

Annual Report 2002



Banca Aletti & C. S.p.A.

Registered office: 14 Via Santo Spirito, Milan

General Management and Operational Offices: 12 Via Roncaglia, Milan Share capital: Euro 72,000,003.24

Board of Directors, Board of Statutory Auditors and General Management for 2002

Board of Directors

Governor: Urbano Aletti
Deputy Governor: Franco Nale

Chief Execuvite: Faroni Maurizio

Directors: Alberto Bauli

Maurizio Di Maio Fabio Innocenzi Franco Menini

Board of Statutory Auditors

Governor: Maria Gabriella Cocco

Standing Auditors: Alfonso Sonato

Franco Valotto

Alternate Auditors: Paolo Lazzati

Marco Bronzato

General Manager

Maurizio Zancanaro

Senior Co-General

Manager

Gianluca Caniato

Co-General Manager

Marco Berlanda

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Annual General Meeting Notice of Meeting

Notice is hereby that the Annual General Shareholders' Meeting will be held on the first call, pursuant to Art. 7 of the Articles of Association, at the registered office of the Bank (14 Via Santo Spirito, Milan) on Wednesday 16th April 2003 at 3 pm in order to consider and, if thought fit, to pass resolution on the following

AGENDA

Extraordinary session:

- 1) Amendments to the Articles of Association of the Bank:
 - Motion to amend Articles 1, 7, 8, 16 and 17 of the Articles of Association
 - Amendment of the Articles of Association in order to reflect the position of the Bank within the Group structure.

Ordinary session:

- 1) Resolution pursuant to Art. 2364 of the Italian Civil Code
 - Report of the Board of Directors and Report of the Board of Statutory Auditors for 2002
 - Financial statements for 2002 and resolution on the allocation of distributable profit
 - Determination of the number of Board members and resulting appointment thereof
 - Determination of fees to the Board of Directors
 - Appointment of the Board of Statutory Auditors and determination of related annual remuneration thereto
 - Sundry and miscellaneous.
- 2) Ratification of donation to non-profit institutions
- 3) Sundry and miscellaneous

Should quorum not be reached, the Meeting will be held on the second call, again pursuant to Art. 7 of the Articles of Association, at the registered office of the Bank (14 Via Santo Spirito, Milan) on 23rd April 2003 at 3 pm in order to consider and, if thought fit, to pass resolution of the Agenda referred to above.

Milan, 14th March 2003

Banca Aletti & C. S.p.A. The Chairman (Urbano Aletti)





Market and macroeconomic environment

The macroeconomic scenario in 2002 was clouded with uncertainty. Among the peer production poles around the world, excluding therefrom certain nations of extremely recent industrialization, two nations only in the Asia Pacific region (China and India) have been unmarred by a generally weak global economy.

The major economies reflected a modest pace of growth and, in all cases, well below the respective potential growth rates. Reflected, moreover, was notable differentiation between the diverse geographic regions. For the United States, which moved away from the recession experienced in 2001, the route followed by gross internal product was healthy, whilst growth within the EuroZone remained pedestrian and not far from stagnation; and lastly, having endured years of economic and stockmarket misery, Japan struggled to emerge.

In the United States, the more incisive recovery cycle was favored by a sharply expansionist mix of economic policy, driven through by monetary easing and a massive dose of fiscal pump-priming measures, aimed at supporting private spending. American household consumption, which held up remarkably well, and an aggressive level of public expenditure went far to compensating the weakness of capital investments, which, in turn, reflected stumbling corporate earnings and the knock-down effect of production overcapacity.

In Europe, the economic scenario has been characterized throughout 2002 by an environment of weak internal demand and stagnating investments. Even further attempts to offset the contraction in economic activity by fiscal policy moving into expansionary mode were without avail due to pruned budget policies, castigated by the need to meet with the stringent requirements posed by the Pact of Stability. In particular, growth across Europe suffered severely from the weakness of the economic conditions in Germany; with a dampened growth rate, Germany represented the weakest link across the region.

The Japanese economy is still difficult to read without prudence. Notwithstanding incipient signs of economic recovery, there are no signs of much-needed structural reforms being pushed through. Indeed, deflation, unhealthy financial system, fiscal policy shackled by public debt and internal conflicts with the government coalition might constrain the growth profile for upcoming years preventing the nation to embark along the road to growth.

The environment of weak macroeconomic fundamentals deepened, especially in the second half of the year, as a result of a fresh outburst of international geopolitical tensions linked particularly to the turn of events taken by the Iraqi crisis and, moreover, the tension hot-bed in Venezuela (strikes and protests against the politics of President Chavez) and in North Korea (nuclear rearmament program). The heightened uncertainty resulting therefrom went far to fuelling concerted risk aversion by investors and exerted additional downward pressure on stockmarkets, already contracting for the third year straight. From January 2002, the U.S. indexes sent a message of very sharp falls with losses ranging from about

15% for the Dow Jones to 30% for the NASDAQ; Europe in total reflected rating downgrades from 25% to 45%; the Tokyo Nikkei index left just under 20% on the ground.

The price earnings premium in the U.S. equities market declined precipitously to levels not witnessed the year before, especially the Internet and TMT sectors of the market. The fall in the price earnings premium has been systematic across all sectors of the U.S. stockmarket since April. Accordingly, greater consistency has been restored between equity fundamentals and the economic cycle in the United States, an essential condition for turning around the bearish trend.

The process of reallocating portfolios toward financial instruments with lower risk compared with equity assets sustained the valuations of government bond markets, confirming for the third year straight the predominance of bond yields on equity yields. Other than the so-called "fly to quality" trend, these dynamics also reflect the intense expansionary mode of monetary policy, which, in the United States, maintained official interest rates at the lows not witnessed since more than forty years. Yields at the level of government securities experienced drastic downgrades on all maturities, whether in Europe or the USA.

In the foreign exchange market, the weaker U.S. dollar, which devaluated severely vis-à-vis all major currencies, was the underlying theme. This downward movement was pushed through by American stockmarket cyclicals and, more generally, the dampened attractiveness of financial assets denominated in the U.S. dollar. At the same time, the U.S. dollar was weakened by the unsustainable American commercial deficit, at all-time highs.

Forecasts for 2003 suggest better times ahead for the global economy, albeit with sharp upward and downward movements much dependant on the uncertain economic scenario, problematic sustainable corporate earnings and growing geopolitical tensions, especially in the Middle East region.

Business Plan

The all-new Group Business Plan, as redefined on merger of Banca Popolare di Verona with and into Banca Popolare di Novara, confirms the declared strategic intent of Banca Aletti, valorizing further the role of the corporation of reference for the development of Investment Banking, Private Banking and Individual Asset Management.

The guidelines underscoring the Banca Aletti Business Plan remained therefore substantially unchanged thereby confirming the business development and organization model adopted. On the one hand, development forecastings by the Bank have been revised in order to take into account the changed market scenario and, on the other, integration of the activities transferred from Banca Popolare di Novara.

In harmonization with the strategic Group decision to centralize production activities in the dedicated "product companies", Banca Aletti also acquired from Creberg Sim – in December – the asset management business line.

The significant uplift in the scale of the Bank, accentuated by further expansion of the Group's operational reach, enabled the enhanced valuation of the investments put in place exalting the synergies arising from the centralization – within one corporation only – of specialist activities characterized by upper-edge qualitative demands and respectable overheads.

Therefore, Banca Aletti configures increasingly as the state-of-the-art "factory of financial products" at the service of all Group companies and, not least, at the service of unrelated institutional customers and, at the same time, as the Group specialist network dedicated to high-net worth private banking customers.

Share capital

Shareholders' Meeting passed resolution on June 20, 2001 to strengthen the capital base of the Bank by assigning to the Board of Directors the authority to increase share capital on one or more occasions, within three years from date on which the said resolution was adopted, up to a maximum amount of 80 billion 'old' Italian Lire.

In the light of planned development, underpinning the capital increase was the need to endow the Bank with the capital consistent with the expansion of the activities performed, as well as to furnish to the Bank the financial means necessary to comply with solvency coefficient and capital base requisites.

Taking shape towards the end of 2002 were the conditions for utilizing the authority delegated and, by resolution adopted on November 13, 2002, the Board of Directors of the Bank raised share capital from € 57,330,938.52 to € 72,000,003.24, a figure deemed to be congruent for rising to the immediate challenges posed by the activity. The capital increase, amounting to € 14,669,064.72, with the issue of 2,842,842 new shares, with a par value of € 5.16 each, and enjoyment date 1st January 2002, has been wholly subscribed and paid-in by the shareholders Banco Popolare di Verona e Novara and Credito Bergamasco.

Organizational evolution of the Bank

In 2002, Banca Aletti experienced a period of strong evolution, whether in organizational or operational terms.

Completed at the beginning of the year was relocation to the new Bank offices

at Via Roncaglia of all General Management and staff structures, including a fair part of operational activities.

In application of the services contract sealed the year before, also completed in early 2002 was the transfer to Gestione Servizi Bpv S.p.A. of the back-office activities. The related priority was focused on managing more consistent trading volumes and putting in place economies of scale at the Group level. At the same time, Bank staff members were re-assigned to middle-office activities.

By inception of the derivatives and trading desks and transfer of the money-market and foreign exchange specialist structure, implementation of the project focused around integrating the prior merger Group financial structures with Banca Popolare di Novara was completed mid March.

Also deemed to be appropriate during the year was realignment of general accounts, management control, back-office and portfolio management applications to Group standards in order to secure full compliance with IT and computer system architectures and to assure maximum system stability. Migration activities were completed successfully within the planned timescale (primarily at the end of September, with certain integrations early 2003).

Seeing inception in the first half of the year was integration with the finance structures at the service of Banca Popolare di Novara, strengthening, at the same time, the office structure earmarked for trading and sales network support activities. In order to ensure enhanced coordination and effectiveness of the staff structures, also seeing inception in the same period was a new primary function, the Human Resources Function.

Also authorized was the opening, in Venice, of a new branch location and acquisition of a trust company, now known as Aletti Fiduciaria, by way of seizing the opportunity to enrich the private banking services offered.

From an organizational standpoint, 2002 saw adoption of new in-house Regulations and instruction updates regarding risk positions, corporate procedures and the treatment of personal data (Privacy Act).

In the meantime, the Bank continued to evolve not only in the sense of the acquisition of the activities discussed earlier. The evolution of the Bank also translated into externalization versus the Parent Company of business other than core business. Worthy of mention in this connection is the delegation of reporting for supervisory purposes, some middle-office activities and short-term treasury.

Examined and discussed below is the route following by the activities pursued by the Bank with specific reference to the three core business functions.

Private banking and portfolio management

Put in place during the year were two new branch locations (Bologna and Venice-Mestre) specializing in private banking, thereby uplifting the Bank's operational branch locations to twelve. Also stepping ahead was the process of crediting in Banca Aletti the "private banking" customers of Banco Popolare di Verona e Novara and Credito Bergamasco.

As at December 31, 2002, the portfolios managed by Banca Aletti capped more than Euro 9 billion. About Euro 4 billion of those portfolios relate to institutional customers (included therein proprietary portfolios of the Banks forming part of the Group), whilst the remainder, Euro 5 billion, relates to assets taken from private banking customers, of which Euro 3.3 billion pertaining to customers "credited" by the commercial banks.

The first half of the year saw the branch network briskly engaged in "tax shield-related" commercial initiatives, which gave rise to sound results (Euro 333 million taken, whether as a result of repatriation or regularization).

Reflecting respectable development were trust services, performed by Aletti Fiduciaria, capping positive results right from the year under review.

Sealed yet again in the year under review was a collaboration agreement with Artfin, a consultancy firm, and services for the Arts, thereby endowing Banca Aletti with the capability to offer to its private sector customers an integrated service for managing, valuing and enhancing proprietary artistic wealth.

Looking to purely financial consultancy, the system (Focus) used to analyze the composition and risk profile of customer portfolios has been enriched and implemented.

Seeing inception as a result of the merger with and into Banca Popolare di Novara was a new project phase, steered towards transferring BPN private banking customers to Banca Aletti.

The project provides for the opening of four new branch locations (Novara, Turin, Genoa and Naples) part-way first-half 2003, expanding two existing branch locations (Milan and Rome) and allocating the private sector customers of Banca Popolare di Novara within in the zones already monitored to the remaining Banca Aletti branch locations.

With effect from January 1, 2002, the shareholders of the Bank took the decision to entrust to Banca Aletti the management of their proprietary portfolios, the related activities resulting therefrom have been put in place by an ad hoc management office set up within the portfolio management Function.

Also revamped on that occasion was the range of products under management

offered to direct customers to ensure, on the one hand, consistency with the securities and funds mixed product lines earmarked for delegated customers and, on the other, to maintain and develop the original offering of open-ended (Sicav) and investment fund product lines reserved for private sector customers.

Harmonizing in part the portfolio management lines paved the way towards harnessing greater synergies among the diverse operational and analysis offices and extending, to all organizational units, a management methodology based on specialist desk breakdown by market/management lines. One other particularly significant event evolved, on 30th September, upon integration of Banco Popolare IT and computer systems with Banca Aletti. This pushed through additional cost and application synergies and deepened the effectiveness of the integrated operational models.

By way of following up the centralization on Banca Aletti structures of the operational management activities for Group as a whole, the delegation project already put in place for Banca Popolare di Verona and Credito Bergamasco was extended to Banca Popolare di Novara starting from 5th November.

Thus integrated from an analysis methodology and strategy standpoint were the asset management lines delegated by Banca Popolare di Novara, whilst seeing inception were the processes that will lead to unification part way 2003 of the IT and computer systems and product offerings.

In view of the asset management activities assigned by Banca Popolare di Novara and in order to optimize those activities, the organizational model, based on offices tailored to meet customer demands (wholly discretional customers, personalized private banking and personalized institutional) and operating transversally for customers delegated by the Group banks and for Banca Aletti direct customers, has been disciplined to provide a more consistent, high level of service to customers.

Of particular note, the launch of two new secured-capital asset management lines highlighted by compelling sophistication and innovation.

Portfolio management had to rise to the challenges posed by an extremely difficult and complex market environment. Notwithstanding the foregoing, thoughtful portfolio management policies and clearer focus placed on mapping portfolio risk paved the way towards capturing, on average, very satisfactory aggregate results. Indeed, more than 80% of customers (delegated or otherwise), operating on wholly discretional portfolio management lines, benefited from yearly performances equal to, or in excess of, the benchmarks agreed by contract. This percentage is even higher when analyzed on a comparative basis with the corresponding investment fund baskets offered by the Bank's major competitor.

Interaction with the commercial network paved the way towards ensuring on a continuing basis a best-in-class personalized service marked by breakthrough innovation.

Investment banking

The planning, IT and organizational effort driven through part way 2001 as a result of identifying Banca Aletti as the engine for Group investment banking activities has been rewarded during the year with affirmation in the financial markets of the Banca Aletti name in this business segment.

The range of services and product offerings is broad and well differentiated and pilots creative new ways to meet customer demands in the differing aspects of the financial activity: from advice and consultancy on investments in derivatives and cash instruments and the trading of financial instruments, whether in the capacity of intermediary or direct counterpart, to the placement of newly issued instruments and consultancy and assistance to business concerns in terms of development and extraordinary finance transactions.

The customer target is represented by Group companies and related customer basket, as well as the widest range of independent skilled operators.

Exactly in a design to broaden the potential of non-captive users, seeing inception in August was a structure dedicated specifically to the development of institutional customers.

Particularly brisk dynamics were reported by the segment for the structuring and sale of financial products for Group retail and corporate customers. More particularly, Banca Aletti assisted the commercial banks during the year to finance 41 structured debenture loans, for a corresponding value of approximately Euro 400 million, and 4 insurance policies (index and unit-linked) for a corresponding value of Euro 270 million. In the area of derivatives trading for corporate customers, Banca Aletti developed risk hedging and structuring services for approximately Euro 2.4 billion. Banca Aletti assures to all Group banks throughout the year the possibility to offer to their corporate and retail customers some fifteen products, diversified by yield products (mainly structured bonds) and hedging products (derivative contracts at agreed conditions, which can be underwritten for extremely curbed notional amounts as well, with differing characteristics in terms of duration, risk level and financial conditions).

This has been accomplished by developing in Banca Aletti specific technical expertise in terms of the management of derivative products and risk management mapping, thereby aligning Banca Aletti to market best practices. Globally, the risk management and structuring in the world of derivatives tips just under Euro 18.5 billion. The accurate management of all risk profiles enabled this area of activity to be maintained within tight global limits.

Where financial market intermediation is concerned, completed during the year was the process involving the centralization in Banca Aletti of the financial activities managed previously by the Group Finance Office. Within the framework of the Forex and Money-Market, where Banca Aletti entered more significantly start-

ing from March, the key priority was focused on increasing footprint and operational efficiencies. The activity has proven to be very satisfactory in terms of profitability, quality and quantum, owing to a correct interpretation of monetary policies and the effort waged to gain a stronger market foothold and, as a consequence, a gradual increase in volumes (for example, trading volumes in the cash foreign exchange market stepped forward more than 80% on the year before, notwithstanding a marketplace mirroring a sharp decline in investment fund transactions).

A decidedly adverse year for the equities markets pushed through the need to seek out new lines of stockmarket business, attempting to reduce sensitivity to market trending. Other than broadening business areas, significant progress was made in pruning broking and IT and computer system costs without, however, eroding the quality of service received and consequently offered to Bana Aletti customers. All steps and measures were taken to adhere directly to the Xetra and Euronext markets and, in order to provide an effective service to customers, also set up was a new desk that responds directly to the private bankers of Banca Aletti.

Turning to activities in the bond markets, 2002 has been a satisfactory year, whether in terms of quality or quantum. The range of services provided and the markets covered and, not least, the positioning selected, have been effective and have been harmonized with the significant organizational thrust that paved the way towards rising to the challenges posed by the ever-increasing trading flows. In particular, the procedures for the management of instructions have been simplified and automated, thereby enabling a respectable increase in transaction numbers.

Entering into full operation in the first half of the year on Mts, adhering also to new electronic trading platforms (Bond Vision and Market Axess) and activating a Bloomberg operational contribution page, were the desks earmarked for this area of business.

These strategic moves, accompanied by an aggressive program of visits to counterparts, have worked towards capturing new institutional customers and, not least, growing the image of Banca Aletti in the bond markets.

Currently taking shape is an organizational framework for the commodities sector in a design to harness ever-increasing knowledge of issuers and an enhanced vision of flows, thereby enabling optimized switches.

Notable development, particularly in relation to the integration of BPN trading activities, was captured by services for deposits taken automatically from banks and institutional customers, whether in terms of bond markets or equities markets.

In the year to December 31, 2002, the capital market activity suffered severely from the adverse route followed by the financial markets in general, particularly

the blue-chip equities markets, which unfolded into a negative impact in terms of (i) non-execution of placement transactions organized directly by the Bank and (ii) leaner business volumes on transactions organized by unrelated financial institutions. Pleasing the route followed by the specialist activity performed in favor of listed issuers.

The strategic finance activity, brought into operation with effect from the current year, suffered, in terms of results captured, from the characteristic inherent in each and every start-up phase: initiatives of a commercial nature had predominance over those of an executive nature. Put in place in the year to December 31, 2002 were 15 mandates (5 mandates were put in place during start-up phase in 2001). Predominant the consultancy activity on M&A transactions.

And lastly, financial year 2002 represented the first year of effective operation for the structured finance activity. Put in place and finalized were 8 mandates. Also flanked to the arrangement activity was the consultancy activity.

Resources Function

In order to better coordinate the staff activities of the Bank and to ease the orderly market development, seeing inception during the year was a new, primary function, the Resources Function, to which converge the organizational, administration and control, personnel administration and marketing and legal consultancy activities. The declared strategic intent of the Function is to support General Management in the operational management and administration of corporate resources and to accompany the business activities with adequate organizational supervision and mapping.

In the preliminary months of activity, the key priorities of the Resources Functions were focused on consolidating the accounting/administrative structure of the Bank, supervising the process involving the migration of IT and computer systems, implementing the corporate incentive system, reshaping the organizational structure and in-house regulation of the Bank, including therein transforming gradually seconded personnel contracts into direct employment contracts. Those activities also stretched into the first quarter of the year ahead.

Financial risk monitoring

With the support of the Group structures, seeing inception during the year was the development of the more advanced risk management and pricing methodologies, aimed at securing the more appropriate control of all risks within an environment of ever-increasing complex trading of financial instruments.

For identifying, measuring and controlling risk positions, the Function employs a

sophisticated system of position keeping that enables the constant mapping of exposure levels and the punctual assessment of the operational limits defined by the Board of Directors. Position keeping applications ensure, on a continuing basis, identification of position limit, sensitivity and profit and loss indicators. More particularly, continuing to make progress during the year was the development of the functionalities and models needed to monitor and manage the risks attaching to new derivative financial instrument typologies by identifying punctually and measuring the risk factors (Greek letters) that influence those positions.

The position keeping applications also supply a Value at Risk (VaR) procedure that ensures an integrated vision of risks on the basis of the volatility and correlations that characterize the differing portfolio financial instruments. The VaR procedure used measures the maximum potential loss, within a given level of confidence over a define time period (holding period), to which the portfolios might be subject due to the adverse trending of the risk factors that influence the value of financial instrument positions. The variance covariance VaR model, a portfolio delta/gamma-based approach to risk quantification and management, has been adopted to calculate the value at risk.

