



Annual
Report
2003



BANCA ALETTI & C S.p.A.

Registered Office: Milan, via Santo Spirito 14

General Management and Operational Offices: Milan, via Roncaglia 12

Shared Capital: Euro 72.000.003,24

Board of Directors, Board of Statutory Auditors and General Management for 2003

Board of Directors

<i>Chairman:</i>	Urbano Aletti
<i>Deputy Chairman:</i>	Franco Nale
<i>Chief Executive:</i>	Maurizio Faroni
<i>Directors:</i>	Alberto Bauli Domenico De Angelis Fabio Innocenzi Franco Menini Massimo Minolfi Giuseppe Randi

Board of Statutory Auditors

<i>Chairman:</i>	Maria Gabriella Cocco
<i>Standing Auditors:</i>	Alfonso Sonato Franco Valotto
<i>Alternate Auditors:</i>	Marco Bronzato Paolo Lazzati

General Manager

Maurizio Zancanaro

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Annual General Meeting Notice of Meeting

Notice is hereby official 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 28th April 2004 at 2.30 pm in order to consider and, if thought fit, to pass resolution on the following:

AGENDA

- 1) Resolution pursuant to Art. 2364 of the Italian Civil Code
 - Report of the Board of Directors, Report of the Board of Statutory Auditors, Financial statements for 2003 and resolution on the allocation of distributable profit
- 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 5th May 2004 at 2.30 pm in order to consider and, if thought fit, to pass resolution of the Agenda referred to above.

To attend the shareholder's meeting, pursuant to Art. 34 of the CONSOB regulations no. 11768 dated 23rd December 1998, the shareholders must obtain proper documentation from the intermediaries at least five days before the scheduled meeting.

It will be possible to attend the meeting via teleconference/videoconference from Banca Popolare di Verona e Novara's Head office in Verona, Banca Popolare di Novara's Head office in Novara and Credito Bergamasco's Head office in Bergamo.

The Chairman
(Urbano Aletti)





Management's
Report
on Operations

The Market and the Macroeconomic Environment

The year 2003 had two separate phases in terms of economic growth. The first semester was characterized from of a series disappointing developments, exceptional exogenous shocks (i.e. war in Iraq, SARS, terrorism) and a danger of disinflation, a second semester countersigned by a sustained recovery that interested in synchronous way, with similar and different ways, the principal economic areas.

In the United States, the fears of one "false departure" of the cycle, similar to that experienced 2002, has induced the authorities of economic politics to intensify the expansive fiscal, monetary and currency policies, altogether become of exceptional entity. The effects of such stimuli are fully expounded during the third quarter, when the rate of growth of the total income results the most elevated of the last twenty years (+8,2% quarterly annualized); the second revision of the PIL related to the fourth quarter of the year has shown an economy in 4.1% growth, thanks to the level of the domestic demand. Overall 2003 grew at an annual rate of 3.1%. The American families have realized an extraordinary activity of spending, despite the conspicuous level of indebtedness of their own budgets and the unemployment situation is still a problem (even if there was a slight improvement). The corporations were progressively more optimistic; they were able to reach confidence indicators, which were the highest in the last fifty years. The rate of use of the equipment stabilized in around a twenty-year low, due to the inflationary push produced by the weakness of the dollar. Despite the American dollar has lost more than 25% of its value in the two years 2002-2003, the dynamics of the prices has been contained, allowing the Federal Reserve to maintain the rates to the 1%, with evident comparison to long period progress, a fundamental requirement for the re-hedging of investments.

In the Euro zone, the cyclical minimum was realized between March and June 2003; in the second half of the year, the phase of stagnation that persisted from more than eighteen months finished with an acceleration 1.4% of average annualized income; for the whole year, growth results were around 0.43%. The signs of development recorded by the principal economies of the Euro area in the last months are to consider, in relative terms, are still modest and qualitatively scarce. The major contribution to the growth has come, in fact, from the net exports, despite the constant strengthening of the Euro, that by now for has been in place for more than two years (gained +54.7% toward dollar, from a minimum in October 2000, and + 21.4% in 2003). The insufficient endogenous ability to produce a structural impulse of the growth has lowered importation, while the exports were hauled by the international conjuncture: the result is a growth export-led, but with little potentiality of development of the internal demand as it happened in past. The phase of depression of the internal demand is persistent, also because, the necessary on its way social reforms in France and in Germany have also had negative repercussions on the occupational situation and on the dynamics of the consumptions, delaying investment. The restrictive effect of the strengthening of the Euro partially conflicted the consistent expansive exercises of the economic policies, which reduces the probability of inflation: the target of the BCE fixed to 2% has substantially been reached for 2003.

During the year, Japan achieved the expected economic recovery with intensity greater than anticipated. After having maintained a consistent acceleration between June and September, the Japanese economy had an exceptional rhythm of growth in the last quarter of 2003, recording an increase of 7.0% annualized. The expansive policies, which have been the same for years, and, more recently, the effect of the international recovery, particularly that of the Asian continent, are the reason for the current economic recovery. The growth of the global income results was 2.7% for 2003.

In the macroeconomic context described above, characterized by sudden changes in the financial markets, Banca Aletti has strengthened its own operations, especially in the areas of the Portfolio Management and Private Banking, also in Investment Banking.

Following, the activities of the Bank are illustrated with specific reference to the primary business functions.

Private banking

During 2003, they were, in the respect of the time limits delineated from the industrial plan of the Group, necessary interventions in order to open four new branches (Novara, Turin, Genoa and Naples), destined for the management of the relationships with "private" clients of the Banca Popolare di Novara adopting the model, already used, for the clients of the Credito Bergamasco and of the Banco Popolare di Verona and Novara.

The realization of the integration project is foreseen to strengthen the branches in Milan, Rome, Brescia, Verona and Venice with the transfer to Banca Aletti the Private Bankers currently work for the Banca Popolare di Novara in the provinces listed above. The process of integration was concretized on July 1, 2003 allowing them to attain the commercial objectives to the new structures relating to the second half of the year.

As of December 31, 2003, the assets under management are valued around 16 billion Euro, with a 33% increase in comparison with December 31, 2002, equal to around 12 billion Euro. 8.8 billion Euro are due to the addition of the segment of private clientele and 7.2 billion Euro due to the financial institutional customers, including the banks in the Group.

Regarding the private clients segment, the assets under management related to the clients "accredited" to be from the Group are valued around 7.5 billion Euro, while 1.3 billion Euro of assets are related to the direct clients of Banca Aletti. Under the distribution profile of the bank, the reported numbers of clients are spread over 100 private bankers, located in 16 branches (14 in the Northern Italy, 1 in Rome, and 1 in Naples).

During 2003 the approach of distinctive global consultation was fortified.

Founding itself to find the best solution to meet the demands of each single client and to strengthen the client relationships, the Bank has found the correct balance in the clientele's portfolios: products with risk-output profile not dependent on the markets.

To increase of the general efficiency of clients' portfolios, Banca Aletti selected Hedge Funds for around 280 million Euro and structured securities for around 135 million Euro. The investments in Private Equity funds amounted to 18 million of Euro (for all of 2003).

The increase in Aletti's assets under management in 2003, also contributed to the activity of the subsidiary Aletti Fiduciaria. The narrow synergy created with the fiduciary of the group allowed new opportunities offered by the reissue of the tax law regarding the activity of repatriation of capital (Tax Shelter 2003). The fiduciary services and the services related to tax planning offered, are an ideal combination for our private bankers to complete the proposals and to offer them to our clients. Thanks to the collaboration with the Network of Private Bankers, Aletti Fiduciaria has reached assets under management equal to 101 million Euro and arrived at 104 clients.

The development of the Private Bankers has been intense and has formed, in collaboration with the Training Department of the Group, using three different approaches. A series of training meetings, updating the technical themes encountered in 2003, were conducted during the year. In the specialist activity arena, internal and external consultants assisted the Bank, regarding also the interventions on the previously stated Tax Shelter 2003 (with this initiative the bank has picked new assets worth over 300 million Euro) and the updates related to the new reforms of the Business Laws. A second approach, very appreciated by the advisors of the Network, is thanks to the more frequent trainings using resources of the various "specialized companies" of the Group. The bank will continually organize restricted meetings for the various Units for advisors of the Network and various market experts available. A third order of initiatives regarding the training program was organized by a specialized external companies with the objective to improve the commercial quality of the resources. During 2003, the people responsible for the Unit were involved. In 2004, the whole network will be involved in the initiative, to define the standard methods and behaviors throughout the entire distribution structure.

Through an innovative commercial agreement with a specialized company in the Art Advisory, Banca Aletti has set a service that, with an affirmed network of experts, offers consultation and support to the clientele for valuation, restoration, sale, or purchase of works of art. Thanks to this collaboration important world art events were arranged. Banca Aletti organized evenings reserved for its own clients of the events, where it was the main sponsor (*Il Gran Teatro del Mondo - l'Anima e il Volto del Settecento*) or the website sponsor (*Amedeo Modigliani - l'Angelo da Volto Severo; Africa-Capolavori da un continente*).

These initiatives of distinguished cultural have contributed to a greater affirmation bank's brand; in the hopes to greater penetrate the prestigious high wealth market.

During the second semester of 2003, in continuous search to offer special applications for the wealthy customers, Banca Aletti has designed a personalized service to the UHNWIs (Ultra High Net Worth Individuals), the customers with net worth over 10 million Euro. The reasons to start this new initiative, which began as projected on January 1, 2004, reside in the necessity to offer approaches of service differentiated for each level of clientele. Analysis has pointed out that personalized service creates larger profit margins. The initiative also shows that it is particularly strategic to offer an exclusive service to the customers with higher economic standards. Therefore the Bank made a model focused on elevated competences of the personnel and on products and *tailor made* services. The assets under management, regarding to the clientele UHNWI as of December 31, 2003, were worth over 1,600 million Euro.

The service meets with a team of managers of the UHNWI who are selected especially for the program according to their experience and preparation. Their portfolio of clients is very selective so that they can guarantee an elevated assiduousness in the relationship and correct availability of time to manage the consolidated portfolios of their customers. The bank makes services available like: analysis, management and global support (management and valuation of properties, art, tax planning, creation of trusts, other tax and insurance services) through the research of personal solutions, the customers get the best competences offered by the structures of the Group also with the help of external professionals.

Among the activities undertaken in 2003, Banca Aletti also underlined the popularization and promotion its services to the Corporate and Retail divisions of the banks of the group. The Network of Private Banking has also been engaged in meetings with the peripheral structures of the various banks to take advantage of the implicit potential synergies in the distributive model that characterizes our Group. With this intention, at the end of the year, an initiative is planned and coordinated with the Corporate of the BPVN, which tries to improve the level of commercial collaboration among Private Bankers and Corporate Managers. The goal is that a solid component of commercial planning will happen during 2004 and be extended to the other banks of the group.

Portfolio Management

In 2003, the bank recorded a substantial increase in the clients' portfolio management activity in terms of the assets managed and in terms the product lines offered.

In addition, as a consequence of Banca Aletti's acquisition of the division of the Portfolio Management from Creberg Sim (now Aletti Invest Sim), which happened at the end of December 2002, Aletti, through a network of the Financial Consultants of the same Sim, has taken in the activity of management related to these customers.

On January 1st 2003, Banca Popolare di Novara gave Banca Aletti its own portfolio to manage, with same formulation already used by Banco Popolare di Verona e Novara and Credito Bergamasco; in July, the London branch of BPVN, made the same decision to give Banca Aletti its portfolio to manage.

In November, the Bank acquired the Banca Popolare di Novara's customer's authorizations, which concluded the process of delegation of the customers' portfolios to Banca Aletti.

As of December 31, 2003 the total portfolio managed by Banca Aletti was worth over 12 billion Euro. The dynamics mentioned above caused a change in the composition of the assets managed with an prevalence of the portfolios of the private and retail customers was equal to around 36%, while the portfolios of the banks of the Group and the portfolios of financial institutions represent same percentage, 30%; the remaining 4% of the portfolio is related to secured-capital asset management lines.

From January 1, 2003, to optimize, to rationalize, and to raise the quality of the process of portfolio management, an important change in the business model was instated, based on the revision of the portfolio management organizational model. This model concretized a reorganization of the portfolio management activities based on the demand from the different types of customers (discretionary, personalized for private clients and for financial institutional clients, and was also personalized for the other Banks in the Group). The Bank created new specialized offices, working transversally both for the customers delegated from the Banks of the Group, and for Aletti's clients.

Also during 2003, the Bank operated with the intent to renew and to improve the range of offers of the portfolio management, with the purpose to make the system more devoted to the requests of the clients, using the following interventions:

- Offers reserved to the clients managed by the network of Promoters of Aletti Invest Sim were completely renewed by the launching of twenty-two new product lines.
- Regarding the lines devoted to the Banks of the Group, they are going work towards further rationalization, eliminating some lines of management that are no longer needed from the commercial point of view.
- In the end, for all the Banks of the Group and for the direct clients of Aletti, two important and innovative lines of management have been launched: one in profile stock with strong propensity to the "trading", while the other is for secured capital at 95%, which capitalized annually, to integrate the offer of the quantitative portfolio management types.

Always with reference to the novelties in terms of products, that should be highlighted, has been the creation, in collaboration with BPV Vita and Novara Vita, of new insurance products, for instance:

- Three different types of unit linked financial instruments, reserved to the

Aletti's direct clients, that are notable for its different levels of risk-output and degrees of personalization. Particularly, the sophisticated clientele is given the possibility to build tailor made policy, with an asset allocation totally based on the client's demands.

- In addition, further three new lines (unit linked) for the customers of the Banks of the Group, are characterized by three different profiles of risk, and are based on a strategy of global multibrand/multimanager diversification.
- Two innovative unit linked financial instruments, for the Banks of the Group's customers, the first one in guaranteed capital with expiration after seven years and the second annual secured capital at 95% with duration five years.

Another important initiative to underline is the launching of a new investment product, exclusively for Aletti's direct clients, to attract new clients, particularly to attract the reentry of money invested abroad (titled "Tax Shelter 2").

The list of the changes, instated by the Consob, regarding the laws related to portfolio management activities caused in the first part of the year a great deal of revision of the contracts for the different product lines, which required greater detail of the same profile risk-output, through a specification of the contents, the operational limits and the characteristics of the offered lines.

In addition, from the point of view of trying to make the actual products offered more efficient, anticipating new laws, was instated in collaboration with the competent functions, a study of the portfolio management benchmarks to replace, beginning in 2004, with new benchmarks which use the different indices of market.

In the end to make the system more risk control efficient, a project to calculate the sophisticated indicators inside the managed asset world, has been initiated and should be completed in 2004.

During 2003, the financial markets operated with elevated volatility and unpredictability, contravening a big part of the forecasts which were the analysts' consensus in the beginning of the year. The asset management's results were positive anyways: far superior to the benchmarks regarding the average bond investment product lines, however, regarding investment product lines containing a majority of stock, general considerations of prudence prevailed, which did not allow any extra performance.

In any case, the majority of the clients' portfolios, managed by Banca Aletti, this year performed better than the benchmark.

