

• The above table includes off-balance sheet transactions open at year-end which relate to:

- contracts for the sale/purchase of securities and foreign currency not yet settled;
- derivative contracts with underlying securities;
- derivative contracts on foreign currency;
- derivative contracts without underlying securities, linked to interest rates, stockmarket indices or other assets;
- deposits and loans to be given or received at a fixed future date.

Forward transactions with trading purposes which are currently under way may be divided by technical form and reference market as follows.

(in millions of lire)

	Interest rate	Foreign exchange	Stock prices	Other	Total
Trading contracts traded over the counter (OTC)					
• forwards	26,985,994	145,653,116	480,339	2,726	173,122,175
• swaps	844,421,918	2,644,111	–	568,223	847,634,252
• purchased options	45,391,535	12,605,955	17,174,693	13,464	75,185,647
• sold options	46,480,770	12,651,094	17,018,419	13,464	76,127,747
Trading contracts traded on regulated markets					
• purchased futures	77,095,024	–	602,674	–	77,697,698
• sold futures	104,038,125	–	1,008,456	–	105,046,581
• purchased options	14,804,443	–	195,803	–	15,000,246
• sold options	21,949,360	–	270,645	–	22,220,005
Total trading contracts	1,181,167,169	173,518,276	36,751,029	597,877	1,392,034,351

Amounts are net of so-called “basis swaps” amounting to approximately 53,500 million lire which are included in table 10.5 among “Derivative contracts without exchange of principal - other instruments”, both as purchases and sales.

The Group stipulated hedging transactions for the purpose of changing the face value and return characteristics of funding and lending operations, especially with regard to medium- and long-term items. Breakdown according to underlying assets as well as according to valuation at year-end is provided below:

(in millions of lire)

	Interest rate	Foreign exchange	Stock prices	Other	Total
Notional	128,787,771	9,246,118	1,850,499	207,979	140,092,367
Positive market value	1,204,502	160,318	75,560	–	1,440,380
Negative market value	(2,157,765)	(293,356)	(12,374)	–	(2,463,495)

Capital gains and capital losses recorded basically reflect the book value of transactions, that is securities part of the investment portfolio and bonds issued, and did not affect the statement of income since they offset results in the valuation of the latter.

Overall net value of hedging transactions, negative for approximately 1,023 billion lire, is mostly attributable to reverse floater IRS for the coverage of the Group’s bond issues.

Section 11 - Concentration and distribution of the assets and liabilities

11.1 Concentration of risk: significant exposures

a) Amount	16,935,654
b) Number	3

11.2 Distribution of loans to customers by principal economic sector

a) Governments	6,824,587
b) Other public agencies	9,552,555
c) Non-financial businesses	184,975,476
d) Financial institutions	39,173,776
e) Personal businesses	15,545,451
f) Other operators	56,726,245
Total	312,798,090

11.3 Distribution of loans to resident non-financial and personal businesses

Sector distribution of loans to resident non-financial and personal businesses was the following:

a) Commerce, salvage and repairs	30,690,931
b) Construction and public works	19,023,993
c) Other services for sales	23,381,095
d) Textiles, leather and footwear	8,268,363
e) Food products, beverages and tobacco-based products	7,870,841
f) Other sectors	72,983,446
Total	162,218,669

Distribution of loans by the borrower's economic sector (indicated in tables 11.2 and 11.3) has been drawn up according to classification criteria provided by the Bank of Italy.

Table 11.3 includes the top five sectors in which resident non financial and personal businesses financed by the Group can be divided.

The difference compared to the amount reported in c) and e) in table 11.2 reflects lending to non-residents, included only in the first table and not considered in this one.

11.4 Distribution of guarantees given, by principal sectors of counterparts

a) Governments	1,409
b) Other public agencies	59,548
c) Banks	4,097,338
d) Non-financial businesses	40,172,709
e) Financial institutions	8,699,590
f) Personal businesses	1,596,930
g) Other operators	1,923,964
Total	56,551,488

The above analysis reflects the sectors of the businesses whose commitments are guaranteed by the Group.

11.5 Geographic breakdown of assets and liabilities

Geographic breakdown of counterpart's relationships, divided by the borrower's Country of residence, is set out in the following table:

	Italy	Other E.U. Countries	Other Countries	Total
1. Assets				
1.1 due from banks	28,700,811	37,978,356	17,735,685	84,414,852
1.2 loans to customers	246,086,236	26,954,856	39,756,998	312,798,090
1.3 securities	83,356,958	10,708,244	23,131,166	117,196,368
Total	358,144,005	75,641,456	80,623,849	514,409,310
2. Liabilities				
2.1 due to banks	38,839,938	62,710,524	58,328,747	159,879,209
2.2 due to customers	164,149,753	12,878,394	27,364,233	204,392,380
2.3 securities issued	94,086,962	11,161,244	11,543,863	116,792,069
2.4 other accounts	12,210,732	1,661,666	2,892,472	16,764,870
Total	309,287,385	88,411,828	100,129,315	497,828,528
3. Guarantees and commitments	82,124,908	42,018,474	68,089,283	192,232,665

Assets, liabilities, guarantees and commitments are distributed with reference to the Country of residence of the counterpart.

"Other accounts"- liabilities comprise caption 40 (Deposits and public funds under administration) and caption 110 (Subordinated liabilities).