In order to secure effective market risk mapping, the operational risk limits have been redefined - during the year – in accordance with the following principles:

- full hedging of possible sources of risk through in-depth analysis of the diverse operational modalities and characteristics of the individual financial instruments;
- identification, on the basis of latest financial doctrine, of the measurement methodologies more appropriate to secure the accurate mapping of the differing risk profiles;
- definition of risk positions in relation to effective operational demands on a basis consistent, however, with capital available (taking into account the other risk typologies that affect the capital assets absorbed);
- co-existence of traditional (position and stop loss) and innovative risk indicators (weighted Greek letters for aggregate and benchmark market parameter volatility taking into account the value of the correlations between the differing risk factors);
- identification of a precise "cascade" delegation structure that enables the punctual assignment of the limits to the diverse levels of the operational structure and ensures that responsibilities are effectively undertaken in terms of upper-level hierarchic controls.

In accordance with the principles referred to above, the system of financial risk measurement, control and management has been modeled calibrating it to the complexity of the financial instruments handled and the risk profiles assumed by the operators.

Based on the information and data made available by the risk management and position keeping applications, an accurate reporting package is elaborated – on a day-by-day basis – thereby enabling the officers in charge of the operational

structures to verify on a punctual basis compliance with the maximum risk limits attributed to the diverse hierarchic levels. The information and data are made available to the Chief Executive and to the Internal Audit Function on a weekly basis. And lastly, an extract of the reporting package, disclosing the maximum exposures detected during the month, is delivered – on a monthly basis – to the members of the Board of Directors for the scheduled verification and control pursuant to the Monitoring and Supervisory Regulations issued by the Bank of Italy.

IT and computer platform

In the year under review, the Bank took the decision, as a result of the anomalies arising in the accounting application adopted in the course of 2001 and the greater complexity assumed by the operational activities discussed earlier, to replace certain IT and computer platform procedures (general accounts, backoffice securities and portfolio management) with currently adopted, and more reliable, like-by-like Group procedures. Migration to the new platform started to be put in place from May onwards. With peak implementation at the end of September, migration was completed successfully, as planned, early 2003.

The current IT and computer system platform has ensure the definite elimination of the anomalies that had emerged with the preceding IT and computer platform, thereby also enabling broader product offerings to customers, harmonizing them with the product offerings already distributed by the other Banks of the Group. This evolution also paved the way towards adequate composition of the string of problems relating to reconciliation of the anomalous accounting items generated prior to migration to the new architecture. The accounting treatment adopted for those items is examined and analyzed in the Notes to the financial statements.

Equity investments

As discussed earlier, in order to broaden and enrich the range of services offered to customers, Banca Aletti took over wholly, in June, the share capital of Sofidem Fiduciaria S.r.l. Successively, also in a design to enhance the market visibility of the subsidiary, the corporate name of the subsidiary undertaking was changed to "Aletti Fiduciaria", transformed into a joint-stock company by increasing share capital Euro 120,00.00 and relocating the registered office in Milan thereby ensuring better integration of the subsidiary, while preserving the operational and functional autonomy thereof, in the parent company structure.

Human Resources

Year 2002 has been characterized by the consolidation of the overall structure of

the Bank and by the preliminary integration of the finance activities pursued by Banca Popolare di Novara.

Continuing to grow was the number of number of resources employed on a basis consistent with the expanded business structures of the Bank; pushing through such organic growth was the increase in staff member employee numbers and employees seconded from other Group companies.

Set out below is effective headcount for the three-year period 2000, 2001 and 2002:

	Headcount	Increase	Employees	%	Seconded	%
12/31/2000	96	-	96	100	-	-
12/31/2001	183	47%	122	66.6	61	33.4
12/31/2002	240	31%	152	63	88	37

and certain statistics of general interest:

Workforce	2001	%	2002	%
	MARKET MARKET MARKET			HOUSEUN
Employment classification			_	
2nd bracket	1	0.5	2	0.8
3rd bracket - 1st-2nd level	50	27.4	58	23.5
3rd bracket - 3rd-4th level	35	19.2	38	16.2
1st-2nd level Senior Officers	44	24	60	24.6
3rd-2th level Senior Officers	43	23.5	69	29.4
Senior Management	10	5.4	13	5.5
9	183	100	240	100
Male/Female				
Male	118	64.5	157	64.7
Female	65	35.5	83	35.3
Educational qualifications				
Degree	80	43.8	112	47.3
High School certificate	95	51.9	118	48.9
Other	8	4.3	10	3.8
Average age	35.1	-	36.6	-
Average Seniority	1.1	-	2.2	-

The year to December 31, 2002 saw 41 new hires and 5 full-time equivalents received from Creberg Sim as a result of the asset management business line transferred to Banca Aletti.

Of these, 30 have been assigned to the Portfolio Management and Private Banking Function, 7 to the Investment Banking Function and 9 to the Resources Function.

Also put in place were 56 secondments from Group companies (mainly from Creberg, BPVN and BPN).

In terms of operating issues, it may be noted that an incentive system, to the benefit of staff members assigned to the Business Units, was introduced part way 2002, the objective of which is to make available to top management an operating lever strategic to the development of the Bank; the incentive system also marks payroll remuneration to market and unfolds into an effective tool for employee retention policies.

Clear focus was then placed on staff training and formation, putting in place some 400 training days relating to technical/specialist, managerial and linguistic issues.

In terms of union relations, the related functions have been gradually and increasingly centralized within the Parent Company, based also on the growing transversal aspect of union matters in respect of the Group companies.

With the support of the Parent Company, the following agreements have been sealed in the year to December 31, 2002:

- Master Agreement of May 31, 2002
 The agreement referred to above governs the procedures inherent to the Business Plan 2002. In a nutshell, the more significant of these relate to mobility (intragroup, territorial and professional).
- Agreement of July 18, 2002
 As a result of the agreement referred to above, understandings have been reached with the Oo.Ss representatives of the officer and professional brackets regarding complementary welfare (Pension Fund registration right) and healthcare (Healthcare Fund registration right).

Internal Audit

The internal control activities of Banca Aletti have been delegated to the Parent Company and are exercised by the said Parent Company through the Internal Audit Function. In carrying out in loco the planned activities, the Internal Audit Function uses three of its own resources and, not least, one resource made available by the delegatee.

In the year to December 31, 2002, the Internal Audit Function has monitored, on an autonomous and independent basis, the application and compliance with the rules and regulations governing the banking and stockbroking activities.

Tests of control related to the business areas in an intent to detect any anomalies of a regulation, formal or procedural nature.

Along with the Half-Yearly Reviews concerning the overall status of complaints received in First and Second-Half 2002, the Annual Review of the tests of control performed in financial year 2002 and the programmed tests of control for financial year 2003 have been drawn out.

The Function has managed contacts with the Board of Statutory Auditors, particularly in respect of the planned migration of Banca Aletti to the accounting computer platform of the Parent Company and, not least, matching tests of control at the branch locations, making available to the Board of Directors the relevant documentary evidence requested; the Officer responsible or, in the absence thereof, an assistant, attended, as and when requested, the statutory auditor inspections.

Contacts have been maintained with the Independent Auditors, on occasion of the preliminary and final tests of control required for the audit and certification of the financial statements and the due diligence review relating to the merger project with Banca Popolare di Novara. Made available was all the documentary evidence requested, including therein the Register of controls and complaints.

Within the organizational and projectile framework that involved and continues to involve the Internal Audit Function, mention is made to the preventive control and advisory role performed principally to verify and ensure that the operational processes introduced or modified are consistent with primary and secondary laws and regulations. As a result of the merger of Banca Popolare di Verona with and into Banca Popolare di Novara and migration by Banca Aletti to the Parent Company IT and computer platform, such role assumed particular significance during the year.

The controls were conducted on a sampling basis, with full collaboration and availability proffered by the staff members assigned: based on the analyses made during the tests of control, the anomalies detected have been reported for the related elimination thereof within the necessary technical timescale, whilst the recommendations suggested have been room for thought by the Chief Officers of the differing Functions.

Intercompany transactions

Owing to upward curved operational activities, transactions entered into with other Group companies were continued and intensified in the year under review. Summarized in the tables below are the commercial, financial and other intercompany transactions entered into (data relating to Banco Popolare di Verona e Novara refer, for 2001, to Banca Popolare di Verona).

BALANCE SHEET (in thousands of Euros)	12/31/2002	12/31/2001
Due from banks: Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara BPVN Lux SA BPVN - France SA	4,176,470 2,434,072 1,417,125 51,365 44,249 229,659	109,973 109,888 85 - -
Other amounts due and accruals: Banco Popolare di Verona e Novara Credito Bergamasco Aletti Gestielle SGR S.p.A. Società Gestione Servizi BPVN S.p.A. Aletti Invest SIM S.p.A. Banca Popolare di Novara BPVN Lux SA BPVN - France SA Aletti Gestielle Alternative SGR S.p.A.	64,790 34,813 17,800 161 - 460 10,073 65 918 500	7,424 5,638 1,706 31 49 - -
Due to banks: Banco Popolare di Verona e Novara BPVN Lux SA Banca Popolare di Novara Credito Bergamasco Banca Aletti & C. Suisse SA	6,402,767 3,508,805 77,113 1,152,488 1,664,313 48	70,860 70,819 41
Other liabilities and deferrals: Banco Popolare di Verona e Novara Credito Bergamasco Aletti Gestielle SGR S.p.A. Società Gestione Servizi BPVN S.p.A. Banca Popolare di Novara BPVN Lux SA Aletti Invest SIM S.p.A.	62,950 24,262 12,050 32 8,994 17,059 146 407	7,501 2,123 873 561 3,944

Interest income: 67,669 1,424	PROFIT AND LOSS ACCOUNT (in thousands of Euros)	12/31/2002	12/31/2001
Banco Popolare di Verona e Novara 39,208 1,421 Credito Bergamasco 24,093 3 Banca Popolare di Novara 620 - BPVN Lux SA 66 - BPVN - France SA 2,474 - BPVN - Londra 6 - BPVN - Lussemburgo 1,202 - Commission interest: 19,376 9,203 Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lu SA 290 - BPVN Lu		nnechment nechment	Selimbelinist
Credito Bergamasco 24,093 3 Banca Popolare di Novara 620 - BPVN Lux SA 66 - BPVN - France SA 2,474 - BPVN - Londra 6 - BPVN - Londra 6 - BPVN - Lussemburgo 1,202 - Commission interest: 19,376 9,203 Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banco Popolare di Verona e Novara 13,218 - Credito Bergamasco 21,347 - Banco Popolare di Verona e Novara 135 168	Interest income:	67,669	1,424
Banca Popolare di Novara 620 - BPVN Lux SA 66 - BPVN - France SA 2,474 - BPVN - Londra 6 - BPVN - Lussemburgo 1,202 - Commission interest: 19,376 9,203 Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 13,218 - Cerdito Bergamasco 21,347 - BPVN Lux SA 290 -	Banco Popolare di Verona e Novara	39,208	1,421
BPVN Lux SA 66 - BPVN - France SA 2,474 - BPVN - Londra 6 - BPVN - Lussemburgo 1,202 - Commission interest: 19,376 9,203 Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banca Popolare di Verona e Novara 80,173 424 Banca Popolare di Verona e Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN Lux SA 290 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banca Popolare di	Credito Bergamasco	24,093	3
BPVN - France SA 2,474 - BPVN - Lussemburgo 1,202 - Commission interest: 19,376 9,203 Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banca Popolare di Verona e Novara 13,218 - Credito Bergamasco 21,347 - BPVN - Londra 1,814 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21	Banca Popolare di Novara	620	-
BPVN - Lussemburgo 1,202 - Commission interest: 19,376 9,203 Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banca Popolare di Verona e Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Banca Popolare di Verona e Novara 12 - Aletti Invest SIM S.p.A. 49 <t< td=""><td>BPVN Lux SA</td><td>66</td><td>-</td></t<>	BPVN Lux SA	66	-
BPVN - Lussemburgo 1,202 - Commission interest: 19,376 9,203 Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banco Popolare di Verona e Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Londra 1,814 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 <t< td=""><td>BPVN - France SA</td><td>2,474</td><td>-</td></t<>	BPVN - France SA	2,474	-
Commission interest: 19,376 9,203 Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banco Popolare di Verona e Novara 80,173 424 Banca Popolare di Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Banco Popolare di Verona e Novara 97 <	BPVN - Londra	6	-
Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banco Popolare di Verona e Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Banca Popolare di Verona e Novara 97 102 Società Gestione Servizi BPVN S.p.A. 49 49 Other administrative expense: 23,373<	BPVN - Lussemburgo	1,202	-
Banco Popolare di Verona e Novara 12,879 6,722 Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banco Popolare di Verona e Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Credito Bergamasco 146 151 Banco Popolare di Verona e Novara 97 102 Società Gestione Servizi BPVN S.p.A. 49	Commission interest:	19,376	9,203
Credito Bergamasco 5,061 2,276 Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banco Popolare di Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Credito Bergamasco 83 21 Aletti Invest SIM S.p.A. 406 - Other operating income: 146 151 Banco Popolare di Verona e Novara 97 102	Banco Popolare di Verona e Novara	12,879	6,722
Aletti Gestielle SGR S.p.A. 241 154 BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banca Popolare di Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Banca Popolare di Novara 12 - Aletti Invest SIM S.p.A. 406 - Other operating income: 146 151 Banco Popolare di Verona e Novara 97 102 Società Gestione Servizi BPVN S.p.A. 49 49 Other administrative expense: 23,373 7,726	·		
BPVN Luxembourg SA - 48 Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banca Popolare di Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Banca Popolare di Novara 12 - Aletti Invest SIM S.p.A. 406 - Other operating income: 146 151 Banco Popolare di Verona e Novara 97 102 Società Gestione Servizi BPVN S.p.A. 49 49 Other administrative expense: 23,373 7,726	•		
Banca Aletti & C. Suisse SA - 3 Banca Popolare di Novara 372 - Aletti Gestielle Alternative SGR S.p.A. 823 - Interest expense: 119,240 424 Banco Popolare di Verona e Novara 80,173 424 Banca Popolare di Novara 13,218 - Credito Bergamasco 21,347 - BPVN Lux SA 290 - BPVN - Londra 1,814 - BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Banca Popolare di Novara 12 - Aletti Invest SIM S.p.A. 406 - Other operating income: 146 151 Banco Popolare di Verona e Novara 97 102 Società Gestione Servizi BPVN S.p.A. 49 49 Other administrative expense: 23,373 7,726 Banco Popolare di Verona e Novara 5,482	·	-	48
Interest expense: Banco Popolare di Verona e Novara Banca Popolare di Novara Banca Popolare di Novara Credito Bergamasco BPVN Lux SA BPVN - Londra BPVN - Lussemburgo Commission expense: Banco Popolare di Verona e Novara BPVN - Lussemburgo Commission expense: Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Aletti Invest SIM S.p.A. Cother administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Credito Bergamasco Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Credito Bergamasco Società Gestione Servizi BPVN S.p.A. Aletti Invest SIM S.p.A. La S. A. Aletti Invest SIM S.p.A. Extraordinary income: - 2,937	•	-	3
Interest expense: Banco Popolare di Verona e Novara Banca Popolare di Novara Banca Popolare di Novara Credito Bergamasco BPVN Lux SA BPVN - Londra BPVN - Lussemburgo Commission expense: Banco Popolare di Verona e Novara BPVN - Lussemburgo Commission expense: Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Aletti Invest SIM S.p.A. Cother administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Credito Bergamasco Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Credito Bergamasco Società Gestione Servizi BPVN S.p.A. Aletti Invest SIM S.p.A. La S. A. Aletti Invest SIM S.p.A. Extraordinary income: - 2,937	Banca Popolare di Novara	372	-
Banco Popolare di Verona e Novara Banca Popolare di Novara Credito Bergamasco 21,347 BPVN Lux SA 290 BPVN Lux SA 290 BPVN - Londra BPVN - Londra BPVN - Lussemburgo 2,398 Banco Popolare di Verona e Novara Credito Bergamasco Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Aletti Gestione Servizi BPVN S.p.A. Cother administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Credito Bergamasco 3,177 Società Gestione Servizi BPVN S.p.A. Extraordinary income: Extraordinary income: - 2,937	·	823	-
Banco Popolare di Verona e Novara Banca Popolare di Novara Credito Bergamasco 21,347 BPVN Lux SA 290 BPVN Lux SA 290 BPVN - Londra BPVN - Londra BPVN - Lussemburgo 2,398 Banco Popolare di Verona e Novara Credito Bergamasco Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Aletti Gestione Servizi BPVN S.p.A. Cother administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Credito Bergamasco 3,177 Società Gestione Servizi BPVN S.p.A. Extraordinary income: Extraordinary income: - 2,937	Interest expense:	119,240	424
Banca Popolare di Novara Credito Bergamasco 21,347 BPVN Lux SA 290 BPVN - Londra BPVN - Londra BPVN - Lussemburgo 2,398 - Commission expense: Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara Credito Bergamasco Banca Popolare di Novara Aletti Invest SIM S.p.A. Other operating income: Banco Popolare di Verona e Novara Aletti Invest SIM S.p.A. Other operating income: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Other administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Other administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Aletti Gestielle SGR S.p.A. Aletti Gestielle SGR S.p.A. Aletti Invest SIM S.p.A. Extraordinary income: - 2,937			424
Credito Bergamasco21,347-BPVN Lux SA290-BPVN - Londra1,814-BPVN - Lussemburgo2,398-Commission expense:636189Banco Popolare di Verona e Novara135168Credito Bergamasco8321Banca Popolare di Novara12-Aletti Invest SIM S.p.A.406-Other operating income:146151Banco Popolare di Verona e Novara97102Società Gestione Servizi BPVN S.p.A.4949Other administrative expense:23,3737,726Banco Popolare di Verona e Novara5,4822,578Credito Bergamasco3,177773Società Gestione Servizi BPVN S.p.A.14,5953,944Aletti Gestielle SGR S.p.A.118431Aletti Invest SIM S.p.A.1-Extraordinary income:-2,937		13,218	-
BPVN - Londra BPVN - Lussemburgo 2,398 - Commission expense: Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Cother administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Credito Bergamasco Tradito Bergamasco Società Gestione Servizi BPVN S.p.A. Aletti Gestielle SGR S.p.A. Aletti Gestielle SGR S.p.A. Aletti Invest SIM S.p.A. Extraordinary income: - 2,937	•	21,347	-
BPVN - Lussemburgo 2,398 - Commission expense: 636 189 Banco Popolare di Verona e Novara 135 168 Credito Bergamasco 83 21 Banca Popolare di Novara 12 - Aletti Invest SIM S.p.A. 406 - Other operating income: 146 151 Banco Popolare di Verona e Novara 97 102 Società Gestione Servizi BPVN S.p.A. 49 49 Other administrative expense: 23,373 7,726 Banco Popolare di Verona e Novara 5,482 2,578 Credito Bergamasco 3,177 773 Società Gestione Servizi BPVN S.p.A. 14.595 3,944 Aletti Gestielle SGR S.p.A. 118 431 Aletti Invest SIM S.p.A. 1 - Extraordinary income: - 2,937	BPVN Lux SA	290	-
Commission expense: Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara Aletti Invest SIM S.p.A. Cother operating income: Banco Popolare di Verona e Novara Aletti Gestielle SGR S.p.A. Credito Bergamasco Società Gestione Servizi BPVN S.p.A. Extraordinary income: - 2,937	BPVN - Londra	1,814	-
Banco Popolare di Verona e Novara Credito Bergamasco Banca Popolare di Novara Banca Popolare di Novara Aletti Invest SIM S.p.A. Other operating income: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Other administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Other administrative expense: Banco Popolare di Verona e Novara Credito Bergamasco Società Gestione Servizi BPVN S.p.A. Aletti Gestielle SGR S.p.A. Aletti Invest SIM S.p.A. Extraordinary income: - 2,937	BPVN - Lussemburgo	2,398	-
Credito Bergamasco8321Banca Popolare di Novara12-Aletti Invest SIM S.p.A.406-Other operating income:146151Banco Popolare di Verona e Novara97102Società Gestione Servizi BPVN S.p.A.4949Other administrative expense:23,3737,726Banco Popolare di Verona e Novara5,4822,578Credito Bergamasco3,177773Società Gestione Servizi BPVN S.p.A.14.5953.944Aletti Gestielle SGR S.p.A.118431Aletti Invest SIM S.p.A.1-Extraordinary income:-2,937	Commission expense:	636	189
Banca Popolare di Novara Aletti Invest SIM S.p.A. Other operating income: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Other administrative expense: Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Other administrative expense: Banco Popolare di Verona e Novara Credito Bergamasco Società Gestione Servizi BPVN S.p.A. Aletti Gestielle SGR S.p.A. Aletti Invest SIM S.p.A. Extraordinary income: - 2,937	Banco Popolare di Verona e Novara	135	168
Aletti Invest SIM S.p.A. 406 Other operating income: 146 Banco Popolare di Verona e Novara 97 102 Società Gestione Servizi BPVN S.p.A. 49 49 Other administrative expense: 23,373 7,726 Banco Popolare di Verona e Novara 5,482 2,578 Credito Bergamasco 3,177 773 Società Gestione Servizi BPVN S.p.A. 14.595 3.944 Aletti Gestielle SGR S.p.A. 118 431 Aletti Invest SIM S.p.A. 1 - Extraordinary income: - 2,937	Credito Bergamasco	83	21
Other operating income:146151Banco Popolare di Verona e Novara97102Società Gestione Servizi BPVN S.p.A.4949Other administrative expense:23,3737,726Banco Popolare di Verona e Novara5,4822,578Credito Bergamasco3,177773Società Gestione Servizi BPVN S.p.A.14.5953.944Aletti Gestielle SGR S.p.A.118431Aletti Invest SIM S.p.A.1-Extraordinary income:-2,937	Banca Popolare di Novara	12	-
Banco Popolare di Verona e Novara Società Gestione Servizi BPVN S.p.A. Other administrative expense: Banco Popolare di Verona e Novara Credito Bergamasco Società Gestione Servizi BPVN S.p.A. Aletti Gestielle SGR S.p.A. Aletti Invest SIM S.p.A. Extraordinary income: 97 102 49 23,373 7,726 23,373 7,726 3,177 773 5,482 2,578 114.595 3.944 Aletti Gestielle SGR S.p.A. 11 -	Aletti Invest SIM S.p.A.	406	-
Società Gestione Servizi BPVN S.p.A.4949Other administrative expense:23,3737,726Banco Popolare di Verona e Novara5,4822,578Credito Bergamasco3,177773Società Gestione Servizi BPVN S.p.A.14.5953.944Aletti Gestielle SGR S.p.A.118431Aletti Invest SIM S.p.A.1-Extraordinary income:-2,937	Other operating income:	146	151
Other administrative expense:23,3737,726Banco Popolare di Verona e Novara5,4822,578Credito Bergamasco3,177773Società Gestione Servizi BPVN S.p.A.14.5953.944Aletti Gestielle SGR S.p.A.118431Aletti Invest SIM S.p.A.1-Extraordinary income:-2,937	Banco Popolare di Verona e Novara	97	102
Banco Popolare di Verona e Novara 5,482 2,578 Credito Bergamasco 3,177 773 Società Gestione Servizi BPVN S.p.A. 14.595 3.944 Aletti Gestielle SGR S.p.A. 118 431 Aletti Invest SIM S.p.A. 1 -	Società Gestione Servizi BPVN S.p.A.	49	49
Banco Popolare di Verona e Novara 5,482 2,578 Credito Bergamasco 3,177 773 Società Gestione Servizi BPVN S.p.A. 14.595 3.944 Aletti Gestielle SGR S.p.A. 118 431 Aletti Invest SIM S.p.A. 1 -	Other administrative expense:	23,373	7,726
Credito Bergamasco 3,177 773 Società Gestione Servizi BPVN S.p.A. 14.595 3.944 Aletti Gestielle SGR S.p.A. 118 431 Aletti Invest SIM S.p.A. 1 - Extraordinary income: - 2,937	Banco Popolare di Verona e Novara	5,482	2,578
Aletti Gestielle SGR S.p.A. 118 431 Aletti Invest SIM S.p.A. 1 - Extraordinary income: - 2,937			
Aletti Gestielle SGR S.p.A. 118 431 Aletti Invest SIM S.p.A. 1 - Extraordinary income: - 2,937	Società Gestione Servizi BPVN S.p.A.	14.595	3.944
Extraordinary income: - 2,937		118	431
	Aletti Invest SIM S.p.A.	1	-
Società Gestione Servizi BPVN S.p.A 2,937		-	2,937
	Società Gestione Servizi BPVN S.p.A.	-	2,937