In particular, the financial institutional customers and the portfolios of the banks themselves had extremely significant performance results this year, both in terms of in relationship to the different benchmarks.

Investment banking

In 2003, there were particularly intense Investment Banking activities in the financial markets. Such action allowed Banca Aletti to consolidate the role of "Banca Aletti" as the financial division of the Group Banco Popolare di Verona and Novara.

Derivative and Structured Products

The activities developed by the derivatives & structured products department were characterized, particularly, from the request of the Banks of the Group for the derivatives to hedge the corporate customers' transactions and to hedge the retail customers' products in guaranteed capital/income (bonds and financial instruments).

The derivatives' margins from the operational flows channeled from the commercial banks were emphasized by the ability of the traders to structure/de-structure complex operations and to assume temporary positions of risk, within the very contained limits of the "value at risk", correctly anticipating the course of the benchmarks. Altogether the volumes of the brokered financial derivatives in 2003 were 73.8 billion Euro.

During the year, Banca Aletti assisted the banks of the Group to hedge 78 structured bonds valued at 1,017 million Euro and 22 financial instruments issued by the insurance companies of the Group for a value of 780 million Euro. For improve the negotiation of the derivative instruments for corporate clients, set up by the commercial banks of the Group, Banca Aletti has developed services that structure and hedge the risks for worth around 25 billion Euro. Daily Banca Aletti assures the Group the possibility to offer retail and corporate clients about twenty products, a diversified collecting products (securities and financial instruments, the majority being structured) and hedges (standard derivative contracts, that can be underwritable for small amounts, with different: characteristics, durations, levels of risk and financial conditions).

These contracts were made possible by the development of Banca Aletti's technical competences in the derivative products management and in the sectors of risk management that brought Banca Aletti to the "best practice" level of the market. The accurate management of the risk profiles has allowed Aletti to maintain this area of activity within the rigorous terms of governance and control.

Forex and money markets

Also in the monetary markets and currency exchange (domestic and international), Banca Aletti has recorded important results with significant growth of the traded volumes arriving at 68.9 billion Euro on the forex market, and 18.7 billion Euro on the interbank market. Particularly, Aletti has assumed the operations on the E-MID (Inter-bank Market of Deposits) where Banca Aletti is one of the primary dealers. Even with the decrease in supply from commercial network and the corporate clientele, Banca Aletti reached high financial results thanks to the correct interpretation of the Central Banks' monetary policies.

Securities markets

The activity developed by the desks was particularly intense and continued to develop more efficient organizational and technological models, to deal with the fast levels of growth (which actually doubled during 2003 to the level of 89.3 billion Euro), they limited the impact on the Bank while maintaining a good level of efficiency. During the year, the direct connections to the market XETRA became operational. Thanks to relationships with some international brokers, with the exchange of services, Banca Aletti was able to lower the costs of trading and to offer better quality services.

Other initiatives, regarding the connections the clearing systems, were started also following the changes relatively intervened during 2003 to "central counterparty" of Borsa Italiana and Express II, these connection are very expensive and are particularly difficult for small banks and financial companies. Banca Aletti has decided therefore to offer "clearing" services for these small banks and financial companies to increase the clients' loyalty and to develop "cross selling."

Regarding the bond markets, 2003 was very positive and experienced significant increases in both volumes (over 60 billion Euro) and profits. These results were reached with the help of the negotiations systems, for example TradeWeb, that provided which allowed Aletti to be more competitive with the Europeans and U.S. government bonds market.

Capital Market

In the context of reorganization of the Group, Banca Aletti has transferred to Aletti Merchant all of the corporate finance activities. Currently the bank continues to offer services of strategic finance and structured finance in coordination with Aletti Merchant, while it maintains the direct management of equity, debt capital market and the "specialist" activity for public corporate financial structures.

Regarding the last point, during the fiscal year, Banca Aletti has participated as manager in the following operations:

- IPO: Destination, Hera, Enertad, Isagro and Trevisan;
- Increases of shared capital: Enertad, Popular Bank of Intra, Camfin, Pirelli, Ifil, Fiat, S.S. Lazio and Meliorbanca;

- Public Purchase Offer and Public Exchange Offer: Italgas, Autostrade, RAS, Savino del Bene, Locat and Telecom.

A particular attention turns to the segment of the public Italian mid-caps, with a specific interest in the companies of the "Star" segment of the Italian Stock Exchange. For these companies, Aletti concentrated on research, at a specialist level, to help them go public. In addition, Banca Aletti, has participated as Sponsor, to the event "Star Company Result", which presented these high rated companies to the financial community.

Banca Aletti has also furnished a contribution to the analysis of launching a new Italian stock-exchange market Expandi.

The bank has intervened, as co-lead manager to a public appointment on the European-market, of senior debt issued by the Banco Popolare di Verona and Novara; this operation was worth 600 million Euro. For its Parent Company, Aletti assisted with the private placement of subordinated bonds "lower tier II", within the program EMTN (European Mediums Term Notes).

Monitoring Financial Risks

With the support of the structures of the Group, using advanced methodologies of *pricing* and *risk management* to guarantee the most appropriate control of risk in a context of increasing complexity of the financial instrument negotiation, Aletti started, in 2003, a new process of monitoring financial risks.

This year, the market risk analysis to support the portfolio management activities, was centralized in the function "Operational Risk Management" of the Parent Company.

For recognizing, measuring and controlling risk positions of the Bank, the aq1bove mentioned 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. These applications continually ensure the recognition of the position indicator, sensitivity and profit and loss indicators. More particularly, the Bank continually developed 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 systems also supply a Value at Risk procedure that ensures an integrated vision of risks on the basis of the volatility and correlations that characterize the differing portfolio financial instruments. This procedure used measures of the maximum potential loss, within a given level of confidence over a defined time period (holding period), to which the portfolios might be subject due to adverse trends in the risk factors that influence the value of financial instrument positions. The variance of a *Value at Risk* model, for the risk quantification and management, a portfolio delta/gamma-based 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.

Human Resources

Year 2003 has been characterized by the consolidation of the overall structure of the Bank realized in connection with the integration of the finance activities of Banca Popolare di Novara (“B.P.N.”), as well as the development of the activities of Private Banking, consequent to the concentration of the activities, previously developed in such segment by the B.P.N. in Banca Aletti.

This has brought, besides to the opening of four new Private Banking Units (Novara, Turin, Genoa and Naples), the consolidation of those existing Units.

Therefore, in relationship to the above, a growth of the number of the resources in Bank, happened through the increase of the dependent personnel.

During the year, the Bank to stabilize its number of employees, it progressively decreased the seconded personnel, which was reduced down to 30 people as of 31/12/2003, eliminating the ones coming from B.P.N. due to the integration, in comparison to 31/12/2002 the 88.

To further rationalization of the organizational structure of the Bank, Aletti transferred some activities (Corporate Finance Middle Office of Derivatives, Organization) to other companies of the Group.

Below explains the headcount situation over the last three years:

	Headcount	Increase	Employees	%	Seconded	%
31/12/2001	183	-	122	66.7	61	33.3
31/12/2002	240	31%	152	63.3	88	36.7
31/12/2003	263	9%	202	76.8	61	23.2

It should be underlined that the general number of the Bank's employees includes the Aletti's employees and seconded personnel given to other companies in the Group. The seconded personnel number has increased over time because of outsourcing of the activities above which made the numbers reach 18 people at the end of 2003.

Following they turn back some statistic data of general interest, related to the personnel in strength in the Bank:

Forza lavoro	2002	%	2003	%
Employment Classification				
2nd bracket	2	0.8	1	0.4
3rd bracket – 1st – 2nd level	58	24.2	47	17.9
3rd bracket - 3rd – 4th level	38	15.8	46	17.5
1° - 2° level Senior Officers	60	25	62	23.5
3° - 4° level Senior Officers	69	28.8	92	35
Senior Management	13	5.4	15	5.7
	240	100	263	100
Male/Female				
Male	157	65.4	181	68.8
Female	83	34.6	82	31.2
Educational Qualifications				
Degree	112	46.7	119	45.2
High School certificate	118	49.1	124	47.2
Other	10	4.2	20	7.6
Average Age				
	36.6	0	37.7	0
Average Seniority				
	2.2	0	2.2	0

During 2003, 68 people were hired, of which 45 related to people previously seconded in the organization and 12 people coming from the other banks of the Group.

43 seconded personnel were hired from the banks of the Group, mainly from B.P.N., in relationship to the merger with Aletti. They are related to the Private Banking activities.

With reference to the themes of managerial nature, in 2003 the Bank decided to extend an already existing incentive system, its staff members.

Particular attention was placed on the training its employees how to use the system, effecting over 400 days, more than the half of which required technicians/specialists, managerial and commercial interventions.

Internal Audit

Banca Aletti delegated the internal control activities to the Parent Company and are exercised by the Parent Company through the Internal Audit Function. In car-

rying out on site planned activities, the Internal Audit Function uses, using four people, and directly the controls the activity of the information technology of the Bank.

As of December 31, 2003, the Internal Audit Function monitored, on an autonomous and independent basis, the application and compliance with the rules and regulations governing the financial instrument brokering and as of October, banking activities.

The tests of controls, related to the business areas, are performed with the scope to detect any anomalies of a regulation, formal or procedural nature.

The controls were conducted on a sampling basis, with full collaboration and availability of Aletti's employees: based on the analysis made during the tests of control, the anomalies detected have been reported for the related elimination thereof within the necessary technical time limits, while the recommendations given to the directors of the different functions are carefully reviewed.

Along with the Half-Yearly Reviews concerning the overall status of claims received in First and Second-Half 2003, the Annual Review of the tests of controls performed in financial year 2003 and the programmed tests of control for financial year 2004 have been drawn out.

Internal Audit Function takes care of the aforesaid Half-Yearly Reviews which are compiled in reference to the "Register of the claims" (that the Bank manages in conformity to the Consob's regulation n. 11522).

Internal Audit manages the contacts with the Board of Statutory Auditors and the Independent Auditors, has made the documentation available; in addition, the Director of Internal Audit or an employee participates, if requested, in the Statutory audit visits.

During 2003, the Internal Audit developed an intense advisory support to the business sectors, regarding the arrangement of the investment services and the interpretation and the evolution of the laws, the civil code, and to any potential conflict of interest. Such consultation has also been held of particular importance in relationship to the realization, during 2003, of the project to concentrate in Banca Aletti the investment banking, private banking and individual portfolio management activities of the Banca Popolare di Novara S.p.A. and the acquisition, effective December 28, 2002, of the portfolio management division of Aletti Invest Sim (ex Creberg Sim).

Intercompany transactions

During 2003, the relationships with the Companies of the Group were intensified also by the strong growth of operational activities. Summarized in the tables below are the commercial, financial and other inter-company transactions entered into:

BALANCE SHEET: (in thousands of Euro)

	31/12/2003	31/12/2002
Due from banks:	1,757,735	4,176,470
Banco Popolare di Verona e Novara	809,820	2,434,072
Credito Bergamasco	582,902	1,417,125
Banca Popolare di Novara	53,543	51,365
BPVN Finance Londra	28	0
BPVN Lux SA	70,179	44,249
BPVN – France S.A.	241,263	229,659
Securities in portfolio:	42,637	0
Banco Popolare di Verona e Novara	32,298	0
Banca Popolare di Novara	5,802	0
Credito Bergamasco	4,537	0
Other amounts due and accruals:	287,687	64,790
Banco Popolare di Verona e Novara	149,922	34,813
Credito Bergamasco	52,010	17,800
Banca Popolare di Novara	74,691	10,073
Aletti Gestielle SGR S.p.A.	1,465	161
Società Gestione Servizi BPVN S.p.A.	105	0
Aletti Merchant S.p.A.	330	0
Aletti Fiduciaria S.p.A.	17	0
Aletti Private Equity S.G.R.	426	0
Aletti Invest SIM S.p.A.	0	460
BPVN Finance Londra	5,290	0
BPVN Lux SA	319	65
BPVN – France S.A.	1,086	918
Aletti Gestielle Alternative SGR S.p.A.	2,026	500

BALANCE SHEET: (in Thousands Euro)

	31/12/2003	31/12/2002
Due to Banks:	4,090,010	6,402,767
Banco Popolare di Verona e Novara	1,575,780	3,508,805
Banca Popolare di Novara	1,187,118	1,152,488
Credito Bergamasco	1,281,029	1,664,313
BPVN Lux SA	45,870	77,113
Banca Aletti & C. Suisse SA	213	48
Other Liabilities and deferrals:	123,018	62,950
Banco Popolare di Verona e Novara	47,618	24,262
Credito Bergamasco	28,296	12,050
Aletti Gestielle SGR S.p.A.	31	32
Società Gestione Servizi BPVN S.p.A.	6,200	8,994
Banca Popolare di Novara	37,893	17,059
BPVN – France S.A.	51	0
BPVN Finance Londra	1,198	0
BPVN Lux SA	231	146
Aletti Invest SIM S.p.A.	1,500	407

INCOME STATEMENT/PROFIT AND LOSS ACCOUNT: 31/12/2003 31/12/2002
(in thousands of Euro)

Interest Income:	61,209	67,669
Banco Popolare di Verona e Novara	30,017	39,208
Credito Bergamasco	18,904	24,093
Banca Popolare di Novara	2,089	620
BPVN Lux SA	1,392	66
BPVN – France S.A	5,920	2,474
BPVN Finance - Londra	156	6
BPVN - Filiale Lussemburgo	2,731	1,202
Interest Expense:	-108,296	-119,240
Banco Popolare di Verona e Novara	-50,608	-80,173
Banca Popolare di Novara	-29,421	-13,218
Credito Bergamasco	-20,879	-21,347
BPVN Lux SA	-1,559	-290
BPVN Finace – Londra	-3,921	-1,814
BPVN - Filiale Lussemburgo	-1,898	-2,398
BPVN – France S.A	-10	0
Commission Interest:	33,366	19,376
Banco Popolare di Verona e Novara	13,251	12,879
Banca Popolare di Novara	7,771	372
Credito Bergamasco	5,473	5,061
BPVN Luxembourg SA	102	0
Aletti Gestielle SGR S.p.A.	2,731	241
BPVN Finace – Londra	153	0
Banca Aletti & C. Suisse SA	41	0
Aletti Gestielle Alternative SGR S.p.A.	3,342	823
Aletti Private Equity S.G.R.	426	0
Aletti Merchant S.p.A.	76	0
Commission Expense:	-7,043	-636
Banco Popolare di Verona e Novara	-751	-135
Credito Bergamasco	-270	-83
Banca Popolare di Novara	0	-12
Banca Aletti & C. Suisse SA	-100	0
BPVN – France S.A	-17	0
Aletti Invest SIM S.p.A.	-5,905	-406
Financial Operations Gain (Loss):	525	0
Banco Popolare di Verona e Novara	348	0
Credito Bergamasco	35	0
Banca Popolare di Novara	142	0
Other Operating Income:	1,580	146
Banco Popolare di Verona e Novara	817	97
Banca Popolare di Novara	222	0
Credito Bergamasco	136	0
BPVN – France S.A	1	0
Aletti Merchant S.p.A.	255	0
Aletti Fiduciaria S.p.A.	52	0
Società Gestione Servizi BPVN S.p.A.	97	49
Other Administrative Expense:	-25,554	-23,373
Banco Popolare di Verona e Novara	-4,986	-5,482
Credito Bergamasco	-1,199	-3,177
Banca Popolare di Novara	-1,699	0
Società Gestione Servizi BPVN SpA	-17,426	-14,595
Aletti Gestielle SGR S.p.A.	-168	-118
Aletti Invest SIM S.p.A.	-76	-1
Other Operating Costs:	-5	0
Banca Popolare di Novara	-5	0
Extraordinary Income:	16	0
Banco Popolare di Verona e Novara	16	0

COMMITMENTS: <i>(in thousands of Euro)</i>	31/12/2003	31/12/2002
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Securities Purchased:	15,872	3,525,598
Banco Popolare di Verona e Novara	3,235	1,295,339
Credito Bergamasco	1,853	1,335,913
Banca Popolare di Novara	3,180	894,346
Banca Aletti & C Suisse SA	5	0
Aletti Gestielle SGR S.p.A.	7,598	0
Aletti Invest SIM SpA	1	0
Line of Credit:	164,000	0
Banco Popolare di Verona e Novara	164,000	0
PUT Options Sold:	540,146	253,609
Banco Popolare di Verona e Novara	205,319	121,360
Credito Bergamasco	94,249	47,281
Banca Popolare di Novara	240,578	84,968

Financial Results for the Period

Banca Aletti, closed 2003 with a 170% profit increase of over 12,550 thousand Euro on December 31, 2002 to 33,918 thousand Euro on December 31, 2003. The remarkable growth of revenue, which is accompanied by moderation of costs due to the consolidation of the operational structure, reflects the strong competitive positioning of Banca Aletti in the broker financial market and in private banking. The achieved results also exceeded the objective layouts in the industrial plan of the Group.

