



Section 2 - Adjustments and provisions recorded for fiscal purposes

The adjustments and provisions recorded by Group companies solely for fiscal purposes have been eliminated on consolidation, in order to present more fairly the financial and operating position of the Group. Deferred taxation has been provided in relation to such elimination.

Accordingly, the consolidated financial statements do not include any entries made solely for fiscal purposes.

Part B: Information regarding the consolidated balance sheet

The pages which follow record the forms provided for in the Bank of Italy Circular issued on 16th January 1995 as integrated by the Bank of Italy Circular issued on 7th August 1998.

In some cases additional information required by specific provisions issued by the Bank of Italy or deemed to be useful for a better understanding of Company's operations is included.

If not otherwise stated, all amounts are expressed in millions of lire.

Section 1 - Loans

Assets	1999	1998	Changes	
			amount	%
Caption 10				
Cash and deposits with central banks and post offices	2,584,960	2,297,336	287,624	12.52
Caption 30				
Due from banks	84,414,852	106,229,760	(21,814,908)	(20.54)
Caption 40				
Loans to customers	312,798,090	274,969,372	37,828,718	13.76

1.1 Breakdown of caption 30 "Due from banks"

a) Due from central banks	2,281,815
b) Bills eligible for refinancing with central banks	46,250
c) Loans related to leasing contracts	161
d) Repurchase agreements	18,240,450
e) Securities	76,361

- Due from central banks includes 2 billion lire accounted for among non-performing loans.

Breakdown of captions 10 and 30 of assets is given hereafter.

Cash and deposits with central banks and post offices (caption 10)

Subcaptions	Lire/euro	Foreign currencies	Total
Cash	1,734,585	492,970	2,227,555
Other amounts held by the cashier	573	4,104	4,677
Deposits with			
• central banks	36,700	285,770	322,470
• post offices	27,534	2,679	30,213
• other deposits	43	2	45
Total	1,799,435	785,525	2,584,960

Due from banks (caption 30)

Subcaptions	Lire/euro	Foreign currencies	Total
a) Repayable on demand			
• current accounts	2,778,352	444,682	3,223,034
• free accounts	2,181,545	3,212,132	5,393,677
• loans	190,613	4,832	195,445
• other	109,252	8,513	117,765
Total	5,259,762	3,670,159	8,929,921
b) Other loans			
to central banks			
• compulsory reserve requirement	1,299,522	856,405	2,155,927
• other	29,123	96,765	125,888
to banks			
• repurchase agreements	15,450,114	2,790,336	18,240,450
• deposits	14,053,865	30,354,194	44,408,059
• loans	7,029,973	1,869,663	8,899,636
• securities	76,361	–	76,361
• leasing contracts	161	–	161
• subordinated loans	14,522	28,767	43,289
• non-performing loans	10,181	301	10,482
• other	720,884	803,794	1,524,678
Total	38,684,706	36,800,225	75,484,931
Total	43,944,468	40,470,384	84,414,852
including			
• residents	20,971,322	7,729,489	28,700,811
• non residents	22,973,146	32,740,895	55,714,041

As already pointed out, non-performing loans include 2 billion lire due from a foreign central bank.

1.2 Breakdown of caption 40 "Loans to customers"

a) Bills eligible for refinancing with central banks	389,425
b) Loans related to leasing contracts	8,811,631
c) Repurchase agreements	4,923,237
d) Securities	1,407,733

1.3 Secured loans to customers

a) Loans secured by mortgages	77,107,047
b) Loans secured by	
1. cash deposits	2,746,098
2. securities	7,241,513
3. other assets	1,705,520
c) Loans secured by guarantees from	
1. Governments	2,518,971
2. other public agencies	801,421
3. banks	4,750,424
4. other parties	49,090,210
Total	145,961,204

Loans to customers (caption 40)