COMMITMENTS (in thousands of Euros)	12/31/2002	12/31/2001
Securities purchased:	3,525,598	42,339
Banco Popolare di Verona e Novara	1,295,339	26,090
Credito Bergamasco	1,335,913	16,182
Banca Aletti & C. Suisse SA	-	67
Banca Popolare di Novara	894,346	-
Securities sold:	152,227	60,864
Banco Popolare di Verona e Novara	59,940	31,963
Credito Bergamasco	35,591	28,879
BPVN Lux SA	-	22
Banca Popolare di Novara	56,696	-
Options on securities purchased:	_	511
Banco Popolare di Verona e Novara	-	500
Credito Bergamasco	-	11
Options on securities sold:	_	283
Banco Popolare di Verona e Novara	_	271
Credito Bergamasco	-	12
Put options sold:	253,609	22,437
Banco Popolare di Verona e Novara	121,360	10,460
Credito Bergamasco	47,281	11,977
Banca Popolare di Novara	84,968	-

Other information

The Bank held no own shares or parent company shares nor purchased or sold such shares, whether directly or otherwise, during the year.

Of particular note, no research and development activities were carried out by the Bank during the year.

Financial results for the period

The profit and loss account for financial year 2002 reflects the process of growth captured by Banca Aletti, whether in terms of Private Banking or Investment Banking, as well as the gradual strengthening of transactions with other operational Group companies and banks. The year-on-year evolution is matched by the 200% increase in the broking margin, which moved from Euro 25.5 million at December 31, 2001 to Euro 76.6 million at year-end 2002.

RECLASSIFIED PROFIT AND LOSS ACCOUNT (in tousands of Euros)	2002	2001	Changes
Interest income	186.783	2.153	184.630
Interest expense	-179.270	-1.234	-178.036
Net interest income	7.513	919	6.594
Dividends	480	453	27
Commissions, net	34.033	23.229	10.804
Profits on financial transactions	29.756	906	28.850
Other income, net	4.810	-39	4.849
Non-interest income, net	69.079	24.549	44.530
Broking margin	76.592	25.468	51.124
Personnel expenses	-13.952	-7.999	-5.953
Other administrative expenses	-32.014	-16.225	-15.789
Depreciation and amortization			
of tangible and intangible fixed assets	-3.747	-5.056	1.309
Operating costs	-49.713	-29.280	-20.433
Net operating income (loss)	26.879	-3.812	30.691
Provisions for risks and charges	-2.500	-	-2.500
Income (loss) from extraordinary items and income taxes	24.379	-3.812	28.191
Extraordinary income (expenses)	280	3.476	-3.196
Income (loss) before income taxes	24.659	-336	24.995
Income taxes	-12.109	449	-12.558
Net income for the year	12.550	113	12.437

The increase is due to the strong uplift in net interest income, which moved from Euro 0.9 million at December 31, 2001 to Euro 7.5 million at year-end 2002 (or +717%), and, primarily, to the increase in net commissions, which grew from Euro 23.2 million at prior year-end to Euro 34.0 million at year-end 2002 (or +46%) and profits on financial transactions, which accelerated from Euro 0.9 million at prior year-end to Euro 29.7 million at year-end 2002 (or +3,184%). Particularly pleasing the dynamics reported for derivates and financial structur-

ing transactions, steered towards Group distribution network support. Taken as a whole, those increases stem back to the Business Plan, which sees Banca Aletti as the specialist hub for the Group Banks, as well as the growth capability of Banca Aletti to set aside from market trending a significant portion of its revenues.

The notable increase in operating expenses, which moved from Euro 29.3 million at December 31, 2001 to Euro 49.7 million at year-end 2002 (or +70.0%), is justified by the implementation of operational projects launched during the year and, more particularly, by the dimensional growth of the Bank pushed through by the gradual centralization of the financial activities pursued previously within the Parent Company or within other operational companies.

In comparison with the year-earlier period, placed in evidence is sharp step forward taken by net operating profit, Euro 26.9 million positive, compared with the net operating loss (Euro -3.8 million) reported in the prior year.

Profit before income taxes was Euro 24.6 million, as opposed to the loss before income taxes (Euro -0.3 million) reported in the prior year. Net income moved from Euro 0.1 million at year-end 2001 to Euro 12.5 million at year-end 2002. Additionally, the anomalies generated by the IT and computer systems employed prior to migration to Group architectures have been put in place during the year.

Post-balance sheet events

In application of the Business Plan, assigned to Banca Aletti, with effect from January 1, 2003, was the asset management mandate for the investment portfolio of Banca Popolare di Novara.

Of particular note, in a dual intent focused around enhancing the service offered by the Bank to its customers and pruning execution expenses attaching to the related transactions, adhesion to the German Stock Exchange (Xetra) has been put in place formally.

Business outlook and prospects

Financial year 2003 will be characterized by completion of the integration process with Banca Popolare di Novara and by the definitive consolidation of the organizational framework supporting the business model confirmed by the allnew Group Business Plan.

Having regard to the process of integration with Banca Popolare di Novara, the following is envisaged:

- completion, in the first quarter of the year, of the process involving the centralization of trading flows (residual flows relating to listed equity derivatives) in Banca Aletti;
- opening, in the second half of the year, of four new branch offices located in Banca Popolare di Novara traditional areas and integration of the three existing branch offices (Milan, Rome and Venice) at the service of the private bank customers to be "accredited" to Banca Aletti; on an estimated basis, this should lead 26 new private bankers coming from the Banca Popolare di Novara distribution network being assigned to Banca Aletti;
- continuance of the process involving the gradual delegation to Banca Aletti of the asset management customer service.

In terms of Investment Banking and Portfolio Management, the activities for financial year 2003 will be focused on meeting and exceeding the demand for financial services and products coming from the Group distribution networks. In order to calibrate the activity to respond to specific customer demands, relations between the "product factory" and the commercial structures will be further intensified. Accordingly, the Banca Aletti structures will be engaged constantly on seeking out innovative financial solutions for proposal to the Group companies on a basis consistent with market trending and changed customer propensity to risk.

Additionally, the creation of products and services aligned to best market standards should enable Banca Aletti to stretch its non-captive institutional customer base integrating sources of revenue.

In terms of Private Banking, development will be focused on enhancing global consultancy services in a design to deepen current customer loyalty and to attract new customers. Enhanced quality of service should also push through an improvement in average transaction profitability. From a structural standpoint, also integrated will be staff numbers at more recently opened branch locations. Risk management will be sharpened and aligned, in the course of the year, to the evolution of the financial products. The specialist skills and expertise of the structure will be made available also to private banking network for analysis of the risk profile of the innovative products encompassed within customer portfolios.

More generally, continuing to advance will be the strategy aimed at rendering the financial result of Banca Aletti not strictly correlated to financial market trending, concentrating the product offering on products more appropriate to the diverse market phases.

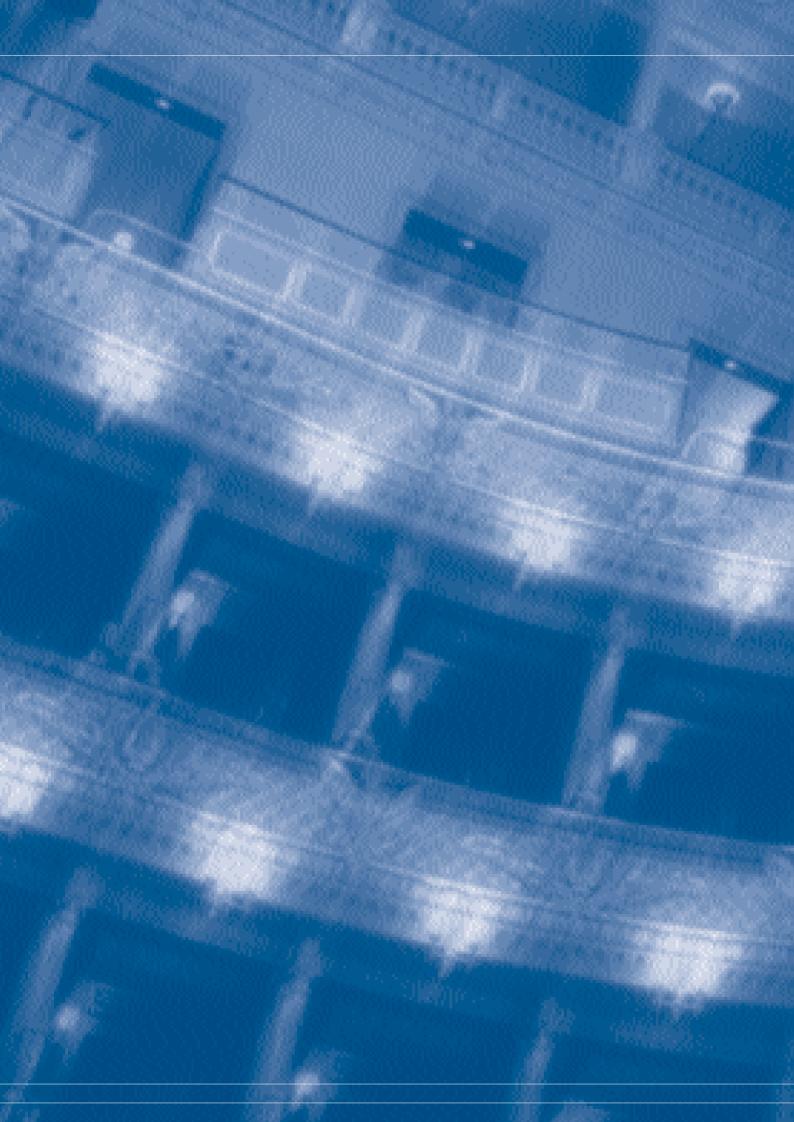
For 2003, further significant growth in is envisaged in the broking margin and, notwithstanding the expected uplift in costs relating to the definitive consolidation of the structure, in profit before extraordinary items and income tax.

We submit for the approval at the Shareholders' Meeting the financial statements for 2003, as presented hereunder, and the allocation of net income, amounting to Euro 12,549,806, as follows:

Allocations	%	Amount in Euros
- Sanatan and a sanatan and a sanatan a		anna masana ana a
to the legal reserve	5	627.490
to retained earnings	30	3.764.943
to shareholders	65	8.157.373
Total		12.549.806

Milan, 12th March 2003

Chairman of the Board *Urbano Aletti*





To the Proprietors:

The financial statements for the year ended December 31, 2002, complete with the Notes thereto and accompanied by the Directors' Report on Performance, have been approved by the Board of Directors on March 12, 2003 and made available to us within the legally required timescale.

The financial statements have been audited by DELOITTE & TOUCHE ITALIA S.p.A. (formerly ARTHUR ANDERSEN S.p.A.); as better specified hereinbelow, the nature of the engagement appointed to the Auditing Firm, assigned on a voluntary basis in prior years, has changed in the course of financial year 2002, as a result of the Bank overstepping the dimensional limits thereby calling for compulsory audit.

Supervisory work performed by the Board of Statutory Auditors

Formal note should be taken that your Bank overstepped, at the end of calendar third-quarter 2002, the dimensional limits below which, in accordance with Art. 165, paragraph two, of Italian legislative decree no. 58 of February 24, 1998 24 ("Stockbroking Financial Act", also known as the "Companies Act" or "Draghi Law"), undertakings are exempt from the obligations set forth in section VI "Audit" of the said Italian legislative decree no. 58/1998, with the exceptions contained in paragraph one of the aforementioned Art. 165. Accordingly, we have performed during the year our supervisory work to the extent of our applicable responsibilities: until the limits calling for a compulsory audit were overstepped, on a like-by-like basis with the prior year, and successively, in conformity with the applicable responsibilities set forth in the Finance Act, whilst the Proprietors' Meeting of March 12, 2003 ratified the engagement to the auditing firm DELOITTE & TOUCHE ITALIA S.p.A. (formerly ARTHUR ANDERSEN S.p.A.) to audit the financial accounts for the years 2002 and 2003 in accordance with and pursuant to Article 155, paragraph one, of the Companies Act.

As a consequence:

- a) to the extent of our responsibilities, we have performed the necessary inspections and checks in relation to available funds, company books and compulsory books of account, compliance with fiscal requirements, disclosures to the Supervisory and Regulatory Authorities and activities conducted by the Internal Audit Office;
- b) the financial statements for the year ended December 31, 2002 are accompanied by the Report of the Auditors to the Proprietors, which the appointed Independent Auditors are called to prepare and present in accordance with Art. 156 of the Companies Act, section "Auditors' Report and Opinion", insofar as having performed the tests of control to the extent of their responsibilities.

Therefore, attention is again drawn to the fact that some of the work performed by the Independent Auditors and, as a consequence, the related audit, and some of the work performed by this Board of Statutory Auditors has been rendered on a differing basis from the prior year.

Accordingly, in the performance of our tests of control, we also made reference – to the extent applicable – to the rules established in the aforementioned Italian legislative decree no. 58/1998, taking into account the CONSOB communication issued on April 6, 2001 by the Italian Regulatory Commission for Companies and the Stock Exchange, relating to our responsibilities as Statutory Auditors of companies listed on the Stock Exchange.

In a nutshell, the work of this Board of Statutory Auditors, performed in accordance with our profession's ethical guidance, unfolded into the following:

- As required by Article 149.2) of the Companies Act, we attended the Proprietors' Meetings and the meetings of the Board of Directors. On those occasions, we received from the Directors adequate information and explanations as to the business conducted and the more significant operating, financial and other transactions entered into. The monthly frequency of the said meetings complied with the requirement for three-monthly information and financial data from the directors established by Art. 150, paragraph one, of the Companies Act.
- In accordance with CONSOB Recommendation No. 97001574 of February 20, 1997, we hereby acknowledge that we have examined the audit proposal dated February 26, 2003 presented by DELOITTE & TOUCHE ITALIA S.p.A. (formerly ARTHUR ANDERSEN S.p.A.), including therein the terms and conditions thereof, relating to the audit and certification of the financial statements in accordance with and pursuant to the aforementioned Italian legislative decree no.58/1998.
- In the course of the year, we carried out 20 inspections, of which:
 - 4 inspections of an ordinary nature involving accounting checks and 3 inspections relating to the acquisition and analysis of balance sheet and profit and loss account data;
 - 8 inspections at the local Private Banking Units, often in coordination with the Internal Audit Office (more particularly, the ongoing 12 bank branches have all been subject to tests of control: three in second-half 2001, eight in 2002 and one in February 2003);
 - 5 inspections focused on in-depth examination of specific problematic issues (accounting rearrangement, IT and computer system platform migration and complaints) or organizational areas, assisted by the officer in charge of the individual Function and, where applicable, by the Internal Audit Function.
- We performed the activities related to and arising from the U.I.C. inspection, conducted as from the end of 2001 to the beginning of 2002, and concluded by communication from U.I.C. dated May 30, 2002 confirming that the inspection had been completed without giving rise to formal findings.
- In the course of the year, we monitored the work performed to put in place the anomalies caused by the accounting feed-in system, which had generated a significant number of accounts held in suspense owing to failures detected in certain computer system procedures commencing from the prior year, problematic issues nonetheless put in place part way 2002 also as a result of adopting the Group IT and computer system platform. In con-

nection thereto, reference should be made to related analysis and discussion thereof included in the Report on Performance and in the Notes and, not least, mentioned in the Auditors' Report, noting formally the related financial impact resulting therefrom produced a positive imbalance relating to the prior year recognized as "non-recurring income" in the amount of Euro 81,000,00.

Results of supervisory work performed by the Board of Statutory Auditors

Set forth below are the more significant data and information that emerged during the performance of our inspections and checks.

- 1. The more significant business transactions included:
- Share capital increase: on November 7, 2002, the share capital increase authorized by BANCA ALETTI & C. S.p.A. was subscribed and paid in by two proprietors of the Bank, on a basis proportionate to their respective shareholdings. As a consequence, share capital was raised from Euro 57,330,938.52 to Euro 72,000,003.24, with investment of Euro 14,669,064.72, in a design to endow the Bank with a capital base appropriate to the new business activities entrusted thereto and, not least, to endow the said Bank with the financial means necessary to comply with supervisory capital requisites and relating solvency ratios resulting therefrom in order to take into account the business development planned.
- Acquisition of "asset management" business line from CREBERG SIM: in December 2002, the business line referred to above has been acquired by one other company of the Group (being the assignor undertaking held wholly by Banco Popolare di Verona e Novara S.c.a.r.l. and by Credito Bergamasco S.p.A.), in application of the Group's Business Plan. As to the goodwill attaching to that business line, which amounts to Euro 8,286,126.01, the Directors recommend that this be deferred and amortized at constant rates over ten years, discussing and explaining the reason therefor in the Notes. It should be noted that the acquisition was put in place on the basis of a sworn independent expert report that estimated, employing generally accepted valuation methods, the value of the goodwill based on the actualization of future average earnings that are seemingly reasonable, supported by similar transactions put in place within the market. Taking into account the inclusion of BANCA ALETTI within Gruppo Banco Popolare di Verona e Novara with programmed forecasting, the amortization appears reasonable and, however, will be monitored from one year to another in relation to the residual possibilities of subsequent changes in the portion of amortization attributable to future financial periods.
- No unusual or uncommon transactions have been put in place with unrelated parties or with Group companies.
 We consider that the intragroup transactions and the related party transactions put in place are consistent and were made in the interest of the Bank.
- 3. We deem to be appropriate the information given by the Directors in the

Report on Performance. More particularly, it may be noted that the Bank adopted part way 2002 a new accounting policy for the measurement of portfolio securities and other financial instruments not representing financial fixed assets, which are now valued at market (or fair) value and no longer at the lower of cost or market value, also in a design to conform with Group accounting policies, as examined and discussed by the Directors in the Report on Performance and in the Notes to the financial statements and, not least, in the Auditors' Report.

