarantees and Commitments, Profit and Loss Statement

Balance Sheet, Guarantees and Commitments, Profit and Loss Statement expressed in Euro
(1 EUR = ITL 1,936.27)

(in ITL)

BALANCE SHEET

Assets		31/12/2001
10	Cash and cash on deposit with central banks and Post Offices	758,656,501,472
20	Italian Government securities and similar instruments eligible for refinancing with central banks	849,408,013,310
30	Amounts due from banks	28,641,823,381,862
	<i>a) sight</i>	2,646,206,876,396
	<i>b) other</i>	25,995,616,505,466
40	Customer loans and advances including:	68,286,260,474,014
	- <i>loans with third-party funds under administration</i>	23,880,996,839
50	Bonds and other fixed-income securities	11,990,277,253,350
	<i>a) of public issuers</i>	3,457,383,368,399
	<i>b) of banks</i>	3,862,932,929,125
	- <i>including: own securities</i>	569,228,547,253
	<i>c) of financial institutions</i>	3,215,357,796,214
	- <i>including: own securities</i>	-
	<i>d) of other issuers</i>	1,454,603,159,612
60	Shares, quotas and other equity securities	1,020,193,386,033
70	Equity investments	4,203,295,578,973
80	Equity investments in Group companies	7,144,757,915,517
	<i>a) valued with net equity method</i>	-
	<i>b) other</i>	7,144,757,915,517

90	Intangible assets		252,764,331,255
	<i>including:</i>		
	- <i>start-up costs</i>	15,571,568,981	
	- <i>goodwill</i>	63,000,000,000	
100	Fixed assets		4,266,075,470,072
	<i>including: assets under financial lease</i>		
		2,454,207,325,369	
110	Unpaid subscribed capital		-
120	Own shares or quotas (nominal value 1,348,482,093)		7,222,158,900
130	Other assets		15,314,063,530,134
140	Accrued income and prepayments		2,319,232,915,459
	<i>a) accrued income</i>		
		2,220,266,101,401	
	<i>b) prepayments</i>		
	<i>including:</i>		
	- <i>issuing discounts</i>	98,966,814,058	
		33,014,001,840	
Total Assets			145,054,030,910,351

BALANCE SHEET

(in ITL)

Liabilities and Shareholders' Equity		31/12/2001
10	Due to banks	22,249,465,521,800
	<i>a) sight</i>	
		2,090,043,181,945
	<i>b) time or requiring advance notice of withdrawal</i>	20,159,422,339,855
20	Customer deposits	52,966,970,098,075
	<i>a) sight</i>	
		41,531,440,611,973
	<i>b) time or requiring advance notice of withdrawal</i>	11,435,529,486,102
30	Other borrowed funds backed by negotiable instruments	34,530,121,381,401
	<i>a) bonds</i>	
		21,205,422,378,051
	<i>b) certificates of deposit</i>	
		12,395,945,142,062
	<i>c) other instruments</i>	928,753,861,288
40	Third-party funds under administration	72,806,328,632
50	Other liabilities	12,825,749,643,800
60	Accrued liabilities and deferred income	2,737,242,274,709
	<i>a) accrued liabilities</i>	
		2,404,622,234,299
	<i>b) deferred income</i>	332,620,040,410
70	Staff severance indemnity reserve	471,435,178,909
80	Reserves for risks and other charges	1,941,186,412,672
	<i>a) pension fund and similar obligations</i>	
		185,667,661,473
	<i>b) reserve for taxes</i>	
		1,105,348,004,494
	<i>c) other reserves</i>	650,170,746,705
90	Reserve for loan losses	300,000,000,000

100	Reserve for general banking risks		813,000,000,000
110	Subordinated debt		5,712,089,788,416
120	Share capital		2,625,881,189,061
130	Paid-in capital		1,012,524,094,456
140	Reserves		4,236,809,972,743
	<i>a) legal reserve</i>	472,093,961,400	
	<i>b) reserve for own shares or quotas</i>	7,222,158,900	
	<i>c) statutory reserves</i>	1,290,500,000,00	
			0
	<i>d) other reserves</i>	2,466,993,852,44	
			3
150	Revaluation reserves		1,385,392,788,476
160	Retained earnings		172,849,228
170	Profit (loss) for the year		1,173,183,387,973
Total Liabilities and Shareholders' Equity			145,054,030,910,351

GUARANTEES AND COMMITMENTS

(in ITL)

Account	31/12/2001
10 Guarantees released	14,571,193,929,059
<i>including:</i>	
- <i>acceptances</i>	60,678,210,934
- <i>other guarantees</i>	14,510,515,718,125
20 Commitments	13,131,261,328,352
<i>including:</i>	
<i>for sales with obligation to repurchase</i>	-
30 Commitments relative to credit derivatives	342,679,588,859

PROFIT AND LOSS STATEMENT

(in ITL)

Account	31/12/2001
10 Interest and similar income	6,838,104,543,243
<i>including:</i>	
- on customer loans and advances	4,555,512,402,509
- on debt securities	667,442,076,273
20 Interest expense and other expense on borrowed funds	4,590,270,444,386
<i>including:</i>	
- on customer deposits	1,515,801,694,506
- on other borrowed funds backed by negotiable instruments	1,400,239,996,497
30 Dividends and other income	1,164,875,417,698
a) on shares, quotas and other equity securities	182,551,435,739
b) on equity investments	431,278,471,019
c) on equity investments in Group companies	551,045,510,940
40 Commissions earned	1,601,416,580,593
50 Commissions expense	123,937,404,277
60 Profits/losses on financial transactions	(37,069,892,545)
65 Earnings on investment of pension funds and similar funds	2,113,349,377
70 Other operating income	1,466,546,483,874
80 Administrative expenses	2,996,168,761,630
a) personnel expense	1,778,138,219,037
<i>including:</i>	
- salaries and wages	1,265,179,538,229
- social-welfare charges	349,866,931,486
- staff severance indemnity reserve	91,130,141,717
- pension fund and similar obligations	22,488,890,849
b) other administrative expenses	1,218,030,542,593
85 Allocation of earnings on investments of pension and similar funds	2,113,349,377
90 Valuation adjustments to fixed and intangible assets	912,610,855,001
100 Provisions for risks and charges	48,718,684,712
110 Other operating expenses	6,251,884,911
120 Valuation adjustments to loans and provisions for guarantees and commitments	649,157,953,872

130	Recoveries on loans and on provisions for guarantees and commitments	272,176,748,065
140	Provisions to loan loss reserve	20,000,000,000
150	Valuation adjustments to non-current financial assets	163,391,039,886
160	Recoveries on non-current financial assets	875,677,073
170	Profit (loss) from ordinary operations	1,796,418,529,326
180	Extraordinary income	633,382,100,267
190	Extraordinary charges	111,222,090,868
200	Extraordinary profit (loss)	522,160,009,399
210	Change in reserve for general banking risks	-
220	Income taxes	(929,365,470,665)
230	Profit for the year	1,389,213,068,060
240	Reserve provisions under Legislative Decree No. 153 /99	216,029,680,087
250	Net profit for the year	1,173,183,387,973

BALANCE SHEET

(in EUR)

Assets		31/12/2001
10	Cash and cash on deposit with central banks and Post Offices	391,813,384
20	Italian Government securities and similar instruments eligible for refinancing with central banks	438,682,629
30	Amounts due from banks	14,792,267,288
	<i>a) sight</i>	1,366,651,798
	<i>b) other</i>	13,425,615,490
40	Customer loans and advances	35,266,910,335
	<i>including:</i>	
	- <i>loans with third-party funds under administration</i>	12,333,506
50	Bonds and other fixed-income securities	6,192,461,409
	<i>a) of public issuers</i>	1,785,589,493
	<i>b) of banks</i>	1,995,038,362
	- <i>including: own securities</i>	293,982,010
	<i>c) of financial institutions</i>	1,660,593,717
	- <i>including: own securities</i>	
	<i>d) of other issuers</i>	751,239,837
60	Shares, quotas and other equity securities	526,885,913
70	Equity investments	2,170,821,001
80	Equity investments in Group companies	3,689,959,518
	<i>a) valued with net equity method</i>	-
	<i>b) other</i>	3,689,959,518
90	Intangible assets	130,541,883
	<i>including:</i>	
	- <i>start-up costs</i>	8,042,044
	- <i>goodwill</i>	32,536,785
100	Fixed assets	2,203,244,109
	<i>including: assets under financial lease</i>	1,267,492,305
110	Unpaid subscribed capital	-
120	Own shares or quotas (nominal value 696,433)	3,729,934
130	Other assets	7,909,053,763

140	Accrued income and prepayments		1,197,783,840
	<i>a) accrued income</i>	1,146,671,746	
	<i>b) prepayments</i>	51,112,094	
	<i>including:</i>		
	<i>- issuing discounts</i>	17,050,309	
Total Assets			74,914,155,006

BALANCE SHEET

(in EUR)

Liabilities and Shareholders' Equity		31/12/2001
10	Due to banks	11,490,889,970
	<i>a) sight</i>	1,079,417,221
	<i>b) time or requiring advance notice of withdrawal</i>	10,411,472,749
20	Customer deposits	27,355,157,131
	<i>a) sight</i>	21,449,199,033
	<i>b) time or requiring advance notice of withdrawal</i>	5,905,958,098
30	Other borrowed funds backed by negotiable instruments	17,833,319,413
	<i>a) bonds</i>	10,951,686,685
	<i>b) certificates of deposit</i>	6,401,971,389
	<i>c) other instruments</i>	479,661,339
40	Third-party funds under administration	37,601,331
50	Other liabilities	6,623,946,890
60	Accrued liabilities and deferred income	1,413,667,658
	<i>a) accrued liabilities</i>	1,241,883,743
	<i>b) deferred income</i>	171,783,915
70	Staff severance indemnity reserve	243,475,951
80	Reserves for risks and other charges	1,002,539,116
	<i>a) pension fund and similar obligations</i>	95,889,345
	<i>b) reserve for taxes</i>	570,864,603
	<i>c) other reserves</i>	335,785,168
90	Reserve for loan losses	154,937,070
100	Reserve for general banking risks	419,879,459
110	Subordinated debt	2,950,048,179
120	Share capital	1,356,154,456
130	Paid-in capital	522,925,054
140	Reserves	2,188,129,740
	<i>a) legal reserve</i>	243,816,183
	<i>b) reserve for own shares or quotas</i>	3,729,934
	<i>c) statutory reserves</i>	666,487,628
	<i>d) other reserves</i>	1,274,095,995
150	Revaluation reserves	715,495,664
160	Retained earnings	89,269

170 Profit (loss) for the year

605,898,655

Total Liabilities and Shareholders' Equity

74,914,155,006

GUARANTEES AND COMMITMENTS

(in EUR)

Account		31/12/2001
10	Guarantees released	7,525,393,633
	<i>including:</i>	
	- <i>acceptances</i>	31,337,681
	- <i>other guarantees</i>	7,494,055,952
20	Commitments	6,781,730,507
	<i>including:</i>	
	<i>for sales with obligation to repurchase</i>	-
30	Commitments relative to credit derivatives	176,979,238

PROFIT AND LOSS STATEMENT

(in EUR)

Account		31/12/2001
10	Interest and similar income	3,531,586,268
	<i>including:</i>	
	- on customer loans and advances	2,352,725,809
	- on debt securities	344,705,065
20	Interest expense and other expense on borrowed funds	2,370,676,840
	<i>including:</i>	
	- on customer deposits	782,846,243
	- on other borrowed funds backed by negotiable instruments	723,163,607
30	Dividends and other income	601,607,946
	a) on shares, quotas and other equity securities	94,279,948
	b) on equity investments	222,736,742
	c) on equity investments in Group companies	284,591,256
40	Commissions earned	827,062,641
50	Commissions expense	64,008,327
60	Profits/losses on financial transactions	(19,145,002)
65	Earnings on investment of pension funds and similar funds	1,091,454
70	Other operating income	757,408,049
80	Administrative expenses	1,547,392,028
	a) personnel expense	918,331,751
	<i>including:</i>	
	- salaries and wages	653,410,701
	- social-welfare charges	180,691,191
	- staff severance indemnity reserve	47,064,790
	- pension fund and similar obligations	11,614,543
	b) other administrative expenses	629,060,277
85	Allocation of earnings on investments of pension funds and similar funds	1,091,454
90	Valuation adjustments to fixed and intangible assets	471,324,172
100	Provisions for risks and charges	25,161,101
110	Other operating expenses	3,228,829
120	Valuation adjustments to loans and provisions for guarantees and commitments	335,262,104
130	Recoveries on loans and on provisions for guarantees and commitments	140,567,559
140	Provisions to loan loss reserve	10,329,138
150	Valuation adjustments to non-current financial assets	84,384,430
160	Recoveries on non-current financial assets	452,249
170	Profit (loss) from ordinary operations	927,772,741
180	Extraordinary income	327,114,555
190	Extraordinary charges	57,441,416

200	Extraordinary profit (loss)	269,673,139
210	Change in reserve for general banking risks	-
220	Income taxes	(479,977,209)
230	Profit for the year	717,468,671
240	Reserve provisions under Legislative Decree No. 153/99	111,570,019
250	Net profit for the year	605,898,652

FINANCIAL STATEMENTS WITH COMPARATIVE DATA FROM PRIOR YEAR

BALANCE SHEET

(in IT
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Assets		31/12/2001	31/12/2000	Absolute and % Changes	
10	Cash and cash on deposit with central banks and Post Offices	758,657	427,314	331,343	77.5
20	Italian Government securities and similar instruments eligible for refinancing with central banks	849,408	1,826,038	(976,630)	(53.48)
30	Amounts due from banks	28,641,824	32,880,915	(4,239,091)	(12.89)
	<i>a) sight</i>	2,646,207	3,501,135	(854,928)	(24.42)
	<i>b) other</i>	25,995,617	29,379,780	(3,384,163)	(11.52)
40	Customer loans and advances including:	68,286,260	69,178,881	(892,621)	(1.29)
	- <i>loans with third-party funds under administration</i>	23,881	27,871	(3,990)	(14.32)
50	Bonds and other fixed-income securities	11,990,277	14,576,785	(2,586,508)	(17.74)
	<i>a) of public issuers</i>	3,457,383	7,257,562	(3,800,179)	(52.36)
	<i>b) of banks</i>	3,862,933	4,573,930	(710,997)	(15.54)
	- <i>including: own securities</i>	569,229	896,820	(327,591)	(36.53)
	<i>c) of financial institutions</i>	3,215,358	1,668,887	1,546,471	92.6
	- <i>including: own securities</i>	-	-	-	-
	<i>d) of other issuers</i>	1,454,603	1,076,406	378,197	35.1
60	Shares, quotas and other equity securities	1,020,193	952,906	67,287	7.0
70	Equity investments	4,203,296	2,943,034		42.8

				1,260,262	
80	Equity investments in Group companies	7,144,758	6,076,793	1,067,965	17.5
	<i>a) valued with net equity method</i>	-	-	-	
	<i>b) other</i>	7,144,758	6,076,793	1,067,965	17.5
90	Intangible assets including:	252,764	169,502	83,262	49.1
	- start-up costs	15,572	15,332	240	1.5
	- goodwill	63,000	56,700	6,300	11.1
100	Fixed assets including: assets under financial lease	4,266,075	3,697,185	568,890	15.3
		2,454,207	1,868,428	585,779	31.3
110	Unpaid subscribed capital including: called-up capital	-	-	-	
120	Own shares or quotas	7,222	11,336	(4,114)	(36.2)
130	Other assets	15,314,064	9,182,442	6,131,622	66.7
140	Accrued income and prepayments	2,319,233	2,219,749	99,484	4.4
	<i>a) accrued income</i>	2,220,266	2,170,829	49,437	2.2
	<i>b) prepayments including:</i>	98,967	48,920	50,047	102.3
	- issuing discounts	33,014	13,137	19,877	151.3
	Total Assets	145,054,031	144,142,880	911,151	0.6

BALANCE SHEET

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Liabilities and Shareholders' Equity		31/12/2001	31/12/2000	Absolute and % Change	
10	Due to banks	22,249,466	31,167,700	(8,918,234)	(28.3)
	<i>a) sight</i>	2,090,043	1,400,367	689,676	49.2
	<i>b) time or requiring advance notice of withdrawal</i>	20,159,423	29,767,333	(9,607,910)	(32.3)
20	Customer deposits	52,966,970	53,209,422	(242,452)	(0.4)
	<i>a) sight</i>	41,531,441	39,405,151	2,126,290	5.4
	<i>b) time or requiring advance notice of withdrawal</i>	11,435,529	13,804,271	(2,368,742)	(17.3)
30	Other borrowed funds backed by negotiable instruments	34,530,121	32,392,899	2,137,222	6.6
	<i>a) bonds</i>	21,205,422	18,398,222	2,807,200	15.2
	<i>b) certificates of deposit</i>	12,395,945	12,975,289	(579,344)	(4.4)
	<i>c) other instruments</i>	928,754	1,019,388	(90,634)	(8.8)
40	Third-party funds under administration	72,806	98,649	(25,843)	(26.2)
50	Other liabilities	12,825,750	8,627,276	4,198,474	48.6
60	Accrued liabilities and deferred income	2,737,242	2,277,091	460,151	20.2
	<i>a) accrued liabilities</i>	2,404,622	2,071,273	333,349	16.0
	<i>b) deferred income</i>	332,620	205,818	126,802	61.6
70	Staff severance indemnity reserve	471,435	471,731	(296)	(0.0)

80	Reserves for risks and other charges		1,941,187	1,957,215	(16,028)	(0.8)
	<i>a) pension fund and similar obligations</i>	185,668		167,956	17,712	10.5
	<i>b) reserve for taxes</i>				(82,471)	(6.9)
	<i>c) other reserves</i>	1,105,348		1,187,819		8.1
		650,171		601,440	48,731	
90	Reserve for loan losses		300,000	300,000		- 0.0
100	Reserve for general banking risks		813,000	813,000		- 0.0
110	Subordinated debt		5,712,090	3,183,931	2,528,159	79.4
120	Share capital		2,625,881	2,360,470	265,411	11.2
130	Paid-in capital		1,012,524	1,012,524		- 0.0
140	Reserves		4,236,810	3,882,751	354,059	9.1
	<i>a) legal reserve</i>	472,094		432,032	40,062	9.2
	<i>b) reserve for own shares or quotas</i>	7,222		11,336	(4,114)	(36)
	<i>c) statutory reserves</i>				253,000	24.5
	<i>d) other reserves</i>	1,290,500		1,037,500	65,111	2.7
		2,466,994		2,401,883		
150	Revaluation reserves		1,385,393	1,621,440	(236,047)	(14)
160	Retained earnings		173	98	75	76.5
170	Profit (loss) for the year		1,173,183	766,683	406,500	53.0
	Total Liabilities and Shareholders' Equity		145,054,031	144,142,880	911,151	0.6

**GUARANTEES AND
COMMITMENTS**

(in ITL
mn)

Account		31/12/2001	31/12/2000	Absolute and % Changes	
10	Guarantees released	14,571,194	10,886,064	3,685,130	33.85
	<i>including:</i>				
	- <i>acceptances</i>	60,678	199,600	(138,922)	(69.60)
	- <i>other guarantees</i>	14,510,516	10,686,464	3,824,052	35.78
20	Commitments	13,131,261	16,584,209	(3,452,948)	(20.82)
	<i>including:</i>				
	<i>for sales with obligation to repurchase</i>	-	-	-	
30	Commitments relative to credit derivatives	342,680	793,832	(451,152)	(56.83)

**PROFIT AND LOSS
STATEMENT**

(in
ITL
mn)

Account	31/12/2001	31/12/2000	Absolute and % Changes	
10 Interest and similar income			505,948	7.99
	6,838,105	6,332,157		
<i>including:</i>				
- on customer loans and advances	4,555,513	4,113,847	441,666	10.74
- on debt securities	667,442	704,647	(37,205)	(5.28)
)	
20 Interest expense and other expense on borrowed funds	4,590,270	4,288,246	302,024	7.04
<i>including:</i>				
- on customer deposits	1,515,802	1,516,504	(702)	(0.05)
- on other borrowed funds backed by negotiable instruments	1,400,240	1,331,569	68,671	5.16
30 Dividends and other income	1,164,875	626,093	538,782	86.05
a) on shares, quotas and other equity securities	182,551	91,951	90,600	98.53
b) on equity investments	431,278	131,497	299,781	227.98
c) on equity investments in Group companies	551,046	402,645	148,401	36.86
40 Commissions earned	1,601,416	1,531,694	69,722	4.55
50 Commissions expense	123,937	131,193	(7,256)	(5.53)
60 Profit (loss) from financial transactions	(37,070)	166,396	(203,466)	(122.28)
)	
65 Earnings on investment of pension funds and similar funds	2,113	333	1,780	
70 Other operating income	1,466,546	1,343,451	123,095	9.16
80 Administrative expenses	2,996,169	2,747,885	248,284	9.04
a) personnel expense	1,778,138	1,634,149	143,989	8.81
<i>including:</i>				
- salaries and wages	1,265,180	1,149,331	115,849	10.08
- social-welfare charges	349,867	333,743	16,124	4.83

	- staff severance indemnity reserve	91,130	82,940	8,190	9.87
	- pension fund and similar obligations	22,489	28,892	(6,403)	(22.16)
	b) other administrative expenses	1,218,031	1,113,736	104,295	9.36
85	Allocation of earnings on investments of pension funds and similar funds	2,113	333	1,780	
90	Valuation adjustments to fixed and intangible assets	912,611	772,759	139,852	18.10
100	Provisions for risks and charges	48,719	128,330	(79,611)	(62.04)
110	Other operating expenses	6,252	18,071	(11,819)	(65.40)
120	Valuation adjustments to loans and provisions for guarantees and commitments	649,158	679,684	(30,526)	(4.49)
130	Recoveries on loans and on provisions for guarantees and commitments	272,177	299,093	(26,916)	(9.00)
140	Provisions to loan loss reserve	20,000	20,000	-	-
150	Valuation adjustments to non-current financial assets	163,391	148,655	14,736	9.91
160	Recoveries on non-current financial assets	876	13,206	(12,330)	(93.37)
170	Profit (loss) from ordinary operations	1,796,418	1,377,267	419,151	30.43
180	Extraordinary income	633,382	344,356	289,026	83.93
190	Extraordinary charges	111,222	58,878	52,344	88.90
200	Extraordinary profit (loss)	522,160	285,478	236,682	82.91
210	Change in reserve for general banking risks	-	-	-	
220	Income taxes	(929,365)	(680,032)	(249,333)	36.66
230	Profit for the year	1,389,213	982,713	406,500	41.37
240	Provisions to reserves pursuant to Law 218/90 and Legislative Decree 153/99	216,030	216,030	-	-

250	Net profit for the year	1,173,183	766,683	406,500	53.02
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NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements include the following:

Part A - Valuation criteria

- Section 1 - Description of valuation criteria
- Section 2 - Fiscal adjustments and provisions
- Section 3 - Other information

Part B - Information on the Balance Sheet

- Section 1 – Loans
- Section 2 – Securities
- Section 3 – Equity investments
- Section 4 – Fixed and intangible assets
- Section 5 – Other assets
- Section 6 – Liabilities
- Section 7 – Reserves
- Section 8 – Capital, reserves, reserve for general banking risks and subordinated debt
- Section 9 – Other liabilities
- Section 10 – Guarantees and commitments
- Section 11 – Concentration and distribution of assets and liabilities
- Section 12 – Funds management and other transactions for the account of third parties

Part C - Information on the Profit and Loss Statement

- Section 1 – Interest income and interest expense
- Section 2 – Commissions earned and commission expense
- Section 3 – Profits and losses from financial operations
- Section 4 – Administrative expenses
- Section 5 – Valuation adjustments, recoveries and provisions
- Section 6 – Other items
- Section 7 – Additional notes to the profit and loss statement

Part D - Other information

- Section 1 – Directors and Statutory Auditors
- Section 2 – Parent company or EU-based controlling entity

PART A

VALUATION CRITERIA

Section 1

VALUATION CRITERIA

The valuation criteria indicated hereunder conform with the criteria provided by prevailing Italian laws and with the criteria adopted in the preparation of the 2000 financial statements, with exceptions noted as follows.