RECLASSIFIED PROFIT AND LOSS <i>(in thousands of Euro)</i>	2003	2002	Change	%
Interest Income	145,319	186,783	-41,464	-22%
Interest Expense	-139,344	-179,270	39,926	-22%
NET INTEREST INCOME	5,975	7,513	-1,538	-20%
Dividends and other income	898	480	418	87%
FINANCIAL MARGIN	6,873	7,993	-1,120	-14%
Commissions, net	46,387	34,033	12,354	36%
Profits on financial transactions	69,419	29,756	39,663	133%
Other income, net	1,566	4,810	-3,244	-67%
NON-INTEREST INCOME, NET	117,372	68,599	48,773	71%
BROKING MARGIN	124,245	76,592	47,653	62%
Personnel expenses	-22,639	-13,952	-8,687	62%
Other administrative expenses	-35,977	-32,014	-3,963	12%
Depreciation and amortization of tangible and intangible fixed assets	-4,768	-3,747	-1,021	27.2%
OPERATING COSTS	-63,384	-49,713	-13,671	27%
NET OPERATING INCOME (LOSS)	60,861	26,879	33,982	126%
Provisions for risks and changes	-	-2,500	2,500	-100%
Provision for adjustments of A/R, and commitments	-312	-	-312	N/A
INCOME (LOSS) FROM EXTRAORDINARY ITEMS AND INCOME TAXES	60,549	24,379	36,170	148%
Extraordinary Income (loss)	-1,502	280	-1,782	-636%
NET INCOME BEFORE TAXES	59,047	24,659	34,388	139%
Income taxes	-25,129	-12,109	-13,020	107%
NET INCOME FOR THE YEAR	33,918	12,550	21,368	170%

The 2003's growth of 62% of the broking margin, exceeded 76,592 thousand Euro on December 31, 2002 to 124,245 thousand of Euro in 2003. The financial margin experienced a decrease, in comparison to last year, mainly because of the smaller inclination of the curve of the interest rates and correlated to the reduction in volume of the brokered deals.

The operations margin increased from 71% reaching 117,372 thousand Euro compared to 68,599 thousand Euro as of December 31, 2002 thanks to the increase in operations. This increase is mainly due to the increase in Private and Investment Banking activities. A particularly notable increase was the financial operations, which are recorded gain under "Profit (loss) from Financial Transactions," with a 133% increase in comparison to the 2002. Particularly, the above mentioned financial statement line, equal to 69,419 thousand Euro (29,756 thousand Euro on December 31, 2002), contains: 9,381 thousand Euro from the proceeds from the operations in securities, 58,499 thousand Euro from the derivative operations, mainly due to hedge the corporate and retail activities of the banks of the Group, and for 1,539 thousand Euros from the operations in foreign currencies.

The net commissions have increased significantly from 34,033 thousand Euro in 2002 to the 46,387 thousand Euro as of December 31, 2003, a 36% increase, due to the consolidation of the accounts managed by the "private" division and to the development of brokerage activities.

The "operational costs" went from 49,713 thousand Euro on December 31, 2002 to 63,384 thousand Euro as of December 31, 2003, equal to a 27% increase. The increase is due to the development of the new areas of business, from the opening of the new branches and the cost of the organizational infrastructures and computer technology. A particular growth in the personnel costs (+62%) is because the employees that were under other banks in the Group are now Aletti employees.

Net Extraordinary Income was 280 thousand Euro in 2002; however, it turned into a 1,502 thousand Euro net loss in 2003. The amount of the "Extraordinary Charges" is substantially referable to the application of the tax amnesty, ex Law 289 of December 27th 2002, (relating to the years 1997/2001) and ex Law 350 of December 24th 2003, (relating to 2002), that have altogether involved costs of 1,291 thousand Euro.

The income tax provision, calculated on the year's revenue, amounts to 25,129 thousand Euro (12,109 thousand Euro to December 31, 2002), corresponds to an average of 42.6% tax rate in comparison to 49.11% to December 31, 2002.

Distribution of interim dividends

Based on the results as of September 30, 2003, in presence of all the requisite and the presuppositions required by the art.2433 bis of the Civil Code, on December 17, 2003 the Board of directors of the Bank approved the distribution of 8,093 thousand Euro as interim dividends to the shareholders.

This interim dividends, has been distributed after having met the conditions stated in art. 2433 of the Civil Code, and after having acquired the opinion of the Independent Auditors, dated December 23, 2003.

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.

Banca Aletti, as prescribed by the Legislative Decree n. 196 on June 30, 2003, updated of the programmatic document on the security in the treatment of the confidential information (privacy).

Post-Balance Sheet Events

There were not significant events happened in the first part of 2004.

Business Outlook and Prospects

2004 should allow the consolidation of the results achieved on the different areas of business, with a limited variability relatively in relationship to the course of the financial markets.

We submit for the approval at the Shareholders' Meeting the financial statements for 2004, as presented hereunder, and the allocation of net income, amounting to Euro 33,918,387, as follows:

- 1,695,919 Euro to the Legal Reserve
- 6,827,118 Euro to Retained Earnings
- 25,395,350 Euro to the Shareholders, net of the 8,093,024 Euro, that according to the Board Meeting on December 17, 2003, Banca Aletti distributed as interim dividends, equaling 0.58 Euro per share. The residual dividend to be distributed is equal to 17,302,326 Euro, correspondent to 1.24 Euro per share.

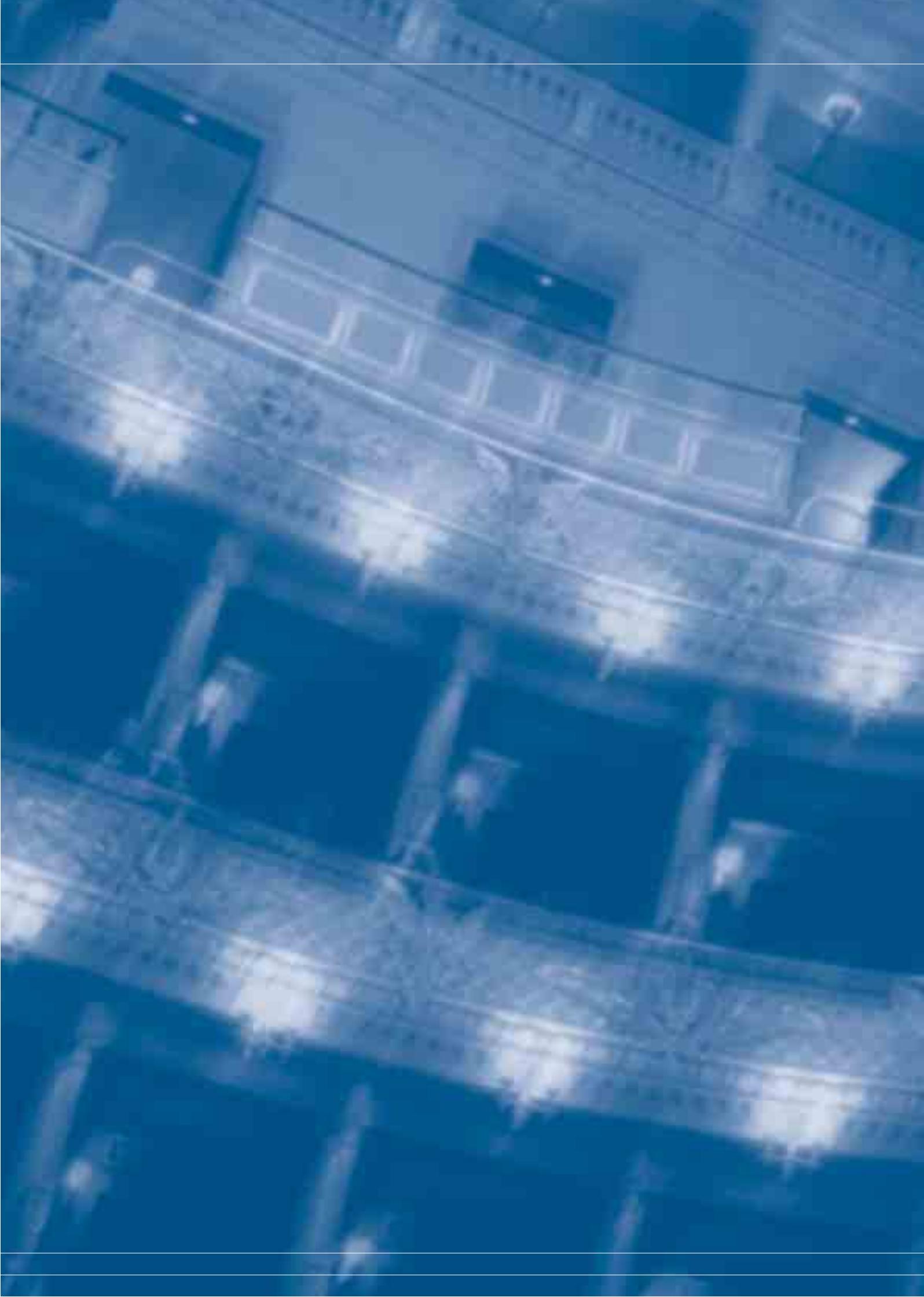
In addition, we inform you that tax laws applied to the dividends from the exercise 2003, including interim dividends, were the first paragraph of the art.40 of the D.L. n. 269/2003, law 24.11.2003 n.326. Therefore, the dividends in distribution will not have any tax credits and they will be applied the dispositions of the "Testo Unico delle Imposte sui Redditi" (T.U.I.R.) modified by the institution of the tax called "Imposta sul Reddito delle Società" (IRES).

If the formulated proposals are approved, the Net Assets of the Bank will constituted accordingly:

<i>(amounts in thousands of Euro)</i>	Actual	New
Shared Capital	72,000	72,000
Share Premium Account	17,427	17,427
Legal Reserve	1,419	3,115
Other Reserves	8,157	14,984
TOTAL NET ASSETS	99,003	107,526

Milan, March 10, 2004

Chairman of the Board of Directors
Urbano Aletti





Report
of the board
of statutory
auditors

To the Shareholders:

The financial statements for the year ended December 31, 2003, complete with the Notes thereto and accompanied by the Directors' Report on Operations, have been approved by the Board of Directors on March 10, 2004 and made available to us within the legally required timescale.

The financial statements have been audited by DELOITTE & TOUCHE S.p.A.; the nature of the engagement appointed to the Auditing Firm is for a compulsory audit and consequently the financial statements are accompanied by the auditor's report issued in accordance with articles 156 and 165 of legislative decree n° 58 called the book "Judgments on the Financial Statements", completed with competent audits.

Supervisory work performed by the Board of Statutory Auditors

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.

The work of this Board of Statutory Auditors unfolded into the following:

- As required by Article 149.2) of the Companies Act, we attended the Shareholders' 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 quarterly information and financial data from the directors established by Art. 150, paragraph one, of the Companies Act.

In the course of the year, we carried out 14 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;
- **5 inspections** at the local Private Banking Units, often in coordination with the Internal Audit Office (more particularly, the ongoing 16 bank branches have all been subject to tests of control between 2001 and 2003: 3 in 2001, 8 in 2002 and 4 in 2003; in addition to a second test on 1 local branch).
- **2 inspections** focused on in-depth examination of specific problematic issues (contracts with related parties, activities developed by the derivatives & structured products department) or organizational areas, assisted by the in charge of the individual Function and, where applicable, by the Internal Audit Function.

During the year, the Board of Statutory Auditors continued to monitor the work performed to put in place the anomalies caused by the accounting feed-in system, which had did not generate a significant number any problematic issues in 2003. In connection thereto, reference should be made to related analysis and discussion in note 7.4 of the Notes to the financial statements.

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:
 - *Change in the articles of association:* on April 16, 2003, the articles of association changed to conform to the requirements from the Bank of Italy, to connect the membership to the “Banco Popolare di Verona e Novara Bank Group” and to change the other components of articles of association regarding the shareholders’ meeting, the power of the board members, and the power of the general manager and the directors.
In addition, on November 19, 2003, there were changes in the Board’s power to delegate the Board Members (art. 16 of the Articles of Association and there is a possible interim dividend distribution (art. 21 of the by-laws).
 - In addition on December 17, 2003, the Board approved a 2003 provision for an interim dividend distribution of Euro 8.093.024,00 on the December 23, 2003, on the basis that the income for the period on September 30, 2003 was Euro 23.667.028,00, after having met the conditions stated in art. 2433 of the Civil Code, and after having acquired the opinion of the Independent Auditors.
 - *The Goodwill from the acquired CREBERG SIM’s “Asset Management” business line:* we obtained confirmation from the Board that the residual value of the goodwill, amounted to 6.629 thousand Euro, which will be constantly amortized over a ten year period from 2002, is not greater than the net present value of the future revenue from the business line, calculated using the disposable future income of the industrial plan of ALETTI INVEST SIM S.p.A.
The Board of Statutory Auditors considers that it will be necessary to perform an annual test of impairment for the above mentioned goodwill to verify the correct quota of the attributable costs to future years.
2. 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 Operations.
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.
6. 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 20 complaints (25 in the previous year), 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 (auditing on the financial statements and opinion on the distribution of interim dividends), assigned to the auditing firm DELOITTE & TOUCHE S.p.A. have been engagements relating to the verification of IRS procedures and Qualified Intermediary compliance, (€13.609,00 + VAT for 2002 and €24.035,00 + VAT for 2003) and translation into English of the financial statements for 2002 (Euro 4,500.00 + VAT), with total fees amounting to Euro 42.144,00 + VAT (Euro 50,572.80 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, meanwhile there were some observations referring to the periodical Internal Audit Reports, that were sent to the Supervisory Authorities.
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 2003 in order to reshape its organizational framework to meet the challenges posed by business growth and, more particularly:
 - Some contracts with S.G.S (regarding the services pertinent to the IT infrastructure that supports the operating activities) and the transfer to the Parent Company the financial engineering activity.
 - The middle office activity of derivative transactions
 - Some organizational functions, leaving the logistics function in Banca ALETTI.
 - The assignment of the corporate finance activities to ALETTI MERCHANT.