- 4. Fixed and intangible assets have been depreciated and amortized with our agreement.
- 5. No exceptions or formal findings have been reported by the Independent Auditors.
- No censurable matters are reported pursuant to Art. 2408 of the Italian Civil Code.
- 7. Having regard to complaints relating to banking business of an ordinary nature, it may be noted that there were 25 complaints (10 in first-half 2002 and 15 in second-half 2002), all of which have been remedied satisfactorily, without these giving rise to substantial problematic issues of an organizational and/or procedural nature: as such, these were not meaningful.
- 8. Other than the appointments required by law, assigned to the auditing firm DELOITTE & TOUCHE ITALIA S.p.A. (formerly ARTHUR ANDERSEN S.p.A.) have been engagements relating to the verification of CONSOB procedures and Qualified Intermediary compliance, translation into English of the financial statements for 2000 and 2001 and fiscal and accounting opinions, with total fees amounting to Euro 112,008.00 + VAT (Euro 134,409.60 with VAT).
- 9. No appointments have been assigned to individuals or otherwise associated with or connected to the Auditing Firm on a continuing basis.
- 10. There have been no circumstances in the course of the year calling for the opinions required by law and related issue thereof by this Board of Statutory Auditors.
- 11. No substantial findings are reported as to compliance with corporate governance procedures.
- 12. No substantial findings are reported as to the adequacy of the Bank's organizational framework. We hereby acknowledge the organizational effort staged by the Bank during 2002 in order to reshape its organizational framework to meet the challenges posed by business growth and, more particularly:
 - a) new In-house Regulations have been adopted;

- b) rules as to position risks, business procedures (in-house regulations) and personal data treatment (privacy) procedures have been updated;
- c) the risk management function has been strengthened with the support of Group structures;
- d) the manual of anti-laundering procedures has been updated and the related staff training thereon has been heightened;
- e) the procedures (and related manual) relating to the opening and operational management of bank branches have been put in place;
- specific delegations have been assigned to the parent company structures skilled in matters relating to financial and other disclosures to the Supervisory and Regulatory Authorities and short-term treasury and middle-office activities:
- g) in order to ensure state of the art integration with the Group IT and computer system platform, forge intragroup synergies and obviate certain failures placed in evidence in the automated accounting procedures adopted previously, a number of computer systems used by the Bank have been replaced with like-by-like applications adopted by the parent company.
- 13. We have evaluated the adequacy of the System of Internal Control (through discussion with the Internal Audit Office). Additionally, we have been informed about those new procedures put in place for ensuring organizational improvements, as mentioned in the paragraph above.
- 14. As a result of the computer system migration put in place part way 2002 and, more particularly, the accounting system migration put in place with effect from October 1, 2002 following adoption of the Group accounting system platform, we consider the accounting and administrative system to be substantially adequate.
- 15. The Bank holds a controlling interest in, and only in, ALETTI FIDUCIARIA S.p.A., equal to a 100% stake in the share capital thereof, acquired in June 2002 in a design to integrate the Private Banking services of the Bank. In calendar 2002, the subsidiary has been endowed with a capital and legal base appropriate to the development of the programmed activity, through transformation into a joint-stock company, new business name, relocation in Milan of the registered office and share capital increase. It may be noted that no consolidated financial accounts have been prepared by the parent BANCA ALETTI, in that included in the consolidated financial statements of BANCO POPOLARE DI VERONA E NOVARA, the sector parent company, are the financial accounts of both BANCA ALETTI and ALETTI FIDUCIARIA S.p.A.
- 16. In the year under review, we have met with the members of the Auditing Firm, which whom we have exchanged information and financial data, particularly in terms of the annual financial statements, the six-monthly interim report and the related tests of control performed thereon by the independent auditors.

- 17. Insofar as the Bank is not listed on the Stock Exchange, the code of best practice for listed companies has not been adopted.
- 18. In terms of the supervisory function performed, we have complied with the provisions of Art. 149, paragraph three, of the Companies Act.
- 19. To the extent of our responsibilities, we have no recommendations to be made at the Proprietors' Meeting pursuant to Art. 153 of the Companies Act

Based on the supervisory work we performed, we confirm:

- a) compliance with the law and with the Bank's Articles of Association;
- b) compliance with corporate governance principles;
- e) adequacy of the Bank's organizational framework in terms of the accounting and administrative system and, not least, the related reliability thereof in portraying accurately business transactions and other events.

In view of the foregoing, and having read the report and audit opinion of the auditing firm DELOITTE & TOUCHE ITALIA S.p.A. (formerly ARTHUR ANDERSEN S.p.A.) dated March 31, 2003 relating to the financial statements for 2002 and, having noted formally that the auditors' report states that the financial statements give a true and fair view of the state of affairs of the Bank as at December 31, 2002 and of the profit of the Bank for the year then ended and have been properly prepared in accordance with the law relating to the preparation and presentation of annual financial accounts, we concur with motion to approve the financial statements and to allocate the dividend as set forth in the Report on Operations.

And lastly, attention is drawn to the fact that, on approval of the financial statements as of December 31, 2001, the term of office of the members of the Board of Directors and the members of the Board of Statutory Auditors reaches expiration.

We, the Board of Statutory Auditors, extend sincere thanks to the Board of Directors, to administrative personnel and to the Internal Audit staff members for the work performed over this three-year period, in which the continuing operations of the Bank have undergone sweeping change, a change that has demanded unrelenting commitment by all concerned.

Milan, 31st March 2003

The Board of Statutory Auditors Maria Gabriella Cocco, Chairman Alfonso Sonato, Standing Auditor Franco Valotto, Standing Auditor





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RELAZIONE DELLA SOCIETÀ DI REVISIONE

AI SENSI DEGLI ARTT. 156 E 165 DEL D. LGS, 24 FEBBRAIO 1998, N. 58

Agli Azienteti di Banca Aletti & C. Ş.p.A.

- 1. Abbiamo svolto la revisione contabile del bilancio d'esercizio di Banca Aletti & C. S.p.A. (di seguito anche "Banca") chiuso al 31 dicembre 2002. La responsabilità della redazione del bilancio d'esercizio compete agli amministratori di Banca Aletti & C. S.p.A. E' nostra la responsabilità del giudizio professionale espresso sul bilancio d'esercizio e basato sulla revisione contabile.
- 2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla CONSOB. In conformità ai predetti principi e criteri, la revisione è stata pismificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stima affettuata dagli amministratori. Riteriamo che il lavoro svolto formisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il gludizio relativo al bilancio dell'esercizio precedente, i cui dati nono prescutati ai fini comparativi secondo quanto richiesto dalla legge, al fa riferimento alla relazione da noi curessa, con la precedenta denominazione di "Arthur Andersen S.p.A.", in data 28 marzo 2002.

- 3. A nostro giudizio, il bilancio d'esencizio di Banca Aletti & C. S.p.A. al 31 dicembre 2002, è conforme alle norme che ne disciplinano i oriteri di redezione; esso pertanto è redatto con chiarezza e rapprotenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il rigultato economico della Banca.
- 4. Per una migliore comprenzione del bilancio d'escroizio, si richiama l'attenzione sulle seguenti informazioni più ampiamente descritte degli Amministratori nella Relazione sulla gestione e in Nota integrativa:
 - a) La Banca, anche in conformità alle disposizioni della Capogruppo Banco Popolare di Verona e Novara, ha modificato nel curso dell'esercizio il criterio contabile di valutazione del portafeglio titoli e degli altri strumenti finanziari non continenti

immobilizzazioni finanziarie dal criterio di valutazione al minore tra il valore di costo e il valore di mercato al criterio di valutazione al valore di mercato. Nella nota integrativa sono illustrati i motivi del cambiamento di criterio contabile, le modalità di applicazione di tale muovo criterio ed i relativi effetti sul bilancio d'esercizio.

- b) Nel corso dell'estretzio, la Banca ha sostituito alcune procedure informatiche adottando lo corrispondenti procedure in uso nel Gruppo Banco Popolare di Verona e Novara con conseguente eliminazione delle problematiche nell'alimentazione della contabilità generale che avevano originato, nel corso dell'esercizio 2002 o del precedente esercizio, un numero anomalo di partite contabili in sospeso. Nella nota integrativa sono illustrati gli effetti sul bilancio dell'esercizio delle sistemazioni contabili di tali partite contabili in sospeso.
- c) Nell'ambito del programma di ristrutturazione del Gruppo Banco Popolare di Verona e Novara, basato sulla declaione strategica di concentrare le attività di produzione nelle "società prodotto" dedicate, la Banca ha acquisito da Creberg Sim S.p.A. il ramo d'azienda relativo si rapporti di gestione patrimoniale. I costi sostenuti per l'acquisizione di tale ramo d'azienda, peri a Euro 8.286 mila, sono stati iscritti ad avvismento ed ammortizzati in disci anni, in quanto la Banca ritiene che i benefici relativi a tale acquisizione si manifesteranno in tale eroo di tempo.

DELOTTIE & TOJICHBITALIA S.P.A.

Riccardo Motta

Socio

Milano, 31 marzo 2003





	BALANCE SHEET - ASSETS accounts in Euros)	12/31/2002	12/31/2001
100		nė i emė i emė i emė i emė i em	vience i conseilement i conseilement
10	Cash and deposits with central banks	6,630	2 121 252
	and post-offices	0,030	2,121,252
20	Treasury bills and bonds eligible		
	for refinancing by central banks	13,059,194	39,196,505
30	Due from banks:	8,002,242,022	143,746,370
	(a) on demand	401,689,130	100,508,484
	(b) other due from banks	7,600,552,892	43,237,886
40	Due from customers	187,726,164	535,529
	of which:		
	- loans with funds in administration		
50	Bonds and other debt securities:	213,091,584	12,296,724
	(a) issued by Government and its Agencies	173,028,710	-
	(b) issued by banks	27,583,744	-
	of which:		
	- issued by Banca Aletti		
	(c) issued by financial institutions	7,492,500	7,479,119
	(d) other issuers	4,986,630	4,817,605
60	Shares and other equities	3,316,214	829,278
70	Equity investments	1,098,841	1,133,419
80	Equity investments in Group companies	145,000	-
90	Intangible fixed assets	13,148,621	5,852,921
	of which:	0.740.445	0.404.040
	- incorporation costs	3,710,415	3,121,013
	- paid goodwill	7,457,513	-
100	Tangible fixed assets	1,771,624	1,266,045
130	Other assets	217,848,113	43,415,224
140	Accrued income receivable and prepaid expenses:	95,975,235	1,013,344
	(a) accrued income	90,886,361	876,741
	(b) prepaid expenses	5,088,874	136,603
Tot	al assets	8,749,429,242	251,406,611

	IABILITIES accounts in Euros)	12/31/2002	12/31/2001
	ernote i una le i una le i una te i una	ne ir 1900 ir 1	ie procie procie procie proc
0	Due to banks:	8,125,560,095	102,360,204
	(a) on demand	1,392,175,501	102,360,204
	(b) term or notice	6,733,384,594	
20	Due to customers:	173,501,741	15,405,478
	(a) on demand	35,590,694	13,983,977
	(b) term or notice	137,911,047	1,421,501
0	Other liabilities	246,702,668	51,844,769
0	Deferred income and accrued expenses:	80,048,851	369,284
	(a) accrued expenses	75,808,816	369,284
	(b) deferred income	4,240,035	
70	Allowance for severance indemnities	1,077,627	572,101
30	Allowances for risks and charges:	15,377,665	913,050
	(a) allowance for post-retirement benefits	171,207	
	(b) allowance for taxes	12,706,458	913,050
	(c) other allowances	2,500,000	
20	Share capital	72,000,003	57,330,939
130	Share premium reserve	17,427,079	17,427,079
140	Rserves:	5,183,707	5,071,049
	(a) legal reserve	791,403	785,770
	(b) reserve for own shares in portfolio	-	
	(c) statutory reserves	-	
	(d) other reserves	4,392,304	4,285,279
70	Net income for the year	12,549,806	112,658
ota	al liabilities	8,749,429,242	251,406,611
	GUARANTEES AND COMMITMENTS 12 accounts in Euros)	2/31/2002 12/31/2001	
			ie i one ie i one i e i one i e i one i
0	Guarantees given: of which:		
	- acceptances	-	
	- other guarantees	-	
20	Commitments:	812,349	144,914,972
	of which:		
	- repurchase agreements	-	1,433,469

	PROFIT AND LOSS ACCOUNT accounts in Euros)	12/31/2002	12/31/2001
10	Interest income and similar revenues	186,783,049	2,153,173
	of which: - from loans to customers	43,578	18,032
	- from debt securities	7,056,364	666,163
20	Interest expense and similar charges of which:	-179,270,245	-1,234,389
	- on deposits from customers - on securities issued	-1,176,119	-801,015
30	Dividends and other income from:	479,669	452,718
	(a) equities, shares and other forms of capital	35,945	5,930
	(b) equity investments(c) equity investments in Group companies	443,724	446,788
40	Commission income	38,183,492	26,819,570
50	Commission expense	-4,150,331	-3,590,803
60	Profits (losses) on financial transactions	29,756,038	905,726
70	Other operating income	5,235,837	1,389,601
80	General and administrative expenses:	-46,093,142	-25,429,992
	(a) personnel expenses of which:	-13,951,388	-7,999,000
	- wages and salaries	-10,346,080	-5,732,822
	- social security contributions	-2,275,675	-1,533,683
	- provision for severance indemnities	-491,480	-387,457
	provision for post-retirement benefits(b) other administrative expenses	-171,207 -32,141,754	-17,430,992
	·	-32,141,734	-17,430,772
90	Depreciation and amortization of tangible	0.747.405	F 0FF 000
	fixed assets and intangible fixed assets	-3,747,405	-5,055,983
100	Provisions for risks and charges	-2,500,000	-
110	Other operating expenses	-298,422	-222,619
170	Income (loss) before extraordinary items and income taxes	24,378,540	-3,812,998
180	Extraordinary income	984,718	3,825,588
190	Extraordinary charges	-704,296	-348,947
200	Extraordinary income, net	280,422	3,476,641
220	Income taxes	-12,109,156	449,015
230	Net income for the year	12,549,806	112,658





Introductory notes

The financial statements for 2002 are represented by the Balance Sheet, the Profit and Loss Account and these Notes to the Accounts, accompanied by the Management Report on Performance, as required by Italian legislative decree no. 87 of January 27, 1992.

The Notes serve to illustrate, explain and analyze the financial information and data included in the financial statements and contain all that information which is required by the Italian legislative decree referred to above and by Bank of Italy Regulations No. 166 dated July 30, 1992, as subsequently amended and integrated.

The Notes also provide all that information deemed to be necessary to present a true and fair view of the state of affairs of the Bank as at December 31, 2002 and of its financial position for the year then ended.

Set out as an attachment to the Notes is the Statement of changes in financial position of the Bank.

Although holding a controlling interest carried at cost in the financial accounts for 2002, the Bank has not prepared consolidated financial accounts by virtue of the fact that these are drawn up and presented by Banco Popolare di Verona e Novara, the parent company.

Part A – Accounting policies

The financial statements have been prepared in accordance with currently applicable laws and regulations and, not least, in conformity with accounting principles generally accepted in Italy in order to present properly the financial position and results of operations of the Bank.

Set out below are the more significant accounting policies and fundamental accounting assumptions followed in the preparation of the financial statements for the year ended December 31, 2002:

Consistency:

Unless otherwise specified hereinafter, the accounting policies adopted in the preparation of the financial statements are applied consistently over time.

Substance over form:

In order to present a true and fair view of the financial position of the Bank, transactions and other events are accounted for and presented, to the extent possible, in accordance with their substance and financial reality and not merely in their legal form.

Going concern:

The Bank has adequate resources to continue in business for the foreseeable

future and it is therefore appropriate for the accounts for the year to December 31, 2002 to have been prepared on a going concern basis.

Prudence:

Unless an accounting principle of reference requires or permits otherwise, profits are recognized in the financial statements if, and only if, realized by or before the balance sheet date. Also taken into account are all expected losses or liabilities, including therein those determinable after year-end. Allowances for risks and charges are provided exclusively to cover certain or probable losses or liabilities for which the exact value and effective date are not determinable at the year-end.

Accrual basis of accounting:

Revenues and costs are accrued and recorded in the financial statements of the periods to which they relate.

Measurement separation:

Without prejudice to the following paragraph, on- and off-balance sheet assets and liabilities are measured separately, that is, not aggregated with amounts of a similar nature or function.

Consistency of measurement:

Assets and liabilities not differing in nature or function are measured on a consistent basis, that is, applying consistent valuation criteria.

Conversion into Euro:

Assets and liabilities denominated in currencies outside the EuroZone are converted into Euro at the official rate of exchange ruling on the balance sheet date. As required by the provisions of law, like-by-like prior year balances are presented for comparative purposes, the related book values of which, denominated originally in Lira, have been converted into Euro at the parity rate of Lire 1,936.27, in accordance with currently applicable laws and regulations. Accordingly, all balance sheet and profit and loss account items are presented in Euro.

Section 1 Illustration of accounting policies

Section 1 1. Loans, guarantees and commitments

1.1 Due from customers and Due to customers

POlicies Cash loans and advances to customers are recorded as and when executed. Loans arising as a result of financing contracts are included as amounts receivable in advances under the caption "Due from customers".

Loans, including therein interest past due and default interest, are stated at presumed realizable value.

The presumed realizable value of non-performing, substandard loans and loans restructured or under restructuring is determined following detailed review and assessment. On the other hand, loans that appear to be performing regularly are

written down on an across-the-board basis, taking into account historical loss experience, anticipated defaults or foreclosures based on portfolio trends and expected loss factors by loan type. Loans subject to "country risk", being loans to borrowers resident in countries that have difficulty in servicing debt, are written down on an across-the-board basis. The default interest elements of loans are estimated separately at their presumed realizable value.

Loans are written down by reducing the stated value of the related asset. The original value of loans is reinstated should the reasons for any write-downs recorded in prior years cease to apply.

Customer deposits are stated at their nominal value.

1.2 Amounts due from and to banks

Deposits and financing due from and to banks are stated on the basis of their settlement date.

Amounts due from banks, including therein accrued interest, are stated at presumed realizable value.

Amounts due to banks are stated at nominal value, including therein interest past due at year-end.

1.3 Guarantees and commitments

Guarantees given are shown at the value of the commitment undertaken. The guarantees and commitments of the Bank giving rise to lending risk are valued on the basis described in relation to loans.

Commitments to deliver funding are shown at the amounts to be settled. Commitments to purchase securities are shown at the forward price agreed by contract with the respective counterparts.

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

Transactions in securities and other financial instruments are recorded at the amounts settled.

Own securities (trading securities) purchased under agreements to resell and own securities (trading securities) sold under agreements to repurchase are reflected as funding or lending transactions in the financial statements. The related income and expense resulting from coupons expired on securities sold or purchased spot and the spread between the sale/purchase spot price and the resale/repurchase forward price are recognized on an accrual basis in the profit and loss account under "interest expense and similar charges" or "interest income and similar revenues".

2.1 Investment securities

Investment securities are held for the longer term up to their maturity date and as such are classified as financial fixed assets. These are valued at cost, as adjusted by the difference between the cost and reimbursement value, for the part pertaining to the year. The cost of purchase is assigned by using the "weighted average cost" formula.

The difference between the issue price of the securities and the related redemption price is recognized as interest on securities in accordance with the accrual basis of accounting.

The difference between the cost of purchase, net of withholdings, if any, relating to accrued issue discounts, and the higher or lower redemption price of the debt securities representing financial fixed assets is recorded as greater or minor interest on securities, respectively, in accordance with the accrual basis of accounting.

2.2 Trading securities

Securities not representing financial fixed assets are measured:

- at market value, when quoted on organized markets;
- at the lower of cost or market value, when not quoted on organized markets. However, securities not quoted in organized markets and hedged specifically by derivative contracts are measured at market value on a basis consistent with the derivative contracts to which they relate.

The cost is assigned by using the "weighted average cost" formula, adjusted by the difference between the issue price of the securities and the related redemption price.

Market value is determined:

- for securities quoted on organized markets, with reference to the listing price struck on the last day of the accounting period;
- for securities not quoted on organized markets, with reference to the listing price of securities with similar characteristics quoted in organized markets or, if unavailable, using other objective criteria.

The difference between the issue price of the securities and the related redemption price is recognized as interest on securities in accordance with the accrual basis of accounting.

The original value of trading securities is reinstated should the reasons for any write-downs recorded in prior years cease to apply.

2.3 "Off-balance sheet" transactions (other than on foreign currency)

Derivative contracts representing "off-balance sheet" transactions outstanding at year-end are valued as follows:

a) derivative contracts entered into specifically to hedge assets and liabilities or

linked to other assets and liabilities presented either on the face of the balance sheet or off-balance sheet:

- a.1 differentials accrued on derivatives are included among interest income or interest expense on a basis consistent with the income and expense generated by the assets/liabilities being hedged, that is, over the duration of the contract to which they relate, in the instance of linked derivatives or general hedges;
- a.2 hedging derivative contracts outstanding at year-end are measured on a basis consistent with the assets/liabilities being hedged or otherwise linked thereto, as set forth below:
 - at market value, when entered into specifically to hedge portfolio trading securities;
 - at "cost", when entered into specifically to hedge assets/liabilities bearing interest other than investment securities, on a basis consistent with the items being hedged;
- b) derivatives linked to dealing contracts:
 - b.1 differentials accrued on derivatives are included among profits (losses) on financial transactions;
 - b.2 derivatives quoted on organized markets are measured at market value. Foreseeable profits or losses, if any, attaching to an organized system of transactions outstanding at the balance sheet date are therefore credited/debited to the profit and loss account as profits/losses on financial transactions, with the corresponding balance sheet entry being other assets or other liabilities;
 - b.3 derivatives not quoted on organized markets whose reference parameters are prices, quotations or indices derived from information circuits commonly used internationally or, in any case, objectively determined, are measured at market value using the financial value, determined on the basis of year-end quotations struck on Italian or foreign organized markets;
 - b.4 other derivatives not quoted on organized markets are valued at the lower of cost or market value. Foreseeable losses only, if any, attaching to an organized system of transactions outstanding at the balance sheet date are therefore debited to the profit and loss account as losses on trading activities, with the corresponding balance sheet entry being "other liabilities".