Dividends from subsidiary companies are accrued as earned, that is in the same year in which the earnings subject to distribution are actually generated. Other dividends are booked in the year in which their payment is authorized which coincides with the year in which they are received.

Securities have been valued on the basis of the weighted daily average cost method in place of the LIFO annual-layer method.

The market value of securities traded on organized markets in Italy and abroad which are part of the trading portfolio is represented by the closing price on the final day of trading during the year in place of the arithmetic average of daily prices reported during the month of December.

Investments in mutual funds held in the trading portfolio are stated at market value as calculated by the funds management companies; this criterion is consistent with that adopted for the valuation of securities traded in organized markets.

The change of the valuation criteria had the effect of increasing earnings and shareholders' equity in the amount of ITL 383,433 million, net of the fiscal effect.

The positive effect of the change in the reporting of dividends only was equal to ITL 345,031 million, net of taxes. This amount is the algebraic sum of the following components:

- an increase in earnings of ITL 30,387 million due to dividends declared relative to 2001;
- an increase in earnings of ITL 67,173 million due to dividends declared relative to 2000;
- an increase in earnings of ITL 247,471 million due to dividends declared relative to prior years.

The proforma financial statements as of 31 December 2001 and 2000 which are presented as attachments to these notes have been prepared by retroactively applying the new criterion for the reporting of dividends.

1. LOANS, GUARANTEES AND COMMITMENTS

1.1 LOANS

Loans and advances to customers and banks are recorded at the total amount disbursed. Mortgages, deposits with third parties, long-term loans and other subsidies are stated at the equivalent of the residual principal amount. Loans include accrued and past-due interest computed at year end. Interest accrued and unpaid at year end is recorded in the profit and loss statement as an offsetting entry to "Accrued income".

Loans are stated at their estimated realizable value, which is determined by taking into account the solvency of the debtor as well as any difficulties in the servicing of debt by countries in which the debtors are resident. Estimated loan losses are computed based on analyses of outstanding loans whose collection may be at risk, with such analyses supplemented by evaluations of country risk.

- Non-performing loans (i.e. loans made to borrowers who are insolvent or in a comparable situation) and watch-list credits (i.e. loans made to borrowers in temporary difficulties) are analyzed by taking into account the financial condition of each borrower and the existence of any collateral or guarantees;
- Loans to countries at risk (i.e. loans to residents in countries having difficulties in servicing debt) are valued in accordance with the directives of the Bank of Italy and the Italian Bankers Association with respect to the country of the counterparty;
- Performing loans are estimated on the basis of the Bank's ordinary risk;
- Past-due interest is mostly written off completely.

The determination of the estimated realizable value of loans also takes into account the existence of certain credit-risk hedging transactions effected through credit derivatives in which the Group figures as the "protection purchasing party".

The writedown of loans is effected by means of a direct charge to the carrying value; the writedown provisions may later be reversed should the reasons therefor no longer apply.

1.2 GUARANTEES AND COMMITMENTS

Guarantees and commitments are valued as follows:

- Agreements covering loans and deposits to be funded: at the value to be disbursed under the underlying contract;
- Irrevocable credit lines: at the value of the residual amount available;
- Other guarantees and commitments: at the value of the contractual commitment.

Specific credit risks inherent to the guarantees and commitments are valued in accordance with the criteria adopted for valuing loans. Any estimated losses are recorded in the account "Reserve for risks and charges - other reserves". Any capital losses on credit derivatives contracts belonging to the Banking Book in which the Bank acts as the protection selling party are also ascribed to the aforementioned reserve.

2. SECURITIES AND OFF-BALANCE-SHEET TRANSACTIONS (excluding those relating to foreign currency transactions)

Transactions involving securities are recorded as of the settlement date; securities denominated in foreign currencies are valued at the exchange rate prevailing at year end.

The cost of securities is determined according to the weighted daily average cost method, with any issuing premiums and discounts recorded in accordance with prevailing laws.

Transfers between the trading portfolio and the investment portfolio and vice versa are booked at the value resulting from the application, as of the date of the transaction, of the evaluation methods of the original portfolio.

2.1 INVESTMENT SECURITIES

Securities held for long-term investment purposes are valued at purchase or subscription cost adjusted for any issuing or trading premiums and discounts accrued.

The criterion for the recognition of issuing premiums and discounts is considered along with the compulsory criterion for the pro-rata recognition of trading premiums and discounts in a strict sense; both types of premiums and discounts are included in the account "Interest and similar income".

The value of investment securities is written down to reflect the permanent impairment of the solvency of the issuer and / or the debt-servicing capacity of the issuer's country of residence. Any writedown provisions taken may later be reversed should the reasons therefor no longer apply.

2.2 TRADING ACCOUNT SECURITIES

Securities held for trading purposes or for the purposes of the Bank's treasury management are valued as follows.

Securities quoted on official markets in Italy or abroad are valued on the basis of market prices prevailing as of the close of the final trading session of the year.

Investments in mutual funds are stated at market value as calculated by the funds management companies; this criterion is consistent with that adopted for the valuation of securities traded in organized markets.

Securities not listed on official markets are valued as follows:

- Unlisted debt securities are valued at the lower of cost and "normal value"; normal value is objectively determined by the present value of expected cash flows on the securities, and by taking into account current yields on securities with similar maturity dates as of the end of the year;
- Unlisted equity securities are valued at cost, adjusted to reflect any significant decreases in value;
- Debt or equity securities having an economic relationship with derivatives contracts are valued in accordance with the valuation criterion adopted for the derivatives contracts.

Any gains or losses recorded on the valuation of the trading account securities are booked to Account 60 "Profits/losses from financial transactions".

Any writedown provisions taken may later be reversed should the reasons therefor no longer apply.

2.3 OWN SHARES

Own shares are held for trading purposes within the limits established by a special resolution of the Board of Directors. The shares are valued at market value in accordance with the criteria established for securities traded in organized markets which are part of the trading portfolio. The value of the asset is offset by a restricted reserve of the same amount in accordance with Article 2357 ter of the Italian Civil Code.

2.4 OFF-BALANCE-SHEET TRANSACTIONS (excluding those relating to foreign currency)

2.4.1 Commitments for securities transactions to be settled

Contracts covering the purchase or sale of securities which have not been settled as of the date of the financial statements are reported as commitments on the basis of contractual amounts. Such contracts are valued as follows:

- Purchase commitments are valued at the lower of settlement price and market value, using the criteria adopted for the portfolio to which the securities will be added;
- Sale commitments are valued at the lower of the settlement price and the book value of the securities.

2.4.2 Derivatives contracts (on securities, interest rates, indices and other assets, excluding foreign currencies)

The valuation of derivative contracts depends on the purpose for which the contracts were consummated.

Derivatives used for trading purposes are valued at market value, determined as follows:

- in the case of contracts quoted in organized markets, by using the market value as of the close of the year;
- in the case of contracts not quoted in organized markets, whose parameters of reference are prices, quotes or indices reported on information circuits normally used at an international level and in any case, parameters that may be objectively determined, by using the financial value as determined on the basis of quotations of the aforementioned parameters reported as of the close of the year;
- in the case of other contracts, by taking into account any other specific elements in an objective and standard manner.

Derivatives used for hedging assets and liabilities and off-balance-sheet assets and liabilities are valued in accordance with the hedged assets and liabilities, as indicated as follows:

- at market value, if used to hedge securities belonging to the trading portfolio;
- at cost, if used to hedge interest-bearing assets or liabilities other than trading account securities, in accordance with the accounts.

The differentials and margins on contracts for hedging interest-bearing assets and liabilities other than trading account securities are calculated as part of the interest margin. If the hedging is related to specific assets and liabilities, such differentials and margins are allocated in accordance with the accrual of interest on the underlying assets/liabilities; in the case of general hedging, the differentials and margins are accrued to the interest margin in accordance with the duration of the contracts.

Any gains or losses recorded on the valuation of the derivatives contracts are accrued to Account 60 – "Profits/losses from financial transactions" in the profit and loss statement. The balancing entries are made to Account 130 - "Other assets" and Account 50 - "Other liabilities", without any offsetting of the gains and losses.

Master Netting Agreements are taken into account only for determining the absorption of capital required for regulatory purposes, without any significance insofar as financial statement reporting is concerned.

Derivatives contracts involved in long-term investment transactions which may eventually involve the purchase of securities to be classified as investments are valued with the criteria used for valuing investment securities.

2.5 REPURCHASE AGREEMENTS

Repurchase agreements are reported as funding or lending transactions, with the relative income and expense recorded in the "Interest and similar income" and "Interest expense and other expense on borrowed funds" accounts in the profit and loss statement, as accrued.

3. EQUITY INVESTMENTS

Shareholdings considered as long-term investments are valued at cost, inclusive of revaluation required by the law, ancillary charges and any writedowns to reflect the permanent impairment of value on the investment whether in relation to a decrease in shareholders' equity or market trends.

The writedown provisions may be reversed in whole or in part should the reasons therefor no longer apply.

Dividends from subsidiary companies are accrued as earned, i.e. in the same year in which the earnings subject to distribution are actually generated. Other dividends are booked in the year in which their payment is authorized which coincides with the year in which they are received.

4. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (including off-balance-sheet transactions)

Transactions in foreign currency are reported as of the settlement date.

Profits and losses from transactions denominated in foreign currency are reported using the exchange rates prevailing when the transaction was posted.

Assets and liabilities denominated in foreign currency or denominated in lire and indexed to a foreign currency are converted into lire by using the spot exchange rates prevailing at the end of the year; cross-exchange rates with the U.S. dollar as of year end were used for converting unlisted currencies into lire.

Off-balance-sheet spot transactions are converted into lire using spot rates prevailing at year end. Off-balance-sheet forward transactions and derivative contracts are valued as follows:

- in the case of trading transactions, at the forward rate as of year end for corresponding maturities;
- in the case of hedging transactions, at a value consistent with the assets and liabilities hedged; the spot-forward exchange-rate differential is accrued to interest income or interest expense over the life of the contracts.

The result of such valuations is accrued to the profit and loss statement.

5. FIXED ASSETS

5.1 FIXED ASSETS USED BY THE BANK IN NORMAL OPERATIONS

Fixed assets are recorded at purchase cost, which is increased to reflect any ancillary charges or costs for improvements. In the case of buildings, the original cost may be revalued in accordance with specific laws.

The values disclosed are net of accumulated depreciation determined on the basis of maximum rates allowed by law, and reflect the residual value of the assets in relation to the estimated useful life of the same. The estimated useful life of the assets is computed by taking into account the nature of the Bank's business and the rapid degree of obsolescence in the case of assets having a high technology content.

Expenses and charges for maintenance and repair which do not increase the value of the assets are charged to the profit and loss statement as incurred.

5.2 FIXED ASSETS LEASED TO THIRD PARTIES UNDER FINANCIAL LEASES

Fixed assets leased to third parties under financial leases are stated at purchase cost, net of accumulated depreciation.

Income from financial leases is accrued to the profit and loss statement in accordance with the contract term.

Assets leased under financial contracts executed before 1 January 1995 are depreciated on a straight-line basis. Depreciation charges are computed with reference to the contract term and the cost of the asset. Cost, which may be adjusted for revaluation required under Law 413/91, is decreased by the price agreed upon for the transfer of the assets at the termination of the contract.

Assets leased under financial contracts executed after 1 January 1995 are depreciated as provided in the relative financial amortization plan; depreciation is computed with reference to the cost of the asset, which is decreased by the price agreed upon for the transfer of the assets at the termination of the contract.

5.3 ASSETS TO BE LEASED TO THIRD PARTIES UNDER FINANCIAL ASSETS

Buildings under construction to be leased to third parties under financial leases and capital equipment acquired but not yet delivered in relation with financial leases as of 31 December 2001 are valued at cost, without any charges for depreciation.

6. INTANGIBLE ASSETS

Intangible assets are recorded at purchase or production cost, including any ancillary charges. Amortization is computed with reference to the residual possibilities for the use of the assets, as described hereunder:

- Costs sustained for capital increases and for the Bank's stock market listing and other deferred charges are amortized on a straight-line basis over a period of five years;
- Costs sustained for commissions paid on bond issues are amortized in relation to the relative redemption schedules;
- Costs incurred for the purchase and third-party production of software are amortized on a straight-line basis over five years;
- Any other deferred charges are amortized over a maximum period of five years.

7. ACCRUALS AND DEFERRALS

Accruals and deferrals are calculated on an accrual basis, on the basis of the conditions applicable to the individual relationships to which the amounts refer. No adjustments are made directly to such accounts.

8. OTHER INFORMATION

8.1 DUE TO BANKS AND CUSTOMERS

Savings deposits, certificates of deposit and current-account deposits of customers and banks are stated at nominal value, including interest paid as of 31 December 2001. Interest accrued on certificates of deposit and time deposits maturing after 31 December 2001 has been recorded as interest expense, as an offsetting entry to "Accrued liabilities".

8.2 STAFF SEVERANCE INDEMNITY RESERVE

The staff severance indemnity reserve includes all amounts due to full-time employees as of the end of the year in accordance with prevailing laws and labor contracts. The reserve fully covers the Bank's commitments to employees as of the year end.

8.3 RESERVES FOR RISKS AND OTHER CHARGES

8.3.1 Pension fund and similar obligations

The reserve includes a pension fund to supplement the Government pensions for personnel in the Tax Collection Department, a complementary defined-contribution pension fund set up for employees hired from 1 January 1991 onward and annual provisions for pensions to be paid to the Bank's present and past Chief Executive Officers, as calculated in relation to the terms and conditions of individual contracts.

8.3.2 Reserve for taxes

The reserve represents a realistic estimate of tax liabilities to be paid, in accordance with prevailing tax regulations and fiscal practices.

8.3.3 Deferred taxes

The Bank of Italy, with its directive of 3 August 1999, and CONSOB, with its memorandum of 30 July 1999, mandated the application of the Italian Accounting Principle No. 25 approved by the Italian Association of Professional Accountants ("Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri").

Pursuant to the new principle, deferred tax assets and deferred tax liabilities are recorded, respectively, in the balance sheet accounts, "other assets" and "reserve for taxes". In respect of the general principle of prudence, deferred tax assets are recognized only to the extent that there is reasonable certainty of sufficient taxable income being realized in future years so as to allow for full absorption of the taxes in the specific years in which the amounts prepaid due to timing differences become deductible for tax purposes. This determination must be made at the end of every year in order to ensure the condition of recoverability

8.3.4 Other reserves

Other reserves include provisions made to cover risks on guarantees released and commitments undertaken, and reserves to cover liabilities which are probable or certain but whose amount or settlement date were unknown as of the date of the financial statements.

8.4 RESERVE FOR LOAN LOSSES

The reserve covers only potential risks and therefore is not used for adjusting the value of any assets.

8.5 RESERVE FOR GENERAL BANKING RISKS

The reserve has been set up in accordance with Article 11, Paragraph 2 and 3 of Legislative Decree 87/92, in order to cover risks on general banking business.

8.6 PROFIT AND LOSS STATEMENT

Interest and commission income and expense are recognized in accordance with the accrual accounting method. Interest income and expense include other income and charges of the same nature, including issuing premiums and discounts on trading and investment securities.

The criteria used for the determination of accruals and deferrals make reference to the concept of the allocation of income and expenses applicable to two or more years.

8.7 CURRENCY OF ACCOUNT

All amounts in the balance sheet and the profit and loss statement are denominated in Italian lire, whereas the amounts in the notes to the financial statements are denominated in millions of Italian lire.

In the schedules attached to the financial statements, specific indication is given of any amounts denominated in other currencies.

Section 2

ADJUSTMENTS AND FISCAL PROVISIONS

2.1 Adjustments made exclusively for the purpose of compliance with fiscal laws

No adjustments were made.

2.2 Provisions made exclusively for the purpose of compliance with fiscal laws

As a result of the "non-structural concentrations" realized with the acquisition of the Banca Agricola Mantovana Group in 1999 and of the Banca 121 Group in 2000, the Bank took advantage of certain provisions granted under Article 23 of Legislative Decree No. 153 of 17 May 1999 relative to non-structural concentration transactions. Accordingly, the Bank established a provision and allocated it to a special reserve in the shareholders' equity accounts; this provision, which is subject to tax at a reduced rate, is temporarily exempt from taxes.

Section 3

OTHER INFORMATION

3.1 Reference is made to Section 7 - Reserves regarding information requested by CONSOB with its letter of 15 February 2001 regarding the preparation of the financial statements as of 31 December 2000 and the preliminary findings of the European Commission in relation to: the fiscal benefits provided by Legislative Decree No. 153/99, and the provisions of (i) Law No. 133/99 regarding subsidized mortgages and (ii) Law Decree 394/00 regarding fixed-rate mortgages.

3.2 The disclosures required by the Bank of Italy in relation to securitization transactions are provided in Part B, Section 11.

Comments regarding salient events occurring during the year or after the date of the financial statements, relationships with the Group companies, and future developments are provided in the Report of the Board of Directors.

PART B
INFORMATION ON THE BALANCE SHEET

Section 1 - LOANS

Amounts due from banks and customers are stated at the estimated realizable value.

1.1 Detail of Account 30 - Amounts due from banks

	31/12/2001	31/12/2000
A) Amounts due from central banks:	2,982,623	1,039,151
Amounts due from the Bank of Italy		
- mandatory reserves	1,139,615	1,009,698
- repurchase agreements	-	-
- other credits	1,815,521	-
Amounts due from other central banks	27,487	29,453
B) Bills eligible for refinancing with central banks	-	-
C) Repurchase agreements	3,884,561	9,640,354
D) Securities lending	-	-

The balance of the account in relation to the economic nature of the counterparty and the type of transaction is indicated in the following table.

	31/12/2001	31/12/2000
Sight	2,646,207	3,501,135
- Current accounts	949,141	1,118,060
- Demand deposit	1,543,630	2,184,191
- Other	153,436	198,884
Other	25,995,617	29,379,780
- Bank of Italy and other central banks	2,982,623	1,039,151
- Time deposits	11,541,955	10,994,467
- Repurchase agreements	3,884,561	9,640,354
- Loans and subsidies	7,468,247	7,533,405
- Other	118,231	172,403
Total	28,641,824	32,880,915

Valuation of amounts due from banks (excluding past-due interest)

Following is the detail on the adjustments to principal amounts.