In addition the bank reorganized some internal functions (operating services creation of "Analysis and Research" department and the creation of the "Stock Market" office).

Generally, the monitoring of the position risks was continued. Particularly, for *risk management*, BANCA ALETTI has improved the agreement with the Parent Company in regards to comply with the Consob regulation n.13710/02, and the Bank is waiting for the new regulation from the Group for the relating function. In reference to the intercompany relationships, it is necessary to constantly verify the correctness of the transferred prices of the delegated activities; at the same time, it is essential to control the economic conditions applied by Banca Aletti, that have immediate effects, in the activities completed for the other companies of the Group.

It is necessary to point out that the branches are completing the activities relating to the clients assigned from the other banks of the Group to Banca Aletti. Regarding this specific matter, particular attention is given by the banks of the Group to monitor the activities of portfolio management for the delegated clients performed by Banca Aletti.

The Board of Statutory Auditors would like to more information on the items described in the D.Lgs n. 231/01 ("The administrative responsibility of the companies and of the affiliates also without the legal status, in accordance with the article 11 of the law dated September 29, 2009 n. 300").

13. Regarding the Internal Control Function, the Board of Statutory Auditors was able evaluate the adequacy through the news that they received, in particular through the relative functions of the Group.
About this matter, the Board of Statutory Auditors believes that the Regulations of Internal Controls of the Group could be better organised the annual programme of the internal audit inspections of the bank. Also, the monitoring activity of the *front office* that operates on the market and a few other operating procedures should be maintained.
We communicated regularly our findings and the Board of Directors's observation in the semester report and in the annual report of *Internal Audit*.
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, completed in 2003 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. 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 S.p.A. dated April 7, 2004 relating to the financial statements for 2003 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, 2003 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.

Milan, 7 April 2004

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





Independent
auditor's
report on the
financial
statement

**AUDITORS' REPORT
IN ACCORDANCE WITH ARTICLES 156 AND 165
OF LEGISLATIVE DECREE N° 58 OF FEBRUARY 24, 1998**

**To the Shareholders of
Banca Aletti & C. S.p.A.**

1. We have audited the financial statements of Banca Aletti & C. S.p.A. as of December 31, 2003. These financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by Deloitte & Touche Italia Spa, dated March 31, 2003.

3. In our opinion, the financial statements present fairly the financial position of Banca Aletti & C. S.p.A. as of December 31, 2003, and the results of its operations for the year then ended in accordance with the Italian regulations governing financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Motta

Milan, Italy
April 7, 2004

This report has been translated into the English language solely for the convenience of international readers.



An aerial photograph of a road winding through a forest. The road is a light color, contrasting with the darker green of the trees. A car is visible on the road, positioned in the upper-middle part of the frame. The overall scene is captured from a high angle, looking down at the road and the surrounding forest.

Financial
statements
as of December
31, 2003

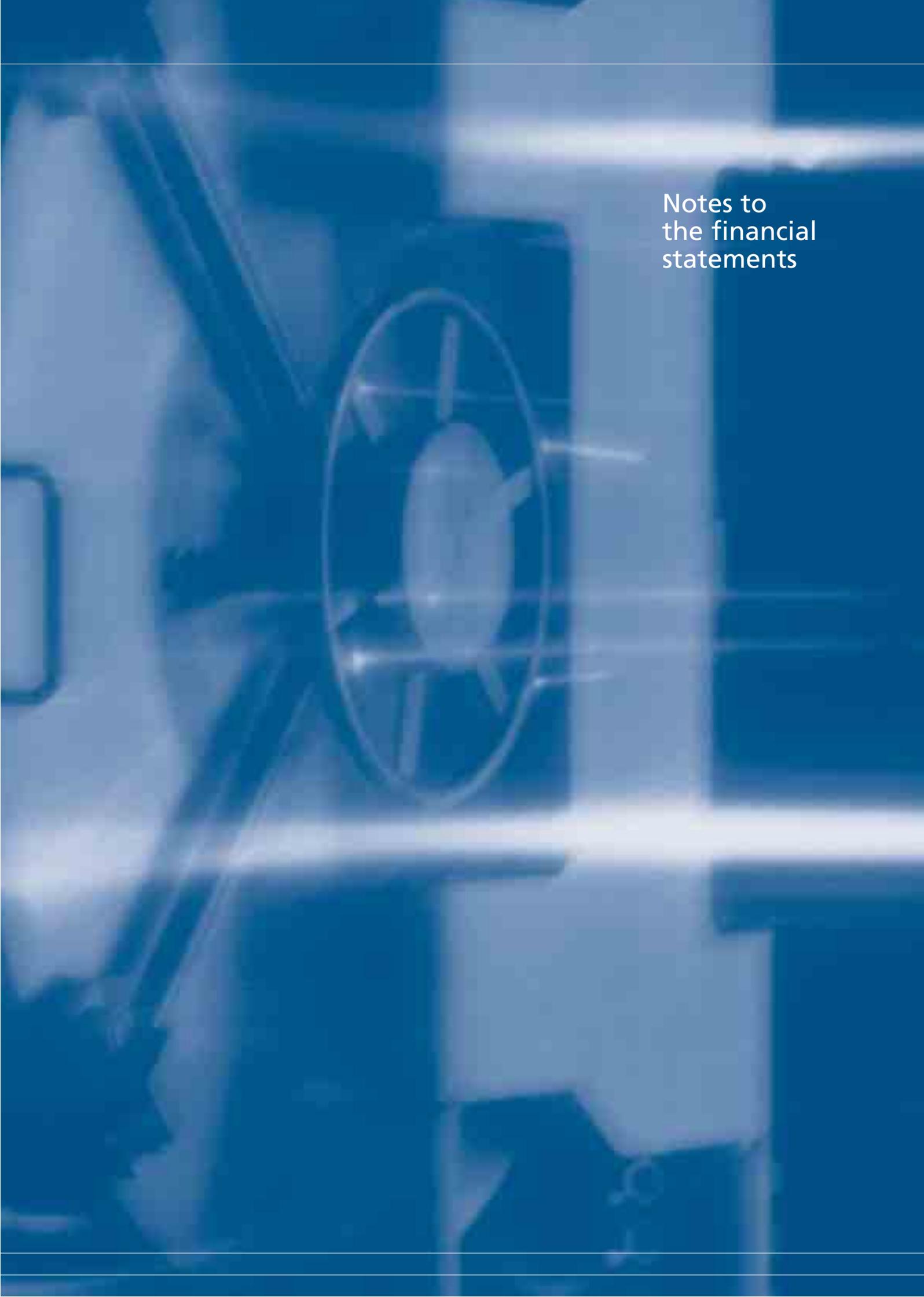
Balance sheet - Assets (Amounts in Euro)	12-31-2003	12-31-2002
10 Cash and deposits with central banks and post-offices	9,242	6,630
20 Treasury bills and bonds eligible for refinancing by central banks	2,425,043	13,059,194
30 Due from banks:	4,933,178,970	8,002,242,022
(a) on demand	94,037,809	401,689,130
(b) other due from banks	4,839,141,161	7,600,552,892
40 Due from customers	86,229,743	187,726,164
50 Bonds and other debt securities:	167,865,329	213,091,584
(a) issued by Government and its Agencies	84,387,023	173,028,710
(b) issued by banks	71,298,455	27,583,744
<i>of which:</i>		
– <i>issued by Banca Aletti</i>	12,175,369	7,492,500
(c) issued by financial institutions		
(d) other issuers	4,482	4,986,630
60 Shares and other equities	40,229,799	3,316,214
70 Equity investments	1,094,811	1,098,841
80 Equity investments in Group companies	145,000	145,000
90 Intangible fixed assets	9,653,316	13,148,621
<i>of which:</i>		
– <i>incorporation costs</i>	179,110	3,710,415
– <i>paid goodwill</i>	6,628,901	7,457,513
100 Tangible fixed assets	1,435,458	1,771,624
130 Other assets	608,228,939	217,848,113
140 Accrued income receivable and prepaid expenses:	129,323,100	95,975,235
(a) accrued income	124,268,195	90,886,361
(b) prepaid expenses	5,054,905	5,088,874
TOTAL ASSETS	5,979,818,750	8,749,429,242

Liabilités		
<i>(Amounts in Euro)</i>		
	12-31-2003	12-31-2002
10 Due to banks:	4,998,150,536	8,125,560,095
(a) on demand	1,167,750,814	1,392,175,501
(b) term or notice	3,830,399,722	6,733,384,594
20 Due to customers:	146,902,968	173,501,741
(a) on demand	98,702,466	35,590,694
(b) term or notice	48,200,502	137,911,047
50 Other liabilities	547,182,388	246,702,668
60 Deferred income and accrued expenses:	130,468,398	80,048,851
(a) accrued expenses	125,371,227	75,808,816
(b) deferred income	5,097,171	4,240,035
70 Allowance for severance indemnities	1,662,230	1,077,627
80 Allowances for risks and charges:	30,623,621	15,377,665
(a) allowance for post-retirement benefits	0	171,207
(b) allowance for taxes	28,315,850	12,706,458
(c) other allowances	2,307,771	2,500,000
120 Share capital	72,000,003	72,000,003
130 Share premium reserve	17,427,079	17,427,079
140 Reserves:	9,576,164	5,183,707
(a) legal reserve	1,418,893	791,403
(d) other reserves	8,157,271	4,392,304
170 Net income for the year	33,918,387	12,549,806
180 Provision for Dividends	-8,093,024	0
TOTAL LIABILITIES	5,979,818,750	8,749,429,242

GUARANTEES AND COMMITMENTS		
<i>(Amounts in Euro)</i>		
	12-31-2003	12-31-2002
10 Guarantees given:	0	0
<i>of which:</i>		
– acceptances		
– other guarantees		
20 Commitments:	1,320,657,919	812,349,009
<i>of which:</i>		
– repurchase agreements		

Profit and Loss Account <i>(Amounts in Euro)</i>	12-31-2003	12-31-2002
10 Interest income and similar revenues	145,318,686	186,783,049
<i>of which:</i>		
– from loans to customers	1,432,890	43,578
– from debt securities	9,233,055	7,056,364
20 Interest expense and similar charges	-139,343,791	-179,270,245
<i>of which:</i>		
– on deposits from customers	-2,543,438	-1,176,119
30 Dividends and other income from:	897,728	479,669
(a) equities, shares and other forms of capital	586,302	35,945
(b) equity investments	311,426	443,724
40 Commission income	58,727,010	38,183,492
50 Commission expense	-12,339,709	-4,150,331
60 Profits (losses) on financial transactions	69,419,404	29,756,038
70 Other operating income	1,853,442	5,235,837
80 General and administrative expenses:	-58,781,594	-46,093,142
(a) personnel expenses	-22,638,671	-13,951,388
<i>of which:</i>		
– wages and salaries	-17,634,989	-10,346,080
– social security contributions	-3,329,483	-2,275,675
– provision for severance indemnities	-693,672	-491,480
– provision for post-retirement benefits	-269,015	-171,207
(b) other administrative expenses	-36,142,923	-32,141,754
90 Depreciation and amortization of tangible fixed assets and intangible fixed assets	-4,767,921	-3,747,405
100 Provisions for risks and charges	0	-2,500,000
110 Other operating expenses	-121,387	-298,422
120 Adjustments to loans and provisions for guarantees and commitments	-311,849	0
170 Income (loss) before extraordinary items and income taxes	60,550,019	24,378,540
180 Extraordinary income	247,714	984,718
190 Extraordinary expenses	-1,749,837	-704,296
200 Extraordinary income, net	-1,502,123	280,422
220 Income taxes	-25,129,509	-12,109,156
230 Net income for the year	33,918,387	12,549,806





Notes to
the financial
statements

Introductory notes

The financial statements for 2003 are represented by the Balance Sheet, the Profit and Loss Account, and the Notes to the Financial Statements, accompanied by the Management Report on Operations 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 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 necessary information to present a true and fair view of financial position of the Bank as at December 31, 2003 and of its results of operations for the year then ended.

At the end of the Notes, there are Appendices provided in part "D" for further information on:

- Statement of Changes in Financial Position of Banca Aletti;
- The Financial Statement of Aletti Fiduciaria S.p.A.

Although holding a controlling interest carried at cost in the financial accounts for 2003, 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.

Deloitte & Touche SpA audits Banca Aletti's financial statements according to the articles 155 and 165 of the Dlgs 58/98, as decided at the Shareholder's Meeting.

Part A - Accounting policies

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 interpret the same principals. To compile the financial statements, the following general principals were utilized:

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 hedge 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:

The values included in the financial statements are not in Euro are converted in Euro using the official exchange rate at the end of the year.

Section 1 Illustration of accounting policies

1. LOANS, GUARANTEES AND COMMITMENTS

1.1 *Due from customers and Due to customers*

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;
- For the shares issued by mutual funds:
 - at market value, at the end of the period, if the mutual funds are listed or if Investment Management Company, who manage mutual funds, periodically communicate the market value using specialized media resources;
 - otherwise they are valued at the lower of cost or market value. The market value, in these cases, represents the realizable value, determined by the methods indicating using the various listed securities.

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”.

The valuation of the Interest Rate Swap transactions is recognized in the captions “accrued income” and “accrued expenses” for the differentials accrued and the net present value of future cash flows in the lines “other assets” or “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:

<i>Tangible fixed asset class</i>	<i>Years</i>
<i>Office machinery and furniture</i>	7
<i>Safety systems and safes</i>	7
<i>Fittings</i>	5
<i>Electronic and electromechanical office machinery</i>	3
<i>Motor vehicles, trucks and similar</i>	3
<i>In-house communication and on-screen systems</i>	3
<i>Alarm, surveillance and closed-circuit systems</i>	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 remain-

ing possibilities of utilizing the assets and, in all cases, over a period of not more than five years.

The goodwill, acquired for on acquisition of the business line Aletti Invest Sim (previously Creberg Sim), 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 hedging two or more periods, in accordance with the accrual basis of accounting.

6.2 Third party funds under administration

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.

6.4 Taxation

The allowance for taxation is represented by provisions recorded to hedge 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 rehedgery.

6.5 Other allowances for risks and charges

The other allowances for risks and charges are provided to hedge 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 hedge 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, 2003, aside from accelerated depreciation, amounting to 392 thousand Euro, recorded in application of tax laws, no adjustments have been recorded by the Bank exclusively in application of tax laws.