Premiums paid or collected in respect of trading options are held in suspense by posting them to "other assets" or "other liabilities", respectively.

Should the option not be exercised, the premiums are credited to, or charged against, the profit and loss account. The value of the premium attaching to options exercised on securities is credited to, or charged against, the income or expense arising as a result of the security purchased or sold.

"Off-balance sheet" transactions represented by securities to be received in respect of contracts concluded as yet not settled at the balance sheet date are valued using the policies applicable to securities held in portfolio.

"Off-balance sheet" transactions represented by securities to be delivered in respect of contracts concluded as yet not settled at the balance sheet date are valued at the lower of the value determined using the policies applicable to securities held in portfolio or the forward selling price agreed by contract.

3. Equity investments

Equity investments are stated at cost and are written down to reflect any permanent impairment in value. The original value of the equity investments is reinstated when the reasons for the write-downs cease to apply.

Dividends are recorded in the year in which they are collected and are stated gross of the related tax credit.

4. Assets and liabilities in foreign currency (including "off-balance sheet" transactions)

Transactions denominated in foreign currency are stated on the basis of their settlement date. This principle is applied also to the contra-entries denominated in Euro of transactions involving currency against Euro.

Revenues and expenses denominated in foreign currency are stated using the rate of exchange applying at the time they were recorded. In particular, the following items are included in "Profits (Losses) on financial transactions":

- a) profits and losses arising from foreign exchange trading;
- b) positive and negative differentials on foreign exchange derivative contracts:
- c) difference between the current value of assets and liabilities and "off-balance sheet" transactions denominated in foreign currency at year-end and the related book value thereof.

4.1 Assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currency are valued at the spot exchange rate applying on the last day of the accounting period as notified by the Bank of Italy.

4.2 "Off-balance sheet" transactions

"Off-balance sheet" spot transactions are valued using the spot exchange rate applying at year-end.

"Off-balance sheet" forward hedging spot transactions entered into specifically to hedge foreign exchange fluctuations or, in any case, linked to other assets or liabilities, presented either on the face of the balance sheet or off-balance sheet, are valued using the spot exchange rate applying at year-end insofar as consistent with the valuation criteria adopted for those assets and liabilities.

"Off-balance sheet" forward transactions, if any, entered into specifically not to

hedge foreign exchange fluctuations or, in any case, not linked to other assets or liabilities, presented either on the face of the balance sheet or off-balance sheet, are valued using the current forward exchange rate applying at year-end for maturities corresponding to those of the transactions subject to valuation.

Premiums paid or collected in respect of trading currency options, which may be exercised after the balance sheet date, are held in suspense by posting them to "other assets" or "other liabilities", respectively.

5. Tangible fixed assets and intangible fixed assets

5.1 Tangible fixed assets

Tangible fixed assets are stated at cost, including accessory expenses, less accumulated depreciation, as adjusted in some cases as a result of the application of revaluation laws. The assets are depreciated on a systematic basis according to the remaining possibilities of utilizing the assets and, in all cases, in accordance with the depreciation policy set out below:

Tangible fixed asset class Year	ſS
Office machinery and furniture	7
Safety systems and safes	
Fittings	
Electronic and electromechanical office machinery	3
Motor vehicles, trucks and similar	3
In-house communication and on-screen systems	3
Alarm, surveillance and closed-circuit systems	3

Expenditure on repairs or maintenance incurred subsequent to the acquisition of an item of property, plant and equipment is recognized as an expense when incurred in that it restores, rather than increases, the originally assessed standard of performance. Subsequent repairs or maintenance expenditure of a betterment nature on property, plant and equipment is only recognized as an asset when the expenditure improves the condition of the asset beyond its originally assessed standard of performance.

5.2 Intangible fixed assets

Intellectual property rights and licenses are stated at purchase price, including accessory expenses, and are amortized systematically in relation to the remaining possibilities of utilizing the assets and, in all cases, over a period of not more than five years.

Aside from goodwill acquired for due consideration on acquisition of the business line Creberg Sim, which are amortized, as required by currently applicable tax legislation, over a period of 10 years, incorporation and subsequent expenses and all other deferred charges are amortized over a period of five years.

6. Other information

6.1 Accruals and deferrals

Accruals and deferrals include the portion of revenues and expenses covering two or more periods, in accordance with the accrual basis of accounting.

6.2 Portfolio management

This is stated at the total value of the portfolios managed on behalf of customers.

6.3 Allowance for severance indemnities and allowance for post-retirement benefits

The allowance for severance indemnities represents the liability to each employee at year-end, accrued in accordance with current legislation and payroll agreements.

The allowance for post-retirement benefits represents the Group Supplementary Pension Scheme in favor of Banca Aletti employees determined on the basis of specific bilateral contract agreements.

The Scheme, which represents an integration to Italian Social Security ('INPS') pension funds, is held independently from the Bank's own assets insofar as managed and funded exclusively by the Group and the Bank.

6.4 Taxation

The allowance for taxation is represented by provisions recorded to cover current income taxes, deferred tax liabilities and the risk arising from tax litigation outstanding.

The provision for current income taxes is determined with reference to estimated taxable income for the year determined on the basis of currently applicable tax legislation.

Deferred taxation is accounted for using the "Balance Sheet Liability Method" set forth by International Accounting Standard IAS 12 in accordance with the specific regulations issued by the Bank of Italy. More particularly, deferred taxation reflects tax liabilities arising from timing differences between taxable income and reported income (e.g., deferred capital gains), net of any tax assets arising (e.g., provisions and costs deductible in future years), to the extent that these will reverse (wholly or in part) in the same period as the deferred liabilities. No accrual for deferred taxation has been recorded for equity reserves in suspension in that, at the time of writing, the conditions giving rise to their taxation are not expected to occur.

Deferred tax assets, if any, arising from deductible timing difference are recorded if, and only if, there is a reasonable certainty of their future recovery.

6.5 Other allowances for risks and charges

The other allowances for risks and charges are provided to cover foreseeable losses on guarantees given and commitments undertaken and, not least, other liabilities for which the exact value and effective date are not determinable at the year-end.

6.6 Allowance for general banking risks

The allowance is provided to cover overall business risk and, as a consequence, forms part of shareholders' equity.

2.1 Adjustments in value recorded exclusively in application of tax laws

As of December 31, 2002, aside from accelerated depreciation, amounting to Euro 264 thousand, recorded in application of tax laws, no adjustments have been recorded by the Bank exclusively in application of tax laws.

	Income for the year			Shareholders' equity		
(in thousands of Euros)	gross	tax charge	net	gross	tax charge	net
Accelerated depreciation return for the year	0	0	0			
depreciation charge for the year	264	110	154			
Total	264	110	154	310	129	181

Section 2 Adjustments and provisions recorded for tax purposes

2.2 Provisions recorded exclusively in application of tax laws

As of December 31, 2002, no provisions have been recorded by the Bank exclusively in application of tax laws.

2.3 Change in accounting policies

Aside from the accounting policy adopted for portfolio securities and other financial instruments not representing financial fixed assets, the accounting policies adopted in the preparation of the financial statements as of December 31, 2002 are unchanged from the previous year.

With effect from financial year 2002, portfolio securities and other financial instruments not representing financial fixed assets are now measured at market value and no longer at the lower of cost or market value as in previous years.

In accordance with Banco Popolare di Verona e Novara, the parent company, instructions, the change in accounting policies has been adopted in order to:

- secure consistent Group accounting policies;
- simplify the accounting for economic results generated by the finance sector;
- align the accounting policies to the operational management policies of the finance sector, with related positive impact resulting therefrom on portfolio risk management and the valuation of aggregate performances.

As a result thereof, gross revaluations in a greater amount have been recorded for:

- Euro 403 thousand relating to portfolio securities, or Euro 235 thousand, net of taxation. Furthermore, it may be noted that such amount includes for Euro 21 thousand a capital gain pertaining to financial year 2001, relating to a security in portfolio at December 31, 2001 and reflecting no movement in the year under review;
- Euro 16,701 thousand relating to other financial instruments, or Euro 9,728 thousand, net of taxation.

Of corresponding sign and amount are the consequences on profit and share-holders' equity.

The amount of gross revaluations stems from the sum of the following components:

Capital gain on securities amounting to Euro 403 thousand; Capital gain on security derivatives amounting to Euro 1,956 thousand; Capital gain on index and exchange rate derivatives amounting to Euro 14,744 thousand; Capital gain on I.R.S. linked to securities (Asset Swap) amounting to 0.

The backward-looking component, given by the difference between shareholders' equity at the beginning of financial year 2002 and the amount of wealth that would have been attained had the new accounting policy been adopted in prior years, amounting to Euro 53 thousand (of which Euro 32 thousand relating to capital gains on securities in portfolio at December 31, 2001 transferred during the year), net of taxation, is included under caption 180 "Extraordinary income".

As a consequence, the current component for financial year 2002, limited to the securities in portfolio component, amounting to Euro 383 thousand, is included under the caption 60 "Profits (losses) on financial transactions".

In order to ensure a more immediate grasp of what would have been the impact on the balance sheet and the profit and loss account had the new accounting policy for securities been applied in prior years, a pro forma balance sheet and a pro forma profit and loss account for 2001 have been prepared and presented as though the new accounting policy had been then adopted.

Set forth below on a comparative basis with the financial accounts for 2002 are the balance sheet and profit and loss account for 2001 placing in evidence the changes that would have arisen had the new accounting policy been then adopted.

	SALANCE SHEET - ASSETS accounts in Euros)	12/31/2001	Change	Pro-forma 12/31/2001	12/31/2002
10	Cash and deposits with central banks and post-offices	2,121,252	-	2,121,252	6,630
20	Treasury bills and bonds eligible for refinancing by central banks	39,196,505	19,973	39,216,478	13,059,194
30	Due from banks	143,746,370	-	143,746,370	8,002,242,022
40	Due from customers	535,529	-	535,529	187,726,164
50	Bonds and other debt securities	12,296,724	20,705	12,317,429	213,091,584
60	Shares and other equities	829,278	11,923	841,201	3,316,214
70	Equity investments	1,133,419	-	1,133,419	1,098,841
80	Equity investments in Group companies	-	-	-	145,000
90	Intangible fixed assets	5,852,921	-	5,852,921	13,148,621
100	Tangible fixed assets	1,266,045	-	1,266,045	1,771,624
130	Other assets	43,415,224	-	43,415,224	217,848,113
140	Accrued income receivable and prepaid expenses	1,013,344	-	1,013,344	95,975,235
Tota	al assets	251,406,611	52,601	251,459,212	8,749,429,242

	BALANCE SHEET - LIABILITIES accounts in Euros)	12/31/2001	Change	Pro-forma 12/31/2001	12/31/2002
170			ira emaira emaira emai	elevenilevenileven	
10	Due to banks	102,360,204	-	102,360,204	8,125,560,095
20	Due to customers	15,405,478	-	15,405,478	173,501,741
50	Other liabilities	51,844,769	-	51,844,769	246,702,668
60	Deferred income and accrued expenses	369,284	-	369,284	80,048,851
70	Allowance for severance indemnities	572,101	-	572,101	1,077,627
80	Allowances for risks and charges	913,050	21,040	934,090	15,377,665
120	Share capital	57,330,939	-	57,330,939	72,000,003
130	Share premium reserve	17,427,079	-	17,427,079	17,427,079
140	Reserves	5,071,049	-	5,071,049	5,183,707
170	Net income for the year	112,658	31,561	144,219	12,549,806
Tota	al liabilities	251,406,611	52,601	251,459,212	8,749,429,242

	PROFIT AND LOSS ACCOUNT accounts in Euros)	12/31/2001	Change	Pro-forma 12/31/2001	12/31/2002
10	Interest income and similar revenues	2,153,173	-	2,153,173	186,783,049
20	Interest expense and similar charges	-1,234,389	-	-1,234, 389	-179,270,245
30	Dividends and other income	452,718	-	452,718	479,669
40	Commission income	26,819,570	-	26,819,570	38,183,492
50	Commission expense	-3,590,803	-	-3,590,803	-4,150,331
60	Profits (losses) on financial transactions	905,726	52,601	958,327	29,756,038
70	Other operating income	1,389,601	-	1,389,601	5,235,837
80	General and administrative expenses	-25,429,992	-	-25,429,992	-46,093,142
90	Depreciation and amortization of tangible fixed assets and intangible fixed assets	le -5,055,983	-	-5,055,983	-3,747,405
100	Provisions for risks and charges	-	-	-	-2,500,000
110	Other operating expenses	-222,619	-	-222,619	-298,422
170	Income (loss) before extraordinary items and income taxes	-3,812,998	52,601	-3,760,397	24,378,540
180	Extraordinary income	3,825,588	-	3,825,588	984,718
190	Extraordinary charges	-348,947	-	-348,947	-704,296
200	Extraordinary income, net	3,476,641	-	3,476,641	280,422
220	Income taxes	449,015	- 21,040	427,975	-12,109,156
230	Net income for the year	112,658	31,561	144,219	12,549,806

Part B Information on the balance sheet

1.1 Cash and deposits with "Central Banks and Post-offices" (caption 10)

(in thousands ofi Euros)	12/31/2002	12/31/2001	Change
Notes and coins Demand deposits with central banks Other age agriculturants	7 -	4 2,117	3 -2,117
Other cash equivalents Total	7	2,121	-2,114

Section 1 Loans and Advances (captions 10, 30 and 40)

The balance of Euro 7 thousand represents the cash and cash equivalents of the Bank.

1.2 Detail of caption 30 "Due from banks"

Encompassed herein are amounts due from banks denominated in Euro or in foreign exchange. More particularly:

(in thousands of Euros)	12/31/2002	12/31/2001	Change
Sensions no successors no successors		**************************************	STREET, STREET
Running current accounts	126,935	100,509	26,426
Unrestricted deposits	274,754	-	274,754
Compulsory reserve	7,077	-	7,077
Time deposits or repayable on demand	4,256,819	30,000	4,226,819
Repurchase agreements	3,336,657	11,195	3,325,462
Other due from banks	-	2,042	-2,042
Total	8,002,242	143,746	7,858,496

As identified in the table above, the balances relating to time deposits or deposits repayable on demand and running current accounts also include amounts denominated in currency other than the Euro, for an amount totaling Euro 1,052,165 thousand (December 31, 2001: Euro 62,537 thousand), the corresponding value of which was attained applying the spot exchange rate at year-end.

As a result of reshaping the organizational framework of the Group, transferred to Banca Aletti in the year under review were the Forex and Money Market desks and other broking structures. Given that those structures were already operational at the parent company, this led to an immediate outflow of activities to Banca Aletti and a corresponding uplift in amounts due from banks.

1.3 Detail of caption 40 "Due from customers"

The balance relates primarily to repurchase agreements entered into with unrelated counterparts other than bank counterparts.

(in thousands of Euros)	12/31/2002	12/31/2001	Change
None and the second sec		enusenusenus	e in a se in a se
Current accounts	3,249	536	2,713
Repurchase agreements	184,477	-	184,477
Total	187,726	536	187,190

All balances encompassed herein are denominated in Euro.

1.3.1 Secured customer loans

As of December 31, 2002, the Bank has no secured customer loans receivable.

1.4 Non-performing loans (including default interest)

As of December 31, 2002, the Bank has no non-performing loans receivable.

1.5 Default interest

As of December 31, 2002, the Bank has no default interest receivable.



2.1 Investment securities

As of December 31, 2002, the Bank has no investment securities.

2.2 Changes in investment securities

No changes in investment securities are reported for financial year 2002 insofar as no investment securities are held.

2.3 Trading securities

As of December 31, 2002, all portfolio securities are deemed to be "trading securities" insofar as these represent the temporary deployment of liquidity and, not least, the investment of the available funds assigned to the Bank when the increase in capital was carried out.

Adopting the new accounting policy discussed earlier led to the revaluation, at year-end, of the ending balance on trading securities for an amount totaling

Euro 403 thousand as compared to write-downs for Euro 113 thousand.

The following tables set out the breakdown of portfolio trading securities, analyzed by type of security, listed or unlisted, presented on a comparative basis with their book value (market value) and, not least, the movement thereon for the period.

Portfolio trading securities composed as follows:

(in thousands of Euros)	Purchase price	Purchase value
1. Debt securities	225,762	226,151
1.1 Government securities	185,152	185,539
listedunlisted	185,152	185,539
1.2 Other securities	40,610	40,612
• listed	15,281	15,283
unlisted	25,329	25,329
2. Equities	3,415	3,316
• listed	292	291
• unlisted	3,123	3,025
	229,177	229,467

The movement on securities generated profit in the amount of Euro 3,046 thousand, including therein the capital gain arising on application of the new accounting policy to Market for an amount totaling Euro 403 thousand.

In order to assure improved treasury management, some portfolio securities are earmarked for repurchase agreements. At year-end, used for this purpose were "Government securities" for a nominal value of Euro 137,337 thousand, with the corresponding value settled "spot" for Euro 133,686 thousand. The repurchase agreements, certain of which reaching maturity part way financial year 2003, have been settled for the term value at the maturity dates envisaged.

2.4 Changes in trading securities

Set out below is the movement for the period on portfolio trading securities:

0	n thousands of Euros)	12/31/2002	12/31/2001
Α.	Balance at beginning of the year	52,323	13,792
В.	Increase B.1 Purchases Debt securities • Government securities • other securities Equities • equities • other securities B.2 Write-ups B.3 Transfers from investment portfolio B.4 Other changes	22,452,237 22,451,834 21,624,736 18,351,797 3,272,939 827,098 822,002 5,096 403	3,716,935 3,715,294 896,285 816,075 80,210 2,819,009 2,808,654 10,355
C.	Decrease C.1 Sales Debt securities • Government securities • other securities Equities • equities • other securities C.2 Redemptions C.3 Write-downs C.4 Transfers to investment portfolio C.5 Other changes	22,275,093 22,274,980 21,452,287 18,224,639 3,227,648 822,693 819,976 2,717	3,678,404 3,678,064 856,724 788,975 67,749 2,821,340 2,810,926 10,414 - 340 -
D.	Balance at end of the year	229,467	52,323

3.1 Breakdown of caption 70 "equity investments"

(in thousands of Euros)	12/31/2002	12/31/2001
a) In banks		34
1) listed	-	34
2) unlisted	-	-
b) In financial institutions	4	4
1) listed	-	-
2) unlisted	4	4
c) Other	1,095	1,095
1) listed	-	-
2) unlisted	1,095	1,095
Totale	1,099	1,133

Section 3 Equity investments (captions 70 and 80)

3.1.1 Breakdown of equity investments (caption 70) by business activity

Name (in thousands of Euros)	% ownership	Book value	Business activity
Società Italiana per l'Automazione (SIA)	0.81%	618	stockmarket services
Adica Fiduciaria S.p.A. placed in liquidation	3.90%	4	financial services
Borsa Italiana	0.86%	477	stockmarket management and securities services
 Total		1,099	

3.1.2 Other equity investments (caption 70)

(in thousands of Euros)	12/31/2002	12/31/2001
A. Balance at the beginning of the year	1,133	1,133
B. Increase b.1. purchases b.2. write-ups b.3. revaluations b.4. other changes	- - - 1	- - - -
C. Decrease c.1. sales c.2. write-downs of which: - permanent impairment in value c.3. other changes	- - 34 - - 1	-
D. Balance at the end of the year	1,099	1,133
E. Accumulated revaluation	-	-
F. Accumulated write-downs	_	_

Transferred in the year under review were the 11,880 shares in "Banca Intesa BCI" acquired following conversion, part way 2001, of the shares held in Mediocredito Lombardo.

Put in place in December was the offering and assignment to Borsa Italiana S.p.A. of Monte Titoli S.p.A. shares. Banca Aletti adhered to such offering and, as a result thereof, 350 shares have been transferred and 650 shares have been used by way of assignment. The operation paved the way towards increasing the stake in Borsa Italiana by a further 178 shares, thereby bringing the stake therein to 140,178 shares.

3.2 Breakdown of caption 80 "equity investments in Group companies"



3.2.1 Significant equity investments (caption 80)

	Name	Reg. office	Stockholders' equity		% ownership	Book value
a)	Subsidiaries: Aletti Fiduciaria S.p.A.	Milan	124	4	100%	145
To	tal		124	4		145

With keen focus placed on widening the range products and services tailored to meet customers' needs, Banca Aletti deemed it strategic to include within its infrastructure a Trust Company.

Acquired in June was 100% of the share capital, amounting to Euro 15,000.00, of SOFIDEM FIDUCIARIA S.r.I., an authorized trust company and, as such, available for immediate use.

Banca Aletti deemed it appropriate to put in place the related acquisition thereof recognizing goodwill in the amount of Euro 25,000.00.

Also deemed to be appropriate in the year under review was stronger and more consistent brand recognition. Accordingly, in November, share capital was raised to Euro 120,000.00 and the trust company was transformed into the joint-stock company known as Aletti Fiduciaria S.p.A. Additionally, in order to enable this new structure to interact more smoothly with Banca Aletti and with the Banks pertaining to the Group, the registered office was relocated to Milan, at 12 Via Roncaglia.