31/12/2001

	<i>Nominal Value</i>	<i>Doubtful Amounts</i>	<i>Net Amounts</i>
Non-performing loans	11,915	9,530	2,385
Watchlist credits	24,670	5,559	19,111
Country risk	672,658	26,366	646,292
<i>including:</i>			
<i>central banks</i>	-	-	-
<i>banks</i>	672,658	26,366	646,292
Total	709,243	41,455	667,788

31/12/2000

	<i>Nominal Value</i>	<i>Doubtful Amounts</i>	<i>Net Amounts</i>
Non-performing loans	12,506	10,123	2,383
Watchlist credits	18,181	10,419	7,762
Country risk	285,778	54,496	231,282
<i>including:</i>			
<i>central banks</i>	-	-	-
<i>banks</i>	285,778	54,496	231,282
Total	316,465	75,038	241,427

Amounts due from banks (cash credits, including past-due interest)

31/12/2001

	Total Outstanding	Total Valuation Adjustments	Net Exposure
A. Doubtful loans	593,917	41,948	551,969
A.1 Non-performing loans	12,408	10,023	2,385
A.2 Watchlist credits	24,670	5,559	19,111
A.3 Loans in the process of restructuring	-	-	-
A.4 Restructured loans	-	-	-

A.5 Unsecured loans to high-risk nations	556,839	26,366	530,473
B. Performing loans	28,089,855	-	28,089,855

31/12/2000

	Total Outstanding	Total Valuation Adjustments	Net Exposure
A. Doubtful loans	273,542	75,338	198,204
A.1 Non-performing loans	12,806	10,423	2,383
A.2 Watchlist credits	18,181	10,419	7,762
A.3 Loans in the process of restructuring	-	-	-
A.4 Restructured loans	-	-	-
A.5 Unsecured loans to high-risk nations	242,555	54,496	188,059
B. Performing loans	32,682,711	-	32,682,711

1.2 Detail of Account 40 - Customer loans and advances

31/12/2001 31/12/2000

a) Bills eligible for refinancing with central banks	-	-
b) Repurchase agreements	89,889	2,122,787
c) Securities lending	-	-

Customer loans amount to ITL 68,286,260 million, net of writedowns of ITL 1,181,769 million. The distribution of loans by category is provided in the following table:

31/12/2001 31/12/2000

Current accounts	13,713,276	14,378,023
Discounted bills	296,371	271,479
Repurchase agreements	89,889	2,122,787
Advances	6,311,531	5,991,751
Advances and subsidies	18,195,877	14,982,097
Personal loans	1,316,277	1,432,777
Non-performing loans	707,558	2,215,629

Mortgages and advances toward mortgages	26,811,510	25,759,482
Other	843,971	2,024,856
Total	68,286,260	69,178,881

The loan value of financial leases is provided in the following table:

	31/12/2001	31/12/2000
Loan value of lease contracts executed after 1 January 1995	2,179,795	1,702,055
Loan value of lease contracts executed before 1 January 1995	15,664	22,510
Total	2,195,459	1,724,565

1.3 Secured customer loans and advances

The table below summarizes secured loans. The table includes amounts for partially secured loans and excludes loans to Governments and public-sector entities.

	31/12/2001	31/12/2000
a) Secured by mortgages	12,713,258	13,868,075
b) Loans collateralized by:		
1- Cash deposits	513,205	381,447
2- Securities	1,287,154	1,398,254
3- Other negotiable instruments	30,083	26,359
c) Loans backed by guarantees from:		
1 – Governments	-	35
2 - Other public-sector entities	3,068	6,874
3 – Banks	182,446	195,948
4 – Others	13,011,992	12,761,719
Total	27,741,206	28,638,711

1.4 Non-performing loans (including past-due interest and loan values of financial leases)

Non-performing loans, which include ITL 194,454 million of past-due interest (all of which has been written off) can be summarized as follows:

	31/12/2001	31/12/2000
Nominal value	1,274,065	4,135,935

less: valuation adjustments	543,815	1,900,684
Book value	730,250	2,235,251

1.5 Past-due interest

The table below provides a breakdown of the nominal amount of past-due interest

	31/12/2001	31/12/2000
a) Non-performing loans	194,454	1,092,228
b) Other credits	34,312	83,380
c) Amounts due from taxpayers	2,452,098	2,452,098
Total	2,680,864	3,627,706

The above-mentioned past-due interest has been written off completely

1.6 Valuation adjustments to customer loans (excluding past-due interest and loan values of financial leases)

Following is the detail on the adjustments to principal amounts.

	<i>Original Value</i>	<i>Amount (loss) Written Off</i>	Book Value as at 31/12/2001	<i>Doubtful Amount</i>	31/12/2001 <i>Book Value</i>
Non-performing loans	1,340,429	309,593	1,030,836	323,278	707,558
<i>including: mortgages</i>	577,906	79,949	497,957	57,297	440,660
<i>other</i>	762,523	229,644	532,879	265,981	266,898
Watchlist credits and in arrears (°)	1,321,242		1,321,242	293,486	1,027,756
Country risk	611,499		611,499	16,732	594,767
Total			2,963,577	633,496	2,330,081
Lump-sum adjustment on performing loans				320,000	
				953,496	

(°) including: current maturities of ITL 231.5 billion on mortgages.

Valuation adjustments to non-performing loans amount to 47.21 percent of the original loan value, or 65 percent excluding mortgages.

31/12/2000

	<i>Original Value</i>	<i>Amount (loss) Written Off</i>	Book Value as at 31/12/2000	<i>Doubtful Amount</i>	<i>Book Value</i>
Non-performing loans <i>including: mortgages</i>	5,774,539	2,775,490	2,999,049	783,420	2,215,629
	1,080,880	131,780	949,100	101,112	847,988
	4,693,659	2,643,710	2,049,949	682,308	1,367,641
<i>other</i>					
Watchlist credits and in arrears (°)	1,425,628		1,425,628	359,943	1,065,685
Country risk	362,093		362,093	13,732	348,361
Total			4,786,770	1,157,095	3,629,675
Lump-sum adjustment on performing loans				300,000	
				1,457,095	

(°) including: current maturities of ITL 529,7 bn. on mortgages.

Valuation adjustments to non-performing loans amount to 61.63 percent of the original loan value, or 70.86 percent excluding mortgages.

Customer loans (cash credits, including past-due interest and the loan value of financial leases)

31/12/2001

	Total Outstanding	Total Valuation Adjustments	Net Exposure
A. Doubtful loans	3,013,476	880,746	2,132,730
A.1 Non-performing loans	1,261,657	533,792	727,865
A.2 Watch-list credits	1,309,771	320,606	989,165
A.3 Loans in the process of restructuring	-	-	-
A.4 Restructured loans	70,192	9,616	60,576
A.5 Unsecured loans to countries at risk	371,856	16,732	355,124
B. Performing loans	68,687,370	320,000	68,367,370

Cash credits include: past-due interest, the loan value of non-performing financial leases amounting to: ITL 36,860 million of non-performing loans (written down by ITL 16,553 million), ITL 24,409 million of watchlist credits (written down by ITL 2,424 million), and ITL 2,171,548 million of performing loans.

31/12/2000

	Total Outstanding	Total Valuation Adjustments	Net Exposure
A. Doubtful loans	5,751,688	2,347,494	3,404,194
A.1 Non-performing loans	4,123,129	1,890,261	2,232,868
A.2 Watch-list credits	1,433,434	419,369	1,014,065
A.3 Loans in the process of restructuring	-	-	-
A.4 Restructured loans	104,818	24,132	80,686
A.5 Unsecured loans to countries at risk	90,307	13,732	76,575
B. Performing loans	67,147,136	300,000	66,847,136

Cash credits include: past-due interest, the loan value of non-performing financial leases amounting to ITL 32,152 million of non-performing loans (written down by ITL 14,913 million), ITL 29,244 million of watchlist credits (written down by ITL 178 million), and ITL 1,701,847 million of performing loans.

Trend of doubtful loans to customers (including loan value of financial leases)

Description/Category	Non-Performing Loans	Watchlist Credits	Loans in the Process of Restructuring	Restructured Loans	Unsecured Loans to High-Risk Nations
A. Total outstanding as of 31/12/2000	4,123,129	1,433,434		104,818	90,307
A.1 including: past-due interest	1,091,928	83,380			
B. Increases					
B.1 new performing loans	392,125	962,092		13,862	-
B.2 past-due interest	33,023	15,529			
B.3 transfer from other categories	405,018	21,595		1,361	
B.4 other increases	64,848	26,671		501	289,367
C. Decreases					
C.1 reclassified as performing	-	-			-
C.2 cancellations	2,021,119	136,634		-	
C.3 recoveries	233,910	516,079		21,816	7,818
C.4 sales	1,495,425	97,216			
C.5 transfer to other categories	3,006	399,097		25,872	-
C.6 other decreases	3,026	524		2,662	-
D. Total outstanding as of 31/12/2001	1,261,657	1,309,771		70,192	371,856
D.1 including: past-due interest	193,961	34,312			

Trend of total valuation adjustments (including loan value of financial leases)

Description/Category	Non-Performing Loans	Watchlist Credits	Loans in the Process of Restructuring	Restructured Loans	Unsecured Loans to High Risk Nation	Performing Loans
A. Total valuation adjustments as of 31/12/2000	1,890,261	419,369		24,132	13,732	300,000
A.1 including: past-due interest	1,091,928	83,380				
B. Increases						
B.1 valuation adjustments	336,465	250,689		975	8,092	108,715
B.1.1 including: past-due interest	33,023	15,529				

B.2 use of loan loss reserves					
B.3 transfers from other categories	169,414	12,720		424	9
B.4 other increases	212,397	1,258		-	998
C. Decreases					
C.1 recoveries - valuation adjustments	21,242	35,928		803	5,092
C.1.1 including: past-due interest	-	-			
C.2 cash recoveries	29,824	28,849		3,659	-
C.2.1 including: past-due interest	9,293	7,093			
C.3 cancellations	2,021,119	136,634		-	-
C.4 transfer to other categories	2,560	161,601		11,453	-
C.5 other decreases	-	418			
D. Total final valuation adjustments as of 31/12/2001	533,792	320,606		9,616	16,732
D.1 including: past-due interest	193,961	34,312			

Trend of doubtful loans to banks

Description/Category	Non-Performing Loans	Watchlist Credits	Loans in the Process of Restructuring	Restructured Loans	Unsecured Loans to High-Risk Nations
A. Total outstanding as of 31/12/2000	12,806	18,181			242,555
A.1 including: past-due interest	300				
B. Increases					
B.1 new performing loans	47	19,067			
B.2 past-due interest	193				
B.3 transfer from other categories					
B.4 other increases	1,095	70			338,122
C. Decreases					
C.1 reclassified as performing					4,511
C.2 cancellations	35	7,133			-
C.3 recoveries	798	5,515			19,327
C.4 sales					
C.5 transfer to other categories					
C.6 other decreases	900				
D. Total outstanding as of 31/12/2001	12,408	24,670			556,839
D.1 including: past-due interest	493				

Trend of total valuation adjustments

Description/Category	Non-Performing Loans	Watchlist Credits	Loans in the Process of Restructuring	Restructured Loans	Unsecured Loans to High-Risk Nations	Performing Loans
A. Valuation adjustments as of 31/12/2000	10,423	10,419			54,496	
A.1 including: past-due interest	300					
B. Increases						
B.1 valuation adjustments	431	2,273			7,339	
B.1.1 including: past-due interest	193					
B.2 use of loan loss reserves	-					
B.3 transfers from other categories						

B.4 other increases	-				
C. Decreases					
C.1 recoveries - valuation adjustments		-			27,085
C.1.1 including: past-due interest					
C.2 cash recoveries	796				8,384
C.2.1 including: past-due interest					
C.3 cancellations	35	7,133			
C.4 transfer to other categories					
C.5 other decreases					-
D. Total final valuation adjustments as of 31/12/2001	10,023	5,559			26,366
D.1 including: past-due interest	493				

1.7 Effects of the use of the financial method for financial lease transactions

The table below summarizes the effects on equity and earnings that would materialize as a result of the full-scale application of the financial method for accounting of financial lease transactions.

	Shareholders' Equity	Net Profit
1. Aggregate excess of accumulated depreciation and deferred income at 31/12/2000	10,026	
2. Aggregate net excess (deficit) of income components for the year	<u>(5,429)</u>	<u>(5,429)</u>
3. Aggregate excess of accumulated depreciation and deferred income at 31/12/2001	4,597	5,429
4. Writedown of the loan value of financial leases	<u>(4,597)</u>	<u>(5,429)</u>
5. Excess	<u>-</u>	<u>-</u>

The aforementioned differences exclusively regard financial leases executed through 31 December 1994 since the accounting treatment of assets leased as from 1 January 1995 has essentially been in accordance with the financial method.

1.8 Composition of Account 10- Cash and cash on deposit with central banks and post offices

	31/12/2001	31/12/2000
Notes and coins	407,834	347,893
Money orders and bank drafts	81,827	38,023
Cash on deposit with the Bank of Italy and central banks	33,116	30,122
Cash on deposit with post offices	235,880	11,237
Other	-	39
Total	758,657	427,314

Section 2 - SECURITIES

Securities held by the Bank are reported in the balance sheet as follows:

31/12/2001

Account/Transactions	Investment Securities	Trading Securities	Total
20 - Treasury bonds and similar instruments eligible for refinancing	388,477	460,931	849,408
50 - Bonds, debentures and other loan securities	4,188,875	7,801,402	11,990,277
60 - Shares and other equity securities	-	1,020,193	1,020,193
Total	4,577,352	9,282,526	13,859,878

31/12/2000

Account/Transactions	Investment Securities	Trading Securities	Total
20 - Treasury bonds and similar instruments eligible for refinancing	812,584	1,013,454	1,826,038
50 - Bonds, debentures and other loan securities	5,433,935	9,142,850	14,576,785
60 - Shares and other equity securities	-	952,906	952,906
Total	6,246,519	11,109,210	17,355,729

2.1 Investment securities

The table below summarizes the holdings in the investment securities portfolio:

	Book Value 31/12/2001	Market Value 31/12/2001	Book Value 31/12/2000	Market Value 31/12/2000
1 Debt securities				
1.1 Government securities				

- listed	329,480	327,115	502,553	504,856
- unlisted	50,241	50,241	115,012	115,129
1.2 Other securities				
- listed	2,748,502	2,769,843	5,001,093	4,842,098
- unlisted	1,449,129	1,446,132	627,861	620,463
2 Equity securities				
- listed	-	-	-	-
- unlisted	-	-	-	-
Total	4,577,352	4,593,331	6,246,519	6,082,546

Based on market prices in the final six months of 2001, the investment portfolio included unrealized losses of ITL 40,148 million and unrealized gains of ITL 56,127 million.

If the securities had been considered as trading securities, the portfolio would have evidenced, based on the average prices on 31 December 2001, capital losses of ITL 40,782 and capital gains of ITL 49,813 million.

2.2 Annual changes in investment securities

Annual changes in investment securities are as follows:

	31/12/2001	31/12/2000
A. Opening balance	6,246,519	6,165,736
B. Increases	2,570,211	1,382,868
B.1. purchases	2,005,055	1,037,724
B.2. recoveries in value	-	-
B.3. transfers from trading securities portfolio	240,286	-
B.4 other changes	324,870	345,144
C. Decreases	4,239,378	1,302,085
C.1. sales	2,568,860	-
C.2. redemptions	1,535,187	1,096,900
C.3. valuation adjustments	20,177	-
Including:		
- permanent writedowns	20,177	-
C.4. transfers to trading securities portfolio		
C.5. other changes	115,154	205,185
D. Closing balance	4,577,352	6,246,519

Point B.4 includes the accrual of issuing and trading discounts in the amount of ITL 53,928 million, exchange differences in the amount of ITL 204,903 million and a capital gain in the amount of ITL 66,039 million booked as extraordinary income.

Point C.3 includes writedowns of securities issued by Enron in the amount of ITL 15,587 million and junior securities issued by subsidiaries in the amount of ITL 4,590 million.

Point C.5 includes the accrual of issuing and trading discounts in the amount of ITL 79,254 million and exchange differences in the amount of ITL 35,900 million.

On 17 August 2001, the Board of Directors approved an up-to-date version of the "general authorization" relative to the investment portfolio, providing for the possibility to add securities from securitization transactions to the "Italy" investment portfolio. Securities transferred to the investment portfolio mainly regards: junior notes arising from the securitization transactions of Banca 121 and junior notes issued in relation to the securitization of non-performing loans of the Bank in the Ulisse 1 transaction. As provided by the Bank of Italy Circular No. 3149 of 12 June 2001, such securities were transferred to the investment portfolio at market value as of the date of transfer equal to ITL 240,286 million. The resulting capital loss of ITL 6,254 million was booked to Account 60 - Profits and losses from financial transactions.

On 14 November 2001, the Board of Directors reviewed the "general authorization" in order to align it more closely to the new strategies adopted by the Bank. The review resulted in the limit on the investment securities portfolio of the foreign branches being decreased from ITL 6,000 billion to ITL 4,000 billion, in accordance with the revised mission of the international network. A decision was then made to sell certain fixed-income securities issued by the U.S. Treasury and by the World Bank which had been added to the investment portfolio of the foreign branches in 1999 for a nominal amount of USD 1,154 million. This sale generated a capital gain of ITL 66,039 million which was booked to Account 180 - Extraordinary income.

2.3 Trading account securities

The table below summarizes the holdings in the trading securities portfolio:

	Book Value 31/12/2001	Market Value 31/12/2001	Book Value 31/12/2000	Market Value 31/12/2000
1 Debt securities				
1.1 Government securities				
- listed	3,092,319	3,092,319	4,482,101	4,482,101
- unlisted	7,346	7,379	5,660	5,685
1.2 Other securities				
- listed	1,813,568	1,813,568	2,712,399	2,712,399
- unlisted	3,349,100	3,354,626	2,956,144	2,969,187
2 Equity securities				
- listed	730,264	730,264	641,785	641,785
- unlisted	289,929	298,674	311,121	319,054
Total	9,282,526	9,296,830	11,109,210	11,130,211

The trading portfolio includes ITL 61,124 million of revaluation and recoveries and ITL 245,683 million of valuation adjustments totally booked to the profit and loss statement.

The positive difference of ITL 14,304 million, between market value and book value consists of unrealized capital gains - which were not booked to the profit and loss statement - on unlisted securities not covered by derivatives contracts

As of 31 December 2001, the trading portfolio includes securities relative to the defined-contribution pension fund for employees hired from 1 January 1991 onward; such securities came to ITL 79,038 million (including Government securities in the amount of ITL 35,653 million, other debt securities in the amount of ITL 26,229 million and equity securities in the amount of ITL 17,155 million).

As of 31 December 2000, the trading portfolio includes securities relative to the defined-contribution pension fund for employees hired from 1 January 1991 onward; such securities came to ITL 64,564 million (including Government securities in the amount of ITL 46,756 million and equity securities in the amount of ITL 17,808 million).

2.4 Annual changes in trading account securities

	31/12/2001	31/12/2000
A. Opening balance	11,109,210	12,868,087
B. Increases	352,838,342	467,774,614
B1. Purchases		
Debt securities		
- Government securities	293,385,196	384,266,303
- other securities	50,859,549	76,878,797
Equity securities	8,405,368	5,525,633
B2. Recoveries and revaluations	61,124	130,088
B3. Transfers from investment securities portfolio	-	-
B4. Other changes	127,105	973,793
C. Decreases	354,665,026	469,533,491
C1. Sales and redemptions		
Debt securities		
- Government securities	294,509,404	387,542,281
- other securities	50,993,567	76,252,135
Equity securities	8,170,458	5,609,563
C2. Valuation adjustments	245,683	128,028
C3. Transfers to investment securities portfolio	240,286	-
C4. Other changes	505,628	1,484
D. Closing balance	9,282,526	11,109,210

With regard to point C.3 "Transfers to investment securities portfolio", please see note at the foot of table 2.2.

Point B.4 includes trading income in the amount of ITL 79,510 million and exchange differences in the amount of ITL 46,495 million.

Point C.4 includes issuing discounts in the amount of ITL 23,325 million, trading losses for ITL 5,288 million and a decrease in of technical overdrafts in the amount of ITL 476,598 million.

As shown at the end of table 2.3, the trading account securities include securities relative to the defined-contribution pension plan for employees hired from 1 January 1991 onward. Accordingly, the values disclosed in this table include changes relative to the aforementioned fund as specified hereunder:

purchases (B1) for ITL 144,919 million, revaluations (B2) for ITL 386 million, other increases (B4) for trading income of ITL 533 million and for issuing discounts of ITL 1,100 million, sales and reimbursements (C1) for ITL 128,716 million, and valuation adjustments (C2) in the amount of ITL 3.748 million.

Section 3 - EQUITY INVESTMENTS

Investments are reported as follows:

	31/12/2001	31/12/2000
Equity investments in Group companies	7,144,758	6,076,793
Equity investments - other	4,203,296	2,943,034
including		
:		
- significant equity investments	15,725	12,701
Total	11,348,054	9,019,827

3.1 Equity investments

The following table provides information relative to investments held in Group subsidiaries and affiliates, as well as in companies over which the Bank has significant influence.

Group companies:

Name	Head Office	Net Equity	Profit/Loss	% Held	Book Value
Amministrazioni Immobiliari S.p.A.	Siena	114,050	3,234	100.00	102,974
Banca 121 S.p.A.	Lecce	580,209	26,653	93.98	1,160,705
Banca Agricola Mantovana S.p.A.	Mantua	1,953,980	169,273	52.31	2,089,070
Banca Monte Parma S.p.A.	Parma	266,271	22,497	41.00	259,325
Banca Monte Paschi Belgio S.A.	Brussels	131,071	499	64.47	71,205
Banca Monte Paschi (Suisse) S.A.	Geneva	39,933	1,371	100.00	23,684
Banca MPS (Channel Islands) Ltd.	London	21,608	430	100.00	15,831
Banca Popolare di Spoleto S.p.A.	Spoleto	190,607	16,012	20.00	68,000

Banca Steinhauslin & C.	Florence	108,629	65	100.00	213,604
Banca Toscana S.p.A.	Florence	2,351,954	235,820	57.28	1,106,634
CARIPRATO S.p.A.	Prato	452,033	25,080	79.00	256,355
Cassa Risparmio San Miniato S.p.A.	San Miniato	318,432	14,384	25.00	110,000
Cons. Operativo Gruppo MPS	Siena	205,255	-	62.63	128,547
Consum.it S.p.A.	Florence	56,602	443	70.00	39,311
Dipras	Rome	3,155	1,818	100.00	1,106
E - Idea S.p.A.	Rome	1,841	(2,753)	70.00	1,249
GERIT S.p.A.	L'Aquila	4,809	(73)	95.57	4,650
Grow Life	Dublin	59,628	27,344	40.00	3,934
Italriscossioni S.p.A.	Rome	19,625	(679)	100.00	6,072
M.P. US Commercial Paper Corp.	New York	593	26	100.00	1
Monte Paschi Banque	Paris	174,026	23,305	70.18	123,376
Monte Paschi Fiduciaria S.p.A.	Siena	2,516	11	86.00	2,249
Monte Paschi Nederland	Amsterdam			100.00	513
Monte Paschi SERIT S.p.A.	Palermo	(48,143)	(113,332)	100.00	-
Monte Paschi Vita S.p.A.	Rome	388,379	75,416	100.00	476,119
MP Asset Management SGR	Milan	232,866	116,024	79.98	49,744
MPS Banca Verde S.p.A.	Florence	213,553	14,719	65.50	120,942
MPS Finance Banca Mobiliare S.p.A.	Siena	463,545	175,198	100.00	307,038
MPS Luxembourg	Luxembourg	608	366	99.20	240
MPS Merchant	Florence	438,522	45,132	80.46	249,978
MPS Net	Siena	61,531	(6,238)	99.00	20,128
MPS Preferred Capital	Wilmington	51,843	(6,245)	100.00	58,088
MPS Professional S.p.A.	Siena			96.50	560
Paschi Gestioni Immobiliari S.p.A.	Siena	10,428	532	40.00	3,873
Saped S.p.A.	Siena	2,320	150	47.40	968
Tein Plc (in liquidazione)	London			100.00	8,327
Ticino Assicurazioni S.p.A.	Rome	68,534	15,259	100.00	60,358
					7,144,758

Net equity includes profit (loss) for the year.