Subcaptions	Lire/euro	Foreign currencies	Total
Mortgages	89,390,621	2,468,394	91,859,015
Current accounts	51,953,509	5,634,951	57,588,460
Other loans not related to current accounts	33,307,945	23,005,680	56,313,625
Other loans	19,949,987	8,006,494	27,956,481
Advances	12,298,727	9,541,894	21,840,621
Loans for factoring activities	13,015,316	178,947	13,194,263
Non-performing loans	12,294,226	345,151	12,639,377
Loans for leasing activities	7,193,149	1,618,482	8,811,631
Portfolio risk	6,354,954	2,274,055	8,629,009
Personal loans	2,225,225	3,221,864	5,447,089
Repurchase agreements	2,301,218	2,622,019	4,923,237
Securities	362,584	1,045,149	1,407,733
Subordinated loans	119,574	9,637	129,211
Contango loans	504	–	504
Other	1,821,951	235,883	2,057,834
Total	252,589,490	60,208,600	312,798,090
including			
• residents	236,607,592	9,478,644	246,086,236
• non residents	15,981,898	50,729,956	66,711,854

1.4 Non-performing loans (including interest on non-performing loans)

Non-performing loans (including interest on non-performing loans)	12,649,859
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Considering both capital and interest, non-performing loans for 12,639,377 million lire refer to loans to customers and for 10,482 million lire to due from banks. The table which follows shows the comparison with the previous year.

	1999	1998	Changes	
			amount	%
Non-performing loans				
• customers	12,639,377	12,673,712	(34,335)	(0.27)
• banks	10,482	13,856	(3,374)	(24.35)
Total	12,649,859	12,687,568	(37,709)	(0.30)

1.5 Interest on non-performing loans

a) Non-performing loans	897,156
b) Other loans	77,487

Interest on non-performing loans relates solely to customer accounts. The table below shows the comparison with the previous year.

Loans	1999	1998	Changes	
			amount	%
Interest on				
• non-performing loans	897,156	865,239	31,917	3.69
• other loans	77,487	138,485	(60,998)	(44.05)
Total	974,643	1,003,724	(29,081)	(2.90)

Total loans granted are stated at their estimated realisable value and are calculated as set out below.

Loans to customers - Breakdown of cash loans

Categories/Values	Gross exposure	Total adjustments	Net exposure
A. Doubtful loans			
a.1 non-performing loans	24,870,999	(12,231,622)	12,639,377
a.2 problem loans	5,298,078	(947,941)	4,350,137
a.3 loans being restructured	207,527	(59,895)	147,632
a.4 restructured loans	1,467,983	(317,568)	1,150,415
a.5 loans subject to Country risk	2,928,302	(252,699)	2,675,603
B. Performing loans	293,529,623	(1,694,697)	291,834,926
Total	328,302,512	(15,504,422)	312,798,090

Loans to customers – Evolution of doubtful loans

	Non-performing loans	Problem loans	Loans under restructuring	Restructured loans	Loans subject to Country risk
A. Initial gross exposure	22,910,124	5,557,257	272,780	1,787,461	2,175,007
a.1 including					
• interest on non-performing loans	5,478,282	189,399	10,115	–	–
B. Increases	5,978,774	3,551,463	154,068	350,992	998,604
b.1 inflows from performing loans	1,775,304	2,495,502	60,049	199,582	65,125
b.2 interest on non-performing loans	993,103	90,946	1,404	898	–
b.3 transfers from other doubtful loan categories	1,573,390	242,390	60,974	35,596	–
b.4 other increases	1,636,977	722,625	31,641	114,916	933,479
C. Decreases	(4,017,899)	(3,810,642)	(219,321)	(670,470)	(245,909)
c.1 outflows to performing loans	(141,627)	(632,834)	(9,630)	(95,956)	(85,313)
c.2 cancellations	(1,768,356)	(297,026)	(18,901)	(31,920)	(452)
c.3 amounts collected	(1,306,577)	(1,308,838)	(22,635)	(118,851)	(131,728)
c.4 amounts following sales	(241,065)	(4,558)	–	(9,054)	–
c.5 transfers to other doubtful loan categories	(118,634)	(1,407,068)	(129,299)	(229,062)	(28,287)
c.6 other decreases	(441,640)	(160,318)	(38,856)	(185,627)	(129)
D. Final gross exposure	24,870,999	5,298,078	207,527	1,467,983	2,928,302
d.1 including					
• interest on non-performing loans	5,937,611	198,801	71	104	–