Banca Aletti is exempt from the obligation to prepare and present consolidated financial statements, in that Banca Popolare di Verona e Novara, the parent company, includes in its consolidated financial accounts both Banca Aletti and Aletti Fiduciaria S.p.A.

3.2.2 Changes in significant equity investments

(in thousands of Euros)	12/31/2002	12/31/2001
A. Balance at the beginning of the year		818
B. Increase	145	_
b.1. purchases	145	-
b.2. write-ups	-	-
b.3. revaluations	-	-
b.4. other changes	-	142
C. Decrease	_	-960
c.1. salese	-	-960
c.2. write-downs		
of which:		
- permanent impairment in value	-	-
c.3. other changes	-	-
D. Balance at the end of the year	145	-
E. Accumulated revaluations	-	-
F. Accumulated write-downs	_	_

3.2.3 Amounts due to and from associated companies (other than Group companies)

As of December 31, 2002, the Bank has no amounts due to and from associated companies (other than Group companies).

3.3 Amounts due from and to Group companies

The following table sets out the amounts due to and from *Gruppo Banco Popolare di Verona e Novara*:

	(in thousands of Euros)	12/31/2002	12/31/2001
a)	Assets	4,259,091	117,396
ω ,	due from banks of which: - subordinated loans	4,240,139	117,316
	crediti verso enti finanziari of which:	1,121	31
	subordinated loanscrediti verso altra clientela of which:	-	49
	- subordinated loans4. obbligazioni ed altri titoli di debito of which:	17,831	-
	- subordinated loans	-	-
b)	Liabilities 1. due to banks 2. due to financial institutions 3. due to other customers 4. other due in securities 5. subordinated liabilities	6,465,717 6,456,284 439 8,994	78,296 73,836 516 3,944
c)	Guarantees and commitments 1. guarantees given 2. commitments	- 3,931,713	- 126,434

Section 4 Tangible fixed assets and intangible fixed assets (captions 90 and 100)

4.1 Changes in tangible fixed assets (caption 100)

Tangible fixed assets amount to Euro 4,229 thousand, gross of accumulated depreciation; the movement for the period is set out in the table below:

	(in thousands of Euros)	12/31/2002	12/31/2001
A.	Balance at the beginning of the year	1,266	3,578
B.	Increase B1) Purchases B2) Write-ups B3) Revaluation B4) Other changes	1,290 1,235 55	2,263 2,263
C.	Decrease C1) Sales C2) Write-downs a) depreciation b) permanent impairment in value C3) Other changes	-784 - -729 - -55	-4,575 -3,096 -1,479 -
D.	Balance at the end of the year	1,772	1,266
E.	Accumulated revaluation	-	
F.	Accumulated write-downs a) depreciation (accumulated deprec.) b) permanent impairment in value	2,457 2,457	1,674 1,674

Tangible fixed assets

In 2001, the Bank spun off and transferred to the Group company Società Gestione Servizi Bpv the Information Technology and Electronic Data Processing business. As a consequence thereof, the IT and computer system innovations, which, in the year under review, led to migration on Group systems, have not generated change in the captions "tangible fixed assets", in that such costs are included within "other general and administrative expenses" as services received.

The change for the period in the caption "tangible fixed assets" relates to capi-

tal investments towards refurbishing and fittings for the new registered office (Via Roncaglia) and, to some extent, to costs incurred when opening two new branch locations, one in Venice and the other in Bologna.

The more significant increases for the period are set out below:

Tangible fixed asset class	(in thousands of Euros) amount
Furniture and fittings	871
Electronic and electric machinery	13
Other equipment	351

No revaluations have been recorded over time in relation to the tangible fixed assets held at year-end.

4.2 Changes in caption 90 "intangible fixed assets"

Intangible fixed assets amount to Euro 13,149 thousand; the movement for the period is summarized in the table below.

	(in thousands of Euros)	12/31/2002	12/31/2001
A.	Balance at the beginning of the year	5,853	8,301
В.	Increase B1) Purchases B2) Write-ups B3) Revaluation B4) Other changes	10,314 10,314	6,009 6,009 -
C.	Decrease C1) Sales C2) Write-downs a) amortization b) permanent impairment in value C3) Other changes	-3,018 -3,018 -	-8,457 -4,880 -3,577
D.	Balance at the end of the year	13,149	5,853
E.	Accumulated revaluation	-	-
F.	Accumulated write-down a) amortization (accumul. ammort.) b) permanent impairment in value	6,848 6,848	3,829 3,829

In the year under review, Banca Aletti acquired, in application of the Group Business Plan, the "portfolio management" business line from Creberg Sim. The purchase consideration for the business line acquisition, amounting to Euro 8,286 thousand, has been included among intangible fixed assets under the caption "goodwill". Amortization of this goodwill will be completed in ten years, insofar as representing the period of time over which the expected future economic benefits relating to the business line in question will arise. Furthermore, the amortization policy mirrors the usual practice adopted for similar acquisitions.

The other changes for the period include capitalized improvement costs incurred in relation to the registered office at Via Roncaglia and to the new branch locations opened.

The improvement costs have been capitalized in agreement with the Board of Statutory Auditors.

Intangible fixed asset class	(in thousands of Euros) amount
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Goodwill	8,286
Leasehold improvement costs	1,724
Incorporation costs	248
Other deferred charges	56

The residual values, less amortization, are the following:

Intangible fixed asset class	(in thousands of Euros) amount
garantra nato no senso nato no senso nator	unenumenumenumenumenumenumenumen
Goodwill	7.458
Leasehold improvement costs	3.710
Incorporation costs	198
Advertising expenses	1.678
Software costs	27
Trademarks and patents	9
Other deferred charges	69

5.1 Breakdown of caption 130 "Other assets"

(in thousands of Euros)	12/31/2002	12/31/2001
	1200111111200111111200111111120011111	renument und
due from tax authorities	1,475	2,299
securities transactions yet to be settled	8,519	13,213
premiums paid on options	25,218	803
guarantee deposits	216	183
deferred tax assets	1,991	1,650
deu from Group companies	22,056	7,310
sundry items in suspense	25,088	16,256
positive valuation of derivative transactions	130,984	-
other items	2,301	1,701
Total	217,848	43,415

Section 5 Other assets (captions 130 and 140)

This item is detailed below:

- "Due from tax authorities", amounting to Euro 1,475 thousand, includes advance regional tax ('IRAP'), amounting to Euro 368 thousand, paid for financial year 2002, whilst no advance corporation tax ('IRPEG') has been paid insofar as not due; furthermore, also included therein is a tax credit, amounting to Euro 584 thousand, which has been recovered by payments made for January and other indirect tax prepayments.
- "Securities transactions yet to be settled" include values relating to transactions in securities and investment funds yet to be settled, for Euro 5,526 thousand, and derivative transactions for Euro 2,993 thousand.
- "Premiums paid on options" comprise premiums paid for options on "OTC" transactions relating to financial risk hedging, for Euro 24,787 thousand, and opening margins for dealing in Italian organized markets for Euro 431 thousand.
- "Guarantee deposits" refer, for Euro 162 thousand, to the deposit with the Cassa di Compensazione e Garanzia (Guarantee and Clearing House), whilst the residual Euro 54 thousand relate to property rental guarantee deposits.
- "Deferred tax assets", amounting to Euro 1,991 thousand, relate to corporation tax ('IRPEG') and regional tax ('IRAP') in the amount of Euro 1,837 thou-

sand and Euro 154 thousand, respectively. The unused tax credits are recognized in the balance sheet insofar as it is probable that Banca Aletti will have sufficient taxable profit in future periods against which these can be utilized.

• "Due from Group companies" relates to services rendered to Group companies yet to be collected and refer to:

Banco Popolare di Verona e Novara: Euro 15,912 thousand;

Credito Bergamasco: Euro 5,107 thousand; Banca Popolare di Novara: Euro 376 thousand; Aletti Gestielle SGR S.p.A.: Euro 161 thousand; Aletti Gestielle Alternative SGR S.p.A.: Euro 500 thousand.

- The amount reported for the line "Sundry items in suspense" is represented by items in process, for Euro 19,174 thousand, whilst the residual Euro 5,914 thousand represents the balance of the entries relating to the accounting adjustments identified at the date of preparation of the balance sheet, as yet to be reflected in customer and bank current accounts.
- The amount reported for the line "Valuation of derivative transactions" corresponds to the mark-to-market valuation of all derivative products, excluding accrued income receivable on "Interest Rate Swaps" that is classified under "Accrued income receivable". The valuations are recorded on open balances: accordingly, the negative valuations of like-by-like financial instruments are matched in "Other liabilities".
- "Other items" include amounts due for invoices issued as yet to be collected, Euro 616 thousand; commissions earned as yet to be collected, Euro 411 thousand; opening margins paid to Cassa di Compensazione e Garanzia in relation to dealing on own account and on behalf of third parties, Euro 854 thousand, opening margins in relation to dealing in derivatives on foreign markets, Euro 59 thousand. Also included therein are other minor items.

5.2 Breakdown of caption 140 "Accrued income receivable and prepaid expenses"

(in thousands of Euros)	12/31/2002	12/31/2001
	OUTSUROUS ESTATEMENT	CONTRACTOR OF STREET
Accrued income:	90,886	877
a) interest on securities	3,728	185
b) interest due from banks	24,492	-
c) interest income on repurchase transactions	15,370	91
d) differential on derivative contracts	47,184	-
e) fees and commissions	112	590
f) other income	-	11
Prepaid expenses	5,089	136
a) outright contracts	4,972	-
b) overhead expenses	117	136
Total accrued income receivable and prepaid expenses	95,975	1.013

Dealing performed by the Money Market desk and by the Derivatives desk led to an uplift in the values included in this account. The amounts stated express accrued income receivable at December 31, 2002 on deposits, repurchase transactions and interest accrued on "Interest Rate Swaps".

5.3 Adjustments for accrued income receivable and prepaid expenses

No advantage has been taken in the balance sheet of the right pursuant to Art. 12, paragraph two, of Legislative Decree No. 87/92 to credit or debit, as and when technically appropriate, accrued income and prepaid expenses directly to the asset and liability accounts to which these relate. The one and only exception is represented by accrued issue discounts, the accrued interest of which is credited to securities and, where applicable, to amounts due from tax authorities.

5.4 Distribution of subordinated assets

As of December 31, 2002, no subordinated amounts are due to the Bank from banks and lending institutions, financial institutions and customers or by way of debt securities.

6.1 Detail of caption 10 "due to banks"

This item is analyzed below by technical form:

	(in thousands of Euros)	12/31/2002	12/31/2001	Change
				ennamental de
a)	Running current accounts	54,305	102,360	-48,055
b)	Deposits	4,614,512	-	4,614,512
c)	Repurchase agreements	3,456,743	-	3,456,743
Total		8,125,560	102,360	8,023,200

As identified in the table above, the balances relating to deposits and running current accounts also include amounts denominated in currency other than the Euro, for an amount totaling Euro 1,507,164 thousand (December 31, 2001: Euro 46,390 thousand), the corresponding value of which was attained applying the spot exchange rate at year-end.

The increase in amounts due to banks stems from inception of Money Market and Forex activities, as discussed earlier under the heading " $\,$ Due from banks" $\,$.

Section 6 Due to banks and customers (captions 10 and 20)

6.2 Detail of caption 20 "Due to customers"

Available funds taken from customers are analyzed as follows:

(in thousands of Euros)	12/31/2002	12/31/2001	Change
Semannia in manuscrimina in ma			e in a serial and a
due on demand	35,591	13,984	21,607
due at return or notice	137,911	1,422	136,489
Total	173,502	15,406	158,096

All balances included in this account are denominated in Euro.

The balance on the line "Due on demand" is represented primarily by available funds attaching to assets under management for Euro 19,854 thousand and available funds attaching to customer portfolio management for Euro 15,552 thousand.

The uplift in customer available funds under management has been pushed through by the portfolio management business line acquired from Creberg Sim part way in the year under review.

The increase in the balance on the line "Due at term or notice" represents the value of repurchase transactions entered into primarily with customer financial institutions.

6.2.1 Other due in securities

As of December 31, 2002, no amounts due in securities are held by the Bank.

Section 7 Allowances (captions 70, 80 and 90)

Examined and discussed in this section are changes in the Allowance for severance indemnities, the Allowance for post-retirement benefits and similar obligations, the Allowances for risks and charges and the Allowance for general credit risks.

7.1 Analysis and Changes in caption 70 "Allowance for severance indemnities"

As of December 31, 2002, the balance on this account amounts to Euro 1,078 thousand and mirrors the liability accrued at year-end pursuant to currently applicable laws, net of severance indemnities paid or advanced to employees, as discussed earlier under the Part A "Accounting policies".

The movement for the period is the following:

(in thousands of Euros)	12/31/2002	12/31/2001	
Balance at the beginning of the year	572	331	
 Provision for the period 	491	387	
Other increases	119	-	
Indemnities paid	-104	-146	
Balance at the end of the year	1,078	572	

The provision for the period includes severance indemnities accrued for staff members seconded from the Banking Group and now employed directly by Banca Aletti. Also included therein are the severance indemnities accrued for personnel who, as a result of the "portfolio management" business line acquired from Creberg Sim, put in place formally on December 28, 2002, are now employed by the Bank.

7.2 Analysis and Changes in sub-caption 80/a "Allowance for post-retirement benefits"

As of December 31, 2002, the following amounts have been accrued by Banca Aletti for post-retirement benefits:

(in thousands of Euros)	12/31/2002	12/31/2001
Balance at the beginning of the year	-	-
 Provision for the period 	171	-
Use for the period	-	-
Balance at the end of the year	171	_

The allowance stems from a union agreement sealed, at the Group level, in the year under review, by virtue of which the parent company's Pension Scheme covers the ongoing pensionable salary roll of Banca Aletti. The agreement sets out that the ongoing pensionable salary roll of Banca Aletti will be covered with effect from October 2001.

The terms and conditions attaching to the parent company's pension scheme, now known as the "Group Scheme", were amended part way 2002.

7.3 Analysis and Changes in sub-caption 80 b) "Allowances for risks and charges: allowance for taxes"

The movement for the period in the "Allowance for taxes" is the following:

(in thousands of Euros)	12/31/2002	12/31/2001
Balance at the beginning of the year	913	395
Provisionsa) Corporate tax (IRPEG)b) Regional tax (IRAP)	9,550 2,900	- 355
c) Substitute tax on business line disposald) Other taxes	256	558
Balance at the end of the year	-913 12,706	-395 913

Use of the allowance reflects full payment of the tax charge resulting from the 2001 income tax return presented in 2002, understated for Euro 18 thousand, which was booked to extraordinary charges during the year.

Accruals represent the estimated corporation tax ('IRPEG') and regional tax ('IRAP') charge pertaining to the period and, not least, to the provision for taxes and duties (other than income taxes) such as: stamp duty and taxation on stockmarket contracts.

7.3.1 Deferred tax assets and deferred tax liabilities

Deferred taxation is accounted for using the "Balance Sheet Liability Method" set forth by International Accounting Standard IAS 12 in accordance with the specific regulations issued by the Bank of Italy. More particularly, deferred tax assets and deferred tax liabilities are determined applying to the nominal values of all taxable and deductible temporary differences the tax rates that, in accordance with the tax laws prevailing at the date of preparation of the balance sheet, have been enacted or substantially enacted in the periods in which the temporary differences are expected to reverse. The tax rates and the manner of measuring the taxable base for corporation tax ('IRPEG') and regional tax ('IRAP') purposes are reviewed at each balance sheet date in order to take into account amendments or other introduced by the laws and regulations of reference (taking into account, for example, announcements of tax rates and tax laws) and convincing evidence that future taxable profit will be available (recognizing amounts to the assets and liabilities to the extent that it is probable that these can utilized before they expire).

Changes in "Deferred tax assets"

	(in thousands of Euros)	12/31/2002	12/31/2001
1.	Balance at the beginning of the year	1,650	288
2.	Increase 2.1) deferred tax assets arising in the year 2.2) other increases	1,988 1,979 9	1,498 1,342 156
3.	Decrease 3.1. deferred tax assets annulled in the year 3.2. other decreases	-1,647 -1,646 -1	-136 -136
4.	Balance at the end of the year	1,991	1,650

When calculating the credit for deferred tax assets, the Bank takes into account that there is a reasonable certainty that sufficient profit will be generated in the foreseeable future, thereby enabling the recovery of the amounts included in the balance sheet.

The Change in deferred tax assets, amounting to Euro 205 thousand (for corporation tax ('IRPEG') purposes) and Euro 136 thousand (for regional tax ('IRAP') purposes), has been recorded by way of reduction to caption "220 – Income taxes".

Set forth below are the more significant temporary differences working towards determining the amount of "Advance taxation" stated on the asset side of the balance sheet as at December 31, 2002:

Provision to the Allowance for risks – taxed:
 Provision for employees:
 Entertainment and other changes:
 Euro 850 thousand;
 Euro 824 thousand;
 Euro 168 thousand.

Changes in "Deferred tax liabilities"

No table is presented for changes in deferred tax liabilities insofar as no deferred tax liabilities are reported and, as such, no calculation can be made.

7.4 Analysis and Changes in caption 80/c "Allowance for risks and charges"

	(in thousands of Euros)	12/31/2002	12/31/2001
Α.	Balance at the beginning of the year	-	-
B.	Increase B.1 Provisions B.2 Other changes	2,500 2,500	-
C.	Decrease C.1. Use C.2 Other changes		-
D.	Balance at the end of the year	2,500	-

As a result of correcting accounting items in the year under review, operating income in the amount of Euro 4,646 thousand has been recognized in the profit and loss account, as reported in the Note to "Other operating income", in relation accounting differences arising from computer system anomalies.

Although possible, there is no significant probability at the time of writing that complaints or claims might arise. However, for reasons of prudence, 50% of the amount credited to the profit and loss account has been reserved. Taking into account that those accounting differences has just been corrected and that the Bank deems it appropriate to consolidate its strategic intent in the course of the year (in which bank reconciliations will continue to be put in place and customer account statements will continue to be forwarded), the decision, if any, to use the allowance has been deferred to the end of the current year.

In addition, as a result of insolvency by one financial operator, the Bank has been requested, by the Cassa di Compensazione e Garanzia (Guarantee and Clearing House), to contribute towards rescheduling the liabilities accumulated. To this end, the Bank has accrued Euro 150 thousand.

7.5 Changes in "Allowance for general credit risks"

As of December 31, 2002, no provisions for general credit risk have been accrued by the Bank insofar as there are no general credit risks at the balance sheet date.

Share capital and equity reserves

On June 20, 2001, Shareholders' Meeting passed resolution, by way of extraordinary resolution, approving the motion to raise share capital from Lire 24,850,000,000 to Lire 111,106,470,000 with share premium of Lire 33,743,531,064. As a result of such resolution, the capital increase was fully subscribed and paid in.

Again by extraordinary resolution, the said Shareholders' Meeting assigned to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the authority to increase the share capital, on one or more occasions, for a further Lire 80,000,000,000.

On November 7, 2001, the Board of Directors passed resolution approving conversion of the share capital into Euro. As a consequence thereof, share capital is represented by 11,110,647 shares, par value Euro 5.16 each, totaling Euro 57,330,938.52. Following downward rounding, the legal reserve has been increased for an amount totaling Euro 50,764.44.

By Board resolution of November 13, 2002, following the authority assigned by the extraordinary session of Shareholders' Meeting of June 20, 2001, the Board of Directors raised the share capital from Euro 57,330,938.52 to Euro 72,000,003.24 by issuing 2,842,842 new shares. The capital increase has been subscribed and paid in on a proportionate basis by the two Shareholders of Banca Aletti.

Accordingly share capital as at December 31, 2002 is represented by 13,953,489 shares, par value Euro 5.16 each, for a corresponding value of Euro 72,000,003.24.

Set forth below is the movement for the period on share capital and equity reserves.

Section 8 Share capital, equity reserves, reserve for general banking risks and subordinated debt (captions 120,130,140 and 170)

(in thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Other reserves	Net :::income:	Total capital and reserves
Balances as at December 31, 2001 Allocation of F/Y 2001 profit	57,331	17,427	786	4,285	113	79,942
pursuant to shareholders' resolution of April 24, 2002	-	-	6	107	-113	-
Share capital increase (Board resolution of November 13, 2002)	14,669	-	-	-	-	14,669
Income for the year	-	-	-	-	12,550	12,550
Total	72,000	17,427	792	4,392	12,550	107,161

No own shares are held by the Bank at the balance sheet date. Additionally, no subordinated liabilities held by the Bank.

Regulatory capital

As of December 31, 2002, the portions of capital and equity for supervisory purposes are set out in the table below:

	(in thousands of Euros)	12/31/2002	12/31/2001	Change	%
Α.	Patrimonio di vigilanza				
	A.1. Tier 1 capital	85,855	74,089	11,766	16%
	A.2. Tier 2 capital A.3. Items deductible	-	-	-	-
	A.4. Regulatory capital	85,855	74,089	11,766	16%
<u>В</u> .	Capital adequacy requirements				
	B.1. Credit risk	76,441	2,775	73,666	2,655%
	B.2. Market risk	9,089	1,538	7,551	491%
	of which:				
	 trading portfolio 	8,734	1,538	7,196	468%
	 foreign exchange 	355	-	355	-
	B.3. Other capital adequacy requirements	-	-	-	-
	B.4. Total capital adequacy requirements	85,530	4,313	81,217	1,883%
C.	Risk assets and capital ratios				
	C.1. Risk-weighted assets C.2. Tier 1 capital /	1,221,857	61,612	1,160,245	1,883%
	Risk-weighted assets	7.027	120.251	-	-
	C.3. Regulatory capital / Risk-weighted assets	7.027	120.251	-	-

Breakdown of equity reserves

(in thousands of Euros)	Legal Ex reserve	xtraordinary reserve	
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Balance at the beginning of the year Increase	786	4,285	
a) F/Y 2001 net income	6	107	
Decrease	-	-	
Balance at the end of the year	792	4,392	

Shareholders' resolution of April 24, 2002 authorized the allocation of 5% of net income, or Euro 5,633.00, to the legal reserve and the remaining 95%, or Euro 107,025.00, to the extraordinary reserve.