Companies over which the Bank has significant influence:

Name	Head Office	Net Equity	Profit/Loss	% Held	Book Value

I.B.A. A.G.	Vienna	22,248	664	35.01	11,623
S.ES.I.T. Puglia S.p.A.	Bari	4,751	(284)	35.00	1,762
SO.RI.T S.p.A.	Foligno	1,522	(1,009)	46.66	2,340
					15,725

Net equity includes profit (loss) for the year.

In certain cases, the carrying value of an investment is in excess of the Bank's share of the net equity in the company in which the investment is held. This is attributable to a book value which takes into account specific provisions to 80 c) – Reserve for risks and other charges.

3.2 Assets and liabilities with respect to Group companies

Asset and liability balances with respect to Group companies at year end are summarized in the following table:

	31/12/2001	31/12/2000
a) Assets:	18,408,744	12,546,269
1. Due from banks	13,648,125	8,593,266
including: subordinated amounts	19,085	19,025
2. Due from financial institutions	1,875,822	1,301,698
including: subordinated amounts	-	-
3. Due from other customers	1,636,471	1,723,345
including: subordinated amounts	-	-
4. Bonds and other debt securities	1,248,326	927,960
including: subordinated amounts	62,976	99,662
b) Liabilities:	7,138,225	8,015,936
1. Due to banks	1,491,974	1,636,255
2. Due to financial institutions	1,399,405	1,871,649
3. Due to other customers	4,194,976	4,376,502
4. Liabilities backed by securities	-	-
5. Subordinated liabilities	51,870	131,530
c) Guarantees and commitments:	2,901,236	1,617,145
1. Guarantees released	976,900	878,606
2. Commitments	1,924,336	738,539
d) Income and charges		
1. Income	1,153,122	726,290
2. Charges	551,991	306,962

3.3 Assets and liabilities with respect to companies in which investments are held (other than Group companies)

Asset and liability balances with respect to other companies at year end are summarized in the following table:

	31/12/2001	31/12/2000
a) Assets:	1,974,468	1,698,169
1. Due from banks	444,868	74,586
including: subordinated amounts	-	-
2. Due from financial institutions	620,120	460,935
including: subordinated amounts	237,039	138,810
3. Due from other customers	827,678	1,073,364
including: subordinated amounts		
4. Bonds and other debt securities	81,802	89,284
including: subordinated amounts	51,146	12,384
b) Liabilities:	1,311,457	2,234,291
1. Due to banks	125,631	312,489
2. Due to financial institutions	178,490	74,030
3. Due to other customers	907,586	1,748,022
4. Liabilities backed by securities	-	-
5. Subordinated liabilities	99,750	99,750
c) Guarantees and commitments:	146,605	876,847
1. Guarantees released	89,214	90,220
2. Commitments	57,391	786,627

3.4 Composition of Account 70- Equity investments

Investments analyzed by business sectors are detailed as follows:

	31/12/2001	31/12/2000
a) In banks	3,463,377	2,450,306
1. listed	3,390,320	2,370,331
2. unlisted	73,057	79,975
b) In financial institutions	369,862	60,609
1. listed	24,266	29,796
2. unlisted	345,596	30,813
c) Other	370,057	432,119
1. listed	23,665	101,005
2. unlisted	346,392	331,114
Total	4,203,296	2,943,034

3.5 Composition of Account 80- Equity investments in Group companies

Investments in Group companies, analyzed by business sectors, are as follows:

	31/12/2001	31/12/2000
a) In banks	6,184,828	5,558,647
1. listed	3,263,705	3,165,672
2. unlisted	2,921,123	2,392,975
b) In financial institutions	147,144	172,687
1. listed	-	-
2. unlisted	147,144	172,687
c) Other	812,786	345,459
1. listed	-	-
2. unlisted	812,786	345,459
Total	7,144,758	6,076,793

3.6 Annual changes in equity investments

Annual changes in equity investments are summarized in the following two tables.

3.6.1 Equity investments in Group companies

	31/12/2001	31/12/2000
A. Opening balance	6,076,793	4,721,420
B. Increases:	1,172,341	1,454,212
B1. purchases	972,291	1,362,918
B2. recoveries	110	695
B3. revaluations	-	-
B4. other changes	199,940	90,599
C. Decreases:	104,376	98,839
C1. sales	2,324	8,713
C2. valuation adjustments	27,297	23,746
including: permanent writedowns		
C3. other changes	74,755	66,380
D. Closing balance	7,144,758	6,076,793
E. Total revaluations	-	-
F. Total adjustments	-	-

3.6.2 Other equity investments

	31/12/2001	31/12/2000
A. Opening balance	2,943,034	1,193,975
B. Increases:	1,735,380	1,820,320
B1. purchases	1,635,823	133,084
B2. recoveries	765	12,511
B3. revaluations	-	1,663,823
B4. other changes	98,792	10,902
C. Decreases:	475,118	71,261
C1. sales	71,077	46,205
C2. valuation adjustments	19,107	4,547
including: permanent writedowns	-	-
C3. other changes	384,934	20,509
D. Closing balance	4,203,296	2,943,034
E. Total revaluations	-	-
F. Total adjustments	-	-

Details on the changes are provided in the following tables.

Changes in the values of investments

Changes in the values of the investments in Group companies

Name	Opening Balance	Purchases	Capital Increases & Subscript.	Recoveries	Valuation Adjustments	Sales	Other Increases	Other Decreases	Book Value
Banca 121 S.p.A.	1,009,640	-	-	-	-	-	2,203	-	1,011,843
Banca Agricola Mantovana (1)	1,991,037	-	-	-	-	-	98,033	-	2,089,070
Banca Steinhauslin & C.	-	150,000	59,320	-	-	-	4,283	-	213,603
Consum.it	44,100	-	-	-	(4,789)	-	-	-	39,311
DIPRAS	-	1,006	-	-	-	-	100	-	1,106
Ducato Gestioni (2)	29,704	-	-	-	-	-	-	(29,704)	-
E-Idea	1,016	-	2,372	-	(2,140)	-	-	-	1,248
Gerit	1,596	-	3,258	-	(204)	-	-	-	4,650
Italriscozioni	6,099	-	-	-	(27)	-	-	-	6,072
Monte Paschi Fiduciaria	2,139	-	-	110	-	-	-	-	2,249
Monte Paschi Nederland B.V.	-	514	-	-	-	-	-	-	514
Monte Paschi Serit (3)	-	-	137	-	(20,137)	-	65,051	(45,051)	-
Monte Paschi Vita	67,754	407,799	-	-	-	-	566	-	476,119
Montepaschi Luxemburg	-	240	-	-	-	-	-	-	240
MPS Alternative Investment	-	-	2,324	-	-	(2,324)	-	-	-
MPS Asset Management	20,040	-	-	-	-	-	29,704	-	49,744
MPS Banca Verde	116,410	4,532	-	-	-	-	-	-	120,942
MPS Finance Banca Mobiliare	78,842	77,300	150,895	-	-	-	-	-	307,037
MPS Merchant	249,959	18	-	-	-	-	-	-	249,977
MPS Net	-	20,128	-	-	-	-	-	-	20,128
MPS Preferred Capital	-	58,088	-	-	-	-	-	-	58,088
MPS Professional	-	-	561	-	-	-	-	-	561
Ticino Assicurazioni	26,559	33,799	-	-	-	-	-	-	60,358
		753,424	218,867	110	(27,297)	(2,324)	199,940	(74,755)	

- 1) The increase is attributable to the conversion of the 95 and 96/2001 bond issues underwritten by BMPS into shares which resulted into an increase in the percentage of ownership of 0.824 percent (8,938,898 shares).
- 2) Merger through incorporation in MPS Asset Management
- 3) Use of share capital to cover a portion of the loss and the relative recapitalization.

Changes in the values of significant investments

Name	Opening Balance	Purchases	Capital Increases & Subscrip.	Recoveries	Valuation Adjustments	Sales	Other Increases	Other Decreases	Book Value
S.ES.I.T. Puglia	331	-	-	-	-	-	1,762	(331)	1,762
SO.RI.T. ordinary shares	330	-	7	-	-	-	2,333	(330)	2,340
SO.RI.T. preferred shares	317	-	-	-	-	-	-	(317)	-
		-	7	-	-	-	4,095	(978)	

Changes in the values of investments in other companies

Name	Opening Balance	Purchases	Capital Increases & Subscrip.	Recoveries	Valuation Adjustments	Sales	Other Increases	Other Decreases	Book Value
24 Ore Television	-	130	-	-	-	-	-	-	130
3R Management SGECR	-	58	-	-	-	-	-	-	58
Agenzia Sviluppo Lazio	1,204	-	458	-	-	-	-	-	1,662
Autocamionabile della Cisa	3,157	-	1,895	-	-	-	-	-	5,052
Banca Nazionale del Lavoro	-	941,961	-	-	-	-	78,029	-	1,019,990
Bell S.A. Cl. A (1)	137,895	-	14,552	-	-	-	15,683	(152,447)	15,683
Bell S.A. Cl: B (1-2)	137,898	-	71,482	-	-	-	-	(209,380)	-
Beni Stabili	20,782	-	-	-	-	-	-	(20,782)	-
C.I.R.	-	2,498	-	-	-	-	-	-	2,498
CBE Service	9	-	-	-	-	(9)	-	-	-
CE.VAL.CO.	54	-	-	-	(20)	-	-	-	34
Cefris	-	-	1	-	-	-	-	-	1
Centro Affari e Convegni Arezzo	-	1,500	-	-	-	-	-	-	1,500
Centro Agro Alimentare Napoli	1,146	-	282	-	(39)	-	-	-	1,389
Centro Intermodale Toscano	-	309	-	-	-	(309)	-	-	-
Cittadelvino.Com	-	-	225	-	-	-	-	-	225
CMST	-	-	44	-	-	-	-	-	44
Confidi Coop. Marche	50	-	-	-	-	-	50	-	100
Cons. Aree Industr. Lamezia T.	-	15	-	-	-	-	-	-	15
Consorzio Intesa Aretina	306	-	175	-	-	-	-	-	481
Dipras	100	-	-	-	-	-	-	(100)	-
Ducotel Communication Service	-	-	73	-	-	-	-	-	73
Elsacom N.V.	8,679	-	-	-	(8,051)	-	-	-	628
E-Mid	419	160	-	-	-	-	-	-	579
Energia Italiana	-	213	213	-	-	-	-	-	426
Engineering	15,713	-	-	-	(3,681)	-	-	-	12,032
ERVET Politiche per le Imprese	-	671	-	-	-	-	-	-	671
Essse	50	-	-	-	(8)	-	-	-	42
Etruria Innovazione	29	-	-	-	(2)	-	-	-	27
Euros	69	-	-	-	-	-	-	-	69
Evoluzione 94	3,437	-	-	375	-	-	-	(946)	2,866
Finaosta	-	1,066	-	-	-	(1)	-	-	1,065
Fincalabra	-	510	-	-	-	-	-	-	510
Fincasa 44	29,797	-	-	-	(5,531)	-	-	-	24,266
Finsoe	-	306,180	-	-	-	-	116	-	306,296
Firenze Mostre	81	-	56	-	(37)	-	-	-	100
Firenze Parcheggi	-	3,770	-	-	-	-	-	-	3,770
Grosseto Sviluppo	170	-	-	-	(44)	-	-	-	126
Hopa	-	-	261,502	-	-	-	-	-	261,502
Idroenergia	-	1	-	-	-	-	-	-	1
Immobiliare Lombarda	2,431	-	-	-	(1,165)	-	-	-	1,266

Infoser	1,643	-	-	-	(12)	-	-	-	1,631
Ist. Encicl. Banca e Borsa	28	15	-	-	(5)	-	-	-	38
Ital Tbs	4,455	-	742	-	-	-	-	-	5,197
Mediocredito Centrale	8,855	-	-	-	-	(8,855)	-	-	-
Mercato Titoli di Stato	1,010	756	-	-	-	-	-	-	1,766
Meri S.O.A.	-	50	-	-	-	-	-	-	50
Monte Titoli	417	2,545	-	-	-	-	-	-	2,962
Nomisma	164	-	318	-	(33)	-	-	-	449
Novocom	-	5,000	-	-	-	-	-	-	5,000
Olivetti S.p.A. (2)	51,710	-	2,060	-	-	(53,640)	-	(130)	-
Parfin	377	-	-	-	(377)	-	-	-	-
Polo Universitario Grossetano	-	-	10	-	-	-	-	-	10
Porto Industriale Livorno	-	2,450	3,188	-	-	-	1	-	5,639
Pubblileasing	834	-	-	-	(65)	-	-	-	769
S.E.A.M.	65	-	17	-	(6)	-	-	-	76
S.I.B. Serv. Immobiliari Banche	869	-	-	-	-	(869)	-	-	-
S.I.T.	-	-	120	-	-	-	-	-	120
S.I.T.A.F.	6,576	-	-	-	-	(7,394)	818	-	-
S.T.B.	-	-	4,000	-	-	-	-	-	4,000
Saped Servizi	178	-	-	-	-	-	-	(171)	7
SFIRS	-	516	-	-	-	-	-	-	516
Siena Mortgages 01-2	-	-	4	-	-	-	-	-	4
Siena Parcheggi	758	-	-	385	-	-	-	-	1,143
So.Fin.Ind.	30	-	2,235	-	-	-	-	-	2,265
Soc. Gest. P. T. Sele Piacentino	-	5	10	-	-	-	-	-	15
Soc. Gest. Patto Terr. Sarnese	70	-	-	-	(12)	-	-	-	58
Soc. It. Organismo Att.ne	110	14	170	-	-	-	-	-	294
Soc. Prom. Area Sud Basilicata	9	-	-	-	(6)	-	-	-	3
Sviluppo Sele Tanagro	100	-	-	-	(13)	-	-	-	87
Sviluppumbria	-	1,352	-	-	-	-	-	-	1,352
Tecnopolis Csata Novus Ortus	-	-	200	-	-	-	-	-	200
Tiziano Finance	2	-	17	-	-	-	-	-	19
Trasporti Ferroviari Casentino	-	-	2	-	-	-	-	-	2
Ulisse	4	-	10	-	-	-	-	-	14
Ulisse 2	-	-	10	-	-	-	-	-	10
Valdarno Sviluppo	79	-	-	5	-	-	-	-	84
	1,271,745	364,071	765	765	(19,107)	(71,077)	94,697	(383,956)	

1) During 2001, an agreement was perfected between the shareholders of Bell and a group of investors led by Pirelli and Benetton which resulted in the latter purchasing a block of Olivetti S.p.A. shares from Bell. The following transactions took place as a result of this agreement:

- a) distribution of reserves, incorporation of shares and transformation of the share capital of Bell, which led to an aggregate decrease in the Bank's investment equal to ITL 346,144 million;
- b) distribution of an extraordinary dividend of ITL 258,009 million, accrued to the Account 30 – Dividends and other income;
- c) the underwriting of a bond issue, Olympia 2007 1.5%, in the nominal amount of ITL 154,447 million; the bonds, which are to be reimbursed with Olivetti shares, have been classified as investment securities;
- d) the underwriting of a bond issue, Olympia S.p.A. 2001-2006 3%, which is convertible into ordinary shares of Telecom Italia Mobile (TIM), for a nominal amount of ITL 484,067 million; such bonds have been classified as trading account securities;
- e) the funding of a six-year loan in the amount of ITL 1,000,000 million for the account of Olympia S.p.A.

2) The investment in Olivetti was sold to Bell S.A. and the amount realized on the sale was used for subscribing to Bell Class B shares issued at the time of the capital increase approved by Bell.

Section 4 – FIXED AND INTANGIBLE ASSETS

Fixed assets

Fixed assets consist of the following:

	31/12/200 1	31/12/200 0
Buildings	1,699,372	1,724,577
Furniture and equipment	112,496	104,180
Assets under financial leases	2,454,207	1,868,428
Total	4,266,075	3,697,185

4.1 Annual changes in balances of fixed assets

The annual changes in the fixed asset accounts are summarized in the table below:

Account/Amount	31/12/200 1			31/12/200 0		
	Buildings	Furniture and Equipmen t	Assets Under Financial Leases	Buildings	Furniture and Equipmen t	Assets Under Financial Leases
A. Opening balance	1,724,577	104,180	1,868,428	1,146,154	106,761	1,498,523
B. Increases:	48,622	81,492	1,336,589	648,557	71,261	1,002,667
B1. purchases and improvements	41,877	81,223	1,336,589	391,662	70,922	1,002,667
B2. recoveries	-	-	-	-	-	-
B3. revaluations	-	-	-	255,791	-	-
B4. other changes	6,745	269	-	1,104	339	-
C. Decreases:	73,827	73,176	750,810	70,134	73,842	632,762
C1. sales	2,594	1,957	31,847	124	1,003	22,008
C2. valuation adjustments:						
a. depreciation	68,355	71,060	718,963	67,043	59,196	610,754
b. permanent writedowns	-	-	-	-	-	-
C3. other changes	2,878	159	-	2,967	13,643	-
D. Closing balance	1,699,372	112,496	2,454,207	1,724,577	104,180	1,868,428

E. Total revaluations	-	-	-	1,129,630	-	-
F. Total adjustments:	586,905	634,028		519,313	595,927	
a. depreciation	586,905	634,028	1,807,706	519,313	595,927	1,581,163
b. permanent writedowns	-	-	1,807,706	-	-	1,581,163
	-	-	-	-	-	-

In accordance with the prevailing regulations in Italy, assets have been revalued pursuant to Law No. 576 of 2 December 1975, Law No. 72 of 19 March 1983, Law No. 413 of 30 December 1991 and Law No. 218/90.

Advances toward the purchase of assets and amounts to be booked definitively to fixed assets came to ITL 262,375 million for assets under lease.

Buildings used for the banking activity were revalued in 2001 in the amount of ITL 1,690,477 million.

Intangible assets

Intangible assets consist of the following:

	31/12/2001	31/12/2000
Goodwill on purchase of Banca 121 business unit and Banca Steinhauslin	63,000	56,700
Purchases of software and start-up costs	56,413	49,282
Commissions for placement of debentures	16,985	15,457
Costs for BAM tender offer, BMPS market listing, purchase of Banca 121 and other	116,366	48,063
Total	252,764	169,502

4.2 Annual changes in balances of intangible assets

The annual changes in the intangible asset accounts are summarized in the table below:

	31/12/2001		31/12/2000	
	Goodwill	Other	Goodwill	Other
A. Opening balance	56,700	112,802	-	162,383
B. Increases:	14,000	123,512	63,000	54,331
B1. Purchases	14,000	123,096	63,000	54,008
B2. Recoveries	-	-	-	-
B3. Revaluations	-	-	-	-
B4. Other changes	-	416	-	323

C. Decreases:	7,700	46,550	6,300	103,912
C1. Sales	-	17	-	-
C2. Valuation adjustments:				
a. Amortization	7,700	46,533	6,300	29,466
b. Permanent writedowns	-	-	-	-
C3. Other changes	-	-	-	74,446
D. Closing balance	63,000	189,764	56,700	112,802
E. Total revaluations	-	-	-	-
F. Total adjustments:	14,000	118,724	6,300	75,904
a. Amortization	14,000	118,724	6,300	75,904
b. Permanent writedowns	-	-	-	-

Section 5 – OTHER ASSETS

5.1 Composition of Account 130 - Other assets

The account includes the following:

	31/12/2001	31/12/2000
Amounts due from taxpayers – Tax Collection service	3,083,503	2,906,206
Advance payments of taxes and tax credits	967,900	512,399
Third-party checks held for collection	802,863	581,779
MPS checks held for collection	310,090	284,032
Clearing balances with branches	103,531	247,965
Amounts due on foreign-currency transactions	12,502	329,961
Revaluations of off-balance-sheet transactions (°)	3,541,755	760,787
Option premiums paid	1,837,575	400,563
Security deposits	457,269	27,773
Deferred tax assets (°)	526,215	329,327
Other	3,670,861	2,801,650
Total	15,314,064	9,182,442

(°) See note in Section 7.4 - "Reserve for taxes"

(°°) The "revaluations of off-balance-sheet items" includes the offsetting accounting entries for the revaluation of forward foreign exchange transactions and derivatives in effect as at year end, as indicated in the criteria described in Part A, Section 1 of these Notes.

5.2 Composition of Account 140 - Accrued income and prepayments

The account consists of the following:

	31/12/2001	31/12/2000
Accrued income:		
Interest on customer loans and advances	169,045	173,331
Owned securities	163,781	282,635
Differentials on hedging transactions	1,458,396	961,335
Interest on loans and advances to banks	252,543	377,098
Tax-Collection commissions	2,377	22,017
Other	174,124	354,413

Prepayments:	2,220,266	2,170,829
Differentials on hedging transactions	33,035	15,687
Other	65,932	33,233
	98,967	48,920
Total	2,319,233	2,219,749

5.3 Adjustments to accrued income and prepayments

No adjustments have been made directly to the accounts.