11.6 Maturities of assets and liabilities

The following table analyses the Bank's liquidity profile and exposure to interest rate risk:

	Specified maturity								Unspecified maturity	Total
	on demand	up to 3 months	between 3 and 12 months	between 1 and 5 years		beyond 5 years				
				fixed rate	indexed rate	fixed rate	indexed rate			
1. ASSETS										
1.1 Treasury bills eligible for refinancing	516,665	2,448,091	1,998,267	3,542,480	5,500,259	5,004,664	2,561,444	-	21,571,870	
1.2 Due from banks	8,346,331	48,346,923	17,310,652	729,960	6,402,056	284,823	653,360	2,340,747	84,414,852	
1.3 Loans to customers	70,531,253	63,364,990	38,145,363	23,529,720	50,194,361	12,134,052	37,562,161	17,336,190	312,798,090	
1.4 Bonds and other debt securities	2,471,080	9,189,891	16,171,801	28,231,907	18,260,558	8,149,904	9,179,369	143,005	91,797,515	
1.5 Off-balance sheet transactions	127,397,537	516,743,872	393,928,103	167,533,555	43,327,656	98,423,217	8,696,881	249,884	1,356,300,705	
Total	209,262,866	640,093,767	467,554,186	223,567,622	123,684,890	123,996,660	58,653,215	20,069,826	1,866,883,032	
2. LIABILITIES										
2.1 Due to banks	21,427,817	115,371,035	18,636,604	1,927,004	1,392,297	695,061	425,523	3,868	159,879,209	
2.2 Due to customers	156,165,143	39,201,002	3,126,855	978,703	228,367	32,200	1,299,554	3,360,556	204,392,380	
2.3 Securities issued										
• bonds	515,366	2,598,518	9,019,664	18,702,276	16,883,108	7,165,544	18,275,731	5,568	73,165,775	
• certificates of deposit	1,017,697	19,841,203	9,842,320	4,156,832	1,573,208	19,609	102,225	3	36,553,097	
• other securities	2,781,879	3,807,961	483,357	-	-	-	-	-	7,073,197	
2.4 Subordinated liabilities	-	60,783	544,978	47,701	3,446,650	4,137,259	8,365,540	-	16,602,911	
2.5 Off-balance sheet transactions	126,995,026	489,969,190	407,560,362	193,336,919	29,193,686	101,444,995	9,291,390	13,306	1,357,804,874	
Total	308,902,928	670,849,692	449,214,140	219,149,435	52,717,316	113,494,668	37,759,963	3,383,301	1,855,471,443	



The allocation of assets and liabilities to the various time bands is based on their residual life.

The "On demand" column includes assets and liabilities with a maturity of less than 24 hours. Accordingly, such amounts due to and from banks and customers are accounted for differently in the balance sheet, which reflects the contractual nature of the transactions.

Off-balance sheet transactions are analysed based on the residual life of the related expected cash inflows and outflows.

11.7 Assets and liabilities in foreign currency

Balance sheet items as at 31st December 1999 include the following amounts denominated in foreign currencies.

a) Assets	
1. due from banks	40,470,384
2. loans to customers	60,208,600
3. securities	23,552,790
4. equity investments	86,796
5. other	756,437
Total	125,075,007
b) Liabilities	
1. due to banks	73,357,706
2. due to customers	34,141,659
3. securities issued	20,349,820
4. other	2,926,126
Total	130,775,311

"Other"- assets comprises foreign currency amounts included in caption 10

"Cash and deposits with central banks and post offices".

"Other"- liabilities comprises foreign currency amounts included in caption 110

"Subordinated liabilities".

Section 12 - Management and dealing on behalf of third parties

12.1 Dealing in securities

a) Purchases	
1. settled	133,728,965
2. to be settled	1,111,210
Total purchases	134,840,175
b) Sales	
1. settled	138,353,703
2. to be settled	1,033,929
Total sales	139,387,632

12.2 Portfolio management

Portfolio management on behalf of clients evaluated at market value amounted to 144,541 billion lire. Furthermore assets managed by the Group's mutual funds totalled 228,919 billion lire.

It must be noted that part (79,426 billion lire) of the Group's individual portfolio management schemes are invested in the Group's mutual funds.

12.3 Custody and administration of securities

a) Third parties securities held in deposit	549,173,029
b) Third parties securities deposited with third parties	502,665,285
c) Portfolio securities deposited with third parties	162,824,676

Securities held in custody and administration have been accounted for at nominal value.

12.4 Amounts received on behalf of third parties: adjustments to assets and liabilities

a) Adjustments to assets	
1. current accounts	49,749,928
2. central portfolio	878,049
3. cash	38,763,173
4. other accounts	1,937,182
	8,171,524
b) Adjustments to liabilities	
1. current accounts	49,890,071
2. bills and documents	1,198,681
3. other accounts	48,484,791
	206,599

This table contains adjustments accounted for by the application of the principle whereby bills and documents which banks receive with recourse or to be cashed or for which the banks manage payments on behalf of third parties must be registered in the financial statements at the time in which such credits are paid.

12.5 Other transactions

a) Other banks' participation in syndicated loans	
• cash loans	10,438,724
• guarantees and commitments	9,373,514
b) Tax collection activities	
• tax collection mandates received by other tax collection delegates	25,485,900
• amounts received to be paid	56,954,344