Reserves, regardless of when formed, which on distribution would not form part of the taxable income of shareholders:

(in thousands of Euros)	12/31/2002
	minimanna mamanna d
Legal reserve	50

The legal reserve was formed following conversion of the share capital into Euro, pursuant to Board Resolution of November 7, 2001.

In accordance with Legislative Decree 466/97, this reserve is not subject to taxation on distribution to shareholders or otherwise.

9.1 Breakdown of caption 50 "Other liabilities"

This item is analyzed below:

(in thousands of Euros)	12/31/2002	12/31/2001
SINSHINSHINSHINSHINSHINSHINSHINSHINSHINS		
Bank transfers pending	10,693	4,245
Due to tax authorities	525	583
Amounts available to customers	-	1,573
Due to employees	2,890	307
Due to social security institutions	523	397
Due to Group companies	12,715	7,482
Due to suppliers	1,353	1,925
Securities transactions in process	15,456	5,365
Premiums collected on options sold	34,809	
Sundry items in suspense	29,101	29,642
Foreign exchange revaluation transitory account	24,020	-
Negative valuation of derivative transactions	114,292	-
Other	326	326
Total	246,703	51,845

Section 9 Other liabilities (captions 50 and 60) Analyzed below are the more significant items making up "Other liabilities":

- "Bank transfers pending" represent bank transfers recorded as yet to be credited to other banks and include Euro 10,300 thousand of funds reversed from Banca Aletti current accounts at Banco Popolare di Verona e Novara branch location 41 to Banca Aletti centralized account at Bank of Italy and, not least, Euro 335 thousand relating to securities transaction settlements.
- "Amounts due to tax authorities" include employee withholding taxes ('IRPEF') for Euro 336 thousand, collaborator withholding taxes for Euro 101 thousand, VAT payable for Euro 7 thousand, capital gains due to customers for Euro 23 thousand and withholdings on interest expense recognized to customers for Euro 50 thousand.
- "Amounts due to employees" include thirteenth month payroll payable for Euro 2,578 thousand and vacation earned not yet enjoyed for Euro 283 thousand.
- "Amounts due social security institutions" include Italian Social Security ('INPS') employee contributions for Euro 518 thousand.
- "Amounts due to Group companies" relate to transactions with the following:

Banco Popolare di Verona e Novara:
 Banca Popolare di Novara
 Credito Bergamasco
 Società Gestione Servizi BPVN S.p.A.
 Aletti Gestielle SGR S.p.A.
 Aletti Invest SIM S.p.A.
 Euro 2,150 thousand;
 Euro 1,121 thousand;
 Euro 8,994 thousand;
 Euro 32 thousand;
 Euro 406 thousand.

- "Amounts due to suppliers" represent liabilities for invoices received not yet settled.
- "Securities transactions in process" represent the balance on transactions involving the purchase and sale of securities not yet assigned to the related accounts.
- "Premiums collected on options sold" comprise premiums collected for OTC options sold, of which put options sold on secured capital management for Euro 5,883 thousand, interest rate dealing options for Euro 15,077 thousand and Asian dealing options for Euro 6,331 thousand.
- "Sundry items in suspense" represent the balance of the entries identified not yet assigned to customer and bank current accounts.
- "Foreign exchange revaluation transitory account" represents the negative valuation of the forward foreign exchange position.

- The amount reported in the line "Negative valuation of derivative transactions" relates to the mark-to-market valuation of all derivative contracts outstanding at the balance sheet date.
- The line "Other" includes other minor liabilities, of which Euro 217 thousand relating to emoluments to the Board of Directors.

9.2 Breakdown of caption 60 "deferred income and accrued expenses"

(in thousands of Euros)	12/31/2002	12/31/2001
America succession and a succession and		manananana d
Accrued expenses	75,809	369
- interest expense on due to banks	15,455	40
- interest expense on repurchase agreements	12,802	-
- differential on derivatives	46,891	-
- fees and commissions	252	262
- other	409	67
Deferred income	4,240	-
- outright contracts	4,240	-
Total	80,049	369

As mentioned earlier in the Note to "Accrued income receivable", Banca Aletti has increased the values stated under "Accrued expenses" owing to dealing performed from the Money Market desk and from the Derivative desk. The values stated mirror the amount earned not yet settled on the respective liabilities.

9.3 Adjustments for deferred income and accrued expenses

As of December 31, 2002, no adjustments for deferred income and accrued expenses have been taken directly by the Bank to the related balance sheet accounts.

10.1 Breakdown of caption 10 "Guarantees given"

As of December 31, 2002, no guarantees whatever have been given by the Bank.

Section 10 Guarantees and commitments

10.2 Breakdown of caption 20 "Commitments"

(in thousands of Euros)	12/31/2002	12/31/2001
		De litera de litera de la constanta de la cons
a) Commitments to grant fiance certain to be called or	n 558,501	122,445
- securities purchased not yet settled	220,618	122,445
- deposits to be made to Banks within 2 days	337,883	-
c) Other transactions - securities sold with repurchase obligation	253,814	-
- put options sold	253,814	22,438
b) Commitments for to grant finance not certain		
to be called on	34	32
- commitments toward Interbank Guarantee	34	32
Total	812,349	144,915

10.3 Assets given as collateral for Bank's liabilities

As of December 31, 2002, no assets have been given by the Bank as collateral for its liabilities.

a) granted by central banks	-
b) granted by other banks	187,960

As of December 31, 2002, the Bank has no available margins on credit lines.

10.5 Forward transactions

	12/31/2002 (in thousands of Euro)	Cate hedging	gorie di operazion trading	i other	
1.	Purchase and sales	-	3,647,983		-
	1.1. Securities	-	441,626		-
	 purchases 	-	220,618		-
	• sales	-	221,008		-
	1.2. Foreign currencies	-	3,206,357		-
	 currency against currency 	-	100,076		-
	 purchases against Euro 	-	1,784,775		-
	sales against Euro	-	1,321,506		-
2.	Deposits and lending	_	791,590		_
	to be placed	-	337,883		-
	to be received	-	453,707		-
3.	Derivatives	820,000	17,702,334		_
	3.1. With asset exchange:	-	-		-
	a) securities:	-	253,824		-
	• purchases	-	253,820		-
	• sales	-	4		-
	b) foreign currencies:	-	2,640,163		-
	 currency against currency 	_	16,685		-
	 purchases against Euro 	-	1,269,563		-
	 sales against Euro 	-	1,353,915		-
	c) other assets:	-	-		-
	 purchases 	-	-		-
	• sales	-	-		-
	3.2. Without asset exchange:	-	-		-
	a) foreign currencies:	-	-		-
	 currency against currency 	_	-		-
	 purchases against Euro 	-	-		-
	sales against Euro	-	-		-
	b) other assets:	820,000	14,808,347		-
	purchases	-	7,217,845		-
	• sales	820,000	7,590,502		-
Tot	al	820,000	22,141,907		-

	12/31/2002 (in thousands of Euro)	Categ hedging	orie di operazioni trading	other
1.	Purchases and sales	-	256,829	
	1.1. Securities	-	256,829	
	purchases	_	122,478	
	• sales	-	134,351	
	1.2. Foreign currencies	-	-	
	 currency against currency 	-	-	
	 purchases against Euro 	-	-	
	• sales against Euro	-	-	
2.	Deposits and lending	-	-	
	 to be placed 	-	-	
	 to be received 	-	-	
3.	Derivatives	-	22,437	
	3.1. With asset exchange:	-	-	
	a) securities:	-	22,437	
	 purchases 	-	22,437	
	• sales	-	-	
	b) foreign currencies:	-	-	
	 currency against currency 	-	-	
	 purchases against Euro 	-	-	
	 sales against Euro 	-	-	
	c) other assets:	-	-	
	 purchases 	-	-	
	• sales	-	-	
	3.2. Without asset exchange:	-	-	
	a) foreign currencies:	-	-	
	 currency against currency 	-	-	
	 purchases against euro 	-	-	
	 sales against euro 	-	-	
	b) other assets:	-	-	
	 purchases 	-	-	
	• sales	-	-	
Tota	al	-	279,266	

10.6 Credit derivatives

As of December 31, 2002, there are no credit derivatives.

11.1 Large credit risks

As of December 31, 2002, the Bank has two "large credit risk exposurers", that is, positions that exceed 10% of "regulatory capital". These positions comprise the total assets at risk (loans, shares, bonds, etc.) at year-end in relation to exposurers or groups of related exposurers (including banks). The total risk position amounts to Euro 21.033 thousand, whilst there were no "large credit risk" exposures at year-end 2001.

Section 11 Concentration and distribution of assets and liabilities

11.2 Distribution of customer loans by activity

(in thousands of Euros)	12/31/2002	12/31/2001
Annahas masmasmasmasmasmasm	ARCHARDIARCHARCHARCHA	(SOURTECH PARTY)
) Governments	-	
) Government agencies	-	
Non-financial companies	-	
Financial institutions	183.931	39
Family-run businesses	3.795	497
Other activities	-	
otal	187.726	530

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

As of December 31, 2001, there are no loans to resident non-financial and family-run businesses.

11.4 Distribution of guarantees given by category of counterpart

As of December 31, 2002 there are no guarantees given in favor of counterparts.

11.5 Geographical distribution of assets and liabilities

The geographical distribution of the Bank's assets and liabilities is analyzed below by reference to the countries of residence of the counterparts:

	12/31/2002 (in thousands of Euros) Italy		Other EU nations	Other countries	
1	Assets 1.1 Due from banks 1.2 Due from customers	7,204,790 6,798,253 187,726	1,128,585 1,123,589	86,058 80,399	
	1.3 Securities	218,811	4,996	5,659	
2	2.1 Due to banks 2.2 Due to customers 2.3 Other due in securities 2.4 Other accounts	6,934,724 6,830,449 104,275	1,022,719 953,495 69,224	341,619 341,616 3	
3. (Guarantees and commitments	779,073	32,452	824	

	12/31/2001 (in thousands of Euros)	Italy	Other EU nations	Other countries
1.	Assets	158,699	33,088	4,818
	1.1 Due from banks	110,661	33,085	•
	1.2 Due from customers	536		
	1.3 Securities	47,502	3	4,818
2.	Liabilities	87,635	30,127	3
	2.1 Due to banks	72,738	29,622	
	2.2 Due to customers	14,856	546	3
	2.3 Other due in securities			
	2.4 Other accounts			
3.	Guarantees and commitments	144,287	523	105

11.6 Distribution by residual maturity of assets and liabilities

12/31/2002		With maturity date					Undefined	
(in thousands of Euros)				Over up to	1 year 5 years	Over :	5 years	maturity
	on demand	up to o 3 months	other 3 month up to 12 months	s fixed rate	floating rate	fixed rate	Indexed rate	
1. Assets	412,013	6,609,993	1,367,705	3,386	14,958	499	7,563	openius seri
1.1 Treasury bills eligible								
for refinancing	-	4,834	8,086	11	53	4	71	_
1.2 Due from banks	408,765	6,379,412	1,214,064	-	-	-	-	_
1.3 Due from customers	3,248	179,610	4,868	-	-	-	-	
1.4 Bonds and other debt								
securities	-	46,137	140,687	3,375	14,905	495	7,492	
1.5 Off-balance sheet transactions	295,000	6,922,022	2,321,437	5,055,065	85,899	958,143	3,034	25
Total	700,642	13,532,015	3,689,142	5,058,451	100,857	958,642	10,597	25
2. Liabilities	1,427,766	6,174,485	696,811	_	_	_	_	
2.1 Due to banks	1,392,175	6,036,574	696,811	-	-	-	-	_
2.2 Due to customers	35,591	137,911	-	-	-	-	-	-
2.3 Other due in securities: - bonds	-	-	_	_	_	_	-	
- certificates of deposit	_	_	_	_	_	_	_	
- other securities	_	_	_	_	_	_	_	
2.4 Subordinated debt	-	-	_	-	-	_	-	
2.5 Off-balance sheet transactions	310,000	6,575,656	2,638,999	5,124,942	36,186	952,097	2,720	25
Total	1,737,766	12,750,141	3,335,810	5,124,942	36,186	952,097	2,720	25

12/31/2001	With maturity date				-Undefined			
(in thousands of Euros)				Over up to !	1 year 5 vears	Over !	years	maturity
	on demand	up to 3 months	over 3 months up to 12 months	fixed rate	floating rate	fixed rate	indexed rate	
1. Assets	134,429	4,981	10,778	32,930	4,818	8	7,831	-
1.1 Treasury bills eligible								
for refinancing	-	4,905	1,001	32,930	4	5	352	-
1.2 Due from banks	133,893	76	9,777	-	-	-	-	-
1.3 Due from customers	536	-	-	-	-	-	-	-
1.4 Bonds and other debt securities	-	-	-	-	4,814	3	7,479	-
1.5 Off-balance sheet transactions	121,045	1433	-	22,437	-	-	-	-
Total	255,474	6,414	10,778	55,367	4,818	8	7,831	-
2. Liabilities	117,689	76	_	_	_	_	_	_
2.1 Due to banks	102,360	-	-	-	-	-	-	-
2.2 Due to customers	15,329	76	-	-	-	-	-	-
2.3 Other due in securities:								
- bonds	-	-	-	-	-	-	-	
- certificates of deposit	-	-	-	-	-	-	-	
- other securities	-	-	-	-	-	-	-	
2.4 Subordinated debt	-	-	-	-	-	-	-	
2.5 Off-balance sheet transactions	122,976	1,433	9,942	22,437	-	-	-	
Total	240,665	1,509	9,942	22,437	-	-	-	-

11.7 Assets and liabilities in foreign currency

The Bank's assets and liabilities denominated in foreign currency have the following profile:

(in thousands of Euros)	12/31/2002	12/31/2001	Change
a) Assets	1,056,419	62,537	993,882
1. Due from banks	1,052,165	62,537	989,628
2. Due from customers	-	-	-
3. Securities	289	-	289
4. Equity investments	-	-	-
5. Other accounts	3,965	-	3,965
o) Liabilities	1,511,134	46,390	1,464,744
1. Due to banks	1,507,164	46,390	1,460,774
2. Due to customers	-	-	-
3. Other due in securities	-	-	-
4. Other accounts	3,970	-	3,970

12.1 Securities trading on behalf of third parties

In the year to December 31, 2002, the Bank traded on behalf of third parties the following volumes of securities:

(in thousands of Euros)	12/31/2002	12/31/2001	Change	%
a) Purchases:	8,828,251	8,820,280	7,971	0.09%
1. settled	8,607,633	8,525,494	82,139	0.96%
2. not settled	220,618	294,786	-74,168	-25.16%
b) sales	7,614,730	9,209,303	-1,594,573	17.31%
1. settled	7,393,722	8,902,577	-1,508,855	-16.95%
2. not settled	221,008	306,726	-85,718	-27.95%

Section 12 Management and dealing on behalf of third parties

12.2 Portfolio management

(in thousands of Euros)	12/31/2002	12/31/2001	Change	%
Service management of			011101201110100111010	
a) Banca Aletti securities	-	-	-	-
b) other securities	2,707,029	334,083	2,372,946	710%
c) other transactions	-	-	-	-

In the year under review, Banca Aletti increased significantly the total volume of portfolios managed; the increase also stems from the acquisition of the business line from Creberg SIM. The number of portfolios managed moved from 381 (at December 31, 2001) to 12,261 registered at December 31, 2002.

Of particular note, the management of the portfolio of the Group banks has been entrusted to Banca Aletti part way 2002. The portfolios entrusted by Banco Popolare di Verona e Novara and Credito Bergamasco amount to Euro 1,107,967 thousand and Euro 545,489 thousand, respectively.

Encompassed within the portfolios managed are securities, for a corresponding value of Euro 25,246 thousand, issued by Banco Popolare di Verona e Novara.

12.3 Custody and administration of securities

Securities held in custody and for administration are detailed below:

	(in thousands of Euros)	12/31/2002	12/31/2001	Change	%
a)	Third party securities on deposit (excluding portfolios managed) of which: • Banca Aletti securities	1,364,396	2,251,413 -	-887,017	-39% -
b)	Third party securities deposited with third parties	1,338,173	2,251,413	-913,240	-41%
c)	Own securities deposite with third parties	ed 188,491	65,450	123,041	188%

The securities are stated at nominal value.

12.4 Credit collections on behalf of third parties: debit and credit adjustments

As of December 31, 2002, no credit collections on behalf of third parties are performed by the Bank.

12.5 Other transactions

Summarized in the tables below are the placement activities and corporate finance advisory services performed by the Bank in the year under review. In a nutshell, these include:

- 7 transactions involving "Underwriting Syndicates with representation";
 10 transactions involving "Capital Increases";
 8 transactions involving "IPOs";

- 7 engagements as "Specialist" for trading in securities;
- 1 mandate as floatation "Sponsor".

In respect of the transactions, the capital secured, amounting to Euro 21,000 thousand, was placed wholly with Retail customers, as a result of approximately 1,500 underwritings taken.

Placement with representation	Capital increases	IPO	Floatation sponsor
Secretaria		HANSE HANSE HANSE HANSE HI	nsemme masemasig
Astaldi	Chl	Negri Bossi	Bnl fondi immob.
Pirelli – re	Fiat	Snia	
Bca Lombarda	Tecnodiffusione	Bei	
Asm Brescia	Aedes	Ferretti	
Cit	It holding	Lehman	
Socotherm	S.S. Lazio	Rinascente	
Fiera Milano	Alitalia	Onbanca	
	BPCI	Dalmine - Tenaris	
	Premafin		
	Risanamento		

Acceptance of instructions

The acceptance of instructions activity is conducted in conjunction with the trading activity.

Asset management entrusted by third parties

Asset management entrusted by third parties is analyzed below:

(in tho	ousands of Euros)	12/31/2002	12/31/2001	Change	%
	a di Risparmio briano	enurnuenue	THERMOTERS		
	pramontana o Popolare	20,054	26,443	-6,389	-24.16%
di Ve	rona e Novara	3,683,425	3,750,000	-66,575	-1.78%
	ito Bergamasco a Popolare	1,329,415	1,151,000	178,415	15.50%
di No		1,823,425	-	1,823,425	-
e) Beni Total	Stabili	25,292 6,881,611	4,927,443	25,292 1,954,968	39.66%

This increase for the period stems from asset management entrusted by the Banks of the Group Banks.

Encompassed within the portfolio of entrusted assets under management are securities issued by Banco Popolare di Verona e Novara and Credito Bergamasco for a corresponding value of Euro 11,302 thousand and Euro 11,882 thousand, respectively.

Part C Information on the statement of income

1.1 Breakdown of caption 10 "Interest income and similar revenues"

(in thousands of Euros)	12/31/2002	12/31/2001
postuna inas inas inas inas inas inas inas in	HISTORIAN POLITICAL	manananana d
a) on amounts due from banks of which:	174,521	1,438
 due from central banks 	34	12
b) on loans and advances to customers of which:	43	18
 due from third parties for deposit in administr 	ration -	-
c) due on debt securities	7,056	666
d) other interest income	24	31
e) net positive result from hedging transactions	5,139	-
Total	186,783	2,153

Section 1 Interest income and expense (captions 10 and 20)

In the first quarter of the year, transferred to Banca Aletti, in application of the Group Business Plan, were the Money Market and Forex desks and other broking structures. The desks transferred, already in operation at the other Banks of the Group, enabled in a short time impressive volumes to be concentrated at the Bank and to increase significantly market opportunities.

Dealing, in respect of all Group Banks, was steered towards among the other things to the foreign exchange trading and deposits taken and lending in Euro and foreign currencies excluding short-term deposits taken, which, owing to strategic reasons, has not been transferred to Banca Aletti.

1.2 Breakdown of caption 20 "Interest expense and similar charges"

(in thousands of Euros)	12/31/2002	12/31/2001
a) on amounts due to banks	172,671	433
b) on amounts due to customers	1,176	801
c) on other due in securities	-	-
of which:		
 certificates of deposit 	-	-
d) due to third parties for deposit in administration	-	-
e) due to holdiers of subordinated debt	-	-
f) net negative result from hedging transactions	5,423	-
Total	179,270	1,234

1.3 Detail of caption 10 "Interest income and similar revenues"

(in thousands of Euros)	12/31/2002	12/31/2001
a) from assets in foreign currencies of which: - on bank current accounts - on amounts due from customers - on debt securities	19.735 - -	32 -
Total	19.735	32

1.4 Detail of caption 20 "Interest expense and similar charges"

(in thousands of Euros)	12/31/2002	12/31/2001
a) on liabilities in foreign currencies on which: - on bank current accounts - on amounts due to customers - on debt securities	25,726 - -	68 - -
Total (1997)	25,726	68

1.5 Breakdown of caption 30 " Dividends and other income"

This account is composed of the following:

(in thousands of Euros)	12/31/2002	12/31/2001
	ALEXANDER SERVICE SERV	
dividends from shares, quotas and other securities dividends from equity investments dividends from investments in Group companies	36 444	6 447 -
otal	480	453

The more significant amount included in this account relates to the dividend, amounting to Euro 394 thousand, paid by Borsa Italiana.