5.4 Distribution of subordinated loans receivable

The Bank holds the following assets whose repayment is subordinated to the respective borrowers' repayment of other obligations.

	31/12/2001	31/12/2000
a) Due from banks	19,085	19,025
b) Customer loans and advances (°)	237,039	159,461
c) Bonds and other fixed-income securities	1,127,422	279,719
Total	1,383,546	458,205

(°) The balance includes ITL 20,717 million relative to a subordinate loan made to SPV "Siena Mortgages 00-1".

5.5 Composition of Account 120 – Own shares and quotas

	31/12/2001	31/12/2000
Own Shares	7,222	11,336

Own shares are held for trading purposes within the limits established by a special resolution of the Board of Directors. The shares are valued at market value, with the value of the asset offset by a restricted reserve of the same amount, in accordance with Article 2357 ter of the Italian Civil Code.

Section 6 - LIABILITIES

6.1 Detail of Account 10 – Due to banks

	31/12/2001	31/12/2000
a) repurchase agreements	513,455	5,457,515
b) securities lending	-	-

Funding from banks consists of the following amounts:

	31/12/2001	31/12/2000
Sight:		
Current accounts	477,910	597,459
Demand deposits	1,269,601	697,600
Other	342,532	105,308
	2,090,043	1,400,367
Time or requiring advance notice of withdrawal:		
Borrowings from Bank of Italy	241,677	189,126
Borrowings from international institutions	738,810	864,411
Borrowings from central banks	567,829	630,581
Restricted deposits and borrowings	18,093,973	22,619,214
Mortgage loans	-	24
Refinancing from Artigiancassa	3,679	6,462
Repurchase agreements	513,455	5,457,515
Other	-	-
	20,159,423	29,767,333
Total	22,249,466	31,167,700

6.2 Detail of Account 20- Customer deposits

	31/12/2001	31/12/2000
a) repurchase agreements	6,262,548	9,493,709
b) securities lending	-	-

Customer deposits consist of the following amounts:

	31/12/2001	31/12/2000
Sight:		
Savings deposits	3,939,478	3,870,283
Current accounts	37,331,998	34,501,639

Other	259,965	1,033,229
	41,531,441	39,405,151
Time or requiring advance notice of withdrawal:		
Savings deposits	190,127	194,480
Restricted deposits and current accounts	4,258,629	3,528,466
Repurchase agreements	6,262,548	9,493,709
Funding from international entities	52,792	76,712
Other	671,433	510,904
	11,435,529	13,804,271
Total	52,966,970	53,209,422

6.3 Composition of Account 30- Other borrowed funds backed by negotiable instruments

Other borrowed funds backed by negotiable instruments consist of the following amounts:

	31/12/2001	31/12/2000
Bonds	21,205,422	18,398,222
Certificates of deposit	12,395,945	12,975,289
Other securities	928,754	1,019,388
Total	34,530,121	32,392,899

Total customer deposits	87,497,091	85,602,321
Change	2.21%	

Section 7 – RESERVES

This section summarizes the liabilities in Accounts 70, 80, and 90.

7.1 Composition of Account 90 - Reserve for loan losses

The reserve for loan losses has been calculated in accordance with Article 20, Paragraph 6 of Legislative Decree No. 87/92. The reserve does not represent an adjustment to any specific asset item and is designed to cover credit risks only (if any).

7.2 Changes in Account 90 – Reserve for loan losses

	31/12/2001	31/12/2000
A. Opening balance	300,000	280,000
B. Increases		
B1. provisions	20,000	20,000
B2. other changes	-	-
C. Decreases		
C1. use of reserve	20,000	-
C2. other changes	-	-
D. Closing balance	300,000	300,000

7.3 Composition of Sub-Account 80 c) - Reserves for risks and other charges: other reserves

	31/12/2001	31/12/2000
Provisions for guarantees and commitments	34,341	33,899
Provisions for contingencies and other charges	615,830	567,541
Total	650,171	601,440

Changes in this sub-account are summarized in the following table:

Guarantees and commitments

	31/12/2001	31/12/2000
Opening balance	33,899	21,917
Usage	-	-
Provisions	-	11,982
Other	442	
Total	34,341	33,899

The provisions relate to losses with respect to guarantees given and commitments undertaken, and have been calculated pursuant to Article 20, Paragraph 7 of Legislative Decree 87/92.

Provisions for contingencies and other charges

Provisions for contingencies and other charges include estimates relative to the following:

	31/12/2001	31/12/2000
Pending litigations	169,255	177,444
Provisions for misappropriations	22,427	16,863
Risks of restitution of payments received from insolvent borrowers	160,200	133,100
Credit risks on loan value of financial leases	14,381	5,065
Tax collection activities	85,000	85,000
Provisions for losses (if any) of companies in which investments are held	12,815	9,415
Securities issued by high-risk nations	22,369	20,449
Other	129,383	120,205
Total	615,830	567,541

The allocation of sums to the various accounts is adjusted during the year to reflect the changes in the underlying risks.

The "Other" account includes a ITL 78 billion provision to cover probable risk relative to the renegotiation of interest rates on subsidized mortgages. This provision was computed by applying a substitution rate of 9 percent to mortgage payments coming due between 1 July 1999 and 31 December 2001. In the case of the installments due thereafter, from 2002 to 2008, the estimated charge was ITL 76 billion.

In relation to the renegotiation of the so-called "usurious" fixed-rate loans (Law 24/2001), the estimated charge is equal to ITL 12 billion and regards installments due from 2002 to 2008.

Changes in the provisions for contingencies and other charges are summarized in the following table:

	31/12/2001	31/12/2000
Opening balance	567,541	491,504
Usage	-	(55,000)
Provision	48,719	128,330
Other changes	(430)	2,707
Total	615,830	567,541

7.4 Composition of Sub-account 80 b) - Reserve for taxes

	31/12/2001	31/12/2000
Direct taxes	627,571	948,078

Deferred taxes	208,051	33,072
Indirect and foreign taxes	33,656	18,169
Other	236,070	188,500
Total	1,105,348	1,187,819

The reserve for taxes includes provisions relative to:

- a) current corporate income taxes ("IRPEG") and current taxes on productive activity ("IRAP");
- b) deferred tax liabilities;
- c) taxes paid by foreign branches;
- d) estimated charges on litigation in process and possible future litigation, as valued in accordance with the principle of prudence.

In the third year of applying the provisions issued by the Bank of Italy regarding deferred taxation (Order of the Governor of the Bank of Italy of 3 August 1999, published in the Official Gazette of the Republic of Italy, General Series, First Part, No. 188 of 12 August 1999), the reporting of deferred taxes was effected in accordance with the cited regulations and pursuant to the method first adopted in the 1999 balance-sheet, namely, the balance-sheet liability method. In particular, the conditions for reporting deferred tax assets and deferred tax liabilities were verified in the case of amounts previously booked as well as with reference to the amounts which were not booked in the past financial year.

The time horizon considered for reporting deferred tax assets and liabilities coincides with the 2002-2004 period covered by the Bank's strategic plan.

Deferred tax assets were booked to the profit and loss statement principally as a result of timing differences and are connected to:

- direct writedowns of loans deductible over seven years in accordance with Article 71, Paragraph 3 of the Income Tax Act (TUIR);
- writedowns of loans deductible over nine years pursuant to Article 3, Paragraph 107 of Law 549/95;
- repair and maintenance expenses in excess of five percent of the aggregate cost of all depreciable assets as of the beginning of the year, deductible over five years pursuant to Article 67, Paragraph 7 of the Income Tax Act;
- expenses relative to more years, deductible over five years, pursuant to Article 74, of the Income Tax Act;
- the portion of the provision to the reserve for future charges referring to the potential charges arising from the renegotiation of interest rates on mortgage loans;
- amounts receivable from the Tax Authorities which come due in 2002 upon the collection of dividends from subsidiary companies and which are accrued to 2001;
- valuation differences on deductible trading-account securities and equity investments in 2002.

Comments on deferred tax assets offset by entries to the balance sheet are set forth below.

No deferred taxes were calculated with reference to the residual balance of the Reserve for risks and other charges or with respect to the loan loss reserve since the time horizon over which such deferred taxes would be used is considered highly uncertain.

The main deferred tax liabilities mainly relate to the recognition of capital gains taxable over a five-year period, pursuant to Article 54, Paragraph 4 of the Income Tax Act and to dividends from subsidiary companies which were accrued and booked in 2001 and which are to be received in 2002.

Provisions for taxes have not been made relative to reserves totaling ITL 3,555,695 million, since the payment of taxes on such amounts is not considered probable. Such amounts are held in the following reserves: monetary revaluation reserves and capital gain reserve which are part of the share capital pursuant to Law 169/83; the reserve maintained pursuant to Article 13 of Law 124/93, the reserve

maintained pursuant to Article 21 of Legislative Decree No. 213/98, the special reserve set up in accordance with Law 218/90, the revaluation reserve pursuant to Law 342/00 and the special reserve pursuant to Legislative Decree 153/99.

Deferred taxes were calculated separately for corporate income taxes and taxes on productive activity, applying in the former case a rate of 36 percent to the year 2002 and 35 percent to 2003 and 2004; and applying in the latter case a rate of 4.75% for 2002 and 4.25% for 2003 and 2004.

No deferred taxes are ascribed to any account other than Account 80 b), "Reserve for taxes", since there are no premises for the same.

Changes in the reserve for taxes are summarized in the following table:

	31/12/2001	31/12/2000
A) Opening balance	1,187,819	809,363
B) Increases		
B.1 Annual tax provision	655,963	616,414
B.2 Deferred taxes booked during the year	189,771	6,253
B.3 Other changes (1)	51,035	435,595
C) Decreases		
C.1 Usage for payments made during the year	964,448	581,299
C.2 Deferred taxes used during the year	14,792	17,131
C.3 Other changes	-	81,376
D) Closing balance	1,105,348	1,187,819

(1) Exchange-rate differences of foreign branches and adjustments in relation to Legislative Decree 153/99.

Tax litigation in process mainly regards direct taxes and is the result of protests over tax assessments mainly filed by merged companies. The disputes for the years settled to date have repeatedly been in favor of the Bank, at the various instances of judgment, up to the Central Tax Commission.

In calculating annual taxes, the Bank took into account fiscal benefits provided under Legislative Decree 153/99 (the so-called "Ciampi Law") with regard to the concentration transactions which took place in 1999 and 2000. Such benefits allowed for provisions to special reserves to be taxed at a reduced rate of 12.5 percent. Pursuant to a decision of the European Commission of 11 December 2001, such benefits were deemed to be "government aid" and the Italian government must thus arrange for the recovery of such benefits from the banks which made use of them. The Bank is currently taking part in the proceedings, together with the Italian Bankers' Association, to reverse this decision of the EU authorities.

To address the risk of a potential reversal of these benefits, the Bank has set aside a cumulative provision of ITL 149 billion in the reserve for taxes. This provision represents the difference between the tax at the statutory corporate rate (IRPEG: 37 percent for 1999 and 2000 and 36 percent for 2001) and the tax computed at the reduced rate of 12.5 percent. The provision to the reserve relative to the benefits in 2001 amounted to ITL 51 billion.

In the opinion of the Management, the Bank has made sufficient provisions to cover any liabilities arising from pending tax litigation as well as from possible future litigation of the same nature.

Changes in the balances of deferred tax assets and deferred tax liabilities are presented in the following tables:

Deferred tax assets offset by entries to the Profit and Loss Statement

	31/12/2001	31/12/2000
Opening balance	329,327	362,961
	235,117	105,055
Increases		
- deferred taxes booked during the year	217,214	24,670
- other increases	17,903	80,385
Decreases	121,747	138,689
- deferred taxes cancelled during the year	121,747	129,239
- other decreases	-	9,450
Closing balance	442,697	329,327

Deferred tax assets offset by entries to the Balance Sheet

	31/12/2001	31/12/2000
Opening balance	-	-
Increases	83,518	-
- deferred taxes booked during the year	83,518	-
- other increases	-	-
Decreases	-	-
- deferred taxes cancelled during the year	-	-
- other decreases	-	-
Closing balance	83,518	-

The balance represents the deferred tax assets relative to four fifths of the losses arising from the Ulisse and Ulisse2 securitization transactions imputed to reducing the extraordinary reserve pursuant to Article 6 of Law No. 133/99.

Deferred tax liabilities offset by entries to the Profit and Loss Statement

	31/12/2001	31/12/2000
Opening balance	33,072	43,950
Increases	189,771	6,253
- deferred taxes booked during the year	189,570	579
- other increases	201	5,674
Decreases	14,792	17,131
- deferred taxes cancelled during the year	14,792	15,089
- other decreases	-	2,042
Closing balance	208,051	33,072

Deferred tax liabilities offset by entries to the Balance Sheet

	31/12/2001	31/12/2000
Opening balance	-	-
Increases	-	-
- deferred taxes booked during the year	-	-
- other increases	-	-
Decreases	-	-
- deferred taxes cancelled during the year	-	-
- other decreases	-	-
Closing balance	-	-

There are no premises for reporting any deferred tax liabilities offset by entries to the balance sheet.

7.5 Composition of Sub-account 80 a) – Pension fund and similar obligations

The changes in the account balance over 2001 are summarized below:

	31/12/2001	31/12/2000
Opening balance	167,956	141,063
Usage	(9,248)	(5,721)
Provisions and Bank contributions	1,026	12,365
Employee contributions	23,736	19,495
Adjustment of balance for investment income	2,113	333

Transfers from another fund	284	653
Other	(199)	(232)
Total	185,668	167,956

The balance consists of the following amounts:

- a) ITL 31,340 million of defined-benefit pension funds for the Bank's Tax Collection staff.
- b) ITL 10,307 million of appropriation to pension funds for the Bank's Chief Executive Officers;
- c) ITL 47,726 million of defined-contribution pension funds for the Bank's Tax Collection staff;
- d) ITL 96,295 million of defined-contribution supplementary pension funds for the Bank's staff hired from 1 January 1991 onward.

7.6 Composition of Account 70 - Staff severance indemnity reserve

The changes in the account 70 over 2001 are summarized below:

	31/12/2001	31/12/2000
Opening balance	471,731	472,958
Indemnities paid	(23,873)	(16,432)
Advances under Law 297/82	(12,863)	(16,300)
Other advances	-	(653)
Transfer to the supplemental pension fund	(51,404)	(52,811)
Provisions	86,782	85,214
Acquisition of Banca Steinhauslin business unit	1,048	11,407
Other changes	14	(11,652)
Total	471,435	471,731

The staff severance indemnity reserve includes all amounts due to full-time employees as of the end of the year, in accordance with prevailing laws and labor contracts.

Section 8 - CAPITAL, RESERVES AND RESERVE FOR GENERAL BANKING RISKS

8.1 Composition of Account 100 – Reserve for general banking risks

	31/12/2001	31 12 1999
Total	813,000	813,000

8.2 Composition of Account 110 - Subordinated debt

Currency	Issue Date	Expiry Date	Interest Rate	Book Value
ITL	01 12 1998	01 12 2005	floating	299,901
ITL	01 12 1998	01 12 2005	fixed	299,881
EUR	12 03 1999	12 03 2009	floating	811,852
EUR	30 09 1999	30 09 2006	floating	406,617
EUR	15 05 2000	15 05 2007	fixed	290,440
EUR	15 05 2000	15 05 2007	floating	290,441
EUR	07 07 2000	07 07 2015	floating	58,088
EUR	20 07 2000	20 07 2015	floating	48,407
EUR	21 12 2000	21 12 2010	floating	580,881
EUR	07 02 2001	07 02 2031	floating	689,312
EUR	18 05 2001	18 05 2011	floating	484,067
EUR	20 07 2001	20 07 2011	floating	484,067
EUR	20 07 2001	20 07 2011	floating	290,441
EUR	04 12 2001	04 03 2004	floating	677,695
				5,712,090

The subordinated debt agreements do not include any provisions for prepayment or for the conversion into equity or into other types of liabilities. The subordinated debt issues have been structured and placed in accordance with the Bank of Italy requirements, and may be included as supplemental net equity for the computation of capital-adequacy ratios. The following conditions are expressly provided:

- Should the Bank be placed in liquidation, the debt would be reimbursed only after the debtors with higher-ranking claims have been satisfied;
- The term of the loans is no less than five years;
- The prepayment of the debt may only take place upon the Bank's initiative and must be approved by the Bank of Italy.

8.3 Composition of Account 120 - Share capital

	Par Value €	Number of Shares	Par Value €	31/12/2001 ITL mn
Ordinary shares	0.52	2,598,557,169	1,351,249,727.88	2,616,384
Savings shares	0.52	9,432,170	4,904,728.40	9,497
			1,356,154,456.28	2,625,881

	Par Value	Number of Shares	31/12/2000 ITL mn
Ordinary shares	1,000	2,351,895,107	2,351,895
Savings shares	1,000	8,574,700	8,575
			2,360,470

At an Extraordinary Meeting of the Shareholders held on 30 April 2001, the shareholders voted:

- to increase the share capital through a bonus increase pursuant to Article 2442 of the Italian Civil Code for an amount equal to ITL 236,047 million, to be effected through charging the revaluation reserve set up under Law 342/ 2000 for such amount and transferring it to the capital account; with the increase, 1 new share was issued for every 10 held; the shares accrued dividends as of 1 January 2001;
- to convert the share capital into euros with the rounding off of the par value to the highest second decimal point, which resulted in a par value of EUR 0.52 per share for both the ordinary and savings shares, with the rounding differences charged to the Extraordinary Reserve in the amount of ITL 17,813 million;

At an Ordinary and Extraordinary Meeting of the Shareholders held on 20 December 2001, the shareholders passed a resolution authorizing the Board of Directors, in accordance with Article 2443 of the Italian Civil Code, to proceed with a capital increase to service the issue of ordinary shares assigned free of charge to the employees of the Bank and of certain subsidiaries and to set up a reserve for employee profit sharing. At a meeting on the same date, the Board of Directors passed a resolution acting on part of the shareholders' mandate and authorized a share capital increase of ITL 11,551 million covering 11,472,551 ordinary shares with a par value of EUR 0.52 each, to be issued to the employees of the Bank and of a few subsidiaries.

8.4 Composition of Account 130 - Paid-in capital

	31/12/2001	31/12/2000
Total	1,012,524	1,012,524

8.5 Composition of Account 140 - Reserves

	31/12/2001	31/12/2000
Legal reserve	472,094	432,032
Statutory reserve	1,290,500	1,037,500
Extraordinary reserve	376,802	531,346
Reserve per Law 218/90	317,149	317,149
Reserve per Legislative Decree 153/99	616,970	400,941
Reserve per Legislative Decree 213/98	35,091	35,091
Reserve per Law 124/93 (Article 13)	4,244	2,660
Reserve for own shares	7,222	11,336
Merger surplus	1,288	1,288
Other tax-exempt reserves	1,113,408	1,113,408
Reserve for employee profit sharing	2,042	-
Total	4,236,810	3,882,751

The change in other reserves is the result of resolution of the Ordinary Meeting of the Shareholders of 30 April 2001, as detailed in the changes in shareholders' equity.

The shareholders' equity accounts were reviewed so as to verify the existence of any deferred tax liabilities in accordance with the directives issued by the Bank of Italy. In particular, the tax-exempt reserves are not expected to give rise to any deferred taxes since they are "under the control" of the Bank, and since the Bank has not effected any transactions that would establish the premises for the recognition of such liabilities. In addition, the Management does not believe that there is any basis for the calculation of deferred tax liabilities in light of the time horizon of reference.

8.6 Composition of Account 150 - Revaluation reserves

	31/12/2001	31/12/2000
Total	1,385,393	1,621,440

Shareholders' equity

The Statement of Changes in Shareholders' Equity is provided as a supplement to these Notes.

8.7 Capitalization and capital adequacy

Category/Amounts	31/12/2001	31/12/2000
A. Calculation of capital for regulatory purposes		
A.1 Total Tier 1 capital	9,079,989	8,182,726
A.2 Total Tier 2 capital	6,306,330	4,986,828
A.3 Deductions	(2,323,515)	(1,380,425)
A.4 Capital for regulatory purposes	13,062,804	11,789,129
B. Capital required for regulatory purposes		
B.1 Credit risks	6,207,738	5,978,300
B.2 Market risks	518,105	388,697
- <i>including:</i>		
- <i>risks on trading securities portfolio</i>	482,204	388,697
- <i>exchange-rate risks</i>	35,901	-
B.2.1 Subordinated debt	518,105	-
B.3 Other	318,046	-
B.4 Total capital required for regulatory purposes	6,525,784	6,366,997
Surplus capital	6,537,020	5,422,132
C. Risk-weighted assets and capital adequacy ratios		
C.1 Total risk-weighted assets	93,225,479	90,957,095
<i>credit risks</i>	88,681,965	85,404,281
<i>market risks</i> °	7,401,500	5,552,814

C.2 Tier 1 capital/risk-weighted assets	9.74	9.00
C.3 Capital for regulatory purposes/risk-weighted assets	14.57	12.96

° Capital required for regulatory purposes multiplied by the reciprocal of the minimum obligatory ratio for credit risk.

The solvency ratio for credit risk was 14.73 percent as of 31 December 2001 and 13.8 percent as of 31 December 2000.

Section 9 – OTHER LIABILITIES

9.1 Composition of Account 50 - Other liabilities

Following are the principal amounts in the account:

	31/12/2001	31/12/2000
Sums available to customers	519,189	270,990
Liabilities relative to Tax Collection activity	1,864,850	1,267,502
Clearing balances with branches	53,472	218,835
Items related to foreign currency transactions	222	803,547
Valuation adjustments to off-balance-sheet transactions	3,487,518	1,162,420
Taxes withheld for account of third parties	139,234	84,924
Sums of third parties for security deposits	456,863	25,491
Option premiums received	1,640,984	276,386
Other	4,663,418	4,517,181
Total	12,825,750	8,627,276

The balance in the account "Valuation adjustments to off-balance-sheet transactions" is offset by the revaluations effective on forward foreign-currency transactions and derivatives contracts outstanding as of year end, in accordance with the criteria described in Part A, Section 1 of these Notes.