<i>(in thousands of Euro)</i>	Income for the year			Shareholders' equity		
	Gross	Tax charge	Net	Gross	Tax charge	Net
Accelerated depreciation						
return for the year	-106	42	-64			
depreciation charge for the year	392	-154	238			
Total	286	-112	174	596	-242	354

2.2 Provisions recorded exclusively in application of tax laws

As of December 31, 2003, no provisions have been recorded by the Bank exclusively in application of tax laws

Section 2
Adjustments
and provisions
recorded for
tax purposes

Parte B - Information on the balance sheet

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

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002	Change
Notes and Coins	9	7	2
Other Values	0	0	0
TOTAL	9	7	2

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

The balance of 9 thousand Euro 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. Particularly:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002	Change
Running current accounts	25,801	126,935	-101,134
Unrestricted deposits	68,237	274,754	-206,517
Compulsory reserve	5,495	7,077	-1,582
Time deposits or repayable on demand	2,361,576	4,256,819	-1,895,243
Repurchase agreements	2,472,070	3,336,657	-864,587
TOTAL	4,933,179	8,002,242	-3,069,063

Banca Aletti continued to maintain the activity of the Money Market desks and other broking structures in Euro and other foreign currencies for short and medium terms for the other banks in the Group.

The financial margin decreased from last year, because of the change in the curve of the interest rates and the correlated reduction of the volumes brokerages.

The values above include foreign currency that were converted into Euro with the proper exchange rate at the end of the year.

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.

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002	Change
Current accounts	461	3,249	-2,788
Repurchase agreements	85,769	184,477	-98,708
Total	86,230	187,726	-101,496

The amount of the operations in "repurchase agreements" suffered in comparison to the preceding year following the clientele's attitude that was more favorable towards the stock market.

1.4 Non-performing loans

As of December 31, 2003, because of the adjustments of value equal to 28 thousand Euro, the amount of the doubtful credits (non-performing and problem loans) resulted to be equal to zero. The devaluated receivables were from the clientele with over drawn checking accounts.

To the end of the year, all of the accounts receivable from the Clientele and/or toward Banks they resulted to be performing.

In the balance sheet in the caption "other assets", other accounts receivable for services devaluated by 150 thousand Euro to express their fair value (residual value estimated to be 145 thousand Euro). Besides, following a specific transaction, they wrote off other receivables for 134 thousand Euro.

2.1 Investment securities

As of December 31, 2003 like 2002, the Bank has no investment securities.

2.2 Changes in investment securities

No changes in investment securities are reported for financial year 2003 insofar as no investment securities are held.

2.3 Trading securities

As of December 31, 2003, all the securities in Aletti's portfolio are deemed to be "trading securities" insofar as these represent the temporary deployment of liquidity.

The value of the securities in the portfolio as of December 31, 2003 using the market value prices results in a net capital gain of 1,199 thousand Euro made up of a capital gain of 1,642 thousand Euro and a capital loss of 443 thousand Euro.

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:

<i>(in thousands of Euro)</i>	<i>Purchase price</i>	<i>Book value</i>
1. DEBT SECURITIES	170,496	170,290
1.1 Government securities	86,609	86,713
- listed	15,782	15,792
- unlisted	70,827	70,921
1.2 Other securities	83,887	83,577
- listed	56,303	56,145
- unlisted	27,584	27,432
2. EQUITIES	38,825	40,230
- listed	2,876	3,747
- unlisted	35,949	36,483
Total	209,321	210,520

Section 2
Securities
(captions 20,
50 and 60)

The movement of the securities generated profit, net of the exchange rate effects of 8,182 thousand Euro.

In the securities portfolio are "asset swaps" that have a nominal value of 7,000 thousand Euro.

In order to assure improved treasury management, some portfolio securities are earmarked for repurchase agreements. The repurchase agreements, certain of which reaching maturity part way financial year 2004, have been settled for the term value at the maturity budgeted dates.

2.4 Changes in trading securities

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

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
A. BALANCE AT BEGINNING OF THE YEAR	229,467	52,323
B. INCREASE	35,457,988	22,452,237
B.1 Purchases	35,444,473	22,451,834
• Debt securities	34,700,203	21,624,736
- <i>Government securities</i>	24,065,946	18,351,797
- <i>other securities</i>	10,634,257	3,272,939
• Equities	744,270	827,098
- <i>equities</i>	565,850	822,002
- <i>other securities</i>	178,420	5,096
B.2 Write-ups	1,826	403
B.3 Transfers from investment portfolio	0	0
B.4 Other changes	11,688	0
C. DECREASE	35,476,934	22,275,093
C.1 Sales	35,472,800	22,274,980
• Debt securities	34,763,272	21,452,287
- <i>Government securities</i>	24,167,000	18,224,639
- <i>other securities</i>	10,596,272	3,227,648
• Equities	709,528	822,693
- <i>equities</i>	566,446	819,976
- <i>other securities</i>	143,082	2,717
C.2 Redemptions	0	0
C.3 Write-downs	503	113
C.4 Transfers to investment portfolio	0	0
C.5 Other changes	3,631	0
D. BALANCE AT END OF THE YEAR	210,520	229,467

3.1 Breakdown of caption 70 "equity investments"

Section 3
Equity
investments
(captions 70
and 80)

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
a) In banks	0	0
1) listed	0	0
2) unlisted	0	0
b) In financial institutions	0	4
1) listed	0	0
2) unlisted	0	4
c) In other companies	1,095	1,095
1) listed	0	0
2) unlisted	1,095	1,095
Total	1,095	1,099

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

Name <i>(in thousands of Euro)</i>	% ownership	Book value	Business activity
Società Italiana per l'Automazione (SIA)	0,81%	618	Stockmarket services
Borsa Italiana	0,86%	477	Stockmarket management and securities services
Total		1,095	

During the year, Banca Aletti wrote off its shares in ADICA Fiduciary S.p.A., which is in Liquidation, following the distribution, from the liquidator, of the residual assets of the Company.

3.1.2 Other equity investments (caption 70)

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
A. Balance at the beginning of the year	1,099	1,133
B. Increase	0	1
b.1. purchases	0	0
b.2. write-ups	0	0
b.3. revaluations	0	0
b.4. other changes	0	1
C. Decrease	- 4	- 35
c.1. sales	- 4	- 34
c.2. write-downs	0	- 1
of which:		
- permanent impairment in value	0	0
c.3. other changes	0	- 1
D. Balance at the end of the year	1,095	1,099
E. Accumulated revaluation	0	0
F. Accumulated write-downs	0	0

In the month of July, the liquidator of ADICA Fiduciary Lombarda SpA completed the liquidation plan and predisposed the relative plan of the distribution of the residual assets. Aletti's portion is equal to 4,028.36 Euro represented by 7,800 shares which corresponds to 0.38 Euro per share for a total amount of 2,964.00 Euro. Banca Aletti wrote off the residual value realizing a loss equal to 1,064.36 Euro.

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

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
a) in banks	0	0
1) listed	0	0
2) unlisted	0	0
b) in enti finanziari	0	0
1) listed	0	0
2) unlisted	0	0
c) Altre	145	145
1) listed	0	0
2) unlisted	145	145
Total	145	145

3.2.1 Significant equity investments

Name	Reg. office.	Stock-holders' equity	Net income (loss)	% ownership	Book value
a) Subsidiaries:					
Aletti Fiduciaria S.p.A.	Milan	136	13	100%	145
Total		136	13		145

Aletti Fiduciaria, during 2003, recorded an increase of operations, reaching 104 contracts, with total assets under management equal to 101,261 thousand Euro.

Aletti Fiduciaria does not have its own personnel and accordingly, Banca Aletti, following specific agreements, outsourced qualified resources to Aletti Fiduciaria to carry out the operations. The contracts are regulated at market rates.

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 equity investments in Group companies

(in thousands of Euro)	12-31-2003	12-31-2002
A. Balance at the beginning of the year	145	0
B. Increase	0	145
b.1. purchases	0	145
b.2. write-ups	0	0
b.3. revaluations	0	0
b.4. other changes	0	0
C. Decrease	0	0
c.1. sales	0	0
c.2. write-downs		
of which:		
- permanent impairment in value	0	0
c.3. other changes	0	0
D. Balance at the end of the year	145	145
E. Accumulated revaluations	0	0
F. Accumulated write-downs	0	0

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*:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
A. Assets	2,088,059	4,259,091
• 1. due from banks	2,041,053	4,240,139
<i>of which :</i>		
- <i>subordinated loans</i>	0	0
• 2. due from financial institutions	4,264	1,121
<i>of which :</i>		
- <i>subordinated loans</i>	0	0
• 3. due from customers	105	0
<i>of which :</i>		
- <i>subordinated loans</i>	0	0
• 4. bonds and other debt securities	42,637	17,831
<i>of which :</i>		
- <i>subordinated loans</i>	0	0
B. Liabilities	4,213,028	6,465,717
• 1. due to banks	4,205,297	6,456,284
• 2. due to financial institutions	1,531	439
• 3. due to other customers	6,200	8,994
• 4. other due in securities	0	0
• 5. subordinated liabilities	0	0
C. Guarantees and commitments	720,018	3,931,713
• 1. guarantees given	0	0
• 2. commitments	720,018	3,931,713

The value as December 31, 2003, net of accumulated depreciation is:

Immobilizzazioni materiali:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
Furniture and fittings	1,096	1,306
Electronic and electronic machinery	59	69
Systems	279	376
Other Equipment	2	21
Total	1,436	1,772

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

Intangible Fixed Assets:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
Goodwill	6,629	7,458
Leasehold improvements Costs	2,823	3,710
Advertising expenses	0	1,678
Other deferred charges	199	276
Software costs	2	27
Total	9,653	13,149

4.1 Changes in tangible fixed assets (caption 100)

Tangible fixed assets increased by 1,436 thousand, gross of accumulated depreciation; the movement for the period is set out in the table below:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
A. Balance at the beginning of the year	1,772	1,266
B. Increase	657	1,290
B1. Purchases	657	1,235
B2. Write-ups	0	0
B3. Revaluation	0	0
B4. Other changes	0	55
C. Decrease	-993	-784
C1. Sales	-78	0
C2. Write-downs		
a) depreciation	-915	-729
b) permanent impairment in value	0	0
C3. Other changes	0	-55
D. Balance at the end of the year	1,436	1,772
E. Accumulated revaluation	0	0
F. Accumulated write-downs	3,329	2,457
a) depreciation (accumulated deprec.)	3,329	2,457
b) permanent impairment in value	0	0

The change for the period in the caption "tangible fixed assets" relates to capital investments towards refurbishing and fittings for the new offices.

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

<i>Categories</i>	<i>(in thousands of Euro) amount</i>
Furniture and fittings	326
Electronic and electric machinery	81
Other equipment	250
Total	657

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 9,654 thousand; the movement for the period is summarized in the table below.

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
A. Balance at the beginning of the year	13,149	5,853
B. Increase	457	10,314
B1. Purchases	457	10,314
B2. Write-ups	0	0
B3. Revaluation	0	0
B4. Other changes	0	0
C. Decrease	-3,952	-3,018
C1. Sales	0	0
C2. Write-downs		
a) amortization	-3,014	-3,018
b) permanent impairment in value	- 839	0
C3. <i>Other changes</i>	-99	0
D. Balance at the end of the year	9,654	13,149
E. Accumulated revaluation	0	0
F. Accumulated write-down	9,540	6,848
a) amortization (accumul. ammort.)	8,701	6,848
b) permanent impairment in value	839	0

The increase in the intangible fixed assets is due to the leasehold improvements, in particular the 4 new offices opened in this year and the improvements in the administrative building in Roncaglia St.

Banca Aletti, in 2003, wrote off 839 thousand Euro for the impairment of intangible multi-year assets costs.

The capitalization of intangible assets are recorded in agreement with the Board of Statutory Auditors.

Goodwill, equal to 6,629 thousand Euro, represents the unamortized value corresponding to the acquisition of the branch from Aletti Invest SIM (ex Creberg SIM). The annual amortization amounts to 829 thousand Euro.

The increase for the period is due to the following intangible asset classes:

The residual values, less amortization, are the following:

<i>Intangible fixed asset class</i>	<i>(in thousands of Euro) amount</i>
Leasehold improvements	323
Software	3
Other deferred charges	131
Total	457

Section 5
Other assets
(captions 130
and 140)

5.1 Breakdown of caption 130 "Other assets"

This item is composed of the following:

<i>(in thousands of Euro)</i>	<i>12-31-2003</i>	<i>12-31-2002</i>
• due from tax authorities	12,586	1,475
• premiums paid on options	72,741	25,218
• guarantee deposits	2,641	216
• deferred tax assets	4,104	1,991
• due from Group companies	17,123	22,056
• sundry items in suspense	246,828	33,607
• positive valuation of derivative transactions	252,010	130,984
• other items	196	2,301
TOTAL	608,229	217,848

These items are detailed below:

- "Due from tax authorities", amounting to 12,586 thousand Euro, includes corporation tax ("IRPEG") of 9,148 thousand Euro, regional tax ("IRAP"), amounting to 2,789 thousand Euro, and Exchange Market tax of 313 thousand Euro have been paid in advance paid, also included therein is a tax credit, amounting to 112 thousand Euro, and other minor payments equaling 224 thousand Euro.
- "Premiums paid on options" comprise premiums paid for options: on the index of 62,794 thousand Euro, currency exchange options of 7,620 thousand Euro and interest rate options of 1,770 thousand Euro, all are on "OTC" transactions relating to financial risk hedging, and 282 thousand Euro for opening premiums for dealing in Italian and foreign organized markets.
- "Guarantee deposits" refer to the deposit with the Cassa di Compensazione e Garanzia (Clearing House), for 1,666 thousand Euro for default funds, 101 thousand Euro for "Provisions for Liquidation", 822 thousand Euro for

initial margin of derivative instruments, while the residual 52 thousand Euro relate to property rental guarantee deposits.

- *“Deferred tax assets”*, amounting to 4,104 thousand Euro, relate to corporation tax (‘IRPEG’) 3,953 thousand Euro and 151 thousand Euro regional tax (‘IRAP’), 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”* equal to 17,123 thousand Euro relates to services rendered to Group companies yet to be collected and refer to:

Banco Popolare di Verona e Novara	Euro	6,362 thousand;
Credito Bergamasco	Euro	2,685 thousand;
Banca Popolare di Novara	Euro	3,569 thousand;
BPVN – Filiale di Londra	Euro	153 thousand;
BPV – Lussemburgo	Euro	44 thousand;
Aletti Gestielle SGR	Euro	1,465 thousand;
Aletti Gestielle Alternative	Euro	2,026 thousand;
Aletti Fiduciaria	Euro	39 thousand;
Società Gestione Servizi BPVN	Euro	105 thousand;
Aletti Merchant	Euro	249 thousand;
Aletti Private Equità SGR	Euro	426 thousand.
- The amount reported for the line *“Sundry items in suspense”* is represented by security transaction, performed for both the Back and for third parties in the last days of 2003 that were sorted out in the first days of 2004.
- The amount reported for the line *“Valuation of derivative transactions”* corresponds to the mark-to-market valued on December 31, 2003 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 150 thousand; 854 thousand Euro, 35 thousand Euro for advances to suppliers, and Euro 16 thousand are other minor items.