2.1 Breakdown of caption 40 "Commission income"

(in thousands of Euros)	31/12/2002	31/12/2001
(iii triousarius or Euros)	31/12/2002	31/12/2001
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Section 2 Commissions (captions 40 and 50)

a) guarantees given	-	-
b) payment and loan derivative payment services	-	-
c) portfolio management, trading		
and consultancy services	-	-
1. securities trading	14,288	15,735
2. foreign exchange trading	4	
3. portfolio management:		
"I. Individual"	18,685	5,122
"II. Collective"	-	-
4. custody and administration of securities	9	24
5. custody and administration of securities	-	-
6. placement of securities	3,608	4,753
7. acceptance of instructions	-	502
8. advisory services	1,588	684
9. distribution of third party services	-	-
9.1 asset management:	-	-
a) individual	-	-
b) collective	-	-
9.2 insurance products	-	-
9.3 other products	-	-
d) collection and payment services	-	-
e) servicing for securization transactions	-	-
f) tax collection	-	-
g) other services	1	-
Total	38,183	26,820

Entrusted to Banca Aletti in the second half of 2001 was the portfolio management, on an individual basis, of the customers of Banca Popolare di Verona e di Credito Bergamasco, whilst mandate for the proprietary portfolio management of the two Banks was assigned at the beginning of the year.

Following merger of Banca Popolare di Verona with and into Banca Popolare di Novara, asset management for Banca Popolare di Novara customers started to be transferred under entrustment in the second half of 2002.

As a result of the aforesaid asset management transfer, the balance on the caption "Commission interest" has increased significantly.

In the year under review, a reduction in "Trading commissions" was reported in the year under review as a result of the contraction in trading volumes on financial markets, whether in Italy or abroad.

The caption "Commissions on the acceptance of instructions" has not been valued, in that the acceptance of instructions is functional to the trading activity.

2.2 Detail of caption 40 "Commission income" "Distribution channels for products and services"

	(in thousands of Euros)	12/31/2002	12/31/2001
a)	at own bank counters		
	1. portfolio management	18,685	5,122
	2. placement of securities	3,608	4,754
	3. third party products and services	-	-
b)	"door-to-door"		
	1. portfolio management	-	-
	2. placement of securities	-	-
	3. third party products and services	-	-
Tot	tal	22,293	9,876

2.3 Breakdown of caption 50 "Commission expense"

	(in thousands of Euros)	12/31/2002	12/31/2001
a)	guarantees received	3	3
b)	credit derivatives	-	-
c)	broking and portfolio management services	-	-
	1. securities trading	2,545	3,082
	2. foreign exchange trading	-	16
	3. portfolio management	-	-
	3.1 own portfolio	-	-
	3.2 third party portfolio	-	-
	4. custody and administration of securities	366	61
	5. placement of securities	701	203
	6. "door-to-door" sale of securities, products and service	es -	-
d)	collection and payment services	121	198
e)	other services	414	28
To	tal	4,150	3,591

The increase in "commission expense" stems from the increase in dealing and more particularly to the use of foreign brokers on markets where the Bank has no direct operations; the enhanced range of services offered to customers also led to agreements with new depositaries (Citibank) and Italian and foreign fund issuers.

Section 3 Profits and losses on financial transactions (caption 60)

3.1 Breakdown of caption 60 "Profits (losses) on financial transactions"

_	2002 in thousands of Euros)	Securities transactions	Foreign exch. transactions	Other transactions	Total
A.1	Revaluations	382	1,475	130,984	132,841
A.2	Write-downs	-113	-11,809	-114,292	-126,214
B.2	Other profits / losses	2,725	11,145	9,259	23,129
Tota	al	2,994	811	25,951	29,756
1.	Government securities	1,361			
2.	Other debt securities	1,560			
3.	Equities	73			
4.	Derivative on securities	-			
5.	Other	-			

	002 n thousands of Euros)	Securities transactions	Foreign exch. transactions	Other transactions	Total
100		rocerter control			Alternation and Sec.
A.1	Revaluations	-	-	-	-
A.2	Write-downs	-340	-	-3	-343
B.2	Other profits / losses	1,641	-393	1	1,249
Total	I	1,301	-393	-2	906
1.	Government securities	613			
2.	Other debt securities	-148			
3.	Equities	836			
4.	Derivatives on securities	-			
5.	Other	-			

Entering into operation at Banca Aletti in early 2002 was the derivatives desk, absorbing also the activities pursued previously at the Parent Bank. The transfer substantially centralized at Banca Aletti the management of the financial risks for the Group inherent to this area of activity.

The train of thought followed by Banca Aletti privileges an approach based on complex product de-structuring the adoption of hedging policies focused on the differing nature of the underlying elements (equity, interest rate, currency) and on the individual risk typologies (Greek letters), as well as the realization of inno-

vative management models (dynamic portfolio reallocation with flexible barriers). Furthermore, some of the structured operations are intermediated on the financial markets.

In order to optimize the differing specializations present in the trading room, the individual risk positions carved out from de-structuring are attributed to the diverse desks on the basis of the nature of the underlying element (equity, interest rate, currency) and the risk typology (directional or non-directional). The aggregate management of more than one position enables the adoption of massive hedging strategies, with resultant savings in terms of hedging expenses. Moreover, the risk positions are harnessed within limited exposure levels defined by a severe operating regulation.

Particularly severe limits normally compel operators to rehedge, whether in whole or in part, open positions when products are de-structured.

The risk implicit in yield / redemption guarantees relating to products such as portfolio management and insurance products is managed by using portfolio dynamics reallocation statistical models.

The models are in-house developed and incorporate a string of processes aimed at mapping and managing risk particularly in the event of extreme market turmoil.

And lastly, the hedging dynamics parameters have been defined in order to put in place a margin of safety that absorbs operational risk as well.

Section 4 General and administrative expenses (caption 80)

4.1 Breakdown of caption 80 "General and administrative expenses

General and administrative expenses, amounting to Euro 46,093 thousand, are composed of the following:

	(in thousands of Euros) 31/	12/2002	31/12/2001	Variazioni	
1.	Personnel expenses a) salaries and wages b) social security contributions	13,951 10,347 2,276	7,999 5,733 1,534	5,952 4,614 742	74% 80% 48%
	c) provision for severance indem.	491	387	104	27%
	d) other	837	345	492	142%
2.	Other general and				
	administrative expenses a) expenses from Group	32,142	17,431	14,711	84%
	companies b) taxes and duties (other	23,372	7,726	15,646	202%
	than income taxes) c) post-office, telephone	382	601	-219	-36%
	and data	943	981	-38	-4%
	d) transmission expenses maintenance and lease				
	rentals	2,180	2,394	-214	-9%
	e) services outsourced	9	158	-149	-94%
	f) transportation expensesg) advertising expenses,	196	51	145	284%
	entertainment and gifts	501	327	174	53%
	h) consultancy feesi) electric energy,	1,267	717	550	77%
	heating and water	205	133	72	54%
	I) insurance premiums	47	21	26	124%
	m) office supplies	324	223	101	45%
	n) cleaningo) investigation/information	270	134	136	101%
	charges	1,272	2,830	-1558	-55%
	p) security charges	129	32	97	303%
	g) memberships	67	122	-55	-45%
	r) emoluments to directors				
	and statutory auditors	928	851	77	9%
	s) other expenses	50	130	-80	-63%
Tot	tal	46,093	25,430	20,663	81%

4.2 Average number of employees by category

The average number of employees at the beginning and at the end of the year under review is the following:

(in thousands of Euros)	12/31/2002	12/31/2001	Change	%
	no service no service	50,11713503117135031711	SCHOOL STATES	monune
a) senior management	9	6	3	50%
b) officers	51	30	21	70%
c) other personnel	79	73	6	8%
Total	139	109	30	28%

Owing to the stronger platform put in place within the differing operational structures, Banca Aletti reflects organic growth for 2002. Also pushing through organic growth was integration with the finance department of Banca Popolare di Novara. Furthermore, seeing inception in fourth-quarter 2002 was the direct employment of personnel, previously seconded, of the Banking Group.

It may be noted also that, following acquisition of the business line from Creberg Sim, Banca Aletti payroll included, at the end of December, 5 resources

At year-end 2002, Banca Aletti employed 152 people (109 people as at December 31, 2001), plus 88 full-time equivalents (61 full-time equivalents seconded as at December 31, 2001) seconded from the Banking Group.

4.3 Other general and administrative expenses

Following implementation of the Group Business Plan, which provides for the creation of specialist poles of convergence, Banca Aletti, pursuant to agreements in place with Group companies, transferred the IT and computer system platform, settlement activities and sectorial accounting. The transfer worked towards increasing expenses from services per benefiting others.

Set out below are other general and administrative expenses relating to services received from Companies forming part of the Group:

(in thousands of Euros)	12/31/2002	12/31/2001
personance and a service and a	нионивонивонивони	ischisischisis.
a) services from Società Gestione Servizi	14,594	3,944
b) seconded personnel	7,297	2,384
c) rental expense	570	606
d) independent call center	-	356
e) consultancy fees	-	201
f) emoluments to directors	62	164
g) Group functions	658	-
h) other expenses	191	71
Total	23,372	7,726

Section 5
Depreciation
and
amortization,
write-downs,
write-ups and
provisions
(captions 90,
120 and 220)

5.1 Write-down of loans and provisions for guarantees and commitments (caption 120)

As of December 31, 2002, no write-downs have been recorded by the Bank on loans and provisions for guarantees and commitments.

5.2 Depreciation and amortization of tangible fixed assets and intangible fixed assets (caption 90)

(in thousands of Euros)	12/31/2002	12/31/2001
a) amortization of intangible fixed assets of which:	3,018	3,577
- leasehold improvements	1,133	869
- software	74	628
- advertising expenses	839	839
- goodwill	829	-
- other deferred charges	143	1,241
b) depreciation of tangible fixed assets of which:	729	1,479
- depreciation of furniture and fittings	322	107
- depreciation of plant	407	1,372
 Total	3,747	5,056

The depreciation and amortization rates applied are consistent with the rates permitted by tax legislation. The Bank provided in the current year accelerated depreciation in the amount of Euro 264 thousand (of which Euro 168 thousand relating to electronic and electric machinery justified by greater deterioration and the remaining Euro 96 thousand in application of tax laws and regulations). Accelerated depreciation has been provided on assets purchased during the year and, not least, on assets purchased in the course of financial years 2000 and 2001.

5.3 Provisions for risks and charges (caption 100)

(in thousands of Euros)	12/31/2002	12/31/2001
		ne mane manage
- Provision for risks arising as a result of correcting)	
accounting items	2,350	-
- Provision for third party insolvency risk	150	-
Total	2,500	-

As of December 31, 2002, the Bank recorded the following provisions as discussed under the liability caption 7.4 Breakdown and change in sub-caption 80/c "Allowance for risks and charges"

6.1 Breakdown of caption 70 "Other operating income"

This item is composed of the following:

(in thousands of Euros)	12/31/2002	12/31/2001
A CONTRACTOR OF THE PROPERTY O	ornan som	
a) recovery of expenses from Group companies	146	151
b) recovery of taxes	128	1,206
c) recovery of other expenses	303	30
d) income from options sold	-	-
e) other	4,659	3
Total	5,236	1,390

Section 6 Other items in the Profit and Loss Account (captions 30, 70, 110, 180 and 190)

As more fully reported elsewhere in the Notes, also accounted for under the caption "Other operating income" is the amount arising as a result of correcting accounting items related to IT and computer system anomalies fully solved, moreover, in the second half of the year. Albeit involving income relating to core business, such amount could not be allocated to the captions "Interest income" and "Commission income".

6.2 Breakdown of caption 110 "Other operating expenses"

This item is composed of the following:

(in thousands of Euros)	12/31/2002	12/31/2001
a) rental expense for assets held under finance lease b) other	286	223 12
Total	298	223

6.3 Extraordinary income (caption 180)

This item relates to:

	(in thousands of Euros)	12/31/2002	12/31/2001
	Sense i nascinascinascinascinascinascinascinasci		namen and P
a)	Gains on the disposal of:		
	- equity investments	1	-
	- business line	-	2,937
b)	Out-of-period income already taxed	207	94
c)	Other out-of-period income - other expense recoveries	-	619
d)	Capital gains	53	142
e)	Rounding	17	33
f)	Other	707	-
То	tal	985	3,825

Accounted for under "Extraordinary income and expenses" are revenues and expenses pertaining to the prior year (the net result of which is extraordinary income amounting to Euro 81 thousand). The net result emerged as a result of correcting items held in suspense, arising in the course of the prior year, due to IT and computer system anomalies fully solved, moreover, in the course of the second half of the year. Also encompassed within this item is the backward-looking application of the new accounting policy, which placed in evidence an effect of Euro 53 thousand, by way economic result pertaining to the prior financial period.

6.4 Extraordinary charges (caption 190)

(in thousands di Euros)	31/12/2002	31/12/2001
Samurana		
a) Out-of-period expenses	684	281
o) Rounding	20	68
otal	704	349

6.5 Income taxes (caption 220)

The balance on "income taxes", amounting to Euro 12,109 thousand, includes the adjustment relating to the measurement of advance and deferred taxation.

(in thousands of Euros)	12/31/2002	12/31/2001
THE REPORT OF THE PROPERTY OF		
1. Provision for current taxation	12,450	913
2. Provision for advance taxation	- 341	- 1,362
3. Provision for deferred taxation		
Total	12,109	- 449

The provision for current taxes payable comprises Euro 9,550 thousand for corporation tax ('IRPEG') and Euro 2,900 thousand for regional tax ('IRAP'), measured on the result for the accounting period.

The measurement of the provision for advance taxation also placed in evidence a tax benefit for the period amounting to Euro 341 thousand, as set out below:

(in thousands of Euros)	Euros) 12/31/2002	
sommer and a superior		municum and
1. Advance taxation/reversal of unused		
tax losses	-1,646	1,203
2. Advance taxation on provisions to taxed reserves	1,979	-
3. Other differences, net	8	159
Total	341	1,362

Following attentive analysis of the balance sheet and profit and loss account items, no differed taxes have emerged.

7.1Territorial distribution of revenues

Set up in the course of the year were the new operational offices in Milan (Via Roncaglia) in which are centralized General Management, Investment Bank and Asset Management structures and staff Functions. Not included therein are certain cash trading activities on markets decentralized, in order to exploit Group synergies, at the operational offices in Bergamo.

Section 7 Other information regarding the Profit and Loss Account The private banking branch has remained at the institutional registered office in Milan at 14 Via Santo Spirito.

Within the framework of the all-new Group structure, two new branches have been opened at Venice and Bologna in a design to enhance the service offering and market penetration.

Where branch locations are concerned, revenues from activities performed in the national markets have been posted, whilst revenues from foreign markets have been posted at Milan registered office.

Part D Other information

Section 1 Directors and Statutory Auditors

1.1 Emoluments to Directors and Statutory Auditors

Emoluments to directors and statutory auditors, including therein VAT, amount to:

(in thousands of Euros)	12/31/2002	12/31/2001
		manus many A
a) Directors	577	995
b) Statutory Auditors	142	20
Total	719	1,025

1.2 Loans and guarantees given in favor of Directors and Statutory Auditors

As of December 31, 2002, no loans and guarantees have been given by the Bank in favor of directors and statutory auditors.

Section 2
Parent
company or
EU controlling
bank

On November 13, 2002 Banca Aletti raised share capital by issuing 2,842,842 new shares with a par value of Euro 5.16 each. The newly issued shares have been subscribed on a proportionate basis by the two shareholder Banks without altering the percentage of ownership held previously in Banca Aletti.

As a result of the capital increase, the shareholding structure is the following:

	N. of shares	% ownership
A TO WILLIAM DE TOWN D		numerous numer
- Banco Popolare di Verona e Novara	10,357,025	74.23%
- Credito Bergamasco S,p,A,	3,596,464	25.77%
Totale	13,953,489	100.00%

As of December 31, 2002, Banca Aletti holds 100% of the share capital of Aletti Section 3 Fiduciaria S.p.A.

Section 3 Group structure

Banca Aletti forms part of the "Banco Popolare di Verona e Novara" Banking Group.

No consolidated financial statements are prepared by the Bank in that these are drawn out by the Parent Bank.





	(in thousands of Euros)	12/31/2002	12/31/2001
		WHEN SHARESHIP	TECHNOLOGICAL SECTION OF THE SECTION
a)	Cash flows from operating activities:	10.550	110
	Income (loss) for the yearAmortization of intangible fixed assets	12,550 3,019	113 3,577
	- Depreciation of tangible fixed assets	729	1,479
	- Provision for IIDD taxes	12,109	913
	- Provision for other taxes	256	-
	- Provision for risks- Provision for severance indemnities	2,500 491	387
	- Provision for post-retirement benefits	171	007
	Total	31,825	6,469
b)	Increase in cash flows taken		
~,	- Due to banks	8,023,200	101,235
	- Due to customers	158,096	-
	Other liabilitiesDeferred income and accrued expenses	194,977 79,680	44,267
	- Capital increase	14,669	61,975
	Total	8,470,622	207,477
c)	Decrease in cash flows invested		
٥	- Cash and deposits with central banks	2,114	925
	- Securities	-	-
	Due from banksDue from customers	-	-
	- Bonds	-	-
	- Shares	-	1,560
	- Equity investments	34	- 010
	 Equity investments in Group companies Intangible fixed assets 	-	818 4,880
	- Tangible fixed assets		
	Taligible fixed assets	-	3,096
	- Other assets	- - -	3,090 - -
		2,148	-
	 Other assets Accrued income receivable and prepaid expenses Total	2,148	11,279
_	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL	2,148	-
d)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities	8,504,595	11,279
d)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL		11,279 225,225
 d)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk	8,504,595	11,279
d)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance	8,504,595	11,279 225,225 146 395
d)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk	8,504,595	11,279 225,225 146 395
d)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken	8,504,595 104 913 -	11,279 225,225 146 395 5
	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers	8,504,595 104 913 -	11,279 225,225 146 395 5
	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken	8,504,595 104 913 -	11,279 225,225 146 395 5
	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities	8,504,595 104 913 -	11,279 225,225 146 395 5 - 546
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total	8,504,595 104 913 -	11,279 225,225 146 395 5 - 546 1,085 310
	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested	8,504,595 104 913 -	11,279 225,225 146 395 5 - 546 1,085 310
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested - Cash and deposits with central banks - Portfolio securities	8,504,595 104 913 1,017 177,144	11,279 225,225 146 395 5 - 546 1,085 310 1,395
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested - Cash and deposits with central banks - Portfolio securities - Due from banks	8,504,595 104 913 1,017 177,144 7,798,213	11,279 225,225 146 395 5 - 546 1,085 310 1,395 40,091 136,440
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested - Cash and deposits with central banks - Portfolio securities - Due from banks - Due from customers	8,504,595 104 913 1,017 177,144 7,798,213 247,472	11,279 225,225 146 395 5 - 546 1,085 310 1,395
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested - Cash and deposits with central banks - Portfolio securities - Due from banks - Due from customers - Equity investments in Group companies	8,504,595 104 913 1,017 177,144 7,798,213 247,472 145	11,279 225,225 146 395 5 - 546 1,085 310 1,395 40,091 136,440
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested - Cash and deposits with central banks - Portfolio securities - Due from banks - Due from customers - Equity investments in Group companies - Intangible fixed assets - Tangible fixed assets	8,504,595 104 913 1,017 1,017	11,279 225,225 146 395 5 546 1,085 310 1,395 40,091 136,440 516 6,009 2,263
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested - Cash and deposits with central banks - Portfolio securities - Due from banks - Due from customers - Equity investments in Group companies - Intangible fixed assets - Tangible fixed assets - Other assets	8,504,595 104 913 1,017 1,017	11,279 225,225 146 395 5 546 1,085 310 1,395 40,091 136,440 516 6,009 2,263 37,265
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested - Cash and deposits with central banks - Portfolio securities - Due from banks - Due from customers - Equity investments in Group companies - Intangible fixed assets - Tangible fixed assets - Other assets - Accrued income receivable and prepaid expenses	8,504,595 104 913 - 1,017 1,017 - 1,77,144 7,798,213 247,472 145 10,315 1,235 174,092 94,962	11,279 225,225 146 395 5 546 1,085 310 1,395 40,091 136,440 516 6,009 2,263 37,265 700
e)	- Other assets - Accrued income receivable and prepaid expenses Total TOTAL Use of cash flows from operating activities - Severance indemnities paid - Use of taxation allowance - Use of allowance for credit risk - Distribution of income Total Decrease in cash flows taken - Due to customers - Other liabilities - Deferred income and accrued expenses Total Increase in cash flows invested - Cash and deposits with central banks - Portfolio securities - Due from banks - Due from customers - Equity investments in Group companies - Intangible fixed assets - Tangible fixed assets - Other assets	8,504,595 104 913 1,017 1,017	11,279 225,225 146 395 5 546 1,085 310 1,395 40,091 136,440 516 6,009 2,263 37,265

Statement of changes in financial position

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