9.2 Composition of Account 60 - Accrued liabilities and deferred income

Following is a breakdown of the account:

	31/12/2001	31/12/2000
Accrued liabilities:		
- interest on customer deposits	40,740	141,332
- interest on debt securities	398,892	328,427
- interest on certificates of deposit	99,481	349,344
- interest on amounts due to banks	110,298	293,459
- differentials on hedging transactions	1,444,393	676,546
- administrative expenses	296,840	268,207
- other	13,978	13,958
	2,404,622	2,071,273
Deferred income:		
- on discount portfolio	8,788	10,963
- on commissions receivable on guarantees	10,849	9,321
- on differentials on hedging transactions	226,147	96,838
- on rents and lease payments	78,607	74,782
- other	8,229	13,914
	332,620	205,818
Total	2,737,242	2,277,091

Section 10 – GUARANTEES AND COMMITMENTS

10.1 Composition of Account 10- Guarantees released

	31/12/2001	31/12/2000
a) Endorsement credits of a commercial nature:		
- documentary credits	360,091	434,729
- bankers' acceptance	38,248	179,653
- guarantees	3,990,893	3,297,125
- other	584,383	1,206,968
	4,973,615	5,118,475
b) Endorsement credits of a financial nature:		
- acceptances	22,430	19,947
- guarantees (°)	8,420,763	5,107,448
- other	1,137,305	614,814
	9,580,498	5,742,209
c) Assets pledged under guarantees:		
- third-party bonds	17,081	25,380
Total	14,571,194	10,886,064

(°)The amount includes ITL 314,233 million of tax excess pursuant to Article 43 ter of Presidential Decree 602/73, which were transferred within the Group and used.

10.2 Composition of Account 20 – Commitments and Account 30 - Commitments relative to credit derivatives

	31/12/2001	31/12/2000
a) Commitments to disburse funds for which usage is certain:		
- loans to customers	71,218	69,204
- loans and deposits to be funded to banks	65,170	371,761
- commitments to purchase securities	273,594	4,441,986
- other commitments and risks (°)	646,447	1,592,940
	1,056,429	6,475,891
b) Commitments to disburse funds for which usage is not certain:		

- margins available on lines of credit to banks	734,017	568,497
- margins available on lines of credit to customers	8,149,136	8,126,422
- Interbank Deposit Protection Fund	86,020	84,213
- commitments against future advances on tax payments not yet due	-	67,030
- put options issued (°)	3,440,821	1,527,166
- other commitments	7,518	528,822
	12,417,512	10,902,150
Total	13,473,941	17,378,041

(°)The amount includes ITL 342,679 million relative to credit derivatives

(°°) Includes the put options issued in relation to the public tender offer for BAM

Credit risk on guarantees and commitments is estimated using the criteria adopted for loans; such risk has been quantified at ITL 34,341 million and is covered by provisions made to the reserve for risks and other charges.

10.3 Assets pledged to guarantee the Bank's own liabilities

Fixed-income securities have been pledged as follows:

	31/12/2001	31/12/2000
Guarantees for advances from the Bank of Italy	516,396	475,734
Guarantees for issuance of cashier checks	110,971	124,391
Guarantees for repurchase agreements	6,960,053	14,952,514
Total	7,587,420	15,552,639

10.4 Margins available on lines of credit

The Bank had the following availability under credit lines in effect as of year end:

	31/12/2001	31/12/2000
Central banks	1,139,615	1,009,698
Banks	-	-
Total	1,139,615	1,009,698

10.5 Forward transactions

Forward transactions at the end of the year are summarized in the following table:

Type of Transaction	Hedging	Trading	Other
1 Transactions:			
1.1 Securities:			
- purchases		273,594	
- sales		125,608	
1.2 Foreign exchange:			
- currency against currency	2,168,124	111,213	
- purchases against Euro	7,868,184	352,951	
- sales against Euro	2,055,890	762,982	
2 Deposits and loans:			
- to be disbursed			136,388
- to be received			2,062,175
3 Derivatives contracts:			
3.1 With exchange of principal			
a) Securities:			
- purchases		13,274	1,617,744
- sales		161,174	
b) Foreign exchange:			
- currency against currency	-	5,037	
- purchases against Euro	1,169,785	26,365	
- sales against Euro	23,505	302,316	
c) Other negotiable instruments:			
- purchases			
- sales			
3.2 Without exchange of principal:			

a) Foreign exchange:			
- currency against currency	176,911	3,229,036	
- purchases against Euro	51,785	1,871,081	
- sales against Euro	12,873	1,988,451	
b) Other negotiable instruments:			
- purchases	54,434,475	131,271,799	2)
- sales	51,117,322	128,109,297	3)

1) The amount includes transactions effected as part of the acquisition of Banca Agricola Mantovana; the securities from the exercise (if any) of such contracts will be used for increasing the holding in this bank.

2) Trading transactions include contracts for hedging the trading portfolio in the amount of ITL 9,681 million.

3) Trading transactions include contracts for hedging the trading portfolio in the amount of ITL 219,377 million.

10.6 Credit derivatives contracts

Type of Transaction	Trading	Other
1 Purchase of protection		
1.1 With exchange of principal		
1.1.1 Credit default swap		446,679
1.2 Without exchange of principal		
2 Sale of protection		
2.1 With exchange of principal		
2.1.1 Credit default swap	-	298,729
2.1.2 Credit spread option		43,951
2.2 Without exchange of principal		

Section 11 – DISTRIBUTION AND CONCENTRATION OF ASSETS AND LIABILITIES

11.1 Material risks

	31/12/2001	31/12/2000
Amount	2,557,169	1,194,029
Number	1	1

The amount refers to the exposure to "groups of customers" which has been appropriately weighted in accordance with prevailing regulations.

11.2 Distribution of customer loans by principal categories of borrowers

The following table provides a summary of loans by principal categories of borrowers:

	31/12/2001	31/12/2000
a) Governments	3,209,356	3,829,304
b) Other public-sector entities	5,174,539	4,333,613
c) Non-financial companies	35,374,476	35,384,497
d) Financial institutions	6,711,674	7,398,072
e) Family-owned businesses	4,620,553	5,285,267
f) Other	13,195,662	12,272,425
Total	68,286,260	68,503,178

11.3 Distribution of loans to non-financial companies and resident, family-owned businesses

The distribution of loans to non-financial companies and resident family-owned businesses by economic sector is summarized in the following table:

	31/12/2001	31/12/2000
a) Other marketable services	6,493,988	4,987,823
b) Commercial services, recoveries and repairs	6,761,806	6,487,255
c) Construction and public works	5,054,589	5,241,099

d) Textiles, leather, footwear, and apparel	2,003,569	1,866,030
e) Food and beverage products	1,706,506	1,717,925
f) Other	13,466,618	13,635,145
Total	35,487,076	33,935,277

11.4 Distribution of guarantees released by principal categories of counterparties

Guarantees are subdivided as follows, according to the nature of the counterparty who is guaranteed:

	31/12/2001	31/12/2000
a) Governments and Central Banks	10,593	9,480
b) Public-sector entities	404,027	261,117
c) Banks	5,257,728	1,055,112
d) Non-financial companies	7,980,780	8,504,314
e) Financial institutions	420,771	476,414
f) Family-owned businesses	180,495	155,451
g) Other	316,800	424,176
Total	14,571,194	10,886,064

11.5 Geographic distribution of assets and liabilities

The geographic distribution of the balances of the principal asset and liability accounts is shown in the following table on the basis of the counterparty's residence:

Account/Countries	Italy	Other EU Countries	Other Countries	Total
1. Assets	93,352,596	10,110,772	7,324,594	110,787,962
1.1 Amounts due from banks	20,433,642	5,827,293	2,380,889	28,641,824
1.2 Customer loans and advances	63,719,050	2,561,800	2,005,410	68,286,260
1.3 Securities	9,199,904	1,721,679	2,938,295	13,859,878
2. Liabilities	83,955,151	17,610,245	13,966,057	115,531,453

2.1 Due to banks	3,098,539	6,978,920	12,172,007	22,249,466
2.2 Customer deposits	49,564,078	2,597,039	805,853	52,966,970
2.3 Other borrowed funds backed by negotiable instruments	26,351,054	7,202,714	976,353	34,530,121
2.4 Other liabilities	4,941,480	831,572	11,844	5,784,896
3. Guarantees and commitments	25,477,391	1,140,079	1,427,665	28,045,135

11.6 Distribution of maturities of assets and liabilities

The maturity distribution of the balances of the principal asset and liability accounts and off-balance-sheet transactions is shown in the following tables:

11.6.1 Distribution of maturities of assets

Account	Residual maturity					
	Sight	To and including 3 months	Up to 12 months	Up to 5 years		Over 5 years
				Fixed rate	Indexed rate	Fixed rate
Assets:						
1.1 Government bonds eligible for refinancing	16	226,614	234,839	26,098	349,970	3,726
1.2 Amounts due from banks	2,666,951	14,258,533	4,568,162	2,172,411	237,208	3,483,022
1.3 Customer loans and advances	15,200,935	14,373,021	8,910,214	6,674,473	6,525,493	5,045,587
1.4 Bonds and other fixed-income securities	162,273	986,647	1,315,004	2,111,532	3,978,310	906,131
1.5 Off-balance-sheet transactions	960,747	119,352,595	89,127,908	51,372,939	384,980	71,394,638
Total Assets	18,990,922	149,197,410	104,156,127	62,357,453	11,475,961	80,833,104

11.6.2 Distribution of maturities of liabilities

Account	Residual maturity							Unspecified maturity	Total
	Sight	To and including 3 months	Up to 12 months	Up to 5 years		Over 5 years			
				Fixed rate	Indexed rate	Fixed rate	Indexed rate		
Liabilities:									
2.1 Due to banks	2,127,157	16,461,972	3,079,442	174,652		406,243		-	22,2
2.2 Customer deposits	41,745,304	10,452,919	764,362	61	-	4,324	-		52,9
2.3 Other borrowed funds backed by negotiable instruments:	1,396,721	7,062,468	5,191,360	8,175,362	6,249,216	3,976,547	2,365,354	113,093	34,5
including:									
- Bonds	239,566	507,776	2,518,014	5,435,980	6,180,336	3,845,303	2,365,354	113,093	21,2
- Certificates of deposit	228,401	6,554,692	2,673,346	2,739,382	68,880	131,244	-		12,3
- Other securities	928,754								9
2.4 Subordinated debt	-	-	-	263,916	3,724,338	58,088	1,665,748		5,7
2.5 Off-balance-sheet transactions	4,303,854	121,401,280	85,483,520	50,713,264	245,832	67,281,886	29,245	3,066,834	332,5
Total Liabilities	49,573,036	155,378,639	94,518,684	59,327,255	10,219,386	71,727,088	4,060,347	3,179,927	447,9

11.7 Foreign-currency-denominated assets and liabilities

The Bank's balance sheet includes the following assets and liabilities denominated in foreign currencies:

	31/12/2001	31/12/2000
a) Assets:	15,390,395	21,320,856
1. Amounts due from banks	7,388,061	9,805,097
2. Customer loans and advances	5,113,981	5,605,690
3. Securities	2,737,156	5,821,533
4. Equity investments	131,370	73,282
5. Other	19,827	15,254
b) Liabilities:	21,452,398	26,178,104
1. Due to banks	13,251,253	16,472,067
2. Customer deposits	2,784,664	4,083,501
3. Other borrowed funds backed by negotiable instruments	5,416,481	5,622,536
4. Other	-	-

11.8 Distribution of credit derivatives by principal category of counterparty

	31/12/2001	31/12/2000
a) Banks	168,217	186,736
b) Financial companies	278,463	305,122
c) Other	-	-
Total	446,680	491,858

11.9 Securitized assets

During the first half of 2001, BMPS carried out the following transactions pursuant to Law 130/99. As a result of servicing contracts executed in relation to the securitization transactions, BMPS shall maintain the relationship with the customers involved since it will handle the administration and collection of the loans in the name of and for the account of the special purpose companies which purchased the credits.

ULISSE S.p.A.

The transaction covered the sale of (i) 969 non-performing mortgage loans with a net value of ITL 485,072,542,567, effected at the price of ITL 393,726,929,088; the difference (ITL 91,345,613,479) between the net value and the sale price was booked as a reduction to the Extraordinary Reserve in the amount of ITL 73,076,490,783 and to Losses on credits in the amount of ITL 18,269,122,696; and (ii) 315 mortgages classified as watchlist credits with a net value of ITL 117,957,878,492, sold at the price of ITL 97,215,870,909; the difference (ITL 20,742,007,583) between the net value and the sale price was booked as a reduction to the Extraordinary Reserve in the amount of ITL 16,593,606,066 and to Losses on credits in the amount of ITL 4,148,401,517.

BMPS holds 7 percent of the share capital of Ulisse S.p.A. which purchased the credits with the issue of the following: senior notes in the amount of EUR 121 million, mezzanine notes in the amount of EUR 73 million and junior notes in the amount of EUR 61.26 million, the last of which were subscribed by BMPS.

ULISSE 2 S.p.A.

The transaction involved the sale in May 2001 of a portfolio of 43,112 short-term loans for a net value of ITL 1,253,073,740,882 million at the price of ITL 1,101,698,335,741. The difference (ITL 151,375,405,141) between the net value and the sale price was booked as a reduction to the Extraordinary Reserve in the amount of ITL 121,100,324,113 and to Losses on credits in the amount of ITL 30,275,081,028.

The company purchasing the credits financed the purchase with the issue of the following securities: EUR 240 million of rated securities (Class A or senior notes in the amount of EUR 210 million and Class BBB or mezzanine notes in the amount of EUR 30 million placed with institutional investors) and unrated securities in the amount of EUR 328.97 million (Class C or junior notes purchased by BMPS).

BMPS holds 7 percent of the share capital of Ulisse 2 S.p.A.

The two securitization transactions detailed above have allowed the Bank to improve certain financial ratios and to generate new flows of liquidity, while retaining management over the non-performing loans.

SIENA MORTGAGES 01-2 S.p.A.

The transaction, which took place in June 2001, involved the sale of 18,092 residential performing first-degree mortgages to Siena Mortgages 01-2 S.p.A., which is 7-percent owned by BMPS. The sale price was established as the sum of two components:

- current price of ITL 2,129,425,168,967 equal to the net book value as of the date of the sale;
- deferred price of ITL 78,700,000,000 linked to the real performance of the collections by company purchasing the credits (the so-called excess spread), net of the transaction expenses.

As a result of this transaction, BMPS will be able to boost its return on capital inasmuch as it will be able to reinvest the regulatory capital freed up by the transaction in loans which are more profitable.

The company purchasing the credits financed the purchase with the issue of the following securities: senior notes in the amount of EUR 1,011.7 million, mezzanine notes in the amount of EUR 38.5 million and in the amount of EUR 49.5 million.

TIZIANO FINANCE S.p.A.

With further reference to the transaction with Tiziano Finance S.p.A. indicated in the Notes to the Financial Statements as of 31 December 2000, it is noted that in May 2001, said company issued and placed Class A asset-backed notes in the amount of EUR 306.1 million and Class B asset-backed notes in the amount of EUR 41.7 million.

Securities secured by loans

In accordance with the directives handed down by the Bank of Italy in its Circular No. 178890 of 25 July 2001, the tables below disclose information relative to the securitization transactions, including the securities held in the portfolio, the assets covered by the securitization and the servicing activity in relation thereto.

The credits covered by the securitization transactions include: mortgages, leases, securities and other credits. The tranches relative to the securities held in the portfolio are also shown.

11.9 A Investment securities secured by loans of BMPS

Senior securities

There are no securities of this type in the Bank's portfolio.

Mezzanine securities

There are no securities of this type in the Bank's portfolio.

Junior securities

	Total Outstanding	Valuation adjustments	Net Exposure
Mortgages			
1 Non-performing loans	95,130		95,130
2 Watch-list credits	23,486		23,486
3 Other assets			
Other			
1 Non-performing loans	636,975		636,975
2 Watch-list credits			
3 Other assets			

11.9 B Trading securities secured by loans of the BMPS

Senior securities

	Total Outstanding	Valuation adjustments	Net Exposure
Securities			
1 Non-performing loans	2,922		2,922
2 Watch-list credits			
3 Other assets			

Mezzanine securities

	Total Outstanding	Valuation adjustments	Net Exposure
Other			
1 Non-performing loans	58,088		58,088
2 Watch-list credits			
3 Other assets			

Junior securities

There are no securities of this type in the Bank's portfolio.

11.9 C Investment securities secured by loans of third-party institutions

Senior securities

	Total Outstanding	Valuation adjustments	Net Exposure
Mortgages			
1 Non-performing loans			
2 Watch-list credits	6,777		6,777
3 Other assets			
Securities			
1 Non-performing loans			
2 Watch-list credits			
3 Other assets	38,717		38,717
Other			
1 Non-performing loans			
2 Watch-list credits			
3 Other assets	103,334		103,334

Mezzanine securities

	Total Outstanding	Valuation adjustments	Net Exposure
Securities			
1 Non-performing loans			
2 Watch-list credits			
3 Other assets	17,000		17,000

Junior securities

	Total Outstanding	Valuation adjustments	Net Exposure
Securities			
1 Non-performing loans			
2 Watch-list credits			
3 Other assets	104,988	4,590	100,399

11.9 D Trading securities secured by loans of third-party institutions

Senior securities

	Total Outstanding	Valuation adjustments	Net Exposure
Mortgages			
1 Non-performing loans			
2 Watch-list credits	19,363		19,363
3 Other assets			
Securities			
1 Non-performing loans			
2 Watch-list credits			
3 Other assets	360,405	10,797	349,608
Other			
1 Non-performing loans			
2 Watch-list credits			
3 Other assets	176,581	268	176,312

Mezzanine securities

	Total Outstanding	Valuation adjustments	Net Exposure
Mortgages			
1 Non-performing loans	21,407	2,045	19,363
2 Watch-list credits			
3 Other assets			

Junior securities

None

11.9 E Underlying assets of BMPS

	Book value
Non-performing loans	1,495,425
Watch-list credits	97,216
Other assets	-
Total	1,592,641

11.9 F Underlying assets of third-party institutions

	Book value
Non-performing loans	
Watch-list credits	
Other assets	663,560
Total	663,560

11.9 G Distribution of securitized credits by type and ranking

	Total Outstanding	Valuation adjustments	Net Exposure
Mortgages			
1 Non-performing loans	748,871	263,798	485,073
2 Watch-list credits	208,830	90,872	117,958
3 Other assets	2,129,425		2,129,425
Other			
1 Non-performing loans	2,559,654	1,306,580	1,253,074
2 Watch-list credits			
3 Other assets			

11.9 H Geographical distribution of debtors

	Italy	EU countries	Other countries
Siena Mortgages 01-2 S.p.A.	2,129,425	-	-
Ulisse S.p.A.	603,030	-	-
Ulisse 2 S.p.A.	1,253,074	-	-
Total	3,985,529	-	-

11.9 I Collateral backing securitized credits

	Siena Mortgages	Ulisse S.p.A.	Ulisse 2 S.p.A.	Total

	Mortgages 01-2 S.p.A.		S.p.A.	
a) Mortgages	2,129,425	882,995		3,012,420
b) Liens on:				
1. cash deposits				
2. securities				
3. other				
c) Guarantees of:	97,645	172,673	1,227,102	1,497,420
1. Governments				
2. other public-sector entities			358	358
3. banks			27	27
4. other	97,645	172,673	1,226,718	1,497,036

11.9 L Distribution of the credits assigned, by sector of economic activity

Sector	Siena Mortgages 01-2 S.p.A.	Ulisse S.p.A.	Ulisse 2 S.p.A.	Total
Other sectors	2,129,425	223,133	526,291	2,878,849
Agricultural products		13,582	37,592	51,174
Textile products, leather and footwear		30,074	62,654	92,728
Other industrial products		249		249
Construction and public works		180,901	100,246	281,147
Trade, repairs and product recycling		105,379	325,799	431,178
Hotels and public shops		37,100	37,592	74,692
Other sale services		12,612	162,900	175,512

11.9 M Transfer price of securitized loans

	Siena Mortgages 01-2 S.p.A.	Ulisse S.p.A.	Ulisse 2 S.p.A.	Total

a) Transfer price: principal	2,129,425	490,943	1,101,698	3,722,066
b) Transfer price: interest	-	-	-	-
Total	2,129,425	490,943	1,101,698	3,722,066

11.9 N Servicing

Collections by individual securitization transaction

	Total
Siena Mortgages 00-1 S.p.A.	221,753
Tiziano Finance S.p.A.	56,630
Siena Mortgages 01-2 S.p.A.	148,279
Ulisse S.p.A.	60,721
Ulisse 2 S.p.A.	136,519

SECTION 12 - FUNDS MANAGEMENT AND OTHER TRANSACTIONS FOR THE ACCOUNT OF THIRD PARTIES

12.1 Securities trading

	31/12/2001	31/12/2000
a) purchases	16,378,899	10,343,054
1. settled	16,378,899	10,343,054
2. unsettled	-	-
b) sales	16,352,519	10,343,910
1. settled	16,352,519	10,343,910
2. unsettled	-	-

12.2 Portfolio management

Assets of customers under the Bank's management totaled ITL 13,502,252 million as of 31 December 2001 on the basis of market values. The aggregate includes investments in securities managed by the open-end pension fund "Paschi Previdenza" which was set up pursuant to Article 9 of Legislative Decree 124/93. The balance also includes ITL 260,862 million of cash and cash equivalents.