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

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
Accrued income:	124,268	90,886
a) interest on securities	5,489	3,728
b) interest due from banks	9,056	24,492
c) interest income on repurchase transactions	6,170	15,370
d) differential on derivative contracts	102,055	47,184
e) fees and commissions	1,498	112
Risconti attivi	5,055	5,089
a) interessi non maturati su contratti di outright	4,922	4,972
b) spese e servizi	133	117
TOTAL ratei e risconti attivi	129,323	95,975

The amounts stated express accrued income receivable at December 31, 2003 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 they relate. The one and only exception is represented by accrued discounts of security issues, 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, 2003, no subordinated amounts are due to the Bank from banks and lending institutions, financial institutions and customers or by way of debt securities.

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

6.1 Detail of caption 10 "due to banks"

This item is analyzed below by:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002	Change
• Repurchase agreements	2,451,467	3,456,743	-1,005,276
• Securities-Lending Transactions	0	0	0
• Running current accounts	1,167,751	54,305	1,113,446
• Deposits	1,378,933	4,614,512	-3,235,579
Total	4,998,151	8,125,560	-3,127,409

The financial margin decreased with respect to last year mainly because of a reduction in the interest rate curve and a correlated reduction in the brokerage volume.

The amounts in the current accounts include foreign currency converted into Euro equal to 589,993 thousand Euro (1,507,164 at December 31, 2002).

6.2 Detail of caption 20 "Due to customers"

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002	Change
• repurchase agreements	48,201	137,911	-89,710
• securities lending Transactions	0	0	0
• due on demand	98,702	35,591	63,111
Total	146,903	173,502	-26,599

The "repurchase agreements" represents contracts primarily entered into with international financial institutions.

The amount of the "repurchase agreements" experienced a decrease mainly because customers preferred to invest in the stock market.

The balance on the line "Due on demand" is represented primarily by available funds attaching to assets under management for 31,708 thousand Euro and available funds attaching to customer portfolio management for 66,994 thousand Euro.

6.3 Other due in securities

As of December 31, 2003, no amounts are due for securities issued by the Bank.

Examined and discussed in this section are changes in the allowance for severance indemnities and the allowances risks and charges.

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

As of December 31, 2003, the balance on this account amounts to Euro 1,662 thousand and mirrors the liability accrued at year-end pursuant to currently applicable laws.

Section 7
Allowances
(captions
70 and 80)

The movement for the period is the following:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
Balance at the beginning of the year	1,078	572
• Provision for the period	694	491
• Other increases	337	119
• Indemnities paid	- 447	-104
Balance at the end of the year	1,662	1,078

Included in the "Other Increases" includes severance indemnities, "TFR," transferred from the other Banks of the Group for personnel seconded and now employed directly by Banca Aletti.

7.2 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:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
Balance at the beginning of the year	12,706	913
• Provisions	28,080	12,706
a) IRPEG	22,593	9,550
b) IRAP	4,650	2,900
c) Other Taxes	837	256
• Use	-12,470	-913
Balance at the end of the year	28,316	12,706

The use of the allowance reflects full payment of the tax charges resulting from the 2002 income tax return.

Accruals represent the estimated corporation tax ('IRPEG') and regional tax ('IRAP') charges pertaining to 2003, and line "Other Taxes" that includes a provision of 495 thousand Euro for the 2002 tax amnesty and provisions of 342 thousand Euro for 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 be utilized before they expire).

Changes in "deferred tax assets"

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
1. Balance at the beginning of the year	1,991	1,650
2. Increase	2,945	1,988
2.1) deferred tax assets arising in the year	2,945	1,979
2.2) other increases	0	9
3. Decrease	-832	-1,647
3.1) deferred tax assets annulled in the year	-776	-1,646
3.2) other decreases	-56	-1
4. Balance at the end of the year	4,104	1,991

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 re-hedging of the amounts included in the balance sheet.

The change in deferred tax assets is equal to 2,113 thousand Euro, as a result of 2,116 thousand Euro for regional tax ('IRAP') purposes, and a decrease of 3 thousand; the amounts are recorded in the profit and loss caption of "220 – Income taxes".

Listed below are the significant temporary differences that determine the amount of "deferred tax assets" stated on the balance sheet as at December 31, 2003:

_ Not tax deductible allowance for risks:	Euro 7,574 thousand;
_ Write-off (of previously capitalized advertising expense):	Euro 839 thousand;
_ Other changes:	Euro 359 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"

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
A. Balance at the beginning of the year	2,500	0
B. Increase	0	2,500
B.1. Provisions	0	2,500
B.2. Other changes	0	0
C. Diminuzioni	-192	0
C.1. Use	-192	0
C.2 Other changes	0	0
D. Balance at the end of the year	2,308	2,500

The movement for the period in the "Allowance for risks and charges" is the following:

- an amount equal to around 42 thousand Euro, of the fund was appropriated in 2002 to cover the possible costs deriving from sorting out the accounting differences, completed during 2002, arising from computer system anomalies;
- as a result of insolvency of one of the financial operators, the Bank has been requested, by the Cassa di Compensazione e Garanzia (Clearing House), to contribute 150 thousand Euro.

The allowance relates to the residual amount of fund appropriated in 2002 for any possible complaints or claims that might arise from sorting out the accounting differences, completed during 2002, arising from computer system anomalies. As mentioned above, in the last part of the year, the Bank used an amount of this allowance, even though Aletti did not identify any significant elements that could result in the manifestation of claims or law suits from clients or third parties, the Bank still prudently maintained the fund at a residual value of 2,308 thousand Euro for 2004.

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

Share capital and equity reserves:

In 2003, there were no changes in the Social Capital as of December 31, 2003 and it still is represented by 13,953,489 shares, par value Euro 5.16 each, with a corresponding value of Euro 72,000,003.24.

Banca Aletti, in accordance with the Board of Directors' Meeting on December 17, 2003, paid out interim dividends worth 8,093 thousand Euro (a value of 0.58 per share) to its shareholders. The interim dividends were paid out after verifying that they met the conditions indicated in the art. 2433 bis of the Codice Civile (Civil Code) and with the approval of Independent Auditors.

Set forth below is the movement for the period on share capital and equity reserves. Di seguito viene riportata la movimentazione del Capitale Sociale e delle riserve.

<i>(in thousands of Euro)</i>	<i>Share capital</i>	<i>Share premium reserve</i>	<i>Legal reserve</i>	<i>Other reserves</i>	<i>Net income</i>	<i>Total capital and reserves</i>
Balances as at 12-31-2002	72,000	17,427	792	4,392	12,550	107,161
Allocation of F/Y 2002 profit pursuant to shareholders' resolution on April 16, 2003	0	0	627	3,765	-12,550	- 8,158
Interim dividends (according to art. 2433 bis of the Civil Code) approved by the BoD on December 17, 2003	0	0	0	0	-8,093	-8,093
Income for the year	0	0	0	0	33,918	33,918
Total	72,000	17,427	1,419	8,157	25,825	124,828

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

Regulatory capital and capital requirements

As of December 31, 2003, the portions of capital and equity for supervisory purposes are set out in the table below:

<i>(in thousands of Euro)</i>	<i>12/31/2003</i>	<i>12/31/2002</i>	<i>Change</i>	
A. Regulatory capital				
A.1 Tier 1 capital	97,873	85,855	12,018	14.00%
A.2 Tier 2 capital	0	0	0	0
A.3 Items deductible	0	0	0	0
A.4 Regulatory capital	97,873	85,855	12,018	14.00%
B. Capital adequacy requirements				
B.1 Credit risk	45,558	76,441	-30,883	-40.40%
B.2 Market risk	37,997	9,089	28,908	318.05%
of which:				
• <i>trading portfolio</i>	37,262	8,734	28,528	326.63%
• <i>foreign exchange</i>	735	355	380	107.04%
B.3 Other capital adequacy requirements	0	0	0	0
B.4 Total capital adequacy requirements	83,555	85,530	-1,975	-2.31%
C. Risk assets and capital ratios				
C.1 Risk-weighted assets	1,193,638	1,221,857	-28,219	-2.31%
C.2 Tier 1 capital / Risk-weighted assets	8,200	7,027		
C.3 Regulatory capital / Risk-weighted assets	8,200	7,027		

Breakdown of equity reserves:

<i>(in thousands of Euro)</i>	<i>Legal reserve</i>	<i>Extraordinary reserve</i>
Balance at the beginning of the year	792	4,392
Increase		
a) F/Y 2002 net income	627	3,765
Decrease	0	0
Balance at the end of the year	1,419	8,157

Shareholders' resolution of April 16, 2003 authorized the allocation of 5% of net income, equal to 627 thousand Euro, to the legal reserve and the allocation of 30% of net income, equal to Euro 3,765 thousand, to the extraordinary reserve.

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

<i>(in thousands of Euro)</i>	<i>12-31-2003</i>
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- **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.

Section 9 Other liabilities (captions 50 and 60)

9.1 Breakdown of caption 50 "Other liabilities"

This item is analyzed below:

<i>(in thousands of Euro)</i>	<i>12-31-2003</i>	<i>12-31-2002</i>
Due to tax authorities	947	525
Due to employees	9,083	2,890
Due to social security institutions	1,085	523
Due to Group companies	12,569	12,715
Due to suppliers	1,546	1,353
Premiums collected on options sold	120,876	34,809
Sundry items in suspense	232,115	79,270
Negative valuation of derivative transactions	168,958	114,292
Other	3	326
Total	547,182	246,703

Analyzed below are the more significant items making up *“Other liabilities”*:

- *“Amounts due to tax authorities”* include employee withholding taxes (‘IR-PEF’) for 485 thousand Euro, VAT for 30 thousand Euro, withholding tax on capital gains and on interest due from customers due to the government for 432 thousand Euro.
- *“Amounts due to employees”* include vacation earned not yet used, and bonuses earned, which will be used/distributed in the first few months of 2004.
- *“Amounts due social security institutions”* include Italian Social Security (‘IN-PS’) employee contributions for 870 thousand Euro and a provision for the additional pension funds of 215 thousand Euro.
- *“Amounts due to Group companies”* equal to 12,569 thousand Euro relate to transactions with the following:

Banco Popolare di Verona e Novara	Euro	3,147 thousand;
Banca Popolare di Novara	Euro	1,378 thousand;
Credito Bergamasco	Euro	318 thousand;
Società Gestione Servizi BPVN	Euro	6,200 thousand;
Aletti Gestielle SGR	Euro	31 thousand;
Aletti Invest SIM	Euro	1,494 thousand.
- *“Amounts due to suppliers”* represent liabilities for invoices received not yet settled.
- *“Premiums collected on options sold”* comprise premiums collected for OTC options sold, of which *put options* sold on secured-capital asset management products for Euro 12,760 thousand, *interest rate dealing options* for 14,076 thousand Euro, *Asian dealing options (securities and indexes)* for 82,938 thousand Euro and exchange rate options for 11,102 thousand Euro.
- *“Sundry items in suspense”* represent the balance of the security entries identified that were executed in both the Aletti’s account and third party accounts in the last days of 2003, that were settled in the first days of 2004.
- 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 that were not classifiable under the other titles.

9.2 Breakdown of caption 60 “deferred income and accrued expenses”

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
Accrued expenses	125,371	75,809
– interest expense on due to banks	5,130	15,455
– interest expense on repurchase agreements	6,116	12,802
– differential on derivatives	113,037	46,891
– fees and commissions	604	252
– other	484	409
Deferred income	5,097	4,240
– outright contracts	5,097	4,240
Total	130,468	80,049

The values written above represent the deferred income and accrues expenses as of December 31, 2003. The differential on derivatives is the matured interest on “Interest Rate Swaps” at December 31, 2003 that are still not settled.

9.3 Adjustments for deferred income and accrued expenses

As of December 31, 2003, no adjustments for deferred income and accrued expenses have been taken directly by the Bank to the related balance sheet accounts.

Section 10 Guarantees and commitments

10.2 Breakdown of caption 20 “Commitments”

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
a) Commitments to grant finance certain to be called on	656,474	558,501
– securities purchased not yet settled	481,613	220,618
– deposits to be made to Banks within 2 days	174,861	337,883
b) Commitments not certain to be called on	664,184	253,848
– commitments toward Interbank Guarantee Fund	65	34
– put options sold	664,119	253,814
Total	1,320,658	812,349

10.5 Forward transactions

Category of operations: (in thousands of Euro)	December 31, 2003			December 31, 2002		
	Hedging	Trading	Other	Hedging	Trading	Other
1. Purchase and sales	0	5,234,765	0	0	3,647,983	0
1.1 Securities	0	937,606	0	0	441,626	0
- purchases	0	481,613	0	0	220,618	0
- sales	0	455,993	0	0	221,008	0
1.2 Foreign currencies	0	4,297,159	0	0	3,206,357	0
- currency against currency	0	22,625	0	0	100,076	0
- purchases against Euro	0	2,177,687	0	0	1,784,775	0
- sales against Euro	0	2,096,847	0	0	1,321,506	0
2. Deposits and lending:	0	0	447,253	0	791,590	0
- to be placed	0	0	174,861	0	337,883	0
- to be received	0	0	272,392	0	453,707	0
3. Derivatives	865,000	37,147,735	0	820,000	17,702,334	0
3.1 With asset exchange:	0	6,184,310	0	0	2,893,987	0
a) securities:	0	697,083	0	0	253,824	0
- purchases	0	684,181	0	0	253,820	0
- sales	0	12,902	0	0	4	0
b) foreign currencies:	0	5,487,227	0	0	2,640,163	0
- currency against currency	0	85,540	0	0	16,685	0
- purchases against Euro	0	2,580,936	0	0	1,269,563	0
- sales against Euro	0	2,820,751	0	0	1,353,915	0
c) other assets:	0	0	0	0	0	0
- purchases	0	0	0	0	0	0
- sales	0	0	0	0	0	0
3.2 Without asset exchange:	865,000	30,963,425	0	820,000	14,808,347	0
a) foreign currencies:	0	0	0	0	0	0
- currency against currency	0	0	0	0	0	0
- purchases against Euro	0	0	0	0	0	0
- sales against Euro	0	0	0	0	0	0
b) other assets:	865,000	30,963,425	0	820,000	14,808,347	0
- purchases	55,000	15,066,644	0	0	7,217,845	0
- sales	810,000	15,896,781	0	820,000	7,590,502	0
Total	865,000	42,382,500	447,253	820,000	22,141,907	0

Section 11 Concentration and distribution of assets and liabilities

10.6 Credit derivatives

As of December 31, 2003 there are no credit derivatives.

11.1 Large credit risks

As of December 31, 2003 the Bank has two "large credit risk exposures", 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 exposures or groups of related exposures (including banks). The total risk position amounts to 37,420 thousand Euro (21,033 thousand Euro at December 21, 2002).