	31/12/2001	31/12/2000
a) Securities	13,241,390	17,142,743
1. securities issued by the Bank	195,935	421,756
2. other instruments	13,045,455	16,720,987
b) Other transactions	-	-
Total	13,241,390	17,142,743

12.3 Administration and safekeeping of securities

The following table provides a summary of securities under administration and in safekeeping with the Bank:

	31/12/2001	31/12/2000
a) Securities of third parties held in custody (excluding portfolio management)	133,541,446	125,338,159
1. Securities issued by the Bank	17,365,867	18,981,664
2. Other	116,175,579	106,356,495
b) Securities of third parties held by others	93,049,192	96,921,422
c) Own securities in third-party custody	16,358,243	21,542,225

The amounts reflected above are stated at nominal value.

Own securities on deposit with third parties include securities subject to repurchase upon the maturity of repurchase agreements.

12.4 Collections for the account of third parties: debit and credit adjustments

	31/12/2001	31/12/2000
a) Debit adjustments	14,314,499	13,506,468
1. Current accounts	89,051	90,844
2. Head Office portfolio	13,984,709	13,112,993
3. Cash	-	-
4. Other accounts	240,739	302,631
b) Credit adjustments	14,656,771	12,958,634
1. Current accounts	240,739	302,631
2. Notes, bills and other documents for collection	14,326,981	12,565,159
3. Other accounts	89,051	90,844

12.5 Other transactions

31/12/2001

a) Third-party portfolio accepted for collection	4,160,412
b) Tax collection activity	4,571,273
Taxpayers amounts due for collection	
- amounts coming due	-
- amounts overdue and advanced to the Tax Authorities	4,571,273
- amounts overdue and not yet advanced to the Tax Authorities	-

Temporary relief and allowances for ITL 3,685,991 million are available in respect of overdue amounts already advanced to the Tax Authorities.

Pursuant to Legislative Decree No. 37/99, the obligation of non-collection for collection has been abolished. The Tax Collection Agent therefore is no longer obliged to advance the amounts due by taxpayers to the Tax Authorities. Accordingly, the amount of the advances in 2001 decreased (amounts collected and/or discharged).

The insolvency risk relative to the collection of tax payments for three years, as defined by the aforementioned Decree and concerning the taxpayer rolls which are to be advanced by the Tax Collector to Local Tax Authorities and are irrecoverable from them (except for the Government) in case of the taxpayer's insolvency, cannot currently be quantified exactly. The Bank has made a provision for this risk in the "Reserve for risks and other charges" as shown in Section 7 - Reserves.

31/12/2000

a) Third-party portfolio accepted for collection	3,801,897
b) Tax-collection activity	6,208,474
Taxpayers' amounts due for collection	
- amounts due to expire	-
- amounts overdue and advanced to the Tax Authorities	6,208,474
- amounts overdue and not yet advanced to the Tax Authorities	-

Temporary relief and allowances for ITL 5,221,005 million are available in respect of overdue amounts already advanced to the Tax Authorities.

PART C

INFORMATION ON THE PROFIT AND LOSS STATEMENT

Section 1 – INTEREST INCOME AND EXPENSE

1.1 Composition of Account 10 - Interest and similar income

Interest and similar income consist of the following amounts:

	31/12/2001	31/12/2000
a) Amounts due from banks	1,609,856	1,499,199
including:		
- amounts due from to central banks	62,590	46,415
b) Customer loans and advances	4,555,513	4,113,847
including:		
- loans using third-party funds under administration	8,341	14,567
c) Debt securities	667,442	704,647
d) Other interest income	5,294	4,425
e) Positive balance of differentials on hedging transactions	-	10,039
Total	6,838,105	6,332,157

1.2 Composition of Account 20- Interest expense and other expense on borrowed funds

Interest and other expense on borrowed funds consist of the following amounts:

	31/12/2001	31/12/2000
a) Amounts due to banks	1,293,774	1,332,963
b) Amounts due to customers	1,493,709	1,492,191
c) Other borrowed funds backed by negotiable instruments	1,400,240	1,331,569
including:		
- certificates of deposit	425,665	546,530
d) Third-party funds under administration	22,093	24,313
e) Subordinated debt	250,444	107,210
f) Negative balance of differentials on hedging transactions	130,010	-
Total	4,590,270	4,288,246

1.3 Detail of Account 10 - Interest and similar income

	31/12/2001	31/12/2000
Interest and similar income on foreign-currency-denominated assets (ITL million)	1,320,000	1,606,092

1.4 Detail of Account 20- Interest expense and other expense on borrowed funds

	31/12/2001	31/12/2000
Interest and other expense on liabilities denominated in foreign currency (ITL million)	1,582,496	1,585,627

Section 2 – COMMISSIONS

2.1 Composition of Account 40- Commissions earned

Commissions earned consist of the following amounts:

	31/12/2001	31/12/2000
a) Guarantees released	49,029	42,739
b) Credit derivatives	1,747	1,764
c) Trading, management and advisory services	903,242	869,417
1. Securities trading	32,659	42,713
2. Foreign-exchange trading	67,771	82,185
3. Asset management:		
3.1 Individual portfolios under management	59,097	74,095
3-2 Investments in mutual funds	57,747	57,034
4. Securities safekeeping and administration	162,509	168,847
5. Custodian bank	53,328	54,173
6. Securities placement	176,356	63,206
7. Order taking	77,915	139,887
8. Advisory services	133	1,522
9. Distribution of services to third parties:		
9.1 Asset management:		
a) Individual portfolios under management		
b) Investments in mutual funds	10	4
9.2 Insurance products	96,489	72,464
9. 3 Other products	119,228	113,287
d) Collection and payments services	92,649	86,125
e) Servicing for securitization transactions	4,231	-
f) Tax collection services	255,778	241,071
g) Other services	294,740	290,578
- Commissions on loans to customers	60,918	78,847
- Recoveries, expenses and other profits on customer loans	173,661	162,441
- Penalties on interbank transactions	20,736	11,968
- Sundry commissions	3,908	2,993
- Safe-deposit boxes	2,152	2,174
- Other	33,365	32,155

Total	1,601,416	1,531,694
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2.2 Detail of Account 40 – Commissions earned

Distribution channels for products and services:

	31/12/2001	31/12/2000
a) Branches:		
1. Asset management	116,844	131,129
2. Securities placement	176,356	63,206
3. Third party's services and products	215,727	185,755
b) Other distribution channels (off-site):		
1. Asset management	-	-
2. Securities placement	-	-
3. Third party's services and products	-	-

2.3 Composition of Account 50 - Commission expense

Commission expense consists of the following amounts:

	31/12/2001	31/12/2000
a) Guarantees released	344	241
b) Credit derivatives	1,506	1,247
c) Trading and intermediation	41,625	45,967
1. Securities trading	16,373	30,060
2. Foreign-exchange trading	-	-
3. Asset management		
3.1 Own portfolio	5,592	
3.2 Third party's portfolio	-	
4. Securities safekeeping and administration	19,193	15,490
5. Securities placement	467	417
6. Off-site offer of securities, products and services	-	
d) Collection and payment services	6,660	10,595
e) Other services:	73,802	73,143
- Commissions paid to brokers	8,011	17,259
- Commissions on services to third parties	25,587	26,760

- Commissions paid to banks	7,171	6,779
- Penalties on interbank transactions	19,927	10,595
- Leasing commissions	4,215	3,626
- Commissions on tax-collection activity	-	-
- Other	8,891	8,124
Total	123,937	131,193

Section 3 – PROFITS AND LOSSES ON FINANCIAL TRANSACTIONS

3.1 Composition of Account 60- Profits (losses) on financial transactions

31/12/2001			
Account/Transaction	Securities	Foreign Currency	Other
A.1 Revaluations	692,938 a)	xxx	3,738,429 i)
A.2 Writedowns	(655,229) b)	xxx	(3,538,178) l)
B. Other profits/losses	15,083 c)	45,437 h)	(335,550) m)
Total	52,792	45,437	(135,299)
1. Government securities	62,450 d)		
2. Other debt securities	8,547 e)		
3. Equity securities	(189,785) f)		
4. Securities-related derivatives contracts	171,580 g)		

Notes

Securities transactions:

a) revaluations of securities in the amount of ITL 60,738 million and revaluations of securities-related derivatives contracts in the amount of ITL 632,200 million.

b) writedowns of securities in the amount of ITL 244,176 million (including own shares in the amount of ITL 2,241 million), writedowns of securities to be received and delivered in the amount of ITL 1,918 million and writedowns of securities-related derivatives in the amount of ITL 409,135 million.

c) other profits/losses on securities in the amount of ITL 66,568 million (including losses on own shares in the amount of ITL 7,121 million) and losses on securities-related derivatives in the amount of ITL 51,485 million.

d) revaluations in the amount of ITL 3,019 million, writedowns in the amount of ITL 819 million, other profits and losses in the amount of ITL 60,250 million; the underlying capital gains on unlisted Government securities, not booked in the profit and loss statement, amount to ITL 32 million.

e) revaluations in the amount of ITL 25,932 million, writedowns in the amount of ITL 178,498 million, other profits and losses in the amount of ITL 161,113 million; the

underlying capital gains on unlisted debt securities, not booked in the profit and loss statement, amount to ITL 5,527 million.

f) revaluations in the amount of ITL 31,787 million, writedowns in the amount of ITL 66,777 million, other profits and losses in the amount of ITL (154,795) million; the underlying capital gains on unlisted equity securities, not booked in the profit and loss statement, amount to ITL 8,745 million.

g) revaluations in the amount of ITL 632,200 million, writedowns in the amount of ITL 409,135 million, other profits/losses in the amount of ITL (51,485) million.

Foreign-currency transactions:

h) net earnings on currency derivatives in the amount of ITL 34,948 million, revaluation of the endowment funds of the foreign branches in the amount of ITL 7,458 million, other profits/losses on foreign-exchange trading in the amount of ITL 3.031 million.

Other transactions:

i) revaluations of interest-rate derivatives in the amount of ITL 3,738,429 million (swaps in the amount of ITL 3,557,112 million, options in the amount of 181,133 million, futures and forward contracts in the amount of ITL 184 million).

l) writedowns of interest-rate derivatives in the amount of ITL 3,538,178 million (swaps in the amount of ITL 3,384,383 million, options in the amount of ITL 153,795 million)

m) differentials and premiums settled on interest-rate derivatives contracts in the amount of ITL 335,873 million (swaps in the amount of ITL 321,768 million, options in the amount of ITL 10,484 million, futures and forward contracts in the amount of ITL 3,621 million), and results from gold trading in the amount of ITL 323 million.

31/12/2000

Account/Transaction	Securities	Foreign Currency	Other
A.1 Revaluations	270,129 a)	xxx	633,979 h)
A.2 Writedowns	(188,746) b)	xxx	(794,566) i)
B. Other profits/losses	277,738 c)	53,917 g)	(86,055) l)
Total	359,121	53,917	(246,642)
1. Government securities	84,692 d)		

2. Other debt securities	3,898 e)
3. Equity securities	205,203 f)
4. Securities-related derivatives	65,328

Section 4 – ADMINISTRATIVE EXPENSES

4.1 Average number of employees by category

	Bank		Tax		Total	
	31/12/2001	31/12/2000	31/12/2001	31/12/2000	31/12/2001	31/12/2000
a) Executives	226	154	4	6	230	160
b) Officers/Managers	2,232	1,703	170	136	2,402	1,839
c) Remaining personnel	10,465	10,702	931	1,023	11,396	11,725
Total	12,923	12,559	1,105	1,165	14,028	13,724

The year-on-year comparison of the individual accounts is not significant due to changes in job classifications in 2001 as a result of new labor contracts. As a result, personnel previously classified as clerical employees were reclassified in 2001 as middle managers, and a broader category of Executives was introduced.

Actual employment at year end is summarized in the following table:

	Bank		Tax		Total	
	31/12/2001	31/12/2000	31/12/2001	31/12/2000	31/12/2001	31/12/2000
Total	13,040	12,805	1,072	1,137	14,112	13,942

(1) This table includes 105 and 120 cleaning staff at the end of 2001 and 2000, respectively.

4.2 Composition of Account 80 - Administrative expenses

	31/12/2001	31/12/2000
a) Personnel expense:	1,778,138	1,634,149
- salaries and wages	1,265,180	1,149,331
- social-welfare charges	349,867	333,743
- staff severance indemnity reserve	91,130	82,940
- pension fund and similar obligations	22,489	28,892
- other	49,472	39,243

b) Other administrative expense	1,218,031	1,113,736
Total	2,996,169	2,747,885

Detail of b) Other administrative expenses

The principal administrative expenses are summarized in the following table:

	31/12/200 1	31/12/200 0
Stamp duties	170,782	149,514
Rental costs of Bank premises	82,605	93,686
Cost of professional services	78,435	86,475
Maintenance of personal and real property	75,248	68,386
Postage	59,376	52,210
Telephone and telex	27,729	24,551
Advertising	52,158	68,707
Other rentals	50,562	42,005
Information and surveys	30,561	25,667
Transportation	46,313	40,647
Electricity, heating and water	22,190	25,469
Security	28,696	27,728
Employee vehicles and travel expenses	29,198	22,004
Cleaning	19,610	21,246
Local property tax	14,082	14,942
Cable rental for data transfer	6,907	5,272
Indirect taxes and rates	1,892	1,844
Expenses for personnel of other Group companies	12,635	9,719
Stationery and printing	10,557	11,894
Insurance	18,969	17,794
Data processing carried out by third parties	11,829	7,178
Membership fees	14,174	13,680
Entertainment expenses	9,796	9,252
Condominium fees and amounts paid for release of buildings	9,525	5,270
Subscription and purchase of publications	2,910	2,654
Equipment leases	9,819	10,355
Expenses for services provided by MPS Group companies	274,002	217,776

Other	46,269	37,716
Total	1,216,829	1,113,641
Contribution to Interbank Deposit Protection Fund	1,061	-
Contribution to Interbank Guarantee Fund	141	95
Total other administrative expenses	1,218,031	1,113,736

Section 5 – VALUATION ADJUSTMENTS, RECOVERIES AND PROVISIONS

5.1 Composition of Account 120 - Valuation adjustments to loans and provisions for guarantees and commitments

	31/12/2001	31/12/2000
a) Valuation adjustments to loans to customers and central banks	639,308	633,216
including:		
adjustments for country risk	8,093	2,828
other lump-sum adjustments	20,000	50,000
a.1) Valuation adjustments to loans to banks	9,850	34,486
including:		
adjustments for country risk	7,339	29,879
b) Provisions for guarantees and commitments	-	11,982
including:		
adjustments for country risk	-	-
other lump-sum adjustments	-	11,982
Total	649,158	679,684

5.2 Composition of Account 90 - Valuation adjustments to fixed and intangible assets

	31/12/2001	31/12/2000
a) Intangible assets:	54,233	35,766
- goodwill	7,700	6,300
- other (start-up costs and software)	15,576	11,202
- commissions paid on securities placement	4,368	3,154
- costs for public tender offer for BAM, BMPS public listing, Banca 121 acquisition and other	26,589	15,110
b) Fixed assets:	858,378	736,993
- buildings	68,355	67,043
- furniture and equipment	71,060	59,196
- assets under financial lease	718,963	610,754

Total	912,611	772,759
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Intangible assets (excluding goodwill) are amortized on a straight-line basis over five years, excluding commissions paid on securities placement, which are amortized over the life of the securities, and the goodwill relative to the Banca 121 business unit and Banca Steinhauslin acquisitions which is being amortized over ten years.

Ordinary depreciation of fixed assets, computed at the maximum rates allowed by law, resulted in charges of ITL 34,259 million for furniture and equipment and ITL 51,707 million for buildings. In addition, accelerated depreciation as allowed by law was taken in the amount of ITL 24,937 million for furniture and equipment and in the amount of ITL 5,301 million for buildings. Another ITL 10,035 million of depreciation which was not deductible for tax purposes, was taken on buildings at the time of the transfer of buildings from the Foundation to the Bank and the consequent revaluation of the buildings.

Depreciation rates are deemed to be representative of the residual useful life of the assets, taking into consideration obsolescence and the type of activity carried out by the Bank.

Following is a schedule of ordinary depreciation rates:

Buildings	3%
Office fixtures and equipment	12%
Computer equipment	20%
Motor vehicles	25%
File cabinets	10%
Various equipment	15%
Furniture	15%
Alarm systems	30%
Communications and remote signaling systems	25%
Bullet-proof counters and glass	20%
Fork lifts	7.50%
Heavy vehicles and internal transport	20%

Assets under financial leases are depreciated on the basis of the contractual agreements.

5.3 Composition of Account 150- Valuation adjustments to non-current financial assets

	31/12/2001	31/12/2000
Capital losses on equity investments	143,214	148,655
Capital losses on investment securities	20,177	-
Total	163,391	148,655

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The detail on the capital losses on equity investments is provided in the comments on the relative balance-sheet account.

Section 6 - OTHER PROFIT AND LOSS ACCOUNTS

6.1 Composition of Account 70 - Other operating income

	31/12/2001	31/12/2000
Income from assets under financial leases	850,398	720,007
Rental and similar income	18,950	16,807
Expense recovery and other income: deposits and current accounts	163,934	135,160
Expense recovery: personnel working off-site with other companies	156,091	125,173
Recovery of duties and other expenses	139,403	132,691
Premiums received	5,362	6,532
Recovery of expenses on mortgage loans	15,147	12,891
Revenues from the transfer of loans (°)	78,700	138,809
Other	38,561	55,381
Total	1,466,546	1,343,451

(°) See Section 11.9 – Siena Mortgages 01 - 2 S.p.A.

6.2 Composition of Account 110 - Other operating expenses

	31/12/2001	31/12/2000
Capital losses on disposal of assets under financial lease and additional charges on leasing contracts	2,215	4,503
Other options and premiums settled	1,171	5,492
Other	2,866	8,076
Total	6,252	18,071

6.3 Composition of Account 180 - Extraordinary income

	31/12/2001	31/12/2000
Gains on disposal of equity investments	4,420	59,161
Profit on disposal of investment securities	66,039	-
Profit on disposal of fixed assets	649	584
Capital gains from transfer of business units	-	47,818
Deferred tax assets regarding previous years	-	-
Retroactive quotas for change of valuation criteria	487,812	120,841
Merger differences	-	53

Other	74,462	115,899
Total	633,382	344,356

6.4 Composition of Account 190- Extraordinary charges

	31/12/2001	31/12/2000
Losses on disposal of fixed assets	943	938
Losses on robberies	2,803	3,958
Losses on tax-collection activity	533	474
Losses on disposal of equity investments	156	177
Early-retirement incentives	22,241	27,928
Prior year taxes	333	-
Merger differences	-	15
Capital losses on transfer of business units	-	10,562
Other	84,213	14,826
Total	111,222	58,878

6.5 Composition of Account 220 - Income taxes

	31/12/2001	31/12/2000
Current taxes	(678,338)	(657,276)
Change in deferred tax assets	(76,048)	(33,634)
Change in deferred tax liabilities	(174,979)	10,878
Income taxes	(929,365)	(680,032)

Section 7 – ADDITIONAL NOTES TO THE PROFIT AND LOSS STATEMENT

7.1 Geographical distribution of income

	ITALY	EU COUNTRIES	OTHER COUNTRIES	31/12/2001 TOTAL
Interest and similar income	5,923,180	724,486	190,439	6,838,105
Dividends and other income	1,164,875	-	-	1,164,875
Commissions earned	1,595,209	707	5,500	1,601,416
Profits from other financial transactions	(30,062)	(8,082)	1,074	(37,070)
Other operating income	1,465,516	800	230	1,466,546
Total	10,118,718	717,911	197,243	11,033,872

	ITALY	EU COUNTRIES	OTHER COUNTRIES	31/12/2000 TOTAL
Interest and similar income	5,143,996	800,519	387,642	6,332,157
Dividends and other income	626,093	-	-	626,093
Commissions earned	1,497,360	10,181	24,153	1,531,694
Profits from other financial transactions	175,350	(12,230)	3,276	166,396
Other operating income	1,342,710	552	189	1,343,451
Total	8,785,509	799,022	415,260	9,999,791

PART D

OTHER INFORMATION

Section 1 – DIRECTORS AND STATUTORY AUDITORS

1.1 Compensation

	31/12/2001		31/12/2000
a) Directors	2,349		2,063
b) Statutory Auditors	611		588

1.2 Loans to and guarantees released on the account of Directors and Statutory Auditors

	31/12/2001		31/12/2000
a) Directors	5,141		17,081
b) Statutory Auditors	-		-

PARENT COMPANY

2.1 Name

BANCA MONTE DEI PASCHI DI SIENA S.p.A.

2.2 Head Office

Piazza Salimbeni, 3 - Siena

Registered with the Court of Siena under n. 9782 on 23 August 1995

Registered on the Register of Banks under n. 325 Code No. 1030.6

Participant in the Interbank Fund for the Protection of Deposits

CONTROLLER

F. Spampani

CHIEF EXECUTIVE OFFICER

V. De Bustis

**CHAIRMAN OF THE
BOARD OF DIRECTORS**

P.L. Fabrizi

STATUTORY AUDITORS

G. Vittimberga, P. Fabretti, L. Granai De Robertis

SUPPLEMENTAL INFORMATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

	31/12/2001	31/12/2000
Sources of funds:		
Net profit to be allocated	1,173,183	766,683
Provision for loan loss reserve	20,000	20,000
Provision for general banking risks	-	-
Provisions for other reserves	63,527	178,110
Provision for revaluation reserves	-	1,621,440
Share capital increase	265,411	246,232
Paid-in capital	-	34,110
Provision for staff severance indemnity reserve	86,782	85,214
Provision for pension fund	26,960	32,614
Funds generated from operations	1,635,863	2,984,403
Increases:		
Borrowed funds backed by negotiable instruments	2,137,222	1,875,010
Other liabilities	4,198,474	43,087
Subordinated debt	2,528,159	1,182,685
Accrued liabilities and deferred income	460,151	(183,764)
Other reserves	48,731	88,019
Decreases:		
Own shares	4,114	45,919
Total sources of funds	11,012,714	6,035,359
Uses of funds:		
Payment of dividends	471,962	345,796
Use of reserve for own shares	4,114	45,919
Use of reserve for loan losses	20,000	-
Use of staff severance indemnity reserve	87,078	86,441
Use of pension funds	9,248	5,721
Use of revaluation reserve	236,047	
Increases:		
Cash and cash equivalents	331,343	80,533
Equity investments	2,328,227	3,104,432
Non-current assets	652,152	952,866
Other assets	6,131,622	(1,985,386)
Accrued income and prepayments	99,484	73,511
Decreases:		
Customer deposits	242,452	(6,501,184)

Due to banks	8,918,234	(1,512,442)
Third-party funds under administration	25,843	14,916
Reserve for taxes	82,471	(378,456)
TOTAL USES OF FUNDS	19,640,277	(5,667,333)
Difference	(8,627,563)	11,702,692

CHANGES IN INTEREST-BEARING USES OF FUNDS

Customer loans and advances	(892,621)	7,898,239
Amounts due from banks	(4,239,091)	5,482,547
Securities and certificates of deposit	(3,495,851)	(1,678,094)
	(8,627,563)	11,702,692

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Paid-In Capital	Legal Reserve	Statutory Reserve	Reserve for Own Shares	Other Reserves	Other Tax-Exempt Reserves	Reserve for General Banking Risks	Ret Ear
Balances as of 31.12.1999	2,160,158	978,414	401,715	832,700	57,255	1,063,052	1,113,408	813,000	
Allocation of 1999 net profit:									
- residual earnings of prior year									
- to the legal reserve			30,317						
- to the statutory reserve				204,800					
- to the reserve established under Art. 13 Law 124/93						1,392			
- payment of dividends									
- retained earnings									
Assignment of bonus shares		(45,919)			(45,919)	45,919			
Incorporations		4,993				1,288			
Share capital increase relative to Banca 121 acquisition	140,923				-	-			
Share capital increase relative to purchase shares from minority shareholders in Banca 121	59,389	75,036							
Provision to reserve established under Art. 23 of Legislative Decree 153/99						216,030		-	
Revaluation reserve pursuant to Law 342/2000						1,919,613			
Use of revaluation reserve pursuant to Law 342/2000						(298,173)			
Use of extraordinary reserves for substitution tax						(39,207)			
Net profit to be allocated									
Balances as of 31/12/2000	2,360,470	1,012,524	432,032	1,037,500	11,336	2,909,914	1,113,408	813,000	
Allocation of 2000 net profit:									
- residual earnings of prior year									
- to the legal reserve			40,062						
- to the statutory reserves				253,000					
- to the reserve established under Art. 13 Law 124/93						1,584			
- payment of dividends									
- retained earnings									
Provision to reserve established under Art. 23 of Legislative Decree 153/99						216,030			
Provision to reserve for general banking risks									
Bonus capital increase with use of reserve established under Law 342/2000	236,047					(236,047)			
Share capital conversion into euros	17,813					(17,813)			
Use of extraordinary reserve for losses due to securitization transactions						(210,770)			
Additions to extraordinary reserve relative to deferred taxes on losses on securitization transactions						83,518			
Usage of/additions to extraordinary reserve for adjustments for purchase of own shares, net of writedowns					-4,114	4,114			
Establishment of employee profit sharing reserve						13,593			
Use of extraordinary reserve for employee profit sharing						(13,593)			
Bonus capital increase with use of employee profit sharing reserve	11,551					(11,551)			
Net profit to be allocated									
Balances as of 31.12.2001	2,625,881	1,012,524	472,094	1,290,500	7,222	2,738,979	1,113,408	813,000	

PROFORMA FINANCIAL STATEMENTS

as of 31 December 2001 and 2000

Notes on the criteria adopted in the preparation of the proforma financial statements:

The proforma financial statement were drawn up so as to provide a basis of comparison for balance-sheet and profit-and-loss data for the years ending 31 December 2001 and 2000. The principal adjustments effected in the preparation of the proforma statements are summarized as follows:

2001:

a) Earnings of ITL 487,812 million representing the effects of the change in the criterion for the reporting of dividends were eliminated from Account 180 - Extraordinary income; the relative taxes of ITL 173,168 million were eliminated from Account 220 - Income taxes.

2000:

a) A total of ITL 487,812 million was added to Account 30 - Dividends and other income, thereby reflecting dividends collected in 2001 from the subsidiaries relative to 2000 earnings.

b) The dividend account was decreased by ITL 392,811 million to eliminate dividends collected in 2000 from the subsidiaries relative to 1999 earnings.

c) A total of ITL 120,841 million representing the economic effects of the change in the criterion for valuing the trading securities portfolio in 2000 was eliminated from Account 180 - Extraordinary income.

d) Adjustments to reflect the fiscal effects of the foregoing were made to Account 220 - Income taxes.

PROFORMA BALANCE SHEET

(in ITL
mn)

Assets		31/12/01	31/12/00	Absolute and Percentage Changes	
10	Cash and cash on deposit with banks and post offices	758,657	427,314	331,343	77.54
20	Italian Government securities and similar instruments eligible for refinancing at central banks	849,408	1,826,038	(976,630)	(53.48)
30	Amounts due from banks	28,641,824	32,880,915	(4,239,091)	(12.89)
	<i>a) sight</i>	2,646,207	3,501,135	(854,928)	(24.42)
	<i>b) other</i>	25,995,617	29,379,780	(3,384,163)	(11.52)
40	Customer loans and advances	68,286,260	69,178,881	(892,621)	(1.29)
	<i>including:</i>				
	<i>- loans with third-party funds under administration</i>	23,881	27,871	(3,990)	(14.32)
50	Bonds and other fixed-income securities	11,990,277	14,576,785	(2,586,508)	(17.74)
	<i>a) of public issuers</i>	3,457,383	7,257,562	(3,800,179)	(52.36)
	<i>b) of banks</i>	3,862,933	4,573,930	(710,997)	(15.54)
	<i>- including: own securities</i>	569,229	896,820	(327,591)	(36.53)
	<i>c) of financial institutions</i>	3,215,358	1,668,887	1,546,471	92.66
	<i>- including: own securities</i>	-	-	-	
	<i>d) of other issuers</i>	1,454,603	1,076,406	378,197	35.14
60	Shares, quotas and other equity securities	1,020,193	952,906	67,287	7.06
70	Equity investments	4,203,296	2,943,034	1,260,262	42.82
80	Equity investments in Group companies	7,144,758	6,076,793	1,067,965	17.57
	<i>a) valued with net equity method</i>	-	-	-	
	<i>b) other</i>	7,144,758	6,076,793	1,067,965	17.57
90	Intangible assets	252,764	169,502	83,262	49.12
	<i>including:</i>				
	<i>- start-up costs</i>	15,572	15,332	240	1.57
	<i>- goodwill</i>	63,000	56,700	6,300	11.11
100	Fixed assets	4,266,075	3,697,185	568,890	15.39
	<i>including: assets under financial lease</i>	2,454,207	1,868,428	585,779	31.35
110	Unpaid subscribed capital	-	-	-	
	<i>including: called up capital</i>				
120	Own shares or quotas	7,222	11,336	(4,114)	(36.29)
130	Other assets	15,314,064	9,670,254	5,643,810	58.36
140	Accrued income and prepayments	2,319,233	2,219,749	99,484	4.48
	<i>a) accrued income</i>	2,220,266	2,170,829	49,437	2.28

<i>b) prepayments</i>	98,967	48,920	50,047	102.30
<i>including:</i>				
<i>- issuing discounts</i>	33,014	13,137	19,877	151.31
Total Assets	145,054,031	144,630,692	423,339	0.29

PROFORMA BALANCE SHEET

(in ITL
mn)

	Liabilities and Shareholders' Equity	31/12/01	31/12/00	Absolute and Percentage Changes	
10	Due to banks		22,249,466	31,167,700	(8,918,234) (28.61)
	<i>a) sight</i>	2,090,043	1,400,367	689,676	49.25
	<i>b) time or requiring advance notice of withdrawal</i>	20,159,423	29,767,333	(9,607,910)	(32.28)
20	Customer deposits		52,966,970	53,209,422	(242,452) (0.46)
	<i>a) sight</i>	41,531,441	39,405,151	2,126,290	5.40
	<i>b) time or requiring advance notice of withdrawal</i>	11,435,529	13,804,271	(2,368,742)	(17.16)
30	Other borrowed funds backed by negotiable instruments		34,530,121	32,392,899	2,137,222 6.60
	<i>a) bonds</i>	21,205,422	18,398,222	2,807,200	15.26
	<i>b) certificates of deposit</i>	12,395,945	12,975,289	(579,344)	(4.46)
	<i>c) other instruments</i>	928,754	1,019,388	(90,634)	(8.89)
40	Third-party funds under administration		72,806	98,649	(25,843) (26.20)
50	Other liabilities		12,825,750	8,627,276	4,198,474 48.67
60	Accrued liabilities and deferred income		2,737,242	2,277,091	460,151 20.21
	<i>a) accrued liabilities</i>	2,404,622	2,071,273	333,349	16.09
	<i>b) deferred income</i>	332,620	205,818	126,802	61.61
70	Staff severance indemnity reserve		471,435	471,731	(296) (0.06)
80	Reserves for risks and other charges:		1,941,187	2,130,383	(189,196) (8.88)
	<i>a) pension fund and similar obligations</i>	185,668	167,956	17,712	10.55
	<i>b) reserve for taxes</i>	1,105,348	1,360,987	(255,639)	(18.78)
	<i>c) other reserves</i>	650,171	601,440	48,731	8.10
90	Reserve for loan losses		300,000	300,000	- 0.00
100	Reserve for general banking risks		813,000	813,000	- 0.00
110	Subordinated debt		5,712,090	3,183,931	2,528,159 79.40
120	Share capital		2,625,881	2,360,470	265,411 11.24
130	Paid-in capital		1,012,524	1,012,524	- 0.00
140	Reserves:		4,236,810	3,882,751	354,059 9.12
	<i>a) legal reserve</i>	472,094	432,032	40,062	9.27
	<i>b) reserve for own shares or quotas</i>	7,222	11,336	(4,114)	(36.29)
	<i>c) statutory reserves</i>	1,290,500	1,037,500	253,000	24.39
	<i>d) other reserves</i>	2,466,994	2,401,883	65,111	2.71
150	Revaluation reserves		1,385,393	1,621,440	(236,047) (14.56)
160	Retained earnings		314,817	317,173	(2,356) (0.74)

170	Profit (loss) for the year	858,539	764,252	94,287	12.34
	Total Liabilities and Shareholders' Equity	145,054,031	144,630,692	423,339	0.29

PROFORMA GUARANTEES AND COMMITMENTS

(in ITL
mn)

Account	31/12/01	31/12/00	Absolute and Percentage Changes	
10 Guarantees released	14,571,194	10,886,064	3,685,130	33.85
<i>including:</i>				
- <i>acceptances</i>	60,678	199,600	(138,922)	(69.60)
- <i>other guarantees</i>	14,510,516	10,686,464	3,824,052	35.78
20 Commitments	13,131,261	16,584,209	(3,452,948)	(20.82)
<i>including:</i>				
<i>for sales with obligation to repurchase</i>	-	-	-	
30 Commitments for credit derivatives	342,680	793,832	(451,152)	(56.83)

**PROFORMA PROFIT AND LOSS
STATEMENT**

(in ITL
mn)

Account	31/12/01	31/12/00	Absolute and Percentage Changes		
10 Interest and similar income:		6,838,105	6,332,157	505,948	7.99
<i>including:</i>					
- on customer loans and advances	4,555,513	4,113,847	441,666		10.74
- on debt securities	667,442	704,647	(37,205)		(5.28)
20 Interest expense and other expense on borrowed funds:		4,590,270	4,288,246	302,024	7.04
<i>including:</i>					
- on customer deposits	1,515,802	1,516,504	(702)		(0.05)
- on other borrowed funds backed by negotiable instruments	1,400,240	1,331,569	68,671		5.16
30 Dividends and other income		1,164,875	721,094	443,781	61.54
a) on shares, quotas and other equity securities	182,551	91,951	90,600		98.53
b) on equity investments	431,278	131,497	299,781		227.98
c) on equity investments in Group companies	551,046	497,646	53,400		10.73
40 Commissions earned		1,601,416	1,531,694	69,722	4.55
50 Commissions expense		123,937	131,193	(7,256)	(5.53)
60 Profit (loss) from financial transactions		(37,070)	166,396	(203,466)	
65 Earnings on investment pension funds and similar funds		2,113	333	1,780	
70 Other operating income		1,466,546	1,343,451	123,095	9.16
80 Administrative expenses		2,996,169	2,747,885	248,284	9.04
a) personnel expense:	1,778,138	1,634,149	143,989		8.81
<i>including:</i>					
- salaries and wages	1,265,180	1,149,331	115,849		10.08
- social-welfare charges	349,867	333,743	16,124		4.83
- staff severance indemnity reserve	91,130	82,940	8,190		9.87
- pension fund and similar obligations	22,489	28,892	(6,403)		(22.16)
b) other administrative expenses	1,218,031	1,113,736	104,295		9.36
85 Allocation of earnings on investments of pension and similar funds		2,113	333	1,780	
90 Valuation adjustments to fixed and intangible assets		912,611	772,759	139,852	18.10
100 Provisions for risks and charges		48,719	128,330	(79,611)	(62.04)
110 Other operating expenses		6,252	18,071	(11,819)	(65.40)
120 Valuation adjustments to loans and provisions for guarantees & commitments		649,158	679,684	(30,526)	(4.49)
130 Recoveries on loans and on provisions for guarantees and commitments		272,177	299,093	(26,916)	(9.00)
140 Provision to loan loss reserve		20,000	20,000	-	-
150 Valuation adjustments to non-current financial assets		163,391	148,655	14,736	9.91
160 Recoveries on non-current financial assets		876	13,206	(12,330)	(93.37)
170 Profit (loss) from ordinary operations		1,796,418	1,472,268	324,150	22.02
180 Extraordinary income		145,570	223,515	(77,945)	(34.87)
190 Extraordinary charges		111,222	58,878	52,344	88.90
200 Extraordinary income (charges)		34,348	164,637	(130,289)	(79.14)

210	Change in reserve for general banking risks	-	-	-	
220	Income taxes	(756,197)	(656,623)	99,574	15.16
230	Profit for the year	1,074,569	980,282	94,287	9.62
240	Reserve provisions under Law 218/90 and Legislative Decree 153/99	216,030	216,030	-	-
250	Net profit for the year	858,539	764,252	94,287	12.34

STATEMENT AS OF 31 DECEMBER 2001 OF "SUPPLEMENTAL DEFINED CONTRIBUTION PENSION FUND FOR EMPLOYEES OF BANCA MONTE DEI PASCHI DI SIENA S.P.A. HIRED FROM 1 JANUARY 1991 ONWARD"

Balance sheet

	31/12/01	31/12/00	Changes
Account 10 – Direct Investments			3,566,400,118
	16,414,523,589	12,848,123,471	
a) Deposits			3,505,330,010
	16,244,585,131	12,739,255,121	
b) Repurchase agreements			-
c) Securities of Sovereign Issuers or international organizations			-
d) Listed debt securities			-
e) Listed equity securities			-
f) Unlisted debt securities			-
g) Unlisted equity securities			-
h) Quotas of mutual funds			-
i) Options purchased			-
l) Accrued income and prepayments	169,938,458	108,868,350	61,070,108
m) Performance guarantees released to the pension fund			-
n) Other financial assets			-
o) Accrued and uncollected income			-
Account 20 – Investments Under Management			14,665,682,895
	80,082,674,321	65,416,991,426	
a) Deposits	-	435,408,590	(435,408,590)
b) Repurchase agreements			-
c) Securities of Sovereign Issuers or international organizations			15,561,923,977
	61,882,421,897	46,320,497,920	
d) Listed debt securities			-
e) Listed equity securities			-
f) Unlisted debt securities			-
g) Unlisted equity securities			-
h) Quotas of mutual funds			(652,693,749)
	17,155,282,592	17,807,976,341	
i) Options purchased			-
l) Accrued income and prepayments	1,044,969,832	853,108,575	191,861,257
m) Performance guarantees released to the pension fund			-

n) Other financial assets			-
o) Accrued and uncollected income			-
Account 30 – Performance guarantees on individual positions			-
Account 40 – Assets under administration			-
Total Assets	96,497,197,910	78,265,114,897	18,232,083,013
Account 10 – Benefits payable	136,629,297	278,175,594	(141,546,297)
a) Benefits payable	136,629,297	278,175,594	(141,546,297)
Account 20 – Financial liabilities	-	10,000,000	(10,000,000)
a) Repurchase agreements			-
b) Options issued			-
c) Accrued liabilities and deferred income	-	10,000,000	(10,000,000)
d) Other financial liabilities			-
e) Accrued and unpaid charges			-
Account 30 – Performance guarantees on individual positions	-	-	-
Account 40 – Liabilities under administration	65,261,891	73,879,991	(8,618,100)
a) Due to the Italian Treasury	65,261,891	73,879,991	(8,618,100)
Total Liabilities	201,891,188	362,055,585	(160,164,397)
Account 100 – Net assets to be allocated to benefits	96,295,306,722	77,903,059,312	18,392,247,410
Net assets to be allocated to benefits as of 31/12/2000	77,903,059,312	62,071,012,133	15,832,047,179
Change in net assets to be allocated to benefits	18,392,247,410	15,832,047,179	2,560,200,231

STATEMENT AS OF 31 DECEMBER 2001 OF "SUPPLEMENTAL DEFINED CONTRIBUTION PENSION FUND FOR EMPLOYEES OF BANCA MONTE DEI PASCHI DI SIENA S.P.A. HIRED FROM 1 JANUARY 1991 ONWARD"

PROFIT AND LOSS STATEMENT

	31/12/01	31/12/00	Changes
Account 10 – Balance of pension activity	18,110,267,996	15,552,545,774	2,557,722,222
a) Contributions	21,141,455,248	18,654,720,854	2,486,734,394
b) Advances	(1,271,512,266)	(1,393,616,762)	122,104,496
c) Transfers and redemptions	(1,411,970,280)	(918,994,245)	(492,976,035)
d) Transformation into annuities	-	-	-
e) Capital disbursements	(148,559,859)	(557,600,833)	409,040,974
f) Premiums for secondary benefits	(199,144,847)	(231,963,240)	32,818,393
g) Disbursements in the form of annuities	-	-	-
h) Other disbursements	-	-	-
Account 20 – Income from direct financial operations	198,585,134	650,764,994	(452,179,860)
a) Dividends and interest	169,938,458	1,537,003,882	(1,367,065,424)
b) Profits and losses from financial transactions	-	(903,512,144)	903,512,144
c) Commissions and fees on securities lending	-	-	-
d) Income and charges on repurchase agreements	-	-	-
e) Differential on performance guarantees	-	-	-
f) Extraordinary items	2,780,731	1,034	2,779,697
g) Penalties payable by participants	25,865,945	17,272,222	8,593,723
Account 30 – Income (loss) from indirect financial operations	118,245,667	(361,263,589)	479,509,256
a) Dividends and interest	2,602,569,941	875,742,682	1,726,827,259
b) Profits and losses from financial transactions	(2,484,324,274)	(1,237,006,271)	(1,247,318,003)
c) Commissions and fees on securities lending	-	-	-

d) Income and charges on repurchase agreements			-
e) Differential on performance guarantees			-
f) Extraordinary items			-
Account 40 – Operating expenses	-	-	-
a) Management companies			-
b) Depository bank			-
Account 50 – Financial management margin (20+30+40)	316,830,801	289,501,405	27,329,396
Account 60 – Balance of administrative activity	(34,851,387)	(10,000,000)	(24,851,387)
a) Substitute tax	(34,851,387)	(10,000,000)	(24,851,387)
Change in net assets to be allocated to benefits	18,392,247,410	15,832,047,179	2,560,200,231



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(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 Monte dei Paschi di Siena S.p.A.

1. We have audited the financial statements of Banca Monte dei Paschi di Siena S.p.A. as at and for the year ended 31 December 2001. These financial statements are the responsibility of the bank'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 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 representing approximately 30% and 2% of the captions "Investments" and "Total assets" respectively, is based, inter alia, on the audits performed by the other auditors.

Reference should be made to the report dated 11 April 2001 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 Monte dei Paschi di Siena S.p.A. as at and for the year ended 31 December 2001 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 bank.
4. We draw your attention to the following matters:
 - 4.1 As in previous years, in accordance with legislative decree no. 153 of 17 May 1999, the bank has transferred Lit 216 billion from the profit and loss account to special reserves



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under shareholders' equity. In consideration of the probable risk of cancellation of the tax relief the bank has accrued an amount equal to the tax relief in the provision for taxation.

4.2 As described in the notes to the financial statements, in preparing its financial statements at 31 December 2001, the bank has changed certain accounting treatments used in the previous year. In particular:

- dividends from subsidiaries are accounted for on an accruals basis, that is the year in which the profits distributed are earned. Previously, dividends were recognised on a cash basis;
- the cost of securities is calculated on the basis of the daily weighted average method rather than LIFO;
- Italian and foreign listed trading securities are stated at their year-end market value rather than the average daily listings for December;
- units of funds investments are stated at their year-end market value in place of cost, using the value calculated by the management company.

The reasons for these changes and the related effects on net profit at 31 December 2001 and shareholders' equity at the same date are described in the notes to the financial statements.

4.3 As described in the notes to the financial statements, the bank has charged directly to reserves and partly deferred to future years the effects of the losses incurred following a non-performing loan securitisation transaction. This treatment is permitted by Law no. 130/1999 as an alternative to fully charging the profit and loss account of the year in which the losses are incurred as required by correct accounting principles. The accounting treatment applied and the related effects on the financial statements are described in the notes thereto.

4.4 The bank holds significant controlling interests 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 and results of both the bank 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.

Florence, 11 April 2002

KPMG S.p.A.

(signed on the original)

Roberto Todeschini
Director of Audit