11.2 Distribution of customer loans by activity

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
a) Governments	0	0
b) Government agencies	0	0
c) Non-financial companies	13	0
d) Financial institutions	86,170	183,931
e) Family-run businesses	1	3,795
f) Other activities	46	0
Total	86,230	187,726

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

As of December 31, 2003, the distribution to non-financial companies and family-run companies is related to the Companies that are included in the sector "Other Services destined for sale"

11.4 Distribution of guarantees given by category of counterpart

As of December 31, 2003 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:

12-31-2003 <i>(in thousands of Euro)</i>	Italy	Other EU nations	Other countries
1. Assets	3,620,132	1,527,327	82,470
1.1 Due from banks	3,349,666	1,513,085	70,428
1.2 Due from customers	84,961	1,269	0
1.3 Securities	185,505	12,973	12,042
2. Liabilities	4,573,326	246,697	325,031
2.1 Due to banks	4,426,426	246,694	325,031
2.2 Due to customers	146,900	3	0
2.3 Other due in securities	0	0	0
2.4 Other accounts	0	0	0
3. Guarantees and commitments	1,096,148	224,502	8

12-31-2002 <i>(in thousands of Euro)</i>	Italy	Other EU nations	Other countries
1. Assets	7,204,790	1,128,585	86,058
1.1 Due from banks	6,798,253	1,123,589	80,399
1.2 Due from customers	187,726	0	0
1.3 Securities	218,811	4,996	5,659
2. Liabilities	6,934,724	1,022,719	341,619
2.1 Due to banks	6,830,449	953,495	341,616
2.2 Due to customers	104,275	69,224	3
2.3 Other due in securities	0	0	0
2.4 Other accounts	0	0	0
3. Guarantees and commitments	779,073	32,452	824

11.6 Time distribution of assets and liabilities

	12/31/2003 (in thousands of Euro)							
	On demand	Up to 3 months	Over 3 months and up to one year	With maturity date				Undefined Maturity
				Over 1 year up to 5 years		Over 5 years		
				Fixed Rate	Floating Rate	Fixed Rate	Indexed Rate	
1. Assets	214,478	3,743,907	1,164,745	11,534	47,589	1,786	3,573	2,087
1.1 Treasury bills eligible for refinancing	1	949	1,161	8	1	201	104	0
1.2 Due from banks	212,881	3,644,809	1,073,489	2,000	0	0	0	0
1.3 Due from customers	1,403	84,827	0	0	0	0	0	0
1.4 Bonds and other debt securities	193	13,322	90,095	9,526	47,588	1,585	3,469	2,087
1.5 Off-balance sheet transactions	630,352	12,531,696	4,387,110	8,506,822	60,321	2,056,547	74,191	0
Total	844,830	16,275,603	5,551,855	8,518,356	107,910	2,058,333	77,764	2,087
2. Liabilities	328,340	4,388,633	428,080	0	0	0	0	0
2.1 Due to banks	229,638	4,340,432	428,080	0	0	0	0	0
2.2 Due to customers	98,702	48,201	0	0	0	0	0	0
2.3 Other due in securities:								
- bonds	0	0	0	0	0	0	0	0
- certificates of deposit	0	0	0	0	0	0	0	0
- other securities	0	0	0	0	0	0	0	0
2.4 Subordinated debt	0	0	0	0	0	0	0	0
2.5 Off-balance sheet transactions	407,922	12,456,957	4,701,253	8,658,580	93,688	1,856,314	72,325	0
Total	736,262	16,845,590	5,129,333	8,658,580	93,688	1,856,314	72,325	0

	12/31/2003 (in thousands of Euro)							
	On demand	Up to 3 months	Over 3 months and up to one year	With maturity date		Over 5 years		Undefined Majority
				Over 1 year up to 5 years		Fixed Rate	Indexed Rate	
				Fized Rate	Floating Rate	Fixed Rate	Indexed Rate	
1. Assets	412,013	6,609,993	1,367,705	3,386	14,958	499	7,563	0
1.1 Treasury bills eligible for refinancing	0	4,834	8,086	11	53	4	71	0
1.2 Due from banks	408,765	6,379,412	1,214,064	0	0	0	0	0
1.3 Due from customers	3,248	179,610	4,868	0	0	0	0	0
1.4 Bonds and other debt securities	0	46,137	140,687	3,375	14,905	495	7,492	0
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	707,013	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	0	0	0	0	0
2.1 Due to banks	1,392,175	6,036,574	696,811	0	0	0	0	0
2.2 Due to customers	35,591	137,911	0	0	0	0	0	0
2.3 Other due in securities:								
– bonds	0	0	0	0	0	0	0	0
– certificates of deposit	0	0	0	0	0	0	0	0
– other securities	0	0	0	0	0	0	0	0
2.4 Subordinated debt	0	0	0	0	0	0	0	0
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

11.7 Assets and liabilities in foreign currency

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

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002	Change
a) Assets	15,809	1,056,419	-1,040,610
1. Due from banks	13,074	1,052,165	-1,039,091
2. Due from customers	0	0	0
3. Securities	2,735	289	2,446
4. Equity investments	0	0	0
5. Other accounts	0	3,965	-3,965
b) Liabilities	589,993	1,511,134	-921,141
1. Due to banks	589,993	1,507,164	-917,171
2. Due to customers	0	0	0
3. Other due in securities	0	0	0
4. Other accounts	0	3,970	-3,970

11.8 Securitization Transactions

The caption 50 "Bonds and other debt securities" (section 2.3 "Trading Securities") includes securities issued in relation to securitization transactions; the securities were issued by SPEs for the acquisition of credits or real estate properties. As of December 31, 2003 the Bank had "senior notes" for an amount equal to 2,085 and a market value of 2,087 thousand Euro.

The following table lists the break down of the securities:

Senior notes

<i>Type and Quality of the credits (in thousands of Euro)</i>	<i>Acquisition Value</i>	<i>Adjustments</i>	<i>Book Value</i>
A MORTGAGE LOANS	85	0	85
A.1 Non performing Loans	0	0	0
A.2 Problem Loans	0	0	0
A.3 Others	85	0	85
B LOANS	2,002	0	2,002
B.1 Non performing Loans	0	0	0
B.2 Problem Loans	0	0	0
B.3 Others	2,002	0	2,002

The Banks does not have any equity interest in SPE companies.

12.1 Securities trading on behalf of third parties

In the year to December 31, 2003, the Bank traded on behalf of third parties the following volumes of securities:

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002
a) Purchases:	5,536,961	8,828,251
1. settled	5,422,116	8,607,633
2. not settled	114,845	220,618
b) Sales	5,597,206	7,614,730
1. settled	5,473,871	7,393,722
2. not settled	123,335	221,008

Section 12 Management and dealing on behalf of third parties

12.2 Portfolio management

<i>(in thousands of Euro)</i>	12-31-2003	12-31-2002	Change	
a) Portfolio Management	4,749,348	2,707,029	2,042,319	75%

The balance contains the amount of the customers' assets under management accounts and also includes the securities of Banca Popolare di Verona e Novara, Credito Bergamasco, Banca Popolare di Novara, Banca Popolare di Verona's London branch.

During 2003, Banca Aletti started to manage the portfolios of Banca Popolare di Novara and Banco Popolare di Verona's London branch, just like they did for Credito Bergamasco e Banco Popolare di Verona in 2002.

Encompassed within the portfolios managed are securities, for a corresponding value of 5,312 thousand Euro, issued by Banco Popolare di Verona e Novara.

12.2.1 Delegated Portfolio management

Delegated Portfolio management is analyzed below by appointor:

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002	Change	
a) Cassa di Risparmio di Fabriano e Cupramontana	17,919	20,054	-2,135	-11%
b) Banco Popolare di Verona e Novara	3,559,734	3,683,425	-123,691	-3%
c) Credito Bergamasco	1,504,644	1,329,415	175,229	13%
d) Banca Popolare di Novara	2,238,858	1,823,425	415,433	23%
e) Beni Stabili	0	25,292	-25,292	-100%
TOTAL	7,321,155	6,881,611	439,544	6%

Banca Aletti launched two new lines of portfolio management of "secured-capital/guaranteed-income".

- “Investisereno”, which is managed with mixed investments, mainly in mutual funds and sicav, with a duration of 5 years. This management is linked to a “European Put option” sold to clients, which provides a reimbursement of 105% of the initial investment.
- “Temposicuro”, which is managed with mixed investments, mainly in mutual funds and sicav, with a duration of 2 years. This management is linked to a “European Put option” sold to clients, which provides a reimbursement of 100% of the initial investment.

Banca Aletti manages the risk connected to the liability of these put options sold to clients.

Encompassed within the portfolio of delegated portfolio management are securities issued by Banco Popolare di Verona e Novara of 13,653 thousand Euro and from Credito Bergamasco for a corresponding value of 13,995 thousand Euro, respectively.

12.3 Custody and administration of securities

Securities held in custody and for administration are detailed below:

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) Third party securities on deposit (excluding portfolios managed)	525,455	190,212
b) of which: Banca Aletti securities	513,749	187,536
c) Third party securities deposited with third parties	196,851	188,491

This amount expresses the nominal value of the securities. The securities in “custody and management of third parties” they include 30,934 million Euro, express to the nominal value, of securities from the banks of the Group, while among the “Banca Aletti’s securities” there are 43,221 thousand Euro, from the Banks of the Group. The balance as of December 31, 2002 has been corrected following a verification of the criteria for the classification of the securities of thirds in deposit.

12.5 Other transactions

In the context of reorganization of the Group, Banca Aletti has transferred to Aletti Merchant all of the corporate finance activities. Currently the bank continues to offer services of strategic finance and structured finance in coordination with Aletti Merchant, while it maintains the direct management of equity, debt capital market and the “specialist” activity for public corporate financial structures.

Banca Aletti, was involved in the following transactions in 2003:

- 5 transactions involving “*Underwriting Syndicates with representation*”;
- 8 transactions involving “*Capital Increases*”;
- 7 transactions involving “*IPOs*”;
- 13 engagements as “*Specialist*” for trading in securities;

In respect of the transactions, the capital secured, amounting to 50,000 thousand Euro, was placed wholly with retail customers, as a result of approximately 2,000 underwritings were completed.

Placement with representation	Capital Increases	IPO's
Meta	Enertad	Italgas
Hera	Banca Popolare di Intra	Società Autostrade
Enertad	Camfin	Ras
Isagro	Pirelli	Savino del Bene
Trevisan	Ifil	Locat
	Fiat	Telecom
	Lazio	Savino del Bene - residuale
	Meliorbanca	

Acceptance of instructions

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

Part C – Information on the statement of income

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

(in thousands of Euro)	12/31/2003	12/31/2002
a on amounts due from banks of which	134,626	174,521
- due from central banks	313	34
b on loans and advances to customers of which	1,433	43
- due from third parties for deposit in administration	0	0
c due on debt securities	9,233	7,056
d other interest income	27	24
e Net positive result from hedging transactions	0	5,139
Total	145,319	186,783

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

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

(in thousands of Euro)	12/31/2003	12/31/2002
a On amounts due to banks	136,057	172,671
b On amounts due to customers	2,544	1,176
c On other due in securities of which:	0	0
- certificates of deposit	0	0
d due to third parties for deposit in administration	0	0
e due to holders of subordinated debt	0	0
f net negative result from hedging transactions	743	5,423
Total	139,344	179,270

The financial margin experienced a decrease from last year, mainly due to a minor decrease in interest rates and the correlating reduction in the volume of trades.

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

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) From assets in foreign currencies		
<i>of which</i>		
- on bank current accounts	11,083	19,735
- on amounts due from customers	0	0
- on debt securities	0	0
Total	11,083	19,735

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

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) on liabilities in foreign currencies		
<i>of which</i>		
- on bank current accounts	14,353	25,726
- on amounts due to customers	0	0
- on debt securities	0	0
Total	14,353	25,726

1.5 Breakdown of caption 30 "Dividends and other income"

This account is composed of the following:

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
- dividends from shares, quotas and other securities	586	36
- dividends from equity investments	312	444
- dividends from investments in Group companies	0	0
Total	898	480

The amounts relating to dividends included the related tax credit.

In the amount "dividends from equity investments", the more significant amount included relates to the dividend, equal to 263 thousand Euro, paid by Borsa Italiana and Società Italiana per l'Automazione "SIA" for 49 thousand Euro.

2.1 Breakdown of caption 40 "Commission income"

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) guarantees given	0	0
b) payment and loan derivative payment services	0	0
c) portfolio management, trading and consultancy services	58,374	38,182
1. securities trading	17,875	14,288
2. foreign exchange trading	40	4
3. portfolio management:	29,047	18,685
"I. Individual"	29,047	18,685
"II. Collective"	0	0
4. custody and administration of securities	168	9
5. custody and administration of securities	0	0
6. placement of securities	10,222	3,608
7. acceptance of instructions	0	0
8. advisory services	1,022	1,588
9. distribution of third party services	0	0
9.1. asset management:	0	0
a) individual	0	0
b) collective	0	0
9.2. insurance products	0	0
9.3. other products	0	0
d) collection and payment services	3	0
e) Servicing for securitization transactions	0	0
f) tax collection	0	0
g) other services	350	1
Total	58,727	38,183

Section 2 Commissions (captions 40 and 50)

The amount of commissions for securities mainly derives from the trading volumes on financial equity markets that increased this year.

The increase in the portfolio management commission is related to delegated portfolio management of the clientele from Banca Popolare di Novara, and to manage the securities portfolio of Banca Popolare di Verona's London branch, and Banco Popolare di Novara, and the increase of the managed assets products which elevated to a more complex level of trading.

The difference in the security placement commission is mainly from the commission collected by Mutual Fund Management Companies due to an increase in the subscription of the funds

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

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) at own bank counters	39,269	22,293
1 - portfolio management	29,047	18,685
2 - placement of securities	10,222	3,608
3 - third party products and services	0	0
b) "door-to-door"	0	0
1 - portfolio management	0	0
2 - placement of securities	0	0
3 - third party products and services	0	0
Total	39,269	22,293

2.3 Breakdown of caption 50 "Commission expense"

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) guarantees received	305	3
b) credit derivatives	0	0
c) broking and portfolio management services	12,005	3,612
1 - securities trading	3,483	2,545
2 - foreign exchange trading	0	0
3 - portfolio management	4,819	0
3.1 - own portfolio	4,819	0
3.2 - third party portfolio	0	0
4 - custody and administration of securities	587	366
5 - placement of securities	3,116	701
6 - "door-to-door" sale of securities, products and services	0	0
d) collection and payment services	15	121
e) other services	15	414
TOTAL	12,340	4,150

The increase in "commission expense" due to the increase in the trading commissions and more particularly to the use of foreign brokers on markets where the Bank has no direct operations; portfolio management commissions relate to business contracts with financial institutional customers where there is foreseen retrocession of revenue.

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

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

<i>F/Y 2003</i> <i>(in thousands of Euro)</i>	<i>Securities Transactions</i>	<i>Foreign exchange transactions</i>	<i>Other transactions</i>	<i>Total</i>
A.1 Revaluations	1,827	1,873	209,102	212,801
A.2 Write-downs	-503	-736	-143,303	-144,542
B.2 Other profits / losses	8,057	402	-7,299	1,160
Total	9,381	1,539	58,499	69,419
1. Government securities	1,924			
2. Other debt securities	5,296			
3. Equities	2,162			
4. Derivatives on securities	0			
5. Other	0			

<i>F/Y 2002</i> <i>(in thousands of Euro)</i>	<i>Securities transactions</i>	<i>Foreign exchange transactions</i>	<i>Other transactions</i>	<i>Total</i>
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
Total	2,994	811	25,951	29,756
1. Government securities	1,361			
2. Other debt securities	1,560			
3. Equities	73			
4. Derivatives on securities	0			
5. Other	0			

The increase in the caption " Profits (losses) on financial transactions" is mainly due to the derivative transactions. In fact, during the year, it continued the concentration of the derivative activities at Banca Aletti including the risk management for the banks in the Group.

The increase in the caption is mainly due to the following:

- 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;
- 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 and has been significantly developed over the course of the year and following the past market trends; limitedly for the “secured-capital” portfolio management, the valuation of the options sold to the clientele, consider the eventual operational risks.

This year’s income derives from the management of structured products destined for “retail” customers, equal to around 70%, of the hedge of financial risk products for the “corporate” for 20%, and operations “proprietary trading” that make up the last 10%. The trading activities of Banca Aletti are completed exclusively with primary financial institutions.

4.1 Breakdown of caption 80 "General and administrative expenses"

General and administrative expenses, amounting to 58,782 thousand Euro, are composed of the following:

Section 4 General and administrative expenses (caption 80)

<i>(in thousands of Euro)</i>	12/31/2003		12/31/2002	
	<i>Of which: from the Group</i>		<i>Of which: from the Group</i>	
A. Personnel expenses	22,639	0	13,951	0
1. salaries and wages	17,635	0	10,347	0
2. social security contributions	3,329	0	2,276	0
3. provision for severance indem.	694	0	491	0
4. other	269	0	171	0
5. other personnel expenses	712	0	666	0
B. Other general and administrative expenses	36,143	25,553	32,142	23,372
1. taxes and duties (other than income taxes)	364	0	383	0
2. various third party services	19,495	18,930	15,343	15,333
3. compensi a professionisti	1,053	0	1,118	0
4. canoni di locazione	2,657	735	2,094	570
5. office maintenance	262	0	64	0
6. cleaning	166	0	270	0
7. electric energy, heating and water	214	129	205	110
8. maintenance of furniture, machines and systems	505	0	562	0
9. outsourced personnel	5,679	5,679	7,297	7,297
10. post-office, telephone and data transmission expenses	664	0	1,005	0
11. office supplies	404	0	324	0
12. advertising expenses, entertainment and gifts	1,456	0	462	0
13. security charges	122	0	129	0
14. transportation expense	209	0	174	0
15. insurance premiums	78	3	47	0
16. investigation/information charges	1,244	0	1,262	0
17. emoluments to directors and statutory auditors	561	77	719	62
18. audit expenses	147	0	209	0
19. part-time employees' expense	576	0	149	0
20. memberships	65	0	67	0
21. other expenses	222	0	259	0

Other administrative expenses

With the objective to put in place economies of scale at the Group level, Banca Aletti, same as the other banks of the Group, utilize the services of the Società Gestione Servizi BPVN for the execution of various functions (information technology, settlement, bank account reconciliation, etc) and the outsourcing of certain functions to the Parent Company (Risk management, correspondent bank-

ing, treasury management, relationship with regulatory agencies, supply management/accounting). The utilization of these structures, allows an improvement in service management and a reduction of costs.

The services submitted in outsourcing, are regulated by contracts with market conditions, or based by criteria of division of costs using models of turnover to consumption or volumes.

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:

category	12/31/2003	12/31/2002	Change	
a) Senior management	11	9	2	22%
b) Officers	88	51	37	73%
c) Other personnel	86	79	7	9%
Total	185	139	46	33%

During 2003, as a consequence of the increase of operations, Aletti fortified its structure. This fortification is mainly due to an increase employment of personnel, previously seconded from the other banks in the Group. At year-end 2003, Banca Aletti employed 202 people (152 people as at December 31, 2002), plus 61 full-time people (88 full-time equivalents seconded as at December 31, 2002) seconded from the banks of the Group.

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)

category	12/31/2003	12/31/2002
a) Write-downs of accounts receivable	312	0
of which:		
- write-down for country risks	0	0
- other adjustments	312	0
c) Provisions for guarantees and commitments	0	0
of which:		
- adjustment for country risks	0	0
- other adjustments	0	0
Total	312	0

This caption includes credit writes off in 2003, equal to 162 thousand euro and write-downs of 150 thousand Euro. The write-offs refer to receivables related to consulting and financial structure commissions relative to more operations and customers.

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

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) Amortization of intangible fixed assets	3,853	3,018
of which:		
- leasehold improvements	1,210	1,133
- software	28	74
- advertising expenses	1,678	839
- goodwill	829	829
- other deferred charges	109	143
b) Depreciation of tangible fixed assets	915	729
of which:		
- depreciation of furniture and fittings	53	322
- depreciation of plant	282	407
TOTAL	580	0
Amortization of intangible fixed assets	4,768	3,747

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 392 thousand (of which Euro 108 thousand relating to assets justified by greater deterioration and the remaining Euro 284 thousand in application of tax laws and regulations).

In addition Banca Aletti has wrote off the 2000 public advertising campaign expenses that were previously capitalized.

5.3 Provisions for risks and charges (caption 100)

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
• Provision for risks arising as a result of correcting accounting items	0	2,350
• Provision for third party insolvency risk	0	150
Total	0	2,500

In 2003, there were no provisions for risks and charges.

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

6.1 Breakdown of caption 70 "Other operating income"

This item is composed of the following:

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
• reimbursement of expenses from Group companies	1,556	146
• recovery of taxes	166	128
• recovery of other expenses	24	303
• income from options sold	0	0
• other	107	4,659
Total	1,853	5,236

This caption contains mainly income for services provided to other companies in the Group, and the reimbursement of the seconded personnel costs used by other companies in the Group.

6.2 Breakdown of caption 110 "Other operating expenses"

This item is composed of the following:

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
- rental expense for assets held under finance lease	117	286
- other	4	12
Total	121	298

6.3 Extraordinary income (caption 180)

This item relates to:

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) Gains on the disposal of:		
- equity investments	0	1
- business line	0	0
b) Out-of-period income already taxed	75	207
c) Other out-of-period income—other expense recovery	92	0
d) Capital gains	3	53
e) Rounding	16	17
f) Other	62	707
Total	248	985

Accounted for under “*Extraordinary income and expenses*” are revenues and expenses pertaining to the prior year, 2002, for 137 thousand Euro, made up of other out-of-period income of 92 thousand Euro, 3 thousand of realized capital gains from the sale of assets and 16 thousand for rounding.

6.4 Extraordinary charges (caption 190)

Extraordinary charges relate to:

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) Out-of-period expenses	405	684
b) Economic Sanctions and Fines	1,332	0
c) Realized loses of:		
- Equity Investments	1	0
d) Rounding	12	20
Total	1,750	704

The line “out-of-period expenses,” for 2002, includes discounts and adjustments of commissions for 228 thousand Euro and minor allocation of costs for 177 thousand Euro.

The caption “Economic Sanctions and Fines” includes 797 thousand Euro, which were paid for tax amnesty for the years 1997/2001, ex Law 289 dated December 27, 2002, 494 thousand Euro appropriated for tax amnesty for the 2002 and 41 thousand Euro for other various items.

The amount report under “Realizes losses in equity investments” pertains to the realized losses in the equity investment in ADICA Fiduciaria S.p.A. which is in liquidation.

6.5 Income taxes (caption 220)

The balance on “income taxes”, amounting to 25,384 thousand Euro, includes the adjustment relating to the measurement of deferred tax assets and liabilities.

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
- Provision for current taxation	27,243	12,450
- Provision for deferred tax assets	-2,113	- 341
- Provision for deferred tax liabilities	0	0
Total	25,130	12,109

The provision for current taxes payable equal to 27,243 comprises of 22,593 thousand Euro for corporation tax ('IRPEG') and 4,650 thousand Euro for regional tax ('IRAP').

The measurement of the provision for deferred tax assets determined a net revenue for the period amounting to 2,113 thousand Euro, as set out below:

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
- Advance taxation/reversal of unused tax losses	-776	-1,646
- Advance taxation on provisions to taxed reserves	2,945	1,979
- Other differences, net	-56	8
Total	2,113	341

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

Section 7 Other information regarding the Profit and Loss Account

7.1 Territorial distribution of revenues

The territorial distribution of revenue does not require any detailed explanation.

Part D Other information

Section 1 Directors and Statutory Auditors

1.1 Remunerations to Directors and Statutory Auditors

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

<i>(in thousands of Euro)</i>	12/31/2003	12/31/2002
a) Directors	465	577
b) Statutory Auditors	96	142
Total	561	719

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

As of December 31, 2003, no loans and guarantees have been given by the Bank in favor of directors and statutory auditors.

The shared capital of Banca Aletti is equal to 72,000,003 Euro, composed of 13,953,489 shares with a par value of Euro 5.16 each

The shareholding structure is the following:

	Number of shares	% Ownership
- Banco Popolare di Verona e Novara	10,357,025	74.23%
- Credito Bergamasco S.p.A.	3,596,464	25.77%
Total	13,953,489	100.00%

Section 2
Parent company
or EU controlling bank

As of December 31, 2003, Banca Aletti holds 100% of the share capital of Aletti Fiduciaria S.p.A.

Banca Aletti is a part of the "Banco Popolare di Verona e Novara" Group.

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

Section 3
Group structure





Appendices
to the
financial
statements

Statement of Cash Flows

	(Amounts in thousands of Euro)	12/31/2003	12/31/2002
a) CASH FLOWS FROM OPERATING ACTIVITIES:			
- Income (loss) for the year		33,918	12,550
- Amortization of intangible fixed assets		3,853	3,019
- Depreciation of tangible fixed assets		915	729
- Provision for IIDD taxes		27,244	12,109
- Provision for other taxes		494	256
- Provision for risks		-	2,500
- Provision for severance indemnities		694	491
- Provision for post-retirement benefits		0	171
Total		67,118	31,825
b) INCREASE IN CASH FLOWS TAKEN			
- Due to banks		-	8,023,200
- Due to customers		-	158,096
- Other liabilities		318,546	194,977
- Deferred income and accrued expenses		50,419	79,680
- Capital increase		-	14,669
Total		368,965	8,470,622
c) DECREASE IN CASH FLOWS INVESTED			
- Cash and deposits with central banks		-	2,114
- Securities		90,200	-
- Due from banks		2,986,232	-
- Due from customers		161,778	-
- Bonds		4	34
- Shares		-	-
- Equity investments		-	-
- Equity investments in Group companies		79	-
- Intangible fixed assets		-	-
- Tangible fixed assets		-	-
Other assets		3,238,293	2,148
		3,674,376	8,504,595
d) USE OF CASH FLOWS FROM OPERATING ACTIVITIES:			
- Severance indemnities paid		329	104
- Use of taxation allowance		12,470	913
- Use of allowance for credit risk		192	-
- Use of pension fund		171	-
- Distribution of income		16,251	-
Total		29,413	1,017
e) DECREASE IN CASH FLOWS TAKEN:			
- Due to customers		3,127,409	-
- Other liabilities		26,599	-
- Deferred income and accrued expenses		-	-
Total		3,154,008	-
f) INCREASE IN CASH FLOWS INVESTED			
- Cash and deposits with central banks		2	-
- Portfolio securities		-	177,144
- Due from banks		-	7,798,213
- Due from customers		-	247,472
- Bonds		34,339	-
- Stock		36,914	-
- Equity investments in Group companies		-	145
- Intangible fixed assets		357	10,315
- Tangible fixed assets		657	1,235
- Other assets		385,338	174,092
- Accrued income receivable and prepaid expenses		33,348	94,962
Total		490,955	8,503,578
Total		3,674,376	8,504,595

Aletti Fiduciaria S.p.A.

Balance Sheet Assets		12/31/2003	12/31/2002
<i>(Amounts in Euro)</i>			
B	FIXED ASSETS	10,360	5,194
I	Intangible fixed assets	9,389	4,253
1	Formation and expansion	3,190	4,253
4	Concessions, licences, trademarks and similar	4,059	0
7	Other	2,140	0
III	Financial Assets	971	941
3	Other securities	971	941
C	CURRENT ASSETS:	310,431	177,329
II	Due from:	113,711	12,660
1	Due from Customers	112,058	9,185
5	Other	1,653	3,475
IV	Financial Assets not held as fixed assets	196,720	164,669
1	Banks and post offices accounts	196,532	164,666
3	Cash and cash equivalents in hand	188	3
TOTAL ASSETS:		320,791	182,523

LIABILITIES:		12/31/2003	12/31/2002
<i>(Amounts in Euro)</i>			
A	SHAREHOLDERS' EQUITY	135,687	122,431
I	Capital Stock	120,000	120,000
IV	Legal Reserve	122	0
VIII	Income carried forward from 2002	2,309	- 1,192
IX	Income for 2003	13,256	3,623
D	PAYABLES	185,104	51,089
5	Advances	323	0
6	Due to suppliers	116,801	2,296
11	Tax	14,260	1,445
13	Other payables	53,720	47,348
E	DEFERRED INCOME AND ACCRUED EXPENSES	0	9,003
F	DUE TO GOVERNMENT (VAT)	0	0
TOTAL LIABILITIES		320,791	182,523

MEMORANDUM ACCOUNTS <i>(Amounts in Euro)</i>	12/31/2003	12/31/2002
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IV OTHERS	101,256,523	38,737,740
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PROFIT AND LOSS ACCOUNT: <i>(Amounts in Euro)</i>	12/31/2003	12/31/2002
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A	VALUE OF PRODUCTION	240,867	44,516
1	Income from sales and services	232,200	44,516
5	Other income	8,667	0
B	COST OF PRODUCTION	- 214,085	- 39,200
6	Cost of goods and materials for resale	- 4,999	-
7	Service	- 183,647	- 30,222
8	Lease Expenses	- 18,060	- 4,650
10	Depreciation and Amortization	- 2,652	- 1,063
a	Amortization of intangible fixed assets	- 2,584	- 1,063
b	Depreciation of tangible fixed assets	- 68	0
19	Other operating costs	- 3,795	- 1,956
20	Other taxes	- 622	- 375
21	Costs for indirect taxes	- 310	- 934
	Difference between value and cost of production	26,782	5,316
C	FINANCIAL AND INCOME EXPENSE		
16	Other Financial Income	739	65
a	From trading securities	680	26
c	Other	59	39
17	Interest expense and other financial charges	- 2,556	- 312
b	Other	- 2,556	- 312
	Financial income (expense), net	- 1,817	-247
E	EXTRAORDINARY INCOME AND CHARGES	1	-1
19	Extraordinary Income (not including capital gains)	1	0
20	Extraordinary Charges (not including capital gains)	0	-1
	INCOME BEFORE TAXES	24,965	5,069
	INCOME TAXES	- 11,710	- 1,445
	NET INCOME FOR THE YEAR	13,256	3